

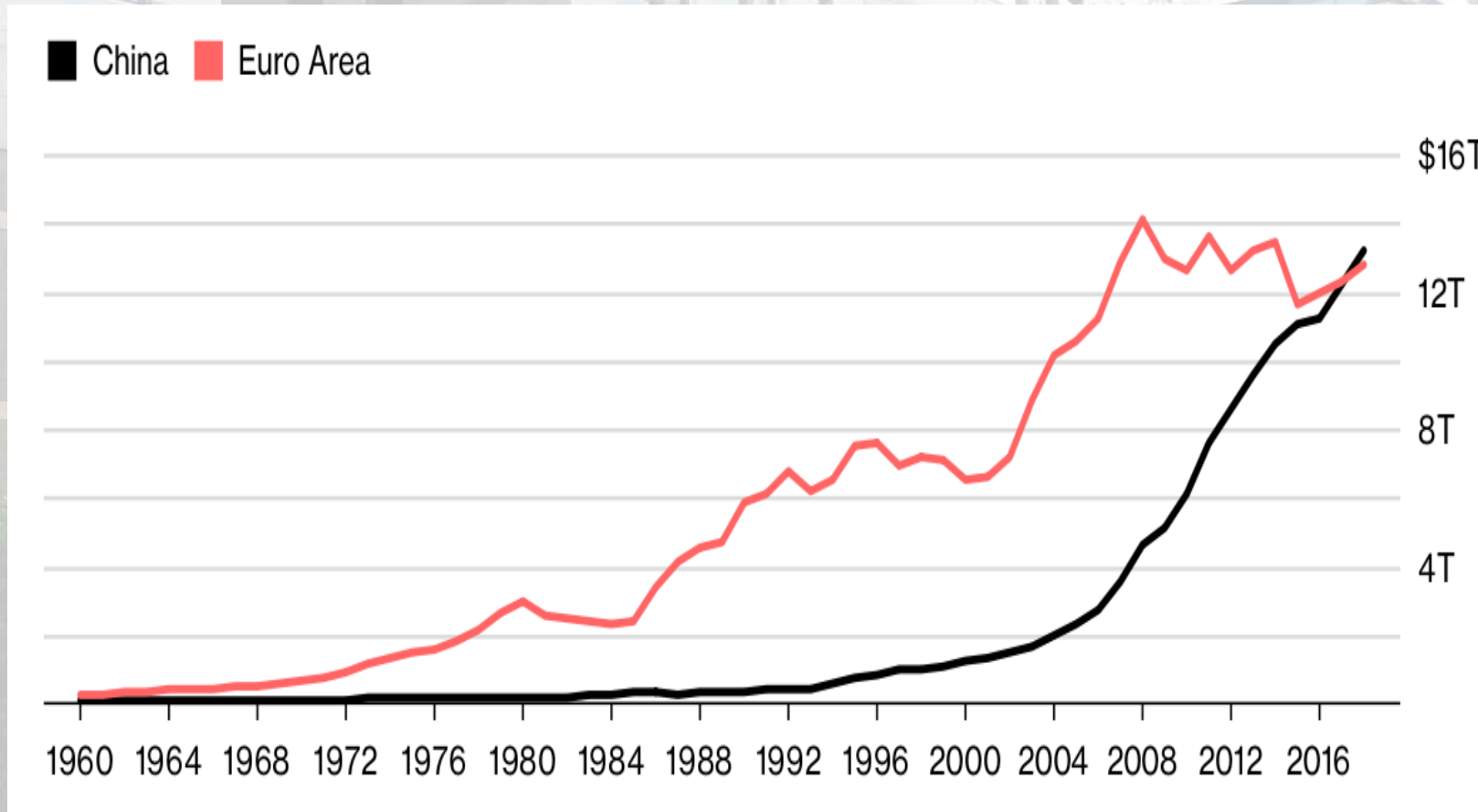
Hungarian Companies on the Silk Road



Budapest Renminbi Initiative

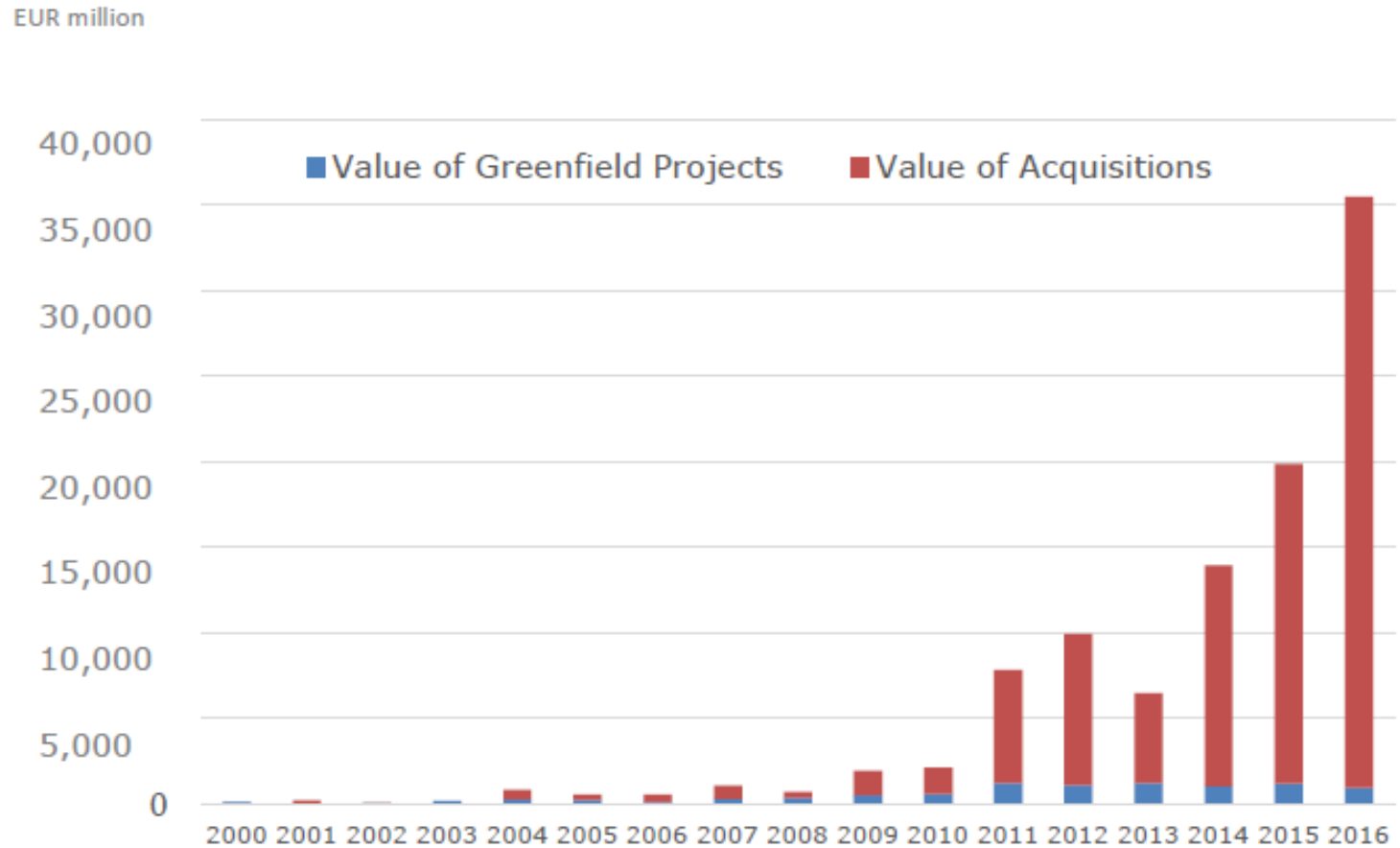
11 April, 2018

China as the world's second-biggest economy is set to overtake the entire Euro area economy in 2018



Sources: Bloomberg, World Bank, International Monetary Fund

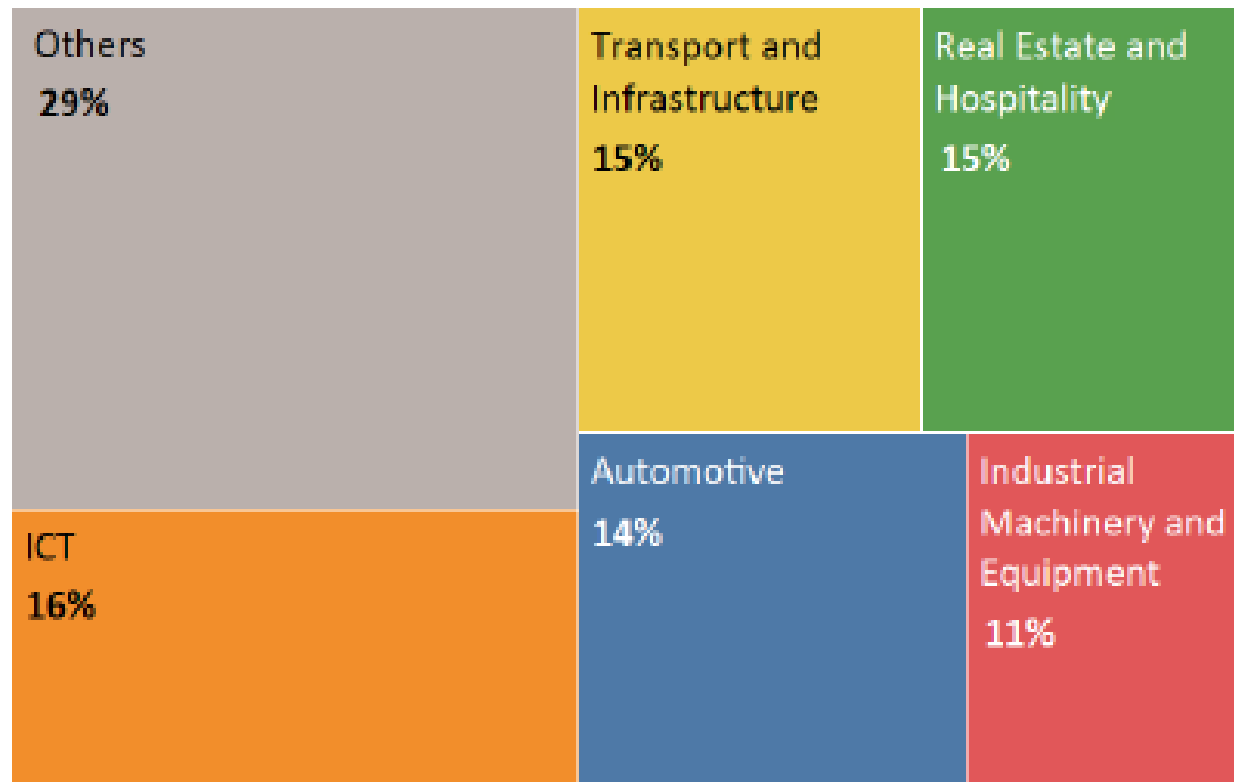
Chinese Investment in Europe



Source: RHG EU-China FDI Monitor.

Chinese Investments in Europe by Sectors

2010-2016



Percent of total cumulative investment from 2010-2016 (EUR 95 billion).

What Chinese investors seek in Europe

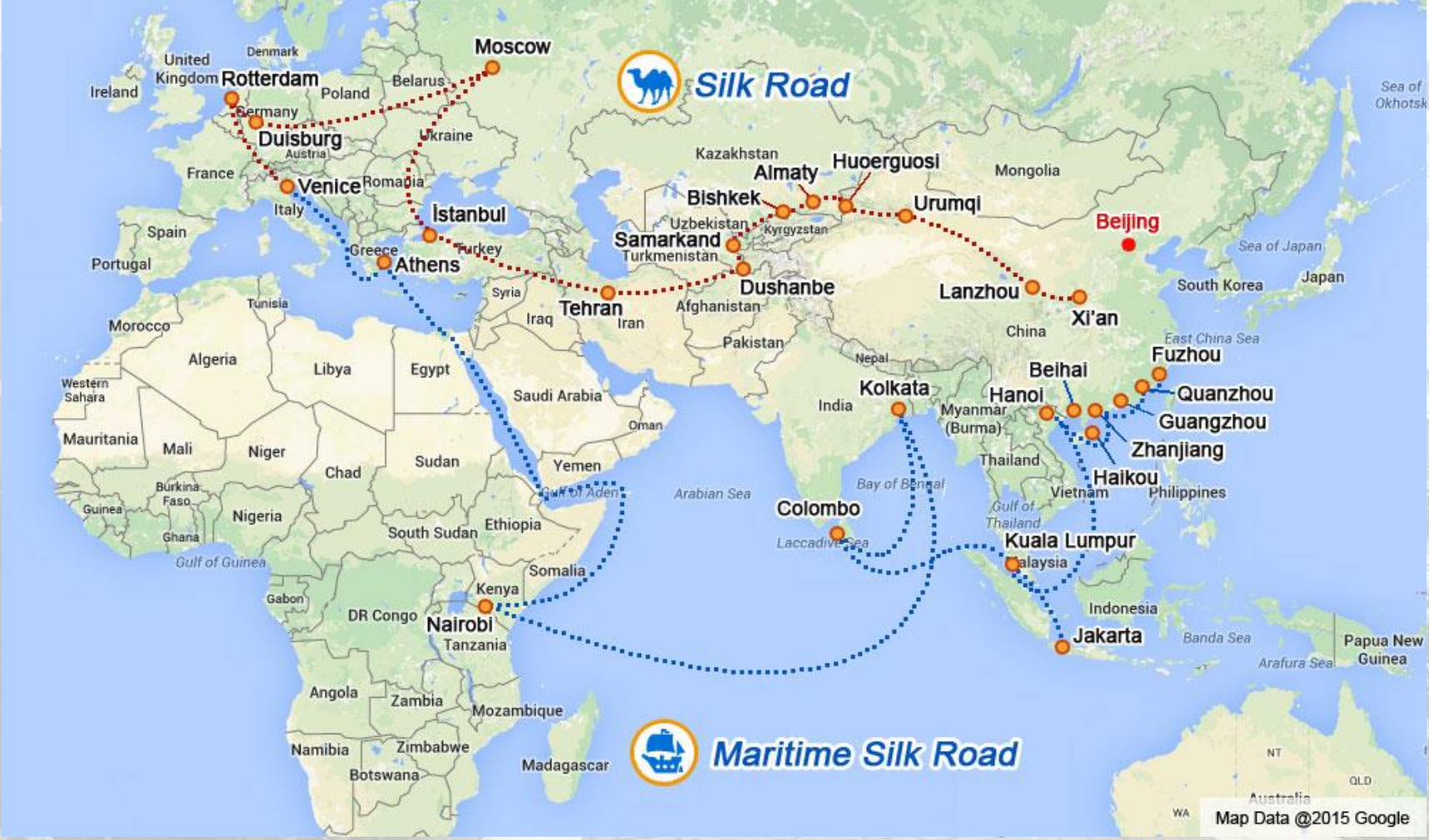
- **Technology**, to include established high-tech assets, emerging technologies and know-how;
- **Access to the European market**, for Chinese goods and services;
- **Access to third markets** via European corporate networks, especially in Latin America and Africa;
- **Brand names** to improve the marketability of Chinese products both abroad and for the Chinese market;
- **Integrated regional and global value chains** in production, knowledge and transport;
- **A stable legal, regulatory and political environment**, particularly in a context of global disruption and political uncertainty;
- **Political/diplomatic influence** in a region that in aggregate terms remains the second largest economy after the US.

The New Perspective of One Belt One Road (OBOR)

- Launched by the Chinese government as development strategy in 2013
- New Silk Road Economic Belt, will link China with Europe through Central and Western Asia, and the 21st Century Maritime Silk Road, connecting China with Southeast Asian countries, Africa and Europe, covers 65 countries



One Belt One Road



OBOR Investment Projects

Chinese investment into the OBOR from 2013 until mid-2017 totaled EUR 48 billion (China's National Development and Reform Commission)

- Investment in ports across the maritime routes increasing capacity and interconnectivity
- New and expanding routes for China's oil, gas and natural resource import needs
- International expansion of China's rail freight business
- Regional interconnectivity of high-speed rail, highways and telecoms networks
- Continued investment in China's aviation sector for route expansion
- Power generation and renewable energy sectors in third countries

Hungary and the OBOR

- Hungary was the first to join OBOR
- Hungary hosts the highest amount of Chinese direct investments in the CEE region, around 3,5 billion USD

Major investors:

Wanhua, Huawei, ZTE, Lenovo, BYD Electronics, Intel, etc.

- CEE headquarter of Bank of China in Budapest
- Direct passenger and cargo flights between China and Hungary
- Budapest-Belgrade railway line modernization within OBOR



How to Seize the Market Opportunities?

- Usual problems for Hungarian companies:
too large projects, lack of capital and financial means, missing market information, project partners and language knowledge
- Smaller projects and market opportunities, which are more suited to EU SMEs, are increasingly an element of the OBOR
- Necessary to identify the appropriate country, sector, project and Chinese partner
- Key OBOR Provinces in China: North West, South West, South and South East

Services for Companies to reach the Chinese Market

- Information and partner finding:
 - Trade commissioners in Beijing, Shanghai, Hong Kong and Chongqing
 - Hungarian National Trading House representations
 - EU SME Centre
 - Hungarian-Chinese Committee of the Hungarian Chamber of Commerce and Industry
- Financing
 - EXIM credit line
 - Bank of China
 - Chinese Central Eastern European Investment Fund

The Hungarian-Chinese Committee of the HCCI



- Established in March 2005
- Internationalization and representation of interests of Hungarian enterprises in the Chinese market
- 125 Hungarian member companies
- Operated by the Department for International Affairs
- Main sectors of the member companies:
 - Water management
 - Environment protection
 - Medical equipments
 - Legal services
 - Machinery
 - Winery
 - Food industry

Activities in 2017

- Yearly meeting of the member companies of the Hungarian-Chinese Committee– February 2017
- Visit of the delegation of Municipality of Shanghai – June 2017
- Delegation of the China Chamber of Commerce for Import & Export of Medicines & Health Products – July 2017
- Visit of the delegation of Chinese Investment Promotion Agency – October 2017
- Business delegation to Hong Kong-Guangzhou-Foshan – December 2017
- Tailor made consultations with the leaders of the Committee throughout the year

Chamber Partners in China

- CCPIT and CCOIC (since 2006 and 2016)
- All China Federation of Industry and Commerce (2006)
- Silk Road Chamber of International Commerce (2017)
 - founded in Hong Kong as a result of joint efforts to answer the calls for the development of the Belt and Road in 2015 (91 national members)
 - eight professional committees of trade, finance, culture, transportation, energy, information, industrial parks, and standard and brand

Silk Road Chamber of International Commerce

- Platforms for cooperation:
 - www.eSilkRoad.com, Silk Road International Development Fund, Silk Road Cultural Business Park, Silk Road International Commodity Exchanges, Silk Road Transnational Financial Leasing Alliance, and International Artwork Trading Center
 - Uptodate project information

<http://www.srcic.com/>

Thank you for your kind attention!

Our contacts: www.mkik.hu/en

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