

## PHOTO OF THE DAY



PM Viktor Orbán receives US Secretary of State Mike Pompeo

## UPCOMING EVENTS

**Foreign minister meets Bulgarian deputy PM in Budapest**

**Defence ministry, HungarControl sign cooperation pact**

**Head of parl't foreign affairs cttee meets Austrian National Council official in Budapest**

**Stats Office publishes CPI for Jan 2019**

## TOP STORY

# HUNGARY-US POLITICAL TIES ON THE MEND

Hungary and the United States have started to rebuild their political ties, the Hungarian foreign minister said after meeting US Secretary of State Mike Pompeo in Budapest.

Péter Szijjártó told a joint press conference that ties had revolved around the pillars of the economy and defence, but ever since the Republican administration assumed power, political relations had started to improve rapidly. The secretary of state's visit to Hungary is a testament to this trend, he said.

Szjártó said the Hungarian government and the Trump administration shared an identical or very similar approach to various political and international issues. Both governments pursue patriotic policies with priority given to national interests, he added. They both believe that one of the basic tasks of the state is to guarantee the security of its citizens, the minister said. This is why the US and Hungary have cooperated in fighting against the United Nations Global Migration Compact, he added. Both countries are determined to protect Christian heritage and Christian communities worldwide, and they are both active in international organisations that promote the fair treatment of Israel, he noted.

## **HUNGARY'S FOREIGN POLICY 'BASED ON MUTUAL RESPECT'**

Foreign Minister Péter Szijjártó said Hungary had always based its foreign policy on mutual respect and it considered it a matter of principle to veto all European decisions that criticised sovereign US foreign policy decisions.

"Our foreign policy enables us to be honest," he said at a joint press conference held with US Secretary of State Mike Pompeo. It has enabled the discussion of such issues as relations with Russia, the growing economic influence of China and Hungarian-Ukrainian relations, he added.

"The lives of 150,000 ethnic Hungarians in western Ukraine are important to Hungary and therefore Hungary cannot consider the situation in Ukraine purely as a geopolitical matter," he said.

Szijjártó noted that Hungary's share in EU-China trade amounted to 1.2%. He added that it would be "hypocritical to criticise Hungary" for maintaining close links to Russia while "deals are being brokered" between western Europe and Russia.

Szijjártó said a new bilateral defence cooperation agreement that updated the one signed between the US and Hungary in 1997 was a response to novel security challenges. Relevant talks have been concluded, he said, adding that the draft agreement will be submitted to the defence

committee of Hungary's parliament next week. He said Hungary was a reliable defence and military ally. Important talks have been held on acquisitions, and the defence committee will be contacted in the near future in connection with talks about the intermediate-range air defence system, he added.

Szijjártó said he had asked Pompeo's help to urge ExxonMobil to come to a decision as soon as possible on extracting gas in Romania, allowing Hungary to move forward in diversifying its gas purchases.

Szijjártó said Hungary's cooperation with China and Russia did not have a bearing on its credibility as a NATO ally. He said criticism of Hungary due to its ties with Russia was "enormous hypocrisy", adding that it was not Hungarian or central European energy companies that were cooperating with Gazprom to build a gas pipeline. Central Europe, he noted, is dependent on Russia for its energy supplies. "We have done everything we can" to buy gas from other sources, he added. Szijjártó said diversification hinged on "our allies". "But it is not in western Europe's interests today for central Europe to succeed, otherwise it would not be building its new gas route between Russia and Germany," he said. Western Europe's energy security will improve as a result, he said, adding that: "We are waiting for our allies to make decisions so we, too, can [buy gas] via another route."

## **POMPEO MEETS NGO LEADERS IN BUDAPEST**

US Secretary of State Mike Pompeo met representatives of NGOs in Budapest, the Hungarian Helsinki Committee and the Hungarian Civil Liberties Union (TASZ) said in a joint statement. "Concerns regarding the rule of law and the situation of NGOs were highlighted at the meeting," the statement said.

The statement said that co-head of the Hungarian Helsinki Committee, Márta Pardavi, raised issues such as "impairments to the independence of the judiciary and the separation of powers". It added that she had also raised "government measures that weaken constitutionality and legislation approved in recent years that impairs Hungarian democracy".

TASZ managing director Stefánia Kapronczay highlighted "the importance of an independent and diverse press," while K-Monitor director Sándor Léderer presented a report on "the situation in Hungary in respect of corruption".

The NGOs said the fact that Pompeo had met them and had expressed an interest in their opinions demonstrated that top US officials were dedicated to protecting the values of constitutionality and the role of civil society, even when it came to relations with allies.

## **SUBSIDY PACKAGE TO COST HUF 150BN A YEAR**

State secretary for family policy Katalin Novák has said the family support measures unveiled by the prime minister on Sunday will cost the central budget about 150 billion forints (EUR 472m) a year. This year, the fiscal impact of the measures is expected to be half that amount, Novák said, noting that the 10 million forint loan (EUR 31,500) available to women committed to having children would be available from July 1, 2019. Women between the ages of 18 and 40, in their first marriage, who have worked for at least three years, are eligible for the loan which will be interest free, she added. Preferential loans for family home purchases (csok) will become available for the purchase of resale homes from July 1, 2019, she said. A 35 million forint cap on the value of resale homes for which families with children may apply for csok subsidies will be scrapped, she added. The personal income tax exemption for women with four or more children is expected to be introduced from 2020, Novák said. The exemption will apply only to earned income, not to dividends. Payments to grandparents for carrying out child care will only apply if they are not yet pensioners and if they take child care leave, she said. The 2.5 million forint subsidy for buying large passenger cars may cover at most half of the cost of the vehicle, she added.

## **NÉZŐPONT: TWO-THIRDS BACK PM'S FAMILY SUPPORT SCHEME**

Two-thirds of survey respondents interviewed after Prime Minister Viktor Orbán announced new family assistance measures approved of them, according to the Nézőpont Institute. Fully 63% of 541 people surveyed expressed satisfaction with the planned measures, Nézőpont said. Also 40% of people identifying with the opposition backed them. Nézőpont also said that the government's anti-migration stance was met with "a consensus at least as broad", with 64% of the respondents against the European Union "revisiting mandatory migrant quotas" after the upcoming European parliamentary elections.

In a survey of 500 people conducted by the Századvég Foundation, 73% of respondents expressed a favourable opinion of the prime minister's state-of-the-nation address, as well as the family assistance measures he outlined in the speech. Fully 57% expressed a favourable view of the speech and 16% were somewhat positive, whereas only 19% were negative, according to the survey.

Among the seven new family benefits, a three-year programme to expand crèche places drew the largest support, with 94% of respondents approving of the measure.

Fully 92% welcomed the expansion of the preferential loan for family home purchases (csok), while 88% supported

payments to grandparents who help with child care. Eighty-seven percent welcomed support for large families making mortgage repayments.

Altogether 84% of respondents approved of the planned preferential loan of 10 million forints (EUR 31,500) for newly-weds. Fully 78% approved of personal income tax exemptions for women who raise at least four children and 77% backed a subsidy for large families purchasing a bigger vehicle.

Fully 93% approved of the prime minister's message that support for Hungarian families raising children was the best response to population decline as opposed to migration. Also, 60% agreed with the proposition that the upcoming European parliamentary elections would decide whether or not the pro-immigration policies of Brussels could be stopped.

## **OPPOSITION SLAMS GOVT FAMILY SUPPORT MEASURES**

The opposition Jobbik party has criticised recently flagged government measures to expand its family housing subsidy scheme (csok), saying tens of thousands of rich families would benefit from the move, while hundreds of thousands of poor ones would miss out. Referring to Prime Minister Viktor Orbán's announcement of the measures on Sunday, Jobbik's deputy leader accused the government of driving a wedge through society "by benefitting 37,000 people and neglecting several hundred thousand

others". He said the subsidy scheme had no upper limit, and large houses "in the hundred million forint range" could also be built using public money.

Dániel Z. Kárpát told a press conference that the package of measures should have included help for people who rent. He also called for a review of banking practices with the aim of targeting help at troubled mortgage holders rather than providing a subsidy for new borrowers. The announced benefits include exempting women who raise at least four children from personal income tax for life, giving large families 2.5 million forints (EUR 7,860) to buy a large vehicle and a cheap loan of 10 million forints for women under age 40 who marry for the first time, with a sliding scale of repayment depending on how many children she bears.

The opposition Socialists said new family policy measures announced by Orbán would only benefit the wealthy and they constituted a government attempt "to cover up the failure of the slave law". Referring to recent legislation on overtime, dubbed "slave law", Socialist lawmaker Lajos Korózs told a press conference that the ruling Fidesz party had come to realise that the law was bad move, leading to the potential loss of some 500,000 voters. So now they are making big promises, Korózs, who is head of parliament's welfare committee, said. But in reality they won't help the majority of people, he said.

The Socialist politician insisted that "oligarchs and the wives of the

ruling Fidesz elite" would not only be exempt from personal income tax but they would reap even more public money on top of that. The expansion of crèche places to 18,000 and the establishment of crèche in every village throughout Hungary were promises already made in the previous government term, he said. Of 18,000 places, only one thousand places have been created, and it will be impossible to fulfil the new promise to create 70,000 places by 2021, he added.

Meanwhile, Korózs said the planned 10 million forint loan would push people into a debt trap since it would take a family 17 years to pay it back based on monthly instalments of 50,000 forints (EUR 160). Commenting on the expansion of the family housing loan scheme (csok), he said this would actually offer an investment portfolio to high-income people, enabling them to buy a second or third home. Last time the eligibility criteria for csok was expanded, property prices grew drastically, followed by an increase in rents, he added.

Referring to the planned 2.5 million forint subsidy for the purchase of seven-seater vehicles, Korózs said such vehicles cost 11-13 million forints, meaning families would still have to fork out 10 million forints.

In response, the Fidesz parliamentary group said in a statement that the Socialists attacked the government's family protection action plan while voting in support of migration in the European Parliament.

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## **ORBÁN INAUGURATES HUF 33 BN WHEAT STARCH PLANT**

Prime Minister Viktor Orbán inaugurated a 33 billion forint (EUR 103.2m) wheat starch plant in Visonta, in northeast Hungary. Grain processing company Viresol received a 6.2 billion forint government grant for the project, he said. "We will need many such brave and entrepreneurial companies in the future," Orbán said, adding that "we would give more [state grant money] to other towns and villages if there were more strategies and more entrepreneurial spirit".

The plant will process 250,000 tonnes of wheat a year using cutting edge, environmentally friendly technology. The investment has created 250 jobs and employs some 450 people as suppliers.

The investor Lőrinc Mészáros, who controls Opus Global, Viresol's majority owner, said that about 30 million forints of the company's own resources had gone toward the investment, and the government grant and credit had covered the rest.

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## **DK TO FILE CRIMINAL COMPLAINT OVER ACTIVIST HIT AT SUNDAY DEMO**

The Democratic Coalition (DK) will be raising charges in connection with "government brutality", saying a security guard hit a party activist, Gergő Varga, at Sunday's

demonstration during the prime minister's state-of-the-nation address. During the demonstration at Budapest's Várkert Bazár, activists placed sheets of paper reading "Thief" and other slurs on the cordon, Varga said. One of the security guards lashed out at him, he said. Police also stopped them from projecting an image slamming Prime Minister Viktor Orbán on the building of the Hungarian Academy of Sciences during the demonstration, he added.

## **HUNGARY, AUSTRIA INNOVATION MINISTERS SIGN MOU**

Minister of Innovation and Technology László Palkovics and his Austrian counterpart Norbert Hofer have initialled an agreement on joint infrastructure development programmes. The letter of intent includes a statement on improving rail services between Budapest and Vienna, Palkovics told MTI after the talks in Vienna. The duration of the journey between the two capital cities can be reduced by 15 minutes by improving technical conditions and employing engine drivers who hold licences for both countries, thereby eliminating the need for an extended stop at the border, he said. Also on the agenda was the prospect of jointly setting up a supercomputing centre.

Hungary has also held talks on a similar project with Germany's State of Baden-Württemberg, the minister noted.

The EU's Mobility Package 1 proposal was also discussed. Palkovics said the package harmed the interests of Hungarian freight forwarders, and he had asked Hofer to assist in proposing changes to the effect that Hungarian freight companies are not affected by the regulation's provisions restricting competition.

## **KESZTHELY POSSIBLE VENUE FOR RED BULL AIR RACE**

The deputy mayor of Keszthely, on the northwest shore of Lake Balaton, has suggested the city as a possible venue for the Hungarian leg of this year's Red Bull Air Race, regional daily Zalai Hírlap reported. Budapest mayor István Tarlós recently said the capital would not issue a permit for the Red Bull Air Race, planned for July of this year, because of "inadequate conditions", prompting a search by local organiser Hungaroring Sport for an alternative venue. Keszthely deputy mayor Bálint Nagy told Zalai Hírlap that he had spoken to Hungaroring Sport's head on the telephone about the possibility of hosting the race. The city is close to an airport, and the nearby spa town of Hévíz has lots of hotel capacity, he added.

Hévíz mayor Gábor Papp told MTI that the spa town and the Hévíz-Balaton Airport it operates could serve as the backdrop for the Red Bull Air Race if it comes to the region. The infrastructure and preparedness of the region make it well-suited to host the event, he added.

## **WJC LEADER 'CONCERNED' BY OPPOSITION PARTY MEMBERS' ALLIANCE WITH JOBBIK**

The president of the World Jewish Congress (WJC) expressed concern over signs that members of Hungary's opposition parties were considering teaming up with nationalist opposition party Jobbik. In a statement published on WJC's website, Ronald S Lauder said recent reports had suggested that Hungarian opposition party members "have been willing to entertain the possibility of alliances with the extremist Jobbik party".

Having visited Hungary to assess the situation, Lauder was "dismayed to find that they are entirely true". "A few short years ago, Jobbik rose to prominence openly utilizing antisemitic, racist and xenophobic rhetoric and ideology," Lauder said. "Party members and leaders have since repeatedly been mired in controversy over their hateful antisemitic statements and actions," he added.

Lauder dismissed the party's more recent move towards the centre of politics.

"Despite recent rebranding attempts, Jobbik has not done nearly enough in terms of concrete actions to distance itself from its antisemitic roots, or to stem the continued flow of antisemitism and racism still reportedly emanating from local Jobbik cells," he said, calling on Jobbik to "credibly demonstrate that it opposes antisemitism and racism".

Until this happens, Hungarian lawmakers and the international community should treat the party as “an outcast not worthy of alliance”. “Until these changes come about, it is dangerous for any Hungarian political party to do business with the extremist Jobbik party or to allow Jobbik into the mainstream of Hungarian politics,” Lauder added.

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### **KÖVÉR PROPOSES EXCLUDING DEMETER FROM DEFENCE CTTEE**

Parliamentary Speaker László Kövér has proposed excluding opposition LMP lawmaker Márta Demeter from parliament’s defence and law enforcement committee, of which she is deputy head, parliament’s press office said.

Parliament is expected to decide on the proposal on Feb. 18, the first sitting of its spring term.

The Constitution Protection Office’s internal security intelligence agency, in an opinion sent to Kover based on a security review ordered by the speaker, said Demeter was a risk to national security and it recommended her immediate exclusion from the committee.

Last October, Demeter submitted questions to the interior and defence ministers asking them why a minor named Flóra Orbán, whom Demeter had wrongly assumed to be the prime minister’s daughter, had been allowed to travel on an Airbus operated by the Hungarian army.

Later, she stated in another written question that the Hungarian army’s director for armaments and state secretary in charge of national defence development had unlawfully travelled on an aircraft used for military training. In response, several defence ministry representatives denied that Gáspár Maróth had travelled on the aircraft.

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### **VARGA: EURO-ZONE BUDGET FINANCING SHOULD NOT CONFLICT WITH EU’S LONG-TERM INTERESTS**

The euro-zone budget must not be allowed to overlap with the European Union’s existing tools and goals, as this would further deepen regional gaps and hinder furtherance of the single market, Hungarian Finance Minister Mihály Varga said at a Eurogroup meeting in Brussels.

The finance ministry said in a statement that Varga had underlined the importance of the matter in order to argue that the euro-zone budget’s main elements within the EU budget must be decided unanimously at the level of the EU heads of state and government.

Varga noted that EU leaders decided to create a budget for the euro area last December. Within the EU’s seven-year budget framework, an instrument is being set up to strengthen the euro area’s competitiveness and convergence.

In the course of negotiations, Hungary insists that the new instrument should indeed be set up within the multiannual financial framework so that a decision is only taken on the basis of a full EU27 consensus, accounting for the interests of member states outside the euro area, Varga said.

Varga argued that euro-zone budget resources can only be seen in addition to the resources of existing EU policies and programmes, either by increasing the amount of the multiannual financial framework or by adding extra income to be paid by the euro-area member states, the ministry’s statement said.