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Dear Reader,

By the end of 2013 most of the Hungarian macro-economic indicators started to show positive tendencies and thus leading to improving economic sentiments. While the recovery of new investments has been still financed mostly by the EU funds, the expansion of the monetary supply is notable, mostly spurred by the extra liquidity pumped into the economy via the MNB's funding for growth scheme. Economic growth has picked up from the second quarter, which makes the government's 1% GDP growth target attainable. However this growth is largely based on agricultural output and the use of EU funds, critics note.

Same holds for the employment statistics, where the improvement is based mostly on public working schemes, and not on increased employment by businesses. Moreover, despite the recovery of investment activity, in certain sectors such as energy corporate investments remains practically frozen. The HUF was relatively stable over the month, and even strengthened on the news of Kúria ruling on the FX mortgage loans. In more general terms, Hungary's current account surplus and stable economic figures also supported the currency, which consequently made possible further cut of the policy rate by the Monetary Council.

One of the most important developments of the month was the long awaited ruling by the Kúria (Supreme Court) on the validity of the FX mortgage loans. While the financial sector welcomed the decision, the National Bank, as well as debtor organisations and a pro-government civic organisation expressed their disappointment. Some remarks made by government members indicate that despite the Kúria ruling, the cabinet views such mortgage loans as “faulty products” and will amend the laws early in 2014 and is determined to present a new relief package for debtors before the elections.

As to the Embassy activities in the last month of 2013, a joint event with the Dutch Chamber was held at the Residence. The guest speaker was Antal Nikoletti, the new deputy state secretary in the Ministry of National Economy in charge of foreign economic relations.

He gave a presentation on the recent developments shaping the external economic relations and on the Dutch-Hungarian bilateral ties, as well answered questions from the audience.

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EU relations

Lázár claims no loss of EU funds

Hungary has not missed out on any EU subsidies for the six-year period that closed at the end of 2013, Prime Minister's Office head János Lázár announced. Payments are being made in all of the 14 operational programmes, and the total reached almost HUF 1.6 trillion (EUR 5.2bn) by year's end, he added. There was a danger that some HUF 570bn of the available HUF 8.2 trillion (EUR 27bn) could have been lost, he emphasised. The NFÜ is be shut down on January, while a new Planning Office of National Economy (*Nemzetgazdasági Tervezési Hivatal*) is taking over programming functions of the National Reference Framework, as well the preparation of three operational programmes falling under the Ministry of National Economy: the GINOP (Economic Development and Innovation OP), a TOP (Regional Development OP) and VEKOP (Competitive Central Hungary OP). Note that 60% of EU funds will be used for economic development purposes.

Macroeconomic indicators

Current account surplus higher in Q3

Hungary's current account surplus grew to EUR 1bn in Q3, up from EUR 615mn in Q2 and EUR 664mn in Q1, the MNB announced. In the third quarter of 2012 the surplus was EUR 685mn. The good performance of the third quarter is partly a result of the release of EU subsidies for Hungary, which were suspended earlier, analysts commented.

As to the balance of trade, the surplus fell to EUR 759mn in October, from EUR 830mn in September, according to figures of the Central Statistics Office. Exports were up 4.6% to EUR 7.7bn, while imports expanded by 2.9% to EUR 6.9bn. Exports to Asia shrank by 1.2% while imports from Asia were 2.9% lower. Exports to non-EU Europe expanded 7% and imports from those countries increased 5%.

Budgetary policy

2013 budget deficit lower than expected

Hungary registered a budget deficit of HUF 929.2bn (EUR 3.13bn), excluding local councils, last year, about HUF 200bn (EUR 0.66bn) less than previously planned, Economy Minister Mihály Varga said. The EU-conform deficit as a percentage of GDP can be at most at the 2.7% of GDP government target but could be as low as 2.3%, Varga said. The ratio will not exceed the target even if the EU statistics office Eurostat declares some 2013 spending items as ones raising the EU-conform deficit, the minister added. The items in question are a HUF 71bn (EUR 270mn)capital injection the state-owned Hungarian Electricity Works (MVM) received in the autumn from the budget to cover the purchase of E.ON's Hungarian gas business and more than HUF 135bn (EUR 350mn) in budget funding to support the integration of Hungarian savings cooperatives which awaits an EU ruling. This is due to the better performance of Hungary, Varga continued, because not only exports expanded in the second half, but also manufacturing and construction, while domestic demand also rose. Analysts said that the fresh data was favourable but were mixed in their predictions of whether budgetary corrections could be expected in 2014.

2014 budget approved

The 2014 budget approved by Parliament at the end of December envisages a deficit of 2.9% of GDP. The revenue target is HUF 16trn (EUR 53bn) and the total spending goal is HUF 17trn (EUR 56bn) for a deficit of HUF 984.6bn (EUR 3.3bn). Both the health and the pension funds are to break even. The budget assumes 2% GDP growth, 2.4% inflation, 1.9% growth in consumption and a 2% rise in real wages next year. The budget foresees a cut in state debt from 77.4% of GDP to 76.9%, calculated with an exchange rate of 296.9 HUF/EUR rate.

Economy Minister Mihály Varga told a press conference that the budget will secure financial stability and reduce burdens on households. The reserves have been cut in half from the 2013 figure, *Népszabadság* notes. Varga said the HUF 220bn (EUR 670mn) in reserves will be enough to cover any eventuality during the year. Budget Council head Árpád Kovács told Parliament just before the final voting on the budget bill that the government's 2% growth forecast is feasible, but there are substantial risks concerning the deficit target.

Monetary policy

MNB lowers base rate further to 3%

As forecast by most analysts, the MNB's monetary council lowered the base rate for the 17th consecutive month, from 3.2% to 3%. The monetary council suggested that a slower pace for rate cuts is expected, as the monetary policy of the US Federal Reserve might change. Future MNB increments may be reduced from 20 basis points to 15 or 10, *Napi Gazdaság* speculates. The monetary council sees no pressure for accelerating inflation next year, nor in 2015 because the disinflationary environment in the real economy will last. Strong global liquidity made it possible for Hungary to reduce the base rate from 7% to 3% within 18 months, but the US Federal Reserve might put an end to that, the newspaper argues. The three-month future interest rates signal a further cut to 2,9% next month, analysts conclude.

HUF ends year on stable note

The volatility of the HUF was at its lowest in three years in 2013, as the currency remained within the range of HUF 285.5-308.5 against the Euro, *Napi Gazdaság* writes. The currency's value against EUR fluctuated in a range of HUF 50 in 2012 after a HUF 56 spread in 2011. The HUF was at its weakest in March, shortly governor of the central bank, as investors before György Matolcsy became the feared unorthodox measures from the former Economy Minister.

The exchange rate remained stable in the second half of the year. Foreign investors increased their holdings of Hungarian bonds, despite the falling base rate and the subsequent declines on yields on shorter-term instruments. Fears that hedge funds would start speculating against HUF after the MNB lowered the base rate to record lows did not materialise either. The HUF ended the year at 297 per EUR, a 2% decline, which compares well to other emerging-market currencies.

Hungary's current account surplus and stable economic figures also supported the currency, thus analysts do not expect dramatic changes for the forint this year, but see risks from a possible increase in US bond yields.

Employment

Number employed goes above 4 million

The average unemployment rate in Hungary was 9.3% in September-November, down from 10.6% one year earlier, and the lowest figure in five years, the Central Statistics Office announced. The number of unemployed was 411,000, down 57,000 from one year earlier. The average length of unemployment was 19.4 months, and 55.1% of registered unemployed had been out of work for more than a year. The high employment figure was reached as the winter season of public works schemes began in November and more Hungarians took up jobs abroad. It should be noted that Hungarians working in other countries are included in the domestic unemployment data.

Real wages show 6% growth

Real wages were up 6.3% year-on-year in October, as gross wages were 5.7% higher and net wages were up 7.2%, with 12-month inflation at 0.9%, the Central Statistics Office reported. The average monthly gross wage of full-time employees came to HUF 238,400 in the private sector, HUF 223,700 in the public sector. The public-sector figure does not include public works employees however. The highest average gross salaries were paid in the financial sector, followed by IT and communications, both exceeding the double of the national average. The 802,000 employees in the public sector – up 4.5% year-on-year – received an 8.5% increase in salary. In the private sector, the number of employees was up only 0.2% year-on-year to 1.828 million, who received 6.8% more. It should be noted that the rise in private-sector employment was entirely due to growth in part-time work.

SMEs

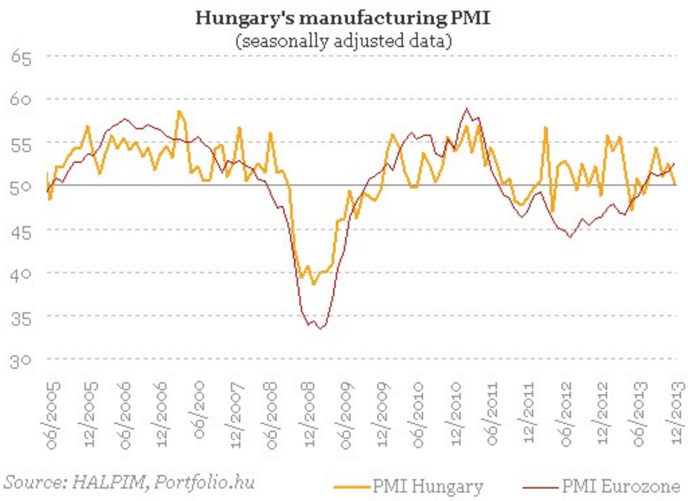
EIB lending to Hungary, Eximbank

The European Investment Bank (EIB) announced that is extending two loans totalling EUR 150mn to Hungary. State export loan bank Eximbank will have EUR 100mn to promote exports by SMEs, while the government will get EUR 50mn to modernise state administration. The contracts were signed by EIB vice president László Baranyay, Economy Minister Mihály Varga and Eximbank CEO Roland Nátrán.

Business environment

Purchasing Manager Index zigzags around 50%

The Purchasing Manager Index (PMI) for Hungary's manufacturing industry dropped to 50.2 points in December from 52.6 in November, according to seasonally adjusted data, the Hungarian Association of Logistics, Purchasing and Inventory Management (HALPIM) reported. The December figure is below the long-term average. The Hungarian manufacturing PMI was under the 50-pt stagnation mark twice in 2013, in May and in July. At the same time, the index has continued its zigzag around the 50-pt value, thus one cannot really see a stable long-term trend. In the meantime, Eurozone manufacturing PMI has been improving persistently since the summer of last year.



As to other countries' indexes, latest improvement in overall operating conditions was underpinned by solid and accelerated growth in the Netherlands, Germany, Ireland and Italy. Actually the Dutch PMI stood at 57.0, a 32-month high peak.

Company closures at new record

The number of companies deleted from the official register reached a record 33,000 in 2013, a 16% increase from the previous peak in 2010 and a 22% rise from 2012, according to company data provider Opten. The majority of deletions were a result of liquidation proceedings.

For the first time in many years, the number of new companies founded was less than the number of wind-ups and dissolutions, as company registrations fell from 38,512 in 2012 to 32,481 last year. The number of companies dissolved could rise further in 2014, as many retailers may shut down due to the compulsory installation of online cash registers, Opten managing director commented.

Legislation

Changes in local tax laws

Together with the 2014 budget draft the government put forward the proposal for the amendment of certain tax laws including VAT and local tax changes.

As to the extension of exemption from land tax, plots of land not exceeding an area of 1 hectare located within city limits and listed in the property register as land withdrawn from cultivation shall be exempt from land tax provided that the total area is in actual agricultural cultivation during the tax year. On reporting and declaring of local business tax advance, the law stipulates that the enterprise starting to pursue a taxable activity without a predecessor in title shall not report and declare tax advance for the first tax advance payment period. As of January, the obligation of filing tax returns on building tax, land tax, communal tax of individuals and local business tax may also be fulfilled using the form included in the decree of the Ministry of Finance on the tax return and reporting forms applicable by municipal tax authorities.

The obligation of registering for tax purposes and of reporting changes relating to local business tax and tourism tax may also be fulfilled using the registration and change reporting form included in the above decree.

Dutch presence in Hungary

Aegon launches home savings fund

Aegon home saving fund unit Aegon Lakáskassza has received an operating licence, the insurance company’s CEO Péter Zatykó announced. Aegon will become the fourth company in this market, joining OTP, Erste and *Fundamenta Lakáskassza*.

As the lending market has come to a standstill and the insurance market lacks substantial growth, this market segment could be one of a breakthrough points, said Zatykó. Nearly 60% of all new mortgage loans are linked to home savings contracts, and home renovations will gain ground in the coming years, Zatykó hoped. Aegon aims to obtain 15-20% of the market for new contracts by 2016, a conservative target, *Napi Gazdaság* commented, as the current contract value equals HUF 2.5trn (EUR 8.3bn) on 1.15 million contracts, significantly lower than in Austria or the Czech Republic.

Industry

Industrial production up in October

Industrial production was up 6% year-on-year in October, following 3.1% growth in September, the Central Statistics Office reported. In October the output of vehicle production expanded 28.4%. Food industry output increased 4%. Industrial production was up 0.7% in the first ten months.

Construction/Infrastructure

Széll Kálmán square to be renovated

Budapest will carry out a HUF 4.8bn (EUR 16mn) renovation of Széll Kálmán square, the former Moszkva tér, the city council decided. Council unanimously approved a proposal on a public procurement tender for the work. The square’s streets and transport intersections will be upgraded, a cycle path and a bike and ride parking lot will be built, pedestrian areas will be widened, green spaces will be expanded and public utilities upgraded.

City council also approved a plan aimed at upgrading the zoo on the area of the now closed amusement park. The site will be given over to temporary exhibitions, spectacles and other entertainment until the planned Pannon Park is built to display subtropical animals and plants.

New body settles construction disputes

The new construction sector conflict resolution body Tszsz, which has the right to issue official approval of phases of construction projects, has already dealt with 50 disputes over non-payments since it was set up in August. The Tszsz protects the interests of conscientious subcontractors and its procedures are far quicker and cheaper than court cases. Out of the 50 cases, 20 were closed with a mutual agreement on payment, said Tszsz leader Miklós Máté.

Construction up 11% in October

Output in the construction sector was up 10.7% year-on-year in October, the Central Statistics Office announced. Over the first ten months, output was 8.3% higher than in the same period of 2012. Most of the growth is due to projects financed by EU funds, and state road and railway construction played a key role in the growth, as private projects are still weak.

Financial services

Banks welcome Kúria ruling

In its much awaited decision, the Kúria decided that the FX contracts are to be considered valid even if some points in the contracts are judged void, and said that currency exchange risks should be borne by the debtors. However, the judges referred the question of whether banks were entitled to unilaterally modify contracts, to the European Court. In the wake of the announcement, the Hungarian currency picked up slightly. The Banking Association welcomed the decision while the National Bank, as well as debtor organisations and a pro-government civic organization expressed their disappointment, as did Fidesz caucus leader Antal Rogán.

MNB executive director Márton Nagy acknowledged the ruling but said the Kúria did not say whether banks had abused their superior position when issuing such loans. In particular, unilateral interest rate hikes by the banks are still a problem, he said. Separate remarks made by Economy Minister Mihály Varga and Justice Ministry state secretary Bence Rétvári indicate that despite the Kúria ruling, the cabinet views such mortgage loans as “faulty products” and will amend the laws early in 2014.

The cabinet will consider whether to wait for a decision from the European Court of Justice on the legality of unilateral changes to such contracts, as the Kúria declined to rule on this question. A source close to the government told *Népszabadság* that the cabinet would like to find a legal solution before the elections that would reduce monthly payments by borrowers by at least 17-20%.

Banking sector awaits consolidation

In an interview with the right-wing news channel Hír TV, MNB Governor György Matolcsy said that in the next eighteen months, four of the eight major banks should close their branches in Hungary, but these banks have not been active creditors, he added. It cannot be ruled out, he continued, that in the frame of the “Opening to the East” policy, new Eastern or Asian banks may enter Hungary and fill the gap. MKB’s owner Bayerische Landesbank may be thinking of leaving Hungary, but not the owners of Budapest Bank and K&H, Népszabadság speculated. UniCredit denied that it was leaving and said it is making profits in Hungary. CIB, Erste and Raiffeisen banks are generating losses, *Népszabadság* added.

Matolcsy also called for retroactive legislation to solve the issue of FX loans. Drafting a new bill is underway that will enable Hungary to consolidate banks in trouble without using taxpayer money, Economy Minister Mihály Varga said on public television. The proposal could be made law by the spring of 2014, the minister added.

State to sell its stake in Takarékbank

Magyar Posta and state development bank MFB are to sell their stakes in Takarékbank at an international tender by the end of March, 2014, under a government decree. The tender must prefer buyers from the savings co-operative sector, if possible, the decree orders. The MFB owns 36% of Takarékbank shares and Magyar Posta 19%. The decree, published in the official gazette *Magyar Közlöny,* states that the reorganisation of the savings co-operative sector is by now irreversible. Savings co-operatives told *Népszabadság* that they were not approached to discuss the sale of the state's stake in Takarékbank. They said they fear external control of the whole sector after the privatisation.

Telecommunication/ICT

Frequency tender still in the works

Media and telecoms authority NMHH was to announce a tender for the sale of frequencies on December 30 but is still working on the matter, officials told *Napi Gazdaság*. The government plans to raise HUF 120bn (EUR 400mn) from the sales in 2014. The NMHH said several constructive proposals had arrived from telecoms companies, whose suggestions are being incorporated in the tender. Bids will be invited for the 800MHz, 900MHz, 1,800MHz and 2,600MHz frequencies.

A separate tender has already been announced for the 450 MHz frequency, apparently a tailor-made one. Analysts believe that this separation means that the 450 MHz frequency will be sold to state energy company MVM. The telecoms authority NMHH requires the winner to provide services for the electronic road toll system, to connect state administration offices, to facilitate communication by emergency services, and to help local mass transport, among other public services. The winning bidder is to pay HUF 132mn (EUR 440,000) in the first four years, and an annual HUF 265mn (EUR 883,000) in the remaining years. Bids must be filed by January 15. In turn *Napi Gazdaság,* an economic daily close to the government disagrees with speculation that the government plans to enter the mobile-phone market via MVM. Instead, the newspaper suggests that the 450 MHz frequency could be used to link online cash registers to the tax authority NAV.

GE in HUF 11bn healthcare IT project

GE Healthcare announced the launch of a HUF 11bn (EUR 37mn) development programme in co-operation with the Szeged University of Sciences, Veszprém's Pannon University and the National Oncology Institute. GE will contribute HUF 5bn (EUR 17mn) and the state HUF 6bn (EUR 20mn) to the seven-year project. The consortium will develop an internet-based IT system that allows fast access to data on all patients in hospitals that are part of the programme, while meeting the highest standards of patient's privacy rights. The project will facilitate decision-making and make the healthcare system more economical, *Napi Gazdaság* writes.

GE will add 180 engineering jobs as a result of the software development programme and 70 new researchers will join universities, said Ferdinando Beccalli-Falco, CEO of GE's European operations. State secretary Vilmos Vályi-Nagy said the system will be suitable for creating a nationwide database extending to all patients.

Transport/Logistics

Logistics Strategy foresees sizable EU funds

According to the Medium–term Logistics Strategy approved by the government Hungary's favourable geographical location gives the country significant growth reserves in the field of logistics. The Trans-European Transport Network (TEN-T) core network corridors cross the country and connect Western Europe with the Balkan region. The preparation and co-ordination of the strategy lies with **IFKA** Public Benefit Non-Profit for the Development of Industry Ltd., with the Logistics Co-ordination Forum (**LEF**) facilitating the involvement of logistics providers and expert stakeholder organisations besides the supervision of the Ministry for National Economy.

In the 2014-2020 period, EU funds may be drawn for the purposes of logistics development in the following fields:

- **Electronic customs procedures** comprising web-based administration, online access to required documents and forms, electronic support for participation in public procurement procedures, relaunch of the Customs & Excise Board as professional co-ordination forum.
- **Logistics training** within the system of specialist universities, dual colleges and dual training programmes created by the restructuring of higher education.
- **Re-assessment and modernisation of the statistical system** for measuring performance within the sector, to be brought into line with respective EU practice.
- **Facilitating co-operation between the research, education and business spheres** in the field of logistics to making the country the regional hub for logistics service providers.
- Priority will be given to those logistics solutions, investments and developments which will result in **energy efficiency improvements and / or a reduction in the use of resources.**

BKK to order electric buses

The Budapest transport centre BKK announced a tender to purchase seven small electric buses with the help of EU subsidies. The winner will have the option to supply a further 14 vehicles. The winner will also have to install the infrastructure for electric buses and maintain the charging stations. The estimated net value of the project is HUF 6bn (EUR 20mn). The price counts for 85% in the valuation of the bids. Bidders must have supplied at least five electric buses in the past three years and must have average annual revenue of more than HUF 1.5bn (EUR 5mn) over the past three years.

Magnit sets up hauler in Hungary

Russian food retail chain Magnit is setting up a hauler subsidiary in Hungary, foreign trade state secretary Péter Szijjártó announced. In establishing a fleet of up to 1,000 trucks, Magnit will create up to 1,500 jobs, the company said. Magnit's aim is to ease its imports to Russia from the EU. Hungary is a strategic partner in logistics and Magnit is planning long-term co-operation, said chairman Khachatur Pombukhchan. Magnit also signed a strategic co-operation agreement with the foreign trade and investment agency HITA.

Energy

Komárom to get geothermal energy

The town of Komárom is building a HUF 1.2bn (EUR 4mn) geothermal heating system, with the help of a HUF 500mn (EUR 1.7mn) EU subsidy. The present gas-fuelled system will be replaced, and the medical spa will also be heated from below the earth. The investment will probably show a return in ten years, and saves HUF 110mn (EUR 367,000) annually, said Komárom mayor Attila Molnár.

MOL buys into North Sea oil fields

MOL is buying shares in North Sea oil field licences from German company Wintershall for USD 375mn, the Hungarian energy firm announced. The two companies also signed a long-term co-operation agreement, MOL chairman and CEO Zsolt Hernádi and Wintershall CEO Rainer Seele emphasised. MOL will be able to purchase exploration rights and even majority stakes in the North Sea in the future, Hernádi added.

The two companies will work together in exploration and production in the Middle East as well as the North Sea. The purchase could expand MOL's oil production capacity by 1,000 barrels a day next year, and by 16,000-18,000 barrels by 2018-19, adding 17% to its present exploitation, *Népszabadság* writes. The deal has two benefits, market analysts underlined. First, MOL has enough risky assets, so acquiring fields in an OECD country reduces risks. Second, the oil at stake is not Ural or Far East oil, but good quality Brent oil, predominantly oil, not gas, whereas Wintershall is probably interested in the Kurdistan region, where MOL has experience.

Gas reserves running down

The government is continuing to use up the gas in strategic storage, after it lowered the minimum amount that must be held in reserve from 1.2 bn cubic metres to 600 mn cubic metres, *Népszabadság* reports. According to the website of gas and oil storage association MSZKSZ, the level of the reserves has fallen to 700 mn cubic metres. It seems that the government is providing the basis for gas bill cuts by using up the reserves, *Népszabadság* concluded. The competition authority GVH approved the transfer to state development bank MFB of MMBF Földgáztároló, a manager of gas reserves. The GVH ruled that the Hungarian Electricity Works MVM which state-owned company has recently purchased gas storage capacities from EOn and the MFB are independent of one another, therefore the recent purchase does not distort competition.

Gas distributors investing less

Fixed capital investments in the gas distribution sector have shrunk to HUF 14bn this year from the Ft 20bn average of the pre-ceding three years, CEO Péter Tajti of gas distributor Égáz-Dégáz said. He based his comment on a recently completed survey of gas distributors. Fixed capital investments in the sector are forecast to stay stable next year, he added. The largest drop occurred in reconstruction and maintenance, which in effect means the replacement of old pipes, Tajti pointed out. Old gas meters are not replaced by new ones but are renovated, at about half the cost of a replacement. This year, due to the lower fees they can charge for the system usage, but also to the pipeline tax and lower consumption. With the exception of Budapest’s Főgáz, Tajti expects gas distributors to report losses.

Retail

Retail Round Table formed

Employers, retailers and consumer groups formed the Retail Round Table with the aim of developing a ten-year retail strategy, *Napi Gazdaság* reports. Founding members are employers group VOSZ, retail association OKSZ, the shopping malls association MBSZ, retail and catering association Kisosz and consumers group Áfeosz-coop. VOSZ president Sándor Demján suggested earlier that such a group be formed. The group hopes to establish a dialogue with the government.

Turn-around in the retail

The year 2013 marked a turnaround for wholesalers and retailers in Hungary, with a minor recovery witnessed in the sector. However, fast-paced increase next year is unlikely, Secretary General György Vámos of national wholesale and retail association OKSZ said in an assessment of the past twelve months.
The majority of trading companies were expecting to close a better year in 2013 than it did a year ago, a clear improvement for the sector, Vámos noted. December was the strongest month of last year with sales totalling HUF 832bn (EUR 2.8bn). The business environment for wholesalers and retailers will remain dependent on Hungary's GDP, with economic growth serving as the basis for higher household income. Assuming continued growth next year, the years 2013 and 2014 together would mark a landmark recovery in wholesale and retail, and there is a realistic chance for such a scenario, Vámos concluded.

Environment/Water

Water affairs to be transferred to Interior Ministry

Management of the nation's waters is to be transferred to the Interior Ministry from the Rural Development Ministry, while other areas of environmental protection will be distributed among other ministries, *Népszabadság* has been informed. Most of the tasks will be transferred to the Ministry of Interior, but the plans will be finalised only by the end of January. There are assumptions that Fidesz interest groups vying for EU funds are behind the developments, the newspaper comments.

Food industry

Pre-Christmas raids on food stores

Similarly to previous years, the food safety authority, Nébih, stepped up checks of food, meat, beverages and dairy products before Christmas. Officials examined some 21,000 products in 3,883 on-site checks in the period leading up to December 10, and removed 2% of the products, or 92 tonnes, from shelves. The most common irregularities were a lack of labelling and expiry date of products, but officials also checked whether goods had the appropriate tracing data. The checks on catering units found that 76% complied with all standards, and the authority had to take action in only 5% of cases.

Tourism

New tourism strategy drawn up

A strategy for developing the Hungarian tourism industry in the next ten years has been discussed by ministries and is ready for cabinet discussion, Economy Minister Mihály Varga announced. The government is focusing on industries that create jobs and add value, and tourism is one such sector, Varga underlined. The sector achieved these aims as the number of tourists staying in commercial accommodation and accommodation revenues reached record levels in 2012. In the first 11 months of 2013, a total of 7.7 million guests spent 20 million nights in commercial accommodation, the minister due to the Trans-European Transport Network (TEN-T) core network corridors crossing the country and connecting Western Europe with the Balkan region added.