

7. Privatisation in Hungary

0. Having experimented with increased enterprise autonomy since 1968 Hungary embarked on more ambitious market-oriented reforms between 1988 and 1991. Comprehensive small-scale privatisation was implemented in 1992-93. Large scale privatisation has been implemented gradually but steadily. By the middle of 1995 control of most of the formerly state-owned large companies had been transferred to the private sector.
1. On 9 May 1995 a new Privatisation Law was passed by the parliament. The law merges the main privatisation agencies (the State Property Agency and the State Holding Company) into the State Privatisation and Asset Management Company. According to intentions stated in the new law 46 companies will remain fully state-owned including postal services and the railways. The state will maintain majority stakes in the electrical grid and the country's only nuclear power plant, and 25 % ownership in large banks. The number of companies with majority state-ownership will eventually fall to 161 compared with the 252 under the previous privatisation law. The government plans to sell minority stakes in the main oil and gas company (MOL), the main electricity company (MVM), five regional gas companies and 10% stake in the telephone company (MATÁV), which is already partly privatised.
2. By April 1995 there were 1.0 million registered businesses of which 96.578 were legal entities (joint-stock companies, etc.) – up from 75.654 at the end of 1993.
3. Hungary's Law on Bankruptcy was enacted on 22 October 1991 but was substantially amended in September 1993. The new version of the law no longer forces companies with overdue liabilities to declare bankruptcy, and allows a qualified majority of creditors to decide on an out-of-court restructuring. Structural results were achieved mainly through subsidy reaction and tightening of access to finance for loss-making enterprises resulting in production cutbacks, rationalisation and reduction of employment in large former and current state-owned enterprises.
4. More than 90% of consumer prices, weighted by their share in the consumer price index, are free of administrative controls. The Laws on Electricity and Gas require that prices for these products must cover costs by 1 January 1997. Accordingly, prices for these products were raised sharply in January and September 1995, and further substantial increases are scheduled for 1996.
5. The Law on the Prohibition of Unfair Market Practices passed in 1990 provided the legal framework for the work of a newly established anti-monopoly office. More than 100 decisions were made by the office in 1994 resulting in fines in excess of 600 million forints. Regulation for some agricultural goods and utilities is subject to the rulings of other state bodies.
6. In 1989 licensing requirements and quotas were eliminated for 40% of imports (in value terms based on 1989). This ratio was raised to 65% in 1990, 90% in 1991 and stood at 92% in 1994. Some customer goods imports are regulated by the so-called 'global quota' with individual ceilings set for about 20 product groups. A number of industrial and 'sensitive' products (i.e. textiles, agriculture) remain substantially protected by import tariffs. Some of these tariffs are being phased out for trade with the EU in accordance with Hungary's 'Europe Agreement'. Hungary eliminated quantitative restrictions on farm product imports in January 1995 according to GATT agreement. In preparation for this Hungary raised the average agricultural import tariff to 37% in November 1994 (up from about 20% one year earlier).
7. The forint is convertible for trade-related transactions. The exchange rate is pegged to a basket of currencies. The basket was changed in May 1994 from previously 50% US dollar and 50% Deutschmark to 30% US dollar and 70% ECU.
8. A two-tier banking system was introduced in 1986. The law on commercial banks have been operating since 1992. The state-owned banks have benefited from several rounds of state financed recapitalisations. In 1990 the government permitted the savings banks to swap low interest housing loans for so-called housing bonds carrying market-linked interest rates. At the end of 1991 the state granted commercial banks guarantees for doubtful loans worth 10 billion forints. In the autumn of 1992 the government launched what became a series of initiatives to improve the balance sheets of banks that were partly state-owned and had a capital adequacy ratio below 7.25%. The total state injection of bonds into the banking sector since 1992 amounts to 334 billion forints, about 8% of 1994 GDP.

Első feladat

Olvassa el a 'Privatisation in Hungary' című cikket és a számokkal jelölt bekezdéseket párosítsa össze a megadott alcímekkel a példa (0) szerint. Vigyázat! Eggyel több alcím van.

Alcímek:

- A. Reforms in Hungary
- B. Markets and trade price liberalisation
- C. Growth of private enterprise
- D. Large-scale privatisation
- E. Competition policy
- F. Trade liberalisation
- G. Exchange rate regime
- H. Financial institutions
- I. Enterprise restructuring
- J. Currency intervention

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Második feladat

Olvassa el újból a szöveget és döntse le, hogy az állítások igazak vagy hamisak, a példa (0) szerint.

Statements	True	False
0. Trade liberalisation has been phased in gradually	X	
9. Loss-making enterprises were restructured partly by rationalisation and reduction of employment.		
10. Tariffs for some sensitive products will be lifted in the trade with the EU.		
11. 'Global quota' system was used for regulating the import of industrial goods.		
12. Hungary increased the import tariff on agricultural products by 37%		
13. All the banks were state-owned in 1992.		