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Abstract

The Iran-Iraq War was one of the largest military conflicts in the modern history of the Middle East. A substantial body of scholarly literature has been published on the topic, yet certain aspects of the conflict remain unexplored. Based on archival sources, this paper addresses one such aspect by examining how a small Eastern Bloc country – Hungary – responded to the war and sought to maintain its neutral stance. The relevance of this topic lies in the fact that these two countries were among the most significant Middle Eastern economic and trade partners of the Eastern Bloc during the 1970s and 1980s; therefore, the conflict placed Hungary in a precarious position.

Keywords: Middle East, Hungary, neutrality, Eastern Bloc, Iran-Iraq War

Introduction

The history of relations between the Eastern Bloc and Middle Eastern countries is a topic that has been relatively underrepresented in Cold War literature, despite the availability of numerous primary sources to researchers. This paper aims to partially address this gap by analysing the challenges and dilemmas Hungary faced in relation to the Iran–Iraq War.

Throughout the 1960s and 1970s, Hungary succeeded in establishing pragmatic political relations and, more importantly, steadily deepening economic ties with several states from the Middle East. By the mid-1970s, Iraq and Iran had emerged as Hungary's most important trade partners, leading to various mutually beneficial bilateral agreements, high-level diplomatic meetings and

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summits, and, notably, opportunities for Hungarian state enterprises to participate in economic development projects in both countries. Consequently, Hungary was deeply concerned by the outbreak of the Iran–Iraq War, as its well-established political relations and vital foreign trade interests with the two Middle Eastern countries were at risk. The paper argues that the first two years of the conflict were relatively favourable for Hungary, as its exports to both Iraq and Iran experienced rapid and extraordinary growth. However, from 1982 onwards, the war gradually constrained Hungary's economic opportunities in these markets and, particularly in the case of Iraq, negatively affected bilateral political relations.

This research draws primarily on unpublished records held in the National Archives of Hungary (MNL OL), particularly documents from the Hungarian Ministry of Foreign Affairs and the Ministry of Foreign Trade, with a focus on reports issued by the Hungarian embassies and commercial offices in Baghdad and Tehran. Additionally, it incorporates statistical data provided by the Hungarian Central Statistical Office (HCSO), especially the Foreign Trade Statistical Yearbooks from the 1970s and 1980s.

The paper is divided into three sections. The first provides a brief overview of the geopolitical context and origins of the Iran–Iraq War. The second outlines the key features of Hungary's foreign policy during the Cold War and summarizes its relations with the region, with particular focus on Hungarian–Iraqi and Hungarian–Iranian ties. The final section forms the core of the analysis, examining the war's impact on Hungary's interests and shedding light on the varying nature of Hungarian neutrality.

The geopolitical background of the Iran-Iraq War

During the Cold War, the Middle East emerged as a key arena of confrontation between the two superpowers. Both the United States and the Soviet Union recognized the strategic importance of the newly independent states in the region, viewing them as potential partners – or even allies – in the broader global struggle. In the U.S. Middle Eastern strategy, four countries played a prominent

role: Israel, Turkey – which joined NATO in 1952 – Iran, and Saudi Arabia. Iran and Saudi Arabia were particularly important, as Washington, under the so-called "Twin Pillars" policy pursued by the Nixon administration, sought to ensure the security of the Persian Gulf and safeguard its vital interests by relying on these two states (Sick, 2018). The Soviet Union inevitably perceived the American expansion in the Middle East as a major threat. While Moscow initially supported the formation of Israel, it soon became clear that a strategic partnership with the Jewish state was unattainable due to deep ideological differences. As a result – though not from the outset of the Cold War – the Soviet Union eventually embraced the Palestinian cause and, along with other Eastern Bloc countries, positioned itself as a patron of both the Palestinian struggle for liberation and the so-called "progressive" Arab regimes. Among these regimes, it succeeded in forging strong strategic partnerships with Egypt, Syria, and Algeria. Moreover, following the 1958 revolution, it established close relations with Iraq as well (Golan, 1990).

Taking all of this into account, an approximate balance of power was established relatively quickly in the Middle East between the United States and the Soviet Union, with both superpowers managing to exert substantial influence over the region. However, it should be noted that, unlike in Europe, no clear political blocs were formed in the Middle East; the states in this region enjoyed much greater political manoeuvrability within the broader context of the Cold War. In the 1970s, however, a series of events appeared that disrupted the previously established balance between the superpowers (Lugosi, 2010). First, from the beginning of the decade, Egypt began to revise its pro-Soviet foreign policy, which became more evident after the 1973 Arab-Israeli War. This realignment ultimately led to the signing of the Camp David Accords with Israel, brokered by the United States, which not only included Egypt's official recognition of the Jewish state but also marked its integration into the American sphere of influence. From the Soviet perspective, even the earliest signs of Egypt's foreign policy shift posed a serious challenge, prompting Moscow to make Iraq its new regional priority. Consequently, the two countries signed the "Treaty of Friendship and Cooperation" in 1972, which laid the foundation for

comprehensive cooperation in economic and, most importantly, military fields, enabling Moscow to significantly expand its arms deliveries to Baghdad. Following the treaty, Iraq emerged as the Soviet Union's most important strategic partner in the region. This was an undeniable achievement, though it could not fully compensate for the loss resulting from Egypt's realignment. Second, in 1979, the Iranian Islamic Revolution toppled the Pahlavi dynasty, setting Iran on a completely new foreign policy path and delivering a major blow to Washington, as it lost the more powerful part of its "Twin Pillars" policy. Third, at the end of the same year, the Soviet Union invaded Afghanistan in order to keep the local Marxist, pro-Soviet government in power (Cleveland-Bunton, 2016). Although at first it seemed that both developments would favour the Soviets' regional position, the outcome proved to be quite the opposite. It soon became clear that Moscow was unable to forge a meaningful alliance or strategic partnership with Iran. Furthermore, it failed to stabilize Afghanistan, and the war imposed a severe economic cost, contributing to the eventual collapse of the Soviet Union.

Overall, the 1970s proved to be a highly transformative period in terms of Middle Eastern geopolitics, with a profound impact on both Iraq and Iran. However, the 1980s posed an even greater challenge, as these countries became embroiled in the largest military conflict in the modern history of the region. The outbreak of the Iran-Iraq War has been the subject of a large body of literature over the past decades, highlighting varied reasons and motivations behind Iraq's invasion. One of the most frequently cited causes of the war was the long-standing border dispute between the two countries, particularly over control of the Shatt al-Arab waterway. Although this issue appeared to have been resolved by the 1975 Algiers Accord, over time, Baghdad increasingly claimed that the agreement was a national humiliation, insisting it had been signed under severe pressure stemming from the Kurdish insurgency in the north. These growing grievances culminated in Saddam Hussein's official abrogation of the agreement shortly before the outbreak of the war. While this question was a clearly important triggering factor, the conflict encompassed much more than a simple territorial dispute (Karsh, 2002).

From a cultural perspective, the Iran-Iraq War was deeply rooted in the historical Arab-Persian rivalry, as well as the Sunni-Shia divide. The latter was instrumental in Saddam Hussein's decision, given that Iraq was a Shia-majority country ruled by a Sunni-dominated leadership; thus, he viewed the Shia cleric and Supreme Leader of Iran, Ruhollah Khomeini's call for the export of the Islamic Revolution as a direct threat to his regime. In addition, the regional rivalry between the two countries also played a crucial role in the outbreak of the conflict. Iran, the stronger pillar of the American "Twin Pillars" strategy, had become the dominant power in the region by the 1960s and was often referred to as the "policeman of the Persian Gulf." This position was further solidified by the Shas's White Revolution initiated, which soured economic growth in Iran. Iraq perceived Iran's regional dominance with serious concern; however, for an extended period, it was unable to counter this, due to its ongoing internal political instability. In the early 1970s, this situation changed as the Ba'ath Party consolidated its power and launched an extensive modernization program, leading to notable improvements in the military strength, economic productivity, and infrastructure of the country. Consequently, Iraq became the strongest Arab economy in the Middle East and emerged as a regional challenger to Iran by the latter half of the decade. Having witnessed the political turmoil in Iran following the Islamic Revolution, Saddam Hussein may have seen an opportunity to end this regional rivalry and shift the balance in his favour (Marr and al-Marashi, 2017; Razoux, 2015).

Finally, the complex global dynamics surrounding the conflict must not be overlooked. From this perspective, one of the most distinctive features of the Iran-Iraq War was that it did not resemble a typical Cold War confrontation, in which the two superpowers unambiguously aligned with opposing sides and provided consistent support to their respective clients. Instead, both Washington and Moscow demonstrated shifting and, at times, contradictory approaches to the conflict. This complexity can also be perfectly observed regarding the outbreak of the war. In this context, one of the most important and divisive questions in the relevant literature is whether the United Sates gave a green light to Iraq to launch the attack. Throughout the 1980s and 1990s,

several arguments emerged that seemed to support the "green light theory"; however, recent scholarly works indicate that there are no conclusive archival sources confirming that the United States played such a role (Brands, 2012; Razoux, 2015). At the same time, it can be argued that Washington was likely aware of the increasing probability of an attack preceding the war (Byrne, 2010; Emery, 2013).

Motivated by a combination of the aforementioned factors – including a desire to defend what he regarded as Iraq's claimed or actual strategic interests – Saddam Hussein launched a full-scale invasion of Iran on September 22, 1980. In retrospect, this decision proved to be a grave miscalculation, since Iraq failed to secure a quick and decisive victory, and the conflict descended into a prolonged stalemate, resulting in hundreds of thousands of casualties.

Hungary's relations with the Middle Eastern region during the Kádár Era

After World War II, Hungary became part of the Soviet sphere of influence, and by 1949, it had been transformed into a socialist state. The "Sovietization" of the country clearly determined its foreign policy orientation; Hungary was a co-founder of COMECON in 1949 and joined the Warsaw Pact in 1955. However, Hungary's position in the global system during the Cold War era was not solely shaped by its unconditional loyalty to the Soviet Union; rather, it is more accurately characterized by the concept of "dual dependency." This meant that Hungary was politically dependent on an imperial center – Moscow – while simultaneously economically dependent on industrial capitalist ("core") countries (Böröcz, 1992). The significance of economic dependency began to increase after the Revolution of 1956, primarily due to the policy of the newly established government led by János Kádár. Following the brutal repression of the revolution, the regime recognized that its only chance to gain political legitimacy was to establish moderate yet acceptable social conditions and living standards in the country. In order to achieve this, it sought to rapidly develop modern national industry and agriculture, however, the country lacked both the

capital and the necessary technology. Since the Soviet Union and other COMECON countries were unable to fully provide these resources, Hungary had to turn to certain capitalist nations and establish active economic partnerships with them (Békés, 2004).

The growing importance of Middle Eastern countries in the foreign policy of the Kádár regime unfolded in two distinct phases. The first phase can be traced back to the so-called "Hungarian question," a term referring to the Hungarian Revolution suppressed by Soviet military intervention. On November 10, 1956, the UN General Assembly – primarily under pressure from the United States, the United Kingdom, and France – placed the issue on its agenda and, in January 1957, opened discussions during which the Western powers condemned the Soviet Union for its aggression and declared the Kádár regime illegitimate. From that point onward, the issue remained on the agenda for a few years, playing a major role in Hungary's international isolation. In an effort to break out of this isolation, the Kádár regime began reaching out to countries of the Global South, persuading them to either vote against placing the issue on the agenda or, at the very least, to abstain from voting on it. This strategy proved successful, as the UN General Assembly ultimately dropped the "Hungarian question" from its agenda by 1962. Many Global South countries – such as Egypt, Iraq, India, Nepal, Indonesia, and Sudan – approached the issue differently from the Western states and therefore cast their votes in a manner favourable to Hungarian interests (Johancsik, 2010).

The second phase during which Middle Eastern states became more significant for the Kádár regime was the 1970s. In this phase, two factors contributed to the rise in their importance. First of all, from the second half of the 1960s, the Soviet Union aimed to persuade Eastern Bloc countries to procure a portion of their long-term oil supply from the Middle East. As a result, the Eastern Bloc countries began signing trade agreements for crude oil, primarily with Iraq, Iran, Libya, Kuwait and Algeria. These agreements can be seen as an early stage in the effort of Central European socialist countries to diversify their oil sources; however, the Soviet Union remained their primary oil supplier throughout the 1970s and 1980s (MNL OL. 1). The second factor was the 1973

oil crisis, which triggered not only one of the most significant economic crises of the 20th century, but an irreversible process in the Hungarian economy. The rising energy costs led to higher prices for all the goods and technologies that were imported by Hungary, on the other hand, the price of agricultural products, which was the main item in Hungary's trade with the West, started to drop. Therefore, the crises created a large external trade deficit. To maintain access to essential Western technologies and preserve the living standards to which the Hungarian population had become accustomed, the Kádár regime began acquiring foreign loans. This soon led to increasing foreign indebtedness, placing a serious burden on the country. (Berend, 1988) Since these loans had to be repaid in "hard currencies," primarily USD, Hungary was compelled to find new markets for its industrial and agricultural products in order to generate extra income in USD. In this context, trade with Middle Eastern countries became essential – particularly with oil-rich states such as Iraq, Iran, Kuwait, and Libya – as they proved to be financially capable partners due to their substantial oil revenues.

Hungary and Iraq

Hungary and Iraq established their first diplomatic ties in 1938; however, the outbreak of World War II halted any further development of this relationship. The next significant milestone in the relationship between the two countries occurred in 1958, when a coup led by Abdul Salam Arif and Abd al-Karim Qasim overthrew the Iraqi Hashemite monarchy. One week after the proclamation of the Republic of Iraq, Hungary officially recognized the new regime via telegram, and later that year, the Hungarian embassy in Baghdad commenced operations. Nevertheless, between 1958 and 1968, the two states were unable to establish a strong economic or political partnership due to Iraq's ongoing political instability and frequent coups d'état. The active phase in their diplomatic relations was initiated after 1968, when the Ba'ath Party, led by Ahmed Hassan al-Bakr and Saddam Hussein, consolidated its power and stabilized the country. In 1971, the two states signed a Technical-Scientific

Cooperation Agreement, and in 1973, they established the Hungarian-Iraqi Joint Permanent Commission for Economic Cooperation, which was responsible for deepening bilateral economic ties and exploring potential joint development projects in Iraq. In 1975, Saddam Hussein paid an official visit to Hungary, marking one of the most important events in the bilateral relations between the two states (MNL OL. 2).

Thanks to various intergovernmental agreements and high-level visits, the volume of bilateral trade had grown substantially by the second half of the decade. Between 1976 and 1979, Hungarian exports to Iraq rose from 3.5 billion HUF to 5.1 billion HUF. Hungarian imports from Iraq also saw remarkable growth during the same period, increasing from 3.1 million HUF to 4.3 billion HUF. The main Hungarian export items included industrial machinery and engineering products, as well as transport equipment, most notably buses and related accessories. In addition, Hungary achieved substantial agricultural exports and contributed to the construction of several cold storage warehouses and canning factories in Iraq (HCSO 1976-1979). Besides civilian goods, arms sales – mainly armoured vehicles, air defence systems, and infantry ammunition – also constituted a considerable portion of Hungary's exports.[2] (Al-Naggar and Nagy, 2022) The predominant item of the Hungarian import from Iraq was crude oil (HCSO 1976-1979).

It should be noted that the economic relations between the two countries developed not only bilaterally but also within a broader multilateral framework, exemplified by Hungary's participation in several instances of the so-called "Tripartite Industrial Cooperation." This cooperation involved collaboration among three enterprises: one from a Western capitalist country, one from an Eastern European socialist country, and one from the Global South (Gutman, 1981). A prominent example of this in Iraq was a project between the Hungarian company Ikarus and the Swedish firm Scania in 1973, which, together with the

[2] It should be noted that the Foreign Trade Statistical Yearbooks of Hungary do not include records of Hungarian military deliveries. The Kádár regime deliberately chose not to disclose this "special dimension" – as it was referred to at the time – of Hungary's exports in official statistical sources available to the general public.

Iraqi State Establishment for Automobile Industry, opened a bus assembly factory in Iskandariya. This successful initiative paved the way for further similar cooperations in different industrial sectors throughout the 1970s and in the first part of the 1980s (MNL OL. 3).

Hungary and Iran

The Hungarian-Iranian relations followed a broadly similar pattern, as Hungary maintained limited but existing diplomatic ties with Iran before 1939, which were disrupted by the outbreak of World War II. In 1951, the communist leadership in Hungary expressed strong support for Mosaddegh's rise to power and renewed diplomatic relations with Iran. Although Mosaddegh's fall was viewed unfavourably in Budapest, bilateral relations nevertheless continued to progress slowly. In 1964, Hungary opened its embassy in Tehran, followed by a state visit to Budapest by Mohammad Reza Pahlavi in 1966. These developments led to the opening of the Iranian embassy in Budapest in 1969. That same year, the two countries established the Hungarian-Iranian Joint Economic Cooperation Committee, and in 1972, they ratified a Technical and Scientific Cooperation Agreement (MNL OL. 4). During the following years, political relations advanced considerably, highlighted by a series of high-level state visits from both sides. As part of this growing engagement, the Shah visited Budapest again in 1978. Despite the evident ideological differences, the two states consistently maintained a highly pragmatic approach and sought to focus on fostering favourable environment for the economic relations (MNL OL. 5). The Iranian Islamic Revolution thus posed a major challenge to the previously well-established relations; however, a few months after the new regime took power, Iranian diplomats declared that they saw no obstacle to maintaining a pragmatic political approach and continuing fruitful economic cooperation with Hungary (MNL OL. 6).

As the official statistics illustrate, Hungarian-Iranian trade followed a less dynamic trajectory compared to that with Iraq. In 1976, Hungary's exports amounted to 2.2 billion HUF and remained at approximately the same level until

1978. In 1979, however, exports dropped to only 1.2 billion HUF, primarily due to the revolution and regime change in Iran. Imports from Iran stood at 2.6 billion HUF in 1976 but declined to around 1.2 billion HUF over the following two years. Nevertheless, by 1979, imports had risen again to over 2 billion HUF. Hungary's primary export items consisted of industrial products made of steel and aluminium, railway passenger cars and related components, microwave equipment, and medical instruments and devices. In addition, some agricultural investments were also notable; for instance, one of Hungary's largest foreign trade companies, *Komplex*, implemented comprehensive farm development projects in Gorgan, covering an area of 5,000 hectares. Similar to Iraq, crude oil made up the majority of Hungary's imports from Iran (HCSO 1975-1979).

All in all, the 1970s were a highly progressive and successful era for Hungary in terms of its relations with Iraq and Iran, making them its two most important economic partners not only in the Middle East but across the entire Global South. While these countries accounted for only 3–4% of Hungary's total exports and were therefore not significant in terms of trade volume, they represented highly valuable new markets where Hungary could earn convertible hard currency. The pattern was quite similar regarding imports from Iraq and Iran, which typically accounted for around 3% of Hungary's total imports—also a relatively modest share. However, given that crude oil was the primary import item, both countries played a crucial role in supporting Hungary's newly adopted foreign trade strategy aimed at diversifying its oil supply (HCSO 1975-1979). In this regard, it is important to note that Iraqi and Iranian oil never physically reached Hungary due to the geographical distance. Instead, a special trade mechanism existed within the Eastern Bloc: one of the Central European socialist countries would make the payment to Iraq or Iran for the oil, after which the Soviet Union would deliver an equivalent quantity from its own reserves via the Druzhba (Friendship) pipeline. The Soviet Union would then take over the corresponding amount of Iraqi or Iranian oil at local ports and sell it on the world market (Perovic, 2017).

Hungary and the Iran-Iraq War

Prior to the outbreak of the war, Hungary observed the continuous deterioration of Iran-Iraq relations with serious concern. From March to September 1980, numerous official reports were made by the Hungarian diplomats focusing on the background and the potential consequences of the hostility. As mentioned before, the Iranian Islamic Revolution meant a major security challenge for the secular, Ba'ath Party-led Iraq. Therefore, one of the main questions in the Hungarian diplomatic reports was whether Saddam Hussein would order an offensive against Iran to prevent the spread of Khomeini's revolutionary influence in Iraq. Despite the growing hostility, the Hungarian ambassador to Baghdad, Mr. Zoltán Pereszlényi, was of the opinion that there would be no war between the two countries. In one of his reports to the Hungarian Ministry of Foreign Affairs, he emphasized that a military confrontation could not be Iraq's real goal, as the outcome was uncertain, despite Iran was facing significant challenges in reorganizing its armed forces at the time. Moreover, he presumed that Saddam Hussein was aware that such a step could not serve the regime's political objectives, as it would halt the impressive modernization process of the previous decade (MNL OL. 7). The ambassador's predictions turned out to be inaccurate. By September 1980, it became evident that Iraq intended to invade its neighbour. On 21 September, deputy prime minister Tariq Aziz visited Moscow to explain the reasons for Saddam Hussein's decision to attack Iran and to secure Soviet support. The Soviets strictly opposed the plan and refused all kinds of assistance for Baghdad. nevertheless, this did not dissuade Saddam Hussein from his war plans (Smolansky, 1991).

The Iran-Iraq War put Hungary in a very challenging position for three major reasons. First of all, after Iraq's invasion, the Soviet Union suspended direct arms supplies to Iraq and ordered all Eastern Bloc countries to do the same. In November 1980, Tariq Aziz visited Moscow again to persuade the Soviet leadership to resume its military assistance to Iraq, however, the Soviets maintained their firm stance of neutrality; they neither supplied arms to the warring parties nor officially condemned either for the outbreak of the conflict.

The suspension of the arms supplies meant a remarkable twist in the Soviet-Iraqi relations, although neither country annulled the 1972 Treaty of Friendship and Cooperation. In this difficult situation, Iraq began exerting significant pressure on other Eastern Bloc countries to sell weapons from their own reserves as a replacement for the halted Soviet deliveries. The leaders of these countries knew that strongly rejection of such a request could have alienated Iraq from the Socialist Camp. Therefore, it seemed that Hungary had to carefully balance the two sides: following the Soviet directives while also maintaining its cordial relationship with its largest Middle Eastern commercial partner.

Shortly after the outbreak of the war, a Soviet delegation visited the Hungarian embassy in Baghdad and emphasized that Hungary had to be very cautious regarding the war and avoid any kind of involvement, no matter how important its economic relationship with Iraq or Iran already was. The Hungarian diplomats assured the Soviets that they had no intention of taking sides in the conflict and made it clear that they would abide by the arms embargo on Iraq. In November 1980, Hungary's compliance to the Soviet order was heavily tested when Iraq called on Hungary to fulfil a contract for arms delivery that had been concluded before the war. The Hungarian leadership decided to reject the Iraqi demand, effectively breaching the contract. However, the Iraqis did not give up and tried to negotiate a new contract that proposed an indirect delivery through Jordan and Saud Arabia, as these countries supported Iraq during the war and were willing to forward the weapons. Since this proposal would have essentially meant the circumvention of the Soviet embargo, Hungary clearly declined it (MNL OL. 8). This rejection undoubtedly caused an unpleasant incident between the two countries. However, Hungary had no other choice; following Soviet directives was obviously far more important. Nonetheless, a document from 1981 shed light on how Hungarian diplomats informed Moscow that they would not be able to continue avoiding such requests indefinitely, since Iraq was still the most important economic partner of the Socialist Bloc in the Middle East (MNL OL. 9).

Hungary's greatest concern was that Iraq might eventually terminate the 1972 Soviet-Iraqi Treaty of Friendship and Cooperation. In retrospect, we know

that Iraq did not go this far, but this concern was not groundless at the time. From the end of 1980 to the middle of 1981, the staff of the Hungarian embassy in Baghdad reported multiple times that the tension between the Soviet Union and Iraq was constantly increasing. Iraqi diplomats had already been openly expressing their resentment towards Moscow's decision during official meetings with Central European Socialist countries, placing Hungary in an extremely uncomfortable situation. Furthermore, Saddam Hussein and other Iraqi politicians voiced their harsh anti-Soviet sentiment, sometimes even in public speeches and interviews with certain media outlets (MNL OL. 10). A 1981 report assessed this anti-Soviet trend in Iraq as an irreversible process and came to the striking conclusion that it could only be altered if a "new wing" of the Baath Party carried out a political takeover. However, it has to be underlined that this conclusion was rather a rare opinion; the majority of the Hungarian diplomatic staff did not consider such a turn of events desirable (MNL OL. 11).

All in all, it can be concluded that the Soviet arms embargo put a strain on Hungarian-Iraqi political relations, although the economic and trade partnership did not completely deteriorate; Iraq remained a significant export market for Hungary in the following years. Moreover, the difficulty of manoeuvring between Moscow's directives and political pressure from Baghdad was ultimately resolved when the Soviet leadership lifted the embargo in June 1981.

The second challenge Hungary needed to face at the time was the extensive propaganda campaigns by both Iraq and Iran, aimed at pressuring the Central European Socialist states to take a side in the conflict. In October 1980, Naim Hamid Haddad, Iraq's Second Deputy Prime Minister visited Budapest and sought to persuade Pál Losonczi, Chairman of the Hungarian Presidential Council, of the legitimacy of Iraq's attack. Haddad explained that the war was a preventive strike intended to halt the escalation of the Iranian Islamist revolution which he described not only as an enormous threat to the Sunni Arab community but also a potential source of turmoil in the entire Middle Eastern region. Although Pál Losonczi agreed with some aspects of the Second Deputy Prime Minister's argument, he could only restrict himself to simple clichés in his

answer, emphasizing that the war went against the values of the Socialist Camp and that the two countries should reach a ceasefire as soon as possible (MNL OL. 12). A few months later Taha Yassin Ramadan, Iraq's First Deputy Prime Minister, arrived in Budapest with the same purpose and was received by János Kádár. Ramadan also had the opportunity to outline Iraq's interpretation of the conflict, however his endeavour was unsuccessful as Kádár showed no signs of changing Hungary's neutral position. Not surprisingly, both Iraqi politicians were disappointed behind the scenes, however, they officially accepted the decision and emphasized that Iraq was still open to further developing economic and trade relations. This pragmatic and friendly approach was derived from the fact the Iraqi leadership did clearly not want to cut all ties with the Eastern Bloc. They viewed smaller socialist countries such as Hungary, as potential mediators in their complicated relationship with Moscow (MNL OL. 13).

Iran also intensified its diplomatic efforts to gain support from the Eastern Bloc, which proved to be even more challenging for Hungary. In October 1980, M. H. Lavasani, Iran's Deputy Prime Minister received the Hungarian ambassador in his office and provided an overview of the Iranian interpretation of the conflict. Lavasani stressed that Saddam Hussein was solely responsible for the outbreak of the war. He pointed out that the Iraqi leader greatly feared of a "democratic" Shia uprising in Iraq which could overthrow the authoritarian rule of the Baath Party. The most unpleasant moment of the meeting occurred when the deputy prime minister harshly questioned Hungary's neutrality. He did not want to accept how Hungary could treat both countries in the same way when Iraq had launched the invasion, violating international law and breaking the 1975 Algiers Agreement. In his interpretation both the USA and the USSR benefited from the escalation of the war, therefore, any country that took sides with one of the superpowers was indirectly against Iran. Furthermore, he criticised the Eastern Bloc countries for demanding a ceasefire from both states equally, when Iraq was the aggressor and Iran was the victim in this conflict. We can clearly see that the Hungarian ambassador faced extremely tough questions in Tehran, and he did not have proper answers to them. He could only reject the comparison of the USA and the USSR and

emphasized that the socialist countries were indeed against the war (MNL OL. 14). In the same month, the Chargé d'Affaires of the Iranian Embassy in Budapest met with Frigyes Puja, Hungary's Foreign Minister, seeking to persuade him to officially condemn Iraq for launching a missile attack on the city of Dezful on October 15, 1980. From a moral perspective, the foreign minister could have easily fulfilled the Iranian diplomat's request, as there was clear evidence that the Iraqi missile attack had struck Iranian civilians. However, he was unwilling to do so and only recommended diplomatic efforts to terminate the hostilities (MNL OL. 15). The Iranian leadership initially struggled to accept these answers; however, they soon realized that Eastern Bloc's neutral stance was eventually advantageous for them at the early stage of the war. The Iranian military was clearly unprepared for such a large-scale conflict; therefore, the suspension of arms deliveries made Iraq's blitzkrieg plan significantly more difficult and gave Iran time to reorganize its defence forces. In this context, Hungary's strict neutrality, along with that of the entire Eastern Bloc, can be interpreted as an indirect tilt toward Tehran in the beginning of the conflict.

The third challenge that Hungary needed to face at the time was the difficulty of preserving its economic and trade ties with Iraq and Iran. By the beginning of 1981, it became clear that the conflict would not end anytime soon. Therefore, both countries were forced to implement a war economy, which created a far more complicated and unpredictable situation for Hungary's trade interests compared to the 1970s. Right after the outbreak of the war, one of the primary concerns of the Hungarian leadership was the future of the bilateral agreements with both countries.

In the case of Iraq, the Hungarian-Iraqi Economic and Cooperation Agreement signed in the early 1970's – which had ensured the continuous oil trade between the two states – expired in 1980. Due to the wartime circumstances, Baghdad did not support the extension of this agreement, which led to the cessation of the Iraqi oil export to Hungary by 1981. This decision seriously damaged Hungary's vital interests related to the region, as importing oil was a key element of its Middle Eastern trade strategy. Although Hungarian diplomacy made efforts to resume these deliveries, the Iraqi leadership showed

no willingness to reconsider or reverse its position. The Iraqi leadership demonstrated the same reserved attitude regarding the Iraq-Hungary Joint Permanent Commission on Economic Cooperation, as they usually rejected the Hungarian proposals for potential future projects (MNL OL. 16).

The same problem arose with Iran. The Long-term Trade and Payment Agreement signed in the 1960s expired in 1978, and due to the unfolding revolution, it was impossible to extend it. At the beginning of 1980, the new Iranian leadership expressed its willingness to negotiate a new agreement, but the outbreak of war prevented this plan. As a result, the Hungarian leadership had to abandon its former foreign trade strategy with Iran, which was based on establishing long-term bilateral agreements, however they were not pessimistic regarding the future for various reasons (MNL OL. 17). Frist, similarly to Iraq, Iranian politicians and diplomats also regarded Hungary as a friend of Iran, and during official meetings, they always stressed that they saw no obstacles to developing economic relations with the smaller socialist states. Second, according to a report from the beginning of 1981, a slow but noticeable rapprochement began between Tehran and Moscow. As mentioned before, the Eastern Bloc's neutral stance was indirectly very beneficial for Tehran at the time; therefore, the Iranian leadership slightly changed its harsh tone toward the USSR. In the process of this rapprochement, Iran regarded Hungary and other Central European socialist countries as intermediaries (MNL OL 18). Apart from developing general economic and trade relations, there was another reason behind Tehran's friendly approach toward Hungary. In 1981, an Iranian envoy visited the Foreign Ministry of Hungary in Budapest to discuss a potential military deal. At this stage of the war, Iran was in urgent need of weapon supplies to successfully contain the Iraqi attacks. Although the Iranian diplomats offered immediate payment, the deal was not finalized, as Hungary, in line with its neutrality, rejected the request (MNL OL 19).

To better illustrate the effect of the war on Hungary's economic and trade interests, we must delve into the official statistics of Hungarian foreign trade. From 1980 to 1982, exports to Iraq increased from 3.9 billion HUF to 10 billion HUF, marking the highest Hungarian export rate to the Middle Eastern

region in the entire period. However, a consistent decline began in 1983; by 1985, Hungarian exports to Iraq had fallen to around 5 billion HUF, and by 1988, they had dropped to only 810 million HUF. The Hungarian imports from Iraq followed a much more negative trajectory. While in 1980 the value of the Hungarian imports was 3.1 billion HUF, in 1981 it declined to only 89 million HUF. In other words, the war basically terminated the Iraqi exports to Hungary. This extremely low value persisted for the rest of the decade, with the exception of 1983 and 1984, when Hungarian imports amounted to 844 and 369 million HUF (HCSO, 1980-1988).

Hungary's trade relations with Iran took a more variable but favourable trend. In 1980, the Hungarian exports were almost 4.4 billion HUF. While they decreased slightly in the next year, by 1982, they had risen to 8.2 billion HUF. Another decline occurred by 1984, with exports dropping to only 4.2 billion HUF, but they rebounded to 5.3 billion HUF in 1985. A similar value was maintained in 1987 and 1988. In contrast to Iraq, Hungary's imports from Iran showed a more stable pattern. In 1980, they were around 4 billion HUF, and by 1983 they had increased to 9.1 billion HUF. A declining trajectory began the following year, and in 1985, Hungarian imports were 3 billion HUF. However, by 1987 they had risen to 4.9 billion HUF (HCSO, 1980-1988).

After reviewing the exact trade figures, two important questions arise. First, why did Hungary's exports to both Iraq and Iran increase so markedly between 1980 and 1982, despite the previously mentioned unfavourable developments concerning the long-term bilateral trade agreements? Second, what were the main reasons for the sharp decline after 1982, particularly in the case of Iraq?

For the first question, the nature of the Iraqi and Iranian war economies can offer a plausible explanation. Both countries were able to absorb an exceptionally large volume of foreign goods – whether weapons or various types of civilian heavy industrial, agricultural, or consumer goods. As mentioned before, Hungary did not deliver weapons to either side at the outset of the conflict, therefore, this could not have contributed to high export figures. However, one of Hungary's most significant export items was steel and

aluminium industry products, which were essential for rebuilding destroyed factories, damaged infrastructure, and governmental or civilian facilities. The continuous steel import was also indispensable for both Iraq and Iran in their domestic military production. Moreover, war-torn countries generally require a large quantity of medicines and basic pharmaceutical raw materials; as a result, these products also comprised a considerable part of Hungarian exports (HCSO 1980-1988).

The answer to the second question lies in the foreign trade strategies of Iraq and Iran, in which both countries prioritized developed capitalist nations. In the case of Iraq, the growing dominance of developed capitalist countries in its foreign trade had already been apparent in the second half of the 1970s, but the war further accelerated this trend. According to a 1981 report by the Hungarian Commercial Office in Baghdad, France, Japan, and the Federal Republic of Germany emerged as key players in the Iraqi market, primarily due to the superior quality of their products and services, as well as their strong financial capacity, which enabled them to tolerate even occasional unprofitable deals. (MNL OL. 20) France's prominent role in Iraq's foreign trade received particular attention in the Hungarian diplomatic memos. As a report from 1983 suggests, France had become not only Iraq's most important European lender but also its largest arms supplier. Between 1981 and 1983 French arms sales to Iraq reached 3.9 billion USD, accounting for 40 percent of France's total arms exports. In addition, French companies were instrumental in major investment projects, including the development of Iraqi nuclear technology, the construction of Baghdad Airport, and the building of several water and sewerage systems (MNL OL. 21).

During this short period of time, Iraqi-American relations also significantly improved, which likewise negatively affected Hungarian interests. When Iraq faced the lack of support from Moscow in terms of arms deliveries, it took steps toward Washington, which undoubtedly initiated a process of reconciliation between the two states. As a result, a high-level American-Iraqi official meeting was held in 1981 – the first since the suspension of diplomatic ties in 1967. In 1982, the United States began providing intelligence support to

Iraq; furthermore, it removed Iraq from its list of countries supporting terrorism and added Iran to it. A year later, when the Reagan administration assessed that Iran might even be capable of achieving victory, the State Department launched the so-called "Operation Staunch," which aimed to pressure U.S. allies not to supply weapons to Iran. These developments led both countries to agree on the full resumption of diplomatic relations by 1984. Apart from the political consequences, Hungary's biggest concern about this reconciliation was that the United States also provided more than 200 million USD in credits to Iraq for the purchase of American agricultural goods—an export category in which Hungary had previously held a good position (Lawrence 2008). This expanding role of Western capitalist states was the exact reason for the previously mentioned halt in Iraqi crude oil deliveries to Hungary. As Iraq became increasingly dependent on the essential technologies, arms, consumer goods, and loans provided by these countries, it felt compelled to prioritize their oil demands while sidelining Hungarian requests (MNL OL. 22).

In conclusion, Iraq's steadily deepening relations with the Western Bloc clearly indicated a shift away from its former anti-imperialist position. While Iraq indeed required the aforementioned financial and military support, these steps can also be interpreted as a classical Cold War tactic, where a "client state" threatened its "patron" with defection to the opposing bloc in order to exert pressure. In other words, Iraq never truly intended to sever ties with the Socialist countries, but the tactic proved to be effective, as the Soviet Union suspended its arms embargo at the end of 1981. Nevertheless, as the statistical data above demonstrates, these foreign policy manoeuvres by Iraq undermined the interests of Hungary and the entire Eastern Bloc.

The area where these interests were most severely harmed was in the issue of loans. Besides their technological superiority, the main advantage of the capitalist states was their ability to offer loans with far more favourable payment terms than those available from the Eastern Bloc. As the war progressed, both Iraq and Iran experienced a significant decline in solvency, forcing them to prioritize capitalist states in their foreign trade. This challenge was clearly recognized by Hungarian diplomats; however, they were aware that they had

minimal capacity to respond effectively. In 1983, the Hungarian ambassador in Baghdad also addressed this issue with serious concern, stating that Hungary would only be able to preserve its status in the Iraqi market if it could offer loans competitive enough to match those provided by the capitalist countries (MNL OL. 23). The ambassador's concern proved accurate. The following year, the Hungarian Commercial Office reported that Iraq was facing even more serious foreign exchange and liquidity problems than at the beginning of the conflict; therefore, securing loans from its partners became a fundamental element of its foreign trade strategy (MNL OL. 24). In 1985, an unpleasant incident occurred between Hungary and Iraq when their representatives discussed the future of the economic relations. The main issue on the agenda during this meeting was the declining trend in the bilateral trade volume. Iraqi politicians attempted to pressure the Hungarian delegation in a forceful manner to provide more favourable loans, assuming that this would help restore the trade growth. However, in the mid-1980s, Hungary was facing dire financial conditions, with the highest per capita foreign debt in the Eastern Bloc. As a result, Deputy Prime Minister József Marjai, who led the Hungarian delegation, informed the Iraqi politicians that Hungary was not in a position to fulfil the above-mentioned requests. Minister of Trade Hasan Ali, who led the Iraqi delegation, openly expressed his deep disappointment, arguing that Iraq had received loans even from countries in more difficult financial situations than Hungary. His argument, however, proved unpersuasive, as Hungary did not change its position. This incident clearly marked the end of the previously successful period of economic cooperation. Both states were burdened by their own political and financial problems, and neither was willing to understand—let alone assist—the other (MNL OL. 25).

Besides the influence of Western capitalist states, the growing presence of Global South countries in the Iraqi market was viewed with apprehension in Budapest. According to a report by the Hungarian Commercial Office in Baghdad, Hungary's general business approach was not profit-oriented – at least not as much as the Western European approach – but rather "volume-centered" which had proven quite successful in the past because it allowed Hungary to

offer low prices. However, following the increased role of the Global South countries, mostly Brazil and India, in Iraq's foreign trade, this was no longer a particularly strong advantage, since these states were sometimes able to offer even lower prices (MNL OL. 26).

In addition to the factors mentioned above, two other elements also played an important role in the drop in Hungarian exports. The first element was related to Hungary's contribution to the Iraq's crude oil exploration and pipeline construction. Before the outbreak of the war, Hungary had been contracted to participate in the Hilla–Nasiriyah pipeline construction, which was completed by 1984. Despite this successful project, Iraqi inquiries to Hungary regarding oil exploration and pipeline construction clearly declined after 1984. In terms of exploration, Iraqi officials stated that there was no need for such efforts at the time, as a large amount of oil had accumulated and become stranded in the country due to the closure of the Syrian pipeline. Therefore, the focus had to shift to transporting the oil, rather than extracting additional quantities. This statement only partially reflected the reality. While Syria did indeed close the Kirkuk–Baniyas pipeline in 1982 to impose difficulties on Iraq and thus help Iran in the conflict, a 1985 report by the Hungarian Commercial Office indicated that oil exploration activities did not stop at all in the country. Instead, Iraq began to prioritize Western firms over contracting Hungarian or other Socialist companies, which, of course, proved to be a painful decision for Hungarian interests, as participating in such projects carried significant prestige (MNL OL. 22). The other element was related to the "Tripartite Industrial Cooperations." As discussed in the previous chapter, these form of multilateral projects gained considerable importance in Hungary's foreign trade strategy during the 1970s; however, by the mid-1980s, such initiatives began to lose momentum. This was primarily because Iraq, as its economic ties with the West deepened, became less interested in maintaining these forms of cooperation.

In the case of Hungarian-Iranian relations, we can observe somewhat similar trends after 1982. Although the Islamist government strongly expressed anti-imperialist, anti-capitalist, and frequently anti-Western views in its rhetoric, reports from the Hungarian Embassy in Tehran indicate that the presence of

developed capitalist countries in Iran did not completely cease after the 1979 revolution. Between 1980 and 1982, the position of Japan, Italy, France, and the Federal Republic of Germany became more prominent, as Iran—facing the hardships of war—was willing to overlook the fact that these countries maintained significant trade, and in some cases, military relations with Iraq. The reason behind this was largely pragmatic. For companies from the aforementioned countries, the Islamist revolution initially posed a serious challenge; however, they managed to return to the Iranian market relatively quickly, as local businessmen and diplomats had been well-acquainted with these firms since the Pahlavi era (MNL OL. 27).

This phenomenon became increasingly evident from 1983 onwards. According to a report from the same year, efforts to radically restructure Iran's previous economic ties with Western capitalist countries had clearly lost momentum; as they noted, "*the Western capitalist development model continued to dominate in Iran*." Aware of the contradiction between this reality and its official rhetoric, the Islamist leadership sought to legitimize the situation by invoking the "*general interests of Muslims*." This pragmatism led Iran to make a covert arms deal with the United States, which resulted in the well-known "Iran-Contra affair". Furthermore, according to Hungarian diplomats, Washington also carried out significant exports of agricultural goods and medicines to Tehran during these years (MNL OL. 28). These archival sources, which clearly demonstrate the continued presence of capitalist countries in the Iranian market, effectively challenge the frequently cited assumption of Iran's isolation during the 1980s.

Another compelling argument against the notion of Iran's foreign policy isolation is that, similar to Iraq, it actively sought to strengthen its ties with countries of the Global South—most notably Pakistan, China, North Korea, Argentina, and Brazil. Pakistan played a particularly crucial role in this strategy, as Iran's main shipping outlets in the Persian Gulf were jeopardized by the Iraqi Air Force, forcing it to rely on the port of Karachi as a backdoor for imports. As a result, Iran became Pakistan's second-largest foreign trade partner in the first half of the 1980s. Additionally, Pakistan served as a conduit for Chinese and

North Korean arms deliveries to Iran (Vatanka, 2015). It is also worth mentioning the role of China, which, after 1982, began to develop increasingly close economic and trade relations with Iran, and soon became one of the Middle Eastern country's most important military suppliers. The relationship deepened further in 1985 when the two countries signed a nuclear cooperation agreement. Although China officially maintained a neutral stance throughout the conflict—and even supplied some weapons to Iraq—it was the only one among the five permanent members of the UN Security Council to repeatedly voice support for Iran (Garver, 2006).

To summarize this section of the discussion, it can be concluded that these developments undoubtedly posed a significant challenge to Hungary's interests in Iran. Nevertheless, as previously noted, the trade volume between the two countries did not follow a consistently declining trend during this period. Taking this into account – along with the fact that Iran never suspended its oil deliveries and, at least in its official communications, expressed continued interest in strengthening bilateral trade – Iran emerged as a more important partner for Hungary than Iraq by the second half of the decade. Moreover, political relations with Iran began to improve from the mid-1980s onward, while ties with Iraq gradually deteriorated during the same period.

Varying nature of Hungary's neutrality

In the earlier part of the article, we saw that Hungary – aligned with Soviet expectations – made a deliberate effort to uphold its neutral stance throughout the nearly eight-year-long war. As previously noted, this strict neutrality, together with the implementation of the Soviet arms embargo on Iraq, resulted in an indirect tilt toward Iran during the initial phase of the conflict. However, the Islamic Republic could not benefit from this brief advantage for too long, because the Soviet Union revised its position toward Iraq in mid-1981. This decision was driven by the failure of the Iraqi blitzkrieg plan and, more importantly, by the Iranian counteroffensives. After a series of serious strategic losses, Iran reorganized its military and was able to recapture Susangerd in May

1981 and Abadan in September 1981. These victories were followed by numerous successful offensives in the ensuing months, and by mid-1982, Iraqi forces had been expelled from most of the Iranian territory they had seized during the early stages of the war. The initial successes of the Iranian counteroffensives, combined with the regime's increasingly aggressive war rhetoric, deeply alarmed the Soviet Union and its Eastern Bloc allies; consequently, Moscow lifted the arms embargo on Iraq in June 1981. This concern intensified significantly when Iran launched a large-scale offensive in July 1982, this time advancing into Iraqi territory with the objective of seizing Basra, Iraq's second-most important city. Moreover, encouraged by its recent victories, the Islamic Republic rejected the UN Security Council's call for an immediate ceasefire. A potential collapse of the Ba'athist regime would have seriously undermined the Eastern Bloc's strategic interests, given that Iraq remained one of their major economic partners in the Middle East. Consequently, the resumption of arms shipments to Baghdad, coupled with expanded economic support, became inevitable under these circumstances (Karsh, 2002).

Not surprisingly, the Moscow-Baghdad rapprochement became a major source of tension between Iran and the Eastern Bloc in 1982 and 1983. The Islamic Republic responded to the renewal of military support for Iraq by once again intensifying its harsh anti-Communist rhetoric and, as a result, ordering a crackdown on the Iranian Communist Party (Tudeh). This, of course, did not represent a complete shift in Iran's foreign policy toward the Eastern Bloc, but it undeniably created a tense atmosphere in its relations with these countries. For example, according to a report from the Hungarian embassy in Tehran, a high-level meeting took place between the Soviet Union and Iran in 1983, which, despite its relatively cordial tone, prompted both sides to raise significant criticisms against each other. Iranian diplomats expressed their strong objections to the Soviet support for Iraq and further stated that if this decision were reversed, they could build excellent relations with the entire Eastern Bloc in the future. The Soviets did not dismiss the theoretical possibility of developing these relations, noting that the socialist countries had initially welcomed the Iranian

Islamic revolution. However, they emphasized that they could not overlook Iran's anti-communist rhetoric and provocations. In other words, both sides linked the advancement of political relations to their own preconditions (MNL OL. 29).

The trade statistics provided earlier illustrate that this tense political atmosphere did not totally overshadow the economic relations between Hungary and Iran. However, as indicated by a document from the Central Committee of the Hungarian Socialist Workers' Party in 1984, one of Hungary's main concerns was that Iran had consistently set unrealistic conditions for ending the conflict and showed no willingness for real negotiations after it had shifted the course of the war in its favour. The document also notes that although both sides were determined to continue fighting to the bitter end, Iraq—at least in its official communications—frequently expressed its desire and readiness for peace talks (MNL OL. 30). As a result, a slight tilt in Hungary's position toward Iraq can be observed between 1982 and 1984.

From 1985 onward, however, archival sources indicate that this tilt in Hungary's neutral stance slowly but steadily began to shift back toward Iran. There were two major reasons behind this new development. The first reason was the use of chemical weapons by Iraq against Iranian and Iraqi Kurdish civilians. While such attacks had already occurred during the first three years of the conflict, they became more frequent after 1984. International humanitarian law strictly prohibited the use of these weapons, yet no serious action was taken against Iraq. A Hungarian report from 1985 noted some progress on this issue, as the UN Security Council, without explicitly naming Iraq as the perpetrator, condemned the use of chemical weapons. A year later, this condemnation was formally included in UN Security Council Resolution 582, although it did not alter Iraq's conduct.

One of the most symbolic instances of the chemical attacks was the Halabja massacre on March 16, 1988, which shocked the international community. Although Hungary strongly condemned the attack, it refrained from explicitly naming Iraq as the aggressor, instead calling for an immediate end to the war between the two countries (MNL OL. 31). Nevertheless, from 1985, the

use of chemical weapons had fostered a growing sense of sympathy for Tehran within Hungarian leadership circles. The other Eastern Bloc countries also addressed this issue and expressed their solidarity by receiving Iraqi Kurdish and Iranian victims of the 1988 chemical attacks and providing treatment to them in Czechoslovakia and Poland (MNL OL. 32).

The second reason was related to Iraq's airstrikes against Iranian oil terminals. There had been previous instances of such attacks, but their widespread strategic use emerged during the so-called "tanker war," which began in 1984. Through the tanker war, Iraq aimed to exert pressure on Iran's oil-based economy and sought to shift the stalemate in its favour. Since oil was Hungary's most significant import from Iran, these attacks directly undermined Hungary's core foreign trade interests related to the Middle East. Given that Iraq showed no signs of reconsidering its cessation of oil shipments, Iran became a more valuable country in this context, prompting Hungary to express a degree of solidarity with Tehran over its losses during the tanker war (MNL OL. 33).

The most significant outcome of this slight shift was an arms deal between the two countries. As previously mentioned, during the early phase of the war, Iran had already approached Hungary with a request in this regard, but it was not successful. In 1983, a new opportunity arose to supply Hungarian weapons to Iran, this time through the mediation of North Korea. Pyongyang sought to persuade Budapest to assist in fulfilling Iranian orders, as it was no longer capable of doing so over the long term. The Hungarian leadership once again declined the opportunity, citing a lack of available domestic production capacity for such an arrangement. (MNL OL. 34) In 1986, however, Hungary and Iran concluded their first arms deal, resulting in the shipment of Hungarian-made submachine guns to the Middle Eastern country. Over the next two years, supplementary agreements were signed which, in addition to these submachine guns, included the delivery of Soviet, Czechoslovak, and Bulgarian-origin weapons previously purchased by Hungary, such as T-54M tanks, anti-tank and air-defense missiles, ammunition, and related accessories (MNL OL. 35).

It should be noted that the improving relations between Budapest and Tehran did not alter the fact that Hungarian arms supplies to Iraq continued for

the remainder of the war. Moreover, this development did not affect Hungary's official communications either, as it still refrained from naming Iraq as the aggressor or publicly condemning its use of chemical attacks on Iranian and Kurdish civilians. In other words, maintaining a strict neutral stance remained a key element of Hungarian foreign policy regarding the conflict.

Hungary welcomed the end of the Iran–Iraq War with relief; however, peace came too late to reverse the declining trend in its bilateral relations with the two Middle Eastern countries. In the aftermath of the conflict, neither Iraq nor Iran prioritized renewing or deepening ties with the Eastern Bloc, as these countries were unable to play a significant role in post-war reconstruction due to their financial constraints. Furthermore, the political transition that began in Central Europe in 1988 eventually led to the dissolution of the Soviet Union and the collapse of the entire Eastern Bloc. As a result, Hungary soon found itself in a completely new political environment, with the opportunity to pursue an independent foreign policy, a shift that fundamentally redefined the country's strategic priorities and interests in the Middle East.

Conclusion

The Iran–Iraq War posed an exceptional challenge for Hungary, as both warring parties were its two most important economic and trade partners in the Middle Eastern region. Based on the archival sources used in this paper, it can be concluded that the war had a somewhat positive impact on Hungarian economic interests in the short term, as trade volumes with the two countries increased significantly between 1980 and 1982. However, in the long term, the conflict proved to be a highly negative development, as demonstrated by the factors outlined above. The decline in political and economic relations was more pronounced in the case of Iraq, with Hungary gradually losing its significance in that market by 1988. In contrast, Hungary managed to preserve its position in Iran more successfully. Nevertheless, as shown, the dominant role of Western capitalist countries and the growing influence of Global South nations in Iran's foreign trade increasingly challenged the Hungarian economic interests. The

archival sources also clearly illustrate the varying nature of Hungary's neutral stance during the conflict. In the beginning, there was a slight tilt toward Iran; then, from mid-1981 to 1984, it shifted toward Iraq; and finally, during the last years of the conflict, a tilt toward Iran was once again observed.

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