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Subject :- Economic and Commercial Report for the Month of April 2006

1. Copy of Communication from **Embassy of India, Hungary**

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APRIL ECONOMIC & COMMERCIAL REPORT

COMMERCIAL REPORT APRIL 2006

Commercial, economic and political developments in the host territory which would affect directly or indirectly Indian foreign trade and investment prospects; Macroeconomic developments in the Hungarian economy:

EU RELATED ISSUES

1. *Gov't deficit highest in EU 25*

It was reported on 26th April, that Hungary recorded the highest government deficit among the EU25 last year, according to Eurostat, the European Union's statistics office. In 2005 Hungary's government deficit came in at 6.1%of GDP, the highest among all the EU member states, followed by Portugal (6.0%), Greece (4.5%) and Italy (4.1%). Hungary's budget deficit, unadjusted for pension costs, amounted to 7.5% of GDP last year, while its public debt crept to 62.4% of GDP and was above 60%, the ceiling for EUR adoption, for the third consecutive year. This year the Finance Ministry expects a 5% government deficit, including the cost of Gripen fighter jets, but analysts see the gap widening to 6.5%.

2. *EU approves subsidizing poultry sector*

EU farming ministers approved on 25th April a European Commission proposal to allow the EU budget to share the cost of market support measures in the eggs and poultry sector intended to lessen the impact of the discovery of bird flu in the region. Agriculture Minister József Graf said at the meeting that unfair competitive national advantages could result because the EU is not covering the entire cost of the subsidies. He added that the decision to provide just half of the subsidy could be interpreted as a move toward the denationalization of the EU's Common Agriculture Policy, a direction which should be avoided. However, because of the desperate nature of the situation, Hungary is prepared to accept the 50% subsidy, Graf said. Hungary will propose that the cost of storing accumulated stocks be subsidized as well, and that affected farmers be offered subsidized loans with state guarantees. Additionally, Hungary will propose taking over payroll taxes for poultry workers and launch an information campaign.

3. *Newer EU nations help trade economy*

Although original EU member states are still the most important trading partners of Hungary, foreign trade with the new EU members increased significantly since the accession, analyst of economic research institute ECOSTAT, Anna Adamecz said on 26th April. That is mostly because of large multinational companies, which provide their central-European markets from one factory to increase cost efficiency. Our export to Asian countries, especially China, Singapore and Malaysia has also increased, however the trade balance with them is still negative. Diversification of export markets increases the safety of the economy. Most of the export is done by the largest companies, 80% of the export is produced by them; the top 10 alone does 40% of Hungary's total export.

4. *EU warns Hungary on tobacco ads*

On 4th April the European Commission sent letters of formal notice to four member states, including Hungary, for taking unsatisfactory measures to comply with the EU ban on tobacco advertising. The Commission criticized Hungary for allowing tobacco product advertising "under special circumstances connected to events important for the economy", referring to tobacco advertising at Hungary's Formula-1 races in summer. Hungary, together with the Czech Republic, Italy and Spain, must comply with the ban within two months or face further legal measures. The ban, which was to be adopted by member states no later than 31st July, 2005, applies to advertising in print media, on the radio and internet as well as at cross-border events.

5. *Gyurcsány committed to adopting EUR in 2010*

Prime Minister Ferenc Gyurcsány repeated on 24th April, that his government's commitment to meeting the Maastricht criteria by 2008, allowing Hungary to adopt the EUR in 2010. The government will do its best to meet this year's budget plan, Gyurcsány said. "If this requires various measures, we will take them." Coalition talks between MSZP and the liberal SZDSZ will start on 27th April, he added. The timetable for coalition talks is simple: the coalition partners will first decide on the program, and will then look for people to carry out this program, he said. Gyurcsány said Parliament could be formed in mid-May and the government in the middle of June.

6. *Hungary benefits from EU subsidies*

It was reported in the media on 28th April, that last year, EUR 2.41 bln was not spent from the EU budget allocated for development; and as a consequence, Hungary's payment obligations will be HUF 5.3 bln less this year. The total amount which remained unspent in the EU was EUR 1.077 bln last year (EUR 113 mln less than in 2004), as a result of a better subsidization system. Hungary learnt a lesson from the pre-accession funds (PHARE, ISPA, SAPARD), because it has already blocked more than 2/3 of the money intended for the period of 2004-2006. If the National Development Plan 2 will soon be finalized, the first tenders for the financial period of 2007-2013 may be announced by the end of this year.

7. *New group formed to manage oil and gas reserves*

It was reported in the media on 3rd April, that a new government organization has been formed to manage Hungary's strategic oil and gas reserves and arrange for the upcoming construction tender of a major new gas storage facility. The association, named Magyar Szénhidrogén Készletezõ Szövetség (MSzKSz), has been created from Kola- és Kőolajtermék Készletezõ Szövetség (Kiss), a government body set up in 1993. A total of 17 companies with licenses for gas import, storage, transport and trade joined the MSzKSz. The management is scheduled to meet in mid-April to discuss the technical details of the proposed storage facility project, Chairman József Csernák said. Hungary is planning to spend HUF 150 bln to create a strategic gas storage facility to hold 1.2 bln cubic meters of gas.

MACROECONOMIC FIGURES

1. *Public sector deficit*

It was reported in the media on 4th April, that Hungary's public sector deficit, excluding local governments, hit a historic high of HUF 350 bln in March, overshooting the Finance Ministry's forecast by nearly HUF 90 bln. The Q1 gap amounted to HUF 790 bln, exceeding 60% of the full-year target of HUF 1,545 bln, when corrected for one-off items. The adjustment derives from a HUF 238 bln debt assumed by National Motorway Zrt (NA) and the premature accounting of home loan subsidies, which was originally due only in April.

2. *Trade deficit*

Hungary's trade deficit was EUR 216.6 mln in February, down from EUR 249.2 mln a year earlier, said the Central Statistical Office (KSH) on 7th April. Exports in February rose 16.6% to EUR 4.19 bln year-on-year, while imports were up 14.5% to 4.40 bln. The January-February trade deficit of 418 mln was 28 mln higher year-on-year. Jan-Feb exports rose 17.9% year-on-year to 8.310 bln Euros, and imports grew 17.4% to 8.728 bln. The figures are preliminary.

3. *1st National Development Plan ups economy 10%*

Investments completed within the framework of Hungary's First National Development Plan (NFP1-2004-2006) will boost gross domestic product by 10% between 2004 and 2010, the minister in charge of EU affairs said on 4th April. Estelle Baráth said the projects, which were approved a total of 16 trillion forint worth of EU and central government funding, are to be completed by 2008, but their impact on the economy and the labour market will last an additional two years. Baráth said the projects under NFP1 would increase the growth of domestic consumption by 8% during 2004-2010, which will be offset by a 17.5% growth in investments. The approved projects will contribute to retaining 126,000 jobs and creating 45,000 new ones, Barath said.

4. *Survey rates Hungary worst in EU for investors*

It was reported in the media on 25th April, that New York financial paper Institutional Investor's most recent survey shows that Hungary is the highest risk for investment among EU countries. Hungary was placed 46th of 173 countries examined, sliding from 42nd place six months ago. Hungary's economy was given 65.3 points of the maximum of 100, 0.6 points less than last fall, while all the other EU countries were judged to display the opposite tendency; Slovakia and the Baltic states received 2.5 - 3.5 points more than before. The safest market for investments is in Switzerland. The USA is 8th.

5. *Kopint-Datorg risk analysis shows positive decline*

Both Hungary's political and economic risks decreased in 2005, say analysts of economic research institute Kopint-Datorg Rt in their study titled *Country Report*. The economic risk index of 55.5, on a scale where 100 means lack of any risk, consists of four sub-indices. Financial risk remains low. The balance index has shown the worst results, although household savings, counterbalancing the state debt to some extent, helped to upgrade it in 2005. Short-term development prospects are favorable, but long-term ones are uncertain. Finally, labor market risks decreased in 2005 due to the growth of economic activity, but there is no measure of certainty for 2006. Political risks were low in general, rated at 70 points, and are expected to maintain this level through the current year, reported the media on 27th April.

6. *Hungary venture-capital hits new record*

It was reported in the media on 6th April, that venture capital investments in Hungary totalled more than EUR 131 mln in 2005, more than in any year previous, according to statistics compiled by the Hungarian Private Equity and Venture Capital Association (MKME). There were 30 venture capital investments made in Hungary in 2005. Of these, figures from 26 were available to MKME, which calculated their total value was EUR 131 mln. In Europe, venture capital investments worth EUR 43 bln were made in 2005,according to figures from the European Private Equity and Venture Capital Association.

7. *Ecostat comments on budget deficit*

It was reported in the media on 27th April, that significant savings are necessary to meet the state budget target, says the most recent report by economic research institute Ecostat**,** adding that without political consensus an unavoidable series of reform measures cannot be carried out. Ecostat highlighted three areas as main causes for the increasing deficit: budgetary organizations, social insurance funds and shrinking VAT revenues. Ecostat expects a 4.3% increase in GDP, as well as a 3% bump in household consumption and 5.5% pick-up in investments. In 2006, the budget deficit is expected to be between 5.4% and 7.4% of GDP, while inflation is forecasted at 2.3%.

8. *Major reforms needed soon, says GKI*

In a recent survey assessing Hungary's economic trends in 2006, market researcher GKI said on 19th April it expected the next government to start implementing institutional reforms by mid-year and take steps to cut expenditures or boost revenues by about 1-1.5% of GDP. According to GKI, these steps may include restructurings, merging and shutting down institutions in the government sector, payroll cuts, changes in taxation, price hikes in some public services and contribution payments, and also spending freezes. Without these measures Hungary stands no chance of having its new convergence program approved by the EU, the survey warned. However, if the necessary adjustments are made in time, said the GKI, Hungary's ESA deficit, including private pension payments, may be reduced to around 5.7% of GDP by year-end, assuming that a portion of motorway construction will be financed in the framework of a PPP.

9. *HUF 500bln fiscal adjustment needed*

Kopint-Datorg sees an urgent need to prepare a HUF 500 bln deficit reduction package, analysts at the economic research institute announced on 25th April. In the absence of a fiscal adjustment, this year’s pension-reform-adjusted ESA general government deficit could reach 6.7% of GDP, well over the 4.7-5% government projection, according to a fresh report published by Kopint-Datorg. The institute notes that need to act quickly is highlighted by the fact that the cash flow-based general government deficit reached almost HUF 800 bln in the first quarter and is expected to grow a further HUF 159 bln in April. Kopint-Datorg deputy-CEO Éva Palócz noted that the Finance Ministry’s deficit target of just HUF 259 bln for the second half of 2006 is “extraordinarily ambitious”. Kopint-Datorg estimates that the government could make cost savings at budget-funded institutions of HUF 200-300 bln, equivalent to a 10-15% reduction in operating costs.

10. Int'l reserves rise EUR 1.11bn

Hungary's international reserves rose EUR 1.11 bln to EUR 17.828 bln in March, preliminary figures released by the National Bank of Hungary (MNB) on 7th April show. International reserves rose EUR 2.106 bln from the end of 2005 and were up EUR 4.472 bln from year earlier. In dollar terms, international reserves were worth USD 21.597 bln at the end of March, up USD 1.744 bln from the end of February and USD 2.993 bln more than at the end of 2005. International reserves increased USD 4.296 bln in the twelvemonths to March. Hungary issued JPY 50 bln worth of seven-year Samurai bonds and GBP 500 mln of 10-year bonds in March. The GBP bond issue was the last foreign issue for Hungary in 2006.Hungary planed gross foreign currency-denominated bond issues of EUR 2 bln or net issues of EUR 1.2 bln this year.

11. Inflation

It was reported in the media on 12th April that Hungarian consumer prices rose 0.6% in March, the fastest pace in 10 months, as the cost of seasonal food products such as vegetables rose and clothing retailers ended early-year sales. The annual inflation rate fell to 2.3% from 2.5% in February, compared with the 2.2% median estimate of seven economists polled by Bloom. Core inflation, which strips out volatile food and energy prices, was 0.2% in the month and 0.7% on the year. Rising food and clothing prices countered the effect of a lower sales tax and a decision by Prime Minister Ferenc Gyurcsány's government not to raise regulated energy prices like the cost of natural gas.

12. PMI up since Q1 2005, signaling growth

Hungary's Purchasing Managers Index (PMI), adjusted for seasonal variations stood at 53.5 points in March, up from 51.2 points in February and 49.4 points a year earlier, Halpim, compiler of the index, announced on 3rd April. The index was above the 50-point mark for 9 consecutive months, signalling an expanding economy. The unadjusted index was 55.1 in March after 50.5 in February. The March PMI well exceeded the 49.3 average March index value registered in the previous three years. A PMI over 50 reflects an expanding manufacturing sector and a PMI under 50 means the sector is contracting.

13. Confidence index hits all-time high

Hungary's consumer confidence index rose to an all-time high of 204.3 points in March, up 14.2 points from the corresponding month in 2005, economic think tank GfK said in its latest quarterly report on 4th April. Nearly a quarter of households polled by GfK said their living standards had improved over the past year, compared to some 20% in December. About 35% of the respondents said they were worse off than a year before, which also rose from December. The government's economic policy was rated by 42% as adequate, while a third said it was unsatisfactory.

14. Unemployment

In the first quarter of 2006 about 363,600 people were jobless in Hungary, resulting in an unemployment rate of 7.7%, the KSH said on 27th April. The jobless rate decreased from 7.8% in December-February but rose from 7.1% in the first quarter of last year. In February 2006 Hungary's harmonized unemployment rate was 7.9% as against the EU average of 8.8% and the EU-15 average of 8%.

Policy changes by the host government, pronouncements regarding aid/credit facilities etc. by the local government, trade agreements and information on trade delegations; major developments, policy changes in sectors of interest to India

1. Joint efforts to clamp down on tax fraud

It was reported in the media on 4th April, that the Hungarian Tax Office (APEH) and the Hungarian National Bureau of Investigation (NNI) are working out a cooperation scheme in order to reduce tax fraud. Last year alone a net amount of HUF 152 bln was detected as being fraudulent. HUF 75.5 bln was issued in penalties and 780 cases were transferred to the fiscal investigators of the NNI. Last year 633 tax and social service fraud cases were closed, which led to 1459 convictions in 2676 crimes, worth a total of HUF 10.1 bln.

2. *Investments flowing into Hungary*

There are currently close to 300 investment projects, worth a total HUF 3.8 bln, underway in Hungary overseen by ITD Hungary Rt, a non-profit government organization designed to promote investment and trade development, CEO György Rétfalvi said on 19th April. These investments are mainly taking place in the automotive, electronics, logistics and regional service center segments, and are expected to eventually create some 20,000 new jobs, Rétfalvi said. Last year ITDH contributed to the inflow of EUR 1.28 bln in foreign direct investment, which created 7,400 new jobs.

3. *Gyurcsány warns about social impacts of reform plans*

Hungarians must prepare for societal conflicts as the government overhauls services including health-care and state bureaucracy, reported the media on 27th April citing Prime Minister Ferenc Gyurcsány, whose Socialist Party was re-elected in the third week of April. "There will certainly be conflicts and tension amid the big changes". "What serves the interest of the whole, not only doesn't always serve the interests of all groups within society, but can be expressly offensive to some." Gyurcsány said he will start the most intensive reform period since Hungary's transition to democracy 17 years ago. He promised to overhaul government administration and cut the budget deficit enough to adopt the EUR by the end of the decade.

4. *Businesses call for consensus on reform*

A new government program is not enough; in addition, a consensus among Hungary's political powers on reforms of the state administration system and the public sector must be achieved, György Mosonyi, CEO of Hungarianoil and gas company MOL Rt and the honorary president of the Joint Venture Alliance, said on 24th April. Speaking at a press conference, he announced that 16 business associations, including the Hungarian chamber of commerce and foreign chambers of commerce in Hungary, among others, had addressed a letter in several Hungarian dailies calling on the government to organize talks between all parties in Parliament and businesses on creating a responsible and sustainable economic policy, starting budget reforms, transforming the country's hospitals into a service-oriented sector, introducing tax changes to improve Hungary's competitiveness and downsizing the state administration system.

5. *Record-high tax evasion exposed in investigation*

Following tax authority APEH's report, the Hungarian National Bureau of Investigation (NNI) ordered investigation into a tax evasion case in March. The first suspect, a Bulgarian citizen, was arrested two days ago. The suspect group of companies is charged with having sold computer parts worth about HUF 20 bln between 2001 and 2005 without paying any taxes. The companies involved regularly sent their tax declaration forms to APEH but with a low income; they also frequently changed the ownership and headquarters of the companies. Some of their "pre-tax" revenue, HUF 17.5 bln, was transferred to an offshore company's account in Asia. Police assume that highly qualified lawyers helped the fraud, reported the media on 6th April.

6. *Finance Mininister comments on deficit*

Finance Minister János Veres said on 11th April, that he did not anticipate international credit rating agencies to lower their ratings on Hungary in the wake of its higher-than-expected public finance deficit for March. Veres said he expected analysts would judge Hungary by the program of the new government as agencies do not normally modify their ratings on the basis of one single month. Hungary's budget deficit hit HUF 353.7 bln in March, some HUF bln above the Finance Ministry's forecast, bringing the Q1 deficit to 51% of the full-year target. Veres also moved to reassure households with forex borrowings, saying that their favourable interest rates still much outweighed currency risks posed by the weak forint.

7. *New healthcare system planned*

It was reported in the media on 19th April, that the government has approved plans to launch a three-tiered health insurance system next January; as a prerequisite for this, individual accounts within the national healthcare budget are to become accessible to insured persons in July 2006. This will enable citizens and residents of Hungary to check their entitlement to various medical services based on the social security taxes paid by their employers, with HUF 303 bln earmarked in this year's National Health Fund Administration (OEP) budget for the medical service costs of retired, unemployed, or financially challenged citizens. The new three-tier system will consist of a base package including vaccinations, emergency care, and other cases where entitlement is not considered prior to treatment. The second level includes medical services that are free of charge for everyone covered by state health insurance, whereas services listed at the third tier, such as dental care or a private hospital room, come at a cost for everyone regardless of their state insurance.

8. ***GKM calls for patent subsidy tender***

It was reported in the media on 12th April, that the Ministry of Economy and Transport (GKM) has called for a tender to subsidize the sales of patents of micro, small, and mid-size companies. The budget for this program is HUF 60 mln for these purposes. SMEs, who have already filed a patent request to the Hungarian Patent Office and wish to sell their invention developed alone or in cooperation with another company are eligible to apply. The deadline for the applications is June 30.

9. ***Bird flu alerts lifted***

No birds infected with the avian flu virus have been found in Hungary since March 20, meaning alerts in areas where infected birds were earlier found have all been lifted, government spokesman András Batíz announced on 25th April.

Information relating to trade and investments between the host country and third countries in sectors of interest to India:

<u>FOOD AND BEVERAGES</u>

1. ***Bird flu takes toll on poultry industry***

About 5,000 workers may lose their jobs at slaughterhouses and another 5,000 in the poultry processing industry due to bird flu, a recent survey of Hungarian Poultry Product Council shows on 5th April. According to estimates, prices and sales decreased by 15% and 30% in the past few months, respectively; damages stand at about HUF 5.3 bln, Minister of Agriculture and Rural Development József Graf said. The poultry industry had sales of HUF 220 bln last year, employing about 80,000-100,000 people including related industries such as packaging and delivery. The EU is slated to provide subsidies from the community budget, but funds may arrive too late to save some companies.

2. ***FMCG turnover increases 55% since 2000***

It was reported in the media on 21st April, that retail turnover of fast-moving consumer goods (FMCG) has increased 55% in Hungary over the past five years, according to a study by market research company GfK Hungária. Retail FMCG turnover in Hungary was HUF 2,234 bln in 2005, compared to HUF 1,445 bln in 2000. Hypermarkets accounted for 24% of FMCG sales last year, up from 14% in 2000. Small shop chains sold 15% of FMCGs, compared to 7% in 2000. Discount shops sold 17% of FMCGs, just a percentage point more than five years earlier, and drugstores sold 2%, up from1%. The share of sales by independently owned small shops fell 12 percentage points to 16%.

3. ***Tesco tops Hungarian retail biz***

It was reported in the media on 21st April, that supermarket chain Tesco-Global Zrt proved to be the strongest among the retailers in Hungary last year; it achieved a turnover of HUF 470 bln in 2005. The secret of their success lies not so much in the expansion of goods sold, but in the dynamic increase of the number of new units. The silver medallist was the Metro by HUF 455 bln, while Co-op Hungary Zrt placed third with a turnover of HUF 375 bln. These data also prove the ongoing trend of market centralization. While in end 2005, there have been 23,086 food stores operating in Hungary, the previous year, this figure was 23,955 stores: the smaller stores closed down in large numbers, while only less of the large ones were opened.

4. ***PSzÁF approves Globus buyout offer***

Hungary's financial market regulator PSzÁF said on 11th April, it had approved a buyout offer for shares of canning company Globus Rt by Union Fermiere Morbihannaise Societe Cooperative Agricole, a unit of France's Centrale Cooperative Agricole Bretonne (CECAB), at a price of HUF 460 per share. Shareholders may offer their shares for30 days starting two days after PSzÁF's approval. After the transaction is completed, CECAB plans to de-list Globus shares from the stock exchange. CECAB first announced the offer through its unit on 24th February, but the purchase was delayed because of an investigation by PSzÁF into insider trading of Globus shares. PSzÁF announced on 20th March it had uncovered no evidence of insider trading, but instructed CECAB to correct inadequacies related to its buyout offer.

5. Borsod Brewery Rt revenues same as previous year

It was reported in the media on 12th April, that Borsod Brewery Rt had revenue of HUF 38.8 bln in 2005, about the same as in the previous year. Sales volume fell 3% to 2.2 mln hectoliters, but the company was still able to retain its leading position on Hungary's beer market. Hungary's beer market saw sales of 6.9 mln hectoliters in 2005, about the same as in 2004. Borsod CEO Derek Hopkins, who took his post in February, said Borsod's sales in the Q1 2006 reached 416,000 hectoliters, 6-7% more than in the same period a year earlier. He added that the company was able to raise retail prices, after being forced to lower them 10-15% in 2005. Retail sales account for 45% of the brewery's revenue. Sales in pubs and restaurants account for the rest. Sales of Borsod's premium products increased 5% in 2005.

6. Parmalat goes down the tubes

The recently finalized liquidation report of former dairy producer Parmalat Hungária Rt concludes a HUF 2 bln loss for last year, liquidation officer Ferenc Somogyi confirmed on 25th April. The liquidation was ordered by the Fejér County Court because the company's loss exceeded its turnover by 20% for multiple consecutive years. Parmalat's most valuable assets, as well as its currently effective contracts, have been bought by dairy competitor Alföldi Tej Rt, making it the exclusive exporter to the Croatian, Albanian, and Bosnian markets. Creditors and suppliers, including dairy farmers, can expect to be compensated up to 50%.

7. Mineral water market profits up

With Q1 sales in line with previous forecasts, Hungary's mineral water market is expected in 2006 to hold onto its double-digit growth achieved last year, sector representatives said at a news conference on 27th April. Last year the segment's output was 700 mln liters with a market value of HUF 35 bln, equating to HUF 50 per liter. Consumption, albeit rapidly growing, remains relatively low compared to western Europe, as Hungarians drank only 70 liters of mineral per capita last year, half that of France. In any case, Hungary has no shortage of the spring water, as experts estimate the country's total supply could run to nearly 4.5 bln-4.9 bln liters.

TELECOMMUNICATION

1. M. Telekom closes Dataplex deal

It was reported in the media on 6th April, that Magyar Telekom Rt has closed the acquisition of IT outsourcing company Dataplex Kft, a HUF 5.1 bln deal announced in December of last year. The price at which Magyar Telekom acquired 100% of Dataplex, together with the new subsidiary's HUF 230 mln debt, was approximately four times higher than the latter's 2005 sales revenue. By complementing the web and server hosting activities of the group's T-Online Datapark business line, Dataplex is seen by its parent company as an acquisition in line with strategy that will result in synergies and contribute to growth.

2. Cell phone use steadily grows

The number of mobile phone subscriptions increased by 0.32% to 9,406,000 in March, the National Telecommunication Authority (NHH) reported on 26th April. In Q1 of 2005, the three service providers welcomed 86,000 new clients. Of the number of people who actually use their mobile phones, T-Mobile has 45%, Pannon 33.59%and Vodafone 21.41% of the market.

3. HTCC's revenue increases 83% in 2005

Hungarian Telephone and Cable Corporation (HTCC) had revenue from telephone services worth USD 110.2 mln in 2005, 83% more than in 2004, the company's CEO Torben V. Holm announced on 4th April. HTCC had EBITDA of USD 50.6 mln in 2005, 62% more than in 2004. HTCC mainly operates in Hungary. Its units there include Hungarotel Rt, PanTel Rt, and PanTel TechnoCom Kft, to which Hungarian oil and gas company MOL Rt has outsourced its telecommunication needs.

4. PanTel to enter retail market

Business communication firm PanTel Kft will enter the retail telecommunication market soon, the company announced 5th April. PanTel will take over 55,000 clients from Hungarotel Rt, with which they are in the same HTCC Group. HTCC aims to create bigger competition on the market and increase its market share from 10% to 20%. PanTel and Hungarotel both want to introduce Internet-based TV (IPTV) services in Hungary too. HTCC reported a net revenue of USD 110 mln last year.

IT SECTOR

1. 21CFS to help Serbian central bank

Hungary's 21st Century Financial Systems (21CFS) has been picked by HP to set up a system for Serbia’s central bank as well as the country's debt management center, reported the media on 10th April. HP recently won a tender called by the European Agency for Reconstruction, which manages the EU’s main assistance programs in Serbia and Montenegro, to set up IT systems for the National Bank of Serbia and the country's debt management center, which are being separated. HP chose 21CFS to participate in the EUR 15 mln project because of its experience setting up similar systems in Hungary over the past ten years, 21CFS business advisor Werner Riecke, the former deputy president of Hungary's central bank said. He added that 21CFS had become a permanent HP subcontractor, increasing its chances of participating in similar projects in Southeast Europe and former Soviet states.

2. IT upgrades complete at MOL subsidiary

It was reported in the media on 18th April, that IT company Synergon Rt has installed new HP Itanium servers, SAN storage solutions and Cisco network tools for MOL Földgázszállító Zrt, MOL's gas transport subsidiary, as part of a contract signed last in March. The deal, worth some HUF 250 mln, also covers IT support for systems integration and provides the basis for MOL's SCADA platform. SCADA, short for Supervisory Control and Data Acquisition, is used to monitor or to control chemical, physical or transport processes.

3. HP invests in R&D at technical university

IT company Hewlett Packard Hungary Kft inaugurated its IT, Innovation and Knowledge Center at the Budapest University of Technology and Economics (BME) in the first week of April. The center will specialize in four science program fields within the area of complex information systems and aims to create products and services that can be sold abroad as well. Project groups in the center include those focusing one-documents, knowledge base and graphic display, and e-security development, as well as a security laboratory. HP has been cooperating with Hungarian universities for years, such as Miskolc University, where it operates the Digital Community Center.

4. New e-waste collection company established

IT firm Minor Holding Rt recently established an electronic waste recollection company, Comp-Cord Kht, managing director Rezsõ Berenczei announced on 6th April. Comp-Cord plans to manage 2,000 tons of e-waste this year, and the company wants to get the waste of some state-owned companies as well as shops that are obliged to take back customers' old equipment when they buy new products, Berenczei said. Currently there are five other companies that are active in e-waste management and they together collected 16,000 tons last year. This year this figure may reach 30,000 tons this year.

FINANCE

1. K&H Bank profits fall 20% to HUF 17.722 bln

It was reported in the media on 12th April, that K&H Bank Rt had audited unconsolidated after-tax profit of HUF 17.722 bln in 2005, according to Hungarian Accounting Standards (HAS), 20% less than a year earlier. K&H bank had HAS pre-tax profit of HUF 23.059 bln in 2005, 6% less than in 2004. Total assets were HUF 1,888.337 bln at the end of 2005, 17.5% more than a year earlier. The bank's audited after-tax profits calculated according to International Financial Reporting Standards (IFRS) came to HUF 17.748 bln in 2005, 2% less than a year earlier.

2. Merkantil group profits increase 40% in 2005

The Merkantil group, the leasing unit of OTP Bank Rt, had consolidated after-tax profit of HUF 5.6 bln in 2005, 40% more than in the previous year, CEO Ádám Kolossvary said on 11th April. The Merkantil group's pre-tax profit increased 61.2% to HUF 7.9 bln in 2005, and total assets grew 27.8% to HUF 253.3 bln. The group will set up units in Croatia, then Romania in 2006, countries where OTP Bank is already present, Kolossvary said. Merkantil boosted its share of Hungary's leasing market from 15.1% to 15.2% in 2005. It is among the seven largest leasing companies in the country, which together control three-fourths of the market.

3. FHB after-tax profits increase

It was reported in the media on 14th April, that Mortgage bank FHB had net profits of HUF 8.466 bln in 2005, 15.9% more than a year earlier. Pre-tax profits -which exclude the effect of Hungary's extraordinary bank tax - rose 25.7% to HUF 10.701 bln. FHB's consolidated total assets rose 16.1% to HUF 458.134 bln in 2005. ROE fell from 48.1% to 42.9%.

4. OTP buys Zepter Banka of Serbia

OTP Bank Rt bought a majority stake in Zepter Banka a.d. Beograd, its second Serbian purchase in four months, taking control of 75.1% of Zepter banka for a sum of USD 41.3 mln from Zepter International, the Hungarian bank said in a statement on 4th April. CEO Sándor Csányi has spent more than USD 1.3 bln in the past six years buying banks in Romania, Bulgaria, Croatia, Serbia and Slovakia to help counter slowing growth in its home market. OTP dropped out in the second round of bidding for the privatization tender for 87.39% of another Serbian lender, Panonska Banka, Serbia's bank insurance agency DIA said. Zepter Banka, based in Belgrade, had EUR 620,000 (USD 747,000) net income last year and EUR 76.7 mln total assets, worth 1% of Serbia's banking market, according to the statement.

5. Raiffeisen closes successful year

Austrian-owned Raiffeisen Bank Rt's total assets grew by 18% last year and reached HUF 1,250 bln, CEO Péter Felcsúti said on 6th April. The bank's IFRS consolidated after-tax profit increased by more than 20% to HUF 18.4 bln. Raiffeisen opened 26 new branches in Hungary last year and thus has 98 now, with the bank having more than 300,000 clients. Raiffeisen's leasing subsidiary also produced a HUF 1.4 bln after-tax profit, Felcsúti said. Raiffeisen plans to open 20 more branches this year and plans to increase its financial figures by another 20% this year.

CHEMICAL INDUSTRY

1. Pannonplast sells to Hoffmann Neopac

Pannonplast Rt, a Hungarian maker of plastic packaging, sold its 62.2% stake in a unit producing tubes to Hoffmann Neopac AG, Pannonplast said on 12th April. Swiss-based Hoffman paid an undisclosed sum for the stake. The purchase will add HUF 1 bln to Pannonplast's second quarter profit. Budapest-based Pannonplast has struggled as slowing economic growth in Western Europe curbed demand for its products. The company is focusing on consumer packaging after reshuffling management and selling unprofitable units.

2. Prettl firm to control some Pannonplast operations

It was reported in the media on 27th April, that Pannonplast Rt signed a contract with Prettl Management Service of Germany to set up a new company, 51% owned by Prettl and 49% by Pannonplast to take over the Budapest operations and specified assets of its technical plastics unit Pannonplast Műszaki Műanyagok. The contract is in line with a letter of intent between Pannonplast and Prettl announced on March 16. The transfer of operations and assets is scheduled to take place by the end of May 2006. The new company, called Prettl Pannonplast Hungária Plastics, will be set up with registered capital of HUF 25 mln and the owners agreed to contribute additional capital in cash to purchase the assets, Pannonplast CFO Dénes Gyimóthy said.

PHARMACEUTICAL SECTOR

1. Avemar wins top U.S. honors

It was reported in the media on 21st April, that Avemar, medical nutriment for supportive therapy of cancer patients, which was invented by Máté Hídvégi and made from fermented wheat germ, won first prize honors in a USA competition of supplementary nutrients. Of the approximately 15,000 new types of nutrition supplements entering the world market, 400 of them nominated to the competition, said Hídvégi. At the same time, Avemar is on the way of becoming an official medicine, according to the results of the due clinic testing procedures. At present about 40-50% of cancer patients in Hungary use Avemar.

2. Omnivest to distribute in Arab countries

Omnivest, the developer of a vaccine made in Hungary for the H5N1 form of avian flu potentially harmful to humans, has signed an agreement with Iraq-based IIG Holding on distributing the vaccine technology in 29 Arab countries, Omnivest spokesman said on 27th April. Zsolt Nemeth said Omnivest was a high-tech company too small to undertake such a task as providing vaccine for large populations, so it welcomed IIG Holding's bid to cooperate.

3. Talks underway for bird flu vaccine bids

Negotiations are underway with six parties related to a vaccine made in Hungary for the H5N1 form of avian flu, but no deals have been made yet, government spokesperson András Batiz announced on 14th April. The vaccine is the shared intellectual product of Omnivest Kft, which developed and is producing the vaccine, and the state, which is reported to have provided Omnivest with HUF 2 bln in subsidies. The state is entitled to 14% of revenue from sales of the vaccine or the technology used.

4. Richter wins Vietnam court battle

It was reported in the media on 6th April, that Gedeon Richter Rt, Eastern Europe's biggest drug maker by market value, won a competition lawsuit against two Vietnamese companies it accused of copying one of its drugs. Richter won USD 46,000 in compensation from the Bipharco and Trung Nam companies, which illegally sold copies of Richter's Postinor 2 birth control tablet. The verdict sets a precedent in Vietnam as similar past rulings only awarded foreign companies several hundred dollars in damages, Richter spokeswoman Zsuzsa Beke said. Richter is planning to file suit against other companies in Southeast Asia for copying the same drug.

5. Slovenian company rivals Hungarian drug makers

Hungarian drug producers need to face a new participant in the drug market because of the Slovenian generic drug manufacturer Krka, which increased its turnover in Hungary by 140% last year, reported the media on 14th April. The company has been present on the drug market since 1993. Krka Group has increased its net turnover by 19% in 2005, reaching EUR 488 mln, and increased its profit by 53%. Only 2% of the turnover comes from the Hungarian market, but according to certain assumptions, the company intends to use its Hungarian subsidiary as a regional reference only.

AUTOMOTIVE SECTOR

1. Rába to cover 30% of offset agreement

Vehicle maker Rába Rt has signed a contract covering 30% of an offset agreement for non-Hungarian content in a vehicle order for the Defence Ministry worth an annual HUF 6.7 bln in both 2007 and 2008, Rába's investor liaison Adam Stezli said on 14th April. The offset agreement is for 170% of the value of imported content for the vehicles. The orders for 2007 and 2008 are part of a 15-year supply contract worth HUF 20 bln Rába signed with the Ministry in 2003.

2. Rába shows HAS losses of HUF 3.5 mln

On an annual shareholders meeting on 25th April vehicle and vehicle parts maker Rába approved the company's profit and loss statement for 2005 showing losses of HUF 3.5 mln, calculated with Hungarian Accounting Standards (HAS). CEO István Pinter told the AGM the losses were due to exchange rate changes and the high price of raw materials. He noted that revenue had increased HUF 7 bln to HUF 47 bln in 2005, with more than half of revenue coming from exports. Operating losses improved to HUF 2.1 bln. Total assets were HUF 38 bln. Rába maintained its market share in the US and boosted its EU share.

3. *Audi starts producing new engines at Gyõr plant*

German carmaker Audi has started making ten-cylinder fuel stratified injection (FSI) engines at its plant in Gyõr, northwest Hungary, Audi Hungária Motor announced on 20th April. The plant will turn out about 200 of the new engines a week to go into Audi S6 (435 HP) and S8 models (450 HP). Audi has invested HUF 600 mln at the plant to start production of the engines, which will be made together with the plant's eight-cylinder engines. Audi Hungária Motor made 1,693,609 engines in 2005, 14% more than in 2004. Audi Hungária had revenue of Euro 4.213 bln in 2005, 7.2% more than a year earlier and a new record for the unit. Audi has invested EUR 2.8 bln at its unit in Hungary since setting it up in 1993.

4. *Q1 production at Audi plant up 24% yr/yr*

German carmaker Audi produced 494,000 engines at its plant in Hungary in the first quarter of 2006, 24% more than in the same period a year earlier, Audi Hungária Motor Kft announced on 3rd April. The plant makes four-cylinder diesel engines and four-cylinder fuel-injection petrol engines. It makes 22 engine lines for Audi, Volkswagen, Seat and Skoda models. The plant also assembles Audi TT Coupes and Roadsters, of which it turned out 3,100 in Q1 2006, compared to 3,430 in the same period a year ago.

5. *Hankook Tire signs EUR 100 mln contracts*

The Hungarian unit of Hankook Tire has signed a term loan agreement with eight banks to take out a syndicated five-year EUR 100 mln (HUF 26.5 bln) loans, KDB Bank Magyarország announced on 4th April. The loan will be guaranteed by the Hankook Tire parent company. Hankook's Hungarian unit is expected to use the loan to start building a HUF 132 bln tire factory in Dunaújváros, south of Budapest, reaching full capacity by 2010. The factory, built on a 56-hectare plot, will turn out 10 mln tires a year, according to plans, and will employ 1,500 workers at the start. Hankook will get HUF 15.8 bln in non-refundable state subsidies over a period of up to ten years as support for its planned investment. Total subsidies to Hankook, including a corporate tax break and support for retraining could reach HUF 20 bln, Economics Minister János Kóka said last December.

6. *Wescast expects to break even in 2006*

The Hungarian unit of Canada's Wescast, an auto parts company, expects to break even in 2006 for the first time since setting up in 2000, CEO Paul Hamel announced on 3rd April. Wescast Hungary Rt produces exhaust units for Audi, Ford, Volkswagen and Isuzu, among other companies. In 2005, it turned out 2.26 mln of the units, far more than the 1.77 mln units it made two years earlier. The plant makes about 13% of the exhaust units on the European market, Hamel said. Wescast has

TRANSPORTATION

1. *MÁV Cargo plans big investments in 2006*

It was reported in the media on 12th April, that MÁV Cargo ZRt, the recently spun-off freight division of state-run railway company MÁV Zrt, has signed a three plus-two-year haulage contract with steel maker Dunaferr Zrt. Under the deal, MÁV Cargo has agreed to ship 4.5 mln tons of goods for Dunaferr annually in the next three years, which may be optionally extended by another two. MÁV Cargo expects to make big investments in 2006 to modernize its rolling stock, develop its IT system and expand its infrastructure, CEO Tamás Kozák said. Currently, MÁV Cargo rents its 200-engine fleet from MÁV, which also supplies the engineers. But it will soon call a public purchase offer for a new rental contract. And, in the mid-term, it could decide to buy its own engines, Kozák said.

2. *Malév pre-tax losses improve*

Hungary's state-owned airline Malév had unconsolidated pre-tax losses of HUF 1.3 bln in 2005, a HUF 3.6 bln improvement from a year earlier, Malév spokeswoman Krisztina Németh announced on 25th April after the company's annual shareholders' meeting. In its business plan for 2006, Malév expects to break even. It targets a 10.9% increase in revenue from ticket sales on scheduled flights. Malév's operating costs, excluding fuel costs, fell 0.6% in 2005 because of efficiency-boosting measures. Fuel costs however, which account for 20% of operating costs, were HUF 6.7 bln higher than in 2004. Operating costs were still higher than the target, Németh said, though declining to offer an absolute figure. Despite reduced ticket prices, revenue from ticket sales increased 2.3% in 2005. Alone in the second half of the year, ticket sales rose 7.6% from a year earlier.

ENERGY

1. *Transelektro receives bridging loan*

Troubled holding company Transelektro has received a HUF 3 bln bridging loan, backed by a 75% state guarantee, from its creditor banks, Gyula Timár, Transelektro president and CEO of Vegyépszer, Transelektro's biggest owner, announced on 7th April. Finance Minister János Veres and Minister of Economics and Transportation János Kóka signed the guarantee contract. The banks providing the loan are MKB Bank, the Hungarian Development Bank (MFB), Commerzbank, Eximbank, K+H Bank, KDB Bank, OTP Bank, Raiffeisen Bank and IC Bank.

2. *Matra drills for black gold*

It was reported in the media on 19th April, that Matra Petroleum Plc, a London Stock Exchange-listed company, recently started drilling for oil in Hungary. The company acquired Inke Petroleum Pty Ltd recently, which had a concession for 2,297 square kms of soil near Inke (western Hungary). According to the estimations, the area contains several middle- and small-sized oil and natural gas fields. Inke-field has about 2.83 bln cubic meters, Mezőkocsonya field about 4.24 bln cubic meters of gas; the Savoya-field about 14 mln barrels of oil. Before Matra, several other companies tried oil drilling in Hungary with various results. American Pogo Producing Company resigned from its area and sold it to also American Toreador Resources Corp. last summer. Canadian Falcon Oil & Gas Ltd. started boring last October.

3. *Winstar spends USD 2.4m for gas in Q4*

Canada's Winstar spent USD 2.4 mln on natural gas exploration and exploitation activities in Hungary in the fourth quarter of 2005, and it produced 122,000 cubic meters of gas, the company announced in the second week of April. Winstar acquired one concession permit for a 320-square-kilometer area and one exploration permit for a 2,300-square-kilometer area in Hungary after its merger with Dutch peer Athanor in August, 2005. Athanor, in turn, acquired the permits after it bought El Paso Hungary in June, 2005. Winstar said it has found proven reserves of 254,000 barrels of oil equivalent (boe) and a further 189,000 boe of probable reserves in Hungary. In its annual report published in March, Winstar said it planned to invest HUF 528 mln at its natural gas drilling operations in Hungary in 2006.

4. *Mol bids for Udmurtneft*

Russia's competition authority announced on 20th April, that it has so far issued approval to nine companies - among them Hungarian oil and gas company Mol - which have made preliminary bids for a 96.9% stake in oil company Udmurtneft up for sale by TNK-BP, a Russian venture with the UK's BP. In addition to Mol, the authority issued approval to Austria's OMV, China's Sinopec and Kazakhstan's KaiMunai Gaz, Russia's Sibneft, an oil unit of aluminum group BazEl, Rusneft, the Alliance group and Russia's OVIT. It was reported that 18 companies have submitted preliminary bids for Udmurtneft, and Mol has submitted the best offer. Moscow industry insiders noted that Mol is flush with cash after the recent sale of its gas business to German utilities giant E.ON.

5. *Mol optimizes its Romanian portfolio*

It was reported in the media on 11th April, that in a bid to optimize its local portfolio Romanian subsidiary MOL Romania PP Srl has recently sold 30 gas stations and purchased 11 new ones, with plans to divest another 15 filling stations in Bucharest and acquire 11 in other Romanian towns and cities where it is not yet present, Spokeswoman Catalina Roman said. The aim of the portfolio cleaning is to keep only the most profitable facilities, eliminate competition within the company, and establish a nationwide presence. As part of the procedure, the MOL Romania will also build six new gas stations, Roman said. At present the second largest player in Romania, the local MOL subsidiary owns 116 such facilities, which generated over EUR 400 mln sales revenue in 2005. In the mid-term, the company seeks to boost its current 13% market share to 15%-20%.

6. *Hungarian Gas and Oil Rt Mol to bid alone for Russian unit*

Mol Rt, the largest oil company in the 10 newest European Union countries, is bidding on its own for OAO Udmurtneft, a unit of TNK-BP, Mol Director of Strategy and Business Development Michel-Marc Delcommune said after the company's general meeting in Budapest on 27th April. Budapest-based Mol is shifting its focus to exploration and production after it bought refineries and filling stations in Eastern Europe in the past five years. The company is seeking acquisitions in Russia, Croatia, Serbia, and Pakistan. At the meeting, Mol shareholders also approved payment of a HUF 35 bln dividend on 2005's Hungarian-accounting-standards unconsolidated after-tax profit of HUF 398.8 bln. The dividend calculates as HUF 325 per share, but could change slightly depending on the number of treasury shares. The rest of profits will go into reserves.

7. New HUF 8 bln bio-diesel plant planned

Germany’s JC Neckermann plans to build a HUF 8 bln bio-diesel plant in Baja (SW Hungary), reported the media on 25th April. JC Neckermann is the latest of a number of investors who have announced plans to build bio-diesel plants in Hungary, drawn by an EU rule requiring member states to replace 3% of fossil fuel consumption with bio fuel by 2007, and 5.75% by 2010. Already, Hungarian oil and gas company Mol has said it plans to purchase 150,000 tons of bio-diesel components in the EU a year. JC Neckermann chose Baja because of its good logistics - it is on the River Danube and well-connected to Hungary's network of roads and railways - and because the local technical college offers a course for environmental engineers, who could carryout research for the plant.

8. Relocation cost Artesyn USD 1.3mln

It was reported on 26th April, that relocation of U.S.-based Artesyn Technologies’ production of power supply units from Hungary to Romania cost the company USD 1.3 mln. Artesyn Technologies decided in summer of 2005 to shut down its power supply plant in Tatabánya (NW Hungary) and outsource production to the Romanian unit of Canada's Celestica. The Tatabánya unit was shutdown at the end of 2005 and its 370 employees were laid off. Artesyn Technologies switched its plant in Tatabánya to produce power supply units less than six years earlier, at a cost of USD 7 mln.

9. Annual report sees MVM profits up

At its annual general meeting on 21st April, Hungarian Electricity Works Zrt (MVM) reported a balance sheet result of HUF 495.395 bln and profit of HUF 913 mln. Including its subsidiaries, MVM holding had a consolidated balance sheet result of 597.532 bln, the profit being HUF 1.031 mln.

10. It was that Korlea buys 80% of energy trader

Slovakia’s Korlea has purchased an 80% stake as a professional investor in Hungary's Energy Capital, a trader on Hungary's deregulated electricity market, reported the media on 28th April. Hungary’s Energy Office has approved the purchase. Hungarian investor Gábor Farkas has retained the remaining 20% of the company. Korlea Invest's parent company operates in eight countries in Eastern and South-Eastern Europe as well as in Switzerland. Hungarian Energy Capital sells 35,000 MWh of electricity a month, accounting for 30-35% of Hungary's electricity exports and 20-28% of imports. Energy Capital is competitive because of cheap Ukrainian energy.

11. Inter-Tram to complete HUF 1.1 bln plant

Inter-Tram plans to complete a HUF 1.1 bln bio-fuel plant in Mátészalka (NE Hungary), by August, CEO Ferenc Szántó announced at a press conference together with Minister of Agriculture József Graf on 3rd April. Inter-Tram is receiving HUF 240 mln in state subsidies for the project and a further HUF 300 mln loan from the EU on which the state will pay the interest. The plant is expected to process 2,000 tons of sunflower seeds, turning them into bio-diesel during its trial run in August, and it could process a further 12,000 tons by the end of the harvest season, all of which will be purchased by MOL Rt, which will mix it with diesel fuel.

Trade enquires

There were 55 trade inquiries in the month of April. The areas of serious interest were the following:

- Home textiles
- Kitchen fabrics
- Leather products: wallets, bags, purses
- Hand tools
- Wine, champagne

All have been answered to.

Details of tender information, disinvestment opportunities

1. Second tender offered for ST Glass

A second tender for blown glass factory ST Glass has been scrapped after it failed to attract any offers, bailiff György Szondi said on 27th April. No offers were made either in the first tender in February. Szondi noted that serious interest had been shown for the factory, but the deadline for bidding was short. He said a third tender for the factory has already been called with a deadline in the middle of May. The factory's real estate, production equipment and stocks are offered for a minimum of net HUF 1.3 bln. In the first tender for the factory, the asking price was HUF 1.98 bln, which, Szondi said after it was scrapped, may have been too high to attract professional investors. ST Glass owes lenders HUF 3.7 bln, including HUF 2.7 bln on mortgage loans.

2. Hochtief drops case against ÁPV

It was reported in the media on 18th April, that German construction giant Hochtief has withdrawn its court case against the State Privatization and Holding Company (ÁPV) disputing the results of a tender for the sale of Budapest Airport in November 2005. Hochtief filed the suit in December. UK airport operator BAA won a 75%-minus-one-vote stake in Ferihegy Airport operator Budapest Airport, some of the airport's tangible assets and a 75-year contract to operate the airport with a bid of GBP 1.26 bln.

3. Nitrokémia struggles to shake off units

After several failed sell-off attempts, Vectigalis Rt, the liquidator of bankrupt chemical company Nitrokémia 2000 Rt, is once again putting the company's assets up for sale, only this time in six separate bundles for a combined HUF 2 bln, reported the media on 27th April. Nitrokémia 2000, which has been in liquidation for the past 18 months due to unpaid debts, is offering several manufacturing facilities and offices, as well as pesticide patents for about HUF 1 bln less than last time around. To date Nitrokémia has only managed to sell its phtalic acid plant to the Slovenian Kemiplast d.o.o. for HUF 1 bln, while it owes a total HUF 4.2 bln to some 400 creditors.

Trade Fairs

In the month of March we received information on 2 trade fairs:

- Infra educa - 2006 June 16-18 New Delhi
- International Crop-Science Conference & Exhibition 27th-28th July 2006

Information on participating in these fairs was forwarded to HCCI, BCCI, ITDH and the other relevant associations, notably:

- Budapest Chamber of Agriculture
- AKII Institute
- Food Safety Office
- National institute of public education
- Ministry of Education

Major issues related to bilateral economic relations followed up during the month

On 4-5th April 2006 Madam Nandhini Iyer Krishna (Minister Pol&Comm) and Mr. András Havas Marketing assistant visited the Komárom-Esztergom County Chamber of Commerce and Industry (KEMKIK) in Tatabánya. The objective of the visit was to create awareness about the changes in the Indian economy, highlighting sectors of relevance to the counties of Komárom and Esztergom, notably automotive components.
The Komárom-Esztergom county chamber is among the first three most important regional chambers of commerce in Hungary. The region is highly industrialized, with several multinationals located in

the industrial parks: Grundfos, Suzuki, Nokia, Artesin, Suoftech, Holoplast, etc. Main areas of production are the automotive, and electronics, telecom sectors. Several prominent companies in the automotive sector were also visited:

- Tatabányai Rugógyártó Kft (manufacturer of springs)
- Bowden Kft (manufacturer of bowden wires)

G V Srinivas
First Secretary
1st June, 2006

Distribution as per standard list.