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Introduction

Dear Members and Friends,

It’s time for me to say goodbye as my second term on the board expires after serving two years as member-at-large and two years as President of AmCham Hungary. The past four years flew by fast, but I can only hope that, together with my fellow board members, we served the membership while meeting your expectations, and that the advocacy work we have done will benefit you and all of Hungary in the long run. Let me highlight some of the achievements from the past two years of my presidency.

We signed a Strategic Partnership Agreement with the Ministry of Public Administration and Justice in February 2011. Ever since our members’ legal experts, working in the Regulatory Committee, have been issuing recommendations to the regulators on key issues, such as the Labor Code, the Civil Code, the Bankruptcy Act and the Data Protection Act. We have published a position on the government’s anti-corruption program, consulted with the government on cutting red tape and the Simple State Program, we have compiled a study with the professional help of Századvég on the positive role of PDI in Hungary, published a Position Brief on Innovation and R&D and completed Position Briefs on IT (see the interview with Péter Pata on page six of this issue) and Energy (for more on this see the Péter Gordos interview on page seven), both to be published this year. We organized a Regional Tax Conference in Budapest and also the largest U.S. Election Night Party in the region. We launched the CSR-award winning foreign language learning program in partnership with the Ministry of National Resources.

When I say ‘we’ I mean the board, the AmCham staff, our committee chairs and volunteers, our 400 members and all of our external partners. And I see this cooperation among so many, and such diverse, stakeholders as one of the greatest accomplishments of the past years, and one of the greatest strengths of AmCham. And I thank you all for that!

I personally have found these past two years very rewarding, having had the chance to serve as president of such an esteemed organization. With that I wish my successor an even more successful term and the means to keep enhancing Hungary’s competitiveness and to strengthen our advocacy efforts. For that I ask you, fellow members – this organization’s real driving force – to be partners, just as I could always count on your support in the past.

For every challenge there is an American strength.

Q: How did you come to be involved with the U.S. Chamber?
A: I first came to the chamber in 1979, after having worked at the Boy Scouts of America and for two universities as director of development, and was responsible for membership, fundraising, and White House relations.

In 1984 I was given the opportunity to lead my own organization as the president and chief executive officer of the American Trucking Associations (ATA), the national trade association of the trucking industry. I would have left that job for only one other position – president at the U.S. Chamber. I got that opportunity in 1997. The chamber is unique. No other organization has its depth, breadth, and reach. No other organization represents the interests of such a large number and diversity of businesses. The chamber isn’t powerful because of its staff – although we have the best in the country – but because of who we represent: the businesses and entrepreneurs that drive our economy and create jobs and wealth. Business is the one thing in this country that really works.

Q: What are the biggest challenges facing business in America today?
A: The most immediate challenge is averting the looming “fiscal cliff” at the end of this year, when a large number of tax breaks will expire and substantial cuts to spending will take place if Congress and the President don’t act. Experts say if we go off the cliff we could have another recession and unemployment could spike to 9%. The biggest challenge we face is getting our finances in order. We’ve had five years of deficits larger than $1 trillion. We have a national debt of $16 trillion. We need our political leaders to come together to reduce spending, trim the deficit, and restructure our tax code. Another challenge is not to undermine the resolution in America’s economic production with too many regulations and restrictions. Greater American production could spur economic growth, generate tax revenues, employs millions of people, help reduce our debt, and decrease our reliance on foreign energy. But that will happen only if we implement the right policies.

America faces many other challenges – overregulation, an aging infrastructure, an inadequately primary education system, and a broken immigration system, to name a few – but for every challenge there is an American strength and an opportunity. That’s why I’m optimistic about America’s future. No one ever made a dime betting against America.

Q: The United States and the EU are each other’s biggest trading partners. What challenges and opportunities lie ahead for that business relationship?
A: The biggest challenge facing the U.S. and European economies now is the need to generate growth and to provide jobs for our people. In Europe, re-establishing confidence in government finances is also critical. Another major challenge is to remove unnecessary regulation, to give more power to the private sector. Member state governments have little leeway for additional spending; they too need to free up private sector growth. The United States and the European Union, however, also have a major opportunity in front of them. Within weeks, a high level working group headed by U.S. Trade Representative Ron Kirk and EU Trade Commissioner Karel De Gucht should recommend whether the U.S. and

EU should launch negotiations on an ambitious but realistic comprehensive trade and investment agreement. We believe strongly that we should launch these talks immediately, and conclude them as soon as possible. This will provide an enormous stimulus to our economies – just eliminating tariffs alone would boost our exports 17% and add $180 billion to U.S. and EU gross domestic product.

Q: Will Europe always be of vital importance to American businesses?
A: Absolutely. Europe has the world’s largest economy and some 500 million people, no matter what, our companies will continue to seek new markets there. Even in weak economies, a good company can find growth opportunities. The same is obviously true of European companies seeking opportunities in the United States. This is one reason why U.S. firms have more than $2 trillion invested in Europe, while EU companies have $1.6 trillion invested in the United States. These investments rank up sales of more than $4 trillion every year, to add to the $1 trillion in annual trade and direct investment flows. A relationship of this size will always be of vital importance.

Q: What is the nature of the relationship between the U.S. Chamber and organizations like AmCham Hungary?
A: AmCham Hungary, like all AmChams, is a member of the U.S. Chamber of Commerce. The AmChams are independent, as they represent the interests of their members in their host countries, but the U.S. Chamber provides them support of various kinds – responding to questions from their members, or hosting them when they visit Washington and the like. In addition, the chamber has an office in Brussels, where the Vice President for Europe, Peter Chase, is available to work with AmCham Hungary and its members in your own time zone.

In 2012, the U.S. Chamber of Commerce celebrates 100 years of standing up for American enterprise. Voice talks to President CEO Tom. J. Donahue about links with AmCham and Europe, and the challenges facing business today.

Q&A
A revision of eGovernance

Hungary has made progress in developing its eGovernment systems, but needs to pick up the pace as many competitor countries have developed further, faster, says Péter Paál, the chairman of AmCham’s IT committee.

“It really is a revision, rather than a new position brief, with a point-by-point analysis of our recommendations of 2007,” explains Paál. “It positions Hungary against the member states of the EU and globally, and looks at how we are considered now in terms of eGovernment policy. It acknowledges the interest of the government in the area, however, we are not happy with the speed of implementation. Some of the 2007 recommendations, if not the majority, are still valid now.”

Not least of those is one very simple fact, “eGovernment is especially important from the point of view because foreign capital comes to a country where bureaucracy is at a minimum and where they can deal and globally, and looks at how we are considered now in terms of eGovernment policy. It acknowledges the interest of the government in the area, however, we are not happy with the speed of implementation. Some of the 2007 recommendations, if not the majority, are still valid now.”

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The revision references comparative listings such as the key ICT indicators of the OECD, which in June of this year placed Hungary 28 out of 35 countries (if you count the EU27 average as one of the “countries”) when it came to households with access to broadband, putting it below the average and behind Poland, Czech Republic and Slovenia.

According to the World Economic Forum’s 2012 Global Technology Report, Hungary was ranked 43rd (out of 142 countries) when it comes to the networked readiness index, but 89th when it comes to government prioritization of ICT, and 95th when it comes to the importance of ICT to the government’s vision.

Early investments in high-speed infrastructure had seen Hungary climb rankings, but that too has been reversed. By 2006, the country had risen from 23rd to 14th place among European nations. By 2011, it had slipped back to 25th. In a competitive world, standing still, or not progressing fast enough, will see others move ahead.

“The development is in place, but the speed of implementation is slower and others are doing better at using EU funds more efficiently,” says Paál. And in an environment where money is getting ever tighter, better use of the Union’s Electronic Government Operative Program (EGOP) money may well be crucial.

“We believe eGovernment projects have low priorities among many competing development projects, and Hungary can not utilize the available EU funds for that before 2013. We do believe, though, that this is the right time to work on policy for eGovernment implementation in order to position its development in the new EU budget cycle. We want to help IT policy makers through our position brief revision to achieve a much higher priority for eGovernment implementation. The revision has been sent to the government and we wait for a cooperative response, and have asked for further consultations.” Paál hopes that will happen within a matter of weeks.

“After that, we would like to publicly issue the revised position brief.” Is the committee chairman hopeful that the government will take onboard AmCham’s recommendations? “When we published the position brief five years ago, the government of the time did read it. After the 2010 general election, we initiated discussions about it with the new government, and the new policy makers acknowledged and read our recommendations. In the past two years they have developed nice plans for expanding the digital society, reducing the administrative burdens of SMEs via eGovernment; it is now time to implement them.”

Supporting the sustainable

Early in December, AmCham’s Energy and Environment Protection Committee plans its very own Mikulás gift: a new position brief on the energy sector, says chairman Péter Gordos.

In March 2010, the committee published a brief on the situation at that time. This is no revision of that, but rather something entirely new. It is, if you like, AmCham’s response to the national energy strategy laid out by Parliament in October 2011.

The good news is that AmCham is fully in agreement with the government over the goals published in the blueprint: “The energy strategy has appropriately defined the long-term pillars (competitiveness, sustainability and security of supply), and it has, in general, properly identified the available set of tools or methods to fulfill strategic directions and goals,” says Gordos. “It has with special care addressed the global, EU, regional and domestic energy trends, the factors influencing these trends, and, within that, the various energy carrier types. Analysis of horizontal issues (regional development, training, employment, environment protection and natural conservation, as well as welfare and social aspects) must be specifically mentioned,” he tells Voice.

So the destination is a good one. And important though it is to know where you are going, how you get there is perhaps just as much so. In the case of the energy strategy, the destination is via a series of action plans, still under preparation at present, and it is there that much of the focus of the position paper lies. “The chamber has the view that highlighting some points of the action plans before they are finalized is very important,” Gordos says.

The strategy identifies four priorities for the energy re-structuring process: comprehensive energy efficiency covering the entire supply and consumption chain, increasing the amount of low CO2 intensity power generation; expanding renewable energy generation and enlarging alternative heat generation, and increasing low CO2 emission traffic methods. Again, AmCham has no problems with the nominated priorities. “These can be supported, provided that particular attention is dedicated to improving the competitiveness of the economy,” says Gordos.

On energy efficiency, AmCham argues that more must be done to improve building insulation, since big steps can be taken here. On the gas sector, it says more should be done to increase free and fair gas-to-gas competition in terms of supply in what it calls a “discrimination-free vehicle.” On electricity, it argues that more focus should be made on the development of natural gas-fired power station capacity, and not only on nuclear.

Regular readers may remember an interview Voice made with Gordos back in the June 2011 issue (Giving a committee new energy). In it, the committee chairman made the point that energy investments tend to be long-term. Decide to build a new plant today, and the chances are it will still be in operation 25 years down the line. No wonder then, that the chamber “gives support to every sustainable and predictable action that can strengthen and improve the investor environment and the liquidity side of the bank financing required for implementing such investments, and that is ownership-neutral and free of any discrimination”. Gordos believes this is the only way to secure “harmony” between “the Government’s strategic targets, market opportunities and sources of investment”.

The chamber is also giving its backing to the setting up of an energy roundtable, “as a comprehensive, conciliatory forum” for all stakeholders that can help “set the course for the Hungarian energy sector towards a sustainable, progressive and forward-looking path, as identified in the National Energy Strategy”.

The position paper is ambitious, but is it realistic? Will government listen? “I am quite confident that this is helpful to the government. I don’t expect them to thank us publicly, but we have good connections with the government, both institutionally, through AmCham, and at a personal level. If we meet with certain policy makers, we can say to them ‘this is a better path than that’. So, yes, I would like to have the chance to implement good action plans that are in the long-term interests of everyone.”
Truly Texan service with a smile

When we originally launched the Inside Out series, it was intended to offer expats working in Hungary some insight into life and business in the country. This issue we offer a variation on a theme: a Hungarian working abroad, giving us a rather different Inside Tw in twist on the format.

How long have you lived and worked abroad, and what took you there?
I have taken up an international assignment at my company’s head-quarter in Dallas for six months. This is an excellent opportunity to gain a good insight into the workings of the organization and get a deeper understanding of how colleagues from all over the world collaborate every day.

Did you have any experience of the country before moving there for work?
Since I’ve been with Celanese I’ve had a couple of shorter trips to Dallas but this is my first longer assignment. I lived in the States as a child for a while and when I arrived here it all came back to me – fortunately I have good memories, so by default it was easy to accept the change and adapt to my new environment.

What surprised you about life in general and in particular about doing business?
What I’ve noticed right away is how friendly and laid back people are in this part of the world, there is somehow a lot more happiness and positivity in the air. The folks here seem to take life in general with a happy approach, which is great. Dallas is like a whole different planet – very laid back, lots of nature, countless hours of sunshine, deserted streets on the weekend, the odd farm with cows and horses - all wrapped up in an incredibly large piece of land. People here take their job seriously and work long hours but evenings and weekends are for family and friends. You can get a whole new perspective on concepts such as balance, friendship, family and homeland. And the openness and attitude people have to one another is definitely worth taking back home.

What are the biggest challenges facing a foreign businessperson?
If you don’t have a driver’s license or don’t regularly drive you’re in some trouble – it is absolutely impossible to get anywhere without a car. Bank accounts also work slightly differently than back home. And there are several topics of conversation that are off-limits at the workplace – politics is a good example.

Was there anything you wished you had known at the outset to make life easier?
That the term ‘pop down to the store’ does not exist here at all, so that if I run out of milk for my morning coffee I have to drive five miles to the nearest store. I also found it a bit challenging to find good quality, locally grown fresh fruits and vegetables – the market-type sales that are so common in Europe do not really exist here; if there are any, they are usually miles away.

What would you recommend a new expat do in order to start making the most of their time in the country?
The first thing should be to get a car. Considering purchasing a vehicle as rentals can be incredibly expensive and the insurance structure is different as well, so make sure you do your homework well in advance. Have a valid bank card on you at all times – it needs to be from one of the major credit card companies, literally nothing can be done without it. Plan your free time well ahead as, even though Texas is a beautiful state full of wild nature, you will need at least five hours to drive to the nearest city or attraction – one way. And if you come in the summer, be prepared for the fact that it gets seriously hot.

Would you recommend it as a good place for fellow Hungarians to work, and if so, why?
Dallas is like a whole different planet – very laid back, lots of nature, countless hours of sunshine, deserted streets on the weekend, the odd farm with cows and horses - all wrapped up in an incredibly large piece of land. People here take their job seriously and work long hours but evenings and weekends are for family and friends. You can get a whole new perspective on concepts such as balance, friendship, family and homeland. And the openness and attitude people have to one another is definitely worth taking back home.

Business roundup

Compiled from Hungary AM’s news service

It isn’t necessarily all doom and gloom out there…

October 9 that Bonafarm group would build a slaughterhouse with annual capacity of one million animals in the area around Pécs in the near future. A decision had also been taken to establish a meat processor in Szeged, he added. Csányi said that Bonafarm’s investments so far added up to about HUF 24 bln ($111.5 mln), including HUF 15 bln ($69.7 mln) in the livestock segment.

Japanese tire maker BRIDGESTONE said on October 24 it had decided on a HUF 7.3 bln (€5.7 mln) expansion at its manufacturing base in Hungary. The investment will boost daily tire output at Bridgestone’s plant in Tatainanya by up to 18,000. The expansion is due to be completed in the first half of 2017.

The Orlando-based CAPITAL CORP MERCHANT BANKING has entered into an agreement with a Hungarian company to provide it with the funding, totaling HUF 192.675 million, to build and operate a geothermal energy power station, the first such in Hungary: The drilling method of complex extraction of gigantic energy from geothermal and geo-plutonic resources, or CEGE, is a way to inexpensively produce energy from dry, high temperature geo-plutonic heat through the use of thermal heat exchangers. The newest technology also allows for drilling boreholes to depths of 10,000 meters within 30 days.

Hungarian drug maker EGIS NYRT., majority-owned by France’s SERvier, inaugurated a HUF 5 bln (€3.5 mln) research and development investment at its base in Budapest on September 25. The investments will create 50 new jobs. Egis employs about 4,000 people at its plants in Budapest and the Hungarian city of Kőrmend.

Swedish white goods maker ELECTROLUX has invested about HUF 5 billion (€22.2 mln) at its operations in Hungary this
László Tórik said in November 15 issue of business daily Világgazdaság. The company announced a year ago it was starting to build the plant, its fourth in Hungary. László Tórik said Grundfos was spending HUF 9 billion on the first phase of investment at the plant, which is expected to start operating next August.

German-owned sweats maker HARIBO HUNGARIA has started a HUF 4.2 billion ($19.5 mln) expansion of its plant in Nemesvámos (western Hungary), the ninth largest in Hungary, as the company’s management said in September. The investment will increase the area of the plant by a further 8,000sqm from the current 5,000sqm and will raise production capacity by one-third to about 17,000 tonnes. Construction work, which began in June, is slated for completion by next spring. In addition to the technological development, a new production building and a warehouse will be built, and the headcount will increase by at least 25 from the current 152.

American contract electronics manufacturer JABIL CIRCUIT has promised to employ 400 people at a service center unit in Tiszai járás and a service and logistics unit in Szombathely. Jabl CIRCUIT Magyarország employs 7,500 people but the number will grow to 300 by the end of next year, as more than 200 people work at the base in Székesfehérvár. Managing director Péter Elcoteq’s recently closed plant in the city, smartphones. The base is Jabl’s third in Hungary: it also has an assembly

GE HEALTHCARE HAS OPENED A PRODUCT-TRAINING CENTER, THE FIRST OF ITS KIND IN EUROPE, IN BUDAPEST, ON THE OUTSKIRTS OF BUDAPEST, THE COMPANY SAID ON OCTOBER 16. GÉJEGÉMONK (SLOVAKIA) AND OTHER REGIONS WILL BE TRAINED TO USE X-RAY SURGERY, MAMMOGRAPHY AND CT EQUIPMENT AT THE CENTER. GE LIGHTING, MEANWHILE, WILL START PRODUCTION OF LED LIGHTS AT ITS PLANT IN LED LIGHTS AT ITS PLANT IN PÉCS (OPENED IN OCTOBER 2). The company will make parts for car seats at the plant, said Johnson Controls Automotive Experience vice president Manfred Rüttgers. The investment will create 50 jobs, he added. More than 600 people work at the base in Mezőkút at present, with Johnson Controls employing a combined 2,500 people across its four plants in Hungary.

GE Healthcare opened a product-training centre in Budapest on October 16.

German carmaker ÖPKL, part of the American auto giant General Motors, has inaugurated a €500 mln ($649.4 mln, HUF 140.9 bln) engine plant at its base in Szemegithöll. Deputy chairman of Öpl’s management board Thomas Sedran and Prime Minister Viktor Orbán inaugurated the investment, which creates 800 jobs, said Sedran. The creation of an entirely new family of engines will start at the new plant by the end of the year. Orbán said the expansion at the base would create several thousand jobs among Öpl’s suppliers. Sedran said Öpl bought €400 million from Hungarian suppliers last year and wants to increase this amount. The 30,000sqm plant will turn out three- and four-cylinder petrol engines –1.6-liter initially – with production of diesel engines to begin later. The plant was based on “flexible” technology, which allows production to shift to different engine models in a short time, based on market demand, Sedran said. All of the engines the plant will make meet Euro 6 environmental standards, he added. The plant brings the amount Öpl has spent on investments in Hungary to €1.25 bln ($1.6 bln, HUF 358.6 bln).

United States-based business software and hardware company ORACLE is setting up a development center in Hungary and will raise headcount in the country by 10%, it was announced on October 15. Oracle Hungary managing director Csaba Reményi said the activities of the company in Hungary would be expanded from sales to include an innovative international development function with the establishment of the Oracle Applications Lab (OAL) in Budapest, which will start activities this year. The Budapest unit, which is part of the OAL global network, acts as a test environment for introducing and expanding applications, developing custom-made apps that best fit the needs of Oracle clients, Reményi explained. If these perform well, they become products and are made available to clients, he added. Oracle employs more than 200 people in Hungary.

Hungarian automotive industry company RÁBA said on October 24 it is partnering with US-based MARMON HERRINGTON to supply Brazil’s biggest commercial vehicle maker with specialty truck axles worth more than $15 million. If these perform well, they become products and are made available to clients, he added. Oracle employs more than 200 people in Hungary.

Hungarian IT company SYNERYXON has said it plans to spend as much as €18 million (HUF 3.5 bln) to build a server center. Construction is expected to start in Q2 or Q3 of 2013. Syneryx will build 2,000sqm in the first phase of the project but could expand the area to 5,000sqm later. Swiss agribusiness SYNGENTA has inaugurated a HUF 7.5 bln ($34.9 mln) investment at its plant’s new site in Mátészalka (southeast Hungary), doubling capacity there. Tibor Cziráky, managing director of Syngenta’s Hungarian unit, said that at the base could now meet all demand for maize, sunflower and rappedese planting seeds in Hungary. The base employs about 150 people full-time and a further 300 seasonal laborers.

Izraeli drugmaker TEVA inaugurated a HUF 22 bln ($94.4 mln) plant at its base in Gödöllő, near Budapest, on October 2. The new plant makes sterile preparations, such as infusions and vaccines. Prime Minister Viktor Orbán acknowledged the plant’s contribution to the Hungarian economy at the inauguration. The government is prepared to cooperate further with Teva on developments or investments, he added. Jeremy Levin, Teva’s global CEO, spoke about the company’s commitment to providing the highest quality products to patients. “We firmly believe in the Hungarian people and the Hungarian economy,” he added. Milály Kaszás, who heads Teva’s Hungarian unit, said the investment had created 263 jobs, leased an ambassador to Hungary Ilan Mor said more than 10,000 Hungarians work for or with Teva.

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After recession in 2012, Hungary might see a weak recovery in 2013 and 2014, primarily driven by exports.

GDP is expected to contract by 0.3% in the EU27 and by 0.4% in the euro area in 2012. In 2013, economic growth is expected to gradually return, with some further strengthening in 2014. In Germany, after a moderate growth rate of 0.8% in both 2012 and 2013, GDP is projected to expand by 2% in 2014.

**DEFICIT BELOW 3% IN 2013**

The good news is that the EC expects that the budget deficit will remain below 3% in 2012, even with its 0.3% GDP growth forecast, which is lower than the government’s official target, said Somi. On the other hand, the deficit is expected to rise to 3.5% of GDP in 2014, which reflects the Commission’s negative opinion of the sustainability of the budget. The higher deficit is attributed to the new compensation scheme in the education sector and increasing interest expenditure. This means, says Somi, that further fiscal measures might be necessary, adding that the two Matolcsy packages announced in October, especially the second, have a strong focus on revenues from taxes rather than on structural reforms. As he considers them a short-term ‘patching up’ of the budget gaps, he does not rule out the launch of further packages. The official budget deficit targets for 2013 and 2014 were raised to 2.7% of GDP in October, from the previous 2.3% and 2.2%.

The government announced successive fiscal measures packages in October, of HUF 397 billion ($1.7 bln) and then a further HUF 367 bln ($1.6 bln). The assessment of the first package was rather positive due to the lack of unorthodox measures and the decision that the financial transaction tax would no longer apply to the National Bank of Hungary (MNB). The second “balance improving” measures were not welcomed so warmly, with analysts saying that while the measures would keep the deficit under 3%, they would weigh on growth, investments and lending activity. The measures included raising the already announced transaction tax from 0.1% to 0.2% and the hiking of the payroll tax on in-kind contributions, such as food and vacation vouchers, from 10% to 27%. The 50% cut in the “crisis tax” on banks due in 2013 was also cancelled.

**INFLATION WELL ABOVE 3%**

In November, the government raised its projection for the 2013 consumer price inflation to 5.2% from 5% in light of the new round of fiscal measures. The Monetary Council expects the 3% inflation target to be met only in 2014, with inflation likely to stay significantly above the medium-term target in 2012 and 2013. “However, the disinflationary impact of weak domestic demand is expected to increasingly dominate inflation developments as the upward pressure from one-off price level shocks fades,” the council said.

The recently launched rate cutting cycle of the MNB could have undesirable consequences, such as growing uncertainty of the future CPI path. The MNB cut the base rate by 25 basis points to 6.25% on October 31 following similar cuts on September 25 and on August 29. The MC said that it will “consider a further reduction in interest rates if the improvement in financial market sentiment persists and medium-term upside risks to inflation remain moderate.”
Blue chips face another difficult year in 2013
by GABRIELLA LOVAS

After a bad year in 2012, the economic environment looks likely to remain challenging for Hungarian blue chips next year.

OTP Bank closed one of its most difficult years in 2012, according to an analysis by KBC Securities. Beside the uncertainties in the Hungarian macroeconomic environment, the bank faced challenges from government measures including the extraordinary bank levy, the early repayment scheme and the new financial transaction tax. As the business environment is not expected to become markedly friendlier in 2013, OTP’s domestic growth potential remains limited, thus the group will have to focus more on its foreign subsidiaries.

The municipality debt consolidation plan is another concern for OTP. Equilor analyst Gergely Gabler told Voice. Under the plan, which was announced by Prime Minister Viktor Orbán on October 27, Hungary’s central government will take over HUF 612 billion ($2.7 bln) of municipal debt. Hungarian banks are worried that they may be faced with yet another extra burden depending on the details of the plan. With municipal loans of HUF 1.2 trillion ($26.8 bln) in 2012, up from HUF 53.3 bln in the previous year. Profits are expected to decline to HUF 120 bln ($53.79 mln) from HUF 185 bln in 2011.

The profitability of pharmaceutical producer Richter is expected to be weak in 2012, despite strong revenues, said Gabler. Annual profits reflect a significant increase in R&D and marketing expenditures including the costs of the market launch of Esmya, a new medicine to treat uterine fibroids, in the EU. In 2012, sales and marketing expenses and R&D spending are expected to be at around 28-29% and 12% of the total, respectively.

At the beginning of November, Richter raised its 2012 euro-denominated revenue growth forecast to 3%. According to CEO Erik Bogoch, sales in Russia, Ukraine and Poland are better than expected, while revenues in Hungary are now thought likely to drop by less than 15%, as opposed to the earlier projection of 15-20%.

Magyar Telekom’s management expects market conditions to “remain challenging” and forecast a 0-2% decline in revenues and a 4-6% decline in EBITDA in 2012. CAPEX is set to reach HUF 90 bln for the year, excluding spectrum acquisitions. According to Gabler, the company’s profits are under pressure from the extraordinary tax, which amounts to HUF 27 bln ($1.3 bln) per year, as well as the new telephone tax introduced on July 1 2012, which could reach HUF 8-10 bln ($35.8-44.8 mln) in the second half of 2012. On the upside, the extraordinary levy will be scrapped in 2013.

While CEO Ilito Kusch said that no change is expected in the company’s dividend policy, Gabler believes that if the HUF 50 (22 cents) per share dividend were sustainable, the stock price would be higher than its current level. He added that there is talk that dividends will be decreased to HUF 40 per share. Magyar Telekom paid out a HUF 50 per share dividend on both 2010 and 2011 profits.

The company says it aims to strengthen non-core activities, such as retail energy sales, insurance sales, mobile parking, interactive television, and online social networking. The problem with that, according to Gabler, is that the profit margin of these business lines is significantly lower than that of conventional services.

While Gabler is almost sure that the fourth mobile provider (MVP) will be launched, its market entry has been delayed, as the Budapest Metropolitan Court ruled that the state-owned company unlawfully won the right to build its own network. MVP Mobil, a consortium of postal company Magyar Posta, the Hungarian Electricity Works (MVM) and the Hungarian Development Bank (MFB), was announced the winner of the biggest block – 5MHz – offered in an auction of the 900MHz band earlier this year.
Bridging the academic-business divide

by ROBIN MARSHALL

“Education,” said Nelson Mandela, “is the most powerful weapon which you can use to change the world.” But it also has to be fit for purpose, and for too long that hasn’t been the case in Hungary, a country whose educational system was once touted worldwide.

It isn’t that Hungarians have suddenly become poor educators, so much as that the world’s needs, specifically the business world’s needs, have moved on. Hungarian universities turn out tens of thousands of theoretically very good graduates each summer, what they lack are practical and soft skills.

It is a problem at least some of those in academia recognize. Donát Dékány runs the Student Innovation Center at the Budapest University of Technology and Economics, and is a member of the Faculty of Electrical Engineering and Informatics. It, he says, as if education itself became the goal itself, rather than a means to an end. “We have a lot of PhD students at universities in Hungary, but a very low percentage of them have diplomas that are really commercialized or useful in the real world. In America and Western Europe it is very different, and we must get closer to those norms.”

It has been a complaint industry has raised time and again. Frustrated by the quality of students, companies as diverse as Hungarian architectural software designers Graphisoft and German automaker Audi have taken to running their own courses, even, in some cases, their own schools. The workforce is clearly good enough to continue attracting investors, but the widening gap between what academia produces and commerce requires has begun to ring some alarm bells.

Élőd Solti, who runs his own consultancy company and is a member of AmCham’s Governance, Integrity and Entrepreneurship committee, is in no doubt that something has to be done. “When I started my own business,” he tells Voice, “I would have been the first to apply.”

LANGUAGE AMBASSADORS

It is for that very reason that AmCham has launched a number of programs aimed at narrowing the divide. And they run across a broad swathe of education, from high school students to university professors and rectors. For a country as linguistically unique as Hungary, an obvious starting place is foreign language learning, where the country does not do well in EU comparisons.

According to a September 2010 study by Eurostat (the statistical office of the EU), the lowest shares of pupils in primary education studying a foreign language in 2008 were found in Hungary (33%), with only Iceland (3%) and the Netherlands (32%), faring worse. The Irish figure is misleading, however: most students there study Gaelic (Irish) and English from when they start school, but as both are official languages in Ireland, both are counted as native languages and, for the purposes of this survey, neither can be counted as a foreign language. A very few others will study a third language, and ideally a second language, and ideally a third. So

One of the ambassadors is András R. Nagy, Managing Director of Probaló Communications, and himself a former teacher. “I’m sure at the beginning the students did not know what to expect. I was just some guy from an organization, AmCham, they had never heard of, it is not in their subculture, it is not a rock band or something like that. But by the end I think some of them, at least, found it useful.”

Depending on what the schools asked for, lectures and following Q&A sessions were undertaken in English or Hungarian, and typically formed part of a language lesson. R. Nagy says he really enjoyed the experience of being back in a school environment, and even found it useful for his work. “It was really interesting for me to meet high school kids personally, to learn directly from them what they think about their future. I occasionally work for brands that target these groups. My children are too young, so it is a good opportunity for me. Sometimes I wonder if I learned more than the children!”

Not all the experiences were uplifting, though, and one in particular underlined the help that education needs. “One school did really surprise me in a slightly negative way. It was a general secondary school, rather than a grammar school, and the majority of the class, this was 16 or 17 year olds, I guess, wanted to go abroad straight after finishing school, not go to university but go to the UK or Germany and start working in a hotel, proficient or good in a foreign language, the shares in Hungary were way down: 5.8% thought they were “proficient”, 7.2% described their level as “good”, 12.2% as “fair/basic”, and, most worrying of all, 74.8% said “none known”, a figure only worse in Romania and Turkey.

It is against this backdrop that the chamber’s Language Ambassador program was launched, where professionals drawn from AmCham’s member companies and who use a foreign language in their work, go into schools to talk to pupils about the importance in life and work of being able to communicate in a second language, and ideally a third. So successful has the program proved that it recently won the 2012 CSR Best Practice Award of the Hungarian PR Association.

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or something like that. That was quite shocking, really, that they cannot feel they can build a career here, although, as I say, it was just that one class.”

The drive is on now to expand the program, especially into the countryside. To that end, a summit is planned for early spring, with Parliament already settled as the host venue. “One of the main challenges is that there are not enough schools for these ‘ambassadors’. That is one of the most important goals of the

That organizations such as AmCham and HVCA are involved is very important, he explains. “Universities in Hungary are very conservative institutions, it can be rather difficult to drive new courses into the curriculum. Our first mission is to try and change the way of thinking. I am 27, it is absolutely normal to me to look for solutions to problems, to think like an entrepreneur, but this is not normal for a professor, or a scientist or a researcher who has been

in 2010. Donát Dékány, who we heard from earlier, says the event offers students a rare opportunity to meet those who know exactly what is required to build success. “The whole series has been successful, and the feedback from the students very good,” he says. “It is a very good opportunity for students who have new ideas or want to start a company – to be an entrepreneur – to make contact and build relationships with those already involved in these activities, such as lawyers, venture capitalists and successful entrepreneurs.”

That these courses are very good tools to change this way of thinking. And there have been some successful projects, which has helped too. They are usually student groups. We have one that has already received venture capital and several others where advanced negotiations are on-going with VCs. Tresorit received €1.5m. It deals with cloud computing and IT security, and has developed a new IT protocol for storing and sharing data in the cloud, which has some new functionality over the protocols currently used. It makes it easier, more secure and flexible to manage permissions for users and establish who can access data."

Among other projects, Clariton may well be the next success story. It developed the Hand-in-Scan technology that was featured in Voice in the June 2012 issue as one of the finalists in the Singularity University Global Impact Competition for the CEE and SEE regions. “Once it gets the venture capital, it can go out to market. The team have the prototype and

second deals with how to develop the business, how to set up management, which at the beginning is not an issue) and a moderated panel discussion on each day,” he says. “We are ready to go to other universities, and would welcome approaches from interested parties.”

Solti is clearly pleased to be so deeply involved. “I think this kind of education is very important. It is kind of cultural in that you have to give back to community, but on the other hand it to ask specific questions. We would also like to encourage them to use AmCham’s Future Leaders ("A Jóvíz Vezető") Facebook site, which is a resource center covering many related issues.”

ROUND TABLE DISCUSSIONS

It is not just the university students who need help, though. As has been well documented in previous issues of Voice, László Csirik, and many of his Governance, Integrity and Entrepreneurship committee members

summit next year, to bring more schools into the program.”

START YOUR BUSINESS

Another project, this time jointly run with the Hungarian Venture Capital Association, targets students that have gone on to university. The AmCham-HVCA Start your Business Series for Young Professionals, now in its third year, aims to introduce ambitious university students to some critical real-life business know-how and insights into how to start their own company, nurture it and build

in Hungary. The same day, and at the same establishment, saw another outreach to university staff. Andrea Juhos, chair of AmCham’s Labor and Education

...
Committee, led the second in a series of roundtable discussions. The first, in the spring, had dealt in detail with the changed financial environment universities face, and what businesses might be able to do to help. The government is radically cutting back the number of state-sponsored places, particularly in the subjects of law, business studies and teaching, leaving universities scrambling for funding. The second focused on students of law and business studies, and how they matched up to the expectations of employers. “The universities and government,” says Juhoz. “We want to be a kind of bridge between the universities and government.” In Pécs the rector said it was a great opportunity to meet each other, as well as a good platform for them. They get very few opportunities to talk to each other, and especially to businesses leaders,” she notes. “There were some very concrete questions raised. We talked about language learning; it is not such a problem with law and business studies students now, but when we have our January meeting with the technical schools, well, there it is still a big problem. We also talked about how we can help university professors keep up to date with modern workplace, perhaps through internships.” One “very good idea” to be offered was that of tax incentives for companies that sponsor educational activities, in the way rebates are currently offered for support of sporting or artistic activities, Juhoz says.

Her committee is also looking at a project with the working title of the Employability School, which will launch next year and includes education, in the March 2013 issue of Voice.

Hungary’s route map to success, pages 16-20, September 2012 issue of Voice.

More than 100 enthusiastic volunteers dedicated most of their Saturday on October 13 to answer the call of the AmCham Foundation to help improve the campsite of the Pest Megyei Gyermekek és Ifjúságvédelmi Alapítvány (PMGYIA).

Billed as “A Day to Make it Happen”, this was the biggest event in the history of the AmCham Foundation (ACF), with the highest number of volunteers. Many companies had organized volunteer groups as a response to the ACF’s call for help, such as EXXONMobil BSC (20 people), KPMG (20 people) and Tata Consultancy (15 people). There were also more than 40 individual volunteers. The total of 86 volunteers represented 13 different nationalities, which shaped the mood of the day: it presented a great opportunity to meet new people, practice foreign language skills and join in with a group of Portuguese volunteers who had opted for singing while painting.

The volunteers were responsible for cleaning a forest region of more than 500 square meters, as well as some indoor work, such as painting walls, doors and window frames.

The PMGYIA foundation provides a safe and healthy environment for 5-6,000 children to go camping each year. The objective of the foundation’s Playful Community of Opportunities and Dreams (Lehetőségek és Álmok Közössége) is to provide children between the ages of 10 and 14 who are cared for by foster parents with the mentorship of young people who come from similar backgrounds and have achieved exemplary lives. These mentors also help out in the organization and coordination of children’s camps.

“The aim of our foundation is to provide these children with a community, where their talents and skills may be appreciated, which otherwise would not be the case,” says Lívia Kun. The ACF’s volunteer day supported the foundation in reaching this goal.

The AmCham Foundation would like to thank all the volunteers and supporters for their contribution to the Volunteer Day!

400 hours of help for underprivileged children

More than 100 enthusiastic volunteers dedicated most of their Saturday on October 13 to answer the call of the AmCham Foundation to help improve the campsite of the Pest Megyei Gyermekek és Ifjúságvédelmi Alapítvány (PMGYIA).
Seven facts all expats should know about Budapest’s metro lines

1. A request to build a tramline on Andrássy út was turned down – that’s why they built the first underground in 1896, to connect inner city and City Park. Writer and essayist László Cs. Szabó called it the "Gerbeaud-Gundel Train Line". Though Hungary introduced the "keep to the right" rule in 1941, the old underground operated according to the "keep left" standard until 1973. The iron supporting columns are green all along the line, except for at the Opera station: the columns are brown and their capitals are golden, giving a hint of the operatic glitz above ground.

2. Metro 1 was lengthened in 1973, to Mexikói út, with two stops added, and the total length is now 4.4kms. A small section of the tracks under Deák tér became redundant, and a lovely little museum was created there. You can still visit what is Budapest’s smallest museum, with an entrance from the underground passage. The entrance ticket is traditionally a tram ticket.

3. Building a new, Soviet style metro line was the dream of Communist dictator Mátyás Rákosi. Work started on building a pompous, grandiose entrance building at Népstadion station to impress people, but it was later destroyed. The metro in the 1950s was built with very primitive manual methods, using many horse-driven carts. The tubing was of iron, with the many pieces screwed together by hand.

4. In the early 60s, when metro construction reached Blaha Lujza tér, there appeared cracks in the building of the then National Theater. They chose to pull the building down in 1964, instead of careful renovation. That the aim of this was to "humiliate traditional, non-Communist Hungarian culture" is an urban legend, reinforced in 2002 when a "commemorative artwork" was created in front of the New National Theater; a smaller version of the facade of the old building is shown in shallow water, in the company of three torches of mourning.

5. The display in Metro 3 shows people when the last train left the station – most passengers agree that this is a totally useless piece of information nobody cares for. This line was built between 1970 and 1990. Originally the plans included a section to the Káposztásmegyer housing estate, though this was later cancelled. There are a series of artworks along the line, the least comprehensible of which was unveiled in 1996 at the Deák tér station: a gift from Lisbon, by the Portuguese artist João Vieira, hundreds of colored tiles show Hungarian poems in Portuguese and vice versa, including works by Sándor Petőfi and Fernando Pessoa, among others.

6. The antiquated lamps seen on the metro carriages were designed in the ‘50s by some Russian designers who were obviously trained in the 1930s – there is distinct touch of Art Deco there: “a drop dripping from another drop”. They are gradually disappearing this year as the new Alstom Metropolis trains appear, at the rate of one per month. The new machines, unlike their antiquated Russian predecessors, are driverless and single-spaced, meaning you can walk from one end of the 100 meter long train to the other. Each trainset is capable of taking 1,023 passengers (209 seated), and the final unit is due for delivery in the spring of 2013.

7. Most experts seem to agree that Metro 4, which is dreadfully behind schedule, is too expensive, with its stations too near each other, but it is also very beautiful: it is worthy of a rich and quickly emerging European metropolis, the kind Budapest is dreaming to become. Between 2006 and 2010 the completion deadline was prolonged by one year every calendar year. It is now promised that it will open in 2014.
Cooperation for ‘better patient outcomes’

We need to talk of healthcare as a health industry, because it alters the perspective, and opens up better cooperation between the various stakeholders in efficient spending of the healthcare budget and maximizing patient outcomes, says Johnson & Johnson Medical Devices & Diagnostics Division market access manager Erika Nemethi.

It would be to the benefit of all healthcare stakeholders to transition from healthcare issues addressed separately by individual stakeholder groups (providers, producers, state institutions etc.) to a concept of health industry cooperation working towards one goal: more efficient and better patient outcomes and quicker solutions for patients, patient care – or rather, for patients. The aim is to bring together companies and government institutions as one integrated system. “We find good examples of this mindset in Germany and Norway, and are happy to see the conversation that the Hungarian policy makers have started with the government officials of these countries in the area of efficient patient routes management and health budget spending,” says Nemethi.

Medical Devices & Diagnostics Division of Johnson & Johnson (JNJ), operating largely in the fields of minimal invasive procedures – general and specialty surgery, cardiovascular interventions, orthopedics, traumatology, and neurology – has been an active partner of Hungarian healthcare institutions since it was established here. “We were looking forward to the initiatives of the Semmelweis plan introduced in 2010 calling for major structural changes in the health care system: reducing the number of hospitals to increase efficiency of care, eliminating duplications from diagnostics and patient routes. Last year the government also released incremental funds in order to decrease waiting lists ahead of the major structural changes. That gave huge hopes to all medical solutions providers that we are on a new trend,” Nemethi explains.

In 2012, she says, the structural reform has slowed down, the ownership and management of hospitals has changed and hospital budgets suffered. “The built-up cycle of indebtedness of many patient care providers has restarted, rapidly increasing the level of debt owed to manufacturers. This is a problem for the whole health industry, and Nemethi says there is a real need to go beyond individual solutions. One of the mid-term remedies would be increasing the amount of money available for healthcare procedures by allowing private insurance into public patient care system, which she says would allow bigger budget for general care and better financing options for special needs. With almost all hospitals back in national, rather than municipal, hands, funding is limited, making consultations between healthcare partners ever more important, and not just about the future shape and size of the national health service, but also about its present.

An inevitable consequence of all those financial restraints is the promotion of a conservative mindset that does not always adapt well to innovative approaches, causing significant delays in introducing innovative medical technologies and leading to longer waiting lists, and poorer patient outcomes. “When we talk about changes, they aren’t limited to financial or structural, we also need to think about effective patient education. Hungarian healthcare law allows patients a full understanding of the solutions, including medical advice, they are eligible for. However today information is widely spread through various disintegrated channels and it is more often the doctor who tends to make decisions for the patient,” says Nemethi. “It is the intent of the healthcare decision makers to make substantial changes in healthcare information leading to better patient data and more information for patients in the next 2-5 years, and manufacturers along with hospitals will also have to focus and spend efforts to convert patients into ‘responsible choice partners’, to allow people to be more actively involved in their healthcare,” she says.

The good news for the JNJ division is that many of its customers – the medical institutions rather than the end patient – see the situation also as an opportunity. “They [the customers] see the structural changes as a potential benefit to the healthcare system. When institutions are thinking of it as a solution opportunity it is a reason for optimism,” she tells Voice. “Where all of us have to find the right pace is in picking our way through the changes.”

Industry and business organizations such as AntCham with great persuasion power perform a critical role in shaping the cooperation with government institutions leading to a transparent and powerful dialogue, and that has increased very much in the past two years. We cooperate with our sister company Janssen – Cilag within AntCham and the German-Hungarian Chamber of Commerce on overcoming health industry platforms and raise industry specific topics of medical devices through the manufacturers associations,” says Nemethi, whose own role takes in governmental affairs, communications, public procurement, key clients and regulatory affairs.

Reading the regulatory environment around the world, Nemethi says: “The good news for the healthcare system, beyond individual solutions. One of the mid-term remedies would be increasing the amount of money available for healthcare procedures by allowing private insurance into public patient care system, which she says would allow bigger budget for general care and better financing options for special needs. With almost all hospitals back in national, rather than municipal, hands, funding is limited, making consultations between healthcare partners ever more important, and not just about the future shape and size of the national health service, but also about its present.

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Looking for ‘open ears’ by ROBIN MARSHALL

Hungary has very strong fundamentals for developing its healthcare sector, but the first requirement is that government stop looking at it solely as a cost producer which needs to be squeezed, and instead see it as an asset, says Andreas Wotiosk, the managing director of Janssen-Cilag Kft.

The company, part of the Johnson & Johnson (JNJ) empire, produces innovative drugs targeting serious disorders affecting the central nervous system, oncology and infectious diseases. Both JNJ and Janssen have been in Hungary since the 1990s, and though they share the same office building, they are separate legal entities, run independently of one another.

From the perspective of clinical research, Wotiosk says Hungary remains an attractive place to conduct business. “The level of education of the medical professionals, the level of the infrastructure – despite the current macroeconomic disinvestment – are very good; we do a lot of clinical research here,” he says.

But that use of the word “disinvestment” ought to ring alarm bells: it does with Wotiosk, because it also fits a pattern that is less positive. The 50-year-old German national took over at Janssen-Cilag on January 1, and says 2012 has not been a good year for the business, with a switch to item-based reimbursement, a tax increase of 10% on certain drugs (taking the level up to 30%), and no positive moves in terms of access to innovative drugs. Perhaps most worrying of all, the national drugs budget was slashed to HUF 158 billion, but the current law means any overspend will have to be met by the pharmaceutical manufacturers. “What should we do if it looks by mid-summer that the state would go over budget? Stop selling drugs?”

Wotiosk says he understands these are difficult times, but says the approach of the government has led to sudden, unannounced changes in the legal and tax framework within which his company operates. “What is absolutely necessary now is a period of consolidation where all the partners in healthcare can learn to work with the new situation.”

His number one priority is to get better access to innovative drugs for Hungarian patients, as that is core to the Janssen-Cilag business (the last drug released treats very serious dermatological diseases, one in the pipeline promises a cure for Hepatitis C). Next comes a “really sustainable business environment.” But Wotiosk is looking beyond his own, narrow pharmaceutical world. “What we need is a dialogue about financing the whole of healthcare. We need to look for different models, not just the one player approach. We are open for collaboration and discussion with government, and we need AntCham for this. We also need ‘open ears’ and a real willingness to partner from the other side.” Partnership is a phrase Wotiosk keeps coming back to, bemusing the fact that, on occasion, the industry has been invited to comment on legislative changes only after the decision has already been taken. “We need a more open dialogue.” He cites the example of Spain, not exactly a stranger to economic toil in recent years, where the government has held roundtable talks with all healthcare stakeholders in order to find a mutually workable path forward.

And he points out that government decisions do have consequences. “This year we have already had to take the decision to lay off 20% of our workforce because of the changes; we are not just complaining about the environment, it really does have an impact,” he says. “I see that our company is always open to further investments in Hungary, but it wants to see at least midterm sustainability in the environment.”

Attracting FDIs is a competition, he points out, and countries such as Czech Republic and Slovakia are currently investing more in healthcare than Hungary.

But he acknowledges that, as a single company, Janssen-Cilag is unlikely to call the ear of any government as it is where the capabilities and the expertise in harmonizing different interests of AntCham comes into play, as well as the German-Hungarian Chamber of Commerce. Wotiosk is also a board member of the Association of Innovative Pharmaceutical Manufacturers, which was established in 1992 and comprises 27 research-based pharmaceutical firms in Hungary that, between them, account for 60% of the domestic medicine turnover in terms of value.

“I am still optimistic. If Hungary were really to invest in healthcare, with the level of education and talent among its healthcare professionals, and the existing infrastructure, it could really become a positive differentiation. And with a sustainable legal and tax framework, it would attract far more foreign investment.”
A very democratic kind of party

An estimated crowd of some 1,300 partygoers, including around 30 ambassadors and the heir to the former Habsburg monarchy, attended what is thought to have been the largest U.S. election night event in Europe.

Tibor Navracsics. He focused on the long-term relationship, and he made the point that one of the main problems of Hungary’s foreign policy is the influence of the U.S. Democratic Party, which, according to him, is “very negative.”

The speeches were followed by two films introducing the candidates, and a policy debate (moderated by Voice editor-in-chief Robin Marshall) between Merrill Oates from Democrats Abroad and Liam Crow from Republicans Abroad.

Other highlights included an explanation of the electoral college system by the evening’s MC, Daniel Poisson, a quiz on U.S. democratic institutions (and random trivia), live music played by the Hungarian Air Force band, and an all-you-can-eat U.S. regional-themed buffet elsewhere, there was a mock election, and, indeed, a mock Oval Office (the former was won by Obama with an 84%-landslide), while the sponsors’ hall featured some of the most iconic American products, from Chevrolet cars to Starbucks coffee, and from Microsoft’s XBox to Jack Daniel’s Tennessee whiskey. There was even a video wall with live feeds from U.S. TV coverage of the election.

Although the country is officially in recession for the second time in four years, it remains optimistic. Look into the details and there are already signs of growth, he insisted, although he didn’t specify any. “Economic growth will speed up from the middle of 2013,” he added. The minister named the automotive sector, the electronics industry, the environmental and health care industries, innovation, services, the farming and food industry, logistics, bionics, the creative economy and tourism as areas all offering opportunities for economic growth in the coming years. That growth would be based on political and fiscal stability, he said. In order to create new jobs and to keep down the debt, the government had used both orthodox and unorthodox measures, he added. However, he affirmed that some sectors, like the energy industry, the telecoms and trading companies, had to face heavy burdens. On taxes, Matolcsy said that some consumption taxes have to be raised in parallel with lowering the income taxes.

Due to its geographical location, Hungary is represented in all three major growth centers of the world – the EU, North America and Asia – and the government will do everything to make sure the country stays present in all three zones as a core country, he said.

Although forum participants generally felt that Hungary’s economic growth in the coming years would be based on political and fiscal stability, they also acknowledged that the country’s default risk had declined sharply from January’s levels. However, they failed to mention that this was largely due to European and North American liquidity strategies based on low interest rates and money printing that had resulted in worldwide relief in the latest period.

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Evolving the entrepreneur ecosystem

by ROBIN MARSHALL

Entrepreneurism can – and should – be taught, and the steps being taken to create a supportive ecosystem in Budapest must be consolidated, according to AmCham’s first summit on the subject, organized together with the CEU Business School, the Entrepreneurship Foundation, the Hungarian Venture Capital Association and the U.S. Embassy.

Good news from the event, sponsored by Weit and Ustream, was perhaps best represented by the change brought about by the JEREMIE funds. Zoltán Kovács, CEO of communications agency Kirovosz Iabor, a former Entrepreneur of the Year who is currently involved with Colabs, said the EU-backed funds had “changed the landscape. Although the Hungarian Venture Capital and Private Equity Association (HVCA) has been around since 1991, its impact has been limited by comparison. “This is a different order of magnitude,” confirmed Péter Tánczos, a partner at VC firm Euroventures Capital Kft, and a board member at the HVCA.

Even so, the tight financing conditions are having a negative effect. Asked, “What is there to complain about?” Kristóf Bárány, investment director at DBH Investment, replied: “For what it was there to complain about?” Kristóf Bárány, Private Equity Association (HVCA) Brussels representative, the Entrepreneurship Foundation, the Hungarian Venture Capital Association and the United States Embassy.

WHAT IS JEREMIE?
The Joint European Resources for Micro to Medium Entreprises is an initiative of the European Commission, developed together with the European Investment Fund. It promotes the use of financial engineering instruments to improve access to finance for SMEs via Structural Funds. In March of this year, state-wire service MTI reported that a total of HUF 75.2 bln had been disbursed to Hungarian SMEs in JEREMIE funds in 2011, up from HUF 39 bln in 2010.

THE IDEA VS. THE TEAM
Another area explored in various ways was whether investors buy into the idea or the entrepreneur. Phelan recalled an English saying: “Ideas are 10 a penny.” The entrepreneur isn’t necessarily the idea man, but the person who implements the idea, he said. Tánczos said “VC must be able to work with the people they are investing in.” In an area of small businesses, he said, only half in jest: “In venture capital, we ‘seats’ want to make money for our investors, and because we want to make money, we want people who work. Dreamers usually just dream, and therefore we should avoid them.”

Entrepreneur Balázs Vinnai co-founded IND Group 15 years ago while at university. “We did not think of titles or money when we started,” he said, “we wanted to build something.” It was only after investigating various markets that they identified an area where they thought they could be successful: developing truly interactive, customer-centric, internet and mobile banking platforms. Now IND has a staff of 200, seven international offices, is present in 15 countries and has more than 30 clients.

Another entrepreneur turned angel is Ilona lankovich, founder of ProfiPower, and an investor in fashion platform OurStyle Boutique. For her both product and people matter. She must feel she can trust the entrepreneur, she said, but added, “I need to have a link to the business. I have to understand it.” Understanding what you are investing in is important agreed Levente Zsombor, chair of the HVCA’s education committee and CEO at BigGeorge’s NV Equity. He told of meeting an entrepreneur who he liked, but whose business idea, involving mobile apps, he and his colleagues didn’t understand at all. They spent a year learning about the product and the market before agreeing to invest. But he still thinks people are generally more important than products. “It is the team you invest in,” he says. “If you have a team, you can be successful. If you have a very good idea, but the team is not appropriate, the business will not succeed.”

STICK VS. TWIST
So if the product is good, but the team is not, why not replace the people? VCs will often have that right written into any investment contract. BigGeorge’s NV Equity has just got involved with a Hungarian ethical banking company. “The team was very young, the youngest was 17 and the oldest just 25. They will never be successful; they are too young. So we hired a very experienced CEO in his 40s to work with them,” Zsombor said. Bárány said there had been circumstances when DBH had changed the management because, “Hungarian entrepreneurs were not able to make the step up to the level of compliance we were looking for.”

Another of the keynote speakers was Hungarian-born lawyer (and Hungarian Honorary Consul) Gábor Garai, whose role as a founding partner of the Boston office of Foley and Lardner LLP sees him represent both entrepreneurs and VC funds. “Going to a market like the United States is an enormous undertaking, because it is an enormous market,” he said. “Those that have done well thought of themselves as international companies.” Zsombor said his firm would do what it could to support management, but change, at times was inevitable. “We have in-house accounting teams, we have lawyers with whom our companies can work, and we will hire coaches who can help. What we do not have, where we are short in Hungary, is international management that can move easily from Hungary to Germany or the United States. If the company should be international, then so should the management.”

In 20 years in business, Tánczos said he had been involved in 40 investments, most of which had been sold on to other VCs or another company, rather than listed. Only six had gone forward as IPO. “In each of these the management was on board, but the management was not Hungarian.”

CONTROL VS. CASH
The ability of VC firms to change management is often cited as a reason for Hungarian entrepreneurs not agreeing a deal. Vinnai thinks this is one of the most common mistakes. “Many times I see entrepreneurs mixing what are goals and what are tools there is a big difference. They think getting an investor is a goal, but it only a tool.” A tool to grow, and that might mean giving up control. As László Czajk, co-founder of iEurope Capital and chair of AmCham’s Governance, Integrity and Entrepreneurship committee put it, “As an entrepreneur you have to give up something in order to get something.” Vinnai agreed wholeheartedly: “Sitting here today I’d much happier if I had 1% of Google than 75% of Yahoo!”

Born vs. bred
With more business schools teaching entrepreneurship it seems clear academia believes the subject can be taught, and it is certainly, as CEU Business School dean Mel Horvitz pointed, “being demand-led by students”. Perhaps the most nuanced definition came from Dr. Kornél Kovács, of the Department of Biotechnology at Szeged University. “I think perhaps an inclination towards entrepreneurship might be encoded into the DNA, but the ability to learn it not.”

All the universities represented at the summit are trying to break down barriers and give students wider experience through an interdisciplinary approach, leading to what, until recently, would have been an unlikely sounding collaboration between the Moholy-Nagy University of Arts and Design and CEU Business School. But the challenge, especially for state-supported institutions, will always be how to secure venture capital. “We could turn to George Soros and get a $7.5 million grant for teaching entrepreneurship, state universities are being squeezed.”

Earlier, Garai had outlined the four pillars he thought were necessary for the creation of a successful entrepreneurial and innovation hub: education, good quality entrepreneurs of all ages, a moral and practical support network of mentors, angels and VCs; and a social and political environment that valued and celebrated entrepreneurship.

“Can Hungary marshal all of these? My answer is yes. More work is needed, mentors are needed, people who just do it for the fun of it. Universities must improve technology transfer, and the political support must be there. Entrepreneurs is not just about money; it is about a way of thinking, a way of living, it is about values, and imagination.”
Talking about my generation

In the same week that the EU warned firms could be sanctioned from 2020 for not picking female candidates if they have a less than 40% share of women on their board, AmCham hosted its annual Diversity Conference and Women of Excellence Award.

And while in previous years the conference has looked at themes such as Roma inclusion and rehabilitating the physically less able into society, this year the topic was perhaps less obvious, but no less important: generation diversity.

In a sense, the generation issue was reflected in the Women of Excellence Award, which already promoted a similar event in Asia, and Mars Hungary. Both have remained major sponsors, as have Citibank and Jabil, and the first three also provided moderators for the panel discussions.

The first, dealing with Generation Y, was moderated by Eva Bresszetsy, an executive director at Morgan Stanley Hungary Analytics Ltd. Had anything from her panel surprised her? “During the preparations it was a very nice surprise to hear that it is not just the MNCs who are promoting inclusion, but also entrepreneurs, sociologists and advisory people all feel this is the right way. In Generation Y there is a very clear understanding of what are good strategies,” she said. She also thought the audience could be reassured that it is not lacking in maturity. “Generation Y is trying to find remedies, to work on the issues and to be part of the solution. It is a very positive attitude and good to hear.”

One other important message had come out of the panel, she said. “It is important to go abroad to really appreciate the world and to learn, but it is even more important to come back after a while and share what you have learned.” Although this was the sixth diversity conference, and the third time the award had been presented, Bresszetsy warned that there was much to do, adding that Morgan Stanley remained deeply committed. “Promoting diversity with these events is absolutely essential for us… I feel in this region there is a backlog. It was not on the agenda before the 90s and the system change. People just were not aware, and society was pathologically paternalistic. This does seem to be something specific to CEE, this backlog of progress and a social system that supports staying at home, which is both good and bad, of course. It is not just an issue for women, from a responsible employee’s point of view it is a huge challenge.”

The “middle-aged” panel fell to Zsolt Mayer, the corporate affairs director of Mars Hungary. “This generation is somehow a bit of a contradiction: they are flexible, because of their education in the late 80s, right before the political and economic changes,” explained Mayer. “Although they underestimate themselves somewhat, they have learned that if they have a vision they can make it out there. This generation is a bridge between Generation Y and the Baby Boomers; it actually transfers a lot of knowledge from one to the other.”

As for the award, he believes it is beginning to have an effect, though the process is inevitably a lengthy one. “It and its aims is a long-term investment, because we are trying to change attitudes, and that needs time. I believe it is a good investment, I see very high interest at these events, the award is getting more widely known,” he said.

“The candidates this year were very diverse and colorful, from different fields, like the arts and NGOs. This is exactly what we wanted. I think we should find a way to make more use of previous winners as ambassadors. And in a couple of years’ time, when we have five winners, perhaps we could get them to do something together, because they will have a real diversity of ages, backgrounds, and careers.”

Kornélia Vass, the country human resources officer for Citibank Hungary, and senior VP for Hungary and Serbia, moderated the 50 plus panel. “Was there anything in the panel that might have surprised the audience? “I think the surprise would have been that we did not start complaining! I think ours was the most cheerful and positive panel. We wanted to be a good, living example, and we wanted it to be personal, human,” she said. “We showed we love to work and want to work, not just for the money. That was the most important message, really: enjoy what you are doing. You have to work hard, you have to be flexible, to be resilient, to be productive, but you must enjoy it too.”

AmCham is a recognized organization, I think all the efforts that AmCham makes for equal opportunities, diversity, women’s power etc. can shift attitudes, social norms and conventions in our country. I also think that it’s a process, and every small step is important. Every newspaper article, every book, every event, every conference and also the awards play an important role in maintaining the message that even young women can be successful, powerful and influencing.

Q: What does it mean to you to win this award?
A: It’s an opportunity to stop for a moment and look around and look back to see what’s happened with me and around me in the last few years. It is also a good opportunity to keep a distance from the day to day activities and rejoice in the results of my work. I am really glad for these opportunities.

Q: How important do you think such awards are in improving the position of working women in society?
A: AmCham is a recognized organization, I think all the efforts that AmCham makes for equal opportunities, diversity, women’s power etc. can shift attitudes, social norms and conventions in our country. I also think that it’s a process, and every small step is important. Every newspaper article, every book, every event, every conference and also the awards play an important role in maintaining the message that even young women can be successful, powerful and influencing.

Q: You now have to consider yourself a role model. How does that feel?
A: It is really flattering, I honestly believe that all the nominees are role models in their field.

Q: What would be your message to young women trying to forge their own career?
A: That there is no limit if you enjoy your work.

WOMEN OF EXCELLENCE SHORTLIST

KATALIN BÁRSÓNY: Sociologist, film director, and managing director of the Romedia Foundation. Previously, as a journalist she has won international awards with her documentary and video reports.

BARBARA BASKA: Artist, writer, and current speaker. At 14 she designed the image for a European Council project called Democracy for School. Studied at the University of Arts and the University of Theatre and Film. Her diploma film, Kelen, was showed in the Urania cinema, and was invited to the Hungarian Film festival.

HERMANNYI DUNÓK: Lawyer, at present a researcher at the Hungarian Academy of Science’s Social Science Researcher Center of the Institution of Law. She was a designer, artist, and camera operator. At 14 she designed the image for a European Council project called Democracy for School. Studied at the University of Arts and the University of Theatre and Film. Her diploma film, Kelen, was showed in the Urania cinema, and was invited to the Hungarian Film festival.

BORÁNCZ FELLEG: Social politician, criminologist, Families and managing director of the Foresee Research Team, the only NGO in Hungary dedicated to giving scientific answers to the complex questions of predicting and reducing social inequality.

SZILVÁS CIGÁN: Lawyer, as a teacher at ELTE she became the professional leader of a program called Law Clinic. For years she has been a staff member of the National Institute of Criminology. She was a leader of the Family, Child, Youth Association (Család, Gyerek, Ifjúság Egyesület), and has been the legal advisor to several important organizations. At present she is the deputy director of UNICEF Hungary.

AmCham news
Keeping the trade links open

Patrick Mikkelsen

In this edition of Chamber Corner, Patrick Mikkelsen, the relatively recently appointed Executive Director of AmCham Netherlands, shares some of the experiences of one of the oldest AmChams in Europe.

AmCham Netherlands is a non-profit, non-governmental, non-political, voluntary organization of companies and individuals who invest in and trade between the United States and the Netherlands. The Netherlands is one of the most important destinations for U.S. direct investment in Europe, and a major hub for American professionals living and working abroad. Minority and majority owned American companies directly employ more than 225,000 people and are the source of almost 5% of the country’s GNP. On a historical-cost basis the total U.S. direct investment position in the Netherlands in 2011 totalled more than $950 billion – the largest sum of any country in the world. About 65% of Fortune 500 companies have a Dutch holding company. Total assets of U.S. non-bank foreign affiliates in the Netherlands were estimated to total more than $1.6 trillion in 2009. During the past decade alone, U.S. direct investment flows have totalled more than $450 billion. American business has had good reason to come to the Netherlands in the past, and the chamber works to ensure that it has good reason to stay in the future.

Many of our Dutch chamber members are significant investors in the United States. Well over $240 billion of investment has flowed from the Netherlands to the United States – making the Netherlands the third largest foreign investor in the U.S. The common denominator shared by all our members is a belief in the importance of two-way trade and investment between the Netherlands and the United States as an essential basis for creating mutual economic welfare.

Speaking out selectively and not seeking the headlines, has proved to be an effective approach. It is important to maintain good relations with Dutch policy makers and senior civil servants. Conversely, shooting from the hip and seeking confrontation has not worked. And although our events are almost always overbooked, our Thanksgiving dinner has never become an overwhelming success.

Historically speaking, the high cost of labor reorganization and related redundancy payments have been particular problems facing businesses in our country. But the number one challenge today will perhaps be for us to keep the investment climate attractive while politics has expensive wishes in these times of economic crisis.

ADVOCACY AND LOBBYING

For centuries, the Netherlands has been a nation of traders. To ensure that this longstanding tradition endures, the Dutch government has created a competitive tax regime that stimulates entrepreneurship and foreign investment in the Netherlands. Not only are the corporate tax rates lower in relation to most of its European neighbors, there are also numerous features that make it attractive for foreign companies to locate operations in the Netherlands. In comparison with other (EU) countries, the Netherlands is known for its very competitive tax climate, resulting from its far-reaching tax treaty network, its system of bonded warehouses, and the possibility to conclude so-called advance tax rulings, in which certainty in advance is given to a company with respect to its future tax liability.

CURRENT CAMPAIGNS:

Current lobbying activity is focused on increasing employability and labor flexibility for those with fixed contracts and the need for longer-term stability and predictability in tax legislation.

NOTABLE SUCCESSES SINCE FOUNDATION:

• An end to the dual liability of death duties of both American expatriates in the Netherlands and Dutch expatriates in the United States. The conclusion of the Estate Tax Treaty between the Netherlands and USA in 1969 can be exclusively attributed to the initiative taken by the chamber in 1966.
• Ensuring conformity of European Works Council legislation with the EU Directive (the original Dutch proposal went considerably further than the EU Directive).
• Blocking an amendment to Dutch Works Council legislation which would have given works councils influence over company dividend policy.
• Lowering of the capital tax rate from 1% to 0.55% and later to zero.
• Deferring taxation on stock options until a gain is realized. The introduction of a tax incentive for R&D.

VITAL STATISTICS

Chair of Chamber: Patrick Mikkelsen, Executive Director

Number of members: Currently some 400 corporate members encompassing about 800 persons. At its foundation, the chamber counted 85 founding members.

Mission statement: The object of the Chamber is to further the development of commerce between the United States of America and the Netherlands and generally to encourage and facilitate the transaction of business between them in both directions, to promote the mutual interest of its members, and to foster friendly relations between nationals of the two countries.

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Vice-President: Mr. M. van der Ploeg, The Netherlands

Executive Director: Patrick Mikkelsen, Executive Director

Corporate members: 800

Membership fee: Varies according to size of company

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AmCham news 33
Magyar Telekom

HOW WOULD YOU DESCRIBE THE CURRENT BUSINESS ENVIRONMENT IN HUNGARY?
The picture is rather complex. The economic recovery is delayed for the time being in Hungary. The strengthening of negative tendencies and the regulatory impacts that can be experienced in the Hungarian economic environment continue to affect the whole telecommunication sector unfavorably. The incalculable measures do not favor long-term business planning, which is indispensable for investments that are of a decisive importance for the country’s development. However, there are encouraging signs that, for example, reduce the burdens of businesses and thus enhance their competitiveness or encourage the creation of workplaces.

HOW HAS DOING BUSINESS IN HUNGARY CHANGED SINCE THE COMPANY WAS SET UP HERE?

Oracle Hungary

HOW WOULD YOU DESCRIBE THE CURRENT BUSINESS ENVIRONMENT IN HUNGARY?
It is common knowledge that the Hungarian economy is in a difficult situation, with low growth or recession in many areas, lots of companies are struggling to survive. I’m glad that Oracle offers a wide spectrum of products and services which can help our customers to cope with the new challenges, so we can still operate successfully.

HOW TO BELONG TO AN ORGANIZATION SUCH AS AMCHAM?

WHAT ARE THE GREATEST CHALLENGES IN DOING BUSINESS IN HUNGARY RIGHT NOW?
Challenges are not few: the changes of the world of telecommunications, the fast paced development of technologies and the dynamic shift in consumer needs as well as the unfavorable market and economic processes of the recent period, just to mention a few. Currently, the uncertain macroeconomic environment and lack of calculability constitute the major challenge today for firms active in Hungary’s market.

WHAT ARE THE ADDITIONAL BENEFITS OF BEING A PATRON?
It is highly appreciated that AmCham provides an opportunity for patrons to actively participate in AmCham’s professional events and business forums, delivering exclusive insight and perspectives on a variety of topics from top-level speakers from Hungary and abroad, and as well as offering an opportunity to discuss issues of common interest impacting the operations of their respective businesses and organizations.

WHAT ONE THING WOULD YOU LIKE TO SEE CHANGED ABOVE ALL OTHERS TO IMPROVE THE BUSINESS ENVIRONMENT?
The most important aims is calculability and the ability to plan. Any country that possesses a more favorable and calculable business and regulatory environment is at a clear advantage. In addition, any initiative destined to reduce the administrative burdens of businesses should be supported.

WHERE IS IT IMPORTANT TO BELONG TO AN ORGANIZATION SUCH AS AMCHAM?
Magyar Telekom appreciates the dedicated efforts of AmCham to foster the development of international business within Hungary, the development of Hungarian business infrastructure, and to promote competitiveness in the Hungarian market. We also share AmCham’s core values, which include high standards of business conduct and principles of responsible corporate citizenship, transparency, fair employment practices, sustainability and environmental protection.

WHAT ARE THE GREATEST CHALLENGES IN DOING BUSINESS IN HUNGARY RIGHT NOW?
Companies consider very carefully every forint spent, and the number of IT projects is much smaller than before. Oracle tries to show its customers how to simplify IT and use information technology resources for innovation to ensure survival in these demanding times. On the other hand, we can even benefit from those more cautious, deliberate buying decisions, as through the increased importance of TCO (total cost of ownership) calculations, we can prove the value of Oracle solutions in the long-term.

HOW TO BELONG TO AN ORGANIZATION SUCH AS AMCHAM?
Since AmCham is not an organization only for U.S.-based firms, it offers networking opportunities with a wide range of companies. In addition, it offers valuable information on new business trends, modern management styles and in-depth background information on new business projects. Thanks to AmCham, you have access to a goodarrera of knowledge about the local market. We can offer you the services of specialists and access to the necessary contacts to make your business successful.

WHAT ONE THING WOULD YOU LIKE TO SEE CHANGED ABOVE ALL OTHERS TO IMPROVE THE BUSINESS ENVIRONMENT?
Oracle Hungary was established in 1993 with eight employees. In the first years there was a high demand for basic IT infrastructure, we could really lay down the foundations of some of the most important IT systems of the country. Additionally, we had to build out our local networks. Starting with just a few, by now we have around 230 Oracle partner companies here.

WHERE IS IT IMPORTANT TO BELONG TO AN ORGANIZATION SUCH AS AMCHAM?
Magyar Telekom also strives to tap growth potentials in the areas of energy and financial services.

WHAT ARE THE GREATEST CHALLENGES IN DOING BUSINESS IN HUNGARY RIGHT NOW?
According to Magyar Telekom, the telephone sector is facing a number of challenges, including the need for new infrastructure, the need to provide high-quality services at a reasonable price, and the need to develop innovative solutions to meet the changing needs of customers.
New members on board

CORPORATE

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Becton Dickinson is a global medical technology company that is focused on improving drug delivery, enhancing the diagnosis of infectious diseases and cancers, and advancing drug discovery. BD develops, manufactures and sells medical supplies, laboratory instruments, antibodies, reagents and diagnostic products through its three segments: BD Medical, BD Diagnostics and BD Biosciences. Founded in 1897 and headquartered in Franklin Lakes, New Jersey, BD employs approximately 28,000 associates in more than 50 countries throughout the world. BD Hungary is the Hungarian affiliate of BD with more than 400 associates.

Hard Rock Café Budapest

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Hard Rock Cafe has recently launched its latest café in the bustling metropolis of Hungary’s capital Budapest. On the corner of Vörösmarty Square and Váci Street, it is located in the epicenter of the city. Spaced over four floors, the 1,097sqm café has a 150-seat bar providing a live music area. The option of additional seating is available if required. The main restaurant, the bar and the performance stage are all on one floor and can accommodate approximately 150 people. On the top floor visitors can find a second venue with capacity for 80 people and a stunning view of the city. All rooms are equipped and suitable for events, buyouts and also receptions for 299 people.

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This high-end Hungarian CHOCOLATE company has represented exclusive Belgian brands like GODIVA, Daskalides, ROUCHARD. The company supplies premium quality products to luxury hotels, restaurants and corporates, private label (personalized). Offers unique service to produce fresh handmade natural pralines (flavors prescribed by customers and packaged in imported luxury boxes).

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AmCham events – photo coverage

AMCHAM THANKSGIVING DINNER 2012
Tuesday, November 20, 2012
Location: Budapest Marriott Hotel

AMCHAM COMMUNICATIONS SCHOOL WITH FERENC KUMIN, DEPUTY SECRETARY OF STATE FOR INTERNATIONAL COMMUNICATION, PRIME MINISTER’S OFFICE
Monday, November 12, 2012
Location: AmCham Conference Room

AMCHAM CAREER SCHOOL WITH KATI ZOÖR, COSTUME DESIGNER
Tuesday, October 30, 2012
Location: AmCham Conference Room

U.S. ELECTION NIGHT PARTY 2012
Tuesday, November 6, 2012
Location: Corinthia Hotel Budapest
THE FIRST ENtrepreneurship Summit featuring the 7th Annual Corporate Governance Workshop
Tuesday, October 9, 2012
Location: Central European University Auditorium

FOURTH AmCham Family Sports Day and Annual Soccer Tournament 2012
Saturday, September 15, 2012
Location: GLOBALL Football Park & Sport Hotel

EXCLUSIVE BUSINESS BREAKFAST WITH SERGEI L. SIkORSKY, FORMER VICE PRESIDENT, SPECIAL PROJECTS, SIkORSKY AIRCRAFT CORPORATION
Friday, September 7, 2012
Location: Budapest Marriott Hotel

Australian Ambassador John Griffin with Katalin Hári, KOGART

EXCLUSIVE GUIDED TOUR AND DINNER WITH WINE TASTING AT KOGART HOUSE
Tuesday, September 4, 2012
Location: KOGART House

Budapest Bank, the winning team
Learning and leading

My first question is this:
Is AmCham a learning organization?

To me as the manager whose role is to ensure the smooth operation of a more than 400 member strong civic organization, the answer is not always obvious. We address it regularly with a Board of Governors where all members are hyper busy and work as volunteers, plus a relatively small but highly efficient staff of nine people. At least this question allows me to address the age-old dilemma of tradition versus innovation, values versus adaptability. Are we doing it right? Is AmCham “operating in a vacuum”, as someone recently alleged? Well, facts do not support such an assumption. In 2012, we have been able to make our voice heard, and work as volunteers, plus a relatively small but highly efficient staff of nine people.

Another takeaway: While there is an ongoing serious professional working process in most of our committees, since we communicate only the distilled end results (e.g. a Position Brief), sometimes we are not effective enough in informing our members of our efforts and hard work in advocacy issues. So, we have to help our committees communicate their views and concerns, even if the recipient party – decision-makers, regulators or peer organizations – are not yet ready or happy to hear our opinion. It remains a major challenge for the entire AmCham community to find a sophisticated channel to clearly communicate our efforts to all our members while maintaining a balanced dialogue with the administrative and legislative bodies (just as I am trying to do here and now).

Finally, the third lesson may seem to be evident, but it is not. We must use every opportunity to articulate our number one objective: to enhance Hungary’s global competitiveness. Even if what we suggest is not easy to align with the legislator’s natural wish to maintain a draft bill’s coherence.

My second question goes like this:
What are the lessons learned in 2012?

The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. It is not enough to do it right. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it. The first is somewhat painful, to tell you the truth. It is not enough to do it right. It is equally important how you present it.
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