



EU budget: Commission proposes measures to the Council under the conditionality regulation

Brussels, 18 September 2022

The European Commission has today proposed budget protection measures to the Council under the conditionality regulation. This is to ensure the protection of the EU budget and the financial interests of the EU against breaches of the principles of the rule of law in Hungary.

Regarding today's decision, Commissioner Johannes Hahn in charge of Budget and Administration said: *"Today's decision is a clear demonstration of the Commission's resolve to protect the EU budget, and to use all tools at our disposal to ensure this important objective."*

This step builds on an intensive dialogue between the Commission and the Hungarian authorities in the past months, which has resulted in Hungary proposing a range of remedial measures to address the concerns identified by the Commission when the process was formally launched on 27 April this year.

It follows the letter that the Commission sent to Hungary, outlining the measures it intended to propose to the Council, and the remedial measures submitted by Hungary in the letter of 22 August, complemented by additional clarifications in a letter on 13 September.

The Commission has thoroughly assessed the Hungarian reply, looking in particular into whether the remedial measures adequately address the Commission's initial findings. For the measures to qualify as adequate, they would need to put an end to the breaches of the principles of rule of law and/or to the risks they create for the EU budget and the Union's financial interests.

The Commission's conclusion is 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.

Pending the fulfilment of the key implementation steps, the Commission considers that a risk for the budget remains at this stage. This explains today's decision and the proposed measures, which also take into account the remedial action that Hungary has presented.

At this stage, 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**

The Council has now one month to decide whether to adopt such measures, by qualified majority. This period could be extended by a maximum of further two months in exceptional circumstances.

In the meantime, the Commission will monitor the situation and keep the Council informed of any relevant element which may have an effect on its present assessment. Hungary has committed to fully inform the Commission about the fulfilment of the key implementation steps by 19 November.

Background

The [Regulation on a general regime of conditionality for the protection of the Union budget](#) ensures protection of the EU budget in cases when breaches of the rule of law principles affect or seriously risk affecting its sound financial management or the protection of the EU financial interests in a sufficiently direct way. It applies since January 2021. Ever since, the Commission has been monitoring the situation across the EU countries and collecting relevant information.

On 2 March 2022, European Commission adopted [its guidelines on the general regime of conditionality](#). The guidelines explain in detail how the Commission will apply the regulation, including how the rights of the final recipients and beneficiaries of EU funding will be protected.

The procedure in the case of Hungary is the first one under the regulation. The Commission

continues to monitor information from all relevant sources, to identify possible relevant breaches of the principles of the rule of law.

For More Information

[College decision of 18 September 2022](#) with [annex](#)*

[Guidance on the conditionality mechanism](#)

[Rule of law conditionality regulation on the web](#)

*Updated on 19/09/22 at 10:54

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 [Read-out of the weekly meeting of the von der Leyen Commission by Johannes Hahn, European Commissioner, on the protection of the EU budget in Hungary \(Rule of Law Conditionality Mechanism\)](#)