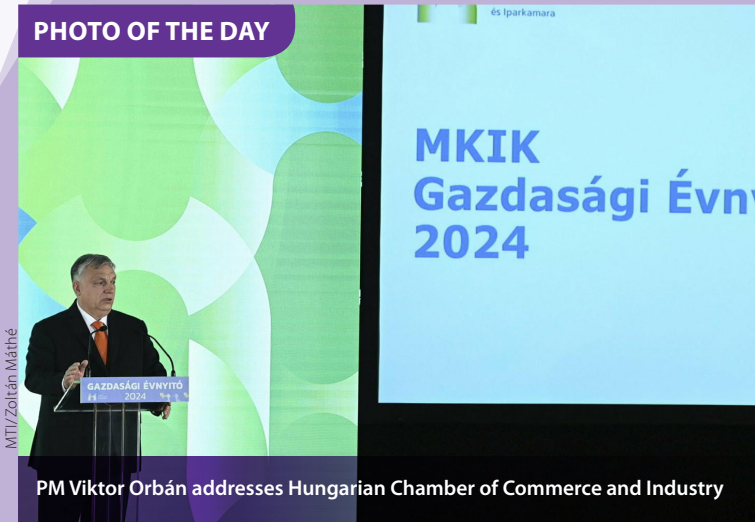


PHOTO OF THE DAY



PM Viktor Orbán addresses Hungarian Chamber of Commerce and Industry

UPCOMING EVENTS

EU justice ministers meet in Brussels

Stats office releases GDP figures for Q4 in 2023 in 2nd reading

Events related to the wars in Middle East, Ukraine

TOP STORY

ORBÁN PROMISES STABLE ECONOMIC POLICY

Conditions are favourable for enacting a stable policy economic policy in the next two years, Viktor Orbán told a conference of the Hungarian Chamber of Commerce and Industry (MKIK).

Until 2020, Hungary was on an upward path, but then the pandemic and the war in Ukraine forced the country to “shift to lower gear” between 2020 and 2024, the prime minister said. Now there was a chance for growth to accelerate in 2024, he said, noting that the government wanted to support growth, and cutting spending risked the standard of living, so the deficit path would be reduced steadily, to 4.5% of GDP this year, to 3.7% next year and to 2.9% in 2026. EU finance ministers, he said, predicted it would take four years, post-pandemic, for all member states to stabilise their budget deficits below 3% and their public debt levels below 60%. If, for some reason, Hungary failed to cut its deficit and debt in three years, it still had another “buffer year” to do so without risking being penalised by the EU, he said.

Orbán said a successful economic policy required competent finance and national economy ministries as well as the backing of a commerce chamber, and economic policy should be guided by “simple, common-sense considerations”.

ORBÁN: 'BETTER TO BE LENDERS, NOT BORROWERS'

The government has been grappling with "a very high inherited debt rate", which went up from 52% to above 80% after the 2002 elections, Prime Minister Viktor Orbán told a conference of the Hungarian Chamber of Commerce and Industry (MKIK). The government reined it in, he added, but "it went up again after the pandemic". "What's important is that in the end we're lenders rather than borrowers," he said. Also, all efforts must be focused on "convincing people that it is worth working", he said, adding that employment figures reflected the government's successful policies in this area. The real economy did not suffer big problems between 2020 and 2024 because the government had "allowed people and businesses to make money", he added.

The government's philosophy of building ties across the global economy rather than "translating an economic policy mimicking the West into primitive formulas" also helped, Orbán said. While the West was "stumbling", Hungary's eastern relations "have continued to blossom." Hungarian businesses are the fourth largest investor group in their own country, the prime minister said, adding that this was impressive considering "the depths from where they started".

Meanwhile, Orbán said the economic and political map of the world "is transforming at an accelerated rate", adding "the western and eastern parts of the world have a completely different opinion on everything". Referring to the war in Ukraine, he said "the West, except for the Hungarians", had got involved in the war, while the rest of the world remained noncommittal or supported Russia. Orbán said East and West had different view on Taiwan too. "With small differences, this applies to the Middle East." Geopolitical rivalry overrode the logic of the markets, he said. "In fact, technological developments are also determined by political considerations." "The outcome of the debate may be crucial," he said, adding that "one possibility ... is decoupling; that is the West separating itself from the rest of the global economy and protecting its positions because competition with the East threatens the loss of areas under Western control and even its internal markets."

The alternative, connectivity -- that is coupling East and West -- could mean that "the West loses ground, but the reason for that is a lack of competitiveness; in this case, it would not attempt to use political means to stop the East from advancing but become more economically competitive," he said. "Europe does not even believe in its own ability to embark on internal changes ... to raise the competitiveness of Western businesses to Eastern levels," Orbán

said. Should a "cold war return with decoupling", the border between East and West would lie along Hungary's eastern border, he insisted, adding: "We will become an uninteresting, obscure and dusty periphery of the Western world." With cooperation and trade, he said, Hungary would be between two worlds as a country "in which both will find opportunities", adding that Hungarian economic policy was based on the assumption that its position between those two worlds could be maintained. Orbán said Hungary is a part of the West, but it would not detach itself from the world's Eastern parts, noting that Hungary is a member of the Turkic Council, cooperates with China, and it would not give up its cooperation with Russia unless the European Union's sanctions rendered this impossible in some areas.

Orbán said the first lesson to be learned from the war between Russia and Ukraine was the inevitability of European rearmament. "We don't know how long the Americans will stay here in Europe, and we can't guarantee our security on our own, so defence industry developments are being accelerated everywhere," he said. Hungarians' "instincts", he added, had been right, arguing that the country had embarked on an unprecedented military upgrade 3-4 years before the war broke out. "So we're ahead of everyone by 2-3 years," Orbán said. "Politics can sometimes be a world of intuitions, not just matters of fact. This is true for both the green transition and defence industry developments." He

said the war in Ukraine was a “proxy war”, and it was “completely obvious that the West won’t win it against the Russians”. He added, at the same time, that this was also true the other way round, and “sooner or later there will be peace talks”. “The question is who has time on their side,” Orbán said. “We’re the only country that says that time is on the Russians’ side, so our interest lies in this conflict ending as soon as possible.”

Orbán noted, however, that “most countries in western Europe, unfortunately, believe that time is on the West’s side”. “This is an interesting train of thought if one is sitting on the shore of the Atlantic Ocean and not the Carpathian Basin.” He said the main principle of Hungary’s security strategy was that there must always be an entity between Hungary and Russia, “and right now this is called Ukraine”. The main question of the war from Hungary’s perspective, Orbán said, was whether Russia’s border would move closer towards Hungary, adding that if the fighting continued, the Russian border would be closer, owing to the Russian military successes. “This is completely against our interests, but at the same time we are convinced that there’s only one way to avoid this: if the West pulls itself together and tries to achieve peace talks,” he said. Orbán said this “won’t be as easy now as it would’ve been a year ago”, arguing that Russia now clearly had the military advantage.

Meanwhile, he said, another threat to Europe was that Russia would only

be willing to negotiate with the United States, and Europe’s security situation would become dependent entirely on an agreement between Russia and the US. “So, the direct security situation isn’t looking good ... and the only sane chance on Hungary’s part is to bet on President Trump’s return,” Orbán said. Only a new player who did not have a role in the outbreak of the war could find a way out of it, the prime minister insisted, adding that the world’s only chance for “a relatively quick peace deal” was for there to be political change in the US.

“So, the question of who Hungary likes or doesn’t like isn’t one of sympathy, but about which president pursues a foreign policy that strengthens Hungarian security,” he said.

“We can’t have a say in what kind of a president America should choose, but we don’t see that the current American administration has the ability to secure a swift peace on this front,” Orbán said, adding that this was also a critical factor for the Hungarian economy. The prime minister said the European parliamentary elections would be significant in terms of “common sense”. He said the European political scene was divided between “the globalists and federalists on one side and the sovereigntists on the other”. He said politics in Europe today was driven by ideology, adding that the biggest problem was that those in the key positions “tend to think along the lines of left-wing ideology, and those are the kinds of decisions they make”. But,

he said, “ideological thinking” could not keep an equilibrium between ideas and practice. He said the “triumph of ideological thinking over reality” resulted in the enactment of measures in areas like climate policy or agriculture “that seem right in principle but ruin us in the process”.

Orbán said the solution was therefore to elect a right-wing European leadership that “respects reality more”. “There will certainly be a rightward shift towards common sense in Europe, but it’s not yet known whether this will be a breakthrough or just a change in the balance of power,” Orbán said, adding that realistically it would be the latter. Turning to Hungary’s regional partnership, he noted that Hungary, Czechia, Poland and Slovakia had for long “thought in terms of the Visegrad Group structure”, and though this should not be abandoned, “as long as it has life left in it”, there was also an opportunity for another cooperation among “sovereigntist countries”. This partnership, he said, included Hungary, Slovakia, Serbia, noting that there was an election scheduled for September in Austria, too. This, he said, could “easily lead to” an Austrian-Hungarian-Slovak-Serbian partnership in the coming period, which would not replace, but rather complement the V4.

Meanwhile, Orbán said foreign businesses were pulling 4-6 billion euros in earnings out of Hungary, but a ban on profit repatriation would hamstring investments. But this “openness”, he said, was not a

problem if the foreign investments of Hungarian businesses generated more profits than what was repatriated by foreign companies. Foreign investments generate an average of 1.3-1.5 billion euros in profits, and factoring in 1.0-1.5 billion euros in EU transfers, this leaves some 3 billion euros of profits in Hungary as against the 4-6 billion that is repatriated, he said. In terms of the future, he said it was important to support national holdings capable of generating profit abroad and repatriating it, mentioning oil and gas company MOL, OTP Bank, real estate, infocommunications and the defence industry as examples. If these investments abroad can be financed and supported, and if there are entrepreneurs with competitive goods and services, they have to invest, otherwise "the balance of profits will never be restored, and we'll always be left ... feeling like we're being exploited", he said.

SZIJJÁRTÓ: SITUATION IN MIDDLE EAST 'CAUSE FOR MOUNTING CONCERN'

Hungary is following the situation in the Middle East with mounting concern, Péter Szijjártó, the foreign minister, said in New York on Monday, urging the avoidance of any escalation of the conflict there. He said a broadening of the conflict entailed the risk of the outbreak of a world war. Before meeting two deputy secretaries-general of the United Nations and the director of

the UNRWA, Szijjártó said Hungary advocated doing everything to ensure that an attack similar to the Oct 7 attack on Israel "cannot happen anywhere in the world". Counter-terrorist operations under way were not only in Israel's interest but in that of the entire world, he added. The minister said Lebanon had a key role to play in keeping at bay any escalation of the conflict. Noting that the conflict between Hezbollah and Israel was intensifying, he said the Beirut government appeared to want nothing to do with it, so the international community should give it all the support it needs. Szijjártó also emphasised the importance of protecting civilians and delivering humanitarian aid to ordinary residents in Gaza, warning that they were close to the brink of starvation. He said it was "cowardly" when terrorists used innocent civilians, families, and children as human shields and positioned themselves next to schools and hospitals.

Regarding hostages, Szijjártó said called for their swiftest possible release, and he noted that a Hungarian citizen is still being held hostage, and he trusted that he was still alive. Hopefully mediators led by Egypt and Qatar would succeed in reaching a deal on exchanging prisoners, he added. The minister referred to a "scandal at UNRWA" which he said had undermined the agency's credibility. Dozens of the organisation's employees have been accused of collaborating with

Hamas terrorists in the Gaza Strip. The related reports should be thoroughly investigated, he said, and the structure of the UN's operation there reviewed if wrongdoing was confirmed. He said humanitarian problems around the world were "extremely serious", with more than 300 million in need of assistance, but the UN budget was not quite sufficient for this. Hungary, he said, punched above its weight in this regard and had mounted its largest humanitarian operations ever in connection with the war in Ukraine, while also taking part in managing the humanitarian consequences of the Middle East crisis. Hungary extends aid to Egypt, directed particularly at its health system, he noted. This, he added, was important in terms of European security. Hungary has also handed over 8.5 million doses of coronavirus vaccine to several countries in need, he noted. Hungary is also involved in a 1 billion US dollar tied-aid programme with African and South-East Asian countries with a view to improving water supply and waste water treatment, the minister said.

Later, addressing the UN General Assembly, Szijjártó said Hungary continued to stand for peace and dialogue, adding that the country opposed all forms of terrorism. Hungary, he said, had borne the consequences of the war in Ukraine for more than two years and protected the external borders of the European Union against illegal migration, bound "in a vicious circle" with terrorism. Given these immediate security

challenges, Hungary "is committed to peace, diplomacy, continuous global dialogue, and is against all forms of terrorism," he said. Regarding the delivery of humanitarian aid, the minister praised Egypt in this regard.

On the subject of the hostage situation, he urged the immediate, unconditional release of hostages, and expressed gratitude to Qatar for mediating in the release of three Hungarian hostages. He asked Qatar to carry on its efforts to ensure the quickest possible release of the other hostages. A sensible agreement was needed between the opposing parties before the start of Ramadan, he added.

Meanwhile, he said Hungary was "a strategic partner of Israel" while also keeping strong ties with Arab countries in the region. "As a responsible country, Hungary is ready to play its part in finding an appropriate solution to security crises worldwide," he added.

SZIJJÁRTÓ: TRUMP 'GUARANTEE OF PEACE, GOOD HUNGARY-US RELATIONS'

The Hungarian government wants the world to be more peaceful and Hungarian-US relations should develop in a positive way in the coming period, Péter Szijjártó, the foreign minister said in New York on Monday, adding that those goals would be aided by Donald Trump's return to the White House. Szijjártó said it was up to the American people to decide on the next US president, according to a ministry

statement. "Their choice must be respected..." he said. "We will try to work together with the president, with the administration that gets elected," he said. "Even so, our experience was that when Donald Trump was in office, the political part of Hungary-US relations was also at its peak," he added. "And when Trump was president, being a strong American leader, he was able to prevent the outbreak of armed conflicts," Szijjártó said. Had Trump been the US president, there would be no war now in Ukraine and the crisis in the Middle East could be resolved a lot quicker, he said. "The name of peace and good Hungarian-American relations is that of Donald Trump," the foreign minister said.

MINISTER: ECONOMIC RECOVERY REQUIRES 'LESS DOMESTIC AND CORPORATE CONSERVATISM'

Following hardships in recent years "it is understandable that households are cautious" but reducing that conservatism is required for consumption to pick up, while an increase in investments should lead to a more relaxed attitude by businesses, the national economy minister told the Chamber of Commerce and Industry's year-opener. Márton Nagy said lower inflation had already resulted in lower industrial production costs, adding that "the labour market has been protected". Hungary's economic growth could pick up in the next years

and the main economic indicators could be fully restored to earlier levels by 2026, the minister added.

Finance Minister Mihály Varga told the conference that the government's measures had helped ensure that the country's external financing capacity, consumer price index and real wages were moving in the right direction. He said the government had embarked on an economic policy that would cut the budget deficit to 3% of GDP over the next 3-4 years. The government targets a deficit of 4.5% in 2024 and 3.7% in 2025, and sees it falling to 2.9% in 2026, he said. He identified the public debt as one of the most significant risks to the economy. Though the debt has started to fall again after rising during the pandemic, the government must continue reducing it, he said. Varga also highlighted the burden of interest expenses, which he said could be reduced through falling inflation and an improving interest environment.

László Parragh, MKIK's head, said the labour market was still tight, but the fact that jobs had been maintained during the crisis had been a boon to the economy. But migration, he added, was not a solution to domestic labour shortages, and guest workers must be employed in a regulated way, aimed at generating economic growth and stimulating further job-creation. Foreign direct investment, he noted, exceeded 13 billion dollars last year. Still, cautious consumer behaviour was an obstacle to economic growth, which, he added, was "also reflected in investments". At the same time, he

welcomed the curbing of inflation and rising real wages. Parragh said domestic businesses were “in the midst of generational change”, noting the green transition, steps towards energy efficiency, AI and a change in consumer needs as big challenges. “A future beckons to those that are prepared now,” Parragh said, adding that Hungarian businesses that habitually rely on instinct should switch to gaining a more acute awareness of the market environment.

Concerning European Union funding, Parragh said Hungary had handed over some of its markets so “the country is entitled to the EU funds in return”. Referring to the international situation, Parragh noted “considerable restructuring between the US, China, and the EU”, adding that “the EU lags behind in this competition more and more”. Meanwhile, he said Hungary had taken “huge steps” when it came to the automotive green transition, which may “secure a good position for the country”. In the coming period, he said, the country should “find a balance between healthy sovereignty and dependencies that benefit from international transformations”.

KTK: GOVT ESTABLISHES SECURITY ADVISORY BODY

A new permanent body, the Strategic Advisory Council, has been set up to aid the work of the prime minister

and the government in strengthening Hungary’s security and improving the living conditions of the Hungarian people, the Government Information Centre (KTK) said. Headed by Balázs Orbán, the prime minister’s political director, the council will be tasked from March 14 with making proposals to the government focused on optimising resilience to risks related to sovereignty and security, as well as social, economic, cultural and other risks. A secretariat set up within the Prime Minister’s Cabinet Office and overseen by the political director will be in charge of tasks related to the advisory council’s operations, it added.

Members of the council are György Bakondi, the prime minister’s chief national security advisor, Árpád Kovács, head of the State Audit Office, József Kovács, state secretary for national information, Miklós Maróth, science policy advisor to the prime minister, Károly Papp, state secretary in charge of the civilian national security services, and István Stumpf, a political scientist and constitutional lawyer.

CULTURE MINISTER IN EGYPT: NATIONAL HERITAGE ‘PRIORITY ISSUE’

Preserving natural cultural heritage is of outstanding importance both for Egypt and Hungary, János Csák,

the culture minister, said in Cairo, adding that the north African country served as an excellent example in that endeavour. Csák told MTI by phone after meeting Nevine Youssef El Kelani that Egypt has a diverse national culture in which the Coptic Christian church and Muslims live side-by-side. “Cairo’s government is making huge efforts to ensure that Christians, too, live peacefully in the country and to prevent violence stemming from religious differences,” the minister said. Csák said he held talks on Sunday with Mohamed Ayman Ashour, Egypt’s minister for higher education and scientific research, as well as the minister in charge of education. “They think along the same lines as the Hungarian government about culture, which for them not only embodies the arts but a lifestyle, a way of thinking, and the way they see the world,” the minister said. Csák said he briefed Egyptian government officials on the transformation of the model for how Hungary’s universities are run, and they expressed appreciation for the changes. At his meeting with Prime Minister Mostafa Kamal Madbouly on Sunday, he discussed the financing system of science and universities, and they agreed on launching joint education programmes with the launch of joint Hungarian and Egyptian diplomas.