

## Country fact sheet – Hungary

Official name	The Republic of Hungary	
Geographical location	Central Europe (47 00 N, 20 00 E)	
Area	93,028 km <sup>2</sup>	
Population	9.9 million	
Capital	Budapest	
Principal cities	Debrecen, Miskolc, Szeged, Pecs	
Neighbouring countries	Austria, Croatia, Romania, Serbia, Slovakia, Slovenia, Ukraine	
Ethnic groups	Hungarian, Roma	
Climate	Oceanic, continental as well as Mediterranean climates. The average temperatures for the hottest (July) and coldest (January) months are 20°C and 2°C.	
Official language	Hungarian	
Major religions	Catholic, Calvinist and Lutheran	
Time zone	GMT + 1 (behind Hong Kong by 7 hours) GMT + 2 (behind Hong Kong by 6 hours in summer)	
International dialling code	+36	
Currency	Hungarian forint (HUF); US\$1= app. HUF 275.56 (30 Jan 2015)	
Visa requirement	Visa-free access for HKSAR passport holders	
Business hours	Private and government offices	8:00 am to 5:00 pm, Monday to Friday
	Banks	8:00 am to 3:00 pm, Monday to Thursday 8:00 am to 1:00 pm, Friday
	Shops	10:00 am to 6:00 pm, Monday to Friday 9:00 am to 1:00 pm, Saturday

# 1. An overview of the Hungarian economy

## Major macroeconomic indicators

	2011	2012	2013	2014*
Population (millions of inhabitants)	10.0	9.9	9.9	9.9
Gross domestic product (US\$ billion)	138	125	132	135
Real GDP growth (%)	1.8	-1.5	1.5	3.3
Consumer prices (year-on-year % change)	4.0	5.7	1.7	0.0
Exports of goods (US\$ billion)	111	103	108	104
Imports of goods (US\$ billion)	101	94	99	99
Average exchange rate (Hungarian forint per US dollar)	201.2	225.0	223.5	232.7

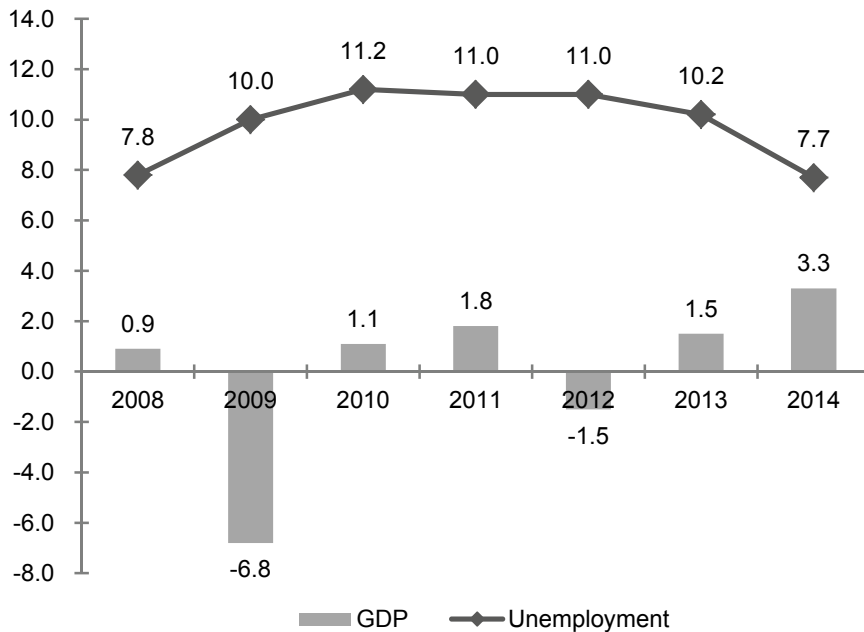
\* *estimates*

Following its accession to the European Union on 1 May 2004, Hungary, the second-largest export market for Hong Kong in Central and Eastern Europe (CEE), has entered into another stage of further integrating with Western Europe. Relatively speaking, Hungary's business environment is more liberal than many other CEE countries. Accession to the EU has only reinforced the country's solid fundamentals.

Notably, its better business infrastructure, including its financial and legal environment, has enabled the country to play a leading role in business, finance and trade in the CEE, making it a place conducive to business activities. Due to its openness, however, the Hungarian economy has suffered from both the global financial crisis and European sovereign debt spiral.

However, the Hungarian economy is seeing a more solid recovery, thanks to a sustained rebound of exports and stronger domestic demand. Decelerating inflation has also underpinned purchasing power, while unemployment has come down owing to extensive public works on top of private-sector job creation. Further absorption of EU funds and the central bank's funding to SMEs is likely to improve the investment climate.

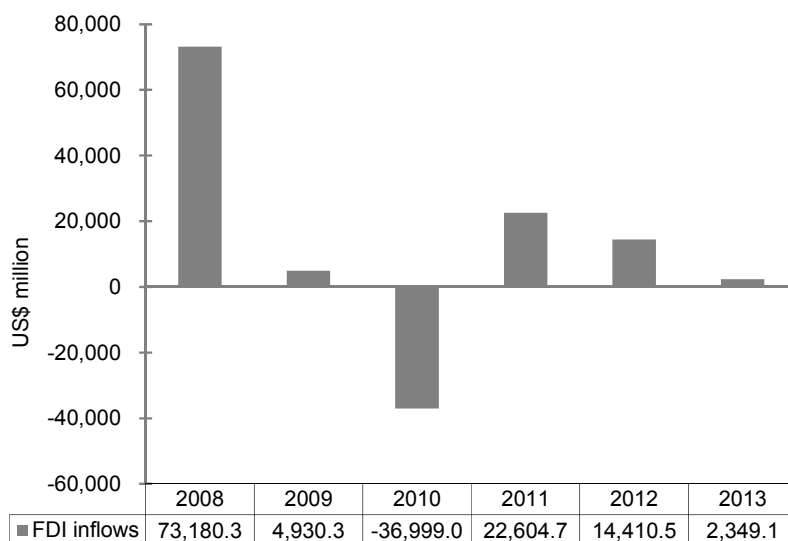
## Real GDP growth and unemployment in Hungary



Source: Hungarian Central Statistical Office (KSH)

Although the country, with a population of about 10 million, is not the largest among the new EU members, its per capita income is one of the highest in the CEE. This is due to a number of factors, especially the inflow of foreign capital. In particular, the privatisation law promulgated in 1995 cleared away obstacles to the privatisation of state-owned enterprises. This has encouraged foreign participation in the economy, creating a major impetus to economic growth. Coupled with the country's notable entrepreneurial skills and well-educated labour force, Hungary has been among the major recipients of foreign direct investment in the CEE, even well before its accession to the EU.

## Foreign direct investment (FDI) inflows in Hungary



Source: Hungarian National Bank

Sector-wise, the manufacturing sector has been the major investment target of foreign investors, after services. This has helped enhanced the efficiency of the manufacturing sector and in turn has contributed significantly to the country's economic growth in recent years. Investment in relation to processing production, in particular, has served to facilitate industrial production and hence external trade. This has played an important role in establishing a number of core industries in Hungary, such as the assembly of automobiles, as well as the manufacturing of auto-parts, electronics parts and components, chemicals and food.

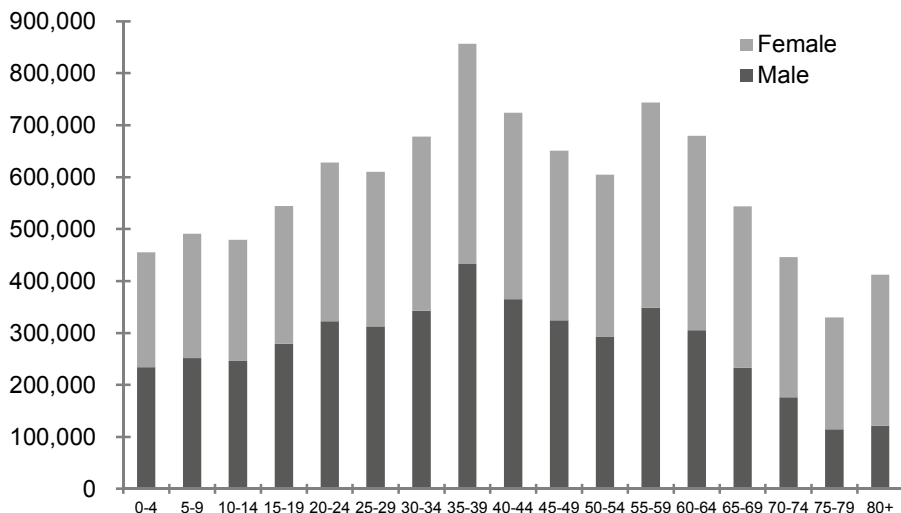
Putting the positive portrayal aside, the growth of the Hungarian economy has been hampered by its sizable external and public debt. Amid the global credit crunch, the country turned to the IMF and the EU for financial assistance in the form of bailout plans. Weak fiscal governance and high level of indebtedness have rendered the country more vulnerable to capital flight and rising borrowing costs.

## 2. The Hungarian consumer profile

Hungary has a population with a fairly even distribution of age groups. While children and teenagers aged 14 or below and elderly people aged 65 or above account for nearly one-third of the population, the majority of Hungarians fall into the age group between 15-64, which constitutes almost 70% of the population. Apart from students, these people are mainly office staff, manual workers and full-time housewives, who are the major decision-makers for daily consumer purchases.

Another factor worth mentioning when analysing evolving consumption patterns among Hungarian consumers is the country's shrinking population, especially in terms of those of working-age (15-64 year olds). A decline of more than 2% between 2004 and 2013 in the 15 to 64-year-old segment, together with an 11% decline in the number of children (0-14 years old), means the Hungarian population has dropped by more than 2% over the past decade. Alongside a 9% increase in the aged sector (65 years old and above), Hungarian society faces a number of challenges as a result of its ageing and shrinking population.

**Hungary's population distribution, 1 January 2014**



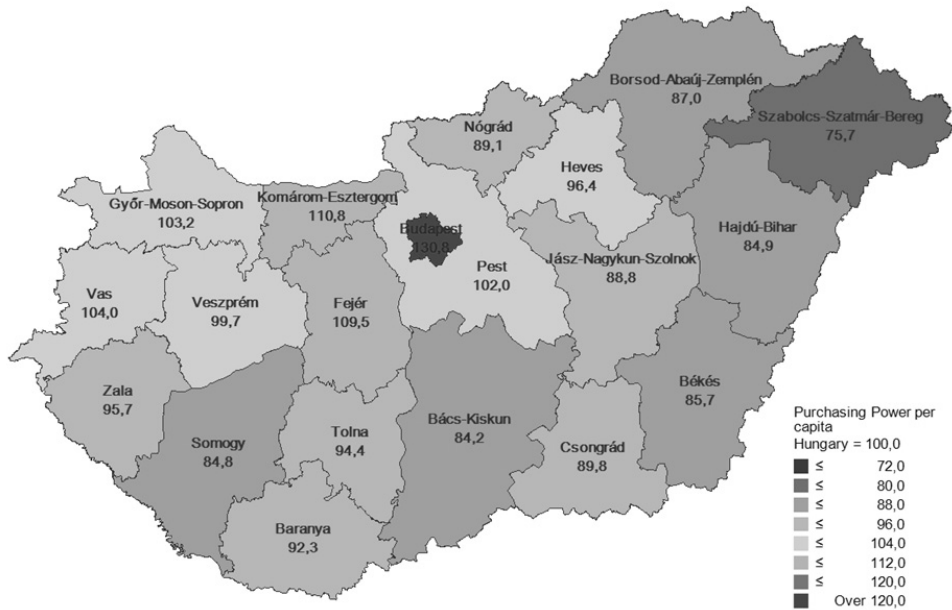
Source: KSH

The ageing demographic has implications for both the Hungarian government and those businesses that are reliant upon the country's future consumer profile. A smaller, ageing population could have a detrimental effect on businesses depending on volume, such as fast-moving consumer goods (FMCG) companies, or products that are targeted primarily at the youth market, such as high-street fashions. On the contrary, there could be emerging opportunities in the elderly market for companies that sell healthcare equipment and other innovative products aimed at the ageing population.

Although incomes have risen since Hungary joined the EU in 2004, the country's population cannot compete with its neighbours in the Czech Republic, Slovakia and Poland. To enhance the chance of success in the Hungarian market, companies should therefore be selective in choosing just where to conduct business. This is particularly important for companies that are planning to debut a brand or introduce an exclusive product in order to fill a perceived market niche.

Budapest, in central Hungary, is not only the country's political and economic capital but also its largest and richest city. With a population of 1.7 million people (17% of the country) it handles most of the country's international and wholesale trade, as well as its service businesses. Home to a cluster of higher-income consumers, Budapest's average purchasing power is estimated to be at least 30% higher than the national average.

## The dispersion of purchasing power in Hungary (2012)



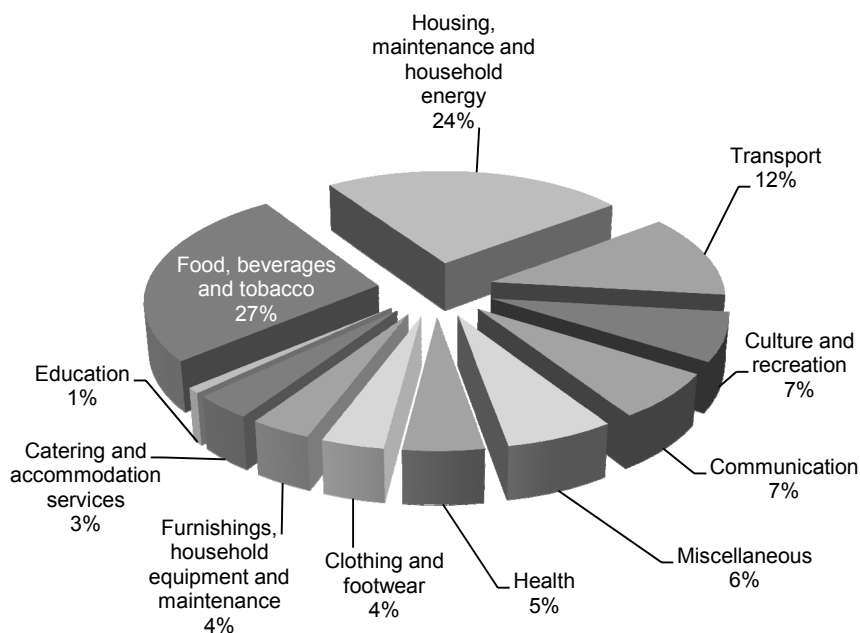
Source: GfK

As Budapest has the largest consumer market, it has all the credentials to serve as the ideal starting point for new-to-the-market companies that intend to establish a foothold in the Hungarian market, especially those looking beyond OEM opportunities. Thanks to its strategic role in Hungary and the CEE, Budapest is attractive not only to national institutions and government agencies, but also to domestic and international companies.

Hungarian consumers are generally regarded as pragmatic, do not tend to show off and are conservative when making purchases. They prefer practical rather than fancy designs, and also go for simple, comfortable outfits rather than elaborate ones, although this attitude does not extend to some high-tech items such as smartphones and phablets. Unlike other emerging markets such as Russia or Ukraine, however, most Hungarians are hesitant to buy lesser-known or even unbranded smartphone and tablet alternatives from Asia as lower-cost substitutes, although they don't mind using unbranded accessories and peripherals, given their quality and functionality.

A typical Hungarian family comprises a couple and a child. After paying for necessities such as food and housing, Hungarians spent almost half of their income on various goods and services in 2013. Emerging gradually out of the global economic recession, Hungarians resumed their discretionary spending on items such as recreation and catering services, as well as clothing and footwear. As the income of Hungarian consumers has risen, spending on such items is poised to increase further in the medium term, which bodes well for related consumer goods suppliers to the market.

### Structure of per-capita expenditure, 2013



Source: KSH

Thanks to the continued influx of foreign brands and products, Hungarian consumers are becoming more knowledgeable and conscious with regard to brands and quality, as well as price. Indeed, in line with the rising incomes of many Hungarian families, the ownership of many consumer durables, such as refrigerators, deep freezers and microwave ovens, has been increasing rapidly over recent years. With improving living standards and increased



product knowledge, consumers are more willing and able to afford better quality items to replace the inferior products of old.

### Ownership of consumer durables (pieces per 100 households)

Item	2004	2013
Refrigerator and deep freezer	32	49
Microwave oven	72	90
Personal computer	35	91
Mobile phone	125	196

Source: KSH

As a result of belt-tightening in the recent past, Hungarian consumers often choose lesser-known – but reasonably-priced – brands as substitutes for premium brands. While this may have dampened demand for luxury and high-end products, it gives mid-range exports plenty of room for growth, especially when Hungarians make functionality and quality the top priority.

### Average retail prices of selected consumer goods in Hungary

Specification	Price (in HUF)*
Ladies' pullover, acrylic, thin, long-sleeved – per piece	5,150
Ladies' shoes, leather, man-made sole – per pair	13,040
Men's shirt, long sleeved – per piece	5,580
Men's shoes, leather, man-made sole – per pair	14,560
Children's trainers, leather, man-made sole – per pair	8,290
Bed linen set, stretch nylon, 3 pieces (1 duvet cover and 2 pillow cases)	6,040
Refrigerator – per piece	58,500
Automatic washing machine (for 4-5.5 kg) – per piece	84,030
Gas cooker – per piece	64,430
LCD TV set, 76-82 cm – per piece	85,490

\* Average in 2013

Source: KSH

### **3. Distribution and import channels**

The import and distribution channels in Hungary are relatively simple, due mainly to its small geographic size and landlocked location. Usually, large-sized distributors also act as importers. While medium-sized distributors/importers buy their products from East and West Europe, a number of large-sized companies go directly to Asia to source a wide range of consumer goods and industrial inputs. Their customers include local wholesalers and those from other East European countries, as well as some large-sized retailers of consumer goods, and medium- and large-sized manufacturers of industrial items.

Many importers and distributors in Hungary have been building up their distribution network in the CEE. While they feel the heat of intensified competition in the domestic market in view of the rising participation of West European players, most are striving to build up their regional networks beyond Hungary in order to reap the benefits of economies of scale. This development is facilitated by Hungary's liberal trading environment and relatively low taxation.

Moreover, regional distribution is facilitated by the country's EU accession, which allows Hungarian distributors to distribute their products to other markets in the EU without tariffs or other customs restrictions, not to mention the harmonisation of product and other technical standards with those of the EU.

Since joining the EU in 2004, Hungary has witnessed a massive influx of international distributors. Most significantly, especially in regard to the general consumer, are the retail giants from France and the United Kingdom (UK). The year before its EU entry, Hungary possessed just 6,710 retail outlets that had foreign majority ownership. This number had soared by more than 58% to 10,623 by 2013 and there was a corresponding upgrade and modernisation of the retail sector.

The entry of international retailers not only entailed investment into the country, but also new products, a more enjoyable shopping experience and continual retail modernisation. Currently, Britain's Tesco, Netherlands's Spar and France's Auchan are not only the largest retailers in Hungary, but also among the largest employers in the country. Apart from providing Hungarian consumers value-for-money products, they are also leading innovation in the retail landscape by introducing new store formats (hypermarkets, convenience stores and discounters) and modern ways of shopping (e-tailing), in addition to employing centralised distribution, all of which have revolutionised the country's supply chain.

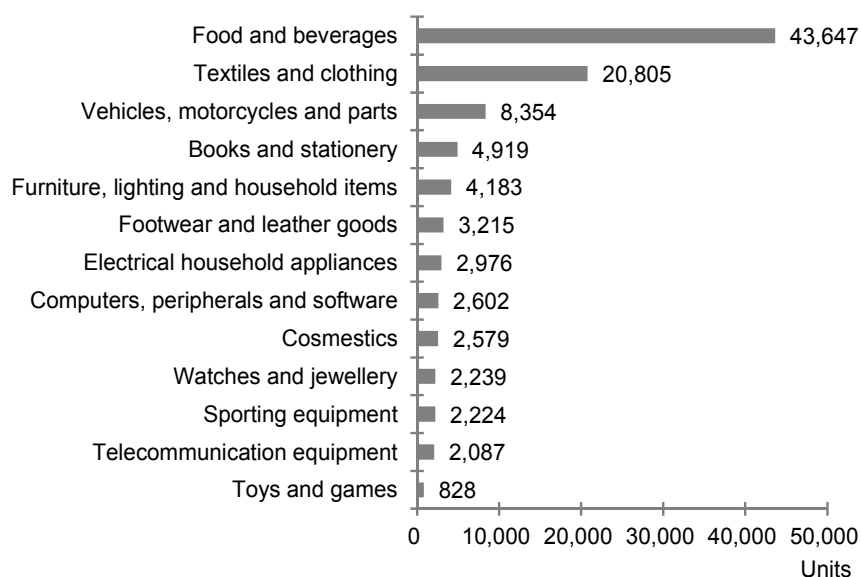
There were 140,605 retail shops<sup>1</sup> in Hungary as of end-2013, down from 154,638 as of end-2008. Notably, more than 30% of the retail shops were operated by sole proprietors, while the rest were controlled by either small or large chain-store groups. In recent years, the rise in chain stores has been facilitated by the participation of foreign players, which usually prefer the chain-store format. Amid the increasing popularity of chain stores, local players have also striven to enlarge their networks.

Product-wise, shops selling food and beverages have the largest number of outlets, amounting to more than 43,600. Hypermarkets and supermarkets are within this category. Meanwhile, retail shops specialising in textiles and clothing items have proliferated, a reflection of the fact that apart from food and basic necessity items, textiles and clothing are the major items that consumers shop for. Other major categories of specialised retail shops include vehicles, motorcycles and parts, as well as shops specialising in consumer goods such as books and stationery, furniture, lighting and household items, footwear and leather goods, etc.

---

<sup>1</sup> Including motor-trade shops and filling stations

## Number of retail shops in Hungary (2013)



Source: KSH

Given the influx of overseas players and, therefore, increasingly fierce competition, the Hungarian retail landscape has become relatively mature and saturated. There has also been a transformation in contemporary retail, such as retail concentration and e-tailing, which are now commonplace in Hungary. However, while many of these new developments are across-the-board, some are category-specific in Hungary.

Retail concentration, for example, is widely observed among shops selling clothing, textiles, footwear and leather goods, furniture, household and lighting equipment and electrical appliances. Meanwhile, shops selling non-necessities such as toys and games, telecommunication equipment, sporting goods, timepieces and jewellery, have been expanding over the years, largely due to rising incomes among Hungarian consumers and rising consumerism.

Some Hungarian retailers have also successfully set up their retail networks in Hungary, despite intense competition from foreign operators. The CBA, which is one of the largest buying co-operative/alliances, is one of the best

examples. In fact, in view of the intense competition from giant retailers, many small- and medium-sized retailers in Hungary have set up various kinds of buying co-operatives to source collectively from suppliers in order to reduce costs.

### Top 10 retailers by sales (2009) in Hungary

	Retailer	Brands	Website
1.	Tesco	Tesco, S-Market, Tesco Express	<a href="http://www.tesco.hu">www.tesco.hu</a>
2.	CBA	CBA, Cél	<a href="http://www.cba.hu">www.cba.hu</a>
3.	Coop	Coop	<a href="http://www.coop.hu">www.coop.hu</a>
4.	Spar	Spar, Interspar, Kaiser's	<a href="http://www.spar.hu">www.spar.hu</a>
5.	Auchan	Auchan	<a href="http://www.auchan.hu">www.auchan.hu</a>
6.	Real	Real Elelmiszer, Real Pont	<a href="http://www.realrt.hu">www.realrt.hu</a>
7.	Schwarz	Lidl	<a href="http://www.lidl.hu">www.lidl.hu</a>
8.	Rewe	Penny Market	<a href="http://www.penny.hu">www.penny.hu</a>
9.	Cora	Cora	<a href="http://www.cora.hu">www.cora.hu</a>
10.	Media-Saturn	Media Markt, Saturn	<a href="http://www.media-saturn.com">www.media-saturn.com</a>

Source: Euromonitor

Also noteworthy is the fast emergence of national importers/distributors in Hungary. As mentioned, many importers and distributors in Hungary have been building up their distribution network in the CEE beyond Hungary in order to reap the benefits of economies of scale. These are good business partners to whom new-to-the-market companies can make contact when making their debut in the Hungarian market.

**Selected examples of national importers/distributors and retailers  
in Hungary**

<b>Consumer electronics, lighting</b>	Avex	<a href="http://www.hauserelectronic.hu">www.hauserelectronic.hu</a>
	Sowah Hungary	<a href="http://www.sowah.hu">www.sowah.hu</a>
	Bravotech	<a href="http://www.euronics.hu">www.euronics.hu</a>
	Electro World	<a href="http://www.electroworld.hu">www.electroworld.hu</a>
	Rabalux	<a href="http://www.rabalux.hu">www.rabalux.hu</a>
	Somogyi Elektronik	<a href="http://www.somogyi.hu">www.somogyi.hu</a>
<b>Fashion (i.e. clothing and footwear)</b>	Budmil	<a href="http://www.budmil.eu">www.budmil.eu</a>
	Mayo Chix	<a href="http://www.mayochix.hu">www.mayochix.hu</a>
	Jeans Club	<a href="http://www.jeansclub.hu">www.jeansclub.hu</a>
	Retro International	<a href="http://www.retrojeans.com">www.retrojeans.com</a>
	Xuxa	<a href="http://www.xuxa.hu">www.xuxa.hu</a>
	Horvath Cipo	<a href="http://www.horvathcipo.hu">www.horvathcipo.hu</a>
	Aranypok	<a href="http://www.aranypok.hu">www.aranypok.hu</a>
<b>Jewellery and timepieces</b>	Orex	<a href="http://www.orex.hu">www.orex.hu</a>
	B. L. Oraszalon	<a href="http://www.oraszalon.hu">www.oraszalon.hu</a>
	Caprice International	<a href="http://www.caprice.co.hu">www.caprice.co.hu</a>
	Time Center	<a href="http://www.timecenter.hu">www.timecenter.hu</a>
<b>Toys and games</b>	Regio	<a href="http://www.regiotoy.hu">www.regiotoy.hu</a>
	Edi-Plus	<a href="http://www.jateksziget.com">www.jateksziget.com</a>
	Gulliver	<a href="http://www.gullivertoys.hu">www.gullivertoys.hu</a>
	Bonsai Int'l Budapest	<a href="http://www.bonsaibp.hu">www.bonsaibp.hu</a>
	QX-Impex	<a href="http://www.qx-impex.hu">www.qx-impex.hu</a>
<b>Baby products</b>	Brendon	<a href="http://www.brendon.hu">www.brendon.hu</a>
<b>Gifts and premiums</b>	Anda Present	<a href="http://www.andapresent.hu">www.andapresent.hu</a>
	Fortrend	<a href="http://www.fortrend.hu">www.fortrend.hu</a>
	Golding	<a href="http://www.golding.hu">www.golding.hu</a>
<b>Home furnishings and kitchen products</b>	Retz Butor	<a href="http://www.butor-konyha-dekor.hu">www.butor-konyha-dekor.hu</a>
	VE-Falko	<a href="http://www.vasedeny-falko.hu">www.vasedeny-falko.hu</a>

Unlike many other East European countries, street sales and open markets are not significant in Hungary. This is because Hungarians prefer to shop in shopping centres, which accommodate different kinds of specialty chain

stores, independent shops and/or supermarkets/hypermarkets. Currently, leading shopping centres include the West End City Centre and Mammut Shopping Centre, which are located in Budapest. Other than shopping centres, consumers are used to buying in shopping districts with clusters of small independent shops. These shopping centres and major shopping districts are usually concentrated in the centres of major cities, such as Miskolc, Pecs and Gyor, in addition to the capital.

### Selected major shopping centres in Budapest

Name	Website
Arkad Center	<a href="http://www.arkadbudapest.hu">www.arkadbudapest.hu</a>
Auchan	<a href="http://www.auchan.hu">www.auchan.hu</a>
Campona	<a href="http://campona.hu">http://campona.hu</a>
Duna Plaza	<a href="http://www.dunaplaza.hu">www.dunaplaza.hu</a>
Lurdy Haz	<a href="http://lurdyhaz.hu">http://lurdyhaz.hu</a>
Mammut (I and II)	<a href="http://www.mamut.hu">www.mamut.hu</a>
MOM Park	<a href="http://www.mompark.hu">www.mompark.hu</a>
Pólus Center	<a href="http://www.polus.hu">www.polus.hu</a>
Savoya Park	<a href="http://savoyapark.hu">http://savoyapark.hu</a>
West End City Center	<a href="http://westendcitycenter.hu">http://westendcitycenter.hu</a>

Sales of non-food items in Hungary are still lagging behind the pre-world financial crisis level (although overall retail sales have surpassed the 2008 level since 2011 due to high food prices), but the habit of shopping online is increasingly taking shape in Hungary. While shopping malls are still packed during the traditional shopping seasons, it is estimated that the average online spend of Hungarians is already twice that of traditional in-store shopping. Riding on this promising trend, Hungary's largest retailer, Tesco, for example, launched its own online services in mid-July 2013, while Amazon is reportedly considering entry.

With approximately 1.6 million online buyers, Hungary is estimated to have 6,000 companies that offer products in the cyber marketplace. Representing almost 3% of the total retail trade in the country, online retail sales are estimated to have grown by 20% year-on-year to top HUF200 billion (US\$0.9 billion) in 2013. These figures are not particularly spectacular if compared to mature European markets such as the UK, Germany or France, but it shows how the e-tailing business in Hungary has been catching up fast, in conjunction with the country's internet penetration, which is currently estimated to be about 70% of households.

### Major e-tailers in Hungary

Name	Website
Shoptline	<a href="http://shoptline.hu">http://shoptline.hu</a>
Extreme Digital	<a href="http://www.edigital.hu">www.edigital.hu</a>
Amazon.co.uk	<a href="http://www.amazon.co.uk">www.amazon.co.uk</a>
Jateknet.hu	<a href="http://www.jateknet.hu">www.jateknet.hu</a>
Reader's Digest	<a href="http://www.rd.hu">www.rd.hu</a>
G'Roby	<a href="http://www.groby.hu">www.groby.hu</a>
Verlagsgruppe Georg von Holtzbrinck GmbH	<a href="http://www.holtzbrinck.com">www.holtzbrinck.com</a>
Internet Mall	<a href="http://www.mall.hu">www.mall.hu</a>
Studio Moderna doo	<a href="http://www.studio-moderna.com">www.studio-moderna.com</a>
Tesco	<a href="http://tesco.hu">http://tesco.hu</a>
Pecsi Direket	<a href="http://www.alexandra.hu">www.alexandra.hu</a>
eBolt	<a href="http://www.ebolt.hu">www.ebolt.hu</a>
Lira Konyv	<a href="http://lirakonyv.hu">http://lirakonyv.hu</a>
Praktiker	<a href="http://www.praktikerwebshop.hu">www.praktikerwebshop.hu</a>
Vitaking	<a href="http://www.vitaking.hu">www.vitaking.hu</a>

Source: Euromonitor

Similar to most Western markets, free delivery, easier price comparisons, 24/7 shopping and virtually unlimited product assortments have been the major reasons for the massive uptake of online shopping in Hungary.



However, unlike most mature markets, the majority of online purchases are paid for in cash or by credit cards on collection, while only 15% are made by bank transfer or credit cards online.

Product-wise, consumer electronics and video games hardware and apparel are the most popular purchase categories for online Hungarian shoppers, followed by media products such as books, music and movies and beauty and personal-care items. With a highly developed transport infrastructure and new intermodal solutions<sup>2</sup> in the pipeline, bulky items such as furniture and homeware, and perishable items such as food and beverages, are believed to be up-and-coming categories, too.

Apart from online shopping, mass merchandisers and discounters are gaining popularity, as the majority of consumers reined in their consumption in the early stages of economic recovery. Thanks largely to the expansion of foreign players, it is estimated that mass-merchandise retailers such as hypermarkets, supermarkets and discounters account for 60% of the retail market in Hungary – a level much higher than most of the fragmented retail markets in Eastern Europe.

During the recent economic slowdown, Hungary witnessed a continuous decline in the number of consumers across most sales channels, except for discounters, which posted mild year-on-year growth in 2012. The average Hungarian household purchased goods in just seven retail stores in 2012, while the number of visited shops per month declined from previous years. This trend continued in 2013, and is expected to prevail for a few more years, meaning that mass merchandisers and discounters will be prioritised among price-driven Hungarian shoppers, alongside online comparison shopping.

In addition to the Hungarian retail market, the country's logistical efficiency allows international distributors, especially those from Western Europe, to make inroads into the broader CEE market via Hungary. Close relationships with Austria, Bosnia and Herzegovina, Croatia, the Czech Republic, Italy,

---

<sup>2</sup> Intermodal logistics refers to the transport of freight in an intermodal container or vehicle, using multiple modes of transportation.

Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia and Ukraine – the “Hungarian market” outside Hungary has made the country a popular transit point for East-West intermodal freight forwarding in the CEE region, not to mention its role as a manufacturing outsourcing hot-spot for electronics and ICT-related industries.

As a member of the now 28-member EU and Schengen Area, Hungary allows free flow of goods and traffic between member states, meaning that goods arriving from Hong Kong at seaports in Slovenia (Koper) or Germany (Hamburg/Bremerhaven) can be unloaded and cleared through customs directly on site before loading onto trucks and trains for Budapest without being stopped at borders on the way and undergoing further customs formalities.

Depending on the carrier, it can take from 25 to 35 days for goods shipped from Hong Kong to arrive at major European seaports such as Hamburg/Bremerhaven, Rotterdam, Koper or Trieste (Italy). Normally, after clearing customs, goods can be transported either by rail or truck from the seaport to Budapest within one day.

Without direct coastal access to the sea and thus also to maritime trade, Hungary has overcome numerous disadvantages by developing trade with advanced infrastructure. Today, Hungary has the third-highest road density in Europe, after Belgium and the Netherlands, enabling easy access to the various regions of Hungary and neighbouring countries.

On the other hand, the Hungarian rail network is also undergoing expansion and reorganisation as it focuses on modernising further. Currently, the central rail network crosses Budapest, which is a disadvantage for rail cargo freight, especially during daytime when Budapest’s tracks have to cope with significant commuter traffic. To tackle this vulnerability the Hungarian government decided on 27 February 2013 to build a ring rail bypassing Budapest.

With a completion date set as the end of 2017, the 113km-long, double-track, freight-only bypass (“V0 rail ring”) will accommodate speeds of up to 160km/h, connecting Tatabánya (northwestern Budapest) and Cegléd (southeast of Budapest). As the most major railway construction project in the country since 1912, the V0 rail ring is a huge development for the Hungarian logistics industry, shortening the land leg for shipping of goods across Hungary to one day, as opposed to the current four to five days.

Given the growing volume of products arriving from Asia, more than 30 modern logistics and warehouse parks of approximately 1.3 million square metres have been developed within a 30km radius of Budapest, primarily along the M0 ring road, in order to facilitate the use of intermodal solutions for distribution within Europe. This has encouraged many international logistics companies such as DHL to set up distribution centres nearby, providing services to manufacturers such as Huawei and ZTE, targeting not just the Hungarian market but the CEE region as a whole.

Together with its excellent railway connections to Asia – including the 11,179km-long Chongqing-Xinjiang-Europe railway linking Chongqing with Duisburg, Germany via Kazakhstan, Russia, Belarus and Poland – Hungary will continue to play a leading role in terms of regional distribution in the CEE, allowing Hong Kong companies to reach CEE consumers who are living far away from the sea coast, and in a timelier manner.

While it may take a while for the practice of shipping consumer goods between Asia and Europe by rail to reach fruition, especially when faster rail transport commands a 20-30% cost difference over sea freight, it is estimated that a 1% shift from sea transport could double the volume of rail transport to and from Asia.

## 4. Trade regulations

### Overview

Hungary is a member of the World Trade Organization. All Hungarian enterprises are allowed to trade freely with foreign companies. Since its accession to the EU on 1 May 2004, Hungary has adopted EU's common external trade policy and measures, and has become a member of the Single European Market, in which physical barriers of trade and traffic flows among EU member states have been removed. Now, goods that have cleared customs in any EU member state can circulate freely in Hungary, and vice versa.

### Import tariffs

As a member of the EU, Hungary follows the EU's common external trade policy and measures. As a result, Hungary's import tariffs have aligned with EU tariff rates. Besides, a value-added tax (VAT) of 27% applies to most imports as well as domestic products and services, while lower VAT rates of 18% and 5% are applicable for basic foodstuffs, and pharmaceuticals, certain medical equipment, books and newspapers, respectively.

#### General import tariff rates of Hungary\*

HS Code	Description	The EU MFN (%) as of 2015
01	Live animals	0-11.5
02	Meat and edible meat offal	0-15.4
03	Fish and crustaceans, molluscs and other aquatic invertebrates	0-26
04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	0-17.3
05	Products of animal origin, not elsewhere specified or included	0-5.1
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	0-10.9
07	Edible vegetables and certain roots and tubers	0-15.2

<b>HS Code</b>	<b>Description</b>	<b>The EU MFN (%) as of 2015</b>
08	Edible fruit and nuts; peel of citrus fruit or melons	0-20.8
09	Coffee, tea, mate and spices	0-12.5
10	Cereals	0-12.8
11	Products of the milling industry; malt; starches; inulin; wheat gluten	7.7-19.2
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder	0-8.3
13	Lac; gums, resins and other vegetable saps and extracts	0-19.2
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	0
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	0-16
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	0-26
17	Sugars and sugar confectionery	8-12.8
18	Cocoa and cocoa preparations	0-9.6
19	Preparations of cereals, flour, starch or milk; bakers' wares	8.5-12.8
20	Preparations of vegetables, fruit, nuts or other parts of plants	0-33.6
21	Miscellaneous edible preparations	0-12.8
22	Beverages, spirits and vinegar	0-32
23	Residues and waste from the food industries; prepared animal feed	0-12
24	Tobacco and manufactured tobacco substitutes	10-74.9
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	0-1.7
26	Ores, slag and ash	0
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	0-8
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare earth metals, of radioactive elements or of isotopes	0-5.5
29	Organic chemicals	0-6.5
30	Pharmaceutical products	0-6.5

<b>HS Code</b>	<b>Description</b>	<b>The EU MFN (%) as of 2015</b>
31	Fertilisers	0-6.5
32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	0-6.5
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	0-12.8
34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparations with a basis of plaster	0-6.5
35	Albuminoidal substances; modified starches; glues; enzymes	0-9
36	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	5.7-6.5
37	Photographic or cinematographic goods	0-6.5
38	Miscellaneous chemical products	0-6.5
39	Plastics and articles thereof	0-6.5
40	Rubber and articles thereof	0-6.5
41	Raw hides and skins (other than furskins) and leather	0-6.5
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)	1.7-9.7
43	Furskins and artificial fur; manufactures thereof	0-3.7
44	Wood and articles of wood; wood charcoal	0-10
45	Cork and articles of cork	0-4.7
46	Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	0-4.7
47	Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard	0
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	0
49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	0
50	Silk	0-7.5
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	0-8

HS Code	Description	The EU MFN (%) as of 2015
52	Cotton	0-8
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	0-8
54	Man-made filaments; strip and the like of man-made textile materials	3.8-8
55	Man-made staple fibres	4-8
56	Wadding, felt and nonwovens; special yarns, twine, cordage, ropes and cables and articles thereof	3.8-12
57	Carpets and other textile floor coverings	3-8
58	Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery	5-8
59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	4-8
60	Knitted or crocheted fabrics	6.5-8
61	Articles of apparel and clothing accessories, knitted or crocheted	8-12
62	Articles of apparel and clothing accessories, not knitted or crocheted	6.3-12
63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	0-12
64	Footwear, gaiters and the like; parts of such articles	3-17
65	Headgear and parts thereof	0-5.7
66	Umbrellas, sun umbrellas, walking sticks, seatsticks, whips, riding-crops and parts thereof	2.7-5.2
67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	1.7-4.7
68	Articles of stone, plaster, cement, asbestos, mica or similar materials	0-3.7
69	Ceramic products	0-12
70	Glass and glassware	0-11
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewellery; coin	0-4
72	Iron and steel	0-7
73	Articles of iron or steel	0-3.7

<b>HS Code</b>	<b>Description</b>	<b>The EU MFN (%) as of 2015</b>
74	Copper and articles thereof	0-5.2
75	Nickel and articles thereof	0-3.3
76	Aluminium and articles thereof	0-10
78	Lead and articles thereof	0-5
79	Zinc and articles thereof	0-5
80	Tin and articles thereof	0
81	Other base metals; cements; articles thereof	0-9
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	1.7-8.5
83	Miscellaneous articles of base metal	0-3.7
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	0-9.7
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	0-14
86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds	0-3.7
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	0-22
88	Aircraft, spacecraft, and parts thereof	1.7-7.7
89	Ships, boats and floating structures	0-2.7
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0-6.7
91	Clocks and watches and parts thereof	2.7-6
92	Instruments; parts and accessories of such articles	1.7-4
93	Arms and ammunition; parts and accessories thereof	0-3.2
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	0-5.7
95	Toys, games and sports requisites; parts and accessories thereof	0-4.7



HS Code	Description	The EU MFN (%) as of 2015
96	Miscellaneous manufactured articles	0-7.7
97	Works of art, collectors' pieces and antiques	0

*\* Some tariff lines may involve more complex tariff calculations than a simple ad valorem duty. For detailed tariff information, please refer to <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2014:312:FULL>.*

*Source: Commission Implementing Regulation (EU) No 1101/2014 of 16 October 2014, Official Journal of the European Union L312, 31 October 2014*

## Non-tariff import restrictions

### Quantitative barriers

Hong Kong's textiles and clothing exports to the EU were previously subject to the World Trade Organization (WTO) Agreement on Textiles and Clothing (ATC), under which quantitative restrictions on textiles and clothing were eliminated completely on 1 January 2005. Likewise, the previous quotas imposed by the EU on textiles and clothing products originating from the Chinese mainland were removed on 1 January 2005. Notwithstanding that textile safeguard quotas were imposed by the EU on Chinese textile products in 2005, from 1 January 2009 textile and clothing products originating in China no longer require any import licence or surveillance document before entering the EU.

With regard to non-textile manufacturing products, previously the EU also imposed Union-wide quotas on three categories of non-textiles products originating from the Chinese mainland, including certain footwear, porcelain and ceramic tableware/kitchenware. But these quotas were liberalised on 1 January 2005.

## Trade remedies

### Anti-dumping measures

The EU has initiated anti-dumping (AD) proceedings against certain mainland-origin products. Currently, there are a number of mainland-origin items subject to the EU's anti-dumping measures, including bicycles, candles, ceramic tiles, fasteners, ironing boards, solar panels, and steel ropes and cables, which are among the affected products of interest to Hong Kong. As of January 2015, the EU did not apply any AD measures on imports from Hong Kong.

#### **EU's anti-dumping measures against Chinese products (measures in force as of January 2015)**

##### *Definitive duties (51 cases)*

Product	CN Code	Anti-dumping duty	Imposition date	Expiry date
Aluminium foils ("household foils")	ex 7607 11 19	6.4-30%	06.10.2009	Pending expiry review
Aluminium foils ("household foils" and consumer rolls)	ex 7607 11 11 ex 7607 19 10	14.2-35.6%	13.03.2013	13.03.2018
Aluminium radiators	ex 7607 11 10	12.6-61.4%	09.11.2012	10.11.2017
Aluminium road wheels	ex 8708 70 10 ex 8708 70 50	22.3%	28.10.2010	29.10.2015
Barium carbonate	2836 60 00	€6.3-56.4 / tonne	21.07.2005	20.08.2016
Bicycles	8712 00 30 8712 00 70	48.5%	09.09.1993	05.06.2018
Candles, tapers and the like	ex 3406 00 11 ex 3406 00 19 ex 3406 00 90	€0-549.33 / tonne of fuel	14.05.2009	Pending expiry review
Cargo scanning systems	ex 9022 19 00 ex 9022 29 00 ex 9027 80 17 ex 9030 10 00 ex 8705 90 90	34.0%	16.06.2010	17.06.2015

Product	CN Code	Anti-dumping duty	Imposition date	Expiry date
Ceramic tableware and kitchenware	6911 10 00 ex 6912 00 10 ex 6912 00 30 ex 6912 00 50 ex 6912 00 90	13.1-36.1%	15.05.2013	16.05.2018
Ceramic tiles	6907 10 00 6907 90 10 6907 90 91 6907 90 93 6907 90 99 6908 10 10 6908 10 90 6908 90 11 6908 90 21 6908 90 29 6908 90 31 6908 90 51 6908 90 91 6908 90 93 6908 90 99	26.3-69.7%	15.09.2011	16.09.2016
Chamois leather	4114 10 10 4114 10 90	58.9%	14.09.2006	07.12.2017
Citric acid	2918 14 00 2918 15 00	6.6-42.7%	03.12.2008	Pending expiry review
Citrus fruits	2008 30 55 2008 30 75 2008 30 90	€361.4-531.2 / tonne of net product weight	30.12.2008	12/12/2019
Coated fine paper	ex 4810 13 20 ex 4810 13 80 ex 4810 14 20 ex 4810 14 80 ex 4810 19 10 ex 4810 19 90 ex 4810 22 10 ex 4810 22 90 ex 4810 29 30 ex 4810 29 80 ex 4810 92 10 ex 4810 92 30 ex 4810 92 90 ex 4810 99 10 ex 4810 99 30 ex 4810 99 90	8.0-35.1%	14.05.2011	15.05.2016

Product	CN Code	Anti-dumping duty	Imposition date	Expiry date
Fasteners, iron or steel	7318 12 90 7318 14 91 7318 14 99 7318 15 59 7318 15 69 7318 15 81 7318 15 89 7318 15 90 7318 21 00 7318 22 00	0-74.1%	31.01.2009	Pending expiry review
Ferro-silicon	7202 21 00 7202 29 10 7202 29 90	15.6-31.2%	10.04.2014	10.04.2019
Filament glass fibre products	7019 11 00 7019 12 00 7019 19 10 ex 7019 31 00	7.3-13.8%	15.03.2011	16.03.2016
Hand pallet trucks and their essential parts	8427 90 00 8431 20 00	70.8%	21.07.2005	14.10.2016
Ironing boards	ex 3924 90 90 ex 4421 90 98 ex 7323 99 91 ex 7323 99 99 ex 8516 79 70 ex 8516 90 00	0-42.3%	26.04.2007	24.07.2018
Lever arch mechanisms	ex 8305 10 00	27.1-47.4%	27.07.2006	05.09.2017
Melamine	2933 61 00	Minimum import price (MIP) of €1,153 per tonne net product weight or a fixed duty of €415 per tonne net product weight	13.05.2011	14.05.2016
Molybdenum wires	ex 8102 96 00	64.3%	16.06.2010	17.06.2015
Monosodium glutamate	ex 2922 42 00	33.8-39.7%	02.12.2008	Pending expiry review
Okoumé plywood	4412 13 10 00	6.5-66.7%	12.11.2004	03.02.2016
Open mesh fabrics of glass fibres	ex 7019 40 00 ex 7019 51 00 ex 7019 59 00 ex 7019 90 91 ex 7019 90 99	48.4-62.9%	09.08.2011	10.08.2016
Open mesh fabrics of glass fibres	ex 7019 40 00 ex 7019 51 00 ex 7019 59 00 ex 7019 90 91 ex 7019 90 99	48.4-62.9%	16.01.2013	10.08.2016

Product	CN Code	Anti-dumping duty	Imposition date	Expiry date
Organic coated steel products	ex 7210 70 80 ex 7212 40 80 ex 7225 99 00 ex 7226 99 70	0-16.2%	15.03.2013	15.03.2018
Oxalic acid	ex 2917 11 00	14.6-52.2%	18.04.2012	18.04.2017
Peroxosulphates (persulphates)	2833 40 00 2842 90 90	0-71.8%	11.10.2007	17.12.2018
Polyester high tenacity filament yarn	5404 20 00	0-9.8%	01.12.2010	02.12.2015
Polyethylene terephthalate (PET)	3907 60 20 00	€0-184 / tonne	19.08.2004	18.11.2015
PSC wires and strands	ex 7217 10 90 ex 7217 20 90 ex 7312 10 61 ex 7312 10 65 ex 7312 10 69	0-46.2%	13.05.2009	Pending expiry review
Ring binder mechanisms	8305 10 00 10 8305 10 00 20	Minimum import price of €325 per 1,000 pieces or an ad valorem duty of 51.2-78.8%	24.01.1997	27.02.2015
Seamless pipes and tubes of stainless steel	7304 11 00 7304 22 00 7304 24 00 ex 7304 41 00 7304 49 10 ex 7304 49 93 ex 7304 49 95 ex 7304 49 99 ex 7304 90 00	48.3-71.9%	20.12.2011	21.12.2016
Seamless pipes and tubes, of iron or steel	ex 7304 11 00 ex 7304 19 10 ex 7304 19 30 ex 7304 22 00 ex 7304 23 00 ex 7304 24 00 ex 7304 29 10 ex 7304 29 30 ex 7304 31 80 ex 7304 39 58 ex 7304 39 92 ex 7304 39 93 ex 7304 51 89 ex 7304 59 92 ex 7304 59 93	17.7-39.2%	06.10.2009	Pending expiry review
Silicon metal (silicon)	2804 69 00 00	16.3-19.0%	28.07.1990	30.05.2015
Sodium cyclamate	2929 90 00 10	€0-0.26 / kg	11.03.2004	09.06.2015
Sodium gluconate	ex 2918 16 00	5.6-53.2%	28.10.2010	29.10.2015

Product	CN Code	Anti-dumping duty	Imposition date	Expiry date
Solar glass	ex 7007 19 80	0.4-36.1%	14.05.2014	14.05.2019
Solar panels (crystalline silicon photovoltaic modules and key components)	ex 3818 00 10 ex 8501 31 00 ex 8501 32 00 ex 8501 33 00 ex 8501 34 00 ex 8501 61 20 ex 8501 61 80 ex 8501 62 00 ex 8501 63 00 ex 8501 64 00 ex 8541 40 90	27.3-53.4%	05.12.2013	07.12.2015
Stainless steel fasteners and parts thereof	7318 12 10 7318 14 10 7318 15 30 7318 15 51 7318 15 61 7318 15 70 7318 16 30	11.4-27.4%	19.11.2005	08.01.2017
Steel ropes and cables	7312 10 82 11 7312 10 82 19 7312 10 84 11 7312 10 84 19 7312 10 86 11 7312 10 86 19 7312 10 88 11 7312 10 88 19 7312 10 99 11 7312 10 99 19	60.4%	17.08.1999	10.02.2017
Sulphanilic acid	2921 42 10 60	33.7%	18.12.2014	18.12.2019
Tartaric acid	2918 12 00	8.3-34.9%	27.01.2006	25.04.2017
Threaded tube or pipe cast fittings, of malleable cast iron (MTF)	ex 7307 19 10	24.6-57.8%	14.05.2013	15.05.2018
Trichloroisocyanuric acid (TCCA)	2933 69 80 3808 40 20	3.2-42.6%	07.10.2005	31.12.2016
Tube and pipe fittings, of iron or steel	7307 93 11 99 7307 93 19 99 7307 99 30 98 7307 99 90 98	58.6%	03.04.1996	Pending expiry review
Tungsten carbide and fused tungsten carbide	2849 90 30 00	33.0%	27.09.1990	25.03.2016
Tungsten electrodes	8101 95 00 8515 90 90	17.0-63.5%	13.03.2007	05.06.2018
Welded tubes and pipes of iron or non-alloy steel	ex 7306 30 41 ex 7306 30 49 ex 7306 30 72 ex 7306 30 77	90.6%	19.12.2008	Pending expiry review

Product	CN Code	Anti-dumping duty	Imposition date	Expiry date
Wire rod	7213 10 00	7.9-24.0%	05.08.2009	Pending expiry review
	7213 20 00			
	7213 91 10			
	7213 91 20			
	7213 91 41			
	7213 91 49			
	7213 91 70			
	7213 91 90			
	7213 99 10			
	7213 99 90			
	7227 10 00			
	7227 20 00			
	7227 90 10			
	7227 90 50			
7227 90 95				

*Remark: Anti-dumping duty is levied on the basis of CIF price before duty.*

*Source: Official Journal of the European Union*

### Investigations underway (3 cases)

Date of initiation of investigation	Product
1. 26.06.2014	Stainless steel cold-rolled flat products
2. 14.08.2014	Grain-oriented flat-rolled products of silicon-electrical steel
3. 04.09.2014	Acesulfame potassium

*Source: Official Journal of the European Union, Trade and Industry Department, Hong Kong SAR Government*

## **Scheme of generalised tariff preferences**

The EU's new scheme on generalised system of preferences ("GSP") entered into effect on 1 January 2014. Under the new scheme, beneficiaries will lose preferences on any product groups in which their share of EU imports from GSP beneficiaries exceeds 17.5% (or 14.5% in the case of textiles or clothing). While the number of GSP beneficiary countries is being drastically reduced from 176 to less than 90, the Chinese mainland remains a preferential beneficiary.

Other than products such as toys, textiles and clothing, footwear, furniture, lamps, jewellery or imitation jewellery, electrical equipment, and clocks and

watches, six new sectors graduated as of 1 January 2014, namely: Section 1a – live animals and animal products excluding fish; Section 1b – fish, crustaceans, molluscs and aquatic invertebrates; Section 2b – vegetables, fruits and nuts; Section 2c – coffee, tea, mate and spices; Section 2d – cereals, flour, seeds and resins; and Section 4b – prepared foodstuffs (excluding meat and fish), beverages, spirits and vinegar. The total number of graduated sectors thereafter amounts to 27. Regarding Hong Kong, the territory has been fully excluded from the EU's GSP scheme since 1 May 1998.

**List of Chinese origin product “sections” in the new GSP Regulation  
which will not benefit from GSP preferences, applicable from  
1 Jan 2014 to 31 Dec 2016**

Section 1a	Live animals and animal products excluding fish
Section 1b	Fish, crustaceans, molluscs and other aquatic invertebrates
Section 2b	Vegetables, fruit and nuts
Section 2c	Coffee, tea, mate and spices
Section 2d	Cereals, flour, seeds and resins
Section 4b	Prepared foodstuffs (excl. meat and fish), beverages, spirits and vinegar
Section 6a	Inorganic and organic chemicals
Section 6b	Chemicals, other than organic and inorganic chemicals
Section 7a	Plastics
Section 7b	Rubber
Section 8a	Raw hides and skins and leather
Section 8b	Articles of leather and furskins
Section 9a	Wood and wood charcoal
Section 9b	Cork manufactures of straw and other plaiting materials
Section 11a	Textiles
Section 11b	Articles of apparel and clothing accessories
Section 12a	Footwear
Section 12b	Headgear, umbrellas, sun umbrellas, sticks, whips and prepared feathers and down
Section 13	Articles of stone, ceramic products and glass
Section 14	Pearls and precious metals



Section 15a	Ferro-alloys and articles of iron and steel
Section 15b	Base metals (excl. iron and steel), articles of base metals (excluding articles of iron and steel)
Section 16	Machinery and equipment
Section 17a	Railway and tramway vehicles and products
Section 17b	Motor vehicles, bicycles, aircraft and spacecraft, ships and boats
Section 18	Optical instruments, clocks and watches, musical instruments
Section 20	Miscellaneous

*Source: Commission Implementing Regulation (EU), No 1213/2012 of 17 December 2012*

## **Environmental protection requirements**

There are an increasing number of regulatory requirements in the EU with respect to environmental protection. In fact, Europe is among the most environmentally conscious societies in the world, and is one of the world's leading regions where green consumerism is active.

The EU's environmental laws and policies aim to provide a high level of protection to the environment and human health. The laws cover every aspect of the environment, namely air, water, land use, flora and fauna, noise, soil and waste. In this respect, they also impact on merchandise that is sold in the EU, attempting to achieve ever more environmentally friendly products, without at the same time excessively burdening producers and importers placing such products on the EU's markets.

The laws are intended to provide a broadly equivalent level of protection throughout the EU, and are regularly reviewed and, where necessary, updated. The overall environmental policy is based on the "polluter pays" principle. So-called "polluters" (normally the economic players comprising industry) are required to pay through the investment needed to meet higher standards or by creating adequate systems to take back, recycle or dispose of, in a sound fashion, products at their end-of-life.

# RoHS

Since 2 January 2013, a revised (i.e. recast) version of the RoHS Directive (“RoHS 2”) applies throughout the Union. The provisions of the RoHS 2 Directive, as implemented in the Member States, ban the placing on the market of new electrical and electronic equipment (EEE), including cables and spare parts, containing more than the allowed levels of lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE) flame retardants.

Annex II lists the maximum-accepted thresholds per substance. Accordingly, the maximum concentration amounts of the hazardous substances that may continue to be allowed in electrical and electronic goods are, by weight in homogenous materials, the following percentages:

### Heavy metal

- lead 0.1%
- mercury 0.1%
- hexavalent chromium 0.1%
- cadmium 0.01%

### Flame retardants

- PBB 0.1%
- PBDE 0.1%

“Homogenous material” means a unit that cannot be mechanically disjointed into different materials

Virtually all electrical and electronic equipment (including laptops and IT equipment, mobile phones, home and audio-visual appliances, office equipment, light bulbs and luminaries) falls within the RoHS scope. The RoHS 2 Directive gradually extends the scope of the RoHS requirements, compared to the RoHS 1 Directive. It aims for full coverage by 22 July 2019. By that time, RoHS 2 will apply to all EEE, cables and spare parts, except for some exclusions that are explicitly listed in Article 2(4) of the RoHS 2

Directive. A complete list of the covered product categories can be found in Annex I of the RoHS 2 Directive.

Article 2(4) of the RoHS 2 Directive expressly excludes military equipment which is essential for security, equipment intended for outer-space, large-scale stationary industrial tools and fixed installations, means of transport for persons or goods except electric two-wheel vehicles which are not type-approved, non-road mobile machinery for professional use, active implantable medical devices, photovoltaic panels, and EEE designed solely for R&D which is made available on a B-2-B basis.

EEE that was outside the scope of the old RoHS Directive, but is in non-compliance with the recast Directive may continue to be made available on the market until 22 July 2019. However, for medical devices and monitoring-control instruments, the Directive will apply to any devices placed on the market from 22 July 2014; for in-vitro diagnostic medical devices, from 22 July 2016; and for industrial monitoring and control instruments, from 22 July 2017.

The RoHS 2 Directive adds new express obligations on economic operators (i.e., manufacturers, authorised representatives, importers and distributors) compared to the RoHS 1 Directive, so as to reduce the number of non-compliant products and strengthen and harmonise market surveillance by the competent authorities.

On 23 November 2012, the reference and title of an important European harmonised standard was published in the Official Journal of the EU. It has a central importance when it comes to proving compliance with the RoHS 2 Directive.

European Standard EN 50581 was adopted by CENELEC, one of the EU's key European standards bodies. The Standard notes that manufacturers of final products have to be able to demonstrate that their products meet the applicable substance restrictions. It also recognises that – especially for complex products – it is impractical and prohibitively expensive for

manufacturers to undertake their own testing of all homogenous materials contained in the final assembled product.

Instead, manufacturers are expected to work with their suppliers to manage compliance. This would include obtaining documentation from their suppliers showing that any materials supplied to them already comply with the substance restrictions. The aim of the European Standard is to specify the technical documentation that the manufacturer needs to compile, in order to be able to declare compliance himself.

European Standard EN 50581 is available from CENELEC national members for a small fee. Hong Kong producers selling EEE to European customers should therefore obtain a copy for themselves, as compliance with the Standard will be recognised by national surveillance authorities, and as such can be relied upon throughout the EU. Details of CENELEC's national members and how to contact them can be found at: [www.cenelec.eu](http://www.cenelec.eu).

The RoHS Directive was transposed into the Hungarian national law by the Ministerial Decree 16/2004 of 8 October 2004 on Restricting the Application of Individual Hazardous Substances in Electrical and Electronic Equipment with effect from 1 July 2006. The National Directorate for the Environment, Nature and Water has been appointed as the RoHS enforcement authority.

**National Inspectorate for the Environment, Nature and Water**

Mészáros u. 58/a, 1016 Budapest, Hungary

Telephone: +36 (1) 224-91-00

Fax: +36 (1) 224-91-62

E-mail: [orszagos@zoldhatosag.hu](mailto:orszagos@zoldhatosag.hu)

Web: [www.orszagoszoldhatosag.gov.hu](http://www.orszagoszoldhatosag.gov.hu)

There is no prescribed method for demonstrating RoHS compliance. RoHS testing facilities are available in Hungary. For example, SGS Hungaria Ltd. offers this service.

## WEEE

The WEEE 2 Directive entered into force on 13 August 2012. The deadline for its transposition by Member States was 14 February 2014, at which time the WEEE 1 Directive was to be repealed. The WEEE Directive is part of the regulation of the EU's waste-management laws. It aims to both reduce the amount of WEEE being produced and to encourage its reuse, recycling and recovery. The WEEE 2 Directive also aims to improve the environmental performance of businesses that manufacture, supply, use, recycle and recover EEE.

Under the WEEE Directive, virtually all end-of-life EEE is covered, including all household appliances, audio-visual equipment, IT equipment including PCs, equipment commonly used in offices, mobile phones, toys and watches that run on electric power, and most types of lighting. The period between 13 August 2012 and 14 August 2018 is a transitional period. During this period the scope of the WEEE 2 Directive remains the same as the scope of the WEEE 1 Directive (with the exception of photovoltaic panels which have been added to the scope of the WEEE 2 Directive with immediate effect). Thus, during the transitional period, the WEEE 2 Directive will apply to EEE falling within one of the 10 categories set out in Annex I. Annex II of the WEEE 2 Directive contains an indicative (more descriptive) list of EEE which fall within the categories of Annex I.

Certain kinds of products are expressly excluded from the Directive's scope (Article 2(3) of the WEEE 2 Directive):

- military equipment that is essential for security;
- equipment that is specifically designed and installed as part of another type of equipment that is excluded from or does not fall within the scope of the Directive, which can fulfil its function only if it is part of that equipment;
- filament bulbs.

From 15 August 2018 onwards the scope of the Directive is widened to include all EEE (open scope). All EEE shall be classified within six categories (listed in Annex III) instead of the 10 categories of the original WEEE Directive. Annex IV of the WEEE 2 Directive contains an indicative list of EEE that fall within the categories set out in Annex III.

From 15 August 2018 onwards, the WEEE 2 Directive not only excludes from its scope the products listed in Article 2(3) of the WEEE 2 Directive, but also the products listed in Article 2(4). These are: equipment intended for outer-space, large-scale stationary industrial tools and fixed installations, means of transport for persons or goods except electric two-wheel vehicles which are not type-approved, non-road mobile machinery for professional use, active implantable medical devices, and EEE designed solely for R&D which is made available on a B-2-B basis. Businesses wishing to verify whether the WEEE 2 Directive applies to their product can follow the flowchart in the Annex to the Commission's draft FAQs on the new WEEE Directive ([http://ec.europa.eu/environment/waste/weee/pdf/faq\\_weee2.pdf](http://ec.europa.eu/environment/waste/weee/pdf/faq_weee2.pdf)).

Article 3(1)(e) of the WEEE 2 Directive defines WEEE as electrical and electronic equipment which is waste, including all components, sub-assemblies and consumables which are part of the product at the time of discarding. Each Member State has to ensure the implementation of the producer-responsibility principle and, on that basis, a minimum collection rate is to be achieved annually (Article 7 of the WEEE 2 Directive).

Until December 2015, this minimum collection rate is either 4kg per inhabitant per year for WEEE from private households or the same amount of weight of WEEE as was collected by the Member State at issue in the three preceding years, whichever is greater. From 2016, the minimum collection rate is 45% of the average weight of EEE placed on the market in the three preceding years. This percentage is to evolve gradually during the period from 2016 to 2019, unless the collection rate for 2019 is already achieved. From 2019 the minimum annual collection rate is 65% of the average weight of EEE placed on the market in the three preceding years in the Member State concerned or, alternatively, 85% of WEEE generated on the territory of that Member State.

Hungary, because of its lack of the necessary infrastructure and low level of EEE consumption, decides on lower targets. Thus, it might have in place a lower interim target (between 40% and 45% instead of 45% by 2016) of the average weight of EEE placed on the market in the three preceding years, and postpone the achievement of the final collection rate mentioned above until a date of their own choice which shall not be later than 2021.

The WEEE Directive was transposed into Hungarian law through three pieces of legislation: the Government Decree 264/2004 on the take-back of WEEE of 23 September 2004; the Ministerial Decree 15/2004 of 8 October 2004 transposing the treatment provisions of the WEEE Directive; and the amendment 103/2004 to the Product Fee Act LVI. Such Hungarian Decrees on WEEE are now fully in force, with producer registration having commenced on 1 January 2005 and producer financing for business WEEE having commenced on 13 August 2005. Responsibility for enforcement will be carried out by the National Inspectorate for the Environment, Nature and Water.

**National Inspectorate for the Environment, Nature and Water**

Mészáros u. 58/a, 1016 Budapest, Hungary

Telephone: +36 (1) 224-91-00

Fax: +36 (1) 224-92-62

E-mail: [orszagos@zoldhatosag.hu](mailto:orszagos@zoldhatosag.hu)

Web: [www.orszagoszoldhatosag.gov.hu](http://www.orszagoszoldhatosag.gov.hu)

Producers are required to register with, and report to, the National Directorate for the Environment, Nature and Water. They have take-back, collection, recovery and disposal duties. However, producers may assign these duties to a receiver, or a producer responsibility organisation. Producers are therefore entitled to join recovery organisations if they wish to fulfil their obligations collectively. Two major collective schemes have been set up as follows. Members of these compliance schemes are exempt from the product fee and do not need to provide a separate guarantee.

- Electro-Coord Kht ([www.electro-coord.hu](http://www.electro-coord.hu))
- Electro-Waste Kht ([www.elektrowaste.hu](http://www.elektrowaste.hu))

## **Ecodesign requirements for energy-related products**

The EU's Directive 2009/125/EC establishing a framework for the setting of eco-design requirements for energy-related products ("ErPs") was published in the Official Journal on 31 October 2009 and has been implemented since November 2010.

An ErP is defined as "any good that has an impact on energy consumption during use which is placed on the market and/or put into service, and includes parts intended to be incorporated into energy-related products covered by this Directive which are placed on the market and/or put into service as individual parts for end-users and of which the environmental performance can be assessed independently".

Components and sub-assemblies are defined, on the other hand, as parts that are intended to be incorporated into ErPs but which are not placed on the market or put into service as individual parts for end-users, or the environmental performance of which cannot be assessed independently. Nonetheless, even for such parts, implementing measures may require that the manufacturer of the ErP is provided with relevant information on their composition, consumption of energy, materials and/or resources.

Due to the definition, all energy-related products are potentially covered within the Directive's scope. Such products would continue to include energy-using products (e.g., different types of electrical appliances) but may, potentially, also cover shower heads and other bathroom fittings, insulation materials, double-glazing and other products that are related to the using of energy, which, in effect, have a significant potential for saving it, if designed in an eco-friendly manner.

The ErP Directive requires that the Commission shall, not later than 21 October 2011, establish a working plan, to be made publicly available. The working plan will have to set out for the following three years an indicative list of product groups which are considered as priorities for the adoption of implementing measures. As regards ErPs to be covered by implementing



measures, the Directive requires that Member States may allow only such ErPs to be placed on the market and/or put into service if they comply with those measures and bear the CE marking in that regard.

Of relevance to Hong Kong traders, the Directive's Article 4 lays out the responsibilities of the EU importer: thus, where the manufacturer is not established (himself or through a mandated representative) in the EU, the obligation is to ensure the ErP concerned is in compliance with the Directive and the future implementing measures rest with the importer. It is also his responsibility to keep the declaration of conformity and the technical documentation available.

It should be noted that ErPs intended only for fairs, exhibitions and demonstrations need not be in conformity of applicable implementing measures, as long as there is a visible indication that they are not being placed on the market.

So far (until 31 January 2015) the Commission has adopted implementing measures under the Directive on eco-design for more than 20 types of product. These are all products that directly use energy (thus, energy-using products), including household dishwashers, household washing machines, circulators, electric motors, refrigerators and freezers, televisions, external power supplies, lighting products in the domestic sector, lighting products in the tertiary sectors (office and street lightening), simple set-top boxes, standby and off-mode electric power consumption household and office equipment, domestic ovens, hobs and range hoods, heaters and water heaters, vacuum cleaners, computers, household tumble driers, water pumps, air conditioners and comfort fans, industrial fans, complex set-top boxes and imaging equipment.

## **REACH**

REACH, an EU Regulation, which stands for Registration, Evaluation, Authorisation and Restriction of Chemicals, entered into force on 1 June 2007. Among other issues, it requires EU manufacturers and importers of

chemical substances (whether on their own, in preparations or in certain articles) to gather comprehensive information on properties of their substances produced or imported in volumes of one tonne or more per year, and to register such substances with the European Chemicals Agency (“Agency”) in Helsinki prior to manufacturing in, or importing into, the EU. The obligations concerning EU manufacturers and importers of “phase-in” substances began on 1 June 2008 (starting with a period of pre-registration). The pre-registration period closed on 1 December 2008. Phase-in substances are, essentially, chemical substances that are already listed in the European Inventory of Existing Commercial Chemical Substances (EINECS), and number more than 100,000.

While the REACH Regulation allows EU manufacturers and importers to be registrants, and thereby fulfil all their REACH-related obligations so as to continue their trade in the EU without disruption, the same right is not extended to non-EU manufacturers (e.g., those located in Hong Kong or the Chinese mainland). However, if these persons do not wish to depend on importers’ registrations, they are permitted to nominate an only representative to register their substances imported into the EU (either on their own, in preparations or in articles). The only representative then takes over all the importers’ REACH obligations in respect of those imports.

With regard to articles, substances therein have to be registered with a Technical Dossier where (a) the substance present in those articles totals one tonne or more per year per producer or importer AND (b) the substance is intended to be released under normal or reasonably foreseeable conditions of use. A Chemical Safety Report will also need to be submitted where the substance totals 10 tonnes or more in those articles, per year, per producer or importer.

As a general rule (although exemptions apply), the Agency has to be notified by the importer or producer of articles where a substance therein is a substance of very high concern (SVHC), e.g., it is deemed to be carcinogenic, mutagenic or toxic for reproduction, and is identified as such for eventual inclusion in Annex XIV (a list of substances subject to authorisation), if (a) the

substance present in those articles totals one tonne or more per year per producer or importer AND the substance is present in those articles above a concentration of 0.1% weight by weight (w/w). The Agency can then require registration of the substance (if it does not already have to be registered).

The registration of substances (primarily “existing chemicals”, i.e., those already listed in EINECS and referred to in REACH as phase-in substances) benefit from grace periods (it should be noted that EINECS contains 100,196 entries, comprising substances introduced between 1 January 1971 and 18 September 1981). Registration with the Agency is not required until 1 June 2018 for quantities reaching one tonne or more per year, per manufacturer or importer. However, if the substance is classified as carcinogenic or very toxic to aquatic organisms and imports of these substances reach one tonne or more per year, or in cases of a substance that is being imported in quantities of 1,000 or more tonnes per year, the registration deadline has now passed: it was 1 December 2010.

The registration deadline has also passed for phase-in substances manufactured in the EU or imported, in quantities reaching 100 tonnes or more per year per manufacturer or per importer: it was 1 June 2013. The aforementioned grace periods and tonnage bands also apply to registration of the substances in preparations or in articles.

The Agency has various powers under REACH for the evaluation of substances. It can take decisions on the testing procedures submitted by registrants, and ask registrants to furnish additional information if deemed necessary. The registration of substances is subject to two types of evaluation:

- i) Dossier Evaluation, including compliance checks of registrations can be performed by the Agency on a random basis (the dossier evaluation is subject to the priority criteria set out in the REACH Regulation), in order to examine testing proposals and to ensure that unnecessary animal tests and costs are avoided and that test results are relevant for the chemical safety process; and to check the compliance of a registration dossier with all the requirements of the REACH Regulation.

- ii) Substance Evaluation, performed by the Agency in cooperation with the Member States' authorities. The Agency will prioritise the substances on a risk-based approach and coordinate the substance evaluation processes carried out in the Member States. Each Member State will be entrusted with the evaluation of one or more substances.

The evaluation work is to be carried out in certain time intervals, with priority being given to registrations of SVHC or substances classified as dangerous according to the CLP regulation. Information obtained in the registration dossier and under the substance evaluation will also be considered when justifying the identification of a substance of very high concern, to initiate the restriction of the manufacture, placing on the market or use of a substance within the Community, and/or to propose a harmonised classification and labelling.

On the other hand, the aim of an authorisation is to establish that the risks from substances of very high concern are properly controlled or that these substances are replaced by suitable alternative substances or technologies.

Initially, the Agency was supposed to include a first list of such substances by 1 June 2009, i.e., in Annex XIV: the list of substances subject to authorisation. Substances that may be included in Annex XIV are CMR category 1 and 2 substances, PBT and vPvB substances, as well as any other substances for which there is scientific evidence of probable serious effects to humans or the environment which give rise to equivalent concerns as CMR category 1 and 2, PBT or vPvB substances. An application for an authorisation will have to be lodged with the Agency for use of substances of very high concern. Authorisation for specific uses can be granted if the manufacturer or importer is able to demonstrate that risks can be adequately controlled or if the socio-economic advantages of the specific use are predominant. Authorisation decisions may need to be amended or withdrawn as a result of a review which can be carried out at any time when there is a change of circumstances. Importantly, the authorisation only applies to the manufacturing, placing on the market and use of substances in the EU. It does not restrict companies in third countries from using such substances in preparations and articles that are imported into the EU.

Substances on the Candidate List may subsequently become subject to authorisation by decision of the European Commission. In such case, they are inserted into Annex XIV of the REACH Regulation. Substances are added to the Candidate List by the Agency. The inclusion of a substance in the List may entail legal obligations – information and notification – for SVHCs in articles on companies.

The content of dangerous substances in articles can be restricted or banned under the restrictions procedure. Articles producers and importers have to follow the conditions outlined in Annex XVII of REACH which began applying on 1 June 2009. Those entries listed in Annex XVII which are likely to be of particular interest to Hong Kong businesses exporting their products to the EU include phthalates in toys and childcare articles, azocolourants in textiles and leather goods and cadmium in a number of applications.

Meanwhile, the REACH Regulation contains some exemptions regarding the registration requirements for substances, and Annexes IV and V of the REACH Regulation lays out lists of substances which are not covered by the registration requirement.

## **Toy Safety Directive**

A new Directive 2009/48/EC on the safety of toys (the "Toy Safety Directive") was published in the EU's Official Journal in 2009. All EU Member States were required to bring into force the laws, regulations and administrative provisions necessary to comply with the Directive by 20 January 2011 and to apply those measures from 20 July 2011.

Directive 2009/48/EC updates measures to take account of technological developments and – following a number of high-profile product withdrawals of dangerous goods (including toys) in the summer of 2007 – new safety concerns. Firstly, Directive 2009/48/EC provides for an updated definition of toys. Thus, according to the new Directive, a toy is “a product designed or intended, whether or not exclusively, for use in play by children under 14 years of age”.

Moreover, the new Directive sets out a list of products which are toys but which are excluded from its scope in its Article 2. These include, for instance, playground equipment intended for public use, automatic playing machines, whether coin-operated or not, intended for public use, toy vehicles equipped with combustion engines, toy steam engines and slings and catapults.

Furthermore, Annex I sets out a non-exhaustive list of products that do not fulfil the definition of toys but could be confused with them. The list is only indicative and the Directive states that it should be added to, to clearly show which items will not be considered to be toys for the purposes of the legislation, e.g., to include certain new products, such as videogames and peripherals. New products included in the list in Annex I include swimming learning devices for children, such as swim seats and swimming aids; skateboards intended for children with a body mass of more than 20kg; and child-appealing luminaries. Additional information is given on other product ranges which will not be included in the scope of the Directive, such as certain collectors' items, with Annex I providing that the packaging of such items should bear a visible and legible indication that these are intended for collectors of 14 years of age and above.

Other definitions are expanded upon in Article 3 of the new Directive, including the term "placing on the market", which is stated to mean "the first making available of a toy on the Community market". The definitions of different economic operators are also set out, including manufacturers, authorised representatives, importers and distributors. Among others, aquatic toys, chemical toys, olfactory board games, cosmetic kits, gustative games and design speed are also defined.

Furthermore, Directive 2009/48/EC contains tougher safety requirements when compared to its predecessor. Hence, toys that are placed on the market in the EU will be required to comply with expanded essential safety requirements when compared to the old Directive. Among other matters, these new requirements provide that the ability of users, and where appropriate their supervisors, shall be taken into account (especially in the case of toys intended for use by children aged under 36 months). Further "particular safety requirements" are set out in Annex II to the new Directive.

These set out requirements for toys including their physical and mechanical properties, flammability, chemical properties and electrical properties.

The safety requirements have been updated to ensure high levels of protection and to take technical progress into account. Thus, in the field of electrical properties, technical progress has made it possible to allow the limit of 24 volts set in old Directive 88/378/EEC to be exceeded.

Stricter rules now apply in relation to hazards caused by certain chemical substances and fragrances used in toys, as well as noise from toys. Safety requirements have been adopted to protect children against the risk of chemical substances in toys, in particular substances classified as being carcinogenic, mutagenic or toxic for reproduction (CMRs), allergenic substances and certain metals. Directive 2009/48/EC states that chemical substances in toys should also comply with Regulation 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). The new Directive also provides that limit values for the use of certain substances (e.g., lead, arsenic and organic tin) should be reduced.

New essential safety requirements are set out regarding noise from sound-emitting toys and specific safety requirements are imposed to cover potential hazards from toys in food. The Directive also sets out appropriate conformity assessment procedures to be followed by the manufacturer and obligatory requirements for conformity assessment bodies and notifying authorities.

Economic operators placing toys on the EU market will carry the responsibility for ensuring that their products comply with the toy safety Directive. For example, importers now have the express obligation to only place compliant toys on the EU market and to ensure that the appropriate conformity assessment procedure has been carried out by the manufacturer. When placing a toy on the market, importers should indicate on the toy their name and the address at which they can be contacted. Exceptions may be provided for in cases where the size or nature of the toy does not allow for such an indicator. This includes cases where importers would have to open the packaging to put their name and address on the product.

The new toy safety Directive also complements and adds to provisions regarding warnings on toys found in the previous toy safety Directive. General requirements provide that warnings placed on packaging and on toys themselves must be clearly visible and preceded by the word “Warning”. In addition, warnings must be provided in a language that is understandable to consumers and must be visible on the packaging or at the point of sale, where their content might influence a decision whether or not to purchase a toy (the warning must also be made visible prior to an internet sale). Warnings must be marked clearly, legibly and in a manner that is understandable to consumers. Warnings must be marked on the toy, on an affixed label or on the packaging and, if appropriate, on instructions for use. Where the toy is sold without packaging due to its size, the warnings should be affixed to the toy itself.

Specific warnings are set out in the Directive’s Annex V. These include a general requirement to display the minimum or maximum age of the user of the toy and, where appropriate, the abilities of the user, the maximum or minimum weight of the user and the need to ensure that the toy is used only under adult supervision. Further specific warnings are set out for: toys not intended for use by children under 36 months; activity toys; functional toys; chemical toys; aquatic toys; packaging for fragrances in olfactory board games, cosmetic kits; and toys in food.

## **Harmonisation of product standards**

Hungary has adopted the EU’s technical standards, as well as regulations related to health and safety. For years, the country has been in the process of adapting to the EU’s harmonised European product legislation, which covers conformity assessment bodies, accreditation bodies, standardisation and market surveillance. Products certified in accordance with EU standards are now recognised by Hungary. As many Hong Kong exporters have already had their products certified to meet and/or be conformable with the EU’s standards, they will be able to market the same products in Hungary without additional approval.

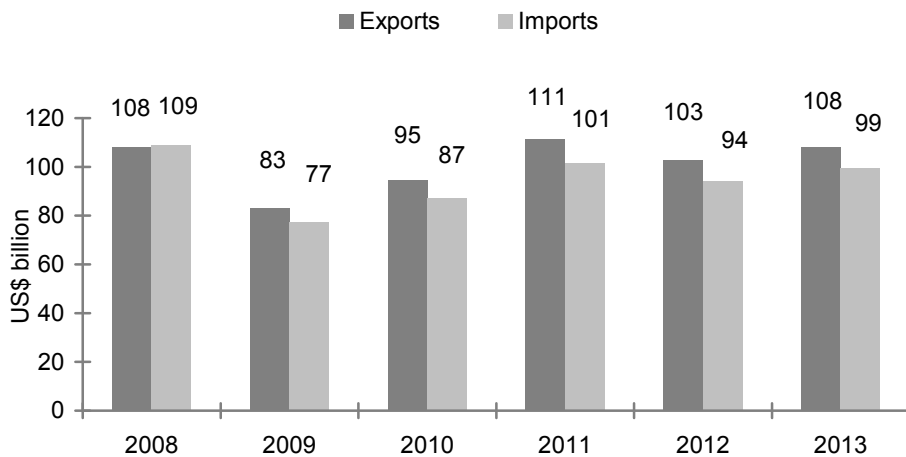


# 5. Potential trade opportunities

## Overview

Hungary is neither a big country with a large population nor a big spender in Central and Eastern Europe (CEE), but it has been recognised as one of the best-prepared to join the EU since its accession on 1 May 2004. The integration into the EU has not only facilitated the country's overall trade development, but also bolstered its leading role in business, finance and trading in the CEE on the back of its relatively well-established business environment and infrastructure. Given its trade openness, Hungary is not immune to the global recession that started in 2008 when its external trade peaked at US\$217 billion. Between 2009 and 2014, Hungary recorded a compound annual growth of 29% or a CAGR of 5% in trade.

### Foreign trade turnover in Hungary



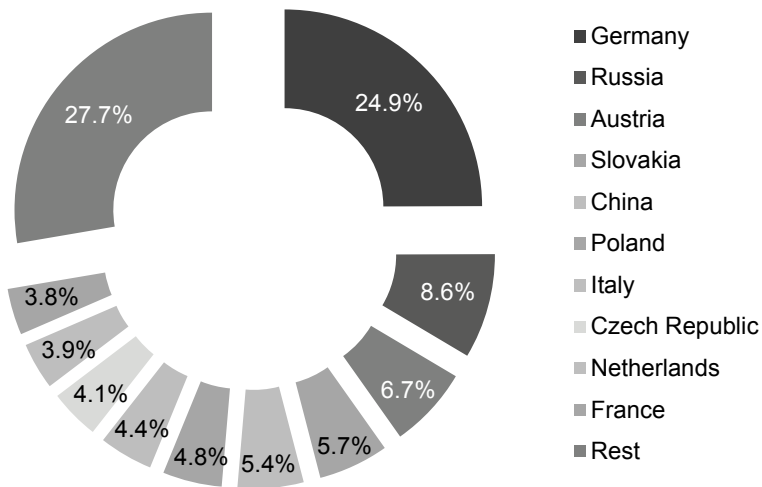
Source: KSH

Market-wise, the EU is Hungary's largest trading partner, accounting for 77% of the country's total exports and 72% of total imports in 2013. This is due

mainly to processing production arrangements conducted by EU companies, especially those from Western Europe, in the country.

Increasingly, EU companies are using Hungary as one of their manufacturing bases for processing production, while a substantial number of companies from the US and Asia are investing in Hungary's manufacturing sector in order to tap the European market. Germany is by far Hungary's largest trading partner in Western Europe, followed by Austria, Italy and France. Meanwhile, Russia, Slovakia, Poland, the Czech Republic and Romania are Hungary's major trading partners in Eastern Europe, accounting for more than one-fifth of the country's external trade.

### Hungarian imports by country, 2013 (Total: US\$99 billion)

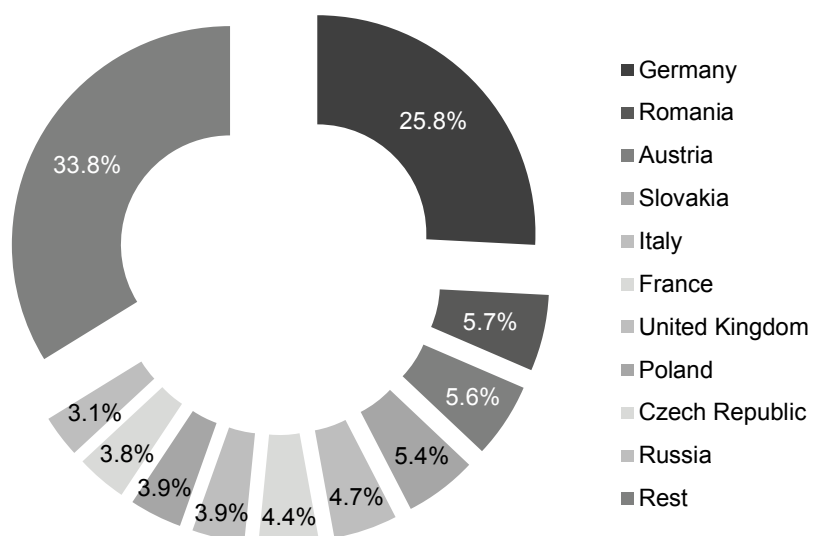


### Total imports by selected countries in 2013

		US\$ million	% Growth 12/13	% Share in 2013
1.	Germany	24,759	+6.7	24.9
2.	Russia	8,541	+3.1	8.6
3.	Austria	6,619	-0.3	6.7
4.	Slovakia	5,704	+7.0	5.7
5.	China	5,360	-1.0	5.4
6.	Poland	4,810	+9.4	4.8
7.	Italy	4,367	+4.8	4.4
8.	Czech Republic	4,064	+21.2	4.1
9.	Netherlands	3,824	+1.0	3.9
10.	France	3,767	+10.7	3.8

Source: KSH

### Hungarian exports by country, 2013 (Total: US\$108 billion)



### Total exports by selected countries in 2013

		US\$ million	% Growth 12/13	% Share in 2013
1.	Germany	27,888	+8.5	25.8
2.	Romania	6,112	-0.3	5.7
3.	Austria	6,009	+1.6	5.6
4.	Slovakia	5,797	-4.2	5.4
5.	Italy	5,102	+6.6	4.7
6.	France	4,798	+1.2	4.4
7.	United Kingdom	4,195	-1.8	3.9
8.	Poland	4,192	+7.6	3.9
9.	Czech Republic	4,061	+1.8	3.8
10.	Russia	3,374	+2.6	3.1

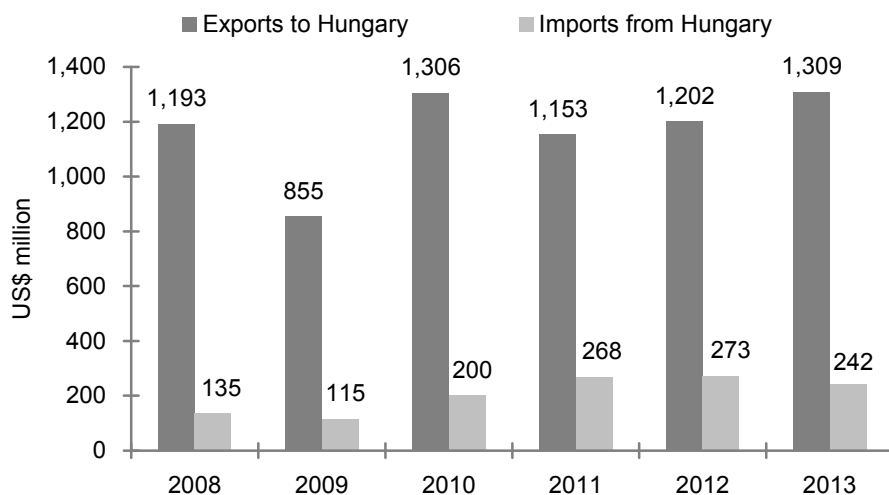
Source: KSH

Following Hungary's EU accession, the rising popularity and continued influx of foreign retailers have not only brought a wider assortment of goods for Hungarian consumers, but it has also benefitted the country's retail/distribution development. Nowadays, medium- and large-sized companies in Hungary, especially retail chains, have been used to sourcing directly from Asia, especially the Chinese mainland, thanks to Hungarian importers' enhanced ability to place larger orders with overseas suppliers and the increased willingness of Asian suppliers, including Hong Kong companies, to accommodate small orders in view of fierce competition.

Until 2010, Hungary was by far the largest market for Hong Kong in the CEE, followed by Russia. Hong Kong's total exports to the country grew by 69% from US\$774 million in 2004 to US\$1,309 million in 2013, although sales dropped to US\$855 million in the recession year 2009. Unlike the trade patterns with other Eastern European partners, Hong Kong's exports to Hungary, due mainly to the robust industrial production and therefore strong input demand in Hungary, are mainly industrial inputs.

As a regional electronics hub and a magnet for local and foreign investors in electronics manufacturing for both mass and specialised electronics production, especially in the fields of ICT, electronics always ranks top on the checklist of Hong Kong's exports to Hungary. In 2013, Hong Kong's electronics exports to Hungary grew 9.3% to US\$1,199 million, accounting for 92% of the total export value. While Hong Kong's consumer goods exports so far account for only a small portion of sales to the country, there should be niches for Hong Kong exporters in Hungary where production of consumer goods is still relatively limited. Examples include gifts, premiums and fashion items.

### Hong Kong's trade with Hungary



Source: Census & Statistics Department, HKSAR Government

## Hong Kong's total exports of selected products to Hungary

(US\$ million)	2010		2011		2012		2013	
	Value	% Growth	Value	% Growth	Value	% Growth	Value	% Growth
<b>Total exports</b>	<b>1,306</b>	<b>+52.8</b>	<b>1,153</b>	<b>-11.7</b>	<b>1,202</b>	<b>+4.3</b>	<b>1,309</b>	<b>+8.8</b>
Electronics <sup>^</sup>	1,220	+59.7	1,041	-14.7	1,097	+5.4	1,199	+9.3
<i>Telecom equipment</i>	455	+116.8	395	-13.1	551	+39.4	665	+20.7
<i>AV equipment</i>	211	+0.3	95	-54.8	80	-16.0	46	-43.0
<i>IT equipment</i>	93	+24.8	106	+13.5	92	-13.6	119	+30.1
Gifts and premiums*	19	+0.8	23	+16.6	16	-31.2	13	-14.2
Fashion products	18	-11.1	22	+23.4	13	-43.1	11	-16.8
<i>Clothing</i>	10	+10.0	9	-10.2	6	-31.3	7	+8.0
<i>Footwear</i>	2	+3.5	3	+17.2	1	-43.3	1	-31.3
<i>Travel goods and handbags</i>	6	-36.5	11	+86.3	5	-53.2	3	-43.9
Toys and games	8	+0.5	9	+5.6	5	-38.2	7	+31.3
Household electrical appliances	5	+71.2	5	+10.7	3	-36.8	5	+36.7
Watches and clocks	3	+0.6	4	+42.4	4	-2.8	3	-8.6

<sup>^</sup> Includes finished electronic products and parts and components of electronic products

\* Includes items covered in other categories

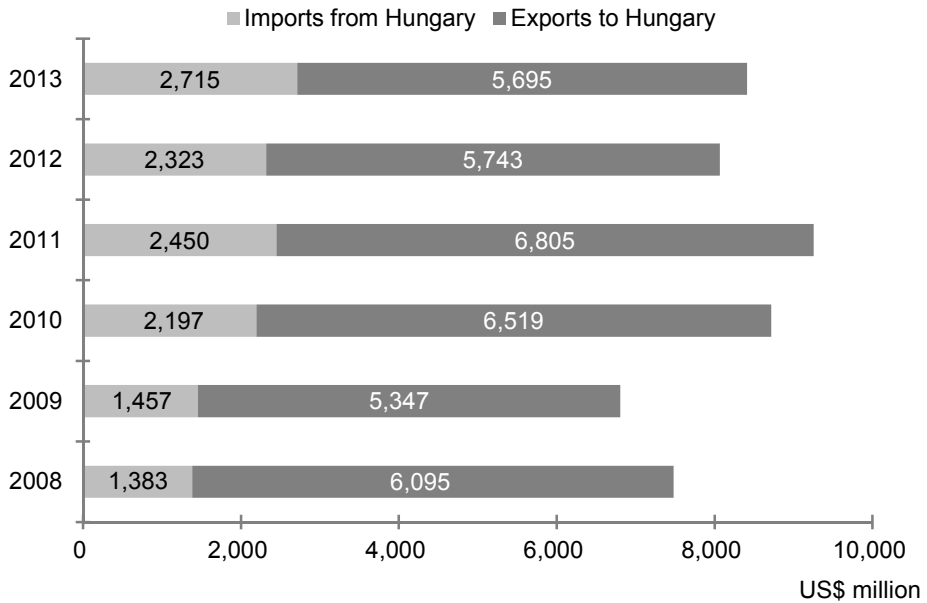
Source: Census & Statistics Department, HKSAR Government

## Hong Kong as a platform for Sino-Hungarian trade

China's trade with Hungary has been robust in recent years, mainly driven by a surge in Chinese imports from Hungary. Total trade between the two countries grew by 24%, or a compound annual growth rate (CAGR) of 5%, from US\$6,804 million in 2009 to US\$8,410 million in 2013, of which Chinese exports rose by 7% and Chinese imports surged by 86%. Against the backdrop of this encouraging trade pattern between Hungary and the

Chinese mainland, Hong Kong companies, given their knowledge of European markets and consumers, can serve as a springboard for mainland enterprises to enter the Hungarian market and use it as a gateway to other EU markets.

### Bilateral trade between Hungary and China



Source: China Customs

In essence, apart from providing Hungarian enterprises with in-depth and first-hand market information about the Chinese market, Hong Kong companies can be good partners for new-to-the-market Hungarian firms looking to enter China. On the other hand, Hong Kong companies can also stay updated about the movements of Chinese enterprises entering or investing in the Hungarian market.

So far, Chinese investment in Hungary flows mainly into fields such as ICT, trade, wholesale and retail, banking, aviation, hotel and catering, logistics, real estate, consultancy and manufacturing, while Hungarian companies are interested in investing in sectors such as clean tech, sewage and water treatment, real estate, and production of building materials in China.

The growing presence of Chinese manufacturers in Hungary would translate into a sustained demand for industrial supplies and services. For example, Huawei Technologies, which has a supply centre in Hungary assembling and distributing telecommunications equipment to Europe, the Middle East and North Africa, consumes billions of dollars worth of imports of spare parts and components every year.

Also exemplified by the presence of the Bank of China (the bank's first presence in Eastern Europe) and the opening of an office of the China Investment Promotion Agency (CIPA) in Budapest in February 2010 (the first CIPA office abroad), the expanding bilateral economic relations between China and Hungary will give rise to greater demand for industrial supplies, such as electronic parts and components and services such as finance, business consultation and logistics, at which Hong Kong companies excel and have an edge in delivering.



## **6. Business practices**

### **Business hours**

Banks in Hungary are open Monday to Thursday, 8am to 3pm, and from 8am to 1pm on Friday. Government and business offices are largely open Monday to Friday, 8am to 5pm. Some offices might close at 1pm on Friday. Therefore, companies intending to do business with Hungary should check the business hours of their Hungarian counterparts, especially the hours on Friday, before making appointments with them.

There are no restrictions on the business hours for retail shops. Shops located in residential and suburban areas tend open Monday to Friday, 10am to 6pm, Saturday, 9am to 1pm, and close on Sunday. Downtown and high-street shops, however, often open till 6pm on Saturday, and from 10am to 2pm on Sunday. Shopping centres open longer, normally from 10am to 10pm during weekdays and Saturday, and from 10am to 6pm on Sunday.

### **Religion and holidays**

According to Hungarian Central Statistical Office, Roman Catholics account for 55% of the population, while 20% are Protestant. Christianity is upheld by the majority of people, and public holidays generally follow Christian traditions, such as Easter, All Saint's Day and Christmas.

Revolution Day, held in memory of the anniversary of the 1848-49 revolution and war of independence, is on 15 March, while Republic Day, held in memory of the anniversary of the 1956 revolution and war of independence, is on 23 October. National Day, which celebrates the founding of Hungarian statehood by King Stephen I, is on 20 August. Other public holidays in Hungary include New Year's Day, Labour Day and Pentecost Monday.

## Public holidays in Hungary

Date for 2015	Date for 2016	Event
1 January	1 January	New Year's Day
15 March	15 March	Revolution Day
6 April	28 March	Easter Monday
1 May	1 May	Labour Day
25 May	20 June	Pentecost Monday
20 August	20 August	National Day
23 October	23 October	Republic Day
1 November	1 November	All Saints' Day
25-26 December	25-26 December	Christmas

## Business meeting

The customs for business meetings in Hungary are more-or-less similar to those in the West. Apart from meetings in the office, Hungarians also welcome business lunches or dinners. Long lunches are usually conducive for doing business and building a working relationship. Serving guests with wine over dinner is one of the usual practices, although a lesser number of people may order beer instead.

## Greetings

Shaking hands is the usual norm, but do not be surprised if a Hungarian kisses the hand of a businesswoman instead.

## Schedule

Companies intending to do business with Hungary should observe the business schedule of their Hungarian counterparts. Most Hungarians usually take a long break during the Christmas and New Year period. Many Hungarian companies close for a short period in July and August, as businessmen like to take their leave during the summer.

## **Usual language**

In the business community, German and English are the most common languages for liaison with foreign companies. Traditionally, the older generation tends to speak German, given the country's proximity to Germany (and Austria) and the importance of German investment there. But English is increasingly popular in the country, and today it is more likely for younger businessmen to speak in English.

## **Tipping**

In general, restaurants do not include service charges in their listed prices. When checking the bill, it is therefore customary to give a tip, normally the equivalent to 10%-15% of the bill.

## **7. Challenges facing exporters**

### **Lingering risks of European debt crisis and geopolitical unrest**

The growth of the Hungarian economy has been hampered by its sizable external and public debt. Amid the global credit crunch in 2008, the country even turned to the IMF and the EU for financial assistance in the form of bailout plans. Weak fiscal governance and high level of indebtedness have rendered the country vulnerable to capital flight and rising borrowing costs. Under the shadow of the lingering European debt trouble and the recent geopolitical tensions between the EU and Russia, the Hungarian economy might continue to face uncertainty on its path of deleveraging and recovery. That said, although the Hungarian economy saw a more solid recovery in 2014 and further absorption of EU funds and the central bank's funding to SMEs is likely to bolster domestic demand and business investment, it is still too early to tell if a broad-based economy recovery is actually taking place in the country.

### **Small market with small orders**

With a population of just 10 million, the Hungarian consumer market is rather small when compared to Poland and Russia. Given the small population, domestic Hungarian retailers usually have in their stores a full spectrum of products, ranging from low-end to high-end ones. Against this backdrop, their orders for each single item are usually small. In other words, their order quantity may not be on a full-container-load basis and shipment consolidation is usually required. This may further affect the competitiveness of Hong Kong's exports when cost advantages (i.e., scale economies) cannot be exhausted due to small order size.

### **Intensifying competition with indigenous mainland suppliers**

While the growing presence of Chinese manufacturers in Hungary would

probably translate into greater demand for imports of various industrial supplies and services, it also intensifies price competition. For instance, Chinese enterprises such as Huawei Technologies and Chinese Lenovo Group may already have their own parts and components suppliers, leaving little room for Hong Kong companies to expand their exports to Hungary. Besides, the presence of the Bank of China (the bank's only presence in Central and Eastern Europe) and the opening of an office of the China Investment Promotion Agency (CIPA) in Budapest in February 2010 (the first CIPA office abroad), for example, may also mean that direct trade between the two countries is becoming increasingly common. Hong Kong companies who want to clamour for a slice of the pie would therefore have to better their offerings by providing more innovative designs and favourable credit and payment terms.

## 8. Practical recommendations

### **Tap industrial demand with sufficient sales engineering services**

Given the historical backdrop and the evolving trend of near-shore outsourcing among manufacturers eyeing the European market, Hungary has been a magnet for local and foreign investors in electronics manufacturing for both mass and specialised electronics production. Many world-class electronics giants have had their regional headquarters, manufacturing facilities and R&D activities established in Hungary.

Owing to the broad spectrum of electronics manufacturing, Hungary's demand for electronics closely resembles the ups and downs of the electronics industry worldwide. Apart from supplying quality electronics parts and components to Hungarian importers under OEM arrangements or new startups placing mainly small, trial orders, Hong Kong companies can be more attentive to the growing desire of Hungarian electronics companies, especially those that are eager to come to Asia with their innovative, practical and reasonably-priced ICT solutions.

The key to dealing with them is providing sufficient sales engineering services as well as technical consultancy, which are of utmost importance in making sure that the supplied inputs can match the client's technical requirements. Although a presence in the country is not mandatory for providing such services, strengthening sales activities by visiting Hungarian manufacturers directly and/or by enhancing communications through applying more advanced IT applications and improving responses to customer enquiries, are critical for tapping the market.

Appointing market agents is an option for solving the gridlock of providing services to manufacturers. Given the more liberalised trading environment in the country, it is relatively more feasible to recruit agents in Hungary, rather than in other East European markets, who can work with Hong Kong principals on a commission basis. For supplying less specialised items as

well as general inputs, Hong Kong companies can distribute their products to manufacturers via specialised distributors and importers. But it should be noted that many industrial-goods distributors and importers can also act as market agents to enhance their revenue. While they take title of some of the goods in the course of trading with some suppliers, they can also work with other suppliers as agents on a commission basis.

## **Tap consumer demand with design and after-sales services**

With regard to the consumer market, Hong Kong companies should offer ODM or their own-branded products. OEM arrangements with Hungarian importers are not popular, as buyers usually do not bother to invest heavily in product development and tooling for production. To find the right partners in the market, direct sales to big retailers – such as fast-growing hypermarkets and specialty chain stores engaging in clothing and DIY products – is a viable option. But it should be noted that specialised importers and distributors have continued to play an important role in the distribution sector. Many importers are also sourcing a wide variety of products from overseas suppliers, including those in Hong Kong and the mainland, as they are more efficient in areas such as logistics, customs clearance and distribution in Eastern Europe. Therefore, Hungarian importers and distributors are among the ideal choices for Hong Kong companies.

For products with more technical details, such as consumer electronics and household appliances, after-sales services are of utmost importance. As most Hong Kong companies do not have an office in the country, finding a competent partner that can take care of such services is critical. Obviously, Hungarian importers and distributors are a better choice than retailers, which usually do not undertake such services for Hong Kong companies. Certain Hungarian importers and distributors are also relatively more willing to promote the brands of their suppliers, and some are already working with foreign brand owners to promote their branded products, including some Asian brands. Therefore, Hong Kong companies intending to promote their own-brand business should approach importers and distributors rather than retailers.

## Take a regional approach

Hungary is one of the key markets in Central and Eastern Europe (CEE), exemplified by the fact that it is by far the largest export market for Hong Kong in the region. Many importers and distributors in the country have, in fact, become regional players. Therefore, cooperation with such Hungarian companies can allow Hong Kong companies to penetrate not only Hungary's domestic market, but also various other markets in the region.

Apart from its convenient customs clearance, which became even more liberalised after the country's accession to the EU, its more advanced business infrastructure, including the financial and legal environment, is also conducive to business activities. More importantly, the banking sector is well developed in the country, and manufacturers and traders are better able to secure trade financing from banks and relevant financial institutions. All these make it easier for Hong Kong companies to tap Hungary's markets and others in the region via their Hungarian counterparts.

Hong Kong companies can therefore consider Hungary as part of the vast market in the region. In dealing with regional distributors in the country, they should make sure that the products offered to Hungary are adaptable to neighbouring markets. For consumer products, product specifications and features should meet the preferences of different CEE markets, where different cultures and consumer behaviour exist, although consumers in general have lower incomes but favour products with quality and designs comparable to those selling in the West. Multi-lingual packaging and user manuals are a must when adopting a regional strategy. A similar strategy can also be applied in the case of industrial products.

Companies interested in directly investing in Hungary, in order to have a presence in the market, can explore investment opportunities by approaching the country's relevant institutions, such as the Hungarian Investment Promotion Agency (HIPA, <http://hipa.hu>), which is the agent of the Hungarian government promoting inward investment in Hungary.



# Appendix 1

## Map of Hungary



## Appendix 2

### Population of major cities in Hungary (2013)

City	'000 people
Budapest (capital)	1,736
Debrecen	204
Miskolc	163
Szeged	162
Pecs	148
Gyor	129
Nyiregyhaza	118
Kecskemet	112
Szekesfehervar	99

Source: KSH

# Appendix 3

## Useful contacts and resources

### Hungary

#### **Hong Kong Trade Development Council, Budapest Office**

Szena ter 1/A., H-1015 Budapest

Tel: +36 (1) 224 7766

Fax: +36 (1) 224 7769

E-mail: [budapest.consultant@hktdc.org](mailto:budapest.consultant@hktdc.org)

#### **Embassy of the People's Republic of China in the Republic of Hungary**

Varosligeti fasor 20-22, 1068 Budapest

Tel: +36 (1) 413 2400

Fax: +36 (1) 322 9067

Email: [chinaemb\\_hu@mfa.gov.cn](mailto:chinaemb_hu@mfa.gov.cn)

Website: <http://hu.china-embassy.org>

#### **(Economic and Commercial Counsellor's Office)**

Tel: +36 (1) 413 3362

Fax: +36 (1) 413 3368

E-mail: [hu@mofcom.gov.cn](mailto:hu@mofcom.gov.cn)

Website: <http://hu.mofcom.gov.cn>

### **Selected government departments and agencies**

#### **Hungarian Customs & Finance Guard**

Mester u. 7, H-1095 Budapest

(Postal Address) Pf. 109, 1450 Budapest

Tel: +36 (1) 456 9500

Fax: +36 (1) 456 9525

E-mail: [vam.info@vam.gov.hu](mailto:vam.info@vam.gov.hu)

Website: [www.vam.hu](http://www.vam.hu)

**Hungarian Central Statistical Office (KSH)**

Keleti Károly Str. 5-7, H-1024 Budapest

(Postal address) P.O.B. 51, H-1525 Budapest

Tel: +36 (1) 345 0000

Fax: +36 (1) 345 6378

E-mail: [ksh@ksh.hu](mailto:ksh@ksh.hu)

Website: [www.ksh.hu](http://www.ksh.hu)

**Hungarian Export-Import Bank Plc.**

Nagymező utca 46-48, H-1065 Budapest

Tel: +36 (1) 374 9100

Fax: +36 (1) 269 4476

E-mail: [eximh@eximbank.hu](mailto:eximh@eximbank.hu)

Website: [www.eximbank.hu](http://www.eximbank.hu)

**Hungarian Investment and Trade Development Agency (ITDH)**

Andrássy Street 12, H-1061 Budapest

Tel: +36 (1) 472 8100

Fax: +36 (1) 472 8101

E-mail: [info@itd.hu](mailto:info@itd.hu)

Website: [www.itdh.hu](http://www.itdh.hu)

**Hungarian Privatisation and State Holding Company (ÁPV Rt.)**

Pozsonyi út 56, H-1133 Budapest

Tel: +36 (1) 237 4400

Fax: +36 (1) 237 4100

E-mail: [apvrt@apvrt.hu](mailto:apvrt@apvrt.hu)

Website: [www.apvrt.hu](http://www.apvrt.hu)

**Ministry for National Economy (NFGM)**

Honvéd u. 13-15, 1055 Budapest

Tel: +36 (1) 336 7634

Fax: +36 (1) 336 7830

E-mail: [ugyfelszolgalat@nfgm.gov.hu](mailto:ugyfelszolgalat@nfgm.gov.hu)

Website: [www.nfgm.gov.hu](http://www.nfgm.gov.hu)

### **Ministry of National Development (KHEM)**

Akadémia utca 3, H-1054 Budapest

Tel: +36 (1) 975 6766

Fax: +36 (1) 975 0697

E-mail: [ugyfelszolgalat@nfm.gov.hu](mailto:ugyfelszolgalat@nfm.gov.hu)

Website: <http://nfm.gov.hu>

### **Ministry of Social Affairs and Labour**

Alkotmány u. 3., H-1054 Budapest

Tel: +36 (1) 473 8100

E-mail: [sajto@szmm.gov.hu](mailto:sajto@szmm.gov.hu)

Website: [www.szmm.gov.hu](http://www.szmm.gov.hu)

### **Ministry for Environment and Water**

Fő utca 44-50, 1011. Budapest

Tel: +36 (1) 457 3300

Fax: +36 (1) 457 3354

E-mail: [info@kvvm.gov.hu](mailto:info@kvvm.gov.hu)

Website: [www.kvvm.hu](http://www.kvvm.hu)

### **Ministry of Health**

Arany J.u. 6-8, 1051 Budapest

Tel: +36 (1) 795 1100

Fax: +36 (1) 795 0012

E-mail: [szerkeszto@eum.gov.hu](mailto:szerkeszto@eum.gov.hu)

Website: [www.eum.hu](http://www.eum.hu)

### **The National Bank of Hungary**

1054 Szabadság tér 8–9.

(Postal address) 1850 Budapest

Tel: +36 (1) 428 2600

Fax: +36 (1) 428 2500

E-mail: [info@mnb.hu](mailto:info@mnb.hu)

Website: [www.mnb.hu](http://www.mnb.hu)

## **Other useful contacts in Hungary**

### **Association of Hungarian Automotive Industry**

Thán Károly út 3-5, 1119 Budapest

Tel: +36 (1) 371 5874

Fax: +36 (1) 371 5874

Website: [www.gepjarmuipar.hu](http://www.gepjarmuipar.hu)

### **Association of the Environmental Enterprises**

Keleti Károly u. 11/A. I. em. 4, 1024 Budapest

Tel: +36 (1) 350 7271

Fax: +36 (1) 336 0393

E-mail: [kszgysz@t-online.hu](mailto:kszgysz@t-online.hu)

Website: [www.kszgysz.hu](http://www.kszgysz.hu)

### **Chamber of Commerce and Industry of Budapest (BKIK)**

Krisztina krt. 99, H-1016 Budapest

Tel: +36 (1) 488 2000

E-mail: [ugyfelszolgalat@bkik.hu](mailto:ugyfelszolgalat@bkik.hu)

Website: [www.bkik.hu](http://www.bkik.hu)

### **Confederation of Hungarian Employers and Industrialists (MGYOSZ)**

Kossuth Lajos tér 6-8., VI. emelet 621-622, 1055. Budapest. V.

Tel: +36 (1) 474 2041

Fax: +36 (1) 474 2065

E-mail: [lovas@mgyosz.hu](mailto:lovas@mgyosz.hu)

Website: [www.mgyosz.hu](http://www.mgyosz.hu)

### **Federation of Hungarian Food Industries (FHFI)**

Kuny Domokos u. 13-15, H-1012 Budapest

Tel: +36 (1) 202 5586

Fax: +36 (1) 355 5057

E-mail: [efosz@efosz.hu](mailto:efosz@efosz.hu)

Website: [www.efosz.hu/](http://www.efosz.hu/)

**Hungarian Association of Forestry and Wood Industries (FAGOSZ)**

Kuny Domokos utca 13-15, H-1012 Budapest

Tel: +36 (1) 375 7658

Fax: +36 (1) 202 6449

E-mail: [info@fagosz.hu](mailto:info@fagosz.hu)

Website: [www.fagosz.hu](http://www.fagosz.hu)

**Hungarian Association of IT Companies**

Vérmező 4, H-1012 Budapest

Tel: +36 (1) 266 6346

Fax: +36 (1) 411 0914

E-mail: [iroda@ivsz.hu](mailto:iroda@ivsz.hu)

Website: [www.ivsz.hu](http://www.ivsz.hu)

**Hungarian Association of Packaging and Materials Handling (CSAOSZ)**

Rigó u.3, H-1085 Budapest

Tel: +36 (1) 313 7034

Fax: +36 (1) 210 0107

E-mail: [csaosz@csaosz.hu](mailto:csaosz@csaosz.hu)

Website: [www.csaosz.hu](http://www.csaosz.hu)

**Hungarian Chamber of Commerce and Industry**

Kossuth Lajos tér 6-8, H-1055 Budapest

Tel: +36 (1) 474 5141

Fax: +36 (1) 474 5105

E-mail: [mkik@mkik.hu](mailto:mkik@mkik.hu)

Website: [www.mkik.hu](http://www.mkik.hu)

**Hungarian Federation for Electronics and Infocommunication**

Berky Lili u. 58, H-1171 Budapest

Tel: +36 (1) 311 6271

Fax: +36 (1) 331 6320

E-mail: [meisz@meisz.hu](mailto:meisz@meisz.hu)

Website: [www.meisz.hu](http://www.meisz.hu)

### **Hungarian Franchise Association**

Kútvölgyi str 68, H-1121 Budapest

Tel: +36 (1) 391 7313

Fax: +36 (1) 274 4643

E-mail: [titkarsag@franchise.hu](mailto:titkarsag@franchise.hu)

Website: [www.franchise.hu/](http://www.franchise.hu/)

### **Hungarian Industrial Association (OKISZ)**

Thököly út 58-60, 1146 Budapest

Tel: +36 (1) 343 5181

Fax: +36 (1) 343 5521

E-mail: [info@okisz.hu](mailto:info@okisz.hu)

Website: [www.okisz.hu](http://www.okisz.hu)

### **Hungarian Marketing Association**

Kuny Domokos u. 13-15, H-1012 Budapest

Tel: +36 (1) 355 7721

Fax: +36 (1) 202 4086

E-mail: [mtungli@dbassoc.hu](mailto:mtungli@dbassoc.hu)

Website: [www.dgcartoon.hu/marketing/indexe.html](http://www.dgcartoon.hu/marketing/indexe.html)

### **Hungarian Society of Textile Technology and Science (TMTE)**

Fo utca 68, 1027 Budapest

Tel: +36 (1) 201 8782

Fax: +36 (1) 201 8782

E-mail: [info.tmte@mtesz.hu](mailto:info.tmte@mtesz.hu)

Website: [www.tmte.hu](http://www.tmte.hu)

### **National Association of Hungarian Engineering Industries (MAGOSZ)**

Nádor u. 32, 1051 Budapest

Tel: +36 (1) 269 1243

Fax: +36 (1) 269 1243

E-mail: [zsil@t-online.hu](mailto:zsil@t-online.hu)

Website: [www.gazdakorok.hu](http://www.gazdakorok.hu)