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THE EU-HUNGARIAN RELATIONSHIP**

I. A Brief historical outlook

After the Second World War, political process determined Hungary's positions for several years. It was, as we know, part of the former Soviet bloc. This, together with the entire world's political situation, excluded the possibility of joining the European integration.

Politics apart, it is interesting to note certain circumstances, namely that Hungary had remarkable economic and foreign trade relations with members of the EC, as of the early 1960s. (At the beginning of the '60s, around 14 to 15% of the foreign trade was handled with EC countries; it rose to 20% by the 1980s; it mounted up to 50% at the beginning of the '90s). In the field of agriculture, the first official contacts were made regarding contracts in respect of guaranteed prices.

Hungary joined the GATT Agreement in 1973, thus providing greater impetus for building further relationships. This resulted in framework-contracts in both the metal and the textile industries. Important diplomatic relations were first established in January 1989.

It was a long and difficult way from practical cooperation to a legally founded relationship, but the promising cooperation between Hungary and the EC continued. This prompted the transition to a market economy – provided possibilities for Hungarian experts to learn the functioning of market economy – it stimulated the Hungarian legislation to establish a market-conform legal environment (e.g. in 1988, when drafting the first regulation on the Hungarian company law, we took the Community directive into account).

Following political transition, the EC – Hungarian relationships were accelerated and intensified. This was eventually legally formalized and from the status of associated country we became a candidate country; now Hungary is considered to be an acceding country. This has also been reflected in the improvement of the quality of our relations with the EC, later EU.

II. Challenges to meet

As for the preparatory process, the development of the country's administrative capacity requires special efforts and attention.

Broadly speaking, from the smooth functioning of border guards to the work of phytosanitary services. This is a great challenge common to all acceding countries.

The judicial system will play a vital role, because the implementation of community law is not simply a new task. It will require a thorough knowledge of European law, but it involves changes in the legal culture, including the overall attitude of lawyers, judges, prosecutors and citizens. A general overhaul of the whole judicial network is required.

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The possible "brain-drain", in which many of our best experts may be attracted to work in Brussels and elsewhere would result in shortages of trained professionals. This problem will need to be addressed so that we will retain sufficient expertise both within the national administration and other fields.

As regards the implementation of projects, the greatest challenge is how to successfully allocate the funds the EU will open for us, and how to provide co-financing to these projects. Hungarian administration, small and medium enterprises and citizens will have to be capable and willing to exploit these opportunities. In order to be able to use support from the funds, Member States falling under the scope of objective 1 and having underdeveloped regions (regions where the per capita GDP is below 75% of the Community average) must prepare and submit to the European Commission their development objectives and priorities in the framework of a *National development Plan*. Since the National Development Plan is a national strategic document, the Government of the Republic of Hungary is responsible for developing it. The overall aims are as follows:

- improving the competitiveness of productive sector;
- increasing employment and the development of human resources;
- providing better infrastructure and cleaner environment;
- strengthening regional and local potential, including the rural society

Another large-scale project is the recently launched Europe Plan, the overall aim is to meet the imminent challenges European accession will bring.

III. Hopes and fears in the Hungarian Society concerning the EU accession

In Hungarian society there are a variety of viewpoints about the European Union. Nevertheless, an overwhelming part of the population is in favor of accession. This was very clearly reflected in the result of the April referendum this year. Despite the low turnout, 86 % of the voters supported Hungary's accession.

A general expectation people have is that EU membership will provide funds for the development of the country; it promises a fairer and more humane future with more share in the benefit of growth, reduction of social inequalities, demand for greater security, and sustainable growth that would preserve the environment.

We gladly join such integration where efficiency is coupled with social responsibility, where economic development and social justice can be realized simultaneously. This is an absolute priority for Hungarians, and I imagine the situation is identical in all the acceding countries. This is also the message of *social Europe*: following decades of deprivation and transformation, the realization of such objectives has gained the utmost importance.

Many positive expectations and hopes are coming from the present stage of development in society and the historical background of the country as well. For Hungarians, the spiritualization of borders is a very attractive prospect, as it will enable to ensure the closer cooperation with the neighboring countries and the tighter relationship between Hungarian ethnic minorities that are beyond the border. This will be a great contribution towards regional stability of this area.

We hope that after accession the great regional differences can be diminished. The underdeveloped areas situated in the Eastern and Southern parts of Hungary will gain new resources from the structural funds and cohesion fund, to ease the so-far imbalanced development. This is an important precondition for strengthening social and regional cohesion, and the smooth running of the Single European Market.

I firmly believe that EU accession will bring changes in the Hungarian political climate. The implementation of long-term EU projects (knowledge-based society, full employment, the Lisbon process, monetary union etc.) will on the one hand will reduce room for maneuver by the national government but, on the other hand, general principles of European governance (openness, participation, accountability, effectiveness and coherence) will guide Hungarian practice for the future. The creation of a politically neutral public administration and a balanced media will hopefully be strengthened. In the future, acceding countries will increasingly have to take into account the constantly evolving constitutional *acquis* with a consistent enforcement of the rule of law. Only democratic exercise of power is compatible with the governance of European standards.

Nevertheless and understandably, there are quite a number of fears among Hungarians. The transfer of national sovereignty is a greater psychological fear for any country which has recently gained its independence than for one which has long been free. Another challenge in this respect is how to safeguard national identity in the future, for some claim that the EU will diminish Hungarian culture. However, the contrary is true for the European Union has no common cultural policy, but does have programs supporting the safeguarding of minority languages, fostering European films on television, helping the preservation and developments of world heritage buildings, artistic performances and others.

Conclusion

In conclusion, whatever our hopes and fears, we will continue along our chosen path with the same commitment and determination we have demonstrated thus far. We know that it will not all be plain sailing. But, we remain undaunted, and we will face every challenge which comes our way. The prospect of a better future, as I have described, is far too precious for us to falter. We will gladly become a member of a wider European Union, which we know will become stronger as a result. We will add to it our unique experience as Hungarians in partnership with all those who welcome us to join with them. We look forward to cooperating with and promoting Balkan candidate countries so that they may also be part of the wider European Union.

