

AMERICAN CHAMBER OF COMMERCE IN HUNGARY

VOICE

VOL III. ISSUE 13, SEPTEMBER 2013

SERVING HUNGARY'S ECONOMY



MORE INSIDE:

- ▶ **Women Of Entrepreneurial Excellence**
- ▶ **Stability And Reliability Needed For Investments**



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CEO's note

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Editor-in-chief: ROBIN MARSHALL (robin.marshall@amedia.hu) • Contributors: GERELY HERPAI, KRISZTIÁN KUMMER, GABRIELLA LOVAS, ROBIN MARSHALL, ANDRÁS TÖRÖK
Photography: ANDRÁS HAJNAL, LÁZAR TODOROFF • Design: ABSOLUT DESIGN STÚDIO (production@bbj.hu) • Art director: TAMÁS TÁRCZY • CEO: TAMÁS BOTKA
Advertising: ABSOLUT MEDIA Zrt. (hirdetes@amedia.hu) • Sales and Marketing: BALÁZS ROMÁN (roman.b@amedia.hu)
Product Director: ÁGNES BALLA • Subscriptions: circulation@bbj.hu • Printing: ABSOLUT PRINT Kft.
Websites: www.amedia.hu, www.bbj.hu
For AmCham Content and Advertising: ZSÓFIA JUHÁSZ (zsafia.juhasz@amcham.hu + 36 1 266-9880/360)

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Dear Members and Friends,



Photo: István Nagyvárdi

Having the chance to be your president has been a very rewarding role so far with many opportunities and responsibilities. With all of our actions – the board together with the staff – we strive to use our

mandate to make this country more competitive and business-friendly. Our advocacy is going strong based on our outstanding committee network and a continued close cooperation with the government. We have sent comments and recommendations on a number of draft bills in 2013 and also met with decision makers on a regular basis. For more on our advocacy, see pages 24 and 25.

One of my resolutions as president has been (and remains) to listen more to our members' voice. Therefore we have introduced a new members-only quarterly event called Insight to have the opportunity to talk to you in person about the advocacy work we do and to hear your concerns and ideas. So far we have held two events and received very good feedback; invitations for the October session will soon hit your inboxes. Another tool we use to have a better idea about how you see business and competitiveness today in Hungary and the region is the 'Investment And Business Climate Survey' we re-introduced in 2012.

To learn about the outcome of this year's survey, please turn to page 31.

Finally, let me invite you to engage more in the activities of AmCham this fall and apply to the board or to a committee chairmanship. You can run for the following board positions this year: first vice president, second vice president, secretary treasurer and three board members-at-large, all for a two-year period. Application deadline is Monday, November 4 (2 PM, local time). The AmCham office will also send you detailed information on how you can submit your application to the now open chairperson positions of the energy and HR committees.

If you have any questions regarding the elections and nominations, please contact Robert Peaslee, chairperson of the AmCham Elections Committee (Phone: +36/1/475-4090, e-mail: Robert.Peaslee@trade.gov) or László Metzing at the AmCham office at +36/1/428-2082 or at elections@amcham.hu.

AmCham Member's Board

PRESIDENT

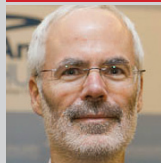


William BENKÓ

Rózsakert Medical Center
1026, Budapest,
Gábor Áron u.
74-78.

william.benko@amcham.hu
Phone: +36 1 225 7350

FIRST VICE PRESIDENT



David G. YOUNG

Amrop Kohlmann & Young
Eszter utca 6/b,
1022 Budapest

david.young@amrop.hu
Phone: +36 1 391-0950
Fax: +36 1 391 0951

SECOND VICE PRESIDENT



Dr. Andrea JÁDI NEMETH

bpv Jádi Németh
Ügyvédi Iroda
1051 Budapest,
Vörösmarty tér 4.

andrea.jadi-nemeth@bpv-jadi.com
Phone: +36 1 429 4000
Fax: +36 1 429 4001

SECRETARY TREASURER



Péter FATH

GDF SUEZ
Energia Holding
Hungary Zrt.
2440 Százhalombatta,
Csenterics u. 8.

peter.fath@gdfsuez.com
Phone: +36 23 502 400

BOARD MEMBERS AT LARGE



Norbert FOGARASI

Morgan Stanley Hungary
Analytics Ltd.
1095 Budapest,
Lechner Ödön fasor 8.

Norbert.Fogarasi@morganstanley.com
Phone: +36 1 881 4113
Fax: +36 1 881-3700



Edina HEAL

Google
1077 Budapest,
Wesselényi u.
16/A.

edinah@google.com
Phone: +36 1 888 0501



Márk HETÉNYI

Flextronics International
1183 Budapest,
Hangár utca 5-37

mark.hetenyi@hu.flextronics.com
Phone: +36 30 677 5029



László GYÖRGY

gyorgy.laci@gmail.com
Phone: +36 30 487 8988

BOARD MEMBERS AT LARGE



Andrea JUHOS

LHH Magyarország, Career Consultants Kft.
1021 Budapest,
Ötvös János u. 1-3.

andrea.juhos@lhh.hu
Phone: +36 1 392 5070



Frank KLAUSZ III.

Telenor Magyarország Zrt.
2045 Törökbalint, Pannon út 1.

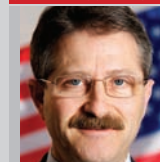
fklauz@telenor.hu
Phone: +36 20 930 4000
Fax: +36 20 930 4159



Eszter SZABÓ

GE
1138 Bp.,
Duna Tower,
Népfürdő utca
22. B-C. épület

eszter.szabo@ge.com
Phone: +36 1 237 6811



Péter DÁVID

AmCham
1051 Budapest,
Szent István tér 11.

peter.david@amcham.hu
Phone: +36 1 266 9880
Fax: +36 1 266 9888

EX OFFICIO MEMBERS

Robert PEASLEE, István HAVAS, Gusztáv BIENERTH

INTERVIEW

Making The Case For Europe

by ROBIN MARSHALL

Ahead of a fall tour through Central and Eastern Europe to promote his report 'The Case For Investing In Europe 2013: Why U.S. Firms Should Stay The Course' (produced with the help of AmChams in Europe), Voice talked to Joseph P. Quinlan about his views on transatlantic commerce, and the likelihood of a new free trade agreement being signed.

It would be fair to say Joseph P. Quinlan is a fan of transatlantic trade. More specifically, he thinks American corporations should be too. For all the bad news that has come out of the old continent since the 2008 financial crisis became a full blown depression, not least the at times seemingly insolvable sovereign debt problems and threatened meltdown of the eurozone, the fundamentals remain good. Whether it is market size or proximity to emerging markets, whether you want top notch R&D or an affordable, skilled workforce, Europe has something special to offer, he says.

While the subtitle to his report suggests U.S. firms might be thinking of leaving trouble-hit Europe, Quinlan says we aren't at that stage yet. "I am not concerned about companies pulling out of Europe, but I am concerned about them giving

up, being seduced, if you like, by the BRICs," he told *Voice* via telephone from his office in New York City.

The tour in late October will take in Hungary, Slovenia, Croatia, Slovakia, Bulgaria and Romania, with Quinlan visiting the latter two for the first time. "The whole idea is to drill down deeper at the local level to investigate further the factors affecting transatlantic trade and investment," he explains. "I have done a lot of research and traveled through the region, from the Baltics right down to the Balkans. I think this whole swathe of geography is very important to Europe's future, and to U.S. affiliates trading in Europe."

His study mentions the proposed free trade agreement, sometimes called the Transatlantic Trade and Investment Partnership (TTIP). America and the EU are already each other's biggest trading partners. Various reports have claimed that, if implemented fully, TTIP would boost employment, the economy and GDP figures on both sides of the Atlantic. Viewed in isolation, it seems such an obviously good idea, but what might stop it from becoming reality? "If it doesn't happen it will be because of the politics," Quinlan says. "There are major differences to overcome in terms of best practices or values we have that you do not accept and vice versa. If it fails it will be because we weren't able to bridge those gaps."

Is he optimistic it will happen? "I am encouraged by the feeling that it is too early to be pessimistic," he jokes. "The big issue will be can we see progress quickly, that will give it momentum. If it gets bogged down early, that will be a bad sign. I am cautiously optimistic that this can be done and a comprehensive agreement reached. We do not want some watered down effort."



CV

Joseph P. Quinlan is a leading expert on the transatlantic economy and a well-known economist/strategist on Wall Street. He is a Senior Fellow at the Center for Transatlantic Relations and a Fellow at the German Marshall Fund in Brussels. In 2006, the American Chamber of Commerce to the European Union awarded Quinlan the Transatlantic Business Award for his research on United States-Europe economic ties. In 2007, he was a recipient of the European-American Business Council Leadership award for his research on the transatlantic partnership and global economy. Quinlan regularly debriefs policy makers and legislators on Capitol Hill on global trade and economic issues, and has testified before the European Parliament. He is the author, co-author, or contributor to 20 books, most recently *'The Last Economic Superpower: The Retreat Of Globalization, The End Of American Dominance, And What We Can Do About It'*, and has published more than 125 articles on economics, trade and finance.

PEOPLE

Finding The Right Words

by **ROBIN MARSHALL**

The results of the recent Hungarian road show to North America will take time to filter through, Zoltán Cséfalvay, Minister of State for Economic Strategy, tells Voice in an exclusive interview.

“I will be happy if we can say after three years, ‘Now we have everything in place in the Hungarian entrepreneurial ecosystem; that it is competitive, but companies can also grow,’” the minister says, sipping tea from a mug bearing the (unused) British WWII slogan ‘Keep Calm And Carry On’.

He is talking about laying down a complex matrix that supports the whole business lifecycle, from idea generation, through start-up, commercialization, expansion and so on. Cséfalvay says his trip, which took in Toronto, Silicon Valley, New York and Washington, put the country before a “huge number” of investors.

“The main aim was to put Hungary on the map as the best place to invest in research and development, and also to explain what we have done in the last couple of years in terms of R&D incentives. I am very proud to be able to say that everything was invented by a Hungarian,” the minister jokes, “but we cannot live from past successes, and we are aware there is huge global competition, particularly in attracting R&D.”



More specifically, he wants Hungary to be the destination of choice for sectors in which it has traditionally excelled: math-based sciences such as IT, 3-D design and application, medical instruments and biotechnology. A few multinationals have already made their decision. Ericsson's largest R&D center outside of Sweden is in Hungary; Bosch has just opened the first section of what will be its biggest facility outside Germany. GE Healthcare has a similarly large R&D base here.

VC tends to be most interested in companies with an existing product looking to expand. Cséfalvay says he believes the funds established in 2009 have helped "change the landscape", and he now wants to do something similar for start-ups through the creation of a network of incubators and accelerators. On June 11 a tender was launched to find partners for what will be a part privately-, part state-funded project in Hungary.

same is true of 'boot camp', 'start-up' and a whole host of related terminology. "Once the language catches up, that will mean we have had a breakthrough in mentality, I think."

Cséfalvay first visited Silicon Valley in 2002 on an OECD-funded study tour, and says the difference between then and now is marked. Then it was a process of what he calls "Darwinian selection", companies vying to outdo one another, with only the fittest surviving. Now, he says, it is much more collaborative and supportive, with businesses ready to help each other. And that is something that Hungary can benefit from too. "One follow up from the road show is that by the end of the year we would like to formally establish a bridge between Hungary and Silicon Valley, and allow Hungarian SMEs and start-ups to walk across that bridge to gain access to Silicon Valley, its investors and support culture."

►► WHEREVER WE CAN FIND GOOD POLICIES WHICH CAN HELP BUILD UP THE ECOSYSTEM, WE WILL COPY THEM: WHY NOT?

It is not simply about R&D, though. The minister says 40 of the 50 largest U.S. companies are present in Hungary, and many of them are moving to producing more value added products here. "We would like to foster that process," Cséfalvay says. That inevitably raises the question of how much a role the state should take. "It is a good sign you have chosen a good policy if you can achieve, in a relatively short period of time, remarkable results. In 2009 we established the first JEREMIE venture capital funds in Hungary. In last year's European Private Equity and Venture Capital Association survey, the amount of VC invested in Hungary, according to GDP, was the highest in Europe."

The minister cheerfully admits that both the VC funds and the accelerator projects are adaptations of successful Israeli programs, tailored to Hungarian circumstances. "Wherever we can find good policies which can help build up the ecosystem, we will copy them: why not?" Not that the government wants to do all the work alone. It is, for example, seeking to spread cooperation between larger companies and universities. "What is missing in Hungary at the moment is the spin-off culture in the universities. That is the next stage where we would like to move forward in particular." The very use of the word 'spin-off' is interesting though, because there isn't a Hungarian equivalent. The

Bridges are generally two-way, and Cséfalvay sees scope for American involvement in Hungary, too. "It will also be good when U.S. investors can take part in Hungarian accelerators, and not just with their capital – though capital is always interesting, of course – but also with their expertise."

And there are plenty of lessons to learn. "Living in Europe, sometimes when talking about innovation we have very complicated processes and administrative procedures." Cséfalvay sits on the EU council of 28 national ministers responsible for thrashing out R&D policy. "We in Europe are talking about creating the whole innovation chain in incredible detail. In America, they talk about just two things: research and commercialization; when doing the research, you have to look at how you can commercialize it."

There are Hungarian success stories that illustrate that point, he says, not least Leonar3Do, the creators of an unique 3-D design tool. "Two or three years ago they had an interesting innovation, but that was it. Now they have a product, have a company and have a market."

CV

Zoltán Cséfalvay is Minister of State at the Ministry for National Economy in Hungary. He was a research fellow at the Institute for Geography of the Hungarian Academy of Sciences and Head of the Cabinet of the Ministry for Industry from 1990 and became advisor to the President of the Hungarian National Bank in 1992. He

received a Humboldt Fellowship at the University of Heidelberg between 1995 and 1997. He was a research project leader at Institute for Urban and Regional Research of the Austrian Academy of Sciences and was Acting Director of the Hungarian Trend Research Institute between 1995 and 1998. He was a professor for eight years at the Andrásy Gyula University of Budapest. From 2008-10 he received the Marie Curie research fellowship of the European Union at Cardiff University, where he became honorary lecturer. He graduated as a history and geography teacher, receiving a PhD and CSc (Candidate of Science) degree.

INTERVIEW

VeszpremFest: Building From Year To Year

by **ROBIN MARSHALL**

For the founder and managing director of VeszpremFest, the annual music festival named for its host city, the past decade has achieved all he hoped. The future, Zoltán Mészáros tells Voice, is all about stabilizing the event.



"It might sound immodest, but VeszpremFest has become everything I imagined and hoped it might," Mészáros said, taking a break from his post-festival holiday to speak exclusively with *Voice*. Precise results won't be in until November or December, but the rough calculations look very good. "We had our highest budget of the past 10 years, with revenue of HUF 230-240 million (\$1.02-1.6 mln). One reason for this was record ticket sales of about HUF 100 mln (\$445,000)," Mészáros explains. That was, in part, helped by the international stage running for five days rather than four.

The Sziget group events dominate the Hungarian festival season, with the VeszpremFest director estimating they alone are responsible for half of the total HUF 10 billion generated last year. But with the national festival association reckoning revenue of HUF 100 mln is the threshold for a 'big' festival, of which there are maybe 17 in Hungary, clearly the Veszprém event is doing something right.

"The festival is organized by a non-profit; the aim is not to generate a profit, but if we do, that is reinvested into next year's artists list, which is exactly what happened last year," says Mészáros, pictured with one of this year's stars, violinist Nigel Kennedy. In fact, 2013 saw the largest amount yet spent on artists' fees, at HUF 100 mln. "That is much more than we have ever spent. The festival was founded in 2004 and the first year our total

budget was HUF 75 mln," Mészáros recalls. "All days are world class on the international stage, but two this year were really top class: we never had the chance before to present such a great musician as Diana Krall, and we had our first real pop star in Craig David."

Tickets prices, ranging from HUF 9-20,000 (\$40-90) were slightly higher this year, but it remains a sensitive issue. According to 2012 research into VeszpremFest goers, 69% are aged between 31 and 60, and 70% have been to college or university. They are clearly upper middle class, and while 21% in 2012 were Budapesters, 49% came from the 'home' region of Mid-Transdanubia (incorporating the city itself and the surrounding Veszprém County).

"We will have to be very careful with pricing next year, but we have always tried to be moderate. Our prices were 20% lower to see Diana Krall than when she appeared at the Budapest SportAréna stadium in 2012. A lot of our visitors come from the countryside, where price sensitivity is a strong issue."

Right now he says he is uncertain of the finances for next year, but that is always the case at this point. Possible destabilizing factors include 2014 being a general election year, not to mention the oh-so-slow economic recovery. But with 10 years behind it, the festival is firmly established in the calendar. "In September we will start planning, meeting with sponsors' representatives to see

what the possible boundaries of the budget might be." He already knows there is about HUF 20 mln is state financing available, but clearly that alone will not be enough.

"E.On Hungary has been our main sponsor for four years, and it is very important to us to have a major settled partner like that. E.On is satisfied, I know: indeed, we have several strong partnerships that we rely on." But while cautious of what he calls the "certain uncertainties" of the Hungarian economy, he is confident next year will be at least as good as this, and that his dream will live on.

"What inspired me was Holy Trinity Square, the castle. I thought it would be a magnificent backdrop for concerts, and when we started to do our research, we found that at the time there wasn't a festival that did what we wanted to do, to offer everything from classical to pop and from opera to jazz. We are changing musical styles almost every day on the main stage."

He originally trained as a teacher, and in addition to running the festival and his own Oliva Hotel and Restaurant (also in Veszprém), he is the managing director of the SNÉTBERGER Music Talent Center, which he runs with his friend the internationally renowned Roma musician Ferenc Snétberger. It is enough to keep him fully occupied, but then he is still only 46. VeszpremFest will not start succession planning anytime soon; "I'm not ready to retire yet," he laughs.

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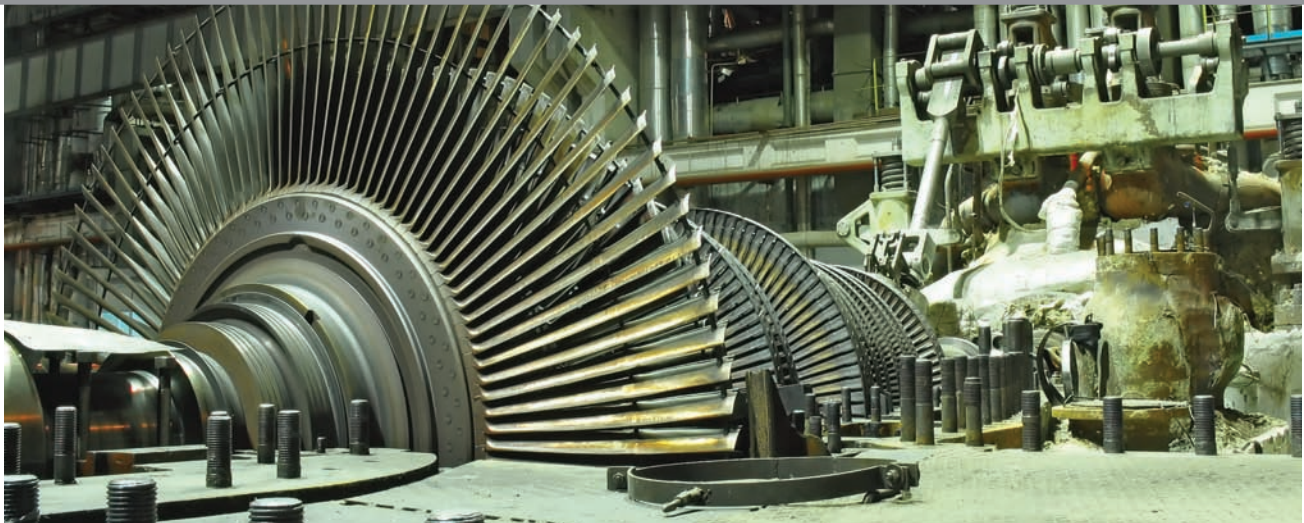
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Business **NEWS** Roundup

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

Compiled from **Hungary AM's news service**



GENERAL ELECTRIC'S OIL AND GAS DIVISION LAID THE CORNERSTONE OF A 6,000 SQM PLANT FOR UNIT CONTROL PANELS (UCP) FOR COMBINED GAS AND STEAM TURBINE POWER PLANTS AT ITS BASE IN FÓT, ON THE OUTSKIRTS OF BUDAPEST, ON JULY 31. THE EXPANSION WILL CREATE 114 JOBS, INCLUDING 40 FOR ENGINEERS. DAVE COX, VICE PRESIDENT IN CHARGE OF PRODUCTION FOR GE'S OIL AND GAS BUSINESS, SAID THE INVESTMENT WOULD BROADEN THE BASE'S PRODUCT PALETTE AND CONTRIBUTE TO IMPROVING HUNGARY'S COMPETITIVENESS. STATE SECRETARY FOR FOREIGN AFFAIRS AND EXTERNAL ECONOMIC RELATIONS PÉTER SZIJJÁRTÓ SAID THREE-QUARTERS OF THE PLANT'S SUPPLIERS WOULD BE HUNGARIAN.

French engineering giant **ALSTOM** has won a €5.1 mln (HUF 1.5 bln) contract to renovate nine generators at **MVM PAKSI ATOMERŐMŰ**, Hungary's only nuclear power plant, **ALSTOM HUNGÁRIA** said on August 5. The renovation will take place at Alstom's generator workshop in Budapest. A team of Hungarian engineers and several domestic sub-contractors will be involved with the project, as will foreign experts. The generators, produced by Hungary's **GANZ**, were put into operation between 1982 and 1987, and must undergo renovation every 10-12 years.

A HUF 71.5 bln (\$328.3 mln) expansion by Japanese tire maker **BRIDGESTONE** at its base in Tatabánya will raise headcount by more than 500 from 350, Prime Minister Viktor Orbán said on June 7. Speaking at a ceremony to mark the start of the expansion, Orbán said the state had supported the investment with a HUF 2.7 bln (\$12.3 mln) grant. Hungary aims to raise the rate of industry in its GDP to the highest level in Europe in just

a few years, he said. Industry accounted for about 27% of Hungary's GDP in 2012, data from Eurostat shows.

Austrian chemicals company **DONAU CHEMIE** has started test operation of a €6.5 mln water treatment chemicals plant in Kazincbarcika (190 km northeast of Budapest), CEO Franz Geiger told state newswire **MTI** on June 14. Geiger said the factory was 99% finished and production would start in June. The plant, which will make poly-aluminum chloride (PAC) and ferric chloride, is located at the base of Hungarian peer Wanhua-BorsodChem.

Pharmaceutical producer **EGIS** has announced that its HUF 4.6 bln (\$20.4 mln) investment in R&D at its Budapest plant will be completed in October of this year. The EU and Hungarian government have contributed a combined HUF 1.15 bln in funding. Egis will hire a further 10 researchers to add to its current ranks of more than 500, and in a statement

reported that the investment "will enhance the company's ability to conduct R&D on the most up-to-date high-potential active ingredients for medications".

Danish pump maker **GRUNDFOS** opened a new production line at its Tatabánya plant on June 6. The company's Hungarian subsidiary, **GRUNDFOS HUNGARY MANUFACTURING**, invested HUF 3.8 bln (\$16.9 mln) to set up the line, which is to produce permanent magnetic technology, energy-saving electric motors and pumps. The plant plans to put out 60,000 motors this year, and 100,000 next, with 100 employees, half of them to be hired this year, László Török CEO of Grundfos Hungary Manufacturing said at the opening ceremony. Grundfos was also due to complete a HUF 17 bln (\$75.8 mln) factory in Székesfehérvár by the end of June. Török said in January that Grundfos Hungary Manufacturing would employ 300-350 workers at the Székesfehérvár plant by 2015. The plant is the company's second in the city and its fourth in Hungary.

Two of Hungary's largest companies, the telecommunications firm **MAGYAR TELEKOM** (MT) and oil and gas giant **MOL**, have made official a strategic agreement that will see cooperation between the two in marketing, sales retail services, wholesale services, energy retail, telecommunication and

A notable milestone for **MERCEDES-BENZ HUNGARIA** was passed on July 29, as the 100,000th vehicle rolled off the line in the Kecskemét plant. Production began in late March 2012.

U.S.-based electronics equipment distributor **MIRTEC** has announced an

\$85 mln (HUF 19.1 bln) plant through greenfield investment in Gyöngyös (80 km east of Budapest). The plant, to be constructed on an area of 240,000sqms in the local industrial park, will be the group's second unit in Hungary, creating 150 new jobs. The factory will produce disposable nappies, to be sold on the domestic market and in some EU countries as well as in the CEE region, the Middle East and Africa. The group's first Hungarian unit, in Csömör, near Budapest, employs 800 people. P&G has invested about \$240 mln (HUF 53.9 bln) at that plant over the past 22 years.

THE GOVERNMENT SIGNED A STRATEGIC-COOPERATION AGREEMENT WITH **DENSO MANUFACTURING HUNGARY**, THE HUNGARIAN UNIT OF JAPANESE AUTOMOTIVE-COMPONENTS COMPANY DENSO, ON JUNE 12. THE AGREEMENT WAS SIGNED BY FOREIGN AFFAIRS AND EXTERNAL ECONOMY STATE SECRETARY PÉTER SZIJJÁRTÓ AND DENSO MANUFACTURING HUNGARY PRESIDENT YAMAGUCHI SHINSUKE. SZIJJÁRTÓ NOTED THAT DENSO HAS BEEN PRESENT IN HUNGARY FOR 15 YEARS, INVESTING €500 MLN IN THE COUNTRY OVER THAT TIME. THE STATE SECRETARY SAID THAT TALKS BETWEEN THE GOVERNMENT AND DENSO HUNGARY MANUFACTURING REGARDING FURTHER INVESTMENT IN HUNGARY ARE IN THEIR CLOSING STAGES. SHINSUKE SAID THAT DENSO HUNGARY MANUFACTURING IS STRIVING TO STRENGTHEN ITS CONTACTS WITH HUNGARIAN SUPPLIERS. DENSO MAKES DIESEL COMMON RAIL COMPONENTS; SYSTEM CONTROL COMPONENTS SUCH AS VARIABLE CAM SHAFT TIMING, ELECTRONIC THROTTLE CONTROL UNITS AND VARIOUS VALVES; SPARK PLUGS; AND FUEL INJECTORS FOR PETROL ENGINES AT ITS 70,000SQM BASE IN SZÉKESFEHÉRVÁR. MORE THAN 3,000 PEOPLE WORK FOR THE COMPANY'S HUNGARIAN UNIT.

AN AGREEMENT WAS ALSO PENNED WITH THE CANADIAN MACHINERY AND VEHICLE SPARE PARTS MANUFACTURER **LINAMAR** ON JUNE 18 IN GUELPH, CANADA, BY ECONOMY MINISTRY STATE SECRETARY ZOLTÁN CSÉFALVAY AND LINDA HASENFRATZ, WHO IS LINAMAR'S CEO AND ALSO THE HEAD OF SUPERVISORY BOARD OF **LINAMAR HUNGARY**, THE CANADIAN COMPANY'S HUNGARIAN UNIT. LINAMAR EMPLOYS MORE THAN 2,100 PEOPLE IN HUNGARY, WHERE IT OPERATES AN R&D DIVISION.

A THIRD-SUCH AGREEMENT WAS INKED WITH THE LOCAL UNIT OF GERMAN ENGINEERING GIANT **BOSCH** ON JULY 31, SIGNED BY NATIONAL ECONOMY MINISTER MIHÁLY VARGA AND GONZALEZ PAREJA, WHO OVERSEES BOSCH'S UNITS IN HUNGARY. THE SIGNING COINCIDED WITH THE INAUGURATION OF THE FIRST BUILDING OF A HUF 30 BLN (\$133.1 MLN) HUNGARIAN HEADQUARTERS AND ENGINEERING CENTER IN BUDAPEST. BOSCH'S TEN UNITS IN HUNGARY GENERATED REVENUE OF HUF 594 BLN LAST YEAR, INCLUDING SALES WITHIN THE GROUP. INVESTMENTS OF HUF 35 BLN WERE CARRIED OUT AT THE UNITS WHICH EMPLOY SOME 8,500 PEOPLE.

THE GOVERNMENT HAS SIGNED STRATEGIC-PARTNERSHIP AGREEMENTS WITH THE LOCAL UNITS OF THE FOLLOWING COMPANIES OVER THE PAST YEAR: ALCOA; AUDI; BRIDGESTONE; COCA-COLA; CONTINENTAL; DALKIA; DAIMLER; GENERAL ELECTRIC; HANKOOK; IBM; JABIL CIRCUIT; LEGO; MICROSOFT; NATIONAL INSTRUMENTS; NOKIA SIEMENS; SANOFI; STADLER RAIL; SUZUKI; TATA CONSULTANCY SERVICES; TESCO; AND TEVA. IT HAS ALSO SIGNED SIMILAR AGREEMENTS WITH CHINESE COMPANY HUAWEI TECHNOLOGIES AND HUNGARIAN COMPANIES GEDEON RICHTER AND WABERER'S.

information technology. Signing the agreement were MT CEO Christopher Mattheisen and MOL chairman/CEO Zsolt Hernádi, the former of whom said that "The agreement signed means that the two market-leading groups as the key driving forces of the Hungarian economy will combine resources for the benefit of their clients and the interest of the country... We are sure that [by] combining our skills, knowledge and competencies we will be more successful both in Hungary and in the region."

agreement with **ELAS KFT** for the latter to distribute the former's AOI and SPI technology products in Hungary.

PICK SZEGED (owned by **OTP BANK** president-CEO Sándor Csányi) and an unnamed Hungarian investor will build a HUF 13-15 bln (\$57.6-66.5 mln) slaughterhouse in the vicinity of Mohács, Csányi announced on August 6.

The Cincinnati-head quartered **PROCTER & GAMBLE** (P&G) group will build an

The Hungarian unit of German high-quality industrial-glass company **SCHOTT AG** will invest HUF 10 bln (\$44.6 mln) to expand its plant in Lukácsháza (230 km west of Budapest) by the year 2016, the company told *MTI* on June 6. The company said that it had already completed a machine-renovation plant in the first phase of the expansion, and had hired 30 new employees. Schott currently employs 530 people at Lukácsháza.

U.S.-Hungarian economic relations are set to increase considerably in the near future, State Secretary for Foreign Affairs and External Economic Relations in the Prime Minister's Office Péter Szijjártó told *MTI* after meeting with U.S. corporate leaders in Washington on June 18. Szijjártó said that relations would expand notably in the automotive parts, electronic and consumer goods industries. The state secretary met with leaders from Procter and Gamble, IBM, Citigroup, GE, Honeywell and Cargill as well as with the chairman of the United States House Committee on Foreign Affairs.

German vehicle steering-system manufacturer **ZF LENKSYSTEME** will begin construction of a new plant in the village of Maklár (123 km northeast of Budapest), the German Press Agency *dpa* reported on June 17. Construction of the 23,000sqm plant will begin this summer, and the first phase of the investment would be completed next year, *dpa* said. ZF Lenksysteme CEO Peter Ottenbruch said that the plant is being built to increase the company's production capacity in Hungary, as there is no space to expand in the nearby city of Eger, where the company's Hungarian unit, **ZF LENKSYSTEME HUNGÁRIA**, operates two factories.

MACROECONOMICS

Business Desks Skip Summer Vacation

by **GERGŐ RÁCZ**

Breaking with the tradition of a summer lull, 2013 has seen significant economic changes. The start of the fall season is also likely to be hectic ahead of 2014, the year of the next general elections.

July saw the introduction of a set of measures that affect everyday life in Hungary as well as the implementation of the budget.

The system of the state-controlled tobacco monopoly was launched, reducing the number of points of sale for cigarettes to a fraction of the more than 40,000 retail outlets before hand. But it hasn't been an entirely smooth process. Many of those who weren't awarded a license continue to object to the obscurity of the selection process, as the criteria haven't been made public and the government even went as far as changing the law so that details would not be released via freedom of information requests.

The government faces some charges of corruption in the matter, with recordings released of local Fidesz party officials apparently discussing which applications to approve and voicing the need to pick those who are politically loyal. Adding fuel to that particular fire, numerous winning applicants have been linked to governing party members of local or national repute. A handful of rejected applicants have gone as far as to file a complaint at the European Court of Human Rights.

There have also been objections to the way in which the minimum profit margin on tobacco goods was increased to 10%, but only after the selection process was concluded. The smaller margin in place when the tender was first announced was cited as one of the reasons many retailers didn't even

bother entering. The government further sweetened the deal for the operators of the Nemzeti Dohánybolt (literally National Tobacco Shops, often simply referred to as a 'trafik') by expanding the range of products they can sell to include ice cream and alcohol; in the case of the latter, trafik owners are also being allowed to dodge the restrictions in most Budapest districts that prohibit the sale of alcohol during the night.

Pro-Fidesz political daily *Magyar Hírlap* reported in late August that the government is weighing options to further restrict the scope of locations where tobacco products can be sold. The new law that created the trafikis doesn't make any stipulations about where these retail outlets can operate. Thus, many of them opened in supermarkets and shopping malls, which also offer services and features that attract young people, yet one of the declared primary goals of the law was to protect minors and reduce smoking. There is a good chance the revisions will pass since the government is seen as being keen to favor the interests of small, domestic operators over multinationals, the paper said.

July also saw the launch of the electronic distance-based road haulage toll system called HU-GO, a measure to charge lorries weighing 3.5 tons or more for the use of Hungary's extensive 6,513-kilometer motorway and main road network. Waberer's, the country's logistics market leader, projected that its costs alone will increase by an annual HUF 4 billion (\$17.6 million) as a result.



The government is aiming to collect HUF 75 bln (\$331.4 mln) this year, although it is spending HUF 15 bln (\$66.2 mln) to subsidize Hungarian companies that are now at a competitive disadvantage against their international competitors. The system's launch was surrounded by difficulties – it crashed within hours – and the national association of haulers requested the government shut down the

scheme until all the operational glitches have been addressed, a request thus far declined, although the State Motorway Management Company did announce an amnesty for any unpaid road usage on the day of launch when the computers went down.

MONEY MATTERS

The public can now enjoy the second wave of the government's mandatory utility fee reduction campaign with another 10% cut in household costs. This time, the centrally dictated discounts affect chimney cleaning, sewer fees and garbage disposal, after a

The government was also active in spending money. Hungary has made an early full repayment of its IMF bailout of 2008. The outstanding €2.15 billion was paid with \$1.1 billion, €500 million and £260 million. As a consequence, the IMF decided to close down its Budapest office when the mandate of Iryna Ivaschenko, the IMF's Resident Representative in Budapest, ended at the end of August.

The government also remained active in increasing the state's influence in the business sector. It effectively nationalized Takarékbank, the national network of savings cooperatives, a move that harmonizes with an earlier declared strategic target of not only establishing a strong state role in the finance industry, but also maintaining and further increasing domestic ownership in the sector.

Taxpayers are also likely to be asked to cover the costs of the state becoming the owner of a prestigious industrial complex. When the Ukrainian owner of the Dunaújváros-based steel mill Dunafer announced that it would lay off 1,500 employees, around a fifth of total headcount, Economy Minister Mihály Varga was quick to step in with an offer to buy the facility.

The owner ISD Corporation was apparently surprised by the move, and actually advised the state to reconsider, since a change in ownership wouldn't change the fact that Dunafer must reduce costs and invest in developments to stay competitive. The company's chief executive Evgeny Tankhilevich said that if the government wanted to preserve the employment of those being laid off, it could do so much more cheaply by creating new jobs.

The government opened a new phase in its campaign to completely eradicate foreign-currency loans, which will in all likelihood remain in central focus this fall lawmaking season. Varga held talks with the Hungarian Banking Association to hammer out a scheme that will provide a comprehensive relief plan to foreign currency mortgage debtors.

The association presented two proposals, both fundamentally aimed at converting the foreign currency-based policies into forint-based alternatives, thus eliminating any risk stemming from exchange rate fluctuation.

Varga said that the proposals can serve as the basis for further talks but stressed that they target protecting the banks' interests, whereas the government is focused on the debtors, especially those who are close to default or are already in the non-performing category, meaning they have been unable to make due payments for three consecutive months or more.

BACK TO SCHOOL

The arrival of September marks the re-start of the parliamentary session, along with the drafting of the 2014 budget. The government hasn't widely trailed any key measures that it is aiming to take but is set to step up the pace of lawmaking in the coming months before the start of what is, importantly, an election year. As such, the public can expect to see another round of utility cost reductions, based on earlier plans, sometime in October.

More immediately, the government is set to hold high-level talks with the European Commission to avert a severe funding issue. The Commission has suspended a significant chunk of the funds to Hungary citing irregularities in the related administrative processes. The government is hoping to strike an agreement under which it commits itself to pay a penalty and in return Brussels lifts the lockdown. EU money remains a key issue for the country, since, with the central budget already stretched and private sector spending muted, it is essentially the only source of finance for any and all investments.

Nonetheless, there are now far more favorable expectations about Hungary's future than before. After recession in 2012 and what is projected to be minor expansion between 0% and 1% of gross domestic product this year, Merrill Lynch now sees growth next year at an impressive 2.6%, higher even than the government's 2% forecast.



similar move that targeted energy prices earlier in the year. Once more, concerns arose that the events may lead to businesses collapsing, resulting in safety issues. For instance, the association of chimney sweeps warned that the price reduction would lead to smaller businesses folding, ending in a shortage of professionals, which could leave homes uninspected for ventilation prior to the winter heating season.

CAPITAL MARKETS

Busy Days On The Trading Floor

by GERGŐ RÁCZ

Just as with the overall economy, the equities market saw plenty of action in the summer months, with major market-moving developments emerging one after the other.

The heavyweight blue chips, OTP Bank and gas and oil group MOL, both saw news that adversely affected sentiment, foreshadowing doubts that will remain in the period ahead.

Once it became clear that the government is planning yet another campaign to bail out foreign currency mortgage debtors, it also became evident that any new measure would cost the banks. Before the plan was announced, OTP boss Sándor Csányi (pictured) rattled nerves when, apparently out of the blue, he sold HUF 11 billion (\$48.4 million) worth of his shares in the company, a fact which, not surprisingly, sent its stock price tumbling.

He later told the press that the reason for the move was his need to get liquidity for ambitious developments to his agricultural interests (see Business News Roundup, page 11). Nonetheless, the sale, along with the fact that Csányi became openly embroiled in a war of words with Prime Minister Viktor Orbán's chief of staff János Lázár, shows that there are cracks in what was earlier a very amicable relationship between the bank and the cabinet.

The government has received two proposals for the new wave of foreign-currency bailout from the Hungarian Banking Association, either of which, according to the association, would mean



Photo: Attila Kovács / MTVA

a financial commitment in the range of HUF 100 bln (\$440 mln) from the industry. Market participants will likely not be overjoyed by further pressure being put on the finance sector's profitability, and could be further disheartened should the Economy Ministry decide on an even more drastic package.

If there was one person disgruntled by Croatia's accession to the European Union it was head of MOL Zsolt Hernádi. The company's arm in the Balkans, INA, has seen tumultuous times since authorities started investigating suspicions of foul play over how MOL acquired its stake in the company. With Croatia's accession, any criminal proceedings or inquiries could go through far more efficiently should authorities issue a warrant.

Hernádi and MOL have resolutely denied all accusations that acquiring INA involved any form of graft, but investors

are nonetheless concerned, especially since events could play out in such a way that MOL will have to part with its treasured Croatian asset.

ON THE DEFENSIVE

So-called defensive stocks had a mixed summer. Magyar Telekom received disappointing news when the European Commission dropped an inquiry against Hungary's sectoral taxes on the telecommunications industry, after the European Court of Justice found similar provisions in Malta and France to be in line with EU law. This means that the special taxes that are already weighing heavily on the company's profitability are set to stay in effect for what the government says will be many more years to come. Drugmaker Richter chose the summer season to go ahead with its plans to increase its strained liquidity by slashing the nominal value of its shares to a tenth of the previous level. Analysts agree that the decision received a favorable market reaction and sparked take up from smaller investors who are more interested in a share that costs HUF 4,000 apiece than HUF 40,000. The company needs the liquidity after it was removed from a key emerging markets index because of muted interest for its stocks.

The Budapest Stock Exchange in general has undergone changes and introduced a new categorization system for its issuers. Even more importantly, the introduction of the new Xetra trading system is scheduled to go ahead in December.

The bourse is hopeful that the international platform will provide a much-needed boost to trade volumes in Budapest, as Xetra is a widely used standard that allows a bigger number of investors easier access to Hungarian stocks. Seeing the BSE's 37% year-on-year drop in traded volumes last year, any improvement will be appreciated.



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Serving Hungary's Economy

by **ROBIN MARSHALL**

The government's determination to reinvent Hungary as a manufacturing hub for the region has led to an inevitable focus on that sector of the economy, helped in no short measure by the presence of stellar brand names such as Mercedes. But it is not the only game in town, and it is far from the biggest contributor to GDP. Last issue Voice looked at the impact of manufacturing; now we look at the much more dominant service sector.

Since it came to power in 2010, the center-right Fidesz government of Viktor Orbán has deliberately sought to recast Hungary as a major manufacturing-based economy. That policy was given its most lucid articulation yet by the Prime Minister himself in a speech on June 7 marking the laying of the foundation stone for a HUF 70 billion (\$306 million) Bridgestone factory in Tatabánya.

"I say this to our guests; we rarely see comparisons of this nature in public, but three years ago, Hungary made an important decision. During the past ten years, an idea has evolved in Europe, which I think is a misconception, according to which the service sector will replace industrial production as the engine of the European economy. Three years ago, we said that this is a misunderstanding. Hungary must primarily develop its industrial production. The service sector is important, nobody underestimates its significance and there is good money to be made and many jobs can be created there too, but if there is no production, then there is no one to provide services to. Accordingly, we wish to turn Hungary into a production center. And the data to which I refer is that today, Hungary is ranked second or third among the countries of Europe when it comes to what percentage of the gross national product is derived from industry. The Germans are ahead of us by a head, and the Czechs by a head and a half, and if we can continue

these policies, then within two years Hungary will be the European country that generates the greatest proportion of its gross national product from industry, from manufacturing. I believe that this is the key to the future."

The government's drive to make sure the economy is able to stand on more than one leg is understandable, but the service sector has long been the major contributor to the Hungarian economy. The CIA world fact book listing for Hungary estimates that agriculture contributes 3.3% of GDP, industry 28.5% and services 68.2% (2012 estimate). The Encyclopedia Britannica puts some flesh on the bare bones of those statistics. "Throughout the last decade of the 20th century, the service sector's portion of Hungary's GDP rose at an annual average rate of about 0.5%. By the early 2000s, services accounted for almost two-thirds of GDP and of the workforce. Tourism played a big role in this development as Hungary became an increasingly popular destination for travelers, especially those from Austria, Croatia, Germany, Montenegro, Romania, Serbia, Slovakia, and Ukraine, most of whom arrived by car. There is also significant tourism via low-cost air carriers from Western Europe, as well as from the United States, Canada, and Australia."

Trying to establish the latest Hungarian figures for what the service sector contributes to GDP involves a degree of detective work. Interestingly, the Central Statistical Office website has a list of

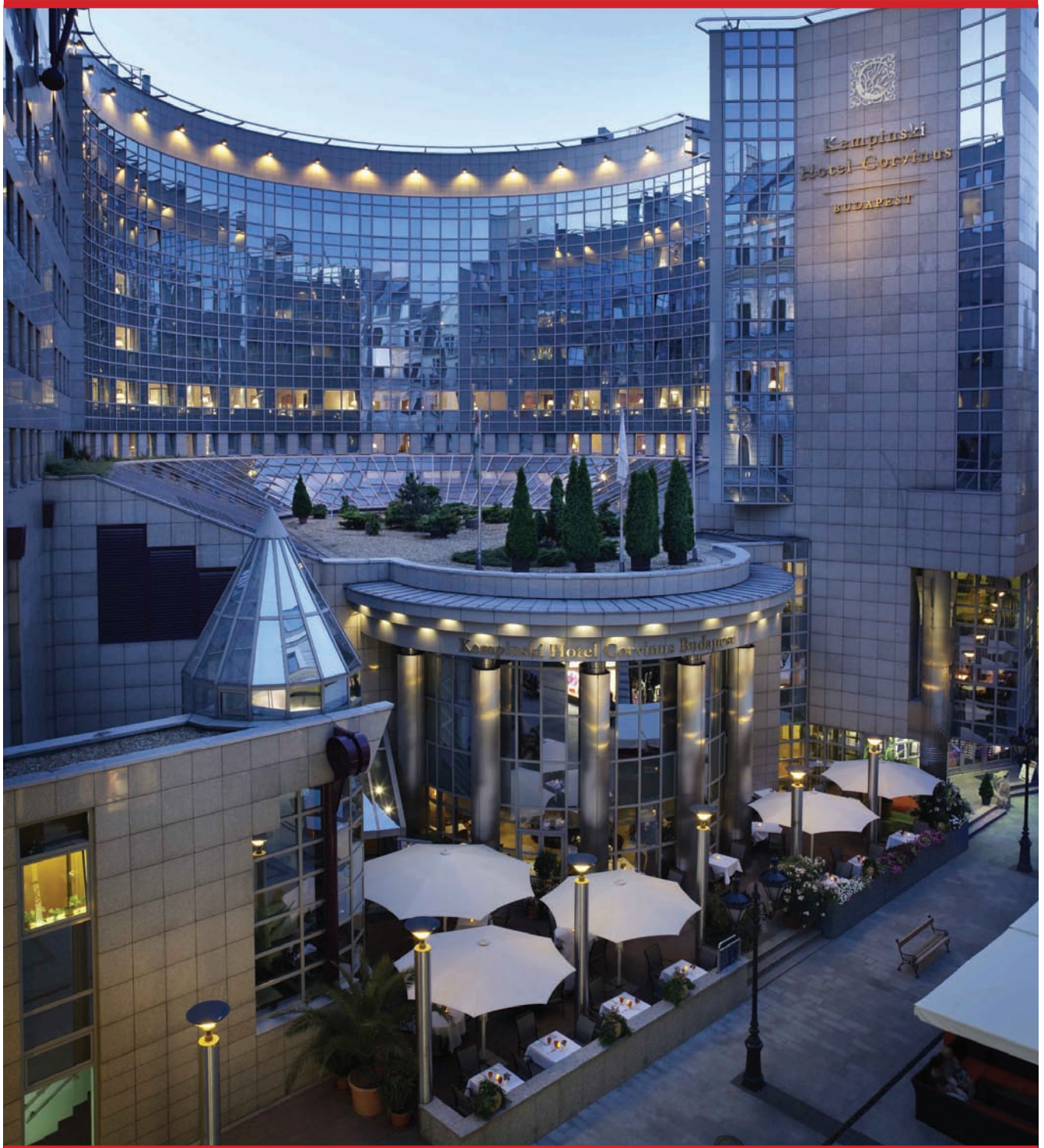
themes with quick links, which includes agriculture, industry, tourism and catering, but not services as a whole. That said though, the following is taken from its 'Statistical Report: Economy And Society January–April 2013':

"The output of the services sector went down by 0.8% in the 1st quarter of 2013 following the decline in the corresponding period of the previous year.

"Among non-goods-producing sections the output of business services decreased the most significantly (4%). The value added of financial services was 1.3% lower compared to one year before. Low activity continued to be observed in the lending market, and the output of the insurance division was moderated by a decrease in the number of assurance investments. The value added of wholesale and retail trade, accommodation and food service activities diminished by 1.1%, within which the falling output of wholesale and retail trade could not be compensated by the expansion – due to growing tourism at accommodation units – of accommodation and food service activities. In addition, decrease was recorded in the field of – the typically state-financed – public administration, education, health and social work activities (0.5%).

"The volume of value added rose at the highest rate in the area of real estate activities (0.9%). Furthermore, an increase was registered in the output of arts, entertainment, recreation and other services and that of the section of transportation and storage (0.6 and 0.4%, respectively). In the area of information and communication the value added in the first quarter practically stagnated (+0.2%) because of the high base."

For years, consecutive Hungarian governments have had a real success story on their hands in the attraction, retention and expansion of shared service centers (SSCs). A 2007 Ministry of Foreign Affairs press release was happy to make much of it.



“Over the last 5-6 years, there has been a significant shift in the proportional distribution of FDI inflows. Since 2000, more than half of the total capital invested in Hungary has flowed into the service sector creating numerous new jobs. The first SSCs were set up in the year 2000 and since then a constant growth has characterized the sector.

“Budapest, as the capital of Hungary, is center for all kind of business activities, where relatively low labor costs and

young, well-educated managerial workforce speaking several foreign languages can be found [...]

“However, Budapest with its excellent characteristics is not the only ideal location for successful shared service operations in Hungary.

“Deloitte’s Global Location & Facilities Services – a site selection consultancy with a track record of more than 47

location projects for SSCs over the last four years – has searched and examined Hungary for potential SSC locations. Five good – though admittedly little known – ‘pearls’ emerged from Deloitte’s analysis: Debrecen, Kecskemét, Pécs, Székesfehérvár and Szeged.”

Nor has the current government ignored the potential of shared services. The Hungarian Investment and Trade Agency (HITA) talked up the benefits in ‘Hungary:

TOURISM TIP

The government spent nearly half of the 2012 tourism budget, altogether HUF 6.4 billion, on supporting the Formula-1 Hungarian Grand Prix, business daily Világgazdaság reported. National Development Minister László Németh said in a parliamentary filing that the amount covered license fees, 50% of the broadcasting license and implementing strategic goals linked to the event.

A Proven Location For SSC Investments' published earlier this year.

"The first regional service centers appeared in Hungary in 2000. So far, around 70 companies have established their long-term presence here, employing more than of 30,000 workers. Among them we find ExxonMobil, IBM, Sykes, GE, Morgan Stanley, Diageo, Avis Europe, Lexmark, Celanese, Albemarle, and KCI.

"Service centers are usually founded with a relatively low registered capital. They gradually build up and expand their operations by adding new, high value-added activities to those initially introduced. Employing mainly fresh graduates and those speaking foreign-languages, each of these companies have created hundreds of new jobs. They will establish a center in Hungary in order to serve their own subsidiaries, whose clients are mainly firms from the CEE region. Most of the regional centers established in Hungary are involved in financial, accounting, HR, ICT and other back-office activities."

Back in 2010 PwC did a detailed survey of Hungary's SSC sector, reporting at the time that: "Forecasts show that the SSC sector is expected to create more than 2,000 jobs in the next two years which means a current 10% expansion extrapolating from known, committed plans in an industry that is seen as key to building a knowledge based economy."

One company that has continued to expand its presence is Morgan Stanley. In the spring of 2006 it opened a Mathematical Modeling Center in the capital, and later that year established its Business Services and Technology Center here, serving North America, Europe and Asia. Fields supported include information technology, mathematical modeling, finance, risk management and institutional securities documentation.

"The number one reason we came here in the first place was the availability of talent across a number of areas," says Norbert Fogarasi, general manager of Morgan Stanley Hungary Analytics. "That talent is also highly qualified: 40% of our mathematical modeling team have math or physics PhDs, but also very good English and communications skills."

There were, of course, secondary reasons for choosing Hungary, including time zone, ease of access and relative costs, but it was the people who sealed the deal.

"We have been very happy with the quality, although it is a very competitive market place, especially around experienced software developers." This year another 80 positions were added, taking total office size to around 1,000 (about half of these are technology roles); growth has been moderate enough that it has never proved impossible to fill posts, but it can take time.

Fogarasi acknowledges some concerns over the unpredictability of the regulatory environment, but notes that, to date, SSCs have not been hit with any of the sector-specific taxes introduced by the current government (although Morgan Stanley is a global financial services player, it has no banking activity in Hungary). "One area where we would like to see more done is in government initiatives around innovation. We work together with universities on various research projects, but there's no nationwide government program to encourage this. It is a really good opportunity, because it is a real win-win; it would be good for the country if the government were able to do more in this space."

He also understands general concerns some employers have about the suitability of the workforce that the university systems churns out – the complaint is often made that studies are too theoretical,



TOURISM TIP

Visitors arriving for the annual Sziget festival almost fully filled vacancies in the city's hospitality units, business daily Világgazdaság reported. In keeping with the festival's typically youthful audience, three-star accommodation and hostels were booked out well in advance.

and graduates lack life skills – but says Morgan Stanley works very hard in training and mentoring the 70 or so interns it has in Budapest at any one time, and has direct input into the curriculum of the Budapest University of Technology and Economics (BME), with which it has a strategic cooperation agreement. “We applaud the government’s efforts to alter the balance of quotas for state sponsored university places to turn out more technology graduates” he adds.

Like Morgan Stanley, T-Systems Hungary Ltd. (Hungary’s largest information communication company) rates the country’s human resources highly, with CEO Robert Budafoki describing a “highly qualified, trained and competitive labor force even by international comparison”. Annual turnover of software exports alone amounts to HUF 180 bln (\$786 mln) a year, with the ICT sector directly employing 80,000 people, although he estimates the total number of IT workers to be as high as 150,000. Government reforms of the employment and taxation environment are generally welcomed, though he notes that “the levying of special taxes on certain sectors presents serious challenges in the realization of cost-effective operations”. People, though, remain the focus. “One of the major challenges is to retain highly-trained employees. Hungarian ICT experts possess competitive knowledge even in international comparison, but the wages a company can afford to provide its employees are often not on a par with those offered in Western countries. One of the preconditions of development of

► THE NUMBER ONE REASON WE CAME HERE IN THE FIRST PLACE WAS THE AVAILABILITY OF TALENT ACROSS A NUMBER OF AREAS

the Hungarian ICT sector is to retain and enrich Hungarian knowledge capital, hence both the market and the government must take steps to ensure that the labor force demand of the sector can be satisfied in the long-term.” T-Systems provides development and learning opportunities to 250 young talents each year through its apprenticeship program. “Every fourth person in the program ends up being a full-time employee of ours,” Budafoki says. In terms of government support of the sector, Budafoki says he is broadly happy, though targeted spending of EU funds would certainly help. “I am convinced that the primary objective of the state is to ensure the incentives which can – via

means of development policies – improve the level of competitiveness on the whole. In order to realize our long-term sectoral strategy, a wide consensus must be reached on the role the sector should be playing in the national economy and value creation. Through joint efforts, unity and continuous dialogue, there is a real chance for making headway: I am not only thinking of reshaping the regulatory frameworks and the more reasonable distribution of development funds, but also of raising the level of ICT-awareness throughout the entire society. This is not only up to the government to achieve; it is also the obligation of the entire sector.”

SERVICE SECTOR

Belgian developer Atenor Group on June 25 inaugurated a €40 mln (HUF 11.8 bln) office building in Budapest, the first unit of its ‘Váci Greens’ complex. The 15,700sqm building is located on Váci ut, one of the capital’s main thoroughfares. It was built with Atenor Group’s own resources, said CEO Olivier Ralet. One-quarter of the building’s space is being leased at present, but it is expected to fill up by the fall. The plot has space for three more buildings with a combined area of 80,000sqm. A 20,000sqm building could be constructed on an adjacent plot.



He believes the government also has an important role in boosting vocational education and says that in the next EU budget for 2014-2020, it will be pivotal to place greater emphasis on improving what he calls the “informationization” of companies and digital literacy.

BETTER, BY DESIGN

One area where the service and manufacturing sectors clearly overlap and complement each other is, perhaps, not immediately obvious: design. As the Prime Minister said in that speech quoted above, “... if there is no production, then there is no one to provide services to.” Well, to extrapolate from that, if there are no designers, there is no production.

There have always been great Hungarian designers, from Bíró (of ballpoint fame, who gave his very name to the pen) to Rubik (he of the devilishly addictive cube) and beyond. The problem is that, like Biblical prophets, they have seldom been recognized at home. Miklós Kovács, for example, is the Hungarian auto designer who led the team responsible for the Kia Cee’d. You could say he went abroad to paint on a broader canvas, but Judit Osvárt, project leader for the 10-year-old Budapest Design Week, has a different interpretation, one that applies to all fields of design.

“He worked abroad because if you are a car designer, or a shoe designer, or a chair designer, you won’t find a job in Hungary. Hungarian designers are famous because their education is of such a high standard they can go anywhere in the world and succeed, but they go because there aren’t the job opportunities here.”

TOURISM TIP

Russia-based airline Yakutia has been enjoying success with its weekly Moscow-Hévíz flight this summer: Hévíz-Balaton Airport director Attila Benkő reported to business news outlet Világgazdaság that nearly 100% capacity is consistently reported for the 130-passenger flight. Benkő also noted that flights from five German cities (Berlin, Dresden, Dusseldorf, Frankfurt and Hamburg) are running at 70-80% capacity.



▶▶ HUNGARIAN DESIGNERS ARE FAMOUS BECAUSE THEIR EDUCATION IS OF SUCH A HIGH STANDARD THEY CAN GO ANYWHERE IN THE WORLD AND SUCCEED, BUT THEY GO BECAUSE THERE AREN'T THE JOB OPPORTUNITIES HERE

Changing that is, in no small measure, what Design Week is about, although its principal *raison d'être* remains, in Osvárt's words, “showing Hungarians how much potential there is in Hungarian design”. Last year some 60,000 visitors attended. Spread over 10 days between September 27 and October 6, this year will feature some 200 different programs (25% more than in 2012), some specifically aimed at introducing investors to designers. It is hoped more can follow the path of Hungarian fashion label Nanushka, now developing an international range designed and made in Hungary thanks to an investment made in early 2012. Osvárt says she sees this as a trend, and that she is hearing more interest expressed from both sides. Indeed, one of the workshops at this year's Design Week is being run

with the Hungarian Venture Capital Association. Designers will be offered free consultations on how to talk to investors, how to produce business plans, and the like. But HVCA members looking for investments will also be attending.

Osvárt has only been onboard since May, by which time most of this year's program was already set, but in the future she would like to see more of these types of events. “My personal aim is to change Design Week a little, so it is less an exhibition and more useful, not a fair as such, but a chance for designers to meet potential business partners.” She'd also like to see much closer cooperation between the various neighboring Design Weeks held in Vienna, Prague, and Ljubljana, all currently being staged at around the same time, so that a



much stronger regional presence can be built. "I want to coordinate this better in the future; it is on my map."

Change, she thinks, is around the corner. "I am absolutely hopeful for the future. I see a lot of talented designers, and I see the world changing a little in a way where it is not only huge multinational companies that rule the world, but also regional and smaller companies have a place. I think in time investors will found businesses here

SERVICE SECTOR

Prime Minister Viktor Orbán, Head of the Hungarian Academy of Science József Pálincás and Rolf-Dieter Heuer, Director General of the European Organization for Nuclear Research (CERN), inaugurated the new CERN data center, realized within the Wigner Research Center for Physics. Pálincás said that the 2,000sqm facility was built during the course of one year with Hungarian Government co-financing of HUF 8.5 bln forints (\$39 mln). The computers to be installed here will process data sent from CERN's Large Hadron Collider (LHC) in Switzerland.

DESIGN WEEK

Budapest Design Week is sponsored by the Hungarian Intellectual Property Office and organised by HIPAvilon Nonprofit Ltd., with the Hungarian Design Council and Design Terminal acting as its leading professional partners. For more on this year's Budapest Design Week (Design Hét in Hungarian), see designweek.hu <http://www.designhet.hu/2013>, also available in English, or its facebook page ([facebook.com/budapestdesignweek](https://www.facebook.com/budapestdesignweek)).

because they will find the labor for it: the creative minds and designers, but also the skilled workforce."

TOURISM TURNING A CORNER

For a variety of reasons, tourism was arguably hit harder by the economic downturn than any sector, with the probable exception of construction, but it is finally showing signs of recovery, Ákos Niklai, vice president of the Hungarian Hotel and Restaurant Association, tells *Voice*.

"The tourism industry still makes a significant contribution to Hungary's GDP, roughly 10% of the total. We have noticed an improvement in the number of guest nights and the number of guests over the last couple of years after many years of recession in the tourism and hotel industries," Niklai says.

It takes little in the way of rocket science to find the root of the problems facing hotels in particular. The financial crisis of 2007 greatly reduced business travel; the general economic crisis which followed impacted tourism, as people either stayed at home or didn't holiday at all. Finally, the crisis became a depression, and claimed the national flag carrier Malév Hungarian Airlines. Low cost airlines have maintained overall passenger numbers, more or less, but the mix has changed. Now, at last, there is some progress, but it is not all good news.

"The total revenue of hotels in 2012 was about the same as in 2007. We have more guests, but the revenue is not enough. If you consider the 5% increase in capacity and that the inflation rate in total is about 30% including the hike in energy

prices, the hotels, from a financial point of view, are in a much worse position than five years ago." Just how difficult is evidenced by the number of hotels either up for sale or now in the ownership of their creditors, as Tibor Polgár, general manager of the four-star Four Points by Sheraton Kecskemét Hotel & Conference Center explains. "The biggest hotel owner in Hungary today is [the country's second biggest commercial bank] CIB, part of Intesa Sanpaolo." The HHRA believes that a lot of the blame for that lies with the loose lending of the past. "Ten or 15 years ago you could get loans very easily, they were almost thrown at you by the banks without the need for a proper business plan or an investigation of the market situation," Niklai says. "I am not saying this is the case with every modern hotel; there are new hotels which meet a demand and are full, but in many cases hotels were financed that will never give a return on investment." All future hotel developments should be looked at very carefully by investors and financiers, he says. Polgár, whose 15 year career takes in everything from campsites around Lake Balaton to the five-star Hilton in Budapest, agrees. "Those hotels where there was no clear concept or strategy have gone bankrupt," he says. "The players who are present on the market today could survive – and they can grow stronger – by focusing on service and quality."

Positive growth has been seen in the numbers of younger travelers, often attracted by unique Budapest experiences such as the so-called ruin pubs. "We welcome this, even if they have limited budgets," says Niklai. "We see it as a kind of investment in the future: in 10 years, they might be important businesspeople and come back, as we often see with foreign students who study here." But they cannot plug all the gaps left by the demise of Malév. "Of course, there are not enough business travelers, not enough conference and incentive guests; this particular market segment seems to prefer to travel on traditional airlines, rather than low cost."

The tourism expert says Hungary could help grow that demand – host more MICE (meetings, incentives, conferencing and exhibitions) events and you will attract more – but one vital element is missing from the mix despite years of debate: a new conference center for the capital. "It is

SERVICE SECTOR

Romania's largest online retailer, eMag, majority owned by South Africa-based media group Naspers, has started operations in Hungary, Romanian business newspaper Ziarul Financiar reported on August 14. The emag.hu website is already accessible, but visitors cannot acquire products yet, though can register to receive future promotional messages. The retailer has also launched a recruitment campaign looking for people to manage its businesses in Hungary.

still a problem that we do not have a major convention center; it has been discussed at length by at least three different governments, and even now a proposal is under consideration by the current government, but we urgently need a facility with a capacity of 4-5,000 people."

If more conferences would help, it is fair to say more of anything would help. "The Rolling Stones played a concert in Budapest a couple of years ago and within a couple of days [of the announcement] all the hotels were fully booked," Niklai recalls. A similar story is true for the annual Formula-1 Hungarian Grand Prix weekend, a state investment he says is money well spent. "We would like to see even more major sporting events, which is why we are so happy the FINA World Aquatic Championships will be held here in 2021."

Beyond Budapest, in cities in the secondary market such as Kecskemét, Győr and Debrecen, the scarcity of conference facilities can become a real selling point for a lucky few, particularly if your focus is business and quality services, rather than domestic tourism, or spa and wellness. "There are maybe six hotels at the same level of quality and prices in the whole countryside; there is a very big fight to win business, but for 100 km around there isn't any competition at a comparable level to our conference center," says Polgár. That, in part, explains why the Starwood Hotels & Resorts group opted to make its second investment in the country (it also operates the five-star Le Méridien in Budapest), a decision taken in far from promising times. "The hotel opened in May of this year. Construction started two years ago, so the decision to go ahead was taken in the middle of the crisis. But even then Kecskemét was growing, with the Mercedes plant and lots of companies investing here."

Generally, the hotel association is happy with the government support, though there are caveats. The SZÉP Kártya, a state-supported incentive program which employers can offer staff, seeks to boost domestic tourism, among other things: Niklai estimates it is responsible for 23-25% of domestic guest nights. "This has been a very important step by the government and much welcomed." Elsewhere, though, state support is limited by budgetary restrictions. "Considering the limited amount allocated to marketing purposes, the work of the Hungarian National Tourist Office is very good," he says, but notes somewhat sadly that there has not been any spending on international TV slots promoting Hungary this year. "Our association would welcome a much higher amount for marketing at national, regional and local levels." Again, it is an assessment Polgár backs, arguing that it is an area where regional peers such as Croatia and Czech Republic spend much more. "If we could get more support from the government in terms of marketing – we have quality hotels and services, excellent gastronomy and culture, but we have to make sure people know about it – I think the sector could grow again and give better times than in the last five years."

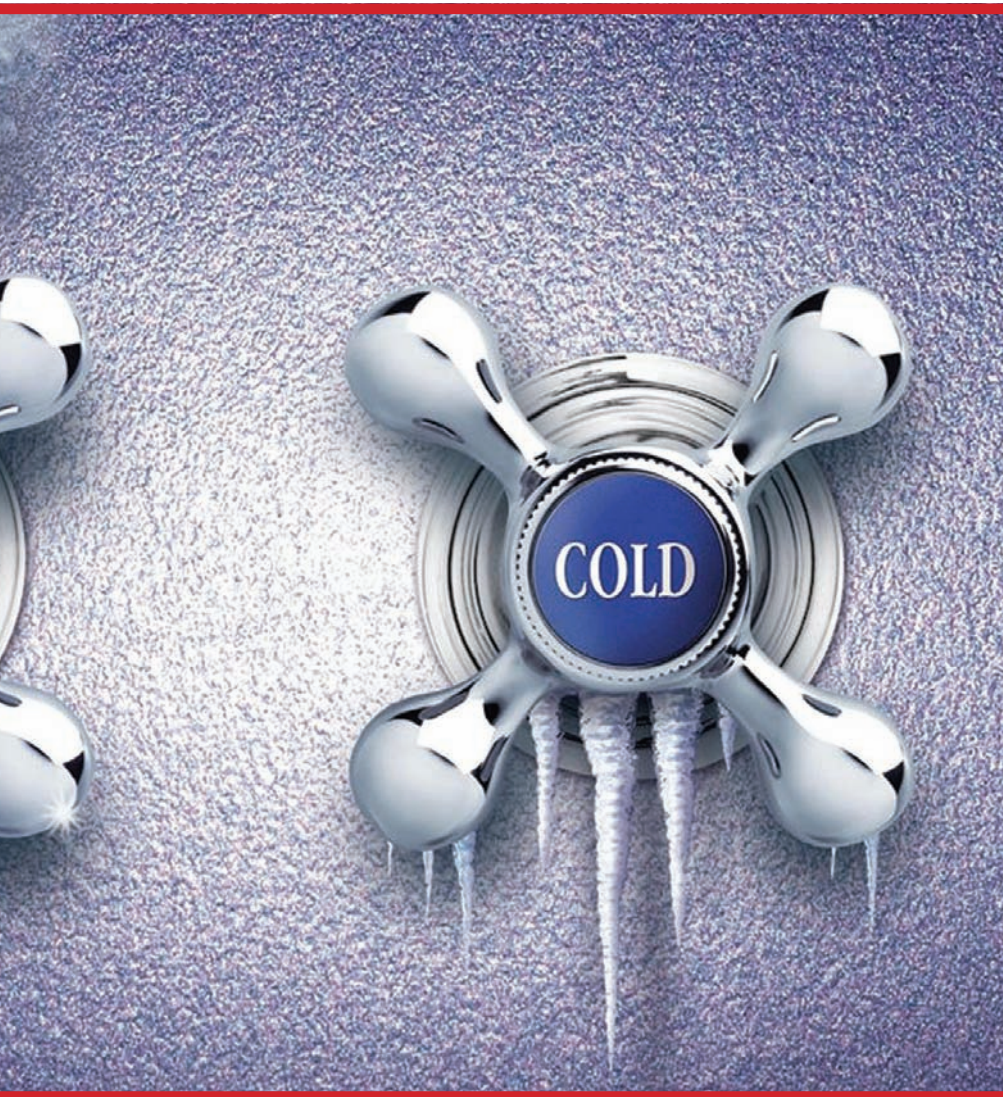
Gergely Horváth, deputy CEO in charge of tourism at the Hungarian National Tourist Office admits he would like to spend more on marketing, but says big, expensive international campaigns are the icing on the top. "We had 2,000 marketing actions last year," he explains. "We attended 91 travel and b2b and b2c fairs, we hosted 500 international journalists, and 300 TV people on study tours. That cost us €1 mln, but the media coverage those visits generated was worth more than €20 mln." Budgetary sources are also important, he says. "The Czechs have a similar

budget to us but they and the Poles can use EU funds for promoting the country. Fifty percent of the Poles' tourism budget comes from EU funds, about €10 mln per year. From 2007-2013 the Hungarians decided we could not use EU funds for marketing, but I think that in the 2014-2020 budget cycle it will be included, and I hope we can have a bigger budget."

The HNTTO currently has a tourism budget of €20 mln per year, though Horváth says he hopes that might stretch to €22 mln by the end of 2013.

The office has been concentrating its efforts on opening up new markets (the key countries remain Austria, Germany, Russia, the UK, and the United States) such as the Arabic region, South America (since marketing activities began last year, the number of Brazilian tourists have doubled), and, closer to hand, Croatia, Slovenia and Serbia ("where





every year we see a double digit growth”). But it has also looked at demographic breakdowns. “From the traditional markets the average age of tourists was very high. From the ‘90s Hungary had not been able to catch the younger generation, particularly from Germany, so we have been concentrating on them, showing them products that will be of interest to them.” With 80,000 mainly young, mainly international visitors now attending the Sziget music festival every year, similar attention will be paid to the missing middle aged tourists, he says.

Perhaps Niklai’s biggest gripe concerns the bed tax, which is paid to local authorities and, nominally, is supposed to be plowed back into tourism, though there is no legal requirement to do so. “This has been our proposal for 10 years: that it should be regulated by law that this money be used for local or regional tourism marketing, instead of as now, where it is widely

used for the operational or development purposes of local governments.” Polgár cites another area of concern: value added tax. “The VAT percentage in Hungary is very high compared to our neighbors. In Austria or Czech Republic there is 7-10% VAT on beds, where we have 18%. In terms of food & beverages, we pay 27%. It is very hard to be competitive on the regional market with those rates.”

For now, though, the market is what it is, and hotels and restaurants must make the best of it they can. For Budapest’s five-stars, that means room occupancy is up, but room rates are down. “You can get a room for €90 at the weekend,” the HHRA man says. Average hotel occupancy across the board though is at 45-48%. Niklai estimates it should be around 60% to make the hotel sector profitable. “The value for money equation is very positive in our favor. German or Austrian guests can get the same services

for 50-60% less than at home, which is a very attractive proposition.”

And one worth marketing; the annual ‘Budapest Winter Invitation’ program (three nights for the price of two, or four for three) will run once again this season, with an ever wider package of attractions thrown into the mix, such as museums and, from last year, spas. Some 60 hotels joined the scheme in 2012; Niklai expects a similar amount this season.

As for the Four Points, it will look to build on a promising start. “At the moment I am happy: we could reach our planned budget for the first three months.” Polgár admits. “We got a lot of interest from local companies in our conference facilities, but I always say we need to see what the numbers are at the end of the year.”

TOURISM TIP

Sólyom Hungarian Airways, the recently established airline that wants to fill the gap left by national carrier Malév, which collapsed in February 2012, is advertising to fill 35 positions, CEO József Vágó said in the August 1 issue of daily newspaper Magyar Nemzet. Sólyom, meaning Falcon, advertised the positions, including pilots and co-pilots, in a full-page ad in daily Népszabadság. The airline is expected to launch charter flights from early September and scheduled flights from early October. Sólyom’s first aircraft arrived at Liszt Ferenc International Airport Budapest from Britain’s Bournemouth on August 18. The Boeing 737-500, named after Álmos, the first acknowledged leader of what was then a loose federation of Hungarian tribes, will be used for the charter flights till late September, when a further five aircraft on lease are due to arrive in Budapest, Vágó said. The Boeings are leased from the British European Aviation Group. Vágó told the press earlier that Sólyom would initially fly its six aircraft to 22 destinations, including six European capitals. It plans to expand its fleet to 50 in four years, competing in the premium category rather than with low-fare airlines.

ANDRÁS TÖRÖK'S BUDAPEST

Looking Back And Looking

Budapest people talk a lot about the new metro Line 4 (the green line) due to go into operation this fall. As one press report is published after another, and even though many of us have had the chance to visit a station on organized tours, people find themselves in a kind of limbo between the bad feeling caused by all the delays and the high cost, and the enthusiasm induced by the opening hopefully being imminent. Let this be an excuse for looking back at the older lines.

The M1 under Andrásy út equates with smooth, quick transit, and historic décor. The M2 gives us small, narrow stations, a stormy ventilation system, but brand new, silent, state of the art trains. The M3 offers communist-era 'splendor', and terribly noisy, 40 year old Russian made trains. M4 will have wonderfully spacious and beautiful stations, and brand new, driverless carriages.



ONE OF THE ORIGINAL CARRIAGES IN THE UNDERGROUND RAILWAY MUSEUM IN DEÁK TÉR - PHOTO BY THE AUTHOR

THE FIRST METRO ON THE CONTINENT

Guidebook writers often resort to the above phrasing: of course, M1 was completed after the first London line (1858). The reason it was built was that the municipality would not permit a tram line on the newly opened Andrásy út. The solution was a tram just under the road. It connected the inner city and City Park, in time for the Millennium Exhibition (1896), when a large number of people had to be transported. In 1973 (the centenary of the merging of Buda, Pest and Óbuda), the M1 was extended and two new stops were added, neither as nice as the originals. At the same time the trains were replaced by the present, more modern ones.

FOLLOWING MOSCOW'S EXAMPLE

During the communist era, Budapest wanted to follow Moscow in every aspect. The construction of a Moscow style deep-line metro was launched and then soon abandoned. It was finally completed in 1976. It had narrow stations, painfully noisy trains, but it was a major step forward in the transport of the city. It crossed under the river, it revived Batthány tér and connected eastern and southern stops. The stations were renovated in a uniform style in the early 2000s, and new, friendly trains were imported in 2012, ones Budapest people love with all their hearts.





Forward: The New Metro Line



THE NAGYVÁRAD TÉR STATION OF THE M3 IN THE 1980S Fortepan.hu

UNDERGROUND RAILWAY MUSEUM (FOLDALATTI VASUTI MUZEUM)

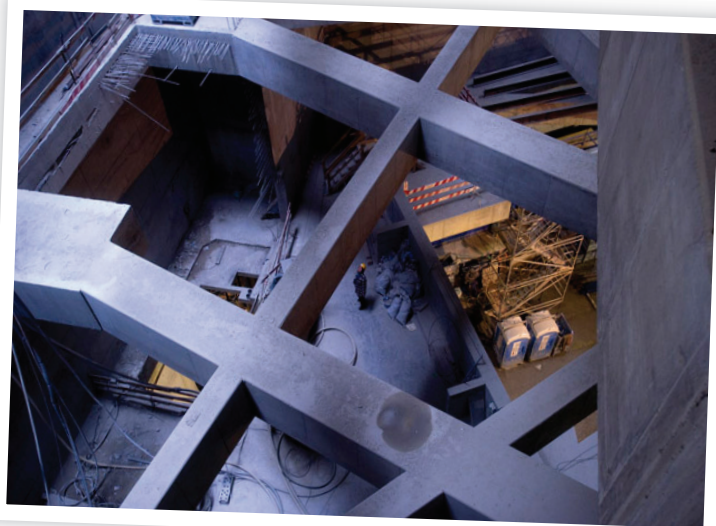
Located in the underpass beneath Deák tér, there are some old carriages sitting beside an original piece of platform from a short section of the first metro line, which became redundant when the new lines were built. A tablet in four languages near the entrance gives a short history of the “Franz Joseph Underground Railway” – the original name of the present M1. Walk to the end of the museum, where the story really begins: the little museum has preserved the smell of the old line. Unfortunately, you cannot usually go into the old carriages, but I’ve seen rare exceptions made. The entrance fee traditionally equals the price of the most common tram ticket. Open Tuesday to Sunday 10 AM to 5 PM..

NORTH TO SOUTH

The M3 was built with less hype. It was more a necessary step forward than a “great victory of the Hungarian working class”. It connects to the other two lines at Deák tér in a somewhat clumsy way. Part of it opened in 1976, and the rest was added in 1990, in the year of Transition. It has 20 stations, but part of the northern link was cancelled. In the coming decades – if the number of passengers is high enough – it may be extended to Ferenc Liszt airport. The line is in pretty bad shape these days, but some Budapest connoisseurs love to point out to their foreign visitor friends the great lamps of the old Russian made cars.

METRO ARTWORK

If you keep your eyes open, you can spot quite a few artworks in Budapest’s metro stations. You will most likely miss the one in the over-ground part of Kossuth tér station, to the left of the escalator. (‘Mother With Small Child’, by József Somogyi, 1972). Downstairs, in the same stop, you will certainly notice the bronze dog and sitting man (László Mátyás, Oláh, 2005), but it will probably not make much sense, since the blind man’s stick is missing from his hand; it was stolen, replaced, stolen again... It has ‘The Least Decipherable Title Anywhere In The World’: carved on the front of the dark granite pedestal it says ‘Teiresias’. You know: the blind Greek fortune teller from the Trojan War sagas. Arany János utca metro station has a very nice and complex artwork downstairs, see below. (János Arany was a great 19th century poet.)



KÁNYÁDI BENCH

It is the ‘Kányádi Bench’, which was conceived in a 1983 poem by Sándor Kányádi, who declared that his greatest ambition was to have a bench in the underground station (“Upon my soul/More Desire/I don’t have/Just/I wish I had/a Bench/Down/ at the Metro Station/Named after/János Arany.”) The poem is written on a clumsily designed brass plaque over the bench, which was unveiled on May 14, 2003 on the poet’s 74th birthday.



THE KÁNYÁDI BENCH IN THE ARANY JÁNOS UTCA STATION – PHOTO BY THE AUTHOR

THE GRANDIOSITY OF LINE 4

Some 140 years ago, when modern Budapest was created, the founding fathers wanted to build a new metropolis that was going to be one of the most modern cities of the times. Contemporaries criticized that overgrown ambition – but who remembers them? The founding fathers of reborn Budapest in the early 1990s, sketching out Metro Line 4 had this same oversized ambition. Unfortunately they lacked the expertise to keep costs at bay. Some experts even criticize the very project, saying that half the costs would have covered the modernization of the entire over-ground transit system. But the stations, oh boy! How beautiful and grandiose they are! They are very different from one another, but they have two things in common: there is natural light in each, and the main construction element is bare concrete. We may need another two generations to forget the controversies (and no doubt, we should learn from the mistakes), but Metro 4 will possibly be one of the reasons why one should visit Budapest. You don’t believe it? Wait until you see the stations!

UPDATE

AmCham Advocacy

Advocacy, by its very nature, is not always carried out in public; often, indeed, it is best that it is not. And yet, advocacy is one of the key roles performed by any business association. In order to keep members better abreast of what is being done on their behalf, AmCham has decided to share some information with readers of Voice in regular advocacy briefings.

PUBLIC PROCUREMENT ACT

On June 21, the Hungarian Parliament approved important changes to the Public Procurement Act. The adopted amendment demarcates clearer, more unequivocal rules than before. Furthermore, it has been welcomed that the amendment's authors relied on EU practice when deciding a number of questions.

"The changes introduced in June are generally all positive," says David Young, AmCham's First Vice President and chairman of the transparency subcommittee. "For example, in a clear effort to increase transparency the Public Procurement Office will now operate a record database in which all companies tendering bids must publish their related documentation. Also, the government institution tendering the bid must publish the available budget for the project," he explains.

"One common complaint in the tendering process in Hungary was that it was very difficult to make subsequent changes to your tender based on the comments of the tendering institution. Now, following the new changes, it will be much easier for the companies bidding for the project to make changes, such as adding a new subcontractor, during the 'remedying of deficiencies phase'."

It wasn't all good news, however. "On the negative side, the new changes still do not address several important areas where a lack of transparency creates an uneven playing field," Young warns. "One such

area is that bidders can declare their entire offer a business secret. In such cases public comparison of tenders is not possible. The new changes also do nothing to eliminate the ability of the tendering institution to invite a select group to tender, so-called 'unannounced invitations.'" The vice president says this is probably now the number one concern with the act. "It is easy to see how this situation can be abused." Finally, the law lacks clarity, he says. "It still contains too much generic and muddy terminology that makes possible interpretations and evaluations that are not fair to those involved. Overall, some improvement has definitely taken place, but there are still important sections of the law where a move towards precision of language and greater transparency would be most welcome."

WHISTLEBLOWER ACT

The Whistleblower Act was prepared by the Anti-corruption and Partnership Relations Department of the Ministry of Public Administration and Justice in mid-May. In its comments, AmCham welcomed the objectives of the draft legislation – to develop the complete framework of whistleblowing (defined by Transparency International as: "The disclosure of information about a perceived wrongdoing in an organization, or the risk thereof, to individuals or entities believed to be able to effect action".)

Among AmCham's recommendations were the need for more clarification on how to manage data in a whistleblowing procedure in a more transparent way, and on how to make the status of a procedure accessible online for the whistleblower. Other points

raised included: the protection of personal data should be secured by legislation during these procedures; more consistency is needed with respect to definitions and procedural issues; the definitions of behavior abusive to public interest should be broader; more clarification is needed on the rights and obligations of the "trusted lawyer"; the legislation should not regulate only the handling of data submitted in the electronic database, but also the data submitted in writing or expressed orally by the whistleblower.

DRAFT LEGISLATION BEING HARMONIZED WITH THE CIVIL CODE.

In July, AmCham submitted its comments to the Ministry of Public Administration and Justice on draft legislation that is being harmonized with the new Civil Code. Earlier, AmCham had sent its position on the White Paper, which defined the scope of necessary regulatory amendments and new legislation in order to create a regulatory environment that is harmonized with the legislative framework of the new Civil Code by the time it will come into force on March 15, 2014.

Then and now, AmCham has repeatedly noted that to establish legislative cohesion there are further areas that need to be harmonized in a timely manner, in addition to those that are part of the public consultation. In AmCham's opinion the current draft lacks some of the following regulations while some of these will be delegated to ministries responsible for the area, such as contracts in relation to trusts, different types of bank deposits, and regulations related to lease of premises for residential and non-residential purposes.

Unfortunately, there is no indication in the current drafts that the regulatory framework of cross-border relocation of corporate headquarters within the EU would be settled in the near future. This issue is very important for national strategic and competitiveness reasons, and is supported by EU-level decisions as well.

▶▶ THE CHANGES INTRODUCED IN JUNE ARE GENERALLY ALL POSITIVE.

Advocacy

ad·vo·ca·cy [ad-vuh-kuh-see]
noun, plural advocacies.

the act of pleading for, supporting, or recommending; active espousal: He was known for his advocacy of states' rights.

Origin:

1375-1425: late Middle English advocacye
from advocate -acy

AmCham stated again that it would be very important to see the official, detailed legislative reasoning of the new Civil Code, passed by Parliament, providing the outline and justification to this important piece of legislation.

The regulatory committee has also suggested specific changes to the text of the Bankruptcy Act and the Act on Court Execution.

HOW TO ATTRACT PRODUCTION BACK TO HUNGARY?

The AmCham Electronic Manufacturers' Committee (the members of which include Bosch, Flextronics GSS, Flextronics International, Foxconn, Jabil, IBM DSS, Nokia, NXP, Samsung, and Sanmina-SCI) and the Hungarian Investment and Trade Agency (HITA) conducted a joint session to follow up on one of the major messages from the Conference on the Electronic Manufacturing and Automotive Industry on June 3. At the conference Péter Szijjártó, State Secretary for Foreign Affairs and External Economic Relations, announced that a program would be launched with two main goals: to better utilize the opportunities of contract manufacturing and to attract those companies to Hungary that are planning to relocate their

production plants from the Far East to Europe. At the request of HITTA, member companies of the committee put together a detailed set of proposals on how to meet the above goals. These cover all the major factors that multinational companies evaluate when making these kinds of decisions, from the general investment climate to specifics, such as education, taxation, supply chain, workforce mobility, etc. Since the committee includes most of the major actors of this sector, its opinion and proposals are very important, and member companies are always welcome to contribute to these kind of joint efforts with their professional input.

AMENDMENTS TO THE DATA PROTECTION LAW

AmCham Hungary's regulatory committee has been active for more than two years. One of its flagship projects has been commenting on the data protection law before and after its adoption in late 2011, and maintaining a continuous dialogue with the government and the newly established data protection authority (NAIH) in flagging up data protection issues on the basis of our strategic cooperation established with the Ministry of Justice and Administration. Recently, the Hungarian Parliament adopted a series of amendments to the data protection law. We are happy to report that from

July 1, 2013, the prohibition on engaging sub-processors by data processors has been abolished. This was one of the most heavily criticized elements of the new data protection legislation, as it rendered cloud services practically unlawful. AmCham can be proud that it was probably the first organization to flag this issue to the government.

CONFERENCE PRESENTATION

CEO Péter Dávid and regulatory committee chairman Gábor Orosz gave a 20-minute presentation on the chamber's advocacy work and also the strategic partnership with the government at a conference organized by the Ministry of Public Administration and Justice on June 27.

STATE SECRETARY CZOMBA RESPONDS TO AMCHAM'S LABOR CODE PROPOSALS

Back in May, AmCham submitted its proposals to amend the Labor Code regulations regarding working on Sundays and public holidays in the manufacturing sector. The submission was a joint effort of several of the chamber's working groups, along with the electronic manufacturers', HR, labor & education, and regulatory committees. In response AmCham received a letter from the state secretary in charge of employment, Sándor Czomba, on June 11, thanking it for the proposal and reiterating that, in accordance with AmCham's letter, the main purpose of the new Labor Code is to provide greater flexibility in the field of employment. He promises to review the regulation concerning weekends and public holidays and also says that the government will include Paragraphs 101 and 102 of the Labor Code in the on-going public consultation, with the possible option of enlarging their scope, as well as Paragraph 135, Point 4 stipulating industries under the given regulation. Czomba says the government has undertaken an analysis of the similar Austrian and German rules and will decide which model would allow a more flexible regulation in line with the Hungarian Labor Code.

ENTREPRENEURISM

Women Of Entrepreneurial Excellence

Now being held for the fourth time, AmCham's annual Women of Excellence Award takes entrepreneurship as its theme this year, and for the first time since its inception has a new jury head: Edina Heal, country manager at Google Hungary.

The appointment makes perfect sense; she has been an entrepreneur, and understands the challenges of launching your own business as a woman, and when Heal was elected to the membership board of AmCham, she identified diversity issues as one of the areas where she wanted to make a particular contribution.

"This is the first real step in that direction," she told *Voice*. "Hopefully, I'll be able to come up with some ideas of my own in the future too."

Since it was established, WoE has looked to promote exceptional businesswomen: first those who had struck a great work-life balance, then those in senior managerial positions, and last year young leaders just starting out on their careers.

"As human beings we all – even men! – need role models, examples that show it is possible to do something, that people have gone before who have faced the same challenges and successfully overcome them, sometimes indeed to show us it is possible to do something we may not even have thought of," says Heal.

And with Hungary's economy in what she calls "pretty big trouble", this year's award also aims to show that, even in this environment, you can take responsibility for your own future and start to build. "What this country needs are more entrepreneurs with new ideas, building successful companies to help Hungary grow."

Edina Heal



Each time the award has received more than 50 nominations, with this year's closing date set for October 1. "That's when our work really begins, going through the applicants and whittling them down to perhaps 10 or 15, though that number is not set in stone: it could be 20, if we find that many equally impressive women, but it could also be eight," Heal explains. "Then the whole jury will meet personally with all of the finalists, and the award itself is announced on November 13."

WoE remains important because Hungary, like most of the region, remains strongly paternalistic at heart, says Heal. "Working for women is easier

in Hungary historically, because of communism's legacy" she points out. Women were expected to work as much as men. But that was imposed over a deeper-rooted belief, one to which the region has reverted since the collapse of the Soviet-era control economies. "In Hungary today it is also typical that it is the man who is expected to work, and the woman to look after the kids, the family and the home. But what happens if both are laid off? I believe that women are tougher and can stand up better in times of real hardship, as they are programmed genetically to help the kids survive at any cost. In these particularly tough times, we need to help inspire women to go ahead and try something on their own."

ENTREPRENEURISM

Building On Success

AmCham will look to develop its 'Start Your Business' series this fall, building on a successful second full season, says program leader Előd Solti.

"It will be a combination of building on what we have done this year and expanding where we can," says Solti, who runs his own management consultancy company, Solti & Partners Consulting, and is a member of AmCham's Governance and Transparency committee. "In September there will be the Entrepreneurship Summit, and the plan is to do a small start-ups exhibition there, then in October we return to Győr University, where we had a very successful visit this year. Next we visit ELTE in Budapest, and then we go back into the countryside to the Szent István University at Gödöllő."

When the program was first launched, it was largely Budapest-based. Last year there was a deliberate policy of spreading its reach by expanding out into the countryside. "I think we can say we had a successful season; we were able to reach more than 300 students, visiting four different universities – BME, Győr, Corvinus and Pécs – though we went to some more than once."



An innovation this year was the start-up exhibition. That was added to the usual program, which typically features short presentations by successful young entrepreneurs, followed by panel discussions with those business people and other experts in the likes of law, management, and venture capital.

"I tell the students that I wish I had been given this opportunity when I was at university. They get to hear from people who have actually started their own business, and we try to find younger people who

the students can better relate to: at the maximum the speakers are in their 40s, but most are around 25. But it isn't just that they hear the presentations and the panel discussions, they also get a chance to talk with the speakers and the panelists afterwards. They have an opportunity to ask exactly how something is done."

The program is constantly being fine-tuned to make it more interesting and relevant, Solti says. "We are trying to get cross-curriculum involvement from the universities. They obviously know their own institutions better than we do, but we can let them know what has worked well at other universities." But there is also recognition that a one off event will not, of itself, launch 1,000 new businesses. "If you just come along and listen to an interesting presentation, you might enjoy that, but that is not enough. If you really want to kick on and launch your own business, you will need to do more. That's why the chance to talk with the panelists, even for five minutes over coffee, is so important. But we also want to encourage the students to talk to each other, to their lecturers, and to use our Facebook page (A jövő vezetői), which is also a start-up resource. We are trying to build a support community."

Solti says he is indebted to sponsors Szecskay Law Firm, White and Case LLP and Ustream for their help, as well as to AmCham and the Hungarian Private Equity and Venture Capital Association. But most of all he is grateful to the speakers and panelists. "We had a little event to thank them in June at the end of the last season, and gave them a diploma in recognition of their help. I really want to continue with this team of 25 people, and get their ideas for what they would like to see and give back in the future. Without them, we would not be able to do such successful events, and they seem to like doing it, sharing their ideas; they really feel responsible for entrepreneurship, and also the various professions they represent."

SECOND ENTREPRENEURSHIP SUMMIT: WHAT IT TAKES TO BE A SMART ENTREPRENEUR

The Second Entrepreneurship Summit will focus on building smart and effective entrepreneurial capacity. Organized by AmCham, Budapest Business School, CEU Business School, the Hungarian Private Equity and Venture Capital Association, and the U.S. Embassy, the conference represents a dynamic partnership involving the academic and business communities; participants at the summit will include university professors and students, government representatives as well as those from the entrepreneurial and related business community in Hungary and farther afield. The goal of the one-day program is to take a close, realistic look at what it takes to become a successful entrepreneur in today's economy. The summit will offer state-of-the-art presentations by successful and aspiring entrepreneurs, along with business leaders and financiers who have a longstanding track record of backing winning entrepreneurs.

The event will take place at the Budapest Business School (BGF), Budapest 1055, Markó utca 29-31 on Thursday, September 26, and will run from 9 AM-4 PM. For more information, contact summit@amcham.hu or visit www.amcham.hu/upcoming-events

ROUNDTABLE

Consensus On Higher Education Reform

by ROBIN MARSHALL

In an unprecedented initiative involving academia and commerce, AmCham's Labor and Education Committee has presented the government a series of strategy ideas for reform of the higher education system in Hungary.

The proposals arose from a series of meetings the committee held with university leaders, initially aimed at explaining exactly what businesses were looking for in their future workforce, as committee chair Andrea Juhos explains.

"AmCham's mission has traditionally focused on the global competitiveness of Hungary. We consider human resources one of the most important factors of the competitiveness of a country, which is why the committee put this topic on its agenda for this business year. Our ultimate goal is that graduate students better meet the requirements of the business sector when they start work."

Juhos says that from several roundtable meetings, each dealing with a specific topic and attended by representatives of both academia and commerce, a set of concrete proposals was drafted and presented to the Ministry for Human Resources in mid-August. "The ministry was very open to our initiative and we expect that our proposals will be on the agenda when the strategy for higher education is finalized and turned into action items."

The committee's point man in pulling all this together was László Szépkúti, HR Director of Flextronics Global Services & Software Hungary. "We had thousands of ideas to chose from," he recalls. "From these we put together four main cluster proposals: taxation; how academia and commerce can work together more effectively; how internships can be made more efficient; and how to involve experienced industry professionals in the curriculum." He says the ministry has asked to meet a

smaller team to formalize next steps, and he is waiting on a date for that. But he is confident it will be more than a talking shop. "I believe this is the first initiative put together by both representatives of academia as well as those from industry. All of the proposals we made were deeply discussed and accepted and approved by both sides. I really appreciate the work of AmCham in facilitating this; without them it would have been impossible – the ideas of education and industry are not always the same!"

Reform of the higher education system will, necessarily, take time, says Dr. László Vasa, deputy head of cabinet for the Secretary of State for Higher Education at the Ministry of Human Resources. Discussions with all interested

parties, including student and lecturers' unions, as well as the universities and the Hungarian Chamber of Commerce, have been on going for some time. "The strategy will be based on a large consensus," Vasa insists. "In the last 20 years this will be the largest consensus agreed in the field of higher education, and we will have a historic chance to expand the quality of the education."

The strategy will be finalized this fall, after which the government can begin to formulate its plans and then ask parliament to change the necessary laws. Given the complexities involved, and the tight timeframe, most implementation is likely to come only after the 2014 general election.

Key elements are already clear says Vasa. Universities will be recategorized into a four-tier system. At the top will sit large multi-disciplinary centers of excellence, such as ELTE and Debrecen. Next will come smaller specialist universities like the Budapest University of Technology and Economics or Semmelweis, the oldest medical school in Hungary. Below that will be colleges, the natural home for the dual system combining internships at major companies with formal education. Finally, a new category of small, often rural community colleges will be created, which will need to be supported by the state but will be expected to serve the interests of their locality, offering adult education and the like.

The position of chancellor, well known in Europe and the United States but unheard of here, will also be introduced. "Rectors will continue to be the leader, to decide what and how to teach, but the chancellors will be professional managers who will run the budget and be in charge of the university staff."

Vasa says that while the strategy is still being evolved, it is too early to go into the level of detail AmCham have proposed. "Some of these are small, but very important, details and some are not within our control. Now multinational companies pay vocational tax directly to the state, but this was a great idea from AmCham: how about a new system where they can use this contribution to pay directly to an institution they already support through education and innovation? It's not our decision to make, but it is a really good idea. AmCham can help us develop an ideal concept, and then we will do our best to make sure the most part will be realized."



SURVEY

Stability And Reliability Needed For Investments

The results from AmCham's latest 'Investment And Business Climate Survey' show that respondents have faith in Hungarian economic growth but would welcome decisive measures increasing stability and predictability in the business environment.

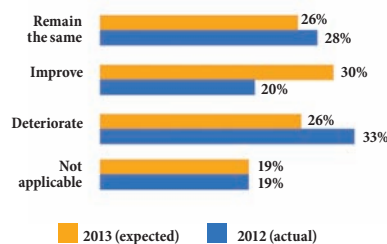
When asked about factors that influence investments, stability of taxes and market regulations came up as top expectations. While cost, bureaucracy and growth rates were almost as equally important as last year, in 2013 taxes and market regulations were at the top of all responders' list. Clearly an increase in the stability of the regulatory environment is strongly desirable.

The majority (52%) of companies do not plan to relocate any of their operations outside of Hungary in the coming years. However, 17% are considering a possible relocation. One in every four companies is planning new direct investment, whereas 41% have already decided against such an action.

Most leaders (52%) regarded changes in personal income taxation as favorable, but this is the only element of the business climate that is considered positive by a majority. Some 83% of company leaders regard recent changes in the government regulatory environment and stability of business regulations as less-than-favorable. The negative perception regarding equal treatment of all businesses (69%) and level of corruption (61%) is also significant. The present survey underlines the findings of other independent research. It is noteworthy that the perception of the level of corruption in Hungary is worse than previously among AmCham members: it is now seen less favorable by 61%, compared to 42% last year.

Responders added their own comments to the survey highlighting needs for

Evaluation of company performance in "new investment" for 2012, and expectations for 2013



"trust, confidence, predictable regulations, significant reduction of administrative burden" and requiring "less turbulence". Another CEO claimed that "... because of the government's rolling back of democratic institutions and checks and balances, the country's image has suffered greatly in Western Europe and the United States, thus discouraging new investment and investment by existing companies."

Although most respondents believe Hungary's overall competitiveness

declined in the last year, the rate of decline is slowing. The slightly positive change in the number of leaders claiming that the country's overall competitiveness has deteriorated has moved from 82% to 76%. At the same time, optimistic opinions of an improved competitiveness have increased from 8% to 11%.

In a regional outlook, Bulgaria is the only country in comparison to which Hungary is evaluated as more competitive (54%). Romania is seen as similarly competitive by 37%, whereas Slovakia, Czech Republic and especially Austria are evaluated as being more competitive than Hungary by 67%, 72%, and 83% respectively.

This year's findings suggest that decision-makers have become more optimistic about the future and while in 2012 many of them experienced a decline in the company's performance (in the areas of number of employees, profits, sales revenues, and new investments), for 2013 they clearly expect an improvement in these areas or hope that current levels remain the same (*see chart*).

In conclusion, it can be stated that AmCham members have a broadly optimistic view of their investment and the economic growth and performance in Hungary. If the economy is to improve, members have a strong wish for more transparency, lower levels of corruption and an improvement in the predictability and stability of the regulatory environment.

AMCHAM INVESTMENT AND BUSINESS CLIMATE SURVEY 2013

The AmCham survey was conducted between March and May in 2013, using the AmCham membership as a sample tool. The survey was sent electronically to top business executives (CEOs, CFOs) and thus answers reflect the opinion of top-level corporate decision-makers of member companies, and is an important indicator of top level corporate opinion. This assessment is based on the information provided in the 54 filled-out questionnaires. Those 54 companies employ altogether 52,369 people, and 49 of the companies had total annual sales in 2012 of HUF 3.526 billion, thus the average total annual sales of the respondents were approximately HUF 72 billion in 2012. Of the 54 companies, 22 (40%) have R&D activities in Hungary. AmCham would like to thank those members who participated in the survey for their time and valuable contribution.

FORUM

A New Agreement

by **ROBIN MARSHALL**

University tuition fees under a Socialist (MSzP)-led government would be scrapped, and a way sought to replace or remove sectoral taxes, party leader Attila Mesterházy told an AmCham business forum on June 27. A detailed economic program for a joint election campaign by the MSzP and the Together 2014 (E14) movement could be published by the end of July, he added.



challenge would be “building up again predictability and credibility in Hungarian economic policy”, an effort that will take time. “The first two years of the next government have to focus on rebuilding the economy and on how to put Hungary back on track to where again it will be a very popular place for investments.”

There was little in the way of declared policy, except in one of the three priority public spending areas identified by the MSzP (namely health, education and public transport). “From 2014 September, we would like to provide to all students who would like to enroll [in university] that they can do so without tuition fees. We are very much committed to a system where you do not need to pay,” Mesterházy said.

It was also made clear that the MSzP do not like the special sectoral taxes – and especially the current high level of the bank tax – but there was an acknowledgement that, with the Socialists estimating these levies generate HUF 800 billion (\$3.5 bln) in budget revenue, there was no realistic way of ending them all straight away.

In addition to restoring the country’s reputation, at least as the Socialist leader sees it, there was a recognition that the MSzP has to restore its own credibility. Gordon Bajnai, the head of the E14 movement, was the last Prime Minister before Viktor Orbán came to power in 2010, but he was running an MSzP-backed crisis management government after Socialist Prime Minister Ferenc Gyurcsány had been forced to resign in the wake of a secret recording of him admitting to party members they had lied “morning, noon and night” to get reelected in 2006. The subtext to what Mesterházy was telling AmCham was that there could be no repeat. “What I can promise, what we had to learn from the Socialist Party’s past, is our commitment and promises won’t be unrealistic,” he insisted.

Asked when any coalition details might be made public, Mesterházy replied: “I think we will be done in a month’s time. We started negotiations with the content because we have to be able to tell people what we would do differently to the current government.” Earlier, he had suggested talks about the economic program would not be difficult. “The two [parties’] economic programs are not so very different; to match these just needs, I think, one day. This is not the biggest problem in the negotiations.”

It is important that the parties in any future coalition understand each other’s priorities and principles before forming a government, he said, suggesting that had not been the case when the MSzP was last in power, with the now defunct Liberal Democrats (SzDSz) as the junior partner. Failure to reach understanding now could “cause serious problems” later, he added. For the present, though, the signs are good.

“Several experts have worked in both [negotiating] teams. There are [already] some good personal relationships.”

Should the Socialists be given the chance to form a government again, the party had to be realistic about how much it could achieve in one term, the Socialist’s leader said. “In the first two years we would concentrate on economic policy first, and the most important thing is we have to restart the engines of growth.”

Mesterházy was sharing the podium with Csaba Kákosi, described as the “mastermind” behind the MSzP’s economic policy. He was keen to reach out to the commercial world. “The first step we have to make is a new agreement with the business sector and the banking sector, because without credit financing there is no growth. We have to reboot the financing lines,” Kákosi said.

With investment levels at what Kákosi said was “a historical low”, the biggest

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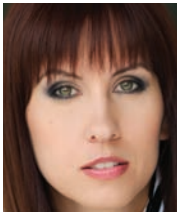
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ers On Board

BUSINESS



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Phone: **+36 1 351-9101**
Fax: **+36 1 351-9104**
Web: **www.hkstrategies.hu**

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NON-PROFIT



Erőforrás Alapítvány - United Way Magyarország



CEO: **Mr. Tamás Füzesy**
Address: **1061 Budapest, Andrassy út 11.**
Phone: **+36 1 236-9731**
E-mail: **uwhungary@unitedway.hu**
Web: **www.unitedway.hu**

As a member of United Way Worldwide, the world's largest, privately-supported nonprofit organization, the roots of United Way go back to the early '90s in Hungary. As an independent, self-funded Hungarian foundation, the organization has always had a strong commitment to strengthen civil society, promote the culture of giving as well as to spread the spirit of volunteerism in the country. United Way Hungary's activities are focused on three major areas: education, health and income.



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Phone: **+36 1 382-7560**
Fax: **+36 1 382-7570**
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The National Philharmonic is comprised of the National Philharmonic Orchestra, celebrating its 90th anniversary this year, led by General Music Director Zoltán Kocsis, the National Choir and the National Music Library. We reside in the Palace of Arts where we give high standard concerts with internationally acclaimed soloists and conductors. We also tour Hungary and abroad, presenting symphonic masterpieces, chamber and opera specialties and rarities. Besides live concerts we have produced numerous award winning recordings.



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For information visit our website at www.amcham.hu or contact our Membership Manager, Ms. Ildikó Takács-Berka in the AmCham Office
Phone: 428-2084, E-mail: ildiko.takacs-berka@amcham.hu

CHAMBER CORNER

A Principled Approach

AmCham Ukraine's President-CEO Jorge Zukoski talks us through the challenges facing one of Europe's largest AmChams.



Current campaigns:

The American Chamber of Commerce in Ukraine strives to improve the legislative and regulatory environment for the benefit of the private sector. The chamber's board of directors identified four policy priorities for 2013 aimed at increasing Ukraine's competitiveness, ensuring energy independence through equal access and fair competition, developing a more efficient and competitive agricultural industry based upon free market principles, and improving the legislative and regulatory environment for the food and beverage industry. Facilitating adoption of transfer pricing legislation and improving the country's 'Trading Across Borders' rating in the sphere of tax and customs policy; adopting food safety legislation and waste packaging management in the food & beverage industry; establishing a proper gas market framework and moving forward PSA regulation in the fuel & energy sphere, amending the Land Code with regard to land ownership rights, promoting PPPs and concession mechanisms for infrastructure development, deregulating the grain market, bringing import licensing of medicinal products regulation in line with EU standards – these are only the highlights of what the chamber's advocacy and lobbying activities are covering.

Notable successes since foundation:

Over the years the chamber has achieved a number of successes not only within

strategic policy priorities but also in many other spheres of its activities that remain crucial to moving the comprehensive reform agenda forward. The chamber initiated and successfully signed a Memorandum of Understanding on grain exports between industry and government that proved to be an effective mechanism for liberalizing the agricultural sector and protecting investors' rights. The chamber's fuel & energy committee developed and ensured adoption of the PSA legislation that facilitated the entrance of energy majors to the Ukrainian market. Adoption of comprehensive tax and customs codes provided long-awaited transparency and relative stability for investors.

What have you found to be an effective approach?

Two main principles have proven to bring the best results: partnership in relations with governmental officials, and an industry-based approach in relations with member companies.

We believe that the key instrument that will ensure the overall success of the Ukrainian economy is continuing the process of building a large all-inclusive partnership of interested stakeholders focused on increasing the country's competitiveness. This requires open dialogue, an ability to listen and understand each other's needs and

expectations, and finding ways to ensure that everybody's interests are taken into account. We have created a Partnership Coalition that now has more than 30 partners and includes ministries, other business associations, international expert organizations, etc. The coalition keeps growing not just in numbers but also in the quality of our contribution to Ukraine's success.

As an association that unites more than 600 members we have discovered that the best results in any advocacy campaign can be reached only if the challenge that needs to be overcome is common for the entire industry rather than one specific company. We provide our members with a number of effective and valuable tools for creating advocacy and lobbying strategies, however the common goal is to increase Ukraine's overall investment attractiveness and improve conditions for doing business in the country.

What has not worked?

The only project that fell short of our expectations was ChamberUnite – an internal social network for employees of chamber member companies that we created as an additional communication platform. After evaluating the cost-benefit ratio we realized that technically advanced platforms like Facebook and LinkedIn provide better results.

Historically speaking, what particular problems have faced businesses in your country?

Most of the challenges faced by investors working in Ukraine are similar to those faced in other post-USSR countries: weak rule of law and governance, an unequal playing field for market players, a dysfunctional judiciary, an unstable legislative framework, corruption, and sometimes administrative pressure.

Number one challenge facing Business today:

Corruption



VITAL STATISTICS

Name of Chamber: American Chamber of Commerce in Ukraine (Chamber)

When founded: 1992

Number of members (at foundation and currently): 19 - 640

Mission statement: The Chamber's mission is to unite leading organizations in Ukraine, irrespective of national origin, around common principles; provide an effective platform for networking, information sharing and achieving common goals; advocate for a business environment governed by the fair and transparent application of the rule of law to enable private enterprises to flourish; provide access to information, resources, contacts and business support services to facilitate new investment.

CONTACT DETAILS

CEO: Jorge Zukoski, President

E-mail: chamber@chamber.ua

Postal address: Horizon Park Business Center, 12 Amosova Street, 15 Floor, Kyiv, 03680, Ukraine.

Telephone: +38(044) 490-5800

+38(044) 490-5801 Fax

Website: www.chamber.ua

Slovenia Summer Training Retreat

This year a total of 22 participants, representing nine chambers (Austria, Bulgaria, Czech Republic, Hungary, Macedonia, Montenegro, Poland, Serbia, Slovakia and Slovenia) attended the annual AmCham regional training course. “It was a very diverse and dynamic group with lots of enthusiasm and commitment to AmCham,” says Ajša Vodnik, Executive Director of this year’s hosts AmCham Slovenia.

The annual summer retreat, for AmCham staff rather than representatives of member companies, is an opportunity to share best practices, problem-solving techniques and explore the possibilities for further, deeper cooperation between chambers.

“It’s always good to learn from others’ experience, trying not to stumble along the way, learning from mistakes and moving forward faster,” explains Vodnik.



“Such unselfish sharing of practices, opinions and new knowledge is always wise and refreshing. The selected topics for discussion were social media, the value of AmCham and how to manage changes that are occurring on a daily base.”

Vodnik said the highlight of the training was the ‘Best Of The Best’ section, where each chamber presented its best success from 2012 (be it an event, a program, or whatever). “This kind of exchange of practices offers chamber staff a valuable

insight in to what their colleagues in other countries are working on, what they’ve learned from their experience, and how they are solving the obstacles they encounter – not to mention inspiring ideas for possible future projects!”

AmCham Events -



*AmCham Hungary CEO Péter Dávid
with Jake Slegers, Executive Director of
AmCham Slovakia*



AMCHAM INDEPENDENCE DAY FAMILY CELEBRATION 2013

Sunday, July 7, 2013
Location: Gundel Restaurant &
Budapest Zoo



Photo Coverage

BUSINESS FORUM WITH ATTILA MESTERHÁZY, PRESIDENT OF THE HUNGARIAN SOCIALIST PARTY

Thursday, June 27, 2013

Location: InterContinental Budapest



Csaba Kákosi, coordinator of the Hungarian Socialist Party's economic program

Attila Mesterházy, President of the Hungarian Socialist Party



BUSINESS AFTER HOURS AT THE KEMPINSKI HOTEL CORVINUS INTRODUCING ÉS BISZTRÓ

Wednesday, June 12, 2013

Location: ÉS Bisztró at Kempinski Hotel Corvinus Budapest





Viktor Lénárt,
CEO of GROW Organization
Development Group



**MA ÉPÍTENI A JÖVŐT:
PRAKTIKUS TANÁCSOK KIS - ÉS
KÖZÉPVÁLLALKOZÁSOKNAK -
SZEMINÁRIUM- A HATÉKONY
ÜZLETI KAPCSOLATÉPÍTÉS
FORTÉLYAI**

Wednesday, June 5, 2013
Location: KoWerk Office

**AMCHAM CAREER
SCHOOL WITH
CAROLINA SCHULTEN,
MANAGING DIRECTOR,
DOUWE EGBERTS
HUNGARY**

Tuesday, June 4, 2013
Location:
AmCham Conference Room





SECOND INDUSTRIAL STRATEGY AND INNOVATION SUMMIT - IN FOCUS: AUTOMOTIVE AND ELECTRONICS MANUFACTURING

Monday, June 3, 2013

Location: Hilton Budapest



CEO'S NOTE

The Future's Business Flagship



How do you imagine the future of AmCham? Do you have ideas of what it should look like in five or ten years' time, what it should be doing and how?

Well, let me share with you my vision, dear reader, as I happen to have one.

If you ask me, AmCham in the foreseeable future will evolve into a smoothly operating business platform, equipped with the latest and coolest technologies. Together with our peer organizations across Europe (i.e. other AmChams) and the hub of transatlantic actions (i.e. the U.S. Chamber of Commerce), we will drive initiatives that bring direct economic benefit to the Central European region in general, and have positive impact on Hungarian businesses in particular. AmCham will become the point of reference whenever a rule is being assessed by legislators: whatever is good for AmCham is *per se* good for business and thus is good for the nation as a whole. To this end, the chamber will articulate the views of the business sector without any constraint, without mulling its words.

Needless to say, it will continue to refrain from forming direct political opinions. It will put in place structures enabling easy B2B interconnections, though what, exactly, they will look like nobody can tell today. On top of that, AmCham will encourage innovative and creative solutions, radically shortening the time necessary for implementing brilliant business ideas, and will motivate all member companies to bring to AmCham their very best, whatever it is. What is called a committee today, will serve as a cradle for investment and development projects in the future.

The future AmCham will not, in my humble opinion, be fundamentally very different from the current one. It will certainly be stripped of unnecessary and unproductive administrative burdens, so it will concentrate on actionable thoughts and will decidedly eradicate equivocation (what in American slang is simply called bullshitting, if you will excuse my bad language). Regardless of the ruling parties of Hungary or the political class, our chamber will be outspoken without being rude, will advocate American values and bring together entrepreneurs from all over Europe and the United States. It will continuously improve the business climate by fighting for greater transparency, making our market investment-friendly and enhancing the country's competitiveness. While these are top priorities for the present, I can hardly envision a country where AmCham will not have to fight for these goals. Last December, I was elected to be a member of the executive committee of the organization AmChams in Europe. It is a pleasure to belong to a small leading team shaping the future of the AmChams on our continent.

Péter Dávid

Ildikó Takács-Berka has taken on the duties of membership manager at AmCham Hungary from August. "I am absolutely delighted to be tackling this new challenge, and looking forward to working closely with and for our members," she told Voice. Ildikó has been with AmCham for 10 years as an event manager. She succeeds Csilla Pál who, after eight very successful years in the role, has moved with her family to take up new challenges and a new life in Ireland.

AmCham Staff

CHIEF EXECUTIVE OFFICER



**Péter
DÁVID**

peter.david@amcham.hu
Phone: +36 1 266-9880

CHIEF OPERATING OFFICER, COMMITTEE COORDINATOR



**László
METZING**

laszlo.metzing@amcham.hu
Phone: +36 1 266-9880/316

MEMBERSHIP MANAGER



**Ildikó
TAKÁCS-
BERKA**

ildiko.takacs-berka@amcham.hu
Phone: +36 1 266-9880/329

EVENTS MANAGER



**Anita
ÁRVAI**

anita.arvai@amcham.hu
Phone: +36 1 266-9880/325

FINANCIAL ISSUES, CHARITY



**Erika
BOSNYÁK**

erika.bosnyak@amcham.hu
Phone: +36 1 266-9880/312

MARKETING AND COMMUNICATIONS MANAGER



**Zsófia
JUHÁSZ**

zsofia.juhasz@amcham.hu
Phone: +36 1 266-9880/360

PROJECT MANAGER



**Ildikó
BRYJÁK**

ildiko.bryjak@amcham.hu
Phone: +36 1 266-9880/310

PROJECT MANAGER



**Judit
SZILÁGYI**

judit.szilagyi@amcham.hu
Phone: +36 1 266-9880/332

AMCHAM OFFICE CONTACT INFO

H-1051 Budapest, Szent István tér 11.
Phone: +36 1 266 9880 Fax: +36 1 266 9888
Email: info@amcham.hu
website: www.amcham.hu



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or Ms Zsófia Juhász (zsafia.juhasz@amcham.hu, +36/1 266-9880 ext. 360) at AmCham Hungary.

AMCHAM WOMEN OF EXCELLENCE AWARD 2013

SUCCESSFUL FEMALE ENTREPRENEURS



What do women need to succeed?

What makes a woman a successful entrepreneur? Creativity? Self-confidence? Innovative mindset? Flexibility? Reliability? Or all of the above? The goal of the Women of Excellence Award 2013 is to find the answer by recognizing women who run their own successful business.

If you know a successful female entrepreneur who deserves recognition, please nominate her for the Women of Excellence Award via e-mail at kivalosag@amcham.hu before October 1, 2013. The Women of Excellence Award of the American Chamber of Commerce was launched in 2010 and is designed to appreciate female role models in different walks of life.

Please visit www.noikivalosag.hu for the nomination form and other details.

The winner of the award will receive a custom-made one-of-a-kind rekavago bag.