

The changing room for manoeuvre of 'Visegrad' Hungary in the Western Balkans. An extraordinary change in Hungarian-Serbian relations

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Abstract: *Hungarian-Serbian relations have never been as cordial as they are now, and this is an opinion shared by the leadership of both countries in spite of the modern history of the two nations. In our paper, we seek explanation for this change and argue that it is a consequence of multiple factors: First, the geopolitical changes in the Western Balkans, which have resulted in a great power competition that has opened up space for small states, like Hungary, to assert their interests. Secondly, the changes in domestic politics in Hungary that have brought national interests into the foreground, resulting, among other outcomes, in more active foreign policy with regard to the Western Balkans region. In this paper, we attempt to give a different, critical view of these relations, discussing migration, economic cooperation and political maneuvers in particular.*

Keywords: *Hungary, Serbia, Western Balkans*

Introduction – The problem

Hungarian–Serbian interstate relations have never been as good as they are today, which, given the modern history of the two nations, is not surprising, and certainly worth explaining.

“The relations between Serbia and Hungary are the best in modern history.” Aleksandar Vučić, President of the Republic of Serbia, May 2020.¹

“Our relations have never been as good as they are today...” Péter Szijjártó, Hungarian Minister of Foreign Affairs and Trade on Serbia, August 2020.²

Why is the traditional ethnic, religious and territorial confrontation of the last century(s) being replaced by a system of cordial and cooperative relations at governmental level, even though both countries are governed by right-wing, nationalist governments?

Hungary is becoming more active not only with regard to Serbia, but also when it comes to the entire Western Balkans region (Pap 2020). Since the early 2010s, Hungarian diplomacy, economic and other institutional systems have been present in the region to an increasing extent, and Hungarian room for manoeuvre seems to have been gradually increasing in recent years. The aim of this paper is to shed light on the geopolitical and geo-economic changes in the Western Balkans and the two countries concerned that have led to the increase of Hungary’s activity in the region and that form the context of this unprecedented bilateral situation. In our work, we focus on the Hungarian perspective, but our studies cover both the external and the internal factors that have given rise to these spectacular geopolitical changes.

Methods and literature review

The role of small states in international relations does not belong to the traditional focus of the relevant disciplines (IR, political science, political geography), but is largely dominated by studies related to large and regional powers (Garai – Koncz-Kiss – Szalai 2017). In recent years, however, a number of papers have been published that address the issue from different perspectives, focusing on theoretical issues as well as on case studies. Scheldrup’s (2014) claim that domestic political stability and uncertainty in foreign policy increase the foreign policy activity of small states was an important basis in our work. Garai’s (2017) analysis of the migration crisis policy pursued by the Visegrad countries pointed out that changes in the regional balance of power and local instability resulted in more active foreign policy in Central European states.

1 The President of the Republic of Serbia (2020): President Vučić meets the Prime Minister of Hungary: available at <https://www.predsednik.rs/en/press-center/news/president-vucic-meets-the-prime-minister-of-hungary> (14th April, 2021).

2 About Hungary (2020): FM: István Pásztor deserves appointment as head of Vojvodina assembly: available at <http://abouthungary.hu/news-in-brief/fm-istvan-pasztor-deserves-appointment-as-head-of-vojvodina-assembly/> (14th April, 2021).

The many variations and applications of the centre-periphery theory is a widely criticised but still essential idea in spatial sciences, among other disciplines. The theory is built around uneven development of spatial units, from which a vast array of further differences derive at different territorial scales (Wallerstein 1974). Flint and Taylor (2018) even used this model as a basis for understanding the global political geography in their famous work. This approach reflects both the political and economic differences in the analysed countries, which we take as the environment for our analysis. However, we do not intend to explain Hungarian-Serbian relations solely based on this theory. In our analysis, it serves as a conceptual framework as we perceive the core EU states as the centre, the new member states as a semi periphery and the candidate states outside of the EU as a periphery.

The literature on geopolitical competition in the Western Balkans and Central Europe has undergone tremendous quantitative and qualitative development over the past decade, with international project reports focusing on the region as much as classic monographs and articles (e.g. Bechev 2017; Chrzová et al. 2019; Shopov 2021; Waisová 2020, among others). These studies at least agree that competition exists, and that the confrontation between the great powers maps global competition, which generates various local and regional conflicts. However, these international studies place the focus once again on the influence of large and regional powers in the region (thus providing a very important context for our study), with small states, local power factors being addressed only marginally and only in a narrow context (such as political relations). Clearly, the examination of the issue is present in the national scientific literature, in this case the Hungarian literature, but these papers also tend to be more sector-specific, with little comprehensive, geopolitical reasoning (Pap 2020).

In this paper, we are focusing primarily on practical geopolitics, on the actions, policies and discourses of Hungarian economic and political actors in the Western Balkans and Serbia. To this end, we use first and foremost the official communications of the actors, institutional and media reports and statistics as sources for our analysis. In doing so, we seek to present the change that has taken place in Hungarian-Western Balkan and especially in Hungarian-Serbian relations. Our work has a relationalist approach in that we interpret the growth of Hungary's room for manoeuvre and the development of its relations with Serbia as part of a larger political geographical context: the changing power relations in the Balkans, and the internal processes of the EU, are all part of the context for the evolution of Hungarian-Serbian relations (Chrzová et al. 2019; Shopov 2021; Munich Security Conference 2019). We also argue that Hungary's growing interest in the region is an attempt to take advantage of the opportunities created by the uncertainty in the region as a result of domestic political stabilisation and a shift in emphasis.

The primary context: The Western Balkans as a border region of the EU and the 'new Cold War'

The geostrategic importance of the Balkans has been clear to varying degrees in most historical periods. This is based on its relative location and geography: on the one hand, it is located at the intersection of geographically important natural routes (The Straits, Via Militaris) or in its immediate vicinity (Suez, the Mediterranean), both on land and at sea, from where mobility on these routes can be controlled. On the other hand, it is located in the buffer zone of regions that are home to traditional centres of power (Western Europe, Russia, and the Middle East), which extend their influence in the region depending on international power relations.

Given that an important feature of the Balkans is its political geographical fragmentation, the region is dominated by small states and small nations. Coupled with historical 'delays' (in national evolution, economic terms, etc.), this represents an area of nations with a lack of resources, limited room for manoeuvre, and increased exposure to external power influences, where the most fragmented political structure in its history has emerged after the Cold War. This obviously makes it easier for other states to develop their influence.

For the purposes of the present analysis, it is also important to point out that the biggest loser in this unprecedented political-geographical fragmentation is Serbia, which has lost the exceptionally good position it enjoyed in much of the 20th century, while its opportunities for cooperation have become limited in its immediate neighbourhood. With the break-up of Yugoslavia, which was able to integrate the vast majority of Serbs living in the region but was at the same time extremely heterogeneous in ethnic terms, the Serbian territory was broken up into several states, and the former regional power of the Belgrade elite has fundamentally lost its importance. The new geopolitical situation requires a new strategy, and Belgrade has found a partner in achieving its goals (EU membership, strengthening legitimacy) in Budapest. The goals of Hungarian and Serbian politics converged to a remarkable extent in the mid-2010s.

Due to the geographical proximity of the peninsula and its economic resources, the European Union is currently the number one natural point of reference, the centre of power and the most influential player in the region, both politically and economically. This is reflected in its trade and investor position and its role in the migration flows of the region. At the same time, the EU's internal problems and crises have called this relationship into question over the last decade. Europe's main attraction, enlargement of the EU, is constantly being delayed. The previous Brussels administration spoke of enlargement fatigue (President Macron made enlargement subject to EU reforms and President Juncker did not consider accessions realistic before 2025), and most recently (October 2019) France even vetoed the opening of accession negotiations with Albania

and North Macedonia (Tcherneva – Varma 2019), although the latter was even willing to change its official name in order to prevent a Greek veto. The internal conflicts of interest regarding integration are also amply illustrated by the fact that, in the meantime, a group of pro-enlargement countries has emerged that may even include Germany. The V4 countries are also members of this group. These are the states that stand to gain the most geopolitically and economically from the enlargement of the EU to the Western Balkans. The messages from the EU are thus, to say the least, contradictory.

The settlement of the current political geographical situation in the Western Balkans was brokered by the United States. When the Dayton Agreement was signed in 1995, the American world order was at its zenith, NATO, the US and Europe looked strong, and potential competitors were preoccupied with their own internal problems. For the United States, the Balkans continue to be seen primarily as a security issue, whether this concerns the stability of the post-war territorial settlement or the fight against terrorism. Of course, hindering the implementation of competing energy projects or the operation of high-tech companies can also be part of the broad concept of security. Following its change of foreign policy priorities in 2001, the US has until recently shown only moderate interest in the Balkans, with the Obama administration's 'Pivot to Asia' foreign policy³ being the nadir (Ford 2017). The sustainability of the last-minute agreement between Belgrade and Pristina under the Trump presidency (2017–2020) is questionable, and the new US administration is yet to offer a clear Balkan policy, although the strengthening of transatlantic relations expected from Biden and the increasing competition among great powers in the region could bring the unresolved conflicts in the Western Balkans back to the fore.

With the decline of US-European influence beginning around the turn of the millennium, several regional and global powers have become active in the Balkans (Munich Security Conference 2019). Most spectacularly, China emerged as a new player, embarking on a more active policy worldwide as a result of the grand strategy to become a global power, for which the declining Western engagement in the Balkans created a beneficial environment. Within the framework of the 'Belt and Road Initiative' strategy⁴, using the so-called 16 + 1 formation, the Asian superpower is, first and foremost, building economic influence in the region. The tools for this are loans, infrastructure development and investments. What they all have in common is that their transparency is often questionable, and they are also tools for building influence within local elites and sometimes go against EU ambitions (e.g. the development of coal-

3 This was a regional strategy of the US under President Obama, at the core of which was the shift in focus of US foreign policy from Europe and the Middle East to East Asia.

4 The BRI is a global project of the Peoples Republic of China focusing on infrastructure development and economic cooperation in several countries of Eurasia. Some perceive it as a Chinese grand strategy for regional dominance (see e.g. Clarke 2017).

-fired power plants). As China's grand strategy is explicitly or implicitly aimed at changing existing global power relations, China's growing influence in the region has strong critics from a geopolitical perspective, whether this concerns the dangers of the 'debt trap' (Hopkins – Kyngge 2019) or corruption (Makocki – Nechev 2017), or infrastructure development in line with China's strategic interests (Reményi – Csapó 2019). The views on the Chinese presence are therefore ambivalent: on the one hand, it could be seen as a dangerous process, which the EU or even the United States might oppose, and on the other, the states in the region need investment, for which they will turn to China if they do not receive it from Europe. Domestic political developments in the countries of the region may also bring about major changes in relations with China (e.g. North Macedonia), but China is far away, its influence in the region is primarily economic and therefore limited, and its weight (either in trade or in the value of investments) is far below that of Europe, although it is growing and could even be significant locally.

Russia is a traditional player in the region and was a major power in Balkan rivalries during the 18th and 19th centuries. Its influence today can be felt on the one hand through traditional linguistic-religious-civilisational communities and their institutions and ideologies (Orthodoxy, pan-Slavism), so its embeddedness in Orthodox Slavic areas is significant. In recent years, Russia has also transformed civilisational and cultural relations into media influence, which are particularly effective in Orthodox areas. The only areas where Russia is a major player in the real economy are energy and the arms trade. Politically, their main priority is to weaken the position of their competitors (US, EU) by supporting its patrons (Bechev 2017). These include support for the Serbian position on Kosovo in the UN Security Council, or the interference in Montenegrin political life by the secret services. The specific political-geographical entity, Republika Srpska (RS), the very existence of which in its present form has now become an obstacle to long-term stability in the region, is one of the most important territorial entities of formal and informal Russian influence in the WB. There is a significant Russian presence in the economy (especially in the energy sector), unofficial Russian support for the development of the armed forces, and frequent high-level political meetings (Mironova – Zawadewicz 2018). The Russian support for the RS also means that Bosnia remains divided, which hinders the country's Euro-Atlantic integration. Without a settlement in Bosnia, however, there can be no stability in the Balkans as a whole.

Turkey primarily uses its soft-power tools and, to a lesser extent, its economic power to influence processes in the region. Centuries of common history, autochthonous Muslim communities, the Turkish minority, and cultural heritage are all important links to the Turkish Republic, which returned to the region with the change of direction in foreign policy introduced by Davutoğlu and Erdoğan (Davutoğlu 2016). The direction and intensity of relations, as with

Russia, show a cultural commitment (e.g. to Bosnian Muslims), but its most important trading partner is Serbia, and Turkish policy in recent years has been active in improving Bosnian-Serbian relations. For Turkey, however, as with the EU, the Balkans are the near abroad, a key area and a stake of geopolitical interests, in contrast to Russian, Chinese or American ambitions, where it is more of a route, a means in the global game.

The question of (great) power influence is, on the one hand, a consequence of bargaining between the power concerned and local actors. At the same time, the interconnectedness and geostrategic importance of the Balkans means that the aspirations of great powers outlined above often intersect and are all part of a larger global competition. As a result, global power conflicts are also reflected in the region. The opposition of the US and, to a slightly lesser extent, the EU to Russia (in energy and politics) is clear, as is the opposition of the Western powers to China (over economic, financial and political issues). The reason behind Europe's reluctance in both relations is that it needs both Russian energy and Chinese capital. The consequence of this rivalry is that, in addition to building their own influence (through investment, infrastructure development, subsidies and soft power tools), these powers are constantly making strides to hinder the activities of competitors. This is the case with respect to America's fight against Russian interests in the South Stream pipeline, those of Chinese tech companies, Russian intervention against pro-Western political parties, and the obstruction of Euro-Atlantic enlargement. One of the most important consequences of this competition, however, from our point of view, is that there is no clear hegemonic power in the region. The competition for power thus creates instability and uncertainty, which creates opportunities for smaller countries to assert their own interests and, as Scheldrup (2014) and Garai (2017) have pointed out, small states are trying to take advantage of this. Advocacy can cover a wide range of areas, from politics through economics to migration, but it also concerns resources and influence.

The secondary context: Hungary as part of the Visegrad group

The eastern enlargement of the European Union in 2004 generated little real debate, and the new members were more or less integrated into the Community by now, but there is still a visible economic/developmental 'fault-line' between old and new members. The 'Ten' can thus be seen as a semi-periphery of EU's core region (within the EU) (Gräbner – Hafele 2020). Further planned enlargements, as well as the Community's neighbourhood policy, have created a belt around the EU to the south (Western Balkans) and to the east (Eastern Partnership), which can be seen as the EU's external (non-EU) periphery, a zone where the EU's geopolitical interests should be pursued. Between the semi-periphery and the periphery, there is a similar developmental 'fault-line' as between the centre

and the semi-periphery. Because of the EU's complex crisis in the 2010s (financial crisis, BREXIT, institutional crisis...), the degree to which the EU pays attention to the external periphery, including the Western Balkans, has decreased, the enlargement process has slowed (enlargement fatigue), the community has turned inwards, and the activity of other power players in the region has increased (Munich Security Conference 2019). At the same time, some of the newly acceded countries, in particular Poland and Hungary, have become more active in the periphery, pursuing their own political and economic interests against the backdrop of a significant internal political and economic transformation and an unstable external environment created by power struggles in the region. As a result, Central European states are becoming increasingly active in the EU's neighbourhood.

Central Europe, including the Visegrad (V4) countries, is today both a destination for economic interests (trade, capital investment) from the core European states and a source of flows to the East and South. In the Visegrad countries, the states of the European centre play a dominant role in a sense, which can be supported by a number of data, mainly of economic relevance. In terms of foreign trade, according to OECD data, Germany is the largest partner of all four V4 countries, with an import share of more than 25 %, with the exception of Slovakia. Its share of Hungarian product imports is larger than that of the next four countries combined, with the EU15 accounting for more than 50 % of Hungarian imports (KSH 2020). The European core states, above all Germany, the UK and Austria, are the largest importers of labour from the region. Although the figures are highly uncertain and difficult to interpret due to methodological differences, some calculations (and this is not the highest estimate) suggest that nearly four million people from the Visegrad countries, with a population of around 65 million, live and work in the EU's central region, which is around 6 % of the total population. (Główny Urząd Statystyczny 2020a; Destatis. Statistisches Bundesamt 2020; Statistik Austria 2020; Office for National Statistics 2020; Janská – Janurová 2020; Eidenpenz 2019).

Not surprisingly, the core EU countries are also the biggest sources of FDI in the Visegrad countries. According to OECD data, in 2019, only two of the top 20 source countries of direct capital investments in the four Visegrad countries, 5 for each V4 country, are non-EU core countries. Among investors in Slovakia, the Czech Republic ranked second, while the United States was in fifth place in Hungary. Germany, the Netherlands and Luxembourg are in the top five for all four countries, and Austria for three of them.

A destination for the periphery's labour force

At the same time, according to the OECD, the Central European states have been increasingly present with regard to their relatively peripheral non-EU neighbours in a similar way to the above since the 2010s. The labour force of

Eastern and South-Eastern European countries is increasingly flowing into the economies of Central Europe as well, trade between the two groups of countries is growing, and capital investment has also started to increase.

Despite the fact that the Visegrad countries have traditionally been, and to some extent still are, labour emitters, a significant outflow of labour from the East to the West, negative natural reproduction and increasing labour demand in the economy have led to growing labour migration from the Eastern Partnership and the Western Balkans to fill their labour shortage, which began and intensified over the past decade. The Visegrad countries have also developed different immigration strategies to support this, with the result that the share of foreign labour has been increasing everywhere in recent years. In fact, this also represents a kind of competition for labour as a resource, which can be interpreted in relation to the Central European states and the Eastern and South-Eastern European states (similarly to the way labour flows towards the European centre), but also among the Visegrad states (competition for Ukrainian workers, for example).

As a result of these trends, Poland, the largest labour importer in the Visegrad countries, had more than 2 million foreign workers before the COVID-19 pandemic (2019), the vast majority of them arriving from Ukraine (Główny Urząd Statystyczny 2020). In the Czech Republic, this number exceeded 715.000, with Slovaks, Ukrainians and Poles being the largest groups, with workers from the periphery making up 26 % of the total figure (Český Statistický Úřad n.d.). In terms of population, the share of immigrant workers in Czechia is even higher than in Poland, but while the marked increase over the past decade in the Czech Republic is an approximate doubling of the figures, the number of foreign workers counted in the statistics has increased almost tenfold in Poland. Slovakia's economy has attracted fewer foreign workers, but the number of 78,000 in 2019, with Serbs, Romanians and Ukrainians making up the largest numbers, is growing at a similarly rapid pace, with a more than fourfold increase over the course of a decade (Letavajová – Divinský 2019).⁵

In the case of Hungary, immigration from neighbouring countries requires a separate explanation for two reasons. On the one hand, due to border changes in the 20th century, the proportion of the population living in neighbouring states who identify themselves as Hungarians or have Hungarian ancestry is in the millions, and until recently most immigrants were from among this group. For this reason, both Hungarian politics and society treat this type of migration differently from migration from any other region in the world. This type of migration is therefore part of kin-state politics rather than that of migration

5 The number of non-EU workers in Slovakia increases (2020) Budapest Business Journal (2 February); available at <https://bbj.hu/budapest/travel/tourism/the-number-of-non-eu-workers-in-slovakia-increases>, (17th February 2020).

policy. The goals of kin-state politics have been part of Hungarian politics since the change of regime, but since the centre-right FIDESZ (Alliance of Young Democrats) government came to power in 2010, they have reached a qualitatively different level. In 2010, for example, Hungary introduced a simplified naturalisation procedure, which is an important means of linking Hungarians living beyond the country's borders to the kin state, in practice, by granting dual citizenship, which allows these individuals to prosper in Hungary, among others on the labour market.

The other factor is the gradual anti-immigration stance of Hungarian politics and, not independently of it, society, especially after 2015, which makes it politically risky to allow foreign workers to work in Hungary (Glied 2020). In recent years, however, the growing labour shortage has led to the emergence of other considerations in addition to kin-state politics and domestic policy, namely the needs of the business sector. For the first time, labour shortages made it easier for citizens of neighbouring countries to work in Hungary. At the same time, the transfer of workers, mainly of Ukrainian and Serbian nationality, to Hungary started with state support. In a country that is critical of migration, and where those in political power have carried out a series of active anti-immigration campaigns, laws have been passed to support labour migration, and state-funded Hungarian campaigns are being run in major Ukrainian cities to encourage people to work in Hungary (Czinkóczy 2017).

According to the National Employment Service, more than 88.000 foreign nationals worked in Hungary in 2019, which does not seem to be an outstanding number among the Visegrad countries, but this is a three-and-a-half times increase over a decade⁶. As the NFS did not provide nationality data, we can only estimate the largest sending countries, with Ukrainian, Romanian and Serbian nationals making up the largest group of this population. From the external periphery, an estimated 44.000 Ukrainian and 6.200 Serbian citizens worked in Hungary in 2019 (Szurovecz 2019).

An economic investor in the periphery

The Visegrad countries have only recently emerged as foreign investors, and in terms of volume they cannot even come close to companies from the EU core. At the same time, in some respects (e.g. Hungary-Serbia, Poland-Serbia, Poland-Belarus, Czech Republic-Belarus), OECD data show a significant increase in capital investment from the V4 countries to the external periphery, but this is not enough to exceed 5 % of total FDI inflows to each country. The highest values

6 Nemzeti Foglalkoztatási Szolgálat: Munkaerőpiaci statisztikák, elemzések: available at https://nfsz.munka.hu/tart/stat_kulfoldiek (13rd April, 2021).

are recorded in North Macedonia (5 %), Montenegro (4 %) and Serbia (3 %). In all three countries, the volume of Hungarian capital exports is significant.

In terms of trade balances, the weight of the Visegrad countries is significantly larger than capital investment and clearly increasing: combined exports to the Western Balkans and the group of countries including Ukraine, Belarus and Moldova increased from USD 137 billion in 2010 to USD 157 billion in 2018, according to OECD data, giving the Visegrad countries a 12 % share.⁷ Both Poland and Hungary are in the top ten importers in Serbia and Bosnia. Hungary is also an important export destination for Serbia, Montenegro and North Macedonia. Poland is more active in the Eastern Partnership countries, with Ukraine, Belarus and Moldova among its most important trading partners.

During the 2010s, Hungary, as a small state, made the 30-year-old Visegrad Cooperation a priority, and members of the government have been constantly emphasising the success of this group of countries and the role it plays in the European economy and politics. As a synonym for Central Europeanism (Balogh 2017), this is the geographical community in which Hungary, as a member, can play a greater role in international relations than its own weight, and thus allows it to be perceived as a more active geopolitical actor in its immediate region. This more active geopolitical and geo-economic engagement, increasing the room for manoeuvre in the immediate geographical neighbourhood, is not alien to the other Visegrad countries, and above all to Poland. There are political, economic and cultural elements to this, but while Poland has traditionally been more active in the east, Hungary is increasing its activity in the south.

Increasing the influence of the Visegrad countries towards the external periphery is no longer ad hoc. In many cases, we can talk about elaborate plans in the fields of investment promotion, recruitment and infrastructure development, which often reflect the interests of the entire Visegrad group, e.g. one type of the Visegrad Grant specifically supports projects between the Visegrad countries and the Western Balkans or Eastern Partnership countries. In some cases, these reflect not only the aspirations of the Visegrad countries; but sometimes take the form of EU policies, a good example of which is the Eastern Partnership programme, which was established on the initiative of Poland and represents the interests of the Central European states. More recently, the Three Seas initiative has come under the spotlight, in which Poland also plays a prominent role and which is seen by some as a revival of the Polish-initiated geopolitical plans of the early 20th century. The initiative, focusing on the nations between the Baltic, Adriatic and Black Seas, intends to bring together the 'small-state Europe' in between German and Russian spheres of influence, and also helps to increase the room for manoeuvre between the two great powers (Kurečić 2018;

7 OECD.Stat: available at: <https://stats.oecd.org/index.aspx?lang=en&SubSessionId=f2f361fe-25c8-48d9-9d9e-aec526174191&themetreeid=-200#> (13rd April, 2021).

Zbińkowski 2019). As an indication of its global potential, some of the meetings were attended by the then US President and others by the President of the European Commission. Another Polish initiative, also supported by the EU, is the Marshall Plan for Belarus, which would help the country in its democratic transition (Adamczyk 2020). For countries neighbouring the region, the EU INTERREG programmes also have the potential to be a vehicle for cross-border bilateral efforts and increased integration among the countries concerned.

Above all, Hungary is active in the southern part of this external periphery. This, like Poland's activity in the East, has a historical tradition. The most important EU project in this region, and in which Hungary is playing a decisive role, is the EU enlargement to the WB. One of the most committed supporters of this is Hungary, in agreement with the Visegrad countries, as is shown by the fact that the Hungarian member of the Commission is currently the one responsible for Enlargement and Neighbourhood Policy. Representatives of Hungarian diplomacy have been stressing the need for the accession of the Western Balkans in every possible forum, and Hungarian diplomacy is particularly active in the region. Thus, Hungary is pursuing an active policy in the Western Balkans, both as a member of the EU and NATO, as a member of V4 and as an independent country.

Sovereignist turn in Hungary

In the case of Hungary, the increase in geopolitical and geo-economic activity is not just the result of changes in external factors (power competition, enlargement fatigue, EU and Visegrad frameworks). There has also been a significant turnaround in domestic and economic policy since 2010, when the first two-thirds FIDESZ government came to power. The transformation has covered many areas, but the economic and related political change is of particular importance for us, in addition to the unprecedented domestic policy space the supermajority has given the government, which can help it engage in an active foreign policy.

In addition to the expansion of the domestic policy space, the most important element of the political change of direction for the present analysis is the so-called national sovereignist turn, whereby Hungary (and other Central European states) started to follow a political course that articulated their perceived or real national interests more strongly, and challenged the federalist EU centre. An integral part of this complex change in political direction in Hungary is a more active foreign policy that better aligns with national interests (which in many cases is difficult to reconcile with the interests of other members of the EU or even the Visegrad Group) and includes elements such as the strengthening of kin-state policies towards Hungarian minorities beyond the country's borders, or the strengthening of the position of the Hungarian economy, diplomacy, higher education, culture and so on outside its borders. This is combined with a system of institutions and public programmes.

Central to the economic policy transformation is the effort of local economic actors to seek support in political subsystems, which they found in the political partners of Hungarian financial nationalism (Sebők, 2019). Another important factor is the development of the pillars of the current institutional framework for economic policy.

The absence of an alternative to the competitive state seemed self-evident to the Eastern ‘new democracies’ of the early nineties, and the globalising economic processes projected the vision of a single world market. This era was ended by the financial crisis of 2008, when the emergence of conflicting interests in the management of the crisis called into question the social legitimacy of the competitive state, and unorthodox economic policies of the right (in Hungary) and the left (in Greece) emerged in the European semi-periphery. Following this ideological upheaval, a new institutional system based on a new approach has emerged (Scheiring 2020). This model was institutionalised in the era of FIDESZ governments with a two-thirds parliamentary majority, but its economic ideological features can also be found in the earlier works of György Matolcsy, Governor of the Central Bank of Hungary, who argued that there were several turning points in Hungarian history when the political actors of the era could not detach themselves from their own immediate interests and lacked a geopolitical perspective when assessing the situation. As a result, they made decisions that seemed logical and/or inevitable at the time, but which proved to be wrong in the long run, and which defined their room for manoeuvre for centuries (Matolcsy 2015: 19–21). The lesson, according to Matolcsy, is that we need to pay attention to the broader context, and even if we are not able to influence it in any meaningful way, we need to seek a greater room for manoeuvre than can be achieved under the given circumstances.

In order to radically change the economic policy of the previous period, it was first necessary to develop a concept of manoeuvring options for existing institutions. In doing so, on the one hand, they wanted to change the direction of economic policy and, at the same time, they had to reorganise the ownership structure of the financial system, because this would allow the government to gain the support of the national capitalists (Sebők 2019). Sebők identifies five steps in this transformation:

1. Selecting industries where influence can be developed, primarily based on profit-generating capacity, potential social influence and the extent of the role of the public sector as a customer.
2. Selecting and positioning the winners.
3. Recapitalising winners through public procurement.
4. Adapting regulation accordingly.
5. Establishing a link between the economic and political subsystems, and developing a specific political economy model (Sebők, 2019).

“The competitive state has thus been replaced by the accumulation state, which devotes considerably more resources and attention to strengthening the national

bourgeoisie and to providing material and institutional support for accumulation, while maintaining the dominance of transnational capital in the technological sectors. This state strategy is a response to the recipes given historically for the exhaustion of the extensive phase of dependent development” (Scheiring 2020: 240).

It is one of the cornerstones of Hungarian strategy that the current system of centre-periphery relations cannot be abolished by a single nation state, nor even by a regional alliance of nation states (e.g. the V4 countries). However, by considering the interests of the nations of the internal semi-periphery, the relationship of interests that has developed there historically and has been institutionalised over the past 30 years can be transformed into a system of relations that leaves more room for the states of the region to develop in a manner driven by national capitalisms, for the fulfilment of national regional interests and to increase regional room for manoeuvre.

This model includes the Hungarian economic policy-makers’ ambition for Hungary to become a regionally dominant economy, leveraging the concept of the Carpathian Basin Economic Space, as well as a stronger reliance on Visegrad cooperation.

“For us, the creation of a single economic space in the Carpathian Basin and the V4–6 economic space appear to be the breakthrough points.” György Matolcsy, Governor of the Central Bank of Hungary, March 2021 (Matolcsy 2021).

The Western Balkans is a space for increasing the room for manoeuvre of the small state, for realising profits and providing resources to the key players in the Hungarian economy, where the Hungarian state can also be relied on to help in the above model.

“... economic cooperation with Serbia has played and continues to play a very important role in changing the dimension of the Hungarian economy...” Péter Szijjártó, Minister of Foreign Affairs and Trade of Hungary, March 2021.⁸

Hungarian room for manoeuvre in the Western Balkans

The Balkans, and the Western Balkans as a constituent of the region, have always been within the action radius of Hungarian geopolitics. Due to the international balance of power, the historical context and current Hungarian domestic political trends, actual Hungarian-Balkan relations have of course changed greatly from one period to the next. At one extreme, as part of the Austro-Hungarian

⁸ Magyarország Kormánya (2021a): Szijjártó: Annnyival több ember életét tudtuk megvédeni, amennyi keleti oltást vásároltunk, available at: <https://kormany.hu/hirek/szijasarto-annnyival-tobb-ember-eletet-tudtuk-megvedeni-amennyi-keleti-oltast-vasaroltunk> (14th April, 2021).

monarchy, the Kingdom of Hungary was an active and significant player in the Balkans (e.g. the occupation of Bosnia in 1878), but a century later, e.g. in the 1960s, Hungary's situation did not allow for much exchange.

The revival of Hungary's interest in the Balkans began with changes in the external environment (the break-up of Yugoslavia) and internal structures (regime change). At that time, security policy, humanitarian considerations, trade and kin-state politics were the main considerations, but the cornerstone of Hungarian foreign policy and thus of the geopolitical code was essentially Euro-Atlantic integration and the path leading to it. By the 2010s, several important factors had changed: the achievement of Euro-Atlantic goals and the domestic and economic policy turnaround outlined above created the internal conditions for more active geopolitics, while the power competition in the Balkans and the enlargement fatigue of the EU's core created the external context for increasing Hungarian room for manoeuvre in the Western Balkans. As a result, Hungary's policy towards the Balkans changed around 2010, not primarily in its principles, but in its activity and focus.

Hungary's interests in the Balkans are reflected in two documents, "Hungarian Foreign Policy after the Presidency" and "Hungarian Security Strategy", which indicates the prominent place of the region in the Hungarian approach to foreign and security policy (Pap 2020). Hungarian interests are related to security (the memory of the Yugoslav wars has not yet faded), illegal flows (migration, arms, drugs), Hungarian communities in the region, and the economy. Leading politicians in the Hungarian government constantly stress the strategic importance of the Western Balkans' accession to the EU for Hungary:

"It is in Hungary's best interest to have peace and stability in the Western Balkans, and European integration is the most obvious guarantee for this." Péter Szijjártó, Minister of Foreign Affairs and Trade, 26 February 2021.⁹

"The Euro-Atlantic accession of the countries of the Western Balkans is in Hungary's national interest, therefore Hungary's foreign policy strategy towards the region will remain unchanged." László Kövér, Speaker of the Hungarian Parliament, 4 November 2019¹⁰

As the Hungarian Foreign Minister stressed at a press conference in Sarajevo on 16th March 2021, *'we must not only talk, we should also act'*. Hungary's concrete

9 Magyarország Kormánya (2021b): Szijjártó: Magyarország érdeke a Nyugat-Balkán európai integrációja, available at: <https://kormany.hu/hirek/szijasrtó-magyarország-erdeke-a-nyugat-balkan-europai-integracioja> (14th April, 2021).

10 A magyar külpolitikai stratégia a jövőben is változatlan marad (2019) Demokrata (4th November): available at: <https://demokrata.hu/magyarország/a-magyar-kulpolitikai-strategia-a-jovoben-is-valtozatlan-marad-174810/> (14th April, 2021).

actions in the Western Balkans are related to the broader issue of security, as Hungary has one of the largest peacekeeping troops in both Bosnia and Herzegovina and Kosovo. In the latter, the peacekeepers will operate under Hungarian command from autumn 2021. Hungary has also taken a number of concrete steps in the fight against irregular migration, e.g. by assisting North Macedonia in building a fence and carrying out border surveillance tasks. Thus, even though Hungary is not a significant power in the military sense at all, it is able and willing to expand and increase its room for manoeuvre in the region, even in this area.

The acceptance of former North Macedonian Prime Minister Gruevski's asylum application and the active campaigning for other friendly politicians (Vučić, Janša) in their election campaigns clearly indicated to the countries of the region that Hungary is an active geopolitical player in the Western Balkans and is willing to play a role in the domestic political issues of the states of the region. The media is another important sector in terms of soft power and has the potential to exert an impact on local domestic politics, and one in which we have seen an increase in Hungarian interests in recent times. Investors perceived to be close to the Hungarian government have bought media stakes mainly in North Macedonia and Slovenia, although their impact is still questionable (Kucic et al. 2020). Through the financial support of the Hungarian media in Serbia from Hungary, influence is also being exerted in the north of the country, with leading media outlets in Vojvodina striking a friendly tone with the FIDESZ-KDNP government (Markovic n.d. a).

The coming to power of FIDESZ-KDNP in 2010 also brought changes in economic policy. The intensity of economic relations between Hungary and the Western Balkans has varied over the past decades, characterised by a particular duality. The area in which SMEs operate was essentially concentrated in the border zone, where linguistic and cultural differences were not an obstacle. The economic room for manoeuvre of large companies was wider, however, and the investments of the 'small Hungarian multinationals' (OTP, MOL, Trigránit, etc.) covered the entire region, but only comprised a small number of companies. As already mentioned above, the Central European and Carpathian Basin dimension has been strengthened by the economic policy of 'nationalisation', and in the politicians' visions, the Hungarian economy has become a dominant player in this narrower region (the Carpathian Basin economic space). A pro-forma economic strategy (the Wekerle Plan) was also drawn up, the direct implementation of which was taken off the agenda, but some elements, such as support for foreign investment by Hungarian companies and economic policy favouring Serbia, remained unchanged.

Since then, the promotion of foreign investment by Hungarian companies in the region has been an integral part of economic policy, as has the financial support of Hungarian communities beyond the borders from Hungarian state funds, which are a cornerstone of Hungarian geo-economic efforts. The increasing activity of Hungarian companies in the Western Balkans is in line with

this Hungarian economic policy, in which Outward Foreign Direct Investment (OFDI) has become a prominent element from 2019, linked to the ‘change of dimension in the Hungarian economy’ narrative. Supporting foreign investment and increasing the volume of foreign trade is HEPA (the Hungarian Export Promotion Agency), established in 2018. One of its six centres is in Belgrade which covers the Western Balkans region.¹¹

Additional institutions providing active support to increase the economic room for manoeuvre in the Western Balkans were established when the Hungarian government launched the Western Balkans Investment Support Programme in 2019. The aim of the programme is to help Hungarian companies engaged in OFDI to the Western Balkans and thus contribute to the development of the region, to the ‘dimensional change’ of the Hungarian economy and, more specifically, to the growth of Hungarian influence in the region. The programme can provide up to 50% support intensity, and the target countries are Serbia, Montenegro and Bosnia and Herzegovina. In addition, other programmes are available for Hungarian companies wishing to invest in the region, such as the one provided by the West Balkan Green Centre Nonprofit Ltd, also established in 2018 under the umbrella of the Ministry of Innovation and Technology, which supports green investments by Hungarian companies in the region.

In the past decade, Hungarian exports to the region have doubled to more than EUR 2.5 billion a year, while the value of investments has increased one-and-a-half times to EUR 1.5 billion over the same period, the Hungarian Foreign Minister told Pannon RTV.¹²

Table 1: Export and capital investment from Hungary to the Western Balkans

	export (million HUF)		change %	FDI (billion HUF)		change %
	2010	2020		2010	2019	
Serbia	232,477	600,781	258	95.2	322.8	339
Croatia	238,464	565,192	237	685.6	1,273.2	186
Bosnia-Herzegovina	73,265	115,883	158	13.2	3.9	30
North Macedonia	28,415	132,174	465	86.4	90.3	105
Montenegro	9,098	20,145	221	51.4	60.9	118
Albania	16,657	31,762	191	0	25.5	–

Source: CSO and OECD

¹¹ Hungarian Export Promotion Agency <https://hepa.hu/en>, (23rd April, 2021).

¹² Támogatás magyar cégeknek nyugat-balkáni beruházáshoz (2020) Pannon RTV (20 October): available at <https://pannonrtv.com/rovatok/gazdasag/tamogatas-magyar-cegeknek-nyugat-balkani-beruhazas-hoz?fbclid=IwAR0AQde2pxCFBswOfW04FaYj7V2M1zn6GjgdpDwEYgkctXKTXJGBaQjSjs>, (8th February, 2021).

The COVID-19 pandemic has created opportunities not only for the great powers to use soft-power tools. Hungary also engaged in active pandemic diplomacy within its capabilities and size, by donating 100 ventilators and protective suits to Serbia, 200,000 masks, protective suits and 40,000 PCR tests to Bosnia and Herzegovina, and contributing to vaccine procurement in Montenegro, in addition to donating 10,000 PCR tests and protective suits to Podgorica. The Hungarian government also donated masks and protective equipment to Kosovo, Albania and North Macedonia (Váczí 2020).¹³

Hungarian–Serbian relations

Thanks to its strategic location, Serbia is a key state in the Balkans. Bordering seven countries, the country is crossed by major trans-Balkan routes linking Europe with Turkey and the Middle East, and more recently has become an important stop on an alternative route for the flow of Chinese goods. Through the Serbs living on the territory of several states and the structures left over from their role in the former Yugoslavia, the country's influence extends over a larger area than the state itself. If one wants to build a position in the region, it is essential to develop a relationship with Serbia, and this is also true for Hungary, so the growing Hungarian geopolitical activity in the Western Balkans inevitably entails a change in Hungarian–Serbian relations. Serbia is also important to Hungarian interests beyond the Balkans, such as the importance of the Chinese relationship in Hungarian foreign policy, which may affect Hungary partly through Serbia (e.g. the Budapest–Belgrade railway). A similar issue is gas supply, where the developments of recent years could soon make Serbia a transit country for Hungary.

Hungarian–Serbian relations have changed several times throughout history, but their modern history has been dominated by rivalry and hostility. Thus, while renewed Hungarian interest and revitalised engagement in the Balkans is more a return to the previous situation, the transformation of Hungarian–Serbian relations – which need to be seen in the Western Balkan context – is a 180-degree turn: relations, as we pointed out in the introduction, have never been so cordial. It is not our aim to present the history of Hungarian–Serbian relations in detail, but if we were to only look back over the past hundred years, traumas are more likely to dominate.

The Serbian role in the outbreak of the First World War (involvement in the assassination of the heir to the Austro–Hungarian Empire's throne) and the war

¹³ Government of Montenegro (2021): Minister Radulović in Budapest: Montenegro can count on political and expert support of Hungary, available at: <https://www.gov.me/en/search/240895/Minister-Radulovic-in-Budapest-Montenegro-can-count-on-political-and-expert-support-of-Hungary.html> (14th April, 2021); Magyarország Kormánya (2020b): Magyarország továbbra is segít a nehéz helyzetben lévő országoknak: available at <https://2015-2019.kormany.hu/hu/kulgaszdasagi-es-kulugyminiszterium/hirek/magyarorszag-tovabbra-is-segit-a-nehez-helyzetben-levo-orzagoknak> (13rd April 2021).

between the nations represented a natural antagonism. The Treaty of Trianon, which ended the war for Hungary, is one of the greatest traumas for Hungarians, but for Serbs it is a celebration of national unification and the emergence of a regional power. The revisionist Hungarian policy of the interwar period, which was only briefly interrupted by the Hungarian–Yugoslav treaty of perpetual friendship, eventually culminated in the Hungarian occupation of the northern part of the South Slavic state. The mutual ethnic-based violence during and after the Second World War is one of the low points of the relationship. In the bipolar world order, relations did not thaw even when the two countries were in the same ideological camp. Hungary played an active role in excluding Yugoslavia from the international Communist community, and even war seemed a realistic option until the early 1950s, when both countries were actively preparing for conflict and the common border underwent fortification. After a brief period of easing tensions and friendship in the 1960s, confrontation returned, as Hungary supported the breakaway republics in the dissolution of Yugoslavia with arms supplies and NATO operations from its territory. The deteriorating situation of the Hungarian minority in Serbia, which became critical in the years around Kosovo’s independence, has been a constant source of criticism. It is against this backdrop, which is not particularly friendly, that we should interpret the Hungarian–Serbian relationship, which has reached historic heights, and which has been on a steady improvement since the 2010s, until 2014, when the process became explosive. In 2021, Hungary has one of the friendliest relations with Serbia among its neighbours and vice versa: of all Serbia’s neighbours, the Hungarian relationship is among the least problematic.

Politics

Moreover, the strengthening and improvement of Serbian–Hungarian relations should be understood in the context of the changing international environment in the Western Balkans and the transformation of Hungarian domestic and economic policy. The latter required a political turnaround in Serbia that brought similar aspirations to those of Budapest to political power in Belgrade. In some analyses, the Hungarian illiberal democracy and the Serbian “stabilocracy” are similar regimes (Bieber 2018), with similar means and ends. The same political platform also indicates similar interests and values, and greatly facilitates cooperation between the two political elites (Drajić 2020). In the Western Balkans, Serbia has emerged as Hungary’s main partner (both politically and economically), especially after Vučić came to power in 2014. The increasing number of high-level political meetings and the joint Serbian–Hungarian government meetings held since 2014 are a good indication of the dynamism of relations: Since June 2010, the Hungarian Prime Minister has met his Serbian counterparts (which includes the leader of the largest party of Hungarians in

Serbia, Istvan Pásztor) most frequently, nearly 50 times (Bátorfy et al. n.d.), five of which took place in 2020. When it came to ministerial meetings, the Hungarian Foreign Minister was particularly active last year and met with Serbian ministers on a number of specific issues (border issues, gas pipelines, railway lines, investment, coronavirus, etc.).

The economy

The political rapprochement has also led to the strengthening of economic relations, according to OECD data, with bilateral trade showing a steady increase (Figure 1), making Hungary one of Serbia's most important trading partners (Hungary has become the 5th most important destination for Serbian exports, while it has been the 5th in terms of imports to Serbia for a decade). As a result of improving political relations, large Hungarian companies have become major players in certain sectors in Serbia.¹⁴ The largest Hungarian bank, OTP, became the second largest in Serbia in 2019, while MOL, the Hungarian national oil company, is also a major player in Serbia, and the market leader in retail with 65 filling stations. In addition, it recently completed one of the largest investments in Serbia in its history with the opening of a fuel terminal in Karlovci. There have also been a number of smaller but significant investments in recent years in the agricultural, food, construction, manufacturing and services sectors, among others. The total value of Hungarian working capital in Serbia exceeds half a billion euros and is expected to grow further in the near future, as the Hungarian government is actively supporting companies' investments in the region:

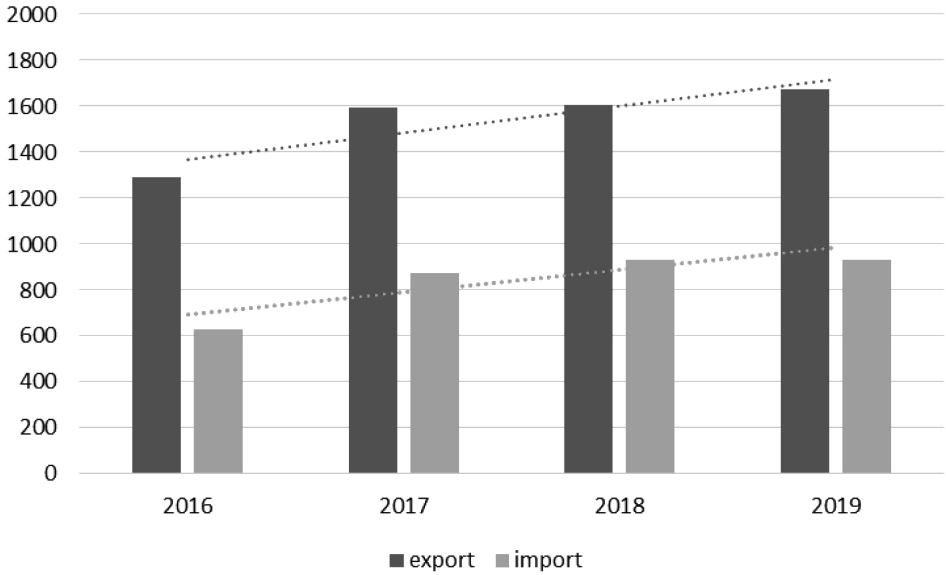
“Hungarian enterprises will be realising HUF 18 billion (EUR 50.6 million) in investments in Serbia, for which the Hungarian government is providing HUF 8.5 billion (EUR 24 million) in funding, and both the Serbian and Hungarian economies will be gaining strength as a result,” Minister of Foreign Affairs and Trade Péter Szijjártó announced on 15th May 2020 in Belgrade.¹⁵

The two countries have also become strategic partners in the development of cross-border infrastructure. Among large-scale, strategic developments, the Belgrade-Budapest railway line, much debated in Hungarian domestic politics, has the support of both governments and is expected to bring significant economic development of Chinese origin. The completion of the gas interconnector between the two countries is of no less strategic importance, as it will increase security of supply in the region once the missing section in Hungary

¹⁴ Embassy of Hungary in Belgrade, <https://belgrad.mfa.gov.hu/page/kuelgazdasagi-iroda> (23rd April, 2021).

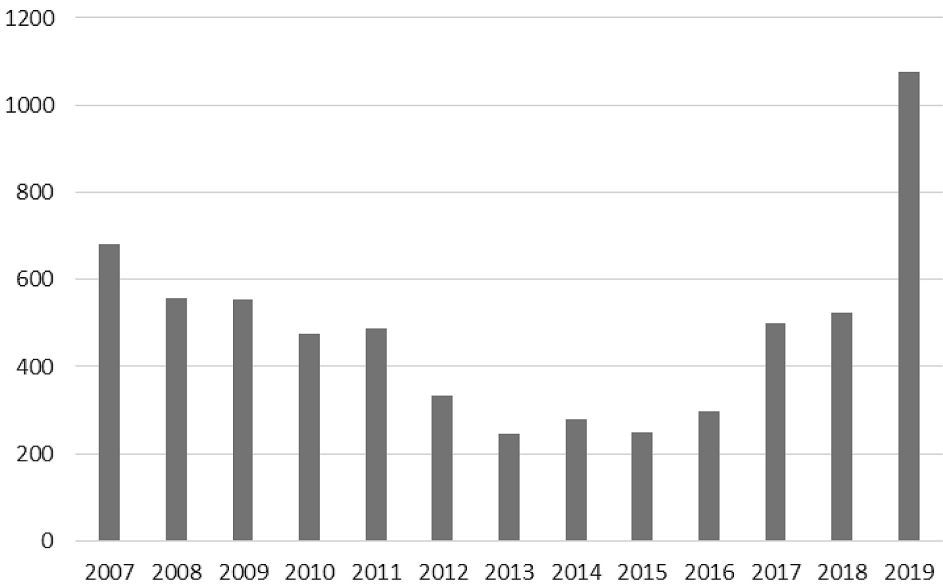
¹⁵ Magyarország Kormánya (2020a): Hungarian enterprises to realise over 50 million euros in investment in Serbia, available at: <https://2015-2019.kormany.hu/en/ministry-of-foreign-affairs-and-trade/news/hungarian-enterprises-to-realise-over-50-million-euros-in-investment-in-serbia> (14th April, 2021).

Figure 1: HU-SR trade in EUR million



Source: Hungarian Central Statistical Office, 2021

Figure 2: Direct Hungarian capital investment in Serbia (USD million)



Source: OECD

is completed. For years, Russian gas has been entering Serbia via Hungary, and now the reverse will be possible with the construction of the TurkStream pipeline system. Significant progress is also being made in bilateral infrastructure development, whether it is the increase in the number and capacity of border crossings or projects around the reopening of the Szeged–Subotica–Baja railway line, which could emerge as important tools for boosting the economy of the border region. The latter will also benefit from funding under the Instruments for Pre-Accession Assistance, the EU's extensive regional policy framework to assist candidate and possible candidate countries.

Hungarian minority

As far as Hungarian-Serbian relations are concerned, the Hungarian minority in Serbia has always been a kind of litmus test, and for FIDESZ the Hungarian minority beyond the border is one of its most important political slogans. The introduction of the simplified naturalisation procedure (in practice, dual citizenship based on ethnicity) in 2010 was an important symbolic (domestic) political step, which had the greatest impact on the populations of the non-EU neighbouring countries (Ukraine, Serbia). However, the rhetorical revisionism and references to Hungarian national unification do not seem to concern the Serbian political leadership, or at least they consider Hungary's friendship to be more useful (Besermenji 2020). The largest party of the Hungarian minority in Serbia has consistently been supporting the government since 2014 and, in the last presidential election, it supported Vučić's re-election. In the Vojvodina Provincial Assembly, it has been in government for the past decade and a half.

The Hungarian government provides significant support to the Hungarian-inhabited areas of Serbia through various channels and in various forms. The Bethlen Gábor Fund specifically supports the institutional system of the Hungarian minority. Between April 2011 and December 2020, the Fund provided more than EUR 74 million in grants to Vojvodina organisations, including educational institutions, media companies and minority organisations, according to the investigations carried out by ATLO (Bátorfy – Szabó 2020). Part of the grant money was spent on the construction of the football academy in Bačka Topola (supplemented by the Hungarian Football Association, also using public funds), which was opened by Hungarian Prime Minister Viktor Orbán (Zivanovic 2018, Markovic n.d. b).

In 2016, the Vojvodina Economic Development Programme was launched to provide economic support to Vojvodina, which is home to a significant Hungarian minority, with the indirect aim of halting emigration. A development strategy and an institution have been set up to support the development of the Hungarian communities in Vojvodina, in practice a Hungarian-led, ethnic-based support system where kin-state politics meet economic policy. The programme,

funded by the Hungarian government through the Ministry of Foreign Affairs, has spent nearly HUF 50 billion (EUR € 140 million) between 2016 and 2018, primarily on agriculture, tourism and SME development.¹⁶

The strengthening of economic ties and the explicit support from the Hungarian government, using public resources as well as direct financial support to Hungarian communities, can in itself be considered a significant geo-economic soft power move. Support for Serbia's accession to the EU, joint infrastructure development, joint action against pandemics and migration all increase Hungary's room for manoeuvre in Serbia and the Western Balkans. Nevertheless, the Hungarian relationship is also important for Serbia, and it also means more room for manoeuvre, as its partner is an EU and NATO member state. In the case of Serbia, this is also linked to the geopolitical tensions that followed the break-up of Yugoslavia and the resulting distancing.

It is understood that tensions have also been present amidst the improving relations. The unilateral securitizing of the border by Hungary resulted in criticism in Serbia (Jovanovic 2015), while there are also voices warning of the threats of the growing Hungarian influence in multicultural Vojvodina (Markovic n.d. a; n.d. b). However and for the time being, for the Serbian governing elite, the partnership of Hungary provides stable support in its European and domestic agenda.

Conclusion

Transformation/change are perhaps among the most used words to describe the current world order. The crisis of the Western world and the rise of the 'pretender(s)' have been the subject of discourse for years. Attention is generally focused on the major powers, but the imbalances of power resulting from their multipolar rivalries create opportunities for local actors and small states to assert their interests more strongly in many geographical areas and sectors. Such a space is the range of states surrounding the European Union to the East (Eastern Partnership) and to the South (Western Balkans), which can be considered the EU's periphery and its natural geopolitical sphere of interest, which allows small neighbouring states to 'package' their ambitions in European policy, but where several major powers are also trying to gain a position alongside the EU.

The Western Balkans have thus once again become the focus of geopolitical competition, for the umpteenth time in history. An important political geographical feature of the region is its fragmentation, with small states traditionally having limited resources and room for manoeuvre. There is renewed com-

¹⁶ Folytatódik a vajdasági gazdaságfejlesztési program (2020) Magyar Nemzet (17th June) available at: <https://magyarnemzet.hu/belfold/szijasarto-peter-a-vajdasagi-gazdasagfejlesztési-program-8256402/>, 23rd April, 2021).

petition between great and regional powers for the geopolitical advantages that result from the region's strategic location. For the traditional centres of power neighbouring the region, the Balkans is a kind of 'near abroad', a privileged space for the assertion of vital power interests. Alongside them, and in line with the new Cold War narrative, more distant global actors are also building influence in the region, but none of them is able or willing to establish a clear hegemonic position in the Western Balkans. In this peculiar situation without a clear hegemonic power player, the room for manoeuvre of the countries located in the geographically closest centre, the EU's semi-periphery – which also have the status of small states – including Hungary, to intervene in regional processes and expand their narrow room for manoeuvre will increase.

The changing external environment ('no gendarmerie in the Balkans') coincides with a shift in the political culture of the Central European countries towards sovereignty, one of the consequences of which is the emergence of economic/financial nationalisms and, consequently, a more pronounced articulation of national economic interests in international relations. The natural geographical target areas for this are, in the case of the V4 group, the countries outside the EU's borders, some of which are aspiring to join the Community. The (geo)political, (geo)economic dynamism between the two groups of countries in this zone between the EU and the neighbouring geopolitical centres of gravity are signs that small states in power competition zones are also able to build influence with their own limited means, using economic, political and soft-power instruments.

It is in this semi-peripheral, Visegrad and European context that Hungary is once again becoming an active player in the unstable Western Balkans, where in recent years its closest ally has been Serbia, even though its common history can be seen as definitely laden with conflicts rather than being problem-free. At the same time, it is still one of the most stable states in the Western Balkans with its strategic geographical location, where the Hungarian minority provides the conditions for kin-state political interests and ethnic-based politics. In the course of political and economic actions, through the application of numerous elements of the classic soft-power toolbox, Hungary's room for manoeuvre in the region is expanding and becoming a strategic destination, a cornerstone of the Hungarian geopolitical code, in the Western Balkans and Serbia within it.

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