

Gergely Romsics

# **An Interim Review of the 2011 Hungarian Presidency:**

Finding a New Niche for the Rotating Presidency  
in Times of Storm and Stress

Gergely Romsics

With research contributions from Zselyke Csáky, Péter Márton,  
Gábor Németh, Adrienn Nyírcsák, Zsuzsanna Végh and Donát Végh

# **An Interim Review of the 2011 Hungarian Presidency:**

Finding a New Niche for the Rotating Presidency  
in Times of Storm and Stress

- SIEPS 2011:1op -

SIEPS 2011:1op  
June 2011

Publisher: Swedish Institute for European Policy Studies

The report is available at [www.sieps.se](http://www.sieps.se)

The opinions expressed in this report are those of the author  
and are not necessarily shared by SIEPS.

Cover: Svensk Information AB  
Print: EO Grafiska AB  
Stockholm, June 2011  
ISSN 1651-8071  
ISBN 91-85129-83-6

## **Preface**

The Swedish Institute for European Policy Studies biannually publishes a report on the incumbent presidency of the EU, focusing on the agenda, domestic factors and the member state's specific relation to the European integration process. Usually, these reports cover events during the first half of the presidency and this is the case with the present report as well.

The Hungarian presidency has faced a series of truly challenging economic and political problems. These include in particular finding and negotiating appropriate responses to the economic and financial crises and foreign policy crisis management. The role of the presidency vis-à-vis European actors empowered by the Lisbon Treaty is gradually taking shape. How the Hungarians have handled the developments is amply illustrated in this report in relation to economic and foreign policy and in relation to the President of the European Council and the High Representative. The present report also details progress in rolling policies and highlights developments in, *inter alia*, the areas of energy, Justice and Home Affairs and the Danube Regional Strategy.

Domestic issues have certainly contributed to put the Hungarian presidency in the limelight. The media law in particular generated a collision with the Commission and other European actors to the extent that the presidency achievements have been overshadowed by this discussion. While we do not know the long term effects of this episode, it points to a most interesting dynamic where domestic laws are discussed by different European actors in the light of European norms. Moreover, the report outlines and explains the presidency organization and the political and parliamentary situation in Hungary.

Stockholm, June 2011  
Anna Stellingner  
Head of Agency, SIEPS

SIEPS carries out multidisciplinary research in current European affairs. As an independent governmental agency, we connect academic analysis and policy-making at Swedish and European levels.

## About the author

Gergely Romsics (1977) is a senior research fellow at the Hungarian Institute of International Affairs and an assistant professor at the Faculty of Social Sciences at Eötvös Loránd University, Budapest. He holds a MA in History from Eötvös Loránd University and an MA in International Relations and European Studies from Central European University, Budapest, and holds a PhD from Eötvös Loránd University. He has published chiefly on Central European political ideologies and elites and on current European Union issues. He did graduate research as a guest student of the Ecole Normale Supérieure in Paris, and was a Zeit-Stiftung fellow from 2003 to 2006. He was affiliated with the Center for Enlargement Studies at Central European University as editor of the working paper series in 2009-2010.

His research in Central European political ideologies has yielded two monographs, while continuing to work on current issues as a research fellow at HIIA. A regular commentator on European politics, European foreign policy and the transatlantic relationship in Hungary, his recent publications in the area include 'Managing the Future? Prospects of the 2011 Hungarian EU presidency' in *International Issues and Slovak Foreign Policy Affairs* (with Zsuzsanna Végh), 'Institutional Innovation and Challenges for a Future European Foreign Policy' in the edited volume *The Global Crisis and the EU Response: The Perspectives of the SBH Team Presidency*, 'More coherence, more normative power: Key elements in the consolidation of CFSP/CSDP' in the volume *Think Global – Act European II: The Contribution of 14 European Think Tanks to the Spanish, Belgian and Hungarian Trio Presidency of the European Union* (with János Terényi) and 'Hungary Prepares for Adulthood in the European Union: The 2011 Council Presidency' in *The Hungarian Quarterly*.

## **Acknowledgements**

I would like to express my gratitude to Professors Tamás Magyarics, László J.Kiss and Erzsébet N. Rózsa, directors of the Hungarian Institute of International Affairs and Professor Balázs Majtényi, head of the European Studies Department at Eötvös Loránd University for the generous support and for their flexibility and understanding which was vital in putting aside sufficient time for research towards this paper. Thanks are due to the many anonymous young government officials who made themselves available repeatedly for interviews and who had to balance esprit de corps and critical scrutiny concerning their own collective efforts in reporting on the work of the presidency. Special thanks are due to Péter Wintermantel, Zsófia Tvaruskó and Ádám Novák, officials of the Hungarian Ministry of Foreign Affairs, for doublechecking with the author uncertain information. Needless to say, any mistakes, errors and omissions are the responsibility of the author alone.

Most importantly, however, I would like to thank the dedicated research team of students and early-career experts with whom I have had the pleasure to cooperate in the writing of this paper. As interns at HIIA or simply as interested students, Zselyke Csáky of Central European University, Péter Márton and Zsuzsanna Végh of Eötvös Loránd University and Gábor Németh, Adrienn Nyircsák and Donát Végh of Budapest Corvinus University and of Mathias Corvinus College have all provided invaluable input in the form of both occasional research and policy area survey papers, without which this interim review would not have been possible. I have relied on their insights extensively and some revised and adapted paragraphs from background papers by Zselyke Csáky, Adrienn Nyircsák and Zsuzsanna Végh have been transposed into the text.

# Table of contents

<b>Executive summary</b> .....	8
<b>1 Introduction: the presidency of a new member state in the midst of the economic crisis</b> .....	12
<b>2 Hungary and the European Union</b>	
2.1 Political parties and integration .....	18
2.2 Societal attitudes and expectations .....	22
2.3 The state administration and the presidency effort .....	25
<b>3 The preparation effort for the Council presidency and the (mis)adventures of the trio programme</b> .....	31
3.1 The Hungarian preparation effort and the central administration .....	34
3.2 The evolution of the presidency programme .....	38
<b>4 The political dimensions of the presidency: European norms and symbolic engagements</b> .....	52
4.1 The controversy surrounding the media law .....	54
4.2 German assertiveness and the presidency .....	61
4.3 Collective memory in old and new member states .....	63

<b>5 Policy-making during the first four months of the presidency term</b> .....	66
5.1 The number one priority: economic governance in the support role.....	67
5.2 Innovation and the presidency: expanding energy policy and the two strategies .....	84
5.3 Justice and Home Affairs: rolling policies and upsets .....	97
5.4 External relations: crisis management and the post-Lisbon support role of the rotating presidency.....	104
<b>6. Conclusions</b> .....	119
<b>Further readings and information on the Hungarian presidency</b> .....	126

## **Executive summary**

Hungary assumed the presidency in the midst of a dual transformation process for the European Union. With the Lisbon architecture almost complete, it has had to assist in ensuring the functionality of the new institutional arrangements, while also contributing to the currently unfolding new system of economic and fiscal policy coordination. Of these two areas, the first required a less visible support role, while the second imposed the task of brokering difficult deals and providing high-level support and momentum to inherited dossiers. In both areas, the presidency has performed better than expected, but the early-stage controversies that marked much of the first two months of the term have also left their mark on the profile of the presidency.

Hungary took over the presidency as a partially Europeanized new member state with moderate administrative capabilities. The term “partially Europeanized” refers to both society and government. Hungarian society is preoccupied with domestic issues that are grave enough to be described as the largest challenge to public trust in the achievements of post-socialist transition, while awareness of European issues has been low. The administration includes fully Europeanized “islands of excellence”, but has failed to develop EU-compatible capacities at all levels. The presidency has resulted in moderate progress in both areas: awareness has become somewhat higher, while the influx of new cadre has tended to increase both administrative capacity and compatibility with European modes of governance. Neither trend has, however, proven decisive. The presidency performance has been satisfactory due to the strong government and not due to strong public will and because of the performance of the Europeanised segments of the administration and not because it has fully included government in the broad sense.

The European agenda during the first half of 2011 is dominated by economic governance in the context of fiscal and monetary stability, and foreign policy crisis management. Next to these, presidency initiatives and enlargement impact policy-making, while Schengen and overall concerns about intra-EU and international flows of people have emerged as unexpected negative developments. During 2010, as the above issues were emerging, the original trio programme was losing much of its relevance, necessitating successive

waves of revisions. In the end, the priorities of the presidency represented a reasonable compromise between responding to challenges and pressures and introducing new initiatives. It also has to be observed that in order to achieve this, much of the original trio programme had to be sacrificed – to the point that merits asking the question whether the trio system is worth being preserved under the Lisbon architecture, where at least three supranational actors (Commission, permanent president, High Representative) ensure continuity and strategic vision.

The Hungarian presidency clearly mismanaged the beginning of its term. The government in Budapest rushed the media law through Parliament by relying on its two-third majority, apparently oblivious to the fact that it was under heightened international scrutiny. Consequently it collided with a number of European actors, including European Socialists and Liberals, some member states and the Commission. While the damage of this row over European norms could be contained, it certainly left its mark on the presidency. This initial setback was complemented by the presidency not being invited to the preparations of the euro-plus pact and the adjournment to autumn of the Easter Partnership summit, the single largest presidency showcase in Budapest.

This trend could be reversed due to solid progress reached in several policy sectors. First among these is economic governance where a last minute deal could be reached during the ECOFIN Council on 15 March. The six-pack of regulations, brokered by the presidency, complements the agreement in the European Council about the contours of the future European Stability Mechanism, and the agreement on treaty change, of which the first has to be credited to Herman Van Rompuy, while the second is rightly considered a shared achievement. Working with the Commission, the presidency has also contributed to the European semester becoming a meaningful instrument, especially due to the standardization of reports introduced by the presidency. In combination with the euro-plus pact, these developments represent the foundations of post-crisis macroeconomic policies in the EU. Politically they represent a new level in the way member states will coordinate their economic and fiscal policies in the future.

Of the 2020 goals, most attention has been accorded to energy-related issues so far, even though the original programme had foreseen at least equal emphasis being placed on job creation and inclusion. While sustainability

goals could only be reviewed and the lag between the actual state of affairs and roadmaps laid down, a significant broadening of thinking about energy security has taken place due to the successful efforts of the presidency to highlight the connectivity and the international trade dimensions. Both require consolidation, and important first steps have been taken at the European Council of 4 February, by promoting infrastructure investments and moving towards transparency in energy import contracts with third parties.

Other presidency initiatives have fared less well. Both the Danube Region Strategy (DRS) and the Roma Strategy have been kept largely on track, but this track is one that leads to a less ambitious outcome which involves the reshuffling of allocated funding according to new spending priorities, rather than setting up strong programmes with their own strategic budgets. The presidency has achieved what could be achieved under the prevailing political climate, hostile as it is to new budget items, and it cannot be faulted for the outcome. At the same time, it has to be recognized that both strategies are likely to represent optional policy suggestions for member states (and partner countries in the case of DSR), diminishing the chances for rapid progress in both areas.

Finally, in foreign policy the presidency has responded well in practice and less well in rhetoric to the Arab and Libyan crisis. In practical terms, it has successfully supported and complemented the work of High Representative Ashton, but some statements by Hungarian leaders were not as clear and coherent as expected. At the same time, the political communication had been put back on track by mid-March, with the President of the European Council, the High Representative and Budapest singing to the same tune. Also, vital practical tasks were fulfilled by the Hungarian diplomacy in its support role, including getting sanctions through in a fast-track process and providing a diplomatic channel to the Libyan regime during the crisis. The events in the Arab world, however, have contributed to a loss of momentum concerning enlargement and the Eastern Partnership (EaP). One should not expect the rotating presidency of a small state to reverse these trends. Under the circumstances, the progress achieved in Croatian accession is in itself something of a success, even if offset by the six-month delay that has more or less been imposed on the EaP initiative.

Taken together, the progress in the above areas makes the Hungarian

presidency a reasonably successful one so far. This is primarily due to a single area, economic governance, while in all other areas the presidency has performed rather well, but failed to secure optimal outcomes. What has typically been achieved in these other areas are suboptimal but still functional policy solutions, largely due to structural constraints. The one area where not merely the Hungarian presidency, but European integration has suffered a real and major defeat has been Schengen enlargement. While initially it could be argued that Bulgarian non-performance represented a legitimate technical concerns as regards the accession of Romania and its southern neighbour, it has quickly become clear that Schengen as a whole is in crisis.

# **1 Introduction: the presidency of a new member state in the midst of the economic crisis**

“Strong Europe” – the motto of the Hungarian presidency of the Council of the European Union – reflects the expectations of pro-integration voters and politicians alike.<sup>1</sup> A strong or at least a stronger Europe is needed if the ongoing economic crisis is to be tackled, if further “euro-quakes” are to be prevented and if sustainable growth (both from a macroeconomic and an environmental perspective) is to characterise the European economic area in the medium and long terms. In assuming the rotating presidency in January 2011, the Hungarian government took over a series of unfinished political processes intended to provide answers that would not only deal with crises and challenges but in the process strengthen the European Union – contributing to the emergence of a “strong Europe”.

At the same time, the Hungarian government assumed the responsibilities associated with the rotating presidency during a period when a series of economic crises has shaken the faith of large segments of European society in the ability of the EU to contribute decisively to a secure future based on a balance of welfare, competitiveness and sustainability. It also has had to assist in the longer than expected completion of the new Lisbon institutional architecture especially as concerns the European External Action Service, the role of the High Representative and the division of labour between the permanent President of the European Council and the rotating presidency, as well as working with a European Parliament looking for more political input and clout.<sup>2</sup> In sum, the Hungarian government took over a Union reminiscent of a construction site recently damaged by some heavy storms, and had to concentrate simultaneously on damage repair and prevention of further damage, and making progress with the original construction design.

As a result of the difficult situation of the European Union and the resulting imperatives for action, Hungary has had to abandon a great deal of what it had

---

<sup>1</sup> V Orbán, 'Making the Europe 2020 strategy a success', Council of the European Union, December 29, 2010, (<http://www.consilium.europa.eu/showFocus.aspx?id=1&focusId=552&lang=en>).

<sup>2</sup> P M Kaczynski, 'Lisbon five months on: Surveying the new EU political scene', *EPIN Commentaries* 5, 29 April, 2010 (<http://www.ceps.eu/book/lisbon-five-months-surveying-new-eu-political-scene>).

sought from the presidency. The rich inventory of planned strategic initiatives had to be whittled down and the remaining elements pushed somewhat into the background. Rolling policies are known to make up a good part of presidency work (usual estimates run from 75 to 90 per cent). In the Hungarian case rolling policies combined with newer, yet highly urgent initiatives left even less room for putting new and innovative items on the agenda. Moreover, the presidency got off to a stormy start – perhaps more so than any other presidency of the past decade. The lesson of the first few weeks in fact seemed to be that the greatest threat to the presidency term may be the government’s domestic policy which has generated a lot of controversy both in Brussels and in member state capitals.

Under these circumstances the Hungarian presidency managed to cut down its ambitions so as to focus on the most important (often meaning most urgent) elements, and, when time permitted, pursue some key inherited tasks as well as holding on to parts of its own agenda. The final verdict on the presidency cannot be given until July, yet it is already clear that the Budapest government – while ambitious and bold initially – has performed well in coming to terms with realities and pressures. It has proven itself prepared to compromise on its domestic agenda so as to not endanger its presidency, able to deliver a solid performance in its honest broker role while managing not to give up its strategic guidance/innovator function completely. It has also managed to work together with Herman Van Rompuy and with Catherine Ashton, inheriting the “back seat” from the Belgian government across a score of issue areas.<sup>3</sup>

In January 2011 it was clear that the European Union still had a long way to go to tackle the effects of the financial and economic crisis. State bailouts were still on the agenda, while the longer-term solutions had received a decisive boost following the September communication from the Commission and the report of the Van Rompuy Task Force of October 2010, endorsed by the European Council of the same month.<sup>4</sup> What needed to be seen through in the

---

<sup>3</sup> P Bursens, E Van Drieskens and S Hecke, ‘The 2010 Belgian Presidency: Driving in the EUs Back Seat’, *SIEPS Occasional Papers* 2010:2 (Stockholm: SIEPS, December 2010) (<http://www.sieps.se/en/publikationer/the-2010-belgian-presidency-driving-in-the-eus-back-seat-20102op>).

<sup>4</sup> European Commission, ‘Economic Governance Package 1-3’, MEMO 10/454, 455, 456, Brussels, 29 September, 2010; Task Force to the European Council, ‘Strengthening Economic Governance in the EU: Report of the Task Force to the European Council’, Brussels, 21 October, 2010; Council of the European Union, ‘European Council 28-29 October 2010: Conclusions’, EUCO25/10, Brussels, 29 October, 2010.

three initial months of the term was a series of novelties which, taken together, would make up the future strengthened economic and fiscal governance of the European Union. This set of priorities which dominated the agenda included:

- Translating the agreed-upon initiative on economic governance into a political consensus on future regulations in the ECOFIN council (the “six-pack”);
- changing Article 136 of the Lisbon Treaty so as to allow for a permanent European Stability Mechanism;
- cooperating, first and foremost with the Commission, to get the European Semester underway.

These priorities were to be complemented in the first months of the presidency with the question of energy security, the proposed headline item of the February European Council, an area where Hungarian and European interests overlapped. Moreover, the aim was also to move forward with various initiatives and rolling policies including the Danube Strategy and the Roma Strategy.

As if the crisis and the crowded agenda were not enough, at the end of the winter a chain of revolutions in Arab countries presented the EU with another complex political puzzle. This has culminated in the war in Libya which has wide-ranging consequences, *inter alia*, for the southern dimension of the European Neighbourhood Policy and European asylum policies. Further events which, while not unforeseeable, have demanded rapid responses have been the alarming signs of the worsening fiscal situation in Ireland and Portugal.

It is no wonder that strategic initiatives under the 2020 goals which were expected to make up the bulk of the presidency’s work during the preparation phase of the Spanish-Belgian-Hungarian (SBH) team presidency have not received their fair share of attention. However, this is hardly the fault of the presidency, and only proves that the current state of the European Union and the global political and economic environment call much more for swift action to tackle acute problems than for the kind of long-term work that will need to be completed later, when the crisis has passed.

Both the preferences of member states and the input of supranational actors constrain the presidency to assume the support role foreseen by the Lisbon Treaty. Increasingly it has to abandon both autonomous brokering and giving strategic impulses in favour of an adaptive presidency that in its strategic guidance role can at most seek to build coalitions composed of member states and Community institutions to pursue innovative solutions.<sup>5</sup> In this sense, the partial failures of the Spanish presidency, still seeking to retain much of the autonomous capabilities for action of previous years, and the conscious self-limiting attitude of the Belgian presidency have marked out a path somewhere between the two approaches. Accordingly, the Hungarian presidency, during its first month, pursued policies following such a middle-of-the-road procedural approach, less insistent on a “place in the sun” than was Madrid, and more pro-active (due perhaps to domestic reasons) than the Belgian government.

At the same time, it was the Hungarian presidency that had to face fully the consequences of the renaissance of the large member states that coincided with the two Barroso Commissions and was further fuelled by the onset of the global financial crisis.<sup>6</sup> Parallel to the Lisbon architecture becoming functional, Germany has also pursued an increasingly assertive European policy, capitalising on its prestige due in part to the highly successful structural reforms of the previous decade and to its economic and financial potential. Not since the decisions concerning the introduction of the euro has Germany held such clout in European politics. Together with President Nicolas Sarkozy of France, Chancellor Angela Merkel has repeatedly attempted to set both the pace and the course of action, most notably with the February euro-zone initiative to coordinate national economic governance including even redistributive sectors of policy-making such as pensions. While it is at present unclear how sustainable the recent surge in dominance of large member states will prove, it is obvious that Budapest could neither attempt to break the pattern nor could it fully resign itself to merely executing the preferences of large member states. It has had to navigate the complexities of policy-

---

<sup>5</sup> A Ágh, ‘Prospects and Risks for the EU27 in the Early 21st Century: Outlines of a New Agenda for Team Presidencies’, in A Ágh and J Kis-Varga (eds) *New Perspectives for the EU Team Presidencies: New Members, New Candidates and New Neighbours* (Budapest: Together for Europe, 2008) 11-74.

<sup>6</sup> P M Kaczynski, ‘The European Commission 2004-09: A politically weakened institution? Views from the National Capitals’, *EPIN Working Papers* no. 23 (Brussels: EPIN, 2009).

making in the Council dominated by large member states and attempt to use a mixed strategy of opposition and accommodation to maximise the potential for making headway in various issue areas.

Under these circumstances, it is no wonder that the first four months of the Hungarian presidency of the Council of the European Union were rocky. The Budapest government, simultaneously pursued an ambitious and controversial domestic reform agenda and managed the crisis at home, while also attempting to focus on large European issues. In the process, it has committed several political mistakes while doggedly pushing on with high-priority items in the European political arena. Passing judgment on the domestic policies of the current government (beyond their effect on the presidency's capacity to pursue its agenda efficiently) is not the concern of this paper. As far as the performance of the presidency is concerned there can be little doubt that Budapest has been rather successful in engaging both large member states and skilled Brussels dealmakers to promote key items on the common agenda. These successes may be due in a large part to the sense of urgency prevailing among European decision-makers, the support of large member states, especially Germany and France, and the skilled contributions by the Commission and President Van Rompuy, yet the contribution of the rotating presidency – as will be argued – cannot be overlooked. In view of the winter controversies, it may be said that the first half of the term could have done with fewer highly publicised conflicts, yet – assessing political options with an eye on the preexisting constraints – much more could simply not have been achieved.

This interim review of the Hungarian presidency attempts to consider the effects of both the domestic and European context on the performance of the Budapest government in providing an overview and an evaluation of the work accomplished thus far. The next section considers the Hungarian domestic context, where party politics, societal expectations and constraints and bureaucratic capabilities are reviewed in individual sub-sections. This is followed by an account of the preparation effort and the subsequent transformations of the agenda and priorities of the Hungarian presidency. The fourth section offers a survey of the symbolic and fundamental issues that the Hungarian presidency has brought into the limelight, largely due to its new media law, as well as some smaller controversies. The fifth and largest section of the paper is devoted to a systematic survey of progress achieved in

the individual policy areas, with economic and financial governance, energy policy, external action (despite its special position), the Roma and the Danube strategies and issues related to the area of freedom, security and justice projects receiving special attention. The paper concludes with a tentative appraisal of the presidency, also offering some suggestions in relation to the changed position of the rotating presidency and drawing on the lessons of managing the presidency during a time of crisis.

## 2 Hungary and the European Union

Hungary acceded to the European Union on 1 May 2004 as part of the first round of the Eastern enlargement. The “big bang” enlargement scenario meant that Hungary joined a political community that had just gone from 15 members, most of them states with a high GDP per capita, to a large union of 25 countries with highly divergent levels of development. The experience of joining a Union in need of political reform and characterised by competition for resources has had several consequences which – together with structural features of Hungary’s post-socialist transition – define both the domestic and the EU playing field for the Hungarian presidency and the political class in general. This section introduces those domestic factors which have impacted on the work and the options of the Hungarian presidency. The basic feature to be highlighted is the initial lack of a clear definition of the potential contributions and preferences of Hungary as a member state, a lack that has to some extent been corrected during the presidency. Also, due to the coincidence of Hungarian membership and the end of the era of self-sustaining reform that characterised the 1990s (up to Nice), a distinct feeling of having joined a political community at best inefficient at solving problems and at worst at a loss about its own future has left its mark on citizens and politicians alike. Finally, it has to be pointed out that the Hungarian presidency came at the end of a long period of political mismanagement in Hungary, thus coinciding with a wave of radical changes advocated by the incoming government. These factors, to be analysed in this section, account for many of the political peculiarities that have drawn criticism from abroad and from the domestic opposition alike.

Hungarian commitment towards membership of the European Union was regarded by both domestic and foreign observers as one of the strongest among the East Central European candidate states. Compared with Poland and the Czech Republic, for instance, no major parties showed Eurosceptic tendencies and the two minor parties that did, fell out of Parliament in 2002 and Eurosceptics returned to Parliament only in 2010. The fall of communism brought about a radical desire to create a new and democratic identity for society. The recession of the late 1980s and the early 1990s made the European model seem all the more attractive, and the United States and

later the European Union did exhibit a fair amount of interest (possibly, at first, for fear of an incomplete system change, later for fear of the spreading of the Balkans conflict) in providing political and economic blueprints and incentives for the region.

Domestic elites embraced democratisation without any significant resistance. “In the early 1990s, ‘returning to Europe’ as a symbol of democracy and prosperity was a common theme for both the new parties emerging from the democratic opposition and the social-democratic successor parties”. In general, the political mainstream engaged in what was almost a competition to entrench themselves firmly behind the language of democratic norms and accession to the European Union. At the same time, these commitments by parties all rested upon an “ill-defined pro-European outlook almost irrespective of any ideological colouring they may have had.”<sup>7</sup>

As a result of negative experiences with being “outside”, the unitary pro-accession stance of mainstream elite groups and the exposure to the high living standards and levels of societal security in the European Union, by the time accession talks were launched in 1998, there was next to no organised opposition in Hungary to EU membership. During these years of “Europhoria” even radical right-wing parties conditionally supported accession, as the political cost of challenging Europe was too high.<sup>8</sup> The sum of these political and social trends was the virtually uncontested referendum about accession in 2003, with 84 per cent of the votes cast in favour of membership and with a mere 46 per cent participation rate, due at least in part to the result being considered a foregone conclusion by voters.

## **2.1 Political parties and integration**

The referendum coincided with the gradually emerging new bipolar structure of Hungarian politics. The large Hungarian Socialist Party supported by the liberals (the Free Democrats) was to spend the next decade engaged in a highly charged struggle for prominence with Fidesz (Alliance of Young Democrats) which had emerged as the dominant centre-right force as a

---

<sup>7</sup> Á Bátor, ‘Attitudes to Europe : Ideology, Strategy and the Issue of European Union Membership in Hungarian Party Politics’, *Party Politics* vol. 8 no. 5 (2002) 525-539, esp. 526.

<sup>8</sup> *Ibid.*, 532.

result of its successful period in government between 1998 and 2002. In this struggle, the Hungarian centre-left parties consistently positioned themselves as norm-following and community-minded “good Europeans”, while Fidesz was balancing its own solid European commitments against the political need to prevent a larger Eurosceptic and nationalist formation from stealing their more nationalist-minded voters.<sup>9</sup>

A good example of this balancing behaviour was provided by the parliamentary vote concerning support for Romania’s accession on 26 September 2005. Despite grass roots and extra-parliamentary nationalist mobilisation against the yes vote and the demand to tie in Romanian accession with autonomy for the Hungarian minority in Romania, Fidesz, the single significant opposition party, unanimously voted for Romania’s accession, with, as a symbolic gesture, one half of their MPs not participating in the vote by absence, rather than abstention. Fidesz, even while busy consolidating the right-wing vote for the elections the next April, did not opt to capitalise on nationalist sentiment and accepted confrontation with radical grass roots organisations and some of its intellectual supporters, rather than break with its pro-European stance. At the same time, a token gesture was made towards the nationalist right. This duality captures both constraints imposed by the political field in which Fidesz had to manoeuvre and its reluctance to challenge any important European process for reasons of domestic gain. The rhetoric may at times conjure up images of a “Europe of nations”, yet Fidesz has been a reliable contributor of deepening and widening integration in deeds.<sup>10</sup>

As far as the European profile of Fidesz goes, the events of the last decade still serve as a reliable compass. A member of the European People’s Party, it still supports the conditional deepening of integration, while like most centre-right parties in the new member states, it is also in favour of enlargement. As such, its election victory signalled no major break with the “widening and deepening” programme of the outgoing Socialists. At the same time, it is true that Fidesz is far more sensitive to issues deemed to touch on national interests. While it has never even flirted with abandoning its commitment to

---

<sup>9</sup> G Romsics, ‘When The European Umbrella Opens: Politicised Memory and European Integration in Accession Countries’, in A Glavanovics and B Szele (eds) *Közép-Európa: Transzfer és dialógus* (Székesfehérvár: Kodolányi János Főiskola, 2009) 109-138.

<sup>10</sup> *Ibid*, 124-125.

further integration in principle, it is more prepared to take steps to pursue national preferences in the European political arena than the Socialists have been. This feature was observed by commentators early on, and has remained true for the period since accession.<sup>11</sup> Fidesz is also currently engaged in a largely silent struggle with Jobbik, the new radical right-wing party, which generates a political desire to emphasise the ability to “stand up” to “Europe” and especially the European left, if need be. Other parties at present do not influence Hungarian policy towards the European Union. Jobbik, while a Eurosceptical party, has no government influence, while the Socialists and the new eco-liberal party LMP are having difficulty making their voices heard even on issues they deem to be the most important – let alone more technical European affairs where they are natural supporters of many policy lines embraced by Fidesz.

As a result of the current weakness of the opposition and the partial agreement on the European agenda between centre-left parties and Fidesz, the greatest domestic political constraints on participation in European policy-making are those imposed on the current government by its very own leaders during the election campaign of 2010. In essence, Fidesz promised voters a fresh start, firm government and the correction of the unsuccessful economic policies of much of the last decade. When it garnered a two-thirds parliamentary majority in the elections, it became clear that voters were expecting swift changes. As a result Fidesz embarked on a long trek to overhaul the Hungarian political system and redesign economic governance which has come up against vocal criticism from the international press, the domestic opposition and even the European left. Sources close to Fidesz repeatedly emphasised in interviews conducted by the author that there was no other option open as of the autumn of 2010 but to start carrying out a series of reforms, whatever the cost may be. High profile issues have included limiting the competences of the Constitutional Court in questions concerning state finances, a new media law that set up a strong watchdog authority with a head appointed by Parliament, and the nationalisation of the private pillar of Hungary’s previous mixed pension scheme.

---

<sup>11</sup> Á Bátorý, ‘The Political Context of EU Accession in Hungary’, RIIA *Briefing Paper* (London: RIIA, November 2002) (<http://www.chathamhouse.org.uk/publications/papers/view/-/id/75/>)

## 2.2 Societal attitudes and expectations

Hungarian popular attitudes towards the EU are best defined as uncertain and of low intensity. This is not necessarily reflected in standard opinion surveys which often do not measure the intensity of preferences, making Hungary appear as a pro-integration and pro-enlargement member state on paper.<sup>12</sup> A large part of the situation can only be interpreted when considering the relatively low salience of European politics for voters.<sup>13</sup> As a result, the Hungarian case is quite revealing as to the specificities of several new member states where most voters have little interest in and little understanding of European policy processes. While insufficient knowledge about what goes on in the EU is frequently mentioned as a general problem in virtually all member states, one should bear in mind that differences do exist and the situation needs to be addressed especially in new accession countries. Also, the rotating presidency is often identified as a key factor to raise the level of interest and knowledge about the EU in a society. This may be true to some extent, but the Hungarian case also serves as a warning that the effects of the presidency term may be limited in this respect and thus more sustained work is required to disseminate information and raise awareness.

The post-socialist societies, among them Hungary, had the EU *happen to them* rather than having consciously prepared themselves for membership. In the Hungarian case, the first membership experience that left a deep imprint on public discourse was the 2004 scare about whether Hungary would end up a net contributor due to a combination of slow EU bureaucracies and government negligence in using funds that were available in principle. This contributed to and amplified the pre-existing unfortunate tendency in public discourse to view EU accession as in fact gaining access to a cash cow rather than entering a complex system of coordinated policy optimisation. As a result, the single most salient issue concerning EU membership remained the question of net transfers. More complex arguments concerning the benefits of a larger economic and increasingly political community, if presented at

---

12 In this respect, consider f.i. A M Ruiz-Jiménez and J I Torreblanca, 'Is There a Trade-off between Deepening and Widening: What Do Europeans Think?', *EPIN Working Papers* no. 17 (Brussels: EPIN, April 2008)

13 The Hungarian Ministry of Foreign Affairs makes available, albeit only in Hungarian, a relatively large collection of data since 1995, largely provided by the polling company Szonda-Ipsos.  
([http://www.mfa.gov.hu/kum/hu/bal/eu/eu\\_tajekoztato\\_szolgalat/kozvelemenykutatasok.htm](http://www.mfa.gov.hu/kum/hu/bal/eu/eu_tajekoztato_szolgalat/kozvelemenykutatasok.htm))

all, often ended up sounding as weak excuses for lower than expected net transfers, and so far no truly influential segments of the political class have done much to change this notion.<sup>14</sup>

The only other efficient argument to define the meaning and importance of Hungarian membership has been invoking the country's European identity. In the 1990s, in the wake of state socialism, this argument had great clout and expressed an intense feeling on the part of broad social strata. The post-accession years, however, have seen the argument lose much of its significance, with some segments of the population increasingly turning towards the nation-state and others retreating from considering identity questions in the traditional sense. Overall, this turn of events has meant that merely being reminded that Hungary belongs to Europe affects few enthusiasts (largely intellectuals), and broader strata of society either would like to gain a better understanding of policy processes or have altogether given up on forming an opinion about EU politics.<sup>15</sup>

Finally, it should be added that the previous decade has seen Hungarian society first gear up for making the transition to a middle-class welfare society and then face the failure of this attempt. The first Fidesz government and the first Socialist government (2002–2006) both sought (if according to different philosophies) to increase living standards. Especially during the Socialists' term, increases in living standards were matched neither by economic performance nor by the reform of large national redistributive policies.

The result of the increasingly unsustainable policies during the first half of the decade was an extended period of retrenchment during the second half, which was coupled with an unprecedented loss of credibility by the Socialist party. Under the circumstances, no major reform could be followed through and broad segments of society experienced the effects of subsequent rounds of belt tightening (but structurally irrelevant) measures, first to pay the price of the government spending spree of 2005–2006, then due to the economic crisis. In the end, much of Hungarian society was left concerned about its

---

<sup>14</sup> S Meisel, 'The experience of EU membership - two years after accession', *Proceedings of the Institute for European Studies, International University Audentes* vol. 3 (2007) 127-151.

<sup>15</sup> S Riishoj, 'Europeanization and Euroscepticism: Experiences from Poland and the Czech Republic', *Nationalities Papers* vol. 35 no. 3 (2007) 503-535., esp. 505-509.

ability to sustain anything resembling a middle-class existence financed through credit, less politically active and engaged than ever before since 1989, and both awaiting and fearing decisive change in the way government went about making ends meet in its macroeconomic policies. It was largely the result of these experiences that, in the spring elections of 2010, Fidesz carried almost 53 per cent of the popular vote and garnered a two-thirds majority in Parliament as a result of the electoral system configured to give a moderate bonus to the strongest party. The mandate of Fidesz, however, concerned domestic politics – Europe simply had no place among the salient issues during the campaign.

In sum, it should have come as no surprise that Hungarian society at large was little moved by the prospect of the Council presidency. The past decade has not seen any important movement towards the societal articulation and embedding of preferences concerning integration, save a mild understanding that cohesion and agricultural policy funds are important for the country. It is also felt that a pro-enlargement stance is advisable to make it easier for Hungarian minorities in non-EU neighbouring countries to enter the country and restore a purely cultural-spiritual bond between these groups and the majority of the nation living in Hungary. The new government did attempt to stir some enthusiasm for the presidency term by launching the Voluntarism Initiative as a presidency agenda item, and by linking the term to the restoration of the respectability of Hungarian politics, but these had little effect overall. The most comprehensive pre-presidency survey conducted in December 2010 confirmed the above diagnosis: over half of the Hungarians did not know which country was set to assume the presidency in January, a significantly lower figure than was measured in Slovenia and the Czech Republic a month before their respective terms. Also, further questions in the same survey revealed that the majority of Hungarians felt that the EU was overall a distant power that did not address many of their pressing concerns while nevertheless forcing policy solutions onto the country. Still, over two-thirds supported membership – even if according to the results many of the respondents cannot have had a real understanding why.<sup>16</sup>

---

<sup>16</sup> Policy Solutions / Medián: 'Európai Unió: Bíráljuk, de maradnánk: Ismeretek és vélemények az Európai Unióról a soros magyar EU-elnökség előtt' (Budapest: Policy Solutions - Medián, December 2010) ([http://www.policysolutions.hu/userfiles/elemzesek/Policy%20Solutions\\_Medi%C3%A1n\\_EU-eln%C3%B6ks%C3%A9g\\_final.pdf](http://www.policysolutions.hu/userfiles/elemzesek/Policy%20Solutions_Medi%C3%A1n_EU-eln%C3%B6ks%C3%A9g_final.pdf))

At the same time, the above should not be taken as implying any kind of direct hostility towards the EU or the task of assuming the presidency. The population was left simply unaffected, despite pro-European NGOs providing perhaps more support and visibility for the presidency than had been the case concerning any shared government-NGO issue since 1989.

The net effect was a large room of manoeuvre for the government due to the lack of societal expectations, but also little pressure on either the majority or opposition in Parliament to come together to make the presidency a success. This could certainly have caused problems as the highly polarised discourse of Hungarian politics was anything but a good omen for the presidency, but in the end the overwhelming majority in Parliament essentially rendered all domestic challenges (founded and unfounded alike) to government actions in the context of the presidency largely ineffective.

### **2.3 The state administration and the presidency effort**

The workhorse of a Council presidency is the system of public administration, notably ministries, with other government agencies and ideally even NGOs operating in a support role. In the case of Hungary, as with many new member states with a socialist past, the public service has suffered from being politicised, being dependent on the goodwill of the ruling party and the concentration of well-trained bureaucrats in supranational/intergovernmental organisations in Brussels and in a few domestic islands of excellence very close to the centre of government.<sup>17</sup>

A further feature of the public administrations of new member states is a partial Europeanisation which refers to the uneven distribution of Community know-how across the branches, a characteristic directly related to the similarly uneven distribution of human capital described above. At the same time, Hungary had already embarked on Europeanising its public administration before accession (just as other ECE states had done). It had accumulated a fair amount of human capital in key places, notably the Prime Minister's office and the EU branch of the Ministry of Foreign Affairs, as well as some other ministries overseeing portfolios with intensive European policy-making

---

<sup>17</sup> J Meyer-Sahling, 'Civil Service Reform in Post-Communist Europe: The Bumpy Road to Depoliticisation', *West European Politics* vol. 27 no. 1 (2004) 71-103.

involved. In sum, the state of public administration and more specifically of the central government prior to the presidency preparations is best described as partially Europeanised and imperfectly adapted to participation in European policy-making.<sup>18</sup>

During the preparation phase, a series of factors impacted on the bureaucratic capacity of the government, with perhaps a slight positive net effect. The single most important factor has been the large influx of new public servants who are inexperienced but have good training, above-average language skills and an overall openness to learning the finer arts of policy-making in the European Union. The effect of the necessary increment of personnel dealing with EU-related issues in the ministries is hard to quantify, but based on a partial overview formulated in the course of interviews with new ministry employees it was very significant. Not since 1989 has there been such an influx of highly motivated and well-trained early career professionals into a system which has traditionally suffered from lack of motivation and a tendency to muddle through.

Much smaller has been the effect of training older public servants. While no easier to quantify than the impact of hiring new officers, the repeated scaling down of training goals and the unclear manner in which these goals were (re)formulated and training was organised suggests that bureaucratic interests and the tendency to avoid deep-reaching readjustment will have severely limited the added value of the training programmes. Respondents in informal interviews have repeatedly confirmed that there persists a cleavage between Europeanised and “traditional” departments in the ministries, which contributes to a loss of efficiency. Even within the Ministry of Foreign Affairs (MFA) there is, according to opinions from public servants, a discrepancy between the European Affairs departmental teams, who work in a separate building, and the traditional bilateral, sectoral and international organisations departments whose offices are in the main building complex.

---

<sup>18</sup> B Lippert, G Umbach, and W Wessels, 'Europeanization of CEE Executives: EU Membership Negotiations as a Shaping Power', *Journal of European Public Policy* vol. 8 no. 6 (2001) 980-1012.

At the same time, the consequences of these fault lines for the presidency are limited. The reason for this is that the efficiency of the presidency largely depends on the work of the Europeanised departments which have younger staff. In most cases the honest broker and impulse-giver roles of the presidency can be managed without becoming too reliant on problematic partners in the broader government environment.

A further problem involves the effects of the change of government in spring 2010, barely more than six months before the start of the presidency term. Due to the previously mentioned politicised environment that prevails in at least parts of the central administration, it was to be expected that the change of government would impact on the preparation process at almost every level. The bureaucracy has been no exception to this, with most ministers of state and deputy state secretaries being replaced in the summer of 2010. On the one hand, Fidesz came under some criticism for this, since this meant that both the supervisors of the preparation effort and senior public servants well embedded in the Brussels environment were promptly replaced (they were, however, recognised in several cases with ambassadorial positions), and a mere six months before the launch of the presidency a new set of senior public servants took over at the helm of the presidency effort, often arriving from outside the MFA (but all with considerable previous EU-related experience).

The fears related to the “hiccups” such swift transitions can cause in a complex bureaucratic environment are certainly justified. Yet one has to consider that there exists no formal distinction in the Hungarian public service between political appointees and ranking senior civil servants, and often those holding important positions are a mix of the two types – enjoying the confidence of the ruling party, but also seasoned administrative veterans. In this sense, there existed neither a norm nor a heuristic that could have guided the new ruling party in making fine-grained decisions about which senior cadre to keep and which to replace. In the end, the move by Fidesz of replacing the top cadre of civil servants with experienced officials in whom the ruling party had more trust did not cause a significant drop in the reliability of preparatory work, and the way the government has been coping with the administrative pressures of the presidency suggests that the net effect of the change cannot be too negative. The switch of high-ranking cadre did cause a one-month near standstill in the preparations in June 2010, but in retrospect this pause does not seem to have hampered the effort greatly. At the same time, there

can be little doubt that the optimal solution would have included keeping the experienced high-ranking cadre on board for the presidency in some alternative form (perhaps as special advisors) and thus making better use of their know-how.

Taken together these factors account for the slightly positive balance offered in the first paragraph of this subsection. On the one hand, Hungarian government in the broad sense now includes younger and more Europeanised cadre, with lasting beneficial effects for the country's ability to manoeuvre in European policy-making. On the negative side we find incomplete Europeanisation and a slightly sub-optimal management of experienced cadre where the presidency's pull has not been enough to overcome largely path-dependent politicised practices affecting public servants. What this suggests is that the Hungarian state administration is sufficiently trained to take on the procedural tasks related to the presidency and ample evidence for this is to be found in the events of the first four months. At the same time, the presidency has not turned out to be the "big push" that would help overcome the politicisation of the public service by recruiting all experienced cadre regardless of past party affiliation and turning them into "colourless" top bureaucrats. Also, horizontal coordination among ministries has not evolved to a new level despite some progress in the area, nor have we witnessed – as far as it can be ascertained – a large spill-over of Europeanised administrative practices and mindsets into all departments of ministries. This can be rated as an acceptable, even a good, performance as far as the handling of the duties associated with the presidency are concerned, but falls short of the expectations concerning the far-reaching transformation a presidency term was supposed possibly to bring about.

\*\*\*

The domestic factors directly affecting the Hungarian presidency were presented in this section under three headings, each seeking to provide an overview of the resources and constraints the centre of government has to take into consideration. These do point beyond this presidency term inasmuch as they represent an instance of a new member state with considerably weaker bureaucratic capacities than some old members, a society that cannot rely on widely disseminated discourse to interpret both the meaning of membership and the specificities of the presidency, and domestic party politics impacting

the European stance of a government. Some factors represent general features of democratic societies in the EU, others are arguably closely related to the lack of historical democratic experience. Taken together, however, these are symptomatic of Eastern and Central European (ECE) member states – allowing for considerable variation across cases – and thus represent a distinct flavour when compared with the Spanish and Belgian presidencies.

In this section I have argued that in all three areas the situation as regards the presidency may be described as sub-optimal, but far from prohibitive in terms of the ability to perform successfully in the role. As far as party politics is concerned, the polarisation of public discourse and the ongoing struggle for a segment of right-wing voters are definite negative features, but they have not shaken the pro-integration, “deepening with widening” stance of Fidesz. Also, the insistence on national interests has so far not been revealed as seriously hampering the ability to perform in the presidency role, as these interests are largely defined in a pro-European spirit. It is telling that the single case where the Hungarian government opted for less, rather than more, integration during the first half of the term has been the Eurozone pact of 11 March, but this has had no negative effect on the course of integration. It is likely that the government would not have unambiguously opted out of or even vetoed a new framework of cooperation for the whole of the EU, and sources interviewed by the author have suggested that the move included a careful calculus of the overall effects of the Hungarian decision.

As far as societal attitudes are concerned, the lack of a consciousness about and interest in European politics certainly represents a liability in the long term, as for instance voters may be mobilised *ad hoc* against certain future community policies. Not having a vision of what the EU can provide and what one should want the EU to achieve makes large segments of Hungarian society (like those of other ECE new member states) open to be manipulated with reference to their short-term interests and through the misrepresentation of planned European policies. One certainly has to observe that the presidency is not proving a breakthrough as far as this state of affairs is concerned, and is having a limited effect on public awareness of EU politics. This falling short of expectations is exacerbated by the intensive domestic reform process launched by Fidesz, which further distances the presidency from most voters, who are preoccupied with salient domestic issues. News media reporting also largely contents itself with purely descriptive reports

about various Council meetings in the country. The single event that broke through to society concerning the presidency has been the controversy surrounding the Hungarian media law – an issue that has very little to do with European policy-making and contributes little to the genesis of more articulate attitudes vis-à-vis integration. At the same time, as far as the ability to fulfil the presidency role is concerned, the longer-term liability described above does not have a serious negative short-term effect. Societal attitudes essentially give the government a free hand to go about its duties related to the presidency and constraints such as those experienced during the Czech presidency are neither to be felt at present nor likely to materialise during the second half of the term.

Finally, the situation of the public servants and the capacity of the central administration to deal with the complex issues of Council politics are also characteristic of post-transition countries. The state bureaucracy is politicised to a greater extent than in the majority of older member states and the government as a whole is neither fully integrated horizontally nor thoroughly Europeanised. Yet duties associated with the presidency are not endangered by these moderate structural weaknesses, since these are usually within the competence of islands of excellence staffed by the best trained cadre. Moreover, the influx of motivated, already Europeanised and not politicised young public servants has also been considerable.

The above factors permit the Hungarian government to see through its presidency term with considerable freedom, adopting a stance of committed pro-European politics that are also firmly embedded in the political identity of Fidesz, and relying on sufficient human capital in the bureaucracy to not get bogged down in the complexities of managing the various Council configurations and the interinstitutional dimension of the European polity. The Hungarian experience suggests that the often cited transformatory potential of the presidency may be limited due to path-dependencies in domestic structures. At the same time, it also suggests that new member states have built up the political know-how and the bureaucratic capacity to run the presidency effort relatively efficiently and certainly without the danger of becoming overwhelmed to the point of stalling European policy-making.

### **3 The preparation effort for the Council presidency and the (mis)adventures of the trio programme**

Optimistic accounts of integration tend to emphasise the ability of the EU to rise to challenges and emerge strengthened from crises. Supranational agents have grown stronger, their competencies have expanded over time, and the intergovernmental dimension of EU governance has also become densely institutionalised, with a wealth of formal and informal procedures facilitating decision-making. The very same processes, however, can also be interpreted less optimistically by highlighting how ad-hoc solutions emerge as a result of intergovernmental bargains or agreements between supranational agents and national principals, balancing efficiency and institutional cohesion against control over policy-making.

Rotating presidencies, officially of the Council of the European Union, yet informally often referred to as those of the EU, have elements that support either of the two perspectives. On the one hand, they represent a sub-optimal system of fragmented policy advocacy and supervision, which was intended to have as its goal the setting of strategic directions, but which has since become very much enmeshed in decision-making and micromanagement of policy directions.<sup>19</sup> At the same time, at least two major institutional innovations have emerged that serve to correct the system: the overhaul of the top tier of EU governance as contained in the Lisbon Treaty and the new structure of the Council presidency. The latter was adopted as a separate internal reform by the Council in 2006, with the Lisbon Treaty reinforcing rather than introducing the change in rotating presidencies.<sup>20</sup>

---

<sup>19</sup> A Ágh, 'Team Presidencies and the New Member States', in A Ágh and J Kis-Varga (eds.) *The Prospect of the Team Presidencies: Integrative Balancing in the New Member States* (Budapest: Together For Europe Research Centre, 2008) 9-12. For an overview of the emergence of current structures: A Schout, 'The Presidency as a Juggler', *Epaiscope Working Paper* 1998/2, pp. 2-3, and P. de Schoutheete and H Wallace, 'The European Council' *Notre Europe Research and European Issues* 2002/19 ([http://www.notre-europe.eu/uploads/tx\\_publication/Etud19-en.pdf](http://www.notre-europe.eu/uploads/tx_publication/Etud19-en.pdf)) For a recent assessment of presidency functions: R Thomson, 'The Council Presidency in the European Union: Responsibility with Power', *Journal of Common Market Studies* vol. 46 (2008) 593-617.

<sup>20</sup> Ágh, 'Team presidencies', 11.

The Lisbon reforms, as observed by many, should make the work of the rotating presidency easier, while embedding the presidency in an even more densely institutionalised context than had previously been the case. While external relations largely fall under the management of the reinforced High Representative, and top priority European Council decisions are prepared and brokered by the permanent President, the quantitative reduction of the workload is somewhat offset by the qualitatively different environment, where the rotating presidency has to cooperate especially with the permanent President. Brokering EU reform and the passing of new regulations have undoubtedly become even more complex processes, as the experiences of the Hungarian presidency concerning economic and financial governance in the EU during the first half of the term abundantly demonstrate.

The trio structure of the rotating presidency has been proposed to overcome the fragmentation in policy-making resulting from short terms and uncoordinated transitions of management in the Council. Rather than having semi-annual changes in administration and programme, the December 2005 Council decision opted for a more robust framework of 18-month programmes overseen by three member states cooperating closely and hence eliminating, at least in theory, the majority of potential ruptures at the strategic level of governance within the intergovernmental dimension of the EU. Viewed from this perspective, the impression is that the rotating presidency has benefitted from the tendency of institutional consolidation in the EU, a definite bonus for a new member state such as Hungary, with limited experience and bureaucratic resources.<sup>21</sup>

In practice, however, the new system of presidency trios or team presidencies has proven to be more challenging than expected. The first of these trios – Germany, Portugal and Slovenia – fared relatively well. This was due at least in part to the revitalised German participation in European affairs as a driver, which set the agenda in the single most important issue area at the time: institutional reform after the failure of the draft constitution. As its major contribution to European integration it could present the draft and the

---

<sup>21</sup> Ibid., 11-12.

ratification process of the Reform Treaty.<sup>22</sup> The subsequent French-Czech-Swedish trio, on the other hand, seemed to demonstrate the potential pitfalls of the new structure more than anything else, due especially to the row between France and the Czech Republic over the programme, their diametrically opposed strategies and visions, and Prague's partial self-incapacitation during its term, which left Stockholm with the added burden of restoring a sense of normalcy to the presidency.<sup>23</sup> At least some of these events suggest that the new rotating presidency structure is far from stable. It is the product of a need for reform lacking both solid procedural rules and an automatic linkage to the General Secretariat of the Council (SGC), which is the only robust structure in the institutional architecture that could prevent such breakdowns.

The experiences of the Spain-Belgium-Hungary (SBH) trio underline the dysfunctionality of the 18-month programmes. Trio members are not impervious to internal policy changes, neither is the rotating presidency strong enough to pursue its own agenda in the face of large member states, the supranational actors in the EU and unforeseen adverse events. As will be discussed later in this section, the preparatory work done by trio members has amounted to very little. The number and scope of last-minute changes to the original joint programme reflect the amount of time elapsed since its adoption: moderate for Spain, much more for Belgium and a thorough rethinking of priorities for Hungary. Such revisions are not the product of arbitrary promotion of preferences on the part of trio members. They simply represent the recognition of contingencies and emergencies. While rolling policies remain supremely important, their progress (and hence the specific tasks falling to a specific trio member) is no easier to predict than what emergency decisions will have to be taken during a term.

---

<sup>22</sup> Cf. J Dieringer, 'Assessing the German Council Presidency of 2007', in Ágh and Kis-Varga (eds.) *The Prospect...* 113-130. For an overview cf. Sebastian Kurpas and Henning Riecke, 'Is Europe Back on Track? Impetus from the German EU Presidency', *CEPS Working Document*. No. 273 (Brussels: CEPS, 16 July 2007) (<http://www.ceps.eu/book/europe-back-track-impetus-german-eu-presidency>).

<sup>23</sup> The Czech presidency was to start out with a "low profile", but its programme immediately provoked heated discussions so that it is unclear how it could have been expected to remain such. Contrast the events with I Složarcik, 'The Czech Republic in 2009: Low Profile Presidency with High Profile Challenges?' in A Ágh and J Kis-Varga (eds.) *New Perspectives for the EU Team Presidencies* (Budapest: Together For Europe Research Centre, 2008) 89-104. See also the letter by the Czech Deputy PM Alexandr Vondra, in *Le Monde*: 'Un peu de respect, M. le Président', *Le Monde*, 20 November 2008.

When serious preparations for the team presidency (as the trio was originally called to emphasise the reinforced coordination among members) were launched in 2008, little could be foreseen as to the practicalities of life in the Council after the implementation of the Lisbon Treaty. As far as the trio structure was concerned, however, SBH representatives showed considerable commitment to turn it into a meaningful tool for increasing the cohesiveness of governance. In the reading of the parties involved, this meant having a common programme which was to frame the individual six-month strategies, introducing 18-month ownership of some policy fields and also attempting to agree on some common positions in areas where preferences may diverge.<sup>24</sup>

It soon turned out, however, that the original design, generated largely by ambitious experts rather than diplomats, was not robust enough to survive shifts in policy preferences, divergent interests and contingent events. First the integrated system of 18-month ownerships of individual policy areas was abandoned due to the adaptational costs and for fear of losing control over issue areas on the part of trio members. Soon the long process of revisions to the original draft programme commenced as well. The following two sub-sections offer first an overview of the practicalities of the Hungarian preparation effort during this period (2007–2010), followed by an attempt to reconstruct how the original programme had to be revised over and over again and how the Hungarian presidency was forced in the end to rethink its priorities and tasks.

### **3.1 The Hungarian preparation effort and the central administration**

As far as bureaucratic capabilities and overall preparedness are concerned, Hungarian planning in 2007 reflected the accumulated European know-how about the resource needs of assuming the presidency. In terms of planning the programme, Hungary was active within the SBH trio in promoting an enhanced Friends of the Presidency approach, investing resources both directly and through a joint research venture of the Prime Minister's Office (PMO) and the Academy of Sciences, setting up a multi-year preparation programme which has included SBH expert meetings and domestic conferences. These

---

<sup>24</sup> Cf. the 'Protocol of the First Spanish, Belgian and Hungarian Triologue on the Presidency', in Ágh and Kis-Varga, *New Perspectives...*, 461-472.

initiatives were complemented by research published through *Európai Tükör* (European Mirror), the EU-themed journal of the MFA, which highlighted the internal background work of the Foreign Ministry.

Parallel to the planning effort, the MFA and a branch of the PMO launched the training programme which was expected to solve the human resources needs of the presidency.<sup>25</sup> Of the overall cost estimate of HUF 34 billion (or ca. EUR 125 million), almost one half was to be devoted to the preparation effort and early estimates considered the hiring of about 600 new public servants. This sum would have been spent in part on a complex education agenda which also included efficiency and networking training, calibrated according to the expected workload of a minimum of 2000, and potentially 3000, meetings associated with the presidency.<sup>26</sup>

Unfortunately, two factors influenced the way the preparation effort was executed. One was minor, and it concerned the underestimate of the costs associated with the presidency term. Much more significant was the cutback that affected the final, most expenditure-heavy period of preparation. After the June 2010 review by the new government, Enikő Győri, the future Minister of State responsible for the presidency, had to announce that due to holes in the budget of the MFA, funds originally intended for training programmes needed to be redirected. In this situation, the tough decision was made to focus on developing institutional and social skills and transferring European know-how required to participate efficiently in the procedures of the Council.

The areas that suffered were language training and courses in EU policy-making for broader strata of public servants, as well as the hiring scheme. In essence, the new government drew the conclusion from its strategic review that the presidency effort would have to rely largely on existing resources since, according to their findings, the previous government had not gone through with the sales of real estate which were earmarked to cover the preparation costs. While the cost-reduction scenario represented a suboptimal

---

<sup>25</sup> K Tihanyi and Á Erdődi, 'Felkészülés a 2011-es magyar EU-elnökségre: képzési stratégia' [Preparations for the 2011 Hungarian Council Presidency: The Training Strategy], *Európai Tükör* vol. 24. no. 5 (2009) 68-75.

<sup>26</sup> 'Harmincmilliárdért leszünk EU-elnökök' [30 billion is the price of being the EU president], *Figyelő*, 27 September, 2008.

solution, in light of Hungary's fiscal situation, the need to reduce deficits and the precariousness of the overall macroeconomic environment, the decision has to be evaluated as realistic and justified under the circumstances. The effect was not that Hungary had to face the presidency with a skeleton crew, but it did mean that – in the words of Enikő Győri – “more work will have to be done by fewer diplomats”.<sup>27</sup>

As it has turned out since, the estimate of July 2010 was correct: existing resources could indeed be used efficiently to manage the presidency tasks. The cost of the decision is to be found in less visible areas: the opportunity to Europeanise and integrate ministries and the central administration in general more thoroughly had to be passed up. The “islands of excellence” within the administration (discussed in the previous section) have performed up to par, and as far as administering the term, no major lapses have occurred so far.

Quite apart from the technicalities of the training programme, the uncertainties associated with the broader domestic political context were also appraised by commentators as threatening the coherence of the preparation effort. In spring 2010, general elections took place in Hungary, and the conservative opposition led by Fidesz won a landslide victory, as discussed in the previous section. This meant the taking over of government by a centre-right, pro-European party which followed – with differences of nuance – the same basic “deepening with widening” formula that had been embraced by the centre-left Socialists. Thus the change of government in itself should have been no cause for concern with regard to the Hungarian presidency effort.

The coherence of the preparation effort, however, was by no means ensured by the significant preferences concerning the future of European integration shared by Socialists and Fidesz. Those who feared a major lapse pointed towards the polarisation of political discourse and attitudes, which could easily spill over, it was argued, into European politics. Initially, these fears

---

<sup>27</sup> Magyar EU-elnökség: Óriási hiányosságok' [The Hungarian EU presidency: Huge lacks], *Hírszerző*, 29 July, 2010 ([http://hirszerzo.hu/belfold/160619\\_magyar\\_euelnokseg\\_oriasi\\_hianyosságok](http://hirszerzo.hu/belfold/160619_magyar_euelnokseg_oriasi_hianyosságok)) The most detailed source of information, however, is the hour-long interview with Enikő Győri 'Igy készülünk az uniós elnökségre' [This is how we are preparing for the EU presidency], *Inforádió*, 29 July, 2010. (<http://www.inforadio.hu/hir/belfold/hir-369483>) The whole interview is available for download on the page.

seemed to be unfounded. Hungarian political parties had embarked on the standard course of cooperation in 2007, which meant setting up a working group composed of MPs from all five parties in Parliament at the time and initiating expert meetings on a range of issues. The process culminated in a five-party joint statement concerning the presidency in late 2007, and hence indicated a relatively smooth transition for the future.<sup>28</sup>

In reality, however, inter-party cooperation proved to be far shakier. Several experts who worked with the expert groups have commented in interviews that the then ruling Socialists were not at all keen on cooperating with the opposition, while the current government party was accused of sometimes delegating unprepared cadre to meetings. Whatever the exact truth of the matter (impossible to ascertain with the limited resources of the author), it can be summarily stated that beyond a formal fulfilment of “cooperation expectations”, the current government party ended up largely excluded and to some extent bitter about how it had fared in the process. As a result, the sustained preparation work being done in Fidesz (which had a huge margin in polls and was consciously preparing for government) had no formal involvement, and at most *ad hoc* informal linkages, with the previous government and government-sponsored efforts.

As could be foreseen, Fidesz triumphed in the elections of spring 2010, and assumed control of the preparation process in June 2010. It came as little surprise that the new government was reluctant to adopt recommendations prepared by experts deemed to be too close to the outgoing Socialist party. At the same time, this rupture had less far-reaching consequences than many feared. This was due to two reasons. First, the amount of rolling policies obviously would have tied the hands of any government. Enikő Győri, quoted above, even argued in July 2010 that 95 per cent of resources would have to be devoted to previously scripted and inherited tasks. Second, the tasks awaiting the presidency had become very different due to the spiraling crisis which was threatening the stability of the euro, something that could not be foreseen during earlier phases of the preparation effort. This turn of events required going back to the drawing board for planning the policy initiatives

---

<sup>28</sup> 'A pártok összefognak az EU-elnökségért. EU ügyek bisottságán belül ötpárti munkacsoport' [The parties cooperate for the EU presidency. Five-party working group established within the Committee for European Affairs], *Figyelő*, 28 November, 2007.

for the first half of 2011. In fact, it was only through observing the Belgian presidency in autumn and winter 2010 that the new government could start feeling more secure about the demands its own term would place on it. In the end, in consonance with the practice of previous semesters, the presidency programme was not finalised until December 2010.

As a result of the above two factors, the rupture in the preparation process barely impacted the actual performance of the presidency. The scaling down of the hiring policy may have had a larger impact, as for instance several analysts have questioned whether the Eastern Partnership summit had to be postponed in February 2011 due to insufficient human resource capacities, despite the intensive organisational work done by János Terényi, the extraordinary ambassador in charge of the summit. It is far from certain, however, that even a greater number of new MFA employees could have compensated for the fact that Hungary is not a large member state with a correspondingly large pool of experts, and does not have vast past expertise with the eastern neighbourhood. In the end, however, any possible consequences of changes in government preferences and choices were dwarfed by the single greatest factor influencing the evolution of the Hungarian presidency programme: the impossibility of planning ahead in a time of crisis – a lesson discussed in the next subsection.

### **3.2 The evolution of the presidency programme**

Presidency programmes are traditionally interpreted as composites of ongoing undertakings, often referred to as “rolling policies”, and the presidency’s own initiatives.<sup>29</sup> Of these, the former are usually taken to consume the greater share of the energies of the presidency. Another common approach is to divide the presidency tasks according to their nature. Daniela Kietz has suggested looking at the presidency as a complex challenge that includes a number of “roles”. Clearly, there is the need to assume a “management” role that involves mainly coordination and overseeing the agenda and timing of work in the Council. As regards the latter, “brokerage” is also required – in fact, the “honest broker” role is the most frequently mentioned and analysed aspect

---

<sup>29</sup> D Kietz, ‘The Presidency in the Council System: Functions, Scope for Manoeuvre and Room for Improvement’, in D Kietz and V Perthes (eds) *The Potential of the Council Presidency: An Analysis of Germany’s Chairmanship of the EU* (Berlin: Stiftung für Wissenschaft und Politik, 2008) 9-11; Ágh, ‘Team presidencies...’, 22.

of presidencies. A further role in Kietz's categorisation is that of "strategic guidance", which should ideally help the whole of the EU to embed initiatives in larger, forward-looking strategies that take account of emergent challenges as well. Closely related to this is the task of giving "impulses" that represent innovations or putting new items on the agenda.<sup>30</sup>

As is obvious from browsing through these tasks, none of them address directly the question of the preferences of the member state giving the presidency. Kietz makes it clear that in her reading such additions to the presidency's agenda constitute burdens that hamper its efficiency. At the same time, other approaches, notably the one proposed by Schout and Vanhoonacker, include national preferences in their non-normative evaluation scheme as one of the constituents of a presidency programme.<sup>31</sup> While it may be up for debate to what extent the inclusion of such items represents a desirable outcome in the case of a presidency programme, it is certainly advisable to include it in any analysis, since they represent a commonly observed phenomenon. For these reasons, the following analysis will be constructed around the four chief policy-making roles, with the perspective of community goals versus national preferences added to the discussion of the individual items where appropriate.

When work on the draft agenda of the presidency trio commenced in 2008, expert groups and delegates originally expected to provide a blueprint for the programme. They succeeded in this: in the series of 2008 meetings referred to as the Lillafüred Process a concise summary of focus areas was agreed upon and presented as the "Strategic Framework for the SBH Presidency".

---

<sup>30</sup> Kietz, *op. cit.*, 10-12.

<sup>31</sup> A Schout and S Vanhoonacker, 'France: Presidency Roles and National Interests', in F Laursen (ed.) *The Treaty of Nice: Actor Preferences, Bargaining and Institutional Choice* (Dordrecht: Martinus Nijhoff Publishers, 2006); A Schout and S Vanhoonacker, 'Evaluating Presidencies of the the Council: Revisiting Nice', *Journal of Common Market Studies* vol. 44 (2006) 1051-1077, esp. 1053-1056; J Tallberg, 'The Power of the Presidency: Brokerage, Efficiency, Distribution in EU Negotiations', *Journal of Common Market Studies* vol. 42 (2004) 999-1022, esp. 1019-1020.

The original framework included the following items:<sup>32</sup>

- “implementing the new treaty”, a signal that the experts involved in the preparatory work expected the Lisbon Treaty to be ratified but far from fully implemented by 2010. Especially significant in this respect was the aim of working towards “a peaceful and constructive cohabitation” between the new offices and the rotating presidency, including finding new roles for the heads of government;
- giving “a new impetus to the Lisbon strategy”, a key element which was to have at least three major tiers. These were to include the final evaluation of the first ten-year cycle, agreeing on new or revised policies and also working towards new methods;
- integrating the above with a focus on “climate change, energy and sustainable development”, a clear acknowledgement of the emergent major issue areas of the previous decade where considerable legislative work will be required if a coordinated European response is to materialise;
- the “budget reform”, which ambitiously announced the intention to move towards a policy-driven financial perspective and more focus on linking up expenditure with tangible effect as well as increased reliance on “own resources”;
- pursuing the idea of a “Europe of citizens”, meaning in practice the rolling policies related to immigration and asylum, and also to police and judicial cooperation;
- a balanced approach to “EU external action in a globalised world” that would involve a “post-PCA” agreement with Russia, promoting a new and revitalised transatlantic dimension and, perhaps most importantly, an overhaul of the relations with EU neighbours, be it rethinking, re-aligning or even redesigning the institutional framework through which these relations are conducted;

---

<sup>32</sup> The following section is based on: ‘Protocol III: Strategic Framework for the Presidency’, in Ágh and Kis-Varga (eds),: *New Perspectives...*, 487-496.

- a principled, rather than preference-driven commitment to the European Security and Defense Policy (ESDP) focusing on rolling policies;
- and finally a balanced approach to the “deepening versus widening” dilemma of the EU, labelled as “Future development of the Union” in the framework and referring to simultaneous attention to integrating new member states fully into the EU (such as Schengen membership for Romania and Bulgaria), while also responsibly promoting the accession agenda in the case of the Western Balkans.

Using the sets of criteria introduced at the beginning of this section, a number of observations may be made about this framework. First of all, it is evident that the “friends of the SBH presidency”<sup>33</sup> intended the programme to focus on “rolling policies” as much as was needed, even if such focus should include preparing to take up issues where neither of the three otherwise very different member states held a clearly defined interest – let alone a stake. It is evident that the framework is driven by a desire to capture the spirit of a “productive membership” in the EU more than by any ambition to define summarily what the EU is or should be about. This becomes especially apparent if contrasted with the opposing ambitions that characterised the French and Czech presidencies, one concentrating on consolidating, the other on opening up Europe across a range of issues from foreign policy to the internal market.<sup>34</sup> In the case of the emergent SBH programme, the “uploading” of national preferences and vision on a comparable strategic level was excluded early on.

This apparent philosophy of having a functional Union before a Union of a particular ideological flavour closely matched Hungarian government

---

<sup>33</sup> The group of experts participating in the Lillafüred process adopted the name “Reflection Group”. Throughout this text, the term “friends of the presidency” is used to refer to this group to emphasise that its functioning is best interpreted as the extension of the novel inclusionary approach to expert know-how in the Council to which the term refers. C Egenhofer et. al., *Policy Development for Coherence in the EU Council* (Brussels: CEPS, 2006). (<http://www.ceps.eu/book/policy-coherence-development-eu-council-strategies-way-forward>)

<sup>34</sup> French Presidency of the Council of the European Union, *Work Programme: Europe Taking Action to Meet Today’s Challenges* ([http://www.eu2008.fr/webdav/site/PFUE/shared/ProgrammePFUE/Programme\\_EN.pdf](http://www.eu2008.fr/webdav/site/PFUE/shared/ProgrammePFUE/Programme_EN.pdf)) Czech Presidency of the Council of the European Union, *Work Programme: Europe without Barriers* (<http://www.eu2009.cz/scripts/file.php?id=6226&down=yes>).

preferences at the time. Experts close to the Socialist government were suggesting a “caretaker plus” approach, i.e., one where Budapest first and foremost focuses on the issues already on the table. While much less can be ascertained as regards prevailing attitudes among senior MFA staff, the ongoing series of essays published in the MFA’s pro-integration journal *Európai Tükör* also suggested an approach that emphasised thorough bureaucratic preparation and a commitment to making headway on existing issues rather than profusely showering other member states with either selfish or selfless propositions.<sup>35</sup>

In particular, this attitude seemed to dominate the issue areas of immigration/asylum and police/judicial cooperation, Treaty implementation, defence and the relationship with major global players, certainly as far as Hungary was concerned in the trio.<sup>36</sup> At the same time, the emphasis on efficiently rolling policies onwards did not preclude all attempts at initiatives and innovation. In the case of the follow-up to the Lisbon Strategy, budget reform and neighbourhood policies, as well as enlargement, consciousness of assuming the duty of pushing forward with existing or nascent policies was mixed with the ambition to make a significant and innovative contribution.

At the time (2008–2009) there existed a strong consensus among expert groups and government actors as far as the new financial perspective for 2014–2020 was concerned. On the one hand, all relevant participants in the preparation process seemed to agree that some movement had to be made towards a more policy-oriented budget and greater reliance on the EU’s own resources (by a more direct and broader EU tax). There was, however, also consensus that Hungary would not be pushing for this as a specific Budapest initiative, preferring to seek cautious revisions and shifts in allocation, and without really expecting the significant increase in budget size and the share

---

<sup>35</sup> All issues of the periodical are available for free download, yet only in Hungarian at: <http://www.kulugyminiszterium.hu/kum/hu/bal/Kulugyminiszterium/Kiadvanyaink/Európai+Tükör/>

<sup>36</sup> A B Kádár, 'A szabadság, bizonyság és jog térségének fejlődési iránya. Gondolatok a lehetséges elnökségi prioritásokról a bel- és igazságügyi együttműködés területén' [The trends concerning the area of freedom, security and justice: Reflections on potential presidency priorities in the area of Justice and Home Affairs], *Európai Tükör* vol. 24 no. 6 (June 2009) 78-87.

of the EU's own resources on the income side that would be considered the ideal outcome.<sup>37</sup>

Finally, enlargement and neighbourhood policies represented a further area where strategic moves forward were deemed feasible with regard to both the SBH and the Hungarian presidency. It was expected that Croatia would conclude accession negotiations and even join the EU during the trio's term. The Western Balkans accession process was to be given a second new impetus, with the focus clearly on Serbia and Montenegro. Simultaneously, ambitious plans were also constructed to consolidate the two dimensions of ENP through separating them and propping up the eastern dimension through the Eastern Partnership. In these areas where most day to day work was expected to be carried out by the Commission and perhaps the new External Action Service, the role of the presidency was expected to be limited to the (still important) function of manufacturing consent among member states despite neither the European Council nor the Foreign Affairs Council being chaired by the rotating presidency.

Many of the original suggestions by the expert groups found their way into the trio programme published in December 2009. At the same time, the final official version was characterised by such complexity that a clearcut focus of the trio was becoming hard to identify. In sharp contrast to the original expert proposal, this version reflected bureaucratic concern to diligently follow up with rolling policies in all areas at the expense of making innovative contributions according to a moderate, but clear policy-shaping agenda.

It was only upon closer inspection that the programme's priorities could be identified, not so much because they were distinguished clearly in the draft, but more because of the sheer number of mentions of some policy areas in

---

<sup>37</sup> A Vértés and M Losonczi, 'New Ideas versus Continuity: Budgeting Perspectives in the EU for the post-2013 Period', in Ágh and Kis-Varga (eds) *New Perspectives...*, 75-88. Cf. also the paper by the head of the Institute for World Economy, one of the two key economy think-tanks behind the Hungarian presidency preparations at the time: A Inotai, 'The Future of the European Union's Budget', *Public Finance Quarterly* vol. 53 (2008) 7-23.

the text. Clearly, the governments agreed to adopt the role of promoters of the Europe 2020 goals (set to be published in March 2010), and were seeking first to contribute to the finalisation of the strategy itself, to be followed by numerous smaller contributions to specific sectoral policies in the spirit of the initiative. The programme – if one looked beyond the surface – offered a committed policy geared towards promoting the strategic rethinking of how the coordinated European economies of the future should function, while also retaining some ambitious elements of the expert proposals, such as for instance the emphasis on a policy-driven financial perspective and the expected start of planning it in 2011.<sup>38</sup>

By 2010, the original trio programme had taken hits even without counting the ambitions of Fidesz, the new ruling party, to overhaul the agenda. It was clear, for instance, that the Hungarian presidency would have comparatively little to do in the area of the Lisbon Treaty, since implementation had been progressing with the notable exception of the European External Actions Service, a thorny issue which, however, is treated outside of the rotating presidency framework.

The second item on the original list was giving “a new impetus” to the original – and fledgling – Lisbon agenda. In its final form, the Europe 2020 strategy received a seven-tier structure in 2010. It also became clear that any major reform in the oversight mechanism was out of the question: the strategy would be carried out by the individual member states through the flexible mechanism of “open coordination”. This avoids policy deadlocks, as all states have the possibility to adopt their own programme in realising the common goals, but it also reduces expectations given the lack of enforcement instruments. The Spanish presidency had also added more emphasis to the social dimension, linking the fight against poverty and exclusion with growth. How the 2011–2015 Social Agenda, a priority added to the programme at the insistence of Madrid in 2009, was to be integrated into the strategy and whether it would have a serious impact was and is nevertheless still unclear.

---

<sup>38</sup> Council of the European Union, 'Draft 18 month Programme of the Council', 16771/09 POLGEN 219, Brussels, 27 November, 2009 ([http://www.eu2010.es/export/sites/presidencia/comun/descargas/programatrio\\_EN.pdf](http://www.eu2010.es/export/sites/presidencia/comun/descargas/programatrio_EN.pdf)).

To what extent the original SBH focus on “climate change, energy and sustainable development” could be pursued had also come into doubt. Hungary has little to offer in terms of innovative know-how in the area, while the Copenhagen fiasco and the effects of the world economic crisis had not helped to increase commitment in the EU to further pursuit of sustainability in the economy. The natural reaction of the new Hungarian government in this issue area was to concentrate on the energy component, given its own agenda which included promoting security and diversity of supply for the country and the East Central European region in general. This emphasis would be tied up with questions of green reform in the energy sector, which would have been less congenial to the Budapest government in itself, but such linkages fell well within the area of acceptable compromises.<sup>39</sup>

A further priority of the informal joint programme was budget reform, which foresaw movement towards a policy-driven financial perspective and more focus on linking up expenditure with tangible effect as well as increased reliance on own resources. This constitutes a neat programme which most EU experts and economists heartily support, yet politicians will be wary of it. Launching the budget talks would have been a daunting task for Hungary, and the new government made it clear in the wake of the review of the preparation effort in summer 2010 that this priority would not be pursued by the upcoming presidency.

During the summer of 2010, Hungary also presented itself as ready and willing to turn its attention during the presidency term towards the Western Balkans and the Eastern neighbourhood simultaneously, to relaunch the stalled integration processes south of its borders and to contribute to the slow consolidation of the Eastern Partnership, all in accordance with the original trio programme. Of these, the first undertaking was a natural product of the national priorities of the country, given the ambition of subsequent governments to position themselves as “friends” of Croatian accession and due to the concern with the Hungarian minority in the Voivodina autonomous province of Serbia. The second reflected less a deep-seated concern not to

---

<sup>39</sup> 'Hungary EU Presidency's Energy Policy', European Energy Forum, January 2011 (<http://www.europeanenergyforum.eu/background-and-references/background-and-reference-documents/eu-presidencies-energy-programme/hungary-eu-presidencies-energy-policy-2011-1>)

abandon the eastern neighbourhood dimension, even though Poland had emerged as the undisputed regional leader in this aspect and Hungarian preferences had never been translated into a clear cut action plan before. The desire of the new government to build a special, cross-sectoral intra-EU partnership with Poland may well have contributed to the emphasis the Eastern Partnership continued to receive throughout the second half of the year.<sup>40</sup>

Apart from the above items, which had formed part of the common trio programme, the new government emphasised via senior MFA officials that it sought to add two items to the agenda. One concerned water resource management, which was to be embedded into the nascent Danube Region Strategy, originally an initiative of the German government intended to establish a multi-dimensional framework for cooperation among Danubian states, thus linking up members and non-members.

The other designated Hungarian “item” was at first the preservation of cultural diversity with special regard for small cultural communities. This represented clearly the single point on the agenda where specific Hungarian preferences dominated, as it was easy to see the link between the existence of numerous Hungarian minorities in neighbouring states and the initiative which could culminate in the medium term in EU recommendations on the preservation of cultural diversity that directly target communities and do not operate through guaranteeing the rights of individuals. Yet this priority was not aggressively worded so as to evoke the impression of pursuing a nationalist or even primarily national agenda. Efforts were made to embed the initiative into the 2020 strategic goals, with notably the Minister of State for Culture, Géza Szócs, arguing repeatedly that innovation and thus growth was intimately linked with preserving the multiple cultural reservoirs of Europe.<sup>41</sup>

While the summer 2010 version of the planned priorities represented a clear departure from the original trio programme, the overall direction was hardly opposed to it, especially considering repeated claims to first and foremost

---

<sup>40</sup> A Rácz, 'Hungary and the Eastern Partnership', in I Albrycht (ed) *The Eastern Partnership in the Context of the European Neighbourhood Policy and V4 Agenda* (Cracow - Brussels: The Kosciuszko Institute, 2010) 19-36.

<sup>41</sup> 'Hearing of Minister of State Géza Szócs in European Parliament', *eu2011.hu*, 25 January, 2011 (<http://www.eu2011.hu/news/hearing-geza-szocs-european-parliament>).

concentrate on the work to be done in the individual Council configurations. The openly voiced preference of the Hungarian government became to focus on the transition from the Hungarian to the Polish term and create as many synergies as possible. The opportunity for strategic cooperation across several issues was considered to be a strategic investment that would both capitalise on and further deepen the Visegrad Four (V4) cooperation (including the Czech Republic, Hungary, Poland and Slovakia) in the Council. The V4 coordination mechanism had emerged during 2009 and 2010 as the first efficient interest representation mechanism enjoyed by Hungary since its accession. Hungarian politicians perceived also that there existed numerous natural shared interests in open portfolios between Hungary and Poland, and understandably thought it more productive to focus on this dimension of continuity rather than the Belgian-Hungarian transition.<sup>42</sup>

Whatever the preferences, however, Budapest inherited from the Belgian presidency those issues which eventually came to dominate the list of its priorities. While drafting a Roma strategy emerged as an additional innovative arena for action it became clear in the wake of the October 2010 European Council that the reform of economic and financial governance in the EU would have to become the top priority of the spring 2011 presidency. This was accepted by the Hungarian government without contestation, while efforts were made both to include other inherited issues as priorities, and to mix in specific Hungarian initiatives as well. On the one hand, an unusually rich programme was compiled. On the other hand, several initiatives were configured so as not to burden the Council excessively, requiring merely preparatory work. This way, when Budapest took over the presidency in January 2011, the final programme broke with the clear 2020 focus of the trio, with the aforementioned economic governance issues taking top priority, the Europe 2020 strategy being relegated to second place except for the highly emphasised energy dimension, and several Hungarian initiatives rounding out the picture. These latter, however, were not tied to hard-to-reach bargains in the Council and represented more an experiment in moving towards future common policies. Altogether, the programme can be evaluated as a mix of realpolitik and an adaptive approach to the presidency, as well as of carefully

---

<sup>42</sup> 'Hungary, Poland Outline Presidency Priorities', *Euractiv*, 15 September, 2010 (<http://www.euractiv.com/en/priorities/hungary-poland-outline-eu-presidency-priorities-news-497700>).

dosed innovation. Compared with the Spanish programme, for instance, the proposed impulses were less difficult to carry through, being softer and less political in character. Compared with Belgian priorities, however, they did exist and were pursued with persistence, adding both a more innovative and a national flavour to the agenda.<sup>43</sup>

In its final and official incarnation, the programme assumed a format where all priorities were clearly represented, yet somewhat hidden in the four major goals defined largely according to rolling policies and already launched strategic initiatives. The motto “Strong Europe, with a human touch” was not so much justified by a set of specific undertakings, but rather understood as guiding the efforts of the presidency in the four large and predefined policy areas.

The first set of goals defined as “growth, jobs and social inclusion” contained what by that time had been clearly recognised as the top priority, namely passing conclusions and regulations permitting the setting up of the European Stability Mechanism and reforming economic and financial governance, with the former also requiring treaty change.

It was this same official priority that included the originally unrelated proposal for a Roma strategy, embedded into the “European Platform against Poverty” and paired up with the focus on child poverty. Thus both items were tied to the 2020 strategy which at this time retained its absolute primacy only in the official rhetoric. It had become clear that while progress was to be achieved in developing a mechanism for efficiently measuring member state action tied to any of the seven flagship initiatives, the overall 2020 focus of the presidency had been abandoned. Finally, it was the implementation of the Single Market Act and the revision of the Small Business Act – two extremely important but rather technical elements – that rounded out the rather colourful first official priority of the programme.

---

<sup>43</sup> Hungarian Presidency of the Council of the European Union, *The Programme of the Hungarian Presidency of the Council of the European Union (1 January - 30 June, 2011): Strong Europe*. (Budapest, 2011)  
([http://www.eu2011.hu/files/bveu/documents/HU\\_PRES\\_STRONG\\_EUROPE\\_EN\\_3.pdf](http://www.eu2011.hu/files/bveu/documents/HU_PRES_STRONG_EUROPE_EN_3.pdf))  
The following paragraphs refer to this document.

The second priority – Stronger Europe – included the review of large budget items and policies requiring financial transfers, notably cohesion policy (linked also to the Danube Region Strategy), the Common Agricultural Policy and environmental policy with a view towards laying the foundation for the Polish task of launching the debate on the 2014–2020 financial perspective. The planned focus on water management survived – if pushed into the background – under the sustainability heading. Finally, energy policy was included here. Arguably, this move may have been a declaration of intent on the part of government to emphasise its desire to secure community funding for energy policy projects in the future, a very ambitious goal that also suggested that energy was still the number two actual priority of the presidency. This push was further reinforced by the scheduling of a European Council focusing on energy for February 2011.

The third official priority – “a Union close to its citizens” – once more united diverse considerations deemed to be of importance. The Hungarian government agreed to push forward with the European Citizen’s Initiative to enhance dialogue between member state societies and Brussels institutions. Assisting in the implementation of the Stockholm Programme was the second inherited undertaking of the presidency, while the Schengen focus aiming for Romanian and Bulgarian accession may be considered to be a lucky mix of rolling policies and strong national preferences, given that well over a million Hungarians live on the territory of contemporary Romania. Finally, cultural diversity represented the original contribution under this heading.

The fourth and last priority concerned external action. It was broken down into an enlargement/neighbourhood section and a global role section, with the first clearly containing the actual priorities of the presidency, and the second worded much more carefully, suggesting the commitment to work with rolling policies without setting overly ambitious goals. As far as enlargement was concerned, the Hungarian government undertook to accomplish an across the board reinvigoration of the engagement with the Western Balkans, including the conclusion of negotiations with Croatia, starting the *avis* process on Serbia’s application and granting candidate status to Montenegro. As far as could be ascertained through interviews and reading between the lines, these three items represented, in this order, the political priorities of the government, with Macedonian and Turkish accession talks supported but not accorded the same weight despite being mentioned in the programme. Similarly, the long list of global action mechanisms to be promoted during the presidency

should not be considered as hard commitments. This does not mean, however, that serious work was not carried out in preparation for them: to take one example, the department of the MFA responsible for development and aid policy conducted a long and exemplary review and preparation process to enable Hungary to participate efficiently in EU level policy-making.

The final set of priorities has experienced further – unofficial – shifts since January 2011. The significance attached by MFA and Ministry for National Economy cadre especially to the six-pack and to Treaty change only increased with time. Other priorities were tacitly scaled down and the presidency has shown remarkable flexibility in softening its goals without abandoning them – a rational compromise under circumstances dominated by concerns about the effects of the economic crisis.

The single most important policy lesson to be drawn from the experiences of Hungary concerning the preparation effort for the Council presidency is a harsh one. All empirics suggest that the trio format has fallen short of expectations. It may function when a single member state more or less governs the process (as in the case of Germany in the first trio), but it can fail due to intra-trio conflicts of preferences (see the Franco-Czech controversy) or gradually disintegrate as a result of policy contingencies and emergencies (as in the case of the SBH trio) despite the best and most cooperative of intentions.

Especially in light of the emerging support role of the presidency, there seems to be little rationale behind the trio format, since key issues should be supervised by the permanent President of the European Council and the High Representative, with the Commission providing key input, as well. The “national flavour” element – which is arguably an added value due to its potential for innovation – is preserved without the trio format and member states (especially experts and MFA staff) could be spared the effort of

constructing ambitious 18-month programmes only to see them scaled down and finally revised beyond recognition under the pressures of the momentary situation. Rolling policies can be prepared for without trios; in fact these policies ensure a natural continuity between presidencies. But, as both the Belgian and the Hungarian cases prove, an efficient support role requires flexibility and alertness more than anything else, and overly committing to goals defined long in advance proves to be more of a liability than an asset. In sum, the best option to keep the rotating presidency alive and meaningful in its support role is, it seems, to liberate it from the burden of strategic preparations with uncertain survivability, and permit it to function as a combination of conscientious aide and innovator – yet always tailored to what the situation permits and demands. Such a role requires political acumen more than it does bureaucratic roadmaps.

## **4 The political dimension of the presidency: European norms and symbolic engagements**

While it is common knowledge that the rotating presidency involves an intangible secondary dimension that leaves its mark on how the presidency will be evaluated in retrospect, it is difficult to pinpoint what exactly this intangible dimension consists of. To illustrate its effects, the following subsections attempt to interpret three key events that each have had some impact on how the presidency has been perceived either by the European public or by fellow Community and national officials, but do not directly concern the management of common policies or new regulatory efforts, or even the strategic guidance role of the presidency. This may make them appear unimportant at first sight, but these issues nevertheless have the peculiar quality of touching a nerve in a way that prompts a discussion on core values or the very identity of the European Union.

It could be argued that in fact all political matters possess such an ideational dimension and it depends more on the circumstances than on the actual matter at hand to what extent an issue area is transposed into normative discussions where it becomes a symbolic affair. It is clear that from time to time issues emerge during a presidency term where the technical (legal, bureaucratic, bargaining) dimensions take the back seat and the discussions are driven by identity/value discourses with varying referent objects (member states, the EU as a whole, the European public, etc.). As far as the first three months of the Hungarian presidency are concerned, it is clear that the new Budapest government has touched several nerves and has generated or joined discussions on a series of issues that are interesting for what they tell the analyst about how political actors construct normative discourses to influence European processes and how these discourses impact political action.

Some of these issues will not be discussed in any detail for lack of space, including the “carpet incident”, when Slovakian, Austrian and Romanian politicians and officials expressed dismay over a carpet in the Justus Lipsius building of the Council that showed the old Hungarian kingdom as a part of the Austrian Empire in 1848, incorporating, inter alia, what is today Slovakia. The journalists of the *Financial Times* had a romp with this controversy, portraying all involved as at least a bit too demonstrative and/or sensitive

concerning issues from the distant past. Their sarcasm may have been very close to the truth of the matter: the rug represented a clash of interpretations where one side refused to adopt the perspective of the other, and vice versa. For the Slovakian MFA, for instance, every depiction of “old” Hungary may be interpreted as an affront or at least a seemingly innocent image with a hidden agenda, while the Hungarian government obviously failed to take into consideration the effect of established visual images on the human mind, notably their ability to trigger associations almost automatically. For a Romanian or Slovakian politician, the rug was cause for wariness about how nationalistic the tone of the new government would be, while for the Hungarian presidency team it was merely a reference to the revolution of 1848, in many ways the foundational event of modern Hungary. The controversy – as correctly suggested by a *Financial Times* blog – concerned a special, regional agenda which could but provoke disapproving smiles from those not familiar with the contested terrain of East Central European collective memory.<sup>44</sup>

Other symbolic issues, however, bore a much clearer significance for the whole of the EU. In this section, three will be examined in some detail, all shedding light on areas which may also in the future provoke heated debates about core normative issues of European integration. First, the question of the Hungarian media law will be examined, which was ultimately a controversy about through which mechanisms and institutions and how invasively European players should scrutinise domestic policies touching on shared basic norms and fundamental rights. The second issue, in a way feeding into the next section on policy processes and decisions of the first three months, concerns the stance of Prime Minister Viktor Orbán against the original German proposal on the euro-plus pact, which implicitly addressed the increasingly ponderous question of the place of the largest member states in the EU27 architecture. The third case to be considered is the failed proposition by the Hungarian presidency to pass a Council resolution condemning the crimes of totalitarian regimes, which highlighted the east-west divide that exists at least in terms of how the normative underpinnings of the current democratic European community of states are to be conceptualised. While

---

<sup>44</sup> Fi. P Spiegel, 'EU Summit: Hungarian Carpet Cover-up!' *Brussels Blog, Financial Times*, 4 February, 2011 (<http://blogs.ft.com/brusselsblog/2011/02/eu-summit-hungarian-carpet-cover-up>).

wildly different, the three “symbolic” topics share the characteristic of having been principle-based debates rather than policy bargains, and as such they were not characterised by the compromise-building that is the hallmark of standard Council interactions.

#### **4.1 The controversy surrounding the media law**

The Hungarian presidency got off to a rough start due to one single reason, compared to which all other issues appear minor in comparison. The fact that the process of policy-making in the field of economic governance launched by the Commission’s September 2010 communication and the report of the Van Rompuy task force had upset the agenda, or that it was in late December and January that French and German reservations concerning the Schengen accession of Romania and Bulgaria were made public, fall into the category of the unforeseen, but unavoidable complications of a rotating presidency that require agenda modification and adaptation on the part of interested players. The fact that the Hungarian government had resorted to one-off taxes to consolidate its fiscal situation may have stirred national politicians (notably the German government) and the Commission, but would not have led in itself to the questioning of the ability of the Hungarian government to “co-lead” the EU during its term. Standing apart from all of these comparatively minor questions, the media law alone brought on a wave of criticism that at some points threatened to incapacitate the presidency.

According to one view, the events of January 2011 were important, but not exceptional: the presidency naturally results in a heightened level of international and especially European scrutiny. Any government should therefore be prepared during its term to answer queries concerning its domestic decisions, as well. According to the other perspective, however, the public scrutiny of the Hungarian media law (Act 185:2010 on Media Services and Mass Media) and related earlier legislation (Act 104:2010 on the Freedom of the Press and the Fundamental Rules on Media Content) was exceptional, because it represented an instance of governments, the European Parliament and the European Commission scrutinising a member state giving the presidency for a government action that had no direct bearing on key and urgent issues of European politics. At its worst point, it may have seemed that the Hungarian presidency would be enmeshed so deeply in the controversy that its ability to work with the actors investigating its actions could be

jeopardised. Eventually, none of the doomsday scenarios materialised, but especially during January it was hard to see how the crisis could be resolved through a compromise that would be face-saving for all.

The Hungarian parliament passed the bill for the media law on 20 December 2010. The law, rounding out a stream of legislation between June and December, significantly altered the way media regulations had worked on the basis of the previous 1996 law. While the fundamental logic (the media are in need of public supervision which is best exercised through a board of some sort) remained unchanged, Parliament was to appoint all members of the board. This meant that large majorities would have exclusive influence over the selection process. Supervision was to ensure programming and publishing in accordance with collective values, rather than just upholding the freedom of the press for its own sake. Also, new elements were introduced into the mechanics of scrutiny by applying standards of printed media to internet publications and by seeking to regulate all media content that is broadcast in Hungary (regardless of where the broadcaster has its seat). The media authority was to have extended rights in conducting invasive investigations when the law had been violated, while also deciding about the imposition of potentially far larger fines than had been the case with the previous law.<sup>45</sup>

The international attention accorded to the legislation was likely multiplied by the fact that it was passed shortly before the beginning of the presidency term. Criticism concerned mainly either the compatibility of the law with EU regulations or its compatibility with basic norms considered to represent core democratic European values. While the two arguments were frequently used to support each other, it was clear that, for instance, European Socialists in the European Parliament were challenging the overall normative content of the bill, while other actors, first and foremost the Commission, focused more on compliance with the European framework. Defenders of the new regulation highlighted the heretofore lacking ability of the supervisory

---

<sup>45</sup> For a long overview and preliminary assessment see Karol Jakubowicz, 'Analysis and Assessment of a Package of Hungarian Legislation and Draft Legislation on Media and Telecommunications', Paper commissioned by the Office of the OSCE representative on Freedom of the Media. Warsaw, September 2010. (<http://www.osce.org/fom/71218>) For an overview of the end results, see 'Legal Analysis of the Hungarian Media Laws', *Center for Democracy and Technology* Washington, DC, 9 February, 2011 ([http://www.cdt.org/files/CDT\\_Legal\\_analysis\\_of\\_the\\_Hungarian\\_Media\\_Laws\\_020911-1.pdf](http://www.cdt.org/files/CDT_Legal_analysis_of_the_Hungarian_Media_Laws_020911-1.pdf)).

authority to impose sanctions on various content providers who violated Hungarian law, especially concerning the Holocaust and by engaging in incitement against groups.

The question relevant to this paper concerns the place in contemporary EU politics of a comprehensive media law such as that passed by the Hungarian parliament on 20 December 2010, and thus no assessment of its democratic merits (or their lack) will be attempted. Detractors argued that the bill was voted on just prior to the kick-off of the presidency so that the Budapest government could escape international criticism by appealing to the informal norm of helping the rotating presidency to function effectively. Some other commentators, on the other hand, observed that any such scheming would have been irrational: if anything, the presidency term means heightened scrutiny, as the Czech case has amply proven. More significant than the truth of either position is their shared underlying assumption concerning the existence of some norm that dictates how states giving the presidency are to be treated, be it leniency or scrutiny. This shared assumption cuts to the very core of the media law controversy: the question of how and especially by whom overarching European norms are to be interpreted and applied.

The major European lesson of the Hungarian media law has been, for this reason, the bringing to light of the confusion concerning the responsibilities of various European Union institutions in investigating norm compliance and the tests to be applied in establishing norm compliance or lack thereof. The European follow-up to the passing of the media law has highlighted the preferences of these actors, as well as the uncertainties generated by such situations. To reiterate: the shared dilemma for all actors was how to establish the expected consequences of the new law, how to evaluate them and what action to take on the basis of the evaluation.

Of the actors involved, the European Parliament clearly demonstrated the most resolve to build up its democratic credentials further by targeting the overall normative content of the law. The debate in Parliament concerned the freedom of the press in Hungary and its goal was to establish to what extent this freedom had become threatened. This meant a commitment to the “strong” interpretation of the European community of norms. The discussions in plenary session and the 17 January joint meeting of the Civil Liberties, Justice and Home Affairs and Culture and Education Committees in the presence of Tibor Navracsics,

Minister of Justice and Public Administration as well as Deputy Prime Minister, all sought to establish whether the Hungarian media could be censored or be pushed to exercise self-censorship through the application of the law.<sup>46</sup>

The events in the Parliament remained ultimately inconclusive, but not without potential long term consequences which are impossible to appraise. The European Parliament first postponed the vote on the resolution condemning the law in mid-February, upon the statement by the Commissioner for Digital Agenda and Vice President of the Commission Neelie Kroes that she had reached an agreement with the Hungarian government concerning the outlines of how the law is to be changed. Dissatisfied with the extent of the changes agreed upon, all major political groups with the exception of the European People's Party voted in support of a second, still critical, resolution on 10 March, which however no longer had the clout that an all-party consensus would have possessed.

The resolution expressed concern over the actions of the Commission which were deemed too technical in nature, while first and foremost targeting the law itself for undermining the freedom of the press by instituting a supervisory board selected by the parliamentary majority rather than through consultative processes and through introducing “a pervasive and centralised governmental, judicial and political control over all media”. The resolution also included, however, the point raised by representatives of the European People's Party concerning the need to apply the same standards with regard to all member states, and called upon the Commission to prepare a legislative initiative on “on media freedom, pluralism, and independent governance”.<sup>47</sup>

Given that agreement with the Commission had been reached and that the EPP group withdrew its support for further scrutiny by Parliament, the lasting

---

<sup>46</sup> Committee on Civil Liberties, Justice and Home Affairs / Committee on Culture and Education, ‘Hungarian Media Law Sparks Controversy at European Parliament, European Parliament’, Press Release, 20110117IPR11813, Brussels, 17 January, 2011 (<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+IM-PRESS+20110117IPR11813+0+DOC+PDF+V0//EN&language=EN>).

<sup>47</sup> European Parliament, ‘Resolution of 10 March 2011 on media law in Hungary’, P7\_TA(2011)0094, Brussels, 10 March 2011 (<http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P7-TA-2011-0094&language=EN&ring=B7-2011-0191>).

effect of the controversy has not just been the chastising of the Hungarian government. In view of the obvious procedural norm of equal treatment of all member states, the only meaningful outcome was the one reached: launching the difficult process of creating binding guidelines for media governance in the whole of the EU not from a technical perspective, such as the one dominating the Audiovisual Media Services Directive (AVMSD), but from the vantage point of the Charter of Fundamental Rights. Were such guidelines to be accepted, it would constitute both a triumph for the EP as norm entrepreneur *par excellence* and a considerable deepening of the normative foundations of the European Union as a political and value community. At the same time, such legislation would certainly have a very hard time in the Council, with the potential for pitting member states against each other. Some member states – including perhaps France – would have to commit to reform in the policy area, were meaningful European guidelines to be accepted. Other potentially affected states include Italy, Bulgaria, Romania, the Czech Republic and Estonia, all named in the text of the resolution. As a result of the likely Council resistance, therefore, the chances for the initiative are anything but bright. Still, no matter how uncomfortable the controversy may have been for the Hungarian presidency, the articulation of the desire to deepen the normative foundations of the European project has to be considered an important gain, even if the possibility of this desire being translated into legislation in the near future is small.

As opposed to the norm entrepreneurial position adopted by Parliament, the European Commission adopted a far more technical approach, arguably at least in part to minimize collateral damage to the managerial capabilities of the rotating presidency. After conducting an investigation, the Commission opted not to push the debate into the direction of basic norms, entrusting the matter to Neelie Kroes, rather than also including Viviane Reding, Commissioner for Justice, Fundamental Rights and Citizenship, in the negotiations with the Hungarian government. While Commissioner Kroes did go beyond making purely technical remarks, she observed the limitations of her mandate and screened the law on the basis of the AVMSD only. This investigation yielded three major requests, contained in her letter of 21 January 2011, concerning the application of the balanced information principle extended by the law to all content providers, the sanctioning of content providers based abroad, and the extension of mandatory registration for all content providers. These demands were met by the Hungarian government which, after a round of

negotiations, committed to altering the law in the necessary places so as to avoid conflicts with the AVMSD. Given that the process of changing the legislation was duly launched and on 7 March the required changes were introduced, Commissioner Kroes declared her satisfaction with the course of events and the Hungarian case was formally dropped by the Commission, apart from the continued monitoring of how the law would be applied.<sup>48</sup>

The rift in the EP and the Commission's official satisfaction with the alterations to the legislation effectively ended the controversy. But the resolution of the situation does not mean that the passing of the media law in the run up to the presidency term had not been a serious political mistake on the part of the Hungarian government. Whatever the political good intentions (Fidesz had made the promise during the election campaign to regulate the Hungarian media where both *de facto* "porntainment" and extremism had been making inroads), the draft should have been better harmonised with EU legislation, especially during the run-up to the presidency.

Similarly, if such a law is passed in good faith, there are two options available for a government as deeply involved in a norm-based regional political integration project as EU member states are. It can go out of its way to assure international interlocutors of its intentions and ask in advance for a period of grace, promising even a joint evaluation after an initial period. Alternatively, it can include in the text various reassurances, both declarations of faith and technical safeguards, so as to demonstrate its intentions. Both observations apply especially during periods of heightened international attention. While it is too early to pass judgement on the intentions of the Hungarian government, it certainly has to be registered that it both mismanaged the introduction of the law and failed to react in the quickest possible manner after the approaching storm became visible.

After some delay, the Hungarian government did react. First informally, then officially reaching out especially to the Commission through Foreign Minister János Martonyi, Deputy Prime Minister Tibor Navracsics and other government figures, Budapest made the most appropriate gesture in

---

<sup>48</sup> European Commission, Media, 'Commission Vice-President Kroes welcomes amendments to Hungarian Media Law', Memo 11/89, Brussels, 16 February, 2011 (<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/89>).

the diplomatic arsenal, offering up the case to *de facto* arbitration by the Commission and agreeing to make any corrections deemed necessary. When the Commission did present its observations, the government moved with acceptable swiftness first to discuss the criticism from Brussels and then have the appropriate revisions ratified by Parliament.

Overall, it was the very diplomatic approach of the Commission and the actions of the Hungarian government following the Foreign Minister's first landmark statement that helped defuse the crisis. The end result contains one uncertain gain, and losses all around. The uncertain gain is the possible movement towards substantive European press and media norms beyond the technicalities of the AVMS directive. Beyond this, however, the picture is rather bleak.

The European Parliament failed to sustain its norm-entrepreneurial drive to the end, due to the changed stance of its largest political group. The resolution finally adopted was anything but convincing, as evidenced by the lack of response it provoked. In retrospect, it appears that the EP could have gained more if it had chosen to engage in diplomacy, rather than posturing as a champion of norms (an approach that was perhaps appropriate initially during the controversy). Had the EP sought to enter the Budapest-Commission exchange with informal and consensual suggestions for revising the media law, it could have emerged as the norm entrepreneur many MEPs obviously had in front of their eyes.

The Commission emerged relatively unscathed due to the decision by Budapest to point to it as the honest broker whose judgement should be respected by all. Yet it too had to face its share of criticism for having acted in all too technical a manner.

Finally, the biggest loser of course was the Hungarian government. A worst-case scenario would have been (a) a deadlock between Budapest and EU institutions and (b) a spillover of animosity into other policy areas. This was avoided and both a resolution of the crisis and a containment of the conflict was achieved, the latter primarily due to the collective self-moderation of Hungary, other member states – including outspoken critics of the law such as Germany –, and the Commission. But the aura of a new member state giving a presidency that harked back to the Slovenian rather than the Czech experience

was gone. No matter how well the Hungarian government has performed in specific policy areas since, the impression that some new member state governments at times lack a feel for what is expected in terms of responsible behaviour at the helm of the EU has become yet harder to shake.

## **4.2 German assertiveness and the presidency**

Interestingly, the second “symbolic” moment of the Hungarian presidency served to correct some of the negative imprints the media law controversy had left on it. It involved risk-taking by the Prime Minister, Viktor Orbán, yet this time the move paid off. In February, the German government presented a proposal for what would later become the Euro-Plus Pact. The initial draft of the pact was leaked and published through several websites, permitting an assessment of the scandal that ensued.<sup>49</sup> The Merkel government, according to documents and also informal accounts of officials interviewed by the author, presented this very far-reaching proposal without proper preparatory circulation of its non-paper. It seemed as if it were trying to muscle its way through, cajoling other member states into accepting the draft with the help of the dependence of the emerging European monetary stability framework on German funding and credibility.

In this situation, the Hungarian Prime Minister challenged what had come to appear to many as the German bull in the European china shop. He criticised both the manner and the content of the proposal, calling for a more concerted and moderate conceptualisation of future EU policies. The move was certainly very risky: there had already emerged a row over the one-off taxing of large enterprises, many of which had German ownership due to two decades of intensive investment by large German companies in the Hungarian economy. Many in Hungary had even speculated that the harsh German criticism of the media law had been due at least in part to Berlin’s intention to cut Hungary down to size. In the end, however, it was the German government, under simultaneous domestic and international pressure, that showed flexibility, toning down its initial proposal so that it would become acceptable to the vast majority of member states. Once more, the confrontation between Chancellor Merkel and Prime Minister Orbán did not transpire into work in the Council.

---

<sup>49</sup> ‘Pact for Competitiveness: Franco-German Non-Paper’, 3 February, 2011 ([http://www.euractiv.com/sites/all/euractiv/files/BRNEDA224\\_004512.pdf](http://www.euractiv.com/sites/all/euractiv/files/BRNEDA224_004512.pdf)).

In fact, presidency staff have reported unanimously that in February and March German members of working groups and other officials showed a strong commitment to support the chief undertaking of the presidency – the six-pack rules for economic governance of the EU, with some sources also indicating that the isolation of the conflict was due at least in part to the exceptional bureaucratic skills of President Van Rompuy.

This moment in the course of the presidency helped to restore the standing of the Hungarian government just in time for the hardest brokering in which it had yet to engage. It lent a degree of legitimacy to Budapest presenting proposals concerning a sensitive policy area and gave impetus in the final dash to the finish line: the ECOFIN Council of 15 March.

The episode, however, is interesting not merely due to its enabling nature as far as the efforts of the presidency are concerned. It brought to the fore a key recent dilemma of European policy-making. The economic crisis initially demonstrated the preference of large member states to make use of their own resources to handle the crisis. Once the viral character of the economic disturbances became clear, this retrenchment transformed into a drive for collective crisis management, yet this did not imply an emphasis on broad consensus-building and collective design of policies. Nor did the Commission manage to dominate agenda setting, which was taken over formally by Herman Van Rompuy and informally by his office and the German and French governments. Already during autumn 2010 there were very clear signs that a shift had occurred, favouring the two most influential member states and especially Germany, which could rely on the prestige of a strong economy and successful macroeconomic reforms in the recent past.

As a result, when the Hungarian Prime Minister, Viktor Orbán, chose to resist the latest and so far least prepared German drive in policy-shaping, he could count on a very broad *ad hoc* coalition of actors disenchanted with the latest trend in European policy planning, further strengthened by the fact that the Merkel government seems to have foregone building domestic support as well.<sup>50</sup> In February, taking a stand paid off: the German initiative was not

---

<sup>50</sup> Ch Reiermann and Ch Schult, 'The Chancellor's Lead Balloon: Europe Revolts against Merkel's Euro-Zone Plan', *Spiegel Online International*, 14 February, 2011 (<http://www.spiegel.de/international/europe/0,1518,745383,00.html>).

thrown out but rather toned down; norms of policy preparation in the EU (involving circulation of non-papers, rounds of revising, etc.) were reinforced, and the Hungarian presidency gained a lot of support without alienating German officials. At the same time, the relationship between the two cabinets is impossible to reconstruct, in part because interview subjects themselves have revealed a great deal of uncertainty as to the state of bilateral affairs.

### **4.3 Collective memory in old and new member states**

The final episode recounted in this section concerns not the present but the past of Europe. In March, the presidency, notably the Minister for Justice and Public Administration Tibor Navracsics, as chair of a Justice and Home Affairs Council meeting in Brussels, promoted progress towards a condemnation of crimes against humanity committed by totalitarian regimes. While such an initiative sounds harmless enough, it was nevertheless met with rejection in the Council and the Commission also felt that the time was not appropriate for important steps in the area. This episode on the one hand had little political weight and was not even a real setback for the presidency, but on the other hand it is intimately tied up with the many subtle and not so subtle dividing lines that separate old member states from the group of postsocialist countries.<sup>51</sup>

In Hungary, as in the Czech Republic, Poland, Latvia, etc., the past is a far more contentious issue than in most old member states. If one considers Germany, with its successive public debates from the 1940s onwards about the responsibilities borne by society and by individuals for crimes during the Second World War and the related question of to what extent society has been purged of personal and ideational after-effects of the Nazi regime, one can easily understand what time and effort will be needed for post-socialist countries to come to terms with their more recent pasts.

For most new member states, and for the Hungarian government, the proposition was about a collective testimony about a problematic part of their heritage. For officials, predominantly from old member states, however, such initiatives have potentially undesirable connotations: it is unclear to what extent such declarations could be instrumentalised in domestic politics and there exists also a reluctance to equate Nazi and Communist crimes against

---

<sup>51</sup> The topic was to be discussed, but as no agreement could be reached, it is not mentioned in later documents.

humanity, given the unique place accorded to the Holocaust in European collective memory. As a result, at least some in Eastern Europe are left wondering why the “West” fails to show the same resolve to pass judgment symbolically on Soviet crimes against humanity as it does when it comes to Nazism, while Western observers tend to be wary of the motives for the overly symbolic approach to the past by new member states. While it is of course true that the failure to pass the declaration did not have any serious political consequences, it nevertheless highlighted once more and with greater than usual clarity the misfit between the approaches to the socialist past of one part of the member states, and the unease this can yield. Such unease will not scuttle the further integration of the EU27, but its existence should nevertheless be acknowledged, since it is one element among those – often left undiscussed – that contribute to (some social and political groups in) the new member states failing to see themselves as completely at home in the EU.<sup>52</sup>

Overall, these three “symbolic” episodes firmly mark out the niche of the Hungarian presidency as that of a post-communist new member state in the EU. They attest to an imperfect understanding of the various norms that will be scrutinised and the situations that can arise during a presidency, while also demonstrating the existence of a special post-socialist ideational agenda that is sometimes hard to come to terms with for governments (and people) in old member states. Perhaps surprisingly, it was this imperfect understanding that has so far posed the greatest danger to the efficient functioning of the presidency, a danger that could only be avoided by extensive diplomatic manoeuvring. At other times the penchant for symbolic politics has come in handy for the presidency, as in the case of paving a way for a multi-dimensional European economic governance based on compromises, yet this does not change the fundamental lesson for the Hungarian presidency and perhaps for subsequent rotating presidencies. The core of this lesson consists in the realisation that a rotating presidency can gain little but risks a lot by permitting itself to be scrutinised on the basis of fundamental European

---

<sup>52</sup> A more public episode demonstrating the character of the problem occurred when leaders of six post-socialist states pushed for progress in the area in December 2010 in a joint letter that was not endorsed by the Commission. ‘Commission Turns Down Anti-Communist Calls’, *Euractiv* 23 December, 2010 (<http://www.euractiv.com/en/future-eu/commission-turns-down-eu-anti-communist-calls-news-500881>).

norms, as such scrutiny is bound to be highly politicised. The fact that thanks to corrective measures the Hungarian presidency managed to weather this storm should not erase the memory of the fears keenly felt in January, when for a period of time it looked uncertain whether the presidency would be able to continue with its scheduled tasks in the face of heavy criticism from various institutional partners.

## **5 Policy-making during the first four months of the presidency terms**

When the controversy around the Hungarian media law was at its height, a promise of restoring normalcy to the presidency was held out by the round of presentations given by the future Council heads in front of the committees of the European Parliament. These took place between 25 and 28 January, and were characterised by dedication to the specific political tasks associated with each committee and Council configuration. The large list of rolling policies and presidential commitments were fairly well received in the European Parliament (even during the stormy visit there by Viktor Orbán) and permitted policy-specific work to start on schedule by preventing the controversy spilling over into unrelated policy areas. While it would of course be impossible to give an all-encompassing account of the efforts of the presidency in the various policy areas, the following subsections undertake to present a thematic overview of the most important areas.

The first area discussed is that of economic governance due both to its complexity and its special position among the priorities. The second subsection is dedicated to various elements of economic policy in the EU which all tie into the preparatory work towards the next financial perspective (2014–2020). Areas of significant innovation, which include energy policy and the two strategies (the Danube Region and the Roma Strategy) taken up by the presidency, are discussed in the third subsection. Finally, Justice and Home Affairs and external action round out the picture, with the latter being included because – as has become apparent – there are still some roles that rotating presidencies can and sometimes have to assume.

Given the thematic approach of the paper, some achievements cannot be properly discussed in the following pages - while non-presidency tasks, especially those of great significance and related to the efforts of the rotating presidency in adjacent areas are at times discussed at some length. An important achievement that does not fit into the thematic approach, despite being entirely in line with the presidency's emphasis on "human touch", has been the adoption of the regulation on the citizen's initiative (Regulation 211/2011/EU). The regulation adopted by the Council and the Parliament makes it possible for 1 million citizens from at least one quarter of member states to call on the European Commission to propose legislation in matters

where it has the competence to do so. It complements the general framework for a citizen's initiative contained in the Lisbon treaty, and the "closing of the deal" by the Hungarian presidency provides a textbook example of the rolling policies that make up a large part of its agenda.

Another "classic" presidency task, making contributions to the resolution of unforeseen crises, also figured heavily on the agenda, notably of the Transport, Telecommunications and Energy Council, in the wake of the earthquake in Japan. With Tamás Fellegi, Minister for National Development at the helm, the Council acted quickly to calm markets, and demonstrated how the rotating presidency in its position of speaking for the member states still has a role in emergency situations (a structurally similar scenario will be described in greater detail in the context of the crisis in the Arab world). The extraordinary meeting also showed, however, the limits of the increasingly administrative leadership the rotating presidency represents: lacking a common position concerning the scope of the nuclear stress tests accepted by all member states in principle, the Council could present only a tentative, preparatory and partial outline of the tests to be conducted later in 2011.<sup>53</sup>

## **5.1 The number one priority: economic governance**

Already in the run-up to the presidency, the Hungarian government had made it very clear that it would consider the emergent multi-tiered economic governance framework its chief priority. In the narrow sense, this included the future European Stability Mechanism (ESM) and the so-called six-pack set of rules on economic governance. As discussed in the preceding section, this dual framework received a further dimension with the presentation and subsequent toning down of the German-proposed pact for competitiveness or Euro-Plus Pact, which targeted redistributive policies more directly than the two original elements which had a more direct fiscal policy focus. While not strictly speaking parts of this economic governance package, it is clear that synergies with the Europe 2020 goals are also to be promoted as part of the "exit strategies" from the period dominated by costly crisis management. Finally, the early-stage discussions concerning the new financial perspective

---

<sup>53</sup> Council of the European Union, 'Press Release: Extraordinary Council Meeting: Transport, Telecommunications and Energy Council: Energy Items', 8004/11 PRESSE 72, Brussels, 21 March, 2011 ([http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/trans/120081.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/trans/120081.pdf)).

also have manifold linkages with the above policy areas, given that key budget items, e.g., agricultural/rural development and cohesion spending, represent the most important community instruments to promote 2020 goals indirectly in the areas they target.

The tasks of the presidency concerning these interrelated fields varied greatly. As far as the six-pack was concerned, the presidency had to take centre stage as an honest broker in the ECOFIN. In the context of the European Stability Mechanism, it had to support the adoption of the proposals by the Van Rompuy task force, notably pushing for unanimity on the required treaty change and the simplified procedure for accomplishing it, making it more of a back-seat contributor. Finally, in the preparation process for the upcoming financial perspective, the presidency had to provide impetus and brokering so as to generate agreement about principles concerning budget headings and the degree to which spending would be redistributed among the various targets. In the following two subsections, the paper first surveys the work towards the establishment of a permanent stability mechanism. It then moves onto a discussion of the six-pack aimed at strengthening economic governance, which is certainly the single greatest achievement of the presidency so far. Finally, the preparations of the new financial perspective will be surveyed, with an eye on how these are likely to impact on the incentive structure in the EU in the future.

### **5.1.1 The European Stability Mechanism: the presidency in the support role**

The 2008-2009 financial and economic crisis presented the EU with a series of institutional challenges and facilitated a fundamental rethinking of fiscal supervisory mechanisms and crisis management practices. A first policy output of the adjustment process consisted in the establishment – for a three-year period – of the European Financial Stability Facility (EFSF) during the Spanish presidency in early 2010. This initiative foresaw, however, the setting up of a permanent instrument, the European Stability Mechanism, by 2013. While the Spanish presidency was forced to expend a great deal of energy on adapting to – and promoting the continuation of – the post-Lisbon transition of the EU, the management of the crisis naturally had to figure on its agenda, as well. This involved joint rapid action including the Greek rescue package and also the launch of planning and policy design processes,

including thinking about the contours of the ESM, which had progressed from a largely German-inspired initiative to becoming a cornerstone of the emerging framework of European monetary and fiscal policy.<sup>54</sup> Finally, at the end of the Spanish presidency, a further item figured heavily on the agenda: the June Council called for the publication of the results of the first bank stress tests, carried out largely under the supervision of the European Central Bank and the Commission to preempt a possible confidence crisis in the near future.

The Belgian presidency continued in the spirit of the Spanish initiative, more clearly taking the back seat, however, and leaving the planning work to Herman Van Rompuy.<sup>55</sup> The Van Rompuy Task Force worked parallel to the Commission through much of 2010 to produce guidelines for European norms and institutions for a new fiscal governance framework. Both plans were presented in autumn 2010, with the earlier Commission draft being quickly overshadowed by the still strict, yet slightly more political Van Rompuy proposal, which was endorsed by the European Council on 29 October. This paved the way for outlining the specifics of a new fiscal governance package, which was adopted during the final European Council of the Belgian term, in December 2010.<sup>56</sup>

The Hungarian presidency undertook to offer full and unconditional support to this ongoing process. The new stability mechanism requires the amendment of the Treaty on the Functioning of the European Union to provide a legal basis for setting up the fund. According to the simplified revision procedure, the proposal by the Belgian government was discussed first in the European Council. This was followed on 20 December by consultations between the Council and the Commission. The Commission

---

<sup>54</sup> F Bergmüller, 'Spain's Europeanist Presidency: Solid Starting Block for the European Council President and High Representative?' *SWP Working Paper* 2010/06 (Berlin: Stiftung Wissenschaft Politik, August 2010) 16-17.

<sup>55</sup> M Beke, 'Review of the Belgian Rotating Presidency: From Political to Administrative Leadership', *Real Instituto Elcano ARI* 16/2011 (Madrid: Real Instituto Elcano, 27 January, 2011) [http://www.realinstitutoelcano.org/wps/wcm/connect/5011e480459281f78e1dcf5e7489e10f/ARI16-2011\\_Beke\\_Belgian\\_Rotating\\_Presidency\\_Political\\_Administrative\\_Leadership.pdf?MOD=AJPERES&CACHEID=5011e480459281f78e1dcf5e7489e10f](http://www.realinstitutoelcano.org/wps/wcm/connect/5011e480459281f78e1dcf5e7489e10f/ARI16-2011_Beke_Belgian_Rotating_Presidency_Political_Administrative_Leadership.pdf?MOD=AJPERES&CACHEID=5011e480459281f78e1dcf5e7489e10f) esp. 2-3.

<sup>56</sup> European Council, 'European Council 16-17 December, 2010 Conclusions' EUCO 30/1/10 ([http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/118578.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/118578.pdf))

expressed its support for the treaty amendment on 16 February, while the EP gave its assent on 23 March 2011. A further stepping stone was represented by the endorsement of Eurozone member states which was given on 11 March 2011. It was as a result of these agreements achieved by Herman Van Rompuy with strong support from the rotating presidency, notably Minister of State Enikő Győri, that the March European Council was able to decide on the amendment.

The European Council on 24-25 March agreed on the contributions of member states and the functioning of the ESM to round out the economic governance framework. According to the agreement brokered primarily by Herman Van Rompuy, the ESM replaces the current EFSF in 2013 and will have a two-pillar structure. The ESM prescribes a course of action for states in fiscal difficulties and patterns of cooperation with the EU and the IMF. The other component will be a permanent crisis fund which is to be used in financing credits to member states that have trouble securing financing for themselves on the bond markets.<sup>57</sup>

The chief task of the ESM will consist in acting as a conduit for mobilising funds for states where the financing of sovereign debt is uncertain, so as to prevent such national problems expanding onto the European playing field, undermining the stability of the euro. The ESM is to operate as an intergovernmental instrument with a seat in Luxembourg, its founding charter will be an annex in the treaty on its establishment. It is to be headed by a Board of Governors composed of Eurozone finance ministers, with the President of the European Central Bank and the Commissioner for Economic Affairs and Monetary Policy present as observers. Decisions will be executed by the Board of Directors, composed of delegates and their assistants from member states, complemented by two observers each from the ECB and the Commission.

ESM funding will be strictly conditional, including a macroeconomic course correction programme and the assessment of the sustainability of sovereign debt, to be conducted with the Commission, the IMF and the ECB. Credit

---

<sup>57</sup> Here and in the following paragraphs references are to European Council, 'European Council 24-25 March, 2011 Conclusions' EUCO 10/11 (<http://register.consilium.europa.eu/pdf/en/11/st00/st00010.en11.pdf>).

programmes will be tailored to individual emergencies and promote the earliest possible return to self-financing with the help of the financial market. There is also a provision for the *ad hoc* participation of non-Eurozone member states. In such cases they also gain representation in the boards when they are to decide on aid-related questions.

The treaty amendment impacts on Article 136 of the TFEU on Economic and Monetary Union. According to the text, “member states whose currency is the Euro may establish a stability mechanism to be activated if indispensable to safeguard the stability of the Euro area as a whole. The granting of any required financial assistance under the mechanism will be made subject to strict conditionality.” It was this revision that, according to the consensus in the Council, had to be introduced as rapidly as possible, which meant among other things that the Hungarian presidency had to spare no effort in building consensus especially with the European Parliament over the issue. In the wake of the votes, however, the amendment will have to be ratified by member states according to their respective constitutional procedures.

For the next two years, however, it will be the EFSF that will have to help prevent sovereign defaults and ward off threats to the euro. The Luxembourg-chartered *soci  t   anonyme* headed by Klaus Regling will therefore have to increase its on-call capital significantly, since it is to maintain top credit rating while being able to lend more. A Council decision that would raise effective lending capability to EUR 440 billion had to be put off to June, in spite of an agreement in principle on 25 March, since several member states including France and Germany were reluctant for domestic political reasons to commit during the European Council.

This minor delay, however, does not change the fundamentally positive balance of the presidency term concerning stability funds. While the chief coordinator and broker in this area has been President Van Rompuy, the Hungarian presidency can and should be given credit for assisting the president and directing its officials at all levels to come out in support for the ESM. Overall, however, it is clear that it is during such long-term processes

of policy-making that the office of the permanent president really shows its potential: he has certainly been able to better manage complex designs than a series of rotating presidencies would have been.

A further important element of the crisis prevention package tied to the ESM is the regular conduct of bank stress tests. During the ECOFIN meeting of 11 December 2010, the President of the ECB, Jean-Claude Trichet, called for such stress tests to become a regular exercise in the EU, given their potential to warn of and thus help prevent crises. EU finance ministers supported the call both to promote resilience in the banking sector and to help restore confidence. A further argument for a new stress test has been the criticism directed at the summer 2010 round, which led to the modification of criteria for banks.

As a result of the above factors, finance ministers also announced in the run-up to the European Council that they would conduct a second round of stress tests during the first half of the year according to the new methodology prepared by the Commission. The Hungarian presidency acted quickly, adding the task to its list of priorities during its term. Commissioner Michel Barnier, whose portfolio includes financial services, announced after the session that new, upgraded tests will be carried out. At the same time, this will not place a burden on the presidency during the second half of its term, since it will be the ECB that will be carrying out the tests, cooperating with the European Supervisory Authorities and the European Systemic Risk Boards set up in January 2011.

At the European Council that followed upon the ECOFIN meeting, heads of government reinforced the commitment made by their finance ministers to contribute to the consolidation of the banking sector. The Council stated that it considers the outcome of the tests an important indicator for further work in the area, and that national governments would do all to ensure that the greatest amount and most accurate data possible be made available, while also undertaking to set up firm national rules for addressing the structural weaknesses of those banks that fail the test.

Overall, the Hungarian presidency seems to have performed well in its support role concerning the stability dimension of economic governance. The Hungarian presidency and specifically Enikő Győri did have a role, once more, informally working to gain the consent of Parliament for nominations to the European Supervisory Authorities, demonstrating the less visible, second-order, but nevertheless real contributions that the rotating presidency can make even in an administrative and support role.<sup>58</sup>

At the same time, it is very clear that the bulk of the work for the presidency in the field of regulating and supervising the financial markets is left for the second half of the term. The cornerstone of these activities will be achieving a common position on the European Market Infrastructure Regulation by mid-June and agreeing on a ban of uncovered short-selling – which, however, has come up against opposition from a group led by the UK.

### **5.1.2 The six-pack on economic governance: the presidency in the driver's seat**

The rotating presidency received a far more autonomous task for the first half of its term in generating support of the ECOFIN Council in the form of a general approach concerning the six elements contained in the future economic governance package. The early prospects for achieving this were less than rosy for two reasons. First, small groups of member states of variable geometry had opposed several of the six proposals throughout the winter. Second, in the wake of the February European Council which included a call for reaching a new level in the coordination of economic policy in the conclusions, Germany tabled the already mentioned proposal concerning a series of competitiveness-related issues. These included large leaps forward, prescribing the abolition of wage/salary indexation, mutual recognition of diplomas and qualifications to promote mobility of labour, a common assessment basis for corporate tax, pension reform to account for projected demographic trends, the inscription of a debt alert mechanism into national constitutions, and the establishment of a national banking crisis management mechanism.

---

<sup>58</sup> 'European Supervisory Authorities: Hungarian Presidency Reassures MEPs', *eu2011.hu*, 4 February, 2011, (<http://www.eu2011.hu/news/european-supervisory-authorities-hungarian-presidency-reassures-meps>).

Following the strong opposition to the German non-paper, the proposal was toned down, securing unanimous support for it at the extraordinary Eurozone summit of 11 March. In its final incarnation, the euro-plus pact contained general directions of reform, such as observing competitiveness when setting national recommendations for wage increases, but lacked the specific prescriptions of the original non-paper. What it did expect from states was to present specific national agendas with well-defined policies to be integrated into the stability and convergence programmes and a commitment to carry these out in the 12-month period following the submission of the programmes to the Commission and the European Council.

The pact has been open to non-Eurozone member states, as well, and thus 23 member states (all the member states except the UK, Sweden, the Czech Republic and Hungary) signed it once it was introduced to the March European Council. Fortunately, in its final format the pact contained important concessions for willing but not fully committed member states, which, according to presidency officials, were used as bargaining chips for the follow-up ECOFIN regulation package. Most importantly, however, the toning down of the German proposal and the successful consensus building in the Eurozone meant that no new major row engulfed the EU, and the economic governance package was not derailed. If anything, positive synergies were generated, due both to the aforementioned bargaining possibilities across the two package deals and due to the mutually reinforcing character of the Euro-Plus and the economic governance agreements.

Any synergies, however, should not evoke the impression that the Hungarian presidency got the agreement reached in the 15 March ECOFIN Council delivered to its doorstep. In fact, officials interviewed for this paper have reported that doubts among presidency staff persisted almost to the last minute concerning whether an agreement would be reached. That consensus could finally be reached was due to several factors. First, the Hungarian party assumed a “pure” honest broker stance, relinquishing any preferences barring that of reaching an agreement. Officials were clearly instructed to pursue what seemed as the most feasible route to a consensus on each point. Second, the presidency deployed a high-ranking official, Minister of State András Kármán, to Brussels on a weekly basis, to act as a permanent liaison and broker. This way, member states could always turn to a party who was both available and endowed with the necessary influence to upload preferences into

the nascent agreement. Third, the German government assisted Hungarian efforts by coming out in support of the agreement and by accepting changes to ESM capital rules (notably placating Slovakia) and the Euro-Plus Pact in exchange for agreement to the six-pack. It is highly unlikely that without any of these factors agreement would have been reached.<sup>59</sup>

During the bargaining phase, the presidency had to face member states unwilling to state preferences, changing positions, etc., yet overall the process could be kept on track. The Hungarian government preferred the method of lifting problematic issues to COREPER and ministerial levels, so as to maximize efficiency. Also, various countries with reservations towards the package had to be placated in the course of negotiations, including the UK and Italy, as well as Spain, Slovakia and the Czech Republic. In the end, the insistence to not tolerate abandoning agreed-upon deals and to tirelessly push problematic agenda items to more political levels if the expert groups became bogged down paid off - but only just, with several key bargains being negotiated almost up to the last minute.

The elements of the package impact on six different regulations.<sup>60</sup> Together they outline a new mode of economic governance in the EU, but it was necessary to achieve consensus on each individual item. The regulation amending the legislation underpinning the preventive part of the Stability and Growth Pact (Regulation 1466/97/EC) reinforces budget control by determining fiscal benchmarks for corrective measures. The revision strengthens evaluation procedures, including expenditure growth benchmarking, which, it is hoped, will counteract one of the causes of “deficit bias” for governments; one-sided countercyclical policies. (Governments spend when they want to get out of recession, but do not use upturn revenues for debt reduction and consolidation.) By scrutinising how growing revenues are spent, it is hoped that growth periods will contribute to more stability during economic downturns.

---

<sup>59</sup> A detailed reconstruction of the process has been accomplished by journalist Péter Magyar, with the article unfortunately only available in Hungarian. P Magyar, 'Csak egy szabály volt: Meg kellett lennie' [There was only one rule: Getting it done], Index, 18 April, 2011 ([http://index.hu/belfold/2011/04/18/csak\\_egy\\_szabaly\\_volt\\_meg\\_kell\\_lennie](http://index.hu/belfold/2011/04/18/csak_egy_szabaly_volt_meg_kell_lennie)).

<sup>60</sup> For a detailed description of the following and links to the draft legislations consult 'Package of Six Legislative Proposals', eu2011.hu, no date given (<http://www.eu2011.hu/package-six-legislative-proposals>).

Furthermore, the debt criterion, as foreseen by the report of the Rompuy task force, is included among indicators for all member states, requiring those with a sovereign debt of over 60 per cent of GDP to achieve a reduction of at least 0.5 per cent annually. Finally, in the framework of the European Semester (discussed below), Member States are required to submit their stability and convergence programmes well in advance, permitting scrutiny before they are executed.

The second item is named Regulation amending the legislative underpinning of the corrective part of the Stability and Growth Pact (Regulation 1467/97/EC) and contains provisions for launching the Excessive Deficit Procedure (EDP), if sovereign debt or the budget deficit is not reduced at the required pace.

An important further element here concerns pension reform. The Hungarian government shocked many in the EU in 2010, when it nationalised the private retirement funds, arguing, *inter alia*, that payments to these were not shown in deficit calculations as incomes whereas payments to state pension systems are. The Commission at that time did not initiate a review of this rule upon the request of a group of new member states, including Hungary. The current regulation allows for some corrections in the calculation of the deficit considering payments into private retirement funds, but only if the sovereign debt ratio is below 60 per cent and only in deficit rate evaluation. The agreement is nevertheless an important step forwards, as it clears up the row from the year before.

The so-called New Directive on the Requirements for the Budgetary Framework of Member States is rather more technical in nature. It determines planning, transparency and implementation standards for budgets (to be introduced by 2013) to decrease various bureaucratic sources of deficit bias.

A further new regulation on the prevention and correction of macroeconomic imbalances introduces the Excessive Imbalance Procedure (EIP). It specifies mechanisms for the early identification of macroeconomic imbalances that threaten the Economic and Monetary Union. It calls on the Commission to set up a scoreboard comprised of eight to ten indicators which would be evaluated qualitatively (i.e., not through an automatic alarm system), permitting the Council to come up with targeted, country-specific recommendations.

The final two elements of the six-pack concern the specific sanctions for the safeguard mechanism presented in the previous four regulations. One new element is the possibility of sanctions already in the preventive phase. The sanctions progress from interest-bearing deposits (preventive phase) through non-interest-bearing deposits (corrective phase) to fines (non-compliance). The compromise reached in principle during October and December 2010 was preserved, which means that any deposits and fines will be determined by the Commission, and can be overturned by a qualified majority in the Council. This represented one of the most contested issues, as some states favoured the stronger version put forward by the Commission in September 2010, which foresaw a more automatic procedure, while others would have preferred an even more “political” approach, with the Council having effective control over sanctions. Also, the sanctions for the Excessive Imbalance Procedure were kept markedly more limited and softer than for deficit rule violations (the maximum amount is 20 per cent of the maximum fine for the latter), which – while reducing the weight of the new mechanism – was correctly perceived first by the Van Rompuy task force and then by the Hungarian presidency as a necessary compromise.

Given that a preliminary position was reached on 15 March in the ECOFIN Council, the presidency has been tasked with consulting the European Parliament since. According to staff opinion on the presidency team, this constitutes the hardest test of the presidency. In four of the six regulations, Parliament is co-legislator, and according to unanimous opinion it is seeking to create a large bargain extending to unrelated fields so as to cement its reinforced post-Lisbon role. The presidency has undertaken to achieve agreement with the EP by June 2011, so that the regulations can be adopted at the last European Council during its term. The success of these talks is uncertain. So far, the Economic and Monetary Affairs Committee of the EP endorsed the package (on 19 April, 2011), yet on the condition of introducing a series of changes weakening the control of the Council over the application of the new rules and foreseeing a more active role for the EP. This development clearly foreshadows the difficult work of the presidency if the June deadline for the adoption of the package is to be adhered to.

Whatever the balance of the economic governance package will be in June, as far as the first half of the term is concerned, it represents the single greatest success for the presidency. It is the only area in the competency of the rotating

presidency where acute concerns and strategic issues are simultaneously in play, given that other similarly pressing concerns related to fiscal and monetary policy have largely been transferred to the competence of the permanent president of the European Council. Its significance lies in the fact that it introduces a far more comprehensive and stronger surveillance mechanism to enforce real macroeconomic and fiscal coordination. The importance of this field has been clear in principle to every player from central bankers to heads of states, yet the previous 15 years have not seen progress in the area. In fact, the original Stability and Growth Pact had been watered down, rather than reinforced. While it is clear that a step forward could occur primarily due to the sobering effects of the economic and financial crisis, this structural window of opportunity was complemented by the diplomatic efforts of the presidency. Given that these issues constituted a short-term rolling policy, this was not an area where novelty and creative input would have been required. The Hungarian presidency deserves praise for not coming forward with any preferences and for fostering an important element of the future economic architecture of the EU.

### **5.1.3 Working with the Commission: the European semester**

The third large element of economic governance saw the presidency once more in a support role, but this time the chief actor to be enabled was the Commission rather than the permanent president. The European Semester was launched in January 2011 to further strengthen macroeconomic coordination by means of consultations and by locking states into reform programmes accepted in principle.

It was the ECOFIN meeting on 16 January 2011 where the presidency debuted in the area of economic governance by launching the Semester. This was preceded by the Annual Growth Survey from the Commission, and initiated a period of consultation in the Council and policy planning at home.<sup>61</sup> All five relevant sectoral configurations were chaired by the rotating presidency during this period, having the task of consulting about progress in areas determined by the Commission report. An important achievement

---

<sup>61</sup> European Commission, 'Annual Growth Survey: Advancing the EU's Comprehensive Response to the Crisis', COM (2011) 11. Brussels, 12 January, 2011. ([http://ec.europa.eu/economy\\_finance/articles/eu\\_economic\\_situation/pdf/2011/com2011\\_11\\_en.pdf](http://ec.europa.eu/economy_finance/articles/eu_economic_situation/pdf/2011/com2011_11_en.pdf))

for the presidency has been the cross-sectoral agreement on the orientational questions for the discussions. The outcomes of the discussions could, as a result, be summarised into a synthesis report which was first discussed in COREPER and then in the General Affairs Council, before being forwarded to the European Council prior to its March session. The guidelines for preparing national reform programmes were adopted on the basis of the report during this European Council meeting. This opened the way for member states to present their national programmes, which will have to be evaluated by the Commission, so that the European Council can give its approval of them during its June meeting.<sup>62</sup>

The European Semester does not represent a resounding success for the presidency, given that the very character of the initiative emphasises process over grand bargains. Also, the Commission takes centre stage here, even if the various council configurations were active participants in the process. With these in view, the work of the presidency once more can be evaluated as satisfactory, with a notable achievement in pushing through the uniform guidelines for preparing the national plans. While the role of the presidency in the context of the European Semester has remained rather technical, Budapest performed well and proved to be able to produce and realise facilitating ideas especially in the context of the synthesis report.

Overall, the area of economic (macro-) governance represents a set of successes achieved in a very complex institutional environment. Here, the new Lisbon architecture has revealed its functionality: cooperation among the three key players was good and the progress achieved depended largely upon the efficient leadership in the three distinct areas. As driver/broker (the six-pack), backseat supporter (the ESM) and front-seat co-pilot (European Semester) the Hungarian presidency found its niches and it is very likely that it has set a positive and sustainable example for the future. While outcomes with stronger or weaker member states may vary in the future, the overall thrust of post-Lisbon institutional evolution has proved convincing and has been reinforced as a result.

---

<sup>62</sup> Council of the European Union, 'Implementation of the European Semester: Synthesis Report', 7745/2/11, Brussels, 18 March, 2011 (<http://register.consilium.europa.eu/pdf/en/11/st07/st07745-re02.en11.pdf>).

#### 5.1.4 Coreper I areas of EU-wide economic policy

As opposed to the COREPER II policy areas discussed above, COREPER I issues would represent the natural sphere of activism for post-Lisbon rotating presidencies. At the same time, issues falling under this heading have proven far more problematic, and the presidency could neither hope, nor argue efficiently, for breakthroughs in most fields. Given that key economic policies entail significant cost dimensions, it was clear that the more technical issues under COREPER I would have a harder time in the Council, lacking the imprint of urgency so very clear in the context of economic governance measures. In COREPER I areas of economic policy and related sectors, the more old-fashioned and foreseeable patterns of work prevailed during the first three months, with rolling policies having a tendency to lag behind schedule and/or to converge around conservative bargaining outcomes.<sup>63</sup>

Quite clearly, the single most important task for the term has been achieving progress in the spirit of the Monti Report of May 2010, which identified a series of negative trends in the functioning of the Single Market, including hard-to-dismantle market barriers and tendencies towards renationalisation. The Single Market Act under preparation proposed not just to tackle these problems directly, but also embed such action into an overall effort to make the Single Market a dynamic force for growth, paying special attention to administrative streamlining, innovation and the problematic services sector.<sup>64</sup>

According to Michel Barnier, Commissioner for the Single Market, the Act will be composed of 172 measures and 12 key priority areas. Several of these are behind schedule and only one key element was up for decision during the first three months. The European Patent is an innovation that would seriously impact on the efficiency of the Single Market. With its help, inventors may apply for a patent at the European Patent Office (EPO). In the future the EPO

---

<sup>63</sup> This was implicitly suggested by the unofficial survey of COREPER I tasks prior to the presidency by Gábor Baranyai, the extraordinary commissioner charged with supervising the area in the Hungarian Foreign Ministry. G Baranyai, 'A belső piaci liberalizáció és az ágazati uniós politikák kohéziós célkitűzésének erőzője? Politikai dilemmák a COREPER I napirendjén a magyar elnökség alatt' [The erosion of the Internal Market and the Cohesion Dimension of Sectoral Policies? Political dilemmas on the COREPER I agenda during the Hungarian presidency], *Európai Tükör* vol. 15 no. 11-12 (2010) 28-38.

<sup>64</sup> T Heremans, 'The Single Market in Need of a Strategic Relaunch', Egmont Papers No. 43. (Brussels: Egmont Institute, 2011) 5-9.

will provide unitary protection in all member states that have signed up to the regulation, as well as reducing and even reimbursing translation costs.

Given that this was an issue where the Commission had been in the driver's seat and that it had been lagging behind schedule for some time, the only major task of the presidency consisted in keeping the Competitiveness Council on schedule. Even during the late autumn of 2010, Hungarian officials had commented that the presidency would seek to achieve consensus over the issue and also to avoid the formula of enhanced cooperation where willing member states holding a qualified majority opt for new measures without enforcing them in the whole of the EU.<sup>65</sup> As it turned out, the dual criterion could not be held up. The presidency had to choose whether to seek adoption of the measure or unanimity. It was hardly a free choice, however, as there had emerged a consensus on the part of interested players by early 2011 that the patent regulation needed to be adopted and foot-draggers (Italy and Spain, in this case) left out with the option to join later. The presidency duly recognised that it had little room to manoeuvre and no surprise breakthroughs could be achieved due to the insistence of Madrid and Rome that the three languages specified for mandatory translation of all patents (English, French and German) constituted an affront to the EU's principles. It therefore carried out the task entrusted to it, which included picking up the dossier after the Belgian presidency and with the assent of the European Parliament, the Competitiveness Council could adopt a draft decision on 10 March. The decision opened the way for the Commission to put forward a regulation on the European Patent, closing the dossier for now.<sup>66</sup>

The Hungarian presidency presented the work of the Competitiveness Council as a success. This claim has to be qualified. It is true that the presidency successfully completed a task, achieving the best outcome that could be expected under the circumstances, acquitting itself well in the process. As an outcome, however, it is not a success, since it introduces fragmentation into a key aspect of a future, "completed" Single Market. With the ruling of the European Court of Justice on the European Patent Court given on 8 March, the patent protection framework will also have to be partially redesigned.

---

<sup>65</sup> Baranyai, *op. cit.* 30-31.

<sup>66</sup> Council of the European Union, 'Council Decision of 10 March, 2011 Authorising Enhanced Cooperation in the Area of the Creation of Unitary Patent Protection', 2011/167/EU, Brussels, 10 March, 2011 (<http://register.consilium.europa.eu/pdf/en/11/st05/st05538.en11.pdf>).

To be sure, neither shortcoming is the fault of the presidency, yet the fate of the European Patent does not bode well for the whole of the Single Market Act, and it remains to be seen what the presidency will be able to help the Commission achieve in this vital and extremely complex, legalistic and sensitive area.

Two further areas of economic policy in the EU were tackled by the presidency during the first half of its term. Cohesion policy and the Common Agricultural Policy both represent key budget items on which an agreement in principle has to be reached if a new financial perspective is to be adopted on time. In both areas, the Hungarian presidency played in a broker role, even if the actual dealmaking phase is quite a long way off. Here, Budapest was not entirely an honest broker, the government did not adopt the “any agreement” policy as in the case of the six-pack on economic governance. Rather, while not compromising the presidency function of mediating in the interest of consensus, it quite clearly favoured conservative outcomes in both cases. Given the dynamic of COREPER I economic policies, presidency preferences and institutional inertia combined to produce pre-agreements on schedule.

In the field of cohesion policy the presidency could rely on the Fifth Cohesion Report by the Commission (November 2010) and the findings of the Cohesion Forum of 31 January and 1 February to push for the adoption of a conclusion during the General Affairs Council (GAC) on 21 February. The key achievement of the GAC session was the agreement, expressed in the conclusions, about accepting the suggestion of the Commission contained in the Report concerning the coordination of spending and 2020 goals, as well as setting up common principles concerning the specification of national investment priorities.<sup>67</sup>

Once more, the presidency termed the outcome a success, and in this case it can be argued that a good outcome was reached on schedule, justifying the label. At the same time, it has to be remembered that the GAC conclusions reinforced an obvious synergy between EU spending and 2020 goals which in itself hardly hurts member states. Both the wording of the new principles

---

<sup>67</sup> 'Cohesion Policy Remains a Priority', *eu2011.hu*, 21 February 2011  
(<http://www.eu2011.hu/news/cohesion-policy-remains-priority>)

and the decisions concerning the competitiveness-*versus*-cohesion earmarks in the financial perspective will be much harder to agree upon, and difficult bargaining situations await the Polish presidency and its successors. In this area, the task of the Hungarian presidency has been to launch the process on the basis of the Commission's proposals and to secure an agreement *in abstracto* where it was possible. This the presidency did commendably, but the really tough work is only about to begin in the area.

The agreement also suited Hungarian national preferences: innovative and forward looking in terms of the proposed mechanisms, but conservative in its insistence on preserving cohesion spending. The conclusions thus seek to secure a place for cohesion policy in the competitiveness-focused context prevailing in the EU.

The second policy with an important bearing on the next financial perspective is the CAP, which, like the cohesion policy, is due to undergo both rethinking and restructuring to support 2020 goals and a geographical allocation review. Once more, the presidency's main task consisted in translating the concepts of the Commission, contained in the November 2010 communication on the CAP and 2020 goals, into conclusions. While unanimity was not reached, according to reports most items in the presidency conclusions of the meeting on 17 March were supported by a large majority (seven member states opposed the conclusion, one abstained from voting). Disagreements concerned payment schemes and market resources rather than the strategic direction of bringing CAP in tune with 2020 goals.<sup>68</sup>

Once again, the Hungarian presidency delivered what was expected of it, and once more, this fulfilment of commitments *vis-à-vis* rolling policies does not truly solve an important policy puzzle, but merely paves the way towards discussing it in a structured manner, according to some common principles. It is unlikely that agreement could have been reached on all questions, and one can only guess to what extent positions will become more convergent on the more concrete and sensitive issues once the hard bargaining starts.

---

<sup>68</sup> Council of the European Union, 'The CAP towards 2020: Meeting the Food, Natural Resources and Territorial Challenges of the Future: Presidency Conclusions', 7921/11, Brussels, 17 March, 2011 (<http://register.consilium.europa.eu/pdf/en/11/st07/st07921.en11.pdf>)

Altogether, the Hungarian presidency performed exceptionally well in the area of economic policy mainly as a result of its commitment to delivering on the six-pack of regulations. In other “high policy” areas it performed reliably in various support roles, definitely making positive, if secondary, contributions. As to COREPER I areas of economic policy, it has to be noted that its room for manoeuvre was extremely limited: it could not do otherwise than either seek the suboptimal agreement that had emerged as realistic (the case of the European Patent) or it had the good luck of having to oversee important, yet preliminary, conceptual discussions of policy areas (cohesion and CAP) rather than the tough bargaining over the specific figures in the next multiannual financial framework. While it did perform all the tasks expected of it, there can be little doubt that its real contribution came in the ECOFIN Council – a contribution so significant that it in itself suffices to make the first half of the presidency term a success in terms of economic governance and policy. Predictably, the real measure of the second half will concern the same question: if Council and Parliament agree on the six-pack by June, the success story will be complete. If no agreement is reached, the outcome will still be acceptable, but given the ambitions of Hungarian officials, it is abundantly clear that such a conclusion to the presidency would leave a bitter taste in their mouths.

## **5.2 Innovation and the presidency: expanding energy policy and the two strategies**

It has been clear from the very beginning of the presidency term that a strange duality characterises Hungarian ambitions. Budapest and, according to reports, the Prime Minister Viktor Orbán personally, have internalised the prevailing opinion according to which the consolidation of the new economic governance and stability framework has to be given priority over all other matters in EU policy making for the period ahead. The Hungarian government has in fact acted in this spirit, yet it has been no less clear that real innovation as far as the presidency priorities were concerned would be found elsewhere, in areas more important for Hungarian politicians yet still presentable as common European interests. The planning concerning economic governance was done by the Van Rompuy task force and brokering in the ECOFIN Council was the chief task for the rotating presidency. On the other hand, more input was possible in other areas, where the presidency could retain some of its pre-Lisbon role as impulse-giver.

The first four months of the term highlighted three areas in this respect, united by their synergies with 2020 goals – but otherwise very disparate. Energy policy represents an area where due to extensive policy planning on the part of more robust community actors – notably the Commission – a rotating presidency of limited bureaucratic and planning capabilities might be expected not to be able to make a serious contribution. This holds true for strict 2020 goals in the field of energy, but Hungary has nevertheless been able to point the way forward in the similarly vital area of energy security.

The Danube Region strategy represents a new trend very much in line with the “creeping inclusion” of technical 2020 goals into hard policies: it proposes a framework for participating states of the macroregion to coordinate development programmes largely in the spirit of some flagship initiatives, and use EU funding accordingly. This way a linkage is established between EU funds and 2020 goals, which is at the same time streamlined to the needs and possibilities of the Danubian region.

Finally, the Roma strategy is also built on the same logic. It represents an ambitious attempt to put on the European agenda an important European minority whose lives are often burdened with some common difficulties especially, but not exclusively, in new member states. The Strategy proposes the facilitation and coordination of EU development funding representing not an additional funding opportunity, but blueprints for more targeted spending. All three initiatives have their weaknesses, to be sure, but at the same time they represent real innovation and as such should be surveyed as attesting to the ambition – in the positive sense – of the Hungarian government to leave its mark on European politics.

### **5.2.1 The Hungarian presidency and the thematic European Council on energy**

Energy policy has been moving towards the mainstream of EU policy-making efforts for some time, gaining in importance year by year according to experts and decision makers alike – yet it has also proven to be a difficult field to regulate. When the Lisbon Treaty accorded a separate article to energy policy, it meant on the one hand an important step in the institutionalisation of the sector at a European level, but it also tasked member states with finding ways to increase solidarity and cooperation in the field. The Hungarian presidency

has been motivated to overcome at least some of the many difficulties. This is not merely because it is hard to conceive of a dynamically growing European economy without efficient energy use and considerable increase in energy security, but also because Hungary is without a doubt among the most exposed countries of the community. Having a high ratio of natural gas in its energy mix and having to rely on Russia as the provider of the much needed resource, it could be expected that the Hungarian presidency would seek to position energy as a key issue area not merely for long-term considerations but also in terms of immediate action. What was far more in doubt was to what extent Hungary would be able to move beyond its domestic energy security agenda and provide impulses also to the sustainability-related energy goals derivative of the 2020 strategy.

Overall, the Hungarian presidency has performed according to expectations in this field. It convened a thematic European Council meeting on energy on 4 February 2011, positioned as one of the two most important meetings of the first half of the term. The Council's agenda reflected the input of the rotating presidency and focused on energy security as well as on sustainability. The Hungarian presidency has been careful to avoid appearing to abandon the sustainability agenda: while receiving less high-level emphasis so far, especially during the second half of the term, 2020-related goals are to be pursued with greater vigour through the adoption of Council conclusions on the Energy Efficiency Action Plan, the 2050 Decarbonisation roadmap and the Energy Markets Integrity and Transparency Regulation.

Despite some careful balancing on the part of Budapest, there can be little doubt that the security dimension of energy policy has been prioritised so far. A key issue related to this is interconnectivity of networks, which had been put on the agenda with special emphasis. The Hungarian move could fall back on the process launched by the previous Budapest government which had mapped out the contours of a network integration roadmap for Central Europe. At a European level, it had received indirect support from the November 2010 communication by the Commissioner for Energy, Günther Oettinger, which had outlined a priority framework for investments in energy infrastructure.<sup>69</sup>

---

<sup>69</sup> European Commission, 'Energy 2020: A Strategy for Competitive, Sustainable and Secure Energy', COM/2010/0639 final, Brussels, 10 November, 2010. ([http://ec.europa.eu/energy/strategies/2010/2020\\_en.htm](http://ec.europa.eu/energy/strategies/2010/2020_en.htm))

These would include north-south integration in old member states and developing interconnectivity in Central Europe, as well as securing, in the longer term, the access to the European market of Central Asian gas through the Nabucco project. These goals all fall under the infrastructural goals of the 2020 strategy, yet would require investments in the sector of funds up to 1 billion Euros. So far, only modest inroads have been made, notably through the funding of the European Energy Programme for Recovery which, it is hoped, will mobilise private investors for projects and help avoid the potential stop-start effects of the economic crisis in the energy sector. Simultaneously, the national implementation, with a 2012 deadline, of the third energy package (Directives 2009/72/EC, 2009/73/EC and regulations 713/2009/EC, 714/2009/EC, 715/2009/EC) has been underway since 2009, and while concentrating on unbundling and transparency, the parallel processes have contributed to a more intensive engagement with the common energy policy on the part of member states.

The main results of the thematic European Council on energy are the endorsed Energy Strategy and Infrastructure priorities. This means that at a procedural level the Council has been successful, since its conclusions reflect the commitment and, more importantly, agreement of the member states to align around and push forward with key goals. These goals are defined clearly in the conclusions and represent in and of themselves a step forward. At the same time, the conclusions are frank about the respective difficulties.<sup>70</sup>

Sustainability-related energy goals are faring especially badly in the EU. The conclusions could only register that insufficient preparations have been made for the launching of the Low Carbon Strategy 2050, but operative work obviously could not be undertaken in the European Council on this matter. Also, the Council noted that the 20 per cent goals (share of renewable energy in the EU's energy mix, reduction of greenhouse gas emissions, and energy saving through increases in efficiency) would not be reached unless member states revise the implementation of their national commitments. While the Hungarian presidency has voiced its commitment to push forward in both areas, it has yet to deliver in these respects. The commitments of

---

<sup>70</sup> This and the following paragraphs refer to European Council, 'European Council 4 February, 2011 Conclusions', EUCO 2/1/11 REV 1, Brussels, 8March 2011 ([http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/119175.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/119175.pdf)).

member states, as contained in the conclusion, to observe the 20 per cent goals in public procurement procedures relating to the construction of public buildings and to share new research on the use of renewable energy sources are both important gestures, but hardly the dedicated course of correction needed. That has been left to 2013, when the Council will return to the review of the energy agenda. This is, however, for now not the sign of a *sub par* performance on the part of the presidency or even member state political leaders. The second half of the term, when more specific measures are to be agreed upon in the Energy Council, is promising to be more difficult as far as the common energy policy is concerned.

The goal of the Hungarian presidency in proposing the unorthodox thematic meeting, however, cannot have been to make clear progress in the two abovementioned areas. They concern implementation of strategies where the necessary high-level political commitments have already been given, and the European Council could hardly have done more than concede the shortcomings and engage in shaming of laggards. The real goal was to secure the as yet missing political agreement for a different strategic framework more related to the November 2010 communication by Commissioner Oettinger than the 2020 sustainability goals (even if synergies obviously exist). In approaching this area, the Hungarian presidency had chosen to be more “political” than the Commission, and this is reflected in the conclusions. The adjective “political” refers, in this case, to the difference in rhetorics in discussing the key elements of infrastructure and energy imports. In both matters, a far clearer description of problems than had been the case before could be achieved and pushed through the European Council, representing clear progress in two questions previously lacking high-level political commitment.

As far as energy imports are concerned, the main progress is the unusually frank reference to the uneven partnerships of individual member states with energy-exporting third parties – meaning first and foremost Russia, which has capitalised on the sectoral weakness of the EU to continue the practice of concluding bilateral energy agreements containing wildly different terms – depending on the size of the member state signing the agreement and at times even Russian political preferences. The Council proposed two specific directions for tackling this problem. On the one hand, it called on the High Representative to become more active in the sector. This is an important step for the Lisbon architecture becoming fully functional, as it shows member

states, the Hungarian presidency and President Van Rompuy agreeing to use the reinforced office of the High Representative to achieve external relations goals. More importantly, however, it represents a commitment to move towards a single voice in negotiating with third parties in energy policy, as well.

The second proposition which had found support suggested the setting up of a database containing the bilateral treaties of member states to be made accessible to all EU national governments. The expected effect, which European leaders endorsed in the conclusions, should be one of convergence in treaties with third parties, as negotiators would have a reference to demand fairer and more equitable terms.

The second political commitment contained in the conclusions relates to the domestic dimension of energy policy. The European Council essentially endorsed the necessity of including private capital on a large scale in its infrastructural projects even at the cost of having to face the political consequences of increases in consumer prices. In principle, of course, it had been recognised that the mobilisation of private investors represents a *sine qua non* for the EUR 1000 billion investment level foreseen by 2020, but the document attests to the sober assessment by leaders of the fact that the desired results will not be achieved unless the European consumer can be made to participate indirectly in ensuring returns on private investments. While the commitment in principle is of course no hard guarantee that this consensus will be upheld, the agreement nevertheless ensures a new level of legitimacy for both ongoing and future fundraising for energy infrastructure projects.

In these two areas, the February European Council has made significant progress. While the translation of these commitments into policies and government practices will of course constitute the proof of the pudding, the Hungarian presidency has been right to present the conclusions as a success. It generated the highest level political support for two difficult, but necessary moves and has thus fulfilled its primary goals.

The final verdict on the Hungarian presidency as far as energy policy is concerned cannot be reached until the more technical second half of the term has passed. Yet it is not too much to say that as long as the Energy Efficiency Action Plan and the 2050 Low Carbon Strategy do not become deadlocked and progress of a more technical and immediately tangible nature can be lined

up alongside the high-politics agreements reached in February, the energy dossiers of the presidency can be handed over to the Polish government with some deserved satisfaction. The inverse, however, is also true: if for any reason Budapest fails to make progress in the two above-mentioned rolling policies, no amount of grand political declarations will suffice to mask the early sclerosis of a nascent common policy.

### 5.2.2 The Danube Region Strategy

The Danube Region Strategy (DRS), while technically a rolling policy, is rightly regarded as a *de facto* national priority for Hungary. It was the June 2009 European Council that asked the Commission to prepare the draft strategy, and the original early driver among member states was Germany, yet both the previous – left-wing – and the current – conservative – Budapest governments have invested considerable energy into the second EU macro-regional strategy. In February 2010, Hungary emerged as a driver in the field by hosting the Danube Summit, and the Socialist government under Prime Minister Gordon Bajnai and Foreign Minister Péter Balázs worked hard to achieve progress in building political support for the initiative.<sup>71</sup>

When the Commission presented its draft strategy and action plan in December 2010, the idea was promoted to a presidency task, given that it combines the coordinated use of intra-EU funding and external action resources.<sup>72</sup> On the one hand, the DRS is an innovative policy tool that should not be permitted to fade, reflecting in a way a flexible approach to tailoring policies to needs and even promoting the “functional membership” approach by including (potential) candidate countries and neighbourhood partners in a cooperation with interested EU member states.

On the other hand, however, the DRS is also a problem child: it is an initiative which does not cater to all member states and it has become, early on, entrapped in a financing deadlock: it can only be developed in a way that does not foresee separate items in the EU budget and has to rely on generating

---

<sup>71</sup> European Commission, 'Developing the Danube Region: Commissioner Hahn draws strategy with partners', European Commission Press Release IP/10/191, Brussels, 25 February, 2010 (<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/191&type=HTML>).

<sup>72</sup> 'The Danube Region Strategy', eu2011.hu, no date given (<http://www.eu2011.hu/danube-region-strategy-drs>).

synergies through using pre-existing funding in a coordinated manner. As a result, the Hungarian presidency had to limit its ambitions, concentrating on securing endorsement for the strategy during the second half of its term.

The first half of the term saw the steps leading up to building consensus for the April General Affairs Council which endorsed the initiative, and the June European Council which is expected to do the same. The consensus-building efforts on the part of the rotating presidency require close cooperation with the Commission, notably with Commissioner for Regional Policy, Johannes Hahn. Hahn made it clear that in his view existing funds in the region should suffice to carry out the action plan, which had been drafted in this spirit in the first place. Here, the contribution of Budapest was primarily negative: the most important element has been helping to promote the idea that the initiative does not threaten currently foreseen or future funding for any non-involved member state or region.

A more proactive part has been taken by the Hungarian government in providing support for the eleven priority areas that the Commission had identified. These involve highly diverse goals that fall under the broad heading of development policy, from reducing the transaction costs associated with border crossing to promoting competitiveness strategies. Commissioner Hahn presented the allocation for each priority area (or sub-area) to duos of countries in February 2011. Hungary emerged as a “heavy stakeholder”, taking on three shared driver’s seats, and supported the process of deciding on the allocations. The key added value of the system of designating priority area drivers consists in creating or cementing member state stakeholders, who represent the single most important requirement for the strategy to grow into a meaningful cooperation.<sup>73</sup>

The 13 April meeting of the General Affairs Council has seen the – very conditional – approval of the Commission’s minimalist proposal as taken up by the Hungarian presidency. The conclusions attest to the fact that under

---

<sup>73</sup> European Commission, ‘European Commissioner Hahn announces priority area coordinators for EU Strategy for Danube Region’, European Commission Press Release IP/11/124, Brussels, 3 February, 2011 (<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/124&format=HTML&aged=1&language=EN&guiLanguage=en>).

the current climate in the EU, any future for the DRS is only possible if non-stakeholders are convinced that the initiative will not lead to institutional duplications (notably vis-à-vis candidate countries) and will not require additional funding.

The Hungarian presidency has so far managed to hold good on its promise to move forward with the adoption of the strategy by the member states, but is also visibly constrained in how the strategy can be promoted. While its sober assessment of the smallness of the window of opportunity for the strategy can be commended, an evaluation of the presidency effort also has to emphasise that the DRS could not and was not promoted during the first months in a manner that could have turned it into a high profile initiative. It has been toned down to the point where it is so non-offensive that no member state could bring serious arguments to oppose it.

It is hard to decide what end the Hungarian government sought with listing the DRS as a priority: a formal success or substantive progress. If the latter has been among the ambitions of Budapest, it has to be noted that it has contributed little in terms of adding to the actual contents of the strategy. It is, however, more likely that the Hungarian government was really seeking to ensure the survival of the framework in the form of a procedural success, and the presidency will not go very far in contributing to the development of actual practices under the DRS umbrella. Given Hungary's geographical position, it is highly unlikely that this has been due to lack of interest. The relatively technocratic approach has been the result of the emphasis placed on economic governance, and the assessment of the impossibility to have a more ambitious strategy endorsed. In view of the events up to the present (mid-April) it is not much of a prediction to say that the Hungarian presidency will hand over the dossier to Warsaw experts with ticks next to the formal items (endorsement), but it will be up to participating states and the Commission to start filling the framework with meaningful action.

### 5.2.3 National Roma Integration Strategies

The second element among the priorities with a strategic guidance dimension is the Roma Strategy, officially named the EU Framework for National Roma Integration Strategies by the Commission communication announcing it. It represents an attempt to realign funding previously available for promoting the upward social mobility of the poorest, most marginalised strata in European societies. These groups, especially in new member states, are often – to a large extent – made up of Roma. The strategy is controversial for at least two reasons: on the one hand, it defines the action directed at ameliorating living conditions for the Roma as a socioeconomic challenge rather than a complex cultural undertaking involving minority protection, and because it follows the EU pattern of “no new funds”, familiar from the Eastern Partnership or the DSR. Currently, there is no window of opportunity to earmark new funding for Roma in the EU budget, while the EU as a framework simply cannot be twisted to accommodate strategies geared toward ethnic groups. In the case of both factors, however, it should be noted that there is nothing in the draft strategy that would require member states to limit their engagement by aligning themselves completely with the limited commitments the EU as a whole can make. Rather, the Roma Strategy should be seen and utilised as a very important tool in establishing functioning national Roma strategies.

It is with these realities and constraints in mind that the Roma strategy may be called a fortunate initiative. The adjective is not undeserved, as the strategy represents the confluence of two intra-EU developments. The first is the increasing size of the underprivileged Roma population, mostly in new member states, while the second is the recent increase in awareness of the dilemmas associated with the Roma in the wake of the controversy in France concerning the expulsion of supposedly nomadic Roma groups and the cross-border or even pan-European relevance of the issue.

Taking the favourable European climate into account, this latecomer to the list of priorities has been taken up by the presidency with more vigour than was the case with the DSR. It seems very likely that the current government, including Prime Minister Orbán, perceives another chance to leave a mark on the EU. As a result, the question of the strategy has been put forward with a relatively high frequency. Three weeks into the presidency term, Minister of State Zoltán Balog, a close associate of the PM, highlighted

the strategy during his hearing in front of the European Parliament Human Rights Committee. Simultaneously, the presidency report roadmap for action in the field of Roma integration was finalised and submitted to the GAC on 31 January.<sup>74</sup>

All parties, including the Hungarian Prime Minister, and the documents produced by them, held onto the only viable path to upload the Roma question at the European level, preserving the much-criticised exclusivity of the socioeconomic dimension within the planned strategy. Apart from representing the only approach compatible with the competences of the Commission, the socioeconomic focus of the Roma Strategy has also permitted linking it up with 2020 goals such as higher employment, staying in school longer and fighting poverty. According to the Hungarian position, the Roma represent (among others) a large labour pool that could be tapped with benefits all around: the 10 million plus-strong community (estimates vary) could – according to optimists – solve labour needs for the foreseeable future in many regions, unburden government spending and save their own distinct cultural communities by gaining more and better paid jobs in the mainstream economy. To achieve this the efforts to meet 2020 goals as regards the EU-wide employment rate (to be raised from 69 per cent to 75 per cent) and reducing early school leavers (from 15 per cent to under 10 per cent) should be targeted. It would be easier for several member states to meet their goals not (only) by focusing on already well-performing social groups but also on those whose statistics lag far behind the average. These include, first and foremost, large segments of marginalised Roma, especially in the new member states. Truly integrating them socially would go a long way in reducing the number of those living in poverty by 25 percent, another 2020 goal.

There has existed a strong conviction in most older member states that the EUR 26.5 billion of EU funding available to Member States to promote social inclusion already represents a vast pool that should not be further increased and thus burden net contributors to the EU budget. As a result, a strong “red line” emerged early on in the preparation process, notably concerning the all too familiar principle of “no new funds” for the strategy.

---

<sup>74</sup> Hearing of Minister of State Zoltán Balog in the European Parliament’, *eu2011.hu*, 26 January, 2011 (<http://www.eu2011.hu/news/hearing-minister-zoltan-balog-european-parliament>).

The Hungarian presidency, seeking to align its preferences with those of the Commission, faced a strategic choice here. From the perspective of new member states, new funding certainly appears a legitimate preference. Given political realities, making this into an inflexible condition for the strategy would probably delay it for an unforeseeable period of time. According to interview subjects from the Hungarian administration, the Commission accepted the red line drawn by old member states early on. The Hungarian government opted *de facto* to accept the principle of no new funds, and seek consent for a modest strategy that has a fighting chance, rather than engage in a longer term norm-entrepreneurial campaign to make new funding available.

The choice may be criticised and is in fact being criticised by members of various expert and Roma communities, including – indirectly – Lívia Járóka, a Fidesz-EPP MEP and rapporteur for the strategy, who prefer the original, stronger concept.<sup>75</sup> Yet it can hardly be argued that the choice of the government was one that cannot be legitimately defended: looking at the lessons from the DSR and the Eastern Partnership, “no new funds” seems to be all the rage these days, and any attempts to break down this wall would have seriously jeopardised any chances for securing the consent of the Council.

The draft version of the Roma Strategy therefore proposes “mainstreaming” Roma issues within EU activities, which means redirecting already available funds through revisions to the national development plans, and relying on the familiar resources of the European Social Fund and the European Regional Development Fund. A minor resource is the Progress programme for awareness-raising, already being used to fund Roma-related public goals. Possible revisions to the use of funds may also include programmes as diverse as Lifelong Learning, Youth in Action, and even the Agricultural Fund for Rural Development. Candidate countries may choose to revise the distribution of Instrument for Pre-Accession Assistance resources to sign up to the Strategy’s goals.

---

<sup>75</sup> European Parliament, ‘Report on the EU Strategy on Roma inclusion, Committee on Civil Liberties, Justice and Home Affairs, Rapporteur Lívia Járóka’, 2010/2276(NI), Brussels, 21 February, 2011  
(<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A7-2011-0043+0+DOC+XML+V0//EN>).

As mentioned before, this scheme is challenged by the EP rapporteur, Livia Járóka, who has called in her report for dedicated funding under the Cohesion Policy heading for the next financial perspective. At present it is unclear to what extent the EP will be a hard negotiator on this issue, but given the very strong opposition of most member states to such a solution, an analysis of the situation cannot but conclude that the ambitious goals of the MEP will not be matched by the outcome.

Remembering the financial positioning of the Eastern Partnership initiative, the very strong wording adopted by the Commission for the DSR and the Roma Strategy in excluding new funding, paints a picture of a European Union where member states adopt strong bargaining postures in the run-up to the new financial perspective debate and effectively block new funding for innovative and regionally relevant goals. The performance of the Hungarian presidency as impulse giver and innovator, a role most visible in its engagement in the DSR and the Roma Strategy, has to be evaluated by keeping these constraints in mind. Budapest may be criticised by devotees of a more innovative and forward-looking Union for having abandoned the only position defensible in a perfectly rational world: new initiatives become functional much more quickly if there are funding incentives tied to them. However, providing such carrots was simply not in the range of viable policy outcomes at the present. As a result, the most that the rotating presidency could do was what it ended up doing: uploading two important ideas to the European level, convincing member states to consider them and accept their merits, and then hope that the two initiatives address important enough fields in a sufficiently effective manner to gain momentum of their own and snowball into real, implemented policies under the coordinating aegis of the Commission and the Council.

As a result, the two strategies have become easy to present as nominal successes of the presidency term already at half-time. They can be deployed rhetorically to underline the innovative approach of the presidency and at the end of the term they will almost certainly enrich the list of achievements. Hungary as an impulse-giver could not hope to achieve more than this and the presidency, as well as commentators, should feel some satisfaction over the progress achieved in this area. This is, however, not the area that has enough weight at the present to determine whether the presidency has been a success or not.

### **5.3 Justice and Home Affairs: rolling policies and upsets**

In the area of justice and home affairs (JHA), rolling policies at a strategic level were largely defined by the Stockholm Programme. Both Hungarian society at large and especially Fidesz as a party had expected the presidency to make progress with Romanian and Bulgarian accession to Schengen. The reason for this is the hard-coded preference of the public and politicians to use the EU as a vehicle for building links between the titular nation in Hungary and the Magyar minorities in the neighbouring countries. In effect, this meant that a large part of the agenda could remain largely unpoliticised, with relatively malleable Hungarian preferences enabling a neutral and managerial role, while a smaller part had a distinct political edge to it.

The Stockholm Programme focuses on four extensive areas: asylum and immigration including the extension of Schengen borders, internal security and counter-terrorism, the fight against organised crime, and police and judicial cooperation in civil and criminal matters. The goal of the Hungarian presidency was to “reach tangible and measurable results” in these areas.

The priorities set by the presidency were extensive and read more like a list than a reflection of any specific vision. They included the wildly divergent policies “on the table”, from fighting organised crime, through carrying on with the creation of a Common European Asylum System (CEAS) and promoting the enlargement of the Schengen area to enforcing fundamental rights. Yet since in most areas there was little commitment to make a serious push to accelerate policy-making, the large list implied more coordinational than political (in the narrow sense) engagement – with the important exception of the Schengen enlargement and fundamental rights, agenda items that received greater emphasis in the context of the priority “a citizen-friendly Europe”.

The Hungarian presidency therefore endeavoured to follow the roadmaps in the individual policy areas, and organised events early on, including for instance an informal meeting in January when interior ministers agreed to draft a comprehensive document on the fight against organised crime by June. The framework document of the fight against domestic crime, the Internal Security Strategy, had been adopted during the Spanish Presidency and its implementation was to be continued by the Hungarian Presidency. The Standing Committee on operational cooperation and internal security (COSI) has the task of exercising control over the Strategy as part of the Stockholm

Programme. As an important step towards the effective functioning of the committee, the role and tasks of COSI were finalised by the Hungarian presidency at the February meeting of JHA ministers.

Not all priority areas, however, have permitted such a “business as usual” approach. The creation of the CEAS as part of the Stockholm agenda should be implemented by 2012, and as such has constituted an obvious, if low-key, priority for the presidency. When the large influx of migrants from North Africa challenged existing European migration policies and called the attention of the Community to the problems in current asylum and immigration practices, the original goal of the presidency to create “an asylum system that is predictable and more humane” (Enikő Győri in the European Parliament in January) had to be sidelined so as to address the unforeseen events.

Faced with an increasing number of refugees, Italy asked for financial and technical help from the Community. Although member states were divided on the necessity of help, the presidency acted promptly and initiated the Civil Protection Mechanism.<sup>76</sup> Also in the context of the crisis yet highlighting a structural deficiency, Greece was named and shamed for not having proper standards for welcoming migrants and refugees, and received help from UNHCR and the European Asylum Support Office for the creation of its National Action Plan on Migration. While the Greek case concerned largely delegated procedures and did not burden the presidency, Hungarian diplomats did participate intensively, and lobbied efficiently, for a swift consent to the Commission-negotiated political agreement with Turkey on readmission, allaying fears that the EU would be locking itself into a situation where its possibilities to redirect migrants would be frozen at a suboptimal level.<sup>77</sup>

The Hungarian presidency showed a similar managerial attitude, despite its previous reservations, in the area of PNR data, i.e., data stored by airline companies on their passengers that can be useful for fighting crime, especially terrorism globally. Since the previous agreement on PNR data was struck down by the European Court of Justice, the EU has to finalise a new agreement with

---

<sup>76</sup> European Commission, ‘European Commission facilitates support to evacuate Europeans from Libya’, European Commission Press Release IP/11/222, Brussels, 23 February, 2011.

<sup>77</sup> Council of the European Union, ‘Council Conclusions on EU-Turkey Readmission Agreement and Related Issues’, 3071st JHA Council Meeting, Brussels, 25 February.

the United States on passenger travel data. The pre-presidency position of the Hungarian government on the issue was that the protection of personal data is important and therefore special attention should be given to the tabling of the renewed agreement. However, the Minister for the Interior, Sándor Pintér, announced that it would be illogical that the agreement should include only transatlantic flights and suggested the inclusion of the exchange of internal passenger records as well.

This move represented the putting on the agenda of an item backed by a strong coalition. The suggestion resonated with the proposal of the UK about which British Home Secretary Theresa May sent a letter to the presidency at the end of March. The proposal was backed by Italy, France, Spain and Portugal, whilst Austria, Germany and Slovenia opposed it on the grounds on freedom of movement inside the Union. For now, the British coalition has emerged dominant, yet the proposal is certain to come up against resistance in Parliament.<sup>78</sup>

A further important task ahead of the presidency is the review of the 15-year old Data Protection Directive and the preparatory work on a new directive. So far the only development in this area, beyond the consultation of working groups, has been a conclusion adopted with regard to the communication of the Commission on a comprehensive approach to data protection in the EU.<sup>79</sup> This document emphasised, *inter alia*, the importance of the creation of a new legal framework, the balancing of criminal and judicial investigations and the right to informational self-determination and the importance of accountability of data controllers.

A similar rolling policy, where established European norms need to be adapted to their changed context or significance, has been revising the framework of judicial cooperation in the European Union (Brussels I Regulation). The reform seeks to increase the enforceability of judicial decisions in civil and commercial matters in member states and to remove present obstacles

---

<sup>78</sup> 'Data Protection: The EU and United States Move Closer to Agreement', eu2011.hu, 15 April, 2011 (<http://www.eu2011.hu/news/data-protection-eu-and-united-states-move-closer-agreement>).

<sup>79</sup> European Commission, 'A Comprehensive Approach to Data Protection in the EU', COM (2010) 609 final, Brussels, 4 November, 2010.

slowing down the process. The harmonisation of laws on inheritance and those on matrimonial property were two topics picked by the presidency as especially important due to their linkages with the goal of achieving a “citizen-friendly Europe”, yet substantive higher level work on these has been left for the second half of the term. The judicial training of judges, lawyers, prosecutors and exchange programmes for them were discussed during the informal meeting of ministers in the wake of expert consultations, and is likely that it can be upgraded to a formal conclusion during the second half of the presidency or during the Polish term at the latest.

Beyond rolling policies where the effect of a particular disinterested or self-interested commitment is clearly absent, two further items on the JHA agenda have drawn more investment in both time and resources from the rotating presidency. The tasks taken on and emphasised by the presidency included the finalising of the accession to the European Convention on Human Rights, the first review of the implementation of the Charter of Fundamental Rights and the more efficient enforcement of citizens’ rights.

During the first informal meeting of JHA ministers in January, the topic of better enforcement of EU citizens’ rights was discussed in detail. In 2010, after a thorough examination of the area, the Commission had suggested 25 measures to combat the 25 most common obstacles in the field such as trans-border medical assistance or divorce, which have increasingly gained the support of the member states. Concerning the report on the Charter, an exchange of opinions took place during the informal meeting. In its wake, the official JHA Council in February managed to adopt conclusions on the role of the Council in the effective implementation of the Charter. The February Council further discussed the effects of the Brussels I regulation, which had established the rules of EU-wide jurisdiction on civil and commercial matters, and on citizens’ rights. A draft directive was adopted on the right to information of prosecuted persons, representing an important step towards judicial integration and the fulfilment of an early commitment by the Hungarian government.<sup>80</sup>

Overall, the Hungarian government managed to hold good on its promise to move forward in the area of fundamental rights. While this policy area

---

<sup>80</sup> Council of the European Union, ‘Press Release: 3071st Council Meeting Justice and Home Affairs’, 7012 PRESSE 38, Brussels, 25 February 2011.

requires unusually long preparation and processing and thus there is little room for improvisation, it is clear how a rotating presidency, by carefully choosing the area of focus, can very much have an impact on the efficiency of arriving to Council conclusions and making decisions. The implementation of the Charter and the consolidation of the right to information regime both represent areas where the presidency input and commitment to building consensus has had a traceable effect on the pace of progress, and the February and April JHA Councils have been among the most productive of the presidency term.

Despite the nominal primacy accorded to JHA agenda items directly linked to the concept of a citizen-friendly Europe, there can be no doubt that, compared with fundamental rights, Schengen enlargement dominated the political concerns of the Hungarian government. In addition to several technical issues, the enhancement of Frontex or the harmonisation of the collection of cross-border traffic fines, the biggest challenge to the Hungarian presidency was the enlargement of the Schengen area. Although the issue got off to a rocky start in December 2010, the proposed date of accession for Romania and Bulgaria was March 2011 and the Presidency emphasised several times its commitment to the accession of the two countries.

Nevertheless, its chances of conducting an agreement by the original date were rather feeble. A group of countries led by Germany and France announced in December 2010 that they were not convinced that Romania and Bulgaria were ready, since significant problems persisted in the areas of corruption and judicial cooperation in both countries. This was clearly a political resistance since the monitoring under the Cooperation and Verification Mechanism of the two countries has never been part of the accession criteria. Nonetheless, after the Hungarian Minister for the Interior, Sándor Pintér, had announced in January that he was optimistic about the accession, he later had to retract on his opinion.

At the end of January, Pintér announced the postponement of the accession before the official statement came out and had to withdraw his statement. Apart from this early-stage coordination problem, the more important issue was whether the delay would be openly explained by dissatisfaction with areas not among criteria monitored by the Schengen Evaluation Group. Finally, according to the official statement, accession was postponed because

Bulgaria had not fulfilled the criteria on controls at its land border with Turkey. Since the two countries agreed to join together, this meant that Romania had to wait as well. Minister Pintér, however, hinted his displeasure over member states including other criteria in their considerations – here the presidency was simply not strong enough to enforce its agenda of no additional criteria being added to those monitored by the Evaluation Group.<sup>81</sup>

During the first half of the term, a further blow struck Bulgarian membership aspirations with the so-called Tapeagate scandal, when an explosion damaged the building of a domestic newspaper that published on corruption issues of the government at the end of February. Reactions from European leaders were harsh and the French, German and Finnish governments said they would postpone the accession by up to two years. However, the European People's Party announced its support for Schengen enlargement in March and the Hungarian government is currently looking to table an agreement by June so that the accession can be effective by the end of 2011.

Two different strands have characterised the presidency in the area of justice and home affairs during the first few months: the less visible but efficient implementation of smaller technicalities, and the more or less successful handling of crisis situations connected to more important topics. The two outstanding issues were the Schengen enlargement and the management of arising problems in migration and asylum policies triggered by the events in North Africa.

Up until now it can be concluded that although the fight against organised crime is important for the Hungarian presidency and there have been some developments, so far this has not been a very busy area. Concerning fundamental rights, it is also yet to be seen what the presidency could achieve since of the two most significant issues, the Charter and the accession to the ECHR, only the former has been discussed already. The general issue of data protection and its more specific subset, the PNR agreements, have progressed well but are still under discussion, whilst regarding justice cooperation there have been extensive talks about harmonisation and the exchange of best practices.

---

<sup>81</sup> T Vogel, 'Germany Opposes Early Schengen Enlargement', *European Voice*, 21 January, 2011 (<http://www.europeanvoice.com/article/2011/january/germany-opposes-early-schengen-enlargement/70018.aspx>).

The two issues that were influenced by external pressures resulted in different outcomes. The challenges facing the common asylum system have been tackled successfully so far. It seems that the presidency has managed to react in a timely and adequate manner to the refugee crisis that had resulted from the North African events and pushed the Union's migration policy even more into the limelight. On the contrary, in the case of Schengen enlargement, the Presidency faced significant opposition from bigger and more influential member states.

The JHA area represents perhaps the policy sector most saturated with rolling policies. As such, it has been a prime terrain for the presidency to demonstrate its European commitment, moving forward with a wide array of minor legislation. It has, however, also revealed that when sensitive issues come into play – as in the case of Schengen enlargement – the means available to the rotating presidency are very limited. This is a further argument for the new Lisbon architecture: comparing the guidance role and the overall clout of Herman Van Rompuy exercised in the area of economic governance, it is hard to avoid the impression that there could have been more progress in sensitive JHA areas under a similar leadership. This, however, is meant by no means as a criticism of the performance of the Hungarian government: given its resources and limited informal influence, it achieved what realistically could be expected. Were the Bulgarian and Romanian accession to proceed in June despite the odds, it would represent a significant and unexpected achievement, a success that is best not made into a criterion for the success of the presidency, but which would nevertheless represent a welcome surprise. As to the negative scenario based on a deep, structural crisis of Schengen fed by fears concerning flows of migrants in Europe, such an outcome cannot be excluded in the medium term, and making sure that it does not happen has become a task for Hungary during the second half of its term.

## **5.4 External relations: crisis management and the post-Lisbon support role of the rotating presidency**

External relations represents an area for the rotating presidency where its tasks are very limited according to the new Lisbon architecture. This has been largely true of the Hungarian term so far but in several areas the presidency has had a more direct and constructive role to play. Based on the Hungarian example, there are two options for the rotating presidency to participate in external relations of the EU: when Lisbon officials, notably the High Representative, ask for assistance and support and when the presidency orchestrates an informal drive to promote an item on the agenda due to issue-specific considerations and commitments. As the following analysis argues, these should not be viewed as tampering with the competences of the HR, rather, they represent constructive contributions to a key area where there are some natural synergies between the work of the HR and Political and Security Committee on the one hand, and COREPER on the other, or where lacking bureaucratic and ideational resources may be complemented by the rotating presidency. When the European External Action Service (EEAS) is fully functional it will certainly further strengthen the community dimension of external relations, but some of these tasks are nevertheless likely to recur in the future.

### **5.4.1 Completing Lisbon: the legacy of the Belgian presidency**

The second half of 2010, i.e., during the Belgian presidency, represented a transitional period characterised by the diminishing input of the rotating presidency in foreign policy. The High Representative, Catherine Ashton, had by this time started chairing the Foreign Affairs Council, her staff was presiding the meetings of the Political and Security Committee, and therefore the external visibility of the Belgian presidency was greatly reduced, especially compared with the more ambitious foreign policy posturing of Madrid during early 2010. However, the Belgian presidency often assisted the High Representative (HR) with external representation in cases where she lacked an explicit mandate or did not have adequate personnel at her disposal.

The Belgian presidency's main priority in the area was to assure a smooth transition and prepare the playing field for a single European voice in various international organisations, such as the UN and the IMF. The outcomes have been ambiguous: European interests were represented efficiently, but

observational status for the EU could not be secured. The Belgian presidency has generally been considered successful in managing the challenges that arose from institutional transition. Its role is best described as having assured vital assistance to external representation at a time when the “single voice” was still “under construction”.

The EEAS was officially launched on 1 December 2010 in compliance with Article 27(3) of the TEU, a year after the Treaty of Lisbon had entered into force. Although the diplomatic service was expected to become operational by January 2010, it had been clear for some time that the appointment of EEAS officials would not be completed by that date. In addition, other staffing and funding issues slowed down the process of implementation.

The proposal of the HR regarding the organisational structure of the service, with the consent of the Commission and after consultation with the Parliament, was passed in the Council on 21 June 2010, granting the EEAS the status of an EU institution. Staff recruitment was initiated, but it was often blocked by the European Parliament which had to give its assent to the budget of the EEAS, and exercised its right to hold hearings for nominated Heads of Delegation and Special Representatives. The process was ripe with conflict, as many MEPs were not satisfied with the appointees of Catherine Ashton. After having chosen her candidates in September, the High Representative cancelled the first parliamentary hearing in October amid concerns that MEPs would attempt to scuttle the appointment process.<sup>82</sup>

Another row emerged over the financial accountability of the Service. There was also the great task of the transfer of personnel to be successfully coordinated: by 1 January 2011 1643 permanent officials from the Commission and the Council Secretariat had to move to the new headquarters. The total staff to be employed by the EEAS will amount to around 5000.

However, it has been the personnel question that stretched well into the term of the Hungarian rotating presidency. It has proved to be extremely difficult to find appropriate candidates to fill important positions. The nomination process could only be concluded on 1 April, 2011 with the appointment

---

<sup>82</sup> G Lindstrom, 'The European External Action Service: Implications and Challenges, *GCSP Policy Paper* no. 8 (Geneva: Geneva Center for Security Policy, November 2010).

of Maria Marinaki as managing director for global and multilateral issues, making the college of directors for the EEAS complete.

The advanced stage of the appointment process has not meant, however, that the High Representative and the EEAS have been transformed into a fully self-contained entity. According to the finalised institutional architecture, among the top officials that aid and complement the work of EEAS we continue to find the commissioners for enlargement, development and humanitarian aid, as well as the foreign minister of the country holding the rotating presidency. Also, the rotating presidency is expected to cooperate closely with the HR in areas including commercial and development policy, as well as supporting the work of the Political and Security Committee staffed by the permanent representatives and capitalising on the natural synergies between work in the COREPER and in the PSC.

Accordingly, during the first half of 2011 the main objective of the Hungarian presidency has been to support the High Representative and the EEAS in the field of common foreign and security policy through its institutional capacity and through offering up the assistance of the Hungarian Foreign Service whenever needed. So far, the performance of the rotating presidency, and especially that of the Hungarian MFA in its support role, has been rather positive – even if granted that it is easy to perform in a situation when responsibility no longer rests with the national government holding the presidency. In what follows, the Arab revolutions and the Libyan crisis will be used to demonstrate how the Hungarian presidency has etched out a role for itself in the new architecture, while also showing how a presidency comes under special scrutiny to deliver consistent messages – in this latter aspect, the Hungarian government has not performed impeccably.

#### **5.4.2 Crisis management from the back seat**

During the run up to the presidency, the flexibility of the emerging Lisbon institutional framework was demonstrated in a number of cases, when the High Representative could call on the future Hungarian presidency to offer support. Such cases of assistance predate the actual presidency term: already in June 2010 the Hungarian Foreign Minister, János Martonyi, had been requested to represent the EU in Hanoi, at the ASEAN Post-Ministerial Conference and Regional Forum. At the end of October the Foreign Minister was also asked to co-chair the sessions of the EU-Tajikistan and EU-Uzbekistan Association Council.

The most significant contributions in this area, however, concerned Libya in particular and the revolutions in the Arab world in general. Diplomatic representation is a field where the country holding the rotating presidency is expected help out the EEAS during the transition period. This support task gained special significance during the Libyan crisis when the Hungarian embassy in Tripoli was not evacuated and Ambassador Béla Marton continued to fulfil his duties not merely on behalf of Hungary but, when the need emerged, for the EU as a whole, coordinating in particular ground actions by EU personnel.<sup>83</sup>

Beyond the support offered by the embassy, Hungarian officials have continued to lend support to both the High Representative and various branches of the Commission, as well. Most of this support falls under the heading of crisis management, where the pre-Lisbon architecture preserved a key role for the rotating presidency. This is no longer the case, but it has become clear that on many occasions, especially during crises, it is fitting to have on hand a supporting senior national diplomat who can credibly speak for the member states, adding weight to the statements and actions of the post-Lisbon supranational actors who undoubtedly occupy centre stage.

The EU first reflected on the developing crises in the discussions of the first Foreign Affairs Council meeting of the year, on 31 January 2011, recognising the democratic aspirations of the popular movements in Tunisia and Egypt. Along with a series of conclusions affecting Belarus and other problem areas, a decision was also taken to freeze the assets of Tunisian government figures accused of corruption. The spirit of the conclusions was taken up by the European Council of 4 February and upgraded during the next Foreign Affairs Council on 21 February to support the transition to democracy, rule of law, prosperity and stability.<sup>84</sup>

It was in this context that the Hungarian presidency showed flexibility and real institutional capacity in transposing and upgrading the sanctions contained

---

<sup>83</sup> 'Hungarian Ambassador to Libya: We will stay as long as we are needed', *eu2011.hu*, 23 May, 2011 (<http://www.eu2011.hu/news/hungarian-ambassador-libya-we-will-stay-long-we-are-needed>).

<sup>84</sup> For a detailed account of the EU's and the presidency's response, see the regularly updated information page 'Developments in Libya: An overview of the EU's response', *eu2011.hu* (<http://www.eu2011.hu/developments-libya-overview-eus-response>) Unless otherwise noted, the following paragraphs refer to this overview of events.

in the UN Security Council resolution of 26 February 2011. According to informal Brussels sources, the Hungarian permanent representation capitalised on the personnel overlap between the Political and Security Committee and COREPER to put an “A” (pre-agreed) proposal on the table only two days later, at the Transport, Telecommunications and Energy Council session on 28 February. It was thus the Minister for National Development, Tamás Fellegi, who, with Commissioner Oettinger, chaired the meeting where the sanctions could be adopted with the help of this fast-track procedure. In the sanctions, the EU banned trade with Libya in any equipment which might be used for internal repression. The EU also imposed a visa ban on and froze the assets of a total of 26 individuals (Council Regulation 204/2011 and Council Decision 2011/137/CFSP). The EU imposed further sanctions on key Libyan financial institutions on 10 March.

In the wake of the quick reaction facilitated by the rotating presidency, the extraordinary summit of EU leaders on 11 March set political objectives and formulated a common EU position fully according to “Lisbon norms”, having been convened and chaired by Herman Van Rompuy. EU leaders declared that Muammar Gaddafi must step down and that the interim Transitional National Council in Benghazi would be considered a political interlocutor. Demonstrating the new Lisbon leadership in external relations, on 17 March, Herman Van Rompuy and Catherine Ashton welcomed Resolution 1973 of the UN Security Council instituting a “no-fly zone” over Libya and demanding an immediate ceasefire. The resolution also authorised “all necessary measures” to protect civilians.

The Foreign Affairs Council of 21 March 2011 was dominated by an in-depth discussion of the situation in Libya. The EU expressed its determination to implement the UN Resolution 1973 within its competences and to provide humanitarian assistance. The new decision on the extension of restrictive measures was undertaken (Council Regulation 272/2011), along with the prevention of all flights in the air-space of Libya and the enforcement of arms embargo.

The EU also started to work with other regional organisations, such as the Arab League and the African Union. The London Conference on Libya on 29 March agreed to establish an international contact group with the participation of the above mentioned organisations and the United Nations.

Finally, 1 April marked an important decision of the Council (2011/210/CFSP). It established a legal framework for a European Union military operation (EUFOR) in support of humanitarian assistance in Libya. The purpose of the operation is to underpin the mandates of the UN Security Council Resolutions 1970 and 1973 regarding the availability of humanitarian assistance and protection of civilian population. If requested to do so by the UN, EUFOR Libya will contribute to the safe movement and evacuation of displaced persons and support humanitarian agencies in their activities in the region.

While the above short – and incomplete – overview of events and decisions under the Lisbon procedural rules make it unambiguous just how much the EU has changed since, for instance, the time of the Georgia crisis in summer 2008, it does not follow from the above and from the overall trend towards the supranational governance of crisis management that the rotating presidency has no role to play in such situations. The Hungarian presidency has remained visible – if clearly and consciously in the back seat – throughout the crisis, taking on the responsibility to represent the EU's position at various forums and between institutions, as well as to affirm the European commitment to action on the international stage.

On 3 March, the Hungarian Minister of State for European Affairs, representing the Hungarian presidency, visited Tunisia with Kristalina Georgieva, EU Commissioner for Humanitarian Aid, in order to carry out direct negotiations with the transitional leaders of the country and to assess the situation on the Libyan-Tunisian border.

Foreign Minister János Martonyi has also been active in the follow-up steps to move towards the resolution of the crisis. He welcomed the Security Council's resolution 1973 of 17 March, and spoke out for a humanitarian but committed European agenda that would not focus on replacing Gaddafi, but would not shirk from using force if necessary. Martonyi then travelled to Egypt on 22 March, inspecting the Egyptian-Libyan border. On 23 March he and the EU Commissioner for Home Affairs, Cecilia Malmström, met with representatives of both the Egyptian government and the Libyan National Council in Cairo. It was also the responsibility of the Foreign Minister to activate the EU Civil Protection Mechanism to enable the evacuation of EU citizens from Libya as soon as possible, a decision taken on the same day.

At the same time, the events of March also saw the Hungarian government sending ambiguous signals to the international community, giving rise to domestic and European criticism. Some commentators perceived a rift between the more interventionist (and, by implication, Atlanticist) Martonyi and the supposedly dovish Prime Minister, Viktor Orbán, who in some public statements made in mid-March spoke up against generating resentment against the West in the Arab world and argued for a tactful management of the crisis to prepare a new partnership between cultures. Translating diplomatic into ordinary language, the prime minister was *de facto* speaking up against rash intervention into Libyan affairs, a move many commentators felt was inconsistent with Western humanitarian values.

Reviewing the events with some hindsight, it is now clear that Orbán was not speaking up against carefully orchestrated humanitarian intervention. In fact he came out in support of a “conservative” humanitarian approach, as was made clear by his comments given on 23 March. Notably, he did not exclude upgrading EU participation in resolving the crisis. Still, this clearing up came somewhat late and, for about a week, the European and the international public was left to ponder whether in fact there was a rift in the rotating presidency between Foreign Minister Martonyi and Prime Minister Orbán. While less than perfect phrasings are unavoidable in crisis situations requiring on the spot statements, the Hungarian presidency could certainly have performed better in setting the record straight, once it had become obvious that the various declarations had given cause for speculation.<sup>85</sup>

None of the above examples of Hungarian assistance to external actions, with the exception of the functions assumed by the Tripoli embassy, have to do with vital elements in the actions of the EU as a foreign policy actor. Yet they provide examples that the Hungarian presidency has successfully constructed a support role which reinforces the core competences of the High Representative and the EEAS by always cooperating upon request and not seeking to steal the limelight. It has also emerged that the foreign minister and his ministers of state are natural partners to the High Representative, while

---

<sup>85</sup> The original statements that required further specification were made in the wake of the extraordinary European Council on 11 March. 'Orbán: Europe Must Not Drift into War with Arab Countries', *eu2011.hu*, 11 March, 2011 (<http://www.eu2011.hu/news/orban-europe-must-not-drift-war-arabs>).

the prime minister of a country giving the rotating presidency can reinforce the positions taken by the permanent President of the European Council. Having operated in this manner for the first four months, the Hungarian presidency has already made a low key contribution to the consolidation of the post-Lisbon external action mechanism. There is currently no reason why a continuation of this overall positive direction should not be expected to continue during the remainder of the term. It has to be concluded that the Lisbon framework is approaching functionality not merely by virtue of the establishment and progressive staffing of the EEAS, but also – if in a smaller part – as a result of the harmonious and norm-entrepreneurial engagement of the High Representative as leader and the Hungarian rotating presidency – as supporter – in crisis situations.

#### **5.4.3 Priorities without competences? The case of the Western Balkans and the Eastern Partnership**

The revolutions of the Arab world have understandably stolen most of the limelight during the first three months of the Hungarian presidency term. Yet it should not be forgotten that the two main priorities of the Hungarian presidency in the field of external relations were the strengthening of the neighbourhood policy of the EU with special attention to the neighbours in the East, and support for the EU's enlargement process in the Western Balkans with a strong intention to conclude accession negotiations with Croatia by the end of June 2011. Both can be considered as primarily rolling policies, given that they follow a predetermined course which the presidency can influence only in a limited manner since it is not the presidency, but the Commission that drives these issues. At the same time, defining them as priorities matters, since the rotating presidency has the possibility to back them and contribute to their success.

In the field of external relations one of the priorities of the Hungarian presidency has been to strengthen the relations between the EU and the six Eastern Partnership countries. By using the opportunity provided by the second EaP summit in May, it was expected that the framework, which had been slow in turning into a fully functional policy field, could be rejuvenated by targeted projects and programmes. These would then be taken up and

complemented (if needed) by the Polish rotating presidency in the summer and autumn.<sup>86</sup>

However, Budapest announced in mid-February that due to logistical difficulties – the G8 summit was scheduled to take place hard on the heels of the EaP summit – the presidency were not to host the meeting. After consultations with Warsaw, the summit was postponed to the second half of 2011, with Hungary nominally co-hosting it.<sup>87</sup>

Due to the fact that such decisions are not common practice in the EU, different theories have appeared about the possible underlying causes for the postponement – was it really a purely logistical question or rather a politically influenced decision forced on Budapest? The likely scenario, supported by some anonymous interviews with Hungarian foreign ministry staff, suggests that scepticism towards the bureaucratic capabilities of the presidency and/or its ability to “fill” the summit with agenda items and secure proper representation on the part of participating states were coupled with Poland’s strong desire to host the summit resulted in strong pressure on Budapest to relinquish the event.

Either way, six months during which the EU could have further developed its policy towards the Eastern partners with the support of the Hungarian presidency have been lost for all practical purposes. Given how thinly stretched the Hungarian government is due to the tasks associated with the presidency, serious investments in the initiative cannot be expected during the Hungarian term – it was the prospect of the summit, positioned as the single most important “home” event of the presidency – that lent such weight to the eastern neighbourhood as to guarantee bureaucratic resources being devoted to moving forward in various working groups and through consultations both within and outside of the formal Council framework.

At the same time, the neighbourhood policy is primarily the responsibility of the European Commission and Commissioner Stefan Füle. It means that

---

<sup>86</sup> Hungarian Presidency of the Council of the European Union, op. cit.,15.

<sup>87</sup> Permanent Representation of the Republic of Hungary to the European Union, ‘Press Release’, Brussels 17 February 2011 ([http://www.eu2011.hu/files/bveu/documents/EasternP\\_press\\_reales\\_02\\_17.pdf](http://www.eu2011.hu/files/bveu/documents/EasternP_press_reales_02_17.pdf)).

the policy moves forward on its usual track independent from the presidency. Bilateral negotiations on the Association Agreements between the EC and the partner countries have continued with Armenia, Azerbaijan, Georgia and Moldova. Negotiations seem to be stuck with Ukraine, the EU's biggest neighbour in the east – yet this situation is not a recent development, being more the outcome of Viktor Yanukovich's balancing policy between the EU and Russia than of new developments in EU engagement. Moldova, on the other hand, is rapidly moving forward with the negotiations and is in the forthcoming months expected to start talks on the Deep and Comprehensive Free Trade Area, one of the strongest incentives of the Eastern Partnership project.

During the first three months of the term, the credibility of another “carrot” in the EaP framework was also strengthened, namely the promise of visa liberalisation. As Moldova already has a visa facilitation agreement in force, the next step to be taken was to move towards the possibility of visa-free travel in the long term. Upon an official visit to Chisinau, the European Commissioner for Home Affairs, Cecilia Malmström, handed over an Action Plan for visa liberalisation to Prime Minister Vlad Filat that outlined a list of requirements Moldova would have to meet to be granted visa liberalisation.<sup>88</sup> The implementation of actions ranging from the development of border management to issues of illegal migration will take quite some time to implement, nevertheless, providing clear benchmarks definitely makes the EU's incentive more credible for Moldova – and shows a good example for the rest.

In Georgia's case the visa facilitation agreement<sup>89</sup> signed in June 2010 and the readmission agreement concluded in November 2010 both came into force on 1 March 2011. The visa facilitation created the same circumstances in Georgia that are in force in Moldova at the moment. The agreement decreased the price of a visa from EUR 60 to 35, making it affordable for a wider public, and by limiting the period in which a visa has to be issued to ten days, it made the process faster and more transparent.

---

<sup>88</sup> European Commission, 'Commissioner Malmström presents Action Plan on visa liberalisation with the Republic of Moldova', Press Release IP/11/59, 24 January 2011. (<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/59&format=HTML&aged=0&language=EN&guiLanguage=en>)

<sup>89</sup> Council of the European Union, 'Conclusion of two EU agreements with Georgia on visa facilitation and readmission', 5412/11 PRESSE 5, Brussels, 18 January 2011. ([http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/jha/118885.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/jha/118885.pdf))

In spite of slow but steady process, the events that dominated the neighbourhood agenda in January took place in Belarus. After the presidential election of 19 December 2010, won (as foretold) by Alyeksandr Lukashenka, thousands took to the streets in Minsk. The Belorussian authorities brutally broke up the peaceful demonstrations, arrested leaders of the opposition, beat up and unlawfully detained hundreds of demonstrators and had students expelled from their universities for participating in the demonstrations.

Discussions took place on the issue in the Foreign Affairs Council on 31 January, where the visa ban on Belorussian politicians to travel to the EU was extended. The EU urged Minsk to release political detainees and underlined the need that the EU has to participate in strengthening the civil society in Belarus.<sup>90</sup> However, no economic sanctions were taken, nor did the EU suspend the country's right to participate in the multilateral platform of the Eastern Partnership.

It is unclear to what extent in the course of the above events the Hungarian presidency managed to engage in its support role directed at building consensus around further possible action connected to the Eastern Partnership initiative. Given that the Hungarian programme referred to the area as a priority, it could have been expected that Budapest would, for instance, try to explore the possibility of novel ways of (re)building civil society in Belarus or extending the visa liberalisation regime. While it cannot be excluded that some activism was shown in these or related areas, it is clear that the Hungarian presidency was not preoccupied with moving forward by manufacturing common positions to help the work of Stefan Füle. In fact, it is anything but easy to point to a specific contribution in the sector, and partner states of the EaP have certainly not felt the intensive support of Budapest during the past months, at least not in areas they deem most important.

As a case in point, when on 2 February an international donor conference took place, the host city was Warsaw, and the conference was actually organised by the Polish Foreign Minister, Radosław Sikorski. It was here that the possible points where the presidency could have reinforced the initiative

---

<sup>90</sup> Council Of The European Union, 'Council conclusions on Belarus', 3065th Foreign Affairs Council Meeting, Brussels, 31 January 2011 ([http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/EN/foraff/119038.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/119038.pdf)).

were most forcefully advocated, including increased EU support for civil society in Belarus. Stefan Füle also proposed the creation of scholarships and exchanges for Belorussian students to study in the EU.<sup>91</sup>

Overall, it is the tandem of the Polish Foreign Minister and Commissioner Füle that has driven the policy processes. The separation of the two dimensions of the neighbourhood policy has become a practical truth, but the new *modus vivendi* will likely be framed by Commissioner Füle and the postponed communication of the Commission on neighbourhood policy.<sup>92</sup> This is, however, not necessarily a suboptimal situation, as the by-now absolutely necessary process of rethinking the relationship between the two dimensions has not become stalled.

It is less fortunate, however, that the Hungarian presidency has not been able to present itself as an honest broker between drivers and laggards. Instead, it is Sikorski who is proposing new formulae for the EaP. Yet his “more for more” approach (of rewarding good performance by partner states with ever more incentives) remains ambiguous and potentially unfeasible in an EU full of societies wary of further accession promises. What “more” can the EU offer? According to the Polish Foreign Minister, “the faster the reforms, the greater the openness to European processes in the countries concerned, the faster the EU should respond”.<sup>93</sup> A committed, but more circumspect approach to presenting future options for the EaP would have constituted the natural role of the rotating presidency, building a bridge between states having greatly divergent preferences (compare, e.g., France and Poland). Instead, the initiative is set to suffer from being too closely associated with a non-credible promoter – Warsaw’s sincerity is doubted by no one, but with its outlier position (of supreme commitment) concerning the partnership, it is hard to see how it could build consensus in a manner that was open to Budapest at least in theory.

---

<sup>91</sup> S Füle, ‘International Donors’ Conference “Solidarity with Belarus”’, SPEECH/11/63, 2 February 2011 (<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/11/63&format=HTML&aged=0&language=EN&guiLanguage=en>).

<sup>92</sup> R Rozwiak, ‘EU Set To Retool Policy Toward Neighbors’, RFE/RL, 28 March 2011 ([http://www.rferl.org/content/eu\\_to\\_retool\\_policy\\_toward\\_eastern\\_neighbors/3539603.html](http://www.rferl.org/content/eu_to_retool_policy_toward_eastern_neighbors/3539603.html)).

<sup>93</sup> Ibid.

If doubts surfaced early concerning the commitment and the capability of the Hungarian government to fulfil its commitments with regard to the Eastern Partnership (especially in light of the experience of a Polish fact-finding mission in late 2010), no such doubts could be cast over the efforts to move forward with the Western Balkans portfolios during the term. The Hungarian presidency has emphasised its commitment towards the enlargement process, and, as already described in this paper, supports the accession of new states if they meet the three criteria set up in Copenhagen in 1993. It has expressed its readiness to start negotiations with the Former Yugoslav Republic of Macedonia, if member states decide accordingly. However, the presiding country has limited possibilities to move enlargement related issues forward, as the area is first and foremost the competence of the Commission.

Nevertheless, the government has repeatedly expressed its hope that Croatia will be able to finish the accession negotiations by the end of June, and the presidency had marked it as one of its priorities early on during the preparation process. The issue will, of course, not depend on Hungary, but rather on Croatia's progress to meet the conditions set by the Commission.

Speaking in front of the European Parliament on 16 February representing the presidency, János Martonyi was very optimistic about the progress Croatia had made, and stated that "the conclusion of the accession talks is now within easy reach".<sup>94</sup> If all 35 negotiation chapters are closed and the country signs the accession agreement with the EU by 30 June, each member state will need to ratify the treaty before it can come into force. Yet even if everything goes well, Croatia can become a member of the EU on 1 January 2013, and certainly not before.<sup>95</sup>

Overall, the statements by Martonyi must be understood as expressions of diplomatic courtesy that do not reflect exactly the state of affairs on the ground. While 28 out of the 35 chapters are in fact provisionally closed, regional policy, fisheries, competition, agriculture and rural development, judiciary and fundamental rights, as well as two technical chapters, remain open. The

---

<sup>94</sup> Croatia's EU accession within easy reach', *eu2011.hu*, 16 February 2011 (<http://www.eu2011.hu/news/presidency-praises-ep-report-croatian-eu-membership>).

<sup>95</sup> 'Croatia won't join EU before 2013 – MEP', *EurActiv*, 28 January 2011 (<http://www.euractiv.com/en/enlargement/croatia-wont-join-eu-2013-mep-news-501714>).

hardest task for the candidate country is Chapter 23, on the judiciary and fundamental rights, with painful adjustment of subventions for the largely state-owned ship construction sector a close second.

When Chapter 23 was opened in June 2010, the Commission set ten closing benchmarks which have to be met in order for the country to qualify to provisionally close negotiations on this area. On 2 March, the European Commission presented an interim report which evaluated the progress Croatia made. The report acknowledged progress in several areas, but stated that requirements have not been met as regards the independence of the judiciary, cooperation with the International Criminal Tribunal for the former Yugoslavia, fighting corruption and the provision of fundamental rights including the right of return for refugees and minority employment.<sup>96</sup>

As a result of the review, the accession process will likely drag on beyond the Hungarian presidency.<sup>97</sup> While the Intergovernmental Conference (IGC) on 19 April did see two important chapters (agriculture and regional policy) closed, closing either of the two toughest chapters was not even on the table. The next IGC will be held on 21 June, and it is at present unlikely that negotiations will conclude then.

At the same time, Hungarian diplomats have informally confirmed to the author that at least at the bureaucratic level, the presidency staff is not overly concerned. There exists a genuine political commitment to aid Croatia in every way possible, and a lot of successful background work has been invested in facilitating a compromise on the two chapters closed at the April IGC. The presidency's natural arena of action in the context of Croatian accession includes not just coordinating with the Commission, but also allaying fears of some member states as well as keeping the agenda tabled for those member states which support enlargement in principle, but are not necessarily equally committed.

---

<sup>96</sup> European Commission, 'Interim Report from the Commission to the Council and the European Parliament on Reforms in Croatia in the Field of Judiciary and Fundamental Rights (Negotiation Chapter 23)', COM(2011) 110., Brussels, 2 March, 2011 ([http://ec.europa.eu/enlargement/pdf/hp/interim\\_report\\_hr\\_ch23\\_en.pdf](http://ec.europa.eu/enlargement/pdf/hp/interim_report_hr_ch23_en.pdf)).

<sup>97</sup> S Füle, 'Interim Report on Reforms in Croatia in the field of Judiciary and Fundamental Rights (Negotiation Chapter 23)' SPEECH/11/138, 2 March, 2011 (<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/11/138> ).

Closing the remaining chapters and thus concluding the negotiations at this point depends on Croatian political will, as the EU simply cannot compromise on key aspects of competition policy, the independence of the branches of state power and fundamental rights. In this situation, the prevailing interpretation is that the Hungarian presidency has done what it could, and it should not be held responsible for the inability of Zagreb to meet key, hence inflexible conditions which are neither new, nor put forward out of any hostility to Croatian accession.

It may well be the case that external relations will emerge as the area where the Hungarian presidency tried to take on too much. It could successfully prioritise the simpler issue which is also closer to home, i.e. Croatian accession, and a temporary failure to conclude negotiations does not detract from the successful input provided by Budapest. On the other hand, the less precisely defined, less tangible and far more complex task of giving impulses to the Eastern Partnership may have just proved too much, especially with the events in the southern neighbourhood drawing attention away from the eastern partners.

## 6 Conclusions

The pages above are not meant to provide anything like a catalogue of presidency efforts: they are intended to convey the developments in the most important policy arenas in the European Union today. Any assessment of the relative success of a rotating presidency should rest on these key areas even if a much longer list of activities could be compiled. Yet no matter what the sheer number of issues on the table is, the first half of 2011 is clearly shaping up to be about economic governance in the context of fiscal and monetary stability, and foreign policy crisis management. Next to these, presidency initiatives and enlargement add flavour to the overall policy mix, while Schengen and overall concern about intra-EU and international flows of people have emerged as having the potential to sour the semester and especially the next presidency term. This paper has attempted to provide a review of these areas, according equal weight to what is currently important for the EU as a whole and what the presidency has been trying to move into the spotlight. In what follows, first the individual policy fields will be briefly summarized, permitting the subsequent assessment of the first three months of 2011 from the perspective of strategic choices the EU is currently facing.

The Hungarian presidency clearly mismanaged the beginning of its term. The government in Budapest rushed the media law through Parliament by relying on its two-third majority, apparently oblivious to the fact that it is under heightened international scrutiny. Consequently it collided with a number of European actors, including European Socialists and Liberals, some member states and the Commission. While the damage of this row over European norms could be contained, it certainly left its mark on the presidency. This initial setback was complemented by the presidency not being invited to the preparations as an observer of the euro-plus pact and the adjournment of the Easter Partnership summit, the single largest presidency showcase in Budapest.

This trend could be reversed due to solid progress reached in several policy sectors. First among these is economic governance where a last minute deal could be reached during the ECOFIN Council on 15 March. The six-pack of regulations, brokered by the presidency, complements the agreement in the European Council about the contours of the future European Stability

Mechanism, and the agreement on treaty change, of which the first has to be credited to Herman van Rompuy, while the second is a shared achievement. Working with the Commission, the presidency has also contributed to the European semester becoming a meaningful instrument, especially due to the standardization of reports introduced by the presidency. Taken together with the euro-plus pact, these developments represent the foundations of post-crisis macroeconomic policies in the EU. While no economic appraisal was attempted in the paper, it is clear that politically they represent a new level in the way member states will coordinate their economic and fiscal policies in the future.

Interestingly, the Hungarian presidency has achieved less and had in fact less to do in the related areas of Single Market policies and 2020 goals. This has been largely due to the difficulties of the Commission to move forward with the incredibly complex and sensitive package commonly referred to as the Single Market Act, leaving much difficult brokering work for the Polish and subsequent presidencies. The most important achievement of the presidency in this area has been the adoption of the European Patent. However, this could only be done through enhanced cooperation without Italy and Spain, which has soured the outcome and created problems for the future by introducing a discrepancy between the unitary Single Market and one of its legal frameworks.

Of the 2020 goals, most attention has been accorded to energy-related issues so far, even though the original programme had foreseen at least equal emphasis being placed on job creation and inclusion. While sustainability goals could only be reviewed, a significant broadening of thinking about energy security has taken place due to the successful efforts of the presidency to highlight the connectivity and the international trade dimensions. Both require consolidation, and important first steps were taken at the European Council of 4 February, by promoting investments into infrastructure and moving towards transparency in energy import contracts.

Other own initiatives have fared less well. Both the Danube Region Strategy and the Roma Strategy have been kept largely on track, but this track is one that leads to a less ambitious outcome which involves the reshuffling of allocated funding according to new spending priorities, rather than setting up strong programmes with their own strategic budgets. The presidency

has achieved what could be achieved under the prevailing political climate, hostile as it is to new budget items, and it cannot be faulted for the outcome. At the same time, it has to be recognized that both strategies are likely to represent optional policies for member states (and partner countries in the case of DSR), diminishing the chances for rapid progress in both areas.

Finally, in foreign policy the presidency has responded well in practice and less well in rhetoric to the Arab and Libyan crises. In practical terms, it has successfully supported and complemented the work of High Representative Ashton, but some statements by Hungarian leaders were not as unambiguous and coherent as they could have been. At the same time, coherent political communication had been put back on track by mid-March, with the President of the European Council, the High Representative and Budapest looking down the same telescope. Also, vital practical tasks were fulfilled by the Hungarian diplomacy in its support role, including getting sanctions through in a fast-track process and providing a diplomatic channel to the Libyan regime during the crisis.

The events in the Arab world, however, have contributed to a loss of momentum concerning enlargement and the Eastern Partnership. One should not expect the rotating presidency of a small state to reverse these trends. Under the circumstances, the progress achieved in Croatian accession is in itself something of a success, even if offset by the six-month delay that has more or less been imposed on the EaP initiative. Were accession negotiations to conclude successfully during the presidency term, this reasonable achievement would be transformed into a significant success for the EU as a whole and for the presidency acting in a facilitator role.

Taken together, the progress in the above areas makes the Hungarian presidency a reasonably successful one so far. This is primarily due to a single area, economic governance, while in all other areas the presidency has performed rather well, but failed to secure optimal outcomes. What has typically been achieved in these other areas are suboptimal, but hopefully still functional policy solutions. The one area where not merely the Hungarian presidency, but European integration has suffered a real and major defeat has been Schengen enlargement. While initially it could be argued that Bulgarian non-performance represented a legitimate technical concern as regards the accession of Romania and its southern neighbour, it has quickly become clear

that Schengen as a whole is in trouble. While rolling policies have progressed in a number of Stockholm areas, the pivotal element of the area of freedom, security and justice – its very existence as a unitary “area” has become ambiguous. The Hungarian presidency has lacked the clout to discipline large member states and enforce the “no ad hoc conditions” norm with respect to the conditions Romania and Bulgaria have to fulfil.

The timeline on page 123 summarizes the most important achievements and problems of the presidency. It projects that the work of the presidency may be broken up into four periods. January and February saw a number of achievements which, however, tended to be technical in nature – with the exception of the thematic European Council. As a result, these were overshadowed by a number of controversies which tarnished the image of the presidency. The second period was the first important test, when a series of key decisions were lined up on the agenda. This is followed by a renewed period of preparations currently underway, hopefully paving the way for the final round of key decisions foreseen for June 2011. All pending decisions and undecided questions are listed under achievements, rather than deadlocks, but are marked with a question sign.

The above policy outcomes do not just permit a case-by-case assessment of the Hungarian presidency. They also report on the state of the European Union in the context of its largest current undertakings, including the finalization of the post-Lisbon architecture, the development of robust crisis management economic policies and achieving real progress in terms of the 2020 goals.

The record is rather unambiguous as far as Lisbon implementation is concerned. It has become visible that both the existence of the permanent President of the European Council and the reinforced High Representative have real added value. There can be little doubt that the recent progress involving for instance the establishment of the ESM was very efficiently coordinated and brokered by Herman Van Rompuy. A counterfactual scenario disregarding his contribution and hence governed by subsequent rotating presidencies suggests that without Van Rompuy it would have proven an almost impossible task to reach consensus and then keep all member states on board.

Also, the Hungarian presidency has set a good example (in the footsteps of Belgium) in terms of providing support rather than seeking to ensure its place

## Timeline for the Hungarian presidency of the Council

	Jan	Feb	March	April	May	June
	Period of Controversies Jan-Feb 2011		Breakthrough Period: March 2011	Broad Managerial Task April-May 2011		Breakthrough No. 2? (late) June 2011
Controversies, deadlocks	<p>Schengen enlargement stalled</p> <p>EEAS appointments stalled</p> <p>Media law controversy and questioning of presidency</p> <p>Eastern Partnership summit postponed</p> <p>German non-paper on Competitiveness Pact sparks controversy</p>		<p>Migration/asylum policies in crisis</p> <p>GMO regulations</p>	<p>Schengen enlargement uncertain, suspension of Schengen practices proposed</p> <p>Stability measures for Eurozone countries emerge as potentially insufficient</p>		<p>Debt crisis not relenting (?)</p>
Progress, constructive work	<p>Council chair hearings in EP</p> <p>Resolving the appointment deadlock around the European Supervisory Authorities (support role)</p> <p>Thematic European Council on Energy</p> <p>European Semester consultations in sectoral Councils</p> <p>Danube Region Strategy: allocating supervision of priority areas to states</p> <p>Roma Integration Strategy roadmap</p> <p>Regulation on European Citizens' Initiative adopted</p> <p>Progress on judicial integration and citizen's</p>		<p>Six-pack on economic governance</p> <p>European Council and Stability Mechanism (support role)</p> <p>European Semester Synthesis Report</p> <p>Treaty Change</p> <p>European Patent</p> <p>Swift action concerning sanctions against Libyan government and aid to Japan in the wake of earthquake</p>	<p>EEAS appointments concluded (support role)</p> <p>GAC approval for Commission proposal on Danube Region Strategy</p> <p>GAC approval for actions concerning Roma Strategy (?)</p>		<p>European Council approval for Danube Strategy (?)</p> <p>European Council approval for Roma Strategy (?)</p> <p>Council-EP agreement and adoption of six-pack on economic governance (?)</p> <p>Breaking deadlock on Romanian and Bulgarian Schengen accession (?)</p> <p>Concluding Croatian accession negotiations (?)</p>

in the limelight in areas that in the Lisbon architecture no longer belong to the presidency portfolio, especially in the field of foreign policy. Its contributions include repeated interventions in the European Parliament by Minister of State Enikő Győri and important supporting declarations in the context of the Arab crisis on the part of FM János Martonyi. The levels of cooperation achieved go a long way in demonstrating the increased efficiency of the post-Lisbon EU, also proving that some policy areas – whether economic, social or security-related – are best left to supranational officials with longer mandates.

The situation is not as clear in the narrower field of economic governance. Here, unexpected progress had been achieved across the board. What the observer registers is that after initially experimenting with national solutions to the financial and economic downturn, the debt crises have instilled a sense of urgency and a better understanding of the potential of EU-wide action in member state governments. Using the momentum derived from the widespread anxiety, huge steps forward could be taken. But this does not imply that a similar level of commitment will prevail among member states in the wake of the crisis. If COREPER I issues – where no such consciousness of urgency has prevailed – are any indication, the Lisbon Treaty has not managed to overcome built-in risks of policy deadlock,

The Presidency has also experienced that new initiatives are currently impossible to finance and conservatism vis-à-vis the European budget is likely to remain the prevailing mood among member state governments. The Hungarian presidency has certainly not succeeded in reversing this trend: both the DRS and the RS are instances of suboptimal policy design, not boding well for future policy bargains with a budget dimension. Instead, the EU seems to be heading towards a period when domestic cutbacks make more goal-oriented and a policy-driven budget impossible.

The results of the analysis concerning COREPER I economic policies can be extended to 2020 goals, as well. While the strategy is meant to function as soft law in the first place, so far this has proven a liability rather than an asset. First, 2020 policy-making has remained easy to marginalize and second, member state compliance has been limited. It may be asked with respect to both whether the rotating presidency should try to push harder for outcomes or whether other players, especially the Commission need to be more committed and efficient. In the case of Hungary, the limited pace of

these policies may have meant a welcome reduction of the workload, leaving more time to concentrate on acute issues, yet from a strategic perspective this suggests that the EU has failed to significantly increase its ability to formulate policies in the absence of direct and extreme structural pressures.

Taken together, the above suggest that there is very much a niche, or rather a series of niches for the rotating presidency. In various policy areas, contributions may be made to an EU that is more robust today than it was two years ago. While it seems clear the new niches have to do more with brokering and the details of policy-making rather than the original strategic guidance role of the pre-Lisbon presidencies, this loss is more than offset by the increasingly functional new division of labour in the European Union and the benefits it brings for European integration. The Hungarian presidency may have started off on a wrong foot, but it has performed acceptably or well and, at least in one area, admirably in its new strategic role of administrative leader, sectoral broker and occasional innovator.

## **Further readings and information on the Hungarian presidency**

### **Collected papers and other materials**

Preparation efforts were chronicled, analyzed and advised in the series of volumes edited by Attila Ágh and his co-editors published between 2006 and 2010 by the Together for Europe Research Centre in Budapest. The English-language volumes are available for free download at

<http://kofit.hu/index.php?page=tanulmanyok> (bottom of page) and

<http://kofit.hu/index.php?page=tobbtanulmany>.

The special issue of the journal *European Spirit: The EU Presidency of Hungary: Priorities and Opportunities* December 2010 (vol. 1 no. 1.) available for free download at <http://www.eak.hu/eng/administrator/european%20spirit%20vol1%20eng.pdf> provides a last-minute snapshot of tasks and priorities before the start of the presidency.

The Institute for World Economics of the Hungarian Academy of Sciences has published 27 short English-language analyses in the area of political economy relating to the presidency and the issues of the term.

Available at: <http://www.vki.hu/eshortnotice.shtml>

The official presidency website (eu2011) provides comprehensive coverage of presidency efforts and events, including numerous interviews.

<http://www.eu2011.hu/>

### **Individual contributions**

Ágnes Batory and Uwe Puetter, 'The Trio Presidencies in the European Union of the Lisbon Treaty: The Case of the Spanish, Belgium and Hungarian Group Presidency', CEUR-MET Joint Working Paper 1/2011 (Budapest: Center for European Union Research – Hungarian Europe Society, 2011)

(<https://ceur.ceu.hu/sites/default/files/publications/batory-puetter-the-trio-presidency-working-paper-01-2011.pdf>)

Janis A. Emmanouilidis, 'A Quantum Leap in European Economic Governance: But Questions Remain', EPC Post-Summit Analysis (Brussels: European Policy Centre, 28 March, 2011)  
([http://www.eugbc.net/files/3\\_219\\_435727\\_Post-SummitAnalysis-28March2011.pdf](http://www.eugbc.net/files/3_219_435727_Post-SummitAnalysis-28March2011.pdf))

Piotr Maciej Kaczynski, 'How to Assess a Rotating Presidency of the Council under Lisbon Rules', CEPS Policy Brief no. 232 (Brussels: CEPS, February, 2011)

Kerry Longhurst and Marcin Zaborowski, 'Keeping an Eye on the East: the Foreign Policy Priorities of the Central European Presidencies of the European Union', CEPA Issue Brief no. 118, (Washington, DC: Center for European Policy Analysis, 30 March, 2011)  
([http://www.cepa.org/publications/view.aspx?record\\_id=172](http://www.cepa.org/publications/view.aspx?record_id=172))

Stefano Micossi, 'Economic Policies in the EU at a Turning Point', EuroPeos Commentary 8/2011 (Roma: EuroPeos, 28 March, 2011)  
(<http://www.ceps.eu/book/economic-policies-eu-turning-point>)

Gábor Takács, 'Good Management of EU Presidency Tasks', Nézöpont Hungarian Political Summary (Budapest: Nézöpont Intézet, 4 April, 2011)  
(<http://nezopontintezet.hu/en/files/2011/05/HPS-04-04-2011.pdf>)

Krisztina Vida: 'Interim Balance Sheet of the Hungarian Council Presidency', ARI 94 /2011 (Madrid: Real Instituto Elcano, 20 May, 2011)  
([http://www.realinstitutoelcano.org/wps/portal/rielcano\\_eng/Content?WCM\\_GLOBAL\\_CONTEXT=/elcano/elcano\\_in/zonas\\_in/ari94-2011](http://www.realinstitutoelcano.org/wps/portal/rielcano_eng/Content?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/ari94-2011))

## **SIEPS publications available in English**

### **2011**

---

2011:6

*Achieving Europe's R&D Objectives.*

*Delivery Tools and Role for the EU Budget*

Authors: Jorge Núñez Ferrer and Filipa Figueira

2011:4

*Regional Disparities in the EU:*

*Are They Robust to the Use of Different Measures and Indicators?*

Authors: José Villaverde and Adolfo Maza

2011:3

*The EU Budget – What Should Go In? What Should Go Out?*

Authors: Stefan Collignon, Friedrich Heinemann, Arjan Lejour,  
Willem Molle, Daniel Tarschys and Peter Wostner

2011:2

*Which Economic Governance for the European Union?*

*Facing up to the Problem of Divided Sovereignty*

Author: Nicolas Jabko

2011:1

*The Financial Crisis – Lessons for Europe from Psychology*

Author: Henry Montgomery

2011:5epa

*Comment on the European Commission's "Green Paper towards adequate, sustainable and safe European pension systems"*

Author: Conny Olovsson

2011:1epa

*How Small are the Regional Gaps? How Small is the Impact of Cohesion Policy? A Commentary on the Fifth Report on Cohesion Policy*

Author: Daniel Tarschys

## **2010**

---

2010:7

*Recalibrating the Open Method of Coordination:  
Towards Diverse and More Effective Usages*

Authors: Susana Borrás and Claudio M. Radaelli

2010:6

*The Creeping Nationalisation of the EU Enlargement Policy*

Author: Christophe Hillion

2010:5

*A European Perspective on External Balances*

Author: Philip R. Lane

2010:4

*Immigration Policy for Circular Migration*

Author: Per Lundborg

2010:2op

*The 2010 Belgian Presidency: Driving in the EU's Back Seat*

Authors: Edith Drieskens, Steven Van Hecke and Peter Bursens

2010:1op

*The 2010 Spanish EU Presidency:*

*Trying to Innovate Europe in Troubled Times*

Author: Ignacio Molina

2010:14epa

*Mollifying Everyone, Pleasing No-one.  
An Assessment of the EU Budget Review*  
Author: Iain Begg

2010:11epa

*Social and Employment Policy in the EU  
and in the Great Recession*  
Author: Giuseppe Bertola

2010:10epa

*The Socio-Economic Asymmetries of European Integration  
or Why the EU cannot be a “Social Market Economy”*  
Author: Fritz W. Scharpf

2010:9epa

*Strengthening the Institutional Underpinnings of the Euro*  
Author: Stefan Gerlach

2010:6epa

*The European External Action Service: towards a common diplomacy?*  
Author: Christophe Hillion

2010:2epa

*Rethinking How to Pay for Europe*  
Author: Iain Begg

2010:1epa

*Internal and External EU Climate Objectives and the Future of the EU  
Budget*  
Author: Jorge Núñez Ferrer

2009:8

*The Impact of the Euro on International Trade and Investment:  
A Survey of Theoretical and Empirical Evidence*

Author: Harry Flam

2009:7

*Aggregate and Regional Business  
Cycle Synchronisation in the Nordic Countries*

Authors: Anna Larsson, Nevena Gaco and Henrik Sikström

2009:6

*Trade in Services and in Goods with Low-Wage Countries  
– How do Attitudes Differ and How are They Formed?*

Authors: Lars Calmfors, Girts Dimdins, Marie Gustafsson,  
Henry Montgomery and Ulrika Stavlöt

2009:5

*How to Reform the EU Budget? A Methodological Toolkit*

Author: Filipa Figueira

2009:4

*Climate Change and Energy Security in Europe:  
Policy Integration and its Limits*

Authors: Camilla Adelle, Marc Pallemmaerts and Joanna Chiavari

2009:3

*Empowering National Courts in EU Law*

Authors: Xavier Groussot, Christoffer Wong, Andreas Inghammar  
and Anette Bruzelius

2009:2

*Migration as Foreign Policy?*

*The External Dimension of EU Action on Migration and Asylum*

Author: Andrew Geddes

2009:1

*Fiscal Federalism, Subsidiarity and the EU Budget Review*

Author: Iain Begg

2009:4op

*Which Common Policy for Agriculture and Rural Areas beyond 2013?*

Editors: Nadège Chambon och Jonas Eriksson

2009:3op

*The Swedish Presidency: European Perspectives*

Editors: Fredrik Langdal and Göran von Sydow

2009:2op

*The 2009 Czech EU Presidency: Contested Leadership at a Time of Crisis*

Authors: David Král, Vladimír Bartovic and Véra Rihácková

2009:1op

*Democracy Promotion in a Transatlantic Perspective*

Contributions by Maria Leissner, Annika Björkdahl, Roel von Meijenfeldt, Tom Melia, Pavol Demeš and Michael Allen

2009:14epa

*The Eastern Partnership: Time for an Eastern Policy of the EU?*

Author: Anna Michalski

2009:13epa

*Out in the Cold? Flexible Integration and the Political Status of Euro-Outsiders*

Authors: Daniel Naurin and Rutger Lindahl

2009:12epa

*From Zero-Sum to Win-Win?*

The Russian Challenge to the EU's Eastern Neighbourhood Policies

Author: Hiski Haukkala

2009:11epa

*The CAP and Future Challenges*

Authors: Mark Brady, Sören Höjgård, Eva Kaspersson  
and Ewa Rabinowicz

2009:10epa

*A Legal Analysis of the Global Financial Crisis from an EU Perspective*

Author: Sideek Mohamed Seyad

2009:9epa

*An EU Strategy for the Baltic Sea Region:  
Good Intentions Meet Complex Challenges*

Author: Rikard Bengtsson

2009:8epa

*What to Expect in the 2009-14 European Parliament:  
Return of the Grand Coalition?*

Author: Simon Hix

2009:7epa

*The 2009 Swedish EU Presidency: The Setting, Priorities and Roles*

Authors: Fredrik Langdal and Göran von Sydow

2009:5epa

*When Lab Results are not Sufficient: On the Limitations of Science  
in Tackling Modern Food Regulatory Concerns*

Author: Karolina Zurek

2009:2epa

*Democracy Promotion in a Transatlantic Perspective:  
Reflections from an Expert Working Group*

Author: Anna Michalski

2009:1epa

*Foreign Policy Challenges for the Obama Administration*

Author: John K. Glenn

2008:9

*Immigrants from the New EU  
Member States and the Swedish Welfare State*  
Authors: Christer Gerdes and Eskil Wadensjö

2008:8

*The EU as a Global Actor in the South*  
Authors: Björn Hettne, Fredrik Söderbaum and Patrik Stålgren

2008:6-7

*Institutional Competences in the EU External Action:  
Actors and Boundaries in CFSP and ESDP*  
Authors: Lisbeth Aggestam, Francesco Anesi, Geoffrey Edwards,  
Christopher Hill and David Rijks

2008:5

*Transforming the European Community's Regulation of Food Safety*  
Author: Morten P. Broberg

2008:4

*Turning the EU Budget into an Instrument  
to Support the Fight against Climate Change*  
Authors: Camilla Adelle, Marc Pallemmaerts and David Baldock

2008:3

*Can Reforming Own Resources Foster Policy Quality?*  
Author: Jorge Núñez Ferrer

2008:2

*The EU Budget Review:  
Mapping the Positions of Member States*  
Editors: Tamás Szemplér and Jonas Eriksson

2008:1

*Common Energy Policy in the EU:  
The Moral Hazard of the Security of External Supply*  
Authors: Chloé Le Coq and Elena Paltseva

2008:3op

*The French Presidency of 2008: The Unexpected Agenda*  
Authors: Christian Lequesne and Olivier Rozenberg

2008:2op

*The 2008 Slovenian EU Presidency:  
A New Synergy for Europe? A Midterm Report*  
Authors: Danica Fink-Hafner and Damjan Lajh

2008:1op

*The Purse of the European Union:  
Setting Priorities for the Future*  
Contributors: Iain Begg, André Sapir and Jonas Eriksson

2008:14epa

*The Swedish 2009 Presidency – Possible Policy Priorities*  
Authors: Fredrik Langdal and Göran von Sydow

2008:11epa

*EU Energy Policy in a Supply-Constrained World*  
Authors: Jacques de Jong and Coby van der Linde

2008:8epa

*The Potential Impact of the Lisbon Treaty  
on European Union External Trade Policy*  
Author: Stephen Woolcock

2008:4epa

*The Lisbon Treaty and EMU*  
Author: Sideek Mohamed Seyad

2008:3epa

*The Lisbon Treaty and the Area of Criminal Law and Justice*

Author: Ester Herlin-Karnell

2008:2epa

*A Better Budget for Europe: Economically Efficient, Politically Realistic*

Author: Filipa Figueira

2008:1epa

*The Future of the Common European Asylum System:  
In Need of a More Comprehensive Burden-Sharing Approach*

Author: Eiko Thielemann

## **2007**

---

2007:6

*EU for the Patients: Developments, Impacts, Challenges*

Author: Dorte Sindbjerg Martinsen

2007:3

*Does a Family-Friendly Policy Raise Fertility Levels?*

Author: Anders Björklund

2007:2

*The Euro – What's in it for me?*

*An Economic Analysis of the Swedish Euro Referendum 2003*

Authors: Lars Jonung and Jonas Vlachos

2007:1

*Bargaining Power in the European Council*

Author: Jonas Tallberg

2007:1u

*New Criminal Law Developments in the Community Legal Order*

Author: Hanna Goeters

2007:2op

*Why Europe? Possibilities and Limits of European Integration*

Authors: Andreas Føllesdal, Andrew Moravcsik, Jo Shaw,  
Fredrik Langdal and Göran von Sydow

2007:1op

*The 2007 German EU Presidency: A Midterm Report*

Authors: Sebastian Kurpas och Henning Riecke

2007:6epa

*Flexicurity – An Answer or a Question?*

Author: Lars Calmfors

2007:5epa

*Agenda 2014: A Zero-Base Approach*

Author: Daniel Tarschys

2007:3epa

*A New Proposal for a Regulation on Mutual Recognition of Goods  
– Towards a Harmonized Administrative Order?*

Author: Jane Reichel

2007:2epa

*Spillover or Activist Leapfrogging? Criminal Competence  
and the Sensitiveness of the European Court of Justice*

Author: Maria Bergström

2007:1epa

*Better Regulation of Mobile Telecommunications*

Authors: Johan Stennek and Thomas P. Tangerås

2006:12

*The Legal Basis Game and European Governance*

Author: Joseph Jupille

2006:11

*Budget Allocation in an Expanding EU – A Power Politics View*

Author: Mika Widgrén

2006:10

*International Agreements in EU Neighbourhood Policy*

Author: Marius Vahl

2006:5

*Freedom of Movement for Workers from Central and Eastern Europe:  
Experiences in Ireland and Sweden*

Authors: Nicola Doyle, Gerard Hughes and Eskil Wadensjö

2006:4

*The Dynamics of Enlargement:*

*The Role of the EU in Candidate Countries' Domestic Policy Processes*

Author: Andreas Bågenholm

Turkey, Sweden and the European Union Experiences and Expectations

2006:2

*Armed and Ready?*

*The EU Battlegroup Concept and the Nordic Battlegroup*

Author: Jan Joel Andersson

2006:1

*Leader or Foot-Dragger?*

*Perceptions of the European Union in Multilateral International Negotiations*

Author: Ole Elgström

2006:1op

*The Austrian EU Presidency: A Midterm Report*

Author: Paul Luif

## **2005**

---

2005:10

*The Role of the National Courts in the European Union:  
A Future Perspective*

Author: Xavier Groussot

2005:9

*Is the Commission the Small Member States' Best Friend?*

Authors: Simone Bunse, Paul Magnette and Kalypso Nicolaïdis

2005:8

*What Remains of the Stability Pact and What Next?*

Author: Lars Calmfors

2005:7

*European Integration and Trade Diversion: Yeats revisited*

Authors: Ari Kokko, Thomas Mathä and Patrik Gustavsson Tingvall

2005:5

*From Policy Takers to Policy Makers:*

*Adapting EU Cohesion Policy to the Needs of the New Member States*

Editors: Jonas Eriksson, Bengt O. Karlsson and Daniel Tarschys

2005:4

*The Enigma of European Added Value:*

*Setting Priorities for the European Union*

Author: Daniel Tarschys

2005:2op

*The 2005 UK Presidency: Beyond the British Question?*

Author: Edward Best

2005:1op

*The 2005 Luxembourg Presidency:  
A Presidency Devoted to the Stability and Growth Pact  
and to the Lisbon Process*

Authors: Patrick Dumont and Philippe Poirier

## **2004**

---

2004:9

*The Political Dynamics of Turkish Accession to the EU:  
A European Success Story or the EU's Most Contested Enlargement?*

Author: Kirsty Hughes

2004:1u

*European Governance – An Overview of the Commission's Agenda  
for Reform*

Authors: Josefin Almer and Matilda Rotkirch

2004:1op

*The Netherlands 2004 EU Council Presidency:  
Dutch EU Policy-Making in the Spotlights*

Author: Mendeltje van Keulen

## **2003**

---

2003:19

*Industrial Structure and Industry Location in an Enlarged Europe*

Author: Karolina Ekholm

2003:18

*Coming of Age? Economic Management of the European Union*

Authors: Per Molander and Allan Gustafsson

2003:17

*Reinventing Cohesion: The Future of European Structural Policy*

Author: Daniel Tarschys

2003:14

*Decentralized Agencies and the IGC: A Question of Accountability*

Authors: Carl Fredrik Bergström and Matilda Rotkirch

2003:9

*Reforming the Council: A Work in Progress*

Authors: Helen Wallace and Fiona Hayes-Renshaw

2003:8

*Simply Simplification? The Proposal for a Hierarchy of Legal Acts*

Authors: Carl Fredrik Bergström and Matilda Rotkirch

2003:7

*The Invisible Transformation of Codecision:*

*Problems of Democratic Legitimacy*

Authors: Henry Farrell and Adrienne Héritier

2003:1

*The Open Method of Coordination:*

*A New Governance Architecture for the European Union?*

Author: Claudio M. Radaelli

2003:1op

*Contrasting Transatlantic Interpretations:*

*The EU and the US towards a Common Global Role*

Author: Ludger Kühnhardt

Sieps ●●●

Swedish Institute for European Policy Studies

Fleminggatan 20  
SE-112 26 Stockholm  
Ph: +46 (0)8-586 447 00  
Fax: +46 (0)8-586 447 06  
E-mail: [info@sieps.se](mailto:info@sieps.se)  
**[www.sieps.se](http://www.sieps.se)**