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# PRIVINFO

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 STATE PROPERTY AGENCY



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## *Personnel changes at the state's property organizations*

*Effective January 16, 1994, Prime Minister Péter Boross relieved Dr. Lajos Csepi from his post as managing director of the State Property Agency, with the acknowledgement of his merits, and appointed him a member of the Board of Directors of the State Holding Company for four years.*

*As of January 17, 1994, the SPA appointed Dr. János Szabó Hatvani, the supervisory director of the SPA, acting managing director of the SPA.*

*On January 16, the prime minister relieved Szabolcs Szekeres, president-general manager of the State Holding Company, from his membership on the Board of Directors and his position as president.*

*Tamás Szabó, minister responsible for privatization, put forward a proposal last December to separate the presidential and general managerial functions and to further strengthen the management.*

*At the session of the Board of Directors of the State Holding Co. on January 17, a resolution was made that Csepi would fill the post of general manager for four years.*

At a press briefing, Szabó revealed the letter in which the prime minister appointed Szabó Hatvani to take the post of general manager of the SPA. The minister pointed out that Szabó Hatvani was chosen because "he has an in-depth knowledge of the internal operation of the SPA and the work of the partners, as he has been working as a supervisory director." The letter also said that "by proposing Lajos Csepi as general manager of the State Holding Company, a high ethical and professional norm was set." He went on to say that he would like to see the organization led by Csepi handle property management and implement already-launched privatization transactions as a strong, disciplined team. In the first quarter of the year, the energy sector must be privatized and the banking sector's situation resolved.

Szabó confirmed that he had proposed **Árpád Bakay**, member of the Board of Directors of the State Holding Co., to become president of the State Holding Co. Parliament must make a resolution on this, which is expected to take place at this year's first session of Parliament.

**Tibor Pongrácz**, president of the Board of Directors of the SPA, said that the future of the privatization organizations has not been decided yet. Therefore, the merger of the two organizations was conceivable.

Szabó Hatvani, the newly-appointed managing director of the SPA, pointed out that he considered it his most important task to repeat the successes of 1993 this year. He does not plan substantial changes in the SPA's function, but the control of privatization is expected to become stricter, primarily in the field of financial control over companies commissioned to the SPA. Competition continues to be the main principle in privatization. However, in the future the Board is expected to make resolutions in transactions involving lower property value. In the future, cooperation between the SPA and the State Holding Co. will become more efficient, the new acting managing director of the SPA promised.

"My appointment is brand-new and I cannot set forth a general program, but I would like to improve the efficiency of the operation of the State Holding Co.," said **Csepi**. He said that a schedule is being drafted about the privatization of enterprises under the authority of the State Holding Co. **Csepi** explained that the companies of the State Holding Co. continue to be improved through capital raises, and privatization will be somewhat slower but more definite.

Responding to PRIVINFO's questions, Csepi said that, as much as was technically possible, the State Holding Co. would move back to the building of the SPA. (When the State Holding Co. was organized, it occupied the first floor of the SPA building.)

The number of employees at the SPA is 370-380, while 140 are working at the State Holding Co. An eventual merger would eliminate a number of parallel operations, but even until then, it is reasonable that the two organizations be in the same building, the new general manager said. He added that the State Holding Co. would cooperate in the future through the system of agreements by contract.

The existing method of operation of the State Holding Co. must be changed to make its activities more public and clearer and, at the same time, more target-oriented and efficient, said the head of the property-managing organization. "I cannot put my ideas forth more concretely for the time being, but perhaps in a month I will have a more accurate picture of the operation and most important tasks of the state superholding. Until then, an examination meant to uncover the operation of consultants active at the State Holding Co., including their excessive commission fees, will be closed," Csepi said in conclusion.

Mező

The value of state-owned assets held by the SPA which were awaiting privatization totalled HUF 430.01 billion at the end of December 1993.

The SPA must still sell stakes, wholly or partially state-owned, in 764 economic organizations.

The State Property Agency (SPA) generated revenues of HUF 75.5 billion from the sale of state assets in 1993. The agency collected HUF 43.2 billion in cash, of which HUF 25.5 billion was foreign currency. HUF 21.7 billion was from sales on loans, while HUF 13 billion was from sales in exchange for compensation vouchers.

According to the most recent figures available in December 1993, the State Holding Co. had share capital of HUF 665.663 billion at the end of June 1993. This represented an increase of HUF 74.4 billion to the end of December 1992. The State Holding Co. manages 162 companies and is to privatize half of its assets.