



ÖNKORMÁNYZATI
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MINISZTERIUM



TENDENCIES, PERSPECTIVES AND INVESTMENT POSSIBILITIES IN THE HUNGARIAN TOURISM

Brussels, 6th June 2007

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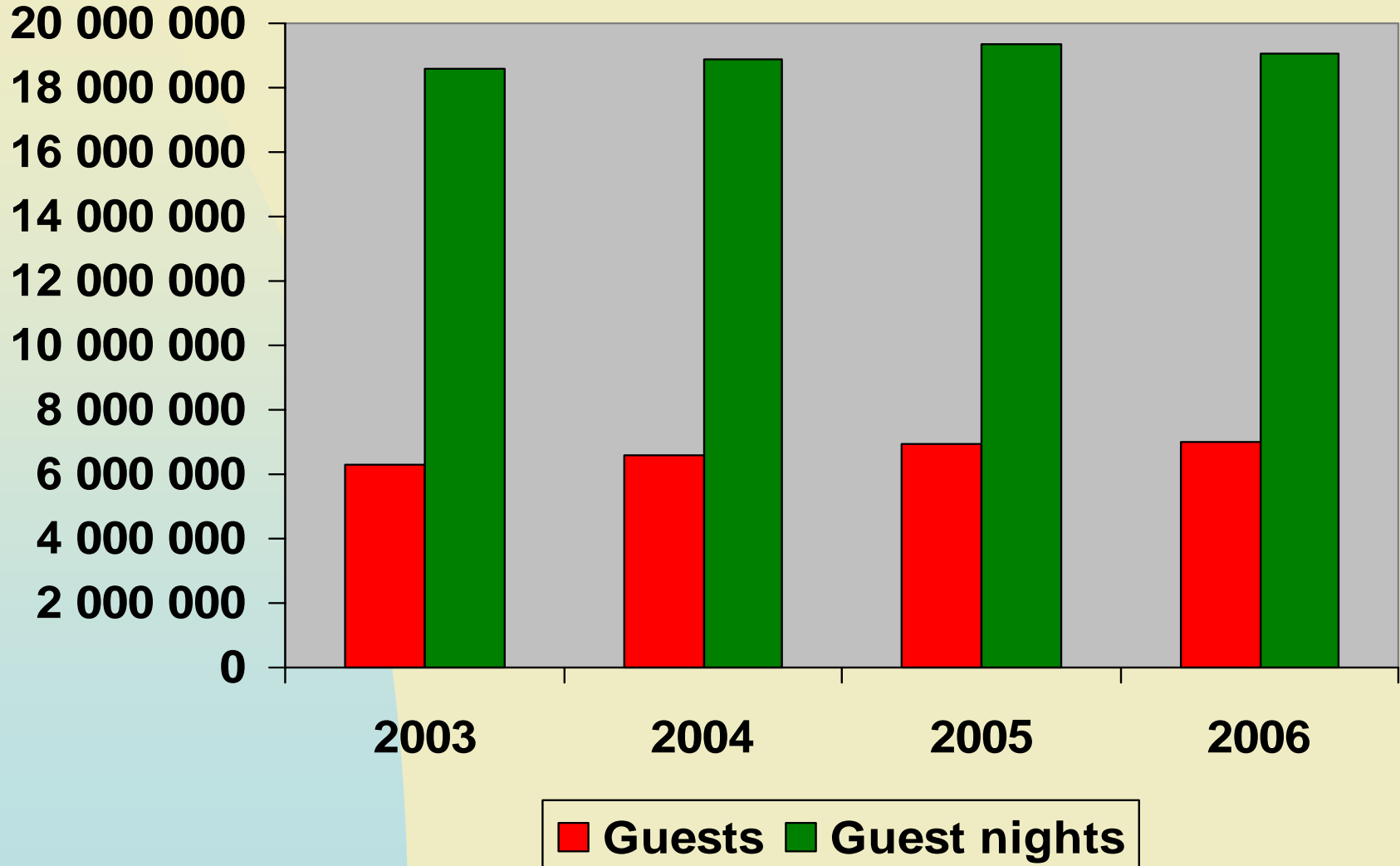
OPERATIONAL FRAMES OF THE TOURISM SECTOR IN HUNGARY



- ✓ Hungary: dynamic developing country of the CEE Region, economic and cultural centre
- ✓ Desirable location within the European Union, well-developed infrastructure with further ambitious development programmes
- ✓ 16 years after change of regime tourism became one of the most successful sector of economy, with a lot of potential
- ✓ Fast changing condition, sharp competition on the international tourism market – challenges also for the Hungarian tourism sector
- ✓ From 2004 EU funds became available– new resources of developments
- ✓ National Tourism Strategy 2005 – 2013
Tourism strategy for a period of 8 years to point out the long term directions for a consistent tourism development activity



HUNGARY WITHIN EUROPE'S TOP DESTINATIONS



PERFORMANCE OF THE TOURISM SECTOR IN HUNGARY



Source: Tourism Satellite Account (TSA) - Hungarian Central Statistical Office

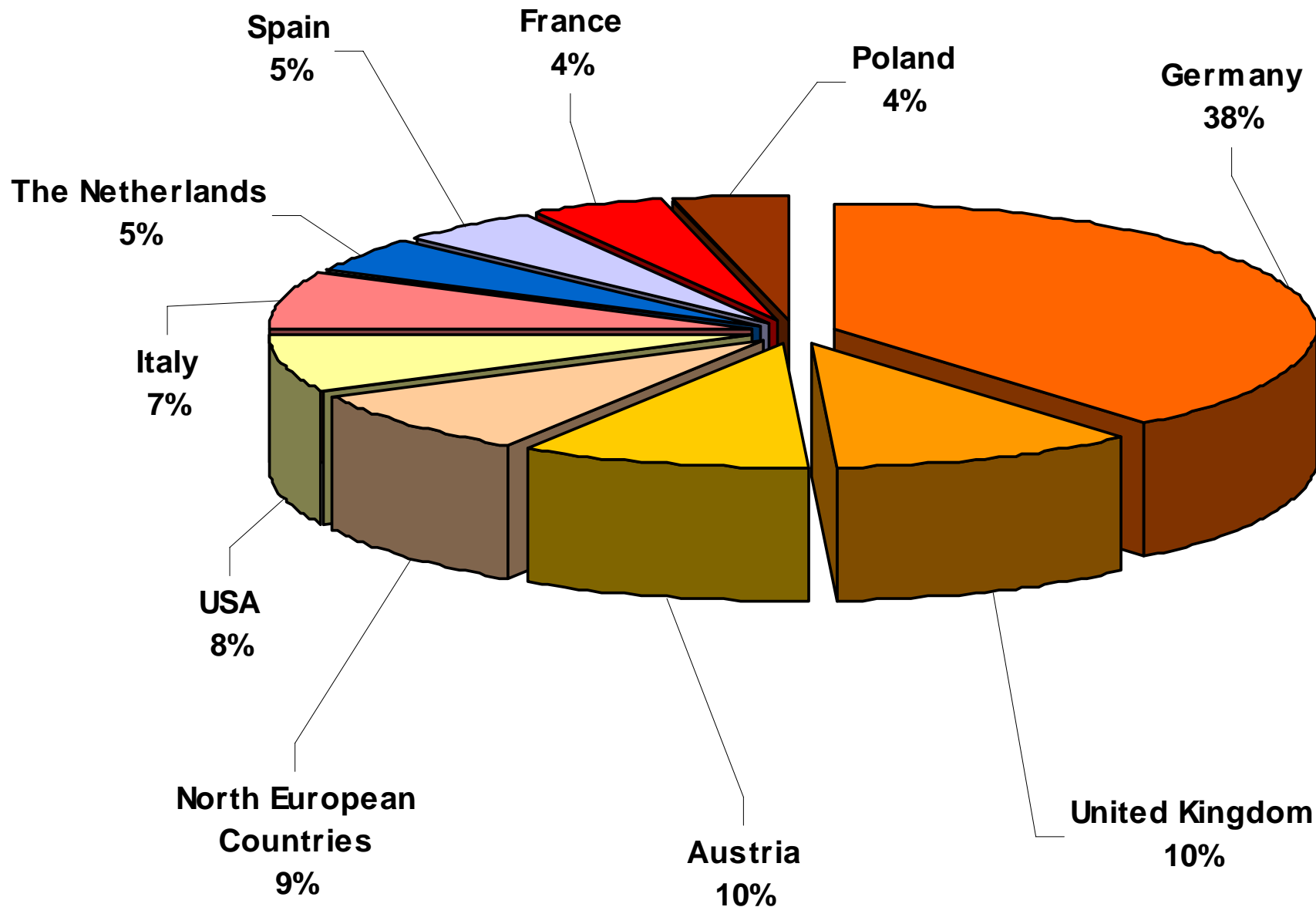
Index	Value (million euros)	Ratio to the whole of national economy (%)
GDP of tourism sectors	3.500	5
GDP of tourism with multiplication effects	5.560	8,5
Total tourism expenditures	3.868	8,8
tourism expenditures of foreigners in Hungary	2.388	5,4
tourism expenditures of local residents	1.480	3,4
The employees of tourism sector	398 000 persons	8,3
The employees of tourism sector with multiplication effects	490 000 persons	12,5
Average multiplications of tourism sectors and their effect on GDP	1,692 Tourism demand per unit generates on average 1,692 output gross in the economy through its subcontract relationships	

TENDENCIES:

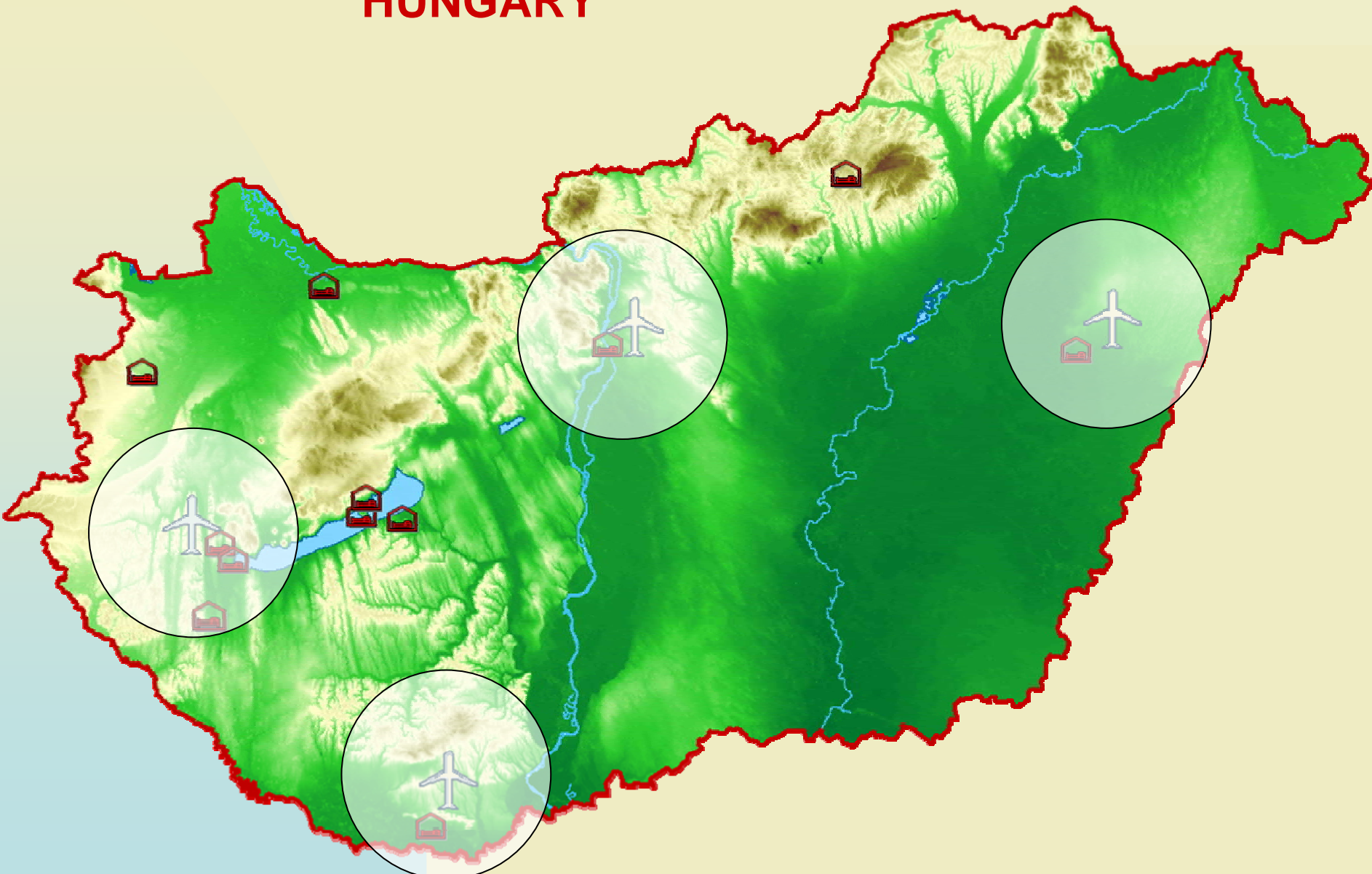


- Significant developments, growing service capacity, establishments with complex service supply (wellness, congress facilities, weather independent services)
- Presence of discount airlines, development of regional airports
- Length of stay get shorter but tourists prefer services of a higher standard
- Innovative tourism products are able to generate new demand (for example wellness hotels are very popular among local inhabitants)
- Attractiveness of Hungary is growing in new markets (UK, France, Eastern-Europe, Northern-Europe, China)
- Growing congress- and event market
- Rising importance of domestic tourism

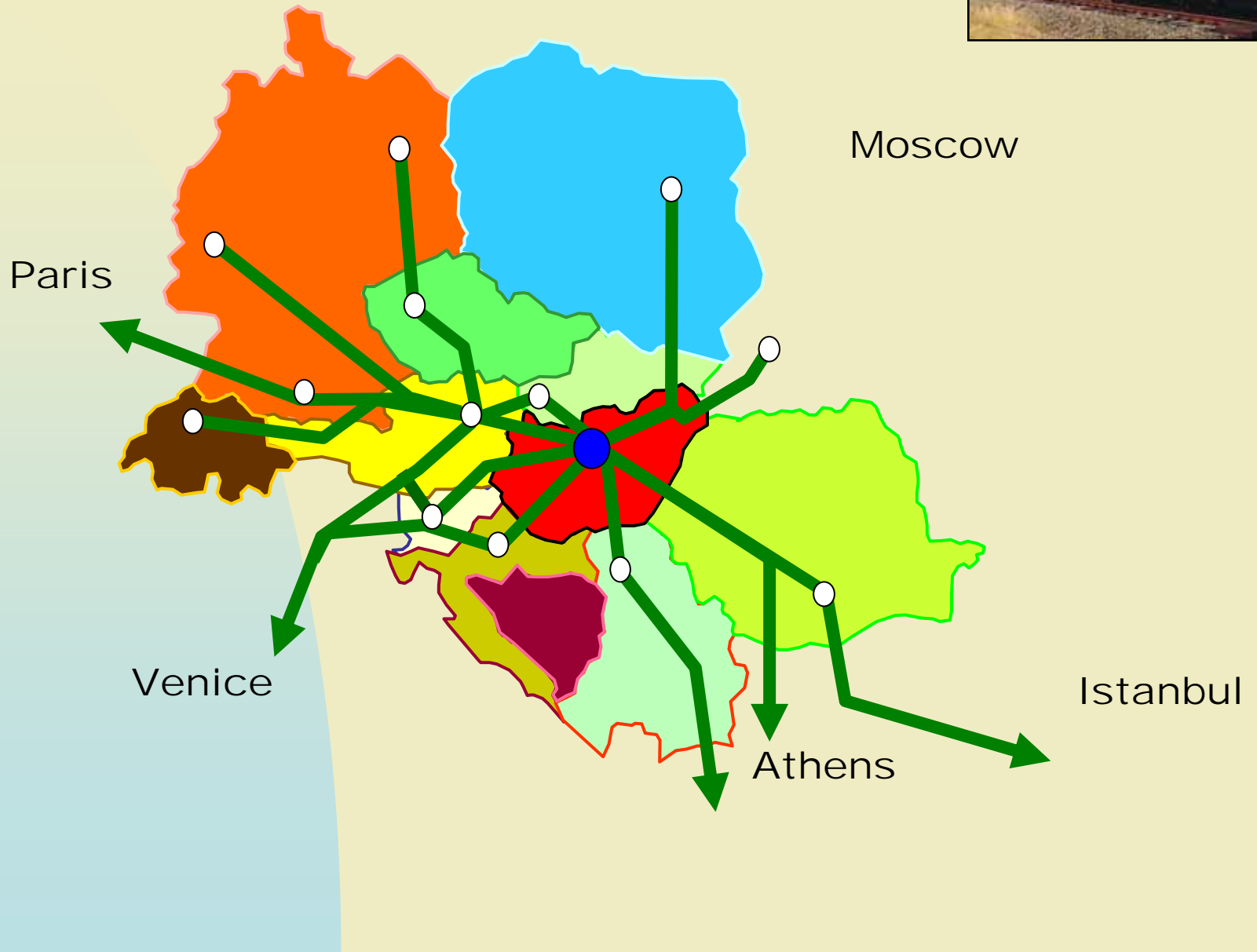
TOP 10 incoming markets for Hungary and their share



INTERNATIONAL AIRPORTS IN HUNGARY



CONNECTIONS OF HUNGARY - TRAINS



TOURISM AND INVESTMENTS



Sources of the tourism developments: governmental+ EU + private capital

- ✓ Last 15 years: considerable FDI to tourism sector
- ✓ Foreign capital preferred Budapest (investment boom Gresham Palace Four Season, New York Palace, Royal) more hotel developments are in progress: Balett Plaza, Hotel & Spa Rác, Klotild Palota)
- ✓ Result: quantitative und qualitative improvement in the hotel capacity
- ✓ Background: development of the real-estate sector in Hungary, prospective high rate of return of the hotel investments, favourable growing expectation of the tourism sector in the long run

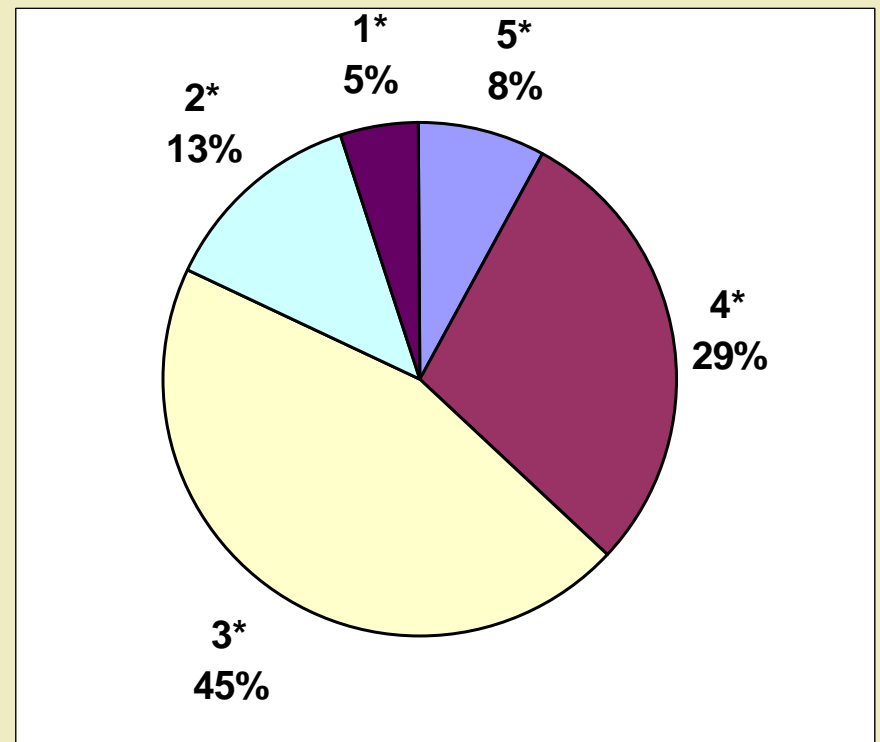
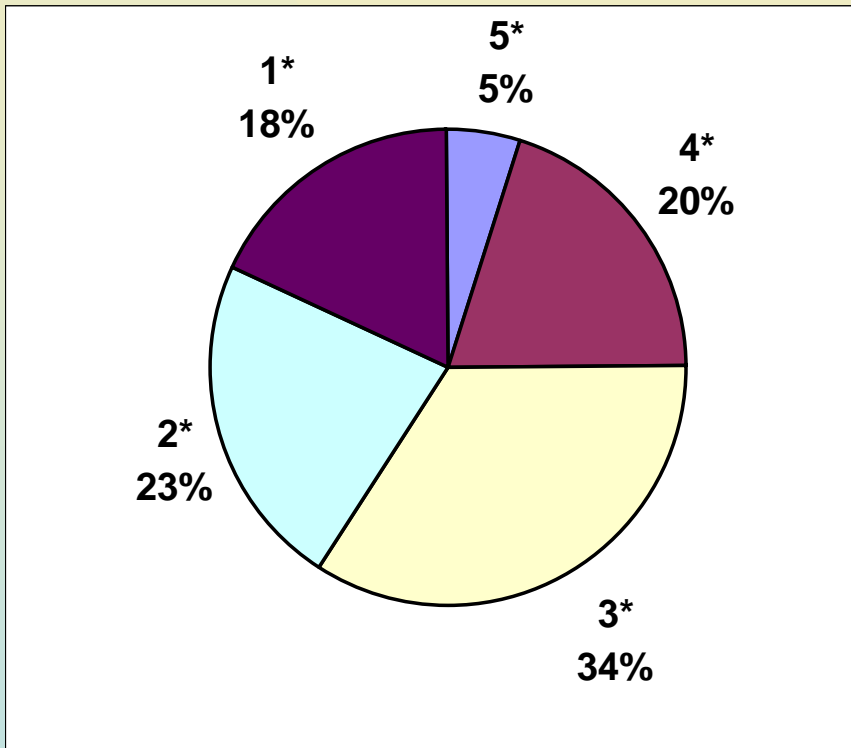


RADICAL CHANGES IN THE HOTEL SUPPLY



1990

2006



Quality came to
the front

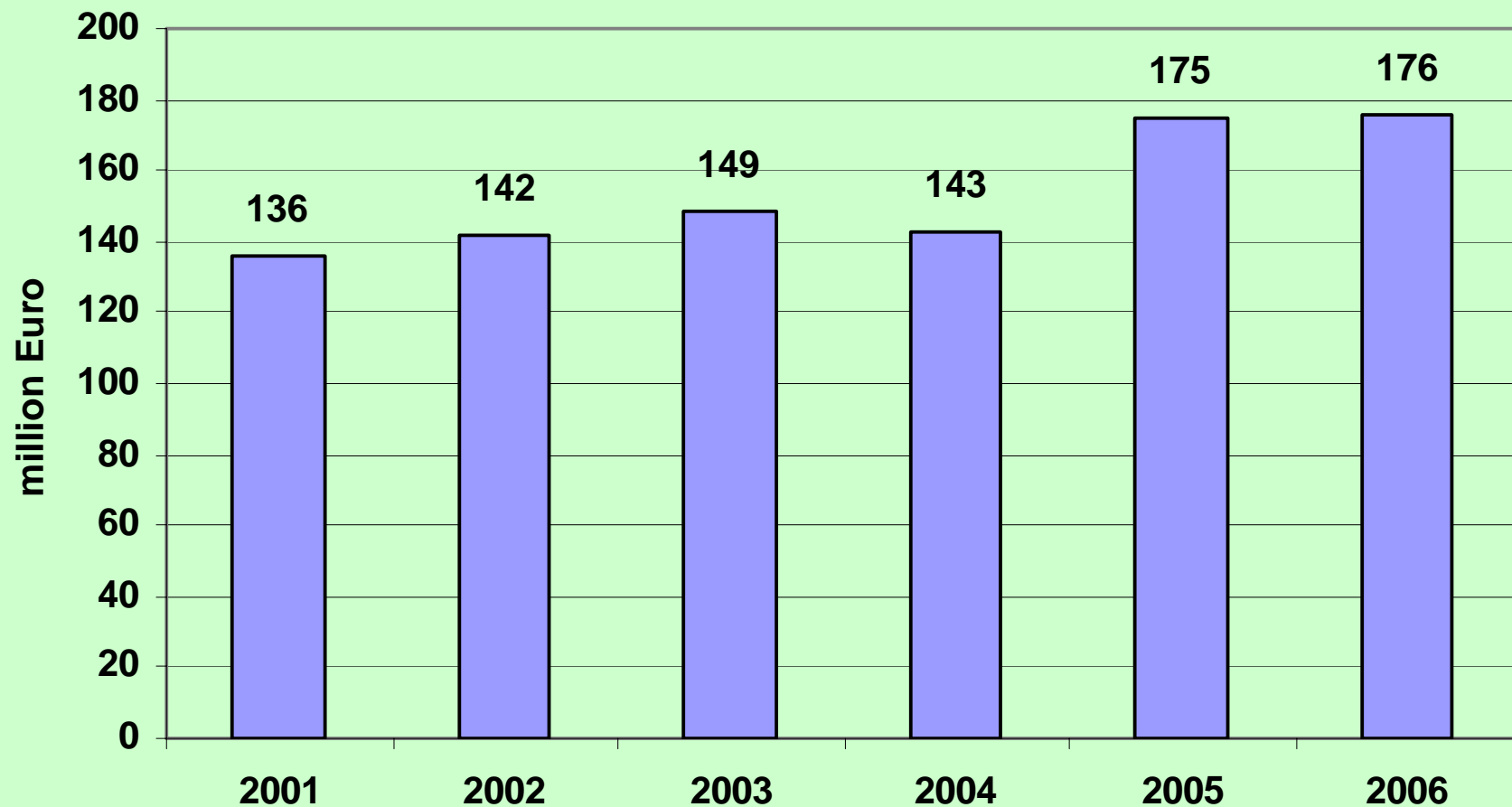
TOURISM AND INVESTMENTS



Sources of the tourism developments:
governmental+ EU + private capital

- ✓ In addition to Budapest, main territories of the investments: spots of the health tourism and lake Balaton
- ✓ In the country-side: considerable developments of tourism attractions with state subsidy – stimulating effect on the private capital (1 HUF state subsidy could activate 2 HUF private capital)
- ✓ New hotel projects connected to spa developments for example: Bük, Sárvár, Kehidakustány, Hajdúszoboszló
- ✓ Balaton: new image through development projects: wellness, MICE, golf
- ✓ EU membership: further impulse for tourism investments

INVESTMENT VOLUME OF SECTOR „HOTELS AND RESTAURANTS”



DIRECTIONS OF THE TOURISM DEVELOPMENT 2007 – 2013



NATIONAL TOURISM STRATEGY (NTS)

- ✓ **A new approach** : tourism is not only a sector of economy, but a part of life
- ✓ The main objective is to **improve the quality of life** by sustainable tourism development
- ✓ Considering the economic importance of tourism, the Strategy emphasizes that the benefit from tourism is much more than only a source of foreign income in the national economy
- ✓ **National priorities** of product development:
 - Health tourism (spa and wellness tourism)**
 - Heritage tourism**: attractions based on cultural and natural heritage: World Heritage sites, national parks, equestrian-, rural-, gastronomy and wine tourism, major Programmes of national and international importance
 - Congress tourism**

NTS – TOOLS OF IMPLEMENTATION



Tools

- ✓ Regulation
- ✓ Stimulation of investments (EU, PPP, private sector, municipalities)
- ✓ Institutional tools
- ✓ Marketing, communication

Target groups

- ✓ Local communities
- ✓ Public administration
- ✓ Local governments
- ✓ Regional organizations of tourism and regional development
- ✓ Educational institutions
- ✓ Tourism enterprises, professional organizations
- ✓ Tourists



NTS – FINANCING BACKGROUND



For providing the necessary financial sources - in addition to the EU funds - investments of the private capital have also crucial importance

EU+ co-financing+
other local sources
(for example municipalities)

Private capital:

Total:

2.071 million Euro

2.642 million Euro

4.713 million Euro



MAIN OBJECTIVES OF TOURISM DEVELOPMENT - TOURISM IN THE NATIONAL DEVELOPMENT PLAN II



- Main task: implementation of National Tourism Strategy
- Tourism parts of National Development Plan and Regional Operative Programmes based on the National Tourism Strategy
- 2007 – 2013: according to the plans: directly **1,2 billion euros** EU fund can flow into the tourism sector (only through Regional Operative Programmes) + indirectly additional financial sources through other OP-s
- In the current planning period the tourism sector's importance increased

National Development Plan I: 2,7% from the total development sources for tourism developments

National Development Plan II: expectation: 4,6%

TOURISM IN THE NATIONAL DEVELOPMENT PLAN II



Main Objectives of the subsidies:

- Creating new tourist attractions
- Development of world heritage sites, national parks, historical and cultural sites, equestrian bases, theme parks, resorts, congress centres, etc.
- Accommodation
- Human and institutional background developments



HEALTH TOURISM 2007 - 2013



Health tourism in the National Development Plan II:

- ✓ **NDPII emphasises:** Hungary possess unique thermal water basis and geothermic conditions
- ✓ **Utilization of these conditions** has favourable economical and social effects, that is why we have to continue the development of the supply in the health tourism
- ✓ **Development of health tourism** is an objective of all Regional Operative Programme
- ✓ **New approach:** in the future - in addition to bath modernizing projects - crucial task the establishment of health resorts (complex supply: balneological and health care services of a high standard together with tourism services)

HEALTH TOURISM 2007 - 2013



National sources of finance for the development of health tourism

- ✓ State subsidy for reconstruction of historical baths
- ✓ Available sum for the objective: 7,2 million euros
- ✓ Maximum high of state subsidy: max. 2,4 million euros
- ✓ This is the second phase of the programme, first tender in 2005, 5 historical bath won state subsidy, reconstruction works in progress



HEALTH TOURISM 2007 - 2013



Investment possibilities:

- ✓ Connecting to National Development Plan II: overall collection of tourism projects
- ✓ a lot of new plans, project idea, but in many cases for the implementation also private capital is needed
- ✓ Possible field of investments: development of accommodation connected to spa- or health resort projects, aqua parks, adventure bathes, wellness facilities, joining projects: active tourism + wellness (for example golf+wellness)





We hope to welcome investors from your country.
Thank you very much for your kind attention!