



Will Hungary's presidency rock the EU?

by Zselyke Csaky, 25 June 2024

The Hungarian presidency will have limited impact on EU policies – but the hit to the Union's reputation could be significant.

The Council of the EU's rotating presidency is often described as 'responsibility without power'. Whichever member-state is at the helm drives the EU's legislative agenda and represents the Council in negotiations with the EU's other law-making institutions. The presidency lacks hard powers, however, and given the complicated and consensual nature of EU decision-making, its priorities often get watered down or subsumed by crises and unexpected developments.

The incoming Hungarian presidency is worrying. Prime Minister Viktor Orbán's years-long, consistent policy of undermining EU unity on Ukraine and other issues prompted many to question whether Hungary should take on the role. The Hungarians will hold the presidency immediately after the EU elections and when key positions in the Commission are still being negotiated. This, and the technical nature of the presidency's responsibilities, including planning and chairing meetings, will limit major policy-level damage. The main risks will be to day-to-day functioning and the EU's reputation.

An EU beset by wayward leadership could have a harder time navigating challenges, especially in a geopolitically uncertain period. Hungary could undermine unity in the face of foreign policy challenges, such as a potential Trump presidency, Russian advances in Ukraine or further instability in the Middle East. While Hungarian diplomats [reassured](#) critics that it will be "a presidency as usual," the provocative motto of 'Make Europe Great Again' complementing its [priorities](#) cast doubt on that.

There are ways to limit Hungary's impact. Other member-states could decide to prevent it from chairing discussions related to the rule of law; they could also boycott important events. But with as many as seven governments containing populist parties sitting in the Council from this autumn, there may be little appetite to do so. In fact, there could be more overlap with Hungary's positions than previously expected.

Why does the presidency matter?

The commotion before its start made it clear that Hungary's presidency will not be business as usual. Last year, a European Parliament resolution [questioned](#) Hungary's ability of "credibly fulfilling" the role,

arguing that a country subject to rule of law sanctions should not represent the EU. Several politicians called for Budapest's presidency to be postponed altogether, and [experts](#) claimed that the move was feasible. In the end, however, the so-called presidential trio, the three countries co-ordinating their priorities, remained intact. The other two members of the trio, Spain and Belgium, [argued](#) that postponing Hungary's presidency would be "counterproductive".

But why does the presidency matter? In general, two tasks are expected of the country fulfilling this role: to run things smoothly and to build consensus. These tasks mean that the country in charge can influence EU policies and politics.

There are a number of organisational responsibilities that fall on every presidency, from planning and chairing meetings (except for foreign affairs, which is the remit of the High Representative, and the Eurogroup, which includes eurozone countries), to co-ordinating policy work, and representing the Council in negotiations with other institutions. A good presidency should also be an 'honest broker' and work to build consensus between member-states ahead of Council meetings. This is a diplomatically challenging part of the job.

Presidencies can have an [impact](#) on the EU's agenda. This is more likely if their programme fits with broader priorities, if they have realistic objectives, if they can avoid conflict with other EU institutions, and, of course, if they are a larger and more influential member-state. The rotating presidency can, to some extent, leave an imprint on the country fulfilling the role as well. As Belgian Foreign Minister Hadja Lahbib indicated when lambasting Hungary at the end of the Belgian presidency, the experience should remind the country of its responsibilities in the EU. It should help train its civil servants and political elites and infuse them with a sense of belonging in the Union.

It would be incorrect to say, however, that the presidency itself plays an important role in setting the agenda for the EU as a whole. In fact, the role of presidencies as agenda-setters narrowed after the 2009 Lisbon Treaty created the posts of President of the European Council and High Representative for Foreign Policy. Their impact is more indirect – they can drive forward certain initiatives by actively including them on the agenda or, on the contrary, they can try to stall on certain topics.

What are the main risks ahead?

The main question ahead of the Hungarian presidency is whether – and to what extent – Budapest will want to impose controversial or outright destructive items on the agenda and whether it can fulfil its role as an honest broker.

When it comes to controversial issues, the presidency is [institutionally](#) constrained in its ability to put items on the agenda. To be successful, it needs to have support of other member-states or EU institutions. In practice, this means that Hungary cannot just hijack the presidency to further its own agenda – it can propose topics, but these need to be approved by the Council or the Committee of Permanent Representatives (Coreper), the preparatory body of the Council.

Similarly, the presidency may be able to stall certain items, but it cannot block initiatives outright. Should the Commission or member-states want to progress on the [Article 7](#) sanctions mechanism – which could result in Hungary losing its voting rights – they can request its inclusion on the agenda. The Commission, for example, was particularly active on Poland's Article 7 process in the past. Hungary has been stuck in

the first stage of the mechanism, during which member-states have to decide whether there is a “clear risk of a serious breach” of EU values, for six years. Organising hearings on it to progress further is clearly possible – even if it is unlikely given that the new Commission is just being set up.

Whether Hungary will fulfil its role as an honest broker is a more difficult question. Hungary’s previous chairmanship in 2011 started with Orbán comparing the EU to a Soviet dictatorship. The presidency had to navigate choppy waters following the sovereign debt crisis, while its priorities on cohesion policy, enlargement and economic growth were overshadowed by the adoption of a controversial media law and a new constitution at home. Despite this significant conflict between its politics and administrative responsibilities, Hungary [performed relatively well](#) as an honest broker at the time.

Budapest seems much more interested and invested in forcing its agenda onto Brussels this time around. While no presidency has ‘failed’ so far – not even the eurosceptic Czech presidency back in 2009 – its public stance on several issues as the “stick between the spokes,” in Viktor Orbán’s own [words](#), makes it ill-disposed to steer the continent. Hungary has been a very difficult partner on many issues ranging from Russia to China, and it has been willing to use its veto to block EU decision-making. The fear is that Hungary will prove a fundamentally dishonest interlocutor – and one that is unlikely to credibly represent the Council in negotiations.

A mitigating factor ahead of the presidency is that it will take place in a lame-duck period of institutional transition. It will take several months for the new Parliament and the new Commission to start their work. It is doubtful that there would be much legislative progress before late autumn, diminishing Hungary’s importance in the driver’s seat.

Potential to rock the boat but limited policy impact

The current trio’s overarching [priorities](#) include competitiveness, delivering the green and digital transitions, defence and EU values. Drilling down into the details, the three countries had promised to work on the mid-term review of the current seven-year multi-annual financial framework (MFF), deliver progress towards a capital markets union and develop plans to reform the EU’s cohesion policy. The original programme of the trio reaffirmed a commitment to the rule of law but also promised to finalise the migration pact. At the two-thirds mark, the Spanish and Belgian presidencies shepherded through several important agreements, including on the migration pact, the Artificial Intelligence Act and the Nature Restoration Law.

Hungary’s priorities focus on competitiveness, defence, migration, enlargement, agriculture, demography and cohesion policy. In each of these seven areas there is possibility for discord, but the Hungarian presidency is unlikely to trigger major policy damage in the next six months.

Cohesion policy has always been a priority for the Central European region and especially for Hungary, which has been its [largest net beneficiary](#). The Hungarian presidency’s dedicated focus on the topic is not surprising, given the suspension of a significant chunk of EU funds to the country due to rule of law concerns. Budapest will undoubtedly try to recover the money during the presidency. It could additionally slow-walk attempts at reforming cohesion funding and oppose the [introduction of](#) performance-based criteria similar to those in the Reconstruction and Resilience Facility (RRF).

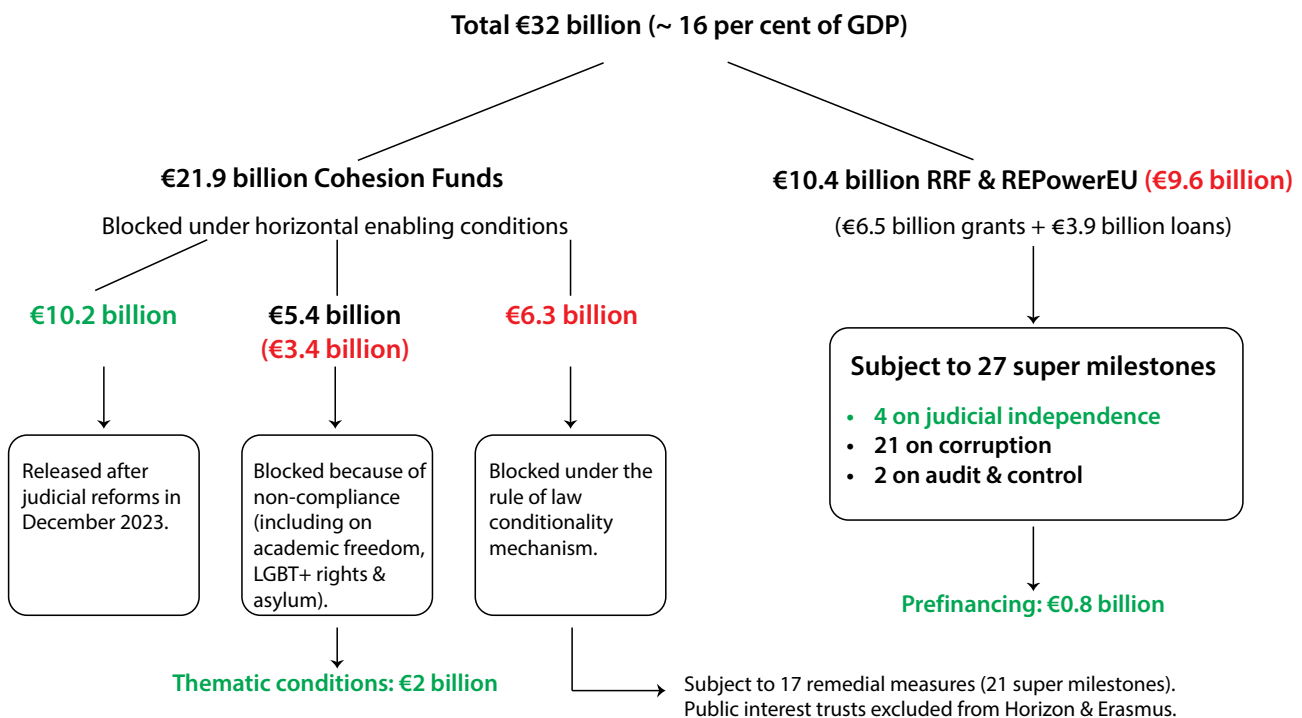
Hungary's need for EU funds and the presidency

The flow of EU funds to Hungary will be a key question for the Hungarian government over the next several months. Currently more than €19 billion remain suspended under various mechanisms.

A total of €6.3 billion is blocked under the so-called conditionality mechanism and remains subject to the completion of 'super milestones' on corruption and audit. If there is no progress on them within two years of the start of the mechanism – that is until the end of 2024 – Hungary is set to lose a proportionate amount of the suspended funds (roughly €1 billion). Two-thirds of Hungarian universities are also excluded from the Erasmus programme and from access to Horizon grants under the same mechanism.

The rest of the money blocked is from the Cohesion Funds and the Reconstruction and RRF, due to Hungary's lack of compliance with technical and rule-of-law criteria. The timeline is very tight under the RRF, where more than €10 billion is at stake in grants and loans. To access them, Hungary would first need to abide by the remaining 'super milestones'; additionally, projects would need to be completed by August 2026 to be eligible for reimbursement. Given that many countries have been struggling to spend RRF funding within the specified timeframes, there have been discussions of a potential extension. But no agreement has been reached yet.

Chart 1: Hungary: EU funds subject to sanctions 2021-27



Note: As of June 14th 2024.

When it comes to enlargement, the big risk is that Hungary will stall further progress on Ukraine's accession. The Hungarian government has generally supported enlargement (it also holds that portfolio in the outgoing Commission), but it has focused on speeding up accession for its allies in the Western Balkans, primarily Serbia, and has been hostile to Ukraine. With the formal launch of accession talks, there is one fewer obstacle to Ukraine's eventual entry into the EU. But Hungary can still stall on the opening of the detailed negotiating chapters and slow down further progress.

Defence is going to be Europe's main focus for the next several years, even if it is primarily a national competence. Hungary has invested heavily into improving its defence capabilities, including by signing arms manufacturing deals with Germany. Yet, its Russia-friendly policies could make other member-states highly, and rightly, suspicious of Budapest's intentions. The situation is similar with regards to competitiveness. The presidency's programme promises a new 'Competitiveness Deal' that would boost growth. But Foreign Minister Peter Szijjarto's [assertions](#) that the main factors undermining competitiveness are Europe's "ill-advised" measures against Russia and China raise questions about which side the country is supporting.

On migration, Budapest will continue to lambast Brussels and criticise the recently adopted Migration Pact, in particular its solidarity provisions. Hungary has flatly refused to accept shared responsibility for asylum seekers arriving to the EU. At the same time, Budapest may seek to inject new momentum behind the pact's external dimension, including by brokering additional agreements with third countries and advancing the idea of processing asylum applications outside the EU. These ideas are attracting increasing support from member-states. In addition, Hungary will put demography in the spotlight. A [scheduled](#) ministerial meeting on demography will publicise Hungary's position that favours curbing migration and increasing the birth rate instead. But it's unlikely to have concrete impact given that family policy is a national competence in the EU.

On agriculture, the presidency's call for a farmer-oriented policy demonstrates the Hungarian government's friendly stance towards the recent protests. In fact, the government-affiliated MCC think-tank was [reportedly](#) behind the January protests in Brussels. The focus on agriculture could come at the expense of green policies; Hungary, for example, was among the countries that voted against the Nature Restoration Law in June.

Even if the Hungarian presidency fails to cause significant policy-level damage, the question remains what it means for the EU's day-to-day functioning and reputation. Presidencies have a significant symbolic role; they organise EU-related events and communicate on behalf of the Union. Unforeseen events notwithstanding, there are several elections scheduled for the autumn, including in the United States and in two candidate countries, Georgia and Moldova. There is some [concern](#) that the Hungarian presidency could publish statements without prior approval in support of the Georgian Dream in Georgia or Donald Trump in the United States – both allies of the Orbán government. This would be unheard of and could cause major diplomatic disruption.

What member-states can do to mitigate the damage

The Hungarian presidency is set to be diplomatically challenging, but it is unlikely to fundamentally rock the EU. Additionally, there are a number of ways that member-states could mitigate the damage or head off collision on sensitive topics.

One way member-states could limit Hungary's impact would be to stop it from chairing topics that have a connection with the rule of law. Another country could take over these discussions on the grounds that there are two separate sanctions mechanisms ongoing against Hungary. Member-states could also send a message by not appearing at important events. The next-but-one summit of the European Political Community (EPC) and an informal meeting of the European Council are both scheduled for early November, right after the US elections. Should Budapest prove to be a spoiler by then, member-states could jointly consider a boycott. Additionally, they could organise side events to the Hungarian presidency and give voice to independent media or civil society. This would send a strong political message and could offer support to pro-democracy actors.

But Hungary's presidency may not be the EU's only problem in the next six months. The French and Austrian elections could increase the number of populist governments to as many as a quarter of all member-states. This could create a new political dynamic and mean that some controversial Hungarian ideas pick up meaningful support. If this happens, the EU may have to contend with more than just a Hungary problem.

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