

PHOTO OF THE DAY



MTVA/Márton Mónus

Military demonstration at Budapest's Public Service University

UPCOMING EVENTS

U justice ministers meet in Brussels

Events related to the war in Ukraine

Stats office releases 1st reading of foreign trade figures for Jan 2023

TOP STORY

HUNGARY 'STRONG ENOUGH TO STAY OUT OF WAR'

Hungary will stay out of the Russia-Ukraine war and will continue to successfully veto sanctions that go against its interests, the prime minister said on Thursday

"We will be under great pressure, but we are strong enough to stay out of the war," Viktor Orbán told a conference organised by the Hungarian Chamber of Commerce and Industry (MKIK). Orbán pledged to maintain Hungary's energy supply coming from Russia and the centrally regulated energy price schemes, adding that 4.7 million jobs will be protected, and even increased. The government will be able to support SMEs with special programmes even if the central bank's base rate remains high, Orbán said. He said the government will maintain export-oriented economic growth and it will simultaneously curb inflation. Orbán noted that the cabinet decided at its meeting on Wednesday to increase the capital of Eximbank by 30 billion forints (EUR 79m), allowing the economic development ministry to provide an additional 300 billion forints for economic development purposes. He noted that Hungary is in 94th place in a global ranking of countries in terms of population size and 34th in terms of exports, which "makes us the world's 15th most open economy".

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ORBÁN: GOVT FOCUSED ON ECONOMY

Prime Minister Viktor Orbán, addressing the year-opener event of the Hungarian Chamber of Commerce and Industry (MKIK), said it was clear from the make-up of his cabinet that it was focused on the economy. Though cabinet reshuffles within a single electoral cycle are not typical, certain changes became necessary shortly after the formation of the government last May, Orbán said. He said the change had been made because it had become clear that the sanctions imposed by Brussels had resulted in a rapid rise in energy prices, and the issue of energy had become the key to economic success and the country’s financing. This meant that an independent energy ministry was needed, Orbán said, praising the work of Energy Minister Csaba Lantos.

Unlike general European tendencies, Hungarian public debt and the deficit declined in the last three election years -- 2014, 2018 and 2022, Orbán said. It is therefore “silly, dumb and malicious” to accuse the government of shaping the 2022 budget according to campaign considerations, he said. The government remains committed to market and private capital, he said. Hungary will not be able to achieve its goals without market financing, he said. The government will intervene only until market financing is restored, and will endeavour to complement missing interest and liquidity levels,

he said. “But that is crisis management and not a change of direction,” he said.

Regarding the “rebuilding” of ties between Russia and Hungary, which MKIK head László Parragh welcomed in a previous speech, Orbán said those will be determined by “a reshuffle in Europe’s power structure”. That “experiment”, rather than purely economic policy considerations, will determine whether Hungary’s ties with Russia will be revived, he said. Europe is weaning itself off Russia which has so far provided cheap energy and raw materials, in exchange for modern technology, Orbán said. That energy dependence is now being “slowly but surely taken over by another,” he said. “Hungarian foreign and economic policy will have to consider what sort of relations can be created and sustained with Russia in the next 10-15 years,” he said.

ORBÁN: HUNGARIAN JOBS ‘PRIMARYLY FOR HUNGARIANS’

The Hungarian economy has to provide jobs for Hungarians first of all, “and everyone else can only come after”, Prime Minister Viktor Orbán told a conference in Budapest on Thursday. Hungary will need some 500,000 new workers in the coming 1-2 years, Orbán said in his address at the year-opening event of the Hungarian Chamber of Commerce (MKIK). The priority is to “mobilise internal resources”, he said. Employees in fostered work programmes “are not

part of that reserve” as they make a living in their current employment, rather than relying on subsidies, he said. At the same time, Hungary still has “domestic reserves”, which is why large industry development projects are focusing on eastern Hungary, he said. Full employment is nearly achieved in the area of Debrecen, and Nyíregyháza will follow suit in a year, while northern Hungarian “Miskolc is more complicated”, he said. Next, labour policy efforts will concentrate on Békés County, in southeast Hungary, he said. “The European Union’s current political atmosphere, which prioritises regional cooperation and helps relations with Hungarian communities across the border,” also gives Hungary an opportunity to mobilise workforce there, he said. “We can’t give an advantage to foreigners over Hungarians, we can only consider guest workers once we have exhausted these reserves,” he said. Hungary must also avoid the trap of “employing guest workers as a commodity” because Hungarians are unwilling to take on certain jobs, he said. “If the job is uncomfortable or difficult, it should pay more, but foreigners cannot have advantages over Hungarians,” he said. Guest workers would only be allowed temporary residence, he said.

The government will keep taxes low, Orbán said, citing OTP Bank chairman-CEO Sándor Csányi as saying that instead of introducing new taxes, the focus should be on collecting the existing ones. Concerning the global minimum tax, Orbán said the

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extra burden from the tax would fall on foreign players rather than Hungarians. Hungary “has it on paper from the European Union” that the local business tax can be included in the calculation of the minimum tax, he said. This protects almost all Hungarian large companies, meaning that the introduction of the global minimum tax will not result in any additional burdens for them, the prime minister added.

ORBÁN: LINKING UNIVERSITIES, ECONOMY KEY

Connecting universities with the economy remains a key issue, “regardless of the dirty moves the European Union is making regarding the Erasmus and Horizon Europe schemes”, Prime Minister Viktor Orbán said on Thursday. Addressing a conference organised by the Hungarian Chamber of Commerce (MKIK), Orbán said that by suspending Erasmus and Horizon funding for universities run by foundations, the EU was hurting the competitiveness of Hungarian universities rather than that of the government. The prime minister said this competitiveness stemmed from the universities being “directly linked to the government’s decision-making through state secretaries and ministers”. “This is important for the universities, not the government...” the prime minister said. “This kind of direct link is the biggest competitive advantage we have compared with

western institutions.” Orbán said the EU’s decision went against the competitiveness of the Hungarian economy and Hungarian universities and should not be accepted. The boards of trustees of universities managed by foundations had to be changed, but the advantage offered by Hungarian universities being an integral part of economic development must not be given up, he said. Orbán said that though he believed Hungary and the EU could come to an agreement, if talks were to fail, these education programmes would have to be financed by the state budget. If the EU does not grant universities the funds, they will receive research funding above the EU level so that they could establish international research relations, he added.

ORBÁN: GOVT AIMS TO INCREASE ENERGY CAPACITY IN COMING YEARS

Increasing Hungary’s energy capacity will be a key policy in the coming two years, and will be coordinated by Energy Minister Csaba Lantos, Prime Minister Viktor Orbán told a conference on Thursday. Hungary’s industry policy focuses on investments, developments and the industry, which are energy-intensive sectors, he said. “We will build gas plants to serve the large industrial centres,” he said. The use of gas is not prohibited by the EU “in the current situation,” he said. Energy can be imported or produced, and gas is the

only source from which Hungary can produce its own energy, Orbán said. Concerning alternative energy sources, he said Hungary was using solar energy and could potentially use wind energy. The country could also eventually produce enough geothermal energy to be useful to the national economy, he said.

Orbán said that in the coming period Hungary will have to take advantage of its ability to build gas plants at a relatively quick pace. Hungary has to build two or three plants either using state resources or private capital in order to be able to supply its industrial projects with energy, he added. If the EU provides funding for this, Hungary will use it, otherwise it will be financed from other resources, Orbán said, adding that such a project could attract investors from all over the world.

Orbán identified the rising interest on Hungary’s public debt as another problem. Whereas the Hungarian economy was able to secure funding easily thanks to a falling interest on the public debt in 2010, inflation in Europe has led to a rise in interest rates everywhere, he said. This means credit that was cheaper in the past must now be renewed with higher-interest credit, he added. He said the share of expiring debt was low in 2023 and 2024, adding that the high interest rates did not pose a direct threat to the economy for the time being.

Orbán said the absence of economic policy dilemmas in recent years demonstrated the stability of

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Hungarian economic policy. But now, he added, "there is a disagreement between the central bank and the government on economic policy." "But this isn't abnormal, only unexpected seeing how it didn't happen over the last 7-8 years," the prime minister said. He said the central bank wanted to curb inflation by cutting the money supply. But, Orbán argued, if inflation was caused by rising energy prices and sanctions policies, then the money supply may not have to be reduced at the current rate.

ORBÁN: HUNGARIAN ECONOMIC POLICY TO REMAIN COORDINATED

Hungarian economic policy will remain coordinated, which has been an important element of its success so far, Prime Minister Viktor Orbán told a conference on Thursday. If the government measures prove successful, inflation will fall in the coming months, Orbán told a year-opening event of the Hungarian Chamber of Commerce (MKIK). The first signs of that success are already showing, he said. It will then be easier to coordinate the central bank's instruments to curb inflation with those of the government, he said. It must be accepted, Orbán said, that economic policy debates are "a podium where otherwise intellectually strong and colourful personalities can see an opportunity to come forward". "I am no exception to this," he said, adding that "this is typical of all of

us since we are humans and we are players in the world of politics."

Speaking of the vehicle industry and the battery plants, Orbán said every Hungarian citizen has the right to live their life in a liveable environment, and everyone has the right to expect that all investments in Hungary are implemented under the strictest possible environmental conditions. Hungary continues to apply the strictest safety standards for all industrial investments, standards that are stricter than at similar German factories, he said.

Orbán noted that the vehicle industry provides a living for around 300,000 families in Hungary. He said that a technology shift is taking place in this sector, and if after 2035 only electric vehicles can be manufactured in Europe and the components are not made in Hungary, then these will be made elsewhere and "our conventional automobile plants will have to slowly be shut down". The Hungarian vehicle industry must be kept alive, he said, and the necessary production technologies and capacities should be created in the country, he added. Currently, the four biggest investments in the history of the Hungarian economy are being implemented, the prime minister said, including two in the east of the country. These are "fantastic industrial development achievements, of historic dimensions, which will bear fruit in the coming years," he added.

Hungary's automobile industry output reached a record 12,000 billion

forints in 2022, Orbán said, adding that the electronics industry's production also exceeded 10,000 billion forints last year. Food industry output came to more than 6,000 billion forints and the pharmaceutical sector reached 1,000 billion forints, he said. In connection with investments, Orbán said that Hungary wins investments at the lowest subsidy intensity compared to its competitors. It is only in the mind of left-wing politicians who have "no clue about the economy" that "capital is there lying in the street and cannot wait to settle somewhere," Orbán said. "The reality is that capital makes calculations and the possible locations are competing to attract it," he said.

GULYÁS URGES CEASEFIRE, PEACE TALKS

Hungary's government supports the draft resolution on the Russia-Ukraine war before parliament and believes that an urgent ceasefire and peace talks are needed, the head of the Prime Minister's Office said on Thursday. The government expects a protracted war and continued economic difficulties resulting from the sanctions imposed in connection with the conflict, Gergely Gulyás told a regular government press briefing. Hungary's position on the war is clear, he said, noting that the country condemned Russian aggression and provided humanitarian assistance to Ukraine. Hungary will also make financial contributions to ensure that the Ukrainian state stays operational, he added. Gulyás said it had become clear

in the debate on the draft resolution submitted by the ruling parties that the left continued to support sanctions and would deliver weapons to Ukraine, thereby “dragging Hungary into the war”. He said the sanctions had resulted in record-high inflation, but expressed hope that measures introduced by the government could help bring it down into the single digits “by the last month of the year”. He said high inflation in Hungary was rooted “mostly in external causes”, adding that the country was “close to the war” and it was largely dependent on energy imports. He also added, however, that inflation may have peaked and noted that it had “modestly decreased” in February.

Making decisions to rein in inflation as early as possible and helping families and small ventures was a priority for the government, he said. Among measures, Gulyás mentioned that the government would raise allocations to the Baross Gábor corporate loan programme to 1,000 billion forints (EUR 2.6bn) to help companies with investment projects and working capital loans. He added that loans could be both euro- and forint-based, taken out with a preferential interest rate -- 3-3.5% for euro- and 6-6.5% for forint-based loans.

GULYÁS: CHILD PROTECTION LAW MUST BE PROTECTED

Hungary’s child protection law “must be enforced and protected amidst international debates”, the head of the Prime Minister’s Office said

on Thursday. Addressing a regular government press briefing, Gergely Gulyás regretted that “an increasing number of child abuse cases have come to light in recent weeks”, which he said called for a review of child protection regulations. He noted that the justice minister had submitted a counter-appeal to the Court of Justice of the European Union within the infringement procedure against Hungary over the child protection law. The government maintains its position that education is a national competency and parents have the right to make decisions concerning the upbringing of their children, he said.

Asked about wage hikes for teachers, Gulyás said the government wanted to “take a big step” in the matter, for which it wanted to rely on EU funding. He noted that teachers received a 10% pay rise as of Jan. 1, and the goal was for teachers’ wages to reach 80% of the average wage of degree holders by the end of next year.

Meanwhile, Gulyás said lawmakers of the ruling parties will hear the parliamentary delegation that recently visited Finland and Sweden next week, after which they will make a final decision regarding the matter of the two countries’ NATO accession bids. He said though Sweden and Finland were Hungary’s allies, “at times in recent years they have behaved as if they were our enemies”. Gulyás added, at the same time, that the prime minister has asked the ruling parties to support Sweden’s and Finland’s bids.

Concerning the financing of university cooperation programmes, Gulyás called the matter a “pseudo-problem invented by the European Commission thanks to the activities of the Hungarian opposition”. He said the shift by universities to the foundational model gave them the broadest possible freedoms. The transfer of state-run universities to foundations does not require a conditionality procedure, Gulyás said, arguing that it violated neither the rule of law nor the EU’s financial interests. The rectors of universities managed by asset management foundations have expressed unanimous support for the change and “want no part in this attempted interference”, he said. Gulyás called the suspension of funding from EU programmes in the case of universities run by foundations “an act of revenge against Hungary”. If the matter is not resolved, the missing funds will be covered by the state budget, he added. In response to another question, Gulyás said the EU’s decision to suspend the funding was aimed against “the Hungarian people, or the Hungarian race, if you will”, calling it “an anti-Hungarian act of revenge”.

Asked about National Bank of Hungary Governor György Matolcsy’s recent remarks on Hungarian economic policy, Gulyás said the government did not want to comment on “why the central bank governor says what he says”. The government strives for fair and good cooperation with the central bank, he said, adding he did not want to assume that there were

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any “personal reasons” behind any of the governor’s remarks. Monetary and fiscal policy should be consistent with one another, Gulyás said, adding that the central bank should concentrate on lowering inflation, in line with its responsibilities. The central bank must act and its measures must be supported by the government, Gulyás said. “If we can’t count on each other as partners in this, it is the Hungarian economy as a whole which will lose out,” he said.

Meanwhile, Gulyás said taxes on excessive profits will be phased out “wherever possible” next year. The tax will be lowered in other areas, “but some form of contribution remains necessary”. He noted that the taxes on excessive profits are used to finance the utility protection fund meant to cover the costs of keeping household utility prices low. On another subject, Gulyás said there was a problem with the drawdown of EU recovery monies and only 17% of the funds had been transferred. He said the reason why Hungary had yet to receive the funding was not because the EU was concerned over their possible misuse but rather because the country’s position on the issues of the war, migration and child protection is different from that of Brussels.

SZIJJÁRTÓ: WESTERN BALKANS KEY FOR EU

The European Union “currently needs the Western Balkans more than they need us” and Hungary has a

security interest in speeding up the enlargement process, Foreign Minister Péter Szijjártó said on Thursday at the Western Balkans Forum in Budapest. In a speech held together with his Serbian, North Macedonian and Albanian counterparts, Szijjártó said one of the roots of the EU’s “many ailments” was the “failure of the enlargement process”.

The last country, Croatia, joined the bloc a decade ago, and the United Kingdom has since left the EU, he noted. Still, supporters of a quick enlargement are “currently in a minority in the EU”, he said. He slammed member states he said hypocritically supported the enlargement publicly while “obstructing it in every way possible”.

Meanwhile, it is a matter of national security for Hungary, as “the international community has so far failed to handle the root causes of migration”. That raises the danger of further waves which Europe will be unable to withstand without support from the Western Balkans, he said. Enlargement has no legal hurdles, he said, “it is just lack of political will”. Central Europe is therefore putting pressure on the EU to “eliminate artificial obstacles”, he said.

FINANCE MINISTER: HUNGARY ECONOMIC GROWTH TO CONTINUE

The government expects economic growth to continue in the next twelve to eighteen months, exceeding

4% in 2024, while state debt and government budget deficit will fall, Finance Minister Mihály Varga said at an event of the Chamber of Commerce and Industry on Thursday. Addressing the Chamber’s year-opening event, Varga said major resources are expected to be spent on energy-efficiency developments and businesses can participate in these as suppliers. Among key elements of the economic policy of the coming period, Varga listed family support policies, the continued reduction of the administrative burden and the focus on regional development aspects.

COE COMMISSION COMMENDS HUNGARY EFFORTS TO OFFER PROTECTION AND SUPPORT TO UKRAINE REFUGEES

The Council of Europe’s European Commission against Racism and Intolerance (ECRI) released a report on Hungary on Thursday, commending the country’s efforts to offer protection and support to refugees from Ukraine. ECRI welcomed the positive changes in Hungary since the latest report adopted in 2015.

At the same time, the body said “the human rights of LGBTI persons have significantly deteriorated due to increasingly hostile political discourse and the adoption of a series of restrictive laws.” The report said: “The Hungarian public discourse has become increasingly xenophobic

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in recent years, and political speech has taken on highly divisive and antagonistic overtones particularly targeting refugees, asylum seekers and migrants, Muslims and LGBTI persons." It called on public figures to take a stand against racist and anti-LGBTI hate speech.

The commission has also raised concerns regarding the high school drop-out rate of Roma children, and "widespread segregation" in schools. Roma are still in serious disadvantage on the labour market and "forced evictions of Roma continue, often without any re-housing solutions being provided," it said.

Hungary's Equal Treatment Authority (Egyenlő Bánásmód Hatóság) was merged with the Office of the Commissioner for Fundamental Rights from January 2021 without the move "having been preceded by appropriate consultations", ECRI said. "To date, no information campaign for the wider public has been organised to explain the current institutional framework and available remedies," the report said.

The commission recommended that Hungary launch an independent review of the legislative measures taken during the state of emergency, especially on its impact on LGBTI communities, and the measures' "compliance with Council of Europe and other human rights standards in the fields of equality and non-discrimination." The capacity of law enforcement authorities should be boosted in identifying and handling hate speech and hate crime against LGBTI communities, it said. Further

recommendations include a call on authorities to organise "a nation-wide awareness-raising campaign on the avenues of complaints available to victims of discrimination."

ECRI also urged legislative steps to ensure the legal recognition of a person's gender "through procedures that are quick, transparent and accessible to all". All forms of school segregation of Roma children should be ended and a comprehensive strategy should be adopted for the integration of migrants, it said.

NOVÁK MEETS FLORIDA GOVERNOR

President Katalin Novák met Florida Governor Ron DeSantis in Tallahassee, Florida, to discuss common views on child protection and family values, the president's office said on Thursday. Novák and DeSantis, who met in person for the first time, have stood by similar traditional values such as the protection of the family, parents' right to educate their children and border protection, the statement said. Novák praised DeSantis's achievements in boosting the state's economy, and DeSantis said he appreciated Novák's work in family protection. The president also held talks with Casey DeSantis, the governor's wife.

MORE THAN 7,500 REFUGEES ENTER HUNGARY ON WEDNESDAY

Fully 3,915 refugees entered Hungary at the Ukraine-Hungary border on

Wednesday, while 3,620 came to the country via Romania, according to the national police headquarters (ORFK). Police issued temporary residence permits valid for 30 days to 44 people, ORFK said on Thursday. Budapest received 15 people, 3 children among them, who arrived by train.

CHARITY CONCERT ORGANISED TO SUPPORT TÜRKIYE-SYRIA EARTHQUAKE VICTIMS

A big concert will be held to support victims of the Türkiye-Syria earthquake on March 22 at the Hungarian Heritage House in Budapest, where well-known performers of world music, early music and other genres will play, the Hungarian Interchurch Aid said on Thursday. Performers at the concert will include the Kaláka, Sebő, Misztrál, Vujicsics and Musica Historica bands, András Berecz, Mária Petrás, and Márta Sebestyén, among others. More than a month after the disaster, staff of the Hungarian Interchurch Aid are still working in Hatay, the Turkish province worst affected by the earthquake. Surveys by the Hungarian charity and their international partner organisations show that the need for help is still enormous, with more than a million people still living in emergency accommodation.