INVEST IN HUNGARY

hipa
HUNGARY

smart. ambitious. competitive.

#1 European destination for 2019 by European Best Destinations
About Hungary

**Population**
9,769,526  
(2020, HCSO)

**Area**
93,023 km²

**Capital (population)**
Budapest  
(1,750,216)  
(2020, HCSO)

**Form of Government**
Parliamentary Republic

**Currency**
Forint (HUF)

**Time zone**
GMT + 1hour

**Membership in international organisations**
EU, UN, OECD, WTO, NATO, IMF, EC  
EU member since 2004

Key figures

- **Inward FDI stock** 61% (of GDP)  
  (2019, MNB)
- **GDP (PPS)** € 225,808 M  
  (2019, HCSO)
- **GDP / capita (PPS)** € 23,110  
  (2019, HCSO)
- **GDP growth** 4.6%  
  (2019, HCSO)
- **Inflation** 3.4%  
  (2019, HCSO)
- **Average gross earning** € 1,131  
  (of full-time employees)  
  (2019, HCSO)
- **Budget balance** -2.1%  
  (% of GDP)  
  (2019, HCSO)

Business friendly environment

Hungary has been continuously improving its taxation system.

- **Corporate income tax** 9% flat rate
- **Social contribution tax** 15.5%  
  (As of 1 July 2020)
Foreign trade focus

- Based on 3 main pillars
  - FDI focus through HIPA
  - Export promotion by HEPA
  - Effective financing and insurance facilities by EXIM

Continuous increasing FDI inflow since 2015

Hungary’s exports by country group (billion EUR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Hungary</th>
<th>Slovenia</th>
<th>Slovakia</th>
<th>Romania</th>
<th>Poland</th>
<th>Croatia</th>
<th>Czechia</th>
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<tbody>
<tr>
<td>2015</td>
<td>90.5</td>
<td>104.9</td>
<td>93.0</td>
<td>90.5</td>
<td>40</td>
<td>48</td>
<td>68</td>
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<tr>
<td>2016</td>
<td>93.0</td>
<td>100.7</td>
<td>93.0</td>
<td>90.5</td>
<td>48</td>
<td>40</td>
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<td>57</td>
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<td>33</td>
</tr>
</tbody>
</table>

Inward FDI stock in 2019 (% of GDP)

- 68 in Czechia
- 61 in Hungary
- 57 in Slovakia
- 48 in Croatia
- 40 in Romania
- 39 in Poland
- 33 in Slovenia

Extensive network of diplomats promoting Hungary’s foreign trade relations at 148 local representations in 84 countries

- Local representatives in 84 countries
- Diplomatic offices in 148 locations

Euros for external financing and insurance facilities by EXIM

- €109.1 billion

Local representations in 84 countries
Budapest is the most affordable city for running a business (Utility Bidder)

the Most Livable City in Eastern Europe according to The Economist’s annual list
Human capital

The Hungarian labour force is well qualified and cost effective, which increases the country’s international competitiveness.

Labour pool structure

- Services: 63%
- Construction: 22%
- Manufacturing: 8%
- Agriculture: 5%
- Other: 2%

40+ languages served by Hungarian Business Services Centres

Dual education

Talent pool in the service of the Hungarian economy

- 285,110 students in tertiary education
- The number of tertiary dual education partner organisations amounts to over 900

- 145,016 students in vocational education
- The number of students engaged in vocational dual training is around 50,000
**EU and Schengen zone membership**
(free movement of goods)

**50+**
scheduled container trains weekly to European ports of the North Sea, the Adriatic and the Mediterranean

**Direct flights to 153 destinations by 49 airlines from Budapest Airport**

**Nr. 1 in length of motorways in CEE (EU Transport in Figures 2019)**

**Nr. 6 in railway line density in Europe**

**Motorway network**
covering the entire country

**Easy access**
to Western and Eastern European countries from the heart of the continent

- **Existing**
- **Under construction**
- **5G smart road**
- **Future development**

**3rd fastest** mobil internet in the world

**4G**
already available for commercial users

**5G** already available for commercial users
Best airport in the Eastern European region

#1

6x best
HIPA offers one-stop-shop management consultancy services providing tailor-made information packages and incentives for companies interested in investing in Hungary.

**Location selection**
Access to information on investment sites, labour market, taxation, business environment, local suppliers and more.

**Incentives**
First-hand information on the full range of incentives, end-to-end management of the VIP cash subsidy system.

**Business development**
Identification and development of local suppliers, mediation between business and government, policy proposals to improve the business environment.

**Investment sites**
HIPA operates an internal database of investment sites in Hungary. The Investment Sites Database simplifies the task of matching investors’ needs to potential locations. Searchable by size, location, available infrastructure and incentives.

Our database lists more than 1600 sites throughout Hungary.

- **1300** GREEN- & BROWNFIELD SITES
- **120** INDUSTRIAL PARKS
- **340** OFFICES
It is also common in the automotive sector, that the added value by suppliers in the final product is growing increasingly. Therefore, at HIPA, we pay special attention to the supplier-related demands of our investing partners so that Hungarian enterprises can be present in as many numbers as possible in the added-value chains of the multinational corporations. We are ready to provide our partners with a complete picture about Hungarian suppliers in a given sector at the earliest stage of the investment project. Later, we support the expansion of the added-value chain of the investor by presenting actual supplier’s profiles in Hungary.

**The quantity, quality and geographical location of suppliers play an increasingly important role when choosing the location of an investment project.**

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For INTEGRATORS

- **Market information** about the existing supplier ecosystem before the investment decision.
- **B2B meetings** between integrators and suppliers in order to create business opportunities.
- **Supplier database** about the companies in Hungary with active connections and references to the manufacturing sector.
- **Development trainings** focusing on quality and efficiency in order to help suppliers enter and grow within the added value chain of multinational partners.

For SUPPLIERS

- **Exhibitions** to participate on the biggest international fairs and trade shows.
- **Supplier Forums** to enhance horizontal and vertical connections among our partners.
Incentives in Hungary

responding to the dynamics of the economy

Cash grant

- up to 50% of the training costs (trainings)
- up to 73% of the costs of workshop establishment and development (R&D&I projects)

VIP Cash Subsidy up to 25% of the costs of workshop establishment and development (R&D&I projects)

VIP Cash Subsidy up to 25% of the project costs

EU co-financed tenders

Tax benefit

R&D&I tax benefit up to 100% of the direct costs of the projects

Development tax benefit as an exemption of 80% of the CIT payable

Cash grant

Cash grant

Cash grant

VIP Cash Subsidy

Local subsidy grant by municipality (based on the regions marked on the map)

Maximum aid intensity for regional aid

50%

25%

35%

20%
Results from 2014 to 2020 by HIPA

- **New jobs**
  - 2020: 12,914
  - 2019: 13,493
  - 2018: 17,024
  - 2017: 12,914
  - 2016: 17,647
  - 2015: 12,995

- **Investment volume (EUR billion)**
  - 2020: 4.0
  - 2019: 5.3
  - 2018: 4.3
  - 2017: 3.3
  - 2016: 3.2
  - 2015: 1.4

- **Number of projects**
  - 2020: 97 FDI
  - 2019: 97 FDI projects
  - 2018: 117
  - 2017: 116
  - 2016: 106
  - 2015: 67

- **Top IPA Awards**
  - 2019: Site Selection Magazine
  - 2018: Site Selection Magazine

+222% the investment volume has more than tripled

References

- 2018 FDI Strategy
- 2018 R&D Support
- 2018 AIM Magazine

Professional investment promotion by HIPA

Top IPA Awards

- 2018
- 2019
- 2020
Each year, companies executing the most considerable investments of the previous year are being recognized together with a Hungarian supplier and an industrial park.

The awards are presented by Minister of Foreign Affairs and Trade and CEO of HIPA.
Investors of the Year
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