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THE NEW HUNGARIAN EUROPEAN POLICY: ISSUES OF ACCESS TO EU FUNDS AND STRATEGIC ADAPTATION

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SUMMARY

- At the core of the new Hungarian European policy lies access to EU funds, which, however, is not a matter of political bargaining but is conditional upon the fulfilment of multiple interrelated legal and institutional requirements, particularly through the rule of law conditionality mechanism, the milestones of the RRF, and the fundamental rights requirements of cohesion policy.
- Access to these funds operates through several distinct conditionality frameworks, each governed by different logics, institutional actors, and control procedures; consequently, the term “frozen funds” is an oversimplification, as what exists in practice is a set of parallel conditional regimes.
- The daily financial sanction imposed for the breach of asylum obligations constitutes a direct enforcement instrument of EU law, the termination of which can only be achieved through the full implementation of the relevant judgment, thereby making it a key determinant of Hungary’s short-term room for manoeuvre in foreign policy.
- Access to higher education and research cooperation programmes (Erasmus+, Horizon Europe) is not only a financial matter but also an institutional and reputational issue, directly affecting Hungary’s long-term competitiveness and its embeddedness within Europe.
- In financing Ukraine, the European Union is increasingly relying on institutional and legal-technical solutions that reduce the constraints of unanimity-based decision-making, thereby limiting the effectiveness of individual Member States’ blocking capacities and increasing the foreign policy relevance of constructive participation.

The new directions of Hungarian European policy in the short term are primarily organized around a limited number of policy areas requiring immediate adaptation: compliance with the conditions for access to EU funds; the reform of migration policy and the termination of the resulting daily fine of one million euros; and participation in EU policies related to Ukraine within the framework of financing mechanisms and accession negotiations.

The issue of access to EU funds can be broken down into several subfields. The European Union’s budgetary protection logic—particularly the rule of law conditionality regime, as well as the system of milestones and targets linked to the Recovery and Resilience Facility (RRF)—partly ties foreign policy



orientation to governance performance. In the case of Hungary, restoring access to EU funds depends simultaneously on (1) the rule of law conditionality procedure under Regulation (EU) 2020/2092 aimed at protecting the EU budget, (2) the fulfilment of the 27 so-called “super milestones” under the RRF, and (3) the sustained compliance with the horizontal enabling conditions of cohesion policy linked to the Charter of Fundamental Rights (European Union, 2020; European Commission, 2022; European Commission, 2023a). In this process, the time factor is of critical importance. The closure of the RRF in 2026 is legally fixed: milestones and targets must be fulfilled by 31 August 2026, with final payments to be completed by 31 December 2026. Consequently, delays are not only politically costly but also increase the risk of losing funds or incurring irreversible allocation losses (European Commission, 2025a).

Another key area is higher education and research. The effective access of Hungarian universities to EU programmes is not merely a matter of funding but also one of institutional compliance and reputation. According to the Commission’s interpretation, following the Council measures adopted in December 2022, no new grant agreements may be concluded with Hungarian “public interest trust foundations” and the entities they maintain under programmes implemented in direct or indirect management. As a result, in the case of Erasmus+ and Horizon Europe, participation often allows institutions to reach the evaluation stage, but not the contracting phase (European Commission, 2023b).

Migration policy has become one of the most coercive and legally determined domains of Hungary–EU relations. While in other policy areas political discretion and institutional bargaining play a greater role, here the judgments of the Court of Justice of the European Union create direct compliance obligations. Following the failure to implement the 2020 judgment, a lump-sum fine of 200 million euros and a daily penalty payment of one million euros were imposed, clearly demonstrating that the infringement entails not only political but also ongoing financial consequences. The continuous application of the daily penalty creates a persistent pressure for adaptation at both the regulatory and implementation levels. Consequently, the reform of migration policy is not merely a policy issue but has become a key component of Hungary’s foreign policy credibility within the European Union.

EU policy on financing Ukraine, together with the related accession negotiation process, constitutes the second major priority of Hungarian European policy. In 2024, the Ukraine Facility was established, providing a financial envelope of €50 billion for the period 2024–2027. Subsequently, during 2025–2026, the Council and the European Council outlined a €90 billion loan framework for 2026–2027, based on EU-level market borrowing and backed by the EU budget, partly relying on the logic of enhanced cooperation with the participation of 24 Member States, in order to avoid increasing the obligations of non-participating states (Council of the European Union, 2026a; European Council, 2025). Decision-making thus reflects a dual dynamic: managing decision points that still require unanimity—such as amendments to the Multiannual Financial Framework—while simultaneously seeking institutional solutions that circumvent unanimity constraints. At the institutional level, the EU is clearly moving towards the development of alternative decision-making and financing channels (European Parliament EPRS, 2026a).

Hungary’s financial position within the European Union is therefore determined not only by the volume of available resources, but also by the conditions attached to them, as well as by the financial obligations arising from infringements of EU law.

Hungary's European Union funds and the financial conditionalities attached to them

	Amount (EUR)	Main Access Condition / Legal Basis
Suspended share of cohesion funds due to rule of law conditionality	~6,3 billion	Budgetary rule of law conditionality (Regulation (EU) 2020/2092)
Recovery and Resilience Facility (RRF) – total allocation	~10.4 billion	Fulfilment of 27 “super milestones”
REPowerEU – additional energy transition funds linked to the RRF	~4.6 billion	Conditional upon compliance with RRF requirements
Cohesion funds – access conditional on fundamental rights (Charter) compliance	~10.2 billion	Continuous compliance with fundamental rights
Daily penalty payment for breach of asylum obligations (CJEU judgment)	~€1 million per day	Termination of the infringement and full compliance with the judgment

The new directions of Hungarian European policy project several competing behavioural patterns. “Compliance-based reintegration” aims at the rapid reopening of EU financial resources through the swift and credible fulfilment of legal and institutional conditions. In contrast, a form of constructive, conditional European pragmatism links active participation in Ukraine-related policies and in the field of knowledge policy to the conscious and clearly articulated management of national risks.

Unlocking EU Funds – The Theoretical Framework

Conditionality is classically understood as a governance technology known from EU enlargement policy: the European Union achieves rule adoption and internal institutional adaptation through a “reforms in exchange for resources” logic. A central proposition of the enlargement literature is that the effectiveness of conditionality depends on the credibility of the reward, the domestic capacity for implementation, and the costs of political adaptation at the national level (Schimmelfennig and Sedelmeier, 2004; Sedelmeier, 2008). What is new in the 2020s is that conditionality can be enforced even after accession and has become directly embedded in the functioning of EU budgetary instruments. Regulation (EU) 2020/2092, which established the rule of law conditionality regime to protect the Union’s budget, no longer relies on the promise of accession, but instead exerts pressure through restricting access to funds, within a more narrowly defined framework focused specifically on budgetary risks (European Union, 2020; European Commission, 2022).

The constitutional and legal stability of this mechanism was confirmed by the Court in 2022, when it dismissed the annulment actions brought by Hungary and Poland and upheld the legality of the conditionality regime (Court of Justice of the European Union, 2022). This is of particular importance, as it makes clear that any potential Hungarian foreign policy “reopening” cannot override, through political negotiation alone, the institutional logic underpinning EU fund disbursement. In this domain, the EU relies



on evidence, auditable measures, and non-regression guarantees, rather than on political declarations (European Commission, 2022; Czina, 2024).

Within this analytical framework, the three areas under examination—access to EU funds, Ukraine-related financing and enlargement, and higher education and research—do not appear as separate issues, but rather as three dimensions of the same governance problem. The lack of access to EU funds reduces Hungary's effective capacity to pursue its interests. The use of circumvention mechanisms in the Ukraine case suggests that the EU is willing, in certain areas, to move forward in narrower coalitions. In the field of knowledge policy, one of the key channels of real economic competitiveness is undermined when Hungarian universities are unable to participate in a stable and predictable manner in directly managed EU programmes (European Commission, 2023a; Council of the European Union, 2026a; European University Association, 2023).

Access to EU Funds

Access to EU funds can be interpreted along four interrelated conditionality frameworks. The first is the rule of law conditionality under Regulation (EU) 2020/2092, i.e. the budgetary protection regime. The second consists of the specific measures adopted by the Council vis-à-vis Hungary, in particular Implementing Decision (EU) 2022/2506. The third is the requirement to fulfil the 27 so-called “super milestones” linked to the Recovery and Resilience Facility (RRF). The fourth is the system of horizontal enabling conditions under cohesion policy, tied to compliance with the Charter of Fundamental Rights. In public discourse, these distinct mechanisms are often conflated under the label of “frozen funds”, although from a legal-technical perspective they constitute multiple procedures with different logics, involving different institutional actors, and operating through distinct compliance requirements and tailored lifting mechanisms (European Commission, 2022; European Commission, 2023a).

The core logic of the rule of law conditionality regulation (2020/2092) is that financial measures may be adopted to protect the Union's budget where breaches of the principles of the rule of law affect, or seriously risk affecting, the sound financial management of the EU budget or the protection of its financial interests (European Union, 2020). The Commission's 2022 guidelines emphasise proportionality, case-based evidence, and a targeted, risk-based approach, while also underlining procedural guarantees, including the right of Member States to be heard (European Commission, 2022). On this basis, in December 2022 the Council decided to suspend approximately €6.3 billion in cohesion commitments, citing systemic risks in public procurement, prosecutorial effectiveness, and anti-corruption frameworks (Council of the European Union, 2022a).

The legal form of these measures is provided by Implementing Decision (EU) 2022/2506, which explicitly aims at “protecting the Union budget against breaches of the principles of the rule of law in Hungary” (Council of the European Union, 2022b). According to the Commission's December 2023 assessment, the measures contain two particularly sensitive elements in the Hungarian domestic context: the suspension of €6.3 billion across three cohesion programmes, and the prohibition on entering into new legal commitments with “public interest trust foundations” and the entities they maintain under programmes implemented in direct or indirect management (European Commission, 2023a).



A key feature of restoring Hungarian access is that the conditionality mechanism does not lapse automatically. The Commission may propose to the Council the amendment or lifting of measures only if Hungary formally notifies the Commission of remedial actions that have been implemented and are demonstrably effective (European Commission, 2023a; European Commission, 2022). In December 2023, the Commission also noted that no such formal notification had been submitted since the adoption of the Council decision. Consequently, within the framework of its annual review obligation, it reassessed the situation and concluded that the identified risks persist, and therefore could not propose lifting the measures (European Commission, 2023a). Under these conditions, a foreign policy “reorientation” alone is insufficient; it must be accompanied by tangible administrative and legislative capacity—functioning institutions, reliable data quality, verifiable procedural chains, and a measurable reduction in the risk of irregularities.

The RRF dimension is even less flexible in temporal terms. Under Regulation (EU) 2021/241, disbursements are strictly conditional upon the fulfilment of milestones and targets, positive Commission assessment, and the submission of a corresponding payment request; moreover, the instrument is explicitly temporary and subject to tight closure deadlines (European Union, 2021a). The Commission’s June 2025 “Road to 2026” guidance makes clear that all milestones and targets must be fulfilled by 31 August 2026, with final payments to be executed by 31 December 2026 (European Commission, 2025a).

In Hungary’s case, a specific feature of the RRF is that the Council approved the plan with payments conditional upon the fulfilment of 27 so-called super milestones. Of these, four relate to judicial independence, while twenty-one are linked to corrective measures required under the conditionality mechanism. The Commission explicitly stated that, in the absence of their fulfilment, no payment request can “at present” be satisfied (European Commission, 2023a). From a European policy perspective, this implies that the scope for negotiation under the RRF is extremely limited: disbursement is legally contingent upon the full, credible, and documented implementation of the super milestone package, while the deadlines for compliance are increasingly binding.

In cohesion policy, Regulation (EU) 2021/1060 (CPR) reinforced the system of enabling conditions and the horizontal application of the Charter of Fundamental Rights. This framework does not constitute a one-off requirement, but rather an ongoing compliance obligation (European Union, 2021b). In December 2023, the Commission concluded that the horizontal Charter condition related to judicial independence had been fulfilled, thereby allowing Hungary to claim approximately €10.2 billion in cohesion payments. At the same time, it made clear that monitoring remains continuous—through audits and the work of monitoring committees—and that payments may again be suspended in the event of backsliding (European Commission, 2023a). The same assessment also highlighted ongoing concerns related to the Charter, particularly regarding academic freedom and asylum rights. This implies that, for certain programmes, compliance with fundamental rights remains a condition, and payments may be partially restricted until the Commission is satisfied that compliance is ensured (European Commission, 2023a). The horizontal enabling condition linked to the Charter thus represents one of the most significant new instruments for embedding value-based conditionality in cohesion policy, leveraging the EU budget to enhance the enforceability of rule of law and fundamental rights standards (Fisicaro, 2022).

Main channels and conditions of access to EU funds

The table below summarises, for the sake of comparability, the main financing channels, their EU legal bases, the triggers of conditionality, the decision-making mechanisms, and the types of reform steps typically required to restore access.

Financing Channel	Legal Basis (EU level)	Trigger of Conditionality	Decision Rule (lifting / modification)	What is required to restore access?	Monitoring and Control
Rule of law conditionality (budgetary protection)	Regulation (EU) 2020/2092; Commission guidelines	Breach of the principles of the rule of law affecting or seriously risking the EU's financial interests	Council QMV; Commission reassessment followed by Council decision	Implementation of corrective measures, particularly in public procurement, anti-corruption institutions, conflict-of-interest rules, and asset declaration systems; formal notification to the Commission with adequate supporting documentation	Commission risk-based assessment, annual review, audits, data-driven control
Council measures vis-à-vis Hungary	Implementing Decision (EU) 2022/2506	Persistence of budgetary risks identified by the Council	Commission proposal; Council decision by QMV	Durable and credible resolution of the deficiencies identified by the Council, especially regarding conflict-of-interest and transparency issues related to public interest trust foundations	Commission monitoring; lifting conditional on notification and positive Commission assessment
RRF disbursements	Regulation (EU) 2021/241; Council implementing decision on the RRP; "Road to 2026" guidance	Non-fulfilment of milestones and targets; in Hungary's case, 27 super milestones	Commission payment decision based on substantive assessment	Full, documented, and credible implementation of the 27 super milestones; timely submission of payment requests	Commission evaluation; strict closure deadlines in 2026

Cohesion programmes and Charter-based horizontal enabling conditions	Regulation (EU) 2021/1060 (CPR)	Non-fulfilment or subsequent breach of enabling conditions	Commission hold or suspension of relevant expenditures	Maintenance of Charter compliance and effective addressing of remaining concerns, particularly in the areas of academic freedom and asylum	Continuous monitoring, oversight by monitoring committees, stakeholder consultations, and possibility of renewed suspension
Direct and indirect management programmes (e.g. university participation)	Practical application of Council measures	Prohibition on new legal commitments with affected entities	Dependent on the lifting of conditionality measures	Elimination of underlying governance and conflict-of-interest risks, followed by credible validation at EU level	Programme-specific contracting controls and audits

Source: European Union, 2020; European Commission, 2022; Council of the European Union, 2022a; European Commission, 2023a; European Commission, 2025a.

EU Lending to Ukraine and the Accession Negotiations

Since 2022, the European Union has progressively built its financing of Ukraine on a tripartite structure combining market borrowing, budgetary guarantees, and reform conditionality. According to the European Commission's official description, this so-called unified funding approach is based on common EU bond issuance, the proceeds of which are channelled into a central funding pool and used to finance multiple programmes, including macro-financial assistance and instruments such as SAFE (European Commission, 2024a). The financial security behind these bonds is ensured by a system of budgetary backstops: as the Commission emphasises, the EU budget has the capacity to mobilise the resources necessary to cover both interest and principal repayments, although the specific guarantee structures vary across programmes (European Commission, 2024b).

Within this financial architecture, the Ukraine Facility established in 2024 plays a central role. According to the official legal text, its legal basis lies in Articles 212 and 322 TFEU, and its objectives include supporting Ukraine's macro-financial stability, facilitating reconstruction and modernisation, and incentivising reforms aligned with the accession pathway (European Union, 2024). The Council highlighted the €50 billion financial envelope for the 2024–2027 period, emphasising the aim of providing predictable and stable financing (Council of the European Union, 2024a). The Commission further specified that this amount consists of €17 billion in grants and €33 billion in loans (European Commission, 2024c).

The €90 billion loan package envisaged for 2026–2027 reflects a further evolution of this institutional logic. According to the European Council's conclusions of 18 December 2025, the facility would be financed through EU-level market borrowing, backed by the EU budget's reserve capacity, and established under enhanced cooperation based on Article 212 TFEU, ensuring that the non-participation of certain Member



States—such as Czechia, Hungary, and Slovakia—would not increase their financial obligations (European Council, 2025). The Council’s communication of 4 February 2026 further clarified that the scheme is advancing with the participation of 24 Member States. Financing would be channelled through two main components: €30 billion in macroeconomic support and €60 billion for defence industrial and procurement purposes. While Ukraine would prepare the financing strategy, its approval would depend on a Commission assessment followed by a Council decision. Interest costs are expected to be covered by the EU budget, while the contributions of non-participating Member States would remain unchanged (Council of the European Union, 2026a).

At this point, the tension between unanimity-based decision-making and alternative institutional solutions becomes particularly visible. The Council communication makes clear that rapid disbursement depends on further legislative and institutional steps: the Commission can only proceed with payments once the necessary legal acts have been adopted and the Council has secured the European Parliament’s consent for amendments to the Multiannual Financial Framework (MFF), since the mobilisation of budgetary guarantees is contingent upon it (Council of the European Union, 2026a). The European Parliament’s research service emphasised in early 2026 that, while processes under enhanced cooperation may move forward, amendments to the MFF remain subject to unanimity, meaning that Hungary can still occupy a pivotal position even if it does not participate in specific financial instruments (European Parliament EPRS, 2026a).

A further pillar of the fiscal-political reality of EU support packages lies in the extraordinary revenues generated from immobilised Russian assets. In May 2024, the Council established that central securities depositories (CSDs) within the EU would make biannual contributions based on the net extraordinary profits generated from immobilised Russian sovereign assets, with allocation keys set at 90% for the European Peace Facility and 10% for EU budget programmes (Council of the European Union, 2024b). In October 2024, an additional package was adopted, including up to €35 billion in exceptional macro-financial assistance and the creation of the Ukraine Loan Cooperation Mechanism (ULCM), aligned with the G7 ERA initiative. Under this arrangement, the repayment of G7-linked loans would be partially covered by extraordinary profit flows generated at CSDs, with a 95/5 allocation—95% channelled through the EU budget to the ULCM and 5% to the EPF—becoming operational from the second half of 2025 (Council of the European Union, 2024c).

A common feature of these arrangements is that risk-sharing does not take the form of direct Member State contributions. Loans are formally raised on the market and backed by budgetary guarantees; however, through the EU budget’s reserve capacity and its role in covering interest costs, financial risks acquire a partially collective character. As the Commission notes, the EU budget ultimately functions as a backstop for investors in EU bonds (European Commission, 2024b). From the perspective of a potential reorientation in Hungarian foreign policy, this is significant: the debate on Ukraine financing is not simply about whether Hungary “pays” for Ukraine, but also about the extent to which it is willing to participate in the further expansion of the EU’s quasi-fiscal capacity. In this sense, the war in Ukraine—similarly to the post-Covid NextGenerationEU framework—has pushed the Union towards increasingly innovative institutional solutions in common financing (Fabbrini, 2023).



Accession negotiations are closely linked to this financial logic. In June 2024, the EU opened accession negotiations with Ukraine, with the negotiation framework reflecting the revised enlargement methodology, particularly the cluster-based structure and the prioritisation of fundamental reforms (Council of the European Union, 2024d). From a Hungarian foreign policy perspective, the issue is not simply a binary “yes” or “no” to Ukraine’s accession. Rather, it unfolds along several dimensions: under what conditions Hungary supports the opening and closing of clusters and chapters; what sectoral transition periods and safeguard clauses it considers necessary, especially in agriculture and cohesion policy; and how it weighs the short-term advantages of veto-based strategies against the long-term risks of reputational loss and diminished informal influence. The classic literature on enlargement conditionality has long warned that the sustainability of conditionality in the post-accession phase is fragile, and that rising domestic implementation costs can easily lead to backsliding (Sedelmeier, 2008).

Financing of Higher Education and Research

he financing of higher education and research represents a less visible yet structurally critical domain of Hungarian EU policy, as it directly affects human capital formation, innovation performance, and network embeddedness within the European Union. In this field, two overlapping logics are at work. The first concerns university autonomy and institutional governance structures, while the second relates to compliance with the financial and regulatory frameworks of EU programmes.

The state of university autonomy requires interpretation in a comparative European perspective. According to the European University Association’s 2023 country report, Hungary could not be assessed in a fully comparable manner under the applied methodology, as it has developed an institutional governance model that is considered atypical in Europe and falls outside conventional comparative frameworks. The report formulates concrete recommendations concerning the balance of competences, the protection of academic authority, and the strengthening of institutional checks and balances (European University Association, 2023). Empirical research examining the functioning of Hungary’s public interest trust foundation model and the role of boards of trustees suggests that governance practices are significantly shaped by limited transparency and specific decision-making patterns. This is particularly relevant because the same transparency and conflict-of-interest risks appear here as those identified by the European Union in its conditionality procedures (Kováts, 2024).

In this domain, legal constraints operate in a particularly direct manner. According to the Commission’s joint statement of January 2023, the Council decision prohibits the conclusion of new legal commitments with Hungarian public interest trust foundations and the entities they maintain under both direct and indirect management EU programmes. As long as this measure remains in force, no new grant agreements can be signed with these entities (European Commission, 2023b). At the same time, the Commission has allowed the affected organisations to continue applying for funding and to participate in evaluation and selection procedures. Moreover, the mobility of incoming students and staff is not affected, as grant agreements are concluded in the sending institution’s country (European Commission, 2023b). However, this duality entails reputational and practical costs: due to risk-averse behaviour within international consortia, the effective inclusion of Hungarian partners may decline even if they are not formally excluded at the application stage.



From the perspective of administrative and financial compliance, EU programmes impose stringent regulatory requirements. Erasmus+ is governed by Regulation (EU) 2021/817, which defines the programme's objectives, governance system, and operational logic in the fields of education, training, youth, and sport (European Union, 2021c). The 2026 Erasmus+ Programme Guide provides detailed rules on action types, eligibility conditions, financial frameworks, and implementation procedures, embedding compliance requirements directly into funding and reporting practices (European Commission, 2025c).

In the case of Horizon Europe, participation rules are laid down in Regulation (EU) 2021/695 (consolidated version) (European Union, 2021d). A key practical compliance document is the Horizon Europe Model Grant Agreement, which establishes detailed provisions for reporting, auditing, and financial control (European Commission, 2021). This is complemented by the Commission's Indicative Audit Programme, which defines standardised audit procedures based on the unified MGA logic of the 2021–2027 framework programmes (European Commission, 2024d).

The impact on Hungarian universities is therefore twofold. On the one hand, as long as Council measures remain in force, the contracting stage of high-prestige, directly managed programmes may remain effectively closed to the affected institutions, reducing their access to international research networks and weakening their scientific reputation (European Commission, 2023b). On the other hand, even if access were formally restored, enhanced scrutiny is likely to persist. Due to the trust deficit generated by the conditionality disputes, partnerships and project management are expected to require greater administrative capacity and stricter documentation practices. This is indirectly reflected in national administrative guidance: the Hungarian National Research, Development and Innovation Office has issued specific instructions on how participation in Horizon Europe projects remains possible under the constraints of Council Decision 2022/2506 (NKFIH, 2023).

For the purposes of this analysis, the study takes as its reference point the structure outlined in the Council communication of 4 February 2026 regarding the planned €90 billion Ukraine loan package for 2026–2027, without assuming that the full legislative process had been completed by 14 April 2026. Should final legal acts adopted thereafter diverge from the Council position, the details may change (Council of the European Union, 2026a). Similarly, the estimation of EU funds at stake is based on the approximately €21 billion figure of suspended or constrained resources used by the Commission in December 2023; however, this amount remains subject to variation depending on programme implementation, evolving measures, and the rules governing decommitment (European Commission, 2023a; European Union, 2021b).

Legal and Implementation Conditions for the Termination of the Asylum-Related Financial Penalty

From the perspective of analysing Hungary's room for manoeuvre in foreign policy, the daily penalty payment of €1 million imposed by the Court of Justice of the European Union in 2024 constitutes a distinct category. Unlike EU funding conditionality mechanisms, this issue pertains to the judicial enforcement of EU law. The legal basis of the sanction lies in the judgment of 17 December 2020 in Case C-808/18, in which the Court identified multiple incompatibilities between Hungarian asylum and return rules and EU law, particularly concerning access to international protection procedures, the right of applicants to remain, and procedural guarantees in return procedures (Court of Justice of the European Union, 2020). As these obligations were not fully implemented, the Court, in its judgment of 13 June 2024, imposed a lump sum



of €200 million and a daily penalty payment of €1 million, emphasising the “unprecedentedly serious” nature of the infringement (Court of Justice of the European Union, 2024).

This legal situation implies that the mechanism for terminating the penalty differs fundamentally from that governing access to EU funds. While the latter involves the opening of multiple interrelated political and legal “gates”, the termination of the asylum-related penalty is strictly conditional upon the full and demonstrable implementation of the earlier judgment. The process therefore follows a binary logic: non-compliance results in the continuation of the penalty, while verified compliance leads to its termination.

The implementation obligation can be broken down into closely interrelated legal domains. The first concerns ensuring effective access to the asylum procedure. The Court found that Hungarian regulation—particularly through the operation of transit zones and later the system of pre-screening at diplomatic missions—de facto restricted the possibility of lodging applications for international protection. Remedying the infringement therefore requires normative solutions that guarantee the genuine possibility of submitting applications within the territory, without prior administrative filters or quotas. Procedural rules must ensure individual examination and substantive decision-making in line with the requirements of the Asylum Procedures Directive. Crucially, compliance is not limited to legislative amendments but requires demonstrable application in practice: indicators relevant to the Commission—such as the number of applications submitted, the conduct of procedures, and access for independent observers—are essential for credible compliance (Court of Justice of the European Union, 2024).

The second critical domain concerns the right of applicants to remain and the availability of effective judicial remedies. The Court criticised the Hungarian framework for failing to guarantee that applicants could remain on the territory until the final resolution of their appeals, thereby undermining the right to an effective remedy. Restoring compliance therefore requires the legal establishment of automatic suspensive effect for appeals, as well as ensuring that judicial review is substantive rather than merely formal. In addition, implementation practices—particularly regarding potential pushbacks—must be aligned with these guarantees. This area is comparatively amenable to rapid reform at relatively low political cost, yet it may serve as a strong signal of compliance intent for the Commission.

The third element concerns the alignment of the return system with EU law. The Court held that Hungarian practice failed to meet the procedural and safeguard requirements of the Return Directive, particularly with regard to individual decision-making, reasoning obligations, and access to remedies. Addressing the infringement requires that all removal decisions be based on individual administrative acts, ensuring access to reasoning and legal remedies, and that voluntary return is prioritised over coercive measures. A key requirement is the discontinuation of the practice of immediate returns at the border, which constituted a central element of the earlier infringements (Court of Justice of the European Union, 2020; Court of Justice of the European Union, 2024).

The effectiveness of these legal-technical solutions ultimately depends on institutional performance and the quality of implementation. Based on the Commission’s assessment practice, compliance is not satisfied by formal legal amendments alone but requires demonstrable and sustained enforcement. Accordingly, the steps necessary for terminating the penalty include formal notification to the Commission of the measures taken, accompanied by adequate data and evidence, as well as the establishment of monitoring mechanisms



ensuring durable compliance. In practice, this often involves the inclusion of independent oversight actors, regular reporting obligations, and the stabilisation of implementation at the institutional level.

The legal mechanism for terminating the penalty is therefore clear: if Hungary implements the necessary reforms and credibly demonstrates compliance to the Commission, the Commission may acknowledge compliance, leading to the cessation of the penalty. However, where the degree of compliance remains contested, further judicial proceedings may be required. It is important to emphasise that this process contains no element of political discretion; the decisive criterion is effective and sustained conformity with EU law.

From a foreign policy perspective, this means that the asylum-related penalty represents one of the most technocratic dimensions of EU–Hungary relations. Whereas in other areas—such as EU funds or Ukraine financing—political bargaining and institutional balances play a significant role, here the room for manoeuvre is narrower and directly tied to legal compliance. At the same time, precisely this feature makes the issue strategically significant: a rapid and credible reform package could not only reduce the ongoing financial burden but also strengthen Hungary’s institutional credibility within the European Union more broadly.

Conclusion

The analysis demonstrates that the new directions of Hungarian European policy are structured by a set of interdependent legal, financial, and institutional constraints that significantly narrow the scope for purely political manoeuvring. Across the three core domains examined—access to EU funds, Ukraine-related financing and enlargement, and higher education and research cooperation—a common governance logic emerges: participation in the benefits of integration is increasingly conditional upon demonstrable compliance, institutional credibility, and sustained implementation capacity.

In the field of EU funds, the coexistence of multiple conditionality regimes creates a complex, multi-layered system in which access depends not on a single political decision but on the parallel fulfilment of distinct legal requirements. In the case of Ukraine financing, the European Union is gradually developing instruments that both expand its quasi-fiscal capacity and reduce the constraints of unanimity, thereby altering the strategic environment in which Member States operate. In higher education and research, financial access is closely intertwined with governance structures and reputational considerations, making compliance not only a legal but also a systemic competitiveness issue.

The asylum-related penalty further reinforces this pattern by representing a domain in which enforcement is strictly judicial and binary, leaving no room for political bargaining. Together, these dynamics indicate that the traditional toolkit of foreign policy—based on vetoes, coalition-building, and political negotiation—has become less effective in areas where EU governance relies on legally embedded conditionality and technocratic enforcement mechanisms.

Consequently, a viable Hungarian European policy in the current context must combine two strategic orientations. On the one hand, compliance-based reintegration requires the rapid, credible, and verifiable fulfilment of legal and institutional conditions, particularly in areas directly linked to financial flows. On the other hand, constructive and conditional engagement within EU policy frameworks—especially in



relation to Ukraine and knowledge policy—offers opportunities to preserve and potentially enhance influence within evolving institutional settings.

Ultimately, the key variable shaping Hungary's position within the European Union is no longer the capacity to block decisions, but the capacity to comply, adapt, and credibly participate in a system where access to resources and influence is increasingly conditioned by performance-based governance.

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