



Investing in Hungary:

A Comprehensive Report



INTRODUCTION

Hungary, located in the heart of Europe, is a dynamic and rapidly developing economy with a rich cultural heritage and a strong commitment to fostering foreign investment. Known for its skilled workforce, strategic location, and investor-friendly policies, Hungary offers unparalleled opportunities for businesses seeking to expand into the European market. With access to the European Union (EU), a growing economy, and a robust infrastructure network, Hungary has positioned itself as a premier investment destination.

BACKGROUND

Hungary, officially known as the Republic of Hungary, is a Central European country bordered by Austria, Slovakia, Ukraine, Romania, Serbia, Croatia, and Slovenia. It has a population of approximately 9.6 million (2023 estimate) and a land area of 93,030 square kilometers. Budapest, the capital city, serves as the country's political, economic, and cultural hub.

As a member of the EU, Hungary benefits from access to one of the largest single markets in the world. The country's economy is diverse, with strong sectors including automotive manufacturing, pharmaceuticals, agriculture, and technology. Hungary's strategic location at the crossroads of Europe, well-developed infrastructure, and skilled labor force make it a competitive and attractive destination for global investors.

BENEFITS OF INVESTING IN HUNGARY

Strategic Location in Europe

Hungary is uniquely positioned at the center of Europe, making it a key logistics hub for companies operating in the European market. The country's extensive transportation network, including well-connected highways, railways, and international airports, ensures seamless access to both Western and Eastern Europe.

Highly Skilled Workforce

Hungary is renowned for its educated and highly skilled workforce, particularly in engineering, IT, and manufacturing. The country boasts a strong tradition in science and technology, supported by world-class universities and research institutions. Labor costs remain competitive compared to Western Europe, providing excellent value for investors.

Stable Economy and EU Membership

Hungary's economy has shown consistent growth, with GDP growth averaging around 4-5% annually in recent years. As a member of the EU and the Schengen Area, Hungary offers businesses access to a stable, rules-based economic environment and the benefits of free trade within the EU.

Robust Infrastructure

Hungary has a highly developed infrastructure network, including modern highways, advanced telecommunications systems, and efficient public utilities. The Budapest Ferenc Liszt International Airport serves as a key hub for air cargo and passenger transport in the region.

Government Support for Investors

The Hungarian government actively supports foreign investment through tax incentives, grants, and streamlined administrative processes. Hungary ranks among the top countries in Central Europe for ease of doing business, thanks to its investor-friendly policies and transparent legal framework.

High Quality of Life

Hungary offers an excellent quality of life, with a rich cultural heritage,

affordable living costs, and a safe environment. Budapest, in particular, is known for its vibrant lifestyle, making it an attractive location for expatriates and international businesses.

RELEVANT AGENCIES

Hungary has established several agencies and institutions to support investors and facilitate business operations:

- » **Hungarian Investment Promotion Agency (HIPA):**
 - » Provides comprehensive assistance to foreign investors, including site selection, incentive applications, and business support.
- » **Ministry of Foreign Affairs and Trade:**
 - » Oversees trade policies and promotes investment in key sectors.
- » **Hungarian Chamber of Commerce and Industry (HCCI):**
 - » Offers networking opportunities, market insights, and support for businesses operating in Hungary.
- » **Hungarian Export-Import Bank (Exim Hungary):**
 - » Provides financial support for businesses engaged in export-oriented activities.
- » **National Research, Development, and Innovation Office (NRDI):**
 - » Supports research and innovation projects, fostering collaboration between businesses and academia.

INCENTIVES FOR INVESTORS

Hungary offers a wide range of incentives to attract foreign and domestic investors, including:

Corporate Tax Benefits:

Hungary has one of the lowest corporate tax rates in Europe at 9%, providing significant savings for businesses.

Cash Subsidies:

The government offers cash subsidies for investments in priority sectors such as manufacturing, R&D, and renewable energy.

Job Creation Incentives:

Companies creating new jobs can benefit from wage subsidies and social tax reductions.

Research and Development (R&D) Incentives:

Investors in R&D projects can access tax credits, grants, and subsidies to support innovation.

Free Trade Zones:

Companies operating in free trade zones enjoy customs and VAT exemptions, simplifying trade and reducing costs.

EU Funding:

As an EU member state, Hungary provides access to EU structural and investment funds for projects in infrastructure, innovation, and sustainability.

OPPORTUNITIES FOR INVESTORS

Automotive Industry

Hungary is a major player in the European automotive industry, hosting global manufacturers such as Audi, Mercedes-Benz, and BMW. Opportunities exist in manufacturing, supply chain development, and electric vehicle production.

Pharmaceuticals and Biotechnology

Hungary has a strong pharmaceutical sector, with leading companies such as Richter Gedeon and Egis Pharmaceuticals headquartered in the

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country. Investors can explore opportunities in drug development, clinical trials, and biotechnology.

Information Technology and Innovation

Hungary is an emerging hub for IT and software development, with a thriving startup ecosystem. Opportunities exist in areas such as artificial intelligence, cybersecurity, and fintech.

Agriculture and Food Processing

Hungary's fertile land and favorable climate make it ideal for agriculture. The country is a leading exporter of agricultural products, with opportunities in organic farming, food processing, and agri-tech.

Renewable Energy

The Hungarian government is committed to sustainable development, making renewable energy a priority sector. Investors can explore projects in solar, wind, and geothermal energy.

Tourism and Hospitality

Hungary's rich cultural heritage, historic landmarks, and natural beauty attract millions of tourists annually. Opportunities exist in hotel development, eco-tourism, and wellness tourism, particularly in regions like Lake Balaton and Budapest.

Logistics and Transportation

Given its central location, Hungary is a logistics hub for Europe. Investors can benefit from opportunities in warehousing, supply chain management, and transportation services.

CONCLUSION

Hungary is a land of opportunity for investors, offering a strategic location, a highly skilled workforce, and a supportive business environment. The country's commitment to innovation, infrastructure development, and sustainable growth ensures long-term potential for businesses across a variety of sectors.

With its competitive tax rates, government incentives, and access to the EU market, Hungary provides an ideal platform for businesses seeking to expand in Central and Eastern Europe. Whether in automotive manufacturing, IT innovation, or renewable energy, Hungary offers a wealth of opportunities for investors.

Now is the time to invest in Hungary and take advantage of its dynamic economy and investor-friendly environment.

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