ÁLLAMI SZÁMVEVŐSZÉK

1870 1990 2020
150 ÉVE A KÖZPÉNZEK ŐRE
30 éve a demokrácia pénzügyi garantőre

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ARE THE COUNTRY REPORTS OF THE EUROPEAN COMMISSION OBJECTIVE?

Summary for the press

The State Audit Office produced two reports to evaluate whether the country reports of the European Commission are reasonable and objective. The analysts of the SAO came to the conclusion that the published country reports did not contain a detailed rating methodology, the information on the reliability and the calculation of applied data was limited, and the factors and sources taken into consideration and their weighting were different for each country and each period. It turned out that the issue of corruption was evaluated in different ways in reports on different countries of the EU, and a trend was identified according to which the actual economic results of Hungary after 2010 were more favourable in most of the indicators than the forecasts included in the country reports of the European Commission. The analysts of the SAO draw attention to the point that an evaluation based on objective metering would be necessary to make sure that the European Commission and the country reports issued by it could reach their declared objectives, i.e. the Member States of the EU could harmonize their economic policies and address the economic challenges faced by the EU.

As incorporated into the law, the State Audit Office is responsible for facilitating well-governed state operations. In order to do so, the SAO produces analyses and studies, too, in addition to reports. In its analyses, the SAO makes no statements, but highlights relations and impacts, draws attention to dilemmas and risks in a given area, and presents the results.

The country reports of the European Commission and other evaluations produced about the Member States influence the international assessment of a given country, so they have economic consequences, too. The objective of the recently completed two reports was to evaluate whether the country reports of the European Commission and the opinions of the Council that can be considered as the background of the reports applied a uniform and detailed methodology that is available to everyone, and whether they depict an objective, authentic and unbiased picture about the situation of Hungary from the accession to the EU to the present day.

The analyses of the SAO indicate that although the structures of country reports published in individual years changed to some extent in 2011-2020, the key content elements of the evaluation did not change. Apart from the economic processes of the given Member State, the country reports evaluated the implementation of the recommendations formulated by the Council of the European Union, and described the progress achieved in reform priorities that are considered of high importance by the European Commission.

In the economic situation and prospects chapter, the European Commission relied on basic economic indicators. It is a characteristic feature of this chapter of country reports that it uses clearly measurable and reliable data for the formulation of the evaluation, but the method of evaluating the indicators was not published by the European Commission.

In the chapter on the implementation of country-specific recommendations, the European Commission worked out a five-grade rating system, which evaluates the focus, the implementation and the availability of the related measures. At the same time, the methodology of the evaluation was not transparent and exact, as the Commission did not provide a clear definition of the method of evaluating the measures, and did not specify the method of rating the areas belonging to different categories in the case of recommendations requiring various measures and having complex contents. The evaluations of recommendations related to the budget and the public debt (together as: state budget) took measurable macroeconomic indicators and their threshold values into consideration. However, reasons and evaluation considerations were different for each country, pointed out the analysts of the SAO.

In the course of evaluating the reform priorities that form the third main area of country reports, the European Commission determined the key considerations of rating, but did not describe the factors behind the individual assessments. It is concerning from the aspect of the methodology that they relied on multiple data sources (e.g. competitiveness indexes) that are not fully reliable. It was observed in a number of cases that the country report did not provide any background for a given assessment, or drew some conclusions on the basis of generalising data related to a smaller scope or related to an earlier period/years.

Looking at the period of 2004-2010, the analysts of the SAO point out that the forecasts of the Commission were closer to actual data then the forecasts included in the convergence programmes of the Hungarian Government, while the trend lines of Hungarian and EU forecasts pointed to the same direction. In addition, the forecasts of both the Commission and the Hungarian Government differed significantly from the facts, and usually contained more positive expectations than the realised economic data.

On the other hand, in the country reports produced from 2011 to 2020, the forecasts of the Commission were not as close to subsequent facts as the forecasts in the convergence programmes of the Hungarian Government, and they often predicted a more unfavourable situation than the actually occurring one. From 2010, Hungary's actual economic results were more favourable in a number of indicators than the forecasts in the country reports of the European Commission.

Regarding the evaluation of excessive deficit procedures conducted from 2004 to 2013, the analysis of the SAO points out that only limited information was available on the data and parameters used by the European Commission. This made the applied methodology less transparent. The Commission may have diverted from the procedure accepted by it even in areas where it defined clear rules. In 2012, under the excessive deficit procedure, the Council made a decision to suspend some of the commitment appropriations of 2013 for Hungary from the Cohesion Fund. The timely and reasonable nature of the resolution is questioned by the fact that it was made at a time when macroeconomic indicators were improving. Also, in the case of other countries, the possibility of suspending the aids from the Cohesion Fund was not even raised, even in the case of lengthy proceedings. Another reason why it is extremely important to ensure the reasonable nature of the excessive deficit procedure is that the resolution of the Council may have serious financial consequences for the affected Member States, explain the analysts of the SAO.

Regarding the comparison of country reports among Member States, the analysts of the SAO came to the conclusion that the evaluation considerations of identical topics, the factors and sources considered in the evaluation and their weighting were different for each country and period. Therefore the evaluation of countries and periods was not consequent, and the results were not suitable for comparison. The country reports of countries under analysis discussed the issue of the fight against corruption in different ways and in different details. In the case of some countries, the issue of corruption was not mentioned at all, and the Commission did not give any methodological or other reason for its inclusion or omission, indicated the analysts of the SAO.

The analysts of the SAO also point out that the published country reports did not contain detailed rating methodologies, and only limited amount of information was available on the reliability and calculation of the applied data. This is especially valid in the case of topics presented in connection with country-specific recommendations. Under these conditions, it is difficult to ensure the unbiased and objective nature of analyses, said the analysts of the SAO. Consequently, all this influences the decision-making process of the Union, and may have economic consequences, too, through international assessments. In other words, a political assessment produced in the framework of a country report influences the economical situations and the prospects of individual Member States.