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Hungary Economic News Letter

Embassy of the Kingdom of the Netherlands

October 2013

Editorial

The month of October was characterised by improving economic sentiments and expectations. The most optimistic was Prime Minister Orban claiming that Hungary's economy is expected to grow by 1% this year and by 2% in 2014 thanks to the application of the "Hungarian policy prescription" which deviates from the orthodox measures of other countries. Despite the turn-around in the economic activity, Standard and Poor's revised outlook of Hungary remained negative, arguing that the country's creditworthiness continued to be constrained by the economy's weak growth prospects, limited monetary flexibility, and high stocks of public and private external debt. Moreover, the latest Doing Business ranking published by the World Bank shows further erosion of Hungary's attractiveness for businesses, especially when compared to its neighbours. In contrast, the Netherlands climbed two places up on this list and was ranked 28th best country to do business.

After that on the very last day of September the 2014 Budget was submitted to Parliament, the general debate has started both in the parliamentary committees and among the analysts. According to the Fiscal Council, the deficit target of 2.9% is attainable but it is close to the ceiling and is vulnerable to external shocks. Experts also fear that the election promises of the government will soften the commitment to keep the deficit target which will result in additional adjustment measures right after the general elections next Spring.

As to the Embassy news, a delegation Hungarian decision makers paid a visit to the Netherlands on 10-11 October to get acquainted with Dutch experiences in the field of the development of modern, multifunctional sports infrastructure. The programme included a visit to the LAC Centre in Eindhoven, where the latest technological developments in LED lighting were shown, a visit to the Galgenwaard Stadium (FC Utrecht), and, as an example of a mid-sized multifunctional stadium, the Amsterdam Arena. The mission was supported by the Royal Netherlands Embassy in Budapest, the Ministry of Foreign Affairs, the Ministry of Public Health, Wellbeing and Sports, the Municipality of Amsterdam, the Dutch Football Association KNVB, and branch organisation FME-CWM.

As far as the upcoming events are concerned, the Embassy in co-operation with Port of Rotterdam is sponsoring the event "Translog Connect Congress and Exhibition" which will be held on 27-28 November 2013 in Budapest. For detailed information see our item on Transport.

Bert van der Lingen	*Martijn Homan*	*Marina Varga*	*Éva Szabó*
Deputy Head of Mission	*Agricultural Counsellor*	*Senior Policy Adviser*	*Trade Promotion Officer*

EU relations

EC looking into gas price regulations

The European Commission requested information from the Hungarian government on the gas price regulations, starting a so-called pilot process, EU news website Bruxinfo reports. EC energy spokeswoman Marlene Holzner said that the Commission continues to argue against regulated prices, as in the long term it is cheaper for the consumer if the market determines the retail price.

The EC objects that consumers are not treated equally, as households and public institutions pay different – in fact lower – rates than companies for usage of the same pipe-line network, Bruxinfo writes. According to the EC, Hungarian regulations define a too narrow range of costs that gas companies can include in their prices, as providers may not pass on the cost of the extra tax paid on the pipeline network, nor their bank transaction fee costs.

The EC also objects that the Hungarian energy authority can issue binding decrees, a rule introduced early this year which restricts the right of appeal. In addition, Hungarian regulations give preference to state energy company MVM on receiving gas at the Austrian border, thereby violating the principle of equal access to cross-border capacities, the EC argues.

Macroeconomy

Macroeconomic outlook remains negative

Ratings agency Standard and Poor’s affirmed its ‘BB/B’ long- and short-term foreign and local currency sovereign credit ratings on Hungary. “*The outlook remains negative, reflecting at least a one-in-three chance of a downgrade if the policy framework lessens confidence and medium-term economic growth prospects, or significantly raises financing costs and leaves the country exposed to sharply diminished capital inflows*,” S&P said.

The rating agency added that Hungary’s creditworthiness continued to be constrained by the economy’s weak growth prospects, limited monetary flexibility, and high stocks of public and private external debt. Standard & Poor's forecasts that real GDP growth will be slightly below 1% from 2013-15. The outlook on Hungary’s rating can only be updated to positive if the government launches a fixed capital investment incentive programme, it added.

Exports grow slower than expected

The year 2013 witnessed extremely sluggish export growth for Hungary, all eroded by lower prices. In euro terms, exports even shrunk in August 2013 3.4% year-on-year. At the same time, the volume of exported goods rose in August, with exports and imports up 1.4% and 0.4% year-on-year, respectively. The fact that export value shrank despite increasing volume could be partly due to currency rate fluctuations, and partly to changed terms of trade, i.e. Hungarian companies selling the same products for less and less in external markets.

Economic policy

Orban advocates the Hungarian recipe of “work-based economy”

Hungary’s economy is expected to grow by 1% this year and by 2% in 2014 thanks to the application of the “Hungarian policy prescription” which deviates from that of other countries, Prime Minister Viktor Orban said speaking during the Budapest meeting of the Christian Democratic International (CDI), of which he is a deputy chair.

The Hungarian “policy recipe” calls for a new burden-sharing, reducing foreign currency debt, curtailing monopolies, transforming the education system, introducing a work-based rather than a benefits-based economy, boosting trade with the east and eliminating one-sided energy dependency, he said. If Hungary makes good use of its hidden resources, it could achieve growth despite a limited budget, PM added. Hungary is conducting an experiment, by which it is meeting modern-day challenges with responses based on traditional, Christian values, he concluded.

Budgetary policy

2014 budget draft debated

Hungary's 2014 budget bill is very ambitious, said Árpád Kovács, President of the Fiscal Council (FC) during the general debate of the bill in Parliament. In view of the FC, the deficit target is attainable but it is close to the ceiling and is vulnerable to external shocks. The Council cannot exclude the possibility that the cabinet will need to take adjustment measures during the year. Kovács also said that at this point they must note that the new rule on public debt embedded in the Stability Act is contradictory therefore this rule needs to be reviewed and adjusted before the planning of the 2016 budget otherwise such fiscal adjustment would be necessary that would have an extraordinarily unfavourable impact on the fragile economic recovery.

Monetary policy

Base rate cut to historic low

The Monetary Council of the National Bank of Hungary (MNB) lowered the base rate for the 15th consecutive month from 3.6% to 3.4% in a move expected by most analysts. The council put forward the same arguments for lower rates as last month: neither the domestic nor the global economies are subjecting Hungary to inflationary pressures, while domestic demand is weak, unemployment is high and economic output is below capacity. As this situation is expected to continue, the monetary council sees room for further cautious rate cuts. It is worth to recall that as the MNB is lending to banks at 0% interest in its funding for growth scheme, it has an interest in lower rates to save on its losses. Thus this could cause the MNB to lower the base rate too much, analysts warn. London-based analysts suggest that the MNB could reduce the rate to 3% if external factors do not change. However, the series of rate cuts will come to an end soon, as both GDP and core inflation are rising, according to Capital Economics. As to the forex reserves, the MNB might make some of it available as part of a wider plan to help indebted foreign-currency mortgage holders, monetary council member Gyula Pleschinger said. In an interview with *The Wall Street Journal*, he also said the MNB would be cautious, always observing the Guidotti-Greenspan rule regarding the minimum level of reserves.

ECB concerned of Central Bank independence

The European Central Bank (ECB) expressed renewed concerns about National Bank of Hungary's independence as it said its previous advice and rules were ignored in the merger of the financial supervisory Pszáf into the MNB. In a statement, the ECB said Hungarian authorities did not fulfil their consultation duties, as changes were approved in Hungary before the ECB had expressed its opinion. In addition, the version of the legislation regarding the merger that was sent to the ECB differed from that sent to Parliament.

Employment

Employment on steady rise thanks to the public schemes

A total of 3.989 million were employed in the third quarter of 2013 in Hungary, 54,000 more than a year earlier, according to the Central Statistics Office (CSO). The increase was driven by rising employment in the industrial sector, followed by civil service and the private service sector. In turn, the number of agricultural workers declined. Unemployment shrank 23,000 year-on-year, with the unemployment rate down 0.1 percentage points to 9.8%. A new winter unemployment relief scheme is scheduled to be launched in November, with an estimated 100,000 jobless participating in employment and another 100,000 in training. As to the headline employment figures, it should be noted that they fail to provide certain important details such as the increasing number of Hungarians employed in other countries which are only partly included by estimations of the Central Statistical Office.

Competitiveness

Hungary falls on Doing Business list

Hungary is the 54th on the latest Doing Business List compiled by the World Bank, dropping from 52nd last year. Among the ten factors considered, Hungary improved in one but deteriorated in seven. The comparison is especially painful with the neighbouring countries of the region, as there was hardly any parameter where Hungary was performing better than the others. While Hungary's ranking deteriorated two places, the Netherlands was ranked 28th, improved from 30th last year.

Doing Business in Hungary, rankings

	2014	2013
Starting a business	59	54
Construction permits	47	48
Obtaining electricity	112	111
Registering property	45	43
Obtaining credit	55	52
Protecting investors	128	127
Paying taxes	124	118
Cross-border trade	70	70
Enforcing contracts	15	15
Resolving insolvency	70	69

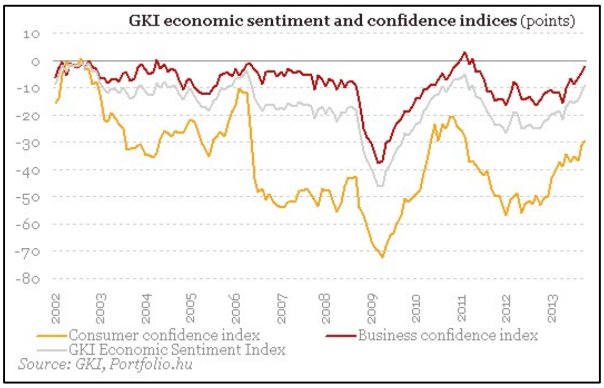
SMEs

Banks look to boost SME exports

One of the priorities of the government's external economic relations strategy is to increase the number of Hungarian SMEs on international markets, Economy Minister Mihály Varga affirmed. Speaking at a conference on export growth, he said SMEs must account for a greater share of exports, adding that in order to achieve this, the government has extended financing by Eximbank to domestic suppliers and companies. Eximbank's assets will stand at HUF 700bn (EUR 2.3bn) by the end of the year, from HUF 400bn (EUR 1.3bn) in May 2012, mainly due to its merger with export loan insurer Mehib. Moreover, Hungarian SMEs will soon be able to draw on assistance from seven foreign trade offices abroad, Prime Minister's Office state secretary Péter Szijjártó declared. Three such offices have been opened in Baku, Moscow and Astana, he said, with another to open in Beijing on November 17 and also new offices in Abu Dhabi, Riyadh and Istanbul by the end of the year.

Business environment

Trend of improving expectations continues



On the back of improving business and consumer confidence in Hungary the GKI Erste economic sentiment index improved to its highest point this year in October to -9.3 points from -11.6 points recorded in September. The index, adjusted for seasonal effects, has been increasing since end-2012 and the last time it was at this level was 30 months ago, in April 2011. Both, the business confidence index and the consumer confidence index show an improvement. However, in international comparison the consumer confidence is lower in Hungary than in any of the other 59 countries surveyed by *Nielsen*. Hungary remains bottom of the list, despite a rise in Nielsen's consumer confidence index from 41 in the second quarter to 45 in the third, the highest level since 2010.

Legislation

VAT rules to change

Important amendments to certain tax laws and related legislation on the National Tax and Customs Authority is submitted to Parliament in connection to the 2014 Budget draft. The bill is expected to introduce some significant changes to Act on Value Added Tax (among others) as of 1 January 2014. The date of supply of transactions with periodic settlement will change: as a general rule, in the case of such transactions, the date of supply will be the ending date of the settlement period. In the case of export sales the taxpayer will be able to reduce the tax payable by the amount of sales tax declared and paid if the goods in question are transported from the territory of the Community within 360 days of the sale date. According to the bill, receipts can also be issued electronically. Reverse-charging VAT will also be possible for real property construction, repair and demolition services that have to be reported to the competent authorities but require no special permit.

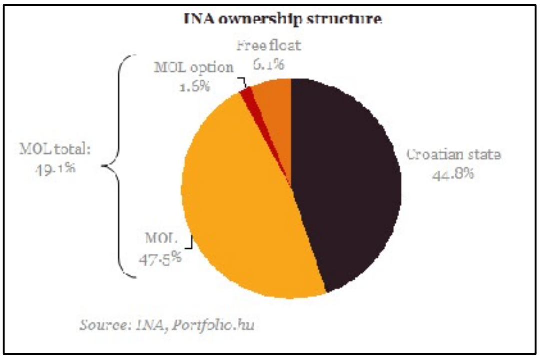
Transport/Logistics

Port of Rotterdam sponsors Translog Congress

The Royal Netherlands Embassy in co-operation with Port of Rotterdam is sponsoring the event Translog Connect Congress and Exhibition which will be held on 27-28 November 2013 in Budapest. This event provides an excellent opportunity to meet the leaders of the Transport and Supply Chain Management industry. More information on the programme is to be found: www.translogconnect.eu

Energy/Sustainable energy

MOL may sell its stake in INA



The Croatian government no longer has a pre-emptive right to buy MOL's INA shares, the Hungarian company declared in a statement. The statement said the Croatian side had violated the 2009 agreement that gave it the pre-emptive right, but did not say what violations had been committed. Nevertheless MOL said it would consult the Croatian government, as a potential buyer, should it decide to sell those shares. This statement came as a reaction to the Hungarian cabinet's request that it consider selling its INA stake. The statement then complained of "*unjustified actions against MOL and its management, which appear to be influenced by interests seeking to intimidate both the company and its Chairman, and to obstruct MOL's operation in Croatia*". It should be recalled that Croatia has recently issued a European Arrest Warrant and an Interpol Red Notice against MOL's Chairman-CEO Zsolt Hernadi in a bribery case, which had landed former Croatian Prime Minister Ivo Sanader a ten-year prison sentence. Until this issue is cleared up entirely it will be difficult to talk about management rights. A quick sale of MOL's 49.1% stake in Croatian energy company INA, valued at USD 3bn, whereas MOL spent USD 1.7-1.8bn buying up INA shares five years ago. Since then, revenues of the Croatian company have risen sharply and its ebitda has doubled. Moreover, MOL needs INA's sea ports and oil pipe-lines to keep itself partly independent of Russian suppliers, market analysts note.

Large transactions in the gas storage business

State development bank MFB has purchased a 51% stake in strategic gas storage facility MMBF from MOL, the energy company announced morning on the Budapest Stock Exchange website. In addition, MOL sold its remaining 21.5% stake to oil and gas storage association MSZKSZ, which already held 28% of MMBF. The price was not disclosed, but could be around HUF 145bn (EUR 0.5bn), the value of the stake in MOL's books, according to analysts. The 1.9-billion cubic metre unit was opened in 2009. A MOL statement said the deal fits MOL's portfolio clean-up strategy of focussing on its core activities.

In a separate event, Hungarian Electricity Works MVM announced the completion of acquisition from German company E.ON's gas trade and storage units. MVM paid HUF 260bn for E.ON Földgáz Trade and E.ON Földgáz Storage, with a further HUF 20bn for the cash and tax claims of the companies. To finance the purchase, MVM recently borrowed EUR 200mon from the Bank of China and is to receive a HUF 70bn capital injection from the government, *Napi Gazdaság* notes. After the closing of the transaction, MVM has an option to buy E.ON's shares in Panrusgáz, a company that imports the gas at the Ukrainian border. The gas trading company imports most of Hungary's gas under a 20-year contract with Gazprom that ends in 2015. Negotiations with Gazprom on gas import prices after 2015 will start as soon as possible, chairman Gábor Králik said. Gazprom will be the chief partner, but other suppliers will be considered, he added.

Prímagáz closes Algyő unit

LPG trader Prímagáz is closing its LPG cylinder filling unit in Algyő, near Szeged on March 14, 2014, local daily *Délmagyarország* wrote. The work will be moved to Horta, Heves county.

Environment/Water

No EU funds for flood damage

Hungary will not be granted any funds from the European Solidarity Fund to repair damage caused by the June flooding, as the destruction was not sufficiently great, the European Commission announced. The EU awarded aid to Germany, Austria, the Czech Republic and Romania for damage caused by floods in late May and early June. The EU indicated that funds are made available only if a disaster causes damage totalling at least 0.6% of a country's GDP, or at least EUR 3bn at 2002 price levels. Hungary filed a request for aid in August, estimating its flood damage at EUR 27mn.

Budapest water works expanding

Non-core activities generated 17% of revenue in the first seven months at Budapest water works Fővárosi Vízművek, CEO Csaba Haranghy said. Of the HUF 17.8bn (EUR 60mn) in revenue, HUF 3bn (EUR 10mn) came from non-core activities. The non-core activities include consultancy, testing, water purification and real estate. The city-owned company plans to build a EUR 34mn project in Sri Lanka, a EUR 260,000 project in Azerbaijan, and a USD 5mn facility in Vietnam. The next project is planned to be in Serbia. Fővárosi Vízművek's room for manoeuvre is limited by the government utility bill cuts programme and by payments on the loan that was taken to buy out foreign investors Suez and RWE, Haranghy added.

Water companies get new licences

The energy and public utility authority MEKH issued the first of its new form of licence to 14 water companies. The government launched a programme to drastically reduce the number of water companies to one-tenth of the previous total during 2012-13. By the end of this year about 50 companies will have licences, a sufficient number to provide water supply across the country, MEKH president said. The government goal of preferring majority state or local government ownership has almost been reached as the only foreign investor is French company Veolia, with stakes in water companies in Szeged and Érd as well as Budapest's sewage company, and talks are probably ongoing with that company, *Napi Gazdaság* adds.

Industry

Audi starts A3 Cabriolet production

Audi has begun serial production of its new A3 Cabriolet at its plant in Győr, which will bring output at the factory to 125,000 vehicles a year, Audi Hungaria managing director Thomas Faustmann. Audi's plant opened in the summer from a EUR 900mn investment, increasing its payroll by 2,100 to over 10,000. The Győr unit will carry out the complete production cycle of the A3 Cabriolet. Audi Hungaria had assembled 63,000 units of the previous cabriolet model jointly with Audi's German plant Inglostadt for six years. Audi A3 will share the assembly line with the A3 Limousine, TT Coupe and TT Roadster. The A3 Cabriolet will be hit the European markets next year.

Bosch to create 400 jobs in Miskolc

Car part supplier Bosch will move part of its production to Hungary from its Hildesheim factory in Germany by 2018, communication director Ferenc Ficzere told *Napi Gazdaság,* confirming international press reports. The relocation of the production could create 400 new jobs in Miskolc. Bosch currently employs 3,800 at its two factories in Miskolc. There is a small scale investment planned for next year, but the scale of future expansion will largely depend on the development of European economy, company said. Bosch is to cut 400 jobs in Germany by moving part of the production of auto-starters to Hungary to save costs, Bloomberg reported.

Construction/Infrastructure

EU projects boost construction data

Construction industry output rose 14.6% in August, driven by the rise in EU financed state-ordered construction projects, according to the figures of the Central Statistics Office. Output rose 4% from the previous month and was up 7.5% in the January-August period. The sector has been enjoying an upward trend since mid-2012. Building construction rose 18.3% in August, while the construction of other structures increased 10.7%. The total volume of new orders was up 47.6% year-on-year, 28% for buildings and 62.5% for other construction projects. There are significant volumes of orders concentrated in a few projects. The majority of players, especially small and micro businesses are not feeling this expansion, he underlined. The sector, at one time worth an annual HUF 2.3trn (EUR 7.6bn), has fallen to HUF 1.6trn (EUR 5.3bn), construction association Évosz commented.

Museum Quarter project taking shape

The jury has rewarded 12 proposals for arranging the new buildings that will constitute the new Museum Quarter in Budapest's City Park and will put together a master plan from the ideas, ministerial commissioner László Baán announced. Baán, director of both the Szépművészeti Múzeum and the National Gallery, said the purpose of the competition begun in July was to ensure that an international tender be launched for the buildings in late 2013.

Plans call for new buildings to house the New National Gallery, the Ludwig Museum, the Ethnographic Museum, the House of Hungarian Music, the Museum of Photography and a Museum of Architecture. A gastronomy village will also be built and the existing Transport Museum is to be renovated and expanded. The project, planned from EU funds, could be completed around 2018. Foreigners will also be able to take part in the international tender, on condition that any bid must include a Hungarian member.

Services

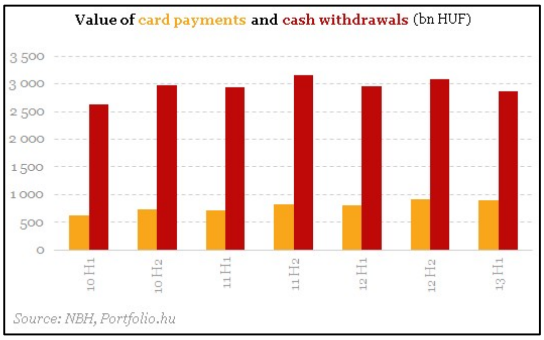
Getronics to provide automated parcel delivery system

Getronics Magyarország made the lowest offer to supply self-service parcel terminals to Magyar Posta, public procurement gazette *Közbeszerzési Értesítő* reveals. The company will supply and install 35 automated terminals with an option for another 15, for HUF 763mn in total (EUR 2.5mn), below the HUF 982mn (EUR 3.3mn) estimated value of the tender. The technology allows customers 24-hour access for picking up and dropping off parcels with payment by bank card. Getronics won the tender from state motorway manager ÁAK to create an electronic road toll system in Hungary late last year, but withdrew and never signed a final contract, *Napi Gazdaság* notes.

Financial services

No transaction tax on bank and credit cards

The transaction tax on purchases made by bank or credit cards will be abolished next year, under a new proposal, Economy Minister Mihály Varga said. Annual revenue from the tax on bank card purchases is about HUF 6bn (EUR 20mn), *Népszabadság* writes. The continuation of the tax on cash withdrawals from ATMs might boost electronic transactions, the newspaper adds. The taxing of the transactions paid by credit and bank cards was heavily criticised as it boosted the cash transactions and goes against efforts of whitening the economy.



Minister for state intervention

The state-owned integrating organisation of savings co-operatives Szhisz will buy state asset manager MNV's 25% minus one shares in Magyar Posta, the National Development Ministry announced. The purchase will co-ordinate decision making, National Development Minister Zsuzsanna Németh told pro-government *Napi Gazdaság* in an interview. The co-operation will help provide stan-dardised financial services of savings co-operatives in areas with no banks but only post offices are present, she argued. Prime Minister Viktor Orbán has a clear vision of the future regarding the banking system and is aiming to have half of it in the hands of Hungarians, Németh highlighted.

BSE switching to Xetra in December

The Budapest Stock Exchange will switch to the new trading platform Xetra on December 6, it was announced. The stock exchanges in Vienna, Ljubljana and Prague – members of the Ceeseg group together with Budapest – already use Xetra, which was launched on the Frankfurt ex-change in 1997. The Dublin and Sofia stock exchanges also use the Xetra system. MTS, the BSE's present trading platform, was launched in 1998. All Xetra users can trade on all bourses that use the platform. At present, 250 brokerages from 18 countries are part of the system. The changing of the BSE category names from A to "premium" and from B to "standard" was part of the preparations for the switch to the Xetra system.

Research/Innovation

Eight Hungarians among the fastest growing tech firms

The Deloitte "Technology Fast 50" list, which ranks the fastest growing CEE tech firms this year includes eight Hungarian companies. Jateknet.hu, an e-commerce website for children's toys finished in the top ten. Poland had 22 firms on the list, followed by Hungary and Romania in third place, with six. Software developer prezi.com was placed in the rising stars category, for companies with a business presence of at least three years but no more than five years. Hungarian-owned tech companies are doing well thanks to great business ideas and Hungarian expertise, Deloitte's consultant said.

Telecommunication

NMHH announces frequency tender

The media and telecommunications authority NMHH announced a tender for selling ten-year licences for the 450 MHz frequency. The NMHH will expect the winner to develop digital public services, such as helping with the electronic road toll system, connecting state administration units, remote data communication and public transport information flow. The tender fee is HUF 150mn (EUR 500,000). The winner will then have to pay an annual HUF 132mn (EUR 440,000) in the first four years and HUF 265mn (EUR 883,000) in the remaining five years.

Hungary completes digital transition

Preparations for the sale of frequencies made available by the switch from analogue to digital TV broadcasting are under way, *Napi Gazdaság* reports. The NMHH is to spend HUF 8bn (EUR 27mn) on the switch to digital broadcasts, including helping lower income households to install set-top boxes needed for the transition.

Of the 145,000 applications, the NMHH financed the purchase of set-top boxes for 135,000 households. The deadline to apply for subsidies is November 30. Half a million households were affected in the digital transition. Antenna Hungária has invested HUF 25bn (EUR 83mn) in the digital transition process, spokesman András Tóth told *Napi Gazdaság*. The broadcaster will hand over the vacant frequencies to the state in November after the switchover is completed, he added.

Retail

Retail sales up 1.5% in August

Retail sales were 1.5% higher, year-on-year, in August after a 1.2 % rise in July, according to preliminary, calendar-adjusted figures from the Central Statistics Office. Retail sales grew consistently between May and August, except for the stagnation in June. Food sales grew by 1.2% year-on-year, at the same pace as in July, whereas non-food sales were up 1.3%, compared with a 0.9% increase in July. Petrol sales increased 1.6%, down from increases of 2.9% in July and 2.4% in June, despite a drop in prices and the onset of the holiday season.

Online shopping gains momentum

Around 35% of Hungarian internet users shopped online last year, while the EU aver-age was 59%, *Világgazdaság* writes, citing a Eurostat survey. The highest proportion of online shoppers was found in the UK (82%), Denmark and Sweden (79%). Hungary's online retail turnover totalled HUF 177bn (EUR 590mn) last year, up from HUF 155bn (EUR 517mn) in 2011, according to research eNet. The market is expected to grow to HUF 200bn (EUR 667mn) in 2013. This seems to be a breakthrough year, CEO of Extreme Digital Balázs Várkonyi told the daily. The electronics retailer has achieved a 30% sales growth in the first nine months of the year, he added.

Hypermarkets gain in retail

The market share of hypermarkets went up from 36% to 37% year-on-year in the first eight months, market researcher Nielsen found. The total retail turnover was some HUF 200bn (EUR 667mn) in the first eight months, up 1% from a year earlier, although volumes sold fell 4%. The biggest sellers in hypermarkets were washing liquids, fabric softeners and shower gels, while the top products in chemists were nappies, deodorants and toothpastes.

Market share Jan.-Aug. (%)

	2012	**2013**
Hypermarkets	36	37
Large units of chains	8	8
Discount	12	11
Small units of chains	11	11
Independent	3	4
Chemical	29	30

MTelekom opens e-book site

Magyar Telekom, in partnership up with German company Txtr, has opened an e-book store at hu.txtr.com, where 3,000 Hungarian and 700,000 foreign-language books can be purchased and stored on a virtual shelf. The shelf can store content uploaded by the user as well. Payments can be made by bank card.

Agriculture

Farmgate prices still falling

Agricultural producer prices were 7.4% lower in August than one year earlier, the Central Statistics Office announced. Farmgate prices decelerated as the year wore on, dropping from an annualised rate of 18.1% at the beginning of the year to 6.5% in June. Crop prices followed the same pattern, down 17.4%, year-on-year in August, compared to an annualised rise of 24.4% in January and 33.3% in October of last year. Animal product prices were 7.2% higher, year-on-year in September. Crop prices were 23% lower in the January-September period.

Land fund sets out 2014 targets

The National Land Fund's (NFA) revenues from land leases is expected to fall to HUF 7.6bn in 2014 from HUF 11.8bn this year, president Róbert Sebestyén told *Napi Gazdaság*. The total area of land owned by the state is 1.7 million hectares, of which 1.2 million belongs to national parks and state forests. The NFA plans to receive HUF 8.5bn (EUR next year – up from HUF 1.5bn this year –from the sale of land managed by the state under the land for annuity programme. Under that scheme, those aged 60 or older receive an annuity in exchange for the sale of their land. The state fund plans to pay HUF 10.8bn (EUR 28mn) in such annuities in 2014 and to spend HUF 5bn (EUR 14mn) on land purchases.

Budai promotes GMO-free seeds

Hungary will not allow the production of genetically-modified (GMO) crops, Rural Development Ministry state secretary Gyula Budai affirmed. Speaking in Szabolcs-Szatmár-Bereg county as he began a tour promoting GMO-free crops, he said clean, healthy and good quality food is a matter of strategic importance. Hungary is a world power in seed-corn production, ranked third in Europe and ninth globally, Budai said, adding that Hungary must insist on keeping GMO crops out of its fields to preserve its renowned seed production.

Food industry

Mlinar opens 6th unit, 14 more planned

Croatian bakery chain Mlinar opened its sixth unit in Budapest, having entered the market in the spring. Mlinar H, the Hungarian subsidiary, is planning to have opened 20 units in the capital by the end of 2014. The company has already 170 units in Eastern Europe.

Events

Automotive Hungary

International Trade Exhibition for Automotive Industry Suppliers

Date: 7-9 November 2013

Organiser: Hungexpo

More info: http://www.automotivexpo.hu/?nyelv=1

Translog Connect Congress

Logistics and Supply Chain Management Event for Central-Eastern Europe

Date: 27-28 November 2013

Organiser: TEG

Venue: Corinthia Grand Hotel Royal Budapest

More info: www.translogconnect.eu

Agromashexpo and AgrárgépShow

International Agricultural Trade Exhibition

Date: 29 January-1 February 2014

Organiser: Hungexpo

More info: http://www.agromashexpo.hu/?nyelv=1