

## PHOTO OF THE DAY



Motorway M4 section, crossing station inaugurated at Nagykereki at Romanian border

MTV/Zsolt Czeglédi

## UPCOMING EVENTS

**Interim local elections in seven localities due to resignations**

**Coronavirus updates**

**Catholic leader inaugurates refurbished Budapest university church**

## TOP STORY

# ORBÁN: HUNGARY 'FULLY ARMED' FOR 2ND WAVE

Hungary is "awaiting the second wave of the coronavirus epidemic fully armed", Prime Minister Viktor Orbán said in his weekly interview with public broadcaster Kossuth Rádió.

Orbán noted the government's experience gained during the first wave of the pandemic, adding that some 1.7-1.8 million people had returned the government's "National Consultation" questionnaires concerning preventive measures. "The success of prevention now depends on whether residents support the measures," he said, but added that the large number of respondents in the survey "lends great strength to the country and to the government". According to the prime minister, the government must now focus on saving lives, with special regard to the elderly, ensuring the necessary conditions for schools and boosting the economy. Concerning the latter, he said that "if we need to halt the economy again, it will create a very difficult situation for us all". In the interview, Orbán called on young people to observe preventive measures because "the lives of parents and grandparents are primarily in their hands". Hungary's health care system "completed an exercise in spring" and "we now know exactly what we should do in a worst case scenario", Orbán said.

## **ORBÁN DEFENDS DECISION TO MAKE EXCEPTION TO BORDER CLOSURE FOR V4**

Prime Minister Viktor Orbán defended the government's decision to make an exception to pandemic border restrictions for citizens of the other Visegrad Group countries in his weekly radio interview. Reacting to the European Union's warning Hungary against "discriminating" some countries in its recent travel restrictions, Orbán said that "bureaucrats in Brussels must understand that V4 countries have developed a deep cooperation concerning the epidemic", adding that "Hungary is rather safe due to preventive measures in the other three Visegrad countries". Defending recent entry restrictions, the prime minister said that "the virus is inside Hungary, its spread must be slowed down in the country and prevent further imports". He added that a government meeting later in the day would "further refine details to achieve the greatest possible freedom while observing all important restrictions". Concerning foreign criticism of the measures, he said that "they can say what they want...but, in a couple of days, they're going to do the same thing we're doing", and argued that the pandemic cannot be reined in without restrictions at the border.

## **ONE PATIENT DIES, REGISTERED CORONAVIRUS INFECTIONS UP BY 459 IN HUNGARY**

A 82-year-old Covid-19 patient has died and the number of registered coronavirus infections in Hungary has risen by 459 to 7,382 over the past 24 hours, koronavirus.gov.hu said. The number of fatalities has increased to 621, and 3,944 people have made a recovery. There are 2,817 active infections and 120 Covid-19 patients are being treated in hospital, eight on ventilators. The site warned Hungarians to observe social distancing guidelines and hygiene regulations. The government has decided to close borders to foreigners from Sept 1, with certain exceptions, re-introducing border protection measures in force during the first wave of the epidemic. Under the decision Hungarians returning from abroad will have to self-quarantine for 14 days, or until they produce two negative tests taken two days apart. Most infections have been registered in Budapest (3,262), followed by Pest County (1,054) and the counties of Fejér (463), Komárom-Esztergom (352) and Zala (302). Békés County has the fewest infections (33).

## **DK URGES FREE TESTING**

The opposition Democratic Coalition has called on the Hungarian state to make coronavirus tests free of charge.

DK spokesman Balázs Barkóczi urged that the testing capacities of national health care should be increased and that tests provided to residents by private companies should also be paid for by the central budget. Barkóczi insisted that the current testing system was "ailing", arguing that Hungary was one of Europe's countries with the smallest number of tests per capita, while the state mechanism was too slow and private tests were too expensive.

## **JOBBIK SLAMS GOVT FOR 'UNPREPARED' CLOSURE OF BORDERS**

A "badly prepared" government decision to close Hungary's borders to foreigners due to the coronavirus epidemic will create a difficult situation for people commuting to work on the other side of the border, a deputy speaker of parliament said. Kolomán Brenner, of opposition Jobbik, said that the move was "irresponsible" and accused the foreign ministry of having failed to negotiate with other countries before the border was closed down. He welcomed that the government had eased the restriction since its introduction, but said that some 100,000 people commuting from Hungary to Austria were still facing difficulties. Brenner said it was important that the economy should not be halted at the time of epidemic, and urged "well-considered" and realistic measures.

## **CATHOLIC CHURCH NOT MULLING LOCKDOWN**

The Hungarian Catholic Bishops' Conference (MKPK) is not planning to close churches down or cancel services in view of the coronavirus epidemic, the body's secretary told a press conference. Tamás Tóth said the MKPK would pass further decisions with regard to consultation with epidemiology experts. The MKPK, has, however, confirmed earlier preventive measures to be observed in churches, Tóth said, adding that people should keep a safe distance and avoid shaking hands, and wear masks during confession.

## **FINANCE MINISTER: HUNGARY TAX-TO- GDP RATIO REDUCTION SECOND-BIGGEST IN OECD RANKING**

The OECD has acknowledged that Hungary's tax burden relative to GDP was reduced by the second-largest degree, Finance Minister Mihály Varga told MTI.

Varga cited the OECD Tax Policy Reforms 2020 study published which shows Hungary's tax-to GDP ratio fell by 1.6 percentage points in 2018 compared to 2017. In the study covering 40 countries, including OECD members, the decline was the second-biggest after the United States, where the ratio dropped 2.5 percentage points. Varga said

that Hungary's government had continuously reduced the tax burden on labour, companies and households since coming to power in 2010. While taxes have been cut, employment has increased, the economy has grown and wages have risen, he added. He said that the OECD study shows Hungary's tax-to-GDP ratio fell not only in the short term, but in a ten-year period, too. Hungary's tax-to-GDP ratio fell from 39.5% in 2008 to 36.6% in 2018, a decline of 2.9 percentage points, the second-biggest drop in the OECD ranking after Ireland. The OECD study acknowledged cuts in payroll tax and in corporate income tax, of which the latter, at 9%, is now the lowest rate in the European Union, he said.

The OECD study noted a reduction in employers' social security contributions rates in Hungary from 22% in 2017 to 19.5% in 2018, a reduction in the corporate income tax to 9% in 2017, and a decrease in the VAT rate on selected products in 2018. Varga said the government had continued its policy of tax cuts this year, too, exempting mothers of four or more children from the personal income tax and pensioners returning to work from contributions, as well as reducing the Small Business Tax (KIVA) rate from 13% to 12%, shaving 9 percentage points off the VAT rate on commercial accommodations and a further 2 percentage points off the payroll tax. He added that the government had left more than 100 billion forints (EUR 278m) with families

and businesses as the result of tax relief to ease the economic fallout from the pandemic.

## **KSH: HUNGARY INDUSTRIAL OUTPUT DROPS BY 8.1% IN JULY**

Output of Hungary's industrial sector fell by an annual 8.1% in July, declining by a lower rate, 28.8 percentage points, than the April low because of a pandemic lockdown, the first reading of data released by the Central Statistical Office (KSH) show. Adjusted for workday effects, industrial output dropped by 7.7% in July. In a month-on-month comparison, industrial output rose by a seasonally- and workday-adjusted 7.2%. For the period January-July, industrial output dropped by an annual 12.1%.

Takarékbank chief analyst Gergely Suppan said industrial production could this year fall by around 7% but in 2021, because of the low base affect, it could rise by 13-14%. For April 2021 he forecast a growth rate as high as 60% as production plummeted this year in April. ING Bank senior analyst Péter Virovác said economic performance is continuing to improve and the industrial sector still has significant potential in it. Production volume is down at a level similar to that of the second half of 2017, he noted. The usual once-a-year summer shutdowns took place in some factories in July, which could explain why KSH is still reporting an output drop in the vehicle manufacturing segment, he

added. In August, production could fall further on continuing temporary stops at factories. K&H Bank senior analyst Dávid Németh said industrial production is gradually recovering from a low point in April when lockdown measures halted most production. The pandemic is still making things uncertain and it is not clear what effect it will have on exports and how domestic consumption could step in to support lower foreign demand. Industrial output for the year could even be down by a single digit number but growth could start again next year, he said.

### **MVM GAS TRADER UNIT SIGNS LONG-TERM GAS PURCHASE AGREEMENT WITH SHELL**

The gas trader unit of state-owned Hungarian Electricity Works (MVM) has signed a six-year agreement with Shell to purchase an annual 250 million cubic metres of liquefied natural gas (LNG) for regasification at the LNG terminal in Krk, Croatia from January 1, 2021 to October 1, 2027, Hungary's Minister of Foreign Affairs and Trade said. Both conditions are now met for the delivery of liquefied natural gas (LNG) from the Krk LNG terminal, Péter

Szijjártó told a press conference in Budapest. MFGK Croatia, the Croatian unit of the MVM, has recently signed a contract booking regasification capacity of some 1 billion cubic metres annually over a period of almost seven years at the Krk terminal. The terminal is to start operating from January 2021. Szijjártó said liquefied gas will be delivered, after regasification, to Hungary via the Hungary-Croatia gas pipeline. As a result, 10% of Hungary's gas needs will be covered from the Krk LNG terminal until the end of 2027, he said. This is Hungary's first long-term agreement with a Western market participant, he said, adding that the agreement was signed at a competitive price.

### **GOVT EARMARKS HUF 106 BN FOR CHURCH KINDERGARTEN DEVELOPMENT**

The government has allocated 106 billion forints (EUR 297m) to three main churches in Hungary for kindergarten development projects, the state secretary for church and ethnic relations of the Prime Minister's Office said. The Catholic Church has received 67 billion forints, the Reformed Church 30 billion and the Evangelical Church

9 billion, Miklós Soltész said at the inauguration of the St. Anne Catholic kindergarten in Kistarcsa, near Budapest.

### **BOAT WITH HYDROGEN FUEL CELLS UNVEILED AT BALATON BOAT SHOW**

The first boat with hydrogen fuel cells and developed by Hungarians was showcased at the Balaton Boat Show in Balatonkenese. Kontakt-Elektro's boat weighs 950 kilograms, it's 6.2 metres long and can transport 8 people with a maximum speed of 22km/h. At full speed it can travel for 3 hours for 66kms but at lower speeds its maximum distance can be extended to 80kms. The event organiser National Hydrogen Technology Platform's head István Lepsényi said there are at least 200 boats powered by electric motors sailing on Lake Balaton, but the future belongs to hydrogen fuel cells because of their bigger capacities. Lepsényi, the CEO of Valor Hungariae, a state-owned company that aims to keep innovative Hungarian ideas in the country and foster them, noted there are no hydrogen fuelling stations in Hungary yet but the introduction of hydrogen powered vehicles will attract the attention of market players.