



# Bridging the North-South Gap: Hungary's Strategic Engagement in the Three Seas Initiative

Virág Varga and Dr. Péter Sztás





All rights reserved. Printed in Hungary. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without permission in writing from the publisher.

Authors: Virág Varga and Dr. Péter Sztás

Danube Institute Leadership

President: John O'Sullivan

Executive Director: István Kiss

Director of Research: Calum T.M. Nicholson

Designed by: Max Keating

© 2025 by the **Danube Institute**

November 2025

Covers: Designed by Max Keating

Image: Panoramic view from Gocek Marina with sailboats.  
Fethiye, Turkey, from Shutterstock/Harun Ozmen





## Contents

About the Danube Institute .....	iv
About the Authors.....	v
Abstract.....	vi
Introduction.....	1
Hungary and the Three Seas Initiative .....	3
Economic Connectivity & Energy Security .....	8
Digital Infrastructure & Cybersecurity .....	11
North-South Infrastructure & NATO's Eastern Flank Security .....	12
Strategic Implications for Hungary & Problems with the Three Seas Initiative .....	14
Conclusions and Policy Recommendations .....	17





## About the Danube Institute

The Danube Institute, established in 2013 by the Batthyány Lajos Foundation in Budapest, serves as a hub for the exchange of ideas and individuals within Central Europe and between Central Europe, other parts of Europe, and the English-speaking world. Rooted in a commitment to respectful conservatism in cultural, religious, and social life, the Institute also upholds the broad classical liberal tradition in economics and a realistic Atlanticism in national security policy. These guiding principles are complemented by a dedication to exploring the interplay between democracy and patriotism, emphasising the nation-state as the cornerstone of democratic governance and international cooperation.

Through research, analysis, publication, debate, and scholarly exchanges, the Danube Institute engages with centre-right intellectuals, political leaders, and public-spirited citizens, while also fostering dialogue with counterparts on the democratic centre-left. Its activities include establishing and supporting research groups, facilitating international conferences and fellowships, and encouraging youth participation in scholarly and political discourse. By drawing upon the expertise of leading minds across national boundaries, the Institute aims to contribute to the development of democratic societies grounded in national identity and civic engagement.



## About the Authors



Virág Varga is a research intern at the Danube Institute and a research assistant at the Hungarian Institute of International Affairs. She is pursuing a Master's degree in History at Eötvös Loránd University (ELTE), Budapest. Her research focuses on energy policy, regional cooperation frameworks, and the Central and Eastern European region.



Formerly an adjunct professor at J. Selye University in Komárno (SK) and the Constantine the Philosopher University in Nitra (SK), Dr Sztás now serves as a Senior Researcher at the Danube Institute, where he joined in 2020. He holds a PhD in literature from Slovakia, a BA in International Studies from Eötvös Loránd University (HU), and an MA in International Security and Defence Policy from the National University of Public Service (HU). His main areas of investigation are geopolitics (especially Central Europe) and terrorism.



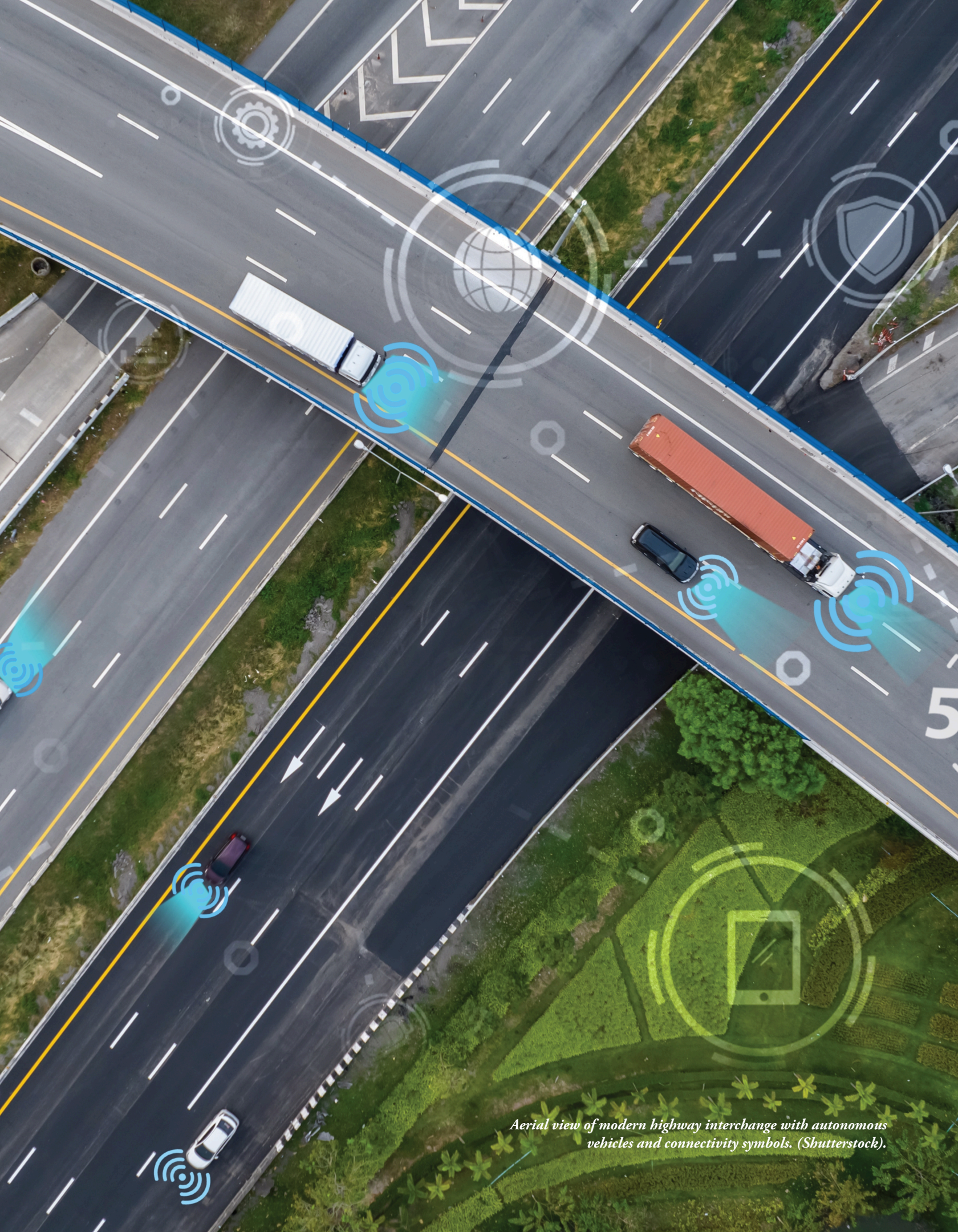
# Bridging the North-South Gap: Hungary's Strategic Engagement in the Three Seas Initiative

Virág Varga and Dr. Péter Sztás

## Abstract

The present paper examines the Three Seas Initiative (3SI) through the prism of Hungary's historical experience and contemporary geopolitical imperatives. Established in 2016 to enhance economic, infrastructural, and energy cooperation among Central and Eastern European states, the Initiative represents a significant opportunity for the entire region. It seeks to strengthen North–South connectivity, a dimension that has historically remained secondary to East–West development. Through a multidimensional analysis, this study explores how Hungary can leverage the 3SI to advance its national interests and contribute to a more integrated and secure Europe. Ultimately, it argues that the Initiative offers Hungary not only a platform for economic advancement but also a strategic arena in which to redefine its regional role and recalibrate its security posture amid shifting global alignments.





*Aerial view of modern highway interchange with autonomous vehicles and connectivity symbols. (Shutterstock).*



## Introduction

The Three Seas Initiative (3SI) has emerged as Central and Eastern Europe's (CEE) most ambitious project of regional renewal. It links European Union (EU) member states between the Adriatic, Baltic, and Black Seas through joint investments in transport, energy, and digital infrastructure. This overcomes the structural disadvantages inherited from the post-communist era, i.e. neglected infrastructure, fragmented economies, limited connectivity, and rebalances Europe's traditional West–East infrastructure and economic flows by strengthening North–South connectivity. The region's geography, spanning both coastal and landlocked countries, adds to the strategic complexity: while some enjoy maritime access, others are asserting their relevance through logistics corridors, road and rail networks, and digital infrastructure. Access to the world's oceans once defined national prosperity; today, digitalisation has become an equally vital pillar of connectivity and competitiveness.

Most CEE countries joined the EU in the first decade of this century, simultaneously acceding to the North Atlantic Treaty Organisation (NATO). As a result, the region has become an increasingly integrated free trade zone, one linked closely with Western Europe. Founded in 2016, the 3SI is a regional cooperation framework encompassing thirteen EU member states: Estonia, Latvia, Lithuania, Poland, Czechia, Slovakia, Hungary, Slovenia, Austria, Croatia, Romania, Greece and Bulgaria. All are located between the Baltic, Adriatic, and Black Seas, which encompass the region. The 3SI was launched at the joint initiative of Poland and Croatia. The intellectual roots of the idea, though, stretch back nearly a century in Polish geopolitical thought, drawing on the 'Intermarium' concept first articulated after World War I by Józef Piłsudski, a former Polish head of state. Piłsudski envisioned an alliance of sovereign nations in Central and Eastern Europe that could

collectively counterbalance the influence of both Germany and Russia.<sup>1</sup> Correspondingly, the 3SI reflects a vision of regional cooperation based on sovereignty and mutual independence, an innovative proposition in a region historically dominated by great powers.

The 3SI promotes regional integration and aims to harness the economic and strategic potential of the area. Historically, "horizontal" connectivity between East and West has been dominant in the Old Continent. Trade routes, migration, and later pipelines continued to follow such a path. The novum of the 3SI is to bolster North–South connectivity, which, although historically undervalued and underrepresented, is no less critical. To this end, within the 3SI framework, the member states are developing key infrastructure, including highways, rail networks, gas pipelines, and digital communication systems, prioritising the "vertical" topography.

The present paper examines the 3SI with particular attention to its significance for Hungary.<sup>2</sup> It focuses on four key dimensions: economic connectivity, aimed at strengthening trade, investment, and infrastructure links across the region; energy security and source diversification, which seek to reduce dependency on single suppliers and ensure stable, sustainable energy flows; digital infrastructure and cybersecurity, promoting technological innovation and resilience in an increasingly interconnected world; and physical security within the NATO context, emphasising the 3SI's role in bolstering regional stability and complementing transatlantic defence structures. Through this multidimensional analysis, the paper seeks to assess how Hungary can leverage the Initiative to advance its national interests and contribute to a more integrated and secure Europe.

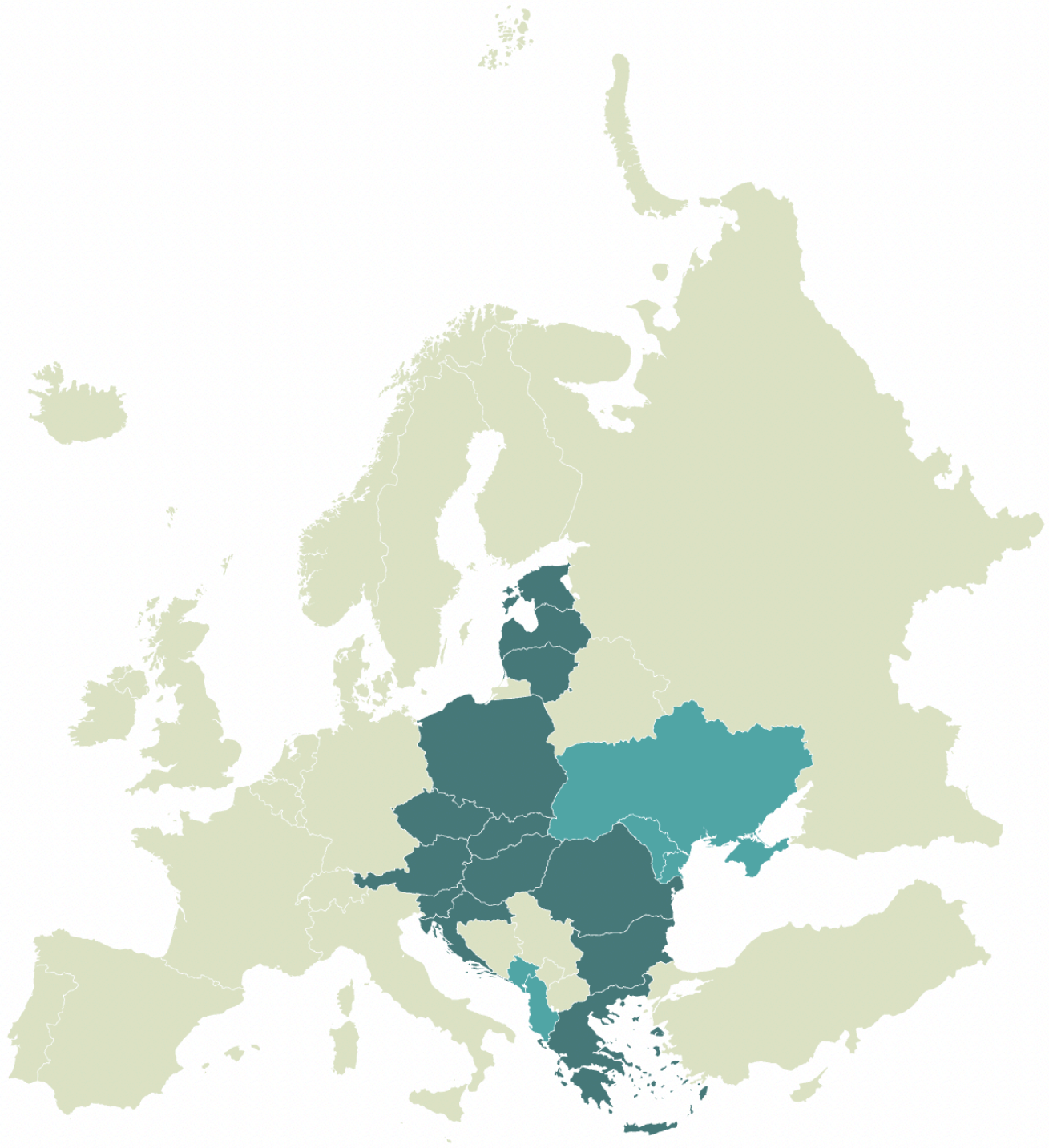
<sup>1</sup>Georgina Szabó, 'A Három Tenger Kezdeményezés mint a gazdasági elmaradottság és elszigeteltség ellenszere?', Magyar Külügyi Intézet, *Külügyi Szemle* (2 February 2024), <https://hiia.hu/wp-content/uploads/2024/07/2-Szabo-Georgina.pdf>, accessed 7 August 2025.

<sup>2</sup> Co-author of present paper, Dr. Péter Sztítás, already published a study on the participation of Hungary in the 3SI in 2024, edited and issued by the Warsaw Institute, on which the chapter largely relies on. The original study, 'Three Seas Partnership - Special Report' is available at the website of the Warsaw Institute: <https://warsawinstitute.org/wp-content/uploads/2024/12/three-seas-partnership-special-report.pdf>, pp. 29-39, accessed 8 August 2025.



## Members of the Three Seas Initiative

Not a member Member Associated participating state



*Map Illustrating the Member States, and Associated Participating States of the Three Seas Initiative, created with Datawrapper.*

## Hungary and the Three Seas Initiative

**H**ungary experienced a profound territorial reduction following the First World War. The then Kingdom lost not only extensive lands but also its direct access to the world's oceans. This historical rupture has had a lasting impact on the country's geopolitical position. Situated within the heart of the Carpathian Basin, at the centre of a triangle delineated by the Baltic Sea, the Adriatic Sea, and the Black Sea, Hungary occupies a landlocked strategic crossroads. Consequently, its geopolitical stability and economic vitality depend heavily on the development and maintenance of robust infrastructural links with states bordering these maritime zones.

Hungary's contemporary foreign policy is guided by the principle of "connectivity," which entails cultivating constructive relations with as many states as possible. A notable demonstration of this approach occurred during Prime Minister Viktor Orbán's 2024 "peace mission", during which he held high-level meetings in rapid succession with Russian President Vladimir Putin, Chinese President Xi Jinping, and then-U.S. presidential candidate Donald J. Trump.<sup>3</sup> This strategy, however, extends beyond engagement with extraordinary powers; it also seeks to maintain amicable relations with neighbouring states. Historical legacies severely complicate this task.

The 1920 Treaty of Trianon not only deprived Hungary of the majority of its territory but also displaced a substantial proportion of its population. Millions of ethnic Hungarians suddenly found themselves under the jurisdiction of neighbouring countries. Over a century later, approximately 2.4 million ethnic Hungarians still reside beyond Hungary's borders, primarily in adjacent states.<sup>4</sup> Since the 1990s, bilateral relations with these countries have, at times, been strained over issues concerning the protection of these communities' collective rights and well-being. The salience of this question has, however, diminished in recent decades. Neighbouring governments have increasingly recognised that their Hungarian-speaking minorities do not constitute a national security threat. At the same time, demographic decline, driven by assimilation, natural population decrease, and emigration, has further reduced the political urgency of the matter.

Since the end of the Cold War, the strategic objectives of Central and Eastern European states have evolved but

remained broadly consistent. The immediate post-1990 priorities were sovereignty restoration, rapid democratic transition, and integration into Western alliance structures. Today, the aim is more economic than political: to close the gap with Western European living standards while ensuring national security. Yet prosperity is difficult to achieve in isolation. EU accession removed most legal and physical barriers to regional cooperation. At the same time, since 2016, the Three Seas Initiative has provided a complementary platform that extends beyond the geographical scope of the Visegrád Group. By prioritising infrastructure, energy interconnectivity, and digital integration, the 3SI offers a mechanism for overcoming the structural constraints that have historically limited the region's growth. For Hungary, whose geography and energy needs make it highly dependent on cross-border links, the initiative is strategically necessary.

The Russo–Ukrainian war has underscored an obvious lesson: energy security is not a secondary concern but a foundational element of national survival. A state unable to diversify its sources of raw materials is strategically exposed in peacetime and acutely vulnerable in wartime. Like most 3SI members, Hungary spent the Cold War inside the Eastern Bloc, dependent on Soviet energy supplies. The 1956 revolution's failure, followed by a permanent Soviet military presence, eliminated any possibility of realignment. Under the socialist model Hungary shifted from its largely agrarian base toward heavy industry, driven by centralised five-year plans. This industrialisation and the resulting urban expansion sharply increased demand for electricity, crude oil, and natural gas, which could not be met domestically. Soviet-controlled pipelines were built almost exclusively along East–West routes, entrenching one-way dependence. For strategic reasons, Moscow discouraged the construction of North–South interconnections, ensuring that Eastern Bloc states could not easily support one another if Soviet supplies were interrupted. The legacy of that energy architecture still shapes Hungary's vulnerabilities today, making diversification and regional interconnectivity not just economic goals, but strategic imperatives.

To meet rising electricity demand, Hungary committed in the 1960s to developing nuclear power, culminating in the completion of four reactors at Paks by 1987. The plant still produces roughly half of the country's electricity, and additional units are under construction.<sup>5</sup> As in much of Central and Eastern Europe, nuclear fuel is imported from the Russian

<sup>3</sup> Andrew Gray, Jan Strupczewski 'EU chief rebukes Hungary's Orbán over 'peace mission' with Trump talks', Reuters, 16 July 2024, <https://www.reuters.com/world/orban-eu-leaders-trump-ready-act-immediately-russia-ukraine-peace-broker-2024-07-16/>, accessed 8 August 2025.

<sup>4</sup> Balázs Kapitány, 'Ethnic Hungarians in the Neighbouring Countries', *Népeségstudományi Kutatóintézet*, 2015, <https://www.demografia.hu/en/publicationsonline/index.php/demographicportrait/article/download/894/656>, accessed 5 August 2025.

Federation. Yet Hungary's energy mix is gradually shifting: photovoltaic capacity has expanded rapidly in recent years, a trend expected to accelerate as technology advances and climate imperatives intensify.<sup>6</sup>

Nuclear dependence is only one facet of Hungary's broader energy vulnerability. Domestic production of crude oil and natural gas is insufficient, leaving the country reliant on imports delivered via pipelines. Crude oil supply is dominated by Russia through the Druzhba I and II pipelines from Ukraine via Slovakia, supplemented by the Adriatic (Janaf) pipeline linking Croatia's Krk island with Hungary. Built in 1974, Janaf has operated in reverse since 1989, enabling flows toward the Adriatic.<sup>7</sup> During the Cold War, Moscow likely tolerated its construction to expand exports into Yugoslavia; today, it is the only non-Russian crude oil route available to Hungary and Slovakia. Yet its capacity is lower and its operating costs are higher than those of the Druzhba network, making it an imperfect alternative.<sup>8</sup>

Natural gas supplies are more diversified. Hungary's 5,889 kilometres of high-pressure transmission lines connect to six out of its seven neighbours—Ukraine, Romania, Serbia, Croatia, Austria, and Slovakia—linking the country to regional fields and distant LNG terminals.<sup>9</sup> The most significant recent upgrade came in 2015 with the completion of the 113-kilometre bidirectional interconnector between Slovakia and Hungary, creating a rare North–South gas flow capability in the region.<sup>10</sup>

Since the early 1990s, Hungary's primary regional platform has been the Visegrád Group, which has at times amplified its political influence. The bloc's most unified moment came between 2015 and 2019, when all four members opposed the EU's mandatory migration quotas. Yet V4 cohesion has proved highly volatile, shaped more by the electoral cycles and ideological swings of member governments than by shared strategic vision. Divergence deepened after Slovakia's

2020 elections and Czechia's 2021 shift, creating a functional 'Visegrád 2+2' split between Hungary–Poland and Czechia–Slovakia. The lineup was modified in 2023–2024, with a conservative turn in Slovakia and a progressive one in Poland. Relations between Budapest and Warsaw had deteriorated to their lowest point in the century. These tensions are, however, expected to ease with the election of right-wing conservative Karol Nawrocki as President of Poland. Furthermore, parliamentary elections held in Czechia in the autumn of 2025 resulted in the return of Viktor Orbán's strategic ally, Andrej Babiš. There is a chance that the Visegrád Cooperation will also gain new strength – although the operation of V4 is independent of 3SI.

### Summit Diplomacy and Hungary's Missed Opportunity

Given the Three Seas Initiative's lack of a permanent institutional structure, its annual summits are the primary—indeed, almost the only—forum for high-level political discussion, coordination and decision-making among its members. As such, hosting a summit is a significant opportunity for a member state to shape the agenda, showcase national priorities, and position itself as a leader in regional cooperation.<sup>11</sup>

Since the inaugural Dubrovnik Summit in 2016, where twelve participating states formally launched the initiative, each annual gathering has served to advance specific aspects of the 3SI agenda. Host countries have consistently leveraged their role to set the tone and priorities of the summits, align discussions with national strategic interests, and channel political momentum toward their preferred projects. This attitude has allowed them to secure commitments for infrastructure that directly benefits their economies, attract foreign investment, and reinforce their reputations as regional leaders.

According to the accepted plans, Hungary was slated to host the 2025 3SI Summit, which would have been its debut in this role. Yet for the second time in the history of the initiative, the

<sup>5</sup> Magyar Villamos Művek, 'Atomtörténelem', <https://atomeromu.mvm.hu/hu-HU/Tudastar/Atomtortenelem>, accessed 6 August 2025.

<sup>6</sup> Eurostat, 'Use of renewables for electricity', [https://ec.europa.eu/eurostat/databrowser/view/nrg\\_ind\\_ured/default/table?lang=en&category=nrg.nrg\\_quant.nrg\\_quanta.nrg\\_ind\\_share](https://ec.europa.eu/eurostat/databrowser/view/nrg_ind_ured/default/table?lang=en&category=nrg.nrg_quant.nrg_quanta.nrg_ind_share), accessed 6 August 2025.

<sup>7</sup> Janaf, 'History of Janaf', <https://janaf.hr/history-of-janaf>, accessed 8 August 2025.

<sup>8</sup> Infostart, 'Orosz energiakiváltás - Úgy tűnik, tényleg nem tudja azt a horvát kábel, ami Magyarországnak kellene', 24 September 2025, <https://infostart.hu/gazdasag/2025/09/24/orosz-energiakivaltas-ugy-tunik-tenyleg-nem-tudja-azt-a-horvat-kabel-ami-magyarorszagnak-kellene#>, accessed 28 September 2025.

<sup>9</sup> Magyar Energetikai és Közmű-szabályozási Hivatal, 'A magyar földgázrendszer 2023. évi adatai', p. 12, [https://fgsz.hu/file/documents/2/2903/mekh\\_statistikai\\_kiadvany\\_foldgaz\\_2023.pdf](https://fgsz.hu/file/documents/2/2903/mekh_statistikai_kiadvany_foldgaz_2023.pdf), accessed 8 August 2025.

<sup>10</sup> Offshore Technology, 'Slovak-Hungarian Gas Interconnector', 16 August 2025, <https://www.offshore-technology.com/projects/slovak-hungarian-gas-interconnector-slovakia/>, accessed 28 September 2025.

<sup>11</sup> Jędrzej Błaszczak, 'Different Forms of Summit Diplomacy. Case Study Analysis of the Visegrád Group, the Bucharest Nine, and the Three Seas Initiative', *Romanian Journal of European Affairs*, 24/1 (2024), [https://rjea.ier.gov.ro/wp-content/uploads/2024/06/Art.-6\\_Summit-diplomacy\\_Blaszczak\\_2024\\_final.pdf](https://rjea.ier.gov.ro/wp-content/uploads/2024/06/Art.-6_Summit-diplomacy_Blaszczak_2024_final.pdf), accessed 7 August 2025.



Year	Host	Focus of the agenda
2016	Dubrovnik	Establishment of the 3SI as an informal platform for cooperation on infrastructure, energy, and digital connectivity, initiated by the presidents of Croatia and Poland.
2017	Warsaw	High-profile U.S. engagement, with then-President Donald Trump attending; The Three Seas Business Forum was established to help foster cooperation among economic entities.
2018	Bucharest	Decision to launch the 3SI Investment Fund; the first edition of the Business Forum was held; a list of Priority Projects was agreed upon to help achieve concrete deliverables.
2019	Ljubljana	High-level participation by strategic partners (Germany, USA, European Commission); Slovenia promoted its green transition agenda, highlighting sustainable energy and transport as core to the 3SI vision.
2020	Tallinn	Estonia used the virtual summit to advance its digital leadership credentials, promoting secure cross-border e-services and smart connectivity projects.
2021	Sofia	Bulgaria focused on improving transport links across the Balkans and attracting investment into its energy infrastructure.
2022	Riga	Latvia placed security and defense resilience at the center of the agenda in response to the war in Ukraine; Germany, the US, and the European Commission were represented; the President of Ukraine and the foreign ministers of Japan and the UK addressed the Summit by video.
2023	Bucharest	Romania emphasized post-war reconstruction in Ukraine; the establishment of the 3SI Innovation Fund was agreed upon.
2024	Vilnius	Lithuania linked infrastructure development needs with NATO security interests in light of the geopolitical context on the eastern flank, and highlighted the need for the integration of Ukrainian and Moldovan infrastructure into the regional network.
2025	Warsaw	The Three Seas Sherpas meeting came up with recommendations on the directions of development of the Initiative in the long term; Albania and Montenegro became participating states, and Spain and Türkiye became strategic partners.

*Table Illustrating the Agenda Items of the Three Seas Initiative.<sup>12</sup>*

Year	Country	Contribution
2019	Poland	€750 million
2019	Romania	€20 million
2020	Latvia	€20 million
2020	Estonia	€20 million
2020	Slovenia	€23 million
2020	Bulgaria	€20 million
2020	Croatia	€20 million
2020	Lithuania	€20 million
2020	Hungary	€20 million
2022	USA	€280 million

*Table Illustrating the Funding of the Three Seas Initiative.<sup>13</sup>*

<sup>12</sup> Based on the Joint Declaration and webpage of each summit on the 3seas.eu website. Accessed 8 August 2025.

<sup>13</sup> Contribution to the Three Seas Initiative Investment Fund by participating member states.

hosting rights were transferred to Warsaw. While no official explanation was provided beyond logistical considerations, several factors could have contributed: political divergences between Poland and Hungary over responses to the war in Ukraine; Poland's desire to maintain a leadership role within the 3SI; and potential concerns among some member states regarding Hungary's alignment with some EU and NATO policy positions. The relocation of the summit deprived Hungary of a valuable platform to set the agenda, secure support for priority projects such as Danube corridor development, and enhance its regional standing.

For Hungary, the benefits of hosting a 3SI summit would have been substantial. As the main stage for policy coordination in the absence of permanent institutions, the summit allows the host to highlight strategic initiatives, broker new partnerships, and attract investment. Acting as a constructive and proactive host could have helped Hungary position itself as a leading force in the 3SI, amplify its influence within the EU, and strengthen its role in regional diplomacy. In the following sections of this paper, we will explore in detail the various domains—economic, energy, digital, and security—through which Hungary can benefit from the initiative.





*Building Rail Baltica project, Riga. (Shutterstock).*



## Economic Connectivity & Energy Security

One of the most immediate and tangible ways Hungary can leverage the Three Seas Initiative is through the development of cross-border economic infrastructure. Despite Hungary's cardinal location within the Central and Eastern European region, its transport and logistics networks remain disproportionately oriented along the East–West axis—a legacy of Cold War—era integration patterns and post-accession trade with Western Europe. The 3SI's focus on North–South connectivity offers Hungary a strategic opportunity to realign its infrastructure with emerging economic corridors, boost regional trade, and unlock growth for Hungarian small and medium-sized enterprises (SMEs). As one of the more developed economies in the 3SI region, Hungary stands to benefit from improved market access, expanded export potential, and its positioning as a logistics and innovation hub in the area.

The investment disparity between CEE and Western Europe has been documented consistently. Infrastructure investment in the 3SI region has historically lagged behind Western Europe by a significant margin, requiring sustained annual investment 1.4 times higher than that of Western Europe to close the gap.<sup>14</sup> The region faces a cumulative investment shortfall of €1.15 trillion across infrastructure, energy, and digital sectors.<sup>15</sup> The region also suffers from long freight transit times—rail freight between the Baltic states and the Balkans can take more than twice that of comparable routes in Western Europe.<sup>16</sup> Hungary, situated at the intersection of the Carpathian Basin and Danube region, is well positioned to benefit from investments that improve North–South movement, specifically through initiatives such as the Via Carpathia corridor and modernised Danube river shipping infrastructure.

The Via Carpathia highway, running from Klaipėda in Lithuania to Thessaloniki in Greece, passes through Eastern Hungary near Debrecen and Miskolc—regions that have historically received less investment than the Budapest–Vienna axis. Hungarian segments of Via Carpathia, spanning across 221 km through the M3, M35 and M4 highways, were completed in 2021 with the construction of the M30 highway extension.

The new infrastructure has helped divert thousands of heavy trucks from local roads along Route 3, improving traffic safety and lowering noise and emissions in affected towns significantly. Moreover, the M30 highway has reduced the travel time between Miskolc and Košice by approximately 30 minutes, immediately easing commuting and cross-border economic activity.<sup>17</sup> Once fully operational, the route could enhance North–South trade greatly by connecting Hungary directly with Baltic and Balkan markets, bypassing the already congested East–West corridors.

Enhanced infrastructure yields especially high returns for small- and medium-sized enterprises, which constitute over 99% of businesses in Hungary and employ two-thirds of the workforce.<sup>18</sup> With reduced freight times, increased export capacity, and smoother customs processing along 3SI-supported corridors, Hungarian SMEs gain improved access to both regional suppliers and customers. Proximity to new cross-border corridors can open up export opportunities previously constrained by transport inefficiencies. Moreover, Hungary could leverage the 3SI's emerging platforms—such as the Three Seas Business Forum—to facilitate connections between its small and medium-sized enterprises and partners across the region, thereby attracting investment and enabling internationalisation.

To realise these economic benefits fully, Hungary must prioritise the timely completion and integration of North–South transport corridors within its national infrastructure strategy. Such a process includes ensuring co-financing of strategic projects, such as Via Carpathia, FAIRway Danube, and the Rail Corridor V. Policymakers should also promote Hungarian SME participation in regional business platforms under the initiative and expand investment incentives for logistics and export-oriented industries in Eastern and Southern Hungary. By aligning national development plans with 3SI objectives, Hungary can consolidate its position as a key economic hub in the region.

### Energy Security and Diversification

<sup>14</sup> SpotData, 'Perspectives for Infrastructural Investments in the Three Seas region', p. 13, <https://3siif.eu/potential>, accessed 3 August 2025.

<sup>15</sup> Three Seas Summit 2025, 'Three Seas Story', <https://3seas.eu/about/threeseasstory>, accessed 5 August 2025.

<sup>16</sup> Edward Lucas, 'Seasick: The Three Seas Initiative', Center for European Policy Analysis, 2024, <https://cepa.org/article/seasick-the-three-seas-initiative/>, accessed 3 August 2025.

<sup>17</sup> Nemzeti Infrastruktúra Fejlesztő Zrt., 'Közvetlen autópálya kapcsolat jött létre Miskolc és Kassa között', 2021, <https://archivum.nif.hu/2021/10/kozvetlen-autopalya-kapcsolat-jott-letre-miskolc-es-kassa-kozott/>, accessed 6 August 2025.

<sup>18</sup> Government of Hungary, 'A magyar mikro-, kis- és középvállalkozások megerősítésének stratégiája — Első felülvizsgálat', 2023, p. 5, <https://cdn.kormany.hu/uploads/document/a/ae/ae6/ae6ddf3889f14153a81dbe7b089d7a60e3ff6312.pdf>, accessed 16 August 2025.

Hungary's energy strategy has long been shaped by its heavy reliance on external suppliers, most notably in the natural gas sector, where domestic production accounts for only around 15% of annual consumption, with the remainder historically imported predominantly from the Russian Federation.<sup>19</sup> The Russian invasion of Ukraine in 2022, however, resulted in instability of energy markets, which highlighted the strategic urgency for diversification—not only of energy sources but also of delivery routes. Within this context, the Three Seas Initiative offers Hungary a valuable multilateral platform for reshaping its energy landscape through regional cooperation on critical infrastructure.

One of the most promising opportunities lies in the integration of Hungary into a more interconnected and resilient North–South gas corridor. The Krk LNG terminal in Croatia, which has been operational since January 2021, is a key strategic asset supported by the 3SI framework. The terminal opens up access to non-Russian gas sources, including U.S., Qatari, and Algerian LNG. Hungary has an annual amount of 1 bcm of gas secured through this interconnector—nearly 12% of Hungary's annual gas consumption. Furthermore, with the planned expansion of the Krk terminal's capacity, Hungary's potential LNG imports could also increase significantly.<sup>20</sup>

In addition, Hungary participates in the BRUA (Bulgaria–Romania–Hungary–Austria) pipeline corridor, another 3SI priority project. Although the full implementation of BRUA has encountered delays and route revisions, the corridor aims to unlock access to Black Sea offshore gas fields and improve interconnectivity between Southeastern and Central Europe. For Hungary, BRUA enhances flexibility in gas procurement, reinforcing its energy security in periods of disruption. Beyond natural gas, electricity grid integration within the 3SI region is increasingly critical. Regional projects aim to link the grids of Central Europe with the Baltic and Black Sea networks, facilitating electricity trade

and balancing intermittent renewable supply. For Hungary—where solar power accounted for over 18% of electricity production in 2024—this enhanced connectivity is essential for managing grid stability and integrating renewables.<sup>21</sup>

Furthermore, Hungary is working to diversify its nuclear and renewables portfolio. While the Paks II nuclear project remains central to the national strategy, the 3SI also opens up avenues for regional coordination on energy innovation, such as smart grids, battery storage, and green hydrogen. Projects under the European Union's Connecting Europe Facility (CEF) and 3SI's Smart Connectivity pillar offer potential co-financing for cross-border energy innovations.

Energy infrastructure under the 3SI also carries significant geostrategic implications. As the Eastern flank of NATO faces growing hybrid threats, the security of critical infrastructure—including pipelines, power lines, and LNG terminals—has become a matter of collective defence. Hungary's deeper involvement in regional energy projects helps align national and alliance-level security priorities. Joint energy projects not only reduce Hungary's dependence on a single supplier but also contribute to the resilience of the wider Central and Eastern European energy system.

To capitalise on these opportunities, Hungary should consider expanding its contributions to 3SI co-financing mechanisms such as the 3SI Investment Fund, while also coordinating with EU instruments like REPowerEU and the CEF. At the national level, energy diplomacy with Croatia, Romania, and Slovakia should be intensified to secure long-term contracts and infrastructure harmonisation. Hungary can also play a leadership role in shaping regional energy transition goals within the 3SI by advocating for common standards on renewable energy integration, grid modernisation, and LNG security protocols.

<sup>19</sup> European Commission, 'Hungary - final updated NECP 2021 - 2030 (submitted 2024)', p. 68, [https://commission.europa.eu/publications/hungary-final-updated-necp-2021-2030-submitted-2024\\_en?prefLang=hu](https://commission.europa.eu/publications/hungary-final-updated-necp-2021-2030-submitted-2024_en?prefLang=hu), accessed 17 August 2025.

Three Seas Projects, 'Expansion of the capacity of the LNG Terminal on the island of Krk', <https://projects.3seas.eu/projects/expansion-of-the-capacity-of-the-lng-terminal-on-the-island-of-krk>, accessed 3 August 2025.

Attila Weinhardt, 'Nagy döntést hoztak a horvátok, ami a magyar gázellátásra is hathat', Portfolio, 2024, <https://www.portfolio.hu/gazdasag/20240208/nagy-dontest-hoztak-a-horvatok-ami-a-magyar-gazellatasra-is-hathat-668041>, accessed 4 August 2025.

<sup>20</sup> EMBER, 'Global Electricity Review 2024', <https://www.portfolio.hu/gazdasag/20240510/magyarorszagon-a-harmadik-legnagyobb-a-vilagon-a-napenergia-reszaranya-az-aramtermelesben-685455>, accessed 6 August 2025.

<sup>21</sup> European Commission, 'Hungary 2025 Digital Decade Country Report', <https://digital-strategy.ec.europa.eu/en/factpages/hungary-2025-digital-decade-country-report>, accessed 8 August 2025.



*Heavy lift helicopter displayed at the Riga Aviation Museum. (Shutterstock).*





## Digital Infrastructure & Cybersecurity

Digital infrastructure is the third strategic area of the Three Seas Initiative and a domain in which Hungary can expand its regional role fruitfully. While the economic and energy dimensions of the 3SI receive considerable attention, the Smart Connectivity pillar—which aims to integrate energy, transport, and communication networks digitally—is critical to future-proofing the region's infrastructure and competitiveness. For Hungary, enhanced digital connectivity not only supports national digital transformation goals but also strengthens resilience against cyber threats and opens opportunities for regional tech-sector collaboration.

As of 2025, Hungary performs moderately well in the fields of digital connectivity and digital infrastructure development compared to its regional peers. The European Commission's 2025 Digital Decade Country Report monitors the progress of the member states towards the 2030 digital development goals of the European Union. According to this document, Hungary has made notable progress in access to e-Health records, the deployment of solid digital infrastructure and 5G rollout, though the country lags behind EU averages in the digitalisation of small and medium-sized enterprises.<sup>22</sup> The 3SI framework offers an opportunity to accelerate digital infrastructure investment and knowledge across businesses in the region, particularly for underserved rural regions and cross-border data and communications corridors.

The 3SI's Smart Connectivity strategy promotes regional cooperation on 5G corridors, secure cross-border fibre optics, and digital twin systems for transport and energy networks. Hungary, thanks to its central location and strong telecommunications sector, is well placed to lead efforts to establish 5G-enabled freight and logistics corridors along Via Carpathia or the Danube river routes. These corridors, integrating road, rail, and river transport with real-time data systems, can dramatically enhance logistics efficiency, reduce costs, and optimise environmental performance.

Hungarian tech and telecom companies can also benefit from expanded regional partnerships enabled by 3SI's digital dimension. Through initiatives like the Three Seas Digital Highway or regional innovation platforms, Hungarian

SMEs and startups in AI, IoT, and cybersecurity could build their markets in neighbouring countries. The Three Seas Digital Highway, currently on hold due to the war in Ukraine, is a cross-border initiative that supplements the 3SI's transport and energy networks with a secure, next-generation digital infrastructure—focusing on 5G connectivity, joint R&D in technologies like AI and blockchain, and enhanced regional cooperation against cyber threats and disinformation.<sup>23</sup> Participation in cross-border pilot projects (e.g., AI-assisted customs control or smart energy grids) would provide Hungarian companies with both market access and exposure to EU funding frameworks, such as Horizon Europe and the Digital Europe Programme.

Cybersecurity is another major concern addressed under the digital pillar. As hybrid threats increase across NATO's Eastern flank, securing digital infrastructure is not just an economic concern but a national security priority. In this context, Hungary's participation in regional cyber defence exercises, digital resilience frameworks, and 3SI-backed data protection protocols can enhance preparedness against hostile cyber intrusions. Cooperation on common standards for secure data storage, cross-border digital ID, and encryption systems would not only protect critical infrastructure but also support Hungary's digital sovereignty goals.

From a policy standpoint, Hungary should prioritise the integration of Smart Connectivity principles into its national digital strategy and align funding mechanisms accordingly. This includes leveraging the EU's Digital Decade targets, tapping into the 3SI Investment Fund for broadband and fibre-optic projects, and proposing regional pilot projects that position Hungary as a testbed for digital innovation. Hungary's presidency of regional digital forums under 3SI would allow it to set a forward-looking agenda that supports convergence with EU digital goals while reinforcing Central and Eastern European tech capabilities.

In sum, the digital pillar of the Three Seas Initiative provides a largely untapped yet highly strategic domain for Hungary to expand its regional footprint. By investing in secure, smart and scalable digital infrastructure, Hungary can strengthen its digital economy, enhance cyber resilience, and contribute to shaping a digitally integrated Central Europe.

<sup>22</sup> European Commission, 'Hungary 2025 Digital Decade Country Report', <https://digital-strategy.ec.europa.eu/en/factpages/hungary-2025-digital-decade-country-report>, accessed 8 August 2025.

<sup>23</sup> Three Seas Projects, 'The 3 Seas Digital Highway', <https://projects.3seas.eu/projects/the-3-seas-digital-highway>, accessed 8 August 2025.

GLOBSEC, 'The Digital 3 Seas Initiative: a Call For a Cyber Upgrade of Regional Cooperation', 2018, <https://www.globsec.org/what-we-do/press-releases/digital-3-seas-initiative-call-cyber-upgrade-regional-cooperation>, accessed 8 August 2025.

## North-South Infrastructure & NATO's Eastern Flank Security

The development of North–South infrastructure under the Three Seas Initiative is not only an economic imperative: it is a strategic necessity for NATO's Eastern flank. Hungary, as both a core member of the 3SI and a frontline state in NATO's defence architecture, stands at the intersection of these overlapping interests. Infrastructure upgrades in transport, energy, and digital domains contribute not only to economic development but also to defence readiness, resilience, and crisis response capacity across Central and Eastern Europe. The alignment of military mobility, dual-use infrastructure, and strategic corridors has become increasingly vital in light of Russia's war against Ukraine, NATO's renewed force posture, and persistent hybrid threats in the region.

While civilian in orientation, the 3SI infrastructure agenda—especially its focus on improving roads, railways, and energy transit—directly complements NATO's efforts to enhance military mobility across Central and Eastern Europe. Projects like Via Carpathia and the Amber Rail Freight Corridor are not just trade-enabling highways and railways; they are potential military lifelines for force reinforcement and logistical resupply.<sup>24</sup>

For Hungary, the benefits are twofold. First, the enhancement of road and rail links, such as the M30 highway, positions the country as a key conduit for troop and equipment movement. These corridors provide NATO with operational flexibility and redundancy. In a crisis scenario, Hungary's infrastructure would allow for the rerouting of Allied forces or supplies if other corridors are blocked or degraded. Second, such infrastructure enhances national resilience: a well-connected Hungary is better able to respond to emergencies, support its population under duress, and assist regional neighbours.

Infrastructure development also underpins energy resilience. By participating in energy diversification projects like the Krk LNG terminal connection and the BRUA pipeline, Hungary reduces its dependence on Russian energy, and it contributes to a broader regional energy safety net. In times of disruption, Hungary and its 3SI neighbours can rely on cross-border interconnectors to share energy supplies, reducing the chances that any one country can be isolated or coerced. This form of redundancy—the capacity to reroute energy or logistical flows—is a foundational component of NATO's concept of resilience and is increasingly central to Hungary's own national security planning.

Equally critical is the protection of this infrastructure. Hungary, like many 3SI countries, faces growing cyber and hybrid threats targeting energy grids, transport networks, and government systems. The Three Seas digital infrastructure pillar provides a venue for addressing these vulnerabilities collaboratively. Hungary's participation in cross-border cybersecurity initiatives, digital infrastructure standardisation, and joint critical infrastructure protection drills would enhance both its national defence and the collective resilience of NATO's Eastern flank. In a digitised battlefield, resilient digital infrastructure—secure 5G corridors, protected smart grids, encrypted communication networks—can be as vital as physical roads and rails.

Notably, the civilian character of 3SI allows for the strengthening of civil defence capabilities without militarising the platform. This enables Hungary to support national preparedness goals—such as continuity of government, emergency logistics, and societal resilience—while contributing to alliance-wide security objectives. In an age when crises often affect both civilian and military spheres, the dual-use nature of 3SI projects is a strategic advantage. A well-built railway or highway not only facilitates trade but can also support the rapid delivery of humanitarian aid or military support.

<sup>24</sup> Three Seas Projects, 'Amber Rail Freight Corridor', <https://projects.3seas.eu/projects/amber-rail-freight-corridor>, accessed 8 August 2025.



*Commercial port in Black Sea loading and unloading cargo from container ship. (Shutterstock).*





## Strategic Implications for Hungary & Problems with the Three Seas Initiative

**H**ungary's engagement in the Three Seas Initiative is not solely a matter of infrastructure development—it is also a strategic foreign policy tool that can enhance the country's influence within Central and Eastern Europe and the broader transatlantic community. The 3SI offers Hungary an opportunity to shape regional economic and security architecture while diversifying its diplomatic portfolio beyond traditional Visegrád Group cooperation.

From a regional policy perspective, the 3SI provides a structured framework for engaging with EU member states stretching from the Baltic to the Black, Adriatic and Aegean Seas. This alignment enables Hungary to strengthen ties with countries such as Croatia, Romania, Bulgaria, and the Baltic states—partners with whom it has fewer institutionalised cooperation formats compared to its V4 allies. By promoting joint projects and investments, Hungary can foster goodwill, build political capital, and secure mutual support for its own strategic priorities within EU institutions.

At the European level, effective participation in the 3SI can help Central and Eastern European member states, including Hungary, to coordinate their priorities and represent shared regional interests more effectively within the EU. Many of the initiative's priority projects overlap with EU Trans-European Transport Network (TEN-T) corridors and are eligible for co-financing through EU funds. Suppose cooperation within the 3SI framework were efficient and well-structured. In that case, the region could strengthen its voice inside EU decision-making, ensuring that the specific needs of its economies were better reflected in common policies. For Hungary, acting as a constructive and leading player within the 3SI could also raise political weight, both in influencing EU infrastructure and economic policy and in engaging with external actors such as the People's Republic of China and the Russian Federation from a more coordinated regional position.

Transatlantically, the 3SI has strong backing from the United States, which views the initiative as a counterbalance to Chinese Belt and Road investments and Russian energy influence in the region. Hungary's active role in high-profile 3SI projects—especially those enhancing energy diversification and digital infrastructure—can serve as an additional platform for engaging with the White House on favourable, mutually beneficial terms. By emphasising cooperation in infrastructure, energy security, and technology, Hungary can demonstrate alignment with broader Western strategic

priorities. Regional leadership within the 3SI is, though, competitive. Poland and Romania have positioned themselves as primary drivers of the initiative, hosting multiple summits and spearheading flagship projects. If Hungary wishes to elevate its profile, it must identify niche areas where it can lead—such as Danube corridor development, smart logistics, or digital innovation hubs—and consistently deliver results. Hosting a future 3SI summit in Budapest would be a critical step in this direction, offering agenda-setting power and international visibility. Moreover, the 3SI can be leveraged as a soft power instrument. By associating itself with cross-border, future-oriented infrastructure and innovation projects, Hungary can shape perceptions of itself as a constructive and forward-looking regional actor. This narrative shift could counterbalance reputational challenges stemming from its EU disputes, portraying Hungary as an economy-builder and connector in Central Europe. In essence, the Three Seas Initiative offers Hungary a multi-layered diplomatic and strategic platform: deepening regional ties, aligning with EU and NATO priorities, and re-engaging transatlantic partners. To achieve these benefits, Hungary must adopt a proactive, consistent, and well-resourced approach to its participation in the initiative.

### Problems with the Three Seas Initiative

Despite its growing profile and strategic potential, the Three Seas Initiative faces several structural and operational challenges that limit its effectiveness. For Hungary and other member states to maximise their benefits, the following constraints must be addressed.

#### Financing Challenges

The success of 3SI projects depends heavily on adequate funding, yet the initiative's dedicated financial instruments remain undercapitalised. The 3SI Investment Fund (3SIIF), established in 2019 to co-finance priority infrastructure projects, has so far attracted contributions from only a subset of member states. Poland is the most significant national contributor, with several other member states pledging investments, while many others have yet to commit substantial resources. The United States pledged up to \$1 billion via the U.S. International Development Finance Corporation (DFC), though only a fraction of this has been disbursed.

Another financing institution of the 3SI, the Three Seas Initiative Innovation Fund, launched in October 2024, is a fund-of-funds mechanism aimed at supporting innovative,



growth-stage companies across Central and Eastern Europe. Backed by development banks from Hungary, Poland, and the Czech Republic, each pledging an investment of €20 million—with the European Investment Fund managing and co-financing investments—the fund seeks to mobilise up to €1 billion in private equity, venture capital, and private credit for the region's innovation ecosystem. Its long-term goal is to boost regional competitiveness and technological advancement by helping companies—such as Hungarian AI startups or Czech green tech firms—to scale internationally and integrate into global value chains. Yet no other member state has so far made a financial contribution to the Innovation Fund.

The European Union co-finances specific 3SI projects through the Connecting Europe Facility and cohesion policy funds, but these are not exclusive to 3SI and must be shared with other EU priorities. Without greater and more evenly distributed financial commitments from member states and partners, the pace and scope of project implementation will remain constrained.

### **Lack of Institutionalisation**

The 3SI operates without a permanent secretariat, legal personality, or dedicated administrative apparatus. Its governance is based on rotating annual summits hosted by member states, with agendas shaped mainly by the host country's priorities. While this flexible format allows for adaptability, it also creates challenges for continuity, tracking projects, and long-term strategic planning. For Hungary, this means that without stronger institutional structures, even high-potential projects risk losing momentum when political leadership or national priorities change. The absence of a central coordinating body also makes it harder to engage consistently with external partners like the EU, NATO, or private investors. This lack of institutionalisation

creates difficulties in financing, as there is no dedicated body to ensure transparency, coordinate funding streams, and provide long-term accountability for project implementation.

### **Limited Public Awareness and Visibility**

Although the 3SI has secured the participation of high-level political leaders, public awareness of the initiative remains minimal in most member states, including Hungary. Surveys and media monitoring indicate that the 3SI is almost unknown outside policy and diplomatic circles. This lack of visibility limits public support and reduces opportunities for private-sector engagement. Many SMEs—the very businesses that could benefit most from enhanced regional connectivity—are unaware of 3SI-related opportunities. For Hungary, increasing domestic understanding of 3SI's goals and concrete benefits would help garner support for greater national involvement and funding.

The 3SI Investment Fund also aims to gain significant amounts of private capital alongside public contributions, recognising that large-scale infrastructure development cannot rely on public funding alone. Attracting private investors requires strong visibility and clear communication of project pipelines, expected returns, and regional strategic value—yet awareness of the initiative remains so low in many member states that even potential investors are often unaware of its existence.<sup>25</sup> Without greater public and market awareness, achieving this goal will be challenging.

In summary, the Three Seas Initiative's potential is constrained by insufficient financing, weak institutionalisation, and low public awareness. Addressing these issues would not only accelerate the delivery of tangible projects but also strengthen the initiative's role as a platform for coordinated regional action—an outcome in which Hungary has a clear strategic interest.

<sup>25</sup> Robert Gonczi, 'Hungary towards the Three Seas Initiative', Warsaw Institute, 2022, <https://warsawinstitute.org/hungary-towards-the-three-seas-initiative/>, accessed 6 August 2025.





*Global Logistics Hub Stacked Shipping Containers at Busy Port, Gdynia. (Shutterstock).*



## Conclusions and Policy Recommendations

The Three Seas Initiative presents Hungary with a unique and timely opportunity to enhance its regional influence, accelerate domestic development, and reinforce national and alliance-level security objectives. While the initiative is not without its limitations, its potential to address infrastructure gaps, strengthen energy and digital resilience, and improve regional coordination makes it one of the most strategically relevant multilateral frameworks for Central and Eastern Europe today.

For Hungary, assuming a more proactive and visible role within the 3SI would be both feasible and beneficial. A central element of this strategy should be the pursuit of hosting a future 3SI summit in Budapest. Given the initiative's reliance on summit diplomacy due to its limited institutional structure, hosting would grant Hungary the ability to set the agenda, highlight national priorities, and position itself as a leader in shaping the region's strategic direction.

Hungary's key interests within the 3SI include:

- 1) **Economic Connectivity:** Strengthening North–South transport infrastructure (such as the Via Carpathia corridor and M30 highway) can increase trade, improve supply chains, and support Hungarian SMEs by providing better access to regional markets. It also boosts overall economic growth through increased mobility and reduced logistical costs
- 2) **Energy Security and Source Diversification:** Expanding interconnectors, enhancing access to LNG terminals (such as Krk), and supporting projects like BRUA help reduce Hungary's dependency on Russian energy imports and establish the country as a regional energy hub. Hungary benefits from a more integrated regional energy grid and enhanced crisis resilience
- 3) **Digital Infrastructure and Cybersecurity:** Investments in cross-border broadband, smart logistics, and cybersecurity cooperation position Hungary to lead regional digital innovation. These projects strengthen both the digital economy and resilience against hybrid threats

4) **Infrastructure and NATO's Eastern Flank Security:** Dual-use infrastructure development (roads, railways, energy grids) enhances military mobility, supports NATO's defence posture, and improves national preparedness. Hungary's central location makes it an indispensable logistics and transit hub for NATO operations

5) **Strategic and Foreign Policy Leverage:** Through leadership in the 3SI, Hungary can increase its influence within the EU and vis-à-vis transatlantic partners. Constructive participation demonstrates commitment to regional development and security, enhancing Hungary's diplomatic profile and soft power

At the same time, Hungary has the opportunity to help address key structural weaknesses within the initiative through targeted proposals:

- 1) **Addressing Financing Gaps:** Hungary could take the lead in raising additional contributions to the 3SI Investment Fund and push for blending EU, national, and private sector funding. Promoting the visibility and bankability of 3SI projects would attract private capital.
- 2) **Improving Institutionalisation:** Hungary could advocate for the creation of a light but permanent coordination structure—such as a rotating secretariat or technical working groups—to ensure continuity and better implementation across summits
- 3) **Enhancing Visibility and Public Support:** By hosting a summit and launching a national information campaign, Hungary could significantly increase public awareness of the initiative and its benefits, thereby encouraging stakeholder participation, including from SMEs and investors.

In conclusion, the Three Seas Initiative is not merely a diplomatic platform: it is a practical tool for achieving long-term national interests through regional cooperation and collaboration. By taking a leading role, Hungary can help shape the future of Central and Eastern Europe while advancing its own economic, security, and geopolitical objectives.



*Scan the QR code for more information about  
the Danube Institute*





# DANUBE

INSTITUTE

