

The Gist of PM Gyurcsany's Opening Remarks:

"Your Performance Is Something That We Would Like to Follow"

The following are excerpts from the opening remarks at the Korea-Hungary Business Forum, held on March 11, 2005, during Hungarian Prime Minister Gyurcsany official visit to Seoul for four days from March 9~12, 2005. - Ed.

Our political achievements [between Hungary and South Korea] were at the end of the 80s. Hungary was the first country in the East European bloc (former Communist countries in Europe) to set the political and diplomatic relationships with the Republic of Korea. "Why is it so important after 60 years? Why is it a part of our current memory? Why is it important, even though when they are speaking about business and not about politics?"

Hungary had been with blindness 60 years ago. Perhaps, we made some mistakes that we have not recognized these fantastic achievements of democracy and the market economy. Ought to the Republic of Korea, now, we could conclude that they would like to say to the other Korean friends that, coming and through the last decades, we would like to lift our hat, saying, "Your performance is something that we will like to follow."

We learned that if we would like to develop our business relations, we will need some various relationships. After this significant diplomatic measures and steps, we were able to make our business relations dynamic. For example, Sam-sung was the first significant company working as the direct capital investor into Hungary. Our relationship with the company is very nice, because we are satisfied among the each other what we have achieved. At the second half of the 90s, they forgot that we needed to re-organize. At that time, what we had achieved was not enough because we would like to give more dynamism. We only realized this after I visited ROK. Without stronger political support, we could not achieve the stronger, more dynamic business relations.

I was called into my government by Mr. Koka, who is the Minister of Economy and Transportation in Hungary. He is responsible for economy and transport and other instructors in the universities. Hungary is not very unique because my generation, certain people in their 40s, represent the changes that we need in business, politics and culture.

We would like to create a better life in Hungary, creating the country which understands the

advance of the nation in the hands of the people, who would like to have more by using their personal intellectual and physical capacities and very competitive mentality. If we would like to wage a lot, we have to be very practical on what we want to achieve. We have to have well-elaborated vision and plans.

We have to have a very competitive culture. We need the very modern and competitive business knowledge and methodology. We learned a lot from you, but we would like to have one more lesson. We would also like to ask you which way we can prove and enhance our relations. We would like to ask you to give us a favor. Honestly, the favor is that we should make a lot of changes. These are the preconditions creating the more favorable business environment.

We know that the capital is one of the very important elements of what we should do. First, we need the evaluation of our vision for the future of Hungary. Which kind of economy would we want to create? Which are the best ways for the government's laws on these routes?

In the last couple of years, we just started to liberate the strategic development plan of the Hungarian economy for the next 10 years. We set up the Modern Economy Plan for 5-7 years of very concrete sectors like biotech, R&D, Info-communications, tourism and automotive industries. We would like to elaborate these plans together with you, because these plans must not be the plan of the government, but should be the current plan of the business community, the society and the governments together.

If you understand visions and intentions, it means that we can put it in our plans. It can nurture the plan in Hungary, but it can also be the plan of the

Hungarian business community on who are cooperating with us in using the Hungarian intellectual, financial and fiscal resources. This is what we would like to do.

Second, we have complained about the weight of rates in many cases. We know that we have a lot of character on this area. Mr. Koka is very strongly committed, creating the more business-friendly state democracy and offering the state administration's service-minded operation and showing the picture of our past that we know wants to lead. We would like to serve you. We know the approach according to many phases. The state administration believes that the people and the businesses should serve the administration as a long approach.

In the last two years, when we came to power, we started to reduce these tasks. The level of these tasks now jumped to half of what it was two or three years ago. We would like to go around. We announced that, in the next three years, we need to reduce to use the over-run

tax reform, meeting our debt system capable of a more stable economy and business. We want to use the debt system not just for fiscal purposes of much law as a tool making the business dynamic. We know that following this intention. We have to reduce the level of the taxes.

Corporate taxes are very competitive, which stands at 16%. It is much well to reduce. We would like to unify one or two steps. We currently swept the VAT system. The highest rate is 25% and the lowest one is 5%. At around 20%, we would like to unify 90% of this three-rates system. It is most important for reversing the labor cost. It requires a lot to do, but we are very committed. We know what we have to do.

Finally, my direct personal goal is bringing back the golden ages of 90s, the golden age in our relationship in business. I need your help to understand what I have to do in directing your economic business. If you are successful in Hungary, it is a success of Hungary and the Hungarian nation. I would like you to be successful in this particular stage of our relationship. I would like to ask you to help us to give some impetus to this developing business relationship.

Hungary can be the base for which you can obtain all Europe. You can serve your interests the best way, being successful not just in these regions but in whole of Europe.