

21/04/1997

## Hungary faces new challenges

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MALAYSIANS may remember Hungary more for its football prowess in the 1950s and 1960s with the likes of talented stars such as Puskas, Czibor and Farkas and also the credible number of gold medals this small Central European country has won in the Olympics since the Athens Games.

Winning the Olympic football gold in 1952, 1964 and 1968 made Hungary a household name among footballing nations although politically, it kept its door closed to the world except with other communist nations.

After World War I, with the collapse of the German-Austrian-Hungary military alliance, a revolution broke out in Budapest in October 1918 which resulted in the proclamation of a republic headed by Count Mihaly Karolyi.

Karolyi handed over power in March 1919 to the Communist Hungarian Republic of Councils headed by the Bolshevik Bela Kun which lasted three months, ending with Czech and Romanian military attacks.

In June 1920, Miklos Horthy was made the Regent and the new regime signed the Trianon (Versailles) Peace Treaty which resulted in Hungary losing two-thirds of its territory and population.

In World War II, the Hungarian government sought an agreement with the "Western powers" and on learning this, German troops occupied the country on March 19, 1944.

Following the 1945 Yalta conference which grouped the Great Powers, it was decided that Hungary together with its neighbours would belong to the Soviet sphere of influence.

At the end of the Cold War in 1988 and 1989, political parties defining the democratic era were revived. The republic of Hungary was proclaimed on Oct 23, 1989, signalling the emergence of a market economy and multi-party democracy.

After the first elections in 1990, the 1994 elections saw the Hungarian Socialist Party winning 209 of the 386 seats in Parliament. It formed a coalition government with the Alliance of Free Democrats (69 seats), and Prime Minister Gyula Horn and his Cabinet were sworn in on July 15, 1994.

After tearing a hole in the "Iron Curtain" in 1989, Hungary has embarked on new foreign policy initiatives and its Deputy Foreign Minister Laszlo Kadar said this included closer ties with all nations.

"We are serious about strengthening our relations with Southeast Asian countries. We are awed by the private sector-driven economy of Malaysia and its neighbours and Hungary is confident there will be mutual benefits by working together," he said in an interview at his office in Budapest.

During the initial period of introducing market economy, it concentrated on relations with European Union members and neighbours and having achieved remarkable success in this, Hungary wants better ties with the booming economies in the Far East.

"By enhancing bilateral ties with countries with economic and political stability, we realise we can learn much from each other apart from embarking on measures for fruitful long-term co-operation," he said.

Stressing that developing new partnerships with Southeast Asian nations as one of its priorities, Kadar said his country also wants to play a key role in promoting peace in the region by becoming an active dialogue partner with Asean.

He said the visit of Horn to Malaysia today is a continuation of high-level relations between the two countries started by Prime Minister Datuk

Seri Dr Mahathir Mohamad who visited Hungary in 1987.

Apart from enhancing economic and other co-operation and promoting greater trade between the two countries, he said it would also offer an opportunity for the leaders and people of both countries to know each other better .

An agreement on technical and scientific co-operation would be initialled to ensure collaboration in these fields, especially since Malaysia has an energetic and far-sighted programme towards attaining industrialised status while Hungary has a traditionally developed technical background.

The director-general of Hungary's Ministry of Industry, Trade and Tourism, Bela Szentmary, said his country's economy has been on the mend during the last few years, experiencing modest growth since 1993.

An active industrial policy to improve the market, financial and strategic positions of companies and produce favourable conditions for investments has been put in place.

"Our macro-economic policy aimed at equilibrium of the economy and with it an improvement in the business climate has helped establish the general conditions for sustainable industrial growth," he said.

Hungary's objective of becoming a full fledged member of the European Union would not only bring political co-operation and a co-ordinated foreign policy but would also enable the country to become a gateway to the EU region for products, services and people from Asean and other regions.

The Government, he said, was continuing its efforts to prepare the country for the integration and creating all the necessary domestic conditions, including introducing structural changes in production and financial services, culture and social services and is reforming the budgetary system to minimise the level of redistribution in the economy by reducing the role of the State.

In the agriculture sector, steps are being taken to increase production. The sale of agriculture and food products, which dropped in 1993, has begun to make significant jumps from 1994 with export of agriculture products constituting 20 per cent of the Hungarian economy.

A new law on privatisation enacted in May last year has set the rules of competitive bidding for State assets and includes a list of the public undertakings to be privatised.

With these changes, Hungary provides excellent investment and tourism opportunities and its bid to have closer relations with the countries in the Far East is expected to be mutually beneficial to those countries willing to explore and exploit the opportunities that may arise from such co-operation.

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