

Threats from Russia and China: rebuilding the Atlantic Alliance

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It is a great pleasure and honor to be here and speak at the 28th Estoril Political Forum. This is the fifth time I have the chance to participate at this meeting. Like many others I truly miss Estoril and the social events during the conference, and I wish we could have this event in person, but I am still thrilled to have the chance to talk about our subject today, the threats from Russia and China and the ways to rebuild the Atlantic Alliance.

Thank you Ambassador Sampaio for the excellent presentation. I would like to follow up on a couple of points from a Hungarian perspective.

1. Fighting in the West

First and foremost I am delighted we are discussing this subject. In 2016 when I first attended this conference it was a couple of days after Brexit and a few months before Donald Trump was announced as the winner of the US presidential elections. While in retrospect it is clear that Russians have been involved in both events, there was little public discussion about it – although I strongly remember that we actually had a conversation during one of the breaks about the issue with Christopher Walker here. China got even less mention at the time.

It was only at last year's conference where I felt that the threats posed by these two countries to the West receive the appropriate amount of attention. I left the conference feeling that the West has finally woken up and ready to fight malign influence.

In many aspects the actions of the two countries are different: Russia aims at sowing disruption, acts brazenly and thinks mostly in the short-term. It is acting from a feeling of insecurity. China has a longer perspective, aims at economic dominance and it is more sensitive to its reputation. However, from the perspective of the Transatlantic Alliance their objectives do not differ much – since they prefer bilateral negotiations, where they have the upper hand, they both aim to sever the ties between the United States and the European Union as well as induce fragmentation within the European Union. Their methods are also similar or converging: disinformation campaigns on social media, corrupt

economic deals, financial support to favorable politicians or parties as well as extrajudicial killings or kidnappings.

Today there is no shortage of proposals about how to stand up to these countries, and Ambassador Sampaio has mentioned several of these. The fight against the threats posed by Russia and China should target the covert, coercive and corrupting influence of these powers. The disinformation campaigns should be addressed via rigorous monitoring, debunking of fake information, raising public awareness and working with social media companies on regulations. Coercive influence occurs mainly through economic dominance and to fight it, the most important issue is to prevent the buildup of vulnerability. Limiting ownership of these states in critical infrastructure such as telecommunications and monitoring foreign investments especially in high tech, strategic industries are crucial measures of defense. Corrupting influence should be limited through rules on lobbying and strict laws against money laundering. Magnitsky sanctions should apply to all those, who are involved in human rights violations. At an even deeper level the West should preserve and extend its technological lead by supporting innovation and strengthening strategically important industries.

2. Hungary

While all these measures are steps in the right direction, we should remember that an alliance is as strong as its weakest link. If members of the Western alliance implement these measures selectively there will always be a path for Russia and China to exert influence and weaken the West. Within the single market people, goods and money can move freely. In the EU unanimous decision-making in the Council on foreign policy issues requires only one vote to block declarations or sanctions against foreign powers. When we think about how to rebuild the Western alliance we need to pay attention to those countries as well, where governments are strongly receptive to such influence operations. Hungary is a key example.

Hungary joined NATO in 1999 and the EU in 2004. While at the time, the joining to the main institutions of the West was supported by a broad social and political consensus, since the accession and especially after the global financial crisis many in the country became disillusioned of the institutions of liberal democracy and market economy.

Under the government of Viktor Orbán foreign policy emphasized business interests as the primary driving force and renounced a policy based on a set of values. From the beginning of his rule he aimed to loosen Hungary's economic and political dependence on the West, and instead focused on opening towards the East and especially Russia and China. Orbán himself calls his strategy a peacock dance – by cultivating friendly relations with all major geopolitical actors, he is able to ensure independence from all. Along with the EU and the US, Russia and China are more than welcome to do business in Hungary. And they take advantage of the opportunity.

Hungary is strongly dependent on Russia in energy imports, and it is a major source of corrupting influence. This involves shady deals between private companies close to the two governments as well as the commission for the PAKS 2 nuclear plant, which is an economically questionable undertaking and might never become profitable. Russia does not face much resistance in its disinformation operations either. News items from Russia Today and Sputnik are regularly taken over by the Hungarian public media. Hungary also rejoined the International Investment Bank, and supported the move of its headquarters from Moscow to Budapest, which experts worry could serve as a bastion to planting spies or laundering money within the EU. Putin and Orbán have met regularly over the past years even after the occupation of the Crimea. While Hungary has not vetoed Russian sanctions, there is a constant discourse from the government over their costs and uselessness.

The Hungarian government has been also welcoming towards China. It participates in the Belt and Road Initiative enthusiastically as it is in the process of the reconstruction of the Budapest-Belgrade railway line, through which Chinese products can be transported to core European markets fast. The economic value of the investment is rather dubious as independent estimates put the time it becomes profitable to 2400 years. The government is also open towards Huawei in building the 5G network. In order to cultivate this relationship, Huawei donated masks and protective equipment to Hungary in April. Cooperation in higher education is also ongoing – while the Hungarian government chased the US-accredited Central European University away, Fundan University is expected to open its first out-of China campus in Budapest in 2024 – a university, which has recently deleted freedom of thinking from its charter. In order to sustain such friendly relations, Hungary has blocked two EU

initiatives condemning China for its human rights records and economic expansion.

Hungarian public opinion does not drive these tendencies. For an average Hungarian there is nothing attractive about life in Russia or China. Hungarians are voting with their feet and moving to Western Europe rather than to the East. In the independent media Putin's crimes are well documented. The revolution in Belarus is followed by many. There is also some awareness of the fate of the Uygurs, Hong Kong as well as the building up of the Chinese surveillance state.

But to those who still admire the West Orbán has a message: the West is in economic and cultural decline; we are observing the rise of the East and Hungary has to adapt to these new realities. And while individual rights might be attractive, they are overemphasized in the West, which has lost its values about the community. He is telling to all who will listen: liberalism is dying, and people better get used to it. His message to demoralize supporters of liberal democracies is not very different from the similar messages from Russia and China.

Orbán does not have to go very far to prove his point – as he has gradually attacked all the values, which are upheld by the Western alliance, the inability of the West to stop him manifested the weakness of the alliance. Orbán's Fidesz is still a member of the European People's Party. Although the government has received some adverse rulings from the European Court of Justice - most recently in the case of the Central European University – these rulings usually came so late, that the major objective of the annulled law has been reached anyways – f. ex. CEU has already moved to Vienna. Most importantly, Hungary receives EU transfers at the range of an annual 4% of GDP, and a large part of it serves to build up the clientele of the government as well as to boost popular support for Orbán. In the current negotiations of the budget and the coronavirus recovery fund the EU finally tries to include rule of law conditionality – but at the threat of veto from Hungary and Poland even now it seems that the EU still tries to accommodate Orbán rather than stop him. And even with its feeble efforts the EU exerts more pressure on Orbán than the US under Donald Trump, who accepted him in the White House and by all accounts has a strong personal liking for him. Unsurprisingly – I have to add.

When the remaining independent Hungarian media attempt to uncover why the West is so weak in its response to Orbán, they usually find benefits for investors

such as low corporate tax rates and low wages as well as significant official arms deals especially with Germany and the US. Such accounts further support Orbán's claim about the decline of the West – his transactional attitudes to foreign policy are actually shared by Western powers as well.

3. What to do?

When thinking about foreign influence operations the defense strategy cannot be partial to the particular techniques or threats. It is also important to limit broad vulnerabilities – not only in the core states but in every member state of the Alliance. This means the strengthening of good governance based on transparency and accountability. Rule of law and freedom of the press have a particularly important role in the fight against covert, coercive and corrupt foreign influence operations. Without strong rule of law, some feel they stand above the law. Without a free press corrupt dealings remain secret and the public is unaware of the threats posed by these dealings. Such an environment provides an ideal opportunity for corruption by foreign powers as the risks to all parties are so low. Financing and supporting governments, which are creating these conditions is a clear security threat for the Alliance.

The values the West holds dear, democracy, the rule of law and human rights are not some niceties to be sacrificed at the altar of particular business interests, but the foundation of its security, prosperity and liberty. In fighting the threats from Russia and China taking these values seriously and enforcing them in member states is the best defense against their influence.

Thank you for your attention!