

## PHOTO OF THE DAY



MTI/Zsolt Czeglédi

Bee on the blooming Hungarian salt flower (*Limonium gmelinii hungaricum*)

## UPCOMING EVENTS

**EU energy affairs ministers meet in Brussels**

**Stats office prelim reports on demographics**

**Stats office releases data on industrial producer prices in Aug**

**War in Ukraine**

## TOP STORY

# PUBLIC OPINION ON SANCTIONS 'IMPORTANT'

The government considers it vital to gauge public opinion on European Union sanctions against Russia as ordinary people are the ones effected by them, according to the prime minister's chief of staff.

The cabinet on Wednesday approved the ruling Fidesz party's proposal to launch a "National Consultation" public survey on the sanctions, Gergely Gulyás told a government press briefing. The government will present the survey's questions in detail in the coming days, he added. Gulyás said Europe was in a "uniquely difficult situation", mainly because the war in Ukraine and the EU's related sanctions on Russia had led to a surge in energy prices. Because of this, families and businesses in Europe are forced to pay a "sanctions surcharge" on energy, which often translates to a four to five-fold increase in energy bills, he said. The government's decision to keep the cap on household energy bills up to average consumption saves households an average 181,000 forints (EUR 440), Gulyás said, calling the measure "the biggest support scheme" in Europe. Gulyás said Brussels had "forced the sanctions on member states" by pledging that they would hurt Russia more than the countries imposing them and bring a quicker end to the war. But the sanctions turned out to have the opposite effect, Gulyás said.

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**GULYÁS: WINTER SCHOOL  
BREAK LONGER THAN  
USUAL**

In an effort to save energy, the winter break at Hungarian schools will be longer than usual this year, lasting from Dec. 22 to Jan. 8, the prime minister's chief of staff, Gergely Gulyás, told a government press briefing. While the winter holidays for schools would be longer, the autumn break would be cut. Government offices will also stay closed in this period for the same reason, Gulyás said, adding that employees in the sector would be required to take their paid holidays off for those days.

The cabinet also discussed the effect of rising energy prices on local councils, Gulyás said, noting that some local councils are seeing a 10-20-fold increase in their gas bills. The government has therefore tasked Fidesz MP and ministerial commissioner György Balla to coordinate talks with local councils together with the finance, the interior, and the technology and industry ministries on finding a solution to help local governments survive the coming year, Gulyás said. Most local councils will be able to afford their energy bills this year because of their long-term contracts, but it is certain that they will have to cut costs and will need government support next year, he said. The government will hold separate talks with the local councils that need additional help, he added.

Meanwhile, Gulyás denied press reports that the government had ordered a halt to its payment obligations, adding, however, that all payments must be made with the approval of the finance ministry. He said the reason for this was that Hungary was committed to keeping this year's budget deficit at 4.9% of GDP. Hungary has no solvency issues, Gulyás said. Although the global economic environment is hectic and there are strong fluctuations in currency exchange rates, the government is doing everything in its power to stick to its deficit target, he said. The Hungarian economy "is performing particularly well", he said, arguing that it had strong foundations and unemployment was not on the rise.

Concerning the forint's new historic low against major currencies, Gulyás said monetary policy was determined by the central bank. The National Bank of Hungary is committed to keeping the exchange rate stable and correcting gyrating exchange rate movements, he added. Gulyás said he did not believe there were any real economic reasons behind the movements in the exchange rates. He stressed that the government was not in talks with the International Monetary Fund (IMF) on raising a loan. Government members were in agreement on Wednesday that the 2022 state budget was sustainable and the 4.9 deficit target achievable. He said there were few countries in Europe that would be capable of sticking to their original deficit targets.

Concerning the EU's planned eighth sanctions package, Gulyás noted that Hungary had made it clear that it would not approve any package that contains sanctions on energy. Gulyás said the time had come for Slovakia to oppose the sanctions. Put to him that the EU had not imposed sanctions on Russian gas deliveries, and it was therefore unclear why the price of natural gas would go down if the sanctions were lifted, Gulyás said there was a correlation between the prices of oil and gas. When the EU imposed its sanctions, the prices of oil and gas both increased, he added.

Meanwhile, Gulyás said Hungary shared the EU's position and did not recognise the outcome of the referendums held in four Ukrainian regions occupied by Russian forces. He said the solution that would be in line with international law would be if Russia pulled out of Ukraine.

Asked about Prime Minister Viktor Orbán's remarks on EU funds in a speech to parliament on Monday, Gulyás said Orbán's comment about "securing funds from elsewhere" was made in reference to the loan part of the post-pandemic recovery fund. Gulyás said Hungary's talks on the EU funding it was entitled to were "going well", adding that there was "no reason to assume that Hungary would not be given access to the total amount of funding we are entitled to". But a loan, he added, was a "different matter", arguing that Hungary could secure one from other sources if necessary. The European Commission was clear about the changes it wanted



Hungary to enact, and the sides reached an agreement, Gulyás said, adding that it would therefore be “unfair” to assume that the EC would not honour the agreement. Asked if Hungary was mulling withdrawing from the EU’s post-pandemic recovery programme if, as Poland did, it were denied access to the recovery funds, Gulyás said the Hungarian government has a vested interest in reaching an agreement with the European Commission and sees no obstacles to it.

Concerning the strike by teachers, Gulyás said that only a small number of teachers had participated in the illegal action. He confirmed that the rights to legal protest and strike are guaranteed in Hungary, unlike in Germany, for instance. He said unions had sided with the opposition during the election campaign, but teachers themselves had expressed solidarity with the country, for which they deserved credit. Gulyás said the government was not considering the introduction of a four-day week for employees or schools.

Asked about the damaged Nord Stream pipeline, Gulyás said an international investigation was warranted. Pipeline disruption was a serious issue, he said, adding that Europe’s energy supplies were tricky to maintain without Russia, while in central Europe it was impossible, he said. Gulyás said Hungary’s energy supplies were secure, with the majority of gas storage facilities 72% full. Sufficient energy is available for the operation of the economy and households, he added. Alternative supply routes,

including TurkStream, were all the more attractive in light of the damage done to Nord Stream, he said.

Commenting on the recent Italian election, Gulyás said the government’s room for manoeuvre had grown now that its allies were forming the new Italian government. Conservatives now govern twice as many European citizens as the European People’s Party, he said, adding that the EPP was “the biggest loser of the elections”.

On the subject of local councils and their energy costs, Gulyás said the government was not planning to introduce a price cap on energy bills for local councils because this would require identifying who would pay the difference between the acquisition price and the capped price. The local councils have so far not answered the question, he said. “In the end, the state will have to get involved in offering help,” he said. But considering that various local councils are in very different situations, the government decided on Wednesday to negotiate with them individually, he added.

Asked whether the government was planning to purchase software to monitor social media, he said there was no such plan and press reports to that effect lacked any basis.

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### **ORBÁN DISCUSSES ENERGY SECURITY, MIGRATION WITH TURKISH SPEAKER**

Prime Minister Viktor Orbán discussed the issues of energy security and

migration with Mustafa Sentop, Speaker of the Grand National Assembly of Turkey, in Budapest on Thursday. The EU sanctions approved in Brussels have not brought an end to the war in Ukraine but triggered an energy crisis which gave relevance to the high-level bilateral meeting, the PM’s press chief said in a statement. Orbán and Sentop underlined the importance of an immediate ceasefire and peace talks, he said.

The officials discussed the expansion of natural gas delivery capacity via the East-West transit route. Orbán said it was welcome that Turkey was now one of the main transit countries for natural gas via the TurkStream pipeline.

Orbán and Sentop also discussed joint efforts to combat illegal migration. The prime minister said that without stability and security in Turkey, there was no stability and security in Europe. “Had Turkey not been making efforts to combat migration, the whole of Europe would be hit by an unprecedented wave of migrants,” Orbán said.

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### **UKRAINE CRISIS - SZIJJÁRTÓ: GLOBAL SECURITY AT STAKE**

The world’s security is at stake because of the war in Ukraine, the Hungarian foreign minister said at a ministerial meeting of the United Nations’ Economic and Social Commission for Asia and the Pacific in Bangkok. In a video published on Facebook, Péter Szijjártó warned of a continued

escalation of the war, adding that the world also faced other challenges. The war poses risks physically, financially, as well as in terms of energy and food supplies, the minister said. "Things are going in the wrong direction and the results of efforts of several decades could be compromised," he said, adding that the impacts of the war could be felt in Asia and the Pacific region, too. The Hungarian government is working to promote peace, which is crucial to rein in inflation, soaring energy prices and restoring the global security of food supplies, he said. Hungary will support "any decision that brings peace closer but decline to endorse anything that would prolong the war," he added. Szijjártó called for further strengthening ties between Europe and Asia "based on mutual respect", and warned that recession in Europe could not be avoided unless supply chains linking the two regions were restored. He called on the UN to ensure smooth operations of shipping routes in Europe and Asia, and "restore ties between the two continents to the basis of free trade".

### **SZIJJÁRTÓ WARNS AGAINST POLITICISING NATURE PROTECTION**

Addressing the Sustainability Expo in Thailand, Péter Szijjártó, Hungary's minister of foreign affairs and trade, warned against taking a political or ideological approach to the issue of nature protection. "We should not

allow any political party or political movement to monopolise this issue," Szijjártó told the event in Bangkok. Monopolising the green cause will cost it its credibility, the minister said in a video on Facebook, adding that "we have to fulfil all of our obligations and commitments when it comes to the green agenda." Szijjártó said he was proud to represent the country that had been the first European Union member state to ratify the Paris climate agreement and the seventh in the world to pass the principle of climate neutrality into law. Concerning Hungary's climate goals, Szijjártó noted that the country aims to cut its CO2 emissions by 40% by 2030. He said Hungary was among the few countries to have achieved economic growth while reducing its harmful emissions. Meanwhile, the minister said Hungary ranked 21st in terms of the fulfilment of the United Nations' sustainable development goals. Taking into consideration Europe's ongoing energy crisis, Hungary's green commitments and its geographical position, the solution for Hungary is a combination of nuclear and solar energy, Szijjártó said. Nuclear and solar energy, he said, can guarantee a country's energy independence and protect it from the "irrational volatility of prices on the international energy market". Hungary has had positive experiences using nuclear energy over the last 40 years, Szijjártó said, noting that it was a cheap, safe and sustainable energy source. It is for this reason that the

government has decided to build a new nuclear power plant which is expected to be operational by 2030. Szijjártó also called for speeding up the development of solar energy infrastructure, noting the Hungarian government's support for the installation of solar panels. The minister called attention to Hungary's stand at the expo which features innovative solar energy and water management solutions.

### **NOVÁK MARKS 800TH ANNIVERSARY OF HUNGARY'S GOLDEN BULL**

The Golden Bull, issued by King Andrew II in 1222, was a milestone in the development of Hungary's statehood, President Katalin Novák said in her address to a commemorative conference held in Parliament on Thursday.

The Golden Bull came to be "a benchmark for constitutional development ... and a source of confirmation and self-esteem for today's Hungarians", the president said. The historic edict "reinforces the conviction that we are worthy of our forefathers' legacy and of respect by others; it is a reminder that we are not just suffering subjects to but makers of Europe's history", she said.

The document also reflects on the age in which it was adopted as it shows that "in its first centuries, the Hungarian state worked along the same lines as other countries in a Christian Europe; it in fact came before many other countries in



terms of legal developments, principles of freedom and political innovation”, the president said. “Rights and obligations, freedom and its limits can only work together as freedom could only be effective within the boundaries protecting it,” Novák said.

Speaker of Parliament László Kövér said even though a hard copy of the bull did not exist, “we have discovered its spirit; it is there in Hungarians’ love of freedom, it is now a part of the DNA of the nation’s constitutional self-identity”.

He said the Golden Bull had “answered the great and eternal questions of freedom in its own age” and in the past 50 years it had become “an unavoidable reference in discussions about the law and the constitution for politicians, lawyers and historians alike”.

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### **PARLT SPEAKER: HUNGARY-TURKEY TIES ‘EXCELLENT’**

Speaker of Parliament László Kövér discussed with Mustafa Sentop, Speaker of the Grand National Assembly of Turkey, the impact and the economic and security threats of the Ukraine-Russia war and Hungarian-Turkish relations at their meeting in Budapest on Wednesday. Speaking at a joint press conference in Parliament after the event, Kövér expressed Hungary’s appreciation to Turkey for its “stabilisatory role and support towards the European Union”. He highlighted Turkey’s efforts in tackling migration

and towards energy security, noting that Turkey “has largely contributed to eliminating a prospective global humanitarian catastrophe triggered by food shortages. Kövér called for Turkey’s accession into the European Union which he said Hungary would support “to the best of its ability”. The parliamentary speaker called bilateral relations excellent which he said the two sides had also reaffirmed at their meeting. He said the leaders of the two countries would soon meet for strategic consultations, adding that he accepted an invitation to visit Turkey.

Sentop said they assessed the cooperation of the two countries’ parliaments and discussed the possibility of developing them to a higher level. He praised bilateral political, economic and trade cooperation as excellent and expressed thanks for Hungary’s support in Turkey’s EU integration.

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### **HUNGARY, AUSTRIA, SERBIA LEADERS TO DISCUSS ILLEGAL MIGRATION IN BUDAPEST**

A summit meeting of Hungary, Austria, and Serbia will be held in Budapest next Monday focusing on joint efforts to fight illegal migration, the Hungarian prime minister’s press office said. The international press quoted Austrian Chancellor Karl Nehammer as saying that the talks with Prime Minister Viktor Orbán and Serbian President Aleksandar Vučić would also touch upon joint action against organised crime and smuggling.

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### **DEFMIN: HUNGARY TO CONTINUE MILITARY UPGRADES DESPITE ECONOMIC CRISIS**

Hungary will carry on with its military developments in spite of the global economic crisis caused by the sanctions imposed on Russia, Defence Minister Kristóf Szalay-Bobrovniczky told participants of the Brave Warrior 2022 international military exercise in Hajmasker, in western Hungary. Szalay-Bobrovniczky said the defence fund in the state budget would help speed up the developments. The minister said the exercise had made use of some new equipment procured as part of the military’s technological upgrades, which would form the backbone of Hungary’s 21st-century army.

Equipment tested during the exercise included the Gidran and Leopard armoured vehicles, he said. Mario Banozic, Croatia’s defence minister, said the security situation in the region had changed significantly in the recent months, and Russia’s attack on Ukraine meant that the region must be prepared to defend itself militarily, if necessary.

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### **DEFENCE MINISTER: HUNGARY, CROATIA DEFENCE RELATIONS ‘EXCELLENT’**

Hungary-Croatia defence ties “are excellent”, Defence Minister Kristóf Szalay-Bobrovniczky said

after meeting Mario Banožić, his Croatian counterpart, in Budapest. The Hungarian minister called the Headquarters Multinational Division-Centre (HQ MND-C) the two countries had set up in Székesfehérvár, in western Hungary, in 2020, a key element in that cooperation. He noted that Slovakia had joined the HQ MND-C as a “framework nation” in 2021. Szalay-Bobrovniczky called the three countries a key for NATO’s military command in the region, saying “we know our region best, it is the three nations through which NATO can promote its military interests and command defence operations”. The Hungarian minister noted that after the outbreak of war in Ukraine NATO had set up a combat unit in Hungary to strengthen its eastern flank. The unit includes 80 Croatian soldiers, of whom 60 are participating in the ongoing Brave Warrior 2022 military exercise at Várpalota which the two ministers would inspect. Szalay-Bobrovniczky said they also discussed the security of the Western Balkan region and were in agreement that the EU’s ALTHEA E operation was key in that. They also agreed that illegal migration was a growing threat to Europe’s security. He said they explored cooperation possibilities in a further development of the two countries’ defence industry. Banožić said that Hungary and Croatia as neighbours, EU members and responsible NATO allies face several common challenges and share many interests. He called defence cooperation an important part of

bilateral ties. “Our cooperation in NATO missions demonstrate our common commitment towards strengthening collective defence,” he said.

### **JUSTICE MINISTER ON PROTECTION OF RIGHTS OF INDIVIDUALS, FAMILIES**

Protecting the rights of individuals and families, including the promotion of customer rights, is among the Hungarian government’s top priorities, the justice minister told the 5th conference on alternative dispute resolution organised by the National Bank of Hungary’s Financial Conciliation Body. Judit Varga said disputes can be resolved without going to court through conciliatory or arbitration bodies. Such alternative procedures promote lawful behaviour and help to reduce the burden on law courts, she said. Alternative dispute resolution is aimed at ensuring consumers faster, simpler and cheaper ways to resolve disputes than filing a lawsuit, the minister said. “Settling disputes peacefully and ensuring an everyday life free of conflicts is a crucial government and social goal in this time of war,” she said.

The government has to tackle problems arising from soaring energy prices and inflation, but preserving families’ security is another top priority, and this is why the cabinet has decided to maintain the caps on the prices of utilities, fuels, and food products, Varga said. Meanwhile, Varga said the government was committed to

peace and had condemned Russian aggression while supporting Ukraine’s integrity and sovereignty. Peace is in the interest of ordinary Hungarians and of the whole of Europe, she added.

### **UKRAINE CRISIS - SOME 11,000 REFUGEES ARRIVE FROM UKRAINE ON WEDNESDAY**

Fully 6,632 people crossed into Hungary directly from Ukraine on Wednesday, while another 4,824 crossed from Romania, the National Police Headquarters (ORFK) said. Police issued temporary residence permits valid for thirty days to 149 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.

### **CBANK: PACE OF INFLATION EXPECTED TO START GRADUALLY EASING**

Hungary’s central bank has said it expects inflation will continue rising in the remainder of the year, though from October its upward pace will start gradually easing. To a large degree, inflation is expected to be driven by factors outside of the scope of monetary policy, central bank director András Balatoni said on Thursday, presenting the NBH’s latest quarterly Inflation Report.

Disinflationary effects will start showing up in the first half of 2023

and become more pronounced in the second half of 2023, he added. Headline inflation will fall to 4%, the upper threshold of the National Bank of Hungary's tolerance band, in the first half of 2024, he said. Annual inflation this year is expected to average 15.0-15.5%, before declining to 10.6-12.9% in 2023 and 2.6-3.5% in 2024, the report shows. The bank expects economic growth at 3.0-4.0% in 2022, slowing to 0.5-1.5% in 2023 and then picking up to 3.5-4.5% in 2024. It projects a decline in investments and in household consumption expenditures in 2023. Household savings are also expected to fall temporarily. Balatoni said Hungary's

current-account deficit would "rise markedly" in 2022 owing to higher energy prices. The NBH forecasts a current-account deficit equivalent to 7.7-8.7% of GDP for 2022 and a gap of 5.8-7.0% for 2023.

### 4iG SIGNS DEAL TO ACQUIRE ISRAEL'S SPACECOM

Listed Hungarian IT company 4iG signed a new contract to acquire a 51% stake in Israeli satellite company Space-Communication over a period of several years. Under the contract, which replaces one signed close to a year earlier, 4iG can acquire a 20% stake in Spacecom in public offerings

or private placements as a "first step". Three years after the acquisition of the 20% stake, 4iG may boost its holding in Spacecom by an additional 31%, pending approval by shareholders and clearance from Israel's Ministry of Communications. 4iG noted that the Ministry of Communications earlier issued approval for its acquisition of a 20% stake in Spacecom. Spacecom operates the AMOS fleet of four geosynchronous satellites, offering broadcast and broadband service. Spacecom's AMOS 3 satellite leases the geostationary orbit held by Hungary under an agreement that will expire in 2024. CarpathiaSat, a 4iG group member, holds the rights to the orbit for a 20-year period from 2024.