Oliver Strommer – Executive Director, British Chamber of Commerce in Hungary (BCCH)



Should the UK leave the European Union, the BCCH will have an even more important role in building the business relationship between the two countries

28.10.2019

Tags: Hungary, Chamber of Commerce, BCCH, Association, Investment

Oliver Strommer, newly appointed executive director of

the British Chamber of Commerce in Hungary (BCCH), introduces the Chamber and its refocused aim of becoming a more dynamic player in business connectivity between the two countries. Aside from highlighting the activities of the BCCH, Strommer goes on to offer insights into Hungary's current business ecosystem, the strengths of the country, and his future outlook of investment opportunities.

Please begin by introducing the BCCH.

The British Chamber, like many other chambers of commerce in the Central Eastern Europe region came into existence after the changing of the Hungarian political system after 1989. The BCCH was established in 1991 and currently has about 80 member companies. With the new organizational changes and board members of the chamber, our current priority is to reach over 100 members.

The BCCH acts as a useful resource for British companies looking to enter the Hungarian marketplace. It is instilled in the British tradition for businesses to connect with their corresponding chamber of commerce in any given foreign market. Having a strong network with many collaborators is what gives the BCCH its strength in supporting the business endeavours of British companies.

The chamber has a very diverse member base spanning all key industries such as automotive, health, energy, retail, business services, etc. Specifically, in healthcare, the chamber has several members in the private health insurance and pharmaceutical industries.

What have been some recent initiatives that represent the kinds of service and support the BCCH can offer its members?

In the past five years, we have also had government initiatives such as the British Business Center which I had the pleasure of setting up. About 40 of these centres were set up worldwide – one in Hungary and six in the CEE region. The mission behind the initiative was to help reduce the trade deficit in the UK by incentivizing SMEs to export more goods. These centres acted as a consultancy agency to advise companies from any industry on how to best enter a given foreign market.

Additionally, we had been posting business opportunities, published locally and translated, online through the Department of International Trade UK online portal ‘Exporting is GREAT’ that reaches tens of thousands of British companies. From there, interested organizations would be routed to our business centre which would then provide consultancy service.

This programme was very successful and continues on an in-house basis within the British embassy here in Hungary to this day. There are approximately 500 business opportunities posted to the platform each year with hundreds of responses each quarter that are followed up hence highlighting the vast British interest out there.

Where does Hungary’s overall business environment stand currently?

Over the past ten years, both Hungary’s political and economic conditions have remained quite stable. At the moment, the GDP growth of Hungary is nearly five percent compared to the EU average at 1.5 percent. This performance is reflected in the quality of life and boost in consumer in the country. Furthermore, unemployment has been on a continuous decline since 2012 and stands at 3.4 percent today. Hungary is in a self-replenishment period creating jobs for its citizens and even attracting foreign workers from nearby former Hungarian territories such as Ukraine, Slovakia, and Romania. In addition to this social growth, we also see the government trying to raise the low birthrate, a common issue across Europe, by providing subsidies and tax incentives to families with three or more children.

The foreign direct investment landscape here in Hungary is very open. The government offers international companies many incentives, such as regional land subsidies, for investments that will create employment. Due to the stable government, the economic growth opportunities, and the lifestyle quality in Hungary the country is very attractive for investors coming not only from the UK but anywhere in the world.

What are the key sectors which are being attracted to Hungary for investment?

Currently, automotive manufacturing would be the thriving sector here in Hungary. Major players like Suzuki, Audi, Mercedes, BMW, and others have invested in the country by setting up production facilities. Additionally, the establishment of shared service centers has also become a key trend in the country's business environment. For example, British Telecom, British Petrol (BP), and Diageo have all invested heavily in Hungary this way.

One of the major issues facing Hungary's business environment is the difficulty in finding and keeping the right talent. With the example of institutions like Semmelweis University, it is clear that there is not an issue of the talent pool, but rather a brain drain. Compared to other EU member countries, salaries in Hungary are low which is causing many young professionals to venture out and find better work at a better wage. For example, there are approximately 250,000 Hungarians in the UK currently.

The Hungarian government is slowly trying to attract these nationals back to the country by incrementally increasing wages. This is also a challenge because as we can see with the presence of multinationals, having skilled employees at a lower cost than the EU average attracts many businesses to Hungary. However, as salaries go up, this competitive advantage will be increasingly difficult to maintain.

How would you describe the Hungarian healthcare and life sciences environment?

Hungary has one of the fastest-developing pharma and biotech sectors in CEE and the market has proven to be resilient against economic slowdown. There are a growing number of organizations, small and medium-sized companies, institutions, and renowned R&D services, often supported by large pharma companies, which offer great opportunities for UK companies to collaborate. Today, there are about 50 British healthcare and medical companies present in Hungary.

The Hungarian medical equipment market is estimated to have a value of EUR 463.5 million which is within the top three markets of the region. In the country, 80 percent of healthcare products are imported and these are required for every day running of the healthcare services. This need for good quality and competitively priced products is also an attractive opportunity for British and other foreign healthcare companies. Furthermore, Hungary has a growing private healthcare sector as more physicians are beginning to work individually, non-Hungarian companies with international networks are entering the market, and there is a continuous growth of medical tourism particularly for dental procedures and aesthetic surgery.

How might Brexit impact the BCCH and the operations of its members in Hungary?

As far as the British Chamber is concerned, we are not worried about the implications of Brexit as exemplified by the increasing number of members in recent months. Should the UK leave the European Union, the BCCH will have an even more important role in building the business relationship between the two countries. The service offering and consultancy that we can provide will be crucial in giving British companies an on-the-ground understanding of the market here in Hungary, connecting them to the necessary players locally, the same as we have been doing for the last 27 years.

Looking forward, what vision do you have for BCCH as its new executive director?

My main priority as executive director is to continue expanding the BCCH’s network in Hungary. This is not only limited to British companies but other key institutions, local stakeholders or British related companies in the market. In fact, about one-third of our member companies are not even British but Hungarian and even other nationalities, however, all have an interest in the UK so our importance as a connector remains constant.

Any final message you would like to deliver about Hungary?

Yes – Hungary is very much open for business and opportunity!

See more interviews