

PHOTO OF THE DAY



US artistic swimming team performs free event in World Aquatics Championships in Budapest

UPCOMING EVENTS

Plenary session of parliament

War in Ukraine

World Aquatics Championships

KSH releases employment figures of May

TOP STORY

FINMIN ON 2023 BUDGET

Utility price cuts and defence spending are the factors of economic policy defining the 2023 budget, Finance Minister Mihály Varga said in parliament on Wednesday, presenting the 2023 draft budget.

The government maintains a disciplined fiscal policy with an aim of preserving stability and improving balance indicators, he said. Measures to increase revenues were paired with those cutting expenditures to cut state debt and the deficit, he said. The draft budget calculates with GDP growth of 4.1% and has a 3.5% of GDP target deficit. It sees state debt falling to 73.8% of GDP and puts inflation at 5.2% for next year, he said.

The draft budget contains a 670 billion forint (EUR 1.7bn) fund to preserve the utility price caps, and a 842 billion forint defence fund, he said.

The budget takes into account the impact of the sanctions on Russia, the war-related energy crisis and inflation and the economic crisis in Europe, he said. Despite those challenges, the government will keep its promise to use resources to bolster the goals most important for Hungarians such as family support, pension protection, preserving the achievements of the utility cost cut scheme and strengthening security, as well as preserving and creating jobs, Varga said.

**OPPOSITION PARTIES
SLAM DRAFT BUDGET
AS ‘AUSTERITY PACKAGE’**

Opposition parties called the 2023 draft budget “the Orbán austerity package” and a “budget of tax hikes and austerity” in Parliament on Wednesday.

Democratic Coalition (DK) deputy leader László Varju called the government’s “rhetoric” of a work-based society “a dead end”. The much-praised investment successes are in reality exposing legally vulnerable, low-earning employees to multinational companies, he said. At the same time, no other European currency weakened as much as the forint did in the last period, and inflation of food prices is at 25%, he said. The state debt has reached 76% of GDP and has risen by 2,000 billion forints (EUR 5.0bn) in the first quarter of 2022 alone, he said. He insisted that EU resources were not available because the government had “turned the country into a corrupt banana republic”. While the draft budget earmarked 11% more for “bureaucracy” than last year and the budget of public media foundation MTVA would grow by 10%, the “government wants to have the people pay the price of their botched economic policy”. Varju called on the government to scrap VAT on food stuffs until the end of the year and reintroduce a 5% tax in 2023, to ease the burden on families. He noted that according to the draft budget, health-

care spending would be reduced to 4% of GDP, and spending on public education to 3.4%.

Jobbik lawmaker Dániel Z Kárpát said the budget calculated with a lot of additional revenues, showing that the government “was preparing to levy a lot of taxes on the Hungarian people”. He called on the government to rework the budget into a “budget building the future” by allocating more for “real family and child protection”. “The government should let go of the hand of multinational corporations and banks, and take the side of families, he said.

Momentum lawmaker András Fekete-Győr said Momentum MPs will not vote for the budget. After years of talking against austerity and tax hikes, the government “tabled an enormous austerity package now, at a time when we have real difficulties,” he said. Fekete-Győr called for “investment into people”, saying that Momentum would raise teachers’ wages. “The problem is not wanting to save money” but that it would hit sectors like public education, health care and social work, he said.

The Socialist Party called the bill the “budget of uncertainty”, saying the geopolitical situation, the outcome of the rule-of-law procedure launched against Hungary and the country’s access to cohesion funds were all uncertain, making the numbers in the budget uncertain as well. Bertalan Tóth, the party’s keynote speaker, said that inflation and the “austerity measures” he said had been imposed

by the Fidesz-led government, were, on the other hand, certain. Pensioners, “underpaid teachers”, social-sector workers and families “all live in uncertainty”, he insisted. Tóth said the Orbán government had added “one of the highest inflation rates in Europe” to Hungary’s “high public debt and deficit”. The public debt is higher now than it was in 2010 and the 13th month pension and tax rebates paid out at the beginning of the year have been offset by inflation, he said. He said ruling Fidesz had “gradually dismantled the rule of law and democracy” and had “turned its back on EU values”.

Bence Tordai of the Párbeszéd party said the Orbán government “must be in despair now that it sees that the house of cards it has built in the past several years has come crumbling down on it”. He accused the government of implementing an austerity package amounting to 7% of GDP, cutting 4,000 billion forints from the budget. He said the prime minister had “put together a brutal package that will hurt all Hungarians except oligarchs tied to Fidesz”.

Green LMP said the budget aimed to “keep Hungary in the past” at a time when the country should be reacting quickly to the new situation. Lawmaker Antal Csárdi said the 2023 budget was in many ways more important than any other budget of the last 12 years, arguing that “we’re living in a time of crisis after which nothing will be what it once was”. “We are on the verge of a new era and the budget should prove that the government has recognised



this and prepared for it," he said. But he insisted that the government was denying these changes and was "looking to the past".

The radical Mi Hazánk (Our Homeland) party called the draft budget "the budget of multinational corporations". László Toroczkai, the party's group leader, said the government had no intention of building Hungary's national economy, and was opening up the country to cheap foreign labour. He said the government "doesn't even try to tax tech giants" and deliberately calculated with an optimistic inflation rate. Toroczkai said the government should levy special taxes on casinos and that the public sector would soon be incapable of functioning due to low wages.

SZIJJÁRTÓ: GREECE KEY IN DIVERSIFICATION OF HUNGARY'S GAS SUPPLY

Hungarian-Greek cooperation will have an important part to play in managing the global crises stemming from the war in Ukraine, and Greece has a key role in diversifying Hungary's natural gas supply, Péter Szijjártó, Hungary's minister of foreign affairs and trade, said in Athens on Wednesday. The armed conflict may trigger global crises in food and energy supply, and Greece is playing an important role in handling both shortages, Szijjártó told a press conference he held with his Greek counterpart Nikos Dendias. The Hungarian government considers

energy supply a "matter of reason, physics and mathematics" rather than "an ideological or philosophical issue", he said. For this reason, it does not support any proposal that would jeopardise Hungary's energy supply, Szijjártó said. "We have insisted on the right to purchase oil from Russia and rule out the chance of being not allowed to buy Russian natural gas. Simultaneously, it is in our interest to have access to gas from several sources and on several routes, which, of course, requires investment, as well as plenty of money and time," he said. Hungary has two viable scenarios for diversification; it may purchase gas from Azerbaijan and the eastern Mediterranean via an exclusive route through Greece, which would involve major investment in infrastructure, he said. Szijjártó welcomed the expansion of the Greece-Bulgaria interconnector but added that this was still not sufficient. To establish a direct gas supply link between Hungary and Greece, other countries "should also do their homework", he said. "As long as there is no such link, there will be no alternative for Hungary purchasing Russian gas through pipelines," he said.

Szijjártó said the failure of efforts to increase Russian and Ukrainian grain exports would trigger disastrous famine in several unstable regions of the world, which are already major sources of migration.

As the number of immigrants keeps growing on the western Balkan route, both Hungary and Greece have to make great efforts

to defend the European Union's external borders, the minister said.

Szijjártó praised bilateral relations as "excellent", and announced that the Hungarian government supported Greece's quest to become a non-permanent member of the UN Security Council.

GOVT SPOX: GLOBAL MINIMUM TAX SPELLS COMPETITIVE DISADVANTAGE FOR EUROPE

The European Union's planned global minimum tax for large corporations would bring a competitive disadvantage to Europe, as nowhere else has such a measure been introduced as mandatory regulation with an abrupt starting date, the state secretary for international communication and relations told French journalists late on Tuesday.

Zoltán Kovács briefed the French press on the Hungarian government and parliament's rejection of the planned European Union directive to levy a global minimum tax against multinational companies. He also talked about Ukraine's EU candidacy and energy policy issues, the main topics of the EU summit starting on Thursday. Speaking to MTI after the meeting, Kovács said that the planned tax would in effect double the burdens of commodity-producing companies operating in Hungary, compared with the current 9% corporate tax rate. Drawing those companies to

the country was key to creating 1 million jobs in the past years while keeping taxes low and simultaneously “expanding the budgetary room for manoeuvre”. The directive would risk jobs in Hungary and bring about a competitive disadvantage, and so it is contrary to national interests, he said.

CHRISTDEMS: HUNGARY STANDS FOR EU CANDIDACY OF GEORGIA, BOSNIA-HERZEGOVINA

Lőrinc Nacsa, a lawmaker of the co-ruling Christian Democrats (KDNP), said on Wednesday that Hungary will stand up for the European Union candidacy of Georgia and Bosnia-Herzegovina, besides Ukraine and Moldova. Earlier this month, the European Commission proposed EU membership candidacy for Ukraine and Moldova. The status is expected to be confirmed by the EU heads of state and government at the summit starting on Thursday.

Speaking to MTI on the sidelines of a summer session of the Council of Europe’s Parliamentary Assembly (PACE) in Strasbourg, Nacsa said the integration of Georgia and Bosnia-Herzegovina “must not be considered separately from that of Ukraine and Moldova”, arguing that it would weaken the EU not to support those two countries. In crisis situations, the EU would do well to grasp the opportunity to grant candidate status to countries that have worked a lot to achieve that goal over the past years, Nacsa said. “We reject any measures

of the European Commission seeking to create a division between those countries,” he said. He said the EU’s decision to change the criteria for integration from country to country was discriminatory.

FIDESZ GROUP LEADER SUBMITS 11TH CONSTITUTIONAL AMENDMENT PROPOSAL

Máté Kocsis, group leader of the ruling Fidesz party, submitted the 11th amendment proposal to Hungary’s Fundamental Law to parliament on Tuesday. Under the amendment, the municipal elections would be held on the same day as the European parliamentary elections. The amendment would allow holding the municipal elections in either April, May, June or July of 2024 instead of October, when they would usually be held. In the proposal’s justification, Kocsis noted that holding this year’s general election and child protection referendum on the same day saved the budget more than 10 billion forints (EUR 25.1m). The 11th amendment would also bring back the term used for county as an administrative district before 1949. The motion will require a two-thirds majority to pass.

FIDESZ: HUNGARY TO ADOPT EP ASSET DECLARATION SYSTEM

Hungary will adopt the European Parliament’s system of asset

declaration which is effectively identical to the system in use in Germany, Máté Kocsis, parliamentary group leader of the ruling Fidesz party, said on Facebook on Wednesday. The proposal submitted by Fidesz will apply to lawmakers and those who prepare asset declarations, Kocsis said. The same rules will be established this year for everyone else who is required by law to declare their assets, such as mayors and local councillors, he added.

“Hungary’s asset declaration system has drawn a lot of criticism over the past years and decades, so regardless of whether or not the criticism is warranted, it is worth making a change,” Kocsis said. The “double standards applied by Brussels” against Hungary “has unfortunately become a part of our everyday lives”, so the most appropriate course of action is to incorporate the rules used in the EP “word-for-word into Hungarian law”, he said. Given that the same system is in use in Germany, the decision will help prevent international disputes “at least in this area”, he added.

HUNGARY BUDGET DEFICIT HUF 101 BN IN MAY, MINISTRY CONFIRMS

Hungary’s cash-flow budget deficit, excluding local councils, was 101.4 billion forints (EUR 256.0m) in May, bringing the five-month deficit to 2,737 billion forints, the finance ministry confirmed in a detailed reading of data on Wednesday. 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 forints. The full-year cash flow-based budget deficit target is 3,152.7 billion forints. The report shows net revenue from VAT climbed 29.3% to 2,586.9 billion forints in January-May from the same period a year earlier. Net revenue from personal income tax dropped by 405.5 billion forints to 760.7 billion as the net effect of higher wages and personal income tax refunds paid early in the year.

POLICE: OVER 10,000 REFUGEES ARRIVE FROM UKRAINE ON TUESDAY

Fully 6,314 people crossed into Hungary directly from Ukraine on Monday, while another 4,097 from Ukraine crossed from Romania, the national police headquarters (ORFK) said. Police issued temporary residence permits valid for thirty days to 218 people, ORFK told MTI on Wednesday. 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 227 refugees, 80 children among them, arriving by train, ORFK said.

HUNGARY RECORDS 1,961 NEW CORONAVIRUS CASES LAST WEEK, 32 FATALITIES

Fully 1,961 new Covid-19 cases were registered last week, while 32 people died in connection with the virus, koronavirus.gov.hu said on Wednesday in a round-up of last week's data. Altogether 6,411,384 have been vaccinated, with 6,198,318 having received a second shot, 3,882,792 a third, and 303,801 a fourth. There have been 1,925,083 Covid cases since the start of the outbreak and 46,626 have died. Currently there are 9,213 active infections and 197 Covid patients are hospitalised, 6 intubated on a ventilator. Fully 1,869,244 people have made a recovery.

HUNGARIANS SEE PROTECTION OF DEMOCRACY AS EP'S MAIN ROLE - EUROBAROMETER

A majority of Hungarians say the European Parliament's primary responsibility is the protection of democracy and human rights, according to a fresh Eurobarometer survey released on Wednesday. Altogether 37% of Hungarians surveyed considered the protection of democracy to be the legislative body's most important role, compared with the EU average of 38%. Fully 27% of Hungarians put the protection of human rights as the EP's second most important responsibility, level with the EU average. A total of 22% of Hungarians said the EP should prioritise the protection of the rule of law. The survey also found that 60% of Hungarians support Hungary's EU membership, which is 5 percentage points below the EU average. Altogether 46% of Hungarians said they had a positive view of the bloc compared with the EU average of 52%.