

2022 SME COUNTRY FACTSHEET'S EVIDENCE BACKGROUND DOCUMENT

Hungary


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

Table of contents of the SME-focused topics

KEY NOWCASTS & FORECASTS	2
ENVIRONMENTAL ASPECTS OF SUSTAINABILITY	2
SOCIAL ASPECTS OF SUSTAINABILITY	3
DIGITALISATION	3
INNOVATION	4
SKILLS.....	5
ADMINISTRATIVE BURDEN	5
REGULATORY OBSTACLES	5
ACCESS TO FINANCE	6
LATE PAYMENTS.....	6
ACCESS TO MARKETS	7
START-UP ENVIRONMENT	7
SCALE-UP ENVIRONMENT.....	8
IMPACT OF THE COVID-19 CRISIS	8
NATIONAL RECOVERY AND RESILIENCE PLAN.....	9
NATIONAL INDUSTRIAL ECOSYSTEMS*	9
OTHER RELEVANT TOPICS.....	10

Factual SME-related evidence	Source
KEY NOWCASTS & FORECASTS	 KEY NOWCASTS & FORECASTS
In 2021, Hungarian SMEs achieved strong growth in value added (10.9%) and employment (2.5%). Large enterprises grew even faster, with growth rates of 17.5% and 5.9%, respectively.	Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.
The <i>digital</i> ecosystem is one of the few ecosystems in Hungary that grew in terms of value added in both 2020 and 2021, at 3.6 % and 8.4 % respectively. SME employment in the <i>digital</i> ecosystem increased significantly by 4.7% in 2021, following a decline of 0.5% in 2020.	Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.
The <i>mobility – transport – automotive</i> ecosystem generated strong recovery growth in 2021, with growth rates in SME value added of 8.8% and in SME employment of 1.6%, after declining by 7.4% and 4.0%, respectively, in 2020.	Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.
Based on data from early 2022, it was expected that SME value added and SME employment in Hungary would continue to grow by 8.0% and 1.3% respectively, but Russia's war of aggression will affect these estimates.	Estimates and forecasts produced by JRC, based on figures from the Structural Business Statistics Database, provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database and forecasts from the AMECO database.
In 2021, Hungarian SMEs generated 67.4% of employment and 54.1% of value added, slightly higher than the corresponding EU averages of 64.4% and 51.8%.	Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.
ENVIRONMENTAL ASPECTS OF SUSTAINABILITY	 ENVIRONMENTAL ASPECTS OF SUSTAINABILITY
<p>At the legislative level, Hungary adopted its Act on Climate Protection in June 2020. Its aim is to achieve carbon neutrality by 2050. At the operational level, the Hungarian Government and the Central Bank are encouraging this through direct government resources (e.g. by enhancing electro-mobility, establishment of intermodal logistics centres, energy efficiency, green lending, sustainability application programme for SMEs), tax incentives and other ways (e.g. capital requirement discount). These were extended for all sectors in 2021. These are open for all enterprises, including SMEs.</p> <p>Based on KPMG's Net Zero Readiness Index, Hungary reached out the 13th place out of 25, before Poland (19th place). KPMG highlighted that although there are challenges to tackle in the real economy (namely that around 40 percent of Hungary's electricity is generated by the Paks nuclear power plant), the solar power capacities are increasing and the Hungarian Government could use EU funds to help SMEs' green transition and increase their efforts towards carbon neutrality.</p>	<p>KPMG Hungary: Hungary should not be ashamed: taking decisive steps towards carbon neutrality. Released on 29/10/2021: https://blog.kpmg.hu/2021/10/magyarorszagnak-nem-kell-szegyenkeznie-hatarozott-lepesekkel-haladunk-a-karbonsemlegesseg-fele/</p> <p>Repository of Hungarian laws: Act on Climate Protection, published on 09/06/2020: https://net.jogtar.hu/jogszabaly?docid=A2000044.TV</p> <p>Portfolio.hu news: Hungarian Central Bank: Banks can offer even more types of green corporate and municipal loans. Released on 01/09/2021: https://www.portfolio.hu/bank/20210901/mnb-meg-tobb-fele-zold-vallalati-onkormanyzati-hitelt-kinalhatnak-a-bankok-498682</p> <p>The Government's official website for calls for proposals: Green National Champions Program. Released on 01/12/2021: https://www.palyazat.gov.hu/ginop-plusz-131-21-zld-nemzeti-bajnokok-a-zldgazdasg-terletn-mkd-mikro-kis-s-kzpvllalkozsok-technologiafejltsnek-tmogatsa-1</p>



<p>The Hungarian Government implemented its Green National Champions Program in 2020 to support the technological change of manufacturing enterprises linked to the green economy and industry. In the first year of the programme, 40 companies received support worth almost HUF 10 billion, and in the next phase of the program, which was launched at the end of 2021, a further 70-100 companies may be eligible for support.</p>	<p>KPMG: Net Zero Readiness Index report, p.47 and 60. https://assets.kpmg/content/dam/kpmg/xx/pdf/2021/10/net-zero-readiness-index.pdf and KPMG NZRI news: https://home.kpmg/hu/hu/home/tanulmanyok/2021/10/net-zero-readiness-index-2021.html</p>
SOCIAL ASPECTS OF SUSTAINABILITY	
<p>Hungarian social enterprises can operate in the form of non-profit companies. However, not all non-profit companies are social enterprises. The number of non-profit companies was 4,280 in December 2021, which shows an increasing trend since 2016.</p>	<p>Hungarian Central Statistical Office: Number of registered organisations. Released on 12/04/2022: https://www.ksh.hu/stadat_files/gsz/hu/gsz0051.html</p>
<p>In 2021, the Hungarian Coalition of Social Enterprises was established. It is a grassroots self-organizing association that aims to promote real and wide-ranging representation and development of the social entrepreneurship sector.</p>	<p>NIOK Foundation news: The Hungarian Coalition of Social Enterprises was formed. Released on 20/10/2021: https://www.nonprofit.hu/hirek/Megalakult-a-Tarsadalmi-Vallalkozasok-Magyarorszagi-Koalicioja</p>
DIGITALISATION	
<p>The digitization of SMEs in the development period 2021-2027 will be supported to the extent specified in the calls (20-50%) of the Economic Development and Innovation Operational Programme Plus (EDIOP Plus). Calls focusing exclusively on digitalisation will be introduced within the framework of the Digital Renewal Operational Programme Plus. Several dedicated programmes can be expected during this budget period to increase SMEs' digitalisation, especially in areas where SMEs' integration in digital technologies are lagging behind.</p> <p>The first call for proposals (first round of the Technology change support program) was implemented in June 2021. On the first day, almost 4,800 applications had been submitted for this call which shows the SMEs' increasing interest in digitalisation.</p> <p>The second round of the Technology change support program was implemented in December 2021. Total budget of the programme is HUF 300 billion.</p>	<p>Social reconciliation 2021 – 2027 (Operational Programmes of Hungary) Released on 12/04/2022: https://www.palyazat.gov.hu/tarsadalmi_egyeztetes_2021_2027</p> <p>The first and second round of the Technology change support program. Released on 11/06/2021 and 20/12/2021: https://www.palyazat.gov.hu/ginop-plusz-121-21 https://www.palyazat.gov.hu/GINOP_PLUSZ-1.2.3-21</p>
<p>A 2021 survey of 800 Hungarian SMEs, commissioned by Digiméter about Hungarian SMEs' digitalisation, revealed that from 2020 to 2021 the digital development of Hungarian SMEs has not changed significantly. Related to digital presence, fewer companies have a webstore (13%) and/or website (73%) and 47% of SMEs do not appear on social media. However, significantly more companies have a Google My Business account (increased from 16% to 30%) and 27% of SMEs appear on Google Maps. 9 out of 10 SMEs use some billing</p>	<p>Digiméter, Results of the 2021 survey. Released on 27/10/2021: https://digimeter.hu/wp-content/uploads/2021/10/Digimeter_2021_osz_osszefoglalo.pdf</p>



<p>software within which 20% use cloud-based solutions. This ratio has increased significantly compared to 2020. In spite of this, only 47% of the companies can accept and issue invoices electronically. More SMEs have a virtual private network (VPN) (increased from 18% to 24%); however, less companies use antivirus software (decreased slightly from 88% to 84%). In sum, larger SMEs (employing 50+ persons) are more developed in digitalisation.</p>	
<p>INNOVATION</p>	 <p>INNOVATION</p>
<p>Hungary published its R&D&I strategy for the 2021-2030 period in July 2021. The strategy sets out three main overarching goals for Hungarian innovation policy:</p> <ol style="list-style-type: none"> greater practical use of the research results of public research institutes (research institutes and higher education institutions); improving the innovation performance of Hungarian SMEs; strengthening cooperation among actors in the R&D and innovation system. <p>Based on all this, the target system of the RDI strategy rests on three main pillars:</p> <ul style="list-style-type: none"> knowledge creation; knowledge transfer; knowledge utilization by enhancing corporate innovation. 	<p>Website of the National Office for Research, Development and Innovation: Hungary's R&D&I Strategy for the 2021-2030 period. Released on 03/09/2021: https://nkfih.gov.hu/hivatalrol/strategia-alkotas/kutatasi-fejlesztési-innovációs-strategia</p>
<p>The latest HCSO data on business R&D and innovation published in December 2020 show that the proportion of small enterprises that carry out innovative activities is 25.8%. 36.5% of medium-sized enterprises are engaged in R&D&I activities. They carry out mainly product innovation (20.4%), mostly in the IT and financial sectors.</p>	<p>Hungarian Central Statistical Office (HCSO), Summary tables (STADAT) - Time series annual data - Research and development and innovation. Released on 01/12/2020: https://www.ksh.hu/stadat_eves_3_4</p>
<p>The proportion of employees in enterprises engaged in innovation activities as a percentage of employees in all enterprises is 29.2% in the case of small enterprises, 39.4% in medium-sized enterprises and 67.8% in large enterprises.</p>	<p>Hungarian Central Statistical Office (HCSO), Summary tables (STADAT) - Time series annual data - Research and development and innovation, Proportion of employees in enterprises engaged in innovation activities as a percentage of employees in all enterprises. Released on 01/12/2020: https://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_ohk023.html</p>
<p>According to the European Innovation Scoreboard 2021, Hungary performs the best in government support for business R&D. In line with this, three remarkable governmental support programmes have been introduced in 2021. These were Calls for proposals to enhance corporate research, development and innovation activities, support for market-driven R&D&I projects and Horizon Europe Accelerator booster call for innovative SMEs) to boost SMEs R&D&I activities. These calls are in line with Hungary's R&D&I strategy.</p>	<p>European Innovation Scoreboard 2021. Released on 21/06/2021: https://ec.europa.eu/docsroom/documents/45917</p> <p>Website of the National Office for Research, Development and Innovation: Call for proposals: https://nkfih.gov.hu/palyazoknak/dokumentumtar/palyazati-felhivasok</p>

SKILLS  SKILLS	
<p>One third of SMEs are already facing serious labour shortages, according to the latest results of the K&H SME Confidence Index carried out in Q3 2021. This proportion was 26% in Q1 of 2021. Thus, for 2022, the wages of those working in micro, small and medium-sized enterprises are expected to increase again at the same pace as before COVID-19. Medium-sized enterprises and agricultural companies plan to increase wages by 7.5-9.2%.</p>	<p>K&H: Rising labour shortage and wages in the SME sector. Released on 10/11/2021: https://www.kh.hu/csoport/sajto/-/sajtohir/fokozodo-munkaerohiany-es-emelkedo-berek-a-kkv-szektorban</p>
<p>The number of vacancies has been the highest in administrative activities (4.2% of total vacancies), the ICT (2.9%) sector and in manufacturing (2.7%) in Q4 2021.</p> <p>Furthermore, Hungary performs well in terms of enterprises employing persons with ICT specialist skills at 27.32% compared with the EU average 17.63%.</p>	<p>Hungarian Central Statistical Office (HCSO), Summary tables (STADAT), Number and proportion of vacancies. Released on 12/04/2022: https://www.ksh.hu/stadat/files/mun/hu/mun0159.html</p> <p>Eurostat, Community survey on ICT usage and eCommerce in enterprises, 2020: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=isoc_ske_itspen2&lang=en</p>
<p>The Ministry of Innovation and Technology has introduced its 'Improving the adaptability and productivity of workers and companies through workforce development' support in July 2021, which can be used for carrying out employees' training, IT training, language courses and vocational training with an available total budget of HUF 70 billion (€192.3 million).</p>	<p>The Government's official website for calls for proposals: GINOP_PLUS-3.2.1-21 Improving the adaptability and productivity of workers and enterprises through labour force development. Released on 01/07/2021: https://www.palyazat.gov.hu/ginop-plusz-321-21-a-munkavillalk-s-vllalatok-alkalmazkodkpessegnek-s-termelkenysgnek-javtsa-a-munkaer-fejlesztse-keresztul</p>
ADMINISTRATIVE BURDEN  ADMINISTRATIVE BURDEN	
<p>The latest available survey about SMEs' administrative burdens was carried out in May 2020 and published in August 2020 by the Institute for Economic and Enterprise Research of the Hungarian Chamber of Commerce and Industry. Based on the results, the biggest obstacles for SMEs are high taxes and contributions, frequent changes in legislation and complicated tax rules.</p>	<p>Institute for Economic and Enterprise Research of the Hungarian Chamber of Commerce and Industry, Questionnaire and its results on domestic small and medium enterprises' administrative burden. Released in 08/2021: https://gvi.hu/files/researches/617/kkv_strategia_2020_kerdoiv_elemzes_200530_1.pdf</p>
<p>The Hungarian government announced and introduced a reduction of these burdens in 2021. It reduced SMEs' local business tax to a maximum of 1% for 2021 and 2022 and committed to further tax and contribution reduction (further 4% has announced for the next year).</p>	<p>Portfolio news website: The government has announced how much tax reduction will SMEs receive, released on 20/10/2021: https://www.portfolio.hu/gazdasag/20211020/bejelentette-a-kormany-mekkora-adocsokkentest-kapnak-a-cegek-506310</p>
REGULATORY OBSTACLES  REGULATORY OBSTACLES	
<p>According to the Hungarian Chamber of Commerce and Industry, the significant increase of energy prices (price of crude oil, natural gas, and electricity costs) creates huge obstacles for Hungarian SMEs. Some SMEs cannot increase their prices to cover their increasing production costs. Thus, it will push about 21,000 SMEs to bankruptcy in Hungary.</p>	<p>Portfolio news website: Overhead extension would protect 21,000 SMEs from bankruptcy. Released on 19/11/2021: https://www.portfolio.hu/gazdasag/20211119/energiavalsag-21-ezer-kkv-csodjetol-ved-meg-a-rezsicsokkentek-kiterjesztese-tovabbi-bejelentese-konnek-511742</p>

On 18 November 2021, the government announced that from January 2022, it will extend its utility cost reduction programme for small enterprises to reduce their costs. SMEs with a maximum of 10 employees and an annual net turnover of HUF 4 billion are eligible for the scheme.	Portfolio news website: Breaking! The government will extend the overhead reduction to some SMEs. Released on 18/11/2021: https://www.portfolio.hu/gazdasag/20211118/braking-kiterjeszti-a-kormany-a-kkv-k-egy-reszere-a-rezsicsokkentest-511546
Hungarian Small Business Tax (KATA) is a popular form of taxation among individual entrepreneurs due to its simplicity and low costs. However, sometimes employers employ workers in this form to avoid paying tax contributions. To whiten this form of grey economy, from 1 January 2021, if KATA entrepreneurs' revenue from a single business partner exceeds HUF 3 million per year, the tax rate on the sum above HUF 3 million is 40%. Data shows that despite the tightening of rules, the number of KATA entrepreneurs has been increasing since its introduction in 2013. There are currently around 565,000.	24.hu news: Opten: KATA austerity has not stopped the flow of individual entrepreneurs. Released on 06/04/2021: https://24.hu/fn/gazdasag/2021/04/06/kata-szigoritas-egyen-vallalkozoi-aradat
ACCESS TO FINANCE 	
While the corporate loan portfolio grew modestly in Hungary, SME lending grew dynamically in Q2 2021. The annual growth rate of SME loans was 21% in June 2021.	Hungarian Central Bank, Inflation report, September 2021, p.9: https://www.mnb.hu/letoltes/hun-ir-digitalis-10.pdf
This increase was substantially supported by the Funding of Growth Scheme Go! launched in 20 April 2020. The program, with 62,000 loan and lease contracts signed, helped more than 40,000 domestic businesses to access finance. Even though this programme was terminated in September 2021, the newly introduced Széchenyi Card Go! programme is expected to positively affect SMEs' financing. Individual SMEs can apply for loans between HUF 1 million (€2,777) and HUF 1 billion (€2,777,777), which varies based on the chosen loan construction.	<p>Hungarian Central Bank, The response of the Hungarian Central Bank and its results to the new type of coronavirus crisis. https://www.mnb.hu/valaszlepesek#nhph</p> <p>Portfolio.hu news: Széchenyi Card GO: here it is a list of newly available interest-subsidized loans. Released on 01/07/2021. https://www.portfolio.hu/bank/20210701/szechenyi-kartya-go-itt-a-lista-az-ujonnan-igenyelhető-kamattamogatott-hitelekrol-490658</p>
The largest loan portfolio expansion can be observed in the real estate sector, while the biggest decline was in the manufacturing sector. 56% of banks participating in the Hungarian Central Bank's Lending Survey reported increasing demand for corporate loans in Q2 2021. They observed increasing demand in all company size categories, as well as business real estate loans and for both short and long-term loans. For Q3 2021, a further growth in demand is expected by the same credit institutions.	Hungarian Central Bank, Inflation report, September 2021, p.42: https://www.mnb.hu/letoltes/hun-ir-digitalis-10.pdf
LATE PAYMENTS 	
The database of the Hungarian Central Bank shows that Hungarian enterprises' domestic trade credits and advances increased slightly from HUF 12,972.8 billion (€35.64 billion) to HUF 13,239.4 billion (€36.37 billion) from Q1 2021 to Q2 2021.	Hungarian Central Bank: Time series tables by sector (without SCVs): https://www.mnb.hu/statisztika/statisztikai-adatok-informaciok/adatok-idosorok/xii-a-nemzetgazdasag-penzugyi-szamlai-penzugyi-eszkozok-es-kotelezettsegek-allomanyai-es-tranzakcioi/teljes-koru-minden-szektorra-

	vonatkozo-penzugyi-szamlak/idosoros-tablak-szektoronkent-scv-k-nelkul
The Hungarian Chamber of Commerce surveyed 350 businesses in July 2021. Based on the results, 64% of Hungarian businesses said at least one of their business partners was late in their payments in the first half of 2021. This is 2% higher than it was in January 2021. 6% of surveyed companies was paid late by more than half of their business partners. This shows a decreasing trend: this share was just 8% in January 2021 and 9% in July 2020. A significant difference can be observed according to company size: while 8-9% of SMEs (with 20-49 and 50-99 employees) has experienced late payments by more than half of its business partners (similarly to January 2021), the same proportion was 3 percent for companies with 100-249 employees. and it was only 1% for large companies. However, in all company sizes the share of businesses who had not experienced late payment was 35-37%.	Institute for Economic and Enterprise Research of the Hungarian Chamber of Commerce and Industry, Late payment and chain debt among Hungarian enterprises in the first half of 2021. Released on 31/08/2021: https://gvi.hu/kutatas/648/kesedelmes-fizetes-es-lancartozas-a-magyar-vallalkozasok-koreben-2021-első-feleveben
ACCESS TO MARKETS 	
According to the latest data published by the Hungarian Central Statistical Office, SME exports decreased by 4% from 2019 to 2020. Export activities remained concentrated in Hungary with only 6% of Hungarian SMEs engaged in export activities.	<p>Hungarian Central Statistical Office: Enterprise performance indicators by small and medium-sized enterprise category. Released on 15/11/2021: https://www.ksh.hu/stadat_files/gsz/hu/gsz0018.html</p> <p>Hungarian Central Bank: Competitiveness Report 2021. Released on 01/12/2021: https://www.mnb.hu/letoltes/versenyke-pesse-gi-jelente-s-hun-2021-1018.pdf</p>
The promotion of Hungarian SMEs' export activities is one of the main goals of the Hungarian economic policy. The Hungarian Export Promotion Agency has introduced two measures in 2021. First, the 'Fit for export programme', which helps Hungarian SMEs' successful entry to foreign markets by providing personalized help. Secondly, the 'External Market Growth Support Programme', which helps SMEs to become regional or global multinationals.	<p>Website of HEPA: Support for beginner and advanced exporters. Released on 6/10/2021: https://hepa.hu/hirek/Tamogatas-kezdo-exportoroknek</p> <p>Website of HEPA: External Market Growth Support Programme. Released on 31/08/2021: https://hepa.hu/palyazatok/Kulpiaci_Novekedesi_Tamogatasi_Program</p>
START-UP ENVIRONMENT 	
Hiventures, the biggest Hungarian venture capital fund (member of Hungarian Development Bank) provide funds worth HUF 80.4 billion (€220.88 million) for innovative and scalable micro, small and medium-sized enterprises that have been operating for less than 5 years as of 2021. It provides unique, multi-stage funding solutions for domestic enterprises in their pre-seed, pre-seed+, seed and growth stages.	Hiventures Startup: For domestic innovative start-ups: https://startup.hiventures.hu/hu?qclid=Cj0KCQiA-eeMBhCpARIsAAZfxZCvxXh4WTg98pB25Hj1YLyLWv6_Pw9Z0pJMGGvkTicZdbm5UrPHq4MaAhuzEALw_wcB
In July 2021, the Hungarian Government announced its largest start-up support programme with the government investing HUF	Hungarian government, Press Release, HUF 10 billion (€27,47 million) programme is launched to support start-ups. Released in 07/2021:

10 billion (€27.47 million) in the domestic start-up sector through the Széchenyi Funds. The programme supports investors who help start-ups with capital and advice.	https://kormany.hu/hirek/tizmilliard-forintos-program-indul-startupok-tamogatasara
SCALE-UP ENVIRONMENT  SCALE-UP ENVIRONMENT	
Based on Hungary's National Smart Specialisation Strategy (S3) for 2021-2027, the existing tax incentives for R&D&I will be strengthened to help scale-ups use them more efficiently in the future.	National Office for Research, Development and Innovation, Intelligent Specialisation Strategy. Released on 20/01/2021, p.79: https://nkfih.gov.hu/hivatalrol/strategia-alkotas/nemzeti-intelligens
IMPACT OF THE COVID-19 CRISIS  IMPACT OF THE COVID-19 CRISIS	
Since the outbreak of the coronavirus epidemic in Hungary until the end of 2021, more than 10% of Hungarians became infected with the virus and almost 40,000 died as a result of COVID-19. Based on estimations, the economy produced HUF 5,000 billion less income than it could have. However, the recovery has started quickly. After a 14.5% decline in GDP in Q2 2020, by Q2 2021 the country experienced significant economic growth (18%) compared to Q2 2020. By Q2 2021, the unemployment rate had decreased by 1 % (from 5 to 4%).	Evolution - Renewable Business Program - IFKA Public Benefit Non-profit Ltd. - Mathias Corvinus Collegium - Business Research Workshop (2021): The effects on COVID-19 on Hungarian businesses, p.3: https://ifka.hu/medias/970/akoronavirus-jarvanyhatasaamagyarvallalkozasokra.pdf Official government website about COVID-19 news. Released on 04/12/2021: https://koronavirus.gov.hu/ Hungarian Central Statistical Office: 4% is the Hungarian unemployment rate. Released on 28/07/2021: https://www.ksh.hu/docs/hun/xftp/gyor/mun/mun2106.html
According to the IFKA's research, SME's biggest obstacle is the decline in sales and the consequent decrease in their revenues. Based on data provided by the Hungarian Central Statistical Office, from approximately 315,000 SMEs (which are covered by VAT) 180,000 SMEs experienced a decline in their revenues in 2020. The average rate of decline was only 3%.	Evolution - Renewable Business Program - IFKA Public Benefit Non-profit Ltd. - Mathias Corvinus Collegium - Business Research Workshop (2021): The effects on COVID-19 on Hungarian businesses, p.3: https://ifka.hu/medias/970/akoronavirus-jarvanyhatasaamagyarvallalkozasokra.pdf
However, there are large differences among sectors: the largest decline in revenues could be observed in activities related to travel, entertainment, culture and sports, as well as personal contact services, car wholesale, retail and electronics-focused manufacturing. Approximately 30,000 SMEs experienced a decrease of more than 20% in their revenues.	Evolution - Renewable Business Program - IFKA Public Benefit Non-profit Ltd. - Mathias Corvinus Collegium - Business Research Workshop (2021): The effects on COVID-19 on Hungarian businesses, p.13: https://ifka.hu/medias/970/akoronavirus-jarvanyhatasaamagyarvallalkozasokra.pdf
According to the Hungarian Chamber of Commerce and Industry's survey, SMEs' average capacity usage decreased because of COVID-19. This was from 77% in Q1 2020 to 70% in Q2 2021. Based on estimations in Q2 2021, almost one third of Hungarian companies were worse off than in Q2 2020. However, 57% of them have already reached their pre-COVID-19 performance.	Hungarian Chamber of Commerce and Industry: Monthly Economic Bulletin, 07/2021, p.3: https://www.bkmkik.hu/attachments/article/492/6/GHT_2021_julius_210813.pdf
COVID-19 also affected the relevance of factors that hinder the business activities of Hungarian SMEs. Consumers' low demand has been in first place since Q1 2020, replacing labour shortage. Other important hindering factors are disruption	Hungarian Chamber of Commerce and Industry: Monthly Economic Bulletin, 07/2021, p.2: https://www.bkmkik.hu/attachments/article/492/6/GHT_2021_julius_210813.pdf

of supply chains, cost of labour, exchange rates and energy prices.	
NATIONAL RECOVERY AND RESILIENCE PLAN  NATIONAL RECOVERY AND RESILIENCE PLAN	
The Hungarian Recovery and Resilience Plan (RRP), published in May 2021, allocates a budget of HUF 2,511 billion (€7.2 billion) to face the social and economic challenges caused by COVID-19 in line with Hungary's and the EU's development and investment goals. The RRP supports the sectors that are the most affected by COVID-19 (health and education systems) and can contribute to Hungary's long-term economic growth (digitalisation, sustainability, green transition, circular economy).	Official website of the call for proposals: Hungary's Recovery and Resilience Plan 2021, 05/2021, page 7-9: https://www.palyazat.gov.hu/helyreallitasi-es-ellenallokepessegi-eszkoz-rrf
The RRP has not been accepted by the European Commission. To be accepted, it is necessary for Hungary to fulfil the conditions set out in the European Commission's country-specific recommendations in 2019 and 2020, such as implementing substantial reforms to protect EU funds and the rule of law.	Portfolio.hu news: The acceptance of Hungarian recovery plan by Brussels is postponed. Released on 21/10/2021. https://www.portfolio.hu/unios-forrasok/20211020/kiderult-a-jovo-kodebe-vesz-a-magyar-helyreallitasi-terv-brusszeli-elfogadasa-506262
Until then, the Hungarian government pre-finances the projects, which threatens the 2021 deficit target and the enforcement of the public debt rule (set in the Basic Law of Hungary).	Analysis of Financial Review: Hungary's Recovery and Resilience Plan. Released in 10/2021, p.11-12: https://www.penzugyiszemle.hu/upload/2021/10/1010/Helyzet%C3%A9rt%C3%A9kel%C3%A9s_Helyre%C3%A1ll%C3%ADt%C3%A1si_Terv_211007.docx
NATIONAL INDUSTRIAL ECOSYSTEMS*  NATIONAL INDUSTRIAL ECOSYSTEMS	
Hungary quickly recovered from COVID-19 by Q2 2021. In Q2 2021, the volume of GDP exceeded not only the extremely low base a year earlier (by 18%), but also the level of Q2 2019 by 2.2%. In Q1 2021, the Hungarian economy expanded significantly by 7.6% compared to the same period of the previous year.	Hungarian Central Statistical Office: Hungary, Q1-Q2 2021. Released on 21/10/2021, p.3: https://www.ksh.hu/apps/shop.kiadvany?p_kiadvany_id=1066260&p_lang=HU
The engine of growth in Q1 2021 was mainly manufacturing, its gross value added increasing by 19% compared to the same period of the previous year. Besides manufacturing, amongst the top performing sectors in Q1 2021 were construction (+9,6%), ICT (+8,8%), wholesale and retail (+8,8%) and health care, social care (+7,9%). Other sectors that are seeing one-digit growth include business services (+5%), financial services (+3,5%) and agriculture (+1.7%). The hotel and restaurant sector continues to be the most at-risk sector, its gross value added decreased only in Q1 2021, by 6% compared to Q1 2020.	Hungarian Central Statistical Office: Hungary, Q1-Q2 2021. Released on 21/10/2021, p.4,5: https://www.ksh.hu/apps/shop.kiadvany?p_kiadvany_id=1066260&p_lang=HU
In Q2 2021, the corporate investments of medium-sized enterprises started to grow again by 13% in volume. This is mainly due to restarting postponed investments in manufacturing, car industry and food industry.	Hungarian Central Statistical Office: Hungary, Q1-Q2 2021. Released on 21/10/2021, p.6-7: https://www.ksh.hu/apps/shop.kiadvany?p_kiadvany_id=1066260&p_lang=HU
Hungary has implemented the Future Hungarian Multinationals program to support SMEs with high performance and significant growth	The Government's official website for calls for proposals: Future Hungarian Multinationals . Released on 30/08/2021:

<p>potential in the acquisition of new assets for technological development, in carrying out experimental development or infrastructural and real estate investments, in the usage of consulting and training services, in application of manufacturing know-how and renewable energy technologies and in enhancing foreign market entry, IT development. By the end of 2021, more than 200 companies have indicated their intention to participate in the program by applying for pre-qualification. 76 development plans have been approved from the more than 200 applications. Total budget of the programme is HUF 100 billion.</p>	<p>https://www.palyazat.gov.hu/ginop-plusz-112-21</p>
<p>OTHER RELEVANT TOPICS</p>	
<p>The first six months of 2021 have seen an 18% increase in company insolvency proceedings compared to the same period of the previous year. The increase is expected to reach 20% (5,151 in total) for 2021. These data are below the 2019 data for the same time periods. The reasons for this are the faster-than-expected recovery of the global economy, investment-enhancing policies, and the faster normalization due to vaccination.</p>	<p>Piac & Profit news: The number of liquidation and bankruptcy proceedings has started to rise. Released on 22/10/2021: https://piacesprofit.hu/kkv_cegblog/emelkedesnek-indult-a-felszamolasi-es-csodeljarasok-szama/</p>
<p>The total value of public procurement procedures conducted in the first nine months of 2021 increased by one-fifth to nearly HUF 2.5 trillion (€6.86 billion) compared to the same period in 2020. Thus, in terms of the volume of the public procurement market, it has almost completely returned to pre-COVID-19 levels. It is a positive development that competition has gradually increased over the past two years: this year, an average of seven bids have been received for each tender, while in the first three quarters of 2019, an average of 5.2 bids were received for each procurement procedure. SMEs continue to stock up: 86 out of every 100 successful public procurement procedures were won by small and medium-sized enterprises.</p>	<p>Public Procurement Authority (2021): Quick Report - Hungarian public procurement in numbers, Q3 2021, p.9 and p.15. https://kozbeszerzes.hu/data/filer_public/f5/17/f517fa98-7a5b-498c-be03-31d70fee663a/gyorsjelentes-2021iinegyedev_1102.pdf</p>
<p>According to the Doing Business report 2020, Hungary scored 9 (out of 12) in terms of the strength of legal rights index, compared with the EU average of 5.63.</p>	<p>World Bank Doing Business Report, 2020: https://www.worldbank.org/en/programs/business-enabling-environment/doing-business-legacy</p>

* "National industrial ecosystems" refer to the national aspects of the industrial ecosystems as defined by the EC. <https://op.europa.eu/en/publication-detail/-/publication/6355326c-ae95-11eb-9767-01aa75ed71a1/language-en>