

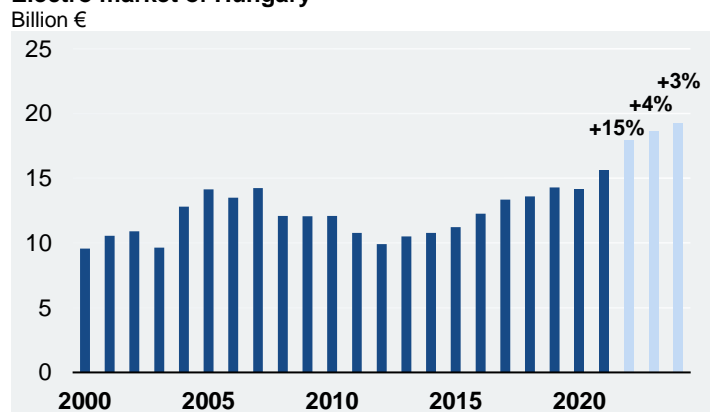
February 2024

ZVEI Foreign Trade Report Special

Hungary

In July 2024, Hungary will take over the Council Presidency for the second time since joining the European Union (EU) in 2004. The economic output of the country with its almost 10 million inhabitants has grown by an average of 4 percent per year in the last two decades. However, at 170 billion euros, its (nominal) GDP is well below the level of, for example, Greece. Hungary is not part of the euro zone. Instead, its national currency is the forint. The manufacturing sector accounts for a quarter of gross value added. According to the European Commission, Hungary's GDP is likely to have shrunk by 0.8 percent in 2023. Growth rates of 2.4 and 3.6 percent are expected again for 2024 and 2025, respectively.

Electro market of Hungary



Source: Eurostat and ZVEI's own calculations; 2022-2024 according to ZVEI estimate/forecast

have more than tripled. In the full year of 2023, our sector delivered goods worth 8.5 billion euros to Hungary. This was 4.8 percent more than in the previous year and, with it, Hungary ranked 11th in the list of the largest buyer countries. Major export recipients here are primarily the sub-branches of electronic components (€3.4bn) and automation (€1.3bn).

Nevertheless, Hungary is far more important as a supplier of electrical and electronic products for the German market. Imports from the country totalled 16.6 billion euros in 2023. This has made Hungary the second largest supplier behind China. Imports of batteries in particular (€4.4bn, +137% compared to the year 2022) have increased twelvefold since 2020. Other major import sectors are the sub-branches of automation (€3.5bn in 2023) and consumer electronics (€1.8bn).

According to the German Bundesbank, the German electro and digital industry's stock of foreign direct investments in Hungary came to 570 million euros in 2021. This corresponds to 1.2 percent of the sector's total FDI stock of 48.6 billion euros. With both low corporate taxes and labor costs, Hungary has been attracting more investors from Asia (e.g., South Korea, China, Japan) for several years now. According to the country's state investment agency HIPA, South Korea was the largest foreign investor in 2022, but Chinese companies such as CATL and BYD also have major investment projects in Hungary.

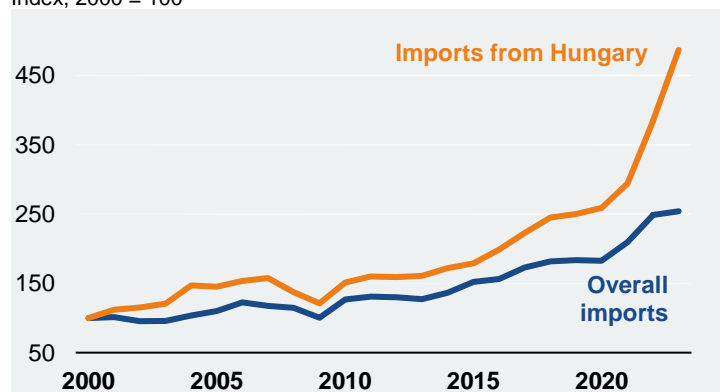
According to ZVEI estimates, Hungary's market for electrical and electronic products (nominally) grew by 4 percent to 18.7 billion euros in 2023. Back in 2022, however, growth had been significantly higher (+15 percent). An increase of 3 percent is forecasted for the current year 2024. Between 2010 and 2023, the average growth rate of the electro market in Hungary was just under three and a half percent per year.

In the global ranking, the Hungarian electro market held the 32nd place in 2023 and is barely smaller than the corresponding market in Austria (at €19.9bn), whose GDP is two and a half times higher.

Since the turn of the millennium, exports from the German electro and digital industry to Hungary

German electro imports

Index, 2000 = 100



Quelle: Destatis and ZVEI's own calculations

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