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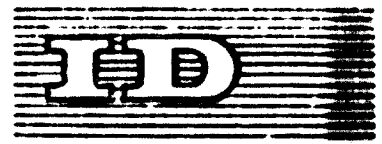
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EXPERIENCES OF THE HUNGARIAN CHAMBER OF COMMERCE
IN PROVIDING INDUSTRIAL SERVICES TO ITS
MEMBER INDUSTRIAL ENTERPRISES ^{1/}

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INTRODUCTION

The aim of this discussion paper is to grant information to commercial and industrial chambers' managers in developing countries about industrial services of the Hungarian Chamber of Commerce rendered to their industrial member enterprises and about the mechanisms of providing these services.

Though the economic life of Hungary, based on the socialist system, and - accordingly - the tasks and organization of the Hungarian Chamber of Commerce differ necessarily in many fields from the developing countries' potentialities, yet the similarities and parallelities with these countries are also of considerable importance. That is why the experiences of the Hungarian Chamber of Commerce may probably count on interest and - according to the special local conditions - can profitably be employed in other countries too.

I. ORGANIZATION AND ACTIVITY OF THE HUNGARIAN CHAMBER OF COMMERCE IN GENERAL

The Hungarian Chamber of Commerce, founded in 1948, is the sole chamber of commerce and industry in Hungary, so it has a national-wide character.

In the first 20 years of its activity it dealt almost exclusively with trade promotion activity. From the 1st January 1968 on a new economic management system came into life in Hungary. In the field of foreign trade this means that direct connections were born between the external and home markets and the new system made most of the Hungarian enterprises directly interested in problems connected with their participation in the international division of labour. In compliance with the new requirements since that time the task of the Hungarian Chamber of Commerce has become more complex. The basic task became the representation of interest of its member enterprises, at home and abroad, and the trade promotion activity is going on accordingly and subordinated to it.

It is to be noted that about 40% of Hungary's national income is realized through foreign trade. This means on the one hand that almost every Hungarian enterprise is directly or indirectly interested in the export-import activity, on the other hand that in Hungary there can hardly be found an economic question without international connections and the enterprises hardly encounter problems that are not connected with foreign trade in some way.

The Chamber is based on 379 member enterprises from the fields of industry, agriculture, communication, foreign- and home trade, etc. These enterprises turn out about 80% of Hungary's production destined for export and carry out 100 % of her foreign trade.

The member enterprises are divided into two main groups: those enterprises which have the right - according to the authorization of the Minister for foreign trade - to carry out direct foreign trade activity, are members of the Chamber on an obligatory basis. Some of these enterprises are specialized foreign trade firms but most of them are industrial ones. The number of the obligatory members of the Chamber amounts to about 100 for the moment. All the other Hungarian enterprises who don't have the right to conclude foreign trade transactions directly, only through a foreign trade firm, can be members of the Chamber on a voluntary basis if their interest in foreign trade makes the membership advisable for them. This second group, amounting to about 280 enterprises at present, constitutes the bulk of the members of the Chamber. The great majority of these companies too consists of industrial enterprises.

The membership fee of both above categories is fixed according to the turnover of each enterprise. The membership fees cover for the moment about 70% of the Chamber's budget, further 20% is covered by state allowance and the remaining 10% comes from the fees granted to the Chamber for some of its services (e.g. the legalization of documents, advertisements published in the publications of the Chamber, etc.).

The highest directing organ of the Chamber is the General Assembly being composed of representatives of all member enterprises and holding its meeting every three years. The General Assembly elects from among the member enterprises' representatives 16 members of the 19-head-Presidium. The remaining 3 persons are the President, the Vice-President and the General Secretary of the Chamber. The President is appointed by the Government, the Vice-President and the General Secretary by the Minister for foreign trade.

As it can be seen from the above the Hungarian Chamber of Commerce representing the interest of its state-or co-operative-owned member companies is an autonomous institution of the membership on which also the government exerts some influence through appointing part of its leading body and covering part of its budget.

II. SPECIAL INDUSTRIAL SERVICES

A. Marketing research

The marketing research service granted to the member enterprises is one of the most important and most comprehensive activities of the Chamber. It must be stressed that this is not considered here as a theoretical - methodological activity but first of all a service of information that adjusts itself to the member enterprises' business demands. The Chamber displays this activity taking into consideration individual and collective demands and pays attention to the fact not to go deeply into details when giving concrete information relating to a certain market or article, because information going too deeply into details would divert the Chamber from performing its other tasks by overburdening the Chamber's apparatus too much. Should a member enterprise or a group of enterprises need detailed marketing information, the Chamber recommends - instead of carrying out the work - a foreign marketing institution with a good reputation which can do the work well and in an expert way against an adequate fee.

Moreover the marketing information service of the Chamber for interested foreign parties about the marketing possibilities in Hungary serves - in an indirect way - the interests of its member enterprises, too.

B. Technical, technological and pre-investment information

Similarly to the marketing research this activity of the Chamber is a two-way one, too. First - supplies the member enterprises with continuous information about the latest technical achievements of the most developed industrial countries, second - helps to forward Hungarian technical results and know-how to developing countries. Through this latter the Chamber serves not only the export interests of the member enterprises but renders useful help to the industrialization of developing countries, too. The co-operation agreement signed recently by the representatives of UNIDO and the Hungarian Chamber of Commerce on the telecommunication-, instrument- and electronical industry can be mentioned as example. On the basis of the above agreement a considerable number of developing countries will be supplied with Hungarian technical knowledge, Hungarian experts will be sent, Hungarian equipment will be delivered to developing countries.

C. Industrial co-operation

The international industrial co-operation activity began to develop only some years ago in Hungary but it is considered already as one of the most efficient levers of the technical development and structural modernization of the Hungarian industry. The agreements serving as basis for this activity are concluded on governmental level and the goal of the Chamber is to help to fill the frame of these agreements with concrete business content.

For this sake the Chamber collects systematically from its member enterprises the lists of those fields of industrial activity where the firms are searching for co-operating partners abroad and forwards them to its foreign partner organs or to foreign institutions specialized in co-operation agency. The Chamber is dealing at the same time with co-operation-proposals of foreign partners, too and forwards them to its interested member enterprises. The task of the Chamber is naturally nothing else than to bring the foreign and home co-operation partners together, its role goes to the end with this - the business details of the co-operation concern already the partners in question only.

Besides the service of looking for co-operating partners the Chamber organizes from time to time conferences, symposiums and seminars with different countries on bilateral and multilateral basis (latter usually at the request of international organizations) where mainly the theoretical questions and general possibilities of industrial co-operation are discussed.

D. Export promotion

The majority of the Chamber's industrial member enterprises produces mainly for export. So the export promotion of manufactured goods is a very important activity of the Chamber. In the frame of this activity, besides the two-way flow of information, the Chamber is dealing to a great extent with sending out and receiving individual businessmen and trade delegations, too; i.e. the Chamber organizes the trips of Hungarian export delegations consisting of representatives of its member enterprises, abroad, and arranges for the organization of the programme in Hungary of foreign delegations interested in Hungarian goods. Both in the field of sending out delegations and that of their receiving the Chamber has gained a lot of experiences which can be generalized. The most important of them is that delegations are the more effective the more specialized they are - that is why, when compiling a delegation, one must possibly avoid the manifoldness and one should try to choose the members from the same or neighbouring fields of interest.

E. Others

Some other services of the Chamber for industrial member enterprises are to be mentioned, too.

1. The Publicity Department of the Chamber renders methodological help to the publicity and public relations activity of the member enterprises and organizes post-graduate courses for the member enterprises' publicity experts.
2. The Documentary Centre on Trade and Customs Practices of the Chamber collects and makes available to the member companies documentation concerning the laws and regulations, court and arbitration practice - both domestic and foreign - affecting international trade, the plant and animal health regulations, packaging and branding rules, tariff rules, customs tariff, and the list of documents required in international trade.
3. The Mailing-List Bureau of the Chamber records the addresses of important foreign organizations, companies, and economic institutions which are relevant in foreign trade.
4. The Corporation of Average Adjusters and Agents of the Chamber looks after problems connected with transport and insurance. Its duties include notices of loss, counterclaims, damages, appraisal of damages, adjustment, damage prevention, general averaging and consulting and supply of information in all these fields.
5. The Chamber's International Commercial Law Office collects the domestic and foreign laws applying to trade, the case-law, and informs the member enterprises in these matters. In addition to legal consultation the office prepares expert opinions for more complicated contracts - e.g. co-operation between Hungarian and foreign enterprises -, and if commissioned to do so, looks after the legal representation of member enterprises at home and abroad.
6. The Arbitration Court of the Chamber is an independent body of 37 lawyers and noted economic experts. Its task is to reach decisions in litigation between seller and buyer in export or import transactions - by means of settlement or judgement - expeditiously and in consideration of international commercial law, usage and practice.
7. The Department for Legalization of Documents of the Chamber issues and legalizes the certificates of origin, other documents and certificates required for exports or imports, supplies information in this respect, authenticates consular invoices, foreign language authentications, issues

international certificates for commercial travellers and supplies certificates to foreign embassies and consulates about the right of signature at the enterprises.

III. MECHANISMS FOR PROVIDING INDUSTRIAL SERVICES

A. Foreign Sections

The foreign sections serve as frame for providing most of the special industrial services of the Chamber. They are autonomous bodies organized with Hungary's most important partner countries or groups of countries. They include member enterprises being mainly interested in the development of foreign economic relations with the given country.

The oldest foreign section is the British Section which was founded in 1961 at the same time with the Hungarian Section established within the frame of the London Chamber of Commerce.

The foreign partner is not always a Chamber but often some other economic institution interested in foreign trade (e.g. in France the association of employers, the "Patronat").

At present 21 foreign sections are working in the Chamber, the Arab-Hungarian Mixed Chamber established together with the General Union of Arab Chambers, with headquarters in Beirut, is of special importance among them.

B. Professional Sections

This group of autonomous bodies is formed of two different kinds. Partly they are vertical organizations of various branches of economy (for instance textile and clothing industrial section, chemical industrial section, precision engineering section, etc.). This kind of sections collects in its whole verticality the managers and experts of a given branch (those from the field of basic material - and processing industry, foreign- and home trade, etc.).

The other part of professional sections consists of specialized committees dealing horizontally with questions affecting special areas of economic activity (such as marketing-, co-operation-, finance-, customs committee, etc.).

Though the professional sections are - in close co-operation with the foreign sections - very active also in international problems, their main task is to discuss and give opinion about the planned governmental decisions relating to their branches and respectively the elaboration of suggestions and initiatives for future governmental decisions.

C. Co-operation with International Economic Organizations

The realization of the Chamber's industrial services depends to a great extent on the relations established by the Chamber with different international organizations.

The most important organizations of this type are functioning within the framework of the UNO. From among them mainly the UNCTAL-GATT International Trade Centre in Geneva and UNIDO in Vienna dispose of great significance for the Chamber.

The Hungarian Chamber of Commerce represents the Managers of the member enterprises as employers within the International Labour Organization in Geneva and participates in the activities of the International Chamber of Commerce (Paris), although - similarly to the chambers of the other socialist countries - it is not a member. Here it plays a dual part: on the one hand, it endeavours to formulate and to solve the practical problems of contemporary international trade, and on the other, it promotes through the simplification of the technical tasks connected with day-to-day trading practice the facilitation and normalization of trade work. The Hungarian Chamber of Commerce participates also in an increasing number of technical committees within the International Chamber of Commerce.

D. Press- and publishing activity

The Press- and Information Department of the Chamber promotes the industrial services specified in chapter II. by publishing numerous periodicals and other publications. These publications are partly published in Hungarian and in this way they grant information to the member enterprises as a direct service. The publications in foreign languages render service to the member enterprises indirectly through giving information to existing or possible foreign partners.

Hungarian language publications:

Világgazdaság (World Economy). This economic daily is published jointly by the Hungarian Chamber of Commerce and the Institute for Economic and Market Research. It supplies world-wide information about economic events and news as well as commodity exchange quotations.

Külgazdaság (Foreign Economy). Monthly, published jointly by the Chamber and the Institute for Economic and Market Research. The publication discusses theoretical and practical questions and often provides a forum for debate.

Magyar Import (Hungarian Imports). This bi-monthly informs enterprises interested in foreign trade and industrial and domestic trade circles about foreign markets and import opportunities. Its special numbers and supplements forward to the Hungarian readers the export offers of individual countries.

Propaganda-Reklám (Publicity-Advertising). This bi-monthly publication deals with professional questions of advertising.

Foreign language publications:

Hungarian Foreign Trade. An illustrated, representative economic magazine, published four times a year in English, French, Russian and German and twice in Spanish. Each number provides a comprehensive survey of an economic branch.

Hungarian Exporter. Illustrated English language monthly. Provides information about the events of Hungary's trade and export offers. Its special numbers in French, English, German, Spanish and Russian contain material specially adapted to the respective language area.

Hungarian Heavy Industries. English language quarterly. It publishes specialized studies and descriptions about the products, production processes and patents of Hungarian heavy industry.

Marketing in Hungary. A quarterly publication in English and German, issued jointly by the Chamber and the Institute for Economic and Market Research. It publishes studies by leading Hungarian economic experts, who describe the development plans of various domains of the Hungarian economy in such a way as to provide foreign companies with information for initiating business offers or co-operation agreements.

Hungaropress. This bi-weekly bulletin in English, French, Russian, German, Spanish and Italian publishes news about the Hungarian economy and technical life, destined primarily for the information of the press abroad.

Directory of Hungarian Foreign Trade Companies. Published annually this publication contains the addresses of Hungarian enterprises engaged in exporting and importing, the list of goods handled by them, as well as the addresses of Hungarian trade representations abroad. In 1973 it was published in Hungarian, English, French, Spanish, Russian and German.

B. Others

Some other institutions of the Chamber, also promoting industrial services, are:

1. Secretariat for Collective Export Promotion

This special Secretariat functioning within the frame of the Chamber disposes of considerable amounts, coming from governmental funds, for the partial financing of such long range export development actions of the member industrial enterprises that do not promise an immediate concrete business result but can prospectively promote exports (in most cases also other enterprises' exports) on a certain market. The Secretariat may generally cover 50 % of the costs of an action, the other 50% is paid by the enterprise initiating and arranging the action.

2. Economic and technical days abroad and in Hungary

The Chamber organizes 3 or 4 times a year with the co-operation of its foreign partner organizations so-called Hungarian Economic and Technical Days abroad. On the occasion of these days, besides some lectures dealing with the comprehensive problems of Hungarian economics, Hungarian experts hold lectures to their foreign colleagues about the questions of a certain Hungarian industrial or technical branch; these lectures are generally followed by discussions and consultations. On the other side the Chamber collaborates in the organization in Hungary of similar performances of its foreign partners.

3. Permanent representatives

Permanent representatives of the Chamber operate in Berlin (GDR), London, Moscow and Paris. Their principal task is to maintain contact with the economic and trade organizations of the countries in question, to forward information through the Chamber between these organizations and institutions and the Hungarian enterprises, and to investigate the opportunities for economic co-operation, including questions of management, public relations and marketing.

4. Special attention to the 50 top industrial enterprises

Within the framework of the Chamber's industrial services special attention is paid to the 50 top Hungarian industrial enterprises. Their importance is illustrated by the fact that they turn out about half of Hungary's industrial production. The representatives of these enterprises are called together by the Chamber from time to time - without regard to their proper professional branches - respectively the Chamber asks for information from them regarding special problems deriving from their dimensions. On the basis of the received information the Chamber elaborates and collects the special problems of these enterprises separately and draws the attention of the government organs to their occasional difficulties.

F. Sources of financing

As mentioned in chapter I. the biggest part of the Chamber's budget comes from the membership fees. Accordingly the Chamber grants the mentioned industrial services to its members mostly free of charge, to the debit of its budget. The above does not relate to some quite special services having no routine character and connected with important cost effects. In this case the costs are charged to the member enterprise requiring the service. (Such as e.g. participation in a delegation of the Chamber travelling abroad, etc.). There is a possibility, however, according to point 1 of chapter III/E to cover part of these costs, too, independently from the Chamber's budget, from the special governmental funds administered by the Chamber.





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