Balkan Csárdás: Hungarian Foreign Policy Dance

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Introduction

As part of the overall focus on the democratic backsliding in Hungary since Viktor Orbán's Fidesz reassumed power in 2010, numerous international observers have expressed concern regarding increasing Hungarian influence in the Western Balkans. Specifically, many fear that through intensified meddling in Western Balkan affairs, Orbán's Hungary would spread its illiberal influence throughout the region and subsequently undermine broader EU policy. In 2019, the process leading to the appointment of Olivér Várhelyi (a Hungarian diplomat close to Orbán) to the position of the European Commissioner for Neighbourhood and Enlargement garnered a salvo of criticism. While this incident briefly attracted the European media floodlights to the topic, the issue of Hungarian influence in the region of the Western Balkans quickly faded into a relative obscurity. Apart from few exceptions and a handful of journalistic accounts (which will be quoted extensively throughout the study), there are little to no attempts to analyse and explain Hungarian foreign and trade policy in the Western Balkans.

This paper is one of few all-encompassing efforts to explain Hungarian policy and involvement in the Western Balkans, and it attempts to do so by asking the following questions:

What interests and strategic considerations drive Hungarian foreign and trade policy in the region? What are Hungarian foreign policy priorities and what instruments does Hungarian foreign policy have at its disposal in the region? Is Orbán's Western Balkan policy marked by a total discontinuity with regards to previous Hungarian foreign policy towards the region? Who formulates foreign policy priorities in Hungary and what is the interplay between formal and informal actors? What economic interests shape Hungarian foreign policy in the region? What is the role of ideology in Hungarian foreign policy in the Western Balkans? How much has Hungarian foreign policy in the region changed as a result of war in Ukraine?

To answer these questions, this paper is divided into four main sections. The first focuses on Hungary’s foreign policy strategy in the region. The second, as a special case study, investigates the effects of Orbán’s minority politics in Serbia’s Autonomous Province of Vojvodina (Vajdaság in Hungarian). The third, researching Hungarian media empire in the region, and finally the fourth focusing on the economic drivers of Hungary’s approach in the region.
The paper builds upon numerous secondary sources and online and in-person interviews conducted with 19 government representatives, politicians, foreign policy experts, scholars, journalists from Hungary, Slovenia, Bosnia and Herzegovina and Serbia.

From Western Hungary to a “Peacock dance”

In its early days, Fidesz was a resolutely pro-European party. Its 1991 foreign policy programme, “Towards a new type of sovereignty,” was centred around European unification. Even in 2007, three years before its return to national power, Fidesz was still charting a pro-Western course. While in the opposition, Orbán criticised the socialist-led government: he believed it was too close to Russia. “Hold out for a Western Hungary; don’t let them divert Hungary from this path,” he claimed, “oil might come from the East, but freedom always comes from the West.”

After the 2010 elections, Fidesz returned to power, winning a crushing two-thirds majority in the parliament. While Hungarian diplomacy under the newly appointed minister János Martonyi did not suddenly upend the two-decades of Hungarian foreign policy, things did start to change gradually. According to István Szent-Iványi, during Martonyi’s term in office “strong correctional attempts were already perceptible, but the domain of a foreign policy based on an [earlier] consensus had not yet been eliminated.” Martonyi’s foreign policy strategy emphasized “the Global Opening” that “wasn’t intended to replace, but to complement, the previous clear Western orientation of Hungarian foreign policy.”

Yet, while the foreign policy back-benchers from the ministry pushed for a general, non-ideological Global Opening going beyond a traditional Euro-centric approach and looking to improve relations with other countries in the world, Orbán (now the predominant shot-caller), “had already set the strategic goal of Eastern Opening.” This implied a rapprochement with Russia and personal cosying up to and the strengthening ties with China, Turkey, and a handful of usually undemocratic ex-Soviet Republics (Azerbaijan, Kazakhstan and Turkmenistan). A more active role in the Western Balkans seemed to be part of this “opening.” Orbán himself titled this policy “Pávatánc,” a “peacock dance.” The aim was to maintain an external policy balance by positioning Hungary as a bridge between the West and East. Orbán’s critics have called this policy as “sailing in a western boat propelled by eastern winds” or “a political pyramid scheme playing out at the international level, with increased bidding.”
With the appointment of Péter Szijjártó, first to secretary of state for foreign affairs in 2012, and then minister of foreign affairs and trade since September 2014, “the real change came”. This change in the foreign policy orientation was accompanied by a “never before seen wave of cleansing” within the ministry. It included reassigning 100 of 112 head of mission positions, sending “nearly forty” ambassadors to retirement, and parachuting about 30 Fidesz loyalists into these positions.

The difference between the period from 2010 to 2014 and the appointment of Szijjártó to the ministerial position that marked the total takeover of the Hungarian foreign policy by Orbán is that in the first period, “fidelity to the right and/or Fidesz party membership were sufficient.” However, from 2014 onwards, leadership positions in diplomacy have been driven by nepotism. These positions have been given to members of Orbán’s “adopted political family.” These appointees have “no qualms about using tools outside the realm of diplomacy.” Szijjártó’s appointment has marked a rapid decline in meritocracy. Observers contend that the minister has “employed his friends in the ministry who know nothing about diplomacy or foreign policy.”

Hungary’s 2015 “Foreign Trade and Affairs Strategy,” although presented at several press conferences and events, was never published. Moreover, like the 2008 Hungarian foreign policy strategy, it was also never submitted to a process of extensive expert and public consultation. This left observers to comment on Orbán’s, Szijjártó’s and other Fidesz’s officials’ interpretations of the document. In a most recent attempt to explain the rationale of Orbán’s foreign policy, Balázs Orbán, political director of the Prime Minister (no relation to the PM), put in writing the strategy orally outlined by the prime minister to a closed circle of confidants.

The tenants of the strategy are as follows. Orbán’s goal is to use the next decade to transform Hungary from a middle-income country to a developed nation and a regional power in Central Europe. Hungary’s ruling elite believes that the neoliberal World order started collapsing after the financial and economic crisis of 2008. Russia’s aggression against Ukraine on 24 February 2022 only exacerbated this, creating a new Cold War-like division of the world. Viktor Orbán believes the Ukraine war is a critical juncture. For him, every time the world was split in such an abrupt manner, during the centuries long struggle between the Ottoman Empire and “Christian” Europe, or during the Cold War, Hungary found itself as a vassal of one of two predominant blocs and did not profit. Orbán believes the key to success is to avoid such a scenario at all costs. Thus, the goal of the “Eastern opening” amended by the realities of the war in Ukraine, is to link Hungary to the rest of the world through the Southeast, connecting it to the global supply chains that circumvent those interrupted by the Ukraine war. The key to achieving this is to strengthen domestic companies “that become dominant players at the regional level, such as MOL, OTP Bank or 4iG”, further explained Orbán. All three companies are important actors in the Western Balkans as it will be demonstrated in the section of the study dedicated to the economic drivers of Hungarian foreign policy.
Critics believe the “Eastern,” or “South-eastern,” opening to be dually ideological and economic. On one hand, the policy is “about creating the ideological basis of the illiberal state” through “strengthening relations with other illiberal states and eastern despots.”17 They believe ideological foundations of Orbán’s strategy to be inspired by Vladislav Surkov, once a predominant Kremlin ideologue and creator of the concept of “sovereign democracy,” and Aleksandr Dugin, an extreme-right Russian political philosopher. On the other hand, critics see Orbán’s foreign policy as “clearly subservient to economic interests,”18 with a special emphasis on interests linked to the “adopted political family.”19 These issues will be further investigated in the following chapters of the study.

**Foreign Policy Strategy in the Western Balkans**

Although the Western Balkans are among the key priorities of Hungary’s foreign and security policy, there is no single document that presents Budapest’s comprehensive strategy towards the region.20 However, Hungarian interests and priorities in its immediate southern neighbourhood are clearly defined in a few critical strategic documents and political statements from the highest-ranking officials. In this regard, the two most important documents are the Hungarian Foreign Policy after the Hungarian Presidency of the Council of the EU and the National Security Strategy.21 The latest Security Strategy, published in 2021, reveals the prominent role of the Western Balkans in the Hungarian foreign policy doctrine. It proclaims that “the security situation of the Balkan Peninsula and Eastern Europe...has a decisive effect on our security.”22 Hungary’s top priorities are assuring the stability of the region, accelerating the EU accession of the Western Balkans, controlling migration routes through the region, establishing energy security, and protecting the status of the Hungarian minority, specifically in Serbia. Another unofficial, yet important, political goal (that the current government has been pursuing over the last decade) is nurturing close ties with like-minded regimes and parties in the region.

**Paradoxical Security Exporter**

Preventing the spillover of instability from the Western Balkans is the highest priority of policymakers in Budapest. Major regional challenges which are seen as potential threats to Hungary’s national security include: general instability of states, ethnic and religious divisions, high unemployment rates, the lack of long-term prospects for Euro-Atlantic integration, and uncontrolled “illegal” mass migration.23 Moreover, the National Security Strategy proclaims Hungary as “significantly more exposed to the challenges facing the Western Balkans than most European countries, therefore Hungary bears a great responsibility for the success of stabilization efforts in the Western Balkans.”24
The fear of instability in the Balkans is driven from a prevalent memory of the 1990s, when conflicts erupted in Hungary’s immediate neighbourhood. This longstanding fear precedes the Orbán government. Moreover, it has led to a general sense of insecurity in Hungarian society, induced an influx of refugees from Western Balkan countries, endangered the Hungarian minority in the region, and has negatively impacted the Hungarian economy, both in terms of trade and foreign direct investments. In the words of professor Péter Balázs, “we were within the sound distance, we could hear the war.”

To contribute to the stability of the region, Hungary actively participated in various regional missions of the EU and NATO throughout the 1990s and 2000s. However, the Western Balkans have remained fragile to this day with several potential hotspots still looming. Kosovo and Bosnia and Herzegovina are still seen as the most urgent threats, and Hungarian military personnel remains present on the ground in both cases, with almost 500 members in the KFOR mission and more than 130 soldiers in the Althea mission in Bosnia and Herzegovina. Moreover, Hungarian decision-makers are very vocal in using the need for regional stabilization as a predominant argument favouring the acceleration of the EU accession process.

However, it is worth noticing that the Hungarian foreign policy doctrine regarding Kosovo and Bosnia and Herzegovina might seem rather contradictory under the current government. Despite the fact that Hungary recognized Kosovo and remains supportive of its independence, the closeness of the regimes of Orbán and Aleksandar Vučić, the president of Serbia, is at odds with this position. Belgrade is by far the most important bilateral partner for Hungary in the region. Hungarian position on Kosovo’s independence is firm not only because it is in line with that most NATO allies, but also because it goes in favour of the argument of self-determination. This argument is particularly popular in the Hungarian public discourse as it feeds into the revisionist narrative which concerns the large Hungarian minority in neighbouring countries that remained on the other side of the border following the 1920 Trianon treaty. Nevertheless, Budapest has been more than willing to make some political concessions to Belgrade in recent years regarding the Kosovo issue. For example, Hungary announced it will vote against Kosovo’s membership to European bodies (e.g. membership in the Council of Europe) if this process occurs before a compromise between Serbia and Kosovo is made.
In line with that policy, Hungary was the only country which recognizes Kosovo that voted against its membership in the Council of Europe in the Committee of Ministers in April 2023. President Vučić praised Prime Minister Orban for this decision, stating that Hungary proved to be the biggest friend of Serbia.

At first glance, Hungarian policy toward Bosnia and Herzegovina also appears inconsistent. Promoting stability and strong commitments to the peacekeeping mission are the cornerstones of Hungary’s official policy. In the words of Szijjártó, “the stability of Bosnia-Herzegovina is particularly important for Hungary due to that country’s geographical proximity, which is why the Hungarian government supports every measure aimed at strengthening stability and rejects any proposal that would further destabilize the country.” Orbán has underlined the importance of a stable Bosnia and Herzegovina for Hungarian security, emphasizing that “the Bosnian border is only 70 to 80 kilometers from our southern border, and any conflict could spill over to Hungary.”

This position appears to starkly contrast with the close political ties between Orbán and the President of the Republic of Srpska Milorad Dodik, who most vocally promotes the idea of dismantling Bosnia and Herzegovina. However, the Hungarian view on this issue is that Dodik is a problem to be managed. Dodik should not be isolated because of his inflammatory rhetoric. Rather, the Hungarian view stipulates he should be approached and engaged with, under the excuse that he is a democratically elected official and collaboration with him can benefit the stability of Bosnia and Herzegovina as a whole.

The Balkan Migration Route Trump Card

Over the last decade, illegal migration has become a pivotal security concern for the Hungarian state and society. “Uncontrolled illegal mass migration is a new type of challenge that could undermine the security and stability of the European continent while generating a multitude of national security, public safety, and public health risks”, spells out Hungary’s National Security Strategy. The migration crisis (which peaked in 2015) has been instrumental in Fidesz’s efforts to strengthen its position in power for the foreseeable future. On the back of a fierce xenophobic anti-immigration campaign calling for the protection of Christian values and the Hungarian way of life, Orbán’s government has built a wall on the border with Serbia and launched often brutal police actions to prevent migrants from entering the country. After almost a decade, the topic of migration is still the focus of Hungarian security policy. In the National Security Strategy, it is listed first among the challenges that have the most significant impact on the country’s national interest, as it could gradually weaken the transit and destination countries by undermining their social cohesion or even be used as a tool of hybrid warfare.
Such a strong focus on controlling migration influx places a new spotlight on the importance of the Western Balkans for Hungarian national security: “with regard to transit countries, increased attention must be devoted to the Western Balkan region, as mass migration can reach Hungary primarily along this geographical route.” This particularly affects bilateral relations with Serbia and North Macedonia, as these are the two countries on the main migration route to Hungary. For this reason, special measures have been taken to move the migration issue further away from Hungary’s southern border. These special measures include bilateral deals for providing policing on the Serbian and North Macedonian border. In his 2020 annual New Year’s speech, Orbán informed the public that to help control the migration flows, “we decided to provide immediate assistance to (North) Macedonia and arranged for a police contingent to be sent to that country.” In 2018, Orbán has offered to assist Montenegro with building a fence on its borders to stop the Adriatic migration route. This overture was not accepted by then Minister of Foreign Affairs of Montenegro. Such statements show that these foreign policies are formulated with a domestic, Hungarian audience in mind.

In late 2022, a new regional dimension has been added to the existing anti-immigration policy. A trilateral agreement between Hungary, Austria, and Serbia has been signed in Belgrade to promote close collaboration in assuring the security of the Serbian-Macedonian border, while Austria and Hungary pledged they will share the cost of readmission of illegal migrants from Serbia. Each of the governments involved has a specific interest in joining this coalition. Austria, as a migrant destination country, wants to reduce the number of migrants crossing through the Balkan route. Serbia is looking for ways to build alliances in the EU and to present itself as a regional security provider. The Hungarian government primarily looks to score additional domestic political points on its trademark topic. This collaboration adds another important dimension to bilateral dynamics between the two countries, confirming Serbia’s central role for Hungary in the Western Balkan region. Ahead of the EU-Western Balkans summit in Tirana in December 2022, Orbán stated yet again that “we can close off the migration route entirely only with Serbia’s help.”
Hungary has a strong interest in pushing for a fast-track accession of all Western Balkan countries to the EU. The first goal for promoting the acceleration of the process is addressing the aforementioned security concerns. Hungarian regional policy is coined around the belief that “the Euro-Atlantic integration of the Western Balkan region is of key importance to solving the problems affecting the region.”

Current geopolitical circumstances and the ongoing war in Ukraine only added a sense of urgency to this approach. Secondly, Hungary has strong economic incentives for extending the common market to the neighbouring region, and the Western Balkans is already recognized as a priority area for Hungarian investments.

Finally, concrete political interests in supporting the accession process should not be overlooked. First of all, the Orbán government has a clear interest in having like-minded regimes join the EU to reduce the pressure it is facing from Brussels for its illiberal policies that violate democratic standards and rule of law principles. After the alienation from Poland over the Ukrainian war and earlier isolation from other Visegrad countries, Budapest desperately needs a new ally among member states that could veto sanctions against Hungary. Adding poorer members from South-eastern Europe that share structurally similar interests and concerns might shift the balance of power in some EU bodies towards Hungary’s inclinations.

Moreover, Hungary’s position as a driving force in the accession process provides some political benefits. First of all, it is a tool for expanding influence in the strategically important region. By positioning itself in contrast to the ever-more demanding Brussels technocrats and member-states suffering from enlargement fatigue, Hungary has tremendously improved its soft power in the Western Balkans. This role also helps the current government obtain domestic legitimacy, as it portrays Orbán as a consequential player on the wider European stage. Even more importantly, a pro-enlargement stance aims to raise the profile of Hungary in European policy circles. Hungarian diplomats claim that Orbán’s ties with Vučić and Dodik have often proven useful for European decision-makers when it was necessary to mediate over sensitive issues in the region.
For all these reasons, Hungary has decided to take a hands-on approach to the accession process. After Orbán failed to get a Commissioner in 2014, Olivér Várhelyi was appointed as the new Commissioner for Enlargement with an ambitious agenda in 2019. Várhelyi has been criticized as a loyal Orbán associate who will not prioritize rule of law reforms or insist that candidate countries align with the common foreign and security policy. During Várhelyi’s mandate, there was a certain progress in the Western Balkan accession process. Albania and North Macedonia finally started negotiation talks, although in the case of Skopje this is conditioned by still doubtful Constitutional reform. Bosnia and Herzegovina was granted candidate status, and there was also visa liberalization for Kosovo. Although this is largely due to the changing geopolitical priorities which have put the enlargement back on the EU agenda, Hungary claimed that Várhelyi’s appointment brought success for Western Balkans EU membership hopefuls. Várhelyi has been praised by several local actors as a true ally of the region. The fact he was simultaneously accused of deliberately diminishing concerns about rule of law in candidate countries, especially Serbia, has tainted his image within the EU much more than in candidate countries.

Moreover, the Hungarian Government has also appointed EU integration experts to assist every Western Balkan government with the accession process. These actions, alongside repeated political statements of Hungarian officials calling for speeding up the accession process, show a clear intention to assume a pivotal role in the EU integration of the region. After the long-awaited opening accession negotiations with North Macedonia and Albania, Szijjártó claimed it was a huge success from a Hungarian perspective:

“We can be proud of the fact that we Hungarians have played a major role in this success. This news is also a Hungarian success because the EU Commissioner for Enlargement is Hungarian. He put forward the new enlargement method that was politically adopted by the Council today, and this will be significantly accelerating the accession negotiations because it will allow the opening of groups of negotiation chapters rather than single ones.”

Whereas it is true that the New Enlargement Methodology was adopted at the beginning of the mandate of Commissioner Várhelyi, it is no secret that the initiative had very little to do with him and Hungary, and that it was in fact championed by France through its November 2019 non-paper. Nine, pro-enlargement EU-member states (Hungary was not amongst them) presented a counter proposal to the French non-paper. The New Enlargement Methodology was the result of the compromise. Whereas, all 27 EU member states stood by the proposal, Hungary played no major role in the process, leading one to conclude that Szijjártó and the Hungarian diplomacy adorned themselves with borrowed plumes. Hungary is resolutely pro-enlargement, but Orbán government ill-standing with the rest of the EU prevented Budapest from having a major role in the process.
Bilateral Priorities

Not all countries of the region are equally important for Hungarian policy-makers. Besides the overarching topics which are core to the regional policy approach, the interests and priorities outlined in this paper dictate different levels of bilateral relations. In that sense, Serbia is by far the most relevant partner in the region. First of all, it is the only country that borders Hungary, which has direct implications for national security in terms of a potential instability spill-over. This is particularly important as the unresolved Kosovo issue remains possibly the most serious potential hotspot for crisis in the region. Also, partnership with Belgrade plays a central role in the external dimension of anti-immigration policy. Because of the special focus on the Balkan migration route, Serbia is seen as Hungary’s partner and a security provider, not just for Hungary but the entire region as well. Furthermore, Serbia is the only country in the region with a significant Hungarian minority. Hungary also has important economic interests in Serbia. Last but not least, regimes in Belgrade and Budapest are firmly aligned on key priorities and their collaboration has risen to the level of strategic partnership over the last decade.

Other bilateral relations in the region are primarily devoted to addressing particular security concerns. Bosnia and Herzegovina and Kosovo are recognized as key potential threats, which legitimizes the presence of large Hungarian peacekeeping missions on the ground. Close ties with the regime in the Republic of Srpska bring an additional dimension to the political relationship with Bosnia and Herzegovina. North Macedonia has become increasingly important as a transit country on the Balkan migration route which has direct implications for Hungarian security concerns. Finally, Montenegro and Albania are primarily important as members of the NATO alliance.

How the Illiberal Alliance Works

Over the last decade, a political priority for Orbán’s regime has been nurturing strong ties with autocratic and illiberal governments, political parties and actors in the region. The most prominent one is the political partnership with Serbian president Vučić and his Serbian Progressive Party (SNS). Orbán is also keen to demonstrate political closeness with the president of the Republic of Srpska Dodik. Furthermore, the relationship with VMRO-DPMNE, the strongest opposition party in North Macedonia, as well as their former and current leadership should not be overlooked. These partnerships have been strategically built through a set of institutional arrangements, symbolic gestures, and political endorsements. Although the origin of these relationships lies in ideological compatibility, each of them primarily has practical interests at its core.
The political closeness with the regime in Belgrade started as soon as SNS consolidated its power. In order to pave the way for this collaboration, the difficult past between the two countries needed to be reconciled. Relations between Hungary and Serbia have for decades been burdened by historical disputes. The Trianon treaty signed in the aftermath of the First World War left much of Hungary’s former territory and many ethnic Hungarians on the other side of new borders, which caused grievances that still presently dominate Hungarian narratives. This includes the Vojvodina province in the north of Serbia and its substantial Hungarian minority. During the Second World War, the Hungarian fascist regime committed a series of war crimes against Serb, Jewish, and Roma civilians in parts of Vojvodina they occupied and annexed, culminating in the Novi Sad raid in 1942. After the liberation in 1944, local Hungarian civilians were exposed to retaliation crimes by the new Yugoslav regime, which solidified hostile relations for decades to come.

While in the opposition, Orbán’s Fidesz amplified past tensions with Serbia for political gain. Using the possibility of a veto on Serbia’s EU integration, Hungarian diplomacy achieved in the fall of 2011 that the discriminatory elements of the law on restitution for Hungarians in Serbia were overcome by amending the law on rehabilitation adopted by the Parliament. However, after SNS came to power in Serbia, both regimes have made significant symbolic gestures to turn over a new leaf. In 2013, the Serbian parliament adopted a resolution proposed by the ruling Serbian Progressive Party and the Alliance of Vojvodina Hungarians (VMSZ) that condemns crimes committed against Hungarian civilians in Vojvodina between 1944 and 1945. Just days later, then President of Hungary János Áder from Fidesz have apologized in front of the same MPs for crimes committed by Hungarian authorities in Vojvodina during the Second World War. This has opened the door for establishing a close political partnership between the two regimes, and equally important close personal ties between Orbán and Vučić, which has been elevated to the level of strategic partnership. Numerous statements by both officials on relations between the two countries reaching a historical high point has been crowned in 2021 when the two prime ministers, Ana Brnabić and Orbán, signed an Agreement on Cordial Relations and Strategic Partnership. In March 2023 president Vučić announced the deepening of institutional ties will continue with a council on strategic cooperation which should be set up by May to promote further cooperation in the fields of security, the fight against terrorism, the army, police, and military technology.

However, the collaboration does not end with formal agreements. A more important element of the Serbian-Hungarian relationship is the very concrete political support that is shared between the two sides. Orbán and Vučić regularly take part in each other electoral campaigns. For example, on March 18th, 2022, just weeks before the general
elections scheduled in both countries for April 3rd, the two leaders were sharing a first train ride on the opening of the fast railroad between Belgrade and Novi Sad, which is part of the new Belgrade-Budapest railway. The closeness between the two regimes is also reflected in the adoption of similar methods and strategies to capture state institutions and establish control over the media sphere. Finally, the two regimes provide each other substantial support in pursuing crucial interests in the international arena, such as the anti-migration policy for Orbán, or the EU accession process and access to EU funds for Vučić. The most notorious example of the latter is Várhelyi, who was accused by the MPs in the European Parliament of helping Serbia avoid criticism in the EU Annual Report. As mentioned, another one of Orbán's important ally among the Western Balkans leaders is Dodik. The origin of their partnership lies in the ideological proximity of the two regimes, embodied in their mutual resentment towards the liberal elites in the EU, civil society organizations and migrants. However, the motivation for this collaboration is once again primarily practical in nature. For Dodik, Orbán is the only ally inside the EU who gives him legitimacy and protects him. In November 2021, when the previous German government started to lobby for EU-wide sanctions against Dodik and his associates, and the current German government continued it, Hungary threatened to block any such decision and eventually stopped further discussions. For Orbán, relations with Dodik provide an opportunity to keep BiH stable and potentially advance economic and energy interests (Republic of Srpska produces more electricity than it can expend). It also allows Orbán to play the role of an interlocutor between Western politicians and Dodik. German and Bavarian CSU politician, Christian Schmidt, who since August 2021 has served as the High Representative of international community in Bosnia and Herzegovina, has relied on Orbán to establish a line of communication with Dodik. Hungarian diplomats have headed the Office of the High Representative (OHR) office in Banja Luka since 2016.¹

Orbán's support for Dodik has become even more direct through the Progressus foundation that has been directly funded by the Hungarian government. According to Radio Free Europe, Progressus donated 35 million euros, promising another 65 million in the future, through a support program for the improvement of agricultural production that was directly distributed to potential Dodik voters.⁶³ Orbán was also the first leader to congratulate Dodik on his victory in the Republic of Srpska entity.⁶⁴ He did so long before Vučić, who is usually seen as the closest and natural ally of Dodik.⁶⁵

However, Orbán's support for Dodik is not unlimited. It was Orbán's EU Commissioner Várhelyi who, in February 2022, decided to freeze over 600 million euros of EU funds for Republic of Srpska. This decision was motivated by concrete and dangerous steps

¹ Ambassador Marianne Berecz from 2016 to 2022, and ambassador Laszlo Markusz since October 2022.
made by Dodik, who aimed to collapse BiH’s institutional and constitutional architecture and inevitably provoke a security crisis. This reflects that in relations with Dodik, security and stability come first. As an award for Dodik’s June 2022 decision to abandon his escalatory path, Orbán provided financial support to Republic of Srpska and firmly supported Dodik in the Republic of Srpska’s Presidential race in 2022: “I am proud of our personal friendship. I recognized in him a man who is ready to preserve peace, who is open to dialogue, and who advocates respect for the Dayton Agreement. (...) I have always supported him, that’s why I want to cooperate with him in the future.”

In December 2022, Dodik told media that Várhelyi promised to unfreeze the funds.

In North Macedonia, Orbán has special ties with the largest opposition party, VMRO-DPMNE. This collaboration was established before 2016, when VMRO was in power, and it is once again based on ideological proximity. Ahead of the 2016 parliamentary elections in North Macedonia, Szijjártó held a speech in Skopje, campaigning for VMRO. However, VMRO lost these elections to the SDSM. The following year former prime minister Nikola Gruevski was sentenced to two-years in jail for corruption. Gruevski, with the help of Hungarian diplomats, secretly escaped to Hungary, where he was granted asylum. Orbán has personally supported the decision to grant asylum to Gruevski, stating that he is “my personal friend and a friend of the Hungarian people. Without him, it would be much more difficult to defend our borders.” Moreover, he has since established close ties with the new VMRO leader Hristijan Micoski, meeting with him regularly and expressing vocal support. Despite this, the current SDSM government in Skopje is not loudly drawing attention to these issues, since Hungary is a necessary ally for the EU accession process of the country, instead cooperating closely with official Budapest on issues such as anti-migration policy.

For Orbán and Fidesz, collaboration with these ally regimes and actors is important for several reasons. Firstly, by having such close relations with decision-makers in several countries, especially those that are particularly important for Hungarian interests, Orbán is projecting his influence onto the strategically important region. This gives him ideological legitimization at home, as he can present himself not only as an influential figure in the international arena but a true spokesman of illiberal democracy, whose beliefs have also been adopted by other actors. Orbán is also maintaining business ties for himself and his inner circle. Finally, these relations are one of the rare cards of influence that are left for Orbán among the EU stakeholders. Orbán wants to establish himself in a position as a useful link between the most disruptive leaders of the Western Balkans and Western actors who are trying to engage and navigate the region. This can prove to be a particularly rewarding role when frequent
internal or bilateral tensions threaten to escalate. These conflicts give Orbán weight when it comes to the security issues in the region. He can try to use this leverage to reduce some of the pressures he is facing from Brussels.

These relationships are beneficial for local leaders as well. For the autocratic regimes in the region, Orbán can serve as an ideological father figure who can, to a certain extent, replace Putin in the eyes of their core voters as a desirable partner. This is particularly important currently, as ties with Putin might prove too risky to publicly demonstrate due to the changing geopolitical landscape. Orbán and Fidesz’s governing style further serves as proof that the undemocratic practices some EU stakeholders criticize in Western Balkans countries exist in the EU as well. This fact delegitimizes critical voices coming from Brussels or EU capitals, dismissing them as hypocritical. Orbán provides direct political support to partnering regimes and parties in the region. Most importantly, Orbán plays a role of an ally within the EU, someone who can loosen or block external pressures and promote the EU accession process regardless of the lack of reforms or democratic backsliding.

For the autocratic regimes in the region, Orbán can serve as an ideological father figure who can, to a certain extent, replace Putin in the eyes of their core voters as a desirable partner.
Hungarian Minority in Serbia: A Case Study

Reconciliation of Leaders, Not the People

Serbia is a homeland to less than 185,000 ethnic Hungarians who live in the Autonomous Province of Vojvodina. In 2022, Szijjártó assessed that Hungarians are in a good position because the government in Serbia treats them “extremely fairly.” However, contrary to conventional wisdom, cordial relations between the leaders of Serbia and Hungary have not been translated to the level of society.

According to Anna Oreg, a member of the Serbian parliament and an ethnic Hungarian, the political rapprochement between Serbia and Hungary was actually “a salon reconciliation [of the leaders], not a reconciliation between the two nations,” largely because Orbán and Vučić are not working to reconcile the people. Relations between Serbs and Hungarians in Serbia have deteriorated since 2011 due to nationalist rhetoric and politics, as well as competition between VMSZ and the Serbian Progressive Party in areas with a Hungarian population. The outcome of this is the ghettoization of Hungarians. Moreover, strong nationalist politics on both sides led to forgetting about coexistence, and the dominant feeling is that “Hungarians and Serbs today live next to each other, not together”.

Reconciliation and overcoming the past was only successful at the leadership level. Rehabilitation of Miklos Horthy, Hitler’s ally who was responsible for the mass execution of Serbs, Jews, and Roma in Novi Sad in 1942, and the unveiling of his bust in the Hungarian parliament in August 2022 did not provoke reactions from Serbian government officials, nor did it damage the good relations between Orbán and Vučić. This is not surprising, given that Orbán and Vučić are not interested in rectifying past injustices, but in trading mutual benefits.

Unlike the current political establishment in both countries, many citizens of Serbia, especially those who lived in SFR Yugoslavia, care about the anti-fascist legacy and preserve the memory of the atrocities committed in the Second World War. Hungary’s attempt to revise the history through local elites deeply provoked a part of Serbian society and led to a series of protests against the erection of a memorial to the “innocent victims of 1944/45” of the communist regime. The controversy surrounding the monument is that among the truly “innocent victims of 1944/45” were criminals from the Raid in 1942, who were condemned by Hungary as war criminals in the Second World War.
Every attempt to protest or publicly challenge ruling parties (Fidesz-VMSZ-SNS) that supported this initiative is systemically stifled. For example, Renáta Bágyi Ribár, a journalist of Hungarian newsroom of Radio-television Vojvodina, was targeted by Annamária Vicsek, the state secretary of the Ministry of Education and the official of the Alliance of Vojvodina Hungarians, because she dared to ask a high-ranking official of the VMSZ and a son of the VMSZ leader, Bálint Pásztor, on the show “Fokuszban” about with the “innocent victims of 1944/45” monument.74

Effects of the Hungarian Law on Dual Citizenship

In 2010, Hungary amended its Citizenship Act and thus enabled several million Hungarians living abroad to obtain a Hungarian passport with full voting rights. The law offering dual citizenship, according to Orbán, “makes Hungarians officially part of the Hungarian nation again,”75 fulfilling the dream of pre-Trianon Hungary in the eyes of Fidesz voters, if only administratively. Western media accused Hungary of “creating new mass of EU citizens”76 as the new law increased demand for passports.77

Granting Hungarian citizenship and voting rights to ethnic Hungarians living abroad has been and still is a matter of dispute in Hungary.78 This was also met with great concern among Hungary’s neighbours – primarily Romania, Slovakia and Ukraine.79 The Slovak and Ukrainian governments retaliated by passing laws banning dual citizenship and imposing fines on those who have failed to report the fact of holding dual citizenship, among other things.

In contrast to other countries, the law on dual citizenship was not problematized in the Serbian public discourse, nor did it cause serious turmoil in domestic politics. First, the Serbian leadership did not perceive it as a security threat because the Hungarian government has no intention of claiming the territory of Vojvodina. Second, Serbia introduced a very similar approach to citizenship to pave the way for the naturalisation of Serbs living in the former Yugoslav republics.

So far, more than 100,000 citizens of Serbia have obtained a Hungarian passport, including 10 to 15 percent of those who are not ethnic Hungarians, but whose direct ancestors lived in the Austro-Hungarian Empire until 1920. Hungarian citizenship essentially provided many citizens of Serbia with better life opportunities because they could travel, live, work and study in the EU more easily.

Despite the initial assessment by Hungarian officials that dual citizenship will not cause mass migration to Hungary or other EU member states, many holders of Hungarian citizenship have left Serbia in the past ten years or travel to Hungary for work on a daily or weekly basis. Residents of the border areas claim that villages in Vojvodina are being emptied and that migration is constant. Róbert Lékó, the president of the Órom Local Community in Kanjiža municipality, said that about 40 percent of the population went abroad, mostly to Hungary.80 The reasons for leaving are economic, political and social in nature.
There is no precise data on the number of Hungarians who left Serbia, since the Statistical Office of the Republic of Serbia does not keep records on international migration, especially not specific data for national minorities. The National Council of the Hungarian National Minority also has no data on the emigration of Hungarians from Vojvodina. However, five years ago, a member of the National Council of the Hungarian National Minority and a member of the opposition Hungarian Movement, Lívia Joó Horti, warned that Hungarians are rapidly emigrating from Vojvodina at an even more drastic pace than in the 1990s. The results of the 2022 census, published at the end of April 2023 confirm this. In 2022 there were 184,442 Hungarians living in Serbia, which represents a 27.4 percent drop from the 2011 census that registered 253,899 Hungarians living in the country. A comparison to the overall depopulation in Serbia from 2011 to 2022, which is 6.7 percent, reveals dramatic proportions of the drop of Hungarians living in the country.

Emigration Damage Control – Corruption and Political Interests

The emigration of Hungarians from Serbia prompted the Hungarian government to introduce measures and launch an investment scheme for the economic development of the Hungarian community in Vojvodina. Since 2016, many companies, entrepreneurs and farmers in Vojvodina have received nearly 252 million euros in grants and subsidized loans from the Hungarian government for economic activities, such as the purchase of land and rural houses, agricultural machinery, investments in irrigation systems, animal husbandry, tourism and capital for start-ups. The primary instrument for distribution of such aid is the Foundation Prosperitati based in Subotica. However, Foundation Prosperitati – a financial instrument aimed at economic empowerment of ethnic Hungarians – soon turned into a corrupt financing scheme benefiting the VMSZ and its clientelistic network, especially during elections. Foundation is led by Bálint Juhász, a member of the VMSZ presidency. Of the six members on the board of the foundation, three are also members of VMSZ or were candidates of the party in earlier elections.

Investigative journalists found out that 58 percent of the allocated funds (146 million) ended up in the pockets of four percent of applicants associated with the VMSZ and Fidesz, but also the ruling Serbian Progressive party. Some domestic users of Prosperitati funds claim that there were disagreements between the leaders of VMSZ and Fidesz over rigged tenders. The connection with the elections in Serbia was also observed during the signing of contracts with the Foundation Prosperitati, which was organized in the midst of the pre-election campaign with the presence of officials of the VMSZ. In addition, during the collection of signatures for the 2022 general elections in Serbia, VMSZ sympathizers invited beneficiaries of Prosperitati funds to vote for their party.
The long-term effect of the emigration of Hungarians from Vojvodina is the weakening of social cohesion and multiculturalism. This is most noticeable at the level of the education system and the departure of young people from Vojvodina to study in Hungary. The primary motive of young Hungarians from Vojvodina for moving abroad is the hope of a better life, building a career and higher income.\(^8\)

In the last ten to fifteen years, the number of students of Hungarian nationality who attend classes in Hungarian in primary and secondary schools has decreased significantly. When compared to the decrease of students in primary and secondary schools in the entire country (10 percent in primary and almost 14.7 percent in secondary schools), the decrease of Hungarian minority students has been four times more pronounced (a drop of almost 40 percent).\(^8\) Contrary to the drop in attendance in Hungarian language schools, the number of students in primary schools who follow classes in Serbian but learn “Hungarian with elements of national culture”\(^III\) has doubled (see tables below).\(^III\)

Research conducted by Goran Bašić (2015) showed that there is a cause-and-effect relationship between education in the languages of national minorities and temporary or permanent emigration of the population of national minorities to their countries of origin.\(^9\) Despite the fact that education in the mother tongues of national minorities strengthens their ethno-cultural identities, it also contributes to the linguistic and cultural homogenization of the minority group, its segregation and finally external migrations that contribute to depopulation and the “quiet” assimilation of those who remain. Consequently, the emigration of young people from Vojvodina who have been entirely educated in the mother tongue weakens the resilience of the Hungarian community to preserve its identity and points to another weakness of the policy of multiculturalism in Serbia.\(^9\)

\(^II\) Educational work for members of national minorities can be organized into three modules: 1) complete educational work in the minority language, 2) bilingual educational work and 3) educational work in the Serbian language with the study of the subject of Maternal language with elements of national culture.

\(^III\) Data for the period 2012-2022. were obtained from the Provincial Secretariat for Education, Regulations, Administration and National Minorities - National Communities of Vojvodina on the basis of the Law on Free Access to Information, while the data for the period 2007-2011. were obtained from the study conducted by Goran Bašić.
Table 1: The number of primary schools, classes and students in AP Vojvodina in which educational work is taught in Hungarian from 2007-2021

<table>
<thead>
<tr>
<th>School year</th>
<th>Number of local self-governments (LSG)</th>
<th>Number of schools</th>
<th>Number of classes</th>
<th>Number of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007/08.</td>
<td>27</td>
<td>78</td>
<td>934</td>
<td>16,780</td>
</tr>
<tr>
<td>2008/09.</td>
<td>27</td>
<td>77</td>
<td>946</td>
<td>16,373</td>
</tr>
<tr>
<td>2009/10.</td>
<td>27</td>
<td>77</td>
<td>969</td>
<td>16,168</td>
</tr>
<tr>
<td>2010/11.</td>
<td>27</td>
<td>82</td>
<td>971</td>
<td>15,810</td>
</tr>
<tr>
<td>2011/12.</td>
<td>27</td>
<td>75</td>
<td>889</td>
<td>15,350</td>
</tr>
<tr>
<td>2012/13.</td>
<td>27</td>
<td>74</td>
<td>933</td>
<td>15,077</td>
</tr>
<tr>
<td>2013/14.</td>
<td>27</td>
<td>74</td>
<td>935</td>
<td>14,830</td>
</tr>
<tr>
<td>2014/15.</td>
<td>27</td>
<td>74</td>
<td>921</td>
<td>14,308</td>
</tr>
<tr>
<td>2015/16.</td>
<td>28</td>
<td>75</td>
<td>903</td>
<td>13,680</td>
</tr>
<tr>
<td>2016/17.</td>
<td>28</td>
<td>74</td>
<td>891</td>
<td>13,011</td>
</tr>
<tr>
<td>2017/18.</td>
<td>28</td>
<td>72</td>
<td>879</td>
<td>12,411</td>
</tr>
<tr>
<td>2018/19.</td>
<td>28</td>
<td>73</td>
<td>859</td>
<td>11,722</td>
</tr>
<tr>
<td>2019/20.</td>
<td>28</td>
<td>76</td>
<td>850</td>
<td>11,052</td>
</tr>
<tr>
<td>2020/21.</td>
<td>28</td>
<td>75</td>
<td>821</td>
<td>10,691</td>
</tr>
<tr>
<td>2021/22.</td>
<td>28</td>
<td>73</td>
<td>790</td>
<td>10,125</td>
</tr>
</tbody>
</table>

Table 2. The number of primary schools, classes and students in AP Vojvodina in which educational work is taught in “Hungarian with elements of national culture” from 2007-2021

<table>
<thead>
<tr>
<th>School year</th>
<th>Number of LSG</th>
<th>Number of schools</th>
<th>Number of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007/08.</td>
<td>22</td>
<td>48</td>
<td>1,585</td>
</tr>
<tr>
<td>2008/09.</td>
<td>21</td>
<td>50</td>
<td>1,570</td>
</tr>
<tr>
<td>2009/10.</td>
<td>20</td>
<td>47</td>
<td>1,463</td>
</tr>
<tr>
<td>2010/11.</td>
<td>21</td>
<td>47</td>
<td>1,671</td>
</tr>
<tr>
<td>2011/12.</td>
<td>21</td>
<td>48</td>
<td>1,711</td>
</tr>
<tr>
<td>2012/13.</td>
<td>21</td>
<td>48</td>
<td>1,945</td>
</tr>
<tr>
<td>2013/14.</td>
<td>22</td>
<td>49</td>
<td>2,168</td>
</tr>
<tr>
<td>2014/15.</td>
<td>23</td>
<td>58</td>
<td>2,604</td>
</tr>
<tr>
<td>2015/16.</td>
<td>23</td>
<td>61</td>
<td>2,659</td>
</tr>
<tr>
<td>2016/17.</td>
<td>24</td>
<td>68</td>
<td>2,825</td>
</tr>
<tr>
<td>2017/18.</td>
<td>28</td>
<td>77</td>
<td>3,999</td>
</tr>
</tbody>
</table>

IV For members of the Hungarian national minority, all classes in Hungarian language take place in primary schools in 27 local self-governments (LSG): Ada, Apatin, Bačka Topola, Bela Crkva, Bečej, Zitište, Zrenjanin, Kanjiža, Kikinda, Kovačica, Kovina, Kuli, Mali Iđoš, Nova Crnja, Novi Bečej, Novi Kneževac, Novi Sad, Odžaci, Pančevo, Plandište, Senta, Sečnje, Sombor, Srbobrana, Subotica, Temerin and Čoka.
### Table 3: The number of high schools, classes and students in AP Vojvodina in which educational work is taught in Hungarian from 2007-2021

<table>
<thead>
<tr>
<th>School year</th>
<th>Number of LSG</th>
<th>Number of schools</th>
<th>Number of classes</th>
<th>Number of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007/08.</td>
<td>12</td>
<td>35</td>
<td>312</td>
<td>6.648</td>
</tr>
<tr>
<td>2008/09.</td>
<td>12</td>
<td>35</td>
<td>308</td>
<td>6.487</td>
</tr>
<tr>
<td>2009/10.</td>
<td>12</td>
<td>36</td>
<td>312</td>
<td>6.502</td>
</tr>
<tr>
<td>2010/11.</td>
<td>12</td>
<td>38</td>
<td>330</td>
<td>6.997</td>
</tr>
<tr>
<td>2011/12.</td>
<td>12</td>
<td>38</td>
<td>326</td>
<td>7.092</td>
</tr>
<tr>
<td>2012/13.</td>
<td>12</td>
<td>38</td>
<td>323</td>
<td>6819</td>
</tr>
<tr>
<td>2013/14.</td>
<td>12</td>
<td>38</td>
<td>312</td>
<td>6504</td>
</tr>
<tr>
<td>2014/15.</td>
<td>12</td>
<td>38</td>
<td>310</td>
<td>6202</td>
</tr>
<tr>
<td>2015/16.</td>
<td>12</td>
<td>38</td>
<td>305</td>
<td>5828</td>
</tr>
<tr>
<td>2016/17.</td>
<td>12</td>
<td>36</td>
<td>297</td>
<td>5481</td>
</tr>
<tr>
<td>2017/18.</td>
<td>12</td>
<td>36</td>
<td>283</td>
<td>5350</td>
</tr>
<tr>
<td>2018/19.</td>
<td>12</td>
<td>36</td>
<td>276</td>
<td>5281</td>
</tr>
<tr>
<td>2019/20.</td>
<td>12</td>
<td>36</td>
<td>269</td>
<td>5014</td>
</tr>
<tr>
<td>2020/21.</td>
<td>12</td>
<td>36</td>
<td>266</td>
<td>4824</td>
</tr>
<tr>
<td>2021/22.</td>
<td>12</td>
<td>36</td>
<td>280</td>
<td>4683</td>
</tr>
</tbody>
</table>

Higher education in Hungarian takes place at five faculties (Faculty of Philosophy, Faculty of Economy, Faculty of Science and Mathematics, Faculty of Civil Engineering and Teacher Training Faculty in Hungarian Language) in Novi Sad and Subotica, the Academy of Arts in Novi Sad, as well as three higher schools of vocational studies (Higher School of Vocational Studies in Education for Teachers in Novi Sad, the College of Vocational Studies for Preschool Teachers and Sports Trainers in Subotica and Higher Technical School of Vocational Studies in Subotica). In addition, Hungarian language and literature are studied at the Faculty of Philology in Belgrade (Study Group for Hungarian Language and Literature) and at the Faculty of Philosophy in Novi Sad (Department of Hungarian Studies, Study Group for Hungarian language and literature).
Most ethnic Hungarians living in neighbouring countries are generally perceived as voters of the ruling Fidesz party. This is not surprising, given that Orbán granted them Hungarian citizenship and voting rights and consolidated the Fidesz electorate abroad with generous financial support. However, a new generation of Hungarians abroad, many of whom are migrant workers living in Western Europe, are not supporters of Orbán and his party. Political preferences are not the only difference between the “two diasporas”. The traditional diaspora from the pre-Trianon Hungary has a greater chance of influencing elections in Hungary as it numbers around 2 million people, while “newer expatriate population is thought to number between 300,000 and 400,000 people”. In the 2022 elections, for example, out of the 267,834 votes coming from the Hungarian diaspora overall, almost 94 percent were for Fidesz. Hungarians living abroad who don’t have a permanent address in Hungary – most ethnic Hungarians living in pre-Trianon Hungary – are allowed to mail in their votes for the party lists. On the contrary, Hungarian expats who have kept their addresses but are living outside the country must go to polling stations overseen by Hungary’s National Polling Office and vote both for the party or national minority lists and for individual candidates from single member districts. This makes the second group much less likely to go out and vote. Not being able to vote by mail caused the most frustration among the new generation of Hungarians living abroad. Since there were not enough polling stations in many European countries, going to vote entailed additional travel and/or accommodation expenses, and even taking a day off from work, which ultimately affected the turnout.

For the opposition in Hungary this is an issue because those Hungarians living in neighbouring countries do not pay taxes in Hungary and will not bear the consequences of Fidesz’s victory in the elections. In other words, they will not be obliged to follow all the rules and laws introduced by the government. In terms of numbers of votes and contribution to elections, votes from Hungarian minorities currently do not make much a difference. But there is a factor of symbolical importance: Fidesz is demonstrating to their voting base in Hungary that they care about Hungarians living abroad. Votes from minorities abroad are also important for feeding nationalistic narrative in Hungary, since most Hungarians abroad support Fidesz. In the event of a decline in support for Fidesz in Hungary, the votes of ethnic Hungarians from neighbouring countries may prove to be important in absolute terms.

So far, Hungarians living in Vojvodina have had the opportunity to participate in three electoral cycles in Hungary. According to the Hungary’s National Election Office, total number of citizens from Serbia who are registered in the electoral register is 68,557, while the number of citizens from Serbia who voted in the 2022 parliamentary elections in Hungary is 44,729 (65.31%). The VMSZ was actively involved in mobilising compatriots to register for elections, as well as to vote for Fidesz. Some Roman Catholic priests in the villages of Vojvodina also played an active role in the elections, urging their congregation to vote for Fidesz. Funded by the Bethlen Gábor Foundation through
the National Council of the Hungarian National Minority, Hungarian-language media in Serbia, such as Magyar Szó, Hét Nap and RTV Pannon, were largely biased in favour of Fidesz and Orbán, criticizing the opposition.101

Still, the 2022 parliamentary elections in Hungary are the most controversial so far and set a precedent, because political and non-governmental activists with ties to the VMSZ distributed ballots from Hungary to dual citizens in Serbia.102 In fact, the Hungarian Election Office submitted the election material to the state-run postal service, which then delivered the material to the Serbian post office. The president of VMSZ Pásztor said at a press conference at the beginning of March that the non-governmental organization Concordia Minoritatis Hungaricae (Unity of the Hungarian Minority), will help the Serbian Post Office in delivering election materials. According to the media reports, VMSZ activists even assisted citizens in filling the ballot paper, and offered to collect the ballots and deliver them to the Hungarian consulate in Subotica.103 In the eyes of the president of the Democratic Community of Vojvodina Hungarians, Áron Csonka, the regularity of parliamentary elections in Hungary is questionable. Csonka also assessed that such a thing would not have been possible without the direct agreement between Vučić, Orbán and Pásztor.104

In addition to voting for representatives of the Hungarian parliament, voters were also given a national consultation ballot in which they should declare whether they support the promotion of different sexual orientations to minors in schools, including the media promotion of gender-sensitive topics for children. Unlike the vote in the Hungarian parliamentary elections, the news about the national consultation has been completely off the radar.

Some Hungarian journalists think that due to the demographic decline105 and emigration of Vojvodina Hungarians, Hungary could lose its political leverage and influence in Serbia.106 This opinion is not shared by ethnic Hungarians from Vojvodina and local politicians. "It is difficult to act [politically] in the Province [Vojvodina]", according to Oreg, “because Vojvodina is a politically scorched-earth, and the Alliance of Vojvodina Hungarians is the only political option and has no opponents”.107 One of the competitors of VMSZ - the civic-oriented Hungarian movement - collapsed after the 2022 elections. As a result, VMSZ was the only party to submit a list for the elections for the National Council of Hungarian Minority in November 2022, and won all 35 seats. Therefore, there is no fear that the political power and influence of the VMSZ, a strong ally of Fidesz, will decline if there were fewer Hungarians in Vojvodina after the results of the 2022 census are revealed. However, if the present situation persists, the number of Hungarians in Vojvodina, no matter how small, will have no choice but to vote for VMSZ.
The lack of political pluralism in Vojvodina worried lawyer László Józsa. Józsa asserted that “ethnic parties can only survive if they demonstrate their absolute loyalty toward Fidesz. And in Vojvodina, one can only prosper if one demonstrates absolute loyalty toward VMSZ.”

Triangle Orbán-Pásztor-Vučić

Out of five different Hungarian parties in Serbia, VMSZ, headed by István Pásztor, is the strongest. As outlined already, the party is a strong ally of Viktor Orbán’s Fidesz and also a coalition partner of Vučić’s Serbian Progressive Party, playing an important buffer role between the two sides. Evidence suggests Pásztor himself is partly responsible for the successful relations between Hungary and Serbia.

Political support from Budapest has paid off well for Pásztor, who has been the president of the Vojvodina Assembly since 2012, while his VMSZ is the only Hungarian party in the Vojvodina Assembly with 11 out of 120 seats as of 2020. Largely because of a boycott by opposition parties and amendments to the electoral law on the election of MPs ahead of the 2020 general elections, VMSZ increased its representation in the National Assembly. Currently, VMSZ has 5 seats in the republic parliament, and their occupants possess influential positions in the National Assembly. MP Elvira Kovács, for example, is one of the Vice Presidents of the National Assembly and Chair of the Committee on European Integration. MP Bálint Pásztor, István Pásztor’s son, is chairman of the VMSZ parliamentary group since 2020.

Number of votes received by VMSZ in Serbia parliamentary elections

V National minority parties are exempt from the 5% of electoral threshold, which was lowered to 3% in 2020. In addition, the provision was adopted that the votes won by national minority parties should be increased by 35% when distributing mandates according to the D’Hondt system.
According to the data presented in the graph, “VMSZ has enjoyed relatively stable support in terms of the number of votes since 2007, which has been by far the highest among the Hungarian minority parties”.112

Opposition to the VMSZ is almost non-existent. In 2015, several prominent members of VMSZ, such as lawyer László Józsa, professor Tamás Korhecz, former VMSZ mayor of the city of Subotica Jenő Maglai, including several journalists of Magyar Szó, formed a faction within the party called Hungarian Movement (Magyar Mozgalom). In the 2016 general elections, the Hungarian Movement ran together with the opposition Democratic Community of Vojvodina Hungarians (VMDK), but the Republic Election Commission rejected their list for the national assembly.113 Still, the coalition of the VMDK and the Hungarian Movement won 16,000 votes and two mandates at the provincial assembly. It is speculated that after the failed elections, Prof. Dr Tamás Korhecz, who was a fierce critic of István Pásztor’s politics, was “appeased” by becoming a judge of the Constitutional Court of Serbia in December.114 The success of the coalition was short-lived because VMDK joined the Serbian opposition boycott of all electoral levels in 2020. Two years later VMDK ran together with the Party of Freedom and Justice in the 2022 general elections. At the same time, members of the Hungarian movement also became part of the green-left coalition “Moramo”.

**Political Engineering or Random Mistake?**

In the 2020 general elections, the news that the VMSZ won 1,265 votes in Vranje in South Serbia went viral on social networks. This unexpected election result in the Pčinj district was a consequence of the political engineering: the entire village of Neradovac and part of the voters in the Elementary School “Dositej Obradović” voted for VMSZ, even though no member of the Hungarian national community has ever lived in this place. The VMSZ said that it did not campaign in Vranje, but the voting was organized by the Serbian Right of Miša Vacić, which in the local elections in Vranje had the same ordinal number (4) as VMSZ in the parliamentary elections. Since the Serbian Right did not run for the parliamentary elections – called at the same time as local ones – the interpretation of experts in the field was twofold: it was either a random mistake or an intention to prevent voters from voting for some other minority party at the parliamentary elections.
In the last few years Hungarian business interests close to the Orbán regime have invested in media across Slovenia, Serbia, North Macedonia and elsewhere in the region. In Slovenia, individuals close to Fidesz bought a series of media outlets from the state telecommunications company Telekom. These purchases included Planet TV (the second largest TV station in the country) TV Nova24, and Demokracija magazine, which belonged to former Prime Minister Janez Janša and his right-wing Slovenian Democratic Party (Slovenska demokratska stranka, SDS). These Fidesz-affiliated individuals also purchased a network of related web portals that regurgitate the news from the aforementioned SDS media outlets. Since 2017, in North Macedonia, Hungarian buyers have acquired websites Kurir, Denesen and Vistina, First republika Dooel Skopje (which publishes the portal Republika) the LD Press media Skopje (which publishes the portal Netpress) as well as the broadcaster Alfa TV, which is well connected to VMRO-DPMNE (a sister party of Fidesz). In Serbia, through its Bethlen Gábor Foundation and other sources, the Hungarian government invested in the Hungarian language media outlet RTV Pannon (composed of TV Pannon, Pannon radio, Hungarian radio in Subotica, Szabadkai Magyar Rádió, and portal PanonRTV), Magyar Szó (the oldest Serbian daily newspaper in Hungarian) Hét Nap (the oldest weekly), Express TV, radio URKO, web portal Vajdaság Ma, and another two-dozen media.

In 2018, Hungarian independent media outlet “Atlatszo” published a research and infographic mapping the media empire “friendly to the Hungarian government”. This included approximately 500 Hungarian media outlets in the hands of the oligarchs, businessmen, and strawmen close to the Orbán regime. These media outlets are owned by 14 oligarchs with close links to Fidesz. These oligarchs include: Mészáros, Heinrich Pecina (an investment banker and majority owner of Vienna Capital Partners (VCP)), Andrew G. Vajna (a former Hollywood producer), Ádám Matolcsy (the youngest son of the central bank chief György Matolcsy), Mária Schmidt (prominent academic and ideologue of the Orbán regime), Árpád Habony (a media tycoon), and others. A similar ownership pattern as in Hungary is registered with Hungarian investments in the Western Balkans media.

Hungarian companies investing in the media in the region of the Western Balkans are mostly, if not all, connected to business interests close to the Fidesz government.
Apart from serving the purpose of spreading Orbán’s propaganda abroad, V4 news are systematically quoted by the pro-Fidesz media in Hungary providing the local pro-Orbán narrative with seemingly independent “foreign” legitimacy.121

Through Habony, Hungarian public money is used to acquire different media outlets in the Western Balkans. Together with the late Arthur J. Finkelstein, the American right-wing spin-doctor122, Habony, sometimes nicknamed Hungary’s Steve Bannon, is usually credited as an architect of the fake news, anti-immigration, anti-NGO propaganda campaign of Orbán’s party.123

Habony maintains close ties with the aforementioned Vajna, another media owner from Orbán’s orbit, and to influential Antal Rogán, the Minister of the Prime Minister’s Cabinet Office. Often mentioned as a trio, these three were instrumental in supporting Orbán in a 2015-2016 showdown against his long-time friend and Fidesz financier Lajos Simicska.124 Rogán finances the Orbán regime, while Vajna and Habony invest in the media sector.

Hungarian investment in the media sector in the Western Balkans is politically and economically motivated. Media in the region are acquired for three principal reasons: to acquire influence over sister political parties and friendly regimes, to spread Fidesz’s anti-immigrant, illiberal propaganda beyond Hungary’s borders, and to support Hungarian business interests and investment projects in the region.

The acquisition of various Slovenian media outlets, for example, brought very little profit for the Hungarian investors. In some cases, like the one of the purchases of Planet TV by Hungary’s TV2 Media for 5 million Euros or Nova24 for 2,5 million Euros, the investors overpaid for their acquisition.125 The logic of profit was even weaker in the case of the purchase of smaller Slovenian media outlets. The Orbán regimes return on investment was in the form of support from Janez Janša, another ally in the European Council. Once Janša lost the elections in April 2022, the Hungarian investors quickly sold their shares in most of the acquired media, except for Planet TV. This was a clear sign that political motives drove the acquisition.

Another reason behind the seemingly unprofitable purchase of the media outlets was to gain governmental support for more lucrative Hungarian investments, such as the prospective acquisition of the Port of Koper, the “Drugi Tir” Maribor-Koper railway enlargement project, the OTP takeover of the Slovenian bank NKBM, or the MOL acquisition of Slovenian petrol stations. Once Janša was no longer in power, owning media close to his political party was no longer useful for such purposes.126

Similar, motives could be found behind the Hungarian investments in North Macedonian media. Investigative journalists from BIRN were able to identify the obscure and potentially corrupt nature of the advertising contracts in the Hungarian-owned media in North Macedonia and Slovenia, which generated much of the revenue for these investments.127 Much of the revenue for these media outlets in North Macedonia came from advertising of obscure Hungarian olive oil, home decorations, and cosmetics companies that sell no products in the country.128
Economic cooperation between Hungary and the Western Balkans is an integral part of their relationship. Budapest uses this cooperation as an important tool for achieving its overall foreign policy goals in the region. Over the past decade, the level of Hungary’s foreign trade with the Western Balkan countries has significantly increased, resulting in its notable trade surplus with the region.\textsuperscript{129} Although there is no strategic document that recognizes the importance of the Western Balkans from an economic point of view, the increasing number of Hungarian investments in the region confirms its significance. Compared to 2015, when Hungarian foreign direct investments in the Western Balkans amounted to 690 million euros, that amount skyrocketed to 1.5 billion euros in 2020.\textsuperscript{130} In addition to trade and investments in the Western Balkans, cooperation in the energy sector with the region has been of particular importance for Hungary, which has been explicitly mentioned for the first time by Orbán, in December 2022.\textsuperscript{131}

Hungary plays an especially important role in the Serbian economy. By the end of 2022, Hungary was among Serbia’s top five foreign trade partners, with their mutual trade reaching more than 3.5 billion euros.\textsuperscript{132} The increase in trade between the two countries has continued in 2022: the highest rate of trade growth in Serbia is recorded with Hungary.\textsuperscript{133} Hungary is also the 8\textsuperscript{th} largest foreign investor in Serbia, with an investment amount of 950 million euros (period 2012 – 2021).\textsuperscript{134} The economic cooperation between Serbia and Hungary particularly intensified with the enhanced personal relations between Vučić and Orbán, which led to relations between the two countries reaching “highest possible level in modern political history,” as the Serbian president stated.\textsuperscript{135} The practice of investing mostly in Vojvodina has started to change in the past five years, as Hungary aims to spread its investments to other parts of Serbia as well. After opening the Information Centre of the Hungarian Chamber of Commerce and the Honorary Consulate in Kragujevac, (a city in Western Serbia), in 2018, Honorary Consulates were opened in three other towns in Serbia in the following years,\textsuperscript{136} with the aim of intensifying economic cooperation between Serbia and Hungary, especially in the fields of trade and investment.\textsuperscript{137}

Hungary’s energy policy is primarily a product of its energy supply vulnerability, which is determined by its position as a landlocked country with limited energy sources.\textsuperscript{138} Relying on a small number of gas and oil suppliers, Hungary is left with little options in terms of energy diversification. Hungary is one of the EU’s most dependent members on Russian energy: in 2020, it imported 95\% of gas and 64\% of crude oil from Russia.\textsuperscript{139} For this reason, the Hungarian government strongly resists the EU’s energy sanctions on Russia and continues to import Russian gas and oil, antagonising other EU member states.\textsuperscript{140}
The disruption of energy supplies due to Russia’s aggression against Ukraine prompted Hungary to proclaim diversification of energy supply sources as a “fundamental long-term national interest” in the already mentioned Hungarian National Security Strategy.\textsuperscript{141} It is also stated that decarbonisation of electricity production is of crucial importance, and that this can be achieved only through utilising nuclear energy, indicating the significance of the planned nuclear power plant expansion, Paks 2. By insisting on nuclear energy, Hungary is neglecting renewable energy sources, like solar power, wind, and biomass, which could also contribute to decarbonisation and diversification. Despite the proclaimed focus on energy diversification, the government’s concrete actions continue keeping Hungary politically dependent on Russia.\textsuperscript{142}

Balkan Stream Gas Pipeline Comes to the Rescue

One of the possible ways for Hungary to pursue energy diversification is through the construction of cross-border gas pipelines (interconnectors). Hungary started constructing interconnectors after 2009, following the consequences of the gas crisis between Russia and Ukraine (Russia’s cutting off gas flows to Ukraine, an important transit country).\textsuperscript{143} Since that incident, Hungary has diversified its gas transit routes and has grown particularly fond of the TurkStream gas pipeline. The new supply route that delivers Russian gas from Serbia to Hungary was opened in 2021. This part of TurkStream pipeline, also known as the Balkan Stream, has become extremely important after the war in Ukraine broke out, because Hungary no longer receives gas through Ukraine, but mainly through Serbia. This is a major shift considering that between 2019 and 2021 70% of Hungary’s imported gas arrived from the Ukrainian pipeline network.\textsuperscript{144} With this shift the importance of Serbia for Hungarian energy security rose.

The Hungarian-Serbian partnership regarding natural gas is mutually beneficial: on one hand, Serbia is recognized by the Hungarian government as a reliable transit country for gas, while on the other, Serbian supply depends on Hungarian gas storage capacities.\textsuperscript{145} Currently, Hungary has five gas storage facilities, with total capacity of 5.01 billion cubic metres, while Serbia has a capacity of 450 million cubic metres from one gas storage facility, Banatski Dvor.\textsuperscript{146} In June 2022, Serbian and Hungarian officials made a deal that allows Serbia to store 500 million cubic metres of gas in Hungary, in anticipation of the coming winter.\textsuperscript{147} The importance of this partnership is confirmed each time political leaders meet. For example, Szijjártó, during his recent visit to Serbia, announced that Hungary will continue to store and deliver natural gas to the country in 2023 as well.\textsuperscript{148}
Both Hungarian and Serbian decision makers often emphasize the importance of their partnership and the achievements made in the energy sector, saying that the cooperation between the countries helped them avert a catastrophic energy crisis.\(^{149}\)

Although the construction of Balkan Stream pipeline is presented as great success in both countries, it does not entirely offer a solution for Hungary’s energy diversification issue, considering that the gas going through the Balkan Stream pipeline is also Russian gas. Hungary achieved diversification in terms of supply routes (now it has six gas interconnection points, one of which is on the border with Serbia), but not in terms of its source, since all of them supply the same gas from Russia.

Uncertainty regarding gas supply, reflected in Moscow’s insistence for gas suppliers in EU member states to pay for gas in rubles,\(^{150}\) cutting of gas to Europe via the Nord Stream 1 pipeline,\(^{151}\) and Nord Stream’s sabotage, has resulted in the decline of EU dependence on Russian gas. The EU increased the import of liquefied natural gas (LNG) from the US and also reduced the industrial production and consumption of natural gas.\(^{152}\) As a landlocked country, Hungary cannot increase its LNG imports. However, since 2021, Hungary can be supplied with LNG from the terminal Krk - Omişalj in Croatia, which is one of the ways to strengthen the country’s energy independence.

The Hungarian government’s decision to continually rely on Russian energy is driven by a desire to keep energy prices low, which satisfies Hungarian consumers and lends the Orbán regime credibility. The low cost of gas for household consumers is one of the essential parts of Fidesz’s electoral strategy, because natural gas is used as the primary fuel for heating in 60% of Hungarian households.\(^{153}\) In order to ensure affordable energy prices for consumers, the Hungarian government uses certain measures, such as setting maximum retail prices for natural gas, which protects the consumers by allowing them to purchase natural gas at regulated prices.\(^{154}\)

The similarity in the functioning of the Serbian and Hungarian political systems is well reflected in the use of gas policy to achieve foreign and domestic political goals. Both governments would not be able to control pricing in the energy sector if it weren’t for state-owned companies and the regime-friendly actors holding key positions in such institutions. In Hungary, the state company MVM group that regulates most of gas storage, providing the government with complete control over gas trading.\(^{155}\) An interesting example of how the state-owned companies are used for state capture is an MVM donation worth 1,7 million euros, given to a Hungarian NGO CÔF – Civil Összefogás Fórum (Civil Solidarity Forum). The CÔF openly supports the government and organizes the “Peace Marches” in support of the Orbán government.\(^{156}\) The real purpose of such a big donation is not completely revealed, but it shows a clear misuse of state resources.

The energy sector cooperation between Serbia and Hungary stands out from Hungary’s cooperation with other countries in the region. This is because of the broader political context that defines Serbian and Hungarian relations: the similarities and close links
between the Orbán and Vučić regimes. Just like Vučić, Orbán is often Hungary’s sole decision-maker (including in the energy sector) resulting in a non-transparent decision-making process. Vučić and Orbán misuse energy policy to opportunistically “play on both sides.” On the one hand, these strong men seek to use the benefits of EU membership (in the case of Hungary) and EU integration process (in the case of Serbia). On the other hand, they make arrangements with Russia, despite its aggression against Ukraine, to maintain a supply of cheap Russian gas and to maintain close relations with the Kremlin, which supports their undemocratic regimes and behaves as a disruptive actor in Europe. The closeness and similarities of Serbian and Hungarian energy policy enhance their mutual understanding and agreement in their foreign policy goals as well.

Serbian Druzhba: A Case of Absurdity

After the EU introduced a ban on the purchase, import, and transfer of seaborne crude oil from Russia in June 2022, both new challenges and opportunities for cooperation arose between Hungary and Serbia. Because of its landlocked position, Hungary managed to negotiate an exemption from aforementioned EU embargo on oil imports through the Druzhba pipeline. However, because of EU sanctions, Serbia is unable to import crude oil through Croatia (through the JANAF pipeline), its main transportation route. This is why Vučić and Orbán agreed to build a new oil pipeline (which will run from Ajda to Novi Sad) that would connect Serbia to the Druzhba pipeline. According to the Serbian minister Đedović, the project has been agreed to and construction should start shortly. Đedović also stated this project would “ensure the diversification of crude oil supply and increase the security of supply to the Pančevo oil refinery.”

Although the JANAF pipeline can provide Serbia with any oil (except the currently sanctioned Russian oil) Serbia insists on importing Russian oil. This is because Serbia wants to pursue a profit-oriented policy of buying Russian oil at dumping prices and then exporting oil derivatives, mainly to Bosnia and Herzegovina. Given current conditions of political instability in Europe and the ongoing war in Ukraine, Serbia’s willingness to connect to Druzhba pipeline going through Ukraine to Hungary, seems unreasonable, because of the attacks on the pipeline and Ukrainian electricity grid that ensures the operability of the pipeline. Also, this policy has serious shortcomings considering that the Hungarian exemption from sanctions on Russian oil imports risks not being renewed by the time the new pipeline is constructed.
It is possible that Hungary could be pressured to join the EU sanctions, leaving Serbia with the new pipeline, but without Russian oil running through.

In addition to banning Russian oil imports, another part of the EU Russian sanctions package relates to banning EU companies from conducting business with certain Russian firms. Among them is the company Gazpromneft and its subsidiaries which are more than 50% owned by Gazpromneft, such as the Serbian oil company NIS. For NIS to protect itself from impact of sanctions and continue to cooperate with EU entities, some changes in the company’s ownership structure were made. Gazpromneft reduced its share in NIS from 56.15% to 50% percent, while Gazprom (Gazpromneft’s parent company which is not under sanctions) became the new owner of 6.15% of shares in NIS. Although Serbia was exempted from the EU’s sanction against Russian companies, the fear of tightening sanctions influenced the Serbian president to announce possible nationalization of NIS. Besides the Serbian government, Hungary’s leading energy company MOL has also expressed its interest in acquisition of NIS.

Since Serbia has not adopted sanctions and NIS can operate normally, discussions on the NIS purchase became less frequent. Regardless, MOL generally remains interested in regional expansion, so acquisition remains a possible option. MOL invested long-term in Polish or Slovak market, but also became the largest shareholder of Croatian oil company INA, as well as in Slovenia, where INA and MOL acquired 92 percent of stakes in Slovenia’s second largest fuel retailer OMV Slovenija. MOL’s lust for expansion even led the company to be involved in corrupt affairs, as it was the case with taking over the Croatian INA, when CEO of MOL Zsolt Hernádi bribed the then Prime Minister of Croatia, Ivo Sanader, to change the contract in order for MOL to be able to buy major shares of INA. Taking into consideration such examples, there is a serious risk that MOL acts as an exporter of corruption from Hungary, and that Serbia will be the next target after Croatia, which will further contribute to the state capture.
Nuclear Cooperation: Energizing Future Relations

Within Europe, nuclear energy is viewed as an alternative to a volatile oil and gas market and a massively efficient decarbonizing energy source capable of replacing a major polluter: coal. Hungary places great emphasis on the nuclear power as “cheap, safe and environmentally friendly” way of increasing electricity generation and diversifying energy sources, which is the reason why the Hungarian government decided to expand the nuclear power plant Paks. In 2014, credit and construction contracts were signed with the Russian state-owned company Rosatom. It was planned that the construction of two new blocs would be financed with the Russian loan for 30 years. The deal was prepared suddenly and in total secrecy, and was announced by Orbán when he returned from Moscow with the signed agreement.

In October 2022, Vučić expressed his interest in buying 5-10% stakes in the new nuclear power plant Paks 2, to secure enough electricity and strengthen Serbia’s energy security. One of Vučić’s main goals is to keep energy prices low. This keeps voters happy and also reduces the possibility that foreign industrial producers leave Serbia because of high electricity prices.

After Serbia's announcement of its willingness to become a minority shareholder in the Paks 2, a few questions emerged. One regarded the feasibility of the Paks 2 project: there were concerns regarding whether the construction would even occur, considering that the permitting process has not yet been finalized. Another question addresses the rationale of Serbia having a share in the ownership of the power plant. The European Commission approved the Paks 2 project in 2017, but since then hardly any real progress has been made. Except for Hungarian and Serbian political leaders who often meet to discuss this issue and present it to the public, no concrete action has been taken. The only construction that has occurred (which started in 2021) is the construction of supporting objects, such as reception buildings and storage facilitates. These structures have been constructed the company of Orbán's childhood friend: Mészáros. Only Mészáros's company and the company owned by Orbán's son-in-law's former business partner submitted bids to a fast-track tender and won the construction.

At the beginning of this year, the CEO of Rosatom announced that the construction of Paks 2 will start in 2024. However, recent claims about France’s growing interest to increase its role in the Hungarian nuclear programme increased the unpredictability of the whole Paks 2 project. This development could replace Rosatom's position as the contractor in the Paks 2 project or lead to the construction of a completely new power plant with French partners. It should also be considered that Budapest is urgently seeking to expand its energy production capacity because of energy-intensive industrial projects, particularly those in the battery industry. It is estimated that Hungary’s demand for electricity should rise by approximately 20 percent by 2030.
This makes the prospect of Hungary’s nuclear partnership with France ever more likely, since only the permitting procedure with Rosatom took several years.

From a Serbian point of view, it seems logical to find new sources for electricity production. Paks 2 would have the capacity of 2400 megawatts, which would theoretically fit Serbian needs for electricity used mostly for heating purposes, especially when Serbia has winter night demand peaks. On the contrary, Hungary uses natural gas for heating purposes, resulting in Hungary’s night overproduction of electricity. Consequently, it would make sense for Hungary to sell the electricity to Serbia and other Western Balkans countries and help them in managing a winter night peak problem. At the same time, this can be managed by the usual export-import business, without any need for acquisition part of the Hungarian power plant by Serbia.\textsuperscript{176}

One argument against Serbia’s involvement in ownership of Paks 2 is the high price Serbia would have to pay for it. There are two possible scenarios for Serbia: either to pay a hefty fee for shares in Paks 2 or to give Hungary shares in Electric Power Industry of Serbia (EPS). The second scenario would change the price of electricity to the detriment of consumers in Serbia, because the new foreign co-owner would insist on higher prices. Finally, even if any of these scenarios come to reality, energy projects such as Paks 2 have extremely long timelines, meaning that the consumers would not get any benefit from it for many years to come.\textsuperscript{177}

A possible explanation for Serbia’s participation in this project could be because Rosatom cannot buy technologies directly from the Western European companies, due to EU sanctions, but it can buy from Serbian companies which would be involved in the project. As Western technological companies are also interested in selling their products, but will not operate against EU sanctions, this typical practise is used to avoid sanctions and embargoes.\textsuperscript{178} This would put Serbia in an unpleasant position of a smuggler who helps to circumvent EU sanctions, an activity which could even further deteriorate its image in the EU it aspires to join one day.
Following the Money: Hungary’s Financial and Infrastructure Investments in the Balkan Countries

For many years now, Hungary sees the Balkan countries as potential market and investment opportunity. Among the investments made by Hungarian companies in the Western Balkans, OTP Bank (OTP) stands out. As Hungary’s leading bank, OTP expanded its activities in other countries, making numerous acquisitions in the Balkans (Albania, Croatia, Montenegro, Serbia, and Slovenia). The OTP takeover of banks in Serbia is considered the most complex banking integration ever realized in the region. These acquisitions made OTP a leading banking institution in Serbia.

Although OTP’s regional expansion is mainly explained by its economic interest, the Orbán regime has recognized its use as a powerful tool for consolidating Hungarian presence in the Balkans. This mobilization of OTP could have occurred without Hungarian decision-makers’ close relations with major businessmen. Those relations created a circle of political and economic leaders loyal to Orbán, intertwined in different business affairs. For example, the CEO of OTP, Sándor Csányi, is also chairman of the Board of oil company MOL, as well as the President of Hungarian Football Association.

Considering the size and significance of their investments, two additional Hungarian companies are especially worth noting when it comes to their operations in the Western Balkans. The Hungarian company 4iG is one of the key players in telecommunications market of Hungary and the Western Balkans. Its strategy to expand in the markets of the Western Balkans started in October 2021, when the firm purchased a 100 percent stake in Telenor Montenegro. Telenor Montenegro used to be the leading mobile operator in the country, with a revenue of 44 million euros in 2020. The newly established One Crna Gora continued the trend. At the beginning of this year, 4iG also purchased Albanian ALBtelecom and ONE Telecommunications, merging them into ONE Albania. After these successful acquisitions, further expansion of 4iG to the Western Balkans can be expected.

An attempt of purchasing Croatia’s Fortenova Group, the biggest retailer and food producer in the Balkans, by the Hungarian company Indotek group, attracted major attention Fortenova owns Mercator Group, the retail of consumer goods, which operates in Serbia, Slovenia, Bosnia and Herzegovina and Montenegro. Due to the EU sanctions on Russian Sberbank, which previously owned 43 percent stake in Fortenova Group, the deal to purchase their deal in the company was made in April 2022 with the Hungarian enterprise Indotek group, with a majority ownership by a businessman.
Daniel Jellinek, well known as one of the richest individuals in Hungary and close to Orbán. For months, everything was settled for the acquisition, when in September 2022 the Croatian Prime Minister Andrej Plenković announced that he would veto the purchase of Fortenova Group by Indotek, because of its corrosive capital and connections to Orbán. This resulted in Fortenova Group’s purchase by Saif Alketbi, an investor from the United Arab Emirates. The unusual purchase, which was managed by individuals occupying key positions in Sberbank, involved many different actors. However, it once again reflected how political leaders from Hungary and the region manage to get involved in every major business deal, including the purchase of the most important agricultural group in the Western Balkans.

Hungary’s policy of “Eastern Opening” was established with the aim to attract foreign direct investments from the East (particularly from China), that would improve Hungary’s economic performance and make it one of the strongest economies in Eastern Europe. However, expectations have not aligned with reality: Chinese foreign direct investments (FDIs) to Hungary amount to only 2-2.5 percent of Hungary’s total FDI, while for example more than 20 percent of FDI is from Germany, and 89 percent of all in-bound FDI comes from the EU. In that respect, it seems hard to understand why Hungary is so strongly committed to China, to the point where it is willing to worsen its relations with Western partners for the sake of the “Eastern Opening.” A real explanation can be found in the realm of politics, rather than economics. Orbán’s government is open to Chinese investors because they are not critical of the state of democracy in Hungary. This same argument can be used in the case of Serbia’s loyalty to its Eastern partners.

Similar approaches to infrastructure projects and partnerships with China brought together Serbian and Hungarian regimes again, this time to build the Budapest-Belgrade railway. An agreement on the joint investment was signed in 2015 by Chinese Prime Minister Li Keqiang, Vučić, and Orbán. The high-speed train route from Budapest, running through Serbia and North Macedonia to the Greek port of Piraeus, is partly financed by China. More than half of the amount from the total cost of the railway (3.8 billion euros) is estimated for construction of 160 km of Hungarian part of the railway, while the cost of construction for the 210 km Serbian portion should cost approximately 1.8 billion euros. At the end of 2022, more than 30 percent of the planned work had been completed in Serbian territory, while slightly more than 10 percent had been completed on the Hungarian side.

Although the agreement was made in 2015, construction started in 2018 in Serbia, and only in 2021 in Hungary. The beginning of the construction was postponed because Hungary, as an EU member state, did not comply with European procurement laws.
Therefore, the Hungarian government finally had to hold a tender. However, even if it complied with the EU regulations, it managed to obtain its political goal: the company owned by Mészáros won the tender.\textsuperscript{191}

Many criticized this as a costly undertaking that is not going to make an adequate return on the investment. The most optimistic analysis argues that within 130 years, this investment, which is essentially paid from Hungarian taxpayers’ money, will pay off, while other calculations see that happening in 2400 years.\textsuperscript{192} Despite many difficulties and weaknesses, the project is presented in the pro-government media, both Hungarian and Serbian, as a successful operation. The focus in the media is mainly on presenting Serbia and Hungary as close allies and presenting benefits of being able to go from Belgrade to Budapest in less than 3 hours by this train. But from a taxpayers’ perspective, it seems hard to justify the high price of this project, in particular because of lack of transparency in dealmaking and lack of publicly available information about the project.\textsuperscript{193}

People close to the Orbán and Vučić regimes have already been collaborating on different projects. Investigative journalists from Hungary and Serbia already revealed how a group of companies from Hungary, Serbia, and Slovenia received contracts worth more than 25 million euros in the public procurement process for the renovation of public lighting in several Serbian cities in Serbia where SNS. This affair, known as “Elios affair” directly involved individuals close to Orbán, such as István Tiborcz, Orbán's son-in-law, and the Serbian Prime Minister Brnabić.\textsuperscript{194} Because of this scheme, European Anti-Fraud Office (OLAF) investigated the company that started the scheme – Elios, and which was owned by Orbán's son-in-law. OLAF found many irregularities in the company’s operations, as well as conflicts of interest, which eventually forced István Tiborcz to dissociate himself from the company.\textsuperscript{195} This business affair is one of probably many more examples of high-level corruption which involved the officials of the two countries and individuals close to them.
Since Orbán reassumed power in 2010, the Hungarian government has taken a more active role in the Western Balkans. In a short time period, it has increased its political and economic footprint. Hungary’s strategic foreign policy interests in the region are driven by domestic politics and the need to secure its borders, safeguard the rights of Hungarians living in neighbouring countries, increase foreign trade and investments, as well as secure and diversify energy supplies amid the war in Ukraine. Another important priority for Hungary is the acceleration of the accession of Western Balkan countries to the EU. The fear of instability in the region of the Western Balkans and a desire to stabilise the region through the membership of the Western Balkans countries in the EU has been a constant of the Hungarian foreign policy since the 1990s. The novelty, especially from 2015 onwards and the migration crisis, has been a deliberate attempt of the Orbán regime to turn an essentially pragmatic goal into an ideological one.

Weakened by the de facto dissolution of the Visegrad Group after the outbreak of the war in Ukraine, Orbán seeks to cement alliances with Western Balkan leaders to supplant the deterioration of relations with Warsaw. Orbán’s desire is to place Hungary in a position of a useful link between the most disruptive leaders of the Western Balkans and Western actors who are trying to engage and navigate the region. For Western Balkan illiberal strongmen, Orbán plays a role of an ally within the EU. He can loosen or block external pressures and promote the EU accession process regardless of the lack of reforms or democratic backsliding in the Western Balkans countries.

The Hungarian desire to increase its economic presence in the Western Balkans precedes the Orbán regime. Whereas it is true that Hungarian investments and trade with the region exploded since Fidesz came back to power, the occasionally-proclaimed desire for an “Eastern” or “South-Eastern” opening to present an alternative to economic relations with the EU is a nothing more than a political slogan. Hungary cannot feasibly replace its dependence on the EU market with that of the Western Balkans, Turkey, China, or other Eastern countries.

The Orbán government has a clear interest in having like-minded regimes from the Western Balkans join the EU to reduce the pressure his government is facing from Brussels for its illiberal policies. Over the last decade, Orbán has strengthened his political partnership with Serbian president Vučić and developed political closeness with president of the Republic of Srpska Dodik, as well as invested in relations with former prime ministers of North Macedonia and Slovenia. Ideological compatibility was only the initial link between Orbán and Balkan leaders. The motivation for this collaboration is also lucrative in nature.

Using political ties with the Balkan stabilocrats, Hungary expanded its investments to several sectors: media, energy, security, financial, telecommunication, and investments in Hungarian community in Vojvodina. The level of engagement varies: from a great
number of projects in Serbia to fewer investments in Albania, Bosnia and Herzegovina, Montenegro and North Macedonia, and a limited security presence in Kosovo. No matter how different, Hungarian investments have one thing in common. Hungarian companies investing in the Western Balkans are mostly, if not all, connected to small circle of politicians or businessmen close to the Fidesz government and thus susceptible to corruption.

In the current context, the partnership between Serbia and Hungary is by far the most important in the region. The two regimes provide each other substantial support in pursuing crucial interests in the international arena, such as the anti-migration policy for Orbán, or the EU accession process or access to EU funds for Vučić. Serbia plays an important role in preventing refugees and migrants from crossing the Hungarian border. The closeness between the two regimes is also reflected in what is often referred to authoritarian learning, i.e. the adoption of similar methods and strategies to capture state institutions and establish control over the media sphere.

Finally, this research shows that there are limits to Hungarian influence in the region. A regime change could, for example, prompt Hungary to withdraw from the media market or reduce funding for Hungarian-language media. Major crises, such as the war in Ukraine, can negatively affect the Hungarian economy and reduce investments in the region, thereby reducing the funds available to support local clientelistic elites. Further democratic decline and maintaining close relations with Putin’s regime may weaken Hungary's position within the EU and thus limit diplomatic actions to push for the speedy accession of the Western Balkans to the EU.
Endnotes


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5 Ibid., pp. 325-326.
6 Szent-Iványi 2020, p. 45.
7 Ibid., p. 43.
8 Ibid., p. 43.
10 Szent-Iványi 2020, p. 45.
12 Interview with Ágnes Urbán, Associate professor and chair of the Infocommunications Department at the Corvinus University of Budapest, 8 December 2022
13 Ibid., p. 273 and p. 279.
14 Interview with Ágnes Urbán, Associate professor and chair of the Infocommunications Department at the Corvinus University of Budapest, 8 December 2022
15 Szent-Iványi 2020, p. 44.
16 Balázs Orbán, “Nem a szétbontásra, igen az összekapcsolásra – ez Orbán stratégiája a következő évtizedre!”, Mandiner, 7 January 2023. https://mandiner.hu/cikk/20230104_nem_a_szetbontasra_igen_az_oszekkapcsolasra_a_magyar_strategia?fbcid=IwAR0hufBqTM-0f5BAN-Fr0HNd7CBigMP148ZnxXhusy9WJR8t4F0n2aofp8gc
17 Szent-Iványi 2020, p. 16.
18 Ibid., p. 44.
19 Magyar 2016, p. 279.
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40 National Security Strategy, Article 124.
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42 National Security Strategy, Article 145.
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52 Interview with representatives of Western Balkans Department, Ministry of Foreign Affairs and Trade of the Republic of Hungary on 9 December 2022.


62  Interview with Ferenc Németh, Research fellow at Institute for Foreign Affairs and Trade, 7 December 2022.


69  Interview with Anna Oreg, MP, National Assembly of the Republic of Serbia, 1 February 2023.

70  Ibid.


83 Foundation Prosperitati official website, https://www.prosperitati.rs/sr


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87 Interview with Anna Oreg, 1 February 2023.

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