

Pakistan-Hungary Relations

26th July 2016, ISSI

Historical Background:

Let me start by presenting you the background and the basis of our relationship which goes back well beyond the 21st or even the 20th centuries. In 2015 we celebrated the 50+ anniversary of our Diplomatic Relations which is a period of just half a century. Nevertheless I would like to emphasize the **+ plus** which helps you understand that our relations have a long history.

Our two countries are set apart by thousands of miles, high mountains, massive rivers, yet, the pull of the mystic East brought **many outstanding Hungarians, travellers, linguists, archeologists, orientalists, anthropologists** to the land of the Indus in the course of the past centuries. They immersed in the unusually rich culture and history, studied the diverse languages, conducted archeological and anthropological research, helped to develop famous local institutes of higher education and made a valuable contribution to introducing the subcontinent to the European public.

As an illustration I would like to list some of them:

Alexander Csoma de Koros, an orientalist and linguist who visited Peshawar and Lahore at the beginning of the 19th century. He is the author of the first Tibetan-English dictionary.

Sir Aurel Stein, a Hungarian-British archaeologist-explorer who uncovered the long forgotten ruins of the Silk Road. He was the second principal of the Oriental College in Lahore.

Dr Gottlieb Wilhelm Leitner a Hungarian linguist, a lecturer who became the Founding principal of the Government College University of Lahore in 1864 and who was instrumental in the foundation of the University of the Punjab.

August Schoefft, an artist, painter who worked in the Court of Maharaja Sher Singh in Lahore. Some of his paintings are preserved as the famous Princess Bamba collection in the Lahore Fort.

Ervin Baktay, an art historian, and a great lover of Kashmir.

Amrita Sher-Gil, painter who was the daughter of a Sikh aristocrat and a Hungarian opera singer. She also lived and worked in Lahore for a short while.

These ties going back to past centuries laid a firm emotional, intellectual and practical foundation to the mutual contacts that have evolved since the independence of Pakistan. The first official Hungarian representation, a trade office in Karachi was opened as early as 1949. The following years saw various initiatives to kick off bilateral trade, development cooperation and provide humanitarian assistance in the wake of natural calamities. The growing contacts between our two nations naturally led to the mutual wish to formalize our interactions by elevating them to the level of official diplomatic relationship in 1965.

Present:

Looking back at the past 50 years we have every reason to be proud of the achievements made and the perspectives opened in our bilateral relationship. Hungary and Pakistan succeeded in building a growing and enduring relationship that thrives on the basis of trust, confidence and mutual respect. It has been a period in which we have come to know one another, understand and respect each other's aspirations and stand ready to provide support and assistance in times of need.

This was the case in 2006 after the devastating earthquake hit Pakistan and Hungary sent a mobile hospital with a group of medical doctors, medicine, food, tents. MOL, our oil and gas company operating in Pakistan immediately offered an aid of 500 thousand USD for the victims of the catastrophe.

Hungary looks upon Pakistan as an essential power to safeguard peace and security in a highly important but inherently volatile part of our world. The role Pakistan has come to play in the global efforts to fight the scourge of terrorism can hardly be overestimated. I'd like to assure all of you that the Hungarian government highly appreciates and supports the efforts of the Government of Pakistan to strengthen regional peace and security and to suppress terrorist activities all of which feed to one of the most pressing issues of today's world: illegal, unchecked and non-regularized mass migration.

FRAMEWORK OF HUNGARIAN DIPLOMACY

The Government of Hungary has declared the Southern Opening policy which means that the main emphasis of interest is directed to the countries of Asia,

Africa and Latin America with a special attention on developing economic, educational and cultural cooperation. In line with this policy, we are focusing on enhancing bilateral cooperation with Pakistan, especially in the field of economic cooperation. The Ministry of Foreign Affairs and Trade has a complex system, to encourage the enhancement of economic ties. The Ministry has integrated the Hungarian EXIM Bank, the Hungarian National Trading House as well as the Hungarian Investment Promotion Agency. The Embassy, through our Trade Attache has direct connection with these agencies, and we work in tandem with them to raise interest and to find partners for Pakistani businessmen.

In the course of the past five decades we have made important leaps forward to enhance our bilateral trading and investment relationship. No doubt, the flagship of our economic cooperation is the multimillion USD strategic investment of MOL, the Hungarian Oil and Gas Company in Pakistan. (You will have a separate presentation about MOL activities in Pakistan immediately after this.)

Let me give you some highlights about the Hungarian economy:

My Government aims to diversify our export markets and to increase export to countries outside the EU by assisting domestic SME-s in their export activities mainly to the Southern and Eastern markets. We also pay special attention to investment promotion through various investment incentives.

- Budapest, the capital of Hungary is the best FDI location in the region (FDI stock in percentage of GDP amounts almost 80%)
- ../ Highly developed infrastructure (logistical, transport and communication)
- ../ More than 200 industrial parks with good access to highways/railways, warehousing, customs arrangements, administration, financial/legal/extra services etc .
- ../ Cost effective and well-qualified labour force
- ../ Favorable Tax system
- ../ Favorable business environment (Structural reforms)

Top sectors

- Automotive Industry
- Machine Industry
- Electronics Industry
- Agriculture and Food Industry
- Chemical Industry
- Health Care Industry
- Environmental Industry
- ICT

Most significant investors:

- Audi
- Mercedes
- Opel
- Suzuki
- Bosch
- Siemens
- Denso
- GE etc.

2015 was an exceptional year for the Hungarian export. The level of export was the highest ever recorded. The foreign trade balance amounted to EUR 8.1 Bn with 13% growth compared to 2014. The total export of Hungary amounted to EUR 90.5 Bn in 2015, whilst our total import reached EUR 82.4 Bn.

Pakistan is considered to be a medium sized trading partner of Hungary. The trade volume between Hungary and Pakistan has seen better days in the last few years. Our trade volume shows a fluctuating tendency from 2008-09 and since then our trade volume has not regained. In 2008, the Hungarian export amounted to USD 86.7 million. In 2015, our trade volume decreased to USD 38.3 million and the Hungarian export amounted to USD 23.3 million:

Major categories/products:

- office machinery
- power generating machinery
- chemicals
- pharmaceuticals
- plastic raw materials
- measuring instruments
- textile materials (yam)

Pakistani export (15 M USD): power generating machinery, sport equipment, leather items (textile is not a significant category)

It is our primary goal to enhance the activity of the Hungarian companies in Pakistan, but it is very important to know the fact that only financially strong and persistent companies can manage their activity in Pakistan which is a very challenging market. Among the difficulties they face I would like to mention the lack of transparency of business transactions, complicated regulatory framework,

administrative procedural problems, the country's negative image, security related problems).

Hungarian companies have a lot to offer to Pakistani businesses through their vast experiences and highly developed technologies in sectors such as:

- Agricultural industry (milk and dairy farming and processing, breeding, meat processing, juices, fisheries, cereals, seeds, fruit and vegetable cultivation)
- Food industry (processing, canning, transportation, packing and cooling)
- Machine industry (agricultural machinery, light and heavy industrial machinery, automation, turnkey machine tool projects, automotive industry)
- Electronics industry (consumer, automotive, medical, lighting, design and manufacture)
- Environmental and energy industry (hydro power plants, microhydel, biomass, biodiesel, solar, wind, dry cooling of power plants, transmission technology,)
- Recycling (paper, metal, rubber tyres, plastics)
- Water and sanitation (water management, flood control, irrigation, water purification, communal and industrial wastewater treatment)
- Advanced metal working (machining, welding, casting, forging)
- Construction (energy efficient design and materials, earth-quake resistant buildings, industrial and commercial design and development, prefabricated housing, civil engineering, HV AC)
- Health Care Industry, medical technologies (pharmaceuticals and ingredients, medical and lab equipment)
- Chemical Industry
- ICT (Information and Communication Technology)

Education is a priority area of our inter-governmental cooperation as well. The Hungarian Government just recently offered 80 scholarships for Pakistan in Hungarian institutions of higher education and my Government is planning to increase this figure to 200 as of next year.

We wish to expand further the contractual framework of our relationship with the hope of giving an additional impetus to our expanding ties. The negotiating process of the bilateral investment protection agreement as well as the Defence MoU is close to completion, the economic cooperation agreement will be signed during the forthcoming visit of the Minister of Commerce to Hungary in the near future. The already signed higher educational and

scientific exchange program is opening new avenues to enhance our interactions.

Cultural diplomacy is very often more efficient to bring our countries, our people closer to each other than the means of traditional diplomacy. Our *Embassy* has been organizing each year an outstanding event to present to the Pakistani audience our cultural values. During the past years we have organized joint exhibition of young Pakistani and Hungarian artist in PNCA. In 2014 a Hungarian folk dance and musical group had performance in the Islamabad, in Faisalabad and in Lahore. Last year the Princess Violin Trio held very successful concerts in Islamabad, Lahore and Karachi.

In May this year our Hungarian champion of Rubik cube visited Islamabad and organized Rubik cube competition for Pakistani students at NUST University and Roots Millennium School.

CONTEMPORARY TIES

Our political relations are cordial and there are no open issues between our countries. Consultations between our Ministries of Foreign Affairs take place on regular basis. The visit of our Minister of State for Economic Diplomacy in April and the visit of the CEO of the Hungarian National Trading House two weeks earlier clearly signals the focus of interest in furthering our cooperation. We intend to open the Karachi partner office of the HNTH this year. Our common goal is to enhance economic and trade cooperation. We are looking forward to the visit of HE Mr Khurram Dastgir Khan, Minister of Commerce and a group of Pakistani businessmen to Budapest. During the visit of the Chairman of the Higher Education Commission to Hungary this spring the practical arrangements of the scholarship program were fine tuned.

Just recently on the margins of the ASEM meeting in Ulanbator the Advisor to the PM Mr. Sartaj Aziz had a very useful bilateral meeting with his Hungarian counterpart Foreign Minister Peter Szijjarto,

This autumn we shall celebrate the 60th anniversary of the 1956 Revolution and Freedom fight. For Hungarians 1956 stands as a symbol of our freedom and self respect. Commemorating this anniversary here in Pakistan our Embassy will organize musical evenings with the participation of Hungarian pianists in Islamabad, Lahore and Karachi.

In this regard as a conclusion I think it is worth mentioning that Pakistan played a very positive role in condemning the Soviet military intervention in Hungary in 1956. Pakistan voted in favor of the first USA proposed UNGA resolution which called upon the immediate withdrawal of Soviet troops from Hungary. (PM Suhrawardy) Moreover Pakistan was cosponsoring a second GA resolution demanding the Soviet troop withdrawal and a UN led investigation of the consequences of the intervention. Pakistan maintained a radical position in the debate of the so called Hungarian question in UN. A Pakistani diplomat **Mr. Agha Shahi** who worked as deputy head of Pakistani UN mission at that time played an outstanding role in this. Later on he became the Foreign Minister of his country. We pay tribute to his memory and shall always keep in mind this valuable support of the Pakistani people.