

## PHOTO OF THE DAY



MTI/Tamás Vasvári

44th Tour de Hongrie, 175-kilometer Zalaegerszeg - Keszthely section at Sümeg

## UPCOMING EVENTS

**Stats office second estimate on industry in March**

**Events related to war in Ukraine**

## TOP STORY

# GOVT TO SUBMIT 2024 DRAFT BUDGET ON MAY 30

The government will submit the 2024 draft budget to parliament on May 30, with a vote scheduled for July 7, the head of the Prime Minister's Office has said.

Despite the challenges surrounding the drafting of the budget such as the ongoing war in Ukraine, the government is keeping to its practice of submitting the budget bill during parliament's spring session, Gergely Gulyás told a regular press briefing. This ensures predictability and sets the government's economic policy goals for next year, he added. The budget aims to guarantee the country's security, protect families, pensions and jobs, as well as the cap on household utility bills, Gulyás said. It must calculate with the possibility of a protracted war, but it is important that the government's goals are maintained and that the budget deficit and the public debt are reduced, he said, adding that the draft budget will target a deficit of 2.9% of GDP. The government plans to submit the draft budget to the Fiscal Council on around May 20, he said. The bill was drafted with the war in mind, Gulyás said, adding that peace and a phasing out of sanctions would greatly increase the budget's room for manoeuvre, making the country's situation much easier.

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## GULYÁS: GOVT PURSUING MEASURES TO PROTECT HUNGARIANS

During times of war, the defence budget has to be increased, the head of the Prime Minister's Office told a press briefing. Gergely Gulyás said the 2024 defence budget would be "significantly more generous" in terms of operations and development than this year's. Also, a wage increase in line with inflation is necessary, said, adding that the government continued to urge an immediate ceasefire and peace talks.

Meanwhile, Gulyás said the government is renewing frozen interest rates for retail borrowers and small and medium-sized businesses, and will keep the policy in place until the base rate drops to below 10%. He noted that the interest rate freeze on retail loans was introduced in January 2022 and expanded to SMEs in November. The rate of inflation and, consequently, the base rate make it impossible to scrap the measure, he said. As soon as the central bank base rate drops to below 10%, the government will phase out the freeze on interest on loans. The government expects inflation to fall into single digits by the end of the year, he noted. Phasing out the rate freeze now would place too great a burden on many families and SMEs, Gulyás said. The extension of the rate freeze directly helps more than 300,000 families with over 1,360 billion forints (EUR 3.7bn) in credit, he said. The freeze saved them 80 billion forints in 2022 and 60 billion in the first half of 2023, he added.

The measure also affects more than 28,000 SMEs, with close to 1,000 billion forints in loans, and has saved them 80-85 billion forints since its introduction in November 2022, he added.

As regards the war in Ukraine, Gulyás said Pope Francis's apostolic visit to Hungary late last month reaffirmed the government's position that urges an immediate ceasefire and peace as "the only morally right one". With the pope being pro-peace, "we can say that Hungary's stance received the strongest possible moral support," he said. If the Vatican is preparing a peace plan, as the pope indicated, Hungary will support that peace mission, Gulyás said. The extent of the destruction, he said, was "already unfathomable". "Hundreds of thousands have died, and only a ceasefire can save lives," he added. Meanwhile, Gulyás said the amendment of the law on the judiciary ensured that Hungary would comply with all requirements for the disbursement of European Union cohesion funds "within weeks". He insisted that although the "demands were baseless", Hungary had complied and often exceeded EU demands. "In about a month's time, we hope to be able to send invoices to Brussels and get payments in return," he added. The funding would flow from sections of the EU's budget for the 2021-2027 financial cycle that do not fall under the rule-of-law conditionality procedure but from its Resilience and Recovery Facility set up against the economic fallout of the coronavirus pandemic, Gulyás said. The government aims to ensure access to all resources, he added. "There is serious

opposition to that in Brussels and among Hungary's leftist opposition, but we ask them to stand on the side of Hungarian teachers, health care and the economy," he said.

Responding to a question on the tax on companies making excessive profits, Gulyás said it was likely that the tax would be maintained at a reduced rate next year. Details will be announced when the final draft of the budget is discussed, he said. Noting the legal obligation to provide a larger pension hike with inflation higher than planned, he said it was "too soon" to say whether such a measure would be taken. Regarding this year's deficit target, he said it was usual that spending in the first half of the year was frontloaded and the deficit eased in the second half. This is the case this year, too, though the data so far have been "somewhat worse than expected", he added.

Regarding the situation of teachers in Hungary, Gulyás noted the government held negotiations with unions more than ten times, and they arrived at a consensus on some issues. Most of the problems were wage-related, he said. As long as teachers' wages are low, "they are easily riled up against the government," he said. The unions bear responsibility for supporting "political forces working against teachers' wage hikes," he said. "The Hungarian left are the main obstacle in the way of raising teachers' wages," he said. He attributed the lack of wage hikes to the "extremely harmful" activity of the opposition, adding that left-wing lawmakers were calling for teachers to earn 800,000 forints before tax, yet Hungary was not receiving its share of EU

funding “because we are not in favour”. Gulyás added that whereas “accusations of corruption are being voiced in Brussels”, Hungary had implemented “all requested amendments in this area”, while no such objections had arisen in connection with education.

Gulyás said student protests could end if everyone respected legal regulations. He attributed “political motives” to the organisation of protests, adding that for such political forces “nothing is less important than the issue of Hungarian teachers”. “Once they realise that their methods are undermining their political goals, they will stop the protests,” he added. Gulyás said he thought that the area in front of the prime minister’s office should remain closed to the public after the construction project there is completed, adding that such offices where “anybody can touch the wall” were few and far between in the world. “If somebody tried this at the White House, they would be shot immediately, not just teargassed,” he said. The fence at the prime minister’s office was requested by the main constructor around 18 months ago because it is a security zone, and a professional decision was made to erect it, without political considerations, he added.

Asked how he saw the chances of constructing a southern railway line circling Budapest after a court annulled the environmental permit of the project for a second time, Gulyás slammed the Budapest municipality, which “calls itself green even as it stands on the side of those wanting to stymie the development of public transport in the

city, rather than on the side of its citizens.” The southern railway line used to enjoy full political consensus with the previous and current leadership of the city, and incumbent mayor Gergely Karácsony has even signed an agreement supporting the project, Gulyás said. “That’s why it is incomprehensible and unacceptable that it later intervened ... through the courts,” he said. The 400 billion forint (EUR 1.1bn) investment is key to developing the city’s railway system and suburban traffic, he said. The government will look into the possibility of obtaining a permit within the deadline for the EU funding on the project, he said. If that proves impossible, they will move on to another project beyond the city limits, he said. Gulyás said the Budapest city council was the richest council in the country and one could expect it to maintain responsible financial operations while running the city’s public transport system. It is the city council’s number-one task laid down in law, he added. In response to a question concerning the possible outcome of a Budapest survey refusing to allow private cars to cross Chain Bridge after its revamp, he said that if as many people participated in the survey as those who participated in the government’s National Consultation surveys, then the results would be worth considering. In line with an agreement between the government and the council, the government would contribute financially to the revamp of Chain Bridge only if traffic was properly restored, he added.

In response to a question, he said ruling Fidesz would name its candidate for Budapest mayor once the party board

came to a decision. Commenting on the recent appointment of Gábor Böröndi as chief of staff, he said the government had long been seeking a soldier who wanted to “shake up the army”. With the war on Hungary’s doorstep, he added, a new approach was needed. In response to a question about a recent visit by a European Parliamentary delegation to assess the utilisation of EU funds, he said: “It is a unique situation when a thief is given the task of making financial controls”. Hungary cannot expect fair treatment from the EP, he added.

Asked about the EU’s sanctions policy, Gulyás said the government disagreed with the policy in general, but Hungary had been granted exemptions in the most important cases. When it comes to new sanctions proposals, he said, the government’s consideration was always whether the measure in question would hurt Hungarian interests, he said.

On the topic of migration, he said Hungary registered a daily average of 343 illegal entry attempts by May 9, a drop of one-third compared with last year. While the entire western political elite was complaining of growing migration pressure, illegal entry attempts were lower in Hungary thanks to the country’s border protection efforts, he said. The interior ministry can guarantee that human smugglers who are released on condition that they leave the country leave within 72 hours, Gulyás said. The decision not to put Hungarian taxpayers on the hook to keep several hundred human smugglers in prison had been the right one, he added.

Asked about Ukraine’s potential accession to the European Union and

NATO, Gulyás said the approval of new members was based on unanimous decision of existing member states. Until there was a ceasefire and peace talks, he said, it would be difficult to discuss these matters, “so peace in Ukraine is a shared interest,” he said. Hungary has always supported the EU’s enlargement in the east, “but the bloc has not even admitted countries that are in a significantly better situation than Ukraine and have fulfilled significantly more of the accession criteria,” he said. “We would welcome a peaceful and prosperous Ukraine joining the EU one day, but it’s important that enlargement be based on objective criteria,” Gulyás said.

Regarding media tenders announced by the US embassy, the minister said he had watched “with interest whenever unofficial relations are made official”. He insisted that hitherto the US Democratic Party had funded Hungary’s opposition, “so it’s slightly better that they’re now funding its media,” he said, adding that it was preferable, however, for the media “to be free of foreign subsidies” since receiving this kind of money entailed media outlets abandoning their independence.

Gulyás said it was impossible to give a definitive answer as regards ratification of Sweden’s NATO accession and whether the vote would be held before the end of the current parliamentary cycle. “We’ll see, we’re not there yet,” he said in reply to a question about whether the Turkish election at the weekend would have a bearing on the matter.

Asked about the release from prison of György Budaházy, a radical activist

convicted on terrorist charges, Gulyás said he respected the decision of the president of the republic to pardon him, adding that procedures of the Hungarian justice system at the time had been “shameful”. Gulyás said that had it appeared that public safety would be compromised by his release, the minister of justice would not have countersigned the application for a pardon. He added that the only argument against pardoning Budaházy was that he had committed an act against the state.

Commenting on the government’s plans for the market in construction materials, he said the aim of the government’s pre-emption right was to ensure the free flow of supplies during the period of crisis and shortages, though the government had not availed itself of that right so far. He said it was necessary to increase the share of construction materials in the domestic market. Hungary, he added, does not have a cement industry. “We’d like this to change.”

**SZIJJÁRTÓ DISCUSSES ENERGY INFRASTRUCTURE WITH BULGARIAN MINISTER**

Hungary sees the development of south-east European energy infrastructure as a priority, and Bulgaria as a reliable partner, the minister of foreign affairs and trade, Péter Szijjártó, told a press conference held jointly with Rossen Hristov, Bulgaria’s energy minister. Energy connectedness, he said, was a regional interest also supported by the European

Union. Without such alternatives, Hungary shouldn’t be expected to diversify its energy mix, he said. Hungary is focusing on Azerbaijan gas production as the most important alternative, and capacity expansion on the Balkans is key in that project, too, Szijjártó said. Bulgaria and Hungary also have similar interests in nuclear energy, which they have both long used as a safe, cheap and environmentally friendly resource, he said. Hungary’s government refuses to support proposals to place sanctions on nuclear energy, and such attempts are seen as attacks against the country’s sovereignty, he added.

He praised Bulgaria as a reliable partner in energy transport and as an EU member state where “politicians have kept their common sense.” Hungary is ready to continue cooperation with Bulgaria as an important partner, he added. Hristov agreed with Szijjártó on the importance of investments into energy diversification, and called on the EU to contribute to the project to transport Azeri gas to Europe. Similarly to Hungary, Bulgaria would not support sanctions on nuclear energy, which they see as key to green transition, Hristov said.

Responding to a question, Szijjártó said Hungary was ready to cooperate with the new Slovak government on a foundation of mutual respect, and sees the country as of special importance, “connected to Hungary in a thousand ways”. Ethnic Hungarians living in Slovakia are the bridge in that relationship, he said, adding that stability in its northern neighbour was in Hungary’s interest. Regarding an attack on the Druzhba pipeline, Szijjártó



expressed hope that the attack on NordStream would not be repeated. "It is scandalous that we still don't know who was responsible, as if the will was missing to clear up the case." Hungary hopes that important energy infrastructure is not threatened, as energy security is a matter of national security, he said.

### **SZIJJÁRTÓ: HUNGARY, MALDIVES 'BOTH PART OF PRO-PEACE GLOBAL MAJORITY'**

The negative effects of the war in Ukraine can be felt in both the Maldives and in Hungary, despite the many thousands of kilometres that separate them, Foreign Minister Péter Szijjártó said, adding that "both countries belong to the global pro-peace majority". The ministry cited Szijjártó telling a joint press conference with Maldivian counterpart Abdulla Shahid that their meeting had been "an event of diplomatic history", marking the first visit by a Maldivian foreign minister to Hungary. "We agree that this war must be condemned but we understand that this conflict cannot be resolved on the battlefield. We both want peace because only peace can save lives, and we agree that this war can have no winners, only losers," he said.

The other issue on which the countries fully agree is the importance of environmental protection, he added. "We are both global leaders in environmental protection, for different reasons. Both countries approach the issue in "a rational and sensible way", he said. "This is not an ideological issue for either of us, and we

do not accept it when anyone creates a political monopoly out of environmental protection," he said.

An agreement on Hungarian water management, waste management and energy companies "becoming a part of the fight against climate change in the Maldives" was also reached, he said.

Meanwhile, he noted that eighty Maldives students have applied for university scholarships in Hungary, and 25 would be starting their studies this year.

Also, Hungary supports a visa-waiver agreement between the European Union and the Maldives, as well as the granting of full customs exemption for fishing exports, he said. The sides at the meeting signed a visa-waiver agreement for holders of diplomatic, official, and service passports.

### **AGMIN MEETS INDIANA OFFICIALS, JOHN DEERE EXECS**

Agriculture Minister István Nagy has negotiated with Indiana Governor Eric Holcomb and representatives of agricultural firms to bolster economic cooperation with Hungary. Nagy and Holcomb met in Indianapolis, capital of Indiana, the fifth largest corn producer in the US and a key grain supplier, the minister told MTI in an interview.

Nagy also met Don Lamb, the director of the Indiana State Department of Agriculture, farmers' representatives and researchers, the ministry said. Nagy and Lamb discussed the challenges farmers are facing in their countries. They discussed irrigation and various solutions employed in their respective countries.

In talks with leaders of the Indiana Farm Bureau, they discussed extreme weather in Hungary, the subsequent drought and the issues caused by a glut of Ukrainian grain on eastern European markets. "We are also very interested in Indiana experiences on the change of generation in agriculture. We have a vested interest in offering young people attractive prospects in the sector," he said. The minister met teachers and experts at Purdue University, and discussed issues on higher education and agriculture technology.

Nagy then travelled to Chicago, Illinois, to meet company representatives with an aim to boost economic cooperation with Hungary. He praised his meeting with representatives of John Deere, a manufacturer of agricultural machines, saying that cooperation could foster innovation in precision technologies, a method to reduce the use of chemicals in the sector and so contribute to animal welfare and sustainability. The talks also touched on investment opportunities and development in Hungary. "We are at the forefront of using precision tech, and we would like to expand cooperation," he said.

### **ORBÁN HOLDS TALKS WITH APOLLO TYRES LEADERS**

Prime Minister Viktor Orbán hosted the board of directors of Indian tyre maker Apollo Tyres for a working dinner on Wednesday. The members of Apollo Tyres' board visited the company's plant in Gyoögyöshalász, in northern Hungary. The prime minister and the company's leadership were in agreement that cooperation and relations between the

Hungarian government and Apollo Tyres have been “exceptionally close” and good in the six years since the tyre maker began its operations in Hungary. They noted that the “success story” of Apollo Hungary carried an especially strong message in 2023 given that this year marks the 75th anniversary of the establishment of diplomatic relations between Hungary and India. The meeting was also attended by Foreign Minister Péter Szijjártó and Finance Minister Mihály Varga among other senior officials.

### **FIDESZ: OPPOSITION 'BANKRUPTING BUDAPEST'**

The leadership of Budapest has “squandered reserves and driven the city to bankruptcy”, the Budapest chapter of the nationally governing Fidesz party said on Facebook. Mayor Gergely Karácsony and other national opposition leaders “won't provide an answer to the question of where the money went ... they are wrapped in stubborn denial,” they said, insisting that deputy mayor Ambrus Kiss had recently “tried to explain a messed up advertising tender”, which would have brought an annual 1.7 billion forints to the city for the right to use the advertising surfaces of public transport for 8 years. They insisted that the city leaders should have signed an agreement with the French firm that won a contract to use advertising facilities connected to Budapest's public transport, but the city “said no to those funds for reasons as yet unknown” and “put out the same tender, which the same company won once again,” he said, adding that the city would now receive two-and-a-half times less from the company.

### **CHRISTDEMS CALL FOR INTL PEACE TALKS, PEACE CONFERENCE**

István Simicskó, group leader of the co-ruling Christian Democratic Party, on Thursday proposed that the Hungarian government initiate international peace talks or convene an international peace conference in connection with the war in Ukraine. Peace is currently the central issue not just for Hungarian society, but for the entirety of Europe and the world, Simicskó told a press conference ahead of a conference on peace organised by the Hungarian Christian Democratic Association in Parliament.

### **NÉZŐPONT: HUNGARIANS SATISFIED WITH PRESIDENT NOVAK**

The majority of Hungarians are satisfied with President Katalin Novák's first year in office, according to a fresh survey by the Nézőpont Institute.

The survey found that 55% of Hungarians knew that Novak is the head of state. Fully 60% of Hungarians and 62% of those who know Novák is the president are satisfied with her performance so far. Nézőpont said the reason behind Novák's high approval rating was that her performance was in line with expectations, emphasising her role as an ambassador for national interests abroad and for national unity at home.

### **HUNGARIAN ACADEMY OF SCIENCES HEADQUARTERS REVAMP TO START THIS SUMMER**

The first phase of a revamp of the Hungarian Academy of Sciences (MTA) headquarters will start this summer and it will involve the upgrade and expansion of exhibition halls in the building. MTA, as it is preparing for its 200th anniversary, plans to welcome members of the science community and those interested in science in a more open, better equipped and sustainably operating building thanks to the revamp, the academy said. The headquarters in Széchenyi Istvan Square in Budapest was built from public donations between 1862 and 1865, marking the start of neo-Renaissance historicism in the city. The revamp will involve the headquarters on a total floor space of 12,000sqm and a building behind it which currently houses the library. One of the aims is to increase the proportion of public spaces and open new exhibition halls to make the building more accessible to the public and also provide disabled access.

### **MORE THAN 10,000 REFUGEES ENTER HUNGARY ON WEDS**

Fully 5,707 refugees entered Hungary at the Ukraine-Hungary border on Wednesday, while 4,346 came to the country via Romania, according to the national police headquarters (ORFK). Police issued temporary residence permits valid for 30 days to 94 people. Fully 27 refugees, 9 children among them, travelled to Budapest by train.