

BULLETIN

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The Crisis in Hungarian–Armenian Relations

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The Viktor Orbán government's decision to transfer to Baku an Azerbaijani soldier, convicted of murdering an Armenian citizen, resulted in an immediate reaction from Armenia, which severed diplomatic ties with Hungary. The prisoner's extradition was a natural next step in deepening friendly relations with Azerbaijan, which has recently become one of Budapest's most important Eastern partners. However, the consequences of the crisis will be very negative for both Hungary's image and international position. It may also awaken the frozen Azerbaijan-Armenia conflict in Nagorno-Karabakh.

For the Viktor Orbán government, the long-lasting Armenian crisis has not been particularly beneficial, since it calls into question the effectiveness of Budapest's priority policy of strengthening contacts with countries to the East that were supposed to balance Hungary's cooperation with Western political and economic organisations. Even if Switzerland's offer to mediate means diplomatic ties between the two countries can be rebuilt, the crisis will still be a symptom of more serious problems for Budapest. Following the cooling of contacts with Romania and Israel, the tension with Armenia is evidence of a gradual weakening of Hungary's international position in both the West and East. Moreover, the crisis exposed the government's inefficiency in searching for new sources of investment, which in addition to the country's recent rejection of conditions for a new International Monetary Fund loan may result in inadequate protection of the Hungarian economy ahead of an expected recession in 2013.

The Ramil Safarov Case. In February 2004, Ramil Safarov, a lieutenant in the Azerbaijani army, axed to death an Armenian soldier in Budapest. Two years later, he was sentenced to life imprisonment with no appeal until 2036 by a Hungarian court. In spite of that fact, on 31 August, the Orbán government transferred Safarov to Azerbaijan. It based its decision on the 1983 Convention of the Council of Europe, which regulates the transfer of sentenced persons between signatory states, as well as on written assurances from the Azerbaijan Ministry of Justice that Safarov would continue to serve his punishment in a prison in Baku. However, just after arriving to Azerbaijan, Safarov was not only pardoned by President İlham Aliyev, as permitted under Art. 12 of the Convention, but also promoted to the rank of major. The same day, Armenia severed diplomatic ties with Hungary.

The Roots of Orbán's Azerbaijan Policy. The Orbán government is pursuing an active policy towards selected countries from East Asia, Central Asia, Transcaucasia and the Persian Gulf (the so-called "Eastern Wind doctrine"). This is the result of Hungary's poor economic situation and its acute need to locate new sources of investment, particularly since the government ended loan-extension talks with both the IMF and the European Union in July 2010.

Azerbaijan is Budapest's most important partner in the South Caucasus. In 2011, the value of trade between Hungary and Azerbaijan (€52.8 million) was twice as big as with Georgia and almost five times higher than with Armenia. Baku may also play a strategic role in Hungary's future energy security. In September 2010, Orbán decided to bring Hungary into the Azerbaijani-Georgian-Romanian AGRI pipeline project, which would deliver natural gas from the Caspian Sea through the Georgian terminal in Kulevi to the port of Constanța in Romania. Budapest, despite previous doubts, also supports the Nabucco pipeline, which is the second possible route for Azerbaijani gas.

For Hungary, which is 85% dependent on Russian supplies, both projects would permit a significant diversification of energy sources.

This active attitude towards Azerbaijan has been witnessed by a series of political visits to Baku, including by Orbán (September 2010 and June 2012) and President Pál Schmitt (November 2011). The meetings were not just about building political capital. In May 2012, the Hungarian Economic Centre was established with the aim of supporting small and medium-sized business' activity in Azerbaijan. Budapest also upgraded the political role of the Hungarian-Azerbaijani Intergovernmental Economic Commission; Péter Szijjártó, one of Orbán's closest collaborators, was nominated for the position of co-chairman. For its part, Azerbaijan, unlike Armenia, maintains an embassy in Budapest and has been able to reciprocate the attentions, reportedly offering to buy €2-3 billion worth of Hungarian public bonds just a few days before Safarov's transfer.

Domestic and International Implications for Hungary. Domestically, the issue will be taken up by the left-wing opposition in parliament as well as by non-parliamentary groups hostile to the government, which may in turn receive support from the Armenian minority living in Hungary. However, it is unlikely that domestic reactions will significantly shift Budapest's current foreign policy: just one week after Safarov's transfer to Baku, Budapest rejected the conditions for a new €15 billion IMF loan, thus cementing its Eastern orientation, at least in the short-to-medium term.

Maintaining this policy of a broad opening to the East will be costly for Hungary's international standing. If information that Budapest was deceived by Azerbaijan is confirmed, its naivety in contacts with non-democratic regimes will be brought to light, calling into question the government's foreign policy competence even amongst those Eastern partners that have declared their openness to investment and financial aid. Azerbaijan itself has already refused to buy the Hungarian public bonds begging the question whether Baku was ever really interested in helping Hungary or whether it was put off by the negative international reaction.

Whatever the case, it makes it extremely hard for Orbán's government to defend its behaviour, since it seems that the Safarov transfer brought only losses for the country, not only damaging its reputation but also not bearing the expected economic fruits. Additionally, Hungary since has had to fight with its image as a country that subordinates foreign-policy responsibilities to short-term economic goals.

The Unfreezing of the Nagorno-Karabakh Conflict? The crisis may have geopolitical fallout as well. The Armenian government's decision to sever diplomatic ties with Hungary against the backdrop of riots in front of the Hungarian consulate in Yerevan shows Armenia's determination to sustain international public interest in the Safarov case. There is now a risk that what started as a bilateral dispute between Armenia and Hungary will influence the frozen Armenia-Azerbaijan conflict in Nagorno-Karabakh, where every increase in tension may trigger an uncontrolled escalation. Armenia has already placed army units on alert—one reason why the crisis was the subject of an immediate response from the U.S., which expressed concern over Aliyev's decision to pardon Safarov, as well as from the Secretary General of NATO, Anders Fogh Rasmussen, who paid a visit to Baku on 7 September. The authorities in Moscow have also criticised Azerbaijan, although their response came three days after Safarov's transfer. However, it seems that the consistent reaction by the U.S. and Russia—the most important members of the OSCE Minsk Group, which since 1992 has negotiated the resolution for the Armenia-Azerbaijan conflict—may contribute to maintaining the status quo in the region, at least in the short run.

Conclusions and Recommendations. Hungary's actions obviously pose a challenge to the EU's flagship policy towards the post-Soviet region, the Eastern Partnership. Of all the Southern Caucasian countries, Armenia already held the most reservations about this initiative. Its scepticism will now deepen. It is recommended, therefore (as stated in the European Parliament resolution of 13 September 2012), to place more emphasis on human rights and the rule of law in the process of rapprochement between the EU and Azerbaijan or even to temporarily slow it down in accordance with the "more for more" principle—the more a country progresses in its domestic governance, the more support it can expect from the EU.

Poland should closely monitor the development of events and, if the Swiss offer of mediation fails, help to restore dialogue between Hungary and Armenia. Taking advantage of its current presidency of the Visegrad Group (V4), as well as the fact that it is the only V4 member with its own embassy in Yerevan, Poland could demonstrate its ability to act as a respectable political actor capable of creating policy in the two spheres of its special interests: the post-Soviet area and Central Europe.