

# FOREIGN POLICY REVIEW

## Hungary in/and the Western Balkans





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# **HUNGARY IN/AND THE WESTERN BALKANS**





# Hungarian Institute of International Affairs

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# HUNGARY IN/AND THE WESTERN BALKANS: PAST AND PRESENT

## Hungarian Orientalism and the ‘European East’ in the Dual Monarchy Period

*The Balkans, Hungary’s ‘Civilizing Mission’,  
and the Case of the Annexation Crisis*

Péter Pál Kránitz

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**Abstract:** A discussion on Hungarian orientalism is much underrepresented in the social sciences. Commentators tend to argue that Hungary was never colonized and itself had no colonies. The reality is, however, that throughout its history Hungary was conquered by several empires and itself subjugated other states and territories. The worldview and political discourse of orientalism, therefore, significantly affected Hungarian political ideology in the Dual Monarchy period, Hungary’s supposed cultural and civilizational superiority over peoples in its neighborhood and within its own borders, was a discursive tool to legitimize the Hungarian nation’s privileged political role in the Austro-Hungarian Monarchy, and the dominant role within the Hungarian Kingdom itself. Hungarian orientalism crystallized in the context of the Annexation Crisis. Austro-Hungarian influence on the Balkans (or the ‘European East’) in general, and Bosnia’s occupation and annexation in particular, the paper argues, was perceived by the Hungarian public within the discursive context of orientalism.

**Keywords:** orientalism, empire, Hungary, Bosnia-Herzegovina, the Balkans

## 1. Introduction

*Orientalism*, the 1978 magnum opus of Edward Said, has been widely debated all over global academia and generally regarded as the foundation of a whole discipline of social sciences and postcolonial studies. In lieu of Said's work, orientalism may be grasped as the dominant worldview, a secular (quasi-religious) faith of the West, that shaped the self-conception of Western powers and their ideology of the Western dominated global order, proclaiming cultural superiority and a sense of duty for their "civilizing mission" among the "barbaric" and "backwards" peoples of the East. The worldview was significantly influenced by social Darwinist beliefs on biological and cultural hierarchy among peoples and races. The whole fabric of orientalism, according to Said, served one goal, to legitimize imperial dominance and the exploitation of global East and South by the West. Not only political discourse and practice, Said maintains, were shaped by orientalism, it also pervaded the arts, science, philosophy and literature, and determined how Westerners identified themselves and the others, those who were excluded from the perception of the Western civilization (Said, 2007).

Racist and imperialist perceptions of the East set forth by Western thinkers were not limited to peoples outside Europe and the Atlantic, it was the prevailing foundation of cultural and 'civilizational' differentiation within Europe too. From the period of Enlightenment, eastern parts of the old continent were also characterized by Western discourse, literature, and arts as backwards, unexplored, and dreary lands, near, but still external to "the Civilized Parts of Europe" – a tradition that was first explored by Larry Wolf (Wolf, 1994). It was another theorist of orientalism, Ezequiel Adamovsky, however, who coined the term 'Euro-Orientalism', which he defined as "a cultural artefact, [...] a shared enterprise of the so-called Western world: [...] the discursive formation by means of which the West symbolically organizes and regulates its relationships with the area of the world called Eastern Europe", an ideology that claimed the most decisive legitimizing role "when the Western powers had to redraw the map of Eastern Europe" after the First World War. He claimed, opposing Larry Wolf, that a conventional political-geographical definition of Eastern Europe did not appear

in French literature before the 1830s, and that a proper discourse on Eastern Europe as a means of power struggle and identity politics can only be traced back to the 1870s (Adamovsky, 2005).

Moreover, orientalism, as a dominant worldview, was not exclusive to Western Europe or Northern America, and it deeply influenced political discourse and perceptions of power relations beyond the realms of the West, in Eastern Europe and Asia too. "In the age of Western-dominated modernity, every nation creates its own Orient", claimed Ussama Makdisi, who coined the term of Ottoman orientalism. His essay describes Ottoman orientalism as a 19<sup>th</sup> century Ottoman attitude, borrowed from the West that, on the one hand, acknowledges Western superiority and Eastern backwardness, and on the other, identifies a superior Turkish nation and its duty to lead other, inferior Ottoman subjects (Makdisi, 2002). Orientalism prevailed in imperial Russia and, parallel to cultural Russification, dominated discourse on Russian imperialism and Russia's eastern and southern borderlands (Tolz, 2005) and foreign affairs, especially with regard to the Eastern question. Hungary was no exception and actors in political discourse, and the overall public, shaped and naturalized their own orientalism, which I hence call Hungarian orientalism.

For decades there was little to no special literature on the history of orientalism in Hungary. Social sciences traditionally regard Hungary as a country that lacks a colonial past, be seen to be false, once we overcome the theoretic narrowness of postcolonial-studies, exceed the conceptual limits of our view on colonies and remember that Hungary was in fact subjugated to imperial rule for centuries by the Ottomans and Habsburgs, while the Hungarian Kingdom herself, at different periods through history, extended its domain over a number of countries and peoples, from Bulgaria and most of the Balkans, through Moldova, Wallachia and Galicia, to Northern Italy and Lower Austria. Andrew II, King of Hungary and leader of the Fifth Crusade, even claimed the title of 'King of Jerusalem', and his son, Prince Andrew, the title of 'King of Armenia' (Stone, 2019). Hungary, therefore, is not beneath the colonial layer of history, and is therefore worthy of the attention of postcolonial studies, with special regard to, among other aspects, the heritage of Hungarian orientalism.

In most recent years, however, a paradigm-shift may be observed in academia and related special literature, with a growing number of research institutions having taken on the task of exploring Hungary's



colonial past, taking into account the rich methodological and theoretical background of postcolonial studies, though with particular focus on specific Hungarian historical features. Noteworthy among those is the research conducted at the Institute of History of the Hungarian Academy of Sciences, especially the work of Krisztián Csaplár-Degovics, which provides a comprehensive picture of the previously obscure past of colonialism in Hungarian history through the lens of (post) colonial theories and New Imperial History. His monograph on the Hungarian participation in the Austro-Hungarian Dual Monarchy's colonization efforts between 1867 and 1914 explores how key Hungarian decision makers and opinion shapers, such as Béni (Benjámín) Kállay, minister of finance of the Austro-Hungarian Monarchy and administrator of Bosnia-Herzegovina, or Ferenc (Franz) Nopcsa, a prominent scholar of Albanian history and politics, influenced the Empire's expansionist foreign policies and related discourses on the Monarchy's "civilizational mission", and contributed to the notion of the creation of an 'Hungarian Empire' (Csaplár-Degovics, 2022).

Another workshop for the study of Hungarian orientalism has emerged in the Institute of Geography and Earth Sciences at Eötvös Lóránd University, Hungary. A noteworthy study penned by Ferenc Gyuris, Steven Jobbit and Róbert Győri explores coloniality in fin de siècle Hungary, particularly how Hungarian geographers adopted the colonial paradigm of Western European imperialism and orientalist world-views (Gyuris et al., 2024). There are other notable recent contributions to the historiography of orientalism in Hungary. Mátyás Erdélyi examined Hungarian imperial thought through the propagandistic work of Rezső Havass (Erdélyi, 2023); while Zoltán Ginelli approaches post-colonialism through a critical geographer's perspectives.<sup>1</sup>

Over a short period of two years (2022-2024), much has been achieved with regard to establishing institutional frameworks and literary grounds for postcolonial studies in Hungary. This present article

1 His forthcoming volume co-authored with James Mark and Péter Apor at Cambridge University Press titled "Hungary between the Colonial and Anti-Colonial Worlds" seeks "to situate Hungary within the global histories of colonialism, decolonisation and alternative world-making."

is but a small contribution to the currently observed genesis of the discipline. It focuses on orientalist discourses in the Hungarian public sphere in the Dual Monarchy period (1867-1918), with special regard to the Balkans, a region that was time and again referred to as the "European East" in Hungary and throughout the old continent. It will take a closer look, as a case study, at the Annexation Crisis (1908) and analyze related political discourses, identifying orientalism as a dominant worldview and nodal discourse of Hungarian foreign affairs, adopting critical discourse analysis (CDA) as its primary methodology and analyzing a variety of sources from official imperial documents to newspaper articles and illustrations.

## 2. Hungarian Orientalism and the 'European East'

The transfer of orientalist ideas from West to East may be detected unambiguously in the Hungarian sources. The first instances of orientalist arguments in Hungarian political discourse may be identified among the Hungarian émigré of the fallen revolution and war of independence of 1848-49. Bertalan Szemere, second prime minister of Hungary, for example, wrote to British premier Lord Palmerston in 1859 from his exile in Paris that "appeasing Hungary is desirable in order to solve the Eastern question from both a political and a civilizational standpoint. Hungary was destined to transmit all the development and ideas of the Western civilization to the peoples of the East" (Szemere, 1869). Orientalist discourse reared its head in the Hungarian parliament after its re-establishment following the October Diploma in 1861. It was introduced by Hungarian politicians, from both ends of the political spectrum, who had previously spent years in Western Europe either in exile or higher education. Gyula Kautz, a confidant of Ferenc Deák, who spent years at universities in Western Europe, declared during the debate on the Compromise in 1867, that his party envisions a "cultural necessity" satisfied by "the existence of a Hungarian statehood and independent political presence" and a "strong and mighty" Monarchy "at such a liminal cape point between Western and Eastern Europe" (CVIII. Országos Ülés, 1867. pp. 30–31). Similar views emerged from the other end of the parliament's hemicycle. A member of the opposition, count Ede Károlyi,

who spent years in exile in France, argued that Hungary is bound by the responsibility of a “civilizational mission” against the “mere absolutism and obscurantism” of the East, for that is precisely “what makes nations great and almighty” (CVIII. Országos Ülés, 1867. p. 18).

It took, however, decades for orientalist discourse to pollute the Hungarian public. Orientalist discourses appeared in the daily press and gained ground, step-by-step, with the broader public during the premiership of Kálmán Tisza (1875-1890). Articles and opinion pieces, such as that titled ‘Hungary’s Eastern devoir’ published by the most sold daily newspaper *Pesti Hírlap*, that called for a Hungarian-Austrian civilizational mission to be led to the East, gained more and more publicity and influence. “The personal, direct duty of the Hungarian nation is to strengthen herself internally and to firmly brace Hungarian culture along the four rivers [Danube, Tisza, Dráva, Száva – author]. Its international duty is to transfer Western civilization to the East”, propagated the article (Magyarország keleti hivatása, 1883). Although the sense of a “new, more noble and sublime national mission, the duty to spread Western civilization” (Márczius idusa, 1892) was increasingly present over this period in the Hungarian public, it did not gain ground as much as it did in Western European countries such as France. Hungarian orientalism adopted a rather distinct tune. Instead of a quasi-religious belief of a divine call to lead a civilizing mission to (i.e. to colonize) “barbaric” and “backwards” peoples and lands, Hungarian orientalism claimed a cultural precedence for Hungarians within the Carpathian Basin and beyond, especially towards the East and Southeast, to legitimize, on the one hand, the leading political role Hungarians enjoyed within the multilingual state and the multicultural Austro-Hungarian Empire, and on the other, geopolitical aspirations on the Balkans, including political dominance in Bosnia-Herzegovina and a power struggle with Russia on the peninsula. By the time of the premiership of Kálmán Széll (1899-1903), a “mission of our national culture” was put on the official governmental agenda.<sup>2</sup>

2 Ideology and practical thinking took lead in shaping the national mission of the Hungarian culture. Every conquest of our culture is a conquest of our national interest. The spread of our national culture and education equals to the enlargement of the columns of the Hungarian state. [...] That’s why the center and the gravity of the national politics should be laid on Hungarians”. See: Kulturánk nemzeti hivatása, 1899.

The discourse argued that the role Hungarians' culture plays in the clash of civilizations and struggle for power in the region, led by the Ottoman, Russian and German empires, is that of a gatekeeper, preventing the overpowering expansion of one or another, therefore, Hungary may claim a legitimate leading role in uniting and ruling the peoples of the Carpathian Basin and beyond. Such an argument was put forth by Miklós Bartha, former journalist and leftist (Ugron Party) Member of Parliament, claiming that the geographical location of Hungary predestined the cultural mission of Hungarians, as "it is here that East meets West. Here, two irreconcilable directions of human development collide. Eastern barbarism and Western civilization, autocracy and freedom, brutality with humanity, slothfulness with labor. [...] only our nation has enough strength to constantly endorse its will upon this soil" (A nagysallói ütközet, 1894).

This frontier mentality was not exclusive to Hungarian orientalism, being shared by most of the national political discourses in the region. As Andre Gingrich observed, the notion of a civilizing mission appeared in the literature of most of the nations on the edge of the Ottoman world. The discursive image of a Christian fort resisting Islamic expansion was usually accompanied by an orientalist set of ideas in a notion coined in the term of *frontier orientalism* (Gingrich, 2016). Hungarian orientalism, however, differed greatly from the rest of the region's frontier orientalist discourses, as it was not Islam nor the Ottoman Empire at which it projected the imagined East, but rather the "Northern giant" of the Russian Empire and Russian autocracy.<sup>3</sup>

Four master narratives of Hungarian orientalism may be identified: 1) cultural supremacy of the Christian West, 2) history of the Orient and early Hungarians, 3) internal orientalism towards nationalities, and 4) external orientalism towards peoples and cultures of the East, with a special regard to the Balkans. Hungarian orientalism acknowledged Western supremacy, inasmuch as it distanced itself

3 A key figure of contemporary Hungarian press, former secretary of Lajos Kossuth, Lajos Csernátó, wrote of Russia in the paper he edited, *Ellenőr*, as follows: "it is the most tyrannic state, the despotism of which may find its equal only in Eastern barbaric countries." See: Budapest, január 24 (1879, January 25). Another, extreme example was the following description: „the behaviour of a wild animal, with which Russian bloodsucker barbarism humiliates even the most brutal tyrannies known to history." See: Orosz kegyetlenség (1879, August 2).

from Eastern autocracy and backwardness, and assumed unity with the West, adopting the basic normative structures of the orientalist worldview and discourse. An editorial of the daily title *Budapesti Hírlap*, one of the leading political journals of the time, for example, echoed classic British orientalist arguments with: “where [England] sets foot, material prosperity surges and civilization expands swiftly. England represents culture and human rights among the conquered, savage, uncivilized peoples. [...] What does Russian expansion mean? In contrast, it means outlawry, oppression of civic and individual freedoms, the most severe autocracy, and the spread of corruption” (Oroszország terjeszkedése, 1904).

Hungarian orientalism was unique in many ways, though probably the most striking difference was how Hungarian national and historical identity introduced a certain preoccupation, or obsession even, of the East in Hungarian literature, arts and overall public opinion, mystifying the Orient as an imagined ancient homeland of the Hungarians (Kránitz, 2016). It limited the racist, social Darwinist, euro and ethnocentric hierarchism of Hungarian orientalism, as certain values, virtues and cultures of the East were considered by orientalists as related to Hungarians’ and were excluded from the realm of a savage Orient. That was further intensified by strong waves of Anti-Russian prejudice, Turanism, and a touch of Turkophilia in political discourse and literature, and relativized the cultural inferiority of peoples antagonistic to Russian imperial policies from the Ottoman Empire to Japan (Ress, 2018).

Internal orientalism towards minorities was a political discourse aimed at legitimizing the leading political role of Hungarians within the Dual Monarchy, and their dominance within the multilingual Hungarian state over its many minorities, adopting the order of orientalist discourse and its arguments, in a duty or mission to rule and civilize culturally inferior peoples.<sup>4</sup> The duty of a civilizing mission

4 One moment for internal orientalism to crystalize was the Millennium celebrations in 1896, held on the 1000 years anniversary on the Hungarian Conquest of the Carpathian Basin. On one of its international press event, minister of transport, Ernő Dániel, stated that “this exhibition will be the finest proof of how we always strived to provide the blessings of peace, and to transfer the civilisation adopted from the West (Cheerful applause) to peoples that do not yet enjoy it.” See: Lakoma a külföldi sajtó tiszteletére (1895, October 3).



was planted into the minds at an early age, as established by Tarafás, 2016. A striking example is a speech by Gyula Dortsák, principal of the grammar school in Trsztena (today Trstená, SK) to the Slovak majority pupils. "The great mission bestowed by providence [on Hungary – author] has been successfully fulfilled for a millennium e. g., it adopted Western culture and auspiciously passes it on to the East" (Magyarország ezeréves, 1896).

The cultural and civilizational superiority of the Christian West and Hungary within that, in contrast to an "uncivilized" and "backwards" East, was an ideological foundation that significantly influenced Hungarian publicity, from literature to politics, in the Dual Monarchy period, shaping attitudes towards and discursive representations of not just the global East and South, but the Eastern and South-eastern parts of Europe too. A master narrative of external orientalist discourse was the Eastern Question, or the "battle of civilization and barbarism" (A véres herceg, 1880). A nodal theme of that discourse was the Austro-Hungarian rule over Bosnia-Hercegovina, the threat of Pan-Slavism and the Greater Serbia movement. The "European East" in orientalist minds was not limited, however, to the territories "under Ottoman rule, or the Balkan-peninsula. It extends far North covering Russia and evanishes under the Carpathian Mountains" – explained a theorist of Hungarian orientalism (Kállay, 1883. p. 53).

The discursive crystallization of Hungarian orientalism may be observed while studying political discourses of Bosnia-Hercegovina's occupation (1878) and annexation (1908) by Austria-Hungary. It was a Hungarian national, Benjámín (Béni) Kállay, common minister of finance of Austria-Hungary (1882-1903), who served as the first and longest serving administrator (de-facto governor) of the occupied territories, and it was his successor and compatriot, István Burián, common minister of finance (1903-1912) and administrator of the Condominium of Bosnia and Hercegovina, future foreign minister of Austria-Hungary (1915-1916), who initiated the annexation in 1908. The claim of Franz Joseph I to extend his rule to those territories was not legitimized by Austrian, but by Hungarian laws and customs as, as kings of Hungary, Habsburg monarchs too held, among others, the title of Rex Ramae, or King of Rama (Bosnia), providing a legal basis for the annexation (Engel, 2001). The conquest was, however, opposed violently by the Hungarian public. Mass and violent demonstrations erupted not just in the capital, Budapest,

but in cities throughout the country. When Mór Jókai, possibly the most popular writer of the time, spoke out for the occupation in Vienna, only the police could protect his Budapest home from being stormed by demonstrators. Several members of the opposition spoke out against the annexation in parliament, among others, Zsigmond Farkasházy and György Nagy, labelling it the House of Habsburgs' imperialist aggression, having only disadvantages for Hungary (366. országos ülés, 1908. p. 42; 376. országos ülés, 1908. p. 250). It was precisely this atmosphere of opposition and discontent that drove the government to push through a campaign legitimizing and popularizing the conquest in every possible fora of the public, essentially the press. Between 1878 and 1908, dailies and weeklies, most significantly *Budapesti Hírlap*, but a variety of other political and cultural papers, popular travel journals and booklets partook in this endeavor, of which the mastermind was Béni Kállay, governor of Bosnia (Ress, 2018).

The governor and common minister of finance was a key theorist of Hungarian orientalism. His tireless and passionate public campaign, from public speeches through articles and interviews in local and foreign papers, to the financial lobby, served to legitimize imperial, and his own, rule in the occupied land, articulating firm orientalist arguments. A presentation he read at the Hungarian Academy of Sciences, and was later printed and distributed in the form of a book, titled "Hungary on the frontier of East and West" (*Magyarország a Kelet és a Nyugot határán*) he argued that it is precisely the Eastern roots of the Hungarian nation that bestows the mission (*calling*) of "mediating between the two major currents of human development", because, he claimed, "the East cannot remain in cold seclusion. The totality of moral and material power that constitutes the enormous spirit of the West, will sooner or later demolish prevailing barriers. To lead in this admirable intellectual knowledge, to attempt the levelling of the millennial disaccords of two worlds is hard, but a beautiful and rewarding task" (Kállay, 1883. p. 69). He turned their own discursive weapon against the Brits, when he legitimized his governance in Bosnia in *The Daily Chronicle* with orientalist arguments: "Austria [...] is a great Occidental Empire, charged with the mission of carrying civilization to Oriental peoples" (Round the Near East, 1895). In the following paragraphs I attempt to demonstrate how the discursive order of orientalism influenced the public image of Bosnia during the Annexation Crisis of 1908.

### 3. The Annexation Crisis: a Case Study

I choose the Annexation Crisis as the context for a case study to empirically examine the theoretical foundations of Hungarian orientalism expressed above. I used the methodology of Corpus Analysis and Critical Discourse Analysis to study 1) official texts and 2) press coverage of Austro-Hungarian imperial policies towards Bosnia-Hercegovina. For the former I choose two manuscripts of Franz Joseph I. announcing the annexation; the first, written to common foreign minister Alois Lexa von Aehrenthal (1906-1912), and for the second, an allocation to the peoples of Bosnia and Hercegovina. To study press coverage I chose the period 5 October to 30 November 1908, and the corpora of the three best sold Hungarian weekly papers of the period, *Tolnai Világlapja*, *Ország-Világ* and *Vasárnapi Újság*.

Both imperial manuscripts bore the marks of orientalism. In his letter addressed to foreign minister Aehrenthal, translated to most languages of the empire and distributed widely to the public, Franz Joseph I. argued that “high cultural and political goals [...] the Austro-Hungarian monarchy took upon herself” in occupied Bosnia-Hercegovina “can only be achieved, and the successes [already] accomplished by the administration at a great cost can only be guaranteed, if these countries are given constitutional institutions fit for their needs” (Hivatalos rész, 1908). His arguments adopted linguistic structures typical of orientalism: passive voices (“can only be achieved” etc.), impersonal expressions (“countries are given”) and implications of an external, compelling force (“cultural ... goals ... took upon herself”) have a special linguistic function, that is to “exert ideological effects because they typically omit the agent” (Lingle, 2003), in this case, to imply the existence of a world order that compels Habsburg rule in a foreign land. The goals of imperial rule are not just political, but serve the purpose of “high culture”, implying a cultural mission of the empire. The reference to “constitutional institutions fit for their needs” is yet another classic orientalist argument. Western colonial powers of the time tended to legitimize their rule by arguing for the imagined needs of their colonial subjects, just as Arthur James Balfour did two years later in the House of Commons with regards to English rule over the Egyptians who, he claimed, lived under “far better government than

in the whole history of the world they ever had before, and which not only is a benefit to them, but is undoubtedly a benefit to the whole of the civilized West” (quoted by: Said, 2007. p. 33).

In his allocation to the peoples of Bosnia and Hercegovina, the Kaiser justified Austro-Hungarian occupation by describing the conquest as “friendly” actions the Monarchy undertook “with the resolute will to resolve troubles your country had faced for many years”, and by describing the material and cultural development fostered by imperial rule in a violent and autocratic land, “peace and security replaced violence and oppression, material life took a new lease of life, ennobling effects of higher culture are prevailing, and an orderly governance” took over. He then went on to claim that annexation will “elevate Bosnia and Hercegovina to a higher political life”, therefore, he permits “a constitutional order that takes into account the state of affairs and general need, thus providing legitimate grounds for representing their [the inhabitants’ – author] wishes and needs. [...] The new order”, he claimed, “will guarantee that culture and well-being will have an assured place in your country” (Hivatalos rész, 1908). The Kaiser’s proclamation drew on old linguistics traditions of imperial rule, but it also echoed contemporary trends of the colonial empires’ orientalist discourse, international law and the overall linguistic dynamics of international relations.<sup>5</sup> The constant preoccupation with prevailing higher culture may be identified through the methodology of CDA and its tool called over-wording, as the focus of ideological struggle, in this case, to claim a cultural mission over culturally inferior peoples (Fairclough, 1989. p. 115).

Let us now take a look at the public discourse on the annexation in contemporary Hungarian weekly papers. Over the chosen period from 5 October, 1908 (the day of the annexation) to 30 November, eight issues of all three major weeklies analyzed had been published: numbers 41-48 of the 29<sup>th</sup> volume of *Ország-Világ*, the 55<sup>th</sup> volume of *Vasárnapi Újság*, and the 8<sup>th</sup> volume of *Tolnai Világlapja*. There were five publication pieces in *Tolnai Világlapja* that mentioned the annexation and/or Bosnia-Hercegovina. Four of those were short news

5 As Mark Mazower highlighted, the 19th century codification of international law served as a tool for colonial powers to expand their dominance, „in an age of frenetic colonial expansion, it could provide an ethical rationalization of their will to global power.” See: Mazower, 2012. p. 67.

or sketch stories that only tangentially touched upon the subject and were therefore neutral (one of the four, implied a sense of superior high ground, as it described Montenegrins so poor that “they can’t even once gorge themselves well” (A harcziás Szerbia, 1908), nevertheless it does not count as explicit orientalism.) One article was, however, a longer editorial titled “Annexed Bosnia”, that painted a classic orientalist picture of Bosnia. “It retained its oriental character”, the article explained, cautiously warning that “In time, perhaps, European culture spread by the new population pouring in from the Monarchy will disencumber the people of Bosnia from their orientalism” (Az annektált Bosznia, 1908).

Bosnia was mentioned six times over the designated period in *Vasárnapi Újság*, five times in short news articles that were, as in *Tolnai Világlapja*, neutral description of events. Another one was, however, an editorial written by Viktor Cholnoky, writer and journalist, on the secession movement in Crete, touching upon the annexation of Bosnia too. On the history of the Greek archipelago, he noted that “the old culture on the island of Crete in time collapsed and its peoples reverted to barbarism” (Cholnoky, 1908). Cholnoky was not unrelated to the orientalist tradition and his oeuvre was imbued with its discursive order. On the unfinished railway line from Capetown to Cairo he wrote, “the hoop of white civilization with its double track, that will astonish the part-animal negroes and make them learn. [...] This is the cultural mission realized by England” (Cholnoky, 1914).

*Ország-Világ* wrote of Bosnia-Hercegovina three times over the designated period and bore orientalist marks on all three occasions. A prominent figure of the Hungarian public at the turn of the century, founding editor of *Ország-Világ*, Zsigmond Falk wrote a lead editorial for the weekly on Bosnia-Hercegovina just days after the annexation. He justified the conquest claiming that, “we entered and brought culture to a place, where our fellow human beings lived completely wildly due to the slothfulness of the Turks. [...] The Mohammedans, or the Turks, with their stoic calmness and incredible slothfulness though caused no damages, rather prevented the advancement of development. [...] The most dangerous element of the population is the Serb, which is of Greek Catholic faith. They are absolutely untrustworthy and conspire constantly, they are dissatisfied regardless of what they are given. [...] All the above explained culture was created by the Hungarian-Austrian monarchy in the occupied provinces over the short



period of thirty years” (Falk, 1908). He echoed legitimizing the discursive tools of the orientalist ideology, where a putative cultural inferiority (wild living conditions, slothfulness) provided grounds for imperial rule for the sake of universal cultural development and civilization.

Another piece on the annexation in *Ország-Világ* was the reprint of Franz Joseph’s allocation to the peoples of Bosnia and Hercegovina, while a third was a mention in the literature heading on Imre Laky’s collection of short stories titled “The Bakas in Bosnia” (Irodalom, 1908), in which the author wrote of Bosnia’s population as “wild, unruly peoples of the mountains driven by blood in their veins calling for blood-revenge” (Laky, 1901. p. 26). Imre Laky’s ignominious description of Bosnians was not uncommon in contemporary Hungarian literature, with the peoples of the Balkans being represented in a particularly prejudiced, racist, and overall orientalist, manner, affirming stereotypes of barbarism, savagery, and slothfulness (Csiszár, 2018).

Racist stereotypes were further reaffirmed by comic illustrations of Balkan people in the contemporary Hungarian press. Serbians, for example, were time and again depicted as pigs, an example of which we may find on the front page of one of the most popular daily papers, *Friss Újság*, from the time period of this paper’s enquiry (Figure 2. of the Appendix). This tradition embraced the dehumanization of a nation whose means of nation building and foreign politics were generally regarded as geopolitical risks and potential threats to the security of the Hungarian State, and had therefore been a target of Hungarian orientalism, legitimizing political actions on cultural and “civilizational” grounds (Tamás, 2018). Even with illustrations in opposition papers criticizing the annexation, orientalist instincts prevailed. When the satire graphic paper, *Bolond Istók*, published a caricature on prominent Hungarian government figures, prime minister Sándor Wekerle, minister of commerce Ferenc Kossuth, and member of parliament Gábor Ugron, consigning Bosnia and Hercegovina to Franz Joseph I., the illustrator depicted the two annexed territories as women taken to the harem of the Kaiser, thus contributing to the classic orientalist tradition of associating the Orient with sex (see Figure 3.).<sup>6</sup> A deeper analysis of Hungarian literary orientalism and related graphic illustrations would exceed the limits of this article.

6 As Edward Said noted „the association between the Orient and sex is remarkably persistent”. See: Said, 2007. p. 309.

## 4. Conclusions

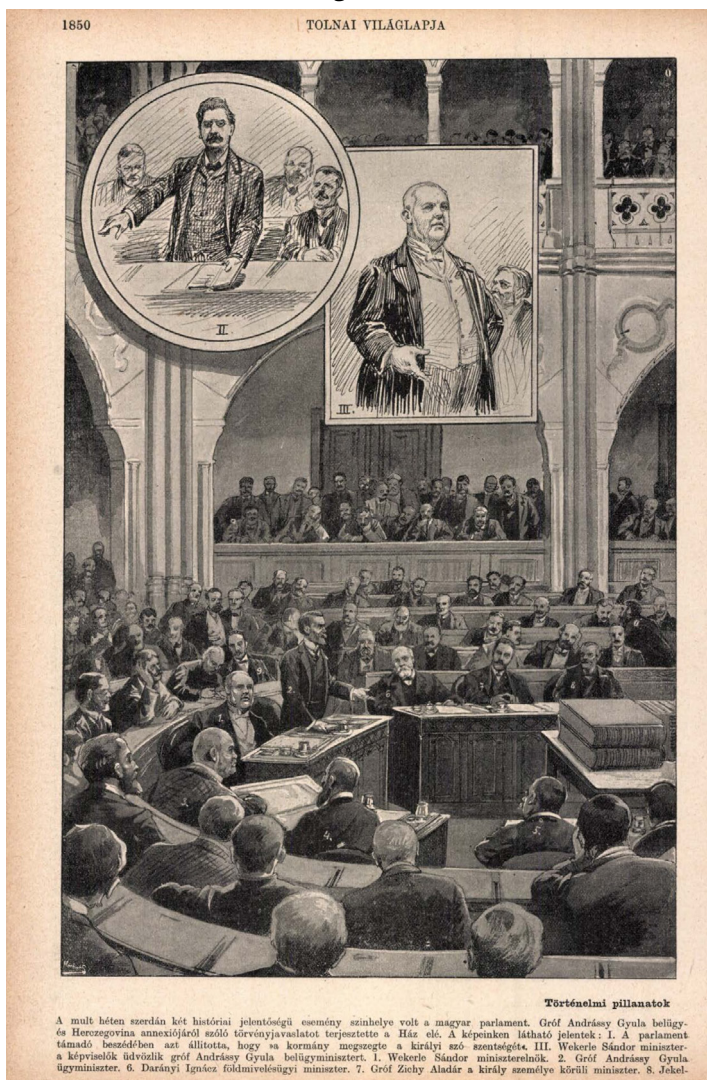
This article does not claim that orientalism was the predominant political ideology in Hungary at the turn of the century. Street demonstrations took place against the occupation of Bosnia and the opposition openly agitated against the annexation, labelling it an autocratic power grab by the Habsburgs. Hungarian orientalism did not overshadow other traditional ideologies and discursive structures, such as the fundamental democratic ideal of the 1848 revolution, sovereigntism and foreign neutrality embraced mostly by the political left, traditions of national liberalism and foreign pragmatism that characterized ideological heirs of the 1867 Compromise, etc.

It is evident, however, based on the discourse analysis of the Annexation Crisis, that orientalism was an influential worldview in Hungary in the early 20<sup>th</sup> century, and the order of orientalist discourse significantly shaped contemporary Hungarian political language on international affairs and Hungary's role in the global order, especially how Hungary's role in the Balkans was perceived. Ideological structural patterns of orientalism were not exclusive to any political current. It infiltrated into the left and the right, into Marxism and national chauvinism, nobility, the bourgeois and freemasonry alike. It influenced literature and arts, and was a master narrative of identity politics within the realms of education too.

Four master narratives of Hungarian orientalism may be identified, one of which paid particular attention to the Balkans: 1) the cultural supremacy of the Christian West, 2) the history of the Orient and early Hungarians, 3) internal orientalism towards nationalities, and 4) external orientalism towards peoples and cultures of the East. Hungarian orientalism bore a particular frontier mentality, the sense of being the gatekeeper at the boundary of civilizations and empires, thus legitimizing Hungarians' leading political role in the multicultural Monarchy and the multi-ethnic Hungarian State. Orientalist arguments had thus been integrated into the political language surrounding Austro-Hungarian imperial policies towards the Balkans, most evidently, over the occupation and annexation of Bosnia-Herzegovina. Political expansionism and military conquest were legitimized by the claim of Hungary's civilizing mission in Bosnia, among its culturally inferior peoples, for the sake of human development and the spreading of Western civilization.

## 5. Appendix – Illustrations

**Table 1**  
 “III. Prime Minister Sándor Wekerle submits the draft law  
 on Bosnia-Hercegovina’s annexation”



*Richárd Geiger's drawing. Tolnai Világlapja, vol. 8. no. 48.  
 (1908, November 22) 1851.*

Table 2  
 "The Serbian conscription."

**XIII. évfolyam 244. szám. Budapest, 1908. október 11. Vasárnap. Ára 22 fillér, vasárnap 4 fillér**

**POLITIKAI NAPILAP.**  
 ELŐFIZETÉSI ÁRA:  
 Meljén: három havra 20 kr.  
 (80 fillér).  
 Vidéken: postai székkel  
 egy hónapra 50 kr. (5 korona).

**FRISS ÚJSÁG**

**Aehrenthal nyilatkozik Szerbiáról.  
 A szerbek a szent háborút követelik.  
 Letartóztattak egy orosz kémét.  
 A munkásság harcza a választójogért.  
 A török szultán lemond a trónról**

**Mi lesz ebből?**  
 Az ösödös vinné el a kollektív  
 len emberek, akik minden hétkö  
 kitalálnak valami újat, amivel  
 mások nyugalmas emésztést za  
 varni tudják. Néhány napig csúsz  
 volt már és a kormányparti ber  
 kekben legelőző nyájak kezdtek  
 megfogalmazni azokról az alapos  
 nyaklörésekről, amelyeket a ho  
 nyak ügyben kiadott legelőző  
 kéziratokban kaptunk és örömdet  
 tek annak, hogy a sok szeneciós  
 közepette az ország is elfelejt  
 Es most jön ez a Kmetty... Az  
 az hogy nem is Kmetty már. Ki  
 derült ugyanis, hogy voltaképe  
 pen Kmettyónak hívták azelőtt és  
 így igazán szemtelenség tölle  
 hogy a honfiam ügyeibe beavat  
 kozni merészkedik.  
 Hát jön a Kmetty és hátkör  
 dik előjegyzésben azokkal a  
 sérelmekkel szemben, amelyek a  
 bosnyák bekebelezéssel kapcsolat  
 ban értek bennünket. Azt mondja  
 hogy ő nem hirdethet más közgö  
 got a politikában az ország szá  
 mára, mint amilyent tanít az  
 egyetemen. Es ilyen elmaradt,  
 kormányparti felfogás szerint  
 szinte erkölcsi gondolkodásb  
 ol kiindulva, követeli fogja a  
 képviselőházban a következő hár  
 rom törvényhozási kijelentés  
 megtételét:  
 1. a törvényhozási az apostoli király  
 által visszaszerzett Boszniai és Her  
 cegovinát a királyi esküvel megvált  
 sított jogok alapján a magyar szent  
 korona főtörzsigazgató, területi és  
 magyar állam területnek jelölni ki;  
 2. az utolsókorban önkéntes rend  
 jét adó 1728. évi tör. hatálya  
 kiterjed a visszaszerzett törzsrés  
 zokra is;  
 3. Bosznia és Hercegovina lakosai  
 számára az 1879. évi tör. alapján  
 magyar állampolgároknak tekintendők.  
 Szegény Kmetty, az az hogy  
 Kmettyó! Nem szeretnénk a bő  
 rűlen lenni, amikor megrohau  
 ják, gyomrozzák és puhitják  
 mindaddig, amíg meg nem ígéri,  
 hogy halálra fog, mint a  
 díme a síben. Es ha meg nem  
 ígéri, akkor duplán lucskos  
 esk, mert egyszerűen ki fogják  
 nevezni főháziúrának.

**Mindenestre érdeklődéssel várjuk a javaslatokat és azok sorsát.**  
 Vajon a meggyőzéses hazas  
 fiak ezt is le fogják-e szavazni,  
 mint ahogy programjuknak  
 annyi más pontjával már meg  
 tették?

**A szerb harcos kedv.**  
 Újabb társítások a magyar-osztrák  
 megszállás ellen.  
 — Távirati tudósítások! —  
 Belgrad, október 10.  
 Tegnap este valamennyi politikai  
 párt értekezést tartott. A tanszék  
 ok a reggeli ülést tartották és ho  
 nyakni városi lefolyások voltak.  
 Az egyes politikai körök határozatait  
 többen tárgyalták, de általában  
 hangzatosabb, hogy a szerb-szaga  
 nyakulaj is fogja határozni, hogy  
 Ausztria-Magyarországtól kinyúlhat  
 követel. A szerb tiltakozásnak Biechen  
 alsó állomáson ellenkezése itt a lehet  
 legrosszabb hatást keltette. Egy hal  
 apárti képviselő, akit megkérdezt  
 egy hírlap, így nyilatkozott a hely  
 szert:

— Az oszmányok az őssze szerbeket  
 egy táborban fogják felállni. Ezen  
 nyugodtan megvárhatjuk a Párisi ki  
 rály lemondását szülőnk kérést. Az  
 ő állapota latrozottan alkotmányos  
 és okvetlenül aláveti majd magát a  
 szerb-szaga határozatnak. Szóval sem  
 okozza Szerbiában a háborút, de min  
 denki elgondolt okozza Ausztria-Magyar  
 ország durva jogvértésért.

**Összeült a szerb-szaga.**  
 Belgrad, október 10.  
 Ma élt össze a szerb-szaga és előző  
 Jovanovic Ljubomir választott meg.  
 A megválasztás általában tüntetések  
 is voltak. A Mihályi-törzs a háttér  
 képmenete indult szaga helyen több  
 ezer főre szaporodott. A menet 9 óra  
 kor indult el. Ekkor hatalmas tömeg  
 ták, amelyekben a felállás előtt  
 Tenszelen a katonák.

A katonák előtt megálltak néhány pol  
 lanca és tiltakozt a király, a to  
 kókat és a katonaságot. Azután a  
 szerb-szaga elő vonult, ahol nagy id  
 kérdések tiltakoztak. Közülük a menet  
 újra megindult és bejárta a város ut  
 czeit.

Jovanovic Ljuba, miután az általi  
 emelvény elfoglalta, a követelt be  
 szét mondotta:  
 — A szerb-szaga már egy ideje meg  
 tisztult himnuszával. Az a tömeg, hogy  
 ugyan ma, amikor a szerb-szaga és  
 nek, helyettesen van, mint egyh  
 galeg megtisztult himnuszával. Jöve  
 lenné teszi, hogy szűk szavakat talál  
 juk a szerb-szaga himnuszát való  
 szívesen kifejezésre. A szerb-szaga  
 sok, nálammal szűkebb név fölött elha  
 ladt és irántam nyilvánította himnuszát.  
 Csak azt jelenthettem ki, hogy minde  
 nemem nem lecsúsz, hogy a szerb-szaga  
 na a jelen szaga helyettesen megjel  
 hesen törzsenek kötelezőségét. Be  
 mértem, hogy a szerb-szaga támogatni  
 fogja a szerb-szaga szavazóit, de  
 meg és bírákban használni, választások  
 érdekében megválasztások.

Holnapra várjuk, hogy a szerb-szaga  
 a bekebelezés kérdését foglalkoztat  
 és irántam az ország a további fejte  
 gését. A mai ülést megelőzőleg mi  
 nistereknek hoztak megválasztást fog  
 yottak az egyes pártvezetők.

**A szerb toborzó.**

Székfőjén Szarandzics,  
 Kiből katonák... ez a katonák  
 Fegyverrel fogják... ez a katonák,  
 Belgrad harcosi felülvizsgálata

Törzsként katonák...  
 Milyen katonák... a katonák  
 Ilyen csodát... a katonák  
 Milyen katonák... a katonák

Péter király a katonák szaga  
 Kiből katonák... a katonák  
 Szarandzics katonák... a katonák  
 Milyen katonák... a katonák



**Table 3**  
“The common loot.”



*Borsszem Jankó*, vol. 41. no. 41. (1908, 11 October) 13.

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# The Contribution of the Network of Hungarian Senior Advisors to the EU Integration Process of WB Countries

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**Abstract:** This article, co-authored by ten diplomats, presents one of the most innovative tools of Hungarian diplomacy in the promotion of EU integration of the region (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia). The Hungarian advisors assist the integration tasks of the governments of those countries at various points in their administrations, with activities ranging from policy advice and the organization of workshops and conferences, to legislative codification. The experience of the diplomats co-authoring this article, showed that there was a need for significant flexibility in their work, adapting to changing circumstances and cultural differences, in order to provide efficient assistance.

## 1. Introduction

Hungary, as well as the other members of the ‘Big Bang’ accession (2004), experienced the positive impact of the technical assistance provided by the Member States in legal harmonisation, institution building and human resource development. The practical examples and the presentation of best practices, greatly assisted proper preparation for accession. In light of those experiences, the usefulness of enhanced support of the further enlargement of the EU and technical assistance for the candidate and potential candidate countries by Hungary, was

obvious. Clearly, Hungary is not the only Member State providing technical assistance activities (along with France and Germany, for example), though its coherent approach in this field to the whole region is unique and therefore worth examining.

One of the tools of the practical implementation of that intent was the establishment of the network of Hungarian EU integration advisors in the Western Balkans. The institutional memories as well as the knowledge of the best practices of previous enlargement waves, could be a valuable asset to the WB countries. The whole project started in 2015 with the first two advisors sent to Serbia and North Macedonia. At present, within the framework of the programme, there are eight senior advisors in the region (two each in Albania and in Montenegro, one in Sarajevo, in Pristina, in Belgrade and in Skopje) and one, in the latest development, in Georgia.

It is the first time in the history of Hungarian diplomacy that diplomats have been sent in an organised manner to a relatively large number of countries for a longer period, to work on a particular aim, namely the EU integration of the given country, as part of a foreign administration. There were no blueprints for their methods of work. They had to adapt to varying conditions and, on many occasions, their creativity and non-conventional initiatives were needed for efficient operation. It became clear from the beginning that every country required a different type of assistance, though sometimes it took a longer for both parties to find the desirable way for the Hungarian advisors to help. The need for a high level of flexibility and innovation makes the project somewhat different from the regular procedures of diplomacy or public administration, but could lead to more effective support of the candidates and provide better understanding of each other.

## **2. From Candidate to Proactive Supporter: Hungary and the Western Balkans (*by László Dux*)**

Euro-Atlantic integration – the accession of Hungary to NATO and to the European Community – became the most important foreign policy goal of the country after it regained its independence and sovereignty in 1990. The armed conflicts following the breakup of Yugoslavia in the same

period were a grim reminder that political transition is not necessarily a peaceful process, and wars with significant civilian casualties can again erupt on the peripheries of Europe. Those two parallel experiences led Hungary to actively support the European integration of its southern neighbours, even before its own NATO and EU accession, as that was seen as a key factor in ensuring peace and stability in the region. Hungary was also an active participant and host of the so called ‘Szeged Process’, which facilitated the democratic transition in Yugoslavia.

Hungary joined NATO on 12<sup>th</sup> March, 1999 and the European Union on 1<sup>st</sup> May 2004, thus accomplishing its number one foreign policy priority. After our EU accession, it took several years to define new policy goals, though the security and stability of the ex-Yugoslavia region remained a strategic priority. The promise of bringing the European perspective to the Western Balkans was granted in Thessaloniki in 2003 and one of the main achievements of the Hungarian EU presidency in 2011 was to conclude the accession negotiations with Croatia, which took place on 30<sup>th</sup> June 2011, the very last day of our Council presidency. The closure of the final negotiation chapters enabled the signing the Accession Treaty in December 2011 and, following the ratification process, led to Croatia’s EU accession in 2013.

In addition to supporting political decisions on EU enlargement, Hungary also started to provide technical assistance to the EU integration of the Western Balkan countries. The organization of short-term expert visits and webinars, focusing on topics such as the cohesion funds or the Common Agricultural Policy, started shortly after our country joined the EU. In addition, Hungarian institutions and experts actively participated in the Technical Assistance and Information Exchange (TAIEX) and Twinning projects financed by the Instrument for Pre-Accession Assistance (IPA). Hungarian consulting firms also played a role in the technical assistance projects in the region.

Building upon those experiences, in 2014 the Ministry of Foreign Affairs and Trade initiated the provision of expert support that would go beyond technical assistance and would be more concentrated and political in nature. In 2015, Gábor Iván, former Secretary of State, Hungarian Coreper II ambassador and ambassador to Zagreb, was posted to Belgrade and Csaba Zalai, former director for EU coordination and Antici diplomat, was posted to Skopje as ‘senior EU advisor’. The main

task of the Hungarian experts, with their broad and deep EU expertise, was to give broader advice than just in relation to specific policy areas/ negotiation chapters and helping the receiving country with support based on the experience of Hungarian EU accession and EU membership in a wider sense. The Hungarian experts, with the rank of ambassador, were posted to Serbia and North Macedonia, the two candidates most advanced in the process at the time. Their rank was important to confirm that their goal was to provide political advice and not only technical assistance. At the same time, it also became their task to facilitate expert level projects involving institutions in Hungary and their host country.

Since 2015, the geographical scope of the exercise broadened, and currently such high-level EU integration experts are deployed to all Western Balkan countries and in some cases, at the request of the host country, two Hungarian senior experts provide support. The tasks in the host countries differ substantially, since the candidate countries are at varying stages of the path towards EU membership and face very different problems. The Hungarian experts work in different ministries or institutions, depending on the administrative structures of the candidate country. Regardless of the institutional setup, they all directly report to, and assist, the work of high-level decision makers. Over the past decade, their network has contributed greatly to keeping the integration process of the Western Balkan candidate countries on the agenda of the EU, and at the same time has become an important element of our bilateral cooperation with the countries of the region. In the following chapters, our advisors will reflect on the experiences in their host country.

### **3. Albania**

The cruel Communist legacy of four decades of total isolation has created a strong base of popular desire for interconnectivity and, especially, free movement of citizens after the change of regime more than 30 years ago. Albania has steadily remained the most pro-European society (Regional Cooperation Council, 2023). Euro-Atlantic integration has served as a major strategic objective for Albanian governments over the past three decades. By reaching NATO membership 15 years ago, the objective was partially fulfilled.

Albania has taken the slower road to the EU than some other regional states. The Stabilization and Association Agreement (SAA) between EU and Albania was concluded in 2006, and constitutes the framework of relations between the European Union and the Western Balkan countries for implementation of the Stabilization and Association Process. Albania has had visa free regime with the EU since 2010 and became the first ‘third’ country to have working arrangements with all the EU justice and home affairs agencies, EUROJUST, EUROPOL and FRONTEX, throughout that period. Although candidate status was granted to Albania in June 2014, the EU accession negotiation process was opened only in March 2020 (with 15 conditions) (Council of the European Union, 2020).

The unprovoked Russian aggression against Ukraine created new geopolitical challenges and priority shifts within the European Union. It has impacted the long awaited geopolitical shift in decision making and thereby opening the European perspective to the Eastern Partnership trio (Associated Trio), Ukraine, Moldova and Georgia. After that long and slow period, the EU integration of the whole Western Balkans region was triggered by that context and, on 19<sup>th</sup> July 2022, the Albanian government finally started the EU accession negotiations with the European Union in a first intergovernmental conference (IGC).

The sustainability of that geopolitical imperative is still to be seen. Meanwhile, in 2023, though the EP trio was still steadily advancing by unconditional political and financial support, the dossiers of the Western Balkan countries did not advance an inch and got lost once more in the labyrinth of conditions. Despite Albania receiving good evaluation from the European Commission in the Enlargement Package in both 2022 and 2023, finishing the screening process with appreciations, the country was not given the chance to open the first Cluster at the second IGC (due to the veto of Greece)<sup>1</sup>. Even the Growth Plan package has taken a bumpy road in the Council (it is due to be adopted around the time of publication of this article).

1 The reason behind the conflict is the imprisonment of Fredi Beleri, a member of the Greek minority who won election as Mayor of Himara, while being arrested on charges of electoral fraud on 14<sup>th</sup> May 2023. Albania’s Court Against Corruption and Organised Crime in Tirana on 5<sup>th</sup> March 2024 sentenced the mayor-elect to two years in prison for vote-buying. He appealed against the decision.

Albania has been one of the most loyal partners of the European Union in security and foreign policy ever since. As member of NATO, as the Chair of OSCE or as non-permanent member of the United Nations Security Council, Albania has fully aligned with the common foreign and security policy (CFSP) of the EU. The country is also playing a crucial role as a stabilizing actor in the Western Balkans by supporting peace, reconciliation, and stability. During our work in Tirana, we saw the Open Balkan Initiative and the Berlin Process aiming at strengthening regional cooperation and local ownership, as well as implementing European initiatives such as the Economic and Investment Plan, the Common Regional Market, the Green and the Digital Agenda. Albania is eager to implement the Growth Plan and to find ways for the gradual integration scheme (also supported by the European Political Community): Prime Minister Edi Rama has been promoting the idea of economic convergence since March 2023. The previous models were widening the development gap and, as a result, negative trade balances, brain-drain, unbalanced support schemes on the two sides of the EU–Western Balkans borders were recorded, creating a pressing need for a new approach. The Growth Plan for the Western Balkans presented by the European Commission in November 2023 is accommodating to those needs, as economic resilience has become a security issue in the context of numerous crises of late.

Within the framework of the accelerated integration process, and as a result of the new focus on enlargement, the inauguration of the Tirana Campus of the College of Europe can be seen as a visionary project for the European future of the region.

Albania has made outstanding progress over the past five years in terms of internal reform processes, economic and infrastructural development and image improvement. The same dynamic has been building up in the Albanian – Hungarian relationship. Beyond improving economic relations (Hungary is one of the largest investors in the country in the financial and telecommunication sectors), the Hungarian support to the EU integration process of Albania is widely known and highly appreciated. The Hungarian experts in the respective Ministries provide technical level support, organize seminars, study trips, high level political meetings and ensure the connection to a wider source of EU experts. It is also of great importance, that the

dedication of the European Commissioner for Neighbourhood and Enlargement, Olivér Várhelyi, is also highly praised in the Albanian government.

Working in Tirana is performed in an inclusive and friendly environment. As always, if you are outside your own country, you need to understand the spirit of the receiving nation. The Albanian spirit has been shaped by the long-over communist decades, by the Albanian nationalities living outside the country's borders all around, by the isolated nature of the Albanian language and the pride the people bear in their hearts for their beautiful country. The long-halted process has forced the Albanian government to find alternative ways to keep the momentum alive, in which process they have proved to be resilient and successful. They switched focus from national objectives to regional, and even further to international ones, with proactivity and creativity. They reacted with fast and consistent Euro-Atlantic responses to most of the challenges. Despite the slow integration process, they have been successful in maintaining large public support towards the European integration path.

Our expertise was used in reaching the aforementioned objectives, and in supporting the extremely active diplomacy the Albanian government has been pursuing since 2019. The Ministry for Europe and Foreign Affairs was responsible for EU coordination until the first IGC in July 2022, after which it kept the responsibility for political dialogue, and for foreign and security policy related matters. The handling of the European integration process was centralized in the Prime Minister's Office (PMO). The Albanian Chief Negotiator (State Minister) is leading and coordinating the Government efforts in the EU accession process. The PMO EU accession team under the Chief Negotiator is composed of 45 officials who work in close collaboration with the almost 1,600 civil servants in line Ministries and Government Agencies on the transposition of the EU acquis.

The Hungarian Presidency of the Council of the European Union will aim at creating the right focus and starting sustainable progress in the region, keeping its EU integration process on the right track and hopefully providing some strategic direction for the Western Balkans on the way to membership. The Growth Plan will be launched during the Hungarian Presidency and for its successful implementation we plan to establish a good coordination mechanism between EU institutions, Member States

and all the Western Balkan countries. Hungary has a strong and well-deserved reputation from the past and after the Presidency, it will maintain a responsibility as a good neighbour to bring the region politically back in to Europe.

Zsuzsanna Beszteri has been working as delegated Hungarian EU integration adviser at the Prime Minister's Office since 2023, and dr. Gellért Tamás Horváth has been acting as delegated Hungarian EU integration adviser at the Ministry for Europe and Foreign Affairs since 2019.

## **4. Bosnia and Herzegovina**

The European perspective of Bosnia and Herzegovina which, along with other Western Balkan states, became independent in 1992, was already envisioned in the Thessaloniki Agenda announced in 2003. However, in this case, the process is progressing particularly slowly. Meeting market economy and rule of law norms, and adopting EU legislation, is especially difficult in a country that, in many respects, is not fully functional or does not operate entirely like a sovereign, independent state with a unified administration.

The Dayton Peace Accord which ended the war, is just a framework that has not been filled with adequate content over the past nearly three decades, and the construction of the already seriously fragmented state cannot be considered complete. Therefore, amendments to the constitution, electoral law and other important legislation, are subject to serious socio-political debate. Reforming the administration does not just mean improving a partially functional system or making it EU-compliant. Additionally, in the case of Bosnia and Herzegovina, there is a heightened demand for the enforcement of fundamental rights, while the governance of the country remains inconceivable for a long time without reaching a common interpretation of, and a permanent solution to, the relations between the constituent peoples, given the tragic historical legacy. It is not an exaggeration to state that maintaining Bosnia and Herzegovina's EU accession perspective is crucial not only for the internal security of the state but also for the stability of the region. The accession process acts as a catalyst for the socio-economic changes that make the country competitive at both regional and EU levels.



Emphasizing all those points is important, because it illustrates the complex circumstances under which a foreign advisor assisting Bosnia and Herzegovina's European integration can operate, even though full EU membership enjoys broad societal support and is identified as a primary goal by influential political parties and politicians in their programmes.

Bosnia and Herzegovina submitted its application for accession to the European Union in the spring of 2016 and the first Hungarian European Integration Advisor began work in Sarajevo shortly thereafter. Hungary's active role in the region is well demonstrated by the presence of additional experienced Hungarian seconded diplomats currently working in Bosnia and Herzegovina alongside the EU integration Advisor. Lajos Bozi, who is also accredited to the Ministry of Foreign Affairs of Bosnia and Herzegovina, assists in deepening the country's cooperation with NATO, László Márkus heads the Banja Luka Regional Office of the Office of the High Representative (OHR), Gábor Horváth serves as the political Advisor to the Commander of the EUFOR Althea mission and Tamás Magda is the Chief of Fund Administration at the OSCE Mission in Bosnia and Herzegovina.

In recent years, the EU integration Advisor in Bosnia and Herzegovina has primarily interacted with the organizational units of the Ministry of Foreign Affairs dealing with EU matters, and especially with the Assistant Minister overseeing multilateral affairs. Another key institution for the Advisor, is the Directorate for European Integration (DEI) operating under the Council of Ministers of Bosnia and Herzegovina. While the Ministry of Foreign Affairs conducts international political consultations related to Bosnia and Herzegovina's European integration (with the involvement of the Permanent Mission to the EU in Brussels), substantive coordination within the country and tasks related to education and communication on the subject, fall under the responsibility of the DEI. The Advisor maintains regular contact with the DEI's Strategic Department (Sector for Strategy and Integration Policies) and other units on specific issues. Direct activity in relation to other ministries is less frequent and, when it occurs, it is closely coordinated with the Embassy of Hungary in Sarajevo, especially in regard to

bilateral cooperation elements. That includes organizing professional training sessions and consultations aimed at sharing EU knowledge and Hungarian integration experiences.

Bosnia and Herzegovina responded to the questionnaire received from the European Commission in December 2016 with complete answers by February 2019. Compared to other Western Balkan candidate countries that was a rather drawn out process. That reflects the internal coordination difficulties mentioned earlier and it also explains why, during the period in question, the focus of advisory work was on facilitating the professional consultations related to the task.

In May 2019, the Commission published its opinion on Bosnia and Herzegovina's preparedness, identifying 14 key priorities for starting accession negotiations, primarily focusing on democratic functioning, rule of law, fundamental rights, and public administration reform. These areas require fundamental improvements in Bosnia and Herzegovina's legal and institutional framework. Since then, progress reports essentially serve as an assessment of performance in reaching the benchmarks set for Bosnia and Herzegovina's European integration. Therefore, monitoring the fulfilment of the 14 key priorities, analysing how the Commission and various EU bodies (e.g., Working Group on Western Balkans - COWEB), and ultimately individual EU member states perceive Bosnia and Herzegovina's performance, identifying areas for improvement, and communicating achieved results, have become major tasks within the advisory framework.

The COVID-19 pandemic in 2020 and 2021 significantly narrowed the scope of administrative – and within that, advisory – work, and the activities of local institutions dealing with European integration noticeably decreased. The enforced reduction in personal contacts required the prioritization of new communication methods. One of the most successful manifestations of that was the video conference organized for the DEI by the Ministry of Foreign Affairs and Trade and the Ministry of Justice State Secretariat for EU Coordination in December 2021 on Hungarian experiences in coordinating EU policies.

Bosnia and Herzegovina's European integration has gained momentum over the past year, with the country obtaining candidate status in December 2022. That was influenced by the changed geopolitical

situation, though it is undeniable that the newly formed government in early 2023 took a number of concrete steps to meet the EU conditions set for starting accession negotiations. At its meeting on December 14<sup>th</sup>-15<sup>th</sup>, 2023, the European Council endorsed the European Commission's proposal to start accession negotiations with Bosnia and Herzegovina once it reaches the required level of compliance with membership criteria. Building on the European Commission's subsequent assessment and recommendation of 12<sup>th</sup> March 2024, the European Council, on 21<sup>st</sup> March 2024, decided to open accession negotiations with the country. It further invited the European Commission to prepare the negotiating framework with a view to its adoption by the Council the moment all relevant steps set out in the Commission's recommendation of 12<sup>th</sup> October 2022 are taken. Bosnia and Herzegovina's task in the coming period is to meet those conditions and prepare for substantive negotiations. It is a priority for Hungarian diplomacy to facilitate the holding of the intergovernmental conference opening accession negotiations during Hungary's EU presidency in the second half of 2024. Accordingly, the main task of the EU integration Advisor in Sarajevo will increasingly focus on offering advice for the commencement and successful continuation of negotiations, as well as transferring professional knowledge. That will include providing useful assistance in formulating local needs and making the most efficient use of EU and member state support.

Ferenc Kékesi has been working as delegated Hungarian EU integration adviser at the Ministry of Foreign Affairs since 2022.

## 5. Kosovo

Kosovo, the youngest country in Europe, declared its independence from Serbia in 2008. On the basis of UN Resolution 1244, UNMIK and EULEX overview the establishment and operation of state institutions, while security is guaranteed by NATO KFOR. The EU Office in Kosovo plays a significant role in supporting the reforms necessary for the country's EU integration.

Kosovo's Euro-Atlantic integration is hampered by the fact that its independence is not recognized by almost half of the UN member states, five of which are EU members (Cyprus, Greece, Romania, Slovakia,

Spain). The process is also hindered by the slow progress of the EU facilitated Belgrade-Pristina Dialogue, aimed at settling disputes with Serbia. As a result, Kosovo remains the only country in the region with only potential EU candidate status.

Kosovo's European perspective is supported by nearly 90% of the population (International Republican Institute, 2023), therefore one of the priorities of the government that took office in March, 2021 was to speed up its accession to international organizations and to have its status recognized by all countries. In order to achieve that strategic goal, the position of First Deputy Prime Minister responsible for EU integration, developments and the Belgrade-Pristina Dialogue was set up in the government structure. The recent Hungarian EU integration advisor joined that cabinet when the government was formed. Prior to that, from 2018-2020, Hungary delegated Oszkár Fűzes to support the EU integration process of the then Kosovo government.

The main task of the first period was to assess and transform the government institutions structured under the authority of the First Deputy Prime Minister. As a result, the vertical governance elements related to EU integration and developments were established in the ministerial and expert-level committees and the network of expert groups of the ministries. Based on the experience gained in the use of EU development funds, special attention had to be paid to increasing Kosovo's absorption capacity. In cooperation with the EU Office in Kosovo, huge efforts have been made to increase the efficiency of the system for planning, implementing and monitoring EU development projects.

National policies and strategies for EU integration and development were also reviewed and maintaining consistency between them was a priority. Among them, the revised National Plan for EU Integration 2023-27 was adopted, providing an appropriate framework for achieving integration ambitions. The plan was developed on the basis of the EU-Kosovo SAA and in accordance with the new methodology of the EU enlargement policy.

Accordingly, the European agenda in Kosovo has focused on the following areas:

- Visa liberalization. As a result of the efforts, following a procedure lasting almost six years, Kosovo citizens are entitled to travel visa-free to the EU as of 1<sup>st</sup> January 2024. Hungary supported the process, which was a prominent project of the integration advisor.
- To achieve EU candidate status, Kosovo submitted its application on December 15<sup>th</sup>, 2022, the procedure is still ongoing.
- The Council of Europe accepted Kosovo's membership application in April 2023 and the process for its membership is ongoing.
- Kosovo has indicated its intention to join the NATO Partnership for Peace Programme.

In these areas, advisory work supported the development of the concepts, the coordination of the diplomatic campaign and cooperation with the EU and other relevant international organizations. The EU integration advisor also plays an important role in developing bilateral relations between Kosovo and Hungary.

László Domján has been acting as delegated Hungarian EU integration adviser at the cabinet of the First Deputy Prime Minister responsible for EU integration since 2021.

## 6. Montenegro

At the beginning of 2016, the Montenegrin Chief Negotiator Aleksandar Andrija Pejović, who was at the same time the State Secretary for EU Integration Issues at the Ministry of Foreign Affairs<sup>2</sup>, took up the offer of the Hungarian government to send a human rights advisor to assist the Ministry of Human and Minority Rights. Hungary had previously sent integration experts to North Macedonia and Serbia, but this was the first time that a partner country had specifically requested a human and minority rights advisor from Budapest. The request was not unexpected, given the situation in Montenegro. The Ministry of Human and Minority Rights, which was formerly part of the Ministry of Justice and had become independent some years earlier, was facing serious staffing and

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2 He was the Minister of European Affairs during the period between November 2016 and March 2018.

capacity problems. That was worrying in regard to its legislative work, which was crucial for the country's accession to the EU (Chapters 23 and 24, addressing rule of law and fundamental rights issues, have a particular importance in the integration process.). Following the request from Montenegro, the choice fell on Dr. István Lakatos, former Human Rights Ambassador, with more than 22 years of multilateral human rights diplomacy experience. In July 2016, the Hungarian expert took up his post at the EU Integration Department of the Ministry of Human and Minority Rights, establishing a close working relationship with Tatjana Anđelić, the Head of Department.

Immediately after his arrival, the Hungarian advisor was involved in the drafting negotiations for the amendment of the Anti-Discrimination Law, which was at that time one of the most sensitive issues on the agenda. In the course of the codification process, the Hungarian advisor reviewed similar European regulations and based on those, proposed the reduction of the very high financial penalties in the draft (proposed by the European Commission), which were set at the same level as in Western Europe and significantly higher than the rates applied in Central and Eastern European countries. The arguments by the advisor were accepted first by the Ministry and then by the European Commission, resulting in the significant reduction of the financial penalties in the final act.

István Lakatos has subsequently been involved in the drafting of several other pieces of legislation, including laws on disability and on the rights of other vulnerable groups. The existence of those laws was an indispensable precondition for the country's accession to the EU and therefore, once they were finalized, they were sent by the Montenegrin government to Brussels for approval. During the codification work, after the first days of cautious distancing, the partners accepted the insights of the Hungarian advisor, who always supported his proposals with foreign examples and was also positively assessed by the EU side.

In addition to the codification work, the Hungarian advisor considered the professional training of the Ministry's staff as his main task and, in that context, gave a number of lectures on international human rights mechanisms and the work of the UN and the Council of Europe. He participated in a study trip to Strasbourg organized by the Council of Europe for Montenegro and was part of the Montenegrin delegation that defended the country's report on the implementation

of the relevant UN Convention before the UN Committee on the Elimination of Discrimination against Women (CEDAW). During these events, István Lakatos assisted in the drafting of the Montenegrin interventions and introduced the delegation to the international officials relevant to the issues.

As part of his capacity building efforts, István Lakatos, with the financial support of the Hungarian Government, created a library of more than hundred books in English, which includes some of the most important books on human and minority rights and on the EU integration, as well as some of the most representative literature on the countries of the region.

In order to carry out his advisory work more efficiently, the Hungarian advisor maintained intensive contacts with the Chief Negotiator, the representatives of the European Commission responsible for Montenegro and the representations of the major international organizations (UN, Council of Europe, OSCE) in Podgorica. The senior advisor co-organized several events, including the annual Human Rights Day conferences convened by the UN Office (10<sup>th</sup> December). In 2023 he was one of the panellists at the conference, sharing his experiences regarding the preparation and defence of the first Hungarian UPR (UN Universal Periodic Human Rights Review Mechanism) report. In his speech, Istvan Lakatos indicated that for Montenegro, the issue of interculturalism could be an area where it could set an example for the whole region and which could have a positive impact on the whole integration process of the country. He proposed joining the UN's unified human rights database and the organization of an annual human rights conference. Both of those could have a positive effect on Montenegrin human rights diplomacy. Together with the Head of the recently established Intercultural Department of the Ministry of Human and Minority Rights (lead by Mila Popović), they have started to develop the basis for a major conference that could take place during the Hungarian EU Presidency, addressing the prospects of intercultural dialogue in the Western Balkans.

In addition to his work at the Ministry, István Lakatos also had the opportunity to support the professional work of the Hungarian Embassy in Podgorica and, in that context, he participated in conferences on the most important integration, political or human rights issues, and

established lively working relationships with the local diplomatic community and with representatives of civil society. In the context of supporting the work of the Embassy, the Hungarian advisor had the opportunity to organize a conference on minorities, which was very well received by both the local diplomatic corps and the Montenegrin Ministry of Human and Minority Rights, and provided an opportunity to present the Hungarian national system of minority protection.

In summary, the Hungarian advisor's work in such key areas as rule of law and the protection and promotion of human and minority rights, has effectively promoted policy cooperation between Montenegro and Hungary and provided an opportunity to involve further Hungarian experts (see for example, the past involvement of Deputy Ombudsman Erzsébet Sándor Szalayné) in order to improve the human and minority rights situation in Montenegro.

In addition to the Hungarian human and minority rights advisor already present in Montenegro from 2016, another – this time a generalist – Hungarian EU integration advisor was also deployed in Podgorica in the early spring of 2019. Reaffirming the applied standard arrangement, the second advisor also belongs to the Hungarian embassy, with a specific assignment to work on a daily basis and directly with the respective government institution of Montenegro in charge of EU coordination within the government and, more broadly, with all other state authorities with tasks in the course of EU accession.

Originally, that meant that he was embedded within the Office for European Integration of the Prime Minister's Office from 2019–2022. Later, in 2022, the Office was elevated (practically returned to its previous status) to the level of a separate Ministry for European Affairs. His placement at the coordination centre of EU accession related activities has, from the very beginning, permitted the EU integration advisor to establish easy contacts and thematic collaboration with the various state institutions involved in the performance of tasks under EU negotiation chapters. Direct daily working relations with colleagues in the Ministry greatly facilitates the identification of those issues, and legislative and policy challenges, where the experience of Hungarian EU accession and the practice of two



decades of membership could hold and offer instructive examples and applicable answers with benefits to Montenegro. Since 2019, he has explored and initiated various forms and means of Hungarian technical assistance, from online workshops, the identification of Hungarian expertise for Montenegro in various demanding fields of EU accession, to the facilitation of study visits for officials from Montenegrin state institutions (together with participants from other countries in the region, organized by the Regional School of Public Administration, ReSPA in Podgorica) to Budapest.

Depending on the subject matters and format of events at the EU Delegation in Podgorica, the EU advisor occasionally represents the Embassy of Hungary in Podgorica in meetings with visiting EU or Member States officials and at report presentations in relation to specific issues, tasks or benchmarks of Montenegrin EU accession.

Outside the office space, the EU integration advisor also pays attention to the analytical activities, initiatives and relevant outputs of international organizations present in Montenegro, as well as of civil society organizations, think tanks and academic experts, with regard to the actual state and progress of EU accession in the country. He frequently attends related conferences, public events and expert workshops on matters defining the broader political context or economic framework of Montenegrin efforts in pursuit of EU membership.

He has aspired to extend his support activities beyond the range of institutions of Montenegrin public administration. As another form of targeted help to the preparation of the future pool of educated young people for the Montenegrin public administration within the EU, has offered, and delivered, lectures on EU law, institutions and policies, for law and political science students at the public University of Crna Gora during a number of semesters.

In line with the stated priority attributed to EU enlargement in the Western Balkans during its EU Presidency, Montenegro is the most likely candidate to benefit from Hungarian support for achieving tangible advancement in the accession process in the region. In the 2<sup>nd</sup> half of 2024, Montenegro intends to temporarily close a number of negotiation chapters which would receive active diplomatic support

and technical assistance from Hungary, in order to demonstrate the viability and feasibility of progress as an inspiration for all other EU candidates in the Western Balkans.

Dr. István Lakatos has been working as delegated Hungarian EU human rights adviser in the Ministry of Human and Minority Rights since 2016 and Dr. Csaba Törő has been acting as delegated Hungarian EU integration adviser in the Ministry for European Affairs since 2019.

## **7. North Macedonia**

### **7.1. *The Path to the EU***

The southernmost ex-Yugoslavia country independent from 1991 could step onto its EU track quite rapidly since, unlike the other 4 or 5 entities with the exception of Slovenia, that country was spared by the wars of secession. Thus Macedonia<sup>3</sup> signed the SAA with the EU earlier than Croatia and effective from 2004. Although the country applied for membership in 2005 and the first recommendation of the European Commission to launch negotiations appeared in 2009, since then only Croatia has become a member and the whole membership negotiation process became stuck in cul-de-sac of a multiple year Greek veto over an issue of name.

### **7.2. *Since the Prespa Agreement – North Macedonia Status***

By the Prespa Agreement with Greece, effective from February 2019, the country bears a new name which is to be used *erga omnes* – for everyone, but this amendment of the Constitution not only contributed to NATO membership but EU accession negotiations. Furthermore, France relayed Greece by blocking the launch of the negotiations in 2019, and additionally, the obstruction was taken over by Bulgaria due to symbolic issues, starting from March 2020. Meanwhile, in July 2020 the Council decided to start negotiations

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3 Being widely used in bilateral relations, but in international fora the acronym FYROM (Former Yugoslav Republic of Macedonia) was imposed by Greece until February 2019.

for membership, with the condition of amending the Constitution again, by including the Bulgarian minority in addition to others mentioned so far in the preamble. The opposition did not give its consent to that amendment<sup>4</sup>, so the process was paralyzed again during the last two years. However, the successful screening of the *acquis* took place between the Commission and the Government, which ended in December last year.

The latest Council Conclusion of December 2023 states again on this issue that “The Council stands ready to convene another intergovernmental conference...as soon as North Macedonia has implemented its commitment to complete the constitutional changes...” (European Council, 2023). Based on a series of annual country reports of the European Commission, the country shows a medium to good level of overall preparedness for EU accession. Concerns persist however on government performance in a number of important fields, especially rule of law areas like the functioning of the judiciary, the fight against corruption and organized crime, and the effective functioning of the public administration.

### ***7.3. The EU Integration Bodies of the Government***

The Government of North Macedonia, by decades’ long tradition, entrusted the task of EU issues to The Secretariat of European Affairs (SEA) led by a deputy prime minister. This institution employing around hundred people has the coordinative role within the public administration in preparation for the negotiations, is the main interlocutor with EU institutions and, later on, will have the responsibility to conduct the talks. The Secretariat also assumes the duties stemming from the Stability and Association Agreement.

The Ministry of Foreign Affairs is, by nature, the partner of the EU and its member states for CFSP related issues and for creating the favourable political atmosphere for North Macedonia amongst member states and EU institution leaders. That also means that the Ministry has, in this pre-negotiation period, a more important role than it will have when sectorial issues once appear on the agenda.

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4 Parliamentary elections took place on 8<sup>th</sup>. May.

#### ***7.4. The Contribution of Hungarian EU Advisors***

Ambassador Csaba Zalai, former senior diplomat at the Permanent Representation of Hungary to the EU, began his advisory activities in the Ministry of Foreign Affairs in 2014 and worked there until summer 2018 as advisor to the Minister, under the auspices of the Directorate for EU. During that period, he also contributed to the activities of the SEA characterized by routine activities stemming from the SAA and Commission reporting cycle. Those years witnessed political turmoil and the takeover of the Government by the Social Democratic Union of Macedonia (SDSM), the settlement of the bilateral Treaty of Friendship, Good Neighbourliness and Cooperation with Bulgaria in 2017 and the negotiations with Greece leading to the signature of the Prespa Agreement.

Ambassador Zoltán Márky took over his predecessor's activities in February 2019, the month of the entry into force of the Prespa Agreement, which was then believed to clear the path towards a quick start of the accession negotiations, although, that momentum has not yet arrived. The advisor's main focus in the beginning was to support the work of the SEA, though he had contacts with the MFA, too. After the 2020 elections, he moved with the core staff of the newly appointed Minister of Foreign Affairs Bujar Osmani, to the MFA, as a special advisor to the minister, though closely working with the EU Directorate.

Since the negotiations have not yet begun, his main focus during the most recent period was to analyse EU institutions' and member states' positions in preparation for meetings of the FM with those stakeholders, to prepare background papers and talking points for that purpose and to take part in strategic or ad-hoc meetings aimed at enforcing the position of North Macedonia towards partners.

During the second semester of this year, the period of the Hungarian EU presidency, we should eventually witness that in a new political context and setup and, after the presidential and parliamentary elections in the spring of 2024, the constitution issue could come to an end. Then, the new government might finally commence the negotiations on the clusters and launch the projects of the Growth Plan.

Zoltán Márky has been working as delegated Hungarian EU integration adviser at the Ministry of Foreign Affairs since 2019.

## 8. Serbia

Hungary, as a consistent supporter of the EU enlargement policy, organized the first event of technical assistance for Serbia in 2005, only one year after accession. That cooperation on European integration between the two neighbouring countries already has legal bases. The ministers of foreign affairs signed the first bilateral Memorandum of Understanding (MoU) on 10<sup>th</sup> June 2010. In its amendment in 2015, already signed by the minister responsible for European Integration from Serbian side, the Hungarian party offered a senior expert on European integration for long term posting in Belgrade. The expert has assisted the work of the Negotiation Team and, following restructuring the internal procedures, the work of the minister for European integration, too. On the basis of the MoU, the parties prepare and sign Annual Working Plans to specify the projects of technical assistance during the target period.

The current Hungarian integration advisor began his activity in Belgrade at the Office for European Integration (SEIO), the predecessor of the Ministry of European Integration (MEI), in September 2016. The expert, together with a fellow expert from France, works inside the MEI under the direct control of the minister “as independent experts outside all other units” though also in an intensive cooperation with the assistant minister responsible for the negotiations. During his general activities, the expert provides advice of both a political and a technical nature, related to the general aspects of the EU accession negotiations and to specific issues, as well. His assistance to the preparation of the Serbian positions and related action plans or strategies depends on the overall pace of the negotiations. Another element of his task is to analyse the methodological aspects of the implementation of the new negotiation methodology. As a part of his activities, he participates in conferences and contacts the main NGOs dealing with the European Integration of Serbia. During his visits to Brussels, when appropriate, he sought to facilitate the liaisons with the institutions of the European Union and its Member States.

The other aspect of the work of the expert is facilitating the realization of further projects of Hungarian technical assistance on a case-by-case basis. In practice, he has organized seminars (or, since the pandemic, webinars) by Hungarian experts, as the most common form of cooperation. After arrival, the expert immediately started to reinstall the further instruments

of technical assistance. The outcome of those efforts had depended on the demands and opportunities of the parties. He has managed the hosting of an MEI intern in the Hungarian MFA and has organized conferences.

In further tasks, the expert cooperates with the Hungarian Embassy in Belgrade in its EU related duties, in the organization of bilateral visits and preparation for the Hungarian Presidency of the Council in 2024. Without preceding the official presentation, the possible goals of the Hungarian Presidency regarding Serbia could be the swift launch of the Growth Plan, opening chapters and clusters or development in technical dossiers that ease Serbian integration to the Internal Market.

Péter Mocsáry PhD has been working as delegated Hungarian EU integration adviser at the Ministry of European Integration since 2016.

## **9. Closing Remarks (*by Csaba Rada*)**

The Western Balkans region plays a prominent role for Hungary and for the future of the European Union as well. We must continue to focus on the enlargement process also during times of crisis and difficulty and it is in our fundamental interest to keep the integration of the region on the EU track. Clearly, the EU accession process of the Western Balkans has become a primary focus area for Hungary's upcoming presidency of the Council of the European Union.

In the recent period, Hungarian diplomacy has concurrently narrowed its focus and broadened its scope of interest. The tasks and the role of our future EU presidency have imbued our perspectives, and our increasing position as the agenda-setter of the European Union. Péter Szijjártó, Minister of Foreign Affairs and Trade of Hungary has announced that we are pursuing an "enlargement friendly EU presidency" (Magyar Nemzet Online, 2024), and our presidency of the Council of the European Union will certainly concentrate on our neighbours to our south-east. The foreign policy of Hungary might be regarded to a certain extent as unique. We believe in the importance of the notion of dialogue, that we must talk with our partners in the Balkans and not talk about them without their prior knowledge, effectively leaving them out of plans regarding their very own future. We believe that this is the only way forward in order to keep the channels of communication open and functional.

As a country in the immediate vicinity of both the Western Balkans and Ukraine, Hungary has a particular interest in seeing security and stability prevail in our neighbourhood. Regardless of its obviousness, we must regularly emphasize, and remind our partners of, the importance of the Western Balkans region; sometimes the most evident facts lie in plain sight, yet are easy to miss. The Western Balkans tend to rank further back behind major wars and acute international crises like the war between Russia and Ukraine, the war in the Gaza Strip or other looming economic shocks that affect the international economic systems. We must not make the mistake of neglecting the Western Balkans region, which continues to face a number of acute security challenges and also remains exposed to possible negative effects of the war in Ukraine. Hungary has traditionally been among the pro-enlargement countries and therefore stands for the strengthening of the European perspective for the Western Balkans and our own neighbourhood. The increased fragility of the Western Balkans makes it more important than ever for the EU to send a clear message to the region, in order to limit the spillover of any particular negative effects of the current situation. We therefore support all initiatives that contribute to the promotion of economic development, peace and stability in Europe.

As is clearly set out in this article, Hungary is keen to continue providing all the political and expert assistance required to speed up the accession processes. Hungary, as a sign of our support, has set up a network of EU experts seconded to the capitals of the Western Balkan countries and Georgia, as a unique institution. That act has been more than a generous and friendly gesture towards our partners, and is a real and effective contribution. Our experts witnessed our own struggle more than 20 years ago and Hungary has the first-hand experience that makes us a credible source of advice. That credibility is certainly augmented by our consequent foreign policy messages to our partners. Hungary is too small to be a lone player in the region, but we are definitely an important factor in the eyes of the regional political elite. We must underline that these countries face different social, political and security challenges on the path towards their very own EU membership, and our experts are there to provide a real contribution through precise and adequate counselling.

Hungary might not be the biggest member state in the European Union, but it is certainly a trustworthy partner for the countries in the Western Balkans. We have always tried to deliver what we have promised, thus

maintaining our credibility. Hungary has become a partner for the region, a partner to whom they can turn with their requests and a country which gets involved in the region not only through its forced geographical proximity but also in its own real interests.

Security and stability mean a much broader spectrum of factors, way beyond the military meaning. The economic and social wellbeing of these countries is of utmost importance as well. The countries of the Western Balkans that are capable of creating a common regional market have the ability to join the single market area and European economic cooperation, too. States that have reached a certain level of welfare are less vulnerable to external or internal shocks and are prone to create further development. That is our main aim in helping them in their endeavours to join the European Union. We must, though, remain honest with ourselves: the EU is in an economic and an identity crisis. We believe that the accession of our closest European neighbours brings more benefit than risk. Of course, enlargement needs to be a merit-based process and all the countries should move forward at their own pace in implementing the necessary reforms. On that long and complicated road, the experts from Hungary are, and will be, there to provide valuable advice and necessary help.

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# From the Eastern Strategy to the Eastern Opening: Examining the Impact of Hungarian Military Diplomacy in Bosnia and Herzegovina and Kosovo

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**Abstract:** Military diplomacy, also known as defence diplomacy, is a foreign policy practice in which a country uses non-antagonistic defence initiatives to achieve ‘soft power’ objectives. Although politicians widely recognize military diplomacy as an essential component of statecraft and nation-branding, the practice remains understudied across academic disciplines. Accordingly, this paper helps redress this scholarly insufficiency by presenting a case study of Hungarian military diplomacy in Bosnia and Herzegovina (BiH) and Kosovo. By analysing contemporary historical developments, the study reveals that Hungarian contributions to peace-support missions in these countries have helped the national governments of Hungary achieve several important strategic foreign policy objectives since the mid-1990s. In proving these findings, this paper refutes popular claims that Hungarian military diplomacy is a unique strategy designed by Prime Minister Viktor Orbán to spread ‘illiberalism’ across the Western Balkans (WB). The paper thereby concludes by contending that Hungarian military diplomacy will remain essential to stability in the region for years to come.

**Keywords:** Military Diplomacy, Western Balkans, Hungarian Foreign Policy, NATO, European Union

## 1. Introduction

Since the Alliance of Young Democrats-Christian Democratic People’s Party (Fidesz-KDNP) won the 2010 *Hungarian Parliamentary Elections*, the coalition has promoted military diplomacy as an essential foreign

policy instrument for securing strategic interests in the Western Balkans. Consequently, Prime Minister Viktor Orbán continues to allocate official development assistance (ODA) to the European Union Force in Bosnia and Herzegovina (EUFOR) and the North Atlantic Treaty Organization (NATO)-led Kosovo Force (KFOR) as they represent some of the most extended and comprehensive peace-support operations in the region. Hungarian public officials have subsequently acquired the most senior leadership roles in these missions, as highlighted by Major General Ferenc Kajári's acquisition of KFOR Commandership in 2022 and Major General László Sticz's promotion to EUFOR Commander in 2024 (Trautmann, 2021; Nagy, 2023). While politicians in the WB are grateful for such peacekeeping proclivities, many political pundits are sceptical of Prime Minister Viktor Orbán's intentions, arguing that Hungarian meddling in WB affairs will lead to the regional spread of illiberalism and an undermining of European Union (EU) accession processes (Krekó & Enyedi, 2018). Given this reality, the following inquiry arises: What has been the impact of Hungarian military diplomacy in Bosnia and Herzegovina and Kosovo throughout contemporary history?

Accordingly, to answer the inquiry, this paper critically analyzes Hungarian foreign policy toward the Western Balkans since the first democratically free parliamentary election in March 1990. To do so, it traces the origins of Hungarian military diplomacy, isolating critical differences in how the foreign policy instrument has facilitated strategic objectives. The paper thereby derives two principal findings. First, Hungarian military diplomacy in BiH and Kosovo has enhanced Hungary's international legitimacy, thereby allowing the Fidesz-KDNP to assume more influential intergovernmental bargaining positions in NATO, the EU, and the Visegrád Group. The alliance has subsequently used this elevated status to position Hungary as a bridge between Southeastern Europe and the West. Second, military diplomacy in BiH and Kosovo has enabled the Fidesz-KDNP to achieve various strategic domestic imperatives. The most notable of those include preventing cross-border conflict spillover, mitigating illegal migration, and enhancing regional investment and trade. To prove these findings, this paper first provides a condensed genealogy of Hungary-WB relations before proceeding with the critical analysis.

## **2. Hungary and the (Western) Balkans: from the Habsburg Monarchy to Post-Cold War**

Hungarian interests in the Balkans date back centuries. In the scholarly historiography, renowned authors István Diószegi and Emil Palotás demonstrate that the ‘Eastern Question,’ consisting of the Great Powers’ contest for legacies in the Balkans, remained a central concern in the foreign policy of the Habsburg Monarchy (Juhász, 2015). As such, during the Age of Dualism (1867–1918), Budapest and Vienna intervened within the region to counter-balance pan-Slavic influences, address ‘social backwardness’, and, most importantly, gain hegemony. Yet, throughout the ‘Short Twentieth Century’ (post-World War I to the dissolution of the Soviet Union), Hungarians no longer sought to manifest a sphere of influence within the Balkans for several strategic reasons. For one, the *Treaty of Trianon* reduced Hungary’s territory from 325,000 to 93,000 square kilometres while leaving 3.5 million ethnic Hungarians in areas where they experienced ostracism, such as the Kingdom of Romania and the Kingdom of Yugoslavia (Jeszenszky, 2006). Due to this outcome, Hungarian leaders, like those of other new nation-states of Central and Eastern Europe, needed to reorient their attention toward creating internal stability in the wake of mitigated state capacities and human capital. Indeed, this internal policy orientation remained during the decades of state socialism that followed the Second World War, as the ‘Hungarian people’ grappled with communist oppression, something which reached a low point with the 1956 Hungarian Revolution that left approximately 3,000 ethnic Hungarians dead and 200,000 internally displaced. Given such developments, intervention in the Balkans was not a principal concern of Hungarian foreign policy when the Berlin Wall fell on November 9, 1989.

## **3. An Instrument for Status Ascendancy: Hungarian Military Diplomacy from 1991 to 2003**

However, the Fall of Communism necessitated a reinvigorated regional interest, particularly in the Western Balkans. This advent occurred in 1991, when the Western Cold War victors called upon the

first freely elected Hungarian government, comprising the Hungarian Democratic Forum (MDF), the Independent Smallholders, Agrarian Workers, and Civic Party (FKGP) and the Christian Democratic People's Party (KDNP), to help quell the Yugoslav Wars. Prime Minister of Hungary József Antall and Minister of Foreign Affairs Géza Jeszenszky thereby constructed a unique foreign policy that used military diplomacy as an instrument for addressing these conflicts and the post-Cold War global openness more generally. Thus, the logic for Prime Minister Antall and Minister Jeszenszky was simple: If Hungarians helped facilitate peace in the collapsing Socialist Federal Republic of Yugoslavia, the international community (IC) would view Hungary as a credible ally, enhancing its global legitimacy. As such, the MDF-FKGP-KDNP sought to use military diplomacy to achieve strategic objectives centred on Euro-Atlantic integration since such would elevate Hungary's international importance (Kiss & Zahorán, 2007). Thereafter, national leaders viewed peace-support missions as an essential nation-branding endeavour.

These aspirations concretized during the international reconstruction of BiH following the Bosnian War. Hungarian military diplomacy necessitated significant nation-branding success after NATO operationalized the Implementation Force (IFOR) on December 20, 1995. The mission initially comprised 60,000 personnel and was tasked with peace-enforcement duties under *Operation Joint Endeavour* to oversee military aspects of the settlement which ended the war: *The General Framework Agreement for Peace in Bosnia and Herzegovina* ("Peace Support," 2024). Eager to prove Hungary a loyal NATO ally, Prime Minister Gyula Horn, alongside Foreign Affairs Minister László Kovács, compelled the national government of the Hungarian Socialist Party (MSZP) and the Alliance of Free Democrats (SZDSZ) to provide IFOR with ODA so the mission could achieve its mandate. This ODA included four hundred Hungarian Defence Forces (HDF) troops, as well as airspace availability and stationing for foreign military personnel in Hungary (Simon, 1997). The MSZP-SZDSZ also agreed to send a non-combat Hungarian engineer unit from the Hungarian Engineering Contingent and experts from Hídépítő Zrt to reconstruct public roads, railways, and bridges, notably the Old Bridge Mostar (Szenes, 2007; Szűcs, 2009). Prime Minister Horn sustained these contributions after December 12, 1996, when the United Nations

Security Council (UNSC) passed *Resolution 1088*, replacing IFOR with the Stabilization Force (SFOR), a smaller peace-enforcement mission comprising 31,000 personnel (Simon, 1997).

Due to these military diplomacy efforts, Hungary's accession to NATO accelerated when the centre-right coalition of Fidesz-FKGP-MDF assumed office on July 6, 1998 (Bos & Lorenz, 2022). As such, the country officially joined the alliance on March 12, 1999, pursuant to the 1997 Madrid Summit decision (Bos & Lorenz, 2022). The Western Powers also affirmed their belief that Hungary proved itself a valuable contributor to global conflict resolution, which could help achieve NATO goals in the future (Juhász, 2019). This belief manifested despite a consistent reduction in national spending on the military from 1990 to 1997, which reduced active personnel, education programmes and technological innovations (Németh, 2014). Furthermore, the United States of America (USA) pushed for Hungary's membership in the Southeast European Cooperative Initiative, recognizing the country's contributions to IFOR, SFOR, and its common border with Serbia to be vital for solidifying Western self-interests in the region (Juhász, 2019). Thus, the 'perception effects' of Hungarian military diplomacy helped ascend the international acolomate of Hungary, simultaneously motivating further intervention into the Western Balkans.

This reality ensued in Kosovo after NATO operationalised the Kosovo Force (KFOR) on June 12, 1999. While KFOR obtained a vast mandate, outlined in the *Kumanovo Agreement*, *NATO Operation Plan, 104 13*, and *UNSC Resolution 1244*, the mission became primarily responsible for protecting 'civil and international presences' to prevent inter-communal violence between Kosovo Albanians and ethnic Serbs (Petruska, 2018). As such, Prime Minister Viktor Orbán and then Foreign Affairs State Secretary Zsolt Németh began transferring ODA to KFOR, seeking to fulfil Hungary's NATO commitments (Kiss & Zahorán, 2007). However, unlike the post-conflict situation in BiH, the 'Kosovo Question' presented several challenges to successful military diplomacy. For one, Prime Minister Orbán remained heavily concerned that Hungarian peacekeeping would lead to the ethnic cleansing of Hungarians residing in Vojvodina (Bos & Lorenz, 2022). Long-standing historical tensions between Hungary and Serbia, including grievances about the Novi Sad Raid in World War II, further reinforced

these concerns (Halász, 2008). Yet, in the end, the Fidesz-FKGP-MDF government pursued military diplomacy with great success in Kosovo. On the ground, the Hungarian Guard and Security Battalion offered KFOR peacekeeping support, while Hungarian technocrats contributed to the United Nations Interim Administration Mission in Kosovo to prevent inter-communal violence (Petruska, 2018).

As such, at the turn of the twenty-first century, representatives from EU member countries and the USA championed Hungary as a regional leader that could help facilitate Euro-Atlantic Integration and European Enlargement in the WB (Juhász, 2015). Hungary's performance in Kosovo directly informed these perceptions since the country managed to conduct global conflict resolution while maintaining 'correct' relations with Serbia, a task incredibly challenging given its sensitive interests within the country. Such positive Western viewpoints helped facilitate negotiations on the modalities of Hungary's accession to the European Union, and an agreement was thereafter reached on such in December 2002 with the Hungarian Socialist Party-Alliance of Free Democrats (MSZP-SZDSZ) government led by Prime Minister Péter Medgyessy. The following professional adaptation of the *Acquis Communautaire* indicates that the Western Powers sought to expedite the European integration of Hungary, recognizing its military diplomacy as an essential contribution to WB stability. As such, this foreign policy tool proved to be highly effective in ensuring the 'integrationist' nation-branding objectives first outlined by Prime Minister Antall.

#### **4. From Policy Taker to Policy Maker: Hungarian Military Diplomacy from 2004 to 2010**

2004 was a landmark year for Hungarian military diplomacy. From 1990 to 2003, the main objectives of the foreign policy instrument remained centred on Euro-Atlantic and EU integration. To achieve these objectives, Hungarian leaders rarely disagreed with the West, often conforming to their requests at will. Yet, when Hungary acceded to the European Union on May 1, 2004, the country went from being a traditional 'policy-taker' to a policy shaper in the European Parliament (Bos & Lorenz, 2022). Accordingly, the MSZP-SZDSZ government(s),

following Prime Minister Medgyessy's resignation, pursued a more independent foreign policy. After assuming office on September 29, 2004, Prime Minister Ferenc Gyurcsány raised objections to the IC's failure to formulate a common WB strategy and observed that it is Hungary's task to serve as a regional leader on this matter (Szilágyi, 2008). As such, he called on NATO and the EU to synchronize their resources to facilitate EU accession processes in the WB, while Foreign Affairs Minister Kinga Göncz proclaimed that Hungary would expand its regional presence to shape the EU's common foreign and security policy (Szilágyi, 2008).

With this empowered foreign policy orientation, Hungarian military diplomacy became more assertive in BiH as the peace landscape within the country evolved. For example, on December 2, 2004, EUFOR replaced SFOR, pursuant to *UNSC Resolution 1551* and *UNSC Resolution 1575* ("About EUFOR," 2023). While EUFOR inherited many of SFOR's old operational imperatives, the EU now controlled the mission via the *Berlin Plus Agreement*, which enabled the organization to draw on NATO's assets to fulfil its peacekeeping imperatives (Rittimann, 2021). Prime Minister Gyurcsány immediately provided economic, military, and political aid to the mission to ensure the fulfilment of its mandate and, thereby, the continuation of Hungarian 'nation-branding' through military diplomacy. However, in EUFOR, senior officials from the HDF assumed greater responsibilities than in previous peacekeeping missions, as they became directly accountable for facilitating European standards of human rights and democracy outlined by the EU's Stability Pact for Southeastern Europe (Halász, 2008). After that, this remained true as negotiations for the *Stabilization and Association Process* began in 2005 in an attempt to bring BiH in alignment with the EU accession requirements outlined by *Copenhagen Criteria*.

Although the results of these efforts were not grand when compared to the outcome produced by Hungarian military diplomacy during the Yugoslav Wars, they achieved some notable accomplishments. For one, BiH leaders recognized Hungary's contributions to EUFOR as essential to ensuring stability within the country (Szilágyi, 2008). This subsequently positioned Hungary as an important developmental actor while facilitating increased bilateral cooperation. Prime Minister Gyurcsány assumed a regional leadership role by compelling BiH leaders to comply with the conditionalities required for EU integration, which enabled the

EU to start transferring Instrument for Pre-Accession Assistance (IPA) funding to the country. As such, by 2006, the President of the Ministerial Council of Bosnia and Herzegovina, Nikola Špirić, stated that “Bosnia is a secure territory; and Hungary is the country BiH has the most intensive bilateral cooperation” (Szilágyi, 2008). Thus, these nation-branding effects facilitated by military diplomacy helped ensure Hungary’s increased involvement in BiH affairs for years to come.

Comparatively, the impact of a more assertive Hungarian military diplomacy was evidenced in Kosovo after KFOR suffered its worst operational failure from March 17 to March 18, 2004. During this time, Kosovo Albanian riots left twenty-seven people dead and thirty-five Serbian Orthodox churches critically damaged or destroyed (Persaud, 2023). Due to this detriment, NATO significantly changed KFOR’s operations, and Hungarians serving in the mission garnered more significant responsibilities. For one, the HDF began assuming critical roles through Liaison and Monitoring Teams, which would gather intelligence by serving as the ‘eyes and ears’ of KFOR (Petruska, 2018). Thereafter, Hungarian leadership managed to pass a regional partnership, which affirmed the broad communal rights of ethnic Serbs residing in Kosovo and the protection of all their sacral monuments (Halász, 2008).

The impact of these military diplomatic efforts is demonstrated predominantly in the international negotiations to determine Kosovo’s sovereign status. By providing ODA to KFOR while maintaining a pragmatic approach with Serbia, the MSZP–SZDSZ governments ensured that Hungary remained an essential actor in these negotiation processes. As such, from the beginning of 2007, Hungarian public officials desperately searched for a way to deal with the ‘Kosovo Question’ which would satisfy all the parties involved and adhere to international public law (Szilágyi, 2008). In the end, these efforts enabled Prime Minister Gyurcsány to explicitly link the issue of Hungarian minorities in Vojvodina with the broader notion of collective regional security in the WB. The nation-branding exemplar led to improved Hungary-Serbia relations, as Serbian leaders viewed Hungarian diaspora politics as coinciding with the Serbian minority rights in Kosovo. This remained true despite Hungary’s recognition of Kosovo’s unilateral declaration of independence in 2008. As such, Prime Minister Gyurcsány adopted



a ‘pro-Serbian’ strategy in the 2008 *International Development Co-operation Activities Programme* by highlighting his desire to facilitate EU pre-accession processes in Serbia (Szilágyi, 2008).

However, several domestic political crises tempered the impact of military diplomacy in both BiH and Kosovo overall. For one, the revelation of the ‘Őszödi beszéd’ (Autumn Lies Speech) by Prime Minister Gyurcsány undermined public trust in the MSZP–SZDSZ, making it highly sceptical of public spending, which did not reap direct economic benefits for the Hungarian people. Then, the 2007-2008 financial crisis had an overtly negative impact on the Hungarian economic landscape, leading to a recession of 6.6 percent of gross domestic product (GDP) and a loan from the International Monetary Fund (IMF) to avoid bankruptcy. With mounting financial pressures, the March 2008 Hungarian Fees Abolition Referendum and persisting inter-coalition disputes over healthcare reform led to the termination of the MSZP–SZDSZ. In this context, during the tenure of the succeeding government led by Prime Minister Gordon Bajnai, there was a temporary paralysis in how much ODA it could allocate to KFOR and EUFOR.

## **5. The ‘Sovereign’ Foreign Policy: Hungarian Military Diplomacy from 2010 to Present**

Hence, it was not until the Fidesz-KDNP assumed power in 2010 that Hungarian military diplomacy was explicitly linked to a ‘sovereign discourse.’ Indeed, Hungarian voters empowered the coalition to achieve fundamental changes in all areas of public life by giving it a two-thirds majority in the 2010 Parliamentary Elections. As such, the Orbán-led government(s) possessed greater operational leeway, which it subsequently used to criticize the previous administration’s tendency to appease the West. Accordingly, the Fidesz-KDNP articulated a new ‘Eastern Opening’ foreign policy in 2011, which promoted strategic ties with countries in the ‘East’ to make Hungary a middle power. Military diplomacy thereby became a critical instrument that positioned Hungary as a bridge between Southeastern Europe and the West, as a part of this broader objective, which Prime Minister Orbán aptly defined as the ‘peacock dance.’ On October 9, 2020, Hungarian Minister

of Foreign Affairs and Trade Péter Szijjártó declared that “the Eastern Opening policy has lived up to its promises,” and military diplomacy thereby remained a staple of the Fidesz-KDNP foreign policy in BiH and Kosovo (Szijjártó, 2018). As other countries, notably Italy, pulled their troops from EUFOR and KFOR, HDF numbers and functions went up while the force modernized through the *Zrínyi 2026 Defence and Force Development Programme* (Benkő, 2019). As such, military diplomacy has enabled the Fidesz-KDNP to fulfil the central tenets of the ‘sovereign foreign policy’ in two principal ways.

First, Hungary’s enhanced peacekeeping commitments in BiH and Kosovo have increased Hungary’s international legitimacy, which the alliance, in turn, uses to strengthen its intergovernmental bargaining leverage. For example, in BiH, the Fidesz-KDNP contributions to EUFOR remain a primary driver of stable diplomatic relations between Prime Minister Viktor Orbán and the President of Republika Srpska, Milorad Dodik. Per Dodik’s view, the HDF is integral to Bosnian Serb vitality and an outspoken protector of the sovereign integrity of the Republika Srpska (RS) (Kurtic, 2024). As such, in many public speeches, he has expressed gratitude for the Hungarian government’s involvement in EUFOR while calling for future bilateral partnerships and friendship agreements. In practice, Dodik’s gratitude is not unfounded, as EUFOR has upheld controversial decisions made by the National Assembly of Republika Srpska, namely its decision to permit the celebration of ‘Republika Srpska Day,’ which commemorates the entity’s founding (Kurtic, 2024). His isolation of HDF contributions in EUFOR has thereby supported perceptions across the IC that Hungary can serve as a communicatory bridge between RS and the West, leading the Fidesz-KDNP to acquire an enhanced intergovernmental bargaining position within the European Union.

Since 2021, the Office of High Representative has relied upon Prime Minister Orbán to maintain contact with President Dodik after he rejected the established authority held by the International High Representative, Christian Schmidt (Sito-Sucic, 2023). Moreover, in February 2022, Olivér Várhelyi, a Hungarian diplomat who currently serves as the European Commissioner for Neighbourhood and Enlargement, froze upward of €600 million in EU funding for RS after President Dodik took steps to secure the entity’s independence from BiH (Belén & Zamora, 2023). Dodik abandoned these aspirations but thanked Prime Minister Orbán

for being a man ready to preserve peace (Belén & Zamora, 2023). Radio Free Europe/Radio Liberty later revealed that Prime Minister Orbán negotiated with President Dodik to de-escalate his antagonistic position on BiH's independence (Belén & Zamora, 2023). Moreover, cooperation between Banja Luka and Budapest intensified after the 2022 Várhelyi decision to freeze EU funding, with the two governments holding more meetings to solidify WB stability (Domènech, 2024). In this regard, Hungarian peacekeeping contributed to an enhancement of the Fidesz-KDNP's strategic value to international actors, a status which helped position Prime Minister Orbán as a mediator between the East and West.

An analysis of Hungarian accolades in Kosovo since 2010 reveals a parallel outcome. As the HDF presence increased in KFOR, the Orbán-led governments garnered notable praise for their dedication to maintaining peace in the Western Balkans. In 2020, the Chairman of the NATO Military Committee, Air Marshal Sir Stuart Peach, declared that Hungary was a reliable contributor to the Transatlantic Alliance and essential to KFOR's vitality. ("Hungary in," 2021) These statements were reaffirmed by NATO Secretary General Jens Stoltenberg in a joint press conference with Hungarian President Katalin Novák in 2023 ("Joint press," 2023). Moreover, Kosovo Prime Minister Albin Kurti and Serbian President Aleksandar Vučić have classified Hungarian contributions to KFOR as critical for the mission's success, a sentiment which is further confirmed by Ferenc Kajári's promotion to KFOR Commander since this was the first time a representative from any post-socialist country held such a senior peacekeeping position ("Vucevic," 2023). With this international status, Prime Minister Orbán continues to become more involved in intergovernmental disputes between Kosovo and Serbia, further entrenching Hungarian influence in the WB as envisaged by the Fidesz-KDNP sovereign foreign policy.

For one, Hungarian excellence in KFOR has helped the mission garner support from the broader ethnic Serb population, who view the HDF as reliable, apolitical actors ("Vucevic," 2023). Such perceptions have thereby contributed to the strengthening of diplomatic ties between Hungary and Serbia on sociopolitical matters involving Kosovo, resulting in several diplomatic partnerships which position the Fidesz-KDNP as conflict mediators (Domènech, 2024). The 2022 License Plate Dispute in Kosovo fully displayed this sentiment. The escalation occurred when

the LVV government declared it would require local ethnic Serbs to replace license plates containing Serbian identifiers with ones issued by the Kosovar government (Henley, 2022). When violent conflict nearly broke out between Kosovo Albanians and ethnic Serbs, the Fidesz-KDNP affirmed the rights of Serbs to champion their national identity, declaring the LVV actions escalatory (Preussen, 2022). Moreover, when the EU threatened to place sanctions on Serbia for the SNS role in inciting violence in Northern Kosovo, Prime Minister Orbán shut down the motion by stating his intentions to veto such actions (Szucs, 2023). These developments thus demonstrate the veracity of the Fidesz-KDNP sovereign foreign policy as peacekeeping provided an avenue for Hungarian status ascendancy, which in turn enabled the alliance to position itself as a mediator between Kosovo and Serbia, as well as a bridge between Southeastern Europe and the West.

A final and perhaps unexpected exemplar of this phenomenon is the evolving relations between the Visegrád Four (V4), comprising Czechia, Hungary, Poland, and Slovakia. In recent years, the alliance has become a symbol of opposition to the liberal international world order (Griessler, 2018). Many political pundits proclaim the group functionally nullified due to diverging opinions on Russia's full-scale invasion of Ukraine, with Poland and Czechia being two of Kyiv's strongest supporters. Yet, despite these recent developments, the V4 has historically served as an impactful alliance in the European Parliament, and the EU integration and security of the WB connects the four states even if the intergovernmental organization ceases to exist. Moreover, V4 leaders have perceived the Fidesz-KDNP governments as invaluable to regional stability in the Western Balkans due to their 'pervasive presences and overarching commitments' within the region (Arató & Koller, 2018). For example, under the V4 presidencies of Slovak (2014-2015) and the Czech Republic (2015-2016), the organization recognized Hungary's leadership in peacekeeping within BiH and Kosovo as a critical factor which lends its international credibility (Griessler, 2018). With such elevated status, the Fidesz-KDNP was able to align V4 policy with the unique national interests of Hungary in the WB.

For one, Hungary brought forth WB accession as a key foreign policy objective despite Poland's insistence on prioritizing the European Partnership as an overriding joint initiative. In 2011, the V4 began

conducting regular meetings with WB governmental officials after the Hungarian EU Presidency made regional enlargement one of its top priorities in the year's first half (Griessler, 2018). As such, under the Polish V4 presidency in 2012, the organization presented a new means of cooperation with the WB, entitled the V4-Western Balkans Expert Network on the Rule of Law and Fundamental Rights, which built upon the central tenets of the Fidesz-KDNP's policy orientation toward the region (Orosz, 2017). After that, the International Visegrad Fund and the Visegrad + Grants became important vehicles for entrenching national interests in the WB, as the government sought to align V4 foreign policy with unique facets of Hungarian foreign policy (Juzová, 2023). These financial mechanisms have supported a 'politically sovereign' WB by promoting a degree of 'territorial integrity,' which solidifies functional democratic governance. Such injunctions indicate that Hungary acquired a stronghold within the V4 by utilizing military diplomacy in BiH and Kosovo, thus enabling Prime Minister Orbán to serve as a communicatory bridge between Southeastern Europe and the West.

However, intergovernmental bargaining is only one indicator of how Fidesz-KDNP military diplomacy in BiH and Kosovo facilitates Prime Minister Orbán's sovereign foreign policy. The other, more pervasive reason is that it is a means of achieving a host of strategic domestic imperatives, which the alliance deems critical for Hungarian vitality. While some objectives are interrelated with the Fidesz-KDNP attempt to secure an elevated global status, the coalition has pursued several of these goals independent of such a drive. In this regard, three central documents detail the most notable objectives: *The Hungarian Foreign Policy Strategy after the Hungarian EU Presidency*, 2011; Hungary's National Security Strategy, 2020; and the *National Military Strategy of Hungary*, 2021 ("Hungary's National," 2021; "National Military", 2021; Orosz, 2017). These government resolutions link military diplomacy to a national drive to achieve Hungarian security and vitality. While the list of strategic domestic imperatives is vast, three goals stand out as particularly indicative of how Hungarian military diplomacy helps the coalition fulfil the central tenets of the sovereign foreign policy.

The first and most apparent imperative is the prevention of conflict spillover. Hungarians maintain a vested interest in ensuring that the volatile situations in BiH and Kosovo do not turn violent, as this

outcome would destabilize the entire WB, thereby increasing the threat to Hungarian livelihood (Belén & Zamora, 2023). This concern for regional conflict has deep roots in Hungarian society, as many citizens fear widespread regional instability due to their experiences during the Yugoslav Wars. In the words of former Minister of Foreign Affairs and Central European University (CEU) Professor Péter Balázs, “Hungarians were within the sound distance; they could hear the ongoing war from their homes” (Belén & Zamora, 2023). Given such deep-rooted fears, the Fidesz-KDNP government has justified enhanced commitments to EUFOR and KFOR to secure national sovereignty further and securitize the WB region (“Hungary’s National,” 2021). Increases in HDF numbers and the ascendancy of HDF officials to senior leadership positions within the missions allow the Hungarian government to acquire greater control over conflict prevention duties. With this control, the Fidesz-KDNP alliance contends that they can better minimize the precursors of violence within BiH and Kosovo, thereby preventing regional conflict from spilling over into Hungary.

Note that both Hungary’s National Security Strategy and the National Military Strategy of Hungary proclaim that because challenges to peace in the WB expose Hungary to danger, the country bears great responsibility for successfully stabilizing the region (“National Military,” 2021; “Hungary’s National,” 2021). On this basis, both resolutions suggest that military diplomacy is essential for protecting Hungarians from foreign threats. Prime Minister Viktor Orbán has publicly championed this rhetoric in speeches and diplomatic conferences. Referring to BiH, he notes that consistent Hungarian intervention is necessary since its border is only seventy to eighty kilometres away from Hungary’s southern border (Belén & Zamora, 2023). Deputy State Secretary of the Prime Minister’s Political Director, Márton Ugródsy, made similar claims, contending that the peacekeeping in Kosovo provides Hungarians with assurances about their government’s pro-active approach to national security (Ugródsy, 2023). In this way, Hungary is a paradoxical security provider, as its military diplomacy simultaneously ensures the safety of other regional partners and Hungarians.

The second strategic domestic imperative is the mitigation of illegal migration. Over the last decade, the Fidesz-KDNP has sought to minimize informal migratory flows, suggesting that unlawful migration

necessitates an uptake in crime, terrorism, and societal degradation (“Hungary’s National,” 2021). The alliance often intertwines such arguments with endorsements of tight border control, both of which they justify for preserving the ‘traditional Christian’ way of life (Domènech, 2024). Within this context, the Fidesz-KDNP governments have positioned the Balkan Migration Route as something they hope to manage through peacekeeping missions in BiH and Kosovo (“PM Orbán,” 2022). Specifically, by working toward stabilizing the route and thereby preventing conflict spillover, HDF participation in EUFOR and KFOR simultaneously facilitates the success of the Fidesz-KDNP’s migration policy by minimizing sporadic cross-border movement to Hungary. Hence, the alliance’s commitments to these missions enable the Hungarian government to use military diplomacy to fulfil that significant national interest.

The Fidesz-KDNP response to the 2015-2016 Migration Crisis demonstrates the validity of this sentiment. During this advent, more than 390,000 asylum seekers crossed the Serbia-Hungary border and descended on the Keleti railway station (Goździak, 2019). Prime Minister Orbán perceived such developments as the ‘invasion of Hungary’ and thereby called upon Hungarian public officials to ‘secure their borders’ (Goździak, 2019). As such, the HDF contingents stationed in BiH and Kosovo began providing reconnaissance services and logistical planning to help resolve the crisis. In late 2016, a meeting between KFOR Commander Guglielmo Luigi Miglietta and Hungarian State Secretary of the Ministry of Defence Tamás Vargha outlined the mission’s plan to deter illegal immigrants from crossing into Hungary through the Serbian-Hungarian border while allocating unique responsibilities to the HDF for the completion of this task (“Hungary in,” 2021). In BiH, HDF troops in EUFOR also received new orders to help resettle the asylum seekers who had arrived in that country. Although the Refugee Crisis has passed, both EUFOR and KFOR continue to place significant emphasis on preventing informal migratory flows. When Ferenc Kajári assumed KFOR commander in 2022, Secretary of State for Defence István Szabó declared that KFOR would enhance its commitments to ‘deterring terrorism illegal migratory influxes’ (“Hungary in,” 2021). Most recently, after Major General László Sticz assumed EUFOR Commandership, Hungarian Defence Minister Kristóf Szalay-Bobrovniczky repeated similar

statements when he affirmed that such developments were vital for preventing illegal migration into Hungary moving forward (“Hungarian Major,” 2023).

The expansion of Hungarian investment and trade is the final exemplar of how the Fidesz-KDNP’s military diplomacy commitments enable it to fulfil the sovereign foreign policy. Put simply, a stable BiH and Kosovo will allow Hungary to pursue more foreign direct investment (FDI) across the region since the prospect of businesses suffering losses due to emergent conflict will not deter investors. Achieving such fiscal advances has become especially important following Russia’s full-scale invasion of Ukraine on February 24, 2022. Before the invasion, Hungary imported ninety-five percent of gas and sixty-four percent of crude oil from Moscow (Belén & Zamora, 2023). International sanctions on Russia have impeded Hungarian access to energy supplies, forcing the Fidesz-KDNP to explore new avenues for investment and trade. The WB has thereby become a primary site for fulfilling this interest, leading Prime Minister Orbán to prioritize military diplomacy in BiH and Kosovo since his government perceives such as a prerequisite for new trade and investment, particularly those ventures that diversify Hungary’s energy dependency on Moscow.

This objective is made explicit in Hungary’s National Security Strategy, which ties WB stability to decarbonisation and economic diversification (“Hungary’s National”, 2021). In principle, the pursuit of this objective began long before the Russo-Ukraine War, as Hungarian FDI throughout the region has continuously proliferated since 2010. Note that from 2015 to 2021, there was an €810 million increase in Hungarian trade and investment across the WB, defined prominently by the expansion of the nationally-owned OTP Bank and 4iG (Belén & Zamora, 2023). However, following Russia’s full-scale invasion of Ukraine, the Fidesz-KDNP have pursued more ambitious ventures, with the recognition that the HDF’s contributions to EUFOR and KFOR facilitate a secure investment climate. For example, at the end of 2022, Hungary became one of Serbia’s top trading partners, with bilateral investments reaching a record high of €3.5 billion (Belén & Zamora, 2023). Moreover, protecting the TurkStream or Balkan Stream pipeline has become particularly important for ensuring that Hungary no longer receives gas predominantly through Serbia and not Ukraine (Belén & Zamora, 2023). Additionally, the *Foreign Policy Cooperation Plan* between BiH and Hungary indicates that Hungarian



commitments to peacekeeping through EUFOR have been a critical factor in creating “new momentum, new energies, and ambition” for financial advancements between the two countries (“Hungary signs,” 2024). On this basis, bilateral trade turnover has broken a record of €600 million as of 2024 (“Hungary signs,” 2024). These realities demonstrate how EUFOR and KFOR have led the Fidesz-KDNP government to make valuable fiscal advances, thus demonstrating the importance of the government’s enhanced peacekeeping commitments to facilitating strategic domestic imperatives as envisaged by the sovereign foreign policy.

## **6. Concluding Remarks: Hungary is Vital to Stability in the Western Balkans**

In conclusion, this paper has addressed Hungarian military diplomacy in BiH and Kosovo since the first democratically free parliamentary election in March 1990. In doing so, it gave specific attention to the EUFOR and KFOR since these missions represent the most extended and comprehensive Hungarian military diplomacy commitments. With this focus, the paper derived two principal findings. First, Hungarian military diplomacy in BiH and Kosovo has enhanced Hungary’s international legitimacy, thereby allowing the Fidesz-KDNP to assume more influential intergovernmental bargaining positions. The alliance has subsequently used this elevated status to position Hungary as a bridge between Southeastern Europe and the West. Second, military diplomacy in BiH and Kosovo has enabled the Fidesz-KDNP to achieve various strategic domestic imperatives. The most notable include preventing conflict spillover, mitigating illegal migration, and enhancing regional investment and trade.

Given the comprehensive nature of these findings, it is worth pondering their implications for the future of Hungarian-Western Balkans relations. What is clear is that Hungary is essential to stability in the WB. While one could argue that other NATO troops could easily replace the HDF stationed in BiH and Kosovo, the lasting grassroots legacy of the HDF is not so easily removed. As demonstrated, EUFOR and KFOR have become somewhat synonymous with Hungarian leadership, which also lends these missions credibility in their daily interactions with local populations

and elites. Moreover, the strong ties Prime Minister Viktor Orbán has established with President Milorad Dodik and President Aleksandar Vučić have proven helpful in quelling emergent conflict and thus maintaining functional governance. While the international community continues to threaten these politicians with antagonistic measures, such as economic sanctions, the Fidesz-KDNP has been able to diffuse local situations through diplomacy and, in some cases, financial incentives. Although the latter is less than ideal, the alliance has remained committed to improving intergovernmental relations in the WB when the EU continues expressing benign neglect for local specificities, creating regional instability. As such, while motivated by self-interest, the Fidesz-KDNP contributions remain vital for peace.

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# Hungary and Kosovo, a Cautiously Active Relationship

Mehdi Sejdiu

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**Abstract:** Hungary has an important role in peace and stability in Kosovo and the Western Balkans. It has vied for the enlargement of the region and has expanded its political and economic influence over the years. In Kosovo, Hungary's main contribution is in security, through EULEX and KFOR, as well as in the management of Kosovo's air space. Hungary's efforts towards regional engagement in the Western Balkans are examined in the context of its relationship with Kosovo, its recognition of independence, economic cooperation, and its role in Kosovo's membership in international organisations. Finally, it navigates through the complexities of Hungary's role in the Dialogue between Kosovo and Serbia, elucidating the intricate balance Hungary endeavours to maintain. This paper offers a comprehensive analysis of Hungary's multifaceted relationship with Kosovo, highlighting the intersections between security, diplomacy, economic cooperation and regional dynamics, ultimately contributing to a deeper understanding of that evolving partnership.

**Keywords:** Hungary, Kosovo, Western Balkans, Economic Cooperation, Hungary–Kosovo relationship

## 1. Introduction

The relationship between Hungary and Kosovo<sup>1</sup> is extremely nuanced. Of the Visegrad and Central European countries, Hungary is one of the most active in the Western Balkans region and in Kosovo. Hungary

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1 The initial draft of this paper used the Albanian version of the toponym “Kosova”. For consistency throughout this volume, we refer to Kosovo with its legal name in English.

participated in the NATO intervention in Kosovo in 1999, only 12 days after becoming a member of the North Atlantic Alliance. Hungary recognised Kosovo on the 19<sup>th</sup> of March 2008, and was part of the International Steering Group (ISG)<sup>2</sup> overseeing Kosovo's independence. Hungary is committed to security in Kosovo through its participation in international missions KFOR (Kosovo Force) and EULEX (European Union Rule of Law Mission in Kosovo), and manages Kosovo's air space between FL205 and FL660. In terms of regional policy, in Kosovo, as well as Bosnia and Hercegovina, security remains the most important part of Hungary's policy, while economically Serbia remains the most important Western Balkan State for Hungary's foreign policy in the region. Hungary's rapprochement with Serbia has had an impact on its relationship with Kosovo, which seeks to assert its statehood, despite non-recognition from Serbia.

This paper examines the nuances of the evolving multifaceted relationship between Hungary and Kosovo. The first chapter focuses on the Hungarian outlook on the Western Balkans and how Kosovo is seen from the security lens of Budapest. The next part is on Hungarian recognition and the country's position on Kosovo, as well as on how the issue of Hungarian minorities in Central Europe became entangled with Kosovo's independence. The third section deals with the economic cooperation between Hungary and Kosovo and the non-implementation of the tied-aid loan, Hungary's stance on Kosovo's membership of international organisations and, finally, the conundrum of Hungary's position in the Dialogue between Kosovo and Serbia.

## **2. Hungarian Outlook on Kosovo and the Western Balkans**

To position Hungary's outlook on Kosovo, we first need to consider its policy on the Western Balkans. For Hungary, the key aim in the region is to maintain and promote stability, as well as support the integration of the Western Balkans into the European Union (Ármás & Viola, 2024, 1).

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<sup>2</sup> The ISG was a group formed in accordance with the Ahtisaari plan, and was composed of the 25 countries that supervised Kosovo's independence until 2012.

Over the years, Hungary increased its engagement in the region, militarily taking leading positions in KFOR and EUFOR Operation Althea in Bosnia and Hercegovina (hereafter EUFOR),<sup>3</sup> economically through its domestic companies involved in the region, and also on migration issues caused by the Balkan route. As a regional middle power, its priorities lie in securing borders in a migration crisis, increasing the connection with the Hungarian minority in Serbia, increasing bilateral trade and economic cooperation, diversifying its energy sources and ensuring stability and security. In that respect, Kosovo and Bosnia and Hercegovina fall more into the security part of that policy. According to Budapest, stability in the region is ensured with a path to EU membership and Euro Atlantic integration in general for the Western Balkan countries. That is one of the reasons why Hungary, as an EU member, has been more critical of the shifting geopolitics of enlargement to the East with Ukraine and Moldova, a process that has left the Western Balkan countries in the backseat.

Kosovo does not feature strongly in Hungary's economic, energy or migration priorities in the region, though it does so militarily. As of 2024, Hungary has sent 30 contingents of soldiers to Kosovo, making it the country with the highest presence of Hungarian soldiers abroad (Sejdiu, Interview, March 2024).<sup>4</sup> In the years 2021–2022, Hungary was a Commanding force in KFOR, which was the first time such a role had been trusted to a CEE NATO member. In 202, during protests in Northern municipalities of Kosovo, Hungarian soldiers were hurt and some experienced life-altering injuries during the clashes with Kosovo Serb protesters. That did not damage Serbian-Hungarian relations, though nevertheless, it underscores the potential dangers and challenges associated with maintaining peace and stability in volatile regions, and how Hungary and Hungarian soldiers can be drawn in the tensions in

3 Both EUFOR and KFOR were established after the wars in Bosnia and Hercegovina and Kosovo. EUFOR is a military deployment to oversee the implementation of the Dayton Agreement in Bosnia and Hercegovina, whereas KFOR's original role was to deter renewed hostilities after the war, the current role is to maintain a safe and secure environment for all in Kosovo.

4 The number of soldiers in KFOR is subject to change, with the rotation command of KFOR, As of the latest official update in January 2024, Hungary was, with 365 soldiers, the third highest troop contributor after Italy (1,322 soldiers) and the United States (572 soldiers). During the rotation command in 2022 and in 2023, Hungary contributed with more than 400 soldiers in the mission.



Kosovo. Despite the volatile situation in the north of Kosovo, Hungary's role in leading KFOR, a large UN mandated peace-mission has been hailed for its diplomacy and military success (Warsaw Institute, 2021).

For Kosovo, on the other hand, Hungary is considered an ally, as a recogniser in EU and NATO, with an active embassy in Pristina established right after the independence of Kosovo, a presence in EULEX and KFOR, control of the airspace, membership of the ISG) and support in various memberships in international organizations. However, the ever-evolving strategic partnership with Serbia has spilled over negatively, at least in Pristina's view, on Hungary's stance on Kosovo's quest for membership in international organizations. That was exemplified by the Hungarian vote against Kosovo in the Council of Europe (CoE) in 2023 and in the NATO Parliamentary Assembly in 2024, causing concerns over the support of Hungary in Kosovo's quest for membership in international organisations in the future. The votes against, were a considerable shift, compared to previous membership bids of Kosovo, where Hungary either voted for, or abstained.

### **3. The Independence of Kosovo Entangled in Hungarian History**

After World War I., in 1920, Hungary lost two-thirds of its former territory through the Treaty of Trianon, including the millions of Hungarians residing in those territories. Trianon caused a 'national trauma' in Hungarian society but also brought Hungarian sympathy for peoples who were deprived of their right of self-determination. Albanians, similarly to Hungarians, have large parts of their populace and their territories outside of today's Albania, in Greece, North Macedonia, Montenegro, Serbia proper, and Kosovo. In those territories, Albanians were minorities, with Kosovo being the largest and the one with the highest concentrations of Albanians left outside the Albanian nation-state formed in 1912.

The territory of Kosovo, which had a majority Albanian population would, after the Balkan Wars in 1913, be incorporated into the Kingdom of the Serbs, Croats and Slovenes (later named Yugoslavia). In Yugoslavia, Albanians and the Hungarians of Vojvodina were

both second-class citizens, linguistically different from the Slavonic Yugoslavs (Ungváry, 2011, 71; Petritsch et al., 2005). Though Hungarians in Vojvodina cherished no plans for independence and Vojvodina was ethnically more heterogeneous than Kosovo, the prospects of the independence of Kosovo generated sympathy among Hungarians in Hungary proper (Márkus, 2019, 241).

As of 2024, Kosovo independence is supported by the vast majority of NATO (28/32) and EU (22/27) member states. The long-term political goal of Kosovo remains full recognition by those member states, and UN membership in the future. In that context, recognition by Hungary is of the utmost importance. Hungary, having taken part in the NATO Operation Allied Forces just weeks after the start of its membership in 1999, has been active on the ground in Kosovo from the onset, and was more active than other central European countries. Even before the declaration of independence, Hungary showed increasing interest in Kosovo. From 2004, the Hungarian Embassy in Tirana was covering Kosovo (instead of the one in Belgrade), its Ambassador met with the provisional structures in Kosovo. Being closer to the region, its position was closer to its Southern neighbours Bulgaria and Croatia, than the other Visegrad countries of Czech Republic, Poland, Slovakia, or even Romania.

Hungary's administration at that time had a clear understanding that the independence of Kosovo was a necessity and that the status quo at that time of the international mission of the United Nations Mission in Kosovo (UNMIK) was untenable. In Hungary's stability lens, through which it sees the region, Kosovo's independence was part of the stability formula. Furthermore, then Hungarian Prime Minister Ferenc Gyurcsány, called on the EU to assist its independence, supported the Ahtisaari Plan<sup>5</sup> and especially the rights of ethnic communities which are dear to Hungary's view as a nation with its own minorities in the numerous countries surrounding the Hungarian state (Márkus, 2019; Geci-Sherifi, 2014). Hungary recognised Kosovo on 19 March, 2008, as did Croatia and Bulgaria, both countries that

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5 The Ahtisaari Plan was the status settlement proposed by Former Finnish President Marti Ahtisaari after direct talks between Kosovo and Serbia. Kosovo accepted the plan, whereas Serbia rejected it. Nevertheless, the plan became the base for the constitutional order of the new-born country.

also border Serbia. According to former Hungarian Ambassador to Pristina, László Márkusz (2019, 252), the decision to recognise Kosovo promoted Hungarian regional interests. Hungary aligned with the United States and the three (then) biggest EU members UK, Germany, and France. Secondly, Hungary believed there was no viable solution besides independence that would keep the Western Balkans stable. For Hungary, stability in the region remained its main objective and recognising Kosovo fell within that.

### ***3.1. Kosovo's Independence and the Entanglement with Hungarian History***

Unfortunately, the independence of Kosovo was politicised in Central Europe through the issue of Hungarian minorities in at least two states: Slovakia and Romania. From the Hungarian side there was a hope that minority collective rights would set an international precedent for minorities. For Romania, firstly there were concerns that the independence of Kosovo would embolden claims of independence in the pro-Russian Transnistria region of Moldova. Secondly, Romania was also concerned about claims of autonomy by the Hungarians in Transylvania, specifically in the regions of Mures, Harghita and Covasna. In 2013, even the Romanian president specifically linked the recognition of Kosovo with the Hungarian issue (Márkusz, 2019, 248). Similarly, in the Slovak parliament, there was a consensus only among the Slovak parties, with the Hungarian minority party in Slovakia voting for the recognition of independence (Lesná, 2008).

Nevertheless, Hungarian recognition was crucial, for both Kosovo and for Hungary. It allowed Hungary to be a regional middle-power in the Balkans, to be involved in the airspace above Kosovo, and to take a leading position in KFOR and EULEX. Also in regard to EU appointments for the region, for Kosovo, the appointment of Olivér Várhelyi as Enlargement Commissioner did not spark criticism in the country like that of Miroslav Lajčák (former Slovak Foreign Minister), EU Special Representative for the Belgrade-Pristina Dialogue and other Western Balkan regional issues, who came from Slovakia, a non-recogniser. Hungary remains an example of a country that has a very

good relationship with Serbia, but also recognizes Kosovo. That cautiously active approach allows Hungary to be involved and to have bilateral relations with all six Western Balkan countries.

In conclusion, Hungary recognised Kosovo due to three main reasons: alignment with the Western partners on the independence of Kosovo, sympathy towards self-determination in Hungary, and the assessment that it is the only viable solution for stability in the Balkans. The issue of Kosovo was unfortunately politicised along ethnic lines in Slovakia and Romania with their own Hungarian minority, however, 16 years after Kosovo's independence, the fears of causing a precedent were proven to be unfounded, making the policy vis-à-vis Kosovo outdated. Hungary's early recognition in Kosovo enabled the country to take more of a leading role, such as controlling the airspace, taking a leading role in KFOR, being part of the International Steering Committee, having a Commissioner for enlargement who was not unwelcome, etc. Its recognition enabled it to also take a more active role with all six Western Balkan countries as a middle power in the region, compared to other central European countries or even Greece.

## **4. Economic Cooperation between Hungary and Kosovo**

After the dissolution of Yugoslavia, Hungary expanded economically southwards into what is now the Western Balkans. As a more developed country, Hungary played its competitive advantages with its geographical proximity and historical ties to the region (Tóth, 2015). Hungary's economic presence increased over the years in the region and from 2015 to 2022, exports increased by almost 150%, to exceed €4.5 billion. Union (Ármás & Viola, 2024, 4). In terms of foreign trade, the volume of those numbers comes mostly from the other Western Balkan Countries and not Kosovo.

Due to its larger size, proximity to Hungary and the presence of a Hungarian minority, the main economic partner for Hungary remains Serbia. With the close relationship between the countries' political leaders Viktor Orbán and Aleksandar Vučić, Hungary is in the top 5 of

Serbia's trading partners, with the mutual trade exceeding 3.5 billion euros in 2022 (Republički zavod za statistiku, 2023). The levels of engagement with the countries of the Western Balkans differ. As can be seen from the above table, trade is the greatest with Serbia, then North Macedonia, Bosnia and Hercegovina, Albania, Montenegro and lastly Kosovo.

**Table 1**  
Trade in goods by country in 2023, in million EUR

<b>Serbia</b>	<b>Albania</b>	<b>Montenegro</b>	<b>BiH</b>	<b>NMK</b>	<b>Kosovo</b>
2,019.98	106.22	92.56	123.62	310.57	109.30

*Source: Hungarian Statistical Office [https://www.ksh.hu/stadat\\_files/kkr/en/kkr0007.html](https://www.ksh.hu/stadat_files/kkr/en/kkr0007.html)*

Trade with Kosovo was Hungary's 65<sup>th</sup> largest in 2021. Kosovo's main imports from Hungary in 2021 were livestock (19%), non-metallic minerals (9%) and telecommunications, audio-recording and audio-player equipment (9%). The main exports, according to Daily Hungary (2023), from Kosovo to Hungary were telecommunications, audio-recording and audio-player equipment (32%), textiles (13%), and other metal goods (12%).

Kosovar-Hungarian trade has increased over the years, and tripled since 2015, but remains low in comparison to other regional countries. The reasons why Kosovo has far fewer Hungarian investments than the rest of the region is manifold. It is a smaller economy that does not border Hungary, there is a reputational cost with Serbia if Hungary deepens its relationship with Kosovo, and the overall image of Kosovo in Hungary is related to the war. However the challenges are not insurmountable and can be viewed as somewhat superficial. Hungary's ability to maintain relations with both Serbia and Kosovo demonstrates that diplomatic balance is achievable (even though Hungary weakened that balance with their decision to vote against Kosovo's Council of Europe membership). Also, despite the legacy of the war, Kosovo has established itself as one of the strongest democracies

among the Western Balkan six. According to international assessments by such as Transparency International, World Justice Index or Media Freedom, often outperforming its regional counterparts.

**Table 2**  
Kosovo imports from, and exports to, Hungary in EUR

Indicators	2015	2016	2017	2018	2019	2020	2021
Export	238,000	277,610	1,314,404	876,527	1,346,121	2,657,000	3,458,648
Import	24,397,000	26,551,825	28,894,910	34,772,907	60,092,050	52,294,000	66,514,125

*(Source: Kosovo Government, 2024)*

The Hungarian interlocutors, in interview, mentioned that, despite being a middle power in the region, “Hungary does not have the attention and the capacities to engage with every Balkan country at the same level. Most companies try the easy route, Albania because the regulations are easier, Montenegro because it is smaller, and Serbia because Hungary knows it better. For Hungarian companies, Kosovo is far away and logistically complicated. If you have to drive to Kosovo, you pass through Serbia and North Macedonia, making companies lose 4-6 hours of time, and the unpredictable security situation makes it harder to convince Hungarian companies to invest because it might be easier to do it elsewhere” (Ugrósdý, 2024). There is also an issue with the image of Kosovo in Hungary. Kosovo was the last conflict in the dissolution of Yugoslavia, and also the one where Hungary was involved and remains to this day through KFOR and EULEX. Despite the contribution of Hungary to Kosovo’s security, the view from Budapest to Kosovo through the security lens has not been conducive to increasing economic cooperation. Other factors hindering investments in Kosovo, are its structural weaknesses, such as the low level of trust in institutions, rule of law, corruption, infrastructure, fiscal stability, education and administrative barriers. However, the Kosovar governments over the years, have targeted some of those

issues and have been commended by the International Monetary Fund (2023.) For example, the government has one of the highest levels of trust among those in the Western Balkans, as does the independence of the country's judiciary (RCC, 2025). Kosovo has led the Western Balkans in rule of law for several years (USAID, 2024) and has been commended by the IMF (2023) and the EU Country Report (2022:6.61) for prudent macroeconomic policies.

Hungarian companies have also not been entirely successful in establishing themselves in Kosovo. Hungarian Telekom was interested in entering the market in 2005. However, Kosovo's Telekom was never privatized, due to internal political opposition against the privatization. Hungary's Wizz Air has also not expanded to the level it aimed at (become the main airline at Pristina Airport), due to competition from Switzerland, Germany, Austria and Turkey, and also because it had to discontinue its flights to Basel and Baden (Ex-Yu Aviation News, 2024). Nevertheless, it is still the busiest airline in Pristina. Hungary's domestic companies MOL, 4iG and OTP that are active throughout the region have no foothold in Kosovo.

#### ***4.1. The Hungarian-Kosovar Joint Economic Commissions***

As of 2024 there have been two Hungarian-Kosovar Joint Economic Commissions, and economic forums have been held over the years. In 2012, an economic forum was held in Budapest in the presence of Prime Minister Orbán and Prime Minister Thaçi. In 2015, Hungary and Kosovo signed an Agreement on Economic Cooperation. In 2016, the Hungarian-Kosovar Joint Economic Commission was formed. The first Commission was held in 2017 in Budapest, and then in Pristina. In February 2023, another session was held between the two governments, chaired by Kosovo Minister of Trade, Rozeta Hajdari and Péter Sztáray, State Secretary for Security Policy and Energy Security of the Ministry of Foreign Affairs and Trade of Hungary. The discussion in the recent Joint Economic Forum revolved around economic cooperation, manufacturing industry, treasury, agriculture and the food industry, environmental protection and water management, tourism, education, research and development, and

science and technology (Embassy of Hungary Pristina, 2023). With interest in agriculture in the fields of seed production, forestry, and the quality control of honey production.

Education was also one of the topics discussed, as the Stipendium Hungaricum programme celebrated its 10 year anniversary. The scholarship enables Kosovar youngsters to study in Hungarian universities. The number of annual scholarships has increased over the years and stands, as of 2024, at 75 scholarships.

The Joint Economic Commission institutionalised cooperation between Hungary and Kosovo, however there is feeling on both sides that that mechanism could have been put to better use. After the first commission in 2017, the political instability in Kosovo and the changing governments led to several postponements of the date for the next joint commission, which was only instituted in 2023, 6 years after the first commission. In order for economic cooperation to function, there should be a stronger effort to hold them more often and to sign a new economic agreement similar to the tied aid loan in 2016.

#### ***4.2. The missed Opportunity of the Tied-aid Loan***

In 2016 the governments of Kosovo and Hungary agreed on a 62 million Euro tied-aid loan from the Hungarian Exim Bank to the government of Kosovo. The agreement was signed and ratified by both parties in 2016. The fund was to be used for infrastructural projects in Kosovo to be implemented and managed by Hungarian companies in partnership with Kosovar firms. The projects included:

1. Project for Traffic and Transport Safety in the territory of the Republic of Kosovo.
2. The construction project of the sewage treatment plant in the Municipality of Ferizaj.
3. The construction project of the plant for the sewage in the Municipality of Deçan.
4. The water supply network in the Municipality of Gjakova.
5. Project for Lake Vërbovc in the Municipality of Drenas.



The agreement was signed under the coalition government, between the Democratic League of Kosovo (LDK) and the Democratic Party of Kosovo (PDK) led by Isa Mustafa (2014–2017). However, at the time when the Kosovar government submitted the project proposals there was already a new government with a ruling coalition composed by PDK-AAK (Alliance for the Future of Kosovo) and NISMA (Social Democratic Initiative) and headed by Prime Minister Ramush Haradinaj (2017–2019). The choice of municipalities chosen by the Haradinaj government were also considered PDK and AAK strongholds at that time, in terms of local elections at least.<sup>6</sup> The PDK mayor of Ferizaj, Agim Aliu had even promised in the local vote of 2021 that, in his new mandate, he would construct a water treatment plant through an agreement with Hungary.

However, from 2016 when the agreement was initially signed, to 2022, Kosovo had political instability and changing governments (Sejdiu, 2021). From 2016 to 2022, there were five different governments and the changing internal dynamics had an impact on the loan, even though it was extended after the initial deadline of five years passed. The extension was signed during the Hoti government in 2020, by Foreign Ministers Meliza Haradinaj and Péter Szijjártó. The timing of the pandemic also created also an issue with the postponements.

The other impending issue was the Hungarian and Kosovar companies could not agree on the implementation and management of the projects, there was also lack of capacity from both the Hungarian and Kosovar governments to implement the projects (Ugródsy, 2024; Bislimi, 2024). The project based on water management had missing capacities from the Hungarian side as Hungary has only one company capable (Budapest Waterworks) of implementing the project, but their services are being offered all around the world and the company does not have the capacity to invest in many countries (Ugródsy, 2024).

Eventually, the tied-aid loan passed all the extended deadlines and failed to materialize. The changing governments and, with that, the changing long-term priorities had an impact on major projects that

6 In the Kosovar elections, one party could win a municipality in local elections though another party could dominate in national politics. See Sejdiu (2021), *Local Elections in Kosovo, a Set Theoretic Model of Explanation*. *UBT International Conference*. 250

were signed but not implemented yet. For the Hungarian side, Kosovo as a state should have stayed true to commitments made in 2016 with the signing of the agreement and 2020 with the extension. However, internal instability, political polarization and changing priorities made it hard for the new governments to stay committed to projects signed in 2016 that never materialized. In 2017 the Haradinaj government continued by proposing projects according to their own priorities. The Hoti government in 2020, signed an extension was, whereas in the second Kurti government that took the mandate after Hoti in 2021, the Finance Minister Hekuran Murati proposed a re-programming of the tied-aid loan, though that failed to materialize, mostly because the Hungarians wanted to move forward with the implementation phase and not to re-negotiate agreements that were signed in 2016 and had already been extended.

Since 2021, Kosovo has had a new government and has entered into a new phase of stability, with Albin Kurti likely to have the longest mandate since Thaçi 2 (2011–2014). Kurti is very likely to continue for a third term, and with the changing leadership in LDK and PDK, the internal party politics is not as polarised as before. The initiation of another loan would be able to strengthen the economic cooperation between both countries. In interviews with the Kosovar policy-makers, they often mentioned Hungary's role in sport sector in Kosovo, and the previous plans of building a stadium (Ahmeti, 2024; Bislimi, 2024). Kosovo will be hosting the next Mediterranean Games in 2030, for which it is planning to build sport-infrastructure amounting 250 million euros. This could be an opportunity for cooperation in the near future between the two countries.

Other possible areas for cooperation could again be water management, as Kosovo will need to build a number of water and sewage treatment plants, including water resource management, industrial and drinking water. Another sector of cooperation could be Hungary's support of Kosovo's transition to a green economy, including the manufacturing sector, green industries and recycling. In agriculture, Hungary has experience in seed breeding that could result in varieties that are more adaptable to a changing climate. It could also contribute in agricultural engineering and the digitalization of agricultural products: drones, weed control, pest management, etc.

## 5. Hungary's Stance on Kosovo's Integration into Euro-Atlantic Structures

### *5.1. Hungarian Diplomacy in International Missions in Kosovo*

As mentioned in the independence section, Hungary was very active in Kosovo also before independence, taking part in the NATO intervention, in the international missions in Kosovo and assisting the membership of Kosovo in international organisations.

Kosovo became a case in which Hungarian diplomacy could take the driver's seat in international politics and diplomacy. During the Operation Allied Forces in Kosovo, Hungary took a crucial role despite fears of Serb retaliation against the Hungarian population of Vojvodina. If the events of the NATO intervention had unfolded differently, the next stage would have been a ground offensive launched from Hungary but, fortunately, Hungary was virtually unharmed by the end of the intervention (Márkus, 2019, 232). Also, after the war Hungarian diplomats were part of the UNMIK (United Nations Interim Administration Mission in Kosovo), EULEX, International Steering Group and the International Civilian Office. Hungary also offered to host the Kosovo status talks in 2005 in Budapest, at the Meeting of EU Foreign Ministers, but Vienna was chosen as a location instead. After recognising Kosovo and establishing its diplomatic mission in Pristina in 2008, Hungary was also part of the International Steering Group that supervised Kosovo's independence until 2012.

Hungary's diplomatic involvement continued after Kosovo's independence in the Euro Atlantic-integration framework, with Hungarian diplomats taking roles in the European integration of the region. Between 2019 and 2024 Hungarian diplomat, Olivér Várhelyi was appointed Commissioner for Neighbourhood and Enlargement. Since 2015, the Hungarian Government has also posted experienced EU integration experts from the Hungarian Ministry of Foreign Affairs and Trade to assist eventually every Western Balkan government.

In autumn 2021, Hungary led the KFOR mission in Kosovo with Hungarian Brigadier General Ferenc Kajári. Leading one of the largest NATO peacekeeping missions in the world was seen as a military and

diplomatic success for Hungary (Gönczi, 2021). The recognition of Kosovo, the previous positive image of the Hungarian military in Kosovo, the large battalion and Hungary's experience within the region, created enough scope for that success.

During the Hungarian KFOR mandate, in December 2022, erected barricades in the Serb majority populated northern municipalities of Kosovo were removed peacefully within a month. Here, under the command of General Ferenc Kajári, KFOR also played a constructively important role in deescalating the situation on the ground. The relationship of Hungary with both countries played a role in coordination with each other, as well as with other decisive international actors such as the United States, UK, Germany, Italy and France. It is important to note that General Kajári is respected among Kosovar decision-makers for his role in the de-escalation. Unfortunately, the same level of success in de-escalation was not repeated in June 2023 when, this time under the Italian leadership of KFOR, Kosovo Serb protesters injured KFOR soldiers, among whom were also Hungarian soldiers, some experiencing life-altering injuries.

In the same year, three Kosovar policemen were kidnapped by Serb police and were held in custody in Serbia. There was immense international pressure on Serbia to release the policemen, and the public information of their release came from the Hungarian Prime Minister, Viktor Orbán who had requested the release of the policemen in a meeting with President Vučić in Serbia (Domènech, 2024, 7). The escalation continued on 24 September, 2023, when a heavily armed paramilitary group of Kosovar-Serbs, entered Kosovo from Serbia, attacking the Kosovar police. The attack left dead one Kosovar Policeman and three Serb militants. The European Parliament (EP) classified the incident as a “terrorist attack” (Resolution 2023/2880(RSP)) and, following an inquiry, the EP, as well as several EU member states called for the implementation of sanctions against the Serbian state and the involved individuals (EP Press Release, 2024). However, no sanctions were imposed on Serbia, despite confirmation from the US Embassy in Kosovo (2024) of financial and organizational links with the Serbian state. Sanctions were not imposed on Serbia through the fear of some EU member states that they would be counterproductive. Some EU member states, including Hungary, declared that they would oppose sanctions against Serbia.

Kosovo has featured prominently in Hungary's involvement in international missions, from peacekeeping to EU integration. Under the command of General Kajári, in late 2022, KFOR managed to resolve tensions on the ground without any escalation, and Hungary played a constructive role in leveraging Serbia for the release of the three kidnapped Kosovar policemen. However, from the Kosovar point of view, this Hungarian effort was undermined by its later stance against Kosovo's membership in the Council of Europe and the statement after the Banjska attack, that "Kosovars should behave differently and not provoke the Serbs" (Gas, 2023).

## ***5.2. Hungary's Role in Kosovo's Membership in International Organisations – a Cautiously Active Approach***

For Kosovo, that is not universally recognised and continues to be claimed by Serbia, membership in international organisations is of particular importance. Besides the population, territory, and government, the fourth criteria of statehood according to the Montevideo Convention, is the capacity to enter into relations with other states. Kosovo does that bilaterally, though every participation in international organisations affirms Kosovo's position as a sovereign and independent state in the international order. After Kosovo's independence, membership in international organisations became a diplomatic battleground between Kosovo and Serbia, with both countries vying for support from their allies.

Hungary supports the EU integration of all the Western Balkan states and has also supported Kosovo's integration to the European Union. It has been an especially a vocal actor in Kosovo's visa liberalisation process that was delayed for six years after the Commission recommended visa liberalisation in 2018.<sup>7</sup>

<sup>7</sup> Visa liberalisation for Western Balkan countries happened in 2009 and 2010. Usually, when the Commission recommended visa liberalisation, the Council followed suit within a few months. Kosovo was left out of the visa liberalisation at that time and underwent a lengthy process of fulfilling double the benchmarks of other WB countries. In 2018, the Commission recommended visa liberalisation, but Council did not put it into agenda, mostly due to fears of irregular migration. The process was criticised by many EU members, including Hungary, as unjust and unnecessarily lengthy.

In international organisations, Hungary has a somewhat mixed track record of voting, with most of the votes being in favour. The Hungarian support for Kosovo's membership in international organisations always puts at risk Budapest's relationship with Belgrade. However, that has not stopped Hungary supporting Kosovo's membership in a number of international organisations such as the International Monetary Fund, World Bank, European Bank for Reconstruction and Development, Venice Commission, Council of Europe Development Bank, UNESCO (despite heavy pressure from Russia and Serbia), UEFA for which the Kosovar diplomacy saw the support as crucial, and FIFA. Hungary has also chosen to abstain in several other cases: Permanent Court for Arbitration, World Customs Organisations and INTERPOL. In Kosovo's bid for the Council of Europe, Hungary was the only recognising country to vote against Kosovo's membership.<sup>8</sup> It is important to note that in every case of abstention and in the case of the vote against the Council of Europe, Hungary's vote was not decisive in blocking Kosovo's quest for membership.

### ***5.3. The Vote Against Council of Europe Membership and the Kosovo-Serbia Dialogue***

Kosovo applied for membership of the Council of Europe on the 12<sup>th</sup> of May 2022, using momentum after the suspension of Russia from the organisation on the 25<sup>th</sup> of February 2022. Kosovo, as a European democracy fulfils the criteria for membership, and that was subsequently also confirmed by the reports of the eminent lawyers of the CoE, and that of Rapporteur Dora Bakoyannis (Greece, EPP). Membership was supported in the first round of the Council of Ministers by 33 countries, with 5 abstentions and 7 votes against; Hungary being the only country

8 As of April 2024, Kosovo's bid for membership of the Council of Europe has not yet been completed, as there are still two more rounds of voting. The vote in the text refers to the vote of Hungary in the CoE Committee of Ministers on April 24, 2023. The vote was to send Kosovo's membership application to the Parliamentary Assembly (PACE). Kosovo passed the vote with 33 votes in favour, 7 against and 5 abstentions. On March 27, 2024, Kosovo's application was also supported by The Council of Europe's Parliamentary Assembly Committee on Political Affairs and Democracy. The two remaining procedural steps are a 2/3 majority vote in PACE and again in the Committee of Ministers.

that recognised Kosovo and voted against it. According to the Hungarian position, the Dialogue between Kosovo and Serbia should be resolved and Kosovo's membership in international organisations obstructs that process. "The premature admission of Kosovo by various European entities may jeopardise the search for reconciliation", said Péter Szijjártó in January 2023 (Camba, 2023). According to Hungarian diplomats, the vote against Kosovo in the Council of Europe, is also a signal of frustration with the ongoing stalled Dialogue with Belgrade.

The approach that the Dialogue should come first and then Kosovo's membership in international organisations is not new. That has been the position of Serbia for a long time, despite signing the Brussels Agreement in 2013 that states "Neither side will block, or encourage others to block, the other side's progress in their respective EU paths."<sup>9</sup> Or Article 4 of the Ohrid Agreement (2023) that states that "Serbia will not object to Kosovo's membership in any international organisation."<sup>10</sup>

The approach that the dialogue should come before membership of the Council of Europe, is also known as the peace before recognition paradigm. The critique to that approach is that, as seen in the episodes of the tensions in 2022–2023 between Kosovo and Serbia, this approach aggravates and protracts violence, and allows parties to hijack the peace negotiations (Visoka, 2024), which goes against the strategic interest of Hungary in regard to having stability in the region.

Dialogue before membership is not a balanced nor neutral approach and Hungary initially did not support the inclusion of the Annex of the Ohrid Agreement in Serbia's Chapter 35.<sup>11</sup> However, it later voted with

9 Paragraph 14 of the Brussels Agreement signed in 2013.

10 See "Agreement on the Path to Normalisation of Relations between Kosovo and Serbia": Belgrade-Pristina Dialogue: Implementation Annex to the Agreement on the Path to Normalisation of Relations between Kosovo and Serbia.

11 The Ohrid Agreement between Serbia and Kosovo was not signed between the two countries, but became part of the EU accession of both countries. After an initial agreement on 27.2.2023, an annex was agreed upon without signature by the parties on 18.3.2023. In the case of Kosovo it became part of an SAA body, and for Serbia it became part of their accession process, namely in Chapter 35. In Serbia's EU integration process, Chapter 35 names other issues and concerns normalisation of relations with Kosovo. Specifically it contains agreements reached within the EU facilitated Dialogue with Kosovo and the implementation of Agreements. That chapter was officially updated in April 2024 to include the the Ohrid Agreement to Chapter 35.

other EU member states unanimously in COREPER, to include the Ohrid Agreement in Serbia's accession process that now became part of its EU accession process (European Western Balkans, 2024).

Also, Kosovo membership in international organisations, including the Council of Europe, and the Dialogue, are parallel processes that are not related even EU officials have stated that (Euronews Albania, 2024). On the other side, the dialogue between Kosovo and Serbia is open-ended and has not concluded, despite starting in 2011. The final agreement between Serbia and Kosovo looks far from within reach. Therefore, an approach to stop membership in international organisations and to focus on the Dialogue, would be time lost in gaining international subjectivity from the Kosovar point of view. At the same time, from the Kosovo perspective, Serbia is using the open-ended process of the Dialogue to block Kosovar recognition and membership in international organizations.

For Hungary, the focus on the dialogue and the increasing tensions in Kosovo, was more important than the membership of Kosovo in the Council of Europe. It certainly played a constructive role and used its relationship with Belgrade to gain the release of the three kidnapped Kosovo policemen and calm tensions during the mandate of General Kajari, however the vote against in the Council of Europe hurt Hungary's image as an ally and supporter of Kosovo (Perez, 2024). Aside from in the Council of Europe, Hungary was also the only EU and NATO member to vote against the UN resolution of the Srebrenica Genocide in May 2024. That led some to criticise Hungary's approach as dangerous for the future of the region and Western interests (Ćerimagić, 2024, 22).

Hungary had continuously supported the EU integration of Kosovo and was especially vocal during the visa liberalization process. In terms of membership in international organisations, Hungary has supported the membership of Kosovo in several organisations and was especially decisive in its bid for UEFA membership at the UEFA congress in Budapest (Popova, 2016). Hungary has also abstained at times when its vote was not necessary, however, in 2023, it voted against Kosovo's membership in the Council of Europe. A factor was also that Kosovo would be able to join without Hungary's vote, and it was not the first time when Hungary did not vote for Kosovo's membership when its vote was not necessary. However, the vote



in the CoE marked the first vote Hungary cast against Kosovo's membership in international organisations, damaging the relationship between the two countries.

For Kosovo, Hungary's vote against CoE membership goes against its policy of ensuring minority protection and is unnecessarily harming the relationship with Kosovo. According to Kreshnik Ahmeti (2024), Deputy Minister for Foreign Affairs, Kosovo's membership would also strengthen the position of the Serb minority, as it would allow them to bring cases before the Court of Human Rights in Strasbourg.

The vote did not stop Kosovo's bid for CoE membership, though it served its PR purpose for the Serb leadership, which might have gained a vote against Kosovo, though fell short in stopping the 2/3 majority and even experienced five abstentions from countries that do not recognise Kosovo. Kosovar officials never talked openly about the Hungarian vote, instead focusing on the success of their bid. Similarly, the vote in the Parliamentary Assembly of the Council of Europe (PACE) was successful for Kosovo as it gained 131 votes in favour, 29 against and 11 abstentions (Sejdiu, 2024). Here all four Hungarian MPs voted against, but the Kosovar delegation again focused on the success of their bid, which gained for the first time pro votes from non-recognising countries such as Greece, Ukraine, Armenia and Romania.

In the end, despite the success of the PACE vote, Kosovo did not manage to enter the agenda of the Committee of Ministers in May 2024, not because of Hungary or countries that do not recognise Kosovo, but because France, Italy, and Germany set a condition for Kosovo's membership of establishing the Association of Serb Majority Municipalities. More specifically Kosovo was given the condition of submitting the draft statute of the Association of Serb Majority Municipalities to its Constitutional Court for their support of Kosovo's CoE Membership bid (Isufi & Isufi, 2024).

The vote against Kosovo in international organisations did not stop with the CoE bid. On the 27<sup>th</sup> of May, the Parliamentary Assembly of NATO approved by a majority of votes the recommendation of advancing Kosovo's status in the Assembly from observer to associate member. Here Kosovo received 14 abstentions and only one vote against, that of Hungary. Hungary's position again was harsher than that of non-recognising

countries of NATO like Spain, Greece, Romania and Slovakia, who's MPs abstained. Notably, Kosovo's status was upgraded despite the Hungarian vote (Kosovo Online, 2024).

However, the vote has damaged the hard-won trust built up over the years between the two countries. The vote against could also further harm Kosovo-Hungary cooperation in the future and the role in the security sector in Kosovo. As a light in the end of the tunnel, the Hungarian presidency of the EU in 2024 could present the possibility of a thaw in Kosovan-Hungarian relations and a successful presidency could be a trust-building opportunity, especially if Hungary plays a role as the presidency holder in the removal of EU measures against Kosovo imposed on June 2023 or if it creates a consensus in the Council that allows Kosovo's unaddressed membership application to proceed to the Commission, or achieves a smooth implementation of the Growth Plan for the region. Indeed, there have already been some high-level visits of Kosovar officials in 2024, including Defence Minister Ejup Maqedonci, who was invited to the Budapest Security Dialogue and held meetings with the defence ministers of the Central European Defence Cooperation (Klan Kosovo, 2024) a meeting between Deputy FM Kreshnik Ahmeti and Secretary of State Péter Sztáray (Kosovo MFA, 2024), and a high level visit of Kosovo's Deputy Prime Minister Besnik Bislimi who met with Minister of Foreign Affairs and Trade, Péter Szijjártó (Office of the Prime Minister (Kosovo), 2024). During that visit, a Memorandum of Agreement was signed between the Institute of Public Administration of Kosovo and the University of Public Services of Hungary.

## 6. Conclusion

Hungary and Kosovo have a multifaceted relationship. From the Hungarian view Kosovo is key to the stability of the region, which is also why Hungary has invested in the security of Kosovo with Hungarian soldiers on the ground. For Kosovo, Hungary is one of its first recognisers, that has been involved in international missions and was one of the countries participating in NATO's humanitarian intervention and in the international steering committee, EULEX, etc.

Despite its growing relationship with Serbia, Hungary's primary goal for the Balkans remains stability. The level of trade between the two countries is increasing but still remains low compared to that with other Balkan countries. The failure to materialize the tied-aid loan of 62 million was a missed opportunity, mainly due to political instability in Kosovo and changing governments at that time, though there is willingness from the Kosovar side to have another re-programmed loan, especially in sports infrastructure and water management.

Regarding membership in international organisations, Hungary has played an important role in achievement of membership of a number of international organisations, especially in UEFA which happened to occur in Budapest. However, the recent 2023 vote against Kosovo in the Council of Europe has damaged the relationship between the two countries. The potential membership of Kosovo despite the Hungarian vote, and an active Hungarian EU presidency, could present an opportunity for a thaw in the relationship.

Hungary, as an EU and NATO country, is of utmost importance for Kosovo, which seeks to become a part of both organisations. The close relationship with Serbia should not be an obstacle to a Kosovo-Hungary relationship. The recognition of Kosovo and the immediate establishment of an Embassy by Hungary, shows that the country was willing to engage further with Kosovo than other central European countries. In addition, cases like the Hungarian-led KFOR mission and the release of the three kidnapped policemen from Serbia, the Hungarian leverage and relationship with Serbia, have proved to be an asset. Kosovo's independence and European integration is a factor of regional stability and, as such, it is in line with Hungary's interests in the region.

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# BRIDGING CHALLENGES AND OPPORTUNITIES: HUNGARY'S STRATEGIC ENGAGEMENT WITH THE WESTERN BALKANS

## Economic Dynamics: Hungary and the Western Balkans

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**Abstract:** The paper provides a comprehensive analysis of the economic relations between Hungary and the Western Balkans, focusing on investments, trade, and cooperation agreements. The study utilizes data from various reliable sources, including Magyar Nemzeti Bank (Hungarian Central Bank), the World Bank, the World Trade Organization, and the United Nations Conference on Trade and Development. The analysis encompasses foreign direct investment stocks, trade volumes, trade composition, and the impact of bilateral investment treaties and double tax treaties. The findings reveal fluctuating patterns in FDI volumes and trade volumes between Hungary and the Western Balkan countries. The research highlights the significance of economic cooperation between Hungary and the Western Balkans, emphasizing the potential for mutual growth and development. It also underscores the challenges and disparities in economic relations, pointing to the need for targeted strategies and collaborative efforts to enhance trade, investment, and economic cooperation. The study provides a nuanced understanding of the current state of economic relations, offering insights for theoretical, methodological, and managerial implications, and contributing to the broader context of regional economic dynamics.

**Keywords:** economic relations, Hungary, Western Balkans, foreign direct investment, trade

## 1. Introduction

The relationship between Hungary and the Western Balkans is based on a complex interplay of historical ties, economic interests, and geopolitical dynamics (Füzes, 2007). Situated in Central Europe, the geographical proximity of Hungary has historically influenced its interactions with the Western Balkan countries. Over the years, these nations have navigated a multifaceted relationship marked by varying degrees of cooperation and divergence. However, the nature of these relations has evolved substantially, especially after the dissolution of the Socialist Federal Republic of Yugoslavia in the 1990s, which led to the emergence of independent Balkan states. The region, comprising the countries of Serbia, Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Kosovo, holds strategic importance due to its proximity to the European Union (EU) and its untapped economic opportunities (Dabrowski & Myachenkova, 2018; Sanfey & Milatovic, 2018). The region has diverse sectors with growth potential, ranging from manufacturing and energy to agriculture and services (Sanfey et al., 2016).

In recent years, Hungary has increasingly recognized the economic potential embedded within the Western Balkan region (Reményi et al., 2021; Griessler, 2018). This acknowledgment stems from various strategic and economic factors that have prompted Hungary to reassess its relations with the Western Balkan nations. Hungary's recognition of the Western Balkans' economic potential aligns with its broader geopolitical strategy. As an EU member state, Hungary sees the Western Balkans as a crucial region with proximity to the EU, making it strategically significant for economic partnerships and regional stability.

Hungary has shown interest in collaborating on infrastructure projects to bolster economic ties with Serbia (Tonchev, 2017). The improvement of transportation, energy networks, and communication systems in the Western Balkan countries not only enhances their economic capabilities but also contributes to overall regional stability and connectivity (Orosz, 2017). Hungary has also actively pursued investment opportunities in the Western Balkans (Deichmann, 2021; Mirković, 2019; Voka & Dauti, 2015; Zakharov & Kušić, 2003). Hungarian companies have shown interest in various sectors, including manufacturing, energy, banking, and infrastructure development.



Hungary has entered into numerous cooperation agreements with the Western Balkan countries, aiming to strengthen economic ties. These agreements span various sectors, such as education (e.g., the Memorandum of Understanding on Cooperation in Education with Bosnia and Herzegovina signed in 2023), culture (e.g., the Agreement on Cooperation in the Field of Education, Culture, Sports and Youth with the Government of Montenegro signed in 2017), research and technology (e.g., the Agreement on Scientific and Technological Cooperation with Montenegro signed in 2012), ranging up to strategic partnership agreements (e.g., the Strategic Partnership Agreement signed with Serbia in 2021). They serve as frameworks for collaboration, promoting mutual development and enhancing the overall economic relationship between Hungary and the Western Balkans. Infrastructure development (the construction of the Budapest-Belgrade railway line), joint ventures in key industries (e.g., a joint gas company with Serbia), and participation in regional development programs (Juzová, 2023) are examples of initiatives aimed at deepening economic linkages and fostering sustainable growth.

Against this background, the primary objective of this research is to conduct a comprehensive analysis of the economic relations between Hungary and the countries of the Western Balkans. This entails examining the various dimensions of economic interaction, including investments, trade, and cooperation agreements. By scrutinizing the patterns of investment stocks, trade dynamics, and the regulatory frameworks governing economic interactions, the study provides a nuanced understanding of the current state of affairs.

The paper is structured as follows. Section 2 presents data and methodology. Section 3 provides insights into the economic relations between Hungary and the Western Balkan countries, whereas Section 4 examines major cross-border projects. Section 5 discusses the opportunities and challenges of economic cooperation between Hungary and the Western Balkans. Finally, Section 6 provides concluding remarks.

## **2. Data and Methodology**

The present study examines economic connectivity indicators between Hungary and the Western Balkan states, specifically Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia.

It examines foreign direct investment (FDI) stocks between Hungary and the Western Balkan states, both inbound and outbound, utilizing data from Magyar Nemzeti Bank (MNB Statistics, n.d.). Additionally, it assesses Hungarian exports to and imports from these states, sourced from the World Bank (WITS, n.d.), and scrutinizes trade composition by major value-based groups as well as trade complementarity.

The research incorporates information on regional trade agreements and bilateral investment treaties between Hungary and the Western Balkan States, drawing upon data curated by the World Trade Organization (WTO, n.d.) and the United Nations Conference on Trade and Development (UNCTAD, n.d.). Moreover, it considers double tax treaties through data from the International Bureau of Fiscal Documentation (IBFD, n.d.). The comprehensive nature and reliability of these databases facilitate a thorough and detailed exploration of the economic ties between Hungary and the Western Balkan states.

This analysis adopts a descriptive and comparative approach, aiming to provide a comprehensive understanding of the economic dynamics and relationships between Hungary and the Western Balkan states. The timeframe was chosen based on data availability, i. e., 2008-2022 for FDI and 2012-2022 for trade. By selecting this timeframe, the analysis encompasses various periods to capture potential fluctuations, thereby providing a fuller picture of the trends evolving over time.

### **3. Analysis of Economic Interactions**

#### **3.1. FDI Analysis**

##### **3.1.1. FDI Volume**

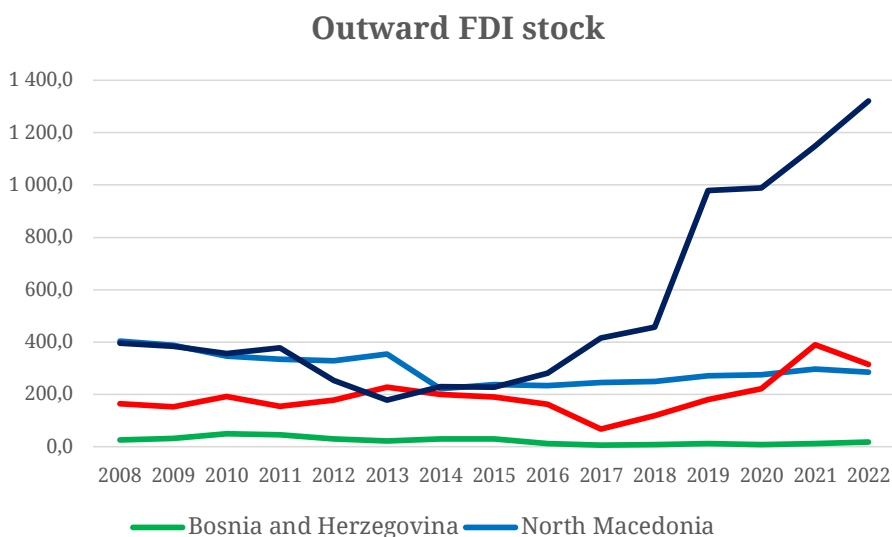
Outward FDI stock from Hungary to various countries in the region have exhibited diverse trends over the years<sup>1</sup> (see Fig. 1).

FDI to Bosnia and Herzegovina experienced fluctuations, ranging from a peak of EUR 49.6 million in 2010 to EUR 5.5 million in 2017, having declined after 2011 in general. One major project is the Hungarian energy

<sup>1</sup> FDI to/from Kosovo was either 0 or missing. FDI data for Albania was missing.

company Lugos Renewables, which is set to become the majority owner of the Trebinje 1 solar power plant (2023) (Tóth & Kávai, 2023). Two other projects include Talentis International Construction Investments acquiring Lukavac Cement & Concrete (2023) and Messer Hungarogaz acquiring the remaining stake in Plin Sarajevo (2022) (Orbis Crossborder Investment, n.d.).

**Figure 1**  
Hungarian foreign direct investment position abroad (net assets)  
(million *EUR*)



North Macedonia saw a notable surge in FDI from Hungary in 2008 and 2009, with EUR 403.3 million and EUR 387.2 million, respectively. Over time, this decreased gradually, stabilizing around EUR 250-300 million from 2011 to 2022, albeit with some fluctuations. One example is Makedonski Telekom being part of Hungarian Magyar Telekom (since 2001), which is, in turn, a subsidiary of the German Deutsche Telekom (AmCham, n.d.).

Montenegro has displayed variable trends in FDI from Hungary, showcasing an overall increasing pattern, which ranged from EUR 68.3 million in 2017 to a peak of EUR 389 million in 2021. One of the prominent

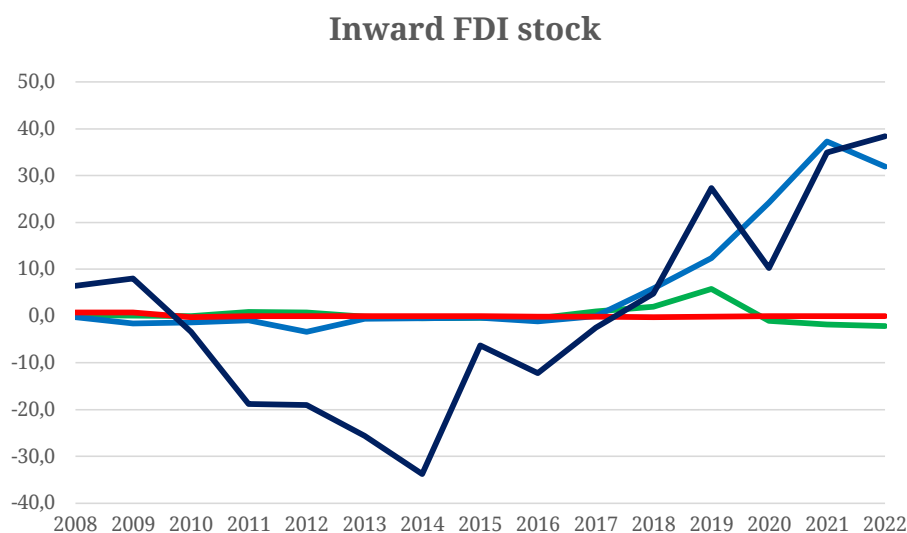
Hungarian companies with a presence in Montenegro is 4iG, which has acquired the mobile phone operator Telenor Montenegro (2021) (Kajosevic, 2021).

In the case of Serbia, FDI from Hungary has exhibited fluctuations but notably increased from EUR 416.6 million in 2017 to a substantial EUR 1,321 million in 2022. This significant rise reflects a remarkable surge in outward FDI from Hungary towards Serbia. Some of the Hungarian projects in Serbia include Indotek Group acquiring the Serbian office portfolio of GTC and Office Planet (2022), Mr Laszlo Sasvari acquiring the Beril IQ Project (2019), OTP Bank acquiring Societe Generale Banka Srbija (2019), Knott-Autoflex opening a car trailer parts manufacturing plant in Becej (2020), Masterplast Group International opening a manufacturing project in Subotica (2015), and Tisza Automotive opening a manufacturing project in Senta (2014) (Orbis Crossborder Investment, n.d.).

FDI stocks in Hungary from various countries in the region have followed distinct patterns (see Fig. 2).

**Figure 2**

Foreign direct investment position in Hungary (net assets) (million EUR)



FDI from Bosnia and Herzegovina into Hungary have witnessed fluctuating and generally low levels of investment, occasionally even dipping into negative values. Its notable peak was at EUR 5.8 million in 2019.

Initially starting with negative values in 2008 (EUR -0.3 million) and 2009 (EUR -1.6 million), FDI into Hungary from North Macedonia has gradually increased over the years. A significant rise occurred in 2021 (EUR 37.3 million) and 2022 (EUR 31.9 million).

FDI from Montenegro into Hungary has remained minimal and inconsistent, fluctuating around values close to zero across the years.

FDI from Serbia began with substantial values in 2008 (EUR 6.5 million) and 2009 (EUR 8.0 million) but turned negative in the subsequent years. However, there was a noticeable upturn post-2017, particularly in 2021 (EUR 34.9 million) and 2022 (EUR 38.4 million). One example is Milsped opening a courier office in Hungary (2023) (Orbis Crossborder Investment, n.d.).

When comparing Hungarian outward FDI to and inbound FDI from the Western Balkan countries, it becomes evident that Serbia emerges as the focal point for Hungarian investments. The substantial rise in Hungarian outward FDI into Serbia, particularly post-2017, signifies the growing importance of Serbia as a destination for Hungarian capital deployment. This trend suggests that Hungarian outward FDI to the Western Balkan countries holds greater relevance than inward FDI from the Western Balkan countries into Hungary, with Serbia standing out as the primary beneficiary of Hungarian outward investment in the region. In this regard, it is also important to mention that outward FDI from Hungary is usually subsidized, with the Western Balkan Investment Scheme being a good example for this trend (HEPA, 2020).

### 3.1.2. Investment Agreements

Hungary has bilateral investment agreements (BITs) with Albania (entered into force in 1998), Bosnia and Herzegovina (2005), Kosovo (2021), North Macedonia (2002), and Serbia (2005). It has a treaty with investment provisions (TIP) with Montenegro, in the form of the EU-Montenegro Association Agreement (2010).

These BITs aim to foster investment by outlining key provisions that encourage and protect investment. They generally focus on creating favourable conditions, ensuring fair treatment, protecting against expropriation, and providing mechanisms for dispute resolution. These agreements emphasize encouraging transparent and favourable conditions for investments, adhering to the relevant laws and regulations.

They ensure that investments and returns receive fair treatment and full protection in the other party's territory and prevent them from being treated less favourably than those of the host country's own investors or those of any third state. Provisions for compensation in case of losses due to events like war, conflict, or expropriation are specified. Expropriation is prohibited unless for a public purpose, with measures for prompt and adequate compensation. These treaties also facilitate free and unrestricted transfer of payments related to investments and returns and outline methods for resolving investment disputes between parties, including negotiation, arbitration, or designated international bodies.

The TIP with Montenegro includes provisions related to investment promotion and protection. The agreement aims to create a favourable climate for private investment, both domestic and foreign. It outlines the importance of improving the legal frameworks that favour and protect investment. Additionally, the agreement emphasizes the need for cooperation in the field of investment promotion and protection to support economic and industrial revitalization in Montenegro.

The fact that these are old treaties, on the one hand, indicates that Hungary has stable economic relations with the region but, on the other hand, these are not modern treaties that deal with the current challenges of trade, FDI, and finance, e.g. sustainability, or how to solve a future potential debate between companies and states. (UNCTAD, 2018).

The agreement with Kosovo stands out for its modern approach, emphasizing human rights, labour rights, corporate social responsibility, and compliance with EU law. Acknowledged by the European Commission, this forward-thinking treaty might serve as a benchmark for future bilateral investment treaties within the EU.

### 3.1.3. Tax Agreements

Hungary has double tax treaties with Albania (entered into force in 1995), Bosnia and Herzegovina (1987), Kosovo (2014), Montenegro (2002), North Macedonia (2002), and Serbia (2002).

These tax treaties have several key aims. Firstly, they aim to prevent double taxation, ensuring that individuals or entities are not taxed on the same income or capital in both countries. Secondly, these treaties work to prevent tax evasion by discouraging the exploitation of the tax law differences between nations. Thirdly, they seek to promote economic relations by providing clarity on tax matters, encouraging cross-border trade, investments, and other economic activities. Lastly, these agreements aim to strengthen bilateral relationships by establishing a framework for cooperation on tax-related issues. Ultimately, these tax treaties intend to create an environment conducive to economic growth and cooperation between Hungary and the Western Balkan nations.

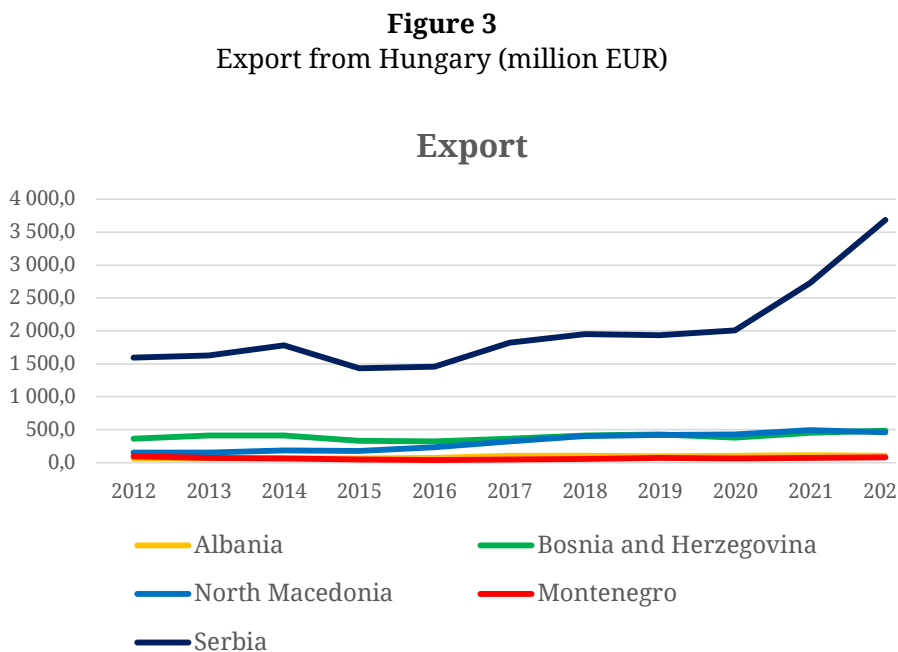
While some of the Hungary's double tax treaties with the Western Balkan countries were established as far back as the late twentieth or early twenty-first century, it is essential to recognize that the global tax landscape has evolved significantly since then (UNCTAD, 2024). While these treaties may contain elements that could be considered outdated or not reflective of contemporary tax practices, it is crucial to note that many of them (the treaties with Albania, Bosnia and Herzegovina, North Macedonia, and Serbia) can undergo updates through instruments like the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI).

The MLI allows for the modification of existing tax treaties to align them with modern international tax standards, ensuring they remain effective and relevant in the face of changing economic and legal environments. Thus, even if some elements of these tax treaties appear antiquated, the presence of mechanisms like the MLI ensures that they can be adapted to meet current needs and standards, thereby enhancing their effectiveness and usefulness in facilitating international tax cooperation.

## 3.2. Trade

### 3.2.1. Trade Volume

The export dynamics from Hungary to various countries in the region has unfolded in diverse patterns (see Fig. 3).



Exports to Albania fluctuated around EUR 61.08 million in 2012 and surged to EUR 115.01 million in 2021, showcasing an overall increasing trend with periodic variations.

Hungary's exports to Bosnia and Herzegovina ranged from EUR 323.86 million in 2016 to EUR 483.95 million in 2022, exhibiting fluctuations but demonstrating a general upward trajectory.

Exports to North Macedonia displayed fluctuations between EUR 151.36 million in 2013 and a peak of EUR 489.97 million in 2021, indicating an overall upward trend despite variations.

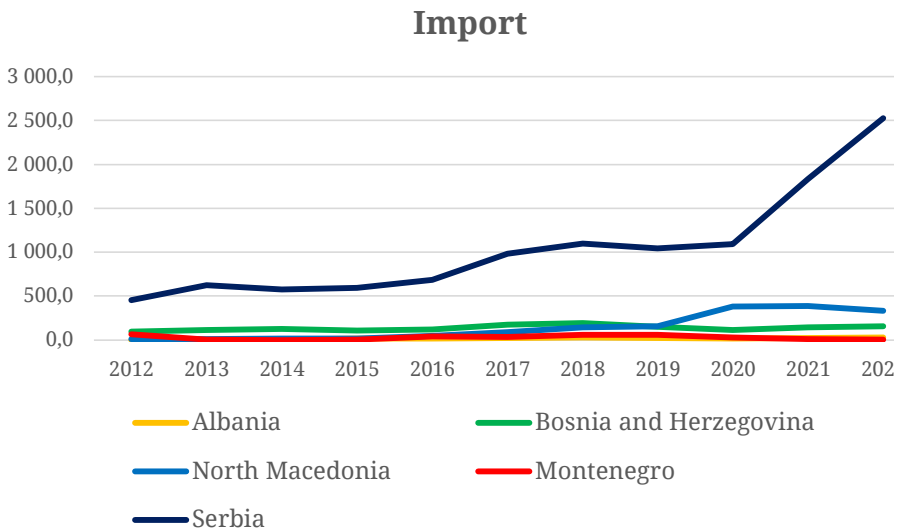


Hungarian exports to Montenegro fluctuated modestly between EUR 39.23 million in 2016 and EUR 76.34 million in 2022, lacking a distinct upward trend.

Exports to Serbia showed a significant range, from EUR 1,430.21 million in 2015 to a notable surge of EUR 3,684.32 million in 2022, revealing substantial growth over the years, which was particularly evident in 2022.

The import dynamics Hungary and other countries in the region have also portrayed varying trends (see Fig. 4).

**Figure 4**  
Import to Hungary (million EUR)



Imports from Albania to Hungary began at EUR 1.29 million in 2012 and steadily climbed to EUR 27.09 million in 2022, illustrating consistent growth over the years.

Hungary's imports from Bosnia and Herzegovina showcased values ranging from EUR 92.73 million in 2012 to EUR 156.35 million in 2022, revealing fluctuations but an overall increasing import trend.

Imports from North Macedonia to Hungary fluctuated from EUR 8.38 million in 2013 to a peak of EUR 385.07 million in 2021, notably rising in recent years.

Hungarian imports from Montenegro presented fluctuating values between EUR 0.91 million in 2014 and EUR 67.92 million in 2012, lacking a clear continuous trend.

Imports from Serbia to Hungary displayed substantial fluctuations, ranging from EUR 456.93 million in 2012 to a significant surge of EUR 2,527.54 million in 2022, indicating notable growth, especially in recent years.

### 3.2.2. Composition of Trade

Hungary exports various goods to Albania, with significant exports of chemicals, food products, communication equipment, electrical machinery, and items related to agriculture and vehicles. Conversely, Hungary imports a range of products from Albania, notably leather goods, apparel, some fabricated metal products, textiles, and furniture.

Hungary exports a range of products to Bosnia and Herzegovina, including chemicals, food items, agriculture-related goods, communication equipment, rubber/plastics products, vehicles, basic metals, and wood-related items. On the flip side, Hungary imports several items from Bosnia and Herzegovina, predominantly chemicals, basic metals, fabricated metal products, leather/footwear, rubber/plastics products, wood-related items, furniture, apparel, and materials related to mining and quarrying.

Hungary exports a range of products to Montenegro, notably chemicals, communication equipment, food items, machinery, rubber/plastics products, vehicles, electrical machinery, and wood-related goods. In contrast, Hungary imports several types of goods from Montenegro, including basic metals, chemicals, fabricated metal products, medical/optical instruments, wood-related items, non-metallic mineral products, food products, furniture, communication equipment, and textiles.

Hungary exports various goods to North Macedonia, including electrical machinery, rubber/plastics products, machinery, non-metallic mineral products, communication equipment, vehicles, leather/footwear,

chemicals, and medical/optical instruments. In return, Hungary imports various items from North Macedonia, such as electrical machinery, vehicles, furniture, machinery/equipment, basic metals, food products, agriculture-related goods, rubber/plastics products, medical/optical instruments, and chemicals.

Hungary exports a diverse range of goods to Serbia, including electricity/gas/water supply, mining-related products, chemicals, communication equipment, food/beverages, petroleum-related products, rubber/plastics products, electrical machinery, vehicles, and machinery/equipment. Conversely, Hungary imports various items from Serbia, such as electricity/gas/water supply, electrical machinery, basic metals, chemicals, machinery/equipment, rubber/plastics products, food products, agriculture-related goods, communication equipment, and materials related to mining and quarrying.

**Table 1**  
Hungarian export and import in 2022 (1,000 USD)

Product group	Trade partner	Trade value	Direction
Chemicals and chemical products	Albania	14,977.721	Export
Food products and beverages	Albania	14,089.548	Export
Radio, television and communication equipment	Albania	13,395.648	Export
Electrical machinery and apparatus	Albania	13,183.963	Export
Agriculture, hunting, forestry and fishing	Albania	8,210.898	Export

Motor vehicles, trailers and semi-trailers	Albania	6,673.726	Export
Rubber and plastics products	Albania	6,367.049	Export
Textiles	Albania	5,664.693	Export
Machinery and equipment	Albania	4,011.475	Export
Fabricated metal products	Albania	3,272.498	Export
Leather, leather products and footwear	Albania	13,020.309	Import
Wearing apparel, dressing and dying of fur	Albania	7,052.084	Import
Agriculture, hunting, forestry and fishing	Albania	3,490.531	Import
Fabricated metal products	Albania	1,099.468	Import
Textiles	Albania	705.879	Import
Furniture	Albania	595.251	Import
Radio, television and communication equipment	Albania	567.576	Import
Machinery and equipment	Albania	112.3	Import

Chemicals and chemical products	Albania	112.178	Import
Rubber and plastics products	Albania	99.377	Import
Chemicals and chemical products	Bosnia and Herzegovina	52,194.227	Import
Basic metals	Bosnia and Herzegovina	29,860.924	Import
Fabricated metal products	Bosnia and Herzegovina	23,651.123	Import
Leather, leather products and footwear	Bosnia and Herzegovina	16,024.745	Import
Rubber and plastics products	Bosnia and Herzegovina	9,484.048	Import
Wood and products of wood and cork	Bosnia and Herzegovina	6,640.428	Import
Furniture	Bosnia and Herzegovina	2,197.599	Import
Wearing apparel, dressing and dying of fur	Bosnia and Herzegovina	2,173.573	Import
Mining and quarrying	Bosnia and Herzegovina	2,020.86	Import
Pulp, paper and paper products	Bosnia and Herzegovina	1,560.817	Import
Chemicals and chemical products	Bosnia and Herzegovina	124,246.546	Export
Food products and beverages	Bosnia and Herzegovina	71,752.939	Export

Agriculture, hunting, forestry and fishing	Bosnia and Herzegovina	6,0791.01	Export
Radio, television and communication equipment	Bosnia and Herzegovina	29,027.224	Export
Rubber and plastics products	Bosnia and Herzegovina	25,022.251	Export
Leather, leather products and footwear	Bosnia and Herzegovina	22,024.583	Export
Motor vehicles, trailers and semi-trailers	Bosnia and Herzegovina	18,823.448	Export
Basic metals	Bosnia and Herzegovina	18,204.275	Export
Other non-metallic mineral products	Bosnia and Herzegovina	17,329.205	Export
Wood and products of wood and cork	Bosnia and Herzegovina	14,376.795	Export
Chemicals and chemical products	Montenegro	26,188.296	Export
Radio, television and communication equipment	Montenegro	22,851.668	Export
Food products and beverages	Montenegro	6,140.067	Export
Office, accounting and computing machinery	Montenegro	5,558.454	Export

Machinery and equipment	Montenegro	2,605.68	Export
Rubber and plastics products	Montenegro	2,195.955	Export
Motor vehicles, trailers and semi-trailers	Montenegro	1,889.746	Export
Electrical machinery and apparatus	Montenegro	1,811.647	Export
Wood and products of wood and cork	Montenegro	1,630.143	Export
Fabricated metal products	Montenegro	1,125.08	Export
Basic metals	Montenegro	4,267.703	Import
Chemicals and chemical products	Montenegro	223.449	Import
Fabricated metal products	Montenegro	207.285	Import
Medical, precision and optical instruments	Montenegro	126.611	Import
Wood and products of wood and cork	Montenegro	107.575	Import
Other non-metallic mineral products	Montenegro	107.559	Import
Food products and beverages	Montenegro	74.784	Import

Furniture	Montenegro	70.177	Import
Radio, television and communication equipment	Montenegro	47.393	Import
Textiles	Montenegro	38.588	Import
Electrical machinery and apparatus	North Macedonia	17,2532.568	Import
Motor vehicles, trailers and semi-trailers	North Macedonia	6,9631.394	Import
Furniture	North Macedonia	30,366.911	Import
Machinery and equipment	North Macedonia	22,628.491	Import
Basic metals	North Macedonia	21,500.389	Import
Food products and beverages	North Macedonia	3,981.729	Import
Agriculture, hunting, forestry and fishing	North Macedonia	3,626.767	Import
Rubber and plastics products	North Macedonia	3,420.968	Import
Medical, precision and optical instruments	North Macedonia	2,794.399	Import
Chemicals and chemical products	North Macedonia	1,367.874	Import
Electrical machinery and apparatus	North Macedonia	114,576.056	Export



Rubber and plastics products	North Macedonia	60,960.002	Export
Machinery and equipment	North Macedonia	35,788.77	Export
Other non-metallic mineral products	North Macedonia	33,848.979	Export
Radio, television and communication equipment	North Macedonia	32,975.443	Export
Motor vehicles, trailers and semi-trailers	North Macedonia	31,205.224	Export
Leather, leather products and footwear	North Macedonia	30,690.136	Export
Chemicals and chemical products	North Macedonia	27,792.306	Export
Medical, precision and optical instruments	North Macedonia	18,540.431	Export
Food products and beverages	North Macedonia	16,173.366	Export
Electricity, gas and water supply	Serbia	945,686.625	Export
Mining and quarrying	Serbia	484,080.571	Export
Chemicals and chemical products	Serbia	411,840.247	Export

Radio, television and communication equipment	Serbia	238,434.701	Export
Food products and beverages	Serbia	228,282.988	Export
Coke, refined petroleum products and nuclear fuel	Serbia	193,318.575	Export
Rubber and plastics products	Serbia	185,808.603	Export
Electrical machinery and apparatus	Serbia	175,591.815	Export
Motor vehicles, trailers and semi-trailers	Serbia	156,399.417	Export
Machinery and equipment	Serbia	125,249.499	Export
Electricity, gas and water supply	Serbia	1,031,066.188	Import
Electrical machinery and apparatus	Serbia	326,143.388	Import
Basic metals	Serbia	178,747.963	Import
Chemicals and chemical products	Serbia	178,435.968	Import
Machinery and equipment	Serbia	143,469.496	Import
Rubber and plastics products	Serbia	130,427.532	Import

Food products and beverages	Serbia	88,863.359	Import
Agriculture, hunting, forestry and fishing	Serbia	78,858.824	Import
Radio, television and communication equipment	Serbia	56,173.798	Import
Mining and quarrying	Serbia	54,035.227	Import

In 2022, Hungary demonstrated significant trade complementarity with several countries in the Western Balkan region. The trade complementarity index, a measure of the degree to which the trade structures of two countries align, indicated strong alignment between Hungary and Serbia (58.79), Albania (55.61), North Macedonia (53.30), Montenegro (55.82), and Bosnia and Herzegovina (57.03). This index underscores the compatibility and similarity in trade patterns, highlighting the mutual benefits derived from the trade relationships between these countries. Hungary's trade dynamics with these nations reflected a substantial level of complementarity, paving the way for mutually advantageous economic engagements and collaborative trade strategies.

### 3.2.3. Trade Agreements

Hungarian trade relations are covered by the EU's regional trade agreements (stabilization and association agreements) with Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia.

These agreements collectively aim to boost trade between the European Union and the Western Balkan countries. They establish free trade areas, aiming to eliminate tariffs and trade barriers, thus encouraging the flow of goods and services between these regions. Furthermore, these agreements promote alignment in regulatory standards and

economic policies, fostering a more conducive environment for trade and investment. They address sectors such as agriculture, fisheries, and industrial products, seeking to reduce restrictions and facilitate smoother trade exchanges. Moreover, the agreements prioritize cooperation in areas such as customs, intellectual property rights, tourism, and small business support, aiming for mutual growth and sustainable economic development. Overall, these agreements create comprehensive frameworks fostering closer economic ties and market access between the European Union and the involved Western Balkan nations, promoting trade and regional stability.

Another initiative aimed at better economic integration of the Western Balkan countries into the EU Single Market is the Common Regional Market (CRM). In its trade dimension, the CRM aims to facilitate the free movement of goods within the Western Balkans region, aligning with EU-compliant rules and standards. This includes measures such as mutual recognition of certificates and testing results for industrial and agricultural products, establishing a regional e-commerce market, adapting Green Lanes for efficient border crossings, and reducing the costs of regional payments.

The Central European Free Trade Agreement (CEFTA) also plays an important role in trade promotion between the Western Balkan countries and Hungary. The agreement aims to establish a free trade area among the member countries, in accordance with the provisions of the agreement and the relevant rules and procedures of the World Trade Organization. The objectives of CEFTA include consolidating the existing level of trade liberalization achieved through bilateral free trade agreements, promoting investment, expanding trade in goods and services, eliminating barriers to trade, providing fair conditions of competition, protecting intellectual property rights, and contributing to the harmonious development and expansion of world trade. CEFTA plays a crucial role in promoting trade by creating favourable conditions for the development and diversification of trade between the member countries. It aims to foster the intensification of mutually beneficial economic relations among the parties and contribute to the process of integration in Europe. Additionally, CEFTA aims to contribute to the development of each party's relation to the European Union and integration into the multilateral trading system.

## 4. Cross-border Projects

Hungary has emerged as a proactive supporter of European Union membership for the Western Balkan countries, demonstrating a strong commitment to fostering the region's integration into the EU (Reményi et al., 2021). Its pivotal role in the most crucial EU project in this area –enlargement to the Western Balkans – underscores Hungary's commitment. Aligned with the Visegrad countries, Hungary fervently supports this endeavour. Across various forums, Hungarian diplomats emphasize the imperative of the Western Balkans' accession, showcasing Hungary's robust engagement in the region. As an EU and NATO member, a part of the Visegrad Group, and an independent nation, Hungary actively pursues policies in the Western Balkans. Moreover, Hungary has established specific cross-border initiatives with Western Balkan nations, notably focusing on the energy and transportation sectors. These projects aim to enhance connectivity and cooperation in various fields between the countries.

The majority of these projects falls on Hungary and Serbia. Hungarian-Serbian relations are currently at their most amicable, a sentiment echoed by the leadership of both nations despite their complex history (Reményi et al., 2021). The evolving geopolitical landscape in the Western Balkans has spurred a power dynamic that allows smaller states like Hungary to assert their interests. Shifts in Hungary's domestic politics have prioritized national concerns, leading to a more proactive foreign policy approach in the Western Balkans. Hungary and Serbia have been working together on several projects, especially in energy and infrastructure. They have built a gas pipeline to transport gas between the two countries and also set up a joint gas company (SERBHUNGAS). This pipeline started operating in October 2021 and will later be expanded for hydrogen use. There is also a cross-border cooperation program supported by the EU, focusing on improving various aspects of daily life for citizens. This includes environmental protection, better transport, boosting tourism, helping small businesses, and cultural exchanges. Moreover, there is a plan for an oil pipeline between Hungary and Serbia to diversify Serbia's sources of crude oil. In the energy sector, discussions involve increasing the capacity for power transmission between the two countries.

Hungary is also developing relations with other Western Balkan countries on a number of major projects. For instance, Hungary invests in energy projects and is considering funding a hydroelectric plant and a thermal power plant project in Bosnia and Herzegovina (Central European Times, 2023). Hungarian companies are also considering participation in the construction of infrastructure projects in Montenegro (Vijesti, 2022).

## 5. Opportunities and Challenges

The Western Balkan region presents significant untapped economic potential across various sectors, including manufacturing, energy, agriculture, and services (Ilahi et al., 2019; Grozdanić, 2013). This offers Hungarian businesses opportunities for expansion and diversification, as well as access to new markets and resources (Sklias & Tsampra, 2013). However, the trade and export of the region is hindered by a lack of openness, reliance on low-value products, and weak competitiveness (Ilahi et al., 2019). To fully realize this potential, the region needs to improve infrastructure, labour skills, and trade policies, and enhance regional integration and business development (Ilahi et al., 2019; Sklias & Tsampra, 2013; Kaloyanchev et al., 2018).

The geographical proximity of the Western Balkans to the EU is a key factor in its strategic significance for Hungary (Dabrowski & Myachenkova, 2018). By fostering economic cooperation with these countries, Hungary can strengthen its regional influence and contribute to their stability and development (Pere, 2009). This is particularly important given the potential for regional cooperation to enhance political stability, security, and economic prosperity in the Western Balkans (Seroka, 2008). The business potential of the Western Balkans is hindered by persistent state rigidities, necessitating a focus on regional integration and business clusters (Sklias & Tsampra, 2013). Despite its macroeconomic stabilization, the region faces challenges in economic reform and institutional development (Osmani, 2016). Intra-regional cooperation, while important for EU accession, may have limited direct economic effects (Grupe & Kušić, 2005). The geopolitical complexities of the

region and the potential political risks, including a fragile statehood and unconsolidated democratization, can significantly impact the business environment (Kempe & Klotzle, 2006).

The Western Balkan region is in dire need of infrastructure development, particularly in transportation, energy networks, and communication systems (Holzner et al., 2015; Atoyan et al., 2018). This presents a significant opportunity for Hungarian companies to engage in infrastructure projects, contributing to the economic growth and connectivity of the region (Holzner, 2016). However, there are challenges to be addressed, including the substantial gaps in public infrastructure and the need for increased investment (Atoyan et al., 2018). The region's connectivity with its neighbours is also a key issue, with potential for alternative solutions to overcome these challenges (Stanev, 2021).

The existence of bilateral investment treaties and double tax treaties between Hungary and the Western Balkan countries is a key factor in fostering economic growth and cooperation (Grupe & Kušić, 2005). These agreements, along with the stabilization and association agreements, have a significant impact on the inward foreign direct investment and exports of the region (Grieverson et al., 2020). They provide a legal framework for the protection of foreign investments, promoting reciprocal and mutually beneficial relationships (Rao, 2000). In the case of Hungary, these agreements have played a crucial role in attracting foreign capital and promoting economic development (Szekeres, 2018).

## 6. Conclusion

In conclusion, the economic relations between Hungary and the Western Balkan countries exhibit a dynamic landscape characterized by evolving opportunities and persistent challenges. While Hungarian companies are increasingly recognizing the untapped potential in the Western Balkans, the development of economic relations is not uniform across all sectors and countries. The region offers significant growth opportunities for Hungarian businesses, particularly in the

manufacturing, energy, agriculture, and services sectors. However, several challenges and disparities need to be addressed to fully harness the economic potential of this relationship.

One key observation is the unequal development of economic relations, especially in terms of major cross-border projects. While Hungary has actively pursued investment opportunities and cross-border initiatives in the Western Balkans, the distribution and progress of these projects is not uniform across the region. The disparities in the development of major cross-border projects highlight the varying levels of economic engagement and infrastructure development in different countries within the Western Balkans. This uneven progress presents both challenges and opportunities for Hungary and the Western Balkan countries.

The existence of disparities in the development of economic relations and major cross-border projects signifies substantial room for growth and collaboration. It underscores the potential for further investment, infrastructure development, and economic cooperation to bridge the gaps and foster more balanced and comprehensive economic relations. This asymmetry in the development of economic ties also indicates the need for targeted strategies and collaborative efforts to ensure inclusive and sustainable economic development across the Western Balkans.

Furthermore, the challenges that persist in the economic relations between Hungary and the Western Balkans, such as trade barriers, infrastructure deficiencies, and competitiveness issues, underscore the need for concerted efforts to address these impediments. While the region holds immense potential, these challenges necessitate strategic interventions and collaborative initiatives to enhance trade, investment, and economic cooperation.

Despite the existing challenges and disparities, the evolving economic relations between Hungary and the Western Balkans present a promising trajectory for mutual growth and development. The recognition of the untapped economic potential, coupled with the strategic importance of the region, underscores the significance of continued engagement and collaboration. By addressing the challenges and leveraging the opportunities, Hungary and the Western Balkan countries can foster a more robust and balanced economic relationship, contributing to regional stability, prosperity, and connectivity.



In essence, the evolving economic relations between Hungary and the Western Balkans reflect a journey of opportunities, challenges, and potential. The disparities in the development of major cross-border projects underscore the substantial room for growth and collaboration, while the persistent challenges necessitate strategic interventions and collaborative efforts. As both Hungary and the Western Balkan countries navigate this complex landscape, the focus on inclusive and sustainable economic development remains pivotal for realizing the full potential of this relationship.

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# The Evolution of Hungarian Cross-border Mergers and Acquisitions in the Western Balkans at the Beginning of the 21<sup>st</sup> Century

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**Abstract:** This study analyses the geographic landscape of the cross-border mergers and acquisitions (M&A) by Hungarian companies in the Western Balkans in the 21<sup>st</sup> century from 2000 to 2023 using data from the Emerging Markets Information System (EMIS), exploring trends in M&A transactions, especially after the 2008 financial crisis, showing a rise in the frequency and value of deals and suggesting a strategic pivot towards the Western Balkan markets by Hungarian firms, driven by financial and increasingly strategic objectives like market expansion, technology acquisition and competitive positioning. The research identifies vital sectors in which M&A activities have been concentrated, notably finance, IT, and telecommunications, reflecting sector-specific growth and market dynamics. Methodologically, the paper merges quantitative analysis of approximately 3,000 M&A transactions, with qualitative insights from industry reports, quarterly reports and expert interviews. Those findings highlight the strategic approach of Hungarian companies towards M&A in the Western Balkans, aiming for market integration and long-term regional economic impacts. The research underscores the need for strategic planning in cross-border acquisitions, and suggests further studies on the long-term effects of those transactions on regional development.

**Keywords:** Western Balkans, Hungarian companies, M&A transactions

## 1. Introduction

Today, cross-border mergers and acquisitions (M&A transactions) account for 80% of global FDI (Foreign Direct Investment) activity (Pham & Marek, 2018). In contrast to green field investments, mergers are those

transactions where two existing companies unify (Amendolagine et al., 2022) and acquisitions mean that the buyer company takes ownership of another company.

Due to globalization and the deregulation of the financial markets, the number of cross-border transactions and the volume of cross-border mergers and acquisitions skyrocketed in the preceding decades. The global trends of M&A markets reflect the significant megatrends of the world economy (the dot-com bubble, the global financial crisis, the adverse economic effects of the COVID-19 pandemic, and the following restrictions). According to the increasing influence of M&A (mergers and acquisitions) transaction, outward foreign direct investments OFDI activities, the research on M&A transactions can provide a better understanding of the trends and patterns of global and regional economies.

According to several studies, including Rodríguez-Pose & Zademach (2003) and Keenan & Wójcik (2023), the spatial dimension is one of the most critical factors related to the research of M&A transactions. However, the number of research studies with a solid geographical focus has declined in previous years (Keenan et al., 2023). The field researchers, including Pham & Marek (2018), Keenan & Wójcik (2023), highlighted that the availability of high-quality and detailed databases is challenging. In most cases, the databases about M&A transactions are paid versions or the intellectual property of for-profit companies. As a result, the availability of the EMIS DealWatch provides an excellent opportunity for this research in the context of Hungary's economic relations with the Western Balkans, which covers the six countries of Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia, providing the geographical framework for this research. The dataset's depth allows the study to map the Western Balkans' economic landscape and the Hungarian companies' positions.

### ***1.1. Hungary's Historical and Contemporary Engagement in the Western Balkans***

Historic ties bonded the Hungarian Kingdom with the Balkans. Over earlier centuries, a number of alliances, dynastic marriages and military expansions occurred involving Hungary and the various entities of the

region (M. Császár, 2012). Csaplár-Degovics (2022) carefully reveals that Hungary showed intensive interest in Albania, and Bosnia and Hercegovina in the late XIX. and early XX centuries.

In recent years, Hungarian foreign policy has made efforts in various fields for economic development (Tarkovsky & Endrődi-Kovács, 2023), political stability and better connectivity of the Western Balkans (Gosztonyi, 2019). As a result, integrating the six Western Balkan states into the EU aligns closely with Hungarian foreign policy and diplomacy, where it is emphasized as a primary priority. Geographical proximity and a shared border with the region, the question of safe energy supply and the significance of transportation networks, also show the relevance of a deeper understanding of the Western Balkans (Reményi & Csapó, 2021). As a result of geographical location, Hungarian efforts focus on maintaining the region's security as a joint effort, bearing in mind that new types of security threats, such as migration, do not stop at the border (Varga, 2021a).

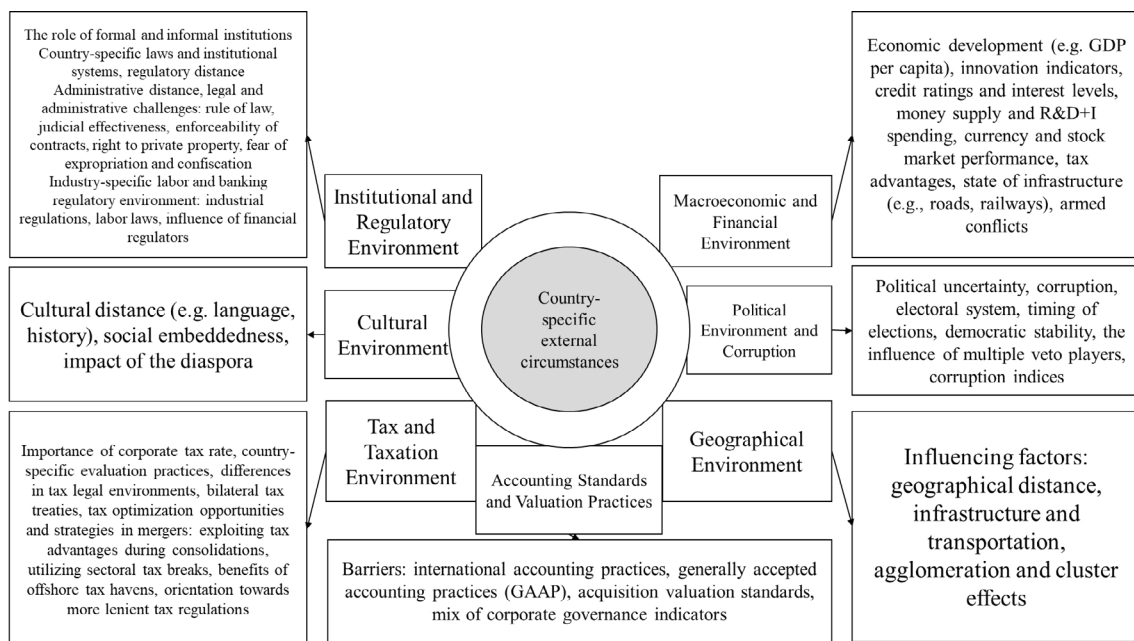
Cultural closeness is also a relevant foreign policy driver for the Hungarian Government due to the significant presence of indigenous ethnic Hungarians in Serbia (184,442 according to the 2022 Census) (Statistical Office of the Republic of Serbia, 2022). The role of ethnic minority issues in the foreign trade policies of the Hungarian Government has been evidenced through the example of economic and political strategies employed in Transcarpathia and Transylvania to support ethnic Hungarian communities (Sej, 2004; Ízing, 2018).

According to the actuality of the topic, investigating the M&A transactions as a tool of expanding the economic footprint in the Western Balkans can be a vital element of the research puzzle about the Western Balkans, providing the more profound knowledge about the role and motives behind the M&A transactions of the Hungarian companies with the help of the historical dataset of the Emerging Market Information System (EMIS). This study aims to explore the patterns and dynamics of Hungarian companies' M&A activities in the Western Balkans after the economic crisis and also seeks to paint the region's economic environment for Hungarian companies. The research also seeks to identify the most prominent actors in the region and understand their motives behind the expansion.

## 2. Theoretical Background

As Keenan & Wójcik (2023) point out, external and internal factors greatly influence M&A transactions. According to Xie et al. (2017) literature review of 250 studies, seven main factors influence the success of cross-border M&A transactions, including geographic distance, cultural environment (Erel et al., 2012; Del Gatto & Mastinu et al., 2021), legal, economic and financial environment (*Figure 1*).

**Figure 1**  
The main factors and challenges affecting cross-border mergers and acquisition



Source: Xie, L. et al. 2017.

The studies by Chakrabarti & Mitchell (2016), Ciobanu (2016), Ahsan et al. (2023) and others, can investigate external factors (lack of reliable information and difficulties of the evaluation process due to the geographic distance) and internal factors (experience of the management,



financial situation of the company) also connected to M&A transactions efficiency and success. Brodmann et al. (2022) and Kang & Kim (2008) also conclude that the smaller geographical distance and the lack of spatial barriers, support the successful M&A activity of the participants. The research of Francis et al. (2014) related to emerging economies' M&A markets, also highlighted the correlation between geographical distance and the quality of the information about the local companies, which are crucial for the successful closing of acquisitions and mergers.

The political and legal environment also dramatically influences the success of cross-border M&A transactions and the behaviour of investors (Babic et al., 2017; Keenan et al., 2023). For example, many governments of developed economies like Singapore (Völgyi, 2019), and emerging economies such as Russia, Turkey (Szigetvári, 2019) and Brazil (Ricz, 2019), have significant influence on different sectors and economic actors. The most notable and most criticized country is China, due to its considerable financial support for and subsidising of domestic companies' international expansion, which is criticized by the protagonists of free market capitalism claiming that state-related companies have an unfair advantage against US and EU companies (Blackwell & Harris, 2016). At the same time, many developed states with free markets have huge state or state-related sectors, including Germany (Naszádó, 2019), Austria (Somai, 2019) and France (Kőrösi, 2019). In the central European region, the influence of the state on economic processes is also a new trend that has strengthened the consequences of the financial crisis (Somai, 2019; Szanyi, 2019). The phenomenon also influences the M&A markets. While a number of western investors are turning away from emerging markets others, including state-owned enterprises, are using the opportunities to create deals, (SOEs) (Babic et al., 2017).

The cultural environment is vital in the context of mergers and acquisitions. Common language, as well as shared historical ties and religion, can improve relations between buyers and sellers. Cultural factors related to the operation of companies, including M&A transactions, can indirectly influence the characteristics of institutions, as demonstrated in a study by Granovetter (1973).

In the institutional and regulatory environment context, weak institutions promote the existence of corruption, which can discourage or encourage actors in entering or exiting a market (Keenan & Wójcik,

2023). Meanwhile, Buckley & Ghauri (2004) found that a more extensive cultural distance between the countries can motivate the acquisition of companies which operate in developed markets, as a part of a better connection to the global economy.

In states with weak institutions, the role of personal relationships in business is undeniably significant (Xie et al., 2017). That finding, however, stands in stark contrast to the perspectives of other scholars such as Erel et al. (2012) and Del Gatto & Mastinu (2021), who contend that countries with robust legal and institutional frameworks are more inclined to invest in nations with weaker standards. Moreover, studies like those by Feito-Ruiz et al. (2011) propose that dysfunctional institutions result in lower returns on equity compared to developed markets. That academic discourse underscores the complexity of the relationship between institutional strength and business behaviour. In support of that, Mateev, M. & Andonov (2016) conducted empirical research across 38 European countries, revealing that liberal markets tend to attract more international investors. Furthermore, research on the benefits of the European Union's single market (Ruggie, 1993; Moschieri & Campa, 2014) underscores the advantages of strong legal systems and robust institutions.

Due to the limitation of the article, the internal factors (management experience, financial strength of the company) of the M&A transaction are not discussed. However, extensive literature investigates the topic in relation to internationalization theories (Keenan & Wójcik, 2023).

The researchers also investigate motivations behind the M&A transactions. Keenan & Wójcik (2023) identify two types of motivation behind most of the M&A transactions: financial instincts and strategic motivations. Among the financial instincts, Lim & Lee (2016) highlighted the importance of diversification of the revenue sources of the companies and the financial synergies. Related to the corporate strategic motivations behind mergers and acquisitions, researchers such as Angwin (2001), Amendolagine et al. (2022), and Keenan & Wójcik (2023) have identified a range of drivers. Those motivations span from market expansion and growth, aiming for faster growth as opposed to potential organic growth, to the pursuit of resource and cost efficiency, differentiation, and product diversification, along with securing technological advantages, innovation, and risk

sharing. The acquisition of new markets is highlighted as a primary motivator for cross-border M&A transactions, potentially reducing costs and mitigating risks through geographic diversification (Pham & Marek, 2018; Keenan & Wójcik, 2023). However, the success of such market-expanding objectives in cross-border M&A transactions is mixed, varying between short-term market reactions and long-term performance (Brodmann et al., 2022).

Companies in emerging markets are increasingly making acquisitions in developed countries to elevate their positions in global value chains, with transactions within the same industry showing higher success rates than those across different sectors (Lim & Lee, 2016; Liu et al., 2023). The drive for resource and cost efficiency through M&A transactions, especially when a company is already present in a country's market or sector, is underscored by Erel et al. (2012) and Juhász (2014), highlighting mergers that occur when the combined value of companies surpasses their separate values.

Technological advantages and innovation are crucial motivations for M&A transactions aimed at acquiring specific technology, manufacturing processes, patents, expertise and bolstering innovation capabilities (Angwin, 2001; Chondrakis, 2016; Liu et al., 2023; Valentini, 2016).

### **3. International Geopolitical Dynamics with Hungary's Increasing Strategic Role in the Western Balkans**

It is also essential to introduce Hungary and the significant economic and political actors in the Western Balkans in a geographical and political context, with a focus on EU member states, the United States, Turkey, Russia and China. (Molnár, 2021). Parallel to the EU and the NATO interests, Hungary has become more active in the Western Balkans politically (the nomination of Olivér Várhelyi as a Commissioner of Neighbourhood and Enlargement, Hungary's Presidency of the Council of the European Union in 2024, humanitarian projects by Hungary Helps, economic projects and economic projects supported by the

Hungarian Export Promotion Agency (HEPA).<sup>1</sup> Hungary also plays an increasing role in peacekeeping as a member of the KFOR (Kosovo Force) NATO mission. Commander Major General Ferenc Kajári served as the leader of KFOR between 2021 and 2022 and he was the first Hungarian general to lead the KFOR mission. Hungarian peacekeeping forces also have a significant presence in Bosnia and Herzegovina, EUFOR Althea (European Union Force in Bosnia and Herzegovina) is currently commanded by Hungarian Major General László Sticz (Sarajevo Times, 2024).

Hungary's economic presence has also increased in the region in recent years thanks to the subsidies and development loans provided by the Hungarian Government and state-related financial institutions. One recent example of Hungary's economic activity is the Hungarian EXIM Bank, which offered 110 million EUR in development loans to Serbia and Republika Srpska in Bosnia and Herzegovina (Portfolio, 2022).

Serbia has the largest economy in the region and is the most significant state among the six Western Balkan countries, highlighting the strategic importance of Hungarian-Serbian relations. Due to a shared historical past, the considerable presence of ethnic Hungarians, and the deep political ties, Serbia has become the main economic and political ally in the Western Balkans, stimulating the Hungarian companies' economic relations and M&A activity. (M. Császár, 2012; Juhász, 2014). The significant increase in foreign trade between Hungary and Serbia underlines the strengthening of economic ties between the two countries. In 2009, the volume of foreign trade was 65.1 million HUF, while in 2023, the volume was 800.9 million HUF, which indicates a 1230.5% increase from the 2009 basis year. The strongest year was 2022, with the foreign trade volume reaching 942.1 million HUF (1447.1 %, basis year=2009) (HSCO, 2024).

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1 The Hungarian Export Promotion Agency (HEPA) supports Hungarian economic activities in the Western Balkans through initiatives like the Western Balkans Investment Scheme, which offers financial support for initial and renewable energy investments in Serbia, Montenegro, and Bosnia and Herzegovina (HEPA, 2020). The HEPA Balkan Office, established in 2019, operates in Serbia, North Macedonia, Montenegro, Bosnia and Herzegovina, and Albania, promoting Hungarian trade and assisting SMEs and entrepreneurs (HEPA, 2019a). Services include market research, organizing B2B meetings, and providing investment and financing information (HEPA, 2019b).

In the Western Balkans, next to Hungary, a number of other regional and global actors have economic, military, and political presences with varying geographical focus (Molnár, 2021). Economically and politically, the EU has the most substantial presence in the region due to its economic subsidies and political, institutional and economic development support. One main contributor is Germany, which plays a role as a traditional partner rather than a major FDI investor, having contributed significantly during the Merkel era (Varga, 2021a; European Council, 2022).

As a prominent member of NATO, the United States has a significant military presence in the Western Balkans as part of the peacekeeping and military missions, most notably in KFOR. The United States also supports NGOs in the region that are related to democracy and institution-building projects and has an economic presence as a global player. The United States has deeper relations with Albania and Kosovo, due to their strategic positions and to the shared history of military cooperation and support for political transformation (Varga, 2021a).

According to Ackerman (2021) and Bechev (2020), the main EU and US rival in the Western Balkans is Russia, which leverages cultural connections, especially with Serbia. According to the critics, Russia uses energy as a geopolitical tool to gain political advantages in the region (Blackwell & Harris, 2016). For instance, Sberbank financed the construction of the Serbian section of the South Stream pipeline (Ivanov, 2018). Since the outbreak of the Russo-Ukrainian war, Russia's strategic position and economic leverage over the region has begun to weaken, while its support in the eyes of the societies remains more stable.

Beside Russia, China has become a more relevant economic actor in the region due to FDI investments, including M&A transactions by Chinese companies. At the same time, the EU's influence on the region has declined in the preceding decade due to its problems and slow integration process (Gosztonyi, 2019; Vincze, 2019). The China-CEEC (Central and Eastern European Countries) Cooperation also provides a platform for economic cooperation with the region's countries, including all the six Western Balkan states. The Belt and Road Initiative also creates opportunities for funding riskier infrastructure projects in the area according to the subsidized loans without political conditions. While the local governments seek opportunities to gain more capital for their projects, the Western countries, including the EU and the

US, view the growing Chinese economic presence as a threat and try to counterbalance that with financial, diplomatic and political tools (Peragovics & Szunomár, 2021).

Finally, among the regional actors, it is vital to highlight the economic presence of Turkey, especially in those countries with significant Muslim populations, including Kosovo, Albania, North Macedonia, and Bosnia and Herzegovina (Lami, 2017; Egeresi, 2021). Besides a cultural presence, Turkey provides subsidised loans for infrastructure projects in the region (Durrës-Kukës-Pristina highway<sup>2</sup>, Sarajevo-Belgrade highway, acquisition of B&H Airlines).

## 4. Data and Methodology

EMIS (Emerging et al.) is an analyst firm specializing in emerging markets, including Hungary and Southeast Europe. EMIS provides daily information about emerging markets, including detailed company profiles with financial metrics and a vast regional cross-border mergers and acquisitions database. This study is based on the EMIS DealWatch database, which lists the features of M&A transactions, including the transaction date, financial (deal value, deal stake), geographical data (buyer's company's country, buyer's company country) and pieces of information about the participant's industry. Furthermore, each record has a syntax column that provides detailed information about the details of the given transaction. The transaction is the basic unit of the research, including the database. The investigation covers the period between 2000 and 2023.

The geographic framework of the research involves the six countries in the Western Balkans region, which are the target areas of M&A transactions. The research concentrates on the five Western Balkan countries that are candidates for EU membership, including Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia, while Kosovo is a potential candidate (*Table 1.*).

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2 The Durrës-Kukës-Pristina highway is a significant infrastructure project in the Western Balkans. It was developed by the Bechtel-Enka consortium, a joint venture between the US-based Bechtel Corporation and the Turkish construction company Enka. (Bechtel, 2023).

**Table 1**  
Key parameters of the dataset

Main categories	Related information
Database	EMIS DealWatch
Earliest transaction	2000.02.10.
Latest transaction	2023.12.30.
The geographical scope of acquired companies	Western Balkans (6 countries): Albania, Bosnia and Herzegovina, North Macedonia, Kosovo, Montenegro, Serbia
Total transactions	2,658
Transactions excluded due to data shortage or other errors	115
Number of transactions analysed	2,543
Domestic transactions (where the buyer and target country are the same)	950
Cross-border transactions	1,707
Number of failed cross-border transactions	68
Number of successful cross-border transactions	1,639
Cross-border transactions with disclosed value	933
Cross-border transactions with undisclosed value	706
Completed Hungarian transactions with deal value	23
Completed Hungarian transactions without deal value	17
Number of failed cross-border transactions made by Hungarian company	1

*Source: Edited and collected by the author based on EMIS DealWatch*

During this specific period, the database for the six Western Balkan states was filtered, resulting in the retrieval of 2658 M&A transactions. In the subsequent step, 115 transactions were removed from the dataset because the buyer's company and country were missing. The remaining 2,543 M&A transactions can be separated into 950 domestic and 1,707 cross-border transactions. In the following step, 68 failed transactions were also eliminated because the given transactions were not completed. As a result, 1,639 completed cross-border M&A transactions remained. Among the 1,639 completed cross-border M&A transactions, 40 were made by Hungarian companies. Among the 1,639 completed cross-border M&A transactions, 933 transactions have disclosed deal value, and 706 M&A transactions have undisclosed deal value.

During the investigation, according to the 2008 financial crisis, the dataset was separated into two parts. The first period was between 2000 and 2009, and the second was between 2010 and 2023. According to the article's limitations, the paper focuses on the protrusive values, including M&A transactions with high deal value and significant companies with several transactions. The investigation also seeks to reveal patterns related to the specific relationship between the buyer's country and the target country, based on review of the literature and including macroeconomic factors, cultural characteristics (similar language, religion, historical ties) and the characteristics of the institutions.

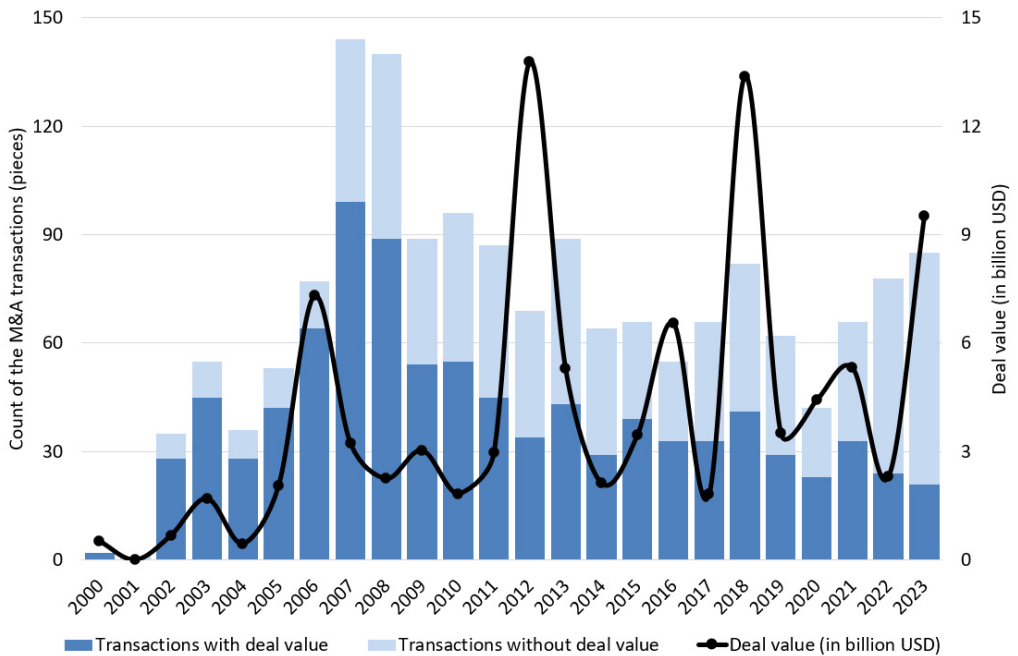
Before further investigation, clarifying what makes a company Hungarian is essential. According to Sass (2012), four categories can be separated from each other including, firstly, the subsidiary of a multinational company operating in Hungary (maximum 15% domestic ownership) (Messer Hungarogáz). The second category included large domestic companies with dispersed ownership structures (publicly traded companies such as MOL, OTP, 4iG, and Magyar Telekom). Sass (2012) also names large and medium-sized companies with domestic or foreign ownership. The fourth category is small companies situated in border regions.

The database has some limitations in relation to the investigation. Several transaction deal values are missing because the participants in the transactions treat the deal value as a business secret. As a result, the missing values cause uncertainties during the analysis of the deal



values by companies or countries (*Figure 2*). Also, the relatively small number of transactions vindicates the uncertainty and volatility related to the datasets.

**Figure 2**  
The count and volume of the cross-border M&A transactions  
in the Western Balkans 2000-2023 (pieces, billion USD)



Source: Created by the author according to the EMIS DealWatch

Alongside the EMIS, the analysis also uses the Hungarian Central Bank OFDI statistics from 2009 and 2022 as reference for a better understanding of the activity of Hungarian companies in the Western Balkans. Due to the better comparison, the nominal change of the OFDI performance is visualized in a Dumbbell chart. To gain deeper insights into the Hungarian companies' situations related to cross-border M&A activity, the research also uses the Guttman scale to compare the 2000-2009 period with the 2010-2023 period, due to easier comparison. The study also highlights the most significant transactions related to Hungarian companies.

## 5. Results

The dataset analysis shows that the quantity and scale of M&A transactions significantly increased in the 2010-2023 period compared with the early 2000s, due to the region's economic growth. In the first period, privatizations of state-owned assets were significant in the Western Balkans. In the first decade, the focus of the transactions was the telecommunication sector, commercial banks and the energy sector. Between 2010 and 2023, the IT sector, renewable energy assets, and the healthcare sector became more significant, fitting the global M&A market trend.

### *5.1. Economic Dynamics and M&A Activity in the Western Balkans*

During the period from 2000 to 2023, Serbia was the main target of M&A activities (282 transactions, 8,670.7 million USD), which were encouraged by the privatisation of commercial banks, credit intermediaries, breweries and cement factories. After its independence, Montenegro also attracted foreign investors (51 transactions, 1,358.3 million USD), especially in tourism, as the increasing number of acquisitions of real estate and hotels shows.

In the early period, companies from the EU with strong financial resources dominated the M&A market, including Austrian (233 transactions, 19,848.7 million USD), UK firms (17 transactions, 7,311 million USD) and German companies (105 transactions, 3,231.82 million USD). A significant phenomenon was that Greece was among the largest acquirers in the 2000s (41 transactions, 4,426.80 million USD), mainly in Serbia (34 transactions), Albania, and North Macedonia (7-7 transactions), though the number of transactions declined to 16 after 2010, due to the Eurozone crisis in 2012.

The data shows that companies from emerging markets, including those from Singapore, China, and the UAE, have emerged in M&A transactions after the economic crisis, due to a number of large transactions in strategic sectors like telecommunication, mining, and healthcare (e.g., the acquisition of RTB Bor Group by Chinese Zijin Mining Group Co Ltd). As a result, the dataset consists of several examples of resource-driven strategic acquisitions.

The economic landscape also became more diverse with an increasing number of investments coming from outside of Europe and especially from Asian countries. The presence of European companies in the regional M&A markets is still significant due to their geographical proximity and historical ties, though the balance is shifting slightly in favour of emerging economies.

Serbia was the main target of M&A activities (282 transactions, 8,670.7 million USD), which were encouraged by the privatization of commercial banks, credit intermediaries, breweries, and cement factories. After its independence, Montenegro also attracted foreign investors (51 transactions, 1,358.32 million USD), especially in tourism, as the increasing number of acquisitions of real estate and hotels shows. During the early phase, the M&A market was dominated by EU companies, reflecting their strong financial capabilities. Austrian firms led the pack (233 transactions, 19,848.7 million USD), followed by the UK (17 transactions, 7,311 million USD) and German companies (105 transactions, 3,231.8 million USD). Notably, Greece emerged as a significant player in the 2000s (41 transactions, 4,426.8 million USD), primarily in Serbia (34 transactions), Albania, and North Macedonia (7-7 transactions). However, the number of transactions declined to 16 after 2010 due to the Eurozone crisis in 2012.

The M&A market in the Western Balkans is witnessing a shift towards emerging economies as the economic landscape becomes more diverse, with increasing investments from outside Europe, particularly from Asian countries. While European companies still maintain a significant presence in the regional M&A markets due to their geographical proximity and historical ties, the balance is gradually tilting in favour of emerging economies, marking a notable trend in the region's investment dynamics.

An essential regional tendency is that companies from neighbouring EU countries use their relative financial strength, cultural and historical connections, and the advantage of smaller geographical distances to acquire companies in the Western Balkans. Croatian companies (Agrokor, INA, Hrvatska Telekom; companies in tourism and media) acquired companies in Bosnia and Herzegovina (34 transactions), Serbia (30 transactions) and Montenegro (9 transactions). Similar connections were detected between Bulgaria and Greece and between Bulgaria and

North Macedonia (in 2007, Bulgarian Telecommunication Company acquired ONE (North Macedonia for 132 million USD), between Slovenia and Bosnia and Hercegovina (in 2005 Mercator, the Slovenian retail giant acquired Bosnian Interex retail company to improve its market positions in Bosnia and Hercegovina), and between Slovenia and Serbia (in 2006 Slovenian Mercator acquired Rodić M&B to expand its retail operations and consolidate its market presence in Serbia). Greek companies also intensively acquired Albanian companies, with the National Bank of Greece acquiring the Albanian commercial bank, Banka Kombëtare Tregtare, in 2006 for 144 million USD. The significant activity of Hungarian companies in Serbia also underlines that phenomenon (11 transactions, including (MOL Group and OTP Bank's transactions).

The presence of regional and global powers in the M&A markets also shows slightly in the data. US companies are primarily active in Serbia (41 transactions) and Albania (11 deals). The acquisitions are mainly connected to the privatisation processes of the early 2000s, which were related to consumer goods, including tobacco. Investments in the finance sector peaked in 2009 (Komercijalna Bank). In recent years, software companies became the main priority for US strategic investors in the Western Balkans, underlining the phenomenon of technology and know-how driven strategic acquisitions. For instance, in 2012, Microsoft purchased the North Macedonian software development company Seavus for 96 million USD. In 2014, IBM acquired the Serbian ComTrade Group for 144 million USD because of their strong market positions and know-how about the Western Balkans.

In the case of Russian companies, the dataset underlines the significance of the energy sector (mainly the oil sector) and banking sector in relation to Russia's M&A activity. Historically, 2008 and 2013 were the most prominent years for Russian companies. That suggests that Russian companies took advantage of the financial crisis. The data shows that Serbia was the main target in both periods (23 transactions, 1,179.4 million USD). The largest Serbian transaction was executed by Gazprom Neft, for an estimated 400 million USD acquiring NIS (Naftna Industrija Srbije). Gazprom also bought South Stream Serbia (Serbia) for 300 million USD in 2018. Among the target countries, Bosnia and Hercegovina, especially its Serb dominated entity, Republika Srpska,

became a more relevant target for Russian companies due to the region's political alignment, informal business relations with Russia, and its favourable investment climate (Banja Luka Petrol; Bosanski Brod refinery, Rafinerija nafte Modrica).

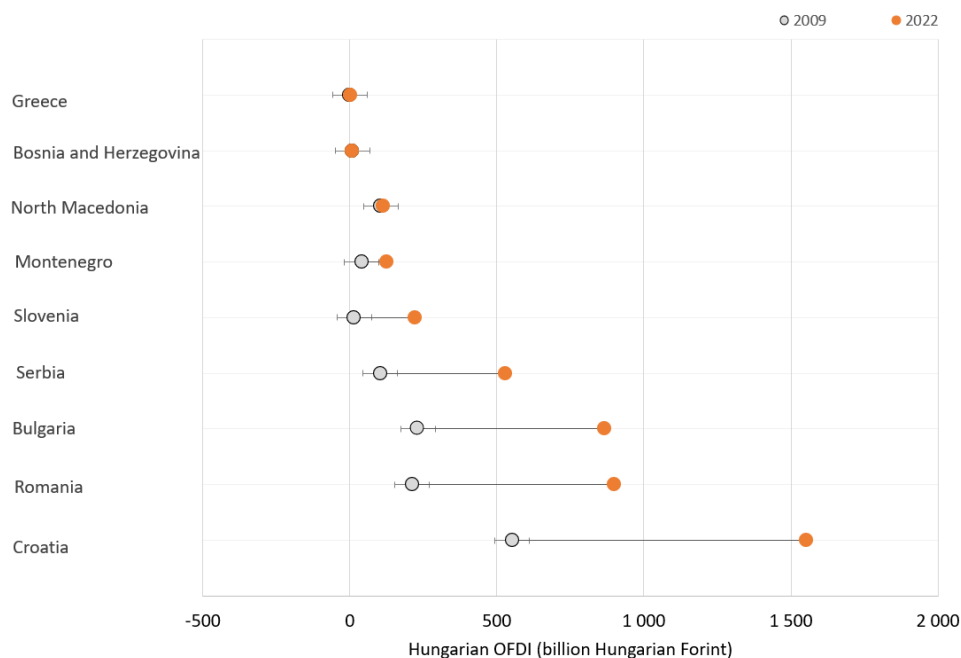
In the case of Chinese company transactions, the second period saw a significant increase in both volume and number. The data shows that Chinese companies mainly seek resources, including copper, nickel, zinc, and gold mining rights (Lower zone of Timok copper-gold project, RTB Bor Group). Chinese companies also invested in wind and solar projects, especially in Serbia, Kosovo and North Macedonia (in 2019 China Minmetals Corporation acquired Trepča Mines (Kosovo) for 540 million USD). According to the paper's findings, China has a resource-driven M&A strategy.

As the articles suggest, Turkish companies' geographical focus is dominantly concentrated on countries with significant Muslim populations, including Albania, Bosnia and Hercegovina, and North Macedonia. The main targets of the Turkish companies are operating in tobacco, beverages, metal manufacturing, telecommunications (Celik Holding's acquisition of AlbTelekom in 2007) and commercial banking. In relation to the cultural expansion of the Turkish Government, it is worth noticing the transaction of the acquisition of the University of New York in Tirana in 2018, as a significant educational institute. The economic presence of Turkish companies is supported by the cultural and political purposes of the Turkish Government's cultural and foreign policies in the Western Balkans (Lami, 2017; Egeresi, 2021).

## ***5.2. The Geographical Context of Hungarian M&A Activities in the Western Balkans in the 21<sup>st</sup> Century***

In the context of the other actors in the region, Hungary acts as a middle-sized economic power. The country leverages historic ties, cultural similarities, relative economic power compared with Western Balkan states and the information advantages of smaller geographical distances. The transactions also show that expertise in management (OTP Group) and personal connections (4iG) play significant roles in the success of transactions.

**Figure 3**  
Hungary's OFDI activity in relation to the Balkan states in 2009  
and 2022 (in billion Hungarian Forint)



Source: Created by the author according to the Hungarian Central Bank annual statistics (\*no data available about Albania and Kosovo,)

According to the Hungarian Central Bank OFDI statistics, between 2009 and 2022, the annual OFDI activity of Hungarian companies grew by 424 billion HUF. That growth was driven by the historically good relationship between the Serbian and Hungarian governments and the increasing number of acquisitions made by Hungarian companies. Notable transactions include those by MVM Group, with two transactions in the Serbian electricity sector (Elektromontaza, Energotehnika - Juzna Backa), and two other smaller transactions related to Hungarian venture capital. The OFDI activity in Montenegro also grew by 84.5 billion HUF, thanks to 4iG's acquisition of Telenor Montenegro at the end of 2021, which was bought after the telecommunication portfolio restructuring of the Czech holding company, the PPF Group, following the death of the founder, Peter Kelner (Table 5).

Although the OFDI data related to Albania are not available in the utilized Hungarian database, the significant transactions in the telecommunication sector made by 4iG, indicate a strong presence in the region due to a number of acquisitions, including OneAlbania from the Albanian Bulgarian private investors Elvin Guri and Atanas Dobrev (120.5 million USD). At the same time, 4iG also acquired AlbTelekom from the Turkish family holding company, Celik Holding (144.5 million USD) (*Table 5.*). The 4iG cases show the relevance of business partnerships and personal connections in the region. OTP Group also made a significant transaction at the end of 2021, acquiring AlphaBank Albania from the Greek AlphaBank Group for 68 million USD. The investigation of the EMIS data indicates that the origin countries of the buyer's companies align with the patterns highlighted in the literature review.

### ***5.3. Hungarian M&A activities in the Western Balkans in the Early Years of the 21<sup>st</sup> Century***

The two periods are compared (*Table 2., Table 3.*). In the early 2000, some actors (bauxite mines in Bosnia and Hercegovina, and Montenegro) elaborated mostly smaller transactions. During the early 2000s, several governments started a privatisation process in the banking sector, energy sector and several other areas. The OTP Group began to participate in these privatisation tenders with moderate success. The first acquisitions of OTP in Serbia (Niska Banka, Zepter Banka, Kulska Banka) and Montenegro were smaller, market-seeking acquisitions to diversify revenue (*Table 4*). The most successful acquisition was the purchase of the Montenegrin commercial bank, Crnogorska Komercijalna Banka. Thanks to that acquisition in 2006, OTP Bank became the country's market leader. The most active participants were Magyar Telekom (former Hungarian Telecommunication Company) and OTP Bank, among several more minor actors. The acquisitions of Makedonski Telekomunikacii AD and Crnogorski Telekom AD were the most significant transactions of this period (combined 228.9 million USD). The primary purpose of the transactions was the geographical diversification of the revenue by Magyar Telekom. It is generally true that Hungarian companies, with the exception of a few occasions, missed out on the privatisation processes of the 2000s.

**Table 2**  
Count of M&A transactions by Hungarian companies  
in the Western Balkans between 2000-2009

Buyer	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia	SUM
Magyar Telekom Plc				2	3		5
OTP Bank				1		4	5
MAL Hungarian Aluminium Ltd		1		1			2
Betonút Ltd.						1	1
CIB Leasing						1	1
Hadjú-Avis Ltd.						1	1
Hunguest Hotels				1			1
Messer Hungarogaz		1					1
MOL Group		1					1
<b>SUM</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>18</b>

*Source: Created by the author based on the EMIS DealWatch*

According to the geographical data, Serbia, Montenegro, and Bosnia and Herzegovina were the primary targets for Hungarian companies in the first period. Good intergovernmental relations, business relations and a better understanding of the region due to cultural similarities, also helped the success of the transactions.

As Table 3. shows, Hungarian companies became more active after 2009. The leading actor was OTP Bank, with eight transactions (1,186 billion USD) (*Table 4.*). The company was able to take advantage of the financial struggles of the Greek banking system after 2013 (National Bank of Greece, Alfa Bank) and the portfolio rationalization process of the French Societe Generale SA, during which the bank sold several subsidiaries in the region, including in Serbia and Albania, to OTP Bank at the end of 2010s. The main aim of the new transactions was to strengthen OTP Group's positions in the existing markets and enter new markets to create a more diverse portfolio.



**Table 3**  
Count of M&A transactions by Hungarian companies  
in Western Balkans between 2010-2023

Buyer	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia	SUM
OTP Bank	2			2		4	8
4iG Plc	2			1			3
MVM Group						2	2
Euroventures Ltd						1	1
Hodler Asset Management						1	1
Indotek Group						1	1
Konzum Plc				1			1
LUGOS Renewables		1					1
Masterplast Plc						1	1
Prohuman Ltd						1	1
Talentis Group Ltd; Mészáros Group		1					1
Waberer's International Plc						1	1
<b>SUM</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>12</b>	<b>22</b>

Source: Created by the author based on the EMIS DealWatch

#### ***5.4. Transforming Trends and Emerging Hungarian Companies in the Western Balkans' M&A Markets after the Economic Crisis***

After the financial crisis in 2010, in line with the Hungarian Government's aim to strengthen its economic presence in the region, regional multinational companies and national champions played a significant role. Those companies helped achieve the government's objective by bolstering economic ties between Hungary and the Western Balkans (Gosztonyi, D. 2019). Several new companies, including 4iG, Indotek

Group, and Waberer's, commenced their regional expansion, entering the Western Balkans. Indotek Group's real estate acquisitions in the Belgrade office market are a good example of that phenomenon.

**Table 4**  
The M&A activity of OTP Bank in Western Balkans 2000-2023

Date of Announcement	Target	Target country	Seller	Country of Seller	Deal Value USD (mn)
23.12.2005	Niska banka	Serbia	Government of the Republic of Serbia	Serbia	17,052
29.08.2006	Crnogorska Komercijalna Banka	Montenegro	Deutsche Investitions- und Entwicklungsgesellschaft (DEG); Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden NV (FMO); Institutional investor(s)	Germany; Netherlands	124,8
11.10.2006	Zepter banka	Serbia	Home Art & Sales Services	Switzerland	39,384
27.12.2006	Kulska banka	Serbia	Government of the Republic of Serbia		176,64
22.03.2007	Kulska banka	Serbia	Government of the Republic of Serbia		
17.01.2013	OTP Bank Serbia	Serbia	OTP Bank		2,256
03.10.2013	The Queen of Montenegro Hotel	Montenegro	Korston Group; Adriatik Ekspres	Russia; Montenegro	24,36
04.08.2017	Vojvodjanska Banka; NBG Leasing doo	Serbia	National Bank of Greece	Greece	150
02.08.2018	Societe Generale Bank Albania; Societe Generale Expressbank	Albania	Societe Generale SA	France	585,6
20.12.2018	Societe Generale Bank Serbia A.D.	Serbia	Societe Generale SA	France	n.a.
06.12.2021	Alpha Bank Albania	Albania	Alpha Bank	Greece	66
12.07.2023	ILIRIKA DZU	Serbia	Iilirika Group	Slovenia	n.a.

Source: Created by the author based on the EMIS DealWatch

The MVM Group also became an important actor in the Serbian electricity market (33% stake in Elektromontaza and Energotehnika—Juzna Backa), which also helped the company diversify geographically. Waberer's International also transacted in Serbia and acquired MD International, a prominent actor in the Serbian logistics market. Waberer's also planned further acquisitions in the Western Balkans to use the peninsula's geographical location as an essential transportation corridor between the port of Piraeus and Budapest.

With governmental support, 4iG acquired three telecommunication companies in Albania and Montenegro (*Table 5*). Good connections and informal ties with Çelik Holding and other business owners also support the M&A activity of the company.

**Table 5**

The M&A activity of the telecommunication companies of Hungary in the Western Balkans between 2000-2023

Date of Announcement	Target	Country/Region of Target	Seller	Buyer	Country/Region of Seller	Deal Value USD (mn)
11.05.2004	Makedonski Telekomunikacii AD	North Macedonia	Government of North Macedonia	Magyar Telekom	North Macedonia	27
22.10.2004	Makedonski Telekomunikacii AD	North Macedonia	CosmoTelco SA	Magyar Telekom	Greece	37,68
16.03.2005	Crnogorski Telekom AD	Montenegro	Government of Montenegro	Magyar Telekom	Montenegro	136,8
01.04.2005	Crnogorski Telekom AD	Montenegro; Serbia	-	Magyar Telekom	-	27,48
27.10.2021	Telenor Montenegro	Montenegro	PPF Group NV.	4iG Plc	Czech Republic; Netherlands	n.a.
08.12.2021	ALBtelecom sh. a	Albania	Calik Holding; Turk Telekom	4iG Plc	Turkey	120,48
23.12.2021	ONE Telecommunications	Albania	Elvin Guri - Atanas Dobrev -	4iG Plc	Bulgaria	144

Source: Created by the author based on the EMIS DealWatch

Thanks to those acquisitions, 4iG became the market leader in the Albanian telecommunication market and the second telecommunication company in Montenegro. The strategic goal of the transactions was the geographical diversification of the revenues and to get an advantage from the highly qualified workforce in Albania and Montenegro. The acquisitions also have financial benefits, like the diversification of activities and a shift from an IT company to a telecommunication company.

The data of the EMIS show that notable shifts happened both before the 2008 financial crisis and after the economic crisis. In the early 2000s, just a few Hungarian companies were active in the Western Balkans M&A market. The significant actors were OTP Bank (*Table 4.*) and Magyar Telekom (*Table 5.*). The main targets were Serbia, Montenegro, North Macedonia, and Bosnia and Hercegovina.

Montenegro marked a significant milestone for OTP Bank when it emerged as the market leader in 2006. That achievement followed successful participation in privatization tenders in North Macedonia and Montenegro by Magyar Telekom, despite encountering a number of failed and minor transactions (*Table 4.*).

The economic crisis slowed down the expansion of the Hungarian companies. After 2010, OTP Bank acquired seven banks in the period between 2013 and 2023. The ‘retreat’ of those banks which had had a significant presence in the Western Balkans, helped the OTP Group to strengthen its existing presence in Serbia (currently, OTP Bank is the second largest commercial bank) and Montenegro (where OTP Bank preserved its leading position) and entered into the Albanian market where it became the third most significant commercial bank according to total assets after the acquisitions.

According to the statistics, other actors also became more significant, including 4iG, which became a substantial actor in Montenegro and Albania due to the three acquisitions in 2021 (*Table 5.*), while other companies such as Indotek Group and Waberer’s International also started to expand in Serbia. In a nutshell, Hungarian companies became more active in Serbia, Montenegro and Albania, the main drivers of their movements being market-seeking transactions and diversification-driven purchases. According to the tendencies in the following years,

the paper expects Montenegro and Serbia to remain significant targets for acquisitions by Hungarian companies. At the same time, Bosnia and Herzegovina and Albania also became more relevant goals in relation to diplomacy and foreign policy goals and the interest of the companies.

## 6. Conclusion

Due to the increasing relevance of global M&A activities, the study did a comprehensive analysis of the periods of 2000-2009 and 2010-2023 for a better understanding of the trends, dynamics and strategic implementation of mergers and acquisitions, focusing on Hungary's economic interaction with the Western Balkans. The study introduces the external factors that influence the M&A markets and the motives behind the M&A transactions, including strategic and financial purposes. The study also gives a short overview of the global and regional actors in the Western Balkans from a geographical perspective, to help to understand the characteristics of the economic presence of Hungary in the Western Balkans. The research conducts a quantitative analysis based on the Emerging Markets Information System's (EMIS) DealWatch database, which contains detailed geographical and economic information about the cross-border transactions between 2000 and 2023 in relation to Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia.

The database analysis helped to find spatial patterns associated with M&A activity in the region, and provided a deeper understanding of the presence of Hungarian companies in the Western Balkans. The study underlines the increasing presence of Hungarian companies in the area. In the first period, Serbia and Montenegro were the main targets of the Hungarian companies who mostly tried to enter new markets with a market-seeking approach. Although the first decade of the 2000s was partially successful for Hungarian companies, the data show that after the economic crisis, new actors were able to enter the Western Balkan markets via acquisitions related to real estate, telecommunications and other services. Alongside Serbia, Montenegro, and Bosnia and Herzegovina, Albania became a new market for Hungarian companies. Although the first decade of the millennium was only partially successful

for Hungarian companies, the data show that, after the economic crisis, new actors were able to enter the Western Balkan markets via acquisitions related to real estate, telecommunications, and other services.

The analysis of the M&A data also shows that companies from the European Union still have a significant presence in the Western Balkans though, after the economic crisis, that has shifted slightly in favour of non-European, specifically Asian, companies. The study expects those shifts to provide new opportunities for Hungarian companies in the Western Balkans in the future, in accordance with the strengthening intergovernmental relations between Hungary and the countries of the region and thanks to the economic purposes of the Hungarian companies in the Western Balkans. The study also prompts further and deeper investigation in relation to the M&A activities of the region and elaboration of the external factors.

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# Energizing Relations: Deepening Energy Cooperation between Hungary and the Western Balkans

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**Abstract:** In recent years, energy cooperation between Hungary and the Western Balkans has become more and more extensive, especially relation to Serbia. The study examined the importance of the Western Balkans for Hungary through a case study of Serbia and Albania. Potential areas of cooperation lie in the field of renewable energies, on the one hand, to balance the lignite-intensive Serbian energy use and on the other hand, to reduce the Albanian dependence on hydropower. To those ends, progress can be expected between the countries in the field of solar energy, small modular reactors and legislation.

**Keywords:** energy cooperation, Western Balkans, Serbia, Albania

## 1. Introduction

The following analysis examines the energy relations between Hungary and the six Western Balkan countries (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia, abbreviated as WB6), with particular focus on Serbia and Albania, which are presented as case studies. The research aims to contribute to a deeper understanding of Hungary's role in the Western Balkans, especially in the energy security field, while also displaying how it is capable of shaping regional energy relations. The study provides a nuanced view of how Hungary can act as a bridge between the European Union and the Western Balkans.

In recent years, the strategic importance attributed by policymakers to, and the scholarly attention received by, the Western Balkans have gained momentum. The geopolitical importance of the region is continuously

increasing, due to not only being a trade and economic crossroads but also a bridge, in political terms, between the East and West. Thus the region is, and historically has been, the focus of several international actors.

That is no different for Hungary, which is linked to the region in numerous ways, of which geographical proximity, direct and indirect political and economic effects and energy security issues are the most prominent. The latter, energy cooperation between Hungary and the Western Balkans, has become more ambitious in the recent years.

While the National Energy Strategy for 2030 (published in 2011) highlights Hungary's role with regard to natural gas storage capacities and projects closer energy cooperation with Croatia (Nemzeti Fejlesztési Minisztérium, 2011), the revised version of the National Energy and Climate Plan (in 2023) establishes the Western Balkans Green Fund Project with a declared aim of enabling Hungary to play a leading role in the implementation of climate projects in the WB6 countries and to providing Hungarian businesses access to tenders in the region (Innovációs és Technológiai Minisztérium, 2022).

Not only did region-wide projects become more ambitious, but bilateral relations were also increasingly revitalised from an energy perspective. In particular, after the Russian aggression in Ukraine in 2022 and the subsequent energy crisis, the role of the region, especially Serbia, gained greater value for both Hungary and Europe. Lately, a number of announcements have come that support and underline that tendency.

The following developments can be cited as examples. Firstly, the creation and the first meeting of the Hungarian-Serbian Cooperation Council (Sándorpalota, 2023). The Council consists of various working groups, including ones that specifically deal with Hungarian-Serbian energy cooperation (Embassy of the Republic of Serbia to Hungary, 2023). Secondly, the signing of the Memorandum of Understanding (MoU) about the construction of a new oil pipeline connecting the two countries with an annual capacity of 5.5 million tonnes per year (Balkan Green Energy News, 2023) and, finally, the establishment of Serbhungas, a joint venture with a 51% share of MVM CEEnergy Ltd. and a 49% share of PE Srbijagas should be mentioned (SERBHUNGAS, 2023).

In addition to Serbia, Albania too could become an increasingly important partner for Hungary. Although there has not yet been extensive contact with such new agreements in the energy sector, there are still many untapped opportunities in renewable energy. The research aims to discuss some of the possible areas based on Serbian-Hungarian cooperation.

Serbia and Albania were thus selected from the six Western Balkan countries. The former was chosen due to its particularly close energy cooperation, while the latter was selected due to its distinctive energy structure, which could potentially serve as an inspiration for Hungarian decision-makers.

The relevance of the study is twofold as it aligns with increased attention from the scholarship in the intensification of ties between Hungary and the Western Balkans in various fields and, in addition, it also elaborates on the evergreen and thus constantly relevant topic of energy security and energy cooperation.

The structure of the paper is as follows. The first chapter gives a general overview of the Western Balkan energy scene, with focus on the common challenges that the countries might face. The second chapter displays the energy mix and energy landscape of Albania in detail with focus on present and possible future Hungarian cooperation. Finally, the case study introduces the Serbian-Hungarian case in excessive detail. The case studies describe the Hungarian responses to the challenges the countries are facing and then, at the end of the research, cooperation based recommendations are given on the basis of the data currently available.

## **2. The Western Balkan Energy Landscape**

The study applies a mixed-method approach which combines the descriptive methodology with a case study. The analysis approaches the question through the lens of energy security. Although the term itself has numerous competing definitions, the present study applies the following version as the theoretical framework. The International Energy Agency (IEA) developed a definition that focuses on whether the energy resource is available at all times without interruption and the affordability of the energy resource. The IEA distinguishes short and long term aspects of

energy security. The former views energy security as appropriate when, in the event of an unexpected change in the supply-demand balance, the energy system reacts speedily. The latter examines investments aimed at the supply of energy that take into consideration environmental needs and economic developments (International Energy Agency, 2019).

The following chapters describe the energy mix of the six Western Balkan countries, with greater detail in the cases of Albania and Serbia. The display of the energy mixes is mainly based on the so-called metric total energy supply, which takes into account both imported and utilised energy, as used by the International Energy Agency. It should be noted that that does not take into account the amount of energy exported and held in reserve. Not only that, but it therefore represents the amount of energy that is needed based on the energy demand of the country.

In order to present all the elements of energy security in the countries concerned, the chapter presents exports and reserves with separate indicators. A further methodological stipulation is that the total energy supply excludes/does not indicate the final use of energy. That implies that some energy sources may be transformed into, for example, fuel or electricity at the end-use stage (International Energy Agency, 2024, Eurostat, 2024).

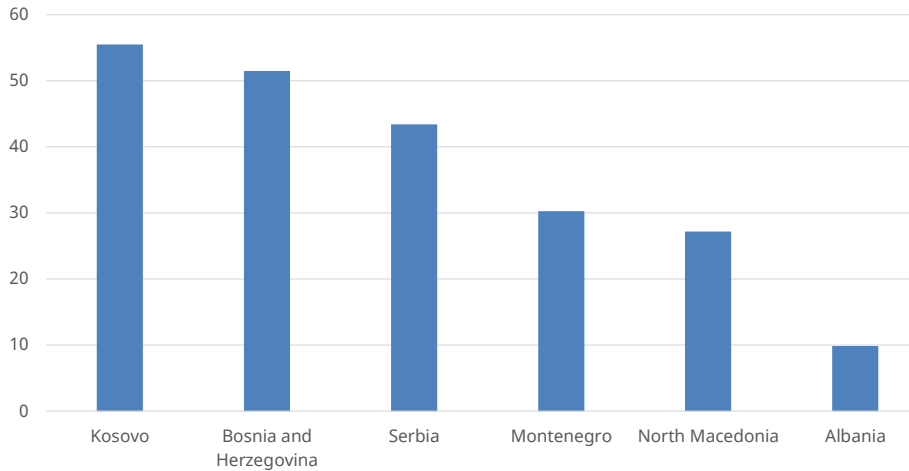
In light of the present study, applying energy security as the theoretical framework will imply that the policy recommendations are based first and foremost on the energy security considerations of Hungary and the Western Balkans not exclusively and necessarily on other political considerations, economic interests or solely on common environmental goals. Despite many differences and nuances at the national level, the energy sector in the Western Balkans seems to have numerous similarities. (Esser & Schulz, 2018) Firstly, extensive reliance on lignite-fired power plants, except in Albania which almost exclusively relies on hydropower when it comes to electricity generation. In addition, the thermal power plants are generally outdated, with some having been in operation for more than 40 years (European Parliament, OECD, 2021).

The extensive reliance on coal power plants and lignite-intensive electricity production, beyond negative consequences for the energy security of the region also harms the health of the population. According to the data of the Energy Community, in 2020 the carbon intensity of

electricity production was triple of the EU27 average. That is even more devastating if we examine how carbon-intensive it is to ‘produce one unit of GDP’. The power plants in the six countries emitted 10 times more CO<sub>2</sub> than all other plants in the EU (Energy Community, 2022, Egenhofer, 2023).

For illustration, based on the total energy supply mix data for 2021, Kosovo has the highest share of coal at 55.5% (oil 30.1%), Bosnia and Herzegovina at 51.1%, Serbia at 43.5%, Montenegro at 30.6% (though oil is also very high at 36.7%), North Macedonia at 27.0% (though the oil share is higher 43.5%), Albania at 9.8% (but oil at 43.4% and hydropower at 33.0%) (International Energy Agency, 2024)<sup>1</sup>.

**Table 1**  
Share of coal in the total energy supply mix in 2021 (%)



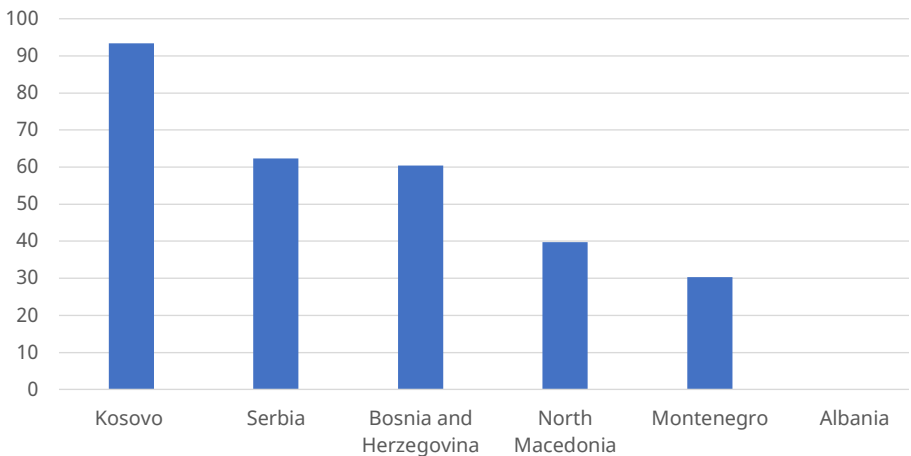
*(Source: author’s own edit based on data from the International Energy Agency)*

It is also worth noting how the proportions develop in the case of electricity. Kosovo is in the worst situation, with coal accounting for almost the whole at 93.4%, with the remaining 4.3% hydropower. It can be seen that, in the case of Montenegro, hydropower accounts for 53%,

<sup>1</sup> In order to ensure the comparability of the data (i.e., to avoid the inclusion of data sets compiled using different methodologies), IEA country-by-country metrics were employed. However, it should be noted that those are for 2021.

while coal accounts for only 38.2%. Bosnia and Herzegovina does not excel in the use of renewable energy sources, since the share of coal used is 60.4% and hydropower is only 36.7%. North Macedonia is also comparable to Bosnia and Herzegovina, although coal accounts for 39.7%, natural gas accounts for the second highest value, with 28.1%, and hydropower comes only third with 26.4%. In the case of Albania and Serbia, the analysis deals with the values in detail in the relevant chapter (International Energy Agency, 2024).

**Table 2**  
Share of coal in energy generation



*(Source: author’s own edit based on data from the International Energy Agency)*

Another challenge is the fragmentation of the energy sector in the region. Although there exists the Montenegro-based Coordinated Auction Office in South East Europe (SEE CAO, cross-border cooperation still remains limited. Apart from the WB6, Croatia, Greece, Türkiye and Italy participate in the SEE CAO. (SEE CAO, 2024) The ongoing Serbia-Kosovo dispute hinders the interconnectivity of the energy systems (Energy Community Secretariat, 2018).

Another factor that contributes to the high air pollution level is closely connected to energy poverty, which is yet a further shared challenge in the region. (RES Foundation, 2023) Only 12% of households have access



to a district heating system, thus coal and firewood are burned for home heating by 60% of the population (Framework, 2017). That results in air pollution being five times higher than the World Health Organization's Air quality guidelines (UN Environment, 2019). The inefficient use of energy, apart from increased health issues and air pollution, also contributes to high energy consumption. Thus, energy productivity is also low compared to the European average (Bartlett & Bonomi, 2022).

The high dependence on fossil fuels such as coal, oil and natural gas, is interconnected with another pressing issue, namely the Russian presence in the region as it is one of the most important suppliers of fossil fuels for the WB6 countries (Dunjic & Pezzutto, 2016). It is well-known that the solution to that problem is diversification. Particularly since the Western Balkan countries have great renewable energies potential they could achieve that diversification through the introduction of more renewables their energy mixes. Most countries have well-defined goals and strategies when it comes to green transition, though their problems lie in the implementation of those ambitious goals. The aim is thus to decrease the gap between the goals and their feasibility (Đurašković & Konatar, 2021).

For the most part, the similarities root back to the shared past, since the most critical segments of the energy system were built in the 1960s and 1970s (Turčalo, 2020). During the Yugoslavia period, the energy demand of the region grew significantly. Between 1958 and 1979 the rate of energy demand grew by 6.7%, while the world average was 4.4%. That period also embedded the notion of dependence on foreign suppliers, especially on fossil fuels. At that time gas came from the Soviet Union through Hungary and crude oil through Iraq and Libya (Bechev, 2023). The Yugoslav wars did great damage to the energy infrastructure and resulted in the atomization of the regional energy market (Turčalo, 2020).

### **3. International players in the Western Balkans**

As was mentioned earlier, the Western Balkans are generally seen as an important geostrategic region where various foreign players compete for influence. Put another way, the Western Balkans can be considered a possible energy hub as it links Europe to the Middle East and the Caucasus, thus, the EU, Russia and China are competing for the region.

From a European point of view, the EU tries to counterbalance the influence, for the most part, of Russia and China (Vulović, 2023). Other mentionable actors are Türkiye and the United Arab Emirates.

China supports projects within the framework of its 'Belt and Road Initiative', focusing on coal-fired power plants and mining. Since 2008, the Chinese FDI in the Western Balkans has gradually increased, however, it should be noted that at a different pace compared to CEE countries and so, differently than in Hungary. Some of the most symbolic investments in the region are the Serbian Železara Smederevo steel mill, as well as gaining production and exploration rights in some of the Albanian oil fields (Csapó, 2020). Furthermore, the three biggest Serbian Steel exporters are Chinese companies, namely Zijin Mining Group, Zijin Bor Copper, and HBIS Group (SeeNews, 2024). For instance, RTB Bor, Serbian state-owned company was renamed Serbia Zijin Copper Doo Bor, after Zijin Mining acquired a 63% share (Zijin Mining Group, 2024).

The Western Balkan countries are part of the once 17+1 cooperation platform, however, the level of cooperation differs from country to country. Serbia is where the most Chinese presence can be observed, while Kosovo is the least favoured by China. However, it is also worth pointing out that China's interest in the Western Balkans region does not stem from its direct benefits to the region but is motivated by its proximity to the European Union. Although not linked to energy, the various road network improvements demonstrate that motivation (Zweers & Shopov, 2020).

It is worth mentioning the Chinese influence in Albania, given the focus of this study on Serbia and Albania. As previously noted, while the Chinese influence is most significant in Serbia and least noticeable in Kosovo, Albania occupies a position between the two countries. In general, in terms of trade volume, China is in an outstanding position, for instance, it occupied third position in 2016. In terms of energy, although Chinese imports are not dominated by the energy sector, it is worth noting agreements between the two countries regarding the energy sector have been signed (Vangeli, 2002).

The origins of today's Russian influence were visible earlier, however, it is important to show the present situation as well. Alongside the historic ties and being a tool of Russian soft power in the Western Balkans,

the economic ties, especially energy ties, are a crucial part of the WB6 energy mix, except in Albania and Kosovo. Since the annexation of Crimea, in absolute terms the Russian energy influence has decreased (European Parliament, 2023). Still, Serbian dependency on Russian gas imports between 2009 and 2019 remained at 74% (Brkić, 2023).

As the study partially focuses on possible cooperation and assistance from on the part of the EU, it is crucial to display the basic principles of the EU's efforts to advance the Western Balkan energy scene. A population reaching almost 18 million inhabitants, positions the six countries as a crucial market for the EU (European Commission, 2020). Not only does almost 70% of the total trade of the region involve the EU, businesses in the EU provide one of the leading streams of investment in the Western Balkans.

In the period 2011-2021, the EU-Western Balkans trade volume increased by almost 130% and the Western Balkans export to the EU by 207% (European Union External Action, 2022). To put it another way, in 2021, 81% of exports from the Western Balkans were to the EU, while 51% of imports were from the EU (Vulović, 2023). The geographical proximity leads the EU to closely observe the political processes in the region, with the aim of maintaining favourable political stability.

One of the most notable advancements is the involvement of the Western Balkan countries in the Energy Community. The WB6 were among the initial signatories of the treaty in 2005 that aims to transpose the energy *acquis communautaire* into the legal system of the participants. More importantly, the Energy Community focuses on the creation of a single regional energy market within the framework of a greater European one (Energy Community, 2024, RES Foundation, 2023).

To give a specific example of how the Energy Community tries to improve the energy scene in the Western Balkans, the following provides an example in connection with the attempted solution to the previously described burning problem, namely the poor air conditions due to the intensive use of lignite power plants. In 2018, the Large Combustion Plant Directive laid down a ceiling for sulphur dioxide emissions, specifically for nitrogen oxides (NO<sub>x</sub>), sulphur dioxide (SO<sub>2</sub>) and dust emitted by the thermal power plants. The directive aims to control the environment and population harming effects of the power plants.

As of 2024, several have been unable to meet the standards (Egenhofer, 2023). However, this example shows that directives are not the most effective tools for tackling such challenges. As in 2024, when the five-year planned for directive expired, the Western Balkan countries emitted five times more sulphur dioxide than the maximum amount allowed according to the directive (Young & Macura, 2023).

As can be seen based on the short example above, for the EU in general, the main objective when it comes to the Western Balkans energy scene is to progress the energy situation in the region. On the one hand, it aims to encourage the countries to implement the *acquis*. Thus, the regulatory nuances and policy reforms are crucial elements. On the other hand, the EU helps green transition or offers green solutions to problems, such as for high lignite dependency.

Between 2015 and 2020 within in the frame of Western Balkans Investment Framework (WBIF), €1 billion in grants was provided for energy-related projects. As a result of the grant, over 650 kilometres of gas pipeline was built across the region. This aspect particularly helped to tackle one of the biggest problems of the region, the highly fragmented energy infrastructure. The grants also contributed to the modernisation of the infrastructure such as electricity transmission lines and district heating networks (Webalkans, 2024). Green solutions are also implemented in the framework of the Economic and Investment Plan which was adopted in 2020 by the European Commission (Bartlett & Bonomi, 2022).

## **4. Hungarian-Serbian energy cooperation**

Serbia's energy mix does not stand out as much as Albania's in international terms and in the Western Balkans. In the case of Serbia, the dependency on coal as outlined above, is a sign of a lower use of renewable energy, though in the case of electricity production, it is higher in world and European terms (International Energy Agency, 2024c; International Energy Agency, 2023b).

The total energy supply in 2001 was the following: 43.5% oil, 14.9% natural gas 6.0% hydro, 10.6% biofuels and very little share of wind energy. The electricity production is heavily dependent on coal (62.3%),

31.3% comes from hydro, 2.8% from natural gas and the same amount from wind. Total final consumption is not that prominently reliant on coal, 35.0% is oil products and 5.3% is electricity, while renewables such as natural gas make up 12.1% and biofuels and waste 16.6% (International Energy Agency, 2023c).

Serbian-Hungarian cooperation, especially energy cooperation, has not always been as high a priority as it is today. Relations have been given a new impetus and have also been revalued by the Russian aggression in Ukraine, the energy crisis and Serbia's increasing energy manoeuvrability. While the former has pushed the partners towards joint action, the TurkStream project has enhanced Serbia's role (ANKASAM, 2023; Hungary Today, 2023; Tankovsky, 2023).

The growing links are well illustrated by broader economic indicators. Hungary is among Serbia's most important export and import partners. Taking only the period 2019-2022 into account, the bilateral product turnover for imports has increased steadily from €0.93 billion to €2.41 billion. Exports were higher, rising from €1.66 billion to €3.38 billion. In addition, energy accounted for 45% of merchandise exports from Hungary to Serbia in 2022. In the same year, Hungary's imports of goods from Serbia also accounted for 45% of the whole (Magyar Kereskedelmi és Iparkamara, 2023).

In the field of energy, developments can be divided into different categories between 2021 and the close of the research: the increased number of bilateral high-level meetings, and specific energy projects. The former included:

- 1) On the 7<sup>th</sup> of February 2022, Minister of Foreign Affairs of Serbia Nikola Selaković and Péter Szijjártó met in the Serbian capital to discuss economic, infrastructural and energy matters. Minister Selaković highlighted the importance of the Balkan Stream as a symbol of connectivity. Minister Szijjártó further underlined the crucial role of the gas pipeline, noting that the two countries would be affected greatly by the energy crisis if they had not built the pipeline (Embassy of the Republic of Serbia, 2022b).
- 2) On the 10<sup>th</sup> of January 2023, Minister of Foreign Affairs Ivica Dačić met with Péter Szijjártó. Once again, energy was an important element of the meeting. The Serbian Foreign Minister formulated his thoughts

on the matter in hand, underlining the importance of TurkStream for Serbia. ‘If we had not finished the Turkish stream, and if it had not been for Hungary I believe we would not have been so persistent in its construction, we would not have been able to round off this story’. The ministers used the occasion to announce that the 403 kilometres long section was already completed, that being equal to the Bulgarian section (Embassy of the Republic of Serbia, 2023e).

- 3) The most crucial meeting was on the 20th of June 2023, and the first session of the Strategic Council for cooperation between the two countries was held as a symbol of the ‘historical maximum’ of the longstanding bilateral relationship between Serbia and Hungary, as the Serbian President Aleksandar Vučić put it. The Strategic Council is one of a kind, since Serbia had only established such with Hungary at the time of the first session. By ‘opening another chapter in cooperation and writing a new page in the history in the relations between the two countries’ the presidents, prime ministers and other government officials participated in the meeting.’

As it was mentioned earlier, the cooperation is not limited to energy, since the first defence and security agreements were also signed. However, cooperation in the field of energy was a crucial element of the first Strategic Council session. First, they agreed on ten different working groups that would help to coordinate the common work (Embassy of the Republic of Serbia, 2023).

Before the Strategic Council on the 10th of May 2023 in the framework 13th session of the Joint Commission for Economic Cooperation, Ivica Dačić, First Deputy Prime Minister and Minister of Foreign Affairs of the Republic of Serbia met with his Hungarian counterpart as a preparation for the June agreements (Embassy of the Republic of Serbia, 2024e).

- 4) During the visit of the Minister of Mining and Energy to Budapest in March 2024, Đedović Handanović took part in the Budapest Balkans Forum where she noted that Serbia aims to achieve energy independence as favourable for the citizens and the economy as possible, that is, at a low price. In order to accomplish that, the country mentioned three objectives: Firstly, securing energy supply through diversifying routes. Serbia would implement new gas interconnectors with Romania and North Macedonia alongside the

existing ones with Bulgaria and Hungary. Secondly, the country is determined to build new production capacities such as Bistrica and Djerdap 3, as well as one gigawatt new solar capacities. Finally, Serbia will take further actions in order to strengthen and deeper regional connectivity (Embassy of the Republic of Serbia, 2024b).

Specific energy projects discussed by the partners cover most of the possible scope of cooperation:

- 1) Oil: Within the framework of the Strategic Council, one of the groups is centred around the construction of the oil pipeline between Hungary and Novi Sad (Embassy of the Republic of Serbia, 2023). As Minister of Mining and Energy, Dubravka Djedović and her counterpart Péter Szijjártó signed a Memorandum of Understanding about the construction of the Hungary-Serbia oil pipeline (Embassy of the Republic of Serbia, 2024d).

On the 12th of March 2024, Minister of Mining and Energy Dubravka Djedovic Handanovic spoke with her counterpart Minister of Foreign Affairs and Trade of Hungary Péter Szijjártó about further discussing the details of the future oil pipeline. The pipeline is to be finished by 2027 and it will be 128 km long, with a capacity of five million tons of oil per year and an estimated value of €150 million. In addition, the Serbian minister emphasized that energy security is crucial for the country thus, in the cause of oil supply security, 163 million of cubic metres are in storage in the territory of Hungary.

- 2) Gas: During the first meeting of the Strategic Council, an agreement was signed by general director of MVM CEEnergy Zrt László Zoltán Fritsch and director of Srbijagas Dušan Bajatović on the establishment of SERBHUNGAS limited liability company (Embassy of the Republic of Serbia, 2024d). Similarly to the case of oil, the agreement set up a working group which is responsible for gas trade (Embassy of the Republic of Serbia, 2023).
- 3) Electricity: During the meeting on the 12th of March 2024, Djedovic Handanovic shared information about developments, namely in the field of electricity transportation. According to plans, once the Pannonian Corridor is implemented, the electricity transmission between Hungary and Serbia will double. The construction will be finished in the coming four years.

Nearing the end of the research, on the 9th of April 2024, the latest development in the energy sector between the two countries is the Blue Sky Project, which will create a joint power exchange between Hungary, Slovenia and Serbia. The project was hosted by Serbian Energy Minister Veljko Kovačević and Slovenian Energy Minister Bojan Kumer. The project is expected to be operational when the research is published and aims to make electricity trade between the three countries as smooth as possible (Magyarország Kormánya, 2024).

- 4) Nuclear energy: The Serbian president has raised the prospect, and is continues to raise the prospect, of a possible Serbian stake in the Hungarian nuclear power plant Paks II. The President considers a 5%, 10% or 15% stake to be feasible (Balkan Green Energy News, 2021).

As can be seen from the examples above, Hungarian-Serbian cooperation so far has been based mostly on non-renewable aspects, thus cooperation in non-fossil fuels and the renewable field is needed.

## **5. Hungarian-Albanian energy cooperation**

The energy mix of Albania shows distinct differences compared to the other five Western Balkan countries, especially considering electricity production. While the total energy supply in 2001 was relatively balanced with 43.4% oil, 33.0% hydro, 11.2% biofuels and waste, 9.8% coal and 1.9% natural gas, the electricity production relies almost completely on hydropower (99.6%) and only 0.4% is generated from the solar photovoltaic system.

Net energy imports accounted for 24.1% of total energy supply in 2021, which is low. However, there is a nearly 70% increase in imports from 2000 to 2021. (International Energy Agency, 2024b) Despite being considered a green economy, in the case of electricity supply that also implies that it is highly exposed to hydrological conditions. That not only poses a major threat to energy security, but the increasing occurrence of drought due to global warming could make the situation increasingly unfavourable. That in turn could lead to increasing import levels in dry periods (European Bank for Reconstruction and Development, 2022).



However, hydropower is also vulnerable to excess hydropower during the rainy season, as the generated excess electricity currently cannot be stored in Albania, thus the country is forced to sell off the excess quantity. One possible way to increase the interconnectivity of the region and implement a win-win situation for both the producer and the buyer, is linking the markets of Albania and Kosovo together. As the lignite power plants provide constant baseload which would benefit Albania as well and, in the event of higher demand, the hydropower plant of Albania could complement Kosovo's requirements (Nasi, 2023).

Another important aspect is the oil and its related end-use. In the case of total final consumption in the already mentioned 2021 period, 47% of the total consumption came from oil products. Total final consumption is the amount of energy used by various individuals and companies in their daily activities (for example, for fuel or cooling and heating of buildings) (International Energy Agency, 2024).

Petroleum exploration started in the Vlora-Elbasan Region in the 1920s, with the use of beam pumps. Nowadays, secondary recovery techniques like water and steam injection are becoming more and more popular (Xhixha, Baldoncini, 2015). The Albpetrol sh.a. state petrol company which inherited all of the oil fields and assets in the country in the 1990s, carries out its main activity in the Durrës basin, that being the major hydrocarbon producing region (Albpetrol, 2024; Zelilidis & Piper, 2015).

From an energy efficiency point of view, however, the production is not very favourable, due to the outdated infrastructure (European Commission, 2022). The share of oil used for transport, although not particularly high by Western Balkan standards, is a contributory factor to the high air pollution caused by imported, poorly refined oil (European Training Foundation, 2022).

The main challenges Albania faces are high dependence on hydropower and increased import demand due to drought, especially when considering that the Drin River alone was responsible for 90% of the electricity generated in the preceding decade (Ebinger, 2010). A solution could be, on the one side, hydropower development through modernisation of the existing plants, or by developing small-scale hydropower networks, and on the other, seeking means of diversification.

For Albania, the Trans Adriatic Pipeline (TAP) is of particular importance for gas import. The pipeline transports Azerbaijani gas from the Shah Deniz II field in Azerbaijan to Europe. The TAP connects to the Trans Anatolian Pipeline (TANAP) at the Greek-Turkish border and then passes through Greece and Albania to Italy. The pipeline is 877 kilometres long (3,500 kilometres including TANAP) and can be extended up to a capacity of 20 bcm/a, enough to heat 20 million homes (Trans Adriatic Pipeline, 2024).

The implementation of the project is of great importance to Albania as it contributes to the diversification of Albania's energy mix and helps to improve the connectivity of the region's infrastructure.

Hungarian engagement in these areas was already expressed by the Hungarian Foreign Minister in 2014. (Ministry of Foreign Affairs and Trade, 2014) One aspect was the promotion of the interconnector between Albania and North Macedonia, which has since been built with EU support (Delegation of the European Union to Albania, 2023). In addition, there was a request for cooperation in the field of hydropower and water management. In past ten years, progress has been made in the latter two areas. In 2019, an agreement was signed covering not only water and wastewater management, but also energy efficiency and climate policies (Albanian Embassy in Hungary, 2019). The agreement in 2023 ensured that Budapest Metropolitan Waterworks would contribute to the operation of Tirana's waterworks (Budapest Business Journal, 2023).

In the area of renewable energy diversification, Albania should develop the use of solar energy in particular. Due to its geographical location, the number of sunny days in both the north and the south of the country is suitable for the installation and appropriate application of solar parks (European Bank for Reconstruction and Development, 2022). With an average of 220 days of sunshine, the country enjoys 2,700 hours of sunshine per year, which makes Albania Europe's one of the sunniest countries in Europe (IRENA, 2021). Recognizing that, Gémtech Ltd. of Hungary, together with GEMTECH Albania Sh.p.k., a 100% owned Albanian subsidiary of the Hungarian Gémtech Ltd., is building a 10 MW solar power plant. With an investment of HUF 4.6 billion, the company aims to achieve annual renewable energy production of 12 GWh, thus increasing its share in the Albanian renewable energy market and its share in the future (Gémtech Ltd., 2024).

Borrowing the words of Albanian Minister for Europe and Foreign Affairs, Igli Hasani at the Budapest Balkans Forum in 2024, further cooperation between Albania and Hungary is indeed crucial. “It is important to understand that the better we are connected, the better we align ourselves with issues, the better the perspectives that can be created. And why not? It’s a good start to work on energy and its security, because what we are facing is crucially fundamental for the future” (Ministry for Europe and Foreign Affairs, 2024).

## 6. Policy Recommendations

Based on the preceding chapters, the following policy recommendations can be established, taking into account national and regional characteristics. Among the recommendations both levels of proposals can be found.

In the relation to Serbia, one of the aspects is nuclear energy. At the time of the closing of the manuscript, the Serbian government is making efforts to change the nuclear moratorium regulations that have been in force since 1989. At the Nuclear Energy Summit in Brussels in March 2024, President Vučić spoke of the possible construction of four small modular reactors (SMRs). However, the President also mentioned that the financing is still in question and asked for help from European states (Balkan Green Energy News, 2024). Hungary also envisaged the procurement of SMRs, which could become affordable by 2029-2030 at the earliest (Világgazdaság, 2024). So, there is an opportunity for cooperation between Serbia and Hungary, either in terms of cooperation on the development of the appropriate legal framework or in terms of cooperation on implementation.

If we are looking at non-nuclear cooperation, renewable energy sources could provide a basis for cooperation, including those that aim to reduce the share of coal in the energy mix. For instance, investment in a solar farm in Serbia, could serve that purpose. Large-scale solar and wind energy parks near the border region could enhance the cooperation and the energy supply of the Vojvodina region. The parks could complement the planned interconnector between Serbia, Hungary and Slovenia.

Both countries have similar shares of biofuels and waste in the total energy mix. While in Serbia the share is 10.6%, in Hungary it is 11.2% (International Energy Agency, 2024). Serbia's agricultural activity provides a good basis for the conversion of materials from Serbia. Finally, in view of the fact that the Serbian transport sector is in need of modernisation, Hungary could assist in the infrastructure development of electric vehicles from enhancing interoperability between the countries, to developing policies to promote EV adoption.

In the following, potential areas of cooperation between Albania and Hungary are outlined, based on the previously described Albanian challenges and Hungarian specificities. For Albania, the priority is to reduce the share of hydropower energy used in electricity generation. That can be done using fossil fuels or renewable alternatives. It is mainly the latter option that seems more likely and more favourable. The expansion of the planned solar park would be a viable option, as Albania has the right conditions to make good and favourable use of solar power. Either expanding the size of the planned facility, or searching for new geographical areas to establish a second one, could be an option. As Hungary and Albania are not direct neighbours, a direct connection to Hungary implies a connection to other, neighbouring, countries. However, that would not pose any problems in principle, as the promotion of regional connectivity is also an objective.

In addition, Hungary could benefit from Albania's extensive hydropower resources, which could be used by Hungary to develop existing Hungarian hydropower plants or apply the Albanian know-how to build new ones. From the perspective of knowledge exchange, the opportunity would offer a valuable chance for collaboration from Hungary's standpoint. One way of facilitating Albania's accession to the EU is to prepare legislation in the field of energy, namely through the legislative and regulatory framework.

In common policy recommendations, for both countries one of the most crucial things is legislative cooperation and Hungary can share good experience in the field of legislation, help to set ambitious targets and assist implementation. Again, that helps brings the countries closer to EU membership, which is a priority interest for Hungary and, in that relation for example, joint research centres could be set up to facilitate knowledge sharing.

Finally, Hungary could foster better regional cooperation through the medium of the Western Balkans Investment Scheme of the Hungarian Export Promotion Agency. Although, within the framework of the programme, cross-regional projects have been implemented, more emphasis could be placed on energy-related fields. Since mostly only Serbia has benefited from the other related fields.

## 7. Conclusion

The study focused on the possible cooperation between the Western Balkan countries and Hungary, namely between Albania and Serbia. The two countries were chosen based on their distinguished roles. Albania is one of the few countries where hydropower plays a prominent role in the energy mix and Serbia, in recent years, has become one of Hungary's closest strategic partners, as demonstrated by the numerous high-level meetings and agreements signed.

Although Albania and Serbia play prominent roles in some respects, it should not be forgotten that the Western Balkans are much broader than a few exceptions and, apart from some national specificities, have a number of common defining characteristics. One such common feature, with the exception of Albania, is the intensive use of lignite as an energy source. That in itself gives rise to a number of other common features.

The intensive economy, production and domestic use of coal leads to highly polluted air, which increases health risks. The lignite-intensive economy, combined with outdated power plants, also contributes to energy poverty. Although common factors do not show it, the Western Balkans region is geo-strategically crucial and a number of major and regional powers are competing for greater influence over the area.

The analysis finds as follows: Both Serbia and Albania have the potential to cooperate, mainly in the field of renewable energies. Solar energy is one of the options with the highest potential for exploitation in the two countries. Hungary could facilitate the EU accession of the Western Balkan countries through the transfer of good practices related to various legal and regulatory frameworks. In the case of Serbia, which is showing a growing interest in nuclear energy, joint work in the field of SMRs could be envisaged.

To put that in context, in the case of Albania, cooperation has so far been limited, though the current direction provides a good basis for that in the future. In the case of Serbia, the main areas where agreements have been signed in the past relate to gas, oil and electricity. However, in the long term, Serbia would benefit more from renewables to improve its energy security.

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# Securing the Southern Border: Hungary's Migration Policy in Relation to the Western Balkans

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**Abstract:** Over the past ten years, the authorities in the countries along the Western Balkans migration route have come under considerable pressure. The constant high number of migrants and the activities of people smugglers, have put a strain on those institutions. Not only do such actions lead to an increase in illegal migration but the phenomenon also raises complex social, security and political issues, such as organized crime, human trafficking and the challenges of integrating migrants. We examine Hungary's migration policy and its role along the Western Balkans migration route, delve into the methods used by people smugglers, and investigate the backgrounds of the migrants. The main objective of the study is to analyse the development and impact of Hungarian migration policy and to prove that strict border management, in combination with international cooperation, is essential in overcoming the challenges. The cross-border nature of criminal human trafficking networks also means that they usually operate in several countries simultaneously. As a result, it can be extremely difficult for the authorities to dismantle those groups and bring those responsible to justice.

**Keywords:** Western Balkans, Hungary, Serbia, migration crisis, smugglers, trilateral cooperation

## 1. Introduction and Methodology

In the latter decades of the 20th century and at the beginning of the 21<sup>st</sup> century, migration became one of the most complex and controversial challenges for Europe, for the European Union and for its member

states. Since 2015, the Western Balkan Route has been one of the most important migratory routes, creating challenges for south eastern and central European member states. As a central European country, Hungary has a close relationship with the Western Balkans region and is linked by centuries-old historical and cultural ties. In addition to the historical connections, and given the proximity of Hungary and the Western Balkans, challenges like transnational organized crime, terrorism and migration on the country's southern border have a significant impact on Hungarian politics and society. In terms of coping with migration problems, the consequences of the Yugoslav wars in the early 1990s were the first major challenge to Hungary. The waves of refugees presented the Hungarian government with a unique challenge. In addition, the situation of Hungarians living in Vojvodina in Yugoslavia also became of paramount importance. The next major event occurred in 2013-2014, when Kosovars arrived at the Hungarian border due to an EU agreement that allowed them to apply for asylum in Austria and Germany on their way through Hungary via Serbia (Márkus, 2022). In the following years, especially since 2015, there has been an ongoing migration crisis, mainly caused by people from the Middle East and Afghanistan. That crisis has caused many problems, not only for the European Union but especially for Hungary, which acts as an external border for the European Union and for the Schengen area, as well. In response, the Hungarian government has fundamentally changed its legal system, erected a border fence and made the country's defence a priority. Overcoming the challenges of migration has become an important goal not only of domestic policy but also of Hungarian foreign policy, so that today trilateral cooperation has begun with the neighbouring countries of Serbia and Austria.

In order to understand the complex environment, the authors used primary and secondary sources to gain a better understanding of the dynamics of Hungarian migration policy in relation to the region. The authors conducted a number of field studies focusing on interviews with Arabic speaking immigrants in Serbia. Methodologically, the study therefore includes qualitative research to gain a deeper insight into the background and the understanding of the challenges of migration. Although irregular migration is a topic with a rich academic background, most academic work focuses either on the European Union as an actor, or on legal changes in the Western Balkans. The authors' field research

therefore adds little-known information to the academic discourse. In addition, the authors observed groups on social media to gain insights into, and valuable information about, the irregular migrants living in refugee centres or illegal camps.

### ***1.1. Interviews with Immigrants***

We, the staff of the Migration Research Institute, conducted field research in 2022 and 2023 on the Serbian side of the border, a Schengen border and the external border of the European Union, in the areas behind the Hungarian technical border fence. In the process, we conducted more than a hundred interviews with illegal immigrants. During our field research we concentrated on the area surrounding Subotica (Szabadka) and Horgoš (Horgos). We met mainly Afghan and Syrian immigrants at the different sites, occasionally we meeting North African (Moroccan, Algerian, and Tunisian) migrants as well.<sup>1</sup> While conducting those interviews, we met residents of illegal migrant settlements as well as residents of the reception centre located in Subotica. The locations of our fieldwork cover the heavily trafficked parts of the northern areas

1 Both Maghrebi and Syrians leave their countries for different reasons. Maghreb countries are characterized by social inequality, a weak social safety net and an unstable economic situation. That is precisely why they are extremely vulnerable to shocks such as the crisis of COVID-19. In 2020-2021, North African countries experienced an unprecedented economic crisis as the oil crisis worsened, droughts and border closures occurred, trade was disrupted and the movement of people and finance came to a halt or was drastically reduced, and in Tunisia, Algeria and Morocco, food inflation is higher than at any time since the Arab Spring erupted more than a decade ago. For those reasons, it is not surprising that migration from that region sometimes increases at an extraordinary rate, putting pressure on Hungary's southern border, too. Another serious problem in migrant countries of origin is unemployment. According to the latest survey from UN, the average unemployment rate in the Arab region (Arab states of the Middle East and North Africa) was 12% in 2022, the highest in the world. For 15-24-year-olds, that figure is 25%. According to the UN, more than 33 million new jobs need to be created in the Middle East and North Africa by 2030. According to the study, poverty in Arab countries has also now reached extreme levels, affecting 130 million people. With the exception of the Gulf Cooperation Council (GCC) countries, that means that more than a third of the region's population is affected. In addition, over the next two years the poverty rate is expected to increase, reaching 36% of the population in 2024. These developments may clearly contribute to the region's mass exodus in 2023 and beyond. See: Marsai & Tóth 2022; Hoel 2022; The Conversation 2022; N. Rózsa & Marsai, 2022; Kmeczkó, 2024.

of the Western Balkans route, which was the fastest growing irregular migration route in 2022, with 192,266 irregular migrants. That number represents an almost 60% increase compared to the arrivals in 2021 (IOM, 2022). Although the locations changed slightly during the various field visits, a significant number of irregular migrants still live in self-organized tent camps on the edge of Serbia's northern border.

## **2. Hungary and Migration from the Western Balkans after the Cold War**

The breakup of Yugoslavia in the summer of 1991, generated a large-scale migration wave, one of the targets of which was Hungary. The number of people fleeing the war was estimated to be between 3.7 and 4 million, with between 600,000 and 800,000 fleeing to other countries (Kitanics & Pap, 2014), while the majority of the affected people remained internally displaced persons (IDPs). Hungary, from the beginning of the war, welcomed and protected those arriving from the territory of Yugoslavia whose residence was in areas affected by the fighting, those who refusing military service and those in the aforementioned category of persons for reasons of family reunification (Klenner, 2017). The migratory pressure at the southern border and the bomb strikes on Barcs, forced the Hungarian government and the Border Guard, subordinate to the Ministry of Interior, to take special measures and create new procedural structures. Action squads equipped with heavy weapons were established in the vicinity of Nagykanizsa, Pécs and Kiskunhalas, as the role of the Hungarian Defence Forces in border protection would have been unfortunate due to historical antecedents (Lówi, 2016).<sup>2</sup> The main goal of the plan developed by the government, was to deal with the mass appearance of refugees and to stop the possible appearance of armed groups that could pose a threat to the safety of both Hungarian citizens and refugees (Lówi, 2016).

In addition to governmental and non-governmental organizations, the population too played an important role in caring for the asylum seekers arriving at the southern border, most of whom from 1992 onwards, have

2 Based on experiences from the First and Second World Wars the Hungarian government decided against using the Hungarian Defence Forces at the border. That notion only changed in 2015.

been Bosniaks (Tóth, 1996). In addition to the three large permanent reception centres (Debrecen, Bicske, Békéscsaba) and twenty temporary shelters, in a number of cases, the civilian population also offered protection to the arrivals (Nagy, 2012). In the case of the Yugoslav crisis, the government considered the refugees' stay in Hungary to be a temporary situation, so official asylum procedure was not applied. The refugees who arrived in the country were registered by the local authorities and issued with identity cards. The onward journey of the refugees was prevented by the Austrian visa requirement, which came into force again on 2 July, 1992 and significantly western European states created temporary protection schemes for the Bosnian refugees (Sardelic, 2017). Due to the large number of refugees, additional emergency shelters were opened in 1994 in addition to those already planned in Nagyatád, Pécs, Siklós and Mohács (Tóth, 1993).

Exact figures on the number of refugees arriving in Hungary are not available, as only some of the refugees could be properly registered. According to popular belief, far more unregistered refugees of Hungarian nationality arrived than the 50,000 reported in 1992 (Gazdag, 2021). That is confirmed by a 9% drop in Vojvodina's diversity index (Reményi, 2012). After the Dayton Peace Agreement of 1995, most refugees returned to their home countries or left illegally for Western Europe. It is important to note that the arrivals were initially often Hungarian-speaking people, which made their care and management much easier, while the approximately 30,000 Bosnian refugees considered their stay in Hungary to be only temporary (Gazdag, 2021). After the NATO bombings in 1999, Kosovo Albanians fled their homeland en masse. The vast majority of ethnic Albanians, about 440,000, fled via North Macedonia to Albania, from where Western European countries took some of them under temporary protection. Some of those, approximately 90,000 people also found refuge in Hungary as reception camps were reopened at that time (Hárs, 2009).

The next challenge in connection with migration from the Western Balkans concerns Kosovo. After the First Agreement of Principles Governing the Normalization of Relations (so called Brussels Agreement) signed between Serbia and Kosovo in 2013, allowed Kosovo Albanians to enter Serbia with identity cards, many people made their way to Western Europe. Since October 2014, a large number of

Kosovars have crossed the Hungarian-Serbian border every month. During this time, Kosovars were the second most detected nationality of irregular migrants identified along the Hungarian-Serbian border after the Syrians (Frontex, 2014). In this timeframe 22 414 Syrians and 17 569 Kosovars were apprehended (Frontex, 2014). The situation was finally resolved following diplomatic pressure from Hungary, Austria and Germany (Márkus, 2022). This was accomplished through stricter border enforcement and an informational campaign in Kosovo directed at Albanians, warning them that their chances of obtaining legal residency in the EU were very slim (Szpala-Sadecki, 2015).

### **3. The Migration Crisis in 2015**

The Migration Crisis in 2015 created new challenges for the Hungarian authorities. Although the migratory pressure once again affected the southern border of Hungary, the new arrivals came from the Middle East not from the Western Balkans. The sheer number of arrivals also forced the Hungarian authorities to amend their practices. During 2015, almost 765,000 people crossed the Hungarian-Serbian border. To react to the huge number of refugees, as of 1 August, 2015, the Hungarian asylum procedure has been significantly refined, is no longer divided into two parts, and the rules of the preliminary examination procedure have been removed from the law to create a fast and unified process in order to compete with the large number of claims filed. The National Directorate-General for Aliens Policing (Országos Idegenrendészeti Főigazgatóság) will decide on the Dublin procedure and the possibility of an accelerated procedure.

Although Hungary remained a transit country, the authorities and the legal system faced enormous pressure from the new arrivals and the number of asylum claims submitted. Registering the newly arrived migrants and providing them shelter, created enormous logistical and financial hurdles for the Hungarian administration.

Decisions on applications that are unsuitable for examination or that can be processed in an accelerated procedure, are made within fifteen days. If a shorter procedure is not possible, that must be completed within sixty days of the application being lodged. (The Court of Justice of the



European Union has ruled [*Shiraz Baig Mirza v Office of Immigration and Nationality*] that these rules are in line with the Dublin III Regulation and the relevant asylum directives, so that the applicant's removal to a safe third country can be lawfully ordered).

By law, a judicial review takes 60 days but, in practice, it is often longer (up to 9 months). In general, proceedings took longer than expected not only because of the time-consuming Dublin procedures, but mainly because of the excessive workload of the courts. The statistics were improved by the fact that most applicants departed to an unknown location before the procedure was actually completed. As a result, the proportion of people recognized by the asylum authority as refugees or other persons entitled to international protection fluctuated between 1% and 4% of all 268,244 applications in the period 2013-2016 (KSH, 2024). In the years following the peak in 2016, the number of people submitting an application for asylum in Hungary fell significantly, while the proportion of people granted subsidiary protection rose significantly. Between 2016 and 2023, the yearly amount of asylum requests shrank from 29 432 to 31. During the same timeframe 1,513 subsidiary protection status orders were issued. That number is almost the same as the 3,344 subsidiary protection status orders issued since 2008 (KSH, 2024). Although the migration burden increased again after the first COVID-19 waves from 2021 onwards, applications are now actually being made by those who see a more realistic chance of a positive assessment.

Two transit zones, Röszke and Tompa, were set up in the summer of 2015 at the Serbian-Hungarian border for the legal submission of asylum applications. The transit zones were operated jointly by the immigration and asylum authorities and the Hungarian army. In Budapest, the capital's existing transit zones were closed having operated for one month at the three major railway stations. The transit zones for at the time became the focal points of the Hungarian response. The migrants were housed within the zones and the asylum procedure was conducted there as well.

In 2016, the National Assembly codified a new special legal order for when mass immigration causes a crisis. The existence of that was primarily defined in terms of the number of asylum seekers, with a state of crisis being declared if the number of applicants for recognition arriving in Hungary exceeds five hundred persons per day on average

for one month, seven hundred and fifty persons per day on average for two consecutive weeks, or eight hundred persons per day on average for a week, or if the number of immigrants in the transit zones exceeds 1,000 per day, 1,500 per month or 2,000 per week for two weeks (Met. 80/A. § (1) a-b)).

On 21 May 2020, the government of Hungary announced the abolition of transit zones at its southern border with Serbia. That followed an international court ruling by the Luxembourg-based European Court of Justice, condemning the country's immigration practices.

Afghan and Iranian citizens arriving in Hungary via Serbia submitted asylum applications in the Röszke transit zone on the Serbian-Hungarian border. Those applications were rejected as inadmissible under Hungarian law and decisions on expulsion to Serbia were adopted. As of May 2020, Hungary has effectively abolished the transit zone in such a way that its theoretical possibility remains in the Asylum Act and other legislation. Since the start of the COVID-19 pandemic, asylum can be only claimed through the Hungarian embassies abroad, for example in Kyiv or in Belgrade. The abolition of transit zones was also connected to the Serbian refusal to adhere to the readmission agreement between the European Union and Serbia (refworld.org, 2007). Under that agreement, Serbia is obliged to accept third-country nationals in addition to Serbian nationals from the EU. Due to previous legal cases before the European Court of Human Rights, Serbia is often reluctant to comply with that agreement (Tóth, 2020). In most cases, these irregular migrants<sup>3</sup> do not have access to asylum in Serbia (klikAktiv, 2021).

### ***3.1. The Border Fence and Current Challenges***

In Hungary, the question of borders became an important public issue particularly in the Twentieth century, mainly due to Trianon (Pap & Reményi, 2017) and to a lesser extent due to the 'Iron Curtain' erected on the Hungarian-Austrian border in 1965 (Balla & Kui, 2017).

3 The International Organization for Migration (IOM) defines the term 'irregular migrant' as follows: "A person who moves or has moved across an international border and is not authorized to enter or to stay in a State pursuant to the law of that State and to international agreements to which that State is a party." See European Commission, n. d.

However, after the regime change and the beginning of Euro-Atlantic integration, the public significance of borders decreased noticeably. Nevertheless, the migration crisis that began in 2015 has brought the issue of borders back to the forefront of political and public debates. Irregular migrants, predominantly from Syria and Afghanistan, arrived into Turkey and then, through Greece, (which is an EU member state) continued their journey westwards via the Western Balkans route. The states in the region were unable to cope with the challenge posed by the large number of irregular migrants and soon significant pressure built up on the Hungarian-Serbian section of the border, which is the external border of the European Union (Oruc, Santic & Raza, 2020). According to the available data, between 100 and 1,750 people were arrested daily for illegal crossing at the green border between January and June 2015 (Balla & Kui, 2017).

Due to the constantly deteriorating data and outlook, the Hungarian government decided to close the Hungarian-Serbian border section on June 15, 2015. From 2015, the units of the Hungarian Armed Forces first erected a single-line and, following its extension, a double-line fence on the border with a 3.5-meter-wide patrol road between the two rows (Kitanics & Pap, 2022). In addition, a single-line protection system was erected on the Hungarian-Croatian border section, which was reinforced by security wire barriers in areas that were difficult to access. As László Kui (2017) states in his study, the border fence itself is not an insurmountable obstacle, but the additional protective equipment available (drones, thermal and infrared cameras) and the adopted legislative changes, have significantly reduced the flow of irregular migrants crossing Hungary.

The construction of the border fence and its surveillance, have also prompted irregular migrants and smugglers who help them cross to adopt new methods. Those include pretending to cross the fence and cutting the fence in more places than necessary to divert the attention of patrols and cameras. The smugglers also try to keep the police officers protecting the border under constant observation. Drones have already often been used for that purpose (Varga, 2017).

According to interviews with police officers involved in protecting the border and later the border fence, the composition of irregular migrant groups arriving at the border has changed significantly, mostly

in connection with the border fence. According to one police officer, Iraqi and Afghan nationals arrived first, in some cases with their entire families (Christián, 2017) though, by the end of 2015, 70-80% of the young and middle-aged men (17-35 years) arrived alone (Christián, 2017).

A number of government resolutions have been announced in connection with the border fence and the southern section of the Hungarian border. The most important of those is the completion of the double fence system. On a stretch of about 10 kilometres along the Mohács Island in Bács-Kiskun County, which was previously unprotected, the construction of a fence network corresponding to the previous technology has begun (Hirado.hu, 2022). In addition, the National Police Headquarters announced that the fence system along the Croatian part of the border will be dismantled after 1 January, 2023, due to Croatia's accession to the Schengen area (Infostart.hu, 2022). It is also important to mention that the units of the Hungarian Defence Forces ended their active deployment on the southern section of the border on 29 December 2022 (Kormany.hu, 2022). The tasks related to border protection were taken over from the Hungarian Defence Forces by the newly formed border patrol squads set up by the police.

As of July 1, 2022, that new border patrol unit is tasked with the regular conduct of operations regarding irregular border crossings, in subordination to the police. The new unit is able to relieve the police of some tasks as, like the Hungarian Defence Forces, they have gained additional tasks connected to the Russian-Ukrainian War. Looking at the fence from a broader perspective, it becomes clear that the aim of Hungary's migration policy is to create a buffer zone the south of the border. In his 2016 State of the Nation address, the Prime Minister summarized this as follows: "We provide the Balkan countries with people, border guards, technical equipment and machinery because they actually protect Europe's borders. And as long as they persevere, it will also be easier for us to protect our own borders. We have known this since Hunyadi" (Miniszterelnok.hu, 2016).

Although the Western Balkans Route has lost some of its importance, it was still the second most used migratory route in 2023 and, based on the Frontex data, it is still the most important land route into the European Union (Frontex, 2024). Mainly as a result of the cooperation between the Hungarian and Serbian government, and the border

fence, the internal dynamics of the Western Balkan Route has changed significantly. During 2023, Bulgaria became one of the main entry points for irregular migrants. The Bulgarian authorities detected 176,000 illegal border crossings in 2023. Given the aforementioned Serbian crackdown on irregular migrants and trafficking groups, the migratory pressure increased on Bosnia and Herzegovina. Following the accession of Croatia to the Schengen Area, the number of irregular migrants entering the country from Bosnia and Herzegovina increased by 800% (SchengenVisaInfo, 2023). That pressure was also felt in another EU member state, Slovenia. In 2023, the Slovenian police apprehended 58,193 irregular migrants who entered Slovenia through the Western Balkans Route, meaning an 84% increase (Slovenia Times, 2024).

#### **4. Temporary Residences of Immigrants and Conversations with Them**

After the Hungarian authorities erected the border fence, the migration pressure created more and more challenges for the Serbian authorities. As far as the temporary accommodation of the immigrants is concerned, they have mainly pitched their tents in dilapidated buildings near the Serbian-Hungarian border. Those buildings are extremely neglected, there is a lot of rubble and garbage in their rooms, rain penetrates their structures and the wind blows through them. The buildings, which have become completely uninhabitable, were probably used as emergency accommodation for many thousands of people. The hygiene conditions are also inadequate, meaning that the conditions in the buildings can easily become a source of infection. It is therefore not surprising that in 2023 the Serbian authorities had a large proportion of those buildings demolished, although that was done not only for humanitarian, but also for safety, reasons.

It is also the case that the immigrants do not only live in houses that have seen better days, but also in disused agricultural buildings. In those, they also pitch their tents and cook inside the building during the colder months, resulting in choking smoke. Here we had a number of conversations with the irregular migrants who were staying in the buildings and it became clear that relations between the migrants were

sometimes very strained. The Moroccans claimed that the Afghans were a serious threat to everyone. As far as they knew, they had also killed people and were extremely aggressive. That is why the Arabs stick together, especially the Moroccans, Tunisians, Algerians, and Syrians. That type of ethnic clique was observed during all field visits. On almost all occasions, mixed Arab groups were stationed in the various destroyed buildings and we did not see any Afghans with them. We can thus say that immigrants gather in ethnically cohesive, but ad hoc and rapidly changing, groups. That is an important issue because the clash of different ethnic and religious groups has a significant impact on public safety, as it is not uncommon for serious clashes to occur in such cases, which the authorities then have to deal with.

The interviews conducted with the migrants were semi-structured and aimed at gaining a deeper understanding of the respective topics. Although the interviewees' accounts are not representative of the migrant population as a whole, they nevertheless provide valuable insights that complement the research. The personal narratives and experiences shared in those interviews highlight the complex and multi-layered nature of migration, and add depth and context to the quantitative data. This qualitative approach enriches the study and provides a more nuanced perspective on the challenges and experiences of migrants.

Regarding the migration routes, we learned that most migrants come to Serbia via the Western Balkans route. Turkey still seems to be the main distribution and transit point. According to the data, the majority of migrants start their journey from there on foot, taking 20-30 days to reach Greece and from there Albania, Montenegro and Kosovo, before reaching Serbia. There are also those who go to Bosnia and Herzegovina to spend a longer time there.

Fewer people try to enter the EU through Romania (there is no constructed fence there). That is partly because Romanian border guards are said to be more aggressive and not afraid to intervene, and partly because Romania is an EU member but not part of the Schengen area, so they would then have to cross the Romanian-Hungarian border as well.

Despite the challenges faced at various border crossings, the methods of dealing with migrants once they have entered Hungary further complicate their journey. The Hungarian authorities employ a

practice that many irregular migrants find particularly objectionable: transporting apprehended individuals from all over Hungary back to the Serbian border. That practice not only frustrates the migrants' attempts to progress further into Western Europe but also highlights the strict measures Hungary has implemented to manage and control illegal immigration. Some even reported that they were picked up near the Austrian border at Sopron and taken in a transport vehicle back to the Hungarian border fence, only to be taken through the exit gate to Serbia (it should be noted that the entire length of the fence, as well as a protective strip of several meters on the side facing Serbia, legally belongs to Hungary).

In terms of financing, the interviews revealed that those who do not have large savings can finance their journey by selling their apartments, houses or vehicles. A number of people mentioned that they had received loans from their relatives or that their family living in Western Europe sometimes transfers a certain amount of money to them via Western Union. Many people see the money they put into their migration as an investment that will only pay off later. As outside observers, we had the impression that most immigrants do not have a large amount of money and live from one day to the next, otherwise they would not be forced to pitch their tents, even if only temporarily, in abandoned buildings without a roof.

During the interviews, no meaningful information was obtained about the smugglers. Almost all immigrants reported that they had bought a ladder in a store and tried to climb over the border fence with it. They said that they had received no help from anyone and that no smugglers had been involved in their attempts. However, experiences and chat groups on social media, which are reserved for migrants, testify to the contrary. Without a smuggler, they would have a hard time finding their way in a foreign country, even if they were using a smartphone with GPS. Various Facebook groups are teeming with smugglers who openly offer their services to any receptive group.

When asked about their destination, the first response is usually that they are looking for peace and safety and a place where they will be accepted. Furthermore, without exception, one of the western European countries was stated as the desired destination. People from North Africa generally prefer France, while Syrians prefer Germany. None of

them would like to stay in Hungary for a longer period of time. Many of them are also interested in obtaining official papers in a member state of the European Union.

To summarize, the semi-structured interviews with the migrants provided insights into their journeys and challenges. Most migrants travel through the Western Balkans, with Turkey being a major transit point, and their journey to Serbia can take a month. In Hungary, the authorities often take apprehended migrants back to the Serbian border and enforce strict immigration controls. The migrants often finance their journey by selling personal assets or by supporting family members abroad. These findings highlight the complexity and multi-layered nature of migration routes and the strict measures migrants face during their journey.

## **5. The Human Traffickers**

The activities of criminal smuggling gangs in the Schengen area pose a major challenge. Human traffickers often lure migrants to Europe with the promise that they can get a job there very quickly, claiming that they will take them directly to their desired destination country. In most cases, however, the journey is not so smooth, as migrants have to walk part of the way, often in the dark, over difficult terrain and in sub-zero temperatures. Moreover, it is not uncommon for smugglers to take people's money and leave them in the middle of nowhere (Rybarczyk, 2022).

People smuggling groups pose a significant problem along the Hungarian-Serbian border. Those groups operate through sophisticated and often well-organized networks, facilitating the illegal entry of migrants into Hungary. Their activities not only increase illegal immigration but also contribute to a range of other criminal activities, including human trafficking and organized crime. Despite the challenges, the Hungarian authorities are making concerted efforts to curb the influence and operations of people smugglers. The construction of a border fence and the implementation of stricter border controls have been central to those efforts. Additionally, Hungarian law enforcement agencies work in close cooperation with international partners to track and dismantle smuggling networks. Through those measures, the authorities aim to



secure the border and ensure that the migration process is orderly and legal. While the problem persists, the ongoing efforts demonstrate a strong commitment to addressing and mitigating the impact of people smuggling on the region.

### ***5.1. Structure of Criminal Organizations***

Most of the analyses related to the problems caused by the criminal organizations of human trafficking operating in Serbia, explain the reasons for the violence of those organizations and why the situation is becoming increasingly untenable (Đorđević, 2023). In the following, we will try to show how such criminal groups are structured, what positions and roles can be found within their organizations and why it is so difficult to bring their leaders to justice. It will become clear that, in most cases, these are organisms with a complex polyp structure, which makes them considerably more difficult to eradicate.

In most cases, the person at the head of the smuggling gangs is far away from the actual activities, for example in Afghanistan, Turkey or Greece, and is very rarely discovered by the authorities (Karaçay, 2017). Among the people below him in the hierarchy, an important role is played by the so-called ‘Simsar’ (NABD, 2023), who acts as a kind of broker and whose main task is to contact the immigrants and do the business. Once the deal is done, the money is not paid directly to him but deposited in offices of the smuggling group, which are often local businesses with ties to the Middle East. The immigrants are then given a series of numbers which they keep throughout their journey and only dictate to the connecting smuggler by phone once they have successfully arrived in their chosen destination country. An important role is also played by the person called ‘Riber’ or ‘Ribery’ (Al-Sabky, 2023) (Kurdish word for leader), who navigates the immigrants, mainly on foot, between the borders. The local knowledge of those people is crucial for the movement of migrants across borders. Their excellent local knowledge and orientation skills are demonstrated by the fact that in many cases they can perform their tasks without smart devices, as there is no internet connection in the forested areas.

In addition, among the organizers of the criminal groups, we also find drivers and ‘harbingers’ (MTI, 2023) (a person who checks the route) active in various Eastern European countries, e.g. Moldova, Romania,

Serbia or also on TikTok, Facebook and other social media sites. Their task is to approach young people, usually unemployed and mostly suffering from either alcohol or drug addiction who, given those circumstances, are easily recruited and controlled. Their job is to pick up irregular migrants using predetermined GPS coordinates and transport them to the destination area or simply plan the route a few kilometres for the car full of migrants. Recently, it has also become common for drivers and runners to take an aptitude test and be asked for a CV (Szemán, 2023). This clearly shows that criminal groups can draw on numerous sources when recruiting new members and even have the option of being selective.

It is these drivers and 'harbingers' who are most often targeted by the authorities. It is also common for the leadership of criminal groups to oblige transporters to make and send video recordings of the various stages of transportation, which the criminal organization then uses in marketing activities to convince their future customers. When the irregular immigrants successfully reach the destination country, they not only thank the people smuggler at the top of the pyramid, but often also the people transporting them, or even the person who organized the journey, for having reached the territory of the European Union (Szemán, 2023). The smugglers later use those videos on social media sites. As for the drivers and harbingers, it should be noted that they are also found in large numbers in the prisons of transit countries. However, they are the most interchangeable elements of criminal organizations, so their arrest does little to relieve migratory pressure.

All that shows that the smuggling networks have complicated structures and operate on several levels to avoid the attention of the authorities (Rybarczyk, 2022). Their structures are usually hierarchical and fragmented, which means that members working at different levels of the organization are often only known within their own close circle and the bigger picture remains hidden most of the time. As a result, the arrest of individual members or the disclosure of their whereabouts does not necessarily lead to the disbandment of the entire organization, which poses significant challenges for the authorities in the various countries. Arresting the leaders of larger networks could bring considerable relief, though in many cases that is a difficult task due to their geographical distances. The threat posed by the smugglers

is evident for the Serbian authorities as well. As the main point of entry to the European Union, the Serbian authorities have increased their anti-smuggling operations. While between 2020 and 2022, the Serbian police dismantled 20 group operating in the country (Politika.rs, 2022), that number passed 28 in 2022 (Politika.rs, 2023). After the last shooting in Subotica, the Serbian police force apprehended members from the smuggling groups but exact numbers are not communicated by the authorities.

## ***5.2. The Operations of Human Traffickers***

The human trafficker groups are becoming a greater and increasingly worrying challenge to the authorities of both transit and destination countries. The criminal networks are growing in scale and complex activities for societies and states. These dedicated and well-organized groups are not only increasing irregular migration but also criminal organizations, which move huge sums of money all over the world. The threat posed by those groups is evident in the Western Balkans. Based on open-source data and our interviews, the strongest organized human trafficking groups are the Afghan and Moroccan groups operating in northern Serbia. They regularly purchase firearms and partake in firefights and other forms of violent clashes to protect their crossing routes. Based on open-source information, we recorded ten major clashes between those groups in 2023, most of them in northern Serbia.

So far, the security barrier at the Hungarian-Serbian border has been overcome with the help of ladders, which are usually carried by the helpers of the people smugglers. Those are often immigrants who are unable to continue their illegal migration due to lack of money or who do not want to reach their original destination. By joining criminal organizations, they help the smugglers and usually act as escorts or interpreters.

In recent years, attacks on the authorities have increased. People smugglers and their helpers attack police officers and soldiers mainly with stones, sticks, and glass marbles, or cover the optics of cameras installed at border gates with mud and other materials, which in many cases serves only as a distraction (Pénzváltó, 2022; Marsai, 2022). Immigrants usually try to

cross the border illegally in several groups a few hundred meters apart. The main reason for that is that one group distracts the attention of the authorities while the other tries to cross the 'fence'.

However, immigrants not only attempt to cross the border with ladders but, in many cases, also dig tunnels or use existing underground passages. Hungarian authorities have already found a tunnel 24 metres long, near Mórahalom (Pénzváltó, 2022). Although not the most commonly used crossing method, police officers and soldiers guarding the border, as well as border hunters who have already undergone their initiation ceremony, should pay particular attention to that in addition to illegal ladder and river crossing attempts.

Recently, the methods of human traffickers have become increasingly aggressive. It is not uncommon for criminal groups to fight each other, especially for 'control' of an area. In early July 2022, a fatal shooting occurred in Subotica, a Serbian-Hungarian border town. Former Minister of Interior and current Deputy Prime Minister Aleksandar Vulin decided to form an operational group whose members will be drawn from the Serbian Police and Gendarmerie Command, anti-terrorist units and the Border Guard, as well as members of the local police stations in Subotica, Sombor and Kikinda, to name a few. Despite the strong focus on migration, the authorities of our southern neighbour have not always succeeded in taking effective action against criminal organizations and foreigners staying in the country without papers because, although illegal migrant camps are sometimes dismantled, they often reappear after a few days. The Serbian government reacted to violent conflicts among smuggling groups by conducting raids on informal migrant camps and increasing law enforcement in the border regions. Following each violent event, police detained hundreds of migrants, transferring them to reception centres like those in Preševo and Principovac, near the North Macedonian and Croatian borders. In 2022, police carried out at least six significant raids, confiscating money and weapons during those operations. It is important to note, that the operations were brief, and after they ended the irregular migrants often reappeared by the helps of the trafficking groups.

A number of Serbian officials were also involved in corrupt schemes regarding irregular migration and the trafficking groups. The most notable of those is the story of Alen Basil, a Serbian Syrian entrepreneur,

who since 2015 had acted as an interpreter for the Serbian authorities. With his police contacts Basil managed to create one of the biggest trafficking groups operating out of Subotica. He was arrested in 2023 (Dragojlo, 2024a). In May 2023 one of the Afghan trafficking groups, called 400/59 posted videos on TikTok regarding their meeting with corrupt Serbian officers (Dragojlo, 2024b).

### **5.3. Social Media Presence**

As mentioned earlier, the authors of this paper had a number of conversations with Arabic-speaking immigrants in Serbia, many of whom stated that they did not receive help from anyone during their illegal migration, nor did they involve human traffickers in their attempts. However, experiences and chat groups on social media reserved for migrants prove otherwise. Without a smuggler, they would have a hard time navigating a foreign country even if they used a smartphone with GPS. Human traffickers often appear in various Facebook groups and openly offer their services to migrants.

There are several open and closed Arabic language groups on social media platforms like Facebook, TikTok or Telegram, such as:

- ‘Syrian refugees in Athens’
- ‘Serbian-Romanian-Hungarian triangle’
- ‘Migrants in Serbia - Sombor camp’
- ‘Syrians in Serbia’
- ‘Tunisians and Arabs in Serbia and Belgrade’
- ‘Libyans in Serbia’
- ‘Migration to Europe’
- ‘The Arab colony in Bosnia’

The contributions of those groups fall into four categories. In the first category, criminal organizations offer fake or even real documents (passport, ID, driver's license, residence permit, etc.) for sale. They often look for people who resemble a photo on a certain document or ID. In the second type of Facebook groups, immigrants post their questions,

mostly related to contacts with human traffickers. Often, they want to know the phone number of a specific person they have heard of, though it also occurs that they are looking in general for a person who can take them to their desired destination country. In the third case, smugglers look for people for their already arranged trip, to fill the remaining places. It happens that someone refuses the trip, which leads the smugglers to recruit immigrants for them on Facebook, as a kind of 'last minute offer'. And in the fourth type, they ask questions and give each other advice about which route is worthwhile and where the intensity of control has diminished.

In addition, the organization in Telegram groups is also worth mentioning. There, stolen documents are offered for sale, though even more widespread is the so-called 'look-a-like' method, which we have already mentioned in connection with Facebook groups. In the past, there were also cases of that method being used on the Serbian-Hungarian border. A few years ago, joint action of the Serbian and Hungarian authorities caught Kosovar-Albanian smugglers who also used the 'look-a-like' method (Tárik & Dobó, 2022).

## **6. The Trilateral Summits and other Forms of Cooperation**

The Serbian government's position on irregular migration states that preventing the accumulation of migrants on Serbian territory is considered a fundamental goal. Deputy Prime Minister and Former Interior Minister Aleksandar Vulin said: "Serbia cannot be a parking lot for migrants" (Magyar Szó, 2022). The Serbian government's approach was supported by the European Union member states most exposed to the challenges of the Western Balkan route: Hungary and Austria. The increasing migratory pressure prompted the three governments to elevate their cooperation in that regard. The three countries held three summits on irregular migration. During the first summit in Budapest on 3 October, 2022, Hungarian Prime Minister Viktor Orbán presented his position on the issue. According to him, migratory pressure at the Hungarian-Serbian border can be reduced primarily through increased surveillance of the Serbian-North Macedonian

border. He also spoke of improving the effectiveness of the return mechanism as a priority (Tóth, 2022). During the second summit, Austrian Chancellor Karl Nehammer emphasized the importance of protecting the external borders and also described the return mechanism as in need of improvement (Tóth, 2022).

The third summit took place in Vienna on 7 June, 2023. The significance of the event was heightened by the fact that the talks took place a week after the Hungarian and Polish rejection of the new EU pact on migration and asylum. Although the Austrian government did not veto the pact, it continues, together with the Hungarian government, to advocate stronger protection of the external borders of the EU. At the meeting, Karl Nehammer emphasized: “Those who defend their borders must be supported. Until the EU acts satisfactorily, we must help ourselves” (Die Presse, 2023). The parties also agreed to set up two working groups to deepen cooperation, which would help to strengthen border protection and intensify the fight against smuggling networks. The Austrian Chancellor emphasized that the cooperation between the police forces of the three countries is successful, but that even closer cooperation will be needed in the future (Opis & Son Hoang, 2023).

Those three high-level summits showed the importance for Hungary and Austria of irregular migration through the Western Balkan Route. As mentioned before, the Hungarian government sees the region as a buffer zone against irregular migration. That notion has also been adopted by the European Union and other member states, such as Austria and Germany (Oruc, Santic & Raza, 2020).

Hungary and Austria also engage in police cooperation with Serbia and North Macedonia on bilateral basis, as well. Since 2015, both countries send contingents of its police forces to Serbia and North Macedonia, both to the Serbian–Hungarian and to the Serbian–North Macedonian border, to conduct joint patrols (Police.hu, 2022; Police.hu, 2024). Despite the good cooperation, until November 2023 there were recurring problems regarding those joint patrols, both Hungarian and Serbian police officials highlighted communication, equipment, and procedural problems,<sup>4</sup> most of which challenges are

4 Oral interview with Hungarian police officers, 2023.10.12., Oral interview with Serbian police officers 2023.09.20.

present in North Macedonia as well.<sup>5</sup> Since November 2023, the Serbian Police have embedded liaison officers into the Border Information Centres of the Hungarian Police. That programme, according to the police officers now tackles the aforementioned challenges regarding communication and procedure.<sup>6</sup>

The Hungarian police contingents operating in North Macedonia are 35-40 officers strong. Their main responsibility is to conduct joint patrols with the local authorities, as well as train them in new procedures. Since North Macedonia signed a status agreement with the EU in 2022, Frontex officers also can be deployed to the country (Sanderson, 2022). After the deployment of Frontex the number of illegal border crossings in North Macedonia decreased by 43% (AP News, 2023). This new development prompted the irregular migrants and the smuggling group to reroute to Bulgaria if they wanted to cross into Serbia.

## 7. Conclusion

The study highlighted that the authorities of the countries along the Western Balkan route are under considerable pressure from people smugglers who try to bring immigrants into the territory of the European Union in an organized and often complex network. We have found that their activities take place not only in public, but also on various social media platforms such as Facebook, as the smuggling groups actively organize and communicate via the internet, posing new challenges for the competent authorities. The cross-border nature of criminal human trafficking networks also means that they usually operate in several countries simultaneously. As a result, it can be extremely difficult for the authorities to dismantle those groups and bring those responsible to justice. The analysis cannot fail but to emphasize the importance of international and bilateral cooperation in the fight against human trafficking.

It is important to note that, for the effective management of the Western Balkan Route the involvement of the European Union and its member states are important. The countries of the region are only transit countries

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5 Oral interview with a Hungarian diplomat accredited to North Macedonia, 2023.01.19.

6 Oral interview with Hungarian police officers, 2023.12.19.



and do not have the financial means or manpower to effectively fight against the trafficking groups. As those criminal activities span national borders, security cooperation is essential for the authorities to act successfully. That cooperation enables the coordination of joint operations in the fight against human trafficking. In Hungary the refugee crisis of the breakup of Yugoslavia is viewed as a humanitarian crisis, but regarding the Migration Crisis from 2015 onwards, the government maintains a national security-based approach to the irregular migration.

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