



EcoFlash

Elections in Hungary: a strong mandate to tackle economic challenges

In Hungary, Péter Magyar's pro-European centre-right party won a landslide victory in the general election held on 12 April. According to the latest official estimates, Tisza is reported to have secured a supermajority, which would give it significant room for manoeuvre to drive through institutional reforms. The new government will nevertheless face several challenges, including the release of European funds essential for revitalising the economy, and the consolidation of public finances. Meanwhile, the partnership with China in the field of electric mobility remains a priority.

A supermajority for Péter Magyar's new government?

In the general election held on 12 April, Péter Magyar, the leader of Tisza – a centre-right, pro-European party– won a landslide victory. According to the latest figures, he is reported to have secured 137 of the 199 seats in Parliament¹. These elections bring to an end the 16-year rule of Viktor Orbán's government², led by Fidesz. The Fidesz-KDNP alliance, which came in second with 56 seats, is followed at a considerable distance by Mi Hazánk, the far-right party, which holds six seats. The record voter turnout of 79.6% (compared to 69.6% in 2022) reflects the high stakes of the election. The new government is expected to take office within a month for a four-year term.

This is the ideal scenario for Péter Magyar's future government. Viktor Orbán conceded defeat on election night, thereby removing any uncertainty regarding the outcome of the vote. Currently, all indications point to Tisza having secured a supermajority in Parliament. If this is confirmed next Saturday, this comfortable majority will mark a decisive turning point for Hungary. A supermajority is, in fact, essential for any constitutional change and gives the future government the necessary leeway to implement economic and institutional reforms. It is worth noting that Hungary currently ranks at the lowest position among Central European countries in terms of governance³.

Significant yet manageable economic challenges

- **Towards a gradual release of European funds.** On the economic front, Tisza's decisive victory and its future commitment to institutional reforms should pave the way, in the coming months, for the release of European funds (EUR19 billion, or around 8.8% of GDP).
- **A tight schedule.** The transfer of European funds, particularly those linked to recovery and resilience (EUR 10.4 billion allocated, 4.8% of GDP), must be completed by 31 December 2026, with all milestones needing to be met by 31 August 2026. To date, 91.3% of the funds earmarked for Hungary are still awaiting transfer and could be permanently forfeited if the reforms are not approved in time. By comparison, other countries in the region have already used up around half of the recovery and resilience funds.
- **A flagging economy in need of a boost.** Péter Magyar's forthcoming government is counting on these resources to revive investment, which has been in sharp decline since 2022, and to support growth. It inherits a faltering economy (following several years of sluggish growth) which must also contend with the repercussions of the conflict in the Middle East. Inflation began to rise again in March (+1.8% y/y compared with 1.4% in February) and is expected to accelerate further in the coming months, although the government's cap on fuel prices and tax cuts should help to contain inflationary pressures.
- **The incoming government has pledged to consolidate public finances.** The release of European funds is expected to provide some relief for public finances. However, public spending is not expected to fall significantly in the short term under Péter Magyar's government. His priorities are healthcare, education and maintaining generous social welfare measures. In 2026, the budget deficit could remain close to 5% of GDP. The public debt-to-GDP ratio (74.6% in 2025) is the highest in Central Europe and is expected to rise further in the short term. This deterioration in public finances could act as a brake on the future government's ambitious economic programme. The government is expected to uphold its commitment to consolidating public finances in the medium term in order to comply with the fiscal rules set for 2030, in line with its election manifesto and with the aim of joining the eurozone. This commitment should help reduce investors' perception of sovereign risk and enable government bond yields (currently among the highest in Central Europe) to fall.

Maintaining the partnership with China

For several years, Hungary has successfully attracted foreign direct investment (inbound FDI: EUR6.8 billion, 3.2% of GDP in 2025), much of which is directed towards the automotive sector. The country is one of the main recipients of Chinese investment in the automotive sector in the region, and it is anticipated that China will continue to be a key partner for Hungary. The national strategy for electric mobility is not expected to change in the medium term. On the contrary, the war in the Middle East is likely to reinforce this strategic positioning. It should be noted that a Chinese BYD factory, focused on electric cars, is expected to become operational in 2026.

Normalisation of relations with the EU

Tisza's victory is likely to facilitate the normalisation of Hungary's relations with the EU and pave the way for the release of the EUR90 billion European loan intended for Ukraine, which Viktor Orbán's government had vetoed.

The dependence on Russian hydrocarbons is set to continue in the short term. Economic ties between Russia and Hungary are expected to remain strong in the short term, particularly in the energy sector. Currently, 80.3% of oil and 77.3% of gas comes from Russia. However, Peter Magyar's election manifesto aims to reduce dependence on Russian energy supplies by 2035. However, the ongoing conflict in the Middle East may prolong this transition.

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¹ The number of seats required for a supermajority is 133. By way of comparison, in 2022, Fidesz, Viktor Orbán's party, won a supermajority with 135 seats. The final results will be announced on Saturday.

² Election results as of 2:58 pm on 14 April, according to the National Election Office.

³ Transparency International's Corruption Perceptions Index ranks Hungary at the bottom of the table alongside Bulgaria.