

PHOTO OF THE DAY



MTI/Péter Komlós

Over 400 year-old cannon excavated in Eger castle

UPCOMING EVENTS

**General Affairs Council meeting
in Luxembourg**

**Central bank online presser
on Macro-prudence Report**

**Hungarian Freedom
Fighters' Alliance holds 1956
commemorative event**

TOP STORY

NO VOTE FOR EU UKRAINE TRAINING MISSION

Hungary's government does not back a proposal for the European Union to start a training mission for the Ukrainian army as this would risk escalating the war, the foreign minister said in Luxembourg.

Péter Szijjártó lawfully made himself absent from the vote, the only EU member state representative to do so. The minister noted that his absence had not prevented the proposal from being approved, adding that Hungary did not want to contribute to the costs of the operation. "Anything leading to escalation is not something we think is a good idea," he said during a break of the meeting of EU foreign ministers, adding that central Europe risked being dragged into the conflict as a result. The question of whether shipments or troop linked to the mission may transit Hungarian territory will always be decided on an individual basis, he said.

Szjijártó noted that for the sixth time, the bloc is regrouping 500 million euros from a European peace fund to partially finance arms shipments to Ukraine. "Hungary has also contributed to this funding, but ... I cannot guarantee that this will be the case next time," he said, adding that since the fund also financed various important missions connected with challenges from the south, a lack of money for such purposes could be deeply problematic.

SZIJJÁRTÓ: EFFORTS MUST FOCUS ON PEACE

Foreign Minister Péter Szijjártó said no one at the meeting had used the word “peace” at the meeting of EU foreign ministers in Luxembourg, and the atmosphere had been “quite combative”, adding that emphasis should be given to the need for peace rather than using escalatory rhetoric. He urged communication channels to be kept open since a diplomatic settlement would be lost without them. “Our top priority is to ensure the security of Hungary and the Hungarian people,” he said. “Regrettably, there was much talk of sanctions,” he said. “Some leaders don’t want to acknowledge the facts”, he said, insisting that punitive action had not swiftly ended the war but led instead to economic hardship in Europe.

Referring to the Nord Stream gas pipeline explosions, he qualified the attack as a “shocking terrorist act”, and he said the EU should consider any potential sabotage against the Turkish Stream pipeline as a terrorist attack. On the topic of Europe-China relations, Szijjártó said attempts were under way to “undermine bilateral cooperation”, and this may lead to “serious economic hardship”. He stressed the need for “pragmatic, rational, mutually beneficial cooperation” with China.

SZIJJÁRTÓ: HUNGARY KEEPING KYIV EMBASSY OPEN

Hungary is keeping its embassy in Kyiv open, Foreign Minister Péter Szijjártó said ahead of a meeting with his European Union counterparts in Luxembourg. Szijjártó said he had consulted by phone with István Jgyártó, Hungary’s ambassador to Ukraine, who said there were four blasts heard in the capital in the early hours. The ambassador and all of the embassy’s staff members are safe, Szijjártó said, adding that the embassy building had not been hit. Mobile phone service and power sometimes cut out for a few hours, but the conditions to operate the embassy are basically in place, so a decision has been made to keep the embassy open, the minister said. “If any Hungarian citizen gets into trouble in Kyiv, we will help them,” Szijjártó said, adding that the embassy has procured the technical equipment needed to stay open. It has also stocked up on food and procured portable beds in case it has to provide accommodation for people in trouble, he said. Szijjártó said he has asked the ambassador to immediately notify him of any “dramatic changes in the circumstances” so that decisions regarding the embassy can be changed in the interest of the ambassador and the staff’s safety.

ORBÁN IN PREPARATORY TALKS FOR EU SUMMIT

Prime Minister Viktor Orbán took part in a video call with European Council President Charles Michel and several other European Union prime ministers in preparation for this week’s summit of EU leaders in Brussels, the prime minister’s press chief said on Monday. The European Council will meet to discuss the war in Ukraine, the energy crisis, economic issues and foreign relations on Thursday and Friday. Monday’s video call was also joined by Maltese Prime Minister Robert Abela, Belgian Prime Minister Alexander De Croo, Greek Prime Minister Kyriakos Mitsotakis and Slovenian Prime Minister Robert Golob.

Orbán discussed in detail the issues on the summit’s agenda in a radio interview on Friday. The prime minister said Brussels had “messed up” sanctions and they were not coupled with proposals for price cuts, resulting in sanctions-fuelled inflation, with Hungary having to pay extra for energy as a result of the sanctions. Hungary has achieved exemption from all sanctions that affect its energy market negatively but the problem remains that since the country is part of a common European market, it is still affected by the high energy prices, he said. The final solution to combat high energy prices would be if the European Union dropped its sanctions policy, Orbán said. However, “a great struggle” would be needed for this to happen, he added. Before the video call, Orbán received European Internal Market Commissioner Thierry Breton at his office in the Castle District.

ORBÁN MEETS BISHOP OF THE UNITARIAN CHURCH

Prime Minister Viktor Orbán held talks with bishop of the Hungarian Unitarian Church, István Kovács, at his office in the Castle District on Monday, the prime minister's press chief said. The meeting was attended by János Nagy, the state secretary heading the prime minister's office. The sides reviewed the challenges and tasks facing the Unitarian church and current policy issues concerning ethnic Hungarians in Transylvania, he added.

GOVT EXTENDS MORTGAGE RATE FREEZE

Hungary's government has decided to extend a temporary freeze of mortgage loan interest rates until June 30, 2023, the minister of economic development announced on Monday. The interest rate freeze is also being expanded to apply to non-state subsidised mortgage loan contracts with an interest rate fixed for a maximum period of five years, Márton Nagy said. The measure will now protect 350,000 families from having to pay a "sanctions interest surcharge", Nagy said. It will save families 80 billion forints (EUR 191.3m) this year and more than 60 billion in 2023, he added. This means that the rate freeze will save an average family 282,000 forints in 2022 and 174,000 forints in the first half of 2023, Nagy said. Without the measure, accelerated rate rises would have increased an average family's monthly instalments by 55%, he added. The flawed sanctions policy

and inflation fuelled by the sanctions have led to a drastic increase in interest rates, so the government must continue introducing extraordinary and significant measures to protect families, the minister said. The government will continue to explore ways to protect the security of Hungarians and the competitiveness of the Hungarian economy, he added.

FINMIN: GOVT WORKING TO MAINTAIN ECONOMIC DEVELOPMENT

The government is preparing for the post-war situation by working to keep the economy on a trajectory to catch up with more developed economies, the employment rate at the current level and to draw further investments, Finance Minister Mihály Varga told a crisis management conference of the Budapest Chamber of Commerce and Industry. Measures taken to maintain stability and balance last year should be continued, he said. The government will, at the same time, propose amendments to tax regulations to ease the administrative burden on flat-rate taxpayers and tweak corporate taxes, he said. Under the proposal, flat-rate tax returns will be due quarterly rather than monthly, and the companies will be able to choose progressive tax payments up to a revenue of 25 million forints, he said. Further, the government has launched a programme to improve SMEs' energy efficiency, along with a scheme to help large corporations maintain manufacturing plants in the country. Meanwhile, it is important to support

the production of alternative energy to curb the country's dependence on energy imports, he said.

Regarding the central bank's recent interest rate hikes, Varga said those steps served stability. Loan interests are expected to rise to as high as 10-15% this year, while inflation is expected to hit 14%, he said. In addition, Hungary has been hit by severe droughts that curbed agricultural and food industry performance by 40%, he said. The government is working to curb the fallout of those "blows" on the Hungarian economy, he said. "I am sure we will be able to reach an agreement with the European Commission on the resources Hungary is entitled to," he said. Hungary is fulfilling the EC's requirements, and its steps may be approved in December, he said.

NAGY: GOVT CANVASSES PUBLIC OPINION ON FOOD PRICES IN NATIONAL CONSULTATION

The issue of food prices has been included in the government's National Consultation public survey, Minister of Agriculture István Nagy said on Tuesday.

Gas prices have increased as a result of European Union sanctions against Russia, leading to a big increase in the costs of agricultural production, he said on Facebook, highlighting the costs of pesticide production as being especially acute. He said the problem not only affected Europe; price increase could result in a food crisis in developing

countries, and this could trigger massive migration waves, he said. The minister said skyrocketing food prices also showed that sanctions hurt Europe more than Russia. This issue affects everyone, he said, and he encouraged Hungarians to express their opinion by participating in the survey.

JOBBIK WANTS SOVIET MONUMENT REMOVED FROM BUDAPEST'S LIBERTY SQUARE

Opposition Jobbik on Monday said it is submitting to parliament a draft resolution aimed at removing the Soviet Red Army monument from Budapest's Liberty Square. With the approach of the Oct. 23 national holiday marking Hungary's 1956 anti-Soviet uprising, "Russia's war in Ukraine and its gas blackmail of Europe", it is worth raising the question of what the monument is doing in a square named after liberty, Jobbik parliamentary group leader László György Lukács told a press conference. The monument, he said, "offends our sense of justice and makes a mockery of the memory of 1956 and Hungarians' sense of freedom". Lukács said that contrary to public opinion, there was nothing stopping Hungary from removing the monument from the square, arguing that there were no longer any Soviet soldiers buried in the country. He said the decision on where the monument should be moved to should be left up to historians. He asked "parties that consider themselves right wing", such

as the ruling Fidesz-Christian Democrat alliance and opposition Mi Hazánk, to support his party's draft resolution. "This is the chance for everyone to show from where they are or aren't being dictated conditions and that for us Hungarian self-determination and independence is the most important argument and goal," Lukács said.

JUSTICE MIN: GOVT TO MAINTAIN, BOLSTER FAMILY PROTECTIONS

The government will maintain and bolster its family support system, Justice Minister Judit Varga told a conference held to mark the 110th anniversary of the Hungarian family support system. Varga said Hungary's government saw the family as the basic unit of society and family support as inseparable from work. Family support is linked to work rather than subsidies, she said, citing tax cuts for families raising small children as an example. Deputy state secretary Attila Beneda said the government is offering a reliable family support system to ensure all families can raise as many children as they have planned.

KNOWLEDGE-BASED DEVELOPMENTS KEY TO BOOSTING DEFENCE CAPABILITIES

Hungary can become a regional defence industry hub in both production and research and development, the technology and

industry ministry said in connection with European Internal Market Commissioner Thierry Breton's visit to the ZalaZONE test track and the nearby Rheinmetall infantry fighting vehicle plant in western Hungary. The commissioner's visit came at the invitation of Technology and Industry Minister László Palkovics. Hungary is contributing to the development of Europe's joint defence capabilities by rebuilding its own defence industry, they said. Hungary's defence industry strategy is based on boosting its high-tech sector's annual turnover to at least 500 billion forints (EUR 1.2bn) and strengthening its innovation capability by 2030, the ministry said. It is for this purpose that Hungary has established a broad cooperation with German defence giant Rheinmetall, it added. The Rheinmetall plant in Zalaegerszeg can start manufacturing Lynx combat vehicles early next year, and by then the ZalaZONE track will be ready for testing them. Hungary has built one of Europe's largest and most modern vehicle test tracks in Zalaegerszeg, the ministry said, noting that the facility's defence industry capacities are continually being expanded. "EU member states must find adequate responses to the defence challenges posed by the war in Ukraine as well," the ministry cited Palkovics as saying. More resources than ever before are being devoted to boosting Hungary's defence industry, he added.

MORE THAN 10,000 REFUGEES ARRIVE FROM UKRAINE ON SUNDAY

Fully 5,292 people crossed into Hungary directly from Ukraine on Sunday, while another 5,417 crossed from Romania, the National Police Headquarters (ORFK) said. Police issued temporary residence permits valid for thirty days to 211 people. 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 received 53 people, 19 children among them, by train, ORFK said.

COURT ISSUES EXTRADITION WARRANT FOR SERBIAN MAN SUSPECTED OF KILLINGS 23 YRS AGO

A Budapest court on Monday issued a temporary extradition warrant for a Serbian man suspected of killing 33 Kosovo Albanians 23 years ago. Acting on a request by a Pristina

court, the Special Representative of the UN Secretary-General for Kosovo issued an international arrest warrant in September 2021, with a view to conducting criminal proceedings for war crimes committed against the civilian population in connection with the shooting of civilians in 1999, resulting in the death of 33 Kosovo Albanians. Life imprisonment is the maximum possible sentence for the man's suspected crime. The Serbian has not consented to his extradition.

CBANK DEPT GOVERNOR: SBERBANK DEPOSITORS TO BE FULLY COMPENSATED

Clients of Sberbank will receive the full sum they had deposited at the Russian-owned bank, the deputy governor of the National Bank of Hungary (NBH), Csaba Kandrács, told news channel M1 on Monday. NBH revoked Sberbank Magyarország's licence and ordered liquidation proceedings in March after its Austria-based parent failed amid international sanctions against Russia. Kandrács said the liquidation authority

will contact some 2,500 clients with deposits larger than 100,000 euros in Sberbank accounts in the coming period. The procedure will start next week, Kandrács said. Compensations for large depositors will come to a total of 160 billion forints (EUR 382.6m), he added. In March, Hungary's National Deposit Insurance Fund (OBA) paid 146.8 billion forints of compensation to 65,158 Sberbank clients with deposits under the 100,000 euro threshold.

FORINT CONTINUES TO FIRM AS NBH MEASURES KICK IN

The forint continued to firm on Monday as policy measures announced by the National Bank of Hungary (NBH) on Friday impacted the market. The NBH started holding regular tenders for O/N deposits at a rate of 18%, well above the 13% base rate. At the tender on Monday, the facility soaked up a little over 1,201 billion forints of banking sector liquidity. The forint traded at 412.38 to the euro around 5.30pm, firming from 417.68 late on Friday.