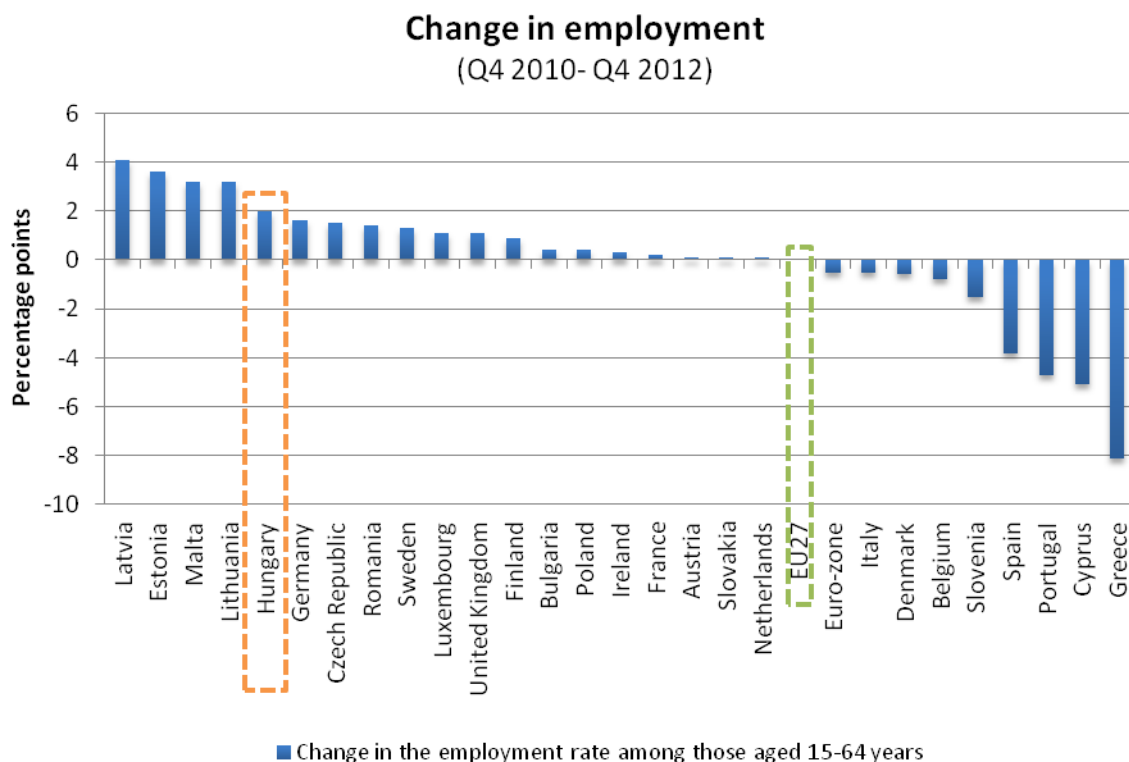




Hungarian employment trend outstanding within Europe

According to Eurostat data, **employment stagnated in the past two years with regard to EU averages**. On the other hand, in the Euro-zone the employment rate among those aged 15-64 years decreased by 0.5 percent which was the result -- to a large extent -- of inauspicious trends in the peripheral countries. **In Hungary, this indicator improved from 55.8 percent in Q4 2010 by 2 percentage points to 57.8 percent in the corresponding period of 2012**. Therefore, along with the Baltic states and Malta, Hungary belongs to those countries within the European Union where **employment growth was the largest** in the past two years.



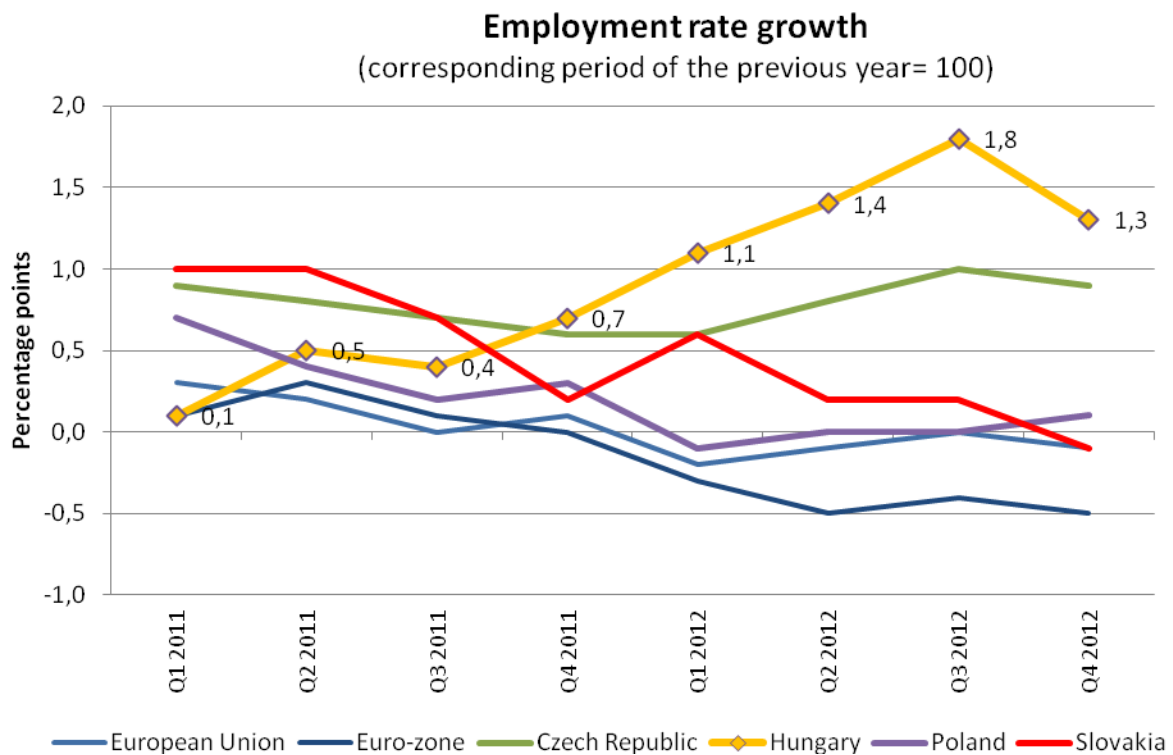
Source: Eurostat

In light of the latest available international data on the number of people in employment, **in Q4 2012 the number of those in employment decreased, in comparison to Q3 2012, by 0.3 percent in the Euro-zone and by 0.2 percent regarding the EU 27**, while compared to the corresponding period of the previous year the decrease was 0.8 percent and 0.4 percent, respectively. However, **Hungary with its 0.3 percent growth was among those member countries which registered the largest quarterly improvement concerning the number of**



persons employed. This indicator was the most favourable in Latvia, Luxembourg and Poland, while Lithuania, Portugal and Bulgaria suffered the largest job losses in Q4 2012.

A more detailed chart shown below comprised of quarterly data demonstrates employment rate trends in Hungary, the Visegrád countries, the Euro-zone and the EU 27:



Source: Eurostat

In 2010-2012, when compared to countries and regions observed, it was Hungary where the employment rate among those aged 15-64 years increased to the largest extent compared to the corresponding period of the previous year. This indicator signals stagnation in the EU 27, whereas with regard to the Euro-zone a negative trend appears to prevail as corresponding periods are compared – although the latest data indicate that the employment rate is unchanged since the beginning of the observed period.

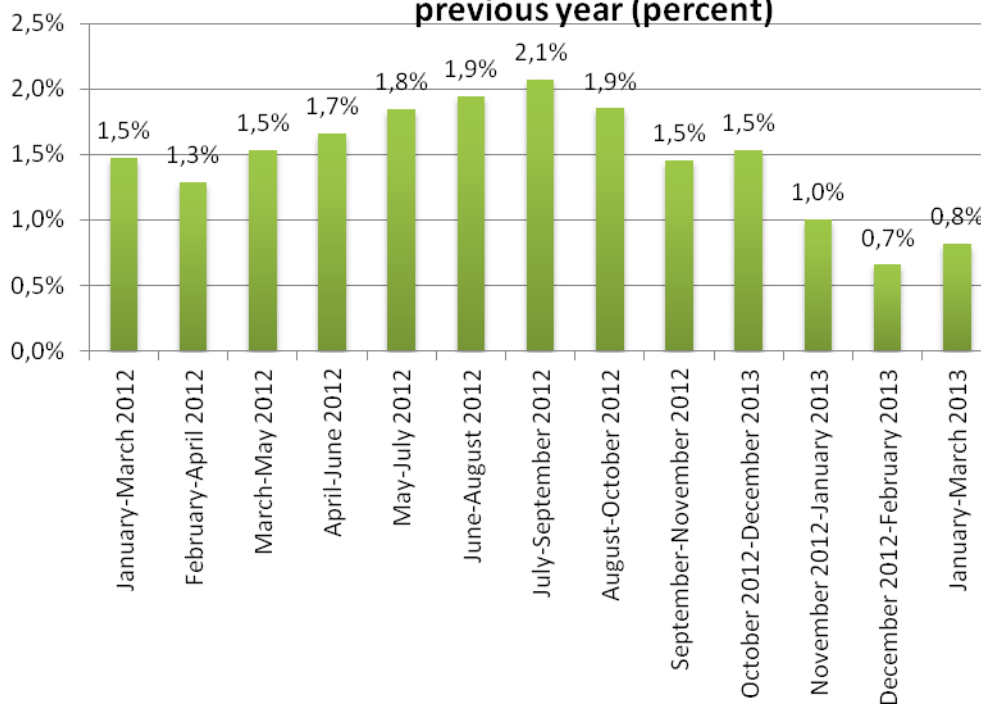
According to the latest labour market statistics of the Hungarian Central Statistical Office (KSH), **in Q1 2013 the number of those in employment aged 15-64 years increased from 3**



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million 756 thousand one year ago to 3 million 787 thousand, by 31 thousand. In the age group of 15-64 years, the **employment rate** edged up from 55.7 percent in the corresponding period of the previous year to 56.6 percent, which corresponds to **an increase of 0.9 percent**. As far as the gender aspect of employment is concerned, the employment rate of men aged 15-64 years was 0.7 percentage points higher (to 61.5 percent) in comparison to the same period of the previous year, while that of women increased more than in the previous period, by 1 percentage point (to 51.8 percent).

Change in the number of those in employment, aged 15-64 years, in comparison to the corresponding period of the previous year (percent)



Source: Hungarian Central Statistical Office (KSH)

It has been yet another positive labour market trend that in the first months of 2012 due to benign inflation – mainly resulting from the public utility tariff cut – real wages began to increase. This development has also been a consequence of the finalized flat-rate personal income tax system and the abolition of super-grossing. **In January-February 2013**, net wage increase exceeded the rate of inflation: average net monthly wages were up by 3.9 percent within the



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national economy compared to the same period of the previous year, which constituted a real wage increase of 0.7 percent at an inflation rate of 3.2 percent.

Real wages are expected to increase further in coming months. Parallel to further diminishing income tax liabilities, wage growth is also expected to result from nominal wage increases which will beat inflation.

Positive data aptly demonstrate the success of the Government's measures aimed at stimulating employment. The Cabinet has also recently introduced several more measures to this end, and this field will remain a key priority.

Thanks to the Job Protection Action Plan, 1 million endangered jobs could be protected. The amount of applications submitted to the Government's job creation tender worth HUF 10bn was more than HUF 20bn, and most of them came from enterprises operating in regions with the poorest labour market prospects. The total number of applicants also roughly doubled, and this signals the significant development potential of the Hungarian economy. The first job guarantee scheme assisted 7200 young career-starters to find a job. In the future, applying for housing subsidies – aimed at boosting labour mobility – will be made easier. **New and ongoing measures as well as the re-launching of public work schemes give ample reason to anticipate employment growth in the future.**