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MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Budget Committee
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Subject:	Rule of Law/Conditionality Regulation: COM replies to MS questions - PPT presentation

Delegations will find attached the slides that were used by the Commission for presenting its replies to MS questions on the RoL/Conditionality Regulation at the Budget Committee meeting on 28 September 2022.



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Rule of law conditionality regulation

Hungary - Answers to MS questions

BUDG D1

28 September 2022

Article 6 and interpretation of the “Exceptional circumstances” – BE, DE, LU, NL, LV, SE

- The Commission **did not propose an extension.**
- Assessment of “exceptional circumstance” → decision on it is a prerogative of the Council [Presidency to clarify procedure]
- Details and the correct, full and effective implementation of all the “**key implementation steps**” to be implemented by 19 November 2022 (i.e. after the ordinary deadline)
- **Commission will keep the Council informed** of any relevant element which may have an effect on its present assessment.

Remedial measures: timeline – DK, NL, SE

- Hungary has committed to **specific timelines** and to **unconditionally maintain** in force the remedial measures (and the related legislation) without any time limit.
- **Legal framework and practices concerned** – more extended timeframe to produce concrete results (beyond 2022)
- The Commission will be **closely monitoring the correct implementation** of all remedial measures.

Remedial measures: partial delivery – BE, DK, LU, SE

- **No automatic procedure**, case-by-case basis
- **Key implementation steps fundamental** to consider that the remedial measures are fully adequate to address the concerns raised
- Commission is **monitoring the situation and the fulfilment of all commitments** by Hungary very closely
- If measures adopted: **possibility to lift or adapt measures**
- Commission **reserves its right to start a new procedure under the Conditionality Regulation.**

Remedial measures: methodology for assessment – DK, FR, LU, NL

- The Commission will **assess if all commitments as outlined in the remedial measures have been implemented**
- **Detailed timeline** of each remedial measure
- Full and effective implementation of all **key implementation steps is key to consider that the budget and the financial interests of the Union are no longer at risk.**

Proposed measures – BE, FR, SE, DK, NL, SE

- Elaborated in section 8 of the explanatory memorandum
- Precise quantification of potential impact on EU budget not possible at this stage
- Percentage reflects **estimated ensuing risk for the budget**; determined in light of seriousness, frequency and duration of the systemic breaches identified, expected maximum financial risk
- **Takes into account remedial measures**
- Measures **take effect with Council adoption**

What are the next steps? DE, DK, FR, SE

- Commission to **monitor** the situation and exchange with the HU authorities
- Commission will **inform the Council of its assessment** of the implementation of the key elements of the remedial measures **after 19 November 2022**
- Commission **reserves its right to start a new procedure** should any commitment not be implemented satisfactorily or should it not have the desired impact on the practices that raised concerns in this procedure.

General Questions: how did the Commission assess information? BE, LU

- The Commission used multiple sources of information and worked across services as well as OLAF reports to feed its assessment
- The Commission has also held various meetings with civil society organisations and took into account any information provided when relevant
- As regards the Integrity Authority, the relevant remedial measures, if correctly transposed into the legal texts, will provide the new Integrity Authority with extensive powers to enhance the prevention, detection and correction of fraud, corruption, conflict of interests and other irregularities,

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Thank you

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