



2017/2131(INL)

12.4.2018

AMENDMENTS

1 - 38

Draft opinion

Ingeborg Gräble

The situation in Hungary (pursuant to the European Parliament resolution of 17 May 2017)

(2017/2131(INL))

Amendment 1

Bart Staes

Draft opinion

Citation 2 a (new)

Draft opinion

Amendment

- *having regard to the Analysis of the Use and Impact of European Union Funds in Hungary in the 2007-2013 programming period commissioned by the Hungarian Prime Minister's Office and prepared by KPMG Tanácsadó Ltd. and its subcontractor GKI Gazdaságkutató Corp.;*

Or. en

Amendment 2

Ingeborg Gräßle

Draft opinion

Recital -A (new)

Draft opinion

Amendment

-A. whereas in the 2007-2013 period, Hungary was allocated EUR 25,3 billion, and for the 2014-2020 period Hungary has been allocated EUR 25 billion under the cohesion and structural funds;

Or. en

Amendment 3

Bart Staes

Draft opinion

Recital A

Draft opinion

Amendment

A. whereas Union funds amount to

A. whereas Union funds amount to

1,9-4,4 % of Hungarian GDP and account for over half of public investment;

1,9-4,4 % of *the* Hungarian GDP and account for over half of public investment *and without those funds the Hungarian GDP would have decreased in the 2007-2013 period; whereas, despite Union funding, the competitiveness of the country decreased;*

Or. en

Amendment 4
Bart Staes

Draft opinion
Recital A a (new)

Draft opinion

Amendment

Aa. whereas Cohesion Funds' (ERDF, CF, ESF) payments from the Union to Hungary between 2004 and 2017 amounted to EUR 30,15 billion; whereas the amount of financial correction resulting from Union audits amounts, to date, to an approximate amount of EUR 940 million for the ERDF, CF and ESF and is expected to exceed EUR 1 billion;

Or. en

Amendment 5
Ingeborg Gräßle

Draft opinion
Recital A a (new)

Draft opinion

Amendment

Aa. whereas the Union financial contribution for participants in Hungary is EUR 288,1 million under the FP7 and EUR 174,9 million under Horizon 2020;

Amendment 6
Ingeborg Gräßle

Draft opinion
Recital A b (new)

Draft opinion

Amendment

Ab. whereas Hungary had one of the highest absorption rates of Union funds among the Member States who joined the Union after 2004;

Or. en

Amendment 7
Ingeborg Gräßle

Draft opinion
Recital A c (new)

Draft opinion

Amendment

Ac. whereas the Hungarian GDP has grown 16,1 % between 2004 and 2016, which is just slightly above the Union average and considerably lower than the growth rates of the other Visegrád countries (Poland, Czech Republic and Slovakia);

Or. en

Amendment 8
Bart Staes

Draft opinion
Recital B

Draft opinion

Amendment

B. whereas since 2008 Hungary has fallen by 19 points in the Corruption Perception Index, making it one of the worst performing Member States;

B. whereas since 2008 Hungary has fallen by 19 points in the Corruption Perception Index, making it one of the worst performing Member States *in terms of fighting corruption*;

Or. en

Amendment 9
Bart Staes

Draft opinion
Recital B a (new)

Draft opinion

Amendment

Ba. whereas, according to the Global Competitiveness Index 2017-2018, corruption, governmental favouritism and the lack of transparency of governmental policymaking are the biggest obstacles for businesses in Hungary ;

Or. en

Amendment 10
Ingeborg Gräßle

Draft opinion
Recital B a (new)

Draft opinion

Amendment

Ba. whereas the Worldwide Governance Indicators 2016 underline that Hungary has made steps backwards in the field of government effectiveness, rule of law and control of corruption;

Or. en

Amendment 11

Ingeborg Gräble

Draft opinion Recital C

Draft opinion

C. whereas the *Country Specific Recommendations of the Commission* highlighted the need to improve the transparency of public finances *and* strengthen public procurement *structures and* the anti-corruption framework;

Amendment

C. whereas the *Council Recommendations of 11 July 2017 on the 2017 National Reform Programme of Hungary and delivering a Council opinion on the 2017 Convergence Programme of Hungary*^{1a} highlighted the need to improve the transparency of public finances, *to* strengthen *transparency and competition in* public procurement *by implementing a comprehensive and efficient e-procurement system, and to strengthen* the anti-corruption framework;

^{1a} OJ C 261 9.8.2017, p. 71

Or. en

Amendment 12 Bart Staes

Draft opinion Recital C

Draft opinion

C. whereas the Country Specific Recommendations of the Commission highlighted *the need* to improve the transparency of public finances and strengthen public procurement structures and the anti-corruption framework;

Amendment

C. whereas the Country Specific Recommendations of the Commission *under the European Semester between 2014-2017 (CSRs)* highlighted *that Hungary needs* to improve the transparency of public finances and strengthen public procurement structures and *its anti-corruption framework; whereas, according to the CSRs, limited progress has been made in the transparency of public finances with the adoption of the Public Procurement Act, but important actions were delayed,*

especially in the field of e-procurement, and the indicators show that competition and transparency are still unsatisfactory in public procurement; whereas, according to the CSRs, no progress has been registered as regards the improvement of the anti-corruption framework and no changes are envisaged in the National Anti-Corruption Programme to make it more effective in preventing corruption and applying dissuasive sanctions; whereas, according to the CSRs, the prosecution of high-level corruption cases remains the exception;

Or. en

Amendment 13
Bart Staes

Draft opinion
Recital C a (new)

Draft opinion

Amendment

Ca. whereas the monitoring institutions, such as the Court of Auditors and the Prosecutor General, are separate from the executive branch and are independent bodies according to the Basic Law and the relevant cardinal laws of Hungary; whereas in practice they do not, however, seem to have independence and autonomy from the ruling political elite as both the president of the Court of Auditors and the Prosecutor General have close links to Hungary's ruling political party and are therefore not completely independent in carrying out their duties;

Or. en

Amendment 14
Bart Staes

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Draft opinion
Recital D

Draft opinion

D. whereas the number of investigations carried out by the European Anti-Fraud Office (OLAF) for 2013-2016 in relation to Hungary, at 41, is the second highest in the Union; whereas 85 % of the investigations were concluded with judicial and financial recommendations;

Amendment

D. whereas the number of investigations carried out by the European Anti-Fraud Office (OLAF) for 2013-2016 in relation to Hungary, at 41, is the second highest in the Union; whereas 85 % of the investigations were concluded with judicial and financial recommendations, ***which is the highest in the Union;***

Or. en

Amendment 15
Péter Niedermüller

Draft opinion
Recital D a (new)

Draft opinion

Amendment

Da. whereas Hungary was the Member State with the highest amount of financial correction applied in 2016, amounting to a total of EUR 211 million;

Or. en

Amendment 16
Bart Staes

Draft opinion
Recital E

Draft opinion

Amendment

E. whereas the financial impact of OLAF investigations relating to Hungary in the areas of Structural Funds and Agriculture for 2013-2016 reached 4,16 %,

E. whereas the financial impact of OLAF investigations relating to Hungary in the areas of Structural Funds and Agriculture for 2013-2016 reached 4,16 %, which is the highest in the Union ***and***

which is the highest in the Union;

about 900 % higher than the Union average;

Or. en

Amendment 17
Bart Staes

Draft opinion
Recital E a (new)

Draft opinion

Amendment

Ea. whereas less than 10 % of the information coming to OLAF from Hungary in 2016 came from public sources;

Or. en

Amendment 18
Benedek Jávor

Draft opinion
Recital E b (new)

Draft opinion

Amendment

Eb. whereas there are no Union rules on the transparency of OLAF recommendations at any stage of the procedures; whereas the transparency of such recommendations is, therefore, entirely at the discretion of the Hungarian authorities;

Or. en

Amendment 19
Bart Staes

Draft opinion

Recital F a (new)

Draft opinion

Amendment

Fa. whereas the Transparency Index (TI) of public procurement in Hungary between 2015–2016 remained far below the 2009–2010 level; whereas, since 2011, Union-funded tenders were characterised by significantly lower TI values in each year compared to non-Union-funded tenders; whereas the detailed analysis shows that the level of transparency was significantly weaker in 2016 than in 2015;

Or. en

**Amendment 20
Ingeborg Gräßle**

**Draft opinion
Recital F a (new)**

Draft opinion

Amendment

Fa. whereas the European Public Prosecutor's Office (EPPO) was established in in the framework of enhanced cooperation between 21 Member States but Hungary decided not to participate in its establishment;

Or. en

**Amendment 21
Bart Staes**

**Draft opinion
Recital F b (new)**

Draft opinion

Amendment

Fb. whereas estimations show a very high level of direct social loss in Hungary, reaching 15-24 % in total contract value

in the 2009-2016 period, which amounts to at least between EUR 6,7 billion and EUR 10,6 billion;

Or. en

Amendment 22
Bart Staes

Draft opinion
Recital F c (new)

Draft opinion

Amendment

Fc. whereas a vibrant civil society sector should play a vital role in promoting the transparency and accountability of governments with respect to their finances and their fight against corruption;

Or. en

Amendment 23
Bart Staes

Draft opinion
Paragraph -1 (new)

Draft opinion

Amendment

-1. 1. Regrets that the developments in Hungary have led to an increasing level of corruption and a serious deterioration of the rule of law, democracy and fundamental rights over the past few years, including the functioning of the constitutional system, the independence of the public prosecution, the Court of Auditors and of other controlling institutions, and that there are many worrying allegations of corruption and conflicts of interest, which, taken together, could represent an emerging

systemic threat to the rule of law in this Member State;

Or. en

Amendment 24
Péter Niedermüller, Cătălin Sorin Ivan

Draft opinion
Paragraph 1

Draft opinion

1. Believes that the current level of corruption, and the lack of transparency and accountability of public finances, affects Union funds in Hungary; considers that this might represent a breach of the values referred to in Article 2 of the Treaty on European Union (TEU) and warrants the launch of the procedure under Article 7(1) TEU;

Amendment

1. Believes that the current level of corruption, and the lack of transparency and accountability of public finances *and the ineligible expenditure or overpricing of the financed projects*, affects Union funds in Hungary; considers that this might represent a breach of the values referred to in Article 2 of the Treaty on European Union (TEU) and warrants the launch of the procedure under Article 7(1) TEU;

Or. en

Amendment 25
Bart Staes

Draft opinion
Paragraph 1 a (new)

Draft opinion

Amendment

1a. Recalls its recommendation of 13 December 2017 to the Council and the Commission following the inquiry into money laundering, tax avoidance and tax evasion, in which it noted that the anti-corruption monitoring by the Commission was to be pursued through the European Semester process, took the view that anti-corruption might be overshadowed by other economic and financial matters in

that process, and called on the Commission to lead by example, resuming the publication of the anti-corruption report and committing to a much more credible and comprehensive anti-corruption strategy; points out that the fight against corruption is a matter of police and judicial cooperation, a policy area where Parliament is co-legislator and has full powers of scrutiny;

Or. en

Amendment 26
Dennis de Jong

Draft opinion
Paragraph 1 a (new)

Draft opinion

Amendment

1a. Emphasises that whistleblowers and investigative journalists play an essential role in helping Member States prevent and tackle any breaches of the principle of integrity or misuse of power at national level; stresses that, in this regard, whistleblowers and investigative journalists contribute greatly to increasing the democratic quality of, and the trust in, public institutions by making them directly accountable to citizens and more transparent; calls on Hungary to adopt provisions protecting whistleblowers and investigative journalists in its national law and to apply such provisions consistently and without delay;

Or. en

Amendment 27
Bart Staes

Draft opinion

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Paragraph 1 b (new)

Draft opinion

Amendment

1b. Recalls its Resolution of 25 October 2016 with recommendations to the Commission on the establishment of a Union mechanism on democracy, the rule of law and fundamental rights, specifically calling for the establishment of an annual report on democracy, the rule of law and fundamental rights (European DRF Report) with country-specific recommendations, including a specific focus on corruption;

Or. en

Amendment 28 Ingeborg Gräßle

Draft opinion Paragraph 2

Draft opinion

Amendment

2. Notes with concern that the share of contracts awarded after public procurement procedures that received only a single bid remains very high, at 36%, in Hungary, which is the second highest number in the Union;

2. Criticizes shortcomings in public procurement practices in Hungary; notes with concern that the share of contracts awarded after public procurement procedures that received only a single bid remains very high, at 36% in 2016, in Hungary, which is the second highest number in the Union after Poland and Croatia (45 %) ^{1a}; requests information about the companies that act as single bidders in Hungary; demands an investigation on whether the tenders are made with the aim of earmarking contracts to certain companies;

^{1a} See *Public procurement – a study on administrative capacity in the EU, p. 101 onwards*

Amendment 29
Marco Valli, Laura Agea

Draft opinion
Paragraph 2

Draft opinion

2. Notes with concern that the share of contracts awarded after public procurement procedures that received only a single bid remains very high, at 36%, in Hungary, which is the second highest number in the Union;

Amendment

2. Notes with concern that the share of contracts awarded after public procurement procedures that received only a single bid remains very high, at 36%, in Hungary, which is the second highest number in the Union; ***is of the view that the Commission needs to implement an effective monitoring tool to avoid the perpetration of practices that run counter to the spirit of the Procurement Directive and to provide for legislative integration in order to remedy the weaknesses hitherto detected;***

Or. it

Amendment 30
Dennis de Jong

Draft opinion
Paragraph 2

Draft opinion

2. Notes with concern that the share of contracts awarded after public procurement procedures that received only a single bid remains very high, at 36%, in Hungary, which is the second highest number in the Union;

Amendment

2. Notes with concern that the share of contracts awarded after public procurement procedures that received only a single bid remains very high, at 36%, in Hungary, which is the second highest number in the Union; ***calls on the Hungarian government to publish a complete annual list on its website of all contractors who obtained contracts with a value of more than EUR 15 000, and to include on this list the name and address of the***

contractor, the type and subject of the contract, its duration, its value, the procedure followed and the responsible authority;

Or. en

Amendment 31
Bart Staes

Draft opinion
Paragraph 2

Draft opinion

2. Notes with concern that the share of contracts awarded after public procurement procedures that received only a single bid remains very high, at 36%, in Hungary, which is the second highest number in the Union;

Amendment

2. Notes with concern that the share of contracts awarded after public procurement procedures that received only a single bid remains very high, at 36%, in Hungary, which is the second highest number in the Union, ***indicating that there are strong risks of corruption in Hungarian public procurement tenders;***

Or. en

Amendment 32
Ingeborg Gräßle

Draft opinion
Paragraph 2 a (new)

Draft opinion

2a. Regrets that government effectiveness in Hungary has diminished since 1996^{1b} and that it is one of the Member States with the least effective governments in the Union; notes with concern that all Hungarian regions are well below the Union average in terms of quality of government; notes that the low quality of government in Hungary^{1c} hinders economic development and

Amendment

reduces the impact of public investment;

^{1b} See Seventh report on economic, social and territorial cohesion, Quality of governance varies substantially in Europe, p. 137

^{1c} See Seventh report on economic, social and territorial cohesion, Map 6 European Quality of Government index, 2017

Or. en

Amendment 33
Ingeborg Gräßle

Draft opinion
Paragraph 2 b (new)

Draft opinion

Amendment

2b. *Notes that the regional innovation performance^{1d} in the Hungarian regions is still only moderate; notes that Hungary has not yet reached the Europe 2020 target to invest 3 % of its GDP in Research and Development (R&D)^{1e}; asks Hungary to foster growth and employment and to invest Union funds in innovation;*

^{1d} See Seventh report on economic, social and territorial cohesion, Map 5 Regional innovation performance, 2017

^{1e} See Seventh report on economic, social and territorial cohesion, Map 6 European Quality of Government index, 2017

Or. en

Amendment 34
Ingeborg Gräßle

Draft opinion
Paragraph 2 c (new)

Draft opinion

Amendment

2c. Encourages Hungary to use Union funds to continue modernising its economy and to strengthen its support for SMEs; underlines the fact that in Hungary 30,24 % of the Union financial contribution under Horizon 2020 is for SME participants while the SME applicant success rate stands at 7,26 %, which is lower than the EU-28 SME applicant success rate; notes furthermore that the success rate for all applications dropped from 20,3 % (FP7) to 10,8 % (Horizon 2020), which ranks Hungary 26th for Horizon 2020;

Or. en

Amendment 35
Luke Ming Flanagan

Draft opinion
Paragraph 3

Draft opinion

Amendment

3. Calls on the Commission to incentivise Member States to join the European Public Prosecutor's Office (EPPO) and, in case Member States are not willing, spending of Union funds should be suspended.

deleted

Or. en

Amendment 36
Marco Valli, Laura Agea, Wim van de Camp

Draft opinion

Paragraph 3

Draft opinion

3. Calls on the Commission to incentivise Member States to join the European Public Prosecutor's Office (EPPO) ***and, in case Member States are not willing, spending of Union funds should be suspended.***

Amendment

3. Calls on the Commission to incentivise Member States to join the European Public Prosecutor's Office (EPPO).

Or. it

Amendment 37

Dennis de Jong

Draft opinion

Paragraph 3 a (new)

Draft opinion

Amendment

3a. Stresses that Hungary has the highest percentage in the Union of financial recommendations from the European Anti-Fraud Office (OLAF) regarding the Structural Funds and Agriculture for the 2013-2016 period; stresses that the overall financial impact of OLAF cases in Hungary is four times higher than that of national investigations; calls on the Commission and on Hungary to take the necessary efforts to combat fraud with respect to Union funds.

Or. en

Amendment 38

Ingeborg Gräßle

Draft opinion

Paragraph 3 a (new)

Draft opinion

Amendment

3a. Deplores the fact that the Commission suspended the publication of the anti-corruption report; urges the Commission to change its decision and to regularly publish such a report;

Or. en