

EU rotating presidency: Portugal - the past, present, and the relationship with Hungary

General introduction - Portugal and Hungary compared

In the first six months of 2021, Portugal holds the EU's rotating presidency. There are different views on what we can expect, especially in terms of the issues most relevant for Hungary, such as migration and EU economic policies. Thus, it is worth taking a closer look at Portugal's economic, social and political landscapes, and how they relate to the same landscapes in Hungary.

By doing so, we discover quite a few similarities with Hungary, not only in terms of the Iberian country's history, but also with regard to geographical and social development.

Territory and population size are quite obviously comparable. Portugal covers an area of 92,000 square kilometers, including the Azores and Madeira, and its estimated population in 2021 is 10,179,000 people – very similar figures to those of Hungary.¹

Portugal, similarly is now a rather small EU country with a vulnerable economy. Both are lacking the power and weight of the central founding members such as Germany or France.

Another similarity between the two countries is a relatively short period of full-blown democratic rule. As Portugal was under dictatorial rule from 1933 to 1974, overthrown by a bloodless left-wing military coup, its democratic traditions in the classical liberal sense do not go back a long way. The first free elections were only held in 1976.

By contrast, Portugal is a founding member of NATO, and it joined the European Economic Community, the precursor of the EU in 1986, while Hungary was still under the rule of communism at the time, therefore its accession could happen only in 2004.²

Speaking of the differences between the political and social landscapes of the two countries, Hungary has no colonizing history, while Portugal used to be a powerful maritime monarchy and a colonizing nation, as well as the chief participant of the Atlantic slave trade. These characteristics greatly determine the country's current realities.

Population and society

Although a Catholic country, with 81% of the Portuguese identifying as Catholic in the most recent census, in last year's referendum, the majority voted in favour of euthanasia.³

¹ <https://www.cia.gov/the-world-factbook/countries/portugal/>

² <https://www.cia.gov/the-world-factbook/countries/portugal/>

³ https://mandiner.hu/cikk/20200221_portugalia_megszavazta_az_eutanaziat

Also, since 2007, abortion has also been legal.⁴ Thus we can hardly say that Portuguese society is a conservative one. Since 2010, same-sex marriage is constitutionally recognized, making Portugal the eighth country in the world to recognize gay marriage.⁵

Hungary, on the other hand, has fewer people officially identifying as Christian? Religious, and yet, on the whole, is a more conservative country.

As decades of research have shown, the majority of young people in Hungary have always planned to have a family, with many expressing the wish to have three children, but because of the lack of government and social support in the past, in most cases only the first or the second desired child was born. The response of the Fidesz government's consistently conservative family-friendly and pro-life policies has been undeniably positive.

Hungarian pro-family policies such as the subsidized loans for purchasing a first home and substantial tax cuts for families with children have in fact contributed to an unprecedented growth in the number of marriages in 2019, surpassing the 2018 figures by 28%, and reaching a peak since 1991.



6

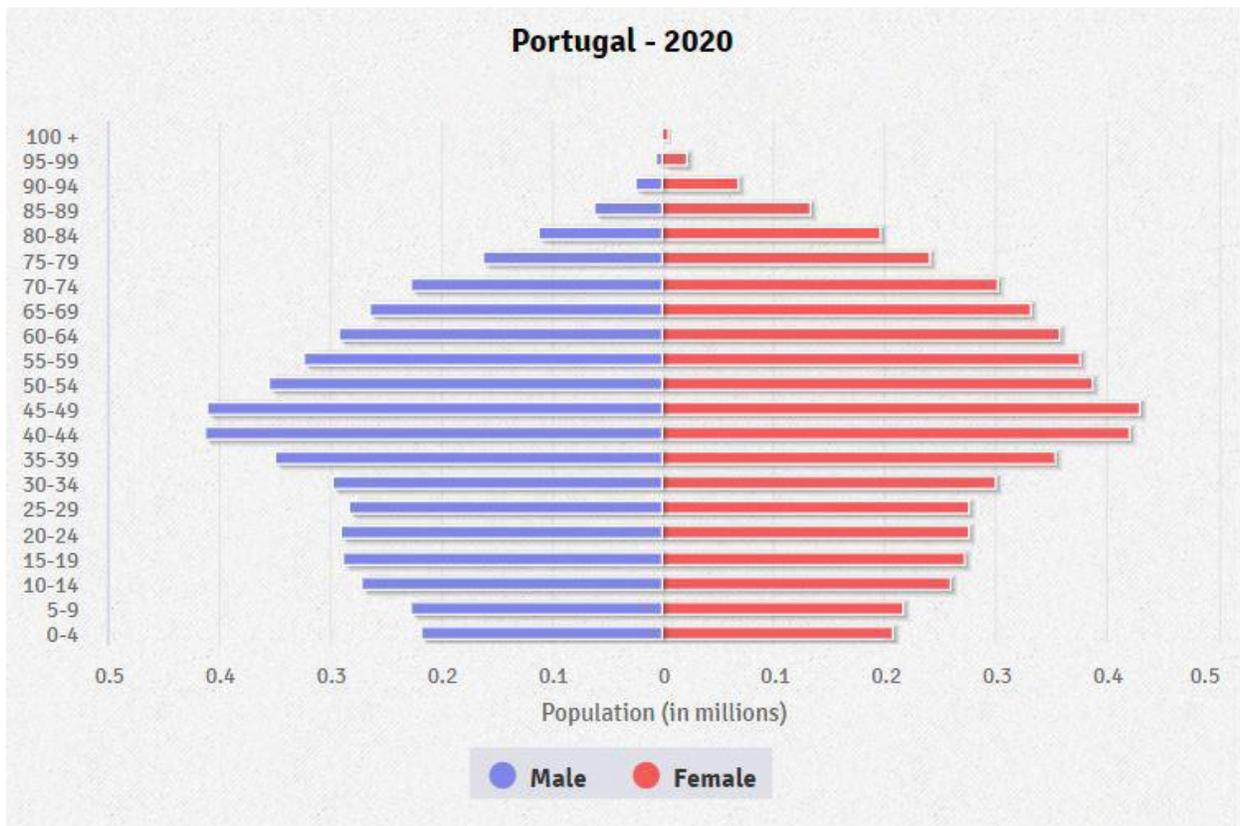
⁴ https://24.hu/kulfold/2007/02/12/portugalia_igen_abortusz_torvenyesitesere/

⁵ <http://www.takepart.com/article/2015/11/22/portugal-adoption>

⁶ <https://novekedes.hu/elemzesek/az-első-negyedevben-mar-ketszer-annyi-hazassagot-kotottek-a-magyarok>

In terms of the ethnic composition of its populace, Portugal, is predominantly white, with a Black African population immigrated from the colonies only tallying to one hundred thousand.

Despite the growing rate in immigration, Portuguese society is aging, hit by high emigration and low birth rates. The country's fertility rate is a mere 1.42. The below chart, shows the distribution of the Portuguese population by age:



7

Meanwhile, thanks to the Hungarian government's demographic policies, the Hungarian fertility rate has been increasing for some time (peaking in 2016), and is now at around 1.52, as the chart below illustrates. It remains a fact though that Hungary still faces a decline in the number of women of childbearing age, due to which no spectacular results have been achieved in the growth of live births, nonetheless a slow positive trend can be observed.

⁷ <https://www.cia.gov/the-world-factbook/countries/portugal/images/88208028-e5d4-57e5-97e4-d63c0200a210>



8

Political landscape

Since 1976, Portugal has been governed mainly by the Socialist party, sometimes alternating between the Social Democratic party, which, as opposed to its name is more of a liberal-conservative than a leftist party. It has in fact been a member of the European People's Party (EPP) in the European Parliament since 1996. The Socialists today can be characterized as a patriotic left, comparable to the Hungarian LMP⁹ in its heyday. The party implemented a patriotic fourth-road economic policy after taking over in 2015 from the right-wing coalition that originally won the elections but was ousted after its austerity policies lost support. (The dramatic consequences of the austerity measures are detailed further below.)

The other main parties in Portugal are the conservative-Christian-Democratic People's Party (CDS-PP), also member of the EPP, the Communist Party, the Left Bloc and the Greens (People-Animals-Nature) all of which have parliamentary representation.

Elections were held in Portugal last year. In the presidential elections conservative Marcelo Rebelo de Sousa, the incumbent won an overwhelming 61% victory, there was no need for a second round. Sousa, now 73, a former law professor and television journalist achieved a remarkable 9 percentage points more than five years earlier. It is worth noting that the Portuguese saw it fit to have a balance of powers between the two main sides of the aisle, by electing a conservative president while authorising the incumbent socialists with continued governance. In that context, the fact that second-placed left-wing Ana Gomes only got 12.7% is not surprising. The candidate from the right-wing populist party, Enough! (Chega!), André Ventura won 11.9% of the vote, which

⁸ https://www.ksh.hu/docs/hun/xftp/idoszaki/szuletések_termékenység/index.html

⁹ Lehet Más a Politika / Politics Can Be Different

was an unexpectedly good result making him third in the presidential election. His good performance may influence Hungarian-Portuguese relations in the future.

Parliamentary elections were held in 2019. Amidst a relatively low turnout, the centre-left Socialist Party triumphed again, mainly thanks to the successful patriotic economic policies it had been pursuing. However, the Socialists failed to gain a majority of parliamentary seats, so they are currently governing in a minority. The radical Left Bloc and the Green-Communist Alliance support the ruling party from the outside.

Hungary, as opposed to that, enjoys much greater political stability, as the ruling Fidesz-KDNP parties have a two-thirds majority of the seats in the Hungarian parliament. In 2018, Fidesz-KDNP won with a sweeping majority of the votes for the third consecutive time since 2010. Three years ago, one out of two people cast their vote for Fidesz and the ruling parties have a lead over all opposition parties in virtually all demographic groups. Prime Minister Viktor Orbán's popularity has not been eroded by eleven years of continuous governance or the Covid crisis either. According to a recent poll by Nézőpont commissioned by the daily paper *Magyar Nemzet* the PM's approval rate was 48% in January 2020, while in January of this year 57% said they were satisfied with his performance as opposed to 34% who said the contrary.¹⁰

Economy and economic policy

Portugal's GDP per capita in 2019 was \$ 23,252 ahead of Hungary's 16,731 dollars. The Hungarian economy, on the other hand developed faster than the Portuguese before Covid: the Portuguese figure was around 2.2%, while the Hungarian figure was 4.6% in 2019. Now almost all experts agree that the outstanding growth of the Hungarian economy can be greatly attributed to the government's unorthodox economic policies, initially ridiculed by many.¹¹

The 2008 global economic crisis hit Portugal as badly as it did Hungary. In response, the right-wing coalition until 2015 responded with the austerity measures called for by the EU and especially Germany, similarly to the recipe used by the Hungarian Socialist Gyurcsány and Bajnai governments, both of whom acted under pressure from the IMF. This economic policy had catastrophic consequences for Portugal. Between 2011 and 2015, some 600,000 people emigrated, some estimation shows that in 2014 alone 150,000 left the country and unemployment was 40% among young people. That

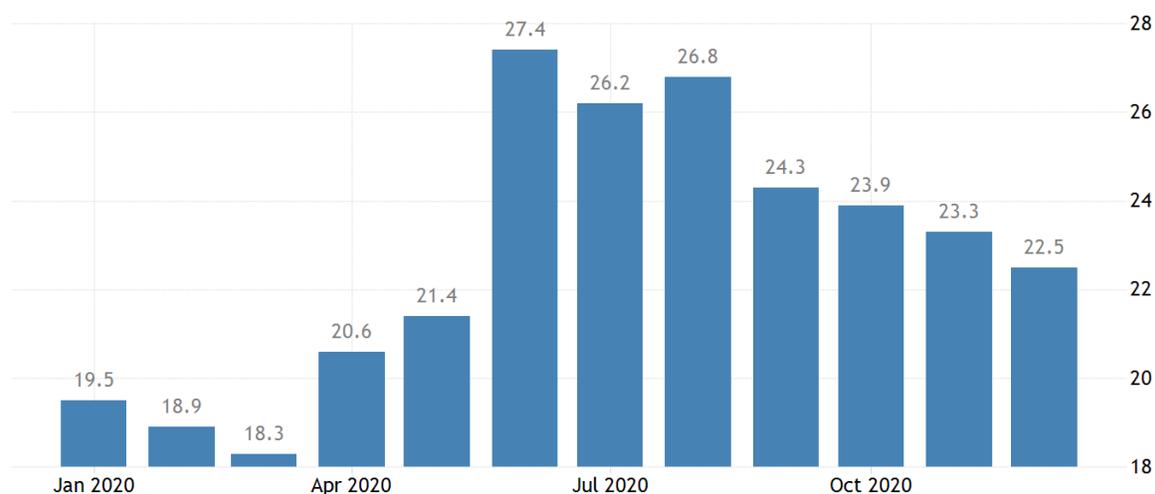
¹⁰ <https://magyarnemzet.hu/belfold/toretlen-a-tamogatottsag-9324719/>

¹¹ [A portugál baloldali "negyedik út": gazdasági csoda vagy múltó siker? « MÉRCE \(merce.hu\)](#)

is what the left-wing party alliance broke with in 2015 steering the country successfully until the Covid pandemic hit.

Portugal is currently facing growing unemployment, mainly due to the Covid lockdowns. Eurostat shows the unemployment rate in Portugal jumped to 7.8% percent in the third quarter of 2020 from 5.6% in the previous period. That is the highest jobless rate since the first three months of 2018 and the biggest increase since at least 2011. This high figure is partly due to that fact that many people moved from inactive to unemployed after the easing of lockdown restrictions.¹²

The Covid pandemic negatively affected the unemployment rate particularly among young people. According to Eurostat data youth unemployment is quite high in the country having reached 22.5% in October 2020.



SOURCE: TRADINGECONOMICS.COM | EUROSTAT

13

According to the Portuguese public employment service (IEFP) unemployment as of April 2020 affected men more than women, workers aged under 25 or more and workers with higher education qualifications followed by those with secondary school education, more than others. Collective dismissals doubled in April compared with the previous month with half involving microenterprises. Only half of those affected were covered by unemployment protection.

¹² <https://www.pordata.pt/en/Portugal/Travel+and+tourism+account+as+a+percentage+of+GDP-2632>

¹³ <https://tradingeconomics.com/portugal/youth-unemployment-rate>

Social distancing measures had an immediate impact on the demand for tourism and travel revenues from which accounted for 6.2% of Portugal's GDP in 2019. Tourism-related activities account for 8% of GVA and 9% of employment in the country, but by the end of April 59.4% of accommodation and food service firms had closed temporarily or indefinitely. Nearly four-fifths of tourist accommodation establishments had cancelled reservations between March and August. Both domestic and international transport services were also severely affected.¹⁴

By comparison, Hungary's youth unemployment is significantly lower, 11.4% according to 2020 data. In fact, in December 2020 Hungary was the only EU country besides Austria where youth unemployment decreased during the pandemic. As State Secretary in charge of employment policies explained in an interview last year that the government economic protection measures aimed to protect jobs and support training and re-training have substantively contributed to the preservation of the jobs of those under 25 years of age. Since the autumn of 2020 the number of registered job seekers dropped by 10,000 among young people and their proportion among those looking for a job is also declining.¹⁵

In addition, Hungarian emigration numbers have been decreasing partly because of the various GOH schemes helping young people to start a family as well as recent efforts to increase real wages. The most recent GOH decision to scrap income tax for those under 25 will most certainly encourage young persons to try and make a living in their homeland rather than abroad.¹⁶

Some elements of the Portuguese administration's government program are comparable to those of the Hungarian government.

The Portuguese government is committed to "a new page of prosperity" rather than resorting to austerity similarly to the Hungarian government's credo. The Portuguese prime minister has pledged to increase the minimum monthly wage by 25% to €750 over four years to make 10,000 more homes available at affordable rents and try to keep the economy growing above the European average for a decade. At the same time the Portuguese government is also keen on fiscal discipline aiming to cut the debt to below 100% of GDP by 2023. Hungary in that regard is already in a better position, albeit public debt has increased due to the Covid-induced economic crisis, but it is still

¹⁴ https://www.ilo.org/wcmsp5/groups/public/-ed_emp/documents/publication/wcms_749191.pdf

¹⁵ <https://koronavirus.gov.hu/cikkek/bodo-sandor-magyarorszagon-jarvany-nem-vezetett-fiatalok-munkanelkulisegehez>

¹⁶ <https://www.portfolio.hu/gazdasag/20201205/a-munkaerohiany-miatt-megallt-magyarorszag-nepessegfogyasa-457890>

at a lower level than that of Portugal standing at 81% as of December 2020. The Portuguese government is also trying to curb the extra profit of banks similarly to previous Hungarian government measures. The step that the Portuguese have chosen is preventing banks from charging commissions on ATM transactions.¹⁷

The Portuguese attitude to immigration

According to the World Bank data for 2017 Portugal's net migration was -30,000, so four years ago more people were leaving the country than immigrating. By 2019, however, there were already more than 500,000 foreign nationals living in the country reversing the net migration index to positive. Nevertheless, still less than five percent of the population is of immigrant background.

Immigration is treated differently by the current Portuguese government than by the Orbán government. The former colonial country guided by a kind of collective guilt represents a permissive position.

But there is more to that than just guilt. A 2019 publication of the Portuguese Catholic Caritas well illustrates the fundamental agreement between the conservatives and the left, as well as the Church on the need for and the benefits of an inclusive attitude. This document states that Portugal is "one of the few European countries that welcomes and integrates migrants well and has so far been able to resist radical, xenophobic and nationalist movements that question human mobility as a fundamental human right."

The inclusive attitude is partly explained by the fact that most of the immigration in Portugal originates from the former colonies, so most of the newcomers speak the language and are not foreign to Portuguese culture. 3% of the population are non-EU nationals 70% of whom came from middle or low developed countries.

The other reason for immigration being looked upon as an essentially positive phenomenon is that Portugal has traditionally been an "emigrant" country, which led to the already mentioned demographic troubles that may be 'cured' with immigration.

But Portugal, similarly to Hungary is also mindful of its diaspora and is working on reversing negative demographic trends by luring back its compatriots with economic incentives, somewhat similarly to the government of Hungary's Gyere haza! (Come home) program. The OECD grouping of industrialized nations in 2019 said the fall in the working-age population would be "among the steepest among OECD countries" source in Portugal placing immense pressure on the pension system and labor market.

¹⁷ <https://www.ft.com/content/85e925c2-fbd0-11e9-98fd-4d6c20050229>

The “Programa Regressar”¹⁸, or Return Program offers returnees financial incentives, income tax reduction for five years and assistance in covering relocation costs depending on the number of a returnees dependents coming home with them. The program also helps those who return find a job. The program has not been a huge success so far. Between 2015 and 2019, 260,000 more have left draining Portugal of many of its most educated people.¹⁹

As opposed to large Western European countries like France or Germany, or smaller but equally rich states like Belgium or Holland there are no large numbers of disgruntled unintegrated immigrants, who do not identify with the host country.

Not all immigrants are documented, however. In March 2020, with a bold move the Portuguese government granted temporary official status to all those waiting for a residence and work permit in the country, with regard to the Covid crisis.

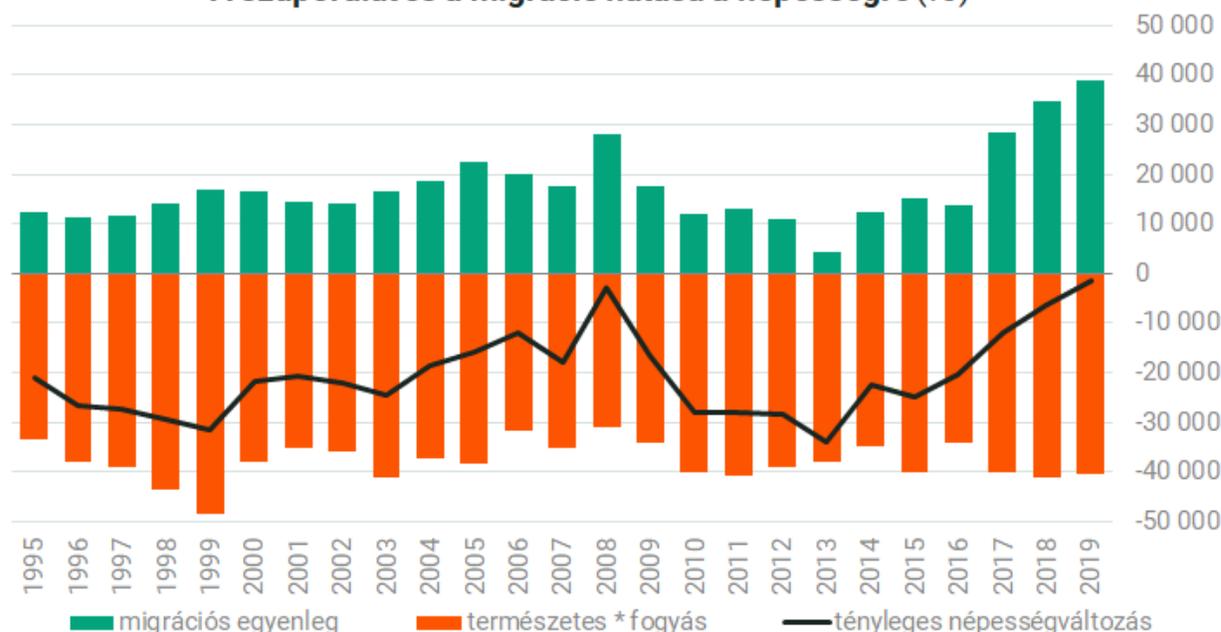
But things may be changing for Portugal with regard to immigration. In its analysis of last June, the Hungarian Migration Research Institute drew attention to the fact that inclusive attitudes may change. From the beginning of 2020 “illegal immigrants arrived by boat several times on the southern coast of Portugal. As the country was not part of the Western Mediterranean migration route before this phenomenon is quite unusual and the municipalities concerned are already sounding the alarm demanding strict maritime border protection from the Socialist government. (...) The country has so far received asylum seekers arriving in other countries under both the EU distribution system and voluntary offerings under the slogan of solidarity. However, if illegal immigration from the sea also weighs on the country it will be questionable how long the otherwise popular left-wing government can continue this policy.”

While Hungary doesn't support mass and illegal immigration, it does welcome documented workers especially from neighboring countries. Immigration to Hungary in fact 2019 surpassed emigration by 39,000, which practically compensated for the reduction of Hungary's population due to birth-death ratios. As the chart below illustrates, the population of Hungary has been continually increasing since 2013.

¹⁸ <https://www.programaregressar.gov.pt/en/>

¹⁹ <https://www.reuters.com/article/us-portugal-emigration-programme-idUSKBN1WU2KS>

A szaporulat és a migráció hatása a népességre (fő)



Forrás: KSH, Portfolio *születés - halálozás

20

The essence of the Orbán government's migration policy is that help should be taken to where it is needed instead of encouraging the exodus of large proportions of the populations of developing and otherwise troubled countries. An internationally recognized example of that policy in action is the Hungary Helps Program launched in 2017, designed to ensure rapid and effective provision of assistance to victims of humanitarian crises and persecuted communities with special attention attributed to Christians and other religious groups. Its main purpose is to contribute Hungary's international efforts to eradicate the root causes of migration through direct local assistance. While under the Covid crisis some elements of the program have been temporarily suspended, one of its initiatives the Scholarship Programme for Christian Young People is available providing the possibility of studying in Hungary for young Christian students living in the crisis-stricken regions of the world or being threatened in their country because of their faith. After completing their studies, fellows will return to help their home community with their gained knowledge, and they will participate in the development of their countries and contribute to improvement of social situation and preservation of culture of Christian communities.

In addition, the Hungarian government also invests in the well-being of cross-border ethnic Hungarian communities, with such extensive economic development projects as

²⁰ <https://www.portfolio.hu/gazdasag/20201205/a-munkaerohiany-miatt-megallt-magyarorszag-nepessegfogyasa-457890>

the Ede Egán economic program in Transcarpathia or the massive SME development programs granted to Vojvodina ethnic Hungarian enterprises. These programs not only help cross-border Hungarians remain and prosper in their homelands, but also contribute to the development of the countries of which they are citizens and promotes building a friendlier ambiance with Hungary's neighbors.

Covid situation

Portugal handled the first wave of the pandemic well and the country had relatively few casualties. However, economically the pandemic took its toll and Portugal is one of the Southern European countries in bad need of the resources of the European Recovery Fund.

On the other hand, the second wave of Covid has resulted in catastrophic conditions. In January alone, 306,838 coronavirus infections were registered (42.6 percent of all patients registered so far) and 5,576 deaths were recorded as a result of the infection.

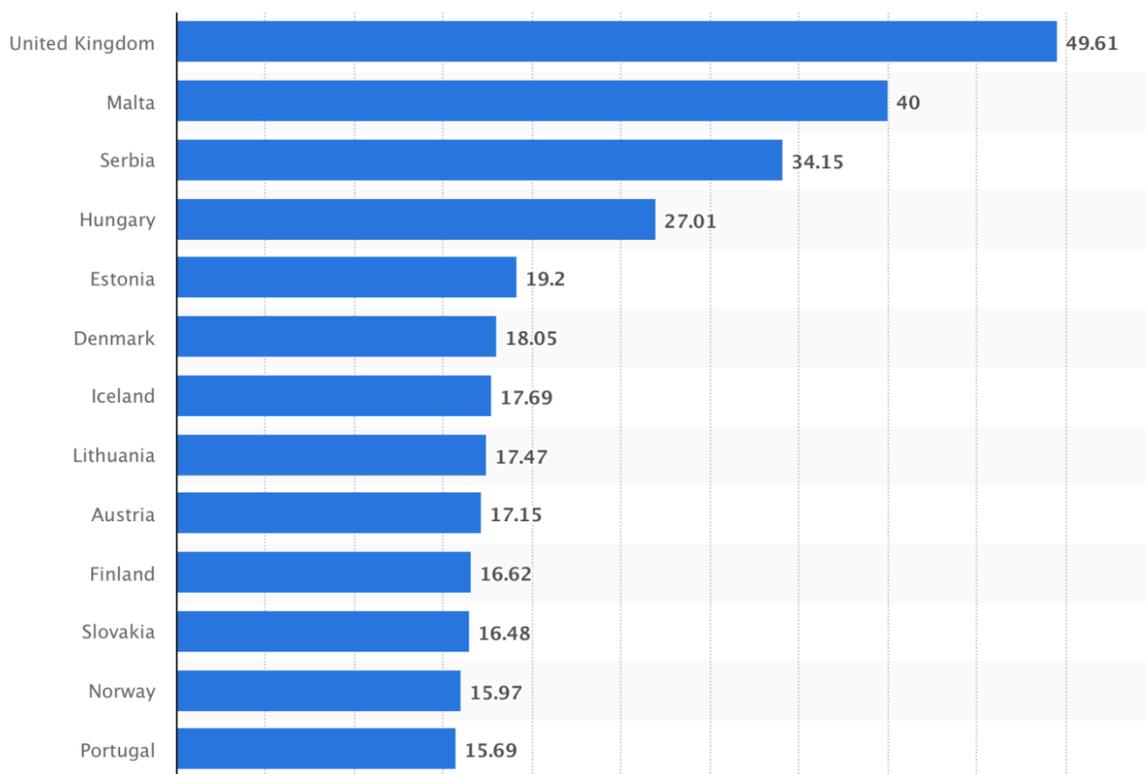
Portugal was also forced to ask for assistance from Germany to be able to handle the worsening Covid situation. According to a January statement of the German Ministry of Defense the German army assists the country at the request of the Portuguese government. The operation is carried out by the German military's Rapid Response Medical Unit and involves the sending of military doctors, nurses and hygiene experts, equipment such as ventilators and infusion sets to Portugal.

According to public reports, in January, hospitalizations of Covid patients in Portugal grew by 136% and patients in intensive care units by 78%, pushing the public health system close to collapse. Although there have been some positive changes in the number of daily cases in February the intense pressure on Portuguese hospitals is unlikely to ease soon, however, because of a time-lag between new cases and hospitalizations. By contrast, despite relatively high infection and mortality rates, the Hungarian healthcare system has withstood all pressure so far.

The Portuguese government has also come under fire for mixed messages on mask types and online teaching, Covid news conferences discontinued without explanation, little official information on what foreign help is coming, and scandals over queue-jumping for vaccines²¹.

²¹ <https://apnews.com/article/pandemics-portugal-coronavirus-pandemic-lisbon-b7642cd41a86f3bf2a31a049ef5be8de>

Hungary is now well ahead of Portugal as to the number of vaccination doses administered in Europe as of March 28, 2021, as seen in the chart below:



22

Hungary's leading position is primarily due to the large amounts of Russian and Chinese vaccine doses arriving to Hungary in the past month.

Portugal's goals under the rotating presidency from a Hungarian perspective

According to Portugal's EU ambassador, a balance must be found between solidarity and responsibility when it comes to handling migration. This rhetoric could be music to the Hungarian government's ears as the Orbán administration has been advocating the same for years. Of course, there are different ways to interpret the concept of solidarity. According to the government of Hungary, European countries should do their best to help countries suffering from the consequences of armed conflicts and/or climate change issues on the spot and by helping these countries economically so that they can keep their population, including the most educated, at home. Concrete examples include the GOH-sponsored reconstruction of schools and churches in Erbil in Iraq

²² <https://www.statista.com/statistics/1196071/covid-19-vaccination-rate-in-europe-by-country/>

Kurdistan and a recent larger scale effort to help relaunch agricultural activities in the region to sustain the returning Christian population. The Western European dominant view has been that solidarity means primarily allowing economic migrants in, and that seems to coincide with Portugal's view. In a statement in January, Portugal's Internal Affairs Minister Eduardo Cabrita said problems related to migration from outside the EU could only be solved with "flexible" but "mandatory solidarity" between EU countries. The minister said his country thinks solutions must be found to two main issues: regular migration flows and migration crises.²³

Portuguese foreign minister Nuno Brito also stressed at a background brief in Brussels earlier this year that securing legal ways to emigrate is also of paramount importance for the EU. On the other hand, Cabrita pledged in January for holding meetings with government officials in Spain, Italy and Malta where migrants mainly arrive, but also with reluctant countries such as Poland and Hungary. Portugal is thus aiming for a consensus regarding a joint EU migration pact that Hungary has staunchly opposed.

But Foreign Minister Brito also said in January that Portugal would like to continue the Article 7 proceedings against Hungary and Poland, and hold hearings with the participation of the two countries' governments.

Portugal's rotating presidency goals will certainly not meet with the approval of the Hungarian government. As Minister of Foreign Affairs and Trade Péter Szijjártó said when he met with Portuguese ambassador to Hungary Jorge Ayres Roza de Oliveira, he articulated that Hungary opposes the incentivization of migration as a new wave of migrants would pose not only security and cultural, but also epidemiological risks.

As far as the Article 7 proceedings are concerned the government of Hungary's position has been since the beginning of the proceedings that Hungary is a victim of a baseless and biased political witch-hunt. The Hungarian government is also of the position that the EP vote cannot be regarded as legitimate in the first place. According to the Orbán government, the European Parliament voting to adopt the Sargentini Report on the state of the rule of law in Hungary with a two-thirds majority in 2018 contravened European Union law as the abstaining votes should have been included in the count as well, which would have changed the outcome.

The fact that none of the seven Portuguese European People's Party (EPP) MEP voted against the Sargentini report in 2018 with six actually voting in favor of the report was a fairly unfriendly gesture on the part of the Portuguese liberal conservatives. The Portuguese EPP MEPs went along with the majority of the EPP that sided with the socialist-liberal –green groups in ostracizing the Fidesz government. This was a rather odd and unwarranted move against Fidesz that is one of the few remaining EPP member

²³ <https://www.reuters.com/article/us-portugal-europe-migration-idUSKBN29A2SE>

parties to be in a government position in Europe. As Hungarian Foreign Minister Szijjártó pointed out in December 2020 the EPP is engaged “in a witch hunt against its single most successful member party.” Fidesz has since left the EPP parliamentary group, arguing that the umbrella party has broken with its original, Christian-Democratic roots and has shifted to the left. According to Fidesz, the EPP has been endorsing positions regarding migration, gender issues and multiculturalism that are incompatible with its original conservative values, and those represented by the Hungarian ruling party.²⁴

The Hungarian government challenged the European Parliament’s resolution at the European Court of Justice in 2018 requesting that the Parliament resolution on the launch of disciplinary measures against Hungary be annulled. In December 2020, European Court of Justice Advocate General Michal Bobek said the legal challenge should be dismissed as “unfounded.” However, the European Court which will have the ultimate say in the matter has not yet ruled on the case. The Article 7 disciplinary proceedings are now at the Council of the EU level, but have stalled because some member governments have been reluctant to take action against Hungary.

Conclusion

Portugal is a country that is of a similar size and of a similar level of economic development as Hungary. Its government has defied Brussels with regard to economic policies, just as the government of Hungary has since 2010. Its model of partially successful integration of immigrants sets it apart from such countries as Germany or France, and its bad need of EU relief funding makes it dependent on the solidarity of better-achieving Central-Eastern European countries like Hungary. Also, while the Hungarian and Portuguese governments are not equally concerned about immigration at the moment, positions may converge in the future. A lot will depend on how Portugal will handle the issue of the Article 7 proceedings against Hungary and Poland including the way in which the promised hearings will be held. Should the hearings be conducted in a fair and unbiased way it could greatly increase the cooperation between the two countries while the opposite could clearly worsen the relations. Activating the “nuclear option” of Article 7 is highly unlikely under the Portuguese presidency as it would require the consensus of all members states’ governments among which Hungary has resolute allies.

Considering all of these factors, there will be unavoidable disagreements between the two countries. On the other hand, based on several common interests there is quite a lot of untapped potential in Hungarian-Portuguese cooperation. This may be the case for instance in terms of working towards increasing the influence and voice of the EU’s

²⁴<https://kormany.hu/hirek/szijjarto-az-europai-neppart-a-legsikeresebb-tagjaval-szemben-folytat-boszorkanyuldozest>

member states on the periphery? As Minister of Foreign Affairs and Trade Péter Szijjártó recently said Hungarian-Portuguese bilateral relations are in great shape, and he trusts that they will not be ruined “by the two countries’ national football teams facing each other in the European Cup this summer.”