

HUNGARY

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Hungary and Japan display a close affinity for one another

Ambassador Masato Otaka shares his insights on Hungary-Japan relations

The close relationship shared between Hungary and Japan is founded on a friendship that has been cultivated for over 150 years. This close affinity has enabled both countries to lay a solid foundation to support the strong economic relations between our countries.

Soon after the change of regime in Hungary in 1989, Japan began supporting Hungary with regard to the reformation of the new economy. This was facilitated by official development assistance, such as the construction of sewage and heating systems in Varpalota, and support for improving water quality in Lake Balaton until Hungary's accession to the European Union in 2004.

Magyar Suzuki was the earliest to invest among foreign firms, and many Japanese companies followed suit and started to build highly reliable supply chains in Hungary. Today, there are more than 170 Japanese corporations operating in Hungary, the most extensive representation from any Asian country.

In terms of export profit by foreign-owned companies, Japan ranks third among countries that have invested in Hungary and Japanese companies continue to play a valuable role in Hungary's robust export-driven economy.

Hungarian sweet corn, goose liver, acacia honey and a variety

of wine and quality feather products are exported to Japan and are well-known in its market. Pharmaceutical products, such as medicine and bandages, are also gaining market share in Japan.

Recently, the Hungarian government began focusing on research and development in the area of automated driving by building a test course. The Visegrad Group (V4), consisting of the Czech Republic, Poland, Slovakia and Hungary, is also involved in the planned V4 high-speed railway, and more technical collaborations between the V4 group countries are expected in the future.

With its robust labor force (in comparison with other EU



Masato Otaka, Japanese Ambassador to Hungary

countries), high-quality craftsmanship, low business costs and handy location within easy reach of neighboring European markets, Hungary will remain

a key investment destination for Japanese companies.

Supporting insights

"Hungary plays a key role in the global operations of Nissin Foods. We export 90% of our production to over 20 mainly European markets." – Aya Kurata, director, Nissin Foods Kft.

"With strong support from the Hungarian government, Hungary has attracted many Japanese companies and has benefitted from these investments in the country." – Toru Suehiro, general director, Japan External Trade Organization, Budapest

Read the full interview together with insights from other business leaders on Hungary-Japan relations here: <https://bit.ly/HUJP-bridges>

Bridgestone provides the best solutions for your journey in Hungary

"Solutions for your journey," Bridgestone's global tagline, reflects the company's vision to be a global leader in tires and rubber, building on its expertise to provide solutions for safe and sustainable mobility.

Established 15 years ago in the northwestern Hungarian city of Tatabanya, Bridgestone Tatabanya Manufacturing Ltd. is today one of the largest tire producers in the country. The factory mainly produces Bridgestone, Turanza and Potenza tires of 19, 20 and 21 inches, which are in high demand in the European market.



Bridgestone's state-of-the-art smart factory in Hungary

"We established our operations with 361 employees and today we have approximately 1,200 employees working at our state-of-the-art smart factory."

Bridgestone has been at the forefront of the "Industry 4.0" revolution in Hungary. Investments in automation, robotics and artificial intelligence (AI) have led to the Tatabanya plant becoming one of the company's most advanced international facilities.

"Our Hungarian factory was the first European facility in which Bridgestone installed its tire-assembly AI system Examination. We continue to expand our production capabilities and are constantly improving our levels of productivity," Topolcsik explained.



Melinda Topolcsik, President and Managing Director of Bridgestone Tatabanya

"We are very proud to be one of the largest employers and a leading economic driver in the county of Komárom-Esztergom," shared Bridgestone Tatabanya President and Managing Director Melinda Topolcsik.

In line with the company's ongoing sustainability initiatives, today, the Tatabanya factory's electricity is entirely provided by renewable energy.

Bridgestone Tatabanya supplies BMW, the Volk-

swagen Group and Mercedes and attained the accolade of Supplier of the Year 2021 in the Hungarian Car of the Year competition.

Approximately 750 small and midsize enterprises make up the company's growing supplier network.

"We owe our success to the perseverance, dedication and competence of all our employees," Topolcsik said.

One of Bridgestone's core principles is serving society with superior quality. In line with this, the Tatabanya plant also supports local institutions and organizations regularly in their operation and development.

Topolcsik concluded: "We are proud to serve society with our superior quality products and services. We will continue to support the company's efforts to provide world-class mobility solutions and deliver value to our customers and to society." ♦

www.bridgestone.hu

Hungarian Investment Promotion Agency: Supporting Japanese investment

"One of the first large foreign investors to place its trust in the Hungarian economy following the 1990 regime change was Suzuki," shared Robert Esik, CEO of the Hungarian Investment Promotion Agency (HIPA).

"We value this trust and continue to strengthen our relationships with our Japanese friends, partners and investors."

There are 184 Japanese companies active in Hungary today that employ over 30,000 people. They are collectively the seventh-largest investor in Hungary in terms of volume.

In addition to Hungary's strong automotive and electronics industries, key sectors within the country's diverse economy have been established



Robert Esik, CEO of the Hungarian Investment Promotion Agency

and continue to grow. These include chemicals, food and medical devices.

"Japanese investment has led to some of the most advanced

technologies reaching the Hungarian market and these have fast-tracked the automation of our manufacturing processes and boosted our industrial competitiveness," Esik explained.

"We recognize the excellent work ethic and admirable corporate culture that Japanese companies have imparted on the local business community."

Recent Japanese investments include:

- Toray Group's battery-separator film facility
- GS Yuasa's first overseas lithium-ion battery plant
- Seiren's first European synthetic leather car seat cover factory
- Nissin Foods' noodle plant expansion

According to the International Monetary Fund, Hungary's projected growth rate for real gross domestic product in 2021 is 7.6%.

"Thankfully, we have successfully managed the pandemic from an economic standpoint and today Hungary is in a position to offer investors a stable and swiftly recovering economy," Esik said.

"In addition to our successful vaccination strategy, our economic policy to financially support and incentivize companies that are committed to increasing investments and maintaining their workforce, has contributed to our economic recovery."

Hungary's 9% corporate tax rate is the lowest in the European Union. The gov-

ernment has also reduced the tax burden on the gross salaries paid by employers from 28.5% in 2016 to 17% in 2021.

"From selecting a location, supplier development, financial support and policy advocacy, HIPA supports Japanese investors throughout the entire process," Esik noted.

"Our Japanese friends have proved themselves to be reliable partners and have contributed to the development of the Hungarian economy. We look forward to continuing our close cooperation." ♦

www.hipa.hu

