HUNGARY
SMART.
AMBITIOUS.
COMPETITIVE.
Hungary is an open economy where particular emphasis is placed on encouraging foreign direct investment (FDI). Partnership with potential investors is a national priority; special attention is paid to the needs of companies already settled in Hungary, and to the further improvement of the business climate.

Inward FDI stock amounted to 66% of the GDP (2016) the highest ratio in the region.

Source: wiiw FDI Database

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IN ORDER TO IMPROVE THE BUSINESS CLIMATE, THE HUNGARIAN GOVERNMENT... has introduced a new incentive scheme supporting technology intensive investments.

...has created the most competitive CIT in the EU with 9% flat rate.

...has modified its taxation and incentive system related to R&D activities to make Hungary the innovation hub of CEE.

...is committed to further reduce taxes on employment.

...is helping companies to function reliably by providing a clear agenda on economic development and FDI strategy.

...has introduced its unique economic development plan based on Industry 4.0 requirements.

...further improved the practice-based dual education system built on industry needs.

...offers companies a strategic partnership and provides them with fast access to the Government.

INVESTMENTS IN FOCUS

Life Sciences in Hungary
GASTRO STORY

The dining scene in Budapest is livelier than ever, practically you can find the cuisines of every culture in the capital, from high-end Michelin-star restaurants to no-frill eateries, small bistros and must-try food trucks.

EXPATS LIKE HUNGARY

Budapest is a city full of surprises and wonders, with its lively centre, pretty parks, majestic river, tall church spires, and lavish spas. One of the most exciting cities in the world, Budapest is full of secrets, hidden spots to explore, and old favourites to revisit. This is the city where being bored is not an option.

EXPLORE THE COUNTRYSIDE

Hungary’s diverse countryside offers a wide range of outdoor activities: 11,000 kilometres of hiking routes; more than 4,000 kilometres of cycle paths; 14 golf courses; 10 national parks; and many protected nature reserves for those in love with fresh air. The protected Puszta-region, the Great Plain, the romantic Danube Bend with its historic sites, and pretty baroque towns, such as Eger, attract visitors all over the year. Lake Balaton, the largest fresh water lake in Central Europe, is a perfect holiday resort.

INTERNATIONAL SCHOOLS

Expatriates looking to stick with the curricula of their home countries can choose from a range of private international schools for their children. There are also many English, German or French public and private pre-schools for children aged from three to six. The school year starts in September and ends in June, and school buses are usually available at private schools. There are many opportunities to study in a foreign language at universities too.

Did you know that...

...the kindergarten and the elementary school division of the International School of Debrecen will start to operate in September 2019 and its upper school education starts running from September 2020?
**LIFE SCIENCES IN HUNGARY**

**STRONG POSITION**

- **6.3%**
  - The share of pharmaceuticals in total manufacturing value added
  - »Nr. 1 in the region

- **4.9% of total exports**
  - Largest exporter of medicinal and pharmaceutical products in the region
  - »Nr. 1 in the region

- **EUR 3.1 billion**
  - FDI stock in pharma industry
  - »Nr. 1 in the region

- **48,000**
  - Pharma and medtech employees

- **EUR 1,614**
  - Average monthly gross wage in pharma sector

- **Labour productivity**
  - »Nr. 1 in the region

- **8 out of globally Top 10**
  - Drug and biotech companies have manufacturing or R&D activity in Hungary

- **EUR 1.6 billion**
  - Average monthly gross wage in pharma sector

- **The pharmaceutical industry provided for 35.8% of the manufacturing industry’s R&D expenditures in 2016**

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Hungary’s modern pharmaceutical industry was established in 1901 by Gedeon Richter who began industrial-scale manufacturing in his Budapest pharmacy laboratory. During the 1910s and 1920s, the foundations were laid down for one of Hungary’s most successful and globally-renowned industrial sectors.

Throughout the 20th century, Hungary was the most important supplier of medicine for Eastern Europe and remained at the forefront of the region’s pharmaceutical industry.

In the 1990s, international pharmas recognized its expert knowledge and potential and established export-oriented, high added value production in the country.

Building on its rich traditions, today the Hungarian pharmaceutical industry contributes to the health of people in almost 80 countries around the world.

Ground-breaking contributions to life sciences were made, such as the first synthesis and mass production of Vitamin C, led by Nobel laureate Hungarian scientist, Albert Szent-Györgyi.

“For Gedeon Richter, an independent pharmaceutical multinational based in Hungary, the solid operating of its research and development activity is a priority. The favorable economic environment make it possible for us to maintain a high engagement of Hungarian brainpower, a key to our successful international presence.”

Erik Bogsch
Executive Chairman
Gedeon Richter Plc.
LIFE SCIENCES IN HUNGARY

REFERENCES

**GEDEON RICHTER**

The nation's first large-scale pharmaceutical producer, Richter was established in 1901 and remains the national flagship manufacturer. The largest independent drug maker in CEE, the company operates a highly regarded R&D centre, employing ca. 1,000 people. Richter runs joint research programs with more than 30 leading university faculties and academic research institutes. The company is also active in original research, which is mainly focused on diseases of the central nervous system.

**GLAXOSMITHKLINE**

GSK is a three legged company group in Hungary. GSK Pharma deals with prescription drugs, vaccines and provides medical information. GSK Consumer Healthcare offers over the counter products and is one of the key healthcare companies in Hungary. GSK Vaccines has a cutting edge production site in Gödöllő. Gödöllő has a key role in producing purified Diphtheria and Tetanus antigens which are used in DT containing vaccines all over the world. During last two years GSK invested more than EUR 55 million in Hungary. These investments help secure the long-term supply of two of our vaccines to meet global demand, improve the technology on site and involve the creation of more than 110 new jobs.

**SANOFI**

Sanofi Hungary is a healthcare leader which mission is to improve the health conditions and quality of life of Hungarians focusing on patients’ needs. Sanofi offers therapeutic solutions for healthcare problems in diabetes, oncology, human vaccines, innovative drugs, consumer healthcare and rare diseases. Sanofi is Hungary’s 21st largest company in terms of sales, the 16th largest exporter and the 2nd largest pharmaceutical company in terms of domestic sales. With 100 years of history and 2000 employees working on 4 sites (Csanyikvölgy, Nagytétény, Újpest, and Veresegyház), Sanofi is present in Hungary with a wide range of activities: Development, Production, Commercial and Distribution.

**EGIS (SERVIER)**

Egis – established in 1913, now member of the Servier group – is one of the leading generic pharmaceutical companies of the CEE region. Egis has 4,364 employees, the company operates subsidiaries and offices in 18 countries and its products are available in 62 countries. Egis activities cover the whole pharmaceutical value chain from R&D, active ingredient and finished product manufacturing to sales and marketing. In 2013 Egis launched the first biosimilar monoclonal antibody in the EU.

**THOSE WHO HAVE CHOSEN HUNGARY**

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**BEÁTA SZÖRÉNYI**

General Manager
Sanofi Hungary

“With regards to innovation in the pharma sector Hungary is an attractive place and is among the top 10 countries in Europe in terms of the number of conducted clinical trials, bringing 300 million Euros of investment to the country every year.”
LIFE SCIENCES IN HUNGARY
SUCCESS STORIES

RECENT SUCCESS STORIES AND DEVELOPMENTS

March, 2016
On 10 March 2016, leading Hungarian pharma producer Gedeon Richter announced to expand its capacities dedicated to biosimilar development and manufacturing in the town of Debrecen via a capital expenditure program worth EUR 48 million. These facilities were initially inaugurated in 2012. The planned investment creates 125 new jobs and involves a near doubling of the biotechnological manufacturing capacities while simultaneously establishing an analytical facility to evaluate the substances produced.

October, 2016
Egis – with consortium partners University of Pannonia, University of Szeged and Research Centre for Natural Sciences of the Hungarian Academy of Sciences – have undertaken a common project in Kőrmenő (Hungary). With the about EUR 18 million investment, the company develops new galenic products on the basis of already known APIs. The new products aim at treating diseases for which there is currently no therapy that is adequate from all aspects. The developed products and medicine combinations in the form of cream, ointment, suppository and gel have unique composition or support the success of the therapy in a new form.

March, 2017
On 13 March 2017, global pharma company GlaxoSmithKline announced a development project of its Hungarian production site in Gödöllő in a value of EUR 57 million, creating 104 additional jobs. As a result of the investment project, the Hungarian plant of GSK will manufacture Diphtheria and Tetanus Toxoids for broader scale of application while the overall capacity of the plant is going to be increased as well. In 2016 GSK also celebrated an important milestone in Hungary as on 30 May the company inaugurated a new production unit of the Gödöllő site in a value of EUR 10 million.

September, 2017
Béres Gyógyszergyár Zrt. has carried out expansion and technology development at its Szolnok production unit to the value of EUR 10.3 million. As a result of the project, the production and logistics area increased by almost one and a half times, a new technology is applied, and 60 new jobs were created. As part of the development, the rated pharmaceutical production area increased by 38%, while the various warehousing areas by about 50% in total.

August, 2017
The latest development by the Danish pharmaceutical company Xellia Pharmaceuticals has been completed at its Kőbánya site, Budapest. As Xellia’s centre of excellence, the laboratory constructed as part of a development of EUR 11 million will operate as a testing centre for active ingredients produced by all units and so it will play an important role in the global operating strategy of the Danish pharmaceutical company. As a result of the expansion, more than 40 new jobs have been created so far, and through the ongoing hiring process Xellia would increase the size of the team participating in the operation of centralised laboratory services to 80 in 2019.

Samuel Shaw
General Manager
GlaxoSmithKline Ltd.

“Highly educated professionals, an advantageous geographic setting and a supportive environment for investment have been the key drivers to make this development in Hungary.”

Samuel Shaw
General Manager
GlaxoSmithKline Ltd.
Veterinary sciences also have deep roots in Hungary, with the beginnings of veterinary serum production dating back to the early 1900s.

In 1912, the Phylaxia Serum Producing Company was established to develop and produce the classical swine fever serum.

From the 1920s, new vaccines were produced, targeting anthrax, swine erysipelas and poultry cholera.

In 1948, all Hungarian biological production laboratories were reorganized into a single company.

In 1970s, the company became a national and international centre of innovation for veterinary sciences with more than 2,000 employees and 200 different products manufactured.

In 1999, the company became a subsidiary of Ceva.

After many production capacity increase investments (EUR 65 million until 2014), Ceva-Phylaxia celebrated the 50 billionth poultry vaccine manufactured in Hungary.

Inauguration of the new 3900 sqm B5 plant at Ceva Phylaxia. EUR 30 million investment, 100 new equipment, 60 new positions, 4 millions of ampules production capacity increase per year.

Scientists at Ceva-Phylaxia continue to build on the knowledge-base of their predecessors. The company’s largest biological R&D center is in Budapest with a staff of 145. The total headcount of Ceva-Phylaxia will reach 700 in 2018. 95% of the production is exported worldwide.

Thierry Le Flohic, Director of the Biology Unit, Ceva

“In celebrating 100 years since the creation of the Phylaxia Serum Producing Company, we are very proud of our historical link with this company and its scientific tradition. Over the years, we have shown our commitment to build on our roots and bring to life major innovations, by investing heavily and regularly in CevaPhylaxia. ...From 1991 to today, the company has increased its production over a thousandfold, and launched numerous vaccines including the best sellers CevacTransmune IBD, Cevac IBD L, Coglavax, Coglapest, Coglapix and Coxevac, just to name a few.”
The Hungarian labour force is well qualified and cost effective, which increases the country’s international competitiveness. The large number of high quality research institutions are a testament to Hungary’s traditional strengths in science and technology. From 2018 the statutory gross minimum wage in Hungary is HUF 138,000 (cca. EUR 446) per month. The average earnings were around HUF 297,000 (cca. EUR 961) per month in 2017.

(Source: National Employment Service)

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LABOUR FORCE
EDUCATION

BIOTECH-RELATED
RESEARCH AND EDUCATIONAL INSTITUTES
MAIN CENTRES: BUDAPEST, PÉCS, SZEGED, DEBRECEN

More than 21,000 Life Sciences students in tertiary education in 2016/2017

Dr. István Hodász
CEO, Egis

“Hungary has a highly innovation-driven pharmaceutical industry. Egis itself devotes more than EUR 40 million to research and development yearly, one of the largest amounts spent on R&D among all CEE companies. We continuously develop our state of the art technologies, over 10 years we have devoted EUR 428 million to investment in Hungary. The globally acknowledged local expertise, favourable infrastructure and government incentives provide a solid background to improve our competitiveness.”

Nr.1 in the region in terms of wage adjusted labour productivity in pharma and medtech manufacturing (Eurostat, 2015)

Pharma and medtech employ altogether around 48,000 persons (HCSO, 2017)

Average monthly gross wage in pharma sector: EUR 1,614 (HCSO, 2017)
The scientific creativity of Hungarians is internationally recognized, which is apparent from the large number of Nobel laureates of Hungarian origin. This talent is particularly noticeable in the fields of natural, technical and medical sciences. Although biotechnology is a relatively young science, its related industries and research fields have longstanding traditions in Hungary, giving companies access to a deep knowledge-base.

Most innovative industry in Hungary: life sciences accounts for almost 40% of total R&D in manufacturing industries.

R&D is conducted at universities and R&D centres of leading global pharmaceutical companies.

Member companies of pharma manufacturers association spent EUR 172 million on R&D in 2016.

R&D POTENTIAL

IN HUNGARIAN LIFE SCIENCES

INNOVATION

2004
ADAM HERSHKOFF
CHEMISTRY
The discovery of ubiquitin-mediated protein degradation

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GEORGE ANDREW OLÁH
CHEMISTRY
Contributions to carbocation chemistry

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DENNIS GABOR
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The physical mechanism of stimulation within the cochlea

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MEDICINE
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RICHARD ADOLF
ZSIGMONDY
CHEMISTRY
Demonstration of the heterogeneous nature of colloidal solutions

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ROBERT BÁRÁNY
MEDICINE
Physiology and pathology of the vestibular apparatus

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FÜLÖP VON LÉNÁRD
PHYSICS
Cathode ray

2014
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Contributions to carbocation chemistry

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UNIVERSITY CAPABILITIES

INNOVATION applied research and technological development.

of life sciences. The Research Centre for Molecular Medicine combines cutting-edge basic research with applied research and technological development.

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Life Sciences in Hungary

MAJOR CITIES IN HUNGARY

IS CONCENTRATED AROUND FOUR LIFE SCIENCES R&D

LIFE SCIENCES R&D IS CONCENTRATED AROUND FOUR MAJOR CITIES IN HUNGARY

BUDAPEST

Semmelweis University

Besides being Hungary’s oldest medical school, largest health care institution and outstanding centre of research and innovation, Semmelweis University is also widely recognized as one of Europe’s leading universities in medical and health sciences. The Faculty of Health Sciences consists of 14 departments with over 200 highly-qualified lecturers and part-time instructors as well as more than 3,500 students in the academic year 2017/2018.

SEMMELWEIS UNIVERSITY, DEPARTMENT OF IMAGING AND MEDICAL INSTRUMENTATION

The Department is responsible for the education of medical diagnostic analysts of the field of diagnostic imaging and intervention, corresponding to the task of training highly qualified radiographers who are experienced in every subfield of radiology. As regards to the research activities of the department, the main focus is on clinical decision support, medical informatics, self-monitoring, on developing an immersive learning environment, or a virtual learning environment. Higher emphasis is put on emergency care systems, reduction of supply times and on successful cooperation with emergency departments.

SZEGED

University of Szeged

According to the QS World University Rankings®, the University of Szeged was the best Hungarian university in 2017. The university has 13 faculties and 19 doctoral schools. The number of the academic research and teaching staff reaches 2,200 teachers and researchers training around 21,500 students including over 3,200 international students as well. The 2,500 instructors and researchers at the university are actively involved in national and international research projects. The University of Szeged has built up strategic partnerships with a numerous organizations active in R&D&I together with ELI-ALPS Laser Research Centre, the unique scientific complex in Europe that was opened in Szeged in June 2017.

Hungarian Biotechnology Association

The Hungarian Biotechnology Association (HBA) located in Szeged was established by Hungary’s leading life sciences companies in 2003. The HBA developed a detailed biotechnology strategy on the basis of the best practices of 17 countries and the feedback of local managers in 2005. HBA also stands for its members in the most important biotechnology organizations, such as Biotechnology Industry Organization, EuropaBio, and European Federation of Biotechnology.

PÉCS

University of Pécs

With around 20,000 students and almost 1,700 academics, the University of Pécs is the 5th largest higher educational institution in Hungary offering high-quality research and education. The wide range of study programmes offered at ten faculties cover nearly every possible area of sciences.

János Szentágothai Research Centre

The Research Centre belonging to the University of Pécs was inaugurated in 2012. It covers all aspects of education, research and innovation at the fields of biomedical, natural and environmental sciences. The 22 research groups operate in the field of biomedical, natural and environmental sciences, such as neurobiology, biotechnology, lab-on-a-chip technology, high-field terahertz spectroscopy and various other fields in medical sciences.

DEBRECEN

University of Debrecen

The University of Debrecen is a leading and prominent institution of higher education in Hungary. Medical training at the Faculty of Medicine has the most remarkable traditions, going back one hundred years. In the academic year 2017/2018, over 3,500 students study at the Faculty, out of which over 1,500 students participate in English-language programs. The Medical School has 22 departments of basic sciences and 25 clinical departments specializing in various fields, including clinical chemistry, internal medicine, surgery, orthopedics, radiology, neurology and other areas. In its 45 theoretical and clinical organizational units, the Faculty engages in internationally recognized research activities in a wide range of life sciences. The Research Centre for Molecular Medicine combines cutting-edge basic research with applied research and technological development.

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With a population of 10 million people, the highest standard of medical care and great investigator and patient engagement, Hungary exemplifies an excellent setting for global clinical research. — Vlad Bogin, MD, FACP, CEO of Cromos (tm) Pharma
HOW DO WE SUPPORT YOUR LIFE SCIENCES PROJECT?

BEFORE

YOU MAKE A DECISION

WE OFFER YOU....

...one-stop-shop management consultancy services to address your business needs.

...tailor-made incentive offers and information packages on the business environment, labour market, tax regulations, etc.

...location search & evaluation + site visits.

...meetings with HR & real estate agencies, law firms and other consultants based on your needs.

...reference visits at companies that are already established in Hungary.

...assistance with your incentive application.

AFTER

YOU HAVE CHOSEN HUNGARY

We are open to your feedback and offer mediation between government and business based on your inputs.

We support your further expansion and plans.

PLEASE CONTACT US
Address: 1055 Budapest, Honvéd utca 20.
Customer service: investment@hipa.hu
Telephone: +36 1 872 6520
Web: www.hipa.hu
As a member of the European Union, Hungary’s regulations on incentive opportunities are in accordance with the EU rules. One of Hungary’s competitive advantages over other countries in the region is the Government’s strong commitment to increase the competitiveness of SMEs and large enterprises in Hungary. Alongside the regulatory tools that contribute to the competitive business environment of local companies, Hungary offers wide-ranging incentives to facilitate foreign direct investments and reinvestments by local enterprises. In addition to the “Made in Hungary” type investments, increasing emphasis is being put on “Invented in Hungary” type of projects with the aim of supporting the implementation of Industry 4.0 solutions and the strengthening of Hungary as an innovation hub of Europe.

From the beginning of 2017, favorable changes have been introduced in the non-refundable VIP cash grant system supporting R&D projects and technology-intensive investments.

Regional grants are the most typical forms of incentives for greenfield / brownfield investments or reinvestments. The maximum amount of regional incentive is shown on the regional aid intensity map. The map below illustrates that regional aid available for investment for a large enterprise may be up to 50% of the eligible costs of the investment, depending on the region. For investments not exceeding EUR 50 million, the maximum intensity ratio can be increased by 10 percent for medium-sized and by 20 percent for small enterprises.

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