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JEUN 142
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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. prev. doc.:	9782/23 - COM(2023) 617 final
Subject:	Recommendation for a COUNCIL RECOMMENDATION on the 2023 National Reform Programme of Hungary and delivering a Council opinion on the 2023 Convergence Programme of Hungary – Statement by Hungary

Delegations will find attached a statement by Hungary in relation to the above-mentioned recommendation.

STATEMENT BY HUNGARY

Despite Hungary's limited access to new (2021–2027 MFF) EU funds and no access to RRF resources at all, Hungary has made significant progress in the implementation of the vast majority of commitments and reforms undertaken in its RRP. However this has not been recognised by the Commission's document. Their implementation proved to be slower and sometimes partial due to the delayed funding from the RRF. Should the implementation follow the original schedule in lack of RRF funding fiscal imbalances might occur that would go against other recommendations in the very same document. The draft text demonstrates such unacceptable inconsistencies by setting expectations and targets to be reached as if the funding dedicated for their achievement was at Hungary's disposal.

We agree that risks and vulnerabilities are present, however an important part of those risks in case of Hungary are fuelled by the unmet market expectations regarding the RRF availability which are further aggravated by the Commission when it is floating and delaying the release of those funds to Hungary. This increases uncertainty and risk premia on the markets, putting additional unwarranted fiscal burdens on Hungary. While most Member States' recovery is supported by the RRF, in case of Hungary the RRF so far only creates damage and negative contribution to the GDP.

Furthermore the wording of the country specific recommendations must not be overly prescriptive. According to the common understanding the recommendations would need to be well grounded, based on correct assessment, determine the objectives and leave appropriate room to select the policy means to meet the agreed objectives. It could also be expected from such a comprehensive document to properly acknowledge the progress made in the field of former recommendations, thereby balancing the newly set targets with the development path taken. Issues falling under the competence of other committees or procedures should be discussed only to the extent necessary for macroeconomic and fiscal evaluations. No qualification or conclusion should be allowed to influence or jeopardize the corresponding parallel workflows.

Hungary acknowledges the role of CSRs in the EU multilateral surveillance framework. However, the extremely limited timeframe at the disposal of Member States on the assessment of the recommendations is neither acceptable, nor sustainable. At the same time, Hungary expresses its concerns regarding the lack of fact-based, substantial policy dialogue in the procedure. This year's Semester process took place at the detriment of the consistency and quality of horizontal and in-depth assessments.

The overstretched procedure in 2023 challenges not only the multilateral character of the process but also the guarantees of national ownership. Hungary considers that the procedure and the timeframe of the next cycle need to be negotiated and set well in advance in the Councils concerned and no later than at the start of the next Semester cycle.
