

Commission Proposes Budgetary Protection Measures against Hungary - EP Remains Sceptical

Thomas Wahl

After having formally launched the process of applying the conditionality mechanism against Hungary on 27 April 2022 (→ [eu crim 2/2022, 106](#)), the Commission took another decisive step on 18 September 2022. The Commission tabled a “proposal for a Council implementing decision on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary” (COM(2022) 485 final). Based on Art. 6(9) of [Regulation 2020/2092](#) on a general regime of conditionality for the protection of the Union budget (→ [eu crim 3/2020, 174-176](#)), the proposal considers that a risk for the EU budget remains due to rule-of-law breaches in Hungary, including corruption. In other – more technical – words the Commission believes that the conditions under Art. 4 of Regulation 2020/2092 are fulfilled, laying down which rule-of-law breaches in Hungary affect or seriously risk affecting the sound financial management of the Union budget or the protection of the financial interests of the Union in a sufficiently direct way.

The proposal outlines in detail the Commission’s concerns as notified to Hungary and the replies for remedial measures by Hungary. The Commission took the view that the proposed remedial measures could in principle address the issues at hand, if they are correctly detailed in relevant laws and rules, and implemented accordingly. This has not been implemented yet in Hungary. Therefore, the Commission proposes the following measures:

- A suspension of 65% of the commitments for three operational programmes under cohesion policy;
- A prohibition to enter into legal commitments with the public interest trusts for programmes implemented in direct and indirect management.

Johannes Hahn, Commissioner for Budget and Administration said: “Today, we show the power of this new protective tool to fix problems: we have seen significant movement at the level of reform commitments. At the same time, our proposal to the Council is equally an expression that we will suspend funds to protect the budget if the promised fixes are not applied.”

The Council has now one month to decide whether to adopt the proposed measures, by qualified majority. It can also amend the Commission’s proposal. The one-month period can be extended by a maximum of further two months if exceptional circumstances arise.

The Commission will continue to monitor the situation in Hungary and collect further information. Hungary has committed to fully inform the Commission about the implementation of the remedial measures by 19 November 2022.

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Update:

Reaction by the EP: MEPs, on contrast, were largely disappointed by the restrictive approach of the Commission. In a [debate in plenary on 4 October 2022](#), the EPP, Greens, S&D, Renew and GUE/NGL groups took the view that the Commission had not fulfilled its role as guardian of the Treaties. The principles of the rule of law were not negotiable. In this respect, a stricter catalogue of measures towards Hungary would have been desirable. Some MEPs accused the Commission of a “half-hearted application” of the rule of law conditionality mechanism. Especially in view of the past statements and actual actions of the Hungarian head of government, *Victor Orbán*, caution was also called for in believing the renewed promises of the Hungarian government too quickly. Deeds and evidence are what the Commission should look for. ECR and ID MEPs stressed that the case against Hungary was merely a political mission against conservative governments. They also argued that the Commission’s action imposes “Brussels ideology” on the Hungarian people and the democratically elected government of Hungary, while overlooking similar rule of law, judiciary and corruption issues in other EU countries.

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