



# Weekly Briefing

**Hungary External Relations briefing:**  
**Briefing on Hungarian External Relations in 2017**  
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Although the Hungarian foreign policy underwent significant changes already after 2014, first fruits of this change became visible only in 2017. The change of the policy mainly means a definite shift from a value-based external policy to an interests-based external policy. The new external policy is in line with the theory of neorealism, in which the basic political, economic, and other interests of the state are of first relevance, everything else is of second-rank importance to the decision-makers. In the interpretation of neorealism, the international system is basically a self-help system consisting of autonomous states, that must always be prepared to fend for themselves. The change in the name of Ministry of Foreign Affairs to Ministry of Foreign Affairs and Trade reflects this idea and at the same time the present course of the Hungarian external policy. The external policy changes in 2017 have had four very clear directions:

1. **Hungary in the EU.** In 2017, Hungary has made clear attempts to revise and reshape its EU-policy, while putting clear emphasis on the vision “European Union as a community of sovereign nation states”, and refusing further supranational elements of the European Union. This Hungarian external policy change is based on the interests of the state; however, it is very clear, that the European Union from its founding to the present has not merely been a trade association, but a community of common values as well. Thus, the continuation of this EU-policy will maintain the frictions and debates between the European Union, other EU-member states and Hungary, sooner or later leading to repercussions, mainly in the negotiation period on the next EU-budget. Main debates with the EU institutions and main countries (Germany, France, Italy) have evolved around questions of sovereignty in 2017. It is clear, the acceptance of the EU refugee resettlement plan would not cause financial or other kind problems to Hungary, not is it assumed that migrants in large numbers would like to settle in Hungary. The refusal of the EU resettlement plan is rather of

conceptual relevance, since it would mean the acceptance of the idea ‘European United States’, succumbing to a supranational concept of the European Union.

**Relations with Poland.** A special point in the EU-policy of Hungary is the relationship to Poland. End of December, the European Commission advised the EU-27 members that the legislative program of the Polish government was putting at risk democratic values in Poland. The European Commission triggered the Article 7 sanction against Poland, in the case Poland didn’t address problems over the judicial reforms and firing of Supreme Court judges. The Hungarian Primes Minister immediately made it clear, that the country would block any punitive action against Poland. This statement vividly showed the consistency of the Hungarian external policy, however, in the long run, adherence to interests-based external policy seems to be on collision course with the value-based approach of the European Union and its main powers.

**Relations with Germany.** The traditionally strong ties between Hungary and Germany have been further weakened in 2017. The cancellation of the Hungarian and German Forum which was organized in the last 27 years, clearly indicated the nadir of the bilateral relations. The 16+1 summit in Budapest was heavily criticized by the German press, strongly emphasizing that the Chinese would follow a ‘divine and rule’ logic. The German government usually puts a strong emphasis on value-based external policy, however, in 2017 they reached an agreement with Russia on a new gas pipeline, while Hungary also joined a similar new project, which would export Russian gas through Turkey and other Balkan countries to Hungary. Up to this point, the later project was not questioned by Germany, although the so-called Turkish Stream is not more than the ‘resurrection’ of the South-Stream, which then was blocked by Germany and the European Commission who would avoid monopolies in the Single Market of the EU. This time, this objection was not raised, indicating that a compromise

between Germany and Hungary can be made. However, this stalemate which emerges after the German elections, has not been broken yet.

2. **American-Hungarian relations.** After the election of Donald Trump, only few believed in the sudden rapprochement of American and Hungarian relations, however, even the more skeptical analysts were surprised by the continuation of frictions between the Hungarian and the American administrations. Since the former American president was very obliged to maintain and develop value-based foreign relations with other nations, Hungarian observers believed that the change in persons would mean a change of the policy as well, however, standards of the American Affairs administration don't change that easily. One important aspect, Hungarian decision-makers might have missed in this analysis, is that even the US thoroughly followed the logic of an interests-based external policy, the relations with Hungary would stand last on the list of the strategically important issues to the US. But that was not the case, despite the new administration, the American foreign policy still focuses on values very much. In 2017, main American concerns around Hungary span around alleged restrictions on free press, there is no coincidence that Americans made financial funds available for Hungarian media firms in the country side. The announcement of the program led to restrictions in the bilateral relations. Similar tensions erupted in the case of the Central European University, which triggered heated arguments between different levels of governance. Another aspect of the bilateral relations is that the position of the new American president is extremely weak, his plans – with the exception of the tax reform – could not be put in place, his person is heavily attacked by democrats and former allies as well. Thus, the attention that the American administration can pay to Central and Easter Europe, is very limited, they mainly focus on relations to Russia. The special relations Hungary has built up with Russia, don't allow for further improvements in Hungarian and American

relations. A clear telltale, that the Hungarian Prime minister was not invited by the new American president to Washington after the American elections in 2017.

3. **Russian-Hungarian relations.** Despite EU embargo measures against Russia, Hungarian-Russian relations have further developed 2017. In 2017, it became clear that construction work of the Paks II power plant can start early 2018. From the 12 billion USD, constructions work in value of 4 billion can be carried out by Hungarian firms, applying the 40 percent rule the parties had agreed earlier. When the Russian president paid an unofficial visit in August 2017, the following actions and plans were formulated: the increase of the number of exchange students, direct flight connections between Budapest and Sankt Petersburg and Russian support for Hungarian water-sewage solutions in the Russian market. The improvement of Hungarian and Russian trade ties corroborated the Hungarian policy towards Russia. In the first four months of 2017, trade between the two countries grew by 30 percent, the Hungarian export grew by 24 percent. The main question which has to be considered by the Hungarian decision-makers, is what is the maximum of the benefits – pursuing an interests-based external policy –

they could reap, if not altering the course of Russia-policy. More importantly, where the switching point is that triggers actions and maybe sanctions from Germany and France where the pursuit of value-based external policy is still much clearer than in other EU-countries.

4. **Chinese-Hungarian relations.** After grading up Chinese-Hungarian relations in form of a comprehensive relationship in May 2017, the peak in development of the bilateral relations came in November with the 16+1 summit in Budapest. As our earlier analysis showed, the 16+1 summit received a relatively moderate and positive press coverage, mainly focusing on problems around the Budapest-Belgrade rail road project. In addition, it had to be

underlined, that negative comments were usually linked to the critics of Hungarian politicians and/or parties.

Surprisingly, only the Chinese and Hungarian relations were not under attack by the opposition forces in 2017. The only reasonable variable which can be found for this relatively silence around Hungary's China policy is that Hungarian's China-interpretation is more positive traditionally, since there have not been real conflicts between the two countries, neither in the past, nor is it anticipated in the future. However, it is clear, traditions of value-based external policy did not dissipate in the Hungarian political administration, or in academic circles, thus the adherence to the non-interference policy seems to be vital furthermore when maintaining strong ties between the two countries.

In order to keep credibility of the Hungarian external policy, and further take advantage of the arguments of neorealism; benefits (mainly economic) must be showed by the policy-makers of the Hungarian external policy even in the Chinese relations in the future. Looking at the announced investment project and trends in trade between the two countries, it is still not a convincing argument to Hungary to abandon the platform of the EU. At the same time, it is also clear, Hungary is only as a member of the European Union important to China, economically and politically, thus pursuing the principle of non-interference is not on the table in the Chinese-Hungarian relations.