

## **At the Seoul-Budapest Summit Meeting:**

### **Pres. Roh and PM Gyurcsany Agreed To Make Bilateral Relationship More Future-Oriented and Substantial**

South Korean President Roh Moo-hyun asked for Hungary's assistance in the peace and stability of the Korean Peninsula, while Hungarian Prime Minister Ferenc Gyurcsany renewed his support for the policy of the government and will fully cooperate in finding a peaceful solution to the North Korean nuclear issue.

In his summit meeting with President Roh on March 10, 2005, at Cheong Wa Dae in Seoul, the Hungarian Prime Minister said, "We urge the complete, controllable and irreversible termination of the nuclear program of North Korea and a return to the Non-Proliferation Treaty," adding that Hungary is prepared to share its experiences in the transformation of its society and economy.

"They agreed on the need to make the bilateral relationship more future-oriented and substantial. They also agreed to promote industrial relations in the areas of automobile and information and technology (IT)," said the pre-sidential spokesman, Kim Jong-min, at a press briefing.

The prime minister said that Hungary and South Korea stand for common values in international efforts against terrorism and in the fight against the spread of weapons of mass destruction, noting that the role of Hungary as the hub in central and eastern Europe has increased since it joined the EU last year, according to the spokesman.

Accordingly, Roh acknowledged Hungary's contribution to South Korea's policies under former President Roh Tae-woo, becoming the first nation among Central and East European states to establish diplomatic ties with South Korea. This year marks the 16th anniversary of the establishment of diplomatic relations between the two countries.

Gyurcsany appealed for the Korean government's assistance in encouraging more Korean companies to invest in Hungary, emphasizing Hungary's merits as an investment destination due to its location and as a recent addition to the European Union.

The two nations signed a bilateral trade agreement providing a framework for economic, trading and financial cooperation. Relevant ministers also signed agreements on promoting

bilateral cooperation in the areas of tourism, culture and science. The trade agreement would serve as an opportunity to upgrade relations in the fields of economy - trade and finance.

"This agreement defines the framework for economic, trading and financial relations between Hungary as a member of the European Union (EU) and the Republic of Korea," said Prime Minister Gyurcsany.

The European Union offers an exemplary case for setting up a regional security structure and ensuring economic prosperity among member nations. President Roh stressed the need for nations in Northeast Asia to follow the EU's example, endeavoring to lay a foundation for regional peace and stability by overcoming distrust.

The social security tax agreement would be possible for boosting the activities of Korean businesspeople in Hungary, referring to the low interest in Hungary among the Korean business community. "I hope my visit can bring a change and turn Hungary into an attractive destination for Korean business again," said Gyurcsany.

Prime Minister Gyurcsany arrived in Seoul on Mar. 9, 2005 for a four-day visit. He was the third Hungarian prime minister to visit South Korea since the two countries forged diplomatic relations in 1989.

The Hungarian delegation, including Foreign Minister Ferenc Somogyi and business-people, participated in a meeting of the joint Korean-Hungarian Business Council to explain investment opportunities in Hungary, which joined the EU last year.

Hungary is one of South Korea's largest trading partners in Eastern Europe. The two-way trading volume exceeded US\$860 million for the first 11 months of 2004 (January~November). South Korea exported US\$750 million to Hungary and imported US\$110 million.

Large South Korean companies, including Samsung SDI, Samsung Electronics, LG Electronics and Hyundai Motors, are currently operating in the European country. Samsung SDI plans to increase the percentage of flat-panel cathode-ray tubes (CRTs) it produces from its Hungarian Braun tube production affiliate above 50% this year. It would increase the share of high value added flat-panel CRTs at Samsung SDI Hungary to over 50% from 8% in 2002 in order to improve its profitability.

"Hungary boasts marvelous economic growth rates and a highly productive labor force," said Kim Soon-taek, the chief executive of Samsung SDI. "Based on our know-how accumulated from successfully operating eight CRT plants in six countries across the world, we will once again pull off a success and set a legend in the global CRT industry," said Kim.

By shoring up the global competitiveness of its affiliates in Hungary and Germany, Samsung SDI aims to command 25% of European television-application CRT market, which is estimated to grow some 30 million units this year. The company plans to sell 7.5 million CRTs in Europe in 2005.

Toward this end, Samsung SDI plans to beef up marketing campaigns in Europe and increase production of larger, higher-end CRT products. It seeks to augment the synergy effect from close cooperation with Samsung Electronics' digital TV set production affiliates and other global TV manufacturers in Hungary, as well as TV component manufacturing sub-sidiary of Samsung Electro-Mechanics.

Under its global strategy of "produce where the market demand is," Samsung SDI took over a East Germany-based picture tube company in 1992 and in 2001. Also in 2001, it founded its Hungarian affiliate to make Hungary its second production base in Europe.