



Weekly Briefing

**Hungary external relations briefing:
Hungarian and Turkish relations in the light of the
Russian and Ukrainian war**

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Hungarian and Turkish relations in the light of the Russian and Ukrainian war

The Hungarian prime minister's first post-election visit was to Turkey. Although the Turkish leadership was often criticized by Western politicians, the country's growing importance for security and energy security did not escape Hungarian politicians. Good relations with Turkey were important in 2015, when the migration crisis hit Europe and Turkey's help was needed to ease pressure on the EU's external borders. And today, the country's growing importance in securing energy seems obvious to observers.

Introduction

The fact that the Hungarian foreign minister's first visit was to Turkey rather than Germany after the elections shows that the priorities of Hungarian diplomacy have shifted. Of course, Germany is still Hungary's most important economic investor and trading partner, but the turbulent times Central Europe is going through overlap economic aspects with political and security needs. Hungarian Foreign Minister Szijjarto visited Ankara on April 19, 2022, and met with Turkish Foreign Minister Mevlut Cavusoglu. The occasion of the visit was the groundbreaking ceremony for the new Hungarian Embassy. According to plans, the embassy building will be about 3,000 square meters and Hungary will send twice as many diplomats to Turkey as it does now. The Hungarian foreign minister justified the move by citing Turkey's growing global political and economic importance. He also added that Hungary values Turkey's role in the peace negotiations between Russia and Ukraine.

At the ceremony, the Turkish foreign minister said, "The (Turkish) Embassy residence in (Budapest) Hungary, which was built in the first years of our republic, has been serving our relations for nearly a century. Hopefully, the new buildings that we will lay the foundations for will strengthen our relations for the next century..." This briefing looks at the development of bilateral relations and the reasons for their growing importance for Hungary.

The development of bilateral relations

Í Bilateral relations have strengthened significantly in recent years. Economic relations have also improved, as bilateral trade volumes continued to grow in 2021. According to Turkish sources, the growth was 11% compared to 2021 and the total trade volume reached

\$3 billion. (Hungarian sources give different data - see later - but the growth trend is impressive in both cases.) According to the Turkish Foreign Minister, the target is \$6 billion. The year 2024 has been declared the Hungarian-Turkish Year of Culture. In addition to regular economic relations, Turkey's role in Hungary's energy supply is growing. During the meeting, the Hungarian foreign minister stressed that Turkey has also become important for Hungary in natural gas transportation. Russian natural gas is delivered - without interruptions - on time through Turkey. 10 million cubic meters of natural gas are transported to Hungary daily through Turkish-Bulgarian-Serbian pipelines. He added that the debate about payment in rubles does not make too much sense, as the European Union does not sanction the import of natural gas from Russia.

The relationship is also of strategic importance for Turkey, as Hungary is one of the few EU members that maintain cordial relations with Ankara. The Turkish foreign minister said at the press conference that Hungary is the strongest supporter of Turkey's EU membership.

During the meeting, the Hungarian foreign minister returned to the issue of migration, saying, "We are not allowing illegal migrants into Hungary, and Turkey also has a key role in this ...," As for the bigger picture, he reaffirmed that Hungary does not want to be drawn into the Russian-Ukrainian war and does not supply weapons to Ukraine or allow arms shipments to pass through its territory. He mentioned Lviv, where Russian missiles have hit European arms shipments. If Hungary agrees to arms deliveries, the neighboring Transcarpathian region, where ethnic Hungarians live, could also be hit by Russian missiles. He said "We don't want to witness such scenes in Hungarian-inhabited areas near the Hungarian-Ukrainian border ... "

The Hungarian Foreign Minister stressed at the press conference that the export of both countries reached historical records last year. After signing the founding declaration of the Hungarian-Turkish Joint Trade Commission, the minister added that Turkey exported 209 billion euros and Hungary 119 billion euros. Hungary ranks 34th in the world, while it is only 95th in terms of population. The Hungarian foreign minister stressed that the total volume of bilateral trade amounts to 4 billion euros, which is a growth of 15 percent compared to 2020, and that Hungary has exported goods and services worth 2.5 billion euros to Turkey, which is a growth of 25 percent compared to 2020.

Mr. Szijjarto summarized 7 steps that support the development of Hungarian-Turkish economic cooperation:

(1) The two countries have established an operational working group to deepen trade and economic cooperation between Turkey and Hungary.

(2) The Hungarian government supports the investment of Turkish Sisecam in Hungary with HUF 14 billion. The total volume of the investment is HUF 100 billion.

(3) the Hungarian Eximbank has established credit facilities to finance the Hungarian-Turkish business cooperation.

(4) the investments of the Hungarian company Medicor in Turkey are supported by the Hungarian government.

(5) the Hungarian government supports Hungarian companies in entering the Turkish market

a. in the construction of power plants;

b. Water management; c. Printing industry.

He stressed that due to the war in Ukraine, east-west transportation of goods is becoming increasingly difficult or even impossible. For this reason, the transport ministers of Hungary, Bulgaria, Serbia and Turkey have established a working group to alleviate the problems.

The bigger picture

As we have seen in previous briefings, Hungary has intensified its relations with Turkey and other Turkish nations and has also joined the Turkic Council as an observer since 2018. The Council was established in 2009 as an intergovernmental organization and was renamed the Organization of Turkic States in 2021. Hungary has also elevated relations with Uzbekistan and Kyrgyzstan to the level of a strategic partnership. Hungary has increased the number of state scholarships at its universities for students from Turkic countries. In addition to the above steps, several decisions have served to intensify economic and political relations with the region. This strategy can be explained by several aspects:

(1) The growing population and middle class in these countries are potential markets for Hungarian companies.

(2) These countries are in a modernization phase where infrastructure and public services need to be significantly improved, and Hungarian companies can also play a role in this process.

(3) The need to diversify trade and investment relations has always been present in

Hungarian foreign trade policy, but the war in Ukraine and the ongoing bottlenecks in regional supply chains make the Hungarian government's efforts to deepen relations with this region even more urgent.

(4) This need is very clear when it comes to securing energy supplies for the Hungarian economy, and the Central Asian countries and Turkey can help solve these problems.

(5) Turkey's geographical location makes it a key player in European migration policy, as the country is able to dampen the waves of migration that hit Europe and Hungary. The war in Ukraine and rising food prices on world markets may trigger new migration from Africa and Asia. Turkey, similar to 2015, can play an important role in preventing migrants from reaching EU borders.

Summary

The war in Ukraine is significantly changing the geopolitical landscape of Europe, shifting power in space from one point to another. Turkey is one of the countries whose political and economic importance can potentially increase as a result of the war, as trade routes change and the country's role in ensuring the (energy) security of the region and Europe grows. Hungarian diplomacy has recognized this change, and it also fits with the diversification strategy the country has been pursuing since 2011, when the Eastern Opening Policy was initiated. In the current circumstances, several analysts have questioned the appropriateness of this policy due to the war and pointed out that cooperation with Russia, one of the main target countries of the Eastern Opening policy, is impossible. However, we must not forget two things in this context: the Eastern Opening Policy was never about replacing the West with another region, as the Hungarian economy is deeply embedded in the European supply chains, and secondly the Eastern Opening Policy was never about one country but about diversifying trade and investment relations. And this policy also includes Turkey, with which cooperation has been easy in recent years because of the steps taken under the framework of the Eastern Opening Policy.