

# Brief Summary of the Articles

## **Economic analyses in spring 2004**

In springtime every year economic research institutes regularly publish their analysis about the performance of the previous year as well as their forecasts. The press informs usually only about the most important economic data and about the analysis in a few words, the detailed studies prepared by the institutions do not generally reach those who are interested. This is the reason why since 2001 we publish a short summary of the reports and prognosis of the research institutes. These analyses are especially interesting right now as they were prepared shortly before the EU accession. They analyse several aspects of this period as well as the possible short-term developments.

## **Reforms of EU and the Enlargement Part I.**

ANDRÁS INOTAI

This study divided into two parts analyses the traditional and new areas of community policies of the European Union in the context of the coming enlargement. The first part deals with four policy areas, in which substantial progress towards strengthening the community level has been made in the last years or even decades. Despite the latest setback, this package includes the issues of institutional system and decision-making process, definitely the common agricultural policy and the common budget, as well as the new quality of integration achieved by the introduction of the common currency. The second part focuses on those areas of community policy that started to be developed in the recent past or are expected to take concrete forms in the future. In this process, Hungary, as a new member of the EU, will be able to participate fully. In this basket can be mentioned the fulfilment of the Lisbon agenda which includes research and development and competitiveness issues, the future of the Western European model of social market economy, the pressing requirement of creating a common, European level migration policy, and, finally, the chance to establish a common foreign and partly also defence policy for the continent.

## **What are the sources from where Hungarian enterprises may expect venture capital?**

JUDIT KARSAI

The article introduces the main groups of venture capital companies and funds undertaking venture capital investments in Hungary, details the size of their operated capital, the typical investment size as well as the basic problems of the financing methods. The main conclusion of the article is that individuals who regularly invest their own private capital are almost completely missing from the Hungarian venture capital market. They are the so-called business angels who prepare the perspective project for the institutional ven-

ture capital financiers. The lack of business angels sets back the improvement of the undertaking culture because enterprises need help in many aspects in the early stage of their lifecycle. Investment companies, which are raised from state funds cannot properly replace business angels because they cannot provide any forms of aid other than capital. Unlike business angels they are not in the position to help the financed companies to form their strategy, they cannot help in the operative control and they cannot take use of their own business partnerships for the sake of the company's prosperity. On the other hand, the state has an important role to make venture capital sources more accessible, therefore it should provide assistance to establish and strengthen mediator investments for the partners.

### **The export enclave character of foreign direct investments in Hungary**

ÁDÁM MÉSZÁROS

In the article we search the answer to the questions: to what extent are the foreign direct investments integrated in the Hungarian economy and how closely they are related to the domestic economy's actors. The forward and backward linkage effects of the companies with enclave working character can be only marginal: these firms working isolate could reduce the FDI's positive impact on host economy. The article points out, that the theories, which explain FDI-flows, support only in parts and indirectly the foreign owned company's enclave working character. The foreign firms export-enclave character is observed through the main linking points and through the sometimes conflicting research outcomes. In the article it is analysed how the enclave character is affected by the sort of inflow, the settler firm's legal status or by its departmental and sectoral classification, as well as by the motivation of the investment. The firm's export-orientation and import-intensity also may be an indicative of the investment's enclave character. The authors examine such significant linking points as the supplier-connections, the R&D cooperation and the strategic alliances.

### **Agricultural consequences of Cancún's failure**

JENŐ SZABÓ

Cancún will take its place in the history of the negotiations as it has been a crucial venue. Some say that it was the unprecedented „alliance” of the developing world whereas others regard it as the fiasco the Mexican diplomacy being the main reason behind the stranded talks. Nevertheless, the developed world had been preparing seriously for the successful termination of the long lasting talks. Moreover, the U.S. and the EU had even started to reform their agricultural policies before the 5<sup>th</sup> Ministerial Conference and leaving behind their often contradictory views, they managed to hammer out a joint proposal. No matter how laudable it was from the big players to seek consensus instead of further confrontations, some circles of developing nations thought it was a dangerous step. With the joint EU – U.S. proposal the critical mass was reached and a new interest group was born within the developing world. The G21 group with leading countries such as Argentina, Brazil, China, India seems to have had enough at the dawn of the 21<sup>st</sup> century that the big countries decide on them without their involvement. The result is disappointing, the developing world claims victory but they hurt themselves the most.