



FACTS MATTER

European Commission responds
to Hungarian National Consultation

In April 2017, the Hungarian government launched a national consultation of all Hungarian households, entitled «Stop Brussels», focusing on 6 specific issues. Several of the claims and allegations made in the consultation are factually incorrect or highly misleading. The European Commission would like to set the record straight – based on hard facts.

The European Union is not and has never been about «Brussels» but a project driven and designed by its Member States, each of which has decided unilaterally and democratically that this is the path they wish to adopt, including Hungary. Each and every one of those Member States, including Hungary, takes both the responsibility and the credit for the decisions taken collectively.

1 FALSE CLAIM: “Brussels wants to force us to abolish the reduction in public utility charges”

TRUTH: The Commission shares the Hungarian government’s objective to have affordable energy for households. The best way to achieve this is to establish competitive energy markets and promote energy efficiency and innovation and to work together at European level to ensure security of supply.

Functioning markets offer people the choice between suppliers competing for lower prices and better service. Hungarian businesses buying and selling their energy on competitive markets are able to enjoy and offer decreasing electricity prices. In other EU countries where power prices are not regulated, household customers have seen their electricity prices decrease. Besides, Member States can use other means to reduce public utility charges than regulated prices.

2 FALSE CLAIM: “Brussels wants to force Hungary to let in illegal immigrants”

TRUTH: The European Union is fighting irregular migration and is helping Member States to manage their external borders.

Europe’s new Border and Coast Guard will strengthen the collective European efforts to manage borders more effectively. The EU is also working with countries where migrants come from or pass through to tackle the source of the problem. For example, the EU-Turkey Statement reduced arrivals by 98% in Greece. We are also working to improve the rate of return of irregular migrants who have no right to stay in Europe.

Irregular migration needs to be distinguished from seeking asylum. For genuine asylum seekers, the European Union lives up to the international obligations of all democracies to protect people – men, women and children – who have to leave their homes because of war. Because Europe now is an area in which all our citizens have the opportunity to move freely and live and work in other countries, responsibility for upholding basic humanitarian rights is shared among Member States. The Council of Ministers, in which Hungary has a fair say alongside other governments, has set the conditions for a dignified reception and fair legal process for asylum seekers. The Commission proposed to relocate up to 54,000 asylum applicants from Hungary to other Member States, but this proposal was opposed by the Hungarian Government. Hungary is therefore asked to accept a very limited number of asylum seekers (1,294) – not “illegal immigrants” – from the two most overburdened Member States, Greece and Italy. These people are carefully identified and include only those with a high chance of being genuinely eligible for refugee status. Relocation follows a thorough procedure and security screening by the future host country.

3 FALSE CLAIM: “Illegal immigrants heading to Hungary are encouraged to illegal acts by not just the human traffickers but also by some international organizations”

TRUTH: The European Union has zero tolerance for human trafficking and has taken action for many years to combat this exploitative crime.

Saving lives at sea and looking after vulnerable people who have fled bloodshed and war and are in need of international protection is not the same thing as promoting irregular migration. There is no evidence of NGOs working with criminal smuggling networks to help migrants enter the EU. In case of any suspicions, Member States – and not the EU – have the power to investigate. Hungary is right to expect that its laws are respected, with the full support of the Commission and EU agencies such as Europol.

Non-Governmental Organisations (NGOs) and other international organisations are, on the contrary, among the most reliable and valuable partners in dealing with the refugee crisis. They offer asylum seekers information and legal advice and also provide reception and care facilities, helping to ease the burden of Member States.

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- 4 **FALSE CLAIM:** “More and more organizations supported from abroad operate in Hungary with the aim to interfere in Hungarian internal affairs in a non-transparent manner”

TRUTH: The conditions under which Non-Governmental Organisations (NGOs) carry out their activities are in principle a matter of national law. The European Union, for its part, has strict rules on transparency and lobbying of the European institutions.

NGOs are an important component of civil society and provide valuable support for a democratic system of government. The EU institutions, like national governments and international organisations around the world, maintain an open, transparent and regular dialogue with civil society. Sometimes they agree with EU policies and sometimes they don't, but we are never afraid to explain our work and allow them to do theirs, and it would be good to see the same space for this discussion at national level too.

Anyone seeking to influence EU policies by meeting the institutions is required to disclose their budget for the most recent financial year, including the amount of funding they receive from the EU. EU rules on transparency apply to all interest groups and all are treated alike. This transparency allows the public – in Hungary and across the EU – to be the judge of our work, and this public debate helps build a stronger democracy.

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- 5 **FALSE CLAIM:** “Brussels is attacking our job-creating measures”

TRUTH: Neither the Commission, nor the European Union, is attacking Hungarian job-creating policies.

On the contrary, the EU is massively supporting job creation in Hungary, having provided for example more than €21 billion to Hungary to support growth and jobs through regional policy funding alone in the period 2007-13. The Hungarian authorities have reported that this contributed to creating more than 150,000 jobs. Under the Juncker Plan's European Fund for Strategic Investments (EFSI), €26 million has so far been dedicated to operations in Hungary, which are expected to trigger €626 million in total investments in the country. The EU is a vital source of finance. For 2007-2013 the EU financed 57 % of all government capital investment in Hungary (the highest rate in the EU). Hungary is due to receive over €25 billion in EU investment during the period 2014-2020, the equivalent of €368 per Hungarian per year.

What's more, the Hungarian government is responsible for its own national economic policy. EU law only provides for coordination of economic policies between the Member States. Any policy guidance is discussed and agreed by the Ministers of Finance or Ministers for Employment of all the Member States, with the full involvement of the Hungarian government.

6 FALSE CLAIM: “Brussels is attacking our country because of tax cuts”

TRUTH: The European Commission does not interfere in national taxation policies, nor does it propose to do so. EU taxation rules must be agreed by all Member States unanimously, which means all current rules were approved by the Hungarian government.

The setting of corporate tax rates and income tax rates is a sovereign right of every Member State and the EU has no intention to meddle in that. All issues related to tax can only be agreed by the EU if all Member States – including Hungary – agree. And whilst the EU Member States have agreed only minimum VAT levels, the Hungarian government has decided to set the rate at 27%. This is the highest VAT rate in the entire EU.

EU minimum tax rules can only be amended if all Member States agree to it, so there cannot be any change without the agreement of the Hungarian government. Hungary has adopted a reduced VAT rate for internet services which breaches the rules which Hungary has agreed to at EU level. This is why the Commission has reminded Hungary of the rules it had agreed to. The Commission will make proposals this year for Member States to have more freedom on VAT rates. This will need unanimous support of all Member States.