Hungary is located in the Carpathian (Pannonian, or Central Danubian) Basin, in the south-eastern part of Central Europe between 16°05' and 22°58' of eastern longitude, and 45°48' and 48°35' of northern latitude, almost equidistant between the equator and the North Pole (Figure 1). Its territory spans 528 km from the west to the east, and 268 km from the north to the south. Geographical extremes are the village of Garbolc in the east, where the sun rises 27 minutes earlier than over Felsőszölnök in the west; the Nagymilic mountain peak in the north and the village of Kásád near the River Dráva in the south.

Hungary is a landlocked country. From Budapest the nearest seaport is Rijeka on the Adriatic Sea (Hungarian territory until 1918 and also known as Fiume; 420 km by air). Much further from the Hungarian capital, with a distance of 755 km and 820 km respectively (by air) are the coastlines of the Baltic Sea and Black Sea. Hungary’s climate is however largely influenced by the westerly winds arriving from the Atlantic Ocean, the coastline of which is a mean distance of 1000–1500 km from Hungary. Due to its central location the country’s territory is a genuine arena of oceanic, continental and Mediterranean climates.
air masses. Hungary is considered to be a low-
land country. 83% of its territory is situated
below 200 m, while only 2% is higher than 400
m above sea level, the topography providing a
favourable opportunity for agriculture and the
development of the transport system.

State Territory and Boundaries

An independent state named ‘Hungary’ first
appeared on the map of Europe following the
Conquest of the Hungarian tribes in the
Carpathian Basin, under the leadership of
chieftain Árpád in 895. With the crowning of
his grandson, Stephen I in 1000, the Hungarian
Principality turned into the Kingdom of Hungary,
which existed with interruptions until 1946.
From the early 10th century, the whole territory
of the Carpathian Basin (around 300 thousand
km²) became part of Hungary. Due to personal
unions (with Croatia (1102–1527), Poland
(1370–1384), and Croatia-Slavonia (1873–1918)
and annexations, the territory under the rule of
the Hungarian Crown reached its peaks between
1370 and 1382 (577 thousand km² during the rule
of Louis I, the Great) and between 1485 and 1490
(482 thousand km², under Matthias I, known as
Corvinus). During the Ottoman (Turkish) sup-
remacy, the territory of the Hungarian state was
divided into two parts: the Habsburg Kingdom
of Hungary and the Principality of Transylvania,
the latter ensuring the survival of semi-independent
Hungarian statehood during the 16–17th cen-
turies. Following the gradual reintegration of
some historical provinces (e.g. Banat 1741, 1860;
Transylvania 1848, 1867) and the revival of the
Hungaro-Croatian personal union (1873), the
territory under the authority of the Hungarian
Crown began to approach its medieval one (about
320–330 thousand km²). The capital returned
from Pozsony (or Pressburg, today Bratislava)
to Buda in 1848 (since 1873 Budapest).

The present territorial borders of Hungary
were essentially formed after the dissolution of
the Austro-Hungarian Monarchy and the sub-
sequent partitioning of the historical territory
of the Hungarian state by the Treaty of Trianon
(versailles, 1920). Between 1938 and 1944, pre-
dominantly during World War II, nearly 79
thousand km² of land were temporarily rean-
nexed to Hungary by the Axis powers (which
included the majority of the Hungarian ethnic
territories detached in 1920).

Following World War II, the Treaty of
Paris (1947) unwound the Hungarian territorial
revisions of 1938–1941, and even three settle-
ments in the region of Bratislava were annexed
from Hungary to Czechoslovakia. With this act
Hungary’s territory decreased to its present
93,030 km². The total length of its national bor-
ders amounts 2,246 km, shared by the follow-
ing countries: Slovakia – 679, Ukraine – 137,
Romania – 453, Serbia – 164, Croatia – 355,
Slovenia – 102 and Austria – 356.

The compactness of the country’s territory
(expressed in km² of territory per one km of bor-
der) is an average of 41.5 km²/border km com-
pared with Romania’s 74.4 and Croatia’s 11.2.
Hungary’s geopolitical situation changed favour-
ably following the dissolution of its neighbour-
ing federal states (between 1991–1993, involving
Yugoslavia, the USSR and Czechoslovakia) into
smaller, new nation-states, resulting in a radical
transformation in the old alliance system.

Ethnic Territory and Boundaries

Due to the peace treaties of 1920 and 1947, the
current national borders do not necessarily
coincide with the area inhabited by the ethnic
Hungarians (Figure 2, Table 1). As a result, over
one million ethnic Hungarians live in the border zones of Slovakia, Romania, Serbia and Ukraine and ever since 1920 their presence has imposed a serious burden on the internal and foreign affairs of the affected neighbouring countries, invoking fears of Hungarian irredentism (which were temporarily realised between 1938 and 1944). Ever since 1920 up to the present day, the ‘Hungarian question’ casts a shadow over interethnic and interstate relations, and the extent of the difficulties correspond with the size of the Hungarian minority living in the given country. Good relations between Hungary and Austria, Slovenia and Croatia are contributed to by close historical, cultural and economical relations, along with a very similar number of each nation’s minorities on both sides of the border and an almost perfect correlation between state and ethnic borders (Table 2). These facts serve to notably increase the political stability of their joint borders. By contrast, the events of the two world wars, the subsequent territorial and ethnic annexations, and the sheer numbers and situation of Hungarian minorities in the joint border regions still significantly trouble relations between Hungary and Slovakia, Romania and Serbia, keeping alive these nations’ fears of Hungarian territorial revision.

### Administrative Divisions

Hungary’s territory is subdivided into 19 counties (“megye” in Hungarian, “comitatus” in Latin) and the capital (Budapest) into NUTS 3 (Nomenclature of Territorial Units for Statistics) level units, which have been grouped together since 1996 into 7 regions (NUTS 2) for statistical and development purposes (Figure 3). The counties are subdivided into 174 microregions (“kistérség”) as LAU 1 (Local Administrative Unit, former NUTS 4) units, including Budapest as its own microregion. The LAU 2-level is represented by the 3,175 local municipalities (in-
cluding 24 capital districts). Among the localities there are 328 urban settlements, out of which 23 are called ‘towns with county rights’ (“megyei jogú város”). The latter (all county seats and towns with at least 50 thousand inhabitants) are not independent administrative units, rather they belong to the territory of the respective county.

The system of Hungarian counties, as substantial administrative units of the country, looks back upon nearly a millennium’s history. The function, organisation and territorial division of the counties have profoundly changed since the time of their founder, King Stephen I (975–1038). The main historic prefixes since have caused them to be known as Royal, Nobilary, Civic, then Socialist (Council/Soviet) counties, and since 1990 as the Local Authority County. Following the partitioning of the country in 1920 and many administrative reforms, the number of counties steadily decreased during the first half of the 20th century (1910: 71, 1920: 34, 1930: 25, 1950: 19).

Hungary’s Place in the European Pattern of Economic Development

The economies of the post-Communist countries were shattered by the political, economic and social changes that swept through the eastern half of Europe, magnified by the post-1989 disintegration of socialist federal states (the USSR, Yugoslavia and Czechoslovakia) along with the emergence of territorial, ethnic and religious conflicts. The scope and duration of this economic crisis, which was frequently accompanied by rampant inflation, varied from country to country. Owing to the timing of economic restructuring and privatisation, along with the introduction (or the absence) of shock therapy, the trough in both time and extent shifted and was aggravated from west to east. Annual GDP had shrunk (in comparison to the levels of 1989)

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP per capita, USD (based on PPP valuation)</th>
<th>GDP PPP total (billion USD)</th>
<th>Population number (thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>42,841</td>
<td>327.0</td>
<td>7,633</td>
</tr>
<tr>
<td>Ireland</td>
<td>42,780</td>
<td>191.4</td>
<td>4,475</td>
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<tr>
<td>Netherlands</td>
<td>40,434</td>
<td>664.5</td>
<td>16,433</td>
</tr>
<tr>
<td>Austria</td>
<td>39,647</td>
<td>331.1</td>
<td>8,352</td>
</tr>
<tr>
<td>Sweden</td>
<td>37,526</td>
<td>345.8</td>
<td>9,214</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>36,571</td>
<td>2,241.5</td>
<td>61,291</td>
</tr>
<tr>
<td>Germany</td>
<td>35,552</td>
<td>2,921.3</td>
<td>82,170</td>
</tr>
<tr>
<td>France</td>
<td>34,262</td>
<td>2,125.8</td>
<td>62,046</td>
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<tr>
<td>Spain</td>
<td>30,757</td>
<td>1,430.2</td>
<td>46,501</td>
</tr>
<tr>
<td>Italy</td>
<td>30,705</td>
<td>1,838.2</td>
<td>59,865</td>
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<tr>
<td>Greece</td>
<td>30,661</td>
<td>344.7</td>
<td>11,242</td>
</tr>
<tr>
<td>Slovenia</td>
<td>28,894</td>
<td>58.8</td>
<td>2,034</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>25,755</td>
<td>268.6</td>
<td>10,428</td>
</tr>
<tr>
<td>Slovakia</td>
<td>22,242</td>
<td>120.2</td>
<td>5,405</td>
</tr>
<tr>
<td><strong>HUNGARY</strong></td>
<td>19,830</td>
<td><strong>199.0</strong></td>
<td><strong>10,034</strong></td>
</tr>
<tr>
<td>Lithuania</td>
<td>18,855</td>
<td>63.3</td>
<td>3,357</td>
</tr>
<tr>
<td>Poland</td>
<td>17,560</td>
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<td>38,110</td>
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<tr>
<td>Croatia</td>
<td>16,474</td>
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<tr>
<td>Russian Federation</td>
<td>16,161</td>
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<td>141,875</td>
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<td>21,498</td>
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<tr>
<td>Bulgaria</td>
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<td>10,911</td>
<td>80.2</td>
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<tr>
<td>Ukraine</td>
<td>7,634</td>
<td>353.0</td>
<td>46,237</td>
</tr>
<tr>
<td>Bosnia &amp; Herzegovina</td>
<td>7,618</td>
<td>29.3</td>
<td>3,843</td>
</tr>
</tbody>
</table>

by 10–15% in the Visegrad countries (including Hungary) by 1991–1992; by 20–30% in South-East Europe by 1992–1993, and by 30–40% in the Baltic states by 1993–1994. GDP had also sunk by approximately 30% in the Russian Federation by 1997–1998, and by 51% in Ukraine by 1995–1998 (Figure 4). GDP figures last seen in 1989 only returned to Poland after 5 years, and the recovery took 7 years in Hungary and Slovakia, 11 years in Croatia, 12 years in Bulgaria and Romania, 13 years in Latvia and Lithuania and 14 years in Russia. In the meantime, the developed western nations had increased their GDP by 80–110% between 1989 and 2008; Ireland (a nation of 4.5 million inhabitants) was akin to an economic miracle achieving GDP growth of 381% over the period mentioned. The richest countries in Europe (defined by having GDP per capita of 30,000 USD or more, based on PPP valuations) were and are to be found in the western part of
Central Europe and in North and North-West Europe (figures 5 through 7, Table 3). Regional inequalities between the post-Communist countries during the last two decades have barely decreased. In this respect Hungary’s position has not changed: per capita Hungarian GDP (based on PPP valuations) is only behind the respective data for Slovenia, the Czech Republic and Slovakia among the former socialist countries (similar to 1989).

International Relations

Following World War II, due to its geographical location and the Yalta Agreement (1944), Hungary became part of the USSR’s sphere of influence (i.e. the Eastern Bloc). As a new socialist country it took part in the foundation of the economic and military organisations controlled by the Soviet Union (Comecon 1949, Warsaw Pact 1955, Figure 8) and joined the United Nations (14 December 1955). During four decades of socialism, located on the ‘wrong’ side of the ‘East–West dichotomy’, Hungary was presented with little opportunity to integrate into the western European ebb and flow, but it became a member of the most important international economic and financial organisations relatively early (GATT 1973, IMF 1982), despite criticism from other Eastern Bloc countries. By the late 1980s Hungary had established diplomatic relations with 130 states of the 159 UN members and operated 63 embassies and 10 general consulates in-line with the economic and political interests of the contemporary regime.
Hungary set an example of regime change to other Eastern Bloc states being the first country to begin dismantling the ‘iron curtain’ in 1989 and to sign the EC Association Treaty. The collapse of Comecon, the Warsaw Pact and the Soviet Union in 1991 terminated the country’s dependence on Moscow. A newly independent state, the Republic of Hungary declared its main foreign policy goals to be: 1. Euro-Atlantic integration; 2. The maintenance of good relations with neighbouring countries; and 3. The provision of support for ethnic Hungarians living abroad in the frame of the new nation policy. Signing basic treaties with Slovenia in 1992, Ukraine in 1993, Croatia and Slovakia in 1995, and with Romania in 1996, Hungary has firmed its relations with its neighbour countries. In 1996 (together with Poland and South Korea) Hungary became a member of the OECD (Organisation for Economic Cooperation and Development), an international organisation of 30 countries predominantly comprised of high-income economies. Hungary joined NATO in 1999 (together with the Czech Republic and Poland), and European Union accession followed on 1 May 2004 (Figure 9).

The primary influence over the country’s developmental framework and foreign policy is the EU. Hungary was the first to ratify the Treaty of Lisbon (13 December 2007), which has been conceived to raise EU integration to a higher level. The next important step towards a more active EU presence was accession to the EU’s internal borderless territory in the frame of the Schengen Treaty (21 December 2007).

Besides maintaining balanced political and economic relations with neighbouring states, in the frame of its new nation policy Hungary also strives to win room for the acceptance of ethnic community rights and for bringing ethnic Hungarians together within the European community. In the furtherance of this aim in 2001 the Hungarian government passed Law LXII (known as the Hungarian Status Law) to formalise ties with ethnic Hungarians in neighbouring states, granting them rights in Hungary and direct benefits from the Hungarian government.
In the *East Central European* sphere Hungary participates in numerous *regional co-operation forums*, such as in the Visegrad Group (with Poland, Czech Republic and Slovakia), in the Quadrilaterale (with Croatia, Italy and Slovenia) and in the Regional Partnership (with Austria, the Czech Republic, Poland, Slovakia and Slovenia). As a supporter of the Euro-Atlantic integration of the west *Balkan* countries, Hungary is participating in EU’s Security and Defence policy missions (EUFOR in Bosnia and Herzegovina and EULEX in Kosovo). The Hungarian contribution is important not only in terms of military assistance, but also in the economic reconstruction of South-East Europe; the region where over half of outward Hungarian FDI (Foreign Direct Investment) is directed to. In the framework of the EU’s Neighbourhood Policy, Hungary also strives to promote *Ukraine*’s aspirations of accession to the EU and NATO. Maintaining balanced relations with *Russia* based on mutual interests is of key importance from the point of view of securing Hungary’s energy supply. Besides the *USA* – which possesses a privileged position in Hungary’s network of foreign economic and diplomatic relations – the following macroregions are of primary importance for Hungary with a view to improving competitiveness, providing new markets for Hungarian companies, securing capital investments and for diversifying the energy supply: Asia (e.g. China, South Korea and India), Middle East-Gulf states and North Africa.

The new priorities of Hungarian foreign policy are reflected in the statistics and geographical location of diplomatic missions (*Figure 10*). Following 1989 Hungary closed 17 (mostly African and Asian) embassies in countries which have lost their political importance for Hungary (e.g. Angola, Cambodia, Laos, North Korea and Zimbabwe). Parallel to this, 35 new embassies were established, mainly in the successor countries to the disintegrated federal states (e.g. the USSR, Yugoslavia and Czechoslovakia) and in the Asian and African regions of primary economic importance mentioned above. The new general consulates over the last two decades have predominantly been established in select metropolises of the country’s most important partners, e.g. in the EU (Munich, Milan, Barcelona); in the Americas (Chicago, Los Angeles, Toronto, São Paulo); in China (Shanghai, Hong Kong); and in Russia (Yekaterinburg). To strengthen its ties with the Hungarian minorities living in the Carpathian Basin, Hungary’s new general consulates have also been established in towns that are of significance for ethnic Hungarians of the neighbouring countries (e.g. Miercurea Ciuc/Csíkszereda RO; Subotica/Szabadka SRB; Uzhhorod/Ungvár UA; and Košice/Kassa SK).

Particular mention should be accorded to the fact that recently several international organisations have moved their regional or managerial offices to Budapest: the UN’s FAO (Food and Agriculture Organisation) Regional Office for Europe and Central Asia, the FAO’s Joint Service Centre, the European Centre of the International Federation of Red Cross and Red Crescent Societies, the administrative and service centre of the Office of the UN High Commissioner for Refugees, and the Institute for Innovation and Technology of the European Union.