

## PHOTO OF THE DAY



MTI/Márton Mónus

Passage of Paris Court Hotel opened recently in Budapest

## UPCOMING EVENTS

**EU ministers for social affairs meet in Luxembourg**

**Plenary session of parliament**

**Foreign Minister Szijjártó holds talks with Cambodian counterpart**

**Public workers' unions on sector strike demands**

## TOP STORY

# BUDAPEST-BELGRADE RAIL LINE CONTRACT SIGNED

The contract for the planning and implementation of the upgrade of the Hungarian section of the Budapest-Belgrade rail line has been signed, according to a holding company involved in the deal.

Opus Global said in a statement that the contract was signed by CRE consortium formed by China Tiejiuju Engineering and Construction Ltd. representing the Chinese rail company and China Railway Electrification Engineering Group (Hungary) Ltd., and RM International Ltd., each with a 50% share. Opus has a 51% share in RM International and targets revenue of 295 billion forints (EUR 919m) from the investment.

Hungary's finance ministry has already submitted a loan application for the implementation of the rail line's Hungarian section to China's Eximbank on behalf of the Hungarian government. The contract for the project's implementation could enter into force when the credit agreement with China's Eximbank is adopted, likely in the third quarter of 2019. Construction will start once the financing agreement is concluded, Opus said, adding that completion would be within five years. The Hungarian state is financing 85% of the investment using the Chinese loan while the remaining 15% will come from its own resources, the finance minister said last week.

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## **FOUR MORE VICTIMS OF DANUBE COLLISION IDENTIFIED**

The bodies of the four victims recovered during the salvage operation of the Hableány pleasure boat have been identified, Budapest police said on its website. Two of those recovered have been identified as South Korean women and one as a Hungarian man, the boat's captain, police.hu said. The fourth body was later identified as that of a South Korean girl, who was the only child on board at the time of the collision.

The Hableány collided with a cruise ship and sank into the River Danube near Margit Bridge on May 29. It had 33 South Korean tourists on board and a crew of two Hungarians. Seven tourists were rescued from the water after the collision. A search is under way along the entire river section downstream from the city to recover the bodies of the four South Korean passengers still missing. The wreck was lifted from the Danube on Tuesday afternoon. Placed on a barge, it was taken to the Csepel port in the south of the city to undergo further examination.

Meanwhile, the Ukrainian captain of the cruise ship which collided with the Hableány can be released on bail under a binding ruling handed down by a Municipal Court on Wednesday. The ruling has set the bail at 15 million forints (EUR 46,000), obliging the 64-year-old captain of the Viking Sigyn cruise ship to remain in Budapest

and appear in person before the authorities investigating the collision twice a week. The captain was taken into custody on June 1 on suspicion of criminal misconduct.

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## **TEK: HABLEÁNY WRECK MAY HOLD MORE VICTIMS**

The salvaged wreck of the Hableány pleasure boat may still hold more victims, the head of Hungary's counter-terrorism force TEK, which handled the salvage operation, told a press conference. The boat will be searched for the remaining bodies by the police, János Hajdu said. He said the wreck had a thick layer of river mud inside it which could still hold more bodies. However, if no more victims are found, it is likely they fell out of the boat at the time of the collision, Hajdu said, adding that the interior ministry has doubled its search efforts along the Danube. He thanked every organisation that had taken part in and contributed to the recovery and salvage operations over the past 13 days. He also expressed his gratitude to the Austrian, Czech, Norwegian and German organisations that assisted the operations as well as the South Korean divers and consultants. Hajdu also hailed the "objective and fair press coverage" of the disaster and its aftermath. With the Hableány lifted from the Danube, he said, TEK's work in connection with the disaster is finished and the case will now be taken over by the Budapest Police Headquarters.

Song Sun-geun, South Korea's defence attaché accredited to

Budapest, said every effort will be made to find those still missing after the disaster. The attaché thanked the interior ministry, the Hungarian government, TEK, the Hungarian people, the Czech, Austrian and Norwegian governments, civil groups, the Korean embassy and Korean companies for their contribution to the recovery efforts. Song also thanked Slovakia for supporting the operation by helping to speed up the lowering water levels of the Danube. He also thanked Serbia and Romania for their continued assistance in the search for the remaining victims. and Hajdu for his work in overseeing the operation.

In response to a question, Song said Korean authorities had wanted to inspect the inside of the wreck, but the Hungarian authorities had not allowed it. Only a search dog was allowed inside, but it did not find any bodies, he added. Asked what the hardest part about the salvage operation had been, the attaché said the language barrier had posed the greatest difficulty because there were not enough interpreters on hand.

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## **SZIJJÁRTÓ: EU WOULD BE LESS COMPETITIVE WITHOUT CEE COUNTRIES**

The European Union would be poorer and less competitive if it had not accepted central and eastern European countries as members, Foreign Minister Péter Szijjártó said in Trieste, at a foreign ministers' meeting of the Central European Initiative (CEI). "It is enough

to look at economic growth data from the past quarter," Szijjártó said. "Of the five best growth data, four are linked to central European countries." Their performance greatly contributes to EU growth, which would be weaker had the EU not accepted CEE countries into its fold, Szijjártó said. The accession of countries from the Western Balkans would further strengthen the EU, he said. "If the EU wants to be more competitive and successful, then instead of reducing the number of members, it should increase it." "This has already worked once ... and it will work again if [the EU] expands and integrates countries of the Western Balkans," he added. "It is in Hungary's interest that the policy of expansion should continue and the European Union should at last further expand towards the Western Balkans; our national economy and security interests also dictate this," Szijjártó said. The best way to overcome tensions in the Western Balkans and make the region more secure is by offering the countries there the possibility of European integration, he added. Economic relations could also become much closer and effective that way, he added.

Meanwhile, Szijjártó said the threat of migration was still real. "Looking at the situation in Turkey and in the EU's neighbouring areas to the south and southeast, more than 30 million people live under conditions such that they could easily decide to set off towards Europe," he said. "That's why it is important that we should be protected to the south and southeast,

and integrating the Western Balkans will give extra protection..." he added. "We believe the western European arguments that put into question the contribution of central European countries to the performance of the European Union are wrong, disrespectful and saddening."

Szijjártó also had personal meetings with Slovenian counterpart Miro Cerar, the foreign minister of Bosnia-Herzegovina Igor Crnadak, president of the Friuli-Venezia Giulia region Massimiliano Fedriga and the head of Trieste port Zeno D'Agostino.

### **JOBBIK CALLS FOR PARLT PROBE INTO DANUBE COLLISION**

The opposition nationalist Jobbik party has called on parliament to set up an investigative committee to examine the recent Danube ship collision. At a press conference, László György Lukács, the party's deputy group leader, said lawmakers should take a closer look at the circumstances that led to the disaster. Lukács said the proposed committee should examine the disaster from a legal and public administrative perspective, uncover any regulatory shortcomings or errors on the part of the various authorities, attribute responsibility for the collision and recommend potential changes. He asked the ruling and opposition parties to support setting up the committee. The deputy group leader conveyed his party's gratitude to everyone who contributed to the salvage operation

and recommended that they be awarded the Order of Merit of Hungary, the country's highest state award.

### **LOVÁSZ: GOVT PROPOSALS THREATEN ACADEMIC FREEDOM**

The government's proposals for the transformation of the network of research institutions including its separation from the Hungarian Academy of Sciences (MTA) poses a threat to academic and scientific freedom, MTA President László Lovász said. The government has so far been unable to explain why it would be better for research institutions not to operate under the auspices of MTA, Lovász told an international press conference. The research network has been operating well and at a high standard under MTA. Based on its achievements and available resources, it has been among the best in Europe, he said.

The low level of innovation cited by the government as a problem will not improve simply by withdrawing institutions involved in basic research from the oversight of the public body, he said. At the same time, separating the research institutions from MTA will generate serious legal problems, he added.

On June 4 the government submitted a proposal to amend laws on operating and financing the institutional network for research, development and innovation. In line with the proposal, MTA research institutions would be

transferred to the Eötvös Loránd Research Network whose board includes six MTA delegates and six government delegates. Additionally, an eleven-member National Science Policy Council would be set up to prepare opinions and proposals about the government's research, development and innovation activities, and report directly to the prime minister.

Lovász said it was reason for serious concern that the proposal fails to secure basic financing for research institutes and guarantee the representation of the researchers' network in the Eötvös Loránd Research Network. Additionally, the proposal violates MTA's ownership rights, he said. Further, the ministry of innovation and technology has used dubious negotiating methods including threats at consultations between the ministry and MTA in the past year, Lovász added.

## **DK DEMANDS WITHDRAWAL OF SCIENCE ACADEMY BILL, MINISTER'S DEPARTURE**

The opposition Democratic Coalition (DK) has demanded the withdrawal of proposed legislation on the Hungarian Academy of Sciences (MTA) as well as the resignation of the minister of innovation and technology responsible for the bill. Gergely Arató, DK's deputy group leader, told a press conference that the proposed law would have a

negative impact on research and academic life in the country if it were passed. He said László Palkovics, the innovation and technology minister, had done everything possible in the past year to strip the MTA of its institutes and abolish their autonomy and scientific freedom through "threats and blackmail". The DK politician insisted that thousands of academics did not consider Palkovics morally fit to be a government member responsible for Hungarian science and research.

DK has called on the government to appoint "a competent and credible minister" to resume talks with the MTA. He said DK backed calls for a constitutional review of the proposal. He noted that DK had sent a letter to the group leaders of the European Parliament urging joint European action on the matter.

Ruling Fidesz responded by citing DK leader and former Prime Minister Ferenc Gyurcsány's economy minister as saying in 2006 that "areas of the MTA that don't directly serve to improve competitiveness should be levelled." In a statement, Fidesz underscored its support for the government's planned changes to the academy. "More domestic research is needed," Fidesz said, adding that Hungary needed research, innovation and patents that "tangibly serve the Hungarian economy and society". The party said this required changes to the current "inefficient institutional system and financing" of research.

## **RESTAURANT EMPLOYING PEOPLE WITH DISABILITIES OPENS IN BUDAPEST**

A restaurant exclusively employing people with disabilities opened in Budapest's 12th district local council building. The restaurant run by the Kék Madár Foundation is the Budapest branch of a team which already operates a similar establishment in the southern Hungarian city of Szekszárd. District Mayor Zoltán Pokorni told the opening event of the restaurant named Hegyvidéki Ízlelő that the district promoted openness and inclusivity and this is why he had supported the opening of the restaurant in the council building. Human resources ministry state secretary for social affairs Attila Fülöp said it was very important that people with disabilities should be given the chance to live a full life, and the state's aim was to expand work opportunities for them. Starting from this year, the government has made the employment of people with disabilities exempt from labour-related taxes up to twice the minimum wage, he added.

Erste Bank President-CEO Radovan Jelasy told the event that the bank was set up 200 years ago with the aim of helping the poor and people with disadvantages. After having looked for ways to help the initiative for a long time, he said he was glad that Erste could get involved in

“giving people a chance” under the arrangements of “social banking”.

Kék Madar Foundation managing director Andrea Mészáros said all the staff in their restaurants, except the management, are people with disabilities and the dishes are made from locally produced ingredients. Each staff member is offered a position that best suits his or her capabilities, she added.

The opening event was also attended by First Lady Anita Herczegh.

**GUEST NIGHTS UP 3.2%  
IN APRIL**

The number of guest nights spent in Hungary in April rose by 3.2% year on year to 2,304,000, the Central Statistical Office (KSH) said. Hungarian tourist nights rose by 2.3% to 1,042,000 while foreign nights were up 4% at 1,262,000. Revenue increased by 9.2% to 42 billion

forints (EUR 131m). At hotels, revenue per available room jumped 9.6% to 13,509 forints. The average room price was up by 9.3% at 21,990 forints. The occupancy rate at hotels edged up 0.1 percentage points from April 2018 to 61.4%. In January-April, total guest nights increased by 0.2% compared with the same period a year earlier.

**LAWMAKERS VOTE TO CUT  
PAYROLL TAX**

Parliament approved a two-percentage-point reduction in the payroll tax to 17.5%, effective July 1, 2019. The amendments reducing the tax were passed in an expedited procedure with a vote of 160 for, 1 against and 5 abstentions. The reduction is one of several the government has initiated in recent years, as outlined in an agreement reached with employers and unions late in 2016 linking the cuts

to wage rises. Under the agreement, the payroll tax was cut from 27% in 2016 to 22% in 2017 and 19.5% in 2018. At the same time, the minimum wages for skilled and unskilled labourers were raised to double digits.

The agreement stipulates that from 2019, the payroll tax will be reduced a further four times by two percentage points on each occasion. The cuts are timed from the start of the second quarter of each calendar year as long as the gross average private sector wage rises at least 6% year-on-year in the first quarter of the given year.

Private sector wages rose by 11.8% year on year in Q1 2019. The increase was on the back of an 8% rise in the minimum wage as well as a labour shortage. The payroll tax cut for this year was expected to come into force from July 1, according to an explanatory memorandum attached to the 2019 budget bill.

