THE POLISH-HUNGARIAN ALLIANCE:
Six Dimensions of Bilateral Relations

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The Polish-Hungarian alliance is one of the key dimensions of the Hungarian foreign policy. Although the cooperation has its historical roots, the political elite has worked a lot since the democratic transformation to strengthen these ties. In the past decade it has become a tradition that the first official visit of the newly elected prime ministers of both countries leads to Budapest or Warsaw, respectively. Governments are not only harmonizing their positions in the main international questions, but are often campaigning together.

However, as in every bilateral relations, there are also disputes between the parties. The most visible differences are related to Russia. Consequently, the differing threat perceptions of the two countries have an impact on a number of spheres, ranging from energy to defence policy. In the present study, we will review the six most important dimensions of our relations.

Our goal is not only to review present policies of the Polish and Hungarian governments, but to forecast potential developments and offer recommendations on how to improve the relations in the future.

Every paper is co-authored by a Hungarian and a Polish expert in order to provide a balanced perspective. The authors represent different stakeholders including academia, government, think-tanks, civil society and media.
Should I stay or should I go: Party politics before the European Parliamentary elections

The European Parliamentary elections may bring major changes in the composition and factions of the next European Parliament. The radical left and radical right groupings might secure more than one-third of the seats altogether, making them technically capable to block voting in certain questions requiring a two-thirds majority. Prime Minister Orbán recognized this early and understood that it will limit the capabilities of the European People’s Party and the European Parliament, to corner him with the ongoing Article 7 procedure. Unlike Poland, Hungary showed limited interests to comply with the findings of the rule of law procedure. The whole process and related debates were a perfect opportunity to unite sovereignist parties of Europe, highlighting the dysfunctionalities of the European Union. But he might have gone too far when he attacked President Juncker in a public campaign, suggesting that the European Commission is misusing its power to take away decision making power for member states and they support illegal migration to the EU. The campaign invoked harsh reactions and by early March, 13 member parties from 10 member states joined an initiative to exclude Fidesz-KDNP from the European People’s Party (EPP). What seems to be sure at the moment of drafting this article is that expelling Fidesz is risky and has a low probability before the elections. The governing Law and Justice (PiS) is also facing political problems, however their troubles are largely different. Instead of how to depart from or rather how to change the European mainstream, their goal is rather how to join them. After Brexit, the only significant party in the European Conservatives and Reformists (ECR) will be PiS and the fraction will decrease from 75 seats to 60 (counting in results from other members) that is, lower than current projections for Europe of Nations and Freedom (ENF). This urges PiS to look for potential new partners in the future EP. Jarosław Kaczyński has already met with Matteo Salvini in January 2019, signalling potential interest in allying with him after the EP elections. It would be a difficult move since Salvini should be also teaming up with Marine Le Pen which the PiS constituency dismisses. At the same time, Mateusz Morawiecki released his Europe of Nations 2.0 report which not only in its title but also in the concrete proposals resembles to many of the Foreign Ministry positions from the 2011 EU...
1. The nightmare scenario: coalition of the mainstream and the impact on Hungary and Poland

As Fidesz is currently one of the biggest obstacles to the negotiations with ALDE and S&D, the EPP can decide to expel Fidesz following the elections. The most likely scenario is that EPP will not need the votes of Fidesz MEPs following the coalition talks, and the current internal debates suggest that the departure of Fidesz would ease internal tensions. The impact of the removal of the Hungarian governmental party would be disastrous both for Poland and Hungary. There are a number of immediate impacts such as the worsening negotiation positions on the Multiannual Financial Framework (MFF) resulting in serious cuts of Cohesion Funds, through increased conditionality on democracy and rule of law linked to EU funds to continued criticism linked to the Article 7 procedures against the two countries.

2. The dream scenario: using the old toolkit- reintroduction of the European Democrats

As Orbán realized that his close allies are losing ground, he started actively lobbying within the EPP to offer membership to PiS, but this policy was doomed to fail as the veto of Civic Platform was guaranteed. Offering PiS and some other conservative parties the option to form a coalition with EPP might be essential if the coalition-building talks fail either with ALDE or S&D. There is a historic example: the European Democrats (ED). The group was an important ally of the EPP for many years and both PiS and the Czech ODS were important members. From the perspective of Viktor Orbán and Jarosław Kaczyński this would be the dream scenario.

The strategic option of an alternative ally itself will improve EPP’s position to negotiate and to neglect demands on sidelining its Hungarian member, the Fidesz. Fidesz will push EPP following to the elections to a more sovereignist direction. ALDE with a potentially new leadership will fill the space left behind by the EPP at the liberal conservative horizon. If EPP reintroduces the alliance with ED, it will further push both the geographic balance to the East and the party to the radical right with the dominance of the sovereignist stakeholders.

Should he stay or should he go: Party politics after the elections

The eve of the elections will find PM Orbán in a different position if he stays within the European People’s Party. He will secure about 14 seats out of the 176 EPP is expected to win. Fidesz will be the third biggest force within the party family, just behind Civic Platform (PO).

As a result of the elections, coalition building in the EU will be harder than ever before. In order to secure majority, EPP will have to make an agreement both with the Socialists and Democrats (S&D) and the Alliance of Liberals and Democrats (ALDE). Orbán himself might be the biggest obstacle of such an agreement, but even without him, the discussion will not be easy.

The elections will bring little changes to the seat distribution for Polish parties. However, the overall structure of fractions will be more important than in the case of Hungary. Poland, unlike Hungary, should receive one additional seat due to Brexit and the recent EP projections from the European Parliament indicated that EPP parties altogether will lose 2 seats of current 22 while PiS will increase from 18 to 22. These projections did not take into account yet effects of the newly formed coalition of the Polish parties ahead of the EP elections.

Those trying to pull together the majority within the European Parliament will have three options. On the long-run, the third option has an increasing probability that can also shape the EU’s future:
3. The unknown scenario: brand new system

In his political rhetoric the Hungarian Prime Minister often mentions that the new cleavages linked to migration, federalism and north-south and east-west divide will erode the current party system and create new alliances, that are regional. In this scenario, PiS would be an important partner of Fidesz. However, this newly created regional approach would result in a similar minority position as in scenario 1.

The next term: Strategic goals and possibilities under the new commission

Although the final party affiliations are unclear, it is obvious that distributing positions in the Commission will be harder than ever before. Even if the mainstream parties can agree on the proposed leadership of the Commission, it is unclear if the European Council will accept the Spitzenkandidat system at all.

Current Council membership doesn’t respond to the distribution of seats in the European Parliament. While 9 members are affiliated with EPP, another 9 members affiliated with ALDE and 5 with socialists. In theory, socialists and liberals can outvote EPP, and that raises a number of questions. Upcoming elections might change this setup in favour of the EPP, therefore the time pressure is slightly bigger on the ALDE and S&D. It seems to be sure that the European Council will have no interest to approve the Spitzenkandidat system and the chance of inter-institutional crises is growing. The potential deadlock will strengthen eurosceptic politicians and undermine federalists. The environment will be perfect to raise the question of national and European sovereignty. But how can this conflict be concluded? What are the possible scenarios for Hungary and Poland?

Although Poland has not announced its candidate, media were already speculating about two possible candidates. One is Adam Bielan, a second generation politician in the PiS party who is currently a senator and former MEP. Although previously a secessionist from PiS together with Paweł Kowal, he returned as a prodigious son to assist Jaroslaw Kaczynski with advice on the party’s European strategy. Alternatively, the current Minister of Infrastructure could be another good candidate for a Commissioner delegated by Poland. The less likely options include State Secretary for EU Affairs Mr Konrad Szymanski, although it is less expected, or current and likely future MEP Jacek Saryusz-Wolski, who has been expelled from EPP when he agreed to be a PiS candidate against Donald Tusk for the position of a President of the European Council. In any case, the final choice of a potential candidate may very well depend on the expected results in the national elections this fall. Already now, ahead of European elections several ministers of the government and former PM Beata Szydlo have been delegated as candidates for MEPs. Interestingly, apart from her the chosen ones were government members whose performance would endanger the popularity of the party - like the Minister of Interior (who took the political heat for the assassination of the Mayor of Gdańsk) or the Minister of Education (who is to blame for chaotic school reform and currently dealing with teachers’ strikes). Therefore, the delegate for the Commission is more likely to reflect a complex internal situation rather than be a projection of European vision of the PiS.

Looking at a potential portfolio, Poland could aim for sectors of digitalization, regional development or related economic affairs, where Poland has good performance and could align with main lines of European narratives proposed by Mateusz Morawiecki.

Long-term goals: Europe of Nation States

Subsequent Polish governments have so far remained cautious about completing integration, in particular in the areas that would limit economic manoeuvre, especially regarding monetary policy. The PiS government have not distanced itself from its predecessors, who are now cautiously testing a narrative about joining eurozone. Poland also has a strong preference against institutions beyond the existing EU treaty and does not want to participate in or support the creation of institutions related to eurozone. Although, in the first years the government of PiS expected to open a debate about changing EU, including the treaties it remained silent to the proposals of Emmanuel Macron, who is aiming exactly at that. That is in contrast with Victor Orbán, who wholeheartedly and to the surprise of many, supported French ambitions (rather: the debate launched by Macron), perhaps for exactly the opposite vision of reforms of the EU.

In February 2019, Poland has presented its own vision of EU’s reforms in a document prepared on behalf of PM Mateusz Morawiecki. The vision - referring in the title to a renewed Europe of Nations -
presented for the first time in Berlin has not been so far discussed in Poland. This limits its level of strategic importance of this document. Its content refers in fact to the priorities of the past EU Presidency completed in 2011, which signals no major ambition to actually reform the EU.

In response to Brexit, PiS has not changed its overall strategy and while the U.K.’s conservatives are about to leave, Poland has been continuously voicing the commitment to completing the four freedoms of EU rather than engaging in new institution-building or re-building processes. It is also more likely to position itself closer to the perspective of the northern members - more sensitive to the questions of security and Russia, with clear focus on prosperity and balanced budget and limited government, contrary to the perspectives of southern countries.

In which areas can Poland and Hungary cooperate?

Poland and Hungary are so far the “friends of cohesion”, regarding the budget and they are tactically tied in mutual support due to the Article 7 procedure. It is in fact a defensive strategy against opposite trends growing already in the EU. While Poland and Hungary are interested in strengthening the institutional and political support for the Schengen borders, there are different reasons for the sense of importance.

Poland maintains long Schengen borders with Russia, Belarus and Ukraine. Hungary has relatively shorter border but it positions it high up on the agenda due to the political ideology of Fidesz, which is obsessively afraid of migrants coming to Europe through the Balkan route. Poland and Hungary therefore will cooperate on border protection issues but along the way, and especially in case of change of government in Poland, may differentiate on practical solutions.

Recommendations

- Poland and Hungary need more friends in the EU to build up influence on their key priorities. Despite many differences, both countries are by now considered to have a strong political bond. With the same parties staying in power, they gradually expose each other to diplomatic or strategic mistakes of their partners. Each of the partners have different strategic priorities in the EU and therefore different coalition building potential.
  - One of the main strategic differences might be the position towards the ambitious proposals by Emmanuel Macron who positions himself as political adversary to Viktor Orbán while Poland aims to revive its relations with France in the Weimar Triangle format.
  - Both countries experience fast wage growth and labour shortages that will challenge their growth model; they should cooperate on EU agenda in ensuring maximum flexibility of employment models and regulations that may hamper businesses operating in their economies. In the current political debates, they should also keep in mind to build coalitions for improving negotiation positions ahead of the renewed debates on the MFF.
    - Should Fidesz leave EPP and join forces with other political groupings in Europe, it should consider reinforcing the ECR group, where the Czech ODS already is predicted to increase number of seats; should Matteo Salvini consider partnering with those parties, it would give the V4 partners better negotiating position than joining some other groups in different constellations; however, membership in EPP and cooperation with EPP, if outside, should be the preference in order to have greater influence on European affairs.
  - Hungary should also be prepared for a government change in Warsaw and that a new cabinet will not easily align with Hungary or may even symbolically distance itself to rebuild a potential of cooperation with other EU partners.
    - Poland and Hungary should separately make an effort to exclude themselves from Article 7 procedures; currently they depend on each other in a situation of prisoner dilemma (game theory) which builds up distrust and fear of betrayal.
    - Both countries should make necessary steps and become eurozone members in order to fully participate in possible eurozone institutional reforms.
Introduction

Hungary and Poland have traditionally close ties and friendship between the two nations has become even proverbial. In the past three decades, after the democratic transition, close relations have been built however not only on the bilateral level, but also in the context of wider regional cooperation. It is illustrative to look at the calendar of meetings between the leaders of two countries – they occur mostly during summits of the Visegrad Group or other regional formats. One of the main platforms of the Hungarian-Polish relations is consulting and coordinating the positions on the regional level to be further represented in the European Union or NATO.

This policy paper gives an overview of the Hungarian and Polish approaches towards regional cooperation. It tracks the evolution of the region’s place in foreign policy considerations of the two countries in recent years and identifies current priorities. It focuses on the Visegrad Group, as the most lasting, robust and effective formats of regional cooperation. However, it also touches upon multiple other formats of cooperation in Central Europe, addressing mainly the recently developed ones, such as the Three Seas Initiative (TSI) or the Bucharest Nine (B9). Finally, the paper presents recommendations for the possible contribution of Hungary and Poland for enhancing the regional cooperation in Central Europe.

Regional cooperation from a Polish perspective

In the past three decades, regional cooperation became well embedded in the Polish foreign policy thinking and practice. However, the thematic and geographic scope, the institutional
architecture, as well as the goals that Poland assigns to regional cooperation evolved significantly since 1989. until 2004, regional cooperation had been perceived mainly as a tool to overcome legacies of Soviet domination and to facilitate accession to the Western structures. Poland saw Hungary and Czechoslovakia (from 1993 the Czech Republic and Slovakia as separate countries) as its closest partners in achieving these goals. Consequently, Poland became a founding member of the Visegrad Group (V4) in 1991. In parallel, Poland developed regional cooperation with the countries of the Baltic Sea basin. However, this remained a rather sectoral cooperation, for tackling specific issues (for instance environmental challenges) with a limited political clout.

After Poland joined NATO (1999) and the European Union (2004), the role of the regional cooperation has significantly evolved. Although some Polish opinion makers doubted whether the V4 cooperation is still needed after attaining the main goals set in 1991, the Visegrad Group soon proved to be a useful tool in promoting Polish interests in the new realities and the cooperation reinvigorated. V4 partners became important like-minded states for Poland in many policy areas in the EU (such as energy, climate, cohesion or agriculture). Poland relied heavily on the V4 in promoting its flagship project of the Eastern Partnership (EaP) and to gather support for Ukraine in particular. Poland also endorsed bringing the regional cooperation to a people-to-people level, which manifested mainly in the activities of the International Visegrad Fund (IVF).

In the last decade, the Polish perspective on regional cooperation, both in its thematic and geographical scope, has broadened. Emerging new challenges mobilized efforts to intensify regional cooperation in several fields, such as energy following the gas crises of 2006 and 2009, in security and defence-upon the Russia-Ukraine conflict since 2014, and in migration after the 2015 crisis. There has also been a growing awareness of the poor state of transport and energy connections in the region and the need to expand the North-South corridors in order to mobilize new economic resources.

Therefore, Poland became increasingly interested in expanding its partnerships in a wider region. In security and defence matters, this includes cooperation with the Baltic and Nordic countries, as well as Romania, which all share a similar assessment of the Russian threat. The EU accession of Bulgaria, Romania (both in 2007) and Croatia (2013) put these countries on the radar of the Polish foreign policy as attractive partners in the coalition-building efforts in the European fora. Wider Central European cooperation has been mainly developed through the “V4+” format, allowing to extend the cooperation to other partners from the region (or beyond) on a given policy matter without enlarging the Visegrad Group as such.

However, in order to give a new impetus to the wider regional cooperation Poland (co-)launched two new formats of regional cooperation, both operating on the presidential level. In 2014 Poland initiated a meeting in Warsaw of nine presidents of NATO countries from Central and Eastern Europe which advocated for strengthening of the alliance’s Eastern Flank in view of Russia’s actions against Ukraine. Since the next summit of presidents in 2015 was hosted by Romania, this format is known as the Bucharest Nine (B9).

In 2016, at the summit of Dubrovnik, Poland together with Croatia launched the Three Seas Initiative (TSI), which groups 12 EU countries of the region and aims at connecting the Central and Eastern European economies and infrastructure from North to South. The initiative encountered some initial scepticism in some countries, where it has been painted as an alternative to the EU integration, an “anti-German front” or an embodiment of interwar Polish ambitions to create a regional military alliance. However, documents adopted by the TSI demonstrated that the initiative is organically linked to the European integration and by improving regional interconnectivity, it aims at strengthening EU cohesion. TSI has been endorsed by the United States, which sees it, among others, as the opportunity to export liquified gas to the region - the Warsaw summit in 2017 was joined by the US president. The initiative attracted also EU stakeholders and the third summit of the TSI in Bucharest in 2018 saw the participation of the President of the European Commission and the foreign minister of Germany.

The new regional formats initiated by Poland, such as the TSI and the B9, have still to stand the test of time. What seems certain is that Warsaw will continue to actively engage in a multitude of regional settings, seeking to amplify the voice of the region in the EU and NATO and boosting the economy through strengthening the interconnectivity in a wider Central Europe.
Regional cooperation from a Hungarian perspective

Regional cooperation in Central Europe has been in the forefront of Hungarian foreign policy ever since the creation of the Visegrad Cooperation. However, the engagement of the particular governments had a varied intensity. The Hungarian “rediscovery” of Visegrad and a wider Central European cooperation aligned with the definition of a new Hungarian foreign policy, which since the early 2010s greatly shifted towards a foreign trade-oriented approach where economic diplomacy plays the key role. Subsequently Hungary aimed for the establishment of a more visible issue-based regional cooperation where certain joint questions would be pursued on a mutual V4 basis, while other, dividing topics would not be touched upon – hence the widely used motto of “agree to disagree”. Besides the enhancement of regional cooperation, the V4 also acts as a potential platform for negotiations, partnerships with those major foreign countries for whom Hungary might be too small to be considered bilaterally. The extended V4+ format proved that it can be a useful tool through which the group can successfully work together, on mutually favourable terms, with foreign countries for a certain period of time.

The regular use of high-level V4 consultations preceding European Council meetings not only enabled the reduction of potential misunderstandings regarding the specific position of a given member state, but also allowed the group to act as the basis for wider, EU-based initiatives and coalitions, as it was the case during the negotiations of the 2014-2020 Multiannual Financial Framework (MFF). Hungary’s present goal is to maintain the loose unity of the Visegrad states in order to maximize their potential weight within the EU, while – if possible – building individual, topic-based coalitions with other member states.

The Hungarian government put a strong emphasis on the V4’s active involvement in the discussion regarding migration and the ongoing debate on the future of Europe. While the group member’s concept on the future of European cooperation differs and the V4 response to the crisis was met with strong criticism by Western European member states, the V4 format is still regarded by Hungary as a suitable tool for the promotion of Hungarian, and if possible, wider Central European “input” regarding the rethinking post-Brexit Europe. The ambitious program of the Hungarian presidency of the Visegrad Group (July 2017 – June 2018), showcased the main Hungarian focus points regarding V4 cooperation.

Geopolitical challenges, mainly related to the Russian threat led to the creation of the B9 group and the TSI. Hungary committed itself to both formats, although the level of its actual involvement remains to be seen. This is particularly due to the country’s specific relation to Russia. Compared to other regional states, most notably Poland, Romania and the Baltic states, Hungary does not perceive Russia as a military threat, however is aware of the risks that energy dependence on strictly Russian sources might constitute. Hungary’s participation in the B9 format is understandable, as the partnership is seen by Budapest as more about belonging to NATO’s eastern flank and showing thereby active involvement in the organization, than about countering Russian aggression. However, Budapest’s involvement in TSI is less straightforward.

As showcased by its stated V4 priorities, Hungary supports the development of North-South infrastructural links as a key factor for the development of the region. In theory this would mean that the vertical connection of Polish (Świnoujście) and Croatian (Krk) liquid natural gas (LNG) terminals, together with the Romanian offshore gas fields in the Black Sea (BRUA pipeline) would enable the provision of alternative gas sources to Central Europe, thereby helping the diversification of region’s energy market. Also, with the creation of new interconnectors an internal Central European energy market could take shape which, with its increased purchase and sale options, would act as an effective price regulating tool for regional states. However, ongoing financial and political issues plaguing the Croatian and Romanian project mean that many questions still remain regarding the completion of a North-South energy system.

In an interview last year, Hungarian Prime Minister Orbán voiced his support for the general aims of TSI, while also highlighting the Hungarian position regarding the diversification of the Central European energy market: “(...) for us Hungarians it’s vital to have a gas pipeline to and from Hungary that allows us to use non-Russian gas pumped into the Polish LNG terminal; but first, that pipeline must be built. (...) This will create a corridor, which is free of Russian influence – something which is vital for our security. (...) Of course, we want to keep the V4 group together, because it’s the core of everything. But I understand Poland’s conception that not only the Baltic Sea but also the Black Sea and the Adriatic are important regions – and that is why we are part of this initiative. So in the Three Seas Initiative Poland can definitely count on Hungary’s cooperation.”
Development of the regional transportation network, promotion of digitalization, the general aim to close the gap between “old” and “new” member states are all issues raised by TSI that are in line with Hungarian foreign political goals. Realization of the “Via Carpatia” transportation project’s Central European section would lastly enable the connection of Eastern Hungary and Eastern Slovakia with South Eastern Poland. On the other hand, the refrainment of the Hungarian government to join the Three Seas Investment Fund (created by six TSI countries in September 2018) at the present stage, shows that while Budapest supports the principal aims of the TSI, it does not want to be in the forefront of the cooperation.

All in all, for the years to come the V4 partnership will remain the most important form of regional cooperation for Hungary. This does not mean that it is not willing to participate in other regional formats that align with the goals of Hungarian foreign policy. This is especially true in the case of TSI, which shares some of the Hungarian government’s regional priorities.

**Recommendations**

In view of the current developments in regional cooperation in Central Europe and considering the specific Hungarian and Polish approaches that have been overviewed in the paper, the authors recommend as follows:

- Keep what works: the Visegrad Group proved to be an effective platform to foster interests of its member states and the almost three decades of its existence created an unprecedented level of trust and cooperative know-how between them. The V4 should remain the core of regional cooperation in Central Europe.
- Seize new opportunities: Hungary and Poland should take advantage from the recently emerging regional formats, such as the Three Seas Initiatives or the Bucharest Nine. It is particularly true for the TSI, which is now in the making and its eventual shape will depend on the activity of particular member states in the near future.
- Coordinate: with the emergence of TSI, the clear definition of mid- to long-term Polish and Hungarian regional development goals is more important than ever. Detailed sectoral consultations – in the case of mutual alignment – might result in joint development projects that could act as a framework for the deepening future Polish-Hungarian regional cooperation. This concerns such vital fields as energy, transport or digital interconnectivity, which are all addressed by the TSI.
- Pick up the momentum: the current accelerated modernization of the V4’s armed forces offer a chance for defence cooperation to act as an additional boost for regional cooperation. Poland and Hungary should jointly aim at endorsing the expansion of defence cooperation, by reviving hitherto rather unsuccessful V4 efforts to coordinate the military cooperation in terms of joint procurements and developing capabilities.
- Engage with external partners: present global interest in TSI should be used to foster dialogue with those foreign partners for whom the V4+ format proved to be too small. Central European countries should make use of their unique geographical position within Europe to facilitate those collaborations. TSI is also the source of recurring US interest in the region that should be used to bolster the region’s transatlantic ties.
- Strengthen unity: given the post-Brexit revival of the concepts of “multi-speed” integration in the EU and the growing disputes between the US and some of its European partners, Hungary and Poland should deepen the region’s commitment to the European unity and transatlantic partnership. Even if playing one off against the other can bring some short-term gains, it undermines the long-term economic and security benefits of the European and transatlantic cooperation for the region.
- Look for trade-offs: both Hungary and Poland support the stability and European perspective for the non-EU regional partners. While Poland focuses predominantly on the Eastern Partnership countries, Hungary prioritizes the EU integration of the Western Balkans. Hungary – together with Slovakia – could use the TSI format to gain support for the Western Balkan’s EU enlargement from other EU member states by showcasing Croatia’s and Slovenia’s involvement in a large regional cooperation, as a successful example and path to follow.
- Be inclusive: Polish-Hungarian close bilateral ties can serve as a basis of regional cooperation. However, it is important to avoid the impression of the exclusivity of Polish-Hungarian alliance. While the ideological similarities of the governments in Warsaw
and Budapest can cement the bilateral relations, the diverse colours of the political parties in power in other countries of the region requires building the regional cooperation on the basis of policy interests and sometimes restraining the ideological agenda. Hungary should develop a strategy on how to maintain bilateral relations in case of political changes in the Polish leadership following the 2019-2020 parliamentary and presidential elections with its potential consequences for the regional cooperation.

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POLSAND-HUNGARY: BILATERAL RELATIONS IN THE FIELD OF ECONOMY AND ENERGY

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Introduction

Poland and Hungary represent two countries with similar economic and energy setups. Both economies integrated into the global chains in the same status, provided their relatively cheap and educated labour to Western multinational manufacturing companies. They are dependent on Western FDI, they primarily trade within the EU28 (in 2017 78.7% and 75.8% of the Hungarian and Polish foreign trade turnover was conducted within the EU28 respectively). In the energy field the two countries inherited similar sectoral infrastructures and patterns, import fuels predominantly from Russia and try to adapt to the changing technological and industrial shifts in a similar manner.

These parallel economic structures provided a considerable potential for common interest representation in the last couple of decades. Both within the Visegrad and EU formats the two countries, together with other regional states lobbied efficiently to formulate their common positions. Both countries are relatively poor compared to EU average, competitive in labour-intensive segments, capable for higher growth levels than the core EU countries. Consequently they keep their taxes relatively low, uphold reservations regarding further delegation of economic policy to supranational levels, but are interested in maintaining the existing systems of EU cohesion and common agricultural policies, ask for more support for developing energy solidarity. On the regional and common forums the specific needs of these economies, stemming from their comparative advantages or relative backwardness, were easy to be manifested.

At the same time too much complementarity constraints bilateral cooperation beyond certain levels. For a sustainable and long-term development of the relations complex value chains shall
be created. This is more likely between different economic and energy setups. In reality, Budapest and Warsaw competes for modern technology, know-how, investments and capital with each other. The regional infrastructure in energy and transportation are East-West bound and despite all policy efforts to establish North-South interconnections, the market rationale remains largely missing or weak. Thus the Polish-Hungarian economic relations got into a Catch-22. Without future differentiation between the two economic setups, the current economic cooperation is likely to become stagnant. At the same time increasing complementarity often erodes the fundamentals of common interest representation.

**Foreign trade**

Since the early 2000s, their accession to the European Union, regional countries have been boosting their exports. Between 2000 and 2017 foreign trade turnover increased by almost fivefold (4.9 times) in Poland and more than threefold (3.2 times) in Hungary. Exports constitute the backbone of economic growth and performance in the region. Simultaneously, the share of intra-Visegrad trade within the combined turnover of the V4 countries grew significantly, from 9.9% in 2000 to 15.3% in 2017. This growth originated from several factors. The pace of growth, domestic consumption was higher than the EU28 average, multinational companies’ assembly lines stretched over the national borders and geographical proximities favoured trade in general. Poland was an absolute beneficiary of this trend. It weathered-off the 2008 financial crisis relatively well and it also benefited from its late-comer status in terms of economic opening. At the same time for Hungarian exports it took almost five years to escape from the hole of the economic crisis and restart its long-term growth trajectory. Figure 1 presents these trends: in Hungarian foreign trade the share of Visegrad countries grew almost 1.5 times. The same cannot be said about Polish turnover, in which Hungary’s share has been stagnant or even decreasing since 2008. It is worth underline, that this is not a specifically bilateral driver, the situation is very similar in the case of Slovakia and the Czech Republic.

The product structure also shows the characteristics of „horizontal” trade structures. It is stagnant, the shares of particular product groups have not changed significantly in the last 15 years. This is a sharp contrast with „vertical” trade, as with more (like Germany) or less (like Russia) developed countries, where the composition of export have evolved dynamically. While machinery, transport equipment and other manufactured goods provide the bigger half of the turnover, the role of agriculture and chemical industries exceed the respective shares of EU28 average. There are not too many hints on labour division, that could become the engine of economic cooperation in the foreseeable future.

What is to be expected is a growing trade and interaction between the two countries due to past trends and the respective growth of these economies. Policy and sectoral interaction on the bilateral or regional level can speed us this process or give adequate impulses for its sustainable continuation. In this regard the planned development of roads and
transportation, even if with slower pace can be helpful. For SMEs, especially in small manufacturing of consumer goods or wholesale trade, the region comprises an easy point of „first entry” due to parallel consumer habits and phases. In tourism in some specific segments the image of the region is as important as the national ones, since a growing number of visitors, especially from the US, China or other East-Asian countries come for regional round-trips. Tapping this potential, luring new tourists to the region requires harmonized efforts of policies and corporate units. Thus there is a high number of cases, when respective policies shall think one move ahead of industrial trends, creating markets and facilitating demand.

In the longer run the nature of bilateral cooperation largely depends on the division of labour between East and West. Currently both countries exhausted its easily accessible workforce, experience labour scarcity in a wide variety of sectors. Wages started to substantially increase in real terms and this process will be sustainable only if respective improvements in competitiveness happen. Consequently the two capitals will have to increase labour supply or increase the added-value of local employees through education and innovation systems.

As for inward labour migration, this issue has becoming a sensitive issue in the last couple of years. Both countries introduced prohibitive policies regarding refugees and set this issue relatively high on their political agendas. At the same time little restriction has been made on the labour markets, local employers started to hire foreigners, especially from the post-Soviet countries. In Poland this duality became even more obscure, due to far-right parties push for a stricter immigration policies. Excessive politicization of this issue may affect labour supply negatively in the coming years.

Innovation and education would represent a way-out of the current situation. As Figure 2 demonstrates the region’s relative innovation performance remains moderate. This is in contrast with the Czech results, which country heavily invests into higher education and R&D. Nonetheless, since 2010 the performance has decreased in all the Visegrad countries. Poland and Hungary are approximately in the same group with weak results. The situation is similar looking at the Global Innovation Index 2018. The V4 countries occupy the 27th (Czech Republic), 33rd (Hungary), 36th (Slovakia) and 39th (Poland) rank on this list. Investments that occur in V4 are mostly focused on production, sales of production licenses, and research centres.

**Energy**

While the perception of Russia remains a major bifurcation within the bilateral relations, the respective energy dependency-management practices have been converging for a decade. The regional gamechanger was the January 2009 Russian-Ukrainian gas crisis. While it initiated a number of interconnection and diversification projects within the gas sphere, the implications went far beyond natural gas. The crisis also had a major undercurrent by setting the fundaments of a regional policy cooperation. Thus energy cooperation between Visegrad countries and sometimes beyond became institutionalized and they built up capabilities to harmonize positions in an increasing number of fields. The unintended electricity flow (loop flow) debate with Germany and Austria, the dedicated policies related to energy transition and climate policies represent new topics in this regard.

Gas interconnectivity and the construction of the North-South gas corridor is approaching its logical fulfilment. By completing the Polish-Slovak interconnector in 2021, the core infrastructure will be present. This development sets a number of new challenges and opens up room for real diversification and the weakening Russia’s market power within the region. Poland and Hungary may have a more highlighted role in this process, since these two countries, unlike Slovakia or the Czech Republic, may facilitate the entry of non-Russian gas to the region.
Poland develops its LNG import capacity and Baltic-pipeline, offers its transit potential for neighbouring countries. Simultaneously, Hungary strives for distributing Romanian Black–sea gas, once its production commences in the early 2020s.

The projected gas policy outcomes show similarities despite major differences in their respective designs. A decade ago Poland had a relatively low dependence on natural gas, imports constituted less than 10% of total energy demand (in the Hungarian case the same indicator was around 30%). During the transition and in the early 2000s Warsaw was successful in constraining energy imports and keep domestic coal and gas production relatively stable. Nonetheless, coal is in retreat from European energy balances due to climate policy considerations, local energy demand has been growing permanently. Thus substantial future increase in gas imports is inevitable, during the last decade it grew by 40%. Poland fights the prospects of future increases of its Russian gas dependence, diversifies on a growing market, substantially decreasing the cost of alternative supplies.

Thus the Polish wish for interconnectivity is relatively new-born and stems rather from the changing internal, than external patterns. While Warsaw expands its LNG import potential, it offers these capabilities for neighbouring countries and consequently tries to reduce the costs of its own infrastructure expansion. Despite loud political statements on full substitution, the policy reality suggests only a diversified import portfolio.

Hungary on the contrary, faced the changing gas security reality with an established, mature market. Hungarian consumption peaked in 2005 with 14.1 bcm, in a sharp contrast with 9.9 bcm in 2017. The domestic demand practically collapsed after 2009 due to economic hardships, expensive gas prices and cheap electricity imports. Thus Hungary currently has a full-fledged gas network capable to supply up to 20 bcm natural gas and a storage with a 7.2 bcm potential, sufficient for the whole region. Consequently Hungarian companies pushed for interconnectivity projects not only driven by security considerations, but also as a way to increase utilization rates of local systems. Budapest entered the new era after 2009 with the prospects of falling gas demand and a quest for potential transit through the system.

While Polish gas attitude is rather prohibitive regarding Russia, the Orbán-government set a number of price taboos within the industry. The 2014 utility rate cut constitutes a major pledge of the current cabinet, thus security and diversification efforts have to be relatively cheap and no premium is envisaged for non-Russian supplies. This differentiates the two countries’ attitudes towards LNG imports, new pipeline projects and the construction of the related capacities. Diversification is meant to be an important objective, not as much as to substitute Russian gas, but as a mean to lessen Gazprom’s market dominance and boost Hungarian bargaining power vis-a-vis the Russians. What is Atlantic LNG or Norwegian gas for Poland, that is Romanian Black–sea gas prospects for Budapest. Its production level may reach 4 bcm by 2024 and all this volume shall reach the Hungarian border. This means, that Hungary gets an access to a flow, roughly equal to its annual imports through its long-term contract with Gazprom.

Given these trends and the gradual emergence of non-Russian gas supplies from Northern Poland and Southern Hungary, the two countries may cautiously reconsider the current regional trading patterns. While the cross-border infrastructure is present, the system of capacity allocations, the bureaucratic barriers and disproportionate transit fees may limit the regional impact substantially. Thus the emergence of these new sources shall contribute to a major rethinking of trading and shipment patterns, optimize and potentially simplify procedures in order to reach better utilization of the new infrastructure and enhance cross-border trade.

As the precedent with Ukrainian supplies after 2014 demonstrated, gas can remain competitive in a relatively long-range.

The situation is similar in the power sector: while the two countries have different generation patterns, both of them face the prospects of future capacity scarcity. In Poland this may happen due to its dynamic increase in electricity demand and excessive dependence on domestic coal: in August 2015 the country has already experienced severe shortages of electricity. While the security, labour and social rationale behind coal production is obvious, its consumption within the EU has been decreasing rapidly: it fell by almost 30% between 2007 and 2017. Climate policy efforts squeeze out coal from the generation segments, consequently banks do not provide favourable credits for related investments and companies any more. Despite all policy pledges from Warsaw political circles, it is almost certain that Poland will have to turn to other fuels in the foreseeable future.

For Hungary capacity scarcity is an established fact. In 2017 28.3% of domestic electricity demand was covered by imports. The situation will certainly worsen by the mid-2030s, when the existing Paks nuclear
blocs will have to be decommissioned (in 2017 49.4% of electricity came from this plant). Critical decisions and management processes in the case of Paks2 will have to be made during the 2020s, almost the whole generation fleet will have to be renewed or modernized. Polish and Hungarian situations are in a light contrast with Czech and Slovak sectors, where the core generation fleets may remain online until the 2040s.

Capacity scarcity in the generation sector is not directly linked to the Russia-factor, but more related to technological and EU-aspects. Furthermore even if the current projects were realized (coal plant refurbishment in Poland and Paks nuclear extension in Hungary), these countries will have to invest massively into additional power plants in the course of the 2020-30s. In both countries energy security challenges have been shifting from gas issues to electricity issues rapidly. Power capacity scenarios will have to be projected and implemented earlier than in other regional capitals. Coordination of these development projects would be highly desirable in the case of renewables, network development and electricity security fields.

**Recommendations**

- Hungary and Poland shall not set up bilateral institutions, but could harmonize and incentivize their common positions within the Visegrad cooperation or even on the EU level. The current institutional design is sufficient, what would be needed is a list of pragmatic issues where these countries could step up consistently.

- Policy activity could focus on market creation. Given the growth dynamics in the region and bilaterally, mutual trade and investment will gradually grow in the next couple of years. This continuous, but moderate development shall be facilitated and incentivized by policy measures in the respective fields, in transport, tourism, investment promotion. What is needed is not a broad political push, but a permanent policy attention and flexible support with relatively low amount of financial subsidy.

- In the gas policy sphere the two countries may facilitate the entry of non-Russian gas to the region in significant volumes. This may provide a good pretext to reconsider the current patterns of gas solidarity practices and mechanisms. Furthermore, the two countries may incentivize the North-South development process by regulatory and corporate enhancement of trade flows through the established network. Market construction would also give boost to the practical aspects of the Three Seas Initiative.

- Energy security has gradually become an electricity security problem currently. Future capacity adequacy and low-investments into the two power sectors have become a major challenge. Thus the two countries showed common positions regarding capacity mechanisms on the EU level, Poland has also started its capacity mechanism in 2018. Hungary has been considering similar acting, mothballs (makes offline but reactivation is possible) considerable generation volume. The two countries may coordinate similar activities on the EU, regional and even on the bilateral level.

- Given the capacity scarcity within these two countries, issues related to renewables, development of the transmission network, system balancing can be discussed and harmonized on the EU, regional or even on the bilateral level.

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Armed Forces gain solid battlefield experience in a conventional conflict. Additionally, military exercises, such as “Zapad-2017”, serve as a tool to verify the lessons learnt from both wars and eliminate existing gaps. The Russian Western and Southern Military Districts have become a top priority in the military modernisation program since at least 2012, which means that the units in both districts have received the most modern and technologically-advanced equipment. Finally, key element of the modernisation of both military districts is the creation of the highly sophisticated Anti-Access/Area Denial systems (A2/AD). They encompass the necessary air power, maritime capabilities (including offensive mining), offensive and defensive missile systems (including Iskander, Bastion, Kalibr and S-400), offensive electronic warfare and cyber capabilities. The militarisation of the Kaliningrad Oblast and Crimea led to the creation of the so-called A2/AD bubbles right on NATO borders. Their main goal is to limit NATO’s freedom of manoeuvring.

Capabilities development

Polish defence policy goals were presented in a comprehensive 2017 Defence Concept of the Republic of Poland. The main objective of the document was to set priorities in enhancing the Polish deterrence capabilities, on a basis of domestically established defence potential. Poland has taken seriously the modernization of its military equipment. In fact, already in 2013 the project called “Polish Fangs” was initiated. Since then Poland has constantly developed its strike capabilities. In 2013 Poland finalized the contract and the Norwegian Naval Strike Missiles (NSM) system became operational. It can serve both as an anti-ship and as a land-attack weapon. In 2014 Poland ordered from the United States 40 advanced Joint Air-to-Surface Standoff Missiles (JASSM) AGM-158A (range of 370 kilometers), along with a modernization package for the F-16 fighter jets. In December 2016 Poland concluded negotiations with the United States to acquire 70 AGM-158B JASSM-ER missiles which have a range of more than 900 kilometers. Therefore, Poland became the first country, besides the United States, which bought the extended range (ER) version of the JASSM missile. In fact, the combination of F-16 fighter jets and semi-stealthy missiles provide a new and important capability for the Polish deterrence strategy.

Introduction

The Polish-Hungarian defence cooperation has an untapped potential both bilaterally, but also within regional (Visegrad Group) and international (NATO, EU) structures. One of the main drivers of this cooperation so far were the initiatives undertaken within the Visegrad Group, especially the creation of the Visegrad EU battlegroup, as well as joint participation in military exercises. At the same time, the Hungarian military budget limitations (1.08% of GDP in 2018) have considerably hampered the deepening of the Polish-Hungarian defence ties. The new initiatives within the EU (e.g. Permanent Structured Cooperation, PESCO) or NATO (e.g. Cyber Defence Pledge and commitment to enhance resilience) as well as the potential ones in the regional context (e.g. exploring the possibilities of forming a permanent V4 modular force) offer additional possibilities to enhance defence ties between Warsaw and Budapest. The aim of this article is to present the main common Polish-Hungarian interests in NATO, the EU and V4 defence cooperation as well as to offer concrete recommendations for the future.

Current Polish defence policy priorities

The point of departure to understand the current Polish defence policy priorities is an analysis of the Euro-Atlantic security environment, which has become less stable and predictable as a result of Russia’s actions. Poland could not turn a blind eye on the growing security challenge posed by Russia. Since 2013 Russia has been directly engaged in two major conventional military conflicts in the vicinity of NATO. Both in the cases of Ukraine and Syria, Russian forces continue to test their military capabilities, chain of command, procedures and level of interoperability on the battlefield. Those military operations have helped the Russian Armed Forces gain solid battlefield experience in a conventional conflict. Additionally, military exercises, such as “Zapad-2017”, serve as a tool to verify the lessons learnt from both wars and eliminate existing gaps. The Russian Western and Southern Military Districts have become a top priority in the military modernisation program since at least 2012, which means that the units in both districts have received the most modern and technologically-advanced equipment. Finally, key element of the modernisation of both military districts is the creation of the highly sophisticated Anti-Access/Area Denial systems (A2/AD). They encompass the necessary air power, maritime capabilities (including offensive mining), offensive and defensive missile systems (including Iskander, Bastion, Kalibr and S-400), offensive electronic warfare and cyber capabilities. The militarisation of the Kaliningrad Oblast and Crimea led to the creation of the so-called A2/AD bubbles right on NATO borders. Their main goal is to limit NATO’s freedom of manoeuvring.

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In 2016 Poland decided to sign a contract to acquire additional 96 Krab 155 mm self-propelled howitzers from local manufacturer Huta Stalowa Wola (first 24 Krab were contracted earlier). Each of the planned five battalions of Krab will be equipped with 24 howitzers.

In 2018 and 2019 Poland continued its ambitious modernization programme. In March 2018 Warsaw signed an agreement concluding Phase I of purchase of the Patriot missile defense system. The deal was for the delivery in 2022 of two Patriot batteries. In fact, Warsaw is still negotiating with Washington to buy additional Patriots, a new 360-degree radar and a low-cost interceptor missile as part of Phase II.

Finally, in February 2019 Poland signed a deal to purchase the High Mobility Artillery Rocket System, or HIMARS. Poland’s first HIMARS division is to comprise 18 combat-ready launchers and two launchers intended for training activities.

The modernization programme is underpinned by a considerable Polish defence budget (2.0% of GDP in 2019). In 2017 Poland introduced a new law under which defence spending will rise to 2.1% of GDP in 2020 and will continue to grow until it reaches 2.5% of GDP in 2030. In fact, this commitment goes beyond the agreed NATO target of 2.0% of GDP on defence.

**Article 5 and the eastern flank**

Polish commitment to Article 5 and enhancement of NATO’s eastern flank is ironclad. The 2016 NATO Warsaw Summit decisions have considerably altered the situation on the ground. Currently, Poland hosts an enhanced forward presence US-led battlegroup. A new NATO Multinational Division Northeast HQ in Elbląg was created. Additionally, Poland does its share by contributing to both enhanced forward presence in Latvia (up to 200 soldiers and a company of PT-91 tanks) and tailored forward presence (tFP) in Romania (up to 250 soldiers). Currently, Poland is also analyzing the possibility to contribute to NATO Readiness Initiative, agreed at the 2018 NATO Brussels Summit.

**Southern challenges and crisis management operations**

Polish contribution to crisis management operations on the southern flank remains significant. In 2019, Polish forces were deployed to among others: NATO Resolute Support Mission in Afghanistan (up to 400 soldiers), Operation Inherent Resolve and NATO Mission in Iraq (up to 350 soldiers) and EUFOR Sophia in the Mediterranean (up to 120 soldiers).

Moreover, Poland has taken a decision to return to the UN peacekeeping operations after its withdrawal in 2009. In 2019 Polish troops will be deployed to the United Nations Interim Force in Lebanon (UNIFIL) where they served from 1992 to 2009.

Apart from its operational engagement, Poland also delivered on the capacity building activities in the Sahel region. In fact, in 2018 Warsaw decided to donate over 900.000 pieces of ammunition to the Chadian Armed Forces.

**Current Hungarian defence policy priorities**

After years of underinvestment both in terms of political attention as well as financial resources, national defence has been given an increased attention in Hungary. Within this context, the Hungarian defence budget, which will be at 1.17% of GDP for 2019, is set to reach the 2% target by 2024 with a gradual annual increase. This development adjusts to the general trend in the region driven by the negative security developments in and around Europe. However, it is important to identify those unique factors and priorities which currently determines the main directions of Hungarian defence policy. Although, Hungary does not identify any other country as an imminent threat to its security, it recognizes the risks of the current security environment, and seeks to prepare for any potential future challenges. The increased security challenges emanating from the South – failed states, terrorism, illegal migration, securing borders – play an important factor in the increased attention to defence policy.

From the perspective of the present Hungarian political leadership, which puts a great emphasis on national sovereignty, the mere fact that defence policy has become an important tool in the pursuit of national interest within the NATO and the EU framework. Within this context, an active and meaningful contribution to NATO’s enhanced forward presence (eFP) and to crisis management operations and participation in the EU’s PESCO projects is seen as an important instrument in enhancing Hungary’s position within NATO and the EU. Furthermore, enhancing Hungary’s own defence capabilities is an essential
element in taking greater responsibility for its own defence and decreasing the reliance on NATO, and the United States specifically.

This does not mean that Hungary is drifting away from the Alliance or from the United States in terms of its defence, it rather reflects the uncertainties regarding the long-term future of the Alliance and the perceived different level of the urgency of threats. As the Prime Minister recently described: “I’m one of those, who consider NATO to be important, but I don’t believe that Hungary’s military security could be based on NATO. We have to be able to avert attacks from our own strength.” The above-mentioned statement well reflects the basic direction and priorities of Hungarian defence policy with regards to the core NATO and CSDP commitments: contributing to NATO’s activities on the eastern flank, active participation in crisis management missions and improving defence capabilities. Hungary is active in all three of these strategic areas, and the Hungarian efforts are seen as complementing each other. However, since last year, with the announcement of multiple major procurement projects for the next several years – the Zrínyi 2026 program – improving the capabilities of the Hungarian Defence Forces (HDF) seem to become the primary focus of Hungarian defence policy.

### Article 5 and the eastern flank

Considering Article 5 tasks of the alliance with regards to the eastern flank, Hungary actively supports and contributes to the implementation of the decisions of the Wales and Warsaw Summits. When it comes to European defence matters, Hungary can neither be considered today a strong “Atlanticist” nor a staunch “Europeanist”. There are differing perceptions between the Hungarian and Polish leadership about Russia, NATO strategy and the US role in Central and Eastern Europe. However, this has not prevented the two allies in cooperating in many practical areas, including in defence. Some of the most important Hungarian contributions to Alliance efforts in this respect include:

- Battalion under Polish command in the Multinational Corps Northeast;
- Infantry company in the Baltic States in cooperation with other V4 states in multiple deployments (within the NATO assurance measures framework);

On the other hand, Hungary refuses to take a leadership in any of the major Article 5 efforts, and it has been noticeably more reserved than Poland or Romania in its cooperation with the US with regards to US military activity in Hungary. Although it seems that a long awaited Defence Cooperation Agreement between the US and Hungary has finally been concluded, the US military presence will likely remain much less significant than in many other NATO countries in the region.

### Capabilities development

The new capabilities – including Airbus light multirole and transport helicopters, Leopard tanks, self-propelled howitzers – will naturally allow Hungary to make more robust contributions to NATO and CSDP activities, from crisis management missions to stand-by forces. On the other hand, it is noticeable, all the major development projects are executed in a purely national framework, though Hungary is not exceptional in this respect if we observe the practice of other NATO and EU members. What is to be noticed, is Hungary’s relatively small-scale participation in the PESCO projects and other permanent multinational force formations. Hence, while Hungary supports politically the recent European initiatives on defence and its own capability development programs puts substance behind this objective, the multinational cooperation component is weak. With regards to defence capability development, the most significant areas in Hungarian-Polish cooperation included the EU Visegrad battlegroup, mid-term training and exercise plan and cyber defence cooperation.
Southern challenges and crisis management operations

Hungary continues to make a significant contribution relative to its size to international peace support operations, primarily within NATO. The focus area of Hungarian efforts remains the Western Balkans, but it also has considerable number of troops deployed in Iraq and Afghanistan. These military efforts adjust to the increased awareness and attention in Hungary to the southern security challenges, including terrorism and illegal migration.

One of the special aspects of these challenges is that since 2015, they directly affect Hungary, primarily its border security. The strengthening of security along its southern border put a significant additional burden on the HDF until 2018. Although historically the defence of the national border was an Article 5 mission, with respect to the nature of the current challenges – smuggling, mass illegal border crossings, transnational terrorist networks – many of the tasks HDF has to deliver require skills and capabilities acquired in low-intensity crisis management operations. The contribution of Visegrad countries to Hungary's border security was important politically and it enhanced practical security cooperation.

Common Polish-Hungarian interests in NATO/EU/V4 defence cooperation

The strengthening of the Polish-Hungarian defence cooperation should start with defining common interests to jointly pursue in NATO, the EU and the Visegrad Group. In the current and foreseeable security environment, the common goals should embrace five strategic pillars:

1) Strengthening of transatlantic ties;
2) Development of capabilities;
3) Increasing the scope and number of military exercises;
4) Preparing for the conflicts of the future;
5) Projecting stability in the Western Balkans and Eastern Europe.

The current rifts in transatlantic relations pose a serious challenge to the security of Central Europe. A coherent message from both Warsaw and Budapest on the necessity to enhance transatlantic ties, including in the military sphere, should be perceived as an important element of bilateral cooperation. More broadly, the state of transatlantic relations will also depend on maintaining close cooperation with the UK after Brexit. Poland and Hungary need to use the Visegrad Group and the Bucharest 9 format strategic communication tools to reinforce this message. In practical terms, the Polish-Hungarian interest lies in a more robust US military presence in the region. To achieve this goal both countries should continue to increase their defence budgets and contribute to burden sharing (i.e. Poland by reaching 2.5% of GDP on defence by 2030; Hungary by reaching 2% of GDP on defence by 2024). Both countries should seek to further develop the already existing NATO structures based on their territories.

Polish-Hungarian defence cooperation as well as European defence efforts needs to be a capabilities-driven process. This should be especially clear while engaging in the new EU initiatives, especially PESCO. Poland and Hungary need to underline that there is a growing necessity to rapidly bridge the existing gaps and shortfalls in military capabilities, including the heaviest ones. Since Hungary is also conducting major arms purchases in the years ahead, cooperation in maintenance and training on similar weapon platforms is worth to be explored. At the same time, the objective should be clear: any initiative within the EU cannot duplicate the already existing and well-established processes in NATO (e.g. NATO Defence Planning Process). Furthermore, defence policy and the related capability development initiatives within CSDP should remain to be led on an intergovernmental basis.

Military exercises have been an important glue of the Polish-Hungarian defence cooperation. Such multinational large-scale exercises as Polish-led “Anakonda” or “Dragon” should serve as a platform to engage Polish and Hungarian forces and increase their interoperability. The scope and intensity of the scenarios should be further enhanced. A special focus could be devoted to Special Operations Forces exercises.

Since the Russian aggression against Ukraine in 2014, hybrid warfare has become a new normal in defence policy. Based on the Russian operations, hybrid warfare can be described as a centrally designed, coordinated, and controlled use of various covert and overt tactics, enacted by military and non-military means, ranging from the use of conventional forces, through economic pressure to intelligence and cyber operations. Massive disinformation campaigns designed to control the narrative are an important element of a long-term hybrid
campaign. All this is brought to bear with the objective of achieving political influence, even dominance over a country in support of an overall strategy. Both Poland and Hungary should work together to prepare for the hybrid conflicts of the future, including in cyber sphere.

Recommendations

- The Visegrad Group will remain a driving force of Polish-Hungarian defence cooperation. In that respect, both countries should push for a robust V4 training and exercises strategy. The NATO exercises concept should serve as a linchpin between regional efforts and a broader policy of the Alliance.

- The EU Visegrad battlegroup, especially after its stand-by period in the second half of 2019, can become a practical vehicle for a more robust and visible Polish-Hungarian defence cooperation. Both countries should engage in a conceptual work on a new V4 project linked to the EU Visegrad battlegroup experience—‘Visegrad modular force’. In short, it would have as an objective to build a common force package in size of a brigade under the V4 flag. The modular force might be based on existing units at battalion and/or brigade level. This set of forces should be available for NATO and the EU, but also as common V4 contribution for future operations. The establishment of a permanent V4 modular force should be seen as a multi-year and complex capability-building project as well as a regional solution to meet the commitments.

- In the European Union context, the Polish-Hungarian cooperation should seek to enhance capability-building processes, including within PESCO. In this regard, projects linked to military mobility, indirect fire support, cyber threats and incident response information sharing platform as well as cyber rapid response teams seem to be the most pertinent. Additional projects in the future could include development of C2 operational capabilities, development of airborne units, and advancement of C2 for logistics. All three have a potential to be relevant in the Visegrad Group capabilities development processes. Furthermore, potential new cooperation areas with respect to the maintenance, training on similar weapons platforms—e.g. Leopard tanks—with respect to major capability development projects deserve to be explored.

- In NATO, Hungary should seek to engage more considerably in the process of eastern flank enhancement. This could include a decision to deploy even a small contingent to one of the NATO enhanced forward presence (eFP) battlegroups. This is especially vital as Poland, the Czech Republic and Slovakia already contribute to different eFP battlegroups. Moreover, both countries should seek to implement more rapidly the Cyber Defence Pledge and the commitment to enhance resilience agreed at the 2016 NATO Warsaw Summit.

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THE BERLIN-WARSAW-BUDAPEST TRIANGLE

Dr. Edit Inotai
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Introduction

The last four years brought fundamental changes in the relations of the Polish and Hungarian government vis-a-vis Germany. The transformations were fueled by both domestic factors (elections in Poland and a more assertive foreign policy line emerging inside Fidesz in Hungary) and external developments (different approaches to the 2015 refugee crisis, Germany’s role in handling the crisis and the emergence of the V4 as a regional player). Although criticism of democratic deficiencies, rule of law, pressure on the media and the judiciary are voiced primarily by European institutions, there is a common understanding that Berlin is a silent but powerful actor in the background, which is casting a shadow on bilateral relations with both countries. But as parliamentary and presidential elections (2019 and 2020) are coming up in Poland and a gradual transition has already started in Germany with the election of Annegret-Kramp Karrenbauer as CDU-Chairwoman, a slow warming-up and a more pragmatic approach may be on the horizon.

Hungary and Germany: a double-faced relationship

Since 2015, German-Hungarian relations have undergone some fundamental changes. The previously often praised strategic partnership with Germany – also as a point of reference in foreign and European policy - has been gradually downgraded to a level in which almost exclusively economic ties are emphasized. The alienation from Germany and especially from Chancellor Merkel’s political line is remarkable in the sense, that since the democratic transition in 1989, Hungary has always been a traditional ally for Berlin. The bilateral relationship capitalized on the common history of pulling down the Iron Curtain, but even more on the relative lack of historical grievances, in contrast to the other CEE countries, especially Poland. It is yet to see whether the current political estrangement of the last years is a lasting trend or just a chapter in Hungarian foreign policy.
In the official discourse, it is often emphasized that bilateral relations are excellent, but then added that “especially in the sphere of the economic relations”⁴⁴. This is a double-faced relationship: in the economy, Hungary – as the other V4 countries – is hugely dependent on Germany in both trade and in investment terms. One third of Hungary’s foreign trade is handled with Germany, and German investment is primordial for the country’s future, accounting for 26% of all FDI. Hungary’s economic dependence is especially strong in the automobile sector, employing over 170,000 people, creating 10% of the GDP and a quarter of the overall export⁴⁵. The Hungarian government is courting German companies with strategic partnerships, tax subsidies and non-returnable financial benefits. Although Hungary is listed only 14/15th in German trade statistics, Hungarian politicians like to emphasize that the aggregate trade between Germany and the V4 countries already exceeds both German commerce with France and Italy, suggesting that the region can offer itself as a potential alternative to France inside the European Union. Without doubt, economic relations between Germany and Hungary are a success for both parties and momentarily a win-win situation. A massive wave of defence procurements in 2018 (Airbus helicopters, Leopard 2A7, self-propelled artillery) from Germany indicated that Hungary is ready to pay the price for more German dependence and position itself as a country which takes defence seriously. As political decisions are often being influenced by economic factors, the Hungarian government believes that fruitful business relations can help buy the goodwill of a government.

Nevertheless, political relations with the current German government are currently close to freezing point. High-level visits by German politicians to Budapest have become surprisingly rare, with cabinet members entirely avoiding Hungary in 2018⁴⁶. The German-Hungarian Forum, established in 1992, has been degraded to a youth forum, as politicians from both sides have become reluctant to meet and discuss sensitive topics. Instead of Berlin, Fidesz was looking for – and finding – allies in German regional politics, especially in Bavaria, fueling the internal feud of the CDU/CSU. There is an unconcealed hope in Budapest that relations can be smoother once (if) Mrs Annegret Kramp-Karrenbauer, the new Chairwoman of the CDU takes over the Chancellery. In the meantime, a careful balancing act is performed by Fidesz inside the European People’s Party, in order to secure protection from political attacks on the European level.

This protective umbrella – thanks to members of Angela Merkel’s CDU and the sisterparty, CSU – has proved to be effective so far, and a threat of expelling Fidesz from the EPP has not materialized.

1. There are several interpretations of where and how German-Hungarian bilateral political ties have suffered the main bruises. The turning point is clearly the 2015 refugee crisis. Since 2015, Willkommenskultur has become a political swearword for Fidesz and the root of all evil in Europe, regardless of the swift changes of German refugee and migration policy ever since. But there are further two, underlining processes which may have also contributed to the split between Berlin and Budapest: facing the unprecedented financial and economic crisis of the EU in the beginning of her mandate, Chancellor Merkel and the German government concentrated mainly on the Southern and the Western flank of the continent. Helmut Kohl’s warning that Germany should be an advocate of the small and mid-sized countries in Europe was no longer an integral part of German policymaking, and a feeling of neglect was detected in the region. It seemed to be taken for granted by Berlin that the CEE countries would remain – due to their economic dependence – Germany’s partners forever and that once members of the European Union, our core interests will naturally coincide.

2. Parallel to this, capitalizing on the successes of the Hungarian economy, partially due to massive EU transfers, but also to a solid fiscal policy, and on its aggressive stance in the migration debate, the Orbán-led government has gradually emancipated and established itself as an influential voice in CEE and to a certain extent, in the European Union. The positions of Berlin and Budapest collided not only on migration, but on some fundamentals of the EU, like liberal democracy, rule of law, multiculturality, human rights, media freedom, and ultimately, the future of the EU, which made the political discourse highly difficult. The main criticism was however echoed by the European Commission and the European Parliament, while Fidesz enjoyed the protective umbrella of the EPP and some German politicians. The sour relationship with Berlin was compensated by the support of the CDU/CSU on European level.
Poland and Germany: From close collaboration to growing distance

Polish-German relations have changed perceptibly after the presidential and parliamentary elections of 2015 and the formation of the PiS government (Law and Justice), as they shifted from close collaboration in foreign affairs to a number of conflicts, both bilaterally and in EU relations. Controversies include the German criticism of the rule of law violations in Poland, policy vis-à-vis Ukraine, the migration and refugee relocation quotas and energy security.

The rule of law controversy is the most recent and most serious cause of contention between current Polish government and the EU. Formally, it is the European Commission which is active in this field and which started a formal investigation into the rule of law in Poland in January 2016 and later launched the Art. 7 procedure. Although Germany has remained ostensibly silent publicly on this issue, backroom talks in Berlin and Brussels suggest that Germany is among those countries that are planning to link the rule of law standards to payments from structural funds. Should this be difficult, Berlin and Paris might plan to remove a bulk of the EU budget to a new Eurozone budget, thus punishing Poland and Hungary indirectly.

The 2015 refugee and migrant crisis has become the second most controversial bone of the Warsaw-Berlin relationship. Poland initially accepted a small quota of 7,000 refugees, but following the government change in 2015, Warsaw not only rejected its participation in the relocation scheme, but became an adamant critic of it by consistently blaming Berlin for its “open arms” policy that propelled the crisis.

A major conflicting issue with Germany has always been energy, lately the Nordstream pipeline. While Poland keeps arguing that the project runs completely against the European energy solidarity by enhancing dependence on Russian gas and by allowing the hitherto transit countries such as Poland, Ukraine, and Slovakia to be blackmailed by Russia, Germany’s subsequent governments have been intransigent in defining the project as commercial. In February 2019, Berlin managed to break the resistance within the EU against the Nordstream 2 pipeline, despite Polish protests. Furthermore, since Poland possesses Europe’s largest coal reserves, generating roughly 90% of its electricity, Warsaw has lobbied for the rehabilitation of coal as a way to improve energy security, while Germany has been at pains to reduce its coal mining. Coal is one of the most polluting energy sources, which counters the very idea of turning the EU into a green energy vanguard, supported vigorously by Berlin.

As far as external relations are concerned, one of Warsaw’s priorities has been the Eastern Policy of the EU. While Poland explicitly welcomed the future EU membership perspective of the EaP countries, France and Germany questioned it and blocked any substantive reference to EU membership in the EaP documents. Still, in 2013 and 2014, Poland and Germany played an active role in shaping the EU’s policy towards the Ukrainian crisis and then the Russia-Ukraine war. In February 2014, shortly after the civil unrest and violent clashes broke out in Kyiv, the Polish, German, and French ministers of foreign affairs traveled to Kyiv to work on a deal between the opposition and the government. Berlin and Warsaw also closed ranks on a coherent strategy to help Ukraine and contain Russia, while Berlin was active in “arm twisting” vis-à-vis the government in Budapest to sign off the sanctions’ regime against Russia. This has changed since 2015, as the current Polish government has criticized the ineffectiveness of the Minsk agreements between Germany, France, Russia and Ukraine and defined Germany as a ‘swing state’.

The uncertainties of the future Berlin-Warsaw-Budapest triangle

2019-2020 will create new opportunities for the Berlin-Budapest-Warsaw triangle. With the UK leaving the EU, a new balance of power has to be created. In this new equation, the V4, as a region which is safeguarding financial discipline and solid macroeconomic fundamentals, can offer itself as a new partner for Germany, counterbalancing France and the South European countries. As a consequence of Brexit, the EU’s center will shift towards Central Europe and its transatlantic orientation may weaken. The Atlantic “leg” is further undermined by the uncertainties caused by the Trump administration’s European policies, both in economics and in defence.

An area for future cooperation could be defence and security. V4 plus Germany could become more involved in the Common Security and Defence Policy (CSDP) of the EU. A new venue for collaboration could be the European Defence Agency, which coordinates military capabilities of the member states.
The economic ties between Germany and Poland/Hungary will strengthen, but so will concerns about the wage gaps. It is in the eminent interest of both Hungary and Poland, to shift the focus from purely manufacturing industries towards more high-tech and future-oriented sectors, which could keep the next generation of workers at home. This challenge might be mastered with a skillful cooperation with Germany.

The picture is less rosy when it comes to the future of Europe: if PiS succeeds in the upcoming elections in Poland, the tensions with Germany will prevail. Regardless of the political developments in the next years in Germany, it is highly likely that a pro-European government, favorable towards more European integration will govern in Berlin. Be it a CDU-Green, a red-red-green (SPD-Linke-Green) or Jamaica (CDU-FDP-Green) coalition, the achievements of the European integration - including European values such as democracy and rule of law -, will be defended. Migration, however, can fall out of the controversial topics, as the CDU is slowly distancing itself from Merkel’s 2015 decision and the relocation quota issue is not on the table any more. It is up to the governments in Hungary and Poland to decide whether to bury the hatchet or keep the issue somewhat artificially on the agenda, to rally their electorate at home. Gestures are needed from both sides to repair the relationship, but there might be a strong interest in both capitals to keep a common enemy beyond the borders.

The situation can be radically different if there is a change of government in Poland. In this case, Hungary can lose its strongest ally (also with regard to Art. 7) and be forced to look out for alternatives. This scenario will evidently weaken the government’s position in Europe and can lead either to more gestures to moderate governments or an outright move towards the radical Eurosceptics. Berlin’s position will be vital in showing what are the fundamental values and how they can be accommodated with German/European interests.

It seems that the governments in Budapest and Warsaw have a growing interest in boosting the pragmatic side of the collaboration with Berlin. Both countries depend heavily on trade and capital from Germany. The attempts to substitute the German capital with the Chinese investments failed. One of the most effective tools of collaboration within the EU has always been the so-called “package deals”, based on linkages in sometimes quite distant policy fields. In this view, agreements in trade or regarding the multiannual financial framework could be achieved through side payments and concessions in other areas. Provided, all countries are ready to make concessions and refrain from blocking common decisions. The current government in Warsaw is afraid of any economic downturn (even a slight one), as this could seriously challenge its legitimacy and hence influence the upcoming elections. Package deals could prove an effective tool for further cooperation but also a way to induce some institutional change in Poland and Hungary.

Recommendations

- Both Hungary and Poland are interested in building a pragmatic relationship with Germany. A shift to high-tech and cutting-edge technology, digitalization and the development of future-oriented industries is the key to success for the whole CEE region.
- Hungary and Poland, as two non-eurozone member countries share the interest of blocking a separate Eurozone budget, proposed by French President Emmanuel Macron, since it would reduce the funds available in the MFF. Here, German business lobbies could become key allies, as major beneficiaries of EU funds in the CEE region.
- With frictions in German-US relationship, security is becoming a key concern of the German political elites. Any Polish and Hungarian contribution to strengthening the European defence architecture will be welcomed by Berlin.
- Major improvement of the bilateral political relationships is not to be expected before the end of 2019. The EP elections and the three East-German regional elections will indicate the (in)stability of the German government and the Polish parliamentary and presidential elections can also be a game changer.
- The EPP – and the German CDU/CSU - will continue to play a decisive role in the European Union. Fidesz can benefit from the support of second-line German politicians. An approximation of PiS to the EPP could soften the political attacks against Warsaw from the German side. Fidesz could play a key role in bridging this gap.
- The V4 can remain influential if further allies are brought on board. In order to be attractive, member countries – and especially Hungary and Poland – will need to show some gestures.
Undermining European common positions and blocking treaties can backfire at the most unexpected form. No country can achieve its goals alone in Europe, and the support of Germany in most cases is a key to success.

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32 The Article 7 procedure has been launched against Poland by the European Commission. The same procedure was initiated against Hungary by the European Parliament. There have been a number of hearings in the EP for both Poland and Hungary on media independence, rule of law and fundamental rights.

33 The February 7th V4-Germany Summit in Bratislava indicated that Germany is ready to make gestures and recognize the relevance of the V4 in the EU, even though the personal relationship between Chancellor Merkel and PM Orbán is still frosty.

34 Presenting an opinion survey about bilateral relations, even the Representative of the CDU’s Konrad Adenauer Stiftung, Mr Frank Spengler acknowledged, that primarily business relations are good.


36 PM Viktor Orbán visited Berlin in 2018, but no German Federal Ministers came to Hungary in 2018.

37 The procedure related initially to the changes in the law stipulating the functioning of the Polish Constitutional Tribunal, which had been made by the PiS government in December 2015 and afterwards. Meanwhile, the European Commission has widened its critique to include the newer laws aiming at the changes of the functioning of the Supreme Court and ordinary courts in Poland.

LONELY ALLIES: COMPARISON OF POLISH AND HUNGARIAN PERSPECTIVES ON THE POSSIBILITIES OF COOPERATION WITH RUSSIA

Dr. András Rácz
Dr. Antoni Wierzejski

Introduction

Relations with Russia constitute a key dividing factor between Poland and Hungary, concerning both bilateral contacts as well as the approach towards the EU’s policy. Hence, it is of crucial importance to map out, whether there are still any common grounds in this regard, on which ties of Warsaw and Budapest could be strengthened.

Russia: an increasingly divisive factor in Hungary

The Hungarian elite is deeply divided, and the society is increasingly polarized, when it comes to relations with Russia.

Defense policy: NATO prevails to be the dominant factor

Hungary’s security and defense have been defined by the country’s membership in the North Atlantic Treaty Organization for two decades, since 1999. Both the National Security Strategy and the National Military Strategy firmly state that Hungary’s security is based on two pillars, Article 5 of NATO on collective defense, as well as on national capabilities. The new National Security Strategy, currently under elaboration, is reportedly not going to alter this core orientation, even though recently Prime Minister Viktor Orbán has mentioned Austria’s neutrality as a possible alternative for Hungary. It is safe to assume that there is a certain struggle going on inside the Hungarian top political and security administration over this issue.
Nevertheless, Hungary has recently taken important steps towards strengthening its own national defense capabilities, including both policy actions and procurements. The first, among other, is composed of the introduction of basic military skills into secondary school education as an optional subject and of re-establishing Hungary’s own infantry weapons and ammunition production capabilities. When it comes to procurements, Hungary has recently announced arms purchases that include tanks, helicopters, military aircrafts and many other equipment. This is the most comprehensive military modernization program Hungary has had in decades. Besides, Hungary is hosting the NATO Heavy Airlift Wing as well as a NATO Force Integration Unit. Budapest will most likely sign the Defence Cooperation Agreement (DCA) with the United States, opening the gate for a lot closer cooperation between the U.S. and the Hungarian military.

From Russia’s perspective, all these measures indicate that Hungary is firmly integrated into NATO, and the defense policy of the country dominated by close cooperation both with NATO and the United States is not going to change. Moreover, Hungary’s National Military Intelligence Service has been quite active in isolating and pushing out Russian intelligence operatives from the country. However, the political leadership decided not to give any publicity to these issues; even the Skripal-case was handled in a way to minimize the irritation of Moscow and thus to safeguard close Hungarian-Russian diplomatic ties, which is another sign of intra-elite struggles.

Foreign and economic policy: gradual turn towards Russia

Hungarian diplomacy and foreign policy administration have taken a series of steps since January 2014 that are increasingly easy to interpret as pro-Russian ones. In January 2014 the government signed a treaty with Rosatom on the extension of the Paks nuclear power plant and about taking a massive, ten billion EUR (!) credit line from Russia.

Following Orbán’s re-election in spring 2014, a landslide re-structuring took place in the Ministry of Foreign Affairs, extending the ministry’s portfolio to facilitate foreign trade. Most Transatlantic-minded high-ranking diplomats have left the MFA. The trend culminated with the appointment of Péter Szijjártó to be the new Minister of Foreign Affairs and Trade in autumn 2014. In addition to all these, in his July 2014 speech in Báile Tuşnad (Tusnádfürdő), Orbán openly praised Russia both as an economic and political model.

Budapest has been highly critical to the EU sanctions against Moscow introduced over the aggression against Ukraine, condemning them as harmful to Hungary’s agricultural exports, though continuously voting for the extensions of them. When the crisis in Ukraine broke out, Orbán made a number of controversial statements about Ukraine. Since the end of 2017, Hungary has been blocking the high-level contacts of Ukraine both with NATO and the EU. According to the official narrative, this is a form of pressing Ukraine to alter its controversial education law. The blocking is in a sharp contrast with the approach chosen by Poland, Slovakia, Romania and Bulgaria, whose minorities are also affected by the same law.

Recently, Hungarian diplomacy helped former Macedonian Prime Minister Nikola Gruevski flee from Macedonia, thus escape a prison sentence over corruption charges. It is hard to comprehend, how would supporting the most prominent anti-NATO and anti-EU politician of Macedonia serve Hungary’s strategic interests in the region, while hampering Skopje’s Euro-Atlantic integration has been unquestionably favorable for Moscow.

The latest step of the Hungarian top leadership taken in the direction of favoring Russia was the decision of the Hungarian Parliament on 5th March 2019, about the Moscow-based International Investment Bank (IIB) moving its headquarters to Budapest. Besides the generally questionable financial reasons, the bank would be exempted of any and all legal procedures carried out by the Hungarian administration or the judiciary.

No state-level measures taken against Russian information warfare

In line with the same logic, Hungary has not taken any public, state-level measures to counter Russia’s information and influence operations. It is a telling sign that so far, the only Hungarian-language guidebooks on how to counter Russian disinformation were prepared by two non-governmental think tanks, Centre for Euro-Atlantic Integration and Democracy (CEID) and by Political Capital, without any government support. Actually, the government has taken no publicly visible measures to counter the threat. Instead, there are such expert opinions according to which in Hungary actually the government-related media is the main source of disinformation and the main inflow channel of Russian narratives.

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Public attitudes: increasingly pro-Western, but growing polarization

When it comes to public attitudes, in terms of geopolitical orientation, according to the 2018 data of the GLOBSEC Trends, strong relative majority (45%) of the Hungarian population thinks that Hungary belongs to the West, while slightly more people (47%) would situate Hungary between the East and West. Meanwhile, support for an Eastern orientation is very low, only 3%.

This applies particularly to the young generation, aged between 18 and 24 years, among whom pro-Western orientation in 2018 enjoyed a support higher than two-thirds majority (69%).

However, in-depth research reveals that there are deep divisions in the Hungarian society about Russia, depending on domestic political party preference. Voters of the ruling party Fidesz are lot less critical to Russia than supporters of opposition parties; moreover, recently among Fidesz voters' pro-Russian attitudes started to have relative majority, which is indeed an unprecedented development in the last three decades since 1989.

All in all, the main strategic question regarding the relations to Russia in Hungary is how long would it be possible for the Hungarian government to continue its increasingly EU-critical and pro-Russian foreign policy, which goes sharply against the preferences of the increasingly West-oriented Hungarian society, as well as against the defense sector's Transatlantic orientation and decades-long NATO socialization.

The role of the EU in the Polish - Russian relations

Until 2015, the year when Law and Justice party (PiS) won the elections, Poland’s leverage towards Russia has been its active membership in the EU and the ability to influence the European Union’s foreign policy towards Moscow. The Eastern Partnership (EaP) initiated in 2008, mainly by Poland and Sweden, was the most important example of the effectiveness of this strategy. This strategy was repeated by the Minister of Foreign Affairs Jacek Czaputowicz in the speech on Polish foreign policy tasks in 2018, when he said that Poland’s international standing stems from its strong position in Europe.

Poland’s position in the European Union has been weakened due to the disciplinary measures within the European Union, including the Article 7. procedure. The strategy of promoting democratic transformation in Eastern Europe collapsed, mainly due to credibility problems.

This has happened despite Poland realized as early as in 2006 (during the first PiS coalition government) that it is possible to use its EU membership in dealing with Russia bilaterally. Poland vetoed EU-Russia political agreement after Moscow refused to allow the import of Polish meat and other food products. The subsequent rapprochement in Polish - Russian relations was implemented in parallel of the US-Russia reset, but was stopped following the Smolensk plane crash on April 10, 2010 which killed President Lech Kaczyński, his wife, and many senior government and military officials. The accusations of the Russian involvement in this tragedy from the Law and Justice party, as well as the eavesdropping scandal which affected top Civic Platform politicians, have brought PiS to power. It should be mentioned that the whole eavesdropping affair was organized by a businessman, Marek Falenta, who owed millions to a Russian coal firm.

The new Smolensk Subcommittee has concluded that the left wing of the Tu-154M aircraft was destroyed as a result of internal explosion. This sowed further distrust between Poland and Russia. Meanwhile, the Kremlin exploits the topic by not returning the wreckage to Poland, claiming that the investigation is still ongoing. As a result, the issue of plane wreckage still plays an important role in bilateral relations and is one of Russia’s tools to influence internal politics in Poland.

Primacy of domestic politics over foreign policy

Foreign policy of the Law and Justice government is guided by the primacy of internal politics over foreign policy. That also means that the official rhetoric is not followed by actions. For example, the Polish Foreign Policy Strategy 2017-21 states that

“any long-term deterioration in the international status of both the EU and NATO would harm Poland’s vital interests.
All efforts must today be undertaken to strengthen these bodies and to ensure their internal consolidation”

and the official Eastern policy: “Our response is consistent support for a coherent EU and transatlantic policy towards Russia.” However, the above-mentioned rule of law procedure against Poland in the EU, as well as efforts to obtain the permanent US forces presence in Poland...
bilaterally, instead of consulting NATO member states, are just two examples of how strategic documents are not fulfilled by deeds. Even though Warsaw may be turning away from the European Union, this does not mean any rapprochement with Moscow, unlike in Hungary. The proximity of Russia, as well as traumatic historical experiences of Poland are important factors here. The different attitude includes the question of economic sanctions against Russia for its illegal annexation of Crimea and intervening in Eastern Ukraine. While Poland is in the hawks’ camp, Orbán’s Hungary denounces sanctions.

**Lack of information warfare countermeasures**

As Hungary, Poland has not taken any public, state-level measures to counter Russia’s information and influence operations. While there is some activity against information warfare of Russia by individual Law and Justice party politicians in the European Parliament, at the same time the Polish public media has been transformed into the government’s “propaganda mouthpiece” and use similar manipulation techniques as Russia Today does. As former ambassador of Poland to Russia Katarzyna Pelczyńska-Nałęcz rightly points out, there is a striking lack of action when it comes to constant interference of pro-Kremlin propaganda and disinformation in the informational space of Poland.

Despite the announcement in 2017 of Prime Minister Beata Szydło that a new department of cybersecurity will be set up in her office, this promise has not been fulfilled by her successor, Mateusz Morawiecki. Instead, it is particularly striking to observe the recent nomination of Adam Andruszkiewicz, an anti-EU, pro-Russian and pro-Belarussian politician to become a Secretary of State in the Ministry of Digitalization, one of the most crucial institution dealing with cybersecurity.

Besides, due to lack of funds, only a handful of Polish NGOs are conducting research about pro-Kremlin disinformation and propaganda, and the full picture of this threat is still unknown to the public. Without more involvement of the state in terms of facilitating research, exchange of information or supporting the EU's response, it will be hard to build resilience to propaganda and disinformation.

**Towards energy diversification**

Unlike Hungary, Poland has a real option to diversify its energy suppliers. Warsaw is preparing for a major shift in its energy imports after 2022, when Poland’s contract with Russia’s Gazprom will expire. Poland plans to replace Russian gas with pipeline supplies from Norway (Baltic Pipe) and with LNG shipments.

While Law and Justice party (PiS) takes steps to reduce reliance on Russian gas, coal imports in 2018 rose significantly (Poland generates most of its electricity from coal). Dziennik Gazeta Prawna (daily) reported that this import included deliveries from the occupied Donbass, which is politically problematic in the face of Poland’s firm attitude towards Kremlin’s aggression in Ukraine. However, as anthracite is bought by private companies, the statement that Poland imports coal from the separatists is unfair.

**Cooperation channels frozen**

After Russian aggression in Ukraine, Poland limited its political contacts with Moscow, but kept open different channels of dialogue and technical cooperation. Today, relations between Poland and Russia are in fact frozen and the Kremlin does not seem to intend unblocking them. Since 2013 there has not been any meeting of the Polish-Russian Group for Difficult Matters, established back in 2002. Despite the fact that in 2017 the Minister of Foreign Affairs Witold Waszczykowski renewed the delegation to the group, Russians refused to meet. Additionally, in May 2018 the head of the Polish Institute of International Affairs was refused entry to Russia, and the same happened to the deputy director of The Centre for Polish-Russian Dialogue and Understanding.

The agreement on local border traffic, signed in 2011, also fell victim to the tensions. Despite the overall good assessment of the visa-free local border traffic by local population in both countries (new business opportunities, cultural, scientific and interpersonal contacts), Poland suspended it on 4 July 2016 due to concerns about security ahead of the NATO summit in Warsaw.

**Recommendations**

- NATO membership and NATO-dominated defense policies are still uniting Poland and Hungary in relations to Russia, despite the increasingly pro-Russian foreign policy of the Hungarian government which is separating Warsaw and Budapest. Consequently, paying more attention and providing
higher visibility to the similarities of the two defense policies is an important way of strengthening the coherence between Hungary and Poland. This will be particularly relevant, if Hungary signs the Defence Cooperation Agreement with the United States, and if Poland hosts more US forces on its soil, which will open the way for a lot closer defense cooperation than before.

- Jointly countering the threat posed by Russia’s subversive operations is another field of possible cooperation. The most recent case, when Polish radical nationalists, hired and motivated by Russia attacked the Hungarian minority in Zakarpattia may serve as a tool for raising public awareness to the issue.

- At present, one of the strongest uniting factors between Poland and Hungary is the pro-Western orientation of the two societies. In order to preserve and strengthen relations between the two countries, focus should be on the societies, instead of the concentrating on government policies.

- Both Poland and Hungary should do more to tackle pro-Kremlin disinformation and propaganda both domestically and via contributing to relevant international projects, because Russian information pressure weakens also the NATO.

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