

MNB March 29

Exchange rates in forints

1	Euro	309.90
1	USD	287.24
1	GBP	357.50
100	JPY	258.84
1	SFr	289.21
1	CAD	215.02

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WEATHER

Mostly cloudy, but mild.
North-westerly winds. Highs near 19C.
Record high: 25.8C Debrecen 1911
Record low: -12.0C Nyíregyháza 1931

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TODAY IN HISTORY

1722 The Transylvanian parliament approves the Pragmatic Sanction laws ensuring the Habsburg succession.

1931 Birth of composer Sándor Szokolay.

1943 Death of inventor Antal Pollák.

1988 Fidesz is formed in the Bibó István College of Eötvös Loránd University (ELTE).

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HAPPY NÉVNAP

Don't forget to wish *boldog névnapot* to **Zalán** today.

Domestic Politics

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Domestic Politics

Ministry refuses to withdraw CEU bill despite outcry

The Human Resources Ministry sees no reason to withdraw its bill on foreign universities, state secretary László Palkovics told reporters after meeting with Central European University president and rector Michael Ignatieff on Wednesday evening.

However, Palkovics said the government is open the possibility of signing a contract on the university's status with the state of New York, rather than the US government, as indicated in the bill.

Palkovics denied during a morning press conference that the bill is directed against the CEU.

He said the proposed legislation is designed to address problems discovered during a survey of foreign-owned universities.

He was nevertheless unable to name one other university to which some of the changes would apply, Index writes.

He also acknowledged the CEU is the only university that does not meet the bill's criterion of having a campus in its own country.

Regarding a clause requiring the university founded by Hungarian-American businessman George Soros to obtain authorisation from the US, Palkovics said "if the current administration supports it, then so will we".

The US embassy issued a statement in support of the CEU on Wednesday, saying the US is "very concerned" about the legislation submitted on Tuesday.

Charge d' Affaires David Kostelancik said in the statement that the CEU is accredited in the US and Hungary "with an excellent reputation in Hungary and around the world, and it stands as an important center of academic freedom in the region".

Stating that the university "enjoys strong bipartisan support in the US government," he said the US "opposes any effort to compromise the operations or independence of the university".

Palkovics said universities must meet the new conditions by February 15, 2018. Those that do not may not accept new students from September of next year. (index.hu; atv.hu; magyarhirlap.hu; origo.hu; hirtv.hu; hirado.hu; klubradio.hu; magyaridok.hu; TV)

CEU vows to remain in Budapest

The CEU will not be closed under any circumstances and its academic programmes will continue, president and rector Michael Ignatieff declared to reporters on Wednesday.

He said Budapest is the CEU's home and the university wants to remain here.

The CEU considers the amendment motion submitted by the cabinet a discriminatory attack on the CEU that will harm Hungarian-American relations.

Ignatieff called for withdrawal of the bill in favour of finding another solution.

The CEU is ready for dialogue with the cabinet, but the bill has shattered the sense of trust, Ignatieff said.

He added that the CEU does not plan to enhance tension, nor will it back down.

In an interview with *HVG*, he said he would not look for reasons behind the proposal, as it is irrational.

Elsewhere, Fidesz deputy caucus leader Szilárd Németh told reporters that no foreign university "including the Soros university" can stand above the law.

The CEU has stressed that it is in full compliance with all existing laws.

Németh said he was surprised that "such big trouble" arose in connection with the "Soros university". (atv.hu; hirtv.hu; 444.hu; hvg.hu; hirado.hu; magyaridok.hu)

Supporters speak up for CEU

Reports that the government may force the CEU to close attracted attention at home and abroad, as prominent supporters expressed concerns.

Academy of Sciences president László Lovász said it is important that the CEU stays, in a statement on the Academy's website.

"It is good that the CEU, a very significant scientific centre, an international education institution, operates in Budapest," he wrote.

Expressing confidence that the two parties will find a solution making smooth operations possible, he offered the services of the Academy and himself as mediators.

European Commission First Vice-President Frans Timmermans raised the matter at a meeting of EU commissioners in Brussels on Wednesday morning.

Education Commissioner Tibor Navracsics gave an account to the meeting about the bill. The Commission established contact with the Hungarian government on the matter, Index reports.

In Lithuania, Vilnius mayor Remigius Simasius offered to provide a home to the CEU in that city.

Simasius, a former student of the CEU, invited rector Michael Ignatieff to discuss the possible relocation in person. (444.hu; index.hu; hvg.hu; klubradio.hu)

Socialists slam anti-CEU bill

The CEU is a national asset and the cabinet's threats to close the institution are a deliberate betrayal of the nation, the Socialist Party said on Wednesday.

"The cabinet would intentionally harm the Hungarian nation if for its evil political goals it closes one of the best universities in the country so as to be able to pursue for a few weeks its stupid and pitiful anti-Soros propaganda," the party declared in a statement

Democratic Coalition vice-president Ágnes Vadai told Klubrádió that the proposed amendment aimed at closing the CEU was submitted secretly.

Vadai called the bill a base and unacceptable, ideologically based attack against the university which, according to all rankings, is the best in Hungary.

A normal government does not close, but opens a university for anyone to pursue studies who wants to, she added. (magyaridok.hu; klubradio.hu)

Lone agents seen as terror threat

The secret services drew attention to the danger of terrorist acts in Europe committed by lone perpetrators, at a closed meeting of Parliament's national security committee on

Wednesday, chairman Zsolt Molnár told reporters after the meeting.

The Socialist MP recalled that the attack in London last week was carried out by a person acting alone.

Intelligence officials told the committee that there are likely to be more individual acts of terror because the Islamic State has recently lost territory in Iraq and Syria, he said.

Committee deputy chairman Szilárd Németh of Fidesz said illegal immigration and related terrorism and ways of stopping it were the main topics of the meeting.

Jobbik spokesman Ádám Mirkóczki said the potential terrorist threat is much lower in Hungary and Central Eastern Europe than in Western Europe, but cannot be ruled out.

On another topic, Molnár said intelligence officials refuted statements made by former senior secret service officer Ferenc Katrein in an interview published by news website Index last week.

Katrein had spoken of likely Russian secret service influence in Hungary.

Németh described Katrein as a "clown" who had at the very least betrayed his profession and his country, and called for an inquiry.

Jobbik's Mirkóczki called the interview distorted and one-sided. (inforadio.hu; mti.hu)

Népszava prints pro-government ad

"Free journalism continues to function during the propaganda campaign," *Népszava* journalist Miklós Hargitai wrote on the opinion pages as the left-wing daily published a full-page advertisement against the EU in support of the government's National Consultation in its Wednesday edition.

Asking "whether an advertisement about a meaningless consultation has room in a daily critical of the government," he said "even in a market economy not every surface is for sale". The government may be responsible for the content of the page it has bought, but the editorial staff continues to be responsible for all the others, he said. (Nsz Wed. p.7; hvg.hu)

Over Ft 6bn for bicycle paths

The government is planning to give priority status to four bicycle path projects with a total

budget of Ft 6.2 billion, according to a draft decree published on the government website.

The funds earmarked for the new priority projects are Ft 3.420 billion for the Dömös-Szentendre road, part of the EuroVelo 6 international bicycle route.

In addition, sums of Ft 1.5 billion will be set aside for the 55km road between Tiszafüred and Hortobágy, Ft 840 million for the 12km road connecting Tokaj, Mád and Sárospatak, and Ft 500 million for the 10km road linking Városszabadi and Győr. (napi.hu)

Party preferences barely changing

Party preferences continue to hardly change, Závecz Research Institute says based on a poll conducted in the middle of March.

Among decided party voters Fidesz has 48% support, the Socialist Party 19%, Jobbik 16%.

In the population as a whole, Fidesz is supported by 26% of respondents.

The number of voters without a preference has remained near 37% over the past three months.

Party support among decided voters (%)			
	Jan	Feb	Mar
Fidesz	44	48	44
Socialists	19	19	19
Jobbik	18	17	16
Dem. Coalition	8	6	8
LMP	5	4	4
Together	2	1	1
Momentum	-	-	2
Two-Tailed Dog	-	-	2

(nepszava.hu; zaveczresearch.hu)

Foreign Relations

EPP's Daul praises Orbán

European People's Party (EPP) president Joseph Daul praised Prime Minister Viktor Orbán as the alliance of centre-right parties held a conference in Malta yesterday.

He said in relation to the Brexit negotiations "I would put my hands into the fire for my friend, Viktor Orbán".

Orbán is part of EPP unity, he said, adding "you can talk to him."

Fidesz MEP Kinga Gál told Origo that the congress will adopt a resolution identical to Hungary's position on migration.

She said it has not yet been decided in which direction Europe will move, but the People's Party traditionally favours sovereignty for EU member states.

The EPP is debating the future of Europe at its two-day meeting, she said, adding: "I am pleased that the congress will declare the need to bolster the defence of borders, that refugees must be differentiated from economic migrants and that refugees and migrants should not be have to be separated in Europe". (nepszava.hu; origo.hu; magyarhirlap.hu)

Economy

Fazekas hits out at multinationals

"Multinationals must not cheat us," Agriculture Minister Sándor Fazekas declared at a Wednesday press conference as he renewed allegations of "food discrimination" against East European consumers.

A recently completed investigation by the food safety authority Nébih shows that there are double standards on the European food market, Fazekas said.

After examining nearly 100 products, Nébih agents found that the goods sold by multinational companies in Hungary are of lower quality than the equivalent products sold in Western Europe, Fazekas underlined.

A total of 84 food products, seven beers, and five pet foods were examined in Hungary, Austria and Italy. Quality differences were found in 71 cases.

The products sold in Hungary have lower quality content, more flavour enhancers and cheaper ingredients and in many cases were more expensive in Hungary, the Nébih found.

Among the discrepancies found by Nébih staff were that the Nestlé Cookie Crisp is darker in the West than in Hungary, and the Kotányi brand ground oregano smells less intense in Hungary.

State secretary Róbert Zsigó encouraged consumers to buy “good quality and safe” Hungarian products, agriculture news website Agrárszektor reports.

From official statements on the topic, it seems that the government would like to use the case to give some advantage to domestic products versus products sold by multinationals, the website adds.

Declaring that Hungary’s view is shared by the Visegrád countries but also by Greece, Romania and Bulgaria, Fazekas said Hungary will urge the EU to develop a regulation on this issue. (napi.hu; agrarszektor.hu; origo.hu; hvg.hu; index.hu)

Unemployment slightly up in February

The average unemployment rate in the December-February period was 4.4%, down from 6.1% one year earlier, the Central Statistics Office announced on Wednesday.

The number of unemployed fell to 203,000 from 276,000.

Unemployment rate declined from 6.1% to 4.5% for men and from 5.8% to 4.4% for women.

The unemployment rate among those aged 15-24 fell from 14.3% to 11.1%.

Among the 25-54 age group, unemployment dropped from 5.5% to 3.9%, while the rate declined from 5.6% to 4.2% for those aged 55-64.

Overall unemployment rose from 4.3% in the preceding three-month period of November-January.

The average length of unemployment was 17.8 months, and 47.2% of the officially unemployed had been out of work for more than a year. (napi.hu; ksh.hu; portfolio.hu)

GKI raises GDP growth forecast

Economic research institute GKI has boosted its 2017 GDP growth forecast from 3% to 3.2% in its latest report released on Wednesday.

GDP will grow faster in the next three years than in 2016 because EU funds will again flow into Hungary, the report says.

However, GKI observes that a big problem is the lack of private-sector fixed capital

investments, because of corruption and bureaucracy.

As a result it is not clear what could drive economic growth in Hungary after 2020, because growth potential without EU funds is quite weak, CEO András Vértés said at a Wednesday press conference.

The economy has lost competitiveness and “even the government” speaks about this, he added.

GKI forecast (%)		
	2016 actual	2017
GDP	2.0	3.2
Agriculture	16.8	-5.0
Manufacturing	0.8	3.0
Retail	6.0	7.0
Fixed investments	-15.5	8.0
Exports	5.8	6.0
Imports	5.7	7.5
Inflation	0.4	2.5
Unemployment	5.1	4.2
Budget deficit to GDP	1.9	2.5

(napi.hu; magyarhirlap.hu)

Corporate

Court ruling may explain ad tax hike

A recent European Court of Justice ruling annulling Hungary’s advertising tax and ordering the government to repay funds may be behind the new bill on raising the tax on advertising revenue Portfolio reports.

The bill raises the tax on ad revenue of more than Ft 100 million from 5.3% to 9%, effective June 1.

In a March 23 decision, the court rejected Hungary’s request to suspend the enforcement of a European Commission ruling that found part of the existing advertising tax to be in violation of EU competition law.

The EC found that the tax, approved in 2015, favours certain companies in a way that amounts to a form of banned state aid.

The EC ordered the government to either force the beneficiary companies to repay the amount of state aid, or to repeal the tax with retroactive effect and reimburse those companies that paid the tax.

The new advertising bill orders that the state has to repay the tax paid by media companies, Portfolio underlines.

The total advertising tax paid was Ft 3.3 billion in 2014, Ft 6.1 billion in 2015, Ft 12.6 billion in 2016 and Ft 1.2 billion in 2017, for a total of Ft 23.1 billion must be repaid. ([portfolio.hu](#); ; [nepszava.hu](#))

Media Association sees war declared

The government has “obviously” declared war on the Hungarian media industry with its proposal to raise the advertising tax to 9%, the Media Association (MRSZ) declared yesterday, in response to a bill filed on Tuesday.

The bill completely nullifies the Hungarian media industry’s growth potential, and may threaten its existence, the MRSZ warns, adding that the higher tax will either push prices up or wipe out media companies which have no government orders.

In addition, the association said the bill creates further competitive advantages for global players.

The MRSZ is requesting talks with the government and would like an explanation of why the government thinks the 9% tax is necessary. ([portfolio.hu](#); [hvg.hu](#); [vg.hu](#))

Szijjártó visits Opel executives

It is the task and responsibility of the government to create all conditions necessary to make the new owner of Opel interested in expanding and developing the automaker’s activities in Hungary, Foreign Affairs and Trade Minister Péter Szijjártó said yesterday during a visit to the Szentgotthárd factory.

Opel played a leading role in making Hungary a bastion of the car industry in Europe, Szijjártó said.

He said the government has taken several steps that could make the expansion of the Szentgotthárd factory a good option for new owner the PSA group, such as the corporate tax cuts, research and development tax allowances and a good system for promoting investments.

Opel’s new Insignia model was presented at the press conference. The 1.5-litre engines installed in the model are manufactured in

Szentgotthárd. ([portfolio.hu](#); [magyaridok.hu](#); [napi.hu](#))

Ikarus plans LNG bus production

Ikarus is planning the mass production of LNG-fuelled buses, president Gábor Széles told *Magyar Hírlap*.

The government is supporting the construction of an LNG production facility near Miskolc and is also supporting the purchase of LNG-fuelled buses, Széles added.

Ikarus is talking to the Budapest transport company BKV and state inter-city coach company Volán on supplying them with LNG buses.

Ikarus has completed the design of its LNG bus and now is producing the pilot model to be presented in a European road show in July or August. ([magyarhirlap.hu](#))

MVM reaches wage agreement

State energy group MVM has reached an agreement with unions on 2017-19 salaries, averting a threatened strike, union alliance TSZSZ announced on Wednesday.

MVM will increase wages by 10% this year, 9% in 2018 and a further 8% in 2019.

A union demonstration scheduled for Friday in front of the Economy Ministry has been cancelled.

The agreement will probably be approved by the member unions on Thursday and by the MVM board this week, said union leader Rezső Gál. ([portfolio.hu](#); [mno.hu](#))

State fund to invest in start-ups

Hiventures has Ft 50 billion available to be invested in start-ups, the venture capital fund owned by state development bank MFB announced on Wednesday.

The EU is providing most of the funding, Ft 30 billion, and the MFB Ft 20 billion.

Hiventures has decided on Ft 1.9 billion of investments from MFB funds since it began operations last August. To date, it has actually invested Ft 730 million of that sum.

Of the Ft 50 billion now available, Ft 10 billion is earmarked for incubation, Ft 16 billion for the seed phase and Ft 24 billion for start-ups. ([portfolio.hu](#); [napi.hu](#))

Jamie's Pizzeria to open in Budapest

Jamie's Italian Budapest plans to open a Jamie's Pizzeria in central Budapest, according to a job advertisement on the company's Facebook page, financial website Pénzcentrum reports.

Jamie's Italian is looking for a CEO and a head chef, the latter to be trained by the owner, celebrity chef Jamie Oliver.

The Zsidai Group, owner of the franchise rights of Jamie's Italian Budapest, confirmed that a pizzeria will open, but gave no further details. (penzcentrum.hu)

Spar to expand this year

Revenues of Spar Magyarország expanded by 5.2% last year, to Ft 516 billion, CEO Gabriella Heiszler announced at a Wednesday press conference.

Spar is expanding further this year, but the precise target will not be specified before the end of April, because the Good Friday holiday will significantly affect Easter revenues, she added.

Spar has invested Ft 20 billion in fixed capital last year, redesigning 24 units and opened four new ones.

This year, Spar will spend Ft 23 billion to redesign 24 outlets and open five new ones.

Having been present in Hungary for 26 years, Spar now employs 13,000 workers at its 493 units, of which 116 are operated as franchises.

Spar opened a recruitment centre in Budapest in December. Heiszler said the average term per employee is 6.9 years. (hvg.hu; magyarhirlap.hu)

Rossmann revenues 12% higher

Rossmann Magyarország increased its revenues to Ft 68 billion in 2016, up 11.7% from one year earlier, the household chemicals and cosmetics chain announced.

The Hungarian unit contributes about 2.6% of the total revenues of the international

group, which is present in Germany, Poland, the Czech Republic, Albania and Turkey.

Rossmann opened its first Hungarian unit in Debrecen in 1993 and its 200th in Csepel Plaza in Budapest's 21st District in March. (profitline.hu)

Budapest Stock Market Report

	Vol. (Ft)	Close	% chg
MOL	1,601.5m	20,200	-0.4
MTelekom	259.1m	488	-0.2
OTP	4,147.5m	8,320	-0.5
Richter	1,785.8m	6,627	+0.4
BUX Index	8,154.0m	32,233	-0.2

% change from previous day's close

Other Items of Interest

Bus crash driver suffered from sleeping disorder

The driver in January's fatal bus crash that killed 17 people had received treatment for a sleeping disorder, according to reports.

Tibor Czakó, the head of the bus company in question, revealed the problem at a meeting with families of the victims and lawyers representing them two weeks ago.

Czakó had been trying to persuade those present to launch a class action suit against the Italian motorway manager, on the basis that the roadside barrier was to blame for the accident.

The driver had been suspended from work from January to March 2016 to examine what caused his sleeping problems, but as he presented doctor's papers to show he had been cured, he was allowed to drive again.

He had a device that helped him to regulate his breathing at night so he can be well-rested.

The driver survived the accident and is receiving medical treatment for severe burns and head injuries at Budapest's Honvéd hospital. (magyarhirlap.hu; 444.hu; velvet.hu; hvg.hu; klubradio.hu; nepszava.hu)

Sources: Links to internet sources are given in parentheses at the end of each article.
Other abbreviations may include: Magyar Hírlap (MH); Magyar Idők (MI); Magyar Nemzet (MN); Népszava (Nsz); Világgazdaság (VG); Kossuth Rádió news (KR); daily TV news (TV)