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# U.S. Country Commercial Guides



Hungary  
2018

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## Market Challenges

Hungary's business climate makes it an increasingly difficult place to conduct commerce. The country dropped from 42<sup>nd</sup> to 48<sup>th</sup> place among 190 economies in the World Bank's latest Ease of Doing Business ranking (behind Poland, the Czech Republic, and Slovakia).

- Since early 2016, multinationals have identified shortages of qualified labor, both white and blue collar, as the largest obstacle to investment in Hungary.
- During recent years, the government has introduced several new taxes which mostly hit the banking, energy, retail and telecommunications sectors. In certain industries, such as media and retail, these unpredictable, sector-specific tax and regulatory policies have favored national and government-linked companies.
- In addition, Hungary's rate of value-added tax (VAT) for most products and services is 27%, the highest in the EU.
- Persistent corruption and cronyism continue to plague the public sector. Hungary saw a ten-point decrease in Transparency International's (TI) Corruption Perceptions Index over the last six years moving from 55 in 2012 to 45 in 2017. In 2016, the government of Hungary withdrew from the Open Government Partnership (OGP), a transparency-focused international organization, after refusing to address the organization's concerns about transparency and good governance.
- EU funding is a large driver of Hungarian GDP growth. Current draft budget proposals for the next tranche of long-term EU funding show that Hungary may lose as much as 24% of its cohesion funds, which would seriously impact economic activity.
- After April 2018's national election, Prime Minister Victor Orban's ruling Fidesz party retained its leadership and is currently outlining its priorities. While it is anticipated these will focus on facilitating foreign direct investment and a further lowering of taxes, it remains to be seen what will happen with public sector activity.

## Market Overview

Hungary, located in Central Europe with a population of nearly 10 million people, successfully transitioned from a centrally planned economy to a market-based one after the fall of communism in 1989. It is a member of the OECD (1996), NATO (1999), the European Union (2004), and the Schengen Zone (2007). Per capita income is two-thirds that of the EU-28 average and total GDP in 2017 was \$138.9 billion. Hungary boasts a strategic location in Europe, access to EU markets, a highly skilled and educated work-force, and a sound infrastructure which have led companies such as GE, Arconic, Blackrock, UPS, Coca-Cola, National Instruments, Microsoft, IBM and many others to locate manufacturing and services facilities in the country. According to Uniworld, there are more than 400 wholly-owned U.S. companies in the country while Hungarian government statistics indicate U.S. affiliates employ approximately 100,000 Hungarians. This makes the U.S. the second-largest investor in Hungary after Germany, in terms of employment numbers.

Foreign direct investment (FDI) in Hungary has helped modernize industries, create jobs, boost exports, and spur economic growth. Hungary's cumulative FDI stock since 1989 totals more than \$80 billion and is centered around key sectors such as automotive, IT, electronics, logistics, food processing, and more recently Shared Service Center operations. In order to stimulate additional foreign investment, at the start of 2017 the government lowered the corporate tax from 19% to 9%, the lowest in the European Union.

According to U.S. Department of Commerce data, U.S. merchandise exports to Hungary in 2017 totaled \$1.9 billion, a slight increase compared to 2016 and 2015. Exports were led by machinery, electric machinery, vehicles, electronics, IT equipment, automotive components, industrial engines, and other manufacturing technologies and supplies. (For an overview of the key industries for U.S. exports, please see Chapter 4, Leading Sectors for U.S. Export and Investment). Hungary boasts a significant trade surplus driven by its primary trading partners within the EU (particularly Germany).

Hungary's GDP annual growth rate was 3.9% in 2017 and is forecast at 4% for 2018 according to the European Commission. However, analysts believe that European Union structural funds skew

forecasting and that this is not an accurate reflection of economic activity. The unemployment rate decreased significantly from 10.2% in 2013 to 3.8% at the beginning of 2018. Some of this improvement, however, is due to unemployment benefit reforms that require public aid recipients to participate in a 'public works' program that the government counts as employment in its official statistics.

## **Market Opportunities**

Hungary maintains an open economy and its high-quality infrastructure and central location are features that make it an attractive destination for investment. Despite the many challenges that accompany the local business environment, Hungary remains an attractive market for U.S. investment and exports. Top reasons for doing business in Hungary include:

- One of the fastest growing economies in the European Union
- Central location, considered to be the gateway to Central/Southeast Europe
- Well-educated and trained workforce
- Supply chain opportunities in automotive and electronics industries
- Government emphasis on innovation and knowledge-based technologies

EU funding through 2020 has driven Hungarian growth as it has been used for more than 60,000 projects to improve telecommunications, energy and highway infrastructure. As part of the National Development Plan (2014 - 2020), Hungary allocated approximately \$33 billion to projects ranging from tourism and infrastructure development to healthcare and environment protection. However, the EU will tighten rules on which development projects are eligible for EU funding thereby creating a demand on Hungary's national budget.

## **Market Entry Strategy**

The U.S. Government, through the U.S. Embassy in Budapest and the Departments of Commerce, State, and Agriculture, stands ready to support U.S. firms, whether entering the market or already doing business in Hungary. The U.S. Embassy promotes a sound Hungarian business environment and advocates on behalf of U.S. companies bidding on major Hungarian Government tenders or facing business problems due to government policies. Specifically, the staff at the Embassy's Commercial Section help U.S. firms to access the Hungarian market and solve commercial problems through counseling, market research and cost-effective service programs.

To conduct a more thorough search for reports on specific industries and sectors within EU member states please consult the U.S. Department of Commerce's Market Research Library: <https://www.export.gov/industries>

## **Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the links below:

<https://www.cia.gov/library/publications/the-world-factbook/geos/hu.html>

<http://www.state.gov/r/pa/ei/bgn/26566.htm>

## **Selling U.S. Products and Services**

- [Using an Agent or Distributor](#)
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### **Using an Agent or Distributor**

Local agents or distributors are recommended in those instances when establishing a direct sales or production subsidiary in Hungary is not feasible or financially not justified. In selecting a representative, U.S. companies should consider their ability to: cover the entire Hungarian market, manage price-setting, oversee sales channels, conduct advertising and marketing, manage operational expenses, and offer after-sales service. U.S. companies must ensure their agreements with local representatives comply with both local and EU laws and regulations.

Companies both from overseas and from other parts of Europe often maintain control of operations in Hungary through partially- or wholly-owned subsidiaries. Hungary also has many experienced and capable independent distributors. The Hungarian representation offices are typically small- to medium-size (5 to 49 employees) and follow international business trends, i.e. they communicate with clients through e-mails and websites (increasingly in English) rather than brochures.

Distributors in Hungary can provide strategic support in positioning brands for the local market through advertising and promotional campaigns. Given their familiarity with local culture and business customs, distributors can also assist with after-sales service, which helps the U.S. firm's image. Citing heavy trading competition and Hungary's relatively small market, many distributors will negotiate for exclusivity, but U.S. firms can successfully insist on conditions for exclusivity or other concessions. Major European trade fairs, specifically those in Germany, U.K., France and the Netherlands, are well attended by Hungarian trading companies, and can be good places to look for distributors.

Hungarian SMEs often prefer the role of distributor for foreign firms, while private entrepreneurs prefer to act as agents on behalf of their international partners and do not take the ownership of goods or assume financial risk. Agents in Hungary generally work on a commission basis but rates vary by industry, agents in Hungary typically earn a 5-7% sales commission depending on the value and nature of the product. Stocking distributors expect higher margins. The use of agents is more common in sectors where capital and technical expertise is paramount, such as machining, automation, tooling, and heavy industry.

It is recommended that U.S. companies meet personally with prospective agents to ensure that they understand all legal obligations before signing an agreement. Note that a legally binding document can be in English or Hungarian, but in the event of commercial or tax dispute, an authenticated Hungarian version is the governing document.

Companies should also contact the Hungarian Investment Promotion Agency – <http://www.hipa.hu> and the Hungarian National Trade House - <http://www.tradehouse.hu/en>. HIPA has the authority to enhance foreign direct investments into Hungary, while the Trade House strives to seek out new markets and opportunities for Hungarian enterprises and supports Hungarian SMEs with business development services such as export promotions abroad.

Through its various customized services the pre-screen and qualify potential, the U.S. Commercial Service at the U.S. Embassy in Budapest (<http://www.export.gov/hungary>) can provide a head start to firms seeking a distributor or agent in Hungary.

#### EU REGULATIONS:

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with EU and member state national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. The Directive establishes the rights and obligations of the principal and its agents, the agent's remuneration and the conclusion and termination of an agency contract. It also establishes the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that according to the Directive, parties may not derogate from certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of "vertical agreements." U.S. small- and medium-sized companies (SMEs) are exempt from these regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of impacting competition at the EU level but useful for cooperation between SMEs. Companies with fewer than 250 employees and an annual turnover of less than EUR 50 million are considered small- and medium-sized. The EU has additionally indicated that agreements that affect less than 10% of a particular market are generally exempted (Commission Notice 2001/C 368/07).

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2001:368:0013:0015:EN:PDF>

The EU also wants to combat payment delays. Directive 2011/7/EU covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. Directive 2011/7/EU entitles a seller who does not receive payment for goods and/or services within 30 days of the payment deadline to collect interest (at a rate of 8% above the European Central Bank rate) as well as 40 Euro as compensation for recovery of costs. For business-to-business transactions a

60-day period may be negotiated subject to conditions. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:048:0001:0010:EN:PDF>

Companies' agents and distributors can take advantage of the European Ombudsman when victims of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights. In addition, SOLVIT, a network of national centers, offers online assistance to citizens and businesses who encounter problems with transactions within the borders of the single market.

<http://www.ombudsman.europa.eu/home/en/default.htm>  
[http://ec.europa.eu/solvit/site/about/index\\_en.htm](http://ec.europa.eu/solvit/site/about/index_en.htm)

### **Data Privacy and Protection**

The EU's General Data Protection Regulation (GDPR) spells out strict rules that they are collecting data, what they intend to use it for, and to whom it will be disclosed. Data subjects must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available at the time of collection and at any point thereafter.

GDPR went into effect on May 25, 2018 creating significant worry and concern amongst economic operators of all sizes. The GDPR lays out responsibilities for organizations to ensure the privacy and protection of personal data, provides data subjects with certain rights, and assigns powers to regulators to ask for demonstrations of accountability or even impose fines in cases where an organization is not complying with GDPR requirements.

For more information:

<https://www.export.gov/article?id=European-Union-Data-Privatization-and-Protection>

### **Franchising**

Currently, there are approximately 400 franchise operations in Hungary, half of which are foreign-owned. The U.S. hamburger chain McDonald's can be considered the "king" of fast-food franchisors in Hungary and Central Europe, as it has pursued a very successful transnational strategy, and has almost 100 stores in the country. Others that have found success in the Hungarian market include Kentucky Fried Chicken, Burger King, Starbucks (AmRest), Curves, Hertz, Avis, Budget, Subway and Re/Max.

There have also been some franchising exits from the Hungarian market, due to different tastes and practices. Dunkin' Donuts, Dairy Queen, Wendy's and New York Bagel are examples of U.S. companies with a short-lived presence in Hungary. Relatively high interest rates, inflexibility of the franchise concept and limited access to capital force successful franchisors to modify the typical American model to succeed in Hungary. McDonald's, the most successful and popular fast food franchisor in Hungary, uses multiple franchising techniques, often acting as a real estate developer, purchasing land and buildings and assigning a partner to run and manage its restaurants based on local consumers' expectations, needs and tastes. Another franchising technique frequently used involves the purchase of a master franchise by a company or group of private investors, who then own and operate most of the outlets. This is the model used by Burger King and Kentucky Fried Chicken.

According to industry experts, adopting local characteristics, selling sub-franchises, providing financing, setting lower master franchise fees and/or using foreign master franchisees are keys to success in the Hungarian market. Franchising is still relatively underdeveloped in certain segments such as home healthcare, elderly care and automotive services, compared to American or Western European standards. As a proportion of the retail sector, Hungary lags considerably behind the United States, Japan, and the rest of the EU. Relatively inefficient delivery of goods and services and a developing middle class suggest that there are significant, growing opportunities in franchising.

There is no specific Franchise Law in Hungary, however with the adaptation of the new Civil Code, a set of special legal regulations for franchises came into existence, in line with European norms. The same regulations and policies apply to set up a franchise or to establish a company. Membership in the Hungarian Franchise Association is recommended but not obligatory. U.S. businesses attempting to franchise within the European Union will likely find that the market is quite robust and friendly to franchise systems in general. There are numerous laws and regulations that govern the operation of franchises within the EU, but these laws are fairly broad and generally do not constrain the competitive position of U.S. businesses. The potential franchiser should take care to look not only at the EU regulations, but also at the local laws impacting franchising. More information on specific legislation is on the website of the European Franchise Federation: <http://www.eff-franchise.com/77/regulation.html>

## **Direct Marketing**

Direct marketing is an accepted business practice in Hungary, as in other EU countries. The Association of Direct Selling (DSA) - <http://www.dsa.hu>, promotes direct selling and works to protect consumer interests in Hungary. DSA Hungary operates in line with the European Codes of Conduct, a set of guidelines aimed at ensuring the satisfaction and protection of consumers, promoting fair competition in the framework of free enterprise, and enhancing the public image of direct selling. The group's Code states that DSA members must allow consumers eight days to get reimbursed should they change their mind about a purchase. DSA is a member of the Federation of European Direct Selling Associations and the World Federation of Direct Selling Associations. The members of DSA Hungary include Amway, Avon, Flavon Group, Neolife, Herbalife, Sunrider, Nu Skin, Oriflame, Tiens and Zepter.

While associations such as DSA undertake their own efforts to protect consumers, Hungary also has a consumer protection law (Act CLV of 1997) and a General Inspectorate for Consumer Protection (<http://fogyasztovedelem.kormany.hu/en>). According to law, consumers must be properly informed about prices, quality, instructions for the use of goods and any hazards associated with such use, and delivery and packaging costs at the site of the sale. If these regulations are violated, the consumer may seek legal redress against the manufacturer, distributor, or direct marketer. Customers generally have the right to return goods without explanation within seven calendar days and have the right to a full refund or appropriate exchange within 30 days, where provided for by contract. Promotional literature or mailings may not contain deceptive or misleading product descriptions, claims or illustrations and must include the name and address or telephone number of the company. E-mail sales efforts should be clearly identifiable to the consumer when received, and recipients can opt-out of future solicitations. When an order is placed, the service provider must quickly acknowledge receipt via email. The law does not cover the sale of goods at markets, fairs, and other public places.

Direct marketing agents may not visit potential customers at their homes after 7:00 pm and before 9:00 am without prior notification and consent. The agent must prove identity by presenting a delegation authority or ID card.

## **EU Regulations:**

There is a wide-range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus on the clarity and completeness of the information they provide to consumers prior to purchase and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance-selling and on-line commerce.

Consumer Affairs Homepage:

[http://ec.europa.eu/consumers/index\\_en.htm](http://ec.europa.eu/consumers/index_en.htm)

Consumer Rights:

[http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index\\_en.htm](http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index_en.htm)

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

[http://ec.europa.eu/internal\\_market/e-commerce/index\\_en.htm](http://ec.europa.eu/internal_market/e-commerce/index_en.htm)

## **Processing Customer Data**

The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please see the privacy section above.

## **Distance Selling Rules**

The EU's Directive on Distance Selling to Consumers (97/7/EC and amendments) sets out obligations for companies doing business over a distance with consumers. It can read like a set of onerous "do's" and "don'ts," but in many ways, it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs, and the period for which an offer remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Selling Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.

In 2011, the EU overhauled its consumer protection legislation and merged several existing rules into a single rulebook - "the Consumer Rights Directive". The provisions of this Directive apply to contracts concluded after June 13, 2014 and replaced previous EU rules on distance selling to consumers and doorstep selling along with unfair contract terms and consumer goods and associated guarantees. The Directive contains provisions on core information to be provided by traders prior to the conclusion of consumer contracts. It also regulates the right of withdrawal, includes rules on the costs for the use of means of payment and bans pre-ticked boxes. Companies are advised to consult the relevant sections of EU member states' Country Commercial Guides or to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

In 2013, the EU adopted rules on Alternative Dispute Resolution which provide consumers the right to turn to quality alternative dispute resolution entities for all types of contractual disputes including purchases made online or offline, domestically or across borders. A specific Online Dispute Resolution Regulation will set up an EU-wide online platform to handle consumer disputes that arise from online transactions. An EU-wide Online Dispute Resolution platform was set up to handle consumer disputes that may arise from online transactions.

[http://ec.europa.eu/consumers/solving\\_consumer\\_disputes/non-judicial\\_redress/adr-odr/index\\_en.htm](http://ec.europa.eu/consumers/solving_consumer_disputes/non-judicial_redress/adr-odr/index_en.htm)

Consumer Affairs Homepage:

[http://ec.europa.eu/consumers/index\\_en.htm](http://ec.europa.eu/consumers/index_en.htm)

Consumer Rights:

[http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index\\_en.htm](http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index_en.htm)

## **Distance Selling of Financial Services**

Financial services are the subject of a separate directive that came into force in June 2002 (2002/65/EC). This piece of legislation amended three prior existing Directives and is designed to ensure that consumers are appropriately protected with respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

## **Joint Ventures/Licensing**

Joint Ventures: In Hungary, the term “joint venture” commonly refers to any type of business association or company established under Hungarian law that is partially or wholly foreign-owned. It is important to note that a “joint enterprise” under the Company Act is an entirely different entity.

Hungary’s Foreign Investment Act of 1988, which applies to joint ventures, protects foreign investment, provides national treatment, and enables profit repatriation. For more information about joint ventures, visit the website of the Hungarian Joint Venture Association at <https://www.jointventure.hu/en>

Licensing: Paragraphs 27 through 30 in Section III of the Patent Act (No. XXXIII of 1995) govern license agreements relating to patents, designs, and utility models. Agreements on trademarks are governed by paragraphs 23-26 in Section IV of the Trademark Act (No. XI of 1997). Patent attorneys who can draft license agreements and take steps to record a license in the register of the Hungarian Patent Office can be found at the Hungarian Bar Association: <http://www.magyarugyvedikamara.hu/tart/index/130/1>.

EU Regulations: <https://www.export.gov/article?id=European-Union-Joint-Ventures>

## **Selling to Government**

Hungary’s Public Procurement Act CXLIII was passed in 2015. The law regulates only the various forms of procurement however, the national thresholds are always contained in the actual Budget Law. In case of a general, simplified procurement the national threshold for procurement of goods remains at HUF 8 million (Hungarian Forints), which amounts to approximately \$29,000. For construction, the threshold is HUF 15 million (\$55,000), and for services, HUF 8 million (\$29,000). The national threshold for construction concessions amounts to HUF 100 million (\$368,000) and HUF 25 million (\$92,000) for services concessions.

In case of special simplified public procurement, the national threshold is HUF 50 million (\$184,000) for procurement of goods and services, and HUF 100 million (\$368,000) for construction investments.

The EU thresholds require open tenders (published in TED – Tenders Electronic Daily) for purchases of goods and services (except in R&D and telecom) exceeding EUR 130,000 (about \$152,913) when procured by Hungary’s Ministries, the Prime Minister’s Office, or the Centralized Public Procurement Agency (CPPA). For all other central or local government institutions, the open tender threshold for goods and services is EUR 200,000 (about \$235,251). For construction and construction concessions, the threshold is EUR 5,000,000 (approx. \$5,881,280) regardless of which public entity.

Hungary's CPPA serves more than 1,000 institutions that receive financing from the Hungarian central budget. The CPA generally requires procuring agencies to select from a centralized list of specific products and vendors. Tender announcements and decisions by Hungary's Commission of Arbitrators are published weekly in the Kozbeszerzesi Ertesito (Public Procurement Gazette) at <http://www.kozbeszerzes.gov.hu> (Hungarian only). The Law on Public Procurement and related regulations, as well as Hungary's list of certified suppliers for public procurement projects, can be found at this Hungarian language website.

<https://www.export.gov/article?id=European-union-Selling-to-the-Government>

## **Distribution and Sales Channels**

Not only Budapest and its suburbs have become a preferred location for multinationals to establish headquarters in Central and Southeast Europe, but other locations in the country have multinational companies present as well, including the cities of Debrecen, Győr, Szeged and Szekesfehervar. While Hungary's retail and wholesale distribution operations are improving compared to Western Europe, some weaknesses remain. For example, the trading company structure is relatively undercapitalized, and usually combines both retailing and wholesaling. In 2018, the overall volume of retail trade in Hungary increased 4.3% compared to 2017.

Unlike the countryside, Budapest's retail sector has many prestigious superstores, shopping centers, hypermarkets, and supermarkets. The most successful distribution companies in Hungary are wholly-owned subsidiaries of international chains such as Auchan, Tesco, Lidl, Aldi, DM, Rossmann, OBI, Praktiker, and IKEA just to name a few. The typical distribution channel in Hungary is for importer-wholesalers to service retailers and end-users directly. B2B and B2C are rapidly expanding. Hungarian agents or distributors usually look to and rely on foreign partners to share the marketing and promotion expenses and to provide training and financing. Until recently, small, independent, family-owned shops dominated Hungary's retail sector especially in the less populated parts of the country. Thousands of these shops continue to serve rural populations, posing logistical challenges for distributors and suppliers. However, medium-sized, financially well-established heavy-discount chains are making inroads in Hungary's retail sector with retail units in smaller villages and other settlements. Such chains include Real grocery stores having close to 2,300 shops and CBA with approx. 3,100 outlets nationwide. Discount food chain stores are also present in the market. Lidl has 169 stores nationwide, Aldi 128, Penny Market 213 and Spar/Interspar operates close to 549 stores.

Shopping malls expanded rapidly until 2012, when the "plaza ban" law came into effect, and the shopping mall concept went through changes in 2015. This law requires all retail developments of more than 400 square meters to be personally approved by the Minister of National Economy prior to planning permission is granted. The legislation was purportedly introduced to maintain the stability of the market. However, opinions differ widely, and some view it as a protectionist measure. At the end of 2017, 41 malls operated in Budapest, and another 81 outside of Budapest around the country. The largest malls in Budapest are Allee, Arena, Arkad, Mammut, MOM Park and WestEnd.

Cash is still more dominant in Hungary but the number of retail transactions with bank or debit cards (Visa, Amex and Mastercard) has grown significantly in recent years. The domestic value of debit card usage grew by 26% percent until 2017. Particularly in cities, consumers tend to use bankcards in malls, hyper- and supermarkets, petrol stations, restaurants and paying for accommodation during holidays. Card payments account for roughly 38-40% of retail payments in Hungary, compared with 75-80% of purchases in Western Europe. Hungarian consumers pay by bank cards three times more frequently than by cash, still the value of cash withdrawals is three times as big as that of card payments. All commercial banks in Hungary replaced the magnetic bank cards with the chip-based bank cards and have been offering no-fee cash withdrawals twice a month to their clients since 2015.

Checks are not used at all. A wide and reliable network of automatic teller machines (ATMs) operates throughout Hungary. The use of these ATMs has also been favored by Hungarian consumers.

### **Selling Factors/Techniques**

Success in the Hungarian market is difficult without an in-country representative, agent, or distributor. While marketing tools serve to introduce a product or service, personal visits carry much more weight in Hungary. English, German and French are often spoken by younger business managers and are more prevalent in larger firms. U.S. companies in Hungary are still advised to have their brochures and information professionally translated and to have a translator on the spot during business meetings if needed.

U.S. companies should also be aware that access to capital is limited for many Hungarian firms. The inflation rate was 0.4% in Hungary in 2016 followed by 2.4% in 2017 and preliminary analysis predict a 3% inflation rate for 2018. The annual growth rate of total corporate loans grew above 10% in 2018.

These two factors usually benefit foreign firms. However, the Hungarian National Bank's Funding for Growth Scheme (NHP) with an interest rate capped at 2% has benefited several local firms, despite that some of the lending was initially put into bank deposits or were used to purchase government bonds taking advantage of the arbitrage opportunity.

Most Hungarian companies and their customers cannot easily finance purchases locally. They are too small to offer stock or issue commercial paper. As a result, business, including paying for imports, largely depends on self-financing.

U.S. companies can mitigate financing risks and better compete with EU firms by directing their Hungarian customers to services like those of the U.S. Export-Import Bank.

Because business in Hungary is based upon personal relationships and trust, U.S. exporters are encouraged to visit potential Hungarian customers when presenting a proposal and discuss all conditions of future dealings. Face-to-face meetings are essential to successful long-term business cooperation in Hungary. The U.S. Commercial Service Budapest, through its Gold Key Service and International Partner Search Service, can determine the export market potential in Hungary before U.S. firms commit resources.

### **eCommerce**

Citing the boost e-commerce could give Hungary's productivity and innovation, the Hungarian government continues to place a high priority on advancing this sector. E-commerce had a slow start in Hungary but has been booming in the recent years. The most developed segment is E-banking.

E-commerce in Hungary had an EUR 1.7 billion total turnover in 2017 representing 6.2% of the total retail trade. Online retail and web-shop concepts have been growing steadily since 2010. According to Eurostat data, around 39% of Hungarians shopped online in 2017, a figure which remains well below EU average of 57%. Products purchased most frequently online include books, coupons, IT and electronic gadgets, insurance services, e-tickets, and holiday reservations. More than 70% of orders included home delivery, and most Hungarian online shoppers prefer cash payment upon delivery. Both males and females use online retailing equally. Most e-commerce revenue, nearly 40%, is generated in the last two months of the year before the holidays (Black Friday and Christmas).

In addition, the average value of the online shopping cart is higher than that of traditional purchases. The average cart size increased from HUF 7,500 (\$27) to HUF 11,600 (\$42) during the last five years. Online customers are more inclined to spend a bigger sum at one go. In 2017, there were roughly 12,800 web shops registered in Hungary which is only 1.6 % of the total number of online stores in Europe (Source: <http://ecommercenews.eu/800000-online-stores-europe>).

According to GKI Digital, the best e-retailers in Hungary include: Extreme Digital, eMAG, Aqua, Mall, Media Markt, Tesco online webshop and Libri-Bookline. The largest e-retailers had a total turnover of HUF 360 billion sales in 2017.

EU REGULATIONS:

<https://www.export.gov/article?id=European-union-ECommerce>

### **Trade Promotion and Advertising**

Advertising and marketing support is critical for business success in Hungary. Exhibiting in and attending trade and scientific events and seminars, both international and local, can help U.S. companies reach their target clientele. Distributors in Hungary often advertise in trade journals and professional industry-focused newspapers and chamber printed or online magazines to reach their target market and audience. Trade associations offer high quality publicity among their members and low-cost web advertising on the association's website. Specialized, sector-specific trade shows have become increasingly common, popular and well-attended in Hungary.

Television remains the most important and influential medium for advertising, followed by print, radio and internet media. Internet advertising has been growing dynamically, while outdoor (billboard) advertising continues to stagnate. The biggest spenders are food and personal care products retailers, followed by pharmaceuticals and financial service companies. In line with international trends, promotions and point of sale activities have gained importance.

The legal framework for advertising is laid down in the XLVIII Advertising Law 2008.

[http://www.gvh.hu/en/data/cms998604/jogihatter\\_jogszab\\_gyujt\\_Grtv\\_2008\\_m%C3%B3d\\_09\\_4\\_jav.pdf](http://www.gvh.hu/en/data/cms998604/jogihatter_jogszab_gyujt_Grtv_2008_m%C3%B3d_09_4_jav.pdf)

EU REGULATIONS:

<https://www.export.gov/article?id=European-union-Trade-Promotion-and-Advertising>

### **Pricing**

Hungarian businesses tend to be price conscious. Success for U.S. exporters requires a flexible pricing strategy, by working with Hungarian representatives to keep import costs low. With Hungary's accession to the European Union in 2004, Hungary adopted the EU's common external tariff (CET) rates. Tariff assessment and all other customs procedures take place at the first port of entry into the EU.

Hungary's Value Added Tax (VAT) sharply increases the price of U.S. exports for Hungarian consumers. The Value-Added Tax (consumption tax) is 27% on most products and services. There is a reduced 5% VAT on certain meat products such as pork and dairy products.

The rate of inflation was 0.4% in 2016, followed by 2.4% in 2017. Fluctuations in the exchange rate of the Hungarian Forint to other currencies make planning very difficult. Much of the population was indebted in foreign currencies (mainly Euro and Swiss Franc), [http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_zrh001b.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_zrh001b.html) so the weakening of the forint also significantly raised the burden of debtors including households, the business sector, as well as the

government. The government's effort to boost exports by weakening the forint seems to have stabilized expectations in the future.

Foreign companies operating in price-regulated sectors, such as telecom, energy, pharmaceuticals and retail suffered decreased margins due to sector taxes and other austerity measures and government delays over the past few years.

After joining the EU, the numerous EU-oriented reforms have removed price controls on most utilities. By the early 2000s, the Hungarian government has largely deregulated utilities and have brought up, or at least come closer, to EU pricing levels for electricity, gas and wastewater prices, which resulted in a significant price increase both for households and businesses. However, as of January 2013, the Government of Hungary introduced a 10% decrease in retail utility prices to consumers for electricity and gas heating and another 10% retail price decrease in July 2013 on water and sewage services as part of the country's public utility rate cut program and that of protecting arable land in the country. Most utilities were re-nationalized including electricity, gas and water to provide favorable rates to consumers. In other sectors such as telecommunications, cable or digital TV services, and internet services, stiff competition continues.

Transparency International (TI) and other anti-corruption watchdogs have highlighted EU-funded development projects as one of the largest sources of corruption in Hungary. A TI study found indices of corruption and overpricing in up to 90 % of EU-funded projects. A 2016 study by CRCB based on public procurement data from 2009-2015 revealed that the massive influx of EU funds reduced competition and increased levels of corruption risk and overpricing in public procurements. According to the study, EU-funded tenders perform poorly in regard with corruption risks, competitive intensity, and transparency, compared with Hungarian-funded tenders. Besides their positive impact on GDP growth and development, EU funds in Hungary contribute to the system of political favoritism and fuel crony capitalism, the study concluded.

<https://www.export.gov/article?id=European-Union-Pricing>

### **Sales Service and Customer Support**

As a key component of a customer's experience, after-sales service and customer support should be a strong consideration for U.S. firms doing business in Hungary. Potential customers in Hungary may choose an EU or domestically-produced product due to concerns about the time it takes to replace or repair items that must be shipped between Hungary and the United States. As such, U.S. firms should consider stocking replacement parts or establishing servicing arrangements in the region.

Hungary is required to transpose EU directives listed below in accordance with its Treaty of Accession. However, Hungarian law is often more encompassing than the regulations of the directive. The consumer can abrogate the contract because of unfair contract terms even if they were negotiated before the conclusion of the contract.

EU REGULATIONS:

<https://www.export.gov/article?id=European-union-Sales-Service>

### **Protecting Intellectual Property**

In 2003, Hungary acceded to the European Patent Convention and has amended the Hungarian Patent Act accordingly. Act CII of 2003 modified the Hungarian Copyright Act and the Hungarian Design Act to bring them in line with the relevant EU legislation. The Hungarian Patent Office implemented the EU

Copyright/"Information Society" Directive. Hungary implemented Council Regulation 1383/2003, concerning customs action against goods suspected of infringing certain intellectual property rights. Further, a government decree established a customs task to accept claims from producers whose trademarks or copyrights were infringed.

Hungary is also a party to the WTO Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement and most other major international IPR (intellectual property rights) agreements, including the most recent World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Performance and Phonograms Treaty.

Hungary's National Board against Counterfeiting and Piracy established in January 2008, has promoted collaboration on IPR issues between the Government and the private sector, and issued a two-year IPR strategy to combat counterfeiting and piracy. The United States urges Hungary to take concrete steps to implement its IPR strategy and to improve its IPR enforcement regime. Further improvements are needed to ensure that prosecutors follow through with cases against IP infringers, and that 27 judges are encouraged to impose deterrent-level sentences for civil and criminal IP infringement. U.S. copyright industries also report that Internet piracy in Hungary is a major problem and note that the Hungarian Government should provide adequate resources to its law enforcement authorities to combat IPR crime, especially on the Internet.

- National Intellectual Property Right Protection Agency - <http://www.artisjus.hu/english/>
- Hungarian Intellectual Property Office - <http://www.hipo.gov.hu/en>
- Hungarian Trademark Association - <http://www.mve-trademark.hu>
- Hungarian Anti-Counterfeiting Coalition (HENT) <http://www.hamisitasellen.hu/home/>
- Business Software Alliance (BSA) - <http://www.bsa.org>

EU REGULATIONS:

<https://www.export.gov/article?id=European-Union-Data-Privatization-and-Protection>

### **Due Diligence**

The Commercial Service at the U.S. Embassy in Budapest can provide financial and background information reports on local companies via the International Company Profile (ICP). This fee-based service helps U.S. companies evaluate potential business partners based on a detailed report. The U.S. Commercial Service visits the Hungarian company, collects general information and asks specific questions that the U.S. requestor requests. Specialists can also do research for your company through the "Customized Market Research" (CMR) service. More info on ICP and CMR, including prices is available at: <http://www.export.gov/hungary>.

Product safety testing and certification is mandatory for the EU market. U.S. manufacturers and sellers of goods have to perform due diligence in accordance with mandatory EU legislation prior to exporting.

### **Local Professional Services**

Hungary continues to attract world-class professional service firms. The U.S. Commercial Service in Budapest has an on-going relationship with service providers at the following link: <http://www.export.gov/hungary>

Major commercial banks:

CIB Bank: <http://www.cib.hu/>

Citibank Rt. <http://www.citibank.hu>

Erste Bank: <https://www.erstebank.hu/>

K&H Bank: <https://www.kh.hu/bank>  
MKB: <https://www.mkb.hu/>  
OTP Bank Rt. <http://www.otpbank.hu>  
Raiffeisen Bank <https://www.raiffeisen.hu/>  
Unicredit Bank <https://www.unicreditbank.hu/hu/maganszemelyek.html>

Management consulting firms:

BCG: <https://www.bcg.com/en-hu/default.aspx>  
McKinsey & Company: <http://www.mckinsey.com/hungary/overview>  
Morgan Stanley: <http://www.morganstanley.com>  
Accenture Hungary: <http://www.accenture.com/hu-hu/Pages/index.aspx> Hungarian  
Association of Certified Management Consultants: <http://vtmsz.hu/en/about-us/organs-of-the-association/>

Relocation:

Move One: <http://www.moveoneinc.com/country-profiles/hungary/>  
Inter Relocation: <http://www.interrelo.com>

Auditing/Accounting:

Ernst & Young Hungary: <http://www.ey.com/>  
Deloitte: <https://www2.deloitte.com/hu/en.html>  
PriceWaterhouseCoopers <http://www.pwc.com/>  
KPMG: <http://www.kpmg.com/hu/hu/lapok/default.aspx>

Market research firms:

AC Nielsen Hungary: <http://www.acnielsen.hu>  
GfK Hungaria: <http://www.gfk.hu/angol/index.html>

Logistics and industrial parks:

ProLogis Budapest:  
<http://www.prologis.com/en/country/central-and-eastern-europe/about-us/hungary.html>  
Waberer's International Zrt. <http://www.waberers.com>  
Hungarian Logistics Association: <http://mle.hu/>

Largest Internet service providers:

Telekom: <http://www.t-home.hu>  
UPC: <https://www.upc.hu/>  
Telenor: <http://www.telenor.hu>  
Invitel: <http://www.invitel.hu>  
Digi: <http://www.digi.hu>

## **Web Resources**

Hungary website:

<http://www.export.gov/hungary>

EU websites:

Coordination of the laws of the Member States relating to self-employed commercial agents (Council Directive 86/653/EEC): <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

Directive on Late Payment: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:048:0001:0010:EN:PDF>

European Ombudsman: <http://www.ombudsman.europa.eu/home/en/default.htm>

EU's Data Protection Directive (95/46/EC): <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1995:281:0031:0050:EN:PDF>

EU's General Data Protection Regulation (GDPR) (2016/679/EC) : <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32016R0679&from=EN>

Information on contracts for transferring data outside the EU: [http://ec.europa.eu/justice/data-protection/data-collection/data-transfer/index\\_en.htm](http://ec.europa.eu/justice/data-protection/data-collection/data-transfer/index_en.htm)

EU-U.S. Privacy Shield: <https://www.privacyshield.gov/>

Consumer Rights Directive: [http://ec.europa.eu/consumers/consumer\\_rights/rights-contracts/directive/index\\_en.htm](http://ec.europa.eu/consumers/consumer_rights/rights-contracts/directive/index_en.htm)

Distance Selling of Financial Services: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2002:271:0016:0024:EN:PDF>

E-commerce Directive (2000/31/EC): [http://ec.europa.eu/internal\\_market/e-commerce/index\\_en.htm](http://ec.europa.eu/internal_market/e-commerce/index_en.htm)

VAT on Electronic Service: EU VAT Directive 2006/112/EC and its Implementing Regulation 282/2011.

The Unfair Commercial Practices Directive: <http://ec.europa.eu/consumers/rights/>

Nutrition and health claims made on foods - Regulation 1924/2006: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:012:0003:0018:EN:PDF>

Regulation on Food Information to Consumers: [Regulation 1169/2011](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:018:0001:0001:EN:PDF)

[EU-28 Food and Agricultural Import Regulations and Standards: USDA FAIRS Country Report 2016](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:018:0001:0001:EN:PDF)

Health & Nutrition Claims: [http://ec.europa.eu/food/food/labellingnutrition/claims/index\\_en.htm](http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm)

Tobacco: [http://ec.europa.eu/health/tobacco/policy/index\\_en.htm](http://ec.europa.eu/health/tobacco/policy/index_en.htm)

Product Liability: [http://ec.europa.eu/growth/single-market/goods/free-movement-sectors/liability-defective-products/index\\_en.htm](http://ec.europa.eu/growth/single-market/goods/free-movement-sectors/liability-defective-products/index_en.htm)

Product Safety: [http://ec.europa.eu/consumers/consumers\\_safety/product\\_safety\\_legislation/index\\_en.htm](http://ec.europa.eu/consumers/consumers_safety/product_safety_legislation/index_en.htm)

Legal Warranties and After-Sales Service: [http://ec.europa.eu/consumers/consumer\\_rights/rights-contracts/sales-guarantee/index\\_en.htm](http://ec.europa.eu/consumers/consumer_rights/rights-contracts/sales-guarantee/index_en.htm)

Copyright: <https://ec.europa.eu/digital-single-market/en/modernisation-eu-copyright-rules>

European Patent Office (EPO): <http://www.european-patent-office.org/>

EU Intellectual Property Office (EUIPO): <https://euiipo.europa.eu/ohimportal/en/home>

World Intellectual Property Organization (WIPO) Madrid: <http://www.wipo.int/madrid/en>

#### U.S. websites:

IPR Toolkit: <https://www.stopfakes.gov/servlet/servlet.FileDownload?file=015t00000004q81>

EU Public Tenders:

<http://export.gov/europeanunion/marketresearch/eufundingandgovernmentprocurementsectors/index.asp>

Local Professional Services: <http://export.gov/europeanunion/businessserviceproviders/index.asp>

## **Leading Sectors for U.S. Export and Investment**

Medical Technology  
Safety and Security  
Travel and Tourism  
Smart Cities  
Electronics, IT and Cybersecurity  
Franchising

## **Agricultural Sectors**

- Planting Seeds
- Bovine Semen
- Dried Fruits and Nuts (including Peanuts)
- Fish & Seafood
- Beef
- Wine

## Medical Technologies

### Overview

Hungary's market size is comparable with those in Slovakia and Austria. The number of pharma and medtech employees exceeds 48,000 people working for 150 export-driven medical manufacturers and the sector contributes a 4.9% output to Hungarian exports. The country has a solid base for large-scale manufacturing of a range of medical devices and a century of medical technology traditions. However, it is increasingly challenging for domestic production to compete with Western quality and innovative imports. The Hungarian medtech sector can boast a strong academic background, cutting edge research and development in university spin-offs with research areas in medical imaging, electrical and biosensor devices and lab diagnostics.

Through 2017, Hungary's state-run hospitals generated debt of almost \$152 million. Growing hospital debt remains the biggest problem in the country's healthcare system resulting in postponing surgeries and other inevitable treatments. According to GfK Hungaria's 2017 study based on WHO and OECD data, Hungary has been criticized in several fields in healthcare calling for system-wide changes including:

- Lack of planned surgeries available within 90 days,
- Long wait time for treatment with special focus on orthopedics and neuro surgery,
- Under use of diagnostic examinations such as CT or MRI,
- High ratio of death caused by cardiovascular diseases and strokes,
- Frequent staphylococcus occurrence in hospitals, and
- Slow implementation of e-prescriptions.

Hungary is working to achieve a globally significant position in certain sectors where its infrastructure and know-how are strong, such as clinical trials of new, innovative drugs, and the development of biopharmaceuticals, in-vitro diagnostics, animal biotechnology, bio-refineries, and the use of bioreactors. The historically strong Hungarian pharmaceutical industry has an established knowledge base and skilled workforce that enabled the creation of a red biotech subsector adept at developing therapeutics, unique in the CEE region yet also strong by international comparison. Therapy development has become more important as more and more original research technology/service provider companies started their own product development programs. Key representatives of international biotech companies present on the market include Richter, Egis, Amgen, Cyclolab, Omixon, Biogen, Servier, Solvo Biotechnology etc. Hungarian biotechnology companies have also expanded their presence into the major European markets. The expansion is supported by the Government of Hungary since [the National Research, Development and Innovation Office](#) regards biotechnology as a strategic area to develop. Significant results have been achieved in nanotechnology, molecular chemistry and biotechnology services. Red biotechnology – also known as biopharmaceuticals - is a prosperous sector and market players are seeking opportunities to intensify their activity in the international arena.

The majority of medical equipment suppliers in Hungary are EU-based manufacturers (primarily German, Italian, and French). Major U.S. medical technology suppliers, such as GE Healthcare, Medtronic, Johnson & Johnson, and Becton Dickinson also have direct representations or subsidiaries in Hungary. U.S. medical device exporters to Hungary hold about 7-8% of import market share. Most promising subsectors are biomedical devices; cancer and other diagnostic devices; imaging technologies and dental equipment. Investments in new medical equipment within the private health care sector are expected to continue to increase.

Economic growth and health spending increases result in strengthening demand for medical device imports in 2018. In US dollar terms, imports have recorded single-digit growth in most quarters since October 2016. Imports increased by 6.6% to \$148.7mn to October 2017 and by 2.3% to \$589.3mn in the same period.

Medical device suppliers could benefit from a proposal to redevelop Budapest's hospitals by 2025. The establishment of three super-hospitals in the city will involve the expansion of existing facilities, the increase of bed capacities, and the refurbishment of many inpatient institutions, all helping to drive market growth.

As a member of the EU, Hungary's local legislation concerning medical devices complies with EU directives. More information can be found at the European Commission's DG Health & Consumers, Public Health, Medical Devices: [ec.europa.eu/health/medical-devices/index\\_en.htm](https://ec.europa.eu/health/medical-devices/index_en.htm)

A foreign producer that wishes to export medical devices into Hungary must first establish a contract with a local importer, who can help the company fulfill regulations such as the CE mark, Declaration of Conformity, and translation of directions and manuals into the Hungarian language. Medical devices and pharmaceuticals are subject to a customs duty and value added tax (VAT) of 27%. The amount of duty for medical equipment exported from the United States ranges according to a specific HS code, usually between 3-11%.

Annual local production is valued at \$320 million and consists mainly of electro-medical equipment, blood pressure equipment, TENS instruments, apnea alarms, incubators, infusion pumps, diagnostic and specialized x-ray and IVD equipment. Local production and imports generally complement each other.

### **Opportunities**

Hungary has excellent market opportunities in the fields of sophisticated health technologies and equipment, dental care equipment and many other devices that increase efficiency and reduce occupancy rates in hospitals. Products with the best sales potential in Hungary include but are not limited to:

- Electronic Medical Records (EMR) systems
- Patient monitoring systems
- Mini invasive surgery (MIS)
- Day surgery equipment
- Magnetic resonance imaging (MRI) equipment
- Video endoscopes
- Digital image processing
- Picture archiving

### **Main Competitors**

Hungary's medical device manufacturing sector is skilled yet remains relatively small. Thus, more than 70% of the Hungarian medical device market is dominated by imports mainly from the European Union markets such as Germany, France, Italy, and the UK. Direct imports from the United States account for 5.6%. However, the total U.S. market share (including transshipments via other EU countries) is estimated at 9.5-10%. High quality and technically sophisticated U.S. medical equipment has the best market potential in Hungary, especially equipment that increases efficiency and reduces occupancy rates in hospitals.

### **Pharmaceuticals**

Hungary is one of Eastern Europe's leading pharmaceutical manufacturers. Around 60 companies have the license to manufacture human medicinal products. The industry is highly concentrated with the 6 largest companies accounting for around 90% of the total production.

Though healthcare is publicly available and considered "free", Hungarian families spend a considerable amount on private healthcare services and healthcare goods (mostly over the counter drugs) and services. Hungarians mostly used over-the-counter drugs including analgesics, anti-rheumatics and antiphlogistic. The pharmaceutical industry is a flagship of the Hungarian economy and accounts for 7.5% of the Hungarian GDP (2018). Within the processing industry, the pharmaceutical industry already represents 50% of the R&D expenditure. In the pharmaceutical industry, the R&D expenditure per researcher is 2.5 times the national average. The pharmaceutical industry has an advantage over other industries because it represents high added value and employs highly qualified employees at a high technological level.

U.S. pharmaceutical companies, e.g. Abbvie, Amgen, J&J, Merck, Pfizer and others, have a 30% market share. Based on 2017 turnover which was HUF 796 billion 5% less than in 2016, the largest pharmaceutical companies in Hungary are Novartis, Richter, Sanofi – Aventis, GSK and Roche. In Hungary, there are 11 licensed pharmaceutical distributors, the biggest one being Phoenix (30% market share), Hungaropharma, and EuroMedic (each with a 20-20% market share). Medications are sold through close to 2,400 pharmacies.

Revenue in the OTC pharmaceuticals market will amount to \$330 million in 2018. The market is expected to grow annually by 2.9% (CAGR 2018-2021). From an international perspective it is shown that most revenue is generated in the United States (\$23,313 million in 2018). In relation to total population figures, per person revenues of \$33.82 are to be generated in 2018 ([www.statista.com](http://www.statista.com)).

Tenders for healthcare public procurements are published in the Supplement to the Official Journal of the European Union: <http://ted.europa.eu>

Trade shows with international attendance include the Dental World Budapest Congress, Hungary's largest event for dentistry professionals taking place October 11-13, 2018 (<http://dentalworld.hu/en/international-dental-fair/>).

## Barriers

Hospital debts pose a threat to medical sales in Hungary. In 2017 the Hungarian hospitals accumulated a debt worth of \$152 million. According to the Medical Chamber the situation resulted in staff not getting paid for months and more than 50,000 patients waiting in line for cancer treatments.

Medical device and pharmaceutical importers sometimes face problems obtaining approval to be placed on insurance reimbursement lists – something that is also a challenge in other Central and Eastern European countries. If a product is not included on the reimbursement scheme paid by insurance companies, the market for the product is limited. The catalog of reimbursed operations, medical aids and pharmaceuticals is reevaluated every six months. Drug categorization takes place on bi-monthly basis. Drug price referencing is executed twice yearly.

Among OECD countries, Hungary is experiencing a decline in the number of available nurses. While in 2010 there were 7.44 nurses per 1000 inhabitants, three years later this number dropped to 5.75 (OECD average is 9.09). Inferior working conditions in hospitals, low salaries, and inconvenient new legal regulations directly stimulate dissatisfaction amongst Hungarian healthcare personnel.

## Web Resource

[Hungarian Association of Medical Devices](#)  
[Central Statistical Office](#)  
[Hungarian Association of Pharmaceutical Wholesalers](#)  
[Hungarian Hospital Association](#)  
[National Healthcare Services Center](#)

## Safety and Security

### Overview

The safety and security equipment market has become a leading sector for U.S. exporters in the Hungarian market in the past few years. It consists of approx. 900 companies – both locally based SMEs as well as multinational subsidiaries - employing approximately 25,000 people and contributing 5% to the GDP.

The domestic market is dominated by imported equipment, especially in the high-tech end of security products. Typically, physical security services are provided by local companies due to local standards and licensing requirements. The market for fire safety and technological security is one of the best organized segments within the industry.

Foreign companies are active in the supply of equipment and systems for perimeter security, CCTV, inspection and image analyzing equipment, and video-surveillance systems; access control systems; screening equipment; and fire protection systems. French, German, Italian, American, Israeli, Japanese, Chinese and Taiwanese companies are active in the market.

The following systems have local production: data protection systems, optical registration devices, systems for technical safety of buildings, fire alarm systems, signal receiving equipment, and cryptographic security units. There are several developers of biometric identification systems, biometric access control, and time and attendance systems.

## Opportunities

Technologies, materials, and equipment that are innovative present leading business opportunities for U.S. companies.

Airport security continues to be among best prospects as regional airports in Debrecen, Pecs- Pogany, Balaton-Sarmellek and Gyor-Per, as well as Budapest International Airport have all initiated development projects that demand airport security equipment and upgrades of border crossing points.

Security technology for property protection at manufacturing and industrial facilities/parks also present opportunities for innovative solutions. During the last few years, the security and building automation market saw an annual increase of 3.8%. There was a 4.1% increase in the anti-intrusion equipment segment, while the CCTV component increased by 6.5%. This is likely a result of the move away from analog to digital solutions.

Within the anti-intrusion sector, access control remains an important and highly competitive area. The industry is migrating toward IP and integrated solutions. The trend is to move away from proprietary technology towards open systems that allow the integration of multiple applications. Other drivers include the growth of time and attendance applications, the demand for smart card and optical card systems, the need to reduce fraud, and increasingly an acceptance of biometric systems. Training for integrators and installers is essential in order to effectively meet end-user needs.

Approximately 1.9 million homes lack proper security and alarm systems in Hungary. A sense of vulnerability and insecurity, particularly among the female and elderly populations, is on the rise due to an increasing number of robberies and criminal attacks. Urban security is a prime concern, particularly with the recent spread of crime and burglaries. Opportunities exist for private security operators – such as security guard service companies – to provide technology and services to private citizens. Examples of public-private collaboration include municipalities and private security service companies that utilize public security cameras and CCTV systems installed by banks, hypermarkets, and in public places to survey areas and provide services to businesses or private citizens, all in cooperation with the municipal police.

Within the safety arena, potential opportunities exist in CBRN protection, particularly for new, advanced sensors that reveal chemical agents and provide more effective protection. In terms of investments in this niche market, minor cuts have been seen in the budgets of the responsible agencies. While public sector spending will remain less than expected, continued opportunities exist among well-funded organizations, banks, and governmental agencies such as the Counter Terrorism Center, Disaster Management Center, the National Police, and the SWAT police team.

Equipment with the greatest sales potential includes:

- CBRN solutions and tools and advanced video surveillance monitoring solutions
- Platform/sensor land border surveillance and detection systems
- Automated home protection solutions
- Screening and X-Ray systems for airports, customs, and public facilities (office buildings, logistic centers, warehouses)

- Access control systems
- CCTVs, Security cameras for large facilities
- Wireless security solutions
- General security supplies (such as window foils, transportation security products, personal safety products)

Hungarian users have high consideration for innovative, sophisticated American security products and solutions. Strong after-sales service, maintenance, and training are essential to success.

## Travel and Tourism

While global visitation to the United States is in most cases declining, Hungarian visitation in 2017 increased 14%. For Hungarian travelers, the United States is a primary international destination. The main U.S. destinations for Hungarian travelers remain the major cities of New York, Chicago, San Francisco, Los Angeles; Florida beaches; and the better-known of the National Parks. Also, there is a sizable number of Hungarians travelling to the United States for business purposes including visiting conferences and trade shows. Close to 80,000 Hungarian residents traveled to the United States in 2017. Hungary ranks third in Central-Eastern Europe in terms of nationals traveling to the U.S. (behind Poland and the Czech Republic). Most Hungarians who travel for leisure still prefer to travel to the U.S. during the months of July, August and September. Since 2008, Hungary has been a member of the Visa Waiver Program, therefore Hungarians can travel using the ESTA system without obtaining a visa, which is one of the reasons for the increasing number of Hungarian visitors to the United States.

Hungary was without direct flights to the United States between 2012 and 2018. In May 2018 the Polish national airline LOT launched two new transatlantic flights out of Budapest direct to New York and to Chicago four and two times a week. The base of LOT Dreamliner aircraft will be in Budapest. American Airlines also started its seasonal flights direct from Budapest to Philadelphia to capture the onward travel market with the route largely sold out. The huge local demand will be supplemented by people based in other Hungarian cities, eastern Austria, the Slovak Republic, western Romania, and Balkan countries - an additional 8 million inhabitants living within a two-hour drive of Budapest airport.

## Opportunities

Travel agencies, destinations and tourism marketing programs targeting Hungarian travelers can expect an increasing number of Hungarians travelling to the United States for leisure, business, and educational purposes. The number of Hungarians travelling to the U.S. has been increasing every year since Hungary became the member of the visa-waiver program and Hungarians can travel on ESTA.

## Web Resources

National Travel and Tourism Office - <http://travel.trade.gov/>

## Electronics and Cybersecurity

The **audio-visual sector** was the largest contributor to consumer electronics industry output in Hungary in 2015, although the industry was in decline from 2011-2016. As TV set output contracted the industry became more concentrated on audio equipment (loudspeakers, amplifiers). The Hungarian LCD TV market has major investors such as Samsung, LG, Sharp and Philips, but more and more companies have taken their production to East-Asia due to its low cost environment. Hungary's growth potential in the consumer electronics market is limited due to high penetration of devices such as PCs, flat-panel TVs, and mobile headsets. Therefore, the main opportunity will lay in an increase in household purchasing power which is forecast from 2018-2022. Vendors will then be able to sell higher value models (premium

gaming, hybrid notebooks, flagship smartphones). Industry forecasts show growth potential in the following categories:

- 
- Computer hardware sales: \$577 million in 2018
- Audio-Visual sales: \$409 million in 2018
- Handset sales: \$815 million in 2018

The Hungarian **PC market** was already mature in 2012, but there was room for further increases. In 2017, household penetration reached 80%, although it had less of a shift towards tablets than higher income Western European markets. The competitive landscape is fairly concentrated with HP leading the market ahead of Lenovo, Acer, Dell and Asus. The tablet range is ruled by Apple, however the lower cost Android alternatives are also successful.

Hungary's **e-commerce** sector is growing rapidly. Internet sales exceeded EUR 1.38 billion in 2016 according to Ecommerce News. Even though the country is one of the fastest growing e-commerce markets in the region, it is still far behind the EU average with only 37% of the population having used the internet for retail in 2016. The creation of new access channels to grocery and non-food products could become a driving force in the future. Hungary's shifting demographic might cause negative long-term consequences for online retail as the 20-39 year old age group is forecast to be the fastest shrinking in the country. Main online retailers in Hungary include Tesco, Media Markt, H&M, Stradivarius, Árukereső, Jófogás, and Vatera. Local web shops generated \$1.64 billion in turnover, more than 5% of the total national retail trade volume. Although there were at least 6,000 web shops operating in Hungary, the five largest online retailing brands accounted for a combined 20% share of internet retailing in 2016. The most popular product categories were information technology and entertainment electronics, clothes, toys/gifts, and household machinery/white goods. The category was led by Tesco with a 4% market share, followed closely by retailers with a focus on consumer electronics, including Extreme Digital (edigital.hu), MS-E Commerce (mediamarkt.hu) and SC Dante International (emag.hu). Based on numerous predictions, e-commerce will continue to grow rapidly in the coming years. Revenue in the "e-Commerce" market amounted to \$1.65 billion in 2017 and is expected to show an annual growth rate (CAGR 2017-2021) of 10.6%.

Hungary's **IT hardware** industry is important to the domestic economy and a significant production center in Europe but it has declined over 2017-2018 due to restructuring/closures by major vendors like Flextronics, Foxconn, Samsung and HiSense. Production of hardware and electronic components totaled EUR 3.66bn in 2015 which is a relatively good outcome, but it is still way below the 2011 level (EUR 4.0bn). The number of people employed in the sector is also down with most of the decline occurring in the components industry. The country's IT hardware market is vulnerable to competition from other production centers such as East Asia, but there is reason to believe that the Hungary is adapting to stay competitive as production output per employee increased by around 45% over 2011-2016.

The issue of **cybersecurity** falls under the remit of the Ministry of Innovation and Technology in Hungary. Since the country is part of the European Union it follows EU laws and strategy when it comes to the privacy of its citizens on the internet. The European Commission promotes cloud computing since 2012 which has the potential to boost GDP by EUR 160bn by 2020 and create 2.5mn new jobs.

In order to protect the European citizens, the EU has worked out a document that regulates the use of data provided by Europeans for all companies serving the European Union and/or processing the personal data of EU citizens. Please see the data privacy section of this report.

#### Sub-Sector Best Prospects

Following global trends, devices for private use have shifted in Hungary from desktops and laptops to tablets. Consequently, retail sales of the former have fallen. However, the corporate and state sectors differ in these attributes. As tablets could not entirely replace the administrative and secure solutions of desktops and laptops, these latter devices remained popular among private and governmental organizations. As such, these purchases kept business computer sales afloat despite consumer trends. The state sector is an important client in Hungary for computers, as the underdeveloped IT infrastructure of

the governmental sector and educational institutions are a target for EU-financed IT-development projects, along with state money allocated for such projects.

Distribution of consumer electronics continued to be dominated by electronics and appliance specialist retailers, which held a dominant share in 2016. The evolution of mobile shopping and increasing consumer confidence in web shops are expected to drive category sales to new heights. By 2021, all consumers across the country will have access to the internet for personal use through their mobile or broadband connection at home, as the result of large infrastructure development.

As e-commerce became more and more significant, hypermarkets such as Tesco or Auchan launched online sales. Among the different offline retail formats, hypermarkets enjoyed a noticeable share given that consumers tend to save time by doing their regular grocery shopping and the purchase of electronics products at the same place. The strong overall position of hypermarkets in the Hungarian retail space ensures continuous customer flows. However, larger offline channels were losing share to online retailing which dynamically grew over the last few years. Internet retailing was strengthened by the entrance of a new strong player, eMag a few years ago, and a strengthening presence online by traditional offline retailers Euronics and Media Markt. For online sales in general, cash payment upon delivery dominates, but bank card payment upon delivery could be the future.

Subscription growth in the Hungarian mobile market will be modest over 2017-2021 due to a combination of market saturation and negative demographics. Meanwhile, Telenor and T-Mobile's 4G infrastructure-sharing partnership has helped the market leaders to roll out advanced new services, and these investments, along with those of the third largest operator Vodafone, will help sustain growth in the data subscriptions market. This will create an upgrade factor for smartphones users seeking faster connection speeds.

#### Opportunities

The future development of consumer electronics in Hungary will be strongly correlated with the development of the country's economy. Over the next few years, Hungary's economic situation is expected to continue improving. The country is expected to record a healthy 4% average GDP growth through 2018. At the same time, unemployment rates are set to decline and inflation will remain low. Consumer electronics' volume and value of sales are expected to register healthy growth. The slow, but steady growth of real wages predicted will support this trend.

Growth will be supported by the fact that replacement cycles of many consumer electronics in households have been lengthened by the economic crisis, and such products are reaching the end of their life-cycles. The most successful consumer electronics categories will be relatively new ones featuring innovative products such as smartphones, tablets, and LCD TVs. On the other hand, growth will be slow for products that are heading towards the end of their lifecycle such as feature phones, DVD players, in-car navigation systems and others.

In terms of IT, opportunities exist for mobile computing devices where functionality is clearly differentiated from smartphones, for instance hybrid notebooks. Low penetration for enterprise software in some verticals, including enterprise resource planning, customer relationship management and supply chain management, means a potential growth market for vendors, particularly as software-as-a-service development deepens the market. Harmonized EU rules on data privacy and security could catalyze the development of the local cloud computing market, and create the potential for Hungary to develop into a regional hub. Companies will have to invest in key IT services and products to compete with EU rivals, with cloud delivered services expected to outperform. Spending on IT security products is expected to grow rapidly in the coming three years.

#### Web Resources

- [eNET Internet Research and Consulting Ltd.](#)
- [BMI](#)
- [GfK Hungária, BMI](#)
- [Budapest Business Journal, BMI](#)
- [www.customstoday.com](#)

- [Euromonitor International Country Report, and BMI](#)

## Franchising

### Overview

Franchising in Hungary started in the 1990's, after the collapse of the old political regime in 1989, by the opening of important hotel chains and by the entry of the most iconic fast food multinational, McDonald's. Since that time, franchising has been developing swiftly throughout the country. There are Hungarian franchisors known in the region such as beauty salons, fashion outlets, real estate agencies, and more.

The Hungarian franchise community consists of approximately 350 brands with the number of franchisees totaling nearly 20,000 and employing more than 100,000 workers (including suppliers). Hungary leads in this sector when compared with neighboring countries. These networks, some of which have only a few members and some which link thousands of businesses, have combined revenues running into the billions of dollars. Approximately 26% of the foreign-owned franchise networks in Hungary are owned by U.S. companies. McDonald's is considered the "king" of fast-food franchisors in Hungary and Europe, as it has pursued a very successful transnational strategy. Others that have found success in the Hungarian market include Kentucky Fried Chicken, Burger King, Subway, Starbucks (AmRest), Curves, Hertz, Avis, and Budget. Other significant franchisors in Hungary include:

- Retail: COOP, Borháló, BENU, Alma Pharmacies, Diego
- Fast-food restaurants: McDonald's, KFC, Subway
- Bakeries: Fornetti, P&P Pékárú, Pékpont
- Services, real estate: BioHair, Duna House, Otthon Centrum
- Car rental: Hertz, Avis

There are no special legal requirements for franchises in Hungary. The same regulations and policies apply for setting up a franchise as for establishing a regular company. Membership in the Hungarian Franchise Association is recommended but not obligatory. U.S. businesses looking to franchise within the European Union will likely find that the market is quite robust and friendly to franchise systems in general.

The benefits of franchising a business in Hungary include: more freedom, as the franchisee takes on major responsibilities, minimal expense, lower cost and higher profits, potential for fast growth, and brand building.

Industries with great potential in Hungary include those offering:

- Brand new and interesting products and services
- Low investment
- Home-based franchise
- Service sector (example: cafés, accessories)

Tips and suggestions for entering the Hungarian market include:

- Proper assessment of the franchise-fee
- Tailoring the assortment to local needs
- Continuous assistance is expected
- Registered trademark
- Cultural differences to keep in mind
- Correct adaption of the concept of the marker
- Education could be needed as some foreign brands may be unknown to Hungarians (especially if the target audience is older)

### Opportunities

- Food (family casual, fast food, and ethnic food)
- Home Healthcare
- Automotive Services (quick oil change or auto tuning)
- Hair and nail services
- Janitorial services
- Mobile pet grooming

- Dry cleaning and laundry
- Education such as coding and language
- Eldercare

There is a large number of franchise companies operating in Hungary, primarily because of the country's favored location in the heart of Europe, its relatively cheap workforce and the growing demand for quality products and services. Local Hungarian businesses are not known for good customer service, so a franchise system with good customer service in almost any sector can find opportunities in the Hungarian market. Potential franchisors should observe local market characteristics, conditions and taste (in case of food franchise).

#### Web Resources

- [Hungarian Franchise Association](#)
- [Franchise Portal](#)

## **Agricultural Sectors**

In Hungary, arable land and permanent crops account for 4.33 million hectares (ha), of which about 130,000 ha are irrigated. Pastures account for 0.8 million ha and forests for 1.94 million ha. Major crops include wheat (1 million ha), corn (1 million ha) and oilseeds, sunflower and rapeseed (0.96 million ha). The country has a long tradition in producing planting seeds and in horticultural products. Animal production includes 2.8 million pigs and poultry flocks of 43 million birds. The number of cattle of all types is approximately 864,000.

Hungary's agriculture contributes about 3.8% to the GDP and 4.5% to the gross value added. Food industry contribution to the domestic production stagnates at around 2%. Agriculture accounts for 5.5% of total investments in the economy and for 5% of the national employment rate. The food industry contributes 3.7% to investments and 3.3% to the total number of employees.

In the past, manufacturing and services were the key engines of GDP growth. The gross output of agriculture has not changed significantly at current basic prices in recent years. The share of plant products is 60%, that of live animals and animal products is 33% and agricultural services and secondary activities amount to 7% of the gross output.

The country's agricultural trade balance is positive. Agricultural exports account for 8-10% of total exports from Hungary. The share of agricultural imports has stagnated at 6% for years.

The foreign trade structure of agricultural and food products is relatively stable in Hungary. Most of the exported commodities are grains, grain products (19%), meat and meat products (16%), vegetables and fruits (11%), animal feed, and vegetable oils. Imports belong to the commodity groups of meat products (11%), vegetables and fruits (13%), grain and grain products (9%), beverages, tobacco, coffee, tea, cocoa, spices and animal feed. More than 93% of agricultural imports comes from EU member states. Hungary's most important trading partners are Germany (16%), Romania (8.9%), Austria (8.6%), Italy (8.1%), Slovakia (7.3%), and Poland (7.1%). Non-EU trading partners include Ukraine, Serbia, Turkey, Switzerland, Bosnia and Herzegovina, China, Japan and the United States in the plant product dominated markets.

## **Planting Seeds**

### **Overview**

Hungary is a traditional agricultural exporter. However, it imports high quality planting seed for propagation and production. U.S. exports of vegetable, grass, forage and, in particular, sunflower and corn seed have been traditionally strong in this market. One limitation for new exporters is that the market is well established and trade linkages are solid. It is worth noting that the country is an active opponent of agricultural biotechnology in the European Union. Since the European Union member states are legally allowed to restrict or prohibit the cultivation of genetically engineered (GE) crops, Hungary has adopted a law directly banning the growing of GE plants.

### **Sub-Sector Best Prospects**

Best Prospects are in corn, sweet corn, popcorn, sunflower, and forage seeds.

### **Web Resources**

<http://www.vszth.hu/en/kezdolap>

## **Bovine Semen**

### **Overview**

Hungary's dairy industry is based on U.S. breeds, therefore, demand for high quality bovine semen for dairy cows is strong, and U.S. exports in this area are significant (41%). The market is well established and trading linkages are solid. It can be a limiting factor for new exporters.

### **Web Resources**

<http://www.allattenyesztok.hu/the-hungarian-animals-breeders-association-haba>

## **Dried Fruits and Nuts (incl. Peanuts)**

### **Overview**

Hungary has well-developed sweets, confectionery and bakery industries. Household baking is also a traditional activity. Consumption of dried fruits (including raisins) and nuts (including peanuts) is increasing. The food industry seeks better quality and higher value-added raw materials. This fact can provide a competitive advantage for more expensive U.S. products. Still, suppliers from less expensive and developing countries have well established market positions. A substantial percentage of U.S. imports are re-exported from Germany, Austria or other West European countries due to the need for small volumes but continuous deliveries.

### **Sub-Sector Best Prospects**

Best prospects are in raisins and almonds, along with those mentioned above.

## **Fish & Seafood**

### **Overview**

Although per capita fish consumption is still low in Hungary and direct channels for exports from the United States are still negligible, there are opportunities for food retailers to satisfy the increasing demand for healthy fish and seafood products. Most consumers would adjust their eating habits and diet for health reasons. Therefore, government programs support the increase of fish consumption. As of January 1, 2018, VAT rate on fish has been cut from 27% to 5%. The reduction is expected to contribute to higher per capita fish consumption in Hungary.

### **Sub-Sector Best Prospects**

Best prospects are in hake, pollock, bar, cod, flatfish, breams and porgies and crabs.

## **Beef**

### **Overview**

Hungary's beef imports increased over the past years since the country's live cattle exports rose sharply. The market availability of high quality beef is limited. Therefore, good market opportunities can be identified for U.S. high quality beef at full service, fine dining restaurants and steakhouses.

### **Sub-Sector Best Prospects**

Best prospects are in high-quality beef.

## **Wine**

### **Overview**

Wine consumption is traditional in Hungary. At top-tier hotels and fine dining restaurants, American brands of wine are available. Adding in U.S. wines, especially those from California, makes the assortment more colorful for wine consumers. U.S. wine exports to Hungary have increased in recent years but continue to face strong domestic production and competition.

**Sub-Sector Best Prospects**

Best prospects are in bottled quality wine.

## Trade Regulations, Customs and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

### Import Tariffs

Hungary joined the European Union in 2004 and adopted the EU's common external tariff (CXT) rates, resulting in an average tariff level of 3.6%.

Tariff assessment and all other customs procedures take place at the first port of entry into the EU. However, Hungary still collects the Value Added Tax (VAT) on all goods that have Hungary as their final destination. The VAT on most goods and services is 27%. In addition to the 27% VAT, there is an 18% VAT category for certain products and services such as bakery products, commercial accommodation and internet services and a 5% VAT category for raw meat such as pork, poultry, fish and veal as well as fresh dairy products.

[https://ec.europa.eu/taxation\\_customs/business/calculation-customs-duties/what-is-common-customs-tariff/taric\\_en](https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/what-is-common-customs-tariff/taric_en)

### Trade Barriers

[https://www.export.gov/article?series=a0pt0000000PAtkAAG&type=Country\\_Commercial\\_kay](https://www.export.gov/article?series=a0pt0000000PAtkAAG&type=Country_Commercial_kay)

### Import Requirements and documentation

Many EU member states maintain their own list of goods that are subject to import licensing. In Hungary, import and export licensing is tasked to the Hungarian Trade Licensing Office (Magyar Kereskedelmi Engedélyezési Hivatal – MKEH).

[http://mkeh.gov.hu/kereskedelmi/kereskedelmi\\_osztaly](http://mkeh.gov.hu/kereskedelmi/kereskedelmi_osztaly)

### Import Documentation

#### The Single Administrative document

The official model for written declarations to Customs is the Single Administrative Document (SAD). Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed. Goods are covered by a Summary Declaration which is filed once the items have been presented to customs officials. The customs authorities may, however, allow a period for filing the Declaration which cannot be extended beyond the first working day following the day on which the goods are presented to customs.

The Summary Declaration is filed by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or

- the person in whose name the person referred to above acted.

The Summary Declaration can be made on a form provided by the customs authorities. However, customs authorities may also allow the use of any commercial or official document that contains the specific information required to identify the goods. The SAD serves as the EU importer's declaration. It encompasses both customs duties and VAT and is valid in all EU member states. The declaration is made by whoever is clearing the goods, normally the importer of record or his/her agent.

European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, Turkey and Macedonia also use the SAD. Information on import/export forms is contained in Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

[http://en.nav.gov.hu/intormation\\_on\\_customs\\_matters](http://en.nav.gov.hu/intormation_on_customs_matters)

<https://www.export.gov/article?id=European-Union-Project-Financing>

## **US Export controls**

Most high technology can be sold to Hungary without a U.S. export license, but some remain controlled. Depending on the product, export licenses may be issued by the U.S. Department of Commerce's Bureau of Industry and Security, the Department of State, or the Department of Defense. As licensing can be a lengthy process, a U.S. firm should ensure that they do not commit to a delivery date until an export license has been approved.

The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The Bureau of Industry and Security (BIS) administers U.S. laws, regulations and policies governing the export and re-export of commodities, software, and technology (collectively "items") falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces anti-boycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation and strategic trade issues.

The EAR controls certain exports, re-exports, or in-country transfers of purely commercial items, dual-use items, and less sensitive military items. "Dual-use" refers to items that have both commercial and military applications. The EAR controls less sensitive military items as the result of the Export Control Reform Initiative. In 2013, BIS began administering controls on military items formerly under the jurisdiction of the Department of State that do not warrant control under the International Traffic in Arms Regulations (ITAR). Items subject to the EAR may require a license prior to export or re-export.

BIS's Export Enforcement is staffed with criminal investigators who investigate illegal exports of items subject to the EAR and enforcement analysts who analyze intelligence and other information to assess the bona fides of parties and evaluate export transactions in support of investigations. BIS also posts Export Control Officers as attaches in Beijing, Frankfurt, Hong Kong, New Delhi, Moscow, Singapore, and Dubai to conduct end-use checks.

If necessary, a commodity classification request should be submitted to obtain BIS assistance in determining how an item is controlled (i.e., the item's classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at [www.bis.doc.gov](http://www.bis.doc.gov) or by contacting the Office of Exporter Services at the following numbers:

Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322  
Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347  
Further information on export controls is available at:  
<http://www.bis.doc.gov/licensing/exportingbasics.htm>

<https://www.export.gov/article?id=European-union-US-Export-Controls>

## **Temporary Entry**

For temporary entry of goods, Hungary accepts an ATA Carnet, an international customs document that simplifies customs procedures for the temporary importation of commercial samples, professional equipment, and goods for exhibitions and fairs. The ATA Carnet facilitates international business by minimizing extensive customs procedures and eliminating payment of duties and VAT. The U.S. Council for International Business (USCIB) has been designated by the U.S. Treasury Department as the sole issuer and guarantor of ATA Carnets in the United States. For more information, visit the USCIB at <http://www.uscib.org/> or call (202) 702- 5078.

Goods temporarily imported into Hungary must be kept in a bonded warehouse until re-export. Customs authorities determine the period within which these goods must be re-exported or assigned a new customs-approved treatment or use. The maximum period the goods may remain under temporary importation status is 24 months, although customs authorities may shorten or extend this. A temporary import shipment does not have to be re-exported in total. Any portion of the shipment destined for the domestic or EU market, however, is subject to duties and VAT at the time of importation.

<https://www.export.gov/article?id=European-Union-Temporary-Entry>

## **Labeling and Marking Requirements**

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report available online.

<https://www.export.gov/article?id=European-Union-Marking-Labeling-and-Packaging-Overview>

## **Prohibited and Restricted Imports**

An estimated 95% of products imported into Hungary no longer require an import license; however, licenses are still required for some goods like arms/military equipment, explosives & pyrotechnic products, security paper, uranium, radioactive isotopes, etc. The link to the Hungarian Trade Licensing Office is: <http://mkeh.gov.hu>

## **Customs Regulations and Contact Information**

<https://www.export.gov/article?id=European-Union-Customs-Regulations>

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

[http://ec.europa.eu/taxation\\_customs/business/customs-procedures\\_en](http://ec.europa.eu/taxation_customs/business/customs-procedures_en)

[https://ec.europa.eu/taxation\\_customs/business/vat/telecommunications-broadcasting-electronic-services/](https://ec.europa.eu/taxation_customs/business/vat/telecommunications-broadcasting-electronic-services/)

## **Standards**

- [Overview](#)

- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)

## Overview

Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union legislation and standards created under the New Approach are harmonized across the member states and European Economic Area countries in order to allow for the free flow of goods. A feature of the New Approach is CE marking. For a list of new approach legislation, go to: <http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=directive.main>.

The New Approach is superseded by the New Legislative Framework (NLF) of 2010 which was put in place to serve as a blueprint for existing and future CE marking legislation.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standards (voluntary) might also function as barriers to trade if U.S. standards are different from those of the European Union.

## Standard Organizations

<https://www.export.gov/article?id=European-Union-Trade-Standards>

## Product Certification

To sell products in the EU market as well as in Norway, Liechtenstein, and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers various choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC or ETSI, and referenced in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the member states, and its use simplifies the task of essential market surveillance of regulated products. As market surveillance was found lacking, the EU adopted the New Legislative Framework, which went into force in 2010. As previously mentioned, this framework is like a blueprint for all CE marking legislation, harmonizing definitions, responsibilities, European accreditation and market surveillance.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the local contact established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

#### Accreditation

<http://www.european-accreditation.org>

#### Publication of Technical Regulations

<http://eur-lex.europa.eu/oj/direct-access.html?locale=en>

[http://ec.europa.eu/growth/single-market/european-standards/harmonised-standards/index\\_en.htm](http://ec.europa.eu/growth/single-market/european-standards/harmonised-standards/index_en.htm)

<http://ec.europa.eu/growth/tools-databases/tris/en/>

<http://www.nist.gov/notifyus/>

#### Labelling and Marking

Hungary has strict labeling requirements for specific product groups. The primary requirement for consumer goods is that the product information must be in Hungarian. This can be a sticker placed on the existing packaging. All labeling requirements are detailed in law XXV/2000 - <http://www.akontroll.hu/jogtar.php?ssz=5>.

The following information must appear on the label of foods:

- Product type (trademarks, brand names may not substitute the generic/product name but may be used in addition to the product name).
- List of ingredients must show all ingredients (including additives) in descending order of weight as recorded at the time of their production and designated by their specific name. In case some products encompass ingredients likely to cause allergic reactions or intolerances, a clear indication is to be given on the label with the word “contains” followed by the name of the ingredient. However, this is not necessary provided the specific name is included in the list of ingredients.
- Net quantity in metric units.
- Date of minimum durability.
- Special conditions for storage or use (if applicable).
- Name or business name and address of the manufacturer, packager or importer established in the European Union.
- Country of origin or provenance (if outside the EU).
- Alcohol content for beverages containing more than 1.2% by volume.

The following information must appear on the label of cosmetics:

- Name or business name and address of the manufacturer, packager or importer established in the European Union

- Country of origin or provenance (if outside the EU)
- Name and intended function of the product, except when it is evident from the appearance and instructions for use, when it is reasonable
- Shortest time of preserving its quality (e.g.: best before year/month)
- When needed, prescription of storage conditions, important from the point of view of quality, maintenance
- Precautions required in the case of consumer or professional use
- Enumeration of all components including specific references to technical (e.g. electric) certificates issued by Hungarian authorities must be attached to the individual packing

EU Regulations:

<https://www.export.gov/article?id=European-Union-Marking-Labeling-and-Packaging-Overview>

Contacts

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***National Institute of Standards & Technology***

Gordon Gillerman Standards Coordination Office

100 Bureau Dr.

Mail Stop 2100

Gaithersburg, Maryland 20899

Tel: (301) 975-4000

Website: <http://gsi.nist.gov/global/index.cfm/L1-2/L2-2>

***CEN – European Committee for Standardization***

Avenue Marnix 17

B – 1000 Brussels, Belgium

Tel: 32.2.550.08.11

Fax: 32.2.550.08.19

Website: <http://www.cen.eu>

***CENELEC – European Committee for Electrotechnical Standardization***

Avenue Marnix 17

B – 1000 Brussels, Belgium

Tel: 32.2.519.68.71

Fax: 32.2.519.69.15

Website: <http://www.cenelec.eu>

***ETSI - European Telecommunications Standards Institute***

Route des Lucioles 650  
Sophia Antipolis  
F-06560 Valbonne France  
Tel: 33.4.92.94.42.00  
Fax: 33.4.93.65.47.16  
Website: <http://www.etsi.org>

***SBS – Small Business Standards***

4, Rue Jacques de Lalaing  
B-1040 Brussels  
Tel: 32.2.285.07.27 Fax : +32-2/230.78.61  
Website: <http://sbs-sme.eu/>

***ANEC - European Association for the Co-ordination of Consumer Representation in Standardization***

Avenue de Tervuren 32, Box 27  
B – 1040 Brussels, Belgium  
Tel: 32.2.743.24.70  
Fax: 32.2.706.54.30  
Website: <https://www.anec.eu/>

***ECOS – European Environmental Citizens Organization for Standardization***

Rue d'Edimbourg 26  
B – 1050 Brussels, Belgium  
Tel: 32.2.894.46.68  
Fax: 32.2.894.46.10  
Website: <http://ecostandard.org/>

***EOTA – European Organization for Technical Assessment (for construction products)***

Avenue des Arts 40  
B – 1040 Brussels, Belgium  
Tel: 32.2.502.69.00  
Fax: 32.2.502.38.14  
Website: <https://www.eota.eu/en-GB/content/home/2/185/>

**Trade Agreements**

For a list of trade agreements with the EU and its Member States, as well as concise explanations, please see  
<http://ec.europa.eu/trade/policy/countries-and-regions/agreements/>

**Web Resources**

Hungarian Customs and Finance Guards <http://en.nav.gov.hu/>  
Hungarian Licensing and Export Control Office <http://mkeh.gov.hu>  
Hungarian Standards Office: [http://www.mszt.hu/angol/index\\_eng.htm](http://www.mszt.hu/angol/index_eng.htm)  
Hungarian Accreditation Board: <http://www.nat.hu/>

***EU and U.S. websites:***

<https://www.export.gov/article?id=European-Union-Regulation-Resources>



## Investment Climate Statement

<http://www.state.gov/e/eb/rls/othr/ics/investmentclimatestatements/index.htm?year=2017&dclid=269908>

## Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

## Methods of Payment

Hungary's EU-harmonizing reforms have created a financial environment where virtually all capital-related institutions, products, and services can be found. The Hungarian Forint has been fully convertible for all financial transactions since 2001, and both the Hungarian financial market and capital market transactions are fully liberalized.

The National Bank of Hungary (MNB) is the central bank and a member of the European System of Central Banks (ESCB). The MNB and the members of its decision-making bodies perform their duties and carry out their obligations independently from the government. With the exception of the European Central Bank, the MNB (and the members of its decision-making bodies) may not ask for or follow instructions from the government, the institutions and bodies of the European Union, the governments of other EU Member States or any other institution or body.

According to Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Financial Enterprises Act), credit institutions are financial institutions which collect deposits and provide credit lines and loans and perform other financial services. A commercial bank may only operate in Hungary as a company limited by shares (Rt.) or as a branch office of a foreign bank. In the case of a branch office of a foreign bank, a license for banking activities issued by its foreign authority is also required. The Financial Enterprises Act determines the range of financial services that commercial banks may provide.

In Hungary, foreigners may only perform financial services in one of two ways: by establishing a company limited by shares and registered in Hungary, or by founding a registered branch office. Banks - including the branch office of foreign credit institutions - may be founded with a minimum of HUF 2 billion (about \$7 million) in initial capital. A foreign registered credit institution may also establish bank representation but may not perform any kind of business activity.

Since Hungary's accession to the European Union, credit institutions registered in another Member State of the EU may engage in cross-border services.

Financial institutions whose controlling interest is owned by foreign professional investors constitute more than 90% of the registered capital of the sector including 35 commercial banks (see their list on the website of the Hungarian Banking Association - <http://www.bankszovetseg.hu/tagjaink.cshtml?lang=eng>). The Hungarian Development Bank - a bank offering favorable credit facilities to Hungarian businesses implementing economic development projects - and Eximbank - a bank serving Hungarian exporters by providing them effective financing and insurance facilities - have been owned by the state ever since their

founding. In 2015, MKB and Budapest Bank became state property, increasing state-ownership to more than 50% of the banking sector in Hungary. Although foreign investors had controlled 80% of the banking sector in Hungary, this dropped down to 47% in 2016. The dominance of foreign ownership has been crucial in upgrading the formerly one-level banking sector to a double-level one which meets international standards. The U.S. exporter should be aware that access to capital in Hungary is still difficult and limited, compelling many Hungarian SMEs to depend on self-financing, including payments for imports. For this reason, exporters tend to offer 60-day or even 90-day payment terms to their Hungarian customers only after establishing a track record for payments.

A banking account at a commercial bank is required to register and run a company in Hungary. Wire transfers are used for more than 80% of payment transactions, and new customers are sometimes required to pay in advance. A letter of credit is often used for more significant and high-value first transactions before mutual trust develops between partners. Credit cards are also used but mostly for individual purchases. The largest commercial banks in Hungary are: OTP - Hungarian Savings Bank, Hungarian Foreign Trade Bank (MKB), Commercial and Credit Bank (K&H), UniCredit, Erste, Raiffeisen, Budapest Bank and CIB Bank. They are all members of the Hungarian Banking Association.

The largest debt collection firms, company rating and credit management agencies in Hungary are:

Dun & Bradstreet: <http://www.dbhun.hu/en>  
Intrum Justitia: <http://www.intrum.hu>  
Creditexpress: <http://www.creditexpress.hu>  
Sigma Collection: <http://www.sigma.hu/flash/indexa.htm>  
Coface Intercredit: <http://www.coface.hu/>  
Euler Hermes: <http://www.eulerhermes.hu>

EU REGULATIONS:

<https://www.export.gov/article?id=European-Union-Methods-of-Payment>

### **How does the Banking System Operate**

The Hungarian banking system is a two-tiered banking system, with the National Bank of Hungary (Magyar Nemzeti Bank – MNB) occupying the first level. MNB's main aim is to reach and maintain price stability. The Central Bank's rights and duties include forming and implementing the country's monetary policy, managing the production and distribution of the Forint, and managing the accounts of commercial banks.

Unlike the Federal Reserve, the MNB is only allowed to contribute to the government's economic goals if the measures don't pose a threat to price stability.

On the second level are the credit institutions - including banks, credit unions and saving cooperatives. They collect deposits and offer further financial services for Hungarian citizens and businesses. Please see above for a list of the major commercial banks in Hungary.

### **Foreign-Exchange Controls**

There are no foreign exchange controls in Hungary.

### **U.S. Banks and Local Correspondent Banks**

At present, Citi is the only U.S. bank operating in Hungary. Citi sold its consumer banking business in 2015 and currently only offers commercial banking services in Hungary.

The U.S.-based BlackRock, the world's largest investment management company, entered Hungary in 2017 with a global technology and innovation hub in Budapest.

## **Project Financing**

<https://www.export.gov/article?id=European-Union-Project-Financing>

## **Financing Web Resources**

<https://www.export.gov/article?id=European-Union-Financing-Resources>

## **Business Travel**

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

## **Business Customs**

Business customs are similar to those in the United States and Western Europe. Typical Hungarian business attire is a suit. Hungarians consider a personal relationship the basis of a business connection. Business lunches, receptions, and dinners are common. First introductions are often more formal than among Americans. Hungarians usually introduce themselves starting first with their family names followed by their first names. For example: SMITH John. Business cards follow this convention. Hungarian business partners appreciate even small efforts in learning basic greetings in Hungarian. Around the Christmas holidays, Hungarian business people may exchange symbolic gifts generally worth less than \$10.

## **Travel Advisory**

The U.S. Department of State has not issued any travel advisories for Hungary which is generally a safe country. Nevertheless, visitors are advised to guard personal belongings. Current information on travel and living in Hungary and descriptions of typical tourist scams including establishments to avoid can be viewed on the U.S. Embassy Budapest Consular Section website at:

<https://hu.usembassy.gov/u-s-citizen-services/security-and-travel-information/>

## **Visa Requirements**

U.S. citizens traveling to Hungary do not require visas. Those intending to stay for longer than 90 days will require residency permits. With certain exceptions, Americans must obtain both work and residence permits if they are employed in Hungary.

Any company in Hungary (even if foreign-owned) employing foreigners must apply for work permits for these employees, a process which takes 60-75 days. The Hungarian Government makes an exception for

managing directors of registered, foreign-owned companies. After employees obtain a work permit, they must apply for a work visa in-person at a Hungarian embassy or consulate in their home country. The Hungarian Government generally issues visas for one year. Stricter fraud-prevention measures imposed in recent years have made this process increasingly cumbersome. Consultancy companies offer to obtain work permits and renewals for companies in Hungary. The American Chamber of Commerce in Hungary also offers these services to its members. U.S. companies that require travel of foreign businesspersons to the United States should be advised that security issues are handled via an interagency process.

Visa applicants should go to the following links:

State Department Visa Website:

<https://travel.state.gov/content/visas/en.html>

Consular Section, U.S. Embassy Budapest:

<https://hu.usembassy.gov/visas/nonimmigrant-visas/>

## **Telecommunication**

Telephone services, including long-distance phone calls, are reliable in Hungary. Budapest is served by three major cellular phone providers, T-Mobile, Telenor, and Vodafone. Hungary also has several Internet service providers including: GTS Hungary, T-Home, UPC, and Invitel. Free hotspots or paid WiFi is available at most hotels, restaurants and even at many public places.

## **Transportation**

Hungary has a well-developed transportation infrastructure which allows for speedy domestic travel. Railway lines crisscross the country and connect most cities. The "Inter-City" line provides first class express service to bigger cities. Timetables can be checked and reservation for rail lines can be made: <http://elvira.mav-start.hu/>. Hydrofoil ferries passengers on the Danube from Budapest to Vienna and Bratislava.

Hungary's highways are generally in good condition with five major express toll highways connecting Budapest with neighboring countries of Austria, Slovenia, Croatia, Serbia, and Ukraine and motorways extending to Slovakia and Romania. The total length of highways in Hungary is more than 1,500 kilometers.

Budapest is served by an efficient public transportation system based on four subway lines supplemented by a comprehensive bus, tram, and trolley bus system. Taxis are also readily available. It is advisable to phone for a taxi from one of Budapest's major companies, rather than hailing one off the street, as it helps to ensure the appropriate fare. Uber is not available in Hungary but a similar service provider exists such as Taxify. Taxi fares increased as of July 1, 2018 and all taxis have a fixed tariff of 300 HUF/Km (\$1.2/Km) in addition to the one-off basic fee of 700 HUF (\$2.60) and waiting fee of 75 HUF/min (\$0.3/min). A ride from the airport to the city center should typically cost around 9,000 HUF (\$37) depending on traffic conditions. The Airport Shuttle offers reliable service and costs around \$25. Direct shuttle buses - between the hotel quarter and the airport - are also available for travelers.

## **Language**

English is regularly used for business in Hungary, especially among multinational firms. However, Hungary's smaller and state-owned firms may have managers who speak very little English or none at all. In this case, an interpreter may be used for meetings, though it is wise to discuss this in advance. German is the second most common foreign language.

## **Health**

Hungary enjoys good standards of health and a low frequency of diseases. Hungarian law requires no vaccinations for Americans to travel or live there. Because many U.S. medical insurance policies do not cover

expenses incurred overseas, it is advisable to purchase overseas coverage before travelling to Hungary. Please note that Medicare benefits are not payable for services rendered outside the United States. Hungarian doctors and hospitals generally require cash payment upon completion of services rendered. In modern units of private hospitals bank cards are also accepted.

### **Local Time, Business Hours and Holidays**

Local time: GMT + 01:00 or 6 hours ahead of Eastern Standard Time. Normal business hours are from 9:00 a.m. to 5:00 p.m. Businesses and government offices often close in the early afternoon on Fridays. Some local/small retailers are closed on Sundays.

Hungary celebrates the following holidays in 2018:

New Year's Day - January 1, 2018

Revolution Day - March 15, 2018

Easter Monday - April 2, 2018

Labor Day - Sept 1, 2018

Whit Monday - May 21, 2018

National Day - August 20, 2018

Republic Day - October 23, 2018

All Saints' Day - November 1, 2018

Christmas Day - December 25, 2018

Christmas Day - December 26, 2018

### **Temporary Entry of Materials and Personal Belongings**

Duty-free status applies to personal belongings of visitors with permanent residency outside of Hungary. This includes what visitors carry or send into Hungary and intend to use during their stay. It also applies to personal belongings, except consumer durables, that permanent residents of Hungary take abroad for more than 24 hours but return. Duty-free status can only be claimed once a day. Hungarian law requires materials that temporarily enter Hungary with the intention of being returned to the United States, such as exhibition goods, to be delivered with ATA Carnet documentation and preregistered with the Hungarian Customs Authorities. Information and contact are available at the website of the Hungarian Customs and Finance Guard.

[http://en.nav.gov.hu/intormation\\_on\\_customs\\_matters](http://en.nav.gov.hu/intormation_on_customs_matters)

[http://en.nav.gov.hu/intormation\\_on\\_customs\\_matters/General\\_Customs\\_Information](http://en.nav.gov.hu/intormation_on_customs_matters/General_Customs_Information)

### **Currency**

The currency of Hungary is the Hungarian Forint (HUF). At the end of July 2018, \$1 converts to HUF 276.

### **Travel Related Web Resources**

<http://travel.state.gov/content/passports/english/country/hungary.html>

<http://hungary.usembassy.gov>

<http://gotohungary.com>

<http://visit-hungary.com/budapest>

<http://www.budapest.com/>