

PHOTO OF THE DAY



MTI/György Varga

Mallard over local lake in Nagykanizsa

UPCOMING EVENTS

Plenary session of parliament

Conference on 65th anniversary of 1956 uprising

Coronavirus updates

European Parliament holds plenary session

Hungarian Olympic Champions Club inducts new gold medallists

TOP STORY

VARGA: FOURTH COVID WAVE WON'T HURT ECONOMY

Thanks to the high inoculation rate, the fourth wave of the coronavirus pandemic is expected to be relatively weak in Hungary, allowing for an estimated 7% GDP growth this year, Finance Minister Mihály Varga said.

The deficit is expected to come to 7.5% of GDP, Varga told the Portfolio Economic Forum. Monetary and fiscal policy "must work together" to bring inflation back to around 3%, he said. The government sees CPI falling from the beginning of 2022 and the situation "normalising" by the summer of 2022 to make the mid-term 3% target achievable by year-end, Varga said. The CPI target should be achieved gradually so as to avoid a "new wave of recession", Varga added. The government is committed to start reducing the public debt, which has risen to 80% of GDP due to the economy protection measures, he said. "Politically motivated debates" with the European Union are expected to "run their course" by the end of the year, clearing Hungary's access to the recovery funding, he said. Anticipating lengthy negotiations, the government took out a 4.5 billion euro loan from the market in early September, so investment programmes suffered no delay, he added. Hungary's economy is expected to return to the growth trajectory it was on in 2019, "albeit in a slightly different structure", Varga said.

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TOP COURT REJECTS CLAIMS THAT COVID IMMUNITY CERTIFICATES ARE DISCRIMINATORY

Hungary's Constitutional Court has rejected claims that the rights enjoyed by immunity certificate holders, but withheld from those without one, are unconstitutional, a decision published on the court's website said on Tuesday. The court received some 1,000 individual complaints in the matter since the pass was first issued. The claims argued that the immunity certificates, issued to those who have been vaccinated against or have recovered from Covid-19, ensured rights to their owners in a way that discriminated against those who could not receive the vaccine due to underlying health conditions. The court said that certain fundamental rights could be suspended during a state of emergency. Parliament reviews the state of emergency regularly to ensure those rights are not curbed longer than necessary, the ruling said.

SZIJJÁRTÓ DISCUSSES MIGRATION, CURRENT AFFAIRS WITH CYPRIOT COUNTERPART

Hungary and Cyprus have the same views on key European issues such as migration, the European Union's enlargement in the Western Balkans, European energy supply and coronavirus vaccines, the foreign

minister said. Péter Szijjártó told a joint press conference after talks with his Cypriot counterpart, Nikos Christodoulides, in Budapest on Tuesday, that Hungary and Cyprus both experienced illegal migration first-hand, with Cyprus facing a "constant inflow" of migrants, and the pressure growing on Hungary's southern border again. Unless the European Union's migration policy changes course, the member states on its outer borders will face "a difficult situation and serious pressure," Szijjártó said. "It is time the EU spoke clearly and stopped the two-faced communication migrants interpret as an invitation," he said. He called on the EU to speak in clear terms of the importance of border protection, which he called a "security issue rather than a human rights one".

Cyprus and Hungary both support the EU's enlargement in the Western Balkans, Szijjártó said. Without enlargement, the region's stability is at risk which would make an important migration route into the EU "fair game", he said.

Regarding the coronavirus pandemic, Szijjártó noted that Hungary and Cyprus had agreed in the summer to honour each other's vaccination certificates. Tourism between the two countries is ongoing, and no restrictions are expected against each other's citizens, he said. Szijjártó and Christodoulides signed a memorandum of understanding on diplomatic consultation after the talks.

Christodoulides said the document was key to ongoing cooperation

between the two countries. He said the key areas of cooperation between Hungary and Cyprus were tourism, migration and climate protection. Although there are differences in the views of the two countries "on certain issues", those do not impact their agreement on diplomatic issues, Christodoulides said. He said Turkey was obstructing Cyprus in "solving problems on the Mediterranean," and violated Cyprus's airspace and maritime borders in the process. He called on Hungary to stand by Cyprus in its appeal to other countries "not to allow Turkey to do so".

ORBÁN TOPS SZÁZADVÉG POLL

Prime Minister Viktor Orbán was preferred by 51% of respondents to Péter Márki-Zay, winner of the opposition's recent primary election, whom 41% would like to see at the helm of the next government, according to the latest survey conducted by the Századvég Foundation. Márki-Zay is mostly popular with Budapest residents (54%), while he was less preferred by respondents from small towns and villages (37%), the pollster said in its report released to MTI on Tuesday. Conversely, Orbán is supported by up to 56% of voters in small places and by 38% in the capital, the report said. Fully 8% of respondents said they would not disclose their preferences or were uncertain as to whom to support.

JUSTICE MIN: HUNGARY BACKS POLISH TOP COURT RULING HIGHLIGHTING EU'S 'PROBLEMATIC PRACTICES'

Justice Minister Judit Varga on Tuesday reiterated the Hungarian government's support for a recent ruling by Poland's constitutional court which she said highlighted the "problematic practices" of European Union institutions. In a statement she published on Facebook ahead of a meeting of EU affairs ministers in Luxembourg, Varga said Brussels had "stepped on the gas" and "blackmailed" Hungary and Poland because "we think differently about the world and Europe". She said Brussels opposed Hungary and Poland's pro-family policies, their rejection of immigration and their push for "a strong Europe of strong nations instead of an empire".

"We are and will remain members of this club," Varga said. "This club has rules that have long been laid down in the Treaties. However, it is Brussels, not us, that wants to break these principles, and to do so by force." Varga said that in addition to publishing reports on the state of the rule of law in Hungary and Poland and launching infringement procedures against them, the EU was also "blackmailing" the two countries by withholding funds from them that they were entitled to. "While we're being hounded over the Child Protection Act, Poland is being attacked for blocking the EU's stealthy

transfer of powers," the minister said. "We're used to the pressure, Budapest and Warsaw are standing firm, shoulder to shoulder."

Varga said she agreed with Polish Prime Minister Mateusz Morawiecki, who said in a letter addressed to EU leaders on Monday that "the principle of the primacy of EU law is not unlimited, but only applies in areas that fall within EU competence". Powers that have not been transferred to the EU by member states must remain with member states, she cited Morawiecki as saying. "So it is not Hungary and Poland that are breaking the rules of the club, but the Brussels bureaucracy, with these underhand and ideologically biased political games!" Varga said. Poland's Constitutional Tribunal said in a judgement earlier this month that the Polish constitution had supremacy over EU law in matters in which the bloc had no power.

KÖVÉR ADDRESSES COE CONFERENCE ON MINORITIES

Hungary's practice of promoting national minority rights is a "model for Europe", Speaker of Parliament László Kövér told a conference held in Strasbourg under the auspices of the Council of Europe. Addressing the conference, held under CoE's Hungarian presidency, Kövér noted that the Hungarian constitution recognised Hungary's 13 ethnic minorities as constituents of the

state, and said that indigenous minorities were entitled to form self-governments, while the Hungarian state was promoting those governments with increasing funds each year. Concerning Hungarian communities outside the country, Kövér said "they have fought the most in Europe to achieve rights to their national identity". They have maintained their national identity while "being loyal and hard-working citizens of the countries they live in". Kövér noted as an exemplary attitude that the Hungarian government had earmarked close to 1% of the central budget for supporting ethnic kin abroad. In the spirit of European solidarity, Hungary granted safe haven to refugees from the war in former Yugoslavia, and provided medical treatment for injured Ukrainian soldiers and coronavirus patients from Romania, he said.

Hungary and ethnic Hungarian minorities, however, are not beneficiaries of similar solidarity, Kövér said. As an example, he said that "while Ukraine's current government is intimidating and treating as hostages the 160,000 ethnic Hungarians living there, the Hungarian government recognises the Ukrainian minority as a constituent of the state." Kövér called national identity a basis of Europe's diversity and an indispensable condition of the existence of nations. "We, Hungarians and the overwhelming majority of other Europeans would like to live in a strong Europe based on cooperation

of sovereign nations relying on their traditions and cultures, rather than in a post-Christian, post-national empire," he said. Kövér noted that the Forum of Hungarian Lawmakers from the Carpathian Basin (KMKF) representing millions of ethnic Hungarians had initiated in May 2020 the recognition of the right to national identity as a fundamental human right.

JUSTICE MINISTER DISCUSSES HUNGARY RULE OF LAW, FUTURE OF EUROPE IN SWEDEN

Justice Minister Judit Varga held talks on the issue of the rule of law in Hungary and the future of Europe in Stockholm. In a Facebook post, Varga said she told Sweden's EU Affairs Minister Hans Dahlgren that reports in the international media regarding the state of the rule of law in Hungary should be treated with caution because they were "often one-sided". "This is also true for the independent and objective reports published by the European Commission," she added. Varga said the EU's rule-of-law procedures were "political witch-hunts dressed up as legal procedures", of which she said the latest example was the "series of attacks" launched against Hungary over its child protection law.

The minister said that in her talks she underscored Hungary's position that parents should have the exclusive right to decide how they raise their children. Varga said she

and Dahlgren had also discussed the challenges facing Europe. She said that despite their different cultures and geographical distance, Hungary and Sweden shared the goal of "putting Europe back on the global map", emphasising that this was only possible to achieve as a community of strong nation states. "Hungary's vision remains straightforward and clear-cut: we do not want to live in a European empire," Varga said. "Integration is a means and not an end in itself," she said, calling for the aim of an ever closer union among the peoples of Europe to be removed from the EU's founding treaties. Decisions should be made by Europe's elected leaders rather than international NGOs, she added. "We say no to the outsourcing of the rule of law," Varga said. She said the strength of European integration stems from shared economic success, adding that a failure by member states to be more successful together than on their own would mean the end of the EU.

Varga also said that the coming decade would be characterised by "dangerous challenges" including mass migration and pandemics which European people needed to be protected from. The minister also called for restoring European democracy. She said the European Parliament had "turned out to be a dead end" that only represented "its own ideological and institutional interests". Varga called for giving a larger role to national parliaments and admitting Serbia to the EU.

HUNGARY RECORDS 859 NEW CORONAVIRUS INFECTIONS, 16 DEATHS

Sixteen patients died of a Covid-related illness in the past 24 hours, while 859 new coronavirus infections were registered, koronavirus.gov.hu said on Tuesday. So far 5,924,446 people have received a first jab, while 5,703,088 have been fully vaccinated. Fully 1,012,000 Hungarians have received a booster jab. The number of active infections stands at 14,588, while hospitals are treating 999 Covid patients, 144 of whom need respiratory assistance. Since the first outbreak, 837,248 infections have been registered, while fatalities have risen to 30,418. Fully 792,242 people have made a recovery. There are 9,982 people in official quarantine, while 7,182,085 tests have been officially carried out.

HUNGARY CBANK RAISES BASE RATE TO 1.80%

Hungarian rate-setters raised the central bank's base rate by 15 basis points to 1.80% at a scheduled meeting on Tuesday. The rate-setters continued a tightening cycle started in June, albeit at a slower pace than in the summer months when rates rose 30 basis points each month. Policymakers had signalled in September that the 15 basis point increase that month would be indicative of hikes in the following months. The Council also decided on Tuesday to raise the overnight deposit

rate by 15 basis points to 0.85% and the O/N and one-week collateralised loan rates by 15 basis points to 2.75%. The O/N deposit rate and the collateralised loan rate mark the bottom and the top, respectively, of the central bank's "interest rate corridor". The base rate is paid on mandatory reserves and preferential deposits.

In a statement released after the meeting, the Council said upside risks surrounding the inflation outlook may be more persistent than earlier thought. "In the decision-makers' assessment, the inflation outlook continues to be surrounded by upside risks which might prove to be more persistent than earlier expected," the policymakers said. "For this reason, the Council considers it necessary to continue the monthly interest rate tightening cycle," they added. "The Monetary Council will continue the cycle of interest rate hikes until the outlook for inflation stabilises around the central bank target in a sustainable manner and inflation risks become evenly balanced on the horizon of monetary policy," the policymakers reiterated.

The Council said the "significant" rise in commodities prices in recent weeks "points to a higher inflation path in the short run than expected in September", when the central bank released its quarterly Inflation Report. In that report, the NBH put CPI over 5% for the rest of 2021, before returning to its 2-4% tolerance band in Q2 2022 and stabilising around the 3% target in the second half. "The risks to the

outlook for inflation remain on the upside. Rises in commodity and energy prices as well as international freight costs continue to point to a higher external inflationary environment which is more persistent than previously expected. Demand-supply frictions emerging temporarily, and the renewed tightening of labour market capacities in certain sectors, combined with dynamic wage growth, also carry upside risks to inflation," the Council said.

INNOVATION MINISTRY PARTNERS WITH OTP BANK TO BUILD EUROPE'S LARGEST SUPERCOMPUTER

The innovation and technology ministry (ITM) and OTP Bank have partnered to build Europe's largest supercomputer, minister László Palkovics told the Infotér conference in Balatonfüred on Tuesday. The partnership will see the ministry and OTP Bank develop a state-of-the-art artificial intelligence-based Hungarian language model capable, among other things, of managing phone banking operations in their entirety, Palkovics said. The supercomputer will also be capable of applying the data inputted in Hungarian in a variety of other areas like education, research and development and the private sector, the minister added. The ministry wants to give state institutions, universities and small and medium-sized companies the

opportunity to make use of the computer, Palkovics said. As regards the government's recent measures related to artificial intelligence, he noted the establishment of the Artificial Intelligence Coalition in 2018 and the adoption of Hungary's AI strategy in 2019.

SWISS KRONO PLANS HUF 17 BN EXPANSION IN HUNGARY

Swiss-owned building materials maker Swiss Krono plans a 17 billion forint (EUR 47.2m) expansion at its base in Vásárosnamény, in north-east Hungary, Minister of Foreign Affairs and Trade Péter Szijjártó said on Tuesday. The government is supporting the investment, which will preserve 145 jobs and create 28, with a 2.5 billion forint grant, Szijjártó said. Swiss Krono also made a commitment to continue its operations for another ten years, he added.

ECONOMIST JÁNOS KORNAI DIES

Economist János Kornai, holder of the Széchenyi Prize and the French Legion of Honour, member of the Hungarian Academy of Sciences, professor emeritus at Harvard and Budapest's Corvinus universities, died at age 94, his family told MTI late on Monday. János Kornai was a professor of economics noted primarily for his criticism of the command economies of Eastern

European communist states. Born in Budapest in 1928, Kornai worked as an economic journalist from 1947 and as a member of the scientific academy's Economy Institute from 1955. In 1976 he became the academy's correspondent, and was elected a regular member in 1982. From 1966 on, he lectured at several prestigious universities abroad, including Stanford, Yale, Princeton and Harvard. From 1967 until 1992 he was a research professor at the Hungarian Academy of Sciences' Institute of Economics. He was a member of the Board of the National Bank of Hungary until 2001, and authored many economics-related books and papers. His research included areas such as mathematical methods in planning, applying mathematics and information technology in the economy, and economic mechanisms.

In the late 1950s, Kornai was among the economists who initiated use of mathematical methods in economic planning for command economies.

He focused on the theory of two-level planning along with economist and mathematician Tamás Lipták, who eventually became a close friend, and was in charge of the first large-scale economy-wide multi-level planning project. Experiencing the limits of planning, he began exploring planning theory. *Anti-Equilibrium*, written in 1971, was a controversial volume criticising the theory of general equilibrium, and suggesting new approaches to studying countries in practice and price and non-price signals. This research triggered his interest in the essential nature of socialist systems, including chronic shortages, forced growth, bureaucratization and conflicts between socialist principles and economic efficiency. The outcome was a monograph, *Economics of Shortage*, written in 1980 and perhaps his most influential work, as well as a number of articles. This volume was extensively translated into numerous languages including Chinese. It demonstrated that chronic shortages were not the

outcome of planning errors but were systemic consequences of "classical" communism.

Kornai began analysing the post-communist transition and formulating policy recommendations, publishing a volume called "The Road to a Free Economy" in 1989, since translated into several foreign languages including English. His autobiography entitled "By Force of Thought" was published in Hungary in 2005, followed by publications in Japanese and English. Kornai was a Member of the Hungarian Academy of Sciences and the European Academy, a Foreign Member of the American, British, Swedish, Finnish and Russian Academies, and an Honorary Member of the American Economic Association. He was awarded Hungary's State Prize and Széchenyi Prize, Germany's Humboldt Prize, and the Seidman Award in the United States. He was granted the French Legion of Honour, Officer's Grade, and was awarded the Commander's Cross of the Republic of Hungary.