

# **REORGANIZATION OF GENERAL ELECTRIC IN HUNGARY**

ESPECIALLY IN THE CITY OF NAGYKANIZSA

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***“Imagination at work”***  
/the motto of GE/

## **The General Electric**

The company was originally founded by Thomas A. Edison in 1878 at the name “Edison Electric Light”. In 1892, a merger of Edison General Electric Company and Thomson-Houston Electric Company created General Electric Company. GE is the only company listed in the Dow Jones Industrial Index today that was also included in the original index in 1896.

GE is a versatile global infrastructural, media and financial service company, present in the following sectors:

1. energetics (production and usage of electric power)
2. water management (water safety systems)
3. up-to-date transportation solutions (airplane engines)
4. health diagnostics (medical imaging appliances)

Besides these activities, GE also provides financial services, and helps the flow of information. GE is present and active in more than 100 countries, and has more than 320.000 employees worldwide.

GE ended 2008 with a yearly balance of 18 billion USD, which made 2008 the third best year in the history of the company. Moreover, according to a 2009 survey, GE is the 4<sup>th</sup> best known global brand in the world.

## ***GE in Central Europe***

Leslaw Kuzaj is the leading representative of GE in Central Europe, who is responsible for Lithuania, Poland, the Czech Republic, Slovakia and Hungary). The company closed a successful year in 2008 (especially in accordance to the general economic milieu) not only globally, but also in this region, where the company has 25.000 employees. Sales in Central European countries reached 3.7 million USD, which makes a growth of 34% compared to 2007. GE managed to increase sales in Hungary by 24% (up to 974 million USD) in 2008 despite the slowing economic development of Hungary.

The greatest challenges in the region are:

1. infrastructural systems have to be established and modernized
2. efficiency indexes have to be improved
3. GE has to meet the environmental provisions of the EU

The eco-products (ecomaginations) of GE help to meet all three of the goals above, but this alternative solution is not present yet in Hungary.

## ***GE in Hungary***

Company name: GE Hungary Kft.

Registered office: HU-1340 Budapest, Váci út 77.  
Phone no.: +36 1 399 11 00  
Fax no.: +36 1 231 59 67  
web: <http://www.ge.com/hu>

GE arrived into Hungary in 1989, when the state-owned TUNGSRAM company was privatized, and made capital expenditure of 1.1 billion USD ever since. Four-fifth of this amount was invested in lighting production, which business unit makes worse and worse payback rates year by year. All six core businesses of GE are active in Hungary since 1989. GE is the greatest US employer (the company has 15.000 employees indirectly) and investor (with more than 1.1 billion USD), and the third greatest exporter in Hungary, with the contribution of its more than 2.000 key suppliers.

GE's three main business branches (Healthcare, Industrial and Infrastructure) run 13 factories in 11 cities in Hungary.

Three divisions of the company (Healthcare, Lighting and Water) do research and development in Hungary.

The business headquarters of Healthcare Central Europe, and the business headquarters of Consumer & Industrial for the regions of Europe, the Middle-East and Africa are also placed here, and the company also has 8 production units (in 7 cities) in Hungary. Local sales are also significant.

### **Activities of GE in Hungary**

The GE Hungary Kft. and its affiliates, which have 11.000 employees, are active in two of GE's core businesses (GE Technology Infrastructure, GE Energy Infrastructure) and run 4 production units in three cities (Aviation, Energy, Healthcare, Water&Process Technologies), and a regional business HQ and two research and development units.

### **Restructuring, management**

GE Hungary Kft. is the successor of GE Hungary Zrt. Given the broad range of operations from manufacturing through distribution and international financial investments, GE Hungary Zrt. decided to simplify its operations both legally and administratively, while also enhancing the speed of decision-making, and converted into the legal form of Kft. (limited liability) as of 27 September 2009. The change of corporate form did not have any impact on the former business structure.

GE Hungary Zrt. generated HUF 667 billion revenues in 2008, with 98% exports. In 2008, the company ranked third on the list of Hungary's largest exporters, eighth based on its revenues, and also eighth among the largest employers<sup>1</sup>.

### **Other GE interests**

- Budapest Bank Nyrt. is owned by GE Capital and employs over 3,000 people.

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<sup>1</sup> Quot. HVG top 50 list

- GE also has equity in global Genpact company, which operates Genpact Hungary Kft. located in Budapest employing 600 people.
- GE also invests in the future of Hungary through its innovative corporate philanthropy projects.<sup>2</sup>

## Locations in Hungary<sup>3</sup>

### Headquarters

City	Business	Region
Budapest	Consumer & Industrial	Europe, Middle East and Africa
Budaörs	Healthcare	Central Europe
Oroszlány	Water & Process Technologies	ZENON Membrane Solutions, Europe

### Technology centers

City	Business
Budapest	Consumer & Industrial, Lighting
Budaörs	Healthcare
Oroszlány	Water & Process Technologies

### Plants

City	Business	Profile
Budapest	Consumer & Industrial	light-source manufacturing
	Consumer & Industrial	light-source machinery manufacturing
Budaörs	Healthcare	mammography and vascular sub-systems manufacturing
Fót	Energy Optimization Services	multi-functional centre
Hajdúböszörmény	Consumer & Industrial	light-source component manufacturing
Kisvárd	Consumer & Industrial	light-source manufacturing
Nagykanizsa	Consumer & Industrial	light-source manufacturing
	Energy Environmental Services	industrial filters
Oroszlány	Water & Process	ultra-filtration membrane manufacturing

<sup>2</sup> Opening Doors secondary school talent development program; GE Foundation Life-Skills for Employability program; GE Foundation Scholar-Leader university scholarship; Aschner and Oveges technology university scholarships.

<sup>3</sup> Quot. *Forrás:* <http://www.ge.com/hu/>

	Technologies	
Ózd	Consumer & Industrial	power protection component manufacturing
Vác	Consumer & Industrial	light-source manufacturing
Veresegyház	Aviation	aircraft engine parts repair
	Energy	gas turbine component manufacturing and assembly
Zalaegerszeg	Consumer & Industrial	light-source component manufacturing

## The last days of the traditional incandescent lamp

Thomas A. Edison invented the incandescent lamp in 1879. The tungsten lamp, which increased efficiency by 75%, was invented by Sándor Hamala, Ferenc Juszt and Imre Bródy, all engineers of Tungsram, in 1905. But this invention has reached its last days.

EU provisions say that the production of traditional incandescent lamp has to be terminated. From the 1<sup>st</sup> of September 2009, incandescent lamps with power of 100W or more, which are bright, unglazed, painted or opalescent, will successively be withdrawn. The limit of output will be reduced yearly right to 7 Watts until September 2010<sup>4</sup>.

Dr. Matt Prescott, founder of banthebulb.org indicates that there is no need searching for alternative lighting sources, it is enough to renew the usage of the energy – that means we can save lots of energy and money by cancelling unneeded appliances and obsolete technologies, and both economy and environment will benefit from it<sup>5</sup>.

## Alternatives for the tungsten lamp

### LED technology

The fast expanding LED technology aims the development of very low energy consumption but high brilliance lamps. The long lasting and effective LED is already widespread in some sectors (e.g. bicycles), but to reach the desired brilliance, many concentrated light diodes are needed.

<sup>4</sup> This ban will not affect halide or managed light bulbs. Estimates say that in the EU, 85% of the presently used lighting bulbs are traditional, ineffective incandescent lamps. These lamps are only available until 2010 in Austria, until 2012 in Canada, while the EU will fully withdraw these lamps until 2016

<sup>5</sup> „An easy way to rise the effectiveness to use more compact lighting, which grant the same amount of light as incandescent lamps; but their production and usage needs 70% less CO2 output.”

## **OLED and COLED**

The Organic Light-Emitting Diodes (OLED) lamps may be glorious for a short period, to give the leading pace shortly after to Cavity Organic Light-Emitting Diodes (COLED). The SRI International, a company operating in the Silicon Valley in the USA, has just reached a great breakthrough in the developing of these latter lamps. The main advantage of their product is that it is usable even in the shape of flat plates, so it can be used more diversely. SRI, established by Stanford University, co-operating with the Japanese company Shova Denko, has recently produced a new type of COLED with a record output. This new COLED reached much better brilliance in the blue and green range of colours than OLED. And as it is able to emit red light, it was possible to “mix” these three colours to get the so called “white light” that is pleasant for the human eyes. As the costs of this “mixing” is very low, the research workers say that this new COLED is capable of mass production. The marketable version of the COLED lamp may be manufactured by 2010.

## **Mercury-vapour lamp**

The most common economic solution for low energy consumption lighting is the kind of the low pressure mercury-vapour lamps. The great advantage of these lamps is the long lifetime and the great efficiency, but sadly the mercury used in these lamps ends up as dangerous waste. The latest incandescent lamps are produced without mercury.

## **Halogen lighting**

Halogen lighting, already used in cars and other vehicles, will soon get into common household use. There is also great development in the fluorescent lamps, both their lifetime and efficiency have been improved.

New generation appliances result 30-75% energy saving generally, helping the lessening of the CO<sub>2</sub>-output, the greatest goal of the struggle against climate change<sup>6</sup>.

## ***Global challenges in the production of incandescent lamps***

The whole sector is in trouble, all of GE's competitor companies (Philips, Siemens, Osram-Sylvania) struggle with productivity and profitability problems.

These competitors have factory units in Eastern and Central Europe, which mean direct competition to GE Hungary.

Competitors' factory units in the region:

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<sup>6</sup> Source: Kialszik a fény a GE-ben? (Will the lights go out at GE?) *FigyelőNet* [kelt 2009. augusztus 6.; idézett 2009. november 13.] [http://www.fn.hu/cegek/20090806/kialszik\\_feny\\_ge/](http://www.fn.hu/cegek/20090806/kialszik_feny_ge/)

- the Philips Lighting fluorescent lamp factory in Pila, Poland
- The Osram factory units in Nové Zámky, Slovakia

Asian competitors also cut down the profitability of the manufacturers in the region.

GE would very much like to get rid of its Lighting core business branch, which employs 39.000 people worldwide, and which made 12 billion USD yearly income, but, thanks to the recession, there is no possible buyer. This way, in order to improve profitability, GE started a worldwide reorganization everywhere (in the USA, Canada, South America, even in China). In Europe, where there are 12.000 employees, and which region produces altogether 1.3 billion USD, the changes are the most significant in Hungary, as this country has the most factory units<sup>7</sup>.

### ***About cut-backs in Hungary***

GE, maybe because of the 20 year-partnership with multi-locations in Hungary, does not replace all the lighting production units (which employ 7500 people altogether). Most of the cut-backs and closings affect the production of traditional incandescent lamps and neon lamps, so the lighting core business of GE will still employ approx. 5.000 people in the country after 2011.

The production of the goods above are concentrated in the city of Nagykanizsa, which was also the location of the industrial filter appliances' production factory unit (w 128 employees) closed totally. More than 3.000 worked in the GE factory units, so the number will be halved at far the largest employer in the city.

### ***Reasons for the workforce reduction***

- *Made in China*: the fast descending of profitability is caused by the cheap goods from Asia;
- EU provisions slowly ban the production of traditional incandescent lamps;
- *“Repatriation”*: The Obama administration has a 787 billion USD Economic Stimulus Plan, aiming to bring production capacity “home”.
- The tax preference of GE expired in October 2009 (though GE denied that this fact would have played a part in the decision about reorganization<sup>8</sup>)

### ***First steps of the reorganization***

In autumn 2008 GE made an announcement that the company would make a reorganization that affects the job of 500 workers, in all 9 factory units in Hungary. The company was also

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<sup>7</sup>Halaska Gábor: Fénycsapda. (Light trap) *Figyelő*, 2009. 45. sz. <http://www.fn.hu/hetilap/20091102/fenycsapda/>

<sup>8</sup> According to the announcement of Phil Marshall, a GE Consumer & Industrial (EMEA) executive

planning to completely close down its factory unit in the city of Győr (which unit employs 98 people). This factory unit was closed short after the announcement, moreover, all the machinery, appliances and tools of the factory unit were sold. According to the announcement, the reorganization was planned to be executed in the last quarter of 2008 and the first quarter of 2009<sup>9</sup>.

## Numbers ascending

The workforce reduction plans of GE have risen from 500 to 2570 people – most of them working in the production of lighting business – which was a natural decision; it was a consequence of the global process, that caused the fast subsiding of the sector's profitability.

However, GE does not intend to deploy other activities to Hungary. Formerly, when GE deployed more and more of its core businesses (vide in: *GE in Hungary*), the decisions of further investments were influenced by the fact that the company had a very good relationship with Hungary. But now, no plan became public about e.g. producing high value goods in stead of the traditional incandescent lamps, though specialists of GE have been searching and investigating Hungarian market, and see great possibilities in the infrastructural development of mainly smaller settlements, which process quickens thanks to the so called green revolution. Namely because GE has competence not only in public lighting, but also in water management, and smaller sized green power plants. But the deployment of the related production is not expected in the near future<sup>10</sup>.

This decision affects (beside employment) the whole industrial production and export of Hungary. The total yearly income of GE group was 667 billion USD last year, and the company exported 96% of the products made in Hungary.

## *General Electric Nagykanizsa workforce reduction*

In the beginning, GE terminated the labour contract of 227 out of 1750 workers at the factory unit in the Hungarian city of Nagykanizsa.

## The first wave

The first group of workers left on the 19<sup>th</sup> of December 2008. The trade union, and the workers were informed that in the first wave, the labour contract of 193 employees would be terminated.

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<sup>9</sup> Ötszáz embert elküld a magyar GE. *FigyelőNet* [kelt 2008. október 30.; idézett 2009. november 12.]  
[http://www.fn.hu/cegek/20081030/otszaz\\_embert\\_elkuld\\_magyar/](http://www.fn.hu/cegek/20081030/otszaz_embert_elkuld_magyar/)

<sup>10</sup> Halaska Gábor: A lábával szavaz a General Electric. (GE votes with legs) *Figyelő*, 2009. 45. sz.  
[http://www.fn.hu/hetilap/20091103/labaval\\_szavaz\\_general/](http://www.fn.hu/hetilap/20091103/labaval_szavaz_general/)

## The second wave

Yet another 34 employees were dismissed on the 15<sup>th</sup> of January 2009, so GE laid off 227 workers in the city altogether<sup>11</sup>.

GE chose the workers to lay off firstly according to the objective scale of individual achievement measuring system, but GE also considered the relevant legal provisions and the articles of the valid collective agreement, and the social state of the employees<sup>12</sup>.

## Continuing the workforce reduction

It turned out that the first reorganization did not solve the problems of GE in Nagykanizsa, and it became sure that the company will completely terminate the production of traditional incandescent lamps in the largest factory unit in Hungary, and so the GE Energy will completely leave town.

The workforce reduction means sending off altogether 1300 employees (approx. 300 in 2010, and approx. 1000 people in 2011<sup>13</sup>). Moreover, the industrial filter producing factory unit that was opened last year, will also be closed down in January 2010, which means the sacking of 128 employees.

According to the reorganization plan, the Lighting core business will stop the production of high energy-consumption incandescent lamps and some of the linear fluorescent lighting in Hungary. This means that they would close the factory unit in the city of Vác in 2011, which employs 700 persons, and they would send 99 workers out of the 400 from the factory unit in the city of Zalaegerszeg. The whole workforce reduction plan would affect 2570 persons.

## Summary schedule of the workforce reduction plans<sup>14</sup>

City	Business	Year	Workforce reduction (person)	Workforce reduction (%)
Nagykanizsa	Lighting source	December 2008.	193	11%
Nagykanizsa	Lighting source	January 2009.	34	2%
Nagykanizsa	Lighting source	2010-2011	291	17%
Nagykanizsa	Lighting source	2011-2012	1000	57%
Nagykanizsa	Lighting source	<b>Until 2012.</b>	<b>Total: 1518</b>	<b>87%</b>
Nagykanizsa	ipari szűrőgyártó	Until 2010.	128	100%
Zalaegerszeg	Lighting technics	Until 2011.	99	25%
Vác	Lighting source	Until 2010.	700	100%
<b>Nationwide</b>		<b>Until 2012.</b>	<b>total: 2570</b>	<b>23%</b>

<sup>11</sup> According to the collective agreement, workers do not have to keep on working after getting the notice of termination

<sup>12</sup> Két részletben épít le a GE Nagykanizsán. (GE makes layoff in two steps) *FigyelőNet* [kelt 2008. november 24.; idézett 2009. november 13.]

<sup>13</sup> The termination of the production of incandescent lamps affects not only Nagykanizsa, but also the Zalaegerszeg GE factory unit; GE has sacked more than 300 employees from these two units

<sup>14</sup> source: <http://zalailap.hu/>

There are still doubts about the future of the car lamp production, which also functions at a loss, and in which the factory units of Budapest, Kisvárda and Nagykanizsa are included<sup>15</sup>. According to the workforce reduction plans, by 2012 the whole incandescent lamp production would be finished and terminated and the remaining some 200 workers would still be working in the car lamp business.

## Attempts for preserving jobs

### *State subsidy*

The Employment and Labour Board of the Hungarian Parliament had a discussion with the GE and trade union representatives about the functioning of the GE concerns in Hungary, despite GE Hungary (who are planning a 2700 person workforce reduction for the next 2 years), used only 187 million HUF of the gained state subsidy for preserving jobs in 2009<sup>16</sup>.

GE turned in an application plan to the Employment and Social Bureau (FSZH) on the 10<sup>th</sup> of February 2009 for gaining the state subsidy program called “*For preserving jobs*”. In the first round, GE applied for subsidy of 5 months’ extra payment (1234 million HUF) for part-time employment, concerning 7784 workers, and GE took obligation for preserving the jobs of 8471 employees<sup>17</sup>.

After the discussion of the GE program plan at the Employment and Labour Board, the plan was approved by the Minister of Labour and Social Matters on the 19<sup>th</sup> of May 2009. The subsidy affected the whole Consumer and Industrial business that includes the lighting source production, which sector is mostly affected by the workforce reduction plans for 201-2011.

In the meantime, GE indicated to FSZH that the company is not able to resort the subsidy for 5 months thanks to an unexpected growth of orders, and asked for shortening the subsidy period to 3 months. This way, the amount of the subsidy was lowered to 654 million HUF (affecting 7784 persons, preserving the jobs of 8471). Shortly afterwards, GE and the Central-Hungarian Regional Labour Centre have signed the contract on the 26<sup>th</sup> of June 2009, for the period from the 5<sup>th</sup> of April 2009 until the 4<sup>th</sup> of October 2009. Based on this contract, the government paid 187 million HUF to GE. This way, GE did not use 467,6 million HUF of the subsidy<sup>18</sup>. According to the Ministry of Labour, GE fulfilled their obligations included in the contract. The central government and GE made a common schedule in the first week of November 2009, and they wish to prepare themselves for the planned workforce reduction.

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<sup>15</sup> Akár 3 ezer dolgozót is elküldhet a General Electric. (GE may send off up to 3000 workers) *FigyelőNet* [kelt 2009. október 15.; idézett 2009. november 13.]

<sup>16</sup> Egyeztetés a GE Hungaryról. (Talks about GE Hungary) *Figyelő*, 2009. 41. sz.  
<http://www.fn.hu/hetilap/20091007/roviden/>

<sup>17</sup> GE later modified the requested amount to 1.091 billion USD

<sup>18</sup> A magyar GE 187 milliót kapott az idei munkahelymegtartásért. (GE Hungary got 187 million HUF this year for preserving jobs) *NOL* [kelt 2009. november 2.; idézett 2009. november 13.]

## **The subsidy and the city of Nagykanizsa**

Péter Cseresnyés, member of the parliament and the party FIDESZ, initiated a personal meeting with Prime Minister Gordon Bajnai to discuss the about the steps to be taken in connection with the workforce reduction in Nagykanizsa. According to the MP, the workforce reduction will affect not 1300 but 1500 persons or rather families, and he thinks that the central and municipal governments should co-operate with GE Hungary management to act together in order to preserve jobs in the city.

Mayor István Marton met Mikós Hermann, the executive of the Nagykanizsa factory unit short after the announcement of the GE workforce reduction plans. The mayor thinks that the GE as a global company could find partners who would deploy their production capacity to Nagykanizsa easier than the municipal government. GE production units are situated in the Nagykanizsa Industrial Park, which is an area of high infrastructural level, so the site provides great possibilities for companies that would rather choose rental options than Greenfield investments or buying land<sup>19</sup>.

## **Attempts of the trade unions**

The trade unions that are in operation at GE Hungary sent a letter to the US management of the company. Afterwards, György Selmeczy, secretary of the “*Tungsram Workers’ Independent Trade Union (TDFSZ)*” indicated that they would use every lawful means to prevent the termination of production in Hungary and to prevent the loss of jobs<sup>20</sup>.

GE made a decision in 2008 about outsourcing the production of lighting sources. That time István Hederics, the leader of the Nagykanizsa trade union calmed the worrying down and told them that the workforce reduction process would take at least one year’s time, and told them that the collective agreement of the employees is valid until the end of 2011, and includes lots of guarantees<sup>21</sup> – today, this is far not enough for the employees.

## **Investment and workforce reductions in the region**

### ***Korea LCD factory***

A company wishes to establish a factory unit for producing LCD in Zala county that would employ 2000 persons. KETRAX Hungary Kft. who organize the investment announce that

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<sup>19</sup> Bajnaitól kér segítséget Nagykanizsa. (Nagykanizsa asks for help from Bajnai) *FigyelőNet* [kelt 2009. október 29.; idézett 2009. november 13.] [http://www.fn.hu/allas/20091029/bajnaitol\\_ker\\_segitseget\\_nagykanizsa/](http://www.fn.hu/allas/20091029/bajnaitol_ker_segitseget_nagykanizsa/)

<sup>20</sup> Including strikes or demonstrations

<sup>21</sup> The collective agreement grants the workers a termination fee twice the amount as included in the Labour Act.

the process is only in the preparation phase; KETRAX is in discussion with the Korean company NexDisplay. The factory could employ 2000 persons at maximum capacity. The future investors visited 4 possible sites in the region of Nagykanizsa and Zalaegerszeg. The Korean party would only provide the technology with full rights of research and development, the production line needed and the qualified personnel to educate the workers. The investment, as it would exceed 15 million EUR, needs confirmation from the Hungarian Government<sup>22</sup>.

The capacity of the factory unit would be approx. 700.000 LCD per month. According to the present needs, nearly 40% of the production could be sold in the domestic market, but this estimate does not include the needs of the NOKIA company. One-third of the workers have to be qualified to start the production, so further discussions are in progress about the training<sup>23</sup>.

### ***Plans of NuovaEnergia***

NuovaEnergia Kft. establishes a logistic centre of appliances that are energy efficient and economic, and also plans to establish a factory near Sormás. The company, who have a contract with the Italian manufacturer for the exclusive distribution for 15 countries, plans employing nearly 100 persons in the south-Zala town, and the total value of the investment is 500 million HUF<sup>24</sup>.

### ***Greenfield investment of Scania Hungária***

Scania Hungária Kft. opens a new production unit in Nagykanizsa this year. The construction of the Scania shop and garage was started in 2008. The construction of M7 highway until the country border, and the booming of the logistics sector in the region made it necessary for the Scania to strengthen its presence. The establishment resulted by the nearly 700 million HUF investment includes a 1200 m<sup>2</sup> building on a 15000 m<sup>2</sup> ground. There will be a 890 m<sup>2</sup> workshop with a 125 m<sup>2</sup> storage room, while the offices and the social rooms will take totally 180 m<sup>2</sup>s<sup>25</sup>.

### ***Workforce reduction at Eybl***

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<sup>22</sup> A the investment costs billions in HUF, the Hungarian part got in connection with the Hungarian Ministry of Economics, who gave the task to ITD Hungary Investment and Commercial Development Agency.

<sup>23</sup> LCD-gyár létesülne Zalában (LCD factory to be established in Zala) *FigyelőNet* [kelt 2009. augusztus 11.; idézett 2009. november 13.] [http://www.fn.hu/tech/20090811/lcd\\_gyar\\_letesulne\\_zalaban/](http://www.fn.hu/tech/20090811/lcd_gyar_letesulne_zalaban/)

<sup>24</sup> [MTI Eco]: Jelentős beruházás Nagykanizsán. (Significant investments in Nagykanizsa) *VG Online* [kelt 2009. augusztus. 12.; idézett 2009. november 13.] <http://www.vilaggazdasag.hu/vallalatok/jelentos-beruhazas-nagykanizsan-284581>

<sup>25</sup> [VGO]: Hétszáz milliós Scania telephely-beruházás Nagykanizsán. (700 million HUF Scania investment in Nagykanizsa) *VG Online* [kelt 2009. március 25.; idézett 2009. november 13.] [http://www.vilaggazdasag.hu/vallalatok/vg\\_online/vallalatok\\_-\\_belfold/090325\\_scania\\_266351](http://www.vilaggazdasag.hu/vallalatok/vg_online/vallalatok_-_belfold/090325_scania_266351)

Eybl Hungária Kft (under liquidation) sends off 100 employees in Lenti, 70 in Nagykanizsa, 35 in Jánosháza, and further 20 in Körmend. The company which produces car seat drape, has terminated the labour contract of more than 1000 employees since last November. The production is in operation only in one shift in stead of the previous 2.

Eybl Hungária Kft got under liquidation at the end of last year, right after the bankruptcy of the Austrian parent company. Vectigális Zrt, the liquidator, intended to keep the company in operation, but the number of the company's orders kept decreasing even after gaining a 16 million EUR bank guarantee from the government<sup>26</sup>.

### ***Unsettled financing of the M7 highway***

The EU administration from Bruxelles started questioning about the public procurement concerning the M7 highway, so the parts of the speedway already established may be the next Hungarian project (after the Csepel water Management Facility and the metro line no.4) to lose the EU subsidy.

The National Development Agency (NFÜ) asked two independent auditors to investigate two projects; one of them was the metro line no.4, while the other was the documentation of the M7 highway section between Balatonkeresztúr and Nagykanizsa. The auditors stated at both projects that the EU may refuse some of the subsidy requests because of some public procurement irregularities, so it is advisable not to request any.

Varjú László, secretary of state of the Ministry for National Development and Economy announced in August 2009 (in the silly season) that the subsidy requested for the M7 highway will be used for the construction of M3 highway. Official reason of the decision was that economically the government considered the construction of the M3 highway section between Nyíregyháza and Vásárosnamány more important, because it provides regional connection between the settlements of Szabolcs-Szatmár-Bereg county.

EU experts say that the real reason for the above decision may be that the auditors have found some public procurement irregularities about the M7 project. It seems sure now that it was useless to send the M7 payoff to Bruxelles, the EU Committee will probably refuse the Hungarian request<sup>27</sup>.

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<sup>26</sup> [MTI Eco - VGO]: Újabb 230 embert küld el az Eybl négy üzeméből. (Eybl sends off another 230 persons from 4 factories) *VG Online* [kelt 2009. július 8.; idézett 2009. november 13.]

[http://www.vilaggazdasag.hu/vallalatok/vg\\_online/vallalatok\\_-\\_belfold/090708\\_ebyl\\_280205](http://www.vilaggazdasag.hu/vallalatok/vg_online/vallalatok_-_belfold/090708_ebyl_280205)

<sup>27</sup> Cseke Hajnalka: Egyre több pénzt kér vissza az unió. (The EU claims more and more money back) *FigyelőNet* [kelt 2009. szeptember 6.; idézett 2009. november 13.]

[http://www.fn.hu/belfold/20090901/egyre\\_tobb\\_penzt\\_ker\\_vissza/](http://www.fn.hu/belfold/20090901/egyre_tobb_penzt_ker_vissza/)