



MINISTRY OF ECONOMY AND TRANSPORT



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Hungary: The Ideal for Biotechnology



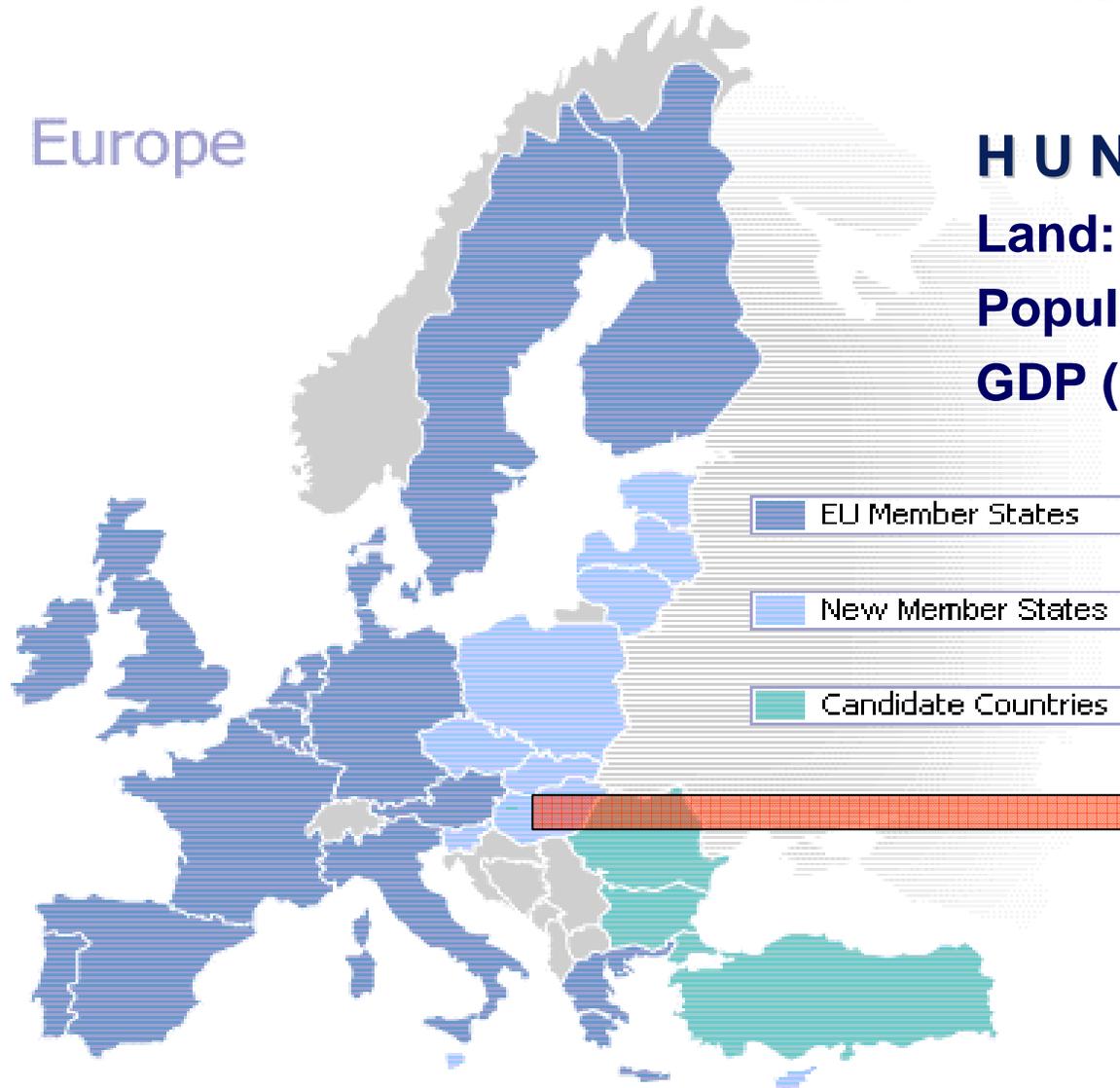
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**Deputy State Secretary
for Foreign Economic Affairs**

February 2006



Europe

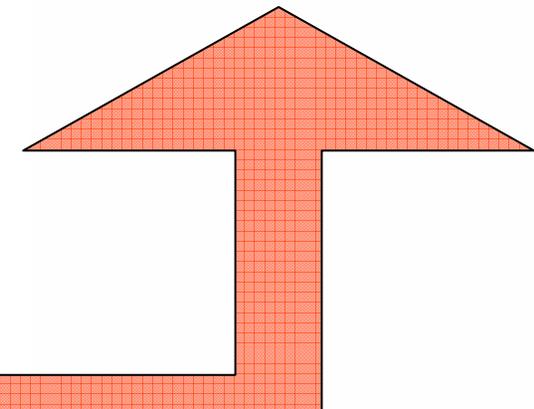


HUNGARY

Land: 36,000 sqr. miles

Population: 10,080,000 people

GDP (2005): USD 100 billion





- 1. Favorable Investment Environment**
- 2. FDI Growth as the Main Focus of Government Policy**
- 3. The U.S. Investments in Hungary**
- 4. Investment Policy**



1. Favorable Investment Environment

Economy

- Dynamic macroeconomic growth, favorable real exchange rate

Location

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

Infrastructure

- Well developed telecommunication and highway infrastructure

Productive, qualified, available workforce

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

Capital attraction

- Highest FDI stock per capita in the region



1. Favorable Investment Environment

Dynamic macroeconomic growth serves as the base for favorable investment conditions

	2002	2003	2004	Q1-Q3 2005
Gross Domestic Product (%)	3,5	2,9	4,2	4,1
Industrial production (%)	2,8	6,4	8,3	6,9
Exports (%-volume)	5,9	9,1	18,4	10,1
Imports (%-volume)	5,1	10,1	15,2	4,2
Consumer prices (%)	5,3	4,7	6,8	3,7
FDI*	3,2	1,9	3,7	2,8
Unemployment rate (%)	5,9	5,8	6,1	7,2

* Euro billion



1. Favorable Investment Environment

Highways and motorways

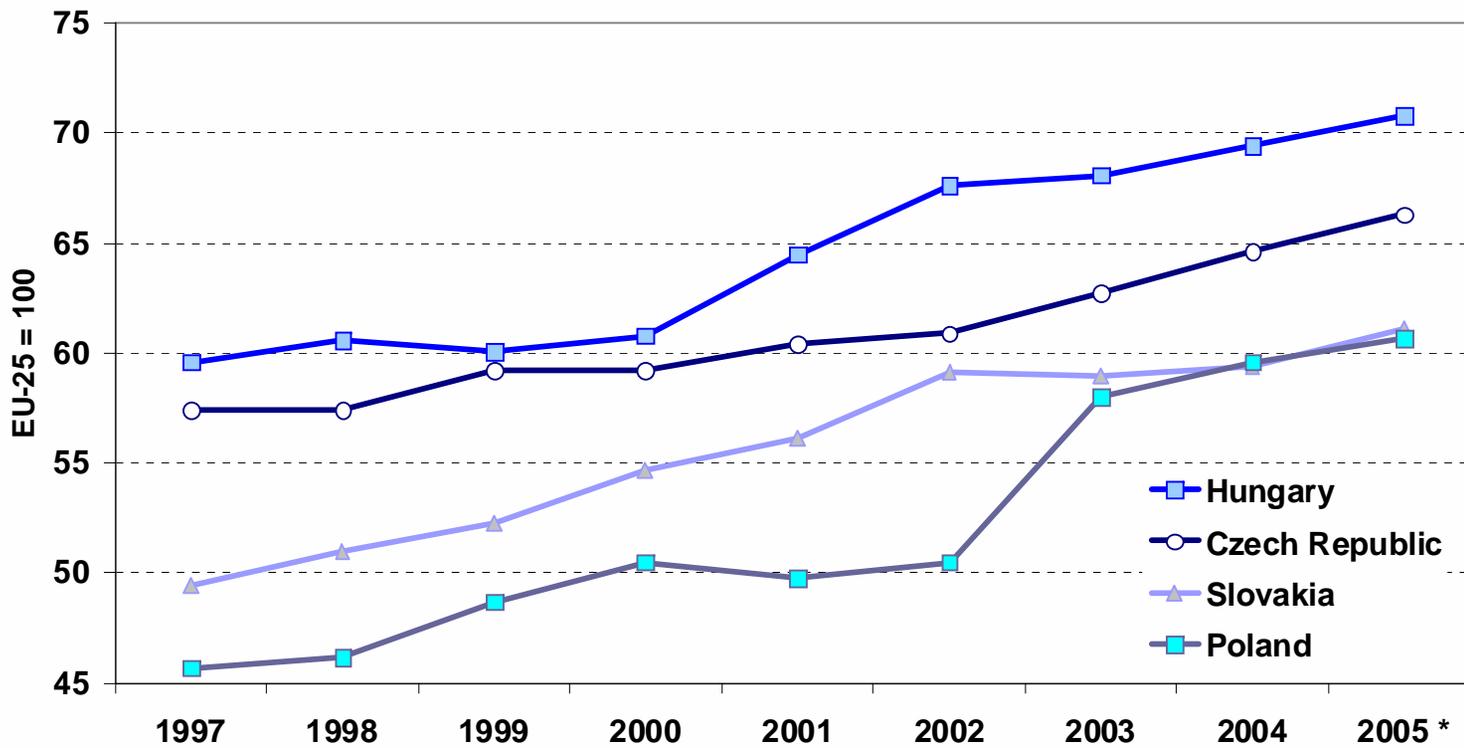




1. Favorable Investment Environment

Productive, qualified, available workforce

Labour productivity per person employed
(GDP in Purchasing Power Standards per person employed relative to EU-25)



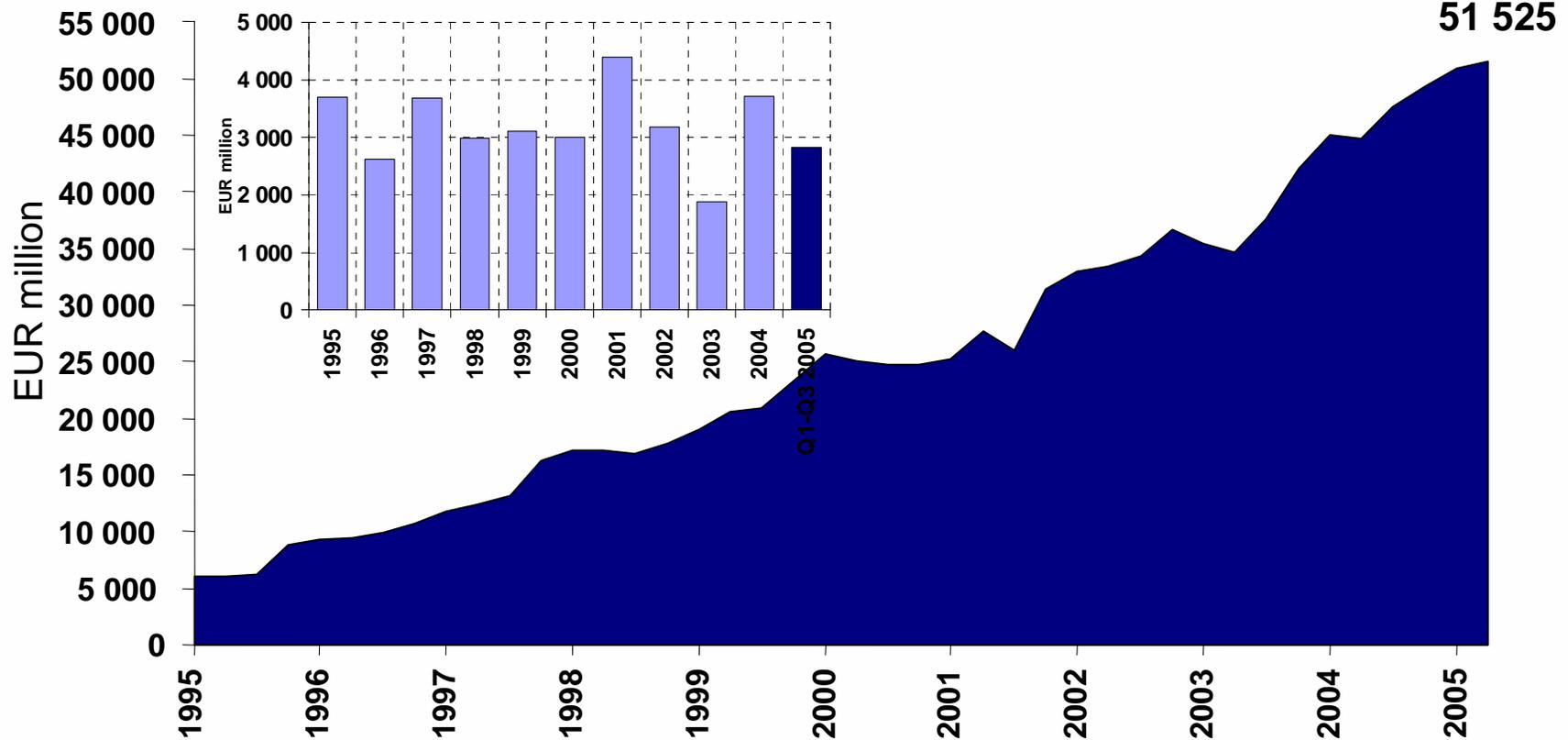
*Note: 2005 figures are Eurostat estimates

Source: Eurostat



2. FDI Growth as the Main Focus of Government Policy

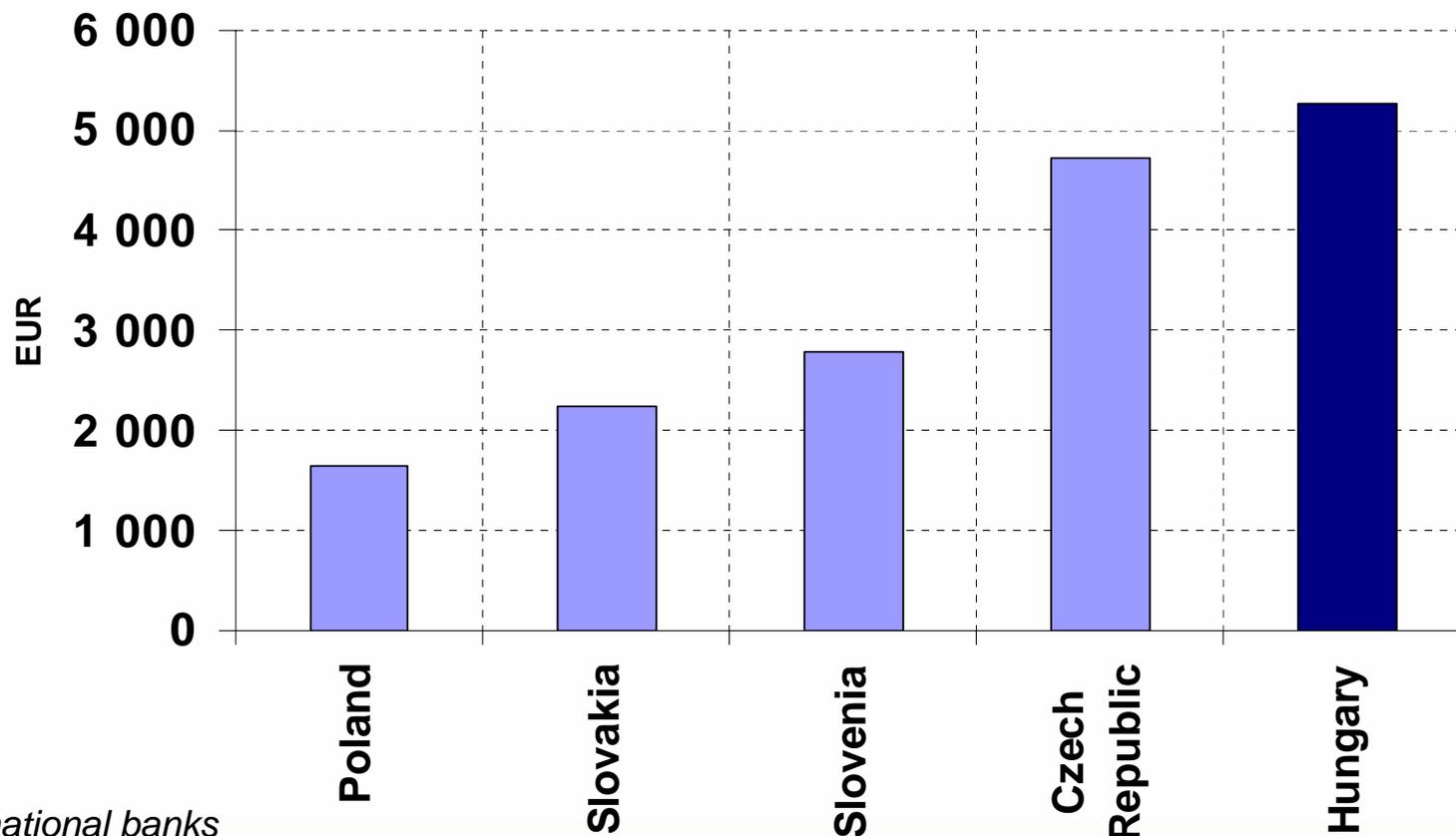
Stock and inflow of Foreign Direct Investments





2. FDI Growth as the Main Focus of Government Policy

FDI stock per capita in Central and Eastern European countries (the end of 2004)

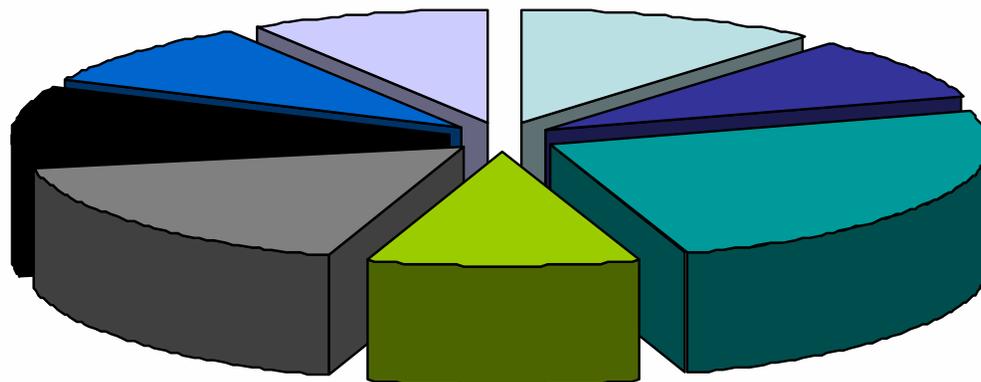


Source: national banks



2. FDI Growth as the Main Focus of Government Policy

FDI stock* by industry (the end of 2004)



- Transport equipment
- Electrical and optical equipment
- Other manufacturing
- Trade, repair of vehicles
- Real estate and business activities
- Financial intermediation
- Transport and communication
- Other

*Excluding other capital

Source: National Bank of Hungary



2. FDI Growth as the Main Focus of Government Policy

Shared Service Centers in Hungary

R&D centers

- Bosch, Zenon, Electrolux, IBM, Novartis, Astra Zeneca, Siemens, Nokia, Philips, Ericsson

Regional call centers

- GE Hungary (European HQs), ING, Hewlett Packard, General Motors

Logistic centers

- Renault – Nissan, Porsche, Velder AG

Financial centers

- Alcoa, BAT, Avis, Exxon Mobil, IBM, GE Electric, Diageo

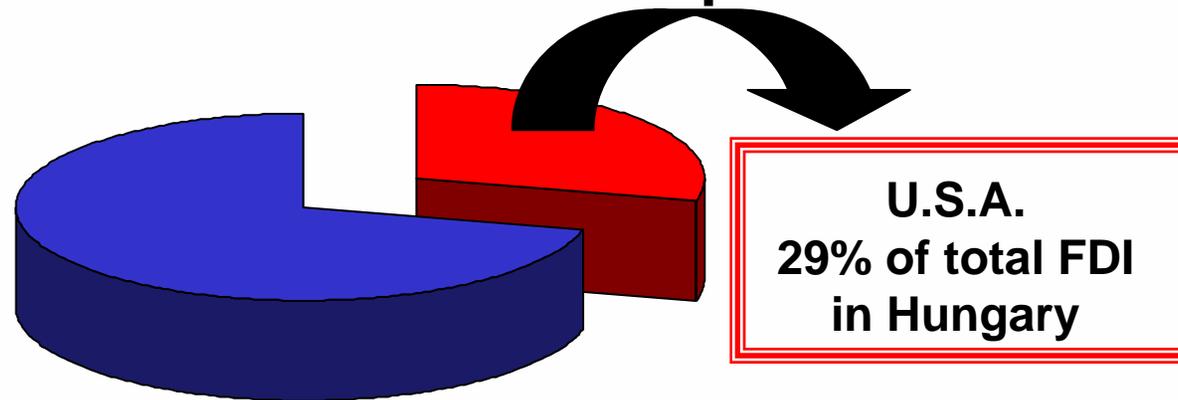
Outsourcing

- EDS, SYKES



3. The U.S. Investments in Hungary I.

The ratio of U.S. investments
is the highest in Hungary
among the Central-Eastern-European countries



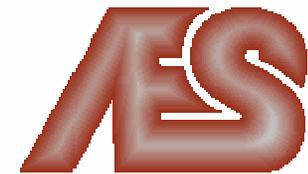
The U.S. is one of the leading foreign investors in Hungary

Approx. USD 9 billion investment value
About 1000 companies



3. The U.S. Investments in Hungary II.

Top U.S. investors in Hungary



GE Capital Bank

ExxonMobil



4. Investment Policy I.

Priority sectors of our investment policy

- Biotechnology
 - ICT sector
 - Automotive industry
 - Shared service centers
 - Logistics
- 
- R&D
 - Innovation
 - High added value
 - Knowledge based economy



4. Investment Policy II.

The Investment Incentive System

I. Direct Subsidies for Investments

- 1. Tender applications in the framework of the Economic Competitiveness Operative Program (ECOP)**
- 2. Special incentive package for strategic investors**
- 3. Subsidy for employment creation and training**

II. Tax-related Incentives

III. Supplier Development Program

IV. One-stop Shop



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Thank you for your kind attention!