

Presentation of
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ITD Hungary



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Foreign Direct Investments: Trends and Challenges

Global trends

- The global **FDI flow has been continuously increasing** since 2004
 - ✓ 2007: USD 1,538 billion – a growth of 18% compared to 2006
 - ✓ Highest ever FDI figure
 - ✓ Strong economic growth in certain regions of the world
 - ✓ Growth of corporate profit and the prices of stocks
 - ✓ Increasing number of mergers and acquisitions
- The share of EU-10 in the global FDI flow remained stable
- Expected amount of FDI inflow to Hungary is USD 4-4.5 billion per year

Challenges in attracting foreign direct investments in Hungary



■ Strong competitors

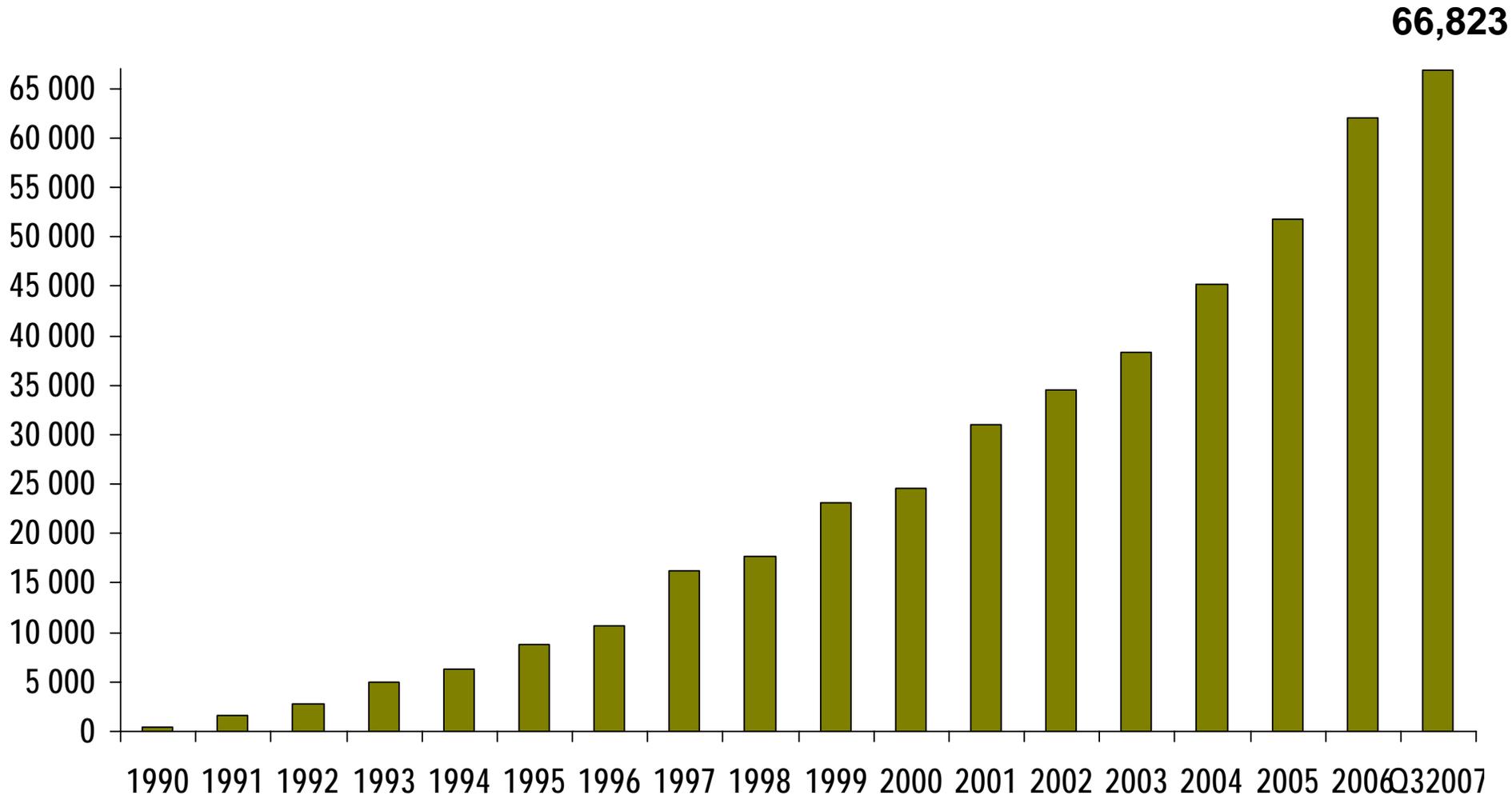
- Poland, the Czech Republic, Slovakia (export oriented investments, increasing productivity)
- Romania and Bulgaria (EU membership, good economic potential)
- India and China (labour intensive investments, call centres)
- CIS (investments to access new consumer markets)

■ Increasing role of **reinvestments**

- Increasing competitive advantage in **higher value added sectors** (solar panel manufacturing, life sciences, shared services, R&D)
- Large number of **small and medium enterprises** as investors
- New investor **countries**

Hungary is Front-Runner as regards FDI Potential and Performance

Cumulated FDI* in Hungary in million euros

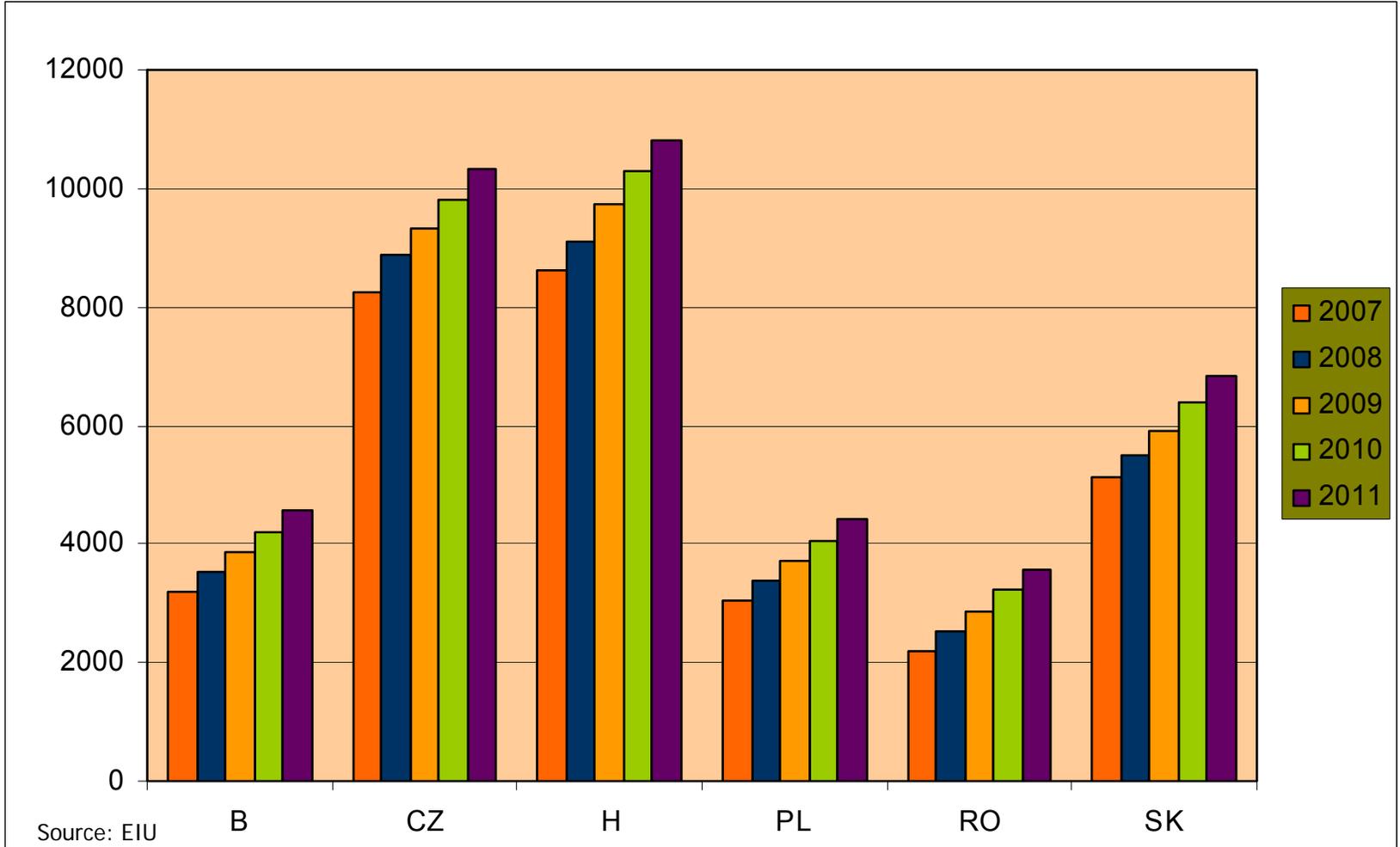


Source: National Bank of Hungary, Ministry of Economy and Transport * Including reinvested earnings from 1995

Hungary will keep its first place in FDI/capita in the region



FDI/capita in USD, 2007-2011



Source: EIU

Competitiveness of Hungary

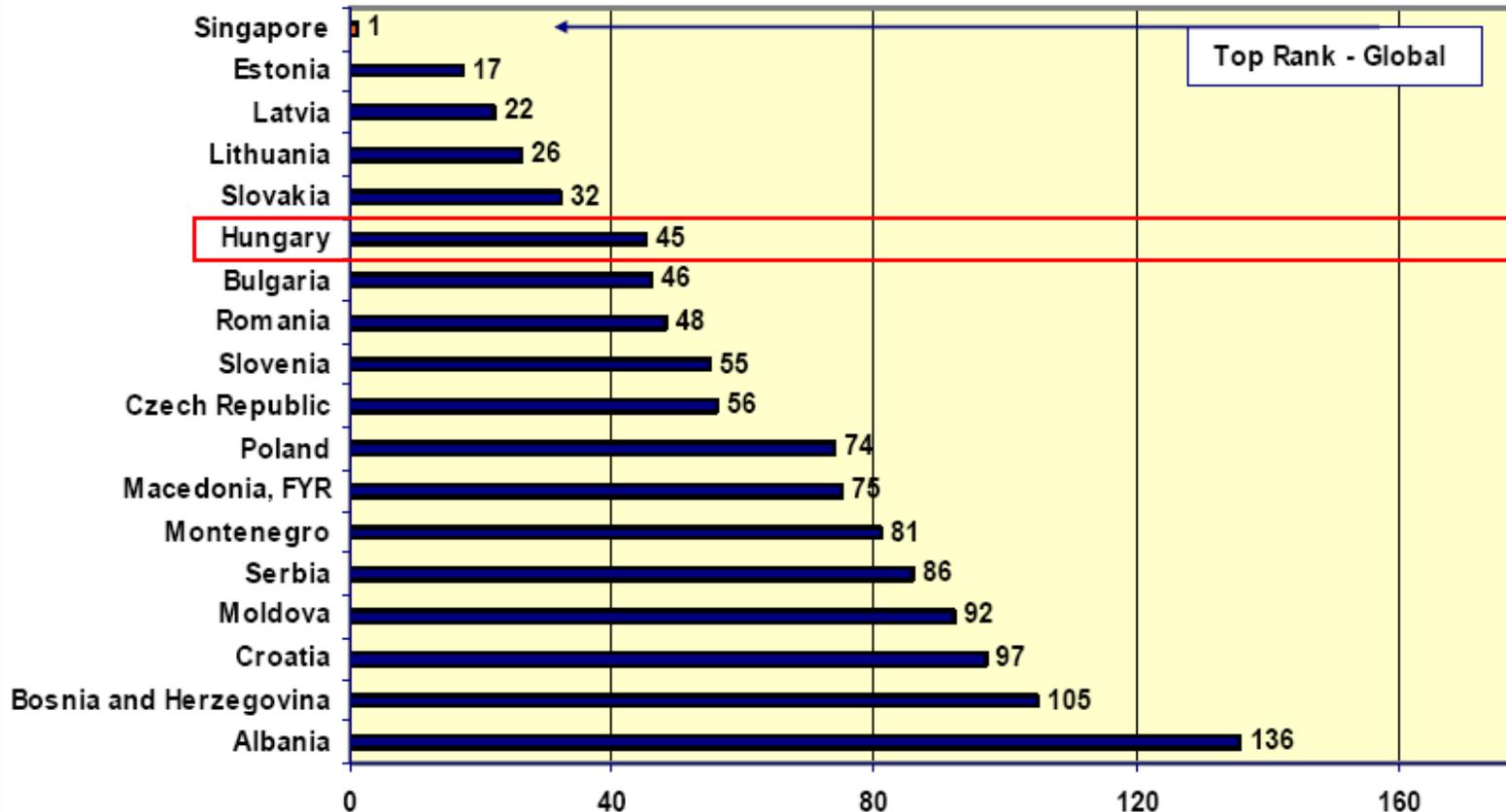
In the manufacturing sector Hungary has the lowest unit labour cost in Central-Eastern-Europe

Country	ULC (Austria=100)
Croatia	70.3
Czech Republic	39.9
Hungary	28.3
Poland	37.7
Slovak Rep.	32.1
Slovenia	87.1

Hungary's labour productivity grew 13.1% in the manufacturing sector in 2006 (highest annual change in the region) while unit labour costs decreased 9.9%.

Hungary leaps 21 places outranking the Czech Republic, Romania, Bulgaria

Ranking on the ease of doing business



The world bank recognized Hungary's reforms in Starting business and Registering property

Note: The ease of doing business index averages economy rankings on the 10 topics covered in *Doing Business 2008*.

Source: *Doing Business* database.

Leading position in CEE according to the Logistics Performance Index, 2007

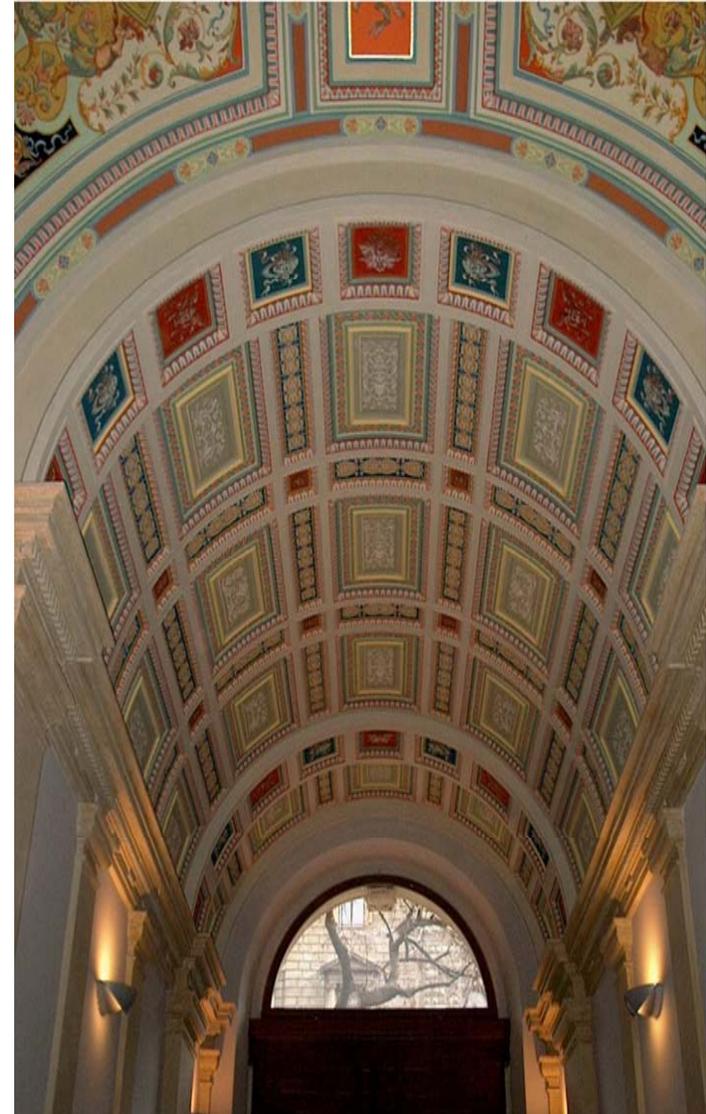
- speed of Customs Clearance
- average timing of export transactions
- minimum and average timing of import transactions
- frequency of monitoring
- transport costs

1.	Singapore
2.	The Netherlands
...	
6.	Japan
....	
35.	Hungary
...	
38.	Czech Republic
40.	Poland
50.	Slovak Republic

ITD Hungary investment promotion: goals and results

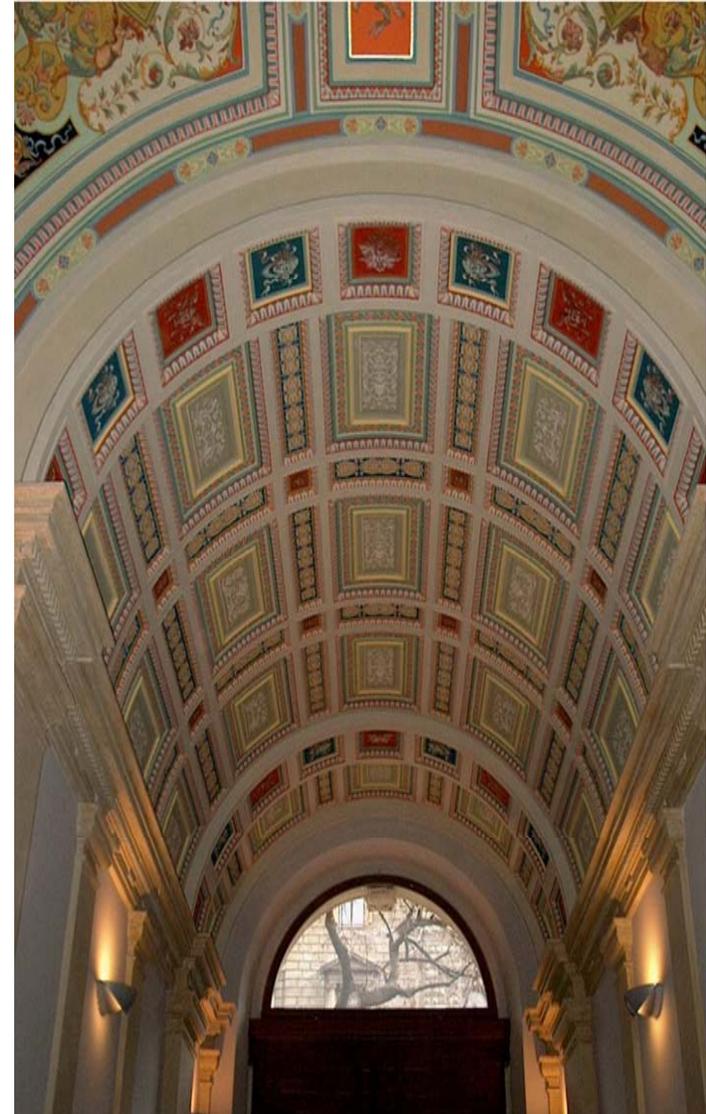
Investment Promotion Measures and Programs

- **Corporate Lead Generation**
- **Targeting the priority sectors**
- **Investment incentive one-stop shop
(Implementation)**
- **Administrative one-stop shop**
- **Aftercare**



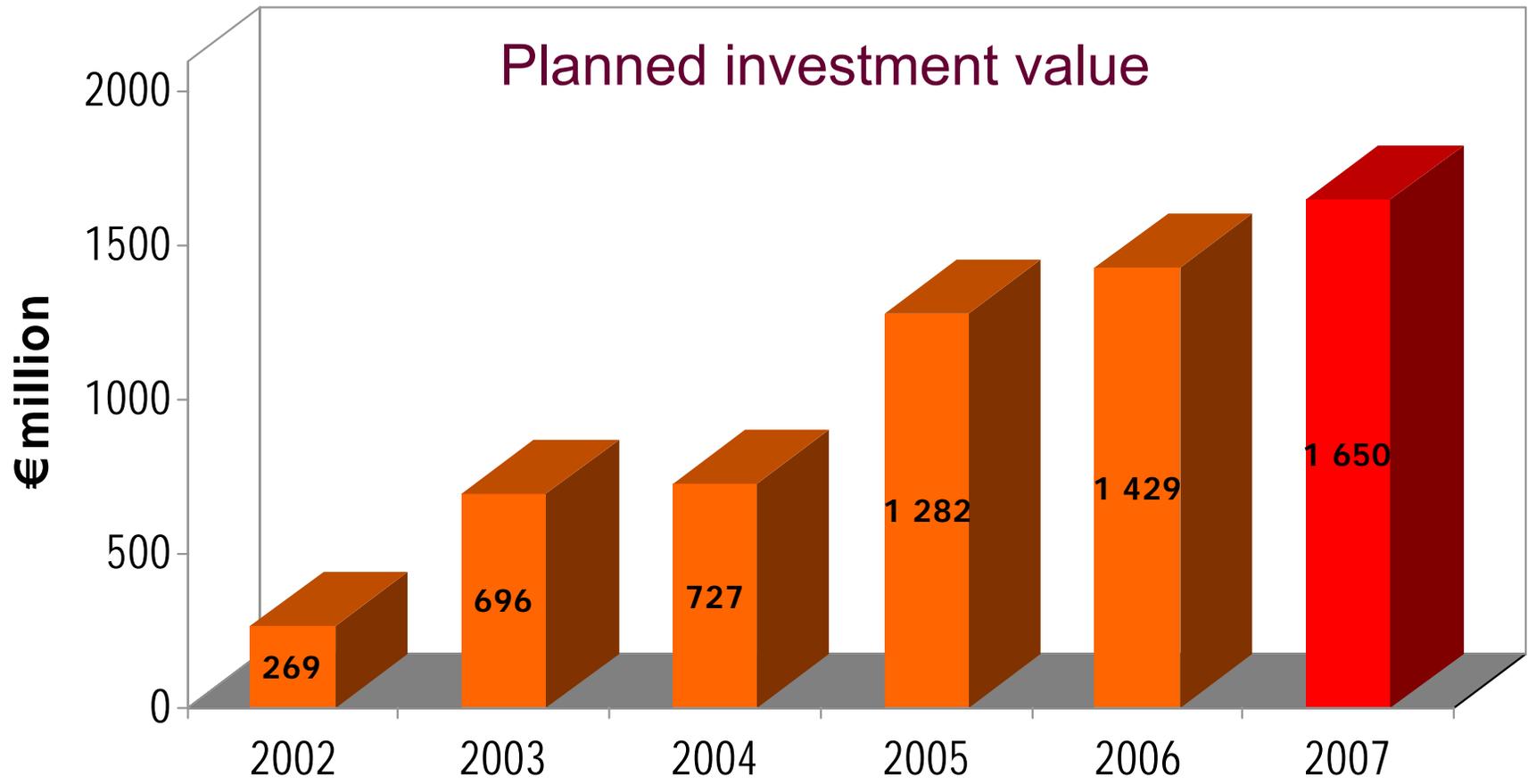
2007 Activity Figures

- **5,000 corporations contacted/met**
- **900 leads generated**
- **350 projects managed**
- **55 investments won**



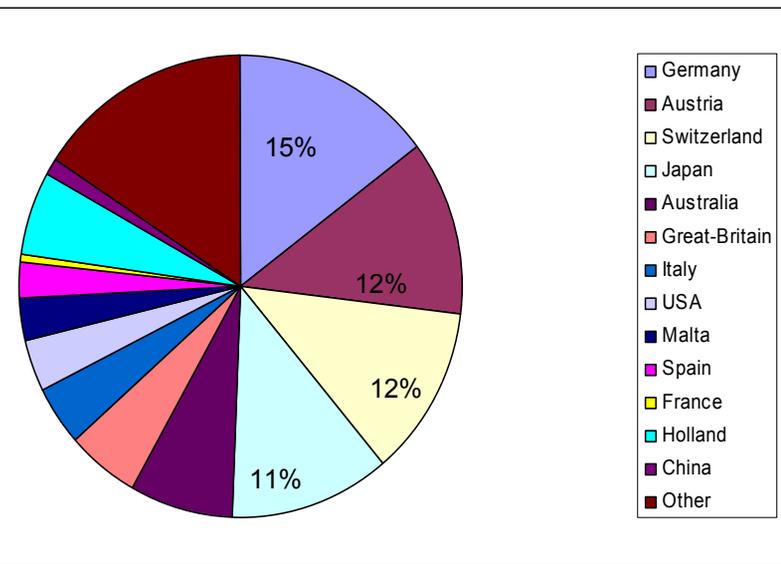
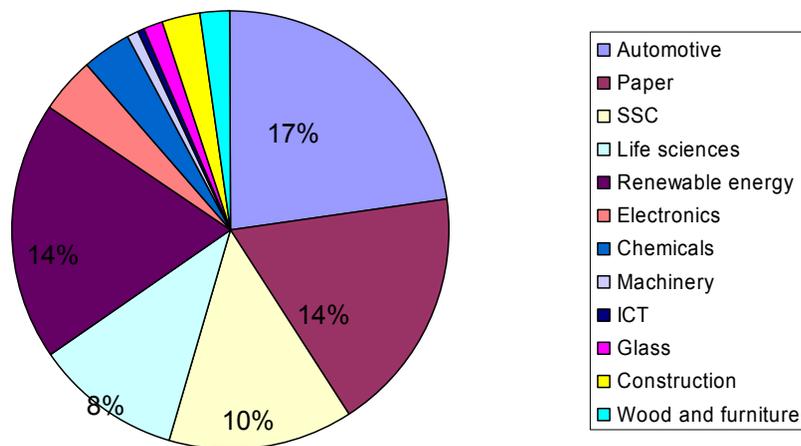
Announced investment projects 2002-2007

Total since 2002 : € 6.1 billion



In 2007 55 new positive investment decisions

€ 1.65 billion



10.332 new jobs

Large investments announced in 2007

Automotive

Denso (2. stage): Automotive electronics, 110 jobs
Székesfehérvár

Magyar Suzuki: Automotive manufacturing, 690 jobs,
Esztergom

F. Segura: Automotive manufacturing, 79 jobs,
Szolnok



Electronics

Samsung Electronics: Electronics, 1000 jobs
Jászfényszaru



Heliogrid: Solar panel manufacturing, 810 jobs
Rétság

Genesis Energy: Solar panel manufacturing, 190 jobs
Tatabánya

SSC

Vodafone: Financial service centre, 750 jobs
Budapest



IT Services (Deutsche Telekom): SSC, 1745 jobs.
Budapest Debrecen



British Telecom: SSC, 220 jobs, Debrecen

ICT

Lufthansa Systems: expansion, 150 new
software development positions



Neusoft: software development centre of the
leading Chinese software technology
company

Biotechnology



Beike Biotechnology: Chinese stem cell
research project

St James: hospital project from Malta

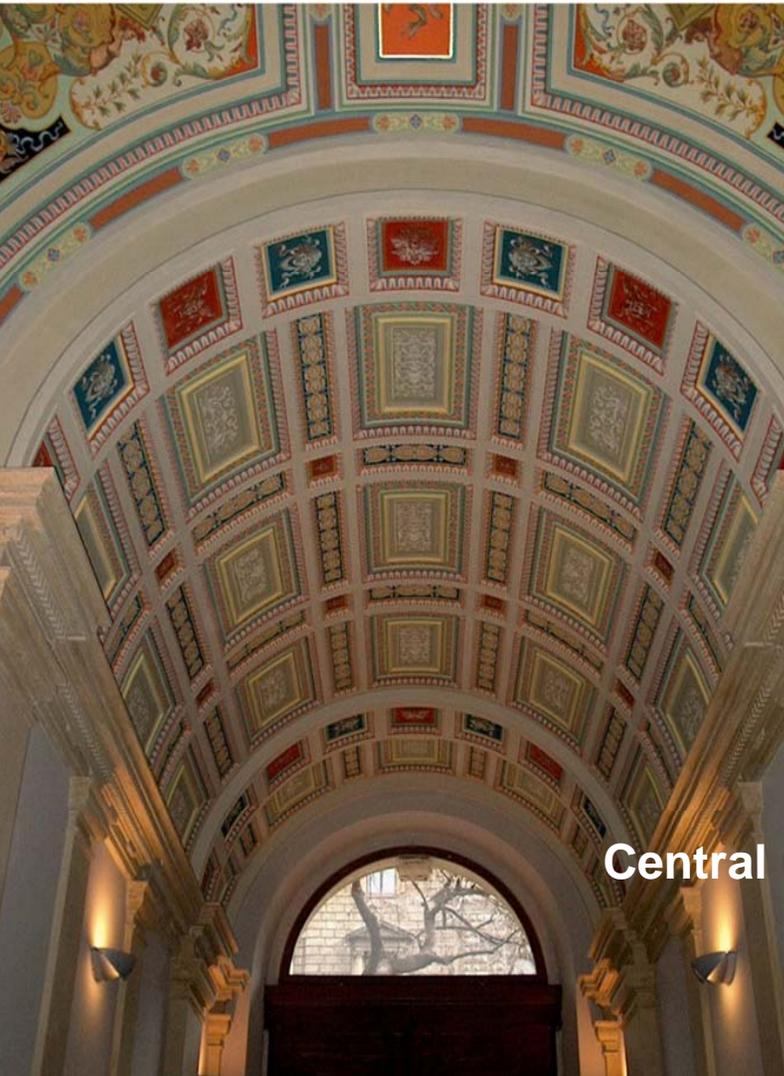
AAI Pharma: Representative office of the
American pharma company



Renewable energy

Centrál EU Biofuels:
Biodiesel, Hódmezővásárhely

Dunabio:
Bioethanol, Adony



Thank you for your attention!

ITD Hungary was founded by the Hungarian Government to provide its services free of charge

- promote and facilitate foreign investments
- develop international trade
- promote Hungarian capital investments
- EU integration-oriented SME development

Central Office in Budapest ■ 55 Foreign Trade Offices