

## PHOTO OF THE DAY



MTI/Balázs Mohai

Doctoral PhD oath-taking ceremony at Óbuda University

## UPCOMING EVENTS

**Budapest municipal assembly meets**

**Coronavirus updates**

## TOP STORY

# ORBÁN: EU MUST HELP PAY FOR BORDER PROTECTION

Hungary insists that the European Union should cover the costs of the protection of its borders, Prime Minister Viktor Orbán said after a meeting with his Visegrad Group (V4) counterparts in Budapest on Tuesday.

The countries located on the EU's periphery cannot be expected to bear the costs of border protection alone, Orbán told a joint news conference with his Czech, Polish and Slovak counterparts. The prime minister criticised Brussels's "flawed" migration policy, saying that the EU was prepared to fund "practically anything that increases migration pressure". Brussels supports NGOs and launches integration programmes, he argued. The one thing Brussels refuses to finance is border protection, Orbán said. Hungary has always said that it would only be fair if the EU covered at least half of the costs of the country's border protection efforts "given that we're not just protecting ourselves but the whole of Europe", he said. The V4 proposes that the EU should not support a single country that contributes either directly or indirectly to the migration pressure on the bloc's external borders, including the pressure on the Polish border, Orbán said. He added that the Czech Republic, Hungary and Slovakia had expressed their full solidarity with and support for Poland at the meeting.

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## **ORBÁN: EU FACING UNPRECEDENTED LEVELS OF MIGRATION PRESSURE**

The European Union is facing unprecedented levels of migration pressure, Prime Minister Viktor Orbán said at a meeting with his Visegrad Group counterparts in Budapest on Tuesday, arguing that the bloc had never before been under pressure from three directions. Speaking to the media with his Czech, Polish and Slovak counterparts, Orbán said Polish Prime Minister Mateusz Morawiecki had briefed the rest of the V4 on the situation on his country's border. In addition to the migration pressure on the Polish border, "NGOs are continuously bringing migrants to Europe's shores" and the Western Balkan route "is again full", the prime minister said. Orbán thanked Czech Prime Minister Andrej Babiš for his decision to send soldiers to the Hungarian border and their help in apprehending more than 4,000 illegal entrants. He said people fleeing Afghanistan would also make their way to Europe via the Western Balkan route. Some 30,000-35,000 people are fleeing the central Asian country on a daily basis, so the EU should expect the pressure on the Western Balkan route to increase, he added. "And the Poles are on the receiving end of the latest attack," Orbán said. "Our Polish friends are the ones under attack because of migration from the east."

## **VISEGRAD GROUP EXPRESSES SOLIDARITY WITH POLAND IN MIGRATION CRISIS**

The Czech Republic, Hungary and Slovakia pledged solidarity with Poland in the migration crisis on its border with Belarus, at a summit in Budapest on Tuesday. At the joint press conference after the talks, Polish Prime Minister Mateusz Morawiecki thanked Viktor Orbán of Hungary, Eduard Heger of Slovakia and Andrej Babiš of the Czech Republic for their support. Morawiecki said the situation amounted to a "new political crisis" where Belarusian President Alexander Lukashenko "colluded with the mafia and people smugglers and used human beings to put pressure on the European Union." Meanwhile, Poland is facing an energy crisis "because our enemies have more and more tools at their disposal," and ongoing misinformation campaigns, Morawiecki said. At the same time, the Visegrad countries have remained united, he said. He praised Orbán's approach, who said "as early as 2015 that states had the right to decide who to allow to enter their territory." Poland is currently protecting the outer borders of both the EU and NATO, setting an example of solidarity along with the Baltic countries, he said. Diplomatic cooperation has already yielded results: the number of migrants arriving at the Polish-Belarusian border is falling, he said.

Babiš noted that Hungary had faced "all around criticism" when it built a fence to protect its borders in 2015. By now, several heads of state have proposed that the EU should fund physical barriers, he said. He called on the European Commission to "solve the issue and clamp down on people smuggling rings." He offered to send policemen and soldiers to the Polish border to help out with border protection.

Heger called the protection of the European Union's sovereignty, territorial integrity and member states a "joint task". He said he had held talks with Austrian Chancellor Alexander Schallenberg on the situation earlier on Tuesday. The two leaders signed a declaration and pledged to provide help on the Polish-Belarusian border. They also condemned the exploitation of migrants, he said. Slovakia has already offered its Frontex officers to help manage the situation in Poland and Lithuania, and was one of the countries turning to the European Commission for help, he said.

## **GULYÁS: HUNGARY HAS ENOUGH COVID VACCINE DOSES**

Hungary has a sufficient amount of coronavirus vaccines, Gergely Gulyás, the prime minister's chief of staff, told parliament's justice affairs committee. In his yearly briefing to the committee, the minister said that a total 10 million vaccine doses were available, adding that the government

was working to increase the number of people inoculated with a booster jab to 4-5 million. "Even if everybody asked for Pfizer as the third jab, we'd have enough to go round," he added. The minister said the range of services restricted to holders of vaccination certificates would be defined depending on how the Covid situation panned out.

Meanwhile, Gulyás said that the pandemic was putting a great strain on public administration. In the spring, staff had to coordinate administration of 200,000 jobs on certain days, while they also had to manage over 200,000 job protection subsidy applications and 22,000 applications for research and development aid, he said. Answering a question concerning whether vaccinations would be mandatory, Gulyás noted that Austria had been the only EU country so far to do so, adding that the Hungarian government has introduced compulsory vaccination in public administration.

On another subject, Gulyás said that central subsidies for civil groups had increased from an annual 3.4 billion forints (EUR 9.3m) to 10 billion forints between 2012 and 2021, while financing for religious organisations had tripled since 2010. Ethnic Hungarian communities now receive about ten times as much assistance, while the Hungary Helps programme has launched 170 projects in 50 counties to help some half a million people stay in their homeland, he said. Answering a question concerning

the upcoming general election, Gulyás said the government was not planning to change the electoral laws. Concerning a proposal under which winning candidates on the opposition's list would have to form a joint parliamentary group, Gulyás said that the current rules were correct and he was unaware of any plans to change them. Regarding public transport, Gulyás said the government was "seeking an opportunity" to transfer public transport subsidies owed to the city of Budapest, but city leaders "won't agree". The funds are there, he said, but were being held up by disputes concerning the financing of local train sections within the city's boundaries. "The city seems to be seeking dispute rather than agreement," he added. Gulyás confirmed the government treated Budapest as "the nation's capital" and was supporting its development accordingly, especially given "the biggest railway development programme of the past 100 years" in the greater Budapest area totalling 1,000 billion forints.

Meanwhile, Gulyás said that regional government offices would benefit from an extra 16 billion forints next year to cover a pay hike of 10%. Gulyás said the past 10 years had been the Hungarian economy's "most successful decade", with local governments benefitting mostly thanks to road and public facility upgrades. He highlighted the Hungarian Village development programme, which, he said, had helped reverse negative

demographic trends in 1,000 small villages.

## GULYÁS: TALKS WITH EU ON BUDGET, RECOVERY FUND ONGOING

Talks between Hungary and the European Union are "going well" on the EU's budget for the 2021-2027 financial cycle but hit the buffers regarding the pandemic recovery fund, the prime minister's chief of staff told parliament's EU affairs committee on Tuesday. In his annual report to parliament's European affairs committee, Gergely Gulyás said the EC had "blown up an informal agreement" after Hungary's parliament passed amendments to its child protection law earlier this year and restarted the procedure on the country's access to the EU's Recovery and Resilience Facility. Hungary "gave the only right response to the main problem, the LGBTQ issue," by proposing a referendum on the subject. Family and education policy are in the hands of the member states, and "Hungary finds it unacceptable that the EC should express as much as an opinion on the matter," he said. The EC has also "dragged other issues, such as transparency and public procurements, kicking and screaming into the debate," he said. Hungary is ready to improve in areas where the requests are "reasonable", he said. The government hopes to seal an agreement on the recovery fund "sooner or later", he said.

Regarding the EU's budget for the 2021-2027 financial cycle, Gulyás said there was "no reason to believe the talks wouldn't progress according to procedure." The previous budget agreement took 18 months to conclude, and this year's talks are only in their 11th month, he said. Hungary has taken great strides forward in certain sectors, he said. The EU will therefore allocate more funding to areas such as economic development and information technology, and cut direct job subsidies, he said. In line with the green transition, more money will be channelled into rail and less into road development, he added. The Hungarian government is pre-financing the tenders, and so the calls for bids have already gone out, he said. This helps to keep the payment system effective despite "bad-faith and often politically motivated administrative discussions" in Brussels, he said. Hungary is slated to receive "funding at the same scale" as it did in the 2014-2021 cycle, Gulyás said. "As 70 cents of every euro later returns to western Europe, this is a win-win situation. We owe no gratitude or thanks to the European Union," he said.

Commenting on current challenges facing the EU, Gulyás said the situation was "graver" than before as the bloc was now internally divided. "The self-styled liberal Western European ideology is the most discriminative since the second world war, and allows no dissent," he said. The European Parliament, along with other institutions, "thinks it should

force its views on central European member states, and uses rule of law conditionality as cover for that," he said. "We must state our disagreement; we do not want to ascent to those with diametrically opposed views to ours," he said.

Responding to a question on Russia's Sputnik V vaccine, Gulyás said the EU's decision to "introduce trade sanctions on vaccines in a crisis means they are playing with people's lives." Sputnik is one of the most effective vaccines, he said, but the EU and the European Medicines Agency refuse to approve it for political reasons, he added. On the issue of Hungary and the euro zone, Gulyás said it would be worth considering joining the single currency when the country's economic development level reaches 90% of the EU average. Currently, it stands around 76-78%, he said.

**CJEU: COURTS CANNOT BE PREVENTED FROM TURNING TO CJEU BY NATIONAL SUPREME COURTS**

The right of European Union member states to turn to the Court of Justice of the European Union (CJEU) stands above the laws of member states, and so the courts are within their rights to ignore all decisions prohibiting them to seek guidance from the CJEU, the European court ruled on Tuesday. The decision concluded a 2015 case in which a Budapest court turned to the CJEU concerning

whether Hungarian practices on interpretation and translation in legal matters complied with EU regulations. Hungary's top court, the Kúria, ruled the request was unlawful as it had no direct connection with the case that had arisen -- a Swedish national was charged with use of illegal firearms. The quality of the Swedish-Hungarian language interpretation at the court was questioned, throwing doubt over whether the accused's right to interpretation and information were fulfilled. Subsequently, the Kúria initiated disciplinary proceedings against the judge who referred the case to the CJEU.

In its ruling, the CJEU said that under the Treaty of the European Union, it was unlawful for national supreme courts to declare "that a request for a preliminary ruling submitted by a lower court is unlawful ... on the ground that the questions referred are not relevant and necessary for the resolution of the dispute in the main proceedings," as that decision is the competence of the CJEU alone. "In such circumstances, the principle of the primacy of EU law requires the lower court to disregard the decision of the supreme court of the Member State concerned," the ruling said. The CJEU also declared the disciplinary procedure against the Hungarian judge in question unlawful. "Such proceedings are liable to deter all national courts from making references for a preliminary ruling, which could jeopardise the uniform application of EU law," the ruling said.



**ÁDER EXPRESSES  
CONDOLENCES OVER  
BULGARIA BUS ACCIDENT**

President János Áder has expressed his condolences to his North Macedonian counterpart, Stevo Pendarovski, over the accident in which 45 died when a tourist bus carrying North Macedonians crashed in Bulgaria in the early hours of Tuesday. Áder said he was “shaken” to hear that 12 children and many adults had died, and even more were injured when the bus caught fire in the accident. “Please allow me to express our deep condolences to the families of the victims. We share the grief of North Macedonians and wish the injured a speedy recovery,” he said.

**FINMIN: FISCAL POLICY’S  
EFFECT ON INFLATION  
ONLY MILD**

Mihály Varga, the finance minister, in an op-ed published on Tuesday, said fiscal policy and wages only had a mild effect on inflation and the current account, and external factors were more at play. In his article in the business daily Világgazdaság, Varga said the jump in energy prices, raw materials and transport costs, as well as the re-pricing amid the post-pandemic economy -- services in particular -- was largely behind the 6.5% headline inflation. Fiscal policy, he said, had an impact on inflation through price

regulation and the indirect effects on demand in the economy.

Regulated prices have increased by 0.1–0.8% each year in the last seven years, the minister said, adding the government recently capped the price of fuel at the pump at 480 forints (EUR 1.3) per litre. Policymaking has, on the whole, moderated inflation, he added.

Neither has budget-related consumer demand stoked inflation, Varga wrote. Like in other EU countries, the budget deficit ticked up due to Covid- and economic recovery-related measures. Hungary’s economy has rebooted at a fast pace, and up until the summer growth exceeded the pre-epidemic period, he said, adding that investments geared towards protecting and creating jobs helped to produce the third biggest increase in employment in the EU. Varga said that when it came to wages, there was an important distinction to be drawn between gross wages and the wage costs, with the wage burden on employers falling from 28.5% to 13% over the past decade. Meanwhile, wages have grown in line with the economy’s performance, so rising wages have not really further fuelled inflation, he added. Varga said Hungary’s economy had seen the price of imports skyrocket, however. The poor exchange rate may have contributed to this, he added.

Meanwhile, the current account had turned negative by 2019, paired with strong economic growth backed by robust domestic demand and a high investment rate, he said. The Covid

recession had a moderate effect on the external balance: falling imports and less repatriation of capital by foreign-owned companies partially offset tourism and other losses. While the current account deficit widened, the inflow of EU money quickened, and as a result, Hungary’s ability to secure financing abroad remained strong, he said. The first half of 2021 saw some improvement, though preliminary figures should be treated with caution, he said. Real data on the income of foreign companies will only be available after tax returns have been processed, typically in September of the year following the year, he said. Still, the recovery, he added, had various detrimental effects on the financing position in relation to the rest of the world. So, Hungary may again become a net borrower, he cautioned. The peak in this respect was likely in the fourth quarter of 2021 and the first quarter of 2022, with a current account deficit forecast at 2.8% and 2.9% of GDP, respectively.

**SZIJJÁRTÓ: ECONOMY’S  
‘DIMENSIONAL SHIFT’  
FURTHER ACCELERATED  
DESPITE PANDEMIC**

The Hungarian economy’s “dimensional shift” has picked up pace in the past year and a half despite the coronavirus pandemic, with an increasing number of international research and development investment projects being implemented in Hungary, Péter Sziijártó, the minister

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of foreign affairs and trade, said on Tuesday. Szijjártó attended an event where Linde Gáz Magyarország announced plans to set up a digital research and development hub in Budapest which aims to develop solutions to enable sustainable and profitable operations in processing plants, the ministry said. The 5 billion forint (EUR 14m) project will receive 970 million forints in state support and the German-owned company will initially offer 25 jobs to graduates, it added.

Szijjártó said that 2020 and to a certain extent even 2021 have been years that brought global economic activity to a halt. The government's task was to avoid this and enable Hungary to be among the winners of the new era of the global economy, he added. One of the reasons for success was that the government agreed with large international companies on the expansion of their capacities, especially in research and development, he said. As a result, the "dimensional shift" of the economy has not slowed down but picked up pace, he added. Research and development spending totalled 770 billion forints in Hungary last year, some 10% more than in 2019, Szijjártó said. More than three-quarters of this was represented by corporate spending, which shows that the private sector trusts the Hungarian investment environment, he added. He cited assessments showing that Hungary's was the 34th most innovative economy in the world and said that the government wanted to make further progress in this area, also

relying on international corporations to act as partners.

Linde Gáz Magyarország was set up in 1992 and the company currently has ten branches and nearly a hundred sales partners in Hungary. It is involved in the special storage and transport of Pfizer/BioNTech vaccines, playing a highlighted role in the fight against the coronavirus epidemic.

### **SZÁZADVÉG: MÁRKI-ZAY'S SOROS POSTER CAMPAIGN 'ABSURD'**

The Századvég Foundation has called Péter Márki-Zay's recently announced billboard campaign stating that American financier George Soros did not settle migrants in Hungary "absurd". "This isn't the first time the left-wing prime ministerial candidate has defended the American billionaire," the pro-government think-tank said in a statement on Tuesday. In a keynote speech on October 23, Márki-Zay said there was no proof of any migrants having been resettled in Hungary, it added. Századvég said a package of proposals put forward by Soros in 2015 had called for "safe routes to be established" for migrants. Migrants stranded in Greece should be relocated to other EU countries, he proposed.

The route Soros suggested included Hungary, it said, noting that the government built the border fence and strengthened border protection accordingly. The think-tank said a big part of the ideology of an open society promoted by Soros was to encourage

immigration. In an article in the Financial Times, Soros argued that if a mechanism to distribute migrants did not become "a permanent and obligatory element of the common EU asylum system" then the system would break down, and he further argued that the EU should accept at least one million asylum seekers each year, Századvég said.

### **GOVT OFFICIAL: EU'S MIGRATION LAWS INEFFECTIVE**

The European Union's laws governing migration are ineffective in stopping illegal migration, a state secretary at the Prime Minister's Office told a conference. The EU should draft new regulations that can be used to keep migrants outside the bloc's borders, Balázs Orbán told the conference organised by the Friends of Hungary Foundation. He noted that Hungary's efforts to protect its southern borders in 2015 had caused tensions within the EU. But Hungary's border protection measures had proven effective in reducing the number of migrants who entered the country, Orbán said. He added, however, that migration was on the rise again, with border guards having apprehended significantly more illegal entrants this year than last year and in 2019.

### **HUNGARY REGISTERS 6,518 NEW CORONAVIRUS INFECTIONS, 171 DEATHS**

Altogether 171 patients died of a Covid-related illness during the past

24 hours, while 6,518 new coronavirus infections were registered, koronavirus.gov.hu said on Tuesday. So far 6,043,116 people have received a first jab, while 5,801,593 have been fully vaccinated. Fully 1,939,582 Hungarians have received a booster jab. The number of active infections stands at 147,558, while hospitals are treating 6,830 Covid-19 patients, 663 of whom need respiratory assistance. Since the first outbreak, 1,032,215 infections have been registered, while the number of fatalities has risen to 33,343. Fully 851,314 people have made a recovery. There are 49,737 people in official quarantine, while the number of tests taken stands at 8,157,875.

### **MORE SOLDIERS ASSIGNED TO HELP OUT STAFF AT VACCINATION POINTS**

The Hungarian Armed Forces has assigned more soldiers to help out staff

at Hungary's designated coronavirus vaccination points during this week's national vaccination campaign, the defence ministry said. Another 480 soldiers have been assigned to hospitals and health-care institutions in addition to the 300 who have been assisting the Covid response efforts, the ministry said in a statement. This means there are now some 800 soldiers supporting the health-care system at 79 locations, it said. The soldiers assigned to the hospitals help out with logistical tasks, temperature screenings, directing patients to the right place as well as with administrative and transportation tasks.

### **BUDGET DEFICIT HUF 2,922 BN IN OCT, MINISTRY CONFIRMS**

Hungary's cash flow-based budget deficit, excluding local councils, was 2,922.2 billion forints at the end of October, the Finance Ministry said

on Tuesday, confirming preliminary data. The central budget deficit was 2,704.4 billion forints at the end of October, while the social insurance funds were 265.1 billion in the red. Separate state funds had a surplus of 47.3 billion. The deficit widened by 630.2 billion from a month earlier. The ministry said revenue from corporate tax, VAT, personal income tax and social insurance contributions rose in January-October from the same period a year earlier. Revenue from employers' social security contributions fell because of a two-percentage-point reduction in the payroll tax introduced from July 2020, it added. "The government is continuing its crisis management based on support for families, tax cuts and investment incentives, thanks to which the re-start of the Hungarian economy has been among the fastest in the European Union," the ministry said.