

PHOTO OF THE DAY



Hungarian parliamentary committee leaders in talks with a delegation of the EP's Budgetary Control Committee

MTI/Zoltán Balogh

UPCOMING EVENTS

CONT cttee presser on Hungary visit

Events related to the war in Ukraine

Liszt Ferenc International Airport cargo handling expansion topping out event

TOP STORY

SZIJJÁRTÓ: EU SHOULD NOT SEE CHINA AS RIVAL

The European Union will lose out "if it sees China as its rival" because China has gained an advantage in many areas in recent years, so cooperation is required, Foreign Minister Péter Szijjártó said in Ningbo on Tuesday.

The designation of China as Hungary's strategic partner "is not simply a matter of communication", Szijjártó said at the opening of a China-central Europe trade exhibition. "The Hungarian government takes this seriously, too," the foreign ministry quoted him as saying. Szijjártó noted that China's GDP is now higher than that of the EU. While in 2010 China accounted for 9% of global GDP and the EU 22%, China's share has increased to 18% and the EU's has fallen to 17, he said. "This also shows that if the EU sees China a rival, it will lose out ... In recent years it has become obvious that China has a competitive advantage in a number of areas of the economy," he said. "If the EU wants to profit from Chinese ties, mutual trust, respect and cooperation based on mutual benefits must be highlighted rather than rivalry," he added. "Hungary does not see China as a risk or threat but as a state that brings much profit though cooperation," he said. Szijjártó added that China was now Hungary's largest trading partner outside Europe.

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SZIJJÁRTÓ: HUNGARY TOP CEE DESTINATION FOR CHINESE CORPORATE INVESTMENTS

Hungary has now become the “number-one destination in central and eastern Europe for Chinese corporate investments”, Foreign Minister Péter Szijjártó said in Ningbo on Tuesday. Speaking at the opening of a China-central Europe trade exhibition, the minister added that Hungary had the most Confucius Institutes in the region and offered flights to the most destinations. Also, Hungary has the highest number of food export permits for China among countries of the region, he said, noting that after the coronavirus pandemic, Hungary was the first country where Chinese tourists reappeared. Chinese demand for healthy food products is on the increase and Hungary has a competitive edge in the EU in that area, he said, adding that the 23 Hungarian companies at the expo mostly represented the food industry. Szijjártó also pointed to the Hungarian government’s position against global tendencies of the world becoming divided into blocs again. “We support connectivity and welcome an East-West division of labour in key sectors of the economy ... There is no point in divisions aimed at reducing risk,” he said, noting Hungary’s emerging role as a meeting point for Eastern battery technologies and Western car manufacturing.

FINANCE MINISTRY: HUNGARIAN ECONOMY TO AVOID RECESSION THIS YEAR, REBOUND IN 2024

Hungary’s economy is projected to avoid a recession in 2023, and return to steep growth next year, despite the protracted war in Ukraine and the European Union’s sanctions on Russia, the finance ministry said on Tuesday. The economy’s foundations are robust, with one of the lowest unemployment rates in the EU and the number of jobholders stable around 4.7 million. The country’s investment rate and export performance remain high, the statement said. Although Hungary is yet to receive the funding “it is entitled to” from the EU’s Resilience and Recovery Facility (RRF), its economic performance is 4 percentage points above the level it was before the coronavirus pandemic, while the EU average hovers around 3 percentage points higher, it said.

Economic growth was 7.2% in 2021 and 4.3% in 2022, despite the challenges Hungary faced in a “dangerous international environment,” the statement said. The protracted Ukraine-Russia war and the related EU sanctions continue to weigh on the international environment in 2023. “Had Hungary been able to use the recovery funding it is entitled to, economic growth would have been above 5%. By withholding the funds, the European Commission hobbled our economic performance and

competitiveness,” it said. GDP edged down by 0.2% in the first quarter, compared with Q4 2022, and by an annual 0.9%. However, the economy is expected to expand again in the subsequent quarters, the ministry said. According to forecasts by the EC and the International Monetary Fund, Hungary will avoid recession in 2023, it said. Government measures to improve the balance indicators will ensure the country’s security, protect families, pensions, jobs and maintain the utility price caps, the statement said.

SZIJJÁRTÓ: FLIGHTS ‘COULD DOUBLE’ BETWEEN HUNGARY, CHINA

Hungary and China have concluded a new agreement on air transport, which could double the number of flights between the two countries to 42 a week, Péter Szijjártó, the minister of foreign affairs and trade, said in Ningbo, in eastern China, on Tuesday. Szijjártó, who is visiting the China-Central and Eastern European Countries (CEEC) Expo, welcomed the agreement, noting that it will boost both passenger and cargo traffic. “As economic and trade cooperation between Hungary and China reach record highs, we need to speed up the transport of goods. Hungary is already the entry point of Chinese goods” into Europe, he said.

The number of cargo flights will grow substantially as a result of the agreement. Also, Chinese

authorities will allow airlines to establish flights, including direct ones, between Budapest and two cities, in addition to the four already in the network, he said. The new destinations will be discussed during the expo, he said. The talks also touched on the development of the Budapest-Belgrade railway line, and the importance of keeping to the 2025 deadline. The investment will contribute to Chinese goods being transported from Greek ports to western and northern Europe through Hungary, he said.

NAVRACSICS: HUNGARY MAKING EFFORTS TO REACH AGREEMENT WITH EC

Hungary is making efforts to reach an agreement with the European Commission on all issues that prevent drawing down funds from the European Union's Recovery and Resilience Facility, the minister of regional development said on Tuesday. "We are close to an agreement," Tibor Navracsics said in Brussels after talks with Johannes Hahn, the European Commissioner for Budget and Administration. Navracsics told the Hungarian press that the government had not given up its plan to fulfil the milestones set by the EC and consequently have access to the EU funds. Targets have already been met and the current talks aim at enabling Hungary to get access to the funds pro rata and as soon as possible, he said.

RULING PARTIES SLAM EP CTTEE DELEGATION'S 'UNWORTHY ATTACKS' AT TALKS

Lawmakers of the ruling Fidesz-Christian Democrat alliance said a delegation of the European Parliament's Budgetary Control Committee voiced "unworthy attacks" against and misconceptions in connection with Hungary and its government at their talks on Tuesday. Erik Bánki, the Fidesz head of parliament's economic committee, told a press conference after the meeting that representatives of the economic, justice and European affairs committees had given the CONT delegation a detailed briefing, but the questions asked by the members of the delegation had made it clear that they formed their opinions based on media reports. Members of the delegation, he said, had demonstrated "fundamental misconceptions" at the meeting about the government's economic policy, special taxes, the transparency of public procurements and utility costs, among other things. He said members of the delegation had talked about a mass exodus of multinational firms from Hungary because of the government's "discriminatory economic policy" and special taxes. But in reality, he said, more than 70% of German and more than 89% of American business leaders say they would repeat their past investments in Hungary because

of the predictable legal and good taxation environment.

Concerning the transparency of public procurements, Bánki said he had recommended to the head of the delegation that she seek information from the Public Procurement Authority and the Competition Office, which are independent of the government. Meanwhile, Bánki said the delegation had voiced the misconception regarding utility bills that Hungary was implementing measures that restrict the free market. He said Hungary insisted on keeping caps on utility bills in place up to average consumption despite the difficult circumstances.

Concerning the utilisation of EU funds, Bánki said he had briefed the delegation on how Hungary had used up 85.5% of the funds at its disposal in the previous funding cycle compared with the EU average of 78%. He added that Hungary will use its own resources to pre-finance programmes whose EU funding had been suspended "for political reasons". Bánki expressed hope that talks on Hungary's EU funds would be concluded and the EP and the European Commission would make professional rather than political decisions.

Imre Vejkey, the Christian Democrat head of the justice committee, said the Hungarian lawmakers had proven to the EP delegation that Hungary was a "modern democratic country governed by the rule of law with independent institutions". The delegation, however, delivered "extremely unworthy" attacks against

the prime minister and the MPs themselves, which Vejkey said they “firmly rejected”. He said the delegation had also attacked the lawmakers in connection with “the types of questions the press can ask MEPs” and questioned whether parliament had operated in the recent period or if laws were passed through government decrees instead. Hajnalka Juhász, a Christian Democrat member of the European affairs committee, said that the “critical tone” struck by the CONT delegation called into question its neutrality. She said the delegation had expressed only criticisms during the talks, adding that most of their questions had been “politically motivated”. Cooperation between the Hungarian government and the European Commission is “very good”, she said, adding that they did not want this constructive dialogue to be broken by any “ideological and political pressure applied by the European Parliament”.

OFFICIAL: GOVT TO RAISE NURSES’ PAY BY 18% IN JULY

Nurses and auxiliary health-care staff will benefit from a pay rise of 18% from July, the state secretary in charge of health care told a press conference on Tuesday. The government has set aside 50 billion forints (EUR 135.4m) for the wage hikes this year, Péter Takács said, adding that some 84,000 nurses and 24,000 technicians will get higher salaries. Employers are set

to receive 57,600 forints each month per employee for the purpose, he added. The state secretary referred to a qualified nurse who has been working for 4-6 years, noting that their salary will increase from 423,000 forints to 499,000 forints on July 1. A nurse with 20 years of experience is set to earn as much as 583,000 forints, he added. Takács also announced that the government was planning to take “an even larger step” in its pay rise programme for health workers next March to “prevent the wage gap between doctors and nurses from deepening further”.

OFFICIAL: 35 PASSENGERS BACK IN HUNGARY AFTER W SLOVAKIA BUS COLLISION

Of the 59 Hungarians who travelled on a bus that crashed in Slovakia on Monday, 35 are back in Hungary and 23 are being treated in Slovak hospitals, the state secretary for bilateral relations of the foreign ministry said. Tamás Menczer told a press conference on Tuesday that according to information received from Slovak police, the cause of the accident was still being investigated. Of the 37 people that suffered only light injuries, 18 returned to Hungary late on Monday, and another 17 set off after receiving rapid medical treatment later in the night. The remaining 23 passengers are getting treatment for their various injuries in six Slovak hospitals, including in Bratislava (Pozsony), Trnava

(Nagyszombat), Skalica (Szokolca) and Malacky (Malacka). According to earlier reports, one passenger died and more than 55 were injured when a Hungarian bus collided with a lorry on Slovakia’s D2 motorway on its way to Czechia. The accident occurred nearby a parking lot at Závod (Pozsonyzávod), in western Slovakia, TASR news agency said, adding that more than 30 firefighters were dispatched to the scene of the accident.

STATE AUDIT OFFICE RECEIVES EP BUDGET CONTROL CTTEE DELEGATION

State Audit Office (ÁSZ) officials on Tuesday received a delegation of the European Parliament’s Budgetary Control Committee, and briefed them on its functions and answered questions about its inspections, ÁSZ said in a statement. ÁSZ head László Windisch and other audit officials met the delegation headed by Monika Hohlmeier, the statement said. On the agenda were audits related to EU funds already carried out and those planned, as well as audits of EU subsidies provided within the framework of the country’s Rural Development Programme, it added. Windisch briefed the delegation about reforms at ÁSZ implemented since his appointment last July. The aim, he added, is to continue building a professional financial and economic audit and advisory body which

enhances and deepens its controls with mechanisms to ensure that institutions and organisations spend the public funds entrusted to them effectively and efficiently, the statement said.

BUDAPEST MAYOR: ACCESS TO EU FUNDS ‘MATTER OF LIFE OR DEATH’ FOR BUDAPEST

Access to European Union funding and “a quick end to rule-of-law issues” is “a matter of life or death” for Budapest, Mayor Gergely Karácsony said on Tuesday, after meeting a delegation of the European Parliament Committee on Budgetary Control. The city has the potential to develop without using EU resources, but the majority of its revenues have gone to state coffers in recent years, and Budapest has needed EU funding to progress for years, he told a press conference. “So it is a matter of life or death that ... the issues on the rule of law are solved as quickly as possible and Budapest can access the funds it is entitled to,” he said.

He said he hoped that the delegation’s visit would speed up the process, and “Hungary will be able to adapt its own approach to the rule of law” so it can access EU funds as soon as possible. That process must come with the EU “handling the situation ... rather than turning a blind eye to rule-of-law issues,” he added.

At the same time, the mayor noted that EU resources for the city had

shrunk from some 340 billion forints (EUR 919.5m) between 2014 and 2020 to around 200 billion in the 2021-2027 financial cycle, according to the municipality’s calculations. He briefed the delegation on “discriminatory decisions, extremely detrimental for the municipality”, insisting that the government used national resources and EU funds to discriminate against opposition municipalities. Karácsony proposed that the delegation look into measures to counter such government plans.

The EU’s principle of partnership is gravely harmed in Hungary when it comes to planning and withdrawing EU funding, Karácsony said. “One startling example is that of the post-pandemic recovery plan in Hungary,” he said. In addition, the use of EU funds has been connected with “growing centralisation”, he said.

Karácsony proposed that the delegation should work to find a solution on an interim agreement on the withheld EU funding, and on bolstering direct funding for the city. Further, he proposed that the EC should require more rigorous adherence to the principle of partnership, and that rule-of-law reports should be expanded to include the issues related to local authorities. Karácsony said the delegation probed the Budapest municipality’s own methods to strengthen transparency and the rule of law within its own institutions, as well as its plans on using the recovery funds.

FIDESZ MEP MARKS ROMA RESISTANCE DAY

The Roma people have a place in Europe’s shared history, Fidesz MEP Lívia Járóka said on Tuesday, marking the Day of Roma Resistance. In a statement, Járóka paid tribute to prisoners of the Roma camp in Auschwitz-Birkenau who on May 16, 1944 gathered together to fight off Nazi guards who had come to take them to the gas chambers. The Roma have suffered many atrocities over the course of history, Járóka said, noting that they had been persecuted, forced into slavery and subjected to forced assimilation policies. “However, this has often been left out of the commonly known and taught historical narratives, leading to a lack of knowledge on the subject,” the Roma MEP said. This further fuelled negative stereotypes and incorrect information about the Roma as well as a lack of understanding of their experiences, struggles and contributions, she added. The Roma persevered despite the challenges they faced, Járóka said, adding that they had preserved their rich cultural identity and traditions. This is why, she said, Roma scientists, activists and artists played a crucial role in dispelling stereotypes, the questioning of prejudices, documenting Roma history and promoting the policy of inclusion. Including Roma perspectives and knowledge in scientific research, cultural institutions and political



decision-making contributes to a more accurate and comprehensive understanding of European history and culture, Járóka said.

HUNGARY GDP DIPS 0.9% IN Q1

Hungarian economic growth dipped an annual 0.9% in the first quarter, the Central Statistical Office (KSH) said in a first reading of the data on Tuesday. Adjusted for seasonal and calendar year effects, GDP contracted by 1.1%. KSH said industry contributed the most to the decline, while the drop was moderated by the performance of agriculture and services. Quarter on quarter, GDP slipped by an adjusted 0.2%. In a statement, the ministry of economic development attributed the decline in GDP to the war in Ukraine and “the failed, extremely harmful sanctions”. It said it was clear from the data that the harmful effects of sanctions “peaked in the first quarter” and economic performance hit a nadir at this level.

An uptick will be noticeable in the second quarter “owing to targeted government measures”, it added. The ministry noted an increase in car and battery production, agriculture, the health industry, and in services, while the second half of the year will see a “more radical phase of growth”. The government maintains its growth target of 1.5% coupled with the expectation that inflation will be reduced to single digits by year-end, “with a view to protecting families, pensioners, jobs and full employment”.

HUNGARY GDP GROWTH EXPECTED AT 0.4% - EBRD

The European Bank for Reconstruction and Development (EBRD) forecasts annual economic growth of 0.4% this year. In its last Regional Economic Prospects released in February, the EBRD saw GDP dropping by 0.2%. Hungary’s government targets economic growth of 1.5% in 2023. The EBRD said GDP growth would slow this

year, from 4.6% in 2022, as household purchasing power declines amid high inflation and government consumption shrinks due to budgetary restraint. FDI inflows and other private investment are expected to support GDP growth, though “EU funds ... will likely reach Hungary only in late 2023 or 2024”, it added. The EBRD sees Hungary’s GDP growth picking up to 3.5% in 2024 as external demand improves and real incomes recover.

OVER 8,500 REFUGEES ENTER HUNGARY ON MONDAY

Fully 4,916 refugees entered Hungary at the Ukraine-Hungary border on Monday, while 3,779 came to the country via Romania, according to the national police headquarters (ORFK). Police issued temporary residence permits valid for 30 days to 46 people, ORFK said on Tuesday. Fully 23 refugees, 9 children among them, travelled to Budapest by train.

