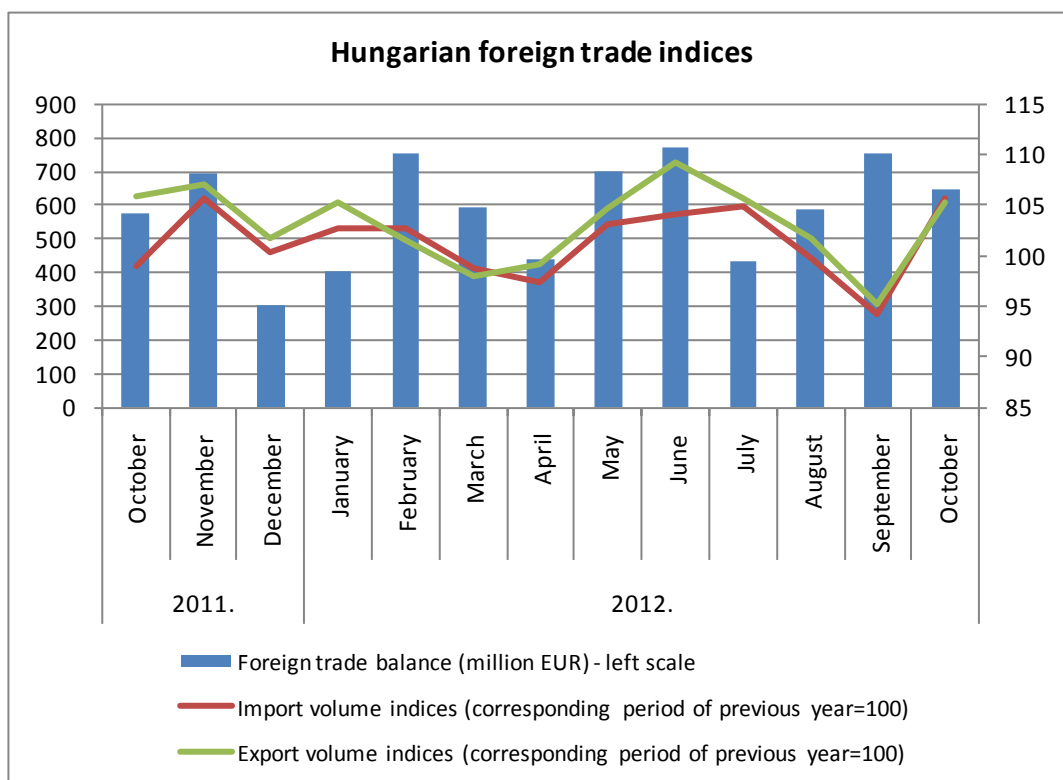


Hungarian foreign trade surplus solid and steady

In Hungary within the current account real economic transactions posted significant surpluses in the past couple of years. One element of these has been the positive trend regarding foreign trade which materialized since 2009: since the onset of the global economic crisis Hungarian foreign trade has been continuously and permanently producing surpluses; Hungarian exports typically exceed imports.

According to the latest preliminary data of the Hungarian Central Statistical Office (KSH), in the period January-November 2012 Hungarian exports amounted to 74 655 million EUR, while imports totalled 67 873 million EUR. **In this period foreign trade posted a surplus of 6 781 million EUR, which corresponds to an increase of 21.4 million EUR in comparison to the corresponding period of the previous year.**



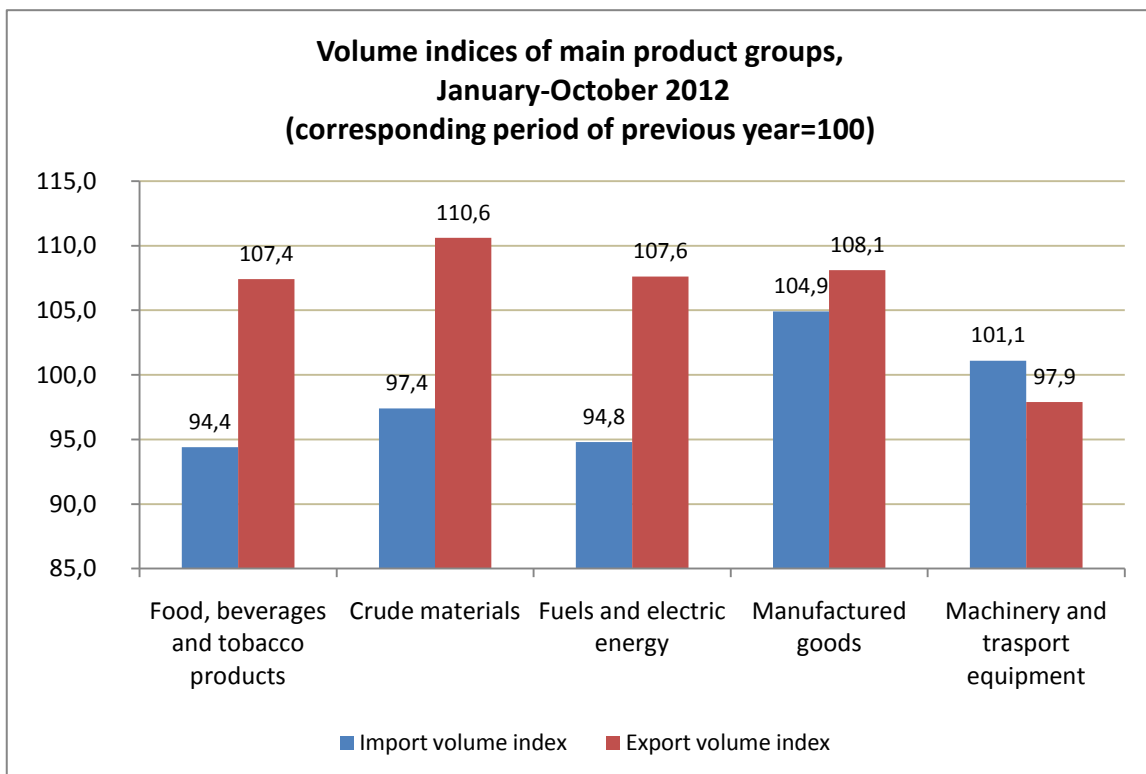
Source: Hungarian Central Statistical Office (KSH), Ministry for National Economy (NGM)



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Detailed foreign trade data are available up to October last year. These signal that **in the tenth month of 2012 the volume of exports and imports increased by 5.6 percent and 5.2 percent**, respectively, **compared to the same period of the previous year**. Foreign trade registered a surplus of 646 million EUR which is 72 million EUR more than the surplus recorded in October 2011

Between January and October 2012 Hungarian exports were higher in every main product group with the exception of machinery and transport equipment, whereas imports increased much less or even decreased. The increase of the export volume of crude materials was outstanding (10.6 percent), but exports regarding food, beverages and tobacco product group and fuel and electric energy group or manufactured goods were all up by 7.4-8.1 percent. The group of machinery and transport equipment performed less successfully, as exports in this category declined by 2.1 percent. Analyzing product groups as a whole, it can be concluded that the volume of exports was up by 2.1 percent and that of imports by 1 percent in comparison to the corresponding period of the previous year.



Source: KSH, NGM

As far as the individual groups within the foreign trade balance are concerned, in January-October 2012 the **largest surplus amounting to 8 209.5 million EUR was registered in the category of machinery and transport equipment which constitute the 45 percent of total imports and 53 percent of total exports.** The product group of food, beverages and tobacco products also ended the period with a significant surplus of 2 252.9 million EUR. In the category of fuels and electric energy accumulated deficit was substantial (5 608 million EUR).

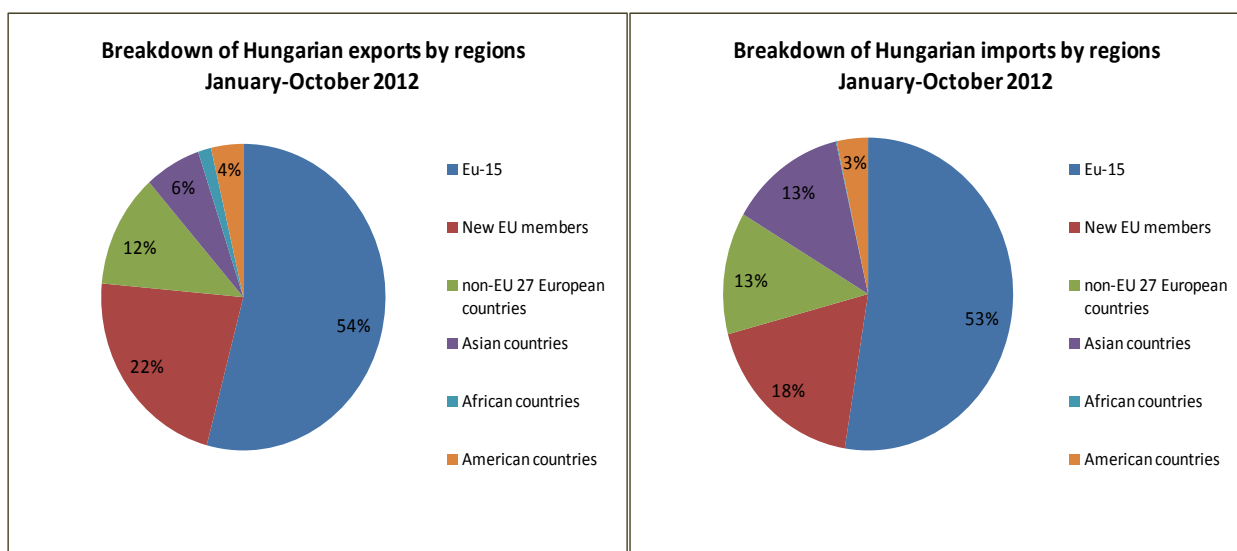


Source: KSH, NGM

The bulk of Hungary's trade transactions take place within the European Union. More than half of export and import transactions are conducted with the "old" EU member states. The 22 percent of exports are headed to the new member countries, while the 18 percent

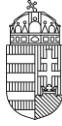
of imports originate from them. **In January-October 2012 foreign trade with member countries of the EU posted a surplus of 7 938.9 million EUR.**

Exports and imports vis-a-vis **non-EU European countries** are both around 12-13 percent. **The foreign trade surplus concerning these countries amounted to 362.8 million EUR in the initial ten months of 2012,** which corresponds to a significant increase of 213 million EUR compared to the same period of 2011. **With regard to Asian countries** constituting 6 percent of exports and 13 percent of imports **Hungarian foreign trade balance could also improve substantially,** the deficit of 3 849 million EUR recorded in January-October 2012 is **214 million EUR less** compared to the figure for the initial ten months of 2011



Source: KSH, NGM

Hungarian foreign trade strategy aims to diversify Hungary's exports and shift them towards dynamically growing fields with positive future perspectives. Moving towards markets of great growth potential is expected to have a positive influence on Hungarian exports, as thus the share of countries with higher demand increases within exports and Hungarian external trade may better withstand a drastic demand slump of other markets.



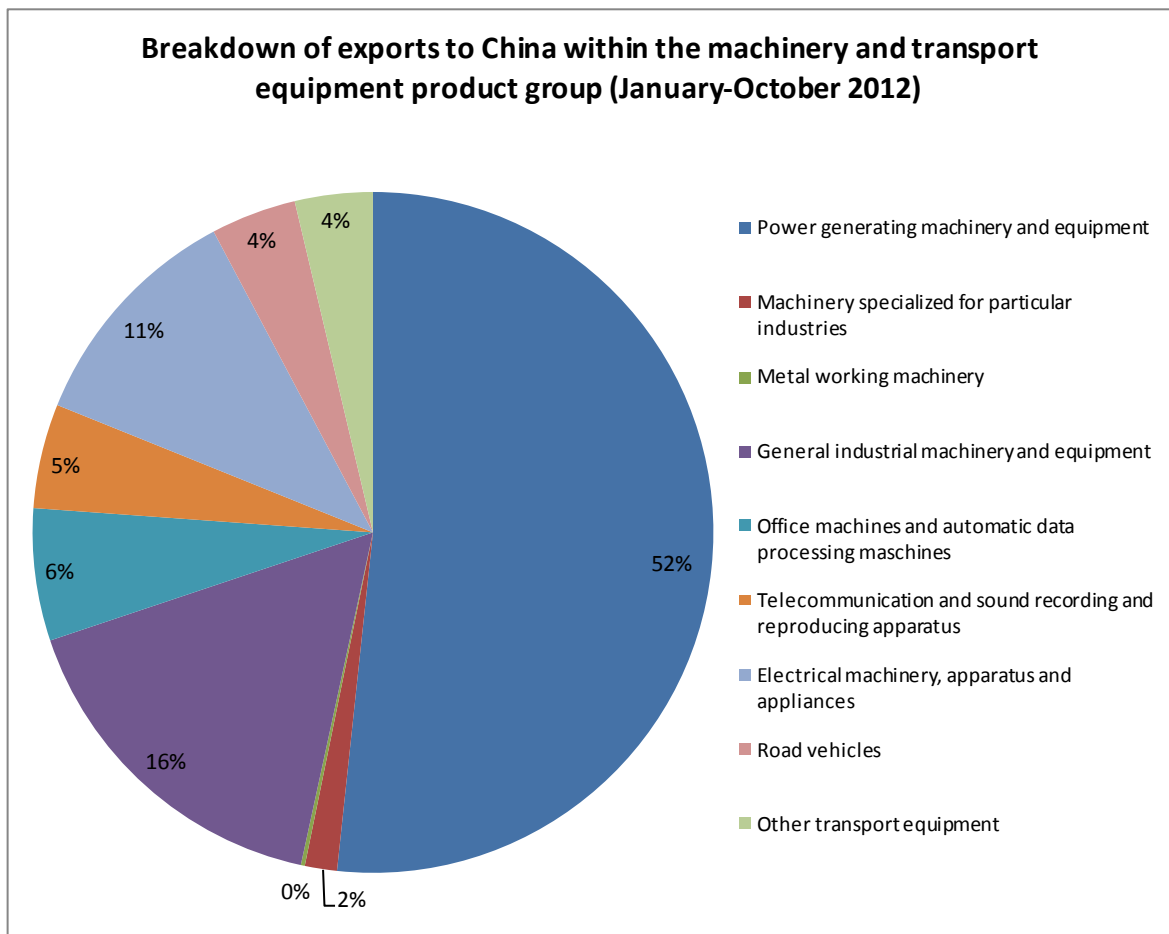
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The *sine qua non* of the strategy of geographical diversification is the opening to the East. Domestic enterprises may profit from the rising import demand of Far-Eastern and Central Asian countries belonging to the Commonwealth of Independent States (CIS).

Within the external trade priority of opening to the East, Hungarian economic policy assigns an outstanding role to strengthening economic relations with China. In the period since the Minister for National Economy was entrusted to supervise this issue Sino-Hungarian liaison has been extensively enhanced which can be observed in more intensive trade between the two countries.

Exports to China in the initial ten months of 2012 made up the 6 percent of total Hungarian exports. **Hungarian exports headed to China in the initial ten months of last year amounted to 1 145 million EUR which corresponds to an increase of 12.5 percent compared to the corresponding period of 2011.** Imports in the same period declined by 5.6 percent, totalling 3 423 million EUR. **Consequently, Hungarian foreign trade deficit vis-à-vis China improved impressively by 330 million EUR.**

A significant share, 81 percent of Hungarian exports to China comes from the sale of machinery and transport equipment, while manufactured goods constitute the 17 percent of total exports. Within the category of machinery and transport equipment exports of power generating machinery and equipment as well as general industrial machinery and equipment are the most significant. In January-October 2012 among main product groups the exports of food, beverages and tobacco products increased dynamically (by 72 percent), but the export growth related to manufactured goods and machinery and transport equipment (21 percent and 12 percent, respectively) was also highly remarkable.



Source: KSH, NGM

Budapest 24.01.2013.

Ministry for National Economy