



MINISTRY OF ECONOMY AND TRANSPORT



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# Continue and start Hungarian economy today



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# Hungary in figures

	2000	2001	2002	2003	2004	2005
<b>GDP growth (%)</b>	<b>6,0</b>	<b>4,3</b>	<b>3,8</b>	<b>3,4</b>	<b>4,6</b>	<b>4,1</b>
<b>Industrial production (%)</b>	<b>18,1</b>	<b>3,6</b>	<b>2,8</b>	<b>6,4</b>	<b>7,4</b>	<b>7,3</b>
<b>Export volume growth (%)</b>	<b>22,0</b>	<b>8,0</b>	<b>3,9</b>	<b>7,8</b>	<b>18,4</b>	<b>10,8</b>
<b>Import volume growth (%)</b>	<b>20,3</b>	<b>5,3</b>	<b>6,5</b>	<b>11,0</b>	<b>15,2</b>	<b>5,3</b>
<b>Consumer prices (%)</b>	<b>9,8</b>	<b>9,2</b>	<b>5,3</b>	<b>4,7</b>	<b>6,8</b>	<b>3,6</b>
<b>Balance of foreign trade*</b>	<b>-4,3</b>	<b>-3,6</b>	<b>-3,4</b>	<b>-4,2</b>	<b>-3,9</b>	<b>-2,8</b>
<b>Annual balance of FDI*</b>	<b>3,0</b>	<b>4,4</b>	<b>3,2</b>	<b>1,9</b>	<b>3,8</b>	<b>5,4</b>

\* Billions of euro



# Government targets

- **Structural reforms**
  - Public and state administration
  - Health care
  - Education
- **Continue the improvement of competitiveness**
  - Tax regime
  - Infrastructure development
  - R&D, innovation
- **Introduction of the euro**



# Public and state administration

- **Reduce the state roles** – liberalisation if possible
- **Reduce budget expenditure**, but **increase efficiency** of expenditure
- **Smaller state**
  - Policy making, functional ministries
  - Less representatives in Parliament
- **Regions instead of counties**
- **Comprehensive programmes**
- **Reform financing and create new structure of services**



# Education

- **Target:** flexible knowledge suitable for the labour-market
- **Public education reform**
  - Modernise curriculum: facility instead of cyclopaedia
  - Connection between education and research
- **University reform:**
  - Keep on the Bologna process
  - Private source in financing
- **Vocational training reform:** LLL and e-learning



# Competitiveness

- Improving the **business environment**
- **Generating competition, increase efficiency** in the economy
- Support **SME's**
- Increase employment and participation



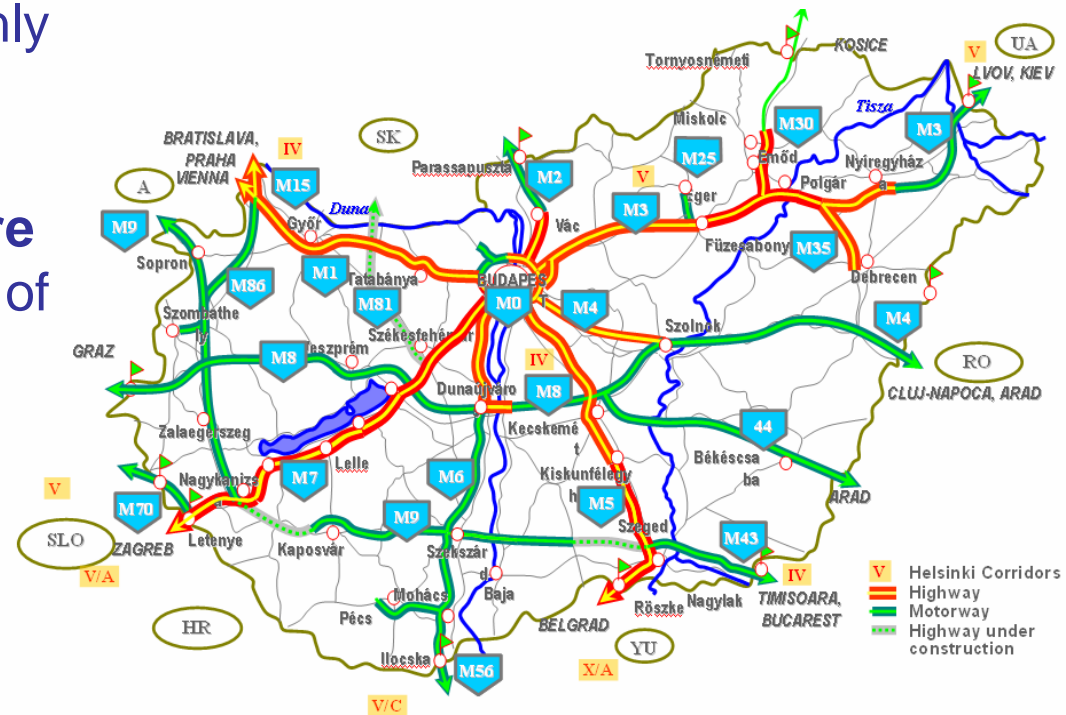
# Taxation

- Simplify the tax system
- Equitable and fair-minded taxation
- Improve tax administration's efficiency
- Further tax cuts as the high tax rate impedes economic growth (long-term target)



# Infrastructure, transportation

- Define public services – only the necessary state participation has to remain
- Transportation **infrastructure development** (with the help of EU funds)
- Reorganise **public transportation** companies
  - liberalisation
  - privatisation





# R&D, innovation

- The present factor of the future's welfare
- The goal is to **increase R&D investments** and to improve its quality
  - Finance more **R&D investments by private sector**
- The **development of human capital** (knowledge expansion through education)
- **Knowledge-triangle**: education-research-R&D

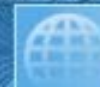


# Introduction of the euro

- **Is financial risk** present in Hungary?
- Annual **economic growth** is double of the EU
- **Maastricht criteria**, accentuated task:
  - State budget discipline
- ERM 2 in 2008 and introduce the euro in 2010
- **Trade-off dilemma**: economic growth without recession
- **Target**: continuous growth of welfare

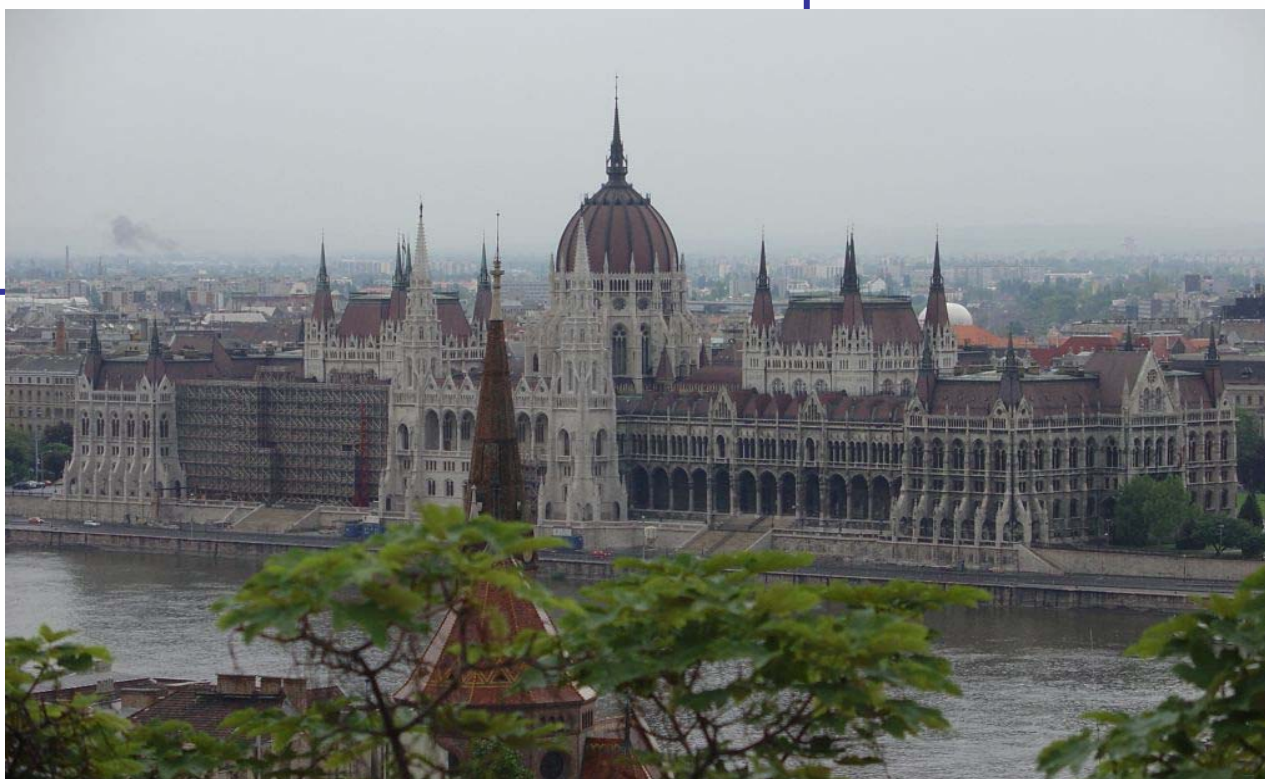


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**Thank you for your  
kind attention!**



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