

**STATEMENT OF THE MINISTER OF FOREIGN AFFAIRS OF THE
REPUBLIC OF HUNGARY, H.E. MR. LÁSZLÓ KOVÁCS ON THE
OCCASION OF THE OPENING OF NEGOTIATIONS ON THE ACCESSION
OF HUNGARY TO THE EUROPEAN UNION
(BRUSSELS, 31 MARCH 1998)**

Mr. President, Dear Colleagues!

It is a great honour and pleasure for me to represent here the Republic of Hungary and its citizens and to outline the position of my Government.

The opening of accession negotiations with the European Union is an historic event for the Republic of Hungary. Through its past, culture and values the Hungarian people have been unquestionably linked to Europe for more than a thousand years. With the political division of the continent overcome, Hungary will be able to accede to a European Union embodying the most successful development model of the continent.

Hungary has been pursuing European integration as a strategic objective for almost a decade. The change of political system and the socio-economic transformation achieved have created the political and economic basis for accession on which the historic objective of European integration can be attained. This objective has been defined and consistently represented by successive freely elected Hungarian governments. It is fully backed by parliamentary consensus and enjoys broad public support.

Hungary has established and achieved the stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.

As a result of a decade-long process of economic transformation and resolute legislative actions the legal and institutional framework of a market economy has been established and consolidated. Hungary has become a country with a functioning market economy. As a consequence of privatisation and significant foreign direct investment profound changes have taken place in the enterprise sector. A major part of the economy is now solidly linked to the European and the world economy and will be able to face increased competitive pressure after accession. Hungary is an open economy, the ratio of foreign trade measured to the GDP is high even by European standards. Two thirds of Hungary's external trade is carried out with Member States of the European Union and this trade became balanced last year. As a result of major macro-economic adjustments often accompanied by serious social hardships, the conditions of sustainable economic growth are now given.

There remain, however, certain fields where further progress is required. Major development of the infrastructure is needed. Regional and social disparities have to be coped with, problems related to competitiveness in certain sectors have to be addressed, and small and medium size enterprises have to be strengthened. We do not underestimate the challenge ensuing from the fact that per capita GDP in Hungary falls well below the EU average. Yet, on the whole, we are convinced that the Hungarian economy is compatible with that of Europe. Hence, accession will provide an opportunity for Hungary to gather further impetus for its modernisation efforts and to contribute simultaneously to strengthening the global position of the European Union.

Hungary has made considerable progress in its alignment with the *acquis* and will continue its efforts in this field.

Hungary maintains consolidated political relations with neighbouring countries. The development of bilateral co-operation and pursuing regional forms of co-operation with all its neighbours involved in, or not yet part of the enlargement process, constitute a meaningful contribution to increasing stability in the region. This policy coupled with the active role Hungary plays both in the establishment of a new European security architecture and in international organisations, serves the interests of the countries and the peoples of the region and the continent, as a whole.

We consider our membership in OECD and the success of accession talks with NATO as recognition of our achievements and foreign policy endeavours. The favourable opinion of the European Commission on our application for membership reflected the progress we made in meeting the accession criteria laid down by the European Council in Copenhagen in 1993.

We are convinced that it is on the basis of shared values and in the framework of European integration that our efforts aimed at ensuring our security and prosperity can be brought into full harmony with the requirements of the development and stability of the region and the continent as a whole. This has been the basis for shaping our relations with the European Union and its Member States. The signing of the Europe Agreement on 16 December 1991 represented a milestone. That agreement will continue to serve as the legal basis for our bilateral relations until accession. The full implementation of its provisions by both parties as well as its continuous development through additional protocols have enhanced our preparations for integration and correspond to the evolutionary nature of our relations. The definition of the Copenhagen criteria, Hungary's application for membership in the Union, the adoption of the Essen pre-accession strategy and the Cannes White Paper, the opinion of the Commission on our application for membership, and the decision of the Union in Luxembourg have been further important stages in our relations.

The current enlargement of the European Union presents both parties with new challenges and new requirements for adaptation. At the same time, it provides an opportunity for present and future members of the Union alike to respond with success to the challenges of globalisation, such as improving competitiveness, raising the level of employment, and ushering in the information society.

The preparation of Hungary for accession has been, from the very outset, based on a strategy focusing on economic policy, approximation of law, increasing public awareness, and training of civil servants. This strategy combined our specific national features and priorities with the implementation of our contractual obligations, as well as with opportunities offered by the pre-accession strategy of the Union. The Accession Partnership and the National Programme for the Adoption of the *Acquis* give additional impetus to the process. We aim to ensure the conditions for the earliest possible accession and smooth integration by effective preparation and making good use of all the available means and resources.

The accession of Hungary will take place as a result of intergovernmental negotiations. The successful conclusion of the accession talks will depend to a large extent on how

national political, economic, and social characteristics will be taken into account in the framework of and alongside with the fundamental principles and other requirements of the European construction.

We are aware of the fact that our accession is part of a broader process. This process, characterised by the two principal objectives of deepening and widening integration, will have an impact on the entire continent. The enlargement of the European Union does not jeopardise but on the contrary, reinforces the achievements of integration and provides new opportunities to benefit from the advantages offered thereby. It is a fundamental interest of Hungary to see its neighbours meet the established criteria as early as possible, and thus become members of the European Union. The comprehensive and inclusive process launched in Luxembourg provides an adequate framework to this end.

Hungary acknowledges that the *acquis* as it exists at the time of accession, including the Treaty of Amsterdam, constitutes the basis of negotiations. Upon accession it intends to assume the same obligations and acquire the same rights as those of the present Member States of the Union. Hungary does not seek to opt out from any of the Community policies, nor does it require permanent derogations with respect to EU legislation presently in effect. Its objective is the earliest possible accession with transitional arrangements that are required to ensure smooth integration into Community policies. Hungary strives to limit its requests for transitional measures both in scope and duration. It expects the Union to adopt a similar approach.

We are convinced that membership will contribute to the harmonious and balanced development of our country. At the same time it will promote strong, sustainable, non-inflationary, and environment-friendly growth. Membership is also expected to assist in economic modernisation, achieving a high level of employment, social security, and quality of life, and to ensure economic and social solidarity and cohesion both within the country and in the Union. Hungary supports the increasing role of local and regional initiatives based on the principle of subsidiarity. It considers the preservation of Hungarian national traditions, culture, and language as a contribution to the common European values, and their continued development will remain our objective as a member of the Union, as well.

Hungary expects that the negotiations will focus on the following main issues:

1. Early accession and smooth integration, preservation of the achievements of the Union, and taking full advantage of enlargement are common objectives. To this end, negotiating parties should strive to ensure that the four freedoms constituting the Single Market prevail in the widest possible scope and that upon the accession of Hungary, border controls at frontiers becoming the internal borders of the Union are eliminated. In defining the areas calling for transitional measures this consideration will be taken into account. Hungary is ready to take the necessary steps as a matter of priority. In order to achieve all these objectives, however, the Union is expected to state its position as soon as possible with regard to all related aspects, including the changes envisaged in the *acquis* and the requirements concerning external frontiers. The Union is also expected to provide effective support for the implementation of these measures. Hungary will seek solutions that are in compliance with the requirements of both the EU and the maintenance of undisturbed relations with its neighbours and with Hungarian minorities living abroad.

2. Hungary is ready to adopt the Common Customs Tariff and the Common Commercial Policy. Nevertheless, it may become necessary to find solutions for some aspects of our

trade with certain third countries. Such solutions will be sought in exceptional cases and will be limited in time.

3. Hungary fully shares the objectives of Economic and Monetary Union. Although upon accession Hungary will not participate in the euro area, it accepts obligations stemming from Economic and Monetary Union. Its objective is to participate in the euro area as early as possible following accession.

The economic policy of Hungary is at present focused on sustaining balanced growth, curbing inflation and continuing the reform of public finances. Immediately upon its introduction the single currency of the Union will play a central role in the exchange-rate policy of Hungary. On accession we will be involved in the co-ordination of economic policies with due regard to the requirements set out in the Stability and Growth Pact. Furthermore, we will participate in the European System of Central Banks. The elaboration of a convergence programme is envisaged, establishing a firm basis for future participation in the euro area. The exchange-rate policy, being a policy of common interest, will be formulated in co-ordination with the European Union. This needs to be done in a way to ensure harmony between exchange-rate policy measures on the one hand, and the requirement of reducing inflation and the changing competitiveness of Hungarian undertakings on the other. Hence, the stability of our currency will be strengthened and joining the single currency-system of the Union will become possible.

4. The interests of Hungary necessitate the early integration of its agriculture into the Common Agricultural Policy. Hungarian agriculture in terms of traditions and the socio-economic environment is close to that of the developed Western European countries. The problems confronted are also similar. Existing differences in the structure of production, farm-land ownership, price system, and regulatory practices cannot be considered as factors hindering rapid integration. Agriculture, as in the majority of the Member States, plays a decisive role in rural life. It contributes to the preservation of traditions and to the realisation of the objectives related to environment and landscape protection.

The agricultural sector has been most adversely affected in the course of transformation. As a consequence, crop yields, applied technology, and profitability declined in a number of areas and are below the level of the European Union. Thus, restructuring and meeting the requirements of accession call for continuous development and demand substantial resources. Hungary is endowed with favourable natural and climatic features for agricultural production. When extending the Common Agricultural Policy to Hungary it should be taken into consideration that the present and recent level of agricultural production and foodstuff consumption does not accurately reflect the existing agricultural potential of the country. Hungary is capable, both in the medium and long term, of efficiently producing agricultural goods in excess of national demand with a quality meeting every requirement of the European consumer. This potential is a great value when the competitiveness of the enlarged Union is assessed on a global scale. The negotiations should aim to find a mutually beneficial solution that allows full and rapid integration of the Hungarian agriculture into the Common Agricultural Policy, taking into account the expected state of the CAP and that of our agriculture at the time of Hungary's accession.

5. The integration of the transport sector is of strategic significance for Hungary and the Union alike, given the role of Hungary as a transit country. Transitional arrangements should be sought to resolve the contradiction between the requirement of liberalising the transport markets and the differences in competitiveness of the EU and Hungarian market

participants. The social sensitivity of the sector should also be taken into account. During the harmonisation of the country's transport policy Hungary needs major investments in infrastructure and in practically all fields of transportation.

6. Hungary is committed to a high level protection of the environment. Though the natural and environmental features of Hungary are in most areas advantageous even in international comparison, appropriate transitional measures will be required to reconcile this commitment with the need to comply with certain provisions of the acquis necessitating substantial investment, which in turn is dependent upon economic capabilities. In line with the practice of Member States, this aim can be accomplished in most cases with transitional periods to be applied between the time of the adoption and the implementation of certain elements of the acquis.

7. Hungary considers it essential to strengthen the economic and social cohesion both within the country and in the enlarged Union. It is expected that following the reform of regional and cohesion policies, the principle of solidarity and cohesion will continue to prevail. Our aim is to receive financial support comparable on a per capita basis to that provided to the less developed Member States. The absorption capacity of the country is high as demonstrated by the outstanding level of foreign direct investment. During the pre-accession process the necessary measures will be taken in order to ensure the efficient management of Community funds.

8. From the outset of its accession Hungary is ready and able to fulfil the objectives and obligations deriving from the Common Foreign and Security Policy. Hungarian foreign policy is already in conformity with the principles and objectives of this policy as well as with its practical implementation. We consider our participation in the shaping of the Union's Common Foreign and Security Policy as a way to realise our own national interests on the basis of shared values. Hungary intends to become a full member of the Western European Union by accepting the invitation extended to EU Member States.

9. Hungary wishes to comply with the new obligations ensuing from the entry into force of the Treaty of Amsterdam, including the application of the „Schengen acquis“, the regulations adopted with regard to asylum and immigration, as well as the fight against illegal migration. On the basis of the Treaty of Amsterdam Hungary is ready to participate in all domains of justice and home affairs co-operation, in the common efforts of Member States to combat all forms of criminality. Parallel to the adoption of new Community legislation and the implementation of the institutional reforms required, we intend to maintain undisturbed relations with the Hungarian minorities living in the neighbouring countries. To this end appropriate measures will have to be agreed on and introduced that do not constitute a security risk for the European Union. The membership of Hungary in the Union is in harmony with its commitments towards the Hungarian minorities living abroad. It is our conviction that having acquired membership, the overall framework for maintaining relations and enhancing co-operation with neighbouring countries and the Hungarian minorities living there, can be substantially improved.

10. The institutional framework of customs and tax administration will be further strengthened. Most of the legal approximation in this area can be implemented until accession though transition periods in a limited number of cases might become necessary.

11. Hungary wishes to participate fully in the institutions of the Union on the basis of proportional representation. We expect to dispose of the same number of votes and

representatives as do the countries with a population comparable to that of Hungary. The necessary conditions for Hungary's participation in the institutions of the European Union will be established. As in the case of other Member States, the Hungarian language should also become an official language of the European Union.

12. Hungary is aware of the importance of securing the compatibility of budgetary relations to ensure smooth accession. With regard to the contributions to the Community budget we intend to propose transitional measures.

Mr. President!

In the upcoming period it will be necessary to deal with a number of issues requiring joint solutions. The elaboration of details will be the task of the negotiations. We are prepared to conduct constructive and efficient negotiations. With clear objectives and unequivocal political will an early agreement reflecting mutual interests and benefiting both parties can be reached. This agreement will have to be ratified or approved by Member States and the European Parliament. Hungary intends to hold a referendum on the issue which is to be followed by the ultimate ratification by the National Assembly.

Hungary accepts and welcomes the approach that envisages negotiations conducted on the basis of uniform principles and criteria, and at the same time enabling a candidate country to make progress in the negotiations on the basis of individual performance. With regard to both the negotiating process and internal preparation, Hungary assumes that it can accede to the European Union by the year 2002. We are committed to design and carry out our internal preparations in a way consistent with that objective. At the same time we expect the European Union to proceed with its required internal reform at a pace not hindering the course of our accession and the enlargement process itself. We are certain that in fulfilling our ambitious but at the same time feasible timetable we can continue to count upon the support and co-operation of the Member States and the institutions of the Union.

We are convinced that our accession will strengthen the Union, as well. It will significantly contribute to the extension of the area of freedom, stability, security, justice, and prosperity and will also enhance the weight and influence of the Union on the international stage. Through its historic, cultural values and experiences, its ability to adapt, its trained, innovative and creative workforce, its natural values and by the role the country plays in enhancing the stability and development of the region, Hungary will provide the European Union, its Member States and citizens with an important growth potential.

Our country intends to become a useful and active member of the Union. It is our conviction that with joint efforts we can provide further impetus to the historic endeavours of establishing European unity and hence enter the third millennium opening a genuinely new phase in the history of the continent.

[Quelle: http://www.kum.hu/euint/accneg_e.html]