

PHOTO OF THE DAY



President János Áder and Slovakian counterpart Zuzana Čaputová in Budapest

UPCOMING EVENTS

Parliament meets

Foreign minister meets Chinese counterpart

Hungarian victims of Hableány disaster commemorated

KSH releases industry figures for May

TOP STORY

HUNGARY, SLOVAKIA PRESIDENTS MEET

Climate change, migration and energy issues were at the heart of talks between Hungarian President János Áder and Zuzana Čaputová, his Slovakian counterpart.

At the talks in Budapest on Thursday, Áder underlined that the world “is in the eleventh hour” in acting on climate change. Áder said the preservation of water bases was “at least as important” as climate protection. The president said he was paying close attention to the recent implementation of a law in Slovakia that grants constitutional protection to the country’s water bases. The two leaders agreed that the use of nuclear energy was indispensable in achieving climate protection goals and that every country should have the right to shape their own energy policies.

As regards migration, Áder and Čaputová were in agreement that Europe’s external borders must be protected and that it would be wrong to implement mandatory migrant quotas. They also agreed that the best way to manage migration was prevent its causes. Áder said aid should be provided in the homelands of those in need so that they are not forced to emigrate. “But in areas where trouble has already struck ... it is about repairing the damage,” the president said.

ČAPUTOVÁ PLEDGES TO BE PRESIDENT OF SLOVAK-HUNGARIANS TOO

Slovakian President Zuzana Čaputová underlined her campaign pledge to be the president of Slovakia’s 450,000 citizens who identify as Hungarian, saying she strongly believed that “a liberal democracy that guarantees each and every citizen equal rights is the best mode of protecting minorities”.

As regards the Visegrad Group cooperation, Čaputová said the grouping should not settle for defending just regional interests but should also stand up for values such as the principle of the rule of law, democracy and freedom. This is important, she said, “so that we’re not seen as weakening and disrupting the European Union”.

On the topic of economic cooperation, she highlighted industrial automatisisation and robotisation as the most promising areas.

Čaputová said it was regrettable that for the first time none of the EU’s top leaders would be from one of the Visegrad Group countries. But Slovakia, Hungary, the Czech Republic and Poland are united by their citizens’ positive view of their countries’ EU membership, she added. In response to a question, Čaputová welcomed the prospective election of Germany’s Ursula von der Leyen as European Commission president. Áder expressed

his support for von der Leyen on the condition that she helps Hungary and Slovakia expand the capacities of their nuclear plants in the face of Austrian opposition to the upgrades.

In response to a question, Áder described his meeting with Čaputová as “extremely friendly”. He added that though their countries may have disagreements in the future, it would in no way jeopardise Visegrad Group cooperation. Čaputová echoed Áder’s sentiments, saying that it was natural for partners to disagree at times. In response to another question, she branded as “lies” reports in the Hungarian media that she was an “agent” of US financier George Soros.

ORBÁN, ČAPUTOVÁ DISCUSS BILATERAL TIES, VISEGRAD, EU

Prime Minister Viktor Orbán met Slovak President Zuzana Čaputová for talks on bilateral ties, cooperation in the Visegrad Group as well as European Union issues in Budapest on Thursday, Orbán’s press chief told MTI. Orbán and Čaputová agreed that Hungary and Slovakia consider each other important partners “in light of a shared past and with regard to ethnic minorities” Bertalan Havasi said. He quoted Orbán as saying that Hungary-Slovakia ties have been continuously improving since 2010 and the two countries “have achieved excellent results together”. Parties at the talks noted the “strategic importance” of the Visegrad cooperation, Havasi said. At the talks, Orbán congratulated Čaputová, who took her post last month, and thanked her for selecting

Hungary as one of her first foreign destinations as Slovak president.

SZIJJÁRTÓ: HUNGARY HELPING GEORGIA DEEPEN TIES WITH EU, NATO

Hungary is providing help at multiple levels to Georgia in deepening its ties with the European Union and NATO, Foreign Minister Péter Szijjártó said. Failure to bring stability, peace and progress to the EU’s eastern neighbourhood will also affect central Europe, and therefore Hungary, Szijjártó told MTI after attending an international conference. This, he added, would have negative security and economic implications for central Europe. “Contrary to certain western European countries, Hungary is supporting the strengthening of cooperation in the European Union’s and NATO’s eastern neighbourhood not just in words, but in actions as well,” the minister said.

Szijjártó highlighted Georgia as a key member of the EU’s Eastern Partnership programme, adding that the Hungarian government was helping the country tighten its cooperation with NATO and move closer to becoming a member of the military alliance.

Meanwhile, he noted that Hungary has 12 officers serving in the United Nations’ Observer Mission in Georgia, adding that the government intends to maintain Hungary’s role in the mission. Additionally, Hungary will be posting a diplomat to Georgia’s foreign ministry

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in Tbilisi from September with a view to helping with preparations for Georgia's EU integration.

Szijjártó said he had agreed with Georgian officials that Hungarian companies will be involved in Georgia's ongoing sports, health-care, tourism and infrastructure projects. He added that Hungary's Eximbank will open a 214 million dollar credit line to help improve the competitiveness of Hungarian companies on the Georgian market. In addition, Hungary will contribute 16 million forints (EUR 49,100) towards a project aimed at modernising Georgia's agriculture, Szijjártó said. Further, a Hungarian and a Georgian company have partnered to develop defence technologies, he added.

On the sidelines of the conference, Szijjártó met his Georgian counterpart David Zalkaliani, Georgian President Salome Zourabichvili and Prime Minister Mamuka Bakhtadze.

MINISTRY OFFICIAL: EC FORECAST FOR HUNGARY GDP 'FINALLY BASED ON FACTS'

The European Commission's latest forecast for Hungary's economic growth is "finally based on facts", an official of the finance ministry said. Deputy state secretary László Balogh said on news channel M1 that the EC's quarterly economic forecast for Hungary was prepared professionally and with "real numbers". The EC's experts couldn't ignore the fact

that Hungary's economic growth did not slow in the first quarter, rather it rose at the fastest clip in the European Union, he said. Hungary's GDP growth reached 5.3% year on year in the first quarter of the year. In its forecast released earlier on Wednesday, the EC raised its projection for Hungary's GDP growth this year to 4.4% from 3.7%. The growth projection is above the government's target of 4%.

LMP CALLS FOR BUDAPEST CLIMATE EMERGENCY

A Budapest councillor of green LMP called on the city to declare a climate emergency and take measures against global warming, including investment into energy efficiency and phasing out diesel-fuel public transport. József Gál told a press conference that Budapest should follow in the steps of New York and Paris and develop an action plan to tackle climate change, "which now makes our citizens' daily life difficult". The city should invest in making the city's buildings more energy efficient, he said. The action plan should also promote alternative use of courtyards of Budapest houses which are currently mostly paved without facilities to utilise rainwater, Gál said.

Gál also proposed that the city should stop buying diesel-fuel busses and switch entirely to electric ones, and called for introducing a congestion fee. Diesel-fuel vehicles should be banned from the city centre, he said. All municipal councillors of LMP will

submit similar proposals at their local authorities, Gál noted.

SOCIALISTS, DK CALL ON TOP COURT TO RE-EXAMINE ISSUE OF FX LOANS

The opposition Socialists and Democratic Coalition (DK) together with civil groups have urged the supreme court, the Kúria, to re-examine the issue of forex loans held by Hungarian borrowers.

In 2014, the Hungarian parliament passed several laws designed to amend unfair terms of FX loan contracts on which repayments skyrocketed when the forint plummeted during the 2008 financial crisis. However, the exchange-rate risk remained a risk borne by the borrower. Hungarian laws have so far prohibited retroactive cancellation of contracts by the loan-holder due to unfair terms in the contract.

At a press conference, the deputy leader of the Socialists said the Kúria, the CJEU and Hungary's central bank had made it clear that there was a problem with forex loan contracts. László Szakács said Hungarian courts been unprepared to handle the forex loan cases. "FX lawsuits would otherwise not be taking years to settle and it would not have taken six to seven months to interpret the European court's ruling on the matter," he said.

László Varju, the deputy leader of DK, told the same press conference

that the government had failed to take steps to resolve the FX loan issue for many years and had therefore put hundreds of thousands of families at permanent risk. The two politicians called on the government to terminate foreclosures and call banks to account.

AUDIT OFFICE HEAD SEES ROOM FOR GRADUAL PIT RATE CUT - PAPER

The head of Hungary’s State Audit Office (ÁSZ) sees room for a gradual reduction in the 15% personal income tax (PIT) rate. “In my opinion, the current economic conditions allow for a further reduction of the personal income tax in two or three steps,” László Domokos told the daily Magyar Hírlap. He said the 1.5% vocational training contribution paid by employers could also be cut to 0.75 to 1.0% in light of the lower number of job-seekers, and he made a case for eliminating the 15% tax on interest. He said, however, that cutting the 27% VAT rate “wouldn’t be worth it” as consumers would benefit not at all or only temporarily from such a measure. He added that VAT is the “most equitable” tax form as wealthier

households which consume more also pay more VAT.

GUEST NIGHTS FALL IN MAY FROM HIGH BASE

Guest nights at commercial accommodations in Hungary fell by 2.4% year on year to 2,580,000 in May, the Central Statistical Office (KSH) said. Guest nights spent by foreign visitors dropped by 1.6% to 1,414,000 and guest nights spent by domestic travellers were down 3.4% at 1,166,000. Revenue of commercial accommodations grew by 8.8% to 50 billion forints (EUR 150.5m) in May. At hotels, the occupancy rate edged up 1.2 %age points to 64.3%. Total revenue per available room (TREVPAR) increased by 10.4% to 24,856 forints.

NBH: DEFICIT TARGET REALISTIC IF RESERVES NOT DEPLETED

The deficit target of 1% of GDP contained in next year’s budget can be achieved if fiscal reserves are not entirely depleted, the National Bank of Hungary (NBH) said in an analysis of the government’s 2020 budget bill.

The NBH projected shortfalls for some revenue targets and put the deficit at 1.4% of GDP if the 488 billion forints of fiscal reserves are not spent in their entirety. It said the fall in the public debt was likely to be smaller than the 3.1 percentage point target. The budget targets the public debt as a percentage of GDP at 65.5% at the end of 2020, down from 68.6% at the end of 2019. The NBH projects the debt will fall to 65.4% from 68.1%. The bank said the government’s growth target of 4% of GDP “well exceeds” its own forecast for growth of 3.3% as well as the projections of market analysts.

Meanwhile, the State Audit Office (ÁSZ) said this year’s general government deficit target was achievable in an assessment of fiscal trends released on Thursday. Risks on the expenditure and revenue sides of the budget are balanced, ÁSZ said in the assessment. ÁSZ noted risks of revenue shortfalls from corporate tax and payroll tax, while it said there could be overshoots of spending on forint debt costs, contributions to the European Union budget, subsidies and healthcare. Lawmakers are scheduled to vote on next year’s budget on Friday.

