

**Keynote speech of Secretary-General Mathias Cormann**

**at the event marking the 25<sup>th</sup> anniversary of Hungary's OECD-membership  
Budapest, 30 November 2021**

Dear Deputy Prime Minister and Minister of Finance Mihály Varga,  
Ambassador,  
Distinguished Colleagues,

The people of Hungary have always been freedom-loving people. The Hungarian revolution of 1956 staged the first major national challenge to the communist regime since the end of the Second World War. And that initial dramatic uprising sowed the seeds for successful struggles for freedom in Hungary and across Central and Eastern Europe. In April 1990, Hungary held one of the first sets of free multi-party elections in the then Eastern block. And the first cracks had actually appeared in the Berlin wall originally near Sopron, when the border gate between Hungary and Austria was removed for the pan-European picnic. Since then, Hungary has never looked back. What you have achieved as a nation, what the Hungarian people have achieved since then in creating better opportunities and better living standards for the Hungarian people, has been absolutely amazing. That is why it's a great honour to be here with you today to help celebrate the 25<sup>th</sup> anniversary of Hungary's accession to the OECD. Thank you for inviting me to help mark this occasion and for hosting me in the beautiful city of Budapest.

The years leading up to Hungary being invited and accepted as the 27<sup>th</sup> member of the OECD in early 1996 were important years of economic and social reform for Hungary. Setting your country up for success. And the OECD supported Hungary to manage the transition from a centrally planned to a market economy. Since 1991, under the Partners in Transition Programme, the OECD encouraged and accompanied Hungary in its key reforms including through a first ever economic survey of Hungary 1991, the first of a non-member economy. Our cooperation with Hungary stepped up to a higher gear when the government formally applied for the accession to the OECD in 1993, and the OECD Council opened the way to start the accession process in the following year. Hungary tackled the reform challenges head-on to meet the OECD membership criteria. Parliament adopted a new foreign exchange law, introducing free currency convertibility, and the government was reorganised to drive improved efficiency. Hungary also adhered to the OECD legal instruments on international investment as the first non-member, confirming the country's commitment to economic reform. And thanks to its dedication, Hungary was invited by the OECD Council to accede to the OECD in March 1996.

And over the years a partnership with Hungary has flourished in many important policy areas, whether that is competition, trade, anti-corruption, responsible business conduct, the digital transformation, to name but a few. Hungary's economic transformation since its accession to the OECD has been a success story for the Hungarian people and a source of inspiration for other post-communist countries. Successful economic performance is exemplified by the impressive convergence of income levels, solid and stable public finances and low unemployment.

The multi-year efforts of economic stabilisation and structural transformation during the transition and post-transition periods brought about large benefits. Hungary became a magnet for foreign direct investment, and a new growth pole in Europe. And let me put this in some perspective: just before Hungary joined the OECD, its GDP per capita was 46 per cent below the OECD average. Today, GDP per capita is almost 90 per cent higher than 25 years ago, and the gap with the OECD average has shrunk by half, to 25 per cent. That is a remarkable achievement. Hungary today is one of the fastest growing and most dynamic OECD economies, with one of the lowest unemployment rates and one of the highest employment participation, workforce participation rates.

Underpinning this strong performance has been the development of a modern infrastructure system from motorways and other transport infrastructure to a fixed broadband network to provide the foundations for the digital transformation. Fixed broadband subscriptions in Hungary are well above the OECD average. Hungary provides a powerful demonstration of how sound, market-based economic policies and commitment to democracy, and operating within the rule based global trading system can drive economic prosperity and increase living standards.

However, today's anniversary also of course takes place against the backdrop of the COVID-19 pandemic. The pandemic abruptly ended a high-growth period that saw large increases in real wages and employment. Fortunately, Hungary's economy has emerged strongly from the crises with economic growth strengthening, helped by supportive policies, the vaccine rollout, the relaxation of containment measures, and the acceleration, it must be said, of the digital transformation of our economies everywhere as a result of the pandemic. The GDP in Hungary has now surpassed its pre-pandemic level, although the pace and strength of the recovery remains uncertain everywhere. As the recovery becomes self-sustained, Hungary will need to turn to structural reforms to return to the impressive trajectory it was on in terms of income gains, but also to successfully achieve the green and digital transitions.

On climate change, and the Deputy Prime Minister has mentioned it, we do need to be able to lift our level of ambition, so we can reach global net zero emissions by 2050, while preventing negative spill-overs between different jurisdictions in terms of competitiveness, carbon leakage, or trade tensions, and while maintaining public support for the necessary reforms. That is why I have proposed to our members and G20 partners an initiative to support an assessment of explicit and implicit carbon pricing efforts, building on our successful experience of the Inclusive Framework on international tax reform. It is designed to help recognise and assess the different methods used in different jurisdictions in the context of different circumstances and different starting positions.

The OECD will support Hungary through the recovery and the green transition with analysis and best practice advice. Our most recent OECD economic survey released in July this year helps the government with policy recommendations to secure a faster, more sustainable and resilient recovery from the COVID-19 crisis. Our International Programme for Action on Climate can also help Hungary to track and assess its progress against commitments and improve their climate action plans through targeted policy advice and comparable indicators.

The OECD has very much benefited from having Hungary as a member. By building on its successful transition to a market economy, and remarkably rapid economic development, Hungary has made valuable contributions to the OECD community. In particular, Hungary has played a key role in extending the impact of the OECD to the Central Eastern and South Eastern European regions, through the Regional Centre for Competition here in Budapest, a joint venture between the Hungarian Competition Authority and the OECD, established all the way back in 2005. Hungary has also been a key supporter of our efforts to strengthen collaboration with South East Europe and Eurasia, sharing its experience to help transition economies effectively while implementing reforms and sustained economic progress.

Hungary joined the Development Assistance Committee in 2016, has followed the OECD Recommendations of the Council on Artificial Intelligence in its recent introduction of Ethical Guidelines for Trustworthy AI, and Hungary is of course also included in all of the OECD flagship publications produced every year. We greatly value our positive and constructive engagement and close cooperation with Hungary, and in this regard, I would like to thank in particular Ambassador László Turóczy for his strong leadership of his team with us in Paris, and for his excellent cooperation on your behalf across multiple OECD working areas. We look forward to working closely with Hungary on all of our key strategic priorities. Optimising the strength and the quality of the recovery; providing

global leadership and ambitions in effective actions on climate change; optimising the benefits while better managing the risks of digital transformation of our economies; swiftly and effectively implementing our international tax agreement; helping to ensure our international rules-based trading system is in good working order with the WTO at its centre, which is so important for export-oriented trading nations like Hungary; and boosting social cohesion through improved social mobility and equality of opportunity. The recent OECD 60<sup>th</sup> Anniversary Vision Statement shapes the course for the future of our organisation and its global presence, reaffirming the importance of our shared democratic values and principles. Hungary has made an important contribution to our organisation for the past 25 years.

Today's conference will provide invaluable insights to further illuminate the path on which Hungary and OECD walked together, founded on our shared values and principles enshrined in the OECD 60<sup>th</sup> Anniversary Statement. Rest assured that the OECD will continue to work very closely with Hungary every step of the way, as we work together to deliver a strong, resilient, green and inclusive recovery in Hungary and beyond. So on behalf of the entire OECD community, I warmly congratulate Hungary on the 25<sup>th</sup> anniversary of your accession, and look forward to enriching our partnership in the years ahead.

Thank you.