

Analysis about Hungary's attractiveness to investors with particular regard to FDI

Szeged, PhD Workshop, 25.04.2013

Adrienn Tarró

András Krámlí



Questions or the way of approaching

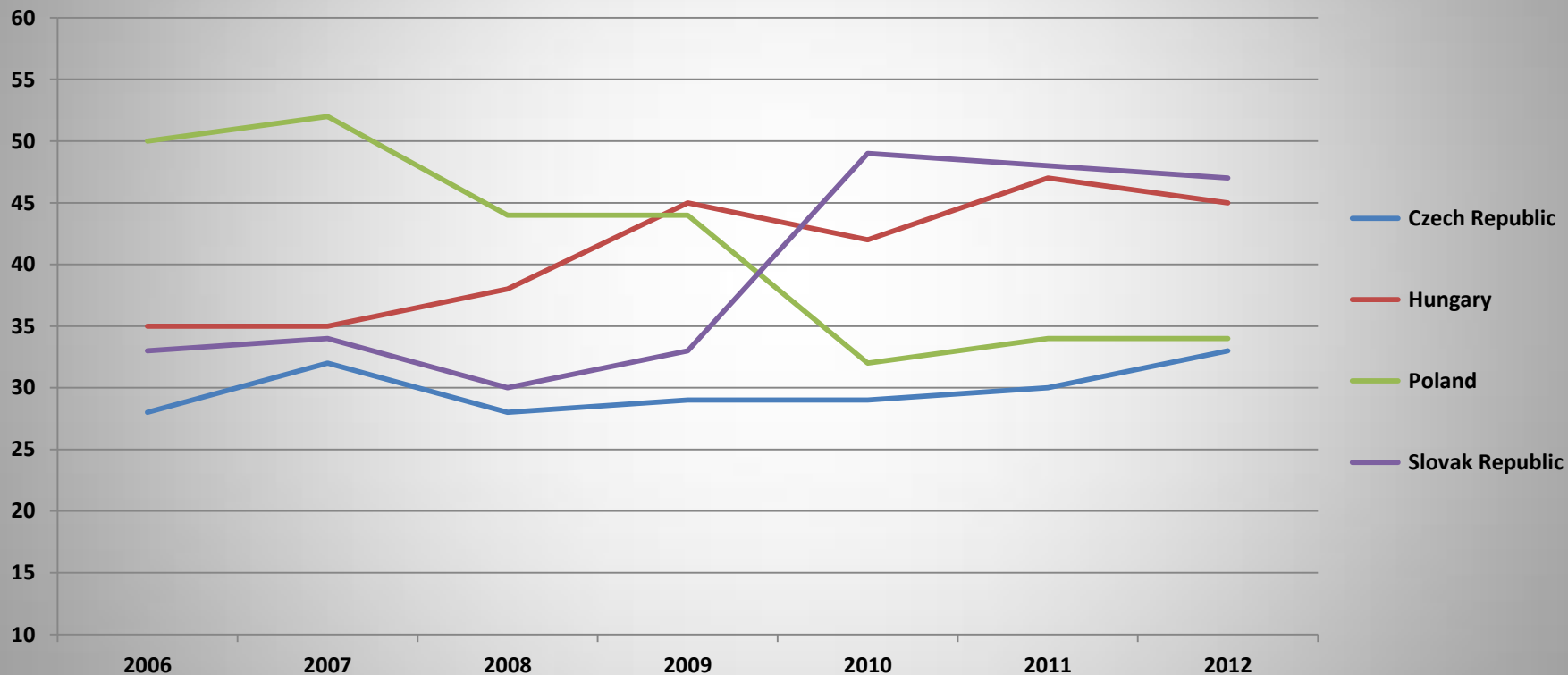
- How can we measure Hungary's ability to attract capital?
- How can we determine Hungary's position compared to the Videgrad countries?
- What must a country do in order to attract capital?



Explanatory theories

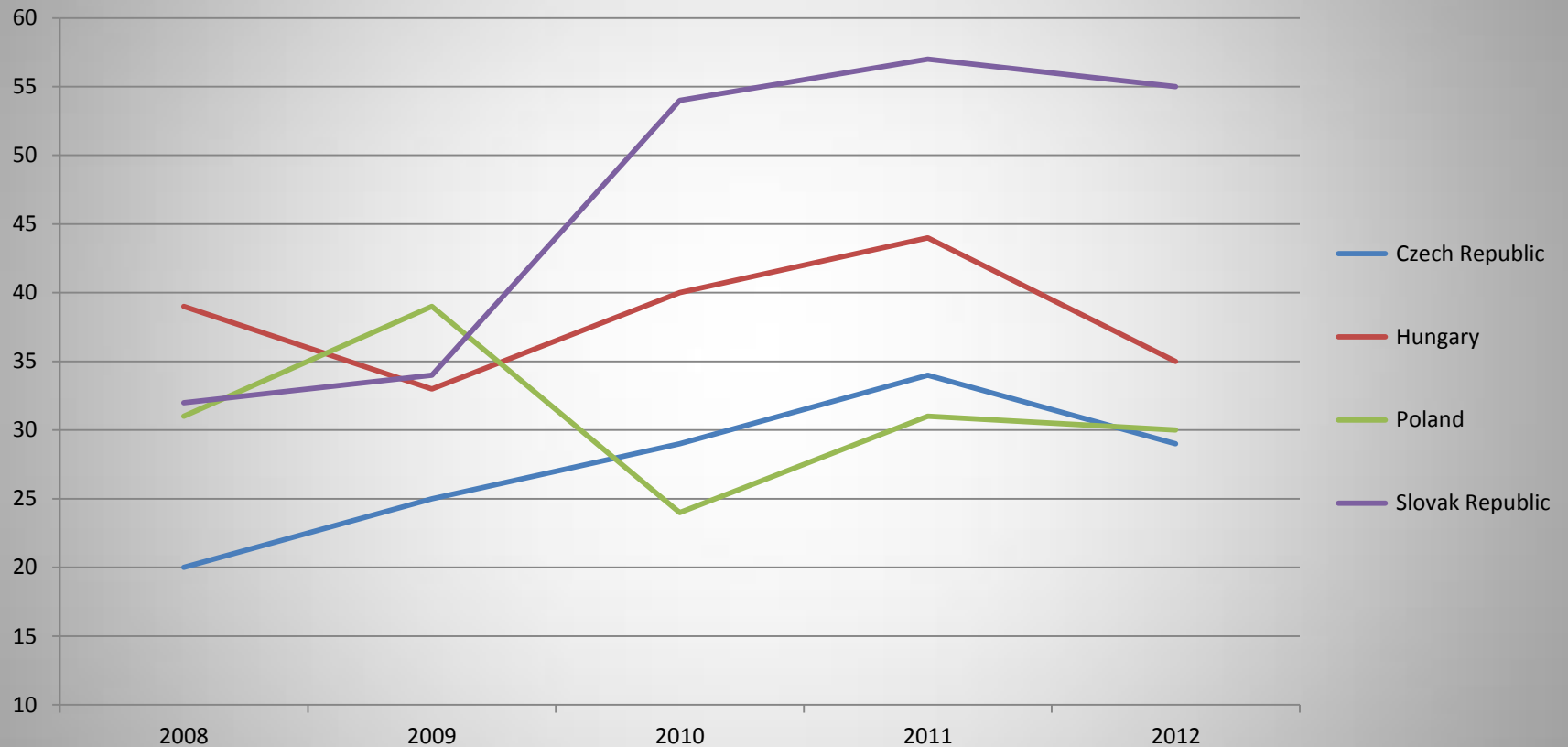
- Porter- diamond model for countries
- OLI paradigm
- Dunning's Eclectic Theory
- Advanced factors of location

Overall Competitiveness Ranking in Visegrad countries (2006-2012)



Source: IMD World Competitiveness Online

Economic Performance Ranks in Visegrad countries (2006-2012)



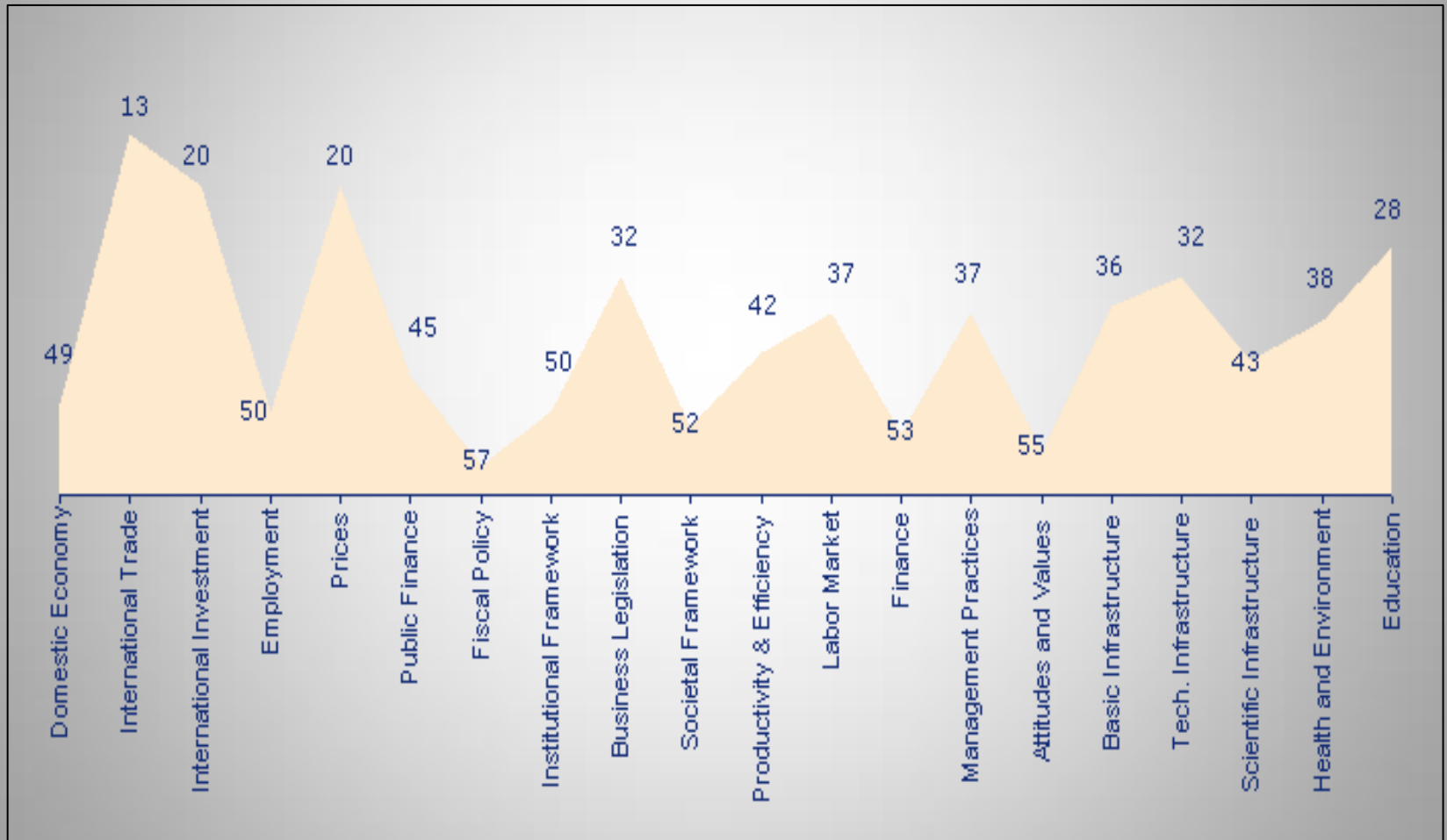
Source: IMD World Competitiveness Online

All indicators ranking of Hungary

Indicators Ranking	2008	2009	2010	2011	2012
Overall Competitiveness	38	45	42	47	45
Economic Performance	39	33	40	44	35
Government Efficiency	47	50	51	52	51
Business Efficiency	45	52	47	50	49
Infrastructure	27	33	35	35	35

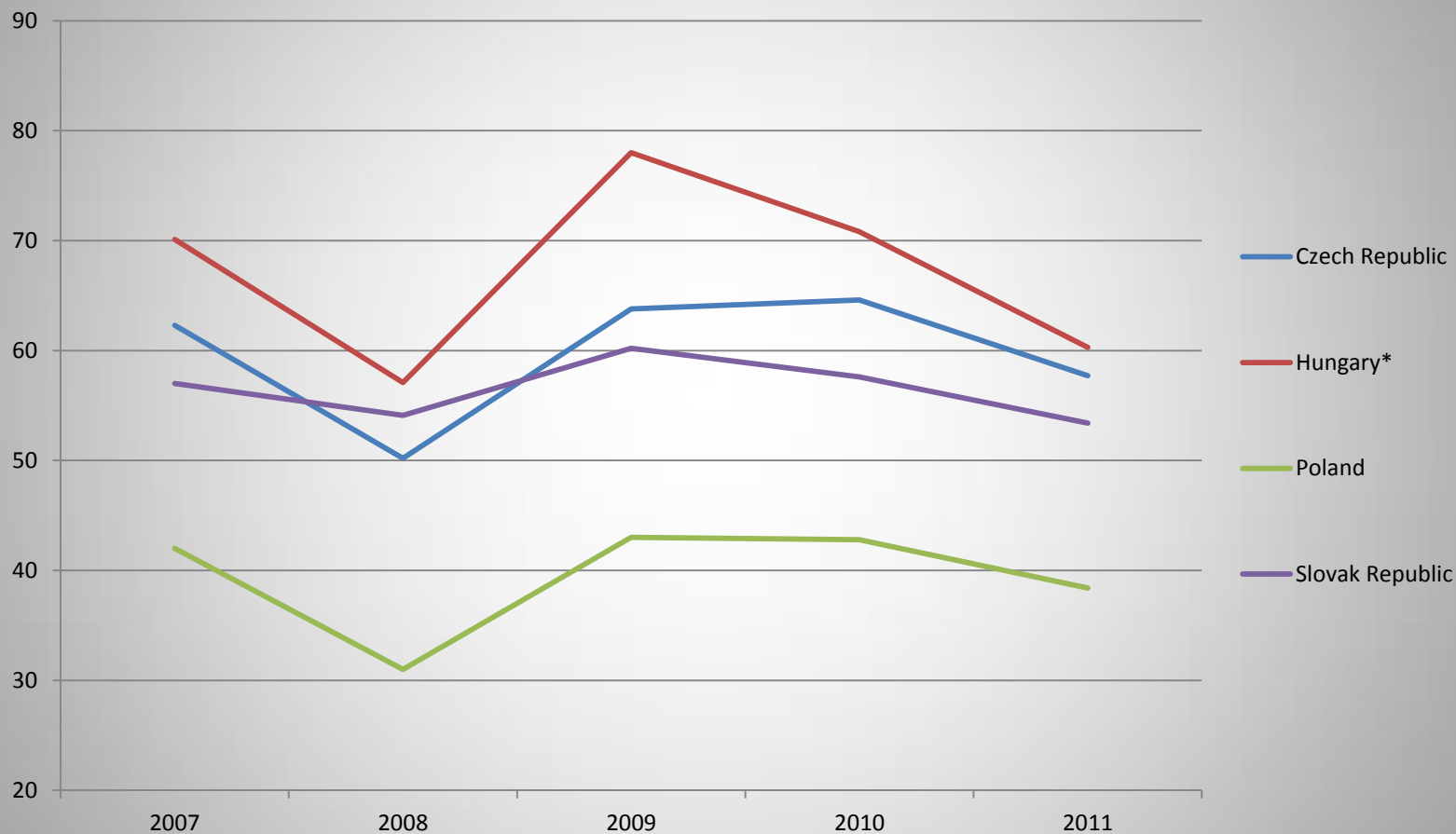
Source: IMD World Competitiveness Online

Competitiveness Landscape of Hungary



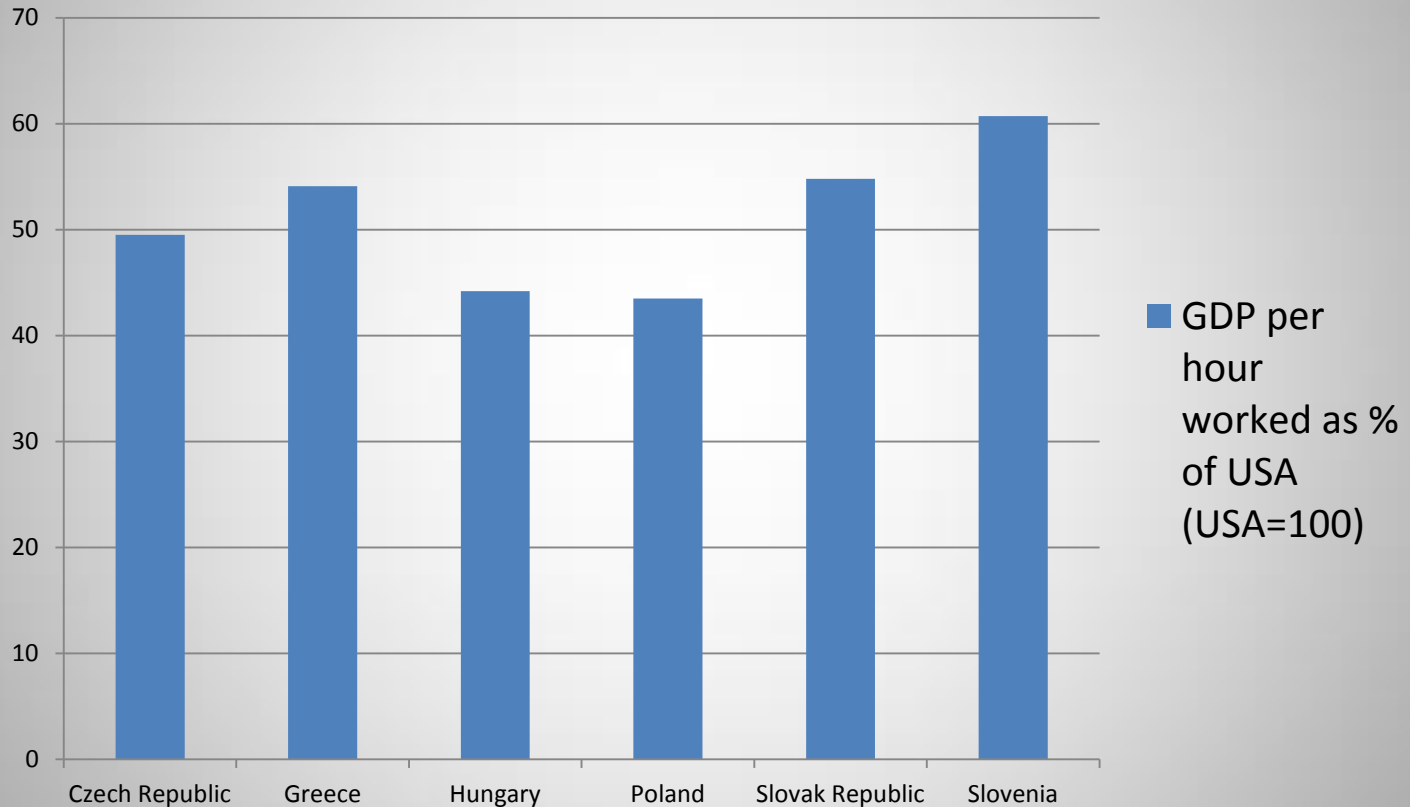
Source: World Economic Forum: World Competitiveness Online

Figure 6: FDI stock in per cent of GDP in Visegrad countries (2007-2011)



*Hungary: Data excluding Special Purpose Entities
Source: OECD

GDP per hour worked as % of USA (USA=100%, 2011)

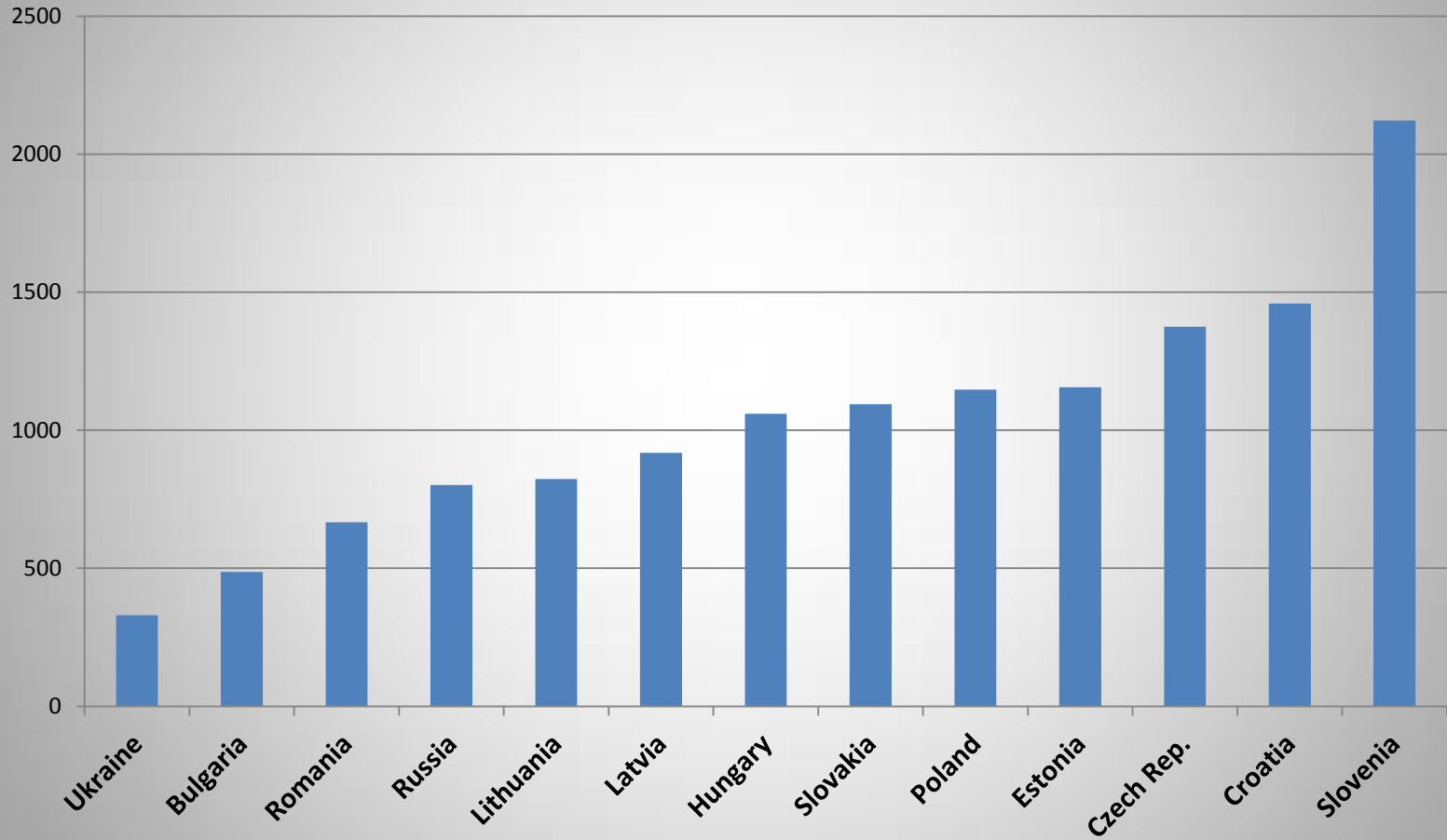


Source: OECD Statistic

Labour productivity growth in the total economy



Average monthly gross earnings in US \$, 2011



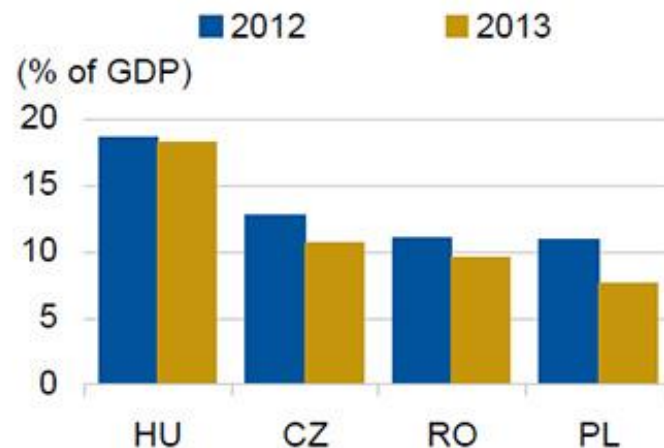
Source: www.databasece.com

Prospects for 2013

	Fitch	Moody's	S&P		Fitch	Moody's	S&P
Belgium	AA	Aa3	AA		Neg	<u>Neg</u>	Neg
Bulgaria	BBB-	Baa2	BBB		Pos		
Czech Republic	A+	A1	AA-		Pos		
Denmark	AAA	Aaa	AAA				
Germany	AAA	Aaa	AAA			<u>Watch neg</u>	Neg
Estonia	A+	A1	AA-				Neg
Ireland	BBB+	Ba1	BBB+		Neg	<u>Neg</u>	Neg
Spain	BBB	Baa3	BBB-		Neg	<u>Neg</u>	Neg
France	AAA	Aa1	AA+		Neg	<u>Neg</u>	Neg
Italy	A-	Baa2	BBB+		Neg	<u>Neg</u>	Neg
Latvia	BBB	Baa3	BBB		Pos	<u>Pos</u>	Pos
Lithuania	BBB	Baa1	BBB		Pos		
Hungary	BB+	Ba1	BB		Neg	<u>Neg</u>	
Malta	A+	A1	A-				Neg
Netherlands	AAA	Aaa	AAA			<u>Watch neg</u>	Neg
Austria	AAA	Aaa	AA+			<u>Neg</u>	Neg
Poland	A-	A2	A-				
Portugal	BB+	Ba3	BB		Neg	<u>Neg</u>	Neg
Romania	BBB-	Baa3	BB+				
Slovenia	A-	Baa2	A		Neg	<u>Neg</u>	Neg
Slovakia	A+	A1	A				
Finland	AAA	Aaa	AAA				
Sweden	AAA	Aaa	AAA				
United Kingdom	AAA	Aaa	AAA		<u>Neg watch</u>		

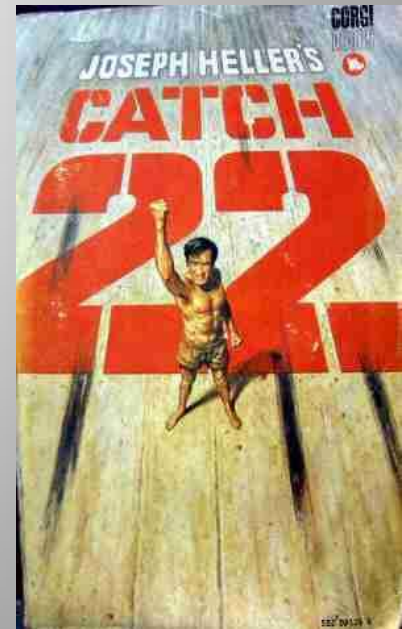
Perspektywa

Gross Borrowing Need



Conclusion

- Competitiveness, economic performance or FDI stock relatively high
- Tendencies?
- Not in a significantly different position
- Competitiveness via lower wages



**THANKS FOR YOUR
ATTENTION!**