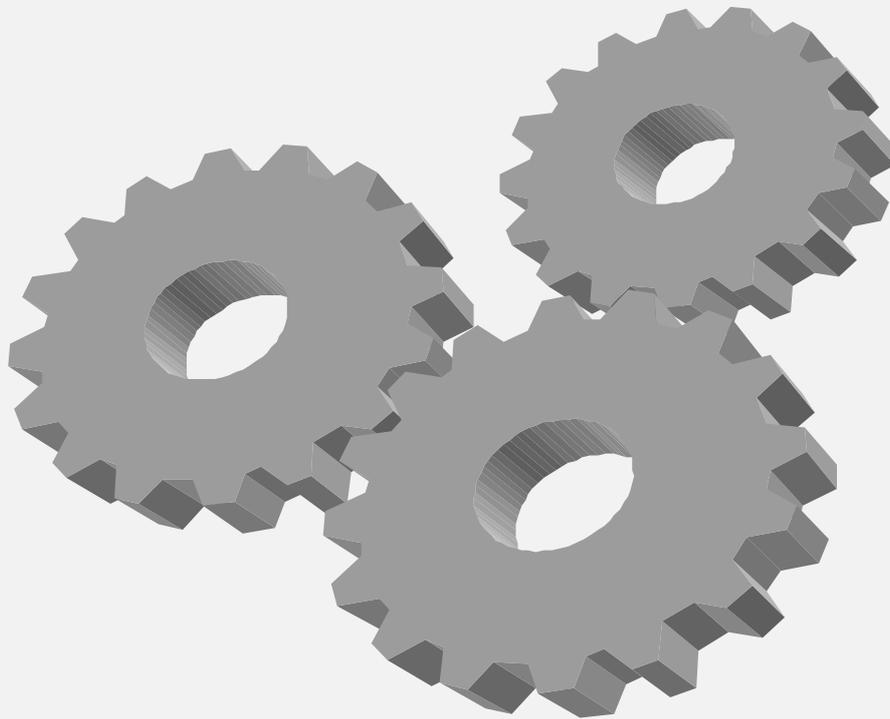


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**BILATERAL RELATIONS AND OPEN ISSUES BETWEEN
HUNGARY AND SERBIA
IN THE CONTEXT OF SERBIA'S EU ACCESSION PROCESS**



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INTRODUCTION

Since the democratic changes in Serbia in 2000, good neighborly relations have characterized bilateral contacts between Serbia and Hungary, which have not been burdened by any especially challenging conflicts. Naturally this relationship has had its ups and downs during the last sixteen years, starting with the positive momentum during the term of the Đinđić government, to be followed by a down turn in 2003-2004 when ethnic incidents were on the rise in the province of Vojvodina mostly targeting ethnic Hungarians. Bilateral ties similarly came under pressure in 2011 when controversy emerged related to the restitution and rehabilitation of persons belonging to the Hungarian minority in Serbia. Official contacts between the two countries started progressing more sincerely from 2008 when a pro-European government was formed in Belgrade led by the Democratic Party. This positive trajectory intensified even more after 2012 under the subsequent cabinets dominated by the Serbian Progressives. The participation of the Alliance of Vojvodina Hungarians (AVH) in the governing coalitions since 2014 further strengthened ties between Serbia and Hungary given AVH's close links to Budapest.

Nowadays bilateral relations have to be viewed in the context of Serbia's EU integration process where Hungary's committed support to enlargement to the Western Balkans has definitely played a big part in generating the present positive momentum. Serbia faces serious challenges from many of its neighbors: Romania, Bulgaria and Croatia have raised the threat of a veto against Serbia's accession process because of bilateral issues while the normalization process with Kosovo represents the greatest challenge to Serbia's future EU membership.¹ In this context, it is understandable that Serbia appreciates Hungary's supportive attitude towards its EU integration. In turn Serbia's positive gesture of historical reconciliation was much welcomed in Hungary when the two presidents commemorated victims of WWII together in the Serbian parliament in June 2013. Such positive dynamics also helped to overcome difficulties, which otherwise could have caused a crisis in mutual relations such as tense situations related to the refugee crisis manifested on the Hungarian-Serbian border starting from the fall of 2015. Altogether, it can be argued that currently no open, unresolved questions burden bilateral relations, which could have a serious potential

¹"Bulgaria and Romania could join Croatia in blocking Serbia," *B92*, 6 May 2016, http://www.b92.net/eng/news/politics.php?yyyy=2016&mm=05&dd=06&nav_id=97925.

to present an obstacle to Serbia's accession process. At the same time, there are issues between the two states that require constant management in the form of mutual communication and cooperation, such as the migration crisis and the situation of the Hungarian minority. Yet, so far the two governments have managed to smooth out their controversies regarding these potentially problematic areas. Furthermore, there are some fields of mutual interests, such as infrastructure development, economic exchange and energy cooperation, where there is room for further development and which therefore need special attention.

Serbia is a priority country in the Western Balkans from Hungary's point of view for a number of reasons. Its stability and development is a key interest of Hungary due to historical ties and geographical proximity, the latter with its potentially ensuing spill-over effects. Approximately 260,000 Hungarians live as a minority in the province of Vojvodina who became entitled to Hungarian citizenship in 2010 and voting rights in 2011; therefore represent a further reason as to why Hungary pays special attention to Serbia. Because of the direct neighborhood and the presence of the Hungarian minority it is important for Hungary to cultivate good relations with Serbia also at the practical level, such as having adequate infrastructure in place connecting the two countries. The recent positive dynamics in high political relations, which will be discussed in more detail below, allow for improving relations also at the more technical level, such as in the area of the economy, which fits into the agenda of the new Hungarian foreign policy geared towards strengthening business and economic ties. In 2012 the Hungarian government announced the so called "Eastern opening", subsequently extended into the policy of "Southern opening" in 2014, according to which eastern and southern markets should gain a larger share in Hungarian exports counterbalancing Hungary's dependence on exports to the EU. Nevertheless, this shifting of gears did not diminish the importance of the Balkans which is also a target area of the "Eastern opening" policy. Traditionally, Hungary used to have a positive balance of trade with these countries, which is why the Western Balkans is viewed as a promising market of Hungarian trade and investment. Out of the 7 billion euro export surplus Hungary realized from its overall external trade in 2013, 2 billion euro came from trade with the Western Balkans. From the aspect of trade, Serbia is by far the most important partner in the region (beside Croatia which is now an EU member). In 2014 Hungary was Serbia's 5th biggest exporter partner,² while the value of Hungary's exports to Serbia reached 1263 M euro in 2015 amounting to 411M euro trade surplus for Hungary.³ In 2014 Hungarian investments reached the stock value of 377.2 million euro in Serbia, OTP, MOL, Masterplast being the biggest investors.⁴

The migration crisis unfolding from the summer of 2015 further strengthened the focus of Hungarian foreign policy on the Western Balkan countries, primarily Serbia. The defense

² Data retrieved from the website of the Hungarian Investment Promotion Agency, www.hipa.hu, 11 July 2014.

³ Data retrieved from the website of the Hungarian Central Statistical Office: www.ksh.hu.

⁴ Szerbia – Üzletkötésésvállalat alapítás – tudnivalóknak magyar vállalkozók számára. Hungarian Chamber of Commerce and Industry, p. 10.

http://www.mkik.hu/upload/mkik/nemzetkozi/orszagtanulmanyok/orszagprofil_szerbia_frissitett_2016.pdf

mechanisms introduced by Hungary such as the wire fence erected on the Hungarian-Serbian border put bilateral relations with Serbia under pressure, however as will be explained, despite initially rising tensions relations between the two governments have never been more stable and harmonious than nowadays.

HUNGARY'S APPROACH TO SERBIA'S EU INTEGRATION⁵

For all these reasons, i.e. because of the Hungarian minority in Vojvodina, economic and security interests, Hungary has been a staunch supporter of EU enlargement to the Western Balkans, and in that context to Serbia. However, this positive approach by now has become almost a tradition in Hungary's foreign policy, as further EU enlargement has enjoyed a consensus spanning political parties and governments since Hungary became an EU member in 2004. Such a consensus stems from Hungary's own experience with transition, and has resulted from its foreign policy underpinned by three main aspirations: Euro-Atlantic integration, good neighbourly relations and support for the Hungarian minorities living abroad. This threefold agenda has underpinned Hungary's policy towards Serbia as well: supporting enlargement leads to better political relations, which benefit Hungarian minorities living there. Recent research analysing party attitudes towards the EU in Hungary found that mainstream parties both on the right such as the ruling party, Fidesz and on the political left (which are generally less sceptical of the EU than right wing parties), are equally supportive of continuing enlargement towards the South and East.⁶ Only Jobbik, the far-right opposition party has some reservations about further extending the EU's borders, and would condition it on the situation of Hungarian minorities. Thus, Jobbik does not support EU integration of Serbia and Ukraine unconditionally "only if Hungarian communities living there would be granted the most far-reaching possibilities of self-determination".⁷ At the same time, Jobbik also questions whether Hungary should stay in the EU, which it would put to a referendum. Nevertheless, with the exception of Jobbik, support for enlargement is generally uncontroversial among the political parties. The Hungarian public is also relatively in favour of continuing EU enlargement. Hungarians in general display larger support for enlargement (50%) than the EU average (EU28: 38%), even if support for enlargement has been on the decline more recently (by 10 percentage points from 2013 to 2015, coinciding with a growing distrust of democracy in the EU).⁸

⁵ Huszka, Beata, "Hungary" in EU member states and enlargement towards the Balkans, eds. Rosa Balfour and Corina Stratulat, Issue Paper No. 79, European Policy Centre, Brussels, 22 July 2015, pp. 115-129, http://www.epc.eu/documents/uploads/pub_5832_eu_balkans_-_issue_paper.pdf.

⁶ Hungarian Europe Society. Where Does the PERC-index Stand? or from EU Destructivists to Federalists: the Relationship of Hungarian Parliamentary Parties towards the European Union. March 2014, p. 40. http://www.europatarsasag.hu/images/2014Marc/perc2_web.pdf.

⁷ Official election program of Jobbik, available on http://jobbik.hu/sites/default/files/cikkcsatolmany/kimondjukmegoldjuk2014_netre.pdf

⁸ European Commission Standard Eurobarometer 84, National Report Hungary, 2015.

As was argued above, Hungary's committed support for EU membership of the Western Balkan states including Serbia has been a very important factor shaping mutual relations. As a new Member State, Hungary's position is based on the principle of solidarity, according to which newcomers deserve the same treatment as was received by the Central European states upon their own accession. On that basis Hungary does not support applying tougher conditions on candidates than those that were applied towards Central-Eastern Europe. Consequently, Hungary has been reluctant to push for enhanced conditionality in the area of justice and fundamental rights with the exception of minority rights, of which Hungary is an outspoken advocate. It is recognised in Hungary that conditionality related to the rule of law has gradually become more demanding under pressure of a few old Member States, such as Germany, the Netherlands, Finland, and Sweden, which Hungary tries to counterbalance with a more permissive approach. According to the Hungarian point of view, while expecting Western European standards is not realistic in post-communist countries struggling with post-conflict legacies, meeting rule of law conditions is also more ambiguous than acquis related criteria, as these are less clearly defined and therefore harder to fulfil, and evaluation is often based on rather subjective assessments. In the absence of clear standards and indicators, references to rule of law conditions can also serve as an excuse for slowing down the process on behalf of old Member States. In line with this approach, Hungarian diplomacy eagerly advocated opening Chapter 23 and 24 with Serbia without prior reservations. Chapter 23 has a special significance for Hungary because of the required action plan on minority rights Serbia had to prepare as an opening benchmark.

Altogether, partially a result of the economic crisis, more recently because of the migration crisis, today a negative atmosphere prevails in Western Europe, which is very different from the enthusiasm that surrounded the 2004/7 enlargement. The migration crisis added to existing anxieties as there is a strong drive to stop immigration not only from outside but also from inside the EU. All this comes down to uncertain commitment to further enlargement. In the Hungarian view, while the EU demands increasingly tough requirements from candidates, it cannot live up to its own promises by offering a real integration perspective, which leads to a credibility crisis. Currently, it cannot be claimed anymore that performance of candidates determines their speed of integration. However, according to the Hungarian position, the present refugee crisis provides strong arguments in favour of continuing enlargement, since the process itself offers instruments to the EU to make a direct impact on home and justice affairs in candidate countries while through the IPA tasks directly related to migration management can be financed.

It is also important to note here that Hungary has been not only a committed by mostly unconditional driver of EU integration of the Balkan states, where unconditional support means that bilateral issues should not come in the way of the accession process. As far as Hungary is concerned, unilaterally pushing certain national agendas can be counterproductive, while bilateral problems should be resolved in bilateral fora in order to avoid the Slovenian scenario. Slovenes obstructed negotiations with Croatia due to the disputed status of the Piran Bay, which tarnished Slovenia's reputation and relations with Croatia, yet have not achieved much in the end as the issue was finally delegated to an

arbitration committee. There was one exception when Hungary broke this rule, with Serbia in the fall of 2011 related to the Hungarian minority in Serbia, to be explained in more detail below.

MINORITY RIGHTS

The Hungarian government threatened to block Serbia's EU integration process in the autumn of 2011, after the Serbian parliament adopted a new law on restitution, which excluded a significant number of ethnic Hungarians from property restitution. Those that served in occupying forces during WWII and their descendants, meaning most Hungarian men of military age at the time, were denied the possibility of restitution. Moreover, the Hungarian population of three villages – Csúrog, Zsablya and Mozsor– were collectively declared guilty of war crimes in 1944, thus their descendants were also consequently excluded from restitution.⁹ After Hungary's failed attempts to lobby the European Commission for raising this problem in the 2011 EU progress report, Budapest threatened Serbia with a veto against its candidate status during the December 2011 European Council meeting. Yet, the veto was not needed because the Serbian parliament amended the law on rehabilitation in October 2011 effectively addressing Hungary's concerns. The principle of collective guilt was removed from the law while only persons found guilty of war crimes on an individual basis by a court or an administrative organ were excluded from restitution and even such persons could ask for being rehabilitated. This was the only instance when Hungary used its veto threat to block a country's accession process because of a bilateral issue, which was a dangerous move as Hungary did not want to get trapped in the position of a blocker. It should be also added here that fulfilling its promise, in November 2014 the Serbian government finally issued a decree which abolished the act of 1944 declaring ethnic Hungarian inhabitants of the three villages mentioned above collectively guilty of war crimes.¹⁰

The presence of the Hungarian minority in Vojvodina has been among the main concerns of Hungary in Serbia. This is an issue regarding which even before 2011 Hungary had been willing to throw its weight around, quite exceptionally. In 2004 at the insistence of ethnic Hungarian parties in Vojvodina, the Hungarian government became heavily involved in raising the issue of ethnic incidents in Vojvodina in international forums, bringing it up in the EU and the Council of Europe.¹¹ More recently, it was a priority for Hungary that Serbia

⁹ Szilágyi, Imre, "A vajdaságimagyarok és a szerbiaivagyon-visszaszármaztatásitörvény (Hungarians of Vojvodina and the Serbian law on restitution)," HIIA Papers, T2011/27, available at http://www.balkancenter.hu/pdf/Tanulmanyok_2011.pdf

¹⁰ Vajdaság Ma, *Eltörölték Csúrog, Zsablya és Mozsor magyar lakóinak kollektív bűnösségét*, 2 November 2014. <http://www.vajma.info/cikk/vajdasag/17894/Aleksandar-Vucic-is-lerotta-kegyeletet-a-partizan-meszarlasok-aldozatai-elott.html>

¹¹ Florian Bieber and Jenni Winterhagen, "Ethnic Violence in Vojvodina: Glitch or Harbinger of Conflicts to Come?," ECMI Working Paper #27, April, 2006.

prepares an action plan on minority rights as an opening benchmark of Chapter 23, similarly to Croatia, which also had to draft such an action plan during its accession process. The action plan lays out a more detailed and extensive program for ensuring the respect of minority rights than Chapter 23, reflecting on recommendations of the Council of Europe that concern minorities' adequate representation in the public sector, stress the importance of state support for minority media and urge for resolute action against hate crimes against minorities.¹² The action plan was regarded necessary also because recent measures introduced under the 2014 media reform package, such as media privatization and the elimination of television license fees, can undermine minority media, which could not survive without state support. The action plan, which was adopted by the Serbian government in March 2016 focuses on the implementation of already existing minority rights provisions in the area of language rights, education in minority languages and proportional representation of minorities in the public sector.

In addition, there are some particular issues related to minority rights in Serbia that Hungary follows closely, such as the necessary amendment of the Law on National Councils of National Minorities based on a Constitutional Court decision as of January 2014, which declared unconstitutional and repealed certain provisions of that law. The EU has been also urging Serbian authorities to bring the law in line with the ruling of the Constitutional Court. The Court invalidated many competencies of minority councils, including the one to found institutions and to take decisions in areas relevant to the preservation of minorities' identity, yet "do not regard culture, education, official use of minority languages and scripts or information", and their right to initiate proceedings before the Constitutional Court.¹³ Other competencies were partially declared unconstitutional, such as minority councils no longer are entitled to appoint members of management boards, including directors of schools where the classes are mostly taught in minority language. The councils cannot cooperate anymore with "state authorities of foreign states".¹⁴ Tamás Korhecz, former head of the Hungarian National Minority Council commented:

Some of the repealed provisions ensured such collective minority rights that the National Council of the Hungarian National Minority has been enjoying and enforcing legally for several years, therefore this decision reduces the acquired level of minority rights. ... These repealed provisions primarily refer to our rights related to the management of educational institutions primarily attended by Hungarians.¹⁵

¹² Council of Europe, Advisory Committee on the Framework Convention for the Protection of National Minorities, Third Opinion on Serbia, 23 June 2014.

http://www.coe.int/t/dghl/monitoring/minorities/3_FCNMdocs/PDF_3rd_OP_Serbia_en.pdf.

¹³ Case No. IUz 882/2010; 'Minority councils protest court ruling in Serbia,' *SETimes*, 13 February 2014, http://www.setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/features/2014/02/13/feature-01.

¹⁴ Belgrade Centre for Human Rights, 'Human Rights in Serbia 2014', <http://www.bgcentar.org.rs/bgcentar/eng-lat/wp-content/uploads/2015/03/Human-Rights-in-Serbia-2014.pdf>.

¹⁵ Tamás Korhecz, 'Statement of Dr Tamás Korhecz, president of HNMC concerning the decision of the Constitutional Court on the constitutionality of the Law on National Councils', 20 January 2014,

He also added however that,

*Constitutional Court's decision affirms the administrative competencies in general of directly elected national councils, the right of national councils to become founders of public educational and cultural institutions. It should be emphasized that the rights and competencies of national councils in the fields of culture and official language use have remained entirely untouched.*¹⁶

The legislature is yet to bring the law in line with the Constitutional Court's decision. From a Hungarian point of view it is essential that the law would be amended without reducing the already acquired level of minority rights.

Another topic that receives special attention is the issue of Vojvodina's autonomy owing to its significance to the Hungarian minority.¹⁷ Twenty-two competencies of the Autonomous Province of Vojvodina were eliminated by the Constitutional Court in July 2012, while in December 2013 the Court found a number of provisions of Vojvodina's statute unconstitutional. Furthermore, the Serbian parliament still has to adopt a law on Vojvodina's own resources, an obligation set by the Constitution.

Lastly, the restitution and rehabilitation process of persons belonging to the Hungarian community is of special interest to Hungary, especially as the deadline for submitting rehabilitation requests expires on 15 December 2016, and successful rehabilitation is a precondition of claiming restitution.¹⁸

It should be stressed however, that any problem related to the Hungarian minority is addressed first and primarily in bilateral forums through coordinating with the Serbian government and in consultation with representatives of the Hungarian minority. Curiously, more Member States have interests in minorities in Serbia, such as Romania, Bulgaria and Croatia because of their co-ethnics living there,¹⁹ yet there is no coordination among these countries on minority protection vis-à-vis Serbia.²⁰

It should be stressed however, that the Hungarian minority in Serbia is not only a potential source of controversies but also an important link between the two countries, which has been further strengthened since the AVH entered the government in Belgrade. AVH has a close partnership with the political leadership in Budapest, indicated also by one of its representatives having entered the European Parliament on a Fidesz list in 2014, essentially giving representation to Vojvodina Hungarians in Strasbourg. Hungary launched an

<http://mail.mnt.org.rs/en/2-Stampa/913-Statement-of-Dr-Tamas-Korhec-president-of-HNMC-concerning-the-decision-of-the-Constitutional-Court-on-the-constitutionality-of-the-Law-on-National-Councils>

¹⁶ *ibid.*

¹⁷ "Alkotmánybíróság előtt a Vajdasági Statútum (Vojvodina's statute in front of the constitutional court)" *Magyar Szó*, 22 April 2013.

¹⁸ Antal Bozóki, *Rehabilitálás és restitúció Szerbiában*. 13 September 2016.

http://bozokiantal.blogspot.ro/2016/09/rehabilitalas-es-restitucio-szerbiaban_13.html

¹⁹ Author's interview, Ministry of Foreign Affairs and Trade of Hungary, Budapest, 16 May 2014.

²⁰ Author's interview, Ministry of Foreign Affairs and Trade of Hungary, Budapest, 29 July 2014.

economic assistance program worth 160 M EUR in Vojvodina in 2015, which is being coordinated by the AVH, thus increasing the clout of the party locally. Political support from Budapest was also demonstrated by Hungarian government members campaigning for the AVH in Vojvodina before the April 2016 parliamentary elections, pledging their support for AVH as opposed to the other ethnic Hungarian parties.

THE REFUGEE CRISIS

Justice and home affairs is another priority area where sensitive issues were identified concerning national interests even before the current refugee crisis. The number of illegal immigrants and asylum seekers arriving through Serbia started picking up more significantly from 2012, thus was on the rise already before 2015. The registered number of these migrants mostly coming from Kosovo reached 28,000 in 2014. From 2013 a close cooperation was established among Hungary, Serbia and Austria to address this issue and to help Serbia to improve its infrastructure, personnel capacities and legal environment in order to meet these challenges better. Importantly, problems stemming from this migration flow were addressed in bilateral and trilateral forums, outside of the enlargement context. The more recent wave of the refugee crisis starting from the summer 2015 posed a challenge on a much larger scale. Around 1 million people passed through Serbia to Hungary last year, coming from such war-torn areas as Syria, Iraq, Afghanistan and Pakistan. Bilateral relations came under strain when Hungary decided to erect a fence on its border with Serbia in June 2015. It seems that the Serbian side was not consulted beforehand as Prime Minister Vučić was struck by surprise by this move. Despite the Serbian prime minister's harsh criticisms of Hungary's measures and the EU in general, the discord was settled soon. Frequent meetings between representatives of the two governments continued in the summer, and PM Vučić praised his country's great relations with Hungary. The two governments gathered for a joint sitting in Budapest in July 2015 where not only the issue of migration, but other topics were also addressed, such as infrastructure development, cooperation in education and Serbia's EU accession process.²¹ Demonstrating the close partnership between the two governments, Péter Szijjártó, Hungary's minister for foreign affairs and trade joined a campaign event of SNS in April 2016 where he voiced his support for SNS and its coalition partner, the AVH during the approaching general elections.²²

However, the refugee crisis repeatedly tested bilateral contacts, such as in September 2015 when refugees trying to get through the border fence clashed with Hungarian police. Serbia officially protested against Hungarian police using tear gas on Serbian territory and in general the brutal treatment of refugees. Yet, at the same time PM Vučić also stressed that

²¹ B92, Orban "asks Serbian counterpart for understanding," 1 July 2015, http://www.b92.net/eng/news/politics.php?yyyy=2015&mm=07&dd=01&nav_id=94620

²² VajdaságPortál, Szijjártó: azerősésistizteletreméltóSzerbiaMagyarországérdeke is, 15 April 2016. <http://www.vajdasag.eu/szijjarto-az-eros-es-tizteletremelto-szerbia-magyarorszag-erdeke-is>

Serbia values its good relations with Hungary that it does not want to endanger. Another challenge came from the Hungarian side when Hungary adopted a new immigration law in the fall of 2015 essentially criminalising illegal border crossings. Anyone caught trying to enter Hungary illegally could be sent back to Serbia, which obviously made Serbia's situation more difficult by increasing the number of refugees in Serbia.²³ However, importantly, Serbia did not introduce countermeasures against Hungary in contrast to against Croatia. Croatia (just like Hungary) also closed its border with Serbia in September 2015, to which Serbia responded by forbidding transport vehicles entering its territory from Croatia and suspended Croatian imports. The different reactions to quite similar measures of the Hungarian and the Croatian governments can be explained by Serbia's appreciation of Hungary's supporting stance towards its EU membership, which clearly differs from the Croatian position in light of the recent Croatian threat to veto the opening of the negotiation chapter on the judiciary and fundamental rights.²⁴

Despite its previous reluctance, Serbia also had to reinforce border controls on its southern borders adjusting itself to the policies of Hungary, Croatia, Slovenia and Austria in the spring of 2016. This was a consequence of the closure of the Balkan migratory route by Turkey in light of the agreement between Turkey and the EU.²⁵ Nevertheless, refugees continued to arrive on the Serbian-Hungarian border even afterwards; Hungarian border police captured around 17,000 people until July 2016 trying to cross the fence illegally, while also deported hundreds of people back to Serbia. According to a new legal measure adopted by Hungary in July 2016, anyone apprehended in an eight km zone from the border must be sent to the transit zone on the Serbian side of the border, increasing the number of people in transit areas.²⁶

All these unilateral moves by Hungary naturally put Serbia in a difficult position, even if from the spring of 2016 many of these measures were the outcome of the agreement between Turkey and the EU. However, in light of statements of Serbian government representatives, Serbia held primarily the EU accountable for "dumping the burden of the migrant crisis on the back of Serbia".²⁷ At the Vienna Summit more help and burden sharing was promised by the EU to the affected Western Balkan states, yet Serbia was still expecting more substantial assistance from the EU.²⁸

²³ Juhász Attila, Hunyadi, Bulcsú, and Zgut Edit, Focus on Hungary: Refugees, Asylum and Migration, 2015-study on the Hungarian Government's rhetoric and policy measures with regard to refugee, asylum and migration issues, Political Capital, Heinrich-Böll-Stiftung, 2015. http://www.politicalcapital.hu/wp-content/uploads/pc_boll_hungary_refugees_asylum_and_migration_web.pdf.

²⁴ Dejan Anastasijevic, Croatia veto on Serbia's EU talks causes surprise, *Euobserver*, 12 April 2016, <https://euobserver.com/beyond-brussels/133004>

²⁵ European Council, Council of the European Union, EU-Turkey statement, 18 March 2016. <https://www.consilium.europa.eu/en/press/press-releases/2016/03/18/eu-turkey-statement/>

²⁶ BIRN, Serbia's Tougher Line on Migrants Worries Experts, 28 July 2016. <http://www.balkaninsight.com/en/article/balkan-route-far-from-be-closed-07-27-2016>

²⁷ Igor Jovanovic, 'Serbia Urges EU To Start Membership Talks', *BIRN*, 7 September 2015.

²⁸ Migrants crisis: Austria and Balkans call for EU answer, *BBC News*, 27 August 2015, <http://www.bbc.com/news/world-europe-34071167>.

OTHER CURRENT ISSUES

As was explained above, high level bilateral meetings have been quite frequent in recent times between the two governments, taking place almost on a monthly basis. PM Orbán paid a visit to Belgrade in September 2016, while Serbian foreign minister Ivica Dačić met his Hungarian counterpart along with PM Orbán in October in Budapest. The two governments had a joint sitting in November in Niš. Hungary supports the opening of further negotiation chapters with Serbia, i.e. Chapter 5, 20, 25 and 26, and urges the EU to grant more financial assistance to Serbia for handling the migration crisis.²⁹ Hungary also offers technical support to aid Serbia's accession process by delegating Hungarian experts to the European Integration Office in Belgrade. Importantly, Hungary is not linking the opening of new chapters to progress in the normalisation process with Pristina. Beside the issues of migration, national minorities and Hungary's potential contribution to Serbia's EU accession process discussed so far, infrastructure development, border crossings, energy cooperation and economic relations are usually on the agenda.

In the field of energy, calling off the South Stream project by the EU is causing real difficulties for Belgrade, especially if Russia stops gas transfers through Ukraine, which can be expected after 2019. Serbia will thus depend on the northern transfer lines significantly raising the costs of gas. Given the high degree of dependence on Russian gas by both countries, there is room for closer cooperation in the form of some common investment in this area. In that context it might be an important development that Russian President Vladimir Putin and Turkish President Recep Tayyip Erdoğan at the World Energy Congress in Istanbul in October 2016 revived the project called "Turkish Stream" as an alternative to South Stream, which would carry gas from Russia to Turkey under the Black sea, and from there to Europe. More than a year before, in April 2015 foreign ministers of Hungary, Serbia, Greece, Macedonia, and Turkey met in Budapest to strengthen their energy cooperation, during which they made a pledge to participate in the construction of Turkish Stream gas pipeline.³⁰ The project looked dead after a Russian bomber was shot down from Turkey over Syria in November 2015. However, now that Russia and Turkey managed to sort out their differences, the construction of the pipeline could be a real possibility by 2019.³¹

Hungary has been keen on **opening more border crossings** with its neighbours including Serbia. A new crossing point was inaugurated in May 2013 between Ásotthalom-Királyhalom and Backi Vinograd where the station was installed only on the Hungarian side of the border. The old Röszke-Horgos station was reopened in December 2015, while the border crossing

²⁹ Ivica Dačić, Szerbia első miniszterelnök-helyettesének és külügyminiszterének hivatalos magyarországi látogatása, 2016.10.02-03, Website of the Embassy of the Republic of Serbia, Budapest, Hungary. <http://www.budapest.mfa.gov.rs/hun/news.php>.

³⁰ Regional countries want to build Turkish Stream, *B92*, 8 April 2015, http://www.b92.net/eng/news/politics.php?yyyy=2015&mm=04&dd=08&nav_id=93737.

³¹ Russia's Gazprom expects agreement on Turkish Stream pipeline in October, *Reuters*, 15 Sep 2016, <http://www.reuters.com/article/us-russia-gazprom-idUSKCN11L1X2>.

between Kübekháza-Óbéba-Rábé was reinstalled on the common border between Serbia, Romania and Hungary in May 2016.³² Hungary would like to establish another crossing point between Bácsszentgyörgy and Rastinow which is to be opened in 2017, where 1,5 km road still needs to be built on the Serbian side. The two governments concluded an agreement in November about a common development project on the Tisa river, which would turn the Tisa into an international waterway.

In the area of infrastructure, restoring the Budapest-Belgrade railway line has been a common plan of the two countries. The Serbian and the Hungarian governments decided to modernize the railway line by establishing a high speed railway between the two cities through drawing in Chinese investment, which would cover 85% of the costs. In November 2015 representatives of the Serbian, Hungarian and Chinese governments officially launched the project. However, the EU might open an infringement procedure against it on the basis that the project violates the EU's competition rules in the absence of a prior tender procedure,³³ so the future of this investment looks very uncertain at the moment.

³² A régi röszei határátkelő nyitva az autósok előtt, 30 December 2015, <http://mno.hu/belfold/a-regi-roszkei-hataratkelo-nyitva-az-autosok-elott-1321405>.

³³ Kötelezettségzegési eljárás lehet a Budapest–Belgrád-vasútvonal fejlesztéséből, 15 September 2015, http://hvg.hu/gazdasag/20160915_pilot_eljarast_inditott_brusszel_a_vasutberuhazas_maitt.

POLICY RECOMMENDATIONS

- As was argued before there are no open issues burdening bilateral relations between the two countries at the moment. Serbia should keep up the current positive momentum, which is the best guarantee that unexpected challenges, such as the migration crisis can be dealt with in a timely manner. Since last summer there have been high level meetings between the two governments almost on a monthly basis, which helps to manage difficult issues closely, such as the migration crisis or minorities.
- The Hungarian government is eager to expand infrastructure and economic ties with its neighbours, among them Serbia, which should be to the mutual benefit of both sides. Serbia should engage constructively with its Hungarian partners to develop infrastructure connections and mutual trade further. Creating more investment opportunities in Serbia and providing assistance to Hungarian investors would be especially welcome by Hungary, such as the opening of new border crossing points.
- The minority issue does not pose a challenge at the moment, as good personal chemistry between the two prime ministers and the participation of the AVH in the government in Belgrade guarantee the smooth management of this issue area. Hungary was satisfied with the action plan on minority rights Serbia prepared as an opening benchmark of Chapter 23. However, this is a medium term issue as implementation of the action plan will be closely followed by Hungary until the closure of this chapter, which might last until the end of the accession process, as was foreseen by the EU's "new approach". Importantly, because of lack of progress on the rule of law chapters including Chapter 23 the whole accession process can be suspended. Therefore, Serbia should make it a high priority to carry out provisions of this particular action plan in order to avoid potential obstructions to its EU integration process.
- Fulfilling requirements related to minority rights also includes the appropriate amendment of the law on national minority councils. From a Hungarian point of view it is essential that the law would be amended without reducing the already acquired level of minority rights protection.

- In the area of migration Serbia has testified to a great degree of pragmatism while reacting to Hungary's unilateral measures that were detrimental to Serbian interests. Since the peak of the crisis during the summer of 2015, the two countries managed to establish close cooperation in migration management also at the technical level. The two governments apparently have pursued open and intensive communication on this issue, which should be continued. What Hungary primarily expects from Serbia is to keep its borders under control, which it is also willing to support with practical assistance, such as by sending its policemen to help out Serbian border police.