

## PHOTO OF THE DAY



MTI/Zoltán Máté

Rescue operations of Danube ship collision under way

## UPCOMING EVENTS

**Danube ship collision follow-up**

**Government submits 2020 budget bill to parliament**

**Parliament's budget, defence and law enforcement committees meet**

**Hungary marks National Cohesion Day**

## TOP STORY

## BODY RECOVERED FROM SIGHTSEEING BOAT WRECK

Hungarian and South Korean divers have recovered the body of one of the victims of last week's Danube ship collision from the sunken sightseeing boat, counter-terrorism force TEK, which is in charge of the recovery efforts, said.

The body was discovered by Hungarian divers on Monday morning. They marked the body before carrying on with their inspection of the condition of the Hableány's wreckage. The body was then pulled to the surface by Korean divers. TEK said rescue teams were working round the clock on "achieving a safe solution to this extraordinary situation".

Another body has been found near the village of Harta, some 100 km downstream from Budapest, the national police headquarters said.

The Hableány, carrying 33 South Koreans and two Hungarian crew, collided with a cruise ship and sank last Wednesday. Seven passengers were rescued, eight have been confirmed dead and 20 are still missing. The wrecks of the sightseeing boat were located near a pillar of Margaret Bridge.

The Ukrainian captain of the Viking Sigyn, a Swiss cruise ship, has been questioned under suspicion of causing the disaster and detained. The captain's lawyer has said that the suspect had submitted a complaint against the charge and denied any violation of the regulations or of committing a crime.

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## SALVAGE WORK SET TO CONTINUE AT DANUBE CRASH SITE

Rescue teams working to salvage the wrecked Hableány, which sank in the Danube last week, are awaiting the arrival of a crane large enough to lift the boat from the river, the head of Hungary's counter-terrorism force TEK said. János Hajdu said the crane, which could lift 200 tonnes, could not at present be shipped to the site under the bridges due to high water levels. He said divers first attempted to approach the wreck on Thursday, adding, however, that the swift current of the flooding river and "practically zero centimetre sighting distance" in the 12-15°C water made their work nearly impossible. He added that divers are forbidden to enter the wreck for their own safety. The salvage operation, assisted by a 54-strong South Korean team and Austrian experts, will focus on lifting the wreck out of the water in one piece, he said.

Shunkeun Song, defence attaché at the South Korean embassy in Budapest, thanked the Hungarian government for its assistance and Hungarians for expressing their sympathy over the accident. The diplomat said that families of the victims were eager to receive information and asked Hungarian authorities to allow South Korean divers to enter the wreck. He voiced agreement with Hajdu, at the same time, that protecting the lives of divers was paramount.

## DEFENCE MINISTER WARNS OF NEW CHALLENGES

Defence Minister Tibor Benkő briefed parliament's foreign affairs committee on Hungary's security and defence policy in the future, and warned of "new military threats" globally emerging in recent years.

Presenting his report, Benkő said that Hungary's security environment has rapidly changed in recent years. He said that the situation in the Western Balkans is still "very unstable", while there is a continuing war situation in Ukraine. There are a number of unstable states in the Middle East and North Africa, too, that is why troops are deployed in those regions to "manage problems at the root" and prevent people from fleeing their homes, he added.

The two main threats for NATO are from the east (Russia) and from the south, he said. Hungary participates in efforts to protect the Baltic states in light of the former threat, he added. Concerning the latter, southern threats, Benkő mentioned issues around illegal migration.

With regard to a worsening security environment, the importance of collective defence is being appreciated, the minister said, adding that NATO should "make a weightier presence". For that respect, sharing the burdens is crucial, he said and warned that each country must ensure military capabilities which guarantee

their own security and meet NATO's requirements. Benkő noted Hungary's commitment to raising defence spending to 2% of GDP by 2024. He also referred to Hungary's 10-year military reform programme including the replacement of military technology and training for defence personnel.

## SZIJJÁRTÓ: HUNGARY PREPARED TO MEET ENERGY SECURITY CHALLENGES

Hungary will need new solutions and routes to handle uncertainties in energy supplies expected from next year on, Foreign Minister Péter Szijjártó said in Belgrade, but added that Hungary has been prepared for the challenge. Speaking at a regional energy security forum, Szijjártó said that Hungary's capability to import gas "from new sources and through new routes depends exclusively on its allies". On the sidelines of the forum, Szijjártó had bilateral talks with the energy and economy ministers of Serbia, Romania, Montenegro, Bulgaria and the Bosnian Serb Republic.

## GOVT OFFICIAL OPENS 4TH CHINA-CEE CULTURAL AND CREATIVE INDUSTRY FORUM

Hungary's creative industry should follow other sectors in appearing on the international market, a foreign ministry official said at the opening of the fourth China-Central and Eastern

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Europe Cultural and Creative Industrial Forum in Budapest. Tamás Menczer, the state secretary for communications and international relations, noted that the creative industry sector has been growing at double the pace of the Hungarian economy, which "is itself the best in Europe" at 5.3%. The sector contains around a dozen branches and has high value added, he said. Ma Feng, an official of the Chinese cultural ministry who is leading the Chinese delegation to the forum, hailed the strengthening of ties in creative industries and culture next to trade. Culture is the basis of all social development, he said. China's cultural industry and the creative sector are important and dynamically expanding components of Chinese GDP, he said.

### **FIDESZ WINS EP ELECTION ABSENTEE VOTE**

Hungary's ruling alliance of Fidesz and the Christian Democrats won the absentee vote in the European Parliament election, the National Election Committee (NVB) announced. Under Hungary's election rules, citizens with a permanent address in Hungary who are not in the country on election day can go to the polls at Hungarian embassies and consulates. A total of 20,291 Hungarians had registered to vote abroad, of whom 17,551 showed up on election day.

Of the citizens who voted abroad, 7,222 cast their votes for Fidesz, with the liberal Momentum Movement coming second with 5,078 votes.

The leftist Democratic Coalition was third with 1,678 votes ahead of the Socialists-Párbeszéd alliance, which received 1,113. The satirical Two-Tailed Dog Party received 913 votes, LMP 700, nationalist Jobbik 400, the radical nationalist Mi Hazánk Movement 362 and the Hungarian Workers' Party 19 votes. The NVB is expected to confirm the final outcome of the election in the middle of this week based on the combined outcome of the votes sent by mail, absentee votes and the votes cast in Hungary.

### **MOMENTUM NOMINATES KERPEL-FRONIUS FOR BUDAPEST MAYOR**

The opposition Momentum Movement nominated businessman Gábor Kerpel-Fronius, the leader of the party's chapter in Budapest's 13th district, as its candidate for Budapest mayor in the autumn local elections. At a press conference broadcast on its Facebook page, Momentum leader András Fekete-Győr said that the results of the European parliamentary election, where Momentum has secured two EP mandates with 9% of the votes, has shown that Hungarian politics needs "new faces". Momentum is the strongest opposition party in 10 of the 23 districts in Budapest, he said.

The decision to nominate Krempel-Fronius was made before the EP election, Fekete-Győr said. Should Socialist-Párbeszéd candidate Gergely Karácsony win the second round of the opposition pre-election ballot at the

end of June, Momentum is ready to back him, he added.

Kerpel-Fronius said "we have to take Budapest back from the Fidesz mafia." While incumbent Mayor István Tarlós "has no vision of what Budapest should look like in ten years", Momentum has a programme until 2030, he said. Budapest residents should not have to pay rents exceeding 30% of their incomes, and they should have modern, environment friendly alternatives to driving cars in the city, he said. They want a Budapest "where people do not drown in smog" and where important decisions are not made over their heads, he added. The city mayor should also have his voice heard in Budapest-related "issues of values" such as that of the Central European University, the fate of the 1956 Institute or the reconstruction of the city park, he said.

### **PARTY LEADERS MEET MEXICAN COUNTERPART**

Zsolt Németh, the head of parliament's foreign affairs committee, discussed current international affairs and bilateral ties with his Mexican counterpart Gabriela Cuevas Barron in Budapest. The talks focused on Mexico's cooperation with the EU and the current stand of Mexican-US relations, Németh told a joint press conference after the meeting. He praised Hungarian-Mexican cooperation, noting several prospective bilateral cultural projects and mutual grant programmes.

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Cuevas Barron said the two countries are long-time friends, adding that they want to strengthen their ties. Concerning migration, she stressed Mexico's commitment to creating conditions that help locals prosper in their native country. Cuevas Barron, the current president of the Inter-Parliamentary Union (IPU), arrived in Hungary to attend the Tuesday commemoration marking the 130th anniversary of Hungary's IPU membership.

### **PUZSÉR WON'T CONTEST MUNICIPAL PRE-ELECTION**

Róbert Puszér, an independent candidate for Budapest mayor, will not run in the opposition-initiated pre-election but will stay in competition for the proper municipal elections later this year, his campaign chief said in a statement. Puszér's precondition for participation in the pre-election has not been met. Puszér said earlier that the "left-liberal bloc" within the opposition should "seek a fair distribution" of Budapest districts with the parties backing him, conservative Jobbik and green LMP. He blamed the Socialist Party and the Democratic Coalition for "forcing out" the weaker opposition parties from the arena "with the same savagery as (PM) Viktor Orbán chops up the complete opposition". The statement quoted Puszér as saying that "unless those conditions change" he would not participate "in this farce" but "continue with his campaign".

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### **EX-MEP SZANYI CALLS FOR NEW LEFTIST MOVEMENT**

Former Socialist MEP Tibor Szanyi announced that he would launch a new, leftist movement dubbed Holnapelőtt (The Day Before Tomorrow). In an open letter, Szanyi called on "anyone who believes that life on Earth can be saved" to join his movement aimed at "creating a political home for advocates of social solidarity, young people of the radical left". Szanyi criticised his opposition Socialist Party, which has recently won merely a single seat in the European Parliament, calling it a "degenerating, insider club". He insisted that the Socialists no longer have political ideas, "they are scraping for the brass farthings here and there". He added, however, that "if they need me, they will elect me chairman". Szanyi said the Socialist Party is referred to as a "corrupt gang", in which "leaders are fighting for an ever diminishing haul trodding on the membership". The party hardly has any new members, a lot more "walking away", he said, adding that the Socialists have also lost their former support among leftist intellectuals.

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### **ÁSZ HEAD CALLS FOR INCENTIVES TO BOOST HOUSEHOLD SAVINGS**

László Domokos, the head of the State Audit Office (ÁSZ) called for government incentives to boost

household savings in an interview published in Monday's issue of business daily Világgazdaság.

Domokos said that in wage negotiations of the coming years, the government should make a proposal that significant wage growth should only take place if employers transfer a certain amount of the wages not directly to employees but to the employee's savings account. The opening of such accounts cannot be made compulsory but the scheme could encourage through state incentives such as offering inflation-linked government securities on the shorter run too and the abolition of the current 15% tax on interest income, Domokos said. Calculations based on recent wage growth and consumption statistics and the inflation forecast show there must be a 3 to 3.5% savings ratio in the system, which "the state should tie down instead of (leaving it in) cash", he said.

Economists agree, Domokos said, that households should have savings worth at least three months' income in order to prepare for unexpected situations. "This would prepare society so that in the event of a possible slowdown families would be able to better adapt," he said.

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### **DK CALLS ON GOVT TO ADJUST PENSIONS TO WAGE INCREASE**

The opposition Democratic Coalition (DK) has called on the government to adjust pensions not only to inflation

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but also to wage increase. DK group spokesman Zsolt Gréczy told a press conference that nearly 18,000 Hungarians were receiving a monthly pension of less than 28,500 forints (EUR 88) and another nearly 30,000 people less than 50,000 forints. At the same time, there are nine pensioners in Hungary who receive over 2 million forints a month, showing that just like the country, the community of pensioners has also become divided into many poor and a few well-off people. When Prime Minister Viktor Orbán talks about protecting the value of pensions, "what he really means by that is freezing them at a miserable level," Gréczy said.

DK promotes the plan for a united states of Europe where minimum pensions are guaranteed, and signed a letter of intent on cooperation with the National Pensioner Parliament to restore the mixed indexing of pensions, he said. The current minimum pension of 28,500 forints a month is unacceptable and must be increased at least three or four-folds, he added.

Ruling Fidesz said in response that it was DK leader and former prime minister Ferenc Gyurcsány and his government that "made pensioners' life miserable" and took away a month's pension from people. While in government "Gyurcsány and his people" let pensions lose their value and introduced a series of utility price increases and austerity measures, the statement said. Since Fidesz came to power, the government has

guaranteed the value of pensions by adjusting them to the annual inflation rate and even granting pension bonuses in line with GDP growth, it added.

## GOVT REDUCES 2020 DEFICIT TARGET

Hungary's government targets a 1.0%-of-GDP deficit next year, an assessment of the 2020 budget bill released by the Fiscal Council shows. The target is under the 1.5%-of-GDP target in Hungary's updated Convergence Programme submitted to Brussels in April. The Fiscal Council, established by lawmakers to issue opinions on the planning and execution of the budget, said the 2020 deficit target is achievable. The council said further measures to improve tax compliance would be necessary to achieve the revenue targets in the budget draft. It added that bigger fiscal reserves, contained in the bill, equivalent to 1% of GDP, would provide a buffer against any possible shortfall. The 4.0% GDP growth assumed in the budget is achievable if the targeted increase in wages and household consumption materialises, the council said, adding that further measures to improve competitiveness would also serve to help reach the growth target. The council noted that part of the impact of recently announced tax cuts had not been included in the

budget bill and presents risks. It is necessary to include the impact of all government measures in the bill, it added.

The package of tax cuts and growth incentives was unveiled by Finance Minister Mihály Varga on May 30. The government is scheduled to submit the 2020 budget bill to lawmakers in the afternoon on Tuesday. The final vote on the budget could take place on July 12.

## GKI RAISES 2019 GDP GROWTH FORECAST TO 4.0%

Economic research institute GKI has raised its projection for this year's GDP growth to 4.0% on the strong first-quarter GDP growth data from 3.5% in a forecast released in March. The projection is level with the government's latest forecast for growth of 4.0%. GKI expects European Union transfers to continue to grow this year and puts investment growth at around 13%, up from its previous forecast of around 7%. Last year, investment volume in Hungary was up by 17%.

## HUNGARY PPI RISES TO 4.1% IN APRIL

Producer prices in Hungary rose by an annual 4.1% in April, according to data released by the Central Statistical Office (KSH). Factory gate prices for domestic sales were up by 6.4%, while export prices increased by 3.0%.

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## HUNGARY PMI RISES TO 57.9 IN MAY

Hungary's seasonally-adjusted Purchasing Managers Index (PMI) rose to 57.9 in May from 55.1 in April, the Hungarian Association of Logistics, Purchasing and Inventory Management (Halpim), which compiles the index, said. An index value above 50 shows expansion in the manufacturing sector, while a value under 50 signals contraction. Among the sub-indices that comprise the PMI, the new orders index "strengthened more" and remained over the 50 threshold. The production volume index was higher and continued to show expansion. The employment index was lower and signalled contraction for the second time after showing expansion for eight months. Delivery times were longer in May. Purchased inventories climbed for the ninth month in a row.

## HUAWEI TREATS HUNGARIAN UNIVERSITY STUDENTS TO TASTE OF 5G

Chinese telecommunications company Huawei is hosting a group of Hungarian university students at its

headquarters in China for a scholarship programme that will involve, among other things, the exploration of 5G networks. A total of ten Hungarian students from the Széchenyi István University in Győr, the Pannon University in Veszprém, the Budapest University of Technology and Economics and the Óbuda University will get a taste of Huawei's latest technologies as part of the company's Seeds for the Future programme. The two-week long programme begins in Beijing where the students will get to immerse themselves in Chinese culture. On the second week, they will get to explore Huawei's Shenzhen headquarters where they will be given a closer look at the company's latest developments regarding 5G connectivity, the Internet of Things and artificial intelligence.

Olivér Joubert, the deputy head of mission at the Hungarian embassy in Beijing, said Huawei is the second largest Chinese investor in Hungary, noting that it has been a strategic partner of the Hungarian government since 2013. Huawei operates its biggest supply centre outside of China in Hungary, where it employs some 1,500 people.

## THE JACKSONS, RICK ASTLEY, MACEO PARKER PALOZNAK JAZZ PICNIC HIGHLIGHTS

The Jacksons, Rick Astley, the Brand New Heavies and Maceo Parker will be among the highlights of this year's Jazz Picnic at Paloznak near Lake Balaton from August 1 to 3, the event's founder told public broadcaster M1. Celebrating their 55th anniversary, The Jacksons formed by Jackie, Tito, Jermaine and Marlon of the famed The Jackson 5 brothers will perform on the first day of the festival hosted by a local winery, Orsolya Valde said. They will pay tribute to their brother Michael Jackson who died ten years ago.

The festival will feature Hungarian pop-funk-jazz band Peet Project on the same day and London's acid jazz and funk group Brand New Heavies on the following day. The line-up on the closing day includes British singer and song writer Rick Astley and American funk and soul jazz saxophonist Maceo Parker. The three-day festival will also feature other Hungarian jazz performers, children's programmes, local wine and cuisine.