

## Press Release

21 July 2011

### **'Predictability and competitiveness'**

13<sup>th</sup> annual report of the Hungarian European Business Council

### **The HEBC**

The Hungarian European Business Council (HEBC) was established in 1998 at the initiative of the European Round Table of Industrialists (ERT). ERT is a forum of the senior managers of 46 European industrial companies with sales to EU customers exceeding 1,000 billion EUR and thereby sustaining around 6.6 million jobs in the region. HEBC members are top managers of the Hungarian subsidiaries of ERT companies: **ABB, AkzoNobel, British American Tobacco, British Telecom, Electrolux, Ericsson, GDF SUEZ, Nestlé, Nokia, OMV, Philips, SAP, Shell, SKF and SUEZ Environnement**. HEBC member companies are major investors and employers in the Hungarian economy, which is well illustrated by the following data:

**The combined turnover of HEBC companies in 2010 was close to 3.500 billion HUF and the total number of employees was 17, 596.**

### **The HEBC reports**

The most important part of HEBC's activity is the publication of the annual reports. They are written by the members themselves with every sentence based on consensus. A basic rule of HEBC is that it does not lobby for the individual business interests of the member companies, but wishes to support exclusively the development and competitiveness of Hungary as a whole. The report aims to express HEBC members' non-political opinions based on their own experiences as investors, in the interest of creating a more stable economic environment, which is more predictable over the long term.

HEBC offers its recommendations principally for the Government in charge at the time, which has the means to make changes resulting in development for the benefit of the country.

### **HEBC's 13<sup>th</sup> annual report**

The title of the HEBC Report 2011 is **'Predictability and competitiveness'**. HEBC is convinced that-as the title of the report also indicates-a predictable long-term political, economic and social environment is a prerequisite for the growth and competitiveness of the country. Predictability is of key importance for Hungary if it is to remain competitive with the neighbouring countries in attracting investors and to retain their confidence.

HEBC's 2011 report wishes to formulate its recommendations along the lines of the resources (social, human, financial, natural and cultural capital) that have a significant impact on competitiveness and can be transformed directly or indirectly into sustainable economic growth. HEBC Members have for years been expressing their firm opinion that there is a need for a long-term, comprehensive country strategy spanning over political cycles.

As committed businessmen, it is their impression that politicians sometimes regard individual programmes as strategy and consider their implementation as a substitute for a genuine country strategy.

Multinational companies are global corporations with a turnover in many cases exceeding Hungary's GDP; consequently the country cannot be indifferent either to their local presence or to their decisions on further investments. In today's global world there is no development without being open for different views and changes. When the management of a multinational company decide upon the countries in which to place investments, those decisions are made internationally, at the level of the parent companies and are largely influenced by the image formed of the particular countries. Predictability, competitiveness and the country image are very closely related factors. The experience of the parent companies of HEBC members shows that there has been further deterioration in the foreign evaluation of Hungary.

A background of competitive local suppliers and the existence of small and medium enterprises (SMEs) forming the backbone of the economy is of special importance for the multinational companies operating in Hungary. If SMEs are to make investments, network and become regional or global players, they must learn to make good use of the supports and opportunities offered by the EU and the Hungarian Government. HEBC considers that one of Hungary's greatest strengths continues to be its human capital, the outstanding talents as well as the capabilities of people. It therefore welcomes the Government's intention to allocate programmes and funds for restructuring and developing education. The level of foreign language skills of the Hungarian society is alarmingly low and is an obstacle to both mobility on the labour market and competitiveness.

HEBC supports all tax systems that are simple, uniform, well communicated, profit-based, do not contain exceptions and do not distort the conditions of competition. It considers EU-conformity and compliance with EU guidelines to be important. It also agrees with measures that serve stability. HEBC would welcome real coordination with the stakeholders preceding important decisions, whether regarding the introduction of new taxes or questions affecting the private pension funds.

HEBC considers it important to note that the European Union not only gives directions but also values that are definitely worth following. HEBC's message, the opinion of foreign investors, remains unequivocal: the country will be able to reach the level of the developed Member states of the EU if consensus and co-operation are achieved among the political forces, the economy, the academic world and broad strata of society regarding the long-term questions affecting the country's development.

| **All HEBC Reports are accessible** on the website of ERT ([www.ert.eu](http://www.ert.eu)).

| **The HEBC Report 2011 is accessible** during the press conference at [www.ericsson.hu/hebc](http://www.ericsson.hu/hebc).

The name of the free WiFi network is 'HEBC': it provides full internet access, no code is required.

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