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Oriental Business and Innovation Center (OBIC)

THE PAST AND THE FUTURE OF HUNGARY'S DIPLOMATIC AND TRADE RELATIONS WITH EAST ASIA

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EUROPEAN UNION – EAST ASIA TRADE RELATIONS IN THE 21ST CENTURY

East Asia has been for many decades home to the fastest growing economies in the world. Their dynamic growth and economic transformation have created new conditions and challenges in doing business that must be faced by many trade partners around the world, including the European Union. On the one hand, emerging Asian markets have brought a new competition pressure for EU producers. On the other hand they have become an attractive and prospective demand markets for EU exporters.

In the analysed timeframe (2001-2016) the EU merchandise trade with the EA-15 economies has experienced tremendous increase in both exports and imports. It has also observed a tremendous shift towards China and developing countries of the ASEAN which have emerged as important trade partners for the EU. Changes in trade patterns and expanding number of FTAs with and within the region of East Asia have also induced the need of adopting a coherent long-term EU strategy towards EA-15 economies and constructing a new framework for bilateral cooperation.



ERDEI, ATTILA

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**RAILWAY TRADE CONNECTIONS BETWEEN CHINA AND HUNGARY IN THE
21ST CENTURY**

For over 20 centuries, technology and politics have formed the trade across the Eurasian continent. The domesticated camels and the newly invented compass helped the emergence of the “silk routes” between 200 and 400 CE. The peaceful synergy between the Han empire and the Hellenic city-states allowed terrestrial trade to blossom up. A major break occurred in the late fifteenth century, when the invention of large ocean-going ships and new navigation methods allowed maritime trade to be more competitive. Since then, commerce between Asia and Europe has travelled primarily by sea. Just 10 years ago, regular freight services from China to Europe did not exist.

The winds of change started to blow in 2013, when the Chinese government proposed the “Silk Road Economic Belt” and the “21st Century Maritime Silk Road” strategy (referred to as “One Belt, One Road”). The Silk Road Economic Belt covers Eurasia and North Africa, and the Maritime Silk Road covers most of the Asia Pacific region. Railway construction is an important part of this strategy. As a possible destination of this new „Silk Road” there are bright possibilities for the Hungarian economics. This study analyses the current and future situation of the Shino-Hungarian railway trade connections.



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HUNGARIAN-CHINESE TOURISM DIPLOMACY FROM THE PERSPECTIVE OF THE CHINESE OUTBOUND TOURISM

Tourism and travel are the most important cultural and economic exchange between the countries, and also they have become one of the largest in the world industries today, international tourism is a multimillion-dollar industry that involves billions of people moving around the globe, so more and more countries established their tourism diplomacy to show the best side of their countries and to get a bigger slice from this huge industry and also to effect the other field of their economy by tourism.

Hungary also have to be ready for this new kind of diplomacy and put efforts to build good tourism diplomacy relation with the tourism leader countries, such as China.

Nowadays China has become the largest outbound tourism market and the biggest spender on travel abroad, what make a lot of countries competing to host more Chinese tourists.

In my study, I am giving a brief introduction about the Hungarian-Chinese tourism relationship in the past and present, then making research on the Hungarian-Chinese tourism diplomacy in the perspective of the rapidly increasing Chinese outbound tourism, and giving some suggestion for the strategy of tourism diplomacy with China to let Hungary be competitive and make the Hungarian-Chinese tourism diplomacy a win-win cooperation.



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ENABLING TRADE – A CASE STUDY OF KOREA

The international trade dependency of the Republic of Korea increased proportionally with the rapid pace of growth of the economy in the second half of the last century. In the 2000s, with the slowdown in growth, dependency also stabilized around 100%. Therefore, the conditions and regulations of international trade are of great importance for the country. The paper examines the efforts the country has made to reduce tariff and non-tariff barriers in international trade.

Korea has concluded 15 Free Trade Agreements with 52 countries and there are 6 ready to be finalized and other 6 under negotiation or preparation. These agreements have lowered tariffs in nearly two-thirds of the country's exports.

The AEO program launched in April 2009 and the concluded Mutual Recognition Agreements considerably reduced the non-tariff barriers, in particular by customs clearance, border crossing and security controls. Korea has a leading role in dissipation, it is currently participating in 17 MRA's and further 4 with other 8 countries are under negotiation.

In 2000, Korean Customs Service introduced its third-generation electronic customs clearance system, which has been continuously developed since then and which results in significant savings in administrative and logistics costs. Through the effective operation of UNI-PASS, Korea ranked first in terms of competitiveness of export and import customs clearance in 2009. The export of the UNI-PASS system broadens the country's trade relations. The rank of the country in the Enabling Trade Index improved by 7 places from 34 in 2014 to 27 in 2016, even by the biased methodology of the index.

Although surveys show that the benefits of macro-level endeavors are still not reflected in the activities of companies and awareness needs to be raised, efforts to reduce trade barriers will certainly lead to maintaining the country's role in international trade in the coming years.



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JAPAN'S DIPLOMATIC RELATIONS WITH THE EUROPEAN UNION AFTER WORLD WAR II UNDER THE FOCUS OF ECONOMIC COMPETITION

Japan started late to open up its economy to the Western world. During the '50s of the 20th century the country was still struggling with the consequences of World War II. It strengthened its partnership with the US in 1952, but already became world-export-nation No. 2 in 1968. Then it conquered step by step central industrial production areas of Western industries. Supported by MITI (Ministry of International Trade and Industry) Japanese industries had a strategic public partner to grow fast and compete successfully with the rest of the world. The financial crisis in the '90s of the last century weakened the country's economic power and made it vulnerable - due to the dependency on more and more resources. In this period the European Union changed from a competitor to a partner who even supports Japan in its efforts to regain better relations to China for rearranging the supply of seldom earth resources Japan's economy is depending on.

By the logic of Trump's "America First" and China's Silk Road Initiative ("One Belt – One Road") it was only a matter of time till both sides, the EU and Japan, have decided to open up to each other by a free trade arrangement. This contract has meanwhile been passed by EU Parliament and will come into force by 2019. Which chances and what kind of consequences will this document have for Europe and Hungary specifically?



POPOVIC, SLOBODAN

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GEPOLITICAL AND GEOECONOMIC POSITION OF HUNGARY WITHIN CHINA + 16 MECHANISM

The main purpose of the paper is to objectively analyze the geopolitical and geoeconomic position of Hungary within China+16 Mechanism (Mechanism). We will do this by using the content method analyses, interviews with relevant experts in the field and approaches which stem from geopolitical and geoeconomic thoughts. Primary data sources will be the official documents released and/or bilaterally signed by China, Hungary, European Union (EU) and guidelines of the Mechanism. The second source will be academic and other publications that are related to the proposed subject. The paper will be separated in three parts. The first part will tackle Chinese reasons for pursuing multilateralism and regionalism in foreign policy, as a new understanding of regional security architecture, balance of power, geopolitical international order and geoeconomic distribution of wealth. Inevitably, we must analyze the Hungarian perception of institutional and international order which China builds independently from the American one.

The second part will tackle the institutional foundation and development of the Mechanism. This will help us to understand what kind of tools China uses to achieve its goals among Central and Eastern European Countries, with specific focus on Hungary. Simultaneously, this can be helpful to see if and how China is imposing the “wall” in the Old continent, because all 16 countries are ex-communist states, 11 of them are EU member states and 5 are in the process of accession.

The third part will be dedicated to the Hungarian possibilities to use trade and investment opportunities that China offers. But, Hungary, as an EU member state, must respect EU regulations which stipulate different kind of business culture than pursued by China. In this part of paper we will combine Chinese, Hungarian, the V4’s and the EU’s point of view.



PÓCSIK, ORSOLYA

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WHERE IS THE CAPITAL? COMPETITIVENESS, CAPITAL INVESTMENTS, MOVEMENT OF CAPITAL IN CASE OF JAPAN, CHINA, THE USA AND HUNGARY

I am examining the foreign trade investments of the countries, in the context of this paper, it presents the automotive industry with capital inflows and movements of capital, capital stock on a way of spatial variations and magnitudes. Four countries have been at the center of the investigation: Japan, China, the United States and Hungary. New opportunities for 2010-2012 were opened in Eastern Europe, where were installed assembling manufactures. In the Eastern European region, the transformation of the crisis affected the industry structure.

Different impacts of value in different regional markets have had a similar impact on global markets. Partially different development, the capital sizes are outstanding, in one hand in the last decade, the so-called global component manufacturing, first-rate suppliers: size, sales, market share, technology expertise. Suppliers were therefore forced to follow a global, multi-regional strategy and to grow steadily to serve the needs of their customers cheaper, with less capital investment. As far as the quality requirements are concerned. In case of automotive companies, increasing production outsourcing is a strategy such as cost optimization or enhancing high value added activities such as system integration, supply chain management, design and marketing activities, financial services related to sales, development tasks, brand building. The automotive industry of the USA, Japan and China were also influenced by the global crisis, although the capital injections of these countries are significant. China can increasingly invest on the various industries in the world, including automotive manufacturing. Japan has significant capital investment in Great Britain, which is also significant in the automotive industry, with exit with Brexit, this situation may change. In the US, automotive goods have been recaptured from production as a result of the global crisis, and now, with the German-American customs war, uncertainty surrounds this market.

Other important aspects of my research are: the relationship between banks and competitiveness, the role of globalism in finance sector, the 4th revolution of industry and the relations of financial markets, and movement of international movement of capital in Japan, China, the USA, Hungary.



SHI, JIANDONG

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CHINA-HUNGARY ECONOMIC AND TRADE COOPERATION ZONE

The friendship between China and Hungary has a long history. The two countries have frequent high-level exchanges and smooth economic and trade relations. China's "the Belt and Road" initiative coincides with Hungary's "open to the east" policy. Hungary regards China as a key development target for developing economic and trade relations with Eastern countries, and is the first member of the European Union member states to participate in the "the Belt and Road" initiative.

In 2012 and 2014, under the efforts of the Chinese and Hungarian governments and the two companies, the Central European Trade and Logistics Cooperation Zone and China-Hungarian Borsod Economic and Trade Cooperation Zone were established in Hungary. This paper analyzes the development planning and current situation of the Central European Trade and Logistics Cooperation Zone and China-Hungarian Borsod Economic and Trade Cooperation Zone, and conducts an in-depth analysis of the development advantages and problems in the development of the two economic and trade cooperation zones. Finally, suggestions are made for the development of the cooperation zone.



SZANISZLÓ, RÉKA BRIGITTA

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THE EDUCATIONAL COOPERATION OF HUNGARY AND VIETNAM

Hungary and Vietnam established diplomatic relations in 1950 which means an approximately 70 years of high-level cooperation between the two states. Therefore, the solid inter-state ties started to formulate in the Cold War era, within the frameworks of communism.

After the unsuccessful revolution against the communism in 1956, Hungary was isolated by the Western, as well by the Soviet bloc. One of the break-out possibilities was to establish strong and fruitful relationships with the states of the communist Third World. The real journey of the two researched countries begun here, with the publication of higher education student scholarship for the students of communist states due to the Kádár's era. Hundreds of Vietnamese students arrived to one of Hungary's higher education organisation and returned with a high-quality diploma.

Today one of the biggest challenges of states is the phenomenon of brain drain which is closely related to the fact of the internationalisation of higher education. These are also true for Vietnam. Vietnam has announced its new higher education policy in 2006 under the title of Comprehensive Reform of Higher Education in Vietnam in which programme the state attempts to ameliorate its higher education system, also with the tool of internationalisation.

This paper examines the educational connection between Hungary and Vietnam and those factors, related to education, which would be able to influence the relationship of the two states.