



HUNGARY

SMART. AMBITIOUS. COMPETITIVE

Invest in Hungary

2023



Area

93,024 km²



Population

9,730,772

(2021, HCSO)



Time zone

GMT +1 hour



Currency

Forint
(HUF)



Capital (population)

Budapest

1,723,836

(2021, HCSO)

HUNGARY



Other major cities

Debrecen (201,112)

Szeged (160,258)

Miskolc (152,901)

Pécs (141,843)

Győr (133,946)



Membership in
international
organisations

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

EU member since 2004



Risk of natural
disaster
Very low



Climate
Temperate



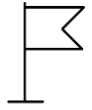
Form of government

Parliamentary republic

Invest in Hungary



Hungary offers excellent logistic opportunities in a central location



EU & Schengen

Central location as the center of gravity for distribution to Central & South-Eastern Europe

EU and Schengen memberships mean the free movement of goods

3TEN-T as Hungary is at the crossroads of 3 core European transportation corridors: Mediterranean, Orient/East – Med, Rhine – Danube



Road & rail network

1st in length of motorways in CEE

6th by railway line density in Europe

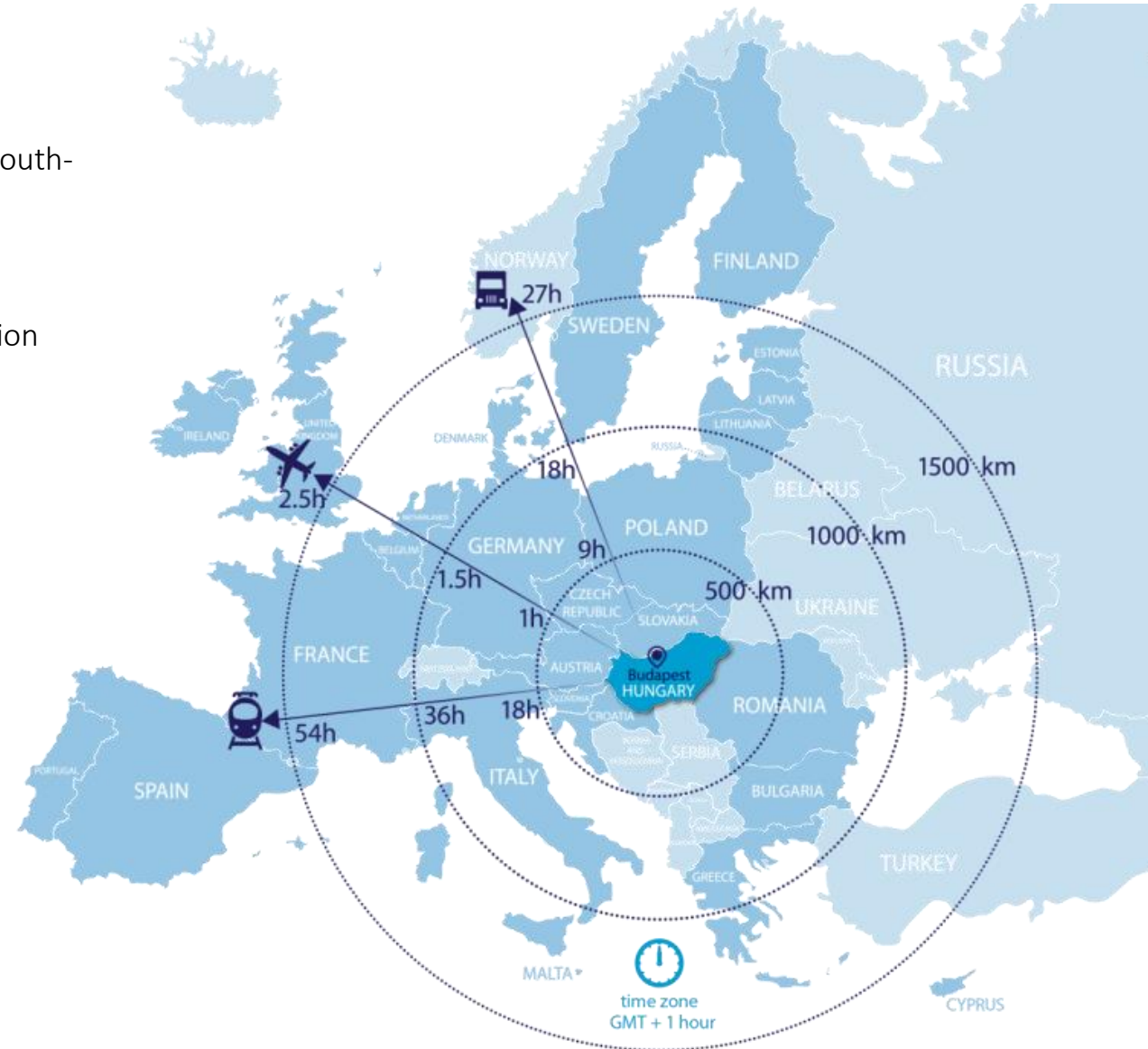
50+ scheduled container trains weekly to European ports of the North Sea, the Adriatic and the Mediterranean



Airports & waterways

144 direct destinations by 34 airlines from Budapest airport

Inland waterway in Hungary is part of the Rhine – Danube corridor



Climate goals

Hungary will become carbon neutral by 2050

Climate goals until 2030



90% of the Hungarian electricity production will be carbon-neutral



21% renewable energy share in gross final energy consumption



40%* decrease in the emission of greenhouse gases compared to 1990 levels

*The EU is working on the revision of its climate, energy and transport-related legislation under the so-called 'Fit for 55 package'. According to these plans the EU will be committed to **cut emissions by at least 55% by 2030**. This will probably also raise Hungary's 2030 climate ambitions.

Climate goals until 2050

! Hungary will become carbon neutral by 2050.



Hungary is dedicated to reach ambitious climate goals.
Since 2020 carbon neutrality in Hungary is a legal obligation:
„Hungary will reach full climate neutrality by 2050, the remaining domestic emissions and removals of greenhouse gases will be in balance by 2050.” - *Act XLIV of 2020 on climate protection*

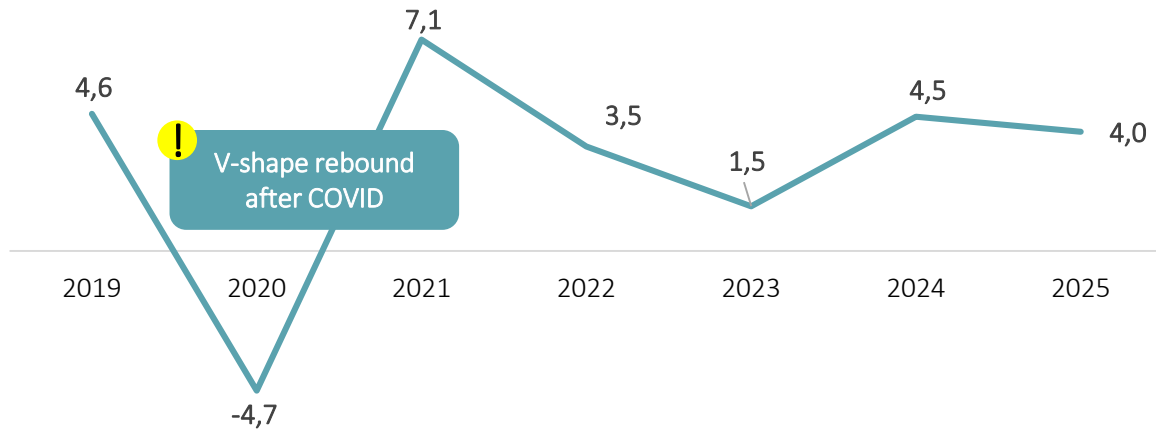
Economy of Hungary

Stable economy with a very competitive tax system



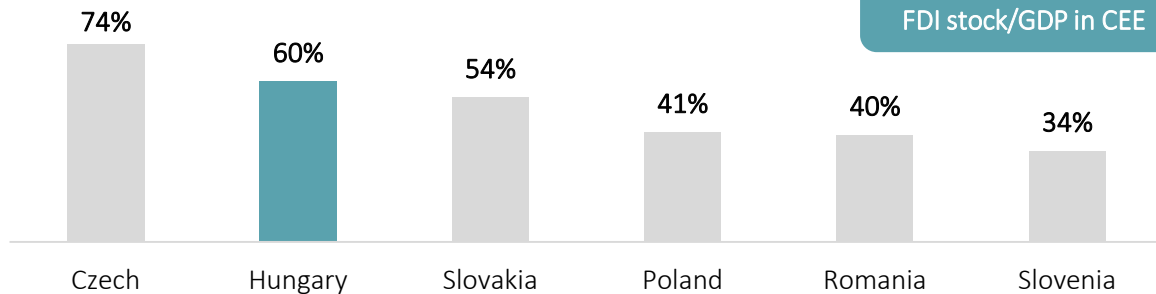
Good GDP growth outlook

GDP growth (%) prognosis by the Hungarian National Bank, Dec. 2022



Open economy with trade focused foreign policy

Inward FDI stock in 2021 (% of GDP)



OPEN ECONOMY

Export/GDP ratio close to **100%**
Investment and trade development are key to drive sustainable growth



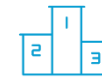
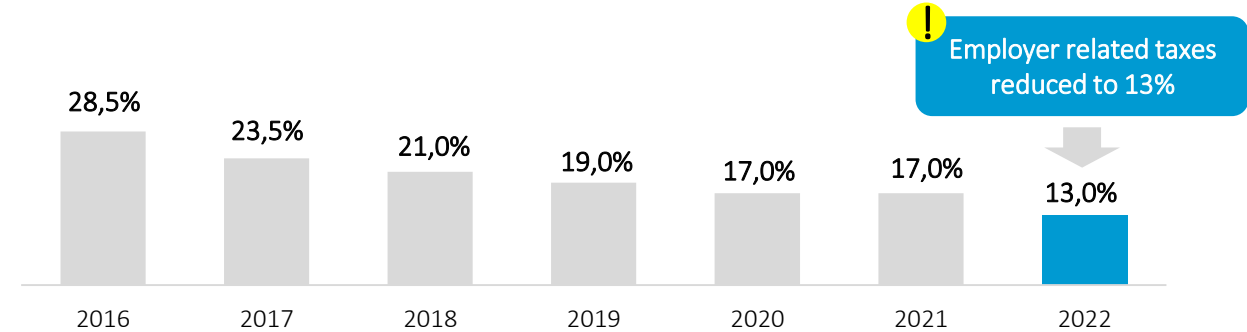
TRADE FOCUSED FOREIGN POLICY

Partnership with investors is a national priority
The Ministry of Foreign Affairs and Trade & HIPA support investors in Hungary



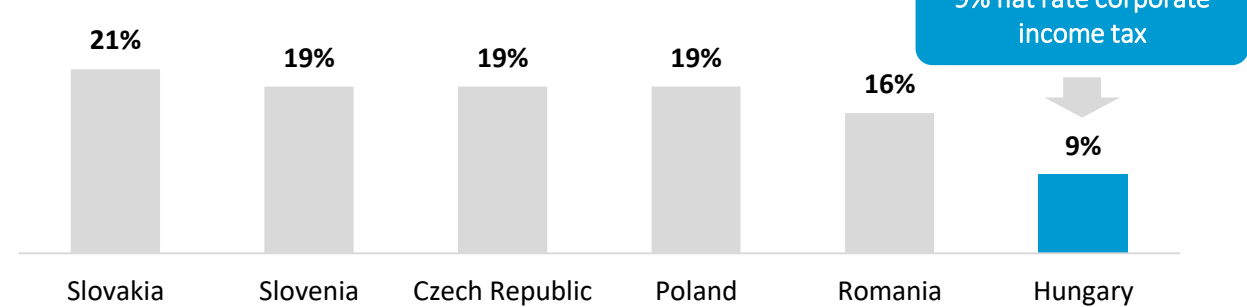
Reducing tax burden on labour

Social charges (%) paid by the employer on top of the gross salary



Lowest corporate income tax rate in the EU

Corporate income tax rates, 2022



TAX EXEMPTIONS

Tax exemptions for **families with children**
All **under 25 years** and **mothers under 30** are exempt from personal income tax



LOW TAX ON PROFIT

Only **1,2% tax per GDP** on profit, which is the **lowest in the EU** based on OECD research in 2021

Economy

Extremely business friendly economic environment

Open economy with trade focused foreign policy

OPEN ECONOMY

Export/GDP ratio close to 100%
Investment and trade development are key to drive sustainable growth

TRADE FOCUSED FOREIGN POLICY

„One-stop-shop” support of companies: tailor made consultancy focusing on business needs
Partnership with investors is a national priority

Newcomers 2022



Reinvestment - 2022



Investment results



HIPA investment results (2022)



92
Number of projects



€ 6,493 M
Investment volume



15,083
Number of new jobs created

Top investment Location Site Selection Magazine 2022



Best to invest overall

1. Lithuania
2. Hungary
3. Poland



Best to invest TOP metros

1. Poland
2. Czech Republic
6. Hungary



Best to invest per capita

1. Lithuania
2. Estonia
3. Hungary

HIPA wins Best Strategic Investment Partner Europe 2022 award



Education

Hungary's education system has a special focus on business and engineering, resulting in a market-ready workforce.

Tertiary Education

293,566

Total number of university students (2021-22)

57,244

Fresh graduates (2021)



Number of students in university education	
Field of study	No. of students
Business and Administration	54 388
Engineering, manufacturing and construction	37 718
Social Sciences and Law	46 369
Teacher training and education	32 402
Health and welfare	34 524
Mathematics, computing and natural sciences	32 905
Services	15 453
Arts & Humanities	23 599
Other	16 208

Vocational education

Vocational education in Hungary aims at training specialists for the professions necessary for the development of the Hungarian economy.

129,046

Students in vocational education



Dual education



Dual training programmes are available both in vocational and tertiary education.

Companies engaged in dual education provide a mixture of apprentice workshops and practice-centred internships.



2,000 +

Students engaged in dual education at tertiary level



50,000 +

Students participating in dual vocational training



584

Science performance points (PISA)

(Boys, 2021, Source: OECD)



High science performance (PISA) scores, with results closely behind Germany

Research and development

Increasing R&D expenditure as companies chose Hungary for their R&D activities, partnerships with universities is base for further growth



76,138

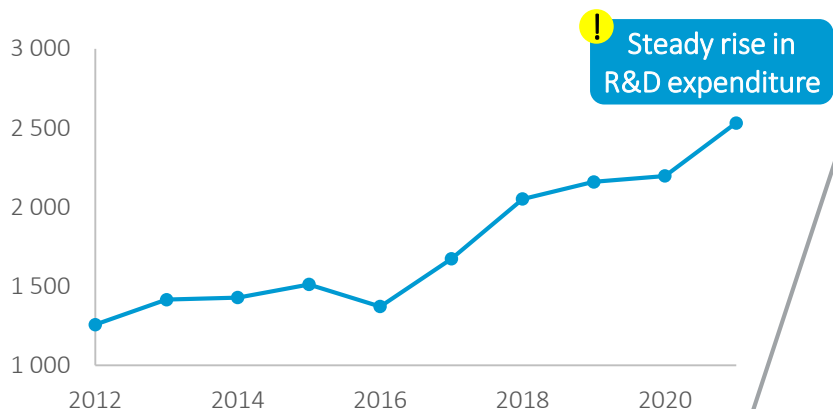
R&D personnel in Hungary



€ 2.5 B

Spent on R&D in Hungary in 2021

Gross domestic expenditure on R&D (€ million)



R&D expenditure was

1.64%

of GDP in 2021



Hungary aims to reach

3%

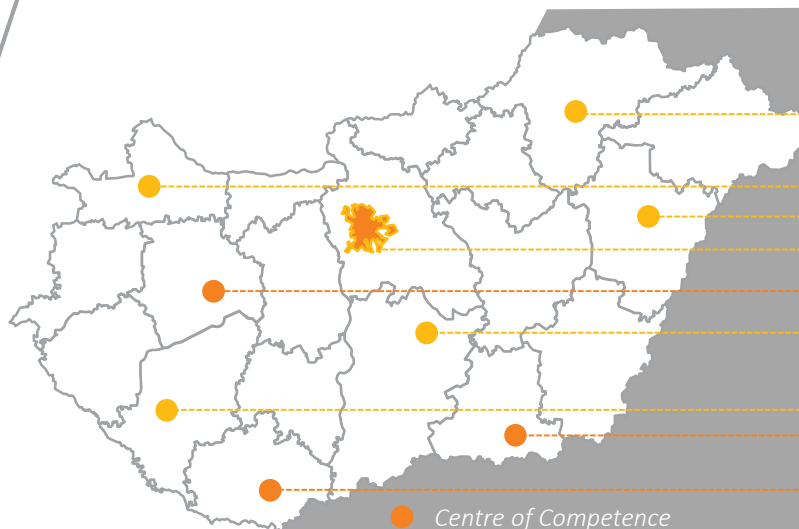
by 2030

Our partners in stepping into the future



Companies with existing R&D centres in Hungary

University partnerships



University of Miskolc – *Material Science*

Széchenyi István University – *Automotive*

University of Debrecen – *Life Sciences*

Pannon University – *Sustainability*

John von Neumann University – *Automotive*

University of Kaposvár – *Animal Breeding*

University of Szeged – *Sustainable Chemistry*

University of Pécs – *Medical Technology*



Budapest

- ELTE – *Biotechnology*
- ELTE – *Data Science*
- BME – *Integrated Technologies*

● Centre of Competence

● Centre for University-Industry Cooperation

Business climate

The Hungarian Government is continuously improving the business climate of Hungary

- The most competitive Corporate income tax in the EU with a 9% flat rate introduced
- Reduced taxes on employment to only 13%
- Improved practice-based dual education system built on industry needs
- Modified taxation and incentive system related to R&D activities to make Hungary the innovation hub of CEE
- Introduced unique economic development plan based on Industry 4.0 requirements



Most recent new investment decisions

CATL **Lenovo** EcoPro^{BM}

SEM CORP METOXIT KNAPP

CHERVON-Auto
泉峰汽车精密

TKE

Most recent reinvestment decisions



Investment trends in Hungary

Recent key investments in the automotive, battery, food and service industries



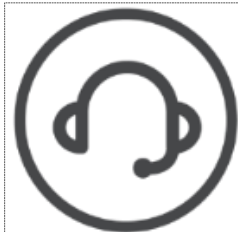
Strengthening automotive ecosystem



Hungary to become battery producing superpower



Increasing share of processed food in our exports



Increasing share of high value-add service activities



Industry trends in Hungary





Automotive Industry in Hungary

Hungary is the only country in Europe to host production units of the 3 German premium car manufacturers besides Germany

700+

automotive companies

66

TIER1 suppliers

40

TOP100 TIER1

9 OEMs

contributing to GDP by **3.9%**

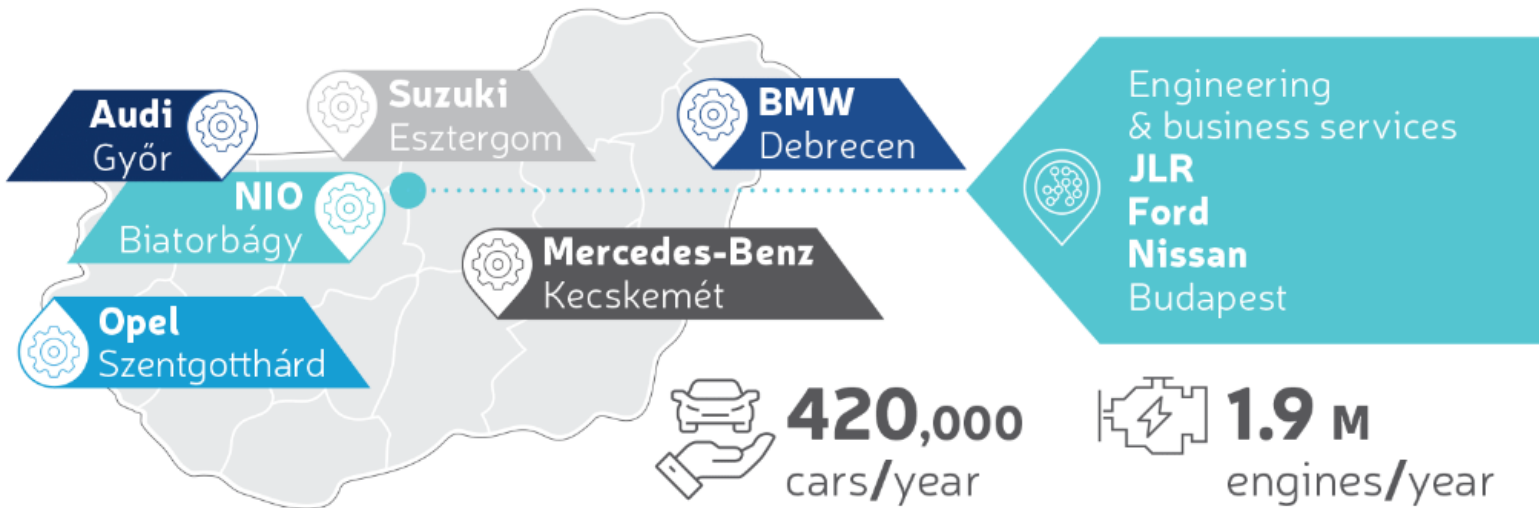
with **26.2 billion** production value

153 000 FTE

3.3% total employment



Hungary is the only country to host production units of the 3 premium car manufacturers in Europe besides Germany.



ZalaZONE

CEE's largest smart automotive test centre can be found in Hungary.

Battery Industry in Hungary

The battery industry is developing rapidly in Hungary with a planned 250 GWh manufacturing capacity until 2030



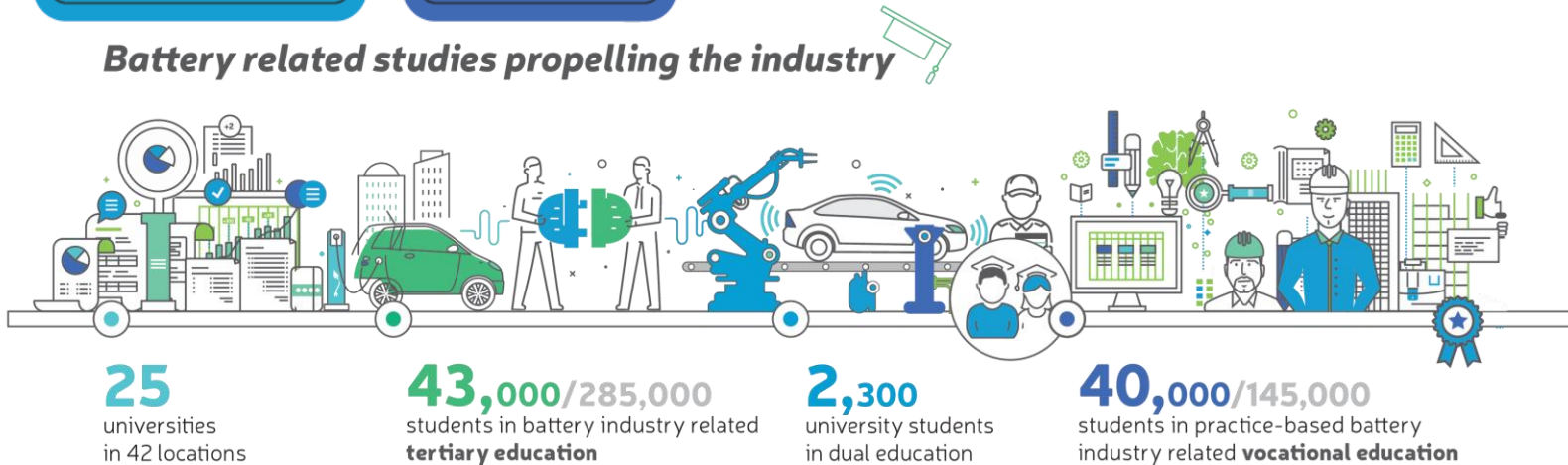
**Our partners
in stepping into
the future**



€14.34 billion FDI
20,000 newly created jobs in the last 6 years

38 projects
from South-Korea, Japan, China, USA

Battery related studies propelling the industry



Did you know?



Hungary has implemented a flexible curriculum for vocational education, allowing to incorporate business specific content in one academic year.

+ Battery related studies and curriculum

Electronics Industry in Hungary

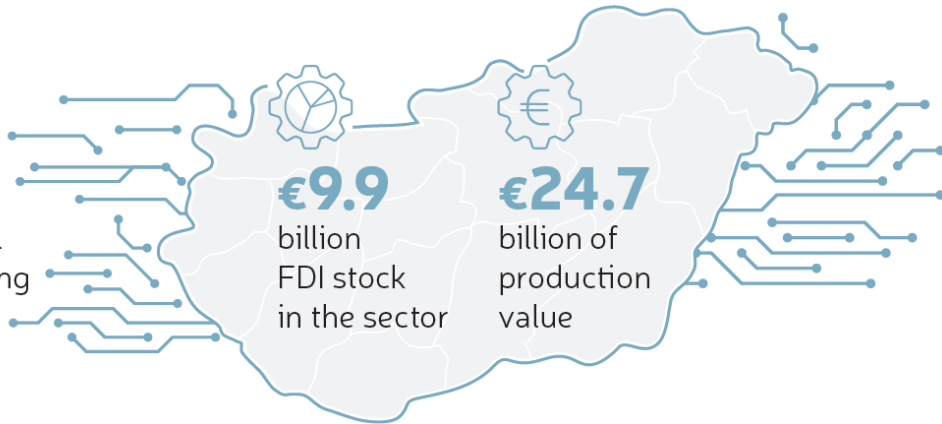
The most diversified and one of the largest manufacturing sectors in Hungary is the electronics sector

High share in total production



22.7%

share in total manufacturing production



Export oriented

92.8

export ratio in the sector

30.2

share in total exports



5/8

Out of the Top 8 global EMS manufacturers, 5 are settled in Hungary.

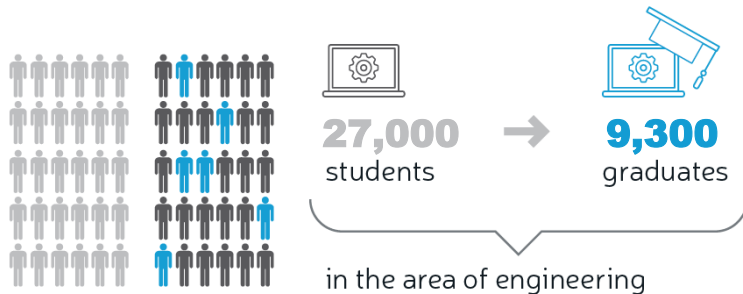


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Talent pool & education in electronics

Over half of dual education university students study engineering



Did you know?



Electronics is **one of the largest** economic sectors in Hungary

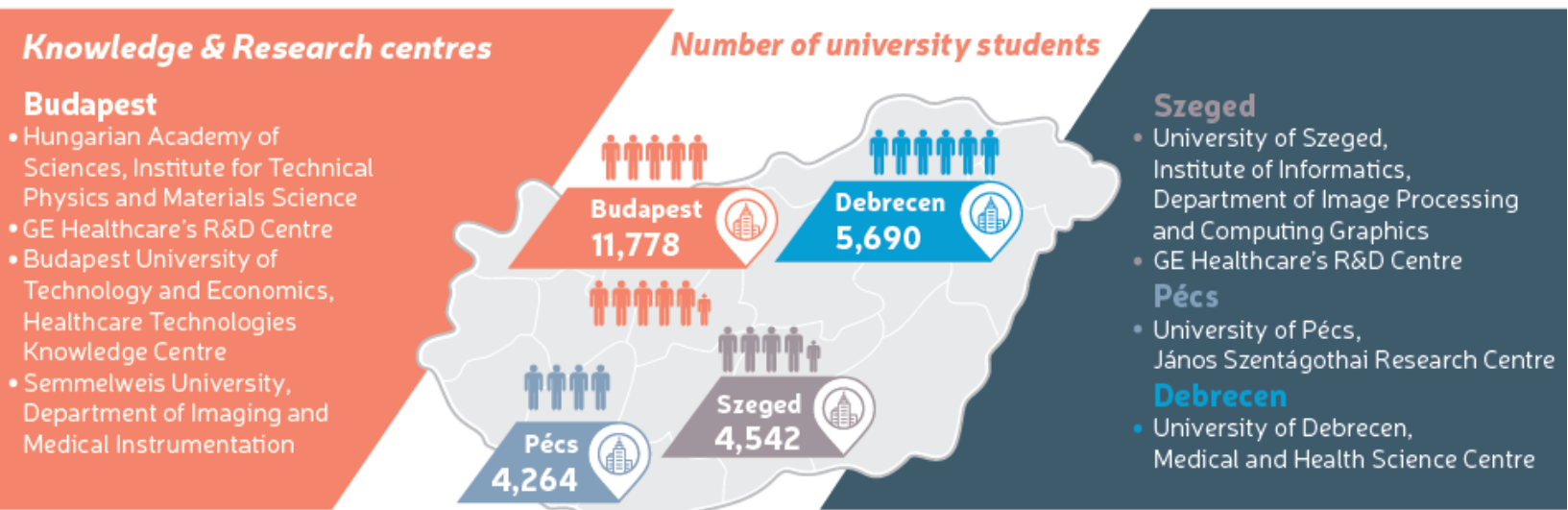


175,000 employees

Medical Technology in Hungary

Hungarian medical technology instruments are available globally, and Hungarian universities offer an outstanding base for R&D

R&D concentrated around 4 major cities with medical universities



Nr.1 in the region

Medical technology & pharma industry together amount to over



~50,000 employees

9%

of the total manufacturing value added

Our partners in stepping into the future



over 85% export ratio

Nr.1 in the region

Largest exporter of medicinal & pharma products in the region

70% to EU countries

6.4% of total export

Life Sciences in Hungary

Over €1 billion FDI invested in the past years, global pharma and biotech companies already chose Hungary for R&D or manufacturing



Unique focus areas



Pharma

original and generic drug production, APIs production, herbal industry



Biotechnology

medicinal chemistry, preclinical studies, stem cell research



Veterinary

CEVA-Phylaxia's largest biological R&D center in Budapest



Clinical trial

~300 clinical trials registered each year

€5.8B

FDI Stock

8/TOP10

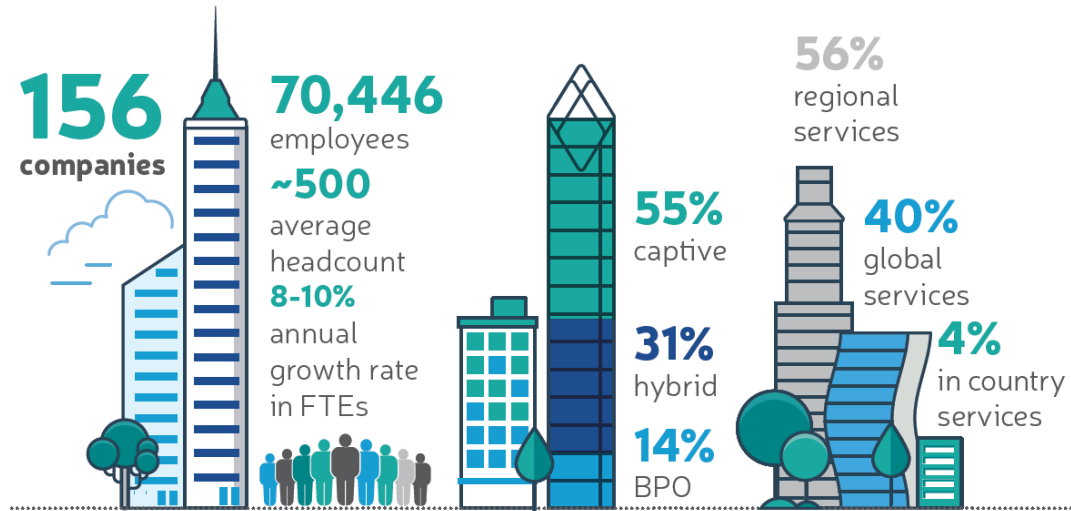
global pharma and biotech companies have manufacturing / R&D activities

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Business Service Centres in Hungary

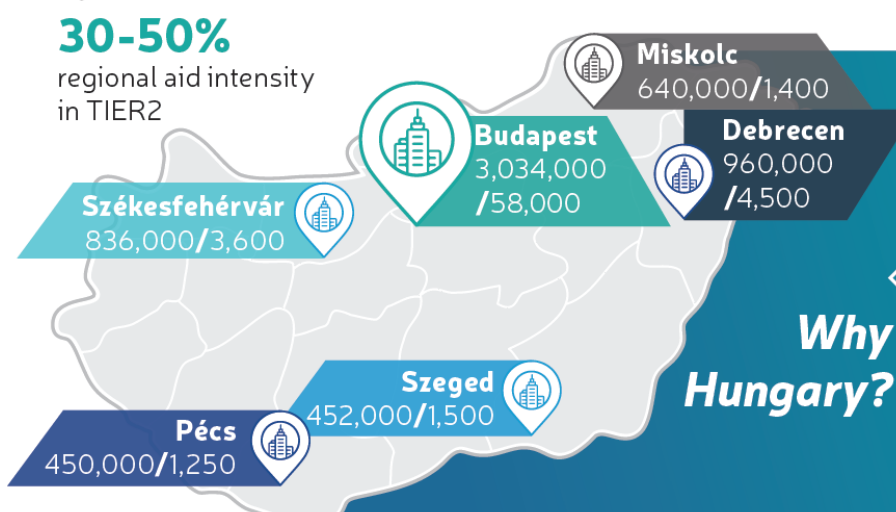
Mature BSC sector with complex, high value-added activities based on highly skilled, multilingual workforce at a competitive cost



Our partners in stepping into the future

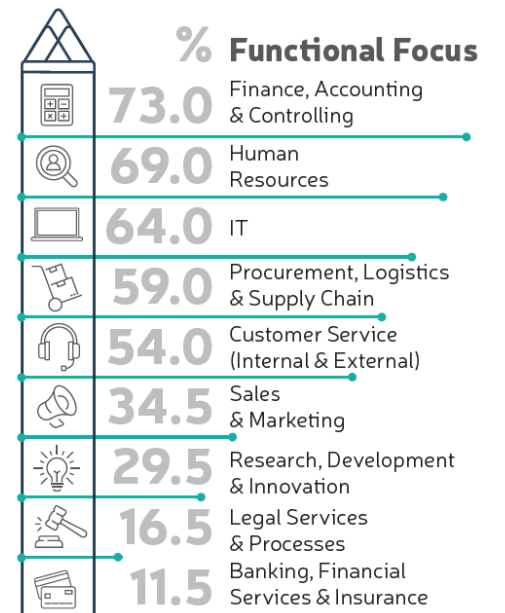


Major BSC Locations (population – greater area / employees in BSCs)



Why Hungary?

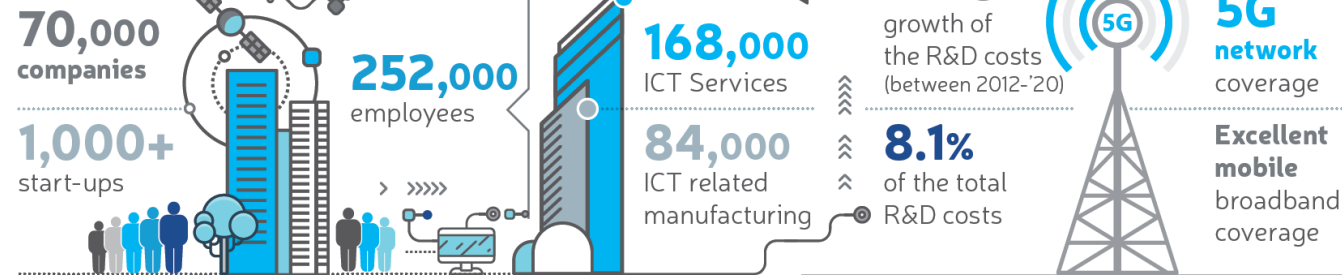
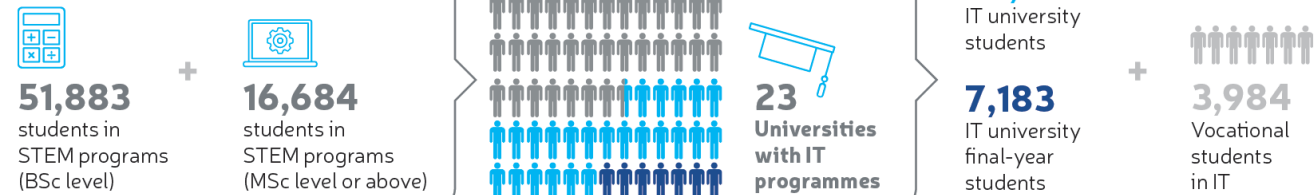
1. Highly skilled, multilingual workforce at a competitive cost
2. Mature BSC sector with complex and high value-add activities
3. High quality infrastructure and excellent quality of life
4. Emerging TIER2 cities with strong university background
5. Stable political and economic environment



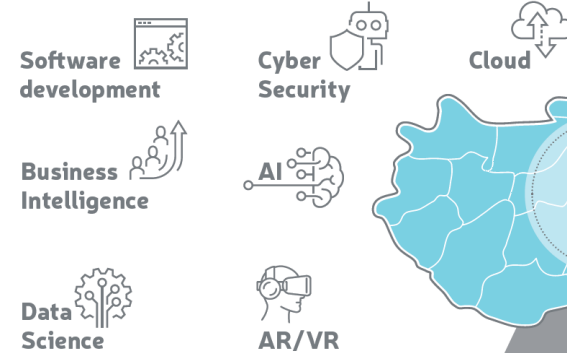
ICT in Hungary

Excellent talent pool supports a flourishing ICT ecosystem. Start-up success stories include LogMeIn, Balabit, NNG, Prezi and Ustream

Talent pool & education



Leading ICT functions



State Aid for R&D activity

Eligible costs

- Personnel related costs of the researchers & developers participating in the project
- Depreciation of buildings
- Rental fee of buildings and other structures
- Depreciation of tangible assets & equipment
- Material costs (up to 25% of the total costs)
- Costs related to contract research

ICT start-up success stories



- #ITsecurity
- #reducedrisk
- #privilegedaccounts
- #identity
- #accessmanagement



- #navigationsoftware
- #automotive
- #enterprise
- #wireless
- #personal



- #webbased
- #presentation
- #innovative
- #softwaresolution
- #worldclass



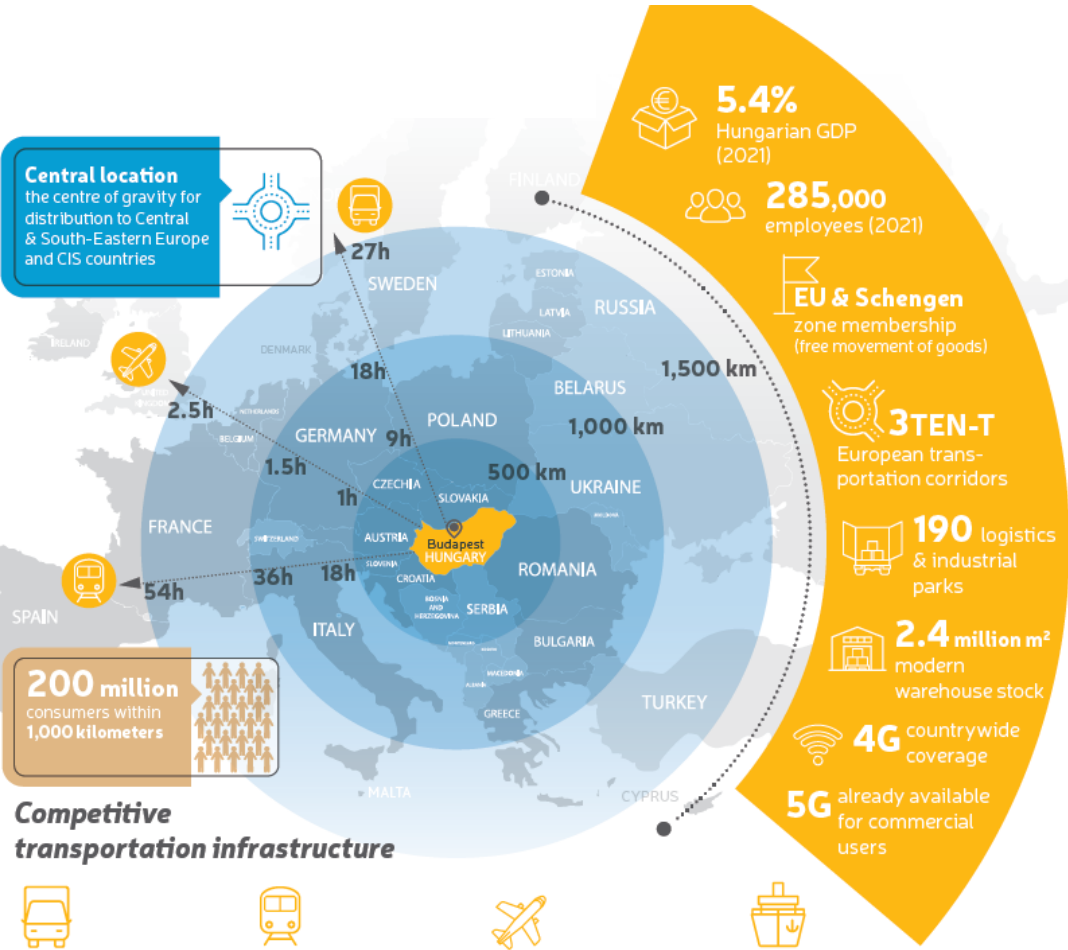
- #onlinevideo
- #streaming
- #livebroadcast
- #interactive
- #50millionusers

Our partners in stepping into the future



Logistics Industry in Hungary

Hungary offers excellent logistics in a central location with a very competent and continuously developing infrastructure



Competitive transportation infrastructure

- Nr.1** in length of motorways in CEE (Source: EU transport in figures – Statistical pocketbook 2021)
- Hungary is ranked **Nr.6** by railway line density in Europe (Source: Eurostat)
- 114 direct destinations** by 34 airlines from Budapest Airport (Source: www.bud.hu)
- 50+** scheduled container trains weekly to European ports of the North Sea, the Adriatic and the Mediterranean

Our partners in stepping into the future

Top 10 distribution centres (Company / nr. of countries served)

DAE	Ford	HUAWEI	HYUNDAI MOBIS	JYSK	KONICA-MINOLTA	MSD	ORIFLAME	SANOFI	Schneider Electric
23	15	50	14	7	15	14	12	17	21

Continuous investments in transportation infrastructure

TIR
1,739 km
world class highway network
+360 km
under construction or planned
Highway density
once fully developed:
0,0226 km/km²
4th in Europe
Allocated budget:
€ 7.7 billion until 2025

BUD Cargo City:
new € 50 million investment
32,800 m² air cargo facility
handed over at BUD Airport
in November 2019

New **direct flights**
launched in the past
three years to
NEW YORK CHENGDU
Philadelphia SEUL
CHICAGO XI'IAN
SHANGHAI CHONGQING

4 new container terminals
planned or under construction
in the **countryside**

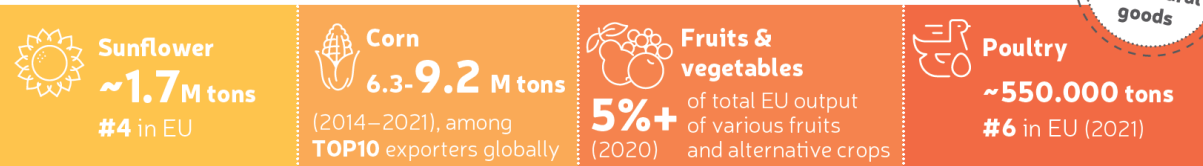
Continuous investments into
rail infrastructure
Allocated budget:
€ 5.4 billion (2016-2024)

Food Industry in Hungary

Continuous reinvestments with focus on corn, sunflower and meat processing, soft drinks and pet food manufacturing

Key agricultural outputs, industry overview and trends

100%
GMO free
agricultural
goods

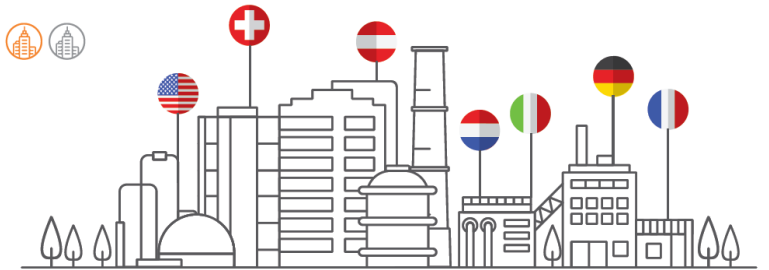


Significant investment and reinvestment results (2014-2022 H1)



9/10 projects were genuine reinvestments of already settled companies

1/4 investments in meat processing and preserving activities



Main subsectors of the food and beverage industry

	Domestic / Export / Total revenue
Meat processing and preserving	60% / 40% / €2,948M
Beverages	77% / 23% / €1,634M
Pet food and prepared animal feed	52% / 48% / €1,514M
Sweets, snacks, convenience food	42% / 58% / €1,199M
Oils & fats (vegetable and animal)	33% / 67% / €1,098M
Milk processing and dairy products	76% / 24% / €1,073M
Fruits & vegetables processing	37% / 63% / €1,011M
Grain mill products, starches	54% / 46% / €904M
Bakery and farinaceous products	82% / 18% / €838M

Export oriented subsectors



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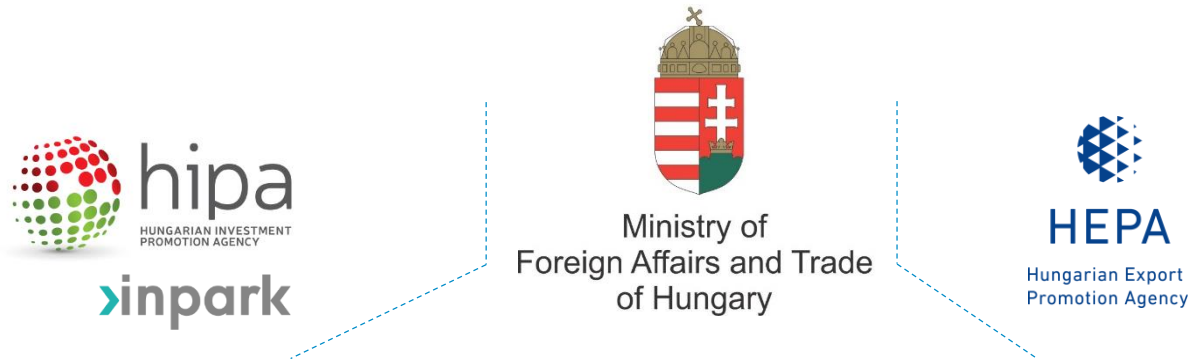


HIPA Services



HIPA services

As the only governmental investment promotion agency in Hungary, HIPA provides a wide range of services for investors free of charge.



! HIPA offers one-stop-shop management consultancy services, tailor-made information packages and incentives for companies interested in investing in Hungary.



Location selection

- Tailor-made information packages
- Investment Site Database with more than 1,600 industrial sites
- Location search and evaluation
- Site visits and reference visits
- Meetings with local authorities, educational institutions, consultants



State aid

- Tailor-made incentive offers and state aid information packages
- Assistance with the incentive application
- Management of the VIP cash subsidy procedure



Supplier services

- Extensive database about local suppliers with certificates and references to the automotive sector
- B2B meetings between Integrators and Hungarian suppliers
- Tailor-made supplier development programs



Gateway to the Government

- Policy advocacy: policy proposals based on company feedbacks
- Mediation between business and government to support economic development

Thank you for your attention!

Please contact us:

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