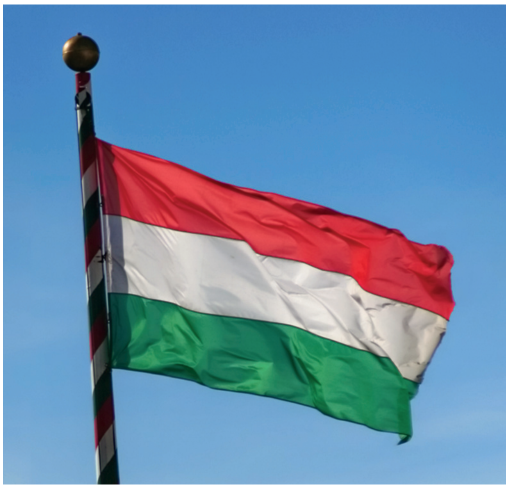
HUNGARIAN CENTRAL STATISTICAL OFFICE

Hungary



2013

WITH INTERNET ANNEX

Summary

1. DEMOGRAPHIC SNAPSHOT

• The **estimated population number** of the country calculated from the 2011 census data was 9 million 879 thousand on 1 January 2014. On the present territory of Hungary, the population number was the highest in 1980 (10 million 709 thousand), a number continuously decreasing since that time.

• The main reason for this is the low **fertility** combined with a steadily high-level mortality in European comparison. The annual number of **births** has been continuously below 100 thousand since 1998; in 2013, 88,700 children were born, 1.7% fewer than in the previous year.

• After the 2nd World War, the number of **deceases** exceeding 150 thousand in 1993 represented the highest value. Then, a slow decrease started, and the number of deaths sank below 130 thousand in 2011. In the past decades, mortality was the lowest (126,800 deaths) in 2013.

• In 2013, the number of deaths fell at a rate faster than that of births, thus, **natural decrease** decelerated somewhat. Natural decrease (38,100 persons in 2013) could only be moderated by the positive international net migration (8,000 persons).

• In the last half century, partnerships and their social acceptance changed considerably. In parallel with the decreasing inclination to get married, cohabitation has become more and more common. As a result of this, nearly one out of every two children was born outside marriage in 2013. In the last three years, the fall in the number of **marriages** stopped and turned to a slow increase. In 2013, 36.9 thousand marriages were registered at the registrars' offices.

• As in the developed European countries, one of the greatest demographic challenges is the **ageing society** in Hungary as well. As a result of the persistently low fertility and the increase of life expectancy, the proportion of the child population is lowering, while that of the older age-groups is rising, and so, the dependency burden on the active age-groups is larger and larger.

• In EU comparison, Hungary has been among the countries with low but positive i**nternational net migration** since the 1990s. In recent years, the rate of emigration accelerated; however, we encounter difficulties in its accurate measurement.

Summary data

Denomination	2011	2012	2013
Population number, thousand[a)]	9,932	9,909	9,879
Dependency rate, %[b)]	45.7	46.2	46.9
Ageing index, %[c)]	116.4	118.9	121.8
Vital events per thousand population			
live births	8.8	9.1	9.0
deaths	12.9	13.0	12.8
natural increase or decrease (–)	–4.1	–3.9	–3.9

a) 31st December.

b) Child-age (0–14 year-old) and elderly (65 year-old and older) population as a percentage of the population aged 15–64, 31st December.

c) Elderly (65 year-old and older) population as a percentage of the child-age (0–14 year-old) population, 31st December.

2. LABOUR MARKET SITUATION, EDUCATION

• The economic crisis temporarily deepened the low employment level and the high unemployment, characteristic of the **Hungarian labour market**, but in 2013, labour market trends changed favourably: employment improved, while unemployment and inactivity decreased.

• Employment indicators increased in 2011 to a smaller and in 2012–2013 to a larger extent. In 2013 the **number of employed** people aged 15–64 rose by 64 thousand and the **employment rate** increased from 57.2% to 58.4% compared to the previous year.

• Compared to the practice in the OECD member states, those who are present in the labour market in Hungary work much; in 2012, a worker worked an average of 1,880 hours, i.e. 236 days calculated with 8 working hours a day, which is the eighth highest figure in the ranking. According to the latest time-use survey conducted in 2009/2010, one out of every three **employed** people was a **daily commuter**. The number of employed people commuting daily was nearly 1.2 million.

• Unemployment was stagnant in 2012, and then it declined in 2013. The **number of unemployed** people aged 15–64 fell by 26 thousand to 448 thousand over one year. The **unemployment rate** diminished to 10.3%, the decrease was more considerable among men.

• In 2013, both the **number and the rate of job vacancies** rose on the level of the national economy; the average number of job vacancies to be filled was 32.8 thousand, approximately one fourth more than in the previous year. The growth was significant in each of the three – private, business and non-profit – sectors.

• In **formal education**, the total number of full-time and part-time students was 1 million 986 thousand, 13% fewer than in 2005. This decrease was larger than that in the number of the age-group involved in education. The deceleration of the expansion of tertiary education in the second half and at the end of the past decade is partly in the background of this trend.

• The steady increase in the number of **kindergarten places** since 2008 continued in 2013 as well. In the 4,532 kindergartens in Hungary, 379 thousand places were available in 2013.

• The decrease in the number of full-time students in **primary schools** stopped in 2013 and a slight increase occurred. This was partly due to the change in the number of the age-group concerned and partly to of the lowering compulsory schooling age.

• The total number of **full-time students in secondary education** (502 thousand) fell by 7% in 2013. The proportion of students in vocational, special vocational schools began to increase in the last third of the past decade, then it decreased again from 2011, and it was 23% in 2013. The proportion of students in secondary grammar schools rose in the last two years amounting to 37% in 2013, while the proportion of students in secondary vocational schools was 41%.

• The number of students in full-time and part-time forms of **tertiary education** fell by 25% over eight years. In part-time education, the number of students has already been decreasing since 2005, while in full-time education only since 2009. In 2013, 53 thousand students applied for BA/BSc trainings, and 78% of them were admitted. The number of students applying for MA/MSc trainings was 22 thousand, and 16 thousand of them could start their studies.

Summary data

Denomination	2011	2012	2013
Employment rate, %[a]	55.8	57.2	58.4
Unemployment rate, %[a]	11.0	11.0	10.3
Number of students having passed vocational examination			
total	55,888	64,839	58,409
in vocational, special vocational schools	23,812	32,642	26,855
in secondary vocational schools	32,076	32,197	31,554
Students in full-time tertiary education as a percentage of the population aged 18–22	38.6	37.5	36.5

[a] Within the population aged 15–64.

3. LIVING CONDITIONS

• In 2013, the changes of **earnings** were affected by the rise of minimum wage and guaranteed minimum wage as well as of the public workers' minimum wage, the new pay scale of teachers valid since 1 September and the salary adjustment in July 2013 – retroactive to January – for those working in fields of health care, which were excluded from the salary adjustment in the previous year. Besides, the changes of taxes and contributions, such as the elimination of the upper limit of pension contribution and of grossing up annual earnings exceeding HUF 2 million 424 thousand also influenced the development of earnings. Last year, average *gross monthly earnings* of full-time employees rose by 3.4% to HUF 231 thousand, that – excluding family tax benefit – totalled HUF 151 thousand in *net terms*, 4.9% more than in 2012. *Real earnings* – taking into account family tax benefit – increased year-on-year by 2.6% in 2013 on the level of the national economy.

• **Pensions and pension-type benefits** account for one fourth of the households' total income. The number of pensioners shows a declining tendency in the 2000s, however, they still account for almost three tenths of the population. The average monthly amount of provision per recipient was HUF 102 thousand in 2013, 5.8% higher in nominal terms and, besides a 101.5% consumer price index for pensioners, 4.2% higher in real terms than in the previous year.

• The **family support** system essentially did not change in 2013, while the number of provision recipients decreased year-on-year in case of all forms of family support.

• The change of the value and structure of **expenditures on consumption** is one of the most important indicators of the living standards of households. Real earnings rising as an impact of improving employment prospects, the strengthening of consumers' trust as well as low inflation influenced the consumption level of households in a positive way in 2013, while the early repayment of loans and the growing significance of saving made domestic consumers cautious. All in all, consumption remained at the level of the previous year.

• Looking at the **structure of consumption** the maintenance of dwellings and electricity, gas and other fuels, accounting for a quarter of all expenditures, remained the largest item of expenditures of households, although its proportion decreased slightly last year. After paying for daily needs (costs related to meals, housing and transport to school or work) 38% of households' income remained to be spent on other expenditures. This proportion rose slightly compared to the previous year.

• The cut in energy prices curbed substantially the rate of increase of **consumer prices** in 2013, the average price level increased at an extremely low rate, by 1.7% at an annual level. In addition to the reduction of overhead costs and a moderate rise in food prices the decrease of motor fuel prices also contributed to the significant decrease in inflation. The rate of inflation decreased gradually over the year, the rate of 12-month change sank from 3.7% in January to 0.4% by December.

• The gross **financial assets of households** was HUF 29.9 thousand billion at the end of 2013, 5.7% more than one year earlier. The amount of liabilities was HUF 9.0 thousand billion, 6.2% less than at the end of 2012. The stock value of foreign exchange loans, accounted on liabilities side, at the end of 2013 (HUF 4.4 thousand billion) decreased by 11% compared to the end of 2012. The net financial assets of households amounted to HUF 20.9 thousand billion at the end of 2013, 12% more than one year before. The net financing capacity of households was HUF 1,525 billion over the year, 5.2% of GDP.

• The decrease of **dwelling constructions**, lasting since 2008, continued in 2013. The number of newly built dwellings decreased significantly following the economic crisis, the rate of decline slowed down in 2012, but the 7,300 newly occupied dwellings in 2013 were nearly a third fewer in number than in the previous year. The number of issued construction permits was almost the same as that of newly built dwellings. A decrease in the weight of enterprises was observed in the composition of the group of builders in the last few years. A turnback started in 2013, however, the proportion of dwellings built by natural persons went on exceeding that of dwellings built by enterprises by approximately one fifth. The extension of housing loans, lasting until 2010, stopped in 2011, and a large-scale decrease was recorded in the stock of loans in 2012. The pace of decline decelerated in 2013, so the stock lowered by 5% by the end of the year compared to a year earlier.

• In the field of **culture**, besides the still decreasing supply responding to the crisis, a demand upturn can be concluded from the data. The number of books published and the number of copies continued to decrease in 2013, however, the book sales data of the Association of Hungarian Book Publishers and Distributors show a growth of 2.9% at current prices and 1.0% in real terms for the first time since 2009. The free-trade book market without schoolbooks expanded to a larger extent, by 4.6% compared to 2012. The number of copies of printed press products continued to decrease, in which, besides the crisis, the spread of internet newspapers plays a major role as well. The earlier increase in the number of registered users in libraries, providing an opportunity for relatively cheap recreation and culture, stopped in 2012, and the number of library units lent fell as well compared to 2011.

• In 2013, the number of theatre performances increased by 3.0% and that of attendances by 10% compared to the previous year. The number of concert performances was 3.0% and that of concert attendances by 5.0% more than a year earlier. Although the number of performances of dance ensembles fell by nearly 6%, the number of attendances grew by 4.0% year-on-year.

• The **life expectancy** of people born in 2012 is 75 years on average (71.5 years for men and 78.4 years for women). In case of men, differences between the two ends of the regional ranking grew by one year on average in the last two decades, while they hardly changed in case of women. Men spend a larger part of their life in health (81%) than women (75%), and these proportions are similar to the ones in the EU member states.

• In the development of **diseases of the circulatory system**, ranking first among the causes of death, improper lifestyle has the major role. More women die of diseases of the circulatory system than men, and the difference between the two sexes is increasing continuously. According to the records of general practitioners, the occurrence of certain **diseases induced by lifestyle**, such as diabetes mellitus, hypertensive diseases, musculoskeletal problems, grows both among the adult and the child population.

• More than one fifth of the population in Hungary has some kind of long-lasting health problem. During the 2011 census, 491 thousand people declared to have some kind of **deficiency** and 1 million 648 thousand to have some kind of **long-lasting disease**.

• **Social protection benefits** were significantly transformed in the European Union during the years of the crisis. The growth observed before the recession was broken in several eastern and southern member states in respect of per capita expenditures in euros. Per capita expenditures at current prices decreased in Hungary in 2009 and 2010 compared to the previous year, however, spendings as a proportion of GDP were cut only in 2010. Hungary preserved the previous year's level (23%) in 2011, with which it overtook the member states having joined in and after 2004 – except for Slovenia –, though it did not reach the EU average (28%).

• A considerable restructuring took place in the area of **social transfers by local governments**, too, on which the country spent approximately HUF 145.3 billion in 2012. Compared to years before the crisis the number of recipients of income supplement benefits grew significantly, to 339 thousand persons by 2012. The proportion of people of active age, seriously affected by the recession, is substantial among them as well, provisions to them changed radically in view of the encouragement of employment. Besides, local government funds used for dwelling maintenance and debt reduction benefits expanded significantly as well.

• In recent years, regional differences became sharp in certain **social and child protection services**. While the number of **places in infant nurseries** increased to 1.5-fold between 2005 and 2012, more than 40% of the capacity continued to be available for families in Central Hungary. The number of recipients of domestic care and social catering grew significantly, to an outstanding degree in the Great Plain and in Northern Hungary. The number of people living in **residential social institutions** also increased, accompanied by a rearrangement in the structure of maintainers. Especially, the role of churches strengthened.

• In the framework of the EU-SILC population survey, a subjective well-being survey was conducted in 2013 with a sample of nearly 18 thousand with the key variable of overall life satisfaction. Based on the answers of the respondents, **overall life satisfaction was 6.15** on a scale of 0 to 10, i.e. higher than the results of any small-sample satisfaction surveys conducted so far.

• **Overall life satisfaction** grows in parallel with the increase in the highest educational attainment and the better labour market status; the satisfaction of people living in towns is higher than that of people living in the countryside and it is higher in the Western than in the North-Eastern parts of the country. In respect of age, the transition generation is the least satisfied.

• Among all subjective variables, **trust** in other people showed the lowest average value, 5.3 on a scale of 0 to 10. The index of trust was slightly higher in case of higher educational attainment, a place of residence in the capital city and it was higher for men than women. Higher trust was characteristic of young and elderly people.

• **Feeling of safety in the public area close to the place of residence** is the highest in villages, where more than three fourths of people feel safe walking in the streets alone after dark.

• In 2013 the number of **registered crimes** was close to 378 thousand. The most crimes were committed in Central Hungary, and the least in Western Transdanubia. In the past year, about 104 thousand offenders were registered. One in every ten offenders was juvenile. In 2013, the year-end number of those held in detention in prisons increased by approximately 660 people to 17.8 thousand compared to the previous year.

Summary data

Denomination	2011	2012	2013
Average earnings of employees, HUF/month			
gross	213,094	223,060	230,664
net	141,151	144,085	151,085
Real wage index, 2005=100.0	101.5	98.0	101.1
Expenditures on pensions, benefits, allowances and other allowances as a percentage of GDP	11.3	11.8	11.9
Average monthly pension received by old-age pensioners, HUF/person	104,610	112,781	113,047[a)]
Consumer price index, 2005=100.0	135.2	142.9	145.3
Number of dwellings built per ten thousand of population	12.7	10.6	7.4
Housing loan stock as a percentage of GDP	15.3	12.5	11.4
Number of published books	11,821	11,645	11,388
Theatre attendances per hundred of population	47	52	57
Museum attendances per hundred of population	84	84	84
Number of registered crimes per hundred thousand of population[b)]	4,527	4,760	3,819[c)]

a) December data.
b) Based on mid-year population.
c) On 1 July 2013, the new Criminal Code came into force, for the preceding period, the provisions of Act IV of 1978 – which have already been repealed – apply.

4. DOMESTIC AND INTERNATIONAL MACRO-ECONOMIC TRENDS

• There was a moderate growth in global economic recovery in 2013. According to estimates of the International Monetary Fund the **global economy** grew by 3.0% in 2013 compared to the previous year. Abundance of liquidity is measured on international money and capital markets as a consequence of central banks' monetary policy increasing money stocks.

• The economic output of the **United States** expanded by 1.9% and that of **Japan** by 1.5% out of the national economies mostly determining world economic trends. The GDP of **China**, having an increasingly important role in global economy, became 7.7% higher in 2013, which is a less dynamic growth compared to the previous years.

• The economy of the **European Union**, belonging to our closer international environment, came out of recession by the end of 2013, the annual performance practically stagnated (+0.1%). However, the decrease of output continued in the **euro area**: GDP diminished by 0.4% compared to the preceding year. Differences are larger and larger in the euro area: national economies in Southern Europe are lagging behind the other member states using the euro.

• The declining trend, lasting for more than a year, stopped in the course of 2013 and an increase is observed again in the domestic economy. The **economic output of Hungary** was up by 1.1% in 2013 compared to the previous year, which puts Hungary at the beginning of the middle of the EU ranking.

• **From expenditure side**, economic output grew principally due to domestic demand, and especially the developments realized from import sources. The decrease of investment output, lasting for several years, stopped, and investment rose by 7.2% in 2013. The balance of external trade, reaching a record surplus, also supported GDP growth. The actual final consumption of households – partly due to their continued adjustment to the balance – essentially stagnated (–0.1%).

• **From production side** the volume rose in the majority of sections. The performance of goods producing branches increased by 3.6% and that of services branches by 0.2% in 2013. The driving force of expansion was agriculture and construction in 2013.

• After the significant fall as an effect of the global economic crisis the volume of Hungary's **external trade in goods** – partly as an impact of the low base – grew by 15%–17% in 2010. Following this, the rate of increase gradually decelerated: there was a one-digit rise in 2011 and already stagnation in 2012. This trend turned back in 2013: the volume of exports was 4.8% higher and that of imports 5.0% more over the year as a whole than in 2012. The surplus on the **balance of external trade** was EUR 7,009 million in 2013, EUR 354 million more than one year earlier.

• The expansion of **international trade in services, calculated in EUR**, continued in 2013, too. Exports rose by 1.6% and imports were up by 1.2%, similarly to 2012, when increases of 1.4% and 2.0% were measured, respectively. The balance of international trade in services had a surplus of EUR 3.9 billion at the end of 2013, EUR 116 million higher than one year earlier.

• The **current account balance** improved by EUR 2.1 billion in 2013, and a surplus of 2.9 billion was generated over the year. **Net financing capacity** compared to the rest of the world, calculated as the aggregate balance of the capital account and the current account, amounted to EUR 6.3 billion, while the balance of EU transfers shows a surplus of EUR 5.4 billion. The net foreign liabilities of Hungary were EUR 91.2 billion at the end of 2013, 8.3% less than a year before. The **net foreign debt** (not including other capital within direct capital investments) was EUR 34.5 billion, 19% less than at the end of 2012.

• The – consolidated, cash-based – balance of the central sub-system of **general government** showed a deficit of HUF 929 billion in 2013, HUF 331 billion more than a year earlier. The deterioration of the balance was influenced by the fact that numerous tasks formerly in the responsibility of local governments were already financed from the central sub-system of general government in 2013. Within the revenues of the central government, revenues from business units were somewhat reduced (by 0.4%), while payments by households were up by 2.8% in 2013. On expenditure side the EU expenditures of professional chapter-administered budget appropriations rose by 45%, they amounted to HUF 1,969 billion.

• The **debt stock of central government** was HUF 22.0 thousand billion at the end of 2013, 6.2% more than one year before. One important factor of the increase was the assumption of the debts of local governments.

• According to preliminary data the **deficit of the general government sector** was HUF 634 billion in 2013, which corresponds to a deficit of 2.2% as a proportion of GDP. A similar deficit (of 2.1%) was generated in 2012, while a surplus of 4.3% was recorded in the preceding year, due to the transfer of wealth from private pension funds. The **debt of the general government sector** equalled 79.2% of GDP at the end of 2013, which is 0.6 percentage point lower than one year earlier.

Summary data

Denomination	2011	2012	2013
Volume index of gross domestic product (GDP), 2005 = 100.0	100.4	98.7	99.8
GDP per capita, thousand HUF	2,771	2,827	2,943
GDP per capita, EUR	9,926	9,769	9,911
Volume index of investment, 2005 = 100.0[a)]	79.0	74.9	80.9
Balance of external trade in goods, billion HUF	1,978.6	1,922.0	2,089.9
Volume index of imports, 2005 = 100.0	136.1	135.9	142.7
Volume index of exports, 2005 = 100.0	159.7	160.8	168.5
Current account balance, million EUR	419.0	826.5	2,940.8
Gross external debt as a percentage of GDP[b)]	104.0	97.9	88.3

a) Based on quarterly data.
b) FDI excluding other capital.

5. PERFORMANCE OF BRANCHES

• In 2013, the expansion of the **business sector** continued. Of the almost 1 million 828 thousand registered business units, particularly the number of sole proprietors, non-profit organizations and cooperatives increased compared to the previous year. The share of agricultural enterprises mostly including primary producers continues to be dominant. Regarding the number of enterprises, the number of organisations in real estate activities, of those active in professional scientific and technical fields and performing trade and motor vehicle repair activities is higher and higher.

• The number of **newly registered enterprises** also increased (by 8.3%) in 2013, especially in the sole proprietor and partnership category, which was related to the establishment of tobacco shops. The number of newly registered companies and partnerships fell by 2.2% compared to 2012.

• The rise in the number of **closures** came to a halt in 2013: 3.5% fewer organizations were cancelled from the register than in 2012. Of the sole proprietors, 21% fewer were „closed down" compared to the previous year, while the number of defunct companies and partnerships continued to increase (by 23% in one year).

• **Research and development expenditures** amounted to a total of HUF 364 billion in 2012, which was equal to 1.3% of the gross domestic product. The ratio of the domestic R & D expenditures to GDP – parallel to a fluctuating economic performance – increased modestly in the last five years. The share of enterprises increased in the R & D sector, the value of expenditures of enterprise increased steadily in the past ten years. These organizations spent 4% of their expenditures on basic research, 34% on applied research and 62% on experimental development in 2012.

• In early 2013 the rainy and then the dry summer weather had an overall positive impact on the results of **crop production**. The yields increased, 30% more cereals were produced. At the end of 2013, the **cattle population** continued to increase (by 1.6%), while that of **pigs** decreased further (by 1.8%).

• In 2013, **8,442 economic organizations** and about **485 thousand private farms** performed agricultural activities in Hungary. Farms with more than 300 hectares accounted for a quarter of all organizations and cultivated 84% of the land belonging to the organizations. 76% of the total agricultural area of private farms was used by farms with an area of 10–300 hectares (10%).

• In 2013, the **gross value added** of the agriculture increased by 33% at prices of the previous year and by 7% at current prices but the **labour input** fell by 1% compared to the previous year. As a result, the **productivity of the labour force** grew by 6% in the sector.

• The **agricultural input** price level rose to a lesser extent, by 2.1%, than in the previous year (6.8%), however, producer prices dropped by 7.8%.

• **Food, beverages and tobacco products** accounted for four tenths of the total trade surplus. In the **exports** of our agricultural products, the sales of cereals and cereal products had the greatest weight in 2013.

• Hungary accounted for 2% of the **agricultural output of the EU** in 2013. 4.1% of the cereal output and 4.6% of industrial plants came from our country; Hungary was the eighth and the seventh largest producer, respectively, of these plants within the EU.

• Domestic **industry** has generated more than a quarter of the gross value added for years, which is high in EU comparison as well. Due to the intensifying external demand – after a 1.8% drop in 2012 – industrial production started to grow again, the volume of output increased by 1.4% compared to the previous year. The increase was caused by foreign sales, which were mainly based on manufacture of transport equipment and covered nearly six tenths of the total sales.

• **Export sales** – following a 0.7% drop in 2012 – were 4.9% higher in 2013 than in the previous year. The volume of **domestic sales** has been declining since 2008; in 2013 it was 1.8% lower than a year earlier. Within the total sales, the share of domestic sales continues to decline since 2009.

• The production volume of **manufacturing**, representing more than nine tenths of the industrial output – following a 1.7% decline in the previous year – rose by 2.0% in 2013, in which foreign sales continued to play a decisive role.

• Of the machinery subsections, producing about half of the manufacturing output, from 2011, the **manufacture of transport equipment** became the number one driving force in industrial production. In 2013, the subsection already accounted for nearly a quarter of the manufacturing industry, while its gross output increased by 19% compared to the previous year. This resulted from a significant expansion of sales in both directions (foreign and domestic sales rose by 18% and 21%, respectively).

• 2013 brought a turnaround in the **construction industry**. In this section, the production decreased year by year between 2006 and 2012 and the performance of 2012 fell to some 60% of 2005. At the beginning of the period, the decline in government investments and then from 2009 the sharp decline in dwelling construction deteriorated the sector's performance. However, the volume of production was 9.6% higher in 2013 than the low base in the previous year – a rise significant even in EU comparison as well. The construction of industrial buildings and the development of the transport infrastructure played a major role in this growth. The high share of government orders was typical; while dwelling construction did not contribute to the performance growth of the section.

• In 2013, **transport performances** increased. Due to the rise in international traffic, the performance of goods transport grew by 3.1% in 2013. The performance of interurban passenger transport increased by 5.9% compared to 2012. The performance expansion of bus trips was the most important factor in this growth. The number of local community transport users increased by 0.3% in 2013, thereby the decreasing trend of the previous years was broken. During the year, seven tenths of the local community trips were implemented in the capital city.

• In 2013, 127 thousand **cars were registered for the first time** in the country, 19% more than in 2012. Primarily, the growth can be explained by the increasing registration of used cars, their number was higher than that of the new ones in 2013 for the first time.

• Innovations in the **information technology** (IT) are keeping the sector as well as the use of information and communication technology (ICT) in households, businesses and public administration alike in a constant change. Due to the dynamic spreading of the mobile internet, the number of internet subscriptions was more than 6.4 million at the end of 2013. The digital divide between our country and the EU has narrowed in recent years.

• After the decline in 2012, the buying mood of the population picked up again in 2013, during the year as a whole the volume of **retail sales** increased by 1.9% compared to the previous year. In addition to the low inflation, the growth of incomes in real terms and the base effects are in the background of this. Food purchases, which accounted for 46% of the total turnover, increased by 2.5%, while with the introduction of the kiosk system, a major rearrangement took place in the distribution of sales. A 0.8% growth in non-food purchases and a 2.3% rise in automotive fuel retailing also contributed to this expansion.

• In 2013, at the **public accommodation establishments**, 5.3% more guests spent 4.6% more tourism nights compared to the previous year. Gross sales revenues at accommodation establishments increased by about 10% at current prices. In 2013, nearly as many foreigners visited Hungary as a year earlier, while the number of Hungarians travelling abroad declined by 0.9%. 18% fewer people participated in overnight domestic trips. At the same time, several years of decline in catering turned to a slight increase.

Summary data

Denomination	2011	2012	2013
R & D expenditures as a percentage of GDP	1.2	1.3	..
Volume index of agricultural output, 2005 = 100.0[a)]	89.7	80.8	90.9
Volume index of industrial production, monthly average in 2005 = 100.0[b)]	113.9	111.9	113.5
Industrial producer price index, 2005 = 100.0	128.2	133.7	134.7
Share of exports in industrial sales, %[b)]	55.3	55.4	57.8
Volume index of construction output, monthly average in 2005 = 100.0	63.7	59.5	65.1
Transport performance index, 2005 = 100.0			
goods transport by road[c)]	137.4	134.2	139.5
interurban passenger transport[d)]	97.2	87.1	92.2
Number of mobile subscriptions per hundred of population	117.3	116.7	118.2
Number of internet subscribers per hundred of population	43.6	55.1	65.5
Volume index of retail sales, 2005 =100.0	93.7	91.7	93.4
Number of Hungarians travelling abroad, thousand	16,634	16,143	15,997
Number of foreign visitors to Hungary, thousand	41,304	43,565	43,665
Number of tourism nights at public accommodation establishments, thousand	20,616	21,805	22,799

a) At basic prices.
b) Data of all industrial enterprises.
c) On the basis of freight ton-kilometres.
d) On the basis of passenger kilometres.

6. ENVIRONMENT AND ENERGY

• In Hungary, the emission of **gases causing greenhouse effect and acidification** has been decreasing. On the one hand, it results from structural changes in industry and, on the other hand, from technological changes.

• The emission of **particulate matter** with a diameter of 10 microns or less in the national economy fell to less than half between 2000 and 2011. The emission of particulate matter with a diameter of 2.5 microns or less in the national economy dropped even more, from 23 thousand tons to 7 thousand tons. Households play an increasing role in the dust pollution.

• **Organic farming** – which is a sustainable and health-friendly method for food production – did not spread significantly in Hungary. Only 2.4% of our agricultural areas were under organic farming in 2012, the sixth lowest share in the EU, even below the half of the EU average (5.8%).

• The number of **bird species nesting** in our country, and the frequency and population density of the species are outstanding in Europe, but in recent years the degradation of bird habitats located on farmlands has been indicated by the data of the Hungarian Ornithological and Nature Conservation Society (MME-BirdLife Hungary).

• In Hungary, in 2010, the per capita **waste** generation was small (1,156 kg/person) in international comparison, two thirds of the EU average. In Hungary, the management of municipal waste is increasingly shifting towards environmentally sounder solutions.

• In Hungary, **environmental protection investments** amounting to HUF 138 billion were implemented during 2012. Current environmental expenditures within the business organizations amounted to HUF 231 billion, while economic organizations paid out HUF 132 billion for outside suppliers.

• Domestic **energy consumption** has been characterized by a downward trend since 2005. The 945.0 petajoules of energy used in 2013 was 4.6% less than in the previous year, largely due to the declining production of some manufacturing sectors.

• As in the previous years, in 2013, 37% of the **sources intended to cover the energy needs** originated from domestic production, and 63% of them from imports. **Domestic production** fell by 5.4% (within which that of **electricity** by 12.4%) compared to the previous year. More than half of the electricity production was generated from nuclear energy.

• In 2013, **energy imports** were 3% higher than a year earlier. Within this the import of crude oil and petroleum products increased by 2.2%, that of natural gas did not change, but the import of coal decreased by 8.7%.

• In recent years, the **relative energy intensity** of the Hungarian economy showed a downward trend, in 2013 – in addition to a 1.1% increase in the economic output – the decline was 5.6%. Nevertheless, by international standards, the Hungarian economy is highly energy intensive.

• **Household energy prices** have almost doubled on average between 2005 and 2013 (within this, the price of district heating and electricity to 1.4 – 1.4-fold and that of piped gas to 2.5-fold). In 2013, household energy prices decreased by 8.5% due to reduction of overhead costs, while inflation was 1.7%.

• In our domestic energy production, the share of **green energy** continues to rise; in 2012 it was 9.6%, far below the EU average (14.1%). The amount of electricity generated from renewable sources has decreased in recent years, but in 2012 – mostly from biomass – 2,647 GWh of energy was produced, ten times as much as the value recorded at the turn of the millennium.

Summary data

Denomination	2010	2011	2012
Forest area, thousand hectares[a)]	1,922.1	1,927.7	1,933.6
Of which: proportion of healthy forests, based on defoliation, %	60.1	63.8	59.5
Protected areas and monuments of national significance, thousand hectares[b)]	846.5	846.7	850.7
CO_2 emission (gross), kg/capita	5,160.2	4,999.5	4,678.2
Particulate matter: particulate matter with a diameter of 10 μm or less (PM_{10}), kg/capita	4.5	4.4	4.2
Wastewater piped to sewage treatment plant, million c. m[c)]	556.3	467.6	435.7
Of which: also under advanced treatment, million c. m	255.0	237.8	318.6
Generation of municipal solid waste, thousand tons	4,033.0	3,809.0	3,987.5
Environment protection investments (at current prices), billion HUF	153.0	128.6	138.1
Industrial sales of environment protection (at current prices), billion HUF	364.4	417.3	416.6
Energy use, petajoules	1,086.8	1,053.3	990.3
Share of natural gas and petroleum products of all energy sources, %[d)]	67.2	65.0	64.2

a) 1st January.

b) 31st December.

c) Including wastewater piped to Austria for the purpose of purification.

d) Including mining LPG and gasoline.