Changing a life through education

A Fulbright scholarship is a life-changing experience says Dr Huba Brückner, and one that record numbers of Hungarians are seeking out.

Huba Brückner is Executive Director of the Hungarian-American Fulbright Commission, an organization he helped establish in Budapest in 1992. Ironically, he is not a Fulbright grantee himself, although he did go through a similar process, and it left him determined to make sure others had the same opportunity.

“I had a fellowship from the U.N. to go to the U.S. to study the use of computers in education. I had a great time and learned a lot. It was a very positive experience, and I wanted to help others have the same,” he recalls. “You have to imagine that in the early ‘70s, for a young person like me going to America was like a dream. It was a turning-point in my life.”

Although Hungary joined the Fulbright Program in 1978, it was only on December 6, 1990 that the country and the U.S. signed an agreement to establish a Fulbright Commission in Hungary. Brückner took on the challenging task of setting up its operations from scratch.

“At first I had to ask my wife to volunteer to help me out, so it was also something of a family project at the outset,” Brückner says. He soon pulled together a good team, and within a year felt the organization was stable.

“I am very proud that we could become one of the best commissions in the whole of Europe, from what I know.”

Proof of how successful the educational exchange program has been comes from the latest figures. Thanks to diligent work in fundraising, and in building agreements with universities in the States, some 34 grantees will get the chance to study, teach or do research in the U.S. in the 2012-13 academic year.

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HOW IMPORTANT IS THE FULLBRIGHT PROGRAM?

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“Way we announced the opportunities at the end of February, early March. I then visited 10 or 12 universities to speak about the program,” Brückner explains. “Social media has added a new dimension, and is attracting high numbers of applicants. It means more work for us, but that’s OK. It is a three-step procedure, the last of which is a personal interview; we had a record high number of interviews during the summer, which means we could select from the very best Hungarian applicants. We had seven times more applicants than grant opportunities.”

It isn’t just about students, of course. In order to encourage more Hungarian children to take up scientific study, the commission, in cooperation with the Hungarian Academy of Sciences, the Hungarian Academy of Sciences and the Hungarian Academy of Sciences for Innovation and the Fulbright Alumni Association, runs a Ment’ing the Scientist program. Former Fulbrighters go into high schools to talk about their field of specialty and their experiences of winning a grant, thus promoting both the program and science.

Prof. is a one-way street. American Fulbright grantees, everyone from students to university professors, also visit Hungary. “A new group comes each year, some for one semester, others for the whole year. They are taken for an orientation program, which informs them about the country, similarities and differences in the way of thinking, education etc. Believe this is very important part of the program,” says the Executive Director.

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PEOPLE

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Here to help

István Szabó says he can trace his interest in Corporate Social Responsibility all the way back to his father. Now he and several other professionals are hoping to help AmCham member companies design and implement their own CSR activities.

My father was always telling me to switch off the lights. He was very strict in such things, and I also remember him being involved with planting trees in the neighborhood...

Corporate Social Responsibility has come a long way in Hungary in a short period of time. Early adopters, almost inevitably, tended to be the local divisions of multinational companies seeking to implement what was already done elsewhere. By now, it has long since moved passed being ‘just good PR’ to the stage where sustainability issues are almost routinely given a section in the annual business results or their own more detailed report.

But greater familiarity doesn’t necessar-ily mean greater understanding, and with different companies at different levels of ‘CSR maturity’, there is plenty of scope for confusion. AmCham’s CSR Advisory Board (AB-CSR) secretary István Szabó, jokingly describes this as a field “where everybody knows something and nothing”, and “an area where it is very difficult to say ‘No’”. By overlooking important details, or simply through lacking focus, well-meaning volunteerism campaigns can fail to achieve all they ought to. Which is where the free consultation services offered by AB-CSR come in.

The idea is simple. The board comprises a range of experts from various disciplinary backgrounds. In addition to Szabó (CSR manager for KPMG in Hungary and national key contact for Climate Change & Sustainability Services), the other members are Agnes Pellow, head of marketing and communications at Ernst & Young and Ivan Javorszky from NGO SOS Child- ren Village Hungary.

“Companies can email us, and we will send them back a short form to be filled out, explaining their current situation and what they would like help with,” Szabó explains. “That will then be discussed internally by the board, and we will instigate a personal meeting.” Each AmCham mem- ber is entitled to one free one-hour consultation per year. “We are open for any kind of request, but I expect most will come from SMEs,” Szabó says, such companies often lack some of the resources needed to develop a CSR action plan, and may even be uncertain as to what it is exactly. But he says the board can help any company, regardless of size or level of CSR maturity. For those starting out on the CSR jour- ney, the request might simply be for information, or help formulating a sustainable policy, identifying policy ownership, who the stakeholders are and how best to approach them. It might even be a case of identifying who does what within the company. “Implementation of an action plan involves very crucial internal procedures,” says Szabó.

But even companies the size and maturity of GE, for example, might make profitable use of the AB-CSR, he says. “If you have new strategy and want stakeholder feedback or professional feedback on whether it is well formulated, has ‘smart’ targets, what the future development should be, we can help because we have the expertise.”

According to Szabó, one of the keys to developing a strategy that benefits everyone, including the company itself, is matching capabilities and skills with community need. “We are very good at painting kindergarten walls,” he says, “but if you look at the hours involved, we can be much more effective and impactful if we use our skills and knowledge for community investments.”

Explaining his own interest in the field, Szabó recalls, “My father was always telling me to switch off the lights, he was very strict in such things, and I also remember him being involved with planting trees in the neighborhood around where we lived, so my involvement comes from family habit and culture.”

More information on the AB-CSR can be found at the AmCham website (http://www.amcham.hu/committee/csr-advisory-board).

Pressure briefing

It is not just lawmakers who have been feeling the pressure of a full parliamentary schedule that aimed to introduce 63 new laws; AmCham’s regulatory committee is charged with preparing meaningful positions on draft laws so the interests of the chamber’s members can be presented to government in good time.

“It is fair to say that today we are getting everything that we have expressed an interest in. We are seeing clear signs from the government side that it will involve us within the framework of the agreement.”

Having had a number of conversations with AmCham CEO Péter Dávid about joining the committee, Oroz said eventually did so last year as chairman, with a brief to reinvigorate it. Part of that process involved arriving at today’s set up with its network of specialized working groups dealing with each of the major legal fields headed by a senior level, renowned expert in the given practice area. The specialists will prepare draft proposals, but with input from other committees and AmCham members, via a specialist contact list drawn up specifically for the purpose. That helps ensure that no one member company gets to promote an opinion that favors itself.

The draft is then presented to the AmCham board for discussion and then presentation to the government.

Oroz is typical of the members of his committee, “I am in charge of legal affairs for all the European entities of National Instruments,” he explains. “It is a lot of fun, but it is fairly complex and extensive in scope.” He heads a 10-strong department, NL, however, is unusual in being a national in Hungary in that it does not have a base in Budapest. The Eastern European sales and marketing HQ is in Budweis, but everything else is in Debrecem, some 220km to the east of the capital. And in joining the company nine years ago, Oroz was coming home, although he has lived and worked in the U.S. and the U.K., he was born and bred in Hungary’s second city. The 35-year-old is married to an assistant judge. They have two children, a girl, aged four-and-a-half, and a 20-month-old boy.
WHAT DOES IT MEAN TO YOU TO HAVE WON THE EXCELLENCE IN LEADERSHIP TITLE?
First of all I am really proud of it, but it also means happiness and great feedback for decades of my work and that of the teams I have worked with. I believe that without a stable and trustworthy background you can’t be a good leader.

WHAT IS THE IMPORTANCE OF SUCH AWARDS?
An award shows that your efforts and results are appreciated. Of course, personally it is a great feeling, but to take in the bigger picture, I believe that positive examples motivate women to achieve greater performance.

WHAT IS YOUR LEADERSHIP PHILOSOPHY?
I think the key values are to be decent, trustworthy and scrupulous in every sense of the word. I am interested in details, I like to know what’s really going on, and details are key to that. I do delegate; obviously, time is an issue, and delegating is also important because responsibility is a challenge and a ‘stretch assignment opportunity’ for my team members. Of course I keep my eye on the workflow, I think it is important for bosses to see how exactly a task is handled.

WILL THERE EVER BE TRUE EQUALITY OF THE SEXES IN THE WORKPLACE?
According to surveys, reaching a higher position is harder for a woman than a man. I am pretty sure that this problem can’t be solved at a regulatory level (e.g. with quotas or special rules), but with cultural changes. I think for change we need some crucial support from men: in the first place to give the proper respect to women and treat them as equal associates.

WHAT DO YOU THINK ARE THE MAJOR DIFFERENCES BETWEEN MEN AND WOMEN WHEN IT COMES TO LEADERSHIP?
Do women make for better, or just different leaders? Well, in my opinion a woman can be as good a leader as a man, and a man can be as good as a woman! It really turns on you. Of course there are some basic differences between male and female nature. Women have stronger inner motivations than men. Women are able to concentrate on more things simultaneously and are better at handling conflicts. It can be said it comes from our nature. Just think it over, as a woman you are part of your family, of your home and you work as well. You have to learn how to perform well in every field and how to synchronize all the things you have to do and, honestly, a lot of times it is a hard job. To be a good leader basically depends on your personality and not on your gender. There are strengths and weaknesses on both sides.

WEAR THEM OUT FOR THE FIRST TIME?
If there is a conflict, I try to bring it out into the open as soon as possible, and resolve it. If we cannot come to an agreement, I try to set the problem aside for a while, and bring it up later. This takes a lot of effort on my part, but it is worth it in the long run. As a leader, I think it is very important to understand the other side’s version of the story, and my experience is that people open up to this interest. You have to be open to new opinions if you want people to tell you what they really think. And also, being a good boss requires some humbleness: you have to want to understand the organization, learn how the company works and why.

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THE WINNER OF THE 2011 WOMEN IN EXCELLENCE AWARD, THIS YEAR WITH THE THEME OF EXCELLENCE IN LEADERSHIP, WAS ILDIKÓ SZÁTS. HER IMPRESSIVE C.V. INCLUDES 11 YEARS AT MÁGYAR POSTA, THE LAST TWO AS CEO. SINCE 2010 SHE HAS BEEN SENIOR CONSULTANT TO THE CEO, AND DIRECTOR OF COMMUNICATIONS AT OTP BANK. VOICE ASKED HER ABOUT THE AWARD AND LEADERSHIP QUALITIES.

THE ON-GOING FIGHT AGAINST OFFICIAL CORRUPTION IN HUNGARY IS GETTING INTERNATIONAL ATTENTION. THE SIGNATORY TO THE ANTI-CORRUPTION AGREEMENTS OF THE 25 SIGNATORY COUNTRIES TO THE EU’S OPENNESS TO CIVIL SOCIETY WANTS TO STRENGTHEN RESISTANCE TO CORRUPTION IN HUNGARY. THE SIGNATORY TO THE AGREEMENT, PÉTER POLT, SAID THAT EFFECTIVE MEASURES AGAINST CORRUPTION REQUIRE CONSENSUS AND COOPERATION.

Details are the key

The winner of the 2011 Women in Excellence award, this year with the theme of Excellence in Leadership, was Ildikó Száts. Her impressive C.V. includes 11 years at Magyar Posta, the last two as CEO. Since 2010 she has been Senior Consultant to the CEO, and Director of Communications at OTP Bank. Voice asked her about the award and leadership qualities.

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NEWS

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

Compiled from Hungary AM’s news service

US-based ALLISON TRANSMISSION has inaugurated a 13,000 sqm plant in the Hungarian city of Szentgotthárd. The company makes transmissions for buses, commercial vehicles, fire trucks and military vehicles. The company will establish a mechanics center at the plant as well as a 15-hectare test track.

German carmaker AUDI has inaugurated a new project and training center at its base in Kazincbarcika (northeast Hungary). The HUF 3 bln unit in the Gyor Industrial Park (northwest Hungary) will employ 50 staff. About 100 workers will be trained at the center each day. State secretary for employment affairs Sándor Czomba said the center was an example to be followed of an important part of our worldwide presence going forward,” said CEO Bill Mitcham.

“Audi is a joint venture of AUDI, a unit of China’s Wanhua Business, a regional manufacturer and contract electronics manufacturer ELECTRONICS will establish a joint plant in the Hungarian city of Pécs (southwest Hungary). HUAWEI TECHNOLOGIES HUNGARY managing director Gavin Dai said. Production, which will make optical networking equipment, will start in December, Dai said. By mid-2012, about 500 people will work at the factory, he added. More than 12,000 people work at four Flextronics bases in Hungary, in Zalaegerszeg, Sárvár, Tab and Budapest.

"Budapest provides a strategic location from which to serve this important market, as well as North Africa and the Middle East,” he added.

Hungarian property developer WING will complete by next fall a HUF 5 bln shopping center it started building in Budapest's District XII in the summer, it has said. Leases have been reserved for more than half of the area of the center, which will be certified under the UK’s BREEAM (Building Research Establishment Environmental Assessment Methodology) system.

Israeli generic drug maker TEVA will soon complete construction of a new production hall at its plant in Gödöllő, just outside Budapest, as part of an almost HUF 50 bln investment, daily Világgazdaság said mid-November, quoting communications chief Peter Papalnos. The plant will start producing the active ingredient for the cancer drug 5-fluorouracil next year, the paper said, noting that several hospitals in Hungary have run out of recently. There is a shortage of the product across Europe as the plant making the drug in the Netherlands has been temporarily shut down. Teva announced a €65 mln expansion at the Gödöllő plant in January 2010. The drug maker said the project, to be completed by the end of 2014, would mainly affect the European market. TEVA will report. The plant is to be built by January 2014, creating 75 jobs and another 1,000 indirectly.

US medical technology firm KINETIC CONCEPTS INC will expand its Budapest service center, increasing staff numbers to almost 200 by the end of this year, and that figure could double over the next few years, center head Adriano Cito said. He said KCI was attracted by the availability of qualified workforce and the excellent quality and efficiency of the Hungarian service center, and had even moved certain business processes from India to Budapest.

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End of Hungary’s war of financial independence?

No matter how much Prime Minister Viktor Orbán is afraid of losing Hungary’s economic independence, the markets would welcome a safety net for Hungary in the form of a new agreement with the IMF.

However, life without the IMF seems to have proved pretty short lived. The ministry started talks about a new agreement with the IMF during a regular economic policy consultation in November and expects those discussions to be concluded in February 2012. The ministry called the agreement “a new type of cooperation, which would increase Hungary’s financial and economic independence instead of hindering it like the old one”.

“This new type of cooperation, unlike the old one, would not increase government debt as we do not take out a credit [line], but we will make an insurance contract in order to increase the safety of investors in Hungary,” said the ministry statement. The IMF led a €20 billion assistance package for the country at the height of the crisis late in 2008. How much “economic independence” Hungary can realistically expect is a moot point. “The IMF will certainly influence Hungary’s economic policy in exchange for its help,” Uncredit chief economist István Horváth said. When a country asks for a loan, the conditions are discussed between the country and the IMF. In a letter of intent and Memoranda of Economic and Financial Policies, the country has to describe the policies that it intends to implement in the context of its request for the IMF’s financial support.

As a result of the IMF agreement, Hungary’s credit default swap spread could drop 100 basis points from their current levels of around 600 basis points, according to Horváth. Hungary’s CDS spread was as low as 240 basis points after the announcement of the Széll Kálmán Plan in March 2011. On the other hand, he believes that markets have already priced in the impending uncertainty was further increased by a couple of unsuccessful T-bill auctions. “What really matters is whether there is a demand for long-term bonds,” Raiffeisen analyst Lőrinc Bláhó said. The Government Debt Management Agency (ÁKK) has since managed to sell three-, five- and ten-year bonds on a high interest rate, although yields were sharply up from the previous auction, at well over 8% for all three bonds.

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The announcement was made after the forint hit a new all time low of HUF/EUR 317. Horváth said. Th e Government Debt Management Agency (ÁKK) has since managed to sell three-, five- and ten-year bonds on a high interest rate, although yields were sharply up from the previous auction, at well over 8% for all three bonds.

CHANGING ATTITUDE

The IMF agreement also reflects the fact that the government has started to seek consensus not only with the IMF, but also with the country’s central bank (MNB) and the banking sector in general, Horváth noted. “A country does not work without credit institutions,” he added, referring to the virtual halt in bank lending activity as a result of recent government measures. Uncredit analysts have increased their growth forecast to 1.8-1.9% from the previous 1.5% after the release of the favorable third-quarter figures. However, their inflation forecast remained at around 4%. Bláhó believes that the MNB should increase its base rate by 100-150 basis points in order to increase the 3% inflation target.

Household consumption is not expected to decline further, Horváth said. Unemployment will remain at close to 10% for the year on average with an increasing activity rate. “I do not see a major decrease in government debt, which will be around 77% of GDP this year, as it was based on a 3% growth forecast,” Horváth said. He does not believe either that a deficit of under 3% is sustainable.
Vehicle and vehicle parts maker Rába is also thought likely to delist. “I expect that Rába will be delisted from the BSE in the first half of 2012,” Somi said. He thinks that the biggest surprise in the Rába story was that the government had acquired a company on debt, adding that it will probably pay the HUF 84 billion purchase price from former private pension assets.

The Hungarian National Asset Management Company (MNV) made its public purchase offer for Rába at a price of HUF 815 per share in November 2011. State holdings accounted for a combined 16.15% through various funds, companies and organizations. The other two major shareholders, the Pension Reform and Debt Reduction Fund and Malaysia’s DBR-Hicom Berhad, had previously agreed to sell their respective 15.46% and 10.85% stakes in the company. The government is aiming to strengthen the state’s role in the automotive industry through the Rába acquisition.

Being the biggest and most liquid blue chip, OTP shares are the most affected by the state of Hungary’s economy, according to Bláhó. “The bank’s shares are the most accessible Hungarian securities for foreign investors, so if they do not like something about Hungary, they simply sell them.”

The price of OTP shares, which are often considered as a Hungarian macro proxy, is currently determined by the indebtedness in foreign currency loans, Somi added. “I see a chance that OTP comes out relatively well from the early repayment FX loan story, if it can expand lending through providing forint loans to FX debtors.”

Both analysts are quite optimistic about MOL. Due to Hungarian oil and gas giant’s profitability and growth prospects, its shares are the most attractive among the state’s key blue-chip companies such as OMV, Unipetrol and Lotos. The performance of the upstream business is strong due to the increasing importance of its Kurdistan field, but there still are political uncertainties about Syria. The current upstream portfolio consists of producing assets in seven countries and assets with further exploration potential in all twelve countries where MOL is present.

The business environment for pharma champion Richter has significantly deteriorated due to recent government measures. Concerning the regulatory environment, Bláhó expects some improvement in the write off of R&D expenditures.

As the clinical trial of antipsychotic agent cariprazine is showing positive results, both analysts expect positive news in the coming months, which the market has not necessarily priced in, as there are still uncertainties about its efficacy. Results from a Phase III clinical trial show that cariprazine is effective in treating acute bipolar mania, however, it does not appear to relieve bipolar depression.

**BSE sees falling turnover and delistings**

by GABRIELLA LOVAS

The Budapest Stock Exchange launched its BETa Market in November, in which investors can trade in foreign equities. Amid falling turnover and delistings, it is time to infuse new blood into Hungary’s slowing capital market.

E quities bought on the BETa Market are identical to those traded on foreign markets, although trading is conducted in forints. Thus the BETa Market offers access to the equities of several European companies issued in foreign currency without the need to face currency conversion costs, the BSE said at launch.

Official market makers ensure the liquidity of trading in foreign equities registered on the BETa Market. Capital gains attained on the new market are subject to the same tax rates as those attained on BSE’s equity market.

“Whatever we do, the importance of the BSE is diminishing with falling monthly turnovers,” András Somi of KBC Securities said. He expects a further decrease in the already low turnover, as he does not see the end of the global recession any time soon.

**DELISTINGS: ORCO AND RÁBA**

Orco Property applied to delist its shares from the BSE because of low trading volumes and to reduce listing and reporting costs. Orco shares will remain listed on the NYSE, Euronext Paris, and the Prague and the Warsaw stock exchanges.

One of the world’s largest blue chip, OTP’s shares are also among those facing delistings, as the BSE said at launch. The market capitalization of Hungary’s biggest corporate group is HUF 1.3 trillion, or 10% of the country’s GDP.

Orco’s shares will remain listed on the BSE as the company focuses on its development plans in Hungary. The company has over 1,300 employees, with over 350 of them owning shares in the company.

**NOTICE**

Terminology and investment rates have changed over time. The following is a summary of the main changes:

- **2001**: The Budapest Stock Exchange (BSE) launched its BETa Market, allowing investors to trade in foreign equities.
- **2005**: The Hungarian National Asset Management Company (MNV) acquired a company on debt, increasing its shares in OTP and MOL.
- **2012**: The Hungarian government acquired the majority of OTP and MOL shares, leading to delistings.

For more information on the changes, visit the BSE’s official website (www.besemagyarorszag.hu).
Minining the FDI data

Proponents of foreign direct investment say it raises the industrial bar in the host country, creating jobs and improving standards. Opponents say it is detrimental, siphoning off profits to send back home. New research commissioned by AmCham aims to end the argument.

According to the co-author of the research study into FDI, the one real surprise was not the results, but that no one else had looked at the issue in quite this way. For what András Balatoni and Monika Pitz did was not just measure the effects of FDI on Gross Domestic Product (GDP), but also the underlying Gross National Income (GNI). That enabled them to measure in a more precise way how capital flows affect the potential GDP (GNI). That enabled them to measure both GDP and GNI. It was a good decision by the 1990s economic policy makers to rely more onflows of foreign capital to boost the economy.

The research undertaken by Pitz and Balatoni doesn't just put economic policy makers on the back; it also makes policy recommendations. The depth of impact of FDI is determined by a country's "absorption capacity", its ability to put it to best use. This is based on factors such as the quality of the human capital, the development of the banking system, the quality of the general physical infrastructure and on macroeconomic stability, including the efficiency of government institutions.

"This is what we have to communicate to society, to politicians and economists: if we don't have greater growth, that is our [national] problem, not the fault of FDI," says Balatoni. Absorption capacity "is compared not to our regional competitors, but with Western Europe and there we can see we have very much to improve on." And Századvég-Eco isn't the only one to say that. "The World Economic Forum’s World Competitiveness Index also stresses we have to improve in all of these areas," Balatoni points out.

Balatoni, 28, studied economics at the University of Pecs, and is currently working on his PhD thesis. He was one of the first arrivals when Századvég-Eco was founded in 2010, joining in May of that year.

"One third of Hungarian economic growth is the footprint of FDI," Balatoni points out. Regardless of the type of capital inflow (foreign loans, portfolio investment, or FDI), it always incurs a cost, usually through repatriation of profits or paying interest, something GDP doesn’t take into consideration. A better measure therefore, is GNI, which does account for balance of payment income flows, and also measures value added effects such as technology transfer, and additional fixed capital formation.

This, as they say, is the kicker. "GNI would have been 6-14% lower if FDI was substituted for some alternative financial source," says the research director. "It was a good decision by the 1990s economic policy makers to rely more intensively on inflows of foreign capital to boost the economy."

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András Balatoni, research director at Századvég Economic Research Ltd (Századvég-Eco)

The multiplying affect of multinationals

Major research into the presence of multinationals in Hungary finds that, even allowing for profit repatriation, the overall effect has been positive.

Uninational companies are sometimes seen as political targets well worth a good kicking. They contribute little to Hungary’s domestic economy, gives the somewhat simplistic argument, and drain money, in the form of profits, away from the host nation back to some foreign HQ. A major new survey commissioned by AmCham looks to place facts before presumption.

For much of the leadership of Voice, the results of “The Present and Future of FDI in the Hungarian Economy” may not be that surprising, but they are worth repeating here. “Companies with foreign interest generate 20-25% of the GDP; they are responsible for 27% of total domestic investments and provide 15% of total employment,” the survey summary of the report. “Considering external trade, 65-70% of all exports and 72-73% of all imports are related to these companies.”

Századvég Economic Research Ltd, part of the Századvég group, carried out the research for AmCham, and set itself two questions to answer: Firstly, how does the inflow of FDI influence economic growth and through which channels does it contribute to the domestic economic development Secondly, do Hungary’s specific characteristics affect that?

The net, at least in answer to the first question, is positive. “According to our estimates, FDI on average contributed 0.7-0.9 percentage points to the annual GDP growth in the past 15 years. This value could be assessed as a very high contribution compared to the average 2.3 percent annual growth rate during the examined period.” Not surprisingly, most FDI-inspired growth was found in manufacturing.

“The survey leaves no doubt as to the benefits of FDI. “The results are quite clear: economic openness as a factor (that includes FDI inflows and the sum of exports and imports in proportion to the GDP) has a significant positive impact on a country’s economic growth. All in all, the inflow of FDI is regarded as a potential opportunity for the national economy.”

But opportunities still have to be taken, and here there is a problem, because the essential factors that allow that to happen are not always in place or well developed. These factors include entrepreneurial attitude, openness towards constant technological development and the capability to adapt. The CEE region, including Hungary, naturally has what the report calls “a significant handicap… in integrating foreign investments into the national economy.”

One of the more patriotic arguments trotted out against multinationals is that they create a dual economy in which domestic SMEs are doomed to stagnation and have little chance to join the export markets. The report says that approach isn’t nearly nuanced enough.

“These arguments neglect the fact that the dual economic structure is mainly the consequence of poor intensive factors [as outlined above], basically the lack of capabilities to cooperate with multinational firms. Handicaps in the capability to integrate technology transferers, to develop human capital and the weakness of R&D incentives did not enable most Hungarian firms to become partners of multinationals. If these limiting factors could be at least partly alleviated by a conscious development policy then a huge opportunity would open for the Hungarian economy by the further inflow of FDI.”

IN THE SPIRIT OF A GENERATION

The Századvég Foundation was formed in 1991 “as an articulation of the spirit of the young generation that actively participated in the regime change in Hungary,” according to its website (www.szazadveg.hu/en/).

It adds that the Foundation was established to:

• create an opportunity for a high quality education in political science that considers practical needs
• contribute to the spreading of democratic political culture
• assist civil society in self-organization and efficient representation
• support new directions of research in social science
• help the education of minorities beyond the political frontiers and young scholars’ activity by offering scholarships.

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Bridging the SME-multinational divide

Multinationals represent much more of an opportunity than a threat to local small- and medium-sized companies according to AmCham’s point man on SMEs, Sándor Erdei.

The challenge is two-fold: bringing SMEs and multinationals together in the first place, and making sure the SMEs are fit-for-purpose to work for a multinational. Sándor Erdei, the CEO of DBH Group and chairman of AmCham’s SME Committee, is trying to do both.

And he is perfectly placed to do so. He started working in the Netherlands in 1994 for Development Bridge Head Group (DBH Group), a Dutch-Hungarian governmental initiative that acted as a regional development agency bringing FDI to Hungary. He eventually returned to his homeland, and since 2006 the group has been run out of the country. It is also an example of an SME that is a multinational, and specializes in providing services and products for smaller businesses.

The AmCham committee he chairs has just launched a series of seminars aimed exclusively at the sector. “We are trying to give them opportunities in this crisis situation to get new knowhow and skills,” he explained. Topics already covered include cloud computing and the savings it can offer, and the use of social media in marketing and attracting prospects. Upcoming subjects include HR and business communication and sales. “A lot of SMEs lack good communication skills and good sales people,” Erdei says.

The seminars have been well attended (there were almost 50 people at the most recent on social networks), indicating a deep need. And some of that trust building involves explaining the role of AmCham itself. And some of that trust building involves explaining the role of AmCham itself. “Initially we had expected 20-25 members. They seem to have been carefully pitched. Many SMEs don’t have the money to spend on events and wouldn’t even go near a hotel normally. So we decided to bring it closer to their world and organized the seminars here in the Infopark, with DBH donating the space.”

The committee also hopes to run a series of seminars where they bring multinationals and SMEs together. “You would invite Flextronics, say, to give a presentation, and then invite all the potential suppliers. Many times, SMEs are simply not able to get to the right people at a multinational.”

But Erdei doesn’t just want to educate the SME masses; he also wants to give them a voice. “We want to try and create a platform for all organizations that are active in promoting SMEs,” he explains. There is a veritable alphabet soup of groups out there, from the FBN-H (Association of Responsible Family Business Owners in Hungary) to VÖN (National Association of Employers and Entrepreneurs), via IPOISz (Hungarian Association of Craftsmen’s Corporations), KSEOISz (National Federation of Traders and Caterers), and OKISz (Hungarian Industrial Association), among many more.

With their being so many organizations, all of them find it a challenge to get any face time with politicians whose decisions directly affect entrepreneurs’ livelihoods. Creating a common platform, Erdei believes, will give them a multiplying effect. “By bringing the associations together, our voice will be stronger,” he says.

It takes time, however. “I hope that by the last quarter of next year we may have got there. But we have to meet all of these organizations separately.” It is a project that has already been running for a year and a half. “With some organizations we do have a relationship already, but with others we have to create that; there has to be trust that we can do better together.”

And some of that trust building involves explaining the role of AmCham itself. “I always say that you need structures for growth. You need to know how to operate a company from scratch, how to be transparent, something local companies aren’t always good at. You need to learn a work culture.”

One company supported by the VC manager is doing particularly well. “It started in Hungary two and a half years ago, and now it is providing services in 11 countries, and only 10% of its business is done in Hungary,” Erdei says. “The management know their industry, they know the players, they are well connected and they know how to go from nothing to something.” The skills learned from time in a multinational have proved vital, he says. “A lot of local entrepreneurs will have great ideas, possibly even a great product, but do they know how to get it to market?”

You should never underestimate the importance of the right sales channels.”

SMALL & MEDIUM ENTERPRISES COMMITTEE

There are 450 member companies of AmCham, some 200 of which fall into the category of SME based upon the number of employees. Most are active in the service industry.

The priorities of the committee are:

- Raising awareness and highlighting the importance and role of innovative SMEs and the need for SME financial instruments in the Hungarian economy;
- Supporting members via knowledge transfer;
- Strengthening cooperation with professional organizations (e.g. Hungarian Association for Innovation, Budapest Enterprise Agency);
- Lobbying support for SMEs to highlight the need to reduce the current bureaucracy and burdens to business;
- Creating a forum so that SMEs can help each other to become more competitive;
- To communicate to the outside world the fact that the majority of AmCham’s members are indeed SMEs, to strengthen the opportunities of such companies.

Erdei isn’t plowing a lone furrow; others agree that getting the right knowledge into the hands of entrepreneurs is vital. In early November investor and philanthropist George Soros announced a gift of $7.55 mn to help support the newly established Institute for Entrepreneurship and Innovation at the CEU Business School. Speaking in Budapest, Soros said: “I view this donation as an incubation grant to support and accelerate the groundbreaking initiatives now under way at CEU Business School. In today’s world, we need more entrepreneurs who are also trained professionals. The ability and desire to commercialize novel ideas and to create new businesses – even new industries – is as important as any initiative today.”

Cooperation also seems likely between the AmCham committee and the Hungarian Investment and Trade Agency (HITA), which has plans to set up an SME academy next year.
1ST RUNNER-UP: LACI' KONYHA!

There’s pretty much everything you’d want in a wine restaurant here: a cellar with 200 different types of wine, friendly servers who’ll assist you in choosing the perfect glass for each moment of the meal, and, of course, great food. A specials board full of intelligently modernized Hungarian cuisine augments the reasonably compact menu. Chef Ákos Sárközi serves up dishes – such as duck-liver terrine with fig or sous-vide pork neck with vegetable stew (Ft5,400) – and they’re open late towards the end of the week. Baldaszti’s general, capable young servers wouldn’t be out of place in a fancy New York or London restaurant.

VI. Andrássy út 8
(362 3898/www.baldaszits.com).
M1 Bajcsy-Zsilinszky út. Mon-Wed,
Sun 7.30am-1pm, Thur-Sat 7.30am-2pm.
Average €. Credit MC, V.

2ND RUNNER-UP: BALDASZTÍS GRAND

After earning a great reputation for their deli and casual kitchen in Buda, Baldaszti went big in October, opening a classy restaurant at a prime location at the downtown end of Andrásy út. Like the Goa restaurant that used to be at this location, this place looks fancy, with big white branches hung overhead, lots of sparkling little lights and an attractive, nicely stocked bar. The food here is also suitably chic: scallops with Jerusalem artichoke purée and Brussels sprouts (Ft6,400) or sous-vide pork neck with vegetable stew (Ft6,400). And the flavors live up to the menu’s promise. The 22 cocktails listed (Ft5,790-Ft9,590) are mostly their own creations, though they can do the classics. Their breakfast menu is diverse and they’re open late towards the end of the week. Baldaszti’s general, capable young servers wouldn’t be out of place in a classy New York or London restaurant.

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3RD RUNNER-UP: LA PAMPA

This new ‘little brother’ of the Pampas Argentine Steakhouse near the Great Market Hall is trendier and less classical than the original. The decor, with cowhide furnishings and lots of stark black and white, is a bit intense: try the atrium or bar room for respite from the spooky look. There are fancy and expensive Wagyu steaks, but the burger made of Kobe beef (Ft4,290) is a bit of a letdown. You’ll get better value with Angus T-bone or sirloin, which come in three sizes. Sides and a dozen sauces can be ordered separately. Argentine wines are on offer, but the mark-up on imports can be high.

VI. Bajcsy-Zsilinszky út 21
M3 Andrássy út. Daily noon-midnight.
Average €. Credit AmEx, MC, V.

Winner

BORKONYHA

There’s pretty much everything you’d want in a wine restaurant here: a cellar with 200 different types of wine, friendly servers who’ll assist you in choosing the perfect glass for each moment of the meal and, of course, great food. A specials board full of intelligently modernized Hungarian cuisine augments the reasonably compact menu. Chef Ákos Sárközi serves up dishes – such as duck-liver terrine with fig or sous-vide pork neck with vegetable stew (Ft6,400) – and they’re open late towards the end of the week. Baldaszti’s general, capable young servers wouldn’t be out of place in a classy New York or London restaurant.

V. Sas utca 3 (366 6835/www.borkonyha.hu).
M1 Bajcsy-Zsilinszky út. Mon-Sat noon-midnight.
Average €€. Credit MC, V.

SUBSTANCE BENEATH THE SHINE

Budapest’s newest museum, the Zelnik István Southeast Asian Gold Museum, shows more than just glittering treasures.

Budapest’s newest museum, the Zelnik István Southeast Asian Gold Museum, shows more than just glittering treasures.

By now it’s a familiar story: a wealthy Hungarian collector brings back exotic wonders from east Asia and puts them on public display in a mansion in Budapest’s embassy district. It happened at György Rath’s villa on Városligeti fasor, which became a museum showing his Asian collection after his death in 1960. It happened just around the corner at the Andrásígy út mansion of Ferenc Hopp (1883-1959), whose will stipulated that his home become a museum stocked with his east-Asian treasures.

And on September 15, Dr István Zelnik, a retired Hungarian diplomat with a passion for treasures from the Far East, joined the crowd, opening a museum in a huge villa on Andrásígy út, just across the street from Hopp’s. The big difference with Zelnik is that he decided to turn his collection into a museum while he’s still alive. His timing was fortuitous: the opening of the Zelnik István Southeast Asian Gold Museum comes shortly after funding cuts in April forced the closure of the Ráth György Museum and the reduction of the Hopp Ferenc Museum to a small display space for temporary exhibitions.

Aside from being the capital’s biggest remaining public display of east-Asian art, the Zelnik collection has another attraction: it glitters. Half of the nearly 2,000 artifacts shown are made of carefully preserved gold or silver, which means that, even though many pieces predate Christ, they shine like new. But this is more than simply an opportunity to ogle someone else’s treasure. A thoughtful grouping of objects and well-written texts in English and Hungarian make this museum an informative primer on the ancient religions, empires and tribes of east Asia. At Ft3,500 for adult entry, the capital’s newest museum is also one of its most expensive, especially given the moderate size. The 1,500 sqm of display space, spread across two floors in the 1877 villa originally built for the Rausch family, can provide about an hour of diversion. It’s a pleasant way to learn about the history of east Asia, especially the history of its religions, so if the topic appeals, the fee is well worth paying.

ARANYMŰZEUM

VI. Andrássy út 110 (482 3190/www.aranymuzeum.eu).
M1 Bajna utca. Mon 9am-6pm; Tue-Thur, Sun 9am-7pm; Fri-Sat 9am-9pm.
Admission Ft13,350; Ft15,000 for online purchase; Ft12,850 between 9-10am or after 7pm Fri-Sat.

1ST RUNNER-UP: GRAND

1ST RUNNER-UP: BALDASZTÍS

1ST RUNNER-UP: LA PAMPA

1ST RUNNER-UP: LACI’ KONYHA!

Among the more ambitious new restaurants this year, Laci’ Konyha! was created by some of the people behind the worthy Csokolágy 26 and Mák Bistro. They hired 36-year-old chef Gábor Mogyorósi to produce a fusion of Hungarian and Asian cuisine. It’s everything that’s good about local food – rich and hearty – combined wonderfully with less-standard ingredients. The wild boar with pumpkin foam and root vervel is cut with a fork and is bursting with flavors. There’s a hip look to the place, provided by the local artist’s group 1,000%, whose busy room for respite from the spotty look. There

Aft er earning a great reputation for their deli and casual kitchen in Buda, Baldaszti went big in October, opening a classy restaurant at a prime location at the downtown end of Andrásígy út. Like the Goa restaurant that used to be at this location, this place looks fancy, with big white branches hung overhead, lots of sparking little lights and an attractive, nicely stocked bar. The food here is also suitably chic: scallops with Jerusalem artichoke purée and Brussels sprouts (Ft5,400) or sous-vide pork neck with vegetable stew (Ft6,400). And the flavors live up to the menu’s promise. The 22 cocktails listed (Ft5,790-Ft9,590) are mostly their own creations, though they can do the classics. Their breakfast menu is diverse and they’re open late towards the end of the week. Baldaszti’s general, capable young servers wouldn’t be out of place in a classy New York or London restaurant.

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M1 Bajcsy-Zsilinszky út. Mon-Wed,
Sun 7.30am-1pm, Thur-Sat 7.30am-2am.
Average €. Credit MC, V.
András Török’s Budapest

Seven Memorials in Kossuth Square that May Have to Leave

<table>
<thead>
<tr>
<th>WORK, TIME OF ERECTION</th>
<th>1944</th>
<th>2011</th>
<th>PROBABLE CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gyula Andrássy, 1906</td>
<td>✔</td>
<td>-</td>
<td>Re-erection</td>
</tr>
<tr>
<td>Prince Bolyai, 1935</td>
<td>✔</td>
<td>✔</td>
<td>No changes</td>
</tr>
<tr>
<td>Lajos Kossuth, original 1927</td>
<td>✔</td>
<td>✔</td>
<td>Re-erection, or a copy?</td>
</tr>
<tr>
<td>Lajos Kossuth, copy 1952</td>
<td>✔</td>
<td>✔</td>
<td>Re-erection to statue park</td>
</tr>
<tr>
<td>Mihály Károlyi 1975</td>
<td>✔</td>
<td>✔</td>
<td>Removal to another quality venue, or simply staying</td>
</tr>
<tr>
<td>Attila József 1940</td>
<td>✔</td>
<td>✔</td>
<td>Removal to another quality venue, or simply staying</td>
</tr>
<tr>
<td>Memorial of the Funerallade of 25 October 1956 1991</td>
<td>✔</td>
<td>✔</td>
<td>Removal</td>
</tr>
<tr>
<td>Flames of the Revolution 1966</td>
<td>✔</td>
<td>✔</td>
<td>Re-erection, somewhere else?</td>
</tr>
<tr>
<td>Builders of the West 1975</td>
<td>✔</td>
<td>✔</td>
<td>Re-erection</td>
</tr>
</tbody>
</table>

Kossuth was an almost mythical, larger than life figure of the 1848–49 Revolution and War of Independence, who lived the long second part of his life in exile. He only returned to Hungary in a coffin. As long as his great adversary, the Em- peror Francis Joseph, was alive, erecting a public statue to Kossuth was out of the question. The Emperor died in 1916, and the original statue of Kossuth was unveiled here in 1927. He, together with fellow cabinet members, was portrayed at the moment of fall, with head down. The work of József Horvay was considered too prescriptive after the Communist coup of 1956, and a new memorial was commissioned. The Kossuth of the present stature by Sándor Mikus is a sort of “post-communist distillation” of the former distilla-tion forward: Re-erecting the old statue would certainly be possible. But it was long ago donated to the city of Dombóvár, in southeast Hungary, and the citizens love it there. Indeed, they are collecting signatures for a petition to keep it. A copy of the original work would do, wouldn’t it?

BÉLA KOVÁCS (1908–1953)
Béla Kovács was a talented and successful farm-er, also interested in national matters, and after WW II he was secretary general of the strongest grouping in Parliament, the Hungarian Smallholders’ Party. On 25 February 1947 he was arrested on fabricated charges, and deported to the Soviet Union, a clear sign about what kind of “democracy” Hungary could expect in the Red-Army-dominated country. Though everyone respects the memory of Béla Kovács, it is difficult to overlook the very low quality of the statue. Apparently there was no contest at all. If there was, Sándor Klígy’s design must have been chosen by the then “big boss” of the Smallholders’ Party, a man of notori-ously bad taste. So few people would mind the removal of this particular monument of Béla Kovács – provided a more fitting statue to him were erected somewhere else.

ATLILA JÓZSEF (1905–1937)
The statue of the lowborn, short-lived poetic genius was put here, since one of his greatest poems is entitled At the Danube. A line from this poem, in his own handwriting, appears in front of the figure: “As if poised from the dark heart in my body / the Danube ran, as grand and wise and muddy,” (in a quite inadequate rendering by one of many translators). Artist László Marton found an un-honourable posture of the lean poet of fiery countenance. Natives and tourists love him as it is, and where it is. To remove this statue is clearly unimaginable. The intention is more protests, at the time of going to press. But there is a problem here, too: Attila is almost exactly on the spot where the memorial of Gyula Andrássy used to be. It was removed after WW II, for unclear political reasons. He was a hero of 1848, then prime minister from 1867, initiator of many Budapest city projects, then foreign minister of Austria-Hungary. True, though, he was a count.

Lajos Kossuth (1802–1894)
Kossuth was an almost mythical, larger than life figure of the 1848–49 Revolution and War of Independence, who lived the long second part of his life in exile. He only returned to Hungary in a coffin. As long as his great adversary, the Em-peror Francis Joseph, was alive, erecting a public statue to Kossuth was out of the question. The Emperor died in 1916, and the original statue of Kossuth was unveiled here in 1927. He, together with fellow cabinet members, was portrayed at the moment of fall, with head down. The work of József Horvay was considered too prescriptive after the Communist coup of 1956, and a new memorial was commissioned. The Kossuth of the present stature by Sándor Mikus is a sort of “post-communist distillation” of the former distillation forward: Re-erecting the old statue would certainly be possible. But it was long ago donated to the city of Dombóvár, in southeast Hungary, and the citizens love it there. Indeed, they are collecting signatures for a petition to keep it. A copy of the original work would do, wouldn’t it?

Mihály Károlyi (1875–1955)
Mihály Károlyi was a well meaning, day-dreaming aristocrat, and the first prime minister of Hungary after the Austro-Hungarian Monarchy fell apart in 1918. Today, he is held responsible (by the far right, not scholars!) for the short-lived communist dic-tatorship that followed his rule, and even for the post-war Triannon treaty, so much so that the removal of the statue of “The Traitor” has been a constant demanded from some factions. Meanwhile, some more mainstream political forces respect him as the father of modern democratic Hungary. A serious problem is that his monument was erected almost exactly on the spot where the memorial of his great opponent István Tisza, the prime minister during WW II, used to stand. It was removed after WW II.

The Flame of the Revolution
This minimalist monument by artist Mária Lugassy was built for the 40th anniversary of the revolution – it did not stir sentiments, either positive or negative. The small flame burns with extra force between October 23 and November 4 every year. It certainly was not here in 1944, so it probably must go. To put it somewhere else may make sense.

The Bullets on the Wall
The terrible random shooting on October 23, 1956 broke out without warning, and there is no evidence to this very day as to the identity of the shooters or the people who gave the orders. We don’t even know what nationality the killers were. One of the persons who escaped was archi-tect Ferenc Callmeyer. He and artist József Kampfl designed this metaphoric monument to the victims – one that could badly do with some more detailed explanatory text. Needless to say, the bullets were much smaller, but big enough to kill hundreds of people here. It belongs to the square, and though it was definitely not here in 1944, nobody expects it to be removed.
Helping Slovakia, by helping our members

One of the things we see as extremely important are comprehensive strategies that would help increase Slovakia’s competitiveness,” says Jake Slegers, CEO of the American Chamber of Commerce in the Slovak Republic.

Thus it has set up a committee whose main aim is to form a strategy for attracting more FDI, therefore positively affecting Slovakia’s competitiveness in the very long term. “Slovakia’s educational competitiveness must also be developed and thus there has to be a considerable reform within educational institutions. What we have now is a dangerous disconnect where universities and the Slovak education system are producing well-educated graduates, but not the types that industry is looking for,” Slegers warns.

“These issues are dealt with at our Business-Academic Committee, which also serves as a bridge between the worlds of business and academia. We have courses at the Center for North American Studies at the Economic University, where business representatives offer a series of lectures. This allows the students to learn about practical issues and challenges that businesses have to deal with.” Developed in cooperation with Slovak universities, a special section on the AmCham website features internships at member companies. “Through these initiatives, AmCham member companies can assist in the development of future employees. We have also been active in providing the government with comments on proposed new legislation in areas such as public procurement, bankruptcy, tax legislation, labor legislation, and freedom of information,” the CEO explains.

NOTABLE SUCCESSES
The transformation of the chamber into a major voice for business has been significant, Slegers says, because it also reflects the development of Slovakia as a country. “In the late 1990s, AmCham was more a social networking organization, in that it was strong in social areas. Over the years, we have transformed it into an advocacy-related organization. While we still work on the social aspect, almost everything we do is in some way connected to our policy and advocacy agenda,” he explains. “We have made significant contributions to various forms of legislation, especially the Labor Code, and tax and education legislation. We have also become a recognized partner for consecutive Slovak governments.” Before the national elections in 2002, 2006 and 2010, the chamber hosted the Slovak Elections Political Party Speaker Series. In 2006, it organized a conference on Slovakia’s achievements and challenges on the road to a knowledge-based economy. “The opening of our office in Košice in 2003 was a milestone, and has helped us serve our members in eastern Slovakia and attract investors to this region. We have also taken part in several road shows with Slovak ministers in the U.S., including the 2009 visit of the Deputy Prime Minister and Minister of Education Jan Mikolač, and the 2010 visit of the Minister of Economy Juraj Miškov.”

CHALLENGES
Inflexible labor legislation has been one of the most consistent and important topics the chamber has dealt with. There has been too much bureaucracy, and issues such as corruption, the state of the judiciary and also changes in tax legislation have continuously been aired. “There is still a high administratively burden, slow and long law enforcement processes and insufficient reform in the judiciary, missing R&D taxation schemes as well as weak technology transfer and public procurement practices,” says Slegers.

MISSION STATEMENT
The aim of AmCham is to “build bridges” among members and non-members, contribute to the development of a healthy business climate and to improve conditions for all businesses operating in Slovakia.

CONTACT DETAILS
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Website: www.amcham.psk

VITAL STATISTICS
Name of Chamber: American Chamber of Commerce in the Slovak Republic Number of members (as of January 1, 2020): Thirty-six companies founded AmCham in Slovakia. Currently, we have approximately 300 members, including several of the largest multi-national companies doing business in Slovakia. Approximately 30% are American, about 25% are Slovak and about 45% are companies of other nationalities. Some 65% of Slovakia’s GDP is produced by and AmCham member companies. The revenue generated by the “Top 100” AmCham member companies is more than €15 billion and the number of people employed by these companies is more than 100,000.

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CHAMBER CORNER

WE HAVE MADE SIGNIFICANT CONTRIBUTIONS TO VARIOUS FORMS OF LEGISLATION, ESPECIALLY THE LABOR CODE, AND TAX AND EDUCATION LEGISLATION

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Mentoring may well be the single most important aspect of leadership when it comes to successfully incorporating the under-represented into the workforce, the annual AmCham diversity conference concluded.

TALKING HEADS
Panel discussion on the role of female leadership. From left: Csilla Vizvári, managing director of the IRMÁK non-profit caring for the elderly and disabled, and winner of the inaugural Women of Excellence award; Kornélia Vass, Country Human Resources Head, CitibanK Hungary; Dr. Mária Kopp, Deputy Director of the Institute of Behavioral Sciences at Semmelweis University, described Hungarian society as “the most traditional” in the region. “Men feel a responsibility for everything in Hungary. This is something that we need to change. Men’s roles should come closer to women’s.”

Illdikó Bernáth, State Secretariat for Social, Family and Youth Affairs, Ministry of National Resources, said attitudes had changed towards the disabled. Looking back 15 or 20 years, there seemed to be far fewer handicapped people, because society kept them hidden away. But more still needs to be done. “We should find what people can do rather than what they can’t,” she said. “Changing attitudes is far more important than funding.”

György Böhm, Regional HR director for Tesco-Globál Áruházak, which employs 1,100 disabled people from a total headcount of 22,000, and Attila Dobó, CEO and Partner of Rehabah.hu, an agency that specializes in finding work for the handicapped, agreed that “sensitivity training” for management was important so that managers can set the right tone for others to follow.

Mihália Vecsei, Vice President of the Hungarian Maltese Charity Service, who moderated the Roma panel, talked about being in the “24th hour…. In the last 22 years the situation has become worse.”

Rita Izsák said she believed Roma “have been in the 24th hour for a long time”. Many Roma children are bullied because their home situation doesn’t enable them to keep themselves or their clothes clean. She too had faced this, but her parents had taught her “Work hard, you come from where you come from, problems are there to be overcome. I was very lucky.” Even so, her mother had offered to change her name to something less obviously Roma. János Nagy, the Mayor of Bogdámdende, a rare rural village with successful integration of Roma and non-Roma, said proposed government schools legislation would be “the final nail in our coffin.” The area has eight schools, which will be reduced to three, taking average class sizes up to 35. His village school, which has the best results of any of them, will lose years five to eight. Nagy, himself a Roma, fears over time the best teachers will lose years five to eight. Nagy, himself a Roma, fears over time the best teachers will lose years five to eight. Nagy, himself a Roma, fears over time the best teachers will lose years five to eight.

Keynote speaker: Anikó Lévai, Goodwill Ambassador for Hungarian Interchurch Aid

Beáta Juvancz, Executive Director of Finance at Morgan Stanley, said “Anglo Saxon firms are exemplary in this [operating a quota] because they have had a history of it”, and added that it was “absolutely obvious” that there should be something similar here. Kornélia Vass, Country HR Head for Citibank Hungary, pointed out “we don’t have women in Parliament”. But Zsolt Fehér, of Assessment Systems warned, “It is not necessarily good if you force the situation.” He would rather educate people that there is no difference in capability between men and women than rely of quotas, he said. Dr. Mária Kopp, Deputy Director of the Institute of Behavioral Sciences at Semmelweis University, described Hungarian society as “the most traditional” in the region. “Men feel a responsibility for everything in Hungary. This is something that we need to change. Men’s roles should come closer to women’s.”

Jacques de Jager, of executive search company SpringerFox, pointed out that by law in the UK, 30% of the long list candidates for a position had to be women, yet he had only ever been approached by one company in Hungary to find a female executive. That provoked a mixed response from the panel.

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Keynote speaker: Rita Izsák, Goodwill Ambassador for Hungarian Interchurch Aid

AmCham news
Now into its second year, the annual AmCham Women of Excellence award took the theme of leadership for 2011.

A former head of Hungarian state postal service Magyar Posta, now in charge of communications at OTP Bank, Ilithó Szűts was named the winner of the Excellence in Leadership award at the chamber’s annual diversity conference on November 8.

Szűts was picked in what AmCham CEO (and jury member) Péter Dávid called a “deceitful vote” for the qualities she has displayed throughout her career, including her tolerance, patience and tact in union negotiations, and for bringing modern HR practices to Magyar Posta. "A OTP is an example for young women leaders," Dávid said.

In what was a strong field, drawn from more than 50 candidates, the runners up were Julia Király, of the Hungarian National Bank; Rika Matheidesz, founder and managing director of WAMP; the Sunday arts magazine which promotes Hungarian design and designers; Eva Patzauer, founder and CEO of the Csodalámpa Wish Fufiliing Foundation, which aims to grant the dreams of seriously ill children; and Dr. Éva Kriszt Sándorné, Dean of the Budapest Business School. The fourth runner up, Júlia Király, of the Hungarian National Bank, was unable to attend the ceremony.

"Generally speaking, candidates built their careers with stamina, diligence, hard work and professional calling, but we had to choose real leaders, charismatic, inspiring personalities, and that was much harder than we thought at first," More than 30 candidates were whittled down to 11, each of whom was given a personal interview, said Jadi Németh.

"That is a very important part of the process, she said, and helped narrow the field down to five finalists, from which the eventual choice was made. “This award finally is not a ‘career award’ but a recognition and complex appreciation of the inspirational human – female values, attitude, lifestyle and life management.”

In a sense, AmCham member companies are not the real audience for the award, rather, the message should spread to wider society. "In 2008, founding her own brand and idea of putting up role models for Hungarian women of all ages. "It is very important to show to the largest possible audience, both women and young girls, that we have some fascinating Hungarian ladies out there who are not just good examples, they are idols. They demonstrate that it is possible to be a strong, respectable self-fullfiller in working life while remaining a real woman at the same time."

This year’s winner will benefit from a FranklinCovey leadership training course. This year’s theme was built around the number of shoes a successful woman must own to help her step into the many roles she must play fittingly, then, the 2011 trophy featured a pair of golden shoes by internationally acclaimed designer Rika Vagi. She also designed handbags for the runners up, and will craft some made-to-measure shoes for Szűts.

"I was very glad to be asked, because my professional motto is basically the same as the theme for the award," explains Vagi, who has been in business since she started in 2003, founding her own brand in 2005. "I believe every woman needs at least two pairs of shoes; one with low heels to get on time to a meeting, and one with high heels for being late for a rendezvous."

HOW DO YOU DESCRIBE THE CURRENT BUSINESS ENVIRONMENT IN HUNGARY?
We view Central Europe as a region, since the countries have so many similarities and need each other for visibility and scale when adjusting to changes in the global economy, as part of the EU that is catching up. Hungary is now focusing on short-term crisis management and needs partners to secure long-term goals. Working with progressive, proven investors as partners in creating a vision that companies can relate to is crucial in these times.

HOW HAS BUSINESS IN HUNGARY CHANGED SINCE THE COMPANY WAS SET UP HERE?
We have become an integral part of this economy since 1989 when GE came to Hungary with the change of the system. Our experience here has served as a platform for regional expansion, but Hungary is still a key base for us with 13,000 employees. As the biggest U.S. investor today, GE has several global trend-oriented operations in the country, including Healthcare, Water and Energy, as well as Aviation. Luckily, with the world’s growing green agenda, lighting – the original business we acquired here from Austrian banks – has also come back as an important industry. Three businesses also work on technology development in the country, as part of our global technology teams. We have a strong supplier base and the ability to work with the academic sector. During the first decade we saw Hungary as a favorable location for export-oriented investments serving European and global markets and we will still export 90% of our industrial production from here. We also own Budapest Bank. Today, we are looking for common growth, e.g. projects in infrastructure modernization – in the fields of sustainable energy generation and affordable healthcare – that can help our business to provide solutions across a region that is going through a technology infrastructure modernization.

WHAT ARE THE GREATEST CHALLENGES IN DOING BUSINESS IN HUNGARY RIGHT NOW?
Investors do not like surprises. Working in 160 countries and operating for more than 130 years, we have a vast experience with countries in different stages. In our opinion, when there is a clear goal, a negotiated resolution brings better results than a forced one.

WHY IS IT IMPORTANT TO BELONG TO AN ORGANIZATION SUCH AS AMCHAM?
AmChams have been GE’s long term partners and we were one of the founders of the Hungarian chamber. It has been helping us and other member companies to have a clear voice in the discussions about the future and competitiveness of the country and the region and the proactive integration of both into the global economy. It represents the economic and cultural strength of the investor community. This is why we are very happy that, based on a GE initiative, AmCham Hungary will drive an objective discussion on the role of past and future international investment in the development of Hungary.

WOULD YOU RECOMMEND AMCHAM TO OTHER COMPANIES? IF SO, WHY?
Its ability to reach out and collaborate across the region is a plus for us. For example, the Hungarian chamber brought together eight AmChams from the region to stage GE-initiated regional energy forums, a unique move at that time. They have also been running regional tax conferences for six years and we are a supporter of these as well. AmCham Hungary can also help promote best practices developed by major investors, like the recent GE Foundation. Opening Doors secondary school talent development program conference in the Hungarian Parliament building. This is a social innovation that helps students gain a competitive edge, not just overcome the fact that they live in an underprivileged region. We believe that disadvantage can serve as a driver to leapfrog and become a star of your market. You just need partners.
Tanja Vainio, CEO, 14 years within ABB investments.

their growth targets with new profitability, as well as achieving for improving productivity and our clients to reach their targets remain committed to helping are cautiously optimistic and opportunities ahead for us operating environment thus far, regardless of changes in the wide product portfolio so, in some industries, especially in export-driven industry from different industrial fields. From the market point of view, there have also been many developments ranging from EU membership to infrastructure developments. We have completed many successful projects when it comes to electrical network retrofits, building technologies and automation technologies. In addition to our traditional markets, going forward we see several new emerging segments, such as the increase in renewable energies, improvements in energy efficiency and eMobility, just to name a few. ABB and our technologies are at the core of these new developments.

WHAT ARE THE GREATEST CHALLENGES IN DOING BUSINESS IN HUNGARY RIGHT NOW? For me this can be described in two words that are closely linked with each other: transparency and predictability. This is true for both economic policies for the business environment, as well as laws and the legal environment. As leaders of our companies, we make medium- and long-term decisions affecting our performance and our ability to grow and create employment in Hungary. In order for us to make the right decisions long-term, it is important to be able to base these decisions on a framework that is stable and reliable.

WHAT ONE THING WOULD YOU LIKE TO SEE CHANGED ABOVE ALL OTHER TO IMPROVE THE BUSINESS ENVIRONMENT? I relocated to Budapest and Hungary less than three months ago. One of the first things I have been focusing on is ABB Hungary’s long-term strategy, in connection with our global group strategy. What I am missing is a clear picture about the long-term, 10-25 year overarching strategy for Hungary, backed up by real actions supporting these strategies. ABB is part of many “green” developments, ranging from being one of the founding members of the eMobility Community in Budapest to being a main contributor to developments of renewable energies. For example, a consistent strategy for energy including support for the development of renewables is needed to develop renewable energy sources further in Hungary.

WHY IS IT IMPORTANT TO BELONG TO AN ORGANIZATION SUCH AS AMCHAM? It is important for us to promote the global competitiveness of Hungary and AmCham provides an excellent framework for that. We firmly believe that advocating on behalf of the business community is not only prosperous for the companies involved; simultaneously, Hungary can also gain from the valuable insight and advisory work provided by the chamber. Finally, we share the opinion of AmCham that establishing and maintaining high standards of business conduct, as well as the principles of good corporate citizenship, are vital.

WHAT ARE THE ADDITIONAL BENEFITS OF BEING A PATRON? Patron membership gives us a unique opportunity to join certain exclusive events organized by AmCham and an excellent possibility to contribute to the efforts of AmCham Hungary.

ABB Kft.

FIELD OF BUSINESS: Power and automation technologies
WHEN ESTABLISHED (PARENT COMPANY AND HUNGARIAN COMPANY): Parent company ABB Ltd 1988, ABB Hungary ABB Kft 1991
WORKFORCE: 170
LENGTH OF TIME AN AMCHAM MEMBER: 14
LENGTH OF TIME AN AMCHAM PATRON: 7

Patron Profile

ABB Kft.

Former double Olympic and World fencing champion Pál Schmitt became the first sitting President of Hungary to talk direct to AmCham members when he addressed a business forum.

Previous presidents have certainly attended AmCham events, and the current occupant of the Sándor Palace has spoken in earlier, lesser capacities, but on October 4, Pál Schmitt made a little AmCham history at the Marriott hotel.

In a speech that made much of the achievements of the Fidesz government, the President said the deep connections between Hungary and the United States will remain, even as Hungary seeks to broaden the base of countries with which she does significant amounts of trade.

Citing a meeting with the Chinese investors behind a new power station, he said he had asked where the turbine technology would be sourced. “From GE, of course,” the message was clear, in an inter-connected world, Hungary could not turn its back on old friends, even if it wished too. “We Hungarians have to strive for ever closer cooperation with the Anglo Saxon world, and especially America,” the President said.
Less will be more  
by ROBIN MARSHALL

As part of a plan to make police patrols more visible over a wider area, interior minister Sándor Pintér says he wants to “terminate” the practice of officers going around in groups.

Three officers per car did not help promote a feeling of public safety, Pintér said. “What citizens see now is one car, which they equate with one policeman. If we use three cars for those three policemen, they will see more policemen. That will help them live a more calm life, and deter potential criminals.”

The “group” mentality was also something Pintér said he knew “to terminate.” Often large numbers of police responding to an event would receive their briefing on the street. “I don’t like this,” the former National Commissioner of Police said. “Citizens think the police are chatting.” He admitted, however, that it would take time to change. “Unfortunately, our police force is quite young. The average age is 27, and young people are interested in company.”

Elsewhere, the practice of police officers making highly visible patrols several times a day in rural settlements had born fruit in terms of fewer thefts from small shops – down by 40% – and of private property, and also in building relationships with the community. Pintér said he had instructed officers to regularly meet with church and school leaders, among others. “You must understand the area you work in,” he explained. “You cannot give an appropriate response to a problem if you do not know an area’s needs.”

Alongside stronger sentencing, there is also an effort to speed up the delivery of justice through the court system. The establishment of a National Protection Service, charged with policing the police, was boosting the credibility of law enforcement. “Unfortunately I need to tell you that they detected almost 70 kinds of uniformed crime cases. Those people were of course made redundant from the police.”

Pintér talked up the ongoing relationship between the United States, most obviously seen in the FBI academy in Budapest, which had done much to educate, train and introduce new methodologies not just to the Hungarian police, but to law enforcement officers from the region and even further afield.

Cooperation was evident in the common fight against criminal gangs, drugs and human trafficking and, of course, in counterterrorism measures, the interior minister said. Continual vigilance was needed because, “organized crime is faster to respond to changes in society.”

AmCham board member and head of Microsoft Hungary László Drüjkő asked what was being done about “security of the digital space”, which prompted Pintér to joke that he was glad he hadn’t been asked if there was “clean software on all police computers.” Highlighting the problems of combating child pornography, he said the ministry had recently acquired important software from Lower Saxony. “Once installed, we will have a filtering program that lives up to European expectations,” he promised.

Nobody should expect Hungary’s government to pull back from making difficult, even unpopular decisions; that was the uncompromising message given to delegates by Minister of National Development Dr. Tamás Fellegi at the AmCham business forum in September.

It was a robust, if good natured, speech drawing together several strings of government policy which Fellegi said were core to what Fidesz is trying to bring about: a balance of risk and burden in private-public partnership schemes; restoring the country’s political and economic sovereignty; and bringing down state debt.

The government was open to discussion and negotiation, he said, but sometimes had to act first, as in the case of the bank tax and the special taxes on the energy sector. “I know who calls the Prime Minister, I know who calls me, and I know who calls my colleagues. There is tremendous pressure, which is understandable, and not a problem.” But the danger of entering into negotiations before reaching a difficult decision was that no decision would be made, he said.

He insisted the government is pro-business. “A major goal for us is sustainability; we must find ways to increase wealth, increase the middle class. That is the long-term solution to doing business in this country.”

Despite disappointing Q3 growth figures, he believes progress is being made: “Based on the last four quarters’ figures, Hungary is getting closer to the EU growth average. It is very important after years of decline that we have changed that tendency.”

He acknowledged that everyone would be looking carefully at the Q3 figures but thought, “the results are promising” and added that he was “very cautiously optimistic.” There are 43,000 more people at work, he said. It is not enough, but there are “persistent signs that there is definite, tangible growth”.

“It is very important to support Hungarian ownership in the country,” he said. The government knew that trade depended on foreign companies, their skills, resources and, notably, their management knowledge, but it was one of many areas where it was trying “to strike a new balance”.

Having looked at some 130 private-public partnership (PPP) contracts, covering everything from building motorways to university dorms, he claimed the government “did not find one contract in which there was a share of burden and risk.” All the advantages were with the private partners, he said: “We would like to change this.”

On the long-standing worry of the high number of loans denominated in Swiss francs, Fellegi said people who had taken out mortgages they could not afford had to take some responsibility, but so too did banks against whom “people were basically defenseless”. And he suggested that the position of Hungarian borrowers was worse than that of others in the region. “The goal is not to run the financial sector or ruin it, that would be foolish. Only idiots would do that.” But indebted homeowners clearly need help. “You can debate where we strike the balance in this,” the minister said, but made it clear that the situation would not be left to remain as it is.

Action is also being taken to make sure the errors of the past are not repeated in the future and that a cap on state debt is maintained. “Even our hands, not just those of following governments, will be tied as much as possible by the power of law. … We will not repeat the mistakes we did from cycle to cycle,” he said.

On energy, Fellegi said Hungary needs access to alternative sources of fuel and gas, which is why a project such as the north-south energy corridor from Poland to Croatia is so important. “If we can get this in place, Central Europe, including Romania and Bulgaria, may have access to Norwegian gas. We would not be fully dependent on Ukraine and Russia; that, absolutely, is very critical.”

The price of energy is also a concern. Hungary is among the top five when it comes to the costs of energy. “The Hungarian general public pays almost twice as much as the German general public. We think that is not right.”
New members on board

ACELOMITTAL
Szentgotthárd Gyárútó Kft.

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ArcelorMittal is the world’s leading steel company, with operations in more than 60 countries. ArcelorMittal’s core philosophy is Safe, Sustainable Steel production. Its Hungarian subsidiary is located in Szentgotthárd, and specified on steel cord and hose wire production for the automotive industry since 1998. ArcelorMittal is committed to its promise of ‘transforming tomorrow’ and to the three values that underpin it – Sustainability, Quality and Leadership. Our customers are the market leading tire producing companies.

Codexis Laboratories Hungary Kft.

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Codexis serves major worldwide markets where clean technology can make a positive economic and environmental impact. Codexis CodeEvolver™ directed evolution technology accelerates development of high-value sustainable products. Our focus is on the cost-effective conversion of renewable resources into transportation fuels, pharmaceuticals and bio-based chemicals, and on the development of new technologies for effective air and water treatment.
New members on board

**CORPORATE**

**Nokia Siemens Networks Kft.**

Managing Director: Róbert Ésik  
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Web: www.nokiasiemensnetworks.com

Nokia Siemens Networks is the world’s second largest telecommunications supplier. It has 600 communications service provider customers and every day 1/4 of the world’s population connect by using its infrastructure and solutions. From May the local company, Nokia Siemens Networks Kft. is also a member of AmChamber Hungary.

**Business**

**Assessment Systems Hungary Kft.**

CEO: Mr. Gábor Pető  
Address: 1115 Budapest, Bartók Béla út 105-113.  
Phone: +36 1 666-3745  
Fax: +36 1 666-3749  
E-mail: info@asystems.hu  
Web: www.asystems.hu

Assessment Systems Hungary is a national distributor of Hogan tests and related services like consulting, talent management, research and training. Hogan tests are known worldwide, valid and reliable, based on exhaustive statistics and personality psychology for selection, development and safety purposes in order to predict performance of applicants.

**Business**

**ORGANICA Technologies, Inc.**

CEO: Mr. István Kenyeres  
Address: 1094 Budapest, Tűzoltó u. 59.  
Phone: +36 1 455-8060  
Fax: +36 1 476-8535  
E-mail: info@organicawater.com  
Web: www.organicawater.com

Organica is an innovative water technology provider bringing a ground-breaking new approach to cleaning wastewater to reusable quality. Organica plants come with the look and feel of botanical gardens that blend seamlessly into the urban environment. Organica offers its unique solution globally through its offices in Budapest, the U.S., Singapore, China and India.

**Non-profit**

**KÖVET Association for Sustainable Economies**

Executive Director: Mr. Csaba Bodroghelyi  
Address: 1068 Budapest, Dózsa György út 86/b.  
Phone: +36 1 473-2290  
Fax: +36 1 473-2291  
E-mail: info@kovet.hu  
Web: www.kovet.hu

With its 16 years of experience, KÖVET’s aim is to assist companies in finding new ways to reduce their environmental impacts and in integrating CSR tools as a competitive advantage as well as to ensure related information exchange in the business sector. KÖVET’s corporate membership brings together more than 100 Hungarian companies.
AMCHAM MORNING SEMINAR: INTRODUCTION OF THE HUNGARIAN INVESTMENT AND TRADE AGENCY (HITA)
October 27, 2011
HITA offices

TAMÁS FREUND: Director, Institute of Experimental Medicine, Hungarian Academy of Sciences

AMCHAM-SIEMENS VISIONARY LEADERS’ CLUB AT THE ACADEMY OF SCIENCES: BRAIN WAVES AND CREATIVITY
September 27, 2011
Hungarian Academy of Sciences

CSABA SZOKOCSI, Siemens Healthcare and Board member WILLIAM BENKÖ with Professor PETER HARDI, CEU Business School

BRAIN WAVES AND CREATIVITY

AMCHAM COMMUNICATIONS SCHOOL WITH ZOLTÁN KOVÁCS, MINISTER OF STATE FOR GOVERNMENT COMMUNICATION, MINISTRY OF PUBLIC ADMINISTRATION AND JUSTICE
October 17, 2011
AmCham Conference Room

ZOLTÁN KOVÁCS with ANDRÁS B. NAGY, Probaek Communications, moderator of the series

BUSINESS AFTER HOURS AT THE KEMPINSKI HOTEL CORVINUS BUDAPEST
October 25, 2011
Kempinski Hotel Corvinus Budapest
THIRD AMCHAM FAMILY SPORTS DAY & ANNUAL SOCCER TOURNAMENT
September 17, 2011
GLOBAL FootBall Park & Sporthotel

ELMU, The winning team.

AMCHAM CAREER SCHOOL SERIES WITH LAJOS MOCSAI, TRAINER & CAPTAIN OF THE MEN’S HANDBALL TEAM
September 12, 2011
AmCham Conference Room

LAJOS MOCSAI with ANDREA JUHOS, DBM
Hungary, moderator of the series
"Believe you can and you’re halfway there.”

Don’t try to guess, Dear Reader, I am not quoting someone from contemporary politics. The advice comes from none other than “Teddy” Roosevelt, the 26th President of the United States. It has been my motto for quite some time. I try to stick to it, together with my great little team, the AmCham staff, while executing the strategy set forth by the Board of Governors. Don’t get me wrong, I am not a daydreamer, but I think a strong sense of confidence combined with a healthy amount of optimism can help you through difficult times. By the way, can anyone remember when we had ‘easy’ times…?

How successful has AmCham been since December 2010 in articulating the interests of foreign investors in Hungary and in being their leading representative? We all have our individual answers to this question. President István Havas has repeatedly expressed that he measures success by the number of AmCham’s recommendations adopted by Parliament. Without doubt, that is a fine measurement. Due to the superb professional work done by experts in many member companies, our Chamber has submitted valuable and well-established comments on a fair number of important draft laws and government strategies. Personally, I feel proud of them. Furthermore, using the traditional formats of Business Forums and Seminars, conferences and workshops we have done a lot to provide you, Dear Reader, with platforms to present your views to legislators and other stakeholders. When someone is raising their hand during a Q&A session and is asking a burning question of a keynote speaker at the AmCham podium, that is an opportunity the significance of which can hardly be overestimated (not to mention the answer itself, of course). This is our role: offering you a prominent framework and a good opportunity to raise your issues, suggest solutions and represent sector-, industry or group interests.

As Chris Mattheisen, CEO of Magyar Telekom said at a recent AmCham Career School: You should exude real optimism, it is absolutely crucial to everyone in your organization. I am sure Chris is right.