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Knowledge for All

Hungary - GCC Relations





Key Domestic Developments:

Hungary is a parliamentary republic with a unicameral legislature, the Országgyűlés (National Assembly,) with 199 members elected for four-year terms. The Prime Minister is elected by the National Assembly and has executive authority and selects the respective ministers. The current PM, Viktor Mihály, has been in office since 2010.

The President serves a ceremonial role and has limited oversight powers. In 2024, Tamás Sulyok was elected president. Since 2010, the Fidesz-KDNP coalition under Prime Minister Viktor Orbán has dominated politics, attaining a two-thirds parliamentary majority in 2022. This supermajority made constitutional revisions possible, including the 2011 Fundamental Law. For example, the Prime Ministry replaced the Prime Minister's Office, combining ministries into "superministries" to streamline decision-making and restrict ministerial authority.

Critics have raised concerns not only about the centralization of power which they argue undermines checks and balances, but about the state of Hungary's democratic institutions as a whole, claiming that Hungary faces considerable degradation due to electoral law modifications, media control, and judicial reforms that have been implemented under the Orbán government.

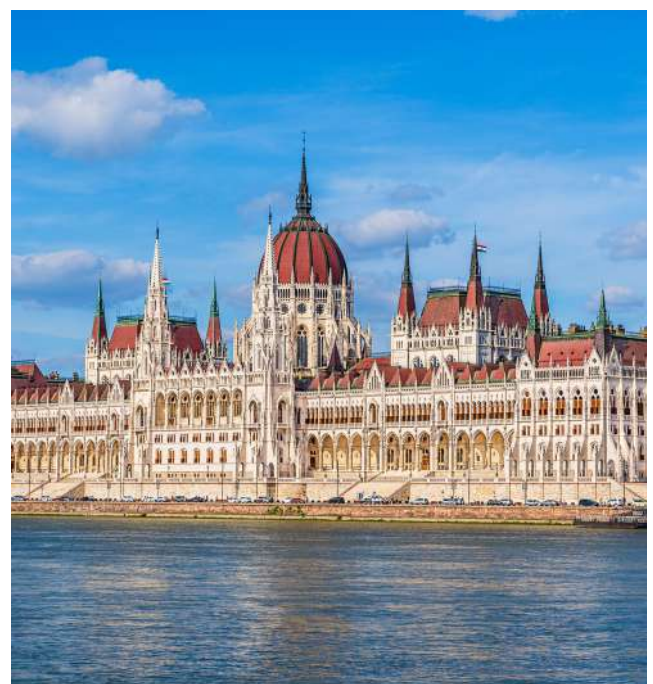
The EU has expressed concerns about these developments and has taken several legal steps against Hungary, including infringement procedures against constitutional changes that impacted judicial independence and central bank autonomy. Recent tensions have centered on withholding EU money to address governance concerns--despite Hungary securing some disbursements through negotiated changes. Despite these disagreements, Hungary remains economically connected within the EU, with exports and EU assistance crucial for its growth.

Fidesz's social policies prioritize family assistance and conservative principles, as

evidenced by the 2025 "peace budget" that prioritizes family subsidies and pension benefits. The current government is under pressure to handle slow growth (0.3-0.7% in 2024) and inflation (4.6% in late 2024,) while setting high GDP growth objectives (3-6%) for 2025. The "peace budget" seeks to stimulate consumption and SMEs while relying on EU funds and foreign investment, including BMW and BYD initiatives. Simultaneously, the opposition's Tisza party, led by Péter Márki-Zay, questions Fidesz's narrative, though internal cohesiveness and voter trust remain obstacles.

Key Hungarian Economic and Social Data:

- **GDP:** 245.62 billion as of 2025
- **GDP per capita:** \$25.7 thousand as of 2025
- **Annual Growth Rate:** 2.9 as of 2025
- **Inflation:** 3.5% as of 2025
- **Population:** 9.56 million as of 2025
- **Unemployment Rate:** 4.2% as of 2025
- **Credit Rating:** Standard & Poor's: BBB- with stable outlook; Moody's: Baa2- with negative outlook; Fitch: BBB- with stable outlook; DBRS: N/A





Hungary's GDP growth rate is expected to increase by 1.9% to 3.6% in 2025, with projections differing widely between institutes. The Hungarian Central Bank (MNB) and private sector analysts point to foreign direct investment (FDI) as a key driver, particularly from automotive and battery manufacturers such as BMW, BYD, and CATL, which are expected to contribute 0.6 percentage points to GDP growth through production and supply chain effects. However, ING Think cut its projection to 1.9%, noting lower domestic investment and a drag from net exports. Structural dependency on EU money and delayed public investments remain difficulties, although FDI inflows and government stimulus measures aim to maintain momentum.

Inflation remains a major concern, with the consumer price index (CPI) expected to reach 5% in 2025 before stabilizing near the central bank's 3% target by 2026. Despite disinflationary tendencies, rising prices are putting pressure on real pay growth, while nominal wage rises (11% YoY in December 2024) and job gains are bolstering consumer spending. The unemployment rate dropped to 4.3% in January 2025, showing a healthy labor market, yet long-term joblessness (36.1% of unemployed seeking work for more than a year) and sectoral inequities persist.

While exports are expected to rise due to new automobile and battery production facilities, domestic investment activity remains low, with probable contractions later in 2025. There are also fiscal sustainability worries remaining due to large public debt (~73% of GDP) and reliance on EU funds. Net exports are projected to continue to be a drag on GDP, though reduced import demand may lessen the impact. Overall, Hungary's economy combines FDI-driven optimism with structural vulnerabilities, necessitating cautious policy navigation to ensure stability.

Hungarian Foreign Policy:

Hungary's foreign policy is based on realism principles, which prioritize national sovereignty and strategic interests before ideological affiliation.

The Orbán government sees global trends as a decrease in Western supremacy, and advocates for a multipolar world order in which Hungary serves as a bridge between East and West. This strategy emphasizes pragmatic engagement with rising countries such as China and Russia, while retaining EU/NATO links to sustain economic and security gains. The plan seeks to boost Hungary's role as a middle power in Central/Eastern Europe by using its geographical position as a transit hub and mediator.

Hungary's foreign policy strikes a balance between economic pragmatism and political sovereignty. Hungary's relations with China demonstrate this: Hungary actively participates in the Belt and Road Initiative, issues Panda Bonds, and encourages Chinese investment (for example, battery facilities) to boost economic growth. Similarly, ties with the BRICS nations are centered on promoting commerce and investment, with the goal of broadening alliances beyond the Euro-Atlantic sphere. This approach prioritizes mutual economic gains over political alignment and does not interfere in partners' domestic affairs.

Hungary adopts a dual stance towards the EU, criticizing its institutions while relying on its funds for economic stability. The government frequently opposes EU foreign policy choices (for example, help to Ukraine) to defend national interests, like energy relations with Russia. This tactic shows a transactional approach in which Hungary uses its veto power to secure concessions while publicly undermining EU cohesiveness. Despite difficulties, the EU remains important for Hungary's economy, producing a contradiction of need and rebellion.

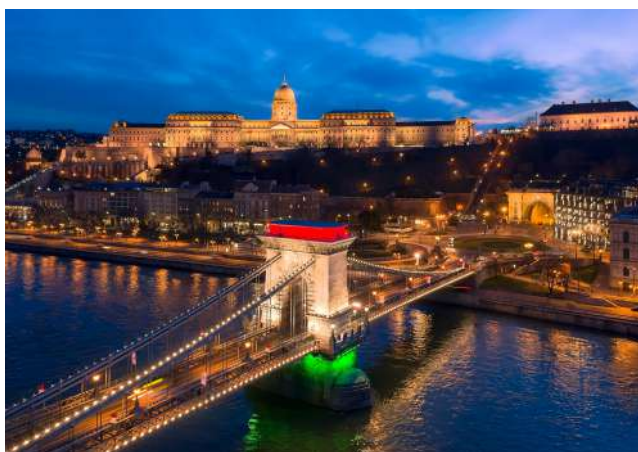
Key Foreign Policy Initiatives:

Since 2011, Hungary's foreign policy has been guided by the "Global Opening" concept, which emphasizes economic and political diversification beyond conventional Euro-Atlantic partnerships. This strategy focuses on developing powers such as the BRICS bloc (Brazil, Russia, India, China, and South Africa) in order to lessen dependency on Western institutions and profit on multipolar

trends. Relations with China, for example, focus on trade, infrastructural projects, and cultural interactions, establishing Hungary as a gateway for Chinese investment in Central Europe. Similarly, alliances with Russia and Turkey combine energy security and geopolitical pragmatism, despite EU tensions over Ukraine.

Despite diversification attempts, Hungary is committed to European integration and NATO membership, believing both to be critical to security and economic stability. The government actively participates in EU policymaking but frequently uses its veto power to safeguard national interests, like blocking sanctions against Russia or migration-related measures. Transatlantic cooperation is maintained through defense obligations and economic partnerships, however, Orbán's administration criticizes EU institutions for overreach, arguing for a "stronger Europe" based on sovereignty.

Hungary stresses Central European regionalism, forming partnerships with countries such as Poland, Austria, and Romania to boost energy, security, and economic relations. The Visegrád Group (V4) functions as a forum for coordinating regional policy, particularly those concerning migration and EU reform. Concurrently, Hungary advocates for the rights of ethnic Hungarian minorities in adjacent countries (such as Romania and Slovakia,) combining cultural diplomacy with political influence. This dual focus seeks to improve regional stability while also reinforcing Budapest's position as a regional leader.



Hungary-GCC Fact Sheet:

- Hungary's Trade with the GCC, 2024

Country	Exports	Imports	Total Trade	Trade Balance
Bahrain	\$10.2M	\$2.47M	\$12.67M	\$7.73M
Kuwait	\$36M	\$2.1M	\$38.1M	\$33.9M
Qatar	\$57.6M	\$11.4M	\$69M	\$46.2M
Oman	\$12.4M	\$16.8M	\$29.2M	-\$4.4M
United Arab Emirates	\$470M	\$57.5M	\$527.5M	\$412.5M
Saudi Arabia	\$182M	\$35.8M	\$217.8M	\$146.2M

Establishment of Diplomatic Relationships:

- Hungary-GCC Diplomatic Relations: Bahrain (1990,) Kuwait (1964,) Oman (1990,) Qatar (1990,) Saudi Arabia (1996,) United Arab Emirates (1990.)

Key Research Centers and Think Tanks:

- [Hungarian Institute of International Affairs \(HIIA\)](#)
- [MCC Center for Geopolitics](#)
- [Center for Strategic and Defense Studies, Budapest \(CSDS\)](#)
- [Hétfa Research Institute](#)
- [Hungarian Diplomatic Academy](#)

Selected Key Regional Experts:

- Erzebet Rozsa, Senior Research Fellow, Institute of World Economics
- Máté Szalai, Research Fellow, the Conflict Research Unit of Clingendael

Key Developments in Hungary-GCC Relations:

Hungary sees the GCC as a strategic partner, particularly as it aims to expand its economic partnerships beyond Europe. Trade between Hungary and GCC countries has increased, and GCC investors have also shown interest in Hungary's domestic focus on digital innovation and education reform, while energy continues to be an important area of mutual collaboration.



Hungary's presidency of the EU in the second half of 2024 represented a significant milestone in Hungary-GCC relations. This period corresponded with the first-ever EU-GCC summit, hosted under Hungary and anticipated to strengthen collaboration in areas such as security, counterterrorism, energy transition, and trade. Both sides have pledged to increase political interaction, facilitate trade, and possibly consider visa exemptions for GCC people traveling to the Schengen area.

Diplomatic activities during Hungary's EU mandate helped to strengthen Budapest's status as a hub for European and international dialogue. High-level events, such as the European Political Community Summit and informal European Council meetings, drew top leaders from the EU, NATO, and other organizations, establishing Hungary as a key actor in determining regional policies and competitiveness. Hungary's enhanced diplomatic prominence has strengthened its credibility as a GCC partner.

Hungary's efforts to strengthen ties with the GCC have taken place against a backdrop of significant economic and diplomatic success. With Hungary's proven ability to engage with new markets and navigate global challenges, there is a growing momentum that lays a solid foundation for Hungary to pursue more ambitious relationships with GCC countries across different sectors.

Hungary-Bahrain:

- Hungary's exports to Bahrain have expanded, mainly in IT and industrial solutions. Bahraini enterprises have implemented Hungarian IT solutions for online payment systems, demonstrating Hungary's technological expertise. In July 2024, two big chemical industry projects sponsored by MOL Group, Hungary's largest oil and gas firm, were nearing completion in Bahrain.
- In January 2024, Hungarian Foreign Minister Péter Szijjártó attended the Hungary-Bahrain Joint Economic Committee conference, which functioned as a forum for discussing bilateral

cooperation in a variety of industries. This visit emphasized Hungary's desire to expand its presence in the Gulf area, as well as Bahrain's willingness to strengthen ties with Central Europe.

- In January 2024, Bahrain's Foreign Minister, Dr. Abdullatif bin Rashid Al Zayani, visited Hungary and took part in a roundtable discussion at the Hungarian Diplomatic Academy. This event allowed both countries to exchange perspectives on regional and global concerns, reaffirming their mutual commitment to peace, stability, and multilateral diplomacy.
- On June 27, 2023, the Ambassador of the Kingdom of Bahrain to Hungary, residing in Berlin, H.E. Abdulla Abdullatif Abdullah, participated in the luncheon hosted by the President of Hungary, H.E. Katalin Novák for the heads of Arab diplomatic missions accredited in Budapest.

Hungary-Kuwait:

- In September 2024, Hungary's Foreign Minister, Péter Szijjártó, paid a visit to Kuwait. The two sides signed several agreements to promote collaboration, discussed their strong relationship, and explored ways to strengthen their partnership across various sectors.
- The fifth session of the Kuwaiti-Hungarian Joint Committee for Economic and Technical Cooperation took place in Budapest in January 2024, marking an important milestone in bilateral relations. This meeting, co-chaired by Kuwait's Undersecretary of the Ministry of Finance, Aseel Al-Munifi, and Hungary's Deputy Minister of Defence, Tamas Varga, emphasized the government's cooperative efforts to strengthen collaboration across numerous sectors.
- On September 12, 2023, Kuwait Deputy Prime Minister and Minister of Defense H.E. Sheikh Ahmad Fahad Al-Ahmad Al-Sabah discussed with Hungarian Secretary of State for Defense H.E. Tamas Vargha means of enhancing



cooperation between the two countries on all levels.

- On July 3, 2023, Kuwait's Minister of Foreign Affairs H.E. Sheikh Salem Al-Sabah held official talks with his Hungarian counterpart H.E. Peter Szijjarto. The two discussed peaceful approaches to solving conflicts, and other files including Iraq, Iran, Syria, Palestine, the Middle East peace process, the Russia-Ukraine conflict, and combating terrorism and extremism.

Hungary-Qatar:

- On February 8, 2024, H.E. the President of the Republic of Hungary Katalin Novak arrived in Doha on an official visit to the country. During her visit, President Novak met with H.H. Sheikh Tamim bin Hamad Al Thani, the Amir of Qatar. The two presidents talked about a variety of themes, with a focus on expanding bilateral relations in numerous fields, increasing investment prospects between the two countries, and exchanging perspectives on significant regional developments.
- On February 1, 2024, Hungary and Qatar reached a long-term political agreement to buy liquefied natural gas (LNG) from Qatar. This deal will take effect after 2026 when Qatar intends to have drastically increased its LNG shipments. The agreement aims to improve Hungary's energy security without replacing current energy suppliers. Inter-company negotiations are underway to establish the terms of LNG supplies, including prospective transit routes through LNG terminals in Turkey, Greece, or Poland.
- On October 10, 2023, H.E. Minister of State for Foreign Affairs Sultan bin Saad Al Muraikhi met separately with Hungary's Minister of Foreign Affairs and Trade of Hungary, H.E. Peter Szijjarto on the sidelines of the 27th session of the joint ministerial council between the Gulf Cooperation Council and the European Union in Muscat, the Sultanate of Oman. The meeting dealt with

the cooperation relations between the State of Qatar and Hungary and ways to support and enhance them.

- Hungary and Qatar decided in August 2023 to elevate their cooperation to a strategic level, with an emphasis on energy, agriculture, and water management. The countries reached agreements on environmental protection and diplomatic training. They also pledged to support each other's candidacies for international organizations and to work together on peace projects, particularly through sports. Both countries acknowledged mutual recognition of external challenges and stressed their commitment to diplomacy based on mutual respect.
- The Qatari-Hungarian Joint Economic Committee had its third session in July 2023, with a focus on improving cooperation in trade, investment, construction, infrastructure, agriculture, maritime transport, civil aviation, health, education, and information technology.
- On March 9, 2023, the foreign ministries of the State of Qatar and Hungary held a round of political consultations in Budapest. H.E. Secretary General of the Ministry of Foreign Affairs Dr. Ahmed bin Hassan Al Hammadi chaired the Qatari side, while H.E. Secretary of State for Bilateral Relations of the Ministry of Foreign Affairs and Trade Tamas Menczer presided over the Hungarian side. During the political consultations, they discussed bilateral cooperation relations between the two countries and ways to support and enhance them.

Hungary-Oman:

- A significant milestone in the Hungary-Oman relationship was the inauguration of the Omani Embassy in Budapest in 2024. Prior to that, there had been numerous bilateral visits by officials, with the two nations signing agreements and memoranda of understanding in the political, diplomatic, economic, investment, energy, higher education, and



cultural spheres, as well as a memorandum of understanding with the Diplomatic Academy.

- During the 27th joint GCC-EU Ministerial Council meeting in October 2023, the foreign ministers of both countries signed a memorandum of understanding in the field of low-carbon and renewable hydrogen, which aligns with Oman's ambitious objective of becoming a world leader in green hydrogen production.
- The economic connection between Hungary and Oman has grown significantly, as evidenced by the signing of an agreement on mutual stimulation and protection of investment in February 2022. Key advances include talks for combined investments in renewable energy, green hydrogen, agriculture, and water management.

Hungary-UAE:

- In January 2025, Hungarian Prime Minister Viktor Orbán paid his first official visit to Abu Dhabi, where he met with UAE President Sheikh Mohammed bin Zayed Al Nahyan. This visit was a crucial step toward bringing bilateral relations to a strategic level. Foreign Minister Péter Szijjártó's visit to Abu Dhabi in January 2025 further strengthened diplomatic relations between the two countries.
- In January 2025, both countries inked an economic cooperation deal to boost trade and investment flows. Key areas of partnership include petroleum and gas production, renewables, banking, the digital industry, telecommunications, and the defense sector.
- On June 21, 2024, Hungary and the UAE signed an agreement on space research to help internationalize the Hungarian space program. At a joint press conference, the UAE Minister of Economy, H.E. Abdulla bin Touq Al Marri and Hungary's Foreign Minister H.E. Peter Szijjarto welcomed the signing of an agricultural cooperation agreement that could create further opportunities for exporting

Hungarian food products and technologies to the UAE.

- On March 14, 2024, the United Arab Emirates and Hungary signed an economic cooperation agreement aimed at stimulating trade and investment flows between the two nations in priority sectors of mutual interest. The UAE-Hungary economic cooperation agreement aims to deepen bilateral ties between the two nations and drive mutual growth across key sectors, including industry, commerce, investment, tourism, logistics, infrastructure, and real estate. The agreement also aims to boost non-oil trade, which has seen a significant increase in recent years.
- Also on March 14, 2024, Hungary and the UAE officially sealed an agreement to redevelop a district in Budapest in an architecturally "Dubai-style": large-scale, modern architecture inspired by Dubai's signature high-rise buildings and luxury developments. However, the project reportedly drew criticism even before being formalized. The €5 billion (\$5.5 billion) deal with Dubai was met with resistance from the municipal government, which views the introduction of a modern hub as discordant with Budapest's historical skyline.

Hungary-Saudi Arabia:

- In February 2025, Hungarian Minister of Foreign Affairs and Trade Péter Szijjártó paid a visit to Riyadh to meet with his Saudi counterpart H.E. Faisal bin Farhan Al Saud, highlighting Saudi Arabia's growing role in Hungary's diplomatic relations.
- In February 2025, an alliance of 25 Hungarian firms announced ambitions to invest in Saudi Arabia's technology and digital transformation industries, aligned with the Vision 2030 objectives.
- On July 16, 2024, the Minister of Economy and Planning, H.E. Faisal Al-Ibrahim, met on the sidelines of the annual High-Level Political



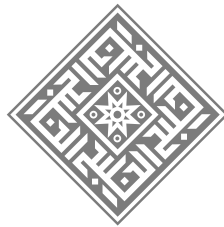
Forum 2024 on Sustainable Development held in New York from July 8 to July 18 with Hungary's Minister of State for Environment and Circular Economy H.E. Aniko Raisz to discuss using sustainable development goals as a key driver of growth.

- The fourth session of the Saudi-Hungarian Joint Economic Committee took place from May 14 to 15, 2024, with over 30 enterprises from each side attending, further consolidating cooperation across numerous sectors.
- On October 10, 2023, Saudi Foreign Minister H.E. Prince Faisal bin Farhan met his Hungarian counterpart H.E. Peter Szijjarto on the sidelines of the 27th session of the Joint Ministerial Council between the Gulf Cooperation Council and the EU in Muscat. During the meeting, the two ministers discussed the dangerous escalation of military operations in Gaza and surrounding territories, the threat that it poses to regional and global security, and the role of the international community in finding a just and equitable solution that meets the Palestinian people's aspirations.
- On January 18, 2023, H.E. Mr. Balázs Selmeci, Ambassador of the Republic of Hungary to the Kingdom of Saudi Arabia, met with the Shura Council's Saudi-Hungarian Parliamentary Friendship Committee in Riyadh to discuss bilateral relations between the two countries. During the meeting held in the presence of members of the committee, the two sides stressed the importance of bilateral relations between the Kingdom and Hungary, and the need to boost ties in various fields. They also discussed issues of joint interest to help enhance relations at the parliamentary level.

Publications:

- [Unlocking Global Connectivity: The Strategic Imperative of IMEC and The Global Gateway](#)
- [Turning East: Redefining the EU-Central Asia Relationship](#)
- [As it Grapples with the Way Forward, Europe Can Learn Strategic Lessons From The GCC States](#)
- [Beyond the Stalemate: Rethinking EU-GCC Trade Engagement](#)
- [Bridging Continents for Better Strategic Alliances at Sea](#)
- [The Prospects and Implications of Poland's "Security, Europe!" on EU-GCC Relationship.](#)





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