

BULLETIN

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Central European Policy of Hungary

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Hungary's activity in Central Europe is one of the main priorities of Viktor Orbán's government's foreign policy. On the one hand, this is because of concern for Hungarian minorities living in neighbouring countries. On the other hand, Hungary is convinced of the region's huge energy, economic and geopolitical potential. The recent changes of government in Slovakia, Romania and Serbia may, though, bring to an end a period of conflict-free relations between these countries and Hungary.. Poland should ensure that the expected cooling of bilateral relations in the region will not have an impact on the strategic directions of its development.

Central Europe's Political Borders. Although Central European policy was, from the beginning, very high on the Viktor Orbán government's foreign agenda, its focus has changed in the last two years. During Orbán's first weeks in office, the government said that there would be attempts to set up a new alliance between Hungary, Poland and Romania. This was seen as an alternative to the Visegrad Group (V4), which at that time was negatively influenced by Hungarian-Slovak quarrels. However, after the change of power in Bratislava in June 2010, the centre-right Iveta Radičová government declared its will to establish new relations with Slovakia's southern neighbours, and Hungary became again involved in V4. Authorities in Budapest also tried to extend the borders of Central Europe, using this term to describe the area between the Baltic Sea and the Adriatic Sea. The aim was to pay more attention to the Western Balkans, which always played an important role in Hungary's foreign policy.

Political Context. The general goal of Hungary's political involvement in Central Europe is to strengthen political and economic relations with all states from the region, and simultaneously to assist the Hungarian minorities living in neighbouring countries (about 2.5 million altogether). During 2010-2012 the favourable political situation meant that, for the first time in years, both tasks were carried out in a rather peaceful manner. The reason for this might be found in the presence of Hungarian parties in coalition governments (Slovakia and Romania), good personal relations between main decision-makers (Romania), or efforts to gain European Union membership (Serbia). Authorities in Budapest made use of propitious circumstances and significantly extended political privileges for minorities (e.g., they eased conditions for granting Hungarian citizenship and gave them voting rights). If different parties had been in power in Bratislava, Bucharest and Belgrade at that time, this would have probably lead to deterioration of the bilateral relations. A conciliatory attitude of many Central European leaders towards Hungary was also shown in the fact that they sought not only to avoid criticising the Hungarian PM for his controversial domestic reforms, but some of them even defended him against the European Commission's objections.

Energy and Economic Context. Hungary's activity in Central Europe may be explained by its involvement in both long-term energy projects and trade relations with all countries of the region. All of them are very much dependent on Russian energy sources; therefore their flagship project is the concept of building the North-South gas corridor, covering the development of gas transport interconnectors between Świnoujście in Poland and the Croatian island of Krk. It will allow not only diversification of energy sources, but maybe also opportunities to export energy, making the region a significant player in the European energy market. Hungary, dependent on Russian gas for 80-85% of its domestic demand, opened new interconnectors with Romania (September 2010, Szeged-Arad),

and Croatia (August 2011, Városföld-Slobodnica); by June 2013, the Hungarian-Slovak section (Vecsés-Vel'ké Zlievce) should also be finished.

Hungary also maintains good economic relations with all Central European states. The value of trade between Hungary and other countries in the region was, in 2011, around €29.6 million (around 19.3%), which made them, in total, the second most important trade partner after Germany (around €38.1 million). Hungary is economically connected mainly with Slovakia (€7.8m), Romania (€6.9m), Poland (€6.6m), the Czech Republic (€5.3m), and Croatia, the latter of which is the main beneficiary of Hungarian foreign investment (around 13.5% of all Hungary's FDI).

Strategic Context. Hungary's active Central European policy is connected with its vision of the evolution of international relations in a broader context. According to Orbán, one of the major results of the economic crisis will be the collapse of existing hubs of global political and economic life, and the rise of new ones, including Central Europe. This can be explained by region's energy and economic potential, but is linked, too, with the interests of the growing powers in the East. A dominant conviction among Hungary's political elite is that China, especially considering its involvement in aid for the EU, will be searching its "gateway" in Central Europe. That is why Hungary, expecting large flows of investment, has recently become the main supporter of China's presence in the EU, and has developed political contacts with many other states, from Northeast Asia, through Central Asia and Transcaucasia to the Persian Gulf.

Hungary also has an ambition to support the Western Balkans in their process of rapprochement with the EU. This is in the interests of the country, which – taught by experience of the Yugoslav wars of the 1990s – seeks to build an area of stability and security across its southern border. The Orbán government's achievement was, during the Hungarian Presidency of the EU Council in 2011, to finalise accession negotiations with Croatia. A short dispute with Serbia also ended in favour of Budapest. This concerned the matter of a new Serbian re-privatisation law that assumes the return of property nationalised by the Communists but which initially excluded Hungarian citizens. With other states, Hungary maintained good contacts, which are based on economic involvement (Macedonia, Montenegro) or participation in the EU and NATO missions (Bosnia and Herzegovina, Kosovo). Moreover, political relations with Albania, which is the only Balkan country with which Hungary has no influence, were activated.

Perspectives. The recent political changes in Slovakia, Romania and Serbia, which took place between March and May, may have a negative impact on Hungary's position in the region. Politicians or parties which, in the past have used anti-Hungarian rhetoric, are now in power in these countries.

After the victory of the left-wing SMER-SD, headed by Robert Fico, in the parliamentary election in Slovakia, Hungary's continued policy regarding minorities, which does not take into account the position of the authorities in Bratislava, will expose both countries to a fall-off in bilateral relations. However, nowadays—contrary to the period of the first Fico government, between 2006 and 2010—Slovakia has no interest in escalating the conflict with Hungary. There are no nationalist parties in the coalition, and in terms of both economic stability and the political position in the EU, the situation in Slovakia is much better. Willingness to compromise with its southern neighbour was confirmed during the electoral campaign, when SMER-SD avoided raising the subject of Hungarian-Slovak relations, and also later, when Fico declared his approbation to form a coalition with a party of the Hungarian minority.

Prospects for future relations with Romania and Serbia, however, seem to be worse. The Social Democratic Party returned to power in Romania in May. During the following months it referred to nationalist rhetoric, hence it is doubtful whether the most important issues for Hungary, connected with its historical policy and the situation of the Hungarian diaspora (e.g., autonomy and the new administrative division of Romania) will be resolved in favour of Budapest. Neither should the Orbán government count on cordial relations with the new president of Serbia, nationalist Tomislav Nikolić. His victory may cause increasing national tensions in Vojvodina, where Hungarians live and where the Serbian far right movements have influence.

Recommendations for Poland. It is in Poland's interests that the expected cooling of relations between Hungary and its neighbours will not have a negative effect on cooperation in Central Europe on energy, economy and European issues. It is recommended, hence, that the authorities in Warsaw maintain the strategic direction of the region's development, by persuading Orbán's government to avoid conflict with new authorities in neighbouring states. Taking advantage of the forthcoming presidency in the Visegrad Group and traditionally included in its agenda the V4+Balkans summit, Poland should take care to maintain a dialogue between countries. It also may consider increasing its involvement in the Western Balkans, an area which seems to be important not only from the standpoint of Hungarian politics, but also for the future of the region.