

Competitiveness facts and truths

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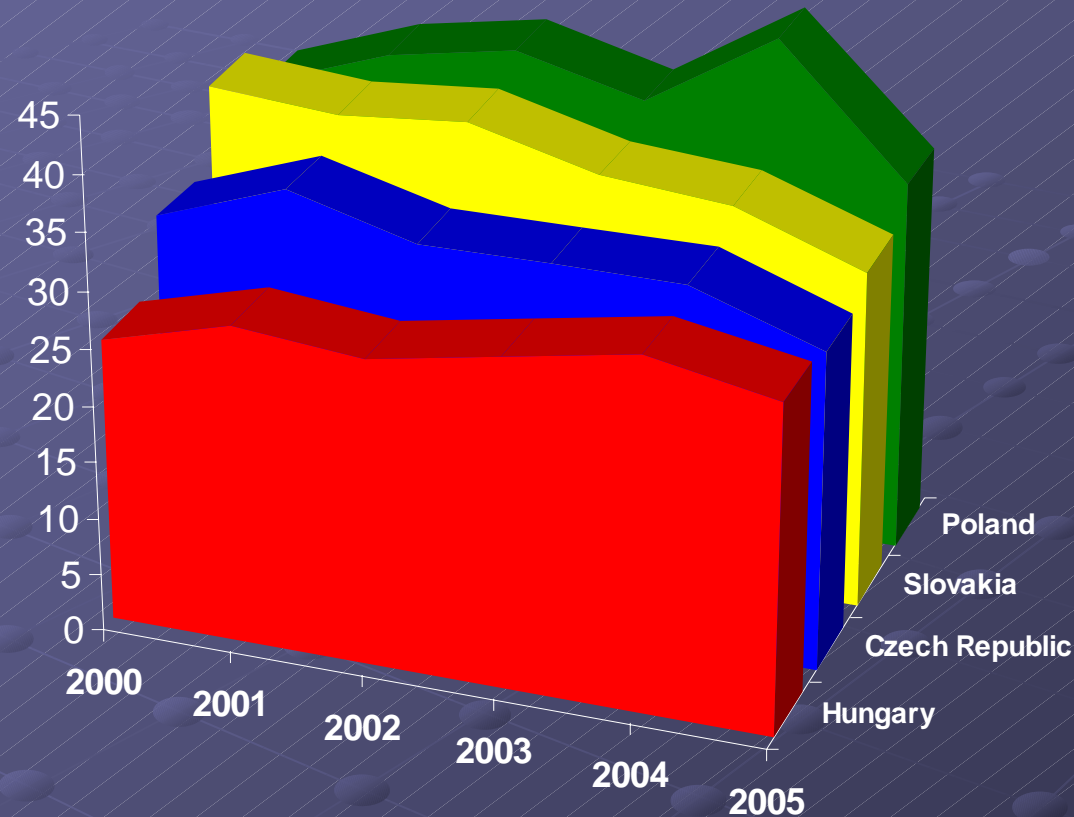
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Minister

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Magyarország célba ér



The Dynamic picture – GCI - rankings



In 2000 Hungary was the well ahead of the Visegrad competitors. In the last five years all the V4 countries improved its position, except for Hungary, which lost 4 places. Now the V4 countries are close to each other. Hungary has lost its top position. The best performer is Slovakia, which improved its position by 8 places. After 4 years of worsening, in 2005 Hungary shows improvement.

The Dynamic Picture – BCI- rankings

BCI	Czech Republic	Hungary	Slovakia	Poland
2000	34	32	36	40
2001	32	26	36	37
2002	31	27	37	39
2003	31	34	37	41
2004	31	36	34	44
2005	23	28	34	29

Rankings

BCI: Business Competitiveness Index

In terms of business conditions all the V4 countries improved their position. In 2000 Hungary led the group, but in the last years the Czechs took over the leadership. Poland closed the gap, and is tied with Hungary. Hungary is still ahead of Slovakia. After 2 years of worsening, in 2005 Hungary shows improvement.

The Position of Hungary on the Competitiveness Rankings, 2005

	Czech Republic	Hungary	Slovakia	Poland
GCI	38	39	41	51
Technology	22	30	34	39
Public Institutions	48	34	45	64
Macro environment	46	63	49	53
BCI	27	34	39	42
Company op/strat	29	40	47	43
Business environment	27	32	38	46
IMD Competitiveness index	36	37	40	57

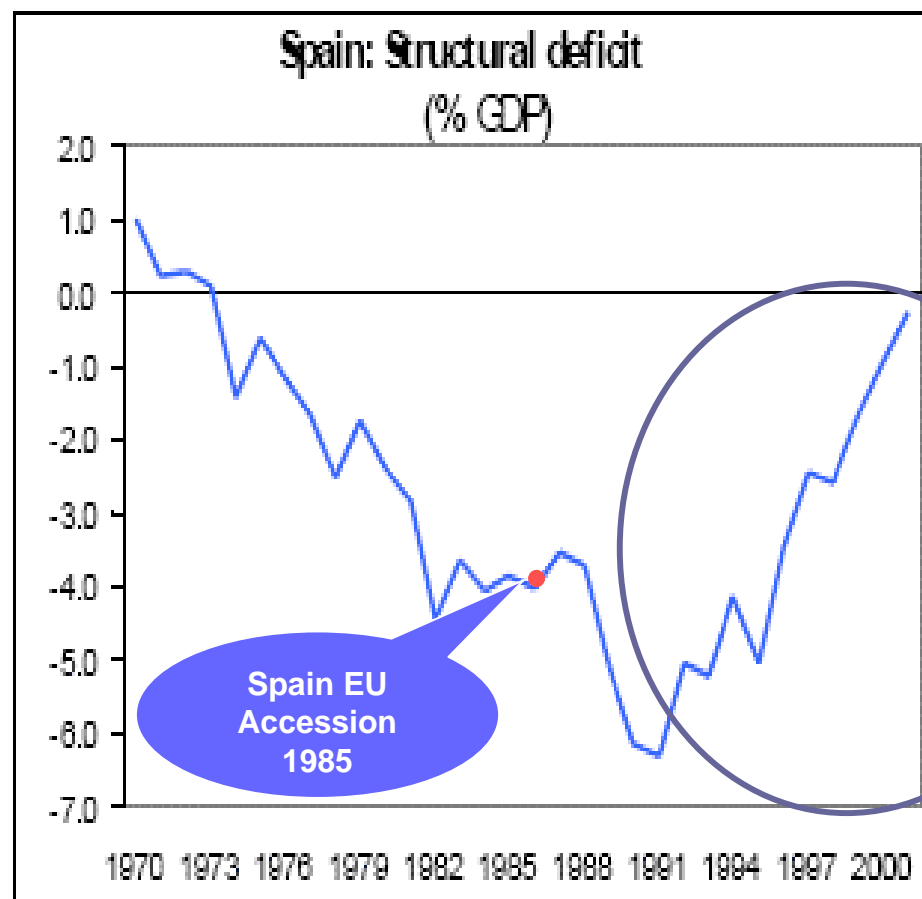
GCI: Growth Competitiveness Index

BCI: Business Competitiveness Index

The position of Hungary - explanation

- Hungary – Czech Republic – Hungary are on the same level in terms of Growth Potential.
- Hungary's advantage is the outstanding institutional framework (regulation, low level of corruption), but its weakness is the vulnerable macroeconomic environment. (Stability, creditworthiness, government budget deficit)
- The World Economic Forum and the IMD indices show consistent picture, the Czech Republic is leading the group, Hungary and Slovakia are close followers, Poland is lagging behind.,

Spain in the EU



Source: Spain in the EU: fifteen years may not be enough by Miguel Sebastian, Banco Bilbao Vizcaya Argentaria (BBVA), Center for European Studies, Working Paper Series #96, <http://www.ces.fas.harvard.edu/publications/Sebastian96.pdf>
The structural deficit increased in the first years after accession to the EU, and started to improve only five years later.

Program for a successful HUNGARY
NDP II.

Long-term Objectives
Governance for development

- More and better jobs
- Increasing wages

Concentration, Efficiency

Forming of wealthy regions

Modernisation

- Secure Environment

Public Governance

Competitive

Economy

Cohesive
Society

Program for a successful HUNGARY NDP II.

Liveable
Environment

Strengthen the
COHESION

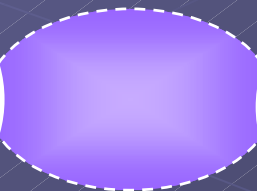
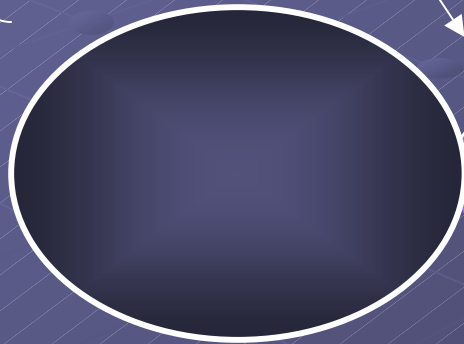
Dynamisation of the
business environment

Infrastructure
Development

PRIORITIES

AIMS

PRIORITIES



Strategy and explanation

The Government of Hungary has a Strategy for Improving Competitiveness. It focuses on improving – through a complex program – the operating conditions of sectors that have international competitive advantage, by investing in three areas:

- **Economy**
- **Society**
- **Environment**

A central point is the improvement of the

- **physical infrastructure**
- **human infrastructure**
- **activity rate of the country,**

through the implementation of the 2007-13 National Development Plan.

The main aims are creating:

- **a competitive economy**
- **a dynamic society**
- **a liveable environment**

It aims at governance for development, the realization of the Lisbon and Gothenburg objectives by developing and implementing the operating programs.

Competitiveness: But, Why, How?

Hungary's competitiveness is improving.

The country's institutional framework is strong, the business environment is competitive

But:

- Change is needed

Why?

- To exploit **new opportunities**
- To grow: to catch up
- To create more and better jobs
- To strengthen social cohesion

How?

- By **Governance for Development** through the effective utilization of EU and local resources.

Thank you for your attention !

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