



Hungary
an ideal location
for Investors
György Rétfalvi
CEO

 **ITD**
HUNGARY



- 1. General economic overview of Hungary**
- 2. Hungary: a competitive economy**
- 3. Incentive system**
- 4. Sectors targeted by FDI**
- 5. Tourism**
- 6. About ITD Hungary**



General economic overview of Hungary

Hungary in Europe



Hungary



Land: 93,030 km²
Population: 10,1 mn people
GDP at current prices: EUR 89.2bn
Export value: EUR 60.4 bn



Economy

- Dynamic macroeconomic growth

Productive, qualified, available workforce

- The highest labor productivity in the region, motivated and qualified workforce is available

Infrastructure

- Well developed telecommunication and highway infrastructure

Location

- Hungary: a bridge between East and West, 4 Pan-European Corridors

Capital attraction

- Highest FDI stock per capita in the region



GDP

- **Rate of growth:** during last 10 years 4.5%

FDI

- EUR 4.9 billion

Output

- **Industrial boom:** over 10% every year during last 10 years
- **Export growth:** varies in a 12 – 15% range

Unemployment

- 7.5% in 2006

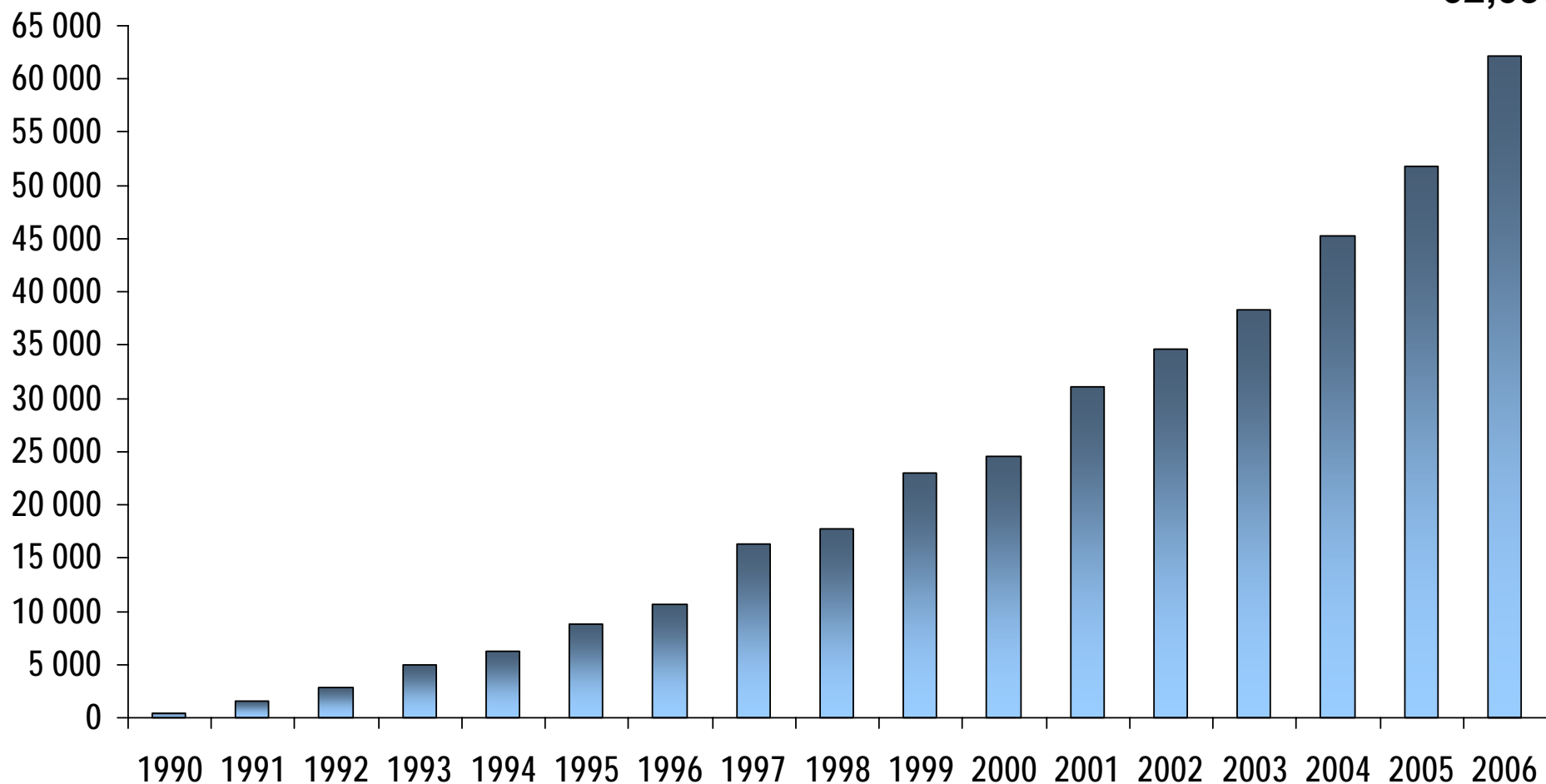
Inflation

- 3.9% in 2006

Hungary is Front-Runner as regards FDI Potential and Performance



Cumulated FDI* in Hungary in million euros



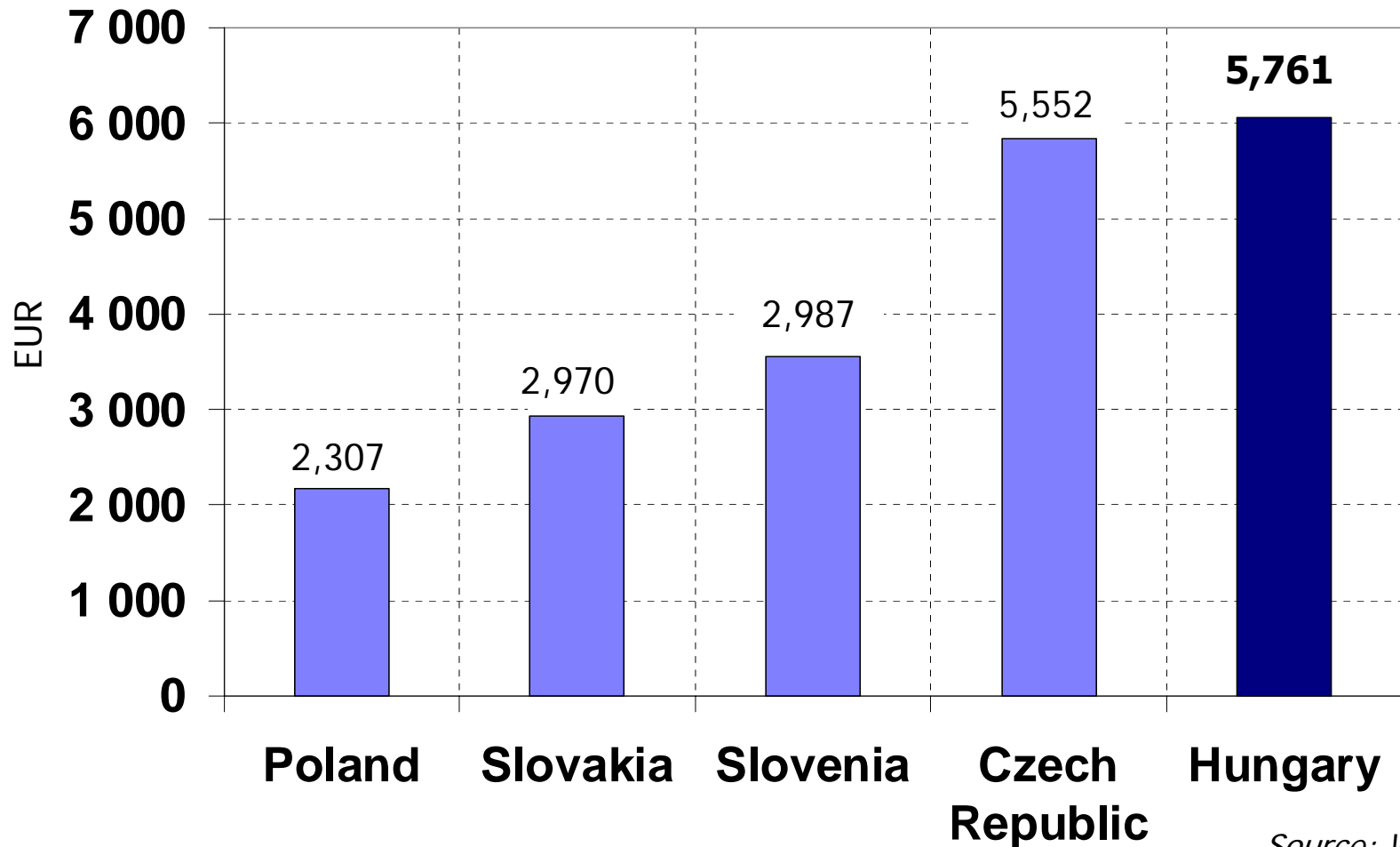
62,096

Source: National Bank of Hungary, Ministry of Economy and Transport * Including reinvested earnings from 1995

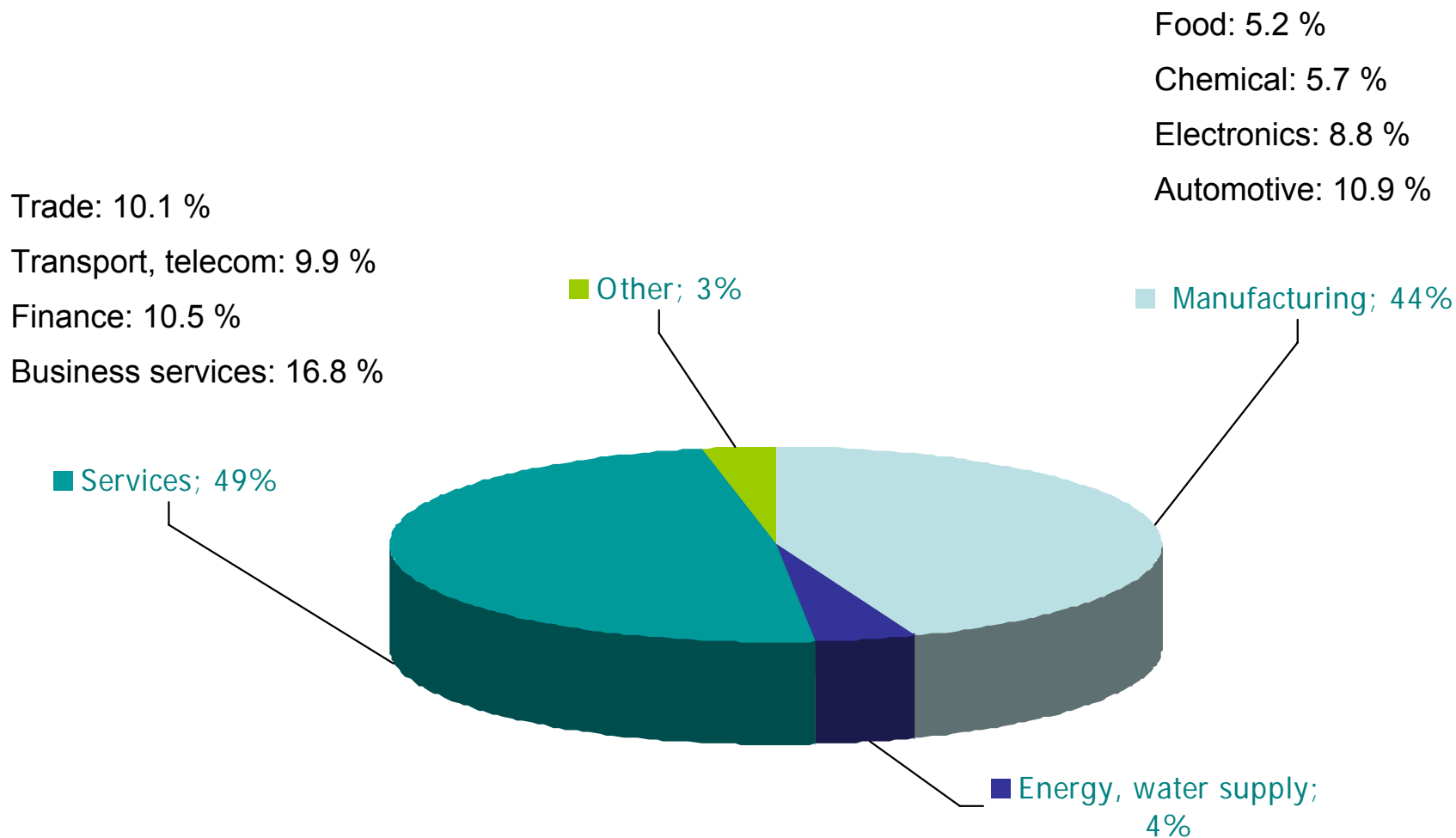


Hungary is a preferred target of FDI in the region

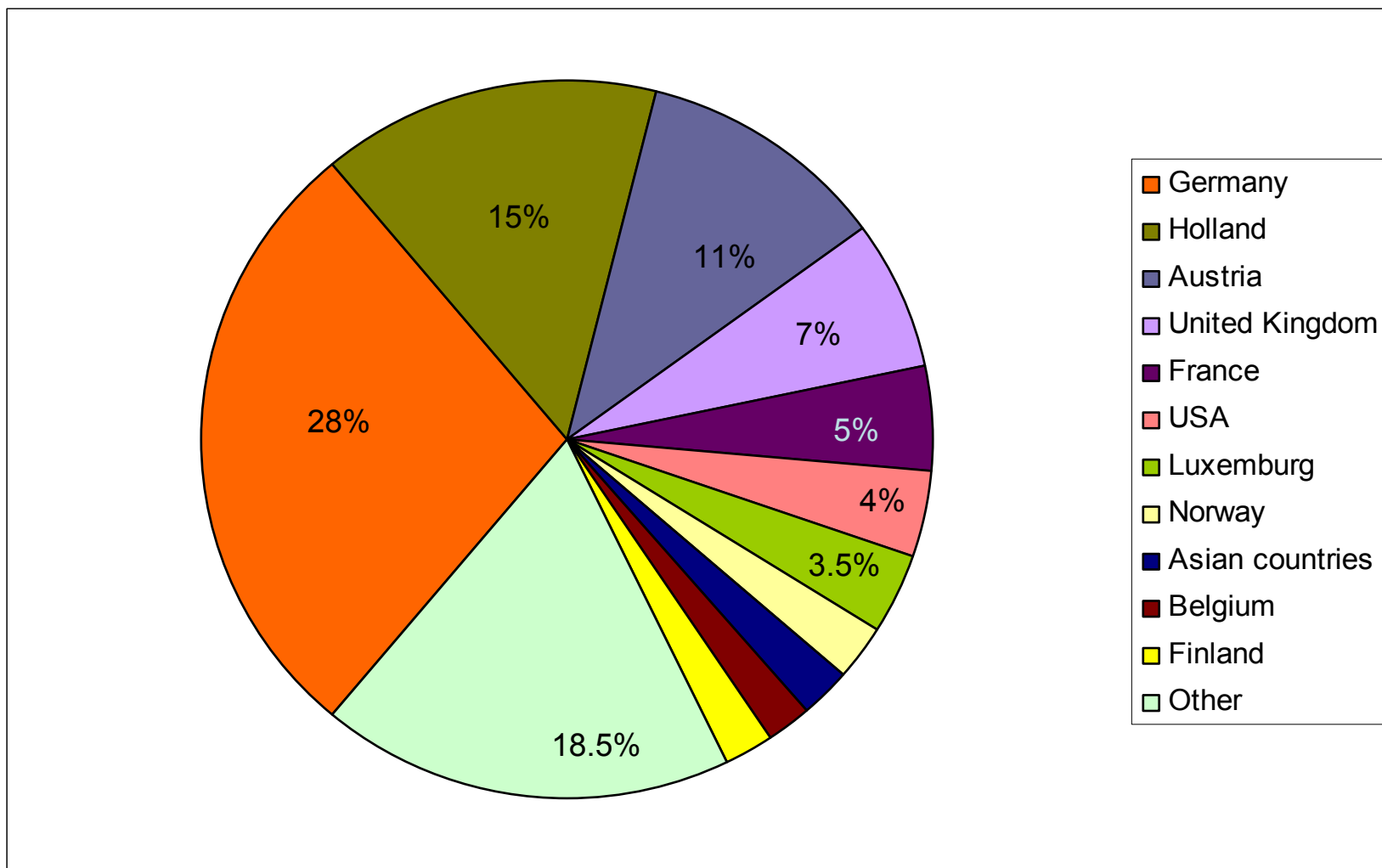
FDI stock per capita
in 2006



FDI Stock in Hungary by Sectors



FDI Stock by Countries, 2005



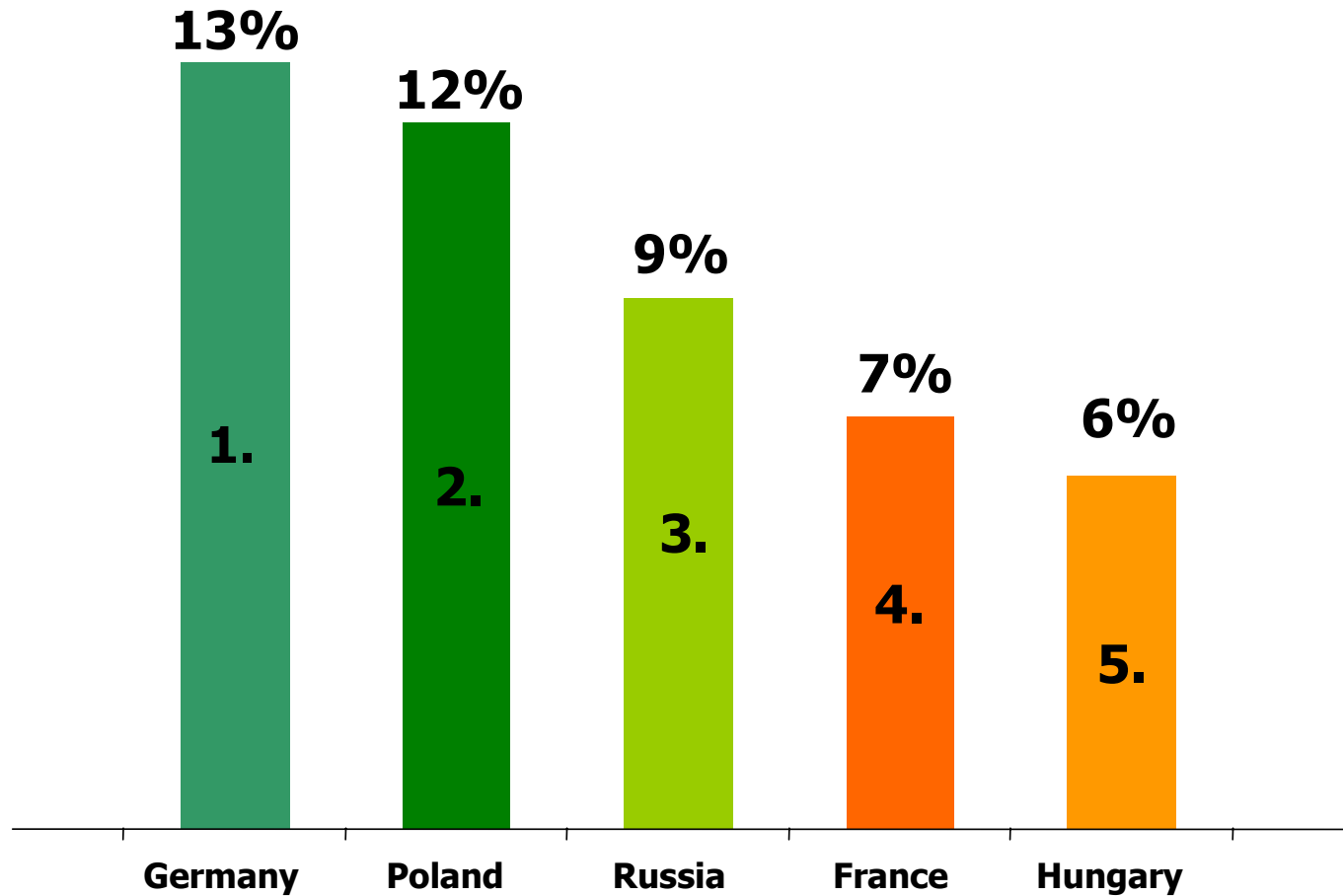


Hungary: a Competitive Economy

Top FDI Locations in 2006



Based on the interviews with 1,019 international executives on their expansion plans



Central Hungary Wins Award for The Best Location in the CEE region



CATEGORIES & CRITERIA

- **Economic potential**
- **Cost effectiveness**
- **Human resources**
- **Telecommunications and IT infrastructure**
- **Quality of life for expatriates**
Transport
- **Security**
- **Best FDI promotion strategy**



Regions Round 2

Central European Region of the Future

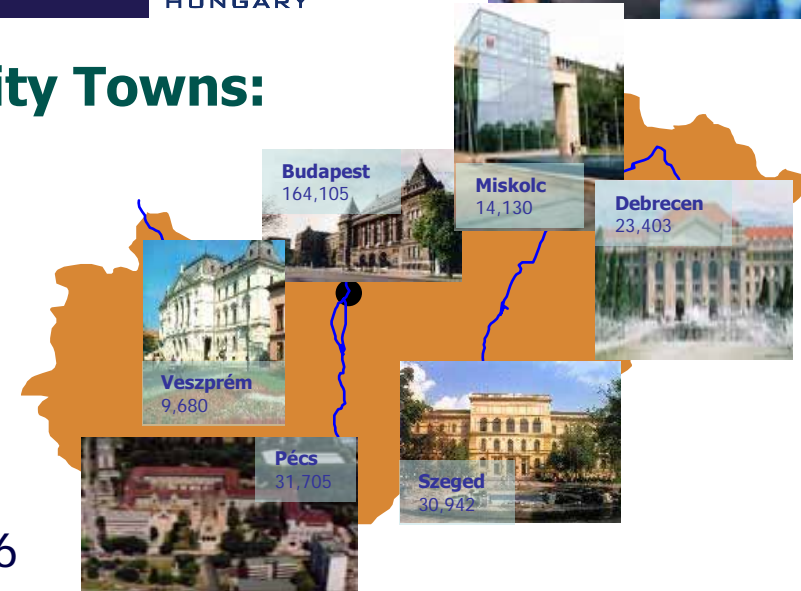
Winner:
Central Hungary





University Towns:

- Number of institutions in higher education: 72
- Number of students in higher education: 428,600
- Majoring in:
 - Business and Administration: 96,546
 - Informatics: 13,025
- Number of graduates in 2006: 61,513



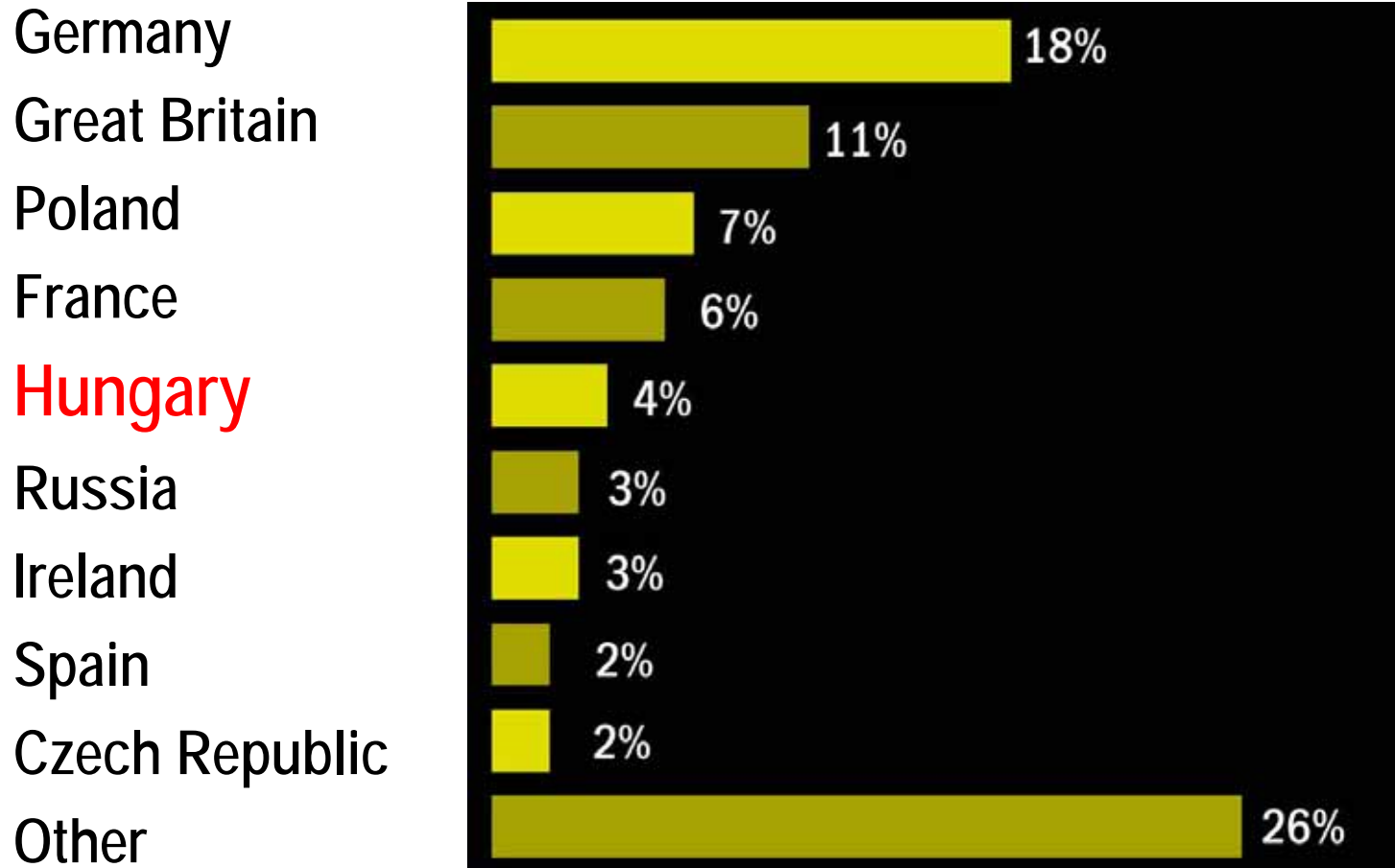
90% of students speak **English**

2nd most popular foreign language: **German**

Followed by: **French, Italian, Spanish**

**All diploma with foreign language certificate
and computer skills!**

Googles and Microsofts are coming:
and the winner is...

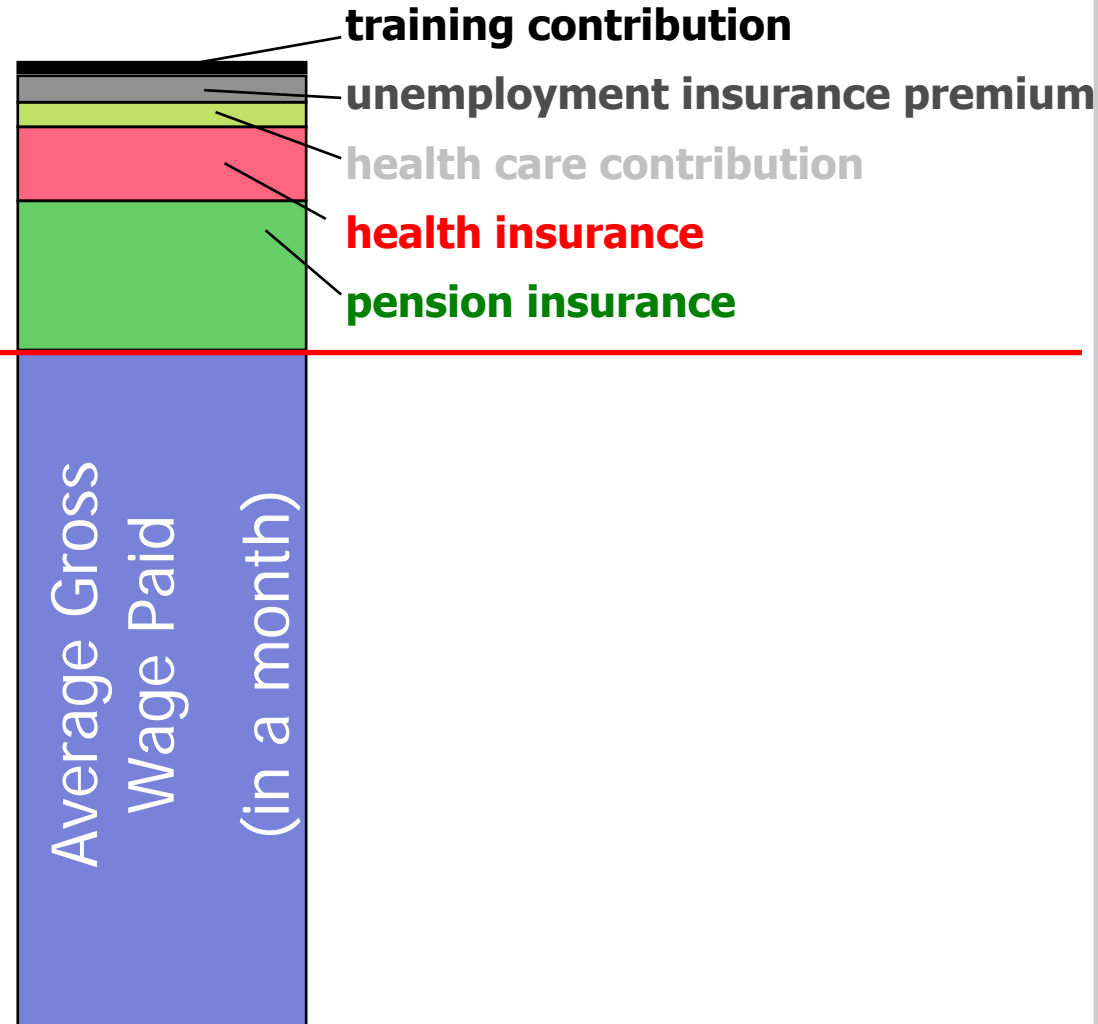


Monthly Wage Costs in Hungary, 2006



Total costs paid by employer: HUF 230,502 (EUR 872.12)

+HUF 2,568	(EUR 9.7)	1.5%
+HUF 5,136	(EUR 19.4)	3%
+HUF 1,950	(EUR 7.4)	fixed
+HUF 13,696	(EUR 51.8)	8%
+HUF 35,952	(EUR 136.0)	21%



HUF 171,200 (EUR 647.82)

1 EUR = 264.27 HUF

Hungary - The Natural Regional Logistic Centre



- Central location in Europe
- Border with 7 countries:
4 EU, 3 non-EU member states
- Four major European transport corridors -
among them the river Danube - cross Hungary.
- Innovation-logistic ring around Budapest
- Záhony - the junction and reloading centre of the European narrow gauge railway and the wide gauge railway system of CIS and Asia
- Easy access to the Balkans and Europe
- The 11 logistic districts and the 13 logistic centres are located in the focal points of the international movement of goods.
- Competitive and high-level logistic service structure
- Combined Transportation





Incentive System



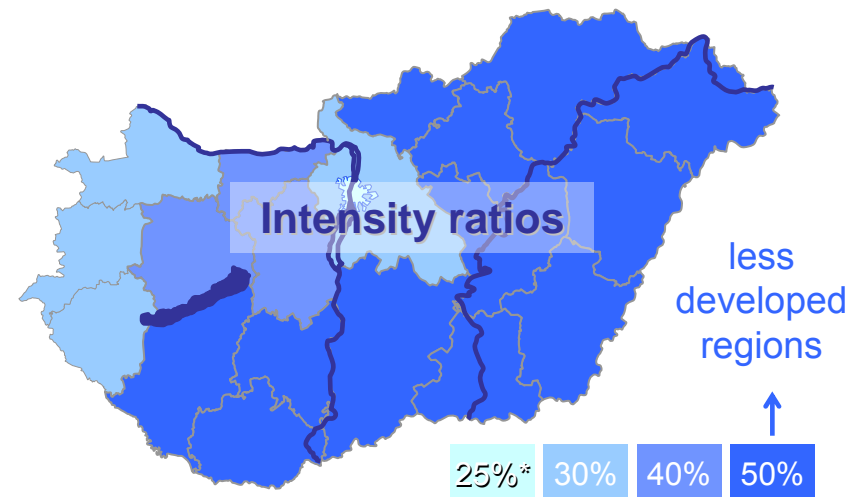
- Tax-related benefits
 - Tax deductible items
 - Development tax benefit
- Direct Incentives
 - Special Incentive Package for large investments
 - EU financial grants



EU limitation on the level of subsidies

The European Union all over the EU determines the following bands for the maximum amount of subsidies and grants by the size of investment:

Investment band	as percentage of the intensity ratio
Up to EUR 50 million	100 %
For the part between EUR 50 – 100 million	50 %
For the part over EUR 100 million	34 %



+ 10 % for medium enterprises

+ 20 % for small enterprises

*from 2011: **10%**

Investment value of the previous 3 years is also taken into account!



Sectors targeted by FDI

Major electronics firms in Hungary



SONY



PHILIPS

LEONI

DENSO



SANYO



JABIL



FLEXTRONICS

TOSHIBA



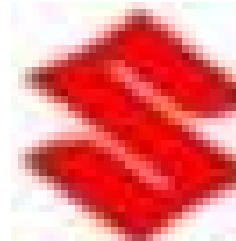
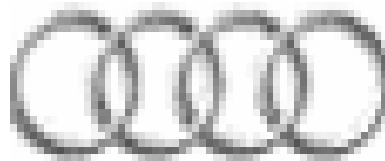
Some major automotive companies in Hungary



DELPHI



ArvinMeritor



**BorgWarner
Automotive**



Some examples of Shared Service Centers in Hungary



Morgan Stanley



DIAGEO



[**buw**]



ExxonMobil



SYKES





Automotive

- Audi
- Continental Teves
- Denso
- Draxlmaier
- EDAG
- General Motors
- Knorr – Bremse
- Magna Steyr
- Michelin
- Remy Automotive
- Temic-Telefunken
- ThyssenKrupp
- Valeo Auto-Electric
- Visteon
- W.E.T.
- ArvinMeritor
- ZF Hungária

Electronics

- Elcoteq
- Electrolux
- Flextronics
- GE Lighting
- Samsung

ICT

- Cisco
- Ericsson
- IBM
- Nokia
- SAP
- Siemens/Sysdata
- TATA-Consulting
- T-Systems

Life science

- Astra-Zeneca
- GE Medicor
- Novartis-Sandoz
- Sanofi-Aventis (Chinoin)
- Servier (Egis)
- Teva-Biogal

Machinery

- AFT
- Bosch Power Tool
- Zenon



Tourism

Some major international investors in tourism



BOSCOLO
HOTELS





ITD CD-rom

A Special Selection of

Hungarian Investment Opportunities 2007/1



ITD
HUNGARY

over 80 projects:

- *Hotels*
- *Recreation centres*
- *Castle renovation*
- *Other touristic and real estate projects*
- *Energetics*
- *Biotechnics*
- *Logistic facilities*

Hungarian Investment Opportunities

Project examples



Mesteri Thermal Holiday Centre

Total Investment Volume: € 33,170,000

Project Concept: thermal holiday centre to be built

Project Location:

Western Transdanubia Region, Mesteri

Thermal Hotel, Szarvas

Total Investment Volume: € 14,000,000

Project Concept: hotel with thermal bath and wellness park to be realised

Project Location:

Southern Great Plain Region, Szarvas



Lake Szelidi – Dunapataj

Total Investment Volume: € 44,000,000

Project Concept: a 100-room thermal hotel with wellness facilities and sport grounds to be realized

Project Location:

Southern Great Plain Region , Dunapataj

Hungarian Investment Opportunities

Project examples



Swimming Pool and Wellness Hotel

Total Investment Volume: € 44.000.000

Project Concept: new hotel and bath to be built

Project Location: Hódmezővásárhely

Southern Great Plain Region

Premium Health Park and Anna Thermal Hotel

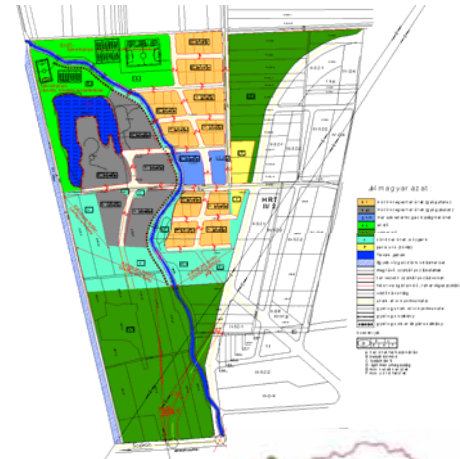
Total Investment Volume: € 60.000.000

Project Concept: hotel, bath, medical centre, golf course to be realised:

Specially thermal water and unique dry carbon dioxide (CO₂) therapy.

Project Location:

Western Transdanubia Region , Kapuvár





About ITD Hungary



Hungarian Government's Investment and Trade Development Agency

Non-profit organization

Information and consultation centre
for foreign investors in Hungary, providing:

- General and comprehensive information about the Hungarian economy
- Tailor-made site proposals
- Detailed programs



Network:

Central Office in Budapest

6 Regional Offices

56 Foreign Trade Offices

8 Representative Offices in the border regions of neighbouring countries

ITDH has handled 14 tourism investment projects recently.



Decision

- Detailed tailor-made information package about economy, politics, financial incentives, business environment, tax system, sectors incl. electronics, etc...
- Site visits, meeting with local, regional and government bodies, experts, service providers, consultants, potential suppliers, etc....

Implementation

- Accelerating permitting procedures, evaluation of potential investments.
- Assistance in incentive application
- VIP treatment for expatriates (visa, working permits etc.)
- Press conferences, ground-breaking ceremonies

Aftercare

- Special aftercare contact services
- Assistance in further investments, expansions.



Contacts in Brussels

Embassy of the Republic of
Hungary
Commercial Section
Avenue du Vert Chasseur 44.
1180 Bruxelles
Mr. Kálmán MÉSZÁROS
Commercial Counsellor
Tel: (322) 343 5044
Fax: (322) 344 5415
E-mail: brussels@itd.hu



Contact In Budapest

Andrássy út 12.
H-1061 Budapest,
Internet: www.itd.hu
Mrs. Gabriella HAJAS
Senior Manager
Investment Promotion Directorate
Tourism & Knowledge-based Industries
Tel: (36-1)473-8218
E-mail: hajas@itd.hu

Thank you for your attention!



Hungarian Investment and Trade Development Agency (ITDH)

H-1061 Budapest, 12 Andrassy ut, Hungary

Phone: (36 1) 473-8236, Fax: (36 1) 472-8180

E-mail: investment@itd.hu Internet: www.itd.hu