

## PHOTO OF THE DAY



Newly-inaugurated building of Budapest's Zugliget Elementary School

## UPCOMING EVENTS

**Innovation and technology minister opens 2019/20 academic year at Nyíregyháza vocational training centre**

**Local election campaign events**

**Closing presser on conference on future of Hungarian theatre**

**Zoo Night 2019**

## TOP STORY

### SZIJJÁRTÓ: EC 'DERAILS' EU ENLARGEMENT

The European Commission has "derailed" the European Union's enlargement process, "hugely impacting the security and future of Europe", Foreign Minister Péter Szijjártó said.

Speaking to MTI on the sidelines of a meeting with his EU counterparts in Helsinki, Szijjártó insisted that "Hungary and the EU have economic, strategic, security and political interests" in the bloc's enlargement with regard to integrating the Western Balkans. During the entire tenure of the current commission, the EU "did not co-opt a single new member" and "candidate countries could not take a single step forward in the process", Szijjártó said. While there has been no enlargement, the EU will lose the United Kingdom via Brexit, he said. "This will weaken the EU and it is also against its political and economic interests," he added.

"We expect the next commission to increase rather than decrease the number of member states, to accelerate enlargement in the Western Balkans and to open up all chapters in its talks with Montenegro and Serbia," the minister said. Concerning the issue of migration, Szijjártó said that "it is in our interest that the Western Balkans should be strong and capable of stopping migration", adding that this required the region's integration.

## **TARLÓS HOLDS COMFORTABLE LEAD OVER CHALLENGERS**

Incumbent Budapest mayor István Tarlós is more popular with voters than his two closest opposition challengers combined, the daily Magyar Nemzet said on Friday, citing a fresh poll by the Nézőpont research institute. According to the poll commissioned by the paper, Tarlós has the backing of 51% of decided voters. His main rival, Gergely Karácsony, the joint Budapest mayoral candidate of the leftist opposition parties, is supported by 43% of voters, while Róbert Puzsér, an independent candidate, is backed by 6%.

Fully 62% of respondents said Tarlós had the best chance of securing the most funding for the capital, while just 9% said Karácsony would be more capable. The paper pointed out that 56% of opposition voters said Tarlós could obtain the most funding.

Magyar Nemzet said Karácsony's aspirations were made more difficult by the fact that the majority – 58% – of respondents believe Budapest's mayor should be prepared to work together with the government, while only 30% say it is not necessary for the mayor to cooperate with the country's leaders. Nézőpont said the data indicated that a portion of opposition voters would be willing to cross over to Tarlós. The institute surveyed a representative sample of 500 Budapest voters by phone between August 23 and 27.

## **HABLEÁNY SALVAGE OPERATION COSTS EUR 2 M**

Efforts by Hungary's law enforcement bodies to salvage the wreck of sightseeing boat Hableány from the River Danube and a subsequent search for victims' bodies have so far cost a combined 665 million forints (EUR 2m), daily Népszava reported on Friday, citing figures from the interior ministry. Népszava added that the total does not include costs incurred with other state agencies, and noted that the body of one of the accident's 28 victims was still missing. All in all, some 1,000 people participated in the operations, the paper added. The Hableány, carrying 33 South Korean tourists and a crew of 2 Hungarians, collided with a cruise ship and sank in central Budapest on May 29.

## **KARÁCSONY: BUDAPEST FACES 'HOUSING CRISIS'**

Gergely Karácsony, the joint Budapest mayoral candidate of the leftist opposition parties, at a conference on Thursday said the capital was struggling with a 'housing crisis' which the government had so far refused to address. Home evictions have become an everyday occurrence in Budapest, "and we are number one in the world in terms of rising home prices", Karácsony told the conference organised by the Friedrich Ebert Foundation.

The mayor of Budapest's 14th district said the problem was now so severe that it has also begun to affect the middle class. "House and rent prices are becoming less and less affordable even for people with a high income," he said. Karácsony lamented that while the areas of health care and education were being overseen by state secretaries, the government had not appointed anyone to manage the area of housing, which he called a "fundamental right". He said European Union funding available to local councils should be used to increase the size of Budapest's non-profit housing sector, arguing that this would also help lower prices in the private sector.

## **VIETNAMESE MAN ARRESTED FOR DRUG POSSESSION**

A Vietnamese man was taken into custody after police had found more than 4 kilos of drugs in his vehicle, the national police headquarters said on its website. He also faces charges of forgery of official documents after confessing to police officers that he had presented a fake passport when he was stopped on the M1 motorway early on Tuesday. Investigators believe the man had regularly travelled abroad to dilute the drugs he would smuggle into Hungary with the aim of selling them. A search of the suspect's home yielded 66 grams of methamphetamine as well as equipment used for portioning and

distributing drugs. The man has been placed in pre-trial detention.

## **HUNGARY Q2 GDP CLIMBS 4.9%**

Hungary's second-quarter GDP rose by 4.9% year-on-year, the Central Statistical Office (KSH) confirmed in a second reading of data. On the production side, value added in the industrial sector rose by 3.8% during the period. Within the sector, manufacturing expanded by 3.1%. Growth in the construction sector reached 27.9%. The farm sector contracted by 1.1%. The service sector expanded by 4.2%, as the retail and wholesale trade, commercial accommodations and catering segment grew by 7.5% and the infocommunications segment grew by 5.9%. Professional, scientific, technical and administrative activities increased by 6.5%. KSH said services contributed 2.2 percentage points to headline growth, while the construction sector added 1.2 percentage points and the industrial sector 0.9 of a percentage point.

On the expenditure side, household final consumption increased by 4.5%. Gross fixed capital formation jumped 16.4%. Export volume rose by 2.7% and import volume was up by 4.3%.

KSH said actual final consumption contributed 2.7 percentage points

to headline growth and gross capital formation 3.4 percentage points. The trade balance slowed headline growth by 1.2 percentage points. Headline GDP growth slowed from 5.3% in the previous quarter. Adjusted for calendar year effects, GDP growth reached 5.1% year-on-year in Q2, down from 5.3% in Q1. Reconciled data, adjusted for seasonal and calendar year effects, show GDP climbed 5.2% year-on-year in Q2, level with the rate in Q1. In a quarter-on-quarter comparison, GDP growth was 1.1% in Q2, slowing from 1.4% in Q1, adjusted for seasonal and calendar year effects.

K&H Bank chief analyst Dávid Németh augured full-year growth of 4.3%, saying that the slowdown on global markets does not bode well for Hungary's industrial sector. ING Bank senior analyst Péter Virovác put growth for the full year at 4.7%, slowing as unfavourable external conditions catch up with Hungary.

## **HUNGARY GROSS WAGES CLIMB 10.6% IN JUNE**

The average gross wage for full-time workers in Hungary rose by an annual 10.6% to 364,799 forints (EUR 1,100) in June, the Central Statistical Office (KSH) said. Net wages grew at the same pace, reaching 242,591 forints. Calculating with twelve-month CPI of 3.4% in June, real

wages were up 7.0%. Excluding the 100,500 Hungarians in fostered work programmes, the average gross wage rose by 9.6% to 375,106 forints, while net wages grew at the same rate to 249,446 forints. Excluding fostered workers, the average gross wage in the business sector, which includes state-owned companies, rose by 10.8% to 378,824 forints. The average wage in the public sector increased by 6.0% to 367,547 forints. Full-time fostered workers earned gross 82,000 forints in June, 0.1% less than a year earlier. In January-June, gross wages rose by an annual 10.6% to 359,464 forints and were up 9.5% without fostered workers at 369,930 forints. Excluding fostered workers, business sector gross wages rose by 11.2% and public sector wages rose by 5.1% in the period.

ING Bank senior analyst Péter Virovác said the pace of wage growth could be maintained in the second half, but added that the question is when companies would scale back recruitment efforts because of external uncertainties, impacting remuneration. Takarékbank chief analyst András Horváth put full-year wage growth around 10.3%, lifted by the tight labour market and record low unemployment. He added that the gap between wage growth in the public and private sectors could narrow with a rise in healthcare workers' pay.