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Hungary turns towards Asia

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DUE to its location in the heart of Europe, Hungary has traditionally attracted many foreign tourists. In 1995, the country received some 40 million visitors.

Hungary offers a wide range of tourist attractions. Apart from the well-known Lake Balaton, health tourism based on spas and the low costs of medical treatment is developing rapidly.

Visitors are also drawn to its cultural events, such as concerts, festivals and museums, especially in spring and autumn. Cultural tourism is usually promoted by the Hungarian Government and the municipalities.

Hungarian Ambassador to Malaysia Istvan Debreceni noted that diplomatic relations between Malaysia and Hungary have been established since 1969. However, "until the fundamental political and economic changes in Hungary in 1989, trade, economic and humanitarian cooperation between the two was limited.

"Following the transformation of Hungary into a parliamentary democracy and a market economy, a new chapter has been opened in the bilateral relations," he told Business Times.

Following visits by Prime Minister Datuk Seri Dr Mahathir Mohamad and then Deputy Prime Minister Ghaffar Baba to Hungary in 1987 and 1992, respectively, and the visits to Malaysia by Hungarian President Arpad Goncz in 1993, Speaker of Parliament Zoltan Gal (1996) and Prime Minister Gyula Horn (last month), excellent relations are being forged between the two countries.

"Horn's visit gives new impetus to the development of relations between the two countries in various fields of cooperation.

"With continuous support of both Governments, new possibilities have been created for the private sector and citizens of the two countries to enhance trade, investment, joint ventures and other forms of economic cooperation as well as educational, cultural, sports, personal and other kind of people-to-people relations," Debreceni said.

Hungary set up its embassy in Kuala Lumpur in 1991, while the Malaysian embassy in Budapest was established in 1993.

The envoy said Budapest and Kuala Lumpur have all the necessary conditions for the extension of bilateral ties, especially in trade and investment.

"For the past two years, there has been dynamic growth. There are no hindrances for trade growth since there are no regulatory obstacles. Everything depends on commercial interests," he said.

During Horn's visit, the Hungarian Prime Minister witnessed the signing of an agreement on scientific and technological cooperation as well as a Memorandum of Understanding (MOU) on trade promotion cooperation between both countries.

"With these agreements, trade can be further enhanced," Debreceni added.

Malaysian exports to Hungary in 1996 totalled RM146.6 million, while imports totalled RM48.6 million. Trade is in Malaysia's favour.

Hungary's exports to Malaysia, comprising mainly steel products, pharmaceuticals, rolling stock parts, electronic parts, machine tools and other machinery, totalled US\$10.2 million in 1996 (US\$1 = RM2.51) compared with US\$12.8 million in 1995.

Hungary imported computers and other electronic products; palm oil; rubber; agricultural products; textiles; shoes; and consumer goods from

Malaysia totalling US\$53.3 million in 1996 compared with US\$33.7 million in 1995.

As for investment, Debreceni invited Malaysian entrepreneurs to invest in Hungary since there is already a Malaysian bank there, the International Commercial Bank. The bank has a capital of RM23.75 million.

There is also a Malaysian company in Hungary, Neutronics Electronic Industries Holding GmbH, with 60 per cent equity held by Malaysian investors.

"Hungary would also like to see more participation from Malaysian investors in its economy which is undergoing a transition period from that of state-run to an open market economy,

"Areas that can be tapped by Malaysian investors include those in infrastructural development; transport, such as electric trains and trucks; power plant equipment and sub-stations," Debreceni said.

On Hungarian investment in Malaysia, Debreceni said that the amount is still very small and there is room for improvement.

"A Hungarian company, Ganz-Hunslet, was awarded a contract by KTM Bhd worth between RM5 million and RM6 million to refurbish 40 electric trains. The first 20 coaches will be delivered in the next few weeks.

"Another Hungarian company, Ganz-Ansaldo, is interested in the energy sector and will be cooperating with Indkom of Malaysia."

In recent years, Hungary has become an attractive target country for foreign investors. The small central European country has attracted more than US\$15 billion in foreign direct investment since the inception of its free market.

In 1995, Hungary accounted for 50 per cent of the capital stock invested in central and eastern Europe, excluding the Commonwealth of Independent States.

Debreceni said Hungary is paying more and more attention to Asia due to the dynamism of the region.

"Hungary was present in Asia after the Second World War, but mainly in Japan and Indonesia. We understand the importance of Asean, which is part of our economic strategy.

"Horn's visit signifies that we are looking for opportunities. This is also as a preparation for us to join the European Union and we are also interested in joining the Asean-Europe Meeting (Asem)."

He added that trade relations between Hungary and Asian countries have picked up only during the last five to 10 years.

On the EU, Debreceni said that Hungary's main aim is to reintegrate into the EU. It would also like to be a member of the North Atlantic Treaty Organisation.

Hungary is currently an associate member of the EU and has applied for full membership. Discussions will be completed by June.

"Hungary has a good chance to be in the first group of countries by the turn of the millennium. The economic strategy of the Government is aimed at preparing to meet the criteria of membership.

"For this purpose, the Hungarian Government has to create the necessary harmonisation of laws and institutions. We are trying to bring the main economic indicators close to those required by the EU."