

### A one-stop shop for investors

ITD Hungary ([www.itd.hu](http://www.itd.hu)) is the Hungarian government's Investment and Trade Development Agency, established by the Ministry of Economy and Transport, to promote inward investment and bilateral trade. With representative offices in eight regional centres of Hungary and a foreign network operating under Hungary's diplomatic services at 55 offices in 43 countries, ITD Hungary is a single point of contact to support decision-makers looking for investment and trade opportunities in Hungary. The Agency provides foreign investors with high-quality support and a wealth of supplementary services.

### Project preparation

- In-depth, tailored information on the local economy and business climate, corporate taxation and the legal environment, as well as sector-specific overviews
- Site visits, meetings with local, regional and government bodies and introductions to local suppliers, service providers and experts
- Information on available incentives

### Implementation

- Site selection assistance, coordination of licencing procedures
- Finalisation of incentives agreements
- Assistance with recruitment and visa applications
- VIP treatment for expatriate employees

### After care

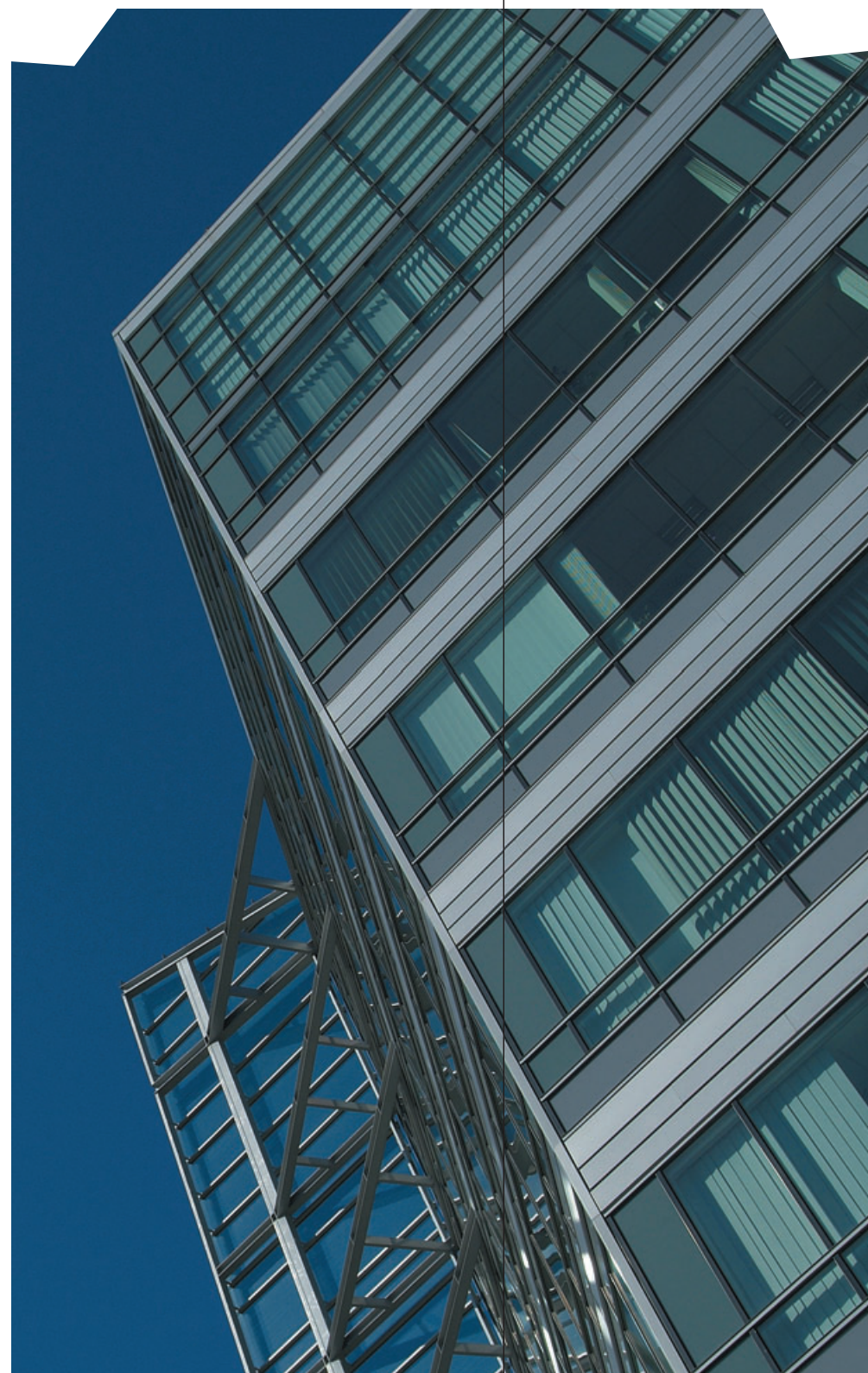
- Intermediary role for future developments between government bodies and companies operating in Hungary
- Support and generation of reinvestments

International service sector companies assisted by the Agency include *Alcoa, AVIS, British Telecom, Celanese, Cemex, Citigroup, Convergys, Corning, Diageo, ExxonMobil, EDS, GE, GEM, IBM, InBev, IT Services, Morgan Stanley, National Instruments, SEI, Sykes, Tata, Transcom, Vodafone.*

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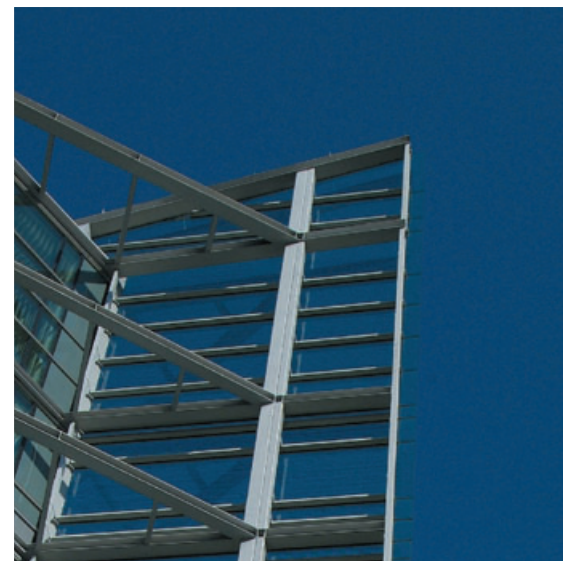
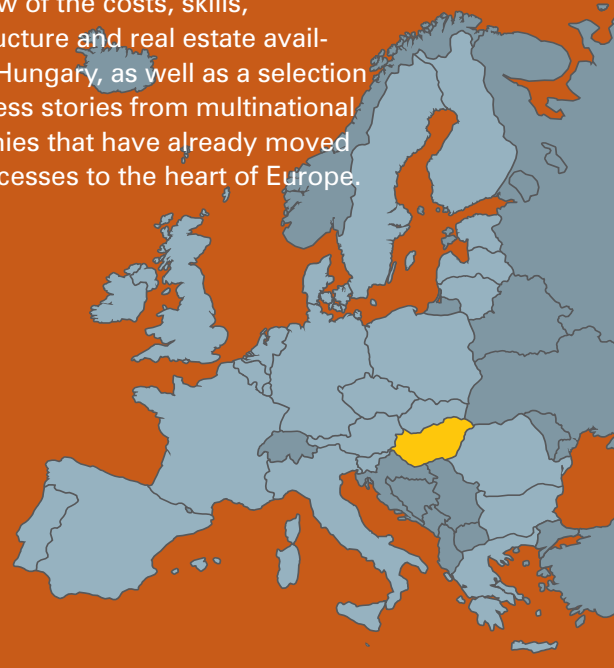


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These are exciting times in Central and Eastern Europe, and in Hungary. Entry into the EU and the ubiquity of global telecommunications technologies have opened up new horizons for businesses of all shapes and sizes. It has never been easier to do business in Hungary, and a new generation of Hungarians is embracing the possibilities of the international workplace.

Two of the most dynamic growth areas are Business Process Outsourcing and Shared Service Centres. A host of companies looking to streamline their global operations through BPO and SSCs have already found attractive locations and a highly skilled and productive workforce in Hungary.

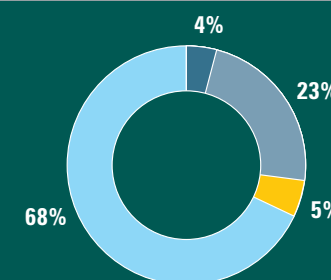
This booklet provides a brief overview of the costs, skills, infrastructure and real estate available in Hungary, as well as a selection of success stories from multinational companies that have already moved key processes to the heart of Europe.



## A proven location for business support services

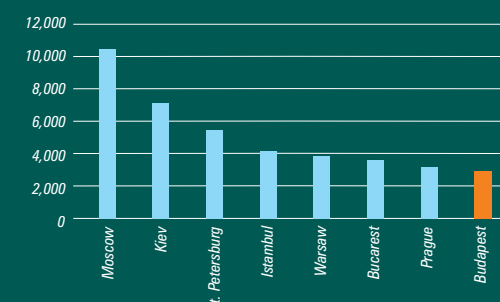
### GDP by economic sector

Agriculture	4%
Industry	23%
Construction	5%
Services	68%



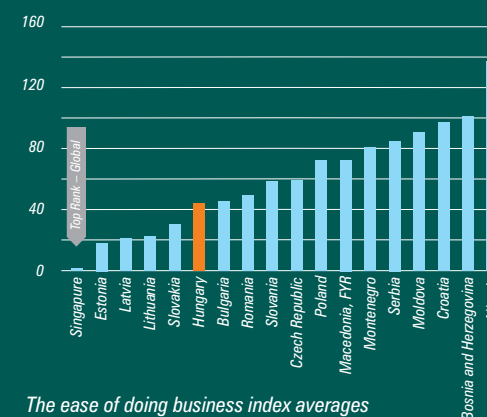
Source: Central Statistical Office

### Annual cost per office work station in Central Europe (EUR)



Source: DIZ

### Ease of doing business



Source: IFC Doing Business Report

The ease of doing business index averages economy rankings on the 10 topics covered in IFC's Doing Business 2008

The business buzzwords of the last decade or more have been "globalization", "business process outsourcing", "offshoring" and "shared services". But as countries around the world vie for a share of this important and fast-growing market, the meaning behind these concepts has often been lost.

Originally, "globalization" referred to the transfer of manufacturing to low cost areas and the spread of multinational companies to every corner of the world. Today, the term applies equally to the proliferation of the information and telecommunications technologies that allow people to work together wherever they are. This extends the meaning of offshoring and shared services beyond the conventional understanding of call centres and routine data entry to more complex tasks of international innovation and integration.

Of course, reduced labour costs will always be a factor in encouraging companies to move key tasks abroad, but levels of education, cultural awareness and language skills are equally important – if not more so – in this new age of shared services and BPO.

Because of its business- and tech-savvy population, dozens of companies have chosen to offshore – or rather nearshore – finance, accounting, human resources, customer services and IT activities to Hungary. And their experiences have been overwhelmingly positive – many companies are currently extending their shared services operations in Hungary, taking on new employees and increasing the complexity, scope and added value of the tasks they carry out.

### Follow their lead

At the heart of Europe, boasting a sophisticated IT and telecommunications infrastructure and renowned for its highly educated and productive workforce, Hungary has already attracted a host of international companies. It's no wonder a third of new shared service centres established in Central and Eastern Europe have been set up in Hungary.

# Offshoring at a glance

04 05

Although the primary goal of companies who decide to outsource is still to cut costs, choosing a location for offshoring is always an extremely complex process. A recent study by Cushman & Wakefield listed the following seven key considerations cited by companies looking to offshore:

- Cost savings
- Availability of labour
- Skills of labour force
- Cultural compatibility and language skills
- Expertise in particular back-office or service sectors
- Technological and other infrastructure
- Business security and intellectual property regulation

Hungary scores highly in all these areas:

## Cost savings

Although it cannot compete with the likes of India in terms of labour and real estate costs, Hungary compares very favourably to Western Europe and the US. Not only is the average gross wage in Hungary just 720 euro per month (Central Statistical Office, 2007), labour productivity is the highest in the CEE region.

## Availability of labour

With a population of 10 million, Hungary is a small country in global and even regional terms, but in Budapest and its abundance of university towns, a new generation of young, talented and highly educated Hungarians has emerged. In many towns, unemployment is as high as 7 per cent, meaning that a wage spiral is unlikely for some time. And unlike some other new EU member states, Hungary has not suffered a significant "brain drain" to the West.

## Skills of labour force

Hungary has always been renowned for its extremely high standards of schooling and further education – reflected in the groundbreaking contributions to science and technology made by dozens of world-famous Hungarians. In addition to an aptitude for problem-solving and innovation, international companies also report that Hungarians are inquisitive, quick to learn and eager to understand.

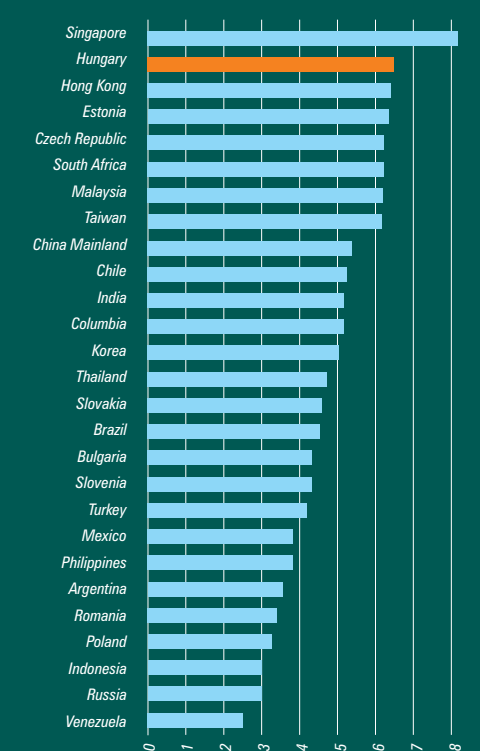
## Labour productivity per person employed

GDP in Purchasing Power Standards (PPS) per person employed relative to EU-27 (EU-27 = 100)



## Enforcement of intellectual property rights

Based on Cushman & Wakefield Business Briefing Survey based on an index from 0 to 10



## Cultural compatibility and language skills

Historically, this small country has always been a melting pot of cultures, influences and even languages. Despite more than four decades of isolation, today's Hungary is embracing its ancient cosmopolitan roots once again. Its university towns are attracting ever increasing numbers of foreign students, while Hungarian graduates score highly for their language ability in international comparisons.

## Expertise in particular back-office or service sectors

With almost a quarter of all students majoring in business and administration and a further 17,700 specialising in IT, Hungary has a large pool of graduates with a profound understanding of international business processes. Thanks to their natural discipline, analytical, technical and business skills, they can also be put to work on higher value-added tasks.

## Technological and other infrastructure

Hungary leads the way in the region for investment in telecommunications. Broadband and particularly wireless Internet are rapidly growing in penetration and coverage. The office market is currently enjoying a construction boom and Hungary already has 200 state-of-the-art industrial parks that have proved popular with multinational companies. In terms of physical infrastructure, the motorway network was recently expanded to reach all major cities, while Budapest, Lake Balaton and Debrecen are now served by a host of international air carriers.

## Business security and intellectual property regulation

Hungarian business practices and taxation policies are closely aligned to those of the EU, so there are no major barriers to transferring tasks to Hungary. While banks and other financial institutions who have offshored sensitive client transaction systems to Asia have encountered concerns over data security, Hungary ranks ahead of all of its rivals in this area.





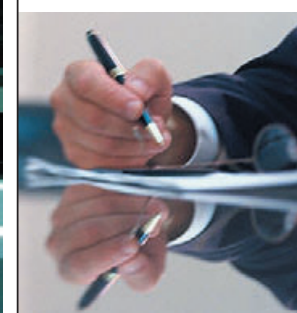
## Why nearshoring in Hungary?

## Success stories

06 07

India and China may be stealing the headlines when it comes to offshoring due to the sheer size of their labour pools, but for European countries, it makes sense to look closer to home. Hungary is within a two hour flight of most major European capitals and a key bridge between Western Europe and the fast-growing markets to the east.

- Hungary has been a target of significant foreign direct investment in recent years, which has led to rapid adoption of best business practices.
- Hungary has been a member of the EU since 2004, resulting in increased mobility of labour and a homogenous tax, legal and business environment.
- Hungary has invested heavily to build the most extensive motorway network in the CEE region.
- Internet and mobile penetration are 44.9% and 101% respectively, reflecting a sophisticated telecommunications infrastructure and a technologically aware population.
- Hungary is a surprisingly cosmopolitan country – people of all nationalities live and work here, speaking a wide variety of languages.



**The Food and Agriculture Organization** of the United Nations is an international forum dedicated to combating hunger around the world. In March 2007, FAO and the Hungarian Government signed an agreement to open two new offices in Budapest. The FAO Regional Office for Europe and Central Asia and the FAO Shared Services Centre will be attached to the Organization's Subregional Office for Central and Eastern Europe, which has operated in Budapest since 1996. The Shared Services Centre provides administrative services for the FAO European, Middle Eastern and African regions related to human resources policy, finances, travel and procurement. The relocation of the Centre to Budapest will be implemented in three phases from 2007 through 2009. The FAO Services Centre is expected to employ 86 highly skilled Hungarian specialists.



**Celanese Corporation** employs approximately 9,000 people worldwide and is a market leader in the chemicals industry. By integrating processes in Budapest, Celanese is setting up a financial operations knowledge centre alongside a similar centre in its Dallas headquarters to coordinate the accounting operations of more than 180 Western European and North American subsidiaries. This will allow the company to standardise processes to ensure greater financial transparency as well as compliance with global corporate policies and government mandates such as the U.S. Sarbanes-Oxley Act. Because existing financial knowledge at the various subsidiaries will be accumulated in Budapest, the best business practices at each geographical location will be known by and accessible to all employees, improving efficiency and the quality of services worldwide. The Finance and Accounting Shared Services Centre will reach full capacity with nearly 175 employees.



In autumn 2005, **Morgan Stanley** established the Mathematical Modelling Center in Budapest to provide quantitative analysis to support the company's global fixed income trading business. The decision to locate the centre in Budapest was based on Hungary's outstanding mathematical traditions. Morgan Stanley is one of the world's largest investment banks and global financial services providers, serving a diverse group of corporations, governments, financial institutions and individuals. In July 2006, Morgan Stanley furthered its presence in the region by opening the Business Services and Technology Center in Budapest to support business activities in North America and Europe. The office in the state-of-the-art Millennium City Centre provides support across a variety of services including operations, mortgage finance, financial control and information technology. Morgan Stanley plans to employ some 600 people by the end of 2009.

## Skilled and loyal labour

### Highly qualified population

Hungarians are attending institutions of higher education in increasing numbers. Of 25–34 year olds, 85% have some form of university or equivalent qualification, while the number of 15–19 year-olds registering for courses has jumped from 64% in 1995 to 87% today. Both of these figures are well above the OECD average.

### Exceptional standards of education

Hungary has always been known for its high standards of schooling and education, and those standards are improving all the time:

- While there were approximately 940,000 degree holders in Hungary in 2001, this number will reach 1.6 million by 2012, according to Central Statistics Office (KSH) figures.
- The proportion of those with college or university degrees rose from 14.5% to 21.4% in around a decade – and half of this increase occurred in the last couple of years. This can be partly attributable to – beside the shift in labour demand – the dynamic expansion of tertiary education.
- The government is committed to increasing the active labour force in Hungary by means of a series of reforms in education, pensions and support. Despite a decrease in total population, the labour pool is expected to increase in the coming years.
- The most popular areas of study are IT and business administration.

### Training support

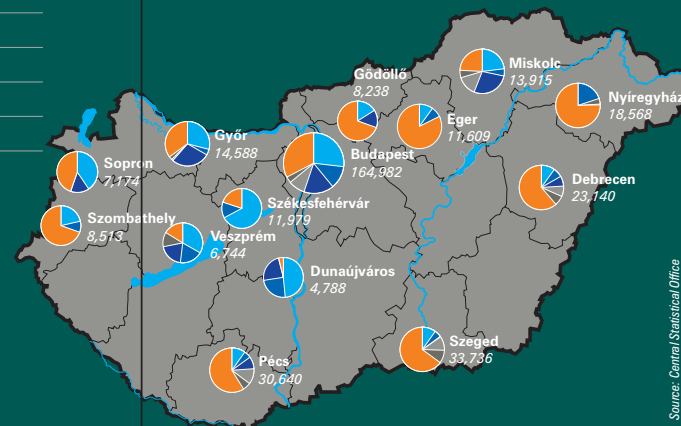
In Hungary, more than 150,000 people are employed in CRM-related jobs, of which more than 15,000 are in call centers and more than 130,000 in personal customer care. Another 20,000 specialists are involved in BPO and SSC operations.

Growing demand for well trained labour led to the foundation of special training programmes in Customer Relations Management. Special vocational training courses for Customer Care Assistants and Integrated Customer Relations Assistants are provided in Budapest, Győr, Debrecen, Pécs, Szeged, Szekszárd and Komárom. Since the initiative was launched three years ago, almost a thousand young professionals have completed these courses.

### Top higher education institutions in Hungary

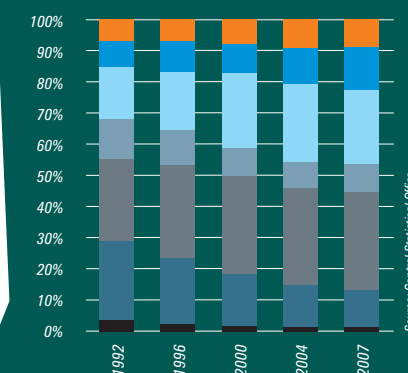
Student numbers and key areas of specification

- Business & Management // 106,732
- IT // 32,738
- Engineering // 45,952
- Law // 24,451
- Language // 21,829
- Other // 199,730



### Breakdown of employees by highest qualification

- University
- College
- Other secondary school
- Grammar school
- Vocational and apprentice school
- Primary school
- Less than 8 grades of primary school



### Number of students taking foreign languages at school in 2006/2007

	Secondary education	Tertiary education
English	361,500	47,200
German	261,000	23,000
French	29,000	4,300
Spanish	n.a.	3,100
Italian	n.a.	3,200
Russian	3,000	1,700
Other	37,242	6,269

Source: Central Statistical Office

### Language examination facts:

- 900,000 successful language exams in the past six years
- 60% English, 30% German
- 70% on medium and higher level
- Internationally approved examination system
- Almost 40% of examinants are below the age of 20
- 80% of examinants are younger than 34

## Speaking your language

Proficiency in foreign languages is a key criterion for successful SSCs and business process outsourcing. Equally, young Hungarians know that to get ahead in today's Europe, language skills are essential. Since the fall of the Iron Curtain, the number of Hungarians speaking at least one foreign language has increased steadily thanks to intensive language education programs in primary and high schools, as well as at universities.

Almost 40% of students taking language exams are below the age of 20, and 80% are younger than 34. Between 80 and 100% of students entering university education in the fields of economics and IT have already passed a language exam. All diplomas require at least one internationally approved language exam, except business administration which requires two language exams. Almost all graduates under the age of 40 have a language certification.

The most spoken languages are English, German, French, Russian and Spanish. Furthermore, ethnic minority groups speak Romanian, Slovakian, Serbian and Croatian.

In addition, there are 164 bilingual primary and secondary educational institutions in Hungary where 29,000 young Hungarians study in English, German, French, Italian or Spanish. Since Hungary entered the EU, there is also a growing pool of native foreign language speakers among university students – the current total is 13,600 –, while increasing numbers of Hungarians are taking the opportunity to study abroad.

Around 20% of graduates have foreign experience participating in various scholarships and 61% have professional experience abroad. Since 1997, Hungary has participated in the Erasmus program, the European Union's largest and most successful mobility programme, offering scholarship to more than 15,000 Hungarian students throughout Europe. Hungary is also an active participant in the Life Long Learning programme which helps place students on international internships.



# More success stories



**EDS** has been a pioneer in the information technology outsourcing industry for 45 years and has been present in Hungary since 1991. Located in the heart of Europe and a member of the European Union, Hungary is a strategic “near shore” delivery location for EDS in the EMEA region. EDS Hungary has four “Best Shore” centres in three locations, as well as providing cost-competitive multilingual service delivery through the technical skills of more than 1,700 highly qualified employees in 30 locations all over Hungary. The shared services centre ensures compliance with EU data protection legislation and offers most of the foreign language services required in Europe. EDS is present in almost every market segment, with particular focus on the telecommunications, automotive and financial industries.



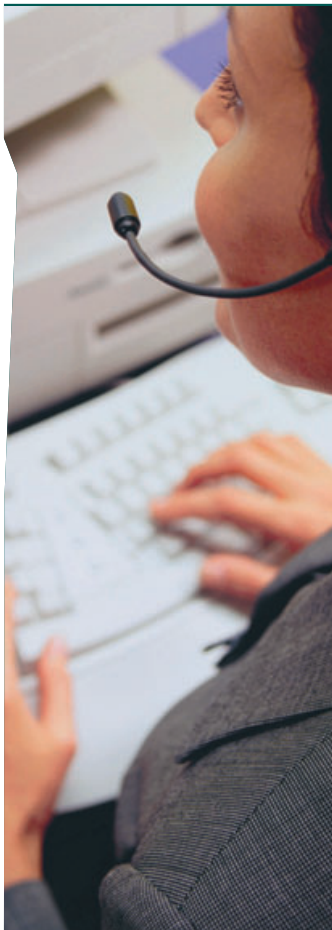
**IBM** announced in early 2007 that it will employ a further 250 people at its International Shared Service Centre (ISSC) in Budapest, bringing total staff numbers up to 1,000. The increase shows IBM's commitment to expanding the Budapest ISSC's activities from Europe to the rest of the world. IBM describes the ISSC as one of the most significant investments in the local service industry in recent years. The centre delivers back-office and call centre services, such as process support for HR, customer services, accounting and finance, to IBM's own operations and supports for its global customers. Established in 2004, the ISSC currently serves some 44 countries.



The **United Nations High Commissioner for Refugees (UNHCR)** is mandated by the United Nations to lead and coordinate international action for the world-wide protection of refugees and the resolution of refugee problems. UNHCR has more than 260 offices in 116 countries and more than 6,600 staff members. UNHCR has decided to outpost a number of administrative and support functions from its Headquarters in Geneva to Budapest and will offer outstanding career opportunities to close to a hundred qualified professionals. The decision was taken following a detailed process of review with internal and external stakeholders. The selection of Budapest was made after a feasibility study conducted by PricewaterhouseCoopers (PwC) and direct discussions with a number of Governments on the available conditions and incentives.



As a Fortune 500 company manufacturing speciality glass and ceramics for the high-tech industry, **Corning** has a significant presence in Europe, the Middle East, Africa, Asia Pacific and the United States. In addition to establishing Shared Services Centres in the US and Asia Pacific region, Corning strengthened its European operations by opening its Budapest-based SSC in 2006. The 50-employee centre took on financial processes from all European entities. According to D'Ann Grell, Managing Director of Corning Hungary, the company made the decision to establish the SSC in Hungary based on the country's business environment, outstanding infrastructure, education system and the availability of skilled employees.



# Office boom

Office rental bands in Budapest, 2007 H1



Available office stock (m²) // Vacancy rate

- Debrecen 50,000 m² // 36%
- Kecskemét 50,000 m² // 10–15%
- Pécs 50,000 m² // 10–15%
- Szeged 50,000 m² // 10%
- Székesfehérvár 15,000 m² // 22%

Shared Service Centres in Hungary

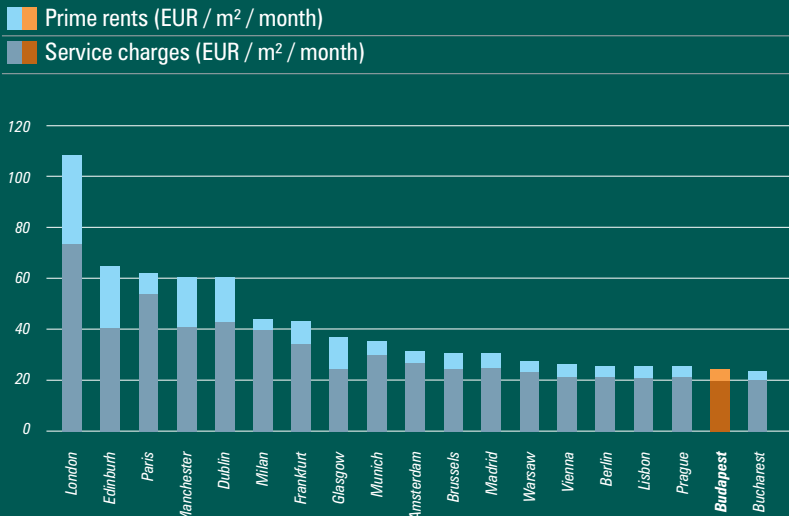
- **In Budapest:** Accenture, Avis Europe, British Telecom, Celanese, Cemex, Citigroup, Convergys, Corning, Diageo, EDS, Exxon Mobil, FAO, GE / Genpact, Getronics, IBM, InBev, IT Services (T-systems), KLM, Morgan Stanley, Nalco, Roche, Sykes, Tata, Transcom, UNHCR, Vodafone
- **Outside Budapest:** Alcoa, British Telecom, BUW, EDS, GE / Genpact, IT Services (T-systems), National Instrument, SEI Information Technology, Sykes, The Gem, Visteon

Although the commercial real estate market in Hungary is relatively young, total modern (A+, A and B+) office stock in Budapest had increased to 2.25 million m² July 2007, almost half of which was built in the past five years. New supply of approximately 280,000 m² (up by 53% on 2006) is estimated to have come to the market in 2007 thanks to significant development projects. This recent boom in office construction resulted in a 11.5 % vacancy rate in Budapest in Q2 2007.

Demand for office space is expanding in line with the growing supply, thus prime rents in Budapest are likely to stay at EUR 12 to EUR 16 for newly built category A offices in the short term.

In Hungary's university cities, prime lets are between EUR 7–11 per m² per month, a substantial discount on the capital. Debrecen, Kecskemét, Szeged and Székesfehérvár all offer

Prime office occupancy costs (Western Europe vs. CEE) in 2006



## Highways and superhighways

### IT and Telecommunications

Communications expenditure is nearly twice as high as that of the EU-25 average and Hungary boasts an extensive and high-quality telecoms network. The Hungarian telecoms market is one of the most competitive and well-regulated in the region and the presence of strategic investors (such as Deutsche Telekom, Telenor and Vodafone) shows the attractiveness of the sector. The European standard telecoms infrastructure is readily available throughout the country and this applies to both mobile/fixed-line and internet coverage. Mobile phone penetration is above 101% and Hungary is linked to the international fibre link network. Dial-up internet traffic is gradually being substituted by broadband (xDSL, cable), serving around 1.325 million subscribers in 2007. Internet penetration in Hungary is expected to reach 40% by 2011 (from 30% in 2006) and broadband penetration is estimated to increase to 18%. There are some 230 internet providers in the country, but the following larger providers control 90% of the market: T-Mobile, Invitel, UPC, Enternet, Freestart, GTS-Datanet, Tvnet, Inet.net, Euroweb and PanTel.

### Transport

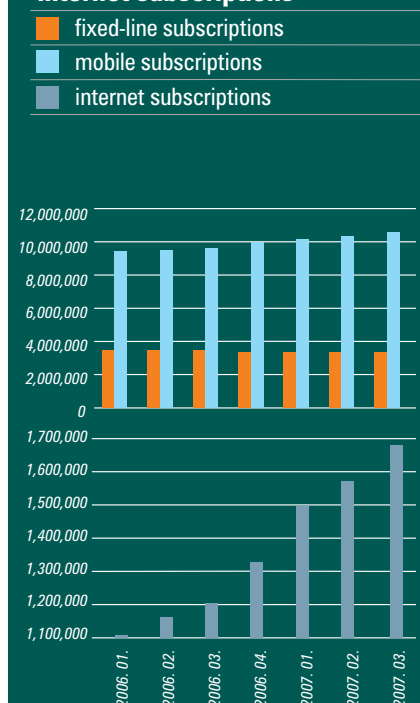
Hungary boasts a 160,000 km long road network, producing road density of 1.7 km/km<sup>2</sup>. The government has dedicated EUR 4 bn to developing the road and rail infrastructure in the next seven years. Thanks to this intensive development, the road network will be extended by 770 km by 2013. Four vital European transport corridors pass through Hungary, providing unparalleled access to all parts of Europe. As a result of intensive construction work along the main transport routes, all motorways and trunk roads will reach national borders by the end of 2008, ensuring faster and safer transportation. The railway density of 13.7 km/100 km<sup>2</sup> in Hungary is the highest in the CEE region, giving transport and logistics an increasingly important role in Hungary's future.

Budapest Airport handles an ever increasing number of passengers (8,597,137 in 2007). With its EUR 261 million modernisation program, the way is open for further air traffic growth as well as improved customer service and comfort. Major Hungarian cities have also reopened and are continuing to modernise their airports.

Motorway network in Hungary



Number of fixed-line, mobile and internet subscriptions



## Investment incentives

### State Incentives for Shared Service Centers (SSC)

The Hungarian Government offers two types of subsidy package for Shared Services Center projects: tenders co-financed by the EU and special incentive packages. Both incentive programmes comply fully with EU guidelines.

### Tenders co-financed by the European Union

This is a non-refundable cash subsidy fully approved by the EU, and issued by the Hungarian Government. For an SSC to be eligible for EU co-financed tenders, it must create at least 50 new jobs in the first 2 years of operation. At press time (25 March, 2008), there are no open tender invitations. New tenders are expected to be announced in April 2008 and applications will be accepted between May and July 2008. Tenders will be announced for all regions except Central Hungary and Budapest and the maximum subsidy will be HUF 500 million.

### Special incentive package

In cases where no EU co-financed subsidy is available, the Hungarian Government offers tailor-made incentive packages for shared service centre projects with eligible costs\* exceeding EUR 10 million. These incentives are offered as follows:

#### Cash subsidies

- Non-refundable subsidy, defined as a percentage of eligible costs, based on the Government's decision
- Decision factors: wage-related costs, location of the project, number of jobs created, ratio of graduates, training costs
- On receipt of providing all necessary project data, ITD Hungary will send an official incentive offer within 30 days

#### Development tax allowance

- 80% of corporate income tax (currently at 16%) can be deducted for a period of up to 10 years
- Minimum EUR 12 million investment with 150 new jobs in developed regions and EUR 4 million with 75 new jobs in less developed regions

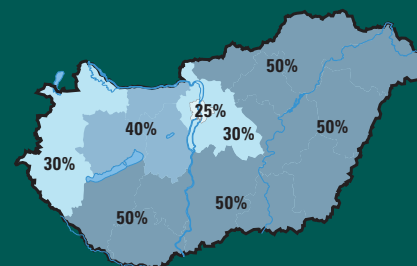
#### Training subsidies

- From 25% to 90% of total training costs, depending on the type of training and location of investment
- Up to EUR 1 million
- Granted above the maximum regional intensity rate

ITD Hungary co-ordinates the tender processes and provides advice about the available incentives and conditions to investors.

\*Eligible costs: the 24-month sum of wage related costs (gross wage costs + employer's contributions)

Maximum regional intensity rates



Cash subsidy + tax allowance + any other state subsidy (excluding training subsidy) combined cannot exceed the maximum regional subsidy intensity rate for the given location. These are between 25% and 50%, depending on the state of development of the region.



## Life to the full

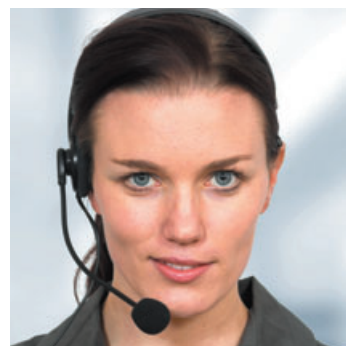
Quality of life is always an important factor when a business chooses a new location. Foreigners living and working in Hungary have found Budapest to be an exciting and interesting city to live in, while the country's smaller university towns continue to blossom and develop at a rapid pace. Every corner of the country is steeped in art, culture and natural beauty, while wellness, sporting and leisure facilities are never far away. Budapest, in particular, has adapted to cosmopolitan life without sacrificing its traditions and charms – making it a fascinating and vibrant place to live.

### Schools

Expatriates looking to stick with the curricula of their home countries may choose private international schools for their children. There are also many English, German and French public and private pre-schools for children ages 3 to 6. The school year starts in September and ends in June and school buses are usually available at private schools.

### Sports

For a landlocked country, Hungary boasts more than its fair share of swimmers and Olympic gold medal winners. Hungary literally floats on a vast pool of thermal water. Expatriates can find a variety of well-maintained pools and thermal spas throughout the country. Meanwhile, sailing enthusiasts will find fine yachting clubs around Lake Balaton or Lake Velence. Fishing is off-limits between April 20 and May 20, but the rest of the year is almost entirely open and ice fishing is also possible. Golfers will not be disappointed either, the Hungarian Golf Association currently incorporates 13 private golf clubs.



### Testimonials

"In the past year, we undertook a thorough investigation of various locations in Eastern Europe. Budapest won ahead of Krakow, Warsaw, Prague, Bucharest, Bratislava and Vilnius. And what were the reasons for selecting Budapest? First of all, there are many highly qualified, highly educated young finance and accounting professionals who speak other languages in addition to English and Hungarian. Also, Hungarians are known for their strong work ethic and are very open to Western business practices. Finally, the city's infrastructure and real estate opportunities are the best within the region." *Mike Colicchio, // Managing Director of Celanese Hungary Ltd.*

"Hungary was due to positive experiences with the quality of its labour force and the country's political and economic stability" *Jonathan Chenevix Trench // President of Morgan Stanley International and Eileen Murray, Head of Morgan Stanley Global Operations and Technology*

"The exceptional IT and financial skills of the local workforce convinced our management to come to Hungary" *David Legg // Managing Director Morgan Stanley*

"The unique advantages of the Hungarian branch can be summarized as favourable location, all European countries easily accessible within 2 hours, growing economy, EU accession, technically qualified and highly skilled professionals with language knowledge at a reasonable cost" *SV Mani // Head of TATA Consultancy Services Hungarian branch*

"EDS would not be employing 1,700 workers here if we did not believe in this country and its people" *László Szakál // Managing Director of EDS Hungary*

"The decision to create the ISSC in Hungary was based on the availability of skills, qualified workforce, rich cultural background, and stable and attractive economic and political conditions" *IBM Press Release*

### Entertainment

Most foreigners are impressed with the classical music scene in Hungary. The Budapest Opera House and the Franz Liszt Music Academy are among the most evocative symbols of this rich heritage. The recently built MÜPA Palace of Arts houses one of Europe's most acoustically sophisticated concert halls. In cities and towns outside the capital, local chamber halls and theatres also cater to classical fans. Hungary is also the venue for several, internationally noted art festivals of classical and world music, jazz and rock. Most renowned of these are the Budapest Spring Festival (which has extended its events to other big cities outside the capital) and the "BudaFest" Opera and Ballet Festival. The Sziget Festival is the largest multicultural event in Central Europe, drawing thousands of visitors from all over the world.

### Food and wine

One of Hungary's traditions enjoying a Renaissance is food and wine, with almost every part of the country boasting its own distinctive flavours. There are nine distinctive wine regions in Hungary, the most famous of which lies at the foothills of the Zemplén Mountains producing the world renowned Tokaj wines. Other internationally acknowledged varieties include the reds from the Villány and Szekszárd regions and white specialities not found anywhere else in the world, such as Furmint, Hárslevelű, Kéknyelű, Juhfark, Irsai Olivér, Cserzezi Fűszeres, Királyleányka and Leányka.