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Controversy over the construction of a Chinese university campus in Budapest

Franciszek Tyszka

Since 6 April, when the Hungarian investigative news website Direkt36 published detailed information about the construction of a campus of China's prestigious Fudan University, there have been ongoing disputes whether this investment is justified. The initial decision in this matter was made in 2017 during a Chinese-Hungarian financial forum in Shanghai. In December 2019 the Hungarian Minister of Innovation and Technology László Palkovics and the President of Fudan University Xu Ningsheng signed a memorandum of understanding about the opening of the first foreign campus of the university in Budapest in 2024. The authors of the publication, referring to government documents, revealed that the campus would be built by Chinese workers, with the use of materials sourced from China, and up to 80% financed by China from a 1.3 billion euro loan (with an interest rate of 1.9% over 10 to 15 years of repayment). The construction work will be contracted to the state-run CSCEC company, which has been accused of espionage and corruption in different parts of the world several times. The journalists also discovered that the investment would be implemented in the location where the opposition municipality of Budapest planned to construct a dormitory complex for students and it would ensure affordable housing to thousands of students.

On 27 April an agreement on strategic cooperation was signed between the Hungarian government and Fudan University. The agreement includes the establishment of four faculties in Budapest - Humanities and Social Sciences, Engineering, Public and Business Management and Medical Sciences - and a host of institutes in areas such as the Chinese language, research on international policy, pharmaceutics, data analysis, artificial intelligence, and the engineering of electric vehicles. The campus is set to accommodate between 5,000 and 6,000 students and 500 lecturers. The two parties have committed to facilitating procedures for establishing research and development centres of Chinese companies which would collaborate with the university institutes. They have also committed to other measures.

The plan to set up a Fudan University campus has sparked criticism from the opposition, a section of the media and the academic community in Hungary - they see in it a threat to the independence of the education system and the country's finances. The opponents of the project evoke the fate of Central European University (CEU), which respects international standards of academic freedom and promotes liberal values – in 2019 it was forced by the government of Viktor Orbán to leave Hungary. The same year the authorities of Fudan University, which has been recognised as China's most liberal university, deleted the

premise about “respecting the freedom of thought” from its charter and replaced it with a statement about the subordination of the university to the leadership of the Communist Party of China and the implementation of the party’s education policy. The mayor of Budapest, opposed to the construction of the campus, threatened to block the IAAF World Athletics Championships which the city will be hosting in 2023. According to the government, the opposition is politicising the issue, and the campus does not present a danger to national security (“since there are better methods of spying”) and will not serve to indoctrinate students (“the natural and technical sciences are not subject to this”). The Hungarian foreign minister Péter Szijjártó stated that “it would be folly not to seize the opportunity to invite one of the best universities in the world to Hungary. Proponents of the establishment of Fudan University in Hungary consider the campus to be a great opportunity for the country’s innovation sector.

Commentary

- The way and scope of funding of the investment have sparked huge controversy. According to the calculations made by the G7.hu website, the new Fudan University campus will cost Hungarian taxpayers more (550 billion forints) than was spent on Hungary’s entire higher education system in 2020 (537 billion forints). The critics have also raised the issue of previous similarly funded investments made by the state, a loan from Russia taken out in order to finance the construction of the power plant in Paks and a loan from China (of 2 billion euros) to build a rail connection between Belgrade and Budapest. The latter project, which has been in negotiation since 2014, was criticised by the European Commission (EC). Since a Chinese contractor was selected without holding an open call for tenders, the EC launched an investigation into it. This has led to the tender being repeated several times and the project being delayed by several years. Eventually, Chinese state-owned companies and companies owned by Hungarian oligarchs with close ties to the Orbán government won the tender and the final loan agreement was concluded in April 2020.
- It is rather unlikely that the government will abandon the project of the construction of the Chinese university campus. Orbán is determined to prove that his policy of opening up to the East is bringing tangible benefits to Hungary, despite the criticism from within the country and the EU. When the state secretary of the Prime Minister’s Office for Budapest offered concessions, the matter was transferred to the Ministry of Innovation and Technology led by László Palkovics, who is coordinating the controversial project of restructuring Hungary’s system of higher education. In 2019, he restructured the Hungarian Academy of Sciences (MTA), and this despite strong criticism from part of the academic community. The restructuring consisted in subordinating MTA scientific institutes to a special council which is itself subordinate to the government.
- The project of the construction of the Fudan University campus, to be funded by China, is another initiative which confirms the increasingly close economic cooperation between Hungary and China. In 2020, during the first wave of the COVID-19 pandemic, Hungary became one of the largest European recipients of Chinese medical equipment, delivered as part of “mask diplomacy”. Hungary was the first EU member state to decide to purchase Chinese vaccines (Sinopharm and CanSino). Furthermore, in April 2020 the Hungarian government took out a loan from China worth approximately 2 billion euros in

order to fund the rail link between Belgrade and Budapest. These actions did not leave China without a response: in September 2020 Lenovo announced that in 2021 it would open its first European factory in Hungary, and in October that year Huawei launched a research and development centre in Budapest. China is Hungary's largest trading partner outside the EU. The Chinese government has announced further investments in Hungary, in sectors such as banking, the automobile industry, IT and the chemical industry (the biggest Chinese investor in Hungary, Wanhua, is said to be investing a further US$ 900 million to 2025). Budapest is also seeking to take over part of the flow of goods transported by rail between Europe and Asia (at present 90% of these are serviced by the Malashevich dry port).

- The choice of Hungary as the first country to host a Fudan University campus outside China has been dictated by political issues. The Chinese government sees Hungary as a friendly country which is also critical of the West's liberal political tradition. For this reason China does not have to fear that Fudan University in Budapest might be suspended due to violations of human rights. In recent weeks the measures taken by Hungarian diplomacy have confirmed these calculations were justified. In March Mr Szijjártó stated that he considered the EU sanctions imposed on Chinese citizens to be "unreasonable and harmful" during the pandemic, when international cooperation is needed. On 16 April Hungary vetoed the EU resolution which criticised China for violating human rights, and argued that there were already too many contentious issues in EU-Chinese relations.
- The construction of a Chinese university campus in Budapest will enable Chinese scientists to become directly present in scientific discourse in Europe, and the Chinese government has been attaching great weight to this, not only because of the prestige it involves. On the one hand, it will make it easier for China to gain access to research that is being conducted at European universities, and this will facilitate the transfer of the results of the research to China. On the other hand, it may be expected that the campus, with large funding and substantial potential in the natural sciences, will have a wider impact on the academic community and will encourage European universities to work with Chinese centres also in the social sciences. China has long been focused on this, wishing to wield a direct influence on how the discussion about China in the EU is shaped .