CENTRE FOR ECONOMIC STRATEGY

A STRATEGIC ECONOMIC DIALOGUE: HUNGARY–UKRAINE FACT SHEET

For Ukraine, Hungary is a neighbouring supplier of critical wartime energy resources and logistics and transport services: it supplies natural gas, fuel, and electricity, as well as electrical equipment, vehicles, industrial machinery, and pharmaceuticals. For Hungary, Ukraine plays a vital role as a value chain for automotive components and electrical appliances produced in the machine-building cluster in Zakarpattia, and as a supplier of agrifood and wood products. Hungary-linked anchors in Ukraine's economy are registered in finance (OTP Bank) and in transport (TIS-linked port logistics). Since 2022, Hungary has also become a net host to displaced Ukrainians (around 43 thousand by the end of 2025). On the other side of the border, Hungarians make up a significant part of Ukraine's national minority, facilitating close cross-border business and social ties between the two countries.

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EXECUTIVE SUMMARY

Economic relations between Hungary and Ukraine are stable, with Hungary dominating bilateral trade. Hungary consistently exports more to Ukraine than it imports from it, while Ukraine plays a small role in Hungary's overall foreign trade. The only apparent exception was 2022, when wartime disruptions temporarily reversed the trade balance as Ukrainian exports were rerouted through EU land corridors and Hungarian exports faced logistical and risk constraints. In 2023–2024, the previous pattern returned as emergency trade flows faded and routes diversified.

Hungary's goods exports to Ukraine are concentrated on energy resources because the relationship is infrastructure-anchored: gas flows are enabled by the Ukraine–Hungary interconnection in Beregowo; Hungary (and Slovakia) receive oil transported through Ukraine from Russia via the "Druzhba" pipeline, refine it, and supply fuels to Ukraine. However, Hungary's share of Ukraine's fuel imports is not essential. Electricity exports are shaped by interconnector capacity and have made Hungary the most significant single supplier to Ukraine in 2024–2025.

Hungary is a net exporter of services to Ukraine, primarily in transport, logistics, and business services, supporting trade flows between Ukraine and the EU. Ukraine exports transport (pipeline) and processing services in the Western Ukraine machine-building cluster.

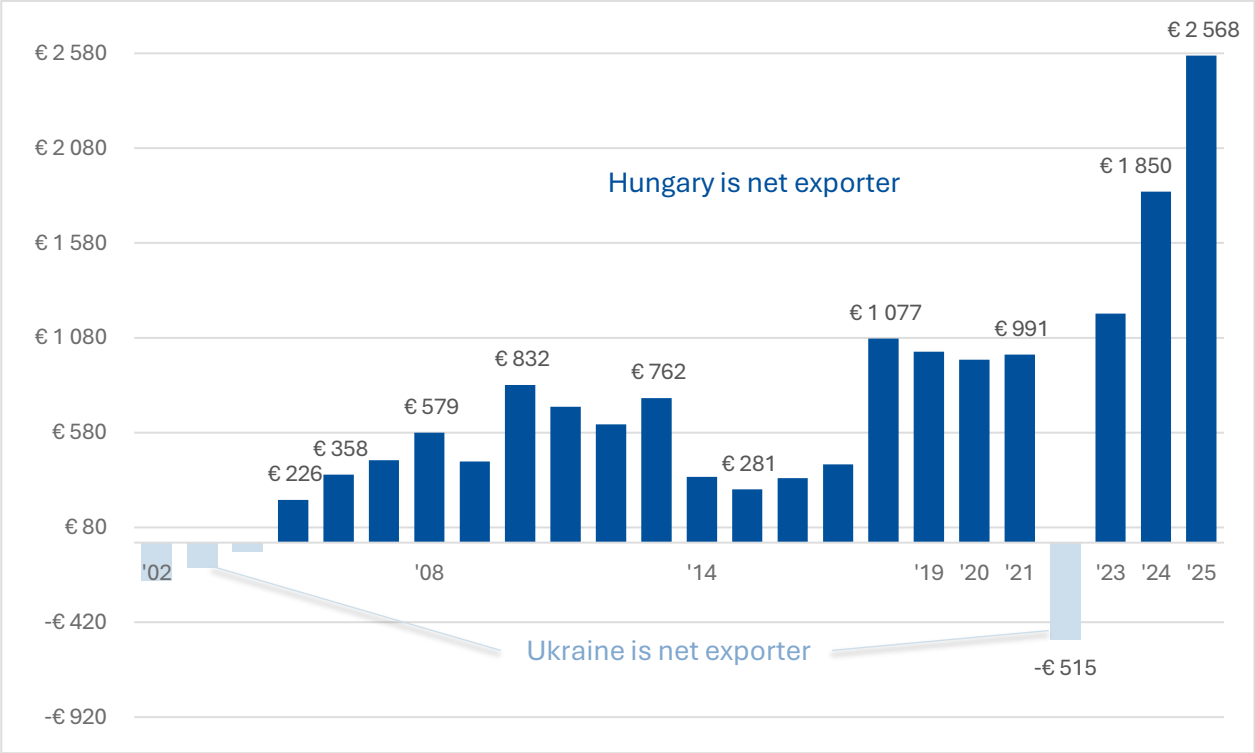
People movements are mainly driven by the Hungarian minority, which lives compactly along the western Ukrainian border, facilitating close cross-border business and social ties between the two countries. Hungary is not the leading destination for Ukrainian war refugees in the EU. Still, it is also not only a transit country, with 43 thousand Ukrainians registered under the temporary protection regime in Hungary as of the end of 2025.

The total Hungarian investment in Ukraine remains significant despite the full-scale war. However, recent changes are driven mainly by reinvested profits rather than new capital inflows, amid high security risks and capital restrictions. Hungarian-connected firms are concentrated in logistics, agri-food, processing, and professional services. At the same time, the presence of established financial institutions, including OTP Bank, supports operational continuity and can serve as a bridge to deeper economic integration as Ukraine advances towards EU membership.

Overall, Hungary–Ukraine economic ties since 2022 have become concentrated on energy, logistics and transport routes.

MOVEMENT OF GOODS'

Figure 1. Hungary - Ukraine Trade Balance of Goods, € million



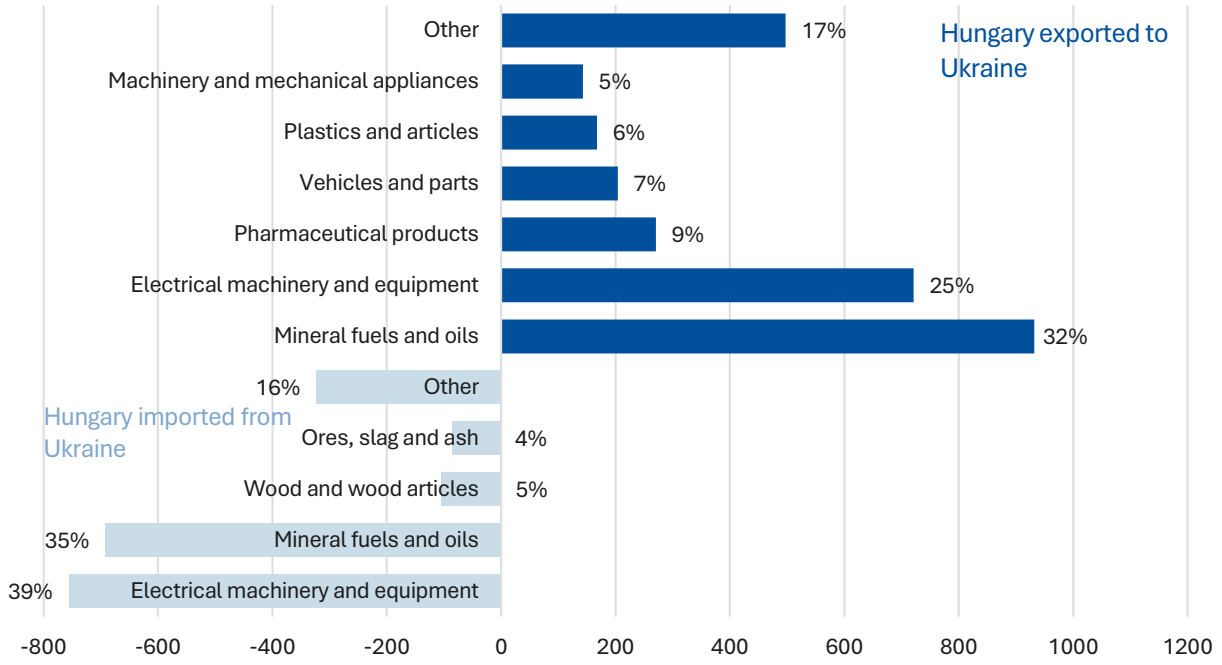
Source: Eurostat Comext, CES calculations

Hungary is a net goods exporter over the long run, with the notable exception in 2022, when Ukraine became the net exporter, and Hungary recorded a deficit of about €515 million. This was due to the forced rerouting of Ukrainian goods through EU land corridors, which increased recorded imports into neighbouring markets. Once alternative routes and border logistics stabilised, Hungary's exports exceeded the goods flow from Ukraine, and the balance returned to a large Hungarian surplus of €2.6bn in 2025.

The structure of Hungarian exports to Ukraine has remained broadly stable, but mineral fuels and oils dominate the mix due to the energy infrastructure interconnection. The following significant export categories are electrical machinery and equipment, pharmaceuticals, vehicles and parts, and plastic products and articles.

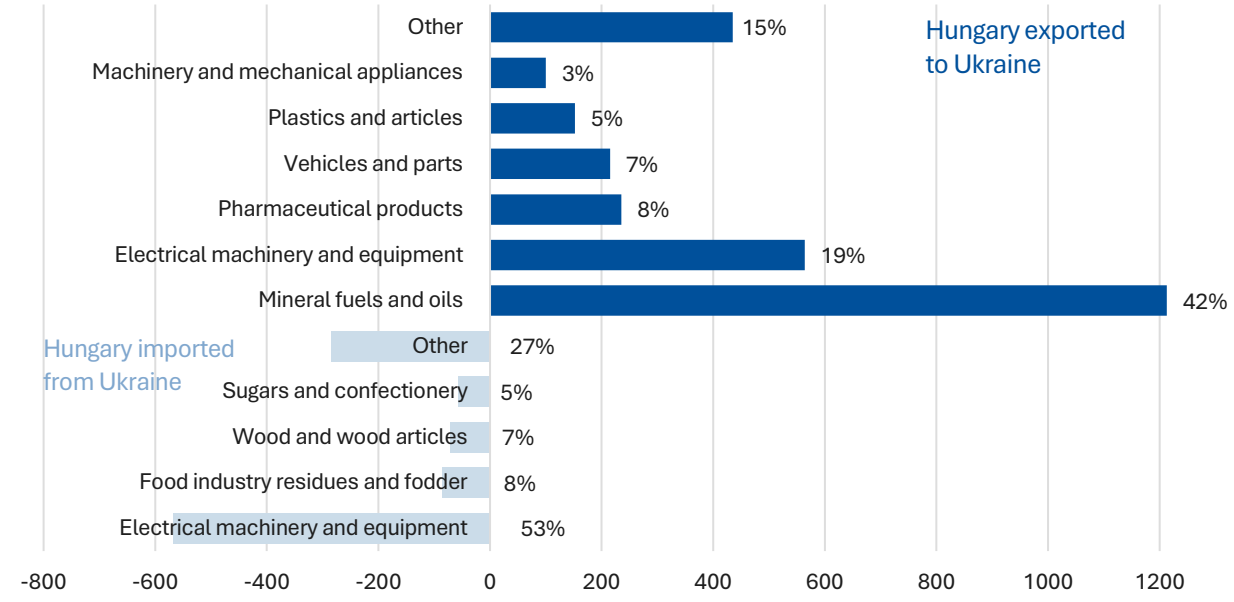
In 2021, Hungarian energy exports were dominated by natural gas (96%). By 2025, exports had diversified as fuel supply links were established to replace Ukraine's fuel production capacity lost in the war. As a result, the share of natural gas fell to 67%, while fuels rose to 22% and electricity remained important (11%). However, Hungary's diesel exports to Ukraine accounted for only 8% of Ukraine's total diesel imports. By contrast, Hungary's electricity exports to Ukraine accounted for almost 40% of Ukraine's total electricity imports, making Hungary the biggest supplier despite interconnection grid limits with the EU.

Figure 2. Top goods in Hungary–Ukraine bilateral trade in 2021, € million



Source: Eurostat, CES calculations

Figure 3. Top goods in Hungary–Ukraine bilateral trade in 2024, € million



Source Eurostat, CES calculations.

Hungary's pharmaceutical exports are linked to Gedeon Richter and Egis, which manufacture finished dosage forms (tablets, injectables, women's health, and CNS therapies) in Budapest and Dorog, which then enter Ukraine via Furthermore, LLC "Gedeon Richter Ukraine, a subsidiary of Hungary's Chemical Works Gedeon Richter.

In vehicles and parts, flows are operational (fleet/industrial components), not primarily finished passenger cars. Customs-record aggregators document Knorr-Bremse Fék-rendszerek Kft (Kecskemét,

HU) shipping braking systems/components to Ukrainian importers, including TOV "Chernihiv Auto Plant" and DP "Automotors". For electrical machinery and equipment, a documented distribution chain is Schneider Electric Hungaria Villamossági Zrt (Budapest) supplying TOV "Schneider Electric Ukraine" (Kyiv), with shipments listing insulated wires/cables and electrical apparatus.

Although energy imports from Ukraine are not among Hungary's top import categories in 2024, they are the clearest signals of wartime rerouting. In 2021–2024, Hungary's recorded imports of mineral fuels and oils from Ukraine were dominated by petroleum gas (about 87% in 2021 and 79% in 2024 — effectively natural gas), while electrical energy remained secondary (about 12% in 2021 and 21% in 2024). The pipeline-linked trade corridor is stable. Still, the electricity trade remains constrained by cross-border capacity and system conditions.

By 2025, the composition flips: electrical energy becomes the majority (about 81%, due to cheaper electricity in Ukraine when there are no electricity outages), petroleum gas falls sharply (about 4%), and refined petroleum products account for a non-trivial share (about 15%), indicating that the bilateral energy link shifts from being mainly pipeline-based to being increasingly shaped by short-horizon power-system balancing and interconnector availability.

In 2021, Hungary's imports from Ukraine mainly consisted of electrical machinery and equipment, mineral fuels, and oils, with smaller shares of wood and ores. By 2024, due to the impacts of the war, imports had become heavily focused on electrical machinery and equipment, agrifood products (including sugar, confectionery, and food industry residues such as oilcake), and wood. Significant increases in cereals (from €5m to €361m) and oilseeds (from €2m to €165m) in 2022 were later diminished due to the European Commission's ban on imports of Ukrainian agricultural products to neighbouring EU countries.

In electrical equipment, imports into Hungary are led by electric heating appliances (53.1% in 2023) and related components (switching/protecting devices, micro-assemblies, transformers/converters, and control panels). This basket reflects contract manufacturing in Zakarpattia: the Flex Mukachevo plant, which produces coffee machines and manufactures for global brands, including Nespresso. This reflects processing under a tolling arrangement typical in cross-border electronics value chains, where ownership and value capture can sit outside Ukraine even when the shipment is recorded as goods trade.

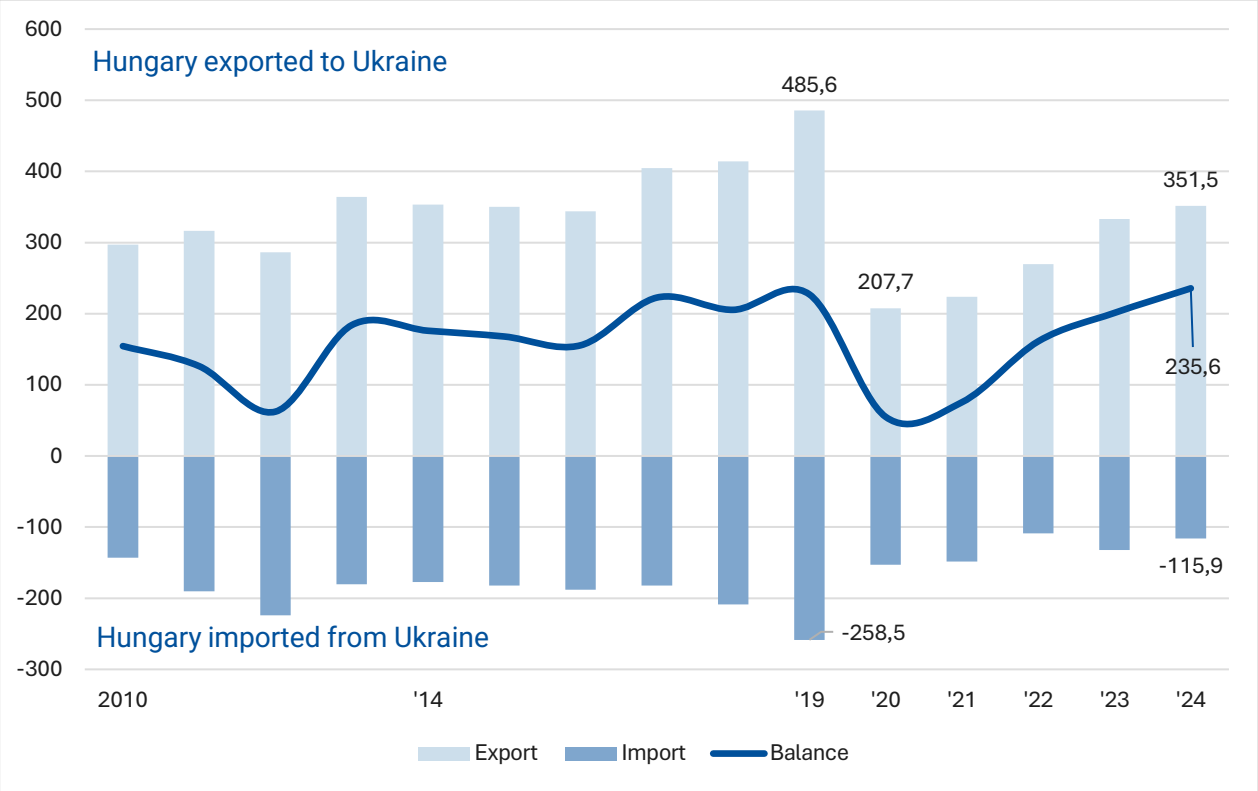
On the Hungarian export side, all flows are concentrated in insulated wires and cables (51.7% in 2023), supplemented by insulating fittings (15.1%) and switching/protecting devices (13.8%), predominantly intermediate goods used in grid repair, industrial equipment maintenance, and construction/utility systems rather than in consumer electronics. The presence of vehicle wiring sets is consistent with embedded supply-chain production in Western Ukraine (wire-harness plants run by Tier-1 suppliers such as Leoni, Yazaki, and Kromberg & Schubert) that feed the Central European automotive cluster. The early-2022 shutdowns in Western Ukraine disrupted harness supply, forcing Volkswagen, BMW and Porsche to curtail output, precisely the kind of shock you see when trade reflects contract manufacturing and outward processing rather than opportunistic spot shipments. The recipients of WU production are downstream assembly hubs in Hungary: Audi, Mercedes-Benz, and BMW.

This interpretation of both countries' machine-building production is consistent with EU inward processing arrangements, which allow imported inputs to be processed and re-exported with duty relief - exactly the regime used in tolling-style manufacturing networks.

In 2023, cereal imports into Hungary from Ukraine were highly concentrated on corn (91.4%), with wheat at 7.9% and barley at 0.4%. However, import volumes in this sector are currently decreasing.

MOVEMENT OF SERVICES

Figure 5. Trade in services of Hungary and Ukraine, € million



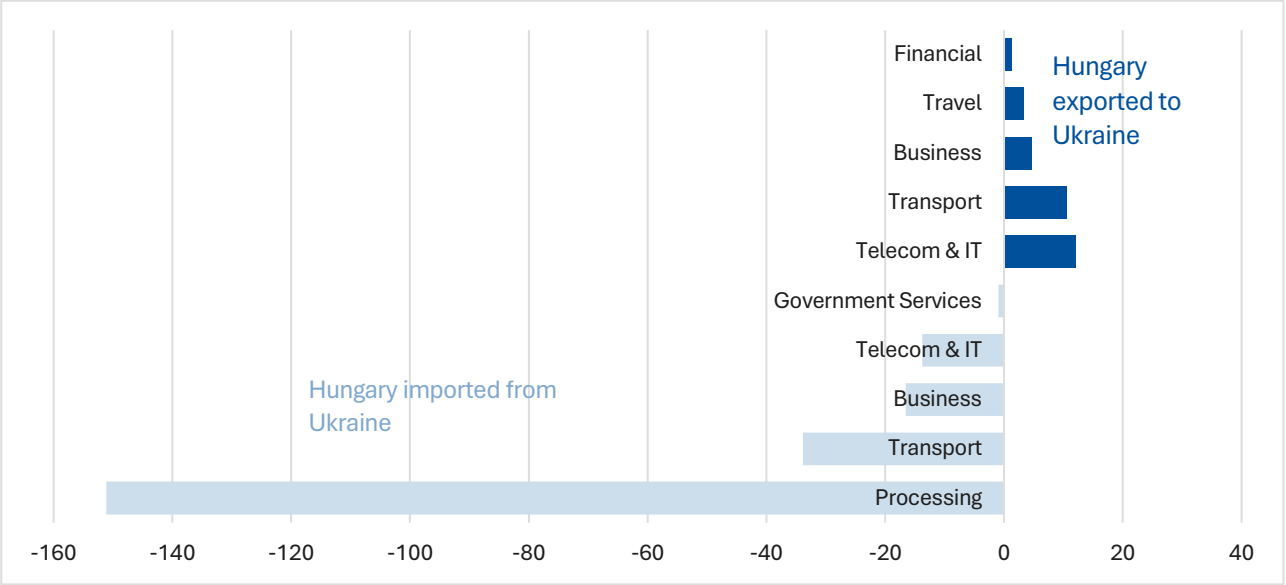
Source: Eurostat, CES calculations

Hungary is reported to be a net exporter of services to Ukraine. Before the pandemic, exports of services from Hungary to Ukraine were stable and rising, peaking around 2019 at about €483 million, while imports from Ukraine were lower.

During the COVID shock, Hungary's services exports fell to about €205 million in 2020 due to reduced travel. Since 2022, Hungarian services exports have risen to about €348 million in 2024, mainly driven by war-related migration flows and transport and logistics as part of the EU's solidarity lanes for Ukrainian food exports. However, in 2022–2024, Ukraine's share remains below 3% of Hungary's total services exports and below 2% of Hungary's services imports.

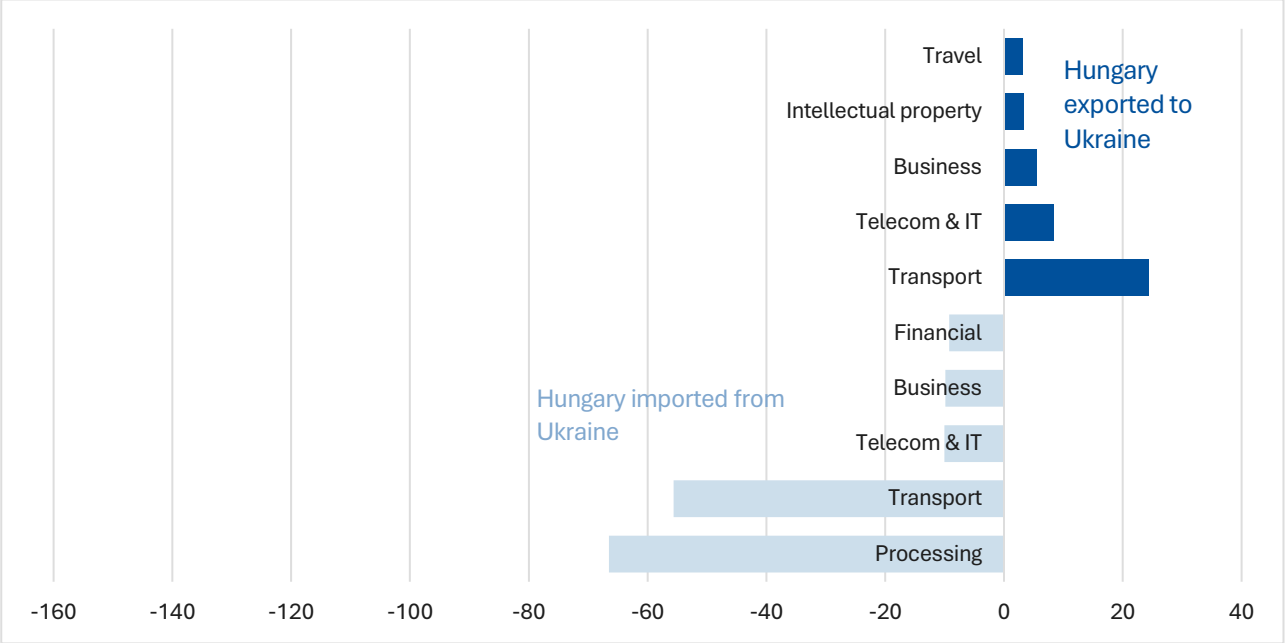
In 2024, Hungary's service exports to Ukraine, based on Ukrainian data (which does not cover all trade volumes), are led by transport services, which more than doubled compared with 2021, followed by telecom & IT and business services, with travel and intellectual property services relatively small.

Figure 6. Top 5 services in Hungary–Ukraine bilateral trade in 2021, € million



Source: State Statistic Service of Ukraine, CES calculations

Figure 7. Top 5 services in Hungary–Ukraine bilateral trade in 2024, € million



Source: State Statistics Service of Ukraine, CES calculations.

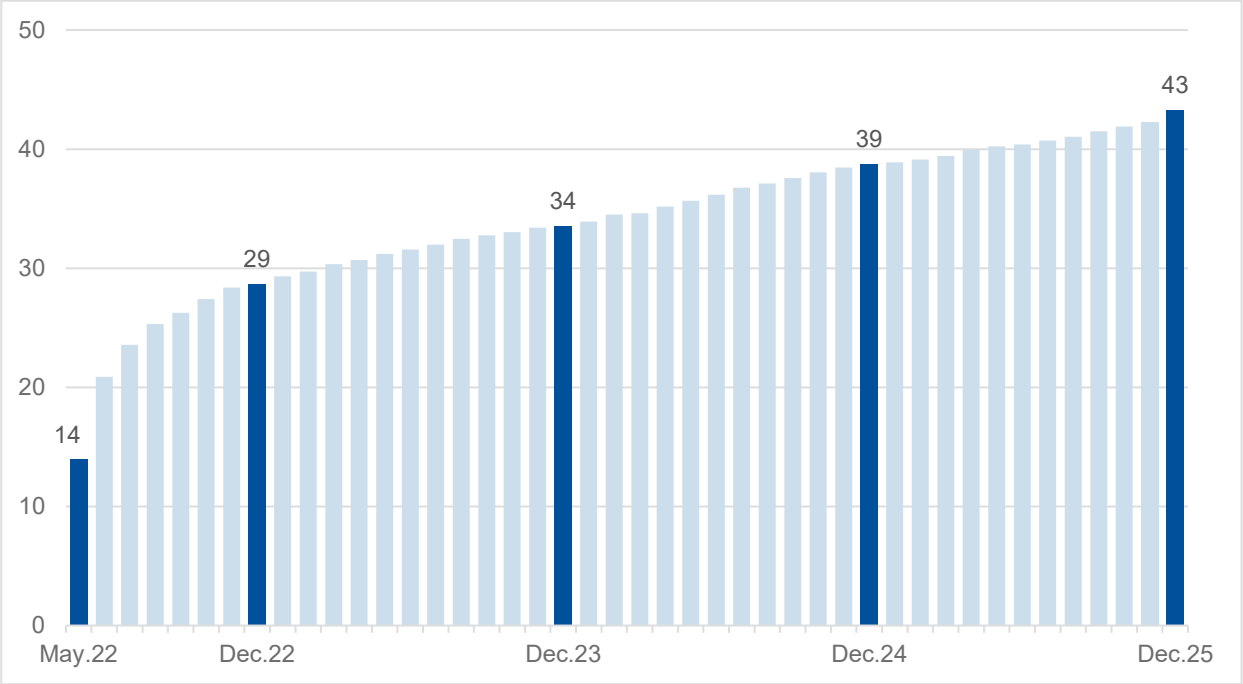
Ukraine exported mainly processing and transport services (the latter has been growing significantly), business, travel and financial services. Processing services are primarily linked to the Western Ukrainian automotive cluster; however, amid war-related risks, production has decreased. This pattern aligns with the mechanism observed in goods: wire harness and related component production in Western Ukraine is tightly integrated into EU assembly schedules, and disruptions in early 2022 were severe enough to constrain output across EU manufacturers—evidence that the bilateral relationship involves not only the physical parts trade but also production-related service transactions that can appear in balance-of-payments statistics.

Pipeline transport is part of transport services in international trade in services, so any paid gas transport or transit fees fall within this category. Documented pipeline transport service transactions in the relation include recorded oil-transit payments—the Druzhba transit tariff charged by Ukrtransnafta was €13.6/tonne from 1 Jan 2023. The Hungarian TSO explicitly markets gas transmission capacity from Hungary to Ukraine—FGSZ offers capacity at VIP Bereg (36,545,716 kWh/h) and lists VIP Bereg to Ukraine in its tariff-related communications. At the same time, GTSOU reports firm VIP Bereg capacity from Hungary to Ukraine of 9,763 tcm/day. In early 2026, Druzhba oil flows to Hungary and Slovakia were interrupted amid reported war-related damage and repair disputes, creating a short-term supply shock and forcing rerouting and inventory adjustments. This episode underscores how Hungary's energy security is affected not only by bilateral trade with Ukraine but also by transit infrastructure that runs across Ukrainian territory.

MOVEMENT OF PEOPLE

Ukraine and Hungary share a long history of cross-border people-to-people ties, with social, cultural, and economic connections. The Hungarian minority is highly active in the border zone, where education flows, and labour mobility intersect, and continues to shape bilateral sensitivities and long-term integration dynamics. Ukraine's last census (2001) reported 156.6 thousand ethnic Hungarians (0.3% of the population). Hungary–Ukraine people-to-people ties are underpinned by cross-border social and economic interaction in the Zakarpattia region, overwhelmingly concentrated in the Berehove district and adjacent border communities along the Hungarian frontier. This compact settlement pattern — including dozens of predominantly Hungarian-speaking villages in the Beehive, Vynohradiv and Uzhhorod districts — has historically sustained daily cross-border commuting, bilingual local administration, and a dense Hungarian-language school network of around 71–72 institutions in Zakarpattia. Enrolment in these schools rose to approximately 14 thousand students in 2020/2021 before declining to around 8.9 thousand in 2024/2025 amid demographic contraction, outward migration, and wartime disruption.

Figure 8. Ukrainian beneficiaries of temporary protection in Hungary, thousands of people

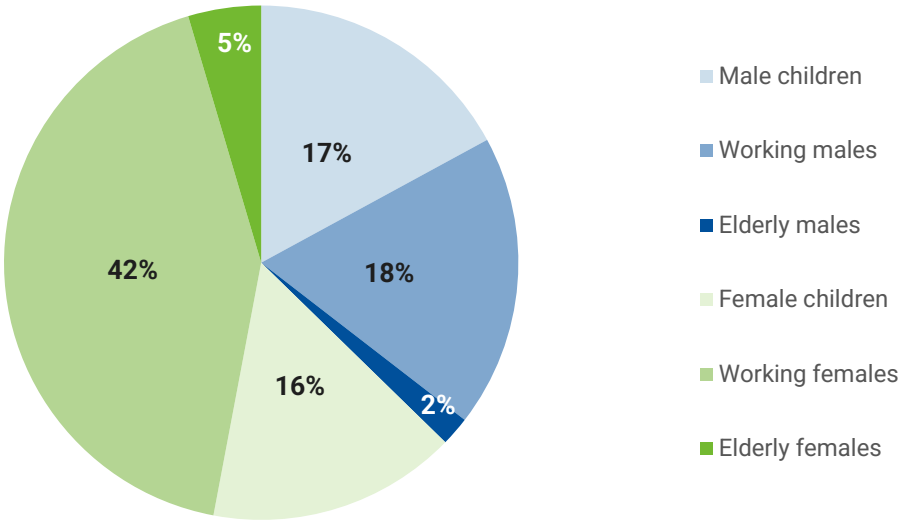


Source: Eurostat, CES calculations

Before the full-scale war in 2021, only 15 thousand immigrants with Ukrainian citizenship lived in Hungary. Since 2022, migration has represented a sustained displacement shock, with more than 1.8 million Ukrainians entering the EU through the Ukraine-Hungary border in 2022 and 4.2 million by 2024. However, by the end of 2025, the number of Ukrainians under temporary protection in Hungary was slightly over 43 thousand. Compared with other countries bordering Ukraine, the scale of the refugee flow to Hungary is relatively small: as of the end of 2024, there were more than 1.36 million Ukrainians in Poland, about 195,000 in Romania, 134,000 in Slovakia, and only 42,000 in Hungary. At the same time, the trends across 2022-2025 for Hungary and Romania are very similar, as are the working-population shares.

The refugee structure shows a female majority, centred on working-age women: working women make up 42%, while working men make up 18%. Children's share is substantial (male children 17%, female children 16%), a crucial part of social integration for the hosting country (through schooling), and the elderly share is small (older women 5%, older men 2%).

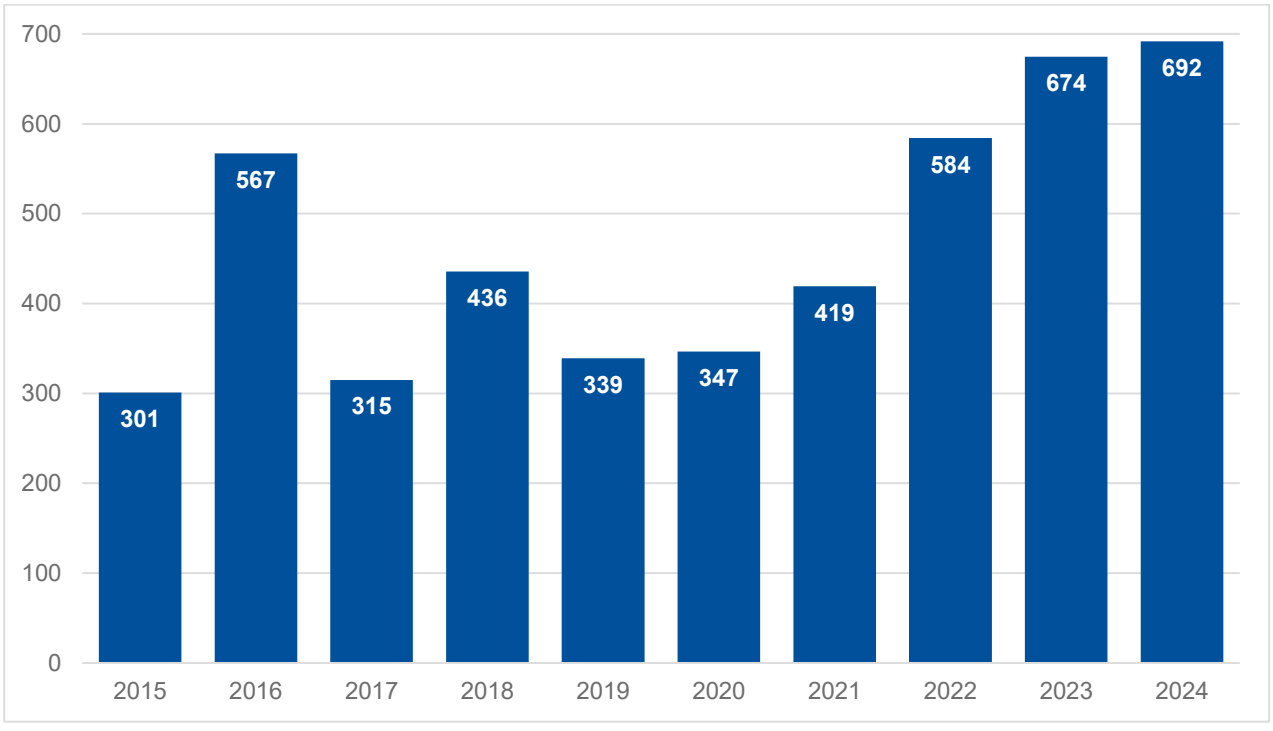
Figure 9. Gender and age distribution of the Ukrainians-beneficiaries of temporary protection in Hungary, November 2025



Source: Eurostat, CES calculations

MOVEMENT OF CAPITAL

Figure 10. Hungary's FDI position in Ukraine, € million



Source: National Bank of Ukraine, CES calculations

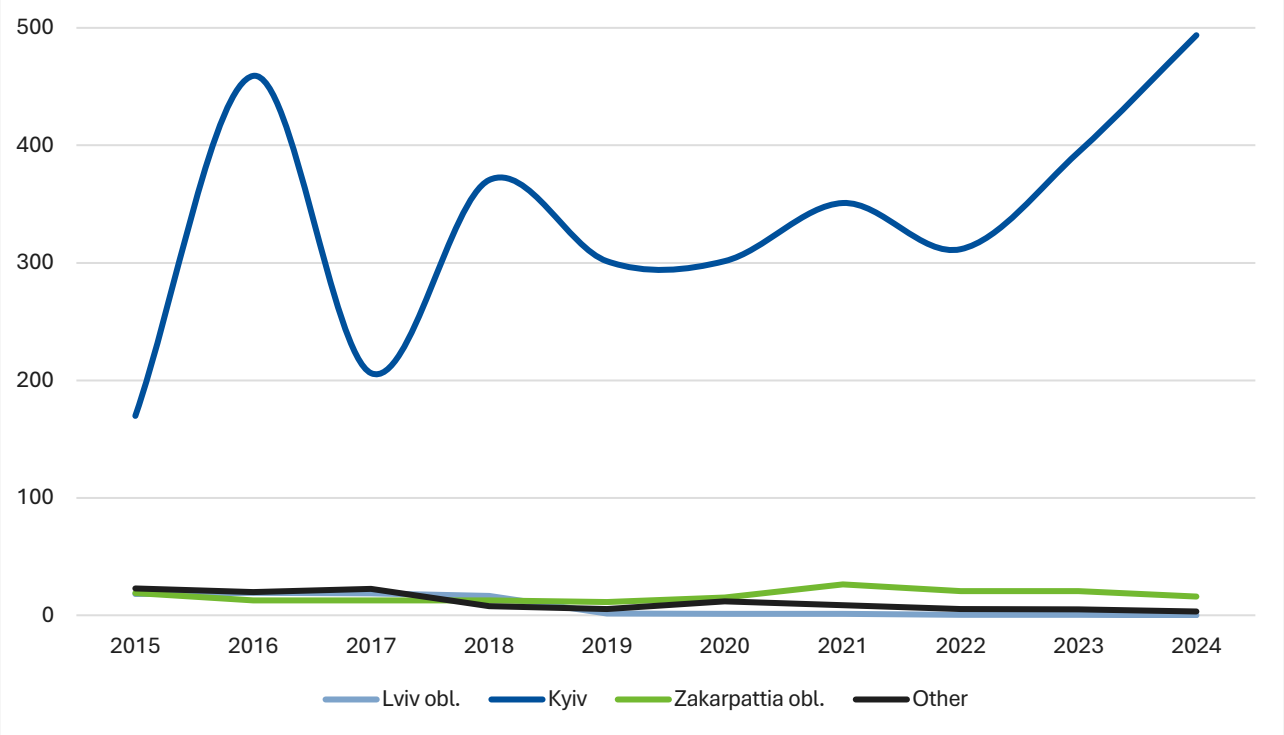
Hungary's direct investment position in Ukraine has remained substantial throughout the war and, by 2024, had surpassed the pre-invasion level. Equity instruments dominate the stock market, and Hungarian investors, including the TIS port/logistics cluster, OTP Bank Ukraine, Agrobudivelnyi Alliance Astra, Syrobob, Malynivskyi Glass Plant, and Deloitte & Touche Ukraine, did not withdraw structurally

from Ukraine, partly due to Ukrainian authorities' capital controls. Overall, 266 Hungary-linked companies recorded activity in 2024.

During the war, reinvested earnings became a central channel sustaining the investment position, as locally generated profits were retained while parent companies might limit further funding.

The geographical concentration of Hungarian equity positions in Ukraine was centred on Kyiv City (approximately €494 million), which accounted for a large share of the national total. Zakarpattia oblast, as a low-risk border region, remains the only consistently visible secondary node (around €16 million). By contrast, all other areas are marginal, including Kyiv oblast, Kharkiv, Ivano-Frankivsk, and Odesa.

Figure 11. FDI stock from Hungary in Ukraine by regions, € million



Source: National Bank of Ukraine, CES calculations

In 2024, Hungary-linked business activity in Ukraine was almost entirely centred on cargo handling and logistics. The second pillar is financial services, with OTP Bank, the 9th-largest bank in Ukraine in 2024, holding a 3.6% market share. It is part of the Hungary-based OTP Group and has maintained a long-standing presence in the Ukrainian banking market.

Table 1. Top 10 sectors by the revenue of Hungarian companies in Ukraine, 2024

Industries of Hungary-linked companies in Ukraine, 2024	Revenue, € m	*% of total*	Number of companies	*% total*	Number of employees	*% total*
Cargo handling	157	27%	10	4%	2588	35%
Financial leasing	98	17%	1	<1%	167	2%
Wholesale of agricultural machinery	75	13%	4	2%	270	4%
Dairy processing (butter & cheese)	27	5%	1	0%	471	6%
Hollow glass manufacturing	23	4%	1	0%	397	5%
Accounting, audit & tax consulting	17	3%	1	0%	165	2%
Wholesale of chemicals	17	3%	2	1%	33	0%
Non-specialized wholesale	16	3%	9	3%	45	1%
Real estate leasing & management	12	2%	78	29%	362	5%
Plastic packaging manufacturing	11	2%	3	1%	258	3%
Grand Total	**579**	100%	**266**	100%	**7491**	100%

Source: Youcontrol, CES calculations

Outside logistics and finance, the largest Hungary-linked operators are concentrated in a few key sectors: Agrobudivelnyi Alliance Astra (agricultural machinery distribution), Syrobob (dairy processing), Malynivskyi Glass Plant (glass manufacturing), and Deloitte & Touche Ukraine (professional services). By contrast, some segments are numerous yet economically smaller, for example, real estate leasing and management (78 companies represent 29% of firms, but €12 million is 2% of revenue).

According to Youcontrol data, results for companies with Hungarian beneficiaries in Ukraine deteriorated overall between 2021 and 2024: assets fell by 21.8%, total income by 39.6%, and profits by 40.3%. This decline is attributable to the contraction of the Ukrainian economy, driven by the consequences of the full-scale war.

IMPLICATIONS FOR INTEGRATION POLICY AND STRATEGIC BILATERAL DIALOGUE

Despite political tensions, Hungary–Ukraine bilateral ties are important for both countries. Ukraine is an essential market for Hungarian machinery and equipment, as well as for energy resources. Ukraine provides agricultural and food supplies that support EU food security and remains a crucial part of the EU automotive cluster. Mutual investment is also significant and is supported by OTP Bank's financial and payment facilities. Further cooperation in cross-border logistics and transport will benefit foreign trade and the economic development of both countries.

For Hungary, Ukraine's EU accession would expand the effective market for Hungarian firms under a common rulebook, reduce regulatory and customs frictions, and lower the risk premium that currently constrains financing and supply-chain scaling. There are two practical tracks for implications: expanding existing bilateral strengths (including electrical goods and components, selected agrifood products, wood-based goods, and some metal inputs), and developing underused but feasible categories where Hungary imports heavily from the world and Ukraine already exports globally (including selected steel products, machinery, plastics, paper-based products, furniture, and some aluminium and agro-processing inputs). For Ukraine, participation by Hungarian firms in reconstruction, as well as broader investments in Ukrainian production facilities, will bring modern expertise and additional impetus to align Ukrainian standards and rules with European ones.

Further cooperation in cross-border logistics and transport will benefit foreign trade and the economic development of both countries. Existing financial infrastructure, including established banks operating in Ukraine, can support a more stable environment for trade settlement and recovery-related financing.

Policy coordination should treat displaced Ukrainians as mobile human capital rather than a temporary administrative burden. This entails support for schooling, childcare, healthcare access, skills recognition, and circular mobility pathways that enhance labour-market matching and productivity while preserving return options as recovery progresses.

Hungary has not fully phased out Russian oil: together with Slovakia, it remains among the last EU importers of Russian oil via the Druzhba pipeline. The policy implied Hungary's complete rejection of Russian crude and its transition to alternative sources and supply channels (Adria/JANAF capacity). This will increase demand for petroleum products from Ukraine, providing significant support to Hungary's industry and budget.

Together, these steps can transform Hungary–Ukraine's current economic interdependence into a forward-looking EU accession dividend: a more predictable cross-border corridor, deeper supply-chain integration, and a clearer channel for Hungarian firms to participate in Ukraine's recovery under EU-compatible rules.

The Centre for Economic Strategy (CES) is an independent centre for state policy research. CES is tasked with supporting reforms in Ukraine to achieve sustainable economic growth. The Centre contributes to the development of Ukraine's economic growth strategy, analyses the most important aspects of public policies, and works to strengthen public support for reforms. It was founded in May 2015.

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