

## PHOTO OF THE DAY



MTV/Zoltán Máthé

Tram cars being moved to the future premises of the Hungarian Technical and Transportation Museum

## UPCOMING EVENTS

**Plenary session of parliament**

**Finance ministry releases detailed budget report for Jan-Oct**

**European Parliament holds plenary session**

**Events related to war in Ukraine**

## TOP STORY

# PARLT APPROVES INDEPENDENT ENERGY MINISTRY

Lawmakers on Tuesday passed a law on setting up an independent energy ministry and a new ministry in charge of economic development.

The government explained the decision to establish a stand-alone energy ministry with the need for an integrated management of energy affairs in a period when energy prices keep fluctuating because of the war in Ukraine and Brussels' energy sanctions. It also said energy security has become the "most important" issue in Hungary and Europe as a whole. The energy ministry headed by Csaba Lantos will start operating as of December 1.

Under the law passed on Tuesday, a new ministry for economic development will be set up as of January 1. The ministry will be headed by Márton Nagy, who has served as economic development minister without portfolio. Under the law, the construction and investment ministry will be renamed the construction and transport ministry. The law was passed with 134 votes in favour, 50 against and five abstentions. The establishment of the new energy ministry brings the number of ministries to 12.

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**PARLT PASSES AMENDMENTS RELATED TO CONDITIONALITY PROCEDURE**

Lawmakers on Tuesday approved an amendment on the Directorate General for the Audit of European Union Funds (EUTAF) along with bills aimed at bringing the EU's conditionality procedure to a conclusion. The package was passed in a special procedure with 152 votes in favour, 14 against and 23 abstentions. Under the amendments, the EUTAF will become an autonomous state administrative body in the interest of creating a system that allows for a more effective oversight of EU funds. The package also establishes the basic rules pertaining to the organisational structure and operations as well as the legal status of the head of the new Internal Oversight and Integrity Directorate.

**SZIJJÁRTÓ: EIGHT HUNGARIANS COMPETING TO BECOME NEXT HUNGARIAN ASTRONAUT**

A shortlist of eight people have been selected from 244 applicants to become the next Hungarian astronaut who will participate in a 30-day mission at the International Space Station in late 2024 or early 2025, Foreign Minister Péter Szijjártó told a ministers' meeting of the European Space Agency (ESA) in Paris on Tuesday. Hungary's largest space programme to date has a

budget of 100 million dollars, Szijjártó said. The astronaut, to be selected a few weeks before the mission's launch, will test 12 Hungarian devices and conduct 8 experiments for Hungarian research groups, he said. Szijjártó also signed an agreement with ESA, which will allocate 4 billion forints of support over five years to Hungarian SMEs to help them prepare the technological background for participating in large European projects. In the past decade, some 140 Hungarian-made devices have been shot into space, and all have accomplished their mission, he said. Hungary supports the ESA in strengthening Europe's role in the world space industry, he said. The "peaceful use of space" boosts companies with large value-added, which have a large role in the present times of crisis, he said. "Access to space is also a matter of sovereignty," he said.

**FIDESZ MEPS: EU LEFTISTS WANT TO STRIP HUNGARY OF FUNDING**

Hungarian and European leftists are working to strip Hungary of "every penny" of European Union support, Tamás Deutsch, the head of Fidesz's EP delegation, said on Monday. Deutsch told Hungarian journalists after the EP plenary debate of the evaluation of the Hungarian measures aimed at accessing the recovery fund and other EU monies, that the European Left, "driven by a feeling of superiority, is threatening and trying to punish everyone not in agreement with them."

Deutsch slammed opposition MEPs as "foreign-funded" representatives whose goal is "that Hungary doesn't get a single penny from the EU". The debate reinforced previous experiences, he said: "When a patriotic, nationalist, Christian Democrat government with conservative values receives a mandate ... of the people, that is seen as incompatible with the rule of law. The European left is the greatest danger to democratic values and to European cooperation." Still, chances are high that the European Commission and Hungary will strike a deal on unlocking the country's EU funds, he said, adding that the funds have been held back for "political reasons". In the next few weeks, decisions may be made in Brussels allowing Hungary to access the funding that is owed to it by law, Deutsch said.

Fidesz MEP Balázs Hidvéghi said leftist MEPs wanted to thwart an agreement between the European Commission and Hungary. "They don't want Hungarian people to access the funds." Leftist MEPs are attacking Hungary because it has a Christian, conservative government protecting its values and independence, he said. At the same time, the government and the EC had conducted a successful, productive round of talks, and a deal was "basically ready", he said. Hungary's parliament has adopted amendments to create a framework for the agreement, he said. Hopefully, the agreement will "be a stable foundation for the disbursement of the funds from next year," he said.

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**EU’S REYNERS: HUNGARY MEETING COMMITMENTS FULLY MAY ALLAY EU CONCERNS**

If Hungary properly implements planned measures aimed at allaying the rule-of-law concerns of the European Union, then an agreement aimed at resolving the impasse over funding can be reached, Didier Reynders, the EU justice commissioner, said on Monday. During the EP plenary debate on the evaluation of Hungary’s planned measures aimed at unlocking EU funding, Reynders said the European Commission wanted to ensure that EU monies were no longer “endangered” in Hungary, and the aim was to achieve this quickly on the back of the “appropriate reforms in Hungary”. Regarding Hungary’s plan for accessing recovery funds, the commissioner said progress had been made on most issues in recent months during Hungary-EC talks. “We’re now striving to complete the evaluation of the Hungarian plan as soon as possible,” he said.

**SZIJJÁRTÓ CALLS FOR CHANGE OF EU MIGRATION POLICY**

Foreign Minister Péter Szijjártó on Monday called for changes to the European Union’s migration policy, saying that it encouraged people to “risk their lives and pay people smugglers thousands of dollars to

come to Europe.” Szijjártó held talks with Austrian officials in Vienna, including Harald Mahrer, head of the Austrian Economic Chamber, Gerd Müller, head of the United Nations Industrial Development Organization (UNIDO), and Michael Spindelegger, director-general of the International Centre for Migration Policy Development. Szijjártó said migration was a “hard topic to conduct talks on rationally”, according to a foreign ministry statement. “Most discussions are ideological or emotional,” Szijjártó said. However, the EU should turn around its pro-migration policy as a matter of priority, Szijjártó said. “We should make it clear that the only way to come to Europe is legally ... and illegal migrants will not be allowed in.”

Szijjártó said people smugglers “sometimes pretend to be NGOs”. The civil organisations running rescue ships on the Mediterranean “are basically gangs of people smugglers trying to pressure European countries into accepting illegal migrants from God knows where.”

Regarding the war in Ukraine, Szijjártó said “the problems of the developing regions around Europe sooner or later lead to migration waves.” Hungary has a first-hand experience of that, having accepted around one million from the east and thwarted 250,000 illegal entry attempts on the southern border, he said. He said securing peace was the only solution in Ukraine. “Peace would solve all the challenges caused by the war, including the energy crisis,

the food crisis, and the difficulties developing countries are facing,” he said. The root causes of migration should also be handled by developing the economies of the countries of departure, he said. Europe is “hurtling towards recession due to the war and utterly failed sanctions,” he said. Hungary wants to stay out of this, and is trying to maintain the number of investments arriving in the country, he said. Austrian companies are the fourth largest investors in Hungary, with 2,500 companies employing some 70,000 people, he added.

**ENERGY AUTHORITY: GAS STORAGE FACILITIES 86% FULL**

By Nov. 15, Hungary’s gas storage facilities contained 5.44 billion cubic metres of natural gas, 86.02% of their total capacity, the Hungarian Energy and Public Utility Regulatory Authority (MEKH) said on Tuesday. Compared with the country’s annual consumption, the storage units on that date were 54.48% full, 26.2% above the European Union average, the authority said. The amount currently stored is above that required to satisfy annual residential gas consumption, it added. In line with the schedule included in European Union regulations on gas storage, Hungary must store 35% of its five-year average consumption by Nov. 1, which equals 3.65 billion cubic metres, MEKH said. Owing to fast storage filling in Hungary, it exceeded that amount by approaching 50% by Nov. 15, the authority added.

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## **PRESIDENT BRIEFED ON LATEST DEVELOPMENTS IN UKRAINE WAR**

President Katalin Novák received a briefing on the latest developments in the war in Ukraine from Commander of the Hungarian Armed Forces Romulusz Ruszin-Szendi and Director General of the Military National Security Service János Béres. The army leaders assured the president that Hungary's troops are capable of guaranteeing the safety of the Hungarian people. István Kun Szabó, the president's chief military advisor, told public media after the meeting that normally, as commander-in-chief of the armed forces, the president would receive briefings every three months, but, because of the war, was now meeting with army leaders every two weeks. The president received a general briefing from the director general of the Military National Security Service, while the commander of the Hungarian Armed Forces told her about Hungary's military upgrade, Kun Szabó said. He noted that during her visit to Israel last week, Novák inspected the Iron Dome missile defence system. Certain elements of the air defence system will be delivered to Hungary as early as next year, Kun Szabó added. The president considers it important to receive precise briefings on the Ukraine war and also to meet with Hungarian troops in person, the chief military advisor said. Novák will soon pay a visit to the Hungarian soldiers serving in Iraq, he said.

## **DK TO REQUEST DATA OF PUBLIC INTEREST ON HUNGARY-RUSSIA GAS CONTRACT**

The opposition Democratic Coalition is submitting a request for data in the public interest and will sue to obtain details concerning the price of natural gas under the contract Hungary signed with Russia, party deputy head László Varju said on Tuesday. The government has raised the price of gas sevenfold, an "unprecedented hike in utility prices" this year, he said. Meanwhile, "Prime Minister Viktor Orbán and Russia President Vladimir Putin are the only ones who know the price at which Hungary buys gas from Russia," he said.

Ruling Fidesz in response said that sanctions enforced also by the left were to blame for the energy crisis and price increases. "If [Ferenc] Gyurcsány and his government were now in power there would be no utility price cuts and gas supplies. Gyurcsány's government would have long ago introduced all sorts of energy sanctions destroying the economy and Hungarian families," the party said in a statement.

## **OFFICIAL: LOCAL GOVTS SHOW EXEMPLARY COOPERATION ON PRESSURING EU SANCTIONS POLICY**

Hungarian local authorities have shown "unprecedented" cooperation in pressuring the European Commission

to change sanctions policies and at the same time unlock EU funding for Hungary, the head of the Association of Cities with County Rights (MJVSZ) said in Kaposvár, in southern Hungary, on Tuesday. The petition sent to EC president Ursula von der Leyen 6 weeks ago has been signed by 2,551 local councils, or 80% of the total, Károly Szita (Fidesz-KDNP) told a press conference.

## **TOURISM AGENCY: GOVT SECTOR SUPPORT TO LEAVE HUF 30 BN WITH TOURISM COMPANIES**

The government's measures to support tourism will leave some 30 billion forints (EUR 73.5m) of taxes with the sector's SMEs in the next 6 months, the head of the Hungarian Tourism Agency (MTÜ) told a press conference on Tuesday. Measures include suspending the tourism development tax, at 4% of revenues, between October 1, 2022, and March 31, 2023, and cutting red tape in the industry, Péter Horváth said. Also, with more flexible rules governing holidays and overtime, jobs will be easier to maintain, he said.

Meanwhile, the terms for the use of company benefits-in-kind cards (SZÉP) have been changed so that employees can take winter breaks with a view to boosting domestic winter tourism. The number of guest nights has jumped by one-third to 33 million in between January and October, compared with the same period last year, Horváth said. That number is expected to reach 37 million by the end of the year, just below 42 million registered in 2019, he said.

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## **OECD RAISES HUNGARY 2022 GDP GROWTH FORECAST TO 6.0%**

The OECD raised its forecast for Hungary's GDP growth this year to 6.0% in its biannual Economic Outlook published on Tuesday. The forecast was raised from 4.0% in June. The OECD projects Hungary's GDP growth will slow to 1.5% in 2023. "The slowing reflects persistently high inflation, the economic fall-out of Russia's war of aggression against Ukraine, weaker external demand and negative confidence effects," the OECD said. "Private consumption is likely to be dampened by increasing unemployment and a deceleration of real wages," it added.

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## **PAKS II PROJECT ADVANCING AT PRESCRIBED PACE**

The upgrade of Hungary's Paks nuclear power plant is moving forward at the pace requested by the customer, Alexander Merten, the deputy head of ASE, the Rosatom unit that is the general contractor for the 12 billion euro project, told Hungarian journalists at the ATOMEXPO nuclear energy trade fair in Sochi on Tuesday.

Merten said project company Paks II is in charge of deciding the tempo of the investment and acquiring the necessary permits, although Rosatom is assisting with the permit applications. Although Rosatom is not affected by European Union sanctions, the impact of the vulnerability of the supplier network and the recession can be felt in the

implementation of the investment, he added. The plan is to put two new blocks online in 2030, but much depends on Paks II as well as on Hungarian authorities and decision-makers, Merten said.

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## **HUNGARY CBANK LEAVES BASE RATE ON HOLD**

Hungarian rate-setters left the base rate on hold at 13% at a regular policy meeting on Tuesday. The Council also decided on Tuesday to keep the central bank's O/N deposit rate at 12.50% and the O/N collateralised loan rate at 25%. The O/N deposit rate and the collateralised loan rate mark the bottom and the top, respectively, of the central bank's "interest rate corridor". The base rate is paid on mandatory reserves. The rate-setters had signalled an end to the tightening cycle at their monthly policy meeting in September, but said tight monetary conditions would be maintained with a focus on sterilising liquidity and improving monetary policy transmission. On October 14, the policymakers announced a decision to launch O/N deposit tenders on a daily basis. The central bank has since offered the liquidity sterilisation instrument at a rate of 18%.

In a statement released after the meeting, the Council said tight monetary conditions will be maintained over a prolonged period, adding that this would "ensure that inflation expectations are anchored, and the inflation target is achieved in a sustainable manner". The central bank is focusing on sustained shifts in financial market conditions, and will use the instruments introduced last month until a trend improvement

in risk perceptions occurs, the Council said. It added that the central bank directly meets major foreign currency liquidity needs that arise from covering net energy imports till the end of the year. Looking ahead, the National Bank of Hungary also takes into account considerations regarding the adequacy of foreign currency reserves, the Council said. It said that in recent months, the economy had begun to adjust to the energy market through a decline in energy consumption. This, along with a fall in energy prices, allows for balance in the foreign exchange market to be maintained by providing less foreign currency liquidity than earlier expected, the Council said. To "further increase the effectiveness of monetary policy transmission" the central bank will hold a two-month deposit tender, at the end of November, to tie up banking sector liquidity over a longer term, and hold additional FX swap tenders providing euro liquidity as well as discount bill auctions in December, the Council said.

At a press conference following the meeting, deputy governor Barnabás Virág said external and internal factors pointed to a turnaround in inflation in Q1 2023, but that turnaround will be "drawn out and very gradual". A meaningful drop could be seen in the second half of 2023, he added.

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## **MORE THAN 7,000 REFUGEES ARRIVE FROM UKRAINE ON MONDAY**

Fully 4,521 people crossed into Hungary directly from Ukraine on Monday, while

another 2,778 crossed from Romania, the National Police Headquarters (ORFK) said. Police issued 30-day residency permits to 161 people, ORFK told MTI on Tuesday. Budapest received 36 people, 19 children among them, who travelled by train, ORFK said.

**RIGHTEOUS AMONG THE NATIONS TITLE, MEDAL OF BRAVERY AWARDED IN BUDAPEST**

Sándor Pintér, the interior minister, and Yakov Hadas-Handelsman, Israel's ambassador to Hungary, handed out the Righteous Among the Nations title and the Medal of Bravery at a ceremony in Budapest on Tuesday. The honours were posthumously awarded to Lajos Turóczy and Irén Turóczy Gruber and accepted by their grandchildren. Addressing the event, Pintér said

the bestowment of the honour of Righteous Among the Nations was a "celebration of life" and "humanity's triumph over evil". During the Holocaust there was social need for joint action against exclusion, but this is now a value enshrined in law, the minister said. "But without the actions of heroes who risked their lives to save others this would not be natural," he said. Hadas-Handelsman said anti-Semitism was still poisoning Europe and the world today, adding that it was "our duty" to continue fighting against it.

**HEAD OF WARSAW NATL CULTURAL CENTRE AWARDED HUNGARIAN CROSS OF MERIT, GOLD CROSS**

Rafał Wiśniewski, the head of Poland's National Cultural Centre

(NCK), was awarded on Monday the Hungarian Cross of Merit, Gold Cross, at Hungary's embassy in Warsaw, in recognition of his work popularising Hungarian and central European music in Poland. NCK has been organising the Eufonie festival since 2018, with programmes including works by Béla Bartók, Zoltán Kodály, Ernő Dohnányi, György Ligeti and other Hungarian composers, in the interpretation of world-class artists such as the Budapest Festival Orchestra, conductors Zsolt Nagy and Iván Fischer, organist László Fassang and pianist Zoltán Fejérvári. On Friday, NCK secretariat leader Wiesława Mayer was handed the Gold Cross, and literary translators Anna Butrym and Daniel Warmuz received the Silver Cross.

