Written by [Angeline Tan](#) on January 30, 2024

Hungary Slams Reported EU Threat to Sabotage Its Economy

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Hungarian Minister for European Affairs János Bóka has said that Budapest will not kowtow to "blackmail" by Brussels, following a report that claimed that the EU would seek to undermine the country's economy if Budapest does not unblock an aid package for Kyiv.

Before a summit of EU leaders on Thursday to discuss EU funding for Ukraine, Hungarian Prime Minister Viktor Orbán promised to object to the use of the bloc's collective budget to funnel €50 billion in aid to Ukraine. Orbán has said EU funding to Ukraine must not come out of the EU's budget, and that Hungary does not want to participate in collective borrowing and fall into debt together with other countries.

Should Orbán not lift his veto, Brussels could try to derail Hungary's economy by pulling funding to the EU member state, the Financial Times reported on Sunday, quoting confidential plans prepared by European leaders seen by the newspaper.

"In the case of no agreement in the February 1 [summit], other heads of state and government would publicly declare that in the light of the unconstructive behavior of the Hungarian PM … they cannot imagine that EU funds" will be provided to Budapest, the Financial Times quoted the document as saying.

The strategy, the FT pointed out, could affect Hungary's currency and spark a fall in investment, which would affect "jobs and growth."

The explicit document seen by the Financial Times outlines EU plans to permanently cancel all EU funding going to Hungary. This, the document says, would give rise to a situation where "financial markets and European and international companies might be less interested to invest in Hungary." Withholding EU funding could also "quickly trigger a further increase of the cost of funding of the public deficit and a drop in the currency," the report elaborated.

Three EU diplomats told the FT that many countries support the plan. "The stakes are high. It is blackmail," as per one of the diplomats.

The plans were defended off the record by various EU officials who declared that Brussels was only retaliating to alleged "blackmail" — that is, using the right to disagree given to every member country — from Orbán.

However, Bóka maintained that his country will not be dictated to by European bureaucrats.

"Hungary does not allow blackmail," he wrote on social media late on January 28. "The agreement confirms what the Hungarian government has been saying for a long time: Brussels is using access to EU resources as a means of political pressure."

He added, "Hungary makes no link between supporting Ukraine and access to EU resources and refuses to let others do so. Hungary so far will continue to participate constructively in the negotiations, but it does not allow blackmail."

Bóka underscored the importance of EU unity being "preserved" and emphasized that Hungary is willing to "make compromises" as long as the country's "vital interests" are not affected.

The document, which the FT said was prepared by an official in the Council of the EU, pointed out what it claimed were Hungary's economic vulnerabilities. These include "very high public deficit," "very high inflation," a weak currency, and problems with debt repayment.

It added that Hungarian economic growth heavily relies on overseas investment, which, in turn, is propelled by "high levels of EU funding." A spokesperson for the Council of the EU told the FT that it has a policy of not commenting on leaks.

Orbán maintained last month that the EU must fulfill certain conditions before Budapest would lift its veto, including making the package modest in size and scheduling it over one year rather than the proposed four. Hungary must also be exempted from any new joint EU borrowing over the matter, the PM declared.

Another tactic reportedly being mulled within the EU bloc is to invoke Article 7 of the Treaty of the European Union, which would permit Brussels to deprive Budapest of its voting rights. However, this would require unanimity among the other 26 member states — a step many European countries seem hesitant to take.

In an interview published on January 26 in the Financial Times, American ambassador to Budapest Davis Pressman warned that the United States has the power to pressure Hungary if it refuses to adjust its foreign policy toward the EU, NATO, and Russia. Pressman laid out a list of complaints about Hungary's Orbán, including his position on the Russia-Ukraine conflict and his attitude toward Russian President Vladimir Putin.

"When you look at Hungary's foreign policy, whether it be suggesting raising questions about Ukraine's EU accession, stymying efforts to provide financial support to Ukraine, meeting with Vladimir Putin, resisting efforts to diversify off of Russian energy, resisting sustained efforts to close Kremlin platforms inside of Hungary, all of these have something in common," the diplomat said. "And it's something that is leaving Hungary more isolated from its partners within NATO and its partners within the EU."

Pressman went on to contend that Orbán's "policy choices, without question, are helpful to Putin," adding that the United States has the resources to pressure Hungary.

"We absolutely have leverage, that is true. And we're prepared to use our leverage."

Unlike many NATO members, Hungary has declined to transfer arms to Ukraine and has barred NATO from using its territory to supply military aid to Kyiv. Besides, Orbán has opposed certain economic sanctions on Russia.

Budapest has insisted that no foreign pressure can prompt it to sacrifice its national interests. "No one can tell us from the outside how to lead our lives within our own borders. Whether it is a foreign citizen, or even a foreign ambassador, their opinion is irrelevant for us," Hungarian Foreign Minister Péter Szijjártó said last year, as quoted by local media.

While the EU has hitherto used finance to bring dissident member states into line, such as in the case of Greece during the eurozone crisis, many have observed that tensions between Brussels and the Orbán government are intensifying, with Hungary's presidency of the European Council later being a cause for worry among many Eurocrats.