

PHOTO OF THE DAY



MTI/istván Filep

Snow on the Muck hill in the Sopron Mountains

UPCOMING EVENTS

Stats office reports on Sept wages

NBH presser on Financial Stability Report

European Parliament holds plenary session

Events related to war in Ukraine

TOP STORY

VÁRHELYI, FIDESZ: BIGGER EU KEY TO SECURITY

Fidesz MEPs and Olivér Várhelyi, the commissioner for neighbourhood and enlargement, have called for the enlargement of the European Union as a key measure to ensure the bloc's security.

Fidesz MEP Kinga Gál told the European Parliament's plenary session that strategic enlargement on the Western Balkans was vital to long-term energy security and to handling the migration crisis. "The politicised tightening of conditions to EU integration is sending the wrong message, and may sway candidate countries like Serbia," she said. Fidesz MEP Andor Deli said the EU "can't afford to put off the integration of the Western Balkans any longer." He insisted the European Parliament's decisions had contributed to weakening the EU's influence in the region. The EU will not increase trust and influence by making conditions to integration stricter, he said. Várhelyi called enlargement the "most effective tool of EU foreign policy, a key contributor to the continent's security." EU unity and good relations with neighbours are indispensable in the face of the Russian invasion of Ukraine, he said. The bloc's enlargement strategy should be adapted to the situation, and allow accession to proceed if the candidate countries are fulfilling requirements, he said.

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ORBÁN: ENERGY SECURITY, LOWERING ‘SANCTIONS SURCHARGE’ PRIORITY

Prime Minister Viktor Orbán and his cabinet discussed Hungary’s energy security and the establishment of the independent energy ministry at their meeting on Wednesday, the PM’s press chief said. Orbán said in a post on Facebook that the sanctions imposed by Brussels had caused energy prices in Hungary to skyrocket. Therefore, an independent energy ministry is being established effective December 1, he noted. The most important considerations now are securing Hungary’s energy supply and bringing down the “sanctions surcharge” on energy, the prime minister added.

NBH DEPT GOVERNOR: CBANK TO KEEP HIGH INTEREST RATES IN PLACE

Monetary policy must remain stringent until risks decline across the board, and so the 13% base rate and the 18% overnight rate will remain in place in the longer term, Barnabás Virág, deputy governor of the National Bank of Hungary (NBH), told a conference on Wednesday. Virág told Aegon Asset Management’s Expectations in 2023 conference that Hungary’s economy had managed to “avoid grave scenarios” and growth remained above European Union average, while the economy has begun to adapt to changes in the energy market. Whereas price stability remains

a priority, besides inflation, the current account will continue to be an important indicator. The current account balance has deteriorated this year due to rising energy costs, he noted.

STATE AUDITOR: GOVT SUCCESSFULLY RELAUNCHED ECONOMY

Government financial policymaking contributed to the successful relaunch of Hungary’s economy in 2021, head of the State Audit Office (ÁSZ) told lawmakers on Wednesday during a debate on the final accounts of that year. László Windisch noted that the country’s economy grew by 7.1% last year, putting it in eighth place in the European Union. He said the revenue and spending sides of the final accounts were well-founded and their “structure and contents” were compatible with the legal requirements. The public debt shrank in 2021 in accordance with the rule that the debt must decrease in successive years. Meanwhile, in line with a relaxation of European Union rules regarding deficits, the budget shortfall exceeded 3%, he noted, adding that this had been justified both in the case of the country and the bloc as a whole.

NATIONAL INFO CENTRE: AD’S TRANSFERS TO HUNGARIAN CIVIL ORGS, COMPANIES WORTH OVER HUF 3 BN

The US-based Action for Democracy civil organisation transferred 1.8 billion

forints (EUR 4.4m) worth of funding to the Everyone’s Hungary Movement (MMM) and an additional 1.15 billion to three Hungarian companies last spring and summer, Brigadier General Zoltán András Kovács, the director-general of the National Information Centre (NIK), said in a written response to Zoltán Sas, the head of parliament’s national security committee. Sas, a lawmaker for opposition Jobbik, announced earlier on Wednesday that he had initiated at the committee’s meeting on Nov. 17 the publishing of a report compiled by the Hungarian secret services on foreign funding for political organisations. He said that the information received had been posted on the national security committee’s website. In his letter, the NIK director said that because investigations were still ongoing by the national tax and customs authority on suspicion of financial fraud and by the national investigation bureau of Hungarian police on suspicion of embezzlement and money laundering, only parts of the material in the report had been declassified. He said NIK would carry out an analysis and evaluation of information and compile a summary. NIK is also analysing how the Hungarian recipients spent the money they had received from abroad. Kovács noted that since Hungarian and EU laws prohibit any form of funding for political parties from abroad, “it makes the national security aspect of the case more complex”.

Commenting on the report’s declassification, Máté Kocsis, the group

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leader of ruling Fidesz, said he in the first place wanted to point out that the Hungarian political left had kept the foreign funding a secret prior to the general election and later denied any connection with foreign financiers. "If we only look at the amount of foreign funding transferred to left-wing parties running in the elections, it is still four times the amount Hungarian parties were entitled to receive in central campaign financing. This fact alone seriously violates the country's sovereignty," Kocsis said on Facebook.

Last August, Péter Márki-Zay, the one-time opposition candidate for prime minister and leader of MMM, said in a podcast that they had received several hundred million forints from people in the United States.

LAWMAKERS APPROVE CHANGES TO PROVISIONS ON SOCIAL CARE

Lawmakers on Tuesday voted to amend provisions on social care in the law on social services. The amendment establishes the responsibility of individuals and family members for social care, taking into consideration their abilities and options available to them. After family members, the responsibility for social care falls on local councils, and then the state, working in partnership with church and civil organisations. The amendment was passed with 134 votes in favour and 54 against.

MPS APPROVE TAX CHANGES

Lawmakers voted on Tuesday to extend the preferential VAT rate on home construction and exempt advertising companies from a sectoral tax. MPs approved the legislation extending the temporary 5% home construction VAT rate by two years until the end of 2024 with a vote of 130 for, 32 against and 21 abstentions. The law extends an exemption from payment of the advertising tax until the end of 2023. It also introduces progressive rates for the local business tax (HIPA) for small companies and exempts transfers of student loans from the State Treasury from the financial transactions duty.

INTEGRITY AUTHORITY UP AND RUNNING

Hungary's Integrity Authority is up and running and reviewing reports it has received so far, the authority said on Wednesday. Its board of directors held their inaugural meeting on Nov. 18 and, "meeting strict legal deadlines", it has begun its professional work, the authority said in a statement. The next task is to quickly hire staff "who can carry out their work to the highest professional standards," it added. Any information submitted to the authority in the public interest may be made in writing or electronically, it said. The authority's anti-corruption working group will be set up by Dec. 1, and

will hold its first meeting by Dec. 15 at the latest, the statement said. An open application process applies for selecting members of the working group representing non-governmental actors dedicated to rooting out corruption, with the deadline of midnight, Nov. 24.

PRESIDENT NOVÁK RECEIVES KMKSZ HEAD

President Katalin Novák met László Brenzovics, head of the Transcarpathian Hungarian Cultural Association (KMKSZ), at the presidential Sándor Palace on Wednesday. Brenzovics told public media after the meeting that he and Novák had discussed the situation of Transcarpathia and the ethnic Hungarians living there, among other things. Because of the war between Russia and Ukraine, Transcarpathia faces a very difficult winter and will need support and solidarity for a long time to come, Brenzovics said. The KMKSZ leader said he had thanked Novák for the care, solidarity and support she had shown to Transcarpathian Hungarians. Brenzovics noted that Hungary was undertaking "one of the largest humanitarian aid operations" in its history in connection with the war. Transcarpathian Hungarians have received a lot of support, and the president herself has supported local orphanages, he added. Though Transcarpathia is far from the frontlines, the economic crisis, the

power outages and air raid warnings have an effect on the lives of ethnic Hungarians, too, Brenzovics said. He added that the Hungarian government was supporting all areas of local life, including doctors, teachers, infrastructure investments, public institutions, and was also sending medicine and food. Without all this, the lives of the locals would be “far worse”, he said, adding they were hoping that the war would end as soon as possible and life could return to normal.

MUNI COUNCILS ASSOC HEAD URGES BUDAPEST TO BACK PETITION ON EU SANCTIONS POLICY

The head of the Association of Cities with County Rights (MJVSZ) on Wednesday called on Budapest to support a petition sent to the European Commission president urging the body to change its sanctions policy. Károly Szita, who is also the mayor of Kaposvár, in southern Hungary, noted that in early October he had sent the letter asking Ursula von der Leyen to change the EU’s sanctions policy and unlock funding for Hungary. The petition has been signed by 2,551 local councils, or 80% of the total, he added. But this “unprecedented” show of unity is missing the largest city council, Budapest, Szita said, adding that it was not too late for the capital to join in. Szita said the issue of soaring energy prices caused by Brussels’ sanctions policy transcended party lines. “We ask Budapest’s leadership

to put aside everyday politics and join our petition,” he said. “Let’s stand shoulder to shoulder in this struggle to get Brussels’ sanctions policy to aid rather than hurt Hungarian localities.” “It has become clear by now that the flawed sanctions policy will bring Europe to ruin,” Szita said. The funds which Hungarians are entitled to but are being withheld could have by now resulted in completed energy conservation projects, he added.

DK: GOVT ‘THREAT’ TO BANK DEPOSITS

The government is a threat to bank deposits, the opposition Democratic Coalition said on Wednesday, insisting that banks had been told to cap interest payments on deposits at the same rate as government securities with a maturity of three months. The government is trying to force depositors to invest their money in government bonds to finance the state budget, Zoltán Bodnár, DK’s shadow finance minister, told an online press briefing, citing “an unexpected and shocking announcement” by the economic development minister which the DK politician branded as “irresponsible and dangerous”. The interest-rate cap applies to deposits of financial enterprises and private bank deposits of more than 20 million forints, he noted, adding that the rule does not currently apply to most Hungarians. But, he added, this could easily apply to smaller depositors with the summary signing of a government

decree. “Tomorrow, it could well also be the amount of deposits that can be withdrawn,” Bodnár said, adding that a new decree could well cover foreign currency deposits, too. He said such measures only served to heighten distrust in the government at home and abroad. The central bank is exclusively responsible for setting interest rates, and now the government has taken away these powers, “grossly violating” the central bank’s independence, the DK politician said.

Ruling Fidesz said in reaction that DK was “lying” and “protecting the interests of banks over those of the Hungarian people”. “The only ones to take Hungarians’ money away were [DK leader Ferenc] Gyurcsány and his people, and even now they’re the only ones who pose such a threat,” Fidesz said in a statement. During Gyurcsány’s tenure as prime minister, it was an everyday occurrence for Hungarians to have their benefits taken away, the party said. The cap on deposit interest payments is needed because of the crisis and the inflation caused by “Brussels’ flawed sanctions”, they said, adding that the aim was to prevent certain financial sector players from making excessive profits.

PÁRBESZÉD CALLS ON PRESIDENT NOT TO SIGN LEGISLATION ‘ON SELLING OFF PROTECTED AREAS’

The opposition Párbeszéd has called on President Katalin Novák not to

sign into law legislation which they said allowed the privatisation of areas under nature protection, regardless of environmental considerations. Párbeszéd co-leader Rebeka Szabó told a press conference on Wednesday that Fidesz's two-thirds majority had voted to adopt a number of proposals that ran afoul of the Fundamental Law. Should Novák sign the legislation, Párbeszéd will turn to the Constitutional Court, Szabó said. The court has in previous decisions banned any further measures curbing nature protection, she said. "It seems clear that for the Fidesz government, economic interests come before environmental protection," she said.

BUDGET RUNS HUF 101 BN SURPLUS IN OCTOBER, MINISTRY CONFIRMS

The budget ran a 101.3 billion forint (EUR 248.3m) surplus in October, the finance ministry confirmed in a detailed reading of data released on Wednesday. The monthly surplus brought the January-October deficit to 2,590.4 billion forints. The central budget deficit was 2,683.9 billion forints at the end of October. The social

security funds were 195.7 billion in the red, while the separate state funds had a surplus of 289.2 billion forints. The full-year cash flow-based budget deficit target is 3,152.7 billion forints.

The ministry noted that the government has ordered "disciplined" fiscal management at budget-funded institutions in an effort to make savings. "Thanks to those measures, the budget closed October with a surplus of over 100 billion, as it did in September," it added. "The resources necessary to maintain regulated utility prices, a secure energy supply, and family subsidies as well as to preserve the value of pensions are at hand," it added. Revenue from taxes and contributions rose by 17.1% in January-October from the same period a year earlier, the ministry said.

MORE THAN 8,000 REFUGEES ARRIVE FROM UKRAINE ON TUESDAY

Fully 4,931 people crossed into Hungary directly from Ukraine on Tuesday, while another 3,390 crossed from Romania, the National Police Headquarters (ORFK) said. Police

issued 30-day residency permits to 132 people, ORFK told MTI on Wednesday. Budapest received 114 people, 45 children among them, who travelled by train, ORFK said.

HUNGARY RECORDS 4,098 NEW CORONAVIRUS INFECTIONS, 61 FATALITIES LAST WEEK

Fully 4,098 new infections were confirmed last week, while there were 61 fatalities connected with Covid-19, according to the website koronavirus.gov.hu, which published data from last week on Wednesday. The number of active infected reached 15,608, the website said. Currently, 770 coronavirus patients are being treated in hospital, 11 of them are intubated on a ventilator. Altogether 6,419,996 people have been vaccinated against the coronavirus, with 6,206,388 having received a second jab, 3,901,632 a third, and 387,872 a fourth. The number of registered infections since the start of the pandemic has reached 2,162,093 in Hungary, while the number of fatalities totalled 48,245. Fully 2,098,240 people have made a recovery.