

PHOTO OF THE DAY



MTV/Zsolt Czeglédi

Daniel Zmeko, Slovak Chief of Staff, Romulusz Ruszin-Szend, Hungarian Armed Forces Commander, Aleš Opat, Czech Chief of Staff before V4 Debrecen meeting

UPCOMING EVENTS

NATO defence ministers meet in Brussels

War in Ukraine

Coronavirus update

Stats office publishes construction industry figures for April

TOP STORY

GOVT COMMITTED TO ENERGY INDEPENDENCE

Strengthening Hungary's energy independence, ensuring affordable energy to meet increasing demand, and promoting sustainability and environmental goals are the government's top priorities, a government official has said.

The aim is to make the country climate-neutral by 2050, which requires such measures as shutting down the coal-burning unit of the Mátrai Erőmű power plant, developing further renewable energy sources, as well as increasing the energy efficiency of homes and public buildings, László Palkovics, the minister of technology and industry, told a conference organised by Huawei Technologies. Palkovics said Hungary's climate policy goals can be safely met but nuclear energy was indispensable in doing so. Hungary's solar plants were originally planned to reach a capacity of 6,000 megawatts by 2030, he noted, welcoming that this goal can be achieved next year, while by 2030 output may increase to up to 13,000 megawatts. Palkovics also noted that Hungary had Europe's largest capacity for producing batteries, adding that hydrogen ecosystems and the green economy offered further opportunities. Besides the two new blocks being added to the Paks nuclear plant, the continued operation of the current blocks was a "realistic alternative", he said.

Hungary Matters is an English-language newsletter produced and distributed by the Media Service Support and Asset Management Fund (MTVA) with content provided by Duna Media Service Provider exercises copyright over all content. No part of this publication may be copied, reproduced, redistributed or transmitted without prior written permission from the publisher, with the exception of copies made by individuals for private use, educational purposes or scholarly research, provided that such transmissions do not exceed the extent justified by the purpose and are not aimed at financial gain, even indirectly, and the source name are indicated at all times.

All rights reserved. Enquiries should be made to the English Help Desk at +361 441 9340
For MTI's real time coverage please visit <http://english.mti.hu>, <http://econews.hu>



MÁTRAI ERŐMŰ TO BE REVAMPED WITHOUT AFFECTING POWER SUPPLY

Concerning the Mátrai Erőmű power plant, the minister of technology and industry said the plant will be reconstructed without disturbing the country's power supply. Changes will be made to burn natural gas rather than coal, while "modern technologies will also have a role", requiring both European Union and domestic funding, László Palkovics said. At the conference dubbed Tech4Green - Digital Power Summit, representatives of the government, science and industry discussed issues around renewable energy, as well as the role of technologies in environmental protection, the circular economy, energy production and storage.

GOVT EARMARKS HUF 103 BN FOR ELECTRICITY GRID DEVELOPMENT

Hungary's government has earmarked 103 billion forints (EUR 25.8m) for developing its electricity grid, the state secretary for energy and climate policy, Attila Steiner, told a press conference. Thanks to the upgrade, the system will be able to absorb an additional 2,000 MW of energy from renewable sources, he said. Hungary has a total solar energy utilisation capacity of over 3000 megawatts. Its solar energy capacity

has increased tenfold over the past ten years, with 26% of electricity coming from renewable sources in 2021, the state secretary said.

Last week the European Commission granted Hungary 23 billion forints to develop its electricity grid, mainly for establishing storage facilities, Steiner noted. The amount, along with contributions from the central budget, will be used to create storage capacity for 500 megawatts of electricity, he said.

HUNGARY, UKRAINE ELECTRICITY AUTHORITIES DISCUSS TRADE COOPERATION

Hungarian and Ukrainian electricity regulatory authorities on Tuesday held talks on legal requirements to prepare cross-border trade, the Hungarian Energy and Public Utility Regulatory Authority (HEA) said. The talks with Ukraine's National Energy and Utilities Regulatory Commission (NEURC) are key to coordinating legislation for transparency in cross-border trade, HEA said in a statement. There is currently no trade of electricity between Hungary and Ukraine, despite "significant electricity imports from Ukraine to Hungary", HEA said. The delegations agreed to comply with European Commission directives on long-term capacity allocation and other matters "as much as possible", to ensure transparency and competition with the lowest possible red tape, HEA said.

FIDESZ PROPOSES HOLDING EP, MUNICIPAL ELECTIONS ON SAME DAY

A proposal on holding the European parliamentary and municipal elections in Hungary on the same day will be submitted to lawmakers next Tuesday, Máté Kocsis, ruling Fidesz's group leader, has said. Holding the two elections in 2024 on the same day is expected to save 9-10 billion forints (EUR 23-25m) and will require amending the constitution, Kocsis said. The Fidesz group will also table proposals regarding rules for MPs joining and quitting a parliamentary group and on reducing the length of parliamentary speeches, he said.

FIDESZ PROPOSES CUTTING STATE FUNDING FOR PARLT GROUPS

The ruling Fidesz and Christian Democrat parties are submitting a bill on cutting state funding by 3 billion forints (EUR 7.5m) for opposition parliamentary party groups and by 2 billion forints for their own groups during the current parliamentary cycle, the group leader of Fidesz said on Tuesday.

Through the "trickery of sending six party groups to parliament", the left-wing parties would cost much more in the forthcoming cycle than they did in the previous one, even though they lost 800,000 voters and ten seats after the April 3 general election, Máté Kocsis said.

The left-wing parties' demand for an extra 3 billion forints is "unfair", fails to reflect the voters' will, and should not be supported from either the fiscal or the political points of view, he said.

Kocsis noted that the monthly state funding for a pro-government MP amounted to 2.2 million forints and for an opposition MP to 3.1 million forints in the previous cycle. If the system were left unchanged, he said, the monthly funding would increase to 2.6 million forints and 4.5 million forints, respectively, he said. As a consequence, the parliamentary groups would cost the taxpayers 6 billion forints more in four years than in the previous cycle, he said. The governing parties will table the bill next Tuesday. Once approved, the new rates will take effect on January 1 next year, he said.

SZIJJÁRTÓ DISCUSSES UKRAINE WAR WITH RED CROSS HEADS

Leaders of the International Red Cross understand Hungary's policy on the war in Ukraine and the importance of its decision to reject the transport of weapons, Foreign Minister Péter Szijjártó said in Geneva after talks with Peter Maurer, the head of the International Committee of the Red Cross (ICRC), and Jagan Chapagain, Secretary General of the International Federation of Red Cross and Red Crescent Societies (IFRC). At the meeting, Szijjártó said Hungary's government had a duty to guarantee

the safety of Hungary and Hungarians, and aid those fleeing the war, the foreign ministry said in a statement. So far, 772,000 people have arrived to Hungary from Ukraine, he added.

By rejecting direct transport of lethal aid to Ukraine from Hungary, the government is ensuring the security of those living on either side of the border while also facilitating the Red Cross's work in Ukraine from the organisation's logistics base in Debrecen, in eastern Hungary, and its regional centre in Budapest, he said. "The Hungary-Ukraine border is considered a safe one, and so humanitarian aid runs no risk of attacks," he said, adding that Maurer and Chapagain thanked Hungary for its efforts. "They understand how important it is that Hungary accepts every single refugee ... we provide for them, treat them with respect, and try to help in all aspects of life. We will continue to do so until the end of the war," he said.

V4 CHIEFS OF STAFF DISCUSS ARMY COOPERATION

Army leaders attending a meeting of Visegrad Group chiefs of staff discussed current issues in cooperation between national armies on Tuesday, the Hungarian chief of staff said on Tuesday. Romulusz Ruszin-Szendi said Ukraine's chief of staff was also invited but the war situation prevented him from travelling to Debrecen for the meeting. Poland's chief of staff was

also not in attendance, he added. "In the current situation, national interests may have priority," Ruszin-Szendi said. The Czech, Slovak and Hungarian army leaders attending the meeting reviewed the situation that has developed in light of the war in Ukraine and tasks resulting from the European Union battlegroup entering service next year, he added.

POTÁPI: SCHEMES TO SUPPORT HUNGARIANS ABROAD RESTARTING AFTER PANDEMIC

After a two-year interval caused by the coronavirus pandemic, the Kőrösi Csoma Sándor programme supporting diaspora Hungarians and the Petőfi Sándor programme for small ethnic Hungarian communities in the Carpathian Basin are restarting, the state secretary in charge of policies for Hungarian communities abroad, Árpád János Potápi, told a press conference. Applications are invited from Hungarians aged twenty or above who are dedicated to the Hungarian nation and have experience in organising communities. In the 2022/2023 round of applications, a total of 75 people will be given scholarships from the northern hemisphere under the arrangements of the Kőrösi Csoma programme for sending young Hungarians to teach diaspora communities around the world, he said. Additionally, 50 people will be offered scholarships under the arrangements of the Petőfi

programme, he said. Applications can be submitted online, at www.korosiprogram and www.petofiprogram.hu from Wednesday through midnight on July 15, he added.

MINISTER: HUNGARIAN FARMERS SHOULD NOT BE PUT AT DISADVANTAGE

Strict standards imposed on European farmers should also apply to producers from third countries, Minister of Agriculture István Nagy told the Agriculture and Fisheries Council meeting in Luxembourg. Challenges such as climate change, protecting biodiversity and tackling pollution are global issues, Nagy said, and require solutions at the global level. While European Union agriculture needs to become more sustainable, third countries must also play their part, he added. The strict standards placed on European farmers feed into produce prices, and often cheap produce from third countries that harm the environment also harm European competitiveness and Hungarian farmers. There is a danger that as the Green Deal is enforced, imports from third countries produced in a much less sustainable way will offset declining European yields, he added. The European Commission should therefore consider the competitiveness of European farmers when it comes to negotiating free trade agreements, the minister said.

AUDIT OFFICE FINDS 'SIGNIFICANT' BREACHES OF LAW IN JOBBIK, DK, PÁRBESZÉD FOUNDATIONS

The opposition Jobbik, Párbeszéd and Democratic Coalition (DK) parties' foundations have failed to ensure lawful and transparent operation, the National Audit Office (ÁSZ) said in its report on the biannual review of party foundations also engaging in education, scientific and informational activities. The organisations failed to ensure responsible, transparent and lawful financing in 2019-2020, ÁSZ said. Jobbik and DK's foundations failed to submit accounting reports in 2019 and significant irregularities were found in the reports submitted, it said.

MI HAZÁNK SEEKS TO INCREASE KATA PREFERENTIAL BUSINESS TAX BENEFITS

The opposition Mi Hazánk party has urged that caps on the preferential small business KATA tax should be placed significantly higher, rather than restricting its benefits. István Apáti, deputy leader of the party and head of parliament's business development committee, told a press conference that KATA had turned out to be more popular than expected, and insisted that plans to change it were "shocking". He noted that some 460,000 businesses, including 426,000 self-employed entrepreneurs, were

paying their taxes in the KATA system, which means that "it helps at least 1.6 million people to a living".

Concerning details of Mi Hazánk's proposal, Apáti said that the annual income cap for KATA eligibility should be increased from 12 million forints (EUR 30,000) to 24 million, while the maximum income allowed from any single customer should also be doubled, from 3 million forints to 6 million. He added that the tax on revenues above this 6 million forint cap should be reduced from 40% to 15%. Referring to planned restrictions to KATA, Apáti said that his party would only support "absolutely necessary" changes, such as discontinuing the possibility of paying KATA on renting out apartments. He also suggested that KATA payers should be allowed to deduct their expenses from revenues.

JUSTIC MIN: GOVT PRIORITISING CONSUMER PROTECTION

Protecting and enforcing the rights of Hungarians, families and consumers is the government's top priority, Judit Varga, the justice minister, told a conference. Technological developments, digitalisation, and changes in the market are challenging factors in consumer protection, Varga told a press conference on the government's consumer protection policy. Guarantees are needed for protecting the rights of Hungarian consumers, she added. Consumer protection in the digital domain,

child protection, access to consumer protection, and uniform legal practice will be the focus of future policymaking in the area, the minister said. The ministry has set up a “digital freedom committee” with a view to promoting online transparency, the right to a fair trial, and the tenets of competition law. The guiding principle is whatever is prohibited offline should also be banned online, she said. Also the child’s right to adequate physical, mental and moral development is a key part of consumer protection, in accordance with the Fundamental Law, Varga added. Complaints procedures are also being made friendlier to the consumer, she said. The government is setting up a consumer protection council comprising the relevant government and state players with a view to establishing uniform legal practice, the minister said. Vulnerable consumer groups will also get support and dangerous products on the market will be filtered out, Varga said.

POLICE: NEARLY 11,000 REFUGEES ARRIVE FROM UKRAINE ON MONDAY

Fully 5,515 people crossed into Hungary directly from Ukraine on Monday, while another 5,125 from Ukraine crossed from Romania, the national police headquarters (ORFK) said. Police issued temporary residence permits valid for thirty days to 958 people, ORFK told MTI. Holders of such permits must contact a local immigration office near their place of residence within thirty days to apply

for permanent documents, it added. Budapest police received 211 refugees, 86 children among them, arriving by train, ORFK said.

FINMIN: HUNGARY REPAYS HUF 450 BN OF DEBT

Hungary has repaid 450 billion forints’ worth of debt, the finance minister said on Tuesday. Mihály Varga said on Facebook that after having issued a bond oversubscribed twofold last week, Hungary redeemed 1.2 billion of US dollar bonds. “Hungary’s public debt maturity is now more favourable and its financial stability is now stronger as a result,” Varga said. Even amidst war and an uncertain international environment, Hungary has managed not only to repay its debt on time, it has done so before the expiry, he added.

INDUSTRIAL OUTPUT UP 3.1% YR/YR IN APRIL

Hungarian industrial output grew by an annual 3.1% in April, slowing from 3.6% in the previous month, the Central Statistical Office (KSH) said in a second reading of data. Month on month, output fell by 1.6%, based on seasonally and working day-adjusted data. In January-April, industrial output increased by 4.9% from the same period a year earlier. Output of automotive companies, accounting for 21% of manufacturing sector output in April, dropped by an annual 7.1%, KSH said. The detailed data show output of the computer, electronics and optical

equipment segment, accounting for 10% of manufacturing, increased by an annual 4.9%. Output of the food, drinks and tobacco segment, which made up 12% of manufacturing sector output, rose by 11%.

WATCHDOG PUTS BANK FEES UNDER HEIGHTENED SCRUTINY

The National Bank of Hungary (NBH) said it will make scrutinising changes to lenders’ fees a “priority” as banks pay a windfall tax and the transactions duty is extended. The central bank and financial market watchdog said it will take “firm action” against conduct that hurts or potentially hurts consumer interests. The NBH noted that it had required lenders to refund 4 billion forints of unlawfully charged fees to clients in 2013-2015 and levied 1.9 billion in fines for violating transaction duty rules.

Hungary’s government has levied a two-year tax on extra profits on lenders, alongside companies in a number of other sectors, and has prohibited them from passing on the cost of the measure to clients. The government has also extended the transactions duty to securities sales.

PROPERTY ASSN: HUNGARY HOUSING MARKET FACING BIG CHALLENGES IN NEXT 2-3 YEARS

Property developers face momentous challenges in the next 2-3 years due to

ballooning construction and financing costs, a property association head has said. Inflation and high energy prices are bumping up the price of building materials, Gabor Kiss, vice-president of the Property Developers Roundtable Association (IFK), told a press conference. Financing costs are also growing on the back of higher interest rates, with a knock-on effect on mortgages and loans to property developers, he said. Costs for property developers are expected to increase by 20%, he added. Growth potential for the Hungarian housing market looks promising in the long term, however, he added.

He called for measures to be taken as soon as possible to slow down inflation, arguing that real estate developers can work well "in a predictable manner in the long term in an inflationary environment of 3%". Kiss said the way in which the state structures its family support and home purchase subsidy schemes in the current tough economic environment would "actively" affect the number of homes being built in Hungary. "Over the past period, 20,000 homes have been built on average per year, whereas 30,000-35,000 would be desirable," he said.

Kiss noted that the total size of office space in Hungary has reached 4 million sqms, adding that further developments were under way in the sector.

WIZZ AIR VOWS NOT TO TRANSFER EXTRA PROFIT TAX TO CUSTOMERS UNTIL JULY 1

Low-cost airline Wizz Air said on Tuesday that for tickets purchased before July 1, the company will not pass on the costs of the tax on extra profits introduced by the government to customers. Wizz Air said in a statement that the windfall tax effective from July 1 would most likely affect ticket prices, but the company will not transfer the legally regulated extra cost to passengers in the case of tickets already purchased. Ticket prices are expected to increase as a result of the tax and higher fuel prices, the statement said. At the same time, changes in the price of airline tickets will be primarily determined by supply and demand, it added. Wizz Air also said that the extra burden on airline companies would further weigh down a much-awaited economic recovery, not only for the company but for the whole of the economy. Air transport has suffered significant losses as a result of the Covid-19 pandemic, with revenues and profits unlikely to return to pre-pandemic levels for a long time, it added.

Last week, the Budapest Municipal Government Office launched a consumer protection investigation against low-cost airline Ryanair for

passing on the special tax to customers already in possession of tickets.

SZIJJÁRTÓ: GOVT SUPPORTS OPEN, MERIT-BASED COMPETITION IN EUROPEAN SOCCER

The government supports preserving the open and merit-based system of competition in European soccer, Foreign Minister Péter Szijjártó said on Tuesday. Hungary will intervene in support of the Union of European Football Associations (UEFA) in a case going before the Court of Justice of the European Union (CJEU) against an initiative to set up a European Super League.

Szjijártó said after talks with UEFA President Aleksander Čeferin: "It adds spice to the life of soccer -- at international level too -- when unexpected developments arise, regardless of the budgets of clubs or the quality of players ... [and] the initiative launched by some European top clubs dubbed Super League would kill this magic off."

"They would create a closed system of competition that cannot be entered based on merit, only on a financial basis," he added.

The Hungarian government will send a representative to a hearing to be held between July 10 and 12 in a case concerning the Super League at the CJEU.