



AMERICAN CHAMBER OF COMMERCE IN HUNGARY

VOICE

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Dear Members, Dear Friends,



Photo: István Nagyapáti

"There is nothing wrong with change, if it is in the right direction," said Winston Churchill. I can tell you that our plate at AmCham is full; a lot has changed since our last issue in December. We can only hope all is in the right direction. We have had Parliamentary elections in

the country, AmCham has a new Board of Directors and our search for a new CEO is nearing its end. And preparation, preparation and even more preparation is what keeps our plates full so that by the time the new government is in place, we can carry on the advocacy work we have been promoting since 2011.

We take pride in our past achievements of commenting on legislation and starting a dialogue with the government on a number of topics, and we will work even harder to make that list longer. As for our goals and vision, I recommend that you read the profiles of our newest Board members – first vice president Norbert Fogarasi, second vice president Ferenc Pongrácz and board members at large Bob Mansfield and Diána Stegena - on pages 4-8, they will fill you in on the details!

However, this year we are not only focusing on ongoing advocacy work, but we also have a special birthday to celebrate! AmCham is turning 25 in 2014; we have an exciting year ahead

of us and will do our best to give you plenty of advance warning to mark your calendars so keep an eye on your mailboxes. For the time being, please accept our 'Save the Date' and mark your calendars for November 14, the date of our Anniversary Gala in Parliament. We are also planning exciting discussions with global experts and futurists in what we are calling our 'Visionary Series'. Topics to be covered include robotics and automation, the role of networks in modern societies, innovation in healthcare and resource management. We hope to see you at these discussions, where we will be dealing with issues shaping our next 25 years!

Finally, let me thank the staff and especially László Metzinger, our acting CEO since last October, for managing the operations of the Chamber so smoothly and keeping our activities on track in the interim period. See you soon at an upcoming event or at a Committee meeting!

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INTERVIEW

An American In Budapest

by ROBIN MARSHALL

Board-member-at-large Bob Mansfield enjoys something of a unique position on the new board: he is the only member who is neither Hungarian nor American-Hungarian.

“Because of that I see things in a slightly different way, bring a slightly different perspective,” says Mansfield, Director of European Search at his family’s executive search firm Mansfield & Associates. “I have not been in the country as long as the others, I have a smaller company – it has a big reach but a smaller practice than many represented on the board – so I look through a different window.”

How an American with no links to the country ends up on the AmCham Board is an interesting question. “I first ‘discovered’ Hungary five years ago at the University of Pécs as a consultant with the Charles Simonyi Business and Economic Development Center,” he explains. The Simonyi BEDC has a link with Mansfield’s *alma mater*, Ohio University.

“I came back to the States and said ‘We need to be in Europe, and this is the place to do it from.’ I saw something and was determined to actually go for it, which I did two-and-a-half years later. I realized there was an opportunity and potential in Hungary being the place where we could start our European business. Since then it has broadened out.”

He quickly became a familiar face at AmCham events, and began to build a personal relationship with many of the



office staff, as well as joining the HR committee. That has put him in good stead for the step up to the board. “It has reaffirmed what I already knew. The staff and operations side of AmCham are excellent, there is nothing I have to bring to the table there.”

When considering running for the board, he says he did his ‘due diligence’, talking to people involved to find out more about the time commitment needed and where he might be able to help. “We talked about where I thought I could add value and where they thought I could best help, and they have been proven right thus far. I was pretty well prepared by the team before coming on board, which is one of the reasons I give such credit to the organization.”

The time investment he knew would be large. “I think it is the duty of board members to be present at as

many events as possible, to make sure everything is running OK, to host people, to see where things can be improved and value added. My main goal is to bring additional companies on board, mainly SMEs, and to reach out to Americans to be part of AmCham and feel comfortable.”

He has already had success with the former, with three new member companies signed up, and says he is working on others. It will be, he believes, a good measure of whether or not he has been a success as a board member. “We want to increase membership by 10% and I want to be a big part of that; I want to bring in 10 members over two years. I think that is an achievable goal.”

Is he enjoying the process of being on the board? “Absolutely. First of all, you get to work with just some good, good people. Secondly, the board is filled with people who are more experienced than me, so it is always a learning experience, both professionally and personally. It is not a room full of egos. Sure, everyone is really successful, but everybody is respectful of others’ opinions and prepared to work together for common goals.”

He went into the position with a mission statement, and while its goals still hold true, he says it is evolving over time. “I think it is important to be supportive, to help in any way the team deems necessary. I am really an open book to being involved, and as time passes I am finding more ways to get involved.”

And while two years is a long time, he already says he would be prepared to stand again for board election. And should he be voted in, that would be the definitive signal he has been a success.

PEOPLE

Health Is Growth

For healthcare professional and new AmCham board member Diána Stegena, the mission is simple: to educate Hungarian society, politicians, businesspeople and, yes, AmCham members about the cost effectiveness of good health.

“Politicians too easily see healthcare as a cost; we have to change that mentality so they see it as an investment,” says Diana Stegena, the Country Director of Amgen Kft., the Hungarian operation of the American multinational biopharmaceutical company headquartered in Thousand Oaks, California.

Without good general health in the working population, genuine long-term economic growth is not possible, she argues. “We have to educate AmCham members too. In the past 25 years there have been a lot of changes in healthcare; new technologies have become available, new innovative treatments, there have been rapid changes in biotechnology. We need change in the Hungarian healthcare system; some steps have been taken, we still need a lot more.”

The 54-year-old has not previously served on AmCham’s board, though she has been co-chair of its healthcare committee since 2013. From 2009 to 2013 she was a board member of the Association of International Pharmaceutical Manufacturers (AIPM). Has anything about AmCham surprised her since she joined the board? “Not really. I work for an international company, and I feel the same atmosphere; people are really open to learning, they listen to each other, respect each other. I like seeing young talented people from other industries, and I like that there are active females on the board.”

That, she says, is something she misses from the Hungarian political scene,



the presence of talented, charismatic female leaders. She would also like to see a more positive attitude in general, and a better understanding and application of ethical standards of behavior.

“As a country director for Amgen I see how important innovation is within organizational thinking, and how we could do business better here in Hungary, how much more flexible we need to be to improve, and I want to share this learning and knowledge.”

Part of her election platform was to see “more focus on healthcare-related topics”, and her healthcare committee has three big projects for this year. “We

are planning a meeting with healthcare decision makers for the end of May as part of AmCham Hungary’s 25th anniversary celebrations, with the topic ‘Health Is Growth.’” Most people have an opinion about the Hungarian health service, and often it is negative. Stegena accepts there are reasons for that, but wants this meeting to be more positive, to highlight the changes for the better in technologies, treatment and teaching over the past quarter decade.

A second event, planned for the fall, will hopefully be held inside Parliament, involving lawmakers interested or involved in the field. “It would be a kind of educational event for MPs, give them some idea of what we are trying to do, making it tangible for them that, when they are voting on healthcare related topics, they can either support things or put challenges in the way.”

Thirdly, there will be a healthcare survey of AmCham members before the summer break, with the results due to be published in the autumn. “We want to learn what companies are doing for their employees, how they are helping them overcome the challenges of a changed environment. As a result of changes made in response to the economic crisis, many more employees now have to multitask, and that can be quite stressful. What, for example, are companies doing to help improve work/life balance? Are they encouraging remote working or flexible work patterns?”

Stegena says she is enjoying being on the board, and learning from the process. How will she judge whether she has been a success once her two-year term is up? “I guess that comes from positive feedback, mainly from my committee, but also the AmCham Board and the office. And, if I have the energy at the end of it to go for a second run, to get positive support from the members.”

INTERVIEW

Redefinition And Evolution

For recently elected Second Vice President Ferenc Pongrácz, success at the end of his two-year term will be marked by empirical evidence – whether the membership has grown – and something less obviously tangible, how the chamber has evolved.

“AmCham is currently redefining itself as an organization,” says Pongrácz, who previously served as secretary treasurer from 2009 to 2011. One reason for that redefinition, he says, is that this is a very different environment to his earlier period on the board. “Back then it was a ‘business-as-usual’ mood, whereas now the world around us is a bit more challenging, much less predictable. AmCham is redefining its role and has to be more open to the changes, but that is true of any organization in this environment. And I see that as a positive; it is always exciting when you are building something new.”

Pongrácz is the country lead for IBM Global Technology Services and managing director of IBM ISC Hungary, one of IBM’s four legal identities in the country. He is married to a Pole (they both worked for PwC at the time and met at a training event in Budapest) and they have two sons, aged 10 and 12.

He says much of what AmCham does is good and should be built on. He is talking evolution rather than revolution. “I had a friend who worked for a motor manufacturer. He said that when they

designed a new model, they made it like the old one, but just a little bit different. He described it by saying ‘People do not want a new wife, just a new haircut.’ We should be like that. I don’t want a new AmCham, just a new haircut.”

Not evolving, not responding to the changed environment, is one of the major risks facing the chamber, the IBM man believes. Simply maintaining the *status quo* means AmCham runs the risk of becoming boring and less relevant. “We should become more services orientated; we should offer more services, more visibility, more value for members. AmCham should offer different things to different groups: we have large member companies and smaller companies, and they have different needs. We need to define what we do for all of them.”

He also thinks more use should be made of technology, and especially social media, to create special interest communities under the AmCham umbrella. “There are, I think, a lot of opportunities to provide more content for members who are interested in specific areas. We already do it, to an extent, with the working groups. We used to live in a world where you had a community around your home, another at your church if you went to one, and a third at your place of work, and that was it. Today we all have so many more communities. We need to serve our members’ needs in all these fields because if we don’t, others will. AmCham is already good value, but we need to make it even more so, and to communicate that.”

One thing is vital, the second vice-president feels, namely that AmCham continues to maintain its political neutrality, to offer constructive, professional support to whomever is



in government, but avoid backing one side over another. “AmCham has a good history of doing this, but we need to make sure we continue to be a trusted advisor, not a political player. We are not a chamber of American companies, but an American chamber of companies, and that means we have certain values, such as transparency; we need to stand by those values, to promote them, and to cooperate with everybody based on them.”

If that is a general, on-going challenge, Pongrácz also has something specific for this year that he says particularly excites him. “I have a special mission this year as coordinator of 25th anniversary-related activity. We have a team called ACT (Anniversary Core Team) and I am the responsible person for that. The focus is on the future; we will be talking about what we have done in the past, all the things we have achieved of course, but it is also very much about how we think about the future, with a focus on innovation and education.”

PEOPLE

A Step Up

“As first vice president, I am much more involved than before and it is very rewarding to be working closer with such a highly regarded organization,” says Norbert Fogarasi, who was elected to his latest role after a two-year stint as board member-at-large.

“**T**he step up from being an ordinary member to joining the board was already quite considerable and I thought the gap from board member to vice president would be smaller. Actually it has proved to be another big notch up,” Fogarasi says.

The two vice presidents join the secretary treasurer (Péter Fáth, also reelected to a second term in the role at December’s annual meeting) and president Willy Benkő on the executive committee. “In addition to the monthly board meeting, we have a monthly EC meeting which ensures we are more involved in the day-to-day running of the chamber. Of course, it is more time consuming, but also very rewarding. There are a number of similarities with my role as General Manager of Morgan Stanley in Budapest,” Fogarasi explains.

When *Voice* interviewed the Morgan Stanley GM two years ago, we compared the experience of joining the board to watching a swan crossing a lake. From the surface, from the outside, all is calm serenity. Below the waterline, on the inside, there is some industry-level paddling going on. “The swan is paddling even harder now,” he jokes.

So what must the move up to the president’s role be like? “From the experience I have had in becoming first vice president, it is clear to see that it is another level up. Willy is the face of AmCham for his term and as president you are much more exposed.” Is it a role that would interest Fogarasi? “I am just focused on my role as first vice president, and working closely with Willy during his term in office.” There are other responsibilities in



Fogarasi’s career. Aside from a very major job leading more than 800 employees at Morgan Stanley in Hungary, he had handed in his PhD dissertation on the day we spoke, and he has two small children at home. “At the moment, I am juggling four major responsibilities in my life: my family, Morgan Stanley, AmCham and my PhD.” It is helpful in that sense, then, that he looks on board membership as part of his Morgan Stanley role as well. When he first stood for election, he said one of his aims was to raise awareness of the company in Budapest and the high number of career opportunities for professionals and graduates in Hungary. Being a global firm, the Budapest office also plays a part in the service Morgan Stanley provides its clients on a global basis.


This is an interesting time for AmCham. On the one hand, the run up to the general election means a ratcheting back on events involving politicians and lawmakers;

as a strictly apolitical organization, the chamber does not want to get dragged into electioneering. At the same time, the search for a new CEO has meant more work for the office, the EC and the board. None of that dims the appeal of the organization, however. “I have really come to love AmCham; I devote a considerable part of my professional life to it. It is unique, really, in the Hungarian business world. I admire the history and the organization of the chamber: I truly believe it is one of the most influential business organizations in the country.”

Remarkably, we have got this far in the interview without mentioning Fogarasi’s other great passion, chess. “It didn’t even make it into my top four, did it? That’s how little time I have now. But I must start playing again. We have our Morgan Stanley interoffice global chess challenge coming up for the third time. New York won it the first year, but we won it last year and I am keen to defend our title!”

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Business **NEWS** roundup

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

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



BUDAPEST-BASED HORIZON DEVELOPMENT INAUGURATED THE €30 MLN (\$41.3 MLN) RENOVATION OF A LANDMARK OFFICE BUILDING IN CENTRAL BUDAPEST. THE EIFFEL PALACE WAS BUILT IN 1894 AS THE HEADQUARTERS FOR THE NEWSPAPER PESTI HIRLAP. LETTING MANAGER ISTVÁN KERÉKES SAID 65% OF THE BUILDING'S AREA HAD ALREADY BEEN LEASED.

New York-based U.S. aluminum company **ALCOA** laid the cornerstone of a \$13 mln (HUF 2.9 bln) expansion at its wheel plant in Székesfehérvár on March 17. The investment will double capacity at the plant. "Demand for Alcoa's forged aluminum wheels continues to grow in Europe, as emissions regulations drive up the need for stronger, lighter and easier-to-maintain wheels that increase payload, reduce maintenance costs and enhance sustainability," said Tim Myers, President, Alcoa Wheel and Transportation Products. Construction of the expansion started in January 2014 and is expected to wind up early in 2015. The investment will create 35 jobs.

China-based **BBCA** will start building a \$100-150 mln (HUF 22.6-3.9 bln) citric acid plant in Szolnok in Q2 this year, mayor Ferenc Szalay and BBKA chairman/CEO Li Rongjie announced

on March 25. The plant is expected to be completed by the end of 2015 and to produce 60,000 tons of citric acid from 100,000 tons of maize per year.

Franklin Lakes, New Jersey-based medical supplies company **BECTON DICKINSON** has completed a HUF 3 bln (\$13.2 mln) expansion at its plant in Tatabánya, (60 km northwest of Budapest) business daily *Napi Gazdaság* reported on February 25. Headcount at the plant could rise by 200 to 700 this year, the paper said. Last year, the unit made 200 new hires.

Agribusiness **BONAFARM** could be set to begin construction on a HUF 13-15 bln (\$57.1-65.9 mln) slaughterhouse in Mohács (southern Hungary) in what would be Hungary's largest such facility. According to news daily *Népszabadság*, road and utility construction could begin by June,

with erection of the abattoir to begin sometime in the second half of the year. The newspaper cited no sources.

UK-based **BRITISH AMERICAN TOBACCO** will build a HUF 9 bln (\$40.3 mln) plant in Pécs, city and company officials said on January 23. BAT's existing plant in Pécs will continue to operate, said mayor Zsolt Páva. Output at the base in Pécs will double, making it Europe's second-biggest cigarette manufacturer, he added. Production at the new plant will start in Q4 2014, said BAT Pécsi Dohánygyár official Attila Tóth. About 90% of output will be exported. BAT bought its existing plant in Pécs in 1992.

Germany-based automotive industry supplier **CONTINENTAL** will move production lines worth tens of millions of euros into its plant in Budapest in the second half of this year, business daily

Világgazdaság reported. Continental Automotive Hungary managing director Róbert Keszte informed the paper that decisions were now being taken on production lines that would operate for the next five years. Continental plans to make more than 100 new hires at its bases in Budapest and Veszprém. About 1,600 people currently work at the plant in Budapest.

DENSO MANUFACTURING HUNGARY, a subsidiary of Japan-based automotive component manufacturer DENSO, will implement a HUF 29 bln (\$128.3 mln) expansion at the unit's plant in Székesfehérvár, DENSO Manufacturing Hungary President Jiro Ebihara announced at a joint press conference with Prime Minister Viktor Orbán on March 25.

Auburn Hills, Michigan-based automotive-leather manufacturer **EAGLE OTTAWA** will make a HUF 446 mln (\$2 mln) investment to develop technology and infrastructure at the company's finishing and cutting plant in Szolnok (120 km southwest of Budapest), the company told *MTI*. Eagle Ottawa said it would finance the investment through funding from the government's New Széchenyi Plan. The company expects to hire 50 more workers.

Newtown, Pennsylvania-based software developer **EPAM SYSTEMS** plans to increase headcount by 350 this year at its Hungarian subsidiary and European headquarters, the company told *MTI* on April 2. EPAM Systems Hungary employs more than 1,000 people at its bases in Budapest, Debrecen and Szeged at present. The company counts Coca-Cola, Microsoft, E-Bay, Viacom, Hotels.com, SAP, UBS, Adidas, MTV, and the U.S. Red Cross among its business partners.

Munich-based electronic component manufacturer **EPCOS** is investing HUF 10.5 bln (\$46.2 mln) at its base in Szombathely (western Hungary) to boost capacity by 20%, company officials announced February 18. The investment will add new automotive components to the production palette and will create 220 jobs over the next three years. Construction is slated for a springtime start and for completion by December; production lines are to be installed in January

2015. EPCOS already employs 1,700 in Szombathely.

Privately held U.S. drug R&D company **Evestra**, based in San Antonio, TX, has signed a collaboration partnership agreement with Hungarian drugmaker **Richter**. Evestra will perform certain research and development activities on contraceptive products in exchange for licensing the commercialization rights for certain territories outside the United States to Richter, Evestra said on its home page. The deal consists of upfront payments for research and early development funding, as well as clinical development, regulatory and sales performance milestones, and royalty payments on net sales.

Financial Times group publication *fDi Magazine* named Budapest as the most attractive city in Eastern Europe in 2014-15 in terms of foreign direct investment. Budapest topped some 467 other European cities/regions in five categories, among them economic potential and business-friendliness.

The Hungarian subsidiary of Palo Alto, CA-based IT giant **HP** has reached a milestone, producing its 2,500,000th magnetic tape data storage drive at its Budapest plant on January 31. Announcing the achievement, **HP Magyarország** CEO Gábor Gonda explained that, when production of the LTO 6 drives began in 2002, the storage capacity was 200 GB; today, 6.25 TB is savable. HP Magyarország currently employs 2,500.

U.S.-based synthetic biology specialists **Intrexon Corporation** has announced its expansion into Hungary with the purchase of laboratory operations in Budapest from biocatalyst developer **Codexis, Inc.** No layoffs will be made, and the Codexis lab will be repositioned as part of Intrexon's Industrial Products Division (IPD). Intrexon seeks to develop bio-production of active pharmaceutical ingredients at the lab. In announcing the decision, Peter Seuffer-Wasserthal, Intrexon VP for business development in Europe and Asia, stated that "The state-of-the-art industrial development facility and team we have acquired not only expands our current IPD operations, but its location in Budapest will enable us to

continue growing our interests abroad and strengthen our ability to service the European and Asian markets."

Danish toymaker **Lego** inaugurated a €200 mln (\$275.8 mln) expansion of its production capacity in Nyíregyháza on March 25. Expansion of the 122,000 sqm plant created 250 jobs, bringing headcount at the company's base in the city to around 1,500.

London-based financial software company **Misys** said on February 10 it had signed an agreement to acquire 100% of Hungary's **IND Group**, which makes online banking software. Misys did not disclose the price of the acquisition, but industry insiders said the deal could be worth more than HUF 10 bln (\$43.7 mln). IND Group is owned by four private Hungarian individuals, employs 250 people and had revenue of more than HUF 5 bln last year. "The market for digital banking is exploding. More than half a billion people already use mobile devices for personal banking and this is set to double in the next four years. This deal reinforces our digital banking proposition in this rapidly expanding area by adding world-class consumer-oriented solutions to our offering," said Misys CEO Nadeem Syed. Misys and IND Group have been business partners since the spring of 2013.

Morristown, NJ-based **QPharma, Inc.** will build a HUF 10 bln (\$43.9 mln) food-supplement plant and microbiological laboratory in Bicske, CEO Csaba Tobi announced on March 21. Tobi said the company would seek European Union funding for construction of the 12,000 sqm facility and that some 200 new jobs would ultimately be created. Completion of laboratory facilities is slated for the end of 2015, with the entire project scheduled for a December 2016 finish.

Gaithersburg, Maryland-based VoIP equipment manufacturer **Patton Electronics** introduced three new business partners to deliver its products in the Central Eastern Europe region. Along with suppliers based in Poland and Cyprus, Young B.T.S. will now serve as Hungarian distributor; Patton has also promised that Hungarian-language customer support will be provided.

U.S. fast-food sandwich restaurant **Subway** would like to increase the number of franchises operating under the company name in Hungary to 100 over the medium-term from the current number of 14, Subway Regional Representative Katalin Sempers said in Szeged, south Hungary on December 16. Sempers was in Szeged to attend the opening of the newest Subway franchise in Hungary, state news agency *MTI* reported.

Cincinnati, OH-based consumer goods maker **Procter and Gamble** inaugurated a HUF 20 bln (\$88 mln) disposable nappy plant in Gyöngyös on March 11. The plant will employ 150 people. P&G already employ 800 people at a plant on the outskirts of Budapest. Speaking at the ceremony, Prime Minister Viktor Orbán said the U.S. company had created 1,000 jobs in Hungary and had 400 business partners. The company

has also played a significant charitable role, he added.

Port Washington, New York-based computer seller **Systemax** opened the company's shared service-center in Budapest on March 12. Foreign Trade State Secretary Péter Szijjártó said at the inauguration that the opening of the service center provides further evidence of the success of the government's economic policy aimed at attracting an increasing number of multinational companies to Hungary. The center, which will conduct sales and marketing activities as well as back-office and administrative operations aimed at promoting Systemax's European expansion objectives, is expected to create 505 jobs.

Japan-based **Takata** held the ceremony to lay the cornerstone of a €68 mln (\$93.6 mln) airbag/car safety systems plant in Miskolc on March 12. CEO Shigehisa Takada said Hungary was chosen as the

site of the plant from several alternatives because of its developed infrastructure, strong industrial background, availability of skilled workers and good technical universities. Prime Minister Viktor Orbán said the project was the biggest greenfield investment in Hungary since automobile manufacturer Daimler completed its plant in Kecskemét two years ago. Takata expects to employ 1,000 at the Miskolc facility.

Road haulage company **Waberer's** inaugurated a HUF 18 bln (\$79.9 mln) investment representing some 500 trucks in its fleet of vehicles on March 27. Speaking at the ceremony, Prime Minister Viktor Orbán praised Waberer's for its success and wished that all privatization processes could have been pulled off so well. György Waberer established the business with partners when the now-defunct Volán Tefu was privatized in 1994. The latest investment is expected to create some 600 jobs.

General Electric opened its shared service centre on Váci út in Budapest on February 18, with Prime Minister Viktor Orbán, GE Global Operations vice president Shane Fitzsimmons, GE Europe chairman/CEO Ferdinando Beccalli-Falco and Joerg Bauer among the attendees. Orbán acknowledged the longstanding friendship between GE and Hungary, going on to note that the center promised to create some 1,300 new jobs "over the next few years". Bauer stated that 200 hires had already been made. GE is the largest U.S.-based investor in Hungary with 12,700 employees, 12 plants, three R&D centers and three regional business hubs.

On March 14 GE inaugurated an 8,000sqm plant that will make unit control panels (UCP) for combined gas and steam turbine (COGAS) power plants at its base in Fót, on the outskirts of Budapest. The expansion has created more than 100 jobs, including 40 for engineers, according to Foreign Trade State Secretary Péter Szijjártó, who was in attendance at the inauguration ceremony. **GE Oil and Gas** manufacturing manager Davide Marrani said Hungary continued to play a key role in the life of GE. The company is the single largest U.S.-based investor in Hungary and the country's third-biggest exporter. With 12 plants, three regional business centers and three research and development units, GE currently employs more than 12,000 in Hungary.

The central government and **GE Healthcare** have signed an agreement to launch a joint-run HUF 11 bln (\$50 mln) healthcare IT development, National Development Ministry State Secretary Vilmos Vályi-Nagy has announced. The government will contribute HUF 6 bln

(\$27.2 mln) to the project, which involves establishment of computer communication between various types of medical equipment and databases. The project will be undertaken at Pannon University, the University of Szeged and the National Oncological Institute in Budapest.

GE Hungary is working with partners to develop solar-powered LED street lighting supported with a HUF 571 mln (\$2.5 mln) grant from the Research and Technology Innovation Fund. GE Hungary is working on the project with the Computer Science and Automatization Research Institute and the Natural Science Research Center of the Hungarian Academy of Sciences, as well as with the Budapest University of Technology and Economics. The lighting system generates more energy on average than it consumes, GE said.



CAPITAL MARKETS

Hungarian Stocks Under Pressure

by GERGŐ RÁCZ

Glossing through the latest results for Budapest blue chip companies indicates there are probably plenty of frowning executives out there – the heavyweights performed rather poorly and aren't particularly hopeful regarding their outlooks either.

OTP Bank took a major blow in the fourth quarter of 2013 and saw its after-tax profits plunge 95% to HUF 1.4 billion (\$6.3 million) on the year. The disappointing result was attributed to narrowing interest margins and rising risk costs. OTP, like its peers, is still contending challenging conditions in Hungary, both in terms of the tax environment as well as the overall state of the economy.

OTP's balance sheet is also set to take a hit from having to shut down its operation in Ukraine, as the situation remains precarious, with no obvious conclusion in sight.

Still, OTP remains well suited to weather such setbacks, to the extent that it will reportedly act on the ambitions announced by president-CEO Sándor Csányi to increase market share through acquisitions.

The latest reports (not yet confirmed) involve OTP buying MKB Bank, the Hungarian arm of Germany's Bayerische Landesbank. Unnamed sources in Germany said that essentially all terms apart from the price have been finalized. Csányi also reassured investors that despite the cut to annual profits, shareholders can not only expect dividends, but payouts are set to rise. The bank remains optimistic regarding its overall performance based on the outlooks for its foreign interests while maintaining muted expectations for Hungary.

Hungarian oil and gas company **MOL's** activity remains burdened by ongoing disputes with the Croatian government

about corruption allegations surrounding the way in which it gained a controlling majority of Croatian peer INA. Authorities in Zagreb remain committed to apprehending MOL boss Zsolt Hernádi for interrogation. MOL, and the Hungarian authorities, have repeatedly dismissed the accusations and stood by Hernádi.

The matter still raises the prospect of MOL parting with its stake in INA, although there is no clear indication about whom the buyer might be. In the meantime, though, MOL has concluded other lucrative deals in Hungary and abroad.

The company saw a disappointing fourth quarter when net income fell by 49% to HUF 4.9 bln (\$22.5 mln) from the same period a year earlier as the results of its refining business deteriorated. For the full year, MOL booked net income of HUF 21.6 bln (\$97.1 mln), down 86%. INA also factored in the result since it had to suspend operations in Syria because of escalating violence and uncertainty in the country.

Drugmaker **Richter** expects a decline in revenue this year from stagnating earnings in Hungary and a similar outlook for new European Union member states. Richter's fourth-quarter net income fell 60.7% to HUF 4.8 bln (\$21.5 mln) from the same period a year earlier as costs rose faster than revenue. Richter is also affected by the Ukrainian situation, but the company is nonetheless optimistic regarding sales prospects for its innovative products on international markets. Richter and its American partner Forest Laboratories



Hungarian-owned OTP Bank, one of the largest independent financial services providers in the region, is reportedly close to buying MKB Bank, the Hungarian arm of Germany's Bayerische Landesbank.

recently announced positive results in a clinical trial of their antipsychotic cariprazine.

Magyar Telekom was in the black in the fourth quarter of 2013, but the figures essentially showed stagnation, with no obvious growth trajectory from the losses the company suffered in the past years. For the full year, Magyar Telekom's net income dropped 36.4%.

The telco is showing signs that it is becoming more compliant to the conditions presented by the government's policies, having earlier been one of the most vocal critics of sectoral taxes.

At the start of the year, Magyar Telekom signed a strategic cooperation agreement with the government, becoming the second telecommunication firm to do so. The company has high hopes for the rollout of its fourth generation network in Hungary, which it hopes will also be met with customer demand.

Orbán Given Mandate To Continue

by GERGŐ RÁCZ

Viktor Orbán's Fidesz party has been given a clear mandate to govern for another four years, likely pointing to the continuation of the party's particular brand of strong politics; it is unclear whether companies can expect the business environment to become more predictable.

The results of the 2014 general elections in April were in line with expectations. Having largely maintained its strength, and faced with a disappointed and even more disjointed political opposition, the third Orbán government is set to have a relatively easy time realizing its agenda, especially since a week or so after the vote, and with all the disputed counts settled, it was confirmed that it once again has a supermajority in parliament.

After the victory, Orbán promised a seamless continuation of government work, the first step of which involves finalizing his next cabinet. The latest expectations are that the new government will bring notable changes, not only in personnel, but also in ministry structures, and will be able to take its oath at the end of May – Orbán having broken off from his deliberations for a holiday.

Before the vote, the PM summed up his campaign promises by saying, “We’ll continue” without going into details about new priorities or specific matters. He unveiled a ten-point agenda that essentially rehashes the measures of the past. The goals determined included increased industrialization, further opening to the east, working toward a bigger share for domestic ownership of the banking system, increased employment and a family-oriented tax system that encourages childbearing.

Hungary will likely continue its defiant stance against the European Union, as shown by new altercations over Brussels’ concerns about the state allowing home production of pálinka, and another three



newly launched infringement procedures. On a smaller scale, there is some speculation that the sale of spirits will be revised through the introduction of liquor stores similar to the tobacco shop system.

NO MORE FOREX MORTGAGES

The new Fidesz government has promised to focus on efforts to phase out foreign currency mortgages, which still pose a major concern for thousands of Hungarian families. The Constitutional Court reached a verdict on the matter prior to the elections that essentially delivered the outcome desired by the government; the court decided that there are conditions when the state is within its rights to make changes to long-term private contracts. However, it also stipulated that this only applies if conditions have greatly changed from the time of signing the contract, if there is a serious social impact to

consider, and modifications can be made so that they don’t cause either contracting party an unfair disadvantage.

Because of the latter requirement, should the government demand that the banks bear the costs, as has been the practice in the past, it means the banks could challenge such measures on constitutional grounds. Government officials have already hinted that the banks could expect concessions, like cuts to their sectoral taxes if they voluntarily waive some of their revenues from the debts. This would address the constitutionality concerns, since there could be no unfair treatment involved if the debt reduction is voluntary.

The government will only deliver the bill addressing the matter to parliament once rulings from the European Court of Justice, expected at the end of April, and a consequent

ruling by Hungary's top court, the Kúria, have created the legal basis for any new measure. This proposal is already prepared for deployment, but although Fidesz had hoped for a May submission, it is now probable that it could only come in the fall at the earliest because of the Kúria's summer schedule.

Fidesz officials have been tight-lipped about the nature of the planned measures, but hinted it will be similar to the early repayment scheme, which allowed debtors to pay off debts in a lump sum at a discounted rate.

CLEARER SEAS

The macroeconomic indicators show that the new Orbán government takes on its 2010-2014 term under favorable conditions. Government and independent forecasts have put the growth of the economy at 2-2.5% of gross domestic product this year, industrial output is showing growth each month, and even long-embattled sectors like construction are getting a boost from state-funded ventures.

There are still some international concerns that Fidesz will have to watch out for. At the end of January, the Hungarian currency hit a two-year low against the euro at an exchange rate of 311, levels that it has been sticking to since amid overall uncertainties on the outlook for emerging markets. Hungarian assets have also struggled with the effects of the Ukrainian situation, a matter that is far from resolved and, in fact, has every potential of escalating, putting pressure on emerging markets.

The currency is also affected by expectations of the United States Federal Reserve scaling down and eventually terminating its stimulus program, which is already raising serious deflationary worries and fears of a slowdown in the European Union. As such, the European Central Bank, while taking no action as yet, has started using rhetoric pointing to a stimulus effort of its own.

Analysts believe this could allow the central bank to extend its rate cutting cycle, which would take the base rate below the historically low 2.6% before the April rate-setting meeting. The National Bank of Hungary has so far shown resilience in its reduction efforts, but the widespread perspective, which is already acknowledged by rate setters' rhetoric, is that it won't be lowered much further in the second quarter.

▶▶ AFTER THE VICTORY, ORBÁN PROMISED A SEAMLESS CONTINUATION OF GOVERNMENT WORK, THE FIRST STEP OF WHICH INVOLVES FINALIZING HIS NEXT CABINET. THE LATEST EXPECTATIONS ARE THAT THE NEW GOVERNMENT WILL BRING NOTABLE CHANGES, NOT ONLY IN PERSONNEL, BUT ALSO IN MINISTRY STRUCTURES, AND WILL BE ABLE TO TAKE ITS OATH AT THE END OF MAY – ORBÁN HAVING BROKEN OFF FROM HIS DELIBERATIONS FOR A HOLIDAY.

TOUCHY FOREIGN ISSUES

The other central item to the Orbán agenda is the continued reduction of utility prices, making the service providers nonprofits. Accordingly, the government announced the creation of a nonprofit provider just days after the elections. This could take over service provision if private companies decide to exit Hungary.

Reduced power bills are also the goal of the biggest economic announcement thus far this year, the signing of the contract for expanding the Paks nuclear power plant, a project that is expected to double the facility's 2-gigawatt capacity.

In a controversial move, Russia's Rosatom has been contracted to deliver the technology and also a significant part of the labor for the venture. More importantly, Russia will also finance the investment with credit of up to €10 billion (\$13.8 bln) or around 80% of the overall costs. The first new block could start operating in 2023.

In terms of foreign trade, Fidesz has vowed to continue strengthening its ties with Asia and the Middle East, but a look at the statistics show that Hungary's export-driven economy still mostly relies on its

established trade channels and trading partners.

Figures from the Central Statistics Office show that 77.1% of Hungary's 2013 exports were destined for EU countries, with more than 25% going to Germany. Although exports to China also grew by 6.9%, the €1.5 bln (\$2 bln) total is still a comparatively small sum when weighed against the established markets.

Accordingly, the government will keep its eyes on its traditional and most significant market, the European Union, even as politicians occasionally bad-mouth the bloc. Apart from the politics of it, the projections are favorable, leading to grounded hopes of stronger support from abroad.

The European Commission expects growth to pick up in the eurozone, with the currency bloc's economy growing 1.2% in 2014 and 1.8% in 2015. More importantly for Budapest, Germany, Hungary's biggest trade partner, is expected to grow 1.8% this year and 2% next, after a modest, 0.4% expansion in 2013. The figures were released before the ECB started considering the launch of a European stimulus program, which could easily create the footing of even better figures by the end of the year.

WORKSHOP

Building A Strong Civil Society

by **ROBIN MARSHALL**

When you seek to change society, the way it thinks and operates, you are not embarking on an overnight project. In creating a strong civil society AmCham is, in truth, seeking to develop rather than change structures entirely, and it remains a long-term program.

“What we are speaking about is long-term impact. We aim to engage and assist academia, by providing content and a network to enable trainers and professors to better teach the next generation and to conduct more meaningful research,” says László Czirják, chairman of the chamber’s Governance and Transparency Committee, and a former AmCham President. “This is what AmCham is about; it isn’t just about short-term fixes, but the long-term future.”

The G&T Committee, now more than a decade old, believes that a well-functioning society (and a strong economy) depends on three strong pillars: the public sector, the corporate sector and the civil sector. All three are linked by academia.

TRADITION OF GIVING

Czirják is quick to stress that Hungary has building blocks in place, not least a tradition of philanthropic giving. He cites the public response to disasters



László Czirják

such as the toxic red sludge spill in the fall of 2010, or to recent flooding inside Hungary’s borders and out. In 1999 ‘The Johns Hopkins Comparative Nonprofit Sector Project’ reported, “Not only is the Hungarian non-profit sector fairly sizable in relation to the Hungarian economy, but it is also large relative to its counterparts in the other Central and

Eastern European countries that were included in this study, though it falls significantly below the level in Western European countries.”

That isn’t to say there aren’t problems, of course. That same project found, “The obvious dynamism and viability of the sector as a whole does not automatically translate into sustainability at the level of individual organizations. On the contrary, most non-profit organizations suffer from financial uncertainty and from the lack of organizational maturity. [...] Indeed, a great many non-profit organizations are not able to fulfill their mission for lack of sufficient income, well-trained staff, and satisfactory infrastructure.”

Perhaps most importantly, it touched on the issue of trust: “The misbehavior

NON-GOVERNMENTAL ORGANIZATIONS (NGOS): DEFINITION

From NGO.org

An NGO is any non-profit, voluntary citizens’ group that is organized on a local, national or international level. Task-oriented and driven by people with a common interest, NGOs perform a variety of service and humanitarian functions, bring citizen concerns to governments, advocate and monitor policies and encourage political participation through provision of information. Some are organized around specific issues, such as human rights, environment or health. They provide analysis and expertise; serve as early warning mechanisms and help monitor and implement international agreements.

of a small number of non-profits can severely undermine the reputation of the non-profit sector as a whole, and lost trustworthiness may significantly decrease donors' willingness to support voluntary initiatives. To build a mechanism of state scrutiny that could guarantee accountability and to develop self-regulatory schemes and ethical codes that would push non-profit organizations toward more transparency are among the most urgent tasks to be undertaken."

VALID TODAY

What is remarkable about those statements from the 1999 report is that they are all equally valid today. Indeed, all came up at AmCham's eighth governance workshop on March 14 entitled 'For a More Transparent NGO Sector'.

Organized in partnership with the U.S. Embassy and the Tom Lantos Institute and sponsored by Szecskay Attorneys at Law, the workshop sought to apply the chamber's usual private sector focus to help raise the level of trust of the not-for-profit sector (particularly focused on foundations). It is a goal AmCham believes can be accomplished by improving the practices of NGOs and also by analyzing the problems that hinder their effective operation. The NGO Working Group of AmCham's G&T Committee presented draft NGO Position Paper recommendations to representatives of the civil sector, academia, the government and the general public.

CIVIL SOCIETY: DEFINITION

From Wikipedia

The term civil society is sometimes considered to include the family and the private sphere, and referred to as the 'third sector' of society, distinct from government and business. Dictionary.com's '21st Century Lexicon' defines civil society as 1) the aggregate of non-governmental organizations and institutions that manifest the interests and will of citizens or 2) individuals and organizations in a society which are independent of the government. Sometimes the term is used in the more general sense of "the elements such as freedom of speech, an independent judiciary, etc., that make up a democratic society" (Collins English Dictionary).

"As in the past, AmCham seeks to engage in dialogue with academia to permit educators to have the content and network to more effectively teach their students best practice governance concerning the NGO sector, and spread the ideas of how to think of establishing and operating efficiently non-profit organizations," Cziráj explained.

One of the draft recommendations the G&T Committee is mulling concerns

and has been involved in the G&T Committee's NGO focus for more than a year. He points out that the Hungarian environment is far from 'toxic' when it comes to running a foundation: there are, he says, plenty of examples of large, well run organizations. "The problems in the background affect small and start-up NGOs." It is now possible to set up a company in 15 days. The likely timeframe for founding an NGO is six to twelve months, he says.

▶▶ EVERY TIME THERE IS A SCANDAL AFFECTING AN NGO, IT HURTS THE WHOLE SECTOR.

treating the corporate and civil, for profit and non-profit sectors the same. Róbert Dezső, an Associate at Szecskay Law Firm, spoke on one of the panels,

The laws providing the legal framework for NGOs were revamped in 2011, just ahead of the new Civil Code. The former came into effect on December 22 2011, the latter on March 15 of this year. One of the provisions the NGO legislation was supposed to introduce was the idea of standardized registration forms. This would speed up the process of registering; the forms would still need to be signed, but could be sent electronically, and courts and putative non-profits could both rest assured that, provided the templates have been filled in correctly, all the necessary information will be there. "The concept was incorporated into the new law, but the forms themselves have never been introduced. The latest proposed date for that is January 2015, but it has been put back consistently," Dezső says. Until such time as it is introduced, non-profits are left at the whim of an overloaded system that is notoriously long winded. "Civil organizations today can expect a delay of at least 3-6 months to get registered.



Róbert Dezső

I am working on the establishment of a new chamber of commerce, which is classed as an NGO in Hungary; the first founders' meeting was in December. It is still not registered today [April 1] and this case is going quite well, with no unexpected hold ups!" The delays don't just affect registration, but also changes in board members.

UNCERTAIN FRAMEWORK

The problem is compounded by what Dezső describes as "the uncertain legal framework". Although NGO registration is handled by specialist judges, that does not guarantee consistent, predictable results. "Eight years ago I was involved in registering five NGOs in five different courts. We put a lot of work into it and were able to compile five standardized by-laws, which went before five different judges. In total they found more than 25 complaints, but not one of them was the same."

AmCham's NGO workshop identified several areas for improvement and offered many recommendations, but two stand out: training and trust. "Every time there is a scandal affecting an NGO, it hurts the whole sector," Cziráj points out. Trust has to be earned, he says, not assumed.

Non-profit scandals do not always revolve around misappropriation of funds, though; sometimes it is plain old incompetence that is to blame. "We need to make NGOs aware that part of the problem with trust arises from them not being more professional," says Dezső. That also leads us back to companies and non-profits being treated equally. If foundation trustees were held accountable for the money they handle, they would need to be more professional if only for their own protection.



Zsuzsa Rajki

Training was a subject that panelists kept coming back to throughout the workshop. Zsuzsa Rajki, member of the board of the AmCham Foundation,

described it as "the most important element" for all involved.

A theme that developed out of the Q&A session was that of communications. NGOs have to learn how to clearly communicate with people the nature of their particular mission, the specific projects money is needed for, and what is done with the money once it is received. Volunteers can run small community associations; paid professional staff should run anything bigger, particularly anything taking public money. Both NGOs and the public need to be better educated that this approach is acceptable, and further more is expected by donors. And again it comes full circle. Professionally run non-profits help create trust.

Transparency, likewise, was an oft-raised theme. Péter Biczó, a partner at PwC, chaired the second panel discussion.



Péter Biczó with Norwegian Ambassador Tove Skarstein

CSR OUTREACH

Last December the Hungarian Outsourcing Association Board decided to initiate an industry wide CSR program to enable civil organizations to get access to high value services (such as legal, IT, finance, and management skills). HOA president Attila Suhajda says there are several aims. "We want to showcase the industry's unique values; enhance employer branding through quality CSR; offer employees motivation and engagement and support civil organizations not with cash but high value professional voluntary work."

Participating companies define their priority areas such as green economy, child poverty or social inclusion, and HOA's 'matchmaker' partner CivilSupport draws up a list of NGOs working in that area for the company to choose from and promote the opportunity amongst their employees.

"Regulations need to be tightened, that would enhance transparency," he said, but he also warned that alone would not be enough. "Society needs to become more mature, and society needs to change, so if people have acted improperly, they can not come back to business. Fine-tuning itself will not solve the problems."

His panel included Norwegian Ambassador Tove Skarstein, who spoke about the European Economic Area Grants that are jointly financed

►► PROFIT IS GOOD, GREED IS BAD.

by Norway, Iceland and Liechtenstein (though 95% of the money comes from Norway). Because the three countries are not part of the EU itself, they do not contribute to the block's so-called stability funds, hence the need for direct intervention. The EEA Grants are available to the 13 EU member countries that joined the EU and the EEA in 2004, 2007 and 2013, as well as Greece, Spain and Portugal. The grant aid exists to help the newer joiners catch up with the wealthier European states, and covers a number of priority areas including developing civil society, though the Hungarian authorities had not always understood the need for investing in

NGOs, the ambassador said. "In Nordic countries there is a long tradition of having a strong NGO sector; it is part of the fabric of how mature democracies work." One of the key criteria for getting financial aid is sustainability, though the ambassador still has concerns in that regard. "Sometimes I wonder what will happen [to these NGOs] when the Norwegian money has gone," she said.

Another suggestion raised several times was a means for measuring the transparency and trustworthiness of NGOs. One such model already exists: Charity Navigator is America's largest and most-utilized evaluator of

Barnabás Debreczeni



Chris Farkas

►► A SOCIAL MEDIA SITE IS LIKE A COMMUNITY PLAY FROM VENTURE CAPITAL, THE ONLY DIFFERENCE IS HERE THE COMMUNITY IS THIS COUNTRY. LEGITIMACY AND TRANSPARENCY ARE ESSENTIAL TO MAKE CIVIL SOCIETY STRONG [...]. PEOPLE IN THIS ROOM CAN SOLVE THIS PROBLEM.

charities, and rates the financial health and accountability and transparency of more than 6,000 of the country's largest charitable organizations. "Charities in the United States that receive a good rating are proud to display it on their website," says Czirják, adding that it has now got to the stage where potential donors will question why a charity is not displaying its rating.

ABSOLUTE TRANSPARENCY

"It has become very much accepted, and the reason is because the ratings are based on public tax filings; it is absolutely transparent." And that, the G&T chairman believes, would make a direct translation to Hungary difficult. "The Hungarian tax system for public benefit organizations is grossly inadequate to use for this. There are a number of initiatives, for example in Germany and the UK, that use qualitative rather than quantitative measures, but the fear is that as soon as you use subjective measures, you start to lose transparency."

That isn't to say some aren't willing to try. Like Czirják, Chris Farkas is a venture capitalist. He moderated the third workshop discussion on social entrepreneurship and impact investing, and he believes it might be possible to make a Charity Navigator type organization work in Hungary through crowdsourcing and crowdfunding. "A social media site is like a community play from venture capital, the only difference is here the community is this



▶▶ **SOCIETY NEEDS TO BECOME MORE MATURE, AND SOCIETY NEEDS TO CHANGE, SO IF PEOPLE HAVE ACTED IMPROPERLY, THEY CAN NOT COME BACK TO BUSINESS. FINE-TUNING ITSELF WILL NOT SOLVE THE PROBLEMS.**

country,” he told delegates. “Legitimacy and transparency are essential to make civil society strong [...]. People in this room can solve this problem.”

He acknowledged there were challenges, not least that “tax reporting is complicated” in Hungary, but insisted none are insurmountable. Programmers and auditors would be needed, and neither is in short supply in Hungary. He referred to a Brazilian example where 1,000 volunteer accountants across the country had audited the state budget line by line, and found millions of dollars of savings. Why not ask three to five auditing firms in Hungary to each earmark €100,000 for the sole use of auditing NGOs, he suggested.

PROFIT IS GOOD

The discussion Farkas moderated was also interesting because at one point

it approached the non-profit subject from a very oblique angle: profit. Serial social entrepreneur Barnabas Debreczeni said saving the planet and making money are not mutually exclusive, but a change in

mentality is required. “We need to work to show people that this can be achieved; if you can make a profit and help people and help the planet, you are already better than all those other corporations out there.”

He also believes products should be taxed on their total cost, including social and environmental impact, because then companies would start to think seriously about recycling. Everything can be recycled, he said, mentioning the 2009 decision by Kimberly-Clark’s Huggies brand to recycle disposable diapers, despite the fact that it wasn’t economically viable in a normal business model. But Debreczeni said Huggies was now attracting more customers over some rivals that continue to allow their used nappies to go to landfill sites. As with so much in life, it comes down to a battle of relative values, he says, and underlined his point by turning one of the most famous film quotes of all time on its head. “Profit is good,” he said, “greed is bad.”

There is room here only to scratch at the surface of the material covered by the half-day workshop, but a video of it is available at <https://www.youtube.com/watch?v=7DwpwiyaOkI>.



GOVERNANCE AND TRANSPARENCY COMMITTEE

Mission: To improve the governance and ethics of non-profit, private and public sector practices while encouraging entrepreneurship to boost competitiveness, accountability and sustainability in Hungary.

BUILDING A TRANSPARENT NOT FOR PROFIT SECTOR

The G&T Committee has coordinated a separate NGO Working Group, which utilized external experts’ knowledge in order to discover the most important underlying problems of the NGO sector and to prepare a problem solving paper with specific recommendations. This paper aims to clarify the role of civil society organizations in Hungary and demonstrate that a well-functioning civil society should be transparent, visible, accountable, credible and trustworthy.

The Civil Imperative For Society

by **ROBIN MARSHALL**

No matter how strong a government, no matter how clever the lawmakers, they cannot have all the answers. For that reason alone, each and every well functioning democracy needs a well-developed civil society, says Dr. Tomicah Tillemann.



CV

Dr. Tomicah Tillemann serves as the State Department's Senior Advisor for Civil Society and Emerging Democracies, reporting to Secretary of State John Kerry. His team work like venture capitalists to identify ideas that can strengthen new democracies and civil society groups, and then bring together the talent, technology, and resources needed to translate concepts into reality. Tillemann often refers to this work as "policy entrepreneurship" and calls himself a "social entrepreneur". Tillemann moved to the State Department in March 2009 to serve as speechwriter to then Secretary Hillary Clinton, collaborating with her on more than 200 speeches. In October 2010, Clinton promoted Tillemann to Senior Advisor and asked him to create and lead a new office reporting to her that would be devoted to strengthening civil society and emerging democracies worldwide.

Before coming to the State Department, Tillemann spent four years on the professional staff of the Senate Foreign Relations Committee as the principal advisor on European and Eurasian affairs to former committee chairmen Joe Biden and John Kerry. He also facilitated the work of the Senate's Subcommittee on European Affairs, then chaired by Barack Obama. Earlier in his career, he worked as a reporter with Reuters New Media, served in the White House Office of Media Affairs, and worked on five U.S. Senate and Congressional campaigns.

"It matters because civil society solves the big issues that matter in each nation. In my own country, if you look at all the big challenges – the abolition of slavery, civil rights, universal suffrage, environmental protection – the solutions came not from government, but from civil society," says Tillemann in an exclusive interview with *Voice*. The Senior Advisor to the Secretary for Civil

Society and Emerging Democracies at the U.S. Department of State is the grandson of the late Hungarian-born Democrat Congressman Tom Lantos. As keynote speaker at AmCham's eighth governance workshop on March 14, he told guests, "This country is special and has a very large place in my heart. My grandparents were both born in Budapest; I have been coming here since I was very young, since 1984. Hungary is not just another place on a map for me." He also speaks the language, and

that makes him ideally placed to talk about the health of civil society here. “Over the past 25 years it has not grown as quickly or as successfully as I think most observers would have hoped; certainly, when you compare it to a number of the neighboring countries, there is not as much vitality as there could be.” He says the relationship between those governing the country and society itself has been challenged over the years by a lack of trust. That, he warns, is particular to this country, rather than endemic to the region. “The dynamics in Hungary are unique to Hungary, both in regard to the strength of civil society and the relationship between government and civil society.”

The implication is that those who govern have to be more open. “There is a critical need for greater engagement and consultation by those in power with civil society, to expand planning to bring outside voices into the processes of framing legislation and policy,” he tells *Voice*. “That not only results in better policy outcomes, but also builds trust and relationships.”

He says he is optimistic for the future of civil society generally, but acknowledges there are challenges ahead. Technological advances make it far easier to bring people together through powerful new tools like social media, he points out. “That is very positive, and some governments welcome it, while others are pushing back. Today there are around 50 governments imposing new restrictions on civil society; this is the best of times, and the worst of times.”

Such government crackdowns are clearly one of the big challenges facing civil society, Tillemann warns, describing the recent attempt by the Turkish authorities to shut down Twitter (overturned by the courts there), as just the latest example of a “pandemic” sweeping less open societies.

A second issue is collective action. Many of the things civil society stands for, be it greater government transparency, access to good quality education for all, the reduction of poverty, or increased health awareness “are also things business cares about a great deal”, he says. It makes sense, therefore, to persuade companies of the need to work with civil society in creating a mutually better future.

His team has developed more than 20 major initiatives on behalf of the Secretary of State to strengthen new democracies and civil

society. He says he is very proud of the LEND Network, which stands for Leaders Engaged in New Democracies. It leverages expertise from the Club de Madrid (the world’s

between users and the state.”

He has worked for two of the most prominent and powerful figures in the Obama administrations in Secretaries

▶▶ THERE IS A CRITICAL NEED FOR GREATER ENGAGEMENT AND CONSULTATION BY THOSE IN POWER [IN HUNGARY] WITH CIVIL SOCIETY, TO EXPAND PLANNING TO BRING OUTSIDE VOICES INTO THE PROCESSES OF FRAMING LEGISLATION AND POLICY. THAT NOT ONLY RESULTS IN BETTER POLICY OUTCOMES, BUT ALSO BUILDS TRUST AND RELATIONSHIPS

largest forum of democratically elected former presidents and prime ministers), and 21st century technologies developed by Google, OpenText, and Dialcom to connect leaders who have successfully navigated the challenges of democratization with leaders in emerging democracies.

Is there anything that could be applied to Hungary? “We have worked very hard to create mechanisms for consultation between civil society and the U.S. Government,” he explains. “If you want to be a world-class athlete, you need a coach who can push you, tell you where you need to work to improve. The same is true if you are a musician. If you want to be a world-class government you need civil society organizations to give you the feedback you require in order to improve. There is a lot of room in Hungary for things to improve at the interface

of State Hillary Clinton and John Kerry. So how do they compare? He laughs, but is far too experienced to make himself a hostage to that question. “They are two of the most talented public servants in the United States, who bring remarkable energy, commitment and drive to their work. If I were asked to compare and contrast I would say that of the two, Secretary Clinton has the greater love for jalapenos, and Secretary Kerry is probably the better guitar player, but beyond that I won’t be drawn!”

What, I wonder, would be the one thing he would change in the world if he could? “I would convince citizens and leaders in the private sector and government that they all stand to benefit from the work of civil society when it gets behind causes and special issues.”

Code Of Conduct

NIOK, the Nonprofit Information and Training Center Foundation, has a mission to strengthen civil society in Hungary by providing capacity building services to non-governmental organizations and by building an environment supportive of their long-term future. To that end it has also developed an ethical code for NGOs. We asked the organization to explain the background.

WHAT WAS THE AIM BEHIND DRAWING UP THE CODE?

In 2008 a scandal broke out in Hungary over the use of donations at some NGOs. In Hungary there were no standards or any regulation about fundraising and the use of raised funds at this time. The effects of the negative coverage about the abuse were bigger than the problems themselves, but they created mistrust and confusion among donors.

The biggest Hungarian fundraising organizations felt the short- and long-term negative effects on their own operations and joined forces in order to increase trust among present and potential private donors, and formed the Accountability and Trust working group, which published press releases about how to use donations ethically. Within days, 17 NGOs had joined the initiative.

The aim of the working group was to strengthen the culture of giving and transparency in the use of donations, to provide information to the public and fundraising organizations, and to develop the philanthropic environment. Later the working group formed and disseminated an Ethical Code and founded the Self-Regulating Coalition of Fundraising Organizations in May 2012.

WHO WAS INVOLVED IN DRAWING UP THE CODE, AND HOW LONG DID IT TAKE TO PREPARE?

After collecting examples of systems in Europe and having had a conversation with the experts of Charity Navigator, our thinking started to clear. We realized that building a system like that is not possible in our country. Because of the legal and financial regulation in Hungary, we don't have enough hard data to qualify anybody without a deeper financial audit. It was clear that we needed to find a solution based on self-regulation. During the

year we were working together with IFUA, an analysis and advisory non-profit organization that offered its contribution to our working group to select the most adequate scheme for the Hungarian civil sector based on foreign patterns and available data. The result of this work is a feasibility study and the system itself.

Many of the working group members already had an Ethical Code of their own, so we had some material as a starting point. The basic idea was to leave enough autonomy for the organizations. We defined the situations and topics where we expect self-regulation and clear communication from the members.

The main principles of the Ethical Code are Credibility, Legality, Transparency and Publicity.

- **Credibility:** CSOs have transparent communication, they preserve complaints they receive in written form, they will try to keep the trust of donors.
- **Legality:** they work legally, and if they are noticing any irregularity, they investigate it as soon as possible.
- **Transparency:** their financial status is always traceable. They publish financial data and the reports of their official meetings on their websites.
- **Publicity:** their fundraising activities are transparent and public. They publish all the data on their website and in their print materials in an easily understandable form.

To finance the operation and functioning of the whole system the members pay a yearly fee. If an NGO meets the criteria, it will receive the trademark of the Self-Regulating Coalition, and from that moment on can use it on every printed material and on its website. At the same time it will be a member of the coalition and will participate in the collective work.

WHEN WAS IT INTRODUCED?

After the working group created the Ethical Code and manuals, in May 2012 nine NGOs that had signed the code held a press conference. That was the first time that the code was introduced to the broader public.

ARE YOU SATISFIED WITH THE TAKE UP?

The main goal of the coalition is to have ever more NGOs put transparent fundraising standards in practice, and to increase conscious giving among donors as well as the need for transparency in philanthropy. In the long-term, we would like to develop philanthropic and fundraising culture further.

The reaction to the program and the self-regulation system is mainly positive among fundraising NGOs. There are, however, some factors that prevent NGOs from joining the coalition, including:

- the trademark is not well-known thus far among potential donors and NGOs;
- certain NGOs are not prepared to open up data about their fundraising activities;
- opening up data has administrative or technical requirements: some NGOs simply do not have those technical requirements;
- trust for civil society in Hungary is very low, and at the same time it is very difficult to raise awareness among potential donors as to how important it is to donate to transparent fundraising organizations.

WHAT ARE THE NEXT STEPS? HOW DO YOU HOPE TO BOOST TAKE UP OF THE CODE?

We would like to strengthen the coalition, and welcome any NGOs that would like to join our group. We see the Ethical Code as a standard for NGOs that was created by combining international expertise and inland experience, and that will help to strengthen the transparency of fundraising in Hungary.

ANDRÁS TÖRÖK'S BUDAPEST

Seven Secrets Of The

The Parliament building tries to look very old. As a matter of fact it was completed as late as 1904. Designed in 1883-1886, it was completed in an era that had fundamentally changed, enthusiastic not for Gothic Revival, but rather Art Nouveau. An avalanche of criticism was poured on architect and master builder Imre Steindl, a very ill man in the end, who lived long enough to read all these vicious reviews, but not long enough to be applauded at the first session held in the building.



Foto Simplicissimus

WHY ONLY 19 DESIGNS?

Only 19 designs were submitted by the design contest deadline in 1883. That was a disappointingly low number; a year earlier, almost 200 architects had competed for the glory to build the Berlin Reichstag. What was the reason? While the building commission wanted an international tender, the chamber of architects demanded it be open only to Hungarians. A compromise was reached: it was to be an international competition, but one kept secret – it was advertised in the Hungarian papers only. A further condition was that the explanations for the drawings had to be in Hungarian. Despite this, Otto Wagner, the Vienna architect (later of Postsparkasse fame) submitted an interesting design, in collaboration with a Hungarian colleague.



Section by Imre Steindl

THE EVOLUTION OF A WINNING DESIGN

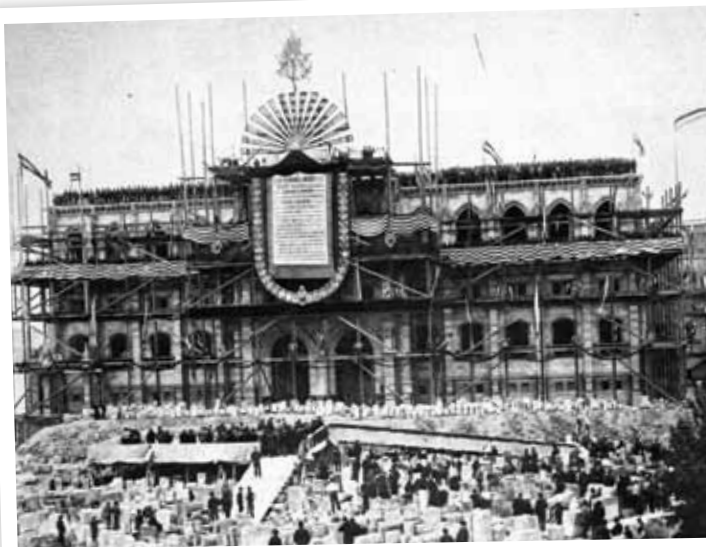
The design actually built differs from the one that won the tender. The building commission asked for several modifications, and Imre Steindl himself changed some features. The submitted concept was for a building covered not with limestone but yellow bricks (like the inner courtyards today). In the plans the building was broken in the middle, so that it would follow the slight bend of the river. Originally all the spires ended in small domes, but it was requested that these be changed to pointed versions, to make them more Gothic. And the whole building was moved 70 meters to the north.

A MAJOR MISTAKE WITH THE LIMESTONE CHOSEN

Except for a few spots, soft limestone from a mine in Sósút was used – that proved to be a major mistake. It began to blacken in just a few years; it could not resist the soot soaked rain and later car pollution. Replacing them went on from 1924 to 2003 – 89 years! The reason the soft stone was chosen in the first place was the deadline. To carve all the stone elements would take a long time, it was a bottleneck in the building process. Had they used hard stone, it is estimated it would have taken 25 years to build. As it was, construction was planned to last 10 years, but actually took 17.



Collection of Gyula Juhász



From Building Industry (Építő Ipar) May 16 1894

AN INAUGURATION CANCELLED

It is hard to believe these days, but from 1950 to 1990 there was a large, illuminated red star at the top of the main spire. It was 310 centimetres in diameter, and its lights never worked properly, so its grand inauguration was postponed several times, then abandoned altogether. It was symbolically dismantled in January 1990, four months before the first free elections.

Parliament Building



IMRE STEINDL, STRELISKY PHOTO, 1902, THE YEAR OF HIS DEATH

ONE OF THE LEAST USED MAIN ENTRANCES IN THE WORLD

The main entrance of the building is opened on very rare occasions (in this respect it resembles a church): generally for foreign dignitaries, and especially heads of states. It is also used once every four years, when the members of each new parliament enter for the first time. There are altogether 29 entrances to the building; one is used as a garage door for the cars of the Speaker of the House.

THE MUNKÁCSY AFFAIR

Mihály Munkácsy (1844-1900), the most famous Hungarian painter of the 19th century, was commissioned to contribute a large painting entitled 'Conquest', to be placed in the Lower House. He lived abroad by then, but visited Hungary to collect 'Hungarian types'. He also asked a series of questions of the Academy of Sciences and Letters concerning historical accuracy. He completed the large canvas (459 x 1,355 cm) in 1893. It was exhibited in Paris, then in Budapest, but was never installed as intended behind the Speaker. Architect Imre Steindl never wanted it there, where it might outshine his building (painting has a secondary role all over the building). It was stored in the Museum of Fine Arts before finally being brought back to the House and put on the wall of a large room these days called the Munkácsy Hall.



FOTO SIMPLICISSIMUS

HOW MUCH DID IT ACTUALLY COST?

Building Parliament cost a lot. The budget doubled between the tender being called and the design accepted. It doubled again between the start of construction and final completion, with the final bill put at 37 million crowns. It is impossible to accurately convert that into today's prices, but we can compare it to the percentage of the annual Hungarian budget at the time. If we spent the same percentage of today's budget, we could more or less build a Metro 4 line every year. A professional internet site has estimated the costs of building parliament today, using modern technology, at HUF 200 billion (\$901.4 million).



ADVOCACY

Giving Back Through Competition

You cannot always win every battle, as the chamber's Competition Act Working Group has just been reminded. But then again, winning the war is more important.

Despite a hectic period of intense work preparing comments for proposed amendments to the Competition Act, the government decided in this case not to adopt AmCham's recommendations. While disappointed, Tihamér Tóth, the head of the working group says, overall, the modified act will still be an improvement over the one it replaces. "It could have been even better, in our view, but there will be other opportunities," says Tóth, a counsel and head of the EU Antitrust/Competition Practice Group of the Budapest office of law firm White & Case.

He joined AmCham's Regulatory Committee about three years ago at the invitation of its chairman, Gábor Orosz. "I actually teach competition law, and Gábor was one of my more diligent pupils. It was quite an honor that he remembered me, and thought enough of me to invite me to join the committee."

The invitation to comment on the modification to the Competition Act came at short notice, which Tóth says created problems for both sides. "Initially we were given a week or so to comment on the proposals. We successfully requested an extension to that, but still had a maximum of two weeks to form our views, circulate it to the regulatory committee, and then make a considered presentation of our comments. That also meant that the Competition Office did not have much time to think about our proposals."

What the working group produced was a seven-page document listing some 13 proposals that AmCham was unhappy



►► **THE ACT COMES INTO FORCE IN JUNE. AFTER A YEAR OR SO THE SETTLEMENT INSTITUTION'S PERFORMANCE WILL BE LOOKED AT AND THERE WILL BE A CHANCE TO DO SOME FINE TUNING."**

EXTRAORDINARY MEETING WITH STATE SECRETARY SÁNDOR CZOMBA



Labor market regulations are traditionally one of the most important advocacy areas for AmCham. The Labor Law Working Group of the regulatory committee continuously follows the regulatory environment and monitors fresh experiences with the new Labor Code, which became effective in July 2012. This January, an Extraordinary Meeting was held at AmCham, where representatives of member companies – employing more than 70,000 employees between them – met and gave direct feedback on the most important labor market issues to Dr. Sándor Czomba, Minister of State for Employment Policy, and three of his colleagues from the Ministry for National Economy.

At the meeting, first vice president Norbert Fogarasi, AmCham Regulatory Committee Chair Gábor Orosz, and Labor Law Working Group Lead András Dániel László welcomed the State Secretary and his professional team. AmCham stressed that since the introduction of the new code the corporate community have raised only a few issues (for example: absentee fees, employment contracts concluded with students, or temporary provision of work force within the company-group) which clearly proves that the legislation is of a very high quality, even by international standards. The smooth switch to, and implementation of, the new regulatory framework was also the result of outstanding dialogue between legislators and the business community during the preparation of the law. At the end of a lively discussion it was agreed that AmCham and the ministry would continue the dialogue on a regular basis.

ROUNDTABLE MEETING WITH DEPUTY STATE SECRETARY LAJOS BOGNÁR



AmCham's Agricultural Working Group hosted Deputy State Secretary Dr. Lajos Bognár and four of his Ministry of Rural Development colleagues at an extraordinary roundtable meeting on February 25 in the AmCham Conference Room. The discussion was moderated by Zsolt Kócza, chair of the working group and CEO of Cargill Hungary, involved in grain, oilseeds, and protein trading and animal nutrition, among other things. The roundtable focused on agricultural issues and questions raised by members of the working group.

Subject areas discussed covered a wide range, including taxation, insurance, the involvement of the state in the sector, genetically modified organisms (GMOs) and the operation of local land committees, just to name a few.

The high-level ministry delegation proved open to the meeting and discussion: in addition to Bognár, two department heads and two experts accompanied him to the meeting, and were prepared to answer questions raised beforehand and at the meeting itself. Encouragingly, the ministry representatives said they would be open to continuing the dialogue with the chamber's agricultural working group on topical issues in the future.

with. One such was the creation of a Settlement Institution, an idea borrowed from the United States for dealing with cartel procedures and the like, and already used at European Commission level. But Tóth and his colleagues are not convinced by the case for it. "We do not see that it is necessary for Hungary at the moment, and the procedural rules are not clear either."

But while this battle may have been lost, there will be others. "The act comes into force in June. After a year or so the Settlement Institution's performance will be

looked at and there will be a chance to do some fine tuning."

And there will be fresh challenges, too, of course. "The new rules for the civil legislation procedure have been under elaboration at a professional level for about a year." The advocate says there will likely be two issues of particular interest to those in the field of competition law: the introduction of American-style class actions, and the procedures for reviewing decisions of the Competition Authority, which he says currently feature too many

independent review levels, making the process unnecessarily lengthy.

Tóth says he enjoys being part of the committee, as it offers a relatively unusual opportunity to work on a collegial level, rather than in opposition to his fellow lawyers. But for a man who previously a vice president of the Competition Authority, it is also a chance to give something back to Hungarian society through contributing to improved legislation. "As a former public servant, that is an element of my life I cannot leave behind," he says.

CONFERENCE

Spreading The Tax Net

by **ROBIN MARSHALL**

The annual AmCham regional tax conference continues to be relevant and attract high level participants and delegates says one of this year's organizing team.

The conference, held on April 9 in Warsaw, was being staged for the ninth time, and took as its theme 'Ten Years In The EU: Impact On Taxation In Central and Eastern Europe'. Adam Soska, Co-Chair of AmCham Poland's Tax and Financial Services Committee, and country tax leader for Poland at GE, said he was pleased with the way things had gone. "We got quite a lot of follow up in the press, and the panelists were happy for their part too," he told *Voice*. In terms of quality of speakers and organization, I believe it was a very good event."

The conference was broken down into four focused discussion panels: 'More Harmonization Or Less?'; 'Jurisprudence Of The Court Of Justice Of The EU – Impact On CEE Tax Systems'; 'Tax Attractiveness Of CEE Countries'; and 'Tightening Tax Rules'.

AmCham Hungary's Botond Rencz (CEE central cluster tax lead for EY) moderated the first panel. It wasn't exactly a surprise, but he says he was struck again by how complex the issues of harmonization are. "The ultimate goal is to achieve a single European market that allows companies to grow and become more competitive, based on the EU's four fundamental freedoms; however, the individual member states are all at different levels of development, and with unique social differences that need to be addressed individually by the countries," he points out.

The representative from the Taxation and Customs Union DG at the European Commission said that the



aim was a standardized approach (e.g. common VAT return), rather than an attempt to force a one size fits all solution on all 28 member states.

Evidence of how importantly not just the European Commission but also the governments in the region view the conference series is the fact that the Polish Ministry of Finance was the honorary patron of this event. "There were several people involved on the Ministry of Finance side, also speakers on the panels, so it was a good opportunity to build a relationship with them," Soska notes. Other countries also sent high-ranking representatives: Zoltán Pankucsi, Deputy Secretary of State for Taxation, at the Ministry for National Economy, represented Hungary and spoke on one of the panels.

Successful though it was, Soska also thinks consideration should be given to expanding the number of countries involved. The conference currently rotates between the Visegrád Four states of the Czech Republic, Hungary, Slovakia and Poland. (If it continues to follow the pattern of previous years, Budapest will host matters in 2015, although a formal decision has yet to be taken on that.)

"I wonder if we should make it more open to other external partners, in co-operation with other AmChams and even with other chambers of commerce. After all, Romania, Bulgaria, and Croatia are in the CEE region too," Soska says.

Wherever it takes place, Soska and Rencz agree that two items are sure to be on the agenda. One of these is the OECD initiative on base erosion and profit shifting (known almost universally in tax circles as BEPS). "It is about to address fundamentally how profits are shared equitably between member states," Rencz says; expect complexity to be the order of the day here, too.

Soska says there will be a continued drive towards tax simplification and more efficient tax collection. "The main problems in the region are high unemployment and low GDP growth; how do you incentivize job creation without losing overall tax revenues." One possible solution, or more accurately part of the solution, is being pursued in Hungary, where there is a deliberate move towards reduced taxation on income, but increases on consumption. The success, or otherwise, of that policy could well come under scrutiny next year.

FORUM

Don't Hold Your Breath

by LEVENTE HÖRÖMPÖLI-TÓTH

A victory for the left wing coalition would equate to a miracle, but even that would merely mean it was placed a very difficult position to govern. That was the main message of an AmCham forum with leading political analysts in the final phases of the parliamentary election campaign in Hungary.

Two top political scientists, Péter Krekó, Director of Political Capital Institute and Ágoston Sámuel Mráz, senior analyst and CEO of Nézőpont Intézet left little room for speculation when assessing the possible outcome of the then upcoming Hungarian parliamentary elections of April 6 at the invitation of AmCham in the legendary Gundel Restaurant in late March.

"If there is no special event such as the collapse of the forint or an unexpected international crisis, the question will be not whether Fidesz will win, but by what margin," Mráz said. The gap between the first placed and the runner-up was identified as crucial. "For if the gap is big enough, the winner's two-thirds majority is pretty much sealed."

"I don't expect a huge surprise. We have a lot more right wing voters than left wing voters in total," Krekó said. "The leftist campaign is very poor. They could rely on the underdog effect, but I don't think it will work." The latest poll figures further supported that argument predicting respectively a 30% and 40% chance for a two-thirds majority or a simple majority victory by Fidesz.

The issue was raised whether such a likely triumph could be rooted in the recently reshaped electoral system, which some believe favors the incumbent party. "Under the current scheme proportionality will lose ground," Mráz said. "New voters have also entered the system, namely 200,000 Hungarian citizens living abroad. We believe two-thirds of them would vote for Fidesz."

Other aspects were highlighted as well. "This time there is only one election round. You used to have the chance to change your opinion after round one," Mráz said. Another decisive factor could be that the constituency borders were redrawn. "As a result Fidesz



could have 2-5 more mandates just because of the new borders," Krekó pointed out.

The fact that political ads were banned from commercial TV channels was also mentioned as a measure that might influence the outcome. "These channels are the best way to reach out to the electorate, so it is not accidental that Fidesz limited the use of this channel for its political rivals, while the government could use them. But a successful and popular opposition party could break through these obstacles. Bashing these restrictions sounds as if the left was trying to

find a good argument for why they might be defeated," Krekó concluded.

A 'what if' scenario was addressed by the speakers; should the left wing coalition win after all, it would be more like a lame-duck government. "A simple majority gives you little power and the independent institutions are full of Fidesz loyalists," Krekó stressed. The Socialist Party's (MSZP) leadership would surely be affected by the results. "Very poor scores could push [former Socialist Prime Minister Ferenc] Gyurcsány to try to take over again," Mráz added.

Another evergreen topic, the strength of Jobbik, the far-right force in Parliament was on the agenda too. A special edge was given to the issue as Tárki, a leading pollster, had days before placed Jobbik's support just 1% short of the left wing coalition (at 15% and 16% respectively), a result that raised the eyebrows of the speakers. "I don't think it became a much more popular party than the left-wing alliance," Mráz said. "But they are well-organized, they made a centrist campaign, repositioning the party as young and less radical. Those tactics make sense as Hungarians are less angry and pessimistic than in 2010," Krekó added, saying that if Jobbik can perform slightly better than in 2010, it could be symbolically important. The notion was shared that if Fidesz loses popularity, Jobbik will be more likely to capitalize on it.

Finally, the overall verdict of the discussion was that the election itself is open-ended and the electoral system rewards popular parties. However, concerns were expressed, by at least some, that elections might be free, but not completely fair because of the new rules. Retroactive legislation has raised concerns about the rule of law, while the lack of predictability has damaged investor confidence.

FORUM

Reform + Burden Sharing = Success

In an upbeat presentation on the success of what some have called ‘Orbanomics’, Hungarian Central Bank (MNB) governor György Matolcsy, who when he was Economy Minister was described by Prime Minister Victor Orbán as “my right hand”, dismissed the EU’s policy of reform combined with austerity as “the failure of orthodox crisis management”.

Admitting he was “somewhat biased”, György Matolcsy began his address to an AmCham Business Forum at the Kempinski Hotel Corvinus Budapest on January 29 by quoting an unnamed London analyst who had compared the economic figures for Hungary and the EU in general in 2013 and concluded that “Hungary must be right and the EU is taking the wrong road”.

The governing Fidesz party has long seemed to relish the description of its policies as ‘unconventional’ and ‘unorthodox’, arguing that in an economic and financial crisis as deep and prolonged as that which we have been facing, ‘normal’ policies won’t work. (Matolcsy said that Hungary had not gone down an ‘either/or’ route, however; rather, it succeeded by “using both orthodox and unorthodox, conventional and unconventional policies”.)

Like the EU, Hungary had begun with structural reforms, he said. But results could not come overnight, and the big challenge was carving out space and time to allow recovery measures to work. “Structural reforms are a first step. If you are going to expand the economy you need time for them to unfold and be successful. How can we safeguard enough time for our structural reforms to be effective? This is the main dilemma of all structural reforms.”

And it was here where Hungary had employed less conventional policies. The EU approach (reform plus austerity) had “resulted in complete failure due to the fact that society and the business sector do not favor austerity programs”. The MNB governor said the key difference from the EU was that Hungary had



based its approach on “structural reforms and the distribution of burdens”.

He acknowledged that there had been “painful” taxes levied on some sectors and “there will be some players, major players, influential players” who weren’t happy, but insisted burden sharing “bodes well for the future because we can safeguard the trust of our people and the trust of the overwhelming majority of the business sector.” In other words, Hungary’s government had taken the population and business world with it, whereas the EU had lost them. Hungary had retained trust and therefore political stability, where others had not.

“For the bank sector, the energy giants and others, decisions taken in the framework of burden sharing have proved harmful

for them, but the majority of the business sector has benefited from this – that is my understanding – and has capitalized on the opportunities,” Matolcsy insisted.

He ended by quoting another nameless analyst, this time a Hungarian, who noted that the fact that it had been possible to lower the inflation rate from 7% [in August 2012] to below 3% now proved “that those who argued against reduction were wrong; the former management of the central bank was mistaken.”

Admitting he is “by nature optimistic”, he said the economic and financial success of Hungary would be built on a sustainable recovery, supported by a reformed tax system which targeted consumption and lowered personal income tax, and buttressed by political stability. “In the competition of European crisis management, purely traditional means have lost. [...] I would like to invite you to invest more and more in the looming Hungarian success story.”

Asked what threats there might be to recovery, Matolcsy warned “we should not be complacent because we are just at the first stage of a very, very long path. We still need a sustainable GDP growth path. We need three consecutive years of about 2% GDP growth. Secondly, I see risks in terms of the entire region, the EU including the eurozone. The crisis is still not over. So on the one hand we should not be complacent, on the other hand we need very cautious, very conservative, very down-to-earth people in both the government and the central bank. There will be new waves of the eurozone crisis: 75% of our exports go to the EU so by definition this is a good thing, but it is also threatening.”

Surprise Award

by ROBIN MARSHALL

Much to his surprise, Robert Peaslee, the Commercial Counselor at the U.S. Embassy who is leaving Budapest after a five-year term to take up a posting in Italy, was presented with the Dr. Iván Völgyes Award for promotion of Hungarian-American business relations at AmCham's annual assembly on December 3, 2013. Established in 2005, the award aims to recognize individuals who have played an outstanding and exemplary role in developing bilateral business relations.

P easlee has held the Senior Commercial Officer's position at the embassy since August 2009, and has had regional oversight over the Commercial Section in Zagreb, Croatia since July 2011. Since June 2013, he has also had responsibility for the Partner Post of Slovenia. Previously, he was the Regional Senior Commercial Officer at the American Embassy in Doha, Qatar, where he established the office and directed the U.S. Department of Commerce's Commercial Service programs in Qatar and in Pakistan.

The annual assembly also saw the election of Norbert Fogarasi, general manager of Morgan Stanley Hungary Analytics Ltd, as first vice-president, and Ferenc Pongrácz, global technology services country leader for IBM Hungary, as second vice-president; Péter Fáth was re-elected as secretary treasurer; and Gábor Gonda, Bob Mansfield and Diána Stegena were elected to positions as board members-at-large.

Earlier Peaslee, who was making his usual remarks to the annual meeting (he has been chair of AmCham's elections committee during his time in Hungary), said many members had asked when the new U.S. Ambassador to Hungary would arrive. He warned that it could be late as spring 2014 before Ambassador-Designate Colleen Bradley Bell was able to take up post. Peaslee noted that Ambassador-Designate Colleen Bradley Bell would have to go through Senate confirmation hearings. The embassy staff is keeping Bell fully briefed on events in Hungary, the senior commercial officer added.

Editor's note: At the time of writing (April 19), the ambassador-designate has still not been confirmed in her post. Along with two other ambassadorial appointees, she has become victim to the bi-partisan impasse at the Senate that has blocked progress on matters considered non-urgent to the task of governing the United States.

For interviews with new board members and those taking new board positions, please see our 'People' section.





New Members On Board

CORPORATE



Budapest Airport Zrt.



CEO: Mr. Jost Lammers
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Budapest Airport is located in the heart of Europe and offers direct flights to 99 airports in 34 countries with 39 airlines. It has a great basis for further route development and fantastic growth potential for both aviation and non-aviation business. Our mission is to make Budapest Airport the most successful airport in Central and Eastern Europe in terms of passenger growth, service quality and operational efficiency. Budapest Airport also offers an impressive range of B2B services, including parking, advertising, event management, meeting rooms, mobile counter rental and Fast Track Lane vouchers for more convenient passage through passenger security.

BUSINESS



Alma Consulting Group Magyarország Kft.



Country Manager: dr. Mira Ágnes Páncsity
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European market leader with more than 100 areas of expertise, Alma CG generates savings by valuating all expenses in your P&L. Our unique approach is centered around our method of remuneration: all of our work is undertaken on a success-fee basis, without investing capital, changing your operational structure or compromising your commercial strategy.



Opten Kft.



Managing Director: Mr. Tamás Tóth
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It is decisive for the successful operation of enterprises to always have reliable and material information on the market, their partners or even their competitors. A considerable number of enterprises get in trouble because they do not have sufficient information, for example, on the business activities, financial status or payment discipline of existing or future partners before concluding a contract. Our mission is to provide enterprises, budgetary agencies and non-profit organizations with reliable and up-to-date economic, marketing and legal information, as well as company information and information on claims and annual statements as accurate and comprehensive as possible.



EXTREME Net Kft.



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ExtremeNet is the first truly integrated, innovative PR and digital media consultancy, delivering added-value also in the business development of our clients. Our main practice areas: PR, corporate communications, crisis and issues management, media training, PA, social media, event management, mobile application development and international app marketing.



Partner in Pet Food Kft.



CEO: Mr. Attila Balogh
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Partner in Pet Food (PPF) is an innovative and leading European producer, distributor and marketer of quality branded and own label pet food products. PPF supplies more than 200 customers in the 27 markets in which it operates, including Europe's top supermarkets, offering a full range of high quality cat and dog food products including dry, can, alucup, pouch, semi-moist, snacks and cat milk. The business, headquartered in Budapest, employs around 1,000 staff and has eight production facilities across Europe.



Finacont Szolgáltató és Tanácsadó Kft.



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Finacont is an independent business administration and advisory company established in 2002 with the aim to provide high-level services to foreign and Hungarian business entities. Currently we operate three offices in two countries – Hungary and Slovakia – employing a total staff of 75 professionals. The rich professional background and experience of our skilled people assure the high level of service delivered.

BUSINESS



IB Grant Thornton Consulting Kft.



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Grant Thornton is one of the world's leading organizations of independent assurance, tax and advisory firms. These firms help dynamic organizations unlock their potential for growth by providing meaningful, forward-looking advice. Proactive teams, led by approachable partners, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions.



Shikun & Binui Hungary



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Shikun & Binui is Israel's leading infrastructure and real estate group. The group's companies are involved in large-scale projects in Israel and abroad, and have proven achievements in the construction of residential neighborhoods and commercial and public buildings, as well as, in the establishment, financing and operation of huge ventures in the fields of transportation infrastructure, ecology, water purification and desalination, and international project development.



Innermetrix Hungary Kft.



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Innermetrix focuses on top executive consulting, business coaching and professional training. Innermetrix has developed the most comprehensive suite of business diagnostic tools and developmental processes on the market today, allowing our customers to: identify critical issues, measure and isolate the causes, and craft and implement appropriate solutions. We measure and identify the people, skills and talents.



Tapasztó Optic Ltd.



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Web: **www.eu-lens.com**

Tapasztó Optic Ltd. is a contact lens manufacturing and distribution company based in Hungary. The company also maintains private practices in Budapest and in Kecskemét for patients needing contact lenses and ophthalmology care. Tapasztó Optic distributes the products of numerous U.S. manufacturers, including Paragon CRT contact lenses which give patients the freedom to see without contact lenses or spectacles during their waking hours.



Németh és Tímár Ügyvédi Iroda



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Németh and Tímár Attorneys at Law is a general practice law firm with the main aim to adapt to client needs while preserving the traditional values of the profession. We strive to achieve the highest standards with an emphasis on corporate law, commercial law, civil litigation, tax law, NGOs and real estate transactions.



Virtual Call Center Solutions Zrt.



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Virtual Call Center's first incarnation was founded in 1999. The company began to focus on VoIP research and development in 2003, including an IP-based telephone exchange application. In 2010 Virtual Call Center solution became the company's cornerstone product, so it was time for a change of name. The IT and support teams are based in Budapest, Hungary, while the international sales headquarters are located in Munich, Germany.

START-UP



AppZee Kft.



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AppZee Kft. is a Hungarian media company. AppZee provides Video-On-Demand services for consumers and enterprises as well. Visitors can choose from a wide range of movies & series and watch them online on their computers, smartphones or tablets. The service is available at www.appzee.hu



Datanavigator Kft.



DataNavigator Kft.

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Datanavigator represents Archibus software in Hungary, the number one solution for real estate, infrastructure and facilities management in the world. We provide the complete product line for real estate portfolio management, capital project management, space planning and management, move management, asset management, environmental and risk management, building operations and workplace services.



Coaching Határok Nélkül Kft.



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Coaching Without Borders (Coaching Határok Nélkül (CHN)) organizes coaching and leadership development events in Hungary - everything in English - through bringing in recognized foreign experts and top quality expertise. We support leaders to develop themselves, to learn the latest trends and to acquire the latest tools for their own growing success.



Global Risk Management Consultancy, LLC

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Global Risk Management Consultancy, LLC advises clients on minimizing or eliminating quantitative and non-quantitative risk while maximizing risk opportunities through effective management strategies ranging from regulatory requirements to strategic risk propositions such as defining and setting risk appetite and tolerance levels whilst embedding risk management methodologies enterprise-wide.

NON-PROFIT



Down Egyesület/ Down Association



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The DOWN Association aims to help children, adults with Down syndrome and other mental disorders, together with their families, to live a more complete and happy life, fully integrated into the society.



LÁSS Egyesület



President: **Mr. Szabolcs Forgács**
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The LÁSS organization is a volunteer organization dedicated to the mental and physical well-being of the blind and visually impaired in Hungary through a wide-range of athletic activities.

PR FEATURE

Putting The Mind To The Future Of Train Commerce

Siemens was one of the most important firms involved in the completion of the new Metro 4 project in Budapest. Head of the company's infrastructure and cities sector, Dr. László Ludvig, talks about the challenges of the venture and his company's future plans related to infrastructure.



PLEASE DESCRIBE SIEMENS' INVOLVEMENT IN THE NEWLY INAUGURATED M4 METRO LINE.

Siemens supplied three key subsystems for the project: communication, the train control system and railway electrification. To put the extent of the project in perspective: during the course of the investment, we installed 100 kilometers of fiber optic cables and 30,000 input-output ports. Forty-four pieces of GEAFOL cast-resin transformers were manufactured in the Budapest factory for electrification. The train control system consists of components both on and off the trains that we implemented in partnership with the train supplier, which also involved the establishment of a control center at the Kelenföld station.

HOW DO YOU ASSURE THE SAFE OPERATION OF THE METRO, ESPECIALLY SEEING THAT THERE HAVE BEEN CONCERNS ABOUT THE OLDER TRAINS RUNNING ON OTHER LINES?

A metro project always comes with serious security requirements. It is a potentially dangerous environment: rescue operations are far more difficult to conduct in a tunnel than in the open air should something go wrong. A focus on safety is of course our first concern; in the case of the M4, the reliable automation system secures the operation.

WHAT WAS THE MOST CHALLENGING PART OF REALIZING THE PROJECT?

This project has been a long time in the making, since the 1970s – it took years of preparation but only kicked off in 2006. There's a joke in our profession: there are three kinds of people in our line of work, those who have worked on the M4, those who are working on the M4 and those who will at one point in the future work on the M4. The entire project involved the Budapest Transport Company commissioning 12 different subcontractors. It was a challenging task to coordinate activities with all the others, and required hand-in-hand cooperation. We experienced a strong will to cooperate from all of our partners as well as the City of Budapest, which allowed us to complete the project by the designated deadline.

THERE IS CURRENTLY A SORT OF HYBRID SOLUTION ON THE TRAINS IN THAT THEY HAVE A DRIVER WHILE RUNNING AUTOMATICALLY. HOW LONG WILL THIS STATE LAST?

Actually, there is no hybrid state, the trains are running fully automatically. The drivers are only there to monitor operations and as a means of reinforcing confidence; after one year, the driver's cabs will be unoccupied.

In terms of the safety aspects, the system is already fit to run unsupervised.

IS YOUR ROLE COMPLETE NOW THAT THE PROJECT IS FINISHED, OR DO YOU STILL HAVE OTHER DUTIES?

We continue to oversee the trial operation, which will most likely take a year. We are also contractually obliged to provide a three-to-five-year warranty, which also calls for keeping a team of experts on call to address any problems that may arise. Siemens is open to continue the cooperation after the legally determined deadlines, but that is up to the customer.

ARE THERE OTHER TRANSPORT DEVELOPMENTS THAT YOU ARE LOOKING TO PARTICIPATE IN?

Several. We were involved in the reconstruction of tram lines in Szeged, Debrecen and Miskolc, we are now working on line 1 and 3 in Budapest and we are supplying MÁV with rail automation solutions for major lines, including the implementation of the European Train Control System, which helps harmonize the various signaling systems when trains cross country borders. I would say that Siemens is still here with its global know-how and local commitment to support the efforts of railway infrastructure modernization.

AmCham Events –



HOW TO GET BIG RESULTS FROM SMALL SMART MOVES - BUSINESS BREAKFAST WITH MARK TURRELL, YOUNG GLOBAL LEADER

Thursday, April 17, 2014
Location: Budapest Marriott Hotel



AMCHAM CAREER SCHOOL WITH JAVIER GONZALEZ PAREJA, CEO, ROBERT BOSCH KFT.

Tuesday, April 15, 2014
Location: AmCham Conference Room



Photo Coverage



Gábor Báthory, Associate and Pablo Muñiz, Partner,
VAN BAEL & BELLIS

ARE YOU EU CUSTOMS AND TRADE COMPLIANT? - AMCHAM SEMINAR & COCKTAIL

Wednesday, April 9, 2014

Location: Kempinski Hotel Corvinus Budapest

AMCHAM CAREER SCHOOL WITH CSABA MÉSZÁROS, PRESIDENT AND CEO, EVOPRO HOLDING ZRT.

Tuesday, March 18, 2014

Location: AmCham
Conference Room



AMCHAM MINI MORNING SEMINAR: LEVEL UP YOUR PEOPLE

Wednesday, March 5, 2014

Location: AmCham
Conference Room

Dóra Magyarosi,
Senior Consultant,
Assessment Systems



**MINI MORNING
SEMINAR ON THE
MAJOR CHANGES OF
THE NEW CIVIL CODE**

Wednesday, February 26, 2014
Location: AmCham
Conference Room



Dr. Zoltán Nádasy, Head of Office,
Noerr and Partners)

**AMCHAM CAREER SCHOOL WITH DR.
LÁSZLÓ SZABÓ, GENERAL MANAGER,
TEVA GYÓGYSZERGYÁR ZRT.**

Tuesday, February 18, 2014
Location: AmCham
Conference Room

Mary Mulligan and Kent
Anker from Friedman Kaplan
Seiler & Adelman LLP with
Judit Budai and Zoltán
Balázs Kovács, from Szecskay
Attorneys at Law



**THE FOREIGN CORRUPT PRACTICES ACT AND
THE SARBANES-OXLEY ACT OR WHY IS THE U.S.
DEPARTMENT OF JUSTICE AND THE SEC INTERESTED
IN YOUR BUSINESS? A PRACTICAL GUIDE FOR
COMPANIES**

Thursday, February 6, 2014
Location: AmCham , Conference Room





AMCHAM SUPER BOWL PARTY XLVIII

Sunday, February 2, 2014
Location: Budapest
Marriott Hotel

PATRON PROFILE

GE Hungary

FIELD OF BUSINESS: *High tech infrastructure solutions and capital services*

WHEN ESTABLISHED (PARENT COMPANY AND HUNGARIAN COMPANY): 1878 / 1989

WORKFORCE: 13,000

BIOGRAPHICAL DETAILS OF INTERVIEWEE: *Joerg Bauer, 43, President GE Hungary*

LENGTH OF TIME THE COMPANY HAS BEEN AN AMCHAM MEMBER: *Since inception*

LENGTH OF TIME AN AMCHAM PATRON: *Since creation of Patron category*



HOW WOULD YOU DESCRIBE THE CURRENT BUSINESS ENVIRONMENT IN HUNGARY?

GE, like many others, sees Central and Eastern Europe as one economic region that works closely together and would be on par with Brazil, India or Russia, in terms of GDP and opportunities.

For GE, Hungary is an important part of CEE with 13,000 plus employees in 12 cities, three R&D centers (Healthcare, Lighting and Water), the EMEA HQ of GE Lighting, the CEE HQ of Healthcare and the global membrane filtration COE for GE Water. In addition to state-of-the-art manufacturing plants for GE Lighting, there are also centers for Water, Energy Management, Oil & Gas and a large facility for aircraft engines. Recently we also have announced the opening of our Global Operations Center in Budapest.

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

After re-entry to the region almost 25 years ago, combined with the acquisition of the already privatized Tungstam (GE Lighting) from a consortium of international banks, GE has constantly broadened its scope in Hungary by adding new business lines to its local presence. We are now delivering what we call 'GE and CEE phase II', adding innovation to our established manufacturing core. Recent announcements of R&D investments in Healthcare Hungary or our Design Center in Poland are most recent evidence of this common growth strategy. For Hungary we are combining the best of two worlds – on the one hand, a strong, fully integrated, local Hungarian GE company, and on the other hand, a part of one of the largest global technology companies, with access to markets in more than 160 countries. We export more than 98% of what we produce in Hungary.

A few highlights of how being a local Hungarian company helps us connect the country with the world:

- GE now purchases more than 65% of its external sourcing needs locally, worth \$900 million in 2013.

- We constantly add higher value activities to our manufacturing base and plan to employ around 600 new research engineers – who will work in numerous academic cooperations throughout the country – by the end of 2014.

- Innovative philanthropic programs, like the GE Foundation Scholar-Leaders scholarship, which aims to bring together and network Polish, Romanian, Czech and Hungarian students. GE has run this program for 12 years with 500 of the best students from the participating countries.

- Budapest Bank, recently voted 'Bank of the Year' by MasterCard, has been a reliable partner to local SMEs for more than a decade. The bank continued to keep up and even increase its lending to SMEs throughout the crisis.

- Budapest Bank has been a partner in initiatives that drive economic growth for Hungary via the support of SME sector (e.g. cooperating with Hungarian Export-Import Bank and actively joining the 'Funding for Growth Scheme' launched by the Hungarian Central Bank).

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

Improving the perception of the country as a reliable place to invest is essential. It should be a joint effort of organizations with an international reach, like

AmCham, the government and the business community.

What one thing would you like to see changed above all others to improve the business environment?

We strongly support the cooperation of countries in the region (e.g. under the umbrella of Visegrád 4). Close, regional economic alignment, joint standards and innovation strategies could make the whole region more attractive in global competition. GE aims to continue to be a reliable, long-term partner for the growth of Hungary and other countries in this part of the world.

WHY IS IT IMPORTANT TO BELONG TO AN ORGANIZATION SUCH AS AMCHAM?

GE, as one of the founding members of AmCham in Hungary, has always been both a close partner and a strong contributor to its activities. GE's core values, including a strong compliance culture and integrity, are fully aligned with the goals of the AmCham. With the chamber's mission "to be the most effective representative of the business community in Hungary, while promoting the global competitiveness of the country," and representing close to 400 members from 23 countries, we encourage all companies active in Hungary and interested in its success to join us at AmCham today.



PATRON PROFILE

Cargill Magyarország Zrt.

FIELD OF BUSINESS: Agriculture – Grain and Oilseed Supply Chain

WHEN ESTABLISHED ((PARENT COMPANY AND HUNGARIAN COMPANY): Parent company started in 1865 in Iowa, USA by William Wallace Cargill. Cargill Hungary was established in 1994 located in Budapest.

WORKFORCE: 300 employees across more than 20 locations

BIOGRAPHICAL DETAILS OF INTERVIEWEE: Zsolt Kócza aged 43, President and CEO at Cargill Magyarország Zrt., Managing Director of Cargill Slovakia. Has been working at Cargill since the foundation of the Hungarian legal entity in 1994.

LENGTH OF TIME THE COMPANY HAS BEEN AN AMCHAM MEMBER: Since 2013

LENGTH OF TIME AN AMCHAM PATRON: Since 2013

HOW WOULD YOU DESCRIBE THE CURRENT BUSINESS ENVIRONMENT IN HUNGARY?

Cargill believes in the development of Hungary and foresees a growing and profitable agriculture sector.

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

Cargill has been active in Hungary since 1995 when we acquired a minority stake in Agrograin, a leading Hungarian grain, oilseeds, and protein trading company. Soon after, our animal nutrition business started operations in Hungary and is now a leading provider of animal feed and customized animal productivity solutions. Reacting to the growing needs of farmers, we have started to offer more complex services to our partners. At the moment Cargill is market leader in buying crops (wheat, corn, barley, sunflower seed, rape seed) and securing risk management and crop input products (fertilizer, seed, chemicals) to grow agriculture products.

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

To be prepared for the coming season is always a challenge and an opportunity. Weather changes are difficult to forecast and we also needed to rework some of our processes because of the new legal environment.



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

Predictability and consultancy are always important and we welcome more discussions around the future directions in order to find the best solutions.

WHY IS IT IMPORTANT TO BELONG TO AN ORGANIZATION SUCH AS AMCHAM?

We see AmCham as a well-structured, trustworthy international organization that is willing and capable to help in creating positive changes. The possibility to meet with other industries' professionals is also a great benefit for all of us.

WHAT ARE THE ADDITIONAL BENEFITS OF BEING A PATRON?

We enjoy a complete package of benefits including Patron-only events where we can

meet business leaders. This premier category of being an AmCham member gives us the greatest level of exposure through the entire lineup of events and publications like Voice magazine.



CHAMBER CORNER

Patient Bridge Building In Search Of A Win-Win For FDI

Andrea Doko Jelušić explains the processes AmCham Croatia are adopting to improve the business environment in the transitional Adriatic country.

Current campaigns:

AmCham Croatia's advocacy activities are primarily conducted through our committees, drawn from member companies that share similar issues. Therefore, we mostly focus on issues that affect our membership, but also some broader issues relevant to improving the investment climate. Currently, our top issues are: improvement of current waste management and recycling solutions/legislation (with a special focus is on ELVs, waste oil and organic waste); public procurement in the health care system and VAT rates on medicinal products; intellectual property rights protection; and a campaign on the influence of multinational companies on the local economy and society.

Notable successes since foundation:

In 2013 we prepared a position paper on 'Necessary Amendments To The Labor Act' that identified crucial problematic areas and presented actual recommendations to eliminate obstacles, with the aim of helping to create a flexible and competitive labor market. We presented the paper to the Minister of Labor and Pension System; our suggestions were well accepted and the ministry included several of them in the draft law. We have also raised public awareness regarding the end of vehicle life issue, concerning safe disposal and waste management systems in general.

What has proved an effective approach?

In our advocacy efforts we have seen that the best approach is always to be constructive in our proposals/suggestions and to offer workable,



achievable solutions as well as practical expertise that companies have and government bodies often lack. It is important to build bridges and sometimes have a lot of patience, as in the end it could result in a win-win for all sides.

What has not worked?

Generally speaking, the most challenging issues for us have been those related to public procurement and connected to the market competition, which still have room for improvement.

What particular problems have faced businesses in your country?

The main problem facing businesses in Croatia is the unpredictability of the system. AmCham Croatia is part of joint international business efforts to improve the business climate in Croatia. Together we have identified five major problem areas and proposed measures which are achievable and potentially 'game changing' steps that the government can implement in order to make Croatia's business environment more competitive and attractive for businesses and investors. These proposed measures are:

1. Legally Binding Tax Opinions
2. Public Procurement Auctions Online
3. Deadlines For Permit Decisions
4. Improved Regulations
5. Reduced Parafiscal Fees

Number one challenge facing business today:

The slow recovery of the economy post-crisis, the still rather adverse economic conditions in many EU countries, and budget deficits..

VITAL STATISTICS

Name of Chamber: AmCham Croatia
When founded: 1998

Number of members (at foundation and currently): 20 founding members, currently 162 members

Mission statement: To provide our members with a forum for developing business opportunities, through promoting high standards of business practices, pursuing policy advocacy and offering high level networking

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FINANCIAL ISSUES, CHARITY



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PROJECT MANAGER



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Make a child smile.

AmCham Foundation
18106400-1-41

It doesn't cost anything to smile! Neither does offering 1% of your personal income tax.

BUSINESS INNOVATION | MASTER AND PUPIL

What can large firms and startups learn from each other?

Conference location and time: Gerbeaud House
(1051 Budapest, Vörösmarty tér 7.), May 6, 2014 2pm-6pm



Moderator

Veronika **PISTYUR** – CEO, Bridge Budapest

What can the corporate world learn from startups?

Hungarian enterprises in the global market

Speakers

Levente **BALOGH** – owner/CEO, Szentkirályi Ásványvíz
Péter **BALOGH** – CEO, NNG Kft.

Multinational enterprises in the Hungarian market

Speaker

Dávid **SZABÓ** – startup expert, Microsoft Magyarország

What can startups learn from multinational enterprises?
When does the time for change come? How to give professional and competitive formal outlines for soaring, innovative ideas?

Speakers

Anton **KOVACH** – CEO, ShiwaForce
Katalin **IVÁNKA** – owner, IVANKA Beton Design
Zakariás **TIPTON** – Tipton
Napsugár **VON BITTERA** – designer, Napsugar von Bittera
Szabolcs **SZELEI** – marketing director, Google Magyarország
Zoltán **SZARVASI** – owner/CEO, Digital Apes

The recipe for change management: Intellectual and venture capital

Speakers

Levente **ZSEMBERY** – CEO, BNV Equity
Péter **KOVÁCS** – Co-owner, Chief Social Evangelist – IseeQ

Language: Hungarian

Participation fee: ~~HUF 19,900+VAT~~/person (includes entry for presentations and reception)

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Your passport to greater success

Lufthansa's bonus programme offers small and medium-sized enterprises great benefits

Today more than ever, business trips are an integral element of working life. Now they also provide an ideal opportunity to help manage travel expenses with options such as free flights and upgrades. You can also use them perfectly to further motivate employees – for example, with PartnerPlusBenefit, the Lufthansa corporate bonus programme.

Since 2001 the airline has supported its corporate customers through a special bonus programme – PartnerPlusBenefit.

Currently PartnerPlusBenefit is available in 130 countries and over 100,000 companies have benefited from being enrolled in the programme.

Participation is free of charge, companies simply have to register. On international flights operated by Lufthansa and partner airlines, points can be collected in First, Business and Economy Class. These are then credited to a company account that is managed online. Only participating companies can access their credit balance, which can then be redeemed for attractive awards, such as free flights or upgrades.

The varied range of awards available has been optimized to companies' needs. Participation in the corporate bonus programme can also be combined with Miles & More miles. In this way, employees can earn both types of points on their flights: miles for their personal Miles & More account and benefit points for the company's account.

Registering for PartnerPlusBenefit is very easy and can be done via www.partnerplusbenefit.com.

Information on all the awards and the partners participating in the programme can be found on the relevant country's home page. There you can also find out how to redeem points, check your current points balance and read all the latest news about Lufthansa's corporate bonus programme. Now is the perfect time for you to take a closer look at the programme and all that it offers.

Participation in PartnerPlusBenefit definitely pays – without exception.



PartnerPlusBenefit



Collect points on business flights

Enjoy the benefits of Lufthansa's free corporate bonus programme: just collect valuable bonus points on flights, redeem them against attractive awards – and motivate your employees as you do so.

www.partnerplusbenefit.com

