

Favourable trends in Hungary

Several favourable economic trends have recently developed in Hungary. Some of them can be identified by the data published by the Hungarian Central Statistical Office (KSH) and others are manifested in various international comparative studies. The below list presents some of these tendencies: it includes an indicator based on comprehensive economic aggregates (such as the Human Development Index), but it also analyzes an economic sector (i.e. tourism), as well as a soft, non-quantitative factor such as the situation of mothers in a various society. The presentation of favourable trends will be resumed in the Outlook of next week.

1. Tourism

According to data of the KSH, tourist traffic has continued to be favourable also in March. **The number of foreign guests increased by 4.9 percent and the number of nights spent in Hungary was 6.1 percent higher** compared to the same period of 2011. As a consequence of the number of foreign guests, the increase of guest nights has continued in hotels which provide the 90 percent of turnover. Within the sector, four-star institutions played a key role, whereas the turnover of five-star hotels declined. Accommodation fees were 2.8 percent higher at commercial accommodation facilities in the surveyed month.

2. HDI (Human Development Index, an indicator of the UN) has risen, Hungary preserved its ranking

According to the survey of the UN, **Hungary continues to belong to the league of the most developed countries as far as the HDI is concerned**, which list is headed by Norway. Hungary with a score of 0.816 is placed after Malta at rank 36 and Qatar at rank 37, and we are right ahead of several EU member countries, among others Poland, Lithuania and Portugal. Consequently, Hungary preserved its last year's ranking (38).

3. The new CERN center will open in Budapest

The tender by the European Organization for Nuclear Research (CERN) of Geneva was awarded to Hungary (via government support). We were not the only one to take part in the competition, twenty-eight countries have made offers and we could win beating, among others, Sweden, Norway and Switzerland. The government will appropriate the amount of 8.5bn HUF required for the investment from this year's resources of the innovation fund. As part of one of the largest info-communication investments of Central Europe, the informatics infrastructure of top performance will be operated on 1100square meters.

4. The number of internet subscriptions increased

The number of internet subscriptions continued to increase: at the end of December 2011 it was more than 4 million, and the number of mobile internet subscriptions breached the threshold of 2 million. On the other hand, the market of mobile telephoning appears to become saturated, the number of mobile phone subscriptions compared to the previous year declined slightly; however subscribers make more frequent but shorter calls from mobile phone than from fixed line phones. Data transfer via mobile networks, however, was almost by one-third higher in comparison to the corresponding period of the previous year.

5. More people are born, less die, population decline has moderated

According to preliminary data, **in the initial two months of 2012 14 679 children were born, which is 3.3 percent more than one year before.** The number of deceased was 22 614, which corresponds to a decline of 3.1 percent compared to data of January-February 2011. **Natural population decline was 7935 which is 1194 less than one year ago.**

The work group called *For a Family Friendly Hungary* which works in the Ministry for National Economy has published its strategic consultation paper titled *New Baby Boom, the Revolution of the Middle Class for More Children*. This paper is aimed at sparking a debate and it includes – together with the proposals of the Demography Round Table, a consultation body -- a demographic analysis, and it also cites foreign precedents, describes employment trends for women and without aiming for final solutions presents a number of important measures the ministry has elaborated. The ministry aims to increase fertility rates via partly this strategy.

6. Gini-index

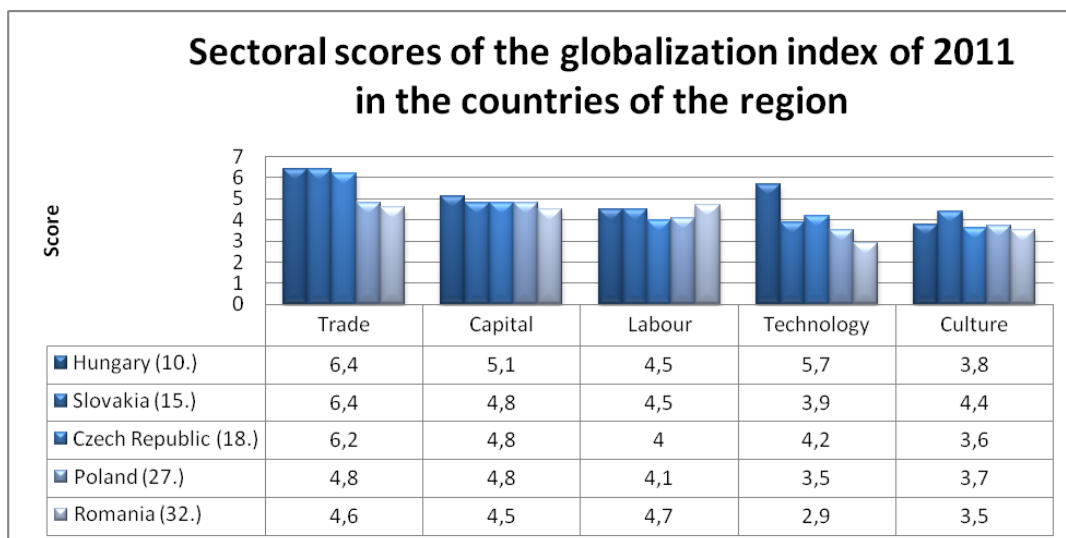
On the basis of Eurostat data, the **Gini coefficient of Hungary** in the past decade except for 2006 was around **24-27 percent** and in the past couple of years the index signaled a trend of decline. In 2010 we already had the lowest figure among the Visegrád countries, which means that income distribution was the most even in Hungary. Therefore, in 2010 Hungary was ranked as 3rd within the entire EU, after Norway (23.6 percent) and Slovenia (23.8 percent), on a par with Sweden (24.1 percent).

According to the latest data, among the Visegrád countries Hungary has the biggest difference between the pre-tax and after-tax Gini index, that is, the Hungarian taxation system and subsidies can narrow income gaps to the greatest extent. The pre-tax coefficient is 46.6 percent, whereas the after-tax and after-transfers figure is only 27.2 percent. **This difference of 19.4 percent** is more than the OECD average of 14.3 percent.

7. Globalization index

Ernst&Young has recently published its annual globalization report, in which it presented the globalization index calculated for **the 60 greatest economies of the world**. This index ranks **Hungary as 10th** of the list.

As a whole, Hungary was ranked 10th, and thereby ours is the most open economy in the region according to the survey. The below chart presents a comparison of regional scores and includes the ranking on the list in brackets after the name of the country.



8. The index of economic complexity

Researchers of the American Harvard and MTI universities completed their study on economic complexity last year.

The Atlas examines the foreign trade of 128 countries and sets up an economic growth ranking on the basis of ECI – Economic Complexity Index.

According to the Economic Complexity Index, most products which require most of knowledge input are imported by Japan, Germany, Switzerland and Sweden. **As far as the export of most complex products is concerned, Hungary is ranked as the prestigious 14th**. In the region of Eastern-Europe and Central Asia Hungary has scored as third following the Czech Republic and Slovenia.

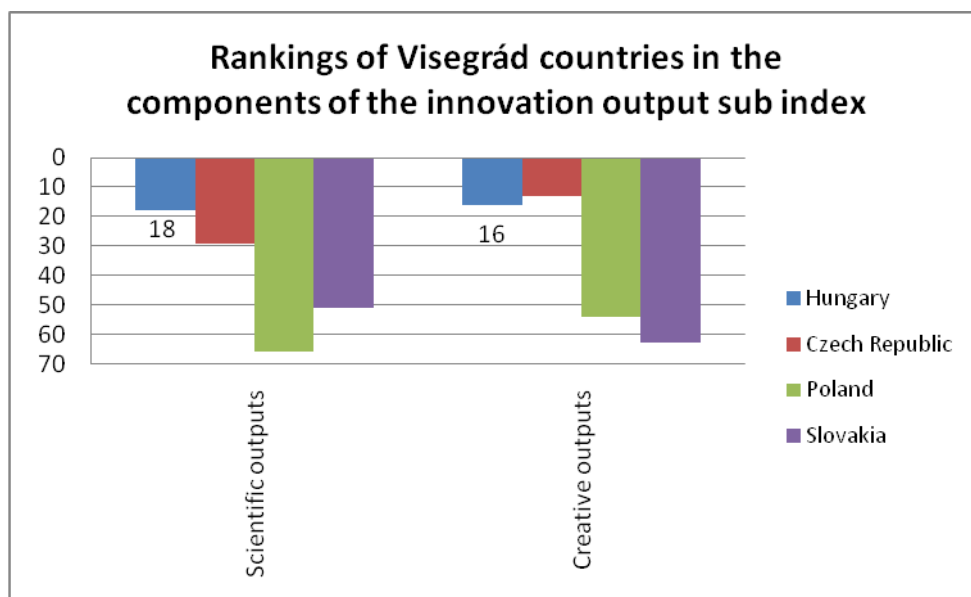
ECI rank	Country
1	Japan
2	Germany
3	Switzerland
4	Sweden
5	Austria
6	Finland
7	Singapore
8	Czech Republic
9	United Kingdom
10	Slovenia
11	France
12	Republic of Korea
13	USA
14	Hungary
15	Slovakia
16	Italy
17	Denmark
18	Ireland
19	Israel
20	Mexico

9. Innovation index

The Singaporean-French INSEAD business school prepares a publication each year since 2007 titled *Global Innovation Index*. The publication of 2011 analyzes the economies of 125 countries and ranks them accordingly. The Global Innovation Index is composed of the innovation input and innovation output sub indices. The input sub index is made up by five components that include fields of a national economy with the potential of generating innovative activities such as Institutions, Human capital and research, Infrastructure, Market sophistication, Business sophistication.

The output index gauges innovation performance and includes scientific outputs and creative outputs.

In the compound ranking Hungary is placed as 25th with a score of 48.12 points in 2011. From 2009 to 2010 and from 2010 to 2011 Hungary managed to advance by 11 places each. Out of the 7 key components, we scored best in creative outputs (16th) and scientific outputs (18th). In the compound ranking of the innovation output sub index Hungary thereby is placed as the 16th. We registered the weakest performance in the field of infrastructure.



10. *Save the Children* list about the situation of mothers

Save the Children is the largest independent organization of children's rights in the world. Its mission is to protect children's rights and improve their living conditions. On the list published

by the organization, which examines the situation of mothers and evaluates 165 countries, **Hungary achieved the 22nd place.** The indicator takes aspects into consideration such as healthcare, education, economic situation and nutritional conditions. In comparison to most countries, in Hungary maternity benefit is provided for a longer period.