

## PHOTO OF THE DAY



MTI/Zoltán Máthé

Danube embankment section to be closed to traffic from June 20

## UPCOMING EVENTS

**EU interior ministers meet in Luxembourg**

**Szijjártó visits Belgrade, meets President Vučić**

**Parl legislative cttee meets**

**Budapest hosts New European Bauhaus Festival**

**War in Ukraine**

## TOP STORY

### ‘REALITIES MUST BE TAKEN INTO ACCOUNT’

A clear standpoint must be represented in respect of the war in Ukraine, but realities must be taken into consideration when making responses, as energy shortages can cause serious economic damage, Hungary’s foreign minister has said.

Péter Szijjártó told a meeting of the Organisation for Economic Co-operation and Development (OECD) in Paris that preparations should be made for a difficult economic situation as a result of Russia’s aggression in Ukraine. In the coming months, all measures that place further burdens on the economy and ordinary people must be avoided, he said. Countries not responsible for the war should not be forced to pay its price, he added. Under current circumstances, all types of tax increase must be avoided, and while the green transition must not be neglected, in the current circumstances it would be an “insane idea” to increase burdens such as introducing a carbon tax on drivers of conventional cars. Szijjártó added that when sanctions and further response measures are planned, additional price increases must be avoided so as to keep inflation under control. Curbs must not endanger secure energy supplies to European countries. “While we must certainly represent a clear position in terms of geopolitical issues and the Ukraine war, realities must also be taken into consideration,” he said.

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## **OFFICIAL: HUF 670 BN FUND TO PROTECT UTILITY PRICE CAPS**

The draft budget the government submitted to parliament on Tuesday includes a 670 billion forint (EUR 1.7bn) fund aimed at protecting Hungarians from gas and electricity price increases, Péter Benő Banai, a state secretary of the finance ministry, told commercial Hír TV late on Wednesday. In response to the war in neighbouring Ukraine, defence spending will be raised to 2% of GDP in 2023, in compliance with Hungary's NATO commitments, Banai noted.

According to the draft budget, family allowances will come to 3,225 billion forints in 2023, 450 billion higher than this year, he said. Banai said local governments will be facing utility price increases as the utility price caps will be scrapped for companies and municipalities in next year's budget. At the same time, they will also see increased revenues to the tune of 100 billion forints as the business tax cuts for SMEs will also be lifted, he said.

While governments before 2010 imposed austerity measures directly on households, the Fidesz-Christian Democrat government is keeping wages, pensions and family allowances at current levels while burdening the sectors that have made "extra profits", he said. Additional resources left with families and companies during the pandemic translated into hundreds of billions of extra profit for banks,

and growing inflation and base rates further boosted the sector, he said. The government is now asking the sector to re-allocate some of that profit to cover public spending, he said. The draft budget was prepared in consideration of the effects of the war in Ukraine, he said. The government expects growth to be around 4% while high energy prices and interest rates continue to weigh on the economy, he said. The budget is creating a 170 billion forint reserve for eventualities, he said.

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## **PUBLIC PROSECUTOR'S OFFICE: OLAF RECOMMENDATIONS INVESTIGATED IN HUNGARY**

All judicial recommendations by the European Union's anti-corruption body OLAF to Hungary are investigated, the public prosecutor's office said after the body published its 2021 report. Hungarian authorities brought charges in 65% of the cases initiated by OLAF between 2017 and 2021, well above the EU average of 35%, the office said on Thursday. OLAF published 2 judicial recommendations to Hungary in 2021 and 2020 each, down from 10 in 2016, the prosecutor's office said. Although it has no legal obligation to do so, the Hungarian public prosecutor's office has launched an investigation on each judicial recommendation, the office said.

The Hungarian public prosecutor's office and OLAF signed a cooperation

agreement in February, cementing an already strong working relationship, the statement said. OLAF publishes judicial, disciplinary and financial recommendations as part of its role to review administrative irregularities in member states' handling of EU monies. OLAF does not define criminal activity and does not collect evidence, the office said.

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## **FIDESZ MEPS CALL FOR EU RENEWAL 'NOT TO INFRINGE NATIONAL IDENTITY'**

MEPs of Hungary's ruling Fidesz have called on the European Parliament to promote European renewal while at the same time respecting the identity and traditions of nation states.

At the EP's plenary session in Brussels on Thursday, Dubravka Šuica, the European Commissioner for Democracy and Demography, said the EC was ready to "play its part" in reviewing the EU Treaties, after a series of conferences on the bloc's future where citizens' recommendations were "given a central role". Recent examples have shown that the "EU can deliver in areas not explicitly foreseen in the treaties," she said. "We could go further ... Europe could play a greater role in health and in defence and in some key areas where unanimity voting does not make sense, and we need to be able to move faster," she said. "We have to find the most direct way to follow up ... either by using the full limits of what can be done within the treaties, or, if

needed, changing the treaties where necessary," Šuica said.

Kinga Gál, the head of Fidesz's EP delegation, in a statement called the conference series on the future of the EU a "farce of intolerant liberal hegemony of opinion, rather than a framework for the joint, free contemplation of the future of Europe". European development can be founded only on renewal that does not seek to infringe on the identity, culture and traditions of nation states, the statement said. "We have an interest in building a more democratic and resilient Europe while respecting national autonomy," she said.

In the same statement, MEP and former justice minister László Trócsányi said the European Union must restore trust by "acting professionally, and in consideration of the interests of member states". "That cannot happen along the lines of pre-fabricated preconceptions aimed at centralisation, the curbing of national sovereignty or establishing a United States of Europe," he said.

Trócsányi said the European Parliament's consideration of a convention to revise the EU treaties was based on the "conclusions of a failed conference series fully lacking in legitimacy". "We have participated in the debates in good faith because the future of Europe is truly important for us. We do not believe in centralisation or a Europe guided by ideology. We are drawn to European integration based on the cooperation of member states and respect for national identity," he said.

### **TRÓCSÁNYI: 'EP MOVE TO TABLE LEGISLATION CONTRADICTS SPIRIT OF EU TREATIES'**

Fidesz MEP László Trócsányi has said that giving the European Parliament the right to directly initiate legislation would contravene the spirit of the European Union's treaties. Trócsányi, a former Hungarian justice minister, issued a statement in response to EP approval of a report which recommends allowing the body to directly table legislation. "This would curb the powers of the European Commission," Trócsányi said in a statement. "It would also upset the institutional balance while contravening the spirit of EU treaties." "The bearers of sovereignty are national parliaments, not the European Parliament," he added. The EP also addressed the issue of the rule of law in Hungary in connection with the initiative, Trócsányi noted. "What has Hungarian rule of law got to do with the EP's report about its right to initiate legislation?" Trócsányi said, noting the April landslide re-election of the Fidesz-Christian Democrat alliance. "The Hungarian people clearly expressed their view that they disagree with the rule-of-law related concerns in connection with Hungary," he added.

### **SZIJJÁRTÓ: COMPETITIVENESS, ENVIRONMENTAL PROTECTION MUST GO HAND IN HAND**

The improvement of competitiveness and environmental protection should go hand in hand, Foreign Minister Péter Szijjártó told a meeting of the Organisation for Economic Co-operation and Development (OECD) in Paris. Hungary is proud to be one of 21 countries that have achieved economic growth while reducing their harmful emissions, Szijjártó told the meeting on trade and sustainability, according to a ministry statement. Szijjártó stressed that Europe must not allow its environmental protection measures to put it at a competitive disadvantage to its global rivals. He also said that if the European Union were too strict with its partners as regards political regimes and environmental protection measures in trade agreements, it could eventually find itself in a position where "we can only trade with ourselves", causing it to lose significant potential for growth. Szijjártó underscored that environmental protection must not be "held hostage" by any sort of ideology or philosophy. He also urged a fact-based debate on which energy sources could be considered clean and green, saying it was important to ensure fair competitive conditions for nuclear energy. Investments in the peaceful use of nuclear energy should not be discriminated against, especially now that the energy security of many member states is at stake, Szijjártó said.

## **KÖVÉR HOLDS TALKS WITH MOROCCAN HOUSE SPEAKER**

László Kövér, Hungary's Speaker of Parliament, held talks with Rachid Talbi El Alami, Speaker of Morocco's House of Representatives, in Budapest on Thursday, and talks focused on political, economic and tourism relations, Zoltán Szilágyi, Kövér's press chief, told MTI. The two sides surveyed the rapid development of inter-parliamentary relations over the past few years, he said. Hungary sees Morocco as a primary strategic partner in Africa, Kövér said, adding that stability as well as tourism and cultural heritage are key features of both countries' foreign policy. Europe and north Africa form a single political region, and Morocco is the most secure country in it, he said.

"Hungary welcomes and supports Morocco's regional efforts to combat terrorism and its open, stabilising policies," Kövér said. The two speakers agreed that there is a pressing need for intensive dialogue on topical North-South issues because mankind is facing multiple challenges.

Among the latter, Kövér and Talbi El Alami mentioned the Ukraine-Russia war, the refugee and energy crisis stemming from it, and food shortages threatening Africa, which they said can only be surmounted through mutual dialogue.

## **GOVT OFFICIAL: HUNGARY- TURKEY RELATIONS HAVE NEVER BEEN STRONGER**

Relations between Hungary and Turkey have never been as close and as peaceful as they are today, foreign ministry state secretary Levente Magyar said in Budapest, addressing a ceremony at Budapest's Gül Baba Cultural Centre held on the occasion of the inauguration of a statue of 16th-century dervish Gül Baba in Istanbul. Magyar said the Hungarian and Turkish people were bound together by their millennia-long kinship and centuries-long friendship. Thousands of years ago, Hungarians and Turks came to Europe from the same area, he said, noting that when the Ottoman Empire set out to conquer Europe it was the Hungarians that stopped them. That battle was a matter of life and death for the Hungarians, the state secretary said.

However, after being liberated from Ottoman rule, Hungarian leaders fleeing Austrian oppression found refuge in Turkey, Magyar noted, adding that Turkey had then become "the most important friend" of the Hungarian national movement. That showed that the earlier battles between the two peoples had only been a power struggle and not something that had stemmed from any deeper differences, he said. From then on, Hungarians and Turks were loyal friends, he added.

Hungary eventually made peace with the centuries-long struggles with the

Turks and now relations between the two peoples are close "in all areas of life", Magyar said. "History can no longer cause so bad a storm that will turn the two peoples against one another," he said. This is also symbolised by the statue to Gül Baba in Istanbul which represents the mutual respect between Hungarians and Turks, Magyar added. The inauguration of the Gül Baba statue in Istanbul was broadcast live at the Budapest event. The statue is a replica of the bronze statue inaugurated at the entrance of Budapest's Gül Baba Cultural Centre and Exhibition Hall in 1997.

## **SOCIALISTS SUBMIT PROPOSAL FOR FOOD SUBSIDY SCHEME**

The opposition Socialist Party has submitted to parliament a package of bills that includes a proposal for food subsidies for the needy in light of inflation, István Ujhelyi, an MEP of the party, said in Strasbourg. Ujhelyi said the support scheme would be geared towards families with children where the per capita income is at or below the subsistence level. Single-parent households, impoverished pensioners, people with severe disabilities, social welfare recipients and university students with social scholarships would also be eligible for the subsidy, he added. The subsidy would be financed from European Union resources, Ujhelyi said, adding, however, that Hungary would only have access to those funds if the government "changes its policies that

violate the rule of law” and introduced anti-corruption measures.

Ujhelyi said a similar subsidy had been introduced recently in Romania. Victor Negrescu, an MEP of Romania’s Social Democratic Party and the former minister for European affairs, told the same press conference that the Support for Romania scheme had been introduced to counter high inflation and rising energy prices.

### **JAKAB RESIGNS AS JOBBIK LEADER**

Péter Jakab has resigned as the leader of the conservative Jobbik party. Jakab made the announcement on social media on Wednesday evening. “It is now obvious that the new leadership is not aligned with the party membership,” he said. Jakab pledged to carry on working in his capacity as leader of the Jobbik parliamentary group.

### **CÖF-CÖKA WARNS OF THREATS TO EXISTENCE OF NATION STATES**

The existence of nation states is under threat from a range of global challenges, according to the pro-government Civic Union Forum (CÖF) and associated CÖKA foundation. Member of CÖF’s board of trustees Tamás Fricz told a press conference on Thursday that international organisations like the World Economic Forum (WEF), the World Health Organization (WHO)

and the European Union had recently been working to supplant nation states.

Last month’s meeting of the WEF gave the impression that the organisation was looking to introduce a sort of “neo-Marxist, neoliberal, neo-communist world governance”, Fricz said. Bank leaders proposed replacing cash with central bank digital currencies, “which would lead to the subjugation of citizens”, he added.

Meanwhile, at the WHO general assembly, officials proposed that the organisation should take over pandemic-related competences from national governments so that its director-general could decide on the measures to be introduced in member states, including the imposition of a global vaccine mandate, Fricz said. “Fortunately, the proposal was voted down,” he added.

Concerning the EU, Fricz said the bloc was determined to replace the unanimity requirement in the European Council with qualified majority voting with the aim of creating a “super federal Europe”. CÖF and CÖKA support the Hungarian government’s policy of defending national sovereignty, he added.

### **POLICE: SOME 10,000 REFUGEES ARRIVE FROM UKRAINE ON WEDNESDAY**

Fully 5,123 people crossed into Hungary directly from Ukraine on Wednesday, while another 4,759 from

Ukraine crossed from Romania, the national police headquarters (ORFK) said. Budapest police received 52 refugees, 15 children among them, arriving by train, ORFK said on Thursday.

### **BUDGET DEFICIT HUF 2,737 BN AT END-MAY**

Hungary’s cash flow-based budget deficit, excluding local councils, reached 2,737.0 billion forints (EUR 7.0bn) at the end of May, the finance ministry said in a first reading of data. The ministry said the protracted war in Ukraine and the European Union’s sanctions policy had created an “uncertain global economic environment”. “The government aims to preserve Hungary’s stability and maintain a disciplined fiscal policy while protecting the household utility price caps, family subsidies and pensions,” the statement said. “To achieve that goal, the government is standing by the 4.9% fiscal deficit target and continuing to reduce state debt,” it said.

The central budget deficit reached 2,879.0 billion forints at the end of May. The social security funds were 8.6 billion forints in the red, while the separate state funds had a surplus of 150.6 billion. The deficit widened from 2,635.6 billion forints at the end of April. The full-year cash flow-based budget deficit target is 3,152.7 billion forints.

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## **FINANCE MINISTER: SUCCESS OF FX BOND ISSUES SHOWS INVESTORS' TRUST IN ECONOMY**

Investors have demonstrated trust in the Hungarian economy despite the war in Ukraine, with successful FX bond issues in total value of 3 billion dollars and 750 million euros, the finance minister said on Facebook. The fact that oversubscription was double for the bonds shows that Hungary is capable of independently financing itself from the market, even in an uncertain international environment, Mihály Varga said. The new resources are being used to preserve the country's stability, for prepayment and to boost reserves, he added. The FX bond issues do not affect the budget deficit, he said. "Since 2010, we have reduced the ratio of public debt held by non-resident investors from 60% to 30% and the FX debt ratio from 50% to under 25%," he added.

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## **GUEST NIGHTS JUMP BY 586% IN APRIL**

Guest nights at commercial accommodations in Hungary soared by an annual 586% to 1,666,000 in April, rising from a low base impacted by travel restrictions because of the pandemic, the Central Statistical Office (KSH) said

on Thursday. The number of guest nights spent by domestic travellers increased by 441% to 844,000 and the number spent by foreign visitors climbed by 848% to 822,000. The number of guest nights was still 28% lower than in the same month in 2019, before the coronavirus crisis, KSH said. Revenue of commercial accommodations increased by an annual 684% to 38 billion forints (EUR 97.0m) in April.

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## **BOSCH EXPANDS DUAL TRAINING SCHEME IN MISKOLC**

Two local businesses of German engineering giant Bosch have signed an agreement with the Miskolc Vocational Training Centre to renew and expand a dual training cooperation that launched ten years ago. Robert Bosch Energy and Body Systems and Robert Bosch Power Tool will work together with three schools partnered with the training centre in Miskolc (NE Hungary) to train prospective employees for the companies, while supporting secondary education and adult education programmes at the schools.

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## **MAGYAR TELEKOM TO TEST FOUR-DAY WORK WEEK**

Magyar Telekom on Thursday announced the launch of a pilot

project to test the feasibility of a four-day work week. MTel will test the four-day work week among four groups of back office and front office staff from July to October to collect information. Participants' base salaries will remain unchanged. MTel will also conduct a nationwide representative survey to collect employers' and employees thoughts on the issue of the four-day work week. The survey can be filled in by anybody, but MTel will target business executives and HR professionals.

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## **DANUBE EMBANKMENT SECTION TO BE CLOSED TO TRAFFIC FROM JUNE 20**

A section of the lower embankment of the River Danube on the Buda side of the capital will be closed to traffic from June 20 for an estimated two months in connection with renovation works on Budapest's landmark Chain Bridge, transport authority BKK has said. László Horváth, BKK's manager for investment projects, said on Thursday that work on the underside of the bridge will require diverting traffic between Döbrentei Square and Halász Street to the upper embankment. The lower embankment on the Pest side will remain open to vehicles during the period, he said.