

## PHOTO OF THE DAY



MTI/Gábor Kiss

House of Survival inaugurated in Satu Mare (Szatmárnémeti), Romania

## UPCOMING EVENTS

**Novák in Belgrade**

**Orbán address oath taking of border patrollers**

**War in Ukraine**

## TOP STORY

# GOVT ORDERS ENERGY-SAVING MEASURES

Hungary's government has mandated public institutions and state-owned companies to cut their gas consumption by 25% as an energy-saving measure, the prime minister's chief of staff has said.

The rule does not apply to hospitals or social-care institutions, Gergely Gulyás told a regular press briefing. Gulyás said the energy supply situation was difficult all across Europe and rising energy prices had caused an economic crisis. "It's clear that the sanctions policy has not lived up to expectations," he said. Energy prices have skyrocketed, triggering an energy crisis, and Russia is pocketing extra profits, he said. While Hungary is not suffering from gas supply problems, rising prices are prompting prudent consumption, he added. Hungary is currently running the largest household utility price support programme in Europe, he said. Price subsidies, up to average consumption, are available up to 150,000 forints (EUR 375) per household, he said. Meanwhile, Gulyás said the government will cap firewood prices. Firewood will be also available for purchase in forestries, which will be able to provide 10 cubic meters of wood for all customers before the heating season, enough to heat a private household through the winter, 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>



**GULYÁS: GOVT TO LAUNCH COAL PROGRAMME**

The government will launch a “coal programme” in the coming days, and raise the limit of open-cast mining from 50,000 tonnes to 280,000 tonnes, the prime minister’s chief of staff said. The government will have pre-emption rights on the lignite produced, he added, Gergely Gulyás said.

Also, small and medium-sized companies with high energy needs will receive support to foot their gas and electricity bills, he said. The government will develop a support scheme to ensure that supply lines remain intact, albeit with shrinking profits, to avoid mass unemployment that would result from interruptions to supply lines, he said. The price of district heating will be kept level, and the government will launch a programme to provide all flats on the grid with individual meters, he said. The latter will involve some 140,000 apartments and take 4-5 years, he said.

**CONSULTATIONS WITH EC ON UNLOCKING EU FUNDS ONGOING**

Concerning Hungary’s talks with the European Commission, the prime minister’s chief of staff, Gergely Gulyás, said consultations were ongoing on the procedure regarding the conditionality mechanism which links EU funding, the post-pandemic

recovery fund and the seven-year EU budget to the rule of law. The EC aims to conclude the conditionality mechanism procedure first, and the government has accepted this, Gulyás said. The government agrees with the EC that the efficient and transparent utilisation of EU funds is a shared interest, he said, adding that the government has provided all the guarantees the commission has requested, adding that the two sides had reached an agreement on every professional matter. Gulyás expressed hope that the talks conducted in Brussels by Justice Minister Judit Varga, Tibor Navracsics, the minister for regional development, and János Bóka, the state secretary for EU affairs, would produce results. He also called on leftist MEPs to stop working on “blocking Hungary, Hungarian teachers and health-care workers, from the EU funds Hungary is entitled to.”

**GOVT READY TO STEP IN TO KEEP BASIC SERVICES GOING**

The government is discussing energy costs with local councils, the prime minister’s chief of staff, Gergely Gulyás, said. Local councils have a responsibility to try to save energy on their own and save enough money to be able to pay the increased prices, Gulyás said, adding that the government was prepared to talk to everyone and help those it can. The government aims to keep crèches, kindergartens and schools open, he

said. Basic services must be guaranteed everywhere, but if necessary the government is prepared to intervene to ensure that they are provided, Gulyás said. The government will also take steps to get state-owned energy provider MVM to offer discounted prices to local councils, he said. Meanwhile, Gulyás said the cabinet will discuss price caps on basic foodstuffs next week or the week after.

Gulyás said the government had yet to understand the EU’s proposal to impose a price cap on Russian gas and was awaiting the details. He added that because Europe was importing its gas, there was no point in discussing a price cap for now. If the sanctions on Russian energy were to be lifted tomorrow “everything would be halved, including prices and inflation”, Gulyás said, adding that the European Commission had chosen to go “in the opposite direction”. This is not hurting Russia, but rather “handing it huge profits”, he insisted. Gulyás said it was hard to see how Ukraine could “get back on its feet”, so the country needed to be helped. “But because of the damage caused by the sanctions, eventually there will hardly be any European countries that will be able to help, which could lead to a tragic situation,” he added. Asked about calls to ban EU visas to Russians, Gulyás said he agreed with the view that there was no point in imposing such a restriction.

Asked about reports that the opposition had received funding from abroad for its election campaign, Gulyás said this was illegal and needed

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.



to be investigated. "If someone receives money from abroad, it can't be ruled out that they'll eventually start representing foreign interests," he said.

"The accusation in question is serious, and there's already a confession," Gulyás said, referring to comments from Péter Márki-Zay that his campaign had received financial support from the United States.

Concerning EU enlargement, Gulyás criticised the bloc for "discouraging" Serbia from wanting to join, adding that Serbia's EU membership would be in the interest of both parties.

Asked about the Polish prime minister's remarks on the Visegrad Group, Gulyás called Polish-Hungarian cooperation the "engine" of the alliance, with all member states benefitting from it. The two countries had fallen out over their approach to the Russia-Ukraine war, he said, adding: "If we can agree to disagree and focus on things we do agree on, there is no reason why we shouldn't be able to strengthen V4 cooperation. That is in the interest of all countries involved," he said.

Responding to question on the crisis in the production of artificial fertilizers, Gulyás said 70% of the product comprised natural gas. Until the European Union finds a way to break skyrocketing prices, "we will have to find alternative solutions", which is under the agriculture ministry's purview, he said.

Regarding next year's budget, Gulyás said the government currently had no plans to amend the law. Amendments

are still possible after the economic November-December indicators have been reviewed, he said. The details will be decided on later, as the economic prospects for next year are extremely uncertain, he added.

In response to a question on whether the government successfully bought another 700 million cubic meters of gas, Gulyás said Hungarian gas reserves were currently 65.4 % full. That is enough to provide for 81 days of industrial and household consumption, or 175 days of household heating, he said.

Gulyás said the government was setting up the Integrity Authority, a body to review and, if necessary, suspend EU tenders. The body was set up at the request of the European Commission, which the government "has not objected to", Gulyás said.

In response to a question concerning the Mátrai power plant, Gulyás said the coal-fuelled plant would "definitely" operate at least until 2029. Meanwhile, green investments will be ongoing, he said.

On the topic of the upgrade of the Paks nuclear power plant, the minister said the head of the company will handle works related to the investment and that it was "realistic" that major construction could begin next autumn.

The government is planning to set up a cement plant to avoid supply chain disruptions as other plants sputter, he said.

Asked about the state's involvement in the purchase of Vodafone, he said

an assessment of the company's value was under way, and the state would await its outcome.

Meanwhile, Gulyás said the government may decide on any additional pension hike in September. He said it could not be excluded that large employers may be provided with central support for overheads.

**PRESIDENT NOVÁK BIDS FAREWELL TO 'MOTHER, QUEEN, EUROPEAN HEAD OF STATE'**

"We bid farewell to a woman, a mother, the Queen and a European head of state," Hungarian President Katalin Novák wrote on Thursday in response to news of the death of Queen Elizabeth II.

Novák wrote on Facebook that she was "deeply shocked" to learn of the death of Queen Elizabeth, and she expressed her heart-felt condolences to members of the royal family.

"It is with heavy heart and respect that we bid farewell to one of the 20th century's most decisive figures in British and European history. We Hungarians learned much from Elizabeth II, who stood for the nation and the family," Novák wrote. "We will keep the memory of Elizabeth in our hearts!"

The Queen died peacefully in the 97th year of her life in the 71st year of her reign at her summer residence of Balmoral Castle in Scotland. Her eldest son, Charles, assumes the throne.



**OPPOSITION DK LEADERS EXPRESS CONDOLENCES OVER DEATH OF QUEEN ELIZABETH II**

Leader of the opposition Democratic Coalition (DK) Ferenc Gyurcsány and his wife, MEP Klára Dobrev, on Thursday expressed their condolences over the death of Queen Elizabeth II. Gyurcsány called the Queen “an epochal monarch of a historic era” whom he respected “from very far, from what seems to be a completely different world”. It was during her reign that the British Empire collapsed and it was she who led her country to a new era with “staggering humility” but with confidence nevertheless, Gyurcsány said on Facebook.

Dobrev said that in the course of Elizabeth II’s reign the British empire had segued into a country, “but a proud, strong, successful country. One of the strongest and most successful countries in the world.” Elizabeth II did not yield to hatred and did not let lamentation over the past consume the future, Dobrev said on Facebook.

**ORBÁN: WAR, SANCTIONS COULD TRIGGER EUROPEAN ENERGY SHORTAGE**

The war in Ukraine and related sanctions risk triggering an energy shortage in Europe, Prime Minister Viktor Orbán said in Budapest. Addressing the inauguration of the

Bosch Budapest Innovation Campus, the prime minister said that although there were some 11,000 sanctions in place against Russia, the war had not abated and attempts to weaken Russia had failed. At the same time, the “brutal level of inflation” and energy shortage caused by the sanctions could bring Europe to its knees, he warned. Orbán said he did not know how long Brussels would stick to its current sanctions policy, but “the problems keep mounting”.

Hungary will not see plants stopped or closed due to energy shortages, Orbán said. “We will have enough gas and electricity”. “We will not face energy shortages, and that’s not a promise but statement of fact,” Orbán said. Companies planning to invest and manufacture products in Hungary will always have enough energy to do so, he said. One of Hungary’s strategic aims is to become one of the most innovative countries in the European Union, and programmes and developments furthering that goal will always be supported, Orbán said. This was the aim behind the creation of the new foundational model for Hungary’s universities, he said, adding that the government was spending more on higher education each year.

Unless Europe changes its policy of sanctions, its situation “won’t be easy”, Orbán said. He added, however, that in spite of global challenges, investing in Hungary will remain worthwhile because “Hungary has national and local authorities, as well as universities, that have an interest in finding the

solutions the best solutions for the future.” Despite ongoing challenges, Hungary is building Europe’s largest battery plant and the machinery, vehicles and technologies of the future, and the country hosts “a lot of innovation”, Orbán said. The researchers and scientists who constantly develop new solutions will continue to move Hungary forward in the current difficult situation, too, he added.

“As things stand right now, Europe has run out of energy,” the prime minister said. The energy it does have is imported and expensive, he said. “Despite all this, a battle must be fought against green fundamentalists and the bureaucrats who get involved in geopolitical games,” Orbán said. They need to be persuaded not to rule out the use of certain types of energy sources, he added. “We’re gradually giving up a range of energy sources for political reasons, and by doing so we’re making our own lives more expensive and making things more difficult for our own industry in the global competition,” Orbán said. Few continents are in as difficult a position as Europe, but this continent is the only one making its own life quite so hard, he added.

Orbán congratulated the Hungarian engineers, developers and researchers working at Bosch, thanking them for their work on Hungary’s behalf. “It’s clear that your talent, level of preparedness and performance was the number one reason why Bosch decided to

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.



build its centre here," he said. The prime minister also thanked Bosch's German leaders for "considering Hungary a friend". "We want to see Bosch do the most significant part of their work here in Hungary so that we can say that Bosch is building the future in our country, meaning the future is being built in Hungary," Orbán said.

### **ORBÁN HOLDS TALKS WITH CHIEF RABBI OF ISRAEL**

Prime Minister Viktor Orbán held talks with Ashkenazi Chief Rabbi of Israel David Baruch Lau on Thursday, discussing support granted to the Jewish community, Hungary-Israel relations, and the Russia-Ukraine war, the prime minister's press chief said. The talks were attended by Orbán's political director Balázs Orbán and chief rabbi of the EMIH Jewish Community Slomó Köves, Bertalan Havasi said. Lau expressed thanks to the Hungarian government for its support to strengthen the world's Jewish communities. He highlighted the help that Hungary had provided offering refuge and services to Jews fleeing Ukraine.

Orbán and Lau welcomed the close strategic alliance between Israel and Hungary. In connection with the Russia-Ukraine war, they urged immediate ceasefire and noted the importance of establishing peace, Havasi said.

### **SZIJJÁRTÓ DISCUSSES ECONOMIC COOPERATION WITH PERUVIAN OFFICIALS**

Hungary and Peru have a good basis to further develop cooperation, which could help maintain the growth of Hungary's economy in the present crisis, Péter Sziijártó, the minister of foreign affairs and trade, said in Lima. The world is facing unprecedented political, economic and security challenges as a result of the Russia-Ukraine war, Sziijártó said. Reliable partnerships have gained in value, especially for an open economy like Hungary, he added. Stronger ties with Peru will help Hungary maintain growth, especially in view of past achievements, the ministry cited Sziijártó as saying. Bilateral trade turnover jumped by 62% last year, and Hungarian companies have an increasingly important role in the South American country's economy, he said.

Hungarian pharmaceutical company Richter is leading the Peruvian market in several product lines, and Hungarian agricultural and food processing technology is well sought after. That points to an increasing demand in cooperation between the two countries' agricultural universities, he said.

From next year, Hungary will offer state scholarships to 20 Peruvian students wishing to study here. It will also support cooperation between diplomatic academies and in sports,

he said. Hungary and Peru have also started talks on an agreement to avoid double taxation, he said.

### **FINMIN MEETS KAZAKH ENERGY ASSET MANAGEMENT HEAD, PRAISES COOPERATION**

Kazakhstan is one of Hungary's most reliable partners in the current crisis in terms of energy supply, the finance minister said after meeting Almassadam Satkaliyev, the head of Kazakh state-owned energy asset management company Samruk-Kazyna. Ties between the two countries have strengthened in the past 20 years, contributing to Hungary's current energy security, the ministry cited Mihály Varga as saying. Varga and Satkaliyev discussed energy ties. Cooperation should be strengthened even further in view of the Russia-Ukraine war, Varga said, adding that Kazakhstan counted on Hungarian expertise in nuclear energy. Hungary mainly imports crude, oil products and gas from Kazakhstan. Imports topped 155 million dollars in the first half of 2022, the minister said.

### **GOVT SETS UP DEFENCE ADMINISTRATION OFFICE**

The government has set up a Defence Administration Office, according to the government's information centre. The new office, set up as part of the country's "defence and security administration

reform”, will be subordinated to the prime minister’s cabinet chief, Antal Rogán, the centre said. The office aims to increase the country’s security, manage defence and security administration tasks as well as coordination of preparations for crisis management and tasks under a special legal order, the centre said. The office will start its operations on November 1 as a central defence and security agency.

**COE: HUNGARY  
MAKING PROGRESS  
IMPLEMENTING GRAFT  
RECOMMENDATIONS**

Hungary has satisfactorily implemented several recommendations put forward earlier by GRECO, the Council of Europe’s body of experts on corruption, the body said in an interim report released on Thursday. GRECO also noted a delay in the implementation of recommendations concerning the independence of the judiciary. In its corruption prevention report evaluating recommendations made for Hungary in 2015 in respect of members of parliament, judges and prosecutors, the CoE’s Group of States Against Corruption concluded that Hungary has satisfactorily implemented six of the body’s eighteen recommendations. Of the 12 remaining pending recommendations, three have been partially implemented and nine recommendations concerning the integrity of members

of parliament and the independence of judiciary have not been enforced, the report said. GRECO established that the legislative process in Hungary is adequately regulated and it ensures transparency and openness. It recommended the adoption of a code of ethics for members of parliament with supplementary guidance on instances of encountering various forms of a conflict of interest. GRECO also recommended the introduction of regulations obliging MPs to disclose any instance of suspected conflict of interest. GRECO said that Hungary’s prosecution system was independent and based on a strict hierarchical structure, though it called for more progress to be made in putting adequate corruption-prevention checks and balances in place. It said political impartiality would be better served if term limits were placed on the public prosecutor. The report also suggested that the immunity of MPs, judges and prosecutors should be waived in respect of criminal offences except for situations involving “in flagrante delicto”. “Such privileges ought to be reduced to the extent necessary for the functions of the officials concerned; they may otherwise counteract efficient corruption prevention in respect of these officials,” the report said. GRECO’s report concluded that the overall low level of compliance with the recommendations remained “globally unsatisfactory” and has requested Hungary to submit a progress report on the implementation of pending

recommendations by Dec. 31 at the latest.

**MINISTRY: REVAMPED  
UNIVERSITY ADMISSIONS  
SYSTEM OFFERS MORE  
FLEXIBILITY**

The government has revamped Hungary’s university admissions system after consultations with the institutions, operators and students, and published the detailed regulations in a decree, the Ministry of Culture and Innovation has said. The new system is aimed at offering universities, students and their families greater freedom of choice, the statement said. The revamped admissions system will preserve the central coordinator role of the Education Office, the possibility of applying to six places and the importance of secondary school achievements and leaving exam results in the assessment of students’ admissions requests. At the same time, higher education institutions will get more powers in deciding their entry requirements, the ministry said. Additionally, the system will offer easier access to higher education for those holding vocational certificates and people who have done voluntary military service. The new rules will apply to applicants who wish to start their studies from September 2024 but institutions will have the option to introduce some of the changes already for 2023 admissions.

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.



## **AUGUST INFLATION UP 15.6%**

Consumer prices in Hungary rose by an annual 15.6% in August, up from a 13.7% increase in July, driven by higher food and consumer durable prices, the Central Statistical Office (KSH) said on Thursday. Food prices rose by 30.9%, KSH said. The government rolled back prices for a number of staples, including pork, cooking oil and flour, to mid-October levels from February 1 in an effort to dampen inflation. Consumer durable prices increased by 14.8%. Core inflation, which excludes volatile fuel and food prices, was 19.0%. CPI calculated with a basket of goods and services used by pensioners was 15.7%. Month on month, CPI was up 1.5%. In a monthly analysis released after the publication of the KSH data, the National Bank of Hungary (NBH) said the rise in headline inflation was mainly driven by an increase in food prices, while core inflation climbed on processed food prices. The NBH said repricing of market services was "significantly higher" than usual in the month of August in recent years and appeared across a "wide range" of services. The NBH said indicators measuring households' inflation expectations showed "unusually high volatility" and continued to rise compared to the previous month.

## **HUNGARY TRADE DEFICIT SWELLS TO EUR 1.150 BN IN JULY**

Hungary's trade deficit grew to 1.150 billion euros July, the Central Statistical Office said in a first reading of the data. The gap was the largest in a string of deficits running for 13 consecutive months, an anomaly for Hungary, an export-driven economy where trade surpluses are the norm. Exports rose by an annual 12.9% to 10.813 billion euros in July. Imports climbed by 22.7% to 11.962 billion.

## **BUDGET DEFICIT CLOSE TO HUF 2,873 BN AT END- AUG**

Hungary's cash flow-based budget deficit, excluding local councils, reached 2,872.7 billion forints (EUR 7.2bn) at the end of August, the finance ministry said in a first reading of data on Thursday. The deficit widened from 2,636.5 billion at the end of July. The full-year cash flow-based budget deficit target is 3,152.7 billion forints.

## **HUNGARY RECEIVES 12,700 REFUGEES ARRIVE FROM UKRAINE ON WED**

Fully 5,861 people crossed into Hungary directly from Ukraine on Wednesday, while another 6,828 from

Ukraine crossed from Romania, the national police headquarters (ORFK) said. Police issued temporary residence permits valid for thirty days to 150 people, ORFK told MTI on Thursday. 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. Fully 63 people, 19 children among them, arrived in Budapest by train, ORFK said.

## **HUNGARY NOMINATES 'BLOCKADE' FOR OSCAR**

Hungary is nominating Blockade, a film about the October 1990 taxi drivers' blockade, for the 2023 Academy Award for Best International Feature Film, the National Film Institute (NFI) said on Thursday. The film is about the blockade taxi drivers mounted with their cars in Budapest and later across the country in protest against drastic petrol price hikes. "Blockade isn't just a chronicle of the four days of unrest led by taxi drivers; it also shows the struggles behind the scenes of a prime minister fighting for democracy," NFI said in its synopsis. Blockade is directed by Ádám Tóssér. The lead actors are Zoltán Seress, Attila Vidnyánszky Jr, Tibor Gáspár, Zsolt Végh and Ildikó Tóth. The film will be screened at Hungarian cinemas from Oct. 20. The shortlist of Oscar nominations will be published on Jan. 24.