



Turn towards the East or a new equilibrium?

Matters of debate in Hungarian foreign policy

Péter Krekó

- Discussion paper -

Friedrich Ebert Stiftung Budapest

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INTRODUCTION

The conflict between the Ukraine and Russia results in fundamental geopolitical changes for the countries of the region including Hungary. The race of the United States, the European Union, and Russia has become almost a "zero sum game" in the eastern region of Europe. This is the reason why the foreign policy of East-European countries is being reassessed and gaining in international attention within this changing geopolitical space.

The foreign policy of the Hungarian government seems to have ended up in a trap by early 2015, which is currently the result of the fact that it is rather unlikely for Russia, the EU or the USA to back down in the Ukrainian-Russian crisis, which is closely related to energy policy. The stability of the EU and the security policy of East-Europe are at stake. As a result, Hungary's "swing politics" becomes an increasingly difficult path to tread in the international context. Following the "freedom fights" of the past few years it seems that the former room to manoeuvre and international space to move have evaporated for the Hungarian government.

One of the next main challenges in this foreign policy scenario seems to be debate on the Trans-Atlantic Trade and Investment Partnership (TTIP), or more commonly called the free trade agreement between the USA and the EU.

The following starts with a presentation of public views around foreign policy issues on the basis of various surveys. This is followed by a brief summary of matters related to the foreign policy of Hungary in the recent few years. Finally, we give an overview of key information concerning the free trade agreement to be entered into between the USA and the EU.

VIEWS ON FOREIGN POLICY ISSUES IN THE PUBLIC OPINION

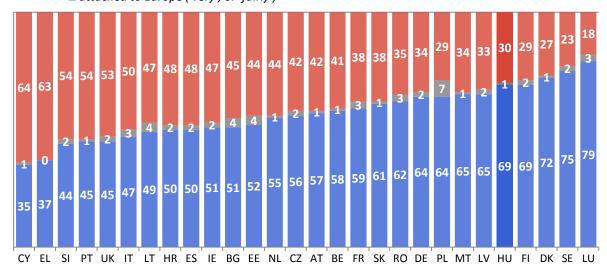
Opinions about the relationship of Hungary and the European Union European ties

Polls show a very strong association of Hungarian society with Europe. The national report of Standard Eurobarometer¹ states that ""The rate of respondents backing the European Union is higher in Hungary than the average of the member States; Hungary ranks fourth among Member States that are most supportive of Europe. The sense of European citizenship of Hungarian respondents is above the EU average and has even grown somewhat stronger recently. The number of respondents who feel that they are "European and Hungarian" has doubled over the last year, but also the number of those who perceive themselves as predominantly European has increased."

Attachment of the citizens to Europe²

(%, data source: Standard Eurobarometer 82, November 2014)

- not attached to Europe ('not very', or 'not at all')
- DK/NA
- attached to Europe ('very', or 'fairly')



Trust in the European Union

The level of trust in the European Union – 48% trust the EU – is only a little bit lower³ than at the time of the last measurement before the inauguration of the Orbán government in 2010 – the level of trust was at 53% in November 2009. In comparison: only 33% of the respondents trust the Hungarian government currently⁴.

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¹ http://ec.europa.eu/public opinion/archives/eb/eb82/eb82 hu hu nat.pdf

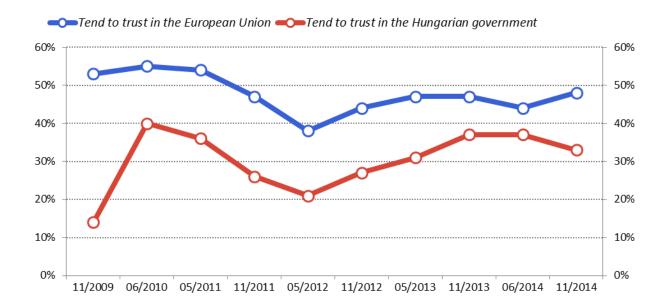
² The question of in the Hungarian poll was: People can fee attached to their town, village, region, country or Europe to different extents. Please rate to what extent you are attached to Europe.

³http://ec.europa.eu/public_opinion/cf/showchart_line.cfm?keyID=2193&nationID=22,&startdate=2009.11&enddate=2014.11

⁴http://ec.europa.eu/public_opinion/cf/showchart_line.cfm?keyID=2191&nationID=22,&startdate=2009.11&enddate=2014.11

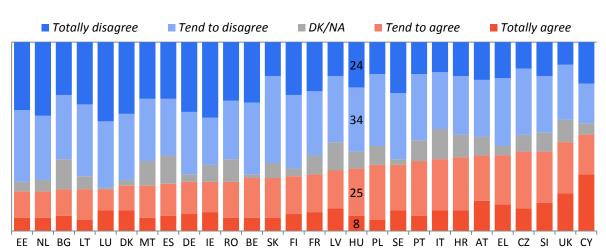
Rate of people rather trusting the EU or the government in Hungary between 2009-2014

(data source: European Union, Standard Eurobarometer research)



Membership or exit?

Support for EU membership was so convincing before the crisis that this question was not even part of the polls conducted at the time. However, a question on this topic has been inserted in to the Eurobarometer questionnaire in the recent years, even if the formulation is not direct and related to crisis management. Poll participants were asked whether, in their view, their respective country would be able to face the future better within or without the European Union.



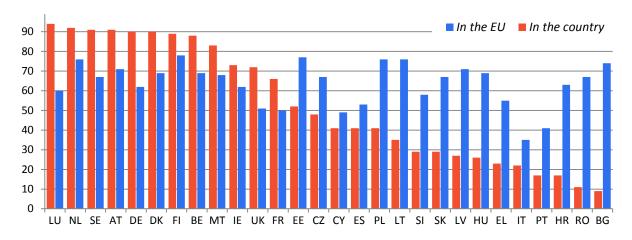
Opinions in the Member States on exiting the EU, March 2014

(Distribution of answers to the question *To what extent do you agree with the statement: My country could face the future better outside the EU?* in the Member States. Source: <u>Special Eurobarometer 415</u>)

In March 2014, one third of Hungarians agreed that that it would be better for us outside, while the absolute majority at 58% disagreed. The 33% rate is the 12th highest in terms of agreement. The supporters of exiting the EU were in relative majority in two Member States: Cyprus and the United Kingdom. From amongst countries that joined at the same time as we, e higher rate of agreement than in Hungary was registered in Slovenia, the Czech Republic and Poland.

Even if not unequivocally, but all of this is somewhat related to perceptions about living standards. According to the Eurobarometer poll of March 2014, 73% of Hungarians perceived their living standards as bad, and only 26% stated that they were good. However, we get almost diametrically different rates when living standards in the European Union are discussed, which were perceived as good by 69% of Hungarians. So while the public is critical with the EU or its institutions in many regards, their perceptions reflect strongly on a lag in the quality of life. Considering that 10 years have passed since the country's accession, the public may perceive it essentially as a disappointment that their expectations from 2004 (catching up with the living standards of Europe) have not been met. This frustration will clearly have an effect on the opinions on EU membership, in as much as that the lag is explained bot only by domestic reasons but also ones inherent in the functioning of the EU. There is an even more extreme divergence in the three Member States that joined the EU last. Respondents by 65, 56 and 46 percentage points more in Bulgaria, Romania and Croatia respectively though that the living standards were better in the EU than in their own countries.

Assessment of living standards in own country and the EU in the Member States, March 2014



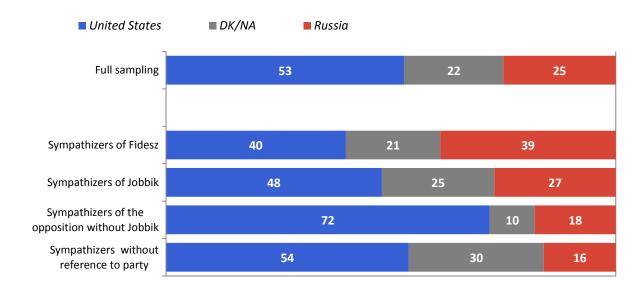
(Rate of those who see living standards as good or rather good. Source: <u>Special</u> Eurobarometer 415)

If you had to choose: Russia or the United States?

Beyond opinions about the European Union, the strength of the orientation to the West can also be gauged by the relationship to Russia or the United States. A poll prepared by Medián for 444.hu at the end of November and early December 2014⁵ shows that the Hungarian public clearly (58%) wants closer ties with the United States that with Russia. One quarter of respondents were pro-Russia. The distribution of answers is substantially different across the various party preference groups. The biggest number of Russia supporters were found amongst Fidesz voters (39%). This rate was 27% with Jobbik voters, and only 18% with voters of left-wing opposition parties. All of this is a good indicator how party policies can shape public opinion. However, this effect is limited, because exactly the same amount of government party supporters wants closer ties with the United States as those who want to be closer to Russia.

If Hungary had to choose whom she maintains closer relations with, what do you think would be better?



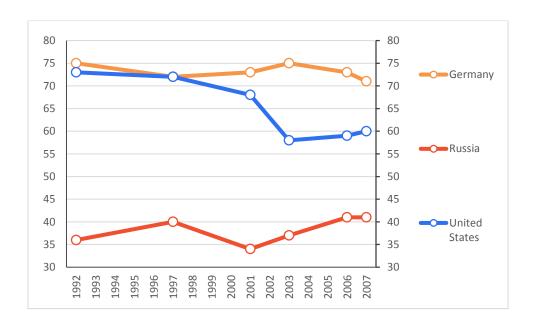


Earlier research also confirmed that the Hungarian public is far less supportive of Russia than of the United States.

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⁵ http://444.hu/2015/01/07/a-magyarok-tobbsege-amerikat-valasztana-es-nem-oroszorszagot/

Sympathy for Germany, the USA and Russia in Hungary (averages on a rate of 100, 0=very bad, 100=very good)

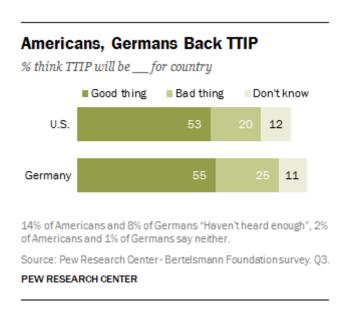


Following the change of regimes, support for the USA scored 73 on a scale of 100, while it was only 36 for Russia. 15 years later the rate of support for the USA dropped to 60, while that of Russia increased to 41 (Medián, 2007). Although the gap in support for the two countries reduced, the public opinion about the USA is clearly still better. Another poll came to the same conclusion in 2012, when respondents had to rate different nations on a scale of 1 to 5. The average score of the USA was 3.11, while Russia scored 2.64 (Oroszvilag.hu, 2012). It is interesting to see that the ratings of Germany and the Germans were generally better than that of the USA.

Ipsos Mori asked the public about their opinion on the situation in the Ukraine in 11 European countries early April 2014. The complexity and sensitivity of the situation in the Ukraine is also shown by the fact that almost one-third of the respondents could not form an opinion on what measures the government of their respective country should take. This was characteristic for all countries that participated in the poll. Generally, Hungarian respondents showed the lowest level of support for measures against Russia. One-third of them (34%) agreed that Russia should not be allowed to march into territories in East-Ukraine. Every second respondent had the same answer in the average of countries included in the poll. Notwithstanding these results the Hungarian public cannot be described as pro-Russian; the opinions reflected in the responses were very polarised. The higher than average rate of pro-Russian sentiments shows that the government's communication about Russia has made a significant impact on the opinions of a part of the public. Despite that fact that Hungary is substantially concerned due to its geopolitical location and the Hungarian diaspora living in

Zakarpattia Oblast, every second Hungarian thinks that the government should not intervene at all, but it should leave others handle the problem (Ipsos Mori, 2014).

Opinions about the free trade agreement between the United States and the EU (TTIP) According to the research of the Pew Research Centre conducted in the USA and Germany in 2014⁶, the majority of both countries is in support of TTIP in general because they think it is advantageous for their countries (53% of Americans and 55% of Germans think that TTIP is a good thing).



However, a closer look at the details reveals that the objectives of TTIP are more contrasting in both countries. Only 41% of Germans support and 53% of them oppose the elimination of all limitations on investments. The same is supported by 39% and opposed by 49% of Americans. The elimination of all customs tariffs on goods arriving from the USA, which increase the prices of American goods, is only supported by 38% of Germans, and opposed by 57% of them. 41% of Americans would support, but 49% of them would oppose the elimination of all customs tariffs on goods imported from the EU.

⁶ http://www.pewglobal.org/2014/04/09/support-in-principle-for-u-s-eu-trade-pact/

More Opposition Than Support for Goals, But Americans Back Similar Standards

	Support	Oppose
Germans	%	%
Making European and American standards as similar as possible	45	51
Removing all restrictions on investment between U.S. and EU	41	53
Removing all duties that increase the price of goods imported from U.S.	38	57
Americans		
Making European and American standards as similar as possible	76	18
Removing all restrictions on investment between U.S. and EU	39	49
Removing all duties that increase the price of goods imported from EU	41	49
Source: Daw Dasearch Center- Rertelsman	nn Foundatio	n SHTVAV

Source: Pew Research Center - Bertelsmann Foundation survey. 07a-c.

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Also, there a spectacular split in the opinions about the approximation of standards. While only 45% of Germans support, and 51% of them oppose the approximation of US and European standards, the same is backed by 76% of Americans. A divergent level of trust towards the regulatory standards of the other party is in the background of this difference.

Americans, Germans Prefer Own Standards

% trust American/European standards for

	U.S.		Germany	
		American standards		
	%	%	%	%
Auto safety	33	55	91	4
Data privacy	29	49	85	3
Environmental safety	27	60	96	2
Food safety	22	67	94	2

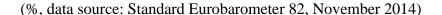
Source: Pew Research Center - Bertelsmann Foundation survey. Q4a-d.

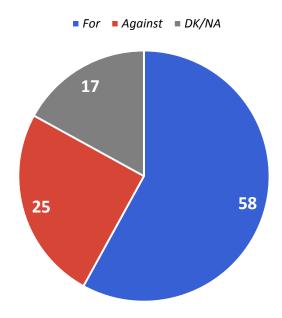
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While 22-33% of Americans trust European regulations in different fields (EU food safety standards are trusted by 22%, environmental regulations by 27%, data safety regulations by 29%, car industry regulations by 33%), only 2-4% of Germans trust American standards (food safety regulations of the USA are trusted by 2% of Europeans, environmental regulations by 2%, data safety regulations by 3%, and car industry regulations by 4%). All in all, while only 49-67% of Americans trust the regulations of their own country, 85-94% of Germans have trust in European standards.

The European Commission used latest wave of the Standard Eurobarometer poll⁷ to measure support for TTIP in EU Member States. The majority of EU citizens (58%) support TTIP with only every fourth expressing dislike about the envisaged treaty. We assume that the initiative was less well known when data were captured in November than it is now. This is also indicated by the fact that the rate of those who could not form an opinion was relatively high at 17%. The opponents against supporters of TTIP were in majority in in only three of the 28 Member States: Austria, Luxembourg and Germany. At least two-thirds of the respondents were in support in ten Member States. Although it is very likely that the majority of the poll participants were unclear about the contents of the treaty's shaping contents, the high level of supporters on a European level clearly reflects a certain degree of openness to strengthening trade relations between the EU and the USA.

Opinions of the public on the EU-USA free trade agreement within the EU⁸





The rate of supporters is higher than average in Visegrád countries. The rate of respondents in support of the draft treaty was at 62% in the Czech Republic, Hungary and Slovakia, too. The rate of opponents was 28% in Hungary, which is less than half of the rate of supporters.

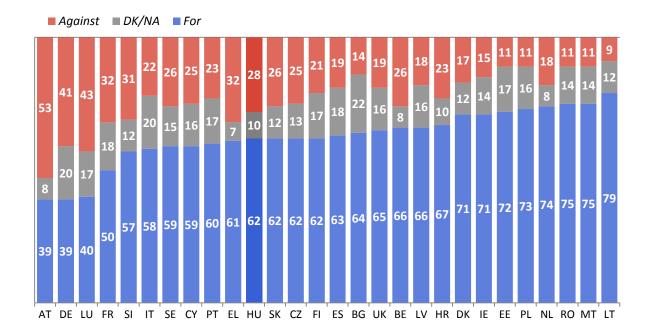
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⁷ http://ec.europa.eu/public_opinion/archives/eb/eb82/eb82_anx_en.pdf

⁸ The question of in the Hungarian poll was: What is your opinion about the following statements? Please state for each statement if you support or oppose them. – Free trade and investment agreement between the EU and the USA.

Opinions of the public on the EU-USA free trade agreement within the EU

(%, data source: Standard Eurobarometer 82, November 2014)



DEBATES AROUND HUNGARIAN FOREIGN POLICY

From global opening to opening towards the East

The second Orbán government announced its new foreign affairs, or mainly foreign trade policy developed by the Ministry of Foreign Affairs under the leadership of János Martonyi shortly after its inauguration in 2010. The policy was primarily based on the concept of "global opening", which then – possibly for domestic political and communication reasons – became the "opening towards the East". This was how Hungary tried to react to the changes happening in the global economy and politics.

Pursuant to the new priorities, an intensified diplomatic contact development started immediately after the government change in 2010; high level visits were conducted to China, Japan, India, Saudi-Arabia and Russia within relatively short time. Closer contractual relations were formed with Arab countries. The Ministry of Foreign Affairs reopened several embassies that were closed earlier, and the opening of additional embassies was planned in Asia, Africa and South-America. However, these were implemented in March 2015 only, when the policy of "opening towards the South" was announced.

According to the government's intention, one of the most important objectives of the foreign policy opening to the East was to revive economic ties with Azerbaijan, China and Russia. The apparatus of the Ministry of Foreign Affairs was also transformed increasingly according

to the new objectives, however, media reports suggested that the prime minister was continuously dissatisfied with the performance of the MoFA between 2010 and 2014, and though that the ministry was more of an impediment to the opening towards the East. It was no surprise then that the deep-reaching transformation, in terms of personnel and organisation, of the Ministry of Foreign Affairs started immediately after the 2014 elections, during the temporary reign of Tibor Navracsics as minister but in fact under the effective leadership of his successor Péter Szíjjártó – all done in the sense of a non-biased, interest-based foreign policy announced by the prime minister. The strengthening of eastern orientation was confirmed by China and Russia receiving separate main departments, while all other European states, except for neighbouring countries and the West-Balkans, have a single combined main department.

"Achievements" of the opening towards the East

Once we look at the foreign policy of Hungary exclusively on the basis on interests, i.e. in the mirror of statistics, then the achievements of the opening towards the East are reflected more in the number of diplomatic meetings, while not much progress can be registered in terms of the economy.

According to the data of the German-Hungarian Chamber of Industry and Commerce⁹, 84.2% of imports into Hungary originated from European countries, including a rate of the EU of 71.6% in 2013, which reflects a 3% growth in both rates against 2012. When looking at countries outside of Europe, imports from the United States amounted to 3.7% at a 3.7% growth against 2012. Asia represented a 12% proportion of all imports into Hungary in 2013, and this rate dropped by 6,6% in comparison to 2012. Exports from Hungary and exports into the EU28 were at 88% and 77.1% respectively in 2013, at a growth rate of 2.1% and 1.7% respectively against 2012. Exports into the United States reached 4.4% of total exports in 2013, representing a growth of 21.9% compared to 2012. Our exports to Asia were at 6% at a drop of 4,2% against 2012. A look at long-term trends shows that 18% of imports into Hungary originated from Asian countries in 2009, and this rate dropped to 12% by 2013. As for exports, 6% of them were into Asian countries in both 2009 and 2013, thus showing stagnation in this segment.

An analysis by portfolio.hu reached similar conclusions last autumn¹⁰. They demonstrated a rate of 6% for exports from Hungary into Asian countries, while the share of eastern markets in exports shrank by 1.5 percentage points over two years. This means that the objective of economic policy to increase the weight of the eastern region in exports in order to make sure that we stand on several legs has not been attained at all. All this while, however, the importance of the Central-East-European region has continued to grow, and the same applies to the Americas; while the reduction in the importance of the developed EU countries (EU15) is no longer reducing. It was exactly exports into the eastern countries that have shown the weakest performance in the years of the opening towards the East.

According to expert opinions outlined at a foreign policy workshop organised by Friedrich-Ebert-Stiftung and Political Capital at the end of 2014, the reasons for this failure of the opening towards he East can be associated with both a misunderstanding of Hungary's

10 http://www.portfolio.hu/gazdasag/mekkora_bukta_a_keleti_nyitas.204423.html

⁹ http://www.ahkungarn.hu/hu/orszagismerteto/gazdasagi-adatok/

geopolitical situation, and the faulty over-valuation of the economic shape of the large target countries like Russia and China.

In case of China, for example, the latest data published by the Central Statistical Office (KSH) on 5 March 2015, Hungarian exports into China grew by 8.1% in USD terms against the preceding year in 2014. However, if we look at the breakdown according to products, we can see that the export of cars alone contributed 171 million USD to the total net growth of exports by 162 million USD.

This means that the bulk of export growth comes from the activity of multinational companies, while there is a shortage of truly competitive small and medium sized businesses and products in exports due to the stagnant domestic economy of Hungary.¹¹

Hungarian foreign policy has also profoundly misunderstood any existing rooms to manoeuvre in Russia. The latest visit of President Putin to Budapest aptly demonstrated that Hungary is not important for Russia as an economic partner but rather for geopolitical and energy policy reasons; and balking under sanctions, the Russian economy can obviously not provide support to the Hungarian economy. Although the Russian-Hungarian relationship, which generated the largest debates in the frames of the "opening towards the East" may serve well certain particular business and political interests of financial groups around the government, but all in all this leads to a substantial single-sided exposure of Hungary in energy policy, which is the main reason for criticism. This exposure is related, in particular, to nuclear energy, i.e. the investment in Paks, and gas supply – both were ratified by the highest-level meeting of Orbán and Putin.

The Hungarian foreign policy is trapped

Hungarian foreign policy ended up in an extremely poor situation by the end of 2014. The government of Hungary got entangled in an unfortunate and disadvantageous debate with several leading personalities in the United States as the Hungarian leaders had underestimated the role of Washington in our region. At the same time, the role of Moscow was overvalued, which led to a deterioration of the strategically important relationship of Hungary and Poland, which, in turn, also shattered the V4 partnership; and the series of battles with the EU, dating back to several years, has been going on. The current trap that the Hungarian government is in results from the fact that it is highly unlikely that Russia, the EU or the USA would back down in the Russia-Ukraine crisis that is closely associated with the energy policy. The stability and East-European security policy of the EU are also at stake. In this context, the "swing politics" of Hungary represent a less and less passable way in the international arena. Following the "freedom fights" of recent years, the government of Hungary has now run out of its former possibilities to manoeuvre. The conflict between the Ukraine and Russia result in fundamental geopolitical changes for the countries of the region including Hungary.

DEBATES AROUND THE FREE TRADE AGREEMENT BETWEEN THE UNITED STATES AND THE EUROPEAN UNION (TTIP)

In the social and foreign policy situation outlined above, one of the biggest challenges seems to be the debate on the impending Trans-Atlantic Trade and Investment Partnership (TTIP),

¹¹ http://pcblog.atlatszo.hu/2015/03/09/ceterum-censeo-kellene-egy-kina-strategia/

or as it is better known the free trade agreement between the USA and the EU. The following is an overview of the most important information on this.

The progress of negotiations

Negotiations about the treaty started when the so-called Doha Round, also known semi-officially as the Doha Development Agenda, of the World Trade Organisation (WTO) stalled. Partly differences in the opinions and interests the OECD group of developed countries, and emerging and developing countries, and partly a change in the public opinion on globalisation and free trade (for example in the US) were in the background of the stalling of the negotiations. Instead of a multi-lateral solution to be implemented in the frames of the international organisation, EOCD countries were aiming more at achieving bilateral agreements. Although the WTO ministerial conference agreed on a number of measures to ease trade in Bali at the end of 2013, about 380 bilateral agreements had already been signed by that time, and approximately 200 additional agreements had been in preparation – including TTIP. 12

Negotiations about TTIP started between the EU and the USA in July 2013, and the parties have absolved eight rounds so far. Meeting venues alternate between the USA and Brussels. The eighth round was held in Brussels between 2 and 6 February 2015. The lead negotiator on part of the 28 Member States of the EU is Cecilia Malmström, Trade Commissioner of the EU, according to a strategy devised by the Council of the European Union. The negotiations are actually led by Ignacio Garcia Bercerom, and the list of negotiators is public. Malmström and her US colleague, US Trade Representative Michael Froman agreed to speed up negotiations in their meetings in December 2014 and January 2015, so that two additional rounds are planned for first half of 2015. The ninth round is held in Washington in April. The European Commission (EC) informs the Member States on how the negotiations progress in the Council and the European Parliament (EP). When the negotiations are closed, both the Council and the EP must approve the treaty, and all Member States need to ratify it.

November 2014 was a turning point as far as the publicity of negotiations is concerned. As a consequence of criticisms over the lack of transparency and secrecy, and for fears from an increasingly anti-TTIP sentiment, Cecilia Malmström, who was then new to the post of Trade Commissioner, launched a new transparency initiative, which rendered TTIP negotiation process more open to the public. Consequently, the EC publishes EU proposals for the negotiation of, reviews and relaxes the classification of TTIP related information, provides EP members with wider insight into materials related to TTIP, widens online access to backgrounders, technical materials and explanations, and works more closely together with the civil society and the general public. 17

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 $^{^{12}\,}http://www.swp-berlin.org/fileadmin/contents/products/comments/2014C32_dtr.pdf$

http://trade.ec.europa.eu/doclib/docs/2015/february/tradoc_153175.pdf

http://trade.ec.europa.eu/doclib/docs/2013/july/tradoc_151668.pdf. It is interesting from the Hungarian perspective that the negotiations also include a participant of Hungarian nationality: One of the negotiators in the agricultural products chapter is Zoltán Somogyi, staff member of the DG Trade of the EC who used to work at the Hungarian permanent representation in Brussels. http://be.linkedin.com/pub/zoltan-somogyi/40/bb7/702

¹⁵ http://trade.ec.europa.eu/doclib/docs/2015/february/tradoc_153110.pdf

¹⁶ http://trade.ec.europa.eu/doclib/press/index.cfm?id=1231

¹⁷ http://ec.europa.eu/news/2014/docs/c_2014_9052_en.pdf

Debates around TTIP

Criticism against TTIP is the strongest in Germany within the EU. 1.2 million people signed the "Stop TTIP" petition in 10 weeks. However, negative sentiments are rather strong also in Austria, France, the Netherlands, Spain and even the United Kingdom. Criticism against TTIP is entangled with anti-US sentiments and the critique of globalisation. Consequently, it is mainly left-wing, globalisation sceptic, environmentalist and fundamental rights organisations that will raise such criticisms. The main reasons for fears and negative sentiments with regard to TTIP include the so called Investor-to-State Dispute Settlement, (ISDS) mechanism, data safety concerns, the expected impact on public services, and the resulting voidance and relaxation of stringent European regulations on public health and the environment.¹⁸

Standpoints of groups in the European Parliament

The largest groups of the EP, the **Group of the European People's Party (EPP)**, which is the alliance of Christian democratic MEPs, sees the successful completion of negotiations on TTIP as a key issue and absolute priority. In addition to the economic benefits of TTIP, it is also important for this group that the treaty allows the EU to influence the global rules of trade without reducing its own social standards.¹⁹ The EPP group thinks that protecting investors is important, and to they also support the ISDS mechanism provided that it should also ensure transparency and the right and possibility of the EU and Member States to regulate.²⁰

The party alliance with the second largest group is the **Group of the Progressive Alliance of Socialists and Democrats (S&D)**. They also think that TTIP is important, and they are committed to the acceleration of talks. According to S&D, an ambitious treaty could bring many benefits to both the EU and the USA; however, this group also says that certain topics should not be subject to debate. S&D wants an equitable agreement, which does not result in any deterioration in or vacation of European standards in the fields of consumer protection, labour standards or the genetically modified or hormonally treated agricultural products. S&D opposed that data protection and the ISDS mechanism be included in TTIP. ²¹

The **European Conservatives and Reformists Group (ECR)**, committed to free trade, is definitely in support of TTIP negotiations. According to this group, TTIP is one of the most important global economic initiatives, which may have significant positive impacts on both the USA and the EU.²²

The Group of the Alliance of Liberals and Democrats for Europe (ALDE) also supports TTIP by highlighting its economic benefits to both the USA and the EU. According to this group, the treaty has particular importance in this period of economic hardship.²³ They see TTIP as suitable to establish global standards in world trade. Besides, ALDE has urged for the transparency of talks from the very beginning. As far as the ISDS is concerned, ALDE

¹⁸ http://www.ecfr.eu/page/-/ECFR124_-_TTIP.pdf

¹⁹ http://www.eppgroup.eu/press-release/TTIP:-key-priority-for-the-EPP-Group

²⁰ http://www.eppgroup.eu/press-release/TTIP%3A-European-investor-protection-a-priority

²¹ http://www.socialistsanddemocrats.eu/newsroom/sds-want-speed-agreement-ttip-without-giving-red-lines

²² http://ecrgroup.eu/workinggroups/

²³ http://www.alde.eu/nc//press/press-and-release-news/press-release/article/the-parliamentary-committee-on-international-trade-welcomes-the-prospect-of-free-trade-with-the-unit/

think that the system needs to be refined and developed: there should be a possibility to appeal, and the treaty must contain precise terms. However, ALDE also urges that serious discussions be conducted on the possible alternatives to the ISDS.²⁴

The Confederal Group of the European United Left - Nordic Green Left (GUE/NGL) is decidedly against TTIP. This group believes that the treaty would have extremely negative effects on the social, labour, environmental, digital and consumer rights on both sides of the Atlantic. They suggest that an impact assessment is needed for all regulations in this field after the approval of the treaty in order to understand how the new regulation will affect international trade and investment. According to the GUE/NGL group TTIP serves the interests of large businesses to the detriment of he citizens and the environment, and it also represents an unacceptable degree of limitation to sovereignty and the regulatory power of parliaments and governments.²⁵

The Group of the Greens/European Free Alliance (GREENS/EFA) is also clearly against TTIP. They argue that the treaty serves the interests of large businesses. Companies want to use TTIP to phase out regulations and to maximise their profits. ²⁶ The group is also strongly critical about the secrecy of the negotiations and documents, and sees them also as evidence that TTIP does not serve the citizens' interests, and this is why it needs to be kept secret and discussed in an anti-democratic framework. ²⁷

The Europe of Freedom and Direct Democracy Group (EFDD) also strongly opposes TTIP and sees as the lobby work of the US. According to this group, the treaty will cause a flood of poor quality American products that do not reach European standards, and genetically modified and hormon treated agricultural products will land on the tables of European citizens, while large businesses reap the profits of all of this alongside the privatisation of public services.²⁸

The example of Germany

As mentioned before, criticism against TTIP is strongest in Germany within the EU. The importance of TTIP in the public discourse in Germany is aptly demonstrated by the fact that larger parties have special webpages to explain their respective standpoints on this particular topic. SDP organised a conference with 700 participants on 23 February, which was also attended by Commissioner Cecilia.²⁹

The Christian Democratic Union (CDU), the largest governing party, is a staunch supporter of TTIP. The party sees the free trade agreement as a bridge into the future, which is good for both consumers and businesses.³⁰ It results in substantial savings for both sides by, on the one hand, increasing the purchasing power, and, on the other hand, by creating hundreds of thousands of new jobs in Germany and the EU. According to CDU, the lowering of the levels of regulations and tariffs will render trade cheaper, German exports into the USA may almost

²⁴ http://www.alde.eu/nc//press/press-and-release-news/press-release/article/ttip-commission-must-show-more-ambition-after-isds-consultation-44499/

²⁵ http://www.guengl.eu/news/article/ttip-negotiations-sideline-citizens-interests

http://www.greens-efa.eu/ttip-a-race-to-the-bottom-12645.html

²⁷ http://ttip2015.eu/blog-detail/blog/Molly%20Scott%20Cato%20TTIP.html

²⁸ https://www.youtube.com/watch?v=OgpGXQiuLuY,

http://www.beppegrillo.it/movimento/parlamentoeuropeo/materiali/TTIP_in_sintesi.pdf,

http://www.efdgroup.eu/news/latest-news/item/more-transparency-in-transatlantic-trade-talks

²⁹ http://spd-freihandelskonferenz.de/

³⁰ http://www.cdu.de/ttip/fakten

double, and German businesses may win a number of new deals as US public procurement procedures open up to them. However, CDU believes that TTIP would be good primarily for German small and medium sized enterprises (SMEs). Due to the new job opportunities and increasing real wages for consumers, TTIP may result in up to 545 EUR additional income for a family of four, and will lead to a larger supply and increased competition. CDU believes that these impacts make TTIP indispensible for Germany. Concerns around the treaty are seen by the party's website as mere myths.³¹ CDU asserts it is not true that negotiations are conducted in secret as the results of each round are published on the EU website, the names and CVs of the members of the advisory group are public, and the EU carries on a dialogue with members of the civil society and interest organisations. CDU does not see any real risk that European quality and safety standards would relax as a consequence of TTIP (e.g. the ban on genetically and hormonally modified products, data safety) because the purpose of the treaty is to simplify regulations, the mutual recognition of similar regulations rather than the elimination of rules. CDU also stands for the most criticised and most fervently attacked element of TTIP, the mechanism of arbitration (ISDS) saying that the objective of the ISDS is to protect investors against discrimination, which does not limit the right of governments to legislate. The outcome of any procedure can only be indemnification and not any change to laws.

The Christian Social Union (CSU), the sister party of the CDU also supports TTIP because they see it as an important tool of economic growth and job creation. This party also trusts that TTIP will turn the standards, principles and values of the Trans-Atlantic region into global benchmarks and examples. However, CSU also formulates certain conditions for their support. These include, for example, that the talks must be transparent, high European quality and safety requirements need to be retained, public services need to be protected, and international arbitration panels must not strip national legislations from their powers.³²

Governing in coalition with the union parties on the federal level, the **Social Democratic Party (SPD)** takes the middle ground when it comes to TTIP. On the one hand they see a great opportunity in the treaty in terms of achieving a more equitable and sustainable Trans-Atlantic and thus global trade, and, on the other hand, that wider segments of society can enjoy welfare. However, similar to CSU, the SPD also set certain criteria in a resolution taken at its party congress in September 2014³³: e.g. more transparency in the negotiations, the retention, and even further strengthening and widening, of existing regulations in environment protection, labour law, health care, data safety, animal and consumer protection. According to party chairperson, Vice Chancellor and Minister of Economy Sigmar Gabriel, TTIP provides an opportunity to put certain constraints on globalisation.³⁴ The issue of arbitration panels is a key one for SDP: The party believes that no investment protection rules are needed between the EU and the USA, any arbitration procedures between the investor and the states should be rejected. The party proposes an alternative solution instead of the ISDS: the setting up of an international trade tribunal.³⁵ Other leading European social democratic politicians also support this idea.³⁶

³¹ http://www.cdu.de/ttip/

³²http://www.csu.de/common/csu/content/csu/hauptnavigation/politik/beschluesse/Leitantrag_Wirtschaft__B_.p df

³³ http://www.spd.de/linkableblob/123760/data/20140920_parteikonvent_beschluss_ttip.pdf

https://www.spd.de/aktuelles/127486/20150223_spd_freihandelskonferenz.html

³⁵ https://www.spd.de/aktuelles/faktencheck_ttip_ceta/

³⁶ http://www.spd.de/aktuelles/127480/20150223_ttip_isds_spe_madrid.html,

http://www.spd.de/linkableblob/127484/data/20150223_ceta_isds_papier_madrid.pdf

The initial standpoint of the green party **Bündnis 90/Die Grünen** saw not only risks of but also chances in TTIP in the summer of 2013.³⁷ However, they already claimed the interruption of negotiations and a new negotiating authorisation at their "Europe party day" in February 2014.³⁸ This party has, in the meantime, actively sided with the anti-TTIP campaign, and helps to collect signatures for the "Stop TTIP" European civil motion.³⁹ The Greens believe that the talks are conducted in line with large company interests, and they also believe that the mutual recognition of standards will be to the detriment of quality and lead to the acceptance of lower level standards. They think that the intended cooperation in the regulatory will allow major businesses to acquire control over trade and all other relevant policies, and the power of corporate lobbyists will grow even more.

The Greens think that the ISDS is a serious threat to democracy, as it would allow investors to attack social and ecological standards before non-transparent arbitration panels. Although the German Greens declare that they are not fundamentally against world trade, but it needs to be democratically controlled, which is not facilitated by TTIP. The same applies to the safeguarding of green standards. This is the reason why this party decidedly against the treaty. 40

The Left Party **Die Linke** has been vocally against TTIP from the earliest phases, and they are active supporters of the civil motion against the treaty. The party thinks that the free trade agreement serves the interests of large corporations, and it will lead to the stripping of parliaments of their rights, the depletion of democracy, and the demolition of rigorous European standards. The excessive dominance of the West in the global economy, which would be strongly influenced by the bilateral treaty, would be to the detriment of the global South, believes Die Linke. Instead of a free trade agreement, Die Linke wants to cooperate with the USA closely in order to close the backdoors of tax avoidance, for the regulation of money markets, and for the joint definition of high quality standards for consumer goods and services. The party thinks that the green trade agreement, and the demolition of the global south, believes Die Linke. Instead of a free trade agreement, Die Linke wants to cooperate with the USA closely in order to close the backdoors of tax avoidance, for the regulation of money markets, and for the joint definition of high quality standards for consumer goods and services.

Alternative für Deutschland (AfD), the strongest non-parliamentary party⁴³ has no clear standpoint on TTIP. Although the position paper issued by the party commission that was convoked by the Bavarian organisation of the party emphasises the advantages of TTIP mainly (e.g. elimination of tariffs and trade barriers, opportunities opening up to SMEs), they also declare well in advance that even though people generally support free trade, there are strong doubts if the current negotiations will lead to a solution that is good for both sides.⁴⁴ Therefore AfD does not take a decision about TTIP under the current circumstances. AfD states that as the European common market was created through a longer process and several stages, the building of a common market with the EU and the USA should also not be presented as a unique opportunity, a "now or never" option. They believe that, due to the manifold interests of EU Member States, they should not only receive information on the negotiations but they should also sit at the negotiating table. According to the latest proposal of the party's EP member Bernd Lucke the disputed questions around the arbitration courts should be settled through a compromise. Lucke suggests making the ISDS part of the treaty,

http://www.gruene.de/ueber-uns/jetzt-erst-recht-ttip-und-ceta-stoppen.html

³⁷ http://dipbt.bundestag.de/dip21/btd/17/139/1713925.pdf

³⁸ http://www.taz.de/!132600/

 $^{^{40}\,}http://www.gruene-bundestag.de/themen/eu-usa-freihandelsabkommen/transatlantische-handels-und-investitionspartnerschaft-thip-ttip_ID_4390992.html$

⁴¹ http://www.linksfraktion.de/ttip-stoppen-vor-ort

⁴² http://www.linksfraktion.de/ttip-stoppen-hintergrund

⁴³ http://www.forschungsgruppe.de/Aktuelles/Politbarometer/

⁴⁴ http://www.alternativefuer.de/programm-hintergrund/hintergrundinformationen/freihandelsabkommen/

however, it should be an optional part only. This would mean that the signatory states could opt out from this part. Lucke assert that this is also possible as the EU is only competent for trade but not for investment agreements.⁴⁵

Opinions on TTIP in Hungary

Government standpoint

While the government supports the negotiations on TTIP on the professional and technical levels and its communication to abroad by highlighting the benefits of the treaty, it does partly not have the courage yet to make a commitment in the domestic political arena, and partly uses the topic of TTIP according to momentary (foreign) policy interests. The statements of government representatives and Fidesz politicians are good indicators of this duplicity. Foreign Minister Péter Szijjártó assured his US counterpart that the government was committed to TTIP during his visit in Washington in October 2014⁴⁶; István Mikola, State Secretary of the Ministry of Foreign Trade and Foreign Affairs explained the benefits of the treaty and tried to disperse concerns at a meeting with civil and professional organisations early January 2015. He also declared, however, that the government would veto the treaty if the most important Hungarian interests cannot be enforced (e.g. ban on GMO, authority of national courts rather than arbitration panels).⁴⁷

But then Antal Rogán, when placing TTIP into the context of Hungarian-US relations at the end of December 2014, described the treaty as a tool for the US to exert pressure. According to the standpoint of the Fidesz parliamentary group leader, the government stands under pressure from major powers and business interest groups, with the free trade agreement between the EU and the USA in the background. According to Rogán, the embassies of the USA do not wish to see an open debate but they "want to coerce" the ratification of the treaty in all European states this forcing it upon Central Europe. However, when talking about TTIP concretely, the parliamentary group leader was also more reserved and acknowledged that it does have advantageous points, ,,we only have to make sure that the potential benefits of the treaty are not suppressed by the expected disadvantages". 48

The speakers of the government and Fidesz also emphasised the benefits of TTIP at the parliamentary debate on 26 February 2015, and they also stated certain conditions. When discussing the treaty, Zsolt Németh, chairman of the Foreign Policy Committee of the Parliament pointed out the elimination of non-tariff barriers, and stated that Fidesz was adamant on making sure that the treaty could only be enacted if approved by all national parliaments. Péter Szijjártó explained the expected benefits of the treaty, and said that free trade agreement negotiations were of high importance. He also formulated several expectations as regards the treaty and the negotiations (e.g. there should be no complete elimination of tariffs for certain agricultural products, maintaining the ban on GMO, transparency and publicity). However, he also emphasised that as negotiations had not been closed and the final result could not be discerned, we also should not form "extreme value statements".49

 $^{^{45}\} http://www.n-tv.de/politik/Lucke-ueberrascht-mit-TTIP-Kompromiss-article 14649796.html$

http://www.napi.hu/magyar_gazdasag/erre_jutott_szijjarto_az_usa-ban_bovitett_.588525.html

http://mandiner.hu/cikk/20150119_mikola_figyelni_kell_a_magyar_ertekekre_a_ttip_targyalasok_soran

⁴⁸ http://mno.hu/belfold/rogan-elmondta-mi-allhat-a-nyomasgyakorlas-mogott-1265326

⁴⁹http://mandiner.hu/cikk/20150226_ttip_vitanap_a_kormany_szerint_a_parlamentnek_van_beleszolasa_az_egy ezmenybe

The government's positive stance in the context of TTIP is in line with the change of direction in foreign policy launched early 2015, which tries to improve relations with the USA and European partners, primarily with Germany. Supporting TTIP may be a gesture from the government to the USA and Germany in the "freedom fight" conducted by the government, by which they try to confirm their commitment to the West and to normalise relations.

The statement of Péter Szijjártó from October 2014 quoted above may also refer to this, just like the comment from Zsolt Németh in the debate in the Parliament. He assumes that the treaty will have a substantial impact on the German market, and it is a matter of life and death for Hungary what happens on the German market. This is the reason why German policies around TTIP need to be supported in all matters that are not completely against the Hungarian interest. This statement is also in unison with the repeated declarations of Viktor Orbán that "we look at Germany as a benchmark" in foreign policy and European issues⁵¹.

Opposition parties

From among the opposition parties, it is LMP and Jobbik (and less visibly PM), which have a clear opinion against TTIP; MSZP leans towards supporting TTIP but, like the government, they have also not yet made a full a full commitment to the issue; while DK, Együtt and the Liberals support TTIP.

MSZP

MSZP issued a statement before the debate in the parliament to emphasise the expected benefits of the treaty, however, they also indicated certain conditions for its support (such as transparent negotiations, data protection safeguards, proper regulation of financial markets, safeguarding a democratic legislative process, strengthening employers' rights, maintaining the ban on GMO). ⁵² Member of Parliament Bertalan Tóth conveyed criticism from the civil sector during the debate (e.g. lack of transparency, arbitration systems) and also accused the government of withholding information as the impact studies for Hungary had been classified. ⁵³

Jobbik

As it can be assumed from the pro-Russian sentiments and critique against globalisation and multinational businesses, Jobbik is a staunch opponent of TTIP. According to Márton Gyöngyösi, the treaty is about coordinated demonstration of global power, "which represents the last step in our colonisation and complete defencelessness". Jobbik criticises the envisaged ISDS mechanism, which would allow companies to sue states before "elected, profit oriented private courts" if their profit interests are violated. They think that the treaty will further aggravate health risks, and non-transparent, secret talks "make this treaty definitely dangerous".⁵⁴

52 http://www.hirhatar.hu/index_cikk.php?hh=jol-jar-e-magyarorszag-a-szabadkereskedelmi-egyezmenyekkel

⁵⁰http://mandiner.hu/cikk/20150226_ttip_vitanap_a_kormany_szerint_a_parlamentnek_van_beleszolasa_az_egy ezmenybe

⁵¹ http://444.hu/2014/11/06/orban-europai-kerdesekben-nemetorszagot-kovetjuk/

⁵³http://mandiner.hu/cikk/20150226_ttip_vitanap_a_kormany_szerint_a_parlamentnek_van_beleszolasa_az_egy ezmenybe

⁵⁴http://mandiner.hu/cikk/20150226_ttip_vitanap_a_kormany_szerint_a_parlamentnek_van_beleszolasa_az_egy ezmenybe

LMP

LMP represents the standpoint that TTIP is "completely against the interests of Hungary". According to András Schiffer, the extension of free trade "also involves the extension of the exploitation of the globe". He asserts that TTIP would destroy the sovereignty of nations. It is his standpoint that the treaty protects the privileges of global large capital, destroys employers' rights and health protection, and endangers the environmental safety of the Carpathian basin while it is also detrimental to small enterprises. In his view TTIP blows up the disadvantages of the European Union and gives the wrong answers to the financial crisis: Six hundred thousand jobs may be lost in Europe, wages will drop, and the economy of the EU may even collapse as a consequence of the treaty. 56

It was in this sense that LMP urged for a national consultation on both TTIP and the CETA signed between the EU and Canada⁵⁷, and also joined the European civic movement to collect signatures against TTIP⁵⁸ by also calling the trade unions to join⁵⁹.

DK

The Democratic Coalition is "in full support" of the free trade agreement by highlighting its economic benefits on the basis of studies prepared by the European Commission and the government of Hungary.⁶⁰

Együtt

In the debate in the parliament, Zsuzsa Szelényi, Member of Parliament for Együtt described TTIP as beneficial that may put Europe on a new course, and may, on a pan-European level, improve welfare, and infuse growth and employment with new momentum. Szelényi believes that Europe and Hungary have development opportunities towards the West rather than the East.⁶¹

PM

According to a communication of PM board member Rebeka Szabó from September 2014, the free trade agreement may give way to the deterioration of consumer rights protection, GMO and financial service providers, thus increasing the defencelessness of the Hungarian economy.

Liberals

According to the statement of Member of Parliament Gábor Fodor, the Liberal Party supports TTIP, which, in the view of this party, offers an opportunity for Hungarian businesses to integrate more deeply into world trade and become more successful on both the US and European markets. The party believes that TTIP will create cleaner competition by deregulation, and ultimately the consumers reap the benefit of competition. They believe that the ban on GMO can be maintained in Hungary even if the country supports TTIP. 62

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⁵⁵ http://mno.hu/belfold/magyarorszag-kesz-megvetozni-a-kereskedelmi-egyezmenyt-1266505

⁵⁶http://mandiner.hu/cikk/20150226_ttip_vitanap_a_kormany_szerint_a_parlamentnek_van_beleszolasa_az_egy ezmenybe

⁵⁷ http://mandiner.hu/cikk/20150220_lmp_a_ttip_rol_is_legyen_nemzeti_konzultacio

http://lehetmas.hu/hirek/196662/a-kozvelemeny-is-mondjon-nemet-a-megallapodasra/

⁵⁹ http://lehetmas.hu/sajtokozlemenyek/196703/szakszervezetekkel-fogna-ossze-az-lmp-a-szabadkereskedelmi-paktum-ellen/

⁶⁰ http://web.dkp.hu/sajtotajekoztato-a-dk-tamogatja-a-szabadkereskedelmi-egyezmenyt/

⁶¹http://mandiner.hu/cikk/20150226_ttip_vitanap_a_kormany_szerint_a_parlamentnek_van_beleszolasa_az_egy ezmenybe

⁶² http://liberalisok.hu/?p=2084

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The author is **Péter Krekó**, the director of the Think tank "Political capital". Author of numerous papers published in the EU or in the USA (Foreign Affairs...). He is a well known expert for: 1. right wing extremism in the EU; 2. US-EU foreign relations; 3. Russian influence in the RE-Parties in the EU.

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Friedrich-Ebert-Stiftung

Büro Budapest

H-1056 Budapest, Fővám tér 2-3., Ungarn

Tel.: +36-1-461-60-11 Fax: +36-1-461-60-18 E-Mail: fesbp@fesbp.hu

www.fesbp.hu

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