



Summary of the questions relating to the National Consultation

WHY DO WE NEED A NATIONAL CONSULTATION?

In Brussels plans are being made on our future which involve major threats. These plans have provoked enormous debate, as their implementation would have serious consequences for Hungary. The outcome of this debate is a matter of no small concern, and therefore the Government of Hungary has decided to make a resolute, active and constructive contribution.

The Government seeks to ensure that there is no change in the current division of powers between EU institutions and the nation states. Hungary stands by the principle of subsidiarity. It defends the status quo, which is itself a European achievement, jointly created by the Member States of the European Union.

In light of the size of our country's population, territory and economy, the Government of Hungary is aware of the difficulties in the period ahead and the limits on our ability to assert our interests. We have therefore decided to ask for the Hungarian people's support in this crucial debate with Brussels. This is why we launched the National Consultation, which seeks to involve the Hungarian people in this process.

The title of the consultation perfectly expresses the position we represent: Let's stop Brussels! Let's stop the appropriation of national powers by Brussels! Let's stop Brussels' policy of continually seeking to exceed the powers given to it in the Treaties! And let's stop efforts which - through the promotion of migration - seek to change the ethnic composition and cultural foundations of the European Union, and Hungary within it!

The European Commission has called the Government of Hungary anti-European. This is either a misconception or a malicious political attack. Hungary is on the side of Europe, it works for a strong Europe, and wishes to reform the policies pursued in Brussels so that Europe can remain the best place in the world. Europe must put an end to terrorism, regain its security, and once again become competitive in the world economy. Through a common foreign and security policy it must deliver peace and stability to the surrounding regions, including Ukraine and the Balkans.

What follows are the Government of Hungary's official replies to the European Commission's misguided criticisms of Hungary.



1. HOUSEHOLD UTILITY CHARGES

The European Commission claims that market liberalisation will lead to lower prices in the energy sector. In contrast to this, across the EU Member States between 2010 and 2015 the price of electricity increased by 20 per cent on average, while the corresponding price increase for gas was 25 per cent. In order to avoid such dramatic price rises we must defend the reductions in household utility charges.

Europe's electricity and gas markets are dominated by large multinational corporations. In consequence, the European population is defenceless in the face of rising prices. In Hungary this was also the case under left-wing governments, when the price of gas tripled and the price of electricity doubled. The current government decided on reductions in household utility charges to protect Hungarian consumers and reduce their outgoings. An important fact supporting our arguments is that in recent years the retail prices of electricity and gas have fallen by a quarter.

This issue was included in the consultation because the European Commission has tabled a proposal entitled "Energy Union", which would deprive Member States of the right to determine electricity prices. According to Brussels' proposal, the Member States would be required to establish a road map "for the phasing-out of all regulated prices". In practice this would mean an end to reductions in household utility charges, and would also result in large corporations once again being given a free hand in fixing utility charges. This would again favour multinational corporations over Hungarian families, and the Government is therefore firmly opposed to it.

In its written position, the European Commission claims that market liberalisation means lower prices. The European Commission's own earlier reports clearly show, however, that across the EU Member States between 2010 and 2015 retail consumer prices of electricity increased by an average of 20 per cent (50 per cent in the United Kingdom and 37 per cent in Portugal). The situation is even worse for retail gas prices: in the European Union over a period of five years, consumer prices increased by 25 per cent on average (by 72 per cent in Spain, for instance). Meanwhile during the same period in Hungary household utility charges fell significantly: by the largest proportion in Europe. We want to defend this achievement.



2. RELOCATION AND RESETTLEMENT OF IMMIGRANTS

The European Commission itself acknowledges that it will seek to relocate to Hungary an initial group of some 1,300 immigrants. However, the Commission's position conceals another proposal for the systematic distribution of immigrants with no upper limit on numbers. We cannot allow others to decide who we live alongside.

Ever since the beginning of the migration crisis the Hungarian government has maintained that uncontrolled immigration represents major security risks for Europe and Hungary. A clear indication of the gravity of the crisis is that, according to the European Union's border guard agency, over the past two years more than 2.3 million people have illegally crossed the European Union's external borders. Uncontrolled immigration has significantly increased the threat of terrorism in Europe. The terrorist attacks carried out in several countries have claimed hundreds of lives.

The Government has a major dispute with Brussels over the primary method for resolving the crisis. Hungary would subordinate all efforts to the protection of the borders. By contrast, the European Commission has tabled proposals which would spread the burdens and risks among the individual countries – regardless of whether or not they support immigration. The introduction of the quota scheme is one of the main elements in the Brussels package of measures.

The European Commission has itself pointed out that, in an initial phase, it wants to relocate 1,300 immigrants to Hungary. The Hungarian government is contesting this in court. This is only the beginning, however. Brussels has already decided to also launch resettlement programmes with no upper limit on numbers. Based on this proposal, a fine would be imposed on every Member State failing to meet its quota. The Government utterly rejects these Brussels plans, the implementation of which would mean that in the future Hungary would have no say at all in the number of immigrants to be relocated or resettled in our country. Over the course of several years the number of such immigrants – combined with the ensuing family reunifications – could come to hundreds of thousands. Through this process we would be deprived of the right to decide who we live alongside in our country. Some Member States in the Council of the European Union advocate the admission and distribution of migrants in substantially larger numbers than at present.

Already on several occasions the European Commissioner responsible for migration policy has called upon Member States to contribute to the relocation programmes. The European Parliament (EP) also adopted a position which would extend the relocation and resettlement programmes, would facilitate family reunifications, and would significantly broaden the meaning of the term “refugee” (astonishingly, the EP position was also supported by left-wing Hungarian MEPs). This means that the Brussels institutions are completely disregarding the fact that in the 2016 referendum 3.3 million Hungarian people (98% of those voting) sent the message that they want no part in resettlement quotas.



3. INTERNATIONAL ORGANISATIONS ASSISTING IMMIGRATION

Despite the European Commission's attacks, the Government will take action against the migrant business. We cannot accept activist groups funded from abroad exploiting flawed EU regulations to launch legal actions against Hungary, as the cost of these actions would be met by Hungarian taxpayers.

In Hungary also there are a number of activist groups which receive the vast majority of their funding from abroad. These organisations are continually attacking our border control efforts. Several of them help migrants with publications and flyers which alert them to loopholes in EU law.

One of the abovementioned organisations filed a lawsuit against Hungary at the European Court of Human Rights on behalf of two Bangladeshi migrants. They claimed that conditions in the transit zone were inadequate. In consequence, the Strasbourg court ruled against the Hungarian state, and required Hungarian taxpayers to pay HUF 6 million in damages to the two illegal immigrants – whose present whereabouts are completely unknown to us. The self-styled “human rights organisation” which sued Hungary was awarded almost HUF 3 million in legal costs.

The Hungarian government will do everything in its power to curb the migrant business. This dispute is not about volunteers who are engaged in real humanitarian activities, but about groups which use the European Union's flawed policy for financial gain.

Since 2015 Hungary has refused the asylum requests of more than ten thousand immigrants. If the abovementioned activist groups continually launch lawsuits against the Hungarian state, Hungarian taxpayers could be burdened with costs of tens of billions of forints, with these agent organisations making further potential profits on the legal costs awarded. We must not allow this under any circumstances.

We would like to draw the European Commission's attention to the fact that the lawsuit in question was brought against the Hungarian state by the Hungarian Helsinki Committee, to which the European Commission provided funding of HUF 176 million in 2015 alone. In the same year, George Soros – with whom the Government is also engaged in a major dispute on the issue of immigration – gave the organisation another HUF 114 million. We find it paradoxical that EU institutions are providing considerable sums in funding to organisations which are in fact undermining Europe's ability to defend itself against migration.



4. TRANSPARENCY OF ACTIVIST GROUPS FUNDED FROM ABROAD

A number of countries are struggling against foreign attempts to gain influence on their soil. The Hungarian government would also like greater transparency related to activists funded from abroad. While the European Commission's position does not include this, in the European Parliament there is another proposal seeking to increase transparency. Based on this, NGOs would be required to make public the donations they receive and to publish their annual reports.

Throughout the world efforts are being made to counter foreign attempts at exerting political influence. This is because there is a danger that groups funded from abroad may seek to influence government decisions and election results in the service of foreign state or private interests. In Hungary, too, a number of activist groups receive the vast majority of their funding from abroad, in a non-transparent manner.

There are several tried and tested international practices for countering foreign influence and ensuring greater transparency. In the United States the Foreign Agents Registration Act (FARA) has been in force for decades. Based on the FARA legislation, so-called "foreign agents" are required to register, and to submit accounts of their activities to the authorities.

In its document the European Commission makes no mention of the fact that greater transparency is also an important goal for the institutions of the EU. One of the committees of the European Parliament recently released a report which concluded that in the European Union the funding of non-governmental organisations is not transparent enough. According to the report there is no accountability, and therefore the relevant regulations must be drastically tightened. The document recommends that NGOs be required to make public more detailed accounts of the funding they receive and publish their annual reports. Above a certain threshold the leaders of NGOs would be required to submit declarations of assets. Organisations would also be required to publish details of the number and nature of the lobbying contacts they have with the European Commission and Members of the European Parliament.

The goal of the Hungarian government is transparency. Every Hungarian citizen has the right to know which agent organisations engaging in political activities are funded from abroad. The essence of the transparency Bill recently presented to the Hungarian parliament is that, when foreign funding exceeds a certain threshold, an organisation will be required to make public the identity of its donors, the amount of funding received and the purposes for which it is received.



5. KEEPING EMPLOYMENT POLICY WITHIN HUNGARY'S COMPETENCE

On several occasions in recent years the European Commission has attacked Hungarian job creation measures – including the public works programme, which provides jobs for two hundred thousand Hungarian citizens. The Government insists on the right to determine Hungary's employment policy being kept in Hungary. Over the past few years Hungary has pursued its own path. And seven hundred thousand new jobs have been created.

Joint efforts in recent years have resulted in major achievements in Hungary's employment policy: unemployment has fallen from 12 per cent to 4.5 per cent, and today there are 700,000 more people in employment than there were in 2010. This has been possible because we have pursued our own path, and kept employment policy within national competence. We want this to remain the case in the future.

On a number of occasions in its country-specific recommendations the European Commission has criticised Hungary's various job creation measures – the public works programme above all. In Hungary this programme is vital, because it provides jobs for almost 200,000 Hungarian citizens who would otherwise be dependent on benefits. The European Commission claims that public employment distorts the labour market's proper functioning, and it urges the reallocation of related spending. The Hungarian government, however, insists that people must be given jobs instead of benefits.

The European Commission has also attacked the Job Protection Programme, which has been the most extensive job preservation and creation programme in Hungary since the fall of communism, assisting in the employment of some 900,000 people. This programme is essential for the employment of disadvantaged groups, such as the long-term unemployed, people over the age of 55 and people under the age of 25.

In its position, the European Commission has also raised as an argument the issue of EU funds. The Hungarian government's position is that EU funds cannot be regarded as a gift or donation. On the contrary, the disbursement of EU funds is compensation for Hungary having opened its markets during a period when Hungarian businesses were at a considerable competitive disadvantage. Furthermore, Western European economies are also beneficiaries of the cohesion funds directed to Central Europe.



6. KEEPING FISCAL POLICY WITHIN NATIONAL COMPETENCE

The Government is also opposed to Brussels exceeding its powers in the field of fiscal policy. The European Commission has raised objections to the reduction in VAT on internet services, and on three occasions in 2015 alone it suspended government measures related to taxation. It has also strongly criticised the reduction in corporation tax in Hungary. These attacks have only steeled the Government's determination to keep fiscal policy within national competence.

Tax reduction is one of the main pillars of Hungary's economic policy. This is why personal income tax has been reduced significantly, and this is why in January this year corporation tax was reduced to 9 per cent: the lowest rate in the whole of Europe. At the beginning of this year payroll taxes were also cut by 5 per cent. These tax reductions are key, because they make pay rises possible.

The issue of fiscal policy features in the National Consultation questionnaire because in the European Union it is becoming increasingly frequent to voice the aim of taking competence over fiscal policy away from Member States and transferring it to a supranational level. This is why Hungary was fiercely criticised when it significantly reduced the rate of corporation tax. For instance, in December 2016 the German minister for the economy said that the European Commission should investigate whether Hungary's low corporation tax qualifies as illegal state aid. In Hungary tax reduction is the most important pillar of job creation and competitiveness, and this is why it is important for Hungarians themselves to be able to decide on tax reductions.

Earlier the European Commission raised objections to the reduction in VAT on internet services, which the Government hopes will significantly lower costs for internet users. While the European Commission claims that it does not interfere in national fiscal policy, a number of examples indicate the contrary.

On three occasions in 2015 the European Commission suspended government measures in Hungary which had fiscal implications (advertising tax, health care contributions from tobacco industry enterprises, fees for food chain supervision), despite the fact that for other Member States this has only been an action of last resort.

The examples given above reinforce the Government's decision to keep taxation within national competence.