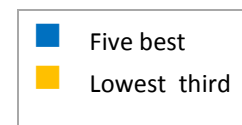




## SPRING 2011 REFORM BAROMETER - HUNGARY

	Level			Rank			Gap		Areas of Action	
	2009	2010	Change	2009	2010	change	EU top 5	Gap <sup>1</sup>	2010	
Pillar I	1 GDP per capita (Purchasing Power Parity- PPP)	14832	15324	3,3%	26	27	-1	NL IE SE AT DE	-49%	
	2 GDP per capita (€ at 2000 prices)	6157	6229	1,2%	27	27	0	DK SE IE FI AT	-80%	
	3 Labour productivity per hour worked (PPP)	18,9	19,7	4,2%	25	26	-1	NL BE FR DE IE	-53%	
	4 Labour productivity per person employed (PPP)	37173	38667	4,0%	26	26	0	IE BE FR SE NL	-42%	
	5 Private investment (excluding non residential, %GDP)	10,0	9,2	-0,8	11	14	-3	BG BE AT DE IT	-4,4	
	6 Industrial activity (% total value added)	27,3	26,2	-1,1	9	9	0	IE SK CZ FI SI	-6,4	
	7 R&D expenditure (% GDP) *	1,0	1,2	0,2	23	23	0	FI SE DK DE AT	-2,1	
	8 Operating surplus (% total value added)	42,4	43,5	1,1	13	13	0	BG GR MT SK IE	-11,3	
Pillar II	9 Current Account (% GDP)	-0,4	0,8	1,2	15	15	0	LU SE NL DE DK	-5,1	
	10 Export market share (gain from 2000)	52,7	57,0	4,4	4	4	0	RO LT CZ HU BG	-6,4	
	11 Net export contribution to GDP	5,9	3,7	-2,2	8	4	4	BG IE GR HU CY	-0,3	
	12 Share in global trade	0,6	0,6	-0,1	18	18	0	DE FR NL UK IT	-3,7	
	13 Relative unit labour cost (gain from 2000)	25,1	25,0	-0,1	27	27	0	DE PL AT SE FR	32,8	
	14 High-tech exports (% total exports) **	21,4	20,2	-1,1	4	5	-1	MT LU IE HU CY	-8,5	
Pillar III	15 Employment rate (% working age population)	55,4	54,9	-0,5	26	25	1	NL DK SE AT DE	-13,8	
	16 Employment rate 15-24 (% population 15-24)	18,1	17,8	-0,3	32	32	0	NL DK AT UK DE	-35,8	
	17 Employment rate 55-64 (% population 55-64)	32,8	33,8	1,0	30	30	0	SE DE UK CY DK	-25,9	
	18 Annual hours worked (per capita)	1968	1964	-0,2%	3	3	0	PL GR HU LV CZ	0%	
	19 Labour participation (% working age population)	62,2	62,6	0,3	31	31	0	DK SE NL PT DE	-17,4	
	20 Working age population (as % total population)	68,7	68,7	0,0	12	11	1	SK PL CY CZ RO	1,0	
	21 Unemployment rate (% labour force)	10,0	11,1	1,1	26	25	1	AT NL LU MT CY	5,5	
Pillar IV	22 Gross debt - general government (% GDP)	78,4	78,5	0,1	25	22	3	EE LU BG RO LT	54,4	
	23 Net debt - general government (% GDP)*	51,5	58,9	7,4	27	25	2	FI EE SE BG CZ	98,5	
	24 Government budget balance (% GDP)	-4,4	-3,8	0,6	11	9	2	SE EE LU FI DE	-1,8	
	25 Primary balance (% GDP)	0,2	0,3	0,1	3	3	0	HU SE IT EE MT	0,6	
	26 Tax burden (% GDP)	39,6	38,6	0,0	23	22	1	LV SK RO BG LT	8,1	
	27 Highest marginal tax rate, individual rate (%)*	36,0	36,0	0	13	13	0	BG CZ LT RO SK	23,95	
	28 Public investment (% total public expenditure)	6,6	8,0	0,2	21	17	4	PL CZ RO BG LV	-6,0	
	29 Budgetary adjustment related to age (% GDP)	N/A	0,4	N/A	N/A	4	N/A	PL EE HU BG SE	0,3	
	Pillar V	30 Net foreign assets (% GDP) *	107,1	120,9	13,8	24	25	-1	NL BE DE DK FI	145,2
31 Net financial assets, households (% GDP) *		55,7	64,0	8,3	14	15	-1	BE IT NL FR DE	-94,4	
32 Net financial liabilities, non financial corporations (% GDP)*		112,1	126,7	14,6	18	18	0	SK NL DE GR PL	64,2	
33 Regulatory tier 1 capital to risk weighted assets *		11,2	12,9	1,7	20	22	-2	MT LU BE BG EE	-4,3	
34 Non performing loans to total gross loans *		3,0	6,7	3,7	21	23	-2	FI LU SE SI AT	5,0	
35 Loans to private sector (% GDP)		68,9	65,2	-3,8	5	5	0	RO SK PL CZ HU	16,4	
36 Bank liabilities (%GDP) *		111,9	117,6	5,7	6	6	0	SK RO PL LT BG	41	



1. Percentage points, when not indicated otherwise

\* 2008/ 2009 data  
\*\* 2007/ 2008 data

## PRIORITIES FOR REFORM: ANSWERS FROM MGYOSZ (HUNGARY)

	Policy Area	Concrete Recommendations	Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
Priority 1	12	There are two issues which need to start government measures immediately: 1. strong territorial economic and labour market differences (including mobility-items). 2. The failures of education system's outcomes: mismatch between labour market demand and supply.	X	
Priority 2	23	Cost-driven inflation pressure and lack of government efforts to meet 3% inflation target keep interest rates high (comparing with euro-zone countries)		X
Priority 3	10	The employment rate of ageing workers are very low (33,8 % above 55 years), and young workers also face difficulties in the labour market, due to structural reasons of the education system. Women's employment situation after giving birth raises up a lot issues to improve as well.	X	
Priority 4	16	Government needs to take structural reform steps and keeps budget deficit under 3%. Extraordinary items have played key role to achieve the deficit targets in 2010-11.	X	
Priority 5	14	The rate of No.of employees and pensioners are unsustainable. Employment level should be increased, retirement rules have to be restricted. (Half part of total number of pensioners are under the age-limit.) The measure of Health Care Fund's debt and the situation of health care services are also crucial and necessary to consolidate immediately.	X	

<u>Policy areas</u>
1. Business Environment - Regulatory barriers to entrepreneurship
2. Business Dynamics - Start-up conditions
3. R&D and Innovation
4. ICT
5. Competition policy framework
6. Sector specific regulation (telecom, energy)
7. Market integration - Openness to trade and investment
8. Active labour market policies
9. Job protection
10. Labour supply measures for specific groups (older workers, women...)
11. Wage bargaining and wage-setting policies
12. Labour market mismatch and labour mobility
13. Making work-pay: interplay of tax and benefit system
14. Pension and health care reforms
15. Quality of fiscal institutions and budgetary framework
16. Consolidation of public expenditures
17. Public sector efficiency
18. Public investment
19. Tax reforms
20. Access to bond markets
21. Access to equity markets
22. Venture capital and SME financing instruments
23. Bank lending conditions
24. Long term investment instruments