

## PHOTO OF THE DAY



MTI/Péter Komka

The light of fireflies in a montage of long exposition photos

## UPCOMING EVENTS

**Events around EU top position nominations**

**Budapest-Vienna conference on smart cities for a sustainable future**

**Balaton Sound festival starts**

## TOP STORY

# PARLT SPLITS RESEARCH INSTITUTIONS, ACADEMY

Lawmakers voted to refer research institutions of the Hungarian Academy of Sciences (MTA) under the auspices of the Eötvös Loránd Research Network, a new body with its own, independent budget chapter.

The legislation was passed with 131 votes in favour, 53 against and three abstentions. Innovation and Technology Minister László Palkovics said that the government plans to allocate an additional 32 billion forints (EUR 99.1m) to the new framework. The parliament's decision was an important step in renewing the R&D&I sector in Hungary, he said. State-funded research will now manifest in inventions, and a stronger cooperation between academia, higher education and economic players, he added.

MTA earlier protested the "forced transformation without any valid reasoning" and complained that the new legal framework offers no guarantees for basic funding. The Academy issued an appeal to lawmakers to weigh its arguments on the matter, aired over months of negotiations with the innovation and technology ministry, and warned that approving the proposed legislation would "hurt the freedom of scientific research and could result in the loss of values which are fundamental for Hungary". MTA also said earlier that it would initiate an appeal of the legislation with the Constitutional Court.

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## **FM CALLS FOR ACTION AGAINST 'ANTI- HUNGARIAN ATTACKS' IN ROMANIA**

"Anti-Hungarian voices" have become louder and "attacks" on the Hungarian minority stronger within Romania's political elite, Foreign Minister Péter Szijjártó said in parliament and called for action. Hungary's diplomacy "cannot stay silent", Szijjártó added. He argued that in the international arena "the Hungarian position cannot be untouched by anti-Hungarian attacks and provocations" when issues concerning Romania are discussed. Hungary has sought "effective and pragmatic ties based on mutual trust" with Romania and will continue to do so, Szijjártó said, and argued that good bilateral ties benefit ethnic kin in the other country. He protested against recent developments at a commemoration in a WWI military cemetery at Valea Uzului (Úzvölgye) in Romania, and said it was unacceptable that "Hungarian officials that organised the event were punished" rather than those that violently disrupted the commemoration. He noted that the Romanian side had erected concrete crosses over the graves of at least 20 Hungarian soldiers, and demanded that they should be removed. The Hungarian government expects Romania to prosecute the perpetrators and "stop ethnic-based harassment of peaceful participants". Szijjártó also criticised Romania's new public administration law,

which, he said, would "throw Romania back by ten years" in terms of minority rights. The Hungarian government stands by the ethnic Hungarian RMDSZ party in their efforts to preserve the acquired rights of Romania Hungarians, the minister added.

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## **PARLT POSTPONES INTRODUCTION OF PUBLIC ADMIN COURTS**

Lawmakers decided in a unanimous vote to postpone indefinitely the introduction of public administration courts. A system of independent administrative courts with authority to make rulings in matters of public administration was scheduled to start operation on January 1, 2020 under a law passed late last year. The postponement of the courts' introduction was announced by the head of the Prime Minister's Office in late May. Gergely Gulyás said at the time that 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 said.

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## **PARLT REMOVES IMMUNITY OF CANDIDATES BEING PROSECUTED**

Parliament amended regulations concerning the immunity of

candidates running in national or European parliamentary elections. Under the new rules, candidates against whom legal proceedings are under way at the time of their nomination will not be entitled to immunity. MPs of ruling Fidesz proposed the changes after the National Election Committee decided against lifting the immunity of Csaba Czeplédy, a former Democratic Coalition MEP candidate who has been investigated in connection with corruption. Under the proposal dubbed "Lex Czeplédy", an election candidate would not have immunity in criminal proceedings if charges are pressed or the candidate is detained before they are officially registered as a candidate.

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## **PARLT ELECTS NEW FUNDAMENTAL RIGHTS OMBUDSMAN**

Parliament approved Ákos Kozma as Hungary's new ombudsman for fundamental rights. Kozma, nominated by President János Áder, was elected with 137 votes in favour, 39 against and one abstention. Kozma, serving currently as the deputy head of the Independent Police Complaints Board, has been elected for a six-year term. He is an expert in constitutional law and has held government positions during the first Orbán government between 1998 and 2002. At a hearing at a joint session of parliament's justice and sustainable development committees on Monday, he vowed

to focus on children's rights, climate protection and biodiversity during his time in office. The current ombudsman, law professor László Székely, has held the position since September 2013. His mandate will expire in September.

## **ORBÁN HOLDS CONSULTATIONS WITH EU LEADERS, COUNTRY HEADS IN BRUSSELS**

Prime Minister Viktor Orbán is holding intensive consultations in Brussels ahead of the European Council meeting on Tuesday, the prime minister's press chief said. The meeting was originally scheduled for 11am but did not start until after 6pm. "Since last night, Viktor Orbán has been continually at talks with EU leaders and heads of state and government in the council," Havasi said. He has had talks with President of the European Council Donald Tusk, French President Emmanuel Macron, Italian Prime Minister Giuseppe Conte, Bulgarian Prime Minister Bojko Borisov and Croatian counterpart Andrej Plenković among others, Havasi added. Orbán has maintained continual consultations with Visegrad Group prime ministers, including several personal meetings since last night and also over a telephone hotline.

## **HUNGARY'S DOBREV NOMINATED FOR EP VICE-PRESIDENT**

The Socialists and Democrats group of the European Parliament has nominated

Klára Dobrev, MEP of Hungary's Democratic Coalition (DK) party, for the post of EP vice-president, DK announced.

DK said in a statement that a leftist Hungarian politician has not filled such a high position in the EP yet, adding that it is a "tremendous achievement not only for Hungary's democratic opposition but for the whole country".

Vice-presidents are elected once the EP president has been elected.

## **US AMBASSADOR WELCOMES US-HUNGARY DEFENCE AGREEMENT PARLT APPROVAL**

The US ambassador has welcomed parliament's Tuesday adoption of a defence cooperation agreement between the US and Hungarian governments.

"Parliament's approval of the new Defense Cooperation Agreement between the United States and Hungary is a win for both of our countries," David Cornstein said in a statement. The agreement "will deepen our already robust security cooperation and help us prepare for the 21st century challenges we face together as allies," he said.

"I am confident our alliance will become even stronger in the coming months and years as Hungary moves closer to its NATO defense spending commitments and advances the modernization of its military through purchases of NATO-compatible equipment, including state-of-the-art technology from the United States," the ambassador said. Parliament approved

the agreement with 162 votes in favour, 3 against and 19 abstentions.

## **SÜLI: PAKS UPGRADE KEY TO ENERGY SECURITY**

The upgrade of the Paks nuclear plant is key to Hungarian energy security and to honouring the country's environmental protection targets, János Süli, the minister without portfolio in charge of the Paks upgrade, said at his annual hearing before parliament's sustainable development committee.

The investment's conclusion is conditional on permissions granted by the Hungarian Atomic Energy Authority, he said. Russian Rosatom, the general contractor, has taken on the investment for a fixed price of 12.5 billion euros, possible delays notwithstanding, he said.

Meanwhile, green opposition LMP at a press conference slammed the upgrade as "indefensible" which has "practically already failed", and called on the government to back out to minimise losses. The minister himself isn't sure when the necessary permissions will be issued, what the costs will be and when the site will be operational, LMP parliamentary group leader László Lóránt Keresztes said.

## **APRIL TRADE SURPLUS REVISED UP TO EUR 245 M - KSH**

Hungary's April trade surplus was revised up to 245 million euros from

228 million euros, in a second reading of data released by the Central Statistical Office (KSH) on Tuesday. Revised figures show imports rose by 7.0% year-on-year in value terms to 8.635 billion euros. Exports were up by 3.8% at 8.880 billion euros. In volume terms imports rose by 5.7% and exports rose by 3.2% year-on-year. The trade surplus was down 238 million euros from the same month a year earlier.

Trade with other European Union member states accounted for 82% of Hungary's exports and 72% of the country's imports.

Hungary had a trade surplus of 1.1 billion euros with EU countries and a trade deficit of 816 million euros with the rest of the world. The surplus with the EU rose by 330 million euros and the deficit with countries outside the EU increased by 568 million euros from a year earlier.

### **KOPINT-TÁRKI RAISES GDP GROWTH FORECAST TO 4.5 % FOR 2019**

Economic research institute Kopint-Tárki projects Hungary's economy will grow by 4.5% this year, a forecast released on Tuesday shows. The projection was raised from 4.0% in

a forecast Kopint-Tárki published in March. Kopint-Tárki sees industrial output climbing 5.5% and investment growth reaching 12.5%. The GDP projection is over the government's latest forecast for growth of 4.0%. In the first quarter, GDP growth climbed 5.3% year-on-year.

### **MOODY'S CHANGES HUNGARY BANKING SECTOR OUTLOOK TO STABLE**

Moody's Investors Service changed the outlook on Hungary's banking system to stable from positive. "Banks have largely completed de-risking their balance sheets and further improvements in loan quality will be more limited in the next 12 to 18 months," Moody's said. It expects Hungarian banks' non-performing loan ratio to fall to around 5.5% by the end of 2019 from 6.2% in 2018 and about 15% in 2016.

The stable outlook is supported by banks' funding and capital, and by economic growth, Moody's said. "Banks will continue to rely on domestic deposits as their key funding source, a credit strength, while liquidity buffers will soften but remain high," said Moody's analyst Melina Skouridou.

"Operating conditions will remain favourable."

Moody's expects Hungary's real GDP to grow 3.8% in 2019 and 3.2% in 2020, well above the eurozone average of 1.9%. The rating agency noted that deposits accounted for around 70% of total assets of the banking sector at the end of 2018 and would continue to be Hungarian banks' main funding source. It added that a high portion of foreign-currency deposits poses a refinancing risk.

### **TRIATHLON WEEK EXPECTED TO DRAW ATHLETES FROM 43 COUNTRIES**

The Triathlon Week, to be held between July 10 and 14 in Tiszaújváros, northeast Hungary, is expected to draw athletes from 43 countries on 5 continents, organisers told a press conference on Tuesday. The event will be organised for the 21st time and will see sports events as well as concerts of popular Hungarian artists, they said. One of the most anticipated events is the 23rd Triathlon World Cup, a qualification game for the 2020 Tokyo Olympics, and the junior European Cup, they said.