

HUNGARY

Hungary has made the transition from a centrally planned to a market economy, with a per capita income nearly two-thirds that of the EU-25 average. The private sector accounts for more than 80% of GDP. Foreign ownership of and investment in Hungarian firms is widespread, with cumulative foreign direct investment totaling more than \$200 billion since 1989. The government's austerity measures, imposed since late 2006, have reduced the budget deficit from over 9% of GDP in 2006 to 3.3% in 2008.

Hungary's impending inability to service its short-term debt - brought on by the global financial crisis in late 2008 - led Budapest to seek and receive an IMF-arranged financial assistance package worth over \$25 billion. The global economic downturn, declining exports, and low domestic consumption and fixed asset accumulation, dampened by government austerity measures, resulted in an economic contraction of 6.7% in 2009.

The former Hungarian State Railways transformed into MÁV Group, and henceforth the following business branches continue their operation as separate companies: passenger transport is operated by MÁV-START Railway Passenger Transport Co., traction services are catered by MÁV-TRAKCIÓ Railway Traction Co., vehicle maintenance and servicing is operated by MÁV-GÉPÉSZET Railway Vehicle Maintenance and Repairs Co.

MÁV Co. – as the parent company and central controller of the MÁV Group – is henceforward the number one railway company of Hungary, and with its employees, 20.000 in number, it is one of the country's largest employers. Besides managing the group of companies, the operation of railway infrastructure services and the central control and back-up service provider organisations (procurement, economic and human resources management, real estate management, security services etc.) still come under MÁV Co.

Rail Cargo Austria and GySEV – regional railway company owned by Hungary (61%), Austria (33.3%) and Spedition Holding (5.7%) won the tender organised in May 2007 for the acquisition of MÁV Cargo for the amount of 102.5 Billion forints (EUR 377 Million) and promised to invest a further 43.5 Billion forints (EUR 160 Million) for the development of the company within the next 5 years.

The modernisation of a railway line of a total length of nearly 350 kilometres is in progress in the frame of eight separate projects, mainly on the lines, which constitute a part of the Hungarian sections of the Pan-European corridors. Hungary is crossed by Pan European Corridors 4, 5 and 10.

There are four cities in Hungary using tramways (Budapest, Debrecen, Miskolc and Szeged). Budapest is the only one with an underground network. Budapest Metro consists of three lines, a fourth one being currently under construction.

Background figures in railways (2009):

7,793 km length of lines

2,788 km electrified lines

102,220 x 1 000 passengers carried

5,708 x 1 000 000 passenger-km

32,818 x 1 000 tonnes carried

6,065 x 1 000 000 tonne-kilometres

Economics	2008	2009
GDP (current billions US\$)	154.66	128.96
GDP growth (annual %)	1	-6
Exports of goods and services (% of GDP)	81	-
Imports of goods and services (% of GDP)	80	-
Industry, value added (% of GDP)	29	-

Ease of Doing Business Rank 2010

World	rank 47
OECD	rank 21

