

BULLETIN

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Evaluation of the Hungarian Presidency of the Council of the European Union

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The Hungarian presidency finishes the work of the first trio acting under the provisions of the Lisbon Treaty. Events in North Africa and an increase in migration to the EU influenced the degree to which it could fulfil its priorities. Along with measures undertaken in the scope of the presidency programme and those aiming to further enhance EU economic governance, Poland should continue cooperation with the European Commission in the scope of work on Schengen reform and construction of the Common European Asylum System.

Context of the Presidency. The main task of the trio consisting of Spain, Belgium and Hungary was the implementation of the Lisbon Treaty (LT). The member states of the trio coordinated the legislative process, which aimed at implementing the new treaty mechanisms, and began the development of cooperative practices between the EU Council and new actors, the Permanent President of the European Council and the High Representative for foreign relations and security policy (HR), as well as the European Parliament (EP), which along with the EU Council co-decides in 41 new fields. A shift of powers that resulted in an enhanced role for the EP in the decision-making process led to inter-institutional disputes between the EU Council and EP. Disagreement about the scope of, inter alia, the correlation tables presenting the way EU law is transposed to national legal orders affected the tempo of the EU legislative process.

The course of the Hungarian presidency was influenced by the crises in North Africa, the consequences of the tsunami in Japan and the breakdown of the Fukushima nuclear power plant, and a series of *E. coli* infections in Germany. An efficient response to these events required the coordination of actions between the presidency and the European Commission (EC), and in the scope of the EU's external actions with the HR. Hungary also proved capable under such circumstances to be flexible in fulfilling the agenda by convening extraordinary meetings of the EU sectoral councils.

In EU foreign policy, Hungary continued the inter-institutional cooperation established by the Belgian presidency. While respecting the treaty's division of powers, Hungary supported the fulfilment of the mandate by the HR and the EC. It cooperated with the EC on the scope of humanitarian aid and coordinated the evacuation of EU citizens from Libya. Although the presidency's significance on the international stage was limited after the LT entered into force, it plays an important role in developing the EU Council's position in internal policies that have external implications. During the Council meetings, the presidency moderated the debate and strived to develop a coherent position on such matters as EU external border security and the management of Schengen. In the face of actions by France and Denmark to introduce temporary controls on the EU's internal borders, the presidency cooperated with the EC, which resulted in a compatible position with the Schengen integrity.

Agenda Fulfilment. Efficient negotiations with the EP around a package of six legislative proposals that aim to enhance the EU's economic governance was set as a priority for the presidency. The proposals envisage, inter alia, a range of sanctions designed for member states of the eurozone that break budget discipline or show a lack of progress in correcting macroeconomic imbalances. During informal meetings—organized by the Hungarian presidency—with representatives of the EP and EC, certain solutions were decided that reinforced many points of the EC's initial proposals. Despite the presidency's determination, which developed a compromise within the EU Council towards most of more than 2,000 amendments in the EP, deputies did not accept the latest EU

Council proposals, prolonging the negotiations until the plenary session in July. Political agreement was not reached in particular on the reverse qualified-majority voting procedure to be applied by the Council if it must decide about a eurozone member's lack of efficient activity in the scope of the preventive arm of the Stability and Growth Pact. That means the negotiations will have to be finalized during the Polish presidency. It burdens the presidency's agenda in the first week of the Polish leadership.

Hungary took the decision not to join the Euro Plus Pact, which aims to improve the competitiveness of European economies, increase employment and strengthen the fiscal and financial stability of the member states. It also has not taken any clear position on the perspectives for solving the Greek debt problem. Such an attitude might have weakened the image of the presidency in dealing with the eurozone member states and its credibility in the Council for economic and financial affairs.

In the area of home affairs, the enlargement of the Schengen zone was a presidency priority. Despite having completed the evaluation process for Bulgaria and Romania in preparation for accession, the EU Council agreed to postpone the final decision until at least September. Such a position probably was influenced by the debate about the introduction of temporary checks on the Schengen zone's internal borders. The Hungarian presidency completed the European Council recommendation from 24-25 March that called to achieve agreement on the amendment of a regulation establishing a European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the EU (FRONTEX) by the end of June. The presidency led member states to a compromise that will strengthen the operational capabilities of the agency, *inter alia*, by granting it with the opportunity to independently purchase equipment.

The Hungarian presidency set EU enlargement as a priority and achieved unquestionable success by closing additional negotiation chapters in talks with Croatia. Together with a positive EC recommendation and a European Council decision to close the remaining chapters, the accession treaty should be signed during the Polish presidency.

The presidency was not active enough in the debate about the future of the European Neighbourhood Policy (ENP). It focused on the activities around the EU's Strategy for the Danube Region, which was endorsed by the European Council on 24 June. Although the presidency's competences in the conceptualization of EU foreign policy are limited—it can only support the HR and the EC—Hungary could have played a neutral role as a reliable moderator of the debate between the eastern and southern ENP supporters.

Conclusions for the Polish Presidency. The observation of the works of the first post-Lisbon trio indicates that for the fulfilment of the presidency programme, cooperation with the EP is significant. Despite giving a cold shoulder to Prime Minister Victor Orbán in the EP in January in connection with controversies around the government's internal politics, the dialogue between the Hungarian presidency and the EP should be assessed as positive. In this context, the cooperation framework established by Hungary with the EP in the scope of negotiations around the multiannual financial framework (MFF) is important for Poland. The debate about the MFF will be inaugurated during the Polish presidency. On the basis of arrangements of the Hungarian presidency, the deputies will participate in the discussion with the representatives of the trio presidency before the meeting of the General Affairs Council devoted to the MFF. During the Polish presidency those cooperation rules probably will be clarified. This will require efficient communication with the deputies involved in the negotiations.

The analysis of the Hungarian presidency's activities leads to the conclusion that in the face of a difficult fiscal situation, *inter alia* in Greece, it will be a challenge for a presidency that is not homogeneous (led by a member state that does not participate in the third stage of the Economic and Monetary Union) to coordinate the whole EU economic agenda. The Polish presidency should, therefore, monitor the situation in the euro area and establish a cooperation platform with representatives of the closing trio member, Cyprus, who will participate in the Eurogroup meetings.

In the face of events in North Africa, one of the main tasks of the forthcoming presidencies will be the acceleration of works on the establishment of the European Common Asylum System. Additionally, according to the conclusions of the European Council, the EC will publish in September a proposal of the mechanism that allows, in exceptional cases, the reintroduction of internal border controls within Schengen. Due to the divergent positions of the member states, it will be a challenge, though, to achieve an agreement that would not undermine the previously established EU citizens' rights.