FOOD INDUSTRY IN HUNGARY
OPENING DOORS FOR YOUR INVESTMENT
**FORM OF GOVERNMENT**

**PARLIAMENTARY REPUBLIC**

**AREA**

93,030 km²

**TIME ZONE**

GMT +1 HOUR

**POPULATION**

9,855,571 (as of January 2015)

**CAPITAL**

BUDAPEST

1,757,618 (as of January 2015)

**OTHER MAJOR CITIES**

Debrecen (203,506)

Szeged (162,593)

Miskolc (159,554)

Pécs (145,985)

Győr (129,372)

**CURRENCY**

FORINT (HUF)

**GDP (PPP)**

€ 183,989 MILLION (2014)

**INFLATION**

-0.1% (2015, HCSO*)

**UNEMPLOYMENT RATE**

6.8% (2015, HCSO)

**CLIMATE**

TEMPERATE (similar to the rest of the continental zone)

**RISK OF NATURAL DISASTERS**

VERY LOW

**MEMBERSHIP IN INTERNATIONAL ORGANISATIONS**

EU, UN, OECD, WTO, NATO, IMF, EC

EU member: since 2004

(Source: *HCSO = Hungarian Central Statistical Office)
Hungary is an open economy where particular emphasis is placed on encouraging foreign investment. 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 78% of the GDP (2014) the highest ratio in the region.

Source: wiiw FDI Database
IN ORDER TO IMPROVE THE BUSINESS CLIMATE, THE HUNGARIAN GOVERNMENT...

- Has doubled the amount of financial support for R&D ACTIVITIES in the 2016-2020 period.
- Has reduced the CORPORATE TAX RATE to the lowest level in the CEE region.
- Has introduced a new act on a practice based DUAL TRAINING in favour of business needs.
- Has introduced a FOREIGN-TRADE FOCUSED foreign policy to attract FDI.
- Has entered into STRATEGIC PARTNERSHIP AGREEMENTS with numerous companies, giving fast access to the government via workshops and regular consultations.
- Has reduced the PERSONAL INCOME TAX to 15%.
- Has created one of the most competitive FLEXIBLE LABOUR CODEs in Europe (in favour of employers).
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 bistro and must-try food trucks. In 2016, Hungary is hosting the European finals of Bocuse d’Or, the most prestigious chef competition of the World and will become – if only for a few days – the gastronomic centre of the World.

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. According to TripAdvisor, Budapest is offering the best price-value ratio in the world. According to Condé Nast Traveler readers, Budapest is the second best city on earth.

EXPLORE THE COUNTRYSIDE
Hungary’s diverse countryside offers a wide range of outdoor activities: 11,000 kilometres of hiking routes; more than 2,500 kilometres of cycle paths; 17 golf courses; ten 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.
Keeping Hungarian agriculture GMO-free is a matter of extremely high strategic importance.

The total abolition of the utilization of GMO in the country’s agriculture represents an ever-increasing competitive advantage for Hungary.

The ban on GMO is laid down in the country’s Constitution and in the corresponding legislation.

All parliamentary parties have worked together to formulate Hungary’s GMO-free strategy and the process of implementation aimed at its realisation in complete agreement.
Food Industry in Hungary

**Quality Ingredients are Available on a Large Scale**

HUNGARY is a major producer of numerous agricultural products in Europe – especially compared to the country’s size.

**Wheat and Spelt (per capita production, kg)**

- **Hungary**: 929.6 kg
- **Czech Republic**: 200 kg
- **Estonia**: 151.3 kg
- **Slovakia**: 150 kg
- **Romania**: 150 kg
- **Europe**: 100 kg

**Grain Maize and Corn-Cob-Mix (per capita production, kg)**

- **Hungary**: 530.7 kg
- **Czech Republic**: 150 kg
- **Estonia**: 150 kg
- **Slovakia**: 150 kg
- **Romania**: 150 kg
- **Europe**: 100 kg

**Sunflower Seed (per capita production, kg)**

- **Hungary**: 157.7 kg
- **Romania**: 100 kg
- **Slovakia**: 100 kg
- **France**: 100 kg
- **Croatia**: 100 kg
- **Spain**: 100 kg
- **Europe**: 100 kg
- **Greece**: 100 kg
- **Australia**: 100 kg
- **Italy**: 100 kg

Source: EUROSTAT, 2014
You can count on high quality raw materials.

### Food Industry in Hungary

The natural characteristics of the Carpathian Basin – climatic conditions and soil – establish the large scale production of high quality raw materials for the food industry.

#### All Gathered Fruits/Ton

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple</td>
<td>650,595</td>
<td>591,866</td>
<td>779,853</td>
</tr>
<tr>
<td>Cherry</td>
<td>53,425</td>
<td>70,414</td>
<td>91,845</td>
</tr>
<tr>
<td>Plum and greengage</td>
<td>43,268</td>
<td>47,998</td>
<td>45,116</td>
</tr>
<tr>
<td>Peach</td>
<td>16,263</td>
<td>43,918</td>
<td>38,729</td>
</tr>
<tr>
<td>Apricot</td>
<td>10,779</td>
<td>21,488</td>
<td>23,807</td>
</tr>
<tr>
<td>Watermelon</td>
<td>182,709</td>
<td>190,439</td>
<td>218,512</td>
</tr>
<tr>
<td>Honeydew melon</td>
<td>11,748</td>
<td>22,364</td>
<td>12,161</td>
</tr>
</tbody>
</table>

#### All Gathered Vegetables/Ton

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peas</td>
<td>42,516</td>
<td>44,725</td>
<td>46,278</td>
</tr>
<tr>
<td>Fine bean (string bean)</td>
<td>17,874</td>
<td>16,803</td>
<td>17,505</td>
</tr>
<tr>
<td>Green pepper</td>
<td>79,125</td>
<td>76,542</td>
<td>83,593</td>
</tr>
<tr>
<td>Tomato pepper</td>
<td>12,833</td>
<td>9,984</td>
<td>9,999</td>
</tr>
<tr>
<td>Potato</td>
<td>547,714</td>
<td>487,359</td>
<td>567,430</td>
</tr>
<tr>
<td>Cabbage</td>
<td>65,294</td>
<td>66,790</td>
<td>60,150</td>
</tr>
<tr>
<td>Onion</td>
<td>57,183</td>
<td>59,875</td>
<td>61,813</td>
</tr>
</tbody>
</table>

#### Fruit Production (thousand tons)

- **2012**: 822
- **2013**: 850
- **2014**: 1040

#### Vegetable Production (thousand tons)

- **2012**: 1363
- **2013**: 1441
- **2014**: 1514
The geographical fragmentation and wide range of climatic conditions within the country constitute a source of diversity of production and establish a rich choice for processing.
Meat processing and soft drink manufacturing have the largest share of FDI in the Hungarian food industry.

**Regina Kuzmina**
Managing Director, Unilever Hungary Ltd.

“The country’s superb geographical location, skilled workforce and qualified professionals all contribute to the prosperous operation of the Budapest HQ and the three factories creating 1,750 workplaces. Our company considers Hungary to be one of its strategic production centres, and throughout the past 25 years, we carried out significant investments in the country.”
"Hungary has some outstanding breweries with a long history and great expertise in brewing. Our Sopron brewery produces Heineken for export markets as well, and we are very proud that thanks to the vast knowledge and passion for quality of our colleagues, Heineken brewed in Sopron is now a reference beer for other breweries producing this brand all over the world. We also source great quality local raw materials to be processed in our breweries in Hungary and in Europe."
YOU CAN RELY ON GLOBALLY ACKNOWLEDGED HUMAN CAPITAL AT A REASONABLE COST

AVERAGE GROSS WAGES IN 2014 (EUR)

<table>
<thead>
<tr>
<th>Position</th>
<th>Average Gross Wages (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing and mining manager</td>
<td>1826</td>
</tr>
<tr>
<td>Food industry engineer</td>
<td>1054</td>
</tr>
<tr>
<td>Chemical engineer</td>
<td>1340</td>
</tr>
<tr>
<td>Chemist</td>
<td>1399</td>
</tr>
<tr>
<td>Food industry technician</td>
<td>777</td>
</tr>
<tr>
<td>Baker, confectioner</td>
<td>518</td>
</tr>
<tr>
<td>Food and beverage products machine operator</td>
<td>602</td>
</tr>
<tr>
<td>Packaging, bottling, and labelling machine operator</td>
<td>567</td>
</tr>
</tbody>
</table>

Minas Agelidis
General Manager
Coca-Cola HBC Hungary

“Excellent people in an excellent business destination - this is what Hungary means to our company. We are committed to Hungary since 1968 having invested more than HUF 110 billion only in the last two decades in our production capabilities. The production, transportation and sales of our drinks – including our employees – provide jobs for nearly 13,000 people and two-thirds of the raw materials used for the production of beverages are provided by local suppliers. We export products to 23 countries so Hungary has become a major regional hub in the Coca-Cola Hellenic group. And we are determined to go even further.”
In higher education system, the training of food engineers with bachelor’s or master’s degrees is represented by 13 colleges and universities in Hungary, while the number of faculties approximates one hundred.
Hungarian basic research is internationally recognized, and applied research has produced a number of new products and technologies.

Similarly to education research activities, Hungary’s agriculture and food industry has a long history. Seed breeding has an important status in agricultural research and is an integral part of each organization on the next page.

LABOUR FORCE
EDUCATION

RESEARCH

As of March, 2016

Food Industry in Hungary
Approximately 50 percent of the country’s total area is covered by arable land. It is geographically significant that approximately two-thirds of Hungary’s territory is flat and lie lower than 200 metres above sea level.

“Nestlé Group is celebrating its 150th anniversary in 2016 and has been present in Hungary for 25 years through its subsidiary, including three regional production centres. The central location and advanced infrastructure of Hungary as well as the agricultural base materials of outstanding quality produced here are excellent basis for affecting further investments. The 500 new workplaces we created over the past five years represents our long term commitment to Hungary.”
“Hungary, and Makó was selected as the site for Givaudan’s biggest green field investment because of the rich heritage of food production in the region and new infrastructure which provides easy to access the fast-growing markets of Central and Eastern Europe as well as Western Europe. The excellent food industry education at University of Szeged, ensures a pool of highly skilled local employees and the region is well connected through road networks providing a good logistics infrastructure.”

Mihály Karkas
Head of Operations
Givaudan Hungary Ltd.
Hungary has direct connection to all significant harbours and terminals in Europe. Several main train lines connect Hungary with the main ports of Western Europe (e.g. Hamburg, Bremerhaven, Rotterdam), the Adriatic (Koper, Rijeka, Trieste) and the Black Sea (Constanta) with regular block train services.
The railway network spans the entire country and is an integral part of the international railway network, thus providing easy access by international express trains from the neighbouring regions and numerous other European countries. The total length of the Hungarian railway system is 7,718 km, of which 1,180 km (15.3%) is double-track, whilst the electrified railway network has a total length of 2,777 km (36%).
The Investment Sites Database lists nearly 700 green- and brownfield sites, industrial parks and offices throughout Hungary. It simplifies the task of matching investors' needs to potential locations. Searchable by size, location, available infrastructure and incentives, the database is an excellent starting point for any prospective investor.

IPA operates an internal database of industrial parks, investment sites, and industrial halls in Hungary. The Investment Sites Database is one of the most comprehensive resources of its kind, the HIPA database is part of the information package for potential investors.

Looking for investment site? HIPA will support you!

Mr. Minoru Iwasaki
Factory Director
Nissin Foods Ltd.

"Looking back the time when we decided to establish the manufacturing factory in Kecskemét 2004, we were confident and believed that the region will provide us enough support to grow and there would be more business opportunities. Now, it’s been more than 10 years and observing the fact many other companies also decided to build factories here and still more others to come, we consider ourselves that we made the right choice."
HOW DO WE SUPPORT YOUR FOOD INDUSTRY 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
The maximum available aid intensity decreases if the investment is a large investment (exceeding €50 million): 50% of the maximum aid intensity determined in the regional aid map is available for investment between €50 and €100 million, with 34% of the maximum aid intensity for investment over €100 million. For information on up-to-date and individual incentive packages please contact HIPA directly.

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 above 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 €50 million, the maximum intensity ratio can be increased by 10 percent for medium-sized and by 20 percent for small enterprises.