BUDAPEST VS. THE COUNTRYSIDE
AND THE DEMOGRAPHIC TIME BOMB

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Voice is published on behalf of the American Chamber of Commerce by Absolut Media Zrt., Madách Trade Center, 1075 Budapest, Madách Imre ut 13-14., Building A, 8th Floor
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Web design: Absolut Design Studio, absolutedesignstudio@amedia.hu
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ZSOFIA JUHASZ (zsofia.juhasz@amcham.hu +36 1 266-9880/309)
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ISSN 2062-1817
Dear Members and Friends,

Additionally, let me welcome our two newest ex oффиcio members: William Benkő and Andrea Juhos, and look forward to helping this ex oффиcio membership grow. I feel honored to serve as your president. I hope you will receive this newsletter, and take time to read it. The tone of the meeting was positive as the members felt that capitalizes on Hungary’s innate capabilities and resources. Hungary has a long history of innovation such as matches (Trany), ballpoint pens (Biro), telephone exchanges, carburetors, the first Ford assembly lines, computers, BASIC soft ware programs, the start of e-mail and the internet, the hydrogen bomb, prevention of blood poisoning, Nuance-Recognita’s Dragon dictating programs and many other unique products. near term opportunities include, to name a few: (1) The rapid development of computer, iPhone and iPad applications, internet services and their use in increasing efficiency, reducing the time needed to solve problems and consequent costs for the customer and owner; (2) The increase in efficiency of health administration and reduction in the cost of serving people as the population ages, and as new diagnostic and healing procedures are successfully introduced; (3) The development of new energy sources, such as thermal waters, and their applications; (4) Capitalizing on List Feroni airport’s advantages of being able to reach major city of Europe in 1 hour and 40 minutes with the delivery of products during the night, such as outstanding vegetables and other services; (5) The development of health tourism, capitalizing on the healing effects of thermal waters, expanding on the exiting and growing dental care business.

Q&A

Q: What is the single biggest challenge that you face in your work?
A: The single biggest challenge is to recognize outstanding efforts to promote Hungarian-American business relations.

People

The annual meeting saw the presentation of the annual Dr. Iván Völgyes Award, which is made to recognize outstanding efforts to promote Hungarian-American business relations. This year’s winner was Dr. Charles A. Huebner, a former President of AmCham Hungary, and Voice grabbed the chance to ask him a few key questions.

Q: What surprises you most about business in Hungary?
A: The most surprising thing about business in Hungary is the somewhat slower adaptation by the leading layer of society to the new business environment. It is important to remember that the purpose of business is to create customers, in which a key element is marketing, who wants to buy what, why and where and for how much. In the U.S., the Business Roundtable, an association of the top 250 chairmen, focuses on how society can affect constructive growth in the country and what it has to do to accomplish that in terms of education, government administration, taxation and support of social training and development. Hungary has an official administrative system that is 40% larger than most fellow EU countries (according to The Economist), which has to be dramatically reduced but in such a way that the administrators are cared for – a significant challenge. It is a change that has to be designed and implemented by the economic leadership.

http://www.amcham.hu/ivan-volgyes-award

The glass half full

by ROBIN MARSHALL

The most surprising thing about business in Hungary is the somewhat slower adaptation by the leading layer of society to the new business environment. It is important to remember that the purpose of business is to create customers, in which a key element is marketing, who wants to buy what, why and where and for how much? In the U.S., the Business Roundtable, an association of the top 250 chairmen, focuses on how society can affect constructive growth in the country and what it has to do to accomplish that in terms of education, government administration, taxation and support of social training and development. Hungary has an official administrative system that is 40% larger than most fellow EU countries (according to The Economist), which has to be dramatically reduced but in such a way that the administrators are cared for – a significant challenge. It is a change that has to be designed and implemented by the economic leadership.
Traveling at the speed of Google

She has sold advertising, designed and made children’s shoes for her own brand, worked in communications and the music industry, run a leading radio station, and two years ago became country manager of Google Hungary. Now Edina Heal plans to put that mixed background to use as an AmCham board member.

Hungarian businesses how they can use the net to open up to world markets.

Diversity is another area where she wants to add value. “I would like to set up a diversity group within the membership,” she explains.

“I have got to get a plan together soon and start finding interested people so we can put together some ideas. And it’s not just about gender issues, but also minorities, disability and race, and again it is about educating people, getting them to think beyond narrow confines.” Changing society is a massive challenge, of course, but Heal says it is important not to be discouraged by the size of the task. “We have to start somewhere. And maybe it’s not our job to finish it; maybe it’s our job to start the process and then hand it over to others to finish it.”

Heal says she had wanted to get involved in an organization like AmCham for a long time, but juggling her work commitments with her social and family life – she has two small children – always felt enough of a challenge as it was. “In the end I thought I have to stop putting this off, otherwise I will be a pensioner before I find time to do something other than meet my commitments to work and family.” So she decided to take the plunge, and AmCham felt like the “pretty obvious choice.”

Adding value, boosting confidence

AmCham’s new president, William Benkő, was elected unopposed at the chamber’s annual assembly on December 6, but says that won’t alter the way he approaches his latest role. “Would I have liked to have won in an open election contest? Yes; but it is what it is, I can’t worry about that, and it won’t change my plans or ideas: there are things that we need to do in this country, and my focus is on those.”

Benkő, 53, says the biggest challenge is the same one faced by his predecessor, István Havas: making sure AmCham can raise competitiveness related issues with decision-makers and that its membership is represented well. “We measure our significance or effectiveness in how well our voice is heard. Not a lot of voices will be listened too – that is a fact of government, and it’s just the same in America – and we want to make sure we are one of them.”

He thinks that is happening, and credits Havas and the chamber office with the fact that AmCham became the first organization to sign a strategic cooperation agreement with the government. “That is one of the big successes of István’s tenure: there are always things you want to improve, but first of all you have to be part of the process. Once in, you can work on refining the process. That agreement transcends his presidency, and we will work to build on that.” And that means an intelligent – rather than confrontational – engagement with stakeholders. “We want to be known as an organization that creates and offers useful and workable solutions.”

He also wants to see more businesses engaging with and joining the chamber. Having headed the Membership Committee for two years, he believes a growth in numbers is still possible, even in the current economic environment. “I’d like to see a 10% growth in membership over this year and next. That’s only 40 companies, or there a month. If myself and the board and the office staff, who are already doing a brilliant job, each bring in two members a month, we are practically there, so I think the numbers are achievable.”

Another priority area for Benkő is to create more engagement with young people, not least because if they are going to be joining the chamber 10 years down the line, when they are in their 30s, they should be getting exposed to, and enthusiastic about, AmCham now. “I’d like to start engaging young people with their parents, and I think it is an inevitable development of our focus on entrepreneurship and innovation.” Younger people tend to have more open minds, too, and Benkő says he sees real benefits in promoting that mindset both to AmCham’s membership and through AmCham.

He is almost universally known as Will; but the Benkő surname speaks of Hungarian ancestry. In fact, his parents left Hungary in 1956, and his was a fairly typical upbringing. “Growing up speaking Hungarian at home, but it never really crossed my consciousness whether I was American, Hungarian or American-Hungarian. If you can speak the language, it had never been tried outside of a family environment, which is very forgiving of all your mistakes. But I didn’t want to operate in an English-only environment. I wanted to make sure I could attend, and give, Hungarian presentations.”

He somewhat overshared on that front, to the extent that, well known as a public speaker, he also teaches public speaking skills to Hungarian prisoners. In Hungarian. “If you can boost their self-confidence, you give them a better chance of being able to do something worthwhile with their lives.” It is just another chapter of Benkő’s volunteer activities, which he says he will continue doing even while AmCham President.
Will the largest grow larger?

“We, the Leaders of the United States and the European Union, are pleased to announce that, based on recommendations from the U.S.-EU High Level Working Group on Jobs and Growth..., the United States and the European Union will each initiate the internal procedures necessary to launch negotiations on a Transatlantic Trade and Investment Partnership.”

The idea of a TTP has been welcomed by business organizations on both sides of the Atlantic. U.S. Chamber of Commerce President and CEO Thomas J. Donohue said, “For the sake of jobs and growth, it’s time to forge a bold, new trade pact with Europe. The Chamber applauds the U.S. and European officials who worked tirelessly to clear a path forward for an ambitious and comprehensive agreement. The stars are finally aligned, and we urge the U.S. and EU governments to move forward swiftly to negotiate a high-standard agreement that will foster economic growth and job creation for all our citizens.”

President of BUSINESSEUROPE Jürgen R. Thumann was equally positive. “The world’s two largest trading partners are ready to launch negotiations for an unprecedented trade deal that will benefit us all,” he said. “An EU-U.S. agreement presents an unmatched opportunity to boost competitiveness, jobs and growth that are needed in our economies. This report is a first big step by the EU and U.S. authorities to bring our economies closer together.”

German carmaker AUDI will contribute about €5.5 mln (HUF 6 bln) to some €6.65 mln of developments at a regional airport near its plant in the Hungarian city of Győr, business daily Vajdaság said on February 8. Under a proposal approved by the local council of Győr last fall, Audi is to acquire a stake in the airport’s operator, GYÖR-PÉR REPÚLOTER, through a HUF 187 mln capital raise, as well as contribute €4.9 mln directly to the cost of the developments. The airport is extending its runway from 1,450 meters to 2,030 meters and building 100-meter runway end safety areas. Taxiways are being widened and stands built to accommodate Boeing 737 and Airbus 320 aircraft. The airport will shut down for several weeks in May while the project is completed. The developments are taking place at the same time as Audi winds up a big expansion at its base in Győr.

Total French investments in Hungary since the collapse of communism have reached €10 bln (HUF 2.9 trln), making it the third-biggest investor in the country, French ambassador Roland Galharague said on January 21. A recent study shows French-owned companies in Hungary employ about 32,000 people, Galharague said. Five French companies – GROUPAMA, EDF, SANOFI, AUXILIA and GDF SUEZ – are among the top 25 investors in Hungary, he added. The study compiles data of 323 of the 336 top investors in Hungary, he added. French companies – GROUPAMA, EDF, SANOFI, AUXILIA and GDF SUEZ – are among the top 25 investors in Hungary, he added. French companies – GROUPAMA, EDF, SANOFI, AUXILIA and GDF SUEZ – are among the top 25 investors in Hungary, he added. The study compiles data of 323 of the 336 top investors in Hungary, he added. French companies – GROUPAMA, EDF, SANOFI, AUXILIA and GDF SUEZ – are among the top 25 investors in Hungary, he added. French companies – GROUPAMA, EDF, SANOFI, AUXILIA and GDF SUEZ – are among the top 25 investors in Hungary, he added. French companies – GROUPAMA, EDF, SANOFI, AUXILIA and GDF SUEZ – are among the top 25 investors in Hungary, he added. The study compiles data of 323 of the 336 top investors in Hungary, he added. French companies – GROUPAMA, EDF, SANOFI, AUXILIA and GDF SUEZ – are among the top 25 investors in Hungary, he added. The study compiles data of 323 of the 336 top investors in Hungary, he added. French companies – GROUPAMA, EDF, SANOFI, AUXILIA and GDF SUEZ – are among the top 25 investors in Hungary, he added. The study compiles data of 323 of the 336 top investors in Hungary, he added.

Danish pump maker GRUNDFOS will complete a HUF 17 bln (€576.4 mln) factory in the city of Székesfehérvár (central Hungary) by June of this year. CEO Liselø Førtoek of Grundfos Hungary Manufacturing announced at the topping-off ceremony at the construction site that the new plant will be the most modern and energy-efficient of its kind in the world.
in 2002, last year. Heitman bought the building, competed MTI in Budapest, the real estate company’s out ceremony for the plant on January 21.

Chicago-based HEITMAN has invested almost HUF 1 bn ($4.5 mln) to renovate A consortium of Austria-based SKVITELSKY and Hungarian-owned WHB signed a contract worth almost HUF 9 bn ($40.5 mln) on the reconstruction of a landmark bazaar at the foot of Castle Hill in Budapest on January 31. The contract was signed with VARGONDORSKÁG NONPROFIT and the District I local council. In addition to the real estate company’s out ceremony for the plant on January 21.

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According to the statement, “expanding the range of unconventional policy tools may provide effective support only during times of acute financial market stress”. CIB Bank chief analyst Mariann Trippon stresses that, “In the long run, Hungary’s monetary and economic policies do not depend on who the MNB head is, but what he will do.” That will only become clear a few months after his appointment. CIB analysts believe that harmonizing economic policies and using unconventional measures can be advisable in crisis management. However, the characteristics of Hungary’s economy and financial market must be taken into consideration during any potential restructuration of the monetary policy goals and instruments, as these determine the MNB’s room for maneuver. Trippon warns that attempts by a small, open, developing country with high external debt such as Hungary to copy the actions of developed central banks and to use measures that have worked elsewhere could easily backfire. She stressed that this could lead to a loss of confidence, a drastic weakening of the local currency and capital outflows from the country. CIB analysts also point out that the monetary policy is not a cure-all, it alone cannot solve the fundamental problems of the economy.

**Easing Cycle Continues**

In cutting the central bank’s base rate by another 25 basis points to 5.5% at the end of January, the MNB continued an easing cycle it started in August 2012. This was the sixth 25 basis-point cut in a row. According to analysts, the base rate could drop to as low as 4.5%.

The Monetary Council said that it would only consider a further reduction in the policy rate if the medium-term outlook for inflation remained consistent with the MNB’s 3% target and improvement in financial market sentiment is sustained.
Weak growth and high inflation coupled with low domestic consumption and falling investments have hampered Hungarian stock market activity.

In 2012, the Budapest Stock Exchange saw a 42.4% drop in its spot market turnover on the previous year, to €8.69 million, according to the bourse’s summary of the main developments in 2012. The decrease is in line with international trends and compares to a respective 24.9% and 34.4% drop in equity market activity in Europe and in the region, respectively. Daily average turnover was €35.5 mln on the spot market after its re-launch in 1990. There was only one technical listing last year, that of Business Telecom in the ‘B’ category. In addition, building materials company Masterplast made a secondary public offering in May.

Equitas chief analyst András Somi. Due to a consecutive decrease in provisions, this could significantly improve bottom line on the bank’s income statement. Although foreign units account for roughly half of consolidated profits, the bank, as the top Hungarian “macro share”, cannot free itself from the impact of the current unfavorable domestic macroeconomic developments. According to an OTP management forecast, foreign subsidiaries will either be profitable, or at least break-even in 2013-2014. The exploration projects in Kurdistan could be one of the most important drivers of MOL’s long-term growth, says Somi, adding that the sale of a 1.6% MOL share by Dana Gas in February somewhat stirred markets. The transaction left UAE-based Dana Gas with a remaining 1.4% interest in MOL, however, there is a three-month moratorium on the sale of the package. The sale was due to the financial troubles of Dana Gas.

Richter has products in the pipeline that could significantly boost future profits, but right now all they boost are costs. In 2012, R&D spending jumped 35.1% to HUF 38.8 bln and sales and marketing costs were up 27.2% to HUF 92.7 bln as Richter expanded its sales network in Western Europe and promoted the launch of Esmaty, a new medicine to treat uterine fibroids. Richter’s net income rose 3% to HUF 50.8 bln on revenues of HUF 326.7 bln last year.

Somi thinks that Magyar Telekom operates in a sector where the Hungarian government could try to find further extra revenues for the budget should it feel its deficit target is threatened. The company is still waiting for a European Commission decision regarding a “crisis tax” that has been levied on telecommunications companies since 2010. Somi points out that the Commission, in a 2010 decision, requested that France and Spain abolish specific charges on turnover as it considers these incompatible with EU rules, which require specific charges on telecom operators to be specifically and directly related to covering the costs of regulating the sector.
UNEMPLOYMENT BY REGION

Hungary's unemployment rate in Q4 2012 was 10.4%, a slight decrease compared with the previous quarter (10.9%).

<table>
<thead>
<tr>
<th>Region</th>
<th>Rate</th>
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<tbody>
<tr>
<td>Budapest</td>
<td>8.4%</td>
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<tr>
<td>Northern Hungary</td>
<td>16.4%</td>
</tr>
<tr>
<td>Central Hungary</td>
<td>8.6%</td>
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<tr>
<td>Northern Great Plain</td>
<td>13.1%</td>
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<tr>
<td>Great Plain</td>
<td>10.4%</td>
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<tr>
<td>Transdanubia</td>
<td>11.4%</td>
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<tr>
<td>Southern Transdanubia</td>
<td>9.4%</td>
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The key challenge remains language, though, and Faragó says the company
spends much time talking to government and educationalists about the need for improvements at both secondary and tertiary levels. One of the companies that has pioneered is visiting schools to promote SSCs as an option for school leavers instead of going to university. "If they have the language skills and are motivated enough for the workplace, rather than taking a student loan, they could go to work and study via distance learning or on part time courses. It is certainly something we are exploring. And by the time they qualify, they will already have built the basis of a very good career," says Farago.

**EDUCATION SHORTFALL**

Automotive component supplier Delphi has been operating in Hungary for 20 years, investing more than €220 mln and employing 3,000 people at three plants in Szombathely (Western Transdanubia), near the border with Austria), Balassagyarmat (in Northern Hungary, near the border with Slovakia), and Totabánya (Central Transdanubia).

José C. Gonçalves, Delphi’s Thermal Managing Director, says the investment criteria for Hungary, as for all regions, were to follow the group’s automaker customers; obtain a skilled workforce; use existing infrastructure and technology; and attract potential university students. "Hungary offers a good business environment for manufacturing high-tech components for the automotive industry," Gonçalves says.

As with many of the companies we spoke with, Delphi says it has more problems with quality of staff than quantity, and blames shortfalls in the education system, Balázs Sebestyén, Plant Manager, Delphi Connection Systems Hungary, explains that, “While operators are currently easy to find, skilled labor, such as technicians trained to operate complex machinery or injection-molding technicians, is more challenging. We see a gap between what the current education system provides and what industry requires,” Sebestyén continues. “Currently the training for these skills needs to be provided in-house, which makes recruitment more demanding. We are working on establishing closer ties with local schools to improve on education of skilled people and assistance to enable Delphi to find the right resources for its growing operation,” he adds.

To attract the best candidates, the company has been increasing its ‘Delphi awareness’ activities aimed at students in the key technical schools and universities in the region. "The intent has been not only to introduce Delphi products and technologies and attract potential internship students and employees, but also to show the special skills required in development and testing departments," Delphi has also signed cooperation agreements with technical universities to work on common projects.

Delphi enjoys “very good cooperation” with its local authorities and is building important links with surrounding communities to be perceived as a valuable partner and a good citizen. Company representatives say that, through cooperation with the local community, Delphi, would like to show that it is an attractive employer and high-tech company, and also develop ways of giving back to local society and to invest in the expertise of future generations. This includes activities such as its support of local education institutions, charity organizations, direct involvement in environmental activities as well as collaboration agreements and common projects with technical universities.

Jabil Circuit Magyarország, the local affiliate of the Florida-based supply chain management and electronic manufacturing company, has three sites in Hungary providing services and logistics in Szombathely and Pécs (opened in June 2012 in Hungary’s fifth largest city, in Southern Transdanubia, near the border with Croatia), and manufacturing in Tiszaijárvos (Northern Hungary). The combined workforce is 8,000. Investment and development in Hungary in the last 12 years totals €370 mln.

In choosing new production facilities 13 years ago, Jabil was looking for good logistics, skilled workers, and government subsidies. Richard Somogyi, Assistant Operation Manager, says the company found all three at Tiszaijárvos, 173 km northeast of Budapest. “There was no highway to Tiszaijárvos in 2000, but there was a promise from the government that a modern highway would be built for 2011,” he recalls. Technical high schools and a “strong university” nearby were important in ensuring a suitable workforce. “The company also examined the tax benefits provided by the government, it is important because the opening of a new plant is a huge investment.”

**HUNGARY’S INTERNAL MIGRATION**

Ironically for a people who arrived in the 10th wave of the Great Migration, probably originally from a homeland that was thousands of kilometers away, their modern day descendants have proved remarkably unwilling to move about the country in search of work.

According to Zsolt Spéder, director of the Demographic Research Institute of the Hungarian Central Statistical Office, and his colleague Péter Ori, editors of the Demographic Research Institute of Hungary 2012 Report On The Conditions Of The Hungarian Population, internal migration was in continual decline in the first half of the 1990s, reaching its nadir in 1994 with just 36,000 movements. “From the second half of the 1990s it stagnated around 400,000, then suddenly increased in 2006 and 2007 although this did not prove to be long lasting,” say Spéder and Ori.

Which is not to say Jabil is waiting for others to take the first steps. “In the fall of 2012 we invited the mayors of the region to discuss how we can support each other regarding creating new workplaces. We also agreed that once a year we meet and discuss all the relevant regional issues,” Jabil has a three-year arrangement with the University of Miskolc through which the company actually helps develop curriculums at the Mechanical Engineering and Informatics Faculties. And that is not all, Somogyi says. “The company set up a training program for electrical and mechanical engineering students, provides appliances and laboratory space for practice-oriented study, and also holds professional competitions for the students. Moreover Jabil supports several high schools in the region.”

All of the companies we spoke to were aware of the demographic time bomb of Hungary’s shrinking, aging population, but all made the point that it was a phenomenon beyond the control on an individual business to influence. “As a multinational company Jabil has no direct power to stop this process. The government has to find the solution,” says Richard Somogyi.

“Frankly, we have more immediate problems to focus on right now,” agrees Andrea Farago of BT. “What they can do is concentrate on their current staff and make themselves an “employer of choice”. BT, for example, was awarded the Family-Friendly Workplace 2012 title in January. All the companies are engaged in supporting pregnant women or mothers returning to work, and exploring part-time and home working solutions. It seems to be working: we don’t feel the population decline at all inside TEKA,” joked Mária Major. “We seem to have colleagues taking maternity leave or returning from it all the time, which is absolutely good, of course.”

For all the companies, investing in regions and looking across national borders for a worker pool, interacting with communities, getting involved with education from elementary school level right through to university, pushing the learning of languages and making science exciting, as well as supporting pregnant women and young mothers, these are the ways they can at least try and safeguard their own workforce.

Beyond that, it is up to governments and demographic experts to solve a problem that grips much of Europe.
For years, the population of Hungary has been in gradual decline, like that of much of Europe. But the worrying news for Hungary is that the process seems to be accelerating.

It is, arguably, the future projections for a shrinking, aging population that are most sobering. Hungary’s population has been in decline for more than three decades. Between 1981 and 2012 it fell by nearly 750,000, and by about 70,000 in the past three years. In their review conclusions, Spéder and Őri summarise that, “According to the latest population projections, a further decrease and an ever stronger ageing process can be expected. By 2060 the number of the population will decrease by one and a half million, the rate of the old people (60+) will approach 40%, and the number of old people will be more than double than the number of those under 20.”

The quickest, most obvious way of halting that trend, although only in the short-term, is via large-scale migration into Hungary; something many people assume is happening. But the figures tell a different story: having grown gradually since Hungary joined the EU in 2004, and peaking at 35,000 in 2008 when restrictions across the EU were lifted, it has since fallen back. “The rate of people arriving from the neighboring countries – especially Romania – has decreased lately. The rate of immigration from Romania was 50-57% in the early 2000s, then it fell below 30% after 2007 [the year Romania joined the EU],” the summary of the report says. Interestingly, the percentage share from the EU15, the pre-expansion older members of the bloc, has grown, as has that from Asia. But these are not figures that, given the current trends, will reverse Hungary’s population decline. “Immigration into Hungary can be called modest in European comparison as regards both the number and the rate of immigrants per 1,000 inhabitants.”

Immigration, of course, is not a one-way street. For all that there are people moving into Hungary, there are also people moving out, and often the youngest, brightest talents, it is a figure that has been rising since EU accession in 2004, but has accelerated since 2007. “The number of Hungarian citizens residing in various European countries in 2011 was about 148,000 (nearly 60,000 more than in 2001),” the survey notes. “Two thirds of them lived either in Germany (50%) or Austria (15%).”

But the decreasing size of the population, and therefore the size of the country’s workforce, is not the only thing that ought to concern future employers in Hungary: The population isn’t just shrinking; it’s also getting markedly older. “The age structure is characterized by the decreasing rate of young people. Between 2009 and 2012 these processes continued, so today nearly one quarter of the population is above 60 and every sixth person is aged 65 or more, whereas the rate of those under 20 is merely one fifth.” It is an imbalance that is steadily rising. “The number of persons aged 60 or more has been higher since 2007 than the number of young people under 20. At present, the difference is 12%.”

The report does note that, in terms of its aging population, Hungary isn’t an European outlier. But all that really means is the whole Continent will have to face a similar problem. And the survey also points to a somewhat morbid reason for the country not being further up in the old age vanguard; the main reason, it says, “is the unfavorable mortality rates among the middle-aged and the elderly”. In other words, if Hungarians lived as long as in some other parts of Europe, the problem of the growing age gap would be much worse.

If you are a pensioner in Hungary, there is some good news. “In the past two decades, the life expectancy of old people has considerably improved. Between 1990 and 2010, the life expectancy of men and women at age 65 grew from 12 to 13.8 years and from 15.3 to 17.6 years, respectively.” Even this, though, carries a somewhat depressing caveat. “The present level of old age life expectancy is, however, far below the levels in Western and East Central Europe. The processes of the recent years do not show signs of a catch-up.”

One reason for there not being more people under the age of 20 is clearly the world’s lowest fertility rate. The Report On The Conditions Of The Hungarian Population mentions more time spent in education, the uneasy transition from school-to-work, the difficulty of reconciling family and job, and other background factors, though none of these are unique to Hungary. Spéder also assumes that the long-lasting stagnation of the economy (since 2006) and the uncertain present and future outlook must be further contributing factors. As a consequence, people postpone the decision to have a family and “A significant portion of planned children are not born.” Indeed, “Only one third of couples are able to fulfill their childbearing intentions in the short run (within three years).” This rate is much lower in Hungary, and in Eastern Europe, than in Western Europe. One tiny optimistic note is that Hungarians would at least like to have more than two children on average, which is above the European mean. Of course, wanting children and having them are two very different things.
Nowadays there is a small specialist agency that assists anyone who would like to erect a new public artwork anywhere in Budapest. It’s called Budapest Gallery, and organizes design contests or issues expert opinions for Budapest City Council – the body that gives or denies permissions.

For those who are interested, there is a wonderful corpus of data at your disposal, a portal edited by unpaid volunteers. It started some years ago as szoborlap.hu (statue sheet), but last year was renamed kozterkep.hu (“public space map”), and covers not just Budapest, but all Greater Hungary (the country’s borders prior to the end of WWI). You can browse it on a map, according to artist or title. There are several photos attached to each entry. You can add photos, and even initiate a new entry.

The following statues were all erected in the last five years. All are well made pieces, fit for a public space. Most even belong to that obscure category called “contemporary art”. That term vaguely means that a statue reflects its own age, and makes us think every time we look at it. Some are simply nice – and stop tourists and induce them to take funny pictures with their partner included.

1. **SCOOTER BOY 2008**
   This is a lovely statue, near the Pest end of Elisabeth Bridge, by an artist called Boldi (full name: Boldizsár Szmrecsányi). At closer inspection one realizes that the boy is scrutinizing the sky, not the road ahead. And the vehicle is also an impossible construction… A statue ideally fit for outdoors placement. (District V, corner of Duna utca and Váci utca.)

2. **“UNCLE CHARLIE” 2008**
   Already a tourist favorite, it was modeled after the grandfather of the artist, András Illyés, who was indeed a policeman, and used to look like this, though he could only wear this particular helmet on public holidays. That’s a small liberty few people would mind, if they had known. (District V, corner of Október 6 utca and Zrínyi utca.)

3. **SZTEHLO 2009**
   Gábor Sztehlo was a Lutheran pastor who saved thousands of persecuted Jewish kids during the Holocaust, and later cared for the orphans among them. He was not exactly a favorite of the Communists, which is why this statue was erected so late. It represents a chef d’œuvre of the great sculptor Tamás Vigh, and somehow manages to look very different from every angle. Take your time if you see it… (District V, Deák tér, near the church.)

4. **RONALD REAGAN 2011**
   This is the second statue of the American president in Budapest. The first (a bust) was erected in City Park. This one is of bronze, and 2.2 meters high, so larger than life, like the man himself. He is shown walking towards the American Embassy. (By István Máté, in District V, Szabadság tér, at Vécsey utca.)

5. **THE VERY FIRST STATUE OF STEVE JOBS, EVER 2011**
   Graphisoft is a highly successful Hungarian IT company, which Steve Jobs had helped in its very early steps. That’s why founder Gábor Bojár was especially sad to hear the news of Jobs’ death. Within weeks a tender was organized, and the winning design, by Ernő Tóth was realized in two months. The text reads, “The only way to do great work is to love what you do…” It is in Graphisoft Park, a large group of high tech buildings, and a symbol of New Hungary. (District III, Záhony utca 7.)

6. **HISTORICA 2012**
   This is the work of the Slovenian sculptor Andrej Gabrovec Gaberi, behind the Salt House building of Corvinus University. An almost totally identical artwork has been erected in several universities in the region. It is a poetic rendering of the contrast between masculine war efforts and feminine caring and love. (In District IX, Czamok tér, a newly revamped square.)

7. **PRAYER FOR THE REBIRTH OF PAINTING 2011**
   This exceptionally subtle work of contemporary art was erected by donations from the Circle of Lovers of Painting and the Hungarian Jewish Association, on the site of what had been the National Salon. It commemorates a great showroom erected in 1907, pulled down in 1960. (By János Kalmár, in District V, Erzsébet tér, near Harminchad utca.)
The December 2012 issue of Voice looked at Hungarian education and the attempts of organizations such as AmCham to help enhance it.

On the back of this we spoke to Minister of Human Resources Zoltán Balog about how he sees the development of the educational system in the country.

**Q&A**

**by ROBIN MARSHALL**

**Education that serves society**

The cover story of the December 2012 issue of Voice looked at Hungarian education and the attempts of organizations such as AmCham to help enhance it.

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**HOW WOULD YOU CHARACTERIZE THE STATE OF HUNGARIAN EDUCATION RIGHT NOW?**

Although Hungary’s educational system had a great past, in the last several decades the quality of education and its efficiency has been significantly reduced in the public, and also in higher, education. The ministry responsible for education has emphasized a system that can be operated efficiently, providing competitive knowledge of a high standard, with the construction of new acts on public- and higher education. One of the important aims of this reform is that education should play a key role in the inclusion of disadvantaged groups, in letting talent manifest itself and, not least, in the promotion of lifelong learning.

The deterioration of the economic situation and the deepening of the worldwide crisis have held back the spreading of lifelong learning. The number of those studying what at work has reduced, and this can be traced back partly to financial difficulties, and partly to changes of behavior in the competitive field.

We would like to increase the tendency in higher education with vocational training.

**THE MAIN PRIORITY IS AN OPERABLE SYSTEM OF PROFESSIONAL CONTROL AND A DEVELOPMENT SCHEME FOR PEDAGOGUES.**

In higher education, the primary aim is to form an educational system of a high standard, which is economically operable in the long-term, providing competitive knowledge for students, and that can be accessed by all who want to study, also providing the opportunity to find a place in the forefront of international scientific life.

**HUNGARY HAS BEEN UNDERGOING SERIOUS ENRICHMENT. IN THOSE YEARS, DUE TO THE END OF CENTRALIZATION AND THE REDUCED ROLE OF THE STATE IN EDUCATION, CONTROL OVER IT HAS FOCUSED ON THE INTERESTS AND POSSIBILITIES (AND ULTIMATELY THE INABILITY TO OPERATE) OF 3,200 LOCAL GOVERNMENTS. THIS HAS RESULTED IN A SEGMENTATION OF THE SYSTEM FROM SCHOOL TO SCHOOL. WHAT WE NEED TODAY IS TO REDRESS THE BALANCE, BECAUSE PROFESSIONAL OPPORTUNITIES WE NEED A STATE GUARANTEED BASIC EDUCATION SERVICE FOR ALL CITIZENS. IN THE FIELD OF HIGHER EDUCATION, IN THE PAST TWO DECADES THERE HAVE BEEN SIGNIFICANT CHANGES CONCERNING FINANCING, THE APPLICATION SYSTEM, COURSE STRUCTURE, AND THE NETWORK OF INSTITUTIONS. SOME AREAS OF THESE FAST-REALIZED TRANSFORMATIONS NEED TO BE CORRECTED.**

Besides quality improvements, measured according to international standards, the main aim of the Hungarian Government’s renewal of higher education is that it continuously produces the types of professionals needed for the development of society, a competitive economy, and technological development.

**THERE ARE ALWAYS AREAS OF CONCERN IN THE EDUCATION SYSTEM, RANGING FROM CLASS SIZES AND TEACHER MORAL, TO UNIVERSITY FUNDING, TO SALARIES AND EVEN TEACHER TRAINING, WHAT IS THE MINISTER’S NUMBER ONE PRIORITY FOR EDUCATION?**

The things listed here are, of course, all very important, for they regard key elements of the system. In public education, the main priority is an operable system of professional control and a development scheme for pedagogues.

**THE MINISTER’S PRIORITY IS THE REFORM OF THE STRUCTURE OF THE VOCATIONAL TRAINING SYSTEM, AND SECONDLY INTRODUCE PRACTICAL ELEMENTS INTO THE PUBLIC EDUCATION CURRICULUM, FOCUSING ON EVERYDAY LIFE, SUCH AS FINANCIAL AND CONSUMER PROTECTION, FAMILY LIFE, ENVIRONMENTAL PROTECTION AND SO ON.**

Within the framework of higher education, an important mix of theory and practice would create harmony between the labor market and workforce supply. Higher education prepares the student to long run in order to be able to orientate to the changes of the environment and the economy during their whole career. The economy demands instant productive knowledge from the professional in the interest of more effective production, and this is also a legitimate reason for the labor market providing employment.

But no interest may prevail exclusively, a balance must be found mutually. By including vocational practice in the course structure, higher education also includes the developing laboratories of the production sector, of which Audi in Győr and Mercedes in Kecskemé are perfect examples. The corporate sector also helps institutions by urging them to get acquainted with the newest technologies, and with the support of vocational training.

Only after the renewal of the educational system can we talk about education that serves society.
Hungary needs to break a cycle of “bad governance” that was not introduced by the current Fidesz government, but has been continued by it, former Prime Minister Gordon Bajnai told an AmCham Business Forum.

Bajnai was Prime Minister from 2009-10 as what AmCham President Willy Bendó called the “head of the crisis management government.” The former premier left politics after the 2010 election, but announced a return in the late fall of 2012, since when opposition hopes (and government’s. The former prime minister has gone on to become very critical of the government, and no government sets out on that path, but there are three reasons why it persists, Bajnai believes. Firstly, it is typified by putting politics and policy ahead of good economics, he claimed. Secondly, under Fidesz, it had been compounded by a lack of knowledge, by amateurism. He justified that charge by questioning the government’s own figures. “They just cannot calculate the consequences of their measures,” he insisted. Thirdly, the difference between the projections the government originally made in its EU convergence plan and those most recently was 18% of GDP. “That means we have potentially lost 18% of GDP. That is why we need austerity measures month after month in Hungary.” The third reason he gave was perhaps the most sinister. “Around government there is a very small circle of oligarchic entrepreneurs who have been transforming political influence into money, and money into political influence and political influence back into money again. This has been going on over the last two decades. By today, this circle has gained a decisive influence in Hungary.”

In 2010 the country had demanded something new, he said. “The public voted for change because what it wanted was strong government. What it got was violent government, acting against its own citizens and participants in the market.” That violence was “only camouflage incompetence. What Hungary needs is a government that is strong not against, but for its citizens.”

Government shouldn’t be involved in everything, it needed to be efficient and also “wise enough to know where government influence and interference is needed, and where to leave alone.” According to the former PM, four things will help Hungary begin to recover after the 2014 election. Perhaps most fundamental is a rebalancing of rights and powers between state and citizen, and a restoration of trust, something currently missing. “The government doesn’t trust the citizens, and the citizens do not trust the government.” Secondly, growth, and how to achieve it, has to become a priority. “The engine of growth should be investment. Without future investment, we will not have anything to sell.” Thirdly, entrepreneurs must be given flexibility not just to invest, but also to create jobs. “Hungary cannot sustain today’s unemployment rate of 60-65%. That means every third person does not work.”

The fourth point was the most important, he said: education. “The current Hungarian government is seriously mistaken when it thinks that education is an economic problem. No, it is a national strategic issue. … The only way of keeping up a growth path for the coming years is education, education, education.”

The way ahead would be difficult, he warned. “Between 2014 and 2020 the country will have mountains to climb, but at least we will be heading upwards.” But the basics that had made Hungary one of the economic stars in the period immediately after the collapse of communism were still there he insisted. “This country suffers from one thing: bad governance, which did not start in 2010. The good news is that the desire to change and good governance can put Hungary back on track. That is what we are going to work on.”

The government – in the guise of one of its most prominent spokespersons – has declared itself “very open” to an offer from AmCham to join an advisory working group comprised of companies with whom the cabinet has signed strategic cooperation agreements.

The promise came at the end of the Q&A session that followed the February 25 business forum with Péter Szijjártó, State Secretary for Foreign Affairs and External Economic Relations. Szijjártó had just answered a question about whether a series of strategic agreements might undermine basic law and just confuse matters. “The strategic agreements have no legal consequences,” he said, “they are about communications and continuous consultations between companies and government.” To that end, a working party was being set up with one representative from each of the companies that have signed an agreement (14 thus far, with the final total likely to be around 40). “I think this will be favorable for those we have not signed an agreement with as well, as this helps us make more favorable decisions for businesses.”

The government had been forced to realize that, “After the crisis, nothing would be the same as it was before,” he said. “After the crisis we would play new sports, on new fields, with new rules and whistles [blown] by new referees.”

Szijjártó insisted there had been economic successes in the first two years of the Fidesz government. The debt to GDP ratio (which had been 53% back in 2002) had been lowered from 84% to around 77%. “It should be lower, so we need to work on this.” The budget deficit had also been kept below the threshold the EU demanded of member states. There has been some speculation (including, among others, from the European Commission) that Hungary will find it very hard to maintain that in 2014, and possibly this year too. The state secretary refused to accept that. “The budget deficit will stay well below 3%, so that is why we think Hungary should be abrogated from the [EU’s] excessive deficit procedure.” There are now 160,000 more people in work, he said, and Hungary has a foreign trade balance of €700 million. Economic growth, however, has proved lacking (the country ended 2012 still in recession), and this year the focus would shift to fixing that.

Some steps have already been taken, he said, such as alleviating families of their foreign currency loan debts. Then there were those strategic alliances, with companies, of course, but also with states, as part of the Opening Towards The East policy, which saw Hungary targeting the Far East, and especially China. Other areas deemed of strategic importance to Hungary include the Caucasus (where “their demand almost 100% meets our supply”), the Arab world, the west Balkans, and Africa, which Szijjártó said had been neglected, with much work needed to restore “barely existing connections”.

The state secretary pointed out that 75% of those in employment worked for SMEs, but the sector contributed only 20% to exports. One of the targets of the strategic agreements with MNCs was to boost the involvement of Hungarian SMEs in their supply chain. State lenders such as the Magyar Export-Import Bank Zrt. were being instructed to “be much more active and much more brave in supporting exports.” In 2014 the new seven year cycle of EU funding would begin, at least 60% of which will be targeted at economic development, Szijjártó said, with allocation “much quicker and more flexible.”
A cooperative approach to tax

The annual Regional Tax Conference was held for the eighth time on March 5, with AmCham Slovakia acting as hosts. Just how relevant it remains was proven in mid-February by an OECD report addressing a process known as base erosion and profit shifting (BEPS). The report was debated by a G20 meeting of finance ministers in Moscow. It was also discussed at the tax conference.

That is a theme echoed in the publicity for the conference. "Tax fraud and tax evasion are limiting the capacity of EU member states to raise revenues and to carry out their economic policies," it said. "In times of fiscal consolidation, when many member states need to cut expenditures and increase revenues, effective fiscal policy is significantly challenged by tax fraud and tax evasion."

The EU's shadow economy is estimated to represent nearly one fifth of total GDP, an indication of the extent of the problem.

The conference series was initially the brainchild of GE, who saw a clear need for a region-wide approach to tax. One of those involved from the outset is Will Morris, Director of Global Tax Policy for GE. He says the issues covered may have changed over the years, but the need for the conference has not.

"Eight years ago the region's countries were still transforming from their pre-EU status to becoming full members. Those pre-EU incentives are now long gone, and the low cost advantages for the economies have largely gone too; there are now newer members further east. The post-communist tax systems are limiting the capacity of EU member states to raise revenues and to carry out their economic policies, but all the governments will look at different areas of the tax system in order to move to the next stage," Morris says. In other words, taxation remains a national government competence, meaning different countries will approach the same problem from different perspectives, based on the given needs of their own country.

That doesn't mean that a broad policy framework can't be worked out, however, and Morris is scheduled to talk about the newly released BEPS report. Essentially, as the OECD says, it looks at "whether, and if so why, the current rules allow for the allocation of taxable profits to locations different from those where the actual business activity takes place." It also underscores the negative consequences of leaving tax loopholes open.

"Though technically legal, loopholes erode the tax base of many countries and threaten the stability of the international tax system," said OECD Secretary General Angel Gurria in presenting the report. "As governments and their citizens are struggling to make ends meet, it is critical that all tax payers – private and corporate – pay their fair amount of taxes and trust the international tax system is transparent." It has become an area of increasing tension, particularly in the UK in the past fall, where there was public outcry at how much, or rather how little, tax was being paid into the British exchequer by successful multinational such as Google and Starbucks.

Morris says he believes a Rubicon may have been crossed in terms of public acceptance of tax avoidance, not least at a time where much of Europe faces austerity. That in turn has focused the attention of governments, something brought into even sharper clarity by their own need for reliable revenue streams. "There is huge public interest in what corporations do. It is really catching up with globalization, national taxation rules need to keep pace."

But the tax expert also believes illegal activity (tax evasion) has become conflated with perfectly legitimate use of incentive regimes. To my way of thinking, we should ask whether these laws work as intended, whether the incentives are producing appropriate results, and if they are not, then governments need to change the rules. In the end if not do the rules, don't just complain about them, change them."

For more on the event, see http://www.amcham.sk/events/1843_8th-regional-tax-conference

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Will Morris, Director, Global Tax Policy for GE, on the creation of the regional tax conference series.

"I was really impressed by some of the stuff they are doing in Poland, introducing electronic tax payment and administration. It is really in advance of where they were, and where many of the countries in the region are. We are somewhat envious, in fact."

Weston Stacey, Executive Director of the American Chamber of Commerce in the Czech Republic, commenting on the seventh regional tax conference, held in Prague in 2012.

Conference

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The conference is clearly important to the Future Of Tax Collection In Central And Eastern Europe. "We have hit on quite an interesting topic; tax evasion and tax fraud have become increasingly big issues for all governments, especially in Central and Eastern Europe. It is also of no little importance to businesses," says Slegers. If governments can generate greater revenues from more efficient tax collection, they are less likely to seek to create new taxes to plug budget gaps.

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ELECTION

New board, new president

by ROBIN MARSHALL

Willy Benkő, vice president of business development and member of the board at the DBH Group, as well as principal of Rozsákert Medical Center, is known entrepreneur and member of the board of the American Chamber of Commerce in Hungary (AmCham). He was recently re-elected as AmCham’s next president, albeit in an uncontested election, at the chamber’s Annual General Assembly at the Corinthia Hotel Budapest on December 6. Four board members-at-large were also elected, again uncontested.

Havas himself said he had been asked on a number of occasions how it felt, knowing that he was standing down after two years as a board member-at-large, followed by two years as president. He drew on the words of the late Republican President of the United States, Ronald Reagan, for his answer. Leaving office was “a sweet sorrow”, he said, before quickly adding that he wasn’t comparing himself to a U.S. President.

“Heartily withstood the leadership of outgoing president István Havas, the ‘Great communicator’ of outgoing president István Havas’ final words were to thank the everyone at the embassy to István, who asked them to support his successor as president, albeit in an uncontested poll, and he issued a “call to action”, challenging more candidates to come forward for the next elections.

Robert Peaslee, Commercial Counselor at the U.S. Embassy in Hungary, and also an ex-officio member of the chamber who serves as chair of its election committee, admitted to a certain degree of “disappointment” that there had not been more candidates. “It is not what we want or need in an organization of the caliber of AmCham.”

He was quick to praise those who were standing, saying the chamber was lucky to have such leaders and that his comments were no reflection on them and their undoubted qualities. He also acknowledged that “the business environment can only be的事實 than I was anticipating.” He was proud that membership numbers had been maintained in such economically challenging circumstances, and of the strategic partnership agreement signed with the Ministry of Justice and Public Administration.

Looking back on his period of leadership, he applied another quote from Reagan: “All in all, not bad, not bad at all.” He recalled that in the President’s farewell address, the “Great Communicator” had referred to the American people as “Reagan’s regiments” and had asked them to support his successor as President, “to become Bush brigades”. Havas’ final words were to thank the AmCham members for their trust and support, and to ask that they “become Willy Benkő’s brigade”.

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“For me personally this has been a rewarding period. It was also much more work than I was anticipating.” He was proud that membership numbers had been maintained in such economically challenging circumstances, and of the strategic partnership agreement signed with the Ministry of Justice and Public Administration.

Looking back on his period of leadership, he applied another quote from Reagan: “All in all, not bad, not bad at all.” He recalled that in the President’s farewell address, the “Great Communicator” had referred to the American people as “Reagan’s regiments” and had asked them to support his successor as President, “to become Bush brigades”. Havas’ final words were to thank the AmCham members for their trust and support, and to ask that they “become Willy Benkő’s brigade”.

The Hungarian tax system does not create incentives to work or to invest; this was one of the main messages of a recent AmCham-KPMG seminar on the 2013 tax law changes.

Willy Benkő, as its next president, albeit in an uncontested election, at the chamber’s Annual General Assembly at the Corinthia Hotel Budapest on December 6. Four board members-at-large were also elected, again uncontested. Benkő vowed to boost membership overall, and increase the business environment can only be improved if you have a pulse, you are a candidate to join AmCham,” he said.

He was quick to praise those who were standing, saying the chamber was lucky to have such leaders and that his comments were no reflection on them and their undoubted qualities. He also acknowledged that “the business environment can only be improved if you have a pulse, you are a candidate to join AmCham,” he said.

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In line with the Hungarian Government’s innovation strategy and using key findings from the GE Global Innovation Barometer, AmCham and GE organized a roundtable discussion on February 14, at the Hungarian Academy of Sciences. Attended by representatives from the European Parliament, the Ministry for National Economy of Hungary, Szent István University of Gödöllő and the GE Foundation Scholar-Leaders Program, the event looked at collaborative ways to increase the role Hungary and the region play in global innovation.

The roundtable, which is planned as the first in a series, sought to improve regional and national competitiveness through presenting best practices and developing new ones while reinforcing stakeholder collaboration. Concurrent with the Hungarian event, GE and the Innovation Committee of Warsaw were discussing potential breakout and development opportunities for Poland in the Polish capital.

Speaking at the event AmCham President Willy Benkő said, “AmCham’s mission is to improve Hungary’s competitiveness. To achieve this goal, Hungary needs to be made more investor-friendly, which requires transparency in the tender application system, predictability in the political and economic environments, and an education system that provides a competitive workforce.”

The foundations have been laid, but positive and constructive discussions similar to those of today are needed to get positive processes going. This is the only way for Hungary to get to the forefront of global innovation and create the ‘Budapest Silicon Valley’ represented by increasingly stronger Hungarian start-ups.”

GE’s Global Innovation Barometer, a survey of 3,000 business leaders in 25 countries, found that while business executives continue to value innovation as a strategic priority, a general uncertainty is seen in today’s challenging economic environment. You can find out more about the survey and the roundtable at the regional GE blog at http://geforcee.geblogs.com/

In general terms, AmCham has increasingly provided a reasoned voice for internationally oriented companies in Norway,” says Jason Turflinger, CEO of the American Chamber of Commerce in Norway. “Rather than focusing our limited resources on mass media outreach, AmCham Norway’s team works to coordinate groups of member companies – who are otherwise fierce competitors – to provide officials with valued and concise input. What’s perhaps most notable are not AmCham’s various market access successes over the past 16 years, but rather our now tried and true, tailored method of issue identification, winnability assessment, stakeholder impact and tireless pursuit.”

Norway has large numbers of public servants who do not always have an understanding of the needs of business because they have no experience of it. Understanding that has been important in developing an effective approach, says Turflinger.

“Collaborative education is key,” he explains. “Though access to decision makers is not a significant challenge in Norway, affecting real change is. This is due in large part to the vast Norwegian public sector. We find that explaining corporate perspectives to those within government who would otherwise not be aware of the realities facing executives is vital. The more bureaucrat-to-executive contact, the better; the fewer (mutual) sweeping statements, the better.”

If collaboration works, it is equally clear what does not: “Confrontational approaches do not typically provide long-term successes in Norway – both within government chambers and beyond,” says the CEO.

Historically speaking, Norway’s position as a geographical outlier has always presented particular problems for business. “Norway is to Europe as Alaska is to the United States. We are fairly removed from the Continent up here and labor costs – and associated margins on (non-petroleum) exports – continue to be a significant challenge.” And the number one challenge facing business today? “A shortage of talented professionals.”

Norway continues to be recognized as a champion of intellectual property rights and not a straggler within the media and pharmaceutical arenas, and Multinationals – with the associated jobs, innovation and investment that they contribute – continue to be an increasingly valued partner for Norwegian government.

“By working with partners and members in a number of areas to ensure that... Pending legislation further limiting the advertising of food and beverages in Norway is fair, balanced and in collaboration with industry’s own strengthening efforts;...”

“...multinationals – with the associated jobs, innovation and investment that they contribute – continue to be an increasingly valued partner for Norwegian government.”
Microsoft Magyarország Ltd.

**COMPANY NAME:** Microsoft Magyarország Ltd.

**FIELD OF BUSINESS:** Marketing activities and software production

**WHEN ESTABLISHED:** Microsoft Corp founded in 1975, Microsoft Magyarorszag in 1983

**AMCHAM MEMBER SINCE:** 1993

**AMCHAM PATRON SINCE:** 2012

**BIOGRAPHICAL DETAILS OF INTERVIEWEE:** Istvan Papp (40), general manager, with the company for 1.5 years

**HOW WOULD YOU DESCRIBE THE CURRENT BUSINESS ENVIRONMENT IN HUNGARY?**

There’s a heated political discussion in Hungary over the question of why the country’s economy was struck harder by the global financial crisis than those of others in Europe, especially neighboring ones with very similar historical and economic backgrounds. One thing is certain: the crisis found Hungary with a weakened immune system and has caused more severe symptoms. The unprecedented difficulties were reflected in the unprecedented – unorthodox – measures taken to weather the financial storm.

- **WHAT ONE THING WOULD YOU LIKE TO SEE CHANGED ABOVE ALL OTHERS TO IMPROVE THE BUSINESS ENVIRONMENT?**

One permissive project in recent years is to balance out two parallel and accumulating trends: the one characterized by the constantly shrinking prices of services and the other caused by the liquidity problems of our existing and potential customers. In a financial and – partially psychological – situation like that you cannot ‘allow’ yourself to just provide products and services you have to provide solutions and competitive advantages. Our cloud-based IT solutions are meeting these criteria, so I think Microsoft is adapting efficiently even to the more challenging business environment.

- **WHAT ARE THE ADDITIONAL BENEFITS OF BEING A PATRON?**

Every successful company has a responsibility to use its resources and influence to make a positive impact on the world and its people. Being a patron member we can create opportunities to fulfill our commitment to serving the public good through innovative technologies. Through our partnerships we support numerous projects and expand opportunities, and help improve digital inclusion, through technology access and training.

**GDF SUEZ Energia Holding Hungary Zrt.**

**COMPANY NAME:** GDF SUEZ Energia Holding Hungary Zrt.

**FIELD OF BUSINESS:** Electricity generation, gas distribution, gas supply

**WHEN ESTABLISHED (PARENT COMPANY):** GDF SUEZ formed in 2008 by the merger of Gaz de France and SUEZ.

**WORKFORCE FOR ALL HUNGARIAN SUBSIDIARIES:** 1,250 WORKFORCE FOR GDF SUEZ ENERGIA HOLDING HUNGARY: 164

**AMCHAM MEMBER SINCE:** 2011

**AMCHAM PATRON SINCE:** 2011

**NAME:** Patrick Eckelers

**AGE:** 52

**TITLE:** CEO and Chairman

**LENGTH OF TIME WITH COMPANY:** 2 (22 in SUEZ)

**WHAT ONE THING WOULD YOU LIKE TO SEE CHANGED ABOVE ALL OTHERS TO IMPROVE THE BUSINESS ENVIRONMENT?**

GDF SUEZ has been present in Hungary for more than 17 years, since when the group has invested up to €1 billion in the Hungarian natural gas and electricity market. However, we consider that the recent regulatory measures deteriorate the sustainable operation of energy companies and consequently work to the detriment of competitiveness and growth of the Hungarian economy.

**WHAT ARE THE GREATEST CHALLENGES IN DOING BUSINESS IN HUNGARY RIGHT NOW?**

- **PE:** The most important obstacle in the Hungarian business environment is the high regulatory instability in regulation. Due to the operation of the regulated part of the energy business unsatisfactory and might lead to a decline in the quality of the services and to supply problems in Hungary.
New members on board

PATRON

Cargill
Magyarország Zrt.

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Cargill collaborates with farmers, food makers and industrial customers to bring fresh ideas to the table and nourish people around the world. With 142,000 people in 65 countries, we are leveraging our depth of knowledge to help our customers succeed and communities thrive.

AIG Europe Limited
Magyarországi Fióktelep

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Fax: +36 1 501-0899
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Web: www.aig.hu

AIG is a world leading property-casualty and general insurance organisation serving more than 70 million clients around the world. With one of the industry’s most extensive ranges of products and services, deep claims expertise and excellent financial strength, AIG enables its commercial and personal insurance clients alike to manage risk with confidence. AIG has been providing insurance cover to its clients in Hungary since 1996.

For additional information, please visit our website at www.aig.hu

CORPORATE

AbbVie
Gyógyszerkereskedelmi Kft.

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AbbVie (NYSE:ABBV) is a global, research-based biopharmaceutical company formed in 2013 following separation from Abbott. AbbVie combines the focus and passion of a leading-edge biotech with the expertise and capabilities of a long-established pharmaceutical leader to develop and market advanced therapies addressing some of the world’s most complex and serious diseases. In 2013, AbbVie will employ approximately 21,000 people worldwide and markets medicines in more than 170 countries. For further information on the company and its people, portfolio and commitments, please visit www.abbvie.com.

Bunge Zrt.

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E-mail: Julia.KOVACS@bunge.com
Web: www.bunge.hu

Bunge is a leading agribusiness and food company with integrated operations that circle the globe, stretching from the farm field to the retail shelf. Bunge is headquartered in White Plains, N Y, and listed on the NYSE, ticker BG. In Hungary, Bunge is active in oilseed processing, grain trading and the production and marketing of edible oils and margarine. Bunge in Hungary has production facilities in MARFU and Tatabanya and employees app. 700 people.

BUSINESS

AIG

PATTON

Hungary Zrt.

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Patton Electronics Co. is a leader in production of Networking and Connectivity products including SmartNode™ Voice over IP (VoIP) gateways, routers, and integrated access devices, Visuality™ and Oodi™ Multiplexers, DSLAMs, broadband transmission, and products for industrial communications.

Having its headquarters in Maryland, USA Patton has sales and support operations in Western Europe, Central/Eastern Europe, Middle East, Asia/Pacific, and Latin America. Patton Hungary Zrt. as a branch office of Patton Electronics Co. represents the company in regions of Central and Eastern Europe.

Patton Hungary Zrt. is building on its expertise to provide a wide range of services including local support, consultancy, and integration to regional channels, partners and end-users.

ALEAS Simulations, Inc.

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ALEAS is an innovative e-learning and serious gaming solution provider based in California and Central Europe. Computer games are the most empowering activities in the virtual world. They are meant to be fun. That’s why simulation is the most effective learning today. A direct link between learning efforts and results. ALEAS’s mission is to help clients achieve a competitive advantage in this new field.

NON-PROFIT

Hónvéd Együttes Művészeti Nonprofit Kft.

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Established in 1949, the Honvéd Ensemble is Hungary’s only long-standing ensemble, which is comprised of the Honvéd Dance Theater, the Honvéd Male Choir and the Horgók Folk Music Band. This unique artistic community offers spectacular performances to national and international audiences in a wide variety of genres.

Komjáthy Ugyvéd Iroda

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Komjáthy Law Firm is a client oriented law office that provides legal help to local and international clients since 1992. Our office is specialized for all aspects of commercial law, but in cooperation with other law firms we are always able to provide the best legal solution for any kind of occurring legal problem.

Művészeti Nonprofit

HONVÉD EGYÜTTES

Web: honvedart.hu

A direct link between learning efforts and results. ALEAS’s mission is to help clients achieve a competitive advantage in this new field.

New members 37
AmCham events – photo coverage

AMCHAM BUSINESS FORUM WITH GORDON BAJNAI, FORMER PRIME MINISTER; FOUNDER OF PATRIOTISM AND PROGRESS PUBLIC POLICY FOUNDATION
January 29, 2013
Location: Budapest Marriott Hotel

NEW LABOUR CODE ESSENTIALS - EMPLOYERS’ GUIDE FOR EVERYDAY USE II.
Wednesday, January 23, 2013
Location: Budapest Marriott Hotel
Dr. Hédi Bozsonyik, Dr. László Pók, Szecskay Attorneys At Law,
Dr. Rita Párkányi, Dr. Dániel Gera,
Dr. Levente Csengery, Gide Loyrette Nouel - D'Ornano Iroda

AMCHAM-T.G.I. FRIDAY’S SUPER BOWL XLVII PARTY
February 3, 2013
Location: T.G.I. Friday's Fashion Street
AMCHAM COMMUNICATIONS SCHOOL WITH WILLIAM BENKÓ, PRESIDENT OF AMCHAM

February 4, 2013
Location: AmCham Conference Room

AMCHAM CAREER SCHOOL WITH IRINA IVASCHENKO, RESIDENT REPRESENTATIVE IN HUNGARY, INTERNATIONAL MONETARY FUND

February 5, 2013
Location: AmCham Conference Room

SERVICE QUALITY WORKSHOP: THE PATH TO COMPETITIVE ADVANTAGE WITH PROFESSOR EMERITUS H. KIRK DOWNEY, TEXAS CHRISTIAN UNIVERSITY

February 6, 2013
Location: PwC Offices

VIRAL CHANGE, “NEXT PRACTICE” IN CHANGE MANAGEMENT WITH LEANDRO HERRERO, THE DEVELOPER OF VIRAL CHANGE CONCEPT SEMINAR SPONSORED BY GROW ORGANIZATION DEVELOPMENT GROUP

February 13, 2013
Location: InterContinental Budapest Hotel

AMCHAM-GE ROUNDTABLE PRESS CONFERENCE ON INNOVATION

February 14, 2013
Location: Hungarian Academy of Sciences

Győrgy Stépány and István László, Tenseit Kft.; Edit Herczeg, European Parliament; William Benkő, AmCham; Dr. Zoltán Czibulna, Ministry for National Economy; Dr. Lajos Kéricht, GE Healthcare; Dr. László Solh, Szent István University
Every year, AmCham Hungary holds a major conference where issues of diversity are placed front and center on the agenda; people with disabilities, minority groups, gender differences, age groups – traditionally, the panel discussions focus on these topics.

Given the great success of the award, AmCham now plans to further expand the program and do something to keep it on the radar screen throughout the year. Would you be interested in joining our efforts to ensure that the gender diversity issue is addressed in a continuous way? Would you become part of our task force? Regardless of your professional occupation, if you feel like working on this project, please let us know (send me an e-mail or give me a ring, you’ll find my contact details in the column to the right).

By the way, it just so happens, believe it or not, that the newly elected AmCham Board can take pride in doubling the number of women members. Edina Heal from Google and Andrea Juhos from Lee Hecht Harrison ran for Member-at-Large positions and both made it, and thus with Eszter Szabó from GE and Andrea Jádi Németh from bpv Jádi Németh Attorneys at Law, we have four women sitting on board. So, now, we are doing what we have been promoting for many years; in other words, now we really do walk the talk.
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