# EU AGREES TO UKRAINE ACCESSION TALKS, BUT NO FUNDS YET

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Hungarian PM Orbán left the Council chamber to allow other leaders to take a 'unanimous' decision, but

## there will be many more wrangles ahead

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<u>Orbán</u>

The first day of this week's 'historic' EU Council Summit ended in quite a twist: Kyiv and Brussels got what they wanted while Hungary's PM Orbán walked away not having compromised his principles—all in a way that was never done in EU history before, as far as anyone knows.

After hours and hours of intense negotiations on Thursday, December 14th, the 27 (or rather, 26) EU leaders agreed to officially open accession talks with Ukraine and Moldova, and to grant candidate status to Georgia.

On the other hand, Bosnia and other Western Balkan countries were told to sit out this round, despite waiting for membership far longer than the others. This only shows that the decision to fast-track the membership of Eastern European countries was a strategic one rather than anything else—since all three are post-Soviet countries located in the backyard of Russia, but that's another story.

# A gentlemen's agreement

Leading up to the summit, all eyes were on Hungary's PM Orbán who remained steadfast in his position not to support Ukraine's membership talks until a more thorough impact assessment had been carried out, as integrating such a huge country could fundamentally alter the economic balance within the European Union.

Nonetheless, after seeing that he was truly alone in his opposition—Austria previously tied

its support for Ukraine to opening accession talks with Bosnia too, but Chancellor Nehammer quickly gave in during the Summit—Orbán allowed the vote to proceed in a most unusual way.

It was German Chancellor Olaf Scholz who suggested the solution—an 'old socialist trick,' as an unnamed official <u>commented</u>—imploring Orbán at the sidelines to step out for a moment while the other 26 leaders adopted the 'unanimous' decision to enter accession talks with Kyiv.

Orbán agreed and left the negotiation chamber, which technically counts as an abstention. This was perfectly legal, as Council decisions <u>only need</u> unanimous support of *the present quorum*, even if no official could remember any such precedent.

"In fairness to PM Orbán, he made his case, made it very strongly. He disagrees with this decision and he's not changing his opinion in that sense, but essentially decided not to use the veto power," Irish PM Leo Varadkar said afterward, commending his Hungarian colleague. "I have to say, I respect the fact that he didn't do that because it would have put us in a very difficult position as a European Union."

The tactic also allowed Orbán to walk away without having compromised his principles.

"Hungary's position is clear; Ukraine is not prepared to start negotiations on EU membership. It is a completely senseless, irrational, and incorrect decision to start negotiations with Ukraine under these circumstances," Orbán said in a statement immediately after. He continued:

On the other hand, 26 other countries insisted that this decision be made. Therefore, Hungary decided that if the 26 decide to do so, they should go on their own way, Hungary does not want to share in this bad decision.

https://twitter.com/PM ViktorOrban/status/1735364507810050076

## A long way ahead

Despite the overwhelming celebrations in Brussels and Kyiv, it should be noted that this decision only means the *start* of accession talks and Ukraine's EU membership will still take many years to finalize, or at least until the end of the war, whenever that might come.

Furthermore—making Orbán's de facto abstention not much of a sacrifice in hindsight—the path toward Ukraine's full EU membership is littered with Council decisions that will require unanimity, as Balázs Orbán, the Hungarian PM's political director <u>explained</u> on Thursday night.

First, all EU countries need to agree on a negotiating framework with Ukraine—an itinerary, if you will— of when and how to tackle the 35 chapters of countless criteria set by the *Acquis Communautaire* that each candidate needs to fulfill. Then, there will be over 70 additional unanimous decisions throughout the years to approve the implementations of these chapters—any one of which Hungary and others could easily veto.

Finally, the accession itself must also be ratified by each country separately, which either happens through a parliamentary vote in the capitals or through a referendum. Realistically speaking, Ukraine is unlikely to become an EU member before the end of the decade.

## Ten billion reasons to feel good

Before the summit, Orbán repeatedly said he came to represent his principles, not to do business. However, the Commission still felt it important to offer him a significant sign of

goodwill and officially released €10.4 billion a month early, from the roughly €32 billion of various EU funds that it froze years ago to force Budapest into complying with EU diktats on issues ranging from migration to education, as well as reforms to 'strengthen the rule of law.'

Important to note that the €10 billion in question is tied to a series of judicial reforms that Hungary recently finished adopting, meaning that the money was due to arrive regardless of what went on in the Council. In fact, the release of funds was greenlit to be released by the Commission two days earlier, but no doubt as an incentive for cooperation in Brussels.

But given that the last of these reforms doesn't enter into law until next month, the slightly early release of the funds is still a diplomatic victory for Orbán back home.

## Ukraine funds still blocked

On the other hand, there was no compromise €50 billion of EU support that Brussels wants to disburse to Kyiv over the next 4 years. While Orbán did oppose the giant support package as he promised he would, it's important to note that the Hungarian veto is not the sole reason for the deadlock.

As we explained before, the so-called Ukraine Facility is tied to the Commission's €66 billion <u>budget top-up proposal</u>, which also contains a few less heroic requests, such as nearly €19 billion for "debt management" to cover rising interest fees and a "modest" increase of the EU's own operating budget by nearly €2 billion.

Obviously, there are <u>a lot of member states</u> who are not enthusiastic about giving more money to Brussels just halfway through the current budgetary term, and—while having no problem with helping out Ukraine—suggest using existing funds instead. A few others, like Italian PM Giorgia <u>Meloni</u>, tied the extra funds to Ukraine to additional support to EU countries as well.

It was clear by the end of the first day that the leaders would not be able to untangle this complex issue and come to an agreement that suits everyone—the frugal northern countries who want Brussels to make better use of their money, and the southerners who'd also like assistance.

In the end, the only decision the Council made was to postpone the discussion for next year and come back to it once the positions were clearer. But even if everybody's happy with the budget review, PM Orbán's support will be needed in the end, and Budapest previously tied his vote to the release of all the remaining frozen funds (over €20 billion), saying that Brussels' every request has been addressed and any decision to still hold back the funds are purely political.

# **EU Superstate?**

The formal <u>conclusions</u> of the Summit also contain the Council's endorsement for reforming the EU before the next wave of enlargement is finalized.

For months, Euro-federalists in Brussels have been calling for a major overhaul of the EU's decision-making process, as the European Parliament's most fundamental <u>proposal</u> is scrapping unanimity in the Council and reducing member states' power to that of a Swiss canton, for instance.

Now the Council did appear to be on board, but only on the surface. EU leaders agreed that some reforms are needed but did not go into any specifics.

"Both future Member States and the EU need to be ready at the time of accession. Work on both tracks should advance in parallel," the conclusions say, adding that the EU will need to "lay the necessary internal groundwork" that would make further expansion possible and to finally decide what its future will look like. Ominous, but nothing concrete, so far.

## What's next?

Ukraine is not the only issue Europe needs to deal with, and the second day of the year's last EU Summit will be about everything else. The main points on the <u>agenda</u> include security and defense talks (strengthening Europe's defense industrial capabilities), the Middle East (trying to come up with a unified position on Gaza), and finalizing the Migration Pact, which will probably be just as hard as it was for the <u>first try</u> back in the summer.