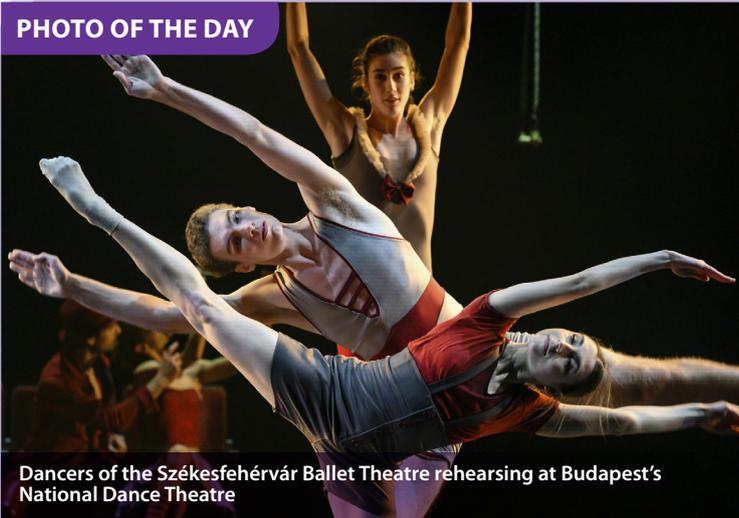


PHOTO OF THE DAY



MTV/Tamás Vasvári

Dancers of the Székesfehérvár Ballet Theatre rehearsing at Budapest's National Dance Theatre

UPCOMING EVENTS

Stats office releases 2nd reading of Q3 GDP, Sept foreign trade data

Events related to war in Ukraine

TOP STORY

EC BACKS ADOPTION OF HUNGARY RECOVERY PLAN

The European Commission on Wednesday said it has decided to give its support for the adoption of Hungary's plan for accessing EU recovery funding worth 5.8 billion euros, though the EC will continue to freeze 7.5 billion euros in cohesion funding.

Didier Reynders, the European Commissioner for Justice, told a press conference that the EC would support the adoption of Hungary's plan if the country fulfils a set of conditions connected with the rule of law. At the same time, the EC will continue to freeze 7.5 billion euros in cohesion funding, as Hungary has not made enough progress in ensuring transparency in the use of EU funding, he said. He said Hungary's plan contained a broad range of reforms and investments which could help to address many economic and social challenges outlined in the EU's country recommendations. Planned measures include supporting sustainable growth and social and regional cohesion, he said, adding that the green and digital transitions, education, social policy, the labour market, health care, the fight against corruption, the independence of the judiciary, public procurement, taxation and the pension system were the areas especially affected, and addressing them would contribute to meeting the 27 "milestones" stipulated in the EU's recovery and resilience conditions.

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NAVRACSICS: EC APPROVAL OF RECOVERY PLAN ‘SIGNIFICANT PROGRESS’

Tibor Navracsics, the minister of regional development, has welcomed the European Commission’s support for the adoption of Hungary’s plan for accessing EU recovery funding as “significant progress”. The commission’s decision did not come as a surprise to the Hungarian government, Navracsics told a regular government press briefing on Wednesday, adding that the “body had informed the government of its position via the media over a week ago”. He said today’s decision was in line with what the EC had communicated in September.

Navracsics said today was the first time that the commission had officially said that Hungary’s national Recovery and Resilience Facility (RRF) plan was “worthy of approval”. The minister pointed out that the commission had praised the Hungarian recovery plan as being “one of the best” and had given it the highest marks with the exception of one category. He said the plan’s approval had already been at arm’s length a year and a half ago, and consultations on it had been ongoing ever since. Navracsics expressed hope that the EC’s decision concerning cohesion monies would open the door to the final round of consultations and a conclusion to the talks after which Hungary and

the EU could sign the partnership agreement. Once this is done, Hungary will have achieved the goal it had set in the summer of reaching agreements with the commission over a period of six months in the two areas they had yet to agree on, giving the country access to EU funds from 2023, he added. Meanwhile, Navracsics said the commission’s decision to uphold its recommendation to freeze 65% of funding for three operative programmes was not a new development. He said this was due to the fact that the government’s “schedule of passing legislation and setting up institutions” included certain deadlines “that we have yet to reach”. Navracsics said he was hopeful that Hungary would fulfil the outstanding commitments as precisely as it had fulfilled all the others. He said he hoped Hungary would be able to convince the commission and the European Council next year that the suspension of the funds did not have to be upheld and that the country could gain access to 100% of the funds in every operative programme. In response to a question, Navracsics said the Hungarian government had always upheld its principles whenever it compromised in the interest of reaching an agreement. He said that if Hungary continued carrying out its programme and meeting more deadlines, it would become clear to both member states and the EC that “we’re not trying to be sneaky”. Throughout the talks, Hungary constantly handled issues

that had nothing to do with each other separately, he said.

If Hungary and the EC manage to sign two more agreements before the end of the year, the negotiations could be deemed successful, Navracsics said. In response to another question, he said that he would not resign if the agreements fell through owing to others. Navracsics said parliament would not have to hold any special sessions in this matter.

Gergely Gulyás, the prime minister’s chief of staff, said there was a good chance that Hungary and the EC could sign the partnership agreement needed for the operative programmes. In response to a question, he said the left may have played a role in the conditionality procedure against Hungary, arguing that the commission had not fully acknowledged the decisions that will be approved by parliament next week. He said the European Commission was under pressure from the European Parliament, adding that it was a “mistake” to have allowed such a mood to take hold in the EP. Gulyás said Hungarian MEPs “who are spreading untruths about the country” were also to blame for this. He slammed Hungarian MEPs who had approved resolutions that he said blocked funds for Hungarian teachers, the health-care sector and businesses.

But these MEPs had failed to reach their goal, Gulyás said, arguing that a suspension of funds was not equal to a loss of funds. Hungary next year will gain access to 2,500 billion forints (EUR



6.1bn) in EU funding, 1,500 billion of which has already been unlocked, he said. A further 1,000 billion forints can be unlocked by the second half of the year, he added. The government has to manage several times as much money to keep household utility bills low, Gulyás said. Given that the foundations of the economy and the budget are stable, it is high energy prices that can actually cause problems, he added.

Gergely Gulyás, the head of the Prime Minister's Office, said it was "up to the European Commission if teachers' pay could be increased by over 20% in January". He said the pay hike could be introduced if the partnership agreement between the government and the commission could be signed in December. He said the government could "guarantee" an increase of 10% from the central budget. He slammed the leftist opposition and said "it is easy to commute to Brussels and earn a net 6 million forints a month and fight against a pay rise for teachers". Answering a question, Gulyás said the government's household utility price cap scheme, applied for average consumption, could be continued in 2023. Concerning the cap on the price of other products, Gulyás said they could be maintained as long as there were sufficient supplies.

Answering another question, Gulyás said "agreements mean nothing in the European Parliament" while many representatives "openly exhibit a hatred for Hungarians". He insisted that those sentiments were

"mostly incited by Hungary's leftist MEPs igniting the majority of one or another group against Hungary". He suggested that "it could not be excluded that that is why some commissioners apply more stringent standards for Hungary".

Navracsics said the Hungarian government was in continuous communication with the commission, which would "prevent a loss of confidence between the negotiating partners arising from a lack of information". He also suggested that the commission's communications had changed: "they now communicate their position to the press first and only then to the Hungarian government". Asked if the partnership agreement between the government and the commission could be signed before the end of the year, Navracsics said it was in the commission's interest "to avoid that any member state should lose funds without good reason". "Even though there could be disputes with the commission concerning the implementation, it is not disputed that we are going in the right direction and the work we have done so far gives a basis for us to access the EU funds without losing any of them," he said. Referring to press reports, Navracsics said it was "most likely" that the council of finance ministers would pass a decision on the matter on December 12.

Navracsics was asked about cooperation within the Visegrad Group, and he said unity within the grouping was unbroken.

SZIJJÁRTÓ: NATO INTEGRATION OPEN TO COUNTRIES WHICH 'DON'T RISK ALLIANCE'S SECURITY'

NATO has reaffirmed its open door policy, but integration is open only to countries that would not risk the alliance's security, Foreign Minister Péter Szijjártó said in Bucharest on Wednesday.

In a "telling" gesture, Bosnia-Herzegovina, Georgia and Moldova were invited to the NATO foreign ministers' meeting, Szijjártó said. At the same time, countries joining the alliance should "strengthen" member states' security rather than "put it at risk", he said. Szijjártó said he had met his Finnish and Swedish counterparts, and assured them of Hungary's support for their countries' NATO integration. The government has already submitted the draft ratification of their application to parliament, which, however, is "currently busy with legislation required by the European Commission", he said, referring to legislation being passed to comply with EU requirements for Hungary to access EU funding. Sweden and Finland's NATO accession is expected to be tabled early next year, he said.

The meeting mainly focused on global effects of the war in Ukraine, including economic recession, growing terrorism threats and the energy crisis, he said.

Regarding ties with China, Szijjártó warned against NATO becoming an “anti-China bloc” and against blocking economic cooperation. The West has “enormous opportunities” when it comes to building relations with China, and the “European economy can’t succeed without it, especially after the havoc wreaked by the sanctions against Russia.” “Hungary, a meeting place of Eastern and Western companies, is an excellent example of that,” he said.

Meanwhile, Szijjártó said the “threat of African and Middle Eastern terrorism” was growing, and he called on NATO to tackle terrorism as well as challenges from the east. Regarding energy security, Szijjártó noted that Hungary saw the issue as a “matter of national security and sovereignty” in which it was unwilling to entertain political or ideological motivations. “It is important ... that the alliance supports energy security rather than threatening it with sanctions or other restrictions, as regrettably happened during the construction of the TurkStream pipeline,” he said. Had Hungary caved in to the pressure then, “it would be basically impossible today to supply the country with natural gas,” he said.

CJEU DISMISSES CASE CONTESTING GOVT FUNDING FOR PAKS 2

The Court of Justice of the European Union (CJEU) on Wednesday dismissed a suit by Austria contesting the

European Commission’s approval of government investment aid for the upgrade of Hungary’s Paks nuclear power plant. Austria had argued that Hungary’s direct award of the project to a Russian contractor in the framework of an agreement involving a 10 billion euro credit from Russia violated European Union rules on public procurement. The EC had cleared the aid citing a provision in the Treaties that allows aid for certain economic activities, as long as it “does not adversely affect trading conditions to an extent contrary to the common interest”.

“Assuming that a tender procedure may have had an influence on the amount of the aid, which Austria has not proven, such a factor would not by itself have had any effect on the advantage which that aid constituted for its recipient,” the CJEU said in a statement. The CJEU also rejected allegations of “disproportionate distortions of competition and unequal treatment”, resulting in the exclusion of producers of renewable energy from the deregulated internal electricity market, noting that member states are free to decide the composition of their own energy mix, while the EC cannot require state financing to be allocated to alternative energy sources. The EC cleared the aid for the construction of two blocks at the Paks plant, Hungary’s sole commercial source of nuclear energy, in the spring of 2017.

Hungarian Foreign Minister Péter Szijjártó welcomed the decision, saying the dismissal was a “great victory for Hungary... declaring the Paks upgrade to be fully in line with EU regulations.” Speaking on the sidelines of a NATO foreign ministers’ meeting in Bucharest, Szijjártó said the decision was a boost to Hungarian energy security.

Hungary is taking care to comply with all environmental and professional requirements, and prioritises security in the project, he said. The CJEU decision said that the investment’s permits and funding were fully in line with EU regulations, he said. “We’ve fended off another attack,” he said. He called on “institutions, banks and countries ... wanting to block the construction by unlawful means” to consider the decision and refrain from obstructing a project key to Hungary’s energy security and to maintaining its achievements in curbing household energy costs.

NOVÁK APPOINTS LANTOS ENERGY MINISTER

President Katalin Novák appointed economist Csaba Lantos energy minister on Wednesday. The government decided to set up an independent energy ministry in early November. Novák appointed Lantos at the proposal of Prime Minister Viktor Orbán. The ministry will be responsible for Hungary’s comprehensive energy policy.

UJHELYI: 'HUNGARIAN INTERESTS, EU RULES VICTORIOUS'

The interests of the Hungarian people and regulations of the European Union have "achieved a victory over Orbán's regime", MEP István Ujhelyi told an online press conference on Wednesday.

Referring to an EU announcement made earlier in the day under which the community would continue to freeze 7.5 billion euros in cohesion funding for Hungary, Ujhelyi said the Hungarian government "now has an official certificate that they have committed crimes, trampling on all rules of democracy, the rule of law, and European values, and they abused EU funds in the past 12 years". Concerning the government's negotiations with the European Commission aimed at accessing the funds, Ujhelyi said the commission had "accepted the (Hungarian) proposals initially, but then they saw that they had been watered up by the government and (ruling Fidesz's) parliamentary majority". "In any other European democracy the prime minister should step down after a decision like that," Ujhelyi insisted, adding that Orban himself "is an obstacle" in the way of an agreement and Hungary receiving those funds as soon as possible. Ujhelyi added, however, he was glad that under Wednesday's decision, Hungary would "not lose the EU funds for good".

DEFMIN: DEFENCE INDUSTRY ESSENTIAL

The defence industry is essential not just because it creates jobs and helps the economy, but also because it guarantees security, Defence Minister Kristóf Szalay-Bobrovniczky told Zoltán Kovács, the state secretary for international communication and relations, on his podcast on Wednesday. "We may want to recall the moments when the Berlin Wall fell and we found ourselves with a Soviet-doctrine, unpopular mass army equipped with Soviet technology," Szalay-Bobrovniczky said on The Bold Truth About Hungary. Then over a period of two decades, "mainly due to the negligence of the left-wing governments", Hungary's army was "completely ruined", the minister said. The equipment was neglected and sold, and the military was reduced in numbers, Szalay-Bobrovniczky said, adding that conscription was abolished soon after Hungary joined NATO. This, he said, meant that Hungary had been left with a military made up of volunteers without a reservist system in place. Finally, in 2016, the government launched a military development scheme, he noted. Put to him that military development had been criticised by both the Hungarian opposition and the European left, Szalay-Bobrovniczky said the progressive left had predicted that armies and NATO itself would eventually become obsolete following

an emergence of world peace. But the defence industry is essential, not just because it creates jobs and promotes further economic growth, but also because it ensures more favourable and competitive prices, the minister said. It is even more important in terms of security, because this way Hungary is not forced to rely on foreign suppliers and can procure equipment from its own defence industry, he added. As regards NATO, Kovács said that while many believed that the alliance was "an existing force itself" that would come to the aid of its member states, it was actually a joint effort of its member countries. "NATO is us, clearly, so ... that is one of the reasons why we are building a strong national army, because that can be the only contribution, and if other nations do so -- as they do, they all build strong national armies -- then together we can count on each other," the minister said. As regards the Russia-Ukraine war, Szalay-Bobrovniczky said Hungary was "entering a new phase of development", based on the lessons being learned from that conflict. This, he said, was aimed at the introduction of the most advanced technologies and bringing the various components together to form a strong national army. "The real goal is, of course, deterrence, to show enough force -- both physical equipment and determination -- which means experienced, brave, well-skilled, well-paid good soldiers combined, he said." This, he added, could show "enough deterrence to any potential opponent

who wants to attack Hungary, and with that, NATO". The Hungarian military will do everything in its power to protect its citizens and borders, but incidents like the stray missile hit in Poland cannot be totally ruled out, he said, stressing the importance of "strategic calm".

ECON DEVELOPMENT MIN: REGULATORY PRESENCE TO BE MORE ACTIVE IN INSURANCE SECTOR

The state will have a more active presence as a regulator in Hungary's insurance sector over the coming months, the minister of economic development told a conference focusing on the topic of insurance in Budapest on Wednesday. The sector is stable but has not been tapping all of the opportunities of change, Márton Nagy said, adding that although revenues from insurance fees have grown steadily, its market penetration continued to fall. Hungary, he said, is the odd-one-out in international comparison.

The number of insurance contracts is low while "the degree of market concentration can be further increased", the minister said. "The state will step into the insurance market," he said, adding that the measure would not mean a constant state presence but would help the sector's consolidation. "There will be more consultations which will help the market and favour customers. The sector will work more with the

[economic development] ministry," said Nagy. Speaking about Hungary's economic outlook, the development minister noted the unfavourable external economic environment. He projected Hungary's economic output would grow between 4.5-5.0% this year and shrink to 1% in 2023. He expected shocks, including rising energy and raw material prices and high interest rates, to affect both households and business weighing on economic growth. He noted a faster increasing rate of inflation in Europe than elsewhere in the world and a record high consumer price index. Hungary is facing tough times ahead "because of all these trends", Nagy said, calling the strengthening of Hungarian companies and attracting more foreign capital into the country important. As regards the 2023 central budget, he said, "a hard work is under way".

MINISTRY: EMPLOYMENT OF EIGHT TEACHERS TERMINATED IN THREE BUDAPEST GRAMMAR SCHOOLS

The employment of eight teachers in three secondary schools in Budapest will be terminated as of Dec. 1 on the ground of dereliction of duty, the interior ministry, which is in charge of public education, said on Wednesday. The teachers who took unlawful strike action and participated in a demonstration had been previously informed by their employers, the school district directorate, that they

would be relieved of their positions if they unlawfully neglected their teaching duties for any reason, the ministry said in a statement. The ministry noted it had underlined its guiding principle that the interests of students were paramount. "Students attend school to study ... the unlawful behaviour [of a teacher] cannot be a good example for them to follow," the ministry said. The ministry said another 24 teachers would be informed during the day about the consequences of unlawfully neglecting their duties.

ENERGY AUTHORITY: ELECTRICITY CONSUMPTION HITS RECORD HIGH IN 2021

Gross annual and monthly electricity consumption and the ratio of sustainable energy in electricity production and consumption saw record highs in 2021, the Hungarian Energy and Public Utility Regulatory Authority (HEA) said in an annual report published on Wednesday. Gross electricity consumption grew by 4.7% compared with 2020 to 48,795 terawatt hours (TWh), HEA said.

Gross domestic electricity production increased by 3.2% last year, the import-export balance rising by 9.2% to 12,755 TWh, resulting in a share of domestic production at 73.9% of total consumption. The total capacity of solar panels operating in Hungary grew by 39% to 2,954 MW, with household devices accounting for almost half of the growth, the authority

said. Renewable energy resources provided 13.66% of electricity in 2021, it said.

HUNGARY PPI EDGES DOWN TO 41.7% IN OCTOBER

Hungary's industrial producer price index rose by an annual 41.7% in October, slowing down from a 42.7% increase in the previous month, the Central Statistical Office (KSH) said on Wednesday. KSH said factory gate prices increased largely owing to higher energy and commodity prices, as well as the weaker forint. Prices for domestic sale grew by 67.7%, boosted by energy prices, while export prices increased by 28.4%.

HUNGARY TRADE IN SERVICES POSTS EUR 2.7 BN SURPLUS IN Q3

Hungary had a 2.69 billion euro surplus in trade of services in the third quarter, widening from 2.116 billion in the previous quarter, the Central Statistical Office (KSH) said on Wednesday. Exports of services increased by 25.1% to 7.859 billion euros during the period.

Imports of services rose by 16.5% to 5.2 billion. The surplus in tourism services reached 983 million euros, rising from 757 million in Q2.

MORE THAN 9,000 REFUGEES ARRIVE FROM UKRAINE ON TUESDAY

Fully 4,484 people crossed into Hungary directly from Ukraine on Tuesday, while another 4,808 crossed from Romania, the National Police Headquarters (ORFK) said. Police issued 30-day residency permits to 152 people, ORFK told MTI on Wednesday. Budapest received 38 people, 25 children among them, who travelled by train, ORFK said.

HUNGARY RECORDS 4,259 NEW CORONAVIRUS INFECTIONS, 42 FATALITIES LAST WEEK

Fully 4,259 new infections were confirmed last week, while there were 42 fatalities in connection with Covid-19, according to the website koronavirus.gov.hu, which published data from last week on Wednesday.

The number of active infected reached 13,707, the website said. Currently, 336 coronavirus patients are being treated in hospital, 7 intubated on a ventilator. Altogether 6,420,202 people have been vaccinated against the coronavirus, with 6,206,565 having received a second jab, 3,902,085 a third, and 393,151 a fourth. The number of registered infections since the start of the pandemic reached 2,166,352 in Hungary, while the number of fatalities totalled 48,287. Fully 2,104,358 people have made a recovery.

BIRD FLU DETECTED IN S HUNGARY

Bird flu has been identified at a goose farm in Békés County, in southern Hungary, food safety authority Nébih said on Wednesday. Protection and surveillance zones were established after the H5N1 virus was detected at the farm with 3,080 geese, Nébih said. The animals were being destroyed to prevent further spread of the virus, it said. Restrictions and mandatory examinations are in place in Bács-Kiskun and Csongrád-Csanád counties, and poultry must be tested before transport nationwide, Nébih noted.