

Hungary Strengthens Cooperation with African Countries



PRETORIA, South Africa, March 30, 2014 (Business Africa) -- Many global players as well as small countries are rushing to do business and invest in Africa. As these efforts have intensified with African countries and the situation also presents opportunities for Africa because corporate business and investment are now leading to increased investment, aid and trade offer more competition and greater choices for African countries.

Over the past few years, Eastern and Central European countries have also joined the the search for potential sectors for cooperation in Africa. Hungary is one of such countries.

In this interview, **Dr. Kalman Meszaros**, the Economic and Commercial Counsellor at the Embassy of Hungary in Pretoria, South Africa, talks to **Business Africa's Kester Kenn Klomegah** about his government's new foreign trade policy priorities, current investment projects, challenges and future plans in Africa.

Here are the Interview Excerpts:

Q: Africa Arising is the popular business slogan now! What are the driving factors that make it necessary for Hungary to open commercial/trade office in Pretoria?

A: The commercial counsellor post of the Embassy of Hungary, Pretoria was reopened in 2011 (after their closure in 2002) as a result of the government's new foreign trade policy priorities including "Opening to the East" and enhanced assistance to SMME's international business development. "Opening to the East" (including fast developing emerging regions in Asia, Latin-America and Africa) has become necessary for Hungary on the one hand due to her too high exposure to European Union (over 70%), on the other due to shifting trends in world economy in favour of emerging markets.

Q: Since its opening, what would you say are the key focus? I can only guess that your office deals with the southern African region, and if that is the case, which potential business sectors are attractive for Hungarian business investors in southern Africa?

A: South Africa plays a dominant role in our Africa trade with about one-third share both in our exports and imports. Our export pattern is, however rather vulnerable as about 70 – 80 % originates from large corporations, most of them multinational, so a relocation decision on their part might cause wide fluctuations in bilateral business relations.

With this in view and focusing on SMME's – as we think cooperation in this sector is more lasting and much more diversified - we launched business networks in the region:

- SUSAN (Sub-Saharan business network for Hungarian companies interested doing business there) in Hungary in the spring of 2011, it now totals 539 members,
- SAHUN in South Africa in the autumn of 2011, it has grown to 359 members by this March,
- and three smaller ones in the countries we are still covering in the region: NAHUN and BOHUN for Namibia and Botswana in 2012 and AHUN for Angola in 2013

Business offers, enquiries, projects intermediated between them have grown from monthly 3 - 4 in 2011 to monthly 20 – 25 by now with about 15 - 20 % success rate as regards concluded deals. Our bilateral statistics also show a remarkable increase since 2011 up to 2013 in our trade with South Africa in SMME related sectors: 100 % growth in food and beverages, 30 % in processed goods.

In recent years, Hungarian business interests, inclusive of investment projects have centered on the ITC, life science (medical equipment, pharmacy, biotech), agribusiness, cleantech, renewable energy and energy efficiency solutions, specific industrial and agricultural machinery sectors.

Q: The governments of China and Japan, for instance, are supporting policy projects with capital. Is the Hungarian government offering investment credits for projects in Africa?

A: Hungary provides a wide range of assistance to ventures eager to expand in Africa:

- by offering special financing facilities from EXIMBANK (the bank also has a special loan assistance programme for certain African projects);
- by opening of Trading Houses in the region in cooperation with the Hungarian Chamber of Commerce and Industry and some private initiatives (already 4 operating, 2 in preparation in Africa) to provide technical, logistical and financial support for SMME's;
- by signing of Economic Cooperation Agreements, setting up Joint Economic Commissions and Business Councils in businesswise promising African countries;
- by organising high-level visits to dynamise political and government cooperation
- by shifting focus of foreign trade offices' activities towards more corporate contacts and institutional cooperation areas

Q: Doing business in Africa is very challenging. What, in your opinion, has to be changed? What bottlenecks (blocks) African officials have to remove to make way for the flow of business?

A: The African landscape is highly varied: in some countries you still have to create the basic legal and institutional network, in some countries you have over-regulation largely with a view to protect the local economy, in some others government delivery, registration and licensing procedures are rather poor and bothersome.

So the challenge for African officials is to introduce simple and easily implementable regulations, to minimise and simplify protection measures, to create a transparent, fast and clear registration and licencing framework with efficiently working institutions.

Q: Hungary has organised the first Hungary-African business forum. What are the highlights of this forum and how are the official decisions reflecting in your work in southern Africa?

A: The first Hungary – Africa Business Forum was held in June 2013 in Budapest. As Africa is still a rather undiscovered continent for most of the Hungarian businesses this event was destined to raise their awareness to the opportunities on this highly promising and prospective continent as well as to call the attention of African countries, their governments and potential investors to Hungary's new focuses and initiatives in foreign trade priorities, such as "Opening to the East" policy.

The event was a great success not only in bringing high political decision makers together but also in exploring plenty of business potentials in sectors such as agribusiness, ICT, energy, tourism and water management during the numerous business meetings of African and Hungarian ventures attending the conference.

The new Hungarian policy is well reflected in my work load in Pretoria. The fast, almost tenfold rise in business intermediation between South Africa, the region and Hungary in the past three years is clearly a sign that Africa awareness in Hungary and also Hungary awareness in South Africa and the Southern African region has substantially increased in the business gremia largely due to the government's new strategies, priorities, support mechanisms and infrastructural assistance to SMME's. With our strength we hope to continue building on these existing business achievements and continue looking for new potential sectors for cooperation between Africa and Hungary. **(Business Africa)**