

ESSAY: Why a multinational company is motivated to helping to conserve the ecology of an island near Mohács. **> PAGE 23**



SPECIAL REPORT

EVEN NON-POLLUTERS ARE PAYING MORE ATTENTION TO THE ENVIRONMENT. SEE PAGE 18 FOR A LIST OF SUSTAINABILITY REPORTING COMPANIES

BBJ BUDAPEST BUSINESS JOURNAL

VOL. 18, NUMBER 11 | JUNE 4, 2010 – JUNE 17, 2010

36%

of small shops have no change for HUF 20,000 bills. **> PAGE 4**

HUF 1250 | €10 | \$15 | £7.5

HUNGARY'S PRACTICAL BUSINESS BI-WEEKLY SINCE 1992 | WWW.BBJ.HU

A CHANGE OF COLOR IN BUSINESS



Environmental consciousness is still a key issue for many businesses in the crisis – as it also happens to make business sense. Shopping chains are getting rid of plastic bags, telepresence is replacing travel and banks are going electronic.

> PAGES 10-19

BUSINESS

Show me the malls

Before the crisis, it was thought that 2010 would bring at least five new retail centers to the market. In fact, construction has only started on one. But this might turn out to be a blessing in disguise, as property people are now questioning whether there was enough demand in the first place. **> PAGE 8**

BUSINESS

Foreigners flee flats

Hungarian residential property has been in demand among small investors from abroad in the past decade or so. Now, many are drawing back to consolidate their property at home, putting further supply out on the market. Russian investors seem to be almost the only ones unaffected. **> PAGE 9**

BUSINESS/TRENDS

Flooding and the climate

May was one of the worst for rain in decades in Hungary: flooding caused extensive damages. Streams washed away parts of motorways, fields were saturated and people evacuated. There was a rush to donate to a dedicated Red Cross hotline. But many wonder: is this a sign of climate change? **> RED CROSS: PAGE 4, CLIMATE CHANGE: PAGES 6-7**



LIFE



5 webshops worth a visit

Niche shopping has found a new channel in Hungary: the web. Whether you are looking for a choice Villány wine, groovy vintage clothes or racy underwear, there are small and attractive websites to suit. Some are even in English. **> PAGE 20**

POLITICS

The first few days of the new Cabinet

The buck stops here. Viktor Orbán might not himself use Harry S. Truman's famous words, but it is the truth nonetheless for the new government, which has a two-thirds majority. So far, they have used this power for the Hungarian minority abroad. Meanwhile, its plans for the economy remain somewhat sketchy. **> PAGE 5, EDITORIAL: PAGE 23**



9 771216 730005 10011

NEWS in brief

The National Bank of Hungary's Monetary Council kept the base rate on hold at 5.25% at a meeting on Monday, in line with market expectations. The decision marked the first pause in a campaign of rate cuts dating back to last July that has reduced the MNB's key rate by a combined 425 basis points to a historical low.



TOURISM SECTOR TO BRING NEW JOBS

One-third of the one million jobs Hungary's new government wants to see created over the next ten years could be in the tourism industry, the new economy minister György Matolcsy said. The industry could provide new jobs, especially for untrained Hungarians, in addition to the construction and farming sectors, as well as family businesses.

Photo: Magyar Turizmus Zrt

ECONOMY

Unemployment crisis

Hungary's average unemployment rate was 11.8% in February–April, unchanged from January–March and up from 9.9% a year earlier, the Central Statistical Office (KSH) said. The rate leveled out after rising in the last quarter of 2009. On a positive note, the number of employed rose for the first time since Q2 last year. The current unemployment level is the highest since Q1 1993.

Electricity prices to drop 5%

Household electricity prices are set to fall around 5% from July 1, the daily Magyar Nemzet reported, citing market sources. Power suppliers with “universal service provider” status — who charge clients a fixed price for electricity for a certain period of time, thus mitigating exposure to market forces — are expected to lower prices by 4%–6% from July 1, the paper said. Suppliers asked by the daily would not disclose any concrete figures pending a decision on price changes by the Hungarian Energy Office (MEH), but the Hungarian unit of E.ON confirmed it would lower its prices from July.

EU grants underutilized

Tender consultant firm MAPI has released a 400-page study detailing the utilization of support grants in Hungary along with a set of proposals aimed at improving the situation. For the 2007–2013 EU budgetary period, Hungary has been earmarked HUF 8,000 billion for various developments. According to MAPI,

some HUF 7,000 billion of the amount has not yet been called by Hungary and given the current state of the grant system, there is a high possibility that a significant portion will never go toward upgrading businesses.

Venture capital investments fall

Private equity and venture capital firms invested in 12 Hungarian companies in 2009, only half of the number recorded in 2008, according to leading global private equity firm Riverside. The company noted that only one-tenth of Hungarian medium-sized companies are suitable for private capital investments. Riverside said that the decline in investments was because few Hungarian companies meet stringent investor requirements, although Hungarian managers could make a difference in this area by making business indicators more transparent.

Forint-borrowing rises

Households took out HUF 23.7 billion of new forint-based consumer loans in April, up from HUF 20.8 billion in March and HUF 14.6 billion 12 months earlier. The average monthly amount of new contracts was HUF 16.6 billion during the past one-year period. Meanwhile, EUR-based borrowing declined, with households taking out the equivalent of just HUF 3.9 billion in consumer loans in April, down from HUF 5.9 billion in March and HUF 12.7 billion a year earlier. The monthly average in the 12 months to the end of the period was HUF 10 billion.

NUMBERS
in the news

700

the number of large-scale and “priority” projects Hungary's new government would review to determine whether “the investments are really necessary in the country's current position.”

45%

Hungarians satisfied with their local environment, compared to the list-topping Dutch at 85%, according to an international survey of 23 countries conducted by Ipsos. Job prospects, clean streets, the level of crime and public transport were major factors in people's satisfaction with their surroundings.

POLITICS

Trianon memorial day approved

Parliament voted to make June 4, the date of the signing of the Treaty of Trianon in 1920, a National Day of Unity. The bill was passed by an overwhelming majority of 302 votes to 55, with the governing Fidesz and right-wing opposition Jobbik voting in favor, nearly all the MPs of the former governing socialist party MSzP voting against the bill, and the liberal-green LMP abstaining. As a result of the Trianon Treaty, Hungary lost two-thirds of its territory, leaving 3.3 million ethnic Hungarians (or 31% of the total Hungarian population) outside its borders.

WORLD

Gulf Coast oil may leak until Aug

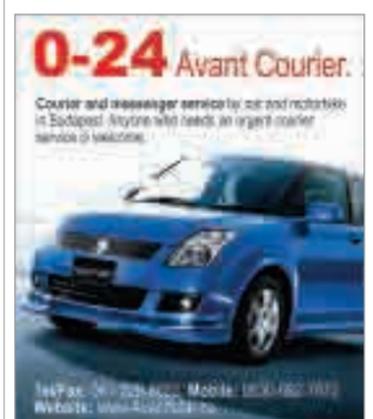
Officials of the US government and oil firm BP are warning that the blown-out oil well causing an environmental disaster on the Gulf Coast may not stop leaking until August, as the company begins preparations on a new attempt to cap it. The disaster is already the largest oil spill in US history and officials are calling it the country's biggest environmental catastrophe. In the wake of the failure to plug the well with a tricky “top kill” operation, BP CEO Tony Hayward said the Gulf of Mexico leak may not be stopped for another two months. The Gulf spill has surpassed the Exxon Valdez disaster off the Alaskan coast in 1989 as the worst US oil spill, with an estimated 12,000 to 19,000 barrels leaking per day.

German president resigns

German President Horst Köhler unexpectedly resigned on May 31, following comments he made about military action abroad; it is a move that could cause conservative Chancellor Angela Merkel a headache. The shock resignation comes at a time when Merkel is already battling a Eurozone debt crisis, sinking popularity and an increasingly awkward coalition partner. The German president is responsible for signing bills into law, but the role is largely ceremonial.

G8 push for goals on poverty

The Group of Eight industrialized nations plan to invest in better health for mothers and young children in poor nations to meet faltering goals for slashing world poverty by 2015, a draft text for a G8 summit said. The draft also said G8 nations would seek a new legal framework for a UN-led deal to combat climate change after a UN summit in Copenhagen in December fell short of a treaty.



COMPANY news

Two Hungarian companies have made it onto German business daily Handelsblatt's recently published annual list of top 500 European companies. Oil and gas group **MOL Nyrt** slipped three places, ranking as Europe's 129th largest company by revenue last year, while **Magyar Telekom** moved up to 475th from 477th.



ALBEMARLE OPENS HUNGARIAN SERVICE CENTER

US chemical company Albemarle Corporation has opened a \$1 million service center in Budapest. Hungary's capital was in competition with several other cities worldwide, but Albemarle said it found the well-qualified and motivated young workforce with foreign-language skills it needed here. Investment promotion agency ITDH provided assistance to the US company in building contacts and finding employees. Albemarle received no financial assistance for the establishment of the service center.

The idea of taking **Malév** into bankruptcy in order to rescue the Hungarian national airline seems to be an increasingly likely possibility among asset management officials of both Hungary's outgoing and incoming governments, the daily *Népszabadság* reported. The Russian government would lose around HUF 30 billion (€109 million) as a result, but would be willing to negotiate.

State rail company **MÁV Zrt** logged a HUF 34 billion loss in 2009, less than half of its previous target thanks in part to cost-cutting measures that saved the firm more than HUF 9 billion. Meanwhile, **Standard and Poor's (S&P)** downgraded MÁV's credit rating by two notches to 'B+', citing that government funding is insufficient, and the company's liquidity is very weak.

Cyprus-based **Trumbull Capital Advisors** has taken a 30% stake in Budapest-listed cable company **TvNetWork Nyrt**. Trumbull bought the stake from **Businesslink** at an undisclosed price, reducing the latter's interest in TvNetWork to 2.87%. TvNetWork agreed to sell electronic communications networks in seven Hungarian cities in April to **PR-Telecom** for net HUF 800 million. Netherlands-based **Carose** and Romania's **Digi** are TvNetWork's biggest shareholders.

Listed asset management company **Fotex Holding** posted a net income of €1.3 million in the first quarter of 2010, up an exchange rate-adjusted 27.5% from €1.02 in Q1 of 2009 due to a decline in the cost of sales and operations. The company had a 173.2% rise in export revenues during the period.

HUPX and its partners — **EPEX Spot** and **European Commodity Clearing AG (ECC)** — are making great effort towards the timely launch of the organized Hungarian electricity market in July. The major market players, **MVM, GDF, RWE, EDF, CEZ** and eight other companies have already signaled their intention to participate.

Austrian-Hungarian jointly owned regional railway **GySEV** posted net profit of around HUF 1 billion (€3.6 million) in 2009. GySEV attributed much of its 2009 profit to the sale of stakes in companies jointly owned with **MÁV Cargo**, the Hungarian unit of **Rail Cargo Austria**. GySEV said that the company carried 4.9 million tons of freight and 4.6 million passengers in 2009, generating revenue of HUF 26.1 billion last year, compared to HUF 31.5 billion the previous year.

Budapest's local council-owned district heating company **Főtáv** has cut its costs by HUF 4.7 billion over the past three years. Főtáv closed 2009 with net profit of HUF 1.79 billion. The Budapest municipal council did not take out a dividend. Revenue fell to HUF 51 billion in 2009 from HUF 56 billion in 2008, but profit grew by around 50%. This year, Főtáv expects results similar this year.

The local council of Tiszaújváros is planning a HUF 1.44 billion investment at its local spa, supported with about HUF 500 million in EU funding. The local council will cover HUF 360 million of the costs of the project from its own sources and take out HUF 565 million in loans. The investment, which includes the construction of new pools and changing rooms, is to be completed by August 2011. The project is expected to raise annual visitor numbers by about 100,000 to 300,000.

Financial market watchdog **PSZÁF** says it has approved a request to change the name of **Milton Bank** to **Gránit Bank**. The bank was recently acquired by **Magyar Tőke társaság**, a company established by Hungarian real estate magnate Sándor Demjén, to help the country's SMEs recover from the crisis. Demjén also

owns construction company **TriGránit. Magyar Tőke társaság** bought Milton Bank from Hungarian-owned holding company **Wallis** in February, while the latter acquired it from Germany's **WestLB** in 2009. PSZÁF also approved the appointment of Éva Hegedűs as Gránit Bank's chairwoman and CEO.

Listed liquor maker **Zwack Unicum Nyrt** said IFRS after-tax profit in its business year ended March 31 fell nearly a quarter to HUF 2.3 billion from a year earlier. Gross revenue dropped by 14% to HUF 24 billion, as sales abroad slipped 8% to HUF 1.3 billion. Gross margin fell 20% to HUF 8.6 billion, which Zwack blamed on the weak forint and changes in its product portfolio. Zwack will hold its annual general meeting on June 29, where the board will propose to pay a total HUF 2 billion (or HUF 1,000 per share) in dividends.

Hungarian wind power company **Pannon Szélerőmű** will build a seven-turbine wind farm near Bábolna this summer. The project will increase the number of power generating wind turbines in Komárom-Esztergom County to 69. Each turbine satisfies the annual electricity demand for between 1,500 and 1,800 households.

Hungarian-owned life insurance company **CIG Pannónia** nearly doubled its market share for unit-linked products to 30% in Q1, from 16% in the same period a year earlier. Its premium income from unit-linked policies came to more than HUF 2.5 billion in Q1. CIG Pannónia's total revenue from premiums more than doubled to HUF 5.3 billion in Q1, data published by the Hungarian Insurers' Association (MABISz) shows.

German-owned do-it-yourself chain **Praktiker**'s gross revenue in Hungary fell 16.7% to HUF 41.8 billion in 2009 as the property market contracted and fewer people made renovations. Praktiker will not open another store this year, but it will continue to develop its webshop. Praktiker opened its 20th store in Hungary in Esztergom at a cost of more than HUF 2 billion in April. About 65% of the store's visitors in the days after it opened were from nearby Slovakia.

Life insurance company **Aviva** recorded a premium revenue increase of 30.2% in January–March this year in Hungary, above the market's 11% growth rate, with premiums growing to HUF 6.9 billion from HUF 5.3 billion one year earlier. Aviva retained its 5.9% market share in the life segment.

The third open tender to sell the **Piszke Papír** factory has been declared unsuccessful as no bids were submitted for the company, which has been under liquidation since March 2009, the business daily *Napi Gazdaság* reported. The paper factory, owned by the Greek **Zeritis** group, was first offered for sale by the liquidator in November 2009 and then again in March and April this year. The offer price of HUF 5.2 billion (€18.8 million) was reduced to HUF 4.2 billion in the third tender.

A service center and water stage are to be built in the **Martfű Thermal Spa** at a cost of almost HUF 500 million (€1.8 million). The project received funding of HUF 200 million from the New Hungary Development Plan, with a further HUF 265 million covered from within its own equity. The service center, scheduled to be completed in two years, will house, among others, a wellness section, gym, and 200-seat conference room. A new thermal-water pool will also be completed this summer at a cost of HUF 20 million, as well as a new beach volleyball court.



ACADEMY OF MUSIC ISSUES RENOVATION TENDER

The Ferenc Liszt Academy of Music has published the tender for an estimated HUF 4 billion (€14.6 million) renovation and expansion project. The tender calls for a comprehensive renovation of the academy's building in Budapest and an expansion from its current area of 9,316 square meters to 11,040 sqm. The deadline for submitting bids for the project is July 5, with the winner of the tender to be announced on July 28. The building was closed for refurbishment in 2009.

MONEY

No change

Large denomination bills are causing trouble for small retailers.

36%

of shops have no change for HUF 20,000 bills

Shopping in smaller retail outlets could prove very problematic if buyers have only bigger, say HUF 20,000 bills, on them, and are looking to make small purchases. These problems are annoying for the customer, as well as a lost sales opportunities for shops. A study jointly conducted by MasterCard and Bankkartya.hu found that in 36% of the 120 stores examined in Budapest, transactions were foiled due to a lack of change. The study targeted outlets that do not accept card payments, and involved purchases of less than HUF 5,000. In 16% of cases, the shops had completely depleted their change.

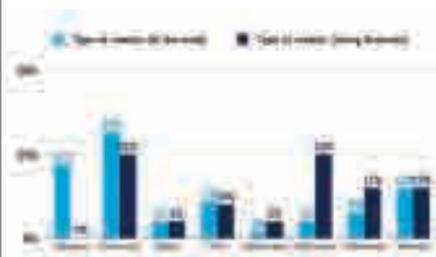
The study noted that the most common reaction to payments with a HUF 20,000 bill, the biggest note in circulation, was perplexity and a tinge of embarrassment. Those conducting the research said about half of the shopkeepers suggested that the customer should try to get change for the note elsewhere.

In some cases, trying to pay with a larger bill can actually make retailers spiteful and they will then "get back" at the buyer by giving change in, HUF 100 or HUF 200 coins. During the course of the study, MasterCard and Bankkartya.hu said they collected almost 5 kilograms of coins from 80 cash transactions.

The survey was conducted to highlight the practicality of card payment, which is still not available everywhere, but even the companies commissioning the review found that there is still comparatively small demand for the service, despite its practical benefits.

Instead, many customers have wised up and make their ATM withdrawals so that they can avoid the inconvenience. It is becoming a custom for clients to withdraw odd sums, such as HUF 19,000 instead of HUF 20,000. Anticipating trouble in making purchases with a large bill, this way they will probably get a HUF 10,000, a HUF 5,000 and four HUF 1,000 notes from the machine, making life a little easier for themselves. **GR**

ALWAYS BRING CHANGE



Retailers with no card acceptance having problems with large denomination notes
Source: MasterCard, Bankkartya.hu.



HOUSING

Drop ahead

A recovery in residential housing prices is not expected before 2011.

-6.3%

change in residential prices in 2009

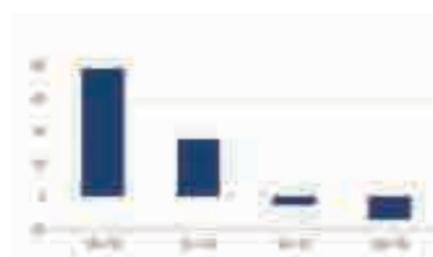
Residential housing prices in Hungary fell by an average 6.3% last year compared to 2008, thus returning to 2005 price levels. The decline would have been even bigger if the supply of loans had not picked up a little in the third quarter of 2009. However, as demand for housing loans remains low, experts do not see a recovery in residential prices before 2011. Property prices are forecast to drop by another 9.3% this year, primarily due to falling household incomes and negative consumer sentiment.

Housing prices in Hungary quadrupled in the 12-year period between 1998 and 2009, according to a survey by mortgage bank FHB. This translates into an annual average price increase of 13.2%. In real terms, the value of residential property doubled during this period, rising by an annual average of 6.2%. This indicates that residential property has not only retained its value, but has proven to be a good investment, with yields exceeding many financial instruments, FHB noted.

Between 1998 and 2004, property prices soared, and were further boosted by the introduction of a government housing subsidy system in 2001. At the end of 2003, expectations of a cut in subsidies brought demand forward and pushed prices higher again. However, the cut in subsidies resulted in a significant slowing in price increases from 2004, while a decline in real value began in early 2005. Although nominal prices continued to rise in the 2004-2008 period, the real value of homes in fact decreased by an average 1% per year.

Residential property prices peaked in the first quarter of 2008. Although asking prices did not decline in earnest, realized transaction prices dropped significantly. In the wake of these lower market prices, real estate is again slowly becoming a popular long-term investment option, considering its potential to maintain its value, as well as the current low interest rates offered by banks on deposits, and the volatility of capital markets. **GL**

LOSING VALUE



Change in real residential prices in Hungary by period
Source: FHB



ECONOMY

Returning confidence

Hungarian economic sentiment rises to highest in four years.

-28.7

the consumer confidence index in May

After Fidesz won a landslide victory, ending eight years of socialist rule, consumer sentiment posted an outstanding rise in May, research firm GKI said. The company's economic sentiment index (a composite of consumer and business confidence) rose to minus 14 points, the highest since May 2006, from minus 17.2 in April and up from a record-low minus 46.2 in April 2009.

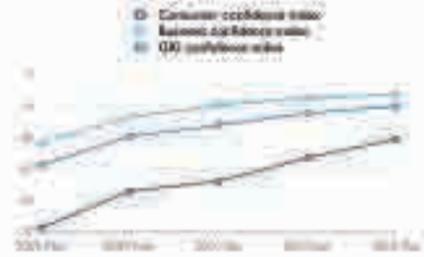
The consumer index rose to minus 28.7 points from minus 37, also the strongest value since May 2006. Meanwhile, business confidence also increased, rising to minus 8.8 from minus 10.2 in the previous month, the highest since August 2008.

Contrary to a previous estimate of a 0.2% contraction, the outgoing government changed its prediction for this year to economic growth, following data that showed the recession ended in the fourth quarter and GDP grew by 0.9% in the first three months. In May, businesses and consumers said the economic outlook was improving.

Sentiment in Hungary started plummeting toward record lows in the second half of 2006 after the government raised taxes and cut subsidies to narrow the budget deficit, the widest in the EU at the time. Gross domestic product shrank 6.3% last year, the worst performance since 1991.

According to GKI, industrial expectations continued a marked improvement in May after a temporary halt in April. The outlook for export orders improved significantly, while the number of SMEs expecting improved production surpassed the number of those seeing a decline. Compared to April, expectations in the business sector improved in industry and construction due to the outlook for orders, while in trade and services they deteriorated, GKI said. **ZsV**

CONFIDENT OUTLOOK



GKI's economic confidence index
Source: GKI



CHARITY

Flooding aid

Donation hotlines rally help for flood victims.

165,000

callers promised donations to Red Cross

The 1752 Nemzeti Segélyvonal (NSV) charity hotline, set up by the Hungarian Red Cross and the five biggest charity organizations in Hungary, has received more than HUF 2 million in donations for the victims of the recent flooding so far. However, total pledges made by callers amounts to more than ten times this amount, at HUF 30 million. Accordingly, NSV has considered calling a HUF 20 million loan from OTP Bank so that the affected areas can receive the emergency funds immediately. The organization has an agreement with the bank under which it can use the committed donations as collateral for the loans and not have to wait until the promised sums arrive.

The campaign is hindered by the fact that the 1752 number can only be reached through the networks of relatively few providers. Only 54% of phone sets can be used to make contributions. NSV said it is continuing talks with telecom providers to expand coverage. A call to 1752 generates a HUF 250 donation. NSV also accepts donations through bank transfers or card payments.

In the meantime, the telecommunications sector has gone one better and made its 1749 hotline national. Through an agreement between Invitel, T-Mobile, T-Home, Telcelor, Vodafone and UPC, all of the companies' clients can use their mobile as well as landline sets to donate. A call adds HUF 200 to the tally, as does sending a text message containing "ARVIZ" or "ÁRVÍZ" (flood in Hungarian). The providers said they would be transferring the total amount received to the Hungarian Red Cross without any commission charges.

The situation in the flooded areas continues to worsen, compelling Hungarian authorities to activate the EU Civil Protection Mechanism for urgent assistance. Since May 15, some 930 kilometers of riverbanks have been shored up using 3.6 million sandbags. With a shortage looming, Hungary has asked for an additional two million sandbags from the 31 countries participating in the mechanism. **GR**

HELPING HANDS



Number of calls made to the 1752 charity hotline offering contributions
Source: Nemzeti Segélyvonal



New government takes charge



**GOOD.
NOW
WHAT..?**

Parliament has approved the new government's program, thus also electing Viktor Orbán as the country's new prime minister. The theoretic targets for the second Orbán cabinet are now cast in stone — but there are still few details on how we're going to get there.

Time to restore the economy! Time to restore order! Time to save healthcare! Time to restore democratic norms! Sound familiar? These are some of the chapter titles from the new Fidesz-KDNP government's program that has been eagerly awaited. Unfortunately, the document is little more than a more extensive recap of the election campaign.

However, during its very first days of work, the new House, referred to as a "constitutional assembly," has already made good on one of the promises of the program, namely constitutional amendment that significantly reduces the number of MPs. As opposed to the current 386 representatives, the next Parliament will have a maximum of 200 legislators. Fidesz even used the modification to exercise a political gesture to the opposition, proposing the setting up a committee where government and opposition are equally represented in finalizing the subsequent necessary changes to the election system.

HUNGARIANS FIRST

Also among the first measures of the current parliament, the House passed a controversial revision to the Hungarian legal system, that will reverberate for some time. In a gesture to ethnic Hungarians (and possibly a political maneuver to eventually extend the franchise to a few million additional voters generally considered to be right-leaning), nationals living abroad can now apply for dual citizenship.

The move did little to improve already sour relations with Slovakia, which made no secret of the fact that it considered the measure an infringement on its national sovereignty. The Slovak government, playing the nationalist card ahead of key elections to be held in June, instantly responded with changes to Slovakian citizenship laws, basically banning dual citizenship for Slovaks. Robert Fico's government is also complaining that Hungary has unilaterally

broken the dual citizenship agreement signed 50 years ago by Hungary and Czechoslovakia. Hungary actually stepped out of the agreement in 1993, but the Slovak side still considers it valid.

Based on its provisions, Slovakia now says that any ethnic Hungarian in Slovakia applying to Budapest for citizenship will automatically lose Slovakian citizenship as well as associated rights. The initial steps taken by the new diplomacy strongly indicate that the Hungarian Foreign Ministry, under János Martonyi will be pursuing a stronger nationalist line, even if it means aggravating neighboring countries. "We believe that we can represent our common national interests through strong governance through which the world will once again respect Hungary," the government program reads.

ECONOMIC GOALS

More importantly for businesses and investors, Orbán's government has plans (but so far, no details) for how it would move ahead with making these ambitions a reality. The government program reiterates ambitious goals of creating one million jobs over ten years through supporting small domestic businesses. The highlighted industries are construction, tourism and agriculture, while research and development would also be in the forefront of the cabinet's aims. Flexible employment is also key, mostly in order to allow social groups (people with lower education or in their mid-

dle ages) that are not exactly at the top of the labor market's wanted list to once more work and, consequently, pay taxes.

Businesses are also promised better terms of operation and a competitive edge by simplifying the corporate tax system, while also reducing red tape and bureaucracy. A novel element of the program is the special focus on high interest rates on forint loans, which Fidesz sees as one of the key obstacles facing Hungarian companies. Besides making efforts to reduce interest rates, the government is also looking to improve conditions for companies performing state orders by releasing payments sooner, thus aiming to favor subcontractors at the bottom end of the process, who are typically the most vulnerable in any public procurement. The measures expected to invigorate cash flow in the economy would also involve reducing the current payment deadlines from the generally accepted 90 days to 30 days, along with speedier court verdicts in business-related disputes.

When challenged in Parliament about the lack of specifics, Orbán had no qualms in revealing that the document is a collection of ideas and theoretic goals, the implementation of which will be hammered out as the government goes along. In the meantime, the press will have to wait for any comments dropped by Economy Minister György Matolcsy or state secretary Mihály Varga if they want to translate the ideals into tangible numbers and specifics. **GR**

[PARTNER CONTENT]

The Minotaur Show at Britannica International School



Primary sections of kids brought to the stage a famous character of Greek myth in the Minotaur Show. The present and prospective parents of Britannica International School enjoyed the fantastic kid-show which was performed in the future location of the school in Kakuk street.

In September 2010 Britannica International School will move into an award-winning, custom-designed school building complex which will include a 300 seat auditorium, a large gymnasium, an indoor swimming pool, two tennis courts and sizeable grounds. The classrooms are large (up to 50m2 and above), airy and bright.

Is your international medical insurer the industry leader?

We've won the 'Best International Private Medical Insurance Provider' award 8 times since 1999 as voted by independent brokers. Because they believe that we are, quite simply, the best at what we do!

Bupa International
Medical Insurance Companies
+44 (0) 1273 208 800
www.bupa-uk.com

Bupa

The weather forecast: cloudy with

Hungary has had its fair share of extremes in its history, and the weather is no exception. A few weeks ago, storms and heavy downpours washed away houses and roads, causing billions in damages so far. The images of storm-stricken villages and inundated croplands have again made people ponder: was this latest stormy spell the result of climate change?

BBJ ÁGI VINKOVITS, ZSÓFIA VÉGH

Hungarian meteorologists say that the severe storms, rain and hail of May were produced by a cyclone system above Italy. This, combined with the hot weather at the end of April led to a cold spot forming over Hungary, which is responsible for the torrential rain which has caused around HUF 10 billion of damages in Hungary.

As people are adding up their damages, more than a few wonder: was their house flooded because of global warming?

Nobody really knows. Anyone familiar with Hungary's climate is aware that May is one of the rainiest months of the year. What is debatable, however, is whether the current volume and frequency of precipitation can be considered unusual. Over the past century — apart from a gradual decrease in the amount of rainfall — no major changes have been observed in long-term patterns. The likelihood of generous precipitation falling on a single day is growing, though not at an alarming pace. On the other hand, there is definitely a gradual increase in the average temperature.

But one thing is certain: the weather we are seeing now is pretty much what climatologists predict Hungary would be like in a warmer world.

The volume of precipitation during a year would continue its fall of the past 50 years (during which rainfall the area around Budapest dropped 20%). However, that rain which would fall would all fall at once, leading to huge floods and mudslides — similar to what we are experiencing now.

And it is very expensive.

Flood control costs between 1998 and 2002 totaled HUF 32.2 billion, while rehabilitation costs reached HUF 15.9 billion. Protection against inland flooding and related maintenance costs amounted to HUF 17.4 billion between 1999 and 2003, while spending by municipalities on inland flooding totaled HUF 58.6 billion in the same period.

Since one-quarter of the country's territory lies within flood-prone areas, further damages are foreseen. In order to prevent future floods, build-

ing new reservoirs may be an option, according to Tamás Németh, the secretary-general of the Hungarian Academy of Sciences (MTA), which acts as a consultant for the National Coordination Center, the organization responsible for flood protection. He noted that these facilities could also benefit agriculture, countering the impact of extended summer droughts.

EXTREME PATTERNS

In the long run, water shortages due to climate change may lead to Hungarian rivers shrinking to half their current levels during the summer months. Groundwater levels may sink in the absence of adequate water supplies, especially in the valleys and lowland areas, such as the Alföld, the great Hungarian plain.

Experts put the current annual increase in damages to the agricultural sector at 2%–4%. Although the sector's contribution to GDP is negligible (just 3.4% in 2009), the effect of floods



a chance of droughts and floods

on food prices can be significant. This autumn, for example, consumers should be prepared to see an increase in the price of water-sensitive fruits such as watermelons and cherries.

According to VAHAVA, the latest and most comprehensive study on the subject completed prior to the creation of the National Climate Strategy in 2006, extreme weather phenomena such as forest fires, frost, gales or sudden torrential rains will also take place more frequently in the longer term. The decreasing availability of resources, and extreme weather events that destroy crops may also lead to serious social tensions. However, we are not totally defenseless against the elements.

BUILDING DEFENSES

The local impacts of climate change could be significantly reduced by establishing a sustainable water management system. "The Hungar-

ian water situation is completely in ruins due to its former system of regulation," says geographer Dániel Leidinger, a contributor of the Research Group for Climate Change at MTA. A more conscious water policy could also make a difference in handling floods and contribute to avoiding water disasters, instead of the current symptomatic and stopgap measures.

But despite the promises of various governments, nothing remarkable has been done yet to improve the Hungarian water situation. "In addition to the strong water lobby, experts who still prefer old methods like building dams to regulate water are also an obstacle to reforming Hungarian water management," said Leidinger. Dams, he noted, are not only bad for wildlife, but are also illogical: water should be reserved when it is abundant and not when the country is already being threatened by drought.

Instead, by implementing rainwater drainage systems, huge amounts of currently wasted water could be used domestically

and for agricultural purposes. The pressure on the old drainage system could also be reduced to avoid flooding. This decentralized water management would contribute to halting the decline in groundwater levels, and preserving the stability of sensitive ecosystems, of which Hungary has many.

INCREASED COOPERATION

While climate change is likely to have more negative than positive effects on a country's economic growth, its threat may also result in the strengthening of some positive social attitudes. Some have decided not to sit on their hands, waiting for the government to solve their water-related problems. "These serious problems can serve to increase cooperation," said Leidinger. "I have seen examples where locals joined together to address their water issues. But this works only in communities where a local leader like the

mayor or a respected businessman is ready to spearhead efforts."

Despite stereotypes of being introverted and uncooperative, Hungarians' willingness to work together is sometimes even stronger than in other nations. During the disastrous floods in Romania in 2005, the government was surprised to see on a visit to Transylvania how effectively the local Hungarian communities were able to organize flood protection measures, while other territories of the country were still waiting for government help.

If such collaborative efforts were more common within Hungary's own borders and prominent local figures were more prepared to set positive examples, the country were to have less to lose on climate change, however and whenever it strikes. ■

WATER FACTS

Climate change would endanger 7,000 villages (about 2.5 million inhabitants) and one-third of total cultivated land, as well as a third of the country's railways and 15% of affected roads.

Since the establishment of the meteorological observation network in Hungary in 1870, there has been a 1 °Celsius increase in the annual mean temperature, while the amount of annual mean precipitation has decreased by 100 millimeters in the western part of the country and 50 mm in the east. Hungary's National Environmental Program (NEP), adopted in 2008, has set the adequate treatment of wastewaters everywhere in the country by 2015 as a goal.

According to a recent report of the Pacific Institute, climate change will increase the demand for agricultural water, due to prolonged dry periods and severe droughts. Some researchers estimate a more than 40% increase in land needing irrigation by 2080.

▶ WHILE CLIMATE CHANGE IS LIKELY TO HAVE MORE NEGATIVE THAN POSITIVE EFFECTS ON A COUNTRY'S ECONOMIC GROWTH, IT MAY ALSO RESULT IN THE STRENGTHENING OF SOME POSITIVE SOCIAL ATTITUDES. BUT IS HUNGARIAN SOCIETY READY TO HANDLE THE ISSUES OF A CHANGING ENVIRONMENT?

Show me the malls

A few years ago, developers were announcing ambitious plans to build new shopping malls in Budapest left and right, with deliveries scheduled for around now. Most of those projects are nowhere to be seen, and not just because of the crisis.

BBJ GERGŐ RÁCZ

When shopping malls in Budapest started springing up everywhere, the question on everyone's mind was whether the city needed or could even sustain so many shopping centers. Not too long ago, developers saw the question positively, which was underlined by an impressive pipeline of new projects, such as Echo Investment's Mundo, TriGranit's WestEnd II, R-CO's KÖKI Terminál or Chayton Capital's Neo Center. Some of these projects are now years behind schedule, while with others, there are doubts whether they will ever be built at all.

Of course, the economic crisis has greatly affected how developers look at Hungary now. First, government austerity measures set off alarms, as higher taxes and lower incomes curbed consumer spending. Next, the credit crisis turned off the taps financing development. Even now, with the recession officially declared over, it is still difficult to muster finance due to the strict conditions posed by banks.

MUM'S THE WORD

The one thing these investments have in common is the veil of silence that surrounds them. The **Mundo** investment received publicity because of a contractual dispute between Echo and the Zugló municipality that has yet to be resolved. Echo is currently advertising Mundo to prospective tenants with a construction launch date of 2011. However, the originally signed agreement with Zugló stipulates that the whole project — not just certain phases — has to be completed by the end of that year. That's obviously not going to happen. It is difficult to see where the investment is going, but given the stalemate, the future is dubious to say the least. Either Echo can bide its time until the autumn and hope that a new local government will be more willing to renegotiate

the terms of the agreement, or face a lawsuit for the ownership of the plot.

The Kőbánya-Kispest area of the city was not long ago a hotspot for retail developments, none of which went as planned. Euro-Mall Ingatlanbefektetés's Europark mall at the Határ út metro station was at one point to be expanded by a second building, a plan that went as quickly as it came. The latest report about **Neo Center**, planned on a site across the road from Europark, was that construction had finally started (the original inauguration target was the first quarter of 2009). In reality, the site has, to all intents and purposes, been abandoned. In fact, there is nobody looking after the site — not that there's much to look at — and even the fences are rotting away. It doesn't look like a mall will open there anytime soon.

Only the **KÖKI Terminál** has good news to report, but it, too, was suspended for a time. Now construction is well under way, and the project already boasts a broad range of anchor tenants including Tesco, OBI, Libri and Rossmann. According to the developer's schedule, the project will be structurally completed by October, with the grand opening expected sometime in the first half of 2011. R-CO marketing and communications director Petra Légrádi told the BBJ that tenancy is currently at 50%, while KÖKI will also be a pilot venue for some brands that are not yet present in Hungary.

CLUSTER BACKLASH

One does not need to look very far for examples of why it has become very risky to build so many shopping malls in such close proximity to one another. Experts say that Budapest still has capacity for additional developments when looking at the per capita retail space in the city. Yet the situation is less obvious when looking at the behavior of tenants. And if one player has an advantage over others by being ahead in construction, competitors in the neighborhood are forced to revise their plans.

The prevailing market opinion is that the southern parts of both Buda and Pest have ample capacities to support one mall each, an opening that was to be filled by ING Real Estate's Allee and Klépi-erre - Ségécés Corvin, respectively. But after Allee was opened at the end of last year, the tenants at **Corvin Atrium**, which was originally set to launch just months later, got cold feet and opted to postpone the inauguration. The new opening date



KÖKI Terminál back on track



Neo Center? Not so much...

Photos: Gergő RÁCZ

was revised twice, first for the spring of 2010, then put off further until November to take advantage of the Christmas shopping craze.

If even a much-hyped venture like Corvin can be affected by nearby competition (the two projects are just five tram stops apart), it is no wonder that any investment on the Budapest market is liable to be heavily impacted. Plots that we have grown accustomed to seeing empty will stay that way for at least a few more years to come. And even then, there is no way of knowing who will build what at these sites.

Developers have obviously adopted a more cautious, perhaps more realistic approach to what the Budapest customer base can support. Corvin is basically ready to go, KÖKI is coming along — and that is the entirety of the pipeline when it comes to new shopping malls. Mundo and Neo Center are in limbo, even assuming a best-case scenario. TriGranit has made it clear that it is in no hurry whatsoever to start construction on the **second WestEnd** complex and is instead focusing its efforts on more lucrative markets, such as Poland. ■

Reduce your living costs!

ADMINISTRATIVE SELF STORAGE

Out of space? Moving?

SELF STORAGE has arrived in Hungary.

Now you can rent as much or as little space as you need to store your unused or seasonal belongings.

Welcome to Euro Mini Storage — Székes, ártatlan, személyes tárolás üzletünkkel! Székes, ártatlan, személyes tárolás üzletünkkel! Székes, ártatlan, személyes tárolás üzletünkkel!

• 24 Hour Security (CCTV)
• Reliability & Skilled Staff
• Fencing & Fireproof
• 24 Hour Access
• 24 Hour Access

ONLY 1 Ft

FOR THE FIRST MONTH!

WWW.EUROMINIORAGE.HU

8000 BUDAPEST, ÁRPAFA ÚT 10. | Phone: +36 1 223 8037 | www.eurominiorage.hu

ORION

Marketing & Distribution Services...
...in Hungary

Reliable and experienced partner offers

- Inbound and outbound logistics, warehousing
- Marketing services
- RMA services
- Existing relationships with retail chains and logistics partners
- Own modern logistics centre

Orion Electronics Ltd.
29, Jászberényi út, Budapest 1106, Hungary
Tel: + 36 1 261 3775 Fax: + 36 1 262 8037
E-mail: info@orionelec.com, info@orion.hu Web: <http://www.orionelec.com>

Foreign homeowners leaving

Massive foreigner demand on Hungary's residential market is now a thing of the past, with foreigners not only not buying new property, but also hurrying to unload current investments. In the wake of the crisis, international investors have become highly risk averse.

BBJ GABRIELLA LOVAS

All market players, including developers, real estate agents, mortgage lenders and buyers agree that foreign demand has evaporated from the Hungarian residential property market. To add insult to injury, many foreigners have also been trying to get rid of their existing real estate investments, A1 CEO György Huszti told the BBJ. Homeowners, especially from the UK and Ireland, were prepared to give up any idea of making a profit on their investments and sold their properties at lower prices, in order to shake off the related credit obligations as soon as possible.

Foreign investors are much more cautious now, deciding not to buy anything rather than making a down payment without knowing for sure whether or how they will be able to pay the remaining amount. Huszti sees a glimmer of hope, though, as A1 has sold flats to foreigners every second or third day over the past few months. Buyers are mainly Italians looking for traditional downtown used flats, and they typically pay in cash.

Russian investors, in turn, are still buying newly-built flats, usually in the HUF 80-120 million price range, Otthon Centrum managing partner Gergely Salusinszki told the BBJ. He noted a rather interesting correlation between Russians' real estate purchases and oil and gas prices, as Russians start buying homes abroad when fuel prices start going down after a peak.

FOREIGNER FLIGHT

A couple of years before the crisis, massive foreign demand fueled in Hungary's residential property market, primarily in Budapest, aided by a worldwide real estate boom, according to a recent report by mortgage bank FHB. Besides the traditional German and Austrian buyers, Hungary became very popular among UK, Irish, Spanish, Israeli and Russian investors. The majority of foreigners bought property specifically for investment purposes, typically channeling gains realized on other markets into Hungarian real estate.

Due to the abundant supply of credit, foreigners often financed their investments in Hungary's residential property market by taking out mortgages on their own houses in their home country, explained Salusinszki. Their idea was that the fees they earned by renting out the Hungarian property would cover the lion's share of their monthly loan payments, and at the same time the value of their property would gradually increase.

This worked very well before the crisis. The majority of the newly built flats next to MOM Park, for instance, have been rented out by their foreign owners. Some developments were especially designed to cater to the specific needs of foreign investors.

However, since the value of the mortgaged properties tumbled in the wake of the global downturn, foreign investors have tried to exit the Hungarian real estate market in a hurry in order to protect their own homes, Salusinszki said. Some investors who were just about to enter the market were in such a hurry to escape that they even left behind down payments made for newly-built flats. Developers usually offered this amount, which is generally around 10% of the total property cost, as a discount to the next prospective buyer.

DEVELOPERS ARE GOING, TOO

A considerable number of developers may leave the Budapest residential market in 2010, according to the City Report of property advisors Jones Lang LaSalle. Given the weak performance of residential sales, there is no economic basis for developers to finance new investments. Potential buyers are now unwilling to pay for homes from the drawing board, something that used to happen regularly.

Statistics also indicate that developers will drastically limit new supply in

the coming months. The number of completed new homes in Hungary for which permits were issued fell 26.3% year-on-year to 4,878 in the first quarter of 2010, while the number of building permits issued for homes dropped 29.9% to 5,561, according to the Central Statistical Office (KSH). Homes built by their future occupants fell 30.7% to 2,319, while the number of homes built to be sold dropped 33.9% to 2,160. Meanwhile, the number of homes built to be rented out soared from 38 in Q1 2009 to 393, with all of the increase registered in Budapest. ■

real
flexibility

We will deliver your distribution building
to suit your requirement and meet your schedule.

We have the land, the experience and the flexibility
to make your expectation real.

Contact us to see how we can help you +36 1 577 7700

flexibility - where you want it, when you need it.

service innovation experience results

ProLogis
www.prologis.com

- ▶ Green retail > PAGE 12
- ▶ Green fashion > PAGE 13
- ▶ How to make your business greener > PAGE 14
- ▶ Telepresence instead of jets > PAGE 16
- ▶ Teleworking saves fuel > PAGE 16
- ▶ Strict printing > PAGE 17
- ▶ LIST: Companies with sustainability reports > PAGE 18
- ▶ ESSAY: A business helps to save an island > PAGE 23

THIS FOCUS...

Most businesses don't invent electric cars or sell solar panels. Instead, they sell services or goods. Their staff sits in offices and works in plants. But even non greentech companies are investing into going green in Hungary, mostly because it is not just good PR, but good business, too. We chose a few industries to see how they view their green future. Banks are trimming their costs and environmental load by sending out statements electronically. Fashion designers are recycling cheap used bicycle tires into accessories, while large fashion chains are making a buck using organic cotton. Supermarkets are trying to get rid of plastic bags while drug stores are proudly displaying environmentally conscious products.

THANK YOU

THE BUDAPEST BUSINESS JOURNAL WOULD LIKE TO EXPRESS ITS THANKS TO THE EXPERTS WHO ALSO CONTRIBUTED TO THIS SPECIAL REPORT (IN RANDOM ORDER):

MANDY FERTETICS

▶ *Alternate Kft*

KATALIN URBÁN

▶ *Alternate Kft*

DANIEL G. NÉMET

▶ *10:10 Hungary*

SHARON CORRIGAN

▶ *CarbonNeutral*

ÁKOS LUKÁCS

▶ *Carbon Management Hungary*

SZOMOLÁNYI KATALIN

▶ *Magyar Telekom*

MÁTÉ KRIZA

▶ *Business Council for Sustainable Development in Hungary*

GYÖRGY DALLOS

▶ *WWF*



Banking on sustainability

The crisis has placed the financial sector into the limelight, and sustainability issues are receiving greater attention than before. But what can banks do, and what are they doing, in order to go green both on the level of customer relations and social and environmental impact?

BBJ PATRICIA FISCHER

In general, an increasing number of companies are paying attention to social responsibility and sustainable development issues. The number of banks focusing on sustainability is on the rise as well, but in 2009, still only around 20% of them issued reports on sustainability and CSR activities.

While these companies typically use the internationally accepted GRI (Global Reporting Initiatives) guidelines when writing a report, banks' commitment to responsibility and sustainability still leaves plenty of room for improvement. In 2008, only three banks released separate sustainability reports, while many others incorporated it either in their financial or CSR reports. The three reporting banks were MKB, K&H, and CIB. OTP and Raiffeisen issued a social responsibility report and a CSR report, respectively.

A GOOD CAUSE

Most banks focus on customer relations and on managing customer complaints when it comes to sustainability. The crisis of confidence that accompanied the financial crash certainly points toward a need for greater transparency, more thorough information for clients and self-regulation. It is a positive sign that all the reporting banks have joined the self-regulating initiatives of the Hungarian Banking Association.

When it comes to environmental impact, the reporting banks said they introduced various energy saving and environmental protection programs. CIB, for exam-

ple, has installed solar panels on four of its buildings over the last four years. In spite of the efforts, the bank's consumption indicators in general have grown from 2007, but it attributed this to the acquisition of a turn-of-the-century building on Szabadság tér, which does not meet modern standards due to its age.

K&H renewed its car fleet in 2008 by acquiring diesel-fueled cars that consume 25% less fuel, while MKB said it introduced energy and consumption saving systems in its buildings, thus reducing total energy consumption by 20%, according to their sustainability reports.

SETTING AN EXAMPLE

To meet the challenges of sustainability, banks constantly have to consider how their business operations impact society and the planet. To ensure that this institutional reflection is incorporated into everyday decision-making on lending and investments, banks need to develop and implement clear investment policies for key sectors they operate in. Policies also have to be implemented to deal with a number of social and environmental issues they are confronted with while doing business.

In the name of responsible operation, most banks are already offering the possibility of using electronic accounts. If required by the client, the bank stops sending out monthly accounts via mail, and allows the client to manage all banking transactions on the internet.

Several banks went even further in their efforts of going green by introducing green investment opportunities. With its eco fund, K&H offers stake in companies that are active in developing alternative energy sources and carbon-dioxide emission reducing technologies, while MKB's Green Planet fund offers the shares of companies engaged in environmental protection.

Some take it a step further. HWB Express Bank recently changed its name to MagNet Bank – but the changes go well beyond just nomenclature. The bank is the first in Hungary to call itself a community bank, changing its traditional business model in order to focus on sustainability.

The concept is that the customers involved in the transaction can decide for themselves the amount of the loan to be provided, the interest rate and the lender. The bank lets depositors monitor and have a say in where their invested money goes, and the amount of return they expect from it. MagNet started off with two products: Szféra, where depositors can decide on the area of sustainable development they want to invest in, and Mentor, where depositors can decide which company or project their money should go to. Each year, 10% of company profits will go to civil organizations.

It is too early to tell whether others will follow MagNet's lead, but the need for banks with transparent and responsible operations and long-term thinking is clear in the current climate. ■

[PROMOTIONAL FEATURE]

Europe's first LEED Platinum office building creates new FM challenges

As the new headquarters building of IUCN, the International Union for Conservation of Nature (IUCN) nears completion in Gland, Switzerland, the facilities management industry should brace itself for the demands of a new breed of 'eco' building.



IUCN has pledged to use its new, state-of-the-art Conservation Center to challenge the global business community into raising its game when it comes to the eco-credentials of office buildings. It aims to achieve LEED platinum certification for the building, which will make it one of the greenest office buildings in Europe, if not the world. However, it isn't all bad news for facilities managers, as it seems that going green can also save businesses significant amounts of money.

"We all have an obligation to reduce our carbon footprint. This building's green features, such as walls made from recycled and thermal concrete, occupant and daylight sensors and the use of rain water for toilets and garden irrigation, will show that sustainable behavior can also translate into benefits on the balance sheet," says IUCN's Director General, Julia Marton-Lefèvre.

KINNARPS

Kinnarps, Europe's 2nd largest office furniture manufacturer, with sales in some 40 countries and headquarters in Sweden, has provided in-kind support to the conservation center through the provision of interior design expertise, space planning and furniture manufactured using materials from sustainable sources.

IUCN's new building has been space-planned and furnished by Swedish workplace specialist Kinnarps. The company was chosen as a partner on the project thanks to a supply chain that aims to minimize environmental impact at every stage.

Birgitta Skoglund, Kinnarps' relationship manager for the IUCN project, explains how the furniture manufacturer and IUCN's facilities team worked together:

"IUCN's team was very conscious that persuading a large number of highly intelligent, individualized scientists and researchers to move from cellular offices to open-plan cluster workspaces was potentially a massive challenge.

"Our expertise in helping organizations through periods of change management, coupled with our sustainability credentials and our space planning experience, probably made us the ideal choice of partner for the challenges IUCN's senior staff were facing."

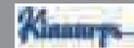
Kinnarps and the IUCN team worked closely together to develop and implement an employee survey and workspace analysis and install 'test workspaces' aimed at reaching consensus among the people who would be affected by the move, without alienating those that would be left behind in the old building.

Kinnarps also took on responsibility for the space planning of the new building, with the added challenges of fitting more than 130 workstations, two large capacity conference rooms, several meeting rooms, a cafeteria to serve more than 100 diners and a visitor center, into the available floor space and within the parameters allowed by the ecological power and climate systems installed in the building. Hans Friederich, IUCN's Director for Europe, has been delighted by the way things have worked with Kinnarps.

"Building a whole new Conservation Center and then furnishing it and getting the support of a large, well educated (and therefore opinionated) body of staff is quite a challenge in itself," he comments.

"However, when you add to that the pressures of delivering the whole thing within a very tight budget and according to rigorous environmental criteria, you realize how important the right partners are. Kinnarps has been invaluable in terms of the added space planning and change-management expertise it has brought to the project and the furniture looks pretty wonderful too!"

CONTACT



Kinnarps Hungary Kft.
Kinnarps House
www.kinnarps.hu
1133 Budapest, Váci út 92.

How green is our High Street?

It is impossible nowadays to walk along a high street in Hungary without encountering retailers' attempts to show just how green they are. Yet for many of them, environmental concerns remain only skin deep.

BBJ KATIE ROWLAND

Researchers at the Natural Marketing Institute, a leading American market-research company in health and wellness, estimate the size of the global green marketplace to be \$420 billion. Marketers would be blind to ignore the size of this market, as well as the fact that 80% of consumers are either classified as "environmental stewards" or have at least an interest in the green issue, according to consumer data from Nielsen. People want to buy products that they think are green, and luckily for businesses and marketers, they don't require much proof of a real commitment to the environment. They are, however, willing to spend extra to clear their consciences.

LIGHT GREEN COFFEE

Coffee shops are a prime example of this marketing ploy in the Hungarian capital. The California Coffee Company, the Coffee Shop Company and Costa Coffee all serve their beverages in paper cups that let us know they are recyclable and environmentally aware. Yet it often looks like employ-

ees have little interest in anything but saving time. At one coffee outlet recently, the paper and plastic bins were somewhat empty while the "other" bin was full to the brim with paper. It seems that once the product has been purchased, there is no real reason to go any further along the green road.

Waste management is a huge problem in Hungary, and since it is out of the public eye, there is little incentive to address the problem. In 2008, 85% of the municipal solid waste was sent to landfill sites, many of which fail to meet environmental regulations. The full blame cannot be placed upon retailers though, as updated climate laws have not yet been adopted.

At the beginning of the year, it looked as though Hungary could be the second EU member state to pass an overarching climate framework bill. The bill, which would have had a significant effect on the legal tools available, was postponed by the former government, which cited job concerns after heavy pressure from the industrial lobby, according to Euractiv.

One area where consumers can gain a little proof of environmental commitment is through eco-labels. The Hungarian eco-label "Környezetbarát Termék Védjegy" was established in 1993 and there are currently 356 companies and products using it. These products are proudly displayed in supermarkets, drugstores and many other shops. Drogerie Markt (DM) in particular seems to profit from selling these goods, as consumers are increasingly interested in greener beauty products.

Yet other areas of operations are far from green. For example, most drug stores in Hungary con-

tinue to give out plastic bags to every customer. Surely the managers of these companies are aware that a plastic bag takes 1,000 years to degrade in a landfill and that charging just HUF 10 for one could be enough to discourage unnecessary use.

NOT SO SUPER SUPERMARKETS

Market leader Tesco appears to have made some solid commitments to the green issue, especially in comparison to other leading chains in Hungary, such as CBA and Auchan. In 2006, Tesco opened its first "green" outlet in Sátoraljaújhely and then another one in Dorog a year later. The stores feature solar panels, geothermal pumps and heat recycling pumps, all of which contribute to Tesco's target of net zero carbon emissions in the future.

However, the global retailer has not completely escaped skepticism from conservationists. In 2007, chief executive Terry Leahy and the Tesco group unveiled their plans to attempt to reduce air transport to less than 1% of its products. This claim came just two years after the company collaborated with Wizz Air and begun offering cheap flights in its Hungarian hypermarkets. Environmental charity organization Friends of the Earth was unimpressed with this venture. It also raised concerns that Tesco was destroying the competitiveness of more eco-friendly local stores and encouraging imported produce.

Yet Tesco still stands out among Hungarian retailers, most of whom continue to make only superficial and often contradictory efforts towards making their company greener. ■

BAGGING THE PLASTIC

EU legislation has made several demands on Hungarian retailers. The EU's environmental commissioner recently stated that EU legislation seeks to reduce the use of plastic bags and to make those that are distributed more bio-degradable. So far, Hungary has adopted parts of the legislation only. According to the adopted laws, the government is permitted to impose a tax on conventional plastic, with a lower tax or no tax at all on degradable plastic.

The introduction of this legislation has had some positive effects, and it is common now to see people arriving at the supermarket with their own bags in hand. Unlike in the US, where the legislation brought a huge demand for designer cotton bags that displayed green campaign slogans, Hungary's reaction has been somewhat more down-to-earth, however. Consumers are using rustic-style wicker baskets, faded and now yellow Tesco bags and hold-alls to carry their groceries home.

Whether consumers actually want to save the environment or just a few forints is questionable, however. For one, the distribution of small carrier bags has actually induced greater sales of non-biodegradable bin liners for waste disposal, since many people previously used the plastic bags they took home with them as trash bags. It is evident that in order to support the legislation, there are still significant steps to be taken in changing consumer attitudes towards the environment.

Creativity
Now
Creativity and Innovation Training and Workshop

Programme (excerpt)

MORNING SESSION (PLUNARY)
Introducing creative thinking
Introducing creative communication
Introducing cultural aspects to not necessarily
Build a work

PARALLEL WORKSHOPS
Canadian Style
Creative Communication Experience
Creative Culture

Experts
Annie Holm Bj. - New Shows Today NE
Willem Stronker - New Shows Today NE
Alko Van Der Vliet - Mind Meeting NE
Visit: www.creativitynow.com

Learn how to use creative thinking for the success of your business/organization, develop your capacity for innovation and change...

Date: 29th June 2010 8:30 AM - 5:00 PM
Venue: Budapest Chamber of Commerce and Industry
Address: 1019, Budapest Erzsébet tér. 98
Price: HUF 9,900 + VAT

CREATE YOUR PARTICIPATION NOW!
To register please email enquiries@creativenow.com
For more information please call: 011 333800

This event has been created with support from the European Commission. The content does not necessarily reflect the views and the Commission cannot be held responsible for any use of the information contained therein.

Logos: European Union, HERT, KOPERNIKUSZ, BBJ, BIK, primus

THE CANADIAN CHAMBER OF COMMERCE IS PLEASED TO PRESENT
KICK OFF SUMMER AT
THE 1ST GREAT CANADIAN
STEAK, RIBS 'N WINGS
BBQ

INVITATION
ON THURSDAY, JUNE 17TH, 2010, AT 6 PM
AT THE GUNDEL
1166 BUDAPEST, ALLEKERTÉNY UT 2

INCLUDES:
CANADIAN STYLE BBQ, STEAK AND/OR RIBS
WITH BBQ CHICKEN WINGS

WITH TRADITIONAL BBQ TRIMMINGS, WINE & BEER,
COCKTAILS, & DESSERTS, LIVE MUSIC, DANCE &
FABULOUS RAFFLE PRIZES, FASHION SHOW
LIVE MUSIC, DANCE & FABULOUS RAFFLE PRIZES

BRING YOUR BUSINESS PARTNERS, BRING YOUR FAMILIES FOR THIS GREAT
CANADIAN EVENT. DRESS CODE: BBQ CASUAL

TICKET PRICE: HUF 14,000 (GATE)
INFO@CCCH.HU

Logos: BRONZE SPONSOR, MEDIA PARTNERS, FUTURE

Putting on organic shirts

Environmental friendliness and recycling are good directions to follow for the fashion industry even in Hungary. But unlike larger companies, their motivation is not solely to make a profit.

BBJ ANIKÓ JÓRI-MOLNÁR

Despite the fact that two-thirds of the planet is blue, we should do everything to make the rest green, as so many people tell us every day. Now even those who never wear green can dress green due to a new trend in fashion: environmentally friendly clothes.

THE THREE RS

The three principles of waste management and environmental protection – Reduce, Reuse and Recycle – seem to be adoptable for fashionistas as well. Reusing clothes by buying in second-hand shops has become a conscious choice for many Hungarians.

Luckily, the longer lifespan of clothes creates a financial incentive for owners of second-hand shops, who are thriving throughout the country. According to a study by research institute GfK, almost 5% of all clothes sales are made in second-hand shops, amounting to about HUF 20 billion in turnover each year.

In Budapest, green is also fashionable among young people. The cycling culture has been at the forefront of the move to recycling, resulting in several businesses based on and catering to this crowd. Avid bikers seem to be the most creative about fashion design. The most visible marks of this kind of lifestyle are the accessories made of bicycle tires and inner tubes. Small manufacturer shops such as Balkantango, 1MinD1 or Serin are among the pioneers: Balkantango, for example, specializes in making bags and other accessories like wallets and belts out of recycled bike tires, which they procure from Budapest's bicycle repair shops.

"We were making environment conscious bags from ex-ad tarpaulin and used vinyls when we discovered inner tire tubes. At the beginning, of course, we only meant it as a call for attention, but now we've given up using other materials," says Balkantango designer and part owner Füsün Ipek Türkoglu. The company has become mainstream, recycling tires from 30 repair shops.

Recycling tires and inner tubes as belts is also the focus of 1MinD1, a brand by Dénes Muskotál. The young man was selected designer of the month in May by WAMP, a community event taking place on the last Sunday of every month in the hub of Budapest where emerging Hungarian designers showcase their works. As he states on his website, 150 kilograms of used rubber have been reborn in his hands. He's also venturing into jewelry design – made out of inner tubes, of course.

WAMP IT UP

A group called Bicycle Art and Design includes a couple of other young designers, who are approaching the lovers of this activity not from the material side, but from the practical dressing side. The suspicion that urban bikers like to look good is confirmed by the special fashion shows organized by the group. In the meantime, they are trying to serve the ever-growing number of bikers in the city with suitable products.

"Through my friendships made as a biker, I also managed to spur interest about my products in other countries, such as Germany and Japan," said Zsuzsanna Kerro. Her brand Serin is known for its unique style of biking caps and clothing, even hand-made on request for a more personal touch. The community in Budapest has reached critical mass and is a great field to promote green ideas like recycling as well.

The sales model is also based on cooperation, since most designers still have full-time day jobs and sell goods mainly on commission. Bike shops are an obvious sales channel for such products, but other designers that already have their own shops help out as well. WAMP has proven to be perfect for marketing and networking purposes alike.

ORGANIC GROWTH

Meanwhile, multinational fashion giants have also discovered how a green message can

have a positive effect on their bottom line. Their efforts are less concentrated on sports and more on the consumers' wish to wear something natural. Bio or organic cotton is something most fashion houses have invested in. According to Organic Exchange's research, global retail sales of organic cotton apparel and home textile products reached around \$4.3 billion last year, representing a 35% increase from 2008.

With a lucky match between organic materials and fashion, and using global trends as a catalyst, well-known brands are stepping up sustainability. Top brands and retailers of organic cotton include C&A, Nike, WalMart, Levi Strauss and Adidas. One of the largest clothing retailers on the list, H&M has recently launched its first eco-friendly line made of 100% sustainable material after pledging to increase its use of organic products by 50% each year until 2013. The clothing line is made from organic cotton, organic linen, recycled polyester (made from PET bottles) and Tencel.

Companies like H&M have brought eco-friendliness closer to many people, with products available in every price range. Wearing clothes that take into account green concerns is not a privilege anymore. Since organic fibers are very durable, they save money for consumers, while still bringing a profit for retailers. This was the case with both C&A and Nike, where the amount of cotton the companies used in 2009 was significantly more than in 2008 and will continue to grow dramatically in the coming years. ■

Your medical care in Budapest

FREE TRIAL CONSULTATION CLINIC
24 HOUR AFTER-HOURS SERVICE
HIGH QUALITY HEALTH TECHNOLOGY
CARDIAC SURGERY
THE BEST SPECIALISTS
TOWN-CENTRE LOCATION
EXCELLENT SERVICE WITH INDIVIDUALIZED APPROACH



DR. ROSE
HOSPITAL GROUP
★★★★



DR. ROSE MEDICAL CENTER WWW.DROSE.HU
1011 BUDAPEST, ROSSVÉLY TER 7/A TEL: +36 1 477 67 47



Summer Swing
July 29-30, 2010

Guests danced until 2 a.m. to the music of the Strike Band.

Anders Jensen, CEO of the Diamond sponsor Telenor, with his wife and colleagues.

Peter Tull, CEO of Syneos, Gold sponsor of the event with David Young, First Vice President of AMCTeam.

Mr and Mrs. Robert Frossat, U.S. Embassy with Sarah Owen Solatt, AES Hungary.

How to...

...DEVELOP A GOOD SUSTAINABILITY STRATEGY

Developing a sustainability strategy that is not only a PR tool is a process in which employees from every area of the company should be involved. The strategy should cover social, environmental and labor issues, and most importantly, it has to identify a clear vision of the future. A good strategy is not a compilation of several action plans. Focusing on separate projects in the name of corporate responsibility, such as selective waste management or making a one-off donation, is not a strategy but more an image-improvement tool. A strategy only works in the long run if it is incorporated into all the different areas of the company. It is also important to set benchmarks — sector peers or other companies' best practices might serve as a good example. Hungarian companies focused on sustainability are appointing chief sustainability officers to lead a department with a mandate to develop and implement the company's sustainability strategy.

...USE EU OR GOVERNMENT FUNDS TO MAKE YOUR OFFICE GREENER

Government support for eco-friendly projects has been low in the past few years due to financial restraints. The environmental ministry may offer funds for certain projects, but is most useful as a starting point through which to apply for EU funding. Currently, SMEs can apply for EU funds through the CIP Eco-innovation program, which has allocated around €200 million for the 2008–2013 period. The program allows companies to cover up to 50% of their project costs through grants. Focus areas include green businesses dealing with projects that make the product lifecycle more eco-friendly, improve the supply chain and integrate eco-innovative techniques and principles. Applicants must meet certain eligibility criteria, such as financial stability and a declaration of honor. Projects should also be able to demonstrate technical effectiveness. The closing date for the CIP Eco-innovation calls is September 9, and online submissions are also available on the National Development Agency (NFÜ) website.

...GET YOUR STAFF INVOLVED

Getting employees interested in the basic issues of a company's sustainable development policy is not the most difficult challenge a management has to face — most workers do not need much convincing of the benefits of a greener office area, local food at the canteen or office equipment made of less hazardous materials. However, when it comes to more complex issues like implementing new, more eco-friendly production processes or changing the way customers are treated, some attitude-shaping techniques are often needed to get workers involved. Social sensitivity can be built with special trainings and theme-oriented courses, as a lack of social responsibility usually comes from ignorance. Besides continuously keeping the theme on the agenda in the company magazine, on the intranet or at forums and film clubs, appreciating employees' achievements on social responsibility is also essential. But, most importantly, all efforts are useless without the company management setting a good example by living socially aware lives.

...MAKE YOUR OFFICE CARBON NEUTRAL

A truly carbon neutral office is difficult to achieve, since it involves the CO₂ emissions of each product being measured and reduced to net zero. In order to achieve this target, a business must address both internal and external reductions, i.e. a change in processes and also an investment into carbon offsetting. Internal reductions are easier to achieve, through greater commitment to waste management, recycling and efficiency. These efforts usually only contribute a maximum of 20%. Carbon offsetting, through investments into forestry, renewable energy or waste reduction, is thus a necessary step. There have recently been some scandals in Hungary surrounding fake carbon credits, so it is crucial to seek a guarantee before an investment is made. There are several companies, such as the UK's CarbonNeutral, that offer certification once the office is truly carbon neutral. Obtaining such certification has been proven to increase revenue and also helps to avoid offending an increasingly conscientious clientele.

...WRITE A GOOD SUSTAINABILITY REPORT

Writing a sustainability report is not easy, but with a few key concepts kept in mind, it should be able to serve its purpose. First of all, the target group the report is addressed to (shareholders, clients or the general public) should be identified, as each requires a different approach. A common mistake by companies is taking the GRI (Global Reporting Initiatives) into consideration, but focusing only on the indicators and disregarding basic GRI principles such as completeness, relevance and clarity. Benchmarks should also be used, so readers can put the provided data into a wider context. Writing the report in-house or using a consulting company both have their pros and cons — the best might be to include a consultant as a mentor, but writing the report in-house. Authentication also depends on the report's target group: an auditing company if the report is for the shareholders, or a civil organization if the target is the public. To avoid lengthy documents that no one will read, it is best to publish the complete version on the company's website and print only a summary of it.



E.ON Family Football

...so that **football** can be a real **family experience**.

An experience shared with others will never be forgotten. By announcing competitions and family sports events, the E.ON Family Football Program – assisted by the program's ambassador, footballer Otto Vincze – is committed to supporting families in sharing the enjoyment of playing sports together.

With all of our energy for shared family experiences!

www.eon.hu

e-on

Jedi around the boardroom table

While researchers continue working on making teleportation possible, tech innovators are already offering a new-generation videoconferencing service for businesses that is currently the closest possible thing to actually “being there” — and can also cut travel costs by one-third, saving lots of CO₂.

BBJ ANIKÓ JÓRI-MOLNÁR



Miserable scenes of people sitting in front of two distant computers and trying to find each other's voice or picture — this is what was widely known as videoconferencing. It was a nice concept, as it attempted to bring people closer, but it only resulted in elevated stress levels and was consequently cast aside for a long time as a business tool. The contrast with the famous Star Wars scene with the 3D hologram images of all the Jedi was just too big. But, hello, can you hear it? A solution is now already on the other end of the line.

Videoconferencing was a huge fad around ten years ago, when there wasn't a major company that didn't have a system implemented. Magyar Telekom (MT) was no exception, but it also struggled to exploit the device: it needed at least one professional technician to operate and the network was far from ready to handle such huge amounts of data seam-

lessly. So it was put on the virtual shelf, with a viable alternative constantly sought.

Two years ago, Magyar Telekom became the first to deploy Cisco's new Telepresence teleconferencing set, and now has nine sets installed at various units of the company, even in Montenegro and Macedonia. In just six months, the utilization of the devices was at 80% on an eight-hour workday, mainly due to its ease of use. “It really is communication taken to the next level,” Péter Szabó, specialist sales manager of MT group member KFKI told the Budapest Business Journal. “Employees can use them alone, without any training, and the scheduling and administration of the calls is also very intuitive and can be done on a web-based platform,” he added.

Besides, users are finally able to sit in front of life-sized people around the horseshoe conference table, hearing native voices and seeing clear facial expressions on a 64-inch LCD screen. The experience of the one footing the bill, however, can be less pleasant. The basic setup of a single screen (for two people at a time) can cost around HUF 8 million – HUF 10 million including support, but excluding the fee for a robust communications network that is needed to handle such data traffic. “With the ideal level of utilization, a large part of traveling can be replaced by video calls, saving about 35% in costs for the company after a year,” said Szabó, adding that managers also appreciate the opportunity for more frequent communication with other decision-makers within the company. Realizing these savings also requires smart plan-

ning. At MT, communications processes were tailored to the new equipment, with all weekly project meetings and other gatherings scheduled for a Telepresence conference.

Meanwhile, as the technology progresses, MT is already thinking about the next steps: namely expanding telepresence usage to other MT units in large cities throughout the country, and hoping that even more money could be saved. The other avenue of development is equipping the largest conference room at company headquarters with telepresence, making the experience available to a couple of hundred people at a time. And should this capacity still not be enough, there are also plans to open up the closed system to an international telco providing telepresence services through 50 public rooms worldwide. ■

Teleworking for a winning future

Taking care of work when and how it best suits your own schedule, while also having time for yourself, is only one of the numerous benefits of teleworking. It is time-, energy- and cost-efficient, good for you, good for your company and good for the environment. So why are many Hungarian businesses still wary of implementing it?

BBJ ÁGI VINKOVITS

Teleworkers, meaning those who carry out at least part of their work away from their nominal place of business, are often envied. For them, dropping a child off to sports practice or picking up groceries can be scheduled during the day without a problem, along with other work-related to-do tasks. The reduced tension between doing a job and meeting family obligations improves work-life balance and, as a recent study in The Journal of Applied Psychology noted, also increases productivity.

As such, teleworking is not only a possible means of work for disabled people or women on maternity leave, but a valid and viable way of doing any job that does not require constant attendance in the office.

NOT FOR EVERYONE

The illusion of being your own boss, however, is not for everyone. Lack of self-discipline accompanied with the comfort felt at home may actually reduce work efficiency in some cases, warns Miklós Illéssy, research associate at the Institute of Sociology of the Hungarian Academy of Sciences. Employers are aware of this risk, and often afford a disproportional attention to it. This mistrust, noted the expert, is probably the main reason why the proportion of the Hungarian teleworkers in the total labor force is only 2.4%, the lowest rate in Europe.

Indeed, teleworking requires more active communication between bosses and their staff as well as more complex quality control than simply checking when workers clocked in and out. “Most Hungarian bosses prefer to check that their employees are sitting at their desks and doing whatever they do, rather than paying more attention to the work they have actually done,” said Illéssy. He noted that while multinational companies brought a different, more innovative attitude when arriving in Hungary in the early 1990s, the spillover effect of this western approach has been regrettably weak so far.

But companies that decline to implement teleworking lose much more than a little extra job satisfaction among the staff. The Community Innovation Survey, financed by the European Union in 2004, showed that the drawback of European economies compared to the United States or Japan can mainly be traced back to the lack of non-technological innovations. And companies

are playing the same game: without introducing structural innovations like new work forms, technological novelties will not live up to expectations either.

SAVE THE PLANET, WORK FROM HOME

Also on the plus side, teleworking reduces carbon-dioxide emissions by keeping workers away from traffic jams and making the maintenance of huge, air-conditioned offices unnecessary. A 2009 ETNO-WWF survey on the economical impact of flexible work showed that if only 10% of employees in the

EU occasionally avoided working at their offices, 22 million tons of CO₂ might be saved each year, which equals around one-third of Hungary's total annual emissions.

It is easy to see that employing teleworkers is about much more than providing more convenient working conditions for staff. Increasing demand for a greener environment, in addition to the economy's need for further modernization, will increase the importance of companies adopting more flexible corporate structures. Measuring up to these demands will determine tomorrow's winners and losers. ■

SAVE SOME GREEN BY GOING GREEN

Recognizing the trend among companies to reduce their environmental impact, IT firms from IBM to Dell have added new, more energy-efficient appliances to their portfolios. These green machines, ranging from computers and storage systems to printers and monitors, not only have a longer lifespan and lower energy consumption, but are also made of less hazardous materials.

However, as only 20% of a PC's total energy consumption comes from actually using it, and a whopping 80% is from manufacturing it in the first place, it might be greener to just keep old PCs, even if they have higher power needs, than to buy a new one.

But green IT is not limited to energy-efficient products. While total CO₂ emissions of the IT industry amount to around 2% of global carbon emissions, the remaining 98% could also be significantly reduced by implementing innovative IT solutions.

“Use bits instead of bricks” should be the motto of the dematerialization of services, which sees IT as a form of service delivery that replaces a physical activity with an electronic one (see our article on telepresence). By using computerized services like email, collaborative work sites or online bill payment, current global paper usage could be reduced by 13%.

Another green IT solution is using software to forecast, simulate and analyze energy use in the production process. This kind of smart industry would enable the designing of low-carbon plants.

These solutions, as well as some others, already exist, but are unfortunately implemented on a small scale only. Businesses and governments will be key in making them more widespread.

The office printer – let polluters pay



Tightened budgets and growing concerns over paper waste have driven company executives to take a closer look at the true cost of excessive and wasteful printing practices.

BBJ KATIE ROWLAND

Since the damage caused to the environment by wasted paper first became known, there have been widespread efforts and calls to “save the rainforests.” The move away from traditional snail mail and towards the more eco-friendly office has definite CSR benefits for companies, and has also saved millions of dollars in unnecessary printing, paper and mailing costs. Yet for some organizations, it is simply not realistic to expect the instant death of paper documents. Law offices continue to churn out pages upon pages of documentation as a necessity of the legal system. It is estimated that in a busy city law firm, each lawyer uses between 100,000 and 250,000 sheets of paper each year.

Universities, too, have been largely unable to cut their paper trail, as the closing of the semester inevitably leads to several draft copies of lengthy dissertations and notes being produced. The IT department at the medical faculty of a local university reports that around one million printouts per year are made by the faculty and students.

As removing the five copiers from the legal office or the heavy-duty multifunctional printers from the university library is not an option, somebody has to pay for them. Traditionally, a company sees printing costs at the end of the quarter as one lump sum. But businesses are not only paying for the necessary documents, but also for the employees’ mistakes and personal use. Managers tend to see only a few extra copies being made by each member of staff and turn a blind eye.

Yet on closer inspection, it appears that the staff are printing much more than their due.

A Hungarian business owner realized that something had to be done when he discovered that one of his receptionists was using the company printer to make her own recipe books to sell to friends. It has become evident that it is the polluters that should be paying the price for their prints.

By making a one-off investment into new software for the printer, a company can track exactly how much is being printed and by whom. At the University of Brno in the Czech Republic, this reporter was able to witness the full extent of Czech company Ysoft’s print management technology. A small screen was placed alongside all the printers, and students and faculty had to swipe their ID cards before making prints. The screens were connected to a central server, where a coordinator could monitor precisely how much each student was printing. He was also able to set limits, so that students had to pay for any prints above that limit.

The result of this was that there was almost no paper wastage, and the users, rather than the owners, had to pay the costs. The IT coordinator commented that he actually saw profits from the technology, which then could be used for departmental improvements.

Other businesses have also been able to utilize this software, and while it may seem unrealistic to ask a lawyer to pay for his own prints, just having the technology installed already plays a large part in deterring personal usage and wastage. Equitrac and Ysoft are leading the way in such print management solutions, offering products for use with a wide variety of printers and ID cards. Currently, these companies are intermediaries rather than direct sellers, yet a growing number of manufacturers and vendors are demanding these solutions for their clients. Ysoft recently established a subsidiary in Hungary in order to meet increased demand in the region, and manufacturers such as Canon are also slowly beginning to install such software as a standard feature in their products. ■

[PARTNER CONTENT]

Cost and waste reduction with the new Xerox solid ink multifunction printer

The world’s first A3-size solid ink MFP guarantees quick, economic and environmentally friendly colour printing solutions. Relying on green technologies, the new ColorQube™ 9200 series enables printing and copying in colour for the same price as black and white.

“A breakthrough on the market, Xerox ColorQube 9200™ series offers affordable color prints even for the price of monochrome. Using the new solid ink printers our customers will only be charged for the actual colors they print. A unique pricing plan makes it possible to print documents in color that have had to be printed black and

screen front panel with embedded help videos, an illuminated paper path and customer replaceable supplies aid the users in accessing the functions of the device. Solid ink sticks run for 55,000 pages and the cubes are easy to replace.

The print head of ColorQube increases the speed of ink flow, enabling color



white earlier due to economical reasons. The pre-printing of certain documents, such as headers becomes unnecessary thereby lessening the costs, the infrastructural needs and the burdens on nature,” Zalán Lipták, Director of Xerox Global Services at Xerox Hungary, summed up the product advantages.

Cost-effectiveness is the outcome of Xerox’s special three-tier pricing plan that challenged the traditional pricing paradigm in which the printing of one single color pixel was billed at the high color coverage rate. Users of the new printers however are charged only for the actual amount of colors they need. Prices change in three steps from black-only pages and pages with low color coverage to pages with high color coverage. On the Xerox-related page www.FinallyColorIsLess.com cost savings are calculable; a special calculator helps customers to find out how much they could save printing color and what document classifications apply.

The ColorQube technology is remarkably eco-friendly: the ink sits in a solid wax form at room temperature and melts only within the machine. The cartridge-free design generates up to 90% less supplies waste, thus reducing the effects of manufacturing and transportation on the environment. ColorQube series uses 9% less life cycle energy and produces 10% fewer greenhouse gas than comparable laser devices. The solid ink sticks, similar to crayons, are non-toxic and resin-based.

ColorQube printers are characterized by simplified use and maintenance. A touch-



printing at up to 85 pages per minute. “The reason for such an achievement is the application of 880 minuscule nozzles (half the width of a human hair) at twice the number per linear inch compared to prior print heads. The ColorQube design features four print heads of about the size of a deck of cards that funnel molten solid ink through a complex network of channels to the 3,500 nozzles in total,” added Zalán Lipták. As a result the printer delivers outstanding results even on recycled paper. To optimize color quality the new models are equipped with Adobe Postscript3 PANTONE spot-color matching and several color correction options.

Xerox provides customers an opportunity to test solid ink ColorQube A3 printers. For further information please write to info@xerox.hu or view the www.xerox.hu webpage.

SUSTAINABILITY REPORTING COMPANIES⁽¹⁾

Ranked by total net revenue in 2008



The BBJ's Book of Lists contains 100+ sector-specific listings of leading companies. The Book of Lists comes free with a BBJ subscription, or can be ordered separately by e-mailing Eva.Bercsesi@bbj.hu

Rank	Company Website	Total net revenue (HUF mln) 2008	Report characteristics								Ownership (%) Hungarian Non-Hungarian	Top local executive Finance director Marketing director	Address Phone Fax Email
			GRI guidelines acceptance	Authenticated	Motivation	Target group	HR content	Crisis mentioned	Climate change issues	Future vision			
1	MOL Nyrt www.mol.hu	3,535,000	✓	✓	✓	✓	✓	✓	✓	✓	Free float (45.33), own shares (7.11), OTP Bank (6.24) Surgutneftegas (21.22), other (20.1)	Zsolt Hernádi József Molnár Dóra Somlyai	1117 Budapest, Október huszonharmadika utca 18. (1) 209-0000 – –
2	Magyar Telekom Nyrt www.telekom.hu	673,056	✓	✓	✓	✓	✓	✓	✓	✓	Free float (40.79) MagyarCom Holding GmbH (59.21)	Christopher Mattheisen Thilo Kusch –	1013 Budapest, Krisztina körút 55. (1) 458-0000 (1) 458-7176 –
3	Magyar Posta Zrt www.posta.hu	194,560	✓	✓	✓	–	✓	–	✓	✓	State (100) –	Ildikó Szűts Péter Kazár Katalin Szász	1138 Budapest, Dunavirág utca 2–6. (1) 767-8200 (46) 320-136 ugyfelszolgalat@posta.hu
4	Telenor Hungary Zrt www.telenor.hu	188,363	✓	–	✓	✓	✓	✓	✓	✓	Telenor Hungary Kft (#) Telenor Mobile Communications AS (#)	Anders Ytrup Jensen Fridtjof Rusten Gergely Laczkó Tóth	2045 Törökbálint, Pannon út 1. (20) 930-4000 (20) 930-4100 ugyfelszolgalat@telenor.hu
5	Nestlé Hungária Kft www.nestle.hu	85,938	✓	–	✓	✓	✓	✓	✓	✓	– Nestlé S.A. (100)	Andrea Zambelli – –	1095 Budapest, Lechner Ödön fasor 7. (1) 224-1200 (1) 224-1216 –
6	State Motorway Management Zrt www.autopalya.hu	68,213	✓	✓	✓	✓	✓	–	✓	✓	State (100) –	Attila Miklós Nagy – –	1134 Budapest, Váci út 45/B (1) 436-8200 (1) 436-8210 –
7	Duna-Dráva Cement Kft www.duna-drava.hu	45,076	✓	–	✓	–	✓	–	–	✓	– HeidelbergCement Central Europe East Holding B.V. (50), Schwenk Zement KG (50)	János Szarkándi Ferenc Sóvér –	2600 Vác, Köhidpart dűlő 2. (27) 511-6000 (27) 511-7600 info@duna-drava.hu
8	Coloplast Hungary Kft www.coloplast.com	40,131	✓	✓	✓	✓	✓	–	–	✓	– Coloplast A.S. (100)	Christian Kloeve – –	2800 Tatabánya, Búzavirág utca 15. (34) 520-5000 (34) 520-586 huhr@coloplast.com
9	Holcim Hungária Cement Industry Zrt www.holcim.com	35,434	✓	–	✓	–	✓	–	✓	✓	– Holcim Auslandsbeteiligungs GmbH (100)	Richard Skene – David Gangell	2541 Lábatlan, Rákóczi Ferenc utca 60. (33) 542-6000 (33) 461-953 –
10	Zwack Unicum Nyrt www.sthubertus.hu	32,387 (2009)	✓	–	✓	–	✓	–	–	✓	Free float (24) Peter Zwack & Consorten Handels AG (50), Diageo Holdings Netherlands B.V. (24)	Frank Özduck – –	1095 Budapest, Soroksári út 26. (1) 456-5200 (1) 455-7845 zwack@zwackunicum.hu
11	Budapest Waterworks Zrt www.vizmuvek.hu	26,521	✓	✓	✓	✓	✓	–	✓	✓	6 Municipalities (74.64), Hungáriavíz Zrt. (23.65) RWE Aqua GmbH (0.84), Suez Environnement S.A. (0.87)	Ferenc Keszler – Zsuzsa Lévai	1134 Budapest, Váci út 2. (1) 465-2400 (1) 349-1990 vizvonal@vizmuvek.hu
12	4D Soft Kft www.4dsoft.hu	335	✓	–	✓	–	✓	–	✓	✓	Individuals (100) –	István Forgács, Attila Horváth, István Siklósi, Endre Somos – –	1096 Budapest, Telep utca 24. (1) 455-8880 (1) 455-8890 info@4dsoft.hu
13	Goodwill PR and Communication Agency Bt www.goodwill-pr.hu	20	✓	–	✓	✓	✓	✓	✓	✓	Individuals (100) –	Gábor Mészáros – –	9026 Győr, Hédervári út 39/A (96) 550-222 (96) 550-223 info@goodwill-pr.hu
14	SKC Consulting Kft www.skch.hu	2	–	–	–	–	–	–	–	–	Individuals (100) –	András Somos, Katalin Kalász Somos – –	1031 Budapest, Monostori út 10. (1) 240-4744 (1) 240-4744 info@skch.hu
NR	CIB Central European International Bank Zrt www.cib.hu	3,038 ⁽²⁾	✓	✓	✓	✓	✓	✓	✓	✓	– Intesa Sanpaolo Holding International SA (89.100), Intesa Sanpaolo SpA (10.900)	Tomas Spurny Péter Bánó Zsuzsanna Kozák	1027 Budapest, Medve utca 4–14. (1) 423-1000 (1) 489-6500 cib@cib.hu
NR	K&H Bank Zrt www.kh.hu	3,176 ⁽²⁾	✓	–	✓	✓	✓	–	✓	✓	– KBC Bank N.V. (100)	Hendrik Scheerlinck Attila Gombás András Orosz	1051 Budapest, Vigadó tér 1. (1) 329-9000 (1) 328-9696 bank@kh.hu
NR	MKB Bank Zrt www.mkb.hu	2,657 ⁽²⁾	✓	–	✓	✓	✓	✓	✓	✓	– Bayerische Landesbank Girozentrale AG (89.75), PSK Beteiligungsgesellschaft GmbH (9.77), other (0.48)	Tamás Erdei – Zsolt Ménesi	1056 Budapest, Váci utca 38. (1) 327-8600 (1) 327-8700 tebankar@mkb.hu

NOTES: (1) The list includes all companies in Hungary that issued a sustainability report valid for the year 2008 or published a sustainability chapter in their integrated annual report for 2009. The preparation of the list was assisted by KÖVET Association and Alternate Kft. (2) Total assets in 2008 (Ft mln)

– = would not disclose, NR = not ranked, NA = not applicable
This list was compiled by researcher Mihály Kovács from responses to questionnaires received by May 3, 2010. To the best of the Budapest Business Journal's knowledge, the information is accurate as of press time. While every effort is made to ensure accuracy and thoroughness, omissions and typographical errors may occur. Additions or corrections to the list should be sent on letterhead to the research department, Budapest Business Journal, 1022 Budapest, Alsó Törökvezs út 9., or faxed to 398-0345. Mihály Kovács can be contacted at mihaly.kovacs@bbj.hu.



AQUAWORLD- CASTROL CUP 2010

**Football World Cup at Aquaworld
from 11th June 2010 to 11th July 2010**

Follow every match of the Football World Cup at Aquaworld while experiencing the exhilarating illusion of cheering your team on in a real stadium.

With the support of Castrol, you will be able to view the games for a full month between 11 June and 11 July on a giant screen in the open air lido or on plasma screens under the dome in case of rainy weather.

This is a special programme for all: if your partner, wife or children are not interested in the games, they have a wide range of opportunities to choose from to have fun in the water park. In case you get too excited in the heat of the game, you can cool off in the pools anytime, or take a slide down one of the giant slides.

The events are made even more exciting by the various programmes we provide between the games. **Little footballers**

can participate in the mini World Cup, and those who like to test their knowledge can win various prizes in quiz games, or participate in daily football pools. Guests will also have a chance to gain deeper insight into the world of football through discussions with well-known football experts and football fan celebrities.

And what's also important is that the weather is not an issue: if it rains, you can still watch the games under the giant dome while enjoying all the pleasures the water world can offer. Let's follow the 2010 World Cup together on the island of eternal summer, at Aquaworld Budapest!

Cheer your team on, as if you were on the grand stand, and if the heat becomes too much to bear, take a dive into the cool waters of Aquaworld!

FURTHER INFORMATION

Aquaworld Budapest
c/o A-1044 Budapest, Ives út 16. | T: +36 1 2113 770 | F: +36 1 2315 772
E: info@aquaworld.hu | www.aquaworld.hu



BBJ LIFE

LIFE & PEOPLE

Better know a CEO

Carolina Schulten, Sara Lee

► PAGE 22



Who's News

People on the move

► PAGE 22



Essay

How Coca-Cola is helping to save a Hungarian island

► PAGE 23

FROM WINDOW SHOPPING TO SCREEN SHOPPING

Shopping is a popular pastime in Hungary, as the number of shopping malls per capita seems to reflect. Yet even so, one may have difficulty finding, for example, that perfect pair of shoes, as the selection of shops is disappointingly repetitive. Thanks to developments in IT and retail, the solution to the problem is now literally at your fingertips, in the form of webshops.

Online shops have been around for some time, but it is only now that they are starting to really proliferate in Hungary. Credit card usage is more secure and Hungarian entrepreneurs have also caught onto the fact that webshops are easy to stock and cheap to rent, unlike normal retail premises. Webshops are just another source of items for serial shoppers and, as a side note, also elevate the shopping experience to an international level. Having recognized the untapped business potential, Hungarians have also joined the digital craze. A wide selection of online shops is now up and running, serving customers even with peculiar needs. Beyond the pleasures afforded by traditional shopping, online shops also have some added benefits, such as the comfort of shopping without having to budget from your chair, or more abundant discounts and sales.

If you, like many shopaholics, reckon that some window-shopping every now and then is good for the soul, you probably won't mind screen-shopping either. The BBJ has compiled a list of online shops run by Hungarians that are definitely worth a click or two.



CULINARY PASSIONS

Food preparation is an art in itself, and the experience can be further enhanced with the use of modern kitchen equipment. Unfortunately, the only retail chain where high-quality tools are available is anything but customer-friendly. Thanks to Krisztina Kőszegi, a culinary enthusiast, these accessories are now available online. Kőszegi started the page to share her passion with others. She wanted to compile equipment that would bring as much joy to the households of others as they did to her. She was right — no practicing housewife could remain unruffled by the colorful collection Kookta.hu has on display: whisks, skimmers, tongs, scoops and enough kitchen hardware to make would-be chefs crave for more. Some tools may be familiar from cooking shows. They may not turn you into Nigella Lawson, but food will definitely be prepared more easily.

www.kookta.hu



DISCREET PLEASURES

If anything was designed to be sold via the internet, it was sex accessories. Although available at numerous selling points scattered throughout the capital, sell better from webshops. There are many reasons: window-shopping is barely possible, and people are wary of entering in front of the watchful eyes of passersby. Asking questions regarding the usage of the items also makes many feel uncomfortable. For playful adults, online sex shops offer a comfortable alternative to these problems. ErotikaPlaza stands out in many respects: it has a huge assortment of erotic toys, games and lingerie. Besides the general stuff, party accessories, such as erotic cake pans or edible lingerie are also available. Discretion is guaranteed: due to discreet packaging — a humble brown paper box — you can rest assured that the parcel won't give you away.

www.erotikaplaza.hu



PALATABLE NEWS

One of the most likeable aspects of online shopping is not the ability to make purchases from home, but the host of information one can gather about a certain product. Take wine, for instance; to make a proper selection, an awful number of considerations need to be taken into account: occasion, meals, gender and yes, even weather can modify the choice. Since no one is born to be a sommelier, and even fewer have the desire or time to become one, it is good to have a website that assists selection and even sells wines. Monarchiaborok.hu meets these requirements neatly: it puts wines into categories based on region, cellar, taste or grape variety. It has an embarrassingly large selection of wines with a detailed description for each. Gift ideas, special offers and competitions all encourage visitors to return. With an occasional browse or pass-through, anyone can pick up enough knowledge on wines to brag in front of friends. An unrivalled choice for everyday sipping and socializing.

www.monarchiaborok.hu
(English-language version available)

HEALTHY IMAGES

In the beginning, the destiny of webshops hung on a thread. The major obstacle on their road to success was the physical absence of the product. People usually shop on impulse rather than planning ahead, in which appealing packaging and convincing shop assistants play a significant role. If you can't touch, taste or smell it, you are less likely to buy it. Witty creatives quickly made up for this shortcoming by writing intriguing descriptions on the products' features. This solution seems to work wonderfully with sealed products, and it has also given a boost to online selling platforms.

Zöldellő Natúr bolt has learned the lesson well. All the items featured on its site (and there are quite a few) include a description, list of ingredients and tips on use. Just by reading through some labels, one already feels refreshed, detoxified and rejuvenated. The organic webshop offers fair trade products, organic clothing and discounts for those joining its loyalty program.

www.zoldello.hu
(English-language version available)



PROFITABLE DISPOSAL

What we love about Americans, among other things, is that they are very practical. For instance, if they no longer need some items they have accumulated through the years, they won't just discard them. Instead, they have garage sales, inviting neighbors and passersby to buy them, thus making a pretty profit. While such garage sales are less common in Hungary, this fact does not deter some economically gifted people from selling their knick-knacks. Violetta Kertész, a fashion journalist and collector, uses an online platform to find her beloved items a new match. LovebugVintage.com features clothes, antiques and flea market items that have piled up during the years. In addition to selling, Kertész also provides valuable input for the less fashion-aware on how to wear the garments. Some personal stories linked to pieces are also told, not on the webpage but on its Facebook account. Kertész makes good use of the most popular social networking site by commenting on her customers' choices.

www.lovebugvintage.com



upcoming events

JUNE 8-9

► **Conference: Wireless technologies in the corporate world**

LOCATION Hotel Novotel Budapest Centrum, Dist. 8, Rákóczi út 43-45
FEE HUF 89,000 + VAT
ORGANIZER Institute for International Research
CONTACT Phone: 459-7300, fax: 459-7301, email: conference@iir-hungary.hu, www.iir-hungary.hu

JUNE 8

► **Conference: 2010 labor contract rules in focus**

LOCATION Best Western Hotel Hungaria, Dist. 7, Rákóczi út 90
TIME 10 a.m.-3 p.m.
FEE HUF 21,900 + VAT
SPEAKERS Tamás Gyulavári, Gábor Kártyás
ORGANIZER Conforg Kft
CONTACT Phone: 230-5302, fax: 230-4252, email: conforg@conforg.hu, www.conforg.hu

JUNE 8

► **KPMG-BME Academy: Management Academy – Management Decisions**

LOCATION KPMG Conference Center, Dist. 13, Váci út 99
TIME 9 a.m.-5 p.m.
FEE HUF 120,000 + VAT
ORGANIZER KBA Education Kft
CONTACT Phone: 887-7114, fax: 887-6531, email: academy@kpmg.hu, www.kpmg-bme-akademia.hu

JUNE 8

► **A discussion with guest speaker: Judit Polgár, Chess Grand Master**

LOCATION Ramada Plaza Budapest, Dist. 3, Árpád fejedelem útja 94
TIME 6 p.m.
FEE Free for members, HUF 5,000 for non-members
ORGANIZER BCCH
CONTACT Phone: 302-5200, fax: 302-3069, email: bcch@bcch.com, www.bcch.com

JULY 4

► **Hungarian Derby**

LOCATION Kincsem Park, Dist. 10, Albertirsai út 2-4
TIME 2 p.m. - 7 p.m.
FEE HUF 15,000 for IHBC members, HUF 20,000 for non-members
ORGANIZER IHBC
CONTACT Irish-Hungarian Business Circle
Éva Beke, email: info@ihbc.hu, www.ihbc.hu

The Budapest Business Journal is happy to publish news on business, social or charity events in its Calendar section. Please submit your request at least two weeks in advance of publication date to mihaly.kovacs@bbj.hu

For community events visit our partner:



WHO'S NEWS

Do you know someone on the move?
Send information to whoiswho@bbj.hu

Name
Viktor Tóth
Current company/position
Budapest Bank/head of Budapest Bank Business
Previous company/position
Budapest Bank/head of sales at Budapest Bank Business

Tóth joined Budapest Bank in 1998, first as branch manager, and later held various leading positions in corporate sales. He then spent two years at the retail division of the bank. Previously, he worked at Iparbankház Rt and at the Általános Értékforgalmi Bank. In addition to his native Hungarian, he speaks fluent English.



Name
Ferenc Geist
Current company/position
Ernst & Young/executive director
Previous company/position
PricewaterhouseCoopers/senior manager

Geist arrives at Ernst & Young with more than 20 years of experience in corporate and project finance. He worked, among others, at PwC, Rabobank and Barclays Bank. He participated in the privatization of Magyar Hitelbank, Konzumbank, Antenna Hungária and Rába. He holds a university degree in economics and law.



Name
Zoltán Pintér
Current company/position
Ernst & Young/senior manager
Previous company/position
PricewaterhouseCoopers/investigation manager

Aside from PwC, Pintér worked for another Big Four company, Deloitte, and also spent several years at Citibank and Rabobank Magyarország. He has more than 16 years of professional experience. He holds a diploma in finance and led numerous investigation, compliance and inside audit projects not just in Hungary, but also in the Central and Eastern European region.



Name
Eric Lavost
Current company/position
French-Hungarian Chamber of Commerce and Industry/president
Previous company/position
-

Lavost was elected president of the FHCCI on May 11 by the general assembly of the chamber. He was previously a member of the board in 2006 and 2007, and became vice president in 2007. He has been living in Hungary since 2006. Working with Banque Fédérale des Banques Populaires, he is in charge of the international clients of Banques Populaires partner Volksbank Magyarország. Previously, he was head of the international department of Banque Populaire Côte d'Azur.



Name
Jenő Siklós
Current company/position
BG Hitel & Lizing/president-CEO
Previous company/position
BG Hitel & Lizing/deputy CEO in charge of finance

Siklós arrived at BG Hitel & Lizing a year ago, prior to which he held deputy CEO positions at FHB and Budapest Bank. He succeeds Éva Hegedüs in the current post (Hegedüs will continue her career as CEO and deputy president of Milton Bank Zrt.). Siklós has more than 20 years of experience in the banking sector.



Name
Mandy Fertetics
Current company/position
Dreher Breweries/head of sustainable development
Previous company/position
-

Fertetics has been named head of sustainable development of Dreher Breweries. Tasks include translating sustainable development strategy guidelines into delivery and action plans and planning and managing sustainable development related communication. She keeps ownership and her managing director position of Alternate Kft, but daily operation falls to Katalin Urbán. Fertetics holds a degree in economics from the Corvinus University and worked for, among other, KÖVET and Braun and Partners.

[BETTER KNOW A CEO]

**CAROLINA SCHULTEN**

DIVISIONAL GENERAL MANAGER, SARA LEE HUNGARY

Carolina Schulten was appointed general manager of the coffee and tea retail division of Sara Lee Hungary in August 2009. The manager, who is of Dutch and Bolivian ancestry, worked with blue-chip companies in France, and for Unilever in the Netherlands before joining Sara Lee International. She has been with Sara Lee for 17 years. During her time at the company, Schulten held several marketing and sales positions with growing responsibilities in the Netherlands, Indonesia, the Czech Republic, the Philippines and Malaysia. She has an MBA degree and is married with three children.

► **Who is your favorite fictional hero?**

Toy Story's Buzz Lightyear.



► **What is your greatest achievement?**
Having an international "dual career" (with my husband), besides having three lovely children.

► **What is your most marked characteristic?**

I am a global citizen.

► **Which talent would you most like to have?**

Being able to play a musical instrument.

► **What is the trait you most disapprove of in others?**

Complaining.

► **Which living person do you most admire?**

My grandfather, who was a doctor in Bolivia and devoted his life to helping others (for free).

► **What is your greatest regret?**

I have no regrets.

► **What is your favorite Hungarian dish?**

Goulash soup.



► **Who are your heroes in real life?**

Steve Jobs from Apple and Pixar.

► **What is your greatest fear?**

Claustrophobia.

► **Where would you like to live?**

I love living in Budapest.

► **What is your hobby?**

Scuba diving.

► **What is the one thing without which you cannot imagine your life in Hungary?**

My family.

► **What is your favorite place in Budapest?**

Unfortunately, I have not had time to discover all the beautiful places in Budapest, but I love the atmosphere of this city.

► **What is your favorite Hungarian word?**

Karácsony.

► **What kind of job did you dream of when you were a child?**

Being a pilot.



► **What is the weirdest thing you have experienced in Hungary?**

This is the only place I have ever lived where I could not understand a single word. Now that has changed a bit.

► **Are you a tea or a coffee person? How many cups a day?**

I love both (not an occupational hazard). I drink a pot of tea and 4-5 coffees per day, of various kinds.

► **Which Hungarian habit did you get accustomed to most easily?**

The outdoor living and the contact with nature.

► **What is your motto?**

You have to maximize whatever talent you have!

GRETA QUOTES

WE HAVE TO SEE THESE ELECTIONS AS THE PUBLIC'S GENERAL EXPRESSION OF DISCONTENT WITH POLITICIANS, THE POLITICAL PARTIES AND THE POLITICAL CIRCUMSTANCES WE'VE HAD

Icelandic political sciences professor Olafur Hardarsson, after "Best Party", a fake party whose leader campaigned on free towels in all city swimming pools, a polar bear for the zoo and cleaning up politics, won the municipal elections in Reykjavik.

IN THE CASE OF ANY OTHER COUNTRY, WE ARE READY TO NEGOTIATE... BUT WITH HUNGARY, WE CANNOT RISK THAT SOMEONE COULD GET CITIZENSHIP WITHOUT RESIDING IN HUNGARY FOR EVEN AN HOUR

Slovakian Prime Minister Robert Fico, after Slovakian citizens living outside of Slovakia protested against having to choose between their Slovakian citizenship and their other countries.

IF WE WIN THE WORLD CUP, I'LL GET NAKED AND RUN AROUND THE CITY'S (BUENOS AIRES) OBELISK

Diego Maradona told reporters before the Football World Cup in South Africa.

[ESSAY]

A business for Liberty



ÉDA
POGÁNY
COCA-COLA HBC
HUNGARY

Recently, WWF Hungary joined forces with important stakeholders and Coca-Cola Hungary to revive the disappearing Szabadság-sziget (Liberty Island) in the Danube near Mohács. Part of this nature conservation project managed in public private partnership (PPP) is to remove a dam that was thoughtlessly built more than 20 years ago. This connected the main land and the island, blocking the free flow of water in the side branch, resulting in siltation below the dam, and deteriorating water quality above it. The silting up of the Danube side branch endangers not only the water quality of the fresh water wells on the Danube bank, a source of regional importance for utility supplies for more than 70,000 inhabitants, but also valuable habitat for unique local flora and fauna. To start with, the island had to be integrated into the territory of the national park, for permanent protection – it is now the property of the Hungarian state.

As part of the river regulation process for flood control and shipping, cross dams were built alongside the river for decades, many resulting in the silting up of branches - the habitat of fish species such as rainbow carp, white fish and the Danube ruffe, protected both in Hungary and throughout Europe.

Aggradation and the danger of total disappearance hung over the Szabadság-sziget and the side branch near Mohács, too.

By 2013, the island and the river branch will be rehabilitated via immediate inter-

vention, based on a classic PPP in a five-year project. The local government, WWF Hungary, Coca-Cola Hungary and the Danube-Drava National Park have all joined with other stakeholders to save the Szabadság-sziget – a unique project in Hungary.

The plan is to open the cross dam, allowing fresh water to flow from the Danube again and to remove the sludge below it to restore diverse natural wildlife habitat. A natural forest of native species will be replanted, where rare birds of the flood-plain woodland like the black stork and the osprey can nest again.

Coca-Cola Hungary contributed HUF41 million to launch the project, which made it possible for WWF Hungary to successfully apply for and get support from the EU's LIFE + fund worth more than €1 million. The initial financial support from Coca-Cola Hungary served two purposes: one was to buy the island from its private owners and ensure its permanent protection; the other was to provide the basis for the application for further funds from the EU. The five year project has an almost HUF 500 million budget.

Financial aid is not the only way a company can support such projects. Sharing know-how in project and brand management, donation of management time, volunteer work and media/communications counselling are only a few of the ways Coca-Cola Hungary has continued supporting this project as part of its CSR strategy. Various fundraising techniques are tested to win civilian support for the project, too, and a social media campaign will also be launched in the near future. We hope that retailers, companies of all sizes and civilians will join our initiative and make Szabadság-sziget their success story, too.

For more information please visit www.szabadsag-sziget.hu or www.wwf.hu.

Éda Pogány is public affairs & communications function head at Coca-Cola HBC Hungary

[EDITORIAL]

A national leap

It probably seemed like a small, symbolic step to the new government. However, giving Hungarian minorities abroad the option of Hungarian citizenship has provoked a row with Slovakia that has brought coverage in newspapers including The Economist, The New York Times and The Wall Street Journal, and, of course, a polarization of opinions in Hungary.

The BBJ would like to nonetheless argue that this gesture to ethnic Hungarians should not be taken too seriously, either abroad or at home.

First of all, the whole point in joining the EU was that national borders would become irrelevant in the most important respects: the movement of people, goods, services and money. And ethnic Hungarians in other EU countries take advantage of this all the time, as do Hungarians. The only thing not conferred by EU-citizenship is voting rights for national governments. (And that does not seem to be worth much these days with election participation falling each term.) Incidentally, the Hungarian legislation will not allow voting rights for ethnic Hungarians, either.

We also think that Slovakia's countermeasures should not be perceived as the end of the world, either. What politicians in Slovakia did was put into the national practice a legal tool that is known in many parts of the world including China, Switzerland and Denmark: a ban on multicountry citizenship.

It does have political significance, of course. Slovaks are heading for the polls this year. If reaching across borders to fellow countrymen worked in Hungary, why wouldn't going tooth and nail against it in Slovakia? A little nationalist rhetoric has always been useful for Fidesz and its head Viktor Orbán in communicating a message. Nationalist rhetoric works, of course, because of the region's confusing history. Nationhood and ethnicity has probably never NOT been an issue in the past few hundred years. And it is not just a Central European thing. Don't forget about the Catalans, the Wallons and the Basques.

But it does say a lot about how the new Fidesz government thinks: it is important to show strength and decisiveness, and a willing to take the world on. It also shows a will to go against popular sentiment, which in 2004 voted not to grant citizenship to ethnic Hungarians abroad.

Let us hope this drive to carry out its will extends to pushing through economic reforms as well.

IT'S ALL ABOUT YOUR MONEY

STAY ON TOP OF ECONOMIC TRENDS, THE LATEST MANEUVERS AND INFLUENTIAL REPORTING

SUBSCRIBE NOW!

IF YOU SUBSCRIBE NOW TO BBJ YOU GET THE LATEST ISSUE OF BOOK OF LIST AND YOU CAN CHOOSE ANOTHER ANNUAL BBJ PUBLICATION.

BBJ THE CURRENCY TO SUCCESS IN HUNGARY.

MORE DETAILS AT: WWW.BBJ.HU

BBJ-PARTNERS



Media representation: ABSOLUT MEDIA KFT, ALSÓ TÖRÖKVÉSZ ÚT 9, 1022 BUDAPEST, HUNGARY
TELEPHONE (361) 398-0344, FAX (361) 398-0345, WWW.BBJ.HU

Editor-in-chief: MELINDA TUNDE DÓRA dmtd@bbj.hu, publisher@bbj.hu • **Editor:** TAMÁS DEME • **Proofreading:** ROBIN MARSHALL • **List editor:** MIHÁLY KOVÁCS
Contributors: PATRICIA FISCHER, ANIKÓ JÓRI-MOLNÁR, GABRIELLA LOVAS, GERGŐ RÁCZ, KATIE ROWLAND, ZSÓFIA VÉGH, ÁGI VINKOVITS
Online news: news@bbj.hu • **Advertorial content coordinator:** ANDREA FAZEKAS
Design: ABSOLUT DESIGN STÚDIÓ (production@bbj.hu) • **Art director:** TAMÁS TÁRCZY • **CEO:** TAMÁS BOTKA
Advertising: ABSOLUT MEDIA KFT (hirdetes@amedia.hu) • **Sales:** VIOLA FARKAS (viola.farkas@bbj.hu) • **Circulation:** VANDA TALETOVICVS-VÉDRES
Marketing: BERNADETT FÖLDI (marketing@amedia.hu) • **Subscriptions:** ÉVA BÉRCESI (eva.bercesi@bbj.hu) • **Printing:** ABSOLUT PRINT KFT

What We Stand For: The Budapest Business Journal aspires to be the most trusted newspaper in Hungary. We believe that managers should work on behalf of their shareholders. We believe that among the most important contributions a government can make to society is improving the business and investment climate so that its citizens may realize their full potential.

The Budapest Business Journal, HU ISSN 1216-7304, is published bi-weekly on Friday, registration No. 0109069462. It is distributed by HungaroPress. Reproduction or use without permission of editorial or graphic content in any manner is prohibited. ©2010 BUSINESS MEDIA SERVICES LLC with all rights reserved.



The Budapest Business Journal's print run is audited by MATESZ, 1034 Budapest, Bécsi út 122-124, a member of IFABC.



HAYS Recruiting experts
worldwide

YOUR PROFESSION OUR PASSION

www.hays.hu

H-1075 Budapest, Madách Imre u. 13-14.
T: +36 1 501 2400 F: +36 1 501 2402
E: hungary@hays.hu

ACCOUNTANCY &
MA/CONSTRUCTI
CONTACT CENTR
ATIONS/EDUCATI
HNOLOGY/LEGAL
SAFETY/POLICY&
OURCES & MINING
ENGINEERING/HU
LOGISTICS/FACILITIES MANAGEMENT/FINANCIAL
CIAL SERVICES/SOCIAL CARE/SALES & MARKETI
ING/ENERGY/OFFICE SUPPORT/RESPONSE MANA
HEALTHCARE/OIL & GAS/ARCHITECTURE/ASSESS
& DEVELOPMENT/PUBLIC SERVICES/ACCOUNTAN
NCY & FINANCE/EDUCATION/PHARMA/CONSTRU
NSTRUCTION & PROPERTY/RESOURCE MANAGEM
MENT/MANUFACTURING & OPERATIONS/RETAIL/I
INFORMATION TECHNOLOGY/SALES & MARKETING
RATEGY/BANKIN
MARKETING/ENE
INING/TELECOMS
HUMAN RESOURC
TRES/FINANCIAL
PHARMA/MANUF
HEALTHCARE/AR
PROCUREMENT/H
UCATION/PHARM
TY/CONTACT CEN
URING & OPERATI
ON TECHNOLOGY
NT/HEALTH & SAF
N KING/RESOURC
INSURANCE/ENG
RESOURCES/LOG
PUBLIC SERVICES
RESOURCES & MIN
ENGINEERING/H
CONTACT CENTRI
ES/SOCIAL CARE
NG/ENERGY/HEA
OFFICE SUPPORT
LEGAL/OIL & GAS