



CHINA-CEE INSTITUTE

**CHINA AND HUNGARY:  
70 YEARS OF BILATERAL RELATIONS  
IN A CHANGING WORLD**

Chief Editors:  
**Chen Xin and Ugrósdy Márton**

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**Chief Editor:**

Chen Xin and Ugrósdy Márton

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**CHEN Xin, UGRÓSDY Márton**

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Budapest, December 2019

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# Preface 1

2019 is the 70 years anniversary of the funding of the People Republic of China (PRC), as well as the 70 years anniversary of the bilateral relations between China and Hungary. The two countries, hand in hand, had gone through a colorful path in the past 70 years.

Seventy years bilateral relations is a path for exploration. In the 1950s, the Hungarian made Csepel trucks had the experimental test at the Qinghai-Tibetan Plateau, examining the capacity of the truck in the high altitude environment. This is a very good example of the bilateral cooperation in fields of technology and machinery. In the 1980s, China had learned the reform experiences from Hungary, and made exchanges and exploration with Hungary on the economic reform, seeking the path for development, which is a very good example of the cooperation in the fields of economic development. Stepping into the 21st century, Hungary became the first European country which had signed the MOU on the cooperation in the Belt and Road Initiative. Two countries is exploring the new path for constructing the Community for Human Destiny based on mutual benefits and win-win cooperation.

Seventy years bilateral relations is a path of friendship. When the New China (PRC) had been established, their are two words which can describe the situation, one is poor, the other is empty. After more than a 100 years destruction of different kinds of wars and conflicts, China was so empty as a white paper. Hungary had contributed to the economic recovery and development in the early days of PRC. The Chinese people remembers any kind of help very deep in mind. After the big earth quake in 2008 in Wenchuan China, the Hungarian

government had invited 50 Chinese students from the earth quake disaster areas to Hungary in summer for the rehabilitation, which is a very good example of the friendship presented by the Hungarian government and Hungarian people. In recent years, the people to people exchanges are going deeper. Chinese-Hungarian bilingual school had been established in Hungary, students can learn Chinese from primary school to gymnasium. In addition, 5 Confucius institute had been opened in Hungary teaching Chinese. More and more Hungarians are learning Chinese. At the same time, by the time to time, new Hungarian language course had been opened in the Chinese universities. As I remember, when I had started to learn Hungarian in 1984 when I registered into the Beijing Foreign Studies University (BFSU), we were the third Hungarian language class in the Chinese university in PRC. And now around 10 Chinese universities had launched Hungarian language program, covering Beijing, Shanghai, Chongqing, Tianjin, Xi'an etc.

Seventies years bilateral relations is going to the path of prosperity. 70 years ago the bilateral trade started from zero. The trade volume only reached 186 million USD in 1984, now it is 10.88 billion USD in 2018. In which, Chinese export takes 6.54 billion USD to Hungary, and import 4.34 billion USD from Hungary. China becomes the biggest trading partner of Hungary outside EU. At the same time, Chinese investment in Hungary is growing, and Hungary becomes one of the biggest destination for Chinese investors in Central and Eastern Europe.

The present book is a common output of the cooperation between the China-CEE Institute and the Hungarian Institute of Foreign Affairs and Trade (IFAT). Promoted by the Institute of European Studies of the Chinese Academy of Social Sciences (CASS) and the Hungarian Embassy in Beijing, the two Think-Tanks in Budapest had jointly

announced a Call for Paper program in Spring 2019 on the 70 years bilateral relations between China and Hungary, which had attracted tremendous attention from the academia as well as think tanks in the two countries. Based on the selections of the papers, we had held a conference in Budapest on 23 September 2019. The present book is the final output of the conference. Here I would like to deliver my sincere gratitude to the Hungarian sides for their strong support for the project and the publication, especially my thanks go to Mr. Pesti Mate , the H.E. Ambassador of Hungary to Beijing, as well as to Mr. Márton Ugrósdy, the Director of the IFAT. Also special thanks go to Mr Duan Jielong, the H.E. ambassador of P.R.China to Hungary, as well as to the Chinese Embassy in Budapest, for their strong support to the China-CEE Institute.

Beijing, November 2019

Dr. CHEN Xin

Deputy Director General  
Institute of European Studies, CASS  
&  
Executive President and Managing Director  
China-CEE Institute

## Preface 2

Dear Reader,

It is our great pleasure to present the volume showcasing the last 70 years of Hungarian-Chinese relations, in which leaders of the Hungarian and Chinese scientific sphere share their thoughts on our countries' shared past and present. While preparing the book, we endeavoured to present as wide and comprehensive a picture as possible of not only those areas that have become part of the information hubbub surrounding us through the daily press releases and radio and TV programs, such as politics, the economy, and data on foreign trade, but also of those dimensions which may be less spectacular, but which really make the relationship between the Hungarian and the Chinese nations alive and tangible.

Naturally our enterprise cannot present the entire spectrum of Hungarian-Chinese relationships, but we hope that the chapters showcasing the relationships between people will constitute such added value in the understanding of the bilateral relationship that has not been possible before in terms of time, space, and opportunity. The two studies focusing on the Chinese diaspora living in Hungary, or the analyses on the cooperation in higher education shed light on areas of our relations that often go unnoticed due to a lack of time beside the spectacular, high-level political news and communications. Still, these are the relationships that make the daily relations between the two countries really alive.

Of course, we are grateful to all our partners who have supported the publication of the volume in some form. First and foremost to the Hungarian Ministry of Foreign Affairs and Trade and the Embassy of Hungary in Beijing, who have magnanimously supported the creation of the volume not only financially but also through their expertise and network of connections. We thank the Institute of European Studies at the Chinese Academy of Social Sciences and especially Chen Xin and the China-CEE Institute for the intensive cooperations of the past year which have made the publication of the volume possible. Last but not least, we thank the authors, who have contributed to the publication of this book through their insights and work. We were also surprised by the interest shown by the Hungarian research community following our first announcement, and this is also the reason why we had a wide selection of excellent studies from which to choose the ones our Readers are now holding in their hand.

We hope that we will be able to take similar stock of the present and the future of Hungarian-Chinese relations when the next anniversaries come along.

November 2019, Budapest.

Márton Ugrósdy

Director

Institute of International Affairs and Trade (IFAT)

# Preface 3

## **Traditional Relationship, Model of Cooperation**

Year 2019 marks the 70<sup>th</sup> anniversary of the founding of People's Republic of China as well as the establishment of diplomatic relations between China and Hungary. Hungary was one of the very first countries which established the relation with China and firstly offered great help. In recent years, based on inheriting and developing the traditional friendship, guided by the spirit of mutual respect, sincerity and win-win cooperation, with "the belt and Road" initiative and the "17+1 cooperation" platform, Sino Hungarian relations have come to their best period. High-level exchanges and mutual trust in terms of politics have been greatly improved. In 2015, China and Hungary signed an intergovernmental memorandum of understanding to promote "the Belt and Road" construction. Hungary was the first European country to sign such documents with China which marked the tighter connection between "Opening to the East" policy and "the Belt and Road" initiative. In 2017, at the invitation of China, Prime Minister Orban attended the International Cooperation Summit Forum on "the Belt and Road". Orban, together with President Xi Jinping, announced that the bilateral relations should be upgraded to a comprehensive strategic partnership and thus raised the relations to a new level. China and Hungary have set an example for friendly cooperation between countries of different regions, population scales, and political systems.

From the beginning of this year, the two countries took the opportunity of 70<sup>th</sup> anniversary to continuously hold a range of celebrations in order to constantly explore each others' history and culture, motivates further understanding and cooperation, consolidates the public foundation of bilateral relations. Nowadays,

direct flights to Budapest have been opened in Beijing and Shanghai, and CHINA RAILWAY express traveled thousand times between the two countries. The number of Chinese who travel and study in Hungary has largely increased as well. Friendly exchanges and pragmatic cooperation at all levels have greatly contributed to the economic development of the two countries and greatly benefited the two peoples.

To memorize the 70<sup>th</sup> anniversary, theses on suggestions offered by relevant departments, think tanks and scholars, which, related to development of China-Hungary relations have been compiled into delicate books by China CEE Institute. It is not only a precious tribute to the 70th anniversary, but also an important intellectual support for the future development of bilateral relations. 70 years passed in a flash, having summed up the experience gained, we shall look at the future with a historical perspective. I am firmly convinced that with the joint efforts of the Chinese and Hungarian governments and all walks of life of the two countries, the comprehensive strategic partnership will usher in its new opportunities for developing. Let's seize this opportunity to jointly write a new chapter of China-Hungary partnership and keep it marching forward.

Duan Jielong

Ambassador

## Preface 4

Dear Reader,

The relationship between Hungary and the People's Republic of China looks back on a 70-year long history, as Hungary was one of the first countries who recognised the People's Republic of China on 3 October 1949, and three days later, on 6 October, the two countries established diplomatic relations. During these past seven decades, the Hungarian-Chinese ties strengthened based on mutual respect and understanding. Hungary continues to lead the way in developing Chinese relations in Central-Europe, as the China-CEEC cooperation mechanism was established in Budapest in 2011, while Hungary also joined the Belt and Road Initiative in 2015, as the first European country to do so. An important precondition was the announcement of the "Opening to the East" policy back in 2012, which aims at the comprehensive development of relations with the East, first and foremost with China, which also resonates with the Belt and Road Initiative in numerous aspects. As the result of this process, the relationship between the two nations stepped up to the level of a comprehensive strategic partnership in May 2017, giving a new momentum to the two countries' cooperation.

In recent years, an even bigger intensity characterized the bilateral relations, generating a positive effect on the commercial ties and propensity for investment. Additionally, not only politics and economics present unwavering development – science, education, culture and tourism also occupy an important role in developing a well-balanced cooperation, and our goal is to maintain these areas as important accelerators of Hungarian-Chinese relations in the future as well. There are currently four Confucius Institutes operating in Hungary, and twelve universities in China offer the possibility of studying Hungarian as a foreign language. In the autumn of 2013, the Hungarian Cultural Institute was inaugurated in Beijing, and soon a Chinese Cultural Institute will open in Budapest too. The Hungarian-Chinese Bilingual Elementary School in Budapest was

expanded with high school education from the beginning of the 2016 fall semester. It is important to mention the “Stipendium Hungaricum” scholarship program as well, under which the Hungarian Government provides 200 Chinese students the opportunity to enrol in Hungarian higher education institutes every year. Last year more than 250 thousand Chinese tourists visited Hungary, and this number is expected to rise even higher in accordance with the number of direct flights between the two countries.

In the past 70 years Hungary and China have reached great achievements together, which significantly contributed to the prosperity of both our countries, and the friendship between our nations. I hope that the present collection of studies will allow the reader to gain an insight into the two countries’ diversified and intertwining relations – through the works of both Hungarian and Chinese authors. Looking back on the achievements of the past 70 years, I am certain that getting to know one another’s culture and way of thinking will continue to be essential for our future success.

Pesti Máté

Ambassador

## **Part I Economy and Cooperation**

# **Experience of Hungarian Economic Reform and China's economic reform (1979-1989): An Perspective of the History of Knowledge**

KONG Tianping<sup>1</sup>

## **Abstract:**

From the late 1970s to the 1980s, Hungary's economic reform has attracted the attention of Chinese economists and policy makers. After the end of Culture Revolution, China had to reform its rigid planned economy to improve the national economy. International experience is of great importance for economic reform. The New Economic Mechanism implemented by Hungary on January 1, 1968 combined central planning with market regulation, its balanced reform approach resonated with Chinese policy makers and scholars. In the 1980s, the knowledge of Hungary's economic reform was widely spread in China, and Chinese policy makers and economists had an in-depth understanding of Hungary's economic reform experience. The experience of economic reform in Hungary has been disseminated in China through book publishing, exploratory visits, academic research and academic conferences. Hungarian economic reform experience and the insights of Hungarian economists had played a positive role in China's economic reforms in 1980s.

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<sup>1</sup> Kong Tianping, Senior Research Fellow, Institute of European Studies, Chinese Academy of Social Sciences, Beijing, China.

**Keywords:** China; Hungary; Economic reform; New Economic Mechanism; Sino-Hungarian relations

From the late 1970s to the 1980s, Hungary's economic reform attracted high attention of Chinese economists and policy makers. In the 1980s, there was a “Hungarian fever” in China. The reform experience of Hungary, the small socialist countries in Central Europe triggered heated discussions among scholars and officials. This paper will discuss the spread of Hungarian economic reform knowledge in China from the perspective of knowledge history, and analyze the impact of Hungarian economic reform on China's economic reform.

### **The Demand for the knowledge of economic reform**

Chinese economy was on the verge of collapse at the end of the Culture Revolution in 1976. Hundreds of millions of peasants could not adequately feed and clothe themselves, and some were living in abject poverty. Although urban residents enjoyed social protection, their wage had not been raised for 20 years, they led hard life because of serious shortage of consumer goods and housing. The gap between China and developed countries and the Asian Tiger economies had widened. China's per capita GDP lagged behind that of neighboring countries and regions. In 1976, China's per capita GDP was only \$165, compared with \$830 in South Korea, \$1,159 in Taiwan, \$2,758 in Singapore, \$2,850 in Hong Kong and \$5,197 in Japan. In September 1978, Deng Xiaoping said to local leaders: “we are too poor, too backward, to be honest, we feel sorry for people.”

“foreigners talked about how long Chinese can endure, we should pay attention to the words. We should think about: how much we've done to the people?”<sup>2</sup> After the Culture Revolution, China urgently needed to restore and modernize its economy. Hua Guofeng and other leaders of the Chinese Communist Party began to focus on domestic economic issues and changes in the outside world, sending senior officials to visit abroad to observe and study economic issues<sup>3</sup>.

After the political comeback in 1977, Deng Xiaoping reaffirmed the modernization plan proposed by the late Premier Zhou Enlai in 1975. On May 11, 1978, Guangming Daily published an editorial written by a special commentator, entitled “practice is the sole criterion for testing truth”, which became the forerunner of China's ideological liberation. It triggered “a great debate on the criterion of truth”, which became a broad and profound ideological liberation movement that broke through the 'two whatever' (whatever policy decision Chairman Mao had made must be firmly uphold, whatever instructions Chairman Mao had given must be followed unswervingly) exclusion zone, smashed the spiritual shackles of personality cult, altered the rigid situation that had long imprisoned people's thinking and greatly promoting people's ideological liberation”. This discussion had created favorable environment for bringing order out of chaos and shifting priorities of the party and the state.”<sup>4</sup>. The third plenary session of the 11th Central Committee

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<sup>2</sup> Zhonggongzhongyang wenxian yanjiushi ‘Dengxiaoping sixiang nianpu (1975—1997 )’[The chronical of Dengxiaoping thoughts (1975-1997) ] (Beijing: Zhongyang wenxian chubanshe,1998), 80-81.

<sup>3</sup> In 1978, the Central Committee of the Communist Party of China sent four delegations to visit Yugoslavia and Romania, Japan, Hongkong, Macao and Western Europe.

<sup>4</sup> Dangdai zhongguo yanjiusuo, *Zhonghuarenmingonghrguo shigao disijuan (1976-1984)*, [History of the People's Republic of China” Volume 4, 1976-1984] (Beijing: Renmin chubanshe/Dangdai zhongguo chubanshe, 2012), 42.

of the Communist Party of China (CPC), held on December 18-22, 1978, rectified the political line and decided to shift the focus of our work to economic development. Deng Xiaoping's pragmatical 'black cat and white cat' argument (whether black cat or white cat, it is good cat if it can catch mouse" triumphed over the dogmatic doctrine of 'two whatever'. "The plenum raised the banner of reform and opening up and opened a new era characterized by reform and opening up"<sup>5</sup>.

In the late 1970s, China was facing not only material shortages, but also shortage of ideas, especially the shortages of modern economic thoughts, knowledge of modern market economy, knowledge of modern economic management and experience of economic system reform. To establish a viable and effective economic system, it was necessary to reform the rigid centrally planned economy, and economic reform required the intellectual resources mentioned above. In the context of the isolation of Chinese intellectual community from the outside world for nearly 30 years, the knowledge and experience required for economic reform could only come from the outside world. Eastern European countries had become a unique supplier of reform experience, among which Hungary was a crucial one. Initially, Chinese economists and policy makers focused on the economic reform of Yugoslavia and Romania. Wu Jinglian believed, "the socialist countries in Eastern Europe that embarked on the road of reform earlier are the ones we should learn from in the first place. Sun Yefang, Yu Guangyuan and other reform-minded economists visited Eastern European countries, such as Yugoslavia and Hungary"<sup>6</sup>. From March 31 to April 10, 1978, li Yimang led a

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<sup>5</sup>Dangdai zhongguo yanjiusuo, *Zhonghuarenmingonghrguo shigao disijuan* (1976-1984), [History of the People's Republic of China" Volume 4, 1976-1984] (Beijing: Renmin chubanshe/Dangdai zhongguo chubanshe, 2012), 55.

<sup>6</sup> Wu Jinlian, "Wu Jinlian tan jingjixue yu zhguo jingji de jueqi" [Wu Jinglian talks about economics and the rise of China's economy], *Zhongguo gaige*, [China reform], 8(2012).

delegation of CPC to visit Yugoslavia and Romania, both Yu Guangyuan and Qiao Shi served as the deputy head of the delegation.

According to Yu Guangyuan's recollection, this investigation reached a conclusion that the economic model of socialist countries could be diverse<sup>7</sup>. From September 7 to October 8 of this year, a delegation headed by finance minister Zhang Jinfu visited Yugoslavia and Romania to learn about the fiscal and economic management. From November 15 to 29, the delegation of State Planning Commission was invited to visit Yugoslavia, focusing on the planning work. Upon the return, the delegation reported that Yugoslavia combined the market economy with the social planning, provided some advices on the reform of the Chinese economic management system. From November 23, 1978 to January 20, 1979, Huan Xiang, the vice president of the Chinese Academy of Social Sciences (CASS), led a delegation of economists from CASS to visit Yugoslavia and Romania for two months. There was "Yugoslavia fever" in China, and the study of "socialist self-management" of Yugoslavia quickly became fashionable and the Chinese Association of Yugoslavia Studies was established. Since the end of 1979, the "Hungarian fever" has appeared in Chinese academic and political circles. By comparison, the Hungarian fever was more persistent than the Yugoslav one. Based on Hungary's analysis that the Chinese leadership were so concerned about the high inflation rate and the inefficiency of macro management in Yugoslavia that they turned their attention to Romania and Hungary<sup>8</sup>. If we observe the itinerary

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<sup>7</sup> Yu Guangyuan, "Ruogan jingji lilun wenti taolun de Beijing huigu" [Background review of discussions on several economic theoretical issues], assessed July 10, 2019, <http://www.aisixiang.com/data/24135.html>.

<sup>8</sup> "Chinese Views on Hungarian Economic Reforms and Sino-Hungarian Trade Relations," December, 1987, History and Public Policy Program Digital Archive, Historical Archives of the Hungarian State Security (ÁBTL), 1. 11. 4. S-II/2/87, pp. 32-42. Obtained by Peter Vamos and translated by Katalin Varga.

of Chinese policy makers, delegations usually visited Yugoslavia and Romania. Yugoslavia had a unique experience in reform, while Romania had little experience in economic reform. As the “Yugoslavia fever” receded, Hungary became the focus for policymakers.

China's interest in Hungary was also related to the policymakers and scholars' classification of the economic systems of the Eastern European countries and the Soviet Union. The economic system of Eastern European countries and the Soviet Union was divided into three models: one was the traditional Soviet model characterized a highly centralized planned economy. Soviet Union, Poland, Romania, Czechoslovakia, Bulgaria and East Germany fell into the category. The second was the Yugoslav model, so-called socialist self-management model. The third was the Hungarian model, the New Economic Mechanism. In the 1950s, China followed the Soviet Union to establish a centrally planned economy model. The purpose of economic reform was to get rid of the Soviet model. Yugoslavia, on the other hand, went to market socialism after 1965, confronted serious macroeconomic problems in the early 1980s. Chinese policymakers might think that Yugoslavia's reforms went too far. The New Economic Mechanism launched by Hungary on January 1, 1968 combined central planning with market regulation, and the moderate reform practices resonated with Chinese policy makers and scholars. To some extent, Hungary's New Economic Mechanism became an important frame of reference for China's economic reform. Although the Association of Hungarian Economic Research was not established, this did not hinder the attention of the academic and political circles paid to Hungary<sup>9</sup>.

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<http://digitalarchive.wilsoncenter.org/document/119357>.

<sup>9</sup> The Hungarian report found that the Association of Hungarian Economic Research was not approved, which hindered a more comprehensive and systematic study of the Hungarian issue. In fact, the study of Hungary in the 1980s was not affected.

## **The supply of knowledge about economic reform**

During the Cold War, Hungary's intellectual community did not sever links with the West. Hungarian economists mastered Western modern economic theories, they could analyze socialist economic problems with the concepts and methodology of modern economics. Their research results were internationally recognized. Janos Kornai, Hungarian economist, is internationally renowned for his unique analysis of the socialist economy. In the 1980s, Knowledge of economic reform in Hungary was widely disseminated in China, and Chinese policy makers and economists gained a deep understanding of Hungary's economic reform experience.

The knowledge of Hungarian economic reform was disseminated in China in the following ways:

1. Book Publishing. In the 1980s, many literatures wrote by Hungarian economists were published in China, and almost all of Janos Kornai's works were translated into Chinese, while Chinese scholars, including those at the Chinese Academy of Social Sciences, wrote books on economic reform in Hungary. In addition to publications, some research institutes compiled research materials on economic reforms in Hungary. For example, the institute of Soviet Union and Eastern Europe studies of the Chinese Academy of Social Sciences compiled the "Anthology of The Literature on Political and Economic Reform in Hungary" and "Chronicles of Hungarian Political and Economic Reform".

Table 1: Books about Hungary published in China on 1980-1988

1980	Matyas Timar, “the Economic Reform in Hungary”, SDX Joint Publishing Company “Hungarian Economic Reform Principles and Management System”, China Financial & Economic Publishing House.
1981	Liu Guoping, Wu Yufeng, “Economy of Hungary”, Beijing Publishing House. Yu Guangyuan, “Report on the study of the Hungarian Economic System”, China Social Sciences Press. Editorial Department of “The Journal of World Economy”, “Economic Reform of Hungary”, China Outlook Press.
1983	Csikós Nagy Béla, “Price Policy”, China Machinery Industry Press. A Balasha, “the foundation of Hungary's national economic plan”, China Social Sciences Press. Editorial Department of “The Journal of World Economy” in Chinese Academy of Social Sciences, “Economic Reform of Hungary”, China Outlook Press.
1984	Delegation of economists from Chinese Academy of Social

Sciences, "Research of the Hungarian Economic System", China Financial & Economic Publishing House.

China finance and economy study group, "Hungarian Fiical System and Fiscal Management", China Financial & Economic Publishing House.

Yang Nongnong, "Hungarian Economic System Reform", "Reference Materials" Editorial Department.

Lu Heguang Edited, "Economic Development and Economic Reform: An Introduction to Hungarian Economic Reform", Jiangsu People's Publishing House.

1985

Zhou Xincheng, "Hungarian Economic System Research", Fujian Science and Technology Publishing House.

1986

Janos Kornai, "Economics of Shortage", Economic Science Press.

Janos Kornai, "Growth, Shortage, and Efficiency", Sichuan People's Publish House.

Kalman Gyorgy, et al. "Hungarian Economic Regulations Summary", Law Press.

Kupa Mihaly, "Budget for Revenue Distribution and Economic Process", China Financial & Economic Publishing House.

Zhang Jiachi, et al. "Hungarian Economic System Reform", Xinhua Publishing House.

Wan Dianwu, "Hungarian Commerce Survey", China

Commercial Publishing House.

In 1987

Janos Kadar, "On Socialist Construction (1957-1985)", People's Publishing House.

World Bank Economic Delegation, "Hungarian Economic Development and Reform", Foreign Translation Press

Wang Yizhou, "The Hungarian Path", People's Publishing House.

Foldes Istvan, "The Road to Hungarian Reform", People's Publishing House.

Teaching and Research Group on Foreign Socialism, Research Unit of Scientific Socialism of the Party School of the Central Committee of the Communist Party of China, "Selected of Documents of the Hungarian Socialism", Truth-seeking Press.

Division of Comprehensive Information, Institute of Scientific and Technical Information, Ministry of Machinery Industry, "Economic Regulations of Hungary, Yugoslavia, Romania, Poland", Machinery Industry Press;

China Economic System Reform Institute, "Difficult Exploration", Economic Management Press.

Janos Kornai, "Contradictions and dilemmas: Studies on Socialist Economy and Society", China Economic Publishing House.

Janos Kornai, "Visions and Reality", China Economic Publishing House;

Janos Kornai, "Kornai's Theory of Economic Reform ", Hunan People's Publishing House.

Janos Kornai, “The Shortage and Reform: Kornai’s Selected Papers on Economics”, Heilongjiang People's Publishing House.

In 1988

Janos Kornai, “Anti-Equilibrium”, China Social Sciences Press.

Janos Kornai, “Rush versus Harmonic Growth – Meditation on the Theory and on the Politics of Economic Growth”, Economic Science Press.

Meng Chuande, “The Road of Hungarian Reform”, China Outlook Press;

Source: Based on catalog of National Library of China

2. Investigative Visit. Chinese officials and economists frequently visited Hungary and wrote and published research reports on its economic reform. Given the backdrop of strained Sino-Soviet relations, the visit of a delegation of Chinese economists was not a small matter. In the summer of 1979, China inquired Hungary whether a delegation of economists from the Chinese Academy of Social Sciences could visit Hungary, and gained a positive reply. Considering the tense relationship between China and Soviet Union, China moved cautiously for fear of offending Soviet Union, sent a Xinhua News Agency delegation in August in the first place. The Hungarian News Agency, which received the delegation, found out that Chinese delegation was interested in reform and modernization of economic management in Hungary, rather than in the news agency's function and technology development<sup>10</sup>. Then the Hungarian Ministry of

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<sup>10</sup> Péter Vámos, “A Hungarian model for China? Sino-Hungarian relations in the era of economic reforms, 1979–89”, *Cold War History*, 18:3 (2018): 363.

Foreign Affairs supported a proposal that China sent four economists to visit Hungary in November, but stressed the visit must be in line with a resolution adopted by Politburo of the Hungarian Socialist Worker's Party in March<sup>11</sup>. On 25 November 1979, a delegation of Chinese economists led by Yu Guangyuan as guests of China's ambassador in Hungary, visited Hungary to study its economic reform. Members of the delegation included Yu Guangyuan, vice president of the Chinese Academy of Social Sciences and director of Institute of Marxism-Leninism and Mao Zedong Thought, Liu Guoguang, deputy director of the Institute of Economics, Su Shaozhi, deputy director of Institute of Marxism-Leninism and Mao Zedong Thought, and Huang Hai, a young researcher at the Institute of Economics. During the visit, Chinese economists held 21 talks with Hungarian economists and businessmen, and visited industrial and agricultural cooperatives, cooperative department stores and storage and circulation companies of production materials. And the delegation met with Rezso Nyers, the architect of New Economic Mechanism (former secretary of the Central Committee of the Hungarian Socialist Workers' Party, dismissed in 1974, and served as director of the Economic Institute of the Hungarian Academy of Sciences). The delegation left Hungary on December 22, staying a week longer than originally planned. After visiting, the delegation wrote a research report that was published finally by the China Social Science Press, entitled "Report on the Study of the Hungarian Economic System Reform". The book consists of three parts and two appendices. The first part is the transcript of interview, including the minutes of the interview with Hungarian economists and businessmen; The second part is reports of the investigative visit, which

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<sup>11</sup> Ibid. 364. The resolution of the Hungarian Socialist Workers' Party believed that hegemonism and anti-Sovietism were the key factors of Chinese policy, and should coordinate closely with the Soviet Union and its socialist countries in its China policy because China has become an ally of the imperialists.

includes introduction of Hungary's economic system, the evaluation of the 12 years of Hungarian economic reform and the views of the Hungarian economic community on a number of issues of economic reform; the third part is policy recommendations on China's economic reform<sup>12</sup>. Yu Guangyuan believed, "this visit reinforces our understanding of various models of socialism and some specific problems of reform"<sup>13</sup>. Su Shaozhi, as a member of the delegation, assumed that Hungary had made some achievements in the past 12 years since it introduced economic reform in 1968. A series of discussions on economic theory that Hungary carried out during the preparation and implementation of the economic reform were very important for us to understand the economic reform of Hungary, at the same time, as one of the stones from the other hill is good for working jade, Hungary's experience serves as reference for China's economic reform<sup>14</sup>. Hungary attached great importance to the visit of delegation from the Chinese Academy of Social Sciences and its evaluation of the Hungarian reform. Hungary believed that the delegation reached the following conclusions: a/ The Hungarian economic reform is socialist in its character; b/ The Hungarian reform has yielded remarkable results; c/ The Hungarian example reinforces the correctness of the socialist search for new pathways; d/ Fundamental weaknesses of the Hungarian reform is market mechanisms still have limited following the introduction of the new economic mechanism.<sup>15</sup>

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<sup>12</sup> Yu Guangyuan, et al., *Xiongyali jingji tizhi kaocha baogao*[survey report on the Hungarian economic system] (Beijing: Zhongguo shehui kexue chubanshe, 1981).

<sup>13</sup> Yu Guangyuan, "Ruogan jingji lilun wenti taolun de Beijing huigu" [background review of discussions on several economic theoretical issues],assessed July 15, 2019, <http://www.aisixiang.com/data/24135.html>.

<sup>14</sup> Su Shaozhi, "Xiongyali jingji tizhi gaige zhong de ruogan lilun wenti" [some theoretical problems of the Hungarian reform of economic management] *Jingji wenti tansuo*[inquiry into economic problems] 2 (1980).

<sup>15</sup> "Chinese Views on Hungarian Economic Reforms and Sino-Hungarian Trade Relations," December, 1987, History and Public Policy Program Digital Archive, Historical Archives of

From May 26 to June 30, 1983, another delegation of economists from the Chinese Academy of Social Sciences visited Hungary. Hungary attached great importance to the visit and vice premier Joseph Marjai concerned himself with the visit. Joseph Bognár, academician of the Hungarian Academy of Sciences and chairman of the Committee for Planning and Budget of the Parliament, chaired the reception, some senior government officials attended, 12 state secretaries and deputy ministers and Rezso Nyers (member of the Central Committee, advisor of the Institute of Economics) made introduction about Hungary's economic reform, Chinese economists discussed issues pertinent to economic reform. The delegation visited a total of 49 institutions, including 15 ministry, 11 research institutes and universities, 4 mass organizations, 5 cities, 14 enterprises, farms and cooperatives, held discussion more than 70 times with the Hungarians. After the visit, the delegation wrote a report on the economic system of Hungary. This report described the process of the economic reform in Hungary and introduced its experience on combining market regulation with planning, comprehensively and flexibly using means of market regulation, the relations between state and enterprises, and the relations between the central government and local government<sup>16</sup>. As the results of the visit, "Research on the Hungary's Economic System," were published in 1984. The report was divided into a general report and a sub-report that involved the reform of the Hungarian plan system, the fiscal reform, the price system reform, the wage system reform, and the product circulation system reform,

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the Hungarian State Security (ÁBTL), 1. 11. 4. S-II/2/87, pp. 32-42. Obtained by Peter Vamos and translated by Katalin Varga.  
<http://digitalarchive.wilsoncenter.org/document/119357>.

<sup>16</sup> Zhongguoshehuikexueyuan jingjixuejia daibiaotuan [CASS economist delegation], “Xiongali jingjitizhi gaige kaocha baogao” [Survey Report on the Hungarian economic reform], *Jingji yanjiu*, [Economic research journal]2(1984).

economic organization reform, agricultural reform, ownership forms and management methods<sup>17</sup>.

Liao Jili led the delegation of the National Commission of Economic Reform to take a second study tour on the Hungarian economic system from February 28 to March 20, 1985 and held talks with Rezso Nyers, Bela Csikos and other economists, and the first was 1983. Rezso Nyers, Bela Csikos presented their point of views on the lessons of the Hungarian economic reform, the relationship between economic decision-making and reform, and the direction of further reforms in Hungary<sup>18</sup>. The focus of this visit was to get to know the new progress of the Hungarian economic system reform after 1983 and how to comprehensively apply means of economic regulation to ensure the realization of the goals of economic development<sup>19</sup>. In October 1984, the Third Plenary Session of the 12th CPC Central Committee adopted the “Resolution of the Central Committee of the Communist Party of China on Economic Reform”. The Hungary believed that Liao Jili’s first visiting was to prepare for the economic reform resolution, and the second was to learn about experience of implementing the economic reform resolution<sup>20</sup>.

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<sup>17</sup> Zhongguoshehuikexueyuan jingjixuejia daibiaotuan [CASS economist delegation], *Xiongyali jingjitizhi kaocha* [Survey on the Hungarian economic reform] (Beijing: Zhongguo caizheng jingji chubanshe, 1984).

<sup>18</sup> Li Jun, “Nieershi qikeshi tan xiongyali gaige” [Nyers and Csikos talk about Hungarian reform ], *Jingjixue dongtai* [Economic Perspectives] 8 (1985).

<sup>19</sup> Ding Hua, “Xiongyali de jingjitizhi gaige” [Economic reform in Hungary], *Jingjixue dongtai* [Economic Perspectives] 8 (1985).

<sup>20</sup> “Chinese Views on Hungarian Economic Reforms and Sino-Hungarian Trade Relations,” December, 1987, History and Public Policy Program Digital Archive, Historical Archives of the Hungarian State Security (ÁBTL), 1. 11. 4. S-II/2/87, pp. 32-42. Obtained by Peter Vamos and translated by Katalin Varga.  
<http://digitalarchive.wilsoncenter.org/document/119357>.

From early May to early June 1986, Gao Shangquan, deputy minister of the State Commission for Economic Systems Reform, led a delegation of the Chinese Institute of Economic Reform to visit Hungary and Yugoslavia and study the economic reforms of the two countries. The purpose of the visit was to learn experience for formulate reform programs of the 1987 and 1988. The focus of the visit was to get to know the frictions, contradictions, development trend and direction of solving problems in the process of changeover from old economic system to new economic system<sup>21</sup>. The findings of this visit, "Arduous Exploration-Survey of Reform in Hungary and Yugoslavia" was published by the Economic Management Press.

3. Academic research. Since 1979, academic journals in China had published academic papers related to the reform of the Hungary's economic system. According to the searching results of CNKI database, China's largest and wide-used academic database, a total of 92 papers or articles were published in Chinese journals from 1979 to 1989. The earliest paper on the reform of the Hungarian economic system was published in Economic Management, No. 6, 1979<sup>22</sup>. From the published papers, most of the papers are an introduction to the economic reforms in Hungary<sup>23</sup>. Some papers are an introduction to the views of

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<sup>21</sup> Gao Shangquan, "Xiongyali nansilafu jingjigaige gei women de qishi" [Enlightenment from economic reform in Hungary and Yugoslavia], in *Jiannan de tansuo-xiongyali nansilafu gaige kaocha* [Arduous exploration-survey of reform in Hungary and Yugoslavia], ed. Zhongguo jingjitizhi gaige yanjiusuo [Economic System Reform Institute of China] (Beijing: Jingjiguanli chubanshe 1987) 1-14.

<sup>22</sup> Ji Jing, "Xiongyali jingjiguanli tizhi de gaige" [Reform of the Hungarian Economic Management System], *Jingjiguanli* [Economic management] 6 (1979).

<sup>23</sup> Dong Bainan, "Xiongyali de jingjitizhi gaige" [Reform of the economic system in Hungary], *Waiguo jingji cankao ziliao* [Foreign economic reference material], 4 (1980); Liu Guoguang, "Xiongyali jingjitizhi gaige de yixie qingkuang he wenti" [Some situations and problems in the reform of the Hungarian economic system], *Jingjixue dongtai* [Economic Perspectives] 7 (1980); Jin Chisheng, "Xiongyali Jingjitizhi gaige de jiben jingyan" [Basic experience of economic system reform in Hungary], *Sulian dongou wenti*

Hungarian economists<sup>24</sup>. A few papers discuss the Hungarian reform experience and China's reforms<sup>25</sup>.

4. Academic conference. The academic conference attended by Hungarian economists was also an important way to disseminate the experience of Hungarian economic reform. Hungarian economists attended two academic conferences that enjoyed a special place in the history of China's economic reform. In 1982,

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[Problems of the Soviet Union and Eastern Europe] 5 (1982); Zhang Dexiu, “Lun xiongyali xianxing jingjitizhi de lilun jichu” [On the theoretical basis of the current economic system in Hungary], *Sulian dongou wenti* [Problems of the Soviet Union and Eastern Europe] 3 (1983); Su Shaozhi, “Shilun xiongyali jingji tizhi gaige” [on Hungarian economic reforms], *Shijie jingji wenhui* [World economic papers] 1 (1983); Lin Qingsong, “Xiongyali jingjitizhi gaige shuping” [Review of the Hungarian economic system], *Jingjitizhi gaige* [Reform of economic system] 2 (1984); Meng Chuande, “Xiongyali jingjitizhi gaige yu guojia jingji zhineng” [Reform of the Hungarian economic system and the economic functions of the state], *Shijie jingji* [The journal of world economy] 2 (1985); Ding Hua, “Xiongyali dejingjitizhi gaige” [Reform of economic system in Hungary], *Jingjixue dongtai* [Economic perspectives] 8 (1985); Zhou Xincheng, “Xiongyali zai jingjitizhi gaige hou dui hongguanjingji de kongzhi” [Hungarian macroeconomic control after economics reform], *Xueji yu yanjiu* [Learning and research] 9 (1985); Liao Tongzhou, “Xiongyali jingjitizhi gaige xingdongxiang” [New trends in Hungary ‘s Economic Reform], *Jingjitizhi gaige* [Reform of economic system] 3 (1985); Zhou Xincheng, “Xiongyali jingjitizhi gaige de jingyanjiaoxun” [Experiences and lessons of the Hungarian Economic Reform], *Jingjixue dongtai* [Economic Perspectives] 1 (1987); Liu Xiaping, “Xiongyali jingjitizhi gaige de sida jiaoxun he qishi” [Four lessons and enlightenments of the Hungarian Economic Reform], *Jihuajingji yanjiu* [Research of planned economy] 10 (1989).

<sup>24</sup> Su Shaozhi, “Xiongyali jingjixuejia dui jingjitizhi gaige Zhong ruogan lilunwenti de kanfa” [Hungarian Economists' viewpoint on some theoretical issues in economic reform], *Jingjixue dongtai* [Economic Perspectives] 4 (1980); Lin Qingsong, “Nieershi tan xiongyali jingjitizhi gaige de jingyan” [Nyers talks about the Experience of the economic reform in Hungary], *Jingjixue dongtai* [Economic Perspectives] 1 (1984); Nyers Rezso, “Xiongyali jingjitizhi gaige de jingyan” [Experience in Hungarian Economic System Reform], *Jingji yanjiu* [Economic Research Journal] 2 (1984); Xiang Yang, “Xiongyali buzhanghuiyi fuzhuxi maeryayi tan xiongyali jingjitizhi gaige” [Vice chairman of the Hungarian Council of Ministers Marjai talks about the reform of the Hungarian economic system], *Sulian dongou wenti* [Problems of the Soviet Union and Eastern Europe] 1 (1985)

<sup>25</sup> Wu Jinglian, “Cong xiongyali de jingyan kan woguo dangqian de gaige” [Observation of current reform in China from the experience of Hungary], *Jingji shehui tizhi bijiao* [Comparative economic & social systems.] 3(1985).

at the request of Chinese economists, Edwin Lim, the first World Bank Country Director of China, invited Eastern European economists who had both reform theory and practical experience to participate in the Moganshan Conference held in Moganshan, Zhejiang province. Eastern European economists were led by Włodzimierz Brus , invited economists included Struminski, former head of the Polish Office for Price Administration, Ota Šik, former deputy prime minister of Czechoslovakia, Jiří Kosta, former member of reform team led by Ota Šik, Peter Kende, Hungarian reform economist<sup>26</sup>.The international symposium on macroeconomic management (also known as the Bashan Cruise liner Conference) held on a cruise liner “Bashan” along Yangtze River from Chongqing to Wuhan on September 2-7, 1985, had a profound impact on China's economic reform. Foreigners attending the Bashan Cruise Liner Conference included James Tobin, Nobel laureate in economics and professor of Yale University, Michel Albert, former member of the French National Planning Board, CEO of Assurances Générales de France, Otmar Emmiger, former president of the Deutsche Bundesbank, Włodzimierz Brus from Oxford University, Alexander Bajt, member of Federal Economic Reform Commission of Yugoslavia and Janos Kornai of the Institute of Economics of the Hungarian Academy of Sciences and so on. Many senior economists, officials dealing with economic affairs and young reform-minded economists attended the conference, some of the young economists became the high-ranking decision-makers over economic and financial affairs, like the former governor of China's central bank, Zhou Xiaochuan. Chinese economists attending the meeting were highly interested in that Kornai's classification about the economic models from the perspective of economic coordination mechanism and his views on the target

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<sup>26</sup> Edwin Lim, “Qinli zhongguo jingji sixiang de duiwai kaifang” [Personal experience of the opening of China's economic thoughts], *Zhonggong dangshi yanjiu* [Research on the History of the Communist Party of China] 4 (2018).

model of socialist economic reform<sup>27</sup>. The conference brought the great economic minds together, Chinese economists and their foreign counterparts discussed the nuts and bolts of economic reform from the theoretical and practical perspective. The Chinese government attached great importance to the Bashan Cruise Liner Conference, and prior to the conference, Premier Zhao Ziyang met with seven economists for two hours. In his autobiography, Janos Kornai specifically touched upon the 1985 trip to China and the Bashan Conference<sup>28</sup>.

### **The impact of Hungarian economic reform experience on China**

From the late 1970s to the 1980s, Chinese policy makers and scholars focused on studying and learning from foreign experiences in order to promote China's economic reform. China's economic reform did not have a clear blueprint at the beginning, as the famous saying by Deng Xiaoping, "crossing the river by feeling the stones". After a long period of exploration, it was not until 1992 that the 14th National Congress of Communist Party of China determined that the goal of economic reform was to establish a socialist market economy. China has embarked on a unique path toward market economy.. In 1978, In 1978, China's GDP was \$149.5 billion, while the U.S. GDP (\$2.35 trillion) was 18 times that of China. In 1992, China's GDP was \$426.9 billion, while GDP of the United States (\$6.52 trillion) was 15 times that of China. In 2001, China's GDP was \$1.33 trillion,

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<sup>27</sup> Zhongguoshehuikexueyuan jingjiyanjiusuo fazhan shi [Research Division of Development, Institute of Economics, CASS], *Zhongguo de jingjizhi gaige-bashanlun hongguan jingjiguanli guoji taolunhui wenji* [China economic reform-collected works of "international seminar on macroeconomic management"] (Beijing: Zhongguo jingji chubanshe 1987).

<sup>28</sup> Janos Kornai, *Sixiang de Liliang-zhishi zhi lu de fei changui zizhuan* [By force of thought: Irregular Memoirs of an intellectual journey] (Shanghai: Shanghai renmin chubanshe 2013) 330-333.

while that of the United States was \$10.58 trillion, nearly 8 times that of China. China's GDP in 2018 was \$13.6 trillion, while the U.S. GDP (\$20.49 trillion) was 1.5 times that of China. And in 1978 the per capita GDP in the United States (\$10564) was more than 67 times that of China (only \$156). In 2001, China's per capital GDP grew to \$1053, while that of the United States (\$37133) was more than 35 times that of China. In 2018, the gap between China and the United States in terms of per capita GDP has shrunk dramatically, and the United States (\$62641) was only 6.4 times that of China (\$9779). After years of reform, the economic gap between China and the United States has narrowed. The remarkable success of China's economic reform benefits from the experience of other countries. In the late 1970s and 1980s, Hungary's economic reform experience and the insights of Hungarian economists played a positive role in China's economic reforms.

The experience of economic reform in Hungary had the following effects on China's economic reforms:

First, the experience of Hungary's economic reform showed that the traditional socialist economic system can be reformed, economic reform can bring about results. There was no precedent for the transition from a centrally planned economy to a market economy, and China could only resort to the experience of market-oriented reforms of the socialist countries in Eastern Europe. Hungary's New Economic Mechanism implemented in 1968 attracted the attention of Chinese economists and policy-makers in 1980s. The experience of Hungary's economic reform inspired the thinking of Chinese policy makers and economists, showing that the economic reform of socialist countries is a feasible choice, and socialist countries can have a variety of models. When referring to studying reform experience in Hungary at the end of 1979, Yu Guangyuan believed

that “this visit reinforces our understanding for various models of socialism and some specific problems of reform”<sup>29</sup>.

Secondly, the experience of Hungarian economic reform, especially in specific areas, provided reference for China's economic reform. Rezso Nyers, the architect of Hungarian economic reform, elaborated on the principles of the Hungarian economic management system that combined the central plan with the market mechanism; recognized the collective interests of enterprises and promoted the realization of social goals through the realization of collective interests of enterprises; simultaneously developed multi-ownership economic, which helped Chinese policymakers to think about China's economic reform plan. And his analysis of effectiveness and problems of Hungarian economic reform helped Chinese policymakers gain insight into the complexity of reform<sup>30</sup>. Hungarian scholars summarized the new economic mechanism in Hungary as the “the state controls the market and the market guides the company”<sup>31</sup>. The 13th National Congress of the Communist Party of China pointed out that "the socialist system of planned commodity economy should be a system of internal unity between planning and market." And it was determined that “the new economic operation mechanism should be that the state regulates the market and the market guides enterprises”. The impact of Hungary’s new economic mechanism can be seen in this statement. The practice of Hungarian reform on specific areas such as fiscal system, price

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<sup>29</sup> Yu Guangyuan, “Ruogan jingji lilun wenti taolun de Beijing huigu” [Background review of discussions on several economic theoretical issues], accessed July 18 2019, <http://www.aisixiang.com/data/24135.html>.

<sup>30</sup> Nyers Rezso, “Xiongyali jingjitizhi gaige de jingyan” [Experience in Hungarian Economic System Reform], *Jingji yanjiu* [Economic Research Journal] 2 (1984).

<sup>31</sup> Ferenc Bánhidi, “Investigation and study of the Hungarian economic reform by the Chinese experts in the period of 1979-1988” (paper presented to the symposium on 70<sup>th</sup> anniversary of the establishment of diplomatic relation between Hungary and China hosted by Hungarian National University of Public Service, Budapest, May 23, 2019).

system, wage system, product circulation system, economic organization system, agricultural system, were of reference for China's economic reform.

Thirdly, some insights by Hungarian economists based on the experience of Hungarian economic reform contributed to design the target model of economic reform in China. Professor Janos Kornai divided the economic coordination mechanism into bureaucratic coordination (direct bureaucratic coordination, indirect bureaucratic coordination) and market coordination (market coordination without macro-control, market coordination with macro-control), and believed that economic reform was transition from direct administrative coordination to market coordination with macro-control. This helped Chinese policymakers to think deeply about the goal model of the economic reform. Chinese economists attending the Bashan Cruise Liner Conference agreed with Janos Kornai's analysis, and believed that market with macroeconomic control was the preferred target of China's economic reform<sup>32</sup>. Kornai's thought on the dual dependence of state-owned enterprises was very helpful to think deeply about the reform of state-owned enterprises. Kornai's views on the four interdependent conditions needed for markets to function effectively helped Chinese economists think profoundly about market-oriented reforms.

In the late 1970s, when Sino-Soviet relations had not thawed, China and Hungary became close due to reform. China was interest in Hungary's economic reform while Hungary was open to China's proposals for exchange over reform. Hungarian historian Peter Vamos believed that the leaders of China and Hungary were eager to

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<sup>32</sup> Wu Jinlian, "Wu Jinlian tan jingjixue yu zhguo jingji de jueqi" [Wu Jinglian talks about economics and the rise of China's economy], *Zhongguo gaige*, [China reform], 8(2012).

establish a bilateral relationship based on an imaginary reform community, which is an effective tool for two countries to build support and strengthen the legitimacy of their domestic reform<sup>33</sup>. After the end of the Cultural Revolution, Chinese reformers urgently needed to establish a viable economic system and learn from foreign experience. The New Economic Mechanism of Hungary launched in 1968 became an important reference for Chinese policymakers to formulate reform blueprint. The knowledge and experience of Hungarian economic reform partly met China's demand for economic reform experience in late 1970s and 1980s. Hungary's experience and knowledge had a positive impact on China's economic reforms in a given period of time. The exchange and interaction between China and Hungary on the experience of Hungarian economic reform in 1979-1988 not only becomes a favorite tale in the history of China-Hungary relations, but also enjoys a unique position in the history of China's reform.

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<sup>33</sup> Péter Vámos, “A Hungarian model for China? Sino-Hungarian relations in the era of economic reforms, 1979–89”, *Cold War History*, 18:3 (2018): 362.

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# The China Model and Hungary

ESZTERHAI Viktor<sup>34</sup>

## **Abstract:**

There has recently been an active academic and political debate as to whether China is seeking to export its development model to other countries. While the Chinese government has repeatedly refused these accusations, some observers firmly believe that the country's intention is to challenge the quasi universality of the Washington Consensus. According to them, Chinese foreign policy primarily targets economically and politically less stable developing countries, however growing Chinese presence in the European Union in recent years has altered this view. There is increasing concern within the European Union about the fact that China's model is emerging as an alternative to the European liberal paradigm for Central and Eastern European countries. The paper empirically examines the speeches of Viktor Orbán, Prime Minister of Hungary, in order to assess the attractiveness of the Chinese model. The paper argues that the Chinese model has limited appeal, but China's successful economic rise and increasing global role might prompt arguments in other countries for the need to find their own individual development path.

**Keywords:** China model, Beijing Consensus, China, Hungary, model

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<sup>34</sup> Eszterhai Viktor PhD, senior researcher at Pallas Athene Innovation and Geopolitical Foundation, assistant professor at Corvinus University.

## **Introduction: The rise of the China model and its relevance in Hungary**

Already before the financial crisis of 2007-2008, there were lively scientific and political debates about China's political and economic system as a possible alternative to the development model offered by Western countries. The term "socialism with Chinese characteristics" (*Zhongguo tese de shehui zhuyi*), which has become widespread in China following the announcement of the so-called Opening of China (1978), assumes that the country has a socio-economic system specific to China that cannot be entirely explained by Western analogies. However, in the euphoria following the collapse of the Soviet Union, scientific and political elites in the West were convinced that, even if an alternative Chinese model existed, it would become more and more superfluous in the long run, and the country would eventually adopt liberal democracy and the broadest possible market economy as promoted by the Washington Consensus (Shambaugh, 2015).

The credibility of the Washington Consensus (Williamson, 1990), once celebrated as the peak of historical development, has been fundamentally questioned as a result of the crisis (Stiglitz, 2008). While most Western countries and the region of Central and Eastern Europe, serving as a model for Western development policies, were severely hit by the crisis, China and the majority of developing countries have been successful in avoiding economic recession, mainly owing to the demand for raw materials generated primarily by China's dynamic economic growth. Although the two-digit growth that had characterized Chinese economy for decades declined temporarily in 2007 due to contracting export markets, artificial government stimulus programs boosted growth to over 10 percent yet again in 2010 (The World Bank, 2019). The efforts of the Chinese state to sustain economic growth and the less effective crisis management strategies of Western states, coupled with Greece's debt problem, undermined the illusion of exclusivity for the Washington Consensus (Zhao, 2010). Along with the decline in credibility of the Washington Consensus, books and studies claiming the existence of

a certain Chinese model were published. According to these texts, China has successfully combined the energizing power of a market economy with the Communist Party of China as a leading force, giving rise to an attractive combination for politicians in developing countries (Jiang, 2011). Consequently, the concept of the Beijing Consensus, introduced earlier by John Cooper Ramo (Ramo, 2005), has been used to mimic the Washington Consensus.

Discourse on the China model has temporarily lost its popularity as the country's economic growth slowed down since the mid-2010s (Zhao, 2016). However, with the consolidation of Xi Jinping's presidential power, debates on the model have re-emerged. Chinese leaders had long avoided using the expression 'the China model', but since 2016, it has appeared several times in Xi Jinping's speeches. The most well-known of these is his speech at the 19th CPC National Congress, where Xi Jinping stated that "*the path, the theory, the system, and the culture of socialism with Chinese characteristics have kept developing, blazing a new trail for other developing countries to achieve modernization. It offers a new option for other countries and nations who want to speed up their development while preserving their independence; and it offers Chinese wisdom and a Chinese approach to solving the problems facing mankind.*" (Xi, 2017:9) Xi Jinping's words have been interpreted by some foreign analysts as meaning that Chinese leadership is determined to export the China model (Benner et al., 2018; Huang, 2018), despite the Chinese President's explicit claims to the contrary in a later speech (Xi, 2017).

According to some, the Beijing government has wedded the dissemination of the China model with a grand vision of transforming relations between the Eurasian and African continents under the "One Belt, One Road Initiative" (Vision and Actions, 2015). It is presumed that countries most involved in its implementation are those actively involved in the "One Belt, One Road Initiative" (Chatzky and McBride, 2019). Hungary, which was the first European country to sign a cooperation agreement with China in 2015 to implement the initiative, is therefore a particularly

good case study for examining the impact of the China model on the politics and economic governance of an East-Central European country becoming sensitive after the crisis. (Benner et al., 2018).

The China model and the debate on the Beijing Consensus have aroused relatively little attention in Hungary. Surprising, given that following the regime change, similarly to other East-Central European states, drastic reforms were introduced in the country under the Washington Consensus and the principle of shock therapy, the success of which has been disputed ever since (Böröcz, 1995; Szalai, 1997 ; Éber et al., 2014; György-Veress, 2016). The China model could serve as a basis for comparison and provide an opportunity for self-reflection and for elaborating alternative directions and policies for development. According to János Kornai, the China model is China's unique path of development and should not be considered as a model to be adopted by others (Kornai, 2010). Based partly on Kornai's theory, Iván Szelényi also points out that China is best characterized by a hybrid model of socialism and capitalism (Szelényi, 2010). In their analyses, Gyula Jordán (2010 and 2012), Barna Tálas (2011) and Ferenc Báthidi (2014) tried to identify the most important components of the Chinese economic miracle and exceptionalism but did not draw any conclusions regarding Hungary's path of development.

Interestingly, it is in Western political discourse that the relevance of the China model for East-Central Europe, and above all for Hungary, has emerged in recent years. Following the 2007/2008 crisis, China has become increasingly active in the region, best characterized by the "16+1 cooperation". This cooperation is a multilateral mechanism established by 16 East-Central European countries and China to deepen their relationship. China's growing regional presence and the "16+1 cooperation" have been criticized by western member states of the European Union. According to the criticisms expressed, China is using its economic power to exert political influence over the countries of the region, and through them to successfully divide the European Union. Publications have emerged in this context, typically since 2018, opining that the China model

may be attractive not only to developing countries but also to states in East-Central Europe as opposed to the European liberal paradigm (Benner et al., 2018; Rogers, 2019).

The purpose of this study is to apply scientific methodology to investigate whether elements of the China model appear in the policies of the Hungarian government and, if so, to what extent. To answer this question, I will first identify the contents of the China model and the Beijing Consensus as specified in the literature. I will then empirically analyse the speeches of Hungarian Prime Minister Viktor Orbán on China by using qualitative content analysis. Finally, I will draw conclusions from the study and provide interpretations.

### **The „China model”**

There is disagreement among authors on what exactly the China model is (Huang, 2010). Some use the term interchangeably with the Beijing Consensus, while others find this equivalence inaccurate (Zhao, 2010). The Beijing Consensus as a concept originated in the West (Ramo, 2005), and thus clearly reflects the Western perception of China. According to Western literature, the most important features of the China model are the following: a decisive role of government control in economic growth; lack of political liberalization, authoritarian leadership; the dominant role of the ruling political party in society (Shambaugh, 2013). The model is considered by most Western authors to be adaptable by other countries (Ramo, 2005), and it is believed that Beijing intends to distribute it.

The concept of the Beijing Consensus has consistently been rejected by the Chinese government at every opportunity. Reference to the China model has long been completely absent from official Chinese discourse (Ferchen, 2013). The term "socialism with Chinese characteristics" reflected that Chinese leadership was experimenting with constructing an alternative development model without formally defining its exact content. In the late 2000s, economic successes led to the Chinese elite adopting the expression ‘the China

model'. Exploring the reasons for China's economic effectiveness, explanations highlighting different elements were published one after another. Chinese literature emphasizes the following aspects: complementary reforms instead of shock therapy; 'crossing the river by feeling for the stones' (*mozhe shitou guohe*); implementing reform steps with the easiest first, the difficult ones later; decoupling political and economic reforms; a pragmatic approach focusing on effectiveness; continuous feedback mechanisms; developer state; selective adoption of foreign concepts, knowledge, technology, etc. and their adaptation to local needs (Zhang, 2006; Huang, 2010; Yao, 2011; Guo, és Li, 2012). Although the debate is still on, there are some ascertainable facts about the model (Ferchen, 2013). First, it is clear from the list that Chinese literature, as opposed to that in the West, focuses mainly on economic success. Chinese experts, even when they accept the existence of the China model, consider it relevant primarily for their own country. What other countries can learn from China is at most to develop modernization programs that suit their own needs.

It can be concluded, therefore, that any statement about the China model should only be made with due caution, as there is little agreement on its contents. In addition, there are numerous pros and cons for the uniqueness of the China model. Considering its size, cultural roots and history, China can certainly be described as trotting a unique path of development, although the modernization of other East Asian and Western countries has clearly influenced its development as well. However, the term 'Beijing Consensus' should be avoided as it could not be justified that the Chinese government is contemplating a model to challenge the Washington Consensus, moreover, certain critical elements of Chinese development are even identical to those of the Washington Consensus.

Despite these challenges, this author is fortunate enough to not have to comment on whether the China model exists. As the study discusses the latest political discourse on the China model, it is sufficient here to examine the main elements of the model as it appears from a Western point of view (Ramo, 2005; Shambaugh,

2015; Benner et al., 2018). The important aspect, therefore, is to see whether the elements that Western literature uniformly attributes to the China model exists. Against this background, the factors highlighted in Western literature are:

- a decisive role of government control in economic growth;
- a lack of political liberalization;
- the dominant role of the ruling political party in society.

Henceforth, these three features will be considered the distinguishing characteristics of the China model, which, according to Western European literature and media, may have a significant influence on the Hungarian government.

## **Hypotheses**

Based on professional discourse on the export of the China model to Eastern Europe, the main hypothesis of the study is that the model is portrayed as an alternative for the Hungarian government, and as such a challenge to European liberal ideas and the Washington Consensus. The assumption is that the Hungarian government's statements on China should reflect a positive commitment to the China model. It is presumed that the main features of the China model as expressed in Western literature appear in the official statements of the Hungarian government.

The study also posits a counterhypothesis to explore other possible explanations. The second hypothesis of the study is that China's successful economic modernization and growing global role are inspiring other states, including Hungary, to choose their own path of development. This proposition is based on an approach emphasized by Chinese leaders in recent years, drawing the attention of other countries to study, but not to adopt, the China model (Xi 2017).

## **Methodology**

The study is aimed at finding evidence in Hungarian government communication that the Hungarian leadership is positively

committed to the China model. When selecting the texts, I focused on Orbán administrations' terms in office, as the “Eastern Opening” policy announced in 2010 appropriately marks the new period that places China at the forefront of Hungarian foreign policy. While former Hungarian governments also saw significant economic opportunities in the rise of China and sought to strengthen their relationship, it was the Orbán government that openly changed the direction of the country's formerly Atlantic-centric foreign policy.

The texts serving as the source of the analysis are available at the official website of the Government of Hungary ([kormany.hu](http://kormany.hu)). Given that the greatest influence on the strategic direction of Hungarian foreign policy is exerted by the prime minister, the focus of my analysis has been the texts related to PM Viktor Orbán. I used his speeches, the summaries of summits he participated in, and his interviews as subjects of analysis. Resources available at the official website of the Government of Hungary go back to July 2014, so this date was set as the start of the review period, while its end was marked by the speeches, interviews and summaries of the second summit of the Belt and Road Forum (25-27 April 2019), which is of symbolic importance for Chinese foreign policy. The last resource included in the review was published on 3 May 2019. When selecting the texts, I considered all search results (241) for the terms "China" and "Chinese" but eliminated duplicates as well as abridged press release-style extracts of the Prime Minister's speeches. Taking all these filters into account, the study covered a total of 86 texts during this period (July 2014 - May 2015) (see Annex).

I used content analysis, a defining theoretical and methodological approach in social sciences since the 1940s, to examine the selected texts. Content analysis „*involves the development of analytical categories that are used to construct a coding frame that is then applied to textual data*” (Hardy, Harley and Philipps, 2004: 20) in order to empirically examine texts. Qualitative content analysis is “*defined as a research method for the subjective interpretation of the*

*content of text data through the systematic classification process of coding and identifying themes or patterns”* (Hsieh and Shannon, 2005: 1278).

Defining the appropriate categories is key in examining the hypotheses. In doing so, I focused on two main groups of questions in the analysis. One is whether the text primarily refers to China as a model to follow, or, under the counterhypothesis, whether it proclaims the need for a model of its own to which China's successful modernization serves as a reference. The other key question is whether the text represents China in a positive, negative or neutral light.

Concerning the first question, I examined whether the main features of the China model as identified in Western literature can be found in the text, namely the decisive role of government control in economic growth, the lack of political liberalization and the dominant role of the ruling political party in society, can be found in the text. By analogy, the second hypothesis examines whether the text in question proclaims the need for an own model in reference to Chinese successes.

Concerning the second key question, I focused on whether the text in question presents China in a positive, negative or neutral light. It is an inevitable consequence of categorization, of course, that despite striving for objectivity, there is still a degree of subjectivity. In the present case, "positive" and "negative" categories refer to whether a given article (or the part of it relating to China) provides the reader with a positive or unfavourable impression, whereas "neutral" means that precise classification was not possible. Qualitative content analysis has the advantage of categorizing texts by value categories, as opposed to other content analysis methods that rely on software to encode texts (see Weber 1990: 23). To this end, I have read and individually coded each parsed text, primarily looking for words that

create a certain atmosphere.

With these in mind, I set up the following categories for analysis:

Basic categories:

- China as a model to follow
- the need for our own Hungarian model

Value categories:

- positively judged
- neutrally or objectively judged
- negatively judged

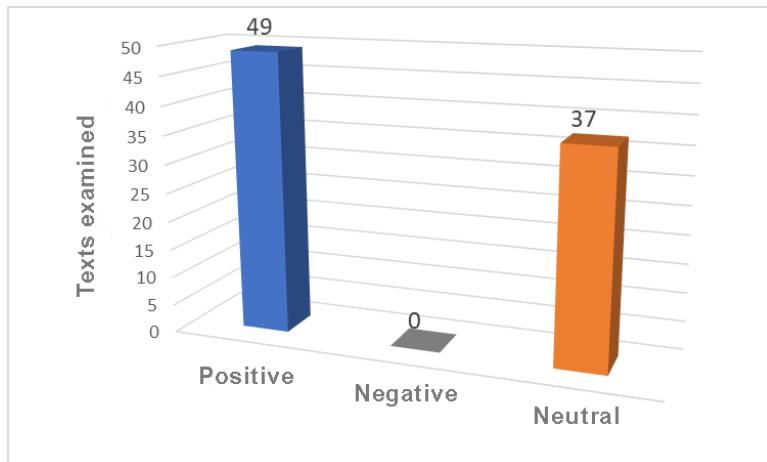
## Results

In the first place, qualitative examination showed that, despite the significance of the eastern opening policy, sources discussing China are relatively few. Only 28 of the 86 examined texts discussed China as a subject of its own, and in most cases it tended to be linked to other topics.

Examining value categories, it can be clearly ascertained that the Hungarian government has a positive attitude towards China and that relations are friendly. None of the texts had a negative or critical approach. Most texts (49) were positive while significantly less were neutral (37). Reading the sources, it was striking that the tone was positive primarily at bilateral meetings and joint events, but when the Prime Minister's speeches discussed world politics, they were rather neutral. In these cases, China was portrayed as a major power similar to the United States and Russia, in the face of which Hungary has to pursue, as the prime minister emphasized, a pragmatic foreign

policy.

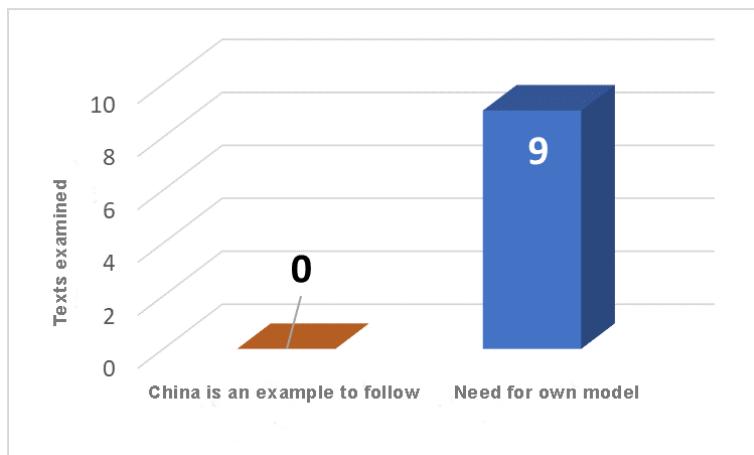
Figure 1: Classification of China-related texts by value category



The China model was never mentioned by the Prime Minister as a model to be followed for Hungary, which contradicts the assumption of the primary hypothesis. However, direct references to the China model appears three times in the texts, namely in the second half of 2014 (22 August 2014, 17 October 2014, and 24 November 2014). In these three cases, although the Prime Minister speaks of China's achievements as commendable, adds every time that the model is not transferable to Hungary but that it is necessary to establish an own path of development. The Prime Minister said the following on 22 August 2014 on this issue: *"And where there are successes, we cannot carry it through, given that China, which is the most successful country at the moment, cannot be brought here because a Chinese system needs Chinese people. We are not Chinese. (...) We are Hungarians. In a primarily Christian society, motivated by freedom, we need to build another system both in our economy and politics."* In relation to China, the need for one's own path of development appears a total of nine times in about 10% of all texts examined. However, it is a recurring theme (24 February 2015, 24 January 2017 and 26 January 2017) that Hungary should "study" this successful foreign model, and the Prime Minister recommends it to

other European countries as well. For example, on 24 January 2017 he says, “*Because everything that is possible and exists in China puts us behind. Instead of accepting this fact and wanting to learn, we are arguing that it is not so.*”

Figure 2: Number of texts related to the hypothesis



So, only a relatively small number of texts discuss the China model. The often-expressed position of the Hungarian government, namely that a pragmatic approach is required, was featured more prominently. This argument is supported by the fact that economic cooperation was the most important topic in half of the texts (43), while in 12 cases (14%), the text specifically indicated that ideology and pragmatism were the guiding principles of Hungarian foreign policy.

## Conclusions

The aim of the study was to conduct an empirical investigation of a topic that has become popular in recent years, namely that the China model has set an example for the Hungarian government. Although there is no consensus in the literature on the precise definition of the China model, this research has focused primarily on the aspects of

the China model that have been uniformly accepted by Western literature. Based on a qualitative content analysis of the Hungarian Prime Minister's texts published at the Hungarian Government's website, it is concluded that the basic hypothesis, namely that the China model has a direct influence on the Hungarian government's political and economic methods, does not hold true. In contrast, the second hypothesis, according to which the Hungarian government argues for the need to establish its own path of development following the example of China's rise, has been demonstrated as valid. This means that while in the case of Hungary the China model does not appear as an example to follow, China is indirectly challenging the universal nature of the Washington Consensus by inspiring others through its economic success to seek out independent paths. Pragmatic and ideological cooperation seems to be the goal of the Hungarian government. It is noteworthy that in more than half of the texts the topic of economic cooperation was dominant.

Several important conclusions can be drawn from the above. First, the China model alone does not pose a challenge to the Western liberal model in Hungary. Although there is still controversy in the literature about how much China wants to export its own model, it does not appear to be currently on the agenda in EU Member States, even though some Member States, like Hungary, are committed to cooperation with China in the field of foreign policy. Concerns about the rise of the China model in East-Central Europe are therefore exaggerated and politicized. Secondly, the mention of China in the texts is remarkably positive. This reflects the fact that the Hungarian government sees China's rise as an opportunity rather than a threat. The opportunity is primarily economic cooperation, so the government deliberately avoids political issues that could jeopardize bilateral relations. Of course, the study has its limitations. First, the methodological approach chosen is not free from subjective elements, which is inevitable in qualitative content analysis. Furthermore, the study used a relatively narrow source material. Although the influence of the Hungarian Prime Minister on foreign policy

decision-making is beyond dispute, the results could have been refined or clarified with the involvement of additional decision-makers.

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## Annex

Title	Date	China is an example to follow	A model of its own	Positive	Negative	Neutral
Interview with Viktor Orbán on Kossuth Radio's "Good Morning, Hungary!"	3 May 2019	0	0	1	0	0
Building on valuable political lessons from the past decade to respond to the challenges of a changing global order	27 April 2019	0	0	1	0	0
Hungary is ready to facilitate European-Chinese relations	26 April 2019	0	0	1	0	0
The One Belt, One Road Initiative coincides with Hungarian national interests	25 April 2019	0	0	1	0	0
Construction contracts for the Budapest-Belgrade railway line to be signed soon	12 April 2019	0	0	1	0	0
Interview with Viktor Orbán on Kossuth Radio's "Sunday News"	25 March 2019	0	0	0	0	1
The great powers should be interested in the success of our country	14 February 2019	0	0	0	0	1
Interview with Viktor Orbán on Kossuth Radio's "Good Morning, Hungary!"	28 December 2018	0	0	0	0	1
Interview with Viktor Orbán on Kossuth Radio's "Good Morning, Hungary!"	7 December 2018	0	1	0	0	1
Viktor Orban's speech at the 8 <sup>th</sup> Hungarian Diaspora Council session	17 November 2018	0	0	0	0	1

Viktor Orbán's speech at a meeting of central bank governors from China and East-Central Europe	9 November 2018	0	0	1	0	0
Interview with Viktor Orbán on Kossuth Radio's "Good Morning, Hungary!"	9 November 2018	0	0	1	0	0
Viktor Orbán's speech at the opening of the Hungarian Pavilion at the China International Import Expo (CIIE)	7 November 2018	0	0	1	0	0
Hungarian-Chinese relations have come a long way	5 November 2018	0	0	1	0	0
A delegation from the Hungarian government met Huawei's president in Shanghai	5 November 2018	0	0	1	0	0
China has also noticed economic growth in Central Europe	5 November 2018	0	0	1	0	0
Viktor Orbán's speech at the 29 <sup>th</sup> Summer University and Student Camp in Bálványos	28 July 2018	0	0	0	0	1
Viktor Orbán in Kossuth Radio's "180 Minutes"	28 July 2018	0	0	0	0	1
Borders should be protected, no one should be brought in or allowed to enter	27 July 2018	0	0	0	0	1
TV interview with Hungarian PM Viktor Orbán and Slovak PM Peter Pellegrini on Slovakian commercial station TA3	25 June 2018	0	0	0	0	1
Viktor Orbán's speech at the opening of a new factory of Ongropack Kft	27 March 2018	0	0	0	0	1

Viktor Orbán's speech at the award ceremony for medallists of the Winter Olympics	8 March 2018	0	0	0	0	1
Viktor Orbán's state of the country speech	18 February 2018	0	0	0	0	1
Viktor Orbán in Kossuth Radio's "180 Minutes"	19 January 2018	0	0	1	0	0
Hungary does not accept any migrants	19 January 2018	0	0	1	0	0
2018 is a decisive year for Europe	10 January 2018	0	0	1	0	0
Viktor Orbán in Kossuth Radio's "180 Minutes"	2 December 2017	0	0	1	0	0
Success in strengthening Sino-Hungarian	28 November 2017	0	0	1	0	0
Viktor Orbán's speech at the Asian Financial Cooperation Summit (AFCA) financial meeting	28 November 2017	0	0	1	0	0
Viktor Orbán's press release after meeting with Li Keqiang, Prime Minister of the People's Republic of China	28 November 2017	0	0	1	0	0
Viktor Orbán's press release at a press conference following the China – East-Central Europe Summit	27 November 2017	0	0	1	0	0
Address by Viktor Orbán at the opening of the Economic, Trade and Finance Forum	27 November 2017	0	0	1	0	0
Viktor Orbán's speech at the inauguration of the new Samvardhana Motherson Group factory	16 November 2017	0	0	0	0	1
Viktor Orbán's speech at the 7 <sup>th</sup> Hungarian Diaspora Council	9 November 2017	0	0	0	0	1

session						
Viktor Orbán's speech at the inauguration of KALL Ingredients Kft isoglucose factory	30 October 2017	0	0	0	0	1
Viktor Orbán's speech at the launch of Bridgestone's new investment	26 October 2017	0	0	0	0	1
We must defend in Europe what we have already achieved	24 October 2017	0	0	1	0	0
Viktor Orbán's speech at the Tourism Summit 2017 conference	16 October 2017	0	0	0	0	1
Viktor Orbán's speech at the Vietnamese-Hungarian Business Forum	25 September 2017	0	0	0	0	1
Viktor Orbán's replies to questions raised by camp dwellers	23 July 2017	0	0	0	0	1
The loadstar of Hungarian foreign policy is Hungarian interest	22 July 2017	0	0	0	0	1
Viktor Orbán in Kossuth Radio's "180 Minutes"	2 June 2017	0	0	0	0	1
Hungary is China's most important trading partner in the region	21 June 2017	0	0	1	0	0
Hungary is an ideal pillar of the One Belt, One Way Initiative	1 June 2017	0	0	1	0	0
The Mercedes factory is a symbol of trust in Hungary	18 May 2017	0	0	1	0	0
Viktor Orbán's speech at the annual general meeting of Daimler's management	22 May 2017	0	1	0	0	1
The EP decision is an imprint of a flawed policy, in fact a 'Soros	19 May 2017	0	0	1	0	0

report'						
Viktor Orbán in Kossuth Radio's "180 Minutes"	21 May 2017	0	0	1	0	0
Viktor Orbán's summary interview to Hungarian Television after his visit to Beijing	18 May 2017	0	0	1	0	0
Viktor Orbán's press release following discussion with Georgian Prime Minister Giorgi Kvirkashvili	21 April 2017	0	0	1	0	0
We are making Europe great again	26 January 2017	0	1	1	0	0
Address by Viktor Orbán at the Lámfalussy Lectures Professional Conference	24 January 2017	0	1	1	0	0
Viktor Orbán's speech at the Serbian-Hungarian business forum	22 November 2016	0	0	1	0	0
Viktor Orbán's press release at a press conference following the China – East-Central Europe Summit	7 November 2016	0	0	1	0	0
Cooperation between China and East-Central Europe is also in the interest of the EU	5 November 2016	0	0	1	0	0
Viktor Orbán's speech at the "Dialogue between China and East-Central European political parties" conference	6 October 2016	0	1	1	0	0
Viktor Orbán's speech at the 27 <sup>th</sup> Summer University and Student Camp in Bálványos	23 July 2016	0	0	0	0	1
Turkey has leverage over the European	22 April 2016	0	0	1	0	0
A balanced hinterland helps the	29 February	0	0	1	0	0

ambassadors' work	2016					
Hungary is the most stable state in Europe	1 February 2016	0	0	1	0	0
Viktor Orbán's interview with the Hungarian Times	24 December 2015	0	0	0	0	1
The migrant crisis does not change Hungary's openness in education policy	10 December 2015	0	0	1	0	0
Viktor Orbán's speech at the 14 <sup>th</sup> session of the Hungarian Standing Conference	4 December 2015	0	0	1	0	0
Address by Viktor Orban at the 5th session of the Hungarian Diaspora Council	4 December 2015	0	0	0	0	1
Address by Viktor Orbán at the China – East-Central Europe Summit	27 November 2015	0	0	1	0	0
Hungarians are masters of survival and endurance	26 November 2015	0	0	1	0	0
Hungarian-Chinese Prime Ministerial meeting in Suzhou	25 November 2015	0	0	1	0	0
Viktor Orbán in Kossuth Radio's "180 Minutes"	2 October 2015	0	0	0	0	1
Address by Viktor Orbán at the opening of the RMB Clearing Center of the Bank of China in Budapest	2 October 2015	0	0	1	0	0
Viktor Orbán's interview with BILD Zeitung	13 September 2015	0	0	0	0	1
Address by Viktor Orban at the Annual General Meeting of the Association of Arab Banks	9 June 2015	0	0	0	0	1
Address by Viktor Orbán at the Second World Meeting of the Friends of Hungary Foundation	9 May 2015	0	0	0	0	1
Viktor Orban's speech at the	10 March 2015	0	0	0	0	1

mission leader workshop						
Address by Viktor Orbán at the opening-of-year ceremony of the Hungarian Chamber of Commerce and Industry	7 March 2015	0	0	0	0	1
The goal is to bring gas from Turkey to Hungary	24 February 2015	0	1	1	0	0
The United States is using corruption as a cover story	29 December 2014	0	0	0	0	1
We have arrived at the most important moment of the EU-China cooperation	17 December 2014	0	0	1	0	0
Economic growth requires a shift away from traditional dogmas	14 December 2014	0	0	1	0	0
We are not strengthening ties Russia	24 November 2014	0	1	0	0	1
The United States is an ally of Hungary	17 November 2014	0	0	0	0	1
A free trade agreement should be sought with all countries	17 October 2014	0	1	0	0	1
We need Christian Democratic governance in Hungary	27 September 2014	0	0	1	0	0
Viktor Orbán in Kossuth Radio's "180 Minutes"	12 September 2014	0	0	0	0	1
Address by Viktor Orbán at a meeting of heads of foreign missions	27 August 2014	0	0	0	0	1
Conversation with Viktor Orbán on the 25th anniversary of the Pan-European Picnic	22 August 2014	0	1	1	0	0
The era of the work-based state is coming	28 July 2014	0	0	1	0	0

# **Synergy between the Belt and Road Initiative and Hungary’s Development Strategy: the Status Quo and Prospect**

XU Gang<sup>35</sup>

## **Abstract:**

China’s new diplomatic practice led by the Belt and Road Initiative is highly compatible with Hungary’s national development strategy, including the “Eastern Opening” Policy. At present, the cooperation between China and Hungary has made great progress in terms of the connectivity of policy, infrastructure, trade, finance and people to people, and local cooperation also develops well. In the future, to better the synergy between the Belt and Road Initiative and Hungary’s development strategy, it is necessary to enhance the positioning of bilateral relationship and improve the bilateral practical cooperation in different realms. Especially, China should pay much attention to Hungary’s three identities, namely the Republic of Hungary, a member of subregion such as the Visegrád Group and Central and Eastern Europe, and a member of the EU.

**Key words:** Belt and Road Initiative; Hungary; “Eastern Opening”; “17+1 Cooperation”; five-connectivities (wu tong)

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<sup>35</sup> Xu Gang, Associate Research Fellow of the Institute of Russian, East European and Central Asia Studies of Chinese Academy of Social Sciences, Deputy Secretary-General of the Center for “One Belt One Road” of Chinese Academy of Social Sciences.

2019 witnesses the 70<sup>th</sup> anniversary of the founding of the People's Republic of China and the 70<sup>th</sup> anniversary of establishing diplomatic relationship between China and some Central and Eastern European countries<sup>36</sup>. Hungary, as one of the first countries to build diplomatic relationship with China, has always paid much attention to the Sino-Hungarian relation. Similarly, China has always made the development of its relations with Hungary, which has been incorporated into the (Central and) Eastern European collective for most of its time, an important part of its foreign relations. Generally speaking, the Sino-Hungarian relation experienced three periods in the past 70 years: the period dominated by ideology (1949-China's Opening up), the normalized and repositioning period (1980s-2012) since the launch of China-CEEC Cooperation initiative (formerly called the “16+1 Cooperation”, it was called the “17+1 Cooperation” since Greece joint it in 2019), and the all-roundly developing period (2012-now), especially after the Belt and Road Initiative(BRI) was prompted in 2013. China's new diplomatic practice led by the Belt and Road Initiative is highly compatible with Hungary's national development strategy, including the “Eastern Opening” Policy, which provides foundation and prospect for improving bilateral relations.

## **1. The Background of the Synergy between the Belt and Road Initiative and Hungary's Development Strategy**

In May 2010, led by Orbán Viktor, the FIDESZ Party won the parliamentary election, and Orbán returned as Prime Minister for the second term after

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<sup>36</sup> Following the Soviet Union establishing diplomatic relationship with the PRC (2<sup>nd</sup> Oct. 1949), Bulgaria (4<sup>th</sup> Oct.), Romania (5<sup>th</sup> Oct.), Czechoslovakia (6<sup>th</sup> Oct.), Hungary (6<sup>th</sup> Oct.), Poland (7<sup>th</sup> Oct.), the German Democratic Republic (27<sup>th</sup> Oct.), and Albania (23<sup>rd</sup> Nov.) established diplomatic relationship with the PRC in succession.

1998-2002. Having taken office, Orbán actively adjusted and changed Hungary's foreign policies, among which a pragmatic diplomacy with national interests has been at the core, with the highlight of promoting the “Eastern Opening” Policy<sup>37</sup>. The original purpose of this policy was to reduce Hungary's economic dependence on the EU and expand its trade with countries east of Hungary, among which China is of the priority, followed by India and Russia<sup>38</sup>.

Actually, the “Eastern Opening” Policy has quickly found the connecting point with China's diplomatic practice. In 25<sup>th</sup> June, 2011, the first China-Central and Eastern European Countries Economic and Trade Forum was held in Budapest. Wen Jiabao, Prime Minister of China, who was visiting Hungary, and Orbán, Prime Minister of Hungary, jointly attended the forum and delivered a speech. The forum received an active response from the Central and Eastern European countries, with more than 600 representatives including the economic and trade ministers, ambassadors and representatives from business communities attending the event. The success of the forum directly contributed to the holding of the first Summit of China and Central and Eastern European Countries in Warsaw in 2012, and started a new journey of comprehensively friendly cooperation between China and Central and Eastern European countries<sup>39</sup>. In this sense, China-CEEC Cooperation is part of, but prior to the BRI, and Central and Eastern European region has become a pilot demonstration zone for the construction of the Belt and Road.

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<sup>37</sup> The first time that Prime Minister Orbán adverted to the “Eastern Opening” was on 5<sup>th</sup> Sep. 2010. However, in the spring of 2011, the “Eastern Opening” was formally listed in Hungary's foreign trade policies. “Eastern Opening”, <https://theorangefiles.hu/eastern-opening/>, retrieved 1<sup>st</sup> August, 2019.

<sup>38</sup> A KÖVETKEZŐ LÉPÉS SZÉLL KÁLMÁN TERV 2.0, 2012. Április, [https://index.hu/assets/documents/belfold/szkt\\_2\\_0.pdf](https://index.hu/assets/documents/belfold/szkt_2_0.pdf), p.190, retrieved 1<sup>st</sup> August 2019.

<sup>39</sup> Premier Li Keqiang Published a Signed Article in the Hungarian Media, the Website of Central People's Government of the CPC, 26<sup>th</sup> November 2017.

[www.gov.cn/guowuyuan/2017-11/26/content\\_5242261.htm](http://www.gov.cn/guowuyuan/2017-11/26/content_5242261.htm), retrieved 1<sup>st</sup> August 2019; Bogdan Góralczyk, “China's Interests in Central and Eastern Europe: enter the dragon”, *European View*, Volume 16, Issue 1, June 2017, p.155.

In September 2013, Xi Jinping, President of China, visited Kazakhstan and prompted the initiative to jointly construct the “Silk Road Economic Belt”. In October 2013, President Xi visited Indonesia and prompted the initiative to jointly construct the “21<sup>st</sup> Century Maritime Silk Road”. These two initiatives are collectively known as the Belt and Road. At the end of March 2015, to promote the BRI, National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce jointly issued *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road*. In the preface of the document, it said, “The BRI is a systematic project, which should be jointly built through consultation to meet the interests of all, and efforts should be made to integrate the development strategies of the countries along the Belt and Road<sup>40</sup>.” In May 2017, the first Belt and Road Forum for International Cooperation was held in Beijing. President Xi delivered the keynote speech, *Work Together to Build the Silk Road Economic Belt and the 21<sup>st</sup> Century Maritime Silk Road*, in which he said, “We are also promoting complementarity between China’s development plan and those of Laos, Cambodia, Myanmar, Hungary and other countries<sup>41</sup>.” Hungary was the only European country mentioned among these countries. Meanwhile, Hungarian Prime Minister Orbán paid an official visit to China while attending the forum. He and President Xi jinping jointly announced the establishment of the comprehensive strategic partnership between two countries. In the joint statement, two countries accentuated that they will be committed to jointly promoting bilateral cooperation within the framework of the Belt and Road proposed by China and the “Eastern Opening” Policy proposed by Hungary<sup>42</sup>.

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<sup>40</sup> *The Vision and Actions of Jointly Building the Silk Road Economic Belt and the 21st Century Maritime Silk Road*, 28<sup>th</sup> March 2015, Xinhua, [http://www.xinhuanet.com/world/2015-03/28/c\\_127631962.htm](http://www.xinhuanet.com/world/2015-03/28/c_127631962.htm), retrieved 1<sup>st</sup> August 2019.

<sup>41</sup> *Work Together to Build the Silk Road Economic Belt and the 21<sup>st</sup> Century Maritime Silk Road*, Xinhua, 14<sup>th</sup> May 2017, [http://www.xinhuanet.com/politics/2017-05/14/c\\_1120969677.htm](http://www.xinhuanet.com/politics/2017-05/14/c_1120969677.htm), retrieved 1<sup>st</sup> August 2019.

<sup>42</sup> *Joint Statement between the People's Republic of China and Hungary on the Establishment of a Comprehensive Strategic Partnership*, the Website of the MFA of the PRC, 13<sup>th</sup> May 2017, [https://www.fmprc.gov.cn/web/ziliao\\_674904/1179\\_674909/t1461257.shtml](https://www.fmprc.gov.cn/web/ziliao_674904/1179_674909/t1461257.shtml), retrieved 1<sup>st</sup> August 2019.

During the meeting with President Orbán, President Xi clearly pointed out that the BRI should be in strategic synergy with Hungary's "Eastern Opening" Policy by strengthening the top-level planning for comprehensive cooperation. Prime Minister Orbán indicated that the BRI was an important opportunity for every country, and Hungary was willing to be dedicated to taking part in relevant cooperation<sup>43</sup>. At the end of November 2017, Premier Li Keqiang attended the sixth Summit of China and Central and Eastern European Countries in Budapest and paid an official visit to Hungary. When Premier Li was talking with Prime Minister Orbán, both parties mentioned that they should better align the BRI with Hungary's development strategy<sup>44</sup>.

In April 2019, the second "Belt and Road" Forum for International Cooperation was held in Beijing. In the keynote speech, *Working Together to Deliver a Brighter Future for Belt and Road Cooperation*, President Xi Jinping said, "The complementarity between the BRI and the development plans or cooperation initiatives of international and regional organizations such as the United Nations, the Association of Southeast Asian Nations, the African Union, the European Union, the Eurasian Economic Union and between the BRI and the development strategies of the participating countries has been enhanced<sup>45</sup>." During their respective meetings with Prime Minister Orbán, who was attending the forum, President Xi Jinping and Premier Li Keqiang reaffirmed the synergy between the BRI and Hungary's development strategy and

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<sup>43</sup> *Xi Jinping Met with Hungarian Prime Minister Orbán*, Xinhua, 13<sup>th</sup> May 2017, [http://www.xinhuanet.com/world/2017-05/13/c\\_1120966634.htm](http://www.xinhuanet.com/world/2017-05/13/c_1120966634.htm), retrieved 1<sup>st</sup> August 2019.

<sup>44</sup> *During His Talk With Hungarian Prime Minister Orbán, Li Keqiang Stressed Pushing China-Hungarian Traditional Friendship and Mutually Beneficial Cooperation to a New Level*, Xinhua, 29<sup>th</sup> November 2017, [http://www.xinhuanet.com/politics/2017-11/29/c\\_1122032072.htm](http://www.xinhuanet.com/politics/2017-11/29/c_1122032072.htm), retrieved 1<sup>st</sup> September 2019.

<sup>45</sup> *Working Together to Deliver a Brighter Future for Belt and Road Cooperation*, Xinhua, 26<sup>th</sup> April 2019, [http://www.xinhuanet.com/2019-04/26/c\\_1124420187.htm](http://www.xinhuanet.com/2019-04/26/c_1124420187.htm), retrieved 1<sup>st</sup> August 2019.

Hungary's active participation in constructing the Belt and Road<sup>46</sup>.

It can be seen that in various documents released by China, national leaders' speeches, talks between leaders of China and Hungary and relevant documents, it has become a widely-accepted consensus to uphold the principles of consultation, contribution and shared benefits and to actively promote the synergy between the BRI with Hungary's development strategy, especially the "Eastern Opening" Policy. It is worth mentioning that the comparatively strong stability and continuity of Hungary's Orbán's authority provides the synergy with solid foundation. It is also worth pointing out that over 150 countries and international organizations are actively supporting and participating in the construction of the Belt and Road, and the UN General Assembly and the UN Security Council also integrate the Belt and Road into their resolutions. Joint construction of the Belt and Road has become the need and aspiration of countries and international organizations including Hungary.

## **2. The Status Quo of Synergy between the Belt and Road Initiative and Hungary's Development Strategy**

The connectivity of policy, infrastructure, trade, finance and people to people are not only the major contents of the BRI, but also the standards of evaluation. Therefore, the five-connectivities(wu tong) could be adopted to evaluate the current situation of synergy between the BRI and Hungary's development strategy.

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<sup>46</sup> *Xi Jinping Met with Hungarian Prime Minister Orbán*, Xinhua, 25<sup>th</sup> April 2019, [http://www.xinhuanet.com/world/2019-04/25/c\\_1124416683.htm](http://www.xinhuanet.com/world/2019-04/25/c_1124416683.htm), retrieved 1<sup>st</sup> August 2019; *Li Keqiang Met with Hungarian Prime Minister Orbán*, Xinhua, 25<sup>th</sup> April 2019, [http://www.xinhuanet.com/world/2019-04/25/c\\_1124416399.htm](http://www.xinhuanet.com/world/2019-04/25/c_1124416399.htm), retrieved 1<sup>st</sup> August 2019.

Firstly, the policy coordination is ensured. Since the establishment of diplomatic relationship 70 years ago, Sino-Hungarian relationship has withstood the test of international vicissitudes. The two countries and their people have maintained traditional friendship. Amity and cooperation have always been the theme of bilateral relations. Since the Cold War was finished, Hungary has played an important role in China's diplomatic relations with Central and Eastern European countries. After a short period of "contact gap", Chinese leaders' understanding of Central and Eastern European countries and the guidelines for developing bilateral relations are closely related to Hungary. In July 1995, Jiang Zemin, President of China, visited Hungary and proposed four basic principles<sup>47</sup> of developing relations with Central and Eastern European countries. These four basic principles became the guidelines for bilateral relationship in the following period. It was also during this visit that China's leaders changed the name of Eastern Europe to Central and Eastern Europe for the first time<sup>48</sup>. In June 2004, President Hu Jintao visited Hungary. The heads of two states signed the *Joint Statement between the People's Republic of China and the Republic of Hungary*, in which two parties agreed to upgrade bilateral relations to a friendly and cooperative partnership. In 2011,

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<sup>47</sup> Firstly, respect the CEEC people's choice of system. Secondly, hope to develop relations with the CEECs on the basis of the five principles of peaceful coexistence. Thirdly, there is no fundamental conflict of interests between China and CEECs, and we should conform to bilateral principles. Fourthly, support CEECs to peacefully resolve disputes and enhance regional cooperation. *China Developed Bilateral Relations with Central and Eastern European Countries after the Upheaval*, the Website of the MFA, <http://www.fmcp.gov.hk/chn/topic/zgj/wjshk/t8994.htm>, retrieved 16<sup>th</sup> August 2019.

<sup>48</sup> The first time China's official media used "Central and Eastern Europe" was on June 29<sup>th</sup>, 1992, when the sixth edition of the People's Daily published a report entitled "Hungarian President Says Central and Eastern Europe Faces Big Ethnic Problems" signed by Xinhua News Agency. But apparently, this is just a quoted report. Later, Xinhua News Agency reporter Sun Weijia's "the EC will Strengthen Relations with Russia and Central and Eastern Europe and Reiterate its Efforts to Push to Conclude the Uruguay Round Negotiations by the End of the Year" published on page 6 of the People's Daily on June 23<sup>rd</sup>, 1993 and Li Zhongfa's "Germany's increasing economic influence in central and eastern Europe" published on page 7 on August 26<sup>th</sup>, 1994 were both narrated by journalists. The first time that China's authority and leaders explicitly used the name of Central and Eastern European countries was on July 12, 1995 when "President Jiang Zemin Comprehensively Illustrated the Five Principles for the Development of Relations between China and Central and Eastern European Countries in Hungary" was published on the first page of the People's Daily.

the first China-Central and Eastern European Countries Economic & Trade Forum held in Budapest directly contributed to the launch of the China-CEEC Cooperation initiative in 2012.

Since the BRI was prompted, Hungary has taken an active part in joint contribution, by promoting the synergy between Hungary's development policy, with the "Eastern Opening" Policy at the core, and the BRI. In June 2015, the *Memorandum of Understanding between the Government of the People's Republic of China and the Government of Hungary on Jointly Promoting the Construction of the Silk Road Economic Belt and the 21st Century Maritime Silk Road* was signed, making Hungary the first country in Europe that signed such cooperation document with China. Later, Hungary became the first European country that established and launched the Belt and Road working group mechanism with China. In 2016, the *Outline of the "Belt and Road" Construction Cooperation Program*, jointly compiled and implemented by China and Hungary, tightened the synergy in each other's strategy and plan. In May 2017, the heads of two countries announced to establish the comprehensive strategic partnership, leading the bilateral relations into a new era. It is a little later than Poland and Serbia<sup>49</sup>, which firstly established strategic partnership with China, however, the relationship between China and Hungary was directly lifted to comprehensive strategic partnership from friendly and cooperative partnership. Meanwhile, Orbán, Prime Minister of Hungary, attended the Belt and Road Forum for International Cooperation in 2017 and 2019. In November 2018, Orbán also attended the first China International Import Expo held in Shanghai. The rapid development of bilateral relations and frequent meetings between leaders of two countries have manifested what Prime Minister Orbán emphasized in his meeting with President Xi Jinping in April 2019. "I realized 10 years ago that Hungary's future depended to a large extent on its relations with China<sup>50</sup>," he

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<sup>49</sup> In June 2016, Serbia and Poland established the comprehensive strategic partnership with China respectively.

<sup>50</sup> *Xi Jinping Met with Hungarian Prime Minister Orbán*, Xinhua, 25<sup>th</sup> April 2019,  
[http://www.xinhuanet.com/world/2019-04/25/c\\_1124416683.htm](http://www.xinhuanet.com/world/2019-04/25/c_1124416683.htm), retrieved 1<sup>st</sup> August

said. This judgment reflects the sound development of Sino-Hungarian relations and is also the basis for further improvement of bilateral relations. At present, the bilateral relationship is at its peak in history. The development strategies of the two countries meet in the same direction and the policy coordination is ensured.

Secondly, the facility connection has emphases. At present, the major projects promoted by both sides are the construction of Hungary-Serbia railway and the operation of China Railway Express. Hungary-Serbia railway project, announced by the prime ministers of China, Hungary and Serbia in the 2nd Summit of China and Central and Eastern European Countries held in Bucharest in November 2013, is the first railway project that China's enterprise started in Europe and also the flagship project of the Belt and Road construction. In November 2015, prime ministers of the three countries witnessed the signing of the *Agreement to cooperate on the development, construction and financing of the Hungarian section of the Hungary-Serbia railway* in Suzhou, marking the official launch of the Hungary-Serbia railway project. During the 5th Summit of China and Central and Eastern European Countries in Riga in November 2016, the *Construction Contract on Hungarian Section of the Hungary-Serbia Railway* was signed. In November 2017, construction of Belgrade-Stara Pazova segment of Belgrade-Budapest Railway began. Contrasted to implementation of Serbian section, the construction of Hungarian section was left behind. Now, the construction of the Hungarian section is still under planning.

The other emphasis is China Railway Express, which is the main carrier and focus of the connectivity of infrastructure. At present, Xi'an, Chengdu, Changsha, Xiamen, Jinan and other cities started the China Railway Express to Budapest in succession, which made contributions to expanding trade and promoting construction of infrastructure. Located in the center of Europe,

Hungary has a strong edge in terms of logistics and transportation. The increase in the number of direct flight and China Railway Express and the construction of “Land-Sea Express Route” with Hungary-Serbia railway at the core may form a three-dimensional transport pattern of land, sea and air in Hungary and promote Hungary to become the distribution center and logistics center of Chinese goods in Central and Eastern European countries. Besides, during the 8th Summit of China and Central and Eastern European Countries in Dubrovnik in April 2019, all parities expressed the willing to explore the possibilities of establishing a China-CEEC Customs Information Centre in Hungary, which may improve the facility connection in the technology level.

Thirdly, the connectivity of trade has highlights. In the frameworks of the “Belt and Road” and the “17+1 Cooperation”, Sino-Hungarian economic and trade relations developed rapidly with increasing investment cooperation. According to China’s statistics, the trade volume between China and Hungary made a historical record, reaching 10.88 billion dollars with a year-on-year growth rate of 7.5%. The amounts of China’s export to Hungary reached 6.54 billion dollars with a year-on-year growth rate of 8.1% and the amounts of China’s import from Hungary reached 4.34 billion dollars with a year-on-year growth rate of 6.5%. Hungary remained China’s third largest trade partner in Central and Eastern European region. China is Hungary’s largest trade partner outside the EU. Meanwhile, by April 2019, China had invested 3.64 billion dollars in all forms in Hungary, which is China’s largest investment destination in Central and Eastern European region. By January 2019, the Hungary’s actually utilized investment in China had reached 380 million dollars<sup>51</sup>.

In 2011, Yantai Wanhua Industrial Group acquired Hungary’s Borsodchem Zrt., which is China’s largest investment project in Central and Eastern European region till now. In 2012, Huawei built the European logistics center after it set up European supply center in Hungary in 2009. In 2017, Chinese vehicle

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<sup>51</sup> Sources: the Website of the Economic and commercial counselor's office of the Chinese embassy in Hungary, retrieved 1<sup>st</sup> September 2019.

manufacturer BYD opened its first European electric bus factory in the northern Hungarian city of Komarom. In 2019, having been planned for several years, the project of Anhui BBCA's Szolnok biochemical Co., Ltd. was launched. As one of the first projects witnessed by high-level meetings in 2011, Szolnok Project aims at building a citric acid factory which could produce 60,000 tons of citric acid annually. It is a cooperative project involving the BBCA, the investment company of Hungary's Development Bank, and Hungary's Szolnok Industrial Zone<sup>52</sup>. According to statistics, by the end of 2018, the accumulative contract amount of China's contracted projects in Hungary had reached 750 million dollars, and the realized turnover had reached 520 million dollars.

Besides, having established the Center of Asia, Budapest also built an ad hoc China Mall, called "Hungary China Brand Products Trade Center" to provide services for China's investment and distribution. In 2011, Shandong Dihao International Investment Group acquired "China Mall" in Budapest, and started to build "Trade and Display Center of Chinese Products", which would gradually become Central European Trade and Logistics Cooperation Zone. In 2015, this Cooperation Zone was titled as the first overseas economy and trade cooperation zone of trade and logistics by the Ministry of Commerce and the Ministry of Finance. In 2016, China-Hungary Borsodchem Economy and Trade Cooperation Zone was evaluated by China's government as the "China Overseas Trade and Economy Cooperation Zone of National Level". Generally speaking, Hungary has basically positioned itself as the main distribution center for Chinese goods in Central and Eastern Europe.

Fourthly, the financial integration has made great progress. In September 2013, The People's Bank of China and the Hungarian Central Bank signed a

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<sup>52</sup> "Fengyuan Group: Dedicated to Creating Sino-Hungarian Flagship Cooperation Project", *International Business Daily*, Page 10, 29<sup>th</sup> August 2019.

10-billion-yuan bilateral currency swap agreement, valid for three years and extended for another three years. In December 2014, the Bank of China formally set up its branch bank in Hungary. At the end of the same year, the Export-Import Bank of China and the Export-Import Bank of Hungary signed a 300-million-euro credit extension framework agreement to support the cooperation between Chinese and Hungarian companies in economy, trade, investment and other fields. In 2015, the Hungarian branch of the Bank of China successfully issued the Belt and Road bonds of 500 million euro, and Hungary successfully obtained the pilot as a RMB foreign institutional investor. In June 2015, the Hungarian branch of the Bank of China issued three-year senior debenture bonds of 500 million euros, which were mainly used to meet the investment and operation demands of Wanhua Borsodchem Chemical Company, Hungarian Electric Power Company and other companies. In June 2015, The People's Bank of China and the Hungarian Central Bank signed a memorandum of cooperation on establishing RMB clearing arrangements in Hungary and the *Agreement on the People's Bank of China Acting as an Agent for the Hungarian Central Bank to Invest in China's Interbank Bonds Market*. The People's Bank of China agreed to expand the pilot zone of RMB Qualified Foreign Institutional Investor (RQFII) to Hungary, with an investment quota of 50 billion yuan. In October 2015, the first RMB Clearing Center in Central and Eastern Europe was established in Budapest. The China Development Bank and Central and Eastern European financial institutions jointly set up the China-CEEC Bank Consortium in November 2017. The secretariat of the consortium was located in the China Development Bank and the coordinating center of the consortium was located in the Hungarian Development bank. In April 2019, China Construction Bank discussed with the executive of the Hungarian central bank about opening a branch in Hungary. In June, the board of China Construction Bank unanimously approved the *Proposal on Establishing the Hungarian Branch of China Construction Bank (Europe) Co., Ltd.*

Meanwhile, in February 2015, the Hungarian Central Bank announced to launch the “Budapest RMB Initiative”. In April, the Hungarian Central Bank

suggested that it would realize diversity of its foreign currency reserve by taking steps to promoting RMB bonds. In May, the Hungary Central Bank purchased a few China's national debt by cooperating with the Bank for International Settlements. In April 2016, Hungary issued the yuan-denominated bonds of 1 billion yuan in Hong Kong, marking the first time that Central and Eastern European countries issued yuan-dominated bonds. In July 2017, Hungary issued the yuan-denominated panda bonds of 1 billion yuan in Chinese mainland for the first time. In December 2018, Hungary, again, issued the yuan-denominated panda bonds of 2 billion yuan in Chinese mainland. The fund raised by this project may be used to support programs relevant to the Belt and Road.

Besides, Hungary joined the Asian Infrastructure Investment Bank (AIIB) in March 2017, and Hungary became one of the first new members after the AIIB began to operate in January 2016. Also, in January 2016, China became a member of the European Bank for Reconstruction and Development, which made the financial cooperation between China and its favored country, Hungary, more convenient. In July 2017, the Asian Financial Cooperation Association, a nongovernmental and nonprofit organization, was founded with the Hungarian Banking Association (MBSZ) as its original member. In November 2018, the first meeting of central bank governors from China and the Central and Eastern European countries was held in Budapest. We can see that China and Hungary have conducted fruitful financial cooperation. Hungary is far ahead of other Central and Eastern European countries in financial cooperation with China.

Fifthly, the connectivity of people to people has strong foundation. In the cultural and educational field, now, there are 5 Confucius Institutes in Hungary and 2 Confucius Classes in Hungary, which ranks No.4 among Central and Eastern European countries in terms of the number of institutions (the top 3 countries are Romania, Bulgaria and Poland). In May 2014, the Hungarian Cultural Center was established in Beijing. In March 2016, the Ministry of

Culture of China and Suzhou municipal government signed an agreement on the co-construction of the Chinese Cultural Center in Budapest. In addition, in November 2016, the first Hungarian and Chinese bilingual school in Europe, which used both the mother tongue and Chinese to teach, was successfully upgraded to a high school, and the Chinese teaching in Hungary entered the era of “all-penetration”. Similarly, there are currently 10 universities in China opening undergraduate Hungarian language teaching<sup>53</sup>. Regarding academic communication and think tanks communication, there are quite a few Hungarian experts and sinologists on both sides. Think tanks of the two countries also have active exchanges. In October 2016, the “Belt and Road” Research Center was established in the Faculty of Humanities, Eötvös Loránd University. This is the first European research institute focusing on the BRI, which established an ad hoc “Belt and Road Research Group”. In November 2015, June 2016, and May and October 2017, the Hungarian Research Center of Beijing International Studies University, North China university of Science and Technology, Beijing Foreign Studies University and Xi'an FanYi University were established successively. In April 2017, the China-CEE Institute was inaugurated in Budapest. It is the first Chinese think tank that was independently registered in Europe, and provides a platform for exchanges and cooperation between think tanks from China and Hungary, China and Central and Eastern Europe as well as China and Europe. In particular, in 2019, to celebrate the 70th anniversary of the establishment of diplomatic relationship between China and Hungary, the China-CEE Institute, the National University of Public Service in Hungary, the Pallas Athene Innovation and Geopolitical Foundation, the Institute for Foreign Affairs and Trade, and other institutions have jointly held several international seminars.

In the tourist field, in May 2014, the Coordinating Center for Tourism Promotion and Association of Tourism Enterprises of China and Central and

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<sup>53</sup> They are BFSU (1961), CUC (2003), Shanghai International Studies University (2015), BISU (2015), Sichuan International Studies University (2015), TFSU (2016), NCUST (2017), CISISU (2017), XISU (2017), BSU (2018).

Eastern European countries was established in Budapest, marking the tourist cooperation entering a new era. In recent years, the growth rate of the number of Chinese tourists to Hungary reached more than 30%. In March 2016, the Chinese Tourism Office in Budapest, which is the first overseas tourism office set up by China National Tourism Administration in Central and Eastern Europe, was inaugurated. In May 2015, Air China resumed direct flights between Beijing and Budapest. China Eastern Airlines launched a direct flight between Shanghai and Budapest in June 2019. It is also reported that China's Hainan Airlines plans to launch direct flights from Shenzhen and Chongqing to Budapest.

Besides, as for overseas Chinese, many Chinese citizen traveled to and emigrated to Hungary due to the visa abolition agreement signed by China and Hungary in the late 1980s. The record of the number of Chinese people in Hungary is more than 50,000. At present, there are about 30,000 to 35,000 overseas Chinese living in Hungary<sup>54</sup>. Apart from that, there are more than 30 overseas Chinese associations in Hungary, among which there are Europe-wide organizations such as the European Zhejiang Chamber of Commerce of Europe and the European Longquan General Chamber of Fellow Townsman (General Chamber of Commerce). In addition, the “European Tribune” (weekly newspaper) sponsored by the Hungarian Overseas Chinese Community Association is headquartered in Budapest, but has agents and special correspondents in other European countries. It is conceivable that so many overseas Chinese as well as community networks will play an important role as a bridge to promote people-to-people exchanges between China and Hungary.

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<sup>54</sup> Liu Zuokui et al, *Report on the Development of Overseas Chinese in CEE countries 2018*, internal file, 6<sup>th</sup> June 2018, pp. 4-5.

Table 1 Confucius Institutes and Classes in CEECs (By June 2019)

	Albania	Bosnia and Herzegovina	Bulgaria	Poland	Estonia	Montenegro	Lithuania	Latvia
Confucius Institute	1	2	2	6	1	1	1	1
Confucius Class	0	0	8	2	0	0	1	4
	Hungary	the Czech Republic	Slovenia	Serbia	Slovakia	Romania	North Macedonia	Croatia
Confucius Institute	5	2	1	2	3	4	1	1
Confucius Class	2	0	4	2	1	10	0	0

Sources: the official website of the headquarter of Confucius Institute.

Besides, great efforts are also made in local cooperation. By the end of 2018, there are 38 pairs of twin cities between China and Hungary, 37 pairs between China and Poland, 35 pairs between China and Romania and 14 pairs between China and the Czech Republic (see table 2). The Chinese Cultural Center in Budapest jointly built by the Ministry of Culture of China and Suzhou municipal government is the second center jointly built by ministry and provincial government, with Chinese Cultural Center in Brussels as the first one. The China-Hungary Technology Transfer Center (Chongqing) was established in November 2016. In late April 2019, during the period of “2019 China (Chongqing) - Hungary Automobile Industry Innovation Forum”, the 80

“smart terminal products production project” with investment of 50 million yuan was officially signed and settled in Tongnan district of Chongqing. This project mainly aims at designing, researching and developing, and producing smart phones, touch-type keyboards, automotive electronic products. Its annual value of production is estimated to reach 1.5 billion yuan after it goes into operation. In the middle period of May, Hungary was the guest of honor at the second Western China International Fair for Investment and Trade, also held in Chongqing.

Table 2 Top 5 CEECs in Terms of the Number of twinned cities  
(2012-2018)

Hungary	Poland	The Czech Republic	Romania	Bulgaria /Serbia
18	15	13	9	6

Sources: China’s Association of International Friendship Cities.

### 3. The Prospect of Synergy between the Belt and Road Initiative and Hungary’s Development Strategy

At present, Sino-Hungarian pragmatic cooperation in all fields is developing steadily. Bilateral relations have entered the best period in history. Looking ahead, the BRI and Hungary’s development strategy have positive prospects and enough room for improvement. At the same time, some uncertainties that influence bilateral relationship need to be carefully handled in the process of strategic synergy.

Firstly, positioning of bilateral relationship could be improved. It is

conspicuous that in recent years, Sino-Hungarian relations developed steadily, with frequent high-level reciprocal visits and increasingly enhanced political mutual trust. Cooperation in many fields took the lead in Central and Eastern Europe even the whole Europe. In the coming years, China and Hungary need to enhance the cooperation between the BRI and the “Eastern Opening” Policy, by making a clear roadmap for cooperation and form more specific and exercisable projects or arrangements. Meanwhile, two parties should keep high-level communication and coordination concerning their core domestic or diplomatic strategy, which could make they know each other well, support each other’s core interests and promote Sino-Hungarian comprehensive strategic partnership develop steadily and go further<sup>55</sup>.

What is more important is that the last time when the heads of two countries paid a reciprocal visit was 1994 and 1995. In September 1994, Árpád Göncz, President of Hungary visited China and Jiang Zemin, President of China, visited Hungary in July 1995. Since then, heads of two countries have never made visit, except for China’s President Hu Jintao visiting Hungary in 2004. The current President of China, Xi Jinping, officially visited Hungary in October 2009, as Vice President of China. By looking to the prospect of bilateral relationship and horizontally comparing with other Central and Eastern European countries<sup>56</sup>, it is suggested that Hungary could invite President Xi Jinping to pay a state visit to Hungary in 2020. On the occasion, leaders of both parties could sign the *Joint Statement on Deepening Sino-Hungarian Comprehensive Strategic Partnership*, which may provide solid political foundation for bilateral relationship and their synergy.

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<sup>55</sup> Liu Zuokui et al., *Comprehensive Strategic Partnership between China and Hungary: History, Current Situation, Prospects and Policy Recommendations*, Beijing: China Social Sciences Press, 2018, p.8.

<sup>56</sup> In June 2016, Xi Jinping, President of China, paid a state visit to Serbia and Poland in succession. Hungary became the only one country that has established comprehensive strategic partnership with China but China’s president hasn’t visited.

Secondly, breakthroughs could still be made in pragmatic bilateral cooperation. Quality and quantity could be improved in Sino-Hungarian economic cooperation. At present, Hungary is China's third largest trade partner in Central and Eastern Europe, after Poland and the Czech Republic. However, the gap was considerable. In 2018, Sino-Hungarian bilateral trade volume was 10.88 billion dollars. The Sino-Polish and Sino-Czech trade volumes were 33.47 billion dollars and 28.6 billion dollars respectively. As for the trade structure, at present, Sino-Hungarian bilateral trade mainly consists of high value-added electromechanical and high-tech products, among which optics, photography, medical equipment and parts and components account for about 80% of the bilateral trade volume. The import and export trade between two countries needs to be more complementary. Meanwhile, the trade of new and high technology and other areas between two countries are small.

In the field of investment, although Hungary is China's largest investment destination in Central and Eastern Europe, there still exist severe investment imbalance between China and Hungary, and unbalanced distribution of Chinese investment in Hungary. According to Chinese statistics, by the end of 2018, China had invested 3.27 billion dollars in Hungary, and Hungary's actual investment in China totaled 367 million dollars. However, only Wanhua Borsodchem Chemical Company had invested about 2.4 billion dollars by the end of 2018, which is Chinese enterprises' largest investment in CEECs so far. As for the field of investment, Chinese investment covers chemical industry, finance, telecommunications, infrastructure construction, logistics, automobile, new energy and traditional Chinese medicine, security science and technology and other fields. The invested projects mainly consist of Wanhua Borsodchem Chemical Company, Central European Trade and Logistics Cooperation Zone, Hungary-Serbia railway, citric acid project of BBCA Szolnok biochemical, Huawei European Supply Center, BYD electric bus, CRRC-Ikarus dual-brand new energy electric bus, among which chemical industry and infrastructure construction account for a great proportion. In the future, the bilateral cooperation in automobile industry and electronics industry has a bright prospect. Hungary has more than 700 manufacturers of automobile and parts

and components, accounting for nearly 30 percent of its total industrial output. The cooperation between Hungary and Chongqing in automobile industry has taken the first step. In addition, Hungary is largest provider of electronic products in Central and Eastern Europe and a major manufacturing base of the world's electronics industry, accounting for 30% and 4.5% of the total output of the electronics industry respectively in Central and Eastern Europe and the EU. In this field, China also has honored brand, and advanced technology to make bilateral cooperation having broad prospect.

As for large projects and infrastructure construction, China and Hungary not only need to promote the pragmatic development of Hungarian section of Hungary-Serbia railway, but also need to make breakthroughs by looking for multi-lateral cooperation. In October 2018, members of Visegrád Group prompted the project to build high-speed railway. Now, only 14% of the EU's investment plan was utilized in the railway project. Members of Visegrád Group needs external financing to build high-speed railway. It is reported that Hungary could only contribute 5 million euros<sup>57</sup>, which is far less than the demand of high-speed railway project. However, for Chinese enterprises, it might be an apt opportunity to promote infrastructure projects in Hungary and even in Visegrád Group. Meanwhile, China and Hungary could further discuss the cooperation in medical care, sanitation, community and other "soft connection" projects.

China and Hungary could also further cooperate in people-to-people exchange. Hungary takes a lead in Central and Eastern European countries in terms of teaching Chinese, popularizing Chinese culture, and the number of pairs of twin cities. The amount of direct flights between China and Hungary ranks No.2, only second to the Czech Republic. In the 70<sup>th</sup> anniversary of establishing bilateral diplomatic relationship, both parties could bring out a

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<sup>57</sup> Georgi Gotev, "Visegrad express railway project unveiled", 02 October, 2018, <https://www.euractiv.com/section/central-europe/news/visegrad-express-railway-project-unveiled/>, retrieved 1<sup>st</sup> September 2019.

series of methods, including encouraging personal exchange between two sides. China may follow the example of the “Hungary-China Friendship Contribution Award<sup>58</sup>” to discuss the establishment of the “China-Hungary Friendship Contribution Award” in order to commend individuals and institutions that have made important contributions on promoting and improving bilateral relations. Both parties need to further diversify activities of China-CEEC Education and Youth Exchange Year, in the framework of the “17+1 Cooperation”. Both parties should enhance the communication between colleges, think tanks, especially young academics and media, and introduce individuals and events that have contribute to bilateral relations to their people.

Thirdly, pay attention to the levels of the synergy between the BRI and Hungary’s development strategy. On the national level, Hungary launched the “New Széchenyi Plan<sup>59</sup>” in 2011 to promote Hungary’s economic growth and create 1 million jobs in the following 10 years. The plan focuses on seven areas: health care, green economy development, housing, business development, technological innovation, job creation and transportation. In 2014, Hungary launched the “Széchenyi 2020” Plan<sup>60</sup>, which aimed at encouraging Hungary to better utilize the EU Structural Fund from 2014 to 2020, including attracting 21.9 billion euros from the ESF (49.8 million euros utilized for youth employment, and 361.8 million euros for regional cooperation), attracting 3.45 billion euros from the EARFD, and attracting 390 million euros from the EMFF. On the sub-regional level, Hungary needs to

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<sup>58</sup> “Hungary-China Friendship Contribution Award” was jointly founded by 12 organizations, including Hungary’s “Great Wall Hungarian-Chinese Friendship Association” in 2013, which is aimed at commanding individuals and institutions that have made important contributions to promoting and improving bilateral relations. This award, chaired by the member of congress Oláh Lajos, was supported by Hungarian government. All previous awards were issued by Hungary’s Minister of Foreign Affairs and Trade.

<sup>59</sup> “New Széchenyi Plan”, Ministry for National Economy Hungary,  
[https://polgariszemle.hu/images/content/pkm/New\\_Szechenyi\\_Plan.pdf](https://polgariszemle.hu/images/content/pkm/New_Szechenyi_Plan.pdf), retrieved 1<sup>st</sup> September 2019.

<sup>60</sup> “Széchenyi 2020”,<https://www.palyazat.gov.hu/download.php?objectId=1080755>, retrieved 1<sup>st</sup> September 2019.

attach importance to two subregions, namely the Visegrád Group and Central and Eastern Europe. Within the Visegrád Group, Hungary could promote the achievements of the “Eastern Opeing” Poilicy to other three members by jointly constructing the BRI, so as to tighten the synergy between the development of itself and the other members of the Visegrád Group and the BRI. Meanwhile, as the Visegrád Group has been keeping a solid political foundation and practical experience with the Western Balkans and the members of Eastern Partnership of European Union, Hungary could play an important role in establishing synergy between the BRI and these countries. As mentioned above, Hungary leads the region in many fields of the “17+1 Cooperation”. For Hungary and China, the next emergent problem is how to ensure that Hungary continues to play a leading role in the “17+1 Cooperation”. At the same time, the two parties should actively carry out trilateral or multi-lateral cooperation under the frameworks of the “17+1 Cooperation” and the BRI.

Last but not the least, on the level of the EU, it mainly concerns the Juncker Plan. By July 2017, planning to invest 3.834 billion euros, Hungary had received 772 million euros from the Juncker Plan, approved by the European Investment Bank, leaving a considerable gap. The Juncker Plan for Hungary is comparatively concentrated on the construction and innovation of infrastructure and small and medium-sized companies. The funding gap for small and medium-sized companies is particularly large. Hungary plans to absorb 1.9 billion euros, but currently only gets 184 million euros of financing. The new investment plan will focus more on the development of small and medium-sized companies and innovation<sup>61</sup>. The BRI and the ongoing negotiation on China-EU Investment Agreement are conducive to Hungary attracting investment. Furthermore, we should also attach importance to the

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<sup>61</sup> “Investment Plan: Hungary”, [https://ec.europa.eu/commission/priorities/jobs-growth-and-investment/investment-plan-europe-juncker-plan/investment-plan-results/investment-plan-hungary\\_en](https://ec.europa.eu/commission/priorities/jobs-growth-and-investment/investment-plan-europe-juncker-plan/investment-plan-results/investment-plan-hungary_en), retrieved 6<sup>th</sup> September 2019.

EU Strategy for the Danube Region<sup>62</sup>, passed in early 2011 when Hungary held the rotating presidency of the European Union. This is a comprehensive and sustainable plan, which mainly covers energy, environmental protection, transportation, infrastructure, professional training and innovation, cultural and arts activities, sustainable economic and tourism activities, small and medium-sized companies' cooperation, food, sports, education, health and other fields. The 14 countries relevant to this document are all covered in the BRI, among which ten countries are members of the China-CEEC Cooperation and one country is the observer<sup>63</sup>. There exist prosperous prospect and significant meanings in cooperation. It is worth accentuating that the Connecting Europe & Asia: The EU Strategy<sup>64</sup>, promoted by the EU in September 2018, is conducive to promoting Asian and European economic growth. Shortly after the document was released, EU High Representative for Foreign Affairs and Security Policy Federica Mogherini expressed that Connecting Europe & Asia Policy was not an opponent against the BRI. It showed the willing to conduct concerted contribution with the BRI, which was helpful for two parties to cooperate in this field<sup>65</sup>. As a member of the EU and pivotal state along the Belt and Road, Hungary would play an important role in promoting the platform on connecting Europe and Asia, which would be established by the synergy between the BRI and European Investment Plan.

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<sup>62</sup> “EU Strategy for the Danube Region”, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52010DC0715&from=EN>, retrieved, 6<sup>th</sup> September 2019.

<sup>63</sup> 10 members of China-CEEC Cooperation are Bulgaria, the Czech Republic, Croatia, Hungary, Slovakia, Slovenia, Romania, Bosnia and Herzegovina, Montenegro, and Serbia. One observer state is Austria. Other three countries are Germany, Moldova, and Ukraine.

<sup>64</sup> “Connecting Europe & Asia: The EU Strategy”, 19 September, 2018, [https://eeas.europa.eu/delegations/mongolia/50699/connecting-europe-asia-eu-strategy\\_en](https://eeas.europa.eu/delegations/mongolia/50699/connecting-europe-asia-eu-strategy_en), retrieved 6<sup>th</sup> September 2019.

<sup>65</sup> Sources: *The “Belt and Road” Initiative Accelerates the Asia-European Connectivity*, Xinhua, 16<sup>th</sup> October 2018, [http://www.xinhuanet.com/world/2018-10/16/c\\_1123565566.htm](http://www.xinhuanet.com/world/2018-10/16/c_1123565566.htm), retrieved 6<sup>th</sup> September 2019

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# The Chinese-Hungarian economic relationship in the light of „Belt and Road” initiative

ZHANG Xisi<sup>66</sup>

## **Abstract:**

In 2013, Xi Jinping, General Secretary of the Communist Party of China and President of the People's Republic of China initiated the Belt and Road (“BRI”) initiative. BRI is a global strategy aims to develop infrastructure, economical, industrial cooperation and financial integration between China and the BRI countries. The words BRI is an abbreviation of the 21st century “Silk Road Economic Belt” and “Maritime Silk Road”. The initiative has subregional program which is called 16+1 cooperation. The 16+1 multilateral cooperation focuses on the cooperation between China and 16 Central Eastern European (“CEE”) countries. Hungary has key location on the route of BRI. Hungary is a member state of the European Union and it is also one of the key CEE countries. In 2012, Hungary introduced the Eastern Opening Policy to enhance the export diversification, strengthen relations with companies established in Hungary and attract new investors to Hungary. The Hungarian policy complements with the objectives of BRI and 16+1 cooperation.

Due to the Chinese and Hungarian policies, the Sino-Hungarian economic cooperation became more intense especially in field of financial, trade and investment. Chinese companies in Hungary totally employ 15,000 people in Hungary, they are actively contributing to the performance of the Hungarian

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<sup>66</sup> Xisi Zhang is an international consultant and double-degree MBA programme student jointly organized by Fudan University and Budapest Corvinus University.

economy.

At the same time, Hungarian companies have also gradually entered into the Chinese market. These expansion activities also made positive impact on the Chinese economy. In addition, they greatly contributed to the economic cooperation between China and Hungary.

The purpose of this paper is to demonstrate the results of the Sino-Hungarian economic cooperation through concrete examples and cases.

**Keywords:** BRI, China, Hungary, enterprises, investment

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Also, I am extremely grateful to my interviewees Mr. Haifeng Xu, CEO of Bank of China and Mr. Attila Bodnár, Founder and Vice President of Organica Water for participating in the interview.

### **1. Introduction**

This manuscript focuses on the bilateral economic cooperation between China and Hungary with a special regard to the “Belt and Road Initiative”

(Hereinafter: “BRI”) . This paper also is written on the occasion of 70’s anniversary of Sino-Hungarian diplomatic relationship. By this memorable event, my writing firstly gives a historical overview on the early stage of bilateral relation of China and Hungary. The early stage of the relation started in 1949, when Hungary was among the first countries which established diplomatic relationship with People’s Republic China. During this period, the two countries’ relationship was intermittent. From 2009, the nature of the bilateral relation was optimistic, higher frequency of high-level visits was made mutually.

Then, the paper discusses the current cooperation between the two countries especially the BRI initiative and its subregional program 16+1 framework<sup>67</sup>. Also, I will share the connection between BRI, 16+1 and the Hungarian Eastern Opening policy. In 2012, the Hungarian government introduced the Eastern opening policy. The goal of the policy is to shift the focus of economic relations to the Eastern countries especially to China. The Eastern Opening policy is a key part of the new foreign economic strategy, the Hungarian decision-makers aimed to maintain the already strong economic relations with the developed western countries, while also geographically diversifying the country's economic relations and developing them towards the East (especially Asia).<sup>68</sup> As a result of the Great recession, Hungary strive to looking for alternative cooperation with Eastern countries beside the European Union. Therefore, my paper explains why the Hungarian Eastern Opening policy overlaps with the Chinese BRI initiative and 16+1.

In 2012, China introduced the 16+1 framework for developing trade and investment with sixteen Central and Eastern European countries. The idea of the 16+1 cooperation is to create a multilateral cooperation platform between

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<sup>67</sup> In April 2019, Greece joined the “16+1”, and turn the “16+1” into the “17+1”,

<sup>68</sup> Andrea Éltető and Katalin Völgyi, „Keleti nyitás” a számok tükrében – külkereskedelem Ázsiával, p2.

China and 16 Central Eastern European countries. This policy covers the fields of infrastructure, transportation and logistics, trade and local exchanges and energy.<sup>69</sup>

One year later, Xi Jinping, General Secretary and President initiated the ambitious BRI initiative, which is a global development strategy of China. BRI initiative aims to develop the ancient “Silk Road Economic Belt” and “21st Century Maritime Silk Road” for transporting the goods from China to the West. Hungary as a stop of BRI was the first country which signed a cooperation agreement with China in 2015. Hungary and China become comprehensive strategic partners, therefore the political relationship upgraded to a new level in 2017.

Beside the stable bilateral political relations, I provide an overview on the trade, financial cooperation and investment situation between the two countries on the macro economical level. China is the biggest partner outside the European Union and it is third biggest trading partner of Hungary. In 2018, the amount of the import from China is totally in a value of \$7.55 billion, with an increase of 19.8% and the total import value from China was increased by 6.2%. The number of the bilateral exchanges has increased, the trade volume and the investment volume also increased significantly.

Further, I highlight financial cooperation between Hungary and China. For example, Bank of China established its a Central Eastern European headquarter in Budapest, Hungary, which is one of the biggest banks in the world. Bank of China is also one of the Big 4 Chinese state-owned financial institutions. Bank of China has opened its subsidiary, Bank of China (Hungary) Zrt. in 2003. The Hungarian subsidiary has managed to have a diversified

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<sup>69</sup> The State Council China, “‘16+1’ mechanism set to bolster China-Europe ties”, July 10, 2018, [http://www.china-ceec.org/eng/zdogjhz\\_1/t1575579.htm](http://www.china-ceec.org/eng/zdogjhz_1/t1575579.htm)

cooperation with Hungarian government, financial institution and enterprises in Hungary.

Then, I also introduce Chinese investment in Hungary and especially describes the major Chinese multinational companies in Hungary. In 2019, the total foreign investment already exceeded USD 4.5 billion. As one of the forerunners company investing in Hungary, Huawei opened its office in Budapest in 2005. Today, Huawei has already invested for more than 1.2 billion and it plans to further invest in Hungary. Wanhua Group acquired Borsodchem for USD 1.2 billion in 2011. This acquisition is the biggest deal in Central Eastern European made by Chinese Wanhua Group. In addition, Sichuan Bohong Group acquired Wecast Industries, which has a subsidiary in Oroszlány, Hungary. The deal was USD 245 million.

Due to the bilateral relationship of two countries and the favorable investment environment of Hungary, Chinese companies gradually started to look for potential business opportunities in Hungary. After 2013, additional Chinese companies choose Hungary to invest such as BYD, Himile and Express Luck. These shows that Hungary is an attractive destination for Chinese companies for foreign investment.

By applying bottom-up approach, we explore the Hungarian enterprise's presence in China, also. Hungarian company started to expand in China. One of the great examples is Organica's expansion to China. Organica Water is a global provider of innovative solution for the localized treatment and recycling of wastewater. Beside Organica, OTP Bank and Richter Gedeon has also experienced to expand to China. These examples revealed that the Hungarian companies are competitive players even in a big market like China.

By collecting and introducing Chinese and Hungarian companies, the main

goal of the writing is to demonstrate the Sino-Hungarian relationship is mutual beneficial. The Chinese companies has created totally 15,000 workplaces in Hungary. Hungary had invested a total of \$ 350 million in China. Despite the fact that there are numerous of media report that criticize Hungary's cooperation BRI, 16+1 or the role of Hungary the actual examples clarifies that Hungary gain benefits too as well as China. Additionally, the Hungarian foreign policy complements with Chinese BRI and 16+1 cooperation.

## **2. Research methodology**

To cover practical aspects of the research I applied qualitative methodology. My aim was to address a practical approach rather than a theoretical research on the Chinese and Hungarian economical activities. Therefore, to gain in-depth insight I conducted deep interviews with one selected Chinese multinational and one Hungarian multinational company's leader.

Firstly, I have targeted the Chinese potential participants from the database of the members of 'Association of Chinese Enterprises' in Hungary. I have conducted preliminary selection of the potential these participants. I selected the Hungarian participants from the online articles from the Hungarian News Agency and other related news. In order to support my thesis, I have chosen the most well-known companies who established their activity in the other country. By searching from the relevant online sources, I selected two appropriate interviewee.

I chose the representative of Bank of China, because it has greatly contributed to RMB internalization in Hungary. My interviewee is Mr. Xu, the CEO of the Bank of China (Hungary) Zrt. Bank of China (Hungary) Zrt. functions as a regional headquarter of the Central Eastern European area, with

sub-branches in Austria, Czech Republic and Serbia. Bank of China (Hungary) Zrt. issued Hungarian Panda bond on the listing of the Budapest Stock Exchange. These activities show that Bank of China is striving for further deepening economic and trade cooperation between Hungary and China.

I chose Mr. Bodnár, as the Hungarian interviewee who one of the founders of Organica Water Ltd. (Organica). Organica is a water treatment company, which delivers biological wastewater cleaning technology. After years of effort, Organica has successfully entered to the Chinese market.

To support my thesis these interview's result contributed to my bottom-up approach. The deep interview took 45-60 minutes. I have recorded responses by notes-taken.<sup>70</sup> As this methodology is semi-structured, taking into account my participation might have influence the result, the research might not be representative. Writing the paper also required to collect primary sources such as data from Hungarian Statistical Offices and Department of Information and the Ministry of Commerce of the People's Republic of China. As well as, I collected secondary data from books, newspaper articles, journals and publications in English, Chinese and Hungarian. Moreover, I also gathered data from the selected companies' official website, too. Hence, these data ensured to have full overview on the companies' activities. My paper's highlight is that I have gained more sources in three different languages (English, Chinese and Hungarian).

It is important to note, I am aware that my research may have limitations. Due to the scarcity of the written resources and due to the topic's actuality during my research the online sources greatly outweigh the written sources. Therefore, I definitely agree with Dr. Matura's statement. Dr. Tamás Matura is

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<sup>70</sup> Shona McCombes, "How to write a research methodology," September 19, 2019, <https://www.scribbr.com/dissertation/methodology/>

the Founder of the Central and Eastern European Center for Asian Studies. According to him, “the analyst is not in an easy situation when he begins to review the Hungarian-Chinese relationship. The primary reason for this is *sui generis*, as it is the inherent feature of present and recent events that it is not or hardly possible to rely on existing scientific resources, data and literature.”<sup>71</sup>

However, I have collected sources as much as possible in three different languages (English, Chinese and Hungarian) to gain abundant data.

### **3. The Sino-Hungarian relationship**

To outline the past-present history, I differentiate two major stages of the Sino-Hungarian relationship: the early stage and dynamism and growth stage.

#### **3.1 Early stage 1949-2008**

The early stage has started in 1949. On 4 October, Hungary recognized People’s Republic of China. Two days later, the two countries established diplomatic relationship.<sup>72</sup> In the 1950s, two countries’ prime minister made high-level visits. In the 1960s, influenced by the reversal of Sino-Soviet relations, there was some friction and even rupture between Hungary and China. With the gradual slowdown of Sino-Soviet relations in 1969, the Sino-Hungarian bilateral relationship has eased since the 1970s. Throughout the 80s, it is the stage of normalization of relations between China and

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<sup>71</sup> Tamás Matura, “A magyar–kínai kapcsolatok elmúlt két éve”, (Budapest: Külügyi szemle, 2012),

<sup>72</sup> Ágnes Szunomár, „Hungarian and Chinese economic relations and opportunities under the Belt and Road initiative”, (Budapest: Kína-KKE Intézet Nonprofit Kft., 2017)

Hungary. The stabilization even influenced the entire Central and Eastern European countries due to the Economic reforms and opening-up policy. After 1981, the relations between the two parties were gradually normalized. The level of bilateral exchanges has increased and the scope of cooperation has expanded. In 1987, China-Hungary relations entered a new stage of development. The top leaders of the two parties exchanged visits. After the 1989, the relationship became colder, because the Hungarian foreign policy focused on developing the Euro-Atlantic relationship.<sup>73</sup>

From the millennium, Hungary started to refocus on China. In 2003, Hungarian Prime minister visited China.<sup>74</sup> In 2004, the Chinese President Hu Jintao visited Hungary to establish a China-Hungary friendly cooperative partnership. At the same year, Hungary became member of the European Union, it made Hungary more attractive for China.<sup>75</sup> Since then, the pace of investment cooperation has become more solid, as Hungary realized the potential opportunity with China.<sup>76</sup>

### **3.2 Dynamism and growth 2009-2019**

The dynamism and growth stage started from 2009, when Xi Jinping as Vice-President visited Budapest to celebrate the 60th anniversary of New

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<sup>73</sup> Unknown, “Hungary and Chinese Relationship”,  
history.mofcom.gov.cn/?bandr=xylyzgdgx

<sup>74</sup> Tamás Matura, “A magyar–kínai kapcsolatok elmúlt két éve”, (Budapest: Külügyi szemle, 2012), 10.

<sup>75</sup> Szunomár, Hungarian and Chinese economic relations and opportunities under the Belt and Road initiative, Dec 2019, Kína-KKE Intézet Nonprofit Kft.

<sup>76</sup> 刘洪钟, 郭胤含[Hongzhong Liu, Hanyin Guo], “丝绸之路经济带”与“16+1”合作框架内的中匈投资合作[Silk Road Economic Belt and the Chinese and Hungarian cooperation under the frame of the 16+1 cooperation],  
<http://www.oyjj-oys.org/UploadFile/Issue/liybivh4.pdf>, 37.

China. At the same year, Prime Minister Orbán had an official visit to the Shanghai International Fair's closing ceremony. This high-level meeting was returned by Premier Wen Jiabao's visit to Hungary on 24 June 2011. Premier Wen participated in the First China-Central and Eastern European Countries Economic and Trade Forum, which was organized by the Hungarian Ministry of National Development. According Liu and Guo, the Hungarian Ministry of National Development held the "First China-Central and Eastern European Countries Economic and Trade Forum to achieve the mutually beneficial cooperation and complementary advantages of China and 16 countries in Central and Eastern Europe and to promote the process of European integration. The success of the first Economic and Trade Forum shows a new chapter in cooperation between China and Central and Eastern European countries.<sup>77</sup>

Premier Wen Jiabao's visit was a significant moment in the bilateral relation, because that was the first visit to Hungary by the Chinese Premier for 24 years. This was also important from the 16+1 cooperation perspective, since the First Economic Forum is the solid foundation of the 16+1 cooperation.

The first forum was held in Budapest, this action demonstrates that the China-Hungary political relation are generally positive. Both parties have strong wishes and high consensus on further development cooperation. Wen Jiabao said that China has confidence in the Hungarian economy and is willing to purchase a certain amount of Hungarian government bonds. To promote mutual investment, China has decided to provide a value of EUR 1 billion of special loan funds for enterprise cooperation projects between the two countries. <sup>78</sup>

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<sup>77</sup> 刘洪钟, 郭胤含[Hong Zhong Liu, Hanyin Guo], “丝绸之路经济带”与“16+1”合作框架内的中匈投资合作[Silk Road Economic Belt and the Chinese and Hungarian cooperation under the frame of the 16+1 cooperation], <http://www.oyjj-oys.org/UploadFile/Issue/liybvh4.pdf>, 37.

<sup>78</sup> Unknown, 匈牙利与中国的关系[The relation between Hungary and China]

The first China-Central and Eastern European Countries Economic and Trade Forum was held in Budapest in 2011. This reveal that Hungary has a key place among the 16 CEE countries for China, because Hungary was honored to organize the first event among the 15 countries. Additionally, this is considered as a predecessor of upcoming official 16+1 Forum in Warsaw in 2012.

In April 2012, Premier Wen Jiabao of the State Council held a bilateral meeting with Hungarian Prime Minister Orbán during the Warsaw-China meeting between China and Central and Eastern European Countries Summit. In May 2012, Li Keqiang also made a high-level visit in Budapest.

In November 2013, Li Keqiang held a bilateral meeting with Hungarian Prime Minister Orbán during his meeting with the Chinese-Central and Eastern European Summit in Bucharest. In the following years the event was organized at the capital of CEE countries. In the following years, the Summits took place in Belgrade (2014), in Suzhou (2015) and in Riga (2016).

In November 2017, the 6th Summit of Heads of Government of Central and Eastern European Countries and China and Economic, Trade and Financial Forum was organized in Budapest. At the Summit, several bilateral agreement was made by Chinese party and the Hungarian party. Under the joint witness of Chinese Premier Li Keqiang and Hungarian Prime Minister Orbán numerous bilateral agreements was concluded. The key agreements are highlighted, as below:

- Wanhua Group: Wanhua signed trilateral financing agreement with the Chinese Export and Import Bank and Hungarian Development Bank (MFB) and in a value of EUR 80 million.<sup>79</sup> EUR 79 million loan

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[history.mofcom.gov.cn/?bandr=xylyzgdgx](http://history.mofcom.gov.cn/?bandr=xylyzgdgx)

<sup>79</sup> Unknown, “中匈两国总理共同见证万华签署融资协议” [The Chinese and Hungarian

agreement enables MFB to refinance Borsodchem Zrt's environmental project in Hungary.<sup>80</sup>

- China CEE Fund: Jiang Jianqing, Chairman of the China-Central and Eastern Europe Fund, and Zoltan Urban, CEO of the Hungarian Export-Import Bank, officially signed a subscription agreement for the China-Central and Eastern Europe Investment Cooperation Fund. The Hungarian government has subscribed for 100 million euros for the China-Central and Eastern Europe Cooperation Fund. The total planned size of fund is close to EUR 1 billion.<sup>81</sup>
- European-Chinese Supply Chain Zrt. (ECSC): Magyar Posta Zrt., China ZTO Express and the Ningbo Talents IT Co. Ltd will establish a joint venture, this will allow shipments from China to arrive faster to Europe and Hungary. The new joint venture, Chinese-European Supply Chain Zrt., is owned 35 percent by Magyar Posta Zrt., 35 percent owned by Shanghai-based ZTO Express and holds 30 percent by Ningbo Talents IT Co. Ltd.<sup>82</sup>

From the Chinese side, Prime Minister of PRC Li Keqiang and Zhong Shan Minister of Commerce of PRC participated in the high-level event.

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Prime Ministers jointly witness Wanhua signing the financing agreement],  
<https://www.yclmall.com/article/201712/32048.html>

<sup>80</sup> MFB Press, "Loan agreements worth EUR 79 million between Hungarian Development Bank Zrt. and the China Development Bank (CDB)",  
<https://www.mfb.hu/en/announcements/loan-agreements-worth-eur-79-million-between-hungarian-development-bank-zrt-and-the-china-development-bank-cdb-n888>

<sup>81</sup> Unknown, "中国—中东欧基金与匈牙利进出口银行签署基金认购协议" [China-Central and Eastern Europe Fund and Hungarian Export-Import Bank Sign Fund Subscription Agreement], <http://www.sinoccef.com/zh-hans/news/34>

<sup>82</sup> Unknown, "KÍNAI-MAGYAR VEGYESVÁLLALATOT ALAPÍT A MAGYAR POSTA",  
[https://www.posta.hu/aktualitasok/kinai\\_magyar\\_vegyesvallalatot\\_alapit\\_a\\_magyar\\_posta](https://www.posta.hu/aktualitasok/kinai_magyar_vegyesvallalatot_alapit_a_magyar_posta)

The high presence of Chinese leaders shows that China perceive Hungary as one of its key strategic partners. Moreover, the following gestures also demonstrate that the bilateral relation is optimistic. Hungary holds a numerous of first places in terms of Chinese relation. Based on the Report 2018: Hungarian business climate for Chinese enterprises, Vice President Chen wrote: “Hungary is the first European country to sign an intergovernmental cooperation document with China to jointly promote the construction of Belt and Road Initiative, the first country to establish and launch a Belt and Road working group mechanism with China, [...] and is also the first country set up an office of China National Tourism Administration. Moreover, Hungary is the first European country to set up bilingual teaching in the mother tongue and Chinese.”<sup>83</sup>

Cooperation in education also shows that Hungary made great efforts to develop the relationship with China. With the support of the National Bank of Hungary (MNB), Fudan University jointly with Budapest Corvinus University established the first program outside China in 2019. Referring to György Matolcsy, the Governor of the National Bank of Hungary: the program is supporting China's BRI initiative. The cooperation between Corvinus and Fudan represents another building block of the Sino-Hungarian cooperation.

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### **3.3 The context of the Belt and Road and 16+1**

This chapter offer an analysis of the Belt and Road initiative and the 16+1 cooperation and their connection to Hungary.

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<sup>83</sup> Chen, “Report 2018: Hungarian business climate for Chinese enterprises”, 2018

<sup>84</sup> Unknown, “Együttműködés a Fudan Egyetemmel”, [https://portal.uni-corvinus.hu/index.php?id=31637&no\\_cache=1&tx\\_ttnews%5Btt\\_news%5D=35869&cHash=8ae0c0cb8f1b9d45d56b50140a557e75](https://portal.uni-corvinus.hu/index.php?id=31637&no_cache=1&tx_ttnews%5Btt_news%5D=35869&cHash=8ae0c0cb8f1b9d45d56b50140a557e75)

BRI is global development strategy, which was initiated in 2013. BRI is known for “Silk Road Economic Belt” and “21st Century Maritime Silk Road”. This foreign policy was initiated by General Secretary, Xi Jinping during his visit to Kazakhstan in 2013. The idea of the BRI foreign policy was to recreate the ancient “Silk Road”, which is a route for shipping goods of from the East to the West. The program has five main goals, including infrastructure development, policy coordination, trade facilitation, financial integration, and people-to-people exchanges between China and the BRI countries.<sup>85</sup> BRI involves 68 countries from Asian, Africa and European continents, including Hungary. According to Pavlicevic, BRI aims to establish and strengthen partnerships among the countries along the Belt and Road, set up all-dimensional, multitiered and composite connectivity networks, and realize diversified, independent, balanced and sustainable development in these countries. The connectivity projects of the initiative will help align and coordinate the development strategies of the countries along the Belt and Road, tap market potential in this region, promote investment and consumption, create demands and job opportunities, enhance people-to-people and cultural exchanges, and mutual learning among the peoples of the relevant countries, and enable them to understand, trust and respect each other and live in harmony, peace and prosperity.<sup>86</sup>

BRI’s priority is to cooperate with the countries along the Silk Road Economic Belt and Maritime Road, which have their own resource advantages and their economies are mutually complementary. Though proposed by China, the Belt and Road Initiative is a common aspiration of all countries along their routes.

<sup>87</sup>

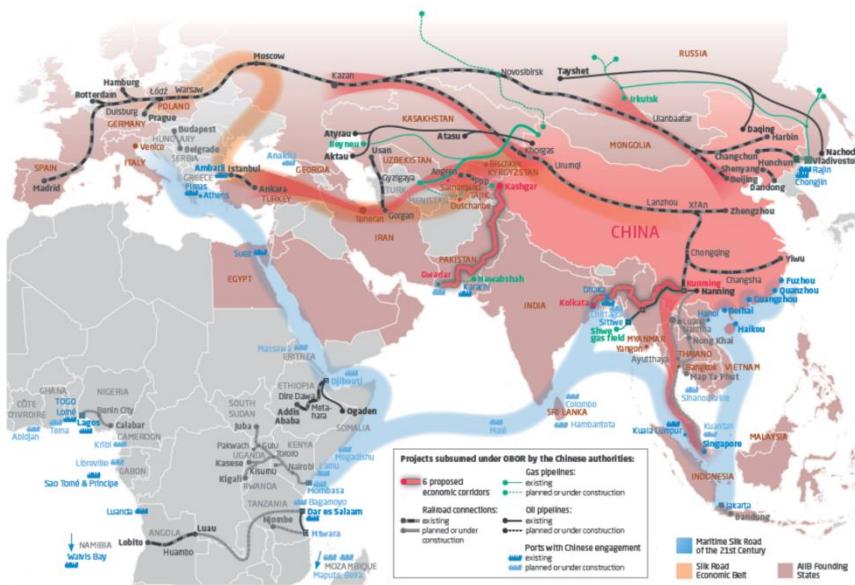
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<sup>85</sup> Dragan, Pavlicevic, Mapping China’s ‘Belt and Road’ Initiative: A Power Shift Underway in Europe? China’s Relationship with Central and Eastern Europe under the Belt and Road Initiative, 249.

<sup>86</sup> Unknown, “一带一路”规划（双语全文）[The plan of Belt and Road (Bilingual)]  
[http://language.chinadaily.com.cn/2015-03/30/content\\_19950951.htm](http://language.chinadaily.com.cn/2015-03/30/content_19950951.htm)

<sup>87</sup> Unknown, “一带一路”规划（双语全文）Unknown, “一带一路”规划（双语全文）[The plan of Belt and Road (Bilingual)]

As shown in the Figure 1, Hungary is a key node from transporting point of view. Chinese goods are transported by Maritime Silk Road to Piraeus port, from where they are transported by overland freight train to Central and Eastern Europe. The freight train travels through Central and Eastern European cities through Skopje, Belgrade and Budapest, eventually dispatching freight from Budapest to other European countries.



1. Figure

The BRI initiative and its subregional program, 16+1 focus on the cooperation with 16 the Central Eastern European countries. The number '16' stand for sixteen Central and Eastern countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, and Slovenia, in which 11 countries are EU member states). The number '1' refers to China as the initiator.

Hungary is member state of the European Union since 2014. Hungary locates on the route of the BRI and it is one of the 16 countries from the 16+1 framework. Hungary's Eastern opening policy is in line with the BRI and 16+1 cooperation. The Hungarian program and the Chinese programs complement each other, because they have mutual interests in the development of the own national economy. Since the Great recession, Hungary was looking for alternative cooperation with countries beside the European Union. In 2012, Prime Minister Orbán has initiated the "Eastern Opening" foreign affairs strategy. According to the geopolitical analyst Ágnes Bernek, the goal of the Eastern Opening policy was to refocus the foreign cooperation with the East, including China, India, Russia, South Korea, Turkey, ASEAN, CIS and Middle East. The policy has four main objectives:

1. Doubling Hungary's exports,
2. Developing the exports of Hungarian small and medium-sized enterprises,
3. Doubling foreign direct investment in Hungary,
4. Doubling Hungarian direct investment in neighboring countries.

As the political relationship between China and Hungary became stronger, as the Foreign Minister of China, Wang said the relationship was never better in the history.<sup>88</sup> As this chapter illustrated the great foreign affairs between the two countries, in the next chapter we will discuss the economic cooperation.

#### **4. Economic cooperation**

##### **4.1 Trade between Hungary and China**

According to Eurostat, the bilateral trade in goods between Hungary and China in 2018 was US\$9.32 billion with an increase of 15.3%. Hungary's

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<sup>88</sup> MTI-Hungary, "Orbán Meets Chinese Foreign Minister, Praises Friendship and Partnership", <https://hungarytoday.hu/orban-meets-chinese-foreign-minister-praises-friendship-and-partnership/>

exports to China were 1.77 billion US dollars, decreased by 0.5%, accounting for 1.4% of its total exports, decreased by 0.2 percentage points; Hungary imported 7.55 billion US dollars from China, increased by 19.8%, accounting for 6.2% of its total imports, with an increase of 0.4 percentage point. The trade deficit of the Hungarian side was 5.78 billion US dollars, with an increase of 27.7%.

Mechanical and electrical products are Hungary's most important export commodities to China. In 2018, Hungary exported 910 million US dollars of mechanical and electrical products to China, decreased by 10.1%, accounting for 51.2% of Hungary's total exports to China. Optical watches, medical equipment and chemical products rank second and third in Hungary's exports to China.

The main commodity imported by Hungary from China is mechanical and electrical products. In 2018, it imported US\$5.3 billion, an increase of 12.9%, accounting for 70.1% of Hungary's total imports from China. Among them, the import of motor and electrical products was US\$3.52 billion, increased by 8.4%, accounting for 46.6% of China's total imports; machinery and equipment imports were US\$1.77 billion, increased by 23.2%, accounting for 23.5% of China's total imports. In the Hungarian mechanical and electrical products import market, China ranks second in Hungary's import source, accounting for 12.2% of Hungary's imports of mechanical and electrical products in 2018. While, the largest importer of electromechanical products in Hungary is Germany. In 2018, Hungary imported 13.08 billion US dollars of mechanical and electrical products from Germany, accounting for 30.2% of the total import of mechanical and electrical products in Hungary, 18.0 percentage points higher than China.<sup>89</sup>

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<sup>89</sup> Unknown, Country report: Hungarian Goods Trade in 2018 and China-Hungary Bilateral Trade Overview, People's Republic of China Ministry of Commerce, [https://countryreport.mofcom.gov.cn/record/view110209.asp?news\\_id=63798](https://countryreport.mofcom.gov.cn/record/view110209.asp?news_id=63798)

## **4.2 Financial cooperation**

One of the key priorities of BRI is the financial integration. This chapter I discuss the financial cooperation between Chinese and Hungarian financial institutions. I would like to highlight Bank of China (Hungary) Zrt., which made great effort in supporting the bilateral financing cooperation. Bank of China (Hungary) Zrt. has facilitated to promote RMB internationalization in Central and Eastern Europe.

### **Bank of China**

Bank of China is one of the four biggest state-owned commercial banks in China. Bank of China was the first Chinese bank which established two entities in Hungary - the Bank of China (Hungary) Zrt. and Bank of China Hungarian Branch. Bank of China (Hungary) Zrt. is a wholly owned subsidiary of Bank of China (BOC). The company was established in 2003. Bank of China Hungarian Branch was opened in 2014. It has maintained a full-fledged branch there since 2014. It is a regional headquarter for branches as Czech Republic, Serbia and Austria. During the interview, Mr. Hai Feng, Xu the CEO of Bank of China (Hungary) highlighted, that they have not only supported a huge number of Hungarian based Chinese companies, but also financed Hungarian companies, such as MOL and Magyar Villamos Művek. In the case of MOL, Bank of China led a syndicated loan for the MOL Group. Bank of China (Hungary) has also extensively contributed to assisting the Chinese companies to invest in Hungary.

In 2015, Bank of China (Hungary) launched its first RMB clearing center in CEE. It is the only one in CEE regions, which was authorized by the Central Bank of China. In January 2017, Bank of China (Hungary) launched its first Chinese RMB and Hungarian forint debit card in Europe. In January 2017, BOC signed the Strategic Partnership Agreement with the Hungarian government.

Mr. Xu, the CEO of Bank of China (Hungary) Zrt. told me that they have incorporated the Belt and Road initiative's goal and the objective of the 16+1

cooperation into their company strategy. Also, Mr. Xu added that Bank of China Hungarian Branch is devoted to promote the bilateral trade and economic activities between China and Hungary.

Bank of China has also completed the listing of Structured Notes worth USD 15 million and EUR 8.5 linked to 4.85% CNY due July 2020 issued by Hungary on the Budapest Stock Exchange. This is the first time that Bank of China has listed product in Central and Eastern Europe.<sup>90</sup>

Bank of China as lead, also assisted Hungary to successfully issuing RMB 1 billion of dim sum debt in Hongkong in 2016 and contributed to issuing RMB 1 billion of Panda bonds in 2017.<sup>91</sup> In 2018, Bank of China also helped Hungary with issuing Panda bonds in a value of RMB 2 billion in the Chinese inter-bank bond market.<sup>92</sup>

Beside the financial outcomes, since 2014 they are also supporting the cooperation between the Chinese and CEE SME-s, Mr. Xu said. In 2017, during the China-CEEC Summit, they provided a forum for facilitating 300 SME-s to pitch with Chinese companies. Mr. Xu pointed out, since the introduction of the BRI and the 16+1, the programs have contributed to attracting investment in the CEE region.

### **Hungarian Development Bank (MFB)**

The Hungarian Development Bank (MFB) is a state-owned financial institution of Hungary. MFB aims to promote the economic development of Hungary. The core business of the bank is to provide domestic enterprises with the loans

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<sup>90</sup> BÉT, "Budapest Stock Exchange announces listing of Bank of China Structured Notes due 2020", <https://www.bse.hu/About-Us/Press-Room/Press-Releases/budapest-stock-exchange-announces-listing-of-bank-of-china-structured-notes-due-2020>

<sup>91</sup> Unknown, "中国银行协助匈牙利发行首支主权熊猫", [Bank of China assists Hungary in issuing the first sovereign panda bond] [http://www.bankofchina.com/aboutboc/bi1/201707/t20170726\\_9859565.html](http://www.bankofchina.com/aboutboc/bi1/201707/t20170726_9859565.html)

<sup>92</sup> 中国金融网, „匈牙利再次成功发行主权熊猫债” [Hungary once again successfully issued sovereign panda debt] <http://www.china-ceec.org/chn/sbhz/t1625247.htm>

needed for their development and to support the country's long-term economic development goals. Hungarian government has made large efforts to strengthen the economic relationship between Hungary and China. MFB is one of the key players in the financing of government strategic priorities and in the implementation of individual trading areas that support government economic policy objectives. Accordingly, MFB attaches great importance to the maintenance of relations with China and focuses on investment projects implemented by Chinese investment partners in Hungary.<sup>93</sup>

MFB has several interbank cooperation with Chinese institutions. In 2017, MFB and the China Development Bank (CDB) signed an international credit agreement valued at EUR 79 million on the sidelines of the One Belt, One Road forum in Beijing.<sup>94</sup>

In 2018, MFB signed a Memorandum of Understanding (MoU) with Bank of China, which has a subsidiary bank in Hungary to prepare MFB's entry to the panda bond market. Another goal of the agreement is to map out how the parties can cooperate in financing various projects, possibly in the form of syndicated or club loans. The MoU was signed in Sofia in 2018 at the presence of the prime ministers of 16 countries, as part of the China-CEEC (16+1) Cooperation Summit.<sup>95</sup>

MFB is an active player in the policy, which led further potential opportunities with several Chinese partners regarding investments in Hungary such as BBCA Szolnok. Moreover, MFB is prepared to welcome further interested parties.<sup>96</sup>

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<sup>93</sup> Unknown, "Magyar Fejlesztési Bank", <https://www.mfb.hu/cn/>

<sup>94</sup> Budapest Business Journal, "MFB signs EUR 79 mln credit pact with Chinese peer", [https://bbj.hu/business/mfb-signs-eur-79-mln-credit-pact-with-chinese-peer\\_132934](https://bbj.hu/business/mfb-signs-eur-79-mln-credit-pact-with-chinese-peer_132934)

<sup>95</sup> Unknown, "MFB and Bank of China sign memorandum of understanding on panda bond issue: MFB preparing entry to Chinese capital market", <https://www.mfb.hu/en/announcements/mfb-and-bank-of-china-sign-memorandum-of-understanding-on-panda-bond-issue-mfb-preparing-entry-to-chinese-capital-market-n968>

<sup>96</sup> Zhuan Ti (China Daily), MFB acts as strategic partner for investments in Hungary, [http://www.chinadaily.com.cn/cndy/2017-05/14/content\\_29339617.htm](http://www.chinadaily.com.cn/cndy/2017-05/14/content_29339617.htm)

## **China Development Bank**

The representative office of China Development Bank is also present in Hungary and Austria. It has collaborated in the financing Chinese company to expand abroad. For example, China Development Bank financed the deal of Bohong Group acquiring Wecast Industries. China Development Bank has also collaborated with Magyar Fejlesztési Bank (Hungarian Development Bank) for financing Chinese companies, like Borsodchem.

## **5. Investment**

“Total Chinese investment in Europe, including mergers and acquisitions (M&A) and green-field investments, now amounts to \$348 billion, and China has acquired more than 350 European companies over the past 10 years.”<sup>97</sup>

In connection with the “Belt and Road” initiative and the “Eastern opening” policy, this chapter I describe those Chinese enterprises, which invested in Hungary. Furthermore, we will also introduce those Hungarian company, which expanded their business activities in China.

### **5.1 Chinese investment in Hungary**

The foreign direct investment of China mostly flowed to Western Europe to the ‘Big 3’, to United Kingdom, Germany and France.<sup>98</sup> Only the minority investment volume flowed to Central Eastern Europe and to Hungary. Still,

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<sup>97</sup> Valbona Zeneli, “Mapping China’s Investments in Europe”,  
<https://thediplomat.com/2019/03/mapping-chinas-investments-in-europe/>

<sup>98</sup> Thilo Hanemann, Mikko Huotari and Agatha Kratz, “Chinese FDI in Europe: 2018 trends and impact of new screening policies”,  
<https://www.merics.org/en/papers-on-china/chinese-fdi-in-europe-2018>

Hungary hold the first place in outbound direct investment from China between 16 CEE countries in five consecutive year from 2010 to 2014.

As Mr. Chen from the China-CEE Institution said, “the CEE region is also a New Land for Chinese investment”. I would agree with this announcement, because CEE region, especially Hungary is an attractive investment destination for Chinese investors. Hungary is member state of the European Union, and it is located at the heart at Europe, lies at the crossroads of three TEN-T corridors. Hungary has the lowest corporate income tax with a flat rate of 9%. Hungary has well-trained human resources at low cost. Hungary is the country with the largest amount of Chinese investment in Central and Eastern Europe. It is also a country along the “Belt and Road” initiative.

#### China's ODI stock in 16 CEECs

(US\$ Million)	2010	2011	2012	2013	2014
<b>Hungary</b>	465.70	475.35	507.41	532.35	556.35
<b>Poland</b>	140.31	201.26	208.11	257.04	329.35
<b>Czech Republic</b>	52.33	66.83	202.45	204.68	242.69
<b>Romania</b>	124.95	125.83	161.09	145.13	191.37
<b>Bulgaria</b>	18.60	72.56	126.74	149.85	170.27
<b>Slovakia</b>	9.82	25.78	86.01	82.77	127.79
<b>Serbia</b>	4.84	5.05	6.47	18.54	29.71
<b>Lithuania</b>	3.93	3.93	6.97	12.48	12.48
<b>Croatia</b>	8.13	8.18	8.63	8.31	11.87
<b>Albania</b>	4.43	4.43	4.43	7.03	7.03
<b>Bosnia and Herzegovina</b>	5.98	6.01	6.07	6.13	6.13
<b>Slovenia</b>	5.00	5.00	5.00	5.00	5.00
<b>Estonia</b>	7.50	7.50	3.50	3.50	3.50
<b>Macedonia</b>	0.20	0.20	0.26	2.09	2.11
<b>Latvia</b>	0.54	0.54	0.54	0.54	0.54
<b>Montenegro</b>	0.32	0.32	0.32	0.32	0.32

Source: 2014 Statistical Bulletin of China's Outward Foreign Direct Investment

#### 1. Table<sup>99</sup>

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<sup>99</sup> Louis, Chan, “Belt and Road Opportunities in Central and Eastern Europe”, <http://economists-pick-research.hktdc.com/business-news/article/Research-Articles/Belt-and-Road-Opportunities-in-Central-and-Eastern-Europe/rp/en/1/1X000000/1X0A7MSE.htm>

While in 2012, according to the Embassy of People's Republic China, the Chinese investment in Hungary is worth around USD 2.5 billion, with Chinese capital employed in Hungary in the financial, chemical, telecommunications and other industries employing about 3,700 people.<sup>100</sup> In 2018, there are already USD 4.5 billion in Chinese investment in Hungary, with Chinese firms employing 15,000 Hungarians.<sup>101</sup>

Based on the report of Mr. Chen, 13% of the Chinese companies entered Hungary with acquisition and merger, almost one third had green investment and the majority chose other investment method in Hungary.<sup>102</sup> However, the largest amount of investment came from the volume of the merger and acquisitions.

## 5.2 Merge and Acquisitions

The biggest Chinese deal was Borsodchem's acquisition in Hungary. The Hungarian chemical raw material manufacturer was acquired by the Chinese Wanhua Group in 2010-2011. The deal was EUR 1.263 billion, which is the largest Chinese acquisition in Hungary, as well as in the CEE region.<sup>103</sup> Wanhua Group acquired the all the shares of Borsodchem and managed to help with the company with liquidation problems. Borsodchem was financed

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<sup>100</sup> Unknown, "Li Keqiang(Li Kö-csiang) miniszterelnök-helyettes magyarországi látogatása alkalmából Gao Jian (Kao Csien) nagykövet asszony válaszol a Xinhua (Hszinhuá) kínai hírügynökség tudósítójának kérdéseire.", <http://www.chinaembassy.hu/hu/xwdt/t927039.htm>

<sup>101</sup> MTI, "Kína Magyarország legfontosabb Európán kívüli külkereskedelmi partnere", <https://www.kormany.hu/hu/kulgazdasagi-es-kulugyminiszterium/tajekoztatásért-es-magyarorszag-nemzetközi-megjelenéséért-felelős-allamtitkar/hirek/kina-magyarország-legfontosabb-európan-kivuli-kulkereskedelmi-partnere>

<sup>102</sup> Chen, "Report 2018: Hungarian business climate for Chinese enterprises", 2018

<sup>103</sup> Weidi, Li, 万华正式收购匈牙利宝思德 96%股权[Wanhua officially acquired 96% stake in Hungarian Borsodchem], <http://finance.ifeng.com/roll/20110217/3417654.shtml>

by Bank of China, which supported with EUR 900 million for restructuring the debt and EUR 200 million for the technical reforms and daily operation.<sup>104</sup>

In 2014, Wanhua has also established China-Hungary Borsodchem Economic and Trade Cooperation Zone in Kazincbarcika. Chinese Government authorized this project as a national level foreign trade and economic cooperation zone in 2016. Since its establishment, the cooperation zone has been resolutely responding to the BRI strategy and policies of all levels- The cooperation zone has actively cooperated with the government agencies and relevant agencies for location analyses and site investigation. The enterprises based in the cooperative zone have completed a total investment of USD 2.391 billion. In 2011, the annual total output value has increased from EUR 700 million to EUR 1.4-1.7 billion in 2016-2018. The national level cooperation zone has directly created 3,600 jobs in the region.

As a national-level overseas economic and trade cooperation zone in Central and Eastern Europe, the cooperation zone will continue to actively participate in various investment promotion, cultural and educational exchange activities under BRI initiative and provide support for China's "One Belt, One Road" policy in Central and Eastern Europe.<sup>105</sup>

Beside from the financing from Bank of China, Borsodchem was also financed by the MFB and the China Development Bank jointly for a loan in a value of EUR 79 million.<sup>106</sup>

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<sup>104</sup> Unknown, "BorsodChem and Bank of China Signed the Loan Agreement of 1.1 Billion Euro". <http://www.whchem.com/en/newsmedia/news/259.shtml>

<sup>105</sup> China's overseas economic and trade cooperation zone, "China-Hungary Borsodchem Economical and Trade Cooperation Zone", <http://www.cocz.org/news/content-262378.aspx>

<sup>106</sup> Unknown, "Loan agreements worth EUR 79 million between Hungarian Development Bank Zrt. and the China Development Bank (CDB)", <https://www.mfb.hu/en/announcements/loan-agreements-worth-eur-79-million-between-112>

Recently, Borsodchem has acquired 100% equity of Swedish International Chemical. The acquisition is a conditional acquisition with a total purchase value of approximately RMB 925 million. Sweden International Chemicals is mainly engaged in technology research and development. The purpose of this acquisition is to optimize the company's R&D capabilities in Europe.<sup>107</sup>

The second largest Chinese investor is Huawei Technology Hungary Kft. Huawei is one of the biggest Chinese private company in the China, which deliver information communication technology solution and equipment. It has invested totally amount of USD 1.2 billion and plans to further invest in Hungary.<sup>108</sup> Huawei was one of the pioneer companies which started their business in Hungary in 2005.<sup>109</sup> Four years later, Huawei launched its first European Supply and Logistic Center, all products except for smartphones in Huawei's portfolio are manufactured and shipped here to nearly 55 destinations. In 2013, Huawei was the first Chinese company, which signed a Strategic Cooperation Agreement with the Hungarian government. In the same year, Huawei opened an enlarged logistics center in Biatorbágy. Huawei has 330 employees at the headquarter in Budapest and totally employs 2000 people at country level.

In 2019, Ministry of Innovation and Technology signed a MoU to strengthen the role of Chinese telecom giant Huawei in the development of the country's ICT sector.<sup>110</sup>

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hungarian-development-bank-zrt-and-the-china-development-bank-cdb-n888

<sup>107</sup> Unknown, "Wanhua Chemical: Subordinate company 925 million yuan to acquire 100% equity of Swedish International Chemical", <https://www.yicai.com/news/100278387.html>

<sup>108</sup> MTI, "Bővíti a Huawei Magyarországon",  
<https://autopro.hu/szolgaltatok/Bovit-a-Huawei-Magyarorszagon/29313/>

<sup>109</sup> Unknown, "Bemutatkozás", <http://huawei.hu/bemutatkozas/>

<sup>110</sup> MTI, "Huawei to also take part in training of Hungarian engineers of the future",  
<https://www.kormany.hu/en/ministry-for-innovation-and-technology/news/huawei-to-also-take-part-in-training-of-hungarian-engineers-of-the-future>

The third biggest investor in term of the investment volume in Hungary is Sichuan Bohong Group's acquisition of the Wescast Industries in 2012. The deal was cost totally 2,45 million USD (including entities from North America and Asia). Wescast Industries is an automotive spare part manufacturer, which produces manifolds and turbochargers. Wescast Industries has 7 plants worldwide, one of its Hungarian subsidiary is located in Oroszlány. Wescast Hungary employs more than 1200 employees and has invested totally 70 million EUR in Hungary. In 2017, Wescast Hungary expanded the production capacity and established a 7000 m<sup>2</sup> new machining hall. At the same year, Wescast Hungary and the Hungarian Government signed a strategic partnership agreement in Chongqing, China.

Several Chinese multinational companies entered to Hungary after 2012. According to Chen, almost half of the Chinese companies entered the Hungarian market after 2011 from the date of the company registration point of view. In a certain sense, this is considered as a result of the guiding effect of the BRI initiative and the cooperation between China and Central and Eastern European countries.<sup>111</sup> BYD Electric & Bus Hungary Ltd. is a subsidiary of the BYD Company Ltd. BYD Company Ltd. is one of China's largest companies to have successfully expanded globally with operations in over 50 countries and regions. Specializing in rechargeable battery technologies, their green mission to "solve the whole problem" has made them industry pioneers and leaders in several high-tech sectors including high-efficiency automobiles, electrified public transportation, environmentally-friendly energy storage, affordable solar power and information technology and original design manufacturing (ODM) services. The company is listed on the Hong Kong and Shenzhen Stock Exchange. BYD's Hungarian subsidiary is the BYD Electric & Bus Hungary Ltd. (BYD Bus). BYD Bus produces electronic buses in Komárom. The company has invested more than EUR 20 million with employing more than 250 employees. This factory is the first bus factory of BYD in Europe for supplying electronic vehicle for the European market.

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<sup>111</sup> Chen, "Report 2018: Hungarian business climate for Chinese enterprises", 2018

### **5.3 Greenfield and brownfield investment**

China Railway Group Limited (CREG)'s project can directly connected to the BRI initiative. The major project of CREG is the Budapest-Belgrade railway development project. This project is considered as the hallmark among the BRI projects. The railway project aims to develop a 350-km high-speed railway between Budapest and the Serbian capital Belgrade. It provides China Railway an opportunity to gain credentials in Europe.

Himile Group is the world's largest manufacturer of tyre moulds opened its European service and manufacturing plant from Shandong, China. The main customers of Himile are Bridgestone, Michelin, Goodyear, Continental.<sup>112</sup> Himile Europe Manufacturing Kft. ("Himile Europe") is the Hungarian subsidiary of Himile Group has a brownfield investment in 2016 in Székesfehérvár. According to the publicly available date on company register, Himile Europe employs 32 person and has more than EUR 1.2 billion revenue of 2018.

Express Luck (Shenzhen) Industries is a television producer from Shenzhen, China. The company has two Hungarian subsidiaries: Express Luck Electric Kft. and Express Luck Industrial Kft. The main business of Express Luck is design and manufactures electronic products, as LCD television, PDP television and Smart television. In Hungary Express Luck acquired a plant in Szigetszentmiklós, where it assembles television and distribute to its European market.

China Machinery Export and Import Ltd. ("CMC") is a large state-owned company and is also a subsidiary of China General Technology. CMC main

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<sup>112</sup> Unknown, "Company Profile",  
<http://www.himile.com/en/JtDetail.aspx?sid=61B246BE086B2DF5>

business are: international engineering project contracting, large scale equipment producing and trading of vehicle. In 2019, CMC acquired three Hungarian project companies to establish the biggest photovoltaic energy plant in Kaposvár. This is a greenfield project, which was officially started in June 2019. The project is in a value of EUR 100 million. This is also the first European project for the CMC. In 2019, CMC and the Ministry of Innovation and Technology signed a Memorandum of Understanding for further investment in value of EUR 1 billion in Hungary.<sup>113</sup>

#### 5.4 Joint ventures

BBCA Szolnok Biochemical Co., Ltd. (BBCA) is the largest citric acid producer and the corn deep-processing company in the world. BBCA Group established a Sino-Hungarian joint venture in Szolnok by Hungarian Development Bank Investment Zrt. and Szolnok Industrial Park Ltd. The joint venture will make use of local raw material to manufacture organic acids, starch sugar and PLA in Szolnok, Hungary. <sup>114</sup> BBCA will provide proprietary technology and equipment, and it holds almost 51% of the joint venture, 45.16% of the joint venture is owned by MFB Invest Zrt., and the rest 3.87 % is owned by Szolnok Industrial Park Ltd. The Chinese party will provide the project technology and export biochemical equipment to Hungary.<sup>115</sup> Due to the latest information, the planned project in Szolnok will be finally started after several years of planning.<sup>116</sup>

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<sup>113</sup> 中国拟在建项目网, “中国通用技术集团中机公司投资匈牙利考波什堡 100MW 光伏电站项目正式动工” [China General Technology Group Zhongji Company invested in the construction of the 100MW photovoltaic power station project in Kaposvár, Hungary], <http://www.bhi.com.cn/ydyl/gwdt/51671.html>

<sup>114</sup> Unknown, “BBCA Szolnok Biochemical Co.,Ltd.”, <http://www.bbca-group.com/e/action>ShowInfo.php?classid=99&id=374>

<sup>115</sup> Dzindzisz Sztefan, “Nagy titokban, de csak elkezdték a kínai óriásberuházást Szolnokon”, [https://hvg.hu/gazdasag/20190620\\_kinai\\_citromsavgyar\\_beruhazas\\_szolnok\\_bbca](https://hvg.hu/gazdasag/20190620_kinai_citromsavgyar_beruhazas_szolnok_bbca)

<sup>116</sup> Dzindzisz Sztefan, “Nagy titokban, de csak elkezdték a kínai óriásberuházást Szolnokon”, 116

In 2017, Magyar Posta and ZTO Express and Ningbo Talent companies have signed a agreement to established a Chinese-Hungarian joint venture with initial capital of EUR 3 million at the Chinese-Central European summit held in Budapest.<sup>117</sup> Two years later, China-European Supply Chain Zrt. was established.

The development of the Hungary-based Chinese companies will contribute to grow of the Hungarian economy. On the one hand, Chinese companies will bring new technology to Hungary. On the other hand, Chinese companies will inject Chinese capital to Hungary. It will highly be contributed to the national economy of Hungary and it will also create local job opportunities for Hungarians.

## 5.5 Hungarian investment in China

This chapter provides an introduction on those Hungarian enterprises which launched their business in China. Many Hungarian companies are interested in the huge Chinese market. Based on the information from Embassy of Republic of China in Hungary, Hungary had invested a total of USD 350 million in China in wastewater treatment, building materials manufacturing, dairy processing and other areas.<sup>118</sup> In line with the Eastern Opening Policy, Hungarian government also motivates companies to go out. During the China International Export Exhibition, the prime minister Mr. Orbán said, “Hungarian

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[https://hvg.hu/gazdasag/20190620\\_kinai\\_citromsavgyar\\_beruhazas\\_szolnok\\_bbca](https://hvg.hu/gazdasag/20190620_kinai_citromsavgyar_beruhazas_szolnok_bbca)

<sup>117</sup> Magyar Posta, “MAGYAR POSTA ESTABLISHES A CHINESE-HUNGARIAN JOINT VENTURE”, [https://www.posta.hu/news/magyar\\_posta\\_establishes\\_a\\_chinese\\_hungarian\\_joint\\_venture](https://www.posta.hu/news/magyar_posta_establishes_a_chinese_hungarian_joint_venture)

<sup>118</sup> Unknown, “Li Keqiang(Li Kö-csiang) miniszterelnök-helyettes magyarországi látogatása alkalmából Gao Jian (Kao Csien) nagykövet asszony válaszol a Xinhua (Hszinhuá) kínai hírügynökség tudósítójának kérdéseire.”, <http://www.chinaembassy.hu/hu/xwdt/t927039.htm>

companies will have its place in China.” Although, there are more exposure on the Chinese companies’s presence in Europe. Still, there are great examples of Hungarian enterprises who challenged the Chinese market.

One of the Hungarian wastewater treatment company is Organica Water, which is an extraordinary company, which do innovative business based on morality, sustainability and urbanism. From innovation and sustainable perspective, I choose a Hungarian waste water cleaning company to conduct deep interview with the founder and vice president Attila Bodnár in regard of the Chinese expansion.

During the interview with Mr. Attila Bodnár, he highlighted the expansion to China started in 2009. Attila told me, before moving to China permanently he made several visits to China. However, he realized that building trust is the key element for cooperating with Chinese partners, that cannot be done via phone. “China is a different universe, you need you prove your personal dedication, having humility and capital for developing the business in China”. In 2013, Mr. Bodnár moved to China with his wife to show their true dedication to the wastewater treatment business. At the beginning, Attila established a joint venture (Joint Venture Shenzhen Organica Enviroment Technology with a local Chinese partners. In 2010, the joint venture build a wastewater plant in 2010 using FBAS technology for Foxcoo.

Name of the company	Business	Date of the company establishment / date of the signed document for cooperation	Value of the estimated investment
Aquaprofit Zrt.	Terminal water	2010	n/a
Back és Rosta Kft.	Data security services	2009	n/a
Innomed Zrt.	Medical equipment	2005	n/a
Tradeland Kft.	Professional advisory	1999	n/a
Biocare Bio-Medical Equipment Co. Ltd <sup>119</sup>	Medical diagnostic instruments	2012	n/a
EPS Global Zrt <sup>120</sup>	Transportation service	2017	RMB 14,5 million of stock capital
OTP representative office	Banking services	2017	no business operations
Gedeon Richter Rxmidas Joint	Pharmaceutical	2010	n/a

<sup>119</sup> Unknown, "Hazai eszközök a kínai kórházaknak", <http://www.medmonitor.hu/piac-es-szabalyozas/hazai-eszkozok-a-kinai-korhazaknak-20140420>

<sup>120</sup> BG, "Magyar cég fejlesztett okos parkolást Kínában," [https://index.hu/gazdasag/2018/12/12/magyar\\_ceg\\_fejlesztett\\_okos\\_parkolast\\_kinaban/](https://index.hu/gazdasag/2018/12/12/magyar_ceg_fejlesztett_okos_parkolast_kinaban/)

Venture Co. Ltd.			
Chongqing Crafte Industrial Design Co. Ltd. <sup>121</sup>	Design, develop and manufacture auto parts, smartphones and touch screens	May 2019	USD 7 million

2. Table

Mr. Bodnár pointed out that Organica Water offer an innovative waste water cleaning technology, by utilizing a complex ecological solution (well-coordinated engineering system of plant, animal and natural forces). Currently, Organica has 110 facilities in 16 countries worldwide. In China, there are already 20 project in 5 facilities (Shijiazhuang, Hebei, Wuhan, Shanghai, Shenzhen), where they adopted the innovative wastewater treatment solution.

In 2018, for raising further capital, Organica received a funding from “CITIC Capital and Idinvest Partners through CITIC Capital Silk Road Fund and Electranova Capital I Fund, respectively”. The Chinese state-owned CITIC Silk Fund was established managed by CITIC Capital Holdings Limited. CITIC Silk Fund focuses on the investment Eurasia with on energy and resources efficiency, food and water safety investment.

The number of Hungarian companies exporting to China had increased by 50 percent to about 1000 companies between 2010 and 2016.<sup>122</sup> As shown is the table above (without being exhaustive) there is a tremendous number of Hungarian companies, which is worth to mention in my writing.

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<sup>121</sup> Erika Domokos, “A magyar cégek épít gyárat Kínában (frissítve)”, [https://www.napi.hu/nemzetkozi\\_vallalatok/a\\_magyar\\_allam\\_gyarat\\_epit\\_kinaban.683973.html](https://www.napi.hu/nemzetkozi_vallalatok/a_magyar_allam_gyarat_epit_kinaban.683973.html)

<sup>122</sup> Eszter Lukács, Katalin Völgyi, “China-Hungary economic relations under OBOR”, 10.

## **6.Conclusion**

Due to the stable political relation, the Hungarian side is willing to promote the development between Hungary and China through BRI and the 16+1 platform. BRI initiative brought Hungary new potentials. The initiative has also shed light on Hungary for Chinese investors.

China is willing to keep the strategic partnership relationship with Hungary. Many have different views on the BRI. The “Belt and Road” is not a threat, but an opportunity for both China and Hungary.<sup>123</sup> In my opinion, BRI bring new opportunities for the countries located on the route of BRI and for 17 CEE countries. In 2019, the Hungarian government announced the winner consortium of the project including China Railway Electrification and China Railway Tiejiujv Kft. In June 2019, the EPC contract was concluded between the parties. Due to the Budapest-Belgrade railway development project, it will bring a whole supply chain to Hungary, which will facilitate the local economy. The project will allow the local Hungarian companies to engage in. Moreover, for the construction the raw materials and other goods can be purchased locally to support the Hungarian economy.

In line with goal of the Hungarian Eastern Opening Policy, there is an increasing number of Chinese companies that choose to invest in Hungary. It demonstrates that Hungary provides an investor friendly business environment. Hungary continually welcomes the Chinese partner. Péter Szijjártó, minister of Foreign Affairs and Trade, said the Eastern Opening policy is not only facilitating the increased foreign market presence of Hungarian products and services but also the Hungarian investments of well-capitalized

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<sup>123</sup> Xinhua Net, 2019. 习近平会见匈牙利总理欧尔班[Xi Jinping meets Hungarian Prime Minister Orbán] [http://www.xinhuanet.com/2019-04/25/c\\_1124416683.htm](http://www.xinhuanet.com/2019-04/25/c_1124416683.htm)

Asian companies.<sup>124</sup>

To sum up, the Eastern Opening policy overlaps with the BRI, because both countries want to facilitate the economic cooperation. The trade volume between China and Hungary exceeded USD 9 billion lately. There is also a cooperation in the financial integration. With the help of Bank of China (Hungary), Hungary has issued Dim Sum bond and Panda bond in RMB. China Construction Bank and another Chinese bank will establish a branch in Hungary in the near future.

Lastly, as the bilateral political relation is optimistic, Chinese investors will prefer to invest in those countries where the political situation is stable. Therefore, in the future Hungary can expect an increasing Chinese interest in investment.

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<sup>124</sup> MTI, "Foreign minister highlights how the Eastern Opening policy is bringing new investors to Hungary", <http://abouthungary.hu/news-in-brief/foreign-minister-highlights-how-the-eastern-opening-policy-is-bringing-new-investors-to-hungary/>

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# **Economic relations between Hungary and China from the early 1990s**

LOSONCZ Miklós<sup>125</sup> – VAKHAL Péter<sup>126</sup>

## **Abstract**

The objective of the paper is to give an overview and evaluation on the economic relations between China and Hungary from the beginning of the 1990s. The start of the time frame is Hungary's transition to the market economy that created completely new conditions with enlarging the external room of manoeuvring of the country. It lasts until 2018.

The coverage included bilateral foreign trade and integration in global value chains. The report identified China's changing place and role in Hungary's external economic relations and in its development, and Hungary's (much more modest) significance in China's external economic policy. The guiding principle of the paper was the contribution of bilateral economic relations to the modernization of the Hungarian economy and to China's external economic strategy, particularly towards Eastern Europe. It identified the interrelationship between certain turning points of economic policy and external economic policy (such as the transition to market economy and EU accession in Hungary and policy changes in China) and bilateral economic relations.

The nature of the report is the combination of quantitative and

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<sup>125</sup> Dr. Miklos Losoncz Research Professor at Budapest Business School, University of Applied Economics ([losoncz.miklos@uni-bge.hu](mailto:losoncz.miklos@uni-bge.hu)) He is Doctor of the Hungarian Academy of Sciences.

<sup>126</sup> Peter Vakhal is Scientific Research Fellow at Kopint-Tárki Institute for Economic Research Co. ([peter.vakhal@kopint-tarki-hu](mailto:peter.vakhal@kopint-tarki-hu))

qualitative analyses amended by literature review. From the analysis of statistical figures, policy oriented conclusions were drawn. The methodology applied included the analysis of statistical data on bilateral trade according to various traditional indicators as well as those on value chains. The figures were derived primarily from the database of the Hungarian Central Statistical Office, the National Bank of Hungary and Eurostat. The major novelty of the report is the analysis of the value added content of Chinese-Hungarian foreign trade based on new statistical methods.

One of the most important conclusions is that trade between China and Hungary reached a critical level of stability and self-sustainability in the 2010s. Their future development trends are shaped primarily by economic factors rather than political ones. Consequently, they are not dependent on political decisions, although political support may have a positive impact on them.

**Key words:** Hungary, China, exports, imports, global value chains.

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## **1. Introduction**

The objective of the paper is to give an overview and evaluation on economic relations between China and Hungary. The actuality of this report is the 70<sup>th</sup> anniversary of the establishment of diplomatic relations between the two countries. It is well-known that Hungary was one of the first countries in the world to recognise the People's Republic of China declared as of 1 October 1949. This event provides opportunity to take stock on the history of bilateral economic ties. Nevertheless, this paper does not cover the

subsequent 70 years since the beginning of diplomatic relations. Instead, its time horizon ranges from the early 1990s to the present. The start of the time horizon surveyed coincides with Hungary's transition from the socialist model to Western type market economy that brought about completely new conditions with enlarged external room of manoeuvring.

This report is based on the assumption that in addition to inherent long-term economic trends, bilateral economic relations are shaped to more or less extent by domestic strategic policy decisions as well as by changes in the external economic and political environment. These factors and their interaction may affect underlying long-term indigenous economic trends either by accelerating or decelerating them. Economic relations between the two countries are discussed in this context. This approach and guiding principle can be considered novelty in comparison with the existing literature on the subject.

The report identifies China's changing place and role in Hungary's external economic relations and in its development and Hungary's (much more modest) significance in China's external economic policy. The other guiding principle of the paper is the contribution of bilateral economic relations to the modernization of the Hungarian economy and to China's external economic strategy, particularly in Eastern Europe. It identifies the interrelationship between certain turning points of general economic policy and external economic policy (such as the transition to market economy and EU accession in Hungary and policy changes in China) and bilateral economic relations.

This paper does not cover Chinese direct investments in Hungary and Hungarian direct investments in China as well as bilateral trade in services. The major reason for this is that the inclusion of these issues in the analysis would go beyond the set length of this report. In addition to the shortage of reliable data, a great number of methodological issues should be clarified.

After this short introduction, the report delineates the applied

research methodology and presents short overview on the relevant literature. The following chapter contains the major findings including bilateral exports, imports and merchandise trade balances, the commodity structure of exports and imports and trade in value added. The final part of the report presents the summary and the conclusions. References, too, are attached.

## **2. Research methodology, research design**

The nature of the report is a combination of quantitative and qualitative analyses amended by literature review. The overview of the literature on bilateral economic relations between China and Hungary gives ammunition for the analysis of statistical time series by identifying certain mile stones in the historical development of bilateral economic ties. The literature review forms the analytical framework of the paper as well on which the report is built on, with theoretical implications if they are relevant. The report focuses on the overview and analysis of bilateral foreign trade figures the commodity structure of exports and imports, trade in value added.

The methodology applied includes the analysis of statistical figures on bilateral trade according to various traditional indicators, also in international comparison (Visegrad countries) as far as possible. The major novelty of the report is the analysis of the value added content of Chinese-Hungarian foreign trade based on new statistical methods. Policy oriented conclusions are drawn from the analysis of statistical figures.

The statistical databases on which the report is built include UN Comtrade International Trade Statistics Database<sup>127</sup>, the AMECO macroeconomic database of the European Commission<sup>128</sup> and the

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<sup>127</sup> <https://comtrade.un.org/>

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[https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-database/s-macro-economic-database-ameco\\_en](https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-database/s-macro-economic-database-ameco_en)

database of the Hungarian Central Statistical Office<sup>129</sup>. UN Comtrade publishes comparable figures on China's foreign trade from 1992 on in US dollars. Consistent trade figures in general, the commodity structure in particular are available only from Hungarian sources prior to 1992. Nevertheless, until that time, prices in Hungarian foreign trade did not reflect market conditions. Statistical figures are analysed from Hungary's point of view indicating Hungarian exports to and imports from China.

The data on global value chains are chiefly own calculations<sup>130</sup> based on estimated world input-output tables, also known as Eora. GVC indicators used in this report were calculated by the authors. The dataset provides information on international input flows between 1990 and 2015. Eora data are based on the result of sophisticated optimisation algorithms, thus may be biased, although no information is available on the magnitude of the bias.

With Hungary's accession to the EU the collection of foreign trade figures changed. Before 2004 export and import statistics were based on data recoded by the National Customs Authority at the state borders. Since accession, data on foreign trade with non-EU member countries have been registered on the borders with third countries. The collection of figures on foreign trade flows of third countries crossing the frontiers of the EU outside Hungary are based on the compulsory declarations of companies. This may be one of the reasons why Chinese statistical figures on bilateral foreign trade differ from Hungarian ones. Nevertheless, they indicate the major trend with a high degree of reliability. The more thorough investigation of this methodological issue would go beyond the scope of this report.

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<sup>129</sup> <http://www.ksh.hu/>

<sup>130</sup> They are based on Manfred Lenzen, Keiichiro Kanemoto, Daniel Moran, Arne Geschke, "Mapping the structure of the world economy", Environmental Science & Technology 2012, 46(15) pp. 8374–8381 and Manfred Lenzen, Daniel Moran, Keiichiro Kanemoto, Arne Geschke, "Building Eora: A Global Multi-regional Input-Output Database at High Country and Sector Resolution," Economic Systems Research, 2013, 25:1, pp. 20-49

### **3. The overview of the relevant literature**

The domestic and foreign literature on Chinese-Hungarian economic relations is rather one-sided. The issue was dealt with overwhelmingly by Hungarian scholars from the Hungarian point of view. Western and Central European authors picked up this topic only in the context of relations between the EU and China or the Visegrad countries and China. This state of affairs is understandable in the light of the asymmetry in bilateral economic ties. In China, less attention has been paid specifically to Hungary until recently. Hungary has been put on the agenda not separately but in the context of the Central and Eastern European and Balkan countries, *inter alia* in the framework of the CEE16+ 1 initiative (see later the details).

All the literary sources surveyed started with the identification of the internal and external factors affecting bilateral economic relations from the point of view of both Hungary and China. Furthermore, more or less detailed chronological overviews were made on political, diplomatic and other kinds of events and developments that had implications for bilateral economic relations. This was necessary for the proper evaluation of trade and other economic figures and trends.

The literary sources surveyed organised their chronological overviews around different time periods to put the issue into historical perspectives and establish the appropriate conceptual frame in terms of time sequencing. We designed our own set of time periods and milestones and inserted the relevant elements of other literary approaches in it.

Regarding Hungary, the first period began in the late 1980s and early 1990s and lasted until 1997. This phase was characterised by the transition to the market economy when institutions, ownership relations, legal rules and mechanisms etc. inherent in market economies were established. In fact, with membership in the OECD in 1995, Hungary was declared a market economy.

The second period took place from 1998 to 2004. In these years, economic participants in general, and the government in particular prepared for Hungary's accession to the European Union. In these two time frames the external environment was favourable.

The third period lasted from 2005 to 2010 with the benefits of EU accession. In this stage, long-term trends were disturbed by the international financial and economic crisis of 2008-2009, in part as a consequence of which Hungary faced a financial crisis in the autumn of 2008 and its GDP shrank by 6.6 per cent in 2009.

The final, fourth period ranges from 2011 to the present, with shifts in external economic policy priorities of the government including the opening to the East in which China was put to the first place among the target countries.

In the case of China, milestones are highlighted that assign certain time frames as well. The first milestone was the set of measures aiming at economic reforms and world economic opening announced in December, 1978 as a consequence of radical changes in political priorities. In today's terminology, this can be considered ex post the antecedent of the transition to market economy in China. The years from 1984 to 1991 saw the unfolding of outward looking development. The time period from 1992 to 2001 relevant to this report was characterized by further progress in the policy of reforms and opening to the world (Majoros 2011a).

The second milestone was China's accession to the World Trade Organisation (WTO) in 2001 that gave further impetus to the country's external economic expansion triggered and nurtured by former reforms.<sup>131</sup> China's WTO membership opened new market segments for Hungarian companies. (Hungary joined GATT, the predecessor of WTO in 1973.) On the other hand, the 11<sup>th</sup> five-year

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<sup>131</sup> Helga Fehér, Judit Poór, „A dinamikus kínai külkereskedelmi növekedés mögött álló tényezők. In: Béla Beszteri, (edt.) A felfedező tudomány Győr, Széchenyi István Egyetem Kautz Gyula Gazdaságtudományi Kar 2013

plan from 2006 to 2010 opened up some potential new fields for bilateral cooperation. This phase of rapid external economic expansion lasted until 2008. In this period the Eastern enlargement of the European Union took place in 2004 as a result of which the EU became China's first foreign economic partner.

The third milestone was the international financial and economic crisis of 2008 and 2009 that, too, hit China, with a significant deceleration of its GDP growth rate. The crisis speeded up the shift from export orientation to more inward looking focus in the economy.

The fourth milestone was the CEE16+1 framework initiative launched by the Chinese government in 2012 to promote cooperation between China and 11 EU member states and 5 Balkan countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia) in investments, transport, finance, science, education and culture. The CEE16+1 frame was also strongly associated with the huge international infrastructure development project named Belt and Road Initiative (OBOR) announced in 2013. In 2016, OBOR was renamed to Belt and Road Initiative (BRI).

The history of the political framework in bilateral relations was characterised by ups and downs influenced by internal changes in both countries and by the actual external political and economic environment. After the Chinese cultural revolution, the two countries drifted away from each other in the 1960s.<sup>132</sup> Nevertheless, in the late 1960s and the 1970s Hungary's communist party and government leaders did not join wholeheartedly the confrontational course of the Soviet Union against China, which was highly appreciated by the Chinese people.<sup>133</sup> From 1978 on, in the context

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<sup>132</sup> Gergely Salát, „Budapesttől Pekingig, a magyar-kínai kapcsolatok múltja”. In: Konfuciusz Krónika, 2009, 3, 2, pp. 8-11.

<sup>133</sup> Ottó Juhász, András Inotai, Barna Tálas, „Magyarország Kína-stratégijának 136

of the ongoing domestic reform process, the Chinese leadership expressed deep interest in the Hungarian reforms of the socialist economic system (new economic mechanism) introduced in 1968. The signing of a long-term trade agreement for the 1986-1990 period created favourable conditions for bilateral trade.

**Table 1 The chronology of major milestones in China-Hungary relations**

Years	Hungary	Years	China
1989-1997	Transition to the market economy	1978-1984	The first stage of market reforms and opening.
1990	<i>Intergovernmental trade agreement</i>	1984-1991	Unfolding of outward looking development.
1991	<i>Investment protection agreement</i>	1992-2001	Progress in reforms
1995	<i>Membership in the OECD</i>	2001	Accession to the WTO
1998-2004	Preparing for EU accession	2006-2010	<i>The 11<sup>th</sup> five-year plan</i>
2005-2010	Benefits of EU accession	2008	<i>Summer Olympic Games in Beijing</i>
2003	Visit of the Hungarian prime minister to China	2008-2009	The international crisis
2004	<i>New intergovernmental trade agreement</i>	2012	Launch of the CEE16+1
2008-2010	<i>The international crisis</i>	2013	OBOR
2011-present	Opening to the East	2016	BRI

**Source:** Research of the authors

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megalapozása” („Establishing Hungary’s China strategy”). In: Miniszterelnöki Hivatal – Magyar Tudományos Akadémia: Stratégiai kutatások 2006-2007. Kutatási jelentések, Budapest, 2007, p. 188

After the transition to the market economy in Central and Eastern Europe, bilateral relations were placed on new foundations. The major change was that economic relations were de-ideologized by China and Hungary. Both the Chinese and the Hungarian party has refrained from verbal and other kind of intervention in the internal affairs of the other partner, thereby economic relations have been depoliticised in this sense.<sup>134</sup> Relations were governed primarily by economic factors, pure political and ideological considerations played no or at least minor importance. With Hungary's accession to the EU, the intergovernmental trade agreement concluded in 1990 was replaced in 2004 with a new one on economic cooperation. In 1991 an agreement was reached on investment protection, in the subsequent year another one on avoiding double taxation and preventing tax evasion.

One of the most comprehensive historical overviews on Hungarian-Chinese economic relations<sup>135</sup> covered not only foreign trade, but direct investments and new commercial channels as well. A considerable part of Hungarian exports to China is conducted through transnational corporations. The commodity structure of exports and imports is similar. One of its main conclusions is that foreign direct investments cannot contribute to the reduction of Hungary's huge foreign trade deficit vis-à-vis China. Although Hungary needs foreign direct investments, it is a negligible target country for China.

Another comprehensive overview was presented by Szunomár<sup>136</sup>.

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<sup>134</sup> Ibid.

<sup>135</sup> Attila Fábián, Tamás Matura, Erzsébet Nedelka, Zoltán Pogátsa, "Hungarian-Chinese relations: Foreign Trade and investments". In: Stanislav, Mráz, Katarina Brocková (edts.), "Current trends and perspectives in development of China – V4 trade and investment". Conference proceedings, March, 12-14, 2014, pp. 96-106

<sup>136</sup> Ágnes Szunomár, „A magyar-kínai gazdasági kapcsolatok alakulása az uniós csatlakozás óta eltelt időszakban”, („Hungarian Chinese economic relations in the period following Hungary's accession to the EU”) In: András Inotai, Ottó Juhász (edts), “Kína és a Világ”.

Although the time focus of this report is on the years following Hungary's accession to the EU, the milestones of the political history are summarized briefly as well. The latest statistical figures were from 2009. The annual reports of Hungary's embassy in Beijing formed important information sources. The paper defined the stages of bilateral relations differently. The major part of the report contained the chronology of political events and developments in bilateral contacts, and identified their impact on economic relations. In this respect its approach was similar to that of the present paper.

The time frame between 2003 and 2006 was defined as the laying of the foundations of dynamic development triggered by the visit of Hungarian prime minister Péter Medgyessy to China. This visit was a breakthrough in terms of restoring trust and confidence with opening up new opportunities to economic cooperation.<sup>137</sup> One month after Hungary's accession to the EU as of 1 May 2004, the level of bilateral relations were elevated to partnership at the visit of China's head of state in Hungary with the signing of an economic and cooperation agreement. In the subsequent years ranging from 2007 to 2010, dynamic growth continued, also promoted by diplomatic and other events.

Majoros analysed economic relations between Hungary and China in the context of Hungary's new external economic strategy launched in 2011<sup>138</sup>. The basis of the strategy of every Hungarian government irrespective of its general political preferences should be a depoliticized view on the future of bilateral relations. The strategy itself should contain the long-term objectives and the major

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(“China and the world”) Budapest, MTA, 2011, pp. 387-409.

Ágnes Szunomár, „A magyar–kínai gazdasági kapcsolatok új szakasza: eredmények és várakozások”. („The new phase of Hungarian-Chinese economic relations: results and expectations”) Külügazdaság, Vol. LV., 2011, November–December, pp. 67–85

<sup>137</sup> Ottó Juhász et al. Magyarország, 189

<sup>138</sup> Pál Majoros, „Kína, a világ(gazdaság) műhelye” („China the workshop of the world (economy)”) In. Majoros P. (edt.): Régiók a világgazdaságban (Regions in the world economy), Perfect Kiadó, Budapest, 2012, pp. 172-235

preconditions of their implementation. In trade, the most important objective should be the reduction of Hungary's substantial deficit. The author identified the major fields where Hungarian exports could be raised (modern agricultural technologies, food economy, environmental technologies, pharmaceuticals, knowledge and technologies related to water management and the utilization of alternative energy sources). The Hungarian export potential is much more limited in services. Hungary should become a bridgehead in general, logistical and financial centre in particular for Chinese companies intending to expand their activity in the European Union. The asymmetry between the two countries will not change substantially in direct investments. Chinese direct investments in Hungary are likely to exceed Hungarian direct investments in China significantly in the future. Hungarian companies should diversify the regional breakdown of their exports in China, i. e. they should explore new regions to increase their sales. The Chinese colony living in Hungary (with more than ten thousand people according to estimates) could also contribute to the development of bilateral relations. A great number of conclusions of literary sources surveyed were incorporated in the analysis of bilateral economic relations.

In addition to bilateral trade and diplomatic relations, Hungary and China are also strongly tied with each other through global value chains. The international literature is copious on GVCs. Timmer et al.<sup>139</sup> deeply analysed the value-added ties in world trade and proved that considerable amount of Chinese value-added can be found in almost every final good consumed by households. The reason behind this is that in the 2000s, Chinese leading firms were able to customise production and extend manufacturing (mostly assembly) capacity quite considerably. That led to China's position in GVCs as the "factory of the world".<sup>140</sup> Despite its size, Hungary has a significant

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<sup>139</sup> Marcel P. Timmer, Abdul Azeez Erumban, Bart Los, Robert Stehrer, Gaaitzen J. de Vries, "Slicing up global value chains". Journal of economic perspectives, 2014, 28(2), pp. 99-118.

<sup>140</sup> Gary Gereffi, Timothy Sturgeon, "Global value chain-oriented industrial policy: the role of emerging economies", Global value chains in a changing world, 2013, pp. 329-360.

role in global value chains. Los et al.<sup>141</sup> estimated that Hungary is major player in the global automotive industry, and Vakhal<sup>142</sup> concluded that China is one of the largest supplier of the Hungarian machinery industry.

## 4. Major findings

### 4.1 Bilateral exports and imports of goods and merchandise trade balances

In the first phase of the history of bilateral relations between 1992 and 1997 representing Hungary's transition to the market economy, foreign trade with China was rather modest. Hungarian exports ranged in a rather narrow band between USD12 million and USD21 million with temporary jumps to USD33 million in 1993 (Table 2). Consequently, China's share in Hungarian exports was negligible, totalling 0.1-0.2 per cent (excluding the year 1993).

At the beginning of this period, Hungary was facing the difficulties of the transition to market economy with falling GDP and the restructuring of both the commodity and the geographic structure of its foreign trade, including the switch from transferable rouble to convertible currency settlement. At that time, the major priority was Hungary's Euro-Atlantic integration, and few attention was paid to the rest of the world. Unfortunately, Hungarian policy decision makers did not realize the significance of emerging China, although Chinese leaders were open to the deepening of the contacts. The liberalization of foreign trade activity with the elimination of foreign trade monopoly led to a surge in the number of exporting companies. However, the newly established companies were rather small, their

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<sup>141</sup> Bart Los et al. How global

<sup>142</sup> Péter, Vakhal, „Magyarország elhelyezkedése a globális érték- és termelési láncban”. (“Hungary's position in the international value and production chain”) Budapest, Kopint-Tárki, 2017

target markets were in the neighbouring countries since they did not possess appropriate resources to be engaged in long-distance trade. Consequently, the liberalization of foreign trade activity did not contribute much to the increase of Hungarian exports to China. In addition, a great number of Hungarian companies withdrew from the Chinese market in the period of the transition to the market economy.<sup>143</sup> These are the major reasons why in these years Hungarian exports did not benefit much from the new foundation of bilateral relations.

On the other hand, Hungary's imports from China grew from USD39 million in 1992 to USD287 million in 1997 raising China's share from 0.4 per cent to 1.4 per cent in total imports (Table 2). This expansion may have been triggered, among other things, on the supply side by the unfolding of the second wave of reforms and the continuing world economic opening in China. According to Szunomár<sup>144</sup>, dynamic imports was also driven by a great number of Chinese entrepreneurs settled in the early 1990s in Hungary who flooded the domestic market with cheap clothes. In addition, the switch from bilateral post-delivery settlement in Swiss Franc to direct settlement in US dollars had a much more favourable impact on Hungary's imports than exports<sup>145</sup>. Regarding the demand side, the liberalization of imports including the elimination of quantitative restrictions and the gradual lowering of tariff rates and other administrative burdens bolstered Chinese exports to Hungary. With the different dynamics of exports and import, Hungary's foreign trade deficit grew from USD25 million in 1992 to nearly USD273 million in 1997.

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<sup>143</sup> Barna, Tálas, „Adalékok Kína-stratégiánk megalapozásához” („Addendum to the foundation of Hungary's China strategy”) In: András Inotai, Ottó Juhász (eds), „Kína: realitás és esély, Tanulmányok Magyarország Kína-stratégiájának megalapozásához” („China: reality and chance. Studies on the foundation of Hungary's China strategy”). Az MTA Világgazdasági Kutatóintézet és a Miniszterelnöki Hivatal kiadványa.

<sup>144</sup> Szunomár, A magyar-kínai

<sup>145</sup> Pál, Majoros, „Kína szerepe Magyarország külügazdasági stratégiában”. („The role of China in Hungary's external economic strategy”) EU Working Papers, No. 3.,

The second period in the history of bilateral relations between 1998 and 2004 saw the rapid expansion of foreign trade. Hungarian exports grew to USD390 in 2004 with a rise of China's share to 0.7 per cent, whereas imports increased to USD2.9 billion elevating China's relative weight to 4.8 per cent. By 2004 Hungary became the largest foreign trade partner for China in Central Europe, and China the most important partner for Hungary in Asia. Hungary's foreign trade deficit with China mounted to USD2.5 billion.

This period was characterised by Hungary's preparation for EU accession. The perspective of EU membership in the context of the Eastern enlargement of the European Union raised the interest of Chinese companies in the Hungarian market. Hungary would have been a marginal trading partner for China outside the EU. With accession, the common commercial policy of the EU became effective in Hungary limiting the room of manoeuvring of the government. In spite of this, many possibilities remained in the competence of the Hungarian government to improve bilateral relations.

An equally important factor was China's WTO membership in 2001 as a result of which China abandoned quantitative restrictions on certain agricultural produce and reduced its most favoured nations tariff rates from 15.6 per cent in 2001 to 9.7 per cent in 2005. This contributed to the rapid increase of Hungarian exports.

In the third period of 2005-2010, bilateral trade turnover grew further. Hungarian exports to China reached USD1.5 billion in 2010. Thereby China accounted for 1.6 per cent of Hungarian exports. Hungary's imports from China totalled USD6.2 billion (7.1 per cent share), the Hungarian merchandise trade deficit went up to USD4.6 billion (Table 2). The international financial and economic crisis did not affect bilateral turnover. Both exports to and imports from China continued to mount in 2008 and 2009. This was a rather favourable achievement from both parties in a time when not only world exports declined, but Chinese exports as well. Hungarian exports might have benefitted from the possibilities unfolded by China's 11<sup>th</sup> five-year

plan as well as by the 2008 Olympic Games in Beijing. Namely several Hungarian companies delivered goods and services to this event, and some of the contacts continued after the Olympics as well.<sup>146</sup>

In the third period between 2011 and 2018, Hungarian exports to China grew every year except in 2015 and 2018. China's share in Hungary's exports reached 2.35 per cent in 2017, that in imports 5.1 per cent. Hungary's merchandise trade deficit amounted to USD2.6 billion. In this time frame exports grew much more quickly than imports, presumably in part as a result of the shift in external economic policy priorities of the government, also in line with the Eastern opening. There is no evidence that the One Belt One Road or the subsequent Belt and Road Initiative had any impact on bilateral trade flows. Due to the specific nature and the objectives of the project, such a direct impact could not have been expected.

As far as the present state of bilateral trade is concerned, in 2018, China ranked 4<sup>th</sup> in Hungary's imports by countries followed by Germany, Austria and Poland, and it was the 15<sup>th</sup> export target country for Hungary. More specifically, China occupied the second place after Russia in Hungary's imports from non-EU countries. On the other hand, Hungary is China's third partner in Central Europe after Poland and the Czech Republic. In quantitative terms, the volume of bilateral trade reached a critical magnitude necessary for stable relations. The asymmetry is indicated by the differences in relative shares. Between 1992 and 2017, China's share in Hungarian exports and imports was much higher than vice versa, i.e. Hungary's relative weight in China's exports and imports (Table 2). In fact, the latter was negligible.

Hungary is too small for China in terms of territory, the volume of GDP and demand whereas China is too big for Hungary. Sales of Chinese companies can cover the whole territory of Hungary easily, but Hungarian firms face huge difficulties in doing the same in

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<sup>146</sup> Ágnes Szunomár: A magyar-kínai

China. Demand in China is much higher than the production capacity of Hungarian firms to meet it. In spite of this, Hungary has a trade relationship with almost every Chinese province and city, but the main partners include Beijing, Guangdong, Zhejiang, Guangxi, Jiangsu, Shanghai and Tianjin.”.<sup>147</sup> According to Szunomár,<sup>148</sup> Beijing accounts for 25 per cent of Hungarian exports and imports, Kuangdong for 20 per cent.

**Table 2 Figures on foreign trade between Hungary and China**

Hungarian exports to China				Hungarian imports from China				Trade balance	
Year	USD 1000	per cent of Hung. expor ts	per cent of China’ s impor ts	Year	USD 1000	per cent of Hung. impor ts	per cent of China ’s expor ts	USD 1000	per cent
1992	14 963	0.15	0.02	1992	39 746	0.37	0.05	-24 783	38
1993	33 030	0.40	0.03	1993	71 363	0.63	0.08	-38 333	46
1994	11 720	0.11	0.01	1994	99 175	0.68	0.08	-87 455	12
1995	21 879	0.18	0.02	1995	126 090	0.83	0.08	-104 211	17
1996	15 197	0.12	0.01	1996	191 444	1.19	0.13	-176 247	8
1997	15 251	0.08	0.01	1997	287 950	1.36	0.16	-272 699	5
1998	18 850	0.08	0.01	1998	434 099	1.69	0.24	-415 249	4
1999	70 780	0.28	0.04	1999	610 175	2.18	0.31	-539 395	12
2000	39 255	0.14	0.02	2000	936 926	2.92	0.38	-897 671	4
2001	111 499	0.37	0.05	2001	1 332 363	3.96	0.50	-1 220 864	8
2002	154 264	0.45	0.06	2002	2 081 463	5.53	0.64	-1 927 199	7
2003	174 416	0.41	0.04	2003	3 296 811	6.92	0.75	-3 122 395	5
2004	389 795	0.70	0.07	2004	2 873 110	4.77	0.48	-2 483 315	14
2005	399 366	0.64	0.07	2005	3 511 016	5.33	0.46	-3 111 650	11

<sup>147</sup> Attila Fábián, Hungarian-Chinese relations, 982

<sup>148</sup> Ibid

2006	758 732	1.02	0.11	2006	3 851 287	5.00	0.40	-3 092 555	20
2007	997 547	1.05	0.11	2007	5 110 400	5.40	0.42	-4 112 853	20
2008	1 106 445	1.02	0.11	2008	6 112 474	5.62	0.43	-5 006 029	18
2009	1 205 333	1.46	0.13	2009	4 943 631	6.40	0.41	-3 738 298	24
2010	1 529 010	1.61	0.12	2010	6 168 372	7.06	0.39	-4 639 362	25
2011	1 682 979	1.51	0.10	2011	6 045 648	5.96	0.32	-4 362 669	28
2012	1 810 642	1.76	0.11	2012	5 412 283	5.74	0.26	-3 601 640	33
2013	1 997 307	1.85	0.11	2013	5 360 437	5.40	0.24	-3 363 131	37
2014	2 156 227	1.92	0.12	2014	5 140 097	4.93	0.22	-2 983 870	42
2015	1 796 784	1.79	0.12	2015	4 776 877	5.26	0.21	-2 980 093	38
2016	2 246 493	2.18	0.14	2016	4 868 856	5.29	0.23	-2 622 363	46
2017	2 663 852	2.35	0.16	2017	5 291 355	5.07	0.23	-2 627 503	50
2018	2 366 809	n/a	n/a	2018	6 345 641	5.47	n/a	n/a	n/a

**Source:** UN Comtrade International Trade Statistics Database

Due to international commitments in the framework of the WTO and the EU, both parties lowered their tariff rates in the surveyed time period significantly, contributing to a large extent to export and import growth. According to World Bank staff estimates, in 2017 the average weighted tariff rate on all products totalled 3.8 per cent in China and 1.8 per cent in Hungary<sup>149</sup>. (The tariff rate is the same for each EU member state.) This indicates asymmetry in tariff rates. Exports of China to Hungary (and every EU member country) enjoy lower tariff rates than the other way round. Further analysis is required to identify the role of this asymmetric tariff rates in the development of bilateral trade.

In its modern history bilateral trade was characterised by Hungarian trade deficit, albeit its relative size was decreasing, particularly in its fourth phase. The export/import coverage ratio ascended from 4 per cent in 1992 to 25 per cent in 2010 and to 50 per cent in 2017. The deficit is of structural nature. It is closely associated with the specific role transnational corporations play in mutual trade.

#### **4.2 The commodity structure of exports and imports**

<sup>149</sup> <https://data.worldbank.org/indicator/tm.tax.mrch.wm.zs>

The commodity structure of bilateral trade has undergone profound changes since the beginning of the 1990s. It was shaped basically by the interaction of domestic supply and demand of both countries. As far as Hungary's exports are concerned, structural transformation was rapid from 1992 to 2000 in terms of major product groups (SITC1 classification). In this time period the volume of exports was relatively low, although growing. As a consequence, one or two occasional large transactions could cause quite considerable shifts in the commodity structure. E. g., the share of crude materials jumped in 1998 and 2000 due to sales of raw hide skin and fur. Nevertheless, by the late 1990s the volume of exports reached a critical magnitude as a consequence of which the volatility of the commodity structure decreased. From 2000 on, the commodity structure changed organically, mirroring the positive trends that took place in production. However, at lower aggregation levels in terms of product groups and products, progressive changes were rather impressive.

**Table 3 The commodity structure of Hungarian exports to China according to SITC1 classification**

(Total exports = 100 per cent )

	1992	1995	1998	2000	2004	2010	2017
Beverages and tobacco	0.0	0.2	1.6	0.1	0.8	0.2	0.3
Chemicals and related products	81.5	20.0	27.2	12.8	3.2	2.5	5.0
Crude materials	1.0	0.3	12.1	11.5	1.9	0.2	1.1
Food and live animals	0.1	3.8	6.2	5.9	0.3	0.9	2.5
Machinery and transport equipment	13.3	71.4	46.3	59.8	87.3	88.5	76.2
Manufactured goods classified chiefly by material	2.5	2.9	1.7	4.0	3.5	2.2	4.2
Miscellaneous manufactured articles	1.6	1.3	4.9	5.8	3.0	5.6	10.7
Total	100.0	100.	100.	100.0	100.	100.	100.
			0		0	0	0

**Source:** UN Comtrade International Trade Statistics Database

The most radical long-term change characterising the whole period from 1992 to 2017 was the decline in the share of chemicals and related products from 81.5 per cent to 5 per cent (Table 3). This was the result in the contraction of the chemical industry in Hungary's industrial production.

By the late 1990, the restructuring of the Hungarian machinery industry was more or less finished. It was laid on new foundations with the help of foreign direct investments and participation in the international division of labour. Another contributing factor was Hungary's involvement in global value chains (GVC) with Chinese-participation. As a result, the share of machinery and transport equipment grew from nearly 60 per cent in 2000 to 88.5 per cent in 2010. Nevertheless, it dropped to 76.2 per cent in 2017. The explanation for this may be the slowdown of China's involvement in global value chains after the international financial and economic crisis of 2008-2009. Growth in the share of miscellaneous manufactured articles was driven by the expansion of scientific, etc. instruments.

The commodity structure of Hungary's imports from China, too, reflected the profound changes that occurred in demand and supply. The most important shift is the significant increase in the share of technology and knowledge intensive product group of machinery and transport equipment from 12 per cent in 1992 to 89.6 per cent in 2010 and 75.8 per cent in 2017 at the expense primarily of miscellaneous manufactured articles containing overwhelmingly labour intensive light industrial products (Table 4). Contrary to public belief, it is not travel goods, apparel, clothing and footwear that constitute the major part of Chinese exports to Hungary, but machinery, although the volume of the former products is still rather high.

Currently manufactured goods account for more than 97 per cent of bilateral trade. This refers to the transformation of inter-industry trade of the early 1990s to intra-industry trade in the 2000s. The relative weight of machinery and transport equipment is the same in

imports and exports indicating the deepening of the division of labour between the two countries. The commodity structure of bilateral merchandise trade is similar to that of highly developed countries. However, in spite of dynamic GDP growth in the past few decades, China has not yet met the criteria of advanced economies defined by the IMF.

As far as the lower level of aggregation is concerned, the number of goods exported by Hungarian companies totals more than 1900, that of imports 650. Nevertheless, the concentration of trade according to products is quite high, since the first ten product groups account for more than 70 per cent of exports and imports, with the major share of machinery, electric goods, vehicles and parts thereof. Hungarian exports are dominated by engines, parts of telecommunication equipment, consumer electronic goods, mobile phones, scientific instruments. The largest items of imports include mobile phones and parts thereof, computers and parts thereof, laptops and notebooks, printed and integrated circuits and monitors (KSH 2014).

**Table 4 The commodity structure of Hungarian imports from China according to SITC1 classification**

(Total imports = 100 per cent)

	1992	1995	1998	2000	2004	2010	2017
Animal and vegetable oils	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Beverages and tobacco	1.1	0.1	0.0	0.0	0.1	0.0	0.0
Chemicals and related products	5.9	9.9	5.1	2.7	1.4	1.2	4.5
Crude materials	7.4	3.1	1.1	0.5	0.2	0.1	0.2
Food and live animals	7.1	1.5	1.1	0.6	0.2	0.2	0.3
Machinery and transport equipment	12.0	16.9	55.9	73.5	87.5	89.6	75.8
Manufactured goods classified chiefly by material	7.8	10.1	8.8	6.0	3.9	3.5	8.0
Miscellaneous manufactured articles	58.6	58.4	28.0	16.6	6.7	5.4	11.3

Total	100. 0	100.0	100.0	100. 0	100.0	100.0	100.0
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**Source:** UN Comtrade International Trade Statistics Database

The intensity of industrial cooperation is indicated by the fact that in the late 2010s, China accounted for 33-35 per cent of Hungary's imports of telecommunications, 8-10 per cent of electric equipment, 30-32 per cent of data processing office machines. On the other hand, China's share in Hungarian exports of tramway equipment amounted to more than 20 per cent in 2010 and 2014. These percentage shares are much higher than the averages of total exports and imports. The considerable geographical distance did not impede industrial cooperation.

Industrial cooperation was driven by transnational companies, such as Audi, Philips, Siemens, IBM, Nokia, Allison, etc., they account for the major part of bilateral trade turnover. According to calculations,<sup>150</sup> 92.1 per cent of Hungarian exports to China was made up of foreign corporations with footings in Hungary.

The analysis of the commodity structure of bilateral trade sheds light on the nature of foreign trade balances. In the past few years, Hungary's merchandise trade deficit is associated with machinery and transport equipment. Excluding this product group, bilateral trade would be in equilibrium. From this point of view, the overall deficit is not as negative as it looks like at the first glance. Taking into account the present trade pattern, the reduction of Hungary's deficit in its trade with China is very difficult.

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<sup>150</sup> Tamás, Matura, „A magyar-kínai termékforgalom alakulása 2012-ben”. (“Hungarian-Chinese trade turnover in 2012”) Hungarian Institute for International Affairs, Budapest, 2013

### **4.3 Trade in value added**

Despite the considerable differences in terms of economic dimensions, both Hungary and China are major players in global value chains. Approximately 60 per cent of Hungarian exports is related to value chains, whereas about 50 per cent of the Chinese foreign trade is linked to GVCs.<sup>151</sup> The two economies differ in terms of GVC positions. China's linkage to the global value chain is forward integration, the domestic value-added content of exports is above 50 per cent. Hungary is integrated backward, with its exports incorporating less domestic value added than foreign one.

In the context of trade in value added, the most frequently cited indicator is domestic trade in value added (DVA), representing the volume of value added produced by domestic economic actors in per cent of gross exports. In 2015, this indicator amounted to 86 per cent in China and 40 per cent in Hungary. China's high DVA contradicts the iPad and iPhone study of Kraemer et al.<sup>152</sup> according to which despite the high volume of exports of these products, China's domestic value added is extremely low (totalling some 5 per cent). At the same time, China's aggregated exports have always contained high domestic value added, although with significant differences across industries.

2005 was the year when China produced the lowest value of DVA per export (78 per cent). That time, the electric and the machinery industry created the smallest amount of domestic value added (67 per cent) relative to gross export, whereas the concomitant figures of other industries were over 70 per cent. Since 2005, exports of the electric and machinery industry have involved 80 per cent of domestic value added. The increase of DVA in the electric and

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<sup>151</sup> UNCTAD, Global Value Chains and Development. UNCTAD, Geneva, 2013

<sup>152</sup> Kraemer, K. L. – Linden, G. – Dedrick, J. (2011): Capturing value in Global Networks: Apple's iPad and iPhone. University of California, Irvine, University of California, Berkeley, y Syracuse University, NY.

machinery industry is the result of permanently growing Chinese IT companies with global presence such as Huawei, Xiaomi, Lenovo, etc.

The practical reason behind China's high DVA is that Chinese products and services rely to a large extent on domestic inputs, including labour. In addition to brands assembled in China, indigenous companies, too, export their own branded goods. Another explanation is that other East Asian countries such as Bangladesh, Viet-Nam, Indonesia etc., too, integrated in GVCs, and became China's competitors. Instead of competing at factor prices, China upgraded its position by raising R&D spending and successfully transferred considerable number of low-skilled workers from the textile industry to other manufacturing jobs.<sup>153</sup>

Hungary's road to global value chains was different. In 1990 the DVA/export ratio was 60 per cent. As a result of relatively quick privatisation, domestic value added fell sharply. In 1995, it was 46 per cent, and 42 per cent in 2000. After the accession to the EU, contraction continued. Just before the international financial and economic crisis in 2007 it was 40 per cent, and went back to 37 per cent in 2012. The latest available figure is 40 per cent for 2015. Hungary is short of raw materials and energy sources, consequently, it will never have high domestic value added relative to exports because the majority of inputs always have to be imported.

Figures on final domestic demand (that is, total final consumption and gross capital consumption) reinforce this phenomenon as well. In China, 89 per cent of total final demand account for domestic value-added, whereas only 73 per cent in Hungary. In both countries, business services (including financial intermediation) are the main sources of value added. The largest foreign value-added suppliers of Chinese final demand are the Japanese electric and machinery and

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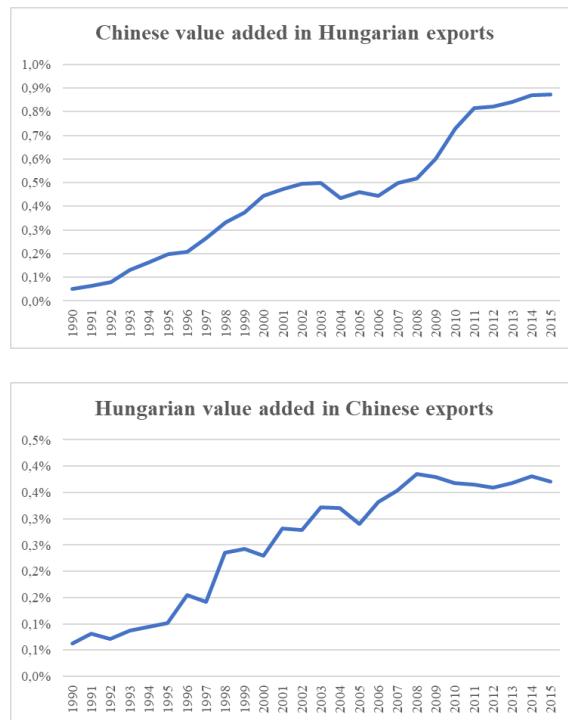
<sup>153</sup> Gaaitzen, de Vries, Quanrun Chen, Rana, Hasan, Li, Z. (2019): Do Asian Countries Upgrade in Global Value Chains? A Novel Approach and Empirical Evidence. *Asian Economic Journal*, 33(1), pp. 13-37

the business services industries followed by Korean and US business services. In case of Hungary, Germany is dominating the foreign value-added contents in final demand. Nevertheless, China is also an important source of value-added in Hungarian final demand. China's electric and machinery industry and business services provide around 1 per cent of total value-added. This figure may seem to be rather low, however one may not forget, that in Hungary about 60 per cent of actual final consumption account for food and beverage, supplied by domestic producers.

The economic relations between Hungary and China are much stronger in terms of global value chains than in terms of gross exports because most part of the value-added is not built in final demand, but in exports. Hungarian exports contain 1 per cent Chinese value-added. That may seem a bit low, but in international input-output methodology, exports include services as well. That is, the denominator (exports) contains Hungarian services, which include almost 100 per cent Hungarian value-added. If the sample is limited to industries producing mainly goods (that is, agriculture, mining and manufacturing), the Chinese value added is up to 8 per cent.

As far as China is concerned, total exports of goods and services comprise 0.4 per cent value-added from Hungary. Regarding only the exports of goods, the Hungarian value-added content totals 2 per cent, quite high in the light of the difference in the size of the two economies. The largest Hungarian value-added user is China's electric and machinery industry. 0.7 per cent of total value-added of exports is supplied by Hungarian industries. In Hungary, it is also the electric and machinery industry in Hungary absorbing most Chinese value-added amounting to 2.2 per cent of the total. In Hungary it is agriculture, in China the fishing industry that do not require any value-added from the other partner country.

**Figure 1 The value-added content of exports between 1990 and 2015**



Source: own calculations based on Eora data

The evolution of Chinese-Hungarian trade in value added is highly correlated with traditional trade figures. In the early 1990's, the bilateral flow of value-added was almost negligible. After the political and economic structural changes trade had soared. Value-added time series can also be divided into well separated time periods, similarly to merchandise trade, although the Hungarian and Chinese segmentation is different. Chinese value-added flows to Hungarian exports is smooth, the other way round it is much more bumpy (Figure 1).

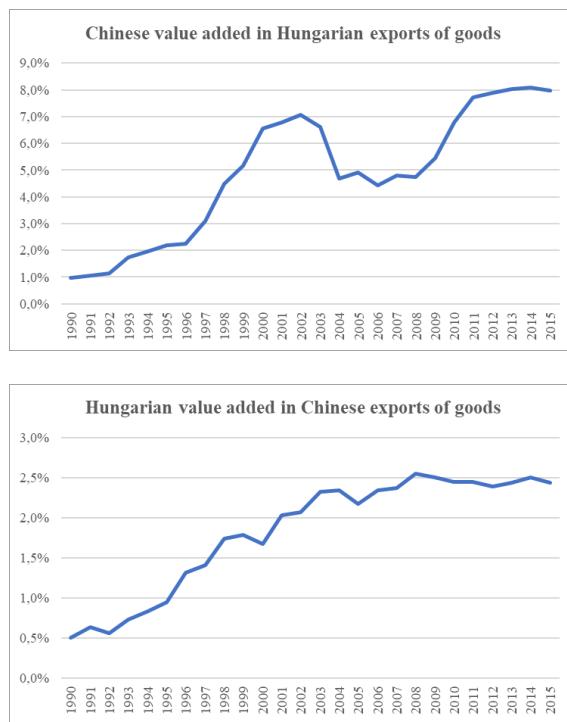
Between 1990 and 2003, the Chinese value-added flow to Hungarian exports grew sharply. In that period Hungary was set on the path to become one of the most open economies in the world, thus the surge of Chinese share in exports is not surprising. After 2003, Hungary had been struggling with growing economic imbalances, and though

exports were still growing, domestic consumption was fading. It took almost a half-decade to rebalance the economy before the Chinese supply of value-added was reset to its original path. The international financial and economic crisis did not have any impact on the relations, though since 2010 the rate of increase has moderated somewhat.

The Hungarian supply of value-added to Chinese exports is more volatile. It started to intensify in the mid-1990s when the relative share of Hungarian value-added content tripled. Until the financial crisis in 2008, the upward trend of value-added flows was unbroken, however, since then it has been stagnating. The reason behind the volatile time series is likely the low share of Hungarian suppliers in Chinese exports. Presumably, the source of Hungarian value-added is related only to a few resident companies, whereas there could be a great number of firms in China involved in trade with Hungary. The small number of Hungarian companies engaged in trade with China is affected by local and global economic events as well as by their own business policy. Thus, any changes in the internal or external environment may have an impact on the trend.

The deterioration of the economic situation in Hungary between 2002 and 2008 is clearly visible in the following figures. If the analysis is focused only on the industries producing mainly goods such as agriculture, mining and manufacturing, the break in the trend was caused by the shock of growing imbalances in the Hungarian economy that became more evident. The Chinese value-added share reached its previous record high of 2002 only in 2011, thus, due to the economic difficulties in Hungary, the relative share of China went back 9 years.

**Figure 2 The value-added content of exports of goods between 1990 and 2015**



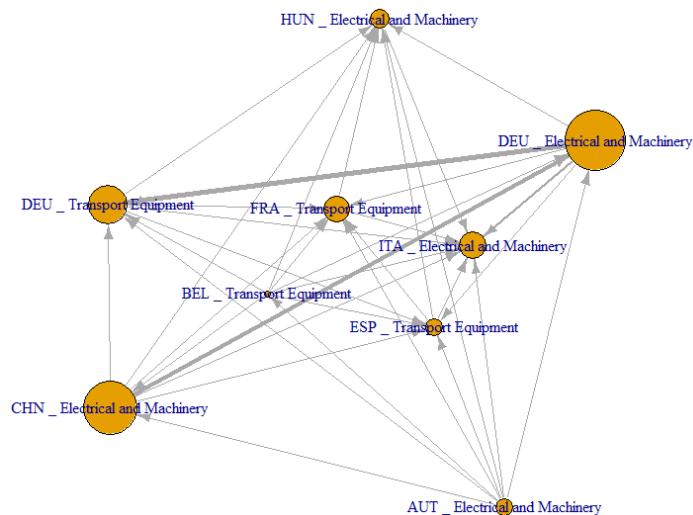
Source: own calculations based on Eora data

Since the international financial and economic crisis, the value-added supply of both countries to each other is moderated. Besides the global recession, China's economic restructuring musts have possibly played a role as well. In the past years, the Chinese government put more emphasis on investments of resident firms and households, and it cut simultaneously the capacity of heavy industry by transferring financial funds and labour force to higher value-added production. In the resulting situation often referred to as the Made in China 2025 initiative high-tech industries are growing faster<sup>154</sup>. In the new economic environment, China's input demand of China changed as well. Since 2010, demand for electric equipment, road vehicles, office and data processing machines and

<sup>154</sup> Reuters, "China shows faster pace of economic restructuring, but still relying on credit: Moody's." June 5, 2018

pharmaceutical products has been increasing. Although their weight is low, demand for perfumes and beverages and other consumer goods has also been flourishing. China's supplier network has been restructuring since the crisis and Hungary has seemed to be unable to cope with it.

**Figure 3 The inward supply chain the Hungarian electric and machinery industry in 2015**



Source: graph based on own calculations based on Eora data

In the following section the value chain of the most important industries are elaborated. In the international input-output environment, every country has trade relation with all countries. Thus, a network graph of the world would be extremely sophisticated. However, one may be interested only in a subgraph containing the countries in focus. The authors propose a simple network growing algorithm to visualise the value chain of the industry surveyed. In brief, the network is growing toward the main partners of a given industry and in a desired depth. In the first round, the main partners are visualised of the given industry. In the second round, the main partners of these partners are plotted. The algorithm

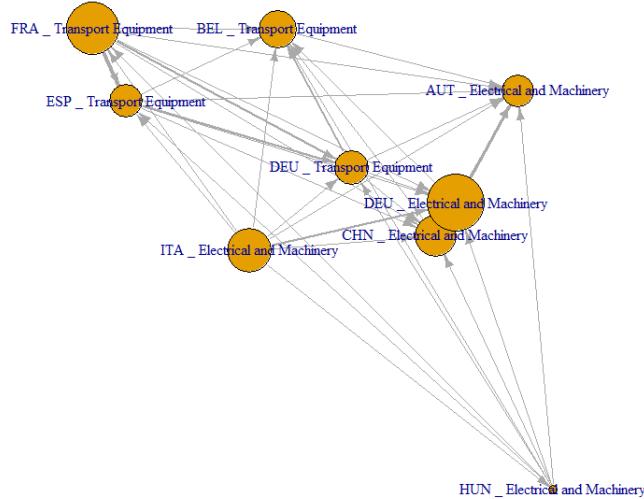
stops if it reaches the predefined depth (number of rounds). The next figure presents the inward network of Hungary's electric and machinery industry. Here the inward refers to the inputs, or in other words, those partner industries are plotted that supply value added to the Hungarian electric and machinery industry. The width of the edges shows the importance of trade in value-added relations, whereas the size of the vertices refers to the importance of the industry in the network.

Figure 3 directs attention to the fact that China is on the value chain of the Hungarian electric and machinery industry. Though the ties between the Hungary and the other countries are rather weak, Hungary's importance in the network is moderate because the partners supply a considerable amount of value-added to the industry.

The picture is different if the outward network is analysed. The outward direction represents the amount of value-added supplied by the Hungarian electric and machinery industry. Figure 4 suggests that the industry has a negligible role in the network. Although it provides value-added to the largest industries, its volume is very low reinforcing the fact that the value-added creation capacity of Hungarian industries is rather modest.

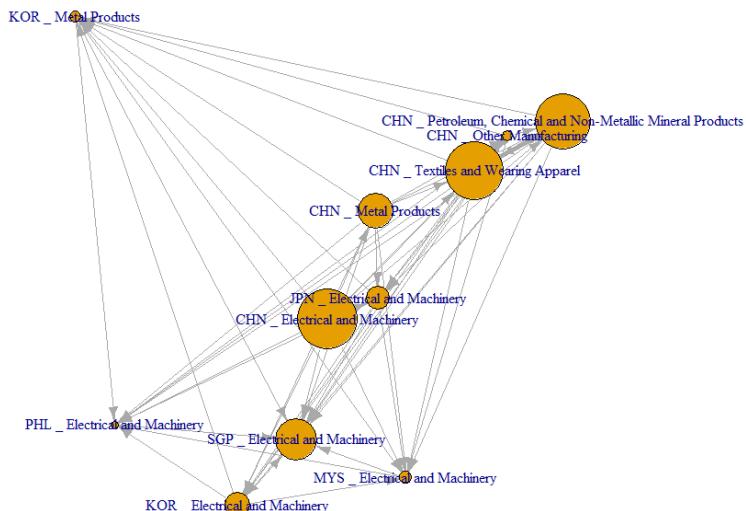
China's inward value chain of the electric and machinery industry is rather regional as no countries are involved from East-Asia. Beside the Chinese chemical and metal industry, the textile and wearing apparel industry also supplies value-added to the electric and machinery industry. The reason for this is that the textile industry absorbs mainly domestic inputs, therefore its value-added content is high (consequently, it is an influential element of the Chinese value chain and has a relatively large vertex on the graph), and the electric and machinery industry is the 5<sup>th</sup> largest buyer of Chinese textiles.

**Figure 4 The outward supply chain of the Hungarian electric and machinery industry in 2015**



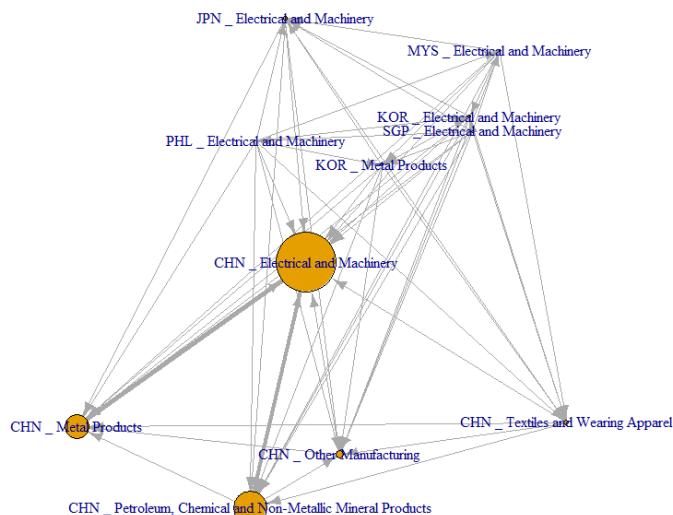
Source: graph based on own calculations based on Eora data

**Figure 5 The inward supply chain of the Chinese electric and machinery industry, 2015**



Source: graph based on own calculations based on Eora data

**Figure 6 The inward supply chain the Chinese electric and machinery industry in 2015**



Source: graph based on own calculations based on Eora data

Regarding the outward supply chain of the electric and machinery industry, the largest receivers of its value-added is China's chemical and metal production industry. Foreign companies also buy value-added in a considerable amount, though its relative weight compared to the Chinese firms is low. The main partners are Japan, Korea, Malaysia and Singapore.

The main partners (in terms of inward and outward flow of value-added) of the most important industry in China are indigenous ones implying that there is a value chain in China as well. This network is one of the largest in the world in terms of the volume of value added. The Chinese electric and machinery industry supplies the highest volume of value-added in the world to its resident counterparts: metal production (4<sup>th</sup> largest value-added flow in the world), chemical industry (5<sup>th</sup> largest), business services including financial intermediation (6<sup>th</sup> largest) and transport (10<sup>th</sup> largest). Figure 6 was designed with help of network growing algorithm that analyses only the three largest partners of the electric and machinery industry.

## **5. Summary and conclusions**

Since the late 1980s and the early 1990s, bilateral trade between Hungary and China were shaped by several factors. As far as Hungary is concerned, the transition to the market economy, the accession to the EU and the realization of the benefits of EU membership indicated the most important milestones in the framework conditions, which at the same time constituted important driving forces. Regarding China, the economic reforms, the subsequent unfolding and the progress of the world economic opening in general and some specific developments such as its accession to the WTO, the 11<sup>th</sup> five-year plan and the Olympic Games of 2008 were the major milestones of the general frames bringing about favourable conditions for the development of bilateral trade turnover. Joining the WTO dynamized China's foreign trade, whereas the international financial and economic crisis of 2008-2009 had a severe adverse impact on both Hungary and China.

The interaction of these factors was amended by specific bilateral measures, including high-level political decisions to promote trade based on the de-ideologization and depoliticization of contacts. They were particularly important in the initial phase when market mechanisms were not developed enough to enable smooth development in trade. Economic factors, actual, potential and latent interests are necessary but not sufficient conditions. The external environment, too; matters, but less. In the 2000s, bilateral relations were stabilised, they became more self-sustained, but they still cannot neglect completely the support of the political sphere.

Bilateral trade is asymmetric. First, due to the difference in economic dimensions, China is much more important for Hungary than Hungary for China. The share of China in Hungary's exports and imports is much higher than the other way round. Second, Chinese companies do not face limitations to sell their goods on Hungary's whole territory. Due to their limited financial sources and production capacity, Hungarian businesses cannot do the same in China.

Although Hungarian companies are present in several Chinese regions, they should concentrate their resources to one or two key Chinese regions with promising growth perspectives. Nevertheless, the asymmetry in size could be a limiting factor of balanced trade in the future.

Although both countries reduced its tariff rate for different reasons, the average of the Chinese rates is much higher than that of the Hungarian ones implying that the weaker Hungarian party faces higher burdens than the stronger Chinese one. In other words, this situation is more favourable for the economically stronger country (China) than for the weaker one (Hungary). Therefore, there is ample reason to qualify this as reversed asymmetry. It is justified to provide Hungary with some degree and some form of compensation for acceding the Chinese market.

Although bilateral contacts are free from ideological considerations, there was a rather strong relationship between political initiatives in terms of high-level mutual visits, various agreements, initiatives, etc. and the development of bilateral trade turnover between 1992 and 2010. In this period explicit political decisions resulting in further promotional measures compensated for the eventual deficiencies of market mechanisms. Trade grew most dynamically when it received impetus from government measures. It can rightly be assumed that bilateral trade would have increased at a slower rate without government help.

However, from 2010 on trade relations tended to become more self-sustained, less intervention was needed to sustain dynamism. The first explanation for this is the stabilization of market mechanisms in both countries as a result of which economic participants were less reliant on government promotion. The second one is the emergence of large, in most cases transnational companies in bilateral trade with their autonomous actions and policies. (See the details below.)

The implementation of investments in the framework of the Belt and Road Initiative in general, and from the Hungarian point of view the planned modernization of the Budapest-Kelebia-Beograd railway line may improve the transport infrastructure for bilateral trade and generate additional trade flows reducing Hungary's disadvantages including its trade deficit. It should be mentioned, however, that according to various calculations, the return of the railway line investment is improbable in the foreseeable future.

The commodity structure of Hungarian exports and imports became more similar in the 2000s. Industrial products dominate the commodity structure indicating that inter-industry division of labour replaced inter-industry one having characterized the 1990s. Machinery and transport equipment constitute the driving force of trade. Hungary's huge trade deficit is caused by China's surplus of trade in machinery and transport equipment. Without this product group, bilateral trade would be in equilibrium.

Trade in machines and transport equipment was initiated and carried out to a large extent by transnational corporations, whereas traditional labour-intensive light industrial products lost in relative significance in Hungarian imports from China. The business strategy of transnational corporations together with their decisions can be influenced to a limited extent by direct and indirect government measures. The dependence of bilateral trade on transnational corporations can be reduced only in the long-run. The majority of indigenous Hungarian companies are small and medium-sized ones, being short of resources necessary to be engaged in long-distance trade in general and to meet huge Chinese market demand in particular. With the gradual internationalisation of Hungarian SMEs, this situation is expected to change in the long-run, albeit very slowly. Another option is the further increase of Chinese foreign direct investments in Hungary that could to some extent replace Western transnational corporations or at least counterweight their dominance in bilateral trade.

China as the world's largest producer, always added large amount of

value to its export, though there are significant disparities among the industries. The analysis found that since China is the largest consumer market, it produces vast amounts of final goods and services for domestic final use, thus there is a complete value chain within the country and most value-added produced in China never leaves the country.

Economic relations between Hungary and China in terms of trade in value-added have been flourishing with some ups and downs from 2002 to 2010. In that period the Hungarian economy was struggling with fiscal imbalances and declining domestic consumption. The rebalancing took almost half a decade and since then the value-added trade between Hungary and China is again at its previous level. In 2015, 8 per cent of Hungary's exports of goods (produced by agriculture, mining and manufacturing) contain Chinese value-added.

In the other hand, Hungary's value-added in China's exports of goods is moderate and diminishing over time. After the accession to the WTO in 2001, the Chinese government realised the need to upgrade its involvement in GVCs. As developing countries have comparative advantages in factor prices, China successfully transferred labour and R&D capacity to high-tech industries. Companies grew global and input demand has changed simultaneously. The purchasing power of Chinese households has also been rising quickly, generating demand in the market of final goods. Since the international financial and economic crisis, China's import demand for high-tech inputs soared, Hungarian companies seem to be unable to meet this demand.

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# **Technology Transfer between China and Hungary: Opportunities and the Reality in a New Geopolitical Environment**

MILDICZ Csaba<sup>155</sup>

## **Abstract:**

This paper only seeks to analyze the technology component of geopolitics, however, it must be stressed that in our understanding this element has been growing more and more important, since economy, military and even politics are very much determined by technological development. Given the limitation of this study, this paper focuses on the geopolitical barriers of technology transfer between China and Hungary from a general point of view. Though economic aspects are crucial in this topic, the paper mainly discusses the geopolitical environment in which the technology transfer might take place between the two countries.

**Keywords:** China, Hungary, Single Market, geopolitics

## **1. Introduction**

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<sup>155</sup> Csaba Moldicz Ph.D., Associate Professor, Budapest Business School, University of Applied Sciences, Vice-Dean for Research. Head of Research, Oriental Business and Innovation Center, Non-resident Research Fellow of the China-CEE Institute (Hungary, Budapest).

Over the course of the recent months, it has become more and more apparent that the analysis of how the technology transfer is equally important to foreign direct investment or trade flows when understanding and analyzing the development of economic relations between countries. Moreover, the analysis of technology transfer opportunities and the reality of it can be a key aspect when it comes to a deeper understanding of the recent global economic and political power shifts. Friedman put the relationship between technology and geopolitics this way: “*Any place consists of multiple dimensions. There is the economy that feeds people. There is politics for internal organization. There is military for war-making and defense, technology to manage nature, and culture – which defines everything from community to beauty. All of these are components of geopolitics.*”<sup>156</sup>

This paper only seeks to analyze the technology component of geopolitics, however, it must be stressed that in our understanding this element has been growing more and more important, since economy, military and even politics are very much determined by technological development. Given the limitation of this study, this paper focuses on the geopolitical barriers of technology transfer between China and Hungary from a general point of view. Though the economic aspects are crucial in this topic, the paper mainly discusses the geopolitical environment in which the technology transfer might take place between the two countries. In our understanding, the manner of how technology transfer is restricted or assisted deeply influences China’s political and economic rise, but not only how technology is transferred to China, but from China is a key aspect. These are two different sides of the same coin, that matter in European context and function differently in the West

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<sup>156</sup> Friedman, George. “Understanding Our Geopolitical Model.” *Geopolitical Futures*, December 28, 2015.

European and in the Central European context. Thus, how countries interpret their relations with China matters. When looking at these different China-strategies, there are at least three major dividing lines to be paid attention to:

— Firstly, the ‘trade war’ has created a dividing line between the US and Europe which makes it difficult to implement a common China policy in the West and offer a more or less consequent China interpretation.<sup>157</sup> Differing interests are clear since the EU does not have global geopolitical interests, thus the ‘containment of China’ seems to be a case of less interests for European powers, while American efforts to slow down or stop China’s political and economic rise, are clear.

— Secondly, the differing interests of the Western and Central European countries make it difficult to come up with a uniform China policy and strategy. Not only development levels are different, but the diverse firm structures in Western and Central Europe prompt the decision makers to give very unlike answers.<sup>158</sup> At the same time, the Single Market and the EU level policies pose a common framework to policies implemented by any country in the EU.

— Thirdly, even within the 17+1 cooperation framework, the interests of the EU member-states and the non-EU member states can be easily distinguished and set against each other. EU-member states having access to EU transfers (in other words grants) have large maneuvering room to choose the adequate financing tools, while non-EU members are more restricted in their choices. (At this point, it must be added that some European

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<sup>157</sup> Small, Andrew. “Why Europe is Getting Tough on China?” *Foreign Affairs*, April 3, 2019.

<sup>158</sup> The Central European economies were transformed in the early 90s, and the transformation mainly was based on capital and technology from the West, and even today these Western European firms dominate these markets. See more on the transformation in Salamon (1995).

countries, like Hungary recognized this problem and want to speed up the EU membership negotiations between the EU and the Western Balkan countries.<sup>159)</sup>

As we can see, there are several fault-lines in the China-picture of the West, first the paper discusses the divergent motivations behind the German, French and American approach regarding China, in particular in the field of technology transfer, then the third chapter has an overview of the dilemmas and questions of the Hungarian case and it tries to give a point of reference for the Hungarian maneuvering room, while the fourth part focuses on China's interests and policies.

## 2. The Geopolitical Background

### 2.1. A change in the European China-policy?

A few months ago, Small published an article in the Foreign Affairs, in which he made attempts to find the answer to why Europe's stance may have changed on the opportunities to cooperate with China. (Small, 2019) He argued that though political and security development played a significant role in the change, economic aspects must have been more important. He stated: "*Europe has lost hope that China will reform its economy or allow greater access to its markets, and at the same time, China's state-backed and state-subsidized actors have advanced in sectors that Europe considers critical to its economic future.*"<sup>160</sup>

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<sup>159</sup> Moldicz Csaba. "Strengthening Economic and Political Ties with the Balkans." *China-CEE Institute*, July 2019.

<sup>160</sup> Small, "Why Europe is Getting Tough on China?" 2019

Although the term Europe used by Small is clearly not appropriate, it most likely refers to Germany's and France's changing stance on China, which was reflected in the latest European Commission papers, where the word “systemic rival” was frequently used to describe China. *“China is, simultaneously, in different policy areas, a cooperation partner with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance. [highlighted by Moldicz] This requires a flexible and pragmatic whole-of-EU approach enabling a principled defence of interests and values.”*<sup>161</sup>

It is worth noticing that a very similar phrase has also been used in the policy paper of the Federation of German Industries, which is a telltale again as for the change in Western European countries' perception of China.<sup>162</sup>

At the same time, the French President, Marcon also called for a different approach in the case of China ahead of the China-EU summit this year: *“Since the beginning of my mandate, I have been calling for a real awareness and defence of European sovereignty...Finally, on subjects as important as China, we have it,”*<sup>163</sup>

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<sup>161</sup> European Commission. “EU-China. A Strategic Outlook.” 2019. p.1. <https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>

<sup>162</sup> Federation of German Industries. “Partner and Systemic Competitor – How Do We Deal with China's State-Controlled Economy?” *Policy Paper, BDI.* January 2019.

<sup>163</sup> AFP. “Macron Hails Europe 'Awakening' to China Threat.” *AFP,* March 21, 2019.

The French president – like Small – makes the mistake to identify French and German interests with European interests in general. We have to understand that though the outcome of the China-EU summit was not strong, but the tone of how the negotiations were reported became neutral or positive when it became clear that China was willing to purchase 300 Airbus planes,<sup>164</sup> which showed China's willingness to rebalance economic relations. In other words, the manner of how France and Germany approach China, can easily be changed when economic benefits and business opportunities are provided by China.

It is also apparent that the EU's stance on China policy is not as uniform as Small and Marcon would frame it, since Central European countries, and Italy<sup>165</sup> evaluate the purported threats coming from China in a very different way. And the simple reason for that is to be found in their different economic interests – actually this is the point where we can agree with Small, namely that economic aspects are more crucial than any other arguments. In contrast to Germany and France, Hungary, like many other Central European countries is deeply interested in capital and technology transfer from China. All other European countries too have stakes in obtaining access to the huge Chinese market, but the general perception seems to be that German and French firms might lose more from a growing Chinese presence in the European Single Market than gain from the change in the market relations.

This is the point where the arguments of politics and economy contradict each other, since in the domestic political debate, it is much easier to argue against the growing presence of Chinese firms.

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<sup>164</sup> 290 planes from A320 Family aircraft and 10 planes from A350 XWB Family aircraft.

<sup>165</sup> Italy signed on the Belt and Road Initiative in 2019.

Why? Because this change can easily be communicated in this area, and it is more difficult to argue for something, which's effects (business opportunities in China) seem to be faraway for the voter.

Small also argued in his paper that this debate reflects deeper questions as for the future EU. To put it differently, the question is whether the European model slowly but in an increasing tempo will get rid of the balances and checks imposed on the EU's functioning in order to balance the interests of the member-states and the Community, or will it return to a model where national sovereignty is put heavier emphasis on. In the first case, Germany and France will shape the China-strategy of the EU, whereas in the second scenario smaller European countries will increase their ability to enforce their interests. In many ways, the recent political European debates about China's role in Europe's future is not only about China, but more importantly about Europe's future.

## **2.2. Changing US stance on China**

The so-called trade war has worsened the political and economic prospects. The “new cold war”<sup>166</sup> is obviously not only about trade barriers and exchanges' rates but it is a competition in technology between the US and China, in particular in areas related to artificial intelligence and 5G, etc.

One can raise the question why AI and related new technologies matter for geopolitics? Wright highlights three reasons why artificial

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<sup>166</sup> The term has been frequently used in the media to highlight the similarities between the recent trade war between China and the US and the contest between the US and the Soviet union, though our world economy is much more connected by the immensely intertwined global supply chains today than it had been in the 50s, thus the analogy is deeply flawed.

intelligence and the development of these technologies are crucial for future development:

— The fear of singularity goes back to the assumption that there would be a point beyond which the AI would excel humans.

— The other worry is closely linked to the first one, and that draws our attention to the labor market, where these machines, robots could easily replace humans.

— He argues, the third one has got geopolitical consequence as well. Relying on AI, it is easier to watch and control citizens. As Wright puts it: "... AI will offer authoritarian countries a plausible alternative to liberal democracy, the first since the end of the Cold War. That will spark renewed international competition between social systems."<sup>167</sup>

The first two aspects are closely related to economics, the paper only focuses on the third argument which has geopolitical significance. In our understanding, there are two crucial contradictions in this argumentation:

1) 9/11 and the ensuing war on terrorism, the rise of ISIS and the migration crisis in Europe clearly showed that in the West new methods and approaches are needed to control different versions of extremism, and new technologies are not only to be used in the production but in every sphere of life, including the protection of citizens, guaranteeing security. The third effect of the AI's rise, as Wright puts it, reflects a forced choice between a liberal democracy and a digital authoritarian state, but in our understanding, every kind of

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<sup>167</sup> Wright, Nicolas. "How Artificial Intelligence Will Reshape the Global Order. The Coming Competition Between Digital Authoritarianism and Liberal Democracy." *Foreign Affairs*, July 10, 2019

political regime is bound to refine and optimize its way to control society as the technology is advancing. The more advanced and complex technology the state bureaucracy is able to use when monitoring the society, the more comprehensible monitoring can be provided, none of the political regimes can give away this advantage. In other words, the rise of artificial intelligence also deeply effects the state-citizen relationship in the West and China as well.

2) This argument depicts the political dispute around the new technology as a heroic battle between liberal democracies and authoritarian regimes and it fails to recognize that the trade war might just be about market competition fought by American companies in order to squeeze out Chinese firms from the markets. Segal sheds light on this two-way interpretation this way: “Huawei does pose a threat to U.S. security, but that is not the only reason for Washington’s assault on the company. Rather, the moves are a gambit in a larger battle over the future of the digital world.”<sup>168</sup>

The perception that the Huawei debate is about economic aspects as well as geopolitical ones, can be confirmed by the increasing tensions between the EU and the US, that have become more apparent with the Trump administration too. Problems in the transatlantic relations range from trade tariffs to NATO’s future, and obviously the debate on how European powers treat China is another dividing line.

In our understanding, the real cause of the transatlantic tensions is the power asymmetry between the United States and the EU. This

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<sup>168</sup> Segal, Adam. “The Right Way to Deal with Huawei. The United States Needs to Compete with Chinese Firms, Not Just Ban Them.” *Foreign Affairs*, July 11, 2019.

asymmetric relationship was accepted and cultivated from both sides for a very long time,<sup>169</sup> however, “the pivot to Asia”<sup>170</sup>, 9/11, particularly the rise of China downgraded Europe’s role in the US foreign policy and the cultivated asymmetry between the US and Europe does not seem to be acceptable to the US, mainly due to the costs the American side has been bearing all the way along.

However, recent American efforts to push Europe to pursue a more responsible foreign policy have triggered a backlash in European capitals, however there is a catch: more responsible foreign policies of the European powers would be more independent too. They would implement foreign policies which would not necessarily align with American interests. The blow to the US efforts to cut Huawei off the European market came from Germany, France and other European countries, who did not exclude the Chinese firm from the market. They concluded that they can use Huawei products and they mitigate the risks by using other vendors too.<sup>171</sup>

There are different arguments for this policy, Goldman points out, that are not political causes:<sup>172</sup>

- European competitors (Ericsson or Nokia) don’t have the capacity in terms of research to replace the giant Huawei in this segment.

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<sup>169</sup> Poyakova, Alina and Haddad, Benjamin. “Europe Alone.” *Foreign Affairs*, April 3, pp. 109-120. 2019.

<sup>170</sup> Clinton’s article “America’s Pacific Century” signaled a definite turn of the American foreign policy in 2011, when she wrote “The future of politics will be decided in Asia, not Afghanistan or Iraq, and the United States will be right at the center of the action.” (Clinton, 2011)

<sup>171</sup> Segal, “The Right Way to Deal with Huawei” 2019.

<sup>172</sup> Goldman, Andrew, P. “US ban won’t derail Huawei’s European 5G rollout.” *Asia Times*, May 20, 2019.

— Their products (Ericsson, Nokia, and Huawei) are so intertwined that you cannot ban the one without affecting the two other European firms.

Until now, though rhetorically the European stance on cooperation with China seemingly has hardened, economic interests seem to override security concerns not only in Central Europe, but also in the West. The following chapter looks at the question of what the special features of the technology cooperation between China and Hungary are.

### **3. Dilemmas of technology transfer: the case of Hungary**

The economic catch-up with the West has always been the crucial goal of the Hungarian foreign policy, and in our understanding, it can only be achieved if the foreign policy and economic development policies diversify the country's political and economic relations while lessening dependence on the West.

Why is it not enough to merely rely on the West, since the cooperation with Western Europe after 1990 created jobs, brought new technology and capital, and hence it transformed and modernized our economy? Despite the achievements over the course of the last 30 years, the Hungarian economy is still on the half-periphery if looking at the incomes, and other indicators of economic development, though the embeddedness of the Hungarian politics and economy into European frameworks cannot increase any more. (In other words, if accepting this development model of the period between 1990 and 2010, we also accept the country's under-development.

The asymmetric reliance or dependence cannot be cured by increasing the dependence more and more. This is the point where Hungarian and Western European interests diverge significantly, and that is why Hungary is poised to pursue a different China policy than Germany and other Western European countries. It must be added that this is also the reason why there is a clear dividing line between the European powers' China-policy and the US approach.

Over the course of the recent years, Hungarian decision-makers made significant attempts to speed up the diversification of the investment relations and along with broadening the origin of the investment, emphasis is being put more on technology transfer than ever before. The Hungarian Minister of Foreign Affairs and Trade said there is a new dimension emerging in the Hungarian economy, since the "made in Hungary" period is to be replaced by the "invented in Hungary" period. He argued that due to full employment in Hungary, not the number of newly created jobs, but the share of new technologies is getting increasingly more important.<sup>173</sup>

Given this context, it is clear that 'the origin of country' aspect is equally important in the technology transfer as well, however, acquisition and implementation of new technologies clearly play a part of security issues and are closely related to foreign direct investments. At this point, it is worth distinguishing two related but different kinds of technology transfer and their security concerns: the outward and the inward technology transfer.

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<sup>173</sup> Hungarian Government. "Hungary needs imports of highly developed technologies and Chinese investments." April 25, 2019a  
<https://www.kormany.hu/en/ministry-of-foreign-affairs-and-trade/news/hungary-needs-imports-of-highly-developed-technologies-and-chinese-investments>

1. The foreign direct investment can lead to outward technology transfer, and as result of that, the foreign investor acquires a strategically important technology from the domestic firm. This kind of threat is much less typical in Hungary than in Germany or other advanced Western European economies since the list of large Hungarian-owned firms is short, and it becomes even shorter if only including those able to develop cutting-edge technology.

It must be also added that foreign direct investment can also lead to an oligopoly or monopoly position of the foreign firm in the given market segment. But this threat is to be managed by competition policy measures, it rarely relates to technology transfer, however it can raise security concerns when the FDI leads to acquisitions in strategically important industries.

2. The foreign direct investment can also lead to inward technology transfer, and as a result of that, the foreign investor contributes to the spread of a certain technology domestically. This kind of technology is rarely evaluated as a security threat, however, 5G is one the areas where the introduction and maintenance might raise security concerns.

In order to address these security concerns, the Hungarian government adopted an investment screening law in early 2019. The law is in line with the EU regulation on establishing a framework for screening of foreign direct investments flowing into the European Union. The adopted law basically focuses on FDI related to weapons, parts of weapons, munition, military tools; secret service tools; data

processing by a financial institution, areas important for the maintenance of vital societal functions, such as healthcare, safety of life and property of the citizens, provision of economic and social public services. The law attaches high importance to the foreign share of the investment and the related areas.

When it comes to the 5G technology, the Hungarian government seemingly does not seem to assess Chinese firms, in particular Huawei as a security threat. The Hungarian government and Huawei not only signed a strategic partnership agreement in 2013, but since then the cooperation seems to have grown stronger. Despite the American campaign and the allegations that the Chinese would impose security threats, the Hungarian government closely cooperates with the firm. After the negotiation with the regional president of the Huawei Technologies, the Hungarian Economy Minister reiterated that the Chinese firm is to help in building out the broad band internet network in Hungary, thus contributing to the goal of 95 percent coverage by 2025.<sup>174</sup> The partners added a new layer to the cooperation when signing a letter of intent about the firm's strengthened cooperation in the development of the Hungarian info communication sector in July 2019.<sup>175</sup>

The 5G strategy is to be adapted this year, the draft version was represented by the Ministry of Innovation and Technology, the

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<sup>174</sup> Hungarian Government. "Elkészült a magyar 5G Stratégia szakmai tervezete." March 21, 2019b.

<https://www.kormany.hu/hu/innovacios-es-technologial-miniszterium/infokommunikacioert-es-fogyasztovedelemert-felelos-allamtitkar/hirek/elkeszult-a-magyar-5g-strategia-szakmai-tervezete>

<sup>175</sup> Hungarian Government. "A jövő magyar mérnökeinek képzésében is részt vállal a Huawei." July 1, 2019c.

<https://www.kormany.hu/hu/innovacios-es-technologial-miniszterium/hirek/a-jovo-magyar-mernokeinek-kepzeseben-is-reszt-vallal-a-huawei>

Digital Wellbeing Program and the 5G coalition in March 2019. (HG, 2019b) Though this is not the final version, it seems to be clear that the Hungarian government prefers the implementing of a hybrid model in the development of the 5G network in Hungary. The Minister for Technology and Innovation underlined in a meeting with the 5G coalition that the state must play a crucial role in the development of the 5G network. He argued that this technology points well beyond the significance of the telecommunication sector, since it can lead to new innovations in other areas as well – f. ex the internet of things or autonomic vehicles.<sup>176</sup>

To sum it up, the Hungarian approach is pragmatic, it basically focuses on the long-term economic benefits of the technology and it seems to address the security risks by maintaining a strong role of the state (hybrid model), however at this point, it is not clear whether this government intends to operate the 5G network as owner, or implement a hybrid model, which only means it will play a strong role as regulator, and enforcer of law. Despite this ambiguity, in our evaluation, it makes more sense to acquire and claim ownership in the network.

#### **4. The Chinese strategy and interests**

The recent tensions around the Huawei Corporations was a wake-up call for Chinese economic development policies. Ironically until the US launched measures against the Chinese firm, the development in this area very much relied on market forces, in other words, it made

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<sup>176</sup> Hungarian Government. “Az államnak szerepet kell vállalnia az 5G hálózatok kiépítésében.” June 18, 2019d.  
<https://www.kormany.hu/hu/innovacios-es-technologial-miniszterium/hirek/az-allamnak-sze-repet-kell-vallalnia-az-5g-halozatok-kiepiteseben>

sense to use American technology in Chinese products, since they have represented cutting edge technology and made Huawei products more competitive.

Though in 2014 Xi called for self-reliance already, a concept that goes back to Mao,<sup>177</sup> it became very clear that these efforts must be strengthened in the light of the Trump-administration's measures. It is easy to find historical evidence that China was able to defy embargos that were implemented in order to cut off China from certain technologies. The Soviet Union stopped its technical support during the Cold War, but China was still able to develop nuclear weapons, and the same happened with the satellites, and rockets in the 90s upon which the US levied comprehensive sanctions. There is no reason to believe that China could not repeat this success story and rely more on homegrown alternative technologies in this area as well. When the US blacklists Huawei, it only speeds up the domestic innovation processes in China. In other words, the implemented measures will blackfire, since it forces the Chinese firms to look for other alternatives, not just indigenous innovation, but cooperation with other countries.

Regardless of the American sanctions imposed on Huawei or ZTE, the efforts to make the Chinese economy more independent from foreign technology are not new, they are logical steps in moving up added value chain. The comprehensive framework of the Chinese innovation policy is the so-called “Made in China 2015” strategy, that was inspired by the German Industry 4.0 plan adapted in 2013. However, the Chinese strategy is different from the German version, and it also differs from the “Strategic Emerging Industries”, which

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<sup>177</sup> Laskai, Lorand. “Why Blacklisting Huawei Could Backfire. The History of Chinese Indigenous Innovation.” *Foreign Affairs*, June 19, 2019.

was the 15-year plan adapted in 2006. The “Made in China 2015” strategy is broader than its German counterpart, since the competitiveness of Chinese firms is more uneven, and it also must deal with challenges imposed by Asian low-cost producers. Kennedy highlights three fundamental differences between “Made in China 2015” and the “Strategic Emerging Industries”:

- “Strategic Emerging Industries” just focuses on innovation, while “Made in China 2015” focuses on the entire production;
- “Made in China 2015” also targets traditional industries and modern services;
- More room for market forces in the “Made in China 2015” strategy.<sup>178</sup>

However, it is more important to emphasize that this plan also specifies the goal of raising domestic content of core parts and other material to 40 percent by 2020 and 70 percent by 2025. It must be mentioned too that the plan targets 10 priority sectors<sup>179</sup>, and the information technology sector is obviously one of the key sectors.

Chinese telecommunication firms being at the vanguard of this technology unveiled their 5G strategy at the Mobile World Congress 2019 in Shanghai this year.

- China Telecom started its “5G” Empowering Intelligent

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<sup>178</sup> Kennedy, Scott. “Made in China 2015.” *Center for Strategic and International Studies*, June 1. 2015.

<sup>179</sup> The key sectors are 1) New advanced information technology; 2) Automated machine tools & robotics; 3) Aerospace and aeronautical equipment; 4) Maritime equipment and high-tech shipping; 5) Modern rail transport equipment; 6) New-energy vehicles and equipment; 7) Power equipment; 8) Agricultural equipment; 9) New materials; and 10) Biopharma and advanced medical products.

Connectivity” program by pointing out that the N refers to new genes, new operation, new power and new ecosystem.

— China Unicom applied 5G technology in 11 industries so far and launched several pilot projects (130 experience centers in 40 cities, 5G smart factory with Commercial Aircraft Corp of China Ltd in Shanghai, etc.)

— China Mobile is about to build 50.000 5G base stations in 50 Chinese cities in the second half of this year.<sup>180</sup>

Obviously, there is a strong link between Huawei’s robust market position and the telecommunication firms’ front-runner strategy, since Huawei can clearly rely on the rapidly expanding domestic 5G markets on the one hand, and on the other hand it can also expand the overseas sales of the firm. According to Richard Yu Chengdong, the chief executive of Huawei Consumer Business Group, the firm’s 5G business was not affected by American sanctions at all, and it has already shipped 150.000 units of 5G business stations, and it will reach 500.000 stations by the end of the year.<sup>181</sup>

Besides the development in the domestic market, it is equally important to shed light on the international competitiveness of the Chinese firms in this segment. Chinese firms are front-runners of this technology. In the past, 3G and 4G patent owners dominated the market of smart phones, thus we have every reason to believe that 5G partner owners will also be market leaders. Last year, around

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<sup>180</sup> Pao, Jeff. “Chinese Telecoms Unveil Their 5G Strategies. China Mobile, China Unicom and China Telecom are Adopting Different Strategies, Bosses Say.” *Asia Times*, June 28, 2019a.

<sup>181</sup> Pao, Jeff. “Huawei Says No Timetable to Launch Its Own System.” *Asia Times*, June 26, 2019b.

5.600 patent applications were registered. However, in contrast to 3G and 4G, we can assume that 5G technology will be more significant, since any sector reliance on connectivity will be influenced by the partner owners. Huawei Technologies Corporation ranks second on the list of 5G SEP (Standard-essential patent<sup>182</sup>) owners with 933 SEPs, ZTE is the third with 796 and the China Academy of Telecommunication Academy can claim 352. If looking at the main holders of 5G patents, Chinese firms dominate the segment with around 31 percent, South-Korean firms can claim 27 percent of the SEPs, American firms' share is 18 percent, while the European firms (Nokia and Ericsson) have only 16 percent of the 5G patents.<sup>183</sup> (See table 1!)

Table 1. 5G Standard-Essential Patent Owners	
Samsung Electronics Co, Ltd	1166
Huawei Technologies Co, Ltd	933
ZTE Corp.	796
Ericsson Inc	794
Qualcomm INC	730
LG Electronics	621
Intel Corp.	473
Sharp Corp.	468
China Academy of Telecommunication Academy	354
Nokia	299
Inter Digital Technology Corp.	18

Source: Pohlman, Tim. "Who is Leasing the 5G Patent Race?" *IAM*, December 12, 2018.

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<sup>182</sup> The SEP is a patent that claims an innovation that must be used to comply with standards.

<sup>183</sup> The Sharp Corporation has 7 percent of the SEPs. The originally Japanese firm was overtaken by the Taiwan-based Foxconn Group in 2016.

## **5. Conclusions**

The first very simple conclusion is that Hungary needs technology transfer, in particular the 5G technology is essential, since it will become one of the key areas by enabling connectivity.

However, we can immediately add that Hungary also needs diversification as for the technology's origin. The Hungarian FDI stock, the patterns of foreign trade reveal this structural weakness of the Hungarian economy. Even though one would argue for technology transfer from West Europe in this segment, it would be difficult since European firms lag not only behind Chinese companies in this segment, but American and South-Korean are more dominant too. We must add that more reliance on the European firms would be advisable from a European perspective, but it would require changing the competition rules of the Single Market to allow for more subsidies in a more flexible way.

Political ties between China and Hungary are excellent to speed up cooperation in this segment. The Hungarian decision to maintain a strong state presence (hybrid model) in this segment is a very important corner stone in this perspective, because this is the way of how the Hungarian state can be able to control and guide the market players, and at the same time alleviate justified or unjustified security concerns.

In our understanding, Chinese-Hungarian cooperation in this area is promising, since Hungarian human resources are strong in this area, and the political will is prevalent too. As we mentioned above, the Hungarian government and the Chinese firm signed a letter in intent

to signal their willingness to strengthen cooperation in the development of the info communication sector. This initiative is extremely important since it is not only about how a foreign firm can enter the domestic market, but it is also about how the knowledge related to 5G can spread in Hungary.<sup>184</sup>

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<sup>184</sup> Looking at the details, the Huawei is to establish HUAWEI Authorized Information and Network Academy (HAINA) in Hungary. The HAINA center is part of the HAINA partnership program that authorizes universities and colleges to deliver certification courses to their students. (<https://huaweihaina.com/>)

<https://www.kormany.hu/hu/innovacios-es-technologuai-minisztserium/hirek/a-jovo-magyar-mernokeinek-kepzeseben-is-reszt-vallal-a-huawei>

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# **Chinese Tourism in Hungary and Its Dynamically Expanding Prospects**

VINCENTIUS Fábian Armin<sup>185</sup>

## **Abstract:**

The recently emerging strong synergy between China and Hungary shows that tourism is flourishing and has become one of the bases of cultural and economic relations between the two countries. My aim is to discover the reason Chinese tourists find Hungary an attractive tourist destination. In the first part of my essay, I analyse Chinese tourism in Hungary using descriptive statistical data and examine the way Chinese demand meets Hungarian supply. In the second chapter, I present interviews with representatives of the Hungarian Tourism Agency and various travel agencies, as well as a number of tour guides. Based on the collected data, a variety of new guidelines, which may help further improve the services Chinese tourists demand are defined.

**Keywords:** tourism, Chinese feeder market, prospects

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<sup>185</sup> Fábian Armin Vincentius is a senior student at ELTE Oriental Languages and Cultures (Korean studies), member of The National Association of Hungarian Journalists, and research intern at Pallas Athene Innovation and Geopolitical Foundation (PAIGEO) since January 2019.

## **Introduction**

Diplomatic relations between Hungary and China were established seventy years ago, though the links between the two countries go back much further. Even in the context of my study, it would be exciting to explore the early days of Hungarian-Chinese tourism, the way it developed and its most intriguing historical and cultural aspects. Nonetheless, in this paper I will dissect only a single slice of this topic, both in terms of time and space, as I focus on Chinese tourism following the turn of the millennium.

I consider this subject to be of particular importance because, in my opinion, the flourishing cooperation between the two states consists of two distinct parts: on the one hand, a framework of political, economic, scientific and educational cooperation, and on the other hand, the relationship between the two peoples. Tourism is related to both components, considering that this type of travelling, apart from the economic aspect, is most often about getting to know each other. Not surprisingly, tourism is seen as a means of diplomacy since the second half of the 20th century.<sup>186</sup>

My aim in this study is to find the answer to why our country is attractive to Chinese tourists and why a traveller who lives thousands of kilometres away would choose Hungary as a destination. The first section of this paper uses descriptive statistical analysis of Chinese tourism to Hungary, examining how Chinese interest as a demand meets its supply in the Hungarian market. This chapter also details the changes that have taken place in the quantity and quality of Chinese tourism to Hungary between 2000 and today. In the second

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<sup>186</sup> John K. Walton, “Tourism”, Britannica.com, last retrieved: 11/8/2019,  
<https://www.britannica.com/topic/tourism/Day-trippers-and-domestic-tourism>.

part of the study, I discuss the interviews I conducted with former and current staff of the Hungarian Tourism Agency, representatives of travel agencies, and tour guides. The interviews provide an opportunity to share the experiences and recommendations of those who are knowledgeable, concerned, and professionally qualified, and thereby formulate various guidelines that may help to provide Chinese tourists with even more effective and attractive services in the future.

### **The number of Chinese tourists in Hungary from the turn of the millennium to the present day**

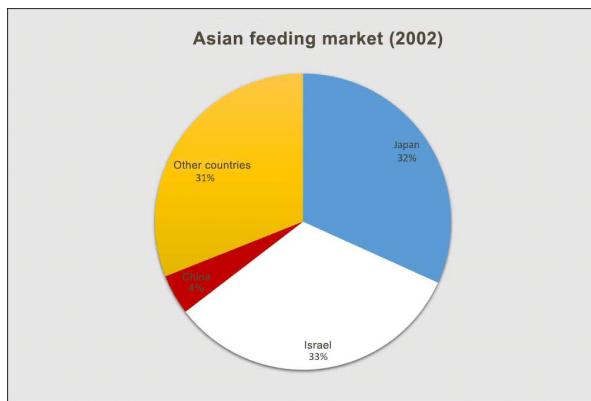
In terms of quantity, the number of Chinese tourists to Hungary has undergone a radical change between 2000 and the present. nothing illustrates this better than the statistics published by the Research Directorate of the Hungarian National Tourist Office (*Magyar Turizmus Rt.*) for 2000 and 2001, where China is not even on the list describing the number of foreigners visiting Hungary by country.<sup>187</sup> The list includes the four most important feeding countries outside Europe at that time: the United States, Israel, Japan and Canada. In case of Japan, the exact figures are also relevant: in 2000, 100 thousand people travelled to Hungary, while in 2001, there were 97 thousand such travellers. Although there was a decrease of 10,000 by 2002, the number of people arriving from Japan to Hungary was still very high compared to those from China, more than seven times as much. The statistics for 2002 included China, but only 12,000 people travelled to Hungary that year.<sup>188</sup>

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<sup>187</sup> Magyar Turizmus Rt., „Turizmus Magyarországon 2001” [Tourism in Hungary 2001], last retrieved: 12/8/2019; [https://mtu.gov.hu/documents/prod/1166\\_turizmus\\_mo\\_2001.pdf](https://mtu.gov.hu/documents/prod/1166_turizmus_mo_2001.pdf).

<sup>188</sup> Magyar Turizmus Rt., „Turizmus Magyarországon 2002” [Tourism in Hungary 2002], last retrieved: 13/8/2019., [https://mtu.gov.hu/documents/prod/1165\\_turizmus\\_mo\\_2002.pdf](https://mtu.gov.hu/documents/prod/1165_turizmus_mo_2002.pdf).

During this period, Israel and Japan accounted for nearly two-thirds of the Asian feeding market with 177,000 out of 274,000 persons,



while China, with 12,000, represented only a 4 percent slice.

It is important to note that low Chinese presence in Hungary in the early 2000s is a consequence of a wider phenomenon, as Chinese travellers at that time primarily targeted Asian countries. This is also evidenced by statistics from 2000, according to which 83.1% of tourist travelled within Asia, mainly due to lower prices, familiar environments and less administrative obstacles, while only 10.1% of Chinese travellers came to Europe.<sup>189</sup> According to statistics, 56 percent of European trips had Russia as their destination, followed by Germany with more than 110 thousand travellers, France with 96

*Figure 1 - Asian tourism feeding market to Hungary in 2002 (Source:  
Hungarian Central Statistical Office)*

thousand trips and Great Britain with 61 thousand trips. A much stronger tendency towards well-known Western European countries existed at the time, as our conversation with Fu Ming, a Chinese teacher from Beijing Foreign Studies University (BSFU) teaching in

<sup>189</sup> CNTA, *The Yearbook of China Tourism Statistics* (Beijing: China Tourism Press, 2000a).

Hungary in the academic year 2018-2019, has confirmed<sup>190</sup>: “*To tell the truth, Chinese people also have this impression, which is still intact with minor changes, that northern countries such as Sweden and Norway and Western European countries are more developed, but require significant financial efforts, while so-called Eastern European countries – not necessarily categorized by their geographical location – are much cheaper. In Chinese thinking in general, at least in my experience and friends of mine, Austria, Switzerland and Germany may still be the most desirable destinations. Still, for the vast majority of Chinese people, Western European states remain to be overly expensive, so it is a realistic assumption that wealthy individuals tend to choose Western European destinations, while others travel to East-Central Europe.*”<sup>191</sup>

Although in the early 2000s Hungary was not among the most popular European destinations for the Chinese, in December 2002 it became the first East-Central European country to join the ADS system. The ADS system was founded in 1995 with the purpose of establishing bilateral tourism agreements to facilitate Chinese tourist entries into partner countries and to allow the host state to seek more traffic through promotional campaigns. Among its practical advantages, it is worth highlighting the fact that the ADS system allowed Chinese residents to travel to a particular country through the organization of travel agencies, which eliminated the need for

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<sup>190</sup> Fu Ming arrived in Hungary on 13 September 2018. During her year in Hungary, she worked as a lecturer at Pázmány Péter Catholic University, and also at the Confucius Institute of Eötvös Loránd University. She taught Chinese grammar to sophomore and master students, technical reading to third-year students, and oral subjects to freshmen. In addition to undertaking university work, she was also active in organizing Chinese cultural activities at least twice a month. She recounted meeting a lot of Chinese people - permanent residents of Budapest or tourists - while performing these tasks, so her experiences and thoughts proved to be relevant to my study as well.

<sup>191</sup> Excerpt from the author's conversation with Fu Ming, university lecture (Budapest, 2019).

lengthy personal administration at the embassy.<sup>192</sup>

Although it took some time for the system to actually start up, the move proved to be important for boosting tourism between China and Hungary. In the following years, the strategy for approaching China on Hungary's part underwent several changes: through the cooperation of the Visegrad Four, the Hungarian National Tourist Office participated in the China International Travel Mart 2003 exhibition and did its best to introduce the country through promotional campaigns.<sup>193</sup> According to Mr L's<sup>194</sup> experience, the company pursued two main goals: *"At that time, we had two main points in mind: to introduce Hungary and to make it attractive to the Chinese market. Even now, many in China know very little or nothing about Hungary. This was even more drastically true 15 to 20 years ago. It may sound strange, but it's a question of why a Chinese person would come to Hungary and, once they choose Europe, why not choose a more popular destination. In addition to trying to seize every opportunity to promote Hungary in China and Chinese communities, we realized that - at least for the time being – it would be too difficult to do it alone. It simply did not seem likely that the vast majority of Chinese travellers would visit a single European country after travelling thousands of kilometres, and for that particular country to be Hungary. However, the same problem was true for the entire Central European region, even for more well-known destinations such as Austria and the Czech Republic. To us it seemed like a good idea to put our heads together within the"*

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<sup>192</sup> Arita Shawn et al., "Impact of Approved Destination Status on Chinese travel abroad: an econometric analysis", *Tourism Economics*, 2011, 17(5): 983-996, last retrieved: 2019.08.14., <https://doi.org/10.5367/te.2011.0076>

<sup>193</sup> Magyar Turizmus Rt., „Turizmus Magyarországon 2003” [Tourism in Hungary 2003], last retrieved: 15/8/2019,  
[https://mtu.gov.hu/documents/prod/1164\\_turizmus\\_magyarorszagon\\_2003.pdf](https://mtu.gov.hu/documents/prod/1164_turizmus_magyarorszagon_2003.pdf).

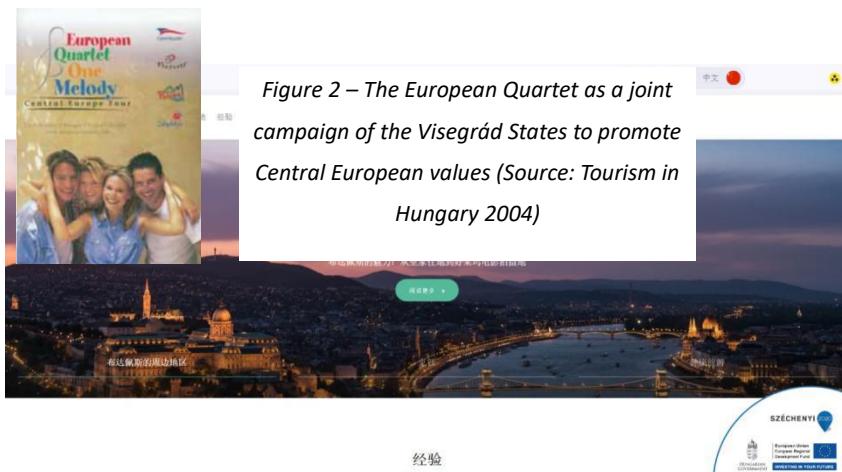
<sup>194</sup> Mr L (53) is an economist and former member of the Hungarian National Tourist Office while having worked at several travel agencies. He asked to remain anonymous.

*Visegrad Four: it is more reasonable to assume that Chinese travellers would opt for a Polish-Czech-Slovak-Hungarian tour rather than for France and Germany, especially if exciting, lesser-known landscapes can be discovered at affordable prices. However, two problems arose: on the one hand, Chinese tourists spent very little time in Hungary and, on the other hand, they only visited the capital, and even that only in passing.*<sup>195</sup>

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<sup>195</sup> Excerpt from the author's conversation with Mr L, economist (Budapest, 2019).

By that time, China was already considered a feeding market with significant growth and potential for Hungary<sup>196</sup>, and in order to eliminate the issues mentioned by Mr. L., as part of which Chinese tourists tended to visit Budapest alone, the Hungarian National Tourist Office sought to promote five regions in its marketing communications abroad: in addition to the capital and its surroundings, they showcased Lake Balaton, Northern Hungary and the Transdanubia region, the Great Plain, and Lake Tisza as destinations. Attendance at Chinese fairs was increasingly emphasized, like in February 2004 when the Visegrád Four was present with a co-operation campaign in Shanghai at the World Travel Fair European Quartet, or in July at the Beijing BITE and in November at the CITM in Shanghai, plus a CD featuring World



Heritage Sites in Hungary was published in Chinese.

In 2004, 25,000 Chinese tourists visited Hungary, which is practically double that of those arriving in 2002 and 2003. In 2005, the number of Chinese tourists visiting Hungary was 31,000, and in addition to the number of tourists the number of overnight stays also

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<sup>196</sup> Magyar Turizmus Rt., „Turizmus Magyarországon 2004” [Tourism in Hungary 2004], last retrieved: 16/8/2019, [https://mtu.gov.hu/documents/prod/1163\\_turizmus\\_Magyarorszagon\\_2004\\_vegeges.pdf](https://mtu.gov.hu/documents/prod/1163_turizmus_Magyarorszagon_2004_vegeges.pdf).

showed a positive trend with a 25 percent increase.<sup>197</sup> At the invitation of the Visegrád countries, 24 people arrived from China as representatives of various electronic and printed media, with Hungarian National Tourist Office welcoming an additional 60 people representing two Chinese travel agencies. These tourism workshops provided an opportunity for Hungarian and Chinese staff concerned to work together on building business relations and to establish the future of tourism between China and Hungary. Of particular note is the creation of a website promoting Hungary in Chinese, still available online with some changes.

It is not easy to examine the set of figures and the exact rate of annual growth, as the Central Statistical Office did not publish annual data under the same criteria. While between 2001 and 2007 there is data on the number of visitors arriving from China down to the thousand (*Figure 4*), from 2008 onwards only the number of guests staying at accommodation facilities – and the number of overnight stays – is available per country. Although, of course, the number of Chinese guests at accommodation facilities is not identical to the number of Chinese people entering the country, there

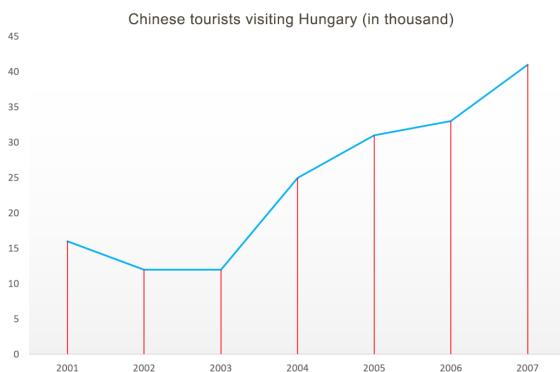
*Figure 3 - WOW Hungary's new country brand for tourism was created in 2018 with the help of the Hungarian Tourism Agency (Source: Hellohungary.com/cn)*

a high degree of overlap between the statistics, so these figures are included in the study from 2008 onward (*Figure 5*). A significant increase in the number of tourists is observed starting in 2010: while between 2008 and 2010 growth was 16-18 per cent, from 2010 to 2011 it reached almost 30 per cent and in 2012 it was again above 20 per cent. After a short decline – in 2013 the growth rate remained below four per cent – there was another peak, mainly in 2015 and 2016, as growth in those years reached in 40 and 35 per cent,

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<sup>197</sup> Magyar Turizmus Rt., „Turizmus Magyarországon 2005” [Tourism in Hungary 2005], last retrieved: 17/8/2019,  
[https://mtu.gov.hu/documents/prod/turstat2005\\_magyar\\_vegleges.pdf](https://mtu.gov.hu/documents/prod/turstat2005_magyar_vegleges.pdf).

respectively. There are also significant differences in the number of overnight stays: between 2008 and 2010 there was an annual increase of 11 to 13 per cent<sup>198</sup>, which by 2011 spiked up to 45 per cent, then in 2015<sup>199</sup> and in 2016 to above 35 per cent. Thus, while in 2008 38,600 Chinese visitors spent 71,469 nights in Hungary, in 2011 58,386 of them spent 116,103 nights and in 2016 170,171 spent 302,107 nights in Hungary.



*Figure 4 – The number of Chinese tourists visiting Hungary between 2001 and 2007 (Source: Central Statistical Office)*

<sup>198</sup> Magyar Turizmus Rt., „Turizmus Magyarországon 2010” [Tourism in Hungary 2010], last retrieved: 19/8/2019,

[https://mtu.gov.hu/documents/prod/1157\\_Turizmus\\_Magyarorszagon\\_2010\\_vegleges1.pdf](https://mtu.gov.hu/documents/prod/1157_Turizmus_Magyarorszagon_2010_vegleges1.pdf).

<sup>199</sup> Magyar Turizmus Rt., „Turizmus Magyarországon 2015” [Tourism in Hungary 2015], last retrieved: 19/8/2019,

[https://mtu.gov.hu/documents/prod/MTE\\_4000\\_105x210\\_LA4\\_StatVegleges\\_2015\\_HU\\_web.pdf](https://mtu.gov.hu/documents/prod/MTE_4000_105x210_LA4_StatVegleges_2015_HU_web.pdf).

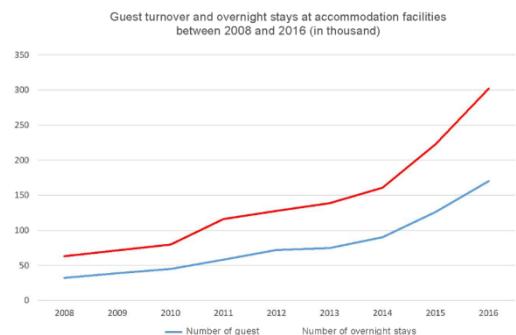


Figure 5 - Changes in the number of guests and overnight stays between 2008 and 2016 (Source: Central Statistical Office)

## Causes of change in Chinese tourism to Hungary

Detailed information at the website of the Hungarian Tourism Agency is available until the end of 2016 only<sup>200</sup>, but I had the opportunity to ask the Agency's Chinese Country Specialist, Yao Yao,<sup>201</sup> about the latest figures: “*The Hungarian Tourism Agency examines changes in visitor numbers and feeding markets in view of the monthly data published by the Hungarian Central Statistical Office on guest rates at accommodation services in Hungary. Accordingly, we have data on the number of tourists, the number of their overnight stays, and a breakdown by region in Hungary. Travel data show that Budapest is still the most popular primary destination among Chinese tourists, but apart from the Hungarian capital, more and more people visit the Balaton region, including the town of*

<sup>200</sup> Magyar Turisztikai Ügynökség [Hungarian Tourism Agency], „Riport a rekordévről” [Report on a record year], last retrieved: 2019.08.20., [https://mtu.gov.hu/documents/prod/mid\\_HU\\_Turizmus\\_mo\\_2016\\_spreads.pdf](https://mtu.gov.hu/documents/prod/mid_HU_Turizmus_mo_2016_spreads.pdf).

<sup>201</sup> As of May 2018, Yao Yao has been appointed as a Chinese country specialist by the Hungarian Tourism Agency Directorate for Sales. Yao Yao speaks native Chinese and Hungarian and is fluent in English. Previously, she worked as a front office manager at Marriott Executive Apartments, Millenium Court, then in Corporate Sales at Hilton Budapest City. In 2010, she was involved in the operation of the Hungarian Pavilion at the World Expo in Shanghai. She worked as a tour operator at Locomotive Travel and at East-Europe Express Travel Service.

*Hévíz. In addition, travel agency packages for Chinese guests also include Eger, Szeged, Tokaj and Sopron. Tourism in Hungary has been growing steadily since 2010 and reached a historic record last year. Never before have so many tourists come to Hungary. The number of Chinese visitors to our country has also increased significantly. In 2018, there were 256,000 Chinese visitors to Hungary (12.5 percent more than a year earlier), spending a total of 421 thousand overnight stays with us, an increase of 14.6 percent compared to 2017. Growth from the Chinese feeding market continued in the first half of 2019: between January and July 2019, Chinese tourists spent 6% more overnight stays at commercial accommodation establishments in Hungary. In June 2019, China was our 8th largest feeding market in overnight stays: in June alone, Chinese tourists spent 51,000 nights in Hungary, realizing a 12 percent increase since June last year.”<sup>202</sup>*

Looking at the figures, two questions arise: what is the reason for the significant increase in the number of tourists and what is the reason Chinese travellers in Hungary still spend less than two nights on average? There are several aspects to consider when examining the significant increase in visits: first, the Hungarian side's active engagement with China, some points of which have already been mentioned in this study; second, the fact that internal causes are contributing to the rise in numbers of Chinese tourists who are increasingly choosing European destinations.<sup>203</sup> Special mention should be made of the One Belt, One Road Initiative, hailed as the new silk road, in which 126 countries and 29 international organizations have so far signed cooperation agreements with China<sup>204</sup>, making many European countries more accessible and

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<sup>202</sup> Excerpt from the author's conversation with Yao Yao, Chinese country specialist (Budapest, 2019).

<sup>203</sup> CNTA, *The Yearbook of China Tourism Statistics* (Beijing: China Tourism Press, 2018).

<sup>204</sup> News In Asia, “126 countries, 29 international organizations are now part of China’s  
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more easy to tread for Chinese tourists. Hungary was one of the first EU Member States to join the initiative, and the global economic-infrastructure move also had a positive impact on the Chinese feeding market: “*China has been one of Hungary's most dynamically expanding feedings markets in recent years (...) which has been favourably influenced by the One Belt, One Road initiative announced in 2013. (...) Moreover, the fact that there are now two air services flying the route between the two countries also benefits tourism. The Budapest-Beijing air service has been in operation since May 2015, and from June this year, the Budapest-Shanghai direct air link will be established. The Hungarian Tourism Agency is involved in the expansion of air links to strengthen Sino-Hungarian tourism; it carries out major international marketing and campaign activities to promote Hungary as a destination; participates and provides a platform for domestic service providers at trade shows in China; and organizes workshops, road shows, and sales calls to raise awareness for tour operators and service providers in the two countries to increase their inbound tourism*”, sums up Yao Yao the current activities of the Agency in China, saying that Central Europe, including Hungary, is a safe and increasingly popular tourist destination, as evidenced by the fact that Budapest has been named the best European destination in 2019.<sup>205</sup>

Despite the increase in the number of tourists, while in 2008 Chinese travellers spent on average 1.85 nights in Hungary, this number was 1.77 nights in 2016 and dropped to 1.64 nights last year. According to Yao Yao, in order for tourists to spend more time in Hungary, rural areas should be introduced and popularized besides the capital, and to that end both the government and the Hungarian Tourism Agency

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BRI”, last retrieved: 2019.08.18.,  
<https://newsin.asia/126-countries-29-international-organizations-are-now-part-of-chinas-bri/>

<sup>205</sup> European Best Destinations, “Best Places To Travel In Europe 2019”, last retrieved: 17/8/2019, <https://www.europeanbestdestinations.com/european-best-destinations-2019/>.

took several steps: “*There have been unprecedented developments in domestic destinations around the country aimed at developing quality tourism services and accommodations that meet the needs of tourists from abroad, such as those from China. We support the promotion of rural Hungary in addition to Budapest through international marketing campaigns and by an increasing number of tourist programs made available to travel agencies, increasing the amount of time spent in various extended programs.*”

However, due to the time-consuming process of developments there are currently a number of shortcomings, resulting in negative feedback from foreign tourists. “*Apparently foreign tourists take issue with the quality of certain services and the availability of the promised services (...), Chinese tourists prefer twin rooms, meaning two separate beds, but in many cases domestic hotels do not have this type of capacity.*”

Mr L is of a similar opinion, saying that a significant proportion of rural hosts were surprised by the large increase in tourists and were unable to take the appropriate steps to meet the needs: “*Indeed, rural services do not always meet the needs of foreign tourists, and this may have a negative impact on the number of overnight stays in Hungary. (...) Nevertheless, I would refer back to the reason mentioned earlier: the low number of nights spent in our country is mainly due to the fact that tourists from faraway places target an entire region in the continent, not just Hungary. There are two aspects worth noting in this respect: on the one hand, the majority of Chinese tourists do not have their own itinerary, instead they take the usual course of action and join an organized tour. There are many reasons for this: it is simpler, more comfortable and, not least, safer, or at least less dangerous for people arriving from thousands of kilometres away. Hungary represents only one slice within these programs. Maybe it's time to provide better alternatives. On the other hand, it is quite natural that Prague or Vienna comes before*

*Hévíz or Tokaj. Popular capitals are matched up against locations which, although having a lot to offer, do not possess the same capabilities. The question then arises of how to win such a – one might say, predetermined – competition. There are several solutions, and they do not necessarily mean that other countries in the region need to be overcome. For the time being, a half-day increase would be a great achievement, but this requires extending the trip and reviewing and reorganizing existing programs. I think it is worthwhile to look more closely at what Chinese tourists like in our country and what can be changed to make them feel even better.”*

### **The beauty of Hungary in the eyes of the Chinese**

Indeed, one of the most exciting questions about Chinese tourism to Hungary is, what do Chinese people find beautiful and truly likeable about Hungary? Apart from teaching, Fu Ming has also been culturally active within Chinese communities, so she was able to share her own experiences and some feedback from her compatriots on the subject: “*It is the architecture, the bridges, the Danube and the evening panorama that are simply incredible. I am very interested in European architecture, so it is a special experience for me to walk the streets and observe these masterpieces. I believe architectural works are generally the most popular with Chinese tourists.*” Mrs Y<sup>206</sup>, a Chinese tour guide living in Budapest, is of the same opinion: “*You are no doubt be familiar with the panorama from the Buda Castle and the Fishermen's Bastion. Well, this is the question I get most often: already at the beginning of the tour, people are wondering when they will see the city from those vantage points.*

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<sup>206</sup> Mrs Y (44) has been living and working in Budapest for nine years. She has worked for several Chinese companies during this time and has been working as a full-time tour guide for four years, accepting groups exclusively from the Far East, primarily from China. She has asked to remain anonymous.

*For some reason, they are terribly attached to this view, I think much more strongly than tourists from neighbouring countries. With some exaggeration, this is what Hungary means to them.”<sup>207</sup>* So, the architectural heritage of the Hungarian capital is a great attraction for Chinese tourists, but it is not surprising considering that the banks of the Danube have been added to the UNESCO World Heritage List, along with the Buda Castle Quarter and Andrassy Avenue. According to Yao Yao, Budapest can often be interpreted as a separate entity: *Chinese tourists are greatly attracted by the historical, cultural and architectural heritage of the Hungarian capital, which is very different from their own, and which they are happy to get to know and discover during their travels. Budapest is the flagship of Hungarian tourism and is an independent, well-known tourist brand among the Chinese. Their main agenda in the Hungarian capital is sightseeing, and the most popular attractions include the Fishermen's Bastion, the Buda Castle, the Chain Bridge, the Parliament, Andrassy Avenue, Heroes' Square and a boat ride on the Danube.”*

Tímea Dömötör<sup>208</sup>, interpreter, highlights another aspect of the matter, saying that what the tours offer may not meet what Chinese tourists are interest in: „*I must say, their knowledge of European history is lacking in every respect. Many do not understand, for example, the difference between Rococo and Gothic, or how Catholic churches are different from Lutheran, or why the former have more ornamentation in their buildings, for instance.*”<sup>209</sup> In many cases, current tours may require too extensive knowledge or provide

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<sup>207</sup> Excerpt from the author's conversation with Mrs Y, tour guide (Pécs, 2019)

<sup>208</sup> Tímea Dömötör (33) works as a teacher and interpreter. She lived in China for ten years working in the same fields. She has been in constant contact with Chinese tourist groups in recent years

<sup>209</sup> Excerpt from the author's conversation with Tímea Dömötör, interpreter (Budapest, 2019).

potentially irrelevant information to Chinese tourists. As a personal experience, I can recount that many museums in the United States or in South Korea have exhibits on various European cultural and artistic works, and what struck me at first was that they present Europe as a whole, often without regard to borders and ages. Often the lack of knowledge is due to cultural differences and to observing Europe from an external perspective, and it is natural that a person from a different historical background does not have the same knowledge and, in some cases, even the required interest in the subject. This is why Mrs Y is focused on compiling special programs that will really get tourists interested: *"I have already mentioned how much they like the panorama and how they admire the architectural masterpieces. But let's face it, no one wants to feel like they are back in school while being on a tour. Looking at nice buildings does not necessarily mean that you want to know everything about them. When European travellers visit China and the characteristics of a given Chinese era are discussed, full of tiny details and strange, unheard of terms, these will take away from the experience. Chinese tourists are interested in Hungarian historical and cultural heritage, I am sure of that. However, information must be communicated in a creative, innovative and comprehensible way, from the ground up, so to speak. This should also be the case if the situation was reversed."*

Beyond the attractions of architecture and nature, the atmosphere of Budapest is another positive experience for Chinese tourists. According to Fu Ming, those who come here can dip into a different lifestyle: *"Cafes, cozy ruin pubs, the friendly and intimate restaurants that offer the opportunity to sit and eat outdoors are very appealing to Chinese. China has a limited number of outdoor patios. People rarely just sit around drinking coffee or beer, looking at buildings and people. Life seems to be faster and busier in China, there is simply no time to do such things. That is why we witness a*

*kind of peace here in Hungary with admiration and a bit of envy*”, says Fu Ming, who believes that a certain mysticism contributes to the special nature of Budapest: “*Hungary is becoming increasingly popular with the middle class. As a member of the European Union, it offers safety and good value for money, and is not as crowded as some of the truly, almost overly, popular Western European cities. Chinese people like to explore and try new things, to roam a bit in the unknown. Hungary may be seen as such a country in the eyes of the Chinese.*” This is especially true for rural areas such as Hévíz, Hortobágy or Pécs, which, even more than Budapest, represent the unknown for visitors.

In addition to the positive nature of the unknown, one important negative aspect has come to the fore in all interviews I conducted for this study: the existence of a language barrier. “The issue concerning foreign language skills is most common when traveling in the countryside. A frequent comment from Chinese tourists is that most tourist attractions lack Chinese-language posts, signs, and descriptions of attractions’, says Yao Yao, who believes that in addition to popularizing the country, it is also important to facilitate communication with Chinese tourists. Improving communication is often quick and cost-effective when more Chinese-speaking tour guides and staff are employed and when Chinese-language online content is made available. A solution could be a smartphone application that provides detailed information about Hungary, the sights of Budapest, and the places tourists might want to visit, as well as providing practical information and recommendations to Chinese tourists. An application developed to cater to these needs could be useful before and after arrival, bringing Hungary closer to Chinese tourists. During her one year in our country, Fu Ming has felt she missed many events because they had been communicated at the wrong place and in the wrong way: “*I often felt left behind because I could not find a way to keep up to date with upcoming*

*events and programs. On the one hand, most events are advertised on Facebook, which is not accessible to people in China, and also there is often no detailed information provided in English, let alone in Chinese. It would be great if that changed.” An app would be a good platform for providing ample information about events that are of interest to Chinese tourists as well.*

Language barriers are accompanied by differences in culture, habits and cuisine, which in some cases may cause difficulties for visitors and hosts alike. According to Tímea Dömötör, catering for Chinese tourists requires special attention: “*In my experience, they enjoy European food for two to three days, after which they try to find Chinese restaurants and takeaways or noodles in major stores. This is not really a problem; what is much more worrying that they are sensitive to certain European products, such as dairy in Hungary. These foodstuffs create bloating and discomfort, making the experience less positive. I always make sure to introduce Hungarian specialties that do not contain dairy products or where such ingredients can optionally be left out.*” However, many tour guides are not prepared for demands that may seem strange or unusual, and Chinese tourists are not always familiar with Hungarian customs. Financial issues have occurred more than once: tourists usually bring euros with them and convert it to forints at a hotel with less than favourable rates, possibly through the agency that organized the trip. In such cases, the agency receives a higher than average brokerage fee. There are also different habits concerning tipping and bargaining: “*Tipping [its necessity] is often criticized by Chinese tourists. They do not quite understand why it is required, and although many find out about it before coming to Europe, they repeatedly state that they disagree with the system. (...) Chinese tourists differ along a number of demographic indicators, such as age or social status, but most of them share a common preference for shopping and bargaining. As this is fundamentally not a common phenomenon in Hungary,*

*misunderstandings and negative experiences often arise*', admits Tímea Dömötör.

## Conclusion

With regard to Chinese tourism in Hungary, the conditions and fundaments have been created to provide opportunities for further quantitative and qualitative growth. The data presented in the first part of the study indicate that the last ten years have shown a decidedly positive trend in the number of tourists. Furthermore, there are developments currently underway to address the general and specific challenges facing tourism in Hungary. Beyond the official framework, further success requires the formal and informal efforts of all stakeholders, as some of the shortcomings and challenges identified in the second part of the study require, in many cases, not some major change in the framework, but substantive preparations on the part of individuals and the collective. In Mrs Y's opinion, we should keep in mind that Chinese tourists are in many cases more vulnerable than average: "*They arrive from far away and get thrown into a very different environment, which, even as a tourist, can be a shock at first. They should by no means be treated as a crowd; instead, we should go to great lengths to ensure they have the best experience possible. The Chinese love Hungary. Hungary is not only an opportunity for tourists but also for an increasing number of Chinese students, and these young people almost always return with positive experiences, singing the country's praises. The relationship between Hungary and China is closely knit!*"

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## **PART II    People and Society**

# **Phases in the Hungarian China Studies between 1949–2018<sup>210</sup>**

SÁRVÁRI Balázs<sup>211</sup>, TRAUTMANN László<sup>212</sup>

## **Abstract:**

The main goal of our study is to present the development of Hungarian social science thinking dealing with China, and as a part of it, the main institutes and research groups. We would like to provide it not only in cross-section, but also in historical context, because we consider so that this is required to solve the tasks to be dealt with by the domestic workshops. Among the challenges, we consider the most important the interpretation of continuously changing Chinese economic politics and its implementation into the global trend. This may be summarized in that the period starting from the beginning-middle of the ‘70s, the foreign and trade politics of the so-called Chinese opening switches to a new phase. Our starting point is that China will keep being connected to global trends, will not return to isolation, however, since it followed a primarily Western orientation track in the past forty years, its economic catching-up was specifically aligned to the absorption ability of Western-European market, in the subsequent period, the program of catching-up less developed areas will be highlighted, whether they are within or beyond China (South-Asian,

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<sup>210</sup> For the detailed analysis of the topics discussed in this Section, see: Sárvári B., Trautmann L. (2019).

<sup>211</sup> Dr. Balázs Sárvári is the Associate Lecturer of Budapest Corvinus University, Faculty of Microeconomics, Rector of the Szent Ignác Jesuit Professional College.

<sup>212</sup> Dr. László Trautmann habilitated Associate Lecturer, Candidate, Colleague of the Budapest Corvinus University, Faculty of Microeconomics since 1990, its Head between 2004 and 2019, Dean of Budapest Corvinus University, Faculty of Economy between 2005 and 2014.

Central-Asian countries, etc.).

This overview has not only academic relevance. János Kornai published an article having significant effect in the Financial Times and Élet és Irodalom on 10<sup>th</sup> July 2019, and on 19<sup>th</sup> July 2019, respectively. (Kornai 2019a, 2019b) One of the main finding of the publication is that Kornai recommends to review the China studies of the past forty years, as well as those proposals that were made by Western China-researchers (including Kornai himself) to the actual Chinese leadership. Kornai arguments that to promote rule of laws order, economic reform, privatization and macro-economic regulation is not sufficient, that were emphasized in the end of the '70s by the experts.

Our study is divided into three phases: we overview the literature of Chinese studies from 1949 to 1986, from 1986 to 2013, and finally, the last three years. The boundary in 1986 is justified by the publication of Kornai's work: 'The Scarce' (Kornai, 1980, 1986) Since we are talking about theory history sectioning, we did not choose 1978, the year of Deng coming to power as a boundary, even because the prelude to Deng's reforms can be found at Mao Ce-tung as well. We considered as more correct to choose theory history sectioning instead of historical sectioning.

**Keywords:** China, Hungary, scientific analyses, 1949–2018

## 1. Introduction

Our study aims to present the development of Hungarian social science thinking dealing with China, and as a part of it, the main institutes and research groups. We would like to provide it not only in cross-section, but also in historical context, because we consider so that this is required to solve the tasks to be dealt with by the domestic workshops. Among the challenges, we consider the most

important the interpretation of continuously changing Chinese economic politics and its implementation into the global trend. This may be summarized in that the period starting from the late 1970s, the foreign and trade politics of the so-called Chinese opening switches to a new phase. Our starting point is that China will keep being connected to global trends, will not return to isolation, however, since it followed a primarily Western orientation track in the past forty years, its economic catching-up was specifically aligned to the absorption ability of Western-European market, in the subsequent period, the program of catching-up less developed areas will be highlighted, whether they are within or beyond China (South-Asian, Central-Asian countries, etc.). Our study is not about to empirically validate it, Sárvári (Sárvári, 2016a) discusses it in more details.

Chinese economic politics changes had significant effect on Hungarian social and economic science literature primarily from formation theory aspect. We consider it generally valid, that the relationship between Central-Eastern European region and China was special, which was further improved after the formation of the People's Republic of China in 1949. Its cause was primarily the modification of the structure of the Eastern block following the World War II. Before that, Soviet economic politics and political economic thinking was mainly determined by the "socialism in one country" thesis, that closely interconnected the Soviet imperial thinking and the protection of Marxism-Leninism. After the World War II, however, the expansion of the Eastern Block was not in accordance with the expansion of the Soviet Union, and newly established socialist countries made the emergence of a more plural structured co-operation within the Eastern Block inevitable. This was described using the term: 'people's democracy' that time. Since this period, the Eastern Block substantially became split into three: it included the Soviet Union, the People's Republic of China and the Central-Eastern European countries (obviously beside Soviet hegemony – this is not an ancillary aspect, that this hegemon role was also supported by the American diplomacy). However, the motion of each element of this triangle, in particular the Chinese

influence was not negligible in Central-Eastern Europe.

The geopolitical transformation had both social and economic science branches, affecting Hungarian social sciences too. The analysis of the problem of capitalism and socialism, the specificities of the development of socialism, the theoretical examination of the Hegelian-Marxist production mode category, joining the world system theories popular during the Cold War period (we could say today on all of these, that the research of globalism) constituted and still constitute an organic part of the domestic economic science thinking. It is evident, that Chinese theoretical economic thinking, and thus economic political control pays extra attention on Hungarian economic and social science events. This is specific not only to János Kornai's works, who is obviously a milestone in this process, but before him, the works of Ferenc Tőkei or György Lukács also had a significant effect. In our study, we would like to present some elements of this effect-history with the purpose to highlight the formation theory aspects of current Hungarian sinology workshops.

This aspiration may have not only academic relevance. János Kornai published an article having high effect in the Financial Times and in the Élet és Irodalom on 10<sup>th</sup> July 2019 and 19<sup>th</sup> July 2019, respectively. (Kornai, 2019a, 2019b). One of the main finding of the publication is that Kornai recommends to review the China studies of the past forty years, as well as those proposals that were made by Western China-researchers (including Kornai himself) to the actual Chinese leadership. Kornai argues that to promote rule of laws order, economic reform, privatization and macro-economic regulation is not sufficient, that were emphasized in the end of the 1970s by the experts. He proposes the responsibility of the experts (including himself) that today's China does not consequently follow the way of rule of laws. It is hard to determine how big role was played by Western advisors in the economic politics decision-making, but it is sure, that Kornai's latest publications may significantly transform the thinking of the economists, thus opening to a new mentality. This may be called political economics, that has always

been pursued by Kornai, since the political economics is the research of the economic enforcement of long-term political-cultural value system elements. We can learn from Kornai's publication, that researching value system contexts is the part of any kind of advisory, and since global stability has no alternative, only such economical political recommendation shall be proposed, which supports China (and of course all other countries) to harmonically adapt to globalization. In our study, we would like to overview the Hungarian workshops in the light of the above thesis.

Our study is divided into three phases: we overview the literature of Chinese studies from 1949 to 1986, from 1986 to 2013, and finally, the last three years. The boundary in 1986 is justified by the publication of Kornai's work: 'The Scarce' (Kornai, 1980, 1986). Since we are talking about theory history sectioning, we did not choose 1978, the year of Deng coming to power as a boundary, even because the prelude to Deng's reforms can be found at Mao Ce-tung as well. We considered as more correct to choose theory history sectioning instead of historical sectioning.

## **2. From the beginning to the publication of The Scarce**

Hungarian economic and social science researches in the period between 1949 and 1986 may be basically grouped around two topics:

1. agricultural politics was an exact, practical economic-political issue;
2. a theoretical issue, the so-called Asian production mode and its relationship with socialism.

### **2.1. Agricultural politics and Chinese experiences**

The theoretical problem was determined by the different political strategy, in particular the judgement of the relationship between the working class and the peasantry. In the Soviet model, only the working class involved the opportunity to switch to socialism, whilst

Chinese communists proposed the higher role of peasantry in the socialist revolution right from the beginning. They argued so that peasantry as peasantry, without the need to go through the worker phase, is able to achieve socialism. This was the watchword of ‘people’s democracy’. The dispute had not only theoretical relevance, since it also determined collectivism and the features of town-village relationship, the relevant political strategy. These disputes in economic politics form at first.

Since 1953, powerful and brave efforts made in the economic politics to strengthen the agricultural role of households in order to stabilize the town and the entire peasantry. Using some kind of capitalist element to develop the agriculture is inevitable – emphasized those experts. The economy shall be divided into two sectors: the socialist sector, where large-scale industry and agriculture, where market relations, the use of some sort of capitalist elements are allowed. In the latter case, the main problem was that they did not mean Western, regulated market economy on market, but rather the model based on small-scale production back to the 19<sup>th</sup> Century or even before. The market prevailing in the agriculture was not used for the technological development the agriculture, but rather to conserve an obscure technological level. Therefore, they waived from the Marxist program of liberating labour in the agriculture.

The economical politics program regarding agriculture had two elements: the household farming and later the side-plant system. The economic politics inclined the agricultural cooperatives to establish production plants and factories in the village. They were working very effectively and cheap, whose reason was not the technological development, rather the lower wage level of the rural regions. Both reform elements generated strong feedback in China, and many elements were adapted in the second half of the fifties. This is reflected in the narrow literature too, but we may refer to that for Mao Ce-tung, 1956 brought significant political – economic politics turning point. It proved that the Soviet-type model is unstable, and since then, he made all efforts to make China avoid such instability.

## **2.2. The Asian production mode issue**

The problem of Asian production mode has a long history in the international literature, in particular also in the Hungarian social sciences. In this form (Asian Production Mode, Asiatische Produktionsweise) Marx was the first who used this term, reflecting on that European philosophy history tradition, that put the despotism and stagnation of Asian societies in contract with Europe's dynamism (i.e. together with that research program, that served to avoid Europe falling down to Asian barbarism). Marx considered the cause of stagnation in the specific Asian production process, in other words, the system of self-supplying village communities. On the contrary, he determined the specificity of European development in the town's dominancy. Marx, in his analysis, relied on the Indian and Russian history and society. And the examination regarding China in literature began only in the 20<sup>th</sup> Century. The interest towards China was not independent from the Chinese revolution in 1911, however, the harmonization of the strategies of Soviet and Chinese labour movement also played a significant role.

Hungarian social science joined the above process, after World War II, based on the agricultural experiences. The stability of the peasantry and the village, the long-term opportunities of developments were reflected in the discussions regarding Asian production mode. A key figure of domestic researches regarding Asian production modes was Ferenc Tőkei, who analysed the term of 'Asian production mode' and its prevalence in China in multiple works. (Tőkei, 1965, 1982, 2005) In Tőkei's works, the central element is the village's economy, the disharmony between community and individuals. He argued so that Asian production mode is not appropriate to manage individual prevalence: freedom is in contrast with Asian production mode, freedom necessarily involves the destruction of the community. Big Asian empires, including China, can ensure stability only when controlling, directing people as crowds, without deviating from agricultural or

village centrism.

Tőkei specified Asian production mode with a three-element model: the relationship between the individual – community – production tool. He argued so that it is specific to Asian production mode, that the individual may access to his production tool only through the community, whilst in the West, this formula was invalid. Therefore, in the East, the community was able to suppress the individual and individualism, whilst in the West, individualism prevailed. This formula lead to that false consequence, that it determined freedom as individualism, which is identical to capitalism, and assigned that to the West. This was supported by neither the Western, nor the Eastern development, since the West primarily followed the freedom idol. Freedom undoubtedly interconnected with capitalism in the 14-19<sup>th</sup> Centuries, although its criticism was permanently present in both the Western philosophy and political economics. Also, the Eastern high culture can not be described by the lack of freedom either, although it is clear that in this period, i.e. in the 14-19<sup>th</sup> Centuries, this value system element was closer to the West. Tőkei's analysis was inaccurate because this was because if the East, including China, wishes to integrate freedom into its own political and economic model, then it has to choose capitalism. Today we have a clearer view on that this is a false dichotomy.

### **3. From the Scarce's afterlife to the latest emergence of Hungarian China-studies**

Hungary's added value to the Chinese social sciences, in the 1980s and 1990s was primarily related to searching for peaceful reforms and interim period's model. On the one hand, Hungary offered an alternative way to China compared to the Soviet Union, that was considered as unsustainable, and that was heading to collapse. China, just like Hungary, started a Western orientation regarding political and trade policy processes, and the theoretical economics correlations of this Westerners orientation can be found in the works

of János Kornai. On the other hand, Hungary also became an important member of Europe, thus becoming a potential strategic partner for China. In this period, we can distinguish between four groups of literature:

1. transition and reforms;
2. international affairs, global issues;
3. cultural approaches; Chinese tradition and spirituality;
4. economical and industry analysis.

2013 is considered as the end-point of this period – the reason of this section boundary is explained in the beginning of the following chapter.

### **3.1. Reform period in China, regime change in Hungary**

The first delegation of Chinese economists arrived to Hungary in 1982, and the transfer of knowledge between the two countries had been intensive until 1989. The turning point of this thematic approach was established by the Chinese edition of Duanque Jingji Xue (The Scarce) (Kornai, 1986). In this period, the most important concerns were regarding the speed of launching the reforms and in particular the price reforms, which was theoretically expressed by the term ‘social market economy’. The Hungarian standpoint primarily proposed the application of shock therapy and to make the necessary steps. Following the economy conference held in 1981 in Athens, called ‘Relative Prices’, János kornai recognized, that he suddenly got much attention. His critics on the actual socialist economy had significant effects on the audience, where one of the key Chinese economists, Wu Jinglian was also present.

Kornai participated to the Bashan conference held in 1985 along with other key Western economists, that was organized on a ship for leading Chinese experts. The conference significantly influenced the Chinese reform thinking – its power may be specified by that The Scare was released in China in the year following that event. A recurring topic of Kornai’s later researches was the system theory

examination of socialism and studying Chinese economic politics. (Kornai, 1993, 1999, 2007, 2010).

The Hungarian workshops dealing with China-studies were operating following 1989 within less formalized conditions, mostly in groups organized around a leading researcher. Among the factors, the changing institutional environment, and the West-oriented economic politics following the fall of the socialist system played a major role. The five key research workshops are related to the names of János Kornai, Ottó Juhász & András Inotai, Gyula Jordán, Barna Tálas & Gergely Salát.

### **3.2. China's international affairs and role in the global issue**

Two leading China-experts, the studies of Barna Tálas (Tálas, 2006, 2012) and Gyula Jordán (Jordán, 2007, 2010, 2012) meant the reference point for further researches in this topic. Tálas declared right in 2006, that China might become an international hyper-power by the 2020s. Jordán was among the pioneers who questioned the *Washington Consensus* in Hungary, and proposed the *Beijing Consensus* instead. He also declared, that Chinese development provided many lessons to other developing countries, but he did not establish a new mode *yet*. Later, in the beginning of the 2010s, more future oriented publications reflected the Western influence. (Rácz L., 2011; Horváth, 2012; P. Szabó, 2012; Szunomár Á., 2012) In these studies, the authors explain China's global power basically from its military power instead of political stability, cultural and comprehensive strategic planning aspect.

In this period, it is worth to distinguish the studies analysing each exact relation from general, strategic aspect publications. China's South-American (Lehoczki, 2009, 2015a, 2015b), then African relationships were in focus, and of course the European Union. China's relationship with the European Union is defined generally in historical aspect and basically as an intercultural situation (Bóka, 2009, 2011). About the 2010-2012 period of China-Hungary bilateral

relationship was briefly summarized by Tamás Matura (Matura, 2012).

### **3.3. Chinese history, culture and its political aspects**

Chinese culture has always been an essential source and forming factor of Chinese development. This was underlined in his study by the Chinese ex-ambassador, Ottó Juhász (Juhász O., 2012), when he discussed the development curve from the First Opium War to 2012. He emphasized even by the chapter titles, that tradition serves political and strategic goals, thus contributing to China's soft power. (Nye, 1990) Juhász found the consequence that in China, continuity is due to Confucianism, which played the most important role in integrating different ideologies.

The main purpose of comprehensive historical essays and monographies was to deconstruct the image of monolith China, that was partially established by the geographical distance and cultural differences. (Polonyi, 1988; Magyar, 1991; Jordán, 1999; Salát, 2010)

The common volume of Imre Hamar & Gergely Salát provides a detailed historical-cultural overview (Hamar–Salát, 2009). Vámos (Vámos, 1995) presented the medical traditions, particularly Chi Kung. In his clear and harmonic style, Juhász (Juhász O., 2005) explained his Chinese world image through the personal prism of experiences and geography.

The literature regarding spirituality may be divided to publications dealing with Chinese traditions and Christianity. His overview on China's historical religions belongs to the former one (Salát, 2000a), and on the medieval (Hamar–Salát, 2005), Maoist period (Salát, 2000c) and particularly and cultural revolution period condition of religion (Salát, 2000b). The latter topic (Jesus's Company Hungarian Order Province, 2013) (Patsch, 2011) the Hungarian reference point

is the work of László Ladányi SJ Jesuit monk (Ladányi, 1983, 1992), who has got global influence as the editor and author of the China News Analysis.

### **3.4. Economic analysis**

In their economic aspect analyses of the period between 1986–2013, the Hungarian authors argued so that Hungary shall aim to understand Chinese reforms (Csaba, L. 1996), the examination of the role and depth of privatization (Jordán, 1996), as well as the evaluation of the experiences of Chinese agricultural reforms (Jordán, 1988). A basic question of that period was whether China was considered as a market economy. In the field of these system-level approaches, primarily the publications of Jordán alone (Jordán 1993), jointly with Tálas (Jordán–Tálas, 2005), and Mészáros (Mészáros, 2005) are significant.

In addition to the summaries on the economic development of China (Botos, 2007; Mészáros, 1999), a separate study analysed the Asian crisis (Gáspár–Gervai–Trautmann, 1999), the 10<sup>th</sup> plan period (Jordán–Tálas, 2002). China's economic development and modernization was in the focus of the series of publication of Gergely Gaál (Gaál, 1993a, 1993b, 1993c, 1993d, 1995a, 1995b) and (Gaál–Xu, 1994, 1998).

The most significant and robust (in volume) proposition was introduced by András Inotai and Ottó Juhász at the Hungarian Academy of Sciences. The released four volumes were edited according to separate thematic elements: social-economic development (Inotai–Juhász, 2009a), China's international political role (Inotai–Juhász, 2009b), potential outcome of the future relationship between China and Hungary (Inotai–Juhász, 2009c) and China's international economic role (Inotai–Juhász, 2009d). This gigantic project was prepared by another book, where they reflected on that what kind of factors determine China's development, and what opportunities are available in this regards (Inotai–Juhász, 2008).

This scientific workshop continued the analysis of China's condition after the financial crisis (Inotai–Juhász, 2010a, 2010b, 2010c). The editors later contributed with two more books to common thinking, that focused on China's internal affairs, reforms and the crisis (Inotai–Juhász, 2011a), and China's international position, economic role, and the China-Hungary relationship (Inotai–Juhász, 2011b).

An independent section of the studies expressly analysed the Chinese labour market trends. Beyond clear statistic analyses, the authors examined the order of social distribution of works, town-rural migration, and the role of governmental and private corporations (Jordán, 1997, 1998; Artner, 2010a, 2010b, 2011).

#### **4. Actual trends of Hungarian China-studies**

In regards the Hungarian image on the Chinese economy, we have to highlight a new, but very significant research centre, that was established in the National Bank of Hungary. This workshop is able to orient the Hungarian China-studies in a wider scope, beyond itself. As a phase boundary, we consider 2013, the year when the new bank president, György Matolcsy was appointed.

Based on the list of publications from the past five years, researches may be classified into seven groups: China's international affairs, military strategy and industry, role of Chinese traditions, effects of formation theory and Kornai-school, China's macro-economical performance and management level analyses, industry analyses and finally, the condition of the financial sector.

##### **4.1. Chinese international affairs**

In the past few years, Hungarian researchers particularly dealt with the cultural and geopolitical aspects of Chinese trade policy (eg. Eszterhai, 2013a), and during this, they always underline its

Confucian background. In general, as China's main target, they mention its participation to global government and its institutional framework, and explain the trade policy processes from that approach.

Relying on China's cultural traditions, Eszterhai (Eszterhai, 2013b) proposes that due to the institutional gesture and content of gifting, benefits arising from trade policy can not be interpreted only as material benefits – explains this mechanism based on Károly Polányi's theory (Polányi, 1957, 1971). Gergely (Gergely, 2013) assumes that Asian trade system, in particular trade between China, Japan and Korea may be understood substantially from the approach of conflicts between different identities. Within another interpretation, Zsinka (Zsinka, 2013) considers the continuity of the Chinese civilization as a starting point, claiming that this stability is reflected in the trade policy too. Kozjek-Gulyás (Kozjek-Gulyás, 2013) proposed another aspect of this issue, the identity of foreign Chinese community. He claims that these communities got quite another identity in the past few decades – called postmodern Confucianism, which mixes the classic approach with global identity.

In regards the analysis of China's role in the international trade, the analysis of the Silk Road (Belt and Road Initiative, BRI) has emerged into a separate research field with an even expanding literature.

The research community organized by Sárvári (Sárvári, 2016a, 2016b, 2017a, 2017b, 2017c, 2017d) represents that standpoint most clearly, that BRI is more than the result of a geopolitical reorganization, and can not be discussed as a simple professional political issue. Contrary to these interpretations, it considers it as the form of such an international co-operational order built on cultural basis, where China is a global leading power, an equal partner of classic world-powers. From this approach, BRI is the manifestation of that China bears higher responsibility for Eurasian stability. Of course, researches do not consider BRI as a closed process, they rather represent that the final form if the initiative will be determined

by the co-operation between Eurasian countries. Other publications interconnect China's peaceful development and foreign policy with BRI (Tarrósy, 2017), and provide culturally embedded analysis on BRI (Juhász O., 2015), interconnecting antique and modern silk roads.

The other group of publications dealing with BRI interpret that from Beijing's geopolitical strategy beyond Eurasia. (Tarrósy, 2013; Moldicz, 2016) These realist approach studies examine the effect on Africa (Fehér–Poór, 2013), and the relationship with South-America and particularly Brasilia (Lehoczky, 2015a, 2015b), and along them, they usually cover the issue of technology transfer too. According to Tischler (Tischler, 2013) the disputes over the islands in the South-Chinese Sea may be understood only from a realist aspect, and the resolution is available only from this approach as well. Deák and Szunomár (Deák–Szunomár, 2015) also from realist approach, using the scale of business turnover, find that Russia is only one of China's many trade partners, therefore, Beijing do not need to pay extra attention on Moscow, whose international power is basically originated from the disposing over energy sources.

The sector-level analysis of China's trade policy means an independent research theamics, which is, however, very under-presented. In his study written on the trade policy manifestation of technological development, Tamás (Tamás, 2014) presents how the new Chinese 'intelligence' and the reform of Chinese higher education becomes sensible on the international markets.

## **4.2. Military strategy and industry**

The analyses dealing with the Chinese military and defence policy focus on the relationship between China and the United States. Regarding the country's defence strategy, the authors find that China's strategic interest is to avoid a Cold War –like structure opposition, however, its likeliness is considered as later studies much

more realistic. (Háda, 2014, 2015; Klemensits, P.–Hajdú, F.–Sárhidai, Gy. 2015a, 2015b, 2016a, 2016b, 2016c; Rácz, 2013) In that situation, China's target may be to establish a proper land capacity advantage, which enables it to achieve comparative advantage. On China's naval strategy, the publication of Rónaháti (2015) provides a summary.

The second group of studies examines the military technology from practical. (Sárhidai, 2015, 2017, 2018; Keszthelyi, 2015)

### **4.3. Interpretation of Chinese traditions**

Similarly to global canon, that view shows up in the Hungarian studies, that China's global standpoint may be understood only through its own cultural heritage. Since Hungary, in historical perspective, is situated on the boundary of Western and Eastern political-economical systems, it is utmost important to identify those points here, that may be harmonized with each structure. The research of this topic expresses the general demand for such scientific dispute, which could provide answers on the potential levels of co-operation, and the potential to uniform different approaches.

Gervai and Trautmann, based on the analysis of Chinese traditions, highlight that it was China who established the first modern state in the world, therefore, it's exercise of power is relevant when searching for the future order of international stability even in historical perspectives. (Gervai–Trautmann, 1999, 2014)

As the detailed explanation of this thesis, Sárvári (Sárvári, 2016c, 2018) provides a detailed analysis on the economic policy relevance of the three main traditions (Confucianism, Taoism, Legalism). In addition to the analysis of each school based on political economy factors (eg. innovation, stability, profit, trust), Sárvári also claims that China's future role significantly depends on that how each school will be emphasized in decision-making process.

In addition to philosophical publications aiming to describe Chinese culture and mentality using European terms (Várnai, 2016), summary works are also available on the Hungarian market on the Chinese history (Jordán, 2016), culture history (Bakay, 2013, 2016a, 2016b, 2017a–g, 2018), Chinese-Hungarian relationships (Juhász O., 2014; Fazekas, Gy., 2015; Szunomár, 2015; Matura, 2017a), and Chinese world image and customs (Kalmár, 2016; Salát, 2015, 2016a; Sárközi, 2017; Zsibrinszky, 2016).

According to the Western standpoint, only responsible, elected participants may receive power. Although basically in a different mode of exercising power, China's stability represents that power may be interconnected with responsibility without any contradiction. Beside the differences, the two approaches may be explained by the same principles, enabling the opportunity to compare and harmonize them. This Chinese cultural heritage is a dominant reference point in the actual professional discussion. In the dispute between the parties representing the normative standpoint, Hungary between the two end-points must learn or permanently refrain from Chinese leading techniques. Kornai asks the question examining this issue irrespective of normative aspects (Kornai, 2014), whether is it possible to follow each other's example in case of countries of such different sizes, features and cultures.

The civilization level publications emphasize that China does not only refuse to copy Western processes, but offers its own high-culture as an example to follow by other participants in the international space (Salát, 2016b). The sources of this high-culture are emphasized by those comprehensive analyses, that examine the role of Confucianism, Legalism and Taoism in Chinese political economical processes. (Kasznár, 2016a, 2016b, 2017; Sárvári 2016c, 2018)

#### **4.4. Formation theory and the Kornai-school**

In the last few years, the members of the Kornai-school primarily aimed to find an interpretation of the terms capitalism and socialism within the actual Chinese conditions. This can be primarily found in the studies of Székely-Doby (Székely-Doby, 2014a, 2014b, 2017), however, is available at other authors too (Árva, 2013; Csanádi, 2017; Juhász I., 2014a, 2014b; Nemeskéri, 2017). The authors agree in that Chinese economy may be described by using capitalist instruments. The starting point of these analyses is provided by the publications of János Kornai on China – the main target of the researchers is to prove that capitalism prevails in China. According to Székely-Doby (Székely-Doby, 2014a, 2014b, 2017), this thesis has three evidences: the difference between village and town development, hunting for allowances, and the similarities of the state's role in South-Korea, Japan and China.

#### **4.5. Macro-economic performance and management-level analyses**

Another group of publications analysing the Chinese economy research the country's macro-economic performance (Rippel, 2017; Balogh, 2017; Losoncz, 2017), as well as management specific to Chinese companies. (Vaszkun, 2018; Li et al., 2016, 2016) More authors have the standpoint that China's latest macro-economic performance, in particular the *new normal* may be basically understood as an attempt to avoid middle income trap. By the new middle class created by the economic growth, a new social structure has also emerged. This means that this co-operation, economic distribution of works shall be aligned to new material and non-material targets again. The actual strategic question is that whether the Chinese leadership is able to establish an appropriate coherent economic political vision. Its most likely alternative is long-term stagnation. The authors agree in that international experience is not sufficient to answer such questions. On the one

hand, it is inevitable that China must get rid of the extremely, which was the trend of the last few decades, and to rather focus on domestic market (Inotai, 2011). On the other hand, this development is limited by that the customers' behaviour does not comply with this model. On the demand side, that class is determining, which is not willing to continuously purchase even more innovative products.

#### **4.6. Industry analyses**

The authors of other studies restricted their topic to research each industry. Bojnec and his co-authors (Bojnec et al., 2014) were dealing with agriculture. Their main thesis is that providing food supply is the most important point of economy political disputes. Csutora and Vetőné (Csutora–Vetőné, 2014) studied environmental issues, Kurmai (Kurmai, 2016) wrote exclusively on the apple juice market, whilst Stukovszky (Stukovszky, 2013) on the car industry.

Kozjek-Gulyás's study (Kozjek-Gulyás, 2013) proves that democratic revolution is much more specific to city middle class youth, as well as the demand to get knowledge. Gondos examines similar correlations regarding the development of tourism (Gondos, 2013).

Among the Hungarian researchers, one of the most followed independent field is the Chinese higher education system. Its cause is the modernization process of the Hungarian higher education system, for which Chinese changes may be considered as some sort of sample. The studies released in this topic emphasize the three main trends of Chinese higher education: the increase in the number of applied students, thus the correlation between the reduction of quality and increase of quantity, and the decentralization of the governmental structure. (Kerekes, 2014; Setényi, 2014; Keczer, 2015, 2016a, 2016b)

At last, but not least, we have to cover the opportunities of the ICT industry. Simai (Simai, 2017) declares, that the actual problem of the

Chinese economy is the disharmony between governmental control and the ICT industry. This is a serious obstacle to development, however, international co-operations, in particular G20 may boost Chinese ICT industry thanks to trade agreements. Marján (Marján, 2015, 2016a, 2016b) proposes to the Chinese stakeholders to utilize the European experiences, and pay extra attention on the option to adapt the Scandinavian model, which may be suitable to mitigate or remove the inequalities between regions through the harmonization of social policy and regional policy.

#### **4.7. The financial sector in China**

The officers and researchers of the National Bank of Hungary made significant efforts to understand and model the Chinese financial sector, which provided motivation in wide range to other researchers too. (Horváth, 2016; Kajdi, 2017; Komlóssy, 2017; Matura, 2013, 2017b; Pencz, 2017; Sütő–Tóth, 2016; Varga, 2017)

Csoma claims (Csoma, 2015) that Chinese securities are developing in a very fast pace due to the enormous savings within China, that is thanks to the increasing and mature economy. These funds start to prefer Europe rather than America, which is a significant change regarding China's financial policy. Komlóssy (Komlóssy, 2015) presents the institutional shift of the financial system from the planned economy to modern bank system. As explained by Gerőcs (Gerőcs, 2017), China's financial system is on its way to become international, and on its way, it has to solve some inevitable challenges. Gerőcs considers following German or American patterns suitable to solve such issues, both of them reflect multipolar systems, although China is unable to apply it yet.

In the studies published on Chinese financial system, the effect of the Kornai-school can be experienced. Bihari, Csanádi and other authors also propose the issue of the relationship between the political system, and the financial and economical sub-systems. Bihari (Bihari, 2016), in his study focusing on the independency of Bank of

China, explains, that according to his point of view, this independency has not prevailed lately, thus preventing further development. Csanádi, in his studies (Csanádi, 2014), pays attention on the possibilities of expected financial and economic disturbances, as well as the relationship between the governmental leadership and the municipals.

## 5. Summary

Confucius wrote once: „*When the big truth of inherence will prevail, it will be the common property of everyone. The job will not be unfinished either, but it will not be made on their own benefit.*”

Chinese high-culture was and has been able to concord with the requirements of globalization, even though the actual disputes loudly indicate the difficulties of adaption. We can make such consequence, however, from the Chinese development following World War II, that China was both theoretically and practically suitable for co-evolution (Kissinger, 2011), and the peaceful rise that Chinese leaders used to mention, is not only a slogan, rather a real effort from the Chinese economic policy as well. Hungarian social sciences, in particular economic science has always been able to contribute to it. Every phase of the Chinese development may be rendered to each stage of the Hungarian professional development. China standing onto a new development track may be thus interpreted as a new challenge even for the Hungarian public, and in our study, we wanted to provide an overview on that.

## Bibliography

Please visit <https://china-cee.eu/books-2/> to see the details.

# **The Dissemination of Chinese Literary Works in Hungary after the Establishment of the Sino-Hungarian Diplomatic Relations**

GUO Xiaojing<sup>213</sup>

## **Abstract:**

After the establishment of diplomatic relations between China and Hungary, the translation and dissemination of Chinese literature in Hungary has gone through the following stages: (1) the initial stage of relay translation based on translations in other languages, (2) a subsequent period of exponential growth in which direct translation is the main form, complemented by relay translation, (3) the peak period, (4) the recovery period, and (5) the period of diversification. There are several main characteristics in this translation process. The first is the adoption of a foreign perspective as an “other.” The second is the Hungarian preoccupation with “roots seeking,” which leads to the third characteristic: the cooperation between Hungarian writers, poets and sinologists which enhances the readability of Hungarian translations. The fourth is a positive correlation between the state of bilateral relations and the wax and wane of Hungarian interest in the translation of Chinese works. The

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<sup>213</sup> Guo Xiaojing is associate professor and deputy director of the Hungarian Studies Center, Beijing Foreign Studies University. Her research fields include Hungarian language and literature, the history of Sino-Hungarian cultural exchanges and so on.

fifth is the emergence of publishing houses that specialize in the publication of China-themed books.

**Key words:** Sino-Hungarian relations, literary translation, direct translation, relay translation, publishing house

Hungary's early understanding of China was mainly realized through sources in English, Italian and other languages. Like many other countries in Europe, Hungary's initial interest in China began mainly with its princes, nobles and missionaries, who, out of sheer curiosity at the beginning, mainly focused on Chinese antiques, ancient buildings and so on. The first time China was mentioned in a Hungarian work was in 1760 when Molnár János mentioned China in his book *Famous Ancient Buildings* (*Régi jeles épületek*). Later, as missionaries introduced Chinese history and culture to Europe, Hungarian scholars gradually had a deeper understanding of China. At the beginning of 19<sup>th</sup> Century, there was a roots-seeking “fever” in the Hungarian academic circles. Many scholars went to the East enthusiastically to explore the possible relationship between the Huns and the origin of the Hungarian nation, but they could not prove that the Huns in Asia were the ancestors of the Hungarians. Although they didn't realize the roots-seeking goal, they found the “mysterious orient.” Since then, “Orientalism” which centered on the study of Asian languages and cultures began to emerge in Hungary. The forerunner of “Orientalism” was Kőrösi Csoma Sándor (1784-1842), and the last explorer was Ligeti Lajos (1902-1987), who studied between 1925 and 1928 under the famous French Sinologists Paul Pelliot and Henri Maspero at the Paris-Sorbonne University. Lajos was the head of the Department of Central Asian Studies and the Department of the East Asian Studies at Eötvös Loránd University (ELTE), Hungary, and helped to educate a

generation of younger sinologists.<sup>214</sup> After the Institute of East Asian Studies was founded at ELTE in 1924, it became the premier institution of sinology.

Days after the founding of the People's Republic of China (PRC), Hungary established diplomatic relations with it on 6<sup>th</sup> October, 1949. Since both countries were in the socialist camp and shared the same ideology, their relations entered a new historical period, and cultural exchanges saw steady progress. Now that libraries of the two countries could often exchange documents and books, these first-hand sources provided great convenience for Hungarian sinologists. In the 1950s, the two countries began to exchange students. In 1950, the first Hungarian students came to study in Beijing. By 1966, there were nearly 30 Hungarian students studying in China, including Galla Endre, Józsa Sándor, Miklós Pál, Tálas Barna, Mészáros Vilma, Polonyi Péter and Kalmár Éva. They were mainly studying at Tsinghua University and Peking University. The Chinese government also attached importance to these students as many renowned scholars were assigned to offer courses for them. These students became the backbone of the exchange between the two countries, and many of them were to become excellent diplomats and outstanding sinologists, well versed in the Chinese language and culture who greatly advanced sinology by promoting the research and teaching of the Chinese language and the translation of Chinese literary works.

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<sup>214</sup> Horányi Gábor – Pivárcsi István: *Magyar világjárók kalandjai* (Budapest: Palatinus, 2000), 84-87.

## I. The Five Periods in the Dissemination of Chinese Literary Works in Hungary

The first period, which lasted from the 19<sup>th</sup> Century to the mid of the 20<sup>th</sup> Century, was a period of relay translation on the basis of translated versions in other languages.

Since the 19<sup>th</sup> Century, with the growing interests in “roots seeking”, Hungarian readers became enthusiastic about ancient Chinese literary works. To cater to their demands, translations of Chinese novels in other languages were translated into Hungarian. The translations based on the English, German and Russian versions saw an increase in their literary values thanks to the perfect translation of Hungarian writers. The illustrations in them were also of high artistic quality because they were able to convey the subtle messages in the original works, giving readers a vivid taste of the stories and history in that remote country.

Since the 19<sup>th</sup> Century, Chinese classics, including poems, were gradually introduced into Hungary.<sup>215</sup> Arany János (1817-1882), one of the three great Hungarian poets, was very interested in Chinese culture. He translated three Chinese poems, namely *A szép horgany tú*, *A tőr*, and *Wangné asszony* from English, and this was the beginning of the translation of Chinese poetry in Hungary. In the late 19th and early 20th century, many other famous Hungarian poets also began to translate Chinese poetry, including Kosztolány

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<sup>215</sup> Ferenczy Mária, „Kína kultúrája magyarul —Válogatás az utolsó harmincüt év könybtermésésből.” in *Kína kultúrája Magyarországon* (Budapest: MTA Orientalisztikai Mnkaközösség, 1985), 83.

Dezső (1885-1936), Szabó Lőrinc (1900-1957), Illyés Gyula (1902-1983) and so on. However, their translations were also based on translations in English, German or French. It is widely accepted that *Kínai és japán költők* (1931) translated by Kosztolányi Dezső, and *Kínai szelence* (1958) translated by Illyés Gyula are classical translations. Besides, Weöres Sándor (1913-1989) and Faludy György (1910-2006) also translated many works. In *Kosztolányi dezső Kína-képe*,<sup>216</sup> sinologist Kalmár Éva stated that “It is important for us to understand what Kosztolányi Dezső, as a champion of Chinese culture, has learned from Chinese thinking, what he has come to understand, and which elements he chose to introduce to Hungarian culture by through his writings and translations in poetry.”

To satisfy Hungarian readers' keen interest in China, the novels and essays written in English by Lin Yutang, who had become well-known in the United States, were soon translated into Hungarian shortly after they were published. From 1939 to 1945, the Révai Press in Hungary published many of his works in hardback, which were reprinted several times. The first translator of Lin's works was Benedek Marcell, an outstanding litterateur, historian and translator. Like in the West, Lin's works received mixed reviews. Some thought that his introduction of Chinese culture was superficial and desultory, while others sang high praise of his humorous and self-mockery style. In any case, Lin played an important role in introducing Chinese culture overseas. The first generation of Hungarian sinologists were also deeply influenced by him. Európa Publishing in Hungary (Európa Könyvkiadó) reprinted his works in 1991.

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<sup>216</sup> Kalmár Éva, “Kosztolányi dezső Kína-képe”, *Studia literaria*, 2018. 1-2, 23-34.

The second period, which refers to the time between 1949 and the mid-1970s, is a prosperous period for the translation of Chinese works into Hungarian in which direct translation was the main method supplemented by relay translation. The main form of translation is to directly translate from original Chinese texts. Some of the direct translation was jointly carried out by translators fluent in Chinese and Hungarian writers. There was also relay translation of Chinese works based on other more widely-used languages, such as English, Russian and German. This period saw a boom in the translation of Chinese literature.

Since the 1950s, China and Hungary began to exchange students, which promoted the vigorous development of sinology. Besides, Hungary, especially Eötvös Loránd University (ELTE), cultivated a generation of excellent scholars such as Tókei Ferenc and Csóngor Barnabás. They laid a solid foundation for the development of Hungarian sinology and translated many Chinese classics and modern Chinese literary masterpieces.

It was in this period that China's modern literary works written in 20<sup>th</sup> Century were introduced to Hungary. The translation was initially done based on Russian versions, including novels by Ding Ling, Zhou Libo and Zhao Shuli. The problem is that these Hungarian translations contained many inaccuracies in names and other aspects, because translators and editors were not familiar with the Chinese language.

As the community of Hungarians fluent in Chinese emerged and gradually enlarged, translators began to translate Chinese literary works directly from Chinese texts. As a result, Hungarian translation of Chinese works reached its peak. Between the initial stage of relay

translation and the booming direct translation, there existed a transition period in which Chinese works were translated from many versions in different languages including Chinese. For instance, the selected short novels by Lu Xun, such as *The True Story of Ah Q*, were translated based on the original Chinese version, and its Russian and English translations.

From 1950 to 1970, and even in the 1980s, many Chinese literary and philosophical works were translated into Hungarian, including the selected poems of the Tang Dynasty poets such as Li Bai, Du Fu, Bai Juyi, and other time-honored works such as *Journey to the West*, *A Dream of Red Mansions*, *Outlaws of the Marsh*, and *The Plum in the Gold Vase* (a.k.a. *The Golden Lotus*).

In Hungary sinology, works directly translated from Chinese command more respect. In this respect, prominent sinologists such as Tőkei Ferenc, Miklós Pál, Csongor Barnabás, Galla Endre made great contribution. Csongor Barnabás took the lead in translating Chinese classics, and his translations included *Journey to the West*, and *Outlaws of the Marsh*. Galla Endre and Miklós Pál mainly translated works of Laoshé, Lu Xun, Guo Moruo and Tian Han into Hungarian. Nearly all excellent classical Chinese literary works have their Hungarian versions. Besides, some novellas, short stories and plays have also been translated from the original into Hungarian. Examples include *The Spectacles in Ancient and Modern Times*, *Selected Chinese Ancient Short Stories* as well as *Strange Stories from a Chinese Studio* by Pu Songling, *A Flower in a Sinful Sea* by Zeng Pu, *Tramp Doctor's Travelogue* by Liu E, *The Scholars* by Wu Jingzi, and *From Emperor to Citizen* by Pu Yi. Examples of plays include *Snow in Midsummer* and *The Rescue of a Courtesan* both by Guan Hanqing, and *Romance of the Western Chamber* by Wang Shifu. Other excellent works, like *A Dream of Red Mansions* and *The*

*Plum in the Golden Vase*, were translated from German versions.

Along with the translation these literary works, ancient Chinese philosophical classics were introduced to Hungarian audiences, thanks mainly to the efforts by Tőkei Ferenc. These translations are all based on original Chinese texts, interspersed with plenty of notes on interpretation and historical allusions. *The Complete Works of Tőkei Ferenc* contain translations of many renowned ancient Chinese philosophical texts such as *The Analects of Confucius*, *Tao Te Ching*, *The Great Learning*, and *Doctrine of the Mean*, and the important chapters from the works of Mozi, Menfucius, Xunzi, Zhuangzi and Hanfeizi. Hungarian readers have a keen interest in Chinese philosophical works, and many Hungarian intellectuals did not get to understand Chinese thoughts and philosophy until they read his translation. Later, many translators retranslated these works. There are now three Hungarian translations of the *Analects of Confucius*, and *Tao Te Ching* is so far the most widely translated classical literary and philosophical work in Hungarian, with at least 12 translations and about 13 to 15 printings in the recent 20 years. In Hungarian literature, the only other foreign work that has gained so much attention is Pushkin's, with eight different Hungarian translations<sup>217</sup>.

Nearly all works of modern and contemporary classical writers have been translated into Hungarian and published, including Lu Xun, Guo Moruo, Laoshe, Mao Dun, Ba Jin and so on. These works included Lu Xun's collections of novels (*The True Story of Ah Q* and *Old Tales Retold*), collection of proses (e.g., *Wild Grass*), and

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<sup>217</sup> Kósa Gábor. „Laozi és a Daodejing.” in *Bölcselők az ókori Kínában, szek.* Kósa Gábor - Várnai András. (Budapest: Magyar Kína-kutatásért Alapítvány, 2013). 161-185.

miscellaneous collection (*Literature, Revolution, and Society*), Mao Dun's *Midnight*, and *Spring Silkworms*, Ba Jin's *Family*, and *Garden of Repose*, Laoshe's *Camel Xiangzi*, *Black and White Lee*, and *Cat Country: a Satirical Novel of China in the 1930s*, Cao Yu's drama *Thunderstorm* and *A Pekingese*, Guo Moruo's *Qu Yuan*, Laoshe's *Teahouse*, and so on.

Many brilliant Hungarian poets worked with sinologists and translated many beautiful Chinese poems by polishing the latter's literal translation. With the coordination by Tőkei Ferenc, they jointly finished the translation of *The Book of Songs*. Collections of poems by Li Bai and Du Fu were also translated and published respectively. The two-volume *Ancient Chinese Poetry* edited by Tőkei Ferenc and Csongor Barnabás and published in 1967 represented the peak of poetry translation. It contained about 1,000 poems by more than 300 poets, from as early as the time of *The Book of Sons* to late 19<sup>th</sup> Century. The translation involved the initial literal translation by Hungarian sinologists and the subsequent polishing by contemporary Hungarian poets who rendered the lines more poetic.

The third period is the cooling period, which lasted from 1970s to 1980s. The flourishing stage of literary translation came to an abrupt end in 1970s. As relations between Hungary and China got worse in the 1970s, it became difficult to buy Chinese books, and readers' interests declined.

The fourth period was from 1980s to 2000. As interactions and exchanges became more frequent, many classic translations were reprinted, leading to a revival.

Since the 1980s, with the gradual opening up of China and the increasingly close Sino-Hungarian relationship, many sinologists were again at work on the translation and introduction of modern Chinese literary works so that many contemporary writers have been introduced to Hungarian readers. To satisfy readers' interests, some of ancient Chinese literary works were re-published in 1990s using their original Hungarian translations.

In the 1980s, several large publishing houses in Hungary still had editors who were themselves sinologists, although now advanced in age. There were no more such editors by the 1990s. Although many publishers put profits first, several long-established and prestigious publishers managed to publish some Chinese works that were of great literary value, or have their literary magazines publish works on Chinese themes.

*Tao Te Ching* and *The Book of Changes*, directly translated from Chinese in 1990s by sinologist and writer Karátson Gábor who is the winner of the Kossuth Prize, were among the best Hungarian translations of Chinese philosophical works. What is particularly worth noting is that the notes he wrote for two volumes of the three-volume *The Book of Changes* are comparisons with European philosophy.

It is worth mentioning that Krasznahorkai László, a contemporary Hungarian writer and winner of the Booker Prize, loves Chinese culture very much although he is not a sinologist. He has visited China many times since the 1990s. He has written well-known works such as *The Prisoner of Urga* (*Az urgai fogoly*, 1992) and *Destruction and Sorrow beneath the Heavens* (*Rombolás és bánat az Ég alatt*, 2004), which have greatly facilitated the understanding of Chinese

culture by Hungarian intellectuals.

After the 1990s, only a limited number of modern Chinese literary works were translated, such as *Furong Town* by Gu Hua and *At Middle Age* by Shen Rong. In recent years, as a prolific translator, Zombory Klára has translated a collection of Chinese novellas entitled *Selected of Contemporary Chinese Novels* which includes works by five contemporary Chinese writers including Su Tong, Yu Hua, Liu Zhenyun, Ma Yuan and Han Shaogong. She also translated Jiang Rong's novel *Wolf Totem* into Hungarian. Besides, some students from the Department of Chinese at ELTE also introduced to Hungarian readers some contemporary Chinese writers, like Yu Qiuyu, Bai Xianyong, Canxue, Sanmao, Wang Xiaobo, Chen Shu.

The fifth period is one of diversity which began from 2000 until now. Literary translation becomes more diversified thanks to the more favorable environment resulting from stable bilateral relations, the establishment of the Confucius Institutes, and the “Belt and Road” Initiative. Now that there is relatively sufficient funding for publishing, the translation and publication of Chinese works begin to focus on certain themes and become more organized. Hungary's publishing market welcomes the translation of both pure literary works and popular literary works. Hungarian readers are quite interested in Chinese classics and lucid Chinese literary works that are easily accepted by Western readers. Writers whose works have succeeded in other Western countries could also inspire Hungarian readers' interests. Meanwhile, novels and biographies of people with insight into modern and ancient China's social features and historical process are very popular on the market.

In 2003, *Wives and Concubines: Collection of Contemporary Chinese Novellas* translated by Zombory Klára was published. It contains five novellas, namely Yu Hua's *Things Like Smoke*, Su Tong's *Wives and Concubines*, Ma Yuan's *Fiction*, Han Shaogong's *Dad*, Liu Zhenyun's *Ground Covered with Chicken Feathers*. This book gained much attention after it was published.

*Selection of Modern Chinese Novels*, published in the autumn of 2007, introduces to Hungarian readers Zhu Ziqing, Shen Congwen, Xu Dishan, Zhang Ailing, Zhaxidawa, Zheng Wanlong and other Chinese writers. As part of the Hungarian cultural year that began in China in September 2007, the Sino-Hungarian Book Fair was held in November in Beijing. At the book fair, many Chinese versions of Hungary-themed books and Hungarian versions of China-themed books were displayed. Translated books accounted for the majority of these books. In all 156 Hungarian translations and 85 Chinese translations were exhibited. This was the first book exhibition held by China and Hungary, a clear sign of the development of Sino-Hungarian cultural relations. In April 2008, more than 50 books about China were issued at in the 15<sup>th</sup> International Book Festival Budapest. It was rare in Hungarian publishing history that so many new books about the same country were published at the same time. Examples of these books include *Dawn Blossoms Plucked at Dusk* translated by Galla Endre, *Soul Mountain* (by Gao Xingjian), *Chinese Philosophy and Religion in the Early Middle Ages*, and *Wolf Totem*.

Important works published after 2010 involve the following categories: (1) internationally renowned Chinese modern and contemporary literature, like Mo Yan's *The Republic of Wine* and *Frog*, Yu Hua's *Brother* (translated from the English version), Su Tong's *Rice*; (2) popular reading materials and dictionaries suitable

for learning Chinese and for fans of Chinese culture; and (3) academic writings and collected papers about sinology by Hungarian authors such as the academic journal *Far Eastern Studies* (*Távol-keleti Tanulmányok*), and other works aimed at promoting Chinese culture written in conformity with academic standards but accessible to a wider audience such as *The History of the Silk Road* (*A selyemút története*, 2017).

Hungarian readers are very interested in works on contemporary Chinese society, economy and politics such as *Xi Jinping: the Governance of China*, and Henry Kissinger's *On China*. Many valuable academic works on this subject have been published in Hungary, which analyze China's history and present situation in the broader context of East Asia, such as *Political Systems in South and East Asia* (*Politikai rendszerek Dél- és Kelet-Ázsiában*, 2017), edited by Salát Gergely, Rácz Gábor, and Csicsmann László.

In Hungary, traditional Chinese medicine and traditional Chinese healthcare methods are becoming more and more popular. As a result, on this subject there is a relatively large number of books, translated works and academic works by Hungarian writers on the Hungarian book market, such as Márk Oravecz's *The Basic Theory of Traditional Chinese Medicine* (*A hagyományos kínai orvoslás alapjai*, 2013).

Works and academic monographs on the subject of ancient Chinese religions and philosophies have always been popular, although the number of publications has declined compared to previous decades. The publications include not only the academic works on this subject, such as Hamar Imre's *The History of Chinese Buddhism*, but also more readable introductions to ancient Chinese philosophy,

such as *Confucius from the Heart: Ancient Wisdom for Today's World* by Yu Dan, and *Thus Spoke Laozi: A New Translation with Commentaries of Dao De Jing* by Wu Qianzhi.

There are also works introducing the culture of Chinese ethnic minorities. For instance, Tibetan writers' works have also been translated, such as Tenzin's *Child Monks in Tibet*.

Now biographies of well-known and popular Chinese characters are being published in Hungary. Jackie Chan's biographical novel *Peak Condition* is popular among Hungarian fans.

In 2016, Mai Jia's *Decoded* was published. In 2018 and 2019, Liu Cixin's *Remembrance of Earth's Past* trilogy was translated from its English version and published in Hungary including *The Three Body Problem*, *The Dark Forest*, and *Death's End*. In 2019, Jin Yong's martial arts novel *The Legend of the Condor Heroes* was published, which is also translated from other languages.

## **II. Features of Hungarian Translation of Chinese Literary Works**

First, the adoption of a foreign perspective as an “other”. Hungarians have always been fascinated by China, not only because of the ancient Hungarians’ possible ties to the Huns, but also because studying China which has a long history and a development path different from Europe allowed Hungarians who are thought to have migrated from Asia to view themselves from a different perspective.

In contrast to the literature of the rest of Western Europe, Hungarian literature has a unique focus on what is happening outside Europe. First of all, Hungarian literature studies different historical periods and geographical spaces not through written records and existing publications, but through the transformation of Europe and the contrast with foreign lands. In the second half of the 18th century when the study and knowledge of China had a relatively wide influence in Western Europe, it became a typical way to look for solutions for the problems in Europe by publishing books sharing political and moral characteristics with the Orient.<sup>218</sup>.

Hungary's first work recording the world outside Europe was written by Szdelár Ferenc, a friar. His work was a typical combination of philosophical notes and travel literature. Dialogical literary works were also introduced into Hungary, such as the "conversations" Malebranche wrote between Chinese and Greek philosophers, and later Voltaire's *The Dialogues of Euhemerus. The Dialogue between Annius and Nicanor (Az Annius és Nicanor beszélgetései)* praises Chinese thoughts and ruling authority, and takes the village communities in China as examples of how to maintain imperial governance. This book views the Chinese social system as a model, which is believed to be a way of realizing the ideal society envisioned by Thomas Aquinas.<sup>219</sup>

The second characteristic is the search for roots and ancestry. As the ancestors of the Hungarians were nomads from Asia, they have a special affection for Chinese culture. This affection gave rise to not

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<sup>218</sup> Várnai András, „A kínai-kép változásai a magyar történetszemléletben.” in *Kína kultúrája Magyarországon* (Budapest: MTA Orientalisztikai Munkaközösség, 1985), 31.

<sup>219</sup> Várnai András, „A kínai-kép változásai a magyar történetszemléletben.” in *Kína kultúrája Magyarországon* (Budapest: MTA Orientalisztikai Munkaközösség, 1985), 31.

only Hungarian orientalism but also the deep Hungarian interest in Chinese literary works. Nearly all of China's classical, modern and contemporary literary works have been translated into Hungarian. The Hungarian fascination with China can also be seen through the number of reprints of published translations. In 1975, 1,000 copies of the first edition of *The Book of Songs* sold out in half an hour. Two years later, 10,000 copies of the second edition also sold well. Even the third edition is now out of stock. Many classical Chinese novels are republished or reprinted for many times. The second edition of *Outlaws of the Marsh* (as volumes 1-3 of *The Selection of World Literature* series) had a record of 146,000 copies sold.<sup>220</sup> As far as we know, all copies of this book have been sold out. Readers were so interested in Chinese works that these works had to be translated from other languages to meet their demands as quickly as possible before the Hungarian translation based on their Chinese original came out. For example, there are at least four different Hungarian versions of *A Dream of Red Mansions* translated from languages other than Chinese. When these copies were all sold out, however, the effort to directly translate from Chinese was still at its initial stage.

The third characteristic is the cooperation between Hungarian writers, poets and sinologists which enhances the readability of Hungarian translations. Many important writers and poets joined the translation team, and the best Hungarian lyric poets, such as Kosztolány Dezső, Szabó Lőrinc, and Weöres Sándor polished many poems based on the literal translation of sinologists, which were both beautiful and faithful to the origin. . It is a pity though that these works were translated from third languages such as English, German, and French, so these translations may sometimes be

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<sup>220</sup> Ferenczy Mária, „Kína kultúrája magyarul —Válogatás az utolsó harmincöt év könybtermésésből.” in *Kína kultúrája Magyarországon* (Budapest: MTA Orientalisztikai Mnkaközösség, 1985), 83.

different from the original. In a sense, these translations can be thought of as poems inspired by things related to China. Nevertheless, the introduction is good for the Hungarian reader, because the Hungarian poets in one way or another personally experienced what the Chinese poets went through, so they could express something substantial and telepathic: rhythm, serenity and meditation.

The talented poet Weöres Sándor was captivated by poems of Qu Yuan, Du Fu and Li Bai. With Tőkei Ferenc's help, he also translated *Tao Te Ching*. Csanádi Imre, Illyés Gyula, Jánosy István and other scholars polished *The Book of Songs* translated by Tőkei Ferenc and made the lines more memorable. *Li Sao* and *Yuefu Poems* were translated into Hungarian in similar ways. Translations directly based on their Chinese originals have great appreciation value. These high-caliber scholars studied the original works in great detail and retained their artistic elements in terms of fidelity and deeper import when they rendered these works into Hungarian. With the meticulous adaptation by translators, the essence of original stories and plots were made more accessible to people who were unfamiliar with the Chinese language, culture and traditions. As sinologist Tőkei Ferenc points out, "Hungarian translations of Chinese poetry are unique in the world in terms of fidelity and the status of the translators. Talented Hungarian poets are very willing to adapt sinologists' translations into beautiful poems. Many of these translated poems have attained the status of classics, even becoming an integral part of Hungarian poetry."<sup>221</sup>

Fourth, there is a positive correlation between the state of bilateral

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<sup>221</sup> Tőkei Ferenc. *A kínai elégia születése: Kü Jüan és kora*. Budapest: Kossuth Könyvkiadó, 1986.

relations and the wax and wane of Hungarian interests in the translation of Chinese literary works. After the bilateral diplomatic relationship was established, with the emergence of sinologists proficient in Chinese, translation of Chinese literature, especially classical literature, entered a golden age. In the 1970s when bilateral relations began to decline, translation also declined.

Fifth, there have emerged some publishing houses known for publishing Chinese books. At the beginning, Európa Publishing House was for a long time the only publisher that published Chinese literary works. It was dedicated to introducing the world's literary works and made great contribution to introducing Chinese literature. From 1957 to 1967, sinologist Tőkei Ferenc was an editor of this press in charge of oriental literature. With his direct contribution, Európa Publishing House published a large number of ancient and modern Chinese classics. Although these translations were not published as a series, they shared the same format and layout, with illustrations by well-known Hungarian artists. These books are now treasures on the old book market and among collectors.

After the Second World War, Hungarian Literature Press (Szépirodalmi Könyvkiadó) published the selection of Chinese poems.

Since the 1970s and the 1980s, Hungarian Sower Press (Magvető Könyvkiadó), which specializes in publishing professional literary works, started to publish Chinese works.

In the middle of the 1990s, Balassi Press cooperated with Tőkei Ferenc to revise the translation of some ancient Chinese literary

works and then published their bilingual editions in both Chinese and Hungarian.

The Press of the Hungarian Academy of Sciences published a series of books, named after Kőrösi Csoma Sándor, to introduce to a wider readership the findings of Hungarian oriental studies. This series included many works by Hungarian sinologists. As part of the series, *Hungarian Literature Abroad: Hungarian Literature in China* by Galla Endre was the first book to report on the translation of Hungarian literature in China, such as Chinese translators who translated Petöfi Sándor's poems.

Kossuth Publishing Group, which is a leading publisher in Hungary, has the tradition of publishing Chinese books and China-themed books. It has published most of works and translations of Tőkei Ferenc, Hungary's famous sinologist, philosopher and member of the Hungarian Academy of Sciences, such as *Sketches of Chinese Literature* (Vázlatok a kínai irodalomról), *The Origin of Chinese Elegy: Qu Yuan and His Age* (A kínai elegia születése: Kü Jüan és kora), and the 7-volume *Collection of Tőkei Ferenc's Works* (which include I-III. Kínai filozófia (szöveggyűjtemény), IV. Ázsiai termelési mód, antikvitás, feudalizmus, V. Társadalmi formák és közösségek, VI. Esztétika a régi Kínában, and VII. Sinológiai műhely). In recent years, Kossuth published *The Republic of Wine* and *Frog* both by Mo Yan, winner of the Nobel Prize in Literature. Besides, other Chinese books have also gained readers' attention such as *Chinese Wisdom; World's Ancient Civilizations: China; International Standard Chinese-Hungarian-English: Basic Nomenclature of Traditional Chinese Medicine; The Modern Decameron: Selection of 20<sup>th</sup> Century Chinese Short Stories*, and other books received readers' attention in recent years. In April 2018, Kossuth Publishing Group and China's Foreign Language Teaching and Research Press jointly established

the “Chinese Theme Editorial Department” in Budapest to introduce excellent Hungarian and Chinese works to each other. In 2019, Hungarian versions of *The Wisdom of Confucius*, *Thus Spoke Laozi*, and *Rice* were published.

Since the establishment of diplomatic relations between China and Hungary 70 years ago in 1949, through the unremitting efforts of Hungarian sinologists and translators, Chinese literature has gradually entered the lives of Hungarian readers and become an integral part of the Hungarian literary tradition. It is important in laying the cultural foundation for Sino-Hungarian relations as it helps people appreciate the essence of classical, modern and contemporary Chinese literature, and promotes cultural exchanges. Since China adopted the cultural “going out” policy, cultural exchanges are increasingly important. And in particular, the establishment of Confucius Institutes provides a larger platform to promote Chinese language and culture. Given compatibility between China’s “Belt and Road” Initiative and Hungary’s “Eastern Opening” Policy, there are more opportunities for Hungarian learners to receive Chinese education, study China, and translate Chinese literature. This will also help to further disseminate Chinese culture.

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# **Sino-Hungarian cooperation in higher education and research: a 70-year overview in light of bilateral diplomatic dynamics**

TARRÓSY István<sup>222</sup> – VÖRÖS Zoltán<sup>223</sup>

## **Abstract:**

The paper offers an overview of the 70-year collaborative framework of Chinese–Hungarian relations paying particular attention to cooperation in the higher education sector, revealing several personal career paths, which contributed significantly to the development of bilateral relations. Different phases will be looked at in detail: first, the period between 1949–1978/79; second, the 1980's; third, since the political changes took place in Hungary at the end of the 1980's until Hungary became member of the EU in 2004; four and final, since 2004 up until the present day with a focus on the BRI and Hungary's Stipendium Hungaricum program. In connection with the latest, country-wide data will be cited and an individual institutional case study presented for the sake of a better understanding of the newest dynamics in bilateral terms.

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<sup>222</sup> Dr. habil., Ph.D., Associate Professor, Department of Political Science and International Studies, University of Pécs. His research is supported by the Bolyai Research Fellowship of the Hungarian Academy of Sciences (2018–20).

<sup>223</sup> Ph.D., Assistant Professor, Department of Political Science and International Studies, University of Pécs.

**Keywords:** higher education, former graduates, soft power, Stipendium Hungaricum, University of Pécs

## 1. Introduction

In today's international arena the People's Republic of China (PRC) has undoubtedly acquired an influential status across the planet. Since the foundation of the PRC in October 1949, it has gradually grown in its own macro region, together with rising to the level of the most powerful actors in global affairs. There are no corners of the world where one would miss some form of Chinese presence. Chinese foreign policy has proven to be successful in connecting the whole wide world to the Middle Kingdom (中国), and enhance Chinese connectivity worldwide at the same time.<sup>224</sup> Any political, economic, cultural or military approach of Beijing simply cannot be neglected, just the opposite, must be taken seriously by any other actor of the arena. Recent efforts of the Asian giant reveal that the PRC has emerged as one of the most important centers of gravity with a clear agenda setting capacity. Numerous regional alliance formations – ranging from the Shanghai Cooperation Organization to the 17+1 initiative – demonstrate China's accentuated policy of global engagement. This finally can be touched upon in the Belt and Road Initiative (BRI), which is not only a revival of the ancient Silk Road network, but rather a vision to improve and strengthen China's geopolitical position in its immediate neighborhood, as well as in a larger regional, global context. Along the new routes of this emerging connectivity network via the Silk Road Economic Belt and the Maritime Silk Road, Central and Eastern European countries (CEECs) clearly present a strategic region for China.

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<sup>224</sup> Since ancient times, a foreign policy principle has always entailed that China should find the ways to connect external actors, as well as internal nationalities to the heavenly empire. Sometimes with a tactical peace marriage (*heqin*, 和亲), sometimes by using other 'soft means' of assimilation. See more: Bárdi, *Őstörténetünk ösvényein*, 21.

As for China's relations with CEECs, in particular, the PRC has met with many pragmatic partners, who seek for lasting investment and trading partnerships for their development schemes. From this perspective, China seems to be a crucial point of reference. Among the CEECs, Hungary has gained some competitive advantages and become one of the most attractive places to accelerate Chinese investment. As Matura (2019) points out: "Although China has signed a formal cooperation agreement with 16 CEE countries, of which 11 are EU members, the key countries are the Czech Republic, Hungary, Poland, Romania and Slovakia, representing almost 82% of the GDP of CEE member states and 89% of the region's \$64 billion bilateral trade with China."<sup>225</sup>

Shortly after Chairman Mao declared the founding of the People's Republic of China on October 1, 1949, Hungary recognized the new state and diplomatic relations had been established. The bilateral framework did not only focus on political and economic cooperation, but soon also included soft domains of collaborative activities. Scholarships supporting the exchange of students and researchers were introduced already in 1950, which resulted in the first Hungarian scholarship-holders begin their studies in Beijing. As Salát (2009) explains, "the first half of the 1950s meant the initial period of getting to know one another."

The article will cover two major periods of bilateral collaboration: the first covering decades from 1949-50 to the spring of 1988 with different sub-phases to be looked at; the second ranging from the change of the Hungarian political system in 1989-90 up until the present-day, again with certain sub-periods of events and activities.

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<sup>225</sup> Matura, "China-CEE Trade," 389.

## **2. Cautious start in the ‘50s, stagnation in the ‘60s, new beginning at the end of the ‘70s, throughout the ‘80s**

In the first years of the newly established diplomatic relationship, steps taken by both sides were naturally determined by central party politics. The first exchanges fostered language education, and students got state scholarships to master Mandarin in Beijing, as well as Hungarian in Budapest. The first cohort of Hungarian students – including, for instance, Endre Galla, Sándor Józsa, Péter Polonyi – later contributed to the importance of discipline of Sinology in the Institute of East Asian Studies at Eötvös Loránd University (ELTE), founded already in 1924, which from the beginning provided the ground for the teaching and research of Chinese language and culture. Many of these scholars, as Salát (2009) indicates, translated both the classical and modern Chinese literary pieces into Hungarian. On the other end, the first Chinese students had been chosen by the party organs with the intention of developing diplomatic capacities: after graduation, the first cohort were assigned various diplomatic positions first at the Chinese embassy in Budapest, then, in the Ministry for Foreign Affairs in Beijing, and sometimes yet again back in Budapest.

Yahuda (1994) explains that “in the years 1955–9 China played an active and constructive role in the transnationalism of Eastern Europe.” Prior to this involvement, however, it is worth mentioning that already in 1952, Hungary was active in mediation between Egypt and the PRC. As long as Cairo “had recognized the rival Kuomintang regime based in Taiwan [earlier than] its recognition of the PRC in 1954, [and] since [it] wanted to establish diplomatic and trade relations with Communist China, its asked for Hungarian assistance.”<sup>226</sup> Two years later, the episode of the Hungarian revolt and the upcoming dramatic Soviet reaction “had profound consequences, leading [Mao] to rethink the problems of socialist

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<sup>226</sup> Békés and Vékony, “Unfulfilled Promised Lands,” 274.

society.”<sup>227</sup> For the consolidation of the regime of Chairman Kádár the PRC offered both political and economic support, which was evidently affirmed by two high-level visits, first Chinese Premier and Foreign Minister Zhou Enlai paid a visit in Budapest in January 1957, then, János Kádár visited Beijing during the fall of the same year.<sup>228</sup> In March 1959 a party and government delegation from China led by Vice Chairman Zhu De visited Budapest, followed by a Hungarian delegation led by Prime Minister Ferenc Münnich in April-May, when on May 6, the Treaty on Friendship and Cooperation was signed. The parties agreed upon strengthening and developing cooperation in the political, economic, and cultural spheres. As long as Kádár’s regime had to face large-scale international isolation in the aftermath of the 1956 revolution, such formal ties and activities with the PRC meant a lot to Hungarian foreign policy, which at the same time was seeking to gain support constituency also from neighboring Socialist states as well as from around the developing world and among the non-aligned countries.<sup>229</sup> This isolation was about to fade away with normalizing relations between Hungary and the United Nations in 1963. With a growing distance between the PRC and the Soviet Union<sup>230</sup> at the same time, and Hungary belonging to the Soviet-led bloc of Eastern Europe, bilateral relations began to stagnate. Increasing frictions characterized the relations between the two countries between 1960 and 1966, then, between 1966 and 1969, the first years of the Cultural Revolution in China, the ideological gap between the two communist parties increased, and bilateral relations deteriorated.<sup>231</sup> In the field of

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<sup>227</sup> Yahuda, “China and Europe,” 276.

<sup>228</sup> Salát, “Budapesttől,” 11.

<sup>229</sup> For instance, the Hungarian deputy minister of foreign affairs led delegations to India, Burma, Indonesia, Nepal, Ceylon, Syria, Egypt and Sudan in the summer of 1957. Even more important, Indonesian President Sukarno paid an official visit in Budapest in 1960, then, Ghanaian President Nkrumah in 1961. See more: Romsics, *Magyarország*, 512, and Ginelli, “Hungarian Experts”, 2.

<sup>230</sup> By this time, “China and the Soviet Union were engaged in constant, frequent public controversies, [...] Mao missed no opportunity to assert Chinese autonomy.” Kissinger, *On China*, 168.

<sup>231</sup> Ministry of Foreign Affairs, “Sino-Hungarian,” 1.

higher education, however, Hungarian Studies in Beijing were institutionalized in the form of a department of Hungarian Language and Culture at the Beijing Foreign Studies University (BFSU). The focus of instruction was about the language itself as well as literature, and the graduates therefore could master a high-level Hungarian, but did not possess skills and expertise in other domains. In this period, however, all graduates were offered jobs, mainly in government agencies and institutions.<sup>232</sup>

After years of low-level bilateral diplomacy through most of the 1970s, “as China embarked upon the road of reform in the late 1970s its changes in domestic and foreign policies began to make possible a new opening to Eastern Europe,”<sup>233</sup> including Hungary. This could also build upon a rather independent Hungarian foreign policy, which by the beginning of the 1980s, received a wider international recognition due to its firm standpoint, even advocacy, on the potential, as well as the necessity of the peaceful co-existence of the two opposing blocs. As a consequence, by the early 1980s, Chairman Kádár had become the “respected Grand Old Man”<sup>234</sup> of the Eastern Bloc for many external actors.

Among the next wave of Chinese students majoring in Hungarian at the end of the 1970s, beginning of the 1980s, some got the privileged opportunity to have part-time studies in Hungary. Just a couple of them had such partial training at ELTE in Budapest. During their months in Hungary, countryside visits were added, thus, they also had the chance to stay usually two days in Pécs. Fostering scientific exchanges and the mobility of researchers, the Hungarian and the

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<sup>232</sup> Gong, “A magyartanítás,” 44. The first graduates received their degrees after five years of university training in 1966. Up until the first decade of the new millennium over 250 students graduated with a Hungarian Studies degree.

<sup>233</sup> Yahuda, “China and Europe,” 278.

<sup>234</sup> Romsics, *Magyarország*, 521.

Chinese academies of sciences also signed an agreement in 1984.

The last generation of the first major period of bilateral educational linkages we are analyzing in this paper included an entire class of 14 people from Beijing, final-year students, who had their partial training at Janus Pannonius University in Pécs between March of 1987 and January of 1989. As China-expert László Bárdi explained in an interview<sup>235</sup>, their employment after graduation was not determined solely by the party headquarters, but some of them got a job at a company, a couple of them could even stay in Hungary. He was also member of the staff in Pécs, being responsible for teaching these Chinese students about the Hungarian education system, its structure, policies and institutions. The training program covered several field trips and site visits to local schools and state institutions, which the Chinese found really useful. Behind such a government decision that another university from the Hungarian countryside could also participate in the exchange program we may find a visionary and well-connected professor, Mária Ormos<sup>236</sup>, who at the time was serving as Rector of Janus Pannonius University. Those Chinese graduates who chose the diplomatic profession, ascended into high positions and led successful careers. To name some of the notable former students, Bárdi recalls some memories, mentioning Liang Caide who became the second most important diplomat at the embassy in Budapest as political counselor, and as of today, after having spent several years at a large Chinese company, functions as Consul-General to Sabah, Malaysia. Wang Hongliang used to be responsible for economic affairs at the embassy in Budapest, now, he is counselor at the Chinese Embassy in Yerevan, Armenia. Chen Xin, who studied Economics in Pécs, obtained a Ph.D. degree in Law

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<sup>235</sup> Semi-structured interview with László Bárdi recorded by the authors on September 2, 2019, in Pécs. László Bárdi (1932–), Orientalist, China-expert, Professor Emeritus at the University of Pécs, Honorary Citizen of Pécs, holder of numerous prestigious awards including the Special Book Award of China in 2017.

<sup>236</sup> Mária Ormos (1930–), Historian, Member of the Hungarian Academy of Sciences, Professor Emerita at the University of Pécs, former rector of Janus Pannonius University between 1984 and 1992.

later on. He is Deputy Director-General of the Institute of European Studies at the Chinese Academy of Social Sciences, and recently, Executive President and Managing Director of the China–CEE Institute, a Chinese think tank registered in Budapest from 2017. In a humble statement, Professor Bárdi also acknowledges how much he had learnt from all three of them. In the following part, the career paths of other alumni from the 1990s will reveal some other significant aspects of bilateral ties.

### **3. Hungarian democratic changes in the early ‘90s, EU membership in the new millennium and the Belt and Road Initiative (BRI)**

One of the most encouraging decisions of the Hungarian government at the end of 1988 was to introduce a visa-free period for Chinese citizens (this lasted until 1992). Prior to this step, two important state visits were conducted in the course of 1987: Party Secretary Zhao Ziyang paid a visit to Budapest, then, between October 9 and 15, János Kádár reciprocated it in Beijing. In the years of the Hungarian system change several other former Hungarian and Eastern European Studies graduates contributed to fostering bilateral cooperation between the two countries. Dai Bingguo was serving first as ambassador in Budapest between 1989–91, then, since 2008, has emerged as one of the foremost and highest-ranking figures of the foreign policy of China in the Hu Jintao administration. At present, Dai is the Chairman of Jinan University. Chen Zhiliu was also serving as Chinese Ambassador to Hungary. During his mandate between 1992 and 1996 two other important state visits were organized: first, President Árpád Göncz visited China in 1994, then, President Jiang Zemin arrived in Budapest in 1995. This period in Hungary, however, did not lay emphasis on intensifying cooperation with China (or other Asian states), as the three main foreign policy pillars were centered around 1.) Trans-Atlantic relations, NATO accession; 2.) European integration, EU membership; 3.) together with Hungarian diaspora linkages in the Carpathian Basin, therefore,

neighborhood policy in Hungary's macro region.<sup>237</sup> Priority was not given to Chinese relations until 2003 when the Hungarian government put them back high on its foreign policy agenda. In the field of education and science, however, in the meantime, several important bilateral agreements were institutionalized. On December 2, 1997 the two countries agreed on the mutual recognition of qualifications and diplomas. In June 2002, the bilateral Cooperation Agreement on Science and Technology was signed, which contributed to the development of scientific relations significantly. For implementing the agreement, two government agencies were appointed, as well as a joint research fund established for financing mobility costs of joint projects.<sup>238</sup>

The second large period of bilateral cooperation since the 1990s has been formulating along more 'individual-oriented' lines. Naturally, both governments deem it significant to stay put and offer the necessary political and financial backing for the various collaborative projects. However, cooperation is more individual institution-driven, meaning bilateral agreements signed by any two universities in the two countries. Also, there is a wide pool of individual choice in terms of finding host institutions to earn for a degree, lead part-time studies, take part in a summer school, or establish research collaboration. Any discipline can be interesting, not only language and literature-focused training.

Since Hungary joined the European Union in 2004, a series of milestone events and flagship projects took place in the Chinese-Hungarian bilateral framework of educational cooperation.<sup>239</sup> In September 2004 the first Hungarian-Chinese

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<sup>237</sup> See more about the changing foreign policy chapters: Tarrósy and Vörös, "Hungary's Global Opening," 140.

<sup>238</sup> Embassy of Hungary, Beijing, "Development of," 1.

<sup>239</sup> See the official list of results on the website of the Hungarian Embassy in Beijing here: <https://peking.mfa.gov.hu/eng/page/magyar-kinai-oktatasi-kapcsolatok-diohejban>

Bilingual Primary School<sup>240</sup> was founded and launched its first academic year. In December 2006, the first Confucius Institute (CI) was inaugurated at ELTE. Today, this CI functions as the Central and Eastern European Regional Teacher Training Center (which was officially opened in November 2014). Hungarian universities maintain four CIs in total; in addition to ELTE, the University of Szeged (2012), the University of Miskolc (2013), and the University of Pécs (2015) operate such centers. The latest one, according to Chinese Ambassador Duan, is the first Traditional Chinese Medicine-themed Confucius Institute in Central and Eastern Europe and the entire European continent.<sup>241</sup> The founding partner of this CI is the North China University of Science and Technology (NCUST) in Tangshan, Hebei Province, which has recently set up a Hungarian Studies Center in Tangshan.

To be able to intensify bilateral cooperation, via which both national higher education sectors can strengthen their global position, a number of soft power tools have been utilized. Among these, first and foremost the enhanced structure of scholarships needs to be mentioned. In addition, cultural diplomacy obviously plays a crucial role in winning the hearts and minds of the populations of both countries. Among the events organized by the Beijing Hungarian Cultural Institute, for instance, we find several education-related ones, such as the Kodály Point program, which was started off in October 2015, offering “music classes in small groups for children between the age 3-12, for adults, and also choir classes for poor children from the neighborhood.”<sup>242</sup>

The most decisive element has been the large-scale Stipendium Hungaricum scholarship program, which is managed by Tempus

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<sup>240</sup> See: <http://magyar-kinai.hu>

<sup>241</sup> Hanban News, “Europe’s first,” 1.

<sup>242</sup> Embassy of Hungary, Beijing, “The Outlines of,” 1.

Public Foundation (TKA), a government agency. Such a state scholarship program can lay the foundations for, and strengthen long-term sustainable bilateral relationships by keeping students who have already obtained a degree in the system as ‘cultural ambassadors’ after graduation. In 2013, according to the authorization of the Act CCIV of 2011 on National Higher Education and the Act CXC of 2011 on National Public Education, the Hungarian Government launched the Stipendium Hungaricum scholarship program, which “aims to promote the study of foreign students in Hungarian higher education institutions via the implementation of intergovernmental education agreements and agreements with the ministry responsible for the education of foreign students in Hungary.”<sup>243</sup> István Íjgyártó, then State Secretary for Culture and Science in the Ministry of Foreign Affairs and Trade stressed that the program “as a foreign policy instrument” was born because of the growing importance of migration for academic and scientific purposes in today’s globalizing world. “[...] in the spirit of a kind of cultural dominance brain drain has begun in the world even among the developed countries, and that countries can gain advantage which can not only attract students but also permanently acquire this qualified workforce for their own labour market, therefore, they can count on the knowledge and work of these people in the longer term.”<sup>244</sup> This programme is not a brand new phenomenon, but rather the revival of the previous ones during the Socialist years, which already then had happened to prove successful by recruiting a ‘support constituency’ from those who graduated from a Hungarian university. In the case of the Hungarian-Chinese bilateral framework, the Chinese government has also been offering “a growing number of scholarship opportunities for Hungarian students, including doctoral courses for the next generation of scientists.”<sup>245</sup>

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<sup>243</sup> See: 285/2013. (VII. 26.) Korm. Rendelet [Government Decree]: Accessed September 5, 2019. [http://net.jogtar.hu/jr/gen/hjegy\\_doc.cgi?docid=A1300285.KOR](http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1300285.KOR)

<sup>244</sup> Országgyűlés Külügyi Bizottsága, “Jegyzőkönyv,” 6.

<sup>245</sup> Embassy of Hungary, Beijing, “The Outlines of,” 2.

On the other end of the bilateral spectrum, China's BRI accommodates a full government scholarship scheme under the 'Silk Road Program' established by the Ministry of Education of the PRC. The program supports Chinese universities to attract international students from countries connected to the BRI. Additional scholarships are also offered by the universities themselves, as well as the various provincial governments. The PRC-level scheme is known as the "China Government Scholarship," which is open to all international students to enroll in any of the degree programs of the 243 universities offering CSS scholarships.<sup>246</sup>

#### **4. Stipendium Hungaricum and bilateral university agreements: a 2019 country-wide overview focusing on Chinese students**

By 2018, with well over 5,000 international students from over 50 countries, with which the Hungarian government signed a special bilateral agreement, the Stipendium Hungaricum program (SH) has stood out as an exemplary scheme of study abroad opportunity in the global scene of higher education and research. For the Academic Year 2018–19, 28,338 students submitted their first-place applications to the participating 28 institutions (universities plus the Balassi Institute, which is now part of the Ministry of Foreign Affairs and Trade).<sup>247</sup> Among the partner countries, China has an annual quota of 265 as of 2019 (for the initial year it was only 200). Applicants from the PRC can get admitted to 22 institutions of higher education, including the Balassi Institute. The following table and chart show the distribution figures in detail.

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<sup>246</sup> See:

<https://scholarshipfellow.com/chinese-government-scholarship-china-government-scholarship-process/>

<sup>247</sup> Source of data: Tempus Public Foundation, 2018. See: Tempus Public Foundation website. Accessed September 5, 2019. <https://tka.hu/palyazatok/7619/statisztikak>

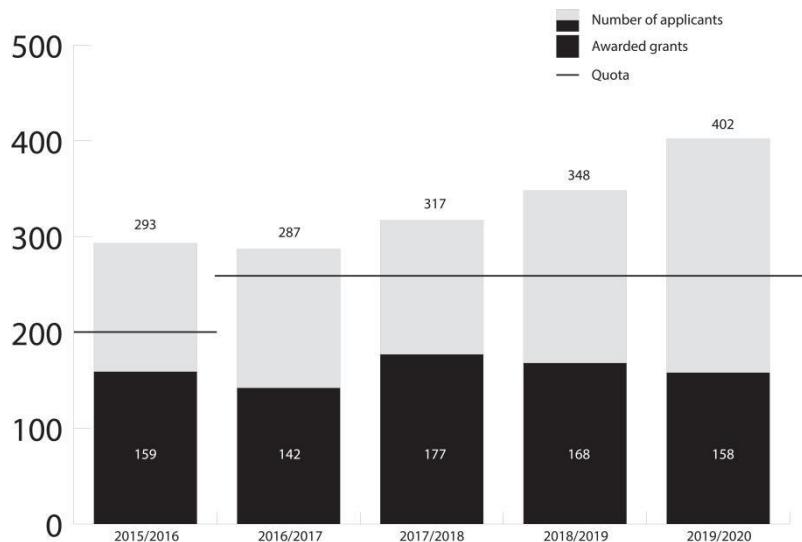
**Table 1 Chinese applicants to SH scholarship places at Hungarian universities 2017–19**

<b>Chinese applicants and awarded grants</b>	<b>2017 applic ants</b>	<b>2017 awarde d</b>	<b>2018 applic ants</b>	<b>2018 award ed</b>	<b>2019 applic ants</b>	<b>2019 awar ded</b>
Budapest Business School - University of Applied Sciences	34	9	31	20	29	15
Budapest University of Technology and Economics	55	36	67	43	66	29
Corvinus University of Budapest	65	31	74	20	105	37
Eötvös Loránd University	22	8	35	9	35	16
Eszterházy Károly University	2	3	1		3	2
Hungarian University of Fine Arts	2	0	0	0	2	0
Károli Gáspár University of the Reformed Church	1	0	0	0	0	0
Liszt Ferenc Academy of Music	4	2	11	4	9	0
Moholy-Nagy University of Art and Design Budapest	25	12	16	4	na	na
MFA Balassi	2	4	0	0	2	2
National University of Public Service	2	2	3	0	1	

Óbuda University	9	4	0	1	4	3
Semmelweis University	0	0	1	0	10	0
Széchenyi István University	0	1	23	2	4	3
Szent István University	15	13	38	10	18	14
University of Debrecen	26	9	2	23	44	19
University of Dunaújváros	1	3	0	0	0	0
University of Miskolc	3	3	3	1	3	1
University of Pannonia	4	7	4	2	7	2
University of Pécs	30	21	2	1	43	9
University of Sopron	0	1	19	14	1	1
University of Szeged	15	8	19	14	16	5
<b>Total</b>	<b>317</b>	<b>177</b>	<b>348</b>	<b>168</b>	<b>401</b>	<b>158</b>

Source of data: Tempus Public Foundation, 2019. Own edition

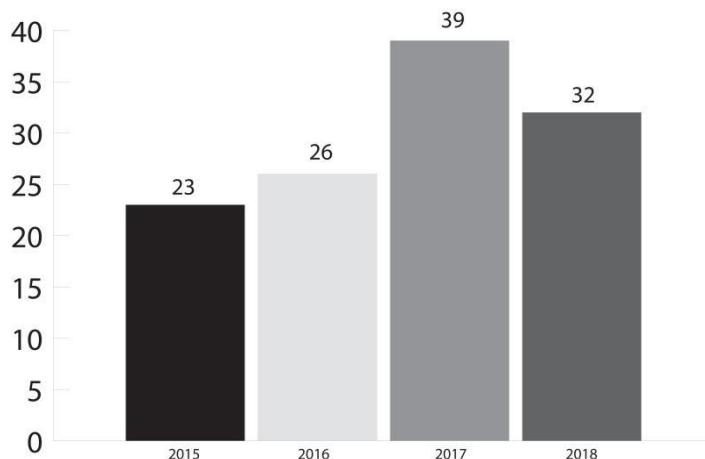
**Chart 1 Number of applicants and awarded SH-grants in light of country quota for China 2015–2019**



Source of data: Tempus Public Foundation, 2019. Own edition

Chinese students can either enter an English-taught degree program, or enroll for a program instructed in Hungarian. The majority of all the Chinese students choose English-language programs at all levels (BA, MA, PhD). In the years 2017 and 2018 the number of doctoral students exceeded 30 (see: Chart 2), which is in line with the philosophy of Stipendium Hungaricum, which started to emphasize the recruitment of students for PhD programs, thus, the development of research cooperation.

**Chart 2 Enrolled Chinese PhD-students holding a SH-scholarship 2015–18**



Source of data: Tempus Public Foundation, 2019. Own edition

Research is also encouraged by the already-mentioned China–CEE Institute, which in 2017 was established by the Chinese Academy of Social Sciences (CASS) for the sake of building and strengthening ties and partnerships with academic and research institutions across Central and Eastern Europe. “It welcomes scholars and researchers in CEE countries to carry out joint researches, field studies, seminars and lecture series, some training programs for younger students, translation, and publication.”<sup>248</sup> Further mobility of researchers inbound and outbound Hungary and China has been continuously supported by the Bilateral Agreement on Science and Technology (TéT). One of the most recent bilateral developments in the academic sector is the cooperation agreement between CASS and the National University of Public Service (NKE) signed in May 2019, as part of the festive celebrations of the 70-year-long bilateral diplomatic ties between the two countries. The CASS has been very active in formulating various deals, including the one that favors the foundation of a Hungarian-Chinese university, which will be

<sup>248</sup> See more: <https://china-cee.eu/structure/>

founded upon the cooperation with NKE.

Hungarian students can also profit from bilateral university agreements, which dominantly characterize cooperative efforts throughout the 2010s. the general practice shows that after numerous visits Memoranda of Understanding (MoUs) are written and signed by the cooperating parties. This then allows Hungarian students to apply for a semester-long (usually 3 to 5 months) exchange period at partner universities with the help of the Campus Mundi program. Also, such bilateral agreements can boost the chance of success in winning the Erasmus+ International Credit Mobility grant, which can also finance the exchange of students, teaching and administrative staff between the partner institutions.

As long as the higher education sectors of both countries (and obviously the respective government units, together with its members, the universities themselves) are now keen on looking at quality indicators (not just numbers and how to increase the volume of bilateral linkages), there is a consensus that quality and sustainable partnerships are encouraged. In his book on ‘the three faces of Chinese power’, Lampton (2008) underscores that: “The development of education in China is the foundation upon which future political, business, and intellectual leadership rests.”<sup>249</sup> Quality education with internationally acknowledged and ranked universities is therefore key to long-term development and the stable position of the PRC both in domestic and world affairs.

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<sup>249</sup> Lampton, *The Three Faces*, 124.

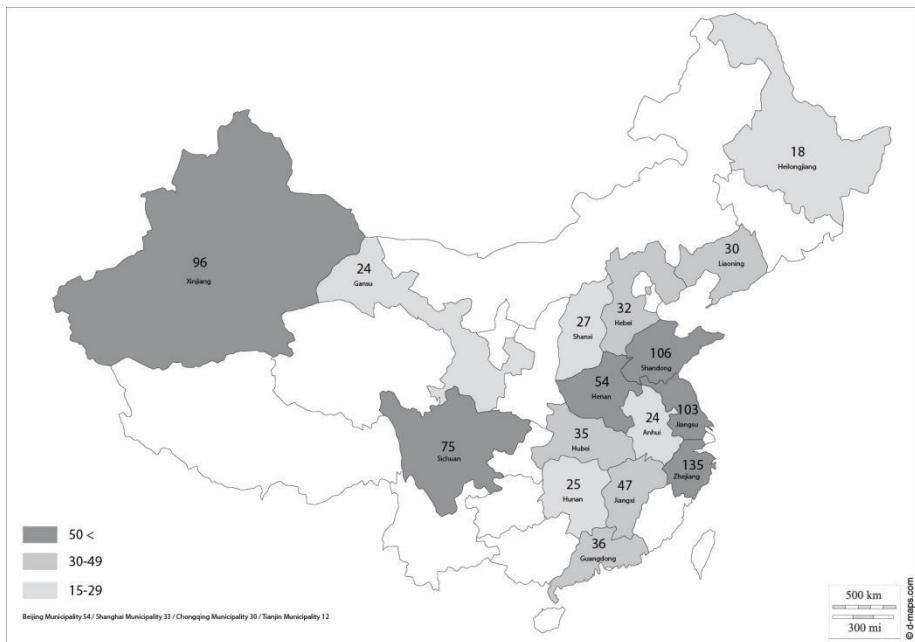
## **5. A case study: a glimpse at the University of Pécs and its Chinese relations in 2019**

In the last section, our intention is to briefly present a case study from the Hungarian countryside. The University of Pécs – Hungary's first university from 1367 – has been among the top 5 most attractive institutions since the launch of the Stipendium Hungaricum program. In 2018, for instance, 8.2 percent of the total first-place applicants indicated the University of Pécs as their prime target, following the Budapest University of Technology and Economics (19.1%), the University of Debrecen (17.3%), ELTE (10.5%), and Corvinus University of Budapest (9.7%).<sup>250</sup> Pécs has also been a venue for tuition fee-paying students for over 30 years, in particular, in the fields of general medicine, dentistry and pharmacy, recently. The following map shows the areas of origin of the Chinese students studying at the University of Pécs.

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<sup>250</sup> Source of data: Tempus Public Foundation, 2018. See: Tempus Public Foundation website. Accessed September 5, 2019. <https://tka.hu/palyazatok/7619/statisztikak>

## **Map 1 Chinese students according to provinces of origin studying at the University of Pécs in 2019**



Source of data: Center for Internationalization and Connections,  
University of Pécs, 2019. Own edition

Table 2 helps us have a full picture of Chinese student numbers.

**Table 2 Number of students and all their respective provinces of origin**

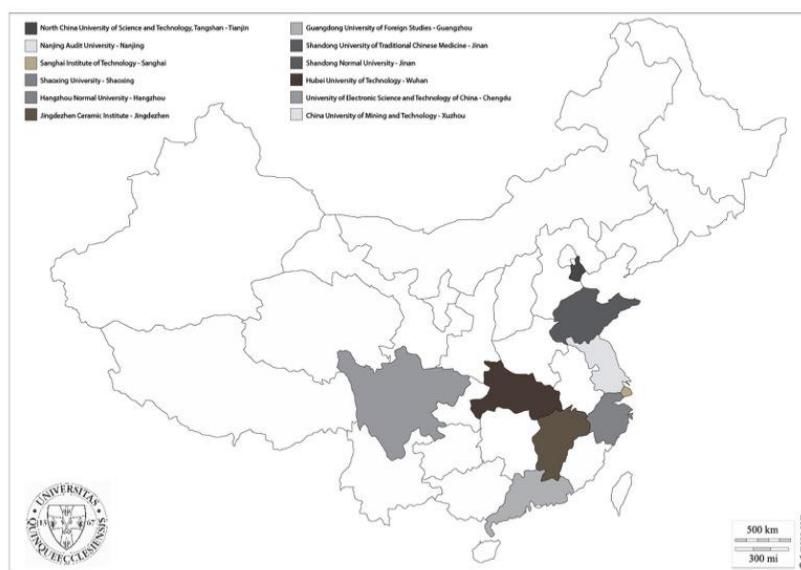
Provincial-level administrative divisions of China	Number of students
Zhejiang	135
Shandong	106
Jiangsu	103
XinjiangUyghur Autonomous Region	96
Sichuan	75
Beijing Municipality	54
Henan	54
Jiangxi	47
Guangdong	36
Liaoning	36
Hubei	35
Shanghai Municipality	33
Hebei	32
Chongqing Municipality	30
Shanxi	27
Hunan	25
Anhui	24
Gansu	24
Heilongjiang	18
Shaanxi	14
Yunnan	13
Jilin	13
Tianjin Municipality	12
Inner Mongolia Autonomous Region	12
Guizhou	11
Guangxi Zhuang Autonomous Region	10
Fujian	9
Ningxia Hui Autonomous Region	8
Qinghai	5
Hainan	1
Hong Kong Special Administrative Region	1
Tibet Autonomous Region	0
Macau Special Administrative Region	0

Source of data: Center for Internationalization and Connections, University of Pécs, 2019. Own edition

As long as we find a correlation between the number of students and the existing bilateral linkages in the form of university MoUs, provincial and city-level bilateral agreements, we propose that the more provincial and city-level activities are more intensive and livelier, the larger the number of students is. In the case of the University of Pécs, as of 2019, twelve MoUs are valid and function. Map 2 shows where the bilateral partner institutions of Pécs are located. Any existing interregional political ties may further

strengthen the cooperation, therefore, the currently upgraded agreement between Baranya County and Zhejiang Province – marking the 15<sup>th</sup> anniversary of the establishment of friendly relations between the two regions – certainly bear the potential to open new channels on educational and research opportunities and student exchanges.<sup>251</sup>

## **Map 2 The partner universities of Pécs with a bilateral MoU about cooperation 2019**



Source: Center for Internationalization and Connections, University of Pécs, 2019. Own edition

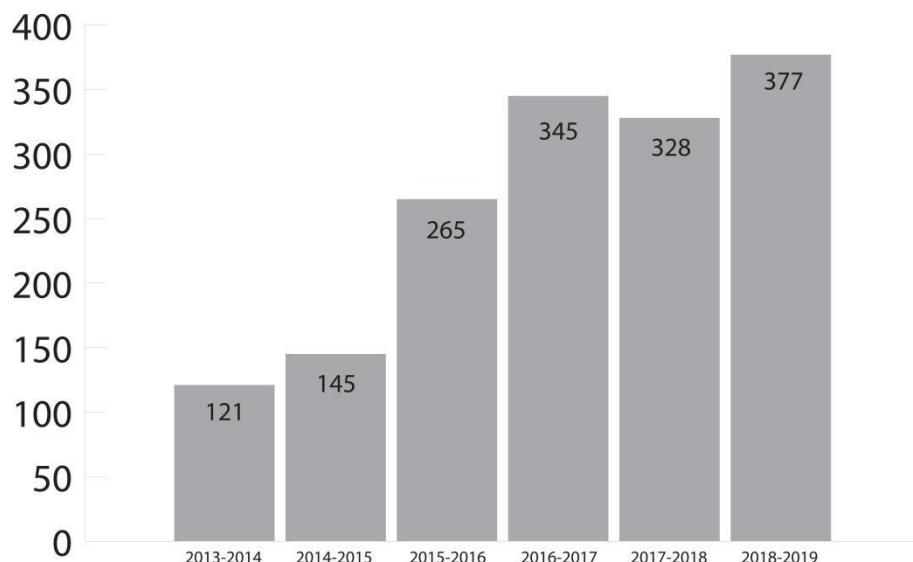
During the last 6 academic years, the active number of Chinese students has been on the rise (see: Chart 3) and their contingent is now the third largest out of the 110+ sending countries represented at

<sup>251</sup> See:

[http://govt.chinadaily.com.cn/a/201905/30/WS5cf0d300498e079e680221b8\\_2.html](http://govt.chinadaily.com.cn/a/201905/30/WS5cf0d300498e079e680221b8_2.html)

the University of Pécs. The majority of these students join a one-year preparatory course at the International Studies Center, which is basically a complex and integrated preparatory program for degree studies that meet the language development needs of international students and facilitate their integration into the context of higher education in Hungary. When a larger number of students were registered in 2014–15 that provided the pool for an even larger number of students studying already in degree programs offered by the Faculty of Engineering and IT, as well as the Faculty of Business and Economics the next year (2015–16). To this increase, existing bilateral MoU-partners also contributed, but we can say that in general Chinese students like getting admitted to such degree programs. Most of those Chinese students who study at the Faculty of Humanities, arrive in Pécs after a year of Hungarian language preparatory course in Budapest (Balassi Institute). In total, the majority of all Chinese students attend a Bachelor-level degree program, as they join the university right after leaving high school in China. Yet another chunk of increase was registered in 2018–19 due to the high number of summer-school (usually 2- or 4-week-long) attendees, among which some students came back to Pécs for a semester or a full degree program a year later.

**Chart 3 The active number of Chinese students at the University of Pécs per academic year, 2013-2019**



Source: Center for Internationalization and Connections, University of Pécs, 2019. Own edition

## **6. Concluding thoughts**

In the commemorative year of the 70<sup>th</sup> anniversary of the establishment of the diplomatic relations between the People's Republic of China and Hungary the paper provided an overview of Chinese–Hungarian relations in the field of higher education and research, revealing many personal career paths, which contributed significantly to the development of bilateral relations. We can arrive at the conclusion that former students/graduates matter a lot in the maintenance and development of bilateral ties in other sectors between the two countries. Apart from mastering the national

language of the cooperating country, they truly can help build lasting bridges as they got motivated to stay connected with their alma mater, as well as the communities they had spent several years in. We looked at different historic periods in detail, putting Sino-Hungarian cooperation in the above fields into a larger international relations context. Special attention was devoted to Hungary's Stipendium Hungaricum scholarship program, which has already proven its significance in bilateral diplomacy as a soft power tool to enhance relations between Hungary and the given partner (signatory) country. Recent country-wide data from Tempus Public Foundation (the central government coordination agency of the program) and the institutional case study of the University of Pécs both underlined the newest dynamics in bilateral terms, while revealed that global higher education has been undergoing rapid challenges in terms of internationalization, which expect institutions to innovate and foster any bilateral opportunity to raise their profiles and standards.

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# **The Development of Confucius Institutes in Higher Education Exchange and Cooperation between China and Hungary**

- A Case Study of the Confucius Institute at Eötvös Loránd  
University

LIU Xiaochen<sup>252</sup>

## **Abstract:**

International exchange and cooperation is one of the five major functions and also the prior direction of development for Chinese higher education in the new era. Committed to serving China and the world, it covers various aspects, including education, academic studies, cultural exchange and the cultivation of talents with global vision. As an important platform of educational exchange and cooperation, Confucius Institutes shoulder the mission of promoting multicultural exchange between China and the world. This article will, by enumerating the data of the Confucius Institute at Eötvös Loránd University in recent years, analyze its methods in promoting the exchange and cooperation between its hosting universities, so as to provide reference for other Confucius Institutes and higher

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<sup>252</sup> Mr. LIU Xiaochen, Deputy Chief of the Office of Confucius Institutes, Beijing Foreign Studies University; Chinese language teacher in Kong Zi Institute, University of Malaya; majoring in Teaching Chinese as a Second Language and the management of Confucius Institutes.

education institutions.

## **Keywords**

Confucius Institutes, Higher Education, Exchange and Cooperation

### **I. Significance of the Study**

The world is undergoing tremendous changes unseen for a century, with irreversible trends of politic multi-polarization, economic globalization, cultural diversification and social informatization. Countries grow more connected and dependent on each other, while facing various common challenges. Chinese President Xi Jinping proposed the idea of building a community of shared future for mankind, pointing out a direction for world peace and economic development. The implementation and expansion of the Belt and Road Initiative (BRI) serves as a platform for this effort. However, the shortage of professional talents in related areas hinders the BRI implementation. For a long time, China's major partners in the international cooperation of higher education have always been developed countries, such as those in Europe and America. Counting the countries along the route of the BRI, in the aspect of "bringing in", only ten have carried out sino-foreign cooperatively-run education in China. It accounts for 15% of the total number along the route, not to mention its proportion to all the countries carrying out the "bringing in" programs of cooperative education. In the aspect of "going out", nine countries (such as Singapore) along the route have hosted education programs with Chinese institutions; while in the five Central Asian countries, 18 Western Asian countries and 16 Central and Eastern European countries, there is none.<sup>253</sup>

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253 Guoyong Cao, "Developing the Transnational Higher Education based on BRI"  
*Economic Daily*, 20 December, 2018, 15th Column of Theory Weekly

In 2017, Chinese government, for the first time, acknowledged international exchange and cooperation as one of the five functions of Chinese higher education institutions (HEIs), a major theoretical breakthrough in the development of Chinese higher education and educational opening-up. If the other four functions—talent cultivation, scientific research, social service and cultural inheritance and innovation—were defined as the four cornerstones of Chinese higher education, the function of international exchange and cooperation would be a bridge connecting the four stones. It is also an expressway of mutual learning between Chinese and foreign HEIs. Through international exchange, Chinese HEIs could not only cooperate with HEIs and education institutions around the world in teaching, research and cultural exchange activities, but also facilitate education cooperation between Chinese and foreign HEIs, as well as between China and the world, and in this way, “cultivating a large number of international talents with global vision, familiar with international rules and capable of handling international affairs and competition.”<sup>254</sup>

Confucius Institutes (CIs) are established with various missions: to meet the requirement of learning Chinese among people in countries (and regions) around the world and foster their understanding of Chinese language and culture; to promote sino-foreign exchange and cooperation in culture and education; to foster friendly relationship between China and the world; to boost diversified development of different cultures; and to build a harmonious world. The first CI was established in the Republic of Korea (ROK) in 2004. As of 31 December, 2018, 548 CIs and 1193 Confucius Classrooms have been

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254 Chinese Ministry of Education, National Mid-and Long-Term Educational Reform and Development Planning (2010—2020),  
[http://old.moe.gov.cn/publicfiles/business/htmlfiles/moe/info\\_list/201407/xxgk\\_171904.htm](http://old.moe.gov.cn/publicfiles/business/htmlfiles/moe/info_list/201407/xxgk_171904.htm)  
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launched in 154 countries and regions globally.<sup>255</sup> The Confucius Institute at Eötvös Loránd University (ELTE-CI), co-established by Beijing Foreign Studies University (BFSU) and Eötvös Loránd University (ELTE) on 7 December, 2006, is the first CI in Hungary and one of the first model CIs in the world.

CIs play a linking role in educational cooperation, cultural contact and academic exchange between China and the world. The author believes that the CI-related cooperation programs between BFSU and ELTE and their exploration in the mode of sino-foreign higher education exchange, are worthy of deep analysis and may provide valuable experience for others to refer to.

## **II. The Establishment of Sino-foreign Cooperation Mode**

### **1. CI Board of Directors**

As required by the CI Headquarters and the *Constitution and By-Laws of the Confucius Institutes*, Board of Directors leads the operation and management of a CI. It is composed of university leaders, experts and scholars from the two sides, who guide and supervise the development of CIs. To take ELTE-CI as an example:

Hungarian side, 4 persons	Chinese side, 3 persons
• Chair of the Board (university president)	• Vice Chair of the Board (vice president in charge of international affairs)
• Board Member (former	

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<sup>255</sup> “About Confucius Institute/Classroom,” Confucius Institute Headquarters, unknown date of access, [http://www.hanban.org/confuciousinstitutes/node\\_10961.htm](http://www.hanban.org/confuciousinstitutes/node_10961.htm)

<p>university president, honorable member of the CI Council)</p> <ul style="list-style-type: none"> <li>• Board Member (vice president of the university)</li> <li>• Board Member (dean of the Faculty of Humanities )</li> </ul>	<ul style="list-style-type: none"> <li>• Board Member (director of Confucius Institute Office)</li> <li>• Board Member (Hungarian language professor)</li> </ul>
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**Table 1: ELTE-CI Board of Directors**

CI Board members will not be engaged in the daily operation of CI. The Board of Directors is mainly responsible of:

- the Institute's normal operation and administration
- assessing and approving the Institute's work plans and work reports
- assessing and approving the Institute's budget proposals and final financial accounts
- appointing and dismissing the Institute's Chinese and local directors

In one way, the Board of Directors safeguards the smooth operation of CIs and guides their development. The tremendous achievements made by CIs over the past years would not be possible without the decision of those Boards of Directors. The CI board meeting is usually held once a year. On the meeting, all the board members will review the work reports delivered by Chinese and local directors—the actual operating officers of CIs, and discuss the development plan for the next year. They will give feasible suggestions according

to the “growth conditions” of the CI over the previous year, and propose its “path of development” going forward based on the development plans of the two hosting universities, while revising the CI development plans delivered by the two directors. Thanks to those efforts, CIs could be able to improve the teaching quality, expand their local impact, and integrate into hosting universities, local communities and the hosting country, and in this way, realizing their sustainable development.

CIs symbolize the deep exploration between Chinese and foreign universities under the framework of higher education exchange and cooperation between the two countries, a model of innovation beyond normal inter-university exchange. It is not just limited to the agreement, more than academic contact, personnel exchange or language communication, but actually a platform of comprehensive cooperation for universities from China and the world. The mechanism of Board of Directors, on its part, provides institutional assurance for the stable operation of this platform, so that the Institute could have favorable policies from the two universities, its programs could be discussed among leaders and experts of relevant departments, and its most fundamental mission—teaching Chinese language and spreading Chinese culture—could be fulfilled.

## **2. Inter-university exchange and cooperation**

CIs can be called the “routine move” for the exchange and cooperation between Chinese and foreign HEIs, through which the two sides could have more “optional moves” for exchange and wider space for development.

The scope of cooperation between Chinese and foreign HEIs includes but not be limited to:

- teaching Chinese to speakers of other languages/ foreign language education
- exchange and mutual learning between Chinese and foreign cultures
- scientific research and academic exchange (teachers and students)
- cooperation in credit and degree programs (cooperative education)
- overseas institutes/centers
- research on higher education
- cooperation in industries related to higher education (educational consultation, logistics, publishing, science and technology incubator)

The exchange and cooperation between Chinese and foreign HEIs usually abides by the agreement of cooperation signed between the two sides, and the cooperation programs should be carried out accordingly. Once signed, the agreement will not have major modification within a certain term. This practice ensures a stable foundation for the cooperation, but sometimes also impedes it. Supplemental agreements may solve some problems by adding or removing terms to or from the original agreement; but without long-term close contact or mutual understanding and trust, this kind of cooperation will only be built on sand.

By comparison, the cooperation programs between Chinese and foreign universities based on CIs always make process as mutual

respect and goodwill growing between the two sides. Firstly, CIs provide a platform for the two leaders of university to meet regularly—the Board Meeting mechanism. Secondly, CIs serve as a guarantee for the two partner universities to establish mutual trust and long term plans—CIs' sustainable development. Thirdly, CIs offer opportunities for multidisciplinary and comprehensive cooperation between the two universities—CIs' educational attribute. Fourthly, CIs lay a foundation for the construction of disciplines and the improvement of social influence of the two sides—CIs' social attribute. Except for maintaining their own development, CIs also play a big role in boosting exchange and cooperation between Chinese and foreign HEIs which, with CIs as their bond, will enjoy longer and more stable inter-university exchange, more diversified cooperation programs, and smoother implementation of those programs.

### **3. Work pattern of Chinese and local directors**

According to the *Constitution and By-Laws of the Confucius Institutes*, an individual CI shall adopt a system in which the Director, under the leadership of the Board of Directors, shall assume the main responsibility for the Institute's daily operation and administration.

Most CIs follow such a pattern: “the Chinese director stay indoors while the local director goes out”. To be more specific, the Chinese director is responsible for the interior management of the Institute, including the organization of classes and cultural activities, the management of Chinese staff members, institutional improvement, and the liaison with Hanban and Chinese partner universities. The local director is in charge of the publicity, finance and expenditure, the expansion and coordination of local resources, the management

of local staff members and the liaison with the local government and universities. Only by concerted efforts of both directors will the CI operate in a healthy and sustainable way.

The “post-oriented” employment of Chinese and local directors provide personnel guarantee for inter-university exchange and cooperation.

First, CIs cannot operate without human intervention. The posts of Chinese and local directors are set for the management of CIs. Chinese directors, working full-time in CIs, are selected and appointed by the Chinese partner university; while local directors, either part-time or full-time, devote great energy in their job. The work of both directors safeguard the stable development of CIs and the continuity of inter-university exchange and cooperation.

Second, the “post-oriented” employment of CI directors is beneficial for the two universities to explore more cooperative programs beyond the platform of CIs. As a high-level program of exchange and cooperation, the CI should be more than teaching Chinese language overseas, but go further with wider connotation—as is mentioned before, the “optional moves” of cooperation. The proposal, approval, and implementation of those programs cannot be realized without human effort. The directors, familiar with the cooperation between the two universities, will be the right person to take charge of the planning and early communication of a program.

Third, the work pattern of Chinese and local directors broadens the channel of cooperation between the two universities. It is a cooperation between two entities of different systems, seeking

common ground and progress while reserving differences. The mutual trust and understanding generated between the two directors in their collaboration is a “golden key” to any cooperative program. For example, during a certain program, the two sides will definitely strive for their own benefits, thus leaving negative influence to their negotiation and cooperation. But with mutual understanding and trust between the two directors, the two universities would be more likely to reach a consensus and approve and support the program.

### **III. Revelation in the Development of ELTE-CI**

In 14 years’ development, ELTE-CI follows a unique path of development among all CIs in the world, making it an example to other CIs in Hungary. The author will summarize and analyze the course of its development in different phases from the following perspectives: historical background, cultural and teaching activities, social influence, directors’ work patterns, and higher education exchange and cooperation.

#### **1. Setting out for localized development**

In November, 2006, Hiller Istvan, then Minister of Education and Culture of Hungary, led a delegation to China and strongly supported the establishment of a CI in Hungary. In the following December, a Confucius Institute officially came into being in Eötvös Loránd University (ELTE), marking a new start of language and cultural exchange between China and Hungary. As the first CI in Hungary, ELTE-CI was at that time a successful example of cultural and educational cooperation between the two countries. The two partner universities, ELTE and BFSU, with a cooperative agreement on

teaching and research signed as early as 1988, could have more to offer in their cooperation after the founding of ELTE-CI.

In its early stage, ELTE-CI mainly focused on three aspects: teaching Chinese through various language training classes; spreading Chinese culture at different levels and from different perspectives; and promoting cultural exchange between China and Hungary.

	registered number of students	numbers of cultural activities & participants
2007	290	15 times, 6210 participants
2008	449	16 times, 5077 participants
2009	972	54 times, 17000 participants

**Table 2: The data of students and cultural activities, ELTE-CI,  
2007-2009**

According to Table 2, the number of registered students and cultural activities of ELTE-CI grows year after year, indicating the Institute's ever-increasing social influence in Hungary. Since the early days of its operation, ELTE-CI has paid great importance to its publicity work, inviting the local mainstream media, Chinese-language media and Chinese media in Hungary to all of its large events to make relevant reports. Duna TV, M1, M2, XinDaoBao, EurAsia Info, Xinhua News Agency and Phoenix CNE TV were all on the list of invitation. With its rising reputation, the Hungarian society came to know and accept the Institute. In a report on the foreign languages education in Hungary, origo, a famous Hungarian website mentioned the CI as of the same importance as the Goethe Institute and the British Council. In 2009, the 60th year of the diplomatic ties between China and Hungary, Magyar Nemzet, a major Hungarian newspaper, reported in its special column the Seminar in Celebration of the 60th

Anniversary of China-Hungary Diplomatic Ties held by ELTE-CI. In only three years, ELTE-CI came to be known by Hungarian people and became a new window for them to understand China.

The rapid and efficient development of ELTE-CI could not be achieved without the Chinese and Hungarian directors. Professor Hamar Imre, Hungarian Director of ELTE-CI, is a famous sinologist with profound knowledge in Chinese language and culture. Associate Professor Guo Xiaojing, then Chinese Director of ELTE-CI, is a Hungarian language teacher in BFSU, familiar with the culture and national conditions of Hungary. In three years' collaboration, the two directors work closely together, making great contribution in the localization of ELTE-CI. During this period, the Hungarian Director was frequently interviewed by the local media in which he introduced China and the Confucius Institute to the Hungarian society; while the Chinese Director focused on the refined management of the Institute, laying a solid foundation for its further development in terms of language teaching, activity organization and institutional construction.

What ELTE-CI has done in this phase for the exchange and cooperation of higher education between China and Hungary mainly falls into two parts, namely academic cooperation based on language teaching and theme activities based on cultural exchange. In 2007, ELTE and BFSU co-held “the First Chinese-Hungarian Translation Seminar”. In 2008, Prof. Zhang Qian and Prof. Liu Yuening from Central Conservatory of Music (China) were invited to attend the “Chinese Music Night” held by ELTE-CI. The two activities manifest the priority of ELTE-CI in its early stage, that is, localized development by carrying out cross-border academic and cultural activities.

## **2. Striving for internal optimization**

For ELTE-CI, the scope of teaching expands with the growth of the Institute. Around 2010, its priority moved from localized development to internal optimization.

From 2010 to 2016, the number of registered students in ELTE-CI remained around 2,500 per year. In the meantime, the Institute started to organize Chinese proficiency tests. In 2016, the examinees of HSK/HSKK/YCT tests reached a number of nearly 600. The number of cultural activities rose from 40 or 50 times in 2010, with a little more than 10,000 participants, to more than 70 times in 2016, with 30,000 or 40,000 participants. Apart from the frequently-held cultural activities such as “Chinese Bridge” Competition, Lunar New Year cultural events and the Hungarian Children’s Day, ELTE-CI also made new breakthroughs. For example, “Chinese Culture in the School for the Blind” held in 2010; the first “Chinese Bridge” Summer Camp for Secondary School Students in Hungary held in 2012; the annual “Confucius Institute Day” since 2014; the Tour Performance of BFSU Art Troupe in Hungary arranged in 2015; and the 10<sup>th</sup> anniversary celebration of ELTE-CI organized in 2016. The above figures clearly show that in spite of the minor shift in its development strategy, the ELTE-CI has been sticking to its localized development and went further and better.

Since 2012, with the establishment of other CIs, ELTE-CI was no longer the only CI answer lies in its internal optimization—be unique and outstanding, which means to improve quality and efficiency, and to embrace transformation and upgrading. To this end, ELTE-CI made efforts in three aspects, namely, teaching materials,

teachers and academic researches. The Institute complied *the Hungarian Chinese Textbook*, the first localized Chinese teaching material in Hungary; set up the “Training Center for Chinese Language Teachers in Central and Eastern Europe” where numerous training programs were held; and hosted the first “Symposium on Chinese Language Teaching in Europe” and other academic events. These several years witnessed the change of three Chinese directors; they have similar academic background — teaching Chinese to speakers of other languages and Chinese language and literature. They brought to the Institute more professional teaching systems, joined in the compilation of local Chinese teaching materials, and supported the building of the training center for Chinese language teachers in Central and Eastern Europe, which facilitated the training of local Chinese language teachers in ELTE-CI. What’s more, the tacit cooperation of Chinese and local directors greatly expanded the Institute’s scope of development. In 2015, ELTE-CI was awarded one of the world’s first Model CIs, manifesting its leading role among CIs in Hungary and even across the world. Those achievements speak volume of the contribution made by ELTE-CI in the exchange and cooperation of higher education between China and Hungary.

### **3. Forging ahead for integrative development**

Stepping into the new era, ELTE-CI should make constant improvement and innovation through comprehensive and profound reforms in order to maintain its leading position. The person in charge should be more forward-looking and promote the Institute’s integrative development. This pattern requires more specific objectives, greater comprehensive strength, more support from hosting universities, and more flexible cooperation mechanisms.

ELTE-CI always has a clear target, that is, to build itself into a comprehensive Confucius Institute of language teaching, cultural transmission, and academic studies. As a “Global Model Confucius Institute”, ELTE-CI goes far ahead of its counterparts over the 10-plus years of development. In spite of its leading position in language teaching, cultural transmission and academic studies, ELTE-CI is still lacking of momentum for further development as a consequence of being too conservative. The good news is, in October 2017, Prof. Hamar Imre, Hungarian Director of ELTE-CI, was appointed Vice Rector of ELTE, which indicates better prospects of development for the Institute. The integration of development prospects and patterns holds an enormous opportunity for the Institute to break its bottleneck and prosper. It requires the two partner universities, its Board of Directors, as well as Chinese and Hungarian directors to make careful analysis, top-level design and renewed objectives for the future development of ELTE-CI.

#### **IV. The Cooperation of Chinese and Hungarian Hosting Universities of ELTE-CI**

Under the guidance of the Confucius Institute Headquarters and the mutual support of ELTE and BFSU, ELTE-CI has remained true to its mission and made great contribution to people-to-people and cultural exchange between China and Hungary: setting up various training courses to improve Chinese language teaching; organizing cultural activities and exchange programs at various level and from various perspectives; leveraging the advantageous resources in Hungary in Sinology for the studies of contemporary China; facilitating people-to-people and cultural exchange between China and Hungary through the bridge of language and culture.<sup>256</sup>

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256 News of the Office of Confucius Institutes, BFSU: Confucius Institute at Eötvös Loránd University, <https://oci.bfsu.edu.cn/info/1128/1084.htm>

## **1. Boosting cultural and people-to-people exchange between China and Hungary through the CI**

Amity between people holds the key to sound relations between states, and mutual understanding holds the key to the friendship between people. As a common language of art for humans, vocal music, instrumental music and dance have played an important part in boosting China-Hungary cultural exchange and unfolding the scroll of China's society in the era. With ELTE-CI as their bond, ELTE and BFSU have arranged two cultural exchange visits, displaying the results of high-quality cultural interaction between the two nations. In September, 2015, the Art Troupe of BFSU went on a tour performance themed "Sound of China, Rhythm of Autumn" in Hungary and offered a feast of Chinese culture to the local audience. In the following October, Béla Bartók Choir and Chamber Orchestra of ELTE gave a performance in BFSU, as a start of its tour in China. The two large cultural events triggered conflict and contrast, exchange and mutual learning between different civilizations, exerting an positive impact on the fields of art and culture across the two countries.

"You and Me in Beijing" Summer Camp, launched by BFSU in 2008, has been held for 12 consecutive years. The Camp invites students from BFSU Partner CIs to come to China. ELTE-CI participated in the program every year. Through the Camp, students from Hungary improved their Chinese, got acquainted with friends from different countries and cultures, and grew attached to ELTE and Beijing. This attachment would support them to get closer to China, and learn Chinese language in ELTE and the Confucius Institute. Some of them may even become cultural ambassadors and continue the friendship between the two peoples.

In 2013, BFSU designed and carried out “Let’s Talk about Chinese Culture” BFSU Scholars Overseas Lecture Tour. This program provides an opportunity for Chinese scholars to get close to the local community and introduce to them the culture and national conditions of contemporary China, and to exchange ideas with foreign experts in the same academic field. Under this program, the scholars went to ELTE and ELTE-CI in 2015 and 2017, introducing to the university and local citizens Chinese economy, laws, history, information technology, traditional Chinese medicine and health care, opening up a channel for more academic exchanges between the two sides.

Time	Theme
March, 2017	W.H. Auden’s “War of Resistance against Japanese Aggression” How Internet Changes China: from a Business Perspective
November, 2015	An overview of the Economic Crime and Economic Criminal Law in China Chinese Economy under the “New Normal”: Challenge and Opportunity Health care of Traditional Chinese Medicine

**Table 3: “Let’s Talk about Chinese Culture” BFSU Scholars Overseas Lecture Tour (ELTE-CI)**

The world needs to understand China. A well-told story of China describes this country in a real, genuine and comprehensive manner—the best way to show the world China’s concept of development in the new era. Through these lectures, experts and scholars explain to the local audience the stance and wisdom of China, and the standards, rules and philosophy of Chinese values, thus receiving more and more recognition from the international community. The exchange of 300

ideas and voices between Chinese and Hungarian scholars is the most effective and genuine way to establish mutual trust. This trust will grow among nations as their cultures become more inclusive and more acknowledged by each other.

## **2. Cultivating professional talents based on the CI**

Since the establishment of ELTE-CI, BFSU, its hosting university in China, send certain number of volunteer teachers to Hungary every year, according to the requirement of the Institute.

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of volunteers send by BFSU	2	4	4	18	14	9	13	18	18

Table 4: Number of volunteer teachers in ELTE-CI (2010-2018)

Those volunteer teachers are usually postgraduate students of BFSU, majoring in Teaching Chinese to Speakers of Other Languages (TCSOL). After systematic studies and the selective examination of the Confucius Institute Headquarters, they went to ELTE-CI for a year's teaching practice. According to Table 4, the number of volunteers sent by BFSU to ELTE-CI increases year after year, and ELTE-CI also becomes an important international base for BFSU students to take their internship.

As is mentioned before, the mechanism of Board Meeting provides more chances for the two leaders of university to meet regularly. During the meeting, the university leaders and board members would not only discuss the development of the CI, but also important issues

like inter-university cooperation programs. Through board meetings, BFSU and ELTE have planned, implemented or reached various cooperative programs, facilitating the exchange of teachers and students, as well as joint talent cultivation. For example, in the video conference of the ELTE-CI board meeting held in 2019, the two sides discussed the number of exchange students and agreed to increase it to five on each sides every year. After the meeting, relevant departments of the two universities made prompt and profound analysis, and drafted a supplementary agreement on the exchange of students between BFSU and ELTE. In March, 2019, Vice Rector of ELTE visited BFSU and officially signed this supplementary agreement, implementing to the topic of discussion on the board meeting.

As China opens wider and steps closer to the world, international talents with language proficiency, cultural awareness, international vision and capability become much more sought-after. CIs gradually develop into the base and platform for the cultivation of talents in TCSOL and less-commonly used languages. Especially in recent years, the two partner universities of CIs in countries along the route of BRI set up a model of talent cultivation, namely, “Chinese/Non-general Languages+Major”. This model provides the education of Chinese/ less-commonly used languages and professional skills, cultivating high-caliber talents for the BRI construction.

### **3. Encouraging academic exchange through the CI**

In June, 2011, *the Hungarian Chinese Textbook* was officially published in Hungary. Co-compiled by sinologists from ELTE, the directors and teachers of ELTE-CI, while typeset and designed by

BFSU, the textbook provides a model for the editing and publishing of oversea local Chinese textbooks, where foreign and Chinese sides cooperate in writing and publishing to release the book abroad. The model could not only enhance the adaptation of Chinese textbooks overseas through the exchange and interaction between two sides, but also conquer many difficulties in the publishing of the textbooks in foreign markets.<sup>257</sup>

2014, the “Training Center for Chinese Language Teachers in Central and Eastern Europe” was co-founded by ELTE and the Confucius Institute Headquarters. The Center provides an opportunity for the local Chinese language teachers in Central and Eastern Europe (CEE) to be trained for Chinese teaching, which contributes to the improvement of teaching quality in the Central and Eastern European region and the friendship between China and the CEE countries. Affiliated to ELTE-CI, the Center shares teaching resources with the Institute. As one of the key cooperators of the Center, BFSU has sent scholars and experts to give lectures in Hungary for several times. 2018, the international conference themed “Production-oriented Approach in the Multicultural Contexts” was co-held by BFSU, Foreign Language Teaching and Research Press (FLTRP), ELTE, and ELTE-CI. The center also held a training session during the conference. The session, themed “the Use of POA in International Chinese Teaching”, was lectured by a professional team led by Prof. Zhang Xiaohui, Executive Dean of the School of Chinese Language and Literature, BFSU. The training was well-received by the 50-plus local teachers from Central and Eastern Europe.

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257 Wenyang Jiang, “On the publication Mode, Editing Concept and Popularization Strategies of the Country-specific Chinese Textbooks: A Case Study of The Hungarian Chinese Textbook,” Journal of Yunnan Normal University Vol.12, No. 1(January, 2014): 89, <https://doi.org/10.16802/j.cnki.ynsddw.2014.01.015>

It is always the foundation of oversea CIs to provide the local with high-quality teachers, authoritative materials, and advanced teaching methods. While adhering to language teaching, CIs also keep on developing new models of academic exchanges and cooperation, e.g. publishing academic works and translations, launching research programs and organizing high-level seminars. As a representation of increasing China's exchanges with the world, CIs show the world China's visions for an open, inclusive, clean, and beautiful world that enjoys lasting peace, universal security, and common prosperity. The constant enhancement in both levels and types of academic exchanges will certainly bring China and the world closer and contribute to the future of mankind with more intelligence.

## V. Conclusion

As a typical organization for the exchange and cooperation of culture and education, CIs have made a great breakthrough of Chinese-abroad cultural communication in terms of its extensive and fruitful developments, which is also a remarkable milestone in the process of Chinese educational opening-up. With the implementation of “building a community with a shared future for mankind” and the Belt and Road Initiative, China has picked up the pace of exchanging with foreign advanced education, where CIs take a role of a transmitter of language and culture and a booster for academic exchanges. Out of the culture and education realms, CIs should also extend their functions with the expansion of China’s reform and opening-up and international exchanges. CIs should develop with characteristics through the industrialization of education, the commercialization of scientific achievements and the globalization of innovative business. Hosting universities in China and abroad, as a strong supporter of CIs, will be the propeller and implementer of

innovative programs and thus develops more efficient, useful and creative models for both sides in the process of advanced education exchanges.

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# **Thoughts on the Origin and Migration of Hungarians in Chinese Academic Community**

SHU Sunle<sup>258</sup>

## **Abstract:**

At the end of the 19th century and the beginning of the 20th century, influenced by the ideas of European Sinologist J. Deguignes and other scholars, Chinese academic community generally believed that Hungarians were the descendants of the Xiongnus who moved west. As this inference gained popularity, until the 1970s, most researchers of Xiongnun studies focused on the route of Xiongnus' westward migration. They searched for useful information from ancient Chinese classics and western historical records to outline the migratory route of the northern Xiongnu after they fled from Outer Mongolia in AD 48. However, a series of archaeological evidence later overturned that point of view and proved that the ancestors of Hungarians were living in the Eurasian steppe. Due to the lack of reliable written records, the claim above is not the final conclusion. Some scholars, through analyses of Chinese and foreign records and etymology research, have proved that Magyar people do not come from a single ethnic source, but a mixed one at least with Turkic and Nvzhen origins.

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<sup>258</sup> Sunle Shu, PhD Candidate, Institute of Foreign Literature, Chinese Academy of Social Sciences. Her main research fields cover the Hungarian literature and China-Hungary cultural exchanges.

## Key Words

Xiongnu people (Huns), Magyar, Xiongnu, Tujue (Turk), Nvzhen

There have been many futuristic novels at the turn of the 20<sup>th</sup> century in China. The novel *New Era*, published around 1908, opened with a scene of a thriving Chinese society, with “unbelievably united” people and “incredibly developed science” in China. Unexpectedly, the Great Emperor of China promulgates an imperial edict to make all the countries of yellow race use the Emperor’s Year to “contact with other yellow people”. The white countries are afraid that the yellow nations would stand together and cause the yellow peril, so they decided to hold a peace conference among all nations to discuss “the approaches to resisting the yellow race”. However, apart from the black countries in Africa and the two new Republics founded by the descendants of Chinese labor in the United States and Australia (imagined by the author), only “Hungary” is not invited to the conference in Europe. This is because that “among the white nations in Europe, Hungary has been Europeanized over time... Given that it is the descendant of *Xiongnu* (匈奴), an ancient ethnic group in the north of China, however, Hungary is excluded from the rest of European countries and not allowed to attend the conference.”<sup>259</sup> From the author’s assumption, it is not hard to see that Chinese viewed Hungarians as the descendants of *Xiongnu* people at the beginning of the 20<sup>th</sup> century. Nevertheless, where did this view come from?

As early as the 18<sup>th</sup> century, a French man J. Deguignes has assumed that Hungarians were *Xiongnu* people. This made the origin of Hungarians a controversial issue in the field of Hungarian prehistoric history, Turkish studies, Mongolian studies, and even anthropology. According to the available materials, the origin of Hungarians cannot

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<sup>259</sup> See The Master of Bihe Pavilion, *New Era* (新纪元), (Guilin: Guangxi Normal University Press, 2008), 2.

be concluded only from their ethnic sources. Through analyzing manifold historical data and searching for clues in Chinese historical records and ancient classics, Chinese scholars have made a relatively reliable textual research on the origin of Hungarians.

Hungary, located in a great plain in the Carpathian Basin in central Europe, is moistened by the Danube and the Tisza River from north to south. It is easy to imagine that this rich land naturally became a sought-after settlement competed by various ethnic groups thousands of years ago when labor productivity was low. The Hungarian steppe of the Carpathian Basin, in fact, has been the habitation for European ethnic groups down the ages. However, no states had ruled the people there until the founding of Hungary in AD 896. So, where did the Hungarians come from?

We can interpret this question by two steps: First, why is the land called Hungary? Second, where did its people come from? In other words, the relationship between Hungary and *Xiongnu* can be defined from two aspects: First, in a geographical sense, today's Hungary was once the center of the *Xiongnu* Empire when *Xiongnu* founded it in Europe. Second, are Hungarians related to *Xiongnu* people genetically? In addition, what is the material significance of researching their relationship from the perspective of world history? To answer these questions, we should start with the history of the westward migration of the *Xiongnu* people.

In 1919, Zhang Taiyan argues in his paper "A Study of the Beginning of *Xiongnu*'s Migration to Europe" that "Hungary is the transliteration of *Xiongnu*. It is estimated that *Xiongnu* moved west in the *Yongyuan* period of the Later Han Dynasty... (The westward migration) branched into two directions: one to *Wusun*; the other to *Daqin*, which was the so-called Hungary."<sup>260</sup> This is the earliest

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<sup>260</sup> Zhang Taiyan, *The Complete Works of Zhang Taiyan (Fourth): Preliminary Compilation of 308*

argumentation of the relationship between *Xiongnu* and Hungary in China. However, it is not credible because it has only 300 words with no archaeological or historical evidence. Later, Ding Qian wrote a thousand-word essay “A Study of the Stories of *Xiongnu* after Han Dynasty”, in which Ding argues that *Xiongnu* people defeated the local Goths after they entered to the north of the Black Sea in AD 374, and then they penetrated deeply into Europe. Ding puts forward his own opinions on the nationality of the *Xiongnu* entering Hungary, believing that the *Xiongnu* entering Hungary were actually a hybrid species, while the Slavs entering Russia are the real descendants of *Xiongnu*.<sup>261</sup>

The concepts of *Xiongnu* and Huns were generally accepted by Chinese scholars after they were exposed to Wells’ *The Outline of History*. Some people think that Liang Qichao was influenced by Wells, so the former took the example of *Xiongnu*’s westward migration to illustrate that “the move of one wave can cause ten thousand following waves”.<sup>262</sup> In 1927, Wells’ *The Outline of History*, edited by Liang Qichao, was all the rage in China and became Chinese primary textbook on History of the World. In the book, “Hun” was translated as “*Xiongnu*”, and the viewpoint that “Hun” is “*Xiongnu*” then spread among Chinese scholars. In 1930, based on *The Outline of History*, Yao Congwu systematically introduces the research results of the relationship between Huns and *Xiongnu* people by European scholars, including J. Deguignes, Friedrich Hirth, and J. M. De Groot, in his “Studies of the *Xiongnu* by European Scholars”. It further proves that “the Huns who invaded Europe were the *Xiongnu* people in China”.<sup>263</sup> This article had a

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Zhang Taiyan’s essays (章太炎全集 (四) • 太炎文录初编), (Shanghai: Shanghai People’s Publishing House, 1985), 381.

<sup>261</sup> See Ding Qian, “A Study of the Stories of *Xiongnu* after Han Dynasty (汉以后匈奴事迹考)”, *Geographical Journal* (地学杂志), 1919, 7 & 8, 151-52.

<sup>262</sup> See Liang Qichao, *Methodology in the Studies of Chinese History* (中国历史研究法), (Shijiazhuang: Hebei Education Press, 2003), 94-8.

<sup>263</sup> Yao Congwu, “Studies of the *Xiongnu* by European Scholars (欧洲学者对于匈奴的研究)

deep impact on the subsequent essays that followed its logic in discussion, including Jin Yuanxian's "A Study on the Westward Migration of the Northern *Xiongnu*", He Zhenya's "*Xiongnu* and Hungary", and Tong Zhuchen's "The Westward Migration of *Xiongnu* and the Move of the European Nationalities".

The above discourses share the view that after *Xiongnu* was divided into the northern group and the southern group in 48 A.D., the northern left Outer Mongolia and fled to *Wusun* (乌孙). Later, they were expelled by General Dou Xian of Han Dynasty from *Wusun* to *Kangju* (康居) in the west. In 360 A.D., *Xiongnu* went to *Sute* (粟特). There is nothing new in Jin's essay, while Tong, based on the research achievements of the previous scholars, referred to British scholar E. H. Parker's, E. Gibbon's, and J. Deguignes's ideas to prove that "the Huns equal to the *Xiongnu*". He Zhenya, on the other hand, quoted from *Book of Sui Dynasty: Minorities around Sui* (隋书四夷传) – "The ancestors of *Tiele* (铁勒) are actually the descendants of *Xiongnu*. Many ethnic groups... including *Enqu*(恩屈), *Alan* (阿兰), *Beiru* (北鞣), and *Fuwa* (伏溫), nearly twenty thousand people, live in the east of *Fulin* (拂菻, the East Rome). Despite their different surnames, all of them are *Tiele* people". The essay argues that Hungary is close to Rome, between the Black Sea and Caspian Sea, and its pronunciation sounds similar to "Hun", which represents *Xiongnu*. *Book of Sui Dynasty* records the events happened in Sui Dynasty, from 589 A.D. to 617 A.D., during which Hungary had already been founded. However, it was stated later in the essay that "according to the history of Hungary, after *Xiongnu* occupied the Danube, Hungarians were still under attack from Slavic nations from time to time. Therefore, Hungary was formally founded in 896."<sup>264</sup> Obviously, He Zhenya did not do a detailed and accurate research on the founding time of Hungary. In 1958, Zhang Xun

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究", *Journal of Sinological Studies* (国学季刊), 1930, Vol. 2, No. 3, 30.

<sup>264</sup> See He Zhenya, "Xiongnu and Hungary(匈奴与匈牙利)", in *Anthology of Papers about Xiongnu's History* (匈奴史论文选集) edited by Lin Gan, (Beijing: Zhonghua Book Company,1983), 111.

translated and edited *The Early Empires of Central Asia*, written by an American scholar McGovern. According to the book, the westward migration of the northern *Xiongnu* was the driving force for Germanic tribes to invade the Roman Empire.<sup>265</sup> When McGovern deduced the process of the westward migration of *Xiongnu* people, he first traced the information of the ethnic groups that lived in today's Hungary before 200 A. D. . He found out that nations like Vandals (凡达尔人), Suevi (瑞维人), and Gepids (吉匹特人) had lived there until 200A. D. , and all these nations came from the Salmaxian people in Central Asia. The Salmaxian people brought their nomadic and semi-nomadic traits, known as the "Culture of Horses", from Central Asia to Central Europe.<sup>266</sup>

In the 1950s, Chinese scholars mainly focused on whether the Huns are *Xiongnus*, while in 1970s, they turned their attention to the routes of *Xiongnus'* westward migration. Qi Sihe, in his "The Westward Migration of *Xiongnus* and Their Moves in Europe", states that "to deny that the Huns are the *Xiongnus* is actually cutting off the history. In this way, it is impossible to offer a correct explanation of the lifestyle, social organization and political system of the *Xiongnu* people"<sup>267</sup>. In this essay, Qi not only substantiates the argument that the Huns are the *Xiongnus* by providing the detailed historical data, but also, on the basis of the data from ancient books, divided the westward migration of the *Xiongnu* into four phases: 1. *Yueban* period (about 91A.D.-160 A.D.); 2. *Kangju* period (about 160 A.D.-260 A.D.); 3. *Sute* period (about 260 A.D. -350 A.D.); 4. *Alan* period (about 350 A.D.-374 A.D.). Because of the western historical records, there is no great controversy over the *Xiongnus'* move after they arrived in Europe. In *The History of the Decline and Fall of the*

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<sup>265</sup> See McGovern, W. M., *The Early Empires of Central Asia*, translated by Zhang Xun (Beijing: Zhonghua Book Company, 2004), 14.

<sup>266</sup> See McGovern, W. M., *The Early Empires of Central Asia*, 183-86.

<sup>267</sup> Qi sihe, "The Westward Migration of Xiongnus and Their Moves in Europe (匈奴西迁及其在欧洲的活动)", *Historical Research (历史研究)*, 1977,3,141.

*Roman Empire*, Gibbon details Attila's death in 435 A.D. and the subsequent defeat of the *Xiongnu* Empire by European coalition forces, which led the rest of *Xiongnus* to flee to the lower reaches of the Danube and settled down in today's Hungary. However, Qi clarifies that "Nowadays, the majority of Hungarians are Magyars, who entered Europe from Western Asia at the end of the 9<sup>th</sup> century and then founded Hungary. With a relatively small number, *Xiongnus* have been integrated with Magyars and people from other ethnic groups. Note: the name Magyar was first seen in *The History of Yuan Dynasty: Biography of Subutai* (元史 速不台传) in China."<sup>268</sup>

Qi's essay should be viewed as a milestone for scholars to find the routes of *Xiongnu*'s westward migration in light of Chinese historical records, because it causes scholars to write a series of papers and do textual research on that. In Xiao Zhixing's "Discussion on the process of *Xiongnu*'s Westward Migration", he affirms Qi's "contribution to the *Xiongnu*'s history", while puts forward different opinions on the concept of *Yueban* in Qi's essay. Guo Pingliang, in his "Xiongnu's Westward Migration and Some Issues", argues that "during the migration, *Xiongnu* first nomadized in the Ili basin, and then entered the agricultural areas of Kangju in Central Asia. After that, they went into the north of Persia and over the Caucasus Mountains to go into Europe."<sup>269</sup> Lin Gan, in his "Research on the Westward Migration of the Northern *Xiongnu*", thinks that the first station of *Xiongnu*'s migration was *Wusun*, the second station was *Kangju*, and the third was *Alan Liao*, which was also called *Yancai*. He also segments *Xiongnu*'s invasion of Europe into three periods: 374 A.D.-400 A.D., 400 A.D.-415 A.D., and 422 A.D.-468 A.D.. Besides, there are a series of papers discussing the causes, impacts, and other related issues of the westward migration of the northern

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<sup>268</sup> Qi Sihe, "The Westward Migration of Xiongnus and Their Moves in Europe (匈奴西迁及其在欧洲的活动)", 139.

<sup>269</sup> Guo Pingliang, "Xiongnu's Westward Migration and Some Issues (匈奴西迁及一些问题)", *Collection of the History of Ethnic Groups* (民族史论丛), vol.1, (Beijing: Zhonghua Book Company, 1987), 103.

*Xiongnu*. They include “Historical Study of the northern *Xiongnu*’s migration to Europe”, in which the author holds different viewpoints on the starting time and the route of the migration, “On the Causes of the northern *Xiongnu*’s Westward Migration” and “On the Natural Geographical Reasons for the Westward Migration of *Xiongnu*”, in which the authors analyzed the causes of the migration.

The westward migration of the northern *Xiongnu* to Europe, which indirectly resulted in the fall of the Roman Empire, was not only the largest national migration all over the world on record, but, objectively, connected the civilizations of Eurasia and promoted the development of civilization in some areas as well. However, through archaeological studies and document research, scholars have already proved that today’s Hungarians are not the invincible *Xiongnu* army under the command of King Attila. There is one sentence describing Attila’s ferocity and arrogance: “where his horse’s hoofs have trodden, not even the grass grows.”<sup>270</sup> To some extent, Venice was founded against Attila’s invasion.<sup>271</sup> After Attila died in his palace near the Danube, his three sons and their clans, such as Gepids, Ostrogoths, *Xiongnus*, and Svays, fought against each other for freedom and royal power. The tribes of Ostrogoths occupied Pannonia. Attila’s eldest son died in battle, and his youngest son entrenched in the lower reaches of the Danube with an army of *Xiongnus*. The *Xiongnu* Empire completely collapsed.

There should be no doubt about the conclusion that Hungarians migrated to Europe from the Eurasian steppe. After the long journey

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<sup>270</sup> Gibbon Edward, *The Decline and Fall of the Roman Empire (Part II)*, translated by Huang Yisi & Huang Yushi, (Beijing; Commercial Press, 2018), 93-4.

<sup>271</sup> It is now generally accepted that Venice was built during a later Lombard invasion. But according to Gibbon, many Aquileia people, Padilla people, and people from nearby towns who escaped from the invasion of *Xiongnu* found safe and hidden places on the nearby islands. Therefore, it supposed to be the beginning of the construction of Venice. See Edward Gibbon, *The Decline and Fall of the Roman Empire (Part II)*, 94.

from Asia to the heartland of Europe, there is no written evidence of the origin of the migration left. The rapid mobility of nomads has also left scarce archaeological achievements. Thus, studies in linguistics, anthropology, and folklore have become the important ways to explore the history of Hungarians before they settled. It is generally believed that Hungarians originated from the Volga River and lived in the region among the Kama River, the Belaya River, and Ural Mountains, which was the birthplace of Finno-Ugric people. From the mid-5<sup>th</sup> century, Hungarians moved westwards from the Southern Russia steppe, which was at the north of the Black Sea, and eventually reached the after-bay of the Danube. This conclusion is supported by archaeological and linguistic evidence. In an ancient tomb found in Hungary, a dead man was found with gold leaves on his eyes and a bronze leaf on his mouth. A similar gold-leaf mask was also found in another large tomb in the northeast of Hungary. These funerary objects also showed up in a 6<sup>th</sup>-century tomb in the Ural region and an 8<sup>th</sup>-century tomb in the Kama basin. A language related to Hungarian language now still exists near the Ob River.<sup>272</sup> As for the early settlement of the Hungarians, in 1887, a German historian E. Bretschneider suggested that Hungarians probably lived near the Ural Mountains, at the northeast of the Volga Bulgars.<sup>273</sup> The area was called Ugra, and the people who lived there were called Uglics , or Ogur by Byzantines. Plano Carpini, who visited Alacon Kaan in the 13th century, called the new home of Ugulians near the Danube “Hungary”, while called their original place of residence in the Volga basin “Magna Hungaria”<sup>274</sup>, which was also called “Greater Hungaria” by a contemporaneous European Rubruck<sup>275</sup>. The Hungarians of this region began to migrate westwards

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<sup>272</sup> See Frodo Istvan, “On the Origin and Migration of Hungarians”, translated and edited by Li Zhen, *International Forum (国际论坛)*, 1991, No. 3, 8.

<sup>273</sup> E.Bretschneider, Bretschneider, *Mediaeval Researches from Eastern Asiatic sources*, vol. 1 ( London: Kegan Paul, Trench, Trübén & Co. Ltd., 1910) , 15.

<sup>274</sup> See Plano Carpini, *The Journey of Friar John of Pian de Carpine to the Court of Kuyuk Khan, 1245-1247* , trans. W. W. Rockhill ( London: Hakluyt Society, 1900) , 12.

<sup>275</sup> See William Rubruck, *The Journey of William of Rubruck to the Eastern Parts of the*  
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around 700 A.D.. Han Yiqi believes that Ugulian, which came from Onogur in Turkic, is the origin of the word “Hungarian”.<sup>276</sup>

In 1882, Vámbéry Ármin, a Hungarian scholar, suggested that Hungarians are of Turkic origin, which is quite different from the opinion that Hungarians are Ogurs. At present, it is generally accepted that Hungarian belongs to Finno-Ugric languages. From the perspective of philology, however, it can be concluded that Hungarians have Turkic ancestry. This idea can also find supports in linguistics, lexicology, and other studies. Hungarian’s authentic history documents the stories since Árpád-ház Dynasty around the 10<sup>th</sup> century. In the studies of Hungarian history before that time, linguistic evidence and the records offered by Byzantine historians and Moslems, apart from the archaeological finds, were the most commonly used proof. They involve the examination and correction of numerous ethnic, geographical, and personal names. In “Turkic Relationship with Hungary before the 10<sup>th</sup> Century” written by Gong Fangzhen, he systematically discussed the relationship between Hungarians and Turkic peoples living in Central Asia.

After the collapse of the *Xiongnu* Empire, the remaining *Xiongnus* retreated to the hinterland of Scythia, the Volgar basin, and the Caucasus. They formed some Turkic tribes here gradually, including Saragur, Bolgar, and Onogur.<sup>277</sup> Hungarian English name “Hungarian”, French name “Ungri”, and German name “Ungar” all

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*World, 1235-55*, trans. W. W. Rockhill (London: Hakluyt Society, 1900) , 129-30.

<sup>276</sup> ( Magyarország, Hungary), Hungaria is Latin. It first appear in French and Italian writings in the 10<sup>th</sup> and 11<sup>th</sup> centuries; in Hungarians in 1137. Etymologically, Hungarian, German “Ungarn”, and French “Hongrie” all contain the same etyma Onogur. See Liu Zhiqiang, “The Relationship between Hungary and China (试述匈牙利和中国的诸亲缘关系)”, 91.

<sup>277</sup> See Liu Zhiqiang, “The Relationship between Hungary and China (试述匈牙利和中国的诸亲缘关系)”, *Journal of Xinjiang Normal University (Philosophy and Society)* (新疆大学学报 哲社版), 1990, No. 3, 84.

derive from the Latin “Ungri”, which came from the 5<sup>th</sup>-century tribe: Onogur. The name of this tribe was first documented by a Byzantine historian Priscus: “Saragurs, Ogurs and Onogurs came to Constantinople (from 461 A.D. to 465 A.D.), because they had been driven out of their homeland by the Sabir, who had been attacked by the Avar. The Avar was also forced to migrate by other races living near the ocean.”<sup>278</sup> The Hungarians are probably related to the Onogur tribe etymologically. As for Onogur people’s relationship with the Magyar people, many historians have their own opinions. Both the 10<sup>th</sup>-century Persian book *Hudud al-'alam* and a 11<sup>th</sup>-century Persian historian Gardizi point out that the Vonodur people are the neighbors of Magyar people; while Marquart identifies the Vonogur people as Onoghundur, Onoghun as Onogur, in which “-dur” is a suffix in Turkic. Economides believes that Onogurs are Magyars. Although Minorsky translated *Hudud al-'alam*, he treated the ideas in that book with a grain of salt. He regards Onoghundur as a tribe of ancient Bulgars who lived in the Kuban area of the north Caucasus from the 5<sup>th</sup> to the 7<sup>th</sup> centuries. In the 2<sup>nd</sup> century, the ancient Bulgars came to the Black Sea and Caspian Sea from central Asia with other tribes including the Onoghundur.

On the issue of the origin of Hungarians, Liu Zhiqiang proposed that Hungarians might derive from Onogurs. The “*Weihe* (韦纥)” in Sui Dynasty, the “*Huihe* (回纥)” and “*Huihu* (回鹘)” in Tang and Song Dynasties, and the “*Weiwuer* (畏兀尔)” in Yuan Dynasty, were called “*Wujie* (乌揭)” in Qin and Han Dynasties, which was the earliest Chinese translation of Uigur or Uygur. “*Wujie*” is Oguz, or Uguz. Due to the convertibility of “z” and “r” in ancient Turkic, Uguz=Ugur=Uigur. Thus, the *Wujie*, *Wuhu*, *Wuhe*, *Wugusi*, *Huihe*, *Huihu* in ancient Chinese and the words *Weiwu* and *Weiwuer* used after the Yuan Dynasty are the transliteration of Uigur, Uguz, and Oguz. Magyar people belongs to the Finno-Ugric clan, while the

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<sup>278</sup> Quoted in Gong Fangzhen, “Turkic Relationship with Hungary before the 10th Century (十世纪前突厥与匈牙利的关系)”, edited by Zhu Jieqin in *History of Sino-Foreign Relations* (中外关系史论丛), Vol. 1, (Beijing: World Affairs Press, 1985), 35-6.

latter was one of the members of Onogur, a union of the Uguz tribes. On Oguz (Uguz) =On Ogur (Ugur, Ugor) =On Uigur=On Ogur=Onogur.<sup>279</sup>

Han Yiqi puts forward that Onogur was the Turkic name of Kavar, which was a political union consisting of seven Magyar tribes and three Khazar tribes. However, there are different opinions on the relationship between Magyars and Khazars. According to the Emperor of the East Roman Empire Constantine VII, “The Khazar Khan once wrote to Magyars to call in Lebedias, and sought to make him the paramount ruler of all the Magyars, because he was smart, brave, and was the leader of Voivode, a tribal branch of Magyars. Lebedias refused, however, and recommended Álmo Utzis and his son Árpád as the leaders of the Magyars. Given that Árpád was smarter, braver, and good at handling national affairs, he finally became the leader. Before that, there was no leader for Magyars.”<sup>280</sup> From this narration, Árpád , the leader of Magyars, was appointed by the leader of Khazars, so it is worth pondering whether the alliance between the three Khazar tribes and seven Magyar tribes really exists or not.

Back to the relationship between Magyars and Turks, according to the records in “*Stories of Tiele* (铁勒转)” in *The History of the Northern Dynasties* (北史) and *Book of Sui* (隋书), “The ancestors of Tiele were actually the descendants of Xiongnu. They have many ethnic groups. They live near mountains and valleys, close to rivers and lakes, in the east of Xi Hai, the north of Samarkand, and the east and the west of Deyi Hai... In the eastern part of Fulin, nearly twenty thousand people live there, including Enqu, Alan, Beiru, and Fuwa, etc. Dubo and other clans live in the north of Bei Hai. Despite

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<sup>279</sup> See Liu Zhiqiang, “The Relationship between Hungary and China (试述匈牙利和中国的诸亲缘关系)”, 91.

<sup>280</sup> Quoted in Gong Fangzhen, “Turkic Relationship with Hungary before the 10th Century (十世纪前突厥与匈牙利的关系)”, 41-2.

their different surnames, all of them are people of *Tiele*. Without a leader, *Tiele* consists of the east and west Turks. They have no permanent places to live so they migrate along the rivers and land. *Tiele* people has a fierce and greedy character. They are good at riding and shooting. They make a living by banditry. Those who live near the west are skillful at planting. They have many cattle and few horses. After the founding of Turk, these goods and materials are used to help control the north.” In 568 A.D., Zaimarchus of the East Rome also stated in *An Expedition to Turk* that “Zaimarchus of western Asia was chosen as the governor of the eastern city. After he arrived in *Deyi Hai* and passed *Juru* area several days later, Zaimarchus went by *Adela* (today’s the Volga river) and finally went to Ugur.”<sup>281</sup>

As for the above Chinese and foreign records, Zhang Xinglang argues that *Enqu* actually “is the Ugur recorded in Zaimarchus’s book. He had a brief record so we have no way to know the details.”<sup>282</sup> Han Yiqi agrees with Zhang’s statement that the events recorded in *The History of the Northern Dynasties* happened in the 5<sup>th</sup> and the 6<sup>th</sup> century, recorded in *Book Of Sui* happened in the 6<sup>th</sup> and the 7<sup>th</sup> century, which are consistent with the time in *An Expedition to Turk*. By the 6th century, the seven Magyar tribes had joined Onogurs, which was the *Enqu* from *Stories in Tiele* and the Ugur in *An Expedition to Turk*. From relative geographical perspective, the region from *Deyi Hai* (the Caspian Sea) to *Fulin* (the East Roman Empire) and the *Adela* (the Volga River) in *An Expedition to Turk* overlapped with each other.

“Magyar” is how Hungarians call themselves. A number of scholars have made phonetic analyses of the word Magyar. Eric Patridge

<sup>281</sup> Quoted in Han Yiqi, “The History of Hungarians Before the Ninth Century(九世纪前匈牙利人的历史渊源)”, Journal of Nanking University( Philosophy and Society), (2)1980, 79.

<sup>282</sup> Zhang Xinglang, *Historical Data Compilation of Chinese and Western Traffic* (中西交通史料汇编), Vol. 1, (Beijing: Zhonghua Book Company, 2003), 39.

believes that the word was pronounced as Mogyeri in ancient time, of which the suffix “-eri” means “human beings” in Turki.<sup>283</sup> Based on the work of Hungarian scholars, Minorsky restores Magyar to Mojgher. He believes that the word Mojgher is formed by Moj + gher, in which the latter is related to a Turkic ethnic group Bashqir. According to a Hungarian scholar Nemeth, Bashghir is the Turkic word Bash + ghur (five tribes).<sup>284</sup> Thus, the name Magyar should be in connection with Turkic peoples.

In *De Administrando Imperio*, Constantine VII states that “Magyar people is originally called Sabartoi asphaloi, which means ‘reliable Sabir people’ in Greek.” However, Gong points out that this is not to say that all the Magyars were Sabir people, but that some of the Sabir people became Magyars. What was the Sabir? Orientalist Gerard Clausen did textual research to define Sabir as “*Xianbei*”.<sup>285</sup> This is consistent with the story mentioned by Priscus that Saragurs, Ogurs, and Onogurs were evicted by Sabirs, who in turn were evicted by Avars (the Ruru people in Chinese history); and consistent with the details recorded in *Book of Wei* (魏书) that *Tuoba Wei* of *Xianbei* attacked *Weihe* repeatedly, and *Ruru* people frequently invaded the north of *Wei*.<sup>286</sup> After Dou Xian evicted the northern *Xiongnu*, *Xianbei* occupied *Xiongnu*’s original place and integrated with the remained 100,000 *Xiongnu* people. All of them then were known as *Xianbei* people and became a flourishing ethnic group. Some of the *Xianbei* people moved west and settled in the Volga and the Caucasian area. Among them some became the ancestors of today’s Chuvash people. Analyzing from the phonetic structure,

<sup>283</sup> Eric Partridge, *Origins: A Short Etymological Dictionary of Modern English*(London: Routledge, 1977), 372.

<sup>284</sup> See Vladimir Minorsky, *Hudud al-'alam: The Regions of the World*( London: Messrs. Luzac & Co.), 318-19.

<sup>285</sup> See Sir Gerard Clauson, *Studies in Turkic and Mongolic Linguistics*(London and New York: Routledge, 2002), 20.

<sup>286</sup> See Gong Fangzhen, “Turkic Relationship with Hungary before the 10th Century (十世纪前突厥与匈牙利的关系)”, 35-6.

Hungarian scholar Gomboc found out that the Turkic components in the modern Hungarian vocabulary were same with the components in Chuvash.<sup>287</sup> This shows that before the 10<sup>th</sup> century, some of the Sabir people integrated into the Hungarians.

At present, historians seem to have reached a consensus that Hungarians came from the Volga basin. However, a more daring conjecture is challenging this conclusion with some reliable evidence in phonetics. From a linguistic perspective, Zhu Xueyuan's "The Origin of Magyars in the Far East" analyzes and compares the language used by Nvzhen (女真), an ancient nationality in China, in *The History of Jin Dynasty* (金史) and the vocabulary of modern Hungarian; as well as the Hungarian surnames and the surnames of the tribes in ancient China listed in *The History of Jin Dynasty*. The paper portraits a historical picture that *Mohe* (靺鞨) people, after integrated with Mongolians, started to move westwards around 700 A.D. and merged with some Turkic people on their way.

When analyzing Hungarian language from a linguistic perspective, Zhu Xueyuan points out that, "There is a fairly large collection of Mongolian words in the Magyar language. It not only covers a large number of primary words about basic material, plants and animals, human organs, and family relations; but also includes many advanced words in social organization, military, sports, and recreation."<sup>288</sup> Zhu Xueyuan, hence, compares some words in modern Hungarian with some in *Nvzhen* language, which was used by Manchu from the northeast of China in ancient time. He boldly assumes that Magyar is the original name of "*Mohe*", or "*Wuji*" (勿吉), which was the ancestor of *Nvzhen*, or Manchu, in Tang Dynasty; and the ancient Magyar people consisted of *Mohe* people, a

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<sup>287</sup> See Denis Senor, *History of Hungary*, (New York: Frederick A. Praeger, 1976), 10.

<sup>288</sup> Zhu Xueyuan, "The Origin of Magyars in the Far East", *World Nationalities* (世界民族), 1998, No. 2, 30.

lot of Mongolian tribes (such as *Qidan*, *Shiwei*, and *Xi*, etc.), and some Turkic tribes.

In the paper, the author makes a comparison between modern Hungarian language and *Nvzhen* language in Jin Dynasty<sup>289</sup>:

客人—— 按答海, vendég	穷人—— 什古乃 , szegény
摔 角者—— 拔里速, birkozó	头—— 兀术, fej
牙—— 畏可, fog	第二 —— 益都, kettő
和谐 —— 奴申, összhang	宽容 —— 讷出虎, ehur
快—— 撒八, sebes	买—— 兀带, vetél
刀 刃—— 斜烈, el	金—— 按春, arany
口袋—— 蒲卢浑, borond	罐—— 活女, kosso
红 色—— 活腊胡, vörös	铁—— 鞫论, vas

Guest -- <b>andahai</b> , vendeg	The poor -- <b>shisgunai</b> , szegeny
Wrestler -- <b>balisu</b> , birkozo	Head -- <b>wushu</b> , fej
Tooth -- <b>weike</b> , fog	Second -- <b>yidu</b> , ketto
Harmony -- <b>nushen</b> , osszhang	Tolerance -- <b>echuhu</b> , ehur
Fast -- <b>saba</b> , sebes	Buy -- <b>wudai</b> , vetel

<sup>289</sup> The Nvzhen words Zhu Xueyuan picked up came from *Jinguoyujie* (金国图解), which was attached to *The History of Jin Dynasty* (金史).

Blade -- <b>xielie</b> , el	Gold -- <b>anchun</b> , arany
Pocket -- <b>puluhun</b> , borond	Pot -- <b>huonv</b> , kosso
Red -- <b>huolahu</b> , voros	Iron – <b>wolun</b> , vas

The author also compares some words in *Xibo* language, an ethnic group moved to *Yili*, Xinjiang from the northeast in China, with words in Hungarian:

Through a series of comparisons, Zhu Xueyuan believes that there is no doubt that the origin of Hungarian language in the Far East belongs to the ancient *Mohe-Nvzhen* language of Tungus language family. On this basis, the author, from the perspective of the historical evolution of various ethnic groups in the northeast China, also infers the origin of the Magyars through analyzing historical materials and ancient books. During the Northern Wei Dynasty, *Mohe* people, whose ancestors lived at the confluence of the Amur River, the Songhua River, and the *Wusuli* River in the northeast China, expanded to *Nen* River, *Buyeo*, and Liaodong regions. They merged with the local *Shiwei*, *Qidan*, *Xi* and *Buyeo* peoples, who speak Mongolian languages, and began to contact with the people in Central China. In Tang Dynasty, *Mohe* people colluded with the royal family of Koguryo to revolt against Tang, which was later suppressed. After the *Mohe*-Koguryo alliance was dissolved, two powerful tribes of *Mohe* – *Anchegu* and *Boduo* – fled to the west, while the remaining five *Mohe* tribes stayed in the northeast China. Among the remaining tribes, *Sumo* was skillful at politics. Its non-resistance attitude towards Tang helped to create a stable external environment for its self-development. Around 700 A.D., *Sumo* founded the *Bohai* Kingdom, which has 15 garrisons. One of them was called “*Mojie* (鄚頡)”, taking control of the state *Mo* and the state *Gao*. The locations of the two states were exactly where *Anchegu* people lived in the late Sui and early Tang Dynasties. Within *Mojie*, *Sumo* River entered *Nen* River and the *Songhua* River

of *Fuyu* County, Jinlin, which was called “*Bodune*” in ancient time. Some scholars regard it as the original living place of “*Boduo*” tribe. In a word, the remaining *Mohe* people living in the northeast China called *Anchegu* and *Boduo*, the two tribes fled to the west, “*Mojie*”, which was their original name “*Mohe*” or “*Wuji*”. After 200 years of governing by *Bohai* Kingdom and *Liao* Dynasty, *Mohe*’s descendants became the *Wanyan Nvzhen* living there. Thus, it is of great historical value to make a comparison between Hungarian language and *Nvzhen* language in *Jin* Dynasty and to conjecture the genetic relationship between the two tribes of *Mohe* and Hungarians. These correspondences provide strong linguistic evidence for the origin of the Magyars in the Fast East.

In his paper, Zhu also mentions that the Magyar people might also have ties of consanguinity with Mongolian tribes, because *Mohe* people, who flourished in the middle period of the Northern Wei Dynasty (at the end of the 4<sup>th</sup> century), merged with the weak Mongolian speaking tribes – *Shiwei* tribes, after *Mohe* people arrived in the *Songnen* Plain. Then they annexed *Buyeo* people and mixed with *Qidan* and *Kumoxi* tribes who lived in the southwest. The long-term integration of these three ethnic groups (*Mohe*, *Shiwei*, and *Qidan*) led to the mixing of Tungus and Mongolian languages there, which then evolved towards Tungus language, during the Sui and Tang Dynasties. Meanwhile, a large number of Mongolian elements showed up in *Mohe* language. It is possible that this mixed tribal language was used by the tribes *Anchegu* and *Boduo*.

This affinity can be seen clearly from the comparison of *Qidan*, Mongolian, and Hungarian languages:

汉语	契丹语	蒙古语	匈牙利语
父亲	阿主	etseg	atya / apa
兴旺 (1)	耶鲁	-	jolet
兴旺 (2)	蒲速	-	boseg

辅助	何鲁	-	helyetta
孝顺	得失得	tahim	(t)ahitat
法官	楚古	shuukh	szuri
营地	捺钵	-	tabor

English	Qidan Language	Mongol	Hungarian
Father	azhu	Esteg	Atya/ apa
Prosperous (1)	Yelu	-	Jolet
Prosperous (2)	Pusu	-	Boseg
Assist	Helu	-	Helytta
Filial	Deshide	Tahim	(t)ahitat
judge	Chugu	shuukh	Szuri
camp	liaobo	-	tabor

Apart from the typical *Mohe-Nvzhen* and Manchu surnames, such as *Wanyan*, *Aishen*, and *Tuote*, some Mongolian surnames and tribal names also show up in *The History of Jin Dynasty: Stories of Official Governors* (金史 百官志) and *The History of Jin Dynasty: Mandarin Translation* (金史 国语解), such as common surnames in Qidan: *Yila* (*Yelv*) and *Shimo*, and in *Xianbei*: *Moyan*. Moreover, modern Hungarian surnames have exactly corresponding surnames used by Nvzhen people in the 12<sup>th</sup> century, like Illyes (*Yila*), Szima (*Shimo*), and Major (*Moyan*), etc. Some common surnames in Hangarian like Nagy, Szabo, Turi, and Szakal are respectively corresponding to surnames *Niange* (*Niange*, *Nahe*, and *Nake*), *Saipuli*, *Dulie*, and *Sahelie* in *Mohe* language. Therefore, Zhu boldly speculates that the ethnic composition of the ancient Magzar people who moved westwards at the end of the 7<sup>th</sup> -century was similar to

that of the *Nvzhen* people who moved south to Central China in the 12<sup>th</sup>-century.

Although there are still many questions, the general conclusion of the language used by the ethnic groups, which lived in the north of China, has been drawn. The Tungus people lived in the east, the Turkic people lived in the west, while the Mongolian people lived in the middle. Some Turkic surnames in ancient books can also be found in Hungarian language, like Csibi (*Qibi*) and Tokaji (*Tokgo*), etc. In addition, the word Kocsi, which means “car” in Hungarian, apparently comes from the word “hoca”. Hungarian scholars even believe that the word “coach” in English derives from Hungarian. As a surname, Kocsis means “those who drive”. People with this surname are probably the descendants of the *Gaoche* (高车) tribe, which means the “driving tribe”, who once flourished in the north and south of the desert. As a powerful tribe of *Tiele* people and the ancestor of *Huihe* people, *Gaoche* tribe might integrate with the Magyar people in the middle of the Mongolian plateau. One of the famous surnames among *Gaoche* people “Heba” is corresponding to a Hungarian surname “Horvath”. When Han yiqi did the textual research on whether Ogur people was the descendant of *Xiongnu* people in *The History of the Hungarians before the 9<sup>th</sup> Century*, he quoted from *The Histroy of North: Storied of Gaoche People* (北史高车传) that “Gaoche people is the progeny of *Chidi* in ancient. Their original name was *Dili*. People in the north called them *Chile*, while people from *Xia* called them *Gaoche* or *Dingling*. Their language is mainly similar to Hungarian except for minor differences. Some people say that their ancestors were the nephews of *Xiongnu*.” Through verification, “*Chidi*” was the name of *Xiongnu* used in the spring and autumn period. *Gaoche*, whose ancestor was the “nephew of *Xiongnu* people”, can be proven as the descendants of the *Xiongnu*. From this perspective, some Turkic people were among the Hungarians who settled in the Carpathian Basin in the 10<sup>th</sup> century. Hungarians had a genetic relationship with the *Xiongnu* people who first entered the Europe.

Due to the lack of the conclusive written records, scholars can only make conjectures and assumptions on the origin and migration of the Hungarians through achieving circumstantial evidence in archaeological, linguistic and other studies. To be sure, Hungarians do not come from a single ethnic source. During their migration from Asia to Central Europe, they encountered many ethnic groups and merged with some of them. That is why we can find sounds and words in Asian languages like Tungus, Turkic, and Mongolian languages in Hungarian language, and a high degree of similarity between Hungarian national customs and the ones in Central Asia. We can only affirm that the origin of Hungarians is not an issue that can be highly generalized. Only scholars with a variety of academic quality, including a high-level ability to read and analyze materials and solid foundation of linguistic knowledge can be competent for the studies on this topic.

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# **Future Visions: Narratives of Chinese Children and Adults Living in Hungary**

BORSFAY Krisztina<sup>290</sup>, Nguyen Luu Lan Anh<sup>291</sup>

## **Abstract:**

The study presents a qualitative psychological research, that examines the narratives of (first and second generation) Chinese immigrant children and young adults temporarily living in Hungary, in particular their future plans and vision. The interviews were conducted in both Chinese and Hungarian languages, in total 40 Chinese children and young adults from different generations (12-26 years) were involved into the research. Concepts regarding the future were analysed from the aspect of socialization and migration strategies. In the narratives, the world of experiences of both the past and future appears, therefore, in our analysis, experiences of school and social life, Chinese cultural values, Chinese language use, Chinese identity and the time spent in the country of origin (China) were all studied as key factors forming the future vision.

**Keywords:** Chinese immigrants, socialization, future vision, qualitative study

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<sup>290</sup> Krisztina Borsfay, Assistant Lecturer, ELTE, Faculty of Pedagogy and Psychology, Intercultural Psychology and Pedagogy Institute.

<sup>291</sup> Nguyen Luu Lan Anh CSc., Institute Director, Associate Professor, ELTE, Faculty of Pedagogy and Psychology, Intercultural Psychology and Pedagogy Institute.

## INTRODUCTION

Our study deals with the future vision of Chinese children and young adults living in Hungary, and as its prelude, with certain aspects of their socialization experiences.

Although regarding Chinese living in Hungary, from time-to-time, sociological<sup>292,293</sup>, psychological<sup>294,295</sup>, and interdisciplinary studies<sup>296</sup> show up, the number of these studies is still very low, in particular from the aspect that the Chines society itself is rapidly changing. The studies researching the effects of socio-cultural changes occurring in

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<sup>292</sup> ÖRKÉNY Antal and SZÉKELYI Mária, „Hat migráns csoport összehasonlító elemzése” [Comparison analysis of six migrant groups], in *Az idegen Magyarország. Bevándorlók társadalmi integrációja* [The alien Hungary. Social integration of immigrants.], edited by: ÖRKÉNY Antal és SZÉKELYI Mária (Budapest: MTA ENKI, Eötvös Kiadó, 2010), 49–95.

<sup>293</sup> NYÍRI Pál, „Kínaik és afgánok Magyarországon: két migráns csoport érvényesülési stratégiái” [Chinese and Afghans in Hungary: Prevalance strategies of two migrant groups], in *Nem kívánt gyerekek? Külföldi gyerekek magyar iskolákban* [Unwanted children? Foreign children in Hungarian schools], edited by: FEISCHMIDT Margit and NYÍRI Pál (Budapest: MTA ENKI, 2006), 39–74.

<sup>294</sup> Nguyen Luu Lan Anh et al, „Kínai bevándorló családok gyerekeinek integrációja és szociális támogatottsága” [Integration and social acceptance of children of Chinese immigrant families], *Magyar Pszichológiai Szemle* [Hungarian Psychology Journal], 64 (2009): 139–156.

<sup>295</sup> SEBESTYÉN Nóra, *A versengés és a tanulás kulturális beágyazottsága és a migráció hatása a konceptualizációra* [Cultural embeddment and migration effect of competition and learning on conceptualization]. Doctor dissertation (Budapest: ELTE, PPK, 2015).

<sup>296</sup> BARNA Mária et al, „Az én házam egy keleti ház a nyugati világban. Nemi szerepek és beilleszkedés a konfuciánus és muszlim hagyományú országokból származó bevándorlók körében” [Gender roles and integration within immigrants from countries with Confucian and Moslem tradition.] (Budapest: ICCR Budapest Foundation, 2012).

China lately, already reported those processes, that are related to the identification with contemporary Chinese culture and its consequences in personality, identity and lifestyle. For instance, in his research examining Chinese young adults, according to the findings of Zhang and his colleagues<sup>297</sup>, the efforts of Chinese culture generates more positive self-assessment and individualization, which indicates the appearance of new identities and thus new future visions contrary to traditional modesty. From migration aspect, this means that persons keeping contact with the home country or newly arriving persons are exposed to even newer impulses and trends, and they form their life and fate accordingly. The future vision of migrant youth is formed by general thinking and motivation features specific to their age just like sociological effects.

## Future vision

Humans are able to travel through time both towards the past and the future, i.e. they project themselves to the past and the future<sup>298</sup>. It is specific to their future visions, that these are emotionally more positive than memory constructions related to the past, and they are more schematic, since it is hard to create the details projected to a yet unseen future<sup>299</sup>. In addition to formal specificities, we can also talk about outstanding tendencies regarding the content, that are also determined by the age, such as the main triumvirate of future

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<sup>297</sup> Rui Zhang et al, „Making sense of positive self-evaluations in China: The role of sociocultural change”, *European Journal of Social Psychology*, 47, 1 (2017): 36–52.

<sup>298</sup> Endel Tulving, “Memory and consciousness”, *Canadian Psychology* 26 (1985): 1–11.

<sup>299</sup> Dorthe Berntsen, Annette, Bohn, “Remembering and forecasting: The relation between autobiographical memory and episodic future thinking”, *Memory & Cognition* 38 (3) (2010): 265–278.

concepts in the juvenile or young adult generation is education, job and family<sup>300</sup>. In particular fields of life, positive projections are more likely, such as future events, successes related to performance<sup>301</sup>.

Imaging the future is particularly interesting in case of such persons, who have to imagine themselves in a new context (eg. in a new cultural environment), since in their case, the framework of individual career is partially unknown, the relevant samples, cultural scenarios are less available. Examining the life and future vision of migrant persons, the studies focus on why a mobility was achieved, what reasons and motivation lead to such a decision<sup>302</sup>. On the other hand, it is also an important question, that following mobility, what further plans appear in the life of a family or an individual.

### **Chinese people, immigrants in the world and Hungary – work and education**

In the researches conducted with immigrants, it is a recurring factor, that in first and second generations, in case of multiple minority groups, we can see high school and career aspirations. Many times, the future vision of immigrants is more ambitious than of the host

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<sup>300</sup> Rachel Seginer, *Future orientation: Developmental and ecological perspectives* (New York: Springer, 2009).

<sup>301</sup> David B. Pillemeter et al, “Self-esteem memories: Feeling good about achievement success, feeling bad about relationship distress”, *Personality and Social Psychology Bulletin* 33 (2007): 1292–1305.

<sup>302</sup> Russell King, „Theories and typologies of migration: an overview and a primer”, *Willy Brandt Series of Working Papers in International Migration and Ethnic Relations*, 3/12, Malmö: Malmö University.  
<https://www.mah.se/upload/Forskningscentrum/MIM/WB/WB%203.12.pdf>

nation<sup>303,304</sup>. The pull factor resulting in immigration is often access to more beneficial education and labour market opportunities.

At Asian, in particular Chinese immigrants, performance-centric future vision is particularly significant, where in the background, beside mobility aspirations specific to immigrants, there are also cultural factors. School performance and academic learning is particularly important due to Confucian traditions<sup>305</sup>, the belief in making efforts is the part of the Chinese way of thinking. Although efforts promote social mobility during immigration, to understand the significance of efforts, it is also worth to consider the social context experienced in the host country. China's very large population and the relatively low rate of higher education opportunities compared to the large population creates a significant competitive atmosphere in the field of education, motivating to continuously high efforts and performances<sup>306 307</sup>.

Efforts made during learning, as the key to successful school

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<sup>303</sup> Zerrin Salikutluk, „Why Do Immigrant Students Aim High? Explaining the Aspiration–Achievement Paradox of Immigrants in Germany”, *European Sociological Review*, 32, 5 (2016): 581–592.

<sup>304</sup> Grace Kao, Marta Tienda, „Optimism and achievement: The educational performance of immigrant youth”, *Social Science Quarterly*, 76, 1 (1995): 1-19.

<sup>305</sup> Kit-Tai Hau, Irene T. Ho, „Chinese students’ motivation and attachment”, in *Oxford handbook of Chinese psychology*, ed. Michael H. Bond (New York: Oxford University Press, 2010), 187-204.

<sup>306</sup> Xu Zhao, et al, „Academic stress in Chinese schools and a proposed preventive intervention program”, *Cogent Education*, 2 (1) (2015): 1-14.

<sup>307</sup> Ling-yi Zhou, „American and Chinese College Students’ Anticipations of Their Postgraduate Education, Career, and Future Family Roles”, *Sex Roles*, 55. (2006): 95-110.

career<sup>308</sup>, and the significance of school and learning have been described by several researches performed on Chinese living in Hungary<sup>309 310 311</sup>. On the way towards successful life, according to Chinese mothers living in Hungary, the most important factor is school, they require their children in very high percentage (92.1%) to go to University later, and their general satisfaction with life is primarily forecasted by their satisfaction with the learning of their child<sup>312</sup>. In Chinese immigrant families, it is often identified that the first generation's self-sacrifice (eg. doing a job not appropriate to his/her qualification), during the immigration process, is undertaken for the purpose of the belief in the child's prospering future, so the child has to perform in accordance with the family immigration strategy, since his/her success is the key to the immigration success of the whole family<sup>313</sup>.

### **Chinese, immigrants in the world – family**

As described above, in the research of future plans, researches are often made in the three main fields of life – education, job and family. Participation in the (higher) education, then in the world of job, the time and way of marriage and having children are all such issues that are determined by several factors, in particular the value system

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<sup>308</sup> Sebestyén Nóra, et al, „Narratives of effort among Chinese, Hungarian and Chinese immigrant students in Hungary”, *International Journal of Psychology* (2017): 1-9.

<sup>309</sup> NYÍRI Pál, „Kínaik és afgánok [Chinese and Afghans]”, 2006, 39-74.

<sup>310</sup> BARNA Mária et al, „Az én házam”, 2012.

<sup>311</sup> Nguyen Luu Lan Anh et al, „Kínai bevándorló családok gyerekeinek” [Children of Chinese immigrant families]. 2009, 139-156.

<sup>312</sup> Nguyen Luu Lan Anh et al, „Kínai bevándorló családok gyerekeinek” [Children of Chinese immigrant families], 2009, 139-156.

<sup>313</sup> BARNA Mária et al, „Az én házam” [My house], 2012.

of the person and the person's socio-cultural context, the social requirements and expectations forming the family and gender roles.

In the immigrant literature, it is often mentioned<sup>314</sup> <sup>315</sup>, that the principle of traditional gender roles are specific to immigrants arriving from collectivist societies. Entering new, more individualist and equal countries, these roles are questioned, in particular by the younger generations, where we experience the transformation of roles within the second generation. These phenomena are certainly the part of immigrants' experiences and transformation of roles, however, as the result of globalization, the issuing countries also go through socio-cultural changes. For instance, although China is considered as a country determined by collectivist and Confucian traditions, traditional values also face challenges, in several dimensions of the value system transgenerational switch can be experienced, at younger persons rather individualist, materialist, hedonist values emerge<sup>316</sup>.

These changes are intensified also in the field of gender roles, in the past years (decades), women got more opportunities in China, the time of the first marriage and having child(ren) has been extended, more and more couples prefer living together instead of marriage, or prefer separation from the family or origin<sup>317</sup>. Zhou<sup>318</sup>, when

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<sup>314</sup> Barna Mária et al, „Az én házam” [My house], 2012.

<sup>315</sup> Kara Chan, Yu Leung Ng, „Canadian Chinese Adolescent Girls' Gender Roles and Identities”, *Intercultural Communication Studies*, 22, (2), (2013): 19-39.

<sup>316</sup> Steve J. Kulich, Rui, Zhang, „The multiple frames of 'Chinese' values: From tradition to modernity and beyond”, in *The Oxford Handbook of Chinese Psychology*, ed. Michael, H. Bond (New York: Oxford University Press, 2010), 241-278.

<sup>317</sup> Catherine So-kum Tang et al, „A gender perspective on Chinese social relationships and behavior”, in *The Oxford handbook of Chinese psychology*, ed. Michael H. Bond (New York: Oxford University Press, 2010), 533-553.

<sup>318</sup> Ling-yi Zhou, „American and Chinese College Students' Anticipations”, 2006, 95-110.

comparing the future visions of American and Chinese students, highlighted that in the future vision of nowadays' young women, whether they are American or Chinese, higher education is preferred, as well as success in the field of career and family, whilst interruption of career due to having child(ren) is not present. Chinese women compared to American women also indicate strong orientation towards career, and define themselves as competent, hard-working labour force. They are more 'masculine' in several dimensions than men, in spite of that according to the research results, they consider Chinese social superstructure regarding genders more traditional; they still deem the Chinese phrase valid, that men are responsible for the external, whilst women for the interior world („nan zhu wai; nü zhu nei”).

As a summary, we can see that there is also such a social class in the home Chinese population, (where we must classify urban women participating to higher education) who prefer modern gender roles in their family plans. At Chinese people living in diasporas, in particular Chinese living in Hungary, we could already meet such data in the beginning of the 2000's<sup>319</sup>, which indicate that within Chinese living in Hungary, the proportion of women living alone or divorced is relatively high, as well as those who manage their business (one-third of private companies' Managing Directors were women), which indicates that during immigration, women's economical independency may be achieved in Hungary too.

### **Chinese, immigrants in the world – areas of immigration, go or stay?**

During immigration processes, it is a basic question how long does an immigrant plans, in what areas and communities does (s)he imagine his/her future. Most of the Chinese immigrants living in

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<sup>319</sup> NYÍRI Pál, „Kínaik és afgánok” [Chinese and Afghans], 2006, 39-74.

Hungary use separation or transnational strategy, meaning that they live relatively separated from the majority society both regarding cultural and economic aspects, and, on the other hand, even living far away from the home country, maintain close personal and economic relationship with the home country, having extensive economic network with Chinese persons living in diasporas<sup>320</sup>. This is also significant from the aspect of transnational future vision, since it assumes relying on multiple legs, continuously scaling socio-cultural and economic factors, where even an additional mobility may be achieved if justified by the circumstances<sup>321</sup>.

Some of the Chinese staying abroad for a longer period are international students, where a part of them consider themselves as immigrants or prospective immigrants, foreign studies or permanent immigration are among their plans, therefore, in our study we cover the future vision of international students, sojourners too. Post-graduate migration was subject to several studies in the past decade<sup>322</sup>. In the question whether to stay or return, one of the main area of researches was to identify push and pull factors. Within this framework, macro-level (society, institutes), and micro-level (social relationships, personal factors, career opportunities, etc.) factors were examined. In case of international students, they found so that staying was preferred for purposes related to careers, whilst return

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<sup>320</sup> ÖRKÉNY Antal and SZÉKELYI Mária, „Hat migráns csoport összehasonlító elemzése” [Comparison analysis of six migrant groups], 2010, 49-95.

<sup>321</sup> NYÍRI Pál, „Új ázsiai migráció Kelet-Európába: a magyarországi kínaik” [New Asian Migration to Eastern-Europe: Hungary and the Chinese], in *Tér és terem. Tanulmányok az etnicitás és az identitás kérdésköréből* [Area and field: Studies in the field of ethnicity and identity], edited by: KOVÁCS Nóra, SZARKA László (Budapest: Akadémia, 2002), 161-179.

<sup>322</sup> See eg. Qingfang Wang et al, „Return migration of the highly skilled in higher education institutions, a Chinese university case”, *Population, Space and Place*, 21, 8 (2015): 771-787.

due to personal reasons<sup>323</sup>.

## QUESTIONS OF THE RESEARCH

In our research, we examined the question what themes are highlighted in future imagined events and self-projection within the reports of Chinese immigrant children and Chinese young adults temporarily staying in Hungary. In what images, using what terms do the interviewees describe their future?

The other focus of the research was the examination of the future vision regarding complete way of lives. In the second part of our analysis, we reveal in more details what future visions are drawn up by examining the past, present and future as an interconnecting process, taking the different cultural and socialization experiences into consideration too.

## METHOD

### Subject persons

We involved Chinese immigrant children (primary or secondary school age group) and young adults belonging to the sojourner (temporary resident) group into the research.

The average age of 15 primary school students with Chinese immigrant background (5–8th class) was 12.86 (min = 11; max = 15),

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<sup>323</sup> Heike C. Alberts, Helen D. Hazen, „There are always two voices...: International Students' Intentions to Stay in the United States or Return to their Home Countries”, *International Migration*, 43, 3 (2005): 131-154.

regarding the gender ratio, the balance was towards girls (6 boys and 9 girls). 12 persons were rated into the secondary school group, their average age was 16.8 years ( $mo=16$ ,  $min=15$ ;  $max=18$ ), regarding genders, there were more girls than boys (4 boys and 8 girls). The number of young adults was 13, their average age was 21.23 ( $min=17$ ;  $max=26$ ), the distribution of genders was not balanced here either (3 boys and 10 girls).

The sample was accessed by access sampling, or, when it was available, using snowball method. In the recruitment strategies, visiting schools preferred by Chinese immigrants, advertisement in Chinese-Hungarian Facebook group, contact through friends, and by interview makers contributing to the research were included. However, inclination to participate was low. To increase motivation, the persons participating to the interviews received ancillary gifts (gift voucher).

In order to make different language competences comply with the successful interviews, the language of the interviews was Hungarian or Chinese as requested by the participants, and when recording the interviews with the secondary school or young adult generation, English was also an option, since some of them knew this foreign language very well.

Our testing subjects in school years were obtained from Hungarian-English bilingual schools and the Hungarian-Chinese Bilingual School. Most of the participants belonging to the young adult generation were university students (9 persons), some of them were in post-graduate education (2 persons), or worked (2 persons).

## **Measurement tools**

We used a qualitative data recording method for our research, the Lifeline Interview Method<sup>324</sup>, which is a curriculum interview technique identifying the important events of life. The method aims to study the subjective organizations of past and future events appearing on the lifeline. This is a multi-dimensional method in the aspect that it requests both verbal and graphical data from the participants using the metaphor of the ‘track’, ‘lifeline’, the metaphor of ‘mountains and valleys of life’. The participant draws up his/her life curve related to his/her past and future life, and answers multiple questions in this regards. The drawing is placed onto a pre-printed sheet, where a vertical line indicates positive-negative emotional charge, whilst a horizontal indicates the time passing by, and a vertical line in the centre of the drawing represents the present. Using the method, participants can display all important turning points in their life, and present their verbal description, interpretation related to the drawing.

## **Method**

The interviews were conducted in two-person situation with audio-recording in the children’s school or in one of the ELTE offices, their duration was about 45-60 minutes.

When evaluating the data, we considered both the drawn-up lifeline and the corresponding text (interviews). The drawings were implemented visually, while the narratives transcribed from audio

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<sup>324</sup> Marian Assink, Johannes J.F. Schroots, *The dynamics of autobiographical memory: Using the LIM, life-line interview method* (Hogrefe, 2010).

recording (in case of Chinese recording, translated to Hungarian), primarily following the methodology of qualitative analyses.

## RESULTS

### **Learning and working**

Examining both positive and negative changes, future concepts regarding learning and working were highlighted, ahead of other relationship or other personal topics not related to working or learning.

Positive changes related to learning corresponded to the image that the individual enters a good school or university, performs well or better in his/her studies; whilst the opposite of all of these was drawn up as a negative narrative, meaning that learning will be difficult or too much, the requirements will become higher when entering a new or higher school.

Working, searching for a job, if possible, is even more in the centre in the future vision of children and the youth, although the results are very varying regarding the details, however, it is specific to every generation, that the proportion of subjects not having exact plans is relatively high.

Almost the half of primary school students (seven persons out of fifteen) already has well-defined scope of interest, which they wish to benefit from even during job selection. At the other half of the group (eight persons) has either multiple scopes of interests (different from each other), or is unable to identify a highlighted area,

nor some kind of other motivation that could help him/her in job selection. In case of the secondary school students, a smaller group (three persons) of the respondents have exact plans, the scope of interest of the others is either diversified, or although exact, but uncertain regarding implementation, or have no identifiable area (nine persons). Although in the sample of the secondary school students, many can hardly define exact facts, they have only plans regarding that they go on studying abroad at first, and the issue of work will be highlighted only then (four persons). In the young adult generation, the proportion of uncertain subjects is similar to the other two age groups, less than half of the participants (six persons) can exactly define what employment does (s)he plan in the future. University studies do not automatically lead towards a more exact future vision, many plan to decide what job to prefer later only following the completion of the school or obtaining another qualification.

Family expectations had not highlighted roles regarding the studies or the job in the interviews. Continuing the family business or participation in it was mentioned only by some persons, and the appointment of the exact employment area by the parents was not specific either. Parental expectations were primarily related to English learning and higher education. As a more general value, at certain children, the integrity of the family, and the success of the whole family appeared as a factor during job finding and selection.

In regards future job finding, as a general sample, identification of some kind of fear or difficulty was present regarding the initial period, followed by a more positive outcome. It was a typical scenario that this life phase begins with job finding, which is a negative changing process, with such images where the person does not find a job, is not applied, the job does not go well in the beginning; in case of enterprise, the business partners scam or do not pay. Talking about difficulties was not negative in most cases, rather included the knowledge that this is a part of the process, and this is

virtually expected, we have to be prepared for it, since this is how the world is going, the difficulty is expected. Although many difficulties were discussed, regarding job finding, very few mentioned the circumstance that the lack of Hungarian knowledge or belonging to a minority would be a problem.

The positive outcome regarding the job, successful working correlated with the financials at most of them, in particular the primary school and even the secondary school generation emphasized the financial aspects of work. At some of them, appropriate salary had the meaning of that amount, which is sufficient to purchase a car, a house or a travel, „to live with peace of mind”, whilst for others, money meant primarily much money.

In lower proportion, but the interviewees were also talking about that they could deal with issues according to their scope of interest, visit interesting places and maintain relationships. The sociological aspects of work, however, hardly arose. Only one child mentioned that exact parental expectation to select a job having high social prestige.

### **Family, partner, children**

As an important field of life, family and close relationships, and the corresponding future vision also appeared in the hearings. All the three generations talked about family, but the proportion of arising this question, topics related to family, and their details varied per generation.

Within the primary school generation, having family, marriage, partnership were mentioned only almost the half (seven persons out of fifteen) in some kind of context. Some of them would time

marriage and having family following finding a job, which is thus the end of their twenties, latest the beginning of their thirties. There was only one interviewee who would marry right following the education, upon parental expectation. This person considered this expectation negatively, the marriage was presented on the lifeline as a slope tending downwards. The person's future plans fit to that traditional Chinese scenario, where following finishing the schools, they have family as soon as possible, and then, or concurrently, the person seeks to establish even more secure, prospering existential background for his/her family.

In regards the family topic, some of the primary school students were talking rather about their current, parental family regarding the future, and projected positive, hopeful images regarding them, such as there should be good health, family members should not be sad. Beside the well-being of the family members, regarding the family of origin, the topic of multiple generations living together was revealed. One participant told us, that (s)he was going to live with his/her family in the future, but expressly highlighted, that his/her father is an 'enlightened householder', so if (s)he wished to move away later due to job or marriage, then his/her family would not set up obstacles, nor expect to pay their living expenses.

Among the secondary school participants, a higher proportion (nine out of twelve) were talking about partnership, marriage and having family issues. The majority (seven out of nine) clearly deemed marriage as a part of the future. Similarly to the answers of the primary school students, most of them plan the schools-job-marriage sequence in their life.

There were only a few who were less committed (two persons) and could imagine not to marry, or if yes, then rather later. They set up critics against the institution of marriage, underlining on the one hand the load of women and splitting up the fortune in the event of

divorce, and in their narrative, to cure such issues, the positive value of women's independency appeared too. In regards having child(ren), critical voices, dilemmas arose (five persons). On the girls' side, mostly the time of having child(ren), the difficulties of giving birth and financial obligations arose along with the following arguments: too much mobility is not good for the children either, therefore, it is better to have child(ren) later, to travel; children are tiring, "hack people"; if someone has children, it is very costly.

Beyond the above topics, the issue of the partner's intercultural background also appeared, however, only a few of them (three persons) mentioned that. All the three of them could imagine a foreign partner, although they drew up both benefits and disadvantages in this regards. An argument was related to the supporting aspects of marriage. Mixed marriage may help to achieve the future migration goal. However, cultural identity may also strengthen the marriage, since due to the similarity, the parties can better understand each other. The interviewees also mentioned cultural differences, identity and generation gap. For instance, a participant would be open for mixed marriage, however, projected a potential family resistance in this regards:

„Well, foreign person may be here too, but I think my grandparents would not let me to do so... my grandfather is like very, er, how to say, he always says: Chine is the greatest.” (16 years old Chinese secondary school student girl)

Another participants drew up the thought highlighting cultural differences, that if he stays in Europe, it is likely that he will have child(ren) later:

V.: „We marry here. When I am 28 and ...I hope I have a child, but I think this is too quick here in Europe, well, er, the ladies<sup>325</sup> do not

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<sup>325</sup> The text of quotes are provided according to the original transcribes to preserve validity, language errors have not been corrected.

really like to give birth so early.” (16 years old Chinese secondary school boy)

Six out of the young adults (thirteen persons) voluntarily mentioned marriage and family issues when drawing up the lifeline, but during the interview, this topic emerged at every interviewee. Among the thirteen persons, relatively few considered willing to have a spouse and children as a future desire (four persons), and within them, there was one (one person), who consider them as a part of the future only because of the family expectations.

The others all drew up questions, dilemmas and conditions either on marriage or having child(ren) or both of them, and were uncertain in regards it would be good or not, and there were some who clearly want neither husband, nor children (two persons). Regarding the question, the respondents mentioned the following aspects:

maybe have to because of family duress, but would not like on his/her own;

- would like to only if there is already career, financial security;
- having children, marriage is a project related to a life phase, if not achieved until a specific age, then does not matter, not absolutely required;
- if meets someone who really loves, then there will be marriage, otherwise not absolutely necessary;
- important values are independency, self-determination, career, if there will be family, then it is also OK.

All in all, for young adults, this triumvir scenario of life (work, marriage, family) is less evident, where marriage and family is the natural parts of life. They think about this issue in much ore

dimensions, in a more complex manner, the aforementioned factors individually or collectively lead to that marriage or family does not become a clear choice, as provided by a young Chinese woman in an interview part:

„Q: Would You like to get married?

A: I have not been thinking about it. I do not prefer.

Q: Would You like to have a child?

A: Child? Perhaps, but not sure. Perhaps yes. If there will be, then OK, but I am pretty sure that I am not going to get married.

Q: Why do You think so?

A: Its reason is that I think so that now the majority of Chinese women are very independent. They are able to prevail, they have a stable salary, they can take care of themselves. Thus they do not need partnership or a husband. Moreover, following marriage, there are many things they have to deal with, they are told what to do and how. This is why women are scared of marriage. I think so. I do not prefer to get married either. I would rather prevail on my own. Many men are so childish, they are not willing to grow up. Even if Chinese women get married, they would like to find a normal one.” (18 years old Chinese girl)

The reception of arguments involving own career or individual aspects by the family is another recurring topic in the interviews. We have already mentioned the issue of the enlightened family regarding the primary and secondary school students, however, this was an even more relevant aspect among young adults. Family expectations, traditional or more modern concepts of gender roles, and related uncertainties, conflicting standpoints between family members arose at several interviewees, as demonstrated by the following interview parts.

„A: You are always asked why aren't You married yet, and everyone wants to introduce You some kind of male friend. Everybody urges.

Q: You are now 22, so You still have 3 years left.

A: Yes, 3. In China, the teachers, parents, everyone thinks so that this is too early to have the first love before the upper-middle. Then when You enter the University, they start to ask when do You bring your (boy/girl)friend. Or perhaps when it is not allowed in certain families to have someone during the University, then right after You graduate, they start asking when are You going to marry, who is your partner.” (22 years old Chinese girl)

„Q: Would You like to get married, have child(ren)?

A: Career is more important for me than marriage. But my parents and relatives do not think so as far as I know. So I really do not know. However, I suppose that my parents are going to support me to do what I want.” (19 years old Chinese girl)

The issue of multiple generations living together, the children's obligations towards their parents as Chinese family relationship, an important phenomenon of Chinese socialization have not explicitly appeared in the materials of young adult interviewees. One person was talking about that (s)he did not want to live in his/her adulthood where his/her parents, and only one participant mentioned that (s)he wishes to return to his/her home city because of taking care of his/her parents. Most interviewees were talking about their own plans, potential family expectations regarding having family, but they did not mention multi-generation family living together and close future relationships.

## **Future residence – questions related to migration, acculturation**

The interviewees did not cover the geographical (cultural) location of the future residence in most cases, however, in order to get an as complex image as possible on migration and acculturation, we exactly asked this topic during the interview. Although there were some who had exact vision on their future (hoped) residence, generally speaking we can say that there were uncertainties in every generation regarding the residence, in most cases, a primary concept appeared, but they also listed some potential modifying circumstances. The most uncertain was the generation of primary school students (seven out of fifteen reported uncertainty), one-quarter of representatives of other generations reported that they did not clearly know what the future would bring, but even subjects with more exact opinion drew up dilemmas in this regards. The potential residences are as follows: China or Hungary, or both of them simultaneously, as well as other European or North-American countries.

In regards Hungary, as a residence, such arguments were mentioned, that Hungary is calm, life is not fast-paced, particularly compared to China. The clean air, pleasant environment, and among those who had been living in Hungary for a while, the argument of knowing this place and language, and the people well also appeared, whilst they should restart everything anywhere else. In regards Hungary, racism also arose as a negative factor, but using the evading strategy, this does not mean any problem for the interviewees.

„A: It was a bit worrying when I met a racist somewhere. And I think that .... there are many racists in Hungary, but now... I am not so interested anymore, because I have got used to it [...] You just do not have to talk with him, or pay attention, pretend that You do not understand what he says, but I felt very bad... when I first met this issue.” (17 years old Chinese secondary school girl)

In regards China, the visions appearing were regarding that there are more opportunities, thus it is easier to find a job, life is quicker, technologically more developed, Chinese may be the mother tongue and national identity of the child(ren) to be born, keeping contact with potential relatives and friends living there is possible only when moving to China or continuously travelling back-and-fort. A negative experience regarding China, however, that life is much more fast-paced, tiring and stressful there. In the secondary school and young adult generation, it was also mentioned as a negative argument, that Chinese political-social conditions are not certainly attractive for everybody, which aspect was not yet present in the primary school samples.

„First of all, since I was living in Beijing for 5-6 years, the air is very polluted there, and here I feel like that the environment is better. Then I feel life that life is more fast-paced in Beijing. But I am slower. Life is faster there. Here I have time to relax and to work hard.” (17 years old Chinese University student girl)

A: „If You told me that... my future job will be in China, I would not be satisfied... I would not really like it (...) I mean that of course I love my country, but ... politics is difficult there, different social problems, and all in all, therefore, I would rather keep away myself from that country.” (16 years old Chinese secondary school girl)

Returning to China theoretically could be possible at multiple points, for instance if Chinese Universities would be available for the younger generation, and then they could serve as an instrument for Chinese prevalence, but it looks different in the reality. Studying in a Chinese University virtually did not appear as an option at the interviewees, except one exception, who wants to study exactly one Chinese art, which obviously would be hardly available elsewhere. There were some who wanted to live in China in the far future, but would finish their schools abroad<sup>326</sup>, so in Hungary or in another

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<sup>326</sup> The term 'abroad' or 'foreign' are used both in Hungarian and Chinese by the  
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European or Anglo-Saxon country, because they think that after socializing in a non-Chinese secondary school, they would not have high chances to enter a Chinese University and perform well. In addition, learning abroad is a good opportunity for them to have experiences, because they can speak for example more languages, and learn more about the world. Similarly, working abroad also supports having experiences.

Although that concept appeared in both the literature<sup>327</sup> and in our previous research<sup>328</sup>, that the desire to learn abroad, in Western-Europe or North-America is very specific to the Chinese immigrant youth, we can only partially confirm this statement based on the results of this evaluation. Learning English or another Western language (eg. German) plays an important role in the life of virtually everybody, but this is not related to exact or (hoped) foreign employment concept in many cases, rather serves as some kind of guarantee for a better job or position, that may be even abroad if made available by life. So there is a less exact decision, rather to grab the opportunities and the most appropriate preparedness for that.

The European or American migration was represented in the lowest proportion in the primary school generation, no one referred to such interest from this group, however, regarding residence, this group was the most uncertain, so it is likely that aspiration for further migrations will emerge only then. In the secondary school (six out of twelve) and young adult generations (two out of thirteen),

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interviewees for Hungary or Hungarians.

<sup>327</sup> NYÍRI Pál, „Kínaik és afgánok” [Chinese and Afghans], 2006, 39-74.

<sup>328</sup> BORSFAY Krisztina, „Kínai migránsok jövőképre vonatkozó döntései” [Decisions of Chinese immigrants on their future visions], in *Nemzedékek együttműködése a tudományban [Cooperations of generations in the science]: PEME IV. Ph.D conference edition*, edited by: KONCZ István, NAGY Edit (Budapest: Professors for European Hungary Association, 2012), 71-82.

Western-European or North-American countries explicitly show up as education or job (or residence) target countries. Some of these plans are not completely clear, in other cases they mean an exact country with exact preparations such as learning the language of the particular country. Not only Anglo-Saxon countries belong to the ‘Western Countries’ category, but Spain, Scandinavian countries and Germany too. The latter was defined by several interviewees as a potential new alternative, since the United Kingdom is not expected to remain an EU member state in the future, so for some persons, learning German was construed as an important learning target. At some interviewees, the vision of foreign higher education or work appears rather as a lifestyle and identity, in such cases, the motivation of becoming a global world citizen, ‘travelling’ was powerful.

### **Future vision in the light of the whole lifeline – versatile socialization and migration experiences**

The examination of future visions were evaluated in regards the whole lifeline. In regards socialization, migration experiences, the interviewees were categorized using two main rating aspects, then examined the future visions formed in each group.

The first classification aspect was the place and context of socialization. Chinese interviewees were classified into groups based whether cultural switch occurred in their lives, if yes, in which phase, how long and how many times, in which cultural (socialization) contexts were they living in each period of their lives. Examining the time spent in different cultural contexts, basically three categories were identified and used. Those were classified into the first category, who were socialized only in Hungary (sic persons), they were born in Hungary, and travelled to China only for shorter periods, for family visit purposes. The second group got the title ‘double culture switchers’ (nine persons), those interviewees were classified here,

who were born in Hungary, and during their ages in the kindergarten (four persons) or school years (five persons) spent a relatively longer period in China, then returned to Hungary. The third group represented those who were born in China, and arrived to Hungary in a later phase of their lives, during primary school (eight persons), secondary school (five persons) or young adult ages (twelve persons), (in total twenty-five persons).

The second classification aspect was used for those persons, in whose life there was culture switch, so this classification was not valid for persons spending their whole lives in Hungary. This classification aspect focused primarily on the circumstances of migration: on the number of persons participating to the migration and the quality of the family relationship between them.

Three different migration forms appeared in the answers of the interviewees:

- in the child's life, migration was achieved with both or only one parent(s) (9 persons);
- the child is temporarily away from his/her parents;
- remains in China with a member of the wide family (eg. aunt), whilst his/her parents stay in the host country ('leaving behind') (4 persons);
- moves to the host country with a member of the wide family, whilst his/her parents are left in China ('sending forward') (2 persons);
- the child moves from Hungary to the home country, China, where (s)he lives with a member of the wide family for a while ('return') (6 persons);
- the child or young adult moves to the host country alone (12 persons).

## **Future image in the light of the whole lifeline – past experiences and future vision**

We analysed certain aspects of the past and future of different socialization and migration groups described above to reveal all such past events that forecast the presence of future goals, and to examine whether there are well-identifiable differences between groups having different socialization and migration experiences. We summarize our results regarding the correlations of immigration motivations and future vision in case of groups experienced cultural switch: we evaluated the experiences of children arriving with their parent(s), who were socialized primarily in China, and children living away from their parents for a while.

In regards future visions presented above, we could see that learning is a very important topic in every generation. The central role of studies was drawn up by examining groups having different experiences. For instance, at those children, who achieved immigration from China with the whole family or either parent or other family member (eg. aunt), one of the significant immigration motivations (push factor) – in the children's interpretation – was the bad school results of the child. In China, following early education (6 years) at first a lower-secondary school (3 years), then an upper secondary school (3 years) are visited by the children, that are hard to access, it is up to the children's school test results. Since there are many children, competition is high; the education is test-centred, and at the end of each educational level, there is a serious test enabling the ranking of the children, which is very stressful for them<sup>329</sup>. In our own material, a part of the children experienced as a high load, since they felt like that they do not have a future in China, if unable to perform well. In addition, even irrespective of the school results, some children could hardly bear the very strict, authoritarian Chinese educational system, and might have conflicts with the teachers.

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<sup>329</sup> Xu Zhao et al, „Academic stress in Chinese schools”, 2015, 1-14.

Immigration was preceded by problems regarding school at children arriving from China, which was resolved by the parents so that they provided a new school environment to the child in another country. At these children, both in the present and the future, new learning options arising due to immigration were in the focus.

The learning issue as a motivational factor also appeared in the immigration process at another group consisting of children living away from their parents for a certain period. The common feature of ‘left behind or ‘returned’ children is the ‘separation’ of parents and children. In the life of Chinese immigrant children, spread up family members is a frequent experience. The children often live separately from their parents, usually with a member of the wide family, but in our interview material, we also faced such a case when a very close colleague/friend raised one of the children in China for a certain period (1.5 years). In the collectivist families, due to the term ‘wide family’, separation from parents is less deemed a problem by the parents, the community, in case the child’s relationship is maintained with a member of the wide family or a very close person virtually defined as family member.<sup>330</sup> One of the significant motivations of leaving behind or returning children is the requirement of learning Chinese language and social relations, experiencing Chinese educational system, which demand arose due to the ethno-cultural continuity and the preservation of Chinese identity on the parents’ side.

In addition to different motivations related to learning, a harmonized, but more basic, preferred desire also appeared in the reports as a general motivation, which is the desire for a better ‘Western

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<sup>330</sup> Carola Suárez-Orozco et al, „‘Making up for lost time: the experience of separation and reunification among immigrant families’”, *Family Processes*, 41, 4 (2002): 625-643.

Lifestyle'. According to children arriving from China with family or one adult, mainly socialized in China, this desire originated from the parents, they have heard about the opportunities from another family member, or they had own international experiences. Behind the desire for a better 'Western Lifestyle', not necessarily the child's school failure were in the background, however, these two factors might even interconnected with each other. A part of our interviewees underlined that either parent is considered as an 'enlightened householder'. The desire for a new, better life arose primarily regarding economic, educational aspects, but in a smaller proportion, political-economic reasons arose, the parent's system-criticist aspect. The term 'better life' included in certain cases, that the family could stay together, since internal immigration is also frequent in China, which might also mean the separation of family members and learning in boarding schools. It is learnt from the reports, that the relative affordability of Hungary compared to Western countries enables the whole family to arrive together, not only the child without the parents, as a pioneer parachute (in the immigration literature this phenomenon is called 'parachute kid'<sup>331</sup>). This motivation, desire for a Western Lifestyle, examining the future vision, is interesting regarding the future residence: what is considered as 'Western, better life', and where is it, whether the interviewees still desire for the Western Lifestyle in the future? From this aspect, the future vision of children arriving from China with or without parents is very mixed. In spite of the achieved 'Western Lifestyle', there were some who imagine their future in China, and watch their time spent here as an investment, whilst other imagine the Western Lifestyle even more Western in the future, they are going to Europe, and there were some who would stay in Hungary, all of them arrived to Hungary in their primary school years.

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<sup>331</sup> Yuying Tsong, Yuli Liu, „Parachute kids and astronaut families” in *Asian American Psychology: Current Perspectives*, eds. Nita Tewari, Alvin A. Alvarez, A., (Mahwah, NJ: Lawrence Erlbaum Associates, Inc.), 365-379.

Examining the children living away from the parents for a certain period, the motivation of a better life as immigration reason was also present, in such cases, however, better life is an immigration long-term goal, for which the temporary separation of family member is a tool. One of the causes to return or leave children behind was related to living, job: the parents are busy with their work, and/or are unable to provide the proper life conditions for the child, so they rather return or leave the child in China. In the interview material, we have seen several examples of returning or leaving the first child, unlike the second one following the improvement of the family's financial conditions, or if yes, then only for language learning purposes. In this group, it is also an interesting question, where is their desired lifestyle in the future vision. The answers were mixed, similarly to the replies of children arriving with parent, Hungary, Europe and China all appeared within the answers.

## **SUMMARY AND DISCUSSION**

The main topics appearing in the future vision were related to the fields of learning, job, family and partnership, and we also covered the issue of future residence.

In regards the studies, positive images were primarily related to success, i.e. successful exam or entering the desired educational institute. Regarding job, on the one hand, there were exact plans, however, much uncertainty was experienced. In the group of primary school students, and young adults, the proportion of uncertain persons covered the half of the participants, this ratio was higher at secondary school students, where, however, the focused target was the plans of higher education. In regards job, both negative factors and the image of a successful career emerged in the interviews. Several interviewees referred to initial difficulties, many placed them into a global narrative too, with the outcome that some of the participants consider the opportunities provided by different

countries. Among the expected obstacles, it appeared that there are few opportunities, the competition is high, it is hard to meet the requirements, whether they are external or internal expectations. In the field of job, the success was defined by the participants in multiple manners, financial security was certainly a very powerful motivating factor.

Beside the topics of learning and job, family was also proved to be important in the interviews. All the three generations talked about this topic, at the primary and secondary school students, rather the positive, schematic aspects of family and finding a partner were highlighted, whilst in the young adult generation, the issues of partnership and having family appeared in much more versatile manner, also including the negative aspects, clearly drawing up the duality between family expectations, traditions, and more modern, re-defined gender roles. In our results, the process was drawn up, that when the more modern understanding of gender roles are not only 'learnt' by the newer generation immigrants during the cultural contact with the host country, but are already originated from an 'enlightened' family, as interpreted by some of our interviewees. In the field of gender roles, family expectations, they represent more modern views, and they can work-out these views and check their validity in Europe. Of course, there were many from our interviewees, in whose family more traditional values were valid, or who would rather follow a more traditional life scenario in their own plans.

Beyond the highlighted fields from the aspect of future orientation (learning, job, family), due to the immigrant background of Chinese persons, we wanted to cover future mobility and migration as topics, thus we asked the future residence. Based on the reports, China or Hungary were present among the potential countries, or both of them simultaneously, as well as other European or North-American countries.

From the aspect of a Chinese immigrant living in Hungary, China, as a potential future residence may be considered as special from multiple aspects. To understand China, it is worth to place the evaluation of Chinese immigrants and Chinese in general into a context. In the acculturation literature, the evaluation of different immigrant groups is sorted by the majority society along ‘valuable’ – ‘non-valuable’ groups<sup>332</sup>, in which classification Chinese immigrant group in Hungary is rather rated into the non-valuable group<sup>333</sup>, although learning Chinese in Hungary indicates an increasing trend<sup>334</sup>, and China, as well as Chinese-Hungarian relationships, has positive judgement in the governmental-state communication<sup>335</sup>. China, the home country’s economic-political world-power status, in particular compared to Hungary is unquestioned, however, the judgement of the country is somehow ambivalent<sup>336</sup>. Therefore, an immigrant living in Hungary may find himself/herself in a strange dissonancy, (s)he is a member of such a minority group, which is

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<sup>332</sup> Annie Montreuil, Richard J. Bourhis, „Host majority acculturation orientations towards „valued” and „devalued” immigrants”, *Journal of Cross-Cultural Psychology*, 32(6) (2001): 718-739.

<sup>333</sup> FEISCHMIDT Margit, NYÍRI Pál, *Nem kívánt gyerekek? Külföldi gyerekek magyar iskolákban [Unwanted children? Foreign children in Hungarian schools]* (Budapest: MTA ENKI, 2006).

<sup>334</sup> KOZJEK-GULYÁS Anett, *A nyelvtanulási stratégiák szerepe a kínai nyelv tanulásában [Role of language learning strategies in learning Chinese language]*. Doctor dissertation. (Budapest, 2013).

<sup>335</sup> Government of Hungary, governmental newsportal communication: 12th July 2019., <https://www.kormany.hu/hu/kulgasagi-es-kulugyminiszterium/hirek/soha-nem-voltak-olyan-jok-a-magyar-kinai-kapcsolatok-mint-most>

<sup>336</sup> KORNAI János, „Példaképünk: Kína?” [Our idol: China?], in *Társadalmi riport [Social report]*, edited by: KOLOSI Tamás, TÓTH I. György (Budapest: Tárki, 2014), 603-616.

‘non-valuable’ in the view of the majority society, although this group membership ties him/her (from global perspective) to a country with high political and economic status. In the dilemmas related to residence, this context is clearly identifiable, may refer to that there are much more opportunities in China, the country is technologically more developed. A part of the interviewees also mention, that Chinese identity is more beneficial from language aspects too, which represents a clear value both at the parents and the children. Connecting the analysis of past life events, we can learn that learning Chinese language in some cases involve(d) many sacrifices, in particular for children, for instance longer school stay in China, however, its benefit is also represented in the future vision, Chinese language skills as a value or potential money-making opportunity arose. China, however, has flies in the ointment, that are clearly identified both by analysing the whole lifeline and future projections: they consider Chinese life too fast, stressful and tiring, and in the elder generation, the drawbacks of the political-social system also belong to the negative aspects.

Among Hungary’s benefits, primarily calm, clean environment, slower paced life appear, whilst among the psychological factors, the familiarity. During the evaluation of Hungary and Hungarians, racism also showed up, although it is mostly deemed avoidable by the subjects by ignoring the phenomenon or physically separate from that, moving to such neighbourhoods where it is less likely.

Wester-European or North-American target countries also appear in the future visions of the respondents, in particular in the secondary school group. We have to search for its reason in the features of the sample: our secondary school respondents were from a bi-lingual secondary school cause, therefore, in their case, intensive language learning is a conscious preparation for Western higher education.

By examining the different immigrant lifelines, it was drawn up, that  
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no specific future target countries correspond to different types. In regards plans related to residence, it was learnt, that further mobility either to the country of origin or a third country have a very significant presence in the future vision of tour interviewees, thus our research is in accordance with the previous results, which highlighted the significance of the transnational relationships, high level of mobility of Chinese immigrants<sup>337</sup>, however, in our sample, staying in Hungary was also an identifiable pattern.

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<sup>337</sup> NYÍRI Pál, „Kínaik és afgánok” [Chinese and Afghans], 2006, 39-74.

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# **Beijing–Budapest, Budapest– Beijing: How do we see each other in 2019?**

BOROS Gábor Péter<sup>338</sup>

## **Abstract:**

Recently, Hungary and the People's Republic of China have witnessed an increase in cooperation (e.g., through the One Belt, One Road Initiative, recently renamed Belt and Road Initiative). In the face of strengthening political cooperation, the question arises as to how much people in the two countries know and what they think about each other. This study examines the impressions that people in the two capitals have of each other's country, through interviews conducted with Chinese and Hungarian experts and questionnaires sent to Budapest and Beijing residents. The study concludes that people in both cities have a wealth of knowledge of the other country. Pekingese almost without exception are aware of the geographical location of Hungary, many have heard about Budapest and the former Austro-Hungarian Empire from movies, and Ferenc Puskás or Sándor Petőfi are also not unknown to them. Moreover, they find the country an attractive destination and are coming to Hungary in increasing numbers to attend college. Budapest residents are equally knowledgeable, most of them have seen Chinese movies and welcome the increased Chinese cultural presence in the country. The only difficulty stems from the difference in size between the two countries: public opinion in Budapest seems to suggest some caution

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<sup>338</sup> Boros, Gábor Péter, Graduate grant recipient at the Yenching Academy of Peking University

about China's excessive economic influence. However, this opinion is largely due to mistrust and can be successfully influenced by further deepening bilateral cultural relations.

**Keywords:** public opinion, soft power, cultural cooperation

## Introduction

During a two-year stay in China, one is often asked where one comes from. Responding to this question every single time, one then waits for the reaction, which in my personal experience is always positive. Even taxi drivers know where Hungary is. Conversations usually touch upon the Austro-Hungarian Empire, Sissi, possibly Ferenc Puskás, and definitely on the beauty of Budapest. One of my most defining experiences in this regard was a conversation with a 93-year-old man across the mahjong table in a village in Zhejiang: when he learned that I was Hungarian, he promptly told me that he clearly remembers the events of 1956 and 1989 and how pleased he was to meet someone from the former fellow socialist country. I had a similarly surprising experience when I returned home in the summer of 2015 after my first year in China and immediately stumbled upon a Chinese tourist group at the Fisherman's Bastion, which to me illustrated the growing Chinese interest in Hungary. Such were the experiences that prompted me to pursue the current research into how Chinese-Hungarian relations have evolved in recent years, and, above all, what the Chinese know about Hungary and vice versa that becomes more and more a part of their everyday lives.

The answer to the first question is clearly that relations are becoming more intense these days, extending from high-level political

cooperation to Lunar New Year lectures to the establishment of a Hungarian-Chinese Bilingual Elementary School. Such official and public events are complemented by private initiatives, at times surprising but suggesting mutual awareness, like the decision of the Chinese actor Chen Qiang in the 1950s to name his two sons Chen Buda and Chen Peisi, from the Chinese name of Budapest, or that more than half of the Budapest respondents have listened to Chinese classical music and more than a third have read Chinese literature. In view of the above, mapping one another's understanding is undoubtedly a necessary and useful process that could contribute both to the understanding of relationships have intensified and to determining the course of further cooperation. As a starting point, this study attempts to map opinions.

### **Theoretical background and previous research**

The term most commonly used in this study is "soft power", first described by Joseph Nye in an article published in 1990. Nye defined a country's soft power as the ability to get 'others to want the outcomes that you want',<sup>339</sup> as opposed to coercing. He illustrated it with the example that a parent's influence over a child is much more lasting when the child's views and values are influenced through education as when the parent constantly and openly interferes in the child's decisions. For a country, this is interpreted as meaning that if the values it represents are accepted by the international community and the given country can define general discourse on important issues, it can have a lasting impact on international politics. In Nye's words,

if a state can make its power seem legitimate in the eyes of

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<sup>339</sup> Joseph S. Nye, „Soft Power”, *Foreign Policy*, no. 80 (1990):166,  
<https://doi.org/10.2307/1148580>.

others, it will encounter less resistance to its wishes. If its culture and ideology are attractive, others will more willingly follow. If it can establish international norms consistent with its society, it is less likely to have to change. If it can support institutions that make other states wish to channel or limit their activities in ways the dominant state prefers, it may be spared the costly exercise of coercive or hard power.<sup>340</sup>

American influence around the world was strengthened by Hollywood and Bretton Woods institutions through this logic from the second half of the 20<sup>th</sup> century, and there are signs that China is also trying to promote its own soft power in the early 21<sup>st</sup> century. There are many enlightening articles on Chinese soft power in Hungarian and in other languages alike that illustrate the ways in which China is trying to increase its soft power in various countries around the world, with the success of these efforts in some instances and the resistance it encounters in others.<sup>341</sup> I drew from these writings in writing my article, but I interpret soft power from a slightly different angle.

I myself was among the audience at Nye's lecture at Peking University in 2019, where he talked about soft power being, in his words, only positive and in that respect different from both sharp power and smart power, which attempt to purposefully change the system of another country. Sharp power seeks to influence the political system and information flow of a state covertly, while smart

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<sup>340</sup> Nye, „Soft Power”, 167. (Translated by this author.)

<sup>341</sup> Jordán, Gyula, „A kínai soft power kérdéséhez” [On the question of Chinese soft power], *Nemzet és Biztonság* 3, no 1 (2010): 50–65.; Ingrid d’Hooghe, „The Limits of China’s Soft Power in Europe: Beijing’s Public Diplomacy Puzzle”, in *Public Diplomacy and Soft Power in East Asia*, ed. Sook Jong Lee és Jan Melissen (New York: Palgrave Macmillan, 2011), 163–90, [https://doi.org/10.1057/9780230118447\\_9](https://doi.org/10.1057/9780230118447_9); David Shambaugh, „China’s Soft-Power Push”, *Foreign Affairs*, 94, (2015): 99.; Joseph S. Nye, „The Rise of China’s Soft Power”, *Wall Street Journal Asia*, 29, (2005): 6–8.

power is best understood as combining the use of hard and soft powers to promote self-interest. In contrast, soft power, in Nye's interpretation, primarily serves to build trust by getting to know one another better. Accordingly, addressing the then already festering Sino-American relationship, Nye stated that he wanted to see American soft power increase in China and vice versa as it would mean that the people of the two countries are becoming more familiar with each other and trust each other more. In view of the above, examining the information and opinions that residents of Beijing and Budapest hold on each other's country, the assumption of this study is that the deeper the cultural relations between the two countries and the more aware citizens are of each other's culture, the more efficiently bilateral relations can improve.

## **Research method**

I chose a mixed methodology for my research, meaning that I used both quantitative and qualitative research methods to acquire data from as broad a source as possible. Given that my main objective was to study the views of the people of the two capitals about each other's countries, the survey uses an electronic questionnaire that I sent to representatives of the most diverse social groups in both cities. Because of the significant differences in size and international influence in the two countries concerned, the two questionnaires were structured slightly differently, although the purpose of the survey was similar. The questionnaire for Beijing residents presumes that they do not necessarily have a thorough knowledge of Hungary. Therefore, it starts with general questions such as Hungary's geographical location, followed up by more specific topics ranging from Hungarian inventions to Hungarian specialities, referring to individuals of political and cultural importance. The Budapest questionnaire, on the other hand, is based on the experience that China is becoming more and more a part of everyday life in Hungary.

It started with restaurants and shops, evolving into promoting Sino-Hungarian cooperation on posters and having the opportunity to attend Chinese classical music concerts and other cultural programs. Therefore, the first questions focused on what comes first to people's minds when they think of China, how they come across China most often, and where they get their information from. The introductory section was followed by questions focusing on the popularity of Chinese people of political and cultural relevance. Finally, each survey concluded with an evaluation section on bilateral relations between China and Hungary, asking, *inter alia*, when diplomatic relations were established, whether Hungary is a member of the Belt and Road Initiative (BRI), and whether the respondent would like to see the relationship between the two countries further deepened.

It is important to note at this point that I narrowed my research to the population of the capitals, as a nationwide survey would have overstepped the scope of this study. For the purposes of the research, a resident of Beijing or Budapest was defined as a person living in the given city at the time of the survey, regardless of their original place of residence (in the case of Pekingese: *hukou*, 户口). My reasoning was that in both cities, especially in the Chinese capital, the proportion of those not born locally is very high, but because they live there they are subjected to similar impulses, unlike residents of other cities in the given country.

To complement quantitative data from the questionnaires, I conducted five interviews with diplomats and staff of cultural institutes in Budapest and Beijing: in Beijing, with cultural councillor and PMKI director Szonja Buslig and with PMKI instructor Nóra Guncz (in writing) and in Budapest with Wu Hua (吴华), head of the education department, and Ye Qiuyue (叶秋月),

teacher at the ELTE Confucius Institute (in person). With regard to the latter, I was curious as to how they view public opinion in Budapest regarding China. These were supplemented by a fifth interview with Imre Hamar, International Vice Rector of ELTE, Head of the Chinese Department, who, through his posts, has a strong insight into the public mind in both Beijing and Budapest. Oral interviews were conducted in a semi-structured format to provide a comprehensive picture of the subject's opinion; in case of written interviews, however, due to the limitations of the format, there was more focus on the questions asked, but there was .... to refine the original questions.

## **Interview results**

### *The Budapest interviews*

The most noteworthy takeaway from the Budapest interviews is that people in the capital believe that Sino-Hungarian relations are remarkably good and deepening, and there is a receptive and open approach to Chinese people in order to better understand Chinese culture. Also, Asian investments are welcome as residents see the beneficial impact on the Hungarian economy. Imre Hamar recounts that, contrary to Western trends, Hungarian public opinion has been open to cooperation with China from the outset and it shows no signs of changing. This finding was supported by Wu Hua and Ye Qiuyue based on their personal experiences, pointing out that ever since they came to live in Budapest (five and ten years ago, respectively), they have felt been welcome by Hungarian colleagues, managers and everyone they met. Je underlined that he had never experienced discrimination as a foreigner. Neither of them felt that these positive attitudes have changed in recent years; in fact, according to Ye Qiuyue, a typically positive but passive attitude has evolved over the

years into a very active attitude seeking out Chinese events and cooperation with China, which definitely helps to further deepen relations.

Both respondents highlighted the increasing cooperation in all areas, from high-level political cooperation through education to economic relations. Ye Qiuyue said the number of students enrolled in the Chinese studies at universities has grown dramatically in recent years. While in 2011 there were only 50 undergraduate freshmen in Chinese Studies at Eötvös Loránd University (“ELTE”) (although even this figure is much higher than in the early 2000s), by 2019 their number had doubled up to one hundred. The same is true for PhD students in Chinese Studies: applications used to be few and far between in previous years, but this year there are five new PhD students with scholarships. It should also be noted that Chinese Studies are currently sought after not only at ELTE but at other higher education institutions, such as at Pázmány Péter Catholic University. Similarly to universities, improvements are also seen in primary and secondary schools with more and more institutions offering Chinese as a second foreign language, and those interested can even choose Chinese as a subject for graduation. The Hungarian-Chinese Bilingual Primary School has been in operation for many years in Budapest and was recently visited by Li Zhanshu, chairman of the Standing Committee of the Chinese National People's Congress.

In addition to the rise in language courses, another important measure of interest in a country is the attendance at cultural lectures and events. In recent years, the number of Chinese events in Budapest has grown significantly, ranging from Lunar New Year concerts at the Palace of Arts to opera performances at the Erkel Theater and to the illuminated sculpture composition installed at

Budapest Zoo. The prevalence of events itself indicates demand, but department head Wu Hua also emphasized that large numbers of people attend each occasion.

It is important to stress that, according to all three respondents, Chinese interest in Hungary has also increased rapidly in recent years and continues to grow. Imre Hamar told me that several Chinese university delegations visit Eötvös Loránd University each week, all looking for ways to cooperate. This was confirmed by Wu Hua: when he moved to Budapest in 2015, there were perhaps five hundred Chinese students studying here; today this number has risen to twenty-two hundred, of which only five hundred are here on a scholarship, the rest are fee-paying students. This is an excellent indication that young people in China consider studying in Hungary a good investment. However, they often do not just come here to study: having graduated, they find work in Hungary or in other EU countries with Chinese companies that flock here in growing numbers. This shows that Chinese investment promotes educational cooperation in the long run as well, creating employment openings for graduates: both for Hungarians studying Chinese and for Chinese graduates in Hungary. Another factor contributing to the increase in the number of Chinese students choosing our country, which may be a bit unusual for us Hungarians, given that due to the country's small size and difficult language, there are generally few foreigners learning Hungarian. But according to Ye Qiuyue, there are twelve universities in China with Hungarian language courses, and the number is growing. As a result, thirty students enrolled in Hungarian Studies come to Hungary from China each year to improve their language skills at the source.

In addition to the popularity of Hungarian universities, Hungary is becoming increasingly attractive to Chinese visitors as a tourist

destination. This is readily apparent from the growing number of Chinese tourist groups wandering around downtown Budapest and from the fact that Budapest was the first city in Central Europe to have the Chinese National Tourist Office open its office in 2016, with only twenty offices preceding it worldwide.<sup>342</sup> Due to growing interest, 250,000 tourists visited Hungary from China in 2018 according the official website of the Chinese government, significantly more than in any previous year.<sup>343</sup> My personal experience also confirms the data: when learning that I am from Hungary, nearly every Chinese I met in Beijing immediately responded by mentioning the beauty of the country and saying how happy they would be to visit it. Another contributing factor to the popularity of Hungary as a tourist destination is that most Chinese travel agencies offer package tours of several Central European countries, and since the appeal of these destinations to Chinese travellers are similar to that of Western Europe while being cheaper, they are an ideal destination. Increasing interest for the country is also evidenced by Chinese airlines launching three new direct flights to Budapest – from Chongqing, Xi'an and Shenzhen – in the near future, which will further increase the intensity of tourism between the two countries.<sup>344</sup>

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<sup>342</sup> „段洁龙大使出席“中国驻布达佩斯旅游办事处”成立仪式”, Embassy of the People’s Republic of China in Hungary; retrieved on 31 August 2019; <http://www.chinaembassy.hu/chn/xwdt/t1346022.htm>.

<sup>343</sup> „2018 年到访匈牙利的中国游客突破 25 万人次”, The State Council. The People’s Republic of China; retrieved on 31 August 2019; [http://www.gov.cn/xinwen/2019-05/14/content\\_5391601.htm](http://www.gov.cn/xinwen/2019-05/14/content_5391601.htm); Bienerth, Gusztáv and Niklai, Ákos; „布达佩斯成为中欧旅游中心 中国游客增长了 40%”, United News; retrieved on 31 August 2019; <http://jiu.lianhengnews.com/news/?2475.html>.

<sup>344</sup> „New flights launched to Budapest from three Chinese cities”, turizmus.com; retrieved on 30 September 2019; <https://turizmus.com/utazas-kozlekedes/harom-kinai-varosbol-indulhatnak-uj-legi-jaratok-budapestre-1163820>.

Hungary's popularity in China is also enhanced by more and more Chinese films being shot in Hungary, which convey the sights of our country, especially of downtown Budapest, to a wide audience.

Apart from the areas listed so far, one of the most important drives of Sino-Hungarian relations is, of course, economic cooperation, involving many companies from large state-owned corporations to small and medium-sized enterprises, of which the iconic example is the Budapest-Belgrade railway. Wu Hua underlines that the Hungarian position is very pragmatic in terms of economic cooperation and therefore even huge companies such as Huawei or the Bank of China are happy to invest in Hungary.

As co-operation expands, the Chinese community in Hungary has grown from 9,000 to 19,000 over a few years.<sup>345</sup> A Hungarian government initiative contributed significantly to this growth by allowing investors to obtain Hungarian citizenship through the purchase of a set amount of Hungarian government bonds.

### *The Beijing interviews*

Conversations with the director and a lecturer of the Hungarian Cultural Institute in Beijing (“PMKI”) produced similar results as in Budapest, both in terms of the attitudes of locals and regarding bilateral relations. Both associates of the institute emphasized that relations are very positive and that there is growing interest for PMKI programs. Director Szonja Buslig highlighted a particularly

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<sup>345</sup> Vaskor, Máté, „Twenty thousand Asians show up in Hungary”, 24.hu (blog), retrieved on 16 January 2018;  
<https://24.hu/kozelet/2018/01/16/megjelent-huszezer-azsiai-magyarorszagon/>.

exciting development in that the cultural relations between the two countries have reached a more profound level. The two peoples are no longer content with superficial expressions like "Far East" by Hungarians or that "Hungarians are our distant relatives" by Chinese: they also increasingly curious about substantive cultural values.<sup>346</sup> Such changes open the door to a much broader range of cultural collaboration, which makes it possible, for example, to organize a theatre production with no talk or a rock concert.

Accordingly, PMKI's programs cover a wide range, from musical and dance performances to traditional folk-art exhibits and the latest in creative design. Their special feature compared to other Hungarian cultural institutes abroad is the launch of the world's first Kodály Point 4 years ago, where several Hungarian music teachers popularize the Kodály method and teach it to children and to Chinese music teachers. Nóra Guncz, an instructor at Kodály Point since 2015, says the method is very popular because "one of the principles of teaching by singing in the Kodály method is playful music education" and "show me a child that doesn't like to play"<sup>347</sup> Beyond playfulness, the efficiency of the method is of course also a major attraction, as a result of which several choirs have been founded under the auspices of the Kodály Point, providing an excellent opportunity to introduce and popularize Hungarian choir culture.

In addition to harnessing the appeal of music, PMKI is working hard to reach more people in this vast country. To this end, for example, it has already developed a phone application that allows the user to

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<sup>346</sup> Idézet a szerző 2019. augusztus 30-i, Buslig Szonja kulturális tanácsossal, a PMKI igazgatójával készített interjújából.

<sup>347</sup> Idézet a szerző 2019. augusztus 30-i, Guncz Nóraval, a PMKI Kodály Pont oktatójával készített interjújából.

view exhibitions held at the Institute from anywhere, or to access publications promoting Hungary. It also provides easy access to current programs through its website linked to WeChat, the most popular social network in China, as well as via its mailing list and print brochures. It is no wonder that most of the institute's events have to be organized outdoors because participants could not fit inside the building.

As the director of the institute recounts, external venues are very much open to PMKI events and are happy to host them. The institute is in close contact with many primary and secondary schools and colleges in Beijing and the rate of collaboration is ever increasing.

As for the development of the last few years, Szonja Buslig stresses that since the cultural institute opened its gates only five years ago, it is difficult to make a long-term comparison. However, it can be firmly stated that the number of participants in the institute's programs has increased rapidly during this period. On the one hand, she says, this is because the Beijing public is gradually becoming more familiar with Hungarian culture, so "there is growing need for regular participation in our programs",<sup>348</sup> some attendees are even actively seeking them out. On the other hand, high-level political projects, such as the BRI and the 17 + 1 initiative, also stimulate broader cooperation and significantly increase the visibility and popularity of the participating countries in the Chinese capital, and thus contribute to the popularity of PMKI events.

Finally, there is another important aspect of public opinion in Beijing: what do people in the Chinese capital think of in everyday settings

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<sup>348</sup> Idézet a szerző 2019. augusztus 30-i, Buslig Szonjával készített interjújából.

when they hear the word Hungary? Szonja Buslig says relations between the two countries have already transcended the stereotypes, so there is no single topic to come up when talking to the Chinese about our country. According to her most people know about Rubik's Cube or the Biro pen, or how good Hungarian football used to be. More importantly, it is no longer only the great figures of classical Hungarian literature, such as Petőfi, that people are aware of; there are several contemporary writers whose works have been translated to Chinese. There is increasing awareness of Zoltán Kodály, which itself is proof of the success of the method and of the Kodály Point at PMKI. These findings by the director are fully supported by responses received to the online questionnaires sent to Beijing residents: 67 percent of respondents linked the Kodály method to Hungary, 45 percent did the same with Rubik's Cube, and Péter Esterházy was identified as a Hungarian author almost to the same extent as Petőfi. In addition to famous figures, many people also knew about the Tokaji *aszu* wine – at least its name.

Nóra Guncz's experiences are similar, although she points out that the first thing Beijing people bring up about Hungary is definitely Budapest. The main reason for this is that a famous Chinese actor, Chen Qiang (陈强) (1918-2012) was so impressed when he shot the movie The White Haired Girl in Hungary in 1950 that he named one of his sons Chen Buda (陈布达) and the other Chen Peisi (陈佩斯) from the Chinese name of Budapest (*Bù Dá Peì Sī*, 布达佩斯). What all opinions agree on is that Budapest and Hungary are truly beautiful.

Hence, based on the five interviews it can be stated with certainty that Sino-Hungarian relations are very positive, they extend to many areas and are developing rapidly. Residents in the respective capitals have a keen interest in the culture of the other country, and

relationships have reached a profound level where awareness and demand for programs go beyond initial stereotypes. What exactly this awareness covers will be detailed in the following section, based on the responses to the questionnaires sent to Beijing and Budapest.

## **Survey results**

The interviews have shown bilateral relations in a very positive light: the parties are clearly knowledgeable about one another and are open to further cooperation. The questionnaires completed by residents of the two capitals show similar results, although there are surprising findings on both sides. The questions focused on two main topics: what the respondents know about the other country and how they see current Sino-Hungarian relations. Accordingly, the following two subchapters present the results of the survey conducted along these aspects.

### *About Hungary/China*

The Beijing questionnaire has clearly refuted my initial assumption that perhaps not everyone in China has heard of Hungary, it being such a small country... On the contrary, one hundred percent of respondents have already heard about Hungary, and not just from a single source. The three main sources of information (identified by 70%, 59% and 51% of respondents, respectively) are school textbooks, news, and period dramas such as the one about Empress Sissi (*Xixi gongzhu* 茜茜公主). This shows that both historic and contemporary Hungary are visible on Chinese "maps". The Hungarian embassy and the cultural institute also rank highly among the sources mentioned, with 17 percent citing them. Given that PMKI has only opened 5 years ago, this is really encouraging. My

expectations were also refuted by 93% of respondents locating Hungary as a country in Europe, while 79% placed it exactly in East-Central Europe and only 7% abstained.

As far as knowledge about each other's countries is concerned, some results exceeded expectations on both sides, although there is still room for improvement. 70 percent of Beijing respondents knew that Hungary used to be a socialist country, and nearly 70 percent also knew that Hungarian wine is good quality. Compared to the above, it is a negligible but still quite good proportion that 30 percent of respondents knew that the Hungarian Parliament was the third largest parliament in the world. Concerning inventions, percentages are similar: 67 percent identified the Kodály method, 45 percent the Rubik's Cube and 25 percent vitamin C as being of Hungarian origin.

The following questions were included in both cities' questionnaires, and my purpose was to find out about the respondents' awareness of persons who play an important role in politics, culture or sports in the other country.

- On the political front, Budapest residents "did better", with 45 percent correctly identifying, out of four options, Xi Jinping as the secretary general of the Chinese Communist Party. Conversely, only 29 percent of Pekingese identified Viktor Orbán as the current prime minister of Hungary.

- In literature, however, the Pekingese showed greater awareness: one-third of respondents knew about Petőfi and one-fifth even of Péter Esterházy. By contrast, on the Hungarian side only 14 percent identified Mo Yan or Lu Xun as renowned writers and, interestingly, knowing one did not automatically mean the respondent would know the other.

- As for sports, one-quarter of respondents voted for

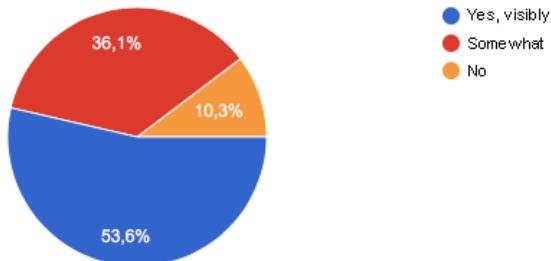
basketball player Yao Ming and former footballer Ferenc Puskás (out of four options), while Katinka Hosszú's reputation was close to 20 percent, certainly having to do with her performance at the Hangzhou World Swimming Championship.

The above data illustrate cultural councillor Szonja Buslig's assertions that relations between the two countries had passed the stage of stereotypes: although the percentages can be much improved, there are quite a few people on both sides who are aware of the other country's outstanding achievements in various fields. The following subchapter analyses how Beijing and Budapest residents value bilateral relations in light of their awareness.

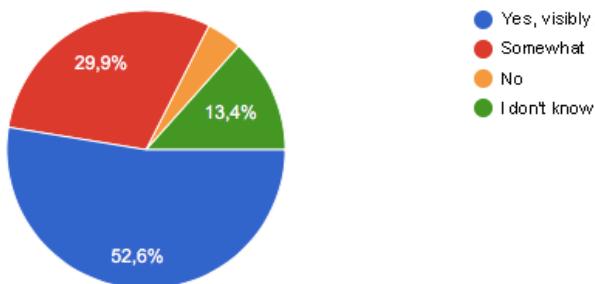
### *Sino-Hungarian relations*

The answers to the questionnaire sent to the Budapest residents clearly support the findings of the interviews: cooperation between the two countries has developed rapidly in recent years and the number of Chinese living in Hungary has increased significantly. As shown in the pie charts below, 90 percent of Hungarian respondents said China's presence in our country increased, and 82 percent said that cooperation increased.

**Figure 1 Do you think Chinese presence in Hungary has increased in recent years?**



**Figure 2 Do you think Sino-Hungarian cooperation has increased in recent years?**



These answers show that the number of those who follow Chinese-Hungarian cooperation is slightly lower than the number of those who merely notice the change in Chinese presence, but that this value is still very high. Almost 53% of respondents believe that cooperation has become significantly more intensive. This is identical to the proportion of those who knew that Hungary had joined the BRI. This means that while the majority of respondents see an increase in relationships, only slightly more than half are aware of its exact nature. Interestingly, this figure is not much higher among Beijing respondents: only 66 percent think that Hungary is part of the Belt and Road Initiative; 21 percent are unsure, and 13 percent strongly believe that our country is not part of the BRI. So,

there is still scope for promoting the initiative in both countries.

One of the most relevant questions for the current volume was whether people in Budapest and Beijing were aware of the year when diplomatic relations were established between the two countries. Both sides “performed” similarly on this issue: around 40 percent of respondents both here and there gave the right answer, 1949. In Budapest, a similar proportion (33 percent) ticked 1979, suggesting that the poster campaign for the 70th anniversary in Budapest did have an impact and in many cases it was only the exact number of the decennial anniversary in question. On the Chinese side, the logic seems to be different: the closer the date, the fewer votes it received, so they knew the relationship goes back to a long time but were uncertain of the exact date.

Since Hungary is quite small compared to China, like in many of its European counterparts, the public is concerned with the issue of how to maintain good relations with such a huge country. The survey used paired sentences to test whether respondents found the deepening relations promising or, rather, alarming. It is clear from the responses that the growing presence of Chinese culture is definitely a positive development: 80% of respondents are happy with it, and only 20% are alarmed by the presence of distant cultures. At a certain point, however, the ratio is reversed, namely when it comes to economic influence. For 57 percent of respondents, the excessive leverage of Chinese capital is more alarming than what could be offset by the stimulating effect of investments on the economy. This to some extent highlights the contradiction we see in other European countries: while the political elite is open to cooperation with China, the public is somewhat wary of excessive Chinese influence. In part, this may suggest that Beijing still needs to work hard on its image and soft power in order for Europeans to be truly open to

cooperation. This is also supported by the fact that only 28% of respondents would clearly welcome an increase in bilateral relations, while 46% are neutral about the deepening of relations and 26% would consider it less beneficial. However, as the openness to Chinese culture demonstrates, these fears can be dispelled in the future as cooperation intensifies. From the point of view of the Chinese people, the answer to this question is very clear since there are no such fears concerning the economy, and so 93% of respondents would welcome a further deepening of relations, and even the remaining 7% are not negative but merely neutral.

In terms of tourism, both countries appear quite likeable to one another: 90% of Beijing respondents would like to visit Hungary, while 10% are neutral; and 71 percent of Hungarians find China an attractive destination and 12 percent are neutral. The peculiarities are again on the Hungarian side: 17 percent are decidedly not interested in China. This, like the data in the previous paragraph, reveals that there is still some form of aversion to distant cultures. However, it is likely that this will continue to decline as Budapest residents get to know China better.

## **Conclusion**

To the initial question of the study as to how the residents of Budapest and Beijing perceive each other's country, based on the research described above it can be said that mutual impressions are fundamentally positive, and cooperation appears a worthwhile goal. During the last few years, cooperation between the two countries has intensified in every respect. This is evidenced by various developments, from the deepening of political relations to the establishment of the Hungarian-Chinese Bilingual Primary School.

Accordingly, residents in the two capitals have an almost astonishingly good awareness about each other's countries, be it the Hungarian discovery of vitamin C, traditional Chinese music listened to by more than half of the respondents in Budapest, or Chinese literature being familiar to more than a third. These findings support the assertions of cultural councillor Szonja Buslig in Beijing, who says that the relations between the two countries have transcended stereotypes and there is a demand among their respective populations for a deeper understanding of the other party's art and culture. However, it is important to bear in mind a structural difficulty for both parties, namely that growing Chinese economic influence is viewed with some aversion by the Hungarian public due to the differences in size between the two countries. This may improve with time alone, but even more by establishing personal contacts, expanding tourism and, generally, making China more familiar to the Hungarian public. Launching new direct flights to Beijing and Shanghai is an important step in this direction, but there are still plenty of ways and opportunities to proceed.

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