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MORNING ISSUE

PHOTO OF THE DAY

MTI/Márton Mónus

Ferenc Hopp Museum of Asiatic Arts marks centenary

UPCOMING EVENTS

EU summit in Brussels

Plenary session of parliament

PM cabinet chief in parlt justice cttee

Szeged court rules in Austria migrant lorry case

TOP STORY

VARGA: 2020 BUDGET FOCUSES ON FAMILY SUPPORT

Finance Minister Mihály Varga has set out the main goals of the 2020 budget, namely support for families and ensuring resources for the action plan to protect the economy.

Addressing the 2020 budget debate, Varga said the government would reduce taxes and the public debt while increasing wages, investments, and striving for full employment.

The budget bill before MPs centres on providing families, children and teachers support and security. Varga said the aim was to make Hungary a family-friendly place. The government continues to put children's interests first, he added.

Compared with this year's budget, all priority areas in 2020 will enjoy more resources. Besides support for families, Varga highlighted education, health care, pensions, public sector wages, as well as defence and law enforcement as priority areas.

The aim of the economy protection plan is to safeguard results achieved so far amid a downturn outside the country, ensuring sustained economic growth of 2 percentage points above the European Union average, Varga said. The growth target for next year is 4%, he noted. A top government priority continues to be fighting the threat of terrorism and guaranteeing public security, the minister added.

VARGA UNFOLDS DETAILS OF 2020 BUDGET

Speaking in the general debate of the government's 2020 budget bill in parliament, Finance Minister Mihály Varga said next year's inflation was expected to be 2.8% and the deficit target 1%. Reserves equal to 1% of GDP will be set aside to manage external risks, he added.

The public debt based on EU methodology is expected to decline to 66% of GDP as against 80% in 2010, he said. Varga said public sector costs would continue to be financed from state operating revenues. Fully 2,200 billion forints (EUR 6.9bn) will be spent on family support schemes and 500 billion will go towards stimulating the growth of businesses as part of the economy protection plan.

An extra 224 billion forints will be channelled to families in 2020 compared with the previous year, while 48 billion more will be ploughed into education. Health care will have 184 billion forints more and there will be an extra 136 billion for pensions, 238 billion for public sector wages, and 174 billion for spending on defence and law enforcement.

Varga noted the 15% personal income tax and family tax system, more money for home-care fees, free textbooks, increased funding for university students and the continuation of the government's home-creation scheme. The social contribution tax will be reduced from July 1, leaving 144 billion forints in the pockets of businesses and 156 billion will remain with businesses for investments, developments and wage increases, he said.

The tax on small businesses will be reduced and the simplified corporate tax will be abolished. Companies with an annual turnover of more than 100 million forints will no longer have to fulfil their tax prepayment obligations. Further, the advertising tax will be suspended and hotels will pay less VAT, he added. Fully 32 billion forints extra will go towards R and D in 2020 compared with this year, Varga said.

Health-care employees will get graduated pay rises and people working in law enforcement, créches and government administration will receive more money.Between 2010 and 2018, pensions increased by almost 30% while their purchasing power improved by more than 10% . As well as inflation-linked pension rises, pensioners will receive a bonus, he said.

The minister said that the bulk of proposals for the 2014-2020 EU budget cycle had been completed in 2018. From 2019, the focus is on project implementation. Almost 1,700 billion forints of EU subsidies and structural and rural development funds will be paid out in 2020 with around 1,500 billion of EU funding incoming, he said.

Local councils will manage more than 2,950 billion forints next year without having to resort to borrowing, and the central budget will provide more than 735 billion of this sum, Varga said. The minister said the pension fund was in balance and maintaining it would not pose an extra burden. The health insurance fund also appears to be in balance between revenue and expenditure, Varga added.

POLITICAL PARTIES COMMENT 2020 BUDGET BILL

The government's 2020 budget proposal includes "exceptionally large" family support funds, ruling Fidesz's budget spokesman Erik Bánki said in the general debate of the bill. "This budget is not only for Hungarian families and businesses, it will also improve the lives of all Hungarians," Bánki said, highlighting tax cuts, less red tape and increased subsidies. He also noted that the bill aimed at covering public-sector spending from revenues. The proposal "is fully in line with the goals and expectations of the Fidesz group," he said.

The opposition Jobbik party's Dániel Z. Kárpát insisted that the bill would benefit certain groups while providing nothing to others. He said Hungarians had been "forced" to leave Hungary to find jobs in other counties. A housing programme is needed so people returning to Hungary will not spend years saving up for a home, he said. Z. Kárpát also criticised the government for failing to provide a final account of the previous budget, which he said would hinder decisions on allocations for next year's budget.

According to the Socialists, the bill "is unjust and anti-future". Socialist leader

Bertalan Tóth said the government sought to "redistribute" some 2,200 billion forints, the difference between this year's revenues and those of 2020, and "spend it on itself and associated circles" rather than on efforts to help the country close the gap with its neighbours. The Socialists propose that 1,000 billion forints or more should be re-allocated to pensions, education, health and welfare services, Tóth said. He added that welfare services alone required 764 billion forints more than the proposed budget allocation. Tóth insisted that the family benefit and maternity allowances "gyed" and "gyes" had not been raised since 2008 and he called for the former to be doubled and the other two tripled.

The Democratic Coalition (DK) said the bill reflected an effort to "do nothing, continue political propaganda and to simply survive". DK leader Ferenc Gyurcsány said there was no "meaningful professional or civil control" over the budgeting process, adding that the proposal reflected Fidesz's "reluctance" to introduce the euro in Hungary. Gyurcsány criticised the government's family policy, saying it went in the "wrong direction" and would yield "no positive results". "We disagree with you from A to Z. And not just a bit. Very much," he added.

Green opposition LMP's Antal Csárdi accused the ruling parties of wanting to exploit the present. He criticised the government for cutting spending on education, environmental protection and the fight against climate change while giving more money to multinational corporations. He said the bill failed to address Hungary's wage, housing and climate crises and would not help single-parent families, forex debtors or young people starting out in life. Neither will the budget improve health care, education or the situation of pensioners, he added.

Opposition Párbeszéd called the bill a "sham", saying that the health-care budget would barely change from this year's while education would be "the biggest loser". Párbeszéd MP Tímea Szabó said her party rejected the bill and would submit a comprehensive amendment proposal to it. Tamás Mellár, another Párbeszéd lawmaker, said the Fiscal Council was wrong when it said the foundations of the Hungarian economy were stable. He said Hungary had a growth potential of 1-2% , which was being "propped up" to 4% . Mellár said that though this growth rate was sustainable, Hungary was headed towards a "dead end" and coming back from there would be painful.

AUDIT OFFICE: 2020 BUDGET TO PROMOTE 'SUSTAINABLE WHITENING' OF ECONOMY

The government's 2020 budget bill "will help promote a sustainable whitening of the economy" and contribute to "predictable, stable economic processes", the head of the State Audit Office (ÁSZ) said in the general budget debate in parliament.

László Domokos said that the bill accorded with national and European laws and would ensure the necessary financing for the government's social policy goals, as well as sufficient reserves to tackle unforeseeable risks. Domokos said currently high economic growth offered an opportunity to prepare for periods of potential downturn, and "massive" central reserves would "manage unexpected situations or economic developments caused by external causes".

Árpád Kovács, the head of the Fiscal Council, said that the budget bill "reflects fiscal stability". "Where there is stability, there is room for economic and social policy manoeuvres," he said, adding that the positive tendency had characterised Hungary's budgets "for nearly a decade". Kovács said that the "outstandingly high" reserves proposed in the bill would eliminate any major risks associated with the budget. Targets are in line with actual figures for 2018 as well as planned 2019 figures and 2020 forecasts, he said. "The Hungarian economy's foundations are stable and its vulnerability has decreased," Kovács added.

SZÁZADVÉG RAISES HUNGARY GDP GROWTH FORECASTS

Economic research institute Századvég raised its projections for GDP growth in Hungary to 4.3% for 2019 and 3.7% for 2020 in a fresh forecast, but did not rule out a 5% growth rate for this year. The projections for 2019 and 2020 were raised from 3.9% and 3.5%,

MTVA

respectively, in a forecast released by the think-tank in March.

Századvég said the growth rates would be lifted by consumption. Consumption is seen rising by 4.5% in 2019 and by 4.9% in 2020 on the back of rising wages. Századvég put Hungary's foreign trade volume at 4.1 billion euros for this year and at 4.5 billion euros for 2020. Inflation is set to reach 3.5% in 2019 and 3.2% next year. The unemployment rate is seen declining over the coming 18 months and is expected to fall to 3.4% this year and 3.2% in 2020, Századvég said. The average gross wage is set to continue rising by over 10%, the think-tank said, putting wage growth for 2019 and 2020 at 10.5% and 10.8%, respectively. Századvég said the central bank could raise the key interest rate to 1.35% by the end of next year.

Századvég lists the slowdown of the German economy, uncertainty over Brexit, trade wars, the outcome of measures meant to improve competitiveness, changes in global oil prices and the forint's exchange rate as the biggest risks to Hungary's economy.

SZIJJÁRTÓ: CROATIA LNG TERMINAL IN HUNGARY'S INTEREST

Construction of an LNG terminal on the island of Krk, Croatia, is in Hungary's interest, Péter Szijjártó, the foreign minister, said in Zagreb after talks with Tomislav Ćorić, Croatia's energy and environment minister.

Szijjártó said the issue of long-term energy supplies was a critical issue for central Europe in light of various uncertainties such as the lack of a transit agreement between Ukraine and Russia from 2020. The question remains how central Europe can guarantee access to secure gas supplies in the next few years, he added. "It is vital for Hungary that new transport routes and new sources of gas become available from the south," Szijjártó said. He said the best option currently on the table was that Croatia was at last building the LNG terminal, enabling gas to be delivered to Hungary. He noted the Hungarian government has decided to offer to acquire a 25%-plus-one share of the holding company that operates the LNG terminal. Hungarian companies will also own capacity in this terminal. "Currently, this cannot be price-competitive," Szijjártó said, adding that the price offered was much higher than the price of gas currently available in Hungary.

Szijjártó said he had proposed that Hungary and Croatia's energy markets should therefore cooperate more closely than ever before and integrate their gas markets, eliminating the need to pay gas transport tariffs on the border of the two countries, resulting in a larger gas market and higher consumption.

He said it would then be easier to jointly negotiate prices with gas traders, and a single price for gas could apply in the region. This, he added, would represent a big step forward in terms of the security of energy supply.

The minister said Croatia was open to this proposal, adding that a joint bilateral government working group has been established to work out the details. The working group will be tasked with examining issues related to the potential integration of Hungarian and Croatian gas networks in advance of a government-level decision, he said.

The two officials also agreed to negotiate with large energy companies that may be in a position to supply the new LNG terminal. Companies and resources from Qatar, Algeria and America could be relevant to this endeavour, Szijjártó said.

HALF OF VOTERS WOULD SUPPORT INCUMBENT BUDAPEST MAYOR IN MUNICIPAL ELECTIONS

Half of decided voters would back the incumbent mayor of Budapest, István Tarlós of ruling Fidesz, if the municipal elections were held this weekend, a fresh poll released by Századvég Institute showed. Tarlós's voter base is broader than that of the political right in the capital, Századvég said.

Among the opposition contenders, most popular is Gergely Karácsony, the joint Socialist-Párbeszéd candidate, with support of 21%. Karácsony is followed by Olga Kálmán, a senior journalist and television personality backed by the Democratic Coalition, with 15%, the poll said. The next two candidates, independent Róbert Puzsér, and Momentum Movement's Gábor Kerpel-Fronius, would garner support of 8% and 6%, respectively. Asked about Tarlós's performance, 57% of respondents were satisfied, while 41% stated the opposite with 2% stating no opinion at all.

Századvég conducted the poll by asking 1,000 voting age adults by phone between June 15 and 18.

GULYÁS: 'MOST ATTACKED' POLITICAL GROUPS EP ELECTION'S BIGGEST WINNERS

The biggest winners of last month's European Parliament elections were the political groups that were subjected to the strongest attacks in recent years and the weeks leading up to the vote, the head of the Prime Minister's Office said. Addressing a conference on the future of the European Union organised by the Center for Fundamental Rights in Budapest, Gergely Gulyás cited the EP election outcomes in Hungary, Poland and Italy as examples.

At the same time, he said the EP was "nowhere close to being the EU's most important institution". Gulyás said the bloc's most important forum was the European Council of member state leaders. The EP alone is not powerful enough to determine the course of the EU, he said, adding that the most the legislative body could do was temporarily block the path chosen by the council. Given that the EU's most important decisions are made by the European Council, "we have good reason to be optimistic," Gulyás said.

GOVT PUTS EMPHASIS ON SERVING HUNGARIAN COMMUNITIES ABROAD

The government commissioner responsible for Hungarian communities abroad welcomed to Budapest Hungarians living in the United States and Canada. Péter Szilágyi noted that the government has focused on the issue of Hungarian communities abroad since 2010.

Speaking to 21 young people visiting the country as part of the ReConnect Hungary - Hungarian Birthright scheme Szilágyi noted there are 15 million Hungarians altogether in the world, and the North American diaspora accounts for 1.8 million of them. Second- and third-generation Hungarians are meeting in Budapest and around Hungary in the next two weeks, and they will have the chance to see where their ancestors come from, he noted. Besides learning Hungarian and engaging in cultural programmes, they will meet entrepreneurs and government employees.

The commissioner said the aim was for as many young people to participate in diaspora schemes as possible with a view to maintaining the diaspora, culture and language.

HUNGARIAN HOME PRICE INCREASE ABOVE EU AVERAGE

House prices, including purchases of both new and existing houses and flats, grew by 9.7% in 2018 in Hungary, above the 4.4% average price increase in the European Union, Eurostat data shows. Since 2014 the pace of home price increases has been above the EU average in Hungary in every year, with the steepest rise seen in 2016 when prices jumped by 13.4%.

Last year home prices in the region also increased, although at a smaller rate than Hungary. Home prices in Poland were up 6.6%, in Slovakia by 7.4% and in the Czech Republic by 8.6%.

The home ownership rate in Hungary has slightly declined in past years, falling from 89.8% in 2012 to 85.2% in 2017 but still being well above the EU's 69.3% average. The fall in home ownership has been accompanied by a rise in renting as 14.8% of Hungarians were renting their home in 2017, compared to a 10.2% rate in 2012. The share of home renting in the EU has been broadly steady around 30.7%.

Eurostat reports that in 2017 10.7% of Hungarians felt that housing costs were overburdening, which is up from the 8.5% rate in 2015 but still below the 14.7% high in 2012. The EU average was 10.4% two years ago.

HUNGARIANS MAKE 5.53 M FOREIGN TRIPS IN Q1 - KSH

Hungarians made 5.53 million trips abroad in the first quarter of 2019, 15% more than in the same period last year, the Central Statistical Office (KSH) said. Fully 3.63 million were day trips and 1.89 million were for longer. Altogether, Hungarians spent 14.66 million days travelling and the average trip lasted 2.7 days. The total time spent travelling was up by 25% compared with the first quarter of 2018.

Hungarians spent 183 billion forints (EUR 565m) on travelling abroad, 7.5% more than in the base period. Fully 36% of spending was on food and goods, 24% on accommodation and catering, 11% on travel and fuel and 5% on culture and sports services.

Hungarians made most of their trips to Austria (2.13 million). Slovakia was also highly popular, with 1.1 million trips made. Ukraine accounted for 431,000 trips, Romania 375,000, Germany 297,000 and Croatia 107,000.

HUNGARIAN PUBLISHERS PRESENT LATEST KOREAN TRANSLATIONS IN SEOUL

Hungarian publishers are presenting the newest Korean translations of volumes in their catalogues at the International Book Fair which opened in Seoul. Hungary is the guest of honour at this year's fair which runs until Sunday, the foreign ministry said. In addition to books, Hungarian inventions and Hungarian design are being showcased at the 180sqm stand.

Six works by Hungarian authors have been translated into Korean for the occasion of the book fair: Hungarian Dessert Book, by Tamás Bereznay; Fever at Dawn, by Péter Gárdos, The Melancholy of Resistance by László Krasznahorkai, Be Faithful until Death, by Zsigmond Móricz; The Flower Show, by István Örkény; and The Door, by Magda Szabó. About 90 Hungarian books have been published in Korean translation.

BUDAPEST HOPP MUSEUM OF ASIATIC ARTS OPENS CENTENARY EXHIBITION

A large-scale exhibition offering an insight into several cultures in Asia opened in Budapest's Ferenc Hopp Museum of Asiatic Arts which celebrates its centenary this year. It features more than 500 artefacts according to the main periods of the museum's history and presents the most outstanding pieces of its collections. Hopp, a wealthy Hungarian optician, made several trips to East Asia between 1882 and 1914 and put on display the valuable artefacts he brought back mostly from China and Japan in his villa on Andrássy Avenue. This later became Budapest's Museum of East Asian Art with a collection of 4,000 items Hopp donated to the state. The Hopp Museum is "a little island, a precious gate to the distant East", state secretary of culture Péter Fekete said, opening the exhibition. It also shows items other Hungarian travellers collected in China, Japan, Korea, India, Southeast Asia, Mongolia, Tibet, Nepal and the Middle East and donated to the museum.

The museum today has a collection of 30,000 items, 20,000 documents and photos and 40,000 volumes in its library, Györgyi Fajcsák, the museum's director, said.

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