



TEXTS ADOPTED

P9_TA(2024)0053

Situation in Hungary and frozen EU funds

European Parliament resolution of 18 January 2024 on the situation in Hungary and frozen EU funds (2024/2512(RSP))

The European Parliament,

- having regard to the Treaty on European Union (TEU), in particular Articles 2, 4(3) and 7(1) thereof,
- having regard to the Charter of Fundamental Rights of the European Union (‘the Charter’),
- having regard to the European Convention on Human Rights and the protocols thereto,
- having regard to the Universal Declaration of Human Rights,
- having regard to the international human rights treaties of the United Nations and the Council of Europe,
- having regard to the Commission proposal of 22 December 2021 for a Council regulation amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027 (COM(2021)0569),
- having regard to Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget¹ (the Rule of Law Conditionality Regulation),
- having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility² (the RRF Regulation),
- having regard to Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the

¹ OJ L 433 I, 22.12.2020, p. 1.

² OJ L 57, 18.2.2021, p. 17.

Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy¹ (the Common Provisions Regulation),

- having regard to its previous resolutions on the rule of law in Hungary, in particular those of 12 September 2018², of 8 July 2021³, of 15 September 2022⁴, of 16 January 2020⁵, of 24 November 2022⁶ and of 1 June 2023⁷,
 - having regard to the Commission communication of 20 June 2023 on the mid-term revision of the Multiannual Financial Framework 2021 – 2027 (COM(2023)0336),
 - having regard to its resolution of 3 October 2023 on the proposal for a mid-term revision of the multiannual financial framework 2021-2027⁸,
 - having regard to the country chapters on Hungary in the Commission’s annual rule of law reports, in particular those of 2021, 2022 and 2023,
 - having regard to Rule 132(2) of its Rules of Procedure,
- A. whereas the Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities, as set out in Article 2 TEU, and as reflected in the Charter and embedded in international human rights treaties;
- B. whereas a Member State’s compliance with the values enshrined in Article 2 TEU is a condition for the enjoyment of all of the rights derived from the application of the Treaties to that Member State; whereas according to Article 7 TEU, the Union can assess the existence of a clear risk of a serious breach of the values referred to in Article 2 or it can determine the existence of a serious and persistent breach by a Member State of the values referred to in Article 2;

¹ OJ L 231, 30.6.2021, p. 159.

² European Parliament resolution of 12 September 2018 on a proposal calling on the Council to determine, pursuant to Article 7(1) of the Treaty on European Union, the existence of a clear risk of a serious breach by Hungary of the values on which the Union is founded (OJ C 433, 23.12.2019, p. 66).

³ European Parliament resolution of 8 July 2021 on breaches of EU law and of the rights of LGBTIQ citizens in Hungary as a result of the legal changes adopted by the Hungarian Parliament (OJ C 99, 1.3.2022, p. 218).

⁴ European Parliament resolution of 15 September 2022 on the proposal for a Council decision determining, pursuant to Article 7(1) of the Treaty on European Union, the existence of a clear risk of a serious breach by Hungary of the values on which the Union is founded (OJ C 125, 5.4.2023, p. 463).

⁵ European Parliament resolution of 16 January 2020 on ongoing hearings under Article 7(1) of the TEU regarding Poland and Hungary (OJ C 270, 7.7.2021, p. 91).

⁶ European Parliament resolution of 24 November 2022 on the assessment of Hungary’s compliance with the rule of law conditions under the Conditionality Regulation and state of play of the Hungarian RRP (OJ C 167, 11.5.2023, p. 74).

⁷ European Parliament resolution of 1 June 2023 on the breaches of the Rule of Law and fundamental rights in Hungary and frozen EU funds (OJ C, C/2023/1223, 21.12.2023, ELI: <http://data.europa.eu/eli/C/2023/1223/oj>).

⁸ Texts adopted, P9_TA(2023)0335.

- C. whereas for several years, the rule of law has been deteriorating in Hungary as a result of the systematic actions of its government; whereas this situation has not been sufficiently addressed, many concerns remain and many issues continue to arise; whereas the situation of various vulnerable groups, in particular women, LGBTIQ+ persons, Roma, migrants, asylum seekers and refugees has significantly deteriorated in recent years, and they continue to face fundamental rights violations without independent institutions capable or willing to protect them; whereas the absence of the rule of law has led to control over both state and private media and the constant abuse of the already lax labour laws by the Hungarian Government, as well as to environmental degradation;
- D. whereas on 3 May 2023, the Hungarian National Assembly adopted a judicial reform package without proper parliamentary scrutiny or public consultation; whereas this package, despite subsequent additions, does nothing to review the recent political appointments to the highest levels of the country's justice system;
- E. whereas on 12 December 2023, the Hungarian National Assembly adopted a 'national sovereignty protection' package without proper parliamentary scrutiny or public consultation; whereas this package provides the executive with even more opportunities to silence and stigmatise independent voices and opponents;
- F. whereas Hungary is one of the largest recipients of EU funds (with over EUR 32 billion in Common Provisions Regulation and NextGenerationEU funds allocated to Hungary in the current multiannual financial framework (MFF)); whereas the deterioration of the rule of law in Hungary poses a significant risk to the protection of the financial interests of the EU and to the implementation of the EU budget in Hungary;
- G. whereas the Rule of Law Conditionality Regulation is of the utmost importance, as it is one of the most effective instruments which allows the protection of the EU budget;
- H. whereas on 15 December 2022, the Council adopted Implementing Decision (EU) 2022/2506 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary¹; whereas pursuant to the Rule of Law Conditionality Regulation, the Commission has been monitoring the implementation of the remedial measures proposed by Hungary in the course of the procedure in the framework of Council Implementing Decision (EU) 2022/2506; whereas the measures include the suspension of 55 % of budgetary commitments under three operational cohesion policy programmes, as well as a prohibition on entering into legal commitments with any public interest trust established on the basis of the Hungarian Act IX of 2021 or any entity maintained by such a public interest trust; whereas in December 2023, the Commission re-evaluated Hungary's situation and confirmed that the risk to the Union budget has remained unchanged since December 2022, and the Council's measures should neither be adapted nor lifted;
- I. whereas on 15 December 2022, the Council adopted an implementing decision on the approval of the assessment of the recovery and resilience plan for Hungary, which set out several milestones that should be effectively implemented before the submission of the first payment request; whereas on 7 December 2023, the Council adopted an

¹ OJ L 325, 20.12.2022, p. 94.

implementing decision approving Hungary's amended recovery and resilience plan, including a REPowerEU chapter;

- J. whereas on 22 December 2022, the Commission adopted a Partnership Agreement with Hungary; whereas the Commission also approved several operational programmes, while referring to several horizontal and thematic enabling conditions; whereas the Commission concluded that Hungary was not fulfilling the horizontal enabling condition on the Charter with regard to judicial independence and the provisions of several laws posing serious risks to LGBTIQ+ rights, academic freedom and the right to asylum; whereas Hungary concluded in its self-assessment on the lack of fulfilment of several thematic enabling conditions and the Commission took note of this; whereas both the horizontal and thematic enabling conditions must be respected throughout the whole programming period for expenditure to be reimbursed from the EU budget;
- K. whereas the Commission adopted a decision on 13 December 2023 considering that the horizontal enabling condition on the Charter had been fulfilled in relation to judicial independence; whereas this decision means that the Hungarian authorities may start claiming reimbursements of up to around EUR 10,2 billion from European Structural and Investment Funds;
- L. whereas the European Council failed to reach unanimity on 14-15 December 2023 on a decision to amend the MFF for 2021-2027; whereas this failure was reportedly the result of the opposition of the Prime Minister of Hungary; whereas the failure to reach an agreement on the MFF revision seriously jeopardises the continuity and predictability of the financial aid granted by the EU to Ukraine, with grave strategic implications for the EU;
- M. whereas over the past decade, Hungary has turned into a hybrid regime of electoral autocracy, according to the relevant indices;
 - 1. Reiterates its findings, concerns and recommendations expressed in its previous resolutions on the state of the rule of law and fundamental rights in Hungary; condemns the deliberate, continuous and systematic efforts of the Hungarian Government to undermine the founding values of the EU enshrined in Article 2 TEU; is strongly concerned about the further erosion of democracy, as well as the deterioration of the rule of law and the fundamental rights situation in Hungary since Parliament's adoption of its resolution of 15 September 2022, in particular, the recent adoption of the 'national sovereignty protection' package; recalls that the Hungarian Government is solely responsible for restoring compliance with EU law and respecting the values enshrined in Article 2 TEU;
 - 2. Strongly regrets the failure of the Council to make meaningful progress in the ongoing Article 7(1) TEU procedures; reiterates its call on the Council to address all new developments affecting the rule of law, democracy and fundamental rights; reiterates its call on the Council to address recommendations in the context of this procedure; underlines that the Council shares the responsibility for the protection of the values enshrined in Article 2 TEU and that the failure to do so would have long-lasting and potentially damaging consequences; calls on the European Council and the Member States to take action and to determine whether Hungary has committed serious and persistent breaches of EU values under Article 7(2) TEU; insists that Parliament's role and competences be respected;

3. Strongly condemns the actions of the Prime Minister of Hungary, who decided to block the decision on the essential MFF revision, including the Ukraine aid package, in full disrespect and violation of the EU's strategic interests; believes that such actions are in violation of the principle of sincere cooperation, as enshrined in the Treaties; points to the fact that in no way can the EU give in to blackmail and trade the strategic interests of the EU and its allies by renouncing its values; forcefully reiterates its insistence on the need for an urgent and targeted reinforcement of the MFF, providing for citizens' needs and delivering on political commitments already undertaken, including funding for Ukraine; calls on the European Council to urgently agree on such a position in the extraordinary summit on 1 February 2024;
4. Welcomes the Commission communication of 13 December 2023 confirming that the risk to the Union budget has remained unchanged since December 2022, and thus prolonging the measures adopted under the Conditionality Regulation; is of the opinion that this confirms Parliament's previous concerns and recommendations on the matter; reiterates its call on the Commission to ensure that the final recipients or beneficiaries of EU funds are not deprived of these funds, as set out in the Rule of Law Conditionality Regulation; underlines that measures tackling breaches of the rule of law are essential to increase citizens' trust in the EU;
5. Expresses its regret and reaffirms its serious concerns about the Commission decision considering that the horizontal enabling condition of the Charter had been fulfilled in relation to judicial independence, thus enabling the Hungarian authorities to submit reimbursement claims of up to EUR 10,2 billion without adequate control mechanisms or public procurement procedures in place to guarantee sound financial management and the protection of the EU budget; believes that this decision politically contradicts the decision to prolong the measures adopted under the Conditionality Regulation and expresses its disappointment that Parliament was not adequately informed during the process; underlines that the Commission is tasked with independently and objectively assessing Hungary's compliance with applicable legislation, without compromising on democracy, the rule of law and fundamental rights; believes that even after the recent reforms, Hungary does not meet the standard of judicial independence set out in the Charter, as indicated by experts in Hungary and internationally, as the measures adopted do not ensure sufficient safeguards against political influence and can be either circumvented or inadequately applied; is concerned, in particular, about the persistence of obstacles to preliminary references, problems with the allocation of cases in the Kúria, and the deficient system for the nomination of President of the Kúria; urges the Commission to share, together with the decision, a detailed written justification; calls on the Commission to re-assess its decision, particularly in light of the national measures taken since its adoption, and to refrain from disbursing any funds until all of the relevant legislation has been fully implemented and the adopted measures have proven their effectiveness in practice;
6. Reiterates its previous calls on the Commission to ensure that no payments under the RRF should be made to the Hungarian authorities until the milestones (including the ones referred to as 'super milestones') and targets linked to the first payment have been satisfactorily met and have proven their sustainability in practice; is of the opinion that the current audit and control arrangements put in place by the Hungarian authorities, through a fast-track procedure to meet the required criteria for judicial reforms, must show concrete, sustainable and verifiable results in practice, particularly as regards addressing systemic issues, before EU funds can be disbursed; calls on the Commission

to conduct a new updated assessment, in particular, of the state of judicial independence in Hungary, especially in the light of the developments since the decision was taken;

7. Underlines that the Hungarian authorities must guarantee equal opportunities to access EU funding for individuals, companies, civil society, NGOs and local and regional authorities, and must ensure independent judicial oversight, as well as impartial and effective complaints mechanisms; condemns the reported systemic discriminatory practices against academia, journalists, political parties and civil society, as well as companies in certain sectors; regrets the politically motivated business practices that give an unfair advantage to competitors, non-transparent and manipulated public procurement procedures, takeover bids by the government and entities with ties to the Prime Minister, and the use of EU funds to enrich political allies of the government in contradiction to EU competition and public procurement rules; stresses that the rule of law is key for a functioning single market in the EU;
8. Underlines the important role of the presidency of the Council in driving forward the Council's work on EU legislation, ensuring the continuity of the EU agenda and representing the Council in relations with the other EU institutions; questions if the Hungarian Government will be able to credibly fulfil this task in 2024, in view of its non-compliance with EU law and the values enshrined in Article 2 TEU, as well as the principle of sincere cooperation; recalls that, in some cases, the President of the European Council could be replaced by the member of the European Council representing the Member State holding the six-monthly Presidency of the Council; asks the Council to find proper solutions to mitigate these risks as soon as possible; recalls that Parliament can take appropriate measures if such a solution is not found; calls on the President of the Council and the Member States to start procedures immediately to reform the decision-making process in the Council, in order to end the abuse of the right of veto and the blackmail in the European Council and other European institutions;
9. Stresses that the measures required for the release of EU funding, as defined by the relevant decisions taken under the Common Provisions Regulation, the RRF Regulation and the Rule of Law Conditionality Regulation, must be treated as a single, integral package, and that no payments should be made even if progress is made in one or more areas but deficiencies still persist in another; remains committed to ensuring that EU funds reach the Hungarian population, including through direct funding for local and regional authorities, and civil society, once the conditions have been fulfilled and stresses that the Hungarian authorities bear sole responsibility for the current situation;
10. Reiterates its call on the Commission to make full use of the tools available to it to address the clear risk of a serious breach by Hungary of the values on which the Union is founded, in particular, financial measures and expedited infringement procedures, applications for interim measures before the Court of Justice of the European Union and actions regarding the non-implementation of its judgments; expects prompt action following the adoption of the 'national sovereignty protection' package;
11. Instructs its Committee on Legal Affairs to take the necessary steps as soon as possible in relation to the Commission's decision leading to the unfreezing of EUR 10,2 billion, including requesting the Legal Service's analysis in accordance with Rule 149, with a view to reviewing the legality of Decision C(2023)9014 before the Court of Justice of the European Union, in accordance with Article 263 of the Treaty on the Functioning of the European Union; recalls the possibility for Parliament to use any of the legal and

political measures at its disposal if the Commission releases funding without the criteria being fulfilled or if it fails to ensure the full implementation of the relevant legislation, considering its responsibility to act as the guardian of the Treaties and to protect the EU's financial interests; reminds that the Commission is politically accountable to Parliament;

12. Instructs its President to forward this resolution to the Council, the Commission, the governments and parliaments of the Member States, the Council of Europe, the Organization for Security and Co-operation in Europe and the United Nations.