PISM | POLSKI INSTYTUT SPRAW MIĘDZYNARODOWYCH
THE POLISH INSTITUTE OF INTERNATIONAL AFFAIRS

BULLETIN

No. 31 (971), 29 March 2017 © PISM

Editors: Sławomir Dębski • Bartosz Wiśniewski • Rafał Tarnogórski

Karolina Borońska-Hryniewiecka • Anna Maria Dyner • Aleksandra Gawilkowska-Fyk
Sebastian Płóciennik • Patrycja Sasnal • Justyna Szczudlik • Marcin Terlikowski • Tomasz Żornaczuk

Hungary's Foreign Policy in a Changing International Environment

Veronika Jóźwiak

Hungarian authorities see Donald Trump's presidency as confirmation that the overall international situation is evolving in a direction it foresees. That may result in Hungary increasing its foreign policy activity, although its interests and Poland's will increasingly differ. Prime Minister Viktor Orbán's vision of the EU is of a bloc based on the French-German tandem and independent military capabilities. Further, the Visegrad Group would constitute one of several economically competing European regions. Orbán also expects the U.S. to try to normalise relations with Russia and aims for Hungary to take a leading role in shaping EU policy towards its eastern neighbour.

Hungarian Prime Minister Viktor Orbán's foreign policy has never been coherent. The country's economic, military and political potential do not predispose it to play an important role in international politics. Orbán's tactics in foreign and European politics is based on taking advantage of opportunities to distinguish Hungary's position from states with greater potential. This is possible because the governing party, Fidesz, is in the European People's Party, the dominant political power in the European Parliament. That membership has helped Orbán ease tensions between the Hungarian government and the European Commission over constitutional changes introduced in Hungary and the country's strong reaction against migration in the crisis in 2015. While Orbán exploits these moments, he also maintains low-profile political cooperation with Germany within the EU.

An analysis of Orbán's recent statements, as well as of a long article he wrote for a Hungarian periodical, indicate that he perceives the new U.S. administration as a chance for more manoeuvrability in foreign policy. Although, some of Orbán's statements are contradictory, it can be recognised as a constant element in the conduct of his foreign policy, which he bases on tactical needs and current political interests rather than on a deeper vision.

The Trump Effect. Orbán expects President Donald Trump to be disinterested in the domestic political affairs of other countries. He also hopes that the new American administration will weaken the liberal world order, both politically and economically. The prime minister also anticipates U.S. withdrawal from support for multilateral mechanisms, which would increase Hungary's chances of benefiting from bilateral economic agreements with the U.S., China, Russia and India. According to Orbán, exports to eastern markets could become a third of total Hungarian exports (compared to the current 6%). Hungary considers involvement in such initiatives as China's New Silk Road project or lifting economic sanctions on Russia and a new trade alliance with it as elements of this goal.

Future Shape of the EU. Orbán envisions the emergence of a "multipolar Europe" as the key for the EU to overcome its economic crisis and regain vitality. The Visegrad Group, composed of Hungary, Poland, Czech Republic and Slovakia, would be one of several centres of power competing for influence in the Union. This indicates Hungary's willingness to break with political integration and the current model of economic governance in the EU. Orbán does not foresee Hungary's accession to the eurozone or for closer cooperation in such areas as solving the internal implications for the EU of the mass-migration crisis. He has also distanced the country from deeper integration in fiscal and social policy in the bloc. In his opinion, that would only increase EU bureaucracy and strike at the economic competitiveness of the Member States. He does not object to the emergence of a multi-speed Europe in line with enhanced cooperation

under the EU treaties. At the same time, he does not want to give up the achievements of integration and wants to avoid the establishment of a core of Europe based on eurozone membership.

According to Orbán, the EU should be composed of strong nation states that create regions counterbalancing each other. In fact, this would be a scenario for EU disintegration. Some of the prime minister's statements confirm that he is not against this becoming reality. He openly questions the purpose of the EU, arguing that Europe was strongest when there were more centres of power on the continent. At the same time, Orbán has proclaimed that the Member States should retain their rights. However, the idea of creating several competing economic regions within the EU contradicts the very sense of the European Single Market and would mean its dismantlement because it assumes there should be unequal relationships between the different entities. The movement of goods, services, capital and people in the Union now, though, takes place within the common market.

Orbán supports the idea of transforming the EU into a union of more loosely integrated countries connected by increased defence cooperation. It then can be assumed that if a group of EU Member States wanted to cooperate more closely in non-military fields, Hungary would not join them. At the same time, the country will not support a revision of the EU treaties as long as Germany and France refuse to modify them.

The Future of NATO and Defence Policy in Europe. Hungary presumes the erosion of transatlantic ties and of NATO's role. According to Orbán, Europe should have military capabilities independent from the United States. He favours closer European military cooperation based on the German-French defence alliance. This, in turn, would strengthen the EU's negotiating position towards Russia, which Hungary perceives as a partner. The assumption is a Europe able to defend itself without external help increases the EU's potential to sign beneficial trade agreements.

Hungary has avoided expressing opinions on regional military integration initiatives in Central Europe that include Poland and Romania or other formats that Poland might be interested in, such as ones with the Nordic or Baltic states. The country's lack of support for these projects can be explained by Orbán's belief that Russia is not a serious threat to the security of Europe or Hungary. He perceives mass migration and international terrorism to be much more serious challenges. However, he has declared that Hungary will strive to meet NATO's minimum target for defence spending. The Hungarian government has announced a gradual increase in its defence budget of 0.1% a year until 2026, when military expenditures should reach 2% of GDP.

Relations with Russia. A visit by Russian President Vladimir Putin to Budapest in February 2017—the second since Russian military involvement in Ukraine began in 2014—has weakened Hungary's image as a credible ally within NATO and the EU. Orbán provided Putin an internal EU platform to accuse Ukraine of provoking an escalation of the conflict in Donbas in violation of the Minsk II agreement. During the joint press conference with Putin, Orbán did not distance himself from the Russian president. He also pointed to a lack of guarantees of minority rights for Hungarians living in western Ukraine, thus relativising the Russian aggression. In addition, Orbán emphasised that it was crucial for Hungary that Russian gas arrive to the country's market regardless of direction, even from the controversial Nord Stream pipeline. Although he did not refer explicitly to the Nord Stream 2 dispute, Orbán's declaration should be perceived as a weakening of Hungary's and the Visegrad Group's opposition to the project.

The Hungarian perception of Russia as a political and economic partner fundamentally differs from Poland's point of view. Hungary has taken signals from Washington suggesting the possibility of closer cooperation between the new U.S. administration and Russia. Hungary's government wants to use this rapprochement as an argument for lifting sanctions on Russia and renewing economic relations between the EU and its eastern neighbour. If there is a real chance of a coalition of EU Member States in favour of lifting the sanctions, Hungary will join it. At the same time, with uncertainty prevailing, resulting from expectations of changes in U.S. policy on one hand and tension caused by Russia's actions on the other, further strengthening of political ties between Hungary and Russia cannot be perceived as purely pragmatic action focused on economic benefits. These relations are now a test of Hungary's credibility as a NATO ally because the country has allowed room for Russia to rebuild its influence in Central Europe. Following recent statements by Orbán concerning Nord Stream, Poland should not expect his government to remain loyal to attempts to build energy independence at the regional and European levels.

Conclusions. The Hungarian government hopes that Trump's presidency will bring substantial, beneficial political and economic changes globally and will change the architecture of European security. It also hopes for the dominance of bilateralism in international relations. This approach, however, contradicts the assumption that countries with small economic and military potential will have a more difficult time securing their interests in a bilateral setting in relation to the superpowers than as part of an alliance.

Orbán's recent statements reveal a peculiar image of the current international order and its evolution. The Trump administration will certainly not lead to the complete dismantling of multilateral instruments in international politics but likely will use them selectively. A country with such limited potential as Hungary can achieve more in a liberal international order based on multilateral institutions. The view that disintegration of the liberal order would be beneficial for Hungary in reality has no merit.