Introduction

Hungary is a landlocked country in Central Europe bordering Austria, Croatia, Romania, Serbia, Slovakia, Slovenia, and Ukraine. Hungary's landscape consists of flat to rolling plains divided in two by its main waterway, the Danube. The government system is a parliamentary democracy; the chief of state is the president, and the head of government is the prime minister. Hungary has made the transition from a centrally planned economic system to a market economy in which the prices of goods and services are determined in a free price system. Hungary is a member of the European Union (EU).

Key Economic Facts

Income Level (by per capita GNI): High Income
Level of Development: Developed
GDP, PPP (current international $): $274.93 billion (2017)
GDP growth (annual %): 3.99% (2017)
GDP per capita, PPP (current international $): $28,107.89 (2017)
External debt stocks, total (DOD, current US$): $196,739,060,000.00 (2013)
Manufacturing, value added (% of GDP): 19.87% (2017)
Inflation, consumer prices (annual %): 2.35% (2017)
Labor force, total: 4,656,605 (2017)
Unemployment, total (% of total labor force) (modeled ILO estimate): 4.16% (2017)
Imports of goods and services (current US$): $114.47 billion (2017)
Exports of goods and services (current US$): $125.35 billion (2017)

GDP Composition %

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>3</td>
</tr>
<tr>
<td>Services</td>
<td>55</td>
</tr>
<tr>
<td>Industry</td>
<td>26</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>20</td>
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</tbody>
</table>

Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.

Rankings

<table>
<thead>
<tr>
<th>Index</th>
<th>Rank</th>
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</thead>
<tbody>
<tr>
<td>Corruption Perceptions Index</td>
<td>66 / 178</td>
</tr>
<tr>
<td>EY Globalization Index</td>
<td>9 / 60</td>
</tr>
<tr>
<td>Global Competitiveness Index</td>
<td>48 / 139</td>
</tr>
<tr>
<td>Global Enabling Trade Index</td>
<td>38 / 136</td>
</tr>
<tr>
<td>Global Services Location Index</td>
<td>25 / 55</td>
</tr>
<tr>
<td>Index of Economic Freedom</td>
<td>55 / 180</td>
</tr>
<tr>
<td>International Logistics Performance Index (LPI)</td>
<td>31 / 160</td>
</tr>
<tr>
<td>Inward FDI Potential Index</td>
<td>41 / 139</td>
</tr>
<tr>
<td>KOF Index of Globalization</td>
<td>10 / 185</td>
</tr>
<tr>
<td>Networked Readiness Index (NRI)</td>
<td>50 / 139</td>
</tr>
<tr>
<td>Open Budget Index</td>
<td>54 / 115</td>
</tr>
</tbody>
</table>

Risk Assessment (Provided by Coface)

Country rating: A3 - Changes in generally good but somewhat volatile political and economic environment can affect corporate payment behavior. A basically secure business environment can nonetheless give rise to occasional difficulties for companies. Corporate default probability is quite acceptable on average.

Business Climate rating: A3 - The business environment is relatively good. Although not always available, corporate financial information is usually reliable. Debt collection and the institutional framework may have some shortcomings. Intercompany transactions may run into occasional difficulties in the otherwise secure environments rated A3.

Strengths

- Diversified economy
- High quality infrastructures thanks to European funds
- Integrated within the European production chain
- Trained workforce
- Low corporate taxation
- Generally positive payment behavior

Weaknesses

- Aging population, low birth rate, and high emigration
- Regional disparities; lack of mobility
- Shortfalls in vocational education and training
- Poor levels of innovation and R&D
- Limited room for manoeuvre in terms of the budget
- High debt level of companies, although falling
- Fragility of the banking sector (public and private)
- Energy dependence: 50% of needs imported; 40% from Russia alone

U.S. Embassy

Embassy of the United States of America
Szabadság tér 12
H-1054 Budapest
Hungary
Tel: (36-1) 475-4400
https://hu.usembassy.gov