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# The V4 and the Arab Middle East: Issues and Relations

Edited by

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# Bridging the Gap between the Arab Middle East and the V4 Introductory Remarks (Erzsébet N. Rózsa – Máté Szalai)

The present booklet is a result of the project entitled "The V4 and the Arab Middle East: Relations, Interests and Prospects", which aimed at studying the widely neglected and under-studied past, present and future relations between the two regions. During the one year long implementation period, the researchers of the participating institutions – the Institute for Foreign Affairs and Trade (IFAT) of Hungary, the Slovak Foreign Policy Association (SFPA), the Czech Institute for International Relations (IIR) as well as the Polish Institute for International Relations (PISM) – made three research trips to the region (the Mashreq, the Maghreb and the Gulf) in order to conduct interviews and consultations with local experts and to hold a public workshop in each country in which the participating lecturers, students etc. could share their ideas about the prospect of bilateral and multilateral cooperation.

It would be easy to dismiss the topic of our project as non-existent or irrelevant, an attitude which we had to face many times during our research, and not without reason. Yet, geographical proximity and encircling structures like those established by the European Union or the NATO, are realities forcing at least some awareness and cooperation. We are aware that the two regions are barely aware of each other, the current level of political and economic relations is relatively low. Central Europe usually considers the Middle East as an exotic, distant land with a rich culture and a multitude of conflicts, while Arab societies are basically unaware of the existence of the Visegrad cooperation,

and consider the Czech Republic, Hungary, Poland and Slovakia as a remote corner of Europe. Although both preconceptions are understandable and many elements of them are undeniable, the organizers of the project firmly believe that our countries are not meant to be that distant from each other.

In this framework, the higher aims of our project are the following. First of all, we wanted to raise awareness and to inform the decision makers and the academic elite regarding the current state of interregional relations and give some food for thought regarding possible fields for enhanced cooperation. Simultaneously, the project also meant to address the Middle Eastern countries as well, to make the Visegrad region more visible and more comprehensible for them. Second, we also wanted to raise the attention of the wider public to the Arab Middle East, and to enhance public thinking not to consider the region as a distant, conflictual land only, but as possible partners and countries to which everybody can reach out to build transnational relations.

The present project can be regarded as the continuation of a long research program which started almost two decades ago and – through temporal pauses and necessary ups-and-downs – culminated in the present booklet. The initial kick for conducting research regarding the relations of the two regions took place in 1997, before the EU-accession of the V4 countries, when the predecessor of the IFAT, the Hungarian Institute of International Affairs organized a workshop entitled "Will the East Meet or Confront the South?". In this seminar, the two regions were seen in a systematically alike situation, on the periphery of and outside Western Europe.

In the next almost two decades, as both regions focused more on building relations with the "old Europe", the awareness of each other's existence faded and nobody thought of outlining a serious strategy to make something out of bilateral relations. In this context, in 2008, Ambassador László Papp initiated a workshop in Morocco

on relations between the V4 and Morocco/the Maghreb. The idea was pursued further in 2010 when the well-established cooperation network of the IFAT, the SFPA, the IIR and the PISM – now with the moral and financial support of the International Visegrad Fund – decided to reopen the issue of interregional cooperation together. The result was the direct predecessor of the current project entitled "Raising Awareness – Finding Common Ground: The V4 and the Maghreb". In this framework, we organized a two-day conference with the participation of the Centre des Études Méditerranéennes et Internationales (Tunisia); the Groupment d'Études et de Recherches sur la Méditerranée (Morocco); and the Institut National d'Études de Strátegie Globale (Algeria). The final output of that research was also published online and offline in a conference booklet.<sup>1</sup>

Afterwards, we wanted to widen the scope of the inquiry and include the whole of the Middle East with bigger ambitions and a bigger budget. The International Visegrad Fund supported the project with a Standard Grant in 2014. In the present project entitled "The V4 and the Arab Middle East", we wanted to take the research out of the V4 to meet with local researchers and the public, to empirically test how they think of our region. Although our inquiry is deliberately conducted from a V4 perspective and meant first and foremost for the Central European audience, the input by our colleagues in the Arab Middle East was crucial for which we are widely grateful.

<sup>1</sup> Erzsébet N. Rózsa – Máté Szalai (eds.): Raising Awareness – Finding Common Ground: The V4 and the Maghreb. Budapest: Hungarian Institute for International Affairs, 2014. http://kki.gov.hu/download/f/01/d0000/ Konyvek\_2014\_01\_Raising\_Awareness\_-\_Findi\_-libre.pdf.

#### **Conceptual and Methodological Remarks**

Researching the state of V4 – Arab Middle East relations turned out to be a relatively difficult task to conduct. First of all, the lack of academically accepted literature is critical, which is why we considered seminars and personal interviews crucial in the process. We integrated the remarks and thoughts of our partners into the studies and thus have tried to present the widest perspective possible.

Second. conceptualizing the interregional cooperation between the Arab Middle East and the V4 from a theoretical and methodological point of view is a big challenge. Both can be considered as geopolitical areas lacking the sufficient institutional and political framework and circumstances to consider them as single units. There are many conflicts of interests, differences in political, economic and social circumstances both among the Visegrad countries and among the Arab states, which makes the general picture impossible to research. The small number of the Visegrad countries makes them easier to be considered as a single group. Nonetheless, the cooperation between them lacks an institutional form and a clear common strategy. Apart from the core goals of the collaboration, the shared interests are barely defined and articulated, especially outside the (Central) European context, making it impossible to talk about a unified Visegrad stance towards the Arab world. On the other hand, the Arab Middle East is a much bigger and mixed region which, during the implementation period of the project, was in a state of constant transformation suffering from at least three major crises (the Libyan, the Yemeni, the Syrian and the Iraqi civil wars).

That is why – for methodological purposes – we have broken down the Arab Middle East into smaller sub-regions, making them less heterogeneous and more similar to the V4 in terms of size. In this we followed the traditional Arab geographic categorization

– the Maghreb, the Mashreq and the Gulf – in order to analyse the relations with them one-by-one. We conducted our three research trips accordingly. The first trip was to Cairo, Egypt in March where our workshop covered relations between the Mashreq and the V4. The second one was organized in June in Morocco (for the Maghreb region), while the last (but not least) visit was paid in October to Doha, Qatar to unfold the Arab Gulf perspective.

One might ask why the non-Arab countries (Turkey, Iran and Israel) are not included in the research. First of all, we found the Arab Middle East big enough to be covered in one project. Second, not only the culture, the political and economic attributes of the above mentioned three countries are different from those of the Arab states, but the relationship between them and the V4 also differ historically and politically. Prospectively, however, the research program analysing the relations of the Middle East and the Visegrad region might continue with the study of these countries. In fact, in our workshop at the Qatar University in Doha, the question of Iran—V4 relations were addressed, which confirmed our belief in the future continuation of our project.

Comparing the basic attributes of the four analysed regions (the Maghreb, the Mashreq, the Gulf and the V4), there are huge differences among them as reflected in Table 1. Their size in terms of territory, population and economic activity differ to a large extent. Each of the three Middle Eastern sub-regions has more inhabitants that the V4 combined and each is at least six times bigger in terms of territory. Nonetheless, the Visegrad countries have a larger aggregate economic output than the Maghreb and the Mashreq, but it is much smaller than the GDP of the Gulf region. On the basis of these data, the Maghreb has the biggest territory, the Mashreq has the largest population by far, and the Gulf region shows the highest GDP ratio, leaving everyone else lagging behind.

Table 1
Basic Data about the Four Analysed Region (2014)<sup>2</sup>

	Maghreb	Mashreq	Gulf	V4
Countries	Morocco, Tunisia, Libya, Algeria	Egypt, Syria, Lebanon, Jordan, Iraq, Palestinian Authority, Sudan	Qatar, Kuwait	Czech Republic, Hungary, Poland, Slovakia
Overall Territory (square km)	4 742 940	4 094 430	3 100 960	522 068
Overall Population (million persons)	90.11	201.35	77.68	63.79
Overall GDP (million USD)	409 182	715 560	1 687 159	990 420

Talking about interregional relations, at least four possible levels can be differentiated.

The first level is the sub-national level, which covers the transnational relations between individuals, social and economic organizations, universities and NGOs from the two regions. Governments can play a huge role in fostering cooperation in this particular field, nonetheless, we do not consider this level as the primary area of governmental activity. Since the viewpoint of our project is primarily that of the Visegrad governments, our focus is not particularly aimed at this level.

World Bank Database, http://data.worldbank.org/indicator. Downloaded: 8 November 2015.

The second level would be that of the states for interregional cooperation. Naturally, this is the level which dominates international relations even in today's world politics (nonetheless its importance is shrinking every day). The great majority of interregional relations is conducted on the governmental level which is why our primary inquiry aimed at these. In the mid-term, Arab–V4 relations will remain to be realized on the bilateral Polish–Saudi, Czech–Moroccan, Hungarian–Emirati, Slovakian–Egyptian, etc. level.

The third sphere is that of regional institutions and organizations. The V4 itself can theoretically cooperate with one or the other Arab institution, such as the Cooperation Council of the Arab States of the Gulf (GCC), the Arab Maghreb Union, etc. Despite of the clear potential of this level, the hiatus was also perceived here.

The fourth and last level is the sphere of supra-regional cooperation, which means the collaboration between international institutions in which the analysed states are members, too. This is the level which may be the most developed and, consequently, the best-described by the literature. One can think of the cooperation between the European Union and the GCC, the Euro Mediterranean Partnership, the Union for the Mediterranean etc., in the framework of which the countries of both regions are present, and, directly or indirectly cooperate with each other. Interestingly enough, this is the sphere which has the most developed history in interregional cooperation. During the Cold War, Eastern European States conducted their relations based on certain issues of the Arab Middle East mainly as a part of the Communist bloc, while on the other side there was a non-institutionalised socialist Arab bloc. Nonetheless, this was the framework which gave birth to the first examples of bilateral cooperation as well.

Since the perspective of our booklet is that of the Visegrad states, we put an emphasis on studying relations on the second (intergovernmental) and fourth (supra-regional) levels. While the subnational and the regional levels also bear significance, we considered them less important for our present study. First, the regional level is the least developed in our case and most of the acts on that level can be considered as driven by state interests and of a bilateral and/or an intergovernmental nature. Second, the analysis of the cooperation in the for-profit and non-profit non-governmental sector needs a different methodological toolkit, which would exceed the experience and the academic comfort zone of the authors. The only exception would be Diána Szőke, who included the activities of the Hungarian oil company MOL into her inquiry.

#### The Structure of the Booklet

In the first part of the book, the authors analysed the relations between the V4 and the Arab Middle East from a general or historical points of view, delivering the framework in which bilateral and multilateral relations can develop in the future. In the only theoretical chapter, Máté Szalai tries to counter the general perception that small states conduct their foreign policy only in a regionally limited scope. Without questioning this general perception, the transregional cooperation between the majority of Middle Eastern countries and the Visegrad Four would be unimaginable. In the following section, Katarína Pevná delivers a general overview regarding the evolution of transregional relations between the V4 and the Arab Middle East with a special focus on Egypt. In the third analysis, Diána Szőke provides an insight in the energy sector, one of the most important fields of cooperation. Lukács Krajcsír analyses a rather interesting period of relations, namely the Czechoslovak interests in the Middle Eastern region during the Cold War.

The second part of the book includes the perspectives of a given Visegrad country on the Middle East. Michael Brtnický starts

with Czech policies towards the Maghreb region, then Erzsébet N. Rózsa delivers the interests and prospects regarding the relations between Hungary and the Gulf Cooperation Council (GCC). Last but not least, Patrycja Sasnal will focus on the Polish policies towards the issues of the Arab side of the Gulf.

#### **Final Remarks**

The editors would like to express their gratitude for the financial and moral support of the International Visegrad Fund, especially Karla Wursterová, who has been promoting our research from the very beginning. We would like to thank our partner institutions – the Slovak Foreign Policy Association (SFPA), the Czech Institute for International Relations (IIR) as well as the Polish Institute for International Relations (PISM) and their researchers, especially Patrycja Sasnal, Katarína Pevná and Michael Brtnický who accompanied us on our study trips – as well as the staff of the foreign ministries of our countries who facilitated the implementation of the project. Diána Szőke and Lukács Krajcsír also contributed to the booklet with their excellent analyses.

Our hosting institutions did a great job in organizing workshops for us during our trips, namely the Al-Ahram Center for Political & Strategic Studies (Cairo, Egypt, March 2015), the Al-Akhawayn University (Ifrane, Morocco, June) as well as the Gulf Studies Center at the Qatar University (Doha, Qatar, October), for which we would like to thank Amal Mukhtar, Nizar Messari, Djalil Lounnas, Jack Kalpakian, Luciano Zaccara, Maram Diaa, Ashraf Mishrif, Peter Polak-Springer, as well as so many others who contributed to our research. Special thanks to Anna Aleksandra Gawlik, who in our workshop at the Qatar University brought in a new dimension to our discussion, namely the V4–Iran relations. Her presentation and paper will be presented in our next related project, which we hope will focus on exactly this dimension.

Last but not least, we also would like to thank to our families, friends, as well as our colleagues and interns at the Institute for Foreign Affairs and Trade who helped us throughout the project, including Krisztina Pfefferné Izsó, Zsuzsanna Csornai, Donát Haeffner, Tünde Fuferenda, Máté Szabó, Fruzsina Czeglédi and Anett Arany. Their contribution was highly appreciated and without their help this booklet would have not been published.

# Questioning the Regionally Limited Nature of Small States' Foreign Policy (Máté Szalai)

Many researchers, analysts and other public thinkers would agree that the lack of substantial relations between the V4 and the Arab countries of the Middle East is due to the fact that both regions are basically invisible to each other and do not have interests in common. Both groups have to focus on more important regions and more important partners such as the United States and the Western European countries, or the giant Middle Eastern powers like Iran or Turkey. Thus, to put it in a theoretical context, the lack of cooperation is due to the size of the countries and the distance between them.

This concept is the result of the mainstream small state theory – one of the widely neglected sub-disciplines of international relations (IR) – according to which small states should conduct their foreign policy with a limited regional and policy scope, focusing on their most basic needs and interests, such as survival and basic economic goals. Since these aims usually consider the narrow neighbourhood of the given small state, its international activity should focus almost solely on this area.

In the following pages, we would like to argue that the theoretical background of the above mentioned attitude is at least questionable, therefore, there are no theoretical or practical limitations to improve relations between the two regions. In the era of globalisation, the mere distance and perceived remoteness is not an argument enough in itself to interpret the lack of relations between the two sides. To verify the hypothesis, first the small states in the two regions will be identified; second, the main

assumptions of the mainstream small state theory regarding its anticipated geographic limitations will be summarized, and third, the foundations of the theory will be challenged in the context of the 21st century. Last, based on our findings, we name a couple of areas which might be great examples of cooperation and mutual interests.

#### The V4 and the Arab Middle East – Regions of Small States?

The exact way to define and conceptualise small states constitutes the basis for one of the biggest debates in the related literature.<sup>3</sup> Due to the fact that any chosen definition automatically changes the nature of size, this first step could easily change the outcome of the research. That is why we consider it necessary to clarify the concept used in the chapter.

Since the size of a state generally reflects its material resources, we use smallness as a quantitative phenomenon and define small states as entities whose size in terms of territory, population, economic output and/or military capacities is below the average of its region. In this equation the delineation of the region is crucial. For the sake of simplicity, we will use the European Union as the main region of the V4 countries, while use the broader Middle East for the Arab states from Morocco to Iran, from Turkey to Yemen.

Consequently, the most important observation which we have to make is that the majority of the analysed countries – in both regions – can be considered small states. In the case of the V4 (Table 1), three out of the four states are below the average as in all four categories. Poland, on the other hand, is somewhat larger, especially in terms of population, territory and military capacities.

<sup>3</sup> Mathias Maas: "The Elusive Definition of the Small State". *International Politics*, Vol. 46. No. 1. (2009). pp. 65–83.

Table 1
The V4 and the EU-28 Average Data (2014)<sup>4</sup>

State	Territory (square kilometres)	Population (persons)	Economic output (million USD)	Military capacities* (million USD and 1000 persons)
Czech Republic	77 230	10 510 566	205 523	2179 and 27
Hungary	90 530	9 861 673	137 104	1100 and 83
Poland	306 220	37 995 529	99 790	9829 and 172
Slovakia	48 088	5 418 506	548 003	995 and 16
EU-28 average	151 306	18 154 103	659 309	9086 and 139

Looking at the data of the Arab Middle East (Table 2), we can clearly say that the region is basically made up of small states. Out of the 18 Arab countries,<sup>5</sup> seven are small in all four dimensions (Bahrain, Lebanon, Kuwait, Jordan, Tunisia, Syria and the Palestinian Authority), ten are small at least in one dimension (Egypt, Qatar, Iraq, Libya, Morocco, Oman, Sudan, Yemen, Saudi Arabia and the United Arab Emirates), while we can find only one which has an above-the-average size in every index (Algeria). The two 'giants' of the region, Egypt and Saudi Arabia both have a deficiency regarding quantitative military capacities (in terms of defence spending and military personnel respectively).

<sup>4</sup> Sources: World Bank Database, 2015, http://data.worldbank.org/indicator. Downloaded: 7 November 2015; James Hackett (ed.): The Military Balance 2014. London: Routledge, 2014. pp. 486–487.

<sup>\*</sup> In terms of defence spending (2013) and estimated number of armed forces (including reservists and paramilitary forces) (2014).

<sup>5</sup> Including the Palestinian Authority.

Table 2 The Small Arab States of the Middle East<sup>6</sup>

Country	Territory (square km)	Population	GDP (million USD)	Defence Spending (million USD)	Military Personnel
Algeria	2 381 740	38 934 334	214 063,17	9 957	467
Bahrain	770³	1 361 930	33 868,99	1 394	19
Egypt	995 450	89 579 670	286 538,05	5 278	1 315
Iraq	434 320	34 812 326	220 505,68	16 897	802
Jordan	88 780	6 607 000	35 826,93	1 216	181
Kuwait	17 820	3 753 121	175 826,72	4 427	47
Lebanon	10 230	4 546 774	45 730,95	1 735	80
Libya	1 759 540	6 258 984	41 119,14	4 771	7
Morocco	446 300	33 921 203	107 004,98	3 730	396
Oman	309 500	4 236 057	81 796,62	9 246	47
Palestinian Authority	6 020	4 294 682	12 737,61	0	56
Qatar	11 610	2 172 065	211 816,76	3 476	12
Saudi Arabia	2 149 690	30 886 545	746 248,53	59 560	250
Sudan	2 376 000	39 350 274	73 815,38	1 516	264
Syria	183 630	22 157 800	40 405,01	0	178
Tunisia	155 360	10 996 600	46 994,80	769	48
UAE	83 600	9 086 139	401 646,58	9 320	51
Yemen	527 970	26 183 676	35 954,50	1 812	138
Iran	1 628 550	78 143 644	415 338,50	17 749	913
Israel	21 640	8 215 300	304 226,34	15 163	650
Turkey	769 630	75 932 348	799 534,96	10 742	992
Regional average	683 721	25 306 213	206 238,00	8 512	329
Number and ratio of small Arab states	13 (72%)	11 (61%)	12 (67%)	13 (72%)	14 (78%)

Sources: World Bank Database, http://data.worldbank.org/indicator. Downloaded: 7 November 2015; Hackett: op. cit. pp. 488–489. Numbers presented in italic font are below the regional average of the given index. The last available data for Kuwait, Tunisia and Yemen was for 2013, while in

the case of Syria, for 2007.

As these data prove, both the Visegrad region and the Middle East consist mostly of small states, which makes the related theory relevant in the investigation of interregional relations.

#### Geographic Limits to Small State Foreign Policy

The notion of geographically limited foreign policy was articulated first by two of the most influential writers of small state studies, of whom David Vital was maybe the first researcher in the discipline to describe the main consequences deriving from smallness. He enlisted mental and administrative, economic as well as defensive disabilities, and the vulnerability to coercion as the basic effects of limited material resources. The basic limits to small state foreign policy derives from the economic sphere – due to the scarcity of resources, the amount spent on diplomacy and foreign policy is lower. Therefore, both the number and the size of diplomatic missions are significantly smaller, which urges the decision makers to prioritize between policy areas, partners and regions. One can argue that the logical decision in this regard is to concentrate first on great powers and on the direct neighbourhood of the given small state, since threats could usually arise from these sources.

In 1973, seven years after Vital, Maurice East went on to test different models which tried to explain small state behaviour in international relations based on three hypotheses:<sup>9</sup>

- the international activity of a state depends on its size and its level of development;
- small states tend to use low-cost foreign policy techniques (multilateral forums, peaceful means of dispute settlements, etc.); and
- high-risk behaviour is more typical for small states than large ones.

<sup>7</sup> David Vital: The Inequality of States: A Study of the Small Power in International Relations. Oxford: Oxford University Press, 1967. pp. 110–113.

<sup>8</sup> *Ibid*, pp. 12–13.

<sup>9</sup> Maurice A. East: "Size and Foreign Policy Behaviour: A Test of Two Models". World Politics, Vol. 25. No. 4. (1973). pp. 556–576.

All three hypotheses derive from the general neorealist concept of smallness, according to which it is the size of the country that determines its foreign policy in the first place. Consequently, small states will likely show little interest in global issues, while they will show enthusiasm towards intergovernmental and international organizations, as well as towards the development of international law. Moreover, due to the problems described by Vital, their foreign policy will be geographically and functionally limited. The third assumption is maybe the most controversial in the neorealist framework, since theoretically researchers would argue that small states would avoid risk-taking and try to act "under the radar". Nonetheless, according to East, one can also assume the contrary, namely that due to their lacking analytical, strategic and responsive capabilities, they are not able to comprehend early warning signals in a given crisis situation. That is why, by acting late and often wrong, they would behave in a way which would be seen as a high-risk course of actions.10 Eventually, East finds the first two hypotheses correct (with the small correction that in the first case size is a better explanation than the level of development), and the third one much more difficult to state. Consequently, small states will show activity within international organizations or in regional affairs.

Although East's article faced severe criticism from other members of the academic elite – basically regarding his methodology<sup>11</sup> – no one questioned the regionally limited scope of small state foreign policy, a notion which has become fundamental in related research. Even some of the staunchest critiques of neorealism refrained from questioning this basic principle – for example Miriam Fendius Elman tried to apply neorealism to

<sup>10</sup> Ibid, p. 559.

<sup>11</sup> Robert D. Duval – William R. Thompson: "Reconsidering the Aggregate Relationship between Size, Development and Some Types of Foreign Policy Behaviour". American Journal of Political Science, Vol. 24. No. 3. (1980). pp. 511–525.

analyse the foreign policy of small states in Sub-Saharan Africa, concluding that the theory is not the best explanatory when it comes to the international activity of small states. Nonetheless, her inquiry only analysed the "behaviour of states in (...) regional security systems",<sup>12</sup> automatically neglecting the possibility that small states might have extra-regional interests as well. This is why the notion of the regionally limited nature of small states has become an integral part of IR "common sense".

#### **Challenging Neorealist Assumptions**

There are basically two ways of arguing against the main neorealist assumptions of the regionally limited scope of small state foreign policy – from a theoretical and from a practical perspective.

Theoretically, one can challenge the notion of regional limits to small state foreign policy in several ways. First of all, as globalisation and the ongoing process of technical development has been taking place since the second half of the 20th century, the importance of territory and geographic distances have lost their significance to some extent. Building relations between countries thousands of kilometres apart is simpler and cheaper than ever. Throughout the process of the institutionalisation of world politics, the representatives of all countries can meet on a regular basis without additional costs. At the same time, the main challenges we face have also become regionally or globally significant. One can hardly find a crisis or problem which has local or national relevance only and leaves other states and regions unaffected. That is why small states had to broaden their foreign policy scope to reach out from their own regions even if they want to pursue their most basic interests.

Miriam Fendius Elman: "The Foreign Policy of Small States: Challenging Neorealism in Its Own Backyard". British Journal of Foreign Affairs, Vol. 25. No. 2. (1995). p. 178.

In the economic sphere, the notion that proximity (beside the size of the economy) plays an important role in explaining the level of trade flow between two countries, is called the gravity equation. Although the model can be widely used to interpret empirical data, it lacks "strong theoretical foundations" 13 and thus is questioned many times as the sole explanatory to foreign trade relations, especially since "the predictions of the gravity model can be derived from different models" which are much more well-founded (i.e. the Ricardian and Heckscher-Ohlin models and new theory models).14 Although geographic distance can still be used to predict trade connections between nations in the 21st century, analysts suggest that from an economic point of view this phenomenon is not solely nor foremost due to the actual distance (rise in transportation costs) but to underdeveloped information infrastructure.15 Generally, the bigger the distance between two countries, the lower the level of communication between them, which translates itself into the lack of transnational economic and social connections. Nonetheless, this notion makes geographic distance only an intermediate variable between the lack of knowledge of each other and the number of transactions. Consequently, through education, awarenessraising and information-sharing (i.e. developing websites of the embassies in the local language with rich content), the effect of geographic distance can be lowered significantly.

Second, Robert Keohane among others questioned the efficiency of categorizing states based on their size. In his opinion, researchers have to focus on their role played in the system

<sup>13</sup> Jeffrey H. Bergstrand: "The Gravity Equation in International Trade: Some Microeconomic Foundations and Empirical Evidence". *The Review of Economics and Statistics*, Vol. 67. No. 3. (1985), p. 474.

<sup>14</sup> Horácio Faustino – Nuno Leitão: "Using the Gravity Equation to Explain the Portuguese Immigration—Trade Link". School of Economics and Management, Technical University of Lisbon, http://www.iseg.ulisboa.pt/departamentos/ economia/wp/wp122008desocius.pdf. Downloaded: 7 November 2015.

<sup>15</sup> Pankaj Ghemawat: "Distance Still Matters". *Tool Kit*, September 2001. pp. 137–147.

instead. In this sense, four groups of countries can be identified: system-determining states (the main pillars of the international system), system-influencing states (which can alter and form international political processes to some extent), system-affecting states (which can only have an impact collectively, not individually) and system-ineffectual states (which would be unable to have any sort of impact).16 In this conceptual framework, small states in the neorealist sense would belong to the third and the fourth category of states, although it would be academically difficult (if not impossible) to prove that there are countries in the world which, regardless of their relations and ongoing transnational processes, cannot have any impact on international relations however temporarily. In such a systematic view, small states are actually urged to cooperate regardless of the distance between them, especially within international organisations, to actually have an effect on the system as a whole. There are many initiatives in the global political and economic system coming from small states, even in the analysed regions. The Arab Gulf states for instance are working together to reform the structure of global governance in the fields of the international financial architecture, energy-governance and climate change.<sup>17</sup> Cooperation in these fields can be basically without any costs between the two regions in multilateral fora.

Third, one cannot neglect the variables other than size which can affect international relations and the foreign policy of states. Dan Reiter explained that the alliance policy of small states can be better explained by using the theory of learning – the historical, institutional and socio-psychological experiences of the state –

<sup>16</sup> Robert O. Keohane: "Lilliputians' Dilemmas: Small States in International Politics". In: Christine Igebritsen, Iver B. Neumann, Sieglinde Gstöhl and Jessica Beyer (eds.): Small States in International Relations. Reykjavik: University of Iceland Press, 2006. p. 59.

<sup>17</sup> Kristian Coates Ulrichsen: "Small States with a Big Role: Qatar and the United Arab Emirates in the Wake of the Arab Spring". HH Sheikh Nasser Al-Mohammad Al-Sabah Publication Series, No. 3. (2012). https://www.dur.ac.uk/resources/alsabah/SmallStateswithaBigRole.pdf. Downloaded: 7 November 2015.

than by the assumptions of neorealism.<sup>18</sup> Moreover, according to many constructivist observers, mainstream small state theory fails to explain the foreign policy of such entities because "it overemphasizes structural and material factors at the expense of elite ideas and identities".<sup>19</sup> It is easy to see that a certain bilateral relationship might play a role in a given state's identity, or that due to historical reasons, it is crucially important – even in a neorealist explanation based on interest calculation. Relations built during the Communist era between the two regions (the V4 and the Arab Middle East) might be called as such partnerships, for example those of Hungary and Libya between 1974 and 1988, given the fact that Tripoli grew to be the second most important African market for Budapest after Algeria and the third most important Arab one (after Algeria and Iraq).<sup>20</sup> After the regime change, Morocco might be a good example in the same regard.<sup>21</sup>

Moving on to the practical critique of the neorealist theory, there is a lot of evidence suggesting that despite their size, small states can also show activities outside their narrow neighbourhoods. The Arab Gulf states, despite their limited size in terms of territory, population and economic output, have participated in many regional and global affairs, while on the other hand Hungary has tried to develop a global policy since the middle of the 2000s, which came to be known as the policy of 'global opening' (with the 'eastern opening' in 2010 and the 'opening to the south' in 2014).<sup>22</sup>

<sup>18</sup> Dan Reiter: "Learning, Realism, and Alliances: The Weight of the Shadow of the Past". In: Igebritsen, Neumann, Gstöhl and Beyer (eds.): *op. cit.* pp. 231–273.

<sup>19</sup> Giorgi Gvalia, David Siroky, Bidzina Lebanidze and Zurab lashvili: "Thinking outside of the Bloc: Explaining the Foreign Policies of Small States". *Security Studies*, Vol. 22. No. 1. (2013). pp. 99–100.

<sup>20 &</sup>quot;Gazdasági kapcsolatok". Magyarország Nagykövetsége, Tripoli, Líbia Állam, http://www.mfa.gov.hu/kulkepviselet/LY/hu/Bilateralis/bi\_gazdasagi.htm. Downloaded: 7 November 2015.

<sup>21 &</sup>quot;Politikai kapcsolatok". *Magyarország Nagykövetsége, Rabat, Marokkó*, http://www.mfa.gov.hu/kulkepviselet/MA/hu/Bilateralis/politikai\_kapcs. htm?printable=true. Downloaded: 7 November 2015.

<sup>22</sup> Máté Szalai: "The Inapplicability of Traditional Small State Theory in Central

In a broader sense, Dana Lusa and Petar Kurečić investigated the behaviour of European small states in the policy-making processes of the EU's common foreign and security policy (CFSP). One of their main hypotheses was that "small EU states have a narrow foreign policy scope, primarily focused on their surroundings. They are either not interested or not capable (sometimes both) in becoming leaders in resolving issues that do not affect them directly".<sup>23</sup> According to their findings, the assumption is only

...verified mainly for the new small EU member states, which were mainly focused on the political and economic situation in their eastern neighbourhood and their energy security, since most of them are still heavily dependent on gas imports from Russia. Currently, they are either not interested or not capable (sometimes both) in becoming leaders or in resolving issues that do not affect them directly. Small EU member states with a higher level of GDP per capita and less economic difficulties (mostly from Western and Northern Europe) are more focused on multilateral issues and crisis management. They are able to deal with these issues, notwithstanding their own economic difficulties, as they do not face such immense political and economic problems (that pose internal security challenges to them) in their immediate surroundings (unlike the "small" new members from Central, Eastern and South-eastern Europe). The results show that geographical proximity influences the scope and intensity of EU foreign policy initiatives in the case of small states on the EU's eastern and south-eastern "frontline" (more than other small EU member states).24

Europe – the Case of Hungary". *Visegrad Expert Papers*, http://www.visegradexperts.eu/data/\_uploaded/Finals/Mate%20Szalai.pdf. Downloaded: 7 November 2015.

<sup>23</sup> Dana Lusa – Petar Kurečić: "The Number and Geographical Scope of the EU Foreign Policy Initiatives of Small Member States: Does "Smallness" Matter?". CIRP, Vol. 21. No. 72. (2015). p. 51.

<sup>24</sup> Ibid, pp. 74-75.

Although the cited study only investigates one particular element of foreign policy (namely participation in the EU's CFSP), its result is telling for many reasons. First, there is a clear connection between the level of development and participation in global politics, which correlation was dismissed by East forty years earlier. Second, apart from the differences between economic performances, one might assume that the discrepancy between the foreign policies of the western and the eastern sides of Europe might have cultural and not just material causes. Nonetheless, the analysis reinforces the argument that the V4 usually deal with their surroundings only. But, on the one hand, this phenomenon is not simply a consequence of their size, and, on the other, it is not an unchangeable structural or systemic law – it is just a decision of the foreign policy elites which, as we have seen it in the case of Hungary, can be changed without any severe consequences.

#### Consequences for V4-Arab Relations

Summing up the theoretical developments, one can argue that by 2015, it is not sufficient to state that the lack of a close relationship between the Visegrad Four and the countries of the Arab Middle East is due to their small size and the distance between them only. The two regions cooperate within several international organizations and face several common challenges, which could make them ideal partners in many cases.

In this regard, the major obstacles in the way of building relations between the two regions are twofold. First, there is a lack of knowledge between the societies, making the cultural distance huge. Second, for some reasons, the identities of the states are drawing both regions away from each other as the V4 tend to focus on Europe and Russia, while the other group on the Middle East or the United States. Although the driving forces behind this phenomenon are often logical (i.e. Washington is a most influential

actor in the Middle East), several of them are only due to sociopsychological and cultural reasons rooted in history.

In spite of this, there are many potential areas where the small states of the two regions can find room for cooperation, including

- Reforming or altering the international political and economic system. Based on their similar situation in the global system as small states, the two regions might initiate common proposals based on mutual interests, especially in the political representation of small states in high-power international institutions (UN, Security Council, G20), widening the role of international bodies dominated by small states (General Assembly), reforming global financial institutions to the advantage of small states (IMF, World Bank, WTO, etc.), fostering cooperation in energy security and energy-management, fighting against climate change as well as cooperating in the development of the efficient use of renewable energy sources.
- Cooperation in the field of migration. Several states of the
  two regions Lebanon, Jordan and Hungary in particular –
  faced unexpected challenges in the migration crisis since
  2011, although to a much different extent and in a different
  manner. Nonetheless, exchange of information and best
  practices should be a priority for the countries concerned,
  also due to the fact that migration as a transnational
  phenomenon should be regarded as not just a regional,
  but a systemic process, in which the different stages and
  cases are interconnected on many levels.
- Information-sharing regarding foreign fighters. The
  phenomenon of foreign nationals travelling to Syria now,
  but to Afghanistan, Iraq, etc. at other times to fight for
  one of the fractions concerns both regions to a great
  extent. According to estimates, some 5000 people from
  Tunisia, 1200 from Morocco, 2000 from Jordan and 900

from Lebanon have left to fight in the civil war.<sup>25</sup> On the other hand, the V4 has not reported any citizen going to fight in Syria, but due to their geographic allocation, they might still serve as a transit route for such groups or persons, posing a serious security threat to them. Sharing information by the relevant authorities could be crucial in this fight. On the other hand, while Central Europe is not affected by the problem of outgoing Jihadists, some Western and Northern European countries are, making room for European-Arab cooperation in this regard. The V4 could be an engine and initiator in this regard.

• Cooperation in the field of education should be a crucial step in developing interregional and bilateral relations. First of all, the internalization of tertiary education is, in general, crucial for all small states due to the disadvantages of their size which can be collectively called the diseconomies of scale.<sup>26</sup> Both regions suffer from a historical lack of competitiveness in this field, which can be fought through intensified cooperation.<sup>27</sup> Second, cooperation in education (especially student mobility) can be an excellent tool to decrease the cultural distance between the two regions, fostering transnational ties and to create a basis for future collaboration.

<sup>25 &</sup>quot;Iraq and Syria: How many Foreign Fighters Are Fighting for ISIL?". The Telegraph, http://www.telegraph.co.uk/news/worldnews/islamic-state/11770816/Iraq-and-Syria-How-many-foreign-fighters-are-fighting-for-Isil.html, 12 August 2015.

<sup>26</sup> Mark Bray: "The Small-States Paradigm and Its Evolution". In: Michaela Martin – Mark Bray (eds.): Tertiary Education in Small States: Planning in the Context of Globalization. Paris: International Institute for Educational Planning, UNESCO, 2011. pp. 37–73.

<sup>27</sup> Of course many technical details might hamper the way of establishing deep cooperation (i.e. mutual recognition of degrees, the dual education system in the Persian Gulf, etc.).

Naturally, the above mentioned fields are only examples and suggestions deriving from the state of smallness, the systemically similar situation and the systemic processes which affect both regions and multiple states. In these fields cooperation should not be significantly more expensive (in comparison with cooperating with other regions), but it might be even cost-effective or basically free of charge in existing and institutionalized frameworks of cooperation, making the notion of regional limits to small state foreign policy at least questionable. The most important limits are of socio-psychological nature: societies and decision-makers of small states tend to agree that they do not have national interests outside their close neighbourhoods. If such interests are not articulated, the foreign policy of the given country will be regionally limited. Interests, in our understanding, are not historically and politically permanent, they are in a constant flux in the interdependent global system. What arises on the agenda of the governments is only a result of personal and institutional prioritizing and decision-making processes and not of immaterial or systemic laws of international politics.

### History of Relations between V4 and Arab Middle East (Katarína Pevná)

Ever since the founding declaration was signed by the representatives of the "Visegrad Three" (Czechoslovakia, Hungary, and Poland)<sup>28</sup> in 1991 in Visegrad, this regional arrangement has been credited with being one of the first and most cooperative structures in the post-communist bloc after the end of Cold War. While the Western Balkans disintegrated into chaos and war, the V4 offered a forum for all four Central European countries to discuss the most pressing issues pertaining to the region. However, the scope and priorities of the V4 have always been determined by the larger regional arrangements and developments. The only systemic effort and substantial cooperation in the framework of the V4 occurred prior to the accession to the European Union and the NATO. At that time, all resources were dedicated to the ultimate goal of reaching membership in both organisations. Therefore, since 2004 the soft power of the V4 largely diminished as a result of fulfilling this objective. Nowadays, most of the V4 agenda is dealt with on a more or less ad hoc basis, albeit within a certain framework of action. Stabilization and democratization of the Western Balkans, energy security, 29 security cooperation and the creation of the V4 Battle group, currently belong to the main long-term foreign policy priorities of the Visegrad Four.

The desired cooperation between the V4 and the countries of the Eastern and Southern partnership of the European Union must necessarily be seen in light of the decentralization efforts

<sup>28</sup> After the dissolution of Czechoslovakia in 1993, Czech Republic and Slovakia became its members and the grouping changed its name to Visegrad Four.

<sup>29</sup> Especially in light of the varying level of dependency on energy imports from Russian Federation which re-surfaced after the 2009 gas crisis.

of the EU. The stakes of not having a working relationship with countries of the Mediterranean, especially since the eruption of the Arab Spring in 2011, are quite high. In this vein, it is usually the countries of the Maghreb that receive the most attention as the immediate partners in battling hard security threats (terrorism, drug-related crime, organized crime, illegal migration to Europe) and soft security issues (such as low level of human development, high unemployment, gender inequalities and lack of education). However, considering the ongoing challenges in the wider bordering region, the Mashreg seems to be the most crucial. First, the Arab-Israeli conflict affects foreign policy preferences and domestic opinion on many matters. In this context, Slovakia, the Czech Republic, Poland and Hungary are facing the challenge of approaching both sides in the conflict through a balanced foreign policy, although mostly unsuccessfully. Second, the horrifying and complicated civic conflicts in both Syria and Iraq additionally complicate the access of the European Union in general and of the V4 in particular to the region. Finally, security and migration flows which have become of strategic importance to the EU and influence public opinion in the V4 countries, need to be tackled with the Mashreg partners as well.

#### History of Relations between the V4 and the Arab World

The V4 countries have historically paid more attention to the Mashreq part of the Arab world than to the Maghreb or the Gulf due to several factors. First, it was due to the "classical" understanding of the region by Central Europe, in which the religious relevance of the Holy Land and the common history with the Ottoman Turkish Empire played a certain role.<sup>30</sup> On the other hand, relations with the Persian/Arab Gulf are of more recent origin, primarily driven by

<sup>30</sup> Éva Ladányi – Erzsébet N. Rózsa: "Hungary and the Arab Spring". Grotius, http://www.grotius.hu/doc/pub/TKYIUP/2014-08-05\_ladanyi\_n.rozsa\_ hungary-and-the-arab-spring.pdf, 5 August 2014.

the V4's economic and energy interests. Besides the geographical distance, the Maghreb has traditionally belonged to the French-Spanish sphere of influence and thus had much less relevance for the V4 than either the Mashreq or the Gulf. The Maghreb's relevance for the Central European group has become more pronounced following their accession to the European Union due to the EU policies and priorities. The V4 countries have had primarily economic interests in the Mashreg region. Political interests became secondary with the regime changes in Central Europe, while security interests were also rather indirect up to the 2015 migration crisis since the V4 have not perceived an immediate threat from the region. Although regional conflicts, terrorism and mass immigration have increased substantially in the last years, due to the presence of small minorities of Muslims in all V4 countries and the transit route nature of the V4, they have tended to rely on EU initiatives rather than on own policies towards the region. Therefore, there are currently no specifically formulated policies targeting these countries, albeit Egypt has always been the most important partner in the region. All the relations are currently being pursued in a bilateral fashion, in spite the fact that the Visegrad countries are participants in the Euro-Mediterranean cooperation formats (the EMP, the ENP and the UfM).31

Central Europe and the Arab World before the Establishment of the V4 (1950s–1989)

Official relations between the Central European countries and the Arab World can be traced back to after the First World War, when typically Egypt was the first Arab state to enter into relations with. Diplomatic relations with other Arab states were established either between the two world wars, typically Syria and Iraq, or mostly after the Second World War when most of the Arab World acquired

<sup>31</sup> *Ibid*.

independence. After the war, Soviet hegemony in Central Europe contributed to the strengthening of the relations with Egypt and other Arab countries due to the reorientation of trade and foreign relations from immediate neighbours in Western Europe towards the East. The establishment of the Eastern Camp (and later the Warsaw Treaty Organization) coincided with the adoption of socialist policies after the 1952 Revolution in Egypt and the establishment of socialist regimes in Syria and Irag more than a decade later. The economic relations with the "friendly" Arab countries within the "socialist camp" were mainly driven by ideological, and not economic reasons.32 These contacts were strengthened during the 1970s, and coincided with the growing purchasing power of oil-exporting Arab countries and the consequent development programmes, which created huge demand for goods, knowhow and services. Most of the exports from the socialist Central European countries flowed to Egypt, Algeria, Syria, Iraq and Libya. Flourishing relations and trade exchange weakened in the early 1980s, with the fall of oil prices, which caused a sharp decline in the import and investment activities of the Arab countries while competitiveness of Central European goods on international markets also declined substantially during this period.

#### The V4, the Priority of Reforms and the EU Accession (1989–2004)

The transition of Central European countries to democracy and capitalism in the 1990s was accompanied by a radical change of economic partners, as EU members and other developed regions replaced the partners from the developing economies. However, this tendency has not immediately affected the Arab countries, which continued to supply the CE countries with their export commodities. Therefore, the traditionally active trade

<sup>32</sup> Tamás Szigetvári: "Hungarian Economic Relations with the Arab World". Hungarian Statistical Review, Special No. 11. (2007). pp. 117–135.

balance toward the developing countries gradually turned negative. Additionally, the "traditional partners" of the CE states have been replaced by emerging markets such as India and the newly industrialised Southeast Asian countries and China. These swift changes resulted from the radical withdrawal of the state from economic activities during the transition from a centrallyplanned to a market-oriented economy. First, the liberalisation of foreign trade and the fundamental changes in the structure of economy affected a great number of small- and medium-sized enterprises, most of which lacked sufficient expertise, were previously heavily subsidized and inefficient and demanded high transport costs. Second, foreign exchange also suffered due to the lack of instruments to promote trade in developing regions (e.g. missing state guarantees or export credits for enterprises willing to export). Third, the output of once major products exported from the V4 to the Arab region (steel and aluminium goods, chemicals, agricultural products) decreased significantly.33 Fourth, the failure to construct pipelines transporting oil and gas from the MENA countries worsened their energy security and diversification due to the over-reliance on energy sources from the Russian Federation. Finally, until their accession to the NATO and the EU in 1999 and 2004 respectively, Euro-Atlantic integration was the single most important foreign policy priority for the countries of the Visegrad Four. The rest of the efforts were directed at the stabilisation of the Western Balkans, considered at the time as the most combustible of the EU's neighbourhoods.34 Also, the establishment of diplomatic contacts with Israel and the growing economic relations thereafter made relations with some Arab countries more tense.

<sup>33</sup> Ibid

<sup>34</sup> Jana Kobzová: "The Visegrad Group in Eastern Europe: an Actor, Not a Leader (yet)". Visegrad Revue, http://visegradrevue.eu/the-visegrad-group-in-eastern-europe-an-actor-not-a-leader-yet/, 4 April 2012.

The Post-Accession Period and the Renewal of V4 Interest in the Arab World (2004–Present)

The Kroměříž declaration<sup>35</sup> in 2004 set the overall aim of the V4 in terms of its contribution to the European Union with specific goals and policies related to the process of European integration. Besides its commitment to the European Union in internal affairs, the V4 subscribed to support EU enlargement in the Eastern and Southern European Neighbourhoods of the Union. The assistance and unprecedented interest in helping the Western Balkans fulfil their duties towards the European Union show the substance of this commitment. Since 2004 the foreign policy preferences, especially regarding the Arab countries, have been guided by the general framework and priorities given by the Barcelona Process, the European Neighbourhood Policy and later the Union for the Mediterranean. The narrow room for manoeuvre and the lack of coordination within the V4 regarding its focus on Egypt and the rest of the Arab countries largely reflected the stalemate in the Southern Neighbourhood cooperation in general. Stimulus came predominantly from the need to cooperate in the spheres of combating terrorism and radicalism, illegal migration to Europe, conflicts in the region and the possibility of the interruption of supplies in natural gas and oil (energy security).

Alongside the security dimension, in order to pursue the Euro-Mediterranean free-trade area, economic policies had to be harmonized as well. In this sphere, the Arab countries have continuously progressed in eliminating barriers to free-trade (tariffs, quotas, and non-tariff barriers),<sup>36</sup> which enabled the

<sup>35 &</sup>quot;Declaration of Prime Ministers of the Czech Republic, the Republic of Hungary, the Republic of Poland and the Slovak Republic on Cooperation of the Visegrad Group Countries after Their Accession to the European Union". Visegrad Group, http://www.visegradgroup.eu/documents/visegraddeclarations/visegrad-declaration-110412-1, 12 May 2004.

<sup>36</sup> The Alexandria Declaration is a basic document outlining the necessary steps towards free trade between the Arab Countries and European Union.

bilateral trade with the V4 countries to proceed at a quicker pace. Relatively closed markets thus have begun to open themselves up to V4 industrial products, and the tariff burden was systematically lowered, mainly in the Maghreb countries, the GCC and Egypt. However, the projection of a new chapter in bilateral relations between the V4 and the Arab Middle East has been disrupted both in theory and practice by the global financial crisis since 2008.<sup>37</sup>

It is unfortunate that the V4 failed to create a common platform and set common priorities regarding the Arab countries, especially since in 2009 the Egyptian Minister of Foreign Affairs suggested that Egypt may in the future play the role of an observer to the V4 to help to reach more distant neighbouring regions, African and Asian partners.<sup>38</sup> However, looking at the reluctance of the V4 to engage with the EU on migration quotas, it would be only logical to "compensate" the European partners in terms of diplomatic and political efforts to deal with the migration outflow within the countries of origin. Due to V4 obligations stemming from the European Neighbourhood Policy, distribution of financial and human resources towards this region may become a significant addition to their efforts within the V4+ mechanism.

#### V4-Egypt Relations: Spheres of Cooperation

As has been discussed so far, among the V4–Arab Middle East, relations to Egypt stand out, as Egypt has been and has remained the most significant partner for the V4 in the region.

- Egypt also signed The Egyptian Association Agreement with the EU already in 1977. It was later transformed into free trade agreement in the context of Barcelona Process. See: "The Arab NGO Network for Development: Free Trade Agreements in the Arab Region. Proceedings Report of a Regional Workshop in Cairo, Egypt. December 9–11, 2006".
- 37 Michal Kořan: Czech Foreign Policy in 2007–2009: Analysis. Prague: Institute of International Relations, 2010.
- 38 Michal Kořan: "V4 Cooperation from the Point of View of the Czech Republic". CENAA Analysis, http://cenaa.org/analysis/v4-cooperation-from-the-point-of-view-of-the-czech-republic/. Downloaded: 26 November 2015.

#### Political and Diplomatic Cooperation

The first republic in Central Europe to diplomatically recognize Egypt was Czechoslovakia. In 1920 a consulate was opened in Alexandria as Czechoslovakia's first foreign diplomatic representation in the Arab World and Africa. The political relations between Czechoslovakia and the Mashreq were deepened after signing of the famous weapon agreement in 1955 and the consequent arms supply to Syria and Egypt. After the mid-1970s Egypt changed its foreign policy orientation and until the end of Cold War the political and diplomatic relations between the two nations stalled. After the dissolution of Czechoslovakia Egypt recognized the independent Slovak and Czech republics in 1993 and both countries established their official missions in Cairo. There were mutual diplomatic visits to and from both countries ever since, however, without any political engagement. After 2011 Slovakia established a special unit within its Ministry of Foreign Affairs – the Centre for the Transfer of Experiences from Integration and Reforms (CETIR) - to share its transition expertise, which, besides Tunisia, targeted also Egypt. Egypt was also singled out as a partner in Slovakia's 2012 annual programme of foreign assistance.39

Diplomatic relations between Egypt and Poland have started since the inception of diplomatic representation in 1927. Despite the political coordination and consultations held annually at the level of Assistant Foreign Ministers, the political and diplomatic relations have not been substantial. The same can be said about bilateral relations between Egypt and Hungary. Although economic and scientific exchange during the Cold War augmented bilateral cooperation, until recently diplomatic and political relations have been rather secondary. However, since Hungary assumed the

<sup>39</sup> Patryk Kugiel: "The Development Cooperation Policies of Visegrad Countries – An Unrealised Potential". The Polish Quarterly of International Affairs, Vol. 21. No. 4. (2012).

rotating presidency in the Council of European Union in 2011, coinciding with the beginning of the Arab Spring, its diplomatic efforts – followed by the Polish presidency the same year – added more visibility to V4 project and renewed its interest in further cooperation with Arab countries. In case of Hungary this also coincided with the "global opening" or "eastern opening", including the Arab states, sought after by the Hungarian Prime Minister.<sup>40</sup> However, most financial resources devoted to the presidency had already been committed to other projects. Contribution of both countries was, therefore, more political than financial.<sup>41</sup>

#### Economic Relations

Bilateral trade exchange with the Mashreg is relatively small, and currently tends to the V4's favour. The structure of economy is fairly different throughout the whole Mashreg region. For example, the most important trade commodity in Syria and Iraq is oil. Both Syria and pre-2003 Iraq have been reluctant to liberalise their economies and open up to potential foreign investors. However, their substantial reserves of oil and incremental progress in liberalisation are currently endangered by the ongoing civic conflicts within both countries. Another example is Jordan, which is a small country lacking natural resources. In 2000, therefore, Jordanian King Abdullah inaugurated an industrial zone programme, which currently amounts to increasing exports of textiles and garments. On the other hand, Lebanon used to be the financial hub of the Middle East decades ago (with its services and financial and banking sector). Due to the long civil war, the reconstruction of the country's open economy was extremely costly and Lebanon has

<sup>40</sup> Ladányi-Rózsa: op. cit.

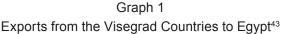
<sup>41</sup> István Gyarmati, Robin Shepherd, Zora Hesová and Patrycja Sasnal: "What Role for the Visegrad Countries on the Mediterranean Coast?". *CEPI Policy Briefs*, http://pasos.org/wp-content/uploads/2013/01/VPB-What-role-for-the-Visegrad-countries.pdf., December 2012.

not been able to recover its original position ever since.<sup>42</sup> Out of all Mashreq countries, Egypt thus shares the largest volume of exports to the Visegrad countries. This share also increases reasonably annually, although the total value is still limited (see Graphs 1 and 2). One of the determinants of the limited trade relations is the overall economy structure in the V4. Most businesses are small or medium enterprises, and the few transnational companies owned by foreign investors are oriented towards assembly services and low added value production. Therefore, the potential for trade and investment with less developed countries is very limited.

For instance, in 2012, the share of developing countries in the total trade turnover with Slovakia amounted to 2.34 percent. Although Ukraine, for example, is a neighbouring country, the trade turnover was only 1.49 percent. However, there is a rising tendency, as the trade turnover with developing countries has tripled over the last nine years. This hints at the possibility of expanding economic cooperation, especially within the trade in goods and services. The same applies to the Czech Republic, where since the economic transformation following the Velvet Revolution, the rebuilding of bilateral economic relations with the Mashreq and Egypt in particular is rapidly taking place. Growth in trade turnout was positively affected by reduced tariffs and the gradual liberalisation of trade in Egypt. However, as emphasised above, the share of trade is still rather incremental. Despite the previous period of cooperation, the current trade relations between Egypt and Poland are also well below their potential. The trade balance with Egypt is also highly in favour of the Hungarian side. Since the global financial crisis began and the FIDESZ won a majority in the parliament, the qualitative progress in trade and investment with Egypt stalled. Generally speaking, the main contribution to the bilateral trade is ascribed to mobile giant Nokia, while Hungarian small or medium enterprises face a tougher time in breaking into Egyptian markets due to their lack of experience and contacts in the region.

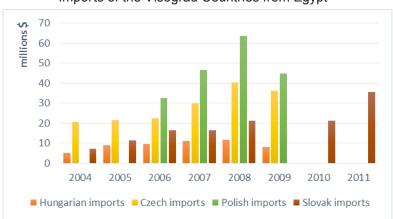
<sup>42</sup> Szigetvári: op. cit.

Recently, we have witnessed a renewed interest of V4 exporters in looking for investments in the broader non-European bordering markets. In case of Egypt, the reduction of tariffs and non-tariff barriers to trade, related to the prospected, though not yet realized creation of a Euro-Med free trade zone, helped to boost trade exchange. Before 2011, even the relatively statecontrolled economies of Syria and Iraq started to relax their legal infrastructure to allow more room for V4 investors. However, despite the increasing amount of trade exchange over the past decade, the share of Mashreg countries in trade turnover with the V4 remains about the same, due to the concurrent expansion to other non-European markets. There are no indications that these limited but continuously rising bilateral economic relations would change any time soon, which results from the political and economic transformations in both regions, as well as from the broader globalized economic system.





<sup>43</sup> State Information Service, http://www.sis.gov.eg/en/. Downloaded: 26 November 2015.



Graph 2
Imports of the Visegrad Countries from Egypt<sup>44</sup>

#### Education

During the socialist era there was a lively educational exchange between all Central European countries and Egypt, Syria, Lebanon and Iraq. Undergraduates and post-graduates attended European universities, specializing in natural sciences, such as physics, engineering, agriculture, mathematics and medicine. Many returned to their country of origin to pursue a career in the respective fields, while some remained in the V4 countries and became respected professionals. Ever since the regime change in the Visegrad countries, the educational cooperation stalled for some time. Nonetheless, programmes of cultural exchanges are important in facilitating contacts between the generations of young people on both sides. The cooperation of the V4 countries with Egypt and the rest of the Mashreq countries in the field of education, inter-cultural dialogue, migration control, qualifications and equality regulations for men and women can be pursued through different

<sup>44</sup> Ibid.

governmental and non-governmental instruments. For this matter, all countries of Visegrad recently signed cultural and educational cooperation agreements and regularly exchange students either in Egyptology or Arabic studies, while Egyptians pursue their studies based on scholarships in natural sciences. However, a coordinated effort by the Visegrad Four is still largely missing.

#### Tourism

For the last decades, tourism from the V4 countries to the Mashreg, and mainly to Egypt, has been an important source of revenue for the Egyptian economy. However, "reverse" tourism is still low. At the same time, reverse tourism is a great way to encourage cultural exchange and bring peoples of these two regions together in mutual understanding. Egypt annually participates in the International Slovak Tourism Exhibition, where it is given space to promote Egypt as a popular tourism destination. Tourism also belongs to one of the most important sources of bilateral exchange between Egypt and Poland. Polish tourists make Poland currently the fifth country in terms of a number of tourists visiting Egypt. Altogether, Egypt shares 45 per cent of the entire tourism market in Poland. Additionally, the Polish airlines LOT launched their first direct flights to Cairo in 2010. A similar shift has occurred in Hungary as well. Since the First Egyptian-Hungarian Parliamentary Friendship Association in Hungarian Parliament was established in 2010, and Egypt Air resumed direct flights from Hungary to Egypt, the number of Hungarian tourists rose to 60 thousand annually. Nowadays, the tourism sector is challenged by the ongoing political and security instability in the country.

#### The Energy Sector<sup>45</sup>

The dispute between Russia and Ukraine in 2009 over the payment of claims for Russian gas has been a red flag for the V4 countries. Ever since, they invested a lot of effort in energy diversification. The Visegrad countries supported the construction of the Nabucco pipeline, which could have served as a venue for broadening of cooperation with countries of the Mashreg (Egypt and Iraq) and Turkey, especially in the field of energy. From the energy standpoint, the Mashreq is a large net producer and transit route for oil and gas supplies. Its importance in the field has, therefore, increased over the past decades, although the current situation in the region created huge obstacles for safe energy transits. Poland's leading company in the natural gas market, the PGNiG has won the Baharyia concession for the oil and gas exploration project in Egyptian Western Desert. However, the group backed out of the project last year, citing small chances of finding substantial reserves and the unstable political and security situation in Egypt. 46 Moreover, renewable energy, especially solar energy, is a field in which the V4 countries may share their specific experience and exchange technology know-how.

#### Facilitating Regional Cooperation

Concerning regional cooperation, intra-Mashreq exports are currently minimal: they only amount to 10.4 per cent of exports and 2.3 per cent of imports.<sup>47</sup> This trade is thus well below its

- 45 For a more detailed analysis of V4–Arab Middle East energy relations see the next chapter of this booklet written by Diána Szőke ("V4 Countries' Energy Interests in the Middle East: the Beginning of a Beautiful Friendship?". pp. 47–54.)
- 46 "Polish Oil Company Gives up on Search for Oil in Egypt's Western Desert". Egypt Independent, http://www.egyptindependent.com/news/polish-oil-company-gives-search-oil-egypt-s-western-desert, 25 December 2013.
- 47 Sándor Richter: "Regional Trade Integration in the Middle East and North Africa: Lessons from Central Europe". FIW Policy Brief, No. 14. (2012). http:// www.fiw.ac.at/fileadmin/Documents/Publikationen/Policy\_Briefs/14.FIW\_ Policy\_Brief.Richter.Mena.pdf. Downloaded: 26 November 2015.

potential and additionally mirrors the rather weak participation of the Mashreg countries in world trade as well. It is notable that Arab activists travelling to the V4 countries consider this intra-regional grouping as an inspiration for furthering such a cooperation in their home countries. For instance, visa free arrangement currently exists only in the Maghreb, therefore, citizens of countries in the Mashreq for instance, need to obtain visas to all their neighbouring countries. 48 There is also currently no common forum, besides the highly politically-loaded Arab League, which could foster intraregional cooperation. On the micro- and macro-scale the V4 could provide an example. The V4 created a joint International Visegrad Fund, together with political dialogue, exchanges of students, academics, civil society activists and artists and established visafree travel even prior to the countries' accession to the Schengen treaty.<sup>49</sup> Even though the V4 format has no decision-making power, its consultations and forums could still be interesting models to follow in the wider Mashreq region.

Recent Relations between the V4 and the Mashreq. Missed Opportunities?

Political engagement of the V4 in the Mashreq since the Arab Spring has been mostly of individual (bilateral) nature. First, in 2011 Hungary assumed the rotating presidency of the Council of European Union followed by Poland. The countries pledged their support to the region on a bilateral basis as well as through the European Union. Second, the Slovak government and the Netherlands prepared a project engaging NGOs and partner institutions in Tunisia and Egypt. However, the unstable progress

<sup>48</sup> The previous arrangement of the so-called Sham-gen, a visa-free regime between Syria and its neighbours was stalled by the Syrian civil war.

<sup>49</sup> Lucia Najšlová: "3 Steps for the Visagrad in the Middle East and North Africa. 'Go Beyond '89; Pool Your Resources and Engage Turkey'". Europeum Policy Brief, 15 July 2012.

in Egypt created loads of obstacles for the Slovak partners and the project was finally dismissed. These and many other initiatives from the V4 countries were based on the premise that the Central European countries having a relatively recent experience with the transition to democracy are well equipped to assist the Arab countries in their quest for transformation. Additionally, Slovakia and the rest of the V4 countries benefit from their grounding in European Union, which provides valuable foreign policy tools and soft power in terms of economic incentives and diplomatic experience. Third, in order to jumpstart the cooperation a joint declaration was signed between the V4 and Germany in March 2011.50 This declaration still stands out as the only document adopted on the V4 level that focuses on the developments in the southern neighbourhood of the EU but can hardly be perceived as a purely V4 initiative. There was also no mention about a joint V4 response to the events in the region. There are several explanations to this phenomenon.

The V4 has been established as a cooperative arrangement only which obstructs its soft power agency and the creation of a common strategy. Therefore, most of the issues set in the V4 framework are dealt with on an *ad hoc* basis. Furthermore, as a distant region, the Mashreq (or the Arab world at large) is not a regional priority for the V4. But it is still part of the European Neighbourhood Policy and there are no contradictions between the V4 countries in terms of their approach to the region. Pooling resources may thus serve the V4 interests more than isolated efforts. Moreover, given the fiscal austerity the V4 can offer its assistance to the Mashreq region by switching from development to technical assistance. The limited resources of the V4 could also be used for joint activities such as regular meetings and

<sup>50 &</sup>quot;Common Declaration of Germany and the Visegrad Group on the EU Southern Neighborhood Policy". *Visegrad Group*, http://www.visegradgroup.eu/2011/common-declaration-of, 3 March 2011.

<sup>51</sup> Najšlová: op. cit.

conferences and joint projects acting as a vehicle for future cooperation. Meanwhile, the V4 can order studies concerned with the facilitation of trade exchange and investments in the region as well as sectoral cooperation. In order to do that the V4 needs to establish an office – preferably a joint office – in Egypt or elsewhere as a contact point for the further region.<sup>52</sup> By narrowing their focus to a specific set of issues, the V4 countries can contribute with an 'added value' to democracy building efforts in the Mashreq and the Arab Middle East.<sup>53</sup>

<sup>52</sup> Tomáš Strážay: "Possibilities of Cooperation between the V4 and the Maghreb: Reality Check". In: Erzsébet N. Rózsa – Máté Szalai (eds.): Raising Awareness – Finding Common Ground: The V4 and the Maghreb. Budapest: Hungarian Institute for International Affairs, 2014. pp. 68–79.

<sup>53</sup> Jacek Kucharczyk – Jeff Lovitt: "New Kids on the Block, Can the Visegrad Four Emerge as Effective Players in International Democracy Assistance?". PASOS Policy Brief, No. 2. (2008). http://pasos.org/266/new-kids-on-the-block-can-the-visegrad-four-emerge-as-effective-players-in-international-democracy-assistance/. Downloaded: 26 November 2015.

### V4 Countries' Energy Interests in the Middle East: the Beginning of a Beautiful Friendship? (Diána Szőke)

Studying links between the Arab Middle East and the Visegrad countries inevitably raises the issue of energy-related cooperation between the two regions. In fact, energy is a politically sensitive and economically vital question for both groups of countries. Revenues from oil and gas exports remain a mainstay of many Middle Eastern economies, accounting for substantial shares of government income. On the other hand, the historical dependence of Central and Eastern European (CEE) countries on the Russian Federation for fossil fuel imports means that the Middle East has in recent decades emerged as a key alternative source of energy in the minds of Visegrad policy-makers.

The following short study aims to explore the energy-related ties between the two regions. It does so by first providing an overview of the existing business and political relations in this regard. It then goes on to discuss the major strategic considerations behind V4 countries' oil and gas aspirations in the Arab Middle East, with particular attention paid to characteristics specific to Central and Eastern Europe. Finally, it attempts to analyse the future outlook of this cooperation.

## Existing Oil and Gas Investments of V4 Countries in the Middle East

Economic and political ties between the V4 countries and the Arab Middle East with regards to oil and gas exploration and production date back decades, but emerged as a priority of national importance

following the regime change of 1989–1990 in V4 countries. Since then, both the governments and the petroleum companies of Central Europe have expanded their ties in the region. As a result, a number of the leading oil and gas corporations of the V4 region now have concrete business stakes in the Middle East.

The Czech MND Group, for instance, holds interests in both Morocco and Yemen.<sup>54</sup> The Polish giant, PGNiG has operations in Libya, and used to undertake exploration activities in Egypt as well.<sup>55</sup> Hungary-based MOL Group, meanwhile, has extensive links to the Arab Middle East (see case study below). Although these corporations differ in terms of their shareholder structure depending on the degree to which the relevant state exerts it influence, the general trend is for Central and Eastern European governments to support local companies' efforts at diversifying their energy interests away from sole dependence on Russia for energy imports. As such, this represents a unique merging of political, economic and security interests of V4 countries.

#### Case Study: MOL Group in the Arab Middle East

An interesting case in point to illustrate the evolution of CEE business interests in the Arab Middle East is that of MOL Group. MOL Group is an integrated, independent oil and gas company with its headquarters located in the Hungarian capital of Budapest. According to the most recent (2014) figures, its petroleum reserves amount to 555 million barrels of oil equivalent (MMboe), whereas its daily production averages around 100 thousand barrels. The company is rather substantial in size, with operations in 40 countries hosting some 28,000 employees globally. A quarter of MOL Group's shares are currently held by the Hungarian state.

<sup>54 &</sup>quot;International Activities". *MND*, http://www.mnd.eu/en/oil-gas-production/international-activities/#item-2. Downloaded: 21 November 2015.

<sup>55 &</sup>quot;Exploration and Production". *PGNiG*, http://en.pgnig.pl/segments-of-activity/exploration-and-production. Downloaded: 21 November 2015.

Similarly to several other companies in the Visegrad region, MOL Group's original geographic focus was on its home country, with some operations extending across the borders to its neighbours. However, over the past two decades, international activities have become a priority for the company, and the Arab Middle East has emerged as one of its key destinations for oil and gas investment. MOL Group counts the Omani national oil company, Oman Oil Company (OOC) among its larger shareholders, while its strategic partners include the United Arab Emirates-based Dana Gas and Crescent Petroleum.<sup>56</sup>

With a 15+ year track record in the Middle East, MOL Group has been successful in capitalizing on its existing political ties to deepen relationship with the local stakeholders. Today, its operations in the region affect four countries. It has a long-established presence in Oman, currently undertaking petroleum exploration in Block 66, and has activities in both Egypt and Syria through its Croatian subsidiary, INA.<sup>57</sup> Among its most vital assets in the region are its stakes in the Akri-Bijeel and Shaikan Blocks of the Kurdistan Region of Iraq,<sup>58</sup> the company was part of the first wave to enter this new market after Kurdistani oil opportunities opened up following the overthrow of Saddam Hussein's regime.

<sup>56 &</sup>quot;MOL Group at a Glance". *Mol Group*, http://molgroup.info/en/about-molgroup/mol-group-at-a-glance. Downloaded: 21 November 2015.

<sup>57</sup> INA temporarily suspended its Syrian operations by declaring "force majeure" in February 2012, in light of the escalating violence and political upheaval of the Syrian civil war. See "MOL Says INA Suspends Business Operations in Syria". *Reuters*, http://www.reuters.com/article/2012/02/27/mol-ina-idUSL5E 8DR4J220120227#7hLhwg74mP0qF24S.97, 27 February 2012.

<sup>58 &</sup>quot;Middle East and Asia". Mol Group, http://molgroup.info/en/our-business/ exploration-and-production/operations/mea. Downloaded: 21 November 2015.

Map 1

MOL Group's Operations, Including Its Middle Eastern Interests

(in the light box)<sup>59</sup>



<sup>59 &</sup>quot;Map – E&P". *Mol Group*, http://molgroup.info/en/our-business/exploration-and-production/map-interactive. Downloaded: 21 November 2015.

## Strategic Considerations behind Petroleum Opportunities in the Middle East

To understand the dynamics behind the expansion of the V4 countries' business interests in the Arab Middle East over the last few decades, it is useful to assess the various strategic considerations behind such decisions. Some of these aspects refer to cost-benefit analyses every oil company would need to make before it commits to any foreign petroleum project, whereas other characteristics are unique to the worldview of Central and Eastern European companies.

#### General Considerations

Among the general considerations any petroleum company faces, security concerns have become fundamental. The sporadic violence and overall uncertainty in the wake of the so-called "Arab Spring" have brought security related questions to the forefront of company strategies. This tumult has not only potentially endangered the lives of their employees and threatened expensive exploration and production infrastructure, but also resulted in a sharp rise in operational costs.

In a wider, *geopolitical context*, far-reaching shifts in the global energy market also affect the outlook for oil and gas activities in the Arab Middle East. Increasing US output from so-called "unconventionals" due to fracking and horizontal drilling may ultimately undermine North America's historic dependence on the Middle East as a source of its energy imports. Meanwhile, the dynamic growth of emerging Asian economies (China and India in particular) mean the focal points of the global energy trade are gradually shifting away from the Middle East.<sup>60</sup> Nonetheless, this

<sup>60</sup> Michael Levi: "Go East, Young Oilman: How Asia Is Shaping the Future of Global Energy". Foreign Affairs, Vol. 94. No. 4. (2015). pp. 110–111.

may actually serve the regional interests of V4 countries, since new niche markets may yet open up for them in the Middle East.

Economic considerations are of course vital to any business decision. The steady drop in global oil prices witnessed over the past few years has made it difficult for export-dependent Middle Eastern economies to balance their budgets. Financial concerns affect V4 countries as well, since some of them are still recovering from the aftermath of the 2008/2009 global financial crisis, which also adversely affected their willingness and ability to invest abroad in the costly oil and gas projects of the Middle East.

An additional factor relates to the changing *energy strategies* of the V4 countries. Since easing the historic dependence on Russia as a source of fossil fuel imports is of utmost importance to Poland, the Czech Republic, Slovakia and Hungary, there is general public and political support for any such scheme. The grander projects (i.e. plans for the Nabucco pipeline) have been scrapped due to a range of economic and political hurdles, raising the possibility of searching for new solutions – this could include a heavier footprint in the Middle East, or even investment in new sources, such as liquefied natural gas (LNG) imports.

Another aspect of these strategic considerations is primarily technological in nature. Production in some traditional oil and gas fields in the Middle East and North Africa is waning as a result of natural depletion, paving the way for the application of so-called enhanced and improved oil recovery (EOR/IOR) technologies to boost output. This may serve as a platform for harnessing the technical know-how of geologists and petroleum engineers from V4 countries. In addition, Central and Eastern European corporations may invest in new technologies being developed in the Arab Middle East, such as Qatar's gas-to-liquids (GTL) project.

A sixth, and final, general consideration relates to the *environmental impact* of oil and gas exploitation in the Middle East. As members of the European Union, the V4 countries generally

adhere to commitments to reduce fossil fuel dependence and reorient their economies towards more sustainable and efficient energy sources. Global divestment from fossil fuels has become a rallying cry of green movements in recent months, and the Paris climate summit scheduled for December 2015 may provide a further impetus to such efforts. A change in the global sentiment regarding climate change could also affect the investment decisions of the V4 countries.

#### Considerations Specific to the V4 Countries

While the considerations detailed above pertain to all energy companies, there are some specific characteristics of the V4 countries worth examining in greater detail that influence their presence in the Arab Middle East. Poland and Hungary both have traditionally strong ties to the Middle East, being forced to reorient foreign trade activities toward Arab countries while Western markets remained sealed off during the Cold War. Nonetheless, Central and Eastern European countries are generally "latecomers" to Middle Eastern oil markets, mainly entering only from the 1990s onwards. By this time, some of the most lucrative markets were already closed (i.e. those of Saudi Arabia or the United Arab Emirates), so the V4 countries had to look for niche regions or frontier areas (the reopening of Iraq's Kurdistan Region to investment serves as an example of the latter).

Given the Visegrad countries' desire to access alternative energy sources, investment in Middle Eastern projects is a strategic priority, one that is often supported by governments themselves, which see it as a question of national security. The geographic location of the Arab Middle East is also favourable in this regard: it lies outside of Europe, but not too far from CEE home markets, making it easier to manage operations.

The role of the V4 companies in the region is also conducive to pursuing their oil and gas interests. Although these companies are generally smaller than their North American or Western European competitors, their size makes them more agile players. Furthermore, the V4 countries are not burdened by any historical legacies of colonialism, setting them on equal footing with their Arab partners. Finally, since the V4 countries' level of economic development falls somewhat below the EU average, these markets are forecast to see the most dynamic economic growth in a European comparison over the coming years.

#### **Outlook and Conclusions**

While the analysis above dealt primarily with oil and gas related opportunities, it is important to point out that new forms of future energy cooperation may yet emerge between the two regions, such as renewables. Synergies could potentially be explored in the area of solar energy, for instance, with CEE countries providing the technology and the Arab Middle East boasting a promising natural environment. Overall, it seems that the political and economic interests with regards to oil and gas exploration and production are generally aligned between V4 and Arab Middle Eastern countries, suggesting their cooperation will continue to strengthen over the coming years.

<sup>61</sup> It should be noted here that out of the six main projects foreseen in the EU's Union for the Mediterranean format, one is about cooperation in the area of renewable energy resources, providing an extra context and possible further opportunities for the V4 and the Arab Middle East to cooperate.

## Czechoslovakia's Main Objectives in the Middle East during the Cold War (Lukács Krajcsír)

The Middle East and North Africa (MENA) was a very important region for the Czechoslovak Communist Party (KSČ). During the Cold War, Prague always followed the developments in the region and waited for the opportunity to play a bigger role there. Despite the fact that Czechoslovakia had already successfully cooperated with some regional countries between the two world wars, following the end of World War II it was difficult to re-establish relations. One of the major reasons was the communist takeover in 1948, which crippled the relations with strongly anti-Communist states like Turkey, Iran and Saudi Arabia. Second, Czechoslovakia played a key role in the establishment of the independent Israel. In the 1950s, following Josef Stalin's death (1953) the Kremlin started to focus on the Arab states, which initiated a huge change in the Eastern Bloc countries' Middle East policy. The Soviet Union changed its attitude towards the Third World, abolished the Zhdanov Doctrine (1947) in its foreign policy<sup>62</sup> and supported the anti-colonial and anti-imperial movements across the world. Egyptian president Gamal Abdel Nasser was the first Arab leader who made a rapprochement to the Soviet Union and built strong relations with the European socialist countries. Czechoslovakia, following the main foreign policy lines of the Soviet Union, pursued several goals - with success and failures - during the Cold War in the MENA region.

<sup>62</sup> The Zhdanov Doctrine was developed by Central Committee secretary Andrei Zhdanov in 1946. It declared that the world was divided into two camps: the "imperialistic" (capitalist states and empires) and "democratic" (the Communist countries) ones. The doctrine did not acknowledge the "third way" or the positive role of anti-colonial movements in the Third World, despite the fact that these were fighting against the "capital states" for their own independency.

# The Periods of Czechoslovakia's Foreign Policy in the MENA Region<sup>63</sup>

The following table includes Prague's main objectives and political aims in the MENA region in four periods between 1918 and 1989.

1918– 1955	The Czechoslovak leadership pursued a highly successful foreign policy in the Middle East and North Africa between the two world wars. First they contacted Egypt (1923), then Czechoslovak embassies were established in Iran (1925), Iraq (1933) and Saudi Arabia (1936). After World War II Prague wanted to continue its diplomacy with the Middle East and North African countries.
1956– 1967	The most intensive period, when the Czechoslovak Army industries produced thousands of weapons which were sold to the Arab states. Prague also sent out its own military instructors and experts. The KSČ affiliated with Algeria, Iraq and Syria, but Egypt was the most important Arab country in the period. Czechoslovakia terminated the relationship with Israel after the Six Day War in 1967.
1968– 1985	The Prague Spring had a negative impact on Arab–Czechoslovak relations. After 1968 Gustav Husák announced the "normalization", and the KSČ turned its attention to interior politics. The "normalized" Czechoslovakia returned to the Middle East only in the mid-1970s. The most intensive relations were with Iraq (Saddam Hussein), Syria (Hafez al-Assad) and Libya (Muammar Gaddafi).

<sup>63</sup> Karel Sieber – Petr Zídek: Československo a Blízký východ v letech 1948–1989. Prague: Ústav mezinárodních vztahů, 2009. pp. 16–18.

	In the last years of the Communist Czechoslovakia,
	Prague's MENA policy suffered many blows. The Czecho-
1985-	slovak industry and economy had many problems, and
1989	the Arab allies stopped to pay for the arms and products.
	The major objective of the period was South Yemen and
	the building of "scientific socialism" there.

#### Categories of the MENA States from the View of the KSČ

As the above table shows, the relevance of the MENA states was different for the Czechoslovak foreign policy.

Conservative Arab monarchies did not establish diplomatic relations with Czechoslovakia and were very hostile to the socialist states. The Arab monarchs were famous about their anti-Communism. Saudi Arabia, Oman, Bahrain and Qatar belonged to this group.

Pro-Western pragmatic countries, despite their alliance with the West, had close a relationship with Prague. They not only recognized Czechoslovakia diplomatically, but had an intensive economic cooperation with it. These states were Morocco, Kuwait, Jordan, Tunisia and Iran (under the shah).

Arab nationalist states were Czechoslovakia's most important regional partners. The relations were strong and intensive, mostly in military trade, as Prague sent weapons, ammunition, vehicles and planes to these countries. Besides, several military experts helped train the local Arab armies. Syria, Egypt (during Nasser), Libya (Gaddafi), Iraq (Saddam Hussein) and North Yemen (until 1970) were the primary Arab nationalist partners.

South Yemen had a special role in Czechoslovak foreign policy, particularly after the founding of the People's Democratic Republic of Yemen (1970). The building of "scientific Marxism" was a major effort for the KSČ, since it wanted to prove that socialism is an option for the Arabs.

Israel, following its establishment, was the most important state for Czechoslovakia in the MENA region. Weapons were sent to Israel and even Czechoslovak pilots were fighting in the Israeli Air Force in the first Arab–Israeli war (1948). Later the weapon supplies to Israel were diminished, in consequence of the Slánský trial and the Soviet–Israeli split.<sup>64</sup> Czechoslovakia terminated its relationship with Israel after the Six Day War in 1967.

# Czechoslovakia's Policies and Objectives toward the Middle Eastern Countries

#### Political and Ideological Policies

During the Cold War Czechoslovakia was one of the countries where the leadership took the communist and socialist ideology very seriously. Since the spreading of the ideology was the main purpose of the KSČ, Prague's foreign policy was not often determined by pragmatism. Furthermore, it was important for the Czechoslovak leadership to know how the leaders of the countries they are closely cooperating with are dealing with the local communist movements and intellectuals. Therefore, it often happened that despite the fact that they had good relations before, Prague abruptly changed its policy and did not care much about the consequences.<sup>65</sup>

<sup>64</sup> The Slánský trial was a "trial of anti-state conspiracy centred on Rudolf Slánský" in 1952, who was later executed. Slánský was a pro-Israeli politician and with 13 other leading party members (11 of them Jews) was accused of participating in a "Trotskyite—Titoite—Zionist conspiracy" against KSČ leader, Klement Gottwald. Even Israeli citizens were arrested, which made a huge diplomatic crisis between the two countries.

<sup>65</sup> In 1963, when Iraqi President Abd al-Karim Qasim was assassinated and the Ba'ath Party took power, Prague wanted to cut diplomatic relations with Baghdad, terminate all Czechoslovak projects in the country, isolate Iraq in the region and recall all the Czechoslovak experts and teachers from the country. They thought that the "Iraqi Free Officers are fascist and western puppets". Only the Soviet Union and other socialist states (Hungary) prevented the

Before the Czechoslovak–Arab arms deal in 1955 Prague was not much interested in the MENA. The KSČ thought that most of the Arab states were allies of the West and sooner or later they would all join the Bagdad Pact (1955). Even the relations with Egypt started with difficulties: the Czechoslovak press and leadership declared the coup of the Free Officers' Movement and the fall of the monarchy (1952) an "American friendly development". Later when the Free Officers persecuted and banned the Egyptian Communist Party, they called Nasser a "fascist dictator".<sup>66</sup>

However, when Nasser was disappointed in the West (mostly the United States), because they did not send weapons to Egypt and the border conflicts with Israel got worse, it was vital to arm the Egyptian Army with new weapons. At the Bandung Conference in April 1955, Nasser asked Zhou Enlai, the Foreign Minister of the People's Republic of China to sell weapons to Egypt. Zhou Enlai refused, but after the conference he contacted Moscow. In 1955 the Kremlin was worried about the Bagdad Pact, which threatened to isolate the Soviet Union in the Middle East and Central Asia. Therefore, Moscow started to play an active role in the MENA region and Egypt was a potential ally to bypass the Pact effects. But the Kremlin wanted a "cover state" that would supply the Egyptian Army with weapons. They were afraid of the consequences of a direct Soviet-Egyptian arms deal, which could initiate an arms race in the region. The ideal partner was Czechoslovakia, which was famous for its weapon production. In September 1955, Czechoslovakia concluded an arms deal with Egypt, which caused panic in the West and their MENA allies, but other states in the region (Syria and North Yemen) began to look to Prague. Even the pro-Western regional countries started to

break of relations between Czechoslovakia and Iraq. "Csehszlovákia Irakkal kapcsolatos külpolitikai irányelveinek felterjesztése", *MOL Küm*, October 20, 1963, XIX-J-1-j, Czechoslovakia TÜK 1945-1964, 20. D.

<sup>66</sup> Tareq Ismael: The Communist Movement in Egypt, 1920–1988. New York: Syracuse University Press, 1990. p. 87.

establish relations with Czechoslovakia and opened embassies in the late 1950s, for example Tunisia and Morocco.

In the 1960s an excellent opportunity arose for the Czechoslovak leadership to support the fight for independence (Algeria), and increase its influence in the newly independent countries. The aim was to help the "advanced movements" to achieve a "socialist way of state building". The leadership hoped that the Communist Parties could get into power and would be good allies to the Soviet Union and Czechoslovakia to counterweigh Western influence in the region. They expected that these allies would support Prague's and Moscow's stance in the United Nations. Until 1968 Czechoslovakia was one of the biggest supporters of the Arab Communist Parties and every year there was a conference or "ideological education" in Prague. Sometimes this attitude and the strong ideological assistance caused diplomatic conflicts with Arab nationalist regimes. Despite the fact that the relations with these countries were the most beneficial for Prague, the KSČ always criticized the Arab leaders when they suppressed the local Communist movements and intellectuals.67 But later Prague realized that the Communist Parties have a very fragile position in the Arab countries with a minimal influence on the public opinion, only a few members in the cities and they do not have any reliable or rational political programs.<sup>68</sup> At the same time "heretic" communist countries (Yugoslavia or after the Sino-Soviet split China) were also disturbing the Czechoslovak ideology-based influence as they projected a very intensive propaganda of "their own way of communism" in the MENA region.

<sup>67</sup> For example, after the unification Egypt and Syria (1958) Nasser started a very strong anti-communist propaganda and interior policy. Hundreds of intellectuals and activists were imprisoned and the Egyptian newspapers were attacking the Communist Bloc countries claiming that they were supporting "anarchy and coups" in the Arab country (mostly in Syria). Czechoslovakia criticized Nasser and there were disputes among the leaders in KSČ that Prague should reduce its relations with Egypt and cancel common projects.

<sup>68 &</sup>quot;Konzultáció a csehszlovák KÜM-mal afrikai és arab országok tekintetében". MOL Küm, 21 November 1964, XIX-J-1-j, Egypt, TÜK 1945-64, 7. D.

In the KSČ, the role of the ideological factor decreased after Egypt's president Anwar Sadat expelled the Soviet and Czechoslovak experts, minimalized relations with the Eastern Bloc and turned to the United States. In the late 1970s and 1980s, Prague did not care about the position of the local Communist Parties in the Arab countries anymore and the "colour of the political systems" was irrelevant. For example, the main political partners were Saddam Hussein or Muammar Gaddafi, who also persecuted the leftist and "advanced movements". Only South Yemen was an exception. The KSČ hoped that the local Communists will succeed. In that case South Yemen would have been a "shining example" of Arab Communism, which could be exported in the whole MENA region. Despite of the intensive support and aid, this project was a huge failure and disappointment for the Eastern Bloc.<sup>69</sup>

#### Economic Relations and Investments

Another key reason of Czechoslovakia's interest in the Middle East and Africa was trade and investments. The KSČ wanted to make long term trade, financial, loan and other economic agreements with the MENA countries to ensure Czechoslovak import/export from/to region. Also in the newly independent countries, they wanted to supersede the former colonial powers (France, Great Britain) and the new external actors, like the United States, the Federal Republic of Germany and Japan. Prague wanted new markets for the Czechoslovak goods and products, which included textiles, shoes, sugar and porcelain, but there was a high demand for heavy machinery, cars, trains, airplanes and weapons as well. The KSČ also wanted to import things, which the country

<sup>69</sup> Modernization could not eliminate the semi-feudal, tribal system. Poverty and unemployment grew and the Aden leadership turned the worker–peasant class against him. Also the coups, unrests and civil wars were almost everyday occurrence and despite a lot of aid from the socialist countries, South Yemeni economy and security remained instable and fragile.

did/could not produce and sought for a diversified import to avoid dependence on the West. The MENA countries were cheaper sources than Western Europe or pro-Western countries. The goods Czechoslovakia needed were oil, phosphate, black carbon, non-ferrous metals, nickel, iron, copper, citrus fruits, leather, and, most important of all, cotton. Czechoslovakia imported hundreds of tons of cotton annually from all over the world, but its most important supplier was Egypt. In its economic relations, therefore, Cairo was Prague's "number one priority" in the Middle East. After the Soviet Union, Czechoslovakia had the strongest economic relations and the biggest trade volume with that Arab country. In the 1960s, Egypt was responsible for 75 per cent of the trade volume between the Eastern Bloc and the MENA countries. Among the socialist countries Czechoslovakia was its second biggest (25 per cent) trade partner right after the Soviet Union. 70 But when Sadat broke the relations with Czechoslovakia, Syria and Libya became the main economic partners in the MENA. Economic contracts between Czechoslovakia and Syria amounted to 100,000,000 dollars. Muammar Gaddafi of Libya was considered the "best customer", because he always paid in time and in Western "hard" currencies (dollar, West German mark), and was thus one of the biggest foreign currency providers for the Czechoslovak (but also for other socialist) banks.

Yet, it was not always the "progressive Arab regimes" which were the best customers. Prague had many economic disputes with them over interest rates, repayment periods or currencies. There were, however, problems when the Arab nationalist leaderships sometimes forgot to pay for the goods, thinking that the Czechoslovak products were aid and assistance, and there was no need to pay for them. There are documents and reports showing that business relations with Western friendly countries were in

<sup>70 &</sup>quot;Konzultáció a Cseh külügyminiszterrel Afrika témában. Az afrikai országok irányában folytatott csehszlovák külpolitika koncepciója". MOL Küm, 15 July 1961, XIX-J-1-k, Czechoslovakia Admin 1945-64, 13. D.

some cases more extensive than with Arab nationalist states.<sup>71</sup> They had better and higher quality products and raw materials (Jordan, Morocco), had bigger and not so regulated markets (Turkey, Tunisia) or they just paid in time with "hard currency".

Furthermore, it should be mentioned that sometimes other Eastern Bloc countries were the biggest rivals for Prague in the MENA region. The commercial sections and offices of the socialist countries barely cooperated; the economic attachés lied to each other or held back some crucial market information; and they tried to discredit the other's product quality. That caused much tension among Eastern Bloc countries during the Cold War. For example, in Egypt the German Democratic Republic Wartburg cars pushed out the Czech Škoda for a short period; in Jordan Czech and Polish businessmen competed for phosphate; and Prague and Budapest always disputed about who would buy iron ore from Iraq or crude oil from Iran.<sup>72</sup>

#### Arms Sales

Czechoslovakia has been famous for its arms production during the Cold War. The country had a great heavy industry and weapon production complex; the Czechoslovak Army had its own developed guns, aircraft and tanks.<sup>73</sup> In the 1980s Czechoslovakia was the seventh largest arms exporter in the world, after the United States, the Soviet Union, China, France, Great Britain and West Germany.<sup>74</sup>

<sup>71 &</sup>quot;Konzultáció a Cseh külügyminiszterrel Afrika témában. Az afrikai országok irányában folytatott csehszlovák külpolitika koncepciója". MOL Küm, 15 July 1961, XIX-J-1-k, Czechoslovakia Admin 1945-64, 13. D.

<sup>72 &</sup>quot;Beszélgetés a csehszlovák politikai beosztottal". MOL Küm, 8 May 1958, XIX-J-1-j, Egypt, TÜK 1945-64, 10. D.

<sup>73</sup> The most famous small arm was the Sa vs. 58 (Samopal vzor 58). It was used in great numbers not only by the Czechoslovak People's Army, but it could be found in most third world countries, like Cuba, Guatemala, Ethiopia, India, Iraq, Libya, Mozambique and Vietnam.

<sup>74 &</sup>quot;Csehország már nem fegyvergyártó nagyhatalom". *Origo*, http://www.origo.hu/gazdasag/hirek/20020313csehorszag.html, 13 March 2002.

For the Czechoslovak leadership the "ticket to the Middle East" was the Czechoslovak-Egyptian arms deal in 1955. This agreement signalled the gradual opening of the Soviet arsenal, first to Egypt and then to other allies in the Middle East. This was the first sizable arms deal between one Eastern Bloc country and an Arab state, the value of which amounted to 250 million dollars. During the so-called "Mission 105" Egypt bought (mostly Soviet produced) MiG-15 aircrafts, 220 pieces of BTR-152 APC, 200 T-34 tanks, 12 gunships, 200 anti-tank rockets and a great number of small arms.75 Along with the weapons, many Czechoslovak instructors, training pilots and advisors arrived in Egypt as well. The consequences of this deal were significant and not just for Czechoslovakia and Egypt. An American-Israeli "Sovietologist", Galia Golan said that this was a "dramatic proof of the near-east policy and relations [of the Soviets]".76 The West was shocked to realize the influence and outreach of the Soviet Union in the MENA region. Czechoslovakia became popular and Nasser acted as the middleman between the KSČ (and of course Moscow) and the Arab nationalist states. Egypt became an example of an alternative: after 1955 if an Arab country wanted to modernize its army, there was no need to accept the demands of the West (like joining the Bagdad Pact). Nasser acted on behalf of Syria and Yemen in organizing arms deals with Czechoslovakia in January and July 1956. The arms deals were of high importance for Czechoslovakia as well, because they introduced a new model of cooperation in the Cold War. After 1955, the Soviet Union could not deliver weapons directly to Third World countries, but via Czechoslovakia. Later on, Moscow used Czechoslovakia as a transit route not only to Arab states but also to Cuba, Ethiopia, Angola, etc.

<sup>75</sup> Sieber-Zídek: op. cit. p. 57.

<sup>76</sup> Galia Golan: Soviet Policies in the Middle East from World War Two to Gorbatchev. Cambridge: Cambridge University Press, 1990. p. 45.

The position of Czechoslovakia as an arms supplier to Arab countries was paradoxically confirmed by their defeat in the Six Day War, which led to more orders of arms from Egypt, Syria, Yemen and Iraq.77 But after Nasser's death and the Yom Kippur War (1973) the new Egyptian leadership and military command was dissatisfied with the quality of the Soviet made weapons. The loss of Egypt was a big trauma not only for Czechoslovakia, but also for the whole Eastern Bloc. The only hope was Syria, which became the most important Arab arms customer for Czechoslovakia in the mid-1970s. Up to 1972 they had signed several arms contracts amounting to 25-30 million dollars. However, later Damascus stopped the repayment of the loan instalments, which caused tensions between the two countries. At the same time the Soviet Union concluded own arms trade agreements directly and in more significant numbers than the Czechoslovak weapon factories. During Hafez al-Assad's rule, Syria purchased Soviet weapons for 25 billion dollars.<sup>78</sup>

From the end of the 1970s and the beginning of the 1980s Czechoslovak foreign policy was suffering failures in the Middle East, which went hand in hand with the decrease of arms exports. The Czechoslovak leadership concluded significant arms deals only in three MENA countries. One of them was Iraq, which used these weapons in the Iran–Iraq war (1980–1988). The other important partner was Libya, where, despite the arms embargo, Czechoslovakia continued to deliver arms. After the visit of the Libyan leader Muammar Gaddafi to Prague in 1978

<sup>77</sup> Besides weapons services by Czechoslovak soldiers and pilots were also provided. After the war, on 19 June 1967, an Egyptian delegation sent by Nasser paid a visit to Prague to negotiate with Anton Novotný. The Egyptian delegation wanted "more and more modern Czechoslovak aircrafts with (Czechoslovak!) pilots. In the next war against Israel, the Egyptian pilots would bomb Israeli objects while the pilots of the Eastern Bloc would defend Egypt's territory." Sieber–Zídek: op. cit. p. 78.

<sup>78 4600</sup> tanks, 600 airplanes, 170 helicopters and two submarines. Barry Rubin: *The Truth about Syria*. New York: Palgrave Macmillan, 2007. p. 55.

Czechoslovak arms sales increased vastly.<sup>79</sup> Prague also sent most its military advisors and trainers. Between 1977 and 1979 about 900 Czechoslovak Army members worked in Libya. There was a close cooperation between the ŠtB (Czechoslovakia's State Security) and the Libyan secret services as well. The results of this cooperation were the armament of the PLO and the Lockerbie plane bombing in 1988 with Semtex.<sup>80</sup> The biggest problem with these arms deliveries was the fact that in the late 1980s most of the Arab regimes stopped to pay. Not only because they did not have enough money, but they could not offer anything in return for the weapons. They thought it was a "gift" to them to strengthen Arab positions in the region and fight against Israel.<sup>81</sup>

It should also be mentioned that Prague's arms sales were not dependent on ideology. After the Czechoslovak–Egyptian arms deal regional Western allies (Iran, Jordan, North Yemen and Morocco) became interested, ordered and received Czechoslovak weapons. For example after the Six Day War Morocco bought tanks (T-54, SD-100), transporters (OT-64 SKOT) and small arms, with a value of 18 million dollars.<sup>82</sup> North Yemen, despite being a monarchy, established closer ties with the Soviet Union and the Eastern Bloc countries. Sana'a was the third among Arab states that concluded a huge arms deal with Prague in July 1956.<sup>83</sup>

<sup>79</sup> Dozens of fighters (MiG 21, MiG 23) and bombers (Su-22), 100 BM-21 Grad rocket launchers, 400–550 T-72 MBT, 1200 military vehicles (mostly transporters), 15,000 hand grenades, 10,000 landmines, and 30,000–50,000 small arms.

<sup>80</sup> The Semtex (named after Semtín, a suburb of Pardubice in Czechoslovakia) was produced in the 1950s by Stanislav Brebera, a chemist. Prague exported around 960 tons of Semtex until the mid-1980s to Libya. After the death of 259 passengers on Pan Am Flight 103, there was a huge pressure on Czechoslovakia to stop Semtex export and to provide information about the Libyan export. Sieber–Zídek: *op. cit.* p. 216.

<sup>81</sup> Syria had already discontinued the repayment of loan instalments by the 1980s. Due to this Damascus accumulated a public debt of 900,000,000 US dollars towards Czechoslovakia.

<sup>82</sup> Sieber-Zídek: op. cit. p. 226.

<sup>83</sup> One year later North Yemen received 14 airplanes, 150 MBTs (medium battle tanks) and 1000 AA guns, rockets, anti-tank weapons and ammunitions.

Furthermore, Prague sold arms during the regional conflicts and civil wars, besides the Arab–Israeli conflict, also the civil wars in Yemen, Oman and Lebanon. But the most "ideology-free arms supplies" took place during the Iraq–Iran war. Czechoslovakia supplied not only Iraq with arms, but also the Islamic Republic of Iran. It was not surprising, therefore, that Czechoslovak weapons and vehicles were used against each other on the battlefield.<sup>84</sup>

#### Cultural and Scientific Cooperation

The cultural aspect of bilateral relations was not among the main objectives, but sometimes and in some cases enjoyed a high priority in the Czechoslovak foreign policy. A successful cultural event, trip or show was a good start for Prague to establish or strengthen existing diplomatic relations. For example, Czechoslovak singers, actors, musicians, artists, sportsmen – especially football players - and their plays, exhibitions, concerts, or presentations were a "good weapon" in the fight for Arab "hearts and minds". Furthermore, these events helped to build a positive image of Czechoslovakia and the Eastern Bloc in the MENA region. That is why Prague spent a lot of resources on Arabic-language propaganda. The Arabic-language Czechoslovak Bulletin was well known across the Middle East and very popular in intellectual and political circles.85 There was a close cooperation between the ČTK (Czech News Agency) and regional news agencies, but this was expensive and was sometimes affected by the countries' actual policy. Among the

<sup>84</sup> Between 1981 and 1988, Iraq received 600 BMP-1s from Czechoslovakia, while Prague supported Iran with 300 BMP-1s and OT-64s.

<sup>85</sup> In the 1960s the *Bulletin* was sold in 30,000–40,000 copies through the whole Middle East: half of that in Egypt, where the most of the readers were. Approximately 60 per cent of the regular subscribers were from the worker class (especially heavy industry), 15 per cent students and the rest from every segment of the Egyptian society. "O možnotech a úkolech propagace Československa v zemích Blízkého a Středního Východu a Afriky". *MOL Küm*, 2 March 1960, XIX-J-1-j, Csehszlovákia, TÜK 1945-1964, 19.D.

cultural events the broadcasting of the Czechoslovak radio's Arabic service in Egypt (1959) and the Czechoslovak film presentations and film weeks in Cairo, Damascus and Baghdad should also be mentioned.

But there were problems even in this segment of bilateral relations. Czechoslovak embassies and consulates did not work together with the Arab press, TVs and news agencies or their relations were weak. Prague sent only a few press attachés to the MENA countries, for example until the mid-1960s cultural diplomats served only in Egypt and Tunisia. The KSČ spent much less on the cultural-propaganda programs than the West. Czech and Soviet books or films – which were mostly propaganda and documentaries – could not match Western European and Hollywood productions.

The main goal and objective of the Czechoslovak cultural diplomacy was to show the benefits of cooperation with the Eastern Bloc. Prague also sought to discredit the "capitalist societies" and "western countries", presenting the United States, West Germany and Japan as the "new imperialists" in the MENA region, which did not care about the locals or national freedom, but wanted only profits. In parallel there was also an effort to "cut the wildings of the socialism" or "show the true face of the heretic communist states" (like Yugoslavia and from the middle 1960s China), which falsified Marxism.86 But the main goal was to attract an increasing number of students, doctors or engineers to come to study in Czechoslovakia. The KSČ paid a special attention to the education of African and Arab experts, students and even official cadres. Millions were spent on fellowships, stipends, field trips or professional practices in Czechoslovakia. The KSČ hoped that when these people go back home, they would "spread the socialist ideology", strengthen the local Communist Parties or they get in high positions in the political, economic or military spheres.

<sup>86 &</sup>quot;O možnotech a úkolech ...".

However, this ambitious program of attracting foreigners was not without problems. Most of the potential students did not speak Czech, had no knowledge of Eastern Europe and Czechoslovakia, and sometimes could not read nor write properly even in his own language. Some of them did not bother about learning and regularly got into trouble and were expelled from the country.87 But Prague not only trained a future generation of experts in Czechoslovakia, but also sent its own to the MENA region. Thousands of experts, engineers, geologists, doctors, teachers, professors and archaeologists travelled to, lived and worked in Third World countries – always under strict conditions. The Czechoslovak experts should not just be highly trained and speak the native language (or at least English or French), but they should be "ideologically well-trained" to propagate the benefits of Communism and stronger relations with Czechoslovakia. The main destinations were the Arab nationalist regimes, especially Egypt. Between 1955 and 1975, a weapons factory (Helwan), radio and TV stations (Cairo), a plywood mill (Alexandria), a power plant (El-Mahalla El-Kubra), irrigation canals, cement plants and sugar factories were built with the help of Czechoslovak experts. Prague contributed to the industrialization of Syria as well: oil refineries (Homs), an oil-processing factory (Omar), a dam in Al-Rastan, thermal power-plants (Homs, Hama), four sugar refineries, a brewery (Damascus), three radio broadcasters, a tyre factory (Ilama), a distillery (Damascus), seven grain mills, two shoe factories (Damascus, Homs), high-voltage lines and military structures, like the radar station in the Golan Heights, barracks and

<sup>87</sup> Sometimes the political events in the homeland also affected the fate of the foreign students. After the Iraqi Ba'ath Party took power, Prague expelled dozens of Iraqi intellectuals and students from the country, who loudly supported the coup or had relations with the new political leadership. Around 280 Iraqi students studied in Czechoslovak universities at the time. Later the same happened when Prague and Cairo mutually sent back home students and experts in 1970s.

airports were built by Czechoslovak manpower.<sup>88</sup> Czechoslovak hospitals, schools (with around 100 Czechoslovak teachers and professors), cotton processing facilities and irrigation canals were constructed in Iraq. The most intensive – but not paid – Czechoslovak projects were in South Yemen after the "turn to the socialist way" in the 1980s. Hundreds of Czechoslovak experts helped the construction of roads, bridges, airports, ports (in Aden) and factories.

But Czechoslovak specialists and experts were working even in the pro-Western countries. North Yemen, Jordan and Tunisia invited Czechoslovak experts during the Cold War. Dozens of doctors were practicing in the hospitals and the countries always paid the Czechoslovak workers on time.<sup>89</sup> But sometime the presence and work of an Eastern Bloc citizen caused diplomatic tensions. For example in the 1960s, when Czechoslovak instructors started to construct sugar factories in Iran (Shiraz and Isfahan), Washington did everything to stop the construction and questioned Tehran on this move.<sup>90</sup> The same happened in Libya (before Gaddafi) and in North Yemen (during the Imam's rule), when Czechoslovak geologists were drilling in the dessert, searching for crude oil or water.

Finally, cultural and scientific cooperation, despite the political will or economic and technical cooperation agreements were also slow in negotiation and realization. Bureaucracy produced many obstacles, and the political developments or coups in the host

<sup>88 &</sup>quot;Az EAK sajtótermékeinek, sajtójának hangja és az ezzel kapcsolatos következtetések". MOL Küm, 14 May 1959, XIX-J-1-j, Egypt, TÜK 1945-64, 6. D.

<sup>89</sup> Tunisia was the main target among the West-allied MENA countries. In 1963, 168 Czechoslovak experts worked in the country. One year later their number reached 200. Not just geologists and engineers, but there were one hundred doctors, nurses and pharmacists among them. Sometimes the Czechoslovak doctors were operating a whole hospital in Tunisian cities. "Konzultáció a csehszlovák KÜM-mal afrikai és arab országok tekintetében". MOL Küm, 21 November 1964, XIX-J-1-j, Egypt TÜK 1945-64, 7. D.

<sup>90 &</sup>quot;Csehszlovák követ búcsúlátogatása". MOL Küm, 28 March 1962, XIX-J-1-j, Irán TÜK 1945-1964, 8.D.

country always delayed, sometimes even prevented the projects. Another problem was that officially the Czechoslovak experts got 75 per cent of their salaries in the host country (the remaining at home), but often the hosts forgot to pay them. In the background there were economic reasons or sometimes political motives. 91 Sometimes it was also dangerous to live and work in an African or Middle Eastern country. In wars, civil wars, coups or riots the foreigners were potential targets and the authorities could not always guarantee their safety. It was not rare either that other states made a better offer to the host country or the Czechoslovak program was deleted. This was further aggravated by the fact that the socialist states were also competing with each other, driven by the same ideological goals, offering similar level services at similar prices, etc.

### Conclusion - The Golden Age

Czechoslovakia was truly active in the MENA region only in the 1950s and the 1960s. The Czechoslovak–Egyptian arms deal was the first sign of Prague's – and of course Moscow's – bigger role in the Arab World. In that decade Czechoslovakia served to cover up Soviet penetration into the region. Meanwhile it trained many Arab experts, technicians, engineers etc. and they provided a helping hand in the modernization of their relevant countries and of the region. Furthermore, Prague's economic interests were complemented by Moscow's geostrategic interests, which meant that the Soviet Union – sometimes directly, sometimes implicitly – supported Czechoslovak business in the Arab nationalist states.

But this position was shaken after in the end of the 1960s. First reason was the Prague Spring. The new leadership turned

<sup>91</sup> For example, Imam Yahya (North Yemen) by lagging behind with the payments wanted to achieve that the experts from the Eastern Bloc leave the country. That is why Sana'a did not pay for the Hodeida hospital, the geological drilling and the Ahmadi Port.

to the interior politics and the removal of a series of diplomats undermined the efficiency of Czechoslovak foreign policy. Second, Czechoslovak foreign policy was continuously suffering from failings in the region after the loss of Egypt. It is true that other Arab nationalist states (Syria, Iraq, Libya, Algeria etc.) followed and also built closer ties with Czechoslovakia, but these relationships had many problems and difficulties and were not as fruitful as the (former) relationship with Cairo. Most of these Arab regimes stopped paying for the arms supplies, economic loans and even the work done by Czechoslovak citizens. In the 1980s Prague's foreign policy was conducted in an atmosphere of increasing passivity and indifference by the leaders.

It is not an exaggeration, therefore, to say that the 1950s and 1960s meant the "golden age" of Czechoslovak MENA-policy. After the Prague Spring the Czechoslovak leadership attempted to restore it, but most of the attempts were unsuccessful.

## The Czech Perspectives on the Maghreb and the Middle East (Michael Brtnický)

"We want to live in a country with Czech industry." This metaphor was widely shared by Iranian businessmen and industrialists during meetings of the September 2015 visit of the Czech Minister of Foreign Affairs Lubomír Zaorálek with a delegation of Czech businessmen in Tehran and Isfahan.92 Sentiments like this are reflections of a rich Czech history (and Slovak in the framework of the former Czechoslovakia) in the Arab Middle East as well as in Israel and Iran (perhaps except the Arab Gulf Region). There has been a long history of relationship between the Czech Republic and the Middle East and Northern Africa (MENA). Although this relationship was not uncomplicated, especially due to the strategic reorientation of Czechoslovakia/the Czech Republic after the dissolution of the former Soviet bloc, the Czech Republic has maintained reasonably balanced, stable and relatively strong relationships with the countries of the region including regular political consultations with representatives of most of them.

### The Czech Republic and the Middle East

Although the Czech political and economic elites focused on integration into the Euro-Atlantic institutions after 1993, and thus relations with the MENA countries were pushed into the background, Czech interest in this part of the world has been renewed in recent years. It is a natural development considering that the MENA is a region that extends over 15 million square kilometres, with about 350 million people (predominantly Arabic-speaking, representing

<sup>92</sup> Nikita Poljakov: "Chceme žít v zemi, kde je český průmysl, tvrdí Íránci". Hospodářské noviny, Vol. 9. No. 9. (2015). p. 12.

about 6 per cent of world population), in the direct neighbourhood of the European Union, which the Czech Republic has joined in the meanwhile.

The Middle East and North Africa's importance for geographically relatively remote Central Europe has been underlined by the developments of the MENA states after 2011. Dramatic political turbulences, increased political and socioeconomic tensions, the state collapses of Iraq, Libya and Syria, intensification of conflicts, violence and uncontrolled spread of small arms – those trends (among others) have triggered the largest wave of refugees since the Second World War, the consequences of which the EU faces and which are influencing public opinion and internal political tensions in the Visegrad countries.

The Czech Republic has maintained a relatively strong institutional presence in the region, where it can rely on a network of embassies (Rabat, Algiers, Tunis, Tripoli – currently evacuated, Cairo, Tel Aviv, Amman, Beirut, Damascus, Baghdad, Tehran, Riyadh, Kuwait and Abu Dhabi). Four branches of the Czech Trade agency are also placed in the MENA (in Dubai, Tel Aviv, Cairo and Casablanca). The purpose of the Czech Trade agency is to help Czech companies in penetrating foreign markets. This network is complemented by the Czech Centre in Tel Aviv which reflects a close relationship with Israel.

As the metaphor cited in the introduction suggests – the Czech Republic is still perceived as a highly industrialized country in the MENA region. Historically Czechoslovakia had contributed significantly to the industrialization of many Arab countries, especially to the former "socialist" ones like Algeria, Egypt, Syria and Iraq. Some exaggerated expectations vis-à-vis the present capabilities of the Czech industry might follow from this period. Another desired domain in the MENA is the spa industry, a number of guests mainly from the countries of the Arabian Peninsula come to Czech spas every year. The most important trade partners in

the MENA are Israel, the United Arab Emirates, Saudi Arabia, Egypt, Algeria and Morocco. Given the significant dependence of Czech exports on the EU's markets, further diversification of the foreign trade is desirable and the MENA is a natural destination. Yet, despite the renewed interest of Czech exporters, the complex network of representative offices in the region and the good reputation of Czech products, the MENA constitutes only about 2 per cent of Czech exports. Therefore, the space for further intensification of economic relations clearly exists.<sup>93</sup>

It is obvious that due to the turbulent developments of the region since the end of 2010, the prospects of Czech interests and Czech foreign policy success depend on many variables over which the Czech Republic has little or rather no control. The political, security, economic and social stabilization of the MENA is one of the essential interests of the Czech Republic. 94 In this respect the Czech foreign policy seeks to contribute within its limited options (the supply of arms and ammunition, for example, to authorities in Iraqi Kurdistan, exchange of know-how, etc.), and it is clear that in this regard it must rely primarily on the activities of its allies in NATO and other key international players. The stabilization of the MENA internal conditions is also closely linked to the current problem of the refugee crisis, perceived very sensitively by public opinion in Central Europe.

The fight against terrorism is another important concern for the Czech Republic. Although the Czech Republic has been one of the EU's less vulnerable countries, in contrast with, for example states with large diasporas from the MENA, one of the priorities of the Czech foreign policy is to combat terrorist groups inspired

<sup>93 &</sup>quot;Teritoriální informace – země". BusinessInfo.cz, http://www.businessinfo.cz/cs/zahranicni-obchod-eu/teritorialni-informace-zeme.html. Downloaded: 15 October 2015.

<sup>94 &</sup>quot;Koncepce zahraniční politiky České republiky". *Ministerstvo zahraničních věcí České republiky*, http://www.mzv.cz/file/1565920/Koncepce\_zahranicni\_politiky\_CR.pdf. Downloaded: 15 October 2015.

by *jihadi* ideology, such as the so-called Islamic State/Daesh or al-Nusra Front/al-Qaeda.<sup>95</sup> Czech actions in the fight against terrorism have the greatest added value in joint actions with the V4, the EU and NATO against this phenomenon. The worries about activities of terrorist groups have probably stood behind the restrained Czech stance on the need of the Syrian regime's fall since 2011, which is different from the activism of some Western European countries in this regard. The Czech Republic is the only EU country which continues to operate its embassy in Damascus, thus the Czech foreign policy has acquired an interesting added value in the context of broader efforts for a political solution of the Syrian war.

### The Maghreb Option

Due to the significant deterioration of the security situation in the eastern part of the Arab Middle East and also great further potential of relations – particularly economic ones – the Maghreb is gradually coming into the focus of the Czech foreign policy. The security situation in the sub-region is not without problems, however, it can be said that the situation is significantly better than in the Mashreq. Relations with Algeria, Morocco and Tunisia are historic, for the Czech foreign policy to follow, therefore, there is a certain tradition, while for example, on the Arabian Peninsula there is not. Perhaps, most importantly, economic relations in recent years have showed a considerable dynamism in the Maghreb, and their potential is far from exhausted.

<sup>95</sup> Ibid.

### Algeria

Relations between the Czech Republic and Algeria are historically anchored in the Czechoslovak support for Algeria's national liberation struggle against French control, which in turn laid the foundation for the Czech–Algerian cooperation. After 1993 political dialogue between the two can be termed as correct and friendly, but not intense. The reason of this state is in the Czech strategic reorientation after 1989 which has brought a development of close relations with Israel and support for US foreign policy in the region (among other aspects). Following Algeria's tragic civil war between the military regime and Islamist insurgents in the 1990s a new impulse to political dialogue has been provided by the trip of Czech foreign minister Lubomir Zaoralek to Algeria in April 2015.

In the meantime, new impetuses for the development of relations between the Czech Republic and Algeria have been brought by the new interest of Czech businessmen in this country during the recent years. Algeria - a country possessing vast reserves of fossil fuels thus reasonably solvent - is attractive for Czech exporters. Trade exchange is growing rapidly every year, it is totally dominated by Czech exports to Algeria. While in 2010 the value of Czech exports amounted to 121 million dollars, in 2014 it was already 349 million dollars. The basic element of the Czech export to Algeria is the Škoda cars. Development cooperation has been limited, in fact confined only to university scholarships for Algerian students and small development projects financed by the MFA of the Czech Republic in a poor neighbourhood of Bab el Oued in the capital Algiers.96 There is a great potential for cooperation in the field of defence, since Algeria is the largest purchaser of arms in Africa. In 2014 it spent nearly 10 billion dollars on armaments.97

<sup>96 &</sup>quot;Souhrnná teritoriální informace (STI) Alžírsko". *BusinessInfo.cz*, http://services.czechtrade.cz/pdf/sti/alzirsko-2015-06-01.pdf, 1 June 2015.

<sup>97 &</sup>quot;SIPRI Military Expenditure Database". SIPRI, http://www.sipri.org/research/armaments/milex/milex\_database/milex-data-1988-2014. Downloaded: 15 October 2015.

### Morocco

Historically the relations between the Czech Republic (Czechoslovakia) and the Kingdom of Morocco was a bond that surpassed logic of the Cold War (by the way the same goes for Hungary). Although Morocco had openly declared its pro-Western orientation and was allied with France (and the United States), while Czechoslovakia belonged to the Soviet camp, both countries developed cooperative relations, the core of which was based on business exchanges. This characteristic has prevailed in Czech-Moroccan relations to this day. The political relations can be described as friendly, there are no political disputes between the countries, and in recent years there has been a marked intensification of political dialogue. In June 2012 former Foreign Minister Karel Schwarzenberg visited Morocco, and it was reciprocated by the Moroccan Minister of Foreign Affairs and Cooperation Salaheddine Mezouar's visit to the Czech Republic in July 2015. The main subject of both visits was the development of bilateral relations, especially in trade and other forms of economic cooperation. The highlight of the Czech-Moroccan relations could be a visit by King Mohammed VI to the Czech Republic, prepared for 2014, but still pending.

Economic relations provide the core of Czech–Moroccan relations. Trade exchange between the two is growing fast. In 2010 the Czech Republic exported goods for 119 million dollars and imported for nearly 62 million dollars. In 2014 Czech exporters have managed to export goods for 227 million dollars and the import was at 102 million dollars. Therefore, in just four years the parties succeeded in nearly doubling the aggregated value of mutual trade. 98 Other forms of economic cooperation are discussed. Moroccan positions in French-speaking Sub-Saharan

<sup>98 &</sup>quot;Souhrnná teritoriální informace (STI) Maroko". *BusinessInfo.cz*, http://services.czechtrade.cz/pdf/sti/maroko-2015-06-01.pdf, 1 June 2015.

Africa and the opportunity to obtain Moroccan know-how to do business in this part of the world have been very interesting from the perspective of Czech exporters in the region, especially that Czech companies have little experience there. In June 2015 a memorandum was signed on cooperation between the Czech Export Bank and the Moroccan Attijariwafa Bank which is linked to the royal court, to the effect that the Attijariwafa Bank should help Czech exporters in entering the markets in Western and Central Africa. 99 Morocco is a very attractive destination for Czech companies also for its image of an open and business-friendly country, where there is a relatively high level of respect for law. This is quite different to some other countries in the "rediscovered" territories in Africa. Asia and Latin America.

### Tunisia

Political relations between the Czech Republic and Tunisia can be termed – like in the case of Algeria – correct and friendly, however, to provide for the real intensity of political relations significant common Czech and Tunisian interests have been lacking. The Czech Republic – from perspective of the Tunisian political and economic elites – is particularly interesting as an EU member state. The symbolic role of Tunisia as the starter of the "Arab Spring" and as a new democracy in the region which has long lagged behind the rest of the world in the extent of democratization, reminded the Czech of their own political and economic transition after 1989. Contemporary Czech diplomacy has been characterised by an emphasis on respect for fundamental human rights, the functioning of a pluralistic civil society, NGOs' activities etc. This emphasis tends to be associated with the personality of the former dissident

<sup>99 &</sup>quot;Česká exportní banka podepsala memorandum o spolupráci s významnou marockou bankou". *BusinessInfo.cz*, http://www.businessinfo.cz/cs/zahranicni-obchod-eu/zpravodajstvi-pro-export/informacni-servis/aktuality/ceska-exportni-banka-podepsala-memorandum-o-31992.html, 10 June 2015.

against the communist regime and later first Czech president Václav Havel. Former Foreign Minister Karel Schwarzenberg visited Tunisia in May 2011 and his official visit was presented as a support for Tunisian efforts to develop a more pluralistic political system and civil society.<sup>100</sup> From the economic perspective Tunisia is exceptional as the only Arab country with which the Czech Republic has a negative trade balance. In 2014 Czech exporters exported to Tunisia goods worth of 82 million dollars while the Czech Republic imported goods for 146 million dollars. The reason is import of components for the Czech automotive industry.<sup>101</sup>

### The Western Sahara

The dispute over the Western Sahara – while this conflict does not belong to the often discussed and generally well-known issues in the V4 countries - represents an ongoing problem in relations between Morocco and Algeria, which also blocks attempts for political and economic integration in the Maghreb. The Western Sahara is a "non-self-governing" territory under the UN classification which is a subject of contention between Morocco and the Polisario movement supported by Algeria and some countries in Sub-Saharan Africa. In fact two thirds of the territory of the Western Sahara is governed by Morocco, while the Polisario controls the rest. The peace process under the UN auspices has not so far brought substantial results, though combat operations were stopped in 1991 and the UN mission MINURSO has been established. However, the responsible parties have failed to approximate their perspectives on the future of the territory (Morocco is willing to consider only the "autonomous status" of the Western Sahara within the Moroccan state, while the Polisario demands the "decolonization" of the area).

<sup>100&</sup>quot;Schwarzenberg letí na první návštěvu Tuniska od lednové revoluce". Český rozhlas, http://www.rozhlas.cz/zpravy/afrika/\_zprava/889122, 6 May 2011.

<sup>101 &</sup>quot;Souhrnná teritoriální informace (STI) Tunisko". *BusinessInfo.cz*, http://services.czechtrade.cz/pdf/sti/tunisko-2015-06-01.pdf, 1 June 2015.

The Czech foreign policy aims to be as much neutral as possible with regard to this conflict, which does not affect Czech interests. Undoubtedly this is the case in order to maintain a good level of political and economic relations with Algeria and Morocco. The Czech position is formulated in a very general manner, in support for a peaceful settlement under the auspices of the UN, which should be based on an agreement between the conflicting parties and on the relevant UN resolutions. Given the growing intensity of political and economic relations with both Maghreb rivals we can conclude that the Czech foreign policy opted for a successful approach. Such a success is not automatic as the case of Sweden proves it for example, whose economic relations with Morocco are increasingly strained by political problems surrounding the Western Sahara.<sup>102</sup>

### Conclusion

The MENA region represents an important vector of the Czech Republic's foreign policy. There is a considerable tradition from the days of the former Czechoslovakia. Political and economic relations with this part of the world have intensified in recent years, with just a little exaggeration it is possible to speak of the awakened interest of the Czech state and entrepreneurs to develop relations with the region. Political - especially security - priorities are complemented with an emphasis on trade diplomacy, with export being an important component of relations. The Maghreb, formerly a somewhat neglected part of the Arab Middle East, is becoming an increasingly important objective of Czech foreign policy after 2010. This is primarily the case because of the better local security situation as compared to the one that prevails in the Mashreq as a result of the conflicts in Syria and Iraq, and also dynamically developing economic relations which have the potential to grow further in the future.

<sup>102&</sup>quot;Morocco Eyes Boycott of Swedish Companies over Western Sahara". Reuters, http://www.reuters.com/article/2015/10/01/us-morocco-sweden-idUSKCN0RV5NR20151001. 1 October 2015.

## GCC-Hungary Relations (Erzsébet N. Rózsa)

The Gulf Cooperation Council (GCC) is relatively the newest direction of interest within the Arab world for Hungary. Although sporadic relations have been established starting from decades ago, diplomatic relations have been given a boost after the regime changes in Central Europe of 1989/1990. In the expansion of relations to the Arab side of the Gulf economic interests and possibilities were and have remained the prime factor.

### The Past

Throughout its history, Hungary has been for several centuries exposed to Middle Eastern/Islamic influence and experience, vet this was basically via the Ottoman-Turkish Empire and for 150 years of Ottoman-Turkish rule. Later, following the Second World War, as part of the Eastern Bloc, Hungarian contacts in the Middle East and North Africa were practised more or less along the lines of the Soviet policies. It was in this period that public awareness of the Middle East had become associated with Arab issues, especially through the close and manifold relations with the "socialist" Arab countries. The Hungarian public was well informed of and well trained on such issues as – first of all – the Palestinian cause. Yet, since the MENA region was practically the only place where Hungary could get hard currency (Hungarian export items were well received and have found a good market there), relations with Arab countries in the region belonging to the Western sphere of interest and influence were also cultivated.

This interest, however, historically, politically and culturally were mostly directed to the Mashreq, where Hungary has had

its first embassies opened: diplomatic relations with Egypt were established as early as 1928, with the Hungarian embassy in Cairo being opened in January 1939. Although the diplomatic relations were terminated due to World War II in 1941, they were restored in 1947 and raised to the level of the ambassador in 1957. The next Hungarian embassies in the Arab world were opened in 1954 in Damascus, Syria and in 1958 in Baghdad, Iraq.

From among the GCC countries Hungary first established political and economic-trade relations with Kuwait. Diplomatic relations were established in 1964, followed by the opening of a trade section in 1966, then of an embassy in 1975. (The Kuwaiti embassy in Budapest started operating in 2007.) Now, the Hungarian ambassador to Kuwait is also accredited to Bahrain, where Hungary has an honorary consul as well.

Hungarian interest towards the Arab Gulf countries was further strengthened during the 1970s, not least due to the global oil crisis, following which Hungary first established relations with Saudi Arabia. Hungarian—Saudi diplomatic relations were finally established in 1995, and the Hungarian embassy was opened in Saudi Arabia in 1996. Now, the Hungarian ambassador in Saudi Arabia is also accredited to the Sultanate of Oman, where Hungary has an honorary consul as well.

Hungary established diplomatic relations on an ambassadorial level with Qatar in 1980, but the first resident ambassador arrived in Doha in 2003 and the embassy was officially opened in 2004 only. The first Qatari ambassador arrived in Budapest in 2004, while the Qatari embassy was opened in 2005.

Hungary opened a trade office in Dubai in 1976, and established diplomatic relations with the United Arab Emirates (UAE) in 1990, when Hungary opened its embassy in Abu Dhabi. The embassy was led by a chargé d'affaires till 2006, since then it is led by an ambassador.

### The Present

The present Hungarian government led by Prime Minister Viktor Orbán (in office for a second consecutive term since 2010) has launched a new foreign policy initiative which is termed 'the policy of global opening' or 'the policy of eastern opening'. While this program can be interpreted as the continuation of the first Orbán government's (1998–2002) foreign policy initiative, in the course of the 2010-2014 governmental term this has been developed into a governmental program. The fact itself has much to do with the changing global context and Hungary's changed place in the international system. While the first governments following the regime change aimed at the triple foreign policy priorities set by József Antall, the first Prime Minister, as Euro-Atlantic integration, good neighbourly relations and the Hungarian minorities outside the borders of Hungary, it was also due to the economic transition that Hungary temporarily lost most of its political, economic and cultural relations to the Arab countries. The Hungarian industrial background so far having served as the basis and the source of such relations disappeared and/or were broken down into small units incapable of pursuing relations to farther away regions. Yet, the network of diplomatic missions was maintained and especially in the Gulf region further expanded as explained above. With Hungary joining NATO in 1999 and the European Union in 2004, however, Hungary's position and with that capabilities changed. In the meanwhile globalization and the context of international relations have also been undergoing a deep transformation, making it unavoidable that a country (or any country) gets more connected to farther away regions. This became more imminent, when Hungary took over the EU Presidency at a time when the Arab Spring started and shortly after the European External Action Service started to operate.

Slowly re-appearing interest towards the Arab world was already manifest during the first Orbán government, when the Prime Minister visited Morocco and Saudi Arabia. Developing diplomatic ties with the indigenous GCC countries was not the prerogative of any government, they were developed slowly, but continuously by the consecutive Hungarian governments. There was one significant rupture during the years, caused in the Hungarian—Saudi relations by a rather unfortunate remark by Prime Minister Ferenc Gyurcsány, who — obviously trying to joke — referred to the Saudi national football team as 'terrorists'. Although he did not mean it, the remark was taken very seriously by Saudi Arabia and the Saudi ambassador was called back to Riyadh, from where he did not return to Budapest for 8 months, in spite of all Hungarian efforts to mend the damage.

Following the coming into office of the second Orbán government (2010–2014), the Ministry of Foreign Affairs started to elaborate 'the policy of global opening', in which think tanks and researchers were also involved, as early as the summer of 2010. Due to the EU Presidency of Hungary (first six months of 2011), however, the program was presented by Minister of Foreign Affairs János Martonyi only in December 2011 in the form of a "strategic document" entitled Hungarian Foreign Policy after the EU Presidency. 103 Parallelly with 'the policy of global opening' another terminology, that of 'the policy of eastern opening' appeared, primarily in the speeches by Prime Minister Viktor Orbán, who referred to the 'East' first in 2010, and those working in the Office of the Prime Minister, first of all, Péter Szijjártó, who was appointed State Secretary in charge of foreign policy and foreign trade affairs in 2012 (presently he is the Minister of Foreign Affairs and Trade). Although the two terms have come to be used parallelly, with slight

<sup>103&</sup>quot;Hungary's Foreign Policy after the EU Presidency". Ministry of Foreign Affairs of Hungary, http://eu.kormany.hu/admin/download/f/1b/30000/foreign\_ policy\_20111219.pdf. Downloaded: 24 November 2015.

differences in the exact geographical and technical scope, the Arab world and the expansion of Hungarian export markets were among the aims of both.

In spite of the Arab Gulf and the GCC being – as pointed out above - relatively the youngest/newest direction of Hungarian foreign policy interest within the Arab world, since 2010 high level visits were not only evenly paid to this region, but all the highest ranking Hungarian politicians – beside the Prime Minister and the Minister of Foreign Affairs, Head of State János Áder and Speaker of Parliament László Kövér – visited the region. This is especially manifest in the case of Saudi Arabia, where there have been more than twice as many high level visits and meetings since 2010 than in the previous decade altogether. The most outstanding visits were paid by Prime Minister Viktor Orbán to Riyadh (autumn 2011), Speaker of Parliament László Kövér's Gulf tour in 2012 and President János Áder's visit to Kuwait in 2013. It can also be mentioned that Foreign Minister János Martonyi travelled to Riyadh in June 2012 to pay his condolences personally over the passing away of Prince Nayef bin Abdul-Aziz Al-Saud, the heir to the throne. In 2015, Levente Magyar, State Secretary for Economic Diplomacy paid three visits to the Gulf, to Qatar, the UAE, Saudi-Arabia and Oman.

This political activity (or maybe even activism) has brought results in the field of economy as well: in 2010–2012 trade relations to the (Arab) Gulf increased by 46 per cent. The second Orbán government established a series of economic joint committees – among the Arab Gulf states with Kuwait, Qatar, Saudi Arabia and the United Arab Emirates<sup>104</sup> – in the expectation of these promoting bilateral trade further. In 2012 the 1st Hungarian–Arab Business

<sup>104</sup>At the end of 2014 there were economic joint committees in operation with eleven Arab states, besides the above enlisted with Morocco, Algeria, Tunisia, Egypt, Jordan, Syria and Lebanon. "Resolution Number 124/2014 (X.21.) by the Prime Minister". *Magyar Közlöny*, Vol. 2014. No. 144. (21 October 2014). pp. 14238–14239.

Forum was organized in Budapest (see later) and, based on its huge success, in 2014 the 2<sup>nd</sup> Hungarian–Arab Business Forum followed in Saudi Arabia. Parallelly, several bilateral agreements have been signed with practically all the GCC states on bilateral economic cooperation, the exclusion of double taxation, on energy, water, agriculture, investment and education.

Although the turn towards – among others – the GCC countries was basically justified by the possibility to diversify energy resources (Hungary is almost entirely dependent on gas coming from Russia via the Ukraine or via other routes), trade figures show that the government's argumentation of the necessity to diversify and expand export markets has been successfully realized (see tables 1–4).

Table 1
Hungarian Import from the GCC in Million HUF (2007–2013)<sup>105</sup>

						`	
	2008	2009	2010	2011	2012	2013	2014
Bahrain	439.1	147.3	246.7	521.5	20.1	87.8	248.2
Kuwait	21.5	47.7	20.2	10.6	4 449.2	1 068.3	1 834.3
Oman	42.0	153.9	873.4	1 128.6	3 624.2	3 646.0	2 366.3
Qatar	201.3	192.2	61.7	1 428.1	2 145.6	207.7	2 047.0
Saudi Arabia	307.1	451.4	128.3	1 504.8	504.0	4 211.0	15 791.6
UAE	13 141.8	7 454.0	6 074.7	3 319.1	5 236.3	11 097.3	7 649.4
Total	14 152.8	8 446.5	7 405.0	7 912.7	15 979.4	20 318.1	29 936.8

<sup>105</sup>The source of the data included in tables no. 1–4 is the official statistics of the *Hungarian Central Statistical Office*. http://www.ksh.hu/docs/hun/xstadat/xstadat\_eves/i\_qkt009b.html. Downloaded: 24 November 2015.

Table 2 Hungarian Export to the GCC in Million HUF (2007–2013)

	2008	2009	2010	2011	2012	2013	2014
Bahrain	4 230.1	2 589.0	3 345.4	3 058.4	2 941.4	2 224.9	1 633.5
Kuwait	18 892.5	6 132.4	2 909.7	5 857.2	9 532.4	5 866.0	10 907.9
Oman	7 352.6	2 691.9	1 913.1	3 705.2	6 030.5	3 078.0	2 498.3
Qatar	0.368 9	6 220.8	5 314.8	7 200.7	11 177.1	5 514.1	8 197.1
Saudi Arabia	59 328.8	59 328.8 37 735.9	23 332.2	47 596.2	47 596.2 57 957.4	34 341.5 37 501.8	37 501.8
UAE	105 821.3	143 405.5	105 821.3 143 405.5 188 641.7 393 625.1 267 389.2 228 412.3	393 625.1	267 389.2	228 412.3	54 585.0
Total	202 520.3	198 775.7	202 520.3 198 775.7 225 456.9 461 042.8 355 028.0 279 436.8 115 323.6	461 042.8	355 028.0	279 436.8	115 323.6

Total Trade between Hungary and the GCC in Million HUF (2007–2013) Table 3

	2008	2009	2010	2011	2012	2013	2014
Bahrain	4 669.2	2 736.3	3 592.1	3 579.9	2 961.5	2 312.7	1881.7
Kuwait	18 914.0	18 914.0 6 180.1	2 929.9	5 867.8	5 867.8 13 981.6	6 934.3	6 934.3 12 742.5
Oman	7 394.6	2 845.8	2 786.5	4 833.8	9 654.7	6 724.0	4864.6
Qatar	7 096.3	6 413.0	5 376.5	8 628.8	8 628.8 13 322.7	5 721.8	10 244.1
Saudi Arabia	59 635.9	59 635.9 38 187.3	l	23 460.5 49 101.0 58 461.4	58 461.4	38 552.5	53 293.4
UAE	118 963.1	150 859.5	118 963.1   150 859.5   194 716.4   396 944.2   272 625.5   239 509.6   62 234.4	396 944.2	272 625.5	239 509.6	62 234.4
Total	216 673.1	207 222.0	216 673.1 207 222.0 232 861.9 468 955.5 371 007.4 299 754.9 145 260.7	468 955.5	371 007.4	299 754.9	145 260.7

Table 4
The Share of the GCC in the Hungarian External Trade (2014)

	Import	Export	Trade
GCC	29 936.8	115 323.6	145 260.7
Total	24 126 510.6	26 064 040.8	50 190 551.4
Share of GCC	0.12%	0.44%	0.28%

In spite of the fact that in the general political and public discourse Hungary's relations to the GCC countries/region are considered to be justified with the search for energy resources, in fact Hungary has no import – either of gas or of oil – from the GCC countries. Nor is the GCC or the Gulf mentioned in the "National Energy Strategy 2030" available on the official website of the Hungarian government.<sup>106</sup>

In the case of gas, there have been many very intense debates on the need to diversify Hungary's gas imports and thus lessen the dependence on Russian resources, the only real alternative – apart from broadening the European network of interconnectors – could be to buy LNG if the LNG terminal in Croatia was built. Then the prospective source would be Qatar.

In the case of oil, there is the long existing Adria oil pipeline, via which Hungary could import oil from the Mediterranean – as Hungary used to do, buying Russian oil mostly, although at some point Syrian oil was also imported – yet, the Adria oil pipeline has not been used (at least by Hungary) for a long time. Since there is oil originating from the Gulf available in the Mediterranean, in principle Hungary could access to that, but it does not.

Hungary has had an old oil-related relationship to Oman though. The Oman Investment Fund has some 7 per cent share in the MOL Hungarian Oil and Gas Plc, while exploratory activity

<sup>106&</sup>quot;National Energy Strategy 2030". *Ministry of National Development of Hungary*, http://www.kormany.hu/download/7/d7/70000/Hungarian%20 Energy%20Strategy%202030.pdf. Downloaded: 24 November 2015.

in the so-called Bloc 66 commenced in 2013. In addition, MOL considers UAE-based Crescent Petroleum and Dana Gas to be its strategic partners in the GCC region.

The first Arab-Hungarian Economic Forum was organized in 2012 with the participation of 200 Arab and 200 Hungarian businessmen. (The Arab representatives came from 16 Arab countries - with the exception of Oman, all GCC states were present.) The event was opened by Prime Minister Viktor Orbán. Some 90 Hungarian projects were presented and Hungary hoped to attract some 2-billion-euro investment as a result. In 2014 – encouraged by the success – the second Forum is being organized. The main areas of potential Arab investment are the banking sector, agriculture and water management, including irrigation, tourism, green and renewable energy, food processing industry, computer engineering etc. But Arab investment appeared in the Hungarian hotel sector as well: among others, the Meridien hotel of Budapest was bought by a UAE firm. Education, especially in medicine, engineering and agriculture have also been in the focus of attention.

The second Arab—Hungarian Economic Forum, held in Riyadh in 2014 aimed at developing "new synergies" and partnerships between Arab and Hungarian businessmen and investors by creating joint ventures, identifying opportunities and challenges, in several economic fields (capital goods manufacturing; real estate; renewable energy and water management; medical, recreationand tourism-related projects; agriculture, food processing; innovative technologies etc). Parallel to the meeting of the Forum, the Joint Business Council of the Hungarian and Saudi chambers of commerce was established.

Beside these investment possibilities – many of which are being realized –, Hungarian exports to the GCC states primarily include machines and equipment, electric lights and bulbs (a traditional Hungarian industry before the regime change of 1989/1990), and processed products.

The increase of Hungarian–GCC trade activities is also reflected by the new direct flight between Budapest and Dubai operated by the WizzAir since October 2013.

As an EU member state, Hungary observes the EU policy in its bilateral policies to the GCC states. Since the realization of the Hungarian government's 'global/eastern opening' is threatened by the developments and crises in the region, Hungary's first and foremost interest is stability and the elimination of militant extremism in the region – besides the moral commitment to the common European values. Although the recent wave of migration does not directly connect Hungary to the Arab Gulf states, it still may have a huge impact on the realization of common aims in commerce and trade, especially regarding the visa policy of the EU. E.g. when the EU made it simpler for the UAE to get EU visa, in return the UAE introduced a visa-free access to the EU member states.

# Poland and the GCC: Politics and Economy in Fractious Times (Patrycja Sasnal)

The Gulf Cooperation Council (GCC) region does not belong to Poland's priority areas in international relations but for almost a decade now there have been serious attempts to test if bilateral relations can be improved, especially in trade and energy. The region has not been mentioned in the annual speeches by the Minister of Foreign Affairs to the parliament since 2009. But back then it was identified as "the new, significant direction of the activities undertaken by the Polish government" in the context of the continued policy of energy supply diversification. In late 2008, Poland's position in the Gulf region consolidated enough, in the government's opinion, for Prime Minister Donald Tusk to claim rather boldly that "we are becoming a co-leader in this part of the world" 107 (after his visit to Qatar and Kuwait). Certainly in terms of broadening the trade potential and diversifying energy supplies the GGC states are of major interest to Poland. Recently there has been a strong push to revive Polish–GCC relations with two high-level visits, one by the Prime Minister (in April 2012 to the Kingdom of Saudi Arabia [KSA] and the United Arab Emirates [UAE]) and the other one by the President (the KSA, the UAE and Qatar in December 2013). In an official document "2012–1016 Foreign Policy Goals", however, the GCC countries are not mentioned explicitly, only in passing, i.e.: "one of the tasks is promoting and supporting growth of mutual trade exchange and investments, including in non-European countries, particularly in Asia".

<sup>107 &</sup>quot;Informacja Prezesa Rady Ministrów na temat stanu realizacji programu działania rządu w rok po jego powołaniu". WGF 2010, http://www.wgf2010. eu/filtr/549-informacja-prezesa-rady-ministrow-na-temat-stanu-realizacji-programu-dzialania/, 20 November 2008.

## Growing Interest: Political Strategy and Diplomatic Infrastructure

From the viewpoint of Polish foreign policy priorities (diversification of energy supplies and growth in exports and investments), the member states of the Gulf Cooperation Council (primarily the United Arab Emirates, Saudi Arabia and Qatar) are particularly interesting. A perceptible intensification of Polish policy towards this group is mostly reflected in the number of state visits – serving to keep up the political dialogue and support attainment of economic goals – which were held between 2007 and 2013. Prime Minister Donald Tusk went to Kuwait and Qatar in 2008 and to the UAE and Saudi Arabia in April 2012. King Abdullah of Saudi Arabia came to Poland in 2007, followed by the Emir of Qatar in 2011. The Polish President was in the KSA, the UAE and Qatar in December 2013. One of the most significant breakthroughs came in late 2012 when the Qatar Airways and the Emirates opened direct flight routes to Warsaw, yet another sign of perhaps growing mutual interest in improving relations. This intensification of diplomatic contacts, however, cannot yet be seen in the volume of trade relations or investments.

Poland does not have an overall long-term foreign policy towards the GCC but certainly in its economic and energy policy the GCC figures prominently, although again, not explicitly. Only occasionally is the Middle East assigned a more important place in the Polish development vision. Such was the case with the 2009 Economics Minister's vision of development of economic relations with Asian countries.<sup>108</sup> The long-term goal in that field was to make of Poland a hub for those countries' (including the GCC)

<sup>108 &</sup>quot;Cf. an Interview with Waldemar Pawlak in: Poland: a Gateway to the East". *Polish Market Online*, www.polishmarket.com.pl/document/:20958, Poland+a+gateway+to+the+East.en.html, 28 August 2009. For the Polish version, see: www.mg.gov.pl/Serwis+Prasowy/Wywiady/Waldemar+Pawlak/Poland+gateway+to+the+East.htm.

contacts with Central and Eastern Europe (CEE). According to the ministry of economy, there were two fundamental reasons behind Poland's interest in the Middle Eastern states: potential access to new energy sources, and the surpluses of those states' sovereign wealth funds which could be invested in Poland. For a brief moment after 2010 this policy might have been thought questionable, especially since the discoveries of shale gas in Poland made energy imports from the Persian Gulf potentially less attractive than they had been before. However, with each outbreak of a crisis to the east of Poland (such as the one in Ukraine now) political interest in LNG imports from Qatar and other GCC countries will be growing. Recently, an overdue completion of the LNG port in Świnoujście was hurried, also because of the new assertive policy of Russia.

Reflecting the growing Polish interest in the GCC is the – slowly but surely – expanding diplomatic infrastructure. There are Polish embassies in Saudi Arabia, Kuwait, the United Arab Emirates and Qatar. There is neither an embassy in Bahrain (the embassy in Kuwait is accredited in Bahrain) nor in Oman (territorial competencies in Riyadh, Saudi Arabia). There are also honorary consulates of the Republic of Poland in Jeddah (Saudi Arabia) and in Muscat (Oman). In each embassy there is a political officer and an economic officer (there is also a special economic section in the embassy in Saudi Arabia). In 2014 a trade office was established in Dubai, a first one of this kind in the Gulf. Likewise, there is one defence attaché based in Riyadh, Saudi Arabia playing a broader, regional role rather than a country-specific one.

#### Trade and Economic Ties

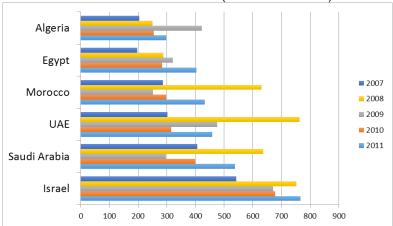
The economic and trade potential have become the prism through which Poland sees non-European countries, including the GCC. Poland's main interests in the economic field relate to energy diversification, the search for foreign investment and the broadening of its trade horizon. The government's innovative plan is for Poland to develop into a hub of CEE relations with the Gulf, hoping that economic matters (related predominantly to the Gulf) can be separated from the Polish involvement in the promotion of democracy and its own transition (related mostly to North Africa and perhaps the Levant in the future). In fact the Polish government arranged a high profile Saudi visit that was also presented as empowerment of women.<sup>109</sup>

The economic cooperation between Poland and GCC is following two types of agreements: the EU-GCC Cooperation Agreement (1989) and bilateral agreements between Poland and the GCC. The large number of bilateral agreements between Poland and the UAE and Kuwait (on taxes, culture, science and information, air communication, economic, trade, investment etc.), or the new Qatar-Poland contract on gas show the high level of interest of Poland in cooperating with the GCC. It may suggest that Poland is interested in the finalisation of the EU-GCC FTA, although it has also already taken the initiative through bilateral cooperation.

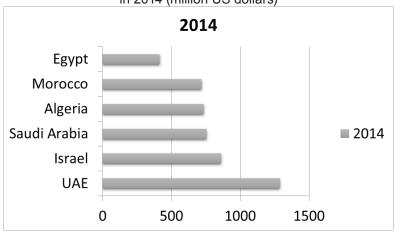
The political/government focus on Gulf economic potential has been steadily increasing since 2008/2009 but it is hardly reflected in the trade volume.

<sup>109</sup>The Deputy Foreign Minister of Poland went on a visit to Saudi Arabia with a group of prominent Polish businesswomen who met their counterparts in the KSA in December 2012. Saudi Princess Ameera Bint Aidan Bin Nayef AlTaweel was also invited to the 5<sup>th</sup> Women Congress in Warsaw in June 2013.

Graph 1
Trade Volume between Poland and the Middle East and North Africa 2007–2011 (million US dollars)<sup>110</sup>



Graph 2
Trade Volume with Countries in the Middle East and North Africa in 2014 (million US dollars)



<sup>110</sup> The source of the data included in graphs nos. 1–2 and table 1 is the official statistics of the *Ministry of Economy of Poland*. http://www.mg.gov.pl/. Downloaded: 24 November 2015.

Total trade volume in 2013 stood at 1730.15 million dollars, which is a mere 0.3 per cent of the total trade volume of Poland.

Table 1
Trade between Poland and the GCC 2012–2014 (million US dollars)

		Saudi Arabia	Bahrain	Qatar	Kuwait	Oman	UAE
	export	349.01	19.31	32.78	54.07	75.62	439.58
2012	import	274.87	27.83	10.92	3.71	9.86	102.25
	volume	623.88	47.14	43.69	57.78	85.48	541.83
	balance	74.14	-8.52	21.86	50.36	65.75	337.34
2013	export	506.92	12.5	30.63	55.56	95.49	752.49
	import	101.64	28.79	18.73	3.72	10.8	112.88
	volume	608.57	41.29	49.36	59.28	106.29	865.37
	balance	405.28	-16.3	11.9	51.84	84.69	639.61
2014	export	694.7		53.5	68.8	64.8	1127.8
	import	60.7		16.4	3.4	12.8	162.5
2014	volume	755.4		69.9	72.1	77.6	1290.4
	balance	405.3		37.1	65.4	51.9	965.3

The main sectors of Polish export are usually the following goods: vehicles, aircrafts, boats, mechanical and electrical instruments (for the registration and reception of sound), agricultural and food products, live animals, animal products, plastic articles, rubber articles, paper products. Poland imports plastic articles, articles made of metal and chemical products. Still there are niche areas that could be potentially exploited in the future, such as vehicles (Polish buses are sold to the UAE), dairy products (cheese, milk), candy and sweets, meat and poultry.

Nominally GCC investments in Poland remain minimal – according to official data less than 25 million dollars since 2008 (less than

0.1 per cent total) – and there were no rescue packages from the Gulf. Real investments are bigger since Gulf money is very often invested via non-Arab companies.

Table 2
FDIs of the GCC in Poland 2011–2012<sup>111</sup>

Description		uity oital		ested		her oital		I FDI ows
	2011	2012	2011	2012	2011	2012	2011	2012
GCC	0	0	0.2	-0.9	1.5	1.5	1.7	0.6
Bahrain	0	0	3.1	2.1	0	0	3.1	2.1
Kuwait	0	0	0	0	0.6	0.5	0.6	0.5
Oman	0	0	0	0	0	0.1	0	0.1
Qatar	0	0	0	0	0	0	0	0
Saudi Arabia	0	0	0	0	0.1	-0.8	0.1	-0.8
United Arab Emirates	0	0	-2.9	-3.0	0.9	1.8	-2.0	-1.3

Contrary to the situation in Western Europe the GCC states have not invested in high-profile areas in Poland so far. However, the purchase of a complex of offices development in Warsaw by the Qatar Investment Authority (with a total area of almost 44 thousands m²) probably stands as the leading investment in terms of visibility and could be seen as a high-profile area investment. The first Qatari investment in Poland for jobs is the Customer Service Centre in Europe for the Qatar Airways which is developing in Wrocław.

<sup>111</sup> Data from the *National Bank of Poland*. http://www.nbp.pl/. Downloaded: 27 November 2015.

On the whole, economic relations with the Arab world are held down by several issues: the continuing reluctance of the GCC and other countries with financial surpluses to invest in Poland (Western European countries attract the bulk of these investments), the bureaucratic and cultural obstacles, such as language or the ban on ritual slaughter in Poland,<sup>112</sup> the reluctance of Polish businessmen to do business in a difficult environment if it is much easier, albeit a little less profitable, to sell Polish goods in Europe, and the current instability in the Middle East and North Africa.

### **Military Relations**

The only GCC country importing Polish military arms is Saudi Arabia. In 2011 it was in the 4<sup>th</sup> place among importers with 3 licenses valued at 31,745,010 euros (0.5 per cent of the total arms sales in 2011) and in 2012 it was in 9<sup>th</sup> place with 2 licenses at 9,577,594 euros (less than 0.5 per cent of the total). The sales are so insignificant that it is hard to set or trace any trends. When it comes to military-to-military relations it is difficult to acquire relevant detailed information. In some respects military cooperation does go beyond arms sales or there are attempts at boosting military cooperation. For instance in December of 2013, during the Polish President's visit to the KSA, an agreement on defence cooperation

<sup>112</sup> The ban, however, does not have to be an obstacle itself with a little bit of political will on the part of Arab counterparts. See Kinga Brudzińska, Patrycja Sasnal, and Bartosz Wiśniewski: "Energy and Meat: Towards Better Polish—Saudi Relations". PISM Policy Paper, No. 10. (58). (2013). https://www.pism.pl/files/?id\_plik=13370. Downloaded: 27 November 2015. Also, the ban caused an unprecedented reaction from the Israeli MFA which issued a statement calling on the Polish parliament to review the decision to ban ritual slaughter. See "Israel Disappointed by Poland Ban on Kosher Slaughter". Israel Ministry of Foreign Affairs, http://mfa.gov.il/MFA/PressRoom/2013/Pages/Israel-disappointed-by-Poland-ban-kosher-slaughter-15-Jul-2013.aspx, 15 July 2013. In reality it is still legal for religious minorities in Poland to conduct ritual slaughter for their own purposes.

was signed. It covers two aspects of potential cooperation: training and defence industries cooperation. Another agreement with the UAE envisages the training of border police. It seems that counterterrorism cooperation is currently less of a possibility than military training or joint exercises.

### **Energy Cooperation**

In terms of gas, Poland is highly dependent on import (11 bcm imported for only 4bcm national). The principal source of natural gas has been Russia, accounting in 2012 to 60 per cent of the total consumption of gas annually (around 9bcm). The first and only (so far) energy deal is the one with Qatar signed in 2009. Overall, Polish relations with Qatar reached a new stage with the opening of embassies in Doha and in Warsaw in 2007. Even though Qatar is not among Poland's largest trading partners, it does have such a potential. On 29 June 2009 in Doha PGNiG SA and Qatargas Operating Company Ltd, in the presence of Treasury Minister Aleksander Grad, signed the agreement on shipments of liquefied natural gas (LNG). Planned to run for twenty years (initially from 2014 but there has been a delay) at an annual level of some 1 million LNG tons (1.5 million m<sup>3</sup>), the ex-ship deliveries will go through the gas terminal at the Świnoujście port, their value being linked to oil prices on the international markets. Additional quantities (up to 1 bcm) may be delivered under short-term contracts. After years long debates in Poland on the construction of the terminal and shipments of LNG, it was only under the Qatargas agreement of 2009 that the first shipment was actually contracted.113 This is the first long-term deal of this kind other than the contract with Gazprom, and it also provides for the financing of the LNG terminal

<sup>113</sup> In January 2005, the Marek Belka government opted to study the feasibility of constructing a seaport gas terminal, whose location was agreed upon in 2006.

in Świnoujście.<sup>114</sup> The LNG shipments are supposed to start in 2015 and will cover ca. 10 per cent of Polish gas needs. But the gas price is high, at least 30 per cent higher than that of gas from Russia. The sole fact, however, that there is another source of gas for Poland other that Russia gives Poland a good argument in negotiations with Gazprom.

However, the positive side to the LNG deal with Qatar was minimized by controversies surrounding the sale of shipyards in Szczecin and Gdynia. The only investor ready to buy key assets in them and hence guarantee continued production was Stichting Particulier Fonds Greenrights operating with Qatari funds. Having made an initial deposit it failed to finalize the transaction. Public response to the behaviour of Qatari investors was outright negative, possibly impacting future investments from the Gulf. With the discoveries of shale gas in Poland political enthusiasm for energy imports from the GCC waned but when it turned out that shale gas extraction is time-consuming, costly and the gas volume assessments are a bit exaggerated – political will to explore more energy imports from the Gulf can reappear, especially given the Russian–Ukrainian conflict.

### **Current Political Issues**

In Poland the GCC are mostly seen as the core of regional stability, albeit an undemocratic one. There is commonality of interests between Poland and the GCC on most regional issues, except for Syria, the Middle East Peace Process and to some extent Iran, with which Poland would like to see relations develop. Stability in post-NATO Afghanistan, countering terrorism and extremism, and stability in Egypt are common interests. The war in Syria has starkly demonstrated that the European and Gulf interests do not

<sup>114 &</sup>quot;Statement by Undersecretary of State at Treasury Ministry Mikołaj Budzanowski". *Minutes of the 55<sup>th</sup> Sitting*, http://orka2.sejm.gov.pl/Debata6.nsf/main/76185F53, 2 December 2009.

overlap. There are concerns about the funding of *jihadists* coming from the Arab Gulf or personal connections between foreign fighters in Syria and Iraq and some individuals in the GCC.

The Polish government is reluctant for Europe to intervene in Syria militarily, except for the coalition air campaign, and to see Assad toppled, while the GCC almost in unison work towards the removal of the current regime in Damascus – there is a clash of interests here. Also, if Qatar continued to support Hamas it would be a potential bone of contention. Even though the potential for a conflict is there and regional issues are discussed officially during state visits, there is little possibility of them becoming real conflicts – Poland is not interested in such an outcome and does not feel that strongly about regional issues.

There is also an expectation that the GCC countries will not necessarily condition their relations with Poland on the Polish–Iranian relations, which are anyway minimal and, therefore, not an obstacle. Recently there have been a couple of high-level visits to Iran to boost economic cooperation but on the part of the GCC it seems that there is an understanding that economic cooperation does not mean changing positions on the Iranian nuclear programme. As long as that is the case there will be no real impact on the relations with the GCC.

### Conclusions: Seven Problems to Solve

In the analysis of the past ten years of developments in Polish–GCC relations one can deduce seven general problems that hamper progress:

 There is a certain bureaucratic negligence on the part of both sides should an obstacle to bilateral trade arise. Such was the case with Polish meat banned from export to Saudi Arabia. The GCC import ban on livestock and related products – such as deboned meat – from the EU13

- on BSE grounds has been in place since 2001, while the discussion about lifting the Saudi ban on importing Polish meat has been ongoing since 2011 and still to no avail due to bureaucratic negligence and laxness.<sup>115</sup>
- 2. Companies that do enter the GCC markets, mostly in the KSA or the UAE, face specific cultural barriers, such as the need to adapt a whole shoe or bag collection to the cultural specificity of the local customers. These obstacles play out in Poland, too, for example in legal decisions taken by Polish institutions such as the ban on ritual slaughter.
- Opaqueness of operation in terms of institutional responsibility puts off potential Polish partners from doing business with GCC partners. The above-mentioned failed acquisition of Gdańsk shipyard by Qatar played a symbolic role in discouraging Polish business from contracts with their Gulf counterparts.
- 4. Still a lot depends on the diplomatic infrastructure and contacts on the ground. In this respect particularly favourable circumstances occur when both ambassadors (the GCC country one in Poland and the Polish one in the GCC member state) are active and devoted to the cause of strengthening bilateral relations, which is not often the case.
- 5. More often than not the lack of colonial past of Poland and other V4 countries is brought up as a positive factor in shaping bilateral relations with the GCC. But in fact frequently and factually the opposite proves to be true former colonial powers enjoy a much bigger reverence from the GCC than Poland, also partly thanks to and not despite of their colonial past. That past has created concrete bonds, contacts and a familiarity that a new and unknown partner cannot boast of.

<sup>115</sup> Brudzińska, Sasnal and Wiśniewski: op. cit.

- 6. Lack of strategic or large military contracts with the GCC deprives Poland of a potential significant income. But there is a flipside to this seeming drawback: it may reduce the risk of selling arms to countries that may use it in undemocratic actions. Such risk was evident when the so-called Arab Spring started in Tunisia and the Tunisian regime used French tear gas to disperse demonstrators.
- Finally, both Poland and the GCC states in their majority 7. see each other through stereotypical prisms. Poland suffers from a post-communist stigma, which excludes it from the developed part of Europe, even though Poland has made a civilizational leap over the past 25 years and is no longer part of the underdeveloped world. The GCC is seen as closed, conservative and lavish. These prisms distort the true image and, on the one hand, result in a certain laziness on the part of the V4 in exploring new ways of boosting bilateral relations, and on the other, in hubris on the GCC part. These countries often seem confident that the demand for their attention and wealth is such that they can pick and choose the partners to do business with as they like. A change in attitude on both sides is needed in order to bring about a genuine qualitative change in bilateral Polish-GCC relations.

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### About the International Visegrad Fund

The International Visegrad Fund is an international organization based in Bratislava founded by the governments of the Visegrad Group (V4) countries – the Czech Republic, Hungary, the Republic of Poland, and the Slovak Republic – in Štiřín, Czech Republic, on 9 June 2000.

The purpose of the fund is to facilitate and promote the development of closer cooperation among citizens and institutions in the region as well as between the V4 region and other countries, especially in the Western Balkan and Eastern Partnership regions. The fund operates several grant programs, and also awards individual scholarships, fellowships and artist residencies. Grant support is given to original projects namely in the areas of culture, science and research, youth exchanges, cross-border cooperation and tourism promotion, as well as in other priority areas defined in calls for proposals published on the fund's website.

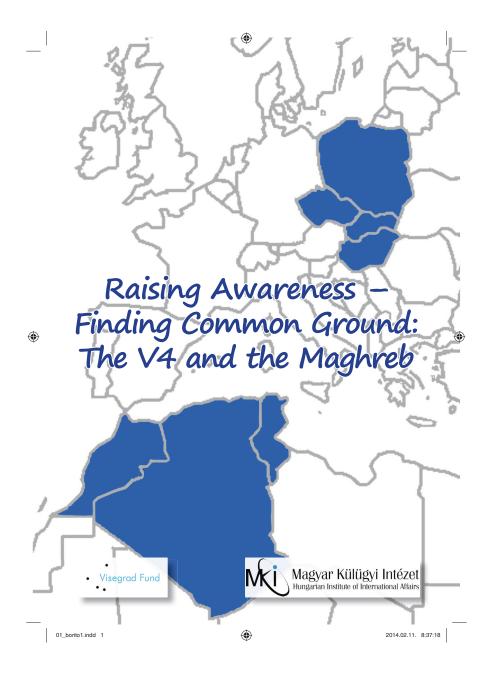
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As the general legal successor of the Hungarian Institute of International Affairs (HIIA), the IFAT has taken over the responsibilities, tasks and the ongoing projects of the former institute.





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