

PHOTO OF THE DAY



Jumbo-sized Rubik's cube in the middle of a roundabout in Csorna, NW Hungary

MTI/Csaba Krizsán

UPCOMING EVENTS

Stats office releases July construction data, farm gate prices

Foreign minister, Ford regional director on carmaker's expansion in Hungary

Innovation and technology minister addresses digitalisation conference in W Hungary

Natl police presser on combatting false emergency calls

TOP STORY

## GULYÁS: SARGENTINI VOTE RULE ILLEGAL

Referring to the issue of whether abstentions were counted or disregarded under European parliamentary rules in the vote to open the Article 7 procedure against Hungary, the head of the Prime Minister's Office insisted the Sargentini report did not receive the required two-thirds majority.

Under the EU's Lisbon Treaty, a vote by two-thirds of MEPs would have been required for the report's approval, and abstentions should have also been taken into account in the vote tally, Gergely Gulyás told a press conference. With the abstentions counted, the report would have failed to secure a two-thirds majority, he said. Gulyás said he did not believe that the EP's house rules contained any provisions saying that abstentions should not be counted in a vote. The procedure cannot move forward until Hungary settles the legal dispute over the matter, Gulyás added. The cabinet will meet to discuss EU-related matters on Monday and it will decide on steps to take in connection with the report on the rule of law in Hungary drafted by Green MEP Judith Sargentini.

The minister underlined the government's view that the report was not really about the rule of law. Instead, the issue of migration was the factor that determined its adoption, he said.

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## GOVT 'REFUTES' REPORT'S CRITICISMS

Gergely Gulyás, the head of the Prime Minister's Office, said the government had refuted every single critical remark in the Sargentini report. The government considers it "unacceptable" that the report includes issues which Hungary had already settled with the European Commission, he said. If these cases can later reappear as "charges" in another EU document, then the commission's role of "guardian of the Treaties" loses its meaning, Gulyás argued. He said "pro-migration" politicians were currently the majority in the EP, and this was why next year's European parliamentary elections -- where voters will get to have their say on migration -- would be crucial. "We hope that the forces opposed to migration will make up the majority in the European Parliament formed in 2019, or that at least they can make up ground on the pro-migration forces," Gulyás said. Asked about the legal steps the government planned to take over the report, Gulyás said the "most likely" step would be to request the European court to declare the vote invalid.

Asked to comment on a plan by Hungary's leftist parties to organise a demonstration over the approval of the Sargentini report for Sunday, Gulyás said everyone in Hungary has the right to take part in demonstrations, "unlike when these parties were in power".

Asked about whether Fidesz would still support Manfred Weber in his quest to become president of the European Commission, Gulyás said no formal decision had yet been made to support him. "But clearly we can't act as if Manfred Weber, in serving his own personal ambitions, had not voted against his own party for a report he knew to be a lie." He said it was doubtful the Sargentini report would have any kind of impact outside of Europe. Regarding a closed meeting of the European People's Party group, he said even Fidesz's staunchest critics did not deny that the report was weak and "teeming with lies".

Asked about German Chancellor Angela Merkel's comment that protection of the EU's external borders should be strengthened in order to combat illegal migration, and furthermore, some national competences should be transferred to the EU's Frontex, Gulyás said he disagreed, adding that the Hungarian government insisted the Schengen rules should be upheld. He said that if a member of the Schengen zone is incapable of protecting the external border, then either it should turn to other Schengen countries with a request for help or, if it fails to do so, their membership of the convention should be suspended.

On the subject of a recent report compiled by the United Nations denouncing reprisals against human rights activists in 38 countries, including Hungary, Gulyás said the report was the UN's way of "exacting

revenge on Hungary". There are currently 70 NGOs in Hungary, he said, adding that there were no practices or laws in place hindering their operations.

## OPPOSITION TO STAGE DEMONSTRATION AGAINST 'ORBÁN REGIME'

The opposition Democratic Coalition (DK) will stage a demonstration "for a European Hungary" on Sunday in coordination with the Socialist Party, a DK spokesman said. The European Parliament "delivered the Orbán regime a historic defeat" by approving the Sargentini report which concludes that Hungary is in danger of breaching the European Union's core values, Zsolt Gréczy told a press conference. He said Prime Minister Viktor Orbán had been defeated in Europe but the Hungarian people were the winners, he said. The demonstration will be staged to make it clear that "the fight for a European Hungary is not over ... On the contrary, it's just about to get started." The spokesman said DK was in talks on joining forces with the Socialist Party, which also plans to hold a demonstration on Sunday. Gréczy said DK would welcome other opposition parties that voted in favour of the Sargentini report, as well as civil organisations. The time and the venue of the demonstration will be announced after reaching an agreement with the Socialists, Gréczy said.

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The Socialist and Párbeszéd parties confirmed they were in talks with DK on holding a joint demonstration "for a European Hungary" on Sunday, their leaders told a press conference. Gergely Karácsony, Párbeszéd's co-leader, said the opposition should stand united and join ordinary protesters. He said the Fidesz government had done everything it could to dismantle checks and balances over the past eight years. The only counterweights to Orbán's "corrupt" government able to protect people's rights are the EU and ordinary people, he said, adding that all those who want a European Hungary were invited to join the demonstration.

Commenting on the Sargentini report, Bertalan Tóth, the Socialist leader, said the report condemned the Orbán government rather than the country. He said the vote's outcome was important signal that European politicians had decided "to defend Hungary against its own government". Tóth said the two parties would resubmit to parliament earlier proposals on matters criticised in the Sargentini report that aim to restore the rule of law and the independence of the judiciary and the media, as well as proposals on eliminating corruption.

## FARAGE: EP VOTE AGAINST HUNGARY 'MASSIVE POWER GRAB'

The European Parliament's approval of the Sargentini report criticising the state of the rule of law in Hungary is

nothing more than a "massive power grab", Nigel Farage, the head of the EP's Europe of Freedom and Direct Democracy group, told Hungarian public news channel M1. The report's premise that Hungary has ceased to be a democratic nation and was moving towards autocracy was "wrong", he said. "Your values in Hungary that your voters have turned out in elections to say they want represented are not respected by the European Union," he said.

Farage said the EU -- with the backing of US financier George Soros "and people like that" -- wanted to "break down" nation states and "change the entire identity of the entire continent". Commenting on Tuesday's EP debate, he said he found it "hard to believe" that someone like Hungarian Prime Minister Viktor Orbán could sit through a "modern-day version of a communist show trial with people standing up and pointing the finger and shouting at him." Farage said the debate had been "deeply humiliating" not just for Hungary but for Orbán as well.

## GULYÁS: 'NATIONAL CONSULTATION' TO BE HELD ON FAMILY BENEFITS

The government will hold a "national consultation" public survey on the topic of family benefits, the head of the Prime Minister's Office told a press conference.

Gergely Gulyás said Hungary spends 5% of GDP on family support

schemes, the highest proportion in Europe, and this has resulted in the fertility rate rising from 1.23 to 1.5. This is still far from the government's goal of achieving the natural replacement rate, so further measures are expected to be introduced in the coming months with the aim of helping couples to have children, the minister said.

On another topic, Gulyás said that Budapest's Corvinus University would be run by a state foundation from July 1 next year, with the university becoming a non-profit institution. The changes in the running of Corvinus are being prepared by the Innovation and Technology Ministry, which will handle the university's upkeep in the transitional period between now and July, he said.

The PM's Office chief also announced that the government has decided to establish a village road fund with a view to upgrading local roads. The government will set aside 150 billion forints (EUR 461m) from the budget's general reserves to be allocated towards the Hungarian village scheme, of which 50 billion forints will be spent on road upgrades. Further, the estimated 35-36 billion forints in revenue to be generated by the increased electronic road toll fee will also be channelled into the project, he added.

As regards the economy, Gulyás said the government projects a GDP growth rate of above 3.5 % for this year, adding that this will again enable the payment of pension premiums.

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## SZIJJÁRTÓ: UN CRITICISM OF HUNGARY 'SECRETARY-GENERAL'S REVENGE'

The United Nations' blacklisting of Hungary for its treatment of human rights activists was an "act of revenge" by UN Secretary-General António Guterres, the Hungarian foreign minister said, commenting on the UN decision to list Hungary in a report alongside 37 countries that allegedly mistreat civil activists. Noting that Hungary had quit talks on the UN's global migration package, Szijjártó insisted that Guterres's "personal project" was to promote migration. Hungary, he added, refused to change its migration policy.

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## ÁDER CALLS FOR COOPERATION BETWEEN HUNGARIAN SCIENTISTS IN US, HUNGARY

Cooperation between Hungarian scientists of the Silicon Valley and Hungary's "dynamically developing" digital economy could be mutually beneficial, President János Áder said during a visit to Redwood, California. The president met representatives of local Hungarian communities and praised the initiatives of Hungarian researchers in California, adding they could also build on the achievements of their peers in Hungary. He also said that in terms of the volume and number of employees per capita, Hungary's was the second largest

digital economy in Europe. As part of his California programme, Áder visited Stanford Research Institute International in Menlo Park.

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## SZIJJÁRTÓ DISCUSSES MIGRATION, BILATERAL TIES WITH UGANDAN COUNTERPART

Foreign Minister Péter Szijjártó discussed migration and bilateral relations with Sam Kahamba Kutesa, his Ugandan counterpart, in Budapest. African countries that help to prevent an exodus of migrants to Europe receive support, Szijjártó told a joint press conference after the talks. Uganda is one of these countries, he said. Uganda has contributed to stability in the region and has provided safe harbour to half a million refugees from the neighbouring countries. Uganda also supports the Hungarian government's policy of preventing a further wave of migrants to Europe by providing help in their home countries, he said. Concerning cooperation on migration, Szijjártó noted an agreement reached on a development programme Hungary has offered to Uganda. Under the scheme, Hungary will provide water-supply and solar-power technologies and install a cyber security system in refugee camps. Szijjártó said they also agreed on strengthening cooperation between the two countries' counter-terrorism agencies.

Sam Kahamba Kutesa underlined cooperation possibilities in anti-terrorism efforts and agriculture among several areas.

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## BALOG GIVES UP SEAT

Zoltán Balog has announced that he will give up his mandate as an MP of governing Fidesz to return to serve the Hungarian Reformed Church and his congregation. Church rules prohibit him from being both an MP and serving in the church in such a capacity, Balog explained at a meeting of Fidesz and KDNP MPs in Velence, in western Hungary.

Balog trained as a theologian in Hungary and Germany, and served as a Reformed Church minister in Hungary for many years. In the previous Fidesz-KDNP government, he headed the human resources ministry, overseeing the health and education portfolios.

Balog said he wants to continue to chair the Foundation for a Civic Hungary as well as work as the prime minister's commissioner for Roma affairs.

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## TALKS ON BELGRADE-BUDAPEST RAIL LINE FINANCING COULD WIND UP BY YEAR-END

Hungary and China both want to conclude talks on conditions for financing the upgrade of the Belgrade-Budapest rail line by the end of this year, Péter Szijjártó, the foreign affairs and trade minister, said in Budapest. Addressing a conference organised by Hungary's railway association Hungrail, the minister noted that "intensive" negotiations with China's export-import

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bank on the project's financing are under way. The sides have agreed on the interest, maturity and currency of the loan but the stand-by fee and other conditions remain open questions, he added. Planning and acquiring permits for the upgrade could start early next year and the project is expected to be completed by 2023, he said. China is financing 85% of the cost of upgrading the rail line which it wants to use as part of an export corridor to Europe.

Szijjártó said a high-speed Budapest-Warsaw rail connection should be cut to four hours in order to be competitive, and a feasibility study is in the pipeline.

Plans are afoot to build a high-speed railway line between Budapest and Cluj (Kolozsvár) in Romania, to be extended by Romania's railway to Bucharest. The feasibility study for the project will soon be ordered, the minister said.

Hungary and Slovakia have started talks on resuming traffic on all the nine railway crossings. Passenger trains currently cross the border at three points and freight trains at four, he said.

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## AUDIT OFFICE REVEALS 'SERIOUS IRREGULARITIES' IN HOSPITALS' FINANCES

Hungary's State Audit Office (ÁSZ) has found "serious irregularities" in the management of five hospitals across Hungary. ÁSZ's audits revealed irregularities in the financial and asset management, as well as in the internal control mechanisms of the hospitals inspected. The audits were targeted at hospitals in Berettyóújfalu, Hatvan, Mosonmagyaróvár, Sopron and Szekszárd, and covered the 2014-2016 period. According to the authority, none of the hospitals had control systems in place "in proportion with the risk of corruption". The hospitals surveyed did not have organisational rules of their own, nor were their accounting policies and invoicing practices in line with effective regulations, which prevents transparency of the utilisation of public funds, ÁSZ officials told a press conference. ÁSZ has compiled five recommendations, while the hospitals have until 30 days to come up with an action plan to fix their deficiencies.

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## HOME CONSTRUCTION COSTS CLIMB ALMOST 8% IN 2017

Home construction costs rose by almost 8% last year, daily Magyar Idők said on Thursday, citing annual data compiled by statistics office KSH. The data show the average cost of building a family house reached 229,000 forints (EUR 704) per square metre last year. The cost of building a multi-storey block of flats was 237,000 forints per square metre and the cost of building additions onto existing homes was 195,000 forints. In Budapest, the average cost of building a block of flats stood at 255,000 forints per square metre, while the cost of building a house was 268,000 forints per square metre. The costs exclude VAT. Lawmakers lowered the VAT rate on home construction to 5% from 27% in 2016, but the rate is set to revert to the former level, which is Hungary's main VAT rate, from the beginning of 2020.