

Trade and Competitiveness Monitoring Note

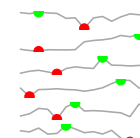


Hungary

| GDP (US\$ billions) (2016) | Population (millions) (2016) | Income per capita (current US\$) (2016) | Poverty rate (2012) | Unemployment rate (2014) |
|----------------------------|------------------------------|---|---------------------|--------------------------|
| 136.15 | 9.81 | 13,871.17 | 0.26 | 7.80 |

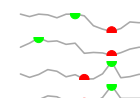
Macro Indicators

| | Avg 2002-2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------------|------|------|------|-------|-------|
| GDP growth (annual %) | 2.0 | -1.5 | 1.5 | 3.6 | 3.0 | 3.1 |
| Current account balance | -5.3 | 1.8 | 4.2 | 3.3 | 4.7 | 2.6 |
| Fiscal balance (% of GDP) | -5.1 | -2.3 | -2.4 | -2.9 | -2.5 | -2.5 |
| Remittances, received (% of GDP) [1] | 1.5 | 2.8 | 3.4 | 3.4 | — | — |
| Real Effective Exchange Rate (2010=100) | 97.2 | 99.1 | 98.5 | 95.9 | 104.4 | 101.1 |
| Consumer Price Index, annual percent change | 5.6 | 5.7 | 1.7 | -0.2 | 0.2 | 2.4 |



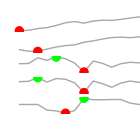
Investment indicators

| | Avg 2002-2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------------|------|------|------|------|------|
| Gross domestic investment (% GDP) | 23.3 | 19.8 | 20.6 | 22.2 | 22.0 | 22.1 |
| Gross domestic investment, of w: Private investment (% GDP) [1] | 23.8 | 19.5 | 20.6 | 22.2 | — | — |
| Inward FDI (% of GDP) [2] | 3.9 | 11.3 | 2.3 | 2.9 | — | — |
| Inward FDI, % of private investment [2] | 18.2 | 64.5 | NA | — | — | — |



Trade Indicators

| | Avg 2002-2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------------|--------|--------|--------|--------|--------|
| Total Trade in Goods and Services (% of GDP, real terms) | 139.85 | 184.45 | 192.33 | 202.92 | 211.51 | 219.10 |
| Trade balance (% GDP, real terms) | 0.44 | 10.44 | 10.88 | 10.29 | 11.22 | 11.62 |
| Exports, Goods and Services, annual percent change (real terms) | 9.16 | -1.47 | 5.86 | 8.73 | 7.60 | 6.80 |
| Imports, Goods and Services, annual percent change (real terms) | 7.68 | -3.25 | 5.86 | 10.02 | 7.10 | 6.80 |
| Total reserves in months of imports [1] | 3.33 | 4.33 | 4.33 | 3.77 | — | — |



Sources: MFM note, [1] World Development Indicators (WDI), [2] UNCTADSTAT, [3] World Economic Outlook (WEO)

Goods Export and Import volume growth, 2012-2015

Data not available

Gross Value Added by Economic Activity 2013 (% GDP)

| Services | Manufac. | Other |
|----------|----------|------------|
| 64 | 24 | 8 |
| | | Agricul. 4 |

Source: Development Prospects Group (DECPG)

Source: World Development Indicators (WDI)

Top 5 Exports by % of Total Value, 2014

| | | | |
|-------------------------------------|-----------------------------|-----------------------------|-------------------------------------|
| Motor vehicles for the transport of | Internal combustion engines | Other parts and accessories | Medicaments, n.e.s. |
| 10 | 6 | 5 | 3 |
| | | of the | Telephone sets, including telephone |
| | | | 3 |

Imports Categories by % of Total Value, 2014

| | | |
|---------------|----------------|--------------------|
| Capital goods | Consumer goods | Intermediate goods |
| 42 | 31 | 20 |
| | | 7 |

Source: World Integrated Trade Solution (WITS)

Doing Business 2015 Ranks (among all countries)

| | DB 2015 Rank | DB 2016 Rank | Change in Rank |
|-----------------------------------|--------------|--------------|----------------|
| Dealing with Construction Permits | 83 | 88 | -5 |
| Ease of Doing Business Rank | 40 | 42 | -2 |
| Enforcing Contracts | 23 | 23 | 0 |
| Getting Credit | 17 | 19 | -2 |
| Getting Electricity | 113 | 117 | -4 |
| Paying Taxes | 89 | 95 | -6 |
| Protecting Minority Investors | 81 | 81 | 0 |
| Registering Property | 28 | 29 | -1 |
| Resolving Insolvency | 64 | 65 | -1 |
| Starting a Business | 56 | 55 | 1 |
| Trading Across Borders | 1 | 1 | 0 |

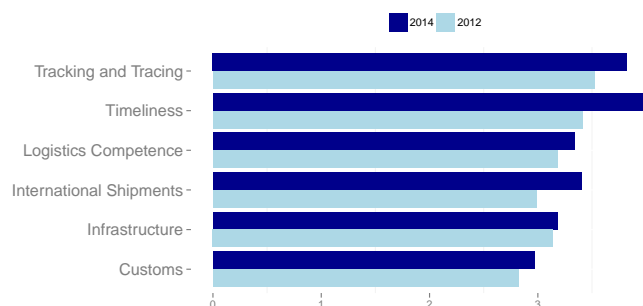
Source: Doing Business Report 2015

WEF Competitiveness Indicators (Scale 1-5, 5=best)



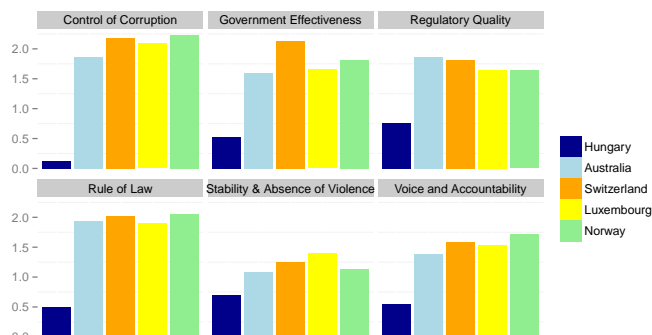
Source: WEF Global Competitiveness Report 2015

Logistics Performance Index (Scale 1-5, 5=best)



Source: Logistics Performance Index (World Bank)

World Governance indicators (Std. score, High=best)



Source: Worldwide Governance Indicators

Trade Policy

| | 2014 |
|--|------|
| Import duties collected [1] | — |
| Services sectors with GATS commitments [1] | 102 |

Sources: WITS, [1] WTO Trade Profiles

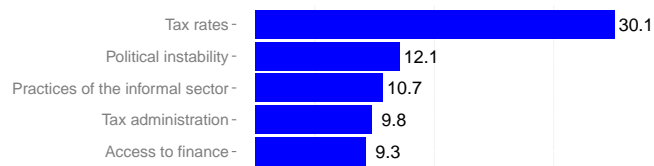
Private Sector's Views

Enterprise Survey 2013

| | Hungary | Europe and Central Asia | All Countries |
|---|---------|-------------------------|---------------|
| Number of electrical outages in a typical month | 0.30 | 2 | 6.30 |
| Percent of firms with a bank loan/line of credit | 37.30 | — | 34.30 |
| Proportion of investment financed by banks (%) | 15.40 | — | 14.30 |
| Proportion of investment financed internally (%) | 76.30 | — | 71.80 |
| Senior management time spent dealing with the requirements of government regulation (%) | 11.30 | — | 9.90 |

Source: Enterprise Survey 2013

Top 5 constraints according to ES 2013 (% respondents)



Source: Enterprise Survey 2013

Top 5 constraints according to WEF 2015 survey (% respondents among 88 executives)



Source: WEF Global Competitiveness Report 2015