

Transformation and privatization of state enterprises with the direct participation of the State Property Agency (SPA)

With the exception of cases of asset protection (sale of real estate, machinery, tools, etc.), privatization is implemented by way of transformation or the foundation of new companies. Actual privatization takes place when individuals or foreign investors acquire at least a 50.01 % holding in a company, or if the acquisition of minority holding (of 30-39 %) also includes an option to buy a larger share.

#### Major companies privatized in 1992

Dunaferr Cold Rolling Mills, Agrimpex, Interag, Vegetable Oil and Detergent Manufacturing Co., Alföldi China Factory, State Insurance Co., Jamina Tiles Factory, Sopron Brewery, Répcelak Carbonic Acid Factory, Primagáz Co. Ltd., Kner Press, Artex, Color Clothing Enterprise, West Food Trade Co., Zalaegerszeg Frozen Food Co., Mezőúti Brick Co., Energy Management Institute, Sátorajújhely Tobacco Factory, OFOTÉRT, Telephone Factory, Debrecen Tobacco Factory, Debrecen Precision Engineering Works, Foka Co. Ltd., Transelec-tro, Plant and Machinery Assembling Enterprise, Pharmatrade, Alfa Trading Co., General Bank for Venture Financing, Budapest Confectionery Enterprise, Salgótarján Stove Factory, Nagykanizsa Brewery, Sopker, MÖBIUSZ Meat Processing Co., Kecskemét Canning Works, Cemol Co. Ltd., Vidia, Metrimpex, Szigetvár Canning Works, Alterra Constructions, Utasellátó Catering, Székesfehérvár Light Metal Works, Keravill, Arany-pók, Bátaszék Tile and Water Ceramics Works, Budapest Tourist, Kopint-Datorg, Monimpex, Pick, Danubius, Nikex, Metalimpex Trading Ltd., Mogúrt, Triál Group, Kontavill, Statikum, Fehértej Dairies, Malév, Debrecen Model Farm, Alkalmi Áruk Háza (Broken Lots Store), Budafok Paper Works, Orosháza Agricultural Implement Works, Veszprém Slaughterhouse, Hajdúság Univerzatis Co. Ltd., Szombathely Agroker, Reálbank, Innofinance, Parád Glass Works, Tritex, Albaker Co. Ltd., Bácskú Meat Processing Co.; moreover, individual units and plants of the Heat Insulation Co., Nagykőrös Canning Factory, Budalakk, PEMÜ, Főszér, Transdanu-bian Petroleum Industry Machine Works, Tisza Chemical Works, National Mineral and Ore Mines, Kühne Agri-cultural Machinery Co., Novopack, Elegant, Nagykanizsa Furniture Works, Pannonplast, EVIG, Vilati, Tokaj Wines Co.

In the course of the past three years, significant parts of the tobacco, alcoholic beverages, sweets, confection-ery, luxury goods, brewing, road construction, cement, paper and building materials industries, retail trade, foreign trade, the insurance business, industrial gases sector and the printed press were privatized.

Privatization began and progressed in the canning industry, meat processing, plastics processing, assem-bling, frozen food, dyes industry, in the household

appliances (refrigerator, stove, illumination technology), vehicle manufacturing, certain sectors of the light industry and machine manufacturing.

Essentially, privatization has not yet begun in the cases of the large banks, the chemical industry, the energy sector, telecommunications, mining, public amenities, and of a number of sectors of machine manufacturing and the electronic industry.

#### Pre-privatization

It is expected that shop-by-shop sales in the areas of retail trade, catering and consumer services will be accomplished by the end of 1993. Managers managing their units on a contract basis have been given the opportunity to buy their units without competitive bidding, at a price determined by valuation. Whereas until the end of 1991, 2100 shops were sold, by the end of 1992, the sale of 7637 shops was concluded.

#### Self-privatization

The first and second phases of the program effect some 700 small- and medium-sized enterprises; within this range, the decisive form of privatization is the one based on the collaboration of the consultants. Transfor-mation into a company form was launched in the case of 85 % of the enterprises participating in the first phase; 60 % have already accomplished this. With the assistance of consultants, nearly 30 % - 70 companies - were priva-tized.

In the course of the program, 10 companies in the building trade and general contracting, 9 car repair companies, 8 household appliances repair firms, 7 firms in machine manufacturing, 5 companies in training and organization, 5 quarries, 5 firms in the light industry, 4 minor printing presses and a few companies in trade, the food industry and consumer services were privatized. So far, self-privatization generated HUF 3 billion in priva-tization revenues; in the case of several firms, payment will be effected only in 1993.

#### Decentralized privatization of independent units of state farms

Within this program, independent assets and prop-erties worth about HUF 30 billion were offered for sale, of which HUF 6.5 billion worth were actually sold. The proceeds of privatization could be used for the financial reorganization of the state farms. Feed mix plants, the animal husbandry verticum, food processing capacities with a reliable raw material base, viticulture and vinicul-ture, fruit processing, tourist and hunting infrastructure were in greater demand.

#### Other decentralization programs

The decentralization program for small hotels, separable bakeries, small brick factories has also been accomplished vigorously.

### Privatization linked to liquidation

Liquidation procedures are initiated against an increasing number of state enterprises; in such cases, the firm is sold free of encumbrances. This process is taking place at a rate much slower than desirable, hence the firms concerned are losing even more of their value.

Some of the well-known transactions concluded in 1992 were: the Gyöngyös and Kazincbarcika factories of the Light Concrete Works, Nyíregyháza plant of the Drive and Dye Equipment Works, Tatabánya Meat Processing Enterprise, a plant of the Pestvidéki Machinery Works, Csót plant of the Robix Prime Mover Works, a few smaller coal mines, etc.

### "Invisible" privatization

In this case, the markets of state enterprises are taken over by privately held companies founded by their managers and employees. The state assets do not exchange hands, but the activities formerly pursued by the state enterprise are taken over by the new company; at best, the company rents some of the state assets. Evidently, this process cannot be "measured". Invisible privatization characterizes foreign, retail and wholesale trade, the construction trade, design and the services.

### Privatization of municipal assets

Local governments were given assets of great value in the form of real estate property, housing and land; in addition, they get shares and business shares of significant value upon the transformation of state enterprises. Apart from a few towns and Budapest districts, they seem to have a strong propensity to hold on to their assets which does not facilitate the evolution of market conditions.

### Compensation and privatization

Until the end of 1992, compensation warrants worth HUF 25 billion were issued. The State Property Agency arranged for the sale of state assets worth about HUF 1 billion against compensation warrants. The sale of shares was the most successful in the case of the Inter-Europa Bank, the Julius Meinl and the Pick companies. Also in the course of pre-privatization, the ratio of those effecting payment using compensation warrants, was high.

By the end of 1992, arable land of 1.9 million gold crown value was transferred to private owners against compensation warrants; this constitutes nearly 7 % of the total area (30 million gold crown) earmarked for compensation.

### The growing share of the private sector in generating GDP

Official calculations have not been prepared to show the changes in the contribution of the private sector to the GDP. To this end, I made my own estimates based on data available from the Central Statistics Office, the Tax and Financial Audit Office, the SPA and various

representative organizations, to determine the share of the private sector.

I estimated the performance of the private sector on the basis of the following partial data:

- Performance of proprietary businesses, households and business partnerships that are not legal entities;
- Performance of companies held by foreigners in full or in part, the part corresponding to holding in private hands;
- Performance of companies that are legal entities, held by individuals.

According to the estimates, the share of private sector (without cooperatives) in the GDP is:

1989	1990	1991	1992
16%	19%	25%	33%

### Development of the number of business organizations

The rush to found companies observed in 1990-1991 did not abate in 1992 either. The number of business organizations increased dynamically in all main groups, except for the budgetary and social security organizations.

### Number of business organizations (at the end of the period)

Form of organization	1991	1992
Business organization that is legal entity	52756	69386
Business organization, not legal entity	52136	70597
Budgetary, social security organization	15915	15091
Other, non-profit organization	27407	33891
Proprietary business	500000	ca. 600000

The majority of the new business organizations that are legal entities (86 %), are small firms employing 20 people or less. In 1992, most businesses were founded in the areas of trade and the repair of vehicles and consumer goods.

The transformation of the cooperatives – owing to the implementation of the new Cooperatives Act – begins in the second half of the year: in 1992, 763 new cooperatives were established, of which 375 came into being by way of break-up secession from, or the transformation of existing cooperatives, 302 cooperatives were wound up, of which 126 terminated their activities for good.

The largest number of terminations was registered in the enterprise sector: 42.6 % of the organizations wound up in 1992 had operated in the enterprise sector. 3 % of these terminated their activities for good, 97 % continued their operations in a different sphere of the economy.

Number of business organizations that are legal entities (end of period)

Form of organization	December 1991	June 1992	December 1992
Enterprise	2233	2008	1733
Enterprise and trust	1947	1751	1505
Subsidiary	286	257	228
Company, legal entity	42696	52417	59363
Association	231	232	158
Joint enterprise	188	168	231
Limited liability company	41204	50622	57262
Company limited by shares	1072	1395	1712
Cooperative	7766	7807	8229
Agricultural, fishing cooperative, agricultural specialized cooperative	1421	1460	1388
Small farmers' cooperative, other cooperative	2710	2788	3365
Small cooperative	3101	3048	3365
Union	534	511	535
Other organization	62	62	61
Total	52756	62294	69386

Number of business organizations that are legal entities, in a breakdown by categories of number of employees (end of period)

Number of employees	No. of business organizations		Distribution by number of employees %	
	1991	1992	1991	1992
Above 300	2396	1937	4.7	2.9
51-300	5373	5773	10.6	8.5
21-50	6168	6970	12.2	10.3
20 and less	36810	52825	72.5	78.3
Total	50747	67505	100.00	100.00

Proprietary businesses

The willingness to enterprise continued to pick up also among the proprietary businesses. Of the 60,000 proprietors, 46 % pursued their business activities full time, 42 % part time and 12 % as pensioners. With respect to their vocation, 39.3 % are small industrialists, 32.6 % retailers and 27.5 % are free-lance professionals. The number of independent farmers is negligible, constituting a mere 0.6 % of the total.

Bankruptcy declarations, bankruptcy procedures

The Cégközlöny (the official trade bulletin) published the bankruptcy declarations of a total of 2294 business organizations that were legal entities in 1992. Of these, 62 % were companies (most of them limited liability companies), 26.1 % were cooperatives, 11.5 % were enterprises. 32.3 % of the bankruptcy declarations effected firms in the processing industry, 24.8 % in trade, vehicle and consumer management, forestry and fisheries, 13.4 % in construction, 8.5 % in real estate, renting and business services. In the course of the year, bankruptcy proceedings were completed against 1041 business organizations that were legal entities. Of these, 627 arrived at a successful agreement with their creditors, while liquidation proceedings were initiated against 377. At the end of 1992, 2078 business organizations that were legal entities were subject to liquidation proceedings: of these, 50 % were cooperatives, 40 % were companies, 10 % were enterprises.

Number of business organizations that are legal entities in a breakdown by economic branches (on December 31, 1992)

Economic branches	No. of organizations	Enterprise	Ltd.	Co. Ltd.	Coops
Agriculture, forestry, game management, fishing	3493	154	1628	45	1630
Of this: agriculture	3287	127	1491	42	1596
Mining	177	23	137	8	8
Processing	13809	621	11124	544	1479
Of this: food, beverages, tobacco	1724	117	1422	108	65
Textile, clothing, leather, fur	1707	80	1187	86	351
Wood, paper, printing publishing	2500	93	2188	67	145
Chemical ind.	1092	29	883	55	121
Non-metal mineral	465	43	382	22	18
Metallurgy, metal-working	1845	72	1456	49	260
Machine ind.	3785	162	3105	133	378
Other processing, recycling	691	25	501	24	141
Electricity, gas, heat, water supply	155	57	68	26	-
Industry total	14141	701	11329	578	1487
Construction	7046	131	5479	103	1236
Trade, repair, maintenance of vehicles, consumer goods	23417	262	21942	416	725

Accommodation, catering services	2232	30	2104	61	22
Transportation, storage post, telecomm.	2673	71	2464	36	93
Financial act.	643	7	254	112	259
Real estate, leasing, business services	12920	242	9693	318	2072
State administration, mandatory social security	2	-	-	-	-
Education	382	4	359	5	8
Health care, welfare	414	1	391	5	15
Other communal, social, personal services	2032	130	1619	33	147
Business organizations, total	69386	1733	57262	1712	7694

(Abbreviations: Ltd.: limited liability company  
Co. Ltd.: company limited by shares)

### Direct foreign investment

Similarly to the preceding year, significant capital investment was effected in Hungary.

	1991 (USD million)	1992 (USD million)
Investment made in cash	1450	1470
Non-cash contribution	250	230
Investment loan directly borrowed by foreign or joint venture	200	300
Total	1900	2000

### Major foreign investors (with investments exceeding USD 20 million) in Hungary:

General Motors (USA), Suzuki (Japan), General Electric (USA), Allianz (Germany), Prinzhorn (Austria), Guardian Glass (USA), Siemens (Germany), Ferruzzi (Italian-French), Unilever (Netherlands), Sanofi (France), Ford (USA), Corvinus-Lufthansa (German consortium), Alitalia (Italy), Elektrolux (Sweden), Amilum (Belgium), Reemsta (Germany), Messer Griesheim (Germany), Sare Lee (USA), Atex (Russia), Agrana (Austria), Coca-Cola (USA), Begin Say (France), US TEL (USA), DAEWO (South Korea), Alcoa (USA), Confines (French-Italian), CIB (UK), Wienergerber (Austria), British America Tobacco (UK-USA), CP-Holdings (UK), Interbrew (Belgium), Nestlé (Switzerland), Bau Holding (Austria), Linde (Germany), Voest Alpine (Austria), Henkel (Germany), Citibank (UK), Aegon (Netherlands), Stollwerck (Germany), Philips (Netherlands), Strabag (Austria), Zwack consortium (Austrian-German), Heidelberg-Schwenk (Germany), Pankl-Hofmann (Austria), Holderbank (Switzerland), Julius Meinel (Austria), West-Deutsche Landesbank (Germany), Ansaldo (Italy), Brau AG (Austria), Schöller (Germany), Columbian Chemicals (USA), Hungarian Investment Company (UK), First Hungarian Fund, American-Hungarian Enterprise Fund, and several oil companies.

### Sources:

1. Information on the privatization processes taking place under SPA supervision (ÁVÜ Monitor, January 1993)
2. Changes in the number of business organizations (KSH, January 1993)
3. National Bank of Hungary (verbal information, January 1993)

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**Privatisation Strategy of  
the Ministry of Industry and Trade**

**Budapest, July 1992.**

## I.

The role of the Ministry of Industry and Trade (MIT) in  
privatisation1. Introduction

The establishment of a market economy requires multi-faceted government efforts. The central element and yardstick of that is privatisation. The privatisation progress must be supported by all organs of economic government, though the distinguished tasks in that fall to the Ministry of Industry and Trade, which among the ministries is responsible for the widest sectorial and company sphere.

2. Outline requirements

The privatisation opportunities of the companies, and the MIT privatisation tasks are basically determined by the real economic circumstances, the ownership and privatisation strategy approved by the Government in autumn 1991, and by the delegation of privatisation authority to various agencies, reinforced by the property acts submitted to Parliament.

2.1. Real economic conditions

In the areas falling within the competence of the MIT, by the end of January 1992, 156 companies had been transformed into corporate forms, and some 800 organisations still operated as state-owned companies. Of the transformed companies, by the beginning of 1992 only a handful had been transferred decisively into private ownership, and the remaining companies were under majority state ownership.

## 2.2. The requirements of the Government's Ownership and Privatisation Strategy

There are three elements in the Government's ownership and privatisation strategy which have a significant influence on the privatisation tasks.

- The strategy has made it clear that the Hungarian privatisation is an actual process of selling assets, and includes an understanding, that later the real privatisation demand, which can only be partially influenced by the Government, will have a major role in it.
- It is one of the objectives of the strategy that state ownership in companies, not run by state-owned and other companies and not satisfying public tasks, should be reduced below 50% by 1994.
- Finally, the strategy has determined, as a short term measure, that those companies which are managed by company councils or the general meeting of employees, may exist until 31st. December 1992.

The actual tasks resulting from the Government's ownership and privatisation strategy have not been determined yet. There are still many open issues. Therefore, obviously, the MIT privatisation strategy is not completed, but it is continuously adjusted to the actual conditions.

## **2.3. Privatisation sphere of authority, and privatisation tasks**

Following the approval of new laws, the changes in the privatisation sphere of authority, involving the cessation of the

Founder's right of the Ministry, and the establishment of the State Property Management Rt., indicate that the general competence of various institutions is changing.

In the case of the ministries, the stress has shifted from the concrete administration of affairs, to the provision of opinions, advice and, as necessary, initiating and making proposals, the practice of which must be developed.

### 3. The MIT privatisation aims and tasks

The MIT must promote transformation and privatisation in a manner in which the aspects of the industrial policy conception serving the development of the national economy are kept in mind, especially the following:

- the efficient operation of the assets of state enterprise,
- the preservation of the existing jobs and the creation of new ones,
- that transformation and privatisation assist the establishment of market competition,
- it should provide the opportunity for the influx of the foreign working capital making possible the adoption of modern technology, the expansion of the market, and the acquisition of modern management knowledge,
- it should assist as many Hungarian citizens as possible, including employees, to gain access to property.

In the promotion of the privatisation process, the Ministry of Industry and Trade has the following main tasks:



- a. The formulation of concepts for the restructuring and privatisation of the companies of particular sub-sectors and fields.
- b. The implementation of decentralising and de-monopolising company organisational measures preceding transformation of the company form and privatisation.
- c. The multilateral support of company transformation at a forced pace.
- d. Promotion of making companies in a critical position fit for privatisation, and of their privatisation itself.
- e. An intermediary and advisory role in the implementation of privatisation transactions of industry policy importance.
- f. The preparation of concepts for the development prospects of the business organisations to remain durably under state majority ownership.
- g. Participation in the further development of the institutional system of comprehensive privatisation.

## II.

### The MIT privatisation tasks in the various phases of the privatisation process

#### 1. Restructuring in the privatisation process

One of the most serious, inherited structural deformations of our economy is the distortion of the company structure; that in all sectors a small number of medium-sized and large companies

ruled the market without being threatened by competition. Without the radical transformation of that structure, transition to a market economy would be impossible.

The first steps in transforming the company system involve macro-economic measures: the liberalisation of enterprise and foreign trade (import) put a good number of those companies in a competitive situation at a stroke, and with that, shook the whole of the earlier system. In addition to the macro-economic measures, there is also the need for specific organisational interventions aimed at decentralisation, as only in that way can the road to the establishment of market-sized organisations be shortened.

The Ministry supported the launching of the so-called "company initiated, simplified privatisation" which allowed only subsequent state inspection, as well as the expansion of the range of companies falling within the scope of that. However, it also implied a limitation according to which the companies of the areas, most sensitive from the aspect of decentralisation and demopolisation, should not be included, thus retaining the possibility of governmental intervention.

The MIT urges those solutions which during the course of transformation and privatisation, make possible organisational restructuring and decentralisation.

## 2. Reorganisation and privatisation

A significant number of today's Hungarian companies, including those which have been established recently through transformation, are struggling with problems in regard to changing markets, product structures, technologies, profitability and liquidity. Consequently, there is a need for the stabilisation

and reorganisation of the business to solve these problems and consolidate privatisation.

Reorganisation, naturally, can only be carried through by the company management. The task of government, and within that of the MIT is the establishment of the conditions for that: intervention to change organisational and management factors hindering reorganisation; the provision of technical assistance for the formulation of company recovery programmes, and the creation of a fund, and institutions for reorganisation.

Consequently, the solution to the problem of privatisation and reorganisation, may be to privatise the businesses first, which in turn will initiate reorganisation. It may be unavoidable that businesses would be sold at a discount or at a minimum price, to encourage privatisation as soon as possible. It needs to be prioritised whether the retention of productive capacity and jobs is more important than the sale of assets at their book value. In order to avoid bankruptcy and liquidation, we must even allow sale at a value lower than the book value of the assets or the equity capital. This is the simplest and most rapid method, and the probability of successful reorganisation also increases, when the new owner is in business at his own risk.

In order to avoid bankruptcy and liquidation proceedings, quick sale at business value can primarily be conceived in the case of small and medium-sized companies.

### 3. Bankruptcy and liquidation procedures, and their connection with privatisation.

In the present situation of the economy and the state-owned companies, the Act on Bankruptcy and Liquidation Procedure is expected to affect a broad range of state enterprise assets, and its

likely effects and the actions to be taken must also be considered from the aspect of privatisation.

The change from state to private ownership is done through two processes: liquidation and privatisation. The state owned institutions have practically no influence on the liquidation process, but they do on the privatisation process. Given the estimate that about 20% of companies will pass into private hands, this is important.

#### 4. Domestic and foreign investors joining in privatisation

With regard to the fact that at the beginning of the year the number of transformed industrial and commercial companies already exceeded 150, and to the company transformations taking place since then, as well as the continuously issued company and other privatisation tender invitations, it may be said that the pace of privatisation is increasingly less restricted by the range on offer than by the demand for privatisation. That is why a key question in the interest of the achievement of the privatisation aims is the arousal of investor interest and the spurring of privatisation demand.

According to the privatisation experiences of the past eighteen months, investor interest has not been aroused to the required extent due to a number of reasons - mostly due to the great extent of the economic recession.

The MIT recommends reducing the investor restrictions on privatisation to the most limited use, and regards measures basically aimed at the stimulation of the influence of investor demand as practicable.

The promotion of the participation of domestic entrepreneurs in industrial and commercial privatisation

For the participation of domestic entrepreneurs in privatisation in a greater extent than they have done during the pre-privatisation and to date, a better privatisation offer, more flexible privatisation processes and more favourable privatisation loans are required. Experience shows, that with the exception of trade, the utilisation of existence loans is not significant.

Due to the smaller domestic purchasing power, small and medium-sized enterprises should be offered for privatisation in a large number, and this is a further argument for the decentralisation of large companies. It was specifically in the interest of the provision of support for domestic investment opportunities that the MIT encouraged the launching of so called simplified company privatisation processes. This offers many small enterprises for sale and a fast privatisation process at the same time.

In order to encourage the domestic demand for privatisation, we also supported the significant improvement in the conditions of Existence loans.

In order to stimulate domestic demand, other solutions are required which, through the payment of a relatively small amount of cash, result in ownership for entrepreneurs, employees and management. Such methods may include:

- the Employee Share Ownership Programme (ESOP)
- management buyout,
- leasing,
- bond constructions.

Within this area, reconstruction following privatisation must be assisted with favourable loans and tax allowances.

With the World Bank's Trade Development Loan, which was approved in April 1992., the MIT wished to serve this objective as well. Similar favourable loans may be available mainly in the area of technical development.

#### 4.2. Encouragement of foreign privatisation investments

The increase of foreign privatisation investments is our basic interest. Consequently, they may only be restricted on a very small scale (pre-privatisation, long term state ownership).

From the privatisation investments of foreigners the appearance of owners with strong capital, renewal of technology and management, and the integration of Hungarian companies in more developed company networks are expected. Those units of large companies which may not be decentralised may only survive and become competitive if they find a foreign trade partner in time.

Foreign investments in the construction industry, paper industry, large companies operating on orders from the state and public service companies have been very extensive already to date (e.g. in energy machine production, railway carriage production, etc.), and that has been the case in some large companies of various industries which operate as islands within the whole economy. In 1992 we expect major foreign privatisation investments in the hotel companies, pharmaceutical industry, gas distribution companies and the areas of iron foundry and aluminium industry (stainless steel production in Salgotarjan, light metal works in Szekesfehervar).

Most probably the privatisation of oil industry, chemical, light industrial and the surviving engineering companies, with the involvement of foreign investors, will be postponed. It is the interest of our industrial policy and national economy that more and more of the leading multinational companies of the world establish their operation in Hungary, following the examples of GM, FORD, Suzuki, Siemens, Philips, GE, etc. The MIT promotes that through its economic and diplomatic activities, the guarantee of well balanced industrial policy and regulations, as well as industrial protection of long term investors.

#### 5. Tasks related to companies retained on long term state ownership

The MIT does not consider necessary to maintain 100% state ownership in any company at all. Of the wide area covered by the MIT, the maintenance of majority and minority state ownership is required in only two sectors: in the companies of the power sector and industrial R+D companies. In the manufacturing industry long term state ownership is planned in hardly more than 6 companies.

Even in the case of companies remaining in state ownership, the founder's and owner's right will be taken away from the MIT following the entry into force of the Acts on assets. It is our basic task to establish co-operation with the future state owner, the State Property Management Holding Ltd.) The development of sectorial development programmes related to the concerned companies (the continuation of the transformation which began in the energy sector, and the establishment of regulations separated from the owner, shall be the task of the MIT.

6. The opportunities of the implementation of industrial policy aspects during the privatisation

In the near future important changes will take place in the institutional system of privatisation. Beside the establishment of the State Property Management Holding Ltd, such changes will involve the further extension of simplified privatisation, as well as the increased application of asset management agreements.

In the new environment, in relation to the implementation of the privatisation strategy represented by the MIT, the following tasks of the Ministry shall be stressed:

- It undertakes to play an active role in the direction of management training.
- The MIT will advise on the tenders for asset management issued by the SPA.
- The Ministry will monitor the process of simplified privatisation, provide assistance for the Company Council members delegated by the MIT and company management in the development of their privatisation strategy, bearing in mind also the privatisation of the activity beside the properties and assets.
- The Ministry will hold regular consultations with the interest representation organisations of employers and employees in order to prevent the development or deepening of privatisation conflicts.
- It shall undertake an active part, and may even become the initiating party in the development of legislation related to privatisation, its modification, establishment of regulations and the fulfilment of the functions of authorities.

In summary, it may be stated that the MIT has a great responsibility for the development of privatisation in Hungary.

One of the most important elements of this ministerial responsibility is the establishment of a professional basis for privatisation.



## 収集資料リスト

(ハンガリー)

- 1.Privatisation Strategy of the Ministry of Industry and Trade (本報告書に収録)
- 2.Facts and Data on Hungarian Privatization 1992 (本報告書に収録)
- 3.Industrial Policy for The 1990s
- 4.Small Business Development through Privatization

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