

## PHOTO OF THE DAY



MTI/Zoltán Balogh

National flag lowered to half-mast in front of Parliament in remembrance of Arad martyrs

## UPCOMING EVENTS

**EU interior ministers meet in Luxembourg**

**Presser on regular autumn meeting of Hungarian Catholic Bishops' Conference**

**Coronavirus updates**

**Stats office prelim report on commercial accommodations in Aug 2021**

## TOP STORY

# ORBÁN: EU NEEDS TO RETHINK POLICY ON ENERGY PRICES

Before a summit of EU leaders on Wednesday, Prime Minister Viktor Orbán called on the European Union to rethink its policy on energy prices.

Speaking in Brdo, in Slovenia, the prime minister made a brief statement that the European Commission was partially to blame for recent energy price rises. Unless regulations are changed, "everyone will be put at a disadvantage", Orbán said. Hungary, he added, will not be affected by the price hikes for now, given the current regime of price caps. The prime minister said that Hungary also regarded the EU Green Deal proposal, which he insisted involved an indirect tax on homeowners and car owners, as "unacceptable". Orbán said after the meeting in response to a question by the press that the main responsibility lied with Frans Timmermans, vice president of the European Commission in charge of the area, because "his calculations were incorrect and the EU's residents must now pay the extra price". Orbán added that "the prices will continue to rise every day unless this foolish plan is withdrawn". He called for the suspension of the EU's emissions trading system and said that "we have to return to realities".

## **SZIJJÁRTÓ SEES HOPE FOR COMPROMISE ON GLOBAL MINIMUM TAX**

At an OECD meeting in Paris on Wednesday, the Hungarian government submitted a proposal aimed at finding a compromise solution to the introduction of a global minimum corporate tax which Hungary has reservations over, according to the Hungarian foreign affairs and trade minister. The proposals would align the measure with Hungarian interests and enable Hungary to retain its competitive edge, the foreign ministry's statement cited Péter Szijjártó as telling a meeting of the Organization for Economic Cooperation and Development. Hungary proposed a ten-year transition period for implementing the tax for "large corporations active in the real economy", Szijjarto said. Exemptions should be given under certain circumstances, and the value of the companies' assets taken into consideration when levying the tax, Szijjártó said. Hungary currently has a 9% corporate tax, the lowest in the European Union, Szijjártó noted. Its government will only accept proposals that would not jeopardise the low-tax advantage when it came to maximising investments and job creation, he said. The country's low corporate tax was instrumental in "turning Hungary into one of the fastest-developing countries in Europe," he said. Regarding the OECD

proposal on taxing big tech companies not tied to geographical locations, Szijjártó said the countries were "in full agreement on that part of the proposal".

The global minimum tax was the topic of talks between Szijjártó and Antony Blinken, the US Secretary of State. The issue of the global minimum tax was perhaps "the most exciting topic" on the international political stage, Szijjártó wrote on Facebook. The minister added that Blinken had also asked him to discuss the issue on the sidelines of the OECD meeting, and signalled the issue was "very important" for the US. "So I'd like to reach a deal," Szijjártó added. Hungary, he said, was ready to compromise and seek a solution that would not harm Hungary's economy or threaten Hungarian jobs. "Based on today's discussions in Paris, I see there's a chance for that," he said.

## **SOUTH KOREAN PRESIDENT TO VISIT HUNGARY**

South Korean President Moon Jae-in is visiting Hungary in November and the two countries are scheduled to sign an agreement on raising relations to a strategic level, Foreign Minister Péter Szijjártó said in Paris on Wednesday. The official visit will be the first by a Korean head of state in the last 20 years. After talks with South Korean counterpart Chung Eui-yong, Szijjártó said that agreements on health care, culture and diplomatic training are

also expected to be signed during the presidential visit. Hungary will be among the first five countries South Korea is signing strategic agreements with, he added. South Korean companies form the fourth largest investor community in Hungary, while the most significant greenfield investment ever made in Hungary has been made by one among them, he said.

"It is mostly thanks to investments by South Korean companies that Hungary has become one of the European hubs for the car industry's revolutionary renewal," he added. As a result, Hungary is currently in fifth place among exporters of batteries for electric vehicles, he said.

Szjijártó also met minister of trade Yeo Han-koo. The government is currently in talks with 14 South Korean companies regarding further Hungarian investments, he said, adding that the state has provided support for investments by 31 South Korean companies in the past six years. Even last year, which was considered a "black year", the volume of bilateral trade grew by 28%, and it is expected to be 26% up this year.

## **ÁDER MARKS MEMORIAL DAY OF 1849 ARAD MARTYRS**

Marking the anniversary on Wednesday of the execution of 13 revolutionary leaders in Arad on October 6, 1849, President János Áder said that the ideals of the freedom

fighters lived on in Hungary's preservation of its heritage. "When we talk about the heroes of 1848-49, we must look behind ... the greatness of self-sacrifices and see the fragile people involved, their personal torments, their serious decisions and their consistent, persistent commitment to their homeland," Áder told the commemoration held in the renovated Star Fortress in Komárom, in northern Hungary. "As members of a generation that is no longer forced into self-sacrifice, we must learn from them, "to recognise again and again -- on holidays and in everyday life -- the great value of freedom, for which the heroes of 1848 -49 risked their lives," the president said. Áder noted that three of the eleven major battles of the revolution and freedom fight of 1848-49 were fought in Komárom. "Komárom and its surrounding areas are consecrated land on which almost all of the Arad martyrs had set foot," he said.

Hungary's national flag was hoisted and lowered to half-mast in front of Parliament in remembrance of the Arad martyrs. The ceremony was attended by Romulusz Ruszin-Szendi, the commander of the Hungarian Armed Forces Commemorations were held in Hungary and abroad. A government official laid a wreath at the mausoleum of Count Lajos Batthyány, the prime minister of independent Hungary during the freedom fight, in the Fiume Street cemetery later in the day.

The revolution and freedom fight was part of a series of uprisings in Europe in 1848. On March 15, citizens of Pest gathered in front of the National Museum and demanded independence from Habsburg rule. Hungary's first independent government with Batthyány as prime minister approved a reform package called the April laws. Later, the uprising grew into a war of independence, stifled by Austria and Russia in late 1849.

### **FINANCE MINISTER: HUNGARY BORROWS EUR 183 BN FROM AIIB FOR HEALTH-CARE DEVELOPMENT**

Hungary has concluded an agreement with the Asian Infrastructure Investment Bank (AIIB) on the provision of 183 million euros to fund developments in Hungarian health care, Finance Minister Mihály Varga said on Wednesday. Hungary will receive the funds at a below-market interest rate, he said in a video posted on Facebook. The funding, which is the first the AIIB is allocating outside Asia, will be used to revamp 17 hospitals and to purchase diagnostic equipment and protective gear, he said. László Balogh, a state secretary of the finance ministry, said the resources ensured that the "funding and development of Hungarian health care has more than one leg to stand on". Hungary joined the AIIB, one of the world's newest and most important multilateral development banks, in 2017, he added.

### **FORMER US AMBASSADOR TO HUNGARY PRAISES ORBÁN'S PREMIERSHIP**

Prime Minister Viktor Orbán's 11-year tenure as head of government has been one of the most successful periods in Hungary's history as a democratic country, former US Ambassador to Hungary David Cornstein wrote in an op-ed for the American conservative monthly Newsmax. Hungary's economy is prospering and the cost of living is around half that of other European countries, Cornstein wrote. He described Hungary as a "beautiful country" with "wonderful people" who like Americans. Cornstein added, however, that he most likely would not have accepted the post of ambassador to Hungary had his decision been based on how US media portrayed the country.

The former ambassador said that like most of America's allies, Orbán's government was not perfect either, adding that its policies at the same time were rational and had the long-term interests of the nation at heart. Through his policies of deregulation, tax cuts and handing businesses more freedoms, and by implementing other measures that former US president Donald Trump would also agree with, Orbán has boosted Hungary's economy, Cornstein wrote. Prior to Orbán's premiership, Hungary endured eight years of poor leadership by the Socialist governments, he added.

Before the pandemic, Hungary had been one of the fastest growing economies in Europe, he wrote, noting that the unemployment rate had been at a record low 3.7%. Furthermore, Hungary's government wants families to be the ones to profit from the country's progress since they are the ones who were hit hardest by the pandemic, Cornstein said. On the issue of migration, Cornstein said that in contrast to the US's handling of immigration, Orbán immediately ordered the construction of a fence on the Hungarian border during the migration crisis of 2015 to stem the flow of illegal migrants. Cornstein said Orbán had been the first European politician to warn against the dangers of taking in migrants with radically different backgrounds to that of the local population. "Orbán was right," he said, pointing out that having seen "the failure" of Germany's open-border policy, countries like Austria, Denmark and Sweden all ended up following Hungary's example.

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### **ÁDER: ALLOCATE 2% OF NATIONAL INCOME TOWARDS AVERTING ECONOMIC LOSSES DUE TO CLIMATE CHANGE**

By allocating 2% of Hungarian national income towards establishing a sustainable economy, any future economic losses related to climate change can be offset, President János Áder told news channel M1 on Wednesday. The president said that

current trends, if unchecked, could lead to the earth's surface warming by 3 C, resulting in a big dent in global GDP. "Inaction is far more costly than taking steps towards sustainability," Áder said, adding that the potential resulting effects would be felt within a decade or two. "By then it will be too late to lament over what we should have done in 2020 but didn't."

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### **GOVT OFFICIAL: ACHIEVING CLIMATE GOALS SHOULD GO HAND IN HAND WITH LOWER ENERGY PRICES**

The European Union should focus on curbing energy prices and ensuring energy supply alongside achieving its climate goals for 2050, a government official said on Wednesday in Luxembourg. Speaking to MTI on the sidelines of a meeting of EU environment ministers, Attila Steiner, a state secretary of the innovation and technology ministry, said the EU should "proceed cautiously" when striving for climate goals. Hasty implementation could lead to rocketing energy prices and even to energy outages, he said. Noting that several EU states were mulling introducing centralised energy prices, Steiner said the Hungarian government's utility price cuts had curbed the costs of green transition and maintained a secure energy supply.

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### **MINISTRY: BUDAPEST AMONG TOP EMERGING STARTUP REGIONS**

The 2021 edition of the Global Startup Ecosystem Report shows that the total estimated value of Budapest's startup ecosystem grew by around 50% in the past year, to over 200 billion forints (EUR 555m), and Budapest confirmed its place among the best emerging startup ecosystems, the ministry of innovation and technology said on Wednesday. The report said that thanks to the state's proactive involvement, a significant amount of money has been invested in startups in recent years, the ministry added. The annual report published by Startup Genome compares and assesses 250 locations globally.

The ministry of innovation and technology and the national research, development and innovation office joined the international research project as partners at the end of 2020.

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### **CBANKER: RUSHED INTRODUCTION OF EURO COULD HURT HUNGARY'S GROWTH**

A rushed adoption of the euro that ignores differences in the levels of economic development between Hungary and the euro zone could sacrifice Hungary's growth and even pose risks to its stability, a member of the central bank's Monetary Council said on Wednesday. Countries

with uneven levels of economic development could be hurt by not having the option to chart their own monetary policy course due to using a single currency, Péter Gottfried told an online roundtable discussion organised by the scientific periodical Financial and Economic Review and the Hungarian Economic Association. A decision by the European Central Bank could prove too lax for one country while being too stringent for another, he said.

Contrary to expectations, the introduction of the euro has not accelerated convergence within the euro zone, Gottfried said, adding that certain members had even fallen behind in terms of development. While countries like Germany, Austria and the Netherlands have benefitted from the use of the euro, southern euro-zone countries, for instance, are stagnating, he said. Also, countries like Sweden, Denmark, Poland, the Czech Republic, and in some respects, even Hungary have managed narrow the gap with the more developed EU member states without the euro, he added.

Gottfried said that for Hungary to introduce the single currency it may not be enough for it to meet the criteria of the country's GDP per capita reaching 85-90% of the EU's average. Hungary also has to make up ground in terms of competitiveness, he said. Because of the interdependence between the euro zone and the Hungarian economy, Hungary has a vested

interest in the success of the euro, even though it is not the official currency, he said, noting that Hungary does 85% of its foreign trade with the euro zone.

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### **RATE-SETTERS POINT TO PERSISTENCE OF UPSIDE RISKS SURROUNDING INFLATION OUTLOOK**

Hungarian central bank (NBH) policymakers have warned of the risks associated with persistent inflation and agreed that a tightening cycle that started in July should be continued on a monthly basis, though at a slower pace. At a policy meeting in September rate-setters were "unanimous" that the cycle of interest rate hikes and other methods to tighten monetary conditions should be employed in light of the "upside risks surrounding the inflation outlook", according to the minutes of the meeting released on Wednesday. September's monetary tightening "are indicative of decision-making in the coming months", the minutes said.

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### **INDUSTRIAL OUTPUT GROWTH SLOWS TO 2.6% IN AUG**

Industrial output in Hungary rose by an annual 2.6% in August, continuing to slow as the global chip shortage impacted the local automotive industry, the Central Statistical Office (KSH)

said on Wednesday. Output of vehicle manufacturing "fell significantly" in August as the global semiconductor shortage caused factory shutdowns, KSH said in the first reading of data. Output of the computer, electronics and optical equipment segment also declined, while output of the food, drinks and tobacco segment rose, it added. Adjusted for the number of work days, output edged up by 0.6%. In a month-on-month comparison, output fell a seasonally- and workday-adjusted 2.7%.

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### **RETAIL SALES GROW BY 4.6% IN AUGUST**

Retail sales in Hungary rose by an annual 4.6% in August, the Central Statistical Office (KSH) said on Wednesday. The increase accelerated from 2.5% in the previous month. Retail sales have risen for five consecutive months after eight months of decline. August retail sales rose by 4.1% when adjusted for calendar year effects. Adjusted food sales increased by 1.7% and non-food sales climbed 7.8%. Vehicle fuel sales rose by 2.3%.

In absolute terms, retail sales reached 1,228 billion forints (EUR 3.4bn), at current prices. Food sales accounted for 46% of the total, non-food sales for 37% and vehicle fuel sales 17%. For the period January-July, retail sales rose by an annual 2.4%, according to both unadjusted

and adjusted data. Adjusted food sales were up by 1.8%, non-food sales rose by 3.7% and vehicle fuel sales increased by 2.7%.

**HUNGARY RECORDS 629 NEW CORONAVIRUS INFECTIONS, SEVEN DEATHS**

Seven patients died of a Covid-related illness during the past 24 hours, while 629 new coronavirus infections were registered, koronavirus.gov.hu said on Wednesday. So far 5,900,019 people have received a first jab, while 5,665,141 have been fully vaccinated. Fully 833,000 Hungarians have received a booster jab. The number of active infections stands at 8,316, while hospitals are treating 574 Covid patients, 79 of whom need respiratory assistance. Since the first outbreak, 825,799 infections have been registered, while fatalities have risen to 30,253. Fully 787,230 people have made a recovery. There are 6,097 people in official quarantine, while 7,000,417 tests have been officially carried out.

**KÖVÉR: PLANS TO AMEND CONSTITUTION WITH SIMPLE MAJORITY ‘CROSS LINE OF CRIMINAL LAW’**

Those who believe Hungary’s constitution can be amended with a simple parliamentary majority “cross the line of criminal law”, Speaker of Parliament László Kövér told

commercial broadcaster InfoRádió. Commenting on remarks by members of the opposition that the constitution could be changed with a simple majority, Kövér said that if his view on the illegality of such a plan was correct, then criminal proceedings should be taken against those seeking to “disrupt Hungary’s constitutional order”.

“Not everyone takes political aspects into consideration. There are some who cannot because they can only consider legal aspects,” the speaker said. “And they believe those who’ve made such remarks have not crossed the line yet.” Kövér said that although those who say the constitution could be amended without a two-thirds majority “can’t be taken seriously”, all global cataclysms “started out with incitements by a few clowns who couldn’t be taken seriously”.

Asked about the election of Hungary’s next president, Kövér said the end of János Áder’s term was still too far for ruling Fidesz’s board or parliamentary group or the government to begin discussing it. He said the party did not want to encourage speculation regarding Áder’s successor, arguing that this would make it harder for the new head of state to assume office. Hungary’s parliament has to elect the next president between March 9 and April 9 next year, Kövér said. Holding an election at the beginning of that period would give the new head of state time to

prepare for taking office and would allow parliament to conclude its work earlier, he said. Asked about Fidesz’s MP candidates for the 2022 general election, Kövér said those with parliamentary mandates now had a good chance of standing for re-election, with the party only planning minor changes to its field of candidates.

Concerning the European Union, the speaker said the European Parliament refused to accept that “it has no real powers”. He said the European Commission and the EU court were “also crossing lines that no one could have imagined ten years ago”. Kövér said forcing the rules under which the EU’s branches of power operate onto vastly different countries would only solidify the historical inequalities among them.

**TWO-THIRDS OF EU VACCINE ALLOCATIONS RECEIVED BY HUNGARY SO FAR**

Hungary has so far received some 66% of the 24 million doses of vaccines allocated for the country from European Union procurements, the government website koronavirus.hu said. The largest volume of vaccines, or 9.5 million doses, have been supplied by Pfizer, it added. Hungary has a sufficient supply of vaccine for all citizens, including people who want booster shots, the website said. All types of vaccine,

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including Pfizer, Sinopharm, Sputnik, Moderna, AstraZeneca and Janssen can be booked online and received at hospital vaccination points, the website said. GPs also administer jabs according to demand, it added.

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### **STATE AUDITOR TO FREEZE PUBLIC FUNDING FOR 157 SMALL POLITICAL PARTIES**

Hungary's state auditor (ASZ) has proposed freezing state funding in respect of 157 small political parties until they can prove they are legally above-board. Out of 173 parties screened, only three had complied with their obligation to publish

financial statements and accord with transparency requirements: the Alternative Party, the AQUILA Party and the Hungarian Liberal Party, the auditor's vice president, Magdolna Holman, told a press briefing. The majority of Hungarian political parties are not eligible to receive central budget support on a regular basis, having failed the requirement to secure at least 1% of the vote in the last general election. Parties that pass the screening, however, are permitted to draw up a national list for an election and nominate candidates who can access significant amounts of public money.

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### **ANDRÉ KERTÉSZ'S UNPUBLISHED PHOTOGRAPHS ARRIVE IN NATIONAL MUSEUM**

The National Museum in Budapest on Wednesday took possession of 1,163 photographs of the celebrated Hungarian photographer André Kertész. An exhibition will be mounted in 2022. The museum bought the pictures, mostly dating to before the artist emigrated from Hungary in 1925, for 6.1 million US dollars, the museum's director, László Simon L, told a press conference. The government contributed to the cost of the purchase.