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Country Report

April 2009

Hungary

The EU New Member States as Agenda Setters in the Enlarged European Union

**EuPI – European Policies Initiative
Open Society Institute – Sofia
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The publication is a product of the Open Society Institute – Sofia within the European Policies Initiative (EuPI) and the project “The EU New Member States as Agenda Setters in the Enlarged European Union”. This EuPI project has been implemented in close partnership with EUROPEUM Institute for European Policy, with funding provided by the Open Society Institute – Sofia.

About EuPI

The European Policy Initiative (EuPI) aims at stimulating and assisting the New Member States from CEE to develop capacity for constructive co-authorship of common European policies at both government and civil society level. As a new priority area of the European Policies and Civic Participation Program of Open Society Institute – Sofia, EuPI will contribute to improving the capacity of New Member States to effectively impact common European policies through quality research, policy recommendations, networking and advocacy. The initiative operates in the ten New Member States from CEE through a network of experts and policy institutes.

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The objective has been to map the positions and level of activity of the ten new EU Member States on a number of issues on the EU agenda; identifying the factors and drives behind these positions; looking at the level of political and public consensus and the influence of major stakeholders; outlining coalition patterns within the EU and, finally, trying to provide an outlook on possible change of these positions.

The countries have been classified on each of the policy issues as “Policy Takers”, “Policy Killers” or “Policy Drivers”, depending on their particular position and level of activity. In the classification of this study, Policy Takers are those states that usually follow the mainstream in the EU and in general accept whatever is offered from the EU. The Policy Driver is a country that assertively promotes an issue at EU level. A Policy Killer is a country that actively opposes the policy in question.

The research has been carried out by individual researchers in each of the ten new members on the basis of specially designed methodology, developed by EUROPEUM and major input from EuPI/OSI-Sofia. The seven policy areas under research are: I. Internal market/Lisbon Strategy; II. Minority integration and citizenship issues; III. Energy and climate change; IV. Budget review and CAP Health Check; V. EU foreign policy and enlargement; VI. Freedom, Security and Justice; VII. Institutional issues.

The research was carried out primarily in the period September 2008 – December 2009, but there may be references beyond this period. Some positions and circumstances described in the reports may have changed since the information was last made available to the researchers or reached the stage of publication.

The researchers’ findings are published in ten country reports on each of the New Member States: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

The structure of the country reports includes an overview of the country’s performance as an EU member and seven chapters following the seven broad policy areas. Each chapter contains an overview of the position of this country in the area, including the top three national priorities. Then the chapters provide in-depth analyses, information and prognoses on a set of issues (defined as general and specific) within each of the seven policy areas.

A comparative report, based on the ten country reports, was produced to highlight the project’s findings.

The views expressed in the reports are those of the authors and do not necessarily reflect the views of the Open Society Institute – Sofia.

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Country Report

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Hungary

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Setters in the Enlarged European Union**

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About the author

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Hungary in the EU: An overview

Although Hungary has been a member state for five years now, it is difficult to assert that there is a well developed system of policy formulation vis-à-vis the European Union.

Firstly, domestic issues still dominate the political agenda, while European issues receive far less attention. Hungarian domestic politics have been in an extraordinary state of crisis and intense conflict for years now. The legitimacy of the government, economic crisis, scandals and corruption fill the agenda, and meaningful policy formulation in government ministries has come to a halt. European policies receive even less attention, and are treated as quasi externalities of the domestic political scene.

Secondly, domestic politics is dominated by party politics, symbolic and personal issues, accusations of corruption and vote seeking communication. Evidence and interest based policy formulation does not characterise the domestic polity, and as a consequence ministries are often perplexed when it comes to formulating policy towards Brussels. The national interest often remains unidentified. At the times when it is pinned down, short-termism can dominate, and the country's official position can run contrary to this interest. As a consequence, Hungary is a Policy Taker in a great number of cases.

The opposition does not feel pressured to take up clear positions on most EU related issues, and civic and interest representation groups are scarce. If they do exist, they are dependent on the government for financing, and usually push an unreflexive pro-federalist agenda.

In summary, Hungary is a member state with an extremely weak policy formulation capacity. The main areas of interest for Hungary are the free movement of labour and services, community legislation related to the rights of ethnic minorities, and Lisbon-related issues (although only in name, since Hungary has done little internally in this area).

Political parties in Hungary are rather united on their enthusiasm for Europe. The governing Socialists are doubtless federalist enthusiasts both in rhetoric and in their pattern of voting. The large opposition party, Fidesz, and their supporters are divided between a minority intergovernmentalist fraction and the federalist majority. Although party leader Orbán sometimes uses intergovernmentalist or even Eurosceptic rhetoric, in reality the voting record of the party is federalist in essence.

There are also two smaller parties in Hungary, a moderate conservative and a liberal one (both nominally in opposition but supportive of government measures to a smaller or larger degree). These two parties are unlikely to gain European Parliamentary seats in this year's elections, and might even drop out of the national political scene in 2010. Both parties are federalists. No Eurosceptic voice has emerged on the political scene in Hungary, with the exception of the extreme right of course, but political formations from extremist parties have not managed to gain a foothold in Hungarian domestic politics or at the European level.

A slight change might be expected in EU-related positions if domestic political change takes place at the 2010 national elections. At the moment there is a high likelihood of this happening, but it cannot be treated as a certainty. Should Fidesz come to power, its positions will be somewhat less unconditionally enthusiastic about Europe. This, however, is hard to speculate on, since the party does not have clearly formulated positions on EU matters.

Hungary still believes that its preferred EU partners are the Visegrad countries and Germany, although actual voting patterns do not necessarily confirm the former. Hungary also tends to vote alongside France in matters related to CAP and budgetary reform, however much this might be against its own self interest.

I. Internal market and Lisbon Strategy

(Growth and jobs in EC work plan and policy strategy)

1. Overview
2. General issues:
 - 2.1 Review of merger regulations
 - 2.2 Free movement of workers across the EU and transitional periods
 - 2.3 Positions on the Strategic Review of the "Better Regulation" package (COM(2006) 689) and ECOFIN Conclusions, 22 January 2008; EC Simplification Rolling Programme after screening the acquis
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3. Specific issues:
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1. Overview

Hungary is interested in the completion of the single market project. The top policy issues for Hungary are the free movement of labour and the free movement of services, two areas where New Member States can benefit the most. However, generally speaking Hungary is a Policy Taker in legislation.

Hungary now possesses a national Lisbon Strategy, but its provisions remain on paper. It was a compulsory exercise for Brussels, but little of it is actually transferred into policy making. The government has initiated little in trying to meet Lisbon-type objectives. In fact, in many respects Hungary has fallen further away from Lisbon goals. With economic stabilisation at the forefront of the domestic agenda, job creation has not taken place; instead unemployment has increased considerably in recent years, with employment stagnating. Hungary has been lagging behind both in terms of educational reform and the introduction of an ICT or knowledge-based society. Thus, as an individual member state Hungary has not been at the forefront of Lisbon-type reforms. (Lisbon scorecards have tended to position Hungary better than its actual performance for methodological reasons.)

Unfortunately, in the debates about an increased role for the EU itself in the Lisbon Strategy (i.e. moving beyond an open method of coordination and communitising Lisbon), Hungary has backed France in trying to maintain CAP spending as opposed to directing EU budgetary resources towards more Lisbon-oriented goals.

The global financial and economic crisis has found Hungary already in the midst of its own domestically created economic crisis. In recent years, before the global downturn, Hungary was cutting state expenditure in order to bring back the budget from a deficit close to 10% of GDP. Renewal of state debt has proved to be nigh impossible amidst conditions of plummeting global liquidity, resulting in the state having to take on a further enormous loan from the IMF. As a consequence, the target date of introducing the Euro has faded out of sight. The global recession has brought job losses amounting to tens of thousands of jobs in the Hungarian economy, and a drop in economic output of 2% (GDP) in the last quarter of 2008.

Both major political parties see domestic tax cuts and direct employment subsidies as the way out of the current crisis, a view not shared by defining voices in the domestic business community.

Top policy priorities

1. Free movement of workers
2. Free movement of services
3. All of the Lisbon priorities

Table of national positions

*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
Top three priorities	Policy Taker; likely to remain Policy Taker	General consensus, position not likely to change substantially	Within mainstream on priority no. 1. There is no EU mainstream on issues no. 2 and 3.
Review of merger regulations	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream
Free movement of workers	Policy Driver; likely to remain Policy Driver	Consensus on the general policy	Within mainstream
Strategic review of "Better Regulation" and Simplification Rolling Programme	Task of the Commission		
Free movement of services	Policy Driver; likely to remain Policy Driver	No consensus on the general policy	No mainstream exists
Taxation harmonisation	Policy Driver in indirect taxation and tax base harmonisation;	Consensus on the general policy	No mainstream exists
Small Business Act	Policy Taker, likely to remain Policy Taker	National consensus	Within mainstream
Financial retail services	Policy Taker; likely to remain Policy Taker	National consensus	Within mainstream

2.1. General issues: Review of merger regulations

Definition: Policy Taker

Outlook: Will remain a Policy Taker

The case of the ÖMV take-over bid for the Hungarian oil firm MOL made M&A an important issue for Hungary. The European Court ruled in favour of Hungary's attempts to defend MOL. The ruling was based on the assertion that an acquisition would make ÖMV-MOL an overly dominant player on the market. The Hungarian competition authority follows the line of the Commission in respect to mergers.

2.2. Free movement of workers across the EU and transitional periods

Definition: Policy Driver

Outlook: Likely to remain a Policy Driver

Workers of Hungarian citizenship have been granted the right to free movement in almost all EU Member States, with the notable exception of Austria and Germany, (plus partly Denmark, Holland and France). Hungary would like to see these lifted as soon as possible.

Hungary kept a closed labour market towards Romania and Bulgaria when these countries entered the EU in 2007. The same 2+3+2 years derogation applies here as in the case of the older Member States. This is something of an incoherent position, given the fact that Hungary wants the same limitations lifted in older Member States.

Hungary has one of the lowest employment rates in the OECD, with no real results achieved in job creation in the last parliamentary cycles. This is likely to continue to drive Hungary towards a more protectionist approach towards Member States with lower wage levels, and can be identified as a reason why the Ministry for Social Affairs and Labour maintains a protectionist stance.

The current crisis, causing job losses amounting to tens of thousands of jobs in the economy, is likely to sustain this protectionist stance, although with the passing of time and the general easing of employment conditions in Western Europe for 2004 accession countries this attitude will become more and more difficult to maintain. Parties and main stakeholders generally agree on these policies, with Fidesz being somewhat even more radical in rhetoric, though they are likely to be milder in policy.

2.3. Positions on the Strategic Review of the "Better Regulation" package (COM(2006) 689) and ECOFIN Conclusions, 22 January 2008; EC Simplification Rolling Programme after screening the acquis

Definition: Policy Taker**Outlook: Likely to remain a Policy Taker**

Hungary maintains no strong position, as this is understood to be the task of the Commission. The Ministry of Economy runs a business deregulation programme domestically. Hungary has reduced legal burdens by 25%.

General views of the free movement of services as enshrined in the current Services Directive:**Definition: Policy Driver****Outlook: Likely to remain a Policy Driver**

The Hungarian position is strongly liberal. The Hungarian Socialist MEPs voted yes for the Directive, while Conservatives and Liberals wanted stronger regulations in the European Parliament. They would have backed the original Bolkestein proposal with a stronger application of the country of origin principle.

There were no real debates about the social drawbacks (lower regulations in the case of the country of origin principle) in Hungary. The current Services Directive clashes with the "posting directive" in the case of enterprises with large amounts of workers.

Hungarian trade unions have not expressed their solidarity with western ones in relation to the Services Directive. They have not formulated an opinion on the issue, but are quietly supportive of as liberal a legislation as possible. The debate about the bringing down of the social state has not reached Hungary. This means that Hungarians do not share the concerns of those western Europeans who had been protesting against the Bolkestein directive, worried that application of the country of origin principle might facilitate the demise of the employment and work safety protection achieved in Western Europe through competition from the East that they claim amounts to "employment policy dumping". This would manifest itself in weaker employment protection, temporary contracting, lower wages, lower standards of work safety, lower levels of unionisation, etc.

Trade union membership is low; the unions with their weak legitimacy and leadership find it difficult to have a relevant presence in domestic debates, and therefore they tend to quietly accept that the overwhelming majority would like to see the free movement of labour completed as soon as possible, at whatever cost.

EC Simplification Rolling Programme after screening the *acquis*:**Definition: Policy Taker****Outlook: Policy Taker**

Policy Taker. Part of the Better Regulation package. Hungary's position is in line with that of the Commission.

Positions on taxation harmonisation:**Definition: Policy Taker****Outlook: Policy Driver on harmonisation and even community-level taxation in the longer run**

Hungary feels that tax harmonisation issues are not really on the Agenda. The country has complied with regulations on the harmonisation of value-added taxes. In this domain the debates are centred on the purpose of the lower tax rate. On this issue the Hungarian position is defined by three factors:

1. Hungary does not use VAT policy domestically for social or environmental policy purposes,
2. VAT is the single largest source of revenue for the Hungarian budget,
3. Hungary has been suffering from serious budget deficits recently.

In the domain of corporation tax, Hungary is very supportive of the planned directive on a common consolidated corporation tax base. The reason for this is the desire to try to avoid the transfer pricing of multinationals. However, this directive requires a total consensus of the Member States, which Hungary feels is very unlikely.

Hungary is likely to be supportive of handing over some taxing sovereignties to the European Commission (especially in the area of green taxes) in the longer run, but feels that this is not on the agenda for the time being.

Small Business Act (SBA) (COM (2007) 592):**Definition: Policy Taker****Outlook: Policy Taker**

Hungary supports the SBA, and has put much into legislation. Hungary is about to take steps (April 2009) to improve the position of small businesses in public procurement. Considerable easing of registration, transparency and liquidation of small and medium-sized enterprises was already achieved in Act no. LXI. of 2007.

Financial retail services (SEC(2007)1520):**Definition: Policy Taker****Outlook: Not a real priority for Hungary, so likely to regress to Policy Taker**

Prime Minister Gyurcsány suggested the creation of a Europe-wide financial regulator, and probably even a common European deposit insurance fund. This was more of a momentary communication manoeuvre from the Prime Minister in the midst of the financial crisis. The issue is not a priority for Hungary, and thus the opposition and other policy stakeholders have not formulated a position on the issue.

II. Minority integration and citizenship issues

1. Overview
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 - 2.1. The emerging European Roma Strategy
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 - 3.1. Formulation of action plans to improve housing conditions, create possibilities for employment and guarantee affordable health care and education for Roma;
 - 3.2. Institutionalisation of European policy on Roma by establishment of a Roma Unit within the EC;
 - 3.3. Position and policies related to Commission Communication COM(2008) 420 final from 2 July 2008 on Non-discrimination and Equal Opportunities: A Renewed Commitment and also Community Instruments and Policies for Roma Inclusion, Staff working document accompanying Commission Communication COM(2008) 420.

1. Overview

Hungary's top priority in this domain is the protection of the millions of ethnic Hungarians living in neighbouring states (mainly in EU Member States Slovakia and Romania). With the lack of legally binding EU regulations on minorities, this is a difficult task to perform. The same problem applies to the domestic Roma minority (approximately 600 000-800 000 strong).

The socialist-liberal political camp are Policy Drivers in the Roma issue (although developments in this field are scarce), the moderate right (currently in the opposition) are Policy Drivers on the ethnic Hungarian issue.

Generally speaking Hungary is a Policy Driver on minority issues. It has proposed the inclusion of minority rights in the Constitutional Treaty, and has been at the forefront of elevating Roma rights and the living conditions of the Roma to the EU level (at the same time doing very little about these issues domestically, resulting in increasing tensions).

Top three policy issues:

1. EU-level legislation on the rights of minorities
2. EU-level policy on the Roma
3. "Roma-oriented screening" of cohesion policy support

Table of national positions

*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
Top three priorities	Policy Driver	In general, but not in particular	No mainstream on these issues
The emerging European Roma Strategy	Policy Driver	In general, but not in particular	No mainstream on these issues
Other minorities integration issues	Policy Driver	Weak consensus	No mainstream on these issues
Formulation of action plans to improve housing conditions, create possibilities for employment and guarantee affordable health care and education for Roma	Policy Taker	No national consensus	No mainstream on these issues
Roma Unit within the EC	Policy Driver	Consensus	No mainstream
Position and policies related to Commission Communication COM(2008) 420 final of 2.7.2008 on Non-discrimination and equal opportunities	Policy Taker, likely to remain Policy Taker	Weak consensus	Not in the mainstream

2. General Issues:

The emerging European Roma Strategy:

Definition: Policy Driver

Outlook: Likely to remain a Policy Driver

Hungary has two MEPs of Roma origin (one liberal, one conservative), who have both been very active in promoting the Roma issue.

Hungary feels that there would be a need for a European Roma Strategy / Policy, because Member States are exposed to prejudiced national public pressure. However, so far this Europe wide strategy has not even began to take shape. The strategy would include minimal benchmarks. As the financing already exists (within structural policy), there is no need for a separate "Roma Fund". The problems of the Roma are believed to be social issues, hence general policies targeted at poorer regions and social groups are bound to achieve a more advantageous position for the Roma as well. However, current regulations on structural policy benefit winners and not the real losers, and therefore they are inadequate for raising the socio-economic position of the Roma, who are amongst the losers. Hungary therefore believes in minimal benchmarks and the tailoring of regional policy efforts to achieve more inclusiveness for the Roma.

A community policy in this field would serve as an anchor for domestic policies. It is only through domestic education, health and labour policy that the Roma issue can be handled, but a common EU-wide policy would serve as an anchor and would increase pressure on a reluctant domestic policy making.

Fidesz differs from the government line in that it would like to see the Roma issue treated as a separate theme at the European level, possibly with financing of its own.

Generally speaking, Roma NGOs would like to see the communitisation of Roma issues, with even stronger competencies and funds available at the European level. These NGOs are mostly active domestically, however, and are too weak to make their voices heard on the European level. Exceptions include the radical approach of liberal MEP Viktória Mohácsi, as well as representation through the consistent and more moderate approach of the European Roma Rights Centre. However, these attempts have failed to create significant resonance at the European level. Domestic Roma NGOs tend to be polarised along party lines (Socialist – Fidesz), and have followed the policy lines of these ideological camps.

Other minorities integration issues:

Definition: Policy Driver

Outlook: Likely to remain a Policy Driver

The integration of domestic minorities other than the Roma has been successful in

Hungary. The law on ethnic minorities is an outstandingly inclusive piece of legislation that has been promoted by international organisations as a benchmark case. It guarantees a minority self government with state financing and extensive rights to minorities with more than ten self-declared members in any municipality. Since the Roma constitute the only sizeable and "problematic" minority, this liberal law on minorities was intended mostly to extend reciprocative pressure on neighbouring states with sizeable Hungarian minorities. This does not diminish its significance as an internationally recognised model.

Hungary has ongoing disputes, especially with Slovakia, about the treatment of the Hungarian ethnic minority there. Given the fact that there is no relevant EU-level legislation, Hungary has been active in proposing such legislation (Charter of Fundamental Rights, Constitutional Treaty). What has been achieved is still rather symbolic and not yet legally binding, but Hungary is definitely a Policy Driver in this area.

Formulation of action plans to improve housing conditions, create possibilities for employment and guarantee affordable health care and education for Roma;

Definition: Policy Driver

Outlook: Likely to remain a Policy Driver

There is a National Roma Strategy (2007) with assessable indicators. The priority areas are education, housing and employment. A report on implementation is drawn up for Parliament every two years, plus civil control. The first such strategic review is expected to come out in 2009.

There is no real consensus in national politics about Roma policy. Left-wing Roma policy focuses on human rights and desegregation, while right-wing policy focuses on the "cultural characteristics" of labour and education. The former is founded on the belief that Roma-related issues are of a social nature (plus discrimination), while the latter implies that there are specific, characteristic cultural aspects involved. Right-wing governments would probably initiate a separate Roma fund, while left-wing governments prefer not to.

Civic organisations would prefer a separate Roma fund. This is not so much based on an "ethnic" or "cultural" understanding, but on a mounting demand on the government to take definite steps.

There is a National Action Plan for Social Inclusion (2007 and biannually thereafter). It is based on the National Roma Strategy.

Institutionalisation of European policy on Roma by establishment of a Roma Unit within the EC (which will look at ways to effectively use the different EU funds to more directly target prioritised Roma policies and create, evaluate and help the implementation of the European Roma Strategy);

Definition: Policy Driver

Outlook: Likely to remain a Policy Driver

Hungary is very supportive of elevating the Roma issue to the EU level. The position of the current government is to see a Roma strategy implemented in the framework of existing cohesion policy. The main opposition party would probably even be supportive of a specialised Roma fund if the issue arose.

Position and policies related to Commission Communication COM(2008) 420 final from 2.7.2008 on Non-discrimination and equal opportunities: A renewed commitment and also Community Instruments and Policies for Roma Inclusion, Staff working document accompanying Commission Communication COM(2008) 420.

Definition: Policy Taker

Outlook: Policy Taker

A document on current opportunities to influence Roma-related issues and best practices. Hungary disagrees with the position that Roma policy should primarily be a Member State policy. The EC should commit more within the framework of the current cohesion policy. Desegregation should be a general principle within development policy financed from the EU budget, with thorough and serious Roma-related

screening at the programme and project levels.

III. Energy and climate

1. Overview
2. General issues:
 - 2.1. Strategic energy review (2007) and positions towards 2010-2014 energy action plan
 - 2.2. The post-Kyoto/post-2012 proposals — the global dimension
 - 2.3. Commitment to meet the benchmarks for greenhouse emissions
 - 2.4. Strategy and commitment to increase the share of renewable sources
 - 2.5. Strategy towards nuclear energy
 - 2.6. Implementation of the revised Emission Trading Scheme
 - 2.7. External dimension of energy security
3. Specific issues:
 - 3.1. Liberalisation of the energy market — 3rd energy package (unbundling)
 - 3.2. Common rules for the internal market in electricity (COM(2007) 508), cross border exchanges in electricity (COM(2007) 531), common rules for the internal market in gas (COM(2007) 529), access conditions to the gas transition network
 - 3.3. Establishment of the Agency for Co-operation of Energy Regulators (COM(2007) 503)

1. Overview

Hungary is currently significantly exposed to two main sources of energy. One is its single-block nuclear power station at Paks. The technology is a modernised Soviet technology, from the end of the Soviet era, which has been certified to be safe by the EU for another decade. The fuel is supplied by Russia.

The other is Russian gas and oil, with Hungary being one of the most exposed countries within the EU in its unilateral dependency. In terms of renewable energy and climate change, the general mood in the country is mildly pro-green, but this is hardly followed up by any significant government policy. Although the Ministry for Environmental Affairs has slightly gained in prestige in recent years, it is still one of the weaker voices in actual policy. Although Hungary has been supportive of Kyoto and post-Kyoto efforts in general, the Prime Minister has repeatedly voiced his opinion that in terms of financing Hungary has better places to spend EU support than environmental issues. The opposition do not differ significantly in this respect.

There is not a strong anti-nuclear movement in the country, and with the exception of Greenpeace Hungary and a handful of activists in related NGOs, no significant protests have been witnessed against nuclear energy. With energy security coming to the forefront, the enlargement of the Paks nuclear station is likely to come onto the table in coming years. Due to the difficult economic situation of the country, however, its financing is questionable.

Hungarian Prime Minister Gyurcsány has played a prominent, if somewhat controversial role in promoting the creation of a common EU energy policy.

Top three priorities:

1. Securing energy security
2. Ending unilateral dependency
3. Maintaining good relations with Russia

Table of national positions

*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
Top three priorities	Policy Driver; likely to remain Policy Driver	General consensus on 1 and 2, not on 3.	1, 2: within the mainstream 3: outside the mainstream
Strategic Energy Review (2007) and positions towards 2010-2014 Energy Action Plan	Policy Taker, likely to remain Policy Taker	General consensus	Within the mainstream
The post-Kyoto/post-2012 proposals – the global dimension	Policy Taker; likely to remain Policy Taker	Consensus	Within the mainstream
Commitment to meet the benchmarks for greenhouse emissions	Policy Taker; likely to remain Policy Taker	Consensus	Within the mainstream
Strategy and commitment to increase the share of renewable sources	Policy Taker; likely to remain Policy Taker	Consensus	Within the mainstream
Strategy towards nuclear energy	Policy Taker; likely to become Policy Driver	Relative consensus	No EU mainstream
Implementation of the revised Emission Trading Scheme	Policy Taker; likely to remain Policy Taker	Consensus	Within the mainstream
External dimension of energy security	Policy Driver; likely to remain Policy Driver	No consensus	Outside the mainstream
Liberalisation of the energy market – 3 rd energy package	Policy Taker; likely to remain Policy Taker	General consensus	Within the mainstream
Common rules for the internal market in electricity (COM (2007) 508), cross border exchanges in electricity (COM(2007) 531), common rules for the internal market in gas (COM(2007) 529), access conditions to the gas transition network (COM (2007)	Policy Taker; likely to remain Policy Taker	General consensus	Within the mainstream
Establishment of the Agency for Co-operation of Energy Regulators	Policy Driver; likely to remain Policy Driver	General consensus	No EU mainstream

2. General issues:**Strategic Energy Review (2007) and positions towards 2010-2014 Energy Action Plan****Definition: Policy Driver****Outlook: Policy Driver**

The five pillars (infrastructure needs and the diversification of energy supplies, external energy relations, oil and gas stocks and crisis response mechanisms, energy efficiency, making the best use of the EU's indigenous energy resources) are all acceptable for Hungary and enjoy the support of Hungary. The first pillar now includes the Hungarian proposals for a New Energy Transmission System and a southern gas corridor. Also included is the Hungarian proposal that the EU should provide financial means to create an Energy Security and Infrastructure Fund.

The Nabucco pipeline is important for Hungary. The Prime Minister initiated an international summit on Nabucco, held in Budapest in January 2009. The Hungarian oil company MOL has a share in Nabucco together with:

- OMV (Austria)
- Transgaz (Romania)
- Bulgargaz (Bulgaria)
- BOTAŞ (Turkey)
- RWE (Germany)

Each of the current shareholders have 16.67% of the shares.

However, the future of the Nabucco project still seems uncertain. The financing still seems to be missing, no part of the pipeline exists as yet, and the actual source of gas also seems uncertain due to the lack of production capacity. This has given rise to speculation that the pipeline might eventually end up carrying Russian gas. This would very much be against the original intention of enabling diversification out of Russian dependency.

Due to the uncertain future of the Nabucco project, Prime Minister Gyurcsány has attempted to carry through a policy of holding two stakes at the same time. He has also held discussions with Russian President Dmitry Medvedev. Gyurcsány has stated that he sees no contradiction between supporting the Gazprom-Eni sponsored South Stream project and Nabucco. This caused some controversy, as it was seen as undermining the development of a common EU energy policy, which has promoted the Nabucco alternative as a solution for the energy dependency of the region. Given the massive windfall revenues of Gazprom in recent years, and the experiences of the Blue Stream project with Turkey, many experts believe South Stream has better chances of getting off the ground than Nabucco.

Given the uncertain future of Nabucco, Hungary is likely to keep supporting both rival projects. This might only change with a change of government. Opposition party Fidesz has repeatedly reprimanded PM Gyurcsány for "being too close to Russia" and undermining the development of a common European energy policy. In light of this, a Fidesz government is more likely to stand firmly behind the Nabucco project, although actual developments related to the two rival pipelines might have an effect on their position as well.

Hungary is the EU's second most-exposed country to Russia in terms of energy dependency (80% imported, of which 90% is Russian), after Finland (100%).

The post-Kyoto/post-2012 proposals – the global dimension:**Definition: Policy Taker****Outlook: Policy Taker**

Hungary supports the agreement, and has no special issues. Environmental NGOs in Hungary are quite weak and have very little influence on the policies of the government. EU or global-level proposals are almost completely out of discussions at present at the national level.

Key environmental NGOs active in this domain include Védegylet, Levegő Munkacsoport, Greenpeace and Energia Klub. Between 2002 and the beginning of 2008 there was an attempt by government to be more inclusive in policy formulation,

but this situation has now reversed itself.

Commitment to meet the benchmarks for greenhouse emissions:

Definition: Policy Taker

Outlook: Policy Taker

Hungary has received disadvantageous quotas, with 2004 as the basis year, as opposed to the 1988-90 period. This means that the enormous reduction which has taken place in Central and Eastern European countries as a result of the fall of communism and the liquidation of heavy industry and mining will not be taken into account. Hungary was a coalition leader of the New Member States on this issue, and the United Kingdom supported these states, but the matter has now been decided, to Hungary's disadvantage. Therefore Hungary will not meet reduction quotas as easily.

Strategy and commitment to increase the share of renewable sources:

Definition: Policy Taker

Outlook: Policy Taker

Directive 2001/77 calls for approximately 3.6% of all energy requirements to be met from renewable resources by 2010. Hungary is already at a 5% level, so the target will be met.

If the new Directive is accepted, then it becomes legally binding. According to the new Directive, 13% of energy requirements must be met from renewable resources by 2020. The country's total potential is 15% in the longer run, according to a review of the Hungarian renewable energy potential.

Hungary has a Sustainability Strategy that sets these targets. The document expects biomass (70.2%), biofuels (10.5%), biogas/biomethane (6.7%) and geothermal energy (6.1%).

Strategy towards nuclear energy:

Definition: No EU policy (Policy Taker)

Outlook: Likely to be a Policy Driver for nuclear energy with uncertainty over Russian gas supplies increasing

37.2% of current energy requirements come from a single nuclear power station in Paks (finished in 1987). It is of a Soviet type, from the last technological period, and provides 1800 megawatts. The certification of its four blocks is valid until 2012-17, but it is currently being renewed. There is a constant debate about extension, but few preparatory steps have been taken. The strategic aim is to maintain at least the current proportion in the energy mix. In his annual speech assessing the year 2008 (on 16 Feb 2009), Prime Minister Gyurcsány announced his government's intention to begin construction of a new block, set to produce 1000-1600 megawatts. Such an investment is believed to reach completion in 10-12 years.

The construction of a new block would cost approximately HUF1000 billion (EUR 3.4 billion). This investment is unlikely to take place in the near future, although there would be a clear need. There is a high degree of support within society (Paks constantly registers approval ratings above 50% of all questioned). Except for small but vocal environmental groups, there is no strong popular opposition to nuclear energy. The cost of producing electricity in Hungary is HUF24/kWh, while at Paks it is HUF8/kWh. This latter price includes the cost of nuclear waste storage and future decommissioning of the plant as well.

Hungary would back France and nuclear energy in a common European Nuclear Energy policy.

Implementation of the revised Emission Trading Scheme:

Definition: Policy Taker

Outlook: Policy Taker

Policy promoter. Hungary benefits from the scheme, and has already completed deals with Spain and Belgium.

There was a Polish proposal on the distribution of part of the emissions allowances for free. This was due to Poland's large degree of dependence on coal for energy. Coal

has no significance for Hungary. When the proposal was extended to natural gas, a source that features more significantly in Hungary, Budapest backed the Polish proposal, which was eventually adopted in December of 2008.

External dimension of energy security:

Definition: *n.a.*

Outlook: *n.a.*

Policy Driver of a policy that is alternative to the EU's. Hungary is one of the EU's most exposed countries to a single source (Russia). The country has a long-term supply contract with Russia. There is a highly politicised debate about Nabucco and Blue Stream, but both might end up supplying Russian gas. This exposes Hungary to Russia politically.

While supporting Nabucco, MOL has also signed an agreement with Gazprom of Russia to extend the Blue Stream pipeline (currently transporting natural gas from Russia to Turkey) up through the Balkans to Western Hungary, where MOL would create a storage facility and a transfer hub. This pipeline would be a rival to the EU's Nabucco project, and would serve to strengthen Europe's energy dependency on Russia, and it is therefore considered to be controversial from the point of view of the EU's developing common energy policy.

External dimensions of energy security: energy security must be taken into account, and therefore Russia is important as an energy partner. Hungary regards Russia as a reliable partner, as the country has not been affected by the kind of supply cuts that Russia has used against the Ukraine or the Czech Republic.

Thus Hungary is less likely to play an active role in the pro-democracy strategies of the EU in Russia, as the current government is not ready to sacrifice positive relations with Moscow in the field of energy policy. The opposition has been vocal in its criticism of both Russian political developments and Russian economic penetration of the EU, thus a change of government might mean a definite change of direction in the Hungarian position to the external dimension of energy policy.

3. Specific issues:

Liberalisation of the energy market – 3rd energy package (unbundling):

Definition: *Policy Taker*

Outlook: *Policy Taker*

Electricity:

Policy Taker. Hungary supports complete unbundling.

Independent System Operator MAVIR should become independent of MVM, the state energy firm.

In reality there is a market amongst large consumers, but not amongst small ones. Electricity producers were guaranteed profits until 2011-21 (capacity fees) during privatisation to investors, and therefore there is no real competition in prices amongst producers. Market competition is sparked by electricity imports from Slovakia and Poland. The contracts with the electricity producers are being replaced by new contracts by the end of 2008 due to EU pressure and criticism related to lack of competition.

Gas:

Policy Taker. There is already complete unbundling; E-On Gas Trade does not own the network.

Independent Transmission System Operator. There is a much more efficient market than in the electricity sector. 8000 small consumers have already switched over, and a further 100 000 are expected to switch over in 2009.

Common rules for the internal market in electricity (COM (2007) 508): unbundling, regulating agency.

Discussed above.

Cross border exchanges in electricity (COM(2007) 531):

Definition: Policy Taker and partial Policy Promoter.
Outlook: Likely to remain Policy Taker.

This regulation is directly applicable in Hungary and other Member States. Hungary supports the creation of such a clearing mechanism, but does not want to be included in Region 8 (Balkans). It wants to be in the Central Eastern European region, to be able to purchase electricity cheaper. Hungary supports the competencies of the ACER, the Agency for the Cooperation of Energy Regulators.

Common rules for the internal market in gas (COM(2007) 529):

Discussed above.

Access conditions to the gas transition network (COM (2007):

Definition: Policy Taker
Outlook: Policy Taker

Supported by Hungary.

Establishment of the Agency for Co-operation of Energy Regulators (COM(2007) 503):

Definition: Policy Taker.
Outlook: Policy Taker

Hungary is competing to host this agency. Hungary supports the Commission's position, and does not want strong competencies for this agency.

IV. Budget review and CAP "Health Check"

1. Overview
2. General issues:
 - 2.1. Position towards CAP "Health Check" (COM(2007)722)
 - 2.2. Positions towards the expenditure structure of post-2013 budget (SEC(2007)1188)
 - 2.3. Position towards Common Market Organisation for Fisheries

1. Overview

The national position in this area is defined by the fact that Hungary wants to remain a net beneficiary country for at least another financial perspective. Hungary also supports a policy-driven budget, which would probably result in increased size and extended competencies. This is in clear contradiction with Hungary's insistence on maintaining the current level of CAP support. Hungary currently employs some 5% of its labour force in agriculture, and the sector constitutes 3% of GDP. It is therefore far from being an agricultural country. It would be in the interest of Hungary to divert community resources towards Lisbon-type objectives, or rural development if it remains within the CAP framework. However, such policies are blocked by a radical pro-agriculture lobby within the opposition party Fidesz.

Top three priorities:

1. Maintaining or increasing the size of the common budget
2. Maintaining CAP support and cohesion policy support to Hungary
3. A policy-driven budgetary process

Table of national positions

*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
Top three priorities	Policy Taker; will remain Policy Taker	General consensus, position not likely to change substantially	Within the mainstream
Position towards CAP "Health Check" (COM 2007(722)	Policy Taker	Weak national consensus, would radically change with the disappearance of the agrarian lobby in Fidesz	Within the mainstream
Positions towards the expenditure structure of the post-2013 budget (SEC (2007)1188)	Policy Taker; likely to remain Policy Taker	National consensus	n.a.
Position towards Common Market Organisation for Fisheries	Not applicable	Not applicable	Not applicable

General issues (only):

Position towards CAP "Health Check" (COM 2007(722) :

Definition: Policy Taker

Outlook: Policy Taker

Hungary's strong official position is to maintain the CAP system. Open letters to this effect have been published both by the socialist Foreign Minister and the European Parliamentary faction leader of the conservative opposition. In fact, this is not in line with Hungary's real interest, as the share of agriculture in Hungary is 5% of the labour market, producing 3% of GDP. On top of this, Hungary, like all New Member States, received an unfavourable deal in relation to CAP support during the negotiations for membership. According to this agreement, New Member States only receive no more than 30% off the support that Western farmers receive, which is set to increase by only 5% per year. It would be more in Hungary's interests to review both the internal structure of the EU budget, and of CAP support, and possibly to redirect support towards Lisbon-type or infrastructural investments. The official position differs from this realistic assessment for two significant reasons. Firstly, the position of farmers is highly politicised, especially by the conservative opposition. As a result, the socialist-liberal camp fears a loss of voters if it takes a realistic position on CAP related issues.

Secondly, support from the Guarantee Section of EAGGF is direct and does not need project-type absorption or co-financing. This is much preferred by the Ministry of Agriculture, bent on simplicity and high absorption.

An otherwise desirable increase in the share of rural development within CAP financing is not supported for reasons of simplicity, since agricultural support is guaranteed and without co-financing.

Positions towards the expenditure structure of the post-2013 budget (SEC (2007)1188):

Definition: Policy Taker

Outlook: Policy Taker

The current Hungarian position calls for a policy-driven budget, but is also status quo-oriented. Cohesion and the maintenance of CAP are strong positions. Lisbon-type issues are believed to be important in themselves and also for New Member States, but the overall budget needs to be increased to cover the increased expenditure.

The issue of rebate(s) must be tied to a reform of CAP.

On the revenue side, the official Hungarian position does not envisage a marked move towards real own resources for the common EU budget, managed by the European Commission, and calculates with national contributions remaining the main source of revenues. In the longer term, community green taxes are likely to be the most easily acceptable form for Hungary.

Hungary can imagine extended common competencies for the EU in the domains of Research and Development, migration, environmental policy and energy policy.

However, extended competencies do not necessarily mean increased community-based redistribution, since much can be achieved by high quality regulation in these areas. Whether extended competencies in a given area require additional budgetary resources, or they can be achieved through regulation, is a question that could be discussed by Member States and community institutions if the budgetary procedures were in reality policy driven.

Position towards Common Market Organisation for Fisheries (where applicable):

Definition: Policy Taker

Outlook: Policy Taker

Hungary has no position on this issue, since it is a landlocked country. It regards this issue as a possible barter token.

V. EU foreign policy and enlargement

1. Overview
2. General issues:
 - 2.1. Preference of countries for accession and any specific points or concerns relating to it (including bilateral disputes and how they might translate into EU-level policy and decision making)
 - 2.2. Preference for any particular country in the framework of ENP
 - 2.3. Enhanced ESDP, increasing Europe's defence capabilities etc.
 - 2.4. Position towards Kosovo, e.g. status and EU mission in Kosovo
 - 2.5. Transatlantic relations
3. Specific issues:
 - 3.1. Completion of accession negotiations with Croatia
 - 3.2. Opening of accession negotiations with Macedonia
 - 3.3. Signing of SAA with Serbia
 - 3.4. Blockage of accession talks with Turkey, possibility of unblocking it
 - 3.5. Polish–Swedish initiative for ENP Eastern Partnership
 - 3.6. Strategy for the Black Sea Region/Black Sea Synergy Implementation assessment
 - 3.7. Strategy for the Baltic Sea Region
 - 3.8. Revision of European Security Strategy

1. Overview

The top foreign policy priorities for Hungary are the strengthening and stabilisation of two particular European regions: primarily the Western Balkans, secondarily the eastern flank of Ukraine, Belarus and Moldova. However, Hungary never fails to express that this should not be to the detriment of the EU's Mediterranean dimension. With regards to enlargements, it has strong preferences for Croatia, to which it is connected by strong historical ties. As for further enlargements, Hungary is generally supportive, but maintains that the financing of these enlargements should neither jeopardise the net beneficiary positions of New Member States, nor serve to dilute the depth of EU in terms of policies.

Hungarian public attitudes are very supportive of further enlargements of the EU, including very enthusiastic (but underinformed) support for Turkey.

Hungary has very weak capacities to formulate an independent policy line on EU foreign policy or enlargement, and is therefore clearly a Policy Taker. This might be very surprising given the fact that Hungary and Romania are the only two EU states that share a border with both South-Eastern Europe and the CIS. This would theoretically make Hungary a Policy Driver, but Hungary has shown very weak policy capacity in this respect.

The existence of small Hungarian ethnic minorities in neighbouring Serbia and the Ukraine are influencing factors in the foreign policy of Hungary.

Top three priorities:

1. Stabilisation of Serbia
2. Stabilisation of the Ukraine
3. Stabilisation of the Western Balkans

Table of national positions

*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
Top three priorities	Policy Taker; likely to remain Policy Taker	General Consensus, position not likely to change substantially	Within mainstream
Preference of countries for accession and any specific points or concerns relating to it	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream
Preference for any particular country in the framework of ENP	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream
Enhanced ESDP, increasing Europe's defence capabilities	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream
Position towards Kosovo, e.g. status and EU mission in Kosovo	Policy Taker; likely to remain Policy Taker	Consensus	Within the mainstream
Transatlantic relations	Policy Taker; likely to remain Policy Taker	Consensus on the general policy;	Within the mainstream
Completion of accession negotiations with Croatia	Policy Driver; likely to remain a Policy Driver	General Consensus	More positive than mainstream
Opening of accession negotiations with Macedonia	Policy Taker; likely to remain Policy Taker	General Consensus	Within the mainstream
Signing of SAA with Serbia	Policy driver; likely to remain a Policy Driver	General Consensus	Within the mainstream
Blockage of accession talks with Turkey, possibility of unblocking it	Policy Taker; likely to remain Policy Taker	Consensus	Within the mainstream
Polish – Swedish initiative for ENP Eastern Partnership	Policy Driver; likely to remain a Policy Driver	General consensus of key policy actors	In progress
Strategy for the Black Sea Region/Black Sea Synergy Implementation assessment	Policy Taker; likely to remain Policy Taker	Not relevant	In progress
Strategy for the Baltic Sea Region	Policy Taker; will remain a Policy Taker	Not relevant	In progress
Revision of European Security Strategy	Policy Taker; will remain a Policy Taker	Not relevant	In progress

2. General issues:

Preference of countries for accession and any specific points or concerns relating to it (including bilateral disputes and how they might translate into EU-level policy and decision-making):

Definition: Policy Driver for further enlargements. Policy Taker on how.

Outlook: Likely to remain the same.

Hungary is very supportive of further enlargements. Part of it is the moral responsibility of a New Member State. Also, accession can be an anchor to political developments in the accession.

Hungary feels that its partners in the case of support for the accession of the Western Balkans are the Czech Republic, Slovakia, Finland, Sweden, Spain, Italy, Slovenia, Portugal, Austria and Germany, while Austria and Germany are more reluctant in the case of Turkey, and that both Bulgaria and Romania are pro-Western Balkans but do not have a position on Turkey.

Hungary supports the Commission as an engine of accession. Hungary would like to see the entire Western Balkans region in the EU in the medium run. How far ahead in time is just as unclear in Hungary as it is in Brussels. However, Hungary feels that there is a consensus on the Western Balkans in the Council. Hungary puts somewhat less effort into enlargement to the east.

Preference for any particular country in the framework of ENP:

Definition: Policy Taker

Outlook: Likely to remain a Policy Taker

Hungary lacks an articulated national position on the ENP. It is generally supportive, but does not show any special interest in the area. Ukraine and Moldova are mildly preferred, but only in the undefined longer run. The reason for the support to the Ukraine is mostly the desire to stabilise a neighbouring country. However small the common border might be, the political, economic, and energy repercussions of turbulence in the Ukraine might be felt in Hungary as well. There is also a small Hungarian minority in Ruthenia.

The policy basis for Hungary's support for Moldova is rather shallow. It is generally felt to be "within Europe". Preferring Moldova is also an indirect way of expressing a preference against countries further east. This is unlikely to change in the future, since the actual accession of these countries is not really on the agenda. Hungary's current position is more on a "kind words cost nothing" basis. Should the actual accession of these countries realistically emerge, the Hungarian position could harden up considerably. However, this is not likely to happen even in the midterm.

Enhanced ESDP, increasing Europe's defence capabilities etc:

Definition: Policy Taker

Outlook: Will remain a Policy Taker

Generally supportive. Hungary does not want an EU-NATO rivalry, and feels that the main blocking point is the Cyprus issue. There is no strong Hungarian position on this issue, as Hungary feels that it is not on the agenda for the moment. Hungary has no strong material or military positions to contribute.

Hungary's current commitments within the ESDP framework are:

- EU OHQ Paris – staff of 3
- EU SEC RD Kinshasa – staff of 2
- EU EUFOR HQ Sarajevo - staff of 8
- EU FOR Contingent Sarajevo – contingent of 147

Hungary's commitments in the NATO framework are considerably larger.

Position towards Kosovo, e.g. status and EU mission in Kosovo:

Definition: Policy Driver

Outlook: Will remain a Policy Driver

Hungary is amongst the EU states that have recognised Kosovo. Budapest also feels that disagreements about Kosovo in the CFSP context are limited to recognition; all

EU states agree on a heavy EULEX involvement, as opposed to the UNMIK or ICO being at the centre of international administration there. Hungary accepted but did not support the 6-point UN Security Council decision excluding EULEX executive competences in Northern Kosovo.

Transatlantic relations:***Definition: Policy Taker******Outlook: Policy Taker***

Hungary's positions on transatlantic relations are rather complicated. The current Socialist government (effectively in office since 2002) has openly supported American efforts in the Middle East. It has been a signatory of statements and document to this effect. On the other hand, the same government has been drawn closer to Russia in possible cooperation in the fields of trade and energy, but without the clear messages about human rights and democracy that has characterised the EU approach.

The opposition Fidesz, on the other hand, have been somewhat critical about the role played by the US internationally, but in recent times have drawn closer to the Republican Party. They have been an outspoken critic of Russia in terms of the deterioration of democracy there, as well as the role played by Moscow in its near abroad and the Caucasus.

The Hungarian public has been polled to be critical of the Bush administration. However a stable and strong transatlantic relationship has been an explicit official cornerstone of Hungarian foreign policy since transition, enjoying support from all parties.

Albeit close in range, the deployment of missile defences in Central Europe is not an issue that is debated in Hungary. This implies a tacit support from the political sphere, which is not necessarily shared by the population at large (no polls exist).

Hungary is a very passive member of both NATO and ESDP, financially almost in a free rider position. Military expenditure is some 0.7% of GDP, well below the minimum 1.5% required by NATO. There is a national consensus on maintaining a minimal, professional army (but this is underfinanced). One result of this is also that Hungary does not have strong positions on the NATO vs. ESDP debate.

The Transatlantic Economic Council was seen as an attempt by the German presidency to bridge the gap between Europe and the US. It was not discussed seriously, as it was believed to be another institution that would submerge in the darkness of time. This assessment has since proved to be correct.

The Obama presidency could significantly ease the position of future Hungarian governments, as formal support for the policies of this new administration is more likely to meet the approval of the population at large than formal support to the Bush administration has.

Completion of accession negotiations with Croatia:***Definition: Policy Driver******Outlook: Policy Driver***

Hungary shows intensive support and expects Croatia to close negotiations by the end of 2009, so that it could be a Member State by 2011. Hungary does not officially expect Croatia to come straight into Schengen, although after the entry of the New Member States into Schengen without SIS2 being ready it is not clear why this should not happen. The Hungarian position involves an interest in free movement of capital, with Hungarians buying holiday homes in Dalmatia, and with Hungarian oil giant MOL looking to acquire a share of INA through equity swap. Hungarian MEP Pál Schmitt leads the EP Committee on Croatian accession. This is a consultative body for the time being (as the Commission conducts the negotiations), but it could be important later in steering opinion during the negotiation process.

Opening of accession negotiations with Macedonia:***Definition: Policy Taker******Outlook: Policy Taker***

Hungary reserves serious doubts about preparedness. Hungary is committed to

support Macedonia according to its achievements, as it maintains an interest in the security situation in the Balkans. Hungary is helping Macedonia to prepare on a bilateral basis.

Signing of SAA with Serbia:

Definition: Policy Taker

Outlook: Potential Policy Driver

The Czech Presidency puts pressure on Serbia to apply for candidate status with full cooperation with the ICTY, as well as achievements in preparations. Hungary supports this position. Hungary has a special interest due to the presence of a small Hungarian minority in Vojvodina numbering a few hundred thousand (some 15% of Vojvodina). Hungary has had stable relations with Serbia in spite of the political turmoil in that country, and in spite of Hungary recognising the independence of Kosovo at an early stage.

Blockage of accession talks with Turkey, possibility of unblocking it:

Definition: Policy Taker

Outlook: Potential Policy Killer

Hungary regards the end goal of the Turkish accession process to be full membership, although it is accepted that negotiations are open-ended. Hungary generally follows the line of the Commission, but has had minor input into the process in the domains of energy policy (nuclear energy security), political criteria, ethnic and women's rights. According to last year's Eurobarometer polls, the Hungarian public is the most supportive within the EU for Turkey's membership.

There is a clash of interests for EU budgetary resources.

Hungary calculates that Turkish accession will take place in the medium term, but probably not even in the next financial period.

Hungary's position is that Turkish negotiations are blocked by the Cyprus issue. The solution must be based on the Anan plan. Ankara must extend the customs union to Cyprus. The recognition of Cyprus is not a precondition to accession negotiations, but a precondition to membership.

At the moment, discussions with Turkey have not reached the stage where concrete terms are set for community financial transfers for future member state Turkey. Should these transfers be decided to the detriment of funding for current net beneficiary states, Hungary might suddenly turn out to be a Policy Killer, along with the other 2004 accession states.

Polish – Swedish initiative for ENP Eastern Partnership:

Definition: Policy Taker

Outlook: Policy Taker

Supported by Hungary. It is project-oriented, and would strengthen bilateral cooperation. Hungary is not a keen actor in the Eastern Partnership programme, but tends to follow events and generally support them. Budapest is not likely to kill any policies in this area, and this is not going to change with a change of government either.

Strategy for the Black Sea Region/Black Sea Synergy Implementation assessment:

Definition: Policy Taker

Outlook: Policy Taker

Hungary does not see the value added of this initiative for the time being, while no real specific issues have yet been seen. The Russia-Georgia war threatens intraregional cooperation. Not having an interest in the Black Sea region determines Hungary's lack of interest, yet Budapest will not act as a Policy Killer.

Strategy for the Baltic Sea Region (defined as a priority for the Swedish Presidency – second half 2009):

Definition: Policy Taker

Outlook: Policy Taker

Not a priority for Hungary, but supportive. No real position.

Revision of European Security Strategy (thought to have been initiated by the French Presidency):

Definition: Policy Taker

Outlook: Policy Taker

Hungary sees no drastic changes arising from the assessment. Climate change and energy security will increase. Hungary's priorities are in the Western Balkans and the east. Member States' interests will continue to diverge.

VI. Freedom, Security and Justice

1. Overview
2. General issues:
 - 2.1. Common European asylum system
 - 2.2. Common European migration policy
 - 2.3. Enhanced role in co-operation of law enforcement agencies and their co-operation at EU level
 - 2.4. Harmonisation of serious aspects of cross-border crimes
3. Specific issues:
 - 3.1. Establishment of Eurosur (European border surveillance system)
 - 3.2. Establishment of entry–exit system and other border management tools
 - 3.3. Amendments of asylum-related regulations (2003/9/EC — reception conditions for asylum seekers, regulation 343/2003 on the determination of Member States responsible for assessing asylum applications)
 - 3.4. Evaluation of FRONTEX and the future developments in this area

1. Overview

Hungary is not a target country for either asylum seekers or migrant workers. It is a transit state, but even in this respect not a centrally important one. With the eventual integration of Romania and Croatia into the Schengen framework, expected to take place by the first half of the next decade, Hungary will no longer control its own borders except for two short border strips towards Serbia and the Ukraine.

Hungary has small minorities in both of these states, and the easy access into the EU of these groups might be an issue of mild importance in the longer run, but not a centrally important one.

Apart from the above issues, policies related to Security and Justice are not on the agenda of Hungarian politics. Two relatively strong NGOs, Menedék and the Hungarian Helsinki Committee, make their voices heard, but the magnitude of the problems is minute. Their general criticisms are aimed more at the actual practice of the state than at policy pursued at the EU level.

Top three priorities:

1. Reliance on external control in external states in the longer run
2. Strengthened cooperation on the eastern border
3. Communitisation of JHA resources

Table of national positions

*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
Top three priorities	Policy Taker; likely to remain Policy Taker	General consensus	Within mainstream on 1 and 2, outside mainstream on 3
Common European asylum system	Policy Taker; will remain Policy Taker	Consensus	Within the mainstream
Common European migration policy	Policy Taker; will remain Policy Taker	Consensus	Within the mainstream
Enhanced role in co-operation of law enforcement agencies and their co-operation at EU level	Policy Taker; will remain Policy Taker	General consensus	Within the mainstream
Harmonisation of serious aspects of cross-border crimes	Policy Taker; likely to remain Policy Taker	General consensus of the key actors	Within the mainstream
Establishment of Eurosur	Policy Taker; likely to remain Policy Taker	Consensus	Within the mainstream
Establishment of entry – exit system and other border management tools	Policy Taker; likely to remain Policy Taker	Consensus	Within the mainstream
Amendments of asylum-related regulations	Policy Taker; likely to remain Policy Taker	Consensus	Within the mainstream
Evaluation of FRONTEX	Policy Driver; likely to remain Policy Driver	Consensus	Within the mainstream

2. General issues:

Common European asylum system:

Definition: Policy Taker.

Outlook: Likely to remain Policy Taker.

The aim of Hungarian legislators was to create one of the most advanced asylum systems in the world, in a liberal sense. Hungary is a transit state, not a target state. 2-3 000 per year register nowadays as asylum seekers, down from a magnitude of 10 000 at the turn of the century. Iraq, Somalia, Kosovo, Georgia, Iran and Pakistan are the typical countries of origin.

With the end of the conflict in former Yugoslavia, pressure on Hungary decreased. There are no “pull networks” present in Hungary from third world states (Iraq, Afghanistan).

There could have been a willingness to free ride while waiting for Romanian and Croatian entry into the Schengen system, and not strengthen these borders during the transition period, but there was strong pressure from Austria to control the eastern and south-western borders thoroughly.

Hungary has been supportive of further harmonisation of asylum at the European level, such as a European Asylum Support Office, or a unified status of refugees and people under complementary protection. In fact, the latter has already been codified into Hungarian law.

Common European migration policy:

Definition: Policy Taker.

Outlook: Policy Taker

There are roughly 80 000 non-EU nationals in Hungary (Ukrainian, Serbian, Russian, Vietnamese, Chinese, US). There is only a very rough estimate of illegal non-EU workers. There is a strong Hungarian position against migration from outside the EU, since

- Hungary has a very low employment rate, and

- there is no sense to bring in guest workers from outside of the EU until there are derogations on New Member State citizens in the internal market.

There are no real issues with second generation immigrants or family reunification. Hungary has no job seeking visa (i.e. a visa where a non-EU citizen could enter the country for a given period of time with the aim of seeking employment). The tourist visa cannot be converted into an employment visa.

Hungary has a national visa in addition to the Schengen visa for ethnic Hungarians from Serbia and the Ukraine.

Migration policy has a very low prioritisation amongst domestically debated issues. Hungary is generally passively supportive of all new initiatives in this domain, including the EU Blue Card proposal and the EC guidelines for integration measures.

Enhanced role in co-operation of law enforcement agencies and their co-operation at EU level:

Definition: Policy Taker

Outlook: Policy Killer

Hungary is very inactive in this area. Budapest supports any developments that are financed from a common budget, but may become a potential Policy Killer if any increase from national spending is proposed.

Harmonisation of serious aspects of cross-border crimes:

Definition: Policy Taker

Outlook: Policy Killer

Hungary is very inactive in this area. Budapest supports any developments that are financed from a common budget, but may become a potential Policy Killer if any increase from national spending is proposed.

3. Specific issues:

Establishment of Eurosur (European border surveillance system)

Definition: Potential Policy Taker

Outlook: Potential Policy Killer

Hungary is very inactive in this area. Budapest supports any developments that are financed from a common budget, but may become a potential Policy Killer if any increase from national spending is proposed.

Hungary is interested in the strong development of the external Schengen border, but most of it will be in Member States other than Hungary, except for the rather short Serbian and Ukrainian border strips.

Establishment of entry – exit system and other border management tools

Definition: Policy Taker

Outlook: Policy Killer

Hungary does not support such developments proposed by Western European states, and is satisfied with current cooperation within the Schengen framework. Hungary could potentially become a policy killer if national financing is required.

Amendments of asylum – related regulations (2003/9/EC – reception conditions for asylum seekers, regulation 343/2003 on the determination of MS responsible for assessing asylum applications)

Definition: Policy Taker

Outlook: Policy Taker

These issues have been implemented into national law in the framework of Act no. 2007./I. and II. on Immigration of Foreign Nationals. Hungary is very inactive on this area otherwise.

Evaluation of FRONTEX and the future developments in this area

Definition: Policy Driver

Outlook: Policy Driver

Hungary applied to host FRONTEX, but the headquarters were established in Warsaw instead. Hungary is an active member in the FRONTEX framework, and Hungarian participation is highly evaluated. There is a certain degree of eastern border cooperation amongst New Member States in this framework.

Officially Hungary wants to be more active. Hungary holds leading positions and has many leading experts at the FRONTEX HQ, and actively supports tighter co-ordination by FRONTEX of national border control agencies, as well as experience sharing. Actual behaviour is constrained by limitations on the national budget, as well as staffing.

Hungary strongly supports the creation of a common mobile FRONTEX unit to deal with serious surges in migration, and sees this as the main focus of FRONTEX cooperation in the future.

VII. Institutional issues

1. Overview
2. General issues:
 - 2.1. Representation of the country in the EU institutions: EC, European council, EP — a backgrounder
 - 2.2. Position of the country and the different stakeholders (including public opinion) towards the Lisbon Treaty and the framework of changes introduced by it
 - 2.3. Alternative proposals to the institutional development of the EU, rated by the relative influence of their proponents (e.g. multi-speed Europe, one-voice foreign policy, etc.)
3. Specific issues:
 - 3.1. Position towards the main changes offered by the Lisbon Treaty:
 - Extended qualified majority voting;
 - European Parliament's increased role;
 - President of the European Council;
 - High Representative for Foreign Policy;
 - Revision of the representation in the European Commission;
 - Charter of Fundamental Rights legally binding
 - 3.2. Implementation of institutional innovations:
 - President of the European Council: competences vis-à-vis the rotating presidency, job description, secretariat and its size etc.
 - EU High Representative: competences vis-à-vis the two presidents, relation to other commissioners with external relations portfolios, competences and relations vis-à-vis the rotating presidency
 - EU External Action Service: Implementation of the EU External Action Service:
 - 3.3. Future of Lisbon Treaty ratification

1. Overview

In terms of institutional issues, Hungary is a strongly pro-federalist state. The governing Socialists are self-declared federalists. Fidesz president Orbán uses a more intergovernmentalist rhetoric, but the party is silently divided between federalists and intergovernmentalists. During its single four-year term in office, Fidesz hardly ever applied its intergovernmentalist stance in reality, and also followed *de facto* federalist policies.

Hungary was amongst the strong supporters of both the Constitutional Treaty and the Lisbon Treaty, and was amongst the first to ratify both (without a referendum). There are effectively no debates in domestic Hungarian politics about the reform of the EU. Famously, the Lisbon Treaty was passed in the Hungarian parliament without opposition to it from any side, at a point when the text of the Treaty had not even been translated into Hungarian. The aim was simply to become the first country to ratify it, almost as if in a sports race. Generally speaking, Hungary is strongly supportive of any efforts to strengthen institutions at the European level.

Part of the reason for this is the strong focus on domestic issues and the peripheral nature of the European debate. This in turn leads to both the population and the decision-making/opinion-leading elite being under-informed about European issues. Thus, a general attitude of support substitutes for informed policy, while demands for a formulation of national interest are still viewed with suspicion as a form of Euroscepticism.

There is also still a naive belief that a more federalised Europe will have a stronger consolidating impact on the domestic policies of Hungary as a Member State. Since Hungarians are deeply dissatisfied with their own politicians, they (wrongly) expect a strengthened EU to have more leverage over their dealings in the longer run. Thus the picture of a more consensual, almost aufklarist Brussels is counterposed to the conflictual, corrupt and scandalous nature of domestic politicians.

The level and intensity of discussion about these issues is very restricted in Hungarian public discourse, and there are hardly any actors with clear cut ideas and positions. There is a consensus that Hungary does not wish to promote a multi-speed or multi-tiered Europe, as it is still believed that such an arrangement would leave New Member States behind. Initiating strengthened cooperation in any area is still not considered a realistic option for a "small state", a "New Member State", or a "less affluent state".

Hungary is a Policy Taker on almost all institutional issues. There is a distinct lack of

interest amongst the population. In the October 2008 Eurobarometer poll, 29% of Hungarians said things were going in the right direction in the EU. The EU average was 35%. 31% thought EU membership was a good thing for Hungary, the second lowest figure (EU average: 53%). 45% expressed a neutral stance.

No Eurosceptic voice has appeared on the Hungarian political scene, with the exception of extremists. These, however, have not been able to field a political formation that has reached representation in the national or European Parliaments.

Top three priorities:

1. General federalisation of Europe
2. Efficient size of institutions
3. No conflict between too many representatives

Table of national positions

*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
Priority: Lisbon Treaty ratification	Policy Taker; likely to remain Policy Taker	Total national consensus	Within the mainstream
Priority: Size of the European Commission	Policy Taker; likely to remain Policy Taker	National Consensus	Within the mainstream
Backgrounder	Policy Taker	Consensus	Within the mainstream
Positions on Lisbon Treaty	Policy Taker	Consensus	Within the mainstream
Alternative proposals	Policy Taker; likely to remain Policy Taker	Consensus	Within the mainstream
Lisbon Treaty changes	Policy Taker; likely to remain Policy Taker	Consensus	Within the mainstream
Future Ratification	Policy Taker; will remain Policy Taker	No position	No European mainstream

Representation of the country in the EU institutions: EC, European council, EP – a backgrounder:

Definition: Policy Taker

Outlook: Policy Taker

There is no strong Hungarian interest in relation to the actual representation of the country in EU institutions. As opposed to the period of accession, when Hungary had fought hard for somewhat more influence in EU decision making, changes that would reduce the representation of the country are accepted without any serious objections.

For instance, Hungary accepts having a number of MEPs according to its population, to be reduced with further expansions of the EU. Hungary currently has 24 MEPs, to be reduced to 22 under both the Nice and Lisbon Treaties.

The Council: Hungary currently has 2% of the population of the EU. Under Nice it would have 12 votes, that is, 3.5%.

Hungary also accepts not always having a permanent Commissioner.

Position of the country and the different stakeholders (including public opinion) towards the Lisbon Treaty and the framework of changes introduced by it:

Definition: Policy Taker

Outlook: Policy Taker

Hungary is absolutely supportive because it would make the operation of the EU more efficient. There is a complete cross-party consensus, with no divergent voices and no controversial points. Hungary has already ratified the Treaty.

Alternative proposals to the institutional development of the EU, rated by the relative influence of their proponents (e.g. multi speed Europe, one-voice foreign policy, etc.):

Definition: Policy Taker

Outlook: Policy Taker

For the time being there is no serious debate about these issues in Hungary. Generally speaking, Hungary was a strongly federalist country before accession, supporting a single speed Europe, and remained so after accession as well. The opposition imagine a somewhat more intergovernmental Europe, the Socialists a more federal one. (However, the opposition have not been in government since entry, and therefore do not have an actual track record of how they would decide on European affairs.) Multi-speed Europe, *à la carte* Europe and similar ideas still come across in Hungary as attempts to leave out poorer New Member States from certain developments.

A one-voice European foreign policy would be preferred by Hungary, but it is well realized in public discussions that this is an illusion in a community of 27 with very divergent interests.

Position towards the main changes offered by the Lisbon Treaty (important in case the Lisbon Treaty is revamped and/or introduced through its separate elements). In case the treaty is scrapped – what innovations should be implemented (and how)?:

Extended qualified majority voting (if the national position differs from the areas, envisaged in the Lisbon Treaty);

Definition: Policy Taker

Outlook: Policy Taker

Hungary would accept it.

European Parliament increased role;

Definition: Policy Taker

Outlook: Policy Taker

Generally speaking there exists a consensus that the role of the European Parliament should be made stronger. It could have an elevated role in decision making, and Hungary would not even block changes that would enable the Parliament to legislate without agreement from the Council. Should such changes occur at some point in the distant future, Hungary is only likely to become aware of threats to its national interests from such decision making *a posteriori*, once the first decisions are reached in Parliament that would affect the country.

President of the European Council;

Definition: Policy Taker

Outlook: Policy Taker, potential Policy Killer

Hungary supported this change, but without too much enthusiasm. It would create too many heads for the EU.

High Representative for Foreign Policy;

Definition: Policy Taker

Outlook: Policy Taker

Generally speaking Hungary is supportive, but is concerned about its relationship with the Council President, the Commission President as well as the Trade Commissioner. Once again, there would be too many figureheads to represent the EU in high level debates whenever real heated issues arise.

Revision of the representation in the European Commission;**Definition: Policy Taker****Outlook: Policy Taker**

The need to reduce the size of the Commission is accepted by Hungary. 27-28 members are far too many for such a body.

Charter of Human Rights legally binding:**Definition: Policy Taker****Outlook: Policy Taker**

Supported by Hungary. The protection of ethnic minorities was an input by Hungary into the Constitutional Treaty and later Lisbon.

Implementation of institutional innovations:

President of the European Council: competences vis-à-vis the rotating presidency, job description, secretariat and its size etc.**Definition: Policy Taker****Outlook: Policy Taker**

Hungary supports a procedural president, who directs proceedings, but harmonisation and negotiations should be directed by the presidency prime minister. Thus both would receive real competencies. A small secretariat is preferred, since it would otherwise clash with COREPER.

EU High Representative: competences vis-à-vis the two presidents, relation to other commissioners with external relations portfolio, competences and relations vis-à-vis the rotating presidency**Definition: Policy Taker****Outlook: Policy Taker**

Two hats are preferred, one in the Commission, one in the Council. The High Representative needs a small secretariat plus the external action service. Everyone should represent the EU at their own level (presidents at the level of prime ministers v. High Representative at the level of foreign ministers).

EU External Action Service:**Definition: Policy Taker****Outlook: Policy Taker**

The External Action Service should be exclusively for the CFSP. There should be both EU and national diplomats in the service, as rotation of experience principle would benefit all. There should be no national quotas, as Hungary expects to fill more places than its theoretical quota. Everyone should be paid from the EU budget since they represent EU interests, and to avoid inequalities of pay. The External Action Service should have no relation to the EP, and must be similarly close to both Council and Commission. It must be a *sui generis* body. This would complement the two-hat nature, and would provide permanence through its treaty-based nature.

Future of Lisbon Treaty ratification:

Hungary would have preferred a statement from Ireland to express that there had been misunderstandings in the "no" camp, and no one had believed that a "no" vote would enable renegotiation. (According to a poll, 48% had no idea about the treaty.) Hungary supports holding another vote in Ireland.

Many in the Hungarian public administration believe that the Lisbon Treaty was too technical in nature anyway, and there was no need for a vote. A brief and concise Constitution is something that should be put to a referendum, but not such a technical text as the Lisbon Treaty. This view is not shared and is heavily criticised by NGOs.

About the author

Dr. Zoltan Pogatsa is a lecturer at the West Hungarian University. His specialisation is the international political economy of European Integration. He is also a researcher on this topic for the Hungarian Academy of Sciences. He received his doctorate from the Centre for European Studies of the University of Sussex. He has taught abroad extensively, including at universities in Ireland, the UK, France, Germany, Austria and Slovakia. He has published four books and numerous articles, and is a regular commentator on European and development related affairs in Hungarian and international media.

Supplements

Methodology notes

The research has been carried out by individual researchers in each of the ten new members on the basis of specially designed methodology, developed by EUROPEUM and major input from EuPI/OSI-Sofia. The seven policy areas under research are: I. Internal market/Lisbon Strategy; II. Minority integration and citizenship issues; III. Energy and climate change; IV. Budget review and CAP Health Check; V. EU foreign policy and enlargement; VI. Freedom, Security and Justice; VII. Institutional issues.

The research was carried out primarily in the period September 2008 – December 2009, but there may be references beyond this period. Some positions and circumstances described in the reports may have changed since the information was last made available to the researchers or reached the stage of publication.

The researchers' findings are published in ten country reports on each of the New Member States: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

The structure of the country reports includes an overview of the country's performance as an EU member and seven chapters following the seven broad policy areas. Each chapter contains an overview of the position of this country in the area, including the top three national priorities. Then the chapters provide in-depth analyses, information and prognoses on a set of issues (defined as general and specific) within each of the seven policy areas.

The views expressed in the reports are those of the authors and do not necessarily reflect the views of the Open Society Institute – Sofia.

Classifications: Policy Taker, Killer, and Driver explained

In the classification of this study, Policy Takers are those states that usually follow the mainstream in the EU and in general accept whatever is offered from the EU. The reasons may vary — from the lack of stakes and interests in the issue, to the lack of capacity to formulate a meaningful position, or they may have a position but lack the weight and experience to promote it.

The Policy Driver is a country that assertively promotes an issue at EU level. Ideally, a Policy Driver would have a broad political consensus and public support at home, capacity and expertise to advocate successfully, and carry the weight to gather coalitions and promote the policy. This may also imply additional legitimacy, measured also by the added value of this policy to the "European project" or adherence to the "European values" or "common European interest".

A Policy Killer is exactly the same as a Policy Driver, but with an opposite sign. In many cases, a Policy Killer country becomes a Driver if it succeeds in proposing a feasible and viable alternative to the policy it tried to prevent.

While all members are at some point "Policy Drivers" or "Killers", the crown of a "super Policy Driver" and "super Policy Killer" goes undoubtedly to Poland. Poland, the biggest of the new members, with enough self-confidence, has led an effective opposition to the Constitutional Treaty, the Lisbon Treaty, and to the energy and climate package.

Tables of national positions: Explaining the exercise and words of caution

In the course of the current study, the country researchers were asked to classify the position and policy behaviour of the country as Policy Taker, Policy Driver or Policy Killer on the respective issues. The judgments had to be based on the level and character of activity, interest and involvement of the country in the given policy area. The researchers were also asked to provide a forecast for the short and medium-term positions and behaviour of the country, based on diverse factors triggering change — domestic political change, rise of powerful stakeholders able to promote or kill a policy,

a window of opportunity to intervene, reversal of policy at EU level that causes negative reaction, etc.

The attempt at classification and forecasting (laid out in detail in the tables in each section) should be used with caution, as the positions and factors at play are nuanced, multifaceted and complex: simplified tick-boxes of classification, presented in the tables, can never be too accurate. Therefore, they are more for orientation purposes and the provided substantive reports should be consulted for a more detailed analytical description, as the authors themselves often point to several possible explanations and scenarios for future development.

Country abbreviations	
EU27 European Union - 27 Member States	
BE	Belgium
CZ	Czech Republic
BG	Bulgaria
DK	Denmark
<i>D-E</i>	<i>East Germany</i>
DE	Germany
<i>D-W</i>	<i>West Germany</i>
EE	Estonia
EL	Greece
ES	Spain
FR	France
IE	Ireland
IT	Italy
CY	Republic of Cyprus *
CY (tcc)	Zone not controlled by the government of the Republic of Cyprus
LT	Lithuania
LV	Latvia
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	United Kingdom
HR	Croatia
TR	Turkey
MK	Republic of Macedonia

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About EuPI



The European Policy Initiative (EuPI) of the Open Society Institute – Sofia aims at stimulating and assisting the New Member States from CEE to develop capacity for constructive co-authorship of common European policies at both government and civil society level. As a new priority area of the European Policies and Civic Participation Program of Open Society Institute – Sofia, EuPI will contribute to improving the capacity of New Member States to effectively impact common European policies through quality research, policy recommendations, networking and advocacy. The initiative operates in the ten New Member States from CEE through a network of experts and policy institutes.

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About EUROPEUM



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