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December 17, 2024

The Evaluation of the Hungarian presidency of the Council of the EU

The rotating presidency of the Council of the European Union allows each member state to chair Council Meetings and set the agenda of the Council sessions for half a year. While this is a great opportunity for a member state to become the center of EU politics and policymaking, - so much so that there is a saying that a state only becomes a true member once it holds the presidency - it is also a fleeting one: while agenda setting allows for influencing the priorities of the Council, such as, for example, deciding between whether enlargement policy should focus either on the Eastern Partnership or the Western Balkans countries, half a year makes for a hard time limit on what the given member state can achieve. Most issues are negotiated over several presidencies, while agreements signed within a presidency simply mean sticking the landing, but not always much else. Furthermore, there are several quirks that can make presidencies even more complicated. For example, generally speaking, presidencies in the second half of the year are naturally 'shorter' because late summer and early winter holiday periods allow for less work; and every five years, the transition from one Commission to the next effectively halts lawmaking in a given member states' presidency. This time, both of these handicaps were something to contend with for the Hungarian Presidency. Yet, we can earnestly say that it was a successful presidency based on the limited political capital that was available to it.

One can make this assessment based on a few things. One of the most obvious ones is related to competitiveness, where the Budapest Declaration on the New European Competitiveness Deal was adopted on 8 November. Before discussing the content, a few specialties have to be noted. On one hand, this document is an answer in the form of a political commitment of the member states directly to Mario Draghi's competitiveness report, which was published by the Commission on 9 September. Even if we consider that member states might have known some parts of the content beforehand, or that the crisis of competitiveness was already apparent before Draghi's report, this is still a swift answer that was organized and facilitated by the Hungarian presidency. As it is often a

criticism that the EU reacts slowly, one can only appreciate the professionalism of the presidency, and in fact its' far sight: competitiveness was made to be the first priority in its program way before the Draghi report was published. Furthermore, there is a clear leadership crisis in the European Union right now, also concerning the member states. The Franco-German axis is less than a shadow of its former self, with neither stable governments, nor grander joint policy goals on either side – and even if there is political will for such a document, because there is, one ought to highlight Hungary's real role in stepping up as a middle-sized EU member state as an initiator in the formulation of such a document.

As said, the Budapest Declaration on the New European Competitiveness Deal is a direct answer to Mario Draghi's competitiveness report, or more precisely, to its diagnosis of why we are being left behind by both China and the US in terms of our competitiveness. On top of this, issues like the energy crisis, inflation, geopolitical instability, market fragmentation, and the demographic crisis continue to prevent us from catching back up. If we do not correctly reorientate our priorities, the Union's weight in the world economy will slowly erode, leading to a state where it will be highly vulnerable to crises, or others' influence. This is the statement of the Draghi report in a nutshell. The document crafted under the Hungarian presidency then is the first step in this reorientation. It reinforces Draghi's wish and absolute top priority to create the Capital Markets Union in order to mobilize private funding more for our huge investment needs; it protects the goal of the double transition of a green and digital future while defending European industry; it embraces decreasing regulations and red tape that may hamper innovation and efficiency, with a special focus on SMEs. It promises to rebuild our defense industrial capabilities; furthermore, crucially, member states declare it as their goal to spend at least 3% of their GDP on research and development; and while it does not say it so straightforward, it suggests the turn towards a pragmatic trade policy, instead of an ideologically based one. Finally, while not part of the document, Draghi, and indirectly the Commission as his sponsor, conceded in a press statement that mass migration is not the solution to our demographic and competitiveness problem – and so many of the Hungarian priorities in the program are ticked.

Hungary has addressed not only the EU's competitiveness but also the effort to end the war between Russia and Ukraine. On the first day of Hungary's EU Presidency, Prime Minister Viktor Orbán traveled to Kyiv for talks with President Volodymyr Zelensky. The visit focused on resolving Hungarian-Ukrainian relations and seeking ways to end the war. Following this, he traveled to

Moscow, Beijing, and finally Washington, where discussions also centered on the prospects of ending the conflict. It is essential to recognize the geopolitical realities that constrain Hungary, a country whose size limits its ability to compete with major players like China or Brazil. The so-called peace mission was not a naïve attempt to find an immediate solution but rather an effort to emphasize the importance of keeping communication channels open. After all, all wars ultimately end at the negotiating table, a process that requires consultation with all parties involved.

This underscores the significance of the peace mission. Prime Minister Orbán is currently not only a prominent European leader but also the only one with access to Kyiv, Moscow, Beijing, and Washington. The election of Donald Trump has further shifted U.S. rhetoric on the war, validating the July peace initiative. As Hungary's EU Presidency draws to a close, its efforts to promote peace or at least a ceasefire continue. In the final days of the presidency, the government pursued a potential ceasefire agreement, though these efforts were rejected by both sides. Hungary remains committed to playing an active role in the process, even offering Budapest as a platform for negotiations. A peaceful, stable, democratic, and economically prosperous Ukraine is of utmost importance to Hungary as its neighbor.

Hungary had the opportunity to decide whether Western Balkans or Eastern Partnership enlargement should be prioritized – and Hungary chose the former. The EU accession of the Western Balkans states has been a problem for a while now because negotiations are at a crawling pace. The reasons for that are twofold: for one, the EU's enlargement policy and accession requirements have changed too much in the last decades, not necessarily always towards a fully merit-based mindset – hence the Hungarian priority to steer back towards this perspective; but also, because the delays made Western Balkans states more skeptical and less committed. Hence, the expectation from the Hungarian Presidency was to pick up the pace. With some Western Balkans states, this was successful. In the middle of October, the EU, under the aegis of the Hungarian Presidency, started negotiations with and opened the first negotiating cluster with Albania. In practice, this means that it is now also up to Albania to achieve progress in its EU accession. The negotiating cluster is about the judiciary and fundamental rights, freedom, and security, as well as procurements and financial control. There is also hope, and in fact information circulated around, that the Hungarian Presidency also aims to help open a new negotiating chapter with Montenegro still in December. Furthermore, concerning these two countries is a very important achievement, that now they are part of the Single European Payment Area (SEPA), which reduces the cost of cross-border euro payments, and thus,

crucially, the cost of remittances sent back home from nationals of the Western Balkans working in EU countries.

Staying in the Balkan region, the achievement the Hungarian Presidency is likely to be most remembered for is the accession of Romania and Bulgaria into the Schengen area which was long delayed. The Schengen area itself is widely regarded as one of the cornerstones of European integration and one of its greatest successes. This area of free movement, together with the single market, is one of the EU's most popular features. However, the Schengen Treaty, which started as an intergovernmental agreement but is now part of the EU *acquis*, imposes specific and strict requirements for entry, including the unanimous acceptance by Member States to admit a new country (even from outside the EU) to the Schengen 'club'.

The blocking of Schengen membership of Romania and Bulgaria dates back to their accession to the EU back in 2007. After the big bang enlargement of 2004, most of the old member states started showing signs of 'accession fatigue', which made them much more critical towards potential new member states. Although political pressures and expectations meant that Romania and Bulgaria's EU membership could not be reversed, their entry into the Schengen area raised serious questions. The Netherlands was the first vocal opponent, but skeptics included Germany, France, Denmark, Sweden, and Austria – that is, the 'frugal countries' (fiscally conservative net contributors) alongside the Franco-German axis. Lately, only the Netherlands and Austria were blocking the two countries' accession, but even the former had not been an active opponent for over a year. To date, the objectors have argued that it is premature for the two Eastern European countries to join, saying they are not ready to enter the Schengen area because of emerging concerns about the rule of law, border protection (linked to illegal migration and smuggling), and corruption. In the early 2010s, it was typical for the Commission to support Romania and Bulgaria's entry even though its own reports painted a picture of the unpreparedness of the two countries. The situation was not helped by the outbreak of the migration and refugee crisis in 2014, and several countries, including Austria and Germany, have now introduced temporary border controls at their Schengen borders, pushing Schengen one step closer to becoming unstable. Moreover, Austria blocked the entry of Romania (and therefore Bulgaria, as their entry is part of a 'package deal') on the very grounds that a significant proportion of the illegal, unidentified migrants caught at its borders came via the migration route through Romania.

The turning point in the admission of the two countries into Schengen was the quadrilateral meeting organized by the Hungarian Presidency on 22 November, where a Hungarian-Austrian-Romanian-Bulgarian Joint Declaration was adopted. Earlier still, the Justice and Home Affairs Council of 10 October 2024 took stock of the situation regarding the full application of the Schengen acquis in Bulgaria and Romania. All parties confirmed the progress made by the Romanian and Bulgarian parties in implementing their previous commitments and acknowledged that the measures had resulted in a reduction in the number of illegal entries and asylum applications along the relevant routes. As a result, illegal entries have decreased by 47% in Bulgaria, 53% in Romania, and 67% in Austria, compared to the first three quarters of 2023 and 2024. Over the same period, asylum applications decreased by 40% in Bulgaria, 75% in Romania and 57.3% in Austria. In the declaration of 22 November, the Hungarian Presidency and the governments of Romania, Bulgaria and Austria agreed to continue their joint efforts to combat illegal migration to Europe - but also, the parties agreed to initiate a formal Council decision by the end of 2024 to abolish border controls at the Bulgarian and Romanian land Schengen borders. The decision was finally taken at the Home Affairs Council on 12 December. This decision marked the end of a waiting process of more than 15 years for Romania and Bulgaria and one of the greatest successes of the Hungarian Presidency's six-month mandate. Romania's Schengen membership is also a success for Hungary, as it allows Hungarians in Romania to travel between their home country and the kinstate without border controls.

One should not forget about progress made elsewhere, from which a few will be mentioned: a major conference entitled "Legal Competitiveness – Instruments of Law for a more Competitive Europe" was held on 11 - 12 November in Budapest, where issues connected to (less) regulation, efficiency and the role of AI was discussed in relation to competitiveness, further shaping the competitiveness debate; the 23rd European Tourism Forum, the highest-level tourism trade event was held by the Hungarian Presidency on 13 November; many agriculture related Council meetings were held with success, including on issues of the future of Ukrainian trade relations when it comes to agricultural products – and it can be said that agricultural experts of Hungary are on a very high level and contribute to the reforms of CAP greatly, making each AGRIFISH Council meeting a success under the Hungarian Presidency; and an event that may be special in hindsight was also held on 18-19 November, an informal meeting of ministers about the demographic challenges facing Europe – and considering that the demographic challenges are something that greatly effect competitiveness but

are hardly talked about on a European level makes this meeting once again an important step in the right direction.

Finally, while it is an unfortunate development and a delicate topic, one has to mention the tries to isolate Hungary politically, in order to argue how the successes of the Hungarian Presidency were achieved in spite of some calls for boycott from either the European Parliament or some national actors. That this was not only unsuccessful but in vain, was clearly visible in the fifth European Political Community meeting in Budapest in early November (right before the Budapest Declaration). Even though the opportunity to host such an event is given to member states holding the Presidency in the second half of the year (since its establishment by French President Macron), it does not guarantee its success. The EPC is a political event with a very flexible structure, where non-EU member states also represent themselves at the highest level, making both multilateral and bilateral strategic discussions possible. As such, who accepts the invitation of the host country is a crucial question. When Spain hosted the third EPC in Granada, Turkish President Erdogan was not present for example, while in the case of the EPC hosted in Budapest, he was, alongside everyone who mattered in European Politics (save for German chancellor Olaf Scholz, whose government just collapsed the day before, making it an understandable abstention). In addition, as was the case in the first Hungarian Presidency, the diplomatic event from an organization and protocol point of view was immaculate. This may sound as an unassuming compliment to some, but it is not. Hosting almost all European leaders and not hearing one complaint about the event is a clear sign of the professionalism of the Hungarian diplomatic corps, making similar events more likely in the future. In summary, the EPC was a clear statement by the Hungarian Presidency: not only is the Hungarian government not isolated, but its diplomatic connections are excellent, its organization skills professional, and its political stances well rooted in the European political stage – especially under the election of Donald Trump for his second term as the President of the United States of America.

In summary, the Hungarian Presidency made progress in almost every policy area that it defined for itself as a priority, with some notable huge successes such as the Budapest Declaration on Competitiveness and the Schengen accession of Romania and Bulgaria, and the effort to achieve a ceasefire in the Russian-Ukrainian conflict. These achievements contribute to strengthening the EU both internally and externally. Soon, the Polish Presidency will take over the baton, building on these accomplishments to further advance the Union's objectives.