

PHOTO OF THE DAY



MTI / Balázs Mohai

Freight boat stranded in River Danube near Esztergom

UPCOMING EVENTS

Two-day meeting of EU foreign ministers starts in Bucharest

Stats office prelim report on PPI in Dec 2018

Socialists presser on Budapest mayoral candidate preselection

TOP STORY

AUDI HUNGÁRIA MANAGEMENT, UNION REACH WAGE AGREEMENT

Management of Audi Hungária reached an agreement on this year's wages with the Audi Hungarian Independent Union (AHFSZ) on Wednesday afternoon, the local unit of German carmaker Audi told MTI.

The strike will end on Wednesday evening and production is restarting in every area, the statement said. AHFSZ started a week-long strike over wages on Thursday, bringing the Audi Hungária plant in the northwestern city of Győr to a standstill. Under the agreement, in force from January 1, 2019 until March 31, 2020, base pay will rise by 18%, but at least 75,000 forints (EUR 240) per month, and workers will get non-wage benefits up to an annual 400,000 forints (EUR 1,266) for both 2019 and 2020, AHFSZ said. The agreement also guarantees all workers at least one full free weekend every month from May 1, 2019. Audi Hungária employs some 13,000 people in Győr. AHFSZ counts more than 9,000 of those workers among its members. Audi was forced to put production on hold at its headquarters in Ingolstadt on Monday, after deliveries of engines from Győr stopped. An Audi spokesperson told MTI earlier on Wednesday that the forced shutdown in Ingolstadt would last at least until Monday next week. A decision on when to restart production is expected to be taken on Friday, the spokesperson added.

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DEUTSCH: EP DEBATE ON HUNGARY RESULT OF ELECTION CAMPAIGN

The issue of Hungary has been returned to the agenda of the European Parliament plenary session on Wednesday as a result of the EP election campaign, MEP Tamás Deutsch of ruling Fidesz said. "The left-liberal majority in the body launched another attack against Hungary because of the campaign," he said during the debate. Deutsch said MEPs' anger against Hungary is rooted in an issue that will determine Europeans' lives for decades, which is migration. The majority of Hungarians, regardless of party affiliation, want something completely different than these MEPs, he added.

The EP session was initiated by the EP's Green parliamentary group in view of the recent anti-government demonstrations, the amendment of the labour code and the setting up of administrative courts in Hungary. At the session, European Commission Vice-President Frans Timmermans said that the EC shares the concerns regarding the state of the rule of law, human rights and corruption in Hungary.

Zoltán Balczó, an MEP of conservative opposition Jobbik, told the EP plenary session that "Prime Minister Viktor Orbán's regime is built on vassalage and corruption, gradually destroying the rule of law and releasing the genie of hatred from the bottle." Tibor Szanyi, an MEP of the opposition Socialists, said the government has turned "the merriest barrack of the Soviet bloc into Europe's new death row."

BENKŐ: MIGRATION BIGGEST THREAT TO EUROPE

Migration is the biggest threat to the safety of Europeans, the defence minister said ahead of a two-day meeting with his European Union counterparts in Bucharest on Wednesday. Europe, and Hungary specifically, have entered a new phase in terms of security policy, Tibor Benkő told MTI. Europe's security has deteriorated considerably, he said, adding that routine solutions were not adequate for dealing with new types of security challenges. The ministerial meeting will focus on European defence initiatives, coherence between the various defence training projects and military operations, Benkő said. He urged European leaders to take the security threats facing the continent and its citizens seriously and start pursuing a new direction on migration. Benkő added new global security challenges like terrorism, migration or cyberwarfare required a joint European response.

LMP: HUNGARY'S FOREIGN POLICY GETS ISOLATED

The confrontational foreign policy pursued by Hungary's government has isolated the country, a board member of the opposition LMP party said. The government's approach to European affairs is "theatrical but non-transparent", János Kendernay said in Budapest.

Kendernay, a prospective candidate of the party for the European parliamentary elections, said the government should cooperate more constructively with its European partners. He accused the government of its failure to take steps to prevent the looming "economic catastrophe" Brexit may bring about, and to fulfil its constitutional obligation to protect Hungarian citizens living in the UK. Poland, one of the government's closest allies, has entered into an alliance with Italy, of which Hungary "was spectacularly left out". The other two Visegrad countries, the Czech Republic and Slovakia, are seeking cooperation with Austria, he said. Hungary's continued confrontations with its partners were a factor in the agreement Germany and France have reached recently, and the country is consistently overlooked in decisions regarding the Western Balkans, the LMP politician said.

Kendernay said Prime Minister Viktor Orbán was right in saying that a new world order is being born. That order, however, will be based on knowledge rather than labour as Orbán claims, he said.

SZIJJÁRTÓ: DIEHL AVIATION INVESTMENT TO CREATE OVER 100 JOBS IN HUNGARY

German aerospace supplier Diehl Aviation's 2.76 billion forint (EUR 8.7m) investment is set to create 151 new jobs in Debrecen, in eastern Hungary, the foreign affairs and trade minister said. Addressing the inauguration of Diehl's

new service centre, Péter Sziijártó noted the government contributed 968 million forints to the project in the form of a non-refundable grant. The minister said Hungary's transition from a production-based economic development path to one that focuses more on research, development and innovation had proven a success.

SZIJJÁRTÓ, NINE HUNGARIAN-OWNED COMPANIES SIGN EXPORT PARTNERSHIP PACT

The minister of foreign affairs and trade signed a partnership agreement with nine Hungarian-owned companies that have a large share in boosting the volume of the country's exports. Companies included in a new scheme will be granted access in a fast-track procedure to state instruments that allow boosting their exports, Péter Sziijártó said. They will also be included in state export promotion programmes and the drafting of export boosting mechanisms, as well as in policy consultations, he added. The volume of the nine companies' exports exceeded 120 billion forints (EUR 378m) in 2017, marking a 35% increase on 2014, Sziijártó noted.

HUNGARY JOBLESS RATE 3.6%

Hungary's rolling average three-month jobless rate was 3.6% in October-December, unchanged from the previous three-month period and

down from 3.8% a year earlier, the Central Statistical Office (KSH) said. The rate covers unemployment among those between the ages of 15 and 74.

In absolute terms, there were 167,200 unemployed, 1,500 fewer than in the previous period and 8,000 fewer than a year earlier. The unemployment rate in the 15-24 age group was almost unchanged at 10.1%. The unemployed in this age group account for more than one-fifth of all jobless, KSH noted. The unemployment rate in the 25-54 age group was down at 3.2%, and the rate in the 55-74 age group was almost unchanged at 2.6%.

Out-of-work Hungarians spent about 14.8 months on average looking for employment during the period, and 39.1% of the unemployed had been seeking work for one year or longer.

Commenting on the data, the finance minister noted that a record 4,481,000 people had held a job in October-December in Hungary's economic sector since the democratic transition. Mihály Varga told a press conference that KSH's figures show an increase of 73,000 employees in the private sector in the full year of 2018, which indicates further expansion potential. Compared with 2010, the number of people employed in the country's economic sector has increased by 800,000, Varga said, adding that 650,000 of them found a job in the private sector. The minister said the number of employees had increased in line with the country's economic growth rather than due to local or central government measures.

Varga also noted that the employment rate had risen from 54.6% to 69.5% since 2010, and the government, he added, is determined to see further improvements. Meanwhile, the jobless number has dropped from about half a million to 167,000, or from 11.5% to 3.6%, the minister said.

Commenting on the data, analyst András Horváth of Takarékbank said the employment rate in Hungary could be increased by at least another 4 percentage points, but that would require further policy measures. Péter Virovác of ING Bank said the jobless rate was stable in the second half of 2018 and employment cannot be expected to expand significantly further unless structural reforms are implemented. In the absence of these, the jobless rate could be 3.5% at the end of 2019, he added.

BANAI: ECONOMIC GROWTH HINGES ON LABOUR MARKET, HIGHER PRODUCTIVITY

A government public finance official has said labour market constraints must be removed in order to ensure sustainable annual economic growth of around 4%. Also, productivity should be increased, Péter Benő Banai, a finance ministry state secretary, told a conference.

He said when in the past the Hungarian economy had grown above the EU average, this had often been at the expense of balance in the indicators. A decade ago, even

without the economic crisis, there would have been a correction and the government's aim is to ensure this does not happen in the future, Benő Banai said.

He noted that Hungary's bad employment rate had improved in recent years. Besides an increase in the prosperity of individuals, the economy itself has reached macroeconomic stability and has expanded, bringing with it a higher tax base and public financial stability, he added.

There are still growth-stimulating reserves in the labour market in the form of the economically inactive and people aged over 55. But productivity at companies needs improvement, with investments in innovation. This would help to address labour market tensions and boost economic growth, he said.

The state secretary also said it was important to maintain budget stability. The public debt and budget deficits should be reduced further and surplus revenues should not be used only for tax cuts. Stable public finances are also a requirement for

handling any future economic crisis or any negative turns in the real economy, he added.

**GAP IN HOME PRICES
WIDENS IN Q3 2018**

According to the National Bank of Hungary's house price index, prices increased annually at a nominal rate of 15.7% and by 11.7% in real terms in the third quarter of 2018 compared with the same period last year. A gauge of the market by the National Bank of Hungary (NBH) shows that in Budapest prices rose by 23.5% nominally and by 19.2% in real terms, above the national average in both cases. The pace of price increases picked up in every quarter from the end of 2017. In Q3 in cities prices rose by 17.3% nominally and by 13.2% in real terms while the rate for smaller settlements was 5% and 1.3%, respectively. Outside Budapest the annual rate of price increase was fastest in cities in the Southern Great Plains, where prices rose by 19.9% nominally and by 15.8% in real terms.

**CHRISTIAN DEMOCRATS
TURN TO CUSTOMER
PROTECTION SERVICE
OVER PAY-PER-CALL
PSYCHIC BROADCASTS**

Junior governing Christian Democrat party (KDNP) is turning to the customer protection services asking them to review the situation of pay-per-call psychic services, with a view to ban them from television altogether. KDNP group leader Péter Harrach said that "psychics" offering to send "healing energies" over television to viewers calling them on premium-rate numbers defraud their customers and presumably harm many people. The media authority NMHH reviewed the programmes last year and said that they harm vulnerable viewers, Harrach noted. KDNP is turning to the customer protection authority to have the activities of pay-per-call psychic services scrutinised to uncover possible irregularities or unlawful practices, Harrach and deputy party head Bence Rétvári said.

