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Opening Remarks

Mr. President and Mr. Secretary General, thank you for the kind words regarding the capital city of Hungary and, of course, the hospitality regarding my colleagues. Dear guests, ladies and gentlemen, welcome to the Eurofi 2024 financial forum here in Budapest. It is a great pleasure for us that, this year, Eurofi holds its annual grand meeting in Budapest.

The themes in the programme suggest that there will be a series of in-depth and to-the-point lectures and discussions here in the forthcoming days. Even on the first day, such questions will be covered as the process of digitalisation, the future of cryptocurrencies, the opportunities and challenges related to artificial intelligence, and cyber security – current topics that are all strongly related to competitiveness.

Ladies and gentlemen, we are in Hungary, which is the country that currently holds the presidency of the EU. The working programme of this presidency meets many of the topics to be discussed in the Eurofi financial forum. Today, the main problem of the EU is facing a backlog in the world economy. The most important goal of the Hungarian presidency is therefore to reinforce European competitiveness. According to the data available today, growth in the EU currently falls between 0.5% and 1%, whereas that in the United States (US) is 2-3%. Growth in China last year – and probably this year too – is about 5%. This

translates to five-fold quicker growth in the US and 10 fold in China compared to the EU. Europe is ailing, whereas the world still has growth potential today and, as we can see, competitors are able to make use of this potential.

The problem did not start yesterday, and it is not only the Hungarian presidency that considers it a priority. This is the subject of the so-called Letta report published in April, which will also be discussed here tomorrow. The Draghi report, published a few days ago, also urges measures to be taken in the interest of improving the competitiveness of the European Union economy, whatever it takes. Hungary has pinned such a theme to the flag of the presidency, the weight of which can be felt by the whole community of the EU.

Ladies and gentlemen, when starting, it is always useful to step back a little first. Likewise, it is useful for us to take stock of the lessons that can be learned not only from the crisis of the past years but also from how we handle them. Today's competitiveness data clearly show that asking certain questions cannot be postponed any longer. Taking the problem as an opportunity, we can, instead, say that, today, we have new information available for making our goals more accurate. Although such clarification is, basically, a political task, we all know that the economy and technology are becoming more and more related to political decision-making,

which renders the dialogue between the economy and politics more and more important.

As its name suggests, the Eurofi forum directs its focus to Europe, which is the continent that has been considered, throughout thousands of years, as the centre of the world and has been, in fact, the cradle of what we call the world economy today. This is the continent that is stagnating today.

Of course, there are certain reasons for this that are beyond our control. First and foremost, I should mention the war between Russia and Ukraine. Still, the fundamental problem is not making use of the opportunities available. It is high time to examine the relations between various themes and questions that fundamentally affect, positively or negatively, the economy of Europe. Perhaps the successive crises of the recent years are also responsible for the fact that we try to handle various issues separately. This practice has led to controversial questions and answers in many fields. Let me give you a few examples.

In order to mitigate the economic damage caused by the Covid pandemic, the EU created a Recovery and Resilience Facility. However, this support arrived in certain countries with huge delays or has not yet arrived at all. This raises questions about the bureaucratic operation of the EU. Due to excessive administration, there is a tendency today for companies to choose other continents due to more favourable

conditions. As the Draghi report has also drawn attention to, this problem also needs to be addressed.

Let us take the case of the nuclear power plants. After the closure of such plants in Germany, the lost energy could be replaced, amidst other measures, only by the reopening of coal-fired power plants, which are much more polluting and more expensive. It is legitimate to ask how such measures relate to the objectives of the green transition. Similarly, we can also ask whether it is logical to talk about the future with electric cars and about phasing out combustion engines while in the meantime re-increasing the level of air pollution with these coal-fired power plants.

On the one hand, we spend close to one-third – between 31% and 32% – of the EU budget on our common agrarian policy to help our European farmers to survive. On the other hand, we are destroying the market of the same farmers by letting in Ukrainian grain. Should we call that good practice? Is it reasonable, without control and calculations, to bring masses of undereducated people into Europe who will live on governmental aid. Is it reasonable to do so instead of directing the focus to our own families, who should be considered as the fundamental pillar of European demography and societies? We should instead take care of families of locally born people, where the workforce of the future will be born, who understand and live in accordance with

European heritage. It is practical to bring problems to Europe through promoting migration and, in fact, even escalate these problems. Should we do that instead of bringing solutions to the original place of the problems?

We should remember that these are countries whose economic difficulties were at least partly caused by Europe during centuries of colonisation. Is it reasonable for Europe to impose such kinds of sanctions that fundamentally cause problems for ourselves, whereas the sanctioned country might even benefit from them? We have all come across those analyses that discuss the successful bypassing of sanctions. Even if we do not talk about it, in many cases, the energy carriers, in various tanker vessels, even arriving from the opposite direction, and in pipelines or containers, are fundamentally of Russian origin or are replaced in another country of origin, like India, with Russian supplies.

All these examples show that the economic, professional and ideological objectives are today mixed in the decision-making process. Hungary is of the opinion that the economic power of Europe should not be sacrificed for ideologically motivated objectives. At this point, we have to define the real economic interest of Europe, and we have to gear our goals and measures to that. This is why we support economic neutrality and a pragmatic policy of connectivity instead of blocking and decoupling.

Ladies and gentlemen, let me shortly present you the offer of the Hungarian presidency in the field of strengthening competitiveness in the EU. It is a top priority for Hungary to adopt our new pact on European competitiveness. This concept relies on such instruments as the deepening of the internal market, priority support for small and medium-sized enterprises, and the promotion of the green and digital transitions in partnership with stakeholders of the European economy and with European citizens.

European defence policy is another target area that can support competitiveness along the security challenges that we experience today. The main directions of this policy are defined in the Strategic Compass, which has already been adopted by member states. In addition to implementing this strategy, we intend to place special emphasis on and reinforce the industrial and technological basis of the defence industry and on related research and development (R&D) activities.

A consistent and merit-based enlargement policy is another potential instrument in increasing competitiveness, first of all, concerning western Balkan countries. The accession of new member states can bring new energy and momentum to the EU. Hungary is of the opinion that, even in the medium term, illegal migration affects the future of Europe in a fundamental way. After 10 years, we seem to have arrived at this medium term. The protection of European citizens

requires us to reinforce the external borders of the EU from central sources at the level of the whole community.

Results from elections in the past period and figures from various public opinion surveys tell us that the Hungarian position is in accordance with the opinion of huge masses of European voters. We are convinced that migration is unable to solve the workforce problems of Europe, whereas it imports a large series of other problems.

At this point, we reach the topic of demography, as the competitiveness of a certain geographic area is, obviously, strongly related to its demographic characteristics. Aging is an increasing problem in Europe that threatens the social welfare system as well as the labour market balance. In our opinion, the future of Europe stems from the use of Europe itself. For this end, we consider that it is of the utmost importance to apply the demographic instruments of the Commission published in October 2023 and to enhance this set of instruments.

The main area connected to demography is the elimination of our internal regional differences. Let me remind you that, today, according to the ninth cohesion report, more than a quarter of EU citizens live in regions whose level of development does not reach 75% of the European average. This means that local economies must be reinforced in these regions. This is expected to improve competitiveness and to lead

to a more balanced operation of the internal market.

I have left agriculture until last, although it is the most fundamental of all fields in terms of food safety. In this area, in recent years, in addition to climate change, international trade and armed conflicts have also generated new challenges. The establishment of EU agricultural policy rules after 2027 is already underway. It is important to provide solutions to these challenges within this framework. We must protect the internal market by enforcing the same production standards for incoming goods as for products produced in the EU. In addition, we must move towards more sustainable production, ensuring a reasonable balance between the strategic objectives of the European Green Deal and a decent livelihood for farmers.

Ladies and gentlemen, what we are advocating at the EU level we have already tried for the most part under domestic conditions. Over the past 15 years in Hungary, we have developed a work based economy which relies on connectivity and has withstood the test even during crises. The Hungarian tax environment and capital attractiveness, as well as the family support system, are all among the best in Europe. Hungarian economic growth is now above the EU average again, which also lays the foundation for our positive vision, even though the end of the war is a pivotal point in terms of prospects.

We believe that Europe has the opportunity to strengthen its competitiveness, but to this end, it must provide its own answers to today's challenges in accordance with its own interests. When we say 'own', we also say 'local'. Europe needs strong local economies in order to find its own answers, and it needs cooperation between these strong economies. In addition to all of this, we need peace and a negotiated settlement of the armed conflict as soon as possible. These are the goals that Hungary intends to emphasise during the European presidency.

Ladies and gentlemen, I sincerely hope that the forum can play an effective role in strengthening Europe's competitiveness. To this end, I wish much perseverance and strength to all participants. I wish you a good meeting in Budapest. Thank you for your attention.