GE in Hungary & the TFA

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GE Hungary
GE Hungary – A history of increasing value

Manufacturing base, R&D and Customer Experience Centers, Business HQs, SSCs

1989 Lighting
- GE Lighting – Tungsram
- Global R&D Center
- Ecomagination products

1995 Capital
- Budapest Bank
- New service provider in consumer and industrial finance

1998 Energy
- Electronic Component Manufacturer – Ózd
- Partnership with local University

1999 Aviation
- Engine component repair facility
- New competence in HU

1999 Energy
- Broad Energy portfolio
- Ecomagination products
- Export orientation amending BoP
- New competence in HU

GE TODAY

2000 Healthcare
- R&D Center of Excellence
- CEE Regional Sales and Service Center
- Built on existing competence in Hungary
- Membrane technologies (Zenon)
- Ecomagination products
- Global R&D, sales and manufacturing

2006 Power & Water
- Lighting Customer Experience Center
- 2 regional business HQs
- 3 R&D centers – GE Healthcare/ELTE University joint Masters program
- 12 manufacturing plants
- 2,000+ key local suppliers, $600M sourcing
- Exemplary corporate citizen
- Industrial ambassador for Hungary
- Significant contribution to GDP
- Europe SSC

Privileged & Confidential
Worldwide every 4th radiological exam use imaging software developed in Hungary

Every 5th international patent in Hungary comes from GE Hungary
GE has doubled the loans to small enterprises in 2012 and supports 3,500 start up companies every year.

Equipment produced in Hungary cleans globally 7 million m³ water globally, 10 times the need of Hungary.
Every 6 seconds a commercial plane takes off globally with parts serviced in Hungary, i.e. at any point of time 700 planes with 100,000 passengers rely on Hungarian quality.

Every year GE Hungary manufactures:
- 6 mm CMH lamps
- 300 MM automotive lamps
- 8 MM street lamps
(illuminating 400,000 km of roads)
General Electric ... Innovation is our heritage also in Hungary
Annual R&D expenses in bn HUF
GE Industrial Businesses in Hungary

Energy
- GT spare parts / repair, LM6000, Jenbacher container
- 2000 Employees
- $1Bn NI
- Multipurpose CoE for customers

Healthcare
- All Healthcare modalities
- Software R&D
- Diagnostic manufacturing
- 600 Employees
- $100M OM EE
- Eastern Europe Headquarter

Home & Business Solutions
- CMH Streetwise, EE Halogen, T5 LFL
- 6770 Employees
- $88.5M NI
- Eastern Europe Headquarter

Aviation
- Component repair, scrap replacement and kitting
- 220 Employees
- $38M NI
- European Honeycomb CoE

Water
- Ultrafiltration for water and waste-water
- 850 employees
- $42M NI

6-7% of GE’s total supply chain is in Hungary (10% in CEE)

99% export

Manufacturing, Sourcing, Logistics..
The Trade Facilitation in GE’s „simple” interpretation

Any measure that promotes trade

- Border management processes (e.g. more predictable, efficient, including more effective cooperation between customs authorities etc.)
- Policies that affect the efficiency of transport & logistics services

…but ANY MEASURE.. lack of TF increases prices of imports and exports

Authorized operators – Article 7

- Clear rules for TF measures

AEO ⟷ EU context

- AEO is good and bad today..
- LT benefits are there: fewer control, fewer delays, reduced cost etc. but still limited benefits in a way. Need more simplifications & benefits for AEOs versus non-AEOs
„Simple” Expectations

Simple GOALs:

• Increase speed of clearance/movement of goods (which facilitates, increases trading activities)
• Reduction of trade costs (watch for regulatory norms and related enforcement requirements pursued by gov. agencies etc.) and maximize gains from trade
• Efficient supply chain, improve export performance

AEO (new UCC) ..much simpler procedures needed

• Moving goods in temporary storage between Member States,
• Centralized clearance,
• Single transport contract
• Customs guarantees – AEOs should not guarantee 100% of their c. duties (no difference bw AEOs and non-AEOs today..does not make sense..)
• Decrease administration burdens wherever makes sense/possible (eg. why asking for annual reports from companies /when request for Customs permissions/ when those are available, electronically by basically anyone..public information etc.)
+ SELF ASSESSMENT clearly the way going forward (follow the 'tax example')
Main Concerns & Risks

Border Agency Cooperation is welcomed (Article 8), however, what about the cooperation between tax and customs authorities?

• Combine tax and customs in one authority (like in Hungary)
• Why we need separate domestic customs laws? (UCC is there to regulate...)
• If local rules are necessary, regulate them in the tax laws
• Audits/selection should be based on serious risk analysis
• Are Tax authorities involved in the TFA?

Cooperation with Businesses/Private Sector/

• More and timely dialogue required..
• Real partnership is required with AEOs

Combat against (VAT) fraud and 'black economy'

• Resolve without additional and significant, unnecessary burden on AEOs, ideally on EU level vs. local/MS level