



Hungary Economic News Letter

Embassy of the Kingdom of the Netherlands

April-May 2015

Embassy news

Embassy visit to Den Hartogh Logistics

On the 23^d of April Elzo Molenberg Deputy Head of Mission and Éva Szabó Trade Promotion Officer have paid a visit to **Den Hartogh Logistics** in Budapest. Jaco Hooy Business Unit Director presented the Dutch-owned liquid logistics family-owned company and its Hungarian business unit which has recently moved to the BILK-Budapest Intermodal Logistics Center.

Embassy visit to Almakúti Bt

On the 29th of April ambassador Gajus Scheltema and Éva Szabó Trade Promotion Officer have visited **Almakúti Bt**, the Dutch apple grower company in Zalaszentő (West-Hungary). Dick van Mourick, Managing Director presented the company cultivating several apple species (Idared, Jonagold, Gold, Gala, Braeburn) on a total area of 100 acres, which are sorted, packed and cooled on site before being transported to the retail partners. The Hungarian company was founded in 1998 by Jan van Kessel and is part of the J.C. van Kessel Group. With 25 employees on the payroll, which can extend to 100 in the high season, the Hungarian company is one of the largest employers in the region. CSR is high on the agenda and these efforts are acknowledged by two awards. The exemplary company award was given by the Agricultural Faculty of the Pannon University as their students were given the possibility to complete their thesis at the company. Almakúti Bt wants to remain one of the top business partners in Hungary for the fruit trade and supermarket chains and retain its important role in exports to neighbouring countries, always focusing on sustainability. For more information about the company, please read: www.almakuti.com

Embassy visit to Somló-Zsák Kft

On the 8th of May Elzo Molenberg Deputy Head of Mission and Éva Szabó Trade Promotion Officer have paid a visit to **Somló-Zsák Kft** in Devecser (West-Hungary) which is 50-50% owned by the Dutch Zakkencentrale and the Hungarian Somló Holding Kft. The company produces Polypropylene (PP) bigbags for the chemical, plastics, agricultural, building and food industries and has 14 employees.

The Dutch mother company was founded in 1883, producing bags, fabrics and yarn from hemp, jute and flax. Since 1967, the big bags are made from PP. The favourite product is the FIBC-Flexible Intermediate Bulk Container BigBag which can have 40 m3 capacity. Tamás Tornai, the Managing Director of the Hungarian owner presented Somló-Zsák Kft and the activities of the other daughter companies: **Hungaro-Chips Kft** (fruit and vegetable chips manufacturer), **SCK-Invest Kft** (official agent of Erste Investment Zrt), **Tornai Pincészet** (winery), **Vicenter Kft** (agricultural company), **Somló-Fa Kft** (sawmill), **Somló-Net Kft** (independent internet service

provider), **Habselyem 98 Kft** (logistics service provider), **DGA Kft** (machine manufacturing and automatization) and **Admirer Kft** (textile manufacturer). For more information about the company, please read : www.flexicont.hu

Embassy visit to Versteijnen and Antók Printing House

On the 13th of May Elzo Molenberg Deputy Head of Mission and Éva Szabó Trade Promotion Officer have paid a visit to Sárvár and Celldömölk (West-Hungary) where Versteijnen Logistics and Antók Printing House Kft are located.

Sándor Voller Managing Director and András Öszy, Operation and Sales Director **presented Versteijnen Logistics**. This family-run logistics service provider, located in Tilburg, is a leading specialist in the field of direct distribution, transport management & warehousing, and operates a fleet of 180 trucks. Its main customers are from the chemicals, technological and electronics industries, its main destination countries are the Benelux, France, Germany and Spain. The Hungarian daughter company was established in 1995, following one of its main customers to Hungary. In Sárvár Versteijnen operates a total warehouse capacity of 8500 sqm in different buildings. In 2008 the company has opened a second branch in Székesfehérvár and actually runs a warehouse with a capacity of 3.500 sqm. It has now 88 employees (44 truck drivers and 44 warehouse and office staff). For more information about the company, please read: <http://www.versteijnen.nl/About%20Versteijnen/>

Paul Hochbaum Managing Director of **Antók Nyomdaipari Kft** presented the company in the presence of the mayor of Celldömölk, 2 representatives of the town's council, 2 embassy representatives and 2 journalists of the local TV and press. The company was established in Celldömölk in 1994 as the daughter company of Roto Smeets Group N.V., the Dutch printing group. Roto Smeets Group is one of the top five independent graphics businesses in Europe that use paper as the most important information carrier and thus produce and supply printed materials. The Group is within its branch market leader in the field of innovative printing techniques, environmental care and sustainability reporting. Thanks to the perfectly combinable four-colour heatset offset machines the company can offer a wide range of high quality printing services to its partners. The main products are several kind of high volume commercial printing materials, leaflets, information brochures, regional weeklies, monthlies and other different printing jobs.

Antók Kft has 70 employees and supplies its clients in Hungary and the neighbouring countries, the biggest of them being the Austrian furniture retailer XXXLutz/Möbelix. After the presentation, a company tour was organised to the participants where the different printing processes and equipment were shown. For further information about the company, please read: www.antok.hu

Embassy visit to Rijk Zwaan Kft

On the 22nd of May ambassador Gajus Scheltema and Éva Szabó Trade Promotion Officer have visited Rijk Zwaan Kft in Felgyő (SE Hungary). Bence Lányi Managing Director and Dániel Simon Research-Development Manager presented.

Rijk Zwaan is an independent family business with employee participation. 86% of the shares are in the hands of three families and 14% of the capital is in the hands of employees in the form of share certificates. The company has 30 subsidiaries in 26 different countries, where the sales, R&D and seed production activities are carried out. Rijk Zwaan invests 30% of its yearly turnover in R&D. Its seeds are sold in more than 100 different countries all over the world, via 25 locally-operating Rijk Zwaan sales subsidiaries and numerous (exclusive) distributors. The company has more than 1.000 varieties in its assortment in 25 different vegetable crops. In the worldwide market of vegetable seeds, Rijk Zwaan ranks fifth with a turnover of over EUR 300mn. Rijk Zwaan is an active member of trade organisations at national level (Plantum NL), European level (European Seed Association) and global level (International Seed Federation).

Since the establishment of the Hungarian daughter company in 1994 in Budapest, Bence Lányi has been its Managing Director. The pilot plant in Felgyő was established in 1998. The company has now 30 employees. It organises yearly open days for growers of Hungary and the neighbouring countries to show the new seed variations. For more information about the company, please read: <http://www.rijkzwaan.hu>

Dutch Climate Ambassador speaks at the Budapest Climate Conference

On the 26th of May, Michel Rentenaar, the Climate Ambassador of the Netherlands, participated in the Budapest conference on the prospects of the important UN climate Conference Of Parties, which will take place in Paris in December 2015 as COP21. Ambassador Rentenaar was confident that an international agreement can be in reach. This new Paris agreement, however, needs to give cities and the private sector a clear recognition as well as a centre stage role in Paris, because cities and the corporate sector play a major role in reaching the climate adaptation and mitigation goals, he underlined. A collective goal of climate neutrality and climate resilience, shared by countries, cities and private sector, should thus be part of the Paris agreement. Ambassador Rentenaar noted, that a growing business community calls for these goals in the new Paris agreement, as business recognizes the benefits of a timely switch to climate neutrality and resilience as part of their business case. In this light he recalled that for instance Dutch multinational company Philips declared more ambitious commitments than the Dutch government itself.

Dutch presence in Hungary

Den Hartogh Logistics, a leading Logistics Service Provider for the chemicals industry

The privately owned family company, headquartered in Rotterdam, founded in 1920, today operates from 30 different sites in 17 countries around the globe. It operates its own fleet of over 7,500 tank containers, 400 road barrels, 500 trucks, and about 1,100 employees with a yearly turnover of EUR 225mn.

The company has four business units: Liquid Logistics (fluid chemicals logistics in the EU), Global Logistics (fluid chemicals logistics intercontinental), Gas Logistics (fluid gasses logistics worldwide), Tank Cleaning and Repair services (for the food and chemical industries). Den Hartogh as an ADR logistics service provider is committed to CSR, it is a covenant partner of the Human Environment and Transport Inspectorate of the Dutch Ministry of Infrastructure and Environment in 2011.

The Hungarian company was founded in 1993 and has recently moved with its 60 employees to BILK- Budapest Intermodal Logistics Center. It is supervised by Jaco Hooy Business Unit Director, based in the Netherlands and also by Radoslaw Balcewicz, Manager CEE, based in Poland. More information: www.denhartogh.com

Transport/Logistics

Record-high passenger traffic at Ferenc Liszt International Airport

In the first quarter of 2015 the passenger traffic grew by 12.6% at Ferenc Liszt International Airport, on the corresponding period of 2014. The number of travellers at the airport was more than 1.9 million, the best first-quarter figure of all time. The charter traffic is also picking up following flat data last year, and charter traffic rose by 16.4% year-on-year. As far as sender cities are concerned, London continues to top the ranking (with flights of five airlines heading to four London airports), followed by Paris as second, Brussels, Rome, Frankfurt, Istanbul, Milan, Amsterdam, Munich and Moscow. The Budapest airport has recently won the “Best Airport – Eastern Europe 2015” award, for the second time running, of the London-based air transport consultancy Skytrax.

Unified electronic ticket envisaged

State mobile payment company Nemzeti Mobil Fizetési is developing the technological framework for launching a unified electronic ticket by 2017, CEO Mihály Veres said. The platform would form the pillar of an intelligent public transport system, in which users could pay for parking fees, train and bus tickets via their smartphones. There are no legal barriers to the launch of the app, and some elements of it already exist, run by state railway company MÁV, inter-city bus company Volán and the city of Budapest. Nemzeti Mobil Fizetési needs to merge these into a unified, integrated service. The company, which manages the payment by mobile phone of parking fees, motorway stickers and electronic road tolls, took in HUF 2.9bn (EUR 9mn) in revenue last year.

NAV seizes HUF 1bn (EUR 3.3mn) of illegal cargoes

The tax authority seized goods worth HUF 1bn (EUR 3.3mn) last month during checks prompted by the new electronic freight goods tracking system Ekaér. The NAV has inspected 7,502 shipments and found irregularities in 283 cases, leading to fines totalling HUF 500mn (EUR 1.7mn). Ekaér registered 660,135 freight transports between sellers and buyers in Hungary last month. Shipments bound to and from the EU totalled roughly 200,000.

The system was launched on January 1 to better monitor road transport and to clamp down on tax evasion. The NAV found that the weight of goods transported is stated incorrectly in transport documents and that goods are often not unloaded at the stated destination, in efforts to evade taxes.

Budapest plans for new tram lines

Budapest city council yesterday agreed to spend HUF 1.5bn (EUR 5mn) to have designs drawn up for new tram lines on Külső Bécsi út in the Third District, and another in Újpalota, the city's 15th District. In addition, preparations to upgrade the cogwheel rail in Buda will begin. The city has HUF 24bn (EUR 80mn) at its disposal for public transport this year.

Council agreed that the most important development projects in financial planning until 2019 are the renovation of the north-south metro line in Pest and the renovation of metro carriages. The former will be financed by EU funds, the latter by a loan. At Jobbik's proposal, the council decided that the city will examine the possibility of introducing a free wireless internet service extending to the whole of Budapest before the end of September.

MÁV announces tender for busy Budapest railway bridge

State railway company MÁV has announced a public procurement tender for the planning of an upgrade and extension of the railway bridge in south Budapest, Napi Gazdaság reports. The estimated cost of the project is HUF 900mn (EUR 3mn), which would be financed by EU and government money. The bridge – underneath the Rákóczi Bridge (formerly Lágymányosi Bridge) – connects the Kelenföld and Ferencváros train stations for passenger traffic but it mainly serves freight transport, as it lies on the most important route for the transit of goods through Hungary.

The project would include laying a third track alongside the existing two. The reconstruction is vital, as the government has cancelled plans to build a railway line to bypass Budapest, *Napi Gazdaság* writes. That proposal was not among the main project requests to be financed by the EU during the 2014-20 budget period, the newspaper adds.

Energy/Sustainable energy

Record EU money available for energy efficiency projects

Condominiums with 5-60 units can apply for funds for energy efficiency upgrades from April 30, Development Ministry state secretary Zsolt Szabó said at the opening of annual construction sector fair Construma. More than two-thirds of some three million buildings are not energy efficient, he noted. Hungary can draw on a record amount of EU funds for energy efficiency projects in the 2014-20 EU budget period, he said.

Economy Ministry state secretary Béla Glattfelder noted that the country can apply for more money for energy efficiency upgrades in one year during that period than the entire amount

available in the 2007-13 period. Hungary can tap HUF 800bn (EUR 2.6bn) for similar investments from the current seven-year budget, he said. The overhaul of 700,000 homes and 2,400 public buildings by 2020 will cost HUF 1.8 trillion (EUR 5.9bn) and will require HUF 80bn (EUR 260mn) annually from EU funds or the state, he added. Moreover, prompt measures have to be taken, after the European Commission sued Hungary for not integrating a related Directive into national legislation in time.

PannErgy drilling hits target

The second drilling near Győr has reached its target, finding 97-98C thermal water with a capacity of 95-100 litres per second, geo-thermal energy company PannErgy announced on the Stock Exchange website. A third drilling will be started in early May. PannErgy has already signed contracts to provide heat to Audi and the city of Győr.

Mining royalty reduced for shale gas

The mining royalty on non-traditionally exploited gas and oil will be 2%, rather than the general 12%, under a bill approved by Parliament. Fidesz MPs Szilárd Németh and Roland Mengyi argued that exploiting shale gas would significantly reduce Hungary's dependence on imported energy.

Environment/Water Management

EU-funded water projects to be speeded up

A government decree was recently adopted to speed up 221 water projects belonging to the 1st and 7th priority of the Environment and Energy Operative Programme. These drinking water projects have to be finished until the end of 2015 in order to be able to draw the 2007-2013 EU funding. In April, the percentage of the finished projects varied between 51% and 80%.

President Áder asks city council to support environmental campaign

President **János Áder** addressed Budapest city council to encourage the members to join former US vice-president Al Gore's global campaign to prevent climate change. He also asked them to promote the campaign in their districts. Depicting a dark future caused by climate change, Áder spoke of heat waves, and a rise in the number of asthma and allergy cases. "*We are the most exposed country in the region, as 90% of the water in our rivers comes from other countries,*" he warned. He noted that the level of the Danube had never risen above eight metres before World War II, but has exceeded that figure on four occasions since then, nearly reaching nine metres during the 2013 flood.

Research/Innovation/Creative industries

Taxes may hinder telecom investments

The government's reluctance to lower the special tax imposed on the telecoms sector may block new investments and the implementation of the Digital Nation Development Plan, *Népszabadság* writes. Economy Minister Mihály Varga hinted at the possibility of lowering the telecoms tax, which brings in HUF 50bn (EUR 160mn.) annually for the budget, as well as the so-called utility tax, which generates HUF 13-14bn (EUR 45mn.) each year. The government has made a commitment to the EU to extend broadband (with 30Mb/s download capacity) to all of Hungary and formulated these goals in the Digital Nation Development Plan. Investments from telecoms companies will be necessary to achieve the goals laid out in the plan, *Népszabadság* writes.

EU relations

EU blocks transfer of € 2,3 bn due to dubious practices

The European Commission suspended the payment of HUF 700bn (EUR 2.3bn) from the European Regional Development fund allocated for the 2007-13 period, due to concerns about Hungary's project selection practices. The projects scrutinised by EU were the first three priorities of the Economic Development Operative Programme for innovation and business infrastructure development. The EC found that the winners of EU-financed contracts in 2007-14 were not always those who made the best offer. Prime Minister's Office undersecretary Nándor Csepreghy told

reporters that in similar disputes countries usually pay a penalty generally around 10% of the total, that is HUF 70bn (EUR 230mn) in this case. The PMO argues that the previous system for distributing EU funds in place since 2007 had to be amended. The EU began its investigation into Hungary's development programmes last year, after the National Development Agency was integrated into the PMO in 2013.

The government is providing HUF 1.8bn = EUR to 140 local authorities who have been ordered to repay EU funds after the European antifraud office OLAF found that the funds had been used in an irregular manner. The local authorities must also pay default interest penalties. OLAF found excess billing and that a foundation acting as a middleman between construction companies and local governments pretended that it was donating money to the local governments on their behalf.

EIB lending more to Hungary

The European Investment Bank (EIB) signed contracts on lending EUR 756mn to Hungarian projects in 2014, and expects that figure to double this year in relation to the 2014-20 EU budget period. The contracts for this year are to be signed in the Summer. The EIB signed a EUR 115mn contract with the Academy of Sciences on financing its scientific research network and infrastructure development, including its library. Since 2010, more than 25% of EIB financing for Hungary went to the SME sector, 20% to transport and telecoms and 20% to industry, agriculture and services.

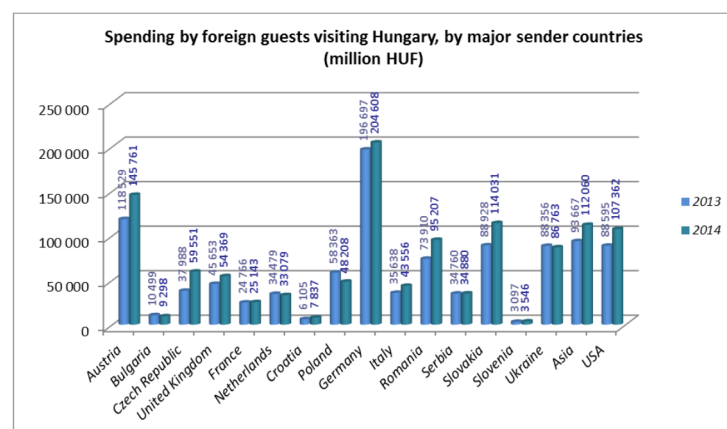
Macroeconomy

IMF forecasts 2015 GDP growth of 2.7%

The IMF has increased its GDP growth forecast for Hungary, from 2.3% to 2.7% in 2015. According to preliminary figures, Hungary's GDP growth rate was 3.6% in 2014, thus higher than the 2.8% forecast by the IMF in October 2014. The vulnerability of the Hungarian economy has decreased as its current account maintains a steady surplus, and part of the foreign currency debt is being converted to local currency, the IMF added. On the other hand, it warned, the level of state debt is still high. The budget deficit will reach 2.7% of GDP in 2015, thus the state debt will fall only slightly, the IMF points out.

Tourism shows steady growth

In January 2015, the number of tourism nights by foreigners and domestic guests was up by 7.5% and 11%, respectively, year-on-year. The latest KSH report also concludes that gross revenues of accommodation establishments at current prices jumped by 18%. As to the last year, the number of tourists from the Netherlands amounted to 354 thousands, down from 379 thousands in 2013.



Hungary's C/A surplus highest in region

Hungary's external financing capacity, or the combination of the current and capital accounts has risen to EUR 4.3bn, or 8.3% of GDP, according to a report by the central bank, MNB. Moreover, regionally Hungary has the highest surplus in its current account balance. The rise in external financing has been combined with a drop in state debt. The gross debt has fallen to 85% of GDP, and net debt to 33%, a percentage still higher than in the region. The decline in debt has been facilitated by rising economic growth and that companies have continued to make large debt repayments.

Economic policy

MNB eases lending scheme rules

The MNB extended the deadline for SMEs to access credit under its Funding for Growth scheme by 12 months to December 31, 2016. The deadline was extended to allow for financing of longer investment projects, the MNB said. Access to credit for smaller companies deemed more risky will be facilitated by allowing banks to charge guarantee fees on top of the 2.5% interest cap. A new element in the programme is that companies can use the funds to finance the construction of energy-saving buildings, giving a boost to the construction sector. During the second phase of the MNB's Credit for Growth programme, commercial banks have taken up HUF 660bn in refinancing from it and extended HUF 512.5bn in loans until April 1, 2015. Nearly 97% of the loans during the second phase were new as opposed to replacement ones, emphasized the central bank.

Government pushes to expand trading houses

The Hungarian National Trading House (MNKH) contributed to EUR 130mn in exports by managing 567 deals last year and establishing links with more than 2,300 Hungarian companies, Napi Gazdaság reports. The government set up MNKH to find new opportunities for Hungarian companies in foreign markets by partnering with local trading houses in 25 countries, as part of a policy of opening to markets in the East. With the new policy of opening to the South, announced by Prime Minister Viktor Orbán recently, the number of trading houses will rise to 45. The primary goal is to increase the share of trade outside of EU countries from 23% to 33% by 2018.

Monetary and Budgetary policy

Cabinet approves 2016 tax plans

The government approved the proposed tax package for 2016, Economy Minister Mihály Varga announced after a cabinet meeting. He said the changes will leave HUF 170bn (EUR 0.55bn) in the pockets of families, including HUF 120bn from the reduction of the flat income tax rate to 15% from 16%. There will be no cuts in the budgets of any sectors or ministries, Varga stressed. Special taxes on certain business sectors will remain in next year's budget, although the bank tax will be reviewed, he added. The bank tax will be cut from 0.53% of total assets to 0.31%, in line with the agreement signed by the government and the EBRD earlier this year. Declaring that the 2016 budget will be a budget of tax cuts, Minister Varga promised that the VAT on unprocessed pig meat will be cut from 27% to 5%, decreasing budget revenues by HUF 25bn.

For preparing the 2016 budget bill the ministry anticipates 2.5% GDP growth next year with inflation at 1.5% and an average exchange rate of HUF 308 per EUR. The budget targets a budget deficit of 2% of GDP, while the state debt is forecast to remain 76.8% of GDP. The economic scenario and targets in the draft 2016 budget are justified and achievable, according to the Budget Council. However, its report cited a few risk factors, including the debts owed by hospitals, overspending under the Start employment scheme, and higher matching contributions to EU-funded projects. Analysts also note that there are no indications of structural reforms in the draft budget,

MNB lowers base rate to 1.65%

The MNB's monetary council met expectations by lowering the base rate to 1.65% from 1.8%. The council declared that further cautious rate cuts are possible if they support the central bank's medium-term inflation target of 3%. Analysts expect the MNB to make only one more such cut,

then to leave the base rate at 1.5%. As yields on long-term Hungarian bonds are low, demand from foreigners has dropped and the percentage of bonds held by foreigners is falling.

ECB closely watching MNB

The European Central Bank (ECB) will closely watch the activities of MNB to guarantee that the Hungarian central bank (MNB) complies with the EU ban on financing the government, the ECB wrote in its 2014 annual report. The MNB has engaged in several activities unrelated to monetary policy, the ECB notes, such as investing in property, an education scheme and buying Hungarian art. As such programmes are numerous and large they may potentially violate the ban on financing the government, as they could be seen as taking on state tasks or otherwise providing financial advantages to the state, the ECB warns.

The direct economic activity of MNB is in effect a concealment of budget spending, former governor György Surányi told a conference. The MNB is taking over tasks from the budget in financing state duties. Moreover, the MNB's proposed separate system for training economists will smash the university teaching of economics, Surányi added.

Employment

Private sector job creation picks up

The unemployment rate rose slightly to 7.8% in January-March from 7.7% in the December-February period, the Central Statistics Office announced. The figure improved from 8.3% in the same period of 2014, as the number of registered unemployed fell to 348,000. The number out of work aged 25–54, considered the prime working years, fell from 7.5% to 6.9%. On average, 44.8% of the unemployed had been without a job for more than 12 months, and the average period of unemployment was 17.4 months while the unemployment benefits are paid for 3 months.

The number of employed increased by 79,000 to 4.117 million year-on-year. However, the number of employed young people aged 15-24 was 264,000 and their employment rate rose from 22.6% to 23.9%. Growth in the real economy and investments contributed to most of the rise in employment, according to K&H Bank chief analyst Dávid Németh. Excluding those on public works projects, the employment level is the same as in the second half of 2006, he added.

Fewer foreigners to get work permits

The number of work permits issued to non-EU foreigners will be limited each year, according to a draft decree posted on the government's website. The limit cannot be higher than the average number of reported monthly vacancies in the preceding year. The limit will be announced before July 1 this year, and before February 1 in subsequent years.

Business environment

Construction less risky than catering

Catering is considered the most risky sector in the economy, according to consulting firm Bisnode Magyarország. For years, the construction industry held that infamous title, until the first quarter of 2014. The catering sector has retained this status since then, as it has the highest rate of insolvencies and liquidations.

Venture capital saw a strong 2014

The value of venture capital investments totalled HUF 54.9bn (EUR 180mn) last year, according to figures from the Venture Capital and Private Equity Association (HVCA). Some 96 Hungarian companies received venture capital investments representing 107 transactions, of which 55 were targeted at SME's. The average value of equity investments were HUF 170mn (EUR 0.55mn). However the five largest deals accounted for two-thirds of the total amount invested, and 77% of these came in the fourth quarter. Some 43% of the investments came from private equity funds,

36% from government sources, and the remaining amount from the EU-backed Jeremie programme.

German Chamber dissatisfied with the level of corruption

Among international companies polled by the German-Hungarian Chamber, some 75% are dissatisfied with the high level of corruption in Hungary, and of this group 42% are very dissatisfied. In 2014, some 75% of the companies queried said they would repeat their investment in Hungary, however this year the percentage fell to 71%. In the eyes of the mostly German foreign executives, Hungary's economic outlook is better now than last year, Chamber spokesman Dirk Wörfer said. Now some 20% believe the economic situation is better, while in 2014 the number was only 11%.

Retail trade growth near 7%

The volume of retail trade was 6.5% higher in March than one year earlier, and up 7% year-on-year in the first quarter, the Central Statistics Office announced. Workday adjusted figures showed annual increases of 5.1% in March and 6.7% in the first quarter. Sales of food, drinks and tobacco rose 3.7% in March, while non-food sales were 6% higher and fuel sales saw 8.5% growth.

The effects of the compulsory use of online cash registers as well as rising real wages have pushed up retail volume, observed Retail Association president György Vámos. He noted that the effects of Sunday closing cannot yet be estimated, as the comparison must be made between months when online cash registers were in use. The new devices became compulsory last summer.

Legislation

New bill expands MNB's authority over brokerages

Economy Minister Mihály Varga has submitted a draft bill to Parliament aimed at tightening regulation of financial companies, especially brokerages, and to strengthen consumer protection after the recent series of brokerages crashes. The bill also incorporates a number of EU regulations into Hungarian law. Monitoring of brokerage companies will be tightened, extending the MNB's power to start procedures and levy sanctions. In-depth inspections will be held every three years. The proposal aims to create synergies between the Deposit Protection Fund (OBA) and the Investor Protection Fund (BEVA), with the former taking over tasks from the latter. If the legislation is approved, investors will be compensated up to EUR 100,000, the same as depositors. All such compensation will be exempt from tax. Financial companies will not be able to hire the same auditors for more than five years, according to the proposal. Plans call for customers to eventually be able to check the status and value of their investments via the MNB website. Clearing house Keler remains the custodian of the securities, while transfers will be monitored by the MNB.

Cabinet adopts national anti-corruption plan

The cabinet has approved a National Anti-Corruption Plan and related measures for 2015-16, it emerges from a resolution published in official gazette *Magyar Közlöny*. The cabinet specified defined goals for government institutions, and intends to extend the use of the Integrity Risks in the public sector which is a positive development. However, other problematic issues such as the asset-declaration of the politicians, whistle-blower protection or party financing have not been addressed at all.

The most important element of the fight against corruption is the new public procurement legislation to come into force in Autumn. In principle it foresees improvement of transparency and accountability of public procurement procedures. The total annual amount of public procurement amounts to EUR 7.7bn and at present in two third of the cases there is one tenderer only. However, according to Transparency International, the new public procurement law – while may help to fight petty corruption - does not hinder the so-called “managed procurement” practice according to which in an invited tender procedure with 3 bidders the preferred company wins the tender at the end of the day.

CSR market

Date: June 4, 2015

Venue: Lurdy Conference and Event Center, 1097 Budapest, 12-14. Könyves Kálmán Blvd.

KÖVET Association for Sustainable Economies and the **Hungarian National Employment Agency** organise the most prestigious CSR fair of the year in cooperation. The CSR event, organised at the fourth time in 2015, ensures the platform for small, medium and also large enterprises to share their CSR solutions and experiences with the visitors. The Royal Netherlands Embassy will be an exhibitor at the fair and Elzo Molenberg Deputy Head of Mission will join the panel discussion on responsible employment. The event is free of charge for visitors, will be held in Hungarian language, more information and registration at: <http://www.csрпиac.hu/csr-market-2015.html>

EU-Chambers Business Drinks

Date: 8 June 2015, from 18:00 pm to 20:00 pm

Location: Kempinski Hotel Corvinus- Blue Fox the Bar, 1051 Budapest Erzsébet tér 7-8.

Enjoy the company of the different chambers, the fine food, the exceptional atmosphere of the Kempinski Hotel Corvinus and a great networking opportunity. The EU-Chambers of Commerce in Hungary is organizing a Business Drinks where you can meet not only the members and partners of one Chamber but at the same time we give you the opportunity to network and share expertise with business professionals of other Chambers. Mr. Tamás Szűcs, Representative of the European Commission Directorate - General for Communication Representation for Hungary accepted the invitation of the Swedish Chamber, President of the EU-Chambers and will be our special guest at the second Business Drinks in 2015.