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A NEIGHBOUR DISCOVERED ANEW

THE CZECH REPUBLIC, SLOVAKIA AND HUNGARY'S RELATIONS WITH UKRAINE

Jakub Groszkowski, Tadeusz Iwański, Andrzej Sadecki
Cooperation: Tomasz Dąborowski

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CENTRE FOR EASTERN STUDIES

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EXECUTIVE SUMMARY

- In the eastern policies of the Czech Republic, Slovakia and Hungary, relations with Ukraine have traditionally remained in the shadow of those countries' higher-priority relations with Russia. The Russian-Ukrainian war did not change this hierarchy, although it has led Bratislava, Prague and Budapest to re-examine their eastern neighbourhood. Their diplomatic contacts with Ukraine have been revived, their commitment to offering development aid for Kyiv has risen, and the Visegrad Group (V4), mainly through the V4+ format, has begun to lobby more actively for EU support for Ukraine. In this way, the V4 has contributed to keeping the question of Ukraine on the EU's agenda. The Czech Republic, Slovakia and Hungary ratified the Association Agreement between the EU and Ukraine quickly, and supported the process of visa liberalisation for Ukraine and the implementation of the Deep and Comprehensive Free Trade Agreement (the so-called DCFTA) between Ukraine and the EU. At the same time, Poland's partners in the V4 have become involved in specific forms of assistance for their eastern partner, including energy cooperation, supporting the reform process, and offering humanitarian aid.
- Support for the European aspirations of Ukraine and other countries in the EU's eastern neighbourhood, next to the Western Balkans, has for years been one of the flagship areas of the Visegrad Group's activity. The V4 states, after their accession to the EU in 2004, stated that one of the main goals of the Group's further activity would be their active participation in shaping the EU's neighbourhood policy towards the states of Eastern and South-Eastern Europe, as well as supporting those states' aspirations to EU membership. This policy gained more momentum after the launch in 2009 of the Eastern Partnership, a Polish-Swedish initiative supported by the other V4 states. Its activity includes annual meetings between the foreign ministers of the Visegrad Group countries and those of the Eastern Partnership, often with the participation of other EU politicians.
- Major success in the relationship between the V4 states and Ukraine is their rapidly growing energy cooperation. Slovakia and Hungary (as well as Poland) have enabled gas supplies from the West to the Ukraine via the reverse flows, thus playing a key role in ensuring the security of gas supplies to Ukraine. This was of great importance when Russia halted gas supplies immediately after its annexation of Crimea (April-November 2014). Thanks to the reverse flows from its Western neighbours, Kyiv has also

been able to stop all its purchases of Russian gas (November 2015). The V4 supports the transit of gas via Ukraine; for example, the leaders of the Visegrad Group states have joined the criticism of plans to construct the Nord Stream 2 pipeline, which would bypass Ukraine, although due to the ongoing preparations for the implementation of this project, the resistance from Poland's V4 partners to it is gradually decreasing. Also, the Visegrad Group is involved in transferring experience to Ukraine in ways of increasing energy efficiency and how to implement reforms to the energy market, thus supporting the country's integration with the EU energy market.

- The Visegrad group is the main format for strengthening the relationship between Ukraine and the countries of Central Europe. In recent years, Ukraine has repeatedly held meetings in the V4+ formula at the presidential, prime ministerial and ministerial levels. On each occasion these meetings have offered opportunities not only to express the Visegrad States' support for Ukraine's integration with the EU, but also to discuss cooperation in specific sectoral areas. One effect of this, for example, was the inclusion of Ukrainian soldiers (who were responsible for air transport) in the composition of the V4 Battlegroup which operated in the EU in the first half of 2016.
- Ukraine has been the biggest non-Visegrad beneficiary of the programmes of the International Visegrad Fund (IVF), which is funded by contributions from the Czech Republic, Poland, Slovakia and Hungary. Between 2005 and 2016 Ukrainians received a total of €4.5 million in the form of grants and scholarships, which represents 6% of the IVF's total budget in this period. Ukraine has also been the IVF's biggest beneficiary of all the Eastern Partnership countries (nearly half of the funding assigned to those states goes to Ukrainians). The projects financed by the Fund are aimed not only at reinforcing people-to-people contacts between Ukraine and the Visegrad states, but also support the reform process in Ukraine. One example of these activities is the V4 Civil Servants' Mobility Programme, which allows Ukrainian civil servants to gain experience through study visits to the Czech Republic, Poland, Slovakia and Hungary.
- Cooperation within the Visegrad Group states has helped alleviate differences between them in their reactions to the Ukrainian-Russian conflict. Slovakia and Hungary, and to some extent the Czech Republic, have been more cautious in their criticism of Russia, although in the joint declarations of the V4 these countries have been ready to accept stronger wording

in reaction to the Kremlin's policy in Ukraine. An important role is also played by the V4+Ukraine and V4+Eastern Partnership formats, thanks to which the governments of the Czech Republic, Slovakia and Hungary have opportunities to hold regular meetings with the Ukrainian government. The talks held in the "V4+" formats in 2014 contributed to overcoming the initial scepticism of Bratislava and Budapest towards the new, pro-Western government in Ukraine. In the case of Slovakia, this scepticism stemmed from Prime Minister Robert Fico's negative experience of the 'orange' government in Kyiv during the gas crisis of 2009. In Hungary, this was linked to memories of the activities of the Yushchenko/Tymoshenko team, which had been unfavourable to the Hungarian minority in Ukraine.

- The challenge for the effectiveness and credibility of the V4's actions concerning Ukraine lies in the differences between the individual policies of the V4 member states towards Russia. Among Poland's partners in the V4, there is a strong belief that the West should become more involved in talks with Russia, because without cooperation with Moscow, it will be unable to stabilise the situation in the Middle East or get a handle on the migration crisis. Because of their wish to maintain as good economic relations as possible with Russia, the governments of the Czech Republic, Slovakia and Hungary have avoided making too direct criticism of the Kremlin for its aggression towards Ukraine. However, since the beginning of the war, they have declared themselves in favour of the inviolability of borders, the territorial integrity and the sovereignty of Ukraine. Although some V4 leaders (the prime ministers of Slovakia and Hungary, the Czech president) have been openly undermining the effectiveness of the EU sanctions against Russia, none of the states in the region have chosen to block their renewal in the forum of the EU Council. In accordance with the position agreed by the EU, the V4 states have also declared their full support for the Minsk process and the implementation of the agreements concluded in Minsk.
- One of the causes of dissension within the Visegrad Group in its policy towards Ukraine and Russia is the domestic disputes in the Czech Republic and Slovakia on their eastern policy. The behaviour and statements of the Czech President Miloš Zeman are unequivocally pro-Russian, which contrasts with the approach of the foreign minister Lubomír Zaorálek, who is critical of the Kremlin's actions in Ukraine. In Slovakia, Prime Minister Fico has on the one hand declared his full support for the government in Kyiv, while claiming on the other hand that an 'American-Russian geopolitical conflict' is taking place in Ukraine, over which the EU does not have

much influence, but is still losing out. Meanwhile the president of Slovakia, Andrej Kiska, has criticised Russia for its aggression and called on the Slovak government to actively assist Kyiv.

- The governments of the Czech Republic, Slovakia and Hungary see Russia as a reliable supplier of energy resources, and as a market which is much more attractive than that of Ukraine. The governments of these three countries have been looking for ways to halt the decline in mutual investment and economic turnover with Moscow caused by the sanctions and the economic crisis in Russia. For this purpose, meetings of intergovernmental committees for economic cooperation have been organised at ministerial level, and the prime ministers of Slovakia and Hungary and the Czech president have regularly been meeting the president of Russia to discuss the prospects for further cooperation.
- In recent years, governments (both right- and left-wing) in the Czech Republic, Slovakia and Hungary have attached great importance to the policy of increasing their exports to Russia. In the East they see an opportunity to gain new markets, in connection with the economic problems of the euro-area states. Exports from the Central European countries to Russia are of little importance for their own economies, but their collapse has hit individual companies hard. Trade between the Czech Republic, Slovakia & Hungary and Ukraine is much lower compared to their economic cooperation with Russia. For this reason, politicians' activity to encourage the development of economic cooperation between Ukraine and the countries of Central Europe has so far been rather moderate, both in Kyiv and in the countries of the region. However, hope of improving this situation has come from a gradual economic recovery in Ukraine and a return to formats for business and political cooperation, such as business forums and inter-governmental commissions for economic cooperation. However, an essential precondition for the development of economic cooperation between the countries of Central Europe and Ukraine is that the authorities in Kyiv will undertake an effective fight against corruption, and improve transparency, stability and the enforceability of rights.
- Relations with the V4 states are not a priority in Ukraine's foreign policy. For Kyiv, cooperation with the more powerful states, perceived as key players in NATO and the EU (especially the US, Germany and France) has traditionally been of primary importance. This approach, as observed over the last 25 years, became particularly clear in 2014 in the face of the armed

conflict with Russia in the Donbas and the deep financial crisis. Kyiv sees the V4 primarily as a useful forum to help in lobbying for Ukrainian interests within the EU and NATO. On the other hand, it is less interested in using the Visegrad Group as a platform for strengthening regional or bilateral cooperation. This approach is partly related to a lack within Ukraine of experts who are interested in Central Europe, and the resulting low level of knowledge about the political and economic processes in the countries of the region.

- Since the revolution in Ukraine in 2014, the new authorities in Kyiv have not taken much serious action to intensify their political cooperation with the Czech Republic, Slovakia and Hungary. It was only at the turn of 2017 that Kyiv appointed new ambassadors to the capitals of those countries, accompanied by messages about the need to activate bilateral relations. In the case of relations with the Czech Republic, there is a lack of relevant topics for cooperation, and so the Visegrad group remains the main platform for their political contacts. Bratislava is seen in Kyiv as an ally; in questions related to natural gas. Slovakia guarantees Ukraine's gas supplies from the West, and both countries strive to remain the key transit countries for Russian gas supplies to the EU. At the same time, however, there is a perception in Ukraine that the main interlocutors on this matter are Berlin and Brussels. For the same reason, Ukraine has not regained the trust of the Slovak government, which was already seriously compromised during the gas crisis of 2009. In turn, Ukraine's bilateral relations with Hungary are dominated by the question of Budapest's policy towards the Hungarian minority in the Transcarpathian region. Although Kyiv has maintained a restrained tone at the highest political and diplomatic level towards Hungary's initiatives, this subject is often presented in the Ukrainian media as a threat to the territorial integrity of the state.

I. CZECH REPUBLIC'S POLICY TOWARDS UKRAINE

Two trends can be discerned in the Czech government's approach to Ukraine. On the one hand, Prague sees the war in eastern Ukraine as a threat to the region's security, including the risk of mass migration to Central Europe. In this context, the Czech government is trying to contribute to the stability of Ukraine by supporting reform there, and has been involved in EU and NATO efforts to discourage Russia from destabilising the situation in Ukraine. On the other hand, Prague is trying to minimise the losses that the war in Ukraine has brought to Czech-Russian economic cooperation by ensuring that good contacts are being maintained, at least at the level of the ministers responsible for the economy. For PM Bohuslav Sobotka, the priority in foreign policy is to maintain the cohesion of the EU and NATO, including with regard to Russia; this is why he has accepted the development of Czech-Russian economic cooperation only within the limits of the EU's consensus. In practice, this means that Prague's position is linked with that of Germany and other key players in the EU.

President Miloš Zeman has been actively pursuing a policy of Czech-Russian cooperation which is independent of the government. He is a strong opponent of the sanctions and favours a multi-faceted dialogue with Russia; he believes that Russia is not a threat, just a natural ally of the West in the fight against Islamic fundamentalism. The Czech president has acknowledged that the annexation of Crimea was unlawful, but added that in his opinion the decision by Nikita Khrushchev to transfer Crimea to the Ukrainian Soviet Socialist Republic was a mistake. Zeman has called Ukraine a failed state in his statements, has undermined the democratic transition taking place there, and has accused the government in Kyiv of favouring war. These statements by the Czech head of state have raised protests from the Ukrainian embassy in Prague, and are regularly cited by Russian media. A position close to that put forward by Russian propaganda on the question of sanctions and the situation in Ukraine has also been adopted by politicians from the Communist Party of Bohemia and Moravia (KSČM) and the Freedom & Direct Democracy party (SPD), as well as by some politicians in the co-ruling Czech Social Democratic Party (ČSSD). In January 2016 Czech communists visited the so-called 'Donetsk People's Republic' to obtain information about the 'crimes of the Ukrainian army'. One Czech deputy from the SPD went to Crimea to participate in the commemorations of the third anniversary of Russia's seizure of the peninsula.

Prague began to be more intensely interested in Ukraine and the EU's eastern neighbourhood after the Czech Republic joined the EU. The Czech Republic

was an active promoter of the Eastern Partnership programme, which was launched during the Czech presidency of the EU Council in 2009. In 2012, Ukraine was also regarded as one of the priority areas in the long-term strategy of Czech export, as a market with potential which had hitherto been underexploited by Czech business. In response to the Russian aggression in Ukraine, the Czech government immediately criticised the violation of international law, but avoided any steps that could have negatively affected its cooperation with Russia. Back in autumn 2014, PM Sobotka criticised the EU sanctions, maintaining that they were an inefficient and costly instrument; he also argued that it was necessary to ensure that “Russia does not feel threatened by ambitions to expand the EU and NATO”. The views of the Czech government have gradually changed since then, mainly under the influence of the German approach to sanctions. Another important factor in the re-evaluation of Czech policy towards Ukraine and Russia was Prague’s assumption of the annual presidency of the Visegrad Group in July 2015, thanks to which Czech diplomacy felt obliged to boost confidence in Central Europe after a series of disagreements caused by the various approaches taken by the region’s states towards the Ukrainian-Russian war.

A significant proportion of Czech politicians and businessmen who have experience in dealing with the post-Soviet states tend to regard Ukraine as a traditional Russian zone of interest. This approach is characterised in particular by President Zeman and some politicians on the left, and also quite often by entrepreneurs who have been active on the Eastern European markets for years. From their perspective, the Russian market has always been a priority compared to that of Ukraine, and was characterised by more readily comprehensible rules. In Prague, the loudest supporters of Ukraine gaining independence from Russia are first and foremost the opposition right-wing circles gathered around the former foreign minister Karel Schwarzenberg and his party TOP 09, as well as the Christian Democrats (KDU-ČSL) who are one part of the ruling coalition. Much activity in support of Ukrainian interests in the Czech Republic also comes from non-governmental organisations, whose work often includes representatives of the Ukrainian minority.

Bilateral political cooperation between the Czech Republic and Ukraine is dominated by contacts at the foreign ministry level. There is sporadic sectoral cooperation in other government departments (internal affairs, economy, culture), but for many years Czech-Ukrainian political contacts have not dealt with strategic issues, and remain at a lower level. Since the Maidan there has not been a single Czech-Ukrainian visit at the presidential or prime ministerial

level. The last meeting of this type took place during President Zeman's visit to Kyiv during the Yanukovych government in October 2013. For this reason, the EU and V4 summits in which Ukraine participates play an important role in maintaining contacts at the highest level and in the formation of the Czech Republic's Eastern policy.

1. Ukrainians in the Czech Republic

The Czech Republic has had positive experiences with its community of Ukrainians, which numbers about 110,000 (according to Czech data from 2016); they have integrated with Czech society without any major problems. It is mainly economic migrants who come to the Czech Republic; official data refers to about 42,000 Ukrainian workers (the most numerous group of foreigners on the labour market after Slovaks) and 23,000 Ukrainians conducting economic activity. Under the influence of the economic downturn in the Czech Republic since 2008, the number of Ukrainian employees fell by half, although in the last two years it has been rising again. Ukrainian citizens are also in the forefront of foreigners studying at Czech universities. The Czech government was a strong supporter of the EU's visa liberalisation for Ukrainians (and Georgians). During the negotiations between the EU and Turkey in the context of the migration crisis, Prague was strongly opposed to any idea that the requirements for Turkey in terms of the abolition of visas would be lower than in the case of Ukraine.

In connection with the sustained, record low unemployment rate in the Czech Republic (3.2% in April 2017, according to Eurostat), Czech entrepreneurs have been putting pressure on the government to allow an influx of more workers from Ukraine (among other countries) onto the Czech labour market. Until the economic crisis, the Czech Republic had conducted a liberal migration policy, but in 2008 it almost ceased issuing work permits to foreign nationals from outside the EU. In addition, the law prevents Czech employment agencies from hiring employees from outside the EU. On the other hand, Czech law allows the employment of such workers if they have been referred from employment agencies in other EU countries, a loophole which Polish companies often exploit. In practice, however, many of the companies registered in Poland which send Ukrainians to work in the Czech Republic either bend or violate the very restrictive Czech legislation. In addition, the Czech migration police, based on the provisions governing the residence of foreigners from non-EU countries, usually state that only permits issued by the Czech government allow such people to work in the Czech Republic.

The Czech policy of limiting the influx of foreign workers is in part a result of the strong influence of the country's trade unions, which have convinced the government that importing foreign workers will maintain low wages in the Czech Republic. On the other hand, this policy is also associated with the strong anti-immigrant mood in Czech society, which has also heated up the electoral campaign in recent months before general elections in October 2017. As a result, the decisive influence on the shape of the migration policy is wielded by the Ministry of the Interior, which has been ignoring the needs of the labour market. By a decision of the minister Milan Chovanec, there have been more inspections of companies regarding their employment of foreigners, as well as more patrols in municipalities which have complained to the government about having problems with foreign workers.

The Czech Republic issues work permits to foreigners from non-EU countries in the form of a uniform residence permit, and assigns them jobs through the Visapoint information system. Due to its overload and inefficiency, the standard practice in Ukraine is to use the services of companies which help in obtaining visas, which often involves breaking the law (for example by engaging in corruption or counterfeiting documents). Under pressure from employers' organisations, the Czech government is gradually increasing the number of consular workers in Ukraine, and has created a legal way to circumvent the Visapoint system, enabling companies to bring employees pre-selected in Ukraine into the country more quickly. However, this simplified system can only cover a maximum of 800 workers per month, which can improve the situation on the labour market to only a limited degree.

Stringent rules concerning the employment of foreigners have inclined some Czech entrepreneurs to employ Ukrainian citizens through Polish companies. The vast majority of these people have Polish visas for short-term work, issued within the framework of the so-called claims system, and they are sent to the Czech Republic by Polish employment agencies. Some of these Ukrainian workers are also employed in the Czech Republic as representatives of Polish employers. Ukrainians working in the Czech Republic who have Polish visas have often been expelled from the Czech Republic by the migration police on charges of lacking the correct work permits.

2. Energy and the economy

Against the background of the other Central European states, the question of maintaining the transit of Russian gas via Ukraine is of minor importance to

the Czech government. Secure gas supplies are guaranteed for the country by extensive connections with its neighbours, especially Germany. The Czech authorities have been avoiding any criticism of the Nord Stream project, which will transport Russian gas to the EU bypassing Ukraine. PM Bohuslav Sobotka did sign a letter from the heads of government of nine Central and Eastern European countries to the European Commission referring to Nord Stream 2 in critical terms (March 2016), but this was a one-off gesture which has not been followed up by any further declarations. In fact, Czech government representatives have highlighted the potential benefits for the Czech Republic from implementing Nord Stream 2, namely an expected rise in gas to be transferred via the Czech Republic. In this respect, the Czech transmission operator Net4Gas plans to increase gas imports from Germany and to increase its ability to export gas in conjunction with Slovakia. These activities are part of the logic of the implementation of the Nord Stream project 2; in fact, they will allow Russian gas to be redistributed in Central Europe without having to transport it via Ukraine.

After two years of collapse (2014-2015), Czech-Ukrainian trade flows are beginning to approach the levels they were at before the Russian-Ukrainian war, thanks to growing exports from the Czech Republic. In 2016, the Czech Republic exported goods to Ukraine worth around €800 million, an increase of 42% on the previous year, although this is still about a third less than in 2013. Despite the collapse of trade in Ukraine, it is mainly those companies that had good business contacts even during the Yanukovych government which have remained active. These include MND, which cooperates with Gazprom and owns deposits of gas in Western Ukraine, and Škoda Auto, which in March began production of the Kodiaq model in its Ukrainian factory. Economic cooperation has been further boosted by the resumption of business and political contacts. In June 2017, the Czech Republic and Ukraine organised the first meeting in five years of an intergovernmental commission on economic, scientific and technical cooperation.

Economic cooperation with Ukraine is of very limited importance for the Czech economy, whose priority market in Eastern Europe remains Russia. The annexation of Crimea and the aggravation of fighting in eastern Ukraine led the Czech government to limit its economic contacts with the Kremlin; for example, intergovernmental meetings on scientific, technical and economic cooperation were put on hold. Over time, however, Prague returned to the cooperation formats it had held with Russia prior to the Russian-Ukrainian war, and is currently looking for ways to reverse the negative trends in the two countries'

mutual trade. Over the past four years, the value of Czech-Russian trade has fallen by more than 40% (in 2016 it amounted to about €6 billion). Although the figures for the first months of 2017 show the first increase in exports to Russia in some years, it still represents only 1.8% of total Czech exports. Czech companies are seeking opportunities to expand into the Russian market for building production facilities in Russia (most recently the car lighting manufacturer Brisk and the machining centre manufacturer Trimill have taken this decision), which would allow them to reduce the administrative burden.

3. Czech support for Ukraine

The Czech Republic was conducting an active policy of transformation and development in Ukraine even before the Maidan, and in recent years it has increased its commitments in this country. The value of projects in Ukraine supported by Czech government money was around €6 million in the period 2014-16. As for development aid, the Czechs are focusing on support for Ukrainian education, including helping the government in Kyiv with reforms, supporting Ukrainian universities in managing EU programmes, and helping schools and colleges evacuated from the war zone. The Czech embassy in Kyiv is coordinating donors in the field of education. The list of Czech priorities also includes aid for the Ukrainian health system and for internal refugees, as well as support for independent media. Czech non-governmental organisations are also very active in Ukraine; one of the largest, *Člověk v tísni* (People in need), has been working in Ukraine for 15 years to help Ukrainians on both sides of the front. In 2015 it spent nearly €12 million on this.

II. SLOVAKIA'S POLICY TOWARDS UKRAINE

The Slovak government has two main objectives in the context of Ukraine: to maintain stability there, particularly to avoid a humanitarian crisis; and to maintain the stable transit of oil and natural gas at the highest possible levels to Slovakia via Ukraine's territory. The cabinet of PM Robert Fico has declared its full support for Ukrainian ambitions to join the EU, and is committed to supporting the transformation of the Ukrainian economy and the reform of sectoral policies. At the same time, the Slovak government has avoided criticising Russia for its aggression towards Ukraine, and is careful to maintain its very good political relations and close energy cooperation with the Kremlin. Its pro-Russian rhetoric is partly dictated by the expectations of the electorate of the co-ruling Smer-SD party, which Fico leads. The double-track Eastern policy of the Slovak government, on the one hand, has resulted in criticism of EU sanctions against Russia, but on the other hand, it has been accompanied by actions which assist Ukraine and strike at the Kremlin's interests (such as the reverse flow of gas on the Slovak-Ukraine border).

Unlike the government, President Andrej Kiska has openly described the Kremlin's policy towards Ukraine (and Georgia) as a threat to international security. During a visit to Kyiv in May 2015, the Slovak president said that Slovakia "will never recognise the illegal annexation of Crimea, and will never accept any political, military or economic interference in Ukrainian sovereignty". This is one of the permanent priorities in Slovak foreign policy, namely respect for international law, and not consenting to the revision of boundaries. This position derives, among other things, from the fact that a Hungarian minority of around 460,000 people live in the south of the country.

At the beginning of the Russian-Ukrainian war, Slovakia exerted great restraint in its reactions to the conflict, above all with regard to its economic cooperation with Russia. Since autumn 2014 (see below for a description of the activation of the Vojany-Uzhhorod pipeline), Fico's cabinet has invested in improving political relations with Kyiv, paying somewhat less attention to the Kremlin's position in this regard; this attitude has resulted from pressure from the EC and the United States, among others. The rapprochement between Slovakia and Ukraine also comes from both states' opposition to the Nord Stream 2 gas pipeline project; Bratislava and Kyiv both perceive it as a threat to their interests. Slovak support for Ukraine is also gradually extending to other areas; during the NATO summit in Warsaw, Slovakia committed itself to leading the NATO Trust Fund for the destruction of explosive materials in Ukraine.

The challenge for Slovak-Ukrainian relations is the criticism of the EU's sanctions against Russia regularly repeated by the Slovak prime minister. In his talks with his Ukrainian counterparts, Fico has indeed declared that the Slovak position remains in line with the EU consensus (the lifting of sanctions is conditional on implementation of the Minsk agreements). However, at the same time, he does not conceal his opinion that sanctions are an ineffective and harmful instrument. Slovakia, together with Hungary and other countries, has called for political discussions within the EU on sanctions. In June 2016, the Slovak foreign minister Miroslav Lajčák argued that the question is not about the lifting of sanctions, but rather about avoiding a situation where while formally maintaining them, "each country signs big treaties with Russia, visits [Russia], and meets people on the black list [i.e. those covered by the sanctions]". Statements by members of the Slovak government have long expressed increasing annoyance that, on the one hand, Germany, the EC and the US have been putting pressure on Slovakia to limit its economic contacts with Russia, while on the other hand, the larger states have been conducting dialogue and business with Russia without any major obstacles. At the same time Slovakia has acknowledged that the Minsk agreements are the only sensible means for bringing an end to the conflict, and that their rapid implementation is in the interest of all parties. The possibility that the Russian-Ukrainian war would be transformed into a frozen conflict would be a very bad turn of events for Slovakia.

Bratislava is looking for ways to develop cooperation with Moscow, despite the obstacles and difficulties in relations between the EU and Russia. The Slovak government maintains that Russia should not be treated as an enemy or a threat to the West or NATO, and has emphasised that none of the world's problems can be solved without Moscow. Despite a number of pro-Russian gestures, Slovakia has limited the number of areas in which Moscow could put pressure on it. It has guaranteed the possibility of alternative (to Russia) energy supplies, and is gradually replacing its old Russian military equipment with hardware from the West. The Slovak government wants to develop economic cooperation with Russia, including in the strategic areas of supply and transit of oil and gas; however, it is taking care to ensure that it will have a readily available alternative in each of these areas.

Slovak politicians have become strongly involved in work on the modernisation of Ukraine, including the main contributors to the liberal reforms at the turn of the 2nd century. The former prime minister Mikuláš Dzurinda has acted as an advisor to President Poroshenko, and the former prime minister Iveta

Radičová was involved in a project for the decentralisation of Ukraine carried out by the Community of Democracies. Former finance minister Ivan Mikloš, on the occasion of the change of government in Ukraine in 2016, even received a proposal to become that country's finance minister; eventually he became the head of a group of advisers to the Ukrainian prime minister, and was also co-chair (along with Leszek Balcerowicz) of the Group of Strategic Consultants to Support Reform, whose task is to provide substantive scientific support for the president and the government. Regardless of the results achieved by these politicians' work in Kyiv, their media activity in Ukraine and Slovakia has helped greatly in building a climate of bilateral cooperation.

The development of Slovak-Ukrainian cooperation has also been aided by the involvement of regional authorities on both sides of the border. In both cases this concerns peripheral and under-funded regions, which is why the Slovak local authorities have also taken the opportunity to increase the attractiveness of eastern Slovakia in cooperation with Ukraine. The border regions have invested high hopes in the launch of visa-free travel, but they maintain that irrespective of this step, it would be worth simplifying the local border traffic regime and increasing its area to extend as much as 100 kilometres from the border.

1. The economy and energy

Trade with Ukraine generates only 0.6% of Slovakia's trade (according to Slovak data from 2016). This figure is overshadowed by Slovakia's trade with Russia, which itself is far from substantial; at €4 billion, it represents only 3% of Slovakia's total trade turnover. At the political level, attempts are admittedly being made to revive Slovak-Ukrainian economic cooperation, although these remain sporadic. In 2015, the countries' economy ministers discussed resuming the work of the Slovak-Ukrainian intergovernmental commission for economic, industrial and scientific & technical cooperation, the last meeting of which took place in 2015. However, no date for a new meeting has so far been announced.

From the perspective of Slovakia, Ukraine is primarily seen as a state of particular importance for the security of energy supply from the East. The Bratisvo gas pipeline and the southern strand of the Druzhba oil pipeline run via both countries; these play a key role in the system of transporting Russian energy carriers to Western Europe. This infrastructure is not only important for Slovakia with regard to energy security; it also brings the country tangible financial benefits (the Slovak transmission operator's annual revenues from gas transit are estimated at close to €800 million).

Cooperation between Slovakia and Ukraine in the area of energy has widened significantly in the last three years, but it still remains charged with a large degree of mutual distrust. This results from the negative experiences of the period in 2006 when the supply of Russian gas to Ukraine was interrupted, and above all from the crisis of 2009, when Slovakia suffered severely as a consequence of the Russian-Ukrainian dispute. On the one hand, PM Fico's cabinet of the time lost any illusions that good relations with Russia would ensure stable gas deliveries to Slovakia; and on the other, it was confirmed in the belief that Ukraine is an unreliable partner because of the negative experience of Slovakia's cooperation with Kyiv during the crisis.

The consequence of the low level of trust between Bratislava and Kyiv was a dispute (which lasted more than a year) around the idea of activating a so-called 'large' gas reverse flow on the Slovak-Ukrainian border. Ukraine demanded that the reverse supplies be activated at the Bratstvo transit gas pipeline (at the Veľké Kapušany border point), and saw the lack of progress from Slovakia in this field as an element of Bratislava's pro-Russian policy. For its part, the Slovak government argued that activating a 'large' reverse flow was impossible from a legal point of view, due to the country's existing contractual obligations with Gazprom and the Ukrainian side's lack of control over transit (Gazprom does not provide Ukraine with the full transit information, i.e. the shipper codes). Currently this dispute has been muted, although it has been agreed that talks on the 'large' reverse flow will continue with the participation of the European Commission.

A compromise solution to the question of reverse gas supplies from Slovakia to Ukraine arose in the form of the activation of the Vojany-Uzhhorod pipeline in autumn 2014. This connector enables deliveries at the level of 14.6 bcm per year, more than Ukraine's entire gas imports in 2016 (11 bcm). The reverses at Ukraine's connectors with Hungary and Poland have lower capacities (6.1 and 1.4 bcm respectively), and they cannot guarantee stability of supply due to their intermittent mode of operation. This means that cooperation with Slovakia has become a key element of Ukraine's policy to ensure the security of its gas supplies. This is particularly important in the context of Kyiv's halt to the purchase of Russian gas in November 2015. Currently Ukraine is relying solely on domestic production and imports of gas from the West.

The theme that brought the governments of Slovakia and Ukraine together in 2015 was their common opposition to the plans to construct the Nord Stream 2 gas pipeline. It is in the common interest of Slovakia and Ukraine to maintain

the transit of Russian gas via Bratstvo pipeline, which is the main supply route for Russian gas to the EU (it runs from Russia via Ukraine to Slovakia and the Czech Republic; the gas pipeline has branches running from Ukraine to Hungary and Moldova). For this reason, not only the politicians in Bratislava and Kyiv, but also the transmission system operators from both countries (Slovakia's Eustream and Ukraine's Ukrtranshaz) have adopted strong stances against plans to ship Russian gas to the West while avoiding Ukraine (and Slovakia).

The Slovak-Ukrainian opposition to the Nord Stream project 2, however, is based on fragile foundations. This is because Bratislava, in contrast to Kyiv, is avoiding confrontation with Russia in this context, as it has mainly criticised those Western companies which are cooperating with Gazprom. Both the Slovak government and Eustream are negotiating intensively with Russia on the question of the perspectives for the transit of Russian gas via Slovakia after Nord Stream 2 has been constructed. The evolution of the Slovak government's position over the past year is the probable result of these talks. The Slovak authorities have gradually ceased public criticism of the project to build a new gas pipeline via the Baltic Sea. At the same time the Slovak operator, in order to minimise its losses after the implementation of Nord Stream 2, has begun to pursue investments which can be considered as an adaptation to the new directions of gas transfer which will apply after Nord Stream 2 has been completed. At the beginning of 2017 Eustream decided to build a fifth compressor station, which will allow gas transmission from West to East to be increased, and make it easier to redistribute gas from Nord Stream 2 in Central Europe.

An important step in creating the perspective of strengthening Slovak-Ukrainian energy cooperation was a letter of intent from Eustream, Ukraine's Naftohaz & Ukrtranshaz, and the Italian operator Snam on their common assessment of opportunities for cooperation in the development and use of the Ukrainian pipeline network, which was signed in April 2017. The letter was a clear signal confirming the Slovak company's interest in cooperating with Ukraine on gas transit. At the same time, it can be read as sounding out what the EU operators' options might be regarding the privatisation of the future operator of Ukraine's pipelines. Slovakia is also playing an increasingly important role in sharing its experiences of reforming the electricity market in Ukraine. Within the framework of the V4 Road Show project, initiated by the Visegrad Group in 2014, Slovakia has organised a number of conferences and training courses designed to share its experiences, primarily in the area of energy efficiency. Since March 2016, Slovakia's energy regulatory authority

(ÚRSO) has shared its experience in implementing the Third Energy Package as part of a two-year twinning project with Ukraine. Bratislava has also proposed that, in the context of the cooperation between the European Network of Transmission Systems Operators for Electricity (ENTSO-E) and Ukraine, it is ready to offer its expertise in synchronising Slovakia's network with the European system of electricity transmission networks (UCTE).

III. HUNGARY'S POLICY TOWARDS UKRAINE

Hungary's policies towards Ukraine are shaped by two main factors: cooperation between Hungary and Russia, which the government of Viktor Orbán treats as a matter of priority; and the issue of the Hungarian minority in Ukraine. Hungary primarily sees the Ukrainian-Russian conflict and the cooling of relations between the West and Russia as an obstacle in the development of its own economic cooperation with Russia. Although Ukraine is Hungary's largest neighbour (it is larger than the other six neighbouring states combined) Budapest has not devised a comprehensive political strategy towards the country, focusing instead on the fate of Ukraine's Hungarian minority in Transcarpathia, which numbers around 150,000. In the first months after the Revolution of Dignity, serious tensions arose in Hungarian-Ukrainian relations; since then, however, political relations have stabilised, and there has been a progressive development of sectoral cooperation in energy and the economy, as well as the stirrings of political support from Hungary for the changes in Ukraine.

Hungary's policies towards Ukraine largely come down to actions taken within multilateral formats (mainly the EU and the V4). Hungary supports the development of the EU's policy towards the eastern neighbourhood (within the framework of the European Neighbourhood Policy and the Eastern Partnership). Hungary's priority, however, is the region of the Western Balkans, and it is focusing the efforts of its diplomacy there. Budapest is also involved in supporting Ukraine within the framework of the activities of the Visegrad Group. Ukraine is not high on the list of priorities of Hungarian development aid, and it has primarily been targeting its funding at the region inhabited by the Hungarian minority.

1. Ukraine in the shadow of Hungarian-Russian relations

For years Hungarian diplomacy has prioritised the country's relationship with Russia above relations with Ukraine. Due primarily to the important role of Russian raw materials for the Hungarian economy, both left- and right-wing governments in Budapest have given relations with Moscow high priority. Hungarian-Russian cooperation has deepened during the rule of Viktor Orbán, who treats Russia as a key economic and political partner within the framework of the strategy announced in 2010 entitled 'Opening to the East'. The intensity of Hungarian-Russian contacts has been demonstrated in Orbán's meetings with Putin, which have taken place at least annually since 2013.

The Ukrainian-Russian conflict erupted at the height of economic cooperation between Hungary and Russia. An agreement to expand the Paks nuclear power plant in Hungary, a flagship Hungarian-Russian project, was concluded in January 2014. The Hungarian authorities decided (without holding a tender) to entrust its construction to Rosatom, and they plan to finance the investment from a Russian loan of €10 billion. The construction of the new nuclear block is scheduled for the period 2018-2026, and the repayment of the loan will last until 2047. The long-term nature of this investment will lead to a deepening of Hungary's political and financial dependency on Russia for several decades.

Since the Russian-Ukrainian gas crises (in 2006 and 2009), Hungary has sought the creation of a supply route for Russian gas to Hungary which would serve as an alternative to the transit through Ukraine. After the failure of the South Stream project, Budapest has been looking for an opportunity for Russian gas to be transmitted from Turkey via the Balkans from the planned Turkish Stream gas pipeline. Orbán's government is developing close relations with Russia on the basis of the priorities of the country's energy policy, but also with a view to obtaining immediate political benefits. In 2013-2014 Gazprom twice lowered its gas prices for Hungary, which was a key part of Fidesz's re-election in 2014 (reducing energy prices for households was Orbán's main election slogan).

Donald Trump's rise to power in the USA has strengthened Budapest's hopes that the sanctions policy will be reversed and that there will be a return to 'business as usual' in relations with Russia. As it waits for that moment, Hungary is being careful to maintain its intensive political contacts with Moscow, hoping to minimise the braking effect on economic cooperation (in 2016 Hungarian exports were about 40% less than in 2013). In this way the Hungarian government is trying at least to maintain its current position on the Russian market (as it competes with other European companies, such as those from Germany and Austria, which are consistently active in Russia), hoping as it does so that the Kremlin will appreciate these gestures from Budapest when the sanctions are lifted and the economic crisis in Russia has blown over. The Hungarian government has invested much more effort in developing economic contacts with Russia (for example by holding regular meetings of the intergovernmental economic commission, and the intensive development of political and business contacts with the Russian regions) than it has with Ukraine, despite the similar importance of both markets for Hungary's exports (c. €1.4 billion in 2016 each).

2. Hungary on the Russian-Ukrainian conflict

Due to its close relationship with Russia, from the beginning Hungary has emphasised its distance from the Russian-Ukrainian conflict. Although it condemned the annexation of Crimea and has expressed support for the sovereignty and territorial integrity of Ukraine, it has however opposed holding Russia responsible for its aggression. Although Hungary voted for the imposition and extension of EU sanctions on Russia, Prime Minister Orbán has openly and repeatedly challenged the rationality of their implementation, and stressed the costs to the Hungarian economy, calling it “a shot in the foot”. Since spring 2016 Hungary has called for a discussion on sanctions at the European Council level, and has criticised the fact that decisions on extending the sanctions will be taken ‘automatically’ at the level of the EU Council.

Despite official support for the sovereignty of Ukraine, rhetoric similar to the Russian narrative on the Ukrainian-Russian conflict is popular in Fidesz circles. Both the Hungarian government and the media linked to the ruling party have pointed out that in essence it is a Russian-American conflict. They use the expressions ‘the Ukraine crisis’, ‘civil war’ or ‘fratricidal war’ in reference to the war in the Donbas, avoiding any direct mention of Russian aggression. This is in contrast to Fidesz’s earlier line; back in 2008 Orbán sharply criticised Russia for its aggression towards Georgia, which he compared to the Soviet intervention in Hungary in 1956. The Hungarian media, particularly pro-government sources, have dedicated very little space to the Maidan protests, the annexation of Crimea or the war in Syria. If they have discussed these topics, they have focused on the position of the Hungarian minority in Ukraine, and particularly on whether soldiers from the Hungarian minority should be participating in ‘a war that is not theirs’.

In the first few months after the outbreak of the Ukrainian-Russian conflict, Hungary implemented a series of actions and gestures which were unfavourable to the new authorities in Kyiv. In May 2014, during the campaign for elections to the European Parliament, Orbán called for the Hungarian minority to be granted autonomy in Ukraine. This met with an extremely critical reaction in Kyiv, and was seen as an action aimed at destabilising a state which was struggling with aggression. In September 2014, three days after President Orbán met Aleksei Miller, the head of Gazprom, Hungary suspended gas reverses to Ukraine for four months (arguing that it needed to fill its own gas reserves). Other unfriendly gestures included the nomination in 2014 as Hungary’s ambassador in Ukraine of Ernő Keskeny, the chief architect of the Hungarian

'opening to the East' and an advocate of rapprochement with Russia. According to Hungarian media, Keskeny was responsible for a key meeting between Orbán and Putin in 2009, which refocused the former's attitude towards Russia a few months before Fidesz took power.

At the turn of 2015 Hungary made attempts to improve its relations with Ukraine. This involved a general correction in foreign policy after the ostentatious emphasis on its close relations with Russia, the rhetorical undermining of the West's unity concerning Russia, and the unfriendly gestures towards Ukraine which led to the deterioration of relations with Hungary's traditional partners in the West. Orbán's government mainly tried to improve its relations with Washington, which in autumn 2014 underwent their greatest crisis since 1989 (including the prohibition of a group of Hungarian officials from entering the United States). Budapest's stance towards Kyiv was also influenced by pressure from Berlin, which sought a unified EU policy towards Russia in this period. The desire to improve relations with Poland was also of relevance, as their deterioration had adversely shaped the two states' cooperation in the Visegrad Group, which was important for Budapest. As a result, after a tumultuous first few months, Hungary developed correct bilateral relations with the Ukrainian government which was voted in in 2014. This improvement was aided by the frequent meetings between PM Orbán and President Poroshenko (within the framework of bilateral visits, and on the sidelines of the European People's Party congresses), as well as regular contacts at lower levels of government. Hungary has muted its demands for autonomy for the Hungarian minority, and in January 2015 it resumed the reverse transmission of gas to Ukraine after a few months' break.

The rebuilding of trust in Hungarian-Ukrainian relations has been hindered by the Hungarian government's ambiguous rhetoric towards Ukraine. On the one hand, Orbán has stressed that the existence of an independent, democratic and prosperous Ukraine is in Hungary's interest; but on the other, he has expressed his scepticism regarding the country's future, the prospects for its economic development, and the state of the rule of law there. Orbán's statements often manifest deprecating attitudes towards Kyiv. In a speech to Hungarian ambassadors in February 2016 he stressed that it was in Hungary's interest that there "should be something" between Hungary and Russia, "which, for example, could be called Ukraine". He has pointed out that Hungary should not get caught up in any international anti-Russian coalition because of Ukraine. Press conferences held after meetings between Orbán & Putin have become an opportunity for the Russian president to attack Ukraine and demonstrate

the divisions and weaknesses of the EU and NATO, and Putin's speeches do not meet with any opposition from Orbán.

However, the building of good relations between Hungary and Ukraine has been aided by Hungary's support for Ukraine in the EU and NATO. Hungary, along with the other Visegrad Group states, pushed for the soonest possible abolition of EU visas to Ukraine (thus working also in the interests of the Ukrainian Hungarians). As part of its activities under the banner of NATO, Budapest has donated €100,000 to the NATO-Ukraine Cyber Defence Trust, which was created on the basis of a decision taken at the 2014 summit in Wales. Hungary has also participated in the Defence Education Enhancement Programme (DEEP) for Ukraine.

Hungary has also offered material support to Ukraine, albeit to a lesser extent than most countries in the region. Every year about 20 Ukrainian soldiers are accepted for treatment in Hungarian hospitals. Thanks to the support of the Hungarian government, hundreds of children of injured and killed Ukrainian soldiers have spent holidays in Hungary in the past two years. Hungary's government and citizens have also given financial support to NGOs providing humanitarian aid in Ukraine (about 200 tonnes per year).

3. Areas of cooperation with Ukraine

Even before the annexation of Crimea and the Ukrainian-Russian conflict, Hungary had activated gas reverse flow on an interconnector with Ukraine (March 2013). This allows it to deliver gas at the level of 6.1 bcm per year, although the actual transmission volume is much smaller, for technical reasons among other factors (it operates in interruptible mode). The operation of this interconnector became the subject of tensions between Hungary and Ukraine when in November 2014 Budapest completely halted its gas deliveries to Ukraine. This gave rise to a range of suspicions of cooperation between Hungary and Russia targeted against Ukraine (the halt in the supply was preceded by a meeting between the head of Gazprom and PM Orbán). In January 2015, however, Hungary resumed the deliveries, and a few months later the Hungarian transmission system operator FGSZ entered into an agreement with the Ukrainian operator Ukrtranshaz which adapted the rules for their cooperation on the interconnector to conform with EU regulations (the so-called Interconnection Agreement). In theory, the agreement allows gas to be traded within a so-called virtual reverse flow (backhaul service), as it has introduced regulations in full compliance with the so-called Third Energy Package. However,

Gazprom still does not provide Ukraine with full transit data (shipping codes), thereby preventing the implementation of the virtual reverse service.

Hungary has expressed cautious opposition to the plans to construct the Nord Stream 2 pipeline. In March 2016, the prime ministers of nine Central and Eastern European countries criticized this project in a letter to the European Commission. However, Prime Minister Orbán has consistently avoided making any public statements on this issue, as have the members of his cabinet. The Hungarian criticism of Nord Stream 2 has boiled down mostly to highlighting the hypocrisy of the European Commission, which has blocked the South Stream project but has not shown a similar determination in relation to Nord Stream 2. Nevertheless, Hungary is taking measures which may hinder the distribution in the region of gas from Nord Stream 2. The Hungarian energy regulatory authority MEKH has halted the capacity auctions at the interconnectors with Austria and Slovakia for the period after 2019. MEKH has argued its decision on the basis of the market's uncertainty at the plans to build Nord Stream 2 and the possible suspension of the transit of Russian gas via Ukraine.

In recent months the Hungarian government has attempted to strengthen its economic cooperation with Ukraine. November 2016 saw the Hungarian-Ukrainian Business Forum in Debrecen, which was attended by the two countries' prime ministers. For the Hungarian economy, the main driving force of which is exports, the big Ukrainian market is an attractive destination. Between 2009 and 2013 trade almost doubled, and Ukraine has become Hungary's third largest export market outside the EU (after the United States and Russia). After the collapse of trade as a result of the economic crisis in Ukraine in the years 2014-15, 2016 has seen a renewed increase in trade flows. The largest Hungarian investor in Ukraine, the OTP bank, again started to make profits in Ukraine in 2016 after recording significant losses in 2014-15 (about €250 million).

Hungary and Ukraine are trying to revive their cross-border cooperation, which has been neglected in recent years. This matter is of great importance for the Hungarian government in particular, as it wants to facilitate contacts between Hungary and the Hungarian minority in Ukraine, which resides mostly in the border areas. The local authorities of Szabolcs-Szatmár-Bereg county in Hungary and the Transcarpathian region of Ukraine have strengthened their cooperation in the field of border infrastructure (the modernisation of border crossings and bridges over the river Tisza, which marks the border). In 2016, Hungary offered Ukraine a loan of €50 million to be spent on the expansion

of the road network in the Transcarpathian region. The Budapest government also plans to run a motorway up to the Ukrainian border by 2020. This intensive cooperation between Hungary and Ukraine (as well as Slovakia and Romania) also includes the management of the upper Tisza river, the wetlands of which are located on the border between these countries.

4. Hungary's policy towards the Hungarian minorities in Ukraine

Although the Hungarians in Ukraine are not the largest ethnic minority in that country (they number about 150,000 people, or 0.3% of the population of Ukraine), nor the largest Hungarian minority inhabiting the neighbouring countries, they are the key topic in Budapest's relations with Kyiv. Hungary's policy towards national minorities is one of the leading areas of its diplomacy. In recent years Hungarian governments have formulated a number of demands concerning the Hungarian minority which have been the subject of contention in relations with Ukraine: 1) the granting of cultural autonomy to the Transcarpathian Hungarians; 2) to demarcate an electoral constituency which would include municipalities inhabited mostly by Hungarians; 3) allowing them to hold dual citizenship. Budapest has protested strongly against the emerging proposals for changes in the Ukrainian legislation concerning language and education, and has accused Kyiv of preventing Budapest from implementing its policy towards the Hungarian minority. Hungary has set the issue of Kyiv's compliance with the rights of the Hungarian minority as a condition of its further support for Ukraine on international fora. It has also stressed that in the absence of agreement on the Hungarian minority at the bilateral level, Budapest will seek to transfer this dispute to the level of the EU.

The Hungarian demand for cultural autonomy for the Hungarians in Ukraine is part of the policy which Budapest is also conducting with regard to its other neighbours. Soon after the outbreak of fighting between the Ukrainian army in the Donbas and the separatists supported by Russia, PM Orbán called upon the Ukrainian government to extend the scope of the Hungarian minority's rights in May 2014. Although he did not give any details regarding the scope of this autonomy, his phrasing – suggesting that respect for the rights of the national minorities was at risk under the new Ukrainian government – was received in Kyiv as being part of the rhetoric coming from Russia, which was conducting its aggression towards Ukraine under the pretext of protecting minority rights. Under the influence of criticism by Kyiv, as well as other European capitals, Budapest's demands for autonomy have been muted, although the Hungarian government has sometimes expressed support for the autonomous

aspirations of the Hungarian minority, calls which meet with immediate protests from the Ukrainian foreign ministry.

Another unresolved point of contention is the case of Hungarian citizenship for the Hungarians in Ukraine. The simplified path for granting Hungarian citizenship, which has been in effect since 2011, is a flagship project of Orbán's government, serving the stated aim of 'the reintegration of the nation beyond the borders of the state.' According to the Hungarian authorities, 70% of Ukrainian Hungarians had received Hungarian citizenship as of November 2016. Budapest's promotion of the policy of members of Hungarian minority taking Hungarian citizenship has caused little controversy in Kyiv (albeit quite large in the Transcarpathian region). Although the Constitution of Ukraine prohibits the possession of dual citizenship, there are no legal provisions which would have any consequences for a citizen who has the nationality of another state. When signals appeared in 2017 about a forthcoming bill to regulate the status of dual citizenship in Ukraine, the Hungarian government began to demand the conclusion of a bilateral agreement which would guarantee the Hungarian minority the right to hold dual citizenship.

Hungary's attitude towards the Maidan and the Ukrainian authorities after 2014 is burdened, among other factors, by the Hungarian minority's negative experiences with the governments of those politicians who came to power after the Orange Revolution. In 2004, in return for support of his candidacy for the presidency, Viktor Yushchenko promised a series of concessions for the Hungarian minority which, however, were not implemented. In turn, the Tymoshenko government introduced changes in 2009 which caused difficulties in the teaching of the Hungarian language, which the then leftist government in Hungary protested. Hungarians also feared nationalist tendencies in the political opposition to the Party of Regions.

The problems in Hungarian-Ukrainian relations are affected by the fact that, from Kyiv's perspective, the Hungarian minority's rights are largely related to those of the Russian-speaking population of Ukraine. Hungary received the law on languages adopted during Yanukovich's presidency in 2012 positively, as it allowed Hungarian to be admitted as an additional official language in the region inhabited by the Hungarian minority – regardless of the fact that the main aim of the then government in Kyiv was to give the Russian language the right of a parallel official language in most regions of Ukraine. The Hungarian foreign ministry sharply protested the repeal of this Act by the Ukrainian parliament two days after Yanukovich fled Kyiv and the dominant role of

the Ukrainian language was reinstated. Although the repeal of the language law was blocked by the then acting president of Ukraine, for a long time the Hungarian authorities saw the attempt to repeal it as proof of the new Ukrainian government's negative attitude towards the national minorities. Moreover, Orbán's government has heavily publicised the few nationality-based incidents which have taken place since 2014 (such as the vandalising of Hungarian monuments).

The Hungarian minority, which inhabits a compact area in the Transcarpathian region on the border with Hungary, has relatively broad rights in the field of education and culture in the Hungarian language. Over a hundred primary and secondary schools operate in which instruction is given in Hungarian. Higher education is conducted in Hungarian at the Uzhhorod State University and the Hungary-funded Ferenc Rákóczi II Transcarpathian Hungarian Institute in Berehovo. However, the implementation of legislation concerning minorities remains a problem, mainly due to the lack of financial resources. Ukrainian Hungarians are at present primarily struggling with the same problems (related to the difficult economic situation) as the rest of Ukraine's inhabitants.

The Hungarians are among the best-organised national minorities in Ukraine. The Transcarpathian Hungarians achieved substantial successes in recent local elections (October 2015) because, thanks to the mediation of the Hungarian government, the two Hungarian minority parties (which have been competing against each other since the 1990s) put forward joint candidates in some regions for the first time. The alliance of these parties won 8 of the 64 seats in the Transcarpathian Regional Council. They also have one deputy in the Ukrainian parliament. An activist from the Hungarian minority in Transcarpathia, Andrea Bocskor, was elected on Fidesz's list as a member of the European Parliament in 2014.

Nevertheless the Hungarian minority (with the support of the government in Budapest) is still unsuccessfully trying to have a single-mandate constituency created in which Hungarians would constitute a majority. This would allow them to send a deputy representing the Hungarian minority to the parliament. Although a deputy from the Hungarian minority has actually been returned to the Ukrainian Parliament in recent years, each time this has required an agreement between the Hungarian minority and the dominant party at any given time; in 2012, a representative of the Hungarian minority was chosen from the list of the Party of Regions, and in 2015 from the list of the Poroshenko Bloc (László Brenzovics).

Since the outbreak of the Maidan protests, the Russian-Ukrainian conflict and the economic crisis in Ukraine, aid from Budapest for the Hungarian minority in Transcarpathia has increased. Hungarian government representatives have stressed that the Transcarpathian Hungarians are “at present the most vulnerable part of the Hungarian nation”. In addition to their long-standing policy of support for Hungarian-language education, cultural institutions and associations, Budapest is sending more and more material aid to the Transcarpathian Hungarians. This includes humanitarian aid (e.g. food for children), but the Hungarian state – in the face of Ukraine’s economic difficulties – has also been paying allowances for teachers, doctors, priests and journalists belonging to the Hungarian minority. Hungary has also allotted funding for the renovation of hospitals and schools in Transcarpathia.

In 2016, the Hungarian government launched a programme to fund companies and entrepreneurs in Transcarpathia (a similar programme is being conducted in the Vojvodina of Serbia, which is also inhabited by numerous Hungarian communities). In 2017 Hungary reserved around €17 million for non-refundable loans, as well as around €60 million for low-interest loans for businesses. As the government has announced, the aim of this programme is to improve the economic situation of the Transcarpathian Hungarians and thus discourage them from emigrating; this is part of the general objective of Budapest’s Hungarian minority policy, which is for Hungarian minorities to remain in their ‘homeland’.

IV. UKRAINE'S POLICY TOWARDS THE CZECH REPUBLIC, SLOVAKIA AND HUNGARY

In Ukraine's foreign policy, relations with the V4 states do not have top priority. For Kyiv, cooperation with strong and rich states, as well as the perceived key players in NATO and the EU (particularly the United States, Germany and France), has traditionally been of primary importance. This attitude, as observed over the last 25 years, was particularly highlighted in 2014, in a situation of armed conflict with Russia in the Donbas and the deep financial crisis. Positive solutions (as Kyiv sees it) to both these problems can primarily be implemented through active diplomatic actions in the capitals of those countries and in Brussels (by the EU). The goal of these activities is to keep the pressure on Moscow, and to ensure that these states (and thus the EU and NATO) continue their support for Ukraine. In this context, Kyiv's efforts in the EU and NATO are focused on three fundamental issues. First, ensuring the continuation of financial and technical assistance from Western donors. Secondly, retaining their political support, which is seen as supporting sectoral sanctions against Russia and maintaining the Minsk agreements as the main document regulating the resolution of the Donbas conflict. And thirdly, getting Gazprom's construction of Nord Stream 2 blocked. Visa liberalisation with the EU was another priority for the Ukrainian government until spring 2017, when Brussels ultimately set a date to lift visas for Ukrainian citizens. From Kyiv's point of view, the main aim of its political relations with the Czech Republic, Hungary and Slovakia, both bilaterally as well as in the V4+Ukraine format, is to convince those countries' leaders to lobby on behalf of Ukraine's political and economic interests in NATO and the EU. At the same time, Kyiv tends to pay much less attention to bilateral (economic, social and cross-border) cooperation with its Western neighbours. This attitude results from the low priority these issues have, compared to the military and economic challenges the country has been facing since 2014, as well as a shortage of financial resources, and also often the lack of substantive potential and political will to implement initiatives in the areas mentioned above. Concomitantly, the V4's importance for Ukraine depends on the strength of each of this format's members on the international stage, as well as its relations with various capitals, first and foremost, with Berlin and Washington.

In the immediate aftermath of the Revolution of Dignity in Ukraine in 2014, the new authorities in Kyiv took no action to intensify the cooperation with the Czech Republic. This country is now seen in Ukraine as a supportive state (with the exception of its president, Miloš Zeman), but one which has little influence

on the policies of the EU and NATO in those areas which are crucial for Kyiv. For this reason, Kyiv does not assign particular importance to its relations with Prague, and the main platform for the two countries' political contacts remains the Visegrad group. Within this association, Ukraine is committed to lobbying for its interests in the EU and NATO.

The dynamics of bilateral relations between Ukraine and Slovakia is much greater because of their common border, through which the pipeline representing the main transit route of Russian gas to Europe runs. In Kyiv's perspective, it is cooperation in the area of gas which is the main subject in its relations with Bratislava. The image of Slovakia in Ukraine has been improved by the involvement of former Slovak politicians in the process of economic reforms in Ukraine. On the other hand, bilateral relations have been made more difficult by the discrepancy seen in Kyiv between the approach of Slovakia's prime minister (who is considered to be a pro-Russian politician) and that of its president (who has criticised Russia's aggressive policies) to their country's relations with Ukraine.

Presidents Poroshenko and Kiska met on the Slovak-Ukrainian border on 11 June, where they symbolically 'opened the gates' to Europe on the occasion of the start of visa-free travel between Ukraine and the EU. Kyiv probably saw the choice of this section of the EU border as the most neutral. Against the backdrop of the conflict over politics of memory in Ukraine's relations with Poland, the tension concerning minority rights in the Transcarpathian region in relations with Hungary, and the traditionally cool relations with Romania (which is not a member of the Schengen zone), the pro-Ukrainian President Kiska was seen by the government in Kyiv as a safe partner who would not cause any controversy. For these reasons, it cannot be excluded that, in the campaign before the parliamentary and presidential elections in 2019 already underway in Ukraine, the government in Kyiv will focus on visa liberalisation as a major success of its policy of bringing the country closer to Europe, and Slovakia will be portrayed as Ukraine's principal advocate in the EU.

Kyiv sees Bratislava as an ally on the issue of guaranteeing the transit of Russian gas via Ukraine and Slovakia. At the same time, however, there is a perception in Ukraine that the main players in this matter are Berlin and Brussels. This is another reason why Ukraine has not regained the trust of the Slovak government, which was seriously undermined during the gas crisis in 2009. Regardless, Bratislava's consent to activate the Vojany-Uzhhorod pipeline significantly helped Ukraine to reduce the import of from Russia in 2015, and to

opt out of it completely in 2016 and 2017. In 2016, Ukraine imported 9.1 bcm of gas via Slovakia, 85% of its total imports. In the face of a drop in demand for gas in Ukraine (due to the economic crisis and the adoption of a more realistic price on the domestic market), Kyiv has ceased raising the issue of the activation of the so-called 'big reverse' on the main grid interconnector. Previously, Ukrainian pressure and attempts to influence Bratislava (via Brussels) had been received by the Slovaks with irritation.

Relations with Budapest have provoked an internal debate in Ukraine of far greater resonance than contacts with the Czech Republic or Slovakia. The central issue is the 150,000 ethnic Hungarians living in the Transcarpathian region,¹ an area seen by the elites of Kyiv as a distant and incomprehensible place, associated mainly with a clan-centred political system based on income from smuggling, as well as separatist sentiments attributed not only to the local Hungarians but also to the Transcarpathian Ruthenians.

Hungary's policy is seen in Ukraine through the prism of the relationship between Budapest and Moscow, and the situation of the Hungarian minority. Kyiv's negative reactions regularly induce statements from Viktor Orbán questioning the need to maintain sanctions against Russia and calling for more rights for the Hungarian minority in Transcarpathia. During the last year, the biggest reaction in Ukraine came to the demands formulated by the Hungarian government to extend minority rights in the field of political representation, cultural autonomy and Kyiv's possible consent to dual citizenship (see Chapter 4).

In its official statements, the government in Kyiv does not treat Budapest's demands to extend the Hungarian minority's rights as a threat to Ukraine's territorial integrity. Yet nor is it inclined to accept these demands, and it has been trying to dispel Hungarian concerns regarding its minority policies. Kyiv's reluctance to extend the Transcarpathian Hungarians' rights can be explained by fear of setting a precedent that other minorities could invoke, especially the Russian minority. Relations with Russia are the most important point of reference for the government in Kyiv; to a great extent these determine domestic policy regarding the rights of the national minorities, the question of

¹ For more about the region and its relations with Kyiv, see Piotr Żochowski, Tadeusz Iwański, 'Zakarpattia - together, but separated', *OSW Commentary*, 30 September 2015; <https://www.osw.waw.pl/en/publikacje/osw-commentary/2015-09-30/zakarpattia-together-separated>

criminalising holders of dual citizenship, and the strengthening of the role of the Ukrainian language.

Kyiv has not set any obstacles in the path towards consolidating the smallest administrative units (*hromady*) with predominant Hungarian populations. This process is one element of the decentralisation reform and the *de facto* creation of local government in Ukraine. This is voluntary in nature, and provides for the consolidation of small, economically and socially inefficient units into larger ones, the so-called *nove hromady* or associated municipalities. As of 1 May 2017, only 5 of the planned 43 municipalities of that kind have been created in the Transcarpathian region; however, this process is not being pursued in those counties in which Hungarians predominate: the region around Berehove, Uzhhorod and Vynohradiv. The cause seems to be the long-lasting political division within the Hungarian national minority in Ukraine, as well as the personal ambitions of the individual chairmen of the *hromady*, who see in the consolidation process a threat to their own positions in the new municipalities.

Hungary's negative image in Ukraine is not being counterbalanced by reports about Budapest's consistent support for Kyiv in the field of visa liberalisation, territorial integrity, or Hungarian aid for the victims of the conflict with Russia and for orphans from the war zone. Reports of Hungarian financial support for the Transcarpathian region, which has not been formally addressed to the Hungarians alone (€100 million has gone to stimulate the activity of small- and medium enterprises, and €50 million to extend the road network) have also failed to find a hearing in Ukraine. In March 2017, the Ukrainian parliament ratified a loan agreement with Hungary, including investments to implement the construction of a bypass at Berehove and renovate the Mukacheve-Berehove road.

The worsening in relations with Hungary observed in recent months has come against the background of the activation of high-level contacts. Prime Ministers Orbán and Hrojsman met in September and November 2016, first during the forum in Krynica and then in Budapest; and in April 2017 President Poroshenko talked with the Hungarian head of government in Malta. Economic cooperation has also recovered, as have the spheres of culture and education; for example, a chair of Ukrainian studies was opened in April at the University of Nyíregyháza.

Ukraine's fairly instrumental treatment of its smaller partners in the V4 is linked to the low level activity of Ukrainian diplomacy in those countries, the

lack of effective activities in the field of public diplomacy, as well as scandals involving Ukrainian diplomats. In June 2016, Ukraine's ambassador to Slovakia Oleh Havashi was sacked when the Ukrainian first secretary of the embassy in Bratislava and her husband were accused of smuggling cigarettes valued at €22,000 across the Ukrainian-Hungarian border. (The Ukrainian embassy can be traditionally considered a sinecure for the business and political circles of the Transcarpathian region). In turn, in August 2016 President Petro Poroshenko dismissed Ukraine's ambassador to the Czech Republic, Boris Zaichuk, after reports that the Ukrainian embassy had been involved in helping one Ali Fayad, a Lebanese arms dealer holding Ukrainian citizenship, who had been an adviser to President Yanukovich. Ambassador Zaichuk primarily owed his position to his twin brother Valentyn, who headed the Chancellery of the Ukrainian Parliament from 2002 to 2015. At the turn of 2017 Kyiv decided to replace the staff of the embassies in the V4 countries; the new ambassadors were all experienced diplomats.

For years smuggling channels have run across the Slovak-Ukrainian and Slovak-Hungarian borders, through which cigarettes and other contraband has been passed on a massive scale, thanks either to the inaction or the participation of the representatives of the Ukrainian government. This is the work of criminal organisations active on both sides of the border, who have involved customs officers, local authorities, and also sometimes diplomats in collaboration with them. Reports in the Slovak media indicate that in 2016, Slovak customs officers seized around 10 million cigarettes and 3.5 tons of tobacco which was being smuggled from Ukraine. Ukrainian media regularly report about the illegal clearing of trees on the Ukrainian side of the border and the smuggling of the timber to Slovakia with the cooperation of Slovak customs officers. From the point of view of the Slovak and Hungarian governments, protecting the eastern border remains an important challenge for regional cooperation (including within the Visegrad group), particularly in the context of confronting possible large-scale movements of migrants.

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