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The Role *of the* Great Silk Road

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Hungary

A Key State on the Silk Road



Elephant on the New Silk Road

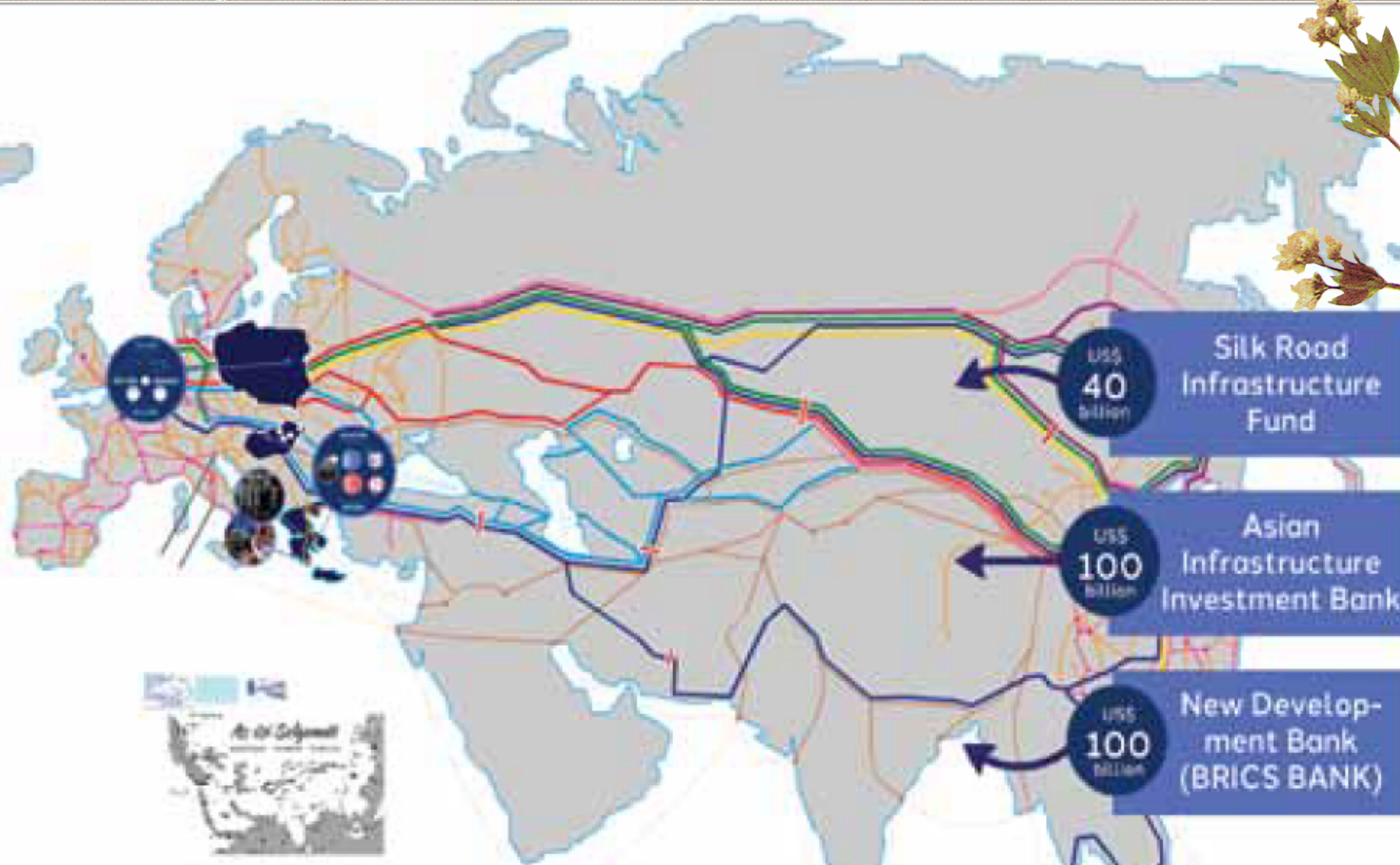
The rise of China as a global economic power is increasingly seen as a threat to American and European interests. According to Washington, China is disrupting global trade by demanding to be treated like a developing country, though it is the second-largest economy in the world.

China is also undermining the global economy by maintaining an opaque political system intertwined with an opaque internal market while taking advantage of the open political systems and open markets of the West. By now, the US has clearly decided to pursue a policy of 'decoupling' from China.



THE SECOND 100 BILLION

- 1 How to avoid the Greek path?
- 2 How to learn from the Polish example?
- 3 How to prepare for the Silk Road?



NEW SILK ROAD

64 countries	2/3 ranking	40% global GDP
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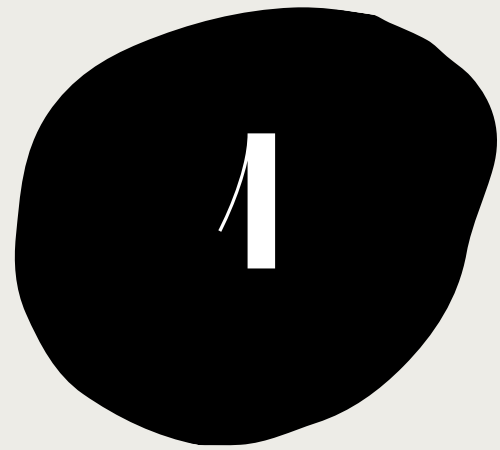


2010-2020
US\$ 776 billion
need for infrastructural development.

Source: MNB

“One Belt, One Road”





Hungary first European country to sign up for China Silk Road plan

BEIJING (Reuters) - Hungary has become the first European country to sign a cooperation agreement for China's new "Silk Road" initiative to develop trade and transport infrastructure across Asia and beyond, China's foreign ministry said late on Saturday.

The countries' foreign ministers signed a memorandum of understanding for what is formally known as the "One Belt, One Road" project in Budapest, according to a statement on the Chinese foreign ministry website.



But what is this New Silk Road?

It encompasses sixty-four countries, including China, two-thirds of the world's population, and currently only 40 per cent of the global GDP. But there are development programmes ready, and the required financial institutions are available.

This Silk Road will connect the participants constituting the new, 21st century phase of globalisation. It can already be seen that the network of the Silk Road consists of a northern, a middle and a southern branch. The southern branch is the railway Silk Road. There is a maritime Silk Road which is especially promising. There was no northern route on the ancient Silk Road. But there is one now, and enters the European Union through Poland.



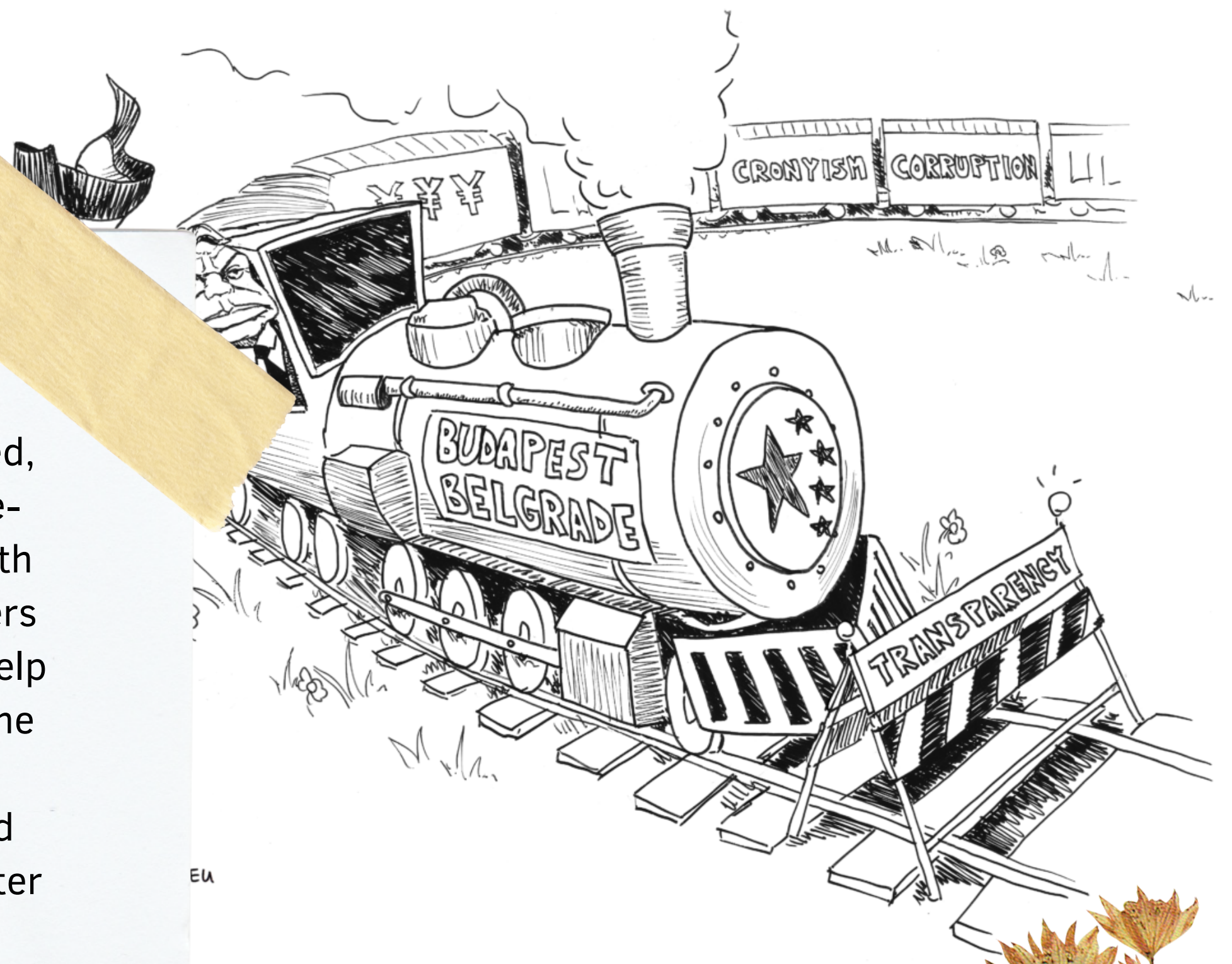


New Silk Road

The Silk Road is the future of globalization. The network of silk roads, One Belt, One Road is a Chinese concept, almost a philosophy: I believe that opening toward the Silk Road will give Hungary the opportunity to catch up with Austria; Baden-Württemberg or even Lombardy and Bavaria.



According to the plans, the railway will be modernized, and the single-track line will be turned into a double-track line. The railway line is 350 kilometers long, with 166 kilometers of track in Hungary and 184 kilometers in Serbia. The Hungarian part is to be built with the help of a 20-year Chinese loan, which will cover 85% of the cost. Finance minister Mihaly Varga argued at the signing ceremony that the €2.3 billion project would help Budapest to become the European customs center for Chinese products.



Hungary

Capital Budapest

Government Parliamentary democracy

Currency Forint (HUF)

Area 93,030km²

water: 690km²

land: 92,340km²

Population 10,049,000 (2008 est.)

Language Hungarian 98.2%, other 1.8%

Religion Roman Catholic 67.5%, Calvinist 20%, Lutheran 5%, atheist and other 7.5%

Electricity 230, 50Hz (European Plug)



Regions

Central Hungary

The most-visited part of the country due to the capital Budapest.

Lake Balaton

A great variety of destinations from rural, peaceful wine regions to vibrant towns.

Transdanubia

This historic region west of the river Danube is one of the most economically developed of the country.


Northern Hungary

Great historic towns and cave baths are to be seen here.

Great Hungarian Plain


Somewhat isolated from the rest of the country, this is a large region with flat to rolling plains. Szeged could be considered the unofficial capital of the region.





Hungary is not the only country in Eastern Europe with the mission to gain importance on the New Silk Road.

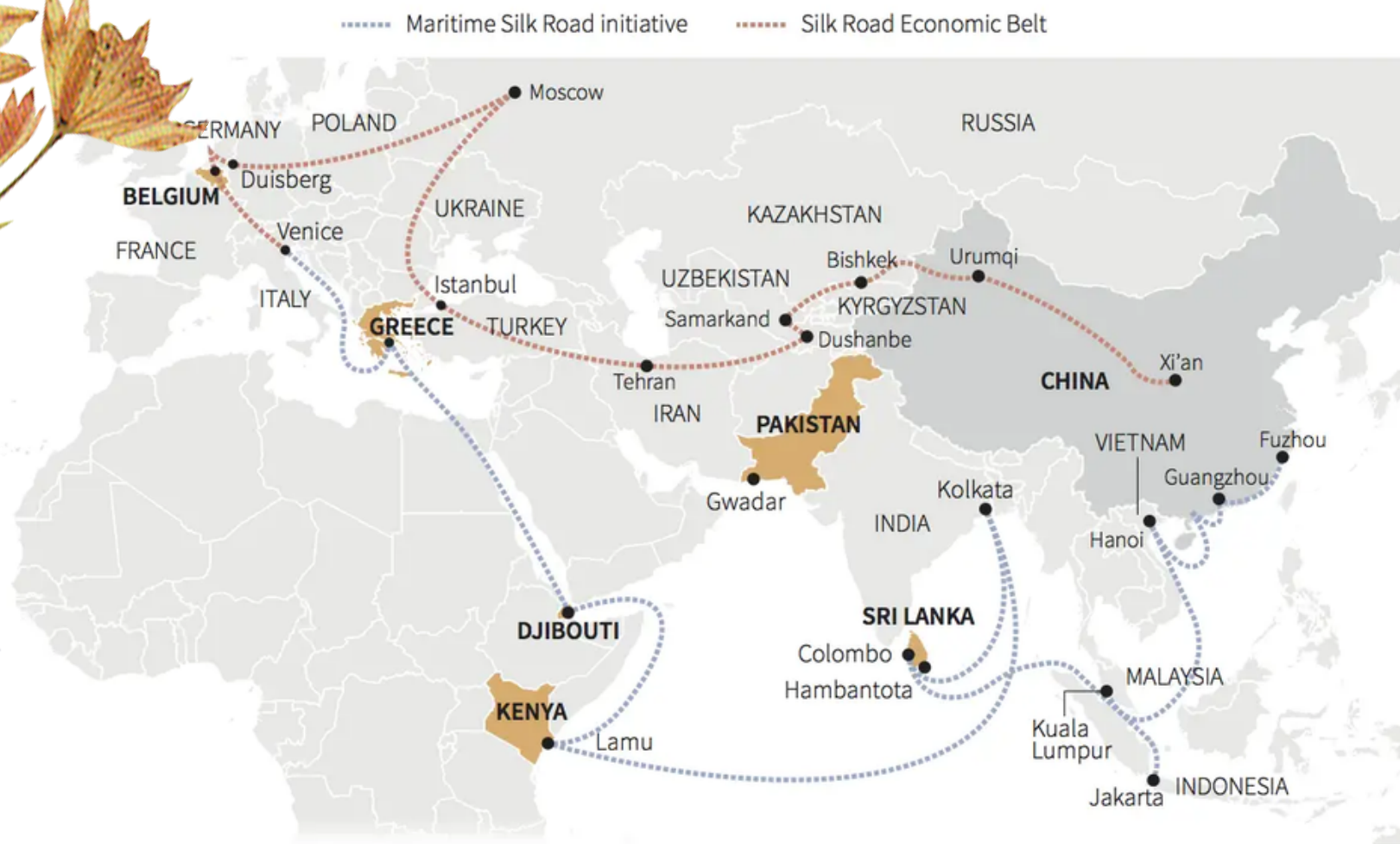
On its northern border, Slovakia is moving at full speed with similar ambitions, but tapping into traffic via Ukraine. It has a well-functioning border with this CIS country and a transshipment facility in Košice.



Moreover, its capital Bratislava is near the border with Vienna, which on its part is investing in the west-east connection. However, this does not mean that traffic should not be forwarded to Hungary, explained Fírzás.

China's Silk Road push

China has just announced a multi-billion dollar fund to revive pancontinental land routes and develop maritime links, aiming to both expand commerce and perhaps give it more influence in a freight system dominated by European shippers.



According to Reuters calculations, China's state-backed firms have already invested at least \$5 billion in transport infrastructure over the past decade.

COUNTRY	PORT	INVESTMENT	INVESTORS
BELGIUM	Antwerp	At least \$3.94 million	-Cosco Pacific bought a 25% stake in 2004, China Merchants later got a stake through its part-purchase of Terminal Link. The two now have a 29% interest in Antwerp.
GREECE	Piraeus Port	At least \$624 million	-Cosco Pacific, for the right to run and upgrade part of the port.
DJIBOUTI	Port of Djibouti	\$185 million	-China Merchants, for a 23.5% stake
KENYA	Lamu Port Mombasa port	\$484 million \$66.7 million	-China Road & Bridge -China Communications Construction Company
PAKISTAN	Gwadar port	\$198 million	-China paid for 80% of the port's Phase I
SRI LANKA	Hambantota port Colombo Port City Colombo Port	At least \$1.9 billion \$1.43 billion \$500 million	-China Exim Bank -China Harbour Engineering -China Communications Construction Company -China Development Bank

Source: Reuters; Xinhua

C. Inton, 10/11/2014

REUTERS

Hungarian Foreign Minister Peter Szijjar̄to, who signed the deal with Chinese counterpart Wang Yi, says cooperation between the two countries "has never been as good or as effective as now" and that Hungary seeks to become the regional hub for China's activities in Europe.

Significance of the Budapest – Belgrade route

- faster than by ship (e.g. Venice, Genoa)
- the other transport routes are overloaded (e.g. passes of the Alps)
- it is easier and cheaper to build and buy infrastructure satisfying the needs of China (e.g. port of Piraeus and Burgas)
-

Why Hungary?

- they consider several routes, a safe road network
- the southern centre of the East-Central European region is here
- it is close to Germany, the heart of the EU
- labour is more expensive in the west








Why is Hungary a key country?

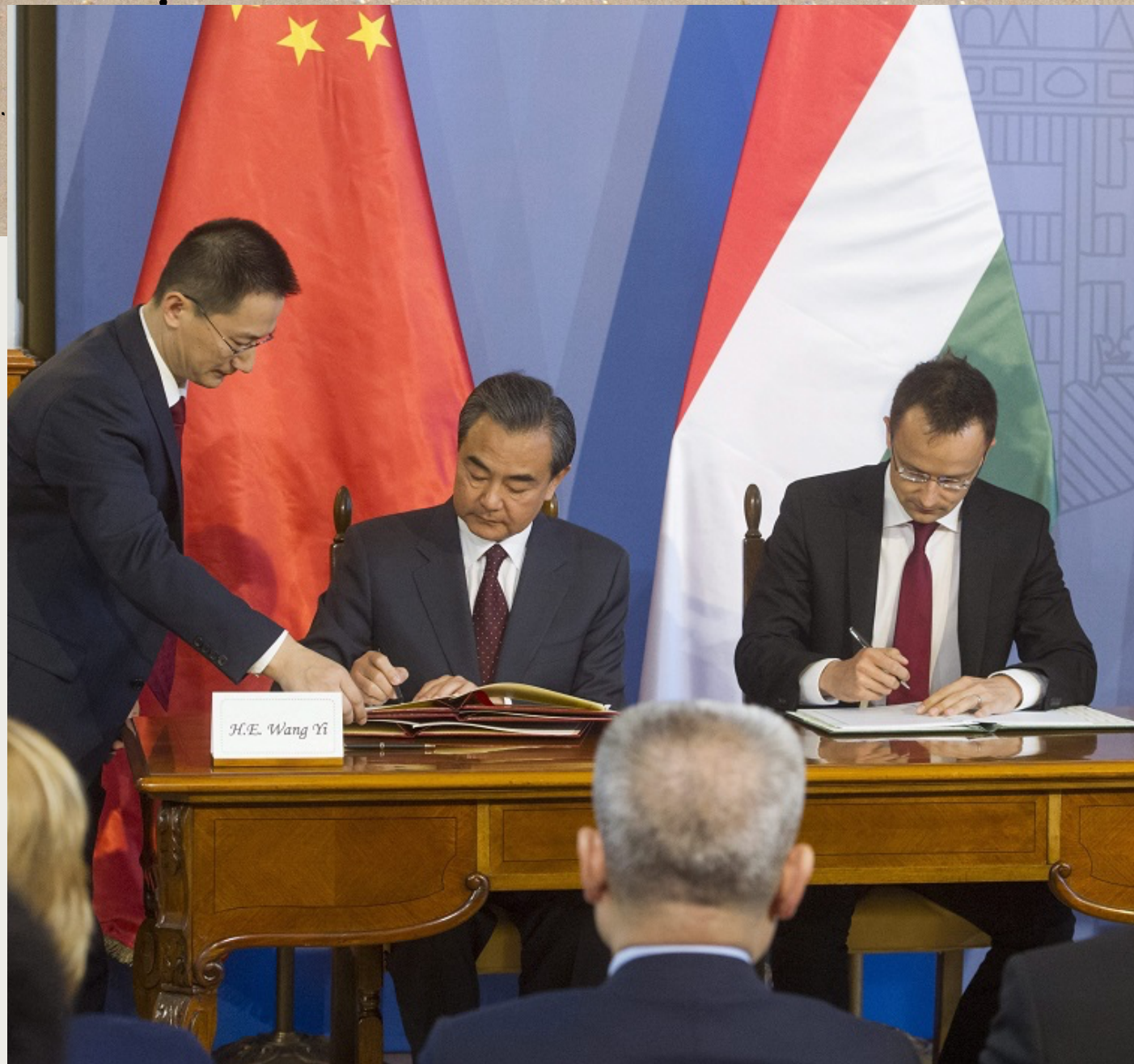
There are several reasons for this. For example, the fact that we are close to the heart of the EU, the German market and a Central European economic hub is really evolving, as Poland is considered one in the north. The Central Bank of Hungary has already taken the first steps on the Silk Road.



MEDIEVAL
Hungary
on the SILK ROAD

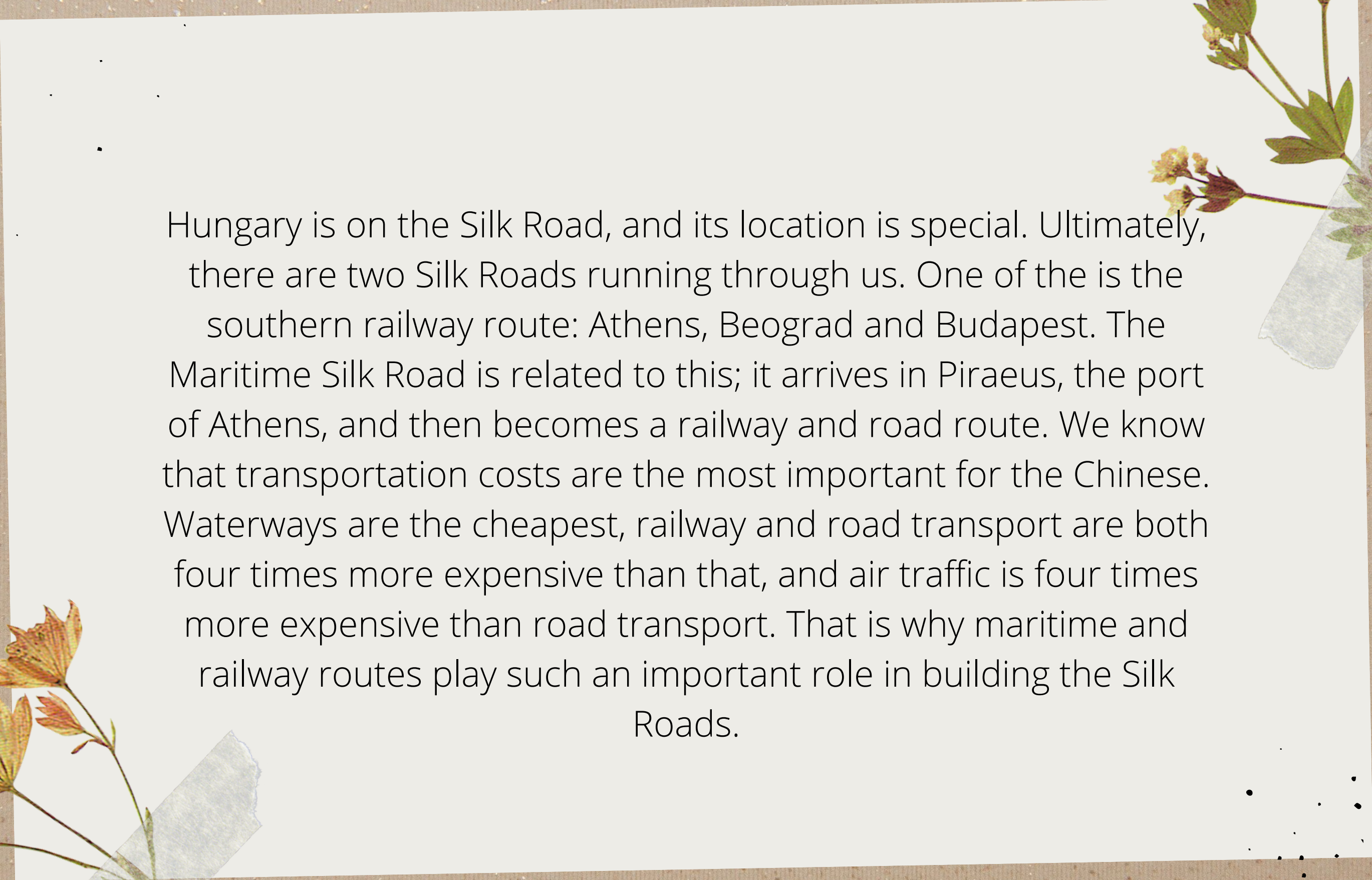
	Maritime Routes
	Venetian Routes
	Genoese Routes
	Venetian and Genoese Routes
	Overland and River Routes

Source: MNB



“For Chinese companies Hungary is an attractive country; we have an attractive tax regime, sufficient manpower and cost-effective rail transportation due to the fact that the country is flat. For rail operators, travel through Hungary is cheaper and easier compared to other European countries.”

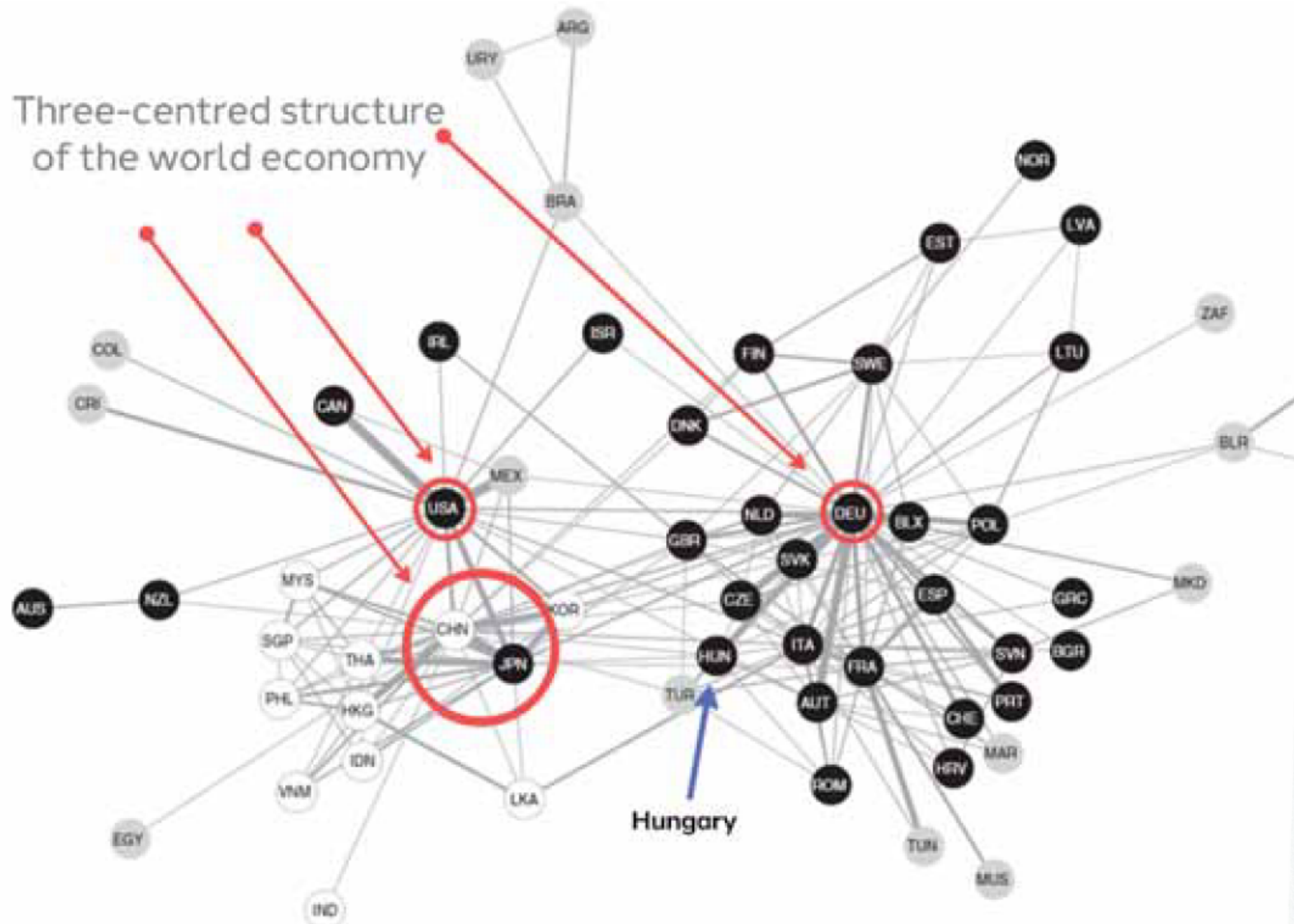




Hungary is on the Silk Road, and its location is special. Ultimately, there are two Silk Roads running through us. One of the is the southern railway route: Athens, Beograd and Budapest. The Maritime Silk Road is related to this; it arrives in Piraeus, the port of Athens, and then becomes a railway and road route. We know that transportation costs are the most important for the Chinese. Waterways are the cheapest, railway and road transport are both four times more expensive than that, and air traffic is four times more expensive than road transport. That is why maritime and railway routes play such an important role in building the Silk Roads.



Three-centred structure
of the world economy



Source: MNB

Hungary can create and find its welfare, prosperity and development in this evolving Silk Road network. The Hungarians must scrutinize the Chinese development programme the same way as the Polish scrutinized the German one.

Thank you for
your attention!!!

