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External Affairs and
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Partners in Change: Hungary

This is the first in a series of profiles on countries in Central and Eastern Europe, highlighting recent developments and key Task Force initiatives.

Canadian financier Andrew Sarlos has said that if Western companies provide the technology and expertise, Hungary's economy can catch up to the West in six years. While some may think that Hungarian-born Sarlos is overly optimistic, many Canadians are heeding his call to support the process of political and economic change in that country.

In fact, many feel that Hungary is better prepared for the dramatic changes taking place than other Central and Eastern European countries. Hungary started flirting with Western-style economic reform as early as 1968, and has actively encouraged joint ventures with foreign companies since 1972. In 1988, the Hungarian government took the unprecedented step of guaranteeing that foreign firms entering joint ventures could repatriate their investment and export profits.

And Hungary—going further than any of the other emerging democracies—reopened the Budapest stock market last June, which was closed 42 years ago when the communist regime came to power. Before the Second World War, Budapest was a major financial hub of Central Europe—a position the current

government hopes it can recapture. A Canadian firm, Gordon Capital, is already planning to open an affiliated brokerage house in the city.

At the same time, political reforms are moving swiftly. Free elections were held last April, and were swept by parties

"When countries choose to move
towards options we have championed,
we must offer them practical, potent
help in practising what we have so
long preached."

Rt. Hon. Joe Clark

favouring free enterprise. The right-of-centre Hungarian Democratic Forum party dominates the coalition government, and all parties in the coalition favour partnerships with the West in rebuilding their country.



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