HUNGARIAN CENTRAL STATISTICAL OFFICE

Hungary 2017

Summary

1. Demographic snapshot

Population, demographic trends

• On 1 January 2018, the **population** of Hungary was 9 million 771 thousand, 26.9 thousand fewer than a year earlier.

• In 2017, both favourable and unfavourable changes occurred in the major natural demographic processes. Despite the slight increase in fertility, the number of live births decreased compared to the previous year, while the number of deaths rose as a result of the flu epidemic at the beginning of the year, consequently, the rate of natural decrease increased. Both the number of marriages and divorces fell. There were fewer induced abortions in 2017 than a year earlier. Infant mortality rate fell to a new historic low.

• According to preliminary data, 91,600 children were born and 131,700 people died in 2017.

• The **natural decrease** was 18% or 6,110 persons higher than a year earlier.

• The population decline resulting from natural decrease was moderated by the positive balance of **international migration.** In addition to decreasing emigration, the number of Hungarian citizens migrating back from abroad is growing steadily. In 2017, nearly 9% more people migrated back than in 2016.

• The **actual population decrease** of 26,900 persons was nearly 6,000 persons or 18% lower than in 2016.

Number of births, fertility

• Following the historic low of about 88 thousand births in 2011, the **number of births** is increasing with some fluctuations. In 2017, 1.6% or 1,463 fewer children were born than a year earlier, so the number of births was essentially the same as in 2015.

• The decrease in the number of births in 2017 took place in parallel with the decline of more than 20 thousand in the number of women of childbearing age.

• The **total fertility rate** per hundred women grew from 149 to 150 compared to the previous year, and has been the highest value since 1996.

• 2017 was the first year when, despite the increase in the fertility rate, the number of births decreased due to a significant drop in the number of women of childbearing age.

Deaths

• The number of **deaths** was continuously more than 130 thousand for a long time, but it was below this level between 2011 and 2016 except for 2015. In 2017, the number of deaths increased significantly, by 3.7% or some 4,650 persons compared to 2016. The estimated number of 131,700 deaths was practically the same as two years earlier, in 2015.

• **Infant mortality** shows a downward trend. The number of deaths under one year of age per thousand livebirths fell below 5 per mille in 2011 for the first time, but it was still more than 4 per mille. According to preliminary data, out of thousand newborn children 3.6 died before one year of age in 2017, which was the lowest ever recorded infant mortality rate in the history of official vital statistics, and the first year when infant mortality fell below 4 per mille.

Marriages

• The number of **marriages** fluctuated at a low level in the years after the turn of the millennium, then it considerably fell (by one-fifth) between 2006 and 2010. After that, an increasing trend started: between 2010 and 2016, the number of marrying couples increased to nearly one and a half times exceeding 50 thousand first in 2016 after two decades. 2.3% or about 1,200 fewer couples entered into marriage in 2017 than in the previous year, but the number of 50,600 marriages has been the second highest value since 1996.

Divorces

• The annual average number of **divorces** was 24–25 thousand in the decade after the turn of the millennium, but in the following years, it showed a definitely decreasing trend. In 2014, for the first time after 50 years, the number of divorces fell below 20 thousand, then, following an increase in 2015, it was again fewer than 20 thousand in 2016 and 2017. The estimated number of marriages dissolved by courts was 18,600 in 2017, 4.9% or nearly 1,000 divorces fewer than in 2016.

Population decline

• As a balance of births and deaths, the population number of Hungary would have decreased by 40,100 in 2017, but due to the positive net international migration, the **actual population decrease** was much lower, about 26,900. The balance of international migration showed a very low positive value in 2016, but it reduced the population decline by 13,200 persons in 2017.

Demographic ageing

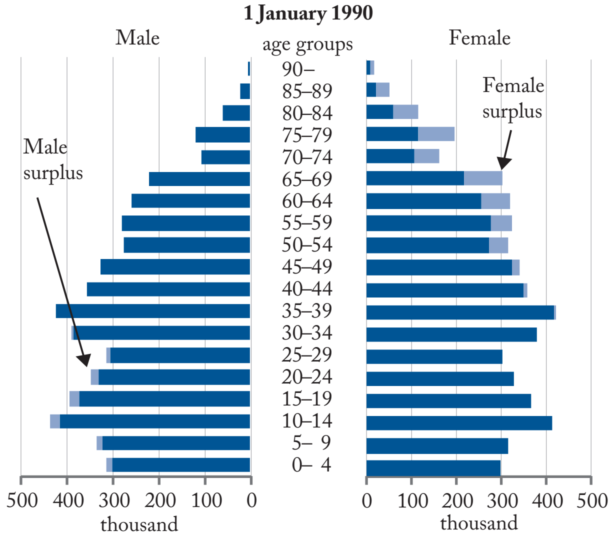
• The changes in the structure of the population by age having been experienced for a long time continued. The **ageing process** of the population accelerated. The number and rate of people aged 60 years and over exceeded those of the 0–14 year-old child-age population in 1992 for the first time, but since 2005, even the number of people aged 65 years and over has been higher than that of the child-age population. On 1 January 2018, the number of 65 year-old and older people per hundred children was 130.

Summary data

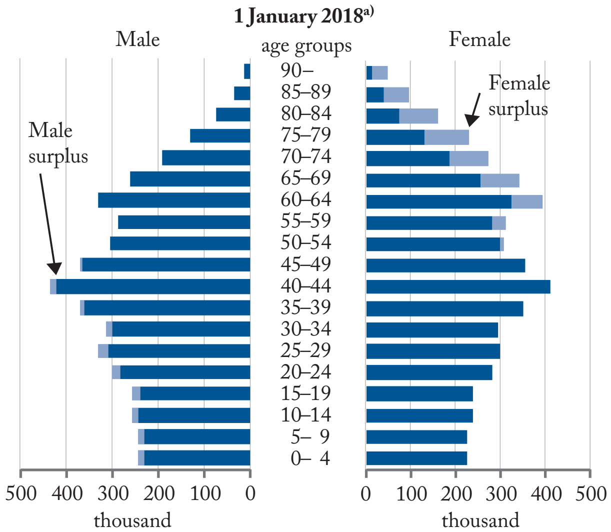
Denomination	1990	2010	2015	2017+	2017+ (2016=100.0)
Live births	125,679	90,335	93,063	91,600	98.4
Deaths	145,660	130,456	127,053	131,700	103.7
Infant deaths	1,863	481	368	330	89.7
Marriages	66,405	35,520	51,805	50,600	97.7
Divorces	24,888	23,873	19,552	18,600	95.1
Induced abortions	90,394	40,449	30,439	28,500	93.6
Natural decrease	–19,981	–40,121	–33,990	–40,100	118.0
Actual decrease	–1,670	–28,602	–32,924	–26,900	81.7
Total fertility rate	1.87	1.25	1.49	1.50	

Population by sex and age group

1 January 1990



1 January 2018[a)]



a) Preliminary, partly estimated data.

2. Labour market situation, education

Labour market

• The favourable **labour market** trends of earlier years continued in 2017. The main indicators improved: the number of economically active people increased, within which, employment expanded and unemployment declined; in parallel with this, the number and rate of inactive people decreased compared to the previous year. In the quarter-century history of the labour force survey, the level of employment and unemployment was the most favourable in 2017.

• In 2017, the **number of employed** people aged 15–64 was 4 million 373 thousand, 64 thousand more than a year earlier, and the **employment rate** increased by 1.6 percentage points to 68.2%. In EU comparison, the employment position of Hungary has improved: in the 3rd quarter of 2017, the employment rate of the 20–64 age group was 1.2 percentage points higher than the EU average, this difference was only 0.6 percentage point a year earlier, while in 2010, we were last in the ranking.

• The **number of unemployed people** aged 15–64 was 191 thousand in 2017, 42 thousand fewer than a year earlier, and the **unemployment rate** of 4.2% was 1.0 percentage point lower. The unemployment indicators of men fell to a greater extent, as a result of which, the level of unemployment was again lower among them than among women. In the 15–64 age group, the unemployment rate in Hungary was 3.4 percentage points lower than the EU-28 average in the 3rd quarter of 2017, and was one of the lowest rates in the ranking of EU member states.

• The proportion of **long-term unemployed,** i.e. those who had been **searching for a job for at least one year,** fell considerably, by 5.8 percentage points to 42.6% over one year.

• In parallel with the increasing labour demand, the so-called **potential labour reserve** taken into account in addition to the unemployed consisted of 360 thousand people, 61 thousand fewer than in 2016.

• In recent years, the number and proportion of **job vacancies** has increased steadily. Including estimated data, the total national economy[1] was characterised by a 23% growth in 2017, so the average number of job vacancies to be filled was some 68.1 thousand. The number of job vacancies in the business sector was 49.7 thousand, 27% more than in the previous year.

[1] Excluding armed forces occupations.

• There are still significant **regional differences** in the main labour market indicators: while in the regions of Budapest, Pest, Central and Western Transdanubia, the employment rate was higher and the unemployment rate was lower than the national average, Southern Transdanubia, Northern Hungary and the two regions in the Great Plain were characterised by below average employment and above average or average unemployment rates in 2017.

Public education, adult education, tertiary education

• The **educational level of the population** continued to improve: in the 25–64 year-old population, the proportion of people whose highest educational attainment is G.C.S.E grew from 27.6% to 31.5%, and that of people with university or college degree increased from 14.3% to 21.0% between 2001 and 2011. Since the 2011 census, the educational level of the population has continued to rise. In 2016, people with university or college degree accounted for 25.2% and those with G.C.S.E for 32.8% of the total 25–64 year-old population.

• In the 2017/2018 school year, the number of **kindergarten** sites was 4,579, by 5 more than in the previous year. The number of kindergarten places did not change significantly compared to 2016 and was 379 thousand. The number of kindergarten children grew by 1.7% year-on-year and was 323 thousand in 2017, that is, fewer than the available places; the number of places per hundred kindergarten children was 85. In the 3–5 year-old population, the proportion of children attending kindergarten grew from 88.3% in 2012 to 91.5% by 2017. The number of kindergarten teachers was practically the same as in the previous year and amounted to 31 thousand in 2017, while the number of children per teacher was 10.3.

• In connection with the change in the number of the child's age group concerned, the number of full-time students in **primary school** fell by 1.2% in the 2017/2018 school year compared to the previous year. Thus, the number of students enrolled in the 3,585 school sites was 732 thousand. The decrease in the number of teachers over several years stopped in 2013, and their number started to increase: in the 2017/2018 school year, 77 thousand teachers worked in primary schools, 7.0% more than in 2012. The number of pupils per teacher was 9.5 in 2017.

• The number of students in full-time **secondary education** decreased significantly, and was 428 thousand in 2017, 1.5% fewer than in the previous year and 21% fewer than in 2012. In secondary education, the weight of secondary general schools is increasing: 43% of students in full-time education attended secondary general school, and their proportion increased by 1.3 percentage points year-on-year.

• In **tertiary education,** the total number of full-time students admitted to university and college was 51 thousand. The proportion of applicants admitted was 69%, 2.1 percentage points higher than a year earlier.

• The distribution of students by **fields of training** partly followed the earlier trend between 2012 and 2017 as well, but became somewhat more balanced. Most students attended the field of training 'business and administration' in 2017 as well; after a decline of 6.1 percentage points (which was the highest among the fields of training), its share in the number of students was 16%. The field of training 'engineering, manufacturing and construction' also retained its second place. The role of teacher training and information and communication technology strengthened the most between 2012 and 2017.

• While the role of **adult education** declined in public education in the past decades, it strengthened in tertiary education until the first third of the last decade. The share of adult education has been low (around 0.3%) in primary education since the mid-1990s. Due to the reorganisation of secondary education two years ago, the proportion of adults in the total number of students increased in secondary education, and was 18% in 2017. In the academic year 2017/2018, the proportion of part-time students in tertiary education (29%) increased slightly compared to the previous year and a total of 81 thousand students studied in this form of education.

• The **budgetary expenditures on education** amounted to HUF 1,480 billion in 2015, which accounted for 4.3% of the GDP. This was 8.0% more at current prices than in the previous year, and its ratio to GDP increased by 0.1 percentage point. The per capita expenditure on education was HUF 9,660 in 2016 and HUF 6,129 in 2012. The amount spent on education accounted for 0.9% of the total consumption expenditure in 2016. Household consumption expenditure on education (HUF 309 billion) accounted for 0.9% of the GDP in 2016, which ratio has been essentially unchanged since 2012.

Summary data

Denomination	2014	2015	2016	2017
Number of employed people, thousand[a]	4,069.9	4,175.8	4,309.4	4,373.4
Employment rate, %[a]	61.8	63.9	66.5	68.2
Number of unemployed people, thousand[a]	342.7	307.0	233.9	191.5
Unemployment rate, %[a]	7.8	6.8	5.1	4.2
Proportion of the long-term unemployed, %[a]	49.5	47.4	48.4	42.6
Number of job vacancies, thousand	42.9	44.6	55.2	68.1
Number of people with G.C.S.E. as a percentage of the 18 year-olds, %[b]	62.6	63.8	62.9	63.5
Number of people having obtained university/college degree as a percentage of the 22 year-olds, %[c]	31.3	33.7	33.1	31.9

[a] In the population aged 15–64.
[b] In the 18 year-old population, the proportion of those who passed a successful G.C.S.E. in full-time education in the given year.
[c] In the 22 year-old population, the proportion of those who obtained a university/college degree in full-time education in the given year.

3. Living conditions

Income

• According to the latest available data **households' monthly gross income per capita** was HUF 125.3 thousand in 2016, 4.4% more at current price year-on-year. Monthly net income per capita amounted to HUF 99.9 thousand, 4.2% more than in 2015.[1)]

• Family structure also determines **households'** income situation, first of all whether they are **raising children.** In 2016 children were living in 29% of them: in 1 million 209 thousand households. Net monthly income per capita of these households continued to fall behind the total households' median, however, it increased in average by 4.8% compared to 2015, partly due to enlargement of family tax benefits.

• Net incomes increased in the greatest proportion, by 4.7% in the third **income quintile** in 2016. Net income per capita of households in the highest income quintile also increased above the average of households' total (4.2%), by 4.6%.

• **Growth in income inequalities** registered **between 2010 and 2013** stopped, the S80/S20 income quintile share ratio as well as the Gini-coefficient's value have been stagnating since 2013, more precisely the latter seems to decrease slightly. Based on indices meant to examine income inequalities our country was among the countries with less inequality in the EU, based on most recent data in 2015 the inequality level was less than the EU average or some neighbouring countries' data.

• Considering the total population the proportion of labour income increased from 66% to 70% between 2011 and 2016, social income decreased from 32% to 28%. Other incomes represented in 2016 less than 2% of the monthly average income, their proportion is continuously lessening since 2013.

• In 2017 both gross **average earnings** of full-time employees and monthly net earnings calculated considering family tax benefits grew by 13% year-on-year.

• Purchasing power of earnings increased steadily and kept getting stronger since 2013, in 2017 monthly **net real earnings** calculated considering family tax benefits surpassed the 2016 data by 10%.

[1)] When calculating households' monthly income per person, the total population number was used.

• Real earnings calculated considering family tax benefits increased overall by 31% between 2012 and 2017. Purchasing power of earnings grew in the greatest proportion, by 42%, among those who cared for three or more children.

• The earnings replacement rate of Hungarian pensions on EU level is good, its purchasing power, however, is below average. Pensioners belong to the groups least affected by poverty.

• Real value increase of pensions surpassed that of earnings in 2013, it is below it ever since, the difference was 6.4 percentage points in 2016.

• Pensions were higher than the national average – beside Budapest – in Komárom-Esztergom, Pest and Fejér counties only.

• The proportion of population exposed to the **risk of poverty and social exclusion** was 33.5% in 2011 in Hungary, this grew to 34.8% by 2012, and it is continuously decreasing since 2013. According to the latest available data 25.6% of total population (2 million 465 thousand people), – 0.7 percentage point less year-on-year –, could be considered poor or socially marginalised in 2016. The complex indicator used according to EU standards for measuring poverty or social exclusion is comprised of three sub-indicators, based on all three of them there is improvement since 2013. The proportion of those living at-risk-of poverty within total population decreased by 1.1 percentage points, of those suffering material deprivation by 1.7 percentage points and those in the severe low work intensity category diminished by 1.2 percentage points compared to 2015.

Households' consumption

• Households' **monthly average consumption expenditure per capita**[2)] of HUF 85.2 thousand in 2016 – considering consumer price changes, too – increased in real value by 4.0% year-on-year, and it was 17.4% higher than in 2011. The largest – although diminishing – part of household expenditures were food, non-alcoholic beverages, housing and transportation-related costs. Households spent the most, 24.1% of all their expenditures on food in 2016.

• After paying for items satisfying basic needs – like food, housing, transportation – households disposed on average of 43.3% for other expenses, which surpassed the previous year's data by 0.4 percentage point, and the 2011 one by 3.3 percentage points.

• Households' consumption is closely linked with the income status, as the higher a household's income, the more it spends on consumption. People in the highest **income quintile** spent 3.6 times more for their consumption in 2016 than households in the lowest fifth.

• Size and structure of households' consumption expenditures are also determined by the number of people living in the household and whether

[2)] We report households' monthly consumption expenditures per person relative to the total population.

they raise children. **One-person households'** consumption expenditures per capita were the highest, they added up to a monthly HUF 128.1 thousand in 2016, which surpassed at current prices the 2015 data by 5.4%. Childless households spent in almost all main consumption groups above average compared with the households with children. Consumption of **households with children** increased in all groups, – except communications. The average monthly expenses per capita: HUF 64.7 thousand at current price is 4.1% more than the 2015 monthly average. **Pensioner households'** monthly expenses per capita: HUF 98.0 thousand was 3.3% higher than the previous year's.

Consumer prices

• **Inflation** accelerated in Hungary in 2017 compared to the previous year. Consumer prices increased on average by 2.4% as opposed to the 0.4% rise measured in 2016. Price dynamics were accelerated by above average hike in motor fuel, solid combustible and certain food prices as well as the January and July excise tax increase on tobacco products. On the other hand, inflation was moderated by the January VAT rate decrease on certain basic foods and services, the price drop of consumer durables for recreation (computers, televisions, phones). **Price levels** of certain **main groups of expenditure** – excluding consumer durables – increased during the last year. Clothing articles, household energy prices slightly increased, in the case of the latter the main current expenses' prices (electric energy, natural gas, district heating) remained unchanged, however, the price of firewood increased considerably. Services, carrying a large weight in consumption, became more expensive on a beyond-average level, prices of foods rose on above-average level. Similar to the preceding five years the price hikes of alcoholic beverages, tobacco products were the most dynamic.

Housing conditions

• Hungary's **housing stock** growth rate decreased in its tendency since the turn of the millennium, it was altogether 0.1–0.2% per year since 2012. The 4 million 440 thousand dwellings as of 1 January 2018 were 12 thousand more than a year earlier.

• The number of housing **construction** in the country decreased to slightly more than two-tenths between 2008 and 2015, then following the 2016 turn it recovered: 14,389 new dwellings were put into use in 2017, 44% more year-on-year. The number of new residential dwellings significantly increased (by 51-69%) in all settlement types, except the capital city.

• **Average floor area** of homes put to use since 2011 was above 100 m^2, this decreased to 94 m^2 in 2016 – due to builders' group restructuring – however in 2017 the average floor-space grew to 100 m^2 in parallel with the enlargement of newly built dwellings' number and in connection with the increase of the proportion of dwellings with three or more rooms.

• Prior to 2010 yearly 4-5 thousand homes ceased to exist on average, since then 1-3 thousand ceased mainly due to becoming obsolete. 2,235 homes **ceased** to exist in 2017, 10% less year-on-year.

• Inclination toward construction continued to increase. The number of **new building permits and simple announcements** in 2017 was close to 38 thousand, one-fifth more year-on-year.

• **Housing market turnover** is expanding since 2013 in connection with the positive trends of the macroeconomic environment. Based on the 2017 1st–3rd quarter preliminary data housing market turnover continuously rose: 95 thousand homes have been sold, 4% more year-on-year. The increase is still predominantly due to the second-hand dwellings market. A 7.5% price increase occurred on the second-hand homes in the 1st–3rd quarters of 2017, on the small weight carrying new dwellings market a 7.8% rise was observed compared to the average price level registered a year earlier.

• In the system of state interest subsidies housing loan facilitating measures came into force at the beginning of 2013. Following this the number and amount of **approved housing loans** increased year after year. The number of approved housing loans came close to 96 thousand in 2017, 18% more than a year earlier, their total amount was HUF 642 billion, 35% more year-on-year. On 31 December 2017 the **housing loans stock** was HUF 3,015 billion, 3.5% more than a year earlier, corresponding to 7.9% of 2017's GDP. The **rating of housing loans** further improved in the latest years, as in 2017, too. **Average maturity** was 14.8 years, 3 months longer than a year earlier.

Health

• 7.2% of GDP was spent on health care in Hungary in 2015.

• There were 4,755 **general practitioners (GP)** and 1,444 **family paediatricians** working in the country in 2016, their number decreased since the turn of the millennium by 7.8% and 8.0%.

• The **number of alumni** of **medical universities** increased significantly since the early 2000s (by 35%), the number of native alumni, however, grew by 17% only. The number of Hungarian students graduating in recent years became fewer and fewer than the number of Hungarian doctors preparing to work abroad.

• Within **nursing** 57 thousand patients were cared for in close to 106 thousand cases during approximately 1 million 266 thousand visits in 2016. Both the number of patients and that of visits increased by one and a half time since 2000.

• In palliative care[3] the number of patients as well as the days of care more than tripled since 2006.

• In international comparison too many need hospital treatment in Hungary – a more expensive level of care – due to congestive heart failure, asthma and chronic obstructive pulmonary disease.

[3)] Care for the severely, terminally ill, its purpose is to diminish the patient's suffering, to improve the quality of life, attending for the patient's and the family's physical, mental, social, cultural and spiritual needs.

Social care

• One-fifth of the GDP: HUF 6,769 billion was spent in 2015 for **social protection expenditure** in Hungary. 4.2% of the paid-out sum for support was means-tested.

• Beside **nurseries** several new service forms – mini-, workplace-located and family nurseries – offer assistance in caring for up to 3-year-old children from now on. There are still some territorial inequalities in spite of service coverage improvements and the institutions' better usage.

• **Sick leave days** increased, as well as the daily average number of people applying for it since 2014. Employees were on sick leave in 1 million 160 thousand cases in 2016, the number of sick leave days exceeded 25 million.

• 686 **family- and child welfare services** operated in the country in 2016 in 639 localities and in every district of Budapest, their activity covering the whole area of the country. Their services were utilized by 307 thousand people without a co-operation agreement and by 217 thousand based on co-operation agreement.

• Out of all social services employees only the managers' gross monthly average earnings surpassed the national economy's average in 2016.

Cultural consumption

• The **budgetary expenditures on culture** amounted to HUF 365.7 billion in 2016, 1.03% of the GDP.

• Households spent on a yearly level HUF 68.7 thousand per capita on culture and entertainment, HUF 73.7 thousand on communications in 2016. Following 2014 and 2015, in 2016 it occurred for the third time that households spent more – and a larger proportion of their overall consumption expenditures – on communications than on culture. The proportion of expenditures spent on culture and recreation was 6.7%, on communications 7.2% in 2016.

• Both the number of units and that of copies diminished on the book market. **Published books'** (titles) number shows a decreasing tendency since 2009 – except the moderate growth registered in 2014 and 2015. 11,857 titles were published in 2017, 3.5% fewer year-on-year. The **number of copies** increased between 2014 and 2016, this stopped in 2017, when fewer titles were published in 16% less copies. The **'free' book market** turnover was HUF 47 billion 836 million in 2017, 2.0% more year-on-year. Average book prices are dropping in the fifth consecutive year, in 2017 by 11%.

• Based on preliminary data 664 **museum institutions** functioned, a total of 3,325 exhibitions were organized in them and 10.1 million attendances registered. The number of **theatres** increased by 9 in 2016 compared to the previous year, more productions were performed, with 7.1 million attendances registered, 6.1% more than in 2015. **Number of public cultural institutes** was 5.1% higher in 2016 year-on-year.

Digital society

• In parallel with the growing number of internet subscriptions the households' **internet penetration** has been increasing continuously, it was 82% in 2017. This rate is still low in EU comparison, however, it is getting close to the EU-28 average; in 2017 it was behind that by 5 percentage points. In Hungary 69% of the population used the internet on a daily basis in 2017.

• The method and quality of IT equipment use is greatly influenced by personal knowledge. In 2017, 27% of Hungary's population considered their own **digital skills** as being low, 24% had basic knowledge, 26% considered themselves having better digital skills than the basic level. As a whole, the EU was characterised by more favourable numbers.

• **Electronic administration** and **e-commerce** are gaining popularity. Over the course of 2017, 47% of the population aged 16–74 contacted some of the authorities via the internet. 29% of the age group – 9 percentage points more than in 2012 – completed their public administration affairs entirely in electronic form, meaning they filled in and submitted the forms online. 26% of people belonging to the 16–74 age group placed orders or purchased products and services online during the 3 months preceding the survey, in 2012 this number was 15%.

Subjective well-being

• One of the most relevant indices of the **subjective well-being** is **overall life satisfaction;** we measured it on a scale from 0 to 10.[4)] The average value of responses did not change significantly in Hungary between 2013 and 2017, it was 6.09 points in 2017.

• In determining overall life satisfaction the respondents' sex, age, marital status, educational attainment, labour market and income status all exerted influence; we can also find significant differences if the average values are examined in breakdowns by settlement types or regions.

• Among all subjective variables – similarly to the previous years – the average value of the **trust** in other people (4.97 points) was the lowest, which diminished compared to the highest value measured in 2013 (5.27 points), and in effect met the values of the subsequent years.

• The population's **feeling of safety** increased continuously between 2013 and 2017. While 65% of respondents felt secure or fairly secure when walking after dark in their neighbourhood in 2013, four years later this proportion was 79%.

[4)] Respondents evaluated on a scale from 0 to 10 (0=not at all satisfied, 10=completely satisfied) their own overall life satisfaction.

Summary data

Denomination	2014	2015	2016	2017
Employees' average earnings, HUF/month				
gross	237,695	247,924	263,171	297,017
net	155,690	162,391	175,009	197,516
Real wage index, 2012=100.0	106.5	111.1	119.3	131.5
Expenditures on pensions, benefits, allowances and other provisions as a percentage of GDP	10.7	10.2	10.0	..
Old age pensioners' monthly average benefits HUF/person[a]	115,786	118,439	121,041	123,725
Consumer price index, 2012=100.0	101.5	101.4	101.8	104.2
Number of built dwellings per ten thousand inhabitants	8.5	7.7	10.2	14.7
Mortgage stock as a percentage of GDP	10.4	8.9	8.3	7.9
Number of published books	11,555	12,572	12,291	11,857
Theatre attendance per one hundred inhabitants	66	68	73	78
Museum attendance per one hundred inhabitants	97	97	106	104

[a] January data.

4. Domestic and international macro-economic environment

International economy

• The performance of the **global economy** – according to the estimate of the International Monetary Fund – was up by 3.7% in 2017 compared to the previous year. In the focus of world economic trends were mainly economic policy decisions made in the United States. The growth was significantly influenced by the performance of Asian countries. Out of the dominant global actors the economic performance of the **United States** grew by 2.3%, that of **China** by 6.9% and **Japan's** by 1.7%.

• The economic recovery strengthened in our closest international environment, the **European Union,** in 2017 the volume of GDP went up by 2.4% in the EU-28 and by 2.2% in Germany, which is the most substantial economic partner of Hungary.

• Partly as an effect of the weakening US dollar there was basically a price rise in **raw material markets.** The value of the global food price index, as calculated by FAO, was 8.1% and the average Brent market price 24% higher in 2017 than in 2016.

Macro-economic trends in Hungary

• The economic boom, lasting for over four years, continued in Hungary's economy in 2017. The **volume of gross domestic product** rose by 4.0% in 2017 compared to a year earlier, which increase put Hungary in the middle of the ranking of EU member countries.

• **From expenditure approach,** households, consuming 4.1% more than in 2016, on the one hand and the 17% larger gross fixed capital formation on the other hand caused the economic growth, at the same time, the performance of external trade lowered the growth of GDP.

• GDP increase was backed significantly by **investment performance,** growing by 17% compared to the low base one year earlier. The growth of investments was influenced by the recovery in capacity-increasing investments of enterprises, the higher impetus in the actual implementation of the launched projects of the 2014–2020 EU budget cycle, as well as the rise in real estate investment activity.

• **From production approach,** the performance of most of the sections went up. The driving force of the growth was market-based services, manufacturing and construction, while the output of agriculture lowered GDP growth.

External trade

• The **volume** of goods exports increased by 5.8% and imports by 8.2% in 2017 compared to 2016. The growth rate of exports was the same as the average of the years 2013–2016, while that of imports was 2.0 percentage points higher. The **value** of exports was 100.6 billion euros in 2017, 8.2% more than in 2016. The value of imports amounted to 92.5 billion euros, which was 11% higher than a year earlier.

• A surplus of 8.1 billion euros was recorded in Hungary's external trade at the end of 2017, the **balance** deteriorating by 1.6 billion euros compared to one year earlier. The balance of external trade in goods has shown a surplus since 2009, the amount of the surplus ranged between 6 billion and 7 billion euros per annum in 2012–2014 and increased to a record high both in 2015 and 2016.

• In 2017, the **price level of trade, measured in Hungarian forints,** was 1.5% higher in exports and 1.9% higher in imports than in 2016. The **terms of trade** deteriorated by 0.4%, thus the improving trend in the years 2013–2016 was broken. The forint slightly strengthened in 2017, so the **foreign-exchange price level** of Hungary's external trade rose at a higher rate than its forint price level.

• The **value of services exports** was 23.8 billion euros and imports were 15.8 billion euros in 2017. Hungary's export revenues increased by 7.3% and its import expenditures by 6.7% compared to 2016. A surplus of 8.1 billion euros was generated on Hungary's external trade in services in 2017, the **balance** improving by 0.6 billion euros compared to 2016. The balance became continuously more favourable in the 2010s, the improvement amounted to 3.9 billion euros compared to 2012.

General government sector

• The **deficit of the general government sector** was 746 billion forints in 2017, which corresponded to 2.0% of GDP. The deficit was up by 157 billion forints, or by 0.3 percentage point as a proportion of GDP compared to 2016. The ratio of the deficit to gross domestic product was lower in every year from 2012 to 2017 than the Maastricht deficit limit of 3.0%. The **debt of the general government sector** – according to data of the National Bank of Hungary – equalled 73.6% of GDP at the end of 2017, which was 2.4 percentage points less than a year earlier and 4.0 percentage points lower than at the end of 2012. Despite the decrease the 60% limit value of the Maastricht criterion was not yet met. The value of the debt in forints increased by 26% in the last five years and amounted to 28.1 thousand billion forints at the end of 2017.

Summary data

Denomination	2014	2015	2016	2017
Volume index of gross domestic product (GDP), 2012=100.0	106.4	110.0	112.4	116.9
GDP per capita, EU-28 average=100.0[a)]	68	68	67	..
Volume index of investment, 2012=100.0	126.3	136.4	118.7	138.6
Volume index of actual final consumption of households, 2012=100.0	102.9	106.3	110.4	114.8
Balance of external trade in goods, million euros	6,274	8,595	9,725	8,082
Volume index of imports, 2012=100.0	114.2	121.4	127.4	137.8
Volume index of exports, 2012=100.0	111.4	120.1	125.4	132.6
Balance of general government sector, as % of GDP	–2.6	–1.9	–1.7	–2.0
Debt of general government sector, as % of GDP	76.6	76.7	76.0	73.6

[a)] On purchasing power parity.

5. Performance of branches

Business environment

• The number of **registered business units** was 1,870 thousand at the end of 2017, 1.3% more than one year earlier, within which the number of enterprises, having a share of 92%, grew at a similar rate, too. The increase in the number of enterprises was mainly due to the growth in the number of entrepreneurs (and private entrepreneurs within that), the number of business associations decreased in total. The distribution of enterprises by staff size category did not change, the proportion of those with a staff size of below 50 people continued to come to 99.7%.

• There were 176 registered **enterprises per thousand inhabitants** at national level, entrepreneurial activity was the highest in Budapest.

• The number of **newly registered enterprises** in 2017 (120.8 thousand) was 7.4% higher than in 2016. Out of newly registered business associations within this, the number of limited-liability companies, companies limited by shares and – as opposed to declines in former years – limited partnerships all went up. The number of newly registered entrepreneurs was also higher than in the previous year, first of all owing to the registration of a larger number of new private entrepreneurs. Nearly 99 thousand **enterprise cessations** were registered over the year, – after a decrease of 9.9% in 2016 – a further 6.9% less than a year earlier.

• 99.1% of active enterprises in Hungary were considered as **small- and medium-sized enterprises** based on preliminary data for 2016. Small- and medium-sized enterprises provided employment for two-thirds of people employed in the enterprise sector, furthermore, they contributed to the total performance of active enterprises with 43% of value added, 37% of production value, 42% of net sales and 17% of export sales within this, as was the case one year earlier. The average number of people employed at active enterprises was 1 person lower in Hungary in 2015 (4.8 people) than the average for EU member countries.

Research and development

• 427 billion forints were spent on research and development in Hungary in 2016, 8.8% less at current prices than a year earlier. The decrease was primarily due to the fall in the use of sources coming from operational programmes, however, the **amount of R&D expenditures** financed by business enterprises went on rising. With this, the role taken by business enterprises continued to strengthen.

• The **ratio of R&D expenditures to gross domestic product** diminished as well, and it was 1.22% in 2016, which continued to put Hungary in the middle of the ranking of EU member states.

• The **number of research units and people engaged in research and development** have been decreasing for three years.

Agriculture

• Agriculture accounted for 3.9% of the gross value added of the national economy in 2017, it represented a proportion of 5.0% in domestic employment and of 4.8% in investments.

• As a result of unfavourable weather conditions, the yield of **major arable crops** was lower than in 2016. Out of cereals 6.5% less wheat and 22% less maize went to granaries. Although the production of sunflower and rape slightly went up, the higher growth of their area led to the fall of their average yields.

• Based on data of the livestock census of 1 December 2017, cattle, sheep, duck and turkey stocks expanded, while fewer pigs, chickens and geese were held out of the **main farm animals** than a year earlier. The number of cattle rose by 14% overall between 2012 and 2017.

• The volume of the **gross value added** of agriculture went down by 13% and that of the output by 5.2% in 2017 according to preliminary data of the economic accounts for agriculture.

• Agricultural **producer prices** were up by 5.6% in 2017 compared to the previous year. Within this, the price of crop products rose by 3.3% and that of live animals and animal products by 9.3% in total.

Industry

• Industry in Hungary produces over a quarter of gross value added (a larger proportion than the EU-28 average). Industry, comprising mining, manufacturing and energy industry, produced a quarter of gross value added in Hungary. In 2017, the group of divisions accounted for 23% of employed people and 33% of investments in the national economy. The volume of **industrial production** was reduced in 2012 due to declining external demand because of the recession in the EU, however, it has risen since 2013. After growths in 2014 and 2015 – outstanding in EU comparisons, too –, output increased moderately in 2016 and by 4.8% in 2017, at a pace exceeding again the EU-28 average. The majority of manufacturing areas contributed to the increase.

• The export orientation of industry strengthened further, 65% of **sales** were realised on external markets. The volume of sales was up in both directions in 2017: that of exports, permanently growing for five years, by 5.3% and the volume of domestic sales, fluctuating in the past period, by 3.6% – at the highest rate since 2006.

• Production went on expanding in **manufacturing,** representing 95% of industrial production. The volume of output increased by 4.9% in 2017, at a higher pace than one year earlier. The performance of the manufacture of transport equipment, with the largest weight within manufacturing, was 1.5%, that of electronic industry, also having a significant weight, 8.8% and the performance of food industry 2.0% higher than a year earlier.

• The rate of increase of **industrial producer prices** slowed down in 2013, while prices were reduced between 2014 and 2016, primarily due to the decrease in the world market prices of energy sources. Industrial producer prices rose by 3.3% overall in 2017, consistently with the price rise on global raw material and base material markets. Prices went up in both directions of sales.

Construction

• In 2017, **construction** accounted for 4.8% of gross value added and 6.8% of all employed persons **within the national economy** and increased its share in both indicators compared to a year earlier. However, its contribution to investment performance was more modest at 1.8%. The monthly average gross and net earnings of full-time employees were both 23% lower than the average of the national economy and the monthly net salary of 151,000 forints was on average 46,000 forints less than the national average.

• The **performance of construction enterprises** has fluctuated in the past two decades: recovered in the years around the turn of the millennium and declined between 2006 and 2012 resulting in a significant drop in construction output. The volume of production grew between 2013 and 2015 and then fell sharply to a low in 2016, which was followed by a 30% growth based on preliminary data for 2017. Due to the momentum of output in 2017, the volume of production also became significantly higher (by 33%) than in 2012. **Construction output prices** increased by an average of 5.2% in 2017 compared to 2016, the rate of increase was the most vigorous in the last 5 years.

Transport

• According to preliminary data, the section of **transportation and storage** generated 2,097 billion forints of **gross value added** in 2017 and had a share of 6.5% in the gross value added of Hungary. Transportation and storage had an investment performance of 872 billion forints in 2017, accounting for 14% of total investments in the national economy. The number of **persons employed** in transportation and storage section was 294 thousand in 2017, some three-fourths of whom were men. The **monthly average gross earnings** of employees in the branch were 280 thousand forints in 2017, 5.9% less than the average for the national economy.

• **Transport performances** mostly grew in 2017. The **goods transport performance** of the national economy, expressed in freight tonne kilometres, was 3.4% and the transported weight 0.3% higher than in 2016. The performance of inland traffic was up by 5.1% and that of international traffic, accounting for nearly three-quarters of the total performance, by 2.8%. The performance of **inter-urban passenger transport** was 5.6% higher than in 2016. The increase was due to the average travel distance becoming longer, namely, the number of travels lessened by 1.1%. The dynamic growth and expansion of air traffic played an important role in increasing the average length of trips. The number of users of **urban public transport services** dropped by 1.1% in 2017.

• In 2017, 272 thousand **passenger cars** were **registered for the first time** in Hungary, 14% more than in 2016. The registration of new – less-than-two-year-old – passenger cars was up by 20% and that of used ones by 9.0%. With this the proportion of new passenger cars grew within registration in 2017, and their share was 45%. (2015 saw a low of 41%). At the end of 2017, the **passenger car stock** amounted to 3,472 thousand, 159 thousand more than at the end of 2016. The average age of the passenger car stock in Hungary was 14.1 years at the end of 2017, 0.2 year more than a year earlier, which has been at the same time the highest value since the turn of the millennium.

Telecommunications, internet

• The telecommunications sector is characterized by strong **market competition.** Each telecommunications segment is a multiplayer market, but the market concentration is extremely high. **Net sales** from telecommunications activities rose to 917 billion forints in 2016.

• Mobile telecommunications services are the most important among telecommunications activities. The market for **mobile phone subscriptions** is saturated. The number of subscriptions (11.8 million at the end of 2017) has fluctuated between 11.5 and 11.9 million since 2011. The number of calls from mobile networks has decreased since 2012, but the duration of calls has increased. The number of mobile data subscriptions is growing and smartphone surfing is also on the rise.

• Between 2012 and 2017, the number of **fixed telephone lines** (3 million 122 thousand in 2017) increased by a total of 6.7%, driven by the intensive spread of VoIP channels while ISDN and traditional lines declined in significance. Despite the increasing number of lines, the number and total duration of calls are constantly decreasing.

• The **internet subscription market** is becoming increasingly saturated, and as a result, growth has been gradually losing momentum in recent years. By the end of 2017, the number of internet subscriptions was 5.4% more (9.5 million) than a year earlier.

• The development of digital technology is also beneficial for **television** services. By the end of 2017, 3.7 million subscriptions were recorded, up by 0.9% from one year earlier.

Retail trade

• In 2016, the recovering **retail trade** accounted for an increasing share of 4.2% of gross value added. In 2017, the sector saw 166 billion forints of investments at current prices in terms of performance value, accounting for 2.6% of total domestic investments, and had an even higher share of 8.3% in employment. Retail employees had monthly average gross earnings of 232 thousand forints in 2017, accounting for only 78% of the national average.

• **Retail turnover** has grown steadily since 2013 and this continued in 2017: the volume of turnover rose by 5.0% in 2017 as a whole compared to the previous year and was 25% higher than in 2012. The underlying reasons were the growth in purchasing power and consumer confidence, the improving labour market situation as well as the slight inflation. The volume of sales was up by 2.8% in specialised stores for food, beverages and tobacco as well as in non-specialised stores with food, beverages or tobacco predominating, accounting for 46% of the total turnover, by 8.6% in stores for non-food products and by 3.1% at filling stations compared to a year earlier.

Tourism, catering

• In 2016, **accommodation and food service activities** accounted for 1.7% of gross value added generated by the national economy, which was HUF 515 billion at current prices. In 2017, the section saw investments of HUF 69.4 billion at current prices accounting for 1.1% of all domestic investments. In 2017, 189,000 people worked in accommodation and food service activities, which was 4.3% of those employed in the national economy. The average gross earnings of full-time employees were 189,000 forints in 2017, which is one of the lowest among the sections, and only 64% of the national average.

• In 2017, **foreign citizens** made 55 million **visits** to our country, 3.9% more than in 2016. The vast majority of visitors came from Europe, typically from the European Union (81%). During this time, **Hungarians** made 20 million **visits abroad,** 7.4 percent more than in 2016.

• In 2017, a total of 11.8 million guests spent 29.5 million tourism nights in domestic **accommodation establishments;** the growth was almost the same for both indicators (about 7%). The distribution of **foreign** (48%) and **domestic guests** (52%) is fairly balanced and their numbers grow year by year.

• In 2017, the **sales value of catering establishments** was HUF 1,073 billion, 3.6% more in real terms than in 2016. The volume of commercial catering, accounting for 89% of sales, was 3.5% higher than a year before, while that of workplace catering grew by 5.0%.

Summary data

Denomination	2014	2015	2016	2017
R&D expenditures as a percentage of GDP	1.36	1.38	1.22+	..
Volume index of agricultural output, 2012=100.0[a)]	125.3	122.3	133.7	126.7
Volume index of industrial production, 2012=100.0[b)]	108.8	116.9	118.0	123.7
Industrial producer price index, 2012=100.0	100.3	99.4	97.7	100.9
Share of exports in industrial sales, %[b)]	61.0	63.6	64.6	64.7
Volume index of construction output, 2012=100.0	123.1	126.8	103.0	133.4
Transport performance index, 2012=100.0				
goods transport[c)]	109.0	109.4	115.1	119.0
interurban passenger transport[d)]	107.6	110.0	115.7	122.2
urban passenger transport[e)]	105.4	107.0	107.8	106.6
Number of passenger cars registered for first time in Hungary, 2012=100.0	154.1	187.4	223.7	254.7
Number of mobile subscriptions per hundred inhabitants	119.7	120.8	120.4	120.4
Number of internet subscribers per hundred inhabitants	77.9	84.5	91.6	96.8
Volume index of turnover of retail shops, 2012=100.0	107.1	113.3	118.7	124.7
Number of visits made by Hungarian citizens abroad, thousands	16,340	17,276	18,895	20,297
Number of visits made by foreign citizens in Hungary, thousands	45,984	48,345	52,890	54,962
Number of tourism nights at accommodation establishments, thousands	24,434	25,888	27,629	29,492

a) At basic prices.
b) Data on all industrial enterprises.
c) Based on freight tonne kilometres.
d) Based on passenger kilometres.
e) Based on number of passengers.

6. Environment and energy

Environment

• In 2015, Hungary released 78 million tonnes of CO_2 equivalent of **greenhouse gases** into the air, 5.6% more than a year earlier. Most of the greenhouse gases came from production. Among **air pollutants,** air-borne particulates most harmful to human health are mainly emitted by households.

• In 2016, organic farming accounted for 3.5% of all agricultural areas in our country. Both the number of people engaged in organic farming and the size of affected agricultural areas significantly grew compared to the previous year. Nearly half of areas under organic farming has already been awarded the ecological area rating.

• At the beginning of 2016, wooded **forest areas** covered nearly 1.9 million hectares as a result of intensive forestation and tree planting. In 2015/2016, their area was renewed in 21,000 hectares of land. Oak had the highest share in growing stock and black locust in logging.

• At the end of 2016, two thirds of Hungarian settlements had **public sewerage networks** serving 81% of the dwelling stock. Between 2011 and 2016, the length of the sewage collection network increased by 8,068 kilometers and the number of connected dwellings by 400,000.

• Between 2011 and 2016, the volume of waste collected separately from the population and its ratio to household waste grew dynamically. The share of landfilling, which is environmentally the most harmful treatment mode, has been decreasing for years, but still the highest among **waste treatment methods.**

Energy

• Domestic **primary energy use** fell for three years in Hungary, then stagnated in 2014 and increased in 2015 and 2016. Energy used by domestic economic actors (1,081 PJ) in 2016 grew year-on-year by 1.7% and by 7.5% compared to 2014. Households accounted for 35%, transport 25% and industry 23% of total final domestic energy use. Consumption grew by 3.2% in households and by 2.6% in both industry and transport.

• The **relative energy needs of the economy** decline significantly in the longer run, but were practically unchanged (–0.1%) year-on-year in 2016 and fell by 26% compared to 2000. The relative energy use of Hungary's economy is considered high in EU comparison.

• In 2016, 37% of sources intended to cover energy needs came from **domestic production** and 63% from **imports.** The structure of energy production shifted substantially towards nuclear energy and renewables-based energy production after our accession to the EU, while the mining of fossil fuels fell.

• The **energy import dependency** of Hungary was up in 2016 – after a rise in the previous year. Hungary belongs to moderately energy-dependent countries in EU comparison.

• The proportion of the use of energy coming from **renewable sources** rose continuously until 2013, then it dropped more significantly in 2014 and declined in 2015 and 2016 too. 14.2% of the use was covered by renewables-based energy in 2016, which was lower than the EU-28 average (17.0%).

•Our **electricity production** has been declining since 2008. In 2016, half of domestic electricity generation came from the Paks Nuclear Power Plant, four tenths from fossil energy sources and one tenth from renewable energy sources.

Summary data

Denomination	2013	2014	2015	2016
Forest area, thousand hectares[a]	1,938.1	1,939.3	1,940.7	1,939.7
Of which: proportion of healthy, based on defoliation, %	55.6	52.4	50.5	33.8
Protected areas and relics of national significance, thousand hectares[b]	848.2	848.7	848.8	849.0
Carbon dioxide emissions (gross), kg/capita[c]	4,431.1	4,455.9	4,747.0	4,856.1+
Air-borne particulates: particulate matters with a diameter of less than 10 μm (PM10), kg/capita[c]	8.0	7.5	7.9	7.5+
Waste water piped and transported to waste water treatment plants, million cubic metres[d]	483.4	475.5	483.7	546.2
Of which: treated also with advanced treatment technology, million cubic metres	372.1	377.3	419.3	479.3
Generated municipal waste, thousand tonnes	3,737.8	3,794.8	3,712.0	3,720.9
Environment protection investments (at current prices), billion forints	127.3	175.5	..	..
Environmental industrial sales (at current prices), billion forints	429.1	445.7	..	..
Energy use, petajoules[e]	1,007.3	1,005.0	1,062.3	1,080.7
Share of natural gas and petroleum products in energy sources, %	56.3	56.4	57.2	58.3

[a] 1 January.
[b] 31 December.
[c] *Source:* Hungarian Meteorological Service.
[d] Including waste water piped to Austria for treatment.
[e] *Source:* Eurostat.