

HUNGARY



Hungary The United States and Hungary enjoy a strong relationship based on shared values of democratic and free market principles. Since Hungary joined the European Union and NATO, the scope and depth of its relationship with the United States have broadened and matured. Hungary is a firm ally in Coalition operations, contributing troops to NATO missions in Afghanistan, Iraq, and the Balkans. The global economic crisis has pummeled Hungary, with large deficits, high debt, and sinking local currency values worsening the blow. Hungary has embarked on an aggressive economic reform package, which includes cutting back on defense-related expenditures. U.S. assistance provides the opportunity to counteract these pressures and maintain the momentum of Hungary's development as a positive force in regional stability and global Coalition operations.

FOREIGN RELATIONS

Except for the short-lived neutrality declared by Imre Nagy in November 1956, Hungary's foreign policy generally followed the Soviet lead from 1947 to 1989. During the communist period, Hungary maintained treaties of friendship, cooperation, and mutual assistance with the Soviet Union, Poland, Czechoslovakia, the German Democratic Republic, Romania, and Bulgaria. It was one of the founding members of the Soviet-led Warsaw Pact and Comecon, and it was the first central European country to withdraw from those now defunct organizations.

As with any country, Hungarian security attitudes are shaped largely by history and geography. For Hungary, this is a history of more than 400 years of domination by great powers--the Ottomans, the Habsburgs, the Germans during World War II, and the Soviets during the Cold War--and a geography of regional instability and separation from Hungarian minorities living in neighboring countries. Hungary's foreign policy priorities, largely consistent since 1990, represent a direct response to these factors. Since 1990, Hungary's top foreign policy goal has been achieving integration into Western economic and security organizations. To this end, Hungary joined NATO in 1999 and the European Union in May of 2004. Hungary also has improved its often-chilled neighborly relations by signing basic treaties with Romania, Slovakia, and Ukraine. These renounce all outstanding territorial claims and lay the foundation for constructive relations. However, the issue of ethnic Hungarian minority rights in Slovakia and Romania periodically causes bilateral tensions to flare. Hungary was a signatory to the Helsinki Final Act in 1975, has signed all of the Conference on Security and Cooperation in Europe (CSCE)/ Organization for Security and Cooperation in Europe (OSCE) follow-on documents since 1989, and served as the OSCE's Chairman-in-Office in 1997. Hungary's record of implementing CSCE Helsinki Final Act provisions, including those on reunification of divided families, remains among the best in eastern Europe. Hungary has been a member of the United Nations since December 1955.

U.S.-HUNGARIAN RELATIONS

Relations between the United States and Hungary following World War II were affected by the Soviet armed forces' occupation of Hungary. Full diplomatic relations were established at the legation level on October 12, 1945, before the signing of the Hungarian peace treaty on February 10, 1947. After the communist takeover in 1947-48, relations with Hungary became increasingly strained by the nationalization of U.S.-owned property, unacceptable treatment of U.S. citizens and personnel, and restrictions on the operations of the American legation. Though relations deteriorated further after the suppression of the Hungarian national uprising in 1956, an exchange of ambassadors in 1966 inaugurated an era of improving relations. In 1972, a consular convention was concluded to provide consular

protection to U.S. citizens in Hungary.

In 1973, a bilateral agreement was reached under which Hungary settled the nationalization claims of American citizens. In January 1978, the United States returned to the people of Hungary the historic Crown of Saint Stephen, which had been safeguarded by the United States since the end of World War II. Symbolically and actually, this event marked the beginning of excellent relations between the two countries. A 1978 bilateral trade agreement included extension of most-favored-nation status to Hungary. Cultural and scientific exchanges were expanded. As Hungary began to pull away from the Soviet orbit, the United States offered assistance and expertise to help establish a constitution, a democratic political system, and a plan for a free market economy.

Between 1989 and 1993, the Support for East European Democracy (SEED) Act provided more than \$136 million for economic restructuring and private sector development. The Hungarian-American Enterprise Fund has offered loans, equity capital, and technical assistance to promote private-sector development. The U.S. Government has provided expert and financial assistance for the development of modern and Western institutions in many policy areas, including national security, law enforcement, free media, environmental regulations, education, and health care. American direct investment has had a direct, positive impact on the Hungarian economy and on continued good bilateral relations. When Hungary acceded to NATO in April 1999, it became a formal ally of the United States. This move has been consistently supported by the 1.5 million-strong Hungarian-American community. The U.S. government supported Hungarian European Union accession in 2004, and continues to work with Hungary as a valued partner in the transatlantic relationship. Hungary joined the Visa Waiver Program on November 17, 2008.

Peace and Security: U.S. assistance to Hungary contributes to regional stability and helps maintain strong political support for Coalition operations, including a willingness to provide personnel, equipment, and other resources for these operations. Funds will promote the development of a smaller, flexible, sustainable, and NATO-interoperable military capable of meeting NATO commitments and participating in peacekeeping operations. Funds will also help Hungary develop niche capabilities and provide English language training and professional military education to ensure interoperability with NATO forces. These programs will be implemented through the U.S. Department of Defense.