

PHOTO OF THE DAY



MTI/Balázs Mohai

In memory of victims of Danube collision

UPCOMING EVENTS

Prime Minister Viktor Orbán interviewed on public radio

Szijjártó meets Korean counterpart Kang Kyung-wha, Paraguayan counterpart Luis Alberto Castiglioni

Stats office second estimates on Q1 GDP, March foreign trade

TOP STORY

SEVEN DIE IN DANUBE SHIP COLLISION

Seven South Koreans died when a sightseeing boat collided with a cruise ship on the River Danube by Parliament on Wednesday evening.

The sightseeing boat with 33 South Koreans and two Hungarian crew on board capsized and sank. Seven of the passengers were taken to hospital while 21 were missing. A search of the swollen river by 96 firefighters as well as other emergency crews amid bad weather continued on Thursday downstream in the south of Budapest. Interior minister Sándor Pintér and health state secretary Ildikó Horváth attended the scene of the tragedy. The wreck of the boat is located on the river bed near a pillar of Margit Bridge. The national police headquarters (ORFK) has launched a criminal investigation into the collision which happened at 9.05pm, when Hungarian sightseeing boat Hableány (Mermaid) collided with Viking Sigyn, a large cruise ship owned by a Swiss operator. There were 35 people aboard the Hableány, 22 women, 12 men and a 6 year-old child. Pál said the cruise ship's Ukrainian captain has been questioned. The sightseeing boat sank within just 7 seconds, according to eyewitnesses. Both vessels were heading north, and Hableány turned in front of Viking in between two pillars of Margit Bridge.

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SOUTH KOREA SENDS EXPERTS TO BUDAPEST

South Korean Foreign Minister Kang Kyung-wha travelled to Budapest on Thursday, heading a government team to cooperate with Hungarian authorities and assist South Koreans involved in the collision.

Only one of the survivors of the Danube ship collision was still in hospital, receiving treatment for a broken rib, on Thursday afternoon, public television news channel M1 reported. The other six people rescued have been released.

President János Áder, Prime Minister Viktor Orbán and House Speaker László Kövér expressed condolences to their South Korean counterparts. In a message to President Moon Jae-in, Áder said the Hungarian authorities will do everything possible to find the survivors and to ensure the speediest possible recovery of those hospitalised. In his letter to Prime Minister Lee Nak-yeon, Orbán said: "Our thoughts and prayers are with the families of the victims and with the people of South Korea in these most difficult of moments."

In a phone call South Korean President Moon Jae-in asked Orbán to ensure that the Hungarian authorities do their utmost to find the South Koreans reported missing. He also thanked the Hungarian authorities for their rescue efforts.

Earlier on Thursday, the president ordered an operative team to be set

up in connection with the disaster. The 18-strong team, headed by the South Korean foreign minister was accompanied by a 13-strong rescue team mainly comprising divers.

Meanwhile, the Hungarian interior minister received South Korea's ambassador to Hungary in his office. Sándor Pintér has expressed his condolences to Choe Kyoo-Sik and briefed him on circumstances of the accident and steps taken in the rescue operations.

Hungary's political parties also expressed their condolences in statements.

GULYÁS: STRONG MANDATE 'GREAT HELP' IN EU POLICY DEBATES

The strong mandate that the allied ruling Fidesz-Christian Democrat (KDNP) parties received from the voters at last Sunday's European parliamentary election will be of great help in policy debates in the European Union, the Prime Minister's Office chief said. At his regular press briefing, Gergely Gulyás said the government continued to promote a Europe of nation states and its anti-migration stance, and would only support European leaders on a similar footing, he said. Another priority will be the protection of Christian culture, he said.

Fidesz-KDNP will back neither Manfred Weber, the European People's Party lead candidate, nor Frans Timmermans, the European Socialist's Spitzenkandidat for president

of the European Commission, Gulyás said. Weber "has offended Hungarian voters", he said. As regards Timmermans, he said the Hungarian government would not want American financier George Soros "to form a government in Europe". He said the EU heads of state and government had the right to nominate the European Commission's president and this right should not be curtailed.

Meanwhile, he said the government was moving to postpone the introduction of the administrative court system. Whereas the government considers that the system accorded with European norms and the rule of law, the issue was the focus of an international debate over the independence of the judiciary. Until these debates are concluded, enactment of the new system should be put on hold, he added. The relevant motion will be tabled on Thursday in parliament, he said, adding that in the meantime President János Áder had been asked not to name a head for the court. Gulyás said the government's decision to put the new court system on hold would improve the country's position in the EU. He added that the country must be careful not to allow fears concerning the independence of the courts to be raised. The PM's office chief also said the move would not affect Fidesz's membership of the European People's Party, though it would not be to Fidesz's disadvantage if it chose to remain part of the EPP family. Gulyás added that by withdrawing the law on the

administrative courts, the government would be holding off from taking a step towards the liberal rule of law. Asked whether the withdrawal of the law was a quid pro quo for naming current justice minister László Trócsányi as Hungary's next European commissioner, he replied "no". Asked about Trócsányi's possible successor, he said Prime Minister Viktor Orbán had talked privately to the minister this week, and they agreed he would leave his post on June 23. No decision has yet been made concerning the justice ministry's new head, he added. Asked about the government's preferred choice of commission head, Gulyás said that Hungary knew its place in the EU and was not keen on either of the two lead candidates. It would consider any other candidate, he said, adding that whereas it would be preferable for the candidate to be an EPP member, the most important consideration would be the new leader's aptitude for the job. He cited the closing statement of the EU summit that the candidate should garner the support of a qualified majority of member states, adding that this applied to neither of the two lead candidates. Gulyás said that Michel Barnier, the commission's chief Brexit negotiator, would be acceptable to the Hungarian government. Extrapolating from the EP election result, he said Fidesz was on course for big win in the municipal elections in Budapest.

On the subject of Wednesday's deadly collision of two river ships on the Danube, Gulyás said the

government had ordered an exhaustive investigation that would probe into every detail of the disaster. Gulyás expressed Hungary's condolences to the relatives of the victims and to the people of South Korea. He said the disaster management authority, the police, rescue services and the Counter-Terrorism Centre had coordinated their actions and responded as quickly as possible. If it were determined that regulations needed updating due to the events of Wednesday evening, the necessary steps would be made, he added in response to a question.

SZIJJÁRTÓ: COOPERATION IN C EUROPE CRUCIAL FOR HUNGARY

Hungary has "always attached great significance" to the cooperation between central European countries, the foreign minister said in Zagreb after inaugurating Hungary's new embassy compound together with his Croatian counterpart. "Croatia is our ally, a friend and a good neighbour," Péter Szijjártó told a joint press conference held with Marija Pejčinović Burić. He said Croatia is a popular destination for Hungarians, noting that 655,000 visited seaside resorts there last year. Hungarian tourists contributed 400 million euros to Croatia's tourism revenues in 2018, Szijjártó added.

The minister said the world was changing "at an unprecedented pace" with new conditions in global politics and economy under which "stability,

rationality and predictability, traits of central Europe", have become highly valued. Countries in the region have understood the importance of cooperation, making them stronger, Szijjártó said. The foreign minister noted that Hungary-Croatia bilateral trade exceeded 2.2 billion euros in 2018. The largest Hungarian companies are present in Croatia, he said, adding that Hungarian businesses had recorded 4 billion euros worth of investments so far. Szijjártó thanked his counterpart for the support Croatian government MEPs showed Hungary in "the face of the fiercest attacks" in Brussels. Szijjártó held talks with Croatian President Kolinda Grabar-Kitarović and Prime Minister Andrej Plenković in the morning.

Asked about a dispute surrounding Hungarian oil and gas company MOL and Croatian energy company INA after his talks with Plenković, Szijjártó said, "Hungary has always reassured his Croatian friends that business issues do not feature on the Hungarian government's agenda". "But we realise that issues surrounding MOL and INA, and between MOL and the Croatian state, have burdened our relations," adding that it was up to the two companies and the Croatian state to reach an agreement. The Hungarian government can only "keep its fingers crossed" that they do, he said. Improving relations from that point of view would be crucial for Hungary, Szijjártó said, arguing that energy security was critically important for central Europe.

VARGA ANNOUNCES TAX CUTS, GROWTH INCENTIVES

Finance Minister Mihály Varga has announced a number of tax cuts and growth incentives as part of plan to shield the economy from the impact of a global slowdown. Varga said the payroll tax would be reduced from 19.5% to 17.5% from July 1, 2019. The measure, which he said would leave 144 billion forints (EUR 443.1m) with businesses this year and 156 billion next year, is in line with an agreement reached by the government with employers and unions that links payroll tax cuts to private sector wage growth from 2019. Varga said the advertising tax would be reduced to 0 until the end of 2022. The government also wants to reduce the Small Business Tax (KIVA) rate from 13% to 12% from January 1, 2020. The measure would leave 5 billion forints with the some 40,000 businesses that opt to pay the tax, he said. The KIVA rate is well over the 9% corporate tax rate, but KIVA companies enjoy a number of exemptions.

Varga said tax administration would be reduced. The Simplified Business Tax (EVA) will be phased out, while other taxes will be consolidated, he added. He said rules requiring some companies to pre-pay their taxes in instalments would be eliminated. Varga also announced plans to reduce the VAT rate on commercial accommodations from 18% to 5%,

while at the same time introducing a 4% tourism contribution in the sector.

ORBÁN MEETS JORDAN PETERSON IN BUDAPEST

Prime Minister Viktor Orbán met Canadian political scientist and psychologist Jordan Peterson in Budapest to discuss current political issues, the prime minister's press chief said. Peterson, who teaches clinical psychology at the University of Toronto, and Orbán agreed that illegal migration was "unnecessary and dangerous", and talked of political correctness, which they said made "sensible public discussions impossible", Bertalan Havasi said. Political correctness is the "invention of a small, ideologically driven group," they said. Peterson and Orbán also touched on a current tendency to "minimise" the crimes committed under Communist regimes. They cited an "infamous" speech by European Commission President Jean-Claude Juncker, in which they said he "defended Karl Marx", Havasi said. Peterson is in Budapest as a guest of the Brain Bar Festival, organised to discuss the future of "individuals, communities and humanity as a whole". Last year's Brain Bar festival drew over 10,000 visitors.

SZIJJÁRTÓ: JAPANESE COMPANIES IMPORTANT FOR HUNGARIAN ECONOMY

Japanese companies are an important factor in Hungary's growing economy,

contributing to its Europe-topping first quarter annual growth of 5.3%, Foreign Minister Péter Szijjártó said ahead of a working lunch with Japanese investors organised by the Hungarian Investment Promotion Agency (HIPA) in Budapest. Szijjártó said that cooperation between Japan and Hungary had always been based on mutual respect. "[Cooperation] has never been as stable and fruitful as it is today," he said. Japanese investments in Hungary are worth 2.5 billion US dollars and over 160 Japanese companies employ 34,000 people here, he noted.

GROSS WAGES UP 10.2% IN MARCH

The average gross wage for full-time workers in Hungary rose by 10.2% year on year to 367,200 forints (EUR 1,155) in March, the Central Statistical Office (KSH) said. Net wages grew at the same pace, reaching 244,200 forints. Calculating with twelve-month CPI of 3.7% in March, real wages were up by 6.3%.

Excluding the 96,500 Hungarians in fostered work programmes, the average gross wage rose by 9.1% to 377,100 forints, while net wages grew at the same rate to 250,800 forints. Full-time fostered workers earned gross 83,100 forints in March, 0.1% more than a year earlier.

KSH noted changes to its data sourcing first appearing in January statistics: it is phasing out its practice of monthly data collection and instead

getting data on wages and headcount from the National Tax and Customs Authority (NAV) and, in the case of the public sector, from the State Treasury. While reducing the data provision burden, the new sources bring a richer set of data, KSH said.

The data sources show the average gross monthly wage was highest in information technology and communication, at 671,200 forints, and lowest in the hotel and catering services sector, at 235,300 forints. Men employed full-time earned gross 385,100 forints on average during the period, while women earned 320,000 forints.

The financial ministry said in a statement that wages have been growing for 75 consecutive months in Hungary. Including family tax cuts, wage growth has exceeded 47% between 2010 and 2017, it said. Among the Visegrad countries, Hungarian gross wages grew the fastest, the ministry said.

Analyst András Horváth of Takarékbank told MTI that wage

growth in March was driven by the increasing shortage of qualified workforce and the minimum wage increases. Horváth forecast full-year wage growth exceeding 10% this year, with real wage growth of 6.6%. Péter Virovác of ING Bank noted that wages continue to rise at above average rates in manufacturing, construction and information technology and communication whereas wage growth in the public sector has been the lowest since 2015, mainly due to the winding up of wage rises at the law enforcement bodies. ING Bank's analysts also predicted full-year wage growth of around 10% this year, mainly due to the workforce shortage.

INVESTMENT VOLUME JUMPS 26.4% IN Q1

Investment volume in Hungary rose by 26.4% year on year in the first quarter, the Central Statistical Office (KSH) said. In absolute terms, investments came to 1,687.6 billion forints during the period.

Construction investments increased by 32.4%, reaching 882.2 billion forints. Machinery investments climbed 20.5% and stood at 783.7 billion. Manufacturing sector investments were up 32.6% and reached 519.1 billion forints. Real estate investments rose by 9.5% and came to 271.7 billion. Investments in the logistics sector shot up by 62.4% to stand at 207.2 billion. Private sector investments increased by 38%, reaching 924.5 billion forints, and public sector investments were up 27.3% at 205.9 billion.

NKM MOBILITÁS TO INSTALL EV CHARGING STATIONS AT SPAR STORES

The local unit of Austrian supermarket chain Spar has reached an agreement with NKM Mobilitás, a unit of national utilities holding company NKM, on the installation of 33 electric vehicle charging stations at its shops. The EV charging stations will be installed at 17 Spar stores in Hungary starting in the first week of June.