

The numbers show this change: from \$68 mln. in 1991, direct-investment proposals increased to \$1.6 bln. in 1997. In addition to reforms that allowed foreign companies to hold majority **stakes** in Indian ventures, the government also relaxed restrictions on **royalty** and other payments.

Symbolic of the country's new approach to international investors is the International Tech Park (ITP) which includes such industrial giants as SIEMENS, GEMPLUS and HITACHI. This is India's first world-class business park with **state-of-the-art** facilities built to international standards. Multinational company GENERAL ELECTRIC will complete 100 years of its operations in India in 2002.

### *Task:*

1. What attracts foreign firms and multinational companies to India?
2. Discuss the text together with your groupmates.
3. Explain the meaning of the emphasized words.

## **2.21. HUNGARY: RICH PAST AND BRIGHT FUTURE**

1000	At Christmas Stephen is crowned king of Hungary. This coronation defines Hungary as one of the Christian states in Europe.
1456	Hungarian Army defeated Turkish Army. This event is commemorated by ringing of church bells.
1620	Gabor Bethlen established a first college.
1708	Ferenc Rakoczi released from feudal bondage those serfs taking part in his freedom fight.
1825	The Hungarian Academy of Sciences was established which marked the beginning of the country's bourgeois transformation.
1848	As a result of the bourgeois revolution, the last feudal Parliament passed the acts which terminated feudalism and created the foundations of the modern Hungarian state.
1956	Revolution for democracy and independence.
1989	Hungary started removing barbed-wire fence from the Austrian boarder.

## **2.22. BUILDING A NEW HUNGARY**

### **An interview with Prime Minister Gyula Horn**

The transition to democracy and market economy has been rapid and crisis – free compared with other countries because we had a rapprochement with the West at an early stage, even at an official level and when East-West relations were cool. A reform element has always been present. It was subterranean at times, but

it remained part of our thinking. For example, reforms in the second half of the 1960s provided elements of a market economy that didn't exist in neighbouring countries.

As for NATO membership, ratification of this project is underway. Formal accession is scheduled for April 4, 1999. We also hope for membership in the EU between 2000 and 2002. We have some problem with inflation, but in general we are very close to the economic requirements. The pace of our industrial growth is good. We anticipate real annual growth of 4 to 5% in the coming years, higher than in many EU countries. We have some advantages in information technologies and job training. Our infrastructure is a handicap, however. It may be the best in the region, but it is far from EU standards. We need long-term transport and environmental investment.

Without privatization, industry couldn't have been reshaped. It also brought huge revenues. The majority of that went on the repayment of our foreign debt, which had been accumulating for almost 50 years.

#### **Taking Stock**

International investors love the Hungarian stock market. Over two thirds of total market capitalization is in foreign hands. But today, Hungarians themselves are coming to the market as well, a sign of increasing stability. There are 300000 Hungarians who have shares in different businesses. It's easy to see why the market has been so successful: in 1997 share prices on the Budapest Stock Exchange rose by 130%-the most rapid growth recorded by any of the world's exchanges.

#### **Telephone Lines**

The 15-year waiting list for a telephone line are dead and buried. They have evaporated under the assault of modernization program mounted by MATAV, the national telecom company. The number of access lines has doubled since 1993 to 2.3 million.

Almost two thirds of the system is digitalized, higher than in some EU countries. A great effort was also made with mobile phones. MATAV is the largest mobile-telecom provider with more than 400000 subscribers. A new consortium, MKM-Tel, was set up last year by Hungarian Railways MAV and oil company MOL. It intends to compete with MATAV and all services from 2002.

#### **Auto Production**

In March 1992 an Opel Astra the first car to be produced in Hungary since World War II. Hungary's born-again car industry has attracted close to 2 billion in direct foreign investment. The sector has spawned thousands of jobs in the new-car and component plants and support services. Budapest was chosen as the sales and marketing centre for the new Opel office for its existing infrastructure, advanced communications and good position. The attractions of Hungary are not lost on other manufacturers such as Audi, Ford, Jaguar and Mazda.