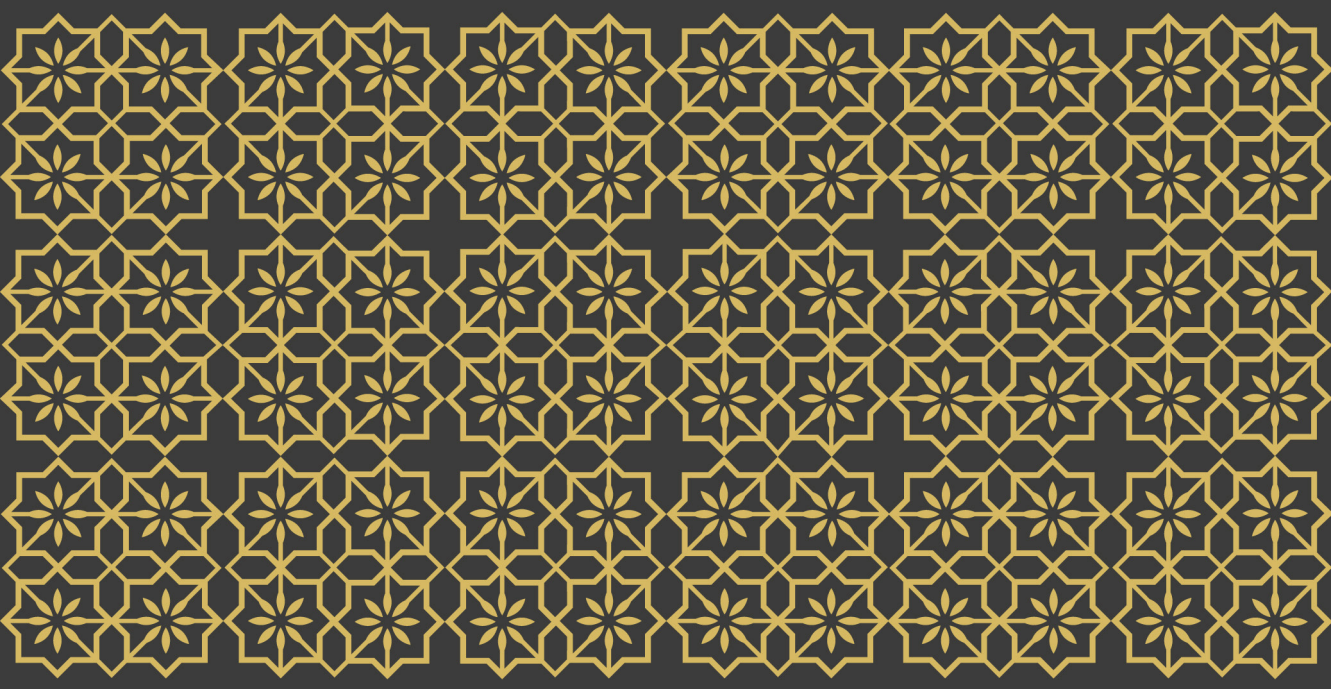
CHINA-HUNGARY RELATIONS:
ECONOMIC POLICY AND HIGHER EDUCATION

Eszter Lukács – Katalin Völgyi



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FOREWORD

Two employees of the Globalization Competence Centre of Széchenyi István University, Eszter Lukács and Katalin Völgyi, have written a book on Sino-Hungarian economic and higher education relations entitled *"China-Hungary Relations: Economic Policy and Higher Education"*. As employees of the Kautz Gyula Faculty of Economics, the authors both have decades of experience in teaching global economics and Asian studies, the latter being the topic of a textbook published ten years ago; they have a number of publications on China, India, Japan and ASEAN countries.

Thanks to its decades of rapid economic growth, China has become an inevitable factor in the world economy, which is especially reflected in the rearrangement of the current centre of gravity in global GDP, trade, investment and consumption. The rise of China (and the Asian continent) in the world economy has encouraged policymakers in many countries, including Hungary, to develop a China (Asia) strategy. China was given a prominent role in the policy of "Opening to the East", adopted by the Government of Hungary in 2012. In terms of its goals, "Opening to the East" is linked to the OBOR Initiative announced by China in 2013, which sets the framework for economic cooperation of the world's largest economy with Asia, Africa and Europe. Within the latter continent, China is building economic relations with Central and Eastern European countries, including Hungary, in the framework of a separate platform (17 + 1 cooperation). Accordingly, this volume approaches Sino-Hungarian economic relations from the direction of the CEE region.

The main message of the paper is to examine in pragmatic terms the convergence and co-operation of Hungary's and China's foreign economic (foreign trade and investment) interests, complemented and reinforced by the interaction of society's other two major subsystems, politics and science, the latter within higher education. The aim of the authors is to examine the development of Sino-Hungarian economic relations after 2012, analysing Hungary's "Opening to the East" and China's OBOR and 17 + 1 cooperation policy, with a detailed presentation of the most significant commitments and achievements of Sino-Hungarian high-level political meetings and bilateral trade and investment and infrastructure development links.

In this volume we can learn about the development of Sino-Hungarian relations over the past decade. Through the connection of China's OBOR Initiative and Hungary's "Opening to the East" policy, we can gain an insight into the economic cooperation of the two countries in the fields of trade, investment and infrastructure development. In addition to economic relations, the volume focuses on the less researched dimension of education, which also appears in the OBOR Initiative and the policy of "Opening to the East", and within this examines China's role in the internationalization process of Hungarian higher education, thus enriching the literature on Sino-Hungarian relations.

In 2013, the Government of Hungary extended its policy of "Opening to the East" to higher education with the introduction of the Stipendium Hungaricum Program, which from several aspects, analysed in this volume, plays a key role in the internationalization of Hungarian higher education. The countries of the Asian continent and China, similar to their role as investors, trading partners and financial markets, have become a key factor in international higher education processes. Asia and China are considered by the world's higher education institutions as the largest student-issuing region and country, respectively. Through the example of Széchenyi István University, Győr, the volume sheds light on the priorities and challenges facing Hungarian higher education institutions in the international competition of universities, measured by rankings, and the extent to which they can rely on the higher education environment in Asia and China, its "markets".

Dr Péter András Sztáray
Secretary of State for Security Policy
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INTRODUCTION

The China-CEEC cooperation under the One Belt, One Road (OBOR) has become a hot topic among academic researchers over the past decade. The authors of this book would like to contribute to the rapidly expanding literature on China-CEEC cooperation with the rarely researched dimension of higher education relations. This book focuses on the higher education relations between China and Hungary from the perspective of the internationalization of Hungarian higher education institutions. Of them, Széchenyi István University, Győr, serves as a case-study institution. The book discusses this core topic in a wider context of OBOR, following the economic and political relations between China and CEE countries/Hungary. The book is structured as follows:

Chapter 1 provides an overview of the main pledges and outcomes of China-CEE Summits. In addition, it covers the economic relations between China and CEE countries in the field of trade, investments and infrastructural development. Under the 17+1 cooperation, China handles CEE countries together as one of the regions of the world economy where it encourages the spread of its products and companies and pushes forward its industrial transformation and upgrading in line with "Made in China 2025" and "International Cooperation in Industrial Capacity and Machinery Manufacturing"; it can speed connectivity (a priority area under OBOR) through infrastructural development in Eurasia; it can access the European market and technology and push forward comprehensive and balanced development of China-EU relations [Zuokui 2018]. (The section "Economic relations under 17+1 mechanism" was published in China-CEE Institute's Working Paper Series, Budapest, 2018, No. 37).

Chapter 2 starts with the introduction of Hungary's "Opening to the East" policy which was launched by the Hungarian government in 2012, after the 2007–2009 global financial and economic crisis and the subsequent 2010–2011 European sovereign debt crisis to facilitate exports to as well as inward FDI flows (mainly) from emerging Asia and mitigate Hungary's massive commercial and FDI dependence on the EU-15 [Lukács – Völgyi 2017]. China has been playing an outstanding role in the implementation of the "Opening to the East" policy. In addition, Chapter 2 provides an overview of Chinese-Hungarian high-ranking political visits and their major outcomes and the economic cooperation between the two countries in the field of trade, investments

and infrastructural development. (The section "China – Hungary political relations" was published in Kemal Cebeci, Joaquim Ramos Silva, Tamer Budak and Antonio Focacci (eds.): Mirdec-10th Barcelona 2018 Conference Proceedings, Full Paper Series, Istanbul: Masters International Consultancy Research and Publishing (MIRDEC Publishing), 2018, pp. 181–192. The section "China – Hungary economic relations" was published in China-CEE Institute's Working Paper Series, Budapest, 2018, No. 37).

Chapter 3 introduces the global situation of higher education by focusing on three issues: higher education's cooperation with the UN System, the internationalization process and third mission activities. This global overview is followed by a section presenting the development, expansion, and internationalization of the higher education of China which is the largest sending country of international students. (The section "Priority areas for cooperation between the UN System and institutes of higher education" was published in Hungarian in Mihály Simai, Eszter Lukács [eds.]: Az ENSZ jövője a széteső világban [The future of the UN in the world falling apart], Budapest: The United Nations Association of Hungary, 2020, pp. 69–83).

Chapter 4 investigates through the example of Széchenyi István Univesity and its internationalization process how Hungarian higher education institutions attract international students from Asia, especially from China in line with the "Opening to the East" policy which was extended to higher education in 2013 with the introduction of the Stipendium Hungaricum Scholarship. Chapter 4 also deals with the challenges caused by the global pandemic in the internationalization process of the Hungarian higher education institutions and the responses given by Széchenyi István University to these challenges. (The section "The role of the economic policy 'Opening to the East' in the internationalization of Széchenyi István University and the Hungarian higher education system" was published in Hungarian in the journal Külügyi Szemle, Vol. 19, No. 1, Spring 2020, pp. 80–104. The section "Internationalization of Széchenyi István University before and after the pandemic" was accepted for publication in Hungarian by the journal Polgári Szemle in Spring 2021 and will be published in the forthcoming issue).

As mentioned above, OBOR provides a wider framework for this book which is China's grand strategy to govern the country's external relations (especially) with Europe, Asia, Africa and Latin America. Higher education relations belong to the people-to-people pillar of OBOR. Before unfolding the four chapters of the book, here the authors give a short summary of OBOR.

Chinese President Xi Jinping launched the One Belt, One Road (OBOR) Initiative in 2013, which is a joint designation for the Silk Road Economic Belt and the 21st Century Maritime Silk Road, contemporary versions of the centuries-old Silk Road trade routes

[Yu 2017]. Six months after becoming president, in September 2013, Xi Jinping visited four post-Soviet republics of Central Asia, among others, Kazakhstan where he outlined China's strategic vision to construct a New Silk Road. He proposed the creation of a land-based economic belt (Silk Road Economic Belt) "to open up the transportation channel from the Pacific to the Baltic Sea." In October 2013, in Indonesia he also set out the intention to build a Maritime Silk Road that would run from China to the Indian Ocean (from there, link to South Asia and Southern Africa) via Southeast Asia [Aris 2016]. These two connectivity plans were combined into the OBOR Initiative, with China as its hub. Xi's speeches were, however, rather vague in the details. Therefore, over the next few years, Beijing set about encouraging China's political institutions, provincial governments, business community, think tanks, and scholars to fill in the blanks [Aris 2016]. The vagueness of OBOR originally perceived as an empty political slogan has gradually been filled with real contents [Grieger 2016].

The launch of "OBOR was decided when the Chinese leadership faced the combined pressure of the economic slowing down, US pivot to Asia and the deterioration of the relations with neighbouring countries after weathering the storm of the 2008 global financial crisis" [Wang 2016, p. 455]. "When Xi made the new Silk Road proposal in 2013, an underlining philosophy of China's foreign policy was highlighted that China would like to work with other countries to create a 'community of destiny' of mutual benefit and a win-win cooperation, and a 'community of interests' of shared development and prosperity. These policy ideas have the continuation of the predecessor Hu Jintao's concept of harmonious world and peaceful development, and reflect how much imperative Chinese leaders recognized to get over the crisis in the country's relations with neighbouring countries, partly caused by US pivot to Asia" [Wang 2016, p. 458]. The USA launched its "pivot to Asia" strategy in 2009 "to strengthen its military alliances, and reinforce its economic ties (e.g. TPP) with the region" [Yu 2017, p. 365] in order to counteract/contain the rise of China. To avoid confrontation with the USA, "some analysts came to the idea that China should 'march westward' to expand China's strategic maneuvering space" [Wang 2016, p. 458] which was adopted by the Chinese leadership and led to the launch of OBOR.

Based on the content of the blueprint of "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road", which was released by China's National Development and Reform Commission, Ministry of Foreign Affairs and Ministry of Commerce in March 2015, China's OBOR Initiative can be viewed as a geo-economic strategy which has certain geopolitical implications as well. Through the OBOR Initiative, China would like to "strengthen the diplomatic relationship with, and increase its popularity among the partner countries" [Cheng 2016, p. 310]. The blueprint "Vision

and Action" contains OBOR's main principles, framework, cooperation priorities, and mechanisms. According to the blueprint, "the Belt and Road Initiative is in line with the purposes and principles of the UN Charter. It upholds the five principles of peaceful coexistence: mutual respect for each other's sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. The Initiative covers, but is not limited to, the area of the ancient Silk Road. It is open to all countries, and international and regional organisations for engagement. It follows market operation and will give play to the decisive role of the market in resource allocation" [NDRC 2015]. "The Belt and Road run through the continents of Asia, Europe and Africa, connecting the vibrant East Asian economic circle at one end and the developed European economic circle at the other. The Silk Road Economic Belt focuses on bringing together China, Central Asia, Russia and Europe; linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia; and connecting China with Southeast Asia, South Asia and the Indian Ocean. The 21st Century Maritime Silk Road is designed to go from China's coast to Europe through the South China Sea and the Indian Ocean in one route and from China's coast through the South China Sea to the South Pacific in the other" [NDRC 2015].[1] "The Belt and Road was originally identified to cover 65 countries along the routes" [Wang 2019, p. 92]. "Now more than 130 countries are reported to have signed Belt and Road Initiative agreements with China. These also include countries in Latin America and the Pacific – far beyond the traditional Silk Road routes" [The Economist Corporate Network 2019, p. 3].

The blueprint specifies five key areas of cooperation, namely, infrastructure connectivity, policy coordination, financial cooperation, trade and investment facilitation, and people-to-people bond. *Building infrastructure*[2] is designated as a priority area. It is essential to realize the massive potential for economic development in those usually underdeveloped countries along the Belt and Road sandwiched between developed Europe and East Asia [Huang 2016]. According to the estimation of the ADB, between 2016 and 2020, Asia's[3] overall national infrastructure[4] investment needs are estimated to be 1.2 trillion US dollars per year. In 2015, the gap between current (881 billion US dollars) and required investment level worked out to 330 billion US dollars. In 2015, the ADB approved 10 billion US dollar financing for infrastructure. (The World Bank Group and

[1] Main corridors: China-Mongolia-Russia Economic Corridor, New Eurasia Land Bridge Economic Corridor, China-Central Asia-West Asia Economic Corridor, China-Indochina Peninsula Economic Corridor, China-Pakistan Economic Corridor, Bangladesh-China-India-Myanmar Economic Corridor, 21st-Century Maritime Silk Road.
[2] E.g. transport, energy, telecommunication infrastructure.
[3] 25 developing member countries of the ADB compromising 96% of the region's population.
[4] Transport, power, telecommunications, water supply and sanitation.

the Islamic Development Bank Group committed about 10 billion US dollars and 3 billion US dollars, respectively) [ADB 2017a]. So the financial institutions/funds recently established by China (e.g. Asian Infrastructure Investment Bank, New Development Bank, Silk Road Fund etc.) can surely mobilise more finance for infrastructure development and help to reduce the financing gap.

The infrastructure connectivity as a hub connects together the four other areas of cooperation. "*Policy coordination* is an important guarantee for implementing the Initiative. Countries along the Belt and Road may fully coordinate their economic development strategies and policies, work out plans and measures for regional cooperation, and jointly provide policy support for the implementation of practical cooperation and large-scale projects" [NRDC 2015]. Beside policy coordination, *financial cooperation* among Belt and Road countries is also needed to enhance infrastructure connectivity. Some examples of the financial cooperation we have already mentioned above. The establishment of the Asian Infrastructure Investment Bank was officially initiated by Xi Jinping in October 2013 in Indonesia. The Articles of Agreement, the Bank's charter, was signed by 50 countries on 29 June 2015 in Beijing and the AIIB started to operate in January 2016. Now it has 44 regional and 36 non-regional developed and developing member countries.[5] The capital of the AIIB is 100 billion US dollars, equivalent to 61% of the capital of the ADB (163 billion US dollars) [Kawai 2016]. The main contributors of the ADB, Japan and the United States have remained absent from the AIIB, where China is the main contributor. Another important, recently established multilateral development bank is the New Development Bank (NDB) (formerly referred to as the BRICS Development Bank) headquartered in Shanghai, where China has an equal capital subscription with other four BRICS countries, which started to operate in February 2016 with the intention of mobilising financial resources for infrastructure and sustainable development projects in BRICS and other emerging/developing countries. Beyond these two multilateral development banks, China also set up different funds such as the Silk Road Fund, the China-ASEAN Investment Cooperation Fund (CAF) and the China-Central and Eastern Europe Investment Cooperation Fund. The Silk Road Fund was established in December 2014 in Beijing, with (an initial 10 billion US dollar and an ultimate target of 40 billion US dollar) investment from the State Administration of Foreign Exchange, China Investment Corporation, China Development Bank and the Export-Import Bank of China to finance trade, economic cooperation and infrastructure development under the framework of OBOR. In line with its name, the China-ASEAN Investment Cooperation Fund, created (with an initial 1 bil-

[5] See the list of member countries at: https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html.

lion US dollar and an ultimate target of 10 billion US dollar investment) by the Export-Import Bank of China (main sponsor), China Investment Corporation, Bank of China and International Finance Corporation[6] (IFC, World Bank) in 2010, has a specific regional focus and its investments are aimed at infrastructure, energy and natural resources in ASEAN countries. Similar to the previous fund, the China – Central and Eastern Europe Investment Cooperation Fund concentrates its development efforts on only one region, namely, Central and Eastern Europe. This Fund started to operate in 2014 and was initially sponsored with 435 million US dollars, among others, by the Export-Import Bank of China and the Hungarian Export-Import Bank (Eximbank).

These financial institutions or funds listed above have become parallel sources of financing for development to the Western/Japanese-dominated multilateral development banks (MDBs) such as the World Bank, Asian Development Bank, European Bank for Reconstruction and Development (EBRD), and the European Investment Bank (EIB). They can be considered as China's reaction to the slow pace of reform of international financial institutions (IMF, World Bank, ADB etc.) in which China's shareholding and voting power do not reflect the country's rising economic power. Nevertheless, China does not want to challenge (or compete with) the Western/Japanese-dominated institutions, it seems rather that China would like to complement their financing for development. And as we mentioned above (See ADB calculations), the additional financing from institutions/funds recently established by China are really needed. Complementation also takes the shape of co-financing/joint projects. Just to present some examples, in its first operation year (2016) six out of the nine infrastructure projects approved by the AIIB were co-financed by the ADB, World Bank or the EBRD [AIIB 2016, p. 5]. After starting its operation, the NDB has signed MoUs with different multilateral development banks (e.g. World Bank, ADB, EBRD, EIB etc.). In October 2017, the Vice-President of the NDB met his counterpart of the ADB to discuss their first projects for co-financing [ADB 2017b]. The Silk Road Fund has engaged in cooperation, among others, with the EBRD, EIB and the IFC (World Bank). OBOR-related financial cooperation between China and Europe is also encouraged to expand by China's membership in the EBRD since January 2016 and the launch of an EIB office in Beijing [Grieger 2016]. The financial cooperation among Belt and Road countries also includes the development of the Asian bond market, cross-border issuance of RMB-denominated bonds and banking consortia (China-ASEAN Interbank Association, SCO[7] Interbank Association).

[6] The IFC joined the CAF in May 2011.
[7] Shanghai Cooperation Organisation.

Trade and investment facilitation is the fourth key area of cooperation which is named in the blueprint of "Vision and Actions". Enhancing infrastructure connectivity (as a priority goal) can support the development of trade and investment relations among OBOR countries. Measures related to trade and investment facilitation cover elimination of trade and investment barriers, facilitation of cross-border industrial value chains, creation of free trade zones among countries or economic and trade cooperation zones (industrial parks) and conclusion of bilateral investment treaties etc. China will encourage domestic companies to invest in infrastructure or industrial sectors in countries lying along the Belt and Road.

The fifth key area of cooperation, namely, *people-to-people bond* focuses on cultural, academic, student, political party, and parliamentary exchanges, media cooperation, youth and women's dialogues, and development of tourism etc. In the field of higher education, OBOR activities are related to student and academic mobility, training of business professionals, research, going global of Chinese universities and cooperation among higher educational institutions including strengthening cultural ties [Douglass 2018]. The University Alliance of the New Silk Road, established by the Chinese Xi'an Jiaotong University in 2015, is one example of higher education cooperation, and now includes 132 universities across 32 countries and regions on 5 continents. The main aim of the Alliance is to enhance collaboration among higher education institutions in the field of research, student exchanges and other activities associated with internationalization [Sharma 2015]. The "Education Action Plan for the Belt and Road Initiative", which was announced by the Ministry of Education of the PRC in 2016, defines guidelines for (higher) education cooperation among OBOR countries. Through the Chinese culture, Confucius Institutions have been building connections between foreign and Chinese higher education institutions since 2004. In 2017, the Ministry of Culture of the PRC launched the "the Belt and Road Cultural Development Action Plan (2016–2020)" drawing a road map for more cultural actions – among others – construction of Chinese Culture Centres along the Belt and Road, Silk Road Cultural Tour programme, Silk Road Culture Industry Belt etc. [Guoyou 2017].

To push forward the building of the Belt and Road, China will take full advantage of the existing regional cooperation mechanisms [NDRC 2015] such as the Shanghai Cooperation Organisation, ASEAN plus China, Greater Mekong Sub-region (GMS) Economic Cooperation, Central Asia Regional Economic Cooperation (CAREC),[8] China-Arab States Cooperation Forum (CASCF), Forum on China-Africa Cooperation (FO-

[8] The development programme of GSM and CAREC was launched by the ADB in 1992 and 1997, respectively.

CAC), Asia Pacific Economic Cooperation (APEC), and the Asia Cooperation Dialogue (ACD). "As regards Europe, the 16+1 (CEEC plus China) format (comprising eleven Central and Eastern European countries, five Western Balkans countries and China)[9] had been set up in 2012, one year before OBOR was launched. (It became 17+1 in 2019 after Greece joined the cooperation). At the 2015 EU-China Summit, OBOR was incorporated as a new dimension to the EU-China strategic partnership. It has added strength to the EU-China dialogue on connectivity in the Asia-Europe Meeting (ASEM) format, which has featured prominently on the ASEM agenda in recent years" [Grieger 2016, p. 5]. From this perspective, OBOR does not bring a novelty, because the Chinese government has rebranded and integrated various existing regional cooperation mechanisms into one strategy [Yu 2017].

Motivations behind the initiation of OBOR can be viewed from economic, domestic and strategic perspectives. From an economic perspective, OBOR in line with the industrial plan of "Made in China 2025"[10] and the guidelines of "International Cooperation in Industrial Capacity and Machinery Manufacturing"[11] launched in

[9] Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, North Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia.

[10] China's industrial masterplan "Made in China 2025" is aimed "to build one of the world's most advanced and competitive economies with the help of innovative manufacturing technologies ("smart manufacturing"). The strategy targets virtually all high-tech industries: new generation information technology, high-end computerised machines and robots, space and aviation equipment, maritime equipment and high-tech ships, advanced railway transportation equipment, new energy and energy-saving vehicles, electric power equipment, agricultural machines, new materials, biopharma and high-tech medical devices. China's leadership systematically intervenes in the country's domestic markets so as to benefit and facilitate the economic dominance of Chinese enterprises and to disadvantage foreign competitors. This is visible in smart manufacturing as well as in many other high-tech industries targeted by the strategy. The main aim of 'Made in China 2025' is to gradually replace foreign with Chinese technology at home –and to prepare the ground for Chinese high-tech companies entering international markets. And it also has an outward-looking dimension: the accelerating acquisition of international high-tech companies by Chinese investors. To speed up China's technological catch-up and to leapfrog stages of technological development, Chinese companies are acquiring core technologies through investment abroad." [Wübbeke et al. 2016, pp. 6–7].

[11] According to the guidelines of "International Cooperation in Industrial Capacity and Machinery Manufacturing, China tries to facilitate cooperation in core sectors such as iron & steel, nonferrous metal, railways (e.g. high speed railway), electric power (e.g. nuclear power stations), chemical engineering, textiles, telecommunications, construction materials, automobiles, engineering mechanics, aerospace & aviation, ship and ocean engineering, with developing countries that match China's industrial structure, as well as developed countries. The driving force and rationale of this initiative are the following: as Chinese export growth has slowed down and overcapacity needs to be released, it is encouraged to shift them abroad. This initiative will help to restructure and upgrade the Chinese economy. From the perspective of partner countries, we can say that China facilitates the industrial development of developing countries and fulfils their growing demand on infrastructure. Developed countries can also rely on Chinese companies in case of facility maintenance and upgrade of infrastructure [Ernst & Young 2016]. Many of the practical cooperation mechanisms in different industrial sectors centre on economic and trade cooperation zones (industrial parks) being built along the Belt and Road countries. In addition, China promotes third-party market cooperation with companies from developed countries. This type of cooperation combines China's production capacity with developed countries' advanced technology and equipment for joint bidding of projects in third-party countries (developed or developing countries) [KPMG 2016; Qiu 2015].

2015 are aimed at fulfilling China's new "going out" strategy which has arisen after the global economic and financial crisis. Since 2012, China's economic growth has slowed down, and the Chinese leadership has launched several reforms to rebalance the country's economy from export-, manufacturing- and investment-driven towards domestic consumption-, innovation- and service sector-driven growth. But this is a slow process and it will take time. China has production overcapacity in many industrial sectors, products of which OBOR countries can help absorb considering the inadequate Chinese domestic demand and the bottleneck in further expanding the saturated export markets in developed economies [Cheng 2016]. "The OBOR Initiative will also allow China more time and room for pursuing industrial restructuring and upgrading" [Yu 2017, p. 360]. Chinese companies can relocate some excessive production capacities to neighbouring countries. And countries along the Belt and Road have a huge demand for infrastructure (as mentioned above). Participation of Chinese companies in infrastructure building financed by the AIIB or other institutions/funds can help absorb the country's overcapacity in infrastructure construction and other related industries. Developing infrastructural connectivity among the Belt and Road countries will enhance trade and investment between China and its partner countries along the Silk Roads. From this perspective, OBOR can move forward the internationalization of Renminbi as well, by increasing its share in trade, investment, and foreign exchange reserves. Another important economic motivation behind OBOR is to secure greater access for China to energy and other natural resources, for example, through building gas and oil pipelines starting from Central Asia and deep sea ports in South and Southeast Asia [Engelberth – Ságí 2017]. "From a domestic perspective, OBOR aims to rebalance regional development between the advanced coastal regions and the under-developed western regions within China. OBOR could play a crucial role in connecting China's several regional programs such as 'Develop the West' and 'Revive the Northeast' in a more organic way" [Pu 2016, p. 114]. The strategic motivation for the launch of "march westward" we have already described at the beginning of this section.

CHAPTER 1

POLITICAL RELATIONS UNDER 17+1 MECHANISM

Katalin Völgyi

Although the original 16+1 framework predated the adoption of the OBOR Initiative by China, it has become one of the strategic pillars of OBOR which has "an umbrella concept that brings together many pre-existing and new diplomatic mechanisms and institutions of China's foreign policy" [Vangeli 2017, p. 2]. From a geo-economic point of view, the CEE region "is adjacent to Russia and Central Asia, but also to Turkey and the Mediterranean – meaning that – what is called the Eurasian Land Bridge, as well as a number of maritime routes envisioned under the OBOR Initiative pass through this region. And it is also an entry point to the European common market" [Vangeli 2017, p. 1]. Growing interests and the changing attitude of China towards the CEE region was signalled by Xi Jinping's (China's Vice President at the time) official tour to Europe (Belgium, Germany, Bulgaria, Romania and Hungary) in 2009. Even before this visit, a debate had already started among Chinese senior officials how to elevate China's cooperation with the CEE region. From the other side, as the global financial crisis-ridden CEE countries were actively seeking for external financing, investments and export opportunities (outside Europe), China as a rising global economic powerhouse became an attractive partner for them. (In the case of Hungary, the formulation of the "Opening to the East" policy further strengthened the mutual interest). The first China – Central and Eastern European Countries Economic and Trade Forum, which can be considered as the origin of the 16+1 mechanism, was held in Budapest in 2011. China then suggested to Poland to host a similar, larger event in a summit format [Godement – Vasselier 2017, p. 65]. With the Warsaw Summit in 2012, 16+1 cooperation started to evolve.

Chinese Prime Minister Wen Jiabao proposed that CEE countries set up a joint secretariat which could have been the first step on the way towards institution building, but due to the reluctance of CEE countries, this proposal failed. Finally, China unilaterally established a secretariat under its Ministry of Foreign Affairs, staffed

with Chinese high-level diplomats and national coordinators appointed by Central and Eastern European countries. Since 2012, China's and CEE leaders have been meeting at annual summits and have also been holding several official events on the side-lines of the annual summits, including economic and trade forums. "Despite its multilateral-sounding name (of the 16+1 mechanism), most actual business is transacted bilaterally, and summits are largely venues for strings of bilateral meetings between Chinese officials and leaders from participating countries. In addition, for 16+1, China has invested in second track activities managed from the Chinese Academy of Social Sciences (CASS) by the China-CEEC Think-Tanks Network. And it has recently created the China-Central and Eastern European Institute in Budapest which is the first Chinese think-tank registered in Europe and managed and fully controlled by the CASS" [Godement – Vasselier 2017, p. 65].

In the 16+1 framework, several cooperation mechanisms have been established along the Summits. "The institutional arrangement in different mechanisms is not tight-knit. Each country can decide whether or not to join the relevant cooperation mechanism on a voluntary basis. Institutionalisation in different areas usually takes the form of an association, a forum, or a networking opportunity which can facilitate contacts between China and CEE countries" [Tianping 2015]. Some examples of cooperation mechanisms and their host country are: China-CEEC Association of Tourism Promotion Agencies and Businesses (Hungary), Association for the Promotion of Agricultural Cooperation (Bulgaria), CEEC-China Secretariat on Logistic Cooperation (Latvia), China-CEEC Business Council (Poland), Contact Mechanism for Investment Promotion Agencies (Poland), Coordination Maritime Secretariat (Poland), China-CEEC Cooperation in Forestry (Slovenia), Association on Transport and Infrastructure Cooperation (Serbia) and China-CEEC Technology Transfer Centre (Slovakia) etc. "If we take stock of the areas of cooperation between China and CEE countries, it can be said that they are quite comprehensive. The priority of the cooperation is given to connectivity, trade and investment, financial cooperation, science and technology, people-to-people and cultural exchanges" [Tianping 2015].

As described above, the scope of the 16+1 cooperation is very wide, but in this section of our book we would like to focus only on the main (economic) pledges and outcomes of major events, namely, the Summits. The *First China-CEE Summit* was held in Warsaw in 2012 where Chinese President Wen Jiabao outlined twelve measures for promoting cooperation with CEE countries:

Table 1: Twelve measures announced at the Warsaw Summit in 2012

1. Establishment of a secretariat for cooperation between China and CEE countries under China's Ministry of Foreign Affairs
2. Creation of a 10 billion US dollar credit line, a certain proportion of which will be concessional loans, with a focus on common projects in infrastructure, high and new technologies, and green economy
3. Setting up a China-Central and Eastern Europe Investment Cooperation Fund with the goal of raising 500 million US dollars in the first stage
4. Sending Chinese trade and investment promotion missions to Central and Eastern European countries
5. Encouraging Chinese enterprises to cooperate with relevant countries to establish one economic and technology zone in each country in the next five years, encouraging Chinese enterprises to take part in the development of existing economic and technological zones in the relevant countries
6. Exploring financial cooperation such as currency swap, local currency settlement for cross-border trade, establishment of bank branches in each other's countries
7. Establishment of an expert advisory committee on the construction of transportation network between China and CEE countries, exploration of the building of regional highway and railway demonstration networks through joint venture, joint contracting and other means
8. Holding a forum on cultural cooperation between China and CEE countries in China, in 2013
9. Providing 5000 scholarships to the 16 CEE countries in the next five years
10. Proposal for setting up a tourism promotion alliance between China and CEE countries
11. Establishment of a research fund between China and CEE countries
12. China hosts the first young political leaders forum of China and CEE countries in 2013

Source: Ministry of Foreign Affairs of the PRC

The *Second China-CEE Summit* took place in Bucharest in November 2013. Soon after that China and EU had adopted the EU-China 2020 Strategic Agenda for Cooperation at the EU-China Summit in Beijing. Before travelling to Romania, Chinese Premier Li Keqiang published an article in the British Telegraph to affirm China's support of Europe's integration process and to dissolve the fears of EU institutions about China's growing cooperation with CEE countries and its possible divisive effect on EU integration.[12] At the Bucharest Summit, the leaders of China and CEE countries again expressed their commitment to developing their cooperation in several fields, particularly in investment and infrastructure construction. Among others, China, Hungary and Serbia agreed on jointly building a railway between the latter two countries and setting up working groups to plan the project. The official launch of the China-Central and Eastern Europe Investment Cooperation Fund (first phase) was also celebrated at this Summit. "The Fund raised 435 million US dollars and started operating in early 2014. It

[12] See the article at: https://www.telegraph.co.uk/finance/comment/10466545/A-stronger-China-Europe-partnership-will-bring-us-all-greater-prosperity.html.

is incorporated in Luxembourg in the form of a limited partnership, with domestic and international investment institutes being its limited partners, such as the Export-Import Bank of China and the Hungarian Export-Import Bank" [Ping – Zuokui 2018, p. 31].

The *Third China-CEE Summit* was held in Belgrade in December 2014. The central topic of this Summit was again the development of infrastructure connectivity which was also reflected by the opening ceremony of the Pupin Bridge as an important event on the side-lines of the Summit. The construction of this bridge was mainly (85%) financed by the Export-Import Bank of China and had already been under way before the launch of the 16+1 cooperation. The Belgrade Summit took place more than one year after the official launch of the OBOR Initiative, so it was not surprising that the 16+1 cooperation on infrastructure connectivity (and its alignment with the OBOR Initiative) was highly prioritized on the agenda. At this Summit, North Macedonia joined and geographically extended the plan of the railway construction between Hungary and Serbia.[13] From OBOR's point of view, this construction aims to connect the railway of Hungary, Serbia and North Macedonia with the Piraeus Port in Greece, which has been operated by China Ocean Shipping Company (COSCO) since 2009, and build a land-sea express passage between China and Europe. In addition, Chinese Prime Minister Li Keqiang again mentioned the 10 billion US dollar credit line which was pledged at the Warsaw Summit and promised to provide loans in a more preferential manner. (Projects (e.g.) partially financed from Chinese state loans such as the south-north highway of Montenegro, the Stanari power station in Bosnia and Herzegovina and a thermal power station in Serbia were in the planning phase at that time.) He also supported the (1 billion US dollar) plan of the second phase of the China-Central and Eastern Europe Investment Cooperation Fund and encouraged business and financial institutions from the CEE region to issue RMB bonds in China. (The Investment Cooperation Fund (first phase) invested in infrastructure, telecommunication, energy and special manufacturing in CEE countries.)[14]

And in line with the other aim of the OBOR Initiative, the Chinese Prime Minister also emphasised the expansion of industrial cooperation and encouraged Chinese enterprises with excessive capacities (in manufacturing equipment of high-speed railways, nuclear power and telecommunication, in producing raw materials including steel, cement and

[13] Chinese Prime Minister Li Keqiang and his Serbian and Hungarian counterparts signed a MoU on joint construction of the railway between Serbia and Hungary.
[14] The Hungarian Export-Import Bank contributed 30 million US dollars to the Fund, which in turn invested 91 million US dollars in Hungary. See further information at: https://bbj.hu/economy/hungary-signs-up-to-sino-cee-fund-china-cee-fund-ii_142267.

plate glass) to set up factories in the CEE region and actively participate in large-scale projects [Secretariat for Cooperation between China and CEEC 2015].[15]

The *Fourth China-CEE Summit* took place in Suzhou, China in November 2015 where participant countries issued the "Medium-term Agenda for Cooperation between China and Central and Eastern European Countries". They affirmed that the 16+1 cooperation would continue to promote ties between China and the CEE region and would work in accordance with the newly established EU-China Connectivity Platform and contribute to the realisation of the EU-China comprehensive strategic partnership. The "Medium-term Agenda" set out directions and priorities for the 16+1 cooperation from 2015 to 2020 and covered the following areas: economic cooperation; cooperation on connectivity; cooperation on industrial capacity and equipment manufacturing; financial cooperation; agricultural, forestry and quality inspection cooperation; cooperation in science, technology, research, innovation and environmental protection; cultural, educational, youth, sport and tourism cooperation. In the field of financial cooperation, participants affirmed to explore opportunities to fully utilise the 10 billion US dollar credit line and decided on the launch of the second phase of the China-CEE Investment Cooperation Fund. On the side-lines of the Summit, China signed separate deals with Hungary and Serbia to construct and revamp a rail link between Belgrade and Budapest which had been an important topic of previous Summits. At the Suzhou Summit, in relation to the 16+1 cooperation on infrastructure connectivity, participant countries were also able to welcome the relaunch of direct flights between Beijing and Budapest and the launch of direct flights between Beijing and Prague, as well as the commencement of a regular express cargo railway transit from China to Poland. At the Suzhou Summit, it was also noted that Hungary was the first European country to sign (in June 2015) an MoU on the One Belt, One Road Initiative with China, with other CEE countries expressing their interest in signing a similar document.

The *Fifth China-CEE Summit* was held in Riga in October 2016. Chinese Prime Minister Li Keqiang stressed that (the 16+1 cooperation is a part of and helpful complement to EU-China cooperation. It helps advance the EU-China partnership and contributes to more balanced development across Europe and European integration) [Ping – Zuokui 2018, p. 14]. At the Riga Summit, in the field of infrastructure connectivity, the development of water routes and ports was especially stressed. Participating countries issued the "Riga Declaration on infrastructure and equipment cooperation at the Adriatic-Baltic-Black Sea Seaport". "The Adriatic-Baltic-Black Sea Seaport Cooperation will focus on developing transportation hubs involving ports and industrial parks in the coastal areas of the Adriat-

[15] http://www.china-ceec.org/eng/ldrhw_1/2014bergld/tpxw/t1411364.htm.

ic, Baltic and Black Sea and along the inland waterways, working together to build industrial clusters in ports and establish modern road, rail and river corridors to connect them" [Ministry of Foreign Affairs of Latvia 2016].[16] In the field of financial cooperation, the establishment of the Sino-CEE Finance Holding Company Ltd. was announced. Financial institutions and businesses from CEE countries were invited to contribute on a voluntary basis to the Sino-CEE Fund (10 billion euros) established by Sino-CEE Finance Holding Company Ltd. to promote China-CEE cooperation on interconnectivity and the development of industries. The Silk Road Fund has also contributed to the Sino-CEE Fund. Participating countries decided to launch the second phase of the China-Central and Eastern Europe Investment Cooperation Fund at the *Sixth China-CEE Summit*, which officially took place in Budapest in November 2017. The Investment Cooperation Fund with a capitalisation of 1 billion US dollars will support projects in the field of energy, telecommunication, infrastructure, information technology, manufacturing, agriculture etc. The Hungarian Export-Import Bank contributed 70 million US dollars to the Fund, which in turn will invest 140 million US dollars in Hungary.[17] At the Budapest Summit, the Hungarian Export-Import Bank joined the Sino-CEE Fund established in Riga with a 50 million euro contribution and with the expectation of 300 million euro investments in Hungary. The Chinese Prime Minister also announced the establishment of the China-CEE Inter-Bank Association. In the field of infrastructure development, important advancements took place around the time of the Budapest Summit. The construction of the Serbia-Hungary railway line started on the Serbian side and Hungary announced an open bidding for the section within its border. The delay from the Hungarian side was caused by the infringement proceeding which was launched by the European Commission in May 2016 to clarify the details of the deal concluded by China and Hungary at the Suzhou Summit in 2015. The European Commission was investigating whether Hungary was complying with EU procurement rules, which require public tenders for large transport projects. In May 2017, the agreement on the relevant rail link was modified by the Hungarian Parliament and then open bidding was announced at the Summit. The value of the modernisation of the Hungarian part of the 350 km rail link stands at 2.1 billion US dollars, 85 percent of which will be financed with a 20-year loan from the Export-Import Bank of China [Suokas 2017]. The Budapest Summit in 2017 can be considered as a stock-taking summit because the 16+1 cooperation originated from the first China – Central and Eastern European Coun-

[16] See further details on the Adriatic-Baltic-Black Sea Seaport Cooperation at: http://www.china-ceec.org/eng/ldrhw_1/2016lj/hdxw4/t1414325.htm.
[17] See further information at: https://bbj.hu/economy/hungary-signs-up-to-sino-cee-fund-china-cee-fund-ii_142267.

tries Economic and Trade Forum which was also held in Budapest in 2011. In July 2018, the *Seventh China-CEE Summit* took place in Sofia, Bulgaria where over 20 cooperation documents were signed. The prime ministers of Bulgaria and China also agreed to open the "China-CEE agricultural demonstration zone" at Agricultural University of Plovdiv. At the Summit, participant countries supported improving the system and structure of China-CEE cooperation and deepening practical cooperation in trade, investment and connectivity. They welcomed the important progress which has been made by China, Serbia and Hungary on the Belgrade-Budapest railway project and expressed their readiness to explore the potential connectivity of the Belgrade-Budapest railway with ports in Albania, Montenegro, Croatia and Slovenia in line with the Three Seas Initiative (Adriatic-Baltic-Black Sea Seaport Cooperation). Participant countries decided to cultivate new drivers for cooperation in science, technology, innovation, finance, energy, agriculture etc. They also decided on expanding people-to-people exchanges. For example, the year of 2019 was declared as the 16+1 Year of Education and Youth Exchange [Ministry of Foreign Affairs of the PRC 2018].[18] Besides, China and CEE countries underlined again "that 16+1 cooperation constitutes an important part of and a positive complementary to the relationship between China and the EU" [Ministry of Foreign Affairs of the PRC 2018]. "They will fulfil the commitments undertaken under the Belt and Road Initiative, maintaining openness based on market rules and norms, which will complement the relevant EU policies and projects" [Kowalski 2018]. China and CEE countries "declared their willingness to increase the synergy between the Belt and Road Initiative, Trans-European Transport Network (TEN-T), and their extension to the Western Balkans, for the benefit of European integration" [Kowalski 2018] in the framework of the EU-China Connectivity Platform. China's Premier Li Keqiang recommended creating a Global Partnership Centre in Sofia which will help Chinese companies to understand EU rules and adhere to them in the CEE region.

The *Eighth China-CEE Summit* was held in Dubrovnik, Croatia in April 2019 where 16+1 became 17+1 with the accession of Greece. According to the "Dubrovnik Guidelines", China and its 17 partner countries discussed several topics during the Summit: infrastructure connectivity, trade and investment, financial cooperation, technological innovation, education, youth, sports, tourism, agricultural and environmental cooperation etc. 17+1 countries reinforced their commitment to enhance connectivity to achieve more development. They recognized the importance of OBOR and the EU Strategy on Connecting Europe and Asia launched in September 2018 and welcomed forging syn-

[18] See further information on the seventh China-CEE Summit at: https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1577455.shtml.

ergies between them. This reflects the openness of China to cooperation with the EU. However, "the main aim of the EU's Connectivity Strategy is not engagement with China: the strategy document refers to China only as one among many relevant parties and there is no mention of the OBOR Initiative at all. And yet the EU Connectivity Strategy is primarily a response to the OBOR Initiative, aimed at promoting a European alternative to the Chinese approach. Through its Connectivity Strategy the EU tries to strengthen its economic and diplomatic involvement in Eastern Europe and Asia, and its geopolitical relevance at the global level" [Kuo 2019]. In the "Dubrovnik Guidelines", leaders from China and the CEECs voiced again support for moving forward practical cooperation in the development of the China-Europe land-sea express line and making use of the EU-China Connectivity Platform to promote development of intermodal freight transportation. In this case, we also see that China is ready for cooperation, however the EU-China Connectivity Platform does not appear to have resulted in any major practical instances of European engagement with or involvement in the OBOR Initiative so far [Kuo, 2019]. Under 17+1 cooperation, China and its partner countries highlighted the promotion of railway projects (railway planning, railway organization development, management, and logistics and freight terminal construction) and the construction of logistics hubs. They also expressed their willingness to explore the possibilities of establishing a China-CEEC Customs Information Centre in Hungary. In the field of trade and investment, participant countries supported "necessary reform of the WTO aimed at addressing global trade challenges in order to ensure its continued relevance and effectiveness by further developing WTO rules and reiterated the need for conclusion of an ambitious Comprehensive Agreement on Investment between the EU and China" [Government of the Republic of Croatia 2019, p. 4]. The host country of the Summit, "Croatia took the initiative of establishing the China-CEECs Information and Communication Technology Coordination Mechanism, which supports knowledge exchange in high-tech industrial parks incubators, innovative start-ups, etc." [Bachulska et al. 2020, p. 61]. In the field of education, China launched the China–CEEC Education Capacity Building Project and the China–CEEC Joint Education Project of Institutions of Higher Education [Government of the Republic of Croatia 2019, p. 6].[19] Other important initiatives from Dubrovnik were China-CEEC Creative Hub in Montenegro, China-CEEC Youth Development Centre in Albania, and China-CEEC Coordination Mechanism for Sports in CEECs.

The *Ninth China-CEE Summit* was planned to be held in China in April 2020, but due to the novel coronavirus (COVID-19) outbreak, it has been postponed.

[19] See further information on the eighth China-CEE Summit at: https://www.ceec-china-croatia.org/files/dubrovnik-guidelines.pdf.

ECONOMIC RELATIONS UNDER 17+1 MECHANISM

Eszter Lukács – Katalin Völgyi

China's economic ascendance is prominent in every region of the world economy. In the EU old member states such as Germany, France, Italy, the UK and the Netherlands are the most important bilateral economic partners for China. CEE member countries[20] represent only a small fraction in EU trade with China and host a tiny part of China's foreign direct investments in the EU. In 2019, the share of CEE member countries in the total EU exports to and imports from China was 5% and 14.4%, respectively.[21] Between 2000 and 2019, only 5.7% of Chinese FDI transactions (163.9 billion euros) in the EU took place in CEE member countries, which amounted to 9.4 billion euros [Kratz et al. 2020]. At the same time, it is also true that between 2000 and 2019, CEE member countries' trade with China grew faster than that of EU-16.[22] Chinese investors have begun to explore the investment potential of the CEE region since 2005. And especially, the 2008 financial turmoil with the subsequent global economic downturn and the 2010–2011 European sovereign debt crisis have together given a 'window period' to Chinese companies to increase further their investments in the CEE region [Zuokui 2016], the economic growth of which has been traditionally dependent on the FDI from the EU-15. Many of the crisis-ridden CEE countries actively seeking for external financing, investments and export opportunities (outside Europe) positively welcomed China's approach which led to the institutionalization of the cooperation between CEE countries (EU member countries plus five Western Balkan countries) and China through the launch of annual 16+1 summits in 2012 and establishment of a 16+1 secretariat under the Ministry of Foreign Affairs of the PRC. Since then, 16+1 cooperation has become an important pillar of the OBOR Initiative launched in 2013. And as we mentioned above, Greece joined the 16+1 cooperation in 2019, which became 17+1.

From China's point of view, the specific role of the 17+1 cooperation under OBOR can be summarized in the following points: (1) Despite the fact that the original

[20] Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Greece.
[21] Data from Eurostat/Comext.
[22] In value terms, exports of CEE member countries (EU-16) to China grew 29-fold (8.3-fold). Imports of CEE member countries (EU-16) from China grew 12-fold (5.1-fold).

17+1 cooperation was established before OBOR, both share the same major goal of encouraging China's domestic products and enterprises to go abroad, and pushing forward the country's industrial transformation and upgrading in line with "Made in China 2025" and "International Cooperation in Industrial Capacity and Machinery Manufacturing". (2) The 17+1 cooperation is an important institutional guarantee to speed connectivity (a priority area under OBOR) in Eurasia. The CEE countries lie in the hub of Eurasia, serving as the only route to enter the European market. (3) The 17+1 cooperation is an initiative for regional cooperation, with a focus on pushing forward comprehensive and balanced development of China-EU relations. CEE member countries can provide great opportunities for Chinese investments thanks to their good environment for investment in terms of manpower, capital and industry and their access to the EU's technology and market [Zuokui 2018].

Regarding the 17+1 cooperation under OBOR, CEE countries have various economic expectations. We have already mentioned that CEE countries welcomed China's approach during the global financial and economic crisis when they moved to diversify their economic relations to reduce their excessive dependence on the EU. In the field of trade, we can see that 70% of CEE trade with China is reported by the V4 countries [Ping – Zuokui 2018]. CEE countries have a huge trade deficit with China. In most cases, the majority of the bilateral trade between CEE countries and China can be bound to certain products and particular transnational corporations which means that bilateral trade flows are largely dependent on the activities of global value chains [Szunomár et al. 2018]. This is also confirmed by the research of Ando and Kimura [2013] which explains how production networks of East Asia and Europe have become interlinked through the CEE region. Beyond the dominant trade of transnational corporations, we should also mention the export opportunities of CEE domestic companies to China. For these companies it is not easy to expand in China which is often called a global factory. Scholars and politicians emphasize agriculture and the food and beverages industry where CEE companies can increase their exports to the Chinese market. Some high-quality food products (e.g. dairy products, wine) have already gained popularity among Chinese customers [Ping – Zuokui 2018]. In the field of services, tourism can also be considered as a business with a prosperous outlook for CEE, as China has been the top spender in international tourism since 2012.

In the case of investments, growing Chinese FDI and financing (state loan) & contracting for infrastructure construction in CEE have been apparent, especially since the global economic and financial crisis. China has focussed on the integrity of investment distribution and has been participating in construction of transportation networks

(ports, airports, roads, railways) as well as local assembly and distribution networks (industrial parks), logistical facilities (sea transportation, container companies, telecommunication networks), and energy infrastructure (hydro/nuclear/thermal power stations). Chinese companies have picked up some key countries such as Hungary and Poland where they have started to expand their foreign direct investments, and used them as a "bridgehead" to invest in the whole region. And Chinese manufacturing companies have been using CEE countries as a springboard to enter the markets of the EU, Turkey and Russia and a place for "Europeanization" of the production, sales and branding of Chinese products [Zuokui 2016].

Majority of Chinese infrastructure construction projects in the CEE region have been carried out in Western Balkans countries, such as Serbia, Montenegro, North Macedonia, Bosnia & Herzegovina and Albania which are not part of the EU where "rules on state aid and public procurement has been an obstacle for the Chinese model of infrastructure financing, which involves state guarantees from the borrowing country and requires the direct award of a financed project to Chinese companies, without an open competitive tender" [Makocki 2016, p. 68]. This explains – for example – the delay in the project of Budapest – Belgrade high-speed railway construction (largely financed by the Export-Import Bank of China) which, only after an open bid was announced by Hungary in 2017, could be started in 2020.

Infrastructure development is motivated by the desire to enhance trade links with CEE (the EU) and facilitate direct investment by Chinese companies in various manufacturing and service sectors. Chinese investments have mainly targeted the manufacturing industry (e.g. electronics, automobiles, aviation, and chemicals), energy, telecommunications, transportation, real estate, banking & finance, and agriculture in the CEE region. In addition to Chinese companies' foreign direct investments, the China-Central and Eastern Europe Investment Cooperation Fund established in 2014 under OBOR invested 500 million US dollars in infrastructure, telecommunication, energy and special manufacturing in CEE countries (e.g. Bulgaria, Hungary, and Poland etc.) during its first phase.

CEE countries can expect further foreign direct investments and financing for infrastructure construction from China due to the country's continuous industrial restructuring and upgrading. The second phase of the China-Central and Eastern Europe Investment Cooperation Fund and the Sino-CEE Fund will also channel new investments into the CEE region.

Under the OBOR Initiative, CEE companies also have the opportunity to further increase their foreign direct investments in China. According to the data of CIPA [2017],

1000 CEE companies are present in agriculture, the food & beverage industry, machinery (parts & components) industry, waste water treatment, biotechnology, new energy and financial services in China. FDI stock from CEE mostly originates from Hungary, Poland, Romania, the Czech Republic, Slovakia and Bulgaria, which accounts for about 90% of total CEE FDI in China [Xu et al. 2016]. Events such as China Investment Forum and China-CEEC Investment and Trade Expo launched and regularly organized under OBOR also contribute to the development of bilateral trade and investment relations between China and CEE countries.

In the next chapter, we investigate the interconnectedness of China's OBOR Initiative and Hungary's "Opening to the East" policy in the framework of bilateral political and economic cooperation.

CHAPTER 2

CHINA – HUNGARY POLITICAL RELATIONS

Eszter Lukács – Katalin Völgyi

HUNGARY'S "OPENING TO THE EAST" POLICY

The 2008 financial turmoil with the subsequent global economic downturn and the 2010–2011 European sovereign debt crisis resulted in a massive backdrop in European GDP and trade growth figures as well as that of inward FDI. As an integral part of its new foreign economic policy strategy, the Hungarian government launched the "Opening to the East" policy in 2012, which endeavours to facilitate exports to as well as inward FDI flows (mainly) from emerging Asia (China as one of the countries being prioritised). The underlying motivation of the 'Opening to the East' policy is to mitigate Hungary's massive commercial (concentration both in terms of country orientation and sectors) and FDI dependence on the EU-15 [Lukács – Völgyi 2017]. And at the same time, "the foreign economic policy strategy took the beneficial geographical position of Hungary into account, by stating that the "Opening to the East" is a natural way of utilising the country's good access point to the markets of Asian and Post-Soviet states, which provides Hungary with the possibility to become a logistical and transportation hub between the European Union and Asia. Lastly, another motive behind a more Eastern-oriented foreign policy was the assumption that a proper representation of the Hungarian state interests on the world stage is only possible once the country is more visible and able to build on the possible support of relevant worldwide and regional players" [Dániel 2015, pp. 3–4].

The Hungarian government passed the bill which enforced the new foreign economic policy strategy (2012–2020) in April 2012 which was a part of a broader economic policy strategy. "The primary aim of the foreign economic policy strategy is to contribute to the country's growth, employment and balance of payments goals with the six main objectives listed below:

1. The diversification of the geographical structure of exports
2. The diversification of the product structure of exports
3. FDI attraction
4. The support of exports and supplying activity of small and medium enterprises (SMEs)
5. Economic cooperation in the Carpathian Basin
6. Institutional development of the economic diplomacy

The new strategy on foreign economic policy is often nicknamed the 'Opening to the East' policy that entails the main goals of growing exports to and increasing amounts of FDI from 'Eastern' (mainly Asian) countries, specifically China, Russia, India, South Korea, some ASEAN countries (Singapore, Malaysia, Indonesia, Vietnam and Thailand), Gulf countries, CIS, and Turkey" [Lukács – Völgyi 2017, p. 30]. The Hungarian government has created several tools and institutions to achieve its foreign economic policy goals, including the "Opening to the East". "The state export development is targeted to increase especially Hungarian SMEs' export capability by creating a so-called export academy that provides training in foreign trade to SMEs; a programme of 'exports return home' which makes surveys on SMEs' goods/services with export quality, and provides a network of advisers in foreign trade; an export directory[23] which contains a database of Hungarian exporters; and supporting cooperation among SMEs in the form of cluster or consortium" [Éltető – Völgyi 2013, pp. 4–5]. The Hungarian government established the Hungarian National Trading House (HNTH) in 2012 which built up a network of (almost 50) trading houses in four continents to support the exports of Hungarian SMEs and their entry to foreign markets. The HNTH[24] operated in 24 Asian countries, including its two offices in China in 2018.

Besides enhancing the exports of Hungarian SMEs, the other aim of the strategy is to develop their supplying activity (indirect exports) which is strongly related to another aim of promoting inward FDI. To fulfil both aims, the Hungarian government has started to conclude strategic cooperation agreements with transnational companies located in Hungary to reinvest their earnings in Hungary, develop R&D activities, increase their participation in vocational training programmes and strengthen supplier relations with Hungarian SMEs [Éltető – Völgyi 2013]. As of February 2021, 88 strategic cooperation agreements had been signed, among others, with Chinese

[23] Export directory is available at: http://exportdirectory.mkik.hu/hu/.
[24] The Hungarian National Trading House was abolished and its activities were taken over by the Hungarian Export Promotion Agency (HEPA) in November 2018.

companies such as Huawei Technologies, Wanhua (BorsodChem), Yanfeng, Bank of China, Wescast (Bohong), and SEGA.[25]

The development of economic diplomacy with the building up of a wider network of attachés for foreign economic affairs and a more aligned cooperation among export financing state banks (e.g. MEHIB, Eximbank), ministries and HIPA[26] (formerly HITA[27]) has also been planned in the new foreign economic policy strategy. "Beside these institutions, we should emphasise the growing importance of chambers, committees and business forums in the framework of the 'Opening to the East'. Within the Hungarian Chamber of Commerce and Industry, new departments (e.g. Chinese, Kazakh and Turkish) have been established. Reactivating the work of Joint Economic Committees (intergovernmental organisations) and the growing number of the meetings of high-ranking (Hungarian and Asian) politicians as well as business forums underpin Hungary's strong commitment to the 'Opening to the East'" [Éltető – Völgyi 2013, p. 5]. Due to its global economic ascendance, China has an outstanding role in the "Opening to the East" policy.

HIGH-RANKING POLITICAL VISITS BETWEEN CHINA AND HUNGARY

Xi's visit to the CEE countries, among them Hungary in 2009, indicated China's evolving "going out" investment strategy which also includes a diversification plan of its huge foreign reserves through emerging countries [Hsiao 2009]. Hungary had been seriously indebted and was suffering from the fall of FDI from, and trade with, its most important economic partner, the EU due to the global economic and financial crisis, when its government could welcome China's approach. And it had already started to formulate the country's "Opening to the East" policy when Hungarian Prime Minister Viktor Orbán visited Shanghai at the end of 2010 and participated in the closing ceremony of the Shanghai World Expo. According to Orbán's words, his visit was intended to help to provide more money for fresh investments and jobs to come to Hungary. He met not only his Chinese counterpart, Wen Jiabao, but also some leaders of Chinese companies, such as Huawei, ZTE and Hainan Group [Matura 2011]. The Prime Ministers of Hungary and China discussed, among others, the buyout of Hungarian chemical company, BorsodChem by Chinese Wanhua Industrial Group. Wanhua gained full control of Bor-

[25] See the list of declarations at: http://www.kormany.hu/hu/kulgazdasagi-es-kulugyminiszterium/strategiai-partnersegi-megallapodasok.
[26] Hungarian Investment Promotion Agency.
[27] Hungarian Investment and Trade Agency.

sodChem in a 1.2 billion euro deal in February 2011[28] while rescuing it from shutdown. This Chinese investment became the largest in the CEE region. Viktor Orbán and Wen Jiabao also discussed long-term financial cooperation, including the possibility of Chinese purchase of Hungarian government bonds. The other aim of the Hungarian Prime Minister's visit was to find an investor for MALÉV (Hungarian Airlines), which was on the edge of bankruptcy. Viktor Orbán met Chen Feng, the President of Hainan Group, with whom he had a discussion about the establishment of a Hungary-based airline, and the transformation of MALÉV [Matura, 2011]. Viktor Orbán's visit to Shanghai was followed by two visits of the Minister of National Development Tamás Fellegi in December 2010 and in April 2011. He acted as a Government Commissioner for Hungarian-Chinese Economic Relations and "held a series of consultations with Chinese officials, bankers and businessmen, along with Hungarian entrepreneurs" [Kałan 2012, p. 65].

In June 2011, Chinese Prime Minister Wen Jiabao visited Budapest where several bilateral agreements were signed. Some topics of these agreements had already been negotiated when Viktor Orbán and Tamás Fellegi were on their official visits in China. At the time of Wen Jiabao's visit in Budapest, the first China – Central and Eastern European Countries Economic and Trade Forum also took place which can be considered as the starting point of the 16+1 cooperation.

In Table 2, we summarise the most important bilateral agreements signed by government officials or businessmen from China and Hungary:

Table 2: Major bilateral agreements in June 2011

1.	**Memorandum of understanding on the development of air and river transport** In 2011, the Hungarian government negotiated with Hainan Group about a possible investment in MALÉV (See point 9). The building of a cargo airport near Vát and Porpác (with the financing of Shanghai Construction Group) was also planned.
2.	**Memorandum of understanding on investment promotion**
3.	**Memorandum of understanding on the development of railway transport** Hungarian State Railways (MÁV) and China Railway Construction Co. agreed on the construction of a downtown-to-airport high-speed train connection in Budapest.
4.	**Strategic agreement on the creation of Huawei's European Supply Centre in Hungary** In the framework of a pilot project, Huawei located its European Supply Centre to Hungary in 2009 and which has remained in the country upon the final decision of the Chinese company in April 2011.
5.	**Declaration of intent on the establishment and cooperation of/between cultural centres**

[28] „The acquisition has given Wanhua (mainly owned by Yantai Municipal Government of the PRC) access to the European chemicals market and has created the world's third-largest producer of isocyanates – raw materials used to make foams for the automotive, construction and furniture industries" [Bryant 2011].

6. **Memorandum of cooperation between National Association of Entrepreneurs and Employers (Hungary) and Chinese Chamber of Commerce on the establishment of a bilateral business council**
7. **Memorandum on the establishment of China's CEE logistics and trading platform**
8. **Financial cooperation agreement between BorsodChem and Bank of China** According to the agreement, Bank of China provided a 1.5 billion US dollar credit line to Wanhua Industrial Group to finance the long-term development of BorsodChem.
9. **Strategic cooperation agreement between Hainan Group and Hungarian Capital Association Ltd. on the field of logistics, real estate and transport development and financial services**
10. **Agreement on the establishment of Central European Hungarian-Chinese Commerce, Logistics and Development Cooperation Zone between Talentis Group and Shandong Imperial International Investment Co.**
11. **Cooperation Agreement between Szolnok Industrial Park (Central Hungary) and Anhui BBCA Biochemical Co. Ltd. on the building of a citric acid factory**
12. **Agreement between DML Europa (Hungary) and Wujiang Canyi New Lighting Co. Ltd. on the establishment of a European production base for Canyi**
In addition to these agreements mentioned above:
13. **China Development Bank offered a 1.38 billion US dollar credit line primarily for financing investment projects of Chinese businesses in Hungary.** In November 2011, Tamás Fellegi visited China to negotiate on potential projects (e.g. Orient Solar solar cell and panel factory in Berettyóújfalu, BBCA citric acid factory in Szolnok, downtown-to-airport high-speed train connection in Budapest).
14. **China promised to purchase a certain amount of Hungarian government bonds.** In October 2011, Tamás Fellegi announced that China had started to buy Hungarian government bonds. We suppose that the Chinese purchase could not be significant, because the Hungarian government had to turn again to the IMF for financing at the end of 2011.

Source: National Development Ministry (Hungary),[29] Szunomár et al. (2014, pp. 44–45)

Viktor Orbán and Wen Jiabao had the next bilateral meeting in April 2012, on the side-lines of the first China-CEE Summit in Warsaw. Soon after this meeting, Chinese Vice-Premier Li Keqiang arrived in Budapest where Hungary and China signed seven agreements which mostly confirmed the former ones (June 2011). For example, Minister for National Economy György Matolcsy and the Vice-President of the China Development Bank signed an agreement on the planned utilisation of the 1.38-billion-dollar credit line. MÁV and China Railway Construction Co. concluded a cooperation agreement on the promotion of a high-speed railway line project that connects Liszt Ferenc International Airport with Budapest's Keleti Railway Station (See Table 2). In addition,

[29] See further information at: http://2010-2014.kormany.hu/hu/nemzeti-fejlesztesi-miniszterium/hirek/ketoldalu-megallapodasokkal-fuztek-szorosabbra-a-magyar-kinai-kapcsolatot

a memorandum of understanding was signed to promote cooperation between SMEs and the Ministry of Rural Development, and the Ministry of Agriculture of the PRC entered into an agreement for the establishment of a Hungarian-Chinese scientific and technological centre. The Ministry of National Economy reached an agreement with two Chinese telecommunication companies, namely, Huawei and ZTE about the development of their Hungarian investments[30] [Prime Minister's Office (Hungary) 2012]. In December 2012, an agreement was concluded between the Hungarian government and Wanhua on the Chinese company's long-term, strategic investment projects worth around 1.6 billion euros in Hungary (See Table 2).

In 2013, Hungarian Minister of Foreign Affairs and Trade Péter Szijjártó (appointed as a Government Commissioner for Hungarian-Chinese Economic Relations since March 2013) visited China twice. In April, he held talks on financing the construction of V0 ring rail line (around Budapest) with Vice Commerce Minister Jiang Yaoping and the heads of the China Development Bank and Chinese Railway Construction Co. This construction plan got into the list of potential projects financed from the 1.38-billion-dollar credit line. One week before Szijjártó's visit to China, the heads of state-owned railway company, MÁV and Chinese Railway Construction Co. signed a declaration of intent on the V0 rail line. In China, Péter Szijjártó also had a meeting with the management of Wanhua and signed a strategic cooperation agreement with Huawei. On his second trip to China, the Hungarian Minister of Foreign Affairs and Trade visited Shanghai where he met government officials and company managers. At the end of November, Hungarian Prime Minister Viktor Orbán had a bilateral meeting with his Chinese counterpart on the side-lines of the second China-CEE Summit in Bucharest. Officials from the Export-Import Bank of China and the Hungarian Export-Import Bank announced that they had signed an agreement to add a further 100 million euros to the already depleted credit line worth 100 million euros which had been launched by the Export-Import Bank of China in May to finance the expansion of exports to China from companies operating in Hungary. From Hungary's point of view, the positive outcomes of the Bucharest Summit also included the establishment of the China-CEE Investment Cooperation Fund and the planning of a railway link between Budapest and Belgrade.

In February 2014, Viktor Orbán made a three-day visit to China, accompanied by several government officials and a large business delegation. During the meeting 19 agreements were signed. Among others, the Hungarian government concluded a strategic cooperation agreement with Wanhua (BorsodChem). Viktor Orbán also met the Presi-

[30] Huawei opened its European logistic centre in Biatorbágy in 2013. In 2012, ZTE started to operate a new European regional network operation centre in Budapest.

dent of Bank of China which decided to establish its CEE centre in Budapest and build a network of branch offices to finance Chinese companies' activities in the CEE region. The President of the Hungarian Investment and Trade Agency (HITA) and the CEO of Huawei signed a declaration of intent to expand the company's production capacity in Hungary. Other agreements were aimed – for example – to establish a working group to make preparation for the Budapest-Belgrade railway project, to establish a (China-CEE) tourism centre in Budapest, to relaunch direct flights between Hungary and China, and to expand Hungarian agricultural exports to China etc. In October 2014, Hungarian Minister of Foreign Affairs and Trade Péter Szijjártó met his Chinese counterpart in Beijing to have further discussions on the topics of the former official visit in February and Hungarian Prime Minister Viktor Orbán and Chinese Premier Li Keqiang met for the second time in 2014 on the side-lines of the third CEE-China Summit in Belgrade where they signed a memorandum of understanding on the Budapest-Belgrade railway project.

In June 2015, after 15 years, the Chinese Foreign Minister visited Hungary and had talks with Peter Szijjártó, his Hungarian counterpart. (He also met the Hungarian Prime Minister and President). At the bilateral meeting, Hungary as a first European country signed a memorandum of understanding on OBOR with China. After the ceremony, the Chinese Foreign Minister said that China had opened more to the West and Hungary had pursued the "Opening to the East" policy, so OBOR would interconnect China and Hungary more closely. In relation to the development of Hungary-China cooperation, Péter Szijjártó highlighted the successful relaunch of direct flights between Hungary and China and the rapid expansion of Hungarian agricultural exports to China. In September 2015, Péter Szijjártó travelled to Beijing where he announced that Hungary had received the Chinese party's financing offer relating to the Belgrade-Budapest railway project, and negotiations on an inter-state agreement had also begun. He also indicated that the Bank of China would open its third European RMB clearing centre in Budapest to promote the wider use of the Chinese currency in trade between China and Europe [Ministry of Foreign Affairs and Trade (Hungary) 2015]. On the side-lines of the fourth CEE-China Summit, Hungarian Prime Minister Viktor Orbán met Li Keqiang to sign governmental cooperation documents on the modernization of the Budapest-Belgrade railway link.

In 2016, there were three important high-ranking political meetings between Hungary and China. In October, China-CEE Countries Political Parties Dialogue took place in Budapest. At the meeting, Hungarian Prime Minister Viktor Orbán said that the time had come for elevating cooperation between Central Europe and China to the level of strategic partnership. He also announced that Hungary had submitted its accession re-

quest to the Asian Infrastructure Investment Bank [Hungarian News Agency 2016]. In November, Orbán Viktor and his Chinese counterpart, Li Keqiang met again on the sidelines of the fifth China-CEE Summit in Riga where Hungary was granted the honour of hosting the next annual Summit in 2017. Hungary signed an agreement with China for the establishment of a joint venture company (owned by MÁV (15%), China Railway International Corporation and China Railway International Group (85%)) responsible for coordinating the upgrade of the Hungarian section of the Budapest-Belgrade railway line, a construction contract and a MoU on financing cooperation. At the end of November 2016, Hungarian Minister of Foreign Affairs and Trade Péter Szijjártó, visited Beijing where the first China-Hungary 'Belt and Road' working group meeting was held, among others, to facilitate the Budapest-Belgrade and other infrastructure cooperation projects.

To further deepen Chinese investors' engagement with Hungary, the Hungarian government concluded a strategic cooperation agreement with Yanfeng Automotive Interiors in November 2016 and with Bank of China in January 2017. According to the pact, Bank of China will finance Hungarian projects in line with the goals of the OBOR Initiative and encourage further Chinese investments in Hungary. Bank of China, which is China's biggest commercial bank, also signed cooperation agreements with the National Bank of Hungary, the Budapest Stock Exchange, the State Debt Management Agency and Eximbank [Hungarian News Agency 2017a].

In May 2017, Viktor Orbán, accompanied by Péter Szijjártó, attended the first Belt and Road Forum on International Cooperation in Beijing. Viktor Orbán also met Chinese President Xi Jinping and Chinese Prime Minister Li Keqiang and they announced the establishment of a comprehensive strategic partnership between the two countries. As strategic partners, they committed themselves to closely align the OBOR Initiative with Hungary's "Opening to the East" policy. The Hungarian delegation received the Export-Import Bank of China's financing proposal for the Budapest-Belgrade railway line. An agreement was also reached on the fact that the China Development Bank will finance BorsodChem's productivity-expanding, environmentally friendly development project, within the framework of a 79-million-dollar credit line (See Table 2) [Cabinet Office of the Prime Minister (Hungary) – Hungarian News Agency 2017]. Soon after the Belt and Road Forum on International Cooperation, in June, Hungary became a formal member of the Asian Infrastructure Investment Bank. In November 2017, the China-CEE Summit returned to its place of origin, namely Budapest, where the public tender for the Budapest-Belgrade railway project was announced. And it is also worth highlighting that the Hungarian Eximbank received a 500-million-dollar credit line from the Export-Import Bank of China to develop its financing activities. The China

Development Bank provided a 79-million-euro loan for Wanhua's (BorsodChem) environmental-friendly investments. And it also provided a 20-million-euro credit line for further investments of BYD Electronics [Hungarian News Agency 2017b].

In June 2018, Hungarian Minister of Foreign Affairs and Trade Péter Szijjártó visited China to negotiate on further details of the Budapest-Belgrade railway project with Vice Chairman of the National Development and Reform Commission Ning Jizhe and later in the trilateral Hungarian-Serbian-Chinese working group. He said that two consortia of Hungarian and Chinese companies had submitted valid bids and would negotiate with the two bidders about technical and financial issues in September 2018 and to sign the contract with the winner at end of 2018. In November 2018, Hungarian Prime Minister Viktor Orbán, accompanied by Minister of Foreign Affairs and Trade Péter Szijjártó, Minister for Innovation and Technology László Palkovics, and Minister of Agriculture Sándor Nagy visited the China International Import Expo in Shanghai where Hungary was one of the twelve guests of honor. "Five inter-business agreements were signed at the opening of the Hungarian pavilion. As a result of one of these agreements, Kőröstej has received a license for exporting milk products to China. In addition, a contract was concluded on the construction of a Hungarian solar panel park. An agreement was also concluded on the fact that Hungarian company Organica will be participating in the development of a sewage treatment plant that is being constructed in China as part of a greenfield investment project and a contract was signed on the promotion of Hungarian wines on the Chinese market as well as an agreement on the export of Hungarian valves". In addition to the economic relations, it was also emphasised that cooperation between universities within the field of higher education could also be reinforced thanks to inter-governmental agreements under preparation [Cabinet Office of the Prime Minister (Hungary) – Hungarian News Agency 2018]. In December 2018, the Hungarian government announced that it would call a new tender for the modernization of the Budapest-Belgrade railway line because of a 10 percent increase in the estimated cost of the project [Béni 2018].

On 11–12 April 2019, Hungarian Prime Minister Viktor Orbán, accompanied by Minister of Foreign Affairs and Trade Péter Szijjártó and a Hungarian delegation travelled to Dubrovnik, Croatia to participate in the eighth China-CEE Summit where he announced that the construction contracts for the Budapest-Belgrade rail link could be signed soon [Cabinet Office of the Prime Minister (Hungary) – Hungarian News Agency 2019]. On the side-lines of the eighth China-CEE Summit, he met his Chinese counterpart, Li Keqiang.

At the end of April 2019, Hungarian Minister of Foreign Affairs and Trade Péter Szijjártó attended the second Belt and Road Forum on International Cooperation in

Beijing. He announced that the tender for the refurbishment of the Budapest-Belgrade railway line had been successfully closed and the contracts would be signed on 25 May 2019 [Hungarian News Agency 2019a]. In Beijing, "Chinese and Hungarian enterprises concluded several agreements, including Budapest Ferenc Liszt International Airport and Xi'an Xianyang International Airport, which could expand the number of destinations available from Budapest with further Chinese cities. Hungarian company, Richter Gedeon signed a pharmaceutical industry agreement, which Mr. Szijjártó said could lead to the further expansion of already dynamically increasing Hungarian pharmaceuticals exports. In addition, the University of Szeged concluded an agreement with Huawei, thanks to which basic IT research in Szeged will have the opportunity to become involved in Huawei's research & development activities" [Hungarian News Agency 2019b]. Hungarian Minister of Foreign Affairs and Trade Péter Szijjártó also agreed with his Chinese counterpart on a five-point development plan: 1) establishing a joint Hungarian-Chinese university founded by the Chinese Academy of Social Sciences and Hungary's National University of Public Service; 2) making preparations for a high-speed railway project linking Budapest to Bucharest; 3) enabling the participation of Hungarian architects' offices and architects in China's national urbanization plan; 4) Hungarian and Chinese enterprises' joint projects of water management in Asia and Africa; 5) launching new air passenger services [Hungarian News Agency 2019c]. Mr. Szijjártó announced that a direct air passenger service between Budapest and Shanghai would be launched on 7 June 2019 and negotiations were also ongoing on new routes to three other Chinese cities. In addition, a regular cargo flight between Zhengzhou and Budapest had been launched three weeks before [Hungarian News Agency 2019d].

In July 2019, Chinese Foreign Minister Wang Yi visited Budapest to meet Mr. Szijjártó and to jointly commemorate the 70th anniversary of the establishment of diplomatic relations between Hungary and China. "Mr. Szijjártó announced that Eximbank has opened a 632-million-dollar credit line in the interests of facilitating cooperation between Hungarian and Chinese enterprises. He also pointed out that an agreement had been reached concerning the credit agreement relating to the construction of the Budapest-Belgrade railway line, and the final decision on issuing the loan would hopefully be made soon" [Hungarian News Agency 2019e].

In November 2019, Hungarian Minister of Foreign Affairs and Trade Péter Szijjártó participated in the 2nd China International Import Expo, where a Hungarian-Chinese business forum was organized as well. He welcomed Chinese telecom company, Huawei's participation in 5G network development of Hungary and emphasised that "Hungary does not differentiate between enterprises based on nationality" [Hungarian News

Agency 2019f]. With this he expressed Hungary's engagement with China amid evolving restrictive regulations of Western countries against Chinese investments. In December 2019, as planned earlier, direct air passenger services to Budapest were launched from three Chinese cities, namely, Chengdu, Xi'an and Chongqing.

Due to the outbreak of novel coronavirus (COVID-19), in the first half of 2020, there were not any high-ranking political meetings between Hungary and China. In addition, the ninth China – CEE Summit, which was planned to be organized in China in April 2020, was also postponed. On 25 March 2020, Hungarian Minister of Foreign Affairs and Trade Péter Szijjártó met Chinese Ambassador Duan Jielong, the day after hundreds of tons of protective healthcare equipment had arrived from China. "The Ambassador stressed that China was particularly grateful to Hungary for having been the first country to provide assistance to China when the coronavirus pandemic first broke out. China has been reciprocating that assistance. Mr. Szijjártó thanked China for its contribution towards enabling Hungary to successfully combat the coronavirus. Since then, several further planeloads of goods (including donations and the Hungarian government's orders) have arrived and transported hundreds of tons of equipment required to protect against the coronavirus epidemic to Hungary from China" [Hungarian News Agency 2020a]. In addition, a Chinese production line, which is capable of producing 2.8 million masks per month, was installed in Sátoraljaújhely in April.

On 24 April 2020, Hungarian Finance Minister Mihály Varga announced that Hungary and the Export-Import Bank of China signed the credit agreement related to the modernisation of Budapest-Belgrade railway line which would be carried out by Hungarian-Chinese CRE Consortium. "The goal is for the construction of the whole railway line to be completed by 2025" [Ministry of Finance (Hungary) – Hungarian News Agency 2020].

CHINA – HUNGARY ECONOMIC RELATIONS

Eszter Lukács – Katalin Völgyi

Hungary strives to be a very active supporter of OBOR in its own home region. It has been one of the forerunners among CEE countries in strengthening economic relations with China, especially since 2009, when the global financial and economic crisis forced Hungary (as well as other CEE countries) to start actively seeking for external financing, investments and export opportunities outside Europe. In 2012, Hungary launched the so-called "Opening to the East" policy to diversify its economic relations, especially towards Asia, with a priority focus on China. Hungary was the first host country of the China-Central and Eastern European Countries Economic and Trade Forum which is the origin of the 17+1 mechanism, an important pillar of OBOR. And Hungary was the first European country to officially sign a MoU on jointly promoting the OBOR Initiative in 2015, and to create an OBOR working group with China etc. Moreover, since 2017, it has elevated its cooperation with China to a comprehensive strategic partnership.

TRADE

Hungary's foreign trade is concentrated on the EU. In 2019, 80.9% (89.9%) of its total exports were directed to and 73.8% (82.3%) of its total imports originated from the EU (Europe)[31]. Hungary's foreign trade is significantly determined by the country's deep embeddedness into GVCs, especially the European ones. Of the CEE EU member countries, Hungary (together with Slovakia) is the most integrated into the GVCs (measured with GVC participation index). Regarding the structure of GVCs in Hungary (like in other CEE EU member countries), backward participation dominates, i.e. the country is highly dependent on the imports of intermediates for the production and exports of final products. (Hungary exports more than 70% of its imported intermediates). The value of foreign value added in total gross exports of Hungary is 48.7% (2011). More than half of the foreign value added (27.7%) are from other EU member countries [Kersan-Škabić 2017].

[31] Data from Hungarian Central Statistical Office.

China's share in Hungary's total trade is relatively low in comparison to the EU's share. Nevertheless, between 2000 and 2018, Hungary's imports from China grew from 0.9 to 6.38 billion US dollars, and Hungary's exports to China increased from 0.04 to 2.37 billion US dollars. China is Hungary's 14th largest export market (1.91%) and 4th largest import market (5.43%).[32]It is Hungary's largest Asian trading partner, and like other CEE countries, Hungary has a huge trade deficit with China.

Hungary's foreign trade with China follows the pattern of the country's total trade in terms of companies engaged in foreign trade and structure of merchandise trade. Hungary's exporting and importing activities are mainly carried out by partly or wholly foreign-owned companies. They account for approximately 80% of the total trade of Hungary [Antalóczy 2017]. Hungary's trade with China is also dominated by the activities of transnational corporations [Németh 2013]. For example, in the case of Hungarian exports to China, transnational corporations' share exceeds 90% [Matura 2017]. Regarding the structure of merchandise trade, statistics show that machinery and transport equipment (SITC7) have the highest share in Hungary's global trade. This group of products represent 54% of its total exports and 48% of its total imports. In the case of China, machinery and transport equipment's share in total trade is even higher, 63.5% in exports and 75.1% in imports respectively (Table 3).[33]

Table 3: Structure of Hungary's imports from and exports to China (%)

	Imports	**Exports**
SITC 0 - Food, live animals	0.3	3.6
SITC 1 - Beverages, tobacco	0.02	0.4
SITC 2 - Crude materials, inedible, except fuels	0.16	1.6
SITC 3 - Mineral fuels, lubricants and related materials	0.003	0.3
SITC 4 - Animal and vegetable oils, fats and waxes	0.0003	0.01
SITC 5 - Chemicals and related products	3.9	7.8
SITC 6 - Manufactured goods classified chiefly by material	7.6	6
SITC 7 - Machinery, transport equipment	75.1	63.5
SITC 8 - Miscellaneous manufactured articles	12	16.6
SITC 9 - Commodities and transactions not classified elsewhere in the SITC	0.4	0.04

Source: Eurostat/Comext

[32] Data from World Integrated Trade Solution, https://wits.worldbank.org/.
[33] Data from Eurostat/Comext.

On the product level, we can see how production networks (in electronics and automotive industry) of the EU and East Asia have been interconnected via Central and Eastern Europe (Hungary) due to activities of Western European, Asian and other transnational corporations located in the CEE region (Hungary). Hungary's main export goods (representing 38% of its total exports) to China are (1) internal combustion piston engines and parts (12.4%); (2) measuring, checking, analysing and controlling instruments and apparatus (10%); (3); electrical apparatus for switching and protecting electrical circuits or for making connections to or in electrical circuits, electrical resistors, printed circuits, boards etc. (5.4%); (4) automatic data-processing machines and units, magnetic or optical readers (5.3%); (5) parts and accessories of motor vehicles (4.8%). Hungary's main import goods (represent 50% of its total imports) from China consist of (1) telecommunication equipment and parts (24.3%); (2) electrical apparatus for switching and protecting electrical circuits or for making connections to or in electrical circuits, electrical resistors, printed circuits, boards etc. (7.5%); (3) automatic data-processing machines and units, magnetic or optical readers (7.2%); (4) parts and components of office machines and products of group (3) (6.2 %); (5) electrical machinery and apparatus (4.5%).[34]

Hungary's trade deficit with China is mainly related to the product group of machinery and transport equipment. For Hungary, China is more important in import than in export relations. But most of the imported parts and components from China are re-exported after certain production process/assembling, so deficit becomes surplus in another direction [Németh 2013].

In spite of the dominant role of transnational corporations in China-Hungary trade flows, Hungarian companies have several export opportunities to take advantage of the large and rapidly developing market of China. They have been supported by different tools and institutions created by the Hungarian government through its "Opening to the East" policy which was launched as a part of Hungary's new foreign economic policy strategy in 2012 and the bilateral (China-Hungary) and China-CEE cooperation under OBOR (Table 4). The foreign economic strategy highlights the following fields where Hungarian companies can expand in the Chinese market: medical instruments and equipment, agriculture, food industry, environment and water industry, alternative energy, production technologies, and services (tourism, fashion industry, industrial design etc.) [Nemzetgazdasági Minisztérium 2011].

[34] Data from Eurostat/Comext.

Table 4: Tools, institutions and forums for the export development of Hungarian companies

Hungarian government – "Opening to the East" policy/Foreign economic strategy	export academy[35], export returns home[36], export directory[37]
	Hungarian Export Promotion Agency (formerly Hungarian National Trading House) and its global network (one regional centre in Shanghai, China)
	Committee for Hungarian-Chinese Relations within the Hungarian Chamber of Commerce and Industry
	Hungarian-Chinese Joint Committee (intergovernmental organisation)
	ChinaCham Hungarian-Chinese Economic Chamber (in cooperation with Hungarian governmental institutions)
China-Hungary bilateral relations under OBOR	credit line provided by the Export-Import Bank of China/ China Development Bank to the Hungarian Eximbank to finance Hungarian companies' exports to China
16+1 cooperation under OBOR	China-CEE Tourism Cooperation Centre (Budapest, 2014)
	China-CEEC Investment and Trade Expo
	China – Central and Eastern European Countries Economic and Trade Forum

Source: edited by Lukács and Völgyi

In recent years, initial results of the "Opening to the East" policy and OBOR have started to appear. At the event held for Hungarian Export Day 2017, at which China was the guest of honour, Minister of State for Parliamentary Affairs Levente Magyar announced that Hungary's total exports to China had doubled and the number of Hungarian companies exporting to China had increased by 50 percent to about 1000 between 2010 and 2016. Four fifths of them were SMEs [Hungarian News Agency 2017c]. Hungarian agricultural exports to China increased tenfold and the Asian country's huge market provides opportunities for further expansion for Hungarian companies. According to former Hungarian Minister of Agriculture Sándor Fazekas, China could become the leading export market for Hungarian high quality agricultural products. It has already become the 4th largest market for Hungarian wine exports [MTI 2017].

[35] Provides training in foreign trade to SMEs.
[36] A programme which makes surveys on SMEs with goods of export quality and provides a network of advisers of foreign trade to SMEs.
[37] Contains database of Hungarian exporters (to enhance business matching).

In the field of water technology, we should highlight the activities of two companies, namely, Organica and Aquaprofit which can be considered as pioneers among Hungarian companies in China. Both of them had already entered the Chinese market before the launch of the "Opening to the East" policy and the OBOR Initiative. Nowadays, Organica works as an international company in waste water treatment, operating on three different continents, and it is a world leader in Fixed-Bed Biofilm Activated Sludge (FBAS) technology. Its joint venture (Joint Venture Shenzhen Organica Environment Technology) was opened in Shenzhen in 2009. In 2010, the joint venture constructed a waste water treatment plant with FBAS technology for Foxconn plant in Shenzhen. Since then, Organica has contracted for more than 20 plant projects in China. Aquaprofit was approached by a Chinese partner to be invited to a spa development project in China in 2005. The Hungarian company has a cooperative branch office in China and it is active in providing expertise and project consultancy in the water industry, developing special technologies for wastewater/sludge/drinking water treatment, heavy metal removal from industrial water as well as projects related to the development of tourism.[38]

A cooperation agreement between Hungarian MySpirit and Chinese Loncin Holding which was signed with the mediation of the Hungarian National Trading House at China-Central and Eastern European Countries Economic and Trade Forum in Budapest in November 2017, could prove to be a big leap forward in the bilateral cooperation in the water industry. The Hungarian company has been assigned to carry out different measurement tasks concerning the thermal fountain of the cave bath constructed within the framework of the "Healthy China 2030" development plan. The Chinese partner has also indicated that once this project is successfully implemented, further works with Hungarian experts and engineers can be expected on a thermal complex development worth over 1.2 billion euros [Hungarian National Trading House 2017].

Hungary's accession to the Asian Infrastructure Investment Bank in 2017 can also bring business opportunities for Hungarian companies in the water industry [Hungarian News Agency 2017d].

In the field of tourism, Hungary's economy, although relatively far from China, can also feel the impact of the rapidly increasing outbound travels of Chinese tourists. Since 2000, China has become the world's most powerful outbound market. According to the China Outbound Tourism Research Institute (COTRI) overseas trips by the country's residents will increase from 145 million in 2017 to more than 400 million by 2030 [Smith 2018]. To take advantage of this booming outbound tourism, CEE countries and

[38] See further information at: http://aquaprofit.hu/Index.aspx?MN=ChineseRelations&LN=English.

China created the China-CEE Tourism Cooperation Centre in 2014 under 17+1 cooperation which is hosted by Hungary. Between 2011 and 2018, the number of Chinese tourists visited Hungary quadrupled. In 2018, 256,000 Chinese visited Hungary [Hungarian News Agency 2019g]. In order to support Chinese outbound tourism, direct flights between Beijing and Budapest were relaunched in 2015. In 2019, further direct flights from Shanghai, Chengdu, Xi'an and Chongqing were launched.

INVESTMENT

As we have already highlighted, the Hungarian economy has strongly integrated into the European Union through its FDI and trade relations. According to the latest revised statistics (considering final investors) of the Hungarian Central Bank, 68.5% of the whole FDI stock (data of 2017) in Hungary originates from Europe. China represents only a 2.1% share in the total FDI stock. At the same time, Hungary is the leading destination country for Chinese foreign direct investment in the CEE region. According to the data of Rhodium Group, Chinese FDI transactions amounted 2.4 billion US dollars in Hungary between 2000 and 2019 [Kratz et al. 2020]. Chinese investments in Hungary started to appear after the country's EU accession in 2004, but more significantly after 2009. And it is also important to emphasize that the Chinese Investment Promotion Agency (CIPA) opened its first overseas office in Budapest in 2010. And the Chinese diaspora living[39] in Hungary has been an incentive factor for Chinese companies with limited knowledge of the Hungarian economy.

Chinese state-owned or private transnational companies have invested in several industries such as electronics, motor vehicle, chemicals, telecommunication, renewable energy, banking, real estate, logistics and trade etc.

- ***Changshu Standard Part Factory***: Changshu acquired Ongai Csavargyártó Kft. (screw factory) in Alsózsolca in 1998.
- ***Bank of China***: State-owned commercial bank opened its first CEE subsidiary in Budapest in 2003. In 2012, its second branch was established in Budapest. Two years later, Bank of China launched its CEE headquarters in Budapest which has now branch offices in Austria, the Czech Republic and Romania. Bank of China has been playing an important role in financing Chinese companies' activities in Hungary (and CEE).

[39] Approx. 30, 000 people.

- ***Lenovo***: In 2004, Sanmina started to assemble Lenovo PCs at the former plant of IBM in Székesfehérvár. Since 2009, a new EMS partner, Flextronics, has been producing Lenovo PCs, servers and storages at its plant in Sárvár. This plant supplies Europe, Africa and the Middle East with Lenovo products. Lenovo has been continuously increasing its production in Hungary. For example, a new server plant was inaugurated by Flextronics and Lenovo in Sárvár in 2016.
- ***Huawei***: It is the world's largest telecommunication equipment manufacturer which launched its Hungarian office in Budapest in 2005. BYD Smart Device Hungary and Foxconn have been assembling Huawei telecom equipment in Páty and Komárom. In 2009, Huawei located its European Supply Center to Hungary which has been distributing Huawei products to Europe, Russia, North Africa and the Middle East. In 2013, Huawei opened an enlarged logistics centre in Biatorbágy. It has become a supplier for the largest telecommunication service providers in Hungary. In 2019, Telekom and Vodafone launched their own 5G pilot networks where they used – among others – Huawei products. In 2020, it launched a research and development centre in Budapest.
- ***ZTE Corporation***: It established a representative office in Budapest in 2005 and a subsidiary five years later. ZTE began to operate a new European regional network operation centre (NOC) and a call centre in Budapest in 2012 and a European mobile phone repair centre one year later. Similar to Huawei, ZTE has been participating in telecommunication development projects in Hungary. Its latest project is related to the 5G pilot network of Telenor, which was started to operate in Győr, north-western Hungary in 2019.
- ***BYD Electronics***: It acquired the Hungarian plant of the South Korean electronics molder Mirae in Komárom in 2008. After the shutdown of the Nokia plant, BYD Electronics developed its Hungarian plant into its first electric bus factory in Europe which was opened in 2017. It supplies the European market with electric buses. In 2017, it concluded an agreement on a 20-million-euro credit line with the China Development Bank which is aimed to finance the company's further development.
- ***Naura Technology Group (formerly Beijing Sevenstar Group)***: GreenSolar, the subsidiary of Beijing Sevenstar Group acquired Energosolar in 2009 which produced thin film solar modules. Greensolar's Hungarian subidiary has participated in eleven development projects of photovoltaic power stations, eight in Hungary and three in Romania so far.
- ***Wanhua:*** It took full control of BorsodChem in 2011. (Bank of China helped to

finance the deal). BorsodChem has been rescued from shutdown. As a result of the acquisition, Wanhua has become the third largest isocyanate producer in the world and realized its first investment in the European market. (Originally, Wanhua planned to build their European factories in the Netherlands and Denmark). Further investments of Wanhua in the BorsodChem plant were also financed by the Bank of China. For example, Wanhua opened its new TDI plant in 2011. Wanhua established the Sino-Hungarian BorsodChem Economic and Trade Cooperation Zone where it invested 200 million euros in infrastructure development to lure further Chinese biotechnology and chemistry companies. In 2016, Wanhua and Huawei signed a strategic cooperation agreement on developing smart manufacturing systems. In 2017, Wanhua announced that it would build a technologically advanced, environmentally-friendly chlorine plant, the construction of which would be financed through a 79-million-euro credit line provided by the China Development Bank.

- ***Bohong Group (Wescast)***: Sichuan Bohong Industry Co. acquired the auto parts maker,[40] Wescast Industries Inc. in 2012 which had – among other – a Hungarian subsidiary (The China Development Bank helped to finance the deal). After that, it was continuously increasing its investments and the number of its employees in Hungary. In 2017, Bohong Group and the Hungarian government signed a strategic cooperation agreement. Bohong Group announced a new investment project worth 29 million euros in its Hungarian subsidiary to install the world's most modern exhaust manufacturing technology.
- ***Comlink***: Under a strategic cooperation declaration with the Hungarian government, Huawei brought its domestic supplier, cable-maker Comlink's investments to Hungary. Comlink started to operate its first overseas production facility in Budapest in 2013. Comlink produces fibre optical cables and plugs for telecommunication companies such as Huawei and ZTE.
- ***Yanfeng***: Yanfeng Hungary Automotive Interior Systems has been owned since 2015 by the joint venture of Yanfeng Automotive Interiors and Adient in Pápa, which is the world's leading supplier of instrument panels and cockpit systems, door panels, floor consoles and overhead consoles. In 2016, Yanfeng announced that it will invest 23.8 million euros and create 450 new jobs at its Hungarian plant. It signed a strategic cooperation agreement with the Hungarian government which supported the aforementioned project with cash grant.

[40] Cast exhaust manifolds for passenger cars and light trucks.

- ***Himile***: The world's largest manufacturer of tyre moulds opened its European service and manufacturing centre in Székesfehérvár in 2016.
- ***Express LUCK Industrial (Shenzhen)***: took over the plant of Samsung Electromechanics Industrial in Szigetszentmiklós in 2016 and opened its first European TV factory (Express LUCK Europe Electric Ltd.).
- ***Zhejiang Kaishan Compressor (Turawell)***: Zhejiang Kaishan Compressor acquired 51% of the shares in Turawell geothermal company in 2016 to jointly develop geothermal energy. In 2018, it announced that it would continue with geothermal development in Hungary, planning with additional development of 40 MW in geothermal power and 100 MWth in geothermal heating capacity.
- ***Zhejiang Dahua Technology:*** is a world-leading video-centric smart IoT solution and service provider which opened its Hungarian office in 2016. In 2018, it opened an assembling factory and its European supply centre in south-western Hungary.
- ***Midea Group (KUKA)***: In the robotics industry, German KUKA was acquired by Chinese Midea Group in 2017. The Hungarian subsidiary of KUKA has also become a part of the Midea Group.
- ***Joyson Safety System:*** Key Safety System acquired Japanese company Takata in 2018 which resulted in the birth of Joyson Safety System. The former Hungarian subsidiary of Takata, now Joyson Safety System Hungary Ltd. produces transport safety products in Miskolc, north-eastern Hungary. In 2019, it announced the expansion of its factory. The 40-million-euro investment will be supported by a 14.7-million-euro cash grant from the Hungarian government. "The development project will also result in the introduction of a more modern production process and the installation of new technology" [Hungarian News Agency 2019h].
- ***Shanghai Baolong Automotive Co. (PEX Automotive Systems):*** Baolong acquired German provider of sensing and smart connections solutions PEX in 2018 which has a headquarter in Stuttgart and a production site in Hungary.
- ***Anhui Zhongding Sealing Parts/Zhongding Group (KACO):*** In 2018, Zhongding Group acquired an 80% shareholding in the parent company and the foreign subsidiaries of German KACO. KACO is one of the world's leading developers and manufacturers of high-precision, practical sealing solutions for the automotive industry. It operates eight plants in Germany, Austria, Hungary, China and the USA.
- ***Zhengzhou Coal Mining Machinery Group, China Renaissance Capital Investment (SEGA):*** Bosch sold its starters, generators division to Zhengzhou Coal Mining Machinery Group and China Renaissance Capital Investment in 2018, which

has continued to operate as SEG Automotive North America. The former Bosch subsidiary, now SEGA Hungary Ltd. in Miskolc, north-eastern Hungary has started to construct a new production hall in 2020 [Hungarian News Agency 2020b].

- ***Suzhou Victory Precision Manufacture Co. (JOT Automation):*** Finnish provider of automated test and assembly solutions JOT Automation was acquired by Suzhou Victory Precision Manufacture Co. in 2018. One of the subsidiaries of JOT Automation has been operating in Hungary since 1999.
- ***CRRC (Electrobus Europe):*** In 2018, the joint venture of Electrobus Europe established by Ikarus, a company with a long tradition in bus manufacturing of Hungary and Chinese CRRC, the world's largest rolling stock manufacturer to produce electric buses for the European market.
- ***Unisun Energy Group:*** The Hungarian unit of Shanghai-based Unisun established a ground-mounted solar power facility in Tiszaszőlős (154 km east of Budapest) in 2018. In 2019, it announced the launch of a new solar photovoltaic project in Hungary [Budapest Business Journal 2019].

In addition, there are some Chinese investments in progress such as BBCA's citric acid factory in Szolnok and Genertec's photovoltaic power station in Kaposvár. In February of 2020, the Hungarian National Bank announced that the world's second largest bank by assets, the China Construction Bank would open a branch office in Budapest to mainly finance corporate investments.

In the field of logistics, we have to mention that Inesa Europe (Beijing Shenan Group) bought a 16 000 square meter real estate in Dunakeszi in 2015 which has turned into a European distribution centre of its LED light sources and luminaries for industrial, commercial and household use. And it is even more important to highlight the establishment of the so-called Central European Trade and Logistics Cooperation Zone, which consists of Budapest China Mart (an exhibition centre), two logistics parks in Csepel Port (Budapest) and in Bremen Port, which is aimed at facilitating bilateral trade as part of OBOR. The logistics park in Csepel also serves Chinese Railway Express cargo trains which have been operating between Changsha and Budapest since April 2017. Central European Trade and Logistics Cooperation Zone will be connected to China-Europe land-sea express passage starting from China's Eastern coastal city of Shanghai/Ningbo, via Shenzhen in South China, to Piraeus port in Greece by ship, and from there all the way to Budapest by rail. For coordinating the upgrade of the Hungarian section of Budapest-Belgrade railway line, which is part of the aforementioned Silk Road, China International Railway Corporation and China Railway International Group (85%) established a joint venture with

Hungarian Railways (MÁV) (15%) in 2015. In 2019, Ocean Rail Logistics S.A., part of China COSCO Shipping Group acquired a more than 15% stake in Rail Cargo Terminal-BILK which is a Hungarian member of Austrian Rail Cargo Group. This investment will also contribute to the development of the China-Europe sea-land express passage. It will support the rail transport of Chinese goods from Piraeus port to the centre of Europe.

Beyond Budapest China Mart mentioned above, Hungary's role as a regional distribution centre is also underpinned by other big retail and wholesale trade and business matching centres in Budapest such as Asia Centre (China Brand Trade Centre) and Budapest Fashion Centre which support the distribution of different Chinese (or other Asian) products in the Hungarian as well as CEE market. Members of the Chinese community living in Hungary often operate retail shops or restaurants located in these centres in Budapest or in other parts of the capital city or in other Hungarian towns.

Activities of most Chinese companies in the service sector (e.g. logistics, transportation, trade, banking) as well as in manufacturing sector reflect Hungary's (Central) European hub role. Market-seeking motivation behind these Chinese FDI is to supply the whole EU from Hungary or help to transfer Chinese goods via Hungary to other EU member countries. And some of these foreign direct investments (e.g. Lenovo, Huawei, Naura Technology) focus especially on trade-substituting (tariff-jumping). These investments are motivated to avoid import barriers imposed by the EU to reduce trade surplus of China [Clegg – Voss 2012, p. 64].

According to the research of Defraigne [2017, p. 223], "efficiency seeking FDI which aims at reducing production costs by internationalizing the production process (notably of labour-intensive activities to countries with low wages and flexible labour) is only starting for Chinese companies operating in Europe. Chinese wages remain too low relatively to European ones and Chinese companies have not shown the will and capacity to regionalize their production across different EU countries." But it is important to highlight that the localization strategy of Chinese manufacturing companies in Hungary has also been influenced by the difference in labour wages between the centre and the periphery of the European Union.

Strategic asset seeking FDI from China in the form of M&A is typically dominant in technologically developed EU member countries where Chinese companies are looking for advanced technology, brand and know how etc. In CEE countries, this type of M&A is rare. In Hungary, acquisitions of subsidiaries owned by transnational corporation originated from developed countries can be classified as strategic asset seeking investment which are frequent in the automotive industry (e.g. Wescast, Pex, KACO, SEGA, Joyson Safety Systems), but they are preceded by a strategic decision on the

global level. The acquisition of Energosolar, which originates from Hungary, can also be considered as a strategic asset seeking investment.

According to Defraigne [2017, p. 223], "in the medium run, market-seeking and efficiency-seeking FDI from Chinese firms could be affected more by the grand strategy OBOR, notably in the Balkans and in CEE as these member states could become a gateway to Europe for Chinese exporters and investors and occupy a strategic location in a more integrated Eurasian continent. It could accelerate the capacity of Chinese firms to organize production and distribution of goods and services across the EU." Beside these potential FDIs, Hungary can expect further investments from the China-Central and Eastern Europe Investment Cooperation Fund (second phase) and the Sino-CEE Fund which have been established under OBOR. In its first phase, the China-Central and Eastern Europe Investment Cooperation Fund invested 91 million US dollars in Hungary. Among others, it acquired the BKF University of Applied Sciences in 2013 and Hungarian telecom firm Invitel in 2017.

Since the launch of the "Opening to the East" policy in 2012 and OBOR in 2013, it clearly stands out that new Chinese companies have invested in Hungary and Chinese investors have been expanding their activities in Hungary. Irregardless of this, many of them (such as Huawei, Wanhua, Yanfeng, Bank of China and Bohong) have concluded a strategic cooperation agreement with the Hungarian government to deepen their embeddedness into the domestic economy.

From the Hungarian side, we can see that the country belongs to the biggest investors among CEE countries in China. Traditionally, Hungarian companies prefer to invest in neighbouring countries. But some of them have expanded in China in different sectors such as waste water treatment, water resource management, pharmaceuticals, construction materials, agriculture and energy-saving and environment protection [Xu et al. 2016].

INFRASTRUCTURE

Infrastructure development is designated as a priority area of OBOR, essential to enhance trade and investment relations among countries located along the Belt and Road. Chinese companies have been expansively investing in infrastructure (logistics, transportation, utilities) or taking participation in infrastructure construction in the CEE region. In the case of Hungary, the modernisation of the Budapest-Belgrade railway link can be considered as a flagship infrastructure project and an example for international

cooperation in railway (construction) capacity [Ernst & Young 2016]. This project is part of a wider corridor plan, namely, China-Europe land-sea express passage. "As sea shipping remains the cheapest route from the Far East to Europe, China plans to establish a rapid transport connection from the Greek port of Piraeus, the first major European container port for ships entering the Mediterranean from the Suez Channel, through the Balkans further to EU markets. This corridor's Central and Southeast European part is based on the railroad from the Aegean Sea via Greece, North Macedonia, Serbia and Hungary. The first operational move to realize the plan was made when the Chinese shipping giant COSCO Pacific bought into the existing Piraeus port in a 35-year concession, with the aim of turning the port into one of Europe's top five container ports. Transit time between Shanghai (or Nigbo) and Piraeus is approximately 22 days, 10 days less in comparison to the transit time between Shanghai (or Nigbo) and the North European ports of Rotterdam and Hamburg. By shortening the delivery time between China and Europe in a significant way Piraeus could become a major penetration point for Chinese goods in Europe.[41] However, to take full advantage of the port, the Chinese investors understand that investments into the transport links across the Balkans are needed, among others, into the modernisation of Budapest-Belgrade railway link" [Levitin et al. 2016, p. 2]. Hungary, Serbia and China decided on setting up working groups on the aforementioned railway link in 2013. In 2015, China signed separate deals with Hungary and Serbia to construct and revamp a rail link between Budapest and Belgrade. China International Railway Corporation and China Railway International Group (85%) established a joint venture (Kínai-Magyar Vasúti Non-profit Zrt.) with Hungarian State Railways (MÁV) (15%) in 2015 which is in charge of coordinating the project. Hungary announced an open bidding for the section within its border at the sixth China-CEE Summit in Budapest in November 2017. In Serbia, the construction of railway line could be started at the same time. The delay in the construction on the Hungarian side was caused by a preliminary infringement proceeding which was launched by the European Commission in May 2016 to clarify the details of the deal concluded by China and Hungary in 2015. The European Commission was investigating whether Hungary was complying with EU procurement rules, which require public tenders for large transport projects. In May 2017, the agreement on the relevant rail link was modified by the Hungarian Parliament and then an open bidding was announced in November 2017. The value of the modernisation of the Hungarian part of the 350 km rail link stands at 2.1 billion US dollars, 85 percent of which will be financed with

[41] As a matter of course, the flow of goods into the opposite direction can be accelerated as well.

a 20-year loan from the Export-Import Bank of China [Suokas 2017]. Two consortia (CRE Consortium, STRABAG-CCCC 2018 Consortium) have submitted valid bids. Both of them include Chinese partners [MÁV 2018]. In May 2019, the Hungarian government signed the construction contracts with the Hungarian-Chinese CRE Consortium consisting of RM International, China Tiejiuju Engineering & Construction, and China Railway Electrification Engineering Group (Magyarország) (representing China Railway Group). In April 2020, the Hungarian government concluded the credit agreement related to the Budapest-Belgrade railway with the Export-Import Bank of China and the construction on the Hungarian side could start. The completion of the construction project is expected by the end of 2025.

This chapter concentrates only on the political and economic relations between China and Hungary under the OBOR Initiative and the "Opening to the East" policy. At the same time, it is worth dealing with other dimensions of bilateral relations such as higher education. People-to-people area of cooperation under OBOR covers – among others – higher education. And as we mentioned before, 16+1 countries declared the year of 2019 as the 16+1 Year of Education and Youth Exchange to deepen relations in this field as well. The "Opening to the East" policy, which had a strong economic focus initially, has been extended to the higher education through the launch of Stipendium Hungaricum Scholarship Programme for students from countries targeted by the "Opening to the East" policy in 2013 which can also contribute indirectly to realizing the initial aim of strengthening economic relations between Hungary and the East. In the next two chapters, we explore, among others, the characteristics of Chinese students studying abroad. And through a Hungarian example, namely, Széchenyi István University, whose internationalization is in line with the goal of the "Opening to the East" policy, we demonstrate the growing number of students from the policy's target countries, including China in Hungarian higher education institutions.

CHAPTER 3

PRIORITY AREAS FOR COOPERATION BETWEEN THE UN SYSTEM AND HIGHER EDUCATION INSTITUTIONS

Eszter Lukács

INTRODUCTION

Cooperation between the United Nations and higher education institutions has become particularly important in the 21st century. This is primarily based on the role of higher education institutions in shaping evolving science-based development on a global scale, in developing the capabilities of individual countries, including their education systems, economies and, increasingly, the quality of their governance. In the planning, design and implementation of almost all organizations, institutions and programmes belonging to the UN network, their relations with higher education institutions, their specialists, researchers and teachers have become more diverse. These have helped to improve their analytical and normative skills. Various forms of relationships and cooperation have also become important in shaping the future of higher education institutions. They can facilitate the planning, formulation and implementation of their educational and scientific research programmes, broaden their horizons, information bases, and also encourage escape from the often opaque bubble of approach and provincialism. Realizing the benefits of their internationalization and avoiding its problems also depends to a large extent on multilateral cooperation, in which the UN system is central. The importance of mutual benefits and cooperation is particularly important in issues such as the feasibility and achievement of the 2030 Agenda for Sustainable Development, environmental conditions, climate issues, or even global demographic trends. That is why it is important to shed more light on and understand the relationship between higher education and the UN from the perspective of the UN Academy's general and its programmes at Széchenyi István Unversity in Győr, Hungary. This section of our book is related to this.

This section on priority areas for cooperation between the UN system and higher education institutions covers three areas. On the one hand, it reviews, in chronological order, the institutions, programmes and initiatives operating within the framework of the World Organization (UN) specifically related to the education system (including the field of higher education) as well as youth issues, for the most part employment issues.

The first sub-section details the United Nations Academic Impact initiative, which establishes a direct link between the UN system and higher education institutions under the supervision of a department of the Secretariat. We also discussed in detail in the first sub-section that by organizing Model UN Conferences and publications issued by UN family bodies, the UN publishes educational materials on its own activities and in the areas covered by its mandate, enabling familiarization with internal mechanisms and global processes jointly. The UN system uses its publications and educational materials to raise awareness of world problems and to commit the citizens of the Member States to solving them.

In the second sub-section, we have dealt with the interpretation of the internationalization of higher education from the perspective of the UN system. Within the UN, UNESCO's annual report, the *Global Education Monitoring Report (GEM)* addresses the international flow of educators, researchers, and especially students, defined as a migration phenomenon that encourages global knowledge flows and a comparative approach in science. It recognizes that international student mobility generates significant revenues not only for universities but also for host economies.

In the second sub-section, we also discuss in detail the activities of the *Times Higher Education* (THE), one of the institutions that sets world rankings for universities. While the "traditional" world rankings of all three university rating institutions rank universities primarily on the basis of their research performance / results, THE's new list, published in 2019 in parallel with the world rankings, specifically measures the performance of higher education institutions according to their contribution to the 17 SDGs. The second edition of the Impact Rankings list in 2020 can be considered a Hungarian success in that 6 Hungarian higher education institutions (University of Szeged, University of Debrecen, University of Pécs, Eötvös Loránd University, Semmelweis University, and Széchenyi István University) were able to prove their commitment to the UN system and their active contribution to the Sustainable Development Goals (SDGs). Through the "mobility glasses" of the UN system, we examined the national mobility goals of the Hungarian higher education strategy, and compared the processes with the world phenomena published by UNESCO.

Finally, in the third sub-section, we focussed on the third mission activities of higher education institutions and the economic and social relations they maintain, while noting that universities mutually support each other with the UN via both their educational and research activities. The relationship between higher education institutions and the UN family is also directly implemented, and the national UN Associations also support the process through their joint events with universities.

INSTITUTIONS OF THE UN SYSTEM COORDINATING EDUCATION AND LABOUR MARKET PROGRAMMES IN HIGHER EDUCATION AND YOUNG PEOPLE

The relationship between the UN and the higher education system is organic, and it cooperates with both young people and the universities and colleges that train them via several institutions and programmes of the UN family. In the chronological order of their creation, we deal with key organizations, institutions, interest groups and programmes in the field.

United Nations Educational, Scientific and Cultural Organization (UNESCO)

In the year of the establishment of the UN, the agreement on the establishment of UNESCO (United Nations Educational, Scientific and Cultural Organization) was adopted in parallel, with the constitution of the organization entering into force a year later, in 1946 [UNESCO 2020a]. UNESCO works most closely with higher education institutions via the so-called UNITWIN / UNESCO Chairs, initiated in 1992. "Currently, this is one of UNESCO's most important cross-sectoral activities in the field of higher education: 854 departments from 134 Member States belong to the network. It aims to promote cooperation between universities around the world and to develop training, research and information activities in areas of UNESCO's competence. A UNESCO Department may be established by a university or other higher education or research institution as a new teaching and research unit, or by strengthening an existing educational / research programme from an existing programme in an area of UNESCO competence, thereby giving an international dimension to the programme. A UNITWIN network can be created as a network of several universities located in different countries, which join forces so that such close cooperation may facilitate the exchange of experience, knowledge sharing and coordinated work.

The Programme is open to all state-recognized higher education institutions, NGOs in the field of higher education and research, other academic and scientific institutions, inter-university and other academic networks, and national, regional and international public and private institutions wishing to link their activities to the UNESCO / UNITWIN Programme. Departments can be established: at universities, other higher education institutions, and research institutes. Departments, as new teaching or research units, can initially operate for four years. The UNITWIN Network can be implemented through the cooperation of universities in different countries. Existing international university networks may also join the UNESCO / UNITWIN programme, provided that their activities and objectives are in line with the UNESCO programme" [UNESCO Magyar Nemzeti Bizottsága 2020].

The fourth goal of the 17 UN Sustainable Development Goals is quality education. The 4.3 target of this goal formulated the need to ensure by the year 2030 equal access for all woman and men to affordable and quality technical, vocational and tertiary education, including university. To implement this target, as a tool listed in 4.b, the UN considers the substantial global expansion of scholarships justified in higher education and vocational training in developing countries, especially in the least developed countries (LDCs), small island developing states (SIDS) and in African countries. Citizens of these countries can participate primarily in information and communication technology (ICT), technical, engineering and scientific programmes in developed and other developing countries [UN 2020a].

The path to implement global quality education and its toolkits were documented by UNESCO in the "Education 2030 Incheon Declaration and Framework for Action for the Implementation of Sustainable Development Goal 4" in Incheon (South Korea) in 2015. In the process, UNESCO's most important UN family partners were UNICEF, the World Bank, UNDP, UN Women and UNHCR [UNESCO 2016].

United Nations University (UNU)

In 1972, the General Assembly adopted the decision to establish the United Nations University (UNU) which was proposed by Secretary-General U Thant in 1969. The institution, with its headquarters in Tokyo, started its educational activities in 1975 and has been issuing Master's degrees since 2012. Even at the time of its establishment, the UN University was seeking answers to current global problems (global hunger, natural resources, and human and social development) in an academic context. Its present operation is also organized around the following three main topic clusters:

- peace and governance
- global development and inclusion
- environment, climate and energy [UN University 2020a].

The UN University currently encompasses 14 institutes located in 12 countries, 400 UNU researchers are engaged in 180 research projects related to the topics listed above and the Sustainable Development Goals [UN University 2020b]. The UN University gives high priority to four of the 17 SDGs (Quality education – SDG4; Gender equality – SDG5; Reduced inequality – SDG10; Climate action – SDG13) [UN University 2020c].

Model UN (MUN) conferences

The Model UN conferences were created practically in parallel with the UN. The Model United Nations (MUN) is a conference series of young people representing different educational levels where they simulate how the UN family of organizations functions. Hundreds of thousands of pupils and students take part every year in these forums, the main aim of which is to acquaint young people with the operation of the UN system [UN 2020b]. The first Model UN conference was held in the framework of the League of Nations, the predecessor of the UN at Harvard University in January 1923. This Model League of Nations conference, however, was not randomly organized. It was initiated by Mir Mahmood who organized two Model League of Nations conferences titled Oxford International Assembly (OIA) as the first OIA President at Oxford University. He wanted to embed this tradition into the United States of America and therefore he travelled to the USA in 1922 where he urged the students of the Harvard Liberal Club to support the League of Nations. The Harvard International Assembly was established at the encouragement of Mahmood and it provided the framework for the first actual Model League of Nations conference in 1923 [WiseMee 2020].

It was in 1949, after the establishment of the United Nations, that the first actual Model UN conference was hosted by St. Lawrence University, USA. The programme was initiated by Harry Reiff, Head of the History and Government Department, who participated as an advisor to the US government in the 1945 San Francisco conference as well as the 1945–1946 conference where the organisational system of the UN was established [Asia Youth International MUN 2020]. The UN seeks to support those young people with background materials and the delegation of experts who would like to get to know the UN system in depth and also encourages them to participate actively in the realisation of Sustainable Development Goals [UN 2020c].

Major Groups – Major Group for Children and Youth acting as a bridge

The third section of Agenda 21, the document on the framework of sustainable development, which was adopted at the 1992 UN Conference on Environment and Development (Earth Summit) in Rio de Janeiro, formalised nine Major Groups cooperating with the UN, which actively participate in the implementation of its goals [UN Division for Sustainable Development 1992]. They are the following: 1. Women 2. Children and youth 3. Indigenous people 4. Non-governmental organizations 5. Local authorities 6. Workers and trade unions 7. Business and industry 8. Scientific and technological community 9. Farmers.

The second Major Group (for Children and Youth) defines itself as a bridge which connects young people with the UN system. The second Major Group has 7,000 participating entities from 170 countries. Access to this group is conditional on being under the age of 30 and the adoption of the Process and Procedures of the UN Major Group for Children and Youth as well as the UN Charter and the Universal Declaration of Human Rights [UN MGCY 2020].

UN Department of Global Communications

Under the UN Secretariat, the Department of Global Communications, previously known as the Department of Public Information, operates through integrating the work of three divisions (Strategic Communications, News & Media, and Outreach Division) [UN Department of Global Communications 2020a]. The Outreach Division engages with the educational institutions, higher education systems and the youth in three areas.

Of the three divisions, the Outreach Division coordinates the so-called Education Outreach programme, the aim of which is to produce learning materials and organize events on the activities of the UN for pupils, students, their teachers, academics and the public. The goal of the Division is to connect the constituencies of target groups with the UN family. This organisational unit also oversees the Office of the Secretary-General's Envoy on Youth. The Office primarily engages with constituencies of young people, member states, civil society, the private sector, media and higher education. Its main task is to coordinate the global youth agenda on a broad base and specifically advance the UN Youth Strategy: Youth 2030 launched by the Secretary-General in 2018. The United Nations Academic Impact (UNAI) also works under the guidance of the Outreach Division, which specifically connects higher education institutions with the UN [UN Department of Global Communications 2020b]. UNAI

was established exactly 10 years ago with the aim of making academics, students and teachers in higher education institutions, and the staff of research institutions more engaged in supporting the realization of the objectives set in the UN Charter. UNAI currently cooperates with 1,300 partner institutions in 130 countries [UN Academic Impact 2020]. "With the formal adoption of the ten principles of the Academic Impact programme, the institutions commit themselves to:

- the principles enshrined in the UN Charter, i.e. the values that education encourages and helps to achieve
- human rights, including freedom of information, opinion and expression
- access to education for all, regardless of gender, race, religion or ethnicity
- providing all stakeholders with the opportunity to acquire the skills and knowledge needed to pursue university studies
- capacity building in higher education systems worldwide
- global citizenship via education
- promoting peace and resolving conflicts via education
- addressing poverty issues through education
- promoting sustainability through education
- through education, intercultural dialogue and understanding, and the 'non-tolerance' of intolerance.

UNAI requires participating colleges and universities to demonstrate support for these commitments at least once a year" [Gömbös 2013, p. 207].

International Labour Organization: Youth Employment Programme

Although the ILO's Youth Employment Programme does not specifically connect the educational (in a narrow sense tertiary education) system and the UN family, we consider the efforts of the ILO, a Special Agency of the UN in the field of youth employment, important. The UN and educational institutions work together with the common aim of making entry of young people into the labour market as smooth as possible. In January 2020, 188 million people in the world were unemployed. Sixty-four million of them were young people, which means 35% of global unemployment affected young people [ILO 2020a].

According to the report World Employment and Social Outlook Trends 2020, the situation of young people is disappointing, because 267 million young people aged 15 to 24 are not in employment, education or training. This absolute number is equal to 22% of that age group of young people [ILO 2020b].

The ILO's initiative, Decent Jobs for Youth, endeavours to support the employment of young entrants to the labour market in the following eight fields:

- transitions to the formal economy
- digital skills for youth
- quality apprenticeships
- youth in fragile situations
- youth in the rural economy
- youth entrepreneurship and self-employment
- employment of young workers in hazardous occupations
- green jobs for youth

In the fields listed above, the Labour Organization cooperates not only with young people themselves and civil society organisations, but also with governments, parliamentarians, and stakeholders in the private sector [ILO 2020c].

INTERNATIONALIZATION OF HIGHER EDUCATION

The UN sees the internationalization of higher education and the related international mobility of teachers and students as a form of migration, about the annual processes of which the UNESCO makes an overview in the Global Education Monitoring Report. In the sixth chapter of the 2019 report subtitled Migration, Displacement and Education: Building Bridges, Not Walls, its main findings related to the internationalization of higher education are the following [UNESCO 2018, pp. 95–107]:

- The internationalization of higher education concerns more countries than ever; the process has major implications for the flow of ideas and knowledge.
- Students base decisions about studying abroad on availability of a university place at home, the costs, and the relative quality of education at home and abroad.
- Half of all international students move to five English-speaking countries (the United States, Australia, the United Kingdom, Canada and New Zealand). Over 15% of higher education students in Australia, the United Kingdom and New Zealand are international, and for doctoral candidates, the share is over 30%.
- Universities recruit international students to diversify the student body and improve their global rankings. But their primary motivation is the increase of their revenues. In 2016, the presence of international students generated revenues of 39.4 billion USD for the US economy. The revenues generated by the spending

of international students amounted to 24.7 billion USD in Australia, 31.9 billion USD in the United Kingdom, and 15.5 billion USD in Canada.

- Students are increasingly motivated to gain work experience in the country of their training after receiving their degrees. (In 2011–2014, the number of Indian students in the United Kingdom fell by nearly 50% after the restriction of post-graduation work visas).
- Governments use higher education scholarships as a tool to foster closer ties with partner countries, of which the Fulbright Programme may be the best known. In the framework of the Fulbright Programme, the United States every year mobilizes 8,000 young citizens of 160 countries in the world.
- Internationally mobile university faculty place the knowledge transferred to students in an international and intercultural dimension and complement it with a comparative perspective.
- Mutual recognition of academic qualifications and transferable credits contribute to employment and wage gains.
- According to the data collected in 174 countries of the world, in the case of about one-third of countries, 20% of highly skilled citizens emigrate. The brain drain is detrimental for these countries, but it spurs investments in their education systems.
- In 2016, three out of the five largest sending countries of students were Asian: Students of China, India and South Korea accounted for 25% of all outbound mobility. While many Asian students travel to Western countries, 36% of the 1.3 million international students originating in Eastern Asia and the Pacific stayed in the region in 2016. Although Europe was the second-largest sending region, with 23% of all European students studying abroad in 2016, 76% of them chose another European country. In 2016, 35% of all international students were „intra-regional migrants" in Europe.

It is interesting that, according to the UNESCO survey, besides the motivation for increasing their revenues, higher education institutions recruit international students to improve their position in international rankings. This finding is only partially correct: of the three largest institutions publishing higher education rankings, QS has world university rankings where the indicator of the proportion of international students to the total number of students carries a weighting of only 5% to affect the position of a university [QS 2020]. In the world rankings of the Times Higher Education (THE), the proportion of international students carries a weighting of only 2.5% in composite

criteria affecting the position of a university [THE 2019a]. In the third, worldwide recognized ranking, the so-called Academic Ranking of World Universities (ARWU), also known as the Shanghai list, the proportion of international students is not an indicator affecting the position of a university. This latter ranking attaches particular attention more strongly to the academic and research performance of universities and their faculty than QS and THE do [Academic Ranking of World Universities 2019].

Based on what was said at the event introducing THE Impact Rankings 2020, five thousand out of 23,000 universities of the world are specifically driven by research, giving those the chance to show an outstanding performance in world rankings [Ross 2020].

Undoubtedly, for higher education institutions, international students provide additional income or revenue to compensate for demographic losses, but at the same time, the causality between position in rankings and international student recruitment is just the opposite - contrary to UNESCO's announcement: universities are ready to rank to comply with the methodology of rankings institutions (quasi-monopolies) because international students "observe" these lists, and are greatly influenced by them in their institutional choice decisions.

The result of a QS publication coincides with the perception of universities, namely, higher education institutions see rankings as a tool of strategic influence. According to their survey, 32% of international students' decision about an institution were influenced by the ranking of each university chosen. Rankings have an outstanding role in certain countries, for 47% of Chinese international students, the position of a university in the rankings is one of the five most important factors influencing their choice. When asked what a good ranking means to them, respondents typically answered that all this conveyed a message of well-trained, high-quality staff and an institution with a good reputation [Linney 2020].

Times Higher Education (THE) Impact Rankings

The Times Higher Education, one of the top three companies evaluating higher education institutions (QS, THE, ARWU/Shanghai list), launched in line with its traditional world ranking (World University Rankings/WUR) a new ranking called Impact Rankings in 2019. The new ranking specifically assesses the performance of each university in contributing to the implementation of UN Sustainable Development Goals (SDGs). In the first report of 2019, 450 higher education institutions of 76 countries were assessed. Higher education institutions ranked in the top 10 (University of Auckland, New Zealand; McMaster University, Canada; University of British Co-

lumbia, Canada; University of Manchester, the United Kingdom; King's College London, the United Kingdom; University of Gothenburg, Sweden; KTH Royal Institute of Technology, Sweden; University of Montreal, Canada, University of Bologna, Italy and University of Hong Kong, Hong Kong) are apparently different from those universities which have a "fixed" position in the top 10 of world rankings of the three big institutions evaluating universities [THE 2019b].

The reason for the discrepancy is obviously to be found in the different criteria and related methodology. In the first report, THE determined series of metrics in the field of 11 of 17 SDGs (SDG3: Good health and well-being; SDG4: Quality education; SDG5: Gender equality; SDG8: Decent work and economic growth; SDG9: Industry, innovation, and infrastructure; SDG10: Reduced inequality; SDG11: Sustainable cities and communities; SDG12: Responsible consumption and production; SDG13: Climate action; SDG16: Peace, justice and strong institutions, SDG17: Partnerships for the goals). Universities could submit data according to the series of metrics of every SDG, but this was made by THE obligatory only in case of SDG17, beside which universities needed to be assessed in the field of three other SDGs chosen freely. In the Impact Rankings, SDG17 carried a weighting of 22%, in the case of the three other SDGs chosen by universities each carried a weighting of 26% [THE 2019c].

The methodology of THE Impact Rankings has not changed in 2020, however, this year universities can measure themselves based on all of 17 SDGs. Six Hungarian universities have got on the list ranking 766 higher education institutions of 85 countries in the following order: University of Szeged, University of Debrecen, University of Pécs, Eötvös Loránd University, Semmelweis University, Széchenyi István University [THE 2020].

Internationalization of Hungarian higher education

The process of internationalization of Hungarian higher education is described in point 3.2.4 of the strategy titled *"A Change of Pace in Higher Education - Guidelines for Performance Oriented Higher Education Development"*, which sets out the following three objectives:

- positioning of domestic institutions in international competition
- increasing the international mobility of students and teachers
- strengthening the system of international relations at the institutional level with strategically important partner countries [Emberi Erőforrás Minisztériuma 2016, pp. 51–52].

With regard to student mobility, two national mobility targets are outlined up to 2023:

- The Leuven Communiqué, adopted by the Ministers of Higher Education of the countries participating in the Bologna Process on 29 April 2009, stipulates that by 2020 at least 20% of graduates in the European Higher Education Area should study or train abroad [EUR-Lex 2010]. In accordance with the above mentioned, at least 20% of Hungarian final-year students need to fulfil a part of their study programme abroad on a mobility scheme.
- The goal of inward student mobility is to receive international students for full-time education according to which, by 2023, Hungarian higher education can count on receiving 40,000 foreign students. While Hungarian higher education institutions are underperforming in terms of outward mobility, the number of part-time students coming to Hungary has exceeded that of emigrants since 2012, while the implementation of full inward mobility for the elderly is progressing at a particularly favourable pace [Tordai 2017].

The Stipendium Hungaricum Programme

The implementation of full-time inward mobility is strongly supported by the *Stipendium Hungaricum* programme (SH), initiated by the Government of Hungary in 2013. In essence, SH is a unilateral, non-reciprocal initiative aimed at establishing wide-ranging friendly relations with partner countries, in line with those quoted in the UNESCO GEM publication, which resulted in supported by the SH programme for 6,927 of the 26,518 international students in Hungarian higher education in academic year 2018/2019, with an additional 10,126 international students originating from SH countries on a self-funded basis or with other forms of support [Tordai 2019].

THE THIRD MISSION OF HIGHER EDUCATION INSTITUTIONS AND THE UN SYSTEM

"In different ages, the role of universities has constantly changed, and, in an ever-accelerating and globalizing world, university leaders, colleagues, and the organization also need to evolve. The growing international environment and complex corporate needs pose an ongoing challenge to university communities. In diversity, certain dimensions of globalization result in comprehensive processes in both interdisciplinary and cultural fields. International capital flows and trade, global value chains, international

labour flows, the role of nation states in the globalizing world economy, international development and aid, areas of technological development or new forms of production, services and consumption, as well as agriculture, food and energy security, all require complex answers. In such fields companies expect support, research and innovation roles are growing, and, by mapping digital challenges, education needs to build on these. The international role and regional embedding of different types of higher education institutions is strengthening and expanding.

Research on the social role of universities and their main functions has been relevant since their inception in the 12th century. Scott [2006] equates the tasks performed by universities with certain stages of the development of nation-states. The two core activities of universities, education and research, characterized institutions even before the formation of nation-states. At Humboldt University, founded in 1810, even before the establishment of the German Federation (Deutscher Bund) in 1815, research appeared as a requirement. The founder of the Institution set a requirement for professors to have the same commitment to science and training.

The idea of scientific writings appearing in journals after proofreading also comes from Wilhelm von Humboldt [Albritton 2006]. Scott's [2006] writing also highlights that in the period of the formation of modern nation-states, the responsibilities of universities were supplemented by the formation of national identity, the protection of democracy, and social service. He notes that the English, Spanish and French absolute monarchies nationalized their universities as early as the 15th century in order for them to serve their governments in the most efficient way possible. The third mission of higher education institutions also dates from this period, as in 1905 Charles van Hise, then president of the University of Wisconsin-Madison, put it this way: 'I will not be satisfied until the beneficial effects of the operation of the University extend to all families in the State'. In 1912, Charles McCarthy called the Wisconsin Idea an earlier concept of the social responsibility / third mission of universities" [Lukács – Filep 2020, pp. 13–14]. In the global society of the 21st century, the role of universities has expanded with the internationalization detailed in the second sub-section.

The above cited policy strategy "A Change of Pace in Higher Education" devotes a special point to the third mission of higher education, which states that "higher education institutions play an important role in the social development of countries in addition to their teaching and research activities, and their indirect economic role is unquestionable. The 'Third mission' summarizes the activities of higher education institutions and the impacts on their environment. This impact is particularly strong beyond the obvious scope of training and research services, but is typically realized

through indirect and soft means and is therefore difficult to quantify" [Emberi Erőforrás Minisztériuma 2016, p. 46].

The relationship between higher education institutions and the UN system is typically classified as a third dimensional activity of the former, but it is important to note that the UN family also relies heavily on knowledge generated by universities and research institutes, i.e. the second mission research activity of higher education institutions. The relation of universities and research institutions with the UN took its most prestigious form in 2013, when UN Secretary-General Ban Ki-Moon announced the establishment of the Scientific Advisory Board of the United Nations Secretary-General composed of 26 members, in which a balanced representation of individual disciplines and geographical regions is also achieved [UNESCO 2020b]. The process is two-way: higher education institutions make extensive use of the publications (research results containing global summaries) of some sub-organs of the UN system in their educational activities.

During the third mission activity of the universities, the literature covers the broadly interpreted social and cultural dimensions and media relations. However, the third dimension most often focuses on the economic impact, innovation activity and corporate cooperation of higher education institutions. The concept of the University of Entrepreneurship, founded by Etzkowitz in [1983], is becoming increasingly important today. Inzelt [2018, p. 93] defines the third mission of universities as follows: "Utilization of knowledge created in higher education, as well as all activities related to the economic and social exploitation of the institutional potential of higher education outside the academic environment. The economic dimensions of the third mission of higher education can be diverse: patent activity, the emergence and growth of spin-offs, cooperation with already mature companies of different sizes, and the flow of human resources between business and higher education." Point 3.4.4. of the policy strategy "A Change of Pace in Higher Education" deals with the economic role of higher education institutions, and, in addition to state funding, the creation of institutional and own revenues [Emberi Erőforrás Minisztériuma 2016, pp. 59–60].

The relationship of universities to the UN system, and their contribution to the Sustainable Development Goals measured by the Times Higher Education as described in the second sub-section, can be explicitly linked to the third dimension of higher education. The Higher Education Sustainable Initiative launched by the UN in 2012 defines four tasks for universities:

- Teaching sustainable development across all disciplines of study
- Encouraging research and dissemination of sustainable development knowledge
- Green campuses and support local sustainability efforts.

- Engaging and sharing information with international networks [UN 2017].

Almost all organizations in the UN system network cooperate via their programmes with national higher education institutions.

Also linked to UN mission work is cooperation with NGOs. The vast majority of these are the professional organizations of cultivators in certain scientific fields and their international associations. However, non-governmental organizations specializing in the main themes of the World Organization (UN) are also important. The only comprehensive non-governmental organization "specialized" in the system of the World Organization itself is the World Federation of United Nations Associations (WFUNA). WFUNA's relationships with higher education are largely based on the system of relations between national UN Associations operating within its framework. Cooperation with Hungarian higher education institutions is still crucial in the work of the United Nations Assocation of Hungary (UNA-H), and especially in the "UN Academy" programmes. One of the most important events in 2019 was a UN academic conference entitled "The Future of Work and Employment of the Future Possible Consequences of the Fourth Technological and Third Information Revolutions in the World of Work" jointly organized by UNA-H and Széchenyi István University in Győr. It also provided an opportunity to commemorate the 100th anniversary of the establishment of the United Nations Labour Organization. The presentation delivered by Péter Földesi, Rector of Széchenyi István University, was entitled "The Third Missionary Activity of Universities". Academician Mihály Simai, President of UNA-H, spoke about the future of work in the changing global systems. The United Nations Labour Organization was represented by Kenichi Hirose, a member of the National Bureau of the Decent Work Technical Support Group for Central and Eastern Europe, who addressed youth employment issues. Csaba Makó, scientific adviser at the Institute of Sociology of the Hungarian Academy of Sciences spoke on the labour market effects of automation while Dániel Feszty, department head in the Audi Hungaria Faculty of Automotive Engineering at Széchenyi István University, spoke about issues around the training and employment of young engineers at AUDI.

This successful and important conference in Győr was a worthy contribution to the commemoration and the 75th anniversary of the founding of the United Nations and the 65th anniversary of Hungary's accession. On the occasion of the 100th anniversary of the ILO, it also emphasized this organization's global and, in the current situation, its great social and economic importance particularly in analytical and operational programmes in the field of youth employment.

DEVELOPMENT, EXPANSION AND INTERNATIONALIZATION OF CHINESE HIGHER EDUCATION

Katalin Völgyi

In China, there were altogether 2,663 higher education institutions in 2018. Regular higher education institutions which confer degrees consist of 1,245 universities, 265 independent colleges,[42] and 1,418 higher vocational colleges. In addition to these regular higher education institutions, in 2018 there were 277 adult higher education institutions and 786 other non-government higher education institutions which confer diplomas and not degrees. 28.3 million undergraduate students and 2.7 million postgraduate students studied in regular higher education institutions in 2018.

Table 5: Chinese higher education institutions

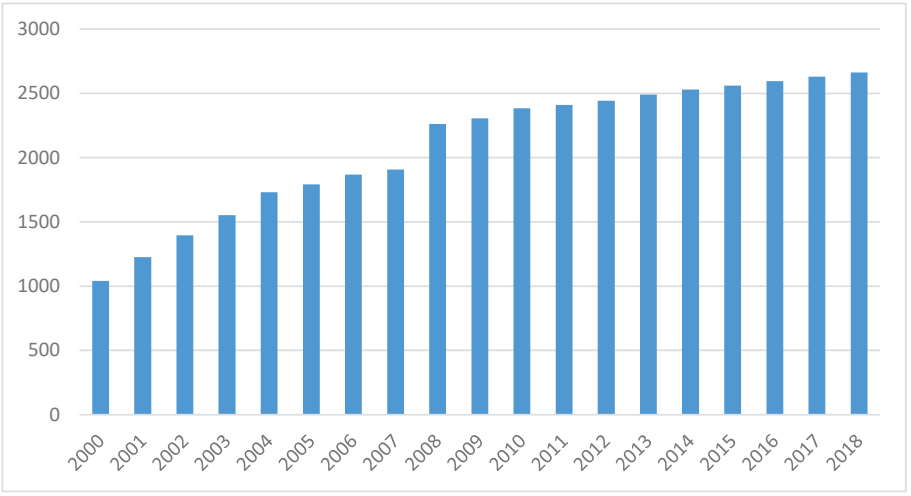
	Total	under Central Ministries & Agencies	under Local Authorities	Non-government	Sino-foreign cooperation office with legal personality
Regular Higher Education Institutions	2663	119	1784	749	11
1. Higher Education Institutions Offering Degree Programmes	1245	114	703	419	9
of which: Independent Institutions	265	0	0	265	0
2. Higher Vocational Colleges	1418	5	1081	330	2
In addition:					
Adult Higher Education Institutions	277	13	263	2	0
Other Non-government Higher Education Institutions	786	0	0	784	2

Source: Education Statistics 2019, Ministry of Education of the PRC

[42] Colleges affiliated with public universities, but receiving little public funding, and wholly dependent on students' tuition fees.

"Modern higher education, originated from China's traditional model and influenced by western models, has developed in China in the changing political and economic environments since the late Qing Dynasty" [Han – Song 2009, cited by Han – Zhang 2014, p. 214]. In 1949, there were only 205 higher education institutions in China: 123 public universities, 61 private universities and 21 church-affiliated universities with a total of 120 thousand students enrolled. In the early 1950s, following the Soviet model, China undertook profound restructuring of higher education institutions with all private higher education institutions being turned into public ones. In 1965, there were 434 higher education institutions with a total of 680 thousand students enrolled in China. From 1967 to 1976, China's Cultural Revolution took a toll on higher education. The number of students enrolled dropped to less than one tenth (48 thousand) [British Council 2013]. In parallel with the launch of the reform and opening up policy in 1978, reforms also started in the higher education of China. "But more profound reforms were not massively implemented until 1993 when the 'Outline for Education Reform and Development in China' was issued" [Cai 2013, p. 94]. The reforms between 1993 and 2010 were characterized by deregulation, liberalization, and privatization. "The reforms have achieved remarkable success such as dramatic expansion of the scale of higher education, progress in faculty development, diversification of financing, privatisation of education provision, development of competitive universities, and advancement of internationalization of higher education" [Wang – Liu 2009, cited by Cai 2013, p. 93].

Figure 1: Number of regular higher education institutions in China



Source: China Statistical Yearbook 2019

"The number of Chinese higher education institutions increased gradually during 1978–1991. Then, the number declined a little till 1999 because of the Colleges Combination Wave in the 1990s, which was designed to change highly fragmented colleges into comprehensive universities" [Han – Zhang 2014, p. 2016]. But since 2000, in terms of the number of higher education institutions and students enrolled, Chinese higher education has started to expand rapidly. The number of regular higher education institutions increased from 1,041 to 2,663 between 2000 and 2018.

Table 6: Number of Chinese students in regular higher education institutions (unit: 1000)

	Undergraduate	Postgraduate
2000	5561	301
2001	7191	393
2002	9034	500
2003	11 086	651
2004	13 335	819
2005	15 618	978
2006	17 388	1104
2007	18 849	1195
2008	20 210	1283
2009	21 447	1404
2010	22 318	1538
2011	23 085	1645
2012	23 913	1719
2013	24 681	1793
2014	25 477	1847
2015	26 253	1911
2016	26 958	1981
2017	27 535	2639
2018	28 310	2731

Source: China Statistical Yearbook 2019

During the same period, the number of undergraduate and postgraduate students grew from 5.56 to 28.3 million and from 0.3 to 2.7 million, respectively. China became the country with the largest number of enrolments in higher education in the world in 2005. The Chinese higher education system is dominated by public institutions, al-

though, since 1982, the establishment of private higher education institutions has been allowed again and their number has been increasing rapidly since 2000. In 2018, among the regular higher education institutions, a majority (1,784) were affiliated with local authorities (provincial, prefectural, or municipal), while 119 were affiliated with central ministries and agencies. 760 were privately funded and run.

The structure of financing in higher education has also changed during the past decades. "The expenditure of higher education was totally the responsibilities of the government and tuition fees were never charged by the public institutions. Some public higher education institutions started to launch tuition fees as an experiment in 1989 and later, in 1994, this phenomenon spread nationwide. Since then, the non-government funds have diversified the financial sources of Chinese higher education institutions" [Han – Zhang 2014, p. 2017]. There are three sources for Chinese higher education institutions, namely, government appropriations, tuition fees paid by students, and donations and commercial income from university-owned companies and entities. Between 1996 and 2008, the share of tuition fees in higher education funds increased from 13.7 to 33.7 percent. That of government appropriations fell from 80.3 to 47.6 percent [Dong – Wan 2012].

In parallel with the massification of higher education, a steep hierarchy in the Chinese higher education system based on organizational reputation has evolved. At the top of the hierarchy we can find "more than 40 universities whose goal is to be one of the internationally well-known and domestic first-class universities. These universities can obtain abundant funds annually provided by central ministries and commissions. Among them, Tsinghua University and Peking University are usually at the apex to become world-class universities, funded by much more money from the central government. At the second level are about 100 universities whose goal is to build domestic high-level universities. They can obtain adequate funds allocated by central authorities. Provincial institutions (universities, vocational colleges) are at the third level. All the above-mentioned colleges and universities are almost public institutions, not private ones. Chinese people usually prefer public key universities to private institutions. Only when they cannot succeed in entering public institutions, they have to choose the private institutions with high tuitions" [Han – Guo 2015, p. 827].

The Chinese government has facilitated and strengthened the abovementioned hierarchy with the launch of Project 211 and Project 985 in the 1990s. In parallel with the massification of higher education, the Chinese government started to focus on improving the prestige and quality of higher education institutions. Project 211 was first mentioned in the policy document "Outline for Education Reform and Development in

China" in 1993, but launched only in 1995. Project 211 was aimed to raise education standards in about 100 colleges and universities during the 21st century. (This explains the number 211). "As of 2013, three phases of the project have been implemented, covering 112 higher education institutions" [British Council 2013, p. 4]. Project 985 was first announced by Chinese President Jiang Zemin in May 1998 and the name of the project originates from the date 98/5. It was officially introduced in 1999 to establish world-class universities by selecting the cream of those universities listed in Project 211. These higher education institutions belong to the top of the abovementioned hierarchy. A large amount of funding was allocated by central and local governments to these higher education institutions. Initially, Peking University and Tsinghua University received Project 985 status. By 2006, the number of institutions involved in the project had grown to 39 [Cai 2013]. The two projects ended at the beginning of the 2010s. And in 2015, the so-called Double World-Class Project was announced and has been implemented since 2017. This Project is "China's largest education development scheme to date, aimed at increasing the global recognition of China's university system by 2049 (the 100-year anniversary of the establishment of the PRC). 42 universities have been identified as having the potential to develop as world class. In addition, 465 disciplines from 140 universities (including the group of 42) are also identified as having the potential to become world class. The list of 42 universities includes all 39 of the former universities with 985 Project status, plus three additional universities from the former Project 211. The discipline development list is composed mainly of former Project 211 and 985 universities with additional 25 non Project 211 universities that have strengths in particular fields" [Department of Education and Training, Australian Government, 2017]. Targets have been set out for three steps of the Project:

- "by 2020: to develop a number of world-class universities and a group of world-class disciplines;
- by 2030: to have more universities and disciplines among the best in the world; a number of universities and a group of disciplines to be among the best in the world; to have significant improvement in China's overall higher education strength;
- by 2050: the number and quality of world-class universities and disciplines to be among the best in the world, China to have become a higher education power" [Peters – Besley 2018, p. 1075].

36 of 42 universities are categorised as type A which means that they are already well on the way to being world class. We can find six Chinese universities among the

top 100 universities of QS World University Rankings (2019) such as Tsinghua University, Peking University, Fudan University, Shanghai Jiao Tong University, Zhejiang University, and University of Science and Technology of China. All of them were involved in Projects 211 and 985, and now are covered by the so-called Double World-Class Project.

"Universities, especially those under Project 211 and 985, have been actively promoting the internationalization of Chinese higher education via such practices as encouraging transnational research collaboration and joint-degree programs, recruiting international students, hiring global talent and overseas returnees, internationalizing curriculum through study-abroad programs, and using English as a medium of instruction" [Huang 2007; Li – Chen 2011, cited by Chen 2017, p. 18]. Prior to the later 1990s, the internationalization of higher education in China had mainly taken place through the mobility of students and faculty members. Other features of internationalization such as transnational research collaboration, joint-degree programmes, hiring global talent and enticing overseas returnees, and English taught programmes in domestic curricula have started to appear since the 1990s [Huang 2007]. Within the process of internationalization of Chinese higher education, we are especially interested in Chinese students studying abroad.

"In 1978, after a decade of isolation from the international academic community, Deng Xiaoping decided to send a large number of Chinese students and scholars to study abroad to learn advanced Western knowledge and practices in order to make up the years of lost from the Cultural Revolution" [Li 2005, cited by Chen 2017, p. 20]. Initially, from 1978 to 1980, a total of 4,761 Chinese students went abroad to study at universities. Over the last 40 years, the total number of Chinese students studying abroad has reached 5,194,900. And China has become the largest source country of international students [Ministry of Education of the PRC 2018]. At the beginning, the Chinese state financed the studies of Chinese students going abroad. In 1981, Chinese students were permitted by the State Council to study abroad at their own expense. After that, the number of self-funded Chinese students going abroad jumped. Since 1990, self-funded students have accounted for the majority of Chinese students studying abroad [Chen 2017]. In 2018, the vast majority of students were self-funded (596,300 or 90.1% of all students studying outside China). The rest of the students (65,800) were able to study abroad thanks to public funding [Ministry of Education of the PRC 2019]. Most of the first-wave students going abroad returned back to China. But when the number of self-funded students started to grow in the 1980s, the number of returnees started to decrease. "In 1989, Tiananmen Square crackdown on students and political dissidents became a watershed for overseas study as well as the return of Chinese stu-

dents" [Cao 2008, p. 333]. Thousands of Chinese students and scholars remained in Western developed countries by accepting permanent resident status or extended stay offered by those countries' governments. "Immediately afterwards, China imposed restrictions on overseas study. A significant measure was to impose a service period that is only those who fulfil a certain number of years of service to the country, would be allowed to go abroad as self-funded students. Those students with relatives residing abroad were allowed to be exempted from the service period if they paid back to the government the tuition cost of their education. As a result, both the number of students who went abroad and the number of returnees dropped" [Cao 2008, p. 333]. Restrictions on overseas study were loosened by the government in 1993 and later in 2003, which has resulted in a regrowth of students studying abroad.

Table 7: Number of Chinese students studying abroad[43] (unit: 1000)

2000	38
2001	83
2002	125
2003	117
2004	114
2005	118
2006	134
2007	144
2008	179
2009	229
2010	284
2011	339
2012	399
2013	413
2014	459
2015	523
2016	544
2017	608
2018	662

Source: China Statistical Yearbook 2019

[43] Table 7 shows how many Chinese students has newly left the country to study abroad.

In 2018, 662,100 Chinese students left the country to pursue advanced studies overseas. "In total, 3,132,000 students or 83.7% of all students pursuing further studies abroad returned to China after graduation. Since the 18th National Congress of the Communist Party of China in November 2012, in particular, 2,313,600 students have returned home, accounting for 78.7 percent of all returnees having studied outside the country" [Ministry of Education of the PRC 2018].

Chinese students, the largest international student community in global higher education, have several reasons for studying abroad. According to the Times Higher Education, a data provider underpinning university excellence in every continent across the world, which compiles the World University Ranking every year, identifies nine reasons why Chinese students go abroad to study

1. Enriched experience
2. Meet a diverse range of people
3. Future employment prospects
4. Language skills
5. Avoid entrance exam in China for higher education
6. Preparation for immigration and working abroad
7. Influenced by their friends
8. Better environment
9. Requested by parents [Cheng 2018].

Chinese students choose studying abroad to experience different cultures, languages, customs and cuisines. Most of them prefer to go to English speaking countries where they can develop their language knowledge. And they build an international network of friends (see 1, 2, 4). Obtaining an overseas degree is very important for the future career of Chinese students. They strongly believe that overseas education enhances job prospects and career development. Chinese students also admit that they get better education abroad [Griner – Sobol 2014]. Studying abroad can be considered as the first stage of their immigration and employment abroad as well, if they would like to stay abroad after their studies (see 3, 6). Chinese students' decisions on studying abroad are often influenced by parents or friends (see 7, 9). Because of the importance of filial piety in Chinese culture, Chinese students adhere to their parents' wishes [Griner – Sobol 2014]. Some Chinese students would like to avoid the entrance exam (gaokao) and fierce competition to get admission to Chinese universities and rather choose studying abroad [Hu 2012]. When Chinese students select higher education institutions, they primarily take into consideration the safety conditions in

the destination country, the global university rankings of the destination university combined with overall education quality of the destination country, and students' expected annual expenditure [Gong – Huybers 2015].

Traditionally, geographical distribution of Chinese students studying abroad shows preferences for developed countries, especially the USA. Table 8 shows that the USA has a huge dominance (33.6% share) in attracting Chinese students. This relation dates back to the late 1800s when the first Chinese students began going to the USA to study there. Between 1949 and 1979 the flow of Chinese students stopped and partnership in academic exchange was only restored in 1979 [Belyavina 2013]. In 2018, the number of Chinese students enrolled at US higher education institutions reached 369,458. They accounted for 33.7% of all international students, so they have the largest community in US higher education [Institute of International Education 2019]. Beside the USA, the top 10 destination countries (according to UIS statistics) for Chinese students include other Anglo-Saxon countries such as Canada, Australia, New Zealand, the United Kingdom and other big EU economies such as Germany, France, plus Japan, South Korea and Hong Kong from Asia.

Table 8: Top 10 destination countries for Chinese students studying abroad (2018)

Destination country	Share (%)
United States	33.6
Australia	14.4
United Kingdom	10.9
Japan	8.5
Canada	7.1
South Korea	5.2
Hong Kong	3.6
Germany	3
France	2.4
New Zealand	1.8

Source: UIS

20.8 % of all Chinese international students studied in EU countries in 2018. 16 CEE countries (members of the 17+1 cooperation) were able to attract only 0.4 % of all Chinese international students. In the case of Hungary, we can experience a rapid increase in the number of incoming students from China. From 2009 to 2018, the number of Chi-

nese students studying in Hungarian higher education institutions increased from 260 to 2,377. In 2009, China was the 14th largest sender country of international students in Hungary. By 2018, the number of Chinese students had grown ninefold and China had become the second largest sender country of international students. "While developed countries are the most popular destinations for Chinese students, OBOR countries (including Hungary) have begun to harvest the growing wave of Chinese students seeking to learn abroad. In total, 66,100 students (including 3,679 on government sponsorships) studied in 37 OBOR countries in 2017" [Ministry of Education of the PRC 2018].

In the next chapter, we investigate through the example of Széchenyi István University how Hungarian higher education institutions attract international students from Asia, including China, in line with the goals of the "Opening to the East" policy.

CHAPTER 4

THE ROLE OF THE ECONOMIC POLICY "OPENING THE EAST" IN THE INTERNATIONALIZATION OF SZÉCHENYI ISTVÁN UNIVERSITY AND THE HUNGARIAN HIGHER EDUCATION SYSTEM

Eszter Lukács – Katalin Völgyi – Bálint Filep – Zsolt Kovács

INTRODUCTION

We have written this section with the aim of placing the trends of the internationalization of Hungarian higher education in a global and European context. Széchenyi István University, Győr, at which the authors are senior management and staff, is an higher education institution (HEI) not based in the capital city (Budapest), that started the process of internationalization in 2015, barely five years ago. While the aim of the world's universities and colleges in increasing the number of English-taught courses and the number of international students is primarily to generate income and, moreover, in the advanced economies, for reasons of demographic decline, a secondary motivation being the increase in student numbers, at Széchenyi István University, a financially stable HEI, education and research carried out in English serve specifically quality purposes. The University also wants to ensure its global visibility and its contribution to the long-term development of the region through its internationalization process.

In Hungary, the internationalization of higher education institutions began in the mid-1980s with the launch of medical, dental and veterinary education taught in English and German, so the universities of the capital and three rural cities (Debrecen, Pécs, Szeged) with medical faculties have had international student communities for almost forty years, thus facilitating the recruitment of students to English-taught academic programmes in other disciplines in these cities. The Government of Hungary

has recognized that the encouragement of research and teaching via the medium of English is essential for the placement of Hungarian HEIs on the international stage. The above were incorporated into the strategy entitled "A Change of Pace in Higher Education" of the Ministry of Human Resources, and the realization of these goals has been, and is being, supported with the help of government tenders. In addition to the tenders supporting internationalization, the country's Ministry of Foreign Affairs and Trade, in line with its foreign policy orientation, has established, under the name of *Stipendium Hungaricum (SH)*, a unilateral, non-reciprocal support programme, by means of which, by covering tuition and accommodation fees and paying a monthly scholarship, students primarily from Asian and African countries, as well as Latin American and non-EU countries, can study in Hungarian higher education institutions. The programme is not only a means of strengthening bilateral diplomatic relations, but also supports those higher education institutions that did not participate in the internationalization process before the launch of the framework (2013) and did not have foreign student communities.

After a brief global survey, we begin our writing with a brief summary of the objectives of the strategy "A Change of Pace in Higher Education" for the internationalization of Hungarian higher education and the implementation tools assigned to them. In line with EU expectations, by 2023 Hungarian higher education needs to meet two principal national student mobility targets: one is related to the Leuven target set in 2009, according to which at least 20 percent of higher education graduates should gain at least three months' experience abroad; the other is to increase the number of international students coming to Hungary for full-time education to 40,000. This section of our book focuses on the second main goal, the attraction of international students to Hungarian higher education institutions.

In the analysis of trends (where data were available), we prioritize the region with the highest number of students in the world, Asia. In addition to the two most populous countries, China and India, we also included in the analysis Singapore, Malaysia, Thailand, Indonesia, Philippines, Vietnam, member states of ASEAN (over 600 million inhabitants) with a high or medium (0.7 or higher) HDI[44]. From the point of view of its economic and higher education external relations, Hungary cannot ignore the fact that in the last 50 years GDP and per capita GDP in Asia have grown the fastest in the world [Nayyar 2019]. In 2017, 40 percent of the global middle class also lived there. In the same year, 28 percent of global consumption came from there. By 2040, 54

[44] HDI: *Human Development Index*.

percent of the global middle class is projected to be Asian, and the continent's share of global consumption will grow to 39 percent [Tonby – Woetzel – Choi – Eloot et al. 2019]. Already in this decade (by 2030), 50 percent of global consumption growth will come from Asia [Tonby – Woetzel – Choi – Wonsik et al. 2019].

The eight Asian nations mentioned – along with several others – are target countries of the "Opening to the East" policy announced by the Hungarian government in 2012. Initially, the programme focused primarily on strengthening economic relations, and then, in 2013, the Hungarian government extended it to higher education, with the introduction of the Stipendium Hungaricum scholarship, for which students from the countries targeted by the "Opening to the East" policy are eligible to apply, whilst also serving to strengthen economic relations in an indirect manner. Based on the dynamics of income and consumption growth in the Asian countries described above, in addition to SH scholarship holders, Hungarian higher education can expect to receive additional self-funding Asian students, and can build on attracting them in the internationalization process.

In this section of our book we review the fields of study most chosen by international students, and building on this, we touch upon overseas students' criteria in their selection of institutions and the reasons for their distribution among Hungarian HEIs. We examine Asia, the region that sends abroad the most students in the world, as well as Hungary's adaptation to international trends, and we cover the most significant results of the Stipendium Hungaricum programme.

GLOBAL CONTEXT

Globally, the number of international students grew from 2 million in 2000 to over 5.6 million in 2018. In the OECD area, there were 3.9 million international students in 2018. English-speaking countries are the most attractive to international students. Australia, Canada, the United Kingdom and the United States together receive more than 40% of all mobile students in OECD and partner countries. Students from Asia form the largest group of international students enrolled in tertiary education programmes at all levels, representing 57% of all mobile students across the OECD in 2018 [OECD 2020]. Two-thirds of Asian students converge on only five countries: Australia, Canada, Japan, the United Kingdom and the United States [OECD 2019]. China and India together contribute more than 30% of all mobile students enrolled in OECD countries [OECD 2020].

For higher education institutions in the EU member countries (including Hungary) impacted by demographic decline to different degrees, it has become crucial in recent decades to attract more international students. Between 1994 and 2014, the share of children and young people aged 0–29 in the overall EU-28 population decreased from 41% to 33% and the absolute number of entrants to higher education decreased by 19%. Those higher education institutions which – among other things – broaden international recruitment continue to see growth in their entrants [Haj et al. 2018]. This can be translated into an increasing competition for (Asian) international students who – as mentioned previously – prefer to study in English-speaking countries such as the United States, Canada, Australia and the United Kingdom.

For EU higher education institutions, the attractiveness of English-speaking countries is not the only challenge in recruiting international students from Asia. Here, we have to emphasise that "from the late 1990s, there has been a noticeable trend of an increasing number of students from Asia deciding to attend higher education institutions within their home region of Asia. Within higher education in Asia, the 'Asianization of Asia' or 'East Asianization of East Asia' is taking place" [Kuroda et al. 2018, p. 28]. We can witness a "staggering influx and circulation of students in Asia, primarily amongst China, South Korea, Japan, and the ASEAN countries" [Kuroda et al. 2018, p. 27]. Higher education institutions' internationalization strategies with active recruitment of students within the region, inter-university agreements, improvements in the quality of education, increasing number of programmes taught in English, regional university alliances and networks promote this rapid growth of intra-regional student mobility in Asia. In this regard, we also have to mention the pivotal role of ASEAN University Network (AUN) and the South-East Asian Ministers of Education Organisation's Regional Institute for Higher Education and Development (SEAMEO RIHED) which have been engaged in several projects to promote intra-regional student mobility in Southeast Asia [Kuroda et al. 2018]. In addition, East Asian (including Southeast Asian) countries, which copied – to different extents – Japan's economic development, have put special emphasis on human resource development (education) which is one of the core elements of the so-called East Asian economic "miracle". Thanks to this decades-long educational development, Asia's higher education does not play a subordinate role to Western higher education [Kuroda et al. 2018]. "Japan – to some extent in competition with Western countries – is a traditional hosting country, the only nation in Asia that possesses a positive net flow of international students. However, this advantageous position has become under direct challenge from its neighbouring nations, including China, Singapore, Malaysia, and Hong Kong. These countries have

ambitious plans to become education hubs and they have gradually intensified the competition in the global higher education market" [Chan 2012, p. 217]. So, EU countries do not only compete with English-speaking countries, but also with Asian countries for international students from Asia. In this section of our book, we focus on the attraction of Asian students to Hungarian higher education institutions through the example of Széchenyi István University.

According to the Atlas of Student Mobility cited by Rédei [2014], the scale of international mobility students from a country depends on several factors such as the Human Development Index (HDI), the right to and opportunity for the freedom of movement, the scale of foreign direct investments, the proportion of population living in urban areas, life expectancy at birth, the number of telephone lines per 1,000 inhabitants, and the size of the population. In this study, we have selected eight Asian countries for investigation: the world's first and second most populous countries, China and India, which at the same time are the world's first and second largest sending countries of international students. In addition to China and India, this study covers six other countries of the ASEAN region with a population of more than 600 million people. Based on their high or medium HDI (0.7 or larger), Singapore, Malaysia, Thailand, Indonesia, Vietnam, and the Philippines are involved in the investigation.

Higher education institutions which would like to increase the number of their international students (from Asia) need to understand the motivations of international student mobility and the factors behind it. "Student migration is mainly driven by differentials in education capacity (a lack of educational facilities in the country of origin or the prestige of educational institutions in the country of destination). It is also driven by differences in the return to or rewards for education and skills in origin and destination countries. Economic factors include better economic performance in the host country, exchange rates, more affordable mobility (due to lower tuition fees or higher education subsidies, for instance) and higher-quality education in the host country. All in all, we can say that "the perceived quality of instruction abroad and perceived value of host institutions are key criteria for international students when choosing where to study. Top destinations for internationally mobile students include a large number of top-ranked higher education institutions" [OECD 2020, p. 228]. The decision of internationally mobile students is often based on university league tables and other international university rankings (QS, THE etc.). "In addition, the decision to study abroad may be determined by non-economic factors, such as political stability or cultural and religious similarities between origin and destination countries" [OECD 2020, p. 228].

According to the study of Rafi [2018], which investigates influential factors in the college decision-making process for Chinese students studying in the USA (the largest host country of Chinese students), based on traditional Confucian roles, Chinese parents decide that their children will study abroad. They would like to send their children to a more prestigious place. For Chinese students, the most influential sources in the decision to attend a particular university are the rankings and the university's location. The analysis of Ghazarian [2016] shows that the positive country image is an important factor in the destination choice of Chinese students studying in the USA. But his results also "suggest that not all destinations may benefit from country image in the same way, and that the relative prominence of a country (USA) may interact with the influence of country image over destination choice." "The findings of his study reveal that higher education marketers and policymakers, especially those outside the USA, may benefit from moving beyond focus on country image in their attempts to draw students from abroad. Those hoping to influence the outward flow of mainland Chinese tertiary students in their favour may benefit more from emphasizing their destination's comparative advantages in terms of visa/immigration, geographic proximity, tuition fees and living costs, and personal links with friends or family already residing at the target destination" [Ghazarian 2016, p. 707–708]. We assume that students from other big Asian sending countries are influenced by similar factors (university ranking, location, country image etc.) during their choice. Asian students are, however, not identical. International students from India, the second largest sending country are considered to be highly price-sensitive, value-maximisers, who are constantly trying to search for options that lower cost and increase career opportunities. They "will consider alternative study destinations (beyond English-speaking countries) in Asia, Continental Europe and Middle East. But there is another, emerging group of Indian students called prestige-conscious, experience-seekers who has higher financial resources to afford international education" [Choudaha 2019].

The destination choice of (Asian) international students may be compared to the behaviour of foreign direct investments. First, they choose a continent, followed by a country and a location. If students (parents) can afford it, they primarily choose an English-speaking country, if not, a country in their home region (Asia) or Europe.

The European Union is one of the key geographical areas for inward mobility of international students. 1.7 million of the 3.9 million international students enrolled in OECD countries in 2018, studied in the 23 countries of the European Union (which are OECD member countries). After the United Kingdom (8%), and Germany (6%),

France was a major EU host country, accounting for 4% of global international students [OECD 2020]. More than 30% of all international students enrolled in the 23 EU countries were from Asia in 2018. A small number of Asian students chose Central European countries as a destination. Hungary primarily competes for Asian (or other) international students with other countries in Central Europe such as Poland, Slovakia and the Czech Republic. The tuition fees for Bachelor's and Master's degree programmes show that there is a price competition among Poland, Slovakia, Hungary and the Czech Republic. As a Hungarian university not in the most popular location, such as the capital (Budapest), but in a provincial city, Széchenyi István University needs to reduce the tuition fees for their academic programmes, considering the fact that it is easy to find programmes at lower prices in the other three Central European countries and attain more advanced positions in the international university rankings at the same time in order to successfully attract more Asian students.

INTERNATIONALIZATION OF HUNGARIAN HIGHER EDUCATION – HIGHER EDUCATION STRATEGY

The internationalization of higher education is included in point 3 of the strategy document "A Change of Pace in Higher Education", following points detailing an analysis of the present and future goals of higher education, the identifcation of necessary points for change, as well as the competitive environment, performance incentives and the conditions for quality and success. Based on the strategy, the preconditions for the evolution of the above are: profile cleaning and specialization, institutional system transformation, educational innovation as well as effective institutional governance and new business models.

According to the sub-section (point 3.2) on the transformation of the institutional system of this strategy, the main goal is "to create, in line with the spatial structure of the country, an efficient and effective institutional system and its positioning in the Carpathian Basin and Europe", and at the same time a unitary Hungarian higher education system in the Carpathian Basin "so as to ensure opportunities for the region's ethnic Hungarians to access higher education", and moreover to prioritize the internationalization of Hungarian higher education. [Emberi Erőforrás Minisztériuma 2016, p. 39].

The latter has three sub-objectives:

- positioning Hungarian institutions in international competition
- increasing the international mobility of students, teachers and researchers

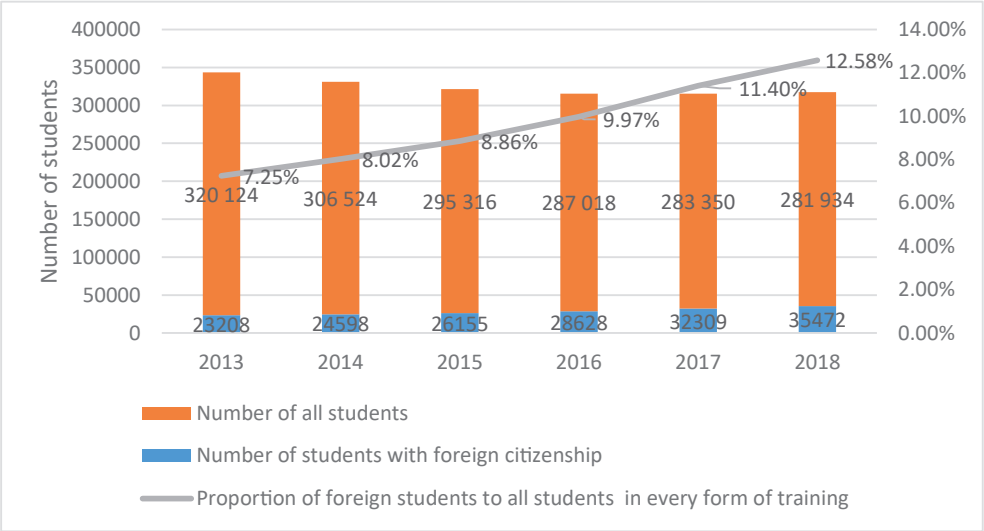
- strengthening the system of international relations at the institutional level with strategically important partner countries [Emberi Erőforrás Minisztériuma 2016, pp. 51–52].

The strategy sees achievability of the first objective by increasing the fundraising capacity of higher education institutions and the number of research groups, as well as by increasing effective application activity. Actions carried out for the second objective include "enhancing the internationalization of higher education institutions, increasing international presence and the capacity to attract international students (both European and non-European), as well as the fostering of student and teacher-researcher mobility, in particular via the further extension of the Stipendium Hungaricum scholarship programme". As a precondition, the strategy considers an increase in the number of academic programmes taught in foreign languages. Among the measures, in order to reduce the administrative burden of Hungarian mobility students on their return to Hungary, it emphasizes the expansion of the range of international equivalence agreements [Emberi Erőforrás Minisztériuma 2016, pp. 51–52].

Also related to the second objective are the two main national student mobility tasks of Hungarian higher education to be completed by 2023 mentioned in the introduction: at least 20% of university graduates to gain at least three months of foreign experience abroad (Leuven target) and an increase in the number of international students in full-time education to 40,000. The second of the two goals is related to the subject of our analysis, in connection with which we can state that an improvement in the capacity to attract international students was successfully achieved in the period 2013–2018 – for Hungarian higher education as a whole: Since 2013, parallel with the decrease in the total number of participants in Hungarian higher education (from 320,124 to 281,934), the number of students with foreign citizenship has increased (from 23,208 to 35,472), so – obviously – their proportion has significantly grown (from 7.25% to 12.58%). Thus, between 2013 and 2018, the number of foreign students studying in Hungary increased more than one and a half times, and the number of programmes taught in a foreign language reached five hundred and thirty [Dobos 2018].

The number of students from the Asian countries highlighted by us (China, India, Singapore, Malaysia, Thailand, Indonesia, Philippines, Vietnam) increased from 821 to 3,223 during this period, and their share of all international students rose from 3.5 percent to 10 percent. The majority came from China, India and Vietnam: in the "top 20" list of countries sending students to Hungary, China ranks 3rd, India and Vietnam 18th and 19th.

Figure 2: Foreign students in the Hungarian higher education between 2013 and 2018



Source: Dobos (2018, p. 4)

Table 9: Number of students from some Asian countries in Hungarian higher education institutions

	2013	2014	2015	2016	2017
China	446	725	1158	1574	2075
India	69	97	194	313	506
Singapore	8	14	9	11	13
Malaysia	9	10	9	13	13
Thailand	6	8	10	10	25
Indonesia	6	10	26	28	78
Philippines	14	15	21	27	30
Vietnam	263	327	367	430	483
Total	821	1206	1794	2406	3223
In proportion to all international students (%)	3.54	4.90	6.86	8.40	9.98

Source: Education Office (2019)

According to the Education Office [2019], a total of 112,034 valid applications for higher education programmes starting in September 2019 were submitted through the Felvi system[45]. Most – 77,211 – indicated undergraduate education in first place. 12,000 people applied for undivided programmes, 4,930 for higher vocational training and of those possessing a first degree, 17,893 applied in the first place for a Master's programme. 97,312 wanted to be admitted to programmes on a state scholarship, while 14,722 indicated self-funded status in first place. This year likewise, it was possible to select a maximum of 6 (3 state-supported) programmes. Based on application data, applicants on average applied for 2.7 programmes.

Table 10: Distribution of the most popular fields of training marked at the first place during application process (Bachelor's and undivided Master's degree programmes)

Field of training	18A	19A
Economics	17.1%	18.8%
Engineering	13.8%	14.1%
Pedagogy	13.7%	12.6%
Informatics	9.8%	10.0%
Medical and health sciences	9.0%	9.1%
Humanities	8.6%	8.4%

Source: Education Office (2019)

AREAS OF STUDY PREFERRED BY INTERNATIONAL STUDENTS

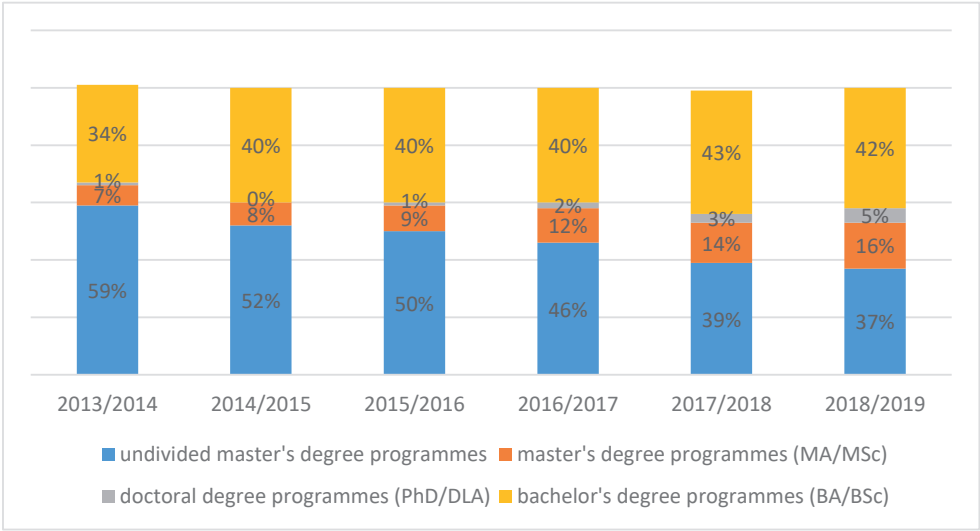
While Hungarian students apply mostly to programmes in the fields of economics, technology, pedagogy and informatics – 55.5 percent choose one of the four fields of study listed – and the fields of medicine and health sciences (9.1 percent) come in fifth place, a significant proportion of international students in Hungary, albeit to a declining extent, choose degree programmes in medicine and veterinary medicine.

While the number of international students studying medicine in Hungary has been relatively stable since 2013, the number of non-medical students has increased significantly, which is also supported by a change in the distribution of overseas

[45] Online application system for admission to Hungarian higher education institutions.

students by academic level. In academic year 2013/2014, 59 percent of them enrolled in undivided degree (Master's) programmes, but in academic year 2018/2019, that proportion was only 37 percent.

Figure 3: Distribution of full-time international students in different levels of programmes taught in a foreign language



Source: Dobos (2018, p. 5)

INTERNATIONAL STUDENTS' INSTITUTIONAL SELECTION CRITERIA (POPULAR STUDENT CITIES)

Based on what has been described so far, it is not surprising that the Hungarian HEIs with the largest number of international students are those which (also) have medical programmes. According to Berács [2018, p. 158] "the majority of Hungarian HEIs, 66 institutions in October 2017, took in foreign students. Of these, 41 were institutions with more than 30 foreign students. There are also big differences in terms of absolute numbers between these. The University of Debrecen leads the ranking with 5,077 overseas students, followed by the two large rural universities, Pécs and Szeged, and Semmelweis University each with over 3,000 students. It is advisable to classify these four universities into one cluster, as this is where medical education is located, with the largest numbers of students and the highest tuition fees and revenues."

Medical students have been trained at the University of Debrecen since 1918, the acceptance of international applicants starting in 1987, with an intake of 49 students [University of Debrecen 2019]. Medical degrees from the University of Pécs have been available since 1923, and since 1984 (the first in Central Europe) taught in English [University of Pécs, Medical School 2019]. The predecessor of the Faculty of General Medicine at the University of Szeged, the Faculty of Medicine at Báthory University, Cluj-Napoca, Romania, was founded in 1775, and the English-taught degree programme was launched in 1985 [University of Szeged, Faculty of Medicine 2019]. Semmelweis University, which started in Budapest at the end of the 1700s, was, in 1989, the latest to join the ranks of Hungarian universities providing medical education in English, with their German-taught medical programme, however, having been launched six years earlier [Semmelweis University 2019].

The common feature of the four Hungarian universities with the largest number of international students is not only that they provide self-funded students with medical education, but also that their internationalization processes were initiated in the mid-to-late 1980s, i.e. at least 30 years ago.

Also in Berács [2018, p. 159], we can read that "the next »category size« (over 2000 overseas students) is represented by Hungary's largest university in terms of students, Eötvös Loránd University (ELTE) with 2,822 international students. Four universities (Budapest University of Technology and Economics (BME), Corvinus University of Budapest (BCE), Szent István University (SZIE) and the University of Veterinary Medicine (ÁTE)) all have over 1,000 overseas students. They are followed by three universities of Applied Science (Budapest Metropolitan University (METU), Budapest Business School (BGE), International Business School (IBS)) each with an international student body of 600–1000." It is important to note that three of the four universities accommodating more than a thousand international students are based in Budapest, and Gödöllő is located only 30 kilometres from the capital. The main sites of the three universities of Applied Science are also located in Budapest, two also bearing the name of the capital in the name of the institution. IBS is followed by the University of Óbuda (ÓE), also in the capital; the first non-Budapest or "non-capital city area" institution is Széchenyi István University of Győr (SZE).

A series of international surveys confirm that the choice of university for foreign students is also influenced by the host city. In the category "Most popular cities chosen by students", in the QS world "top 10" rankings of 2018, based on fifty thousand ratings, Montreal, Munich, Melbourne, Prague, Vienna, Stockholm, Amsterdam, Berlin, Brno and Buenos Aires were selected. This classification takes

into account student access to cultural and artistic life as well as to employment opportunities and nightime entertainment, whilst also being influenced by each city's cost of living level, its diversity, tolerance, inclusive attitude, ease of transportation and the friendliness of its residents. Only four of these cities are capitals. Budapest, which was only in the top 50 in the same ranking, came first in terms of cost of living [Collier 2018].

QS has also produced another list that consolidates the previous results summarized as "student popularity" and takes into account four other factors – university rankings, student composition, level of employer activity and cost of living. Based on the above, the 2018 "top 10" list: London, Tokyo, Melbourne, Montreal, Paris, Munich, Berlin, Zurich, Sydney and Seoul. Half of these are capitals. Budapest ranks 49th, while among other European capitals Vienna ranks 11th, Prague 30th, Madrid 32nd, Stockholm 33rd, Copenhagen 45th, Brussels 48th and Lisbon 50th [QS 2018].

The European Higher Education Fair recommends international students a choice from the European cities of Barcelona, Dublin, Berlin, Lisbon, Amsterdam, London, Paris, Milan, Prague and Athens [Angeline 2019]. Six out of the ten are capitals.

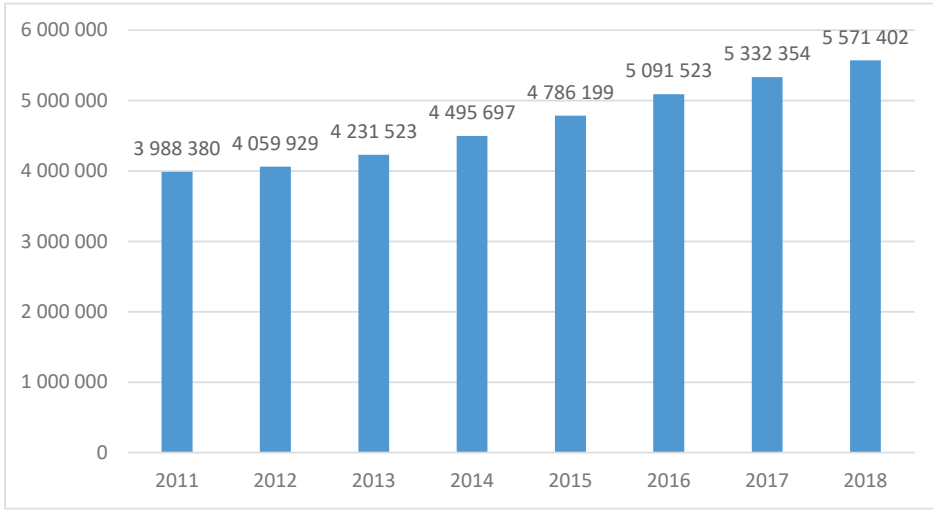
THE [2018] ranks the top 200 higher education institutions based on their geographical location. Accordingly, Boston and London are in first place, Paris and Hong Kong in second, Berlin and Los Angeles in third, Stockholm and New York in fourth, with San Francisco, Seoul, Chicago, Singapore, Montreal, Sydney, Barcelona, Atlanta and Melbourne in joint fifth place. Again, half of the top ten are capital cities.

In the unanimous view of both major ratings organisations and Study International Staff [2018], London is the "crown capital" of higher education. The latter organization points out that the UK is chosen by international students because of the ease of global recognition of its degrees, the reputation (rankings) of British universities and the opportunity to learn English at native speaker level. In academic year 2016/2017, students came to London from almost every country in the world, spending a total of £ 3.45 billion ($ 4.54 billion). In the following academic year, the most significant countries of origin of international students attending universities in London were China (21,350), the United States (7,105), and Italy (5,770) [Leung 2019]. In academic year 2016/2017, there were 442,375 international students studying in the UK, amounting to 19 percent of the total number of students in British higher education; the distribution of EU and non-EU students was 6 and 13 percent respectively [UK Council for International Student Affairs 2019].

REGIONS SENDING THE GREATEST NUMBER OF STUDENTS: ASIA (CHINA, INDIA, ASEAN)

According to the UIS [2018], the number of international students grew from 3.9 million to 5.6 million worldwide between 2011 and 2018. In 2018, the United States of America, the United Kingdom, Australia, France, Germany and Russia were the largest host countries. China, India, Germany, South Korea, Nigeria, France, Saudi Arabia and Central Asian countries were the most important sending countries.

Figure 4: Number of international students worldwide (2011–2018)



Source: UIS

Central European HEIs, especially those located in rural cities, face tough competition in the face of students from China and other Asian countries. According to data from the UIS [2018], between 2008 and 2018, the number of young Chinese adults travelling abroad for study purposes increased from 458,102 to 993,367. Sixty percent of Chinese students are specifically looking for an English speaking country, so their choices fall primarily on the United States, Australia and the United Kingdom. A marginal proportion of them choose only Central European universities, and the factor that most influences their decision is the brand and reputation (rankings) of the given higher education institution. This was reflected in the opinion of 61 percent of Chinese students in the survey cited by Daxue Consulting [2018]. 48 percent were influenced by whether, in their view,

they could graduate successfully from the programme, 40 percent were influenced by the city where the HEI was located, and 39 percent made a decision based on the income category they would be able to access with their degree. Chinese students are constantly monitoring higher education rankings (primarily the QS World University Rankings), yet 80 percent of them return home to China after completing their studies.

It is important to note that British higher education institutions, which are very highly prioritized by Chinese students, also have difficulty meeting the special needs of Asians. According to THE [2016], large cities, typically, with authentic Chinese restaurants are preferred. British universities are confronted with the fact that Chinese students coming to the UK have never eaten Western food, and even though they offer specifically Chinese menus in their canteens, they do not consider them to be authentic, so they prefer to cook for themselves. At the Peking University canteen, a fresh menu is prepared for ten thousand students a day and a total of forty-seven thousand guests; the price of 350 vegetable-only dishes starts at 5 pence. English university restaurants are unable to keep up with Chinese prices and flavours, despite the fact that chefs of the British canteen organization have undergone Chinese training.

India is the second largest sending country of international students after China. According to the UIS [2018], the number of Indian students studying abroad increased from 186,113 to 372,055 between 2008 and 2018. They also prefer to study in English-speaking countries. In 2018, the vast majority, 70.3% of them, studied in the United States (36.2%), Australia (19.5%), Canada (9.3%), and the United Kingdom (5.2%). Since 2000, there has been a shift among these four most preferred destination countries [Choudaha 2019]. Australia and Canada have been chosen by an increased share of Indian students at the expense of the United States and the United Kingdom.[46] In recent years, the restrictive immigration and visa policy in the United States and the United Kingdom have intensified further this aforementioned shift. From the side of Canada and Australia, the pro-immigration policy and the post-study work rights have encouraged the inflow of Indian students.

For Indian students, Poland from the Central European region is the 17th most important destination country (Latvia, the Czech Repubic and Lithuania also are more attractive than Hungary as a destination country). When choosing a foreign higher education institution, the majority of Indian students are highly price-sensitive and value-maximisers. Thus, it is understandable that in a survey of choice factors conducted by QS, respondents rated tuition fees, quality of education, career opportunities for university students and the reputation of the university as the most important [ICEF Monitor 2018].

[46] In 2000, 59% of Indian students studied in the United States, 7% in Australia, 6% in the United Kingdom and 1% in Canada [Choudaha 2019].

After completing their studies abroad, some students stay for reasons of employment, while others return home and, with their degree from abroad, try to excel in the competition for jobs in their home country [ICEF Monitor 2018].

In the future, the demand of Indian students is expected to increase – beyond traditional destination countries – for English-taught programmes (especially STEM Master's programmes) in the countries of the Middle East, Asia and continental Europe. There is also another emerging segment of Indian students who have higher financial resources and are relatively less concerned about immigration and immediate work opportunities after graduation. They are experience-seekers who are primarily looking for programmes (undergraduate level, in various academic fields) at highly prestigious higher education institutions abroad [Choudaha 2019].

The six ASEAN countries we highlighted are much smaller in population than China and India, however, in 2018, a total of 295,854 of their students studied in foreign higher education institutions. According to data from the UIS [2018], the country sending the largest number of students abroad is Vietnam (108,527), followed by Malaysia (61,904), Indonesia (49,900 people), Thailand (32,912 people), Singapore (23,752 people) and the Philippines (18,859 people). If we look at their five most popular destination countries, the dominance of native English-speaking states (Australia, USA, Canada, UK, New Zealand) is clear. Australia ranks first in all five countries. However, Japan, South Korea, France and Egypt are also among the top five destination countries for students of one or more ASEAN countries. And Singaporeans and Indonesians are happy to choose neighbouring Malaysia as a study destination. Only in the case of Vietnamese students did several Central European countries appear in their "top 20" destination countries: the Czech Republic ranked 13th, Hungary 15th, and Poland 16th [UIS 2018].[47]

Vietnam's higher education institutions, which have the highest number of students studying abroad among ASEAN countries, do not have sufficient capacity and funding to meet the increased demand associated with economic development. Vietnamese young people go abroad not only because of the scarce supply in Vietnam, but also for higher quality education. Their parents see their overseas education as a good investment, as they consider that a degree obtained there will assist their future employment chances and their social progress, as well as even their migration goals and long-term settlement abroad. In order to improve the quality of the domestic workforce, the government also fosters study abroad. It intends to ensure their return home by means of state scholarship regulations or, in the case of self-funded education, by the use of various incentives [Nguyen 2013].

[47] Malaysian and Thai students ranked Poland in 19th and 18th places, respectively.

In the case of ASEAN, it is worth taking a closer look at Singapore, the exact opposite of Vietnam. This is a high-income country with fewer students studying abroad but also having internationally competitive HEIs. Students there, among other things, choose to study abroad in order to gain a competitive advantage over their peers, that is, to ensure their subsequent presence in the labour market. Another reason may be that, due to the size of the city-state, there are certain programmes unavailable there [Mitsui Sumitomo Insurance Group 2018]. 63.8 percent of Singaporean students studying abroad are concentrated in Australia (33.2%) and the United Kingdom (30.6%). In the last few years, their numbers have continued to grow in these two countries as the Singapore dollar has strengthened against their currencies, and in addition, shorter academic programmes with credit transfers are more attractive [Min 2017].

PRINCIPAL RESULTS OF THE STIPENDIUM HUNGARICUM PROGRAMME

The main goal of the Stipendium Hungaricum (SH) programme, initiated by the Government of Hungary and launched in 2013, is the achievement of the objectives of the strategy entitled "A Change of Pace in Higher Education". Via SH scholarships and applications – also serving strategic purposes – supporting the internationalization of Hungarian higher education with funding (e.g. EFOP-3.6.1-16, EFOP-3.4.3-16, EFOP-3.4.2-VEKOP / 15[48], etc.), those Hungarian universities that have not yet included foreign language-taught academic programmes in their educational traditions, or that are located in cities without an established international student community, have been able to profit to an extraordinary extent from the benefits offered by the scholarship programme. Among the countries eligible for SH scholarships, we give priority to eight countries of Asia, the largest student sending region in the world (China, India, Singapore, Malaysia, Thailand, Indonesia, Philippines, Vietnam) whose students play an increasing role in the implementation of the internationalization goals in Hungarian higher education.

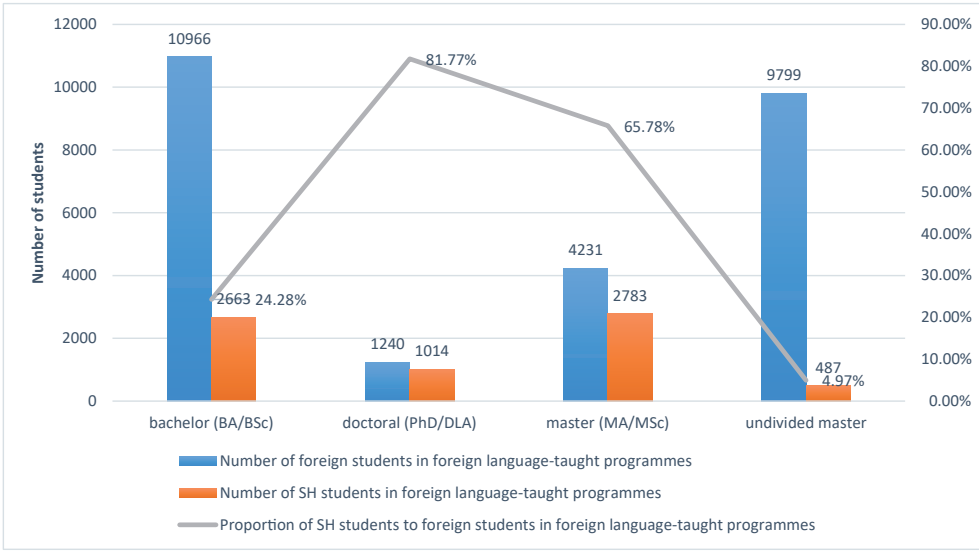
In a lecture held in 2018, Dobos analyzed the absolute number and relative proportions of SH-supported and self-funded students enrolled in Hungarian higher education institutions in academic year 2018/2019. The highest SH-supported student proportions were seen at the University of Miskolc, Eszterházy Károly University, Széchenyi

[48] Funding allocated by the Hungarian government through tenders between 2016 and 2020.

István University, the University of Kaposvár, the University of Óbuda and the University of Sopron. All of the six HEIs listed – with one exception (University of Óbuda) – are located in rural cities (Miskolc, Eger, Győr, Kaposvár, Sopron), and none of them offers medical education (this is also true for the University of Óbuda). Thus, in the absence of the SH programme, the internationalization process of these higher education institutions, if at all possible, would take an extremely long time, which would greatly hinder the positioning of Hungarian institutions in international competition.

Unsurprisingly, the HEIs with the lowest SH student ratio are Semmelweis University, the University of Veterinary Medicine, the Károli Gáspár University (KRE), the University of Szeged, the Hungarian University of Dance (MTE), the University of Pécs and the University of Debrecen. The absolute number of foreign students in KRE and MTE is also relatively low. Based on the distribution of foreign students by academic level, it is obvious – also with reference to Dobos' presentation [2018] – that the proportion of SH students is lowest in undivided programmes (typically Medicine at less than 5%), and highest (approximately 80% and 65%, respectively) in PhD and master's courses. Interestingly, roughly a quarter of international undergraduate students are SH-supported, from which it can also be concluded that overseas students choose relatively "short" degree programmes with the intention of returning home as soon as possible.

Figure 5: Number of foreign and SH students in foreign language-taught programmes



Source: Dobos (2018, p. 17)

The greatest benefit of the SH programme and the launching of English-taught programmes is that higher education academic staff have the opportunity to do research, to teach and to publish in the medium of a foreign language, primarily English, in other words to disseminate science in English, achieving in this way visibility in the international scientific community, which is in itself the primary basic condition for qualitative change.

Alongside the SH programme is the discontinuation of the strong concentration of foreign students in Budapest. According to the data of Bucsky [2018], HEIs having the highest international student base as a proportion of the number of Hungarian students attending are the University of Veterinary Medicine (51.5%) and Semmelweis University (28.0%), followed by Pécs (18.6%), Debrecen (18.5%) and Szeged (17.1%). Nearly 2 percent (every 38th – 45th resident) of those living in the last three cities are foreign students.

Bucsky [2018], citing a 2017 study by PADA, writes that the presence of foreign students also has a stimulating effect on the economy of the host city. In the three major rural university cities, five international students will create six jobs. On average, a student spends 165,000 forints a month, most of which goes on housing, even though the majority (69%) live in University Halls of Residence [Császár – Alpek 2018].

Table 11: Number and proportion of students and international students in cities

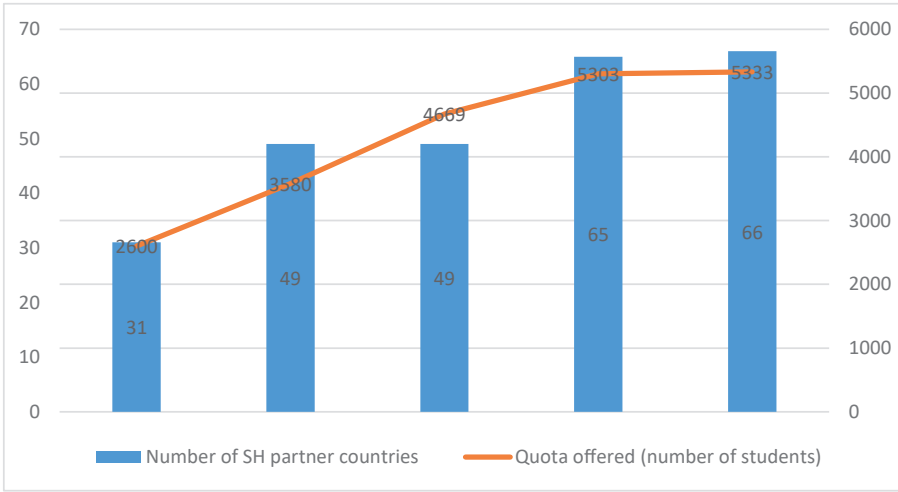
City	Number of students	Number of international students	Population	Students to population ratio	International students to population ratio
Budapest	146 934	15 763	1 752 704	8.4%	0.9%
Debrecen	27 216	4990	201 981	13.5%	2.5%
Szeged	22 006	3573	161 137	13.7%	2.2%
Pécs	20 260	3742	144 675	14.0%	2.6%
Győr	13 296	459	129 301	10.3%	0.4%

Source: Bucsky (2018)

While the Stipendium Hungaricum programme is one of the major drivers of the internationalization of those rural Hungarian universities which do not as yet possess sizeable foreign student bases and Faculties of Medicine, as well as of the economic development of the host cities of these institutions, it has significantly changed the composition of foreign students by country of origin present in Hungarian higher education in a relatively short period. In 2017, a total of sixty-six countries, mainly from Asia, Africa, Central and South America, participated in the programme. According to the Higher Education Infor-

mation System of the Education Office, in 2017, the majority of students came from the following ten countries: Jordan (476), China (387), Azerbaijan (333), Syria (282), Mongolia (253), India (240), Tunisia (226), Kazakhstan (207), Pakistan (250) and Vietnam (189). Three of the Asian countries we have highlighted are among the top ten sending the most SH students. 47 percent of Indian students, 39 percent of Vietnamese, and nearly one-fifth (18.7%) of Chinese received SH support. Of the key Asian countries in the „top 10", after China, India and Vietnam, the highest numbers of university students sent to Hungary were from Indonesia (49) and the Philippines (9), of whom 62.8% and 30 % respectively are SH students [Tempus Közalapítvány 2017]. In 2018, for the first time, students from Singapore and Thailand (5 and 40 respectively) applied for SH scholarships [Bélik – Jánosik 2018]. As it was only recently that Malaysia too joined the SH partner countries, we do not as yet have data available on students from there.

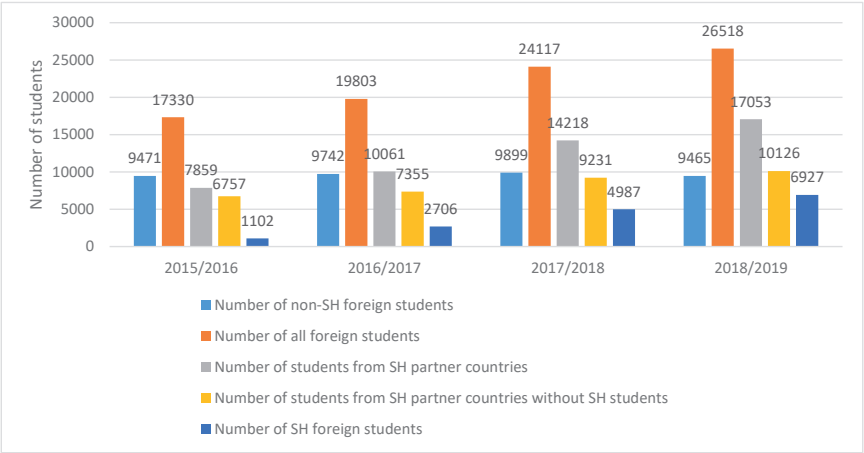
Figure 6: SH programme, 2015–2019



Source: Dobos (2018, p. 10)

According to Tordai's [2019] summary, compared to the 2015/2016 academic year, the number of foreign students studying on foreign language-taught programmes in Hungary had increased by more than 50 percent, from 17,330 to 26,518. In addition to the doubling of the number of participants in the SH programme compared to 2015, the total number of international students in Hungarian higher education increased by almost 10% in a single academic year (between 2017/2018 and 2018/2019), while the number of overseas students originating from non-SH countries decreased by approximately 5 percent.

Figure 7: Stipendium Hungaricum students in foreign language-taught programmes



Source: Tordai (2019, p. 13)

The Stipendium Hungaricum programme also has a so-called multiplier effect, Tordai's figure shows that from 2015 to 2018, the number of students from SH countries increased from 7,859 to 17,053, within which the number of SH scholarship holders showed a more than sixfold increase, with the number of non-scholarship students from SH countries also increasing significantly, from 6,757 to 10,126.

"OPENING TO THE EAST" IN THE COURSE OF THE INTERNATIONALIZATION PROCESS OF SZÉCHENYI ISTVÁN UNIVERSITY

The process of internationalization of Széchenyi István University – in accordance with point 2.4.3 of the Institutional Development Plan – fits in with the "A Change of Pace in Higher Education" strategy [Széchenyi István Egyetem 2016, p. 16]. The University's priorities in this area, which are also consistent with the strategy in terms of student mobility goals, include the following main institutional goals:

- strengthening of university relations in Europe and the Carpathian Basin
- expansion of bilateral and international projects, professional cooperation (Erasmus, Fulbright, CEEPUS, Tempus, etc.)
- enhancement of international student mobility (recruitment activity), in particular for selected target regions (East, Southeast and South Asia) and the BRICS countries

- increasing the mobility of outgoing Hungarian students, contributing to the fulfillment of the Leuven goals
- strengthening educational and research relations with German and Austrian partner institutions and enhanced bilateral student mobility
- preparing for the post-H2020 cycle and sharing of Horizon Europe's resources through cooperation with international institutional partners.

The internationalization of Széchenyi István University, like other Hungarian higher education institutions, started in academic year 1998/99, with accession to the Erasmus higher education exchange programme, launched in 1987, with almost exclusively European student and teacher exchange forming its content until academic year 2015/2016. Between September 1998 and August 2019, Széchenyi István University received 809 Erasmus students.

The next milestone in the internationalization of the institution was in 2015 with the launch of two full-time English-taught MSc programmes, which took place in parallel with a comprehensive curriculum reform, a complex infrastructural renewal, and preparation of the University's institutional units for the reception of international students. After the launch of the two Master's programmes, Széchenyi István University also applied to participate in the Stipendium Hungaricum programme, and so in academic years 2017/2018 and 2018/2019, the University's academic offer was expanded with one undergraduate programme, one Master's programme and one Doctoral programme, to a total of five SH programmes, with funding provided by the Hungarian Government. The University immediately perceived the success of the programme: from 2016 to 2017, the number of students of non-Hungarian citizenship and nationality increased almost two and a half times.

In academic year 2018/2019, in addition to the five programmes already supported in the previous SH application cycle - to be operated on a purely market basis with the admission of fee-paying students from third world countries - the Audi Hungaria Faculty of Automotive Engineering launched two additional English-taught programmes leading to Bachelor's and Master's degrees in Vehicle Engineering. In the same academic year, Széchenyi István University admitted 200 students of non-Hungarian citizenship and ethnicity from 43 countries (21 Asian, 9 European, 9 African and 4 American), which represented a 40% increase in the number of international students in one academic year. In line with national trends, in 2017 and 2018 the university hosted more and more students from outside Europe.

The Tempus Public Foundation again announced a tender for the cycle from academic year 2019/2020 to 2021/2022 within the framework of the Stipendium Hungaricum programme, through which Széchenyi István University won support for twenty academic programmes, and was able to recruit international students for each of them. In September 2019, the Master's degree in Computer Science Engineering was also successfully included in the public foundation's supplementary launch tender, thus expanding the total of SH-supported programmes to twenty-one.

Following the successful recruitment of self-funded students, the University's Faculty of Performing Arts and the Deák Ferenc Faculty of Law have also launched English-taught programmes. The former is a Master's degree in classical musical instrument performance for international students who can acquire advanced level skills on one of five instruments (flute, violin, clarinet, trumpet, piano). Operating regulations of the Stipendium Hungaricum programme stipulate that "students applying for scholarships may only be admitted to a) an undergraduate, Master's (undivided) or full and part-time courses, b) part- or full-time Doctoral courses, c) higher education preparatory studies in Hungarian, for which higher education institutions have submitted a successful application to receive Stipendium Hungaricum scholarship holders" [Tempus Közalapítvány 2018]. For this reason, Széchenyi István University also announced the self-funded postgraduate programmes LLM in Law and Governance and Expert in Law and Governance for international students – with a successful recruitment result. Next academic year (2020/2021), the university intends to expand its palette of English-taught programmes with an MSc in Mechanical Engineering.

In the 2019/2020 academic year, the number of students of non-Hungarian citizenship and nationality representing forty-five countries of the world increased by nearly 50 percent. National trends also prevail on the basis of the composition of foreign students by country of origin: two-thirds of them are SH-supported, so wing to the programme, the proportion of Europeans and non-Europeans has changed to 15:85 percent. In line with national trends, the multiplicative effect of the SH programme is also reflected in the institution, as with the exception of one young person from Mozambique and one from Nepal, all self-funded international students enrolled in academic year 2019 come from SH countries.

Among the students from the Asian countries we decided to highlight (China, India, Singapore, Malaysia, Thailand, Indonesia, the Philippines, Vietnam), whether studying as SH-sponsored or self-funded, the Chinese and the Indians stand out, however, of the ASEAN countries with a higher HDI, only Indonesia and Vietnam send students to Széchenyi István University, all of whom are SH-supported. Also following national

trends, the majority of the University's international students, are from Bangladesh, Jordan, Syria, Azerbaijan and Laos.

Table 12: International students and English-taught programmes

	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Number of students	10 668	10 540	10 429	12 743	12 281	12 189	≈13 200
Number of full-time students	7355	7217	6953	8198	7774	7616	≈8300
Number of foreign students	399	337	336	409	440	475	≈679
Number of students of foreign nationality and citizenship	33	52	64	58	142	199	≈294
Number of English-taught programmes			2	5	5	7	24

Source: edited by Lukács[49]

Széchenyi István University recruits international students via its appearance at the Educatio International Education Exhibition and similar student-focused international higher education fairs, through its network of dozens of student recruitment agents covering all continents, and representations and consular services of the Ministry of Foreign Affairs and Trade, but especially with the support of the Department of Academic Diplomacy, which organizationally belongs to the State Secretariat for Information and the International Representation of Hungary.

According to the Ministry of Foreign Affairs and Trade [2019], the latter "considers it its task to help Hungary play a regional leading role in international higher education mobility. It is their conviction that the network of foreign students studying with us and returning to their homeland represents a usable contact capital in the validation of our foreign policy and foreign economic interests. International experience shows that higher education systems backed by a coherent government internationalization strategy and supportive policies are successful in the international mobility market. Accordingly, special attention is paid to the internationalization of higher education, to mobility and the promotion of scholarship programmes that support it. Stipendium Hungaricum focuses primarily on the relations affected by the 'Opening to the East and to the South', from where great interest is shown in Hungarian higher education, but in relations with developed countries, inward mobility is also considered important. In their opinion, unified national communication is essential for

[49] 2019/2020 data refers to the number of students admitted.

the effective representation of Hungarian higher education and scientific institutions abroad, as well as for the building of the Hungarian higher education brand".

The work supporting internationalization of SZE colleagues participating in the above-mentioned higher education fairs, of the student recruitment agents and of the professional diplomats from the Ministry of Foreign Affairs and Trade is all reinforced by the University's renewed English language website, the 3 brochures in 7 languages promoting the English-taught academic programmes produced since February 2017, as well as the image film aimed at international students.

Of course, for purposes of recruitment, the opinions, views and suggestions of the students already here are also used. For the second time now, international students completed a satisfaction survey in the first semester of the 2018/2019 academic year. Thirty-five percent of students responded, meaning the sample is considered representative. Two thirds of respondents were attending a full-time English-taught programme, while one third were spending only one, or maximum two, semesters in Győr, mainly within the framework of the Erasmus programme. International students are basically satisfied with the quality of the education, the related services (Hall of Residence, student administration), they are open to student integration, i.e. they are happy to participate in classes where they can study in mixed groups, and moreover, there is a significant demand to study Hungarian language and culture, and an interest in courses offered on these topics. With regard to Széchenyi István University, during their stay international students appreciated the following: Győr is a *small, calm, safe, uncrowded town, where everything is easily accessible on foot*. This is followed by the *kindness of the people of Győr* and the *inclusive community attitude*, in evidence in spite of the language difficulties expressed. The city's *wonderful natural environment and rivers*, as well as *well-organized public transport* including the *free city bus*, come in third place. After the *historical city centre*, *the university campus* ranks fifth, thus well ahead of the favorable assessment of *Győr's restaurants* and *entertainment venues*, *the cleanliness of the city* and *its favorable location between the three capitals*.

All of these are important aspects that need to be highlighted during recruitment in addition to professional reasons, as students, when continuing their studies, choose not only education and a university, but also a city and a location. Realising the role played in the recruitment of international students by an institution's presence on international higher education rankings lists, in February 2018, Széchenyi István University registered with QS World University Rankings, subsequently applying for assessment, and in October 2018, when the 2019 regional lists were published, appeared in the EECA Group between places 201–250. In order to more accurately determine the development

directions of internationalization in the medium-term (3–5 years), in the same year, the university had its performance evaluated in the QS Stars Rating System and the overall result was that Széchenyi István University was categorized as a "three-star" institution. Performance in the "Education" and "Infrastructure" categories was particularly good, with the University achieving four stars in each. In the QS EECA University Rankings 2020 list, the university was ranked in place 201–210 [QS 2019a].

With the end of academic year 2018/2019, following a significant increase in both the number of students and the number of English-taught programmes on offer, i.e. a kind of "quantitative", volume increase, the internationalization process of Széchenyi István University entered a new, in-depth, "qualitative" stage. The institution had previously not seen internationalization as an end in itself, but as a means of enhancing its international visibility. The first step for the university to emerge in the global higher education space is to strengthen relations between partner universities, research institutes, industry and government. The perception of the academic (higher education and research institute) sector and partner companies about the institution influences its position in the world rankings (QS) with a 50 percent weighting. At the same time, the university pays special attention to the advancement of lecturers through the aquisition of higher degrees, the publication of their research results in relevant (Scopus-registered) journals and to an increase in the number of citations, as well as their participation in international research networks and also to the attraction of more international visiting professors and students to Győr.

International research and publication activities carried out through consortium contacts (partner universities, research institutes, industry and government) and via the University's Competence Centres are expected not only to further improve the educational quality and international visibility of the institution, but also to contribute to its fundraising activities.

SUMMARIZING THOUGHTS

In this section of our book, of the two main mobility goals formulated in the interest of the internationalization of Hungarian higher education and to be achieved by 2023 – the study period abroad for Hungarian students according to the Leuven goals and the increase in the number of international students to 40,000 – we have focussed on the latter, which we consider to be achievable by the deadline.

The implementation is supported by the Stipendium Hungaricum programme, established by the Government of Hungary and operating in line with the "Opening

to the East" policy. We have analyzed Asia, the continent with the largest potential capacity for sending students, where over the past half-century a significant portion of the global growth of GDP and consumption has taken place, and where 40 percent of the world's "middle class" currently lives. Among Asian countries and regions, we have highlighted China and India, the most dynamically developing examples, as well as the ASEAN countries (Singapore, Malaysia, Thailand, Indonesia, Philippines, Vietnam), where HDI is at a high or medium level.

For students from these countries, European HEIs are not among the primary choices of locations for their higher education, but a well-targeted government programme (e.g. Stipendium Hungaricum) and its successful implementation, can attract not only scholarship-supported students to Hungary, but also those solvent young people who could not otherwise have been attracted to come to study in Hungary via the student recruitment activities of some Hungarian universities (mainly ones outside Budapest and without a long experience of internationalization).

The process of internationalization of Széchenyi István University was also mainly boosted by the SH programme: the number of supported programmes and international students increased significantly, and in line with national trends, young people from SH countries make up two-thirds of the international student community. Furthermore, self-funded students at the University, almost without exception, come from SH countries. After the extensive "quantitative" expansion that characterized the 2018/2019 academic year, the internationalization of the institution has entered an intensive "qualitative" development phase, and through its consortium partners (universities, research institutes, industry and government) further improvements in the quality of the University's education and its international visibility as well as an enhanced ability to raise funds is expected.

However, in the third decade of the 21st century, Hungarian and Central European HEIs also must reckon with the fact that Asian countries (e.g. China, Japan, Korea, India) as well as Asian regional integrations (e.g. ASEAN) are themselves developing and harmonizing their higher education systems, with their universities and their programmes occupying increasingly higher positions in world rankings, and the latter often being available to both domestic and foreign students with government support.

Leaders of Central European HEIs – especially of those located outside the capital city – who were late in boarding the internationalization ship, can be successful in placing their universities in a global context if, in addition to raising research and education standards, they can be competitive - relative to Asia - in terms of tuition fees.

INTERNATIONALIZATION OF SZÉCHENYI ISTVÁN UNIVERSITY BEFORE AND AFTER THE PANDEMIC

Eszter Lukács – Bálint Filep

INTRODUCTION

"The Absent Student", an article from August 2020 in The Economist, a prestigious English weekly, addresses the negative effects of the current Covid-19 epidemic on Anglo-Saxon universities, but also suggests that the pandemic may bring long-needed changes to university life. Migration for study purposes was brought to a halt by the pandemic and, due to the drop-out of foreign students, universities lost significant revenue and were forced to completely reorganize their operations. At the same time, as a positive consequence of the pandemic, the article speaks about the possibility that, in the future, universities will strive better to meet the criteria set by governments (high quality education and research that take into account market expectations, contributing to an increase in productivity) as the crisis will increase their dependence on government. Universities that do not meet government criteria i.e., do not offer good quality education and research and do not contribute to the well-being of their community, are doomed to failure. Universities that survive, on the other hand, need to learn the lessons of the pandemic period and make the necessary changes in response [The Economist 2020].

This section of our book deals with the post-pandemic internationalization priorities of Széchenyi István University, Győr, a Hungarian university relatively late in joining the road to internationalization. In addition to its traditional fields of education and research, Széchenyi István University has made the complex development of the international field a high priority. Preceding and during the period of the pandemic, the number of English-taught courses increased to thirty-four, and the number of international students increased fivefold. The management of the University sees internationalization, that is teaching and research in English, as a means of global visibility, complementing its third mission activity, which is also uniquely successful in a global economic environment. In the changed environment after the crisis, in terms of numbers the University competes for Hungarian and international students with 25,300

higher education institutions. The latter see a degree and a continuation of higher education abroad as a worthwhile investment, so universities target those sending countries which demonstrate the greatest willingness to invest in higher education, while at the same time seeking to explore the motivations according to which students involved in international mobility (and their families) choose each university. With half of the world's economic growth over the past decade coming from countries in East, Southeast and South Asia, almost all higher education institutions involved in internationalization have an „Asia, specifically China, strategy." The main goal of our study is to describe Széchenyi István University's internationalization priorities in a post-pandemic, rapidly changing higher education environment.

In the first sub-section, we briefly outline the model change of the University and the process of internationalization between 2016 and 2020 carried out in line with global trends. The second sub-section deals with Asia and China - the region and country with the world's largest source of international students. We examine the mobility of Asian / Chinese students and the push-and-pull factors affecting this. We pay special attention to the presence of Asian / Chinese students in Hungarian higher education institutions, or rather the intensification of global competition to attract Asian / Chinese students and the post-pandemic institutional choices of Chinese students. In the third sub-section, we show how and what answers Széchenyi István University intends to give to the challenges of attracting Asian / Chinese students in the process of internationalization, as presented in the second sub-section. Finally, we conclude our study with a summary.

SZÉCHENYI ISTVÁN UNIVERSITY'S INTERNATIONALIZATION PROCESSES

The model change

In Western Europe in the 1990s, significant changes began in higher education governance and, in this context, in university governance. In higher education governance, in parallel with the decline of state control, traditional collegial leadership has been replaced by managerialism in university governance, and more recently, in this respect, we can talk rather about finding a path or fine-tuning [Keczer 2020]. "The search for a pathway in higher education governance (at the system level) includes, but is not limited to, the status of institutions (e.g. foundation-based model), financing (increasing

or decreasing financial autonomy), regulatory diversification (special status of certain institutions), employment of university staff (termination of civil servant status) and accreditation (institutional accreditation, international auditors)" [Keczer 2020, p. 60].

Based on a study of recent trends in university governance in 20 European countries, Pruvot and Estermann [2018] found the following: Two models of university governance can be distinguished: unitary and dual. Within the latter, a distinction can be made between the traditional and asymmetric governance models. The unitary model is a governance structure in which only one governing body has decision-making powers, which can be in the nature of a senate or board. The unitary model is typical of the university governance in nine of the 20 countries examined, in six of which the decisions are made by a board-type body. The dual model is a governance structure in which senate and board-type bodies share decision-making powers with each other. In the traditional dual model, both bodies have distinct but equally important responsibilities. However, they can decide together on the same issues. In the asymmetric dual model, the senate and board-type bodies are also present, but one of them plays a central role in the decision-making process. Typically, board-type bodies are dominant in this model. Overall, Pruvot and Estermann [2018] find that board-type bodies in the governance of European universities are becoming more prevalent and their influence in decision-making processes is growing.

The recent and ongoing changes in Hungarian higher education, ie "the introduction of the chancellery and consistory system, the reorganization of state institutions into public foundations and their transformation into private institutions (change of model), is all in the spirit of professionalising the operation and improving efficiency, performance, excellence, competitiveness and the service provider approach. These are precisely the goals along which the reorganization of higher education has taken place in England, the Netherlands and other Western countries" [Kováts 2020, p. 5], the fine-tuning of which, as described above, is still ongoing.The aim of the Hungarian government's strategy entitled "A Change of Pace in Higher Education" adopted in 2014 is to put higher education on a new, sustainable path by transforming the existing regulatory and operational frameworks.

In recent decades, Széchenyi István University has become one of the leading higher education institutions in the region and in Hungary, significantly increasing its student body and own revenues, developing its infrastructure, and providing outstanding liquidity. All of these provide a solid foundation for the University to be the winner of the renewal opportunity offered by the model change. On 1 August 2020, the controlling rights of Széchenyi István University were taken over from the state by the Széchenyi

István University Foundation. As controlling authority, the Foundation's task and responsibility, together with the members of the Board of Trustees and the university community, is to create a more flexible, predictable and plannable operating environment, and to strengthen the international competitiveness of the University.

The state-recognized trust fund has opened up a wide range of options for the controlling authority. Teacher-researcher-scientific autonomy has been preserved, based on the traditional Hungarian process, unaltered since the change of regime. However, new opportunities have opened up in the areas of sustainability and management, which means more real independence for university communities, a secure financial background, new functions and post annual budget planning. With the change of controlling authority, Széchenyi István University can expect a more efficient and flexible operation, new developments, and the strengthening of partnerships and service capability. Following the change of model, the aim of the University is to be able to create and use the resources necessary to achieve its goals on the basis of an independent strategy under the new operating and management conditions. More flexible economic conditions allow the University to formulate and implement its goals and tasks with greater economic autonomy and a wider scope [Széchenyi István Egyetem 2020a].

Assessment of the state of internationalization at Széchenyi István University

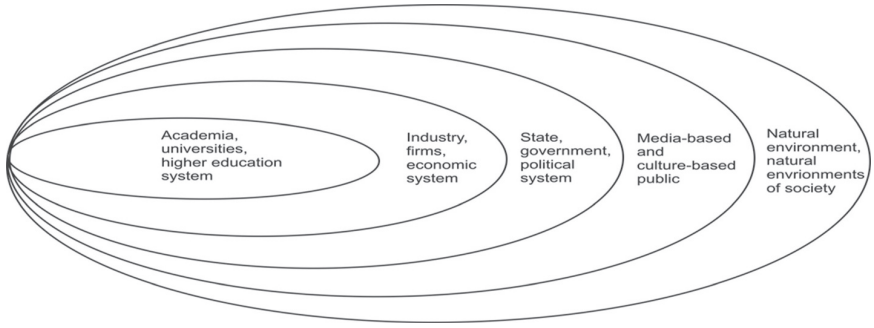
During its session of 10 December 2020, the Board of Trustees of the Széchenyi István University Foundation adopted the assessment of the institution's internationalization process as well as its global visibility strategy directives. Within internationalization, in the area of international education, the University strives for the implementation of quality higher education, in competition with the world's approximately 25,300 universities both among themselves and in the area of student recruitment. Until 2020, in line with the higher education strategy "A Change of Pace in Higher Education", Széchenyi István University carried out its activities on the *quadruple helix* model. The quadriple helix, i.e., the university-industry-government-civil sphere / churches / media relationship system, is also reflected in the composition of the Board of Trustees of the Foundation that maintains Széchenyi István University. Members of the Board of Trustees are: Erzsébet Knáb, Chair, member of the Audi Hungária Motor Zrt. management board responsible for personnel matters and organisation, Péter Szijjártó, Minister of Foreign Affairs and Trade, András Csaba Dézsi, Mayor of Győr, József Bokor, full member of the Hungarian Academy of Sciences and President of the University's Automotive Research Centre and Tamás Kelemen Sárai-Szabó, prior of the St. Maurus Benedictine Priory of

Győr. In the new global visibility strategy to be implemented from 2021, the higher education institution is already building on the quintuple innovation helix model, in which the four existing angles are complemented by taking into account coexistence with the natural environment and sustainable development.

The latter is reflected in the economic strategy to 2030, as outlined by the Ministry of Innovation and Technology (MIT), which is fully in line with Széchenyi István University's new Institutional Development Plan of 2021. In addition, the integration of sustainability principles according to the UN's 17 Sustainable Development Goals is employed in their assessment for the Impact Rankings list by Times Higher Education (THE) – one of the two university rankings agencies enjoying a monopoly situation.

Carayannis et al. [2012] have argued that in the 21st century, global warming will be the driving force behind innovation, so that the five sub-systems of society (the education system, the economic system, the natural environment, media and culture-based civil society, and the political system) must collaborate to find solutions.

Figure 8: Subsystems of the quintuple helix model



Source: Carayannis et al. (2012, p. 6)

In its Institutional Development Plan of 2016–2020, in line with the government policy strategy "A Change of Pace in Higher Education", Széchenyi István University set out its primary goals of internationalization:

- the introduction of English-taught courses
- the attraction of international students
- an increase in the number of students participating in the Erasmus+ programme
- the involvement of foreign instructors in international training programmes and
- the development of the English language competency of teaching and administrative staff

In 2016, when the Institutional Development Plan was formulated, the University had two English-taught programmes, with plans for the addition of four more programmes to raise the total to six. In terms of the number of degree courses taught in English and the total number of international students, the University has achieved the following results:

Table 13: Numbers of international students and English-taught academic programmes

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Total number of students	10 668	10 540	10 429	12 743	12 281	12 189	13 821	13 482
Total number of full-time students	7355	7217	6953	8198	7774	7616	8277	8135
International students including those with Hungarian nationality	399	337	336	409	440	475	558	614
International students	33	52	64	58	142	199	283	335
English-taught programmes	0	0	2	5	5	7	24	34

Source: edited by Lukács

Growth in numbers of international students and English-taught programmes

International students currently make up 4.55 percent of the total student body, with an aim to increase the proportion to 10–15 percent. It is not possible to imagine a rise in student totals without an increase in the number of English-taught programmes on offer. By 2020, in both the technical (primarily Vehicle Engineering) and Economics fields, the full educational vertical had been implemented, so that international students (and Hungarian students wishing to study in English-medium programmes) were able to continue their studies sequentially on degree programmes from Bachelor's level through to doctoral level.

Széchenyi István University started academic year 2020/21 with a total of 13,482 students, of whom 8,185 were enrolled in full-time education. The total number of international students was 614, taking into account students with Hungarian ethnicity who are not Hungarian citizens. The number of international students without either Hungarian citizenship or ethnicity totalled 335. These latter students, together with 133 Hungarian students enrolled in English-medium education, had a choice of 34 academic programmes. (The number of Hungarian-medium programmes offered by the university was 205.)

Higher education institutions around the world rely on the presence of international students for several reasons. International students often generate significant revenues for universities, as well as compensating for unfavourable demographic trends in developed countries and, last but not least, both of the prominent rankings institutions – Times Higher Education (THE) and Quacquarelli Symonds (QS) – take into account the proportion of international students in the total number of students.

The last of the above listed aspects is also borne in mind by Széchenyi István University, but in the process of international student recruitment, neither the acquisition of income nor demographic decline are among the primary motivations. Like all higher education institutions, especially universities with a model change, Széchenyi István University strives to maximize revenues from various sources, but income from self-funded international students or resources derived from the education of international students via Hungarian government scholarship funding rather complement the University's overall budget than fundamentally determine it.

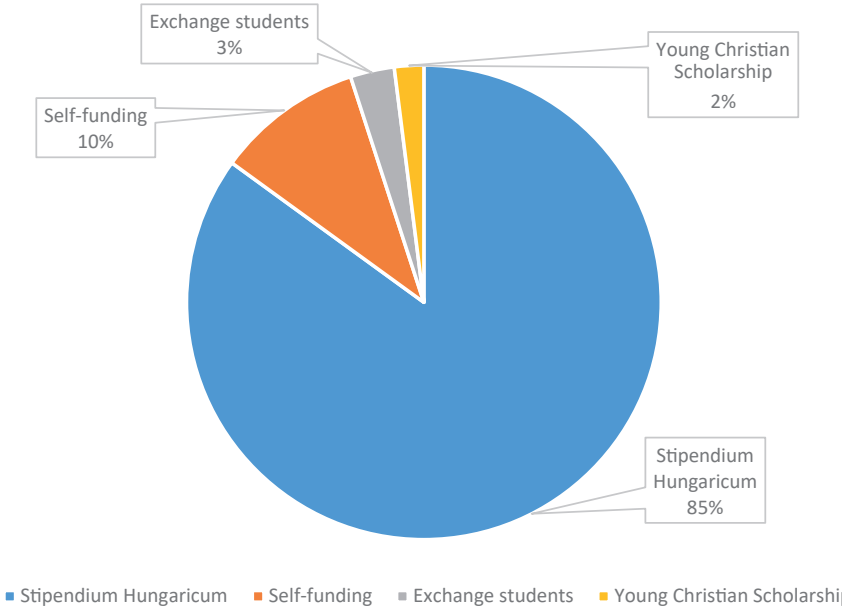
In the case of Széchenyi István University, the admission of international students, the precondition of which is to increase the number of English-taught academic programmes, is the guarantee of quality higher education. Educational activities in English require an additional precondition for research processes also carried out in a foreign (primarily English) language, resp. publication of the results. Internationalization (the recruitment of international students and the launching of English-taught academic programmes) thus almost compels universities to pursue their prime two missions of education and global research in a competitive manner on the international stage. The continuation of economic activities, collaboration with industry (multinational companies, global value chains), i.e., the third mission tasks in the case of Széchenyi István University, further support the internationalization process.

Based on the above, it can be seen that the process of internationalization is a means of creating global visibility. Also from the above, the question arises as to how and from where universities recruit international students? What are the geographical priorities? What factors support or hinder the attraction of foreign students? Lukács et al. [2020] find that the world's largest origin regions of international students – East, South, and Southeast Asia, including China, India, and high-HDI ASEAN countries – represent the most significant source of international students for full-time education. They also find that the bilateral, but non-reciprocal higher education programme (Stipendium Hungaricum, SH), launched within the framework of the Hungarian "Opening to the East" policy and currently maintained with 77 countries, whereby the Hungarian Government assumes the tuition and living

costs of scholarship students, strongly supports the increase in the number of students from the above regions, especially at universities located outside Budapest that have no faculty of medicine and no established international student community. In general, the SH programme has an extraordinary stimulating effect on the internationalization of Hungarian higher education as a whole, as English is neither the national language nor an official language of Hungary, while half of international students choose a native English-speaking destination country. A further finding is that international students are also heavily influenced by the image of the host cities, with half of the top-choices list regularly dominated by capitals.

Based on the above, it can be seen further that the internationalization of Széchenyi István University started in the 2015/16 academic year with two SH supported programmes, which by academic year 2020/21 had expanded to a total of 34 courses, of which 25 enjoyed SH support. The composition of international students also reflects the above processes: 85 percent of the university's 335 students received SH support, whilst another 2 percent also came under the bilateral, non-reciprocal support system initiated by the Hungarian Government, the Scholarship Programme for Christian Youth.

Figure 9: Distribution of international students by funding source



Source: edited by Lukács

The total number of Széchenyi István University's international students (including students with Hungarian ethnicity, but who are not Hungarian citizens) is the above-mentioned 614. International students originate from 55 sending countries, with approximately 40 percent of them Hungarians from former Upper Hungary (today Slovakia), but thanks to the SH program, groups of student communities from other countries are starting to form, the largest of which are the following: Syria, Jordan, Laos, Azerbaijan, Kazakhstan, India and China. Széchenyi University's ranking of SH students in terms of numbers per sending country almost completely matches the national data, with the difference that in the aggregated data for Hungarian universities, Kazakhstan is behind Mongolia and Tunisia in the list of countries of origin.

At Széchenyi István University, on the basis of the Stipendium Hungaricum programme, the internationalization process, introduced in 2015/16 and built on two academic programmes, became very popular. Based on the above, in the new SH application rounds, the degree programme supervisors initiated SH support for the programmes under their care, so that between 2015 and 2020, the number of SH-supported courses increased from 2 to 5, to twenty-one and then to twenty-five. The internationalization process received a new impetus in 2018, when, in addition to further expansion of the SH programme, the University of Győr commenced recruitment of self-funding students.

In addition to the University's websites, the university recruits self-funded students with the help of 39 recruitment agents, 7 of which are Chinese and 6 Indian businesses. As a result of the recruitment activities of the agents, Széchenyi István University successfully attracted students from 18 countries, who in 2020 accounted for 10 percent of the international student body. Here, too, after three years, the success of the SH programme (the multiplier effect) can be seen, with 8.9 SH students already "generating" one self-funding student originating from an SH country.

Taking into account the world economic growth trends, the main world regions of Széchenyi István University's recruitment drive are East, South, Southeast Asia, including China, India and ASEAN countries, as well as BRICS nations partially overlapping with the above.

In the third decade of the 21st century, it will not be an easy task to recruit students from these world regions, regional integrations, groups of countries, even though they are, in both principle and in fact, in terms of numbers, among the world's largest student migration emitting regions.

MOBILITY OF ASIAN (CHINESE) STUDENTS

Mobility forces of push and pull on Asian students

To understand what causes the potential decline in the number of Asian, especially Chinese, students engaging in international student mobility after the pandemic, and how this unexpected but anticipated decline can be offset, it is necessary briefly to review students' institutional motivations.

Gong and Huybers [2015] find that for students, and Chinese students in particular, opting for international mobility, international student migration is affected by both pushing and pulling forces. In their interpretation, the pushing forces are the conditions in higher education in the student's home country motivating the candidate to choose an institution abroad, and thus on which the countries aiming to admit students have little influence. In contrast, pulling factors are divided into institution-specific and country-specific groups. With regard to East Asian, especially Chinese, students studying in Australia, it is noted that whereas the "driving force" for choice of institution is clearly presence on university rankings, deciding factors with the choice of country are security, lower tuition fees compared to UK universities and relatively fast and barrier-free visa administration.

In 2015, a Chinese student recruitment agent who had graduated from Cambridge University and had been living in the UK for 28 years and was voted[50] the best recruiting agent of the year in 2003 by the British Council, gave this advice to universities wishing to admit Chinese students:

1. Chinese parents see higher education as a worthwhile investment. The object of the investment can be objectified, i.e. Chinese parents love to have their children live on grand, modern campuses, with outstanding infrastructural conditions, in comfortable accommodation. The non-material side of the investment is considered to be investing in prestige and image.
2. The name (brand) of the university should be chosen properly. Chinese parents like the metropolitan environment, so it is worth naming the university after a city or a brand representing a value that conveys to them the "American / Western dream".
3. As long as the main motivation for obtaining a degree abroad is to earn an income, to obtain a higher social position, Chinese students will choose econom-

[50] Susan Fang, CEO of Academic Powerhouse. https://academicpowerhouse.com/about-us/our-directors/.

ics degrees in the areas of finance, management and administration, marketing etc. However, as income levels rise, the achievement of intangible goals will then also be articulated, so it will be worthwhile for higher education institutions to launch the "softer" degree programmes e.g. design, creative business development, international development, etc.

4. Appearance in rankings is essential. "Homage" to rankings can be traced back to the era of the Han Dynasty (i.e., 206 - 220 AD), in which the imperial service examination system determined the intellectual, social, and political position of a Chinese man for life [Fang 2015].

Bodycott and Lai [2012] find that for Chinese students, the decision to study abroad is largely made by parents, at least the final decision is based on family consensus. In 2012, Chinese families still saw the opportunities for higher education offered by China as limited, whereas by obtaining a degree abroad, their children acquire foreign language skills and the network of contacts needed to find well-paying jobs on returning to the motherland. The image of the qualifications and social position of Chinese students who had studied abroad was more favourable than the assessment of those who had graduated in China. The above was also reinforced by the fact that the international recognition of a Chinese degree was seen as less favourable than that of a foreign one. Based on the responses of the Chinese students included in the research sample, they further found that for 65 percent of the students, the choice of country was made by the student, whereas the university itself and the degree programme were chosen by the parents.

An agency recruiting Chinese students to the Netherlands points out that Internet search engines in China are different from European platforms, so it is vital that universities advertise in Mandarin, via Baidu, which covers 70 percent of searches. They note that the most popular Chinese community portal is WeChat, making it the most appropriate tool to reach 900 million Chinese users. They also note that "branding" is the key word in Chinese student recruitment, i.e., Chinese families are only willing to sacrifice money for prestige and value, so higher education institutions need to convey prestige at all costs [Verot 2020].

Ghazarian [2016] states that prestige and country image are dominant for Chinese families, so this is the most important decisive factor for young people wishing to study in the United States. However, when a country (e.g. Japan) does not have a much better image than China in the opinion of Chinese students, then factors such as visa availability, geographical proximity, level of tuition fees and the cost of living, as well as family and friendships in the destination country will play a much greater role in the decision.

The results of Austin and Shen [2016] confirm the above, however, according to their research - based on the judgment of Chinese students - the positive perception of American universities is more complex than the country's good image: the favourable image of American higher education institutions, family support, US universities' ranking positions, the competitive advantages to be gained by studying at American universities, the opportunity to work and settle in the United States together influence the decision to pursue higher education in America. At the same time, indeed, the Chinese students surveyed view the United States as a country of freedom, opportunity, and prosperity.

Ping et al. [2020] report that 20 percent of Chinese students in the United States choose to study Maths and Computer Science, 19 percent choose Business and Management, and 18 percent choose academic programmes in other technical scientific fields. They state that these students come from high-income families, and, having met Chinese university admission criteria, still continue their studies in America, the main reason for which being that they see it is possible to find highly paid jobs in these fields in China, and at the same time the American academic programmes are clearly better.

The above is confirmed by publications from the Chinese Ministry of Education [Ministry of Education of the PRC 2018]: according to their survey, nearly 84 percent of Chinese students graduating abroad return home.

In 2019, QS Rankings also released a publication to help universities recruit Chinese students, in which they draw attention to the fact that 928,000 Chinese students currently studying abroad select the United States, Australia, the United Kingdom, Canada and New Zealand in that order. However, according to their survey, this order will change in the near future: Australia will overtake the US and China will overtake New Zealand. QS found that the secret to successful recruitment are the brand and reputation of the HEI as well as appropriate use of Chinese web interfaces and social media portals [QS 2019b].

In the last few years (before the pandemic), it has become clear that non-Chinese universities competing for Chinese students are increasingly competing with each other for two basic reasons: on the one hand, the number of "market entrants" is increasing and on the other hand, Chinese universities themselves are gaining more and more prestige, climbing ever higher in the world rankings. The staff of Study International [2020] notes that while THE TOP10 world rankings are almost invincibly led by eight US and two British universities, the real winners of 2020 were Chinese universities: the number of Chinese universities in the TOP100 doubled from three to six, a total of 20 Chinese universities being included in the list of 1,500 best universities in the world, 19 of which improved their position compared to the previous year, and Tsinghua University qualifying among the top 20 higher education institutions in the world.

Kuroda et al. [2018] argue that the increasing prestige of Chinese universities is not incidental: in Asia, education systems have been systematically developing since the early 1990s, the results of which are now beginning to mature. With regard to higher education, it is said that Asia is "Asianizing" or East Asia is "Eastasianizing".

Chinese students in Central Europe

Li [2020] notes that all higher education institutions in eleven countries of the EU have a strategy for internationalization and international mobility, which is a response to the EU's call in 2012/2013, in which, while recognizing and respecting academic autonomy, the countries of the European Higher Education Area are encouraged to develop a comprehensive internationalization strategy. Citing research of the European Commission, she states that Hungary is chosen by international students due to the high quality of its university education, a motivation to become familiar with other cultures, and low tuition fees and living costs. It acknowledges the China-friendly aspirations of the Hungarian Government and the efforts of the Stipendium Hungaricum programme, which it considers to be the basis for the internationalization of Hungarian higher education institutions. Referring to secondary analyses, she finds that Chinese students coming to Hungary in terms of motivation and background are presumably similar to Chinese students choosing Russia – children of low-income, first-generation families, less academically gifted and with lower English language skills.

Post-pandemic choices of Chinese students

Xiong et al. [2020] interviewed Chinese and Hong Kong students about their post-pandemic institutional choice decisions. It is noted that before the pandemic, students were affected by "traditional" pushing and pulling forces. Among the driving forces, the lack of quality higher education, the difficulties of increasing competitiveness, and economic and social conditions were highlighted; while among pulling forces were:

1. recognition of the diploma obtained in the country of destination
2. references from friends and acquaintances, and in particular parents
3. costs, which included not only tuition and living costs but also the cost of security
4. environmental factors (including climatic conditions)
5. physical proximity to China, or
6. whether an acquaintance or family member already lives in the target area.

Based on a sample of 2,312 people, it was concluded that 84 percent of students do not want to study abroad after Covid-19. (71 percent of those surveyed were 18 to 25 year-old Chinese students about to graduate.) According to their sample, the most popular destination countries will also change: the United States will be followed by Hong Kong, the United Kingdom, Japan, and Taiwan. Their most prominent finding is that one-third of students from China (Hong Kong) wishing to study abroad will remain in the region. Not only is one of the curiosities of the research that Australia, Canada, and New Zealand, three English-speaking countries, have dropped out of students 'TOP5 preferences, but France, Korea, Italy, Malaysia, and Macao have also became the least popular countries. Xiong et al. [2020] conclude that student mobility from the region is not declining, but changing direction, with students remaining in the "safe" countries of the region, and they also note that the new "norm" in higher education in the Asia-Pacific region will be cooperation and regionalism.

Surveys by the Economist Intelligence Unit [2020] come to similar conclusions. It is noted that as a result of the pandemic, in the short term, Chinese students' interest in continuing their study abroad is likely to decline. Mobility will be hampered on the one hand by travel restrictions, and on the other hand by the fear of the virus and the lack of a sense of personal security. However, due to the high prestige of foreign degrees, this decline will cause a delay rather than a loss of interest. According to their results, in terms of the number of Chinese applicants, the US and Australia will lose, while some European and Asian countries may emerge as winners. According to them, due to decreasing costs and growing uncertainty, diplomas obtained online in the form of distance learning will come to the fore. In 2020, Chinese universities operated 2,300 joint academic programmes with foreign higher education institutions, the authors assuming that the popularity of these will increase because a student enrolled in more than one university concurrently can hope to get a degree despite the epidemic. Japan and Singapore are likely to be the winners with respect to the decline in interest in the United States and Australia. Since 2017, British universities have clearly emerged victorious from the US-China conflict, partly on the one hand, by introducing work visas for graduate students and on the other hand by launching a number of one-year Master's programmes. The authors note that a great "struggle" for Chinese students is starting between higher education institutions around the world. In countries where the epidemic could not be stopped, higher education institutions should provide special discounts. The authors suggest reducing fees and admission requirements, "customizing" programmes, and the launching of programmes (IT, microelectronics) that take into account China's economic policy priorities.

International (Chinese) students in Hungary

In Hungary, the TOP 10 list of international students by country of origin is currently led by German students, followed by the Chinese, Romanian, Iranian, Serbian, Slovak, Ukrainian, Turkish, Nigerian and Norwegian student communities. Of the above, the largest group of international students (German) represents more than 3,500 and the smallest (Norwegian) 1,000 [Education Office 2018].

It can be stated from the above that not only at the level of individual institutions, but also in Hungarian higher education as a whole, it is true that Hungarians from across the border (from Transylvania, Partium, Novi Sad, former Upper Hungary and Transcarpathia) represent a prominent number of students in the internationalization of the homeland.

International students in Hungary primarily choose medical, dental and veterinary courses [Eduline.hu 2017]. In academic year 2019/2020, the majority of the 38,422 international students studying in Hungary were at universities in Budapest, Debrecen, Szeged and Pécs [HRportal.hu 2020].

Hungarian university cities do their utmost to form student communities from each of the priority sending countries. One of the instruments of commitment to China is the establishment of Confucius Institutes, the first of which opened its doors at Eötvös Loránd University (Budapest) in 2006, followed by institutes at the University of Szeged (2012), the University of Miskolc (2013) and the University of Pécs (2015) [Tarrósy – Vörös 2020].

A bilingual Chinese-Hungarian primary and secondary school (Hungarian-Chinese Bilingual Primary School and High School)[51] has also been operating in Budapest since 2004. The predecessor of the bilingual primary and secondary school was the Guang Hua Language School [Ázsiamánia 2020], founded in 1998 also in Budapest by Zhang Quingbin of Harbin, who settled in Hungary in 1991. He is President[52] of the Hungarian Association of Traditional Chinese Medicine, and also lecturer at Semmelweis University's Faculty of General Medicine in the Department of Family Medicine.[53]

The Faculty of Health Sciences of Semmelweis University in Budapest has been maintaining relations with Heilongjiang Chinese Medical University since 2009. BSc training in traditional Chinese medicine is unique in Hungary, because the students study Chinese medicine in the first 4 years in Budapest and in the last year in Harbin,

[51] Magyar-Kínai Két Tanítási Nyelvű Általános Iskola és Gimnázium. https://magyar-kinai.hu/.
[52] Hagyományos Kínai Orvoslás Magyarországi Egyesülete. https://www.hkome.hu/vezetsg.
[53] Semmelweis Egyetem, Általános Orvostudományi Kar, Családorvosi Tanszék. https://semmelweis.hu/csot/oktatas/integrativ-medicina/eloadasok-2/posztgradualis-hagyomanyos-kinai-orvoslas-kepzes/eloadok/.

at Heilongjiang Chinese Medical University. Successful graduates of the programme will receive a BSc degree from the University of Harbin, which can be granted recognition in Hungary.[54] The Confucius Institute, established in Pécs in 2015, also focuses on Traditional Chinese Medicine, and strives to introduce and teach traditional Chinese medicine within the framework of the Faculty of Health Sciences.[55]

Since 2019, Corvinus University of Budapest has also had a dual MBA programme, which, with the support of the Central Bank of Hungary, was established at Fudan University in Shanghai [Budapesti Corvinus Egyetem 2019]. The highly prestigious institution, which ranks 34th in the QS world rankings and 70th in the THE list, again with funding from the Central Bank of Hungary, in December 2019 together with the Ministry of Innovation and Technology decided to establish a new Budapest campus and concluded a cooperation agreement [Fudan University 2019]. Until the new campus is expected to be completed by 2024, the Shanghai institution will establish further joint academic programmes with four universities in Budapest (Corvinus University of Budapest, Budapest University of Technology and Economics, Eötvös Loránd University, Semmelweis University) [Növekedés.hu 2020].

It is difficult to estimate the exact number of Chinese living in Hungary: according to a data release from the Immigration and Labour Authority, 19,838 citizens of 59 countries arrived with settlement bonds issued between 2013 and 2017, of whom 15,751, or more than 80 percent, were Chinese [Wiedemann 2019]. According to the data provided by the Hungarian Central Statistical Office, in 2020 there were 28,779 Asian citizens in Hungary, of whom 9,909 had Chinese citizenship.[56] According to estimates from 2020, a Chinese community of 30,000 people lives in Kőbánya, Budapest, and the area is also called the Chinese Quarter of the Hungarian capital, which has the largest population in Central Europe. The community's heyday was in the 1990s, with 50,000 people, as between 1989 and 1992, Chinese citizens did not need a visa to enter Hungary. Since then, many have returned home or settled in Western European countries [Offbeat Budapest 2021]. Estimates of the Chinese Quarter (Monori Center) in Budapest confirm the current population of 30,000 in the Chinese community, noting that the vast majority of Chinese living in Hungary live in Budapest.[57]

[54] Semmelweis Egyetem, Egészségtudományi Kar, Hagyományos Kínai Gyógyászat BSc. https://semmelweis.hu/etk/oktatas/hagyomanyos-kinai-gyogyaszat/.
[55] Pécsi Tudományegyetem, Egészségtudományi Kar, Hagyományos Kínai Orvoslás Konfuciusz Intézete. http://konfuciusz.etk.pte.hu/ .
[56] Magyarországon tartózkodó külföldi állampolgárok földrészek, országok és nemek szerint, 1995. január 1. https://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_wnvn001b.html.
[57] Monori Center, Chinatown Budapest. https://monoricenter.hu/monori-center/.

INTERNATIONALIZATION, ASIAN / CHINESE STUDENT COMMUNITY BUILDING IN GYŐR

Based on the above, the question arises, by what means does a university not located in the capital, recruit Asian, mainly Chinese students for whom a community from the homeland present in the host country (family, friendships) is of paramount importance?

As, in addition to belonging to the community, it is prestige that influences Chinese families the most when choosing a university, Széchenyi István University strives to convey its prestigious, high-quality programmes to international students with the following key instruments:

- Appearance on rankings
- Branding (outstanding industrial relations, especially with Audi Hungária Motor Zrt.)
- International accreditation of academic programmes
- Impressive, grandiose infrastructural developments.

Considering the above, in February 2018, Széchenyi István University registered to be ranked in the QS World University Rankings (WUR), and then in October 2018, when the 2019 regional lists were published, it appeared in the EECA regional group between places 201–250. In the QS EECA University Rankings 2020 list, Széchenyi István University is ranked between places 201–210, whereas in 2020 in the data for 2021 the institution progressed 28 places, ranking in 173rd place.

In 2020, Széchenyi István University also applied for assessment in the Impact Rankings list created in 2019 by Times Higher Education (THE). The ranking measures the compliance of higher education institutions and their social and economic roles in the quintuple helix model, linking the indicators to the United Nations' Sustainable Development Goals (SDGs). Goal 17 is a mandatory element for all enrolling higher education institutions, while the other three sustainability goals must be selected.

Széchenyi István University chose the following four categories:

SDG 4 - Quality of Education

SDG 8 - Decent work, economic growth

SDG 9 - Industry, Innovation, Infrastructure

SDG 17 - Partnership to achieve goals.

Achieving an overall ranking of 600+, while it was ranked among the two hundred best higher education institutions in the world in the Decent Work, Economic Growth category (SDG8).

Even before the admission of international students, Széchenyi István University – in parallel with the curriculum reform carried out on the academic side – made huge efforts to attract the resources necessary for infrastructural developments and the construction of facilities. These included Halls of Residence buildings, an academic and business development unit encompassing the Faculty of Economics and the Management Campus Competence Centre, sports fields and other leisure facilities, as well as catering units. As a result of the above developments, in 2019 the university won the title of the most attractive campus in Hungary with twice as many votes as the second-ranked higher education institution [Eduline.hu 2019].

The industrial relations maintained with Audi Hungária Motor Zrt. have been decisive for the University since the establishment of the company in Győr, that is since 1993. The nearly thirty-year, all-encompassing organic collaboration with Audi is best summarized in one of the answers to international students' quality assurance questions for 2020, according to which students are proud to be able to study in a city and university where "the four circles appear everywhere".

The recruitment of international students is supported by Széchenyi István University's network of contacts, with nearly a thousand companies that also offer internships. Particularly important from the point of view of the recruitment of Chinese students is the cooperation agreement established in 2015 by the higher education institution with one of China's technology giants, under which Huawei supported the university with laboratory and equipment development, also including the involvement of students and lecturers as well as joint research and development programmes. In 2020, on the occasion of the company's 20th anniversary in Europe and 15 years in Hungary, the parties expanded the agreement, under which Huawei will make its English-taught educational programmes available free of charge to the University's Hungarian and international students, who by using the company's infrastructure can obtain specialist, world-class knowledge [Széchenyi István Egyetem 2020b].

The international accreditation of degree programmes conveys additional prestige to international students. In 2020, with the support of the Central Bank of Hungary, Széchenyi István University launched an English-taught double degree MBA programme, in partnership with the University of Rhode Island (Kingston, USA). The programme is AACSB accredited. The American accreditation institution was established in 1916, and by 2019 the undergraduate and master's level business programmes of 800

higher education institutions were licensed by this, the most stringent and best-known accreditation institution in the world. 75 percent of the accredited programmes were launched in the United States, with the vast majority of the remaining 25 percent being launched in the United Kingdom, France, and Canada, so the SZE-URI double degree counts as unique, and not only by Central European standards [U2B Staff 2020].

Széchenyi István University's latest and most outstanding commitment is the Science and Technology Park (STP) which is being built on an area of 3.6 hectares, 500 metres from the University campus. The park combines infrastructure development activities, education, corporate relations, an international service centre (restaurants, accommodation for guest professors, Campus 2) and innovation activities, integrating everything with prestigious value that the higher education institution creates, and also applying it to international student recruitment activities.

International students enrolling at Széchenyi István University, including Chinese students, can now access Europe not only via tourism and their internet devices: in 2020 the Széchenyi István University joined the tender for the creation of a common European campus first announced by the European Commission in 2019, with the following partner institutions: IP Leiria (Portugal), IPCA (Portugal), Athlone University of Technology (Ireland), University of Limerick (Ireland), Häme University of Applied Sciences (Finland), NHL Stenden (Netherlands), FH University of Voralberg (Austria).

The main goal of RUN (Regional University Network) is to implement joint academic programmes, to encourage student and teacher mobility and to promote research activities. In line with the goals of the Leuven Declaration, Széchenyi István University intends to increase to 20% the proportion of full-time students participating in part-time study or internships abroad for at least three months, as a result of which not only Hungarian, but also international students, will have the opportunity to participate in European mobility programmes at the 8 higher education institutions.

CONCLUSIONS

In formulating their internationalization strategy, in line with world economic trends, Hungarian higher education institutions adapted to the "Opening to the East" policy, that is, their English-taught programmes focussed primarily on recruiting Asian, mainly Chinese, students. Apart from German students, for the most part studying medicine, dentistry and veterinary sciences, Chinese students are the second largest international student community in Hungary, although after the epidemic, due to the spectacular de-

velopment of Asian, including Chinese, higher education systems, and the highly disciplined epidemic management of some Asian economies, higher education institutions need to make increasing efforts to attract students from the region. In the competition created by native English-speaking countries and the capitals of non-native speaking countries as well as by non-metropolitan universities with large international student communities, each institution needs to find its own internationalization model, an offer that represents prestige for students and their families involved in mobility. The post-crisis "toolbox" of Széchenyi István University builds on its increasingly improving position in international rankings, the brand of the higher education institution as defined by Audi Hungária Motor Zrt., present in Győr since 1993, on its international accreditation for the English-taught programmes, as well as on imposing, large-scale infrastructure investments, the Science and Technology Park being the latest, not only uniting the three missions of the institution (education, research, industrial and societal relations), but also symbolizing the need for twenty-first century higher education graduates to find their place in a labour market environment created by global value chains, and for small and medium-sized enterprises, the backbone of Central and Eastern European economies, also to have the opportunity to join the economic environment dominated by global companies. The University simultaneously functions as an international corporate, research and higher education unit and, as such, can be attractive to students from the most advanced national economic environments.

SUMMARY

We have written our book on Sino-Hungarian relations for several purposes. As researchers and educators, for decades we have been following the centre-periphery relations of the world economy, examining the China-led economic and social rise of the BRICS countries and the nations of the East and Southeast Asian region.

From the end of World War II (the establishment of the Bretton Woods system) to the mid-1990s, the industrialized countries, led by the triad of the United States, the EU nations and Japan, dominated developments in world trade, finance and investment, but just before the turn of the century and for the last twenty years, the world economy has been fundamentally shaken by several recessions (Tequila crisis: 1994–1995, Asian financial crisis: 1997–1998, ruble crisis: 1998, dot-com crisis: 1995–2002, global economic crisis: 2008–2009, European sovereign debt crisis: 2010, Covid-19: 2020-2021) while China's economy has continued to strengthen, reaching 8.2 percent real GDP growth in October 2020, and, in terms of gross domestic product at purchasing power parity, is estimated to have become the world's strongest economy in 2020, ahead of the United States [IMF 2020].

China's rise and role in the world economy can be measured not only in its real economic performance, but also in individual political alliances (BRICS), in groups of countries (G20) seeking solutions to global crises and regional integrations (ASEAN+3, ASEM, APEC, etc.) but it is most notably reflected in the OBOR Initiative launched by President Xi Jinping in 2013 as the revitalization of the Silk Road. The idea of a water and land route connecting Europe and Africa with China via the countries of East, Southeast, South, Central and West Asia and Russia is China's response to the United States' 2009 pivot to Asia geo-strategy. In this way, China is not "confronting" the US's military and economic aspirations in the Pacific, but is rather placing the concept of the Silk Road, already under development in 300 BC, in a 21st century context of "going west", and seeking its allies all the way to Africa and Europe.

As a country a hundred times the size of Hungary in terms of various dimensions (geographical and economic) and population, China also started to establish OBOR relations with Hungary within the framework of the 16 + 1 cooperation, which originally connected sixteen Central and Eastern European nations with China. Although the

name 16 + 1 was formulated earlier than OBOR itself, it already fits in with its concept, and became part of OBOR when it was created. (In 2019, with the accession of Greece, the name of the group of countries was changed to 17+1.)

In parallel with China's approach to the Central and Eastern European region (just before the announcement of the new China Silk Road strategy), Hungary's Foreign Minister formulated the economic policy of the "Opening to the East". Launched in 2012, this policy concept was intended to reduce Hungary's very strong dependence on the European Union, the main goal being to diversify Hungary's foreign economic relations, principally formulated in the increase in exports of products and services to China and the countries of East and Southeast Asia, as well as in the reception of foreign direct investment from these countries.

"The Hungarian economy is extremely open. Between 2013 and 2019, the share of imports fluctuated between 77.6 and 81.0 percent in a relatively narrow range (primarily in accordance with the share of gross capital formation in GDP growth). Consequently, to achieve a foreign trade surplus, a gross export performance was required in excess of 80 percent of GDP. All of this means that if the Hungarian economy remains import dependent at around 80 percent, a dynamic increase in exports will continue to be a key issue for economic growth. Between 2013 and 2019, alongside the announcement of the 'Opening to the East' and later the 'Opening to the South' policy, exports to EU countries within total Hungarian exports increased from 76.2 percent to 80.4 percent. This may be related to the fact that the increasingly significant export-oriented foreign direct investments from the countries of the Far East also typically focus on the markets of the EU countries. The share of EU countries in imports also increased, but only to a lesser extent (from 73.1 percent in 2013 to 74.8 percent in 2019), as a result of which the Hungarian export surplus in trade with EU countries increased further" [Pulay et al. 2020, p.6].

In addition to the obvious differences in volume, Hungary and China shape their economic policies based on a pragmatic way of thinking, according to common and in many cases identical interests, so the priorities of OBOR and "Opening to the East" are mutually compatible. However, the former is not only a foreign economic and policy strategy, but also a much broader, comprehensive concept covering five key areas. From China to Europe and Africa, OBOR encompasses 1. infrastructural development, 2. economic policy coordination, 3. financial cooperation, primarily in the establishment and financing of the Asian Infrastructure and Investment Bank (AIIB), 4. trade and investment promotion and 5. the concept of a people-to-people bond focusing on cultural, academic, student, political party and parliamentary exchanges, media cooperation, youth and women's dialogues, and the development of tourism, etc.

OBOR thus goes far beyond the dimension of foreign economic strategy, seeking the relationship of the Chinese people as well as encouraging their cooperation with the entire populations of other Asian countries and those of the African and European continents.

Thus, the first two major chapters of our book, that is the first half, present to the reader the system of economic and political relations under the 17+1 cooperation and between China and Hungary with their continuous expansion in the framework of OBOR points 1-4. The second two chapters of our book (the second half) examine the situation of global higher education within the framework of the fifth dimension of OBOR, providing an analysis of the development of the Chinese and Hungarian higher education systems and their interconnection.

Since the 1990s, higher education systems in developed countries around the world have focused on teacher / researcher mobility, and in particular international student mobility, with the primary goals of compensating for domestic demographic loss and increasing revenue. In addition to the fact that China and Asian countries (regional integrations) again from the early and mid-1990s developed in a coordinated way both the physical and human infrastructure of their higher education systems, China was, until the pandemic erupted, the world's largest student sending country. Chinese students (and their families) predominantly chose English-speaking destination countries based on prestige criteria, with the aim of enrolling their children in cities, universities, and degree programmes that, from a Chinese viewpoint, represented higher value than a domestic degree.

From academic year 2012/13, the European Union encouraged the institutions of the European Higher Education Area to develop an independent internationalization strategy, which was published in Hungary in academic year 2015/16 in the policy document "A Change of Pace in Higher Education". In parallel with the higher education strategy developed by the Ministry of Human Resources, the Ministry of Foreign Affairs and Trade (initiating the amendment of the Government Decree) in 2013 supplemented its "Opening to the East" foreign economic policy with the Stipendium Hungaricum (SH) programme, a specific element dealing with higher education. Within the framework of the SH programme, the Government of Hungary now maintains bilateral, non-reciprocal higher education relations with seventy-seven countries, under which students from sending countries can select from among Hungarian higher education institutes, with their academic fees, medical care and accommodation costs being borne by the government. Host institutions are paid for the organizational costs related to the implementation of the programme, and in addition the government provides students with a grant.

In Hungary, in the absence of the SH programme, the internationalization of those higher education institutions not located in Budapest and not possessing a medical faculty would be impossible or extremely difficult. In academic year 2015/16, Széchenyi István University, Győr, launched its internationalization process with two English-taught degree programmes, which today has expanded to a total of 34 programmes taught in English, of which 25 are SH-supported. With regard to our higher education institution, internationalization (teaching in English and admitting international students) did not start with revenue as the primary motivation. As a stable higher education institution, Széchenyi István University sees international fee revenues as a supplement to its budget, the main goal of the management being the positioning of the University among approximately 25,300 higher education institutes competing with each other for global visibility and for students.

Along with the higher education institutions of the world, Europe and Hungary, Széchenyi István University welcomes students from Asian countries (mainly China), which account for half of the world's economic growth of the last decade. The education of these students presupposes the academic staff's teaching and research activities in English, and thus the global presence of the institution. Although in recent years the University has achieved ever higher positions in the almost monopoly-like world higher education rankings, the city of Győr itself does not as yet have international student communities from different countries (such as China), a factor considered to be of high importance for recruitment.

In recent years, higher education systems in East and Southeast Asia, and especially Chinese universities - also in terms of their position in the rankings - have witnessed tremendous progress, and in the uncertainty caused by the pandemic, are increasingly accepting students from the region rather than sending students overseas to study.

Thus, with ever more intensifying global competition, the management of Széchenyi István University has to find a way for the University, as a "newcomer" among western nations, to ensure the success of its internationalization activities in the high-quality educational environment created by the extremely dynamically developing higher education institutions of East and Southeast Asia, especially Chinese universities.

Széchenyi István University builds its global visibility on the set of the three missions of higher education institutions (education, research, third mission business activities):

1. For the purpose of international student recruitment, the University makes every effort to ensure its good performance on the QS Rankings and Times Higher Education rankings lists, which are primarily monitored by Asian students. World rankings principally take into account the research performance and academic

and corporate stakeholders' perceptions of universities, so the Board of Trustees of the Széchenyi István University Foundation has developed a scholarship system for teaching/research colleagues which honours papers appearing in scientific publications recognized by the rankings. In a progressive manner, the University recognizes publications written in the international research network, encouraging the international networking of individual faculties and competence centres, and thus directly promoting the institution's global visibility.

2. The international research results recorded by the University's lecturers are utilized in the teaching of the institution's 205 Hungarian-taught and 34 English-taught programmes for both Hungarian and international students. The next strategic step is international accreditation of the academic programmes, from which the University's management expects international institutional confirmation and a guarantee of world standard education.
3. Széchenyi István University has been placing special emphasis on building corporate relations since the beginning of the 1990s. The aim is not only to create education that meets the needs of the labour market, but also to fulfil corporate research and service orders as well as joint tendering with companies. The latter not only serves as a source of income for the university, but also current knowledge of the industrial and business environment and an organic cooperation with it. The most important industrial partner of the University, present in Győr since 1993, is Audi Hungária Motor Zrt., which due to the faculty created by it and named after it, the academic programmes, the business units and the laboratories, determines not only the brand of the city, but also the brand of the University. In addition to Audi, Széchenyi István University maintains relations with thousands of other companies, which are also the higher education institution's business customers, tender consortium partners, companies providing professional internships for students, and voters surveyed by the rankings organizations.
4. Széchenyi István University has sought to understand that for international students (and their parents) - especially those in Asia and, within the continent, Chinese – study abroad can be considered a worthwhile investment. From an investment point of view, Asian (Chinese) parents take into account all the circumstances that have prestige value, thus attaching great importance to the infrastructural environment created by universities. At Széchenyi István University, international students will find state-of-the-art developments, including Halls of Residence, sports fields and other sports facilities, catering units (restaurants, cafes, shops, etc.) and student community spaces. In 2019, the central Campus

was awarded the title of the most attractive campus in Hungary. The University's largest infrastructural development enterprise is the construction of the Science and Technology Park (STP) on the opposite bank of the Mosoni-Danube, 500 metres from the central campus, to be launched in 2021 on an area of 3.6 hectares and expected to be completed in 4 phases by 2025. The STP will operate primarily as a science and innovation park, where business enterprises connected to the university and companies on a lease basis with the University will carry out research and business activities in line with the needs of the knowledge-based society. The STP will also be an incubator for start-ups and SMEs, and the University's stated intention is to connect these micro and small enterprises, the backbone of the Hungarian economy, to global value chains. Economic, research and educational activities will appear simultaneously on the territory of the STP. The estate will also function as Campus 2, where some faculties, Competence Centres and subject areas will transfer, or be created, with some buildings also serving as residences and Halls for international teaching staff and students. In addition, catering units representing various international cuisines will also be available.

As a young and modern higher education institution, Széchenyi István University enters the global higher education environment as a unit, positioning itself on the world market by exploiting the synergies of its educational, research and entrepreneurial activities. The aim of the university is to create an international student base corresponding to 10-15 percent of the Hungarian full-time student body, primarily, in accordance with world higher education trends and Hungarian domestic policies, profiling the countries of the "Opening to the East" policy, especially China, and realizing its developments, international relations and recruitment activities in harmony with this.

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“In this volume we can learn about the development of Sino-Hungarian relations over the past decade. Through the connection of China's OBOR Initiative and Hungary's 'Opening to the East' policy, we can gain an insight into the economic cooperation of the two countries in the fields of trade, investment and infrastructure development. In addition to economic relations, the volume focuses on the less researched dimension of education, which also appears in the OBOR Initiative and the policy of 'Opening to the East', and within this examines China's role in the internationalization process of Hungarian higher education, thus enriching the literature on Sino-Hungarian relations.”

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