

EUROPEAN PARLIAMENT

1999



2004

Session document

FINAL
A5-0094/2003

26 March 2003

RECOMMENDATION

on the application by the Republic of Hungary to become a member of the
European Union
(AA-AFNS 1-6 – C5-0120/2003 – 2003/0901E(AVC))

Committee on Foreign Affairs, Human Rights, Common Security and Defence
Policy

Rapporteur: Luís Queiró

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

CONTENTS

	Page
PROCEDURAL PAGE.....	4
DRAFT LEGISLATIVE RESOLUTION.....	5
EXPLANATORY STATEMENT	7

By letter of 20 February 2003, the Council requested Parliament's assent, pursuant to Article 49 of the EC Treaty, to the application by the Republic of Hungary to become a member of the European Union (AA-AFNS 1-6 – 2003/0901E(AVC)).

At the sitting of 7 April 2003, the President of Parliament will announce that he has referred this application, together with the draft Treaty on Accession by the Republic of Hungary, to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy as the committee responsible, and to all committees interested for their opinions (C5-0120/2003).

At its meeting of 21 January 2003, the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy had appointed Luís Queiró rapporteur.

The committee considered the application for accession, the draft Treaty on Accession, the opinion of the Commission and the draft recommendation at its meeting of 17-19 March 2003.

At that meeting it adopted the draft legislative resolution by 58 votes to 1, with no abstentions.

The following were present for the vote: Elmar Brok, chairman; Christos Zacharakis (vice-chairman; Luís Queiró, rapporteur; Alexandros Alavanos (for Sami Naïr), Ole Andreasen, Per-Arne Arvidsson, Alexandros Baltas, André Brie, Véronique De Keyser, Rosa M. Díez González, Hélène Flautre (for Joost Lagendijk), Glyn Ford, Pernille Frahm (for Luigi Vinci), Michael Gahler, Per Gahrton, Gerardo Galeote Quecedo, Jas Gawronski, Vitaliano Gemelli (for Franco Marini), Alfred Gomolka, Vasco Graça Moura (for José Pacheco Pereira), Klaus Hänsch, Magdalene Hoff, Ulpu Iivari (for Catherine Lalumière), Christoph Werner Konrad (for Karl von Wogau), Efstratios Korakas, Armin Laschet, Nelly Maes (for Reinhold Messner), Cecilia Malmström, Pedro Marset Campos, Hugues Martin, Linda McAvan, Emilio Menéndez del Valle, Philippe Morillon, Pasqualina Napoletano, Raimon Obiols i Germà, Arie M. Oostlander, Doris Pack (for Alain Lamassoure), Hans-Gert Poettering (for Geoffrey Van Orden), Jacques F. Poos, Bernd Posselt (for Amalia Sartori), Reinhard Rack (for John Walls Cushnahan pursuant to Rules 153(2)), José Ribeiro e Castro (for Jean-Charles Marchiani pursuant to Rules 153(2)), Lennart Sacrédeus (for David Sumberg), Jannis Sakellariou, José Ignacio Salafranca Sánchez-Neyra, Jacques Santer, Jürgen Schröder, Elisabeth Schroedter, Ioannis Souladakis, Ursula Stenzel, Ilkka Suominen, Hannes Swoboda, Charles Tannock, Gary Titley (for Mário Soares), Joan Vallvé, Bob van den Bos, Paavo Väyrynen, Demetrio Volcic, Jan Marinus Wiersma and Matti Wuori.

The recommendation was tabled on 26 March 2003.

DRAFT LEGISLATIVE RESOLUTION

Legislative resolution on the application by the Republic of Hungary to become a member of the European Union ((AA-AFNS 1-6 – C5-0120/2003 – 2003/0901E(AVC)))

(Assent procedure)

The European Parliament,

- having regard to the application by the Republic of Hungary to become a member of the European Union,
 - having regard to the Council's request for Parliament's assent pursuant to Article 49 of the EU Treaty (AA-AFNS 1-6 – C5-0120/2003 – 2003/0000(AVC)),
 - having regard to the Commission's opinion (COM (2003) 79)¹,
 - having regard to the draft Treaty on Accession by the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic to the European Union,
 - having regard to Rule 86 and Rule 96(6) of its Rules of Procedure,
 - having regard to its resolution of 9 April 2003 on the conclusions of the Copenhagen enlargement negotiations²,
 - having regard to the recommendation of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy (A5-0094/2003),
- A. Whereas the conditions of admission of applicant States and the adjustments entailed by their accession have been recorded in the draft Treaty on Accession, and whereas Parliament should be consulted if substantial modifications are made to that text,
- B. whereas this assent will not determine its position on the adjustment of the financial perspective to cater for enlargement according to Article 25 of the Interinstitutional Agreement of 6 May 1999, and whereas the figures entered in Annex XV of the draft Treaty on Accession constitute only the minimum threshold necessary for the adjustment of the financial perspectives,

¹ OJ C not yet published

² Vote foreseen in plenary on 9 April 2003 (report by Elmar Brok (A5-0081/2003))

1. Gives its assent to the application by the Republic of Hungary to become a member of the European Union;
2. Instructs its President to forward Parliament's position to the Council and Commission, and to the governments and parliaments of the Member States and of the Republic of Hungary.

EXPLANATORY STATEMENT

HUNGARY'S SEARCH FOR FREEDOM

The presence at the 22 October 2002 plenary sitting of the President of Hungary, Mr Ferenc Mádl, on the eve of the commemoration of the 1956 Hungarian Revolution was deeply symbolic. At a time when Hungary was being designated as one of the applicant countries likely to become members of the European Union in May 2004, Mr Mádl's voice in the European Parliament recalled one of the most dramatic and at the same time 'most European' moments in Hungarian history, a moment prominent in the struggle for freedom and for the values that we call our own. The 1956 Hungarian Revolution was crushed, but its spirit was not extinguished, and emerged resurgent in 1989-1990 to triumph over totalitarian power. It was a victory for Europe as a whole.

By the end of summer 1989, only Poland and Hungary had launched themselves on the road leading not just to mere reform, but to a radical rejection of the system that had so spectacularly revealed its limitations. Hungary, it should be pointed out, is one of those countries of Eastern Europe where change driven by enormous popular pressure on the one hand, and by the disintegration of communist parties the other, **came about by way of dialogue, and was the result of a peaceful discussion process.**

But although the fall of Communism was the starting-point for a political, economic and institutional transformation, and although it was driven by a very strong popular will, the transition was nonetheless a difficult one strewn with pitfalls.

The challenge to be surmounted was not confined to winding up the inheritance of forty years of 'sovietisation' in well-nigh all areas, but extended to enabling institutional transformations and applying new economic mechanisms consistent with a market economy. And those transformations had, moreover, to be matched by changes in attitudes and behaviour in what became a learning-process paving the way to a new political and economic culture.

The transition from centrally planned to market economy had a high social price: the appearance of unemployment, impoverishment of certain social categories and the appearance of new inequalities went hand in hand with those reforms, and however necessary, were often deeply resented by Hungarian society. In seeking to meet to popular expectations, respective governments were constantly faced with a difficult choice between austerity and radical reform, a minimum redistribution of wealth while continuing to pursue growth.. It must at all events be pointed out that of all the countries of Central and Eastern Europe, Hungary was the one most open to new economic influences, having been the first applicant country to join the IMF and the EBRD in 1982.

It was for that reason that the socio-political landscape, albeit dominated by a commitment to reform, also contained elements of nostalgia for the Communist epoch, and was sometimes characterised by populist ideas and a certain upsurge of nationalist feeling.

It remains nevertheless the case that all governments of a sovereign Hungary have committed themselves strongly and unequivocally to meeting as soon as possible the Copenhagen

political and economic criteria. That choice is what has inspired the political agenda of all democratic governments in Hungary by setting accession to the European Union as a priority objective of Hungary's foreign policy.

At the June 1996 Florence European Council, Prime Minister Horn stated that European integration was not just the essential condition for, but was the very substance of, social and economic transformation and modernisation in Hungary.

ON THE ROAD TO ACCESSION: HISTORICAL BACKGROUND TO EU-HUNGARY RELATIONS

The European Association Agreement, which, until accession, provided the legal basis for relations between Hungary and the Union, was signed on 16 December 1991 and entered into force on 1 February 1994. Its purpose was to provide a framework for political dialogue, encourage growth in trade and economic relations between the two sides and provide the basis on which the Community could grant technical assistance.

The pre-accession strategy provided for by the agreement was introduced immediately, enabling Hungary to benefit from strengthened assistance from PHARE and to take part in Community programmes, the structured dialogue and the inter-parliamentary dialogue through the EU-Hungary Joint Parliamentary Committee. The core component of that strategy had, since the Luxembourg European Council, been the accession partnership and the 'mirror' document, the national programme for adoption of the *acquis*, which laid down the arrangements under which Hungary would achieve its partnership objectives.

Hungary submitted its **European-Union accession application on 31 March 1994**. The accompanying memorandum stated that it was a historical necessity for Hungary, as well as being a unique opportunity to which there was no real alternative. Accession negotiations were opened four years later, in **March 1998**.

From the outset Hungary had been one of the applicant countries where progress, not least in adapting to the requirements of the internal market, had been most striking, which had helped to maintain the dynamic of the negotiations. The Hungarian economy, characterised by one of the highest growth rates in Europe (3.8% in 2001), the lowest inflation rate recorded over the ten previous years (5.6%) and a relatively low unemployment rate (5.7% in 2002), is one of the best performing in the region. It has attracted one of the highest levels of direct foreign investment of any applicant country. Hungary's GNP, moreover, accounts for nearly 13% of the total of the twelve applicant countries taking part in negotiations. The least favourable indicator is the quite high level of public-sector deficit.

Hungary's economic performance of course counted in its favour in the accession negotiations. Certain chapters of the Agreement were, even so, difficult to complete.

The chapter on *Competition Policy* raised a problem in relation to the tax concessions granted to foreign investors and the need to align State assistance schemes.

The other chapter that was subject to some delays was *Cultural and Audiovisual Policy*, where an amendment on the law governing the media had to be adopted. The *Regional Policy*

chapter was concluded on the basis of an agreement providing for Hungary's seven regions to claim entitlement to assistance granted under Structural Funds Objective 1.

In the area of agriculture, which was one of the most sensitive to be negotiated, Hungary was not in principle opposed to transitional periods for payment of direct aid to farmers, but considered that the periods proposed by the Commission were too long. The final agreement on agriculture, concluded in December 2002, grants Hungarian farmers direct payments in 2004 amounting to 55% of the level of payments to which farmers in the Member States are entitled. The rate will rise to 60 % in 2005 and 65% in 2006. All animal- and plant-health questions were resolved with Hungary without significant problems.

In the budgetary chapter, the Union's final offer to Hungary was improved to the tune of €56m in the form of financing directly available in 2005 and 2006. To assist Hungary in meeting the requirements of the Schengen Agreement and strengthen border security, the Union has assigned €148n to cover two-thirds of anticipated expenditure to that end.

On the question of land purchases (*Free Movement of Capital* chapter), the compromise Hungary reached with the European Union provides for a seven-year transition period for the purchase of arable land by Union citizens, but exempts individuals exercising their occupation in farming and resident in Hungary for at least three years.

In the *Institutions* chapter, open at the end of negotiations, Hungary insisted on being given 22 seats in the European Parliament, and it was given them. Our Parliament strongly supported that requirement, which was fully justified.

Looking beyond the technical aspects of the negotiations, which ended in consensus results welcomed by the Hungarian authorities and the Union, your rapporteur would draw attention to some facts and aspects that characterised Hungarian socio-political reality during the negotiation period.

In the resolutions adopted over recent years, Parliament has given prominence to a number of recommendations, in particular those aimed at encouraging the introduction of reforms in the areas of integration of the Roma peoples, improving the social dialogue, efforts to combat corruption, increased concern to reduce regional disparities, and, not least, scrupulous adherence to rules governing public-sector tendering. We have insisted on the need to establish an effective institutional and administrative framework for programming and implementing the structural and cohesion funds. Progress has certainly been made in those areas, and the contribution by the Hungarian authorities has been substantial. But they must still continue.

On the Roma problem, your rapporteur has always insisted on the method proposed by the European Parliament for encouraging, as an component of economic and social policy, progressively increasing participation by the Roma communities in programming, executing and evaluating practical projects and measures aimed at strengthening their integration into Hungarian society. Drawing up a long-term overall strategy and adopting anti-discrimination legislation are integral parts of that approach.

The other matter concerns the law on Hungarians resident in neighbouring countries adopted in June 2001, which grants certain cultural, social and economic rights to Hungarians living in Romania, Slovakia, Ukraine, Croatia, Yugoslavia and Slovenia. That law has been perceived as controversial by Romanians and Slovaks. It is essential for good-neighbourly relations not to be disrupted, and the European Parliament had insisted with the Hungarian government on the need for consultations prior to introduction of the implementing arrangements for that law. The Minister, Mr Kovacs, stated that the law would be amended so that it could be applied without impacting on neighbouring countries, in complete accordance with European standards and provisions. He can only be supported in pursuing that objective.

Last year was marked also by polemics around the Benes Decrees. There were real fears that the climate of confidence among the applicant countries might break down, that ghosts of the past might put in an appearance to re-enact the conflicts of a previous age on today's European stage. That could have compromised the fundamental idea behind European integration, the idea of living together to build a common future, while knowing how to overcome conflicts. As matters now stand, that risk has been avoided and tensions have been relaxed. Cooperation between the Visegrad countries has continued, having, in particular, proved crucial in the consultations on strategy for accession to the Union.

TOWARDS A NEW EUROPE

Through their representatives in the European Convention on the Future of Europe, Hungarian parliamentarians have demonstrated that Hungary is determined to move forward on the road to integration, and wants the Union to be strong and united, not forgetting the need to preserve national identities and cultures. They expect to have better prospects of success in achieving that goal within the European Union than by going it alone in coping with the impact, favourable or unfavourable, of globalisation. In taking that approach, Hungarian parliamentarians were indicating that the Europe of the 21st century has its origins in the cultural sources of previous centuries, and is above all a cultural community arising from history and sustained by a force of cohesion between its different national components, without which it quite simply could not exist at all.

To rethink the future of Europe is also to draw out the lessons of the past. The work of 2002 Nobel Literature laureate, Imre Kertész, transcends that fundamental truth.

Hungary, one of the oldest of European States, will, as a member of the European Union, reclaim the place in Europe that has always been its own on 1 May 2004.

As rapporteur for Hungary in our Assembly, I call on fellow members unanimously to support the advent of this new perspective, which brings long years of commitment and hard work to their culmination and widens the horizons of the new Europe.