



The roots of Chinese-Central European relations – The case of Hungary

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The Chinese presence in Central and Eastern Europe (CEE) has intensified recently as China's great power ambitions have grown and the CEE-region has been in our need of this new partnership due to the economic crisis. However, this relationship is not as new-fangled as it seems. In some cases – for example the case of Hungary – it dates back several decades. Overall, Hungarian-Chinese relations are very successful. They have a six decade history, as old as the PRC itself.

Hungary formally recognized the People's Republic of China on 4th October 1949. During the following decade the relationship began to develop with a huge number of high-level visits followed by the improvement of economic, political and cultural ties. Although the Hungarian-Chinese relationship was basically within the Soviet sphere of interest, Hungarian foreign policy did not follow, but rather differed a bit from the policy of Moscow. In international affairs Budapest cooperated closely with Beijing and has always supported the Chinese position on Tibet, the reunification of China (one china policy) and United Nations (Security Council) membership. By the end of the 50s, deep ideological differences began to appear between the two countries and, in the wake of the 60s, - during the Chinese "cultural revolution" – the relationship became increasingly colder. Much later, with the reorientation of the Chinese Communist Party in 1978 – its economic reforms and its opening-up policy – the two countries were brought closer together again. The Chinese leadership was genuinely interested in the experiences of the Hungarian economic reform process of 1968 and, in this spirit, a series of expert delegations visited Hungary. In the 80s, state and inter-party relations were normalized and high-level delegations were also re-initiated. After the democratic transition of 1989, the level of contacts between the two countries declined again, primarily as a result of the reorientation of Hungarian foreign policy, as more attention was given to Euro-Atlantic interests. For more than a decade, the degree of contact declined to a minimum.

Another fruitful period began at the beginning of the new millennium, after the visit of the Hungarian Prime Minister, Peter Medgyessy in 2003 to Beijing. The new wave of development was initiated

independently by Hungary, because the government recognized that China is an unavoidable player in the global economy and international politics and because EU membership made Hungary more attractive to China as well. But for this purpose, steps had to be taken before others would take them. In this spirit, several confidence-building measures and gestures were undertaken and the results have become almost immediately apparent in the form of economic growth indicators. Over the past decade, the Hungarian government – regardless of political orientation – has committed itself to developing its relationship with China. Hungary has good results in the field of bilateral trade and investment with China. And this has led to greater expectations: infrastructure development and the financing of Hungarian public debt are just some of the areas where Chinese involvement is expected or has already been achieved.

When asking about the reasons for choosing Hungary instead of Poland or the Czech Republic, an interesting hypothesis can be found about the relation of the Chinese population in Hungary to the success of the Chinese-Hungarian relationship. The fact is that within Central-Eastern Europe the highest Chinese population can be found in Hungary. There are now around 10.000-15.000 (12.653 officially) native Chinese living in Hungary. And the majority of this population arrived in the early 90s. This is one of Hungary's biggest advantages when building economic, political and cultural relations with China. Confidence and good impressions are of particular importance in dealing with China. But why Hungary? What made Hungary so popular to Chinese people 20 years ago? In 1988 a Hungarian-Chinese consular agreement – among other things – included the abolishment of visa requirements between the two countries. In 1990, 11 000 Chinese people arrived to Hungary, while in 1992 the number was 27 000. Overall, in the 90s Hungary had a Chinese minority of approximately 40 000, even though in the 80s, the number of Chinese people living in Hungary was only a few hundred. Of course, in addition to the lack of a visa requirement, there were other – economic, political and emotional – factors which pushed the Chinese towards Hungary.

Economic factors:

- * 1989 was a recession year in China and Chinese residents living abroad did not have to pay taxes.
- * There was social stability in Hungary compared to China.
- * Accessing Budapest by train was inexpensive compared to other destinations.
- * Chinese migrants found a gap in the Hungarian market, a business opportunity, as there was huge demand for cheap consumer goods.

Political factors:

- * After the massacre in Tiananmen Square and the democratic shift in Hungary, the possibility of free travel became especially important.

Emotional factors:

- * Thanks to the attention the Chinese government paid (during the 78/79 reform process) to Hungarian "reform socialism", Hungary's reputation among Chinese people was quite good and the impressions of the first Chinese migrants were also promising. They described Hungary as a treasure land, "Eastern Europe's heavenly palace", so more and more people chose this destination.
- * Finally, there were and there continue to be some Chinese who really believe that the Chinese and Hungarians are distant relatives.¹ The evidence is that we have similar physical characteristics to Asians (dark hair, dark eyes, medium height), which differentiate us from other Eastern or Central European nations. And names are written and sometimes spoken in the same order (the family name followed by the first name), which is unique in Europe.²

After 1992, the Hungarian authorities re-introduced the visa requirement, so the number of Chinese immigrants has declined. Some of the original 40.000 Chinese people living in Hungary left the country, went home or moved to other countries in the following 5-10 years. But close to 30 per cent have stayed, supplemented over time by a small number new arrivals – for the most part relatives of the Chinese already living in Hungary.

¹ Another reason for the supposed kinship is Hungary's name in Chinese, "Xiong ya li". The pronunciation is similar to that of Hungary's English name, "Hungary". Though this Chinese expression has no further meaning, the first part "xiong" is similar to the Chinese word "Xiongnu", which was the name of a nomadic tribe in Central Asia and thus a very close neighbour to China. Relations between early Chinese dynasties and the Xiongnu tribe were complex, with repeated periods of military conflict and intrigue alternating with exchanges of tribute, trade, and marriage treaties. There is no precise evidence however for this kinship.

² In fact, the Chinese, Japanese, Koreans, Vietnamese and Hungarians are the only nationalities in the world who use this order.

To maintain this advantage and to make Hungary a popular destination for Chinese businesses and investment in the 21st century, the Hungarian Government has undertaken several measures and gestures, including the creation of a new special envoy position within the Prime Minister's Office for the development of Hungarian-Chinese relations and for the coordination of the China-related work of governmental institutions and the public administration. The first results of the new policy were the arrival of a branch of the Bank of China in Hungary (2003), the creation of the Bilingual Chinese/Hungarian Primary School in Budapest (2004) and the initiation of a direct flight connection between Budapest and Beijing (2004). All of these are unique in the region. There are many other results – a complete list would be too long to enumerate here – including collaboration between the Hungarian and Chinese railway companies, the establishment of a wholesale trade centre in Budapest focused on hosting quality Asian exporters and manufacturers, and the establishment of the China Investment Promotion Agency's (CIPA's) European Office in the Hungarian capital last year.

As shown above, there are more and more opportunities in relations between Hungary and China, but also a lot of things still to do to strengthen ties between them. As *Barna Tálás*, one of the more well-known Hungarian sinologists put it, with a well-coordinated, open and development-oriented foreign economic policy, Hungary has very good prospects to become "Europe's Hong Kong",³ namely the international trade and financial centre between the two regions, managing the exchange of goods and information and the transfer of technology and capital, as Hong Kong did earlier in East Asia.

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³ Tálás, Barna (2008): Adalékok Kína-stratégiánk megalapozásához. In: Kína: realitás és esély. Stratégiai kutatások: Tudomány – Kormányzás – Társadalom (ed.: Inotai A. – Juhász O.) MTA VKI – Miniszterelnöki Hivatal, 2008, pp. 197-218