

REPORT

ORBAN'S HUNGARY: A RUSSIA AND CHINA PROXY WEAKENING EUROPE



EUROPEAN VALUES

Protecting Freedom

2021

EUROPEAN VALUES CENTER FOR SECURITY POLICY

European Values Center for Security Policy is a non-governmental, non-partisan institute defending freedom and sovereignty. We protect liberal democracy, the rule of law, and the transatlantic alliance of the Czech Republic. We help defend Europe especially from the malign influences of Russia, China, and Islamic extremists.

We envision a free, safe, and prosperous Czechia within a vibrant Central Europe that is an integral part of the transatlantic community and is based on a firm alliance with the USA.

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CONTENTS

EXECUTIVE SUMMARY	5
GEOPOLITICAL CONTEXT	6
STRATEGIC THREAT I: HUNGARY IS A RUSSIAN PROXY STATE.....	7
PROBLEM #1: HUNGARY IS A STAGING GROUND FOR RUSSIAN INFLUENCE AND INTELLIGENCE OPERATIONS	7
PROBLEM #2: HUNGARY IS A THREAT TO EUROPEAN ENERGY SECURITY.....	8
<i>Gazprom</i>	8
<i>Rosatom</i>	9
PROBLEM #3: HUNGARY AND RUSSIA ARE COOPERATING AGAINST UKRAINE.....	10
STRATEGIC THREAT II: HUNGARY IS A CHINA PROXY	11
PROBLEM #4: HUNGARY IS A PRC ECONOMIC BEACHHEAD IN CENTRAL EUROPE	11
<i>PRC Trade and Investment</i>	11
<i>Huawei</i>	12
<i>Belgrade–Budapest Railway</i>	12
PROBLEM #5: ORBAN’S GOVERNMENT IS A CHINESE POLITICAL AGENT IN BRUSSELS.....	13
PROBLEM #6: HUNGARY IS A BASE FOR CHINESE INTELLIGENCE AND INFLUENCE OPERATIONS.....	14
<i>Fudan University Campus in Hungary</i>	14
STRATEGIC THREAT III: HUNGARY IS A MALIGN ACTOR IN CENTRAL AND EASTERN EUROPE.....	15
PROBLEM #7: HUNGARY PROMOTES AND PROTECTS BALKAN AUTHORITARIANS.....	15
NEEDED RESPONSE: POLICY RECOMMENDATIONS.....	18
POLICY AREA #1: ACKNOWLEDGMENT	18
POLICY AREA #2: CONSEQUENCES	18
POLICY AREA #3: SUPPORT HUNGARY’S DEMOCRATIC CIVIL SOCIETY	19

ORBAN'S HUNGARY



STRATEGIC THREAT I:

HUNGARY IS A RUSSIAN PROXY STATE

PROBLEM #1:

HUNGARY IS A STAGING GROUND FOR RUSSIAN INFLUENCE AND INTELLIGENCE OPERATIONS

PROBLEM #2:

HUNGARY IS A THREAT TO EUROPEAN ENERGY SECURITY

Gazprom

Rosatom

PROBLEM #3:

HUNGARY AND RUSSIA ARE COOPERATING AGAINST UKRAINE

STRATEGIC THREAT II:

HUNGARY IS A CHINA PROXY

PROBLEM #4:

HUNGARY IS A PRC ECONOMIC BEACHHEAD IN CENTRAL EUROPE

PRC Trade and Investment

Huawei

Belgrade
Budapest
Railways

PROBLEM #5:

ORBAN'S GOVERNMENT IS A CHINESE POLITICAL AGENT IN BRUSSELS

PROBLEM #6:

HUNGARY IS A BASE FOR CHINESE INTELLIGENCE AND INFLUENCE OPERATIONS

Fudan
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STRATEGIC THREAT III:

HUNGARY IS A MALIGN ACTOR IN CENTRAL AND EASTERN EUROPE

PROBLEM #7:

HUNGARY PROMOTES AND PROTECTS BALKAN AUTHORITARIANS

PROBLEM #8:

ORBAN'S "GREATER HUNGARY" NARRATIVE



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EXECUTIVE SUMMARY

- Today's Hungary is adversarial to transatlantic interests and democratic values. Prime Minister Viktor Orbán's decision to align his country with Vladimir Putin's Russia and Xi Jinping's China has rendered this NATO ally a dangerous Euro-Atlantic security liability. Distinct from Orbán's socially conservative domestic agenda, Orbán has proactively encouraged and welcomed Russian and Chinese political, commercial, and intelligence entities in the heart of Europe's borderless Schengen territory.
- Under Orbán's leadership, Hungary has embraced the efforts of authoritarian Russia and China to broaden and deepen their politico-economic influence throughout Central Europe. Hungary has become the primary staging ground for Russian and Chinese intelligence and influence operations targeting countries in the wider region. Hungary now poses significant security risks to the region, as well as to the European Union's and NATO's functioning and integrity.
- Hungary's growing role as an authoritarian destabilizer is not limited to Central Europe or European and transatlantic institutions. In Southeast Europe, Hungary is building a political alliance of illiberal leaders with authoritarian tendencies such as Prime Minister Janez Janša of Slovenia, President Aleksandar Vučić of Serbia, and former Macedonian prime minister Nikola Gruevski. Together, they aim to build a regional bloc opposing liberal democratic values and the transnational institutions defending them. This initiative is ideologically driven by Orbán's irredentist narrative of resurrecting "Greater Hungary." Now moving beyond rhetoric, Orbán's Fidesz government is increasingly enacting policies that infringe on neighboring states' sovereign rights, including those of Slovakia and Ukraine.
- Hungary's authoritarian proxy status coupled with Orbán's dangerously revisionist agenda make the country an active threat to Central and Southern European stability and security. Yet despite the abundance of policies and actions indicating a present danger, almost no relevant political or state institution in Central Europe is openly challenging Orbán's vision. Some European political and military leaders see the Hungarian prime minister as an astute political animal, while others prioritize avoiding conflict; however, most are simply unaware of or underestimate the security risk posed by Orbán. Exacerbating the issue is the mainstream public's ignorance of or indifference to Orbán's actions and their damaging consequences.
- As a result, there are almost no efforts to map, expose, and counter Orbán's authoritarian, anti-democratic agenda for Hungary and the region. The awareness that does exist is due largely to the *pro bono* or minimally funded efforts of Hungarian democrats and their allies on both sides of the Atlantic. A key step toward fostering an effective transatlantic liberal alliance against Orbán and his Fidesz party would be directly providing political, financial, and technical support to democratic civil society in Hungary and the broader region.

GEOPOLITICAL CONTEXT

Hungary under Prime Minister Viktor Orban is an authoritarian-trending state that categorically defers to transatlantic adversaries China and Russia. This is evidenced by the multiple policies and actions undertaken by Orban's Fidesz-led government. Moscow and Beijing cannot effectively realize their European agendas without local partners. Over the past decade, Hungary has emerged as their prime agent in NATO and the European Union. The current government in Budapest serves as a force multiplier for Vladimir Putin's and Xi Jinping's anti-transatlantic ambitions. Orban's government further provides political and financial support to like-minded European authoritarians, particularly in the Western Balkans. Of late there is increasing concern in Central and Eastern Europe that Orban's irredentist rhetoric of a restored "Greater Hungary" reveals his actual aspirations.

Orban's foreign policy formulation is based on the strategic assumption that Hungary can simultaneously benefit from its relationship with the democratic West on the one hand and with China and Russia on the other. Viktor Orban welcomes Chinese and Russian intelligence assets, businesses, and technological hardware on Hungarian territory, despite his country's membership in NATO. Moreover, the political support Orban provides for Putin and Xi in NATO and EU forums prevents their collective development of pro-democratic foreign policy agendas. This is one example of how the access and presence Orban provides these authoritarians threatens our common transatlantic security.

This must stop. Western polities must forthrightly address the danger Budapest currently represents. By clearly identifying the Fidesz government as an adversarial actor, policymakers in Western democracies will be better empowered to craft effective responses to Hungary's ever-firmer embrace of authoritarian allies and practices.

Over the past decade, Hungary has reoriented its geopolitical outlook eastwards. In 2010, the Fidesz party grabbed a landslide victory in parliamentary elections. The Fidesz-led government soon after launched Hungary's Eastern Opening policy. It aimed to raise exports to non-EU states to Hungary's east by 33 percent. Prime Minister Viktor Orban's government accordingly promoted bilateral trade relations and the establishment of Hungarian international trading houses in Moscow, Beijing, and elsewhere. Hungary's efforts to deepen economic ties with authoritarian Russia and China, however, have had a toxic effect on Hungary's foreign agenda and consequently on European security overall.

Hungary under the Fidesz-led government has been a boon for President Vladimir Putin of the Russian Federation and President Xi Jinping of the People's Republic of China (PRC). Although the Eastern Opening failed to achieve its ambitious targets,¹ it has morphed from a policy initiative into a policy pillar. Whether through increased reliance on Russian gas and nuclear energy know-how or Huawei's open access to the Hungarian tech and telecom sectors, Hungary has definitively moved from courtship to partnership with Beijing and Moscow.

1 "Another Business Failure: Viktor Orban's 'Eastern Opening,'" Hungarian Spectrum, last modified August 18, 2019, <https://hungarianspectrum.org/tag/eastern-opening/>.

STRATEGIC THREAT I: HUNGARY IS A RUSSIAN PROXY STATE

PROBLEM #1: Hungary is a staging ground for Russian influence and intelligence operations

The USSR used various official and unofficial entities to disseminate propaganda, cultivate political influence, and conduct intelligence operations. Under Putin, the Russian Federation pursues the same ends similarly through a range of diplomatic, economic, and cultural organizations and affiliations. Hungary is home to some of the Kremlin's most important assets in Europe.

One is the Russian-led International Investment Bank (IIB) group, which Hungary joined in 2014. The IIB is an international financial organization that Putin repurposed from the ashes of the Soviet Union's COMECON (Council for Mutual Economic Assistance). Russia is the bank's dominant shareholder with 47 percent ownership. The IIB serves as a key financial vehicle through which the Kremlin exerts its politico-economic influence.²

In 2019, the IIB's main office relocated from Moscow to Budapest, where it received a warm welcome. Disconcertingly, the Hungarian government granted full diplomatic immunity to the bank.³ This impunity covers IIB assets, communications, financial activities, and staff, which number approximately 50, from any financial or regulatory control, as well as any court or administrative proceedings.⁴ The extent of the impunity offered to the IIB is ominous considering the role COMECON played in Soviet intelligence operations. IIB board chairman Nikola Kosov's links to Russian intelligence have been broadly reported.⁵ So brazen was Orban's acquiescence to Putin's aim to stage influence and intelligence operations from Hungary that several US senators publicly demanded an inquiry from Washington's ambassador to Hungary.⁶

The consequences could be grave. In the words of analyst Lorant Gyori, "The IIB can be actively used in all the influence domains of politics, economy, information warfare, intelligence gathering... [it] can significantly contribute to Russian political or economic leverage in Europe by financing friendly oligarchs, politicians, coordinating intelligence operations, including projecting a relatively positive image of the Kremlin in the information space."⁷

Orban continues to deepen Hungary's ties with other Russian-led finance institutions. In February 2019, finance minister Mihaly Varga led a delegation to Moscow to discuss Hungary's joining the revitalized Soviet-

- 2 Lóránt Győri, "The Kremlin's Financial Octopus in Hungary: The International Investment Bank and Strategic Power Projection in Central-Eastern Europe," (Prague: European Values Center for Security Policy, Kremlin Watch, 2021), 9, accessed October 13, 2021, <https://europeanvalues.cz/en/the-kremlins-financial-octopus-in-hungary-the-international-investment-bank-and-strategic-power-projection-in-central-eastern-europe/>.
- 3 Biró Marianna and Kovács Zoltán, "Putin's Bank Moves to Budapest, Gets All Conceivable Privileges and Immunities," Index, last modified February 20, 2019, https://index.hu/english/2019/02/20/international_investment_bank_russia_hungary_putin_orban_immunity/.
- 4 Agreement between the International Investment Bank and the Government of Hungary Regarding the Headquarters of the IIB in Hungary.
- 5 Tim Gosling, "Controversial 'Russian Spy Bank' Set to Break into Europe," Aljazeera, last modified September 2, 2019, <https://www.aljazeera.com/economy/2019/9/2/controversial-russian-spy-bank-set-to-break-into-europe>.
- 6 Dick Durbin United States Senator Illinois, "Durbin, Engel, Leahy, Malinowski Call for U.S. Ambassador to Hungary to Uphold American Democratic & Security Norms," press release, last modified September 24, 2019, <https://www.durbin.senate.gov/newsroom/press-releases/durbin-engel-leahy-malinowski-call-for-us-ambassador-to-hungary-to-uphold-american-democratic-and-security-norms>.
- 7 Lóránt Győri, "The Kremlin's Financial Octopus in Hungary: The International Investment Bank and Strategic Power Projection in Central-Eastern Europe" (Prague: European Values Center for Security Policy, Kremlin Watch, 2021), 9, accessed October 13, 2021, <https://europeanvalues.cz/en/the-kremlins-financial-octopus-in-hungary-the-international-investment-bank-and-strategic-power-projection-in-central-eastern-europe/>.

era International Bank for Economic Cooperation.⁸ In April 2021, the Hungarian Ministry of Foreign Affairs announced that Hungary will further become the first EU Member State to join the Moscow-based Eurasian Development Bank.⁹

In the field of international law enforcement, Viktor Orban has prioritized Russian interests over American when pressured by Putin. In November 2017, the US Drug Enforcement Agency (DEA) and the Hungarian Counter-Terrorism Centre arrested two Russian citizens dealing weapons in Hungary as part of Operation Perseus.¹⁰ The father-and-son duo were charged with conspiring to sell arms to representatives of Mexican drug cartels, including surface-to-air missiles specifically sought for downing US homeland security and military helicopters. Despite vociferous protests from the US government,¹¹ in August 2018 a Hungarian court ruled in favor of Russia's extradition request for the two accused; they were handed over to the Russian authorities accordingly. Two months later, Putin and Orban's annual summit culminated in the signing of a noteworthy number of bilateral agreements.

Orban, defending the Kremlin's intelligence activities, has sent a defiant message to his erstwhile democratic allies. Following last April's revelations of Russian GRU operatives' sabotage of a Czech ammunition storage facility in 2014, Hungary blocked language condemning Russia in a joint declaration issued by the Visegrad 4 (V4) countries.¹² Orban's desire for Russian lucre and favor is audacious at a time when his Fidesz party is isolated in the European Parliament¹³ and is bereft of friends in US president Joe Biden's White House.¹⁴ Despite his increasing loss of political capital in the democratic West, Orban's default position is to back Moscow's machinations, perhaps unequivocally.

PROBLEM #2: Hungary is a threat to European energy security

Gazprom

Hungary is purposefully reliant on Russian energy and expertise. Gazprom exports provide for approximately 25 percent of Hungary's total electricity generation per annum¹⁵; various Russian sources satisfy 80 percent of Hungarians' oil needs.¹⁶ At a time when Brussels is seeking to diversify Europe's portfolio in pursuit of greater

8 International Bank for Economic Co-operation, "Hungary Is Considering Re-Joining IBEC," news release, last modified February 21, 2019, <https://ibec.int/news/allnews/hungary-is-considering-re-joining-ibec/>

9 Veronika Gulyas, "Hungary Seeks to Be First in EU to Join Russia-Led Regional Bank," Bloomberg, last modified April 6, 2021, <https://www.bloomberg.com/news/articles/2021-04-06/hungary-seeks-to-be-first-in-eu-to-join-russia-led-regional-bank?sref=wRdwqjrS>.

10 Panyi Szabolcs, "Lord of War in Budapest: The DEA Busted Two Russian Arms Dealers and Hungary Extradited Them to Moscow," Direkt 36, last modified November 23, 2018, <https://www.direkt36.hu/en/ket-orosz-fegyverkereskedot-csaltak-torbe-magyarorszagon-amerikai-ugynokok-de-az-orban-kormany-moszkvanak-adta-oket/>.

11 John Shelton, "US Angered by Hungary's Decision to Extradite Arms Dealers to Russia," Deutsche Welle, last modified November 11, 2018, <https://www.dw.com/en/us-angered-by-hungarys-decision-to-extradite-arms-dealers-to-russia/a-46477518>.

12 Aneta Zachová and Joanna Jakubowska, "Orban Blocks Harsh V4 Declaration on Russia, Accepts Softer Version," Euractiv, last modified April 27, 2021, <https://www.euractiv.com/section/global-europe/news/orban-blocks-harsh-v4-declaration-on-russia-accepts-softer-version/>.

13 Maia de la Baume, "Orbán's Fidesz Quits EPP Group in European Parliament," Politico, last modified March 3, 2021, <https://www.politico.eu/article/epp-suspension-rules-fidesz-european-parliament-viktor-orban-hungary/>.

14 György Lázár, "Orbán Government Insults President-Elect Joe Biden and His Family," Hungarian Free Press, last modified December 31, 2020, <https://hungarianfreepress.com/2020/12/31/orban-government-insults-president-elect-joe-biden-and-his-family/>.

15 Tim Gosling, "Hungary's Energy Dalliance with Russia," Politico, last modified April 17, 2020, <https://www.politico.eu/article/hungary-energy-dalliance-with-russia/>.

16 Dominik Istrate, "Russian Influence in Hungary: The Case of Paks 2 and the Kremlin's Influence-Seeking Efforts through Nuclear Energy," (Prague: European Values Center for Security Policy, Kremlin Watch, 2021) 11, accessed October 13, 2021, <https://europeanvalues.cz/en/russian-influence-in-hungary-the-case-of-paks-2-and-the-kremlins-influence-seeking-efforts-through-nuclear-energy/>.

energy security,¹⁷ Orban is preferring to increase Hungary's reliance on Russian gas.¹⁸ Gazprom successfully captured a majority market share by cutting the cost of Hungarian imports by 25 percent in 2015. Two years earlier, the Russian energy giant went so far as to remove take-or-pay clauses from its Hungarian contracts, much to the delight of the Fidesz party in its short-sighted effort to drive down consumer costs.

Hungary plays an important role in expanding Russia's political influence through Gazprom. Rather than pursue the diversification policies of other EU members, Orban prioritizes Russian-sourced natural gas. Aspiring to be an energy exporter, Hungary is working to consume and transport gas via Gazprom's TurkStream pipeline, launched in January 2020.¹⁹ Through TurkStream, Russia aims to diminish its reliance on Ukraine as a transit country, depriving Kyiv of related revenue. This objective was further realized in January 2021, when TurkStream gas began flowing into Serbia.²⁰ With the upcoming completion of an interconnector on the Hungary–Serbia border, Hungarian gas company FGSZ will soon boast the infrastructural capacity to receive and transit Russian gas to other European markets.

Rosatom

Further illustrative of Orban's growing alignment with Russian energy interests is the case of the Paks II nuclear power plant project. The Fidesz government has prioritized the project, being driven by the prospect of cheap energy and the questionable potential for regional export. The current Paks facility covers nearly 50 percent of Hungarians' energy needs.²¹ If the project is completed, the Russian state corporation Rosatom will gain substantial influence over Hungary's primary domestic energy source.

Hungary and Russia signed an interstate agreement in 2014 stipulating that Rosatom would build two new reactors at the Paks nuclear power facility costing an estimated €12 billion.²² Russia agreed to finance 80 percent of the project weighted with significantly progressive interest rates and stiff penalties for non-compliance.²³

Notably egregious was the Hungarian state energy company MVM's failure to solicit bids from any of Rosatom's potential competitors. MVM's intentional opacity compelled the European Commission to launch an infringement proceeding against Hungary.²⁴ Resolved in 2017,²⁵ the Paks II project again came under public scrutiny as another suspiciously pro-Kremlin scandal emerged: Hungarians were shocked by

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- 17 Commission Staff Working Document on the European Energy Security Strategy, *State of the Energy Union 2015*, SWD 2015 404 Final, Brussels, 2015, https://ec.europa.eu/energy/sites/ener/files/documents/3_EESS.pdf, accessed October 13, 2021.
 - 18 Enerdata, "Hungary Extends Gas Supply Contract with Russia's Gazprom," news release, last modified January 27, 2021, <https://www.enerdata.net/publications/daily-energy-news/hungary-extends-gas-supply-contract-russias-gazprom.html>.
 - 19 Olesya Astakhova and Can Sezer, "Turkey, Russia Launch TurkStream Pipeline Carrying Gas to Europe," Reuters, last modified January 8, 2020, <https://www.reuters.com/article/us-turkey-russia-pipeline/turkey-russia-launch-turkstream-pipeline-carrying-gas-to-europe-idUSKBN1Z71WP>.
 - 20 Bojan Lepic, "Gazprom Starts Delivering TurkStream Gas to Bosnia, Serbia," Offshore Energy, last modified January 4, 2021, <https://www.offshore-energy.biz/gazprom-starts-delivering-turkstream-gas-to-bosnia-serbia/>.
 - 21 Paksi Atomeromu, "Tavaly is a paksi termelés adta a legtöbb áramot Magyarországon," MVM Paks NPP, last modified May 2, 2020, https://atomeromu.mvm.hu/hu-HU/Rolunk/Hirek/20200205_Tavaly_is_a_paksi_termelés_adta_a_legtobb_aramot_Magyarorszagon.
 - 22 Csaba Tóth, "Hungary, Russia Sign Paks II Implementation Agreements," Budapest Beacon, last modified December 9, 2014, <https://budapestbeacon.com/hungary-russia-sign-3-implementation-agreements-paks-ii/>.
 - 23 Kristztina Than, "Special Report: Inside Hungary's \$10.8 Billion Nuclear Deal with Russia," Reuters, last modified March 30, 2015, <https://www.reuters.com/article/us-russia-europe-hungary-specialreport-idUSKBN0MQ0MP20150330>.
 - 24 Benjamin Novak, "European Commission Launches Infringement Proceeding against Hungary for Paks 2," Budapest Beacon, last modified November 19, 2015, <https://budapestbeacon.com/european-commission-launches-infringement-proceeding-against-hungary-for-paks-2/>.
 - 25 World Nuclear News, "Hungary Gets State Aid Clearance for Paks II Project," World Nuclear News, last modified March 6, 2021, <https://world-nuclear-news.org/Articles/Hungary-gets-state-aid-clearance-for-Paks-II-proje>.

revelations that Fidesz agreed to Rosatom's paltry *three-year warranty* for the €12 billion contract.²⁶

Russia recently delayed Hungary's repayment schedule for five years due to budgetary and calendar overruns.²⁷ Nonetheless, unfavorable terms remain, including high interest rates and a prohibition on early loan repayment.²⁸ Given the extensive technological know-how Rosatom brings to the reactors' construction and Russia's financing of the project, Orban has effectively tethered Hungary's generation of nuclear energy to Russia. Considering Putin's readiness to play hardball when it comes to energy policy, this is a most dangerous gamble.

PROBLEM #3: Hungary and Russia are cooperating against Ukraine

Within the EU, Hungary is the leading defender of Russian aggression in Ukraine. Since Russia's invasion of its neighbor, Orban has consistently provided international forums for Putin's feckless justifications,²⁹ condemned EU sanctions,³⁰ and suspended reverse-flow gas transfers to a beleaguered Ukraine.³¹

Hungary has tried to thwart Ukraine's EU and NATO ambitions, arguing that ethnic Hungarians are being denied linguistic rights in Ukraine.³² There is certainly merit to Hungary's protests; other European countries are in agreement, and the Venice Commission has opined as such.³³ The Hungarian government, however, is disingenuously conflating this contentious issue with Ukraine's right to build stronger relations with these European security and political institutions. The language controversy is simply a tool which the Kremlin's proxy in Budapest has used to further Russian aggression against Ukraine.

Hungary is further complicit in Russia's aggressive efforts to weaken Ukraine economically. Compounding the mentioned reverse-gas flow suspension, in September 2021, Hungary and Gazprom signed a 15-year natural gas supply contract to cover approximately one-half of Hungary's annual 9–10 billion cubic meter consumption.³⁴ Days later, on October 1, Gazprom discontinued servicing Hungary via Ukraine its natural gas contracts with Budapest. As per Gazprom's agreement, an annual 4.5 billion cubic meters of gas will be transported primarily through Serbia and secondarily via Austria. Accordingly, the agreement stipulates that gas destined for Hungary will no longer be transported through Ukraine.³⁵ This sets the stage for the gradual

- 26 Dominik Istrate, "Russian Influence in Hungary: The Case of Paks 2 and the Kremlin's Influence-Seeking Efforts through Nuclear Energy," (Prague: European Values Center for Security Policy, Kremlin Watch, 2021) 9, accessed October 13, 2021, <https://europeanvalues.cz/en/russian-influence-in-hungary-the-case-of-paks-2-and-the-kremlins-influence-seeking-efforts-through-nuclear-energy/>.
- 27 World Nuclear News, "Hungary Gets Agreement to Delay Paks II Loan Repayment," World Nuclear News, last modified April 30, 2021, <https://world-nuclear-news.org/Articles/Hungary-gets-agreement-to-delay-Paks-II-loan-repay>.
- 28 Actual construction has not yet commenced due to lacking the—likely—approval from the Hungarian Atomic Energy Authority.
- 29 Visegrád Post, "Vladimir Putin's Meeting with Viktor Orbán in Budapest," Visegrád Post, last modified February 3, 2017, <https://visegradpost.com/en/2017/02/03/vladimir-putins-meeting-with-viktor-orban-in-budapest/>.
- 30 BBC News, "Hungary PM Orban Condemns EU Sanctions on Russia," news release, last modified August 15, 2014, <https://www.bbc.com/news/world-europe-28801353?piiano-header>.
- 31 Sean Carney and Margit Feher, "Hungary Stops Delivering Gas to Ukraine," The Wall Street Journal, last modified September 26, 2014, <https://www.wsj.com/articles/hungary-stops-delivering-gas-to-ukraine-1411728732>.
- 32 Natalia Zinets and Krisztina Than, "Hungary Threatens to Block Ukraine's EU Progress in Language Row," Reuters, last modified September 26, 2017, <https://www.reuters.com/article/uk-ukraine-crisis-education/hungary-threatens-to-block-ukraines-eu-progress-in-language-row-idUKKCN1C12BT>.
- 33 European Commission for Democracy through Law, *Opinion on the Provisions of the Law on Education of 5 September 2017*, CDL-AD(2017)030, Strasbourg, 2017, [https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD\(2017\)030-e](https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD(2017)030-e), accessed October 13, 2021.
- 34 Anita Komuves and Krisztina Than, "Hungary Accuses Ukraine of Meddling as It Signs Russia Gas Pact," Reuters, last modified September 27, 2021, <https://www.reuters.com/business/energy/hungary-russias-gazprom-expected-sign-new-long-term-gas-supply-deal-monday-2021-09-27/>.
- 35 Dylan Carter, "Gazprom Halts Gas Transit to Hungary via Ukraine," Kyiv Post, last modified October 1, 2021, <https://www.kyivpost.com/business/gazprom-halts-gas-transit-to-hungary-via-ukraine.html>.

diminishment of Ukraine's much relied-upon transit fee revenue and poses potential complications for any potential need to reimport. As Hungary is a main connector of Russian gas destined for Europe via Ukraine, Hungary's closure to Ukrainian pipelines on the heels of NordStream 2's completion is a mighty blow to Kyiv and a welcome gift to Moscow.

STRATEGIC THREAT II: HUNGARY IS A CHINA PROXY

PROBLEM #4: Hungary is a PRC economic beachhead in Central Europe

China's politico-economic presence in this NATO and EU Member State is varied and becoming ever more ubiquitous. The PRC's economic interventions in Hungary have been steady, consistent, and in tandem with Orbán's overtures to Chinese elites. On his first visit to China as Fidesz party chair in 2009, Orbán presaged future policy: "Today there is an East wind blowing in the world economy. Our sails must be turned accordingly."³⁶ Soon after Fidesz's electoral victory in 2010 came the aforementioned Eastern Opening.

PRC Trade and Investment

In the field of trade, the Eastern Opening has borne fruit—for Beijing. Over the last several years, Hungarian exports to China have been miniscule compared to PRC imports.³⁷ Last year, in 2020, Hungary imported \$8.72 billion worth of Chinese goods, while exporting only \$2.2 billion in return.³⁸ Orbán continues to proactively cultivate imbalanced trade relations with China, arguably to the detriment of Hungary's own motor vehicle, electronic, and optical industries, all of which performed below average in the same period.³⁹

Investment and financing provide other avenues for Chinese influence in Hungary and beyond. In the initial years of Orbán's Eastern Opening, China responded enthusiastically. In the early 2010s, the Wanhua Industrial Group purchased a 96 percent share in Borsod Chemicals, Hungary's second largest chemical manufacturer.⁴⁰ Soon after, in 2012, China opened a \$1 billion line-of-credit for Hungarian business development.⁴¹ Other credit instruments included a \$200 million loan from China's Eximbank to support Hungarian exports and Hungary's access to the \$435 million China–Central and Eastern Europe Investment Cooperation Fund, of which the Hungarian Export–Import Bank is the sole state bank partner.⁴²

Despite Beijing's generosity, Orbán's Eastern Opening vis-à-vis China has not benefitted most Hungarians. In the ten years since the policy was enacted, Hungary's exports to China have increased only 0.1 percent, from 1.6 to 1.7 percent of total exports.⁴³ Similarly, Chinese investment continues to remain lackluster when

36 Péter Magyar, "Orbán: Keleti szél fúj," Index, last modified May 11, 2010, https://index.hu/belfold/2010/11/05/orban_keleti_szel_fuj/.

37 "Hungary Exports by Country," Tradingeconomics.com, accessed October 13, 2021, <https://tradingeconomics.com/hungary/exports-by-country>.

38 "Hungary Exports by Country," Tradingeconomics.com, accessed October 13, 2021, <https://tradingeconomics.com/hungary/exports-by-country>.

39 "Hungary Industrial Production," Tradingeconomics.com, accessed October 13, 2021, <https://tradingeconomics.com/hungary/industrial-production>.

40 "Wanhua Takes Full Control of Hungary's BorsodChem," Chemanager-online, accessed: 18 November, 2021, <https://www.chemanager-online.com/en/news-opinions/headlines/wanhua-takes-full-control-hungarys-borsodchem>

41 Mti Kovetés, "Orbán stratégiai szövetségesnek tekinti Kínát," hvg.hu, last modified May 1, 2012, https://hvg.hu/vilag/20120501_kina_orban_keleti_nyitas.

42 "China-Central and Eastern Europe Investment Cooperation Fund," Introduction of the Fund, China-CEE Fund, accessed October 13, 2021, http://china-ceefund.com/Template/background_9.html.

43 Mészáros R. Tamás, "As Hungary Lauds Its 'Eastern Opening' Policy, Statistics Fail to Show Benefits," telex, last modified May 7, 2021, <https://telex.hu/english/2021/05/07/eastern-opening-viktor-orban-peter-szijarto-trade-investment-china-hungary-eu-dependence>.

compared to the dominant EU investments growing over four percent in recent years.⁴⁴

Huawei

Orban's first official visit as prime minister to China occurred within the first year of his 2010 electoral victory. His meetings there in 2013 culminated in the completion of Huawei's largest logistics-supply center outside of China. Not far from Budapest, the distribution center services over 50 countries.

In the years that followed, Hungarian partnerships with Huawei expanded. Despite the friendly rapport between former US president Donald Trump and Orban, Hungary rejected the White House's highly touted 5G Clean Network. The prime minister instead opted to approve Huawei's participation in the country's upcoming 5G rollout.⁴⁵ Huawei's increasingly dominant position in Hungarian telecom was further boosted when the Chinese industrial giant opened a \$1.5 billion research and development center in Budapest last October.⁴⁶ That the Chinese Communist Party (CCP) has access to large swathes of Hungary's telecommunications infrastructure is deeply troubling; the placement of an adversary's R&D center for artificial intelligence and signal transmission technologies in the heart of Europe amounts to a three-alarm fire.

Belgrade–Budapest Railway

Hungary was quick to join and participate actively in the 16+1 Group, a regional development financing network led by the PRC's Belt and Road Initiative (BRI).⁴⁷ Among its most visible projects in Central–Eastern Europe (CEE) is the still incomplete Belgrade–Budapest highspeed railway. The three state parties signed a cooperative agreement on its construction in 2014.⁴⁸ A key component of China's BRI agenda for Europe, the planned railway is to eventually connect CEE to Greece's famed Port of Piraeus, now majority owned by China Ocean Shipping Company (COSCO).⁴⁹ Completion of the estimated \$3+ billion railway would bolster the transport of Chinese goods to European markets, reducing travel time between Budapest and Belgrade from eight-to-three hours.

Today, the project is proving to be severely problematic. From the typically disadvantageous loan terms offered by Beijing,⁵⁰ to Orban's silence about the agreement's contents⁵¹ and the European Commission's

44 The World Bank, "Trade (% of GDP)," last modified 2021 https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?most_recent_value_desc=true.

45 Reuters, "Hungarian Minister Opens Door to Huawei for 5G Network Rollout," Reuters, last modified November 5, 2019, <https://www.reuters.com/article/us-hungarytelecoms-huawei/hungarian-minister-opens-door-to-huawei-for-5g-network-rollout-idUSKBN1XF12U>.

For more on the 5G Clean Network: <https://2017-2021.state.gov/the-clean-network/index.html>.

46 "The Clean Network," U.S. Department of State, <https://2017-2021.state.gov/the-clean-network/index.html>.

47 It was known as the 17+1 Group until March 2021, when Lithuania withdrew its membership.

48 "The Belgrade Guidelines for Cooperation between China and Central and Eastern European Countries," Ministry of Foreign Affairs of the People's Republic of China, last modified December 17, 2014, https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1224905.shtml.

49 Andreea Brînză, "How a Greek Port Became a Chinese Dragon Head," The Diplomat, last modified April 25, 2016, <https://thediplomat.com/2016/04/how-a-greek-port-became-a-chinese-dragon-head/>.

50 Nick Miler, "Why are they giving us the money? Behind China's plans to 'rescue' a decrepit rail link," last modified June 20, 2018, <https://www.smh.com.au/world/europe/why-are-they-giving-us-the-money-behind-china-s-plans-to-rescue-a-decrepit-rail-link-20180606-p4zjwk.html>.

51 Krisztina Than and Anita Komuves, "Hungary, China Sign Loan Deal for Budapest–Belgrade Chinese Rail Project," Reuters, last modified April 24, 2020, <https://www.reuters.com/article/us-hungary-china-railway-loan/hungary-china-sign-loan-deal-for-budapest-belgrade-chinese-rail-project-idUSKCN226123>.

resulting investigation into the matter,⁵² China's flagship BRI project in Central Europe has been intentionally mired in opacity. Beset by complications and cronyism,⁵³ the future railway is now slated for completion in 2025—12 years post-commencement, three-years past the 2022 completion date, and still very far from the Port of Piraeus. Given this project's catalogue of failures, Orban's stalwart willingness to persist in fulfilling the BRI's European ambitions is part-and-parcel of his singular prioritization of China's agenda.

PROBLEM #5: Orban's government is a Chinese political agent in Brussels

Hungary repays Beijing's financing by serving as a political advocate in EU fora, defending China's horrific disregard for its citizens' fundamental human rights in Brussels.⁵⁴ In 2019, Hungary refused to sign a joint letter drafted by the European Commission expressing its concern over the Chinese government's reported torture of lawyers.⁵⁵ This March, Hungary's government was especially vocal in its criticism of the European Commission for its leveling of sanctions against four Chinese officials overseeing China's Uyghur-populated concentration camps in Xinjiang.⁵⁶ Most recently, Hungary effectively prevented the EU from officially voicing its concerns over China's brutal, coercive domination of Hong Kong.⁵⁷

The COVID-19 pandemic further cemented Hungary's role as a promoter of Beijing's influence agenda in Europe. In the wake of the pandemic's outbreak, China sought to pre-emptively soften the blowback stemming from the virus's Wuhan origins through global outreach efforts collectively known as "mask diplomacy." For example, as the China-origin virus spread throughout Europe in spring of 2020, Orban was slavishly praising China for its donations and "support," which was nothing more than Hungary's purchasing of various PRC-manufactured medical and protective equipment.⁵⁸ In another victory for Beijing's COVID-19 messaging, Hungary became the *first and only EU state* to approve and distribute China's substandard Sinopharm COVID-19 vaccine.⁵⁹ Orban's public health defense of Chinese and Russian vaccine purchases rings hollow, considering that the Hungarian government paid *twice* the price for Sinopharm compared to Pfizer-BioNTech and Moderna.⁶⁰ Orban's aforementioned rejection of the US 5G Clean Network is another example demonstrating Hungary's status as China's lackey.⁶¹

52 Justin Spike, "EC Launches Infringement Proceeding Concerning Budapest–Belgrade Railway Project," Budapest Beacon, last modified September 16, 2016, <https://budapestbeacon.com/ec-launches-infringement-proceeding-concerning-budapest-belgrade-railway-project/>.

53 "Hungary PM Orban's Ally to Co-build Chinese Railway for \$2.1 billion," Reuters, last modified June 12, 2019, <https://www.reuters.com/article/us-hungary-china-railways-opus-global-idUSKCN1TD1JG>.

54 Maia de la Baume, "Orbán's Fidesz Quits EPP Group in European Parliament," Politico, last modified March 3, 2021, <https://www.politico.eu/article/epp-suspension-rules-fidesz-european-parliament-viktor-orban-hungary/>.

55 Simon Denyer, "Europe Divided, China Gratified as Greece Blocks E.U. Statement over Human Rights," The Washington Post, last modified June 19, 2017, <https://www.washingtonpost.com/news/worldviews/wp/2017/06/19/europe-divided-china-gratified-as-greece-blocks-e-u-statement-over-human-rights/>.

56 Xinhua, "EU Sanctions against Chinese Individuals, Entity Pointless, Harmful: Hungarian FM," Xinhua Net, last modified March 23, 2021, http://www.xinhuanet.com/english/2021-03/23/c_139828241.htm.

57 Deutsche Welle, "Hungary Blocks EU Hong Kong Statement; Germany Calls for Change," news release, June 4, 2021, <https://www.dw.com/en/hungary-blocks-eu-hong-kong-statement-germany-calls-for-change/a-57776786>.

58 Pawel Paszak, "China's Vaccine and Mask Diplomacy in Hungary," Warsaw Institute, last modified April 5, 2021, <https://warsawinstitute.org/chinas-vaccine-mask-diplomacy-hungary/>.

59 Justin Spike, "Hungary First in European Union for Vaccinations, and Deaths," AP News, last modified March 29, 2021, <https://apnews.com/article/pandemics-europe-viktor-orban-coronavirus-pandemic-china-0b4eea6c2757d2d16b8e5782c65ce418#:~:text=Hungary%20was%20the%20first%20in,of%20distributed%20doses%20per%20capita>.

60 "The Belgrade Guidelines for Cooperation between China and Central and Eastern European Countries," Ministry of Foreign Affairs of the People's Republic of China, last modified December 17, 2014, https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1224905.shtml.

61 At the United Nations, Hungary and other pro-Beijing governments in Slovenia and Greece have blocked or diluted resolutions on the South China Sea and the abysmal human rights situation in China.

PROBLEM #6: Hungary is a base for Chinese intelligence and influence operations

At the start of Fidesz's current rule, Beijing's propensity for intelligence gathering on Hungarian soil was revealed in the arrest and extradition to the US of two Chinese citizens on counts of espionage, namely, the attempted theft of ballistic missile guidance technology.⁶² Since then, Hungary's willingness to cooperate with Western intelligence and law enforcement agencies has waned; see, for example, Budapest's extradition to Russia of its arms-dealing citizens nabbed in the above-mentioned Operation Perseus.

Since then, China's rising presence in a compliant Hungary provides the CCP with ample intelligence-gathering opportunities. Understanding China's collection methods requires the recognition that, in the words of a former senior Hungarian intelligence officer,

The Chinese "do not trust others other than their own," entrusting serious espionage tasks only to ethnic Chinese. In addition, "they are not recruiting classic agent networks in the West, rather white friends for the Great China"... Chinese intelligence then uses these "friends" either to gather intelligence or to strengthen Chinese positions—tasks that recruited assets do—but this relationship is much looser, more informal compared to regular recruitment.⁶³

China's approach to asset development has led to justified scrutiny and review of purportedly nongovernmental Chinese institutions worldwide. The CCP's global Confucius Institute network serves as a conduit to potential "friends" of the PRC. Consequently, many Western institutions are terminating their partnerships with Confucius Institutes,⁶⁴ while some democracies are banning them outright.⁶⁵ There are no such concerns in Hungary, where the government currently hosts a total of five Confucius Institutes throughout the country. Indeed, as democratic states and institutions were disassociating themselves from the Confucius Institute network, Hungary welcomed its fifth institute in Debrecen in late 2019.⁶⁶

Fudan University Campus in Hungary

Further undermining Europe's security are China's plans to open a Fudan University satellite campus in the heart of Budapest. Based in Shanghai, Fudan University is recognized as one of China's most elite schools. It is also one of six Chinese universities to open a National Intelligence College in 2011. These new colleges "aim to transform and modernise the Chinese intelligence services, producing spies who are trained in the latest methods of data collection and analysis."⁶⁷

Despite the prospect of providing a gateway for CCP spies into Schengen territory, reports surfaced in April that the Hungarian government plans to contract the China State Construction Engineering Corporation to build Hungary's Fudan University campus. This is despite the builder being sanctioned by the U.S. for its ties to China's military industry.⁶⁸ Unsurprisingly, the satellite school will be built exclusively with Chinese building materials and labor financed through a Chinese loan to Hungary totaling €1.7 billion. According to

62 Panyi Szabolcs, "How Orbán's Eastern Opening Brought Chinese Spy Games to Budapest," Direkt 36, last modified March 14, 2021, <https://www.direkt36.hu/en/kemjatszmkat-hozott-budapestre-orban-kinai-nyitasa/>.

63 Ibid.

64 European Parliament, *Parliamentary Questions*, "Confucius Institutes in the EU," 10 December 2020, https://www.europarl.europa.eu/doceo/document/E-9-2020-006751_EN.html#:~:text=Already%20back%20in%202015%2C%20the,from%20the%20country%20for%20espionage.

65 Sofia Flittner, "Sweden Has Closed All Confucius Institutes and Classrooms," ScandAsia, last modified May 20, 2020, <https://scandasia.com/sweden-has-closed-all-confucius-institutes-and-classrooms/>.

66 Warsaw Institute, "China Plans to Build the First University Campus in Hungary," last modified September 30, 2020, <https://warsawinstitute.org/china-plans-build-first-university-campus-hungary/>.

67 Malcom Moore, "China Opens String of Spy Schools," The Telegraph, June 24, 2021, <https://www.telegraph.co.uk/news/worldnews/asia/china/8596647/China-opens-string-of-spy-schools.html>.

68 Shawna Chen, "Trump Bans American from Investing in 31 Companies with Links to Chinese Military," last modified November 12, 2020, <https://www.axios.com/china-military-trump-investments-ban-a0458e29-2245-4bde-920b-d1c6bc698370.html>.

analyst Szabolcs Panyi, “The new campus of Fudan University would cost more than what the state spent on operating Hungary’s entire higher education system in 2019.”⁶⁹ Nonetheless, Hungary’s Fidesz-dominated parliament voted in June for the state to donate tracts of land along the Danube for the campus’s future construction.⁷⁰ If Orban’s cavalier attitude toward transatlantic security wasn’t bad enough, his kowtowing to China’s intelligence agenda at such cost to the Hungarian taxpayer makes plain his position as “Beijing’s man” in Central Europe.⁷¹

STRATEGIC THREAT III: HUNGARY IS A MALIGN ACTOR IN CENTRAL AND EASTERN EUROPE

Viktor Orban’s subjugation of Hungary’s foreign, economic, and energy policies to Moscow’s and Beijing’s designs is not his end goal. Rather, in these eastern partnerships, Orban strives to position Hungary as a dominant political force in the CEE region and throughout Europe. To this end, Orban’s government has and continues to align itself with ideological counterparts in Southeast Europe. At the same time, it drives to capture the political allegiance of ethnic Hungarians in neighboring states as a means of increasing Hungary’s regional influence. By combining these approaches, Orban believes he will put (Greater) Hungary in its “rightful” place in the pantheon of European powers.

PROBLEM #7: Hungary promotes and protects Balkan authoritarians

Distinct from Hungary’s alignment with Russia’s and China’s European aims is Hungary’s own attempts to undermine democratic actors by allying with authoritarian-leaning populists in Central and Southeast Europe. Orban’s efforts to consolidate illiberal leaders in the EU stretch back to the early years of his rule and continue today.⁷² Outside of the EU, he has sought to re-form Hungary as Europe’s new champion of the Christian democratic political tradition.⁷³ In and outside of the EU, Orban is actively recruiting for his efforts Serbia’s Aleksandar Vučić, Italy’s Matteo Salvini, Czechia’s Andrej Babiš, Slovenia’s Janez Janša, and others.⁷⁴

Orban has previously shown his predilection for aspiring authoritarians in Hungary’s “near abroad.” A well-known example is the asylum he readily granted acting Macedonian prime minister Nikola Gruevski in 2018 as he fled corruption charges in his home country,⁷⁵ using a Hungarian diplomatic vehicle.⁷⁶ Beforehand, Hungarian support for Gruevski’s populist VMRO-DPMNE party spiked in Macedonian media in 2017. Sensing post-election troubles for his (then) defeated fellow travelers in Skopje, media mogul Peter Schatz, as

69 Panyi Szabolcs, “Huge Chinese Loan to Cover the Construction of Fudan University in Budapest,” Direkt 36, last modified June 4, 2021, https://www.direkt36.hu/en/kinai-hitelbol-keszul-a-magyar-felsooktatasi-oriasberuhazasa-a-kormany-mar-oda-is-igerte-egy-kinai-cegnek/?fbclid=IwAR2SfKuGCfMQM88jc0E6rmckCH3Zeuk_jYxzueU8nsEHRaky0TWbtHGcHPM.

70 “Hungarian Lawmakers Vote to Donate State Land for Planned Chinese University,” Radio Free Europe, last modified June 15, 2021, <https://www.rferl.org/a/hungary-land-china-university/31309522.html>.

71 A potential risk is the prospect of increased Hungarian–Chinese military cooperation. During his March visit to Budapest, PRC defense minister Wei Fenghe stated that “future joint military drills [and] exchanges [are] likely.”

72 Justyna Pawlak and Wojciech Strupczewski, “Polish, Hungarian ‘Horse Thief’ Alliance Alarms Brussels,” Reuters, last modified September 15, 2016, <https://www.reuters.com/article/us-eu-summit-poland-hungary/polish-hungarian-horse-thief-alliance-alarms-brussels-idUSKCN11L0AX>.

73 Amanda Coakley, “Hungary’s Orban Tries to Snatch Mantle of Christian Democracy,” Foreign Policy, last modified August 3, 2021, <https://foreignpolicy.com/2021/08/03/hungary-orban-fidesz-christian-democracy-right/>.

74 Edit Inotai, “Summit Hears Demography, Not Climate Policy Is Key Question for Europe’s Survival,” Balkan Insight, last modified September 23, 2021, <https://balkaninsight.com/2021/09/23/summit-hears-demography-not-climate-policy-is-key-question-for-europes-survival/>.

75 Sinisa Jakov Marusic, “Fugitive Macedonian Ex-PM ‘Seeking Asylum in Hungary,’” Balkan Insight, last modified November 13, 2018, <https://balkaninsight.com/2018/11/13/macedonia-s-fugitive-ex-pm-seeking-asylum-in-hungary-11-13-2018/>.

76 Georgi Gotev, “Macedonian’s Ex-PM Fled in Hungarian Diplomatic Car,” Euractiv, last modified November 16, 2018, <https://www.euractiv.com/section/politics/news/macedonian-ex-pm-gruevski-fled-in-hungarian-diplomatic-car/>.

well as other Orban allies, purchased several news outlets and television stations in Macedonia to ensure the continued dissemination of VMRO's and Fidesz's ultra-nationalist, socially conservative narratives.⁷⁷

That same year, Schatz and company intervened similarly in support of Slovenia's then prime minister, Janez Janša. Their shared illiberal narratives are doctrinally anti-immigrant, grossly disparaging of the EU and NATO, and intensely critical of the Prespa accord, which opened the door for North Macedonia's NATO membership and EU candidacy.⁷⁸

Closer to home, Hungarian–Serbian relations have strengthened as these two countries' leaders have embraced authoritarian powers and practices. Alike in their astute readiness to please Xi and Putin, Orban and Vučić have been brought closer by the COVID-19 pandemic as their respective pariah state rankings trend upward.⁷⁹ United in helping Russia and China realize their European visions (e.g., TurkStream and the Budapest–Belgrade railway), autocratic Serbia and Hungary are increasingly engaging in cooperation that bodes dangerously ill for democracy in the Western Balkans and for European security overall.

PROBLEM #8: Orban's "Greater Hungary" narrative is becoming less-and-less rhetorical

Throughout the bulk of his tenure as prime minister, Viktor Orban's populism has benefited from his narrative that victimizes ethnic Hungarians in neighboring states; in particular, Romania, Slovakia, and Ukraine.⁸⁰ Common accusations made against the governments of these countries include the following: the denial of purported Hungarian-language rights, the rejection of collective minority rights permitting more autonomous community governance, and the refusal to recognize dual citizenship.⁸¹ While certain aspects of these grievances are worthy of debate, the combined impact of certain states' stances on minority rights does not amount to the gross persecution that Orban claims.

The Hungarian prime minister's demonization of neighboring governments and self-appointed status as "defender" of ethnic Hungarians throughout the region are popular. His updated Trianon Syndrome rhetoric resounds affirmatively with Hungarians at "home" and abroad.⁸² According to a 2020 Pew Research Center poll, two-thirds of Hungarian citizens polled maintain that "there are parts of neighbouring countries that belong to us," with 40 percent of respondents "completely agreeing."⁸³ Outside of Hungary, a tremendous 96 percent of the Hungarian diaspora cast their ballots for Fidesz in the 2018 elections.⁸⁴

77 Zöldi Blanka and Szabó András, "Orbán's Media Machine in the Balkans Investigated for Suspicious Transactions," Direkt 36, last modified February 28, 2020, https://www.direkt36.hu/en/egymilliardot-pumpaltak-at-az-orbanek-altal-epitett-balkani-mediaba-gruevszki-ellenfelei-vizsgalni-kezdték-a-gyanus-penzmozgast/?utm_source=newsletter&utm_medium=email&utm_campaign=balkans_watch_briefing_march_2020&utm_term=2020-06-27.

78 Richard Kraemer, "Malign Foreign Influence in the Western Balkans: The EVC Review 2020," European Values, last modified December 17, 2020, <https://www.europeanvalues.cz/en/malign-foreign-influence-in-the-western-balkans-the-evc-review-2020/>.

79 "Serbia, Hungary Pledge to Accelerate Post-pandemic Cooperation," Xinhua net, last modified May 15, 2020, http://www.xinhuanet.com/english/europe/2020-05/15/c_139060255.htm.

80 According to the CIA World Factbook, ethnic Hungarians comprise 3.5 percent of Serbia's nearly seven million citizens, comprising approximately over a quarter million individuals. Despite this significant number, Orban has spared Belgrade his wrath in part due to the recognition of collective minority rights in Serbia and his efforts to strengthen political and economic ties with his fellow authoritarian, President Aleksandar Vučić.

81 Neither Slovakia nor Ukraine permits dual citizenship status.

82 The Treaty of Trianon, signed at Versailles on June 4, 1920, set the terms of peace between the Allied Powers and Hungary. Its terms diminished Hungary's pre–World War I territory by nearly three-quarters and reduced its population to 36 percent of its previous total. Some Hungarians' nationalistic grievances and accompanying irredentist claims comprise the phenomenon known as Trianon Syndrome.

83 Moira Fagan and Jacob Poushter, "NATO Seen Favorably across Member States," Pew Research Center, last modified February 9, 2020, <https://www.pewresearch.org/global/2020/02/09/nato-seen-favorably-across-member-states/>.

84 Országgyűlési képviselők választása 2018 - országos listás szavazás eredménye, last modified May 3, 2018, <https://www.valasztas.hu/orszagos-listak-eredmenye>.

The narrative purveyed in Orban's dangerously irredentist bombast may indicate a greater strategy to realize potential territorial claims. Orban's readiness to tacitly accept Russia's illegal claims to Crimea is linked to possible designs on ethnic Hungarian-majority lands in Ukraine.⁸⁵ Indeed, it was in the early stages of the fighting in Donbass that Orban opportunistically chose to raise his voice in alleged defense of roughly 150,000 ethnic Magyars in western Ukraine.⁸⁶ Since that time, Orban and his government have only sought to diminish Ukraine's sovereignty (see above).

Hungary under Orban has made disconcerting forays into Slovakian politics and society as well. The Investigative Centre of Ján Kuciak has reported on Hungarian state and state-sponsored interventions in Slovakia, including slush funds for community projects in Hungarian-majority areas,⁸⁷ financial backing for organizations linked to Hungarian Slovaks,⁸⁸ and Hungary energy titan MOL Group's ownership of a popular Slovak-Hungarian football club.⁸⁹ Only recently did Orban agree to a demand made by the Slovak foreign minister, Ivan Korčok, that the Fidesz government cancel a resolution with the aim of establishing a fund to purchase agricultural lands in neighboring countries.⁹⁰ Although not directly infringing on Slovakia's sovereignty, these interventions and the influence Orban seeks to gain through them reflect ambitions beyond getting out the vote during Hungarian elections. Orban's "Greater Hungary" talk needs be taken seriously and monitored accordingly.

85 Andrzej Sadecki, "Hungary's Stance on the Ukrainian–Russian Conflict," Centre for Eastern Studies, last modified May 21, 2014, <https://www.osw.waw.pl/en/publikacje/analyses/2014-05-21/hungarys-stance-ukrainian-russian-conflict>.

86 Péter Krekó and Patrik Szicherle, "Why Is Hungary Blocking Ukraine's Western Integration," Atlantic Council, last modified January 16, 2018, <https://www.atlanticcouncil.org/blogs/ukrainealert/why-is-hungary-blocking-ukraine-s-western-integration/>.

87 Beata Balogová, "According to the 2011 census, approximately 460,000 ethnic Hungarians in Slovakia (8.5 percent of the population) identify as Hungarian", last modified March 3, 2012, <https://spectator.sme.sk/c/20042646/census-fewer-hungarians-catholics-and-slovaks.html>.

88 Paraméter.sk, "Hungarian Money for Slovak South," Hungarian Money, accessed October 13, 2021, <http://hungarianmoney.eu/icjk-hungarian-money-for-slovak-south/>.

89 Arpad Szoczi, "Orban-backed Football Club Causing a Stir in Slovakia," Deutsche Welle, last modified September 23, 2021, <https://www.dw.com/en/orban-backed-football-club-causing-a-stir-in-slovakia/a-59207902>.

90 Spectator SME, "Hungary Gives in to Slovakia. Its Government Won't Fund Land Purchases Abroad," news release, accessed October 13, 2021, <https://spectator.sme.sk/c/22761535/hungary-gives-in-to-slovakia-its-govt-wont-fund-land-purchases-abroad.html>.

NEEDED RESPONSE: POLICY RECOMMENDATIONS

- **POLICY AREA #1: Acknowledgment**

A disease cannot be cured before it is properly diagnosed. Despite Hungary's status as a NATO and EU member, its statements, policies, and their implementation demonstrate that this is a state run by a potentially authoritarian prime minister who consistently sides with China and Russia. Orban governs illiberally at home and promotes relations with like-minded political actors in Hungary's near abroad.

The time has come for the democratic governments of the transatlantic community to publicly state that Hungary under Orban's leadership is an authoritarian-trending state that threatens our common security. For several years, Orban has hoodwinked many in Washington and Brussels, drawing their attention to (a) his alleged defense of "traditional" and "Christian" values and (b) his open animosity toward EU bureaucracy, purportedly in the name of state sovereignty. Orban acutely employs both narratives to distract decisionmakers in the US and elsewhere from his continued agency for Russian and Chinese objectives in Europe.

As reported above, there are no signs yet that Orban intends to shift Hungary's geopolitical orientation. His government's foreign policies and politico-economic relations with authoritarian states need to be regularly monitored and reported on by state security offices, various watchdog organizations, and Hungary's democratic civil society. Reports and investigative findings would be presented biannually in regional, European, and US public forums explicitly aiming to raise awareness about the security risks posed by an authoritarian Hungary.

Thus informed, leaders in Washington and Brussels must jointly and firmly maintain our mutual security interests. The US government and its democratic partners in Europe need to unequivocally communicate to Orban that he must make a choice: either make a genuine commitment in word and deed to the purposes and values of NATO and the EU or continue to align his country with our adversaries. And if he should choose the latter, he must know that it will come at tangible financial and political costs.

- **POLICY AREA #2: Consequences**

It is encouraging that Berlin and Brussels are becoming increasingly vocal in their criticism of Orban's blatant disregard for the human rights and liberal democratic values on which both NATO and the EU were founded.⁹¹ German and Hungarian acrimony over Hong Kong is one example⁹²; Hungary's near suspension from the European People's Party is another. Regrettably, political elites' public condemnation will almost certainly fail to convince Orban that he cannot have the benefits of NATO and EU membership while simultaneously doing the bidding of Putin and Xi.

There is no expulsion mechanism within NATO. Therefore, *leading NATO states need to isolate Hungary as much as possible until the Hungarian government consistently demonstrates that its utmost concern as a Member State is for the integrity of transatlantic security.* Intelligence should not be shared with Hungary. Joint military exercises and cooperative training activities should be suspended. The sale of new weaponry and technological upgrades to Hungarian military equipment should be deferred indefinitely. Hungarian political engagement within NATO should be severely curtailed. These measures should remain in place until a demonstrably renewed commitment to transatlantic security

91 The North Atlantic Treaty, E.g., see Preamble, NATO Charter; https://www.nato.int/cps/en/natolive/official_texts_17120.htm

92 Andrew Rettman, "Germany and Hungary Clash on EU-China relations," EU observer, last modified June 8, 2021, <https://euobserver.com/world/152076>.

is evidenced.

These recommended measures are stern. Yet consider the following: Viktor Orban is willing to permit Russian and Chinese intelligence assets to freely operate from his country. Orban promotes Huawei's presence and the embedding of its technologies within Hungarian communications and government offices. He is willing to undermine the prospects of Ukraine's stability for the sake of pleasing Vladimir Putin, despite NATO's collective efforts to achieve the opposite.

These are the actions of a leader who cannot be trusted. The US and its European allies can no longer risk compromising the protection of their people in exchange for the ruse of a cooperation that no longer exists under Orban's adversarial Hungary.

Brussels strives to preserve the EU's integrity in part by upholding fundamental democratic norms and institutions. Correspondingly, it should continue to rebuke the Fidesz government for its unwillingness to respect democratic values both at home and abroad, particularly as regards Beijing's utter contempt for its citizens' human rights. However, *if the Commission truly wishes to encourage a change in Budapest's irreverence, then it must firmly scrutinize, and set conditions for, Hungary's use of EU funds.* The European Commission's attempt to link COVID-19 recovery funds to the reform of Hungary's public procurement laws is a definitive step in the right direction.⁹³ The suspension of funds for Orban's disrespect for rule of law is another.⁹⁴

Within the Visegrad Four (V4) community, Czechia, Poland, and Slovakia should similarly declare that Orban's alignment with Russia and China is wholly contrary to their shared security concerns and thus unacceptable. One issue around which these three states may unite is Budapest's inexcusable support for Putin's efforts to sabotage Ukrainian stability and independence. Further advisable would be for these democratic states to share intelligence on Chinese and Russian influence operations conducted from Hungarian territory and confront the Fidesz-led government when so identified. Finally, democratic governments should consider keeping high-level attendance at V4 forums featuring ministerial or other high-office representation from Hungary to a minimum and instead prefer to meet within the V4 format on the working level.

• **POLICY AREA #3: Support Hungary's Democratic Civil Society**

Hungary under Viktor Orban is an increasingly closed society. Hungary's democratic civil society has been under siege for years. According to Freedom House, "The Fidesz-led government has moved to institute policies that hamper the operations of opposition groups, journalists, universities, and non-governmental organizations whose perspectives it finds unfavorable." The space for free media has been diminished to unprecedented levels in Hungary's post-Communist history.⁹⁵ Political analysts critical of the Orban government face severe intimidation.

Governmental donor agencies and independent foundations should view Hungarian civil society as they would in any country rapidly trending toward "unfree." While funding mechanisms need to be contextualized and nuanced, the bottom line *is that increased financial support is vital if Hungary's*

93 Gabriela Baczyńska, "Worried by 'Systemic Irregularities,' EU Ties Recovery Funds to Hungary Procurement Reform," Reuters, last modified February 8, 2021, <https://www.reuters.com/article/us-health-coronavirus-eu-hungary-exclusi/worried-by-systemic-irregularities-eu-ties-recovery-funds-to-hungary-procurement-reform-idUSKBN2A8156>.

94 Jennifer Rankin, "EU Urged to Suspend Funds to Hungary over 'Grave Breaches of the Rule of Law,'" The Guardian, last modified July 7, 2021, <https://www.theguardian.com/world/2021/jul/07/eu-urged-suspend-funds-hungary-breaches-rule-of-law-viktor-orban>.

95 No Archive, "Hungary's Media Control Unprecedented in EU, Joint Mission Finds," Committee to Protect Journalists, last modified December 3, 2021, <https://cpj.org/2019/12/hungarys-media-control-unprecedented-in-eu-joint-m/>.

democrats are not to simply “weather the storm” but to effectively push back against Orban’s autocracy.

To do so, multi-year funding mechanisms should be made available for policy centers and researchers focused on the various interventions made by Russia and China and the role that the Orban government plays in facilitating them. For example, mapping the various anti-democratic actors acting in concert with Russian and Chinese interests would be of great value. As important is the identification of corrupt, pro-Orban oligarchical business interests seeking to export the Hungarian prime minister’s authoritarian agenda to Central and Southeast Europe. Research on Hungary’s various influence vectors that bear on decision-making in other V4 and Southeast Europe countries would be needed in tandem.

Providing financial backing for the besieged independent media in a progressively closed space is likewise crucial. EU donor institutions and others should consider funding Hungarian-language projects akin to the Russian-Language News Exchange platform, facilitated by Free Press Unlimited.⁹⁶ Doing so would strengthen the kind of free and unbiased media so lacking in contemporary Hungary. Moreover, it would allow ethnic Hungarians outside the country to engage proactively and democratically.

Finally, security and foreign policy makers in Washington, Brussels, and elsewhere in Europe need be vociferous in their defense of Hungary’s democratic civil society. Authoritarians and despots are empowered to the extent that their public believes that no one beyond their borders cares. For the sake of a unified and secure transatlantic community, democratic governments and their citizens must let those Hungarians on the frontlines against oppression and autocracy know that we are proactively on their side.

96 “Russian-Language News Exchange Supports Independent Media,” Free Press Unlimited, accessed October 13, 2021, <https://www.freepressunlimited.org/en/projects/russian-language-news-exchange-supports-independent-media>.