

Hungary

Leaps in Growth

The Hungarian economic "renaissance", shows the way

Building bridges between Cyprus and Hungary



INTERVIEW: ZSANETT OLAH

Bridges of cooperation and development

STATE SECR. ECONOMIC DIPLOMACY

How Hungary successfully dealt with the crisis

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- Institutional framework consulting



**Hungarian
National
Trading House**

Leoforos Vas. Constantinou 38, 11635, Athens

Tel.: +30 (210) 72.20.150-1, E-mail: info@alx.com.gr, www.alx.com.gr

31 Evagorou Ave., Evagoras Building, Suite 24, 1066 Nicosia,
Cyprus, Tel: +357 227 64 797

Hungarian Rhapsody...

History, arts, sciences, inventions, great achievements of the past and the present. An impressive mix that creates the profile of a historic nation.

Even though it is a country with fewer than 10 million inhabitants, Hungary is the birthplace of great artists of intellect, arts and sciences. The international recognition of their work, has yielded 13 Nobel prizes so far! A country which for years remained in the tight circle of the eastern block, is currently «reintroducing itself» in the global community, with a new face, combining a mixture of historical past and ambitious future.

From nomads to a modern state

The Hungarians were nomadic populations and are believed to have moved to the Carpathian basin from the east and particularly the Ural Mountains. Under the leadership of Arpad, they settled in the area around 895 AD. In 1000 AD, King Stephen I (St. Stephen) founded the Hungarian state and its people embraced Christianity. Around 1240 AD the Mongolian invasion caused serious damage to the country, while it nearly decimated half the population.

Three hundred years later, the country is divided into three parts: the Kingdom of Hungary, the dominion of the Habsburgs and the Turkish dominion. After the end of the Ottoman rule, that portion fell into the hands of the Habsburgs.

By the mid-19th century, revolutions for independence broke out in Europe. Thus, in 1848 the Magyars challenged the dominion of the Habsburgs. After the revolution, the silent resistance reinforced the Hungarian nation, when in 1867 an agreement was reached with the Habsburgs, which gave birth to the Austro-Hungarian monarchy system.

With the end of World War I, which meant the dissolution of Austria-Hungary, the victorious powers (with the Treaty of Trianon) divided the country. Hungary, with a population of over 20 million, was left with only about 8 million inhabitants. Having the first independent government of modern times, the country was renamed to the Republic of Hungary.

The Second World War brought new tests to the Hungarian people. The country was incorporated in the countries controlled by USSR and the Soviets took effective command of the country for a period of 44 years. In 1956 the Hungarian people tried to end the Soviets' control, but without any success.

The Soviet domination ended with the collapse of the Soviet Union and so Hungary became an independent republic again. In 1999 the country joined NATO and in 2004 it became a member of the European Union.



The Hungarian people are proud not only for their historical past, but also for the achievements they have demonstrated during their long course.

Inventions and achievements

The historical events of the country are not only geopolitical. Major Hungarian personalities contributed to the progress of world civilization. By gleaning some of the many examples of important Hungarian inventions, worth mentioning are: the first nuclear reactor (Leo Szilard), the first electric machine (Anyos Jedlik), the safety match (Janos Irinyi), the ballpoint pen (Laszlo Biro), vitamin C (Albert Szent-Györgyi), the hydrogen bomb (Edward Tell Teller), binoculars (Jozsef Petzval), PBX (Tivadar Puskas), color television (Peter Karoly Goldmark), carburetor (Donat Bankiand Janos Csonka), the first helicopter (Oszkar Asboth), the Rubik's cube (Erno Rubik), and the digital computer (John von Neumann).

The Hungarians have a long history of success in sport, as Hungary holds the 8th position in ranking of medals for the Olympic Games in all times. Famous for its richness in folk traditions, Hungarian music ranges from the rhapsodies of Ferenc Liszt, the compositions of Bela Bartok and Zoltan Kodaly to the Hungarian gypsy music.

Other representatives of the country in arts and letters are the journalist Jozsef Pulitzer (Pulitzer Prize), Tony Curtis, William Fox (founder of Fox Studios), and Adolph Zukor, creator of Paramount

Pictures. Nowadays, Hungarian authors have presented achievements like Prezi (cloud software application) and LiTraCon, a translucent building material, strong like concrete.

The country with the 13 Nobel Laureates

The fact that Hungary accounts for 13 personalities who have been honored with the Nobel Prize, perhaps the most important institution for recognition of significant offers to humanity, is certainly impressive, the very least.

1905 Philipp Lenard (Physics - 1905), Robert Barany (Medicine -1914), Richard Adolf Zsigmondy (Chemistry - 1925), Albert Szent-Györgyi (Medicine- 1937), George de Hevesy (Chemistry - 1943), Georgvon Bikisy (Medicine- 1961), Eugene Wigner (Physics 1963), Dennis Gabor (Physics - 1971) John Polanyi (Chemistry - 1986), George Olah (Chemistry - 1994), John Harsanyi (Economics - 1994), Imre Kertisz (Literature-2002) Avram Herskho (Chemistry - 2004).

Hungary: In steady growth trajectory

Over the last years Hungarian economy is going through a steady growth path and an expansive policy, offering attractive prospects on investments.

The radical sociopolitical changes that have taken place in the countries of central and eastern Europe in the early 1990s, influenced the Hungarian economy, which was transformed into a market economy, leaving behind the practices of a closed-type Eastern block economy. Hungary's medium-sized, by European standards, economy was based mainly in the country's heavy industry. Food industry still represents a large percentage of the country's total industrial production and exports. Also, an important role in the ongoing development of the Hungarian economy, is played by the sector of services, which has been developing positively in the last 15 years. An important criterion for attracting investments is the geographic allocation of Hungary. Being in the heart of Central Europe, the country serves as a center for transportation of goods and of workers.

Prospects and investment incentives

Hungary as a member of the European Union (EU) has formulated favorable regulatory framework, which provides an important incentive for domestic but mainly foreign investors.

The Hungarian state encourages investment in both the production of goods and high value-added sectors, due to a well-organized system of incentives for investors to corner stone a special incentive package for investments exceeding 5 million euros. Incentives focused on investments in establishing production facilities, R & D, logistics, etc.

The stimulus package includes capital grants, tax breaks and subsidies for job creation and staff training. Finally, Hungary actively embraces Research & Development and Innovation (R & D & I).

Tax and insurance

Although the general VAT rate is 27%, there are reduced rates of around 5% in many product categories, which will be increased within 2017. At the same time, in order to create a favorable environment for investments, the government has established tax exemption for services connected to investments, while the corporate income tax rate is progressive and remains low.

But state support and EU incentives are not the only incentives for investors. The high-quality infrastructure, a competitive tax system, a skilled workforce and other small and larger factors, make Hungary in total, an ideal investment destination.

Investment opportunities in Hungary

On the other hand, investors have a possibility to capitalize on the country's



The number of manpower employed in the automotive industry has increased significantly, reaching the amount of 150,000 workers in 2015.

strategic geographical position and its modern infrastructure. Today, Budapest has become the second largest commercial properties market in Europe.

Investors in Hungary can find more than 700 "investment friendly" points, while those who have already invested in the country, are making their plans for the future, happily learn that the State is committing to further support and improve the business climate. Those intentions are confirmed by the Hungarian economy remaining stable in growth since 2013. The fact that the macroeconomic stability of the country rests on a solid foundation and not only in development is worth mentioning. Similarly, the public debt is continuously reduced as a percentage of the GDP, which will seem to give significant trade surplus in the coming years and the public deficit is lower than 3% of the GDP.

The most profitable sectors for investment, in numbers

Based on the results of the first half of 2016, the highest number of completed investment projects involve the automotive industry, which represents the 20% of total Hungarian exports, while the respective manpower has increased significantly.

In regards to agriculture, Hungary remains an important producer of many agricultural products in Europe – surprisingly, inversely proportional to the size of the country- placing food industry in a high position.

Focusing on the geographic distribution of the projects, the progress in remote, rural areas is remarkable. One of the driving forces behind it, is the subsidy scheme, which increases proportionally depending on the location of the project, with remote areas absorbing more funds for projects.

Key reasons to invest in Hungary

- Competitive Tax System
- 15% flat-rate personal income tax
- 9% corporate flat-rate tax
- Well-qualified, cost effective labor force (average 7 €/hour)
- Investment friendly political measures (financial support, tax allowances)
- Strategic geographic allocation
- Highly developed logistical, transportation & telecommunication infrastructure
- High level of educational system, 21 international schools
- Low establishment cost of companies in Hungary
- Limited Partnership 235-555 €
- Limited Liability Company 395-825 €
- Joint Stock Company 395-825 €
- Establish a company and start business in 5 days
- Excellent industrial park & office infrastructure

How Hungary successfully dealt with the crisis

The State Secretary for Economic Diplomacy, Ministry of Foreign Affairs and Trade, Levente Magyar, elaborates on the recipe for the country's successful economic course in recent years.

Text: Mr. Levente Magyar

In the year 2010, the then incoming current government was confronted with an extremely challenging economic situation in the wake of the crisis that had hit Hungary earlier than Greece and also with more severe consequences. To be able to solve such a predicament it had to assume an entirely unorthodox approach, as opposed to the classic set of measures habitually deployed in similar situations.

Aiming to modernize the economy

The Government broke away from the traditional recipe of the IMF that would have built solely on severe austerity measures and tax increases, thereby crippling the economy even more. Instead, Hungary stepped on a path of so-called 'unorthodox' measures, the main aim of which was to re-orientate the country from a welfare-based towards a work-based economy. An important objective was to make Hungary the production centre of Europe in order to accelerate and stabilise economic growth. By now, in addition to the aforementioned goal, another one has also been set, namely to turn the country into a research, development and innovation hub.

It goes without saying that a prudent budgetary policy has also been part of the measures. As a result, Hungary has demonstrated that budget discipline and economic growth were not at all mutually exclusive. Favourable developments unfolded, especially in the last four years. GDP has grown in record numbers, as well as exports and the surplus of external trade. The budget deficit has been kept below the forecasted numbers and public debt has been continuously declining. At the same time, employment has rapidly increased

Internationally recognized results

Over the years, wider economic circles have also gradually recognized the continuous exemplary performance of Hungary, and an era of downgrading has been followed by an era of upgrading. Three major credit rating agencies increased Hungary's rating to the level "recommended for investment" in 2016.

Hungary is an open economy, where particular emphasis is placed on encouraging



The State Secretary for Economic Diplomacy, Ministry of Foreign Affairs and Trade, Levente Magyar.

foreign investment and facilitating external trade. In order to ensure the most efficient coordination, all major institutions of external economic relations have been restructured under the supervision of the Ministry of Foreign Affairs and Trade.

Gaining the trust of foreign investors

As for foreign direct investment, the Hungarian Investment Promotion Agency (HIPA) assisted 67 projects that led to positive investment decisions in 2015. Until the end of October 2016, there were already 64 positive

investment decisions with HIPA's assistance, whose combined investment value will be close to EUR 3.2 billion, creating 16,100 new jobs.

2015 was the year of records in external trade as well, with historically high export volumes increased by 7%, while the trade surplus grew significantly.

The same trends continued in 2016, when both exports and trade surplus increased.

Facilitating entrepreneurship

One of Hungary's competitive advantages over other countries in the region is the Government's strong commitment to streamlining business processes and increasing the competitiveness of SMEs and large firms in Hungary. To promote this objective, we offer an investor-friendly system of corporate taxation and wide-ranging incentives to facilitate foreign direct investment and reinvestment by local enterprises.

Government has recently decided to amend the system of cash subsidies for major investments: state subsidies will be available for knowledge-intensive investment that bring cutting-edge technology into the country.

Hungary is a bustling business hub situated at the very heart of Europe, which makes the country ideal for manufacturing, services and logistics

Cultural autonomy enjoyed by the Greeks of Hungary

Minority subsidiaries of Greeks in Hungary, preserve the language the customs and culture of their country, with the help of the Hungarian state.



The participants at the recent conference titled «1100 years of Byzantine-Hungarian relations» in the Hungarian Parliament.

After the political changeover and Hungary's transformation into a civil democracy constitution (1989), the Hungarian state has officially recognized 13 historical national minorities, which have more than a century of active presence in the country. Among those recognized was the Greek minority, as it is known that for over 1100 years there is a presence of Greek ethnological groups in the Carpathian basin which includes the area of Hungary.

These organized minority subsidiaries are elected on the same day the municipal and prefectural elections are conducted in the country. In the last elections Greek minority subsidiaries were elected in 35 constituencies, while even a prefectural subsidiary of Greek minority was elected in the Hungarian capital. The Greek Hungarian Subsidiarity (AEOY) was founded in 1995 and now in its sixth term.

Maintaining the flame of Hellenism

AEOY and its institutions' mission, is to maintain and cultivate the Greek traditions,

customs, guaranteeing that students of Greek origin will learn their mother tongue and culture. At the same time, it explores the history of Greeks in Hungary. The Hungarian State financially supports the budget of the local subsidiary with 1 million euro per year.

Today AEOY is responsible for the operation of two Greek schools. The kindergarten and primary school of the Belogiannis village and the complementary afternoon Greek school «Manolis Glezos», which is based in Budapest, but also operates 17 other Hungarian branches. AEOY has also founded a new minority school in Budapest, which is expected to operate in the coming school year (2017). Aside from Greek teachers posted from Greece, Hungarian educators with a Modern Greek Studies degree, teach the Greek language and folklore in the educational institutions of Hungary.

AEOY is also responsible for the operation of the cultural center and the Belogiannis village library, as well as the «Cultural Institute of Greek Hungarians». The Institute is situated on the property bought by AEOY in 2008, in the 9th district of Budapest, which will soon have a

theater with a capacity of 500 spectators. The Greek Hungarian Subsidiarity publishes the magazine «HELLENISM» on a regular basis.

The «Greek Hungarians Research Foundation» also deals with the history of the Hungarian Greek communities, which was established by AEOY in 2003. Basis for these researches, is the material of the official Hungarian archives for the Greek diaspora and trade as well as for the Greek political refugees of the civil war.

Every year in March and October, the Subsidiarity, celebrates the Greek national holidays as well as the religious ones like the Epiphany and Easter. Children of Greek schools visit Greece every summer, participating in organized excursions and camps that are designed to make them acquainted with the land of their ancestors.

Various Greek social organizations, with the oldest being the «Cultural Association of Greek Hungarians», which was established in 1982, also operate outside AEOY. There are also dance groups, choirs, musical bands, youth clubs, etc., which ensure that the Greek element remains alive and active in Hungary.

Excellent relations between Cyprus and Hungary

Our peoples and countries are bound by a mutual feeling of friendship, which provides a solid base for this collaboration.

Text: Mr. Erik Haupt*

At a time when Europe faces major challenges in total, it is very hopeful that Cyprus and Hungary realize the importance of common action and the importance of cooperation in all fields, possessed by a feeling of mutual friendship. This contributes to excellent relations shared by Cyprus and Hungary, creating stable multi-level cooperation bases.

In political terms, Hungary and Cyprus have established close bilateral relations. By the time-simultaneously-became members of the European Union, new fields and important features emerged for cooperation between them.

Just a few months ago, the Minister of Foreign Affairs and Trade of Hungary, Mr Piter Sziijarto, visited Cyprus, where he met with President Nicos Anastasiades and other institutional factors. Reciprocating the visit, the Foreign Minister of Cyprus Ioannis Kasoulides, visited Budapest, highlighting the good relations of the two countries and keeping alive a regular high-level dialogue between our governments, which share common or similar views on many of the issues on the European agenda.

It is a significant indication of consensus of opinion that Cyprus has never joined the ranks of those who criticized the Hungary, demonstrating a constructive attitude. At the same time, Hungary fully supports the efforts made by the Republic of Cyprus, during the crucial reunification talks and it is regrettable that the final agreement has not been achieved yet. From the beginning, Hungary is firmly in favour of solving the Cyprus problem through peaceful dialogue; a comprehensive, lasting and fair solution is possible through negotiations, under the auspices of the United Nations. Hungary played an active role in ensuring peace in the last 15 years and will continue to contribute to the activities of UNFICYP, in the hope of finding a solution.

Cultural relations between Cyprus and Hungary Respectively high importance is also attributed to the promotion of cultural relations between the two countries. The success of the Hungarian cultural events that have taken place in the past, show that the people of Cyprus is vividly concerned for art forms that come from Central Europe. In this context, the Hungarian Embassy and myself, have set the task of maintaining and deepening of cultural relations between the two nations, as our primary objective.

Hungary is justifiably proud of the fact that its educational system has nurtured many Nobel laureates, and welcomes every year a significant number of Cypriot students, most of whom are distinguished members of the Cypriot society, increasing further the reputation of the Hungarian educational system. The Cypriots with Hungarian educational background is considered ambassadors for science and culture of the country, while playing a key role in the interaction between the two peoples.

At the same time, Cyprus is a favorite destination of Hungarian tourists. In recent years, thousands of Hungarians have visited Cyprus, with that number growing annually. As many are the Cypriots living permanently in Hungary, friendship associations have been set up, and have been the trigger for the development of civil diplomacy between the two countries.

Financial Relations

Another essential tool to implement the historical friendship and trust that characterizes both nations is the economic and business cooperation. Hungary and Cyprus share common interests to support small and medium-sized enterprises. At the same time, the strengthening and expansion of business ties and exploration of new modes of cooperation, ensure the improvement of the competitiveness of our economies. It must be stressed out that the doors of the Hungarian Embassy are constantly open, aiming to support and expand operational capabilities for Cypriot and Hungarian businessmen and investors. In this context, it is an opportunity to highlight the activities of both the Association of Cyprus – Hungary and the newly formed company ALX Greece, which represents the Hungarian National Trading House in Cyprus. The company operates as an assistant and valuable advisor to every interested entrepreneur or investor who is searching for adversarial collaborations.

As open economies, Cyprus and Hungary are highly dependent on the trends of the global market. The domino effect of the international financial and economic crisis was a hard blow for both countries, but the facts show that both economies are coming out stronger from the crisis.

Despite the fact that Hungary was the first country in Europe to have turned to the IMF at the beginning of the crisis, its economy is now fully solvent and is one of the leading producers in the



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EU, showing signs of recovery when all European economies were starting to show weary. All sectors of the Hungarian economy are magnified, with industrial production increasing by more than 20% compared with 2010. Trends in the labour market are also positive; unemployment decreased to 5%, the lowest rate since the change of the political system 27 years ago. The positive results are recognized by all major international bodies for evaluation. At the same time, the news coming from the Cypriot economy are also very promising, demonstrating that the heavy sacrifices of the people are actually paying off. The Hungarian Government and Hungarian people recognize and applaud the great efforts made to tackle the difficulties.

** Mr. Erik Haupt, Ambassador of Hungary in Greece and Cyprus, Head of the Diplomatic Mission of Hungary in Cyprus. He studied modern Greek philology and history at Eötvös Lorand University. He served abroad, as first Secretary of the OSCE Mission in Hungary and then, as Hungary's Ambassador in Estonia. He has published articles on the history of the Greek community in Hungary in the 18th-19th century and has translated works of Greek poets in Hungarian.*

Innovative, high specialization and widely applicable solutions

The Hungarian National Trading House (MNKH), designs and implements actions towards enhancing export activity that cover a wide range of interests in many sectors of the economy.

The competitive advantages that one can find today in the Hungarian economy are notable. Due to its central geographical location, the country is a link between Eastern and Western Europe, and also has a highly skilled workforce in various productive sectors. Based on these advantages and using modern technologies, the Hungarian companies produce high quality products and provide high added value services, with high levels of innovation and competitiveness.

The Hungarian National Trading House has prepared export development strategies, providing support and information to those seeking business opportunities, partners or affiliates in Hungary.

Food industry

Agricultural production throughout the country is without Genetically Modified Organisms (GMOs), which is reflected in a wide range of food. Strictly controlled certification systems apply to all sectors of the agricultural industry in Hungary. This ensures the production of agricultural products and processed foods, totally free of GMOs.

Hungary produces food of excellent quality in many categories. In recent years, the use of information technology and communication technology has become particularly important for agriculture and food production in Hungary. The development of modern procedures that comply with the latest trends, plays an important role in improving productivity and increasing efficiency.

Agriculture and farming technologies

Geographical position and climatic conditions of the country, combined with modern, applied technologies, have classified the Hungarian agricultural production among the top ones in the world.

- **Agribusiness management systems:** These are systems that trace the specific needs of agricultural enterprises, collecting information for their management and monitor mixing plants, fuel or milking stations. By utilizing the systems, transparency in processes, improvement in quality and reduction of costs is achieved.

- **Robotic Systems:** They are systems that are usually controlled via internet and mobile phones. The regions covered are monitored through a centralized system, while it is possible to create complex structures with individual areas based on the data (temperature, humidity, rainfall, chemical composition of the soil, etc.). These systems offer efficiency, fuel economy and complete culture control.



Hungary allocates advanced solutions for “smart cities”, as the hybrid vehicles of urban transport, that are based on “green” technologies.

- **Imaging and image recognition systems:** imaging and recognition helps identify parasites, providing accurate and timely information for effective treatment.

- **Drones and sensors:** Flying drones provide high resolution imaging and are inexpensive, functioning as remote sensors.

Health and health care sector

Hungary has excellent expertise and broad experience in the health sector and in the medical field. These areas offer innovative products of very high quality, from companies that are recognized for their innovation, research and development, in international medical technology and pharmaceutical markets.

- **Medical devices and applications:** Manufacturers have a long tradition and excellent know-how, manufacturing products, devices and applications such as CT scans, microscopes, arteriography, electrocardiographs, monitors, intensive care monitors, defibrillators, incubators and heating tables for infant care, dental equipment, hospital equipment, medical handheld devices, implants, simple diagnostic devices for consumers, CO₂ or water treatment devices, etc.

- **Biotechnology:** Biotechnological companies

and laboratories with research and development activities in Hungary have achieved internationally recognized feats and provided opportunities for cooperation and investment in areas such as research and development of pharmaceutical products, cancer research, nanotechnology, biotechnology services, next generation sequence, bioinformatics, human diagnostics, etc.

- **Pharmaceuticals:** Internationally renowned Hungarian products excel in the global market place and meet high quality standards and monitoring requirements. These include products such as: generic, pharmaceutical products, vitamins, food supplements, strategic priority products manufacturing services to original manufacturers for pharmaceutical formulations, separately processed vitamins, nutritional supplements, production of private label products and production services for other brands.

- **Medical cosmetics, pharmaceuticals:** Large market shares occupy most cosmetic and health improvement products such as: general health improvement products, creams, teas & herbal medicines, baby care products, dermatological products, etc.

Information and Communication Technologies – ICT

Hungary's potential in the ICT sector is shown mainly by the large number of innovative companies that have developed in recent years. The volume of exports of software and ICT services, which is among the most important elements in Hungarian industry, reached 1 billion euros in 2014.

Based on the developed skills, such as software development, game development, cloud technologies etc, Hungarian companies have significant presence to complex high tech projects indicatively related to: document management, content management, energy management, geographic information systems (GIS) and many more.

"Smart City" Applications

The concept of the «smart city» describes a constantly expanding open system which can easily be adapted to current and future needs of the cities, giving answers to technical, environmental and social challenges. The Hungarian companies that are active in this field perform complex researches in accordance to the development plans of urban areas and the rehabilitation projects on existing structures of cities. Thus, they can offer their partners a combination of expertise and knowledge with innovative technologies and developments facing the future, aiming to modernize cities and regions. Among the applications developed by specialized companies in the sector, indicatively are included:

Urban Planning: Smart urban planning and urban infrastructure development. Development and installation of parking systems with payment applications via Internet and mobile phones.

Road networks' development: Design and construction of track or open road systems, installation of intelligent traffic control systems. Road, rail and waterway networks' mapping. Mapping and monitoring of their operation, using 3D scanner laser technology, combined with complex geographical information system(GIS).

Traffic management-Public Transport: Car fleet monitoring by GPS, traffic control, installation of passenger information systems. Ticket purchase solutions through mobile phones and other «smart» markets.

Power Management: Developing urban renewable energy sources and ensuring measurability of sources. Smart street lighting systems.

Drinking water purification and wastewater treatment: Centralized system for drinking water and wastewater treatment with the support of information systems. Wastewater treatment facilities, environmentally friendly and low energy cost operations. Utilization of wastewater and biogas from wastewater.

Waste management: selective collection systems, for recycling and energy collection from waste. Smart collection and transportation of waste.

Environmental: climate protection and air quality control. Water and soil protection. Installation of



Because of the high specialisation of her human potential, Hungary constitutes choice of big multinational groups for the installation of lines of production.

centralized monitoring and warning systems.

Education & Culture: Information system development for «smart» tickets. Distance learning with on-line courses and seminars. Digital library, digital files.

Information Technology: Comprehensive security and IT infrastructure. Record archiving systems for vehicles, population and epidemics.

Public security and civil protection: Integrated operation center development. Installation and operation of signaling and response systems.

Waste management

Hungary has successfully adapted to waste management practices to meet the stringent environmental requirements of the 21st century, both technologically and in know-how. As a result of innovative development, industries associated

with the waste treatment sector in Hungary, offer innovative, inexpensive and competitive solutions.

Water resource management

Maintaining the natural water cycle is supported by a range of methods, technologies and solutions. Hungarian companies have developed a wide range of sustainable and internationally competitive systems that meet the requirements of higher environmental standards. Developed applications regard river settlement, wastewater treatment, water research and consumption, energy production etc.

Detailed information about the activities of the Hungarian National Trading House is available at www.tradehouse.hu

Having the recipe for success

Far East: supported by MNKH, Hungarian food companies export to China products such as chocolates, biscuits, pastries, wines, etc. The value of Hungarian exports to China in 2015 amounted to 1.62 billion euros. In addition, Hungary also has investment relations with both South Korea and Cambodia in the Asian market.

Russian Federation: In the field of rural innovation applications, MNKH promoted Hungarian firms' activities for cooperation with the «Centre for Rural Innovation and Investment» of the Republic of Tatarstan (member of the Russian Federation) on the implementation of pilot fruit and vegetable plantations. Furthermore,

a contract was signed for joint trial plantations, laboratory tests, surveys and largescale business and scientific cooperation between the two parties.

Middle East: Companies affiliated with MNKH and involved in the design and manufacture of industrial measurement devices, recently launched their cooperation with Iranian companies for local market distribution of electricity meters, floats, magnetic cards and other similar products.

Africa: Supported by MNKH, Hungarian companies exported solar lamps in Sudan, totaling over 2 million euros, exceeding the hitherto total value of Hungarian exports to Sudan!

Bridges of cooperation and development

The Hungarian National Trading House, is building bridges for cooperation between Greek and Hungarian enterprises.

Nowadays, the Hungarian National Trading House has an active presence in Greece and Cyprus, in order to support the entry of Hungarian enterprises in the local market and to strengthen economic ties between the countries. Ms Zsanett Oláh, CEO of the Hungarian National Trading House, informs us and analyzes the activities of the organization in reference to the possibilities of cooperation between the enterprises.

What is the function of the Hungarian National Trading House?

The Hungarian National Trading House (MNKH), established by the Ministry of Foreign Affairs and Trade and the Hungarian Chamber of Commerce and Industry as a state export development institution, has the task of strengthening the exporting ability of economic operators that serve Hungarian interests and to contribute to the increase of Hungarian export volumes in accordance with the foreign trade strategy of the Government of Hungary.

Through Hungary strategic advantages, Hungarian enterprises produce high quality products and offer modern, globally competitive technologies. Innovation and know-how are the most important exports of Hungary today. Within the framework of our export promotion activity, we aim to develop the abilities of enterprises in producing and providing innovative, internationally competitive products and services, and to offer them opportunities for entering international markets and achieving success in exports.

What specific means do you have at your disposal to support the success of Hungarian enterprises on foreign markets?

During our roughly four years of operation, we set up 60 commercial representative offices on four continents, including remote regions, such as Eastern Asia and Latin America. Our trading houses operating in the target countries possess accurate information on the given country's or region's market trends, business culture, export and import regulations, and on the Hungarian products, services and technologies that may be competitive there. With this information we can provide effective assistance to all enterprises planning to export.

The next step to achieving international success for a competitive product or service, is to establish appropriate domestic references, capital, an extensive network of relations, wide ranging know-how in management and foreign trade, and an in-depth knowledge of the target markets.

In the course of my professional work, I observed

that each enterprise has particular strengths. As partners of the Trading House, Hungarian companies can receive targeted, customised, complex services of high added value, which are necessary for their development. We are capable of providing them all information and means necessary for conducting successful exports.

Do you only support the international market entry of Hungarian companies, or are your services also available to foreign businesses?

I believe that long term, stable and balanced economic relations are possible only on the basis of mutually beneficial commercial cooperation. Based on this premise, our commercial representative offices operating in the target countries not only open up opportunities to Hungarian companies in our partner countries, but also provide support to companies showing interest in Hungary.

In the coming period our task is to boost bilateral economic and commercial relations within this favourable environment.

I believe you also have offices in Greece and Cyprus. What role does the local representative office play in boosting bilateral relations?

Our commercial representative offices carry out active professional tasks to ensure that opportunities exist for deepening commercial cooperation between companies. We have been pleased to observe that the Greek and Cypriot economies have been recently recovering, resulting in a favourable development in our bilateral foreign trade.

Which sectors offer business opportunities to companies in the two countries?

I think that the bilateral economic relations can enter a new phase through close cooperation in the food industry and in the agricultural by-product segment, in information communications, and in the field of Smart City solutions, water



Mrs Zsanett Oláh, CEO of the Hungarian National Trading House (MNKH).

management etc. Owing to a favourable climate and to the high standard of applied technologies, Hungary is ranked among the leading global agricultural sectors. We can offer products of outstanding quality, competitive technologies, and agricultural IT and manufacturing solutions with a high added value.

To support the successful implementation of larger investments, we can offer complex, multi-sectoral and integrated Smart City solutions to Greece and Cyprus.

What are the short and long term objectives in the bilateral relations?

Our representative office were opened only a while ago. In the coming months, we will continue to identify the potential areas of cooperation, and plan to organise as many joint professional events, business forums and B2B meetings as possible, to support the realisation of concrete transactions between local and Hungarian companies.

Obviously, our long term goal is to support the appearance of many Hungarian companies on the local market contributing to the further economic and social development of Greece and Cyprus.

Ms Zsanett Oláh, has studied economics at the Corvinus University in Budapest. She began her career in the private sector. She was CEO of Agro TechFood Plc. She is currently CEO of the Hungarian National Trading House (MNKH) and board member in the Union of Young Entrepreneurs of Hungary.

Building partnerships

Through a comprehensive range of consulting services, ALX Greece contributes in developing inter-enterprise and investment relations, by representing the Hungarian National Trading House in Cyprus and Greece.

ALX Greece is a provider of integrated consulting services to companies, representing in our country the Hungarian National Trading House (MNKH), the national organization that promotes innovative Hungarian companies abroad. Its members are Hungarian companies offering high-quality products and services to a variety of highly competitive industries. Additionally, ALX Greece assumes, evaluates and promotes investment opportunities across a range of fields of interest. Examples include areas such as real estate, tourism, rural & agricultural development, international trade, industry, new technologies, health services etc. ALX Greece supports companies in tracing new paths for development through secure partnerships and diverse investment activities.

Utilizing knowledge and access

ALX Greece services, aim to contribute to the development of inter-enterprise and investment relations of Greek companies with companies abroad.

At a time when effectiveness and openness are critical to the development of business cooperation in the wider European area, ALX Greece is a valuable partner that supports the exploration of innovative and competitive solutions for businesses. For this purpose, it utilizes the strategic sectors of the Hungarian economy, supporting the bilateral trade in goods and services, investment activities and the exchange of expertise between the two countries.

ALX Greece has defined its mission, in offering multifaceted assistance to companies interested in investing in the development of their expansion, enhancing their market competitiveness. Its main priority are companies that are ready to do business with their products and services across national boundaries. In this direction, emphasis is given on strengthening bilateral trade and investment activities in order to achieve strong business ties between economic characteristics of different markets.

ALX Greece services

Partner-Affiliate Search: Taking advantage of the access to updated knowledge banks with information on thousands of Hungarian enterprises, the company can recommend potential business partners or associates in various product and service areas.

Targeted meetings for entrepreneurs: Implementation of direct contact between com-



View of the area and office building of ALX in Budapest.

panies, with targeted actions such as: meetings and conferences, exchange of business visits, participation in exhibitions or conferences and other actions of business interest.

Integrated management of business processes: ALX Greece can handle all phases of designing and implementing business processes.

Counseling on the institutional framework: Having a detailed knowledge of the institutional framework governing trade procedures, both at international and European Community level, ALX Greece protects their partners from any obstacles and helps in exploring favorable conditions for growth.

Investment, planning and development consulting: Investment is a benchmark for enhancing competitiveness, growth and business expansion. ALX Greece, by utilizing the expertise and experience of its partners, provides consulting support services for corporate and private projects (acquisitions, joint ventures, financing, management of investment projects, feasibility proposals and investment opportunities, etc.)

in critical areas of concern such as real estate, tourism, rural development, industry, etc., in Hungary, Cyprus, Greece and the wider region.

Focusing on sectors with competitive advantages

Some of the key areas of interest for which ALX Greece has organized databases of consulting services are the following:

- Agricultural Products & Technologies
- Food & Beverage
- Health sector
- Information and Communications Technology (ICT)
- "Smart City" Applications
- Water management
- Waste management etc.

More information about the company and Hungary in general can be found by visiting the company website alx.com.gr or by sending an email at info@alx.com.gr.

Tourism: a significant growth capital for Hungary

Hungary according to the report of the World Tourism Organization, is the European destination with great tourist development.



The Buda Castle, built in 1265, now houses the Budapest History Museum and the National Gallery of Hungary. Benchmarks for the identity of Hungary.

Hungarian economy grows multidimensionally, utilizing all the areas that can contribute to the overall GDP. The country's tourism is one of the most important growth sectors, contributing constructively to its economic growth.

Official numbers show that Hungary was the country with the fastest pace in tourism development among the European countries for the year 2015, almost four times higher than the European average.

The numbers show the substantial progress both in incoming and outgoing tourism, due to both the development of innovative forms of tourism and to tourism support modernization factors.

Benchmarks of tourism development

However, the most fundamental driver for tourism development appears to be the state itself. Tourism development is encouraged by the State, building and financial resources of the European Union.

Hungary remains an affordable and exciting destination to visit. New investments increase and improve accommodation and incentives are given to support business tourism.

The country has numerous attractions, classified as world heritage by UNESCO. These are what have made Hungary one of the most popular tourist destinations in Europe. Its capital, Budapest, is considered as one of the most beautiful cities in Europe.

Besides, Hungary is a country that offers

multifarious attractions throughout its geographical area and in combination with its geological peculiarities, has resulted in the

development of several alternative forms of tourism, such as spa tourism, with hundreds of thermal springs.

Budapest at a glance

The capital of Hungary is one of the most beautiful and popular destinations in Europe. A lively city and a live advertisement for the Hungarian tourism.

Budapest is the capital of Hungary and the main cultural, commercial, industrial and transport center of

the country. With nearly two million inhabitants, it is the largest and the most populous city in the country. Over half of GDP is produced there.

The city spans along the banks of the Danube, which divides the city into two parts: the Buda, which is dominated by hills and slopes and

the flat Pest.

Budapest is a diverse city, with signs of various historical eras from the Middle Ages and the Turkish influence, to the era of Baroque and the glorious era of Austria-Hungary in the 19th and 20th century. The

capital city is rich in historical monuments and architectural treasures, such as the parliament, the opera, the Basilica of Szent Istvan and the Buda Castle.

Aside from these, there are still more than 200 museums, 40 theaters, year-long festivals, thermal springs and spas.



The Hungarian parliament, an impressive 110-year structure, is the third largest parliamentary building in the world.

HEREND: The greatness of porcelain

The temporary exhibition of selected works of the largest porcelain manufacturer in the world comes in Cyprus.

Eyes may shine when seeing a miracle. A man may shine when reaching the desired target. Moreover, a noble material, a fragile treasure may shine on a beautiful laid table: porcelain. Especially when it comes from the world's largest porcelain manufactory bearing a pattern made by hand to this day, preserving Herend traditions. This is Herend Porcelain!

More than 1000 kilometres away in Hungary, close to Balaton, the largest lake of Central Europe, there is a tiny town, Herend, where the world's most beautiful porcelains have been made for 190 years. Herend is today a name for craftsmanship, artistic sense and perfection, tradition and innovation all over the world.

In the 19th century it was the privilege of the aristocracy to own porcelain. Replacement pieces for the carefully guarded porcelain sets, which had arrived through the Silk Road, were skilfully reproduced by Mor Fischer, the owner of the Herend firm at that time. The small workshop founded by Vince Stingl in 1826 flourished under his leadership. What's more, Lajos Kossuth, governor-president of Hungary, highly appreciated Herend porcelain already in 1842 and the international success was not far off either. At the very first world fair Queen Victoria was so smitten by the playful dicor featuring lovely peonies and butterflies that she ordered a complete set with the same dicor.

The fateful event is still remembered today:

the most famous pattern of Herend is called Victoria. Since then, the art of Herend is admired and appreciated by emperors and kings. They pay their respect to the magic of this inimitable and splendid artisan work. From the very first touch of the raw material to the last brush stroke, the creation of Herend porcelain and its decoration is an extraordinary celebration of the art of creative people. With 190 years of history and skills behind it, the manufactory is able to create a combination of close to 16,000 shapes and 4,000 patterns. We can bravely state that the selection of porcelain artworks is extremely wide and possibilities are almost unlimited while in combination with the recognitions, the prominent customers, the respect, tradition and product range create the Herend greatness.

And even more, as the porcelain manufactory is committed to create and preserve values and pass them on to younger generations. Within the framework of our cultural mission we present a national value embodied by Herend Porcelain in Hungary and all over the world. The Herend Brand is a hallmark of excellent quality, value, luxury and elegance. Herend Porcelain Manufactory has been part of the Hungarian Heritage since 2001. According to the New York based Luxury Institute's 2006 survey Herend was the top-ranked porcelain brand in the USA market. In 2011, the French luxury industry association Comité Colbert elected Herend as new member.



In 2013, Herend Porcelain was included in the list of Hungaricums, Hungary's national treasures. These prestigious Hungarian and international recognitions prove Herend's excellent brand building policy of the recent years.

Herend has a clearly designated way: preserving traditions, preferring always handcrafted porcelain-making, innovating constantly, and surprising the world with innovative thinking.

Within the framework of our cultural mission we organize Herend porcelain cultural exhibitions not only in Hungary but from time to time also beyond the borders: after the Kremlin of Moscow, the Tsarskoye Selo of St. Petersburg, the Fukuyama City Museum in Japan, the Ariana Museum of Geneva, the Hohenberg Porcelain Museum in Germany, Subotica, Vienna, Cluj-Napoca, Italy, Slovakian castles (Betliar, Bojnice) and the National Museum of Bratislava, we appear for the first time in Chişinău, the capital of Moldova. There is a huge and exclusive selection on display; such a comprehensive exhibition was organized long ago and only in a few places, in view of the number and the value of products as well. We honour the venue with a special selection including historic objects and bravura pieces. This is splendour! We are going to present our values in the Moldavian capital for several months!

This splendour is eternal! Recently, on the occasion of our 190th anniversary, a street sign consisting of two elements was placed in the Manufactory's entrance hall: the starting number is Herend's foundation year 1826, which is followed by an arrow showing to infinity as the task in the Manufactory's history is to preserve our heritage and to pass on more to our successors than we received from our predecessors. You are invited to become part of the splendour of near two centuries, and to become part of splendid Herend Porcelain!



The organizational role of the Hungarian Chamber

The organizational role of the Hungarian Chamber Hungary's ongoing economic development, includes protagonists that play a key organizational role in managing international investments.

The Hungarian state has introduced various incentives to attract investments, both from within the country and from international markets.

These incentives, combined with the support of European Union funds, give significant impetus to the development of the Hungarian economy. One of the main protagonists in the effort for development, is the Hungarian Chamber of Commerce and Industry (HCCI). It has the responsibility to manage, both domestically and in European level, the development and cooperation opportunities with other partner organizations, leveraging the extensive experience gained through many years of operation. Chambers of commerce and industry in Hungary have a long history: their traditions run back over more than 150 years.

Currently the Hungarian Chamber of Commerce Industry (HCCI) operates as an "umbrella-organisation", incorporating and coordinating the activities of 23 regional chambers on national and international level.

Its voluntary membership is made of over 20 thousand businesses from the commercial, industrial, handicraft and services sectors, representing both companies and self-employed entrepreneurs.

The Hungarian Chamber's responsibilities

The HCCI's main tasks include fostering the development of the economy, promoting fair market practices and representing the joint interests of those conducting business activities. These activities are intended to strengthen the Hungarian business community, primarily the SME sector, and to increase their competitiveness on both the domestic and international markets.

The introduction of a compulsory chamber registration system in 2012, enabled the HCCI to build a database containing the data of about 600,000 business entities, was a major contribution to improving the transparency of the economy.

In addition to its traditional tasks, increasing Hungarian exports by improving the SME's market positions at EU and international levels, as well as fostering capital exports have also become focal objectives for the Chamber.

The HCCI's foreign trade strategy follows the



Dr. Laszlo Parragh, president of the Hungarian Chamber of Commerce and Industry.

key elements of the government's "Opening to the East" and "Opening to the South" policies and is implemented in close cooperation with the Ministry of Foreign Affairs and Trade and its agencies, the National Trading House Zrt., the Hungarian Investment Promotion Agency (HIPA) and the integrated export-import bank and credit insurance agency (EXIM).

Provision and activities

International activities are focused in the HCCI-administered bilateral committees, business councils and joint chambers offering networking forums, information and business promotion services to companies interested in a particular country or region.

To assist Hungarian entrepreneurs in exploring new partnership opportunities, the Chamber organizes business forums, B2B meetings and trade missions. It also offers extensive information and consulting services. The HCCI's online Export Directory, launched two years ago, is one of the most comprehensive online databases of Hungarian exporters, freely accessible for all foreign companies who are looking for specific products or services from verified Hungarian manufacturers and service providers.

HCCI in numbers

- The first chambers were created by a Royal Decree in 1850. The Chamber's actions constituted the HCCI as a body governed by public law in 1994
- The registration for commercial and industrial companies is mandatory, with the registered enterprises exceeding 600,000 currently
- The activities of 23 regional chambers

are coordinated by the HCCI

- It represents all categories of enterprises, while protecting the interests of business operators
- Is the biggest business association, with 20,000 member companies
- Plays a specific coordination role, between State vocational training, building contractors register, consultants, etc.



HUNGARIAN
CHAMBER
OF COMMERCE
AND INDUSTRY



Hungarian
National
Trading House

Great development in Cyprus - Hungary trade relations

Great potential in the development of bilateral trade and investment between the two countries.



According to the latest data, Cyprus is Hungary's 64. trading partner, which means the share in each other's total foreign trade is not particularly high. The trade volume between the two countries in 2016 was 83 million euros. Hungary's three main export product categories are road vehicles (representing 17% of its exports), cereals, cereal products, and telecommunications equipment. The main imports from Cyprus have been foodstuffs (45%), medicines and pharmaceutical products. Hungarian export last year decreased to 35 million euros, while Cypriot export increased to 48 million euros (by 38%). In the first quarter of 2017 however Hungarian exports picked up by 14% compared to the same period of last year. It is worth noting that the Hungarian Export-Import Bank Plc (Eximbank) currently has a country limit of 255 million euros for Cyprus.

Cyprus is the #16 largest investor in Hungary, with Cypriot FDI in Hungary amounting to 759 million euros at the end of 2014. There are around one hundred Cypriot companies present in Hungary, employing almost a thousand people.

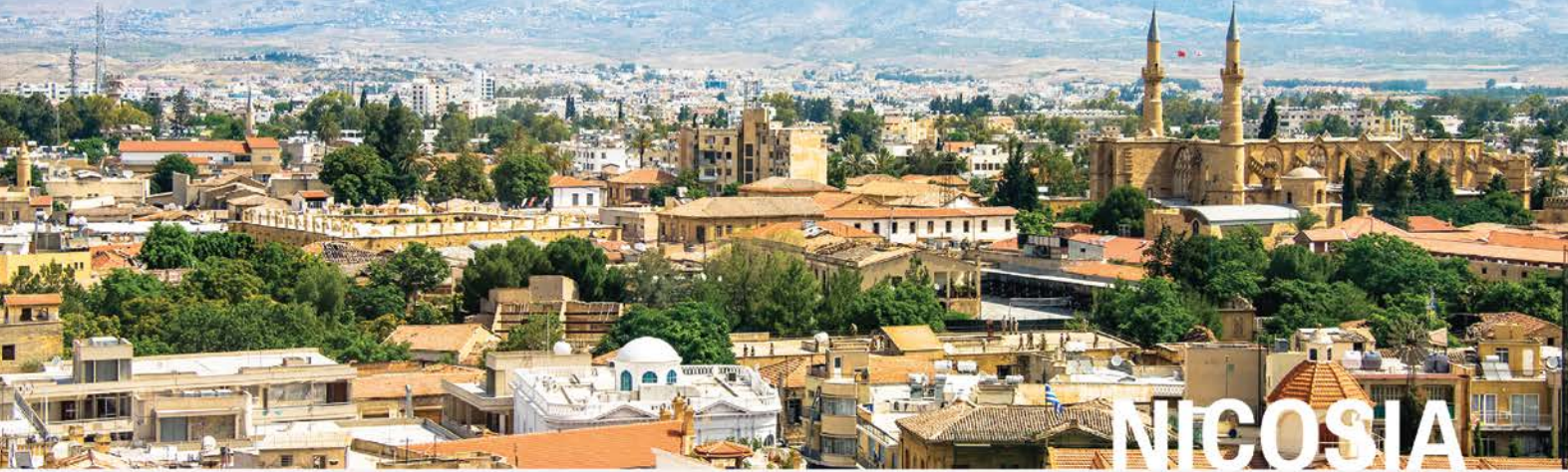
At the first quarter 2017, the Hungarian economy demonstrated 4,2% increase, the bigger rate of growth in three years and double the mean of EE.

Tourism of course plays an important part in the bilateral relations: in 2015 11,210 Hungarians, while in 2016 14,335 Hungarians chose Cyprus as a travel destination. At the same time 11,172 Cypriots travelled to Hungary in 2016.

If an interesting business opportunity should arise, it is important to note that the Hungarian Wizz Air airlines flies three times weekly, and five times weekly in the summer between Budapest and Larnaca.

Hungarian economy on an upward path

Market perceptions and credit rating agencies continue to be very positive about Hungary's economic performance, both regarding the past years and the future outlook. The investment grade rating of Hungary's sovereign debt has been restored by all three major credit rating agencies in 2016, and ever since then the macroeconomic figures keep getting better. In the first quarter of 2017, the economy posted a growth of 4.2 percent year-on-year, the highest growth rate in three years, and double the EU average. The rate of expansion is predicted to be around 4 percent in the coming years, while at the same time the debt-to-GDP ratio is constantly decreasing. Behind the growth figures lie several very positive economic factors. To mention two important ones: in the first quarter of 2017 investments grew by more than 34 percent, which the highest growth rate ever registered. In the initial five months of the year, the industrial sector posted an output growth of 5.7 percent (since the beginning of 2014 it has increased by 17.2 percent). Budget deficit stays constantly below the 3 percent threshold, with 2.3 percent in 2017 and 2.4 percent in 2018. All this is coupled by declining unemployment rates: 4.1 percent in 2017 and 3.9 percent in 2018.



between the two images
find thousands of business opportunities



If that seems hard, we can help you
Hungary may become your bridge to success

ALX GREECE



38, Vas. Konstantinou
11635 Athens
Tel. +30 (210) 72.20.150-1
E-mail: info@alx.com.gr
www.alx.com.gr

31 Evagorou Ave.,
Evagoras Building,
Suite 24, 1066 Nicosia,
Cyprus,
Tel: +357 227 64 797