

## **Hungary 'ready to negotiate on everything', says foreign minister**

- János Martonyi offers olive branch to IMF
- Chief negotiator Tamás Fellegi travels to Washington

The Hungarian government has vowed to do whatever it takes to secure its second bailout in four years – even if that means repealing or amending some of the controversial new laws it has passed in recent weeks.

"Everything is negotiable," said János Martonyi, the Hungarian foreign minister, in an interview with the Guardian on Monday. "We want to start negotiating with the IMF and to come to an agreement as soon as possible." There will be a deal, he repeated several times.

Martonyi spoke out as Hungary's chief negotiator, Tamás Fellegi, travelled to Washington to begin informal talks over a €15bn-20bn credit line. One reason the money is needed is to maintain payments on Hungary's first IMF bailout, given back in 2008.

The risk of the country failing to reach an agreement with the IMF sent the forint last week to a record low, pushed default risk to a record peak and lifted government borrowing costs to the highest level since 2009. Economists such as Christian Schulz at Berenberg Bank in London have warned that Hungarian bankruptcy is a real possibility" and that an IMF pact may be the country's last chance to stave off a default.

Christine Lagarde, head of the IMF, has maintained a tough line over aid to Hungary, telling the US news channel CNN on Friday: "We're not complacent. We don't compromise. But, equally, we never leave the table."

Her remarks echoed those from the European Union spokesman Olivier Bailly, who said last week: "[The Hungarian prime minister, Viktor] Orbán is confident that, in the end, we will pay. We think he will have to change the law if he wants his money."

Lagarde said that an important precondition would be a willingness to maintain the independence of Hungary's central bank, which many critics – including its governor – say could be compromised by the introduction of a new central bank law that allows the government to appoint a deputy governor.

On Sunday Orbán gave an interview to the state news agency MTI, saying that while his government was open to "any kind" of credit line to prop up financing, he saw no reason to amend the Central Bank Act.

Martonyi said on Monday that he "appreciated" Lagarde's "clear statement". When asked if his government was ready to repeal or amend laws in order to get the loan, he said: "We are ready to negotiate on everything."

The foreign minister acknowledged that not all of the 350-plus new laws his government had passed in its 20 months in power were necessarily compliant with European law. But, he said, Hungary was receiving unfair criticism from those who claim Orbán is a dictator – protesters call him the "Viktator" – and that democracy is being eroded.

He said: "It's one thing to [raise] issues where our legislation may or may not be fully in line with EU rules. That's one point. There might be several such issues. But it's a completely different point whether Hungary has a system based on the rule of law, that Hungary is a democratic country, whether Hungary respects fundamental human rights and so on."

Such insults were "completely unacceptable" he said, while stressing: "I never said that were are perfect or were perfect."

He said he was talking to the foreign press in order to improve Hungary's international reputation, which has reached a nadir in recent weeks amid widespread criticism over the direction in which the country was heading. "We have to do everything so that this reputation improves," said Martonyi. "We have to inform, explain, correct things which are unfair and unjust and factually wrong."

Just before Christmas, Gergely Prohle, one of Martonyi's closest colleagues in the foreign office, gave an interview saying that "presenting Europe as an enemy, the strengthening of such an enemy image, stops us from clarifying our own responsibilities".

Martonyi agreed that Hungarians have sometimes been too quick to portray Europe as the enemy while neglecting to explore their own failings. "We have to look within ourselves as well," he said.

When asked whether he regretted the strong anti-IMF rhetoric that has come from the Hungarian government – particularly the unconventional economy minister, György Matolcsy – since it sent the IMF away in spring 2010, Martonyi distanced himself from his colleague. "I have never applied any kind of hostile language or animosity vis-à-vis the IMF," he said. "I have a very strong point on that, which is I believe that the world definitely needs the IMF."

Martonyi said his government had a duty to listen to the complaints made both by international observers and partners and by those tens of thousands of people who gathered outside the Budapest opera house last Monday to protest against the government.

But, he said, it was wrong that opposition MPs were refusing to participate in parliamentary business – some have boycotted parliament after complaining they were not listened to – and were instead "doing politics in the street", such as at the opera protest, which united all leftwing opposition parties and other interest groups.

"You shouldn't forget that our political family, if it wants, we can put to the streets 10 times more people than they [the opposition] can," he said. "But we don't want to. But we don't think this is the way of having a democratic dialogue, [competing] who can send more people to the streets."

On Monday, the newspaper Népszabadság reported that the Fidesz leadership is preparing to stage a "show of strength" with a huge rally when Orbán gives his annual state of the nation speech in February.

Source: <http://www.guardian.co.uk/world/2012/jan/09/hungary-ready-to-negotiate/print>