



MINISTRY OF ECONOMY AND TRANSPORT



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Continue and start Hungarian economy today



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Hungary in figures

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

* Billions of euro



Government targets

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



Public and state administration

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



Education

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



Competitiveness

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



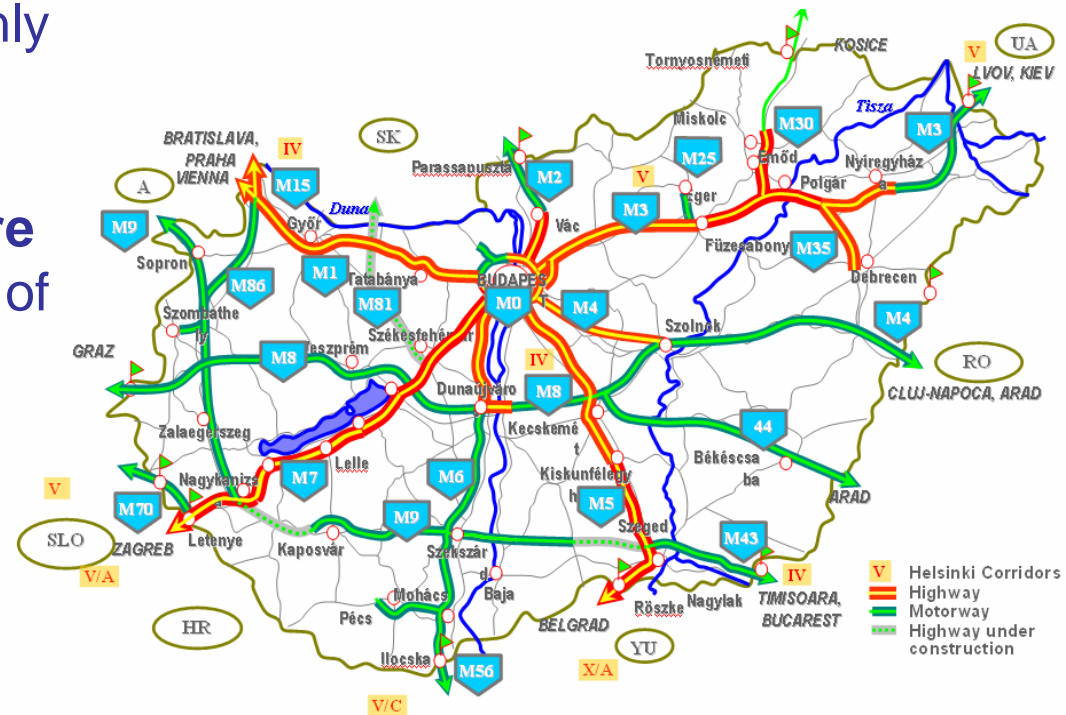
Taxation

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



Infrastructure, transportation

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





R&D, innovation

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

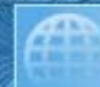


Introduction of the euro

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

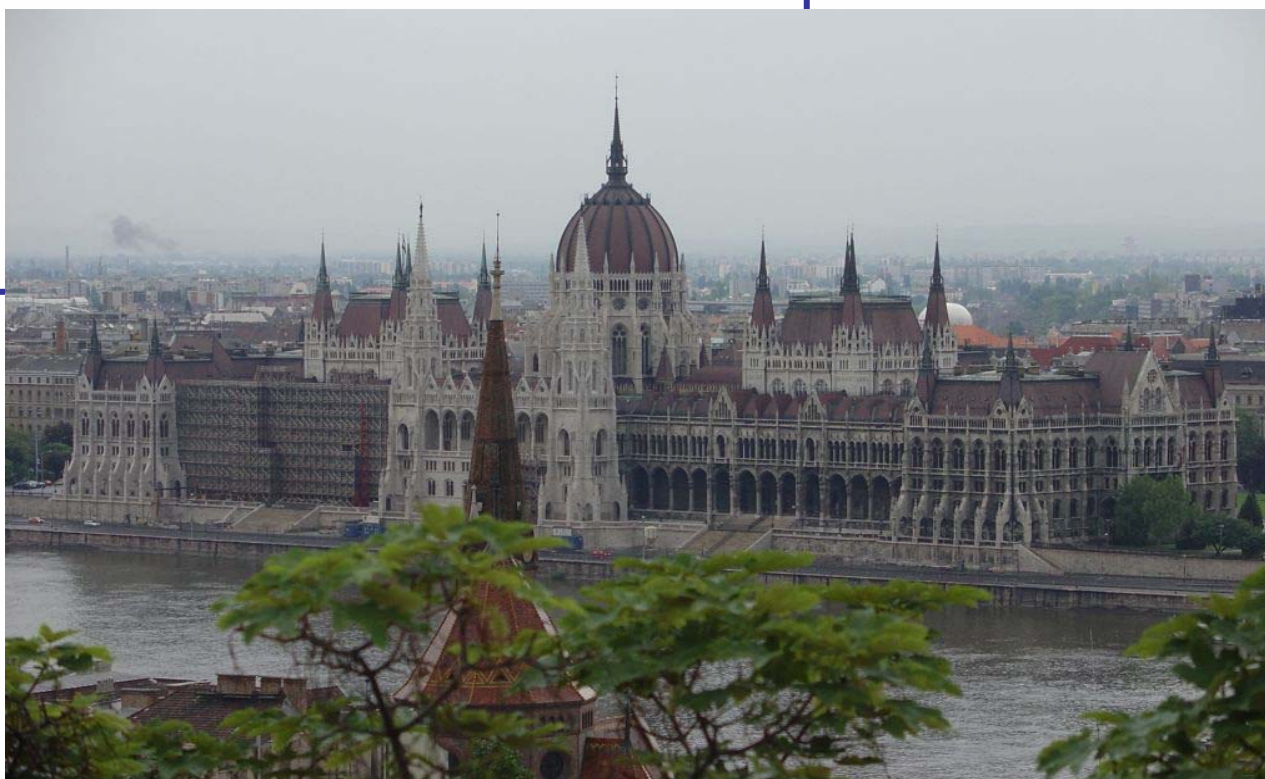


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**Thank you for your
kind attention!**



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