SWITZERLAND GLOBAL ENTERPRISE

Hungary, 15.06.2020

Country	Gov measures for Swiss subsidiaries in country	Economic Outlook 2020	Movement of goods	Movement of people
Hungary	✓			

Red = critical situation / expected GDP decline bigger than 5% compared to previous year
Yellow = difficult situation / expected GDP decline up to 5% compared to previous year
Green = normal or almost normal situation / remaining GDP growth compared to previous year

1. General Situation

DESCRIPTION OF THE CURRENT SITUATION

- The first case of coronavirus in Hungary was reported on March 4th, which gave the government time to understand the risk. The country reacted quickly with introducing the state of emergency and therefore the number of infections and deaths for one million people is much lower than in Western Europe. Main outbreak of pandemic took place in Budapest. The information in English at the websites below is constantly up-dated.
- http://abouthungary.hu/news-in-brief/coronavirus-heres-the-latest/
- https://www.worldometers.info/coronavirus/country/hungary

GOVERNMENT MEASURES

- The government plans to dedicate 18 – 20 % of GDP to support the economy. Hungarian *Kurzarbeit* has been introduced. Companies can apply for moratorium for loan repayments, special loans and tax reliefs. The government will create 100.000 new jobs in public sector. Moreover the investment programs in infrastructure and tourism have been announced.
- New investment incentive for improving the competitiveness has been introduced. More information in English is available at the website of Hungarian Investment Promotion Agency: https://hipa.hu/new-subsidy-scheme-to-improve-comptetitiveness
- The Hungarian government started lifting the restrictions outside of Budapest and Pest County on 4th May. On 18th May the restrictions in the capital were relaxed as well.
- Gatherings with more than 500 people will be allowed probably from 15th August. Face masks remain obligatory in public transport and buildings.

ECONOMIC OUTLOOK (ECONOMIC DEVELOPMENT, EFFECTS ON INDUSTRIES)

- According to the forecast of European Commission from April 2020 the economy will collapse in 2020 by 7 %. The GDP is expected to grow again in 2021 by 6 %.
- According to Trading Economics the GDP contracted by 0.4 % in the first quarter 2020 compared to the previous quarter. The GDP is expected to grow in the third quarter of 2020.
- The unemployment rate increased to 3.8 percent in the three-month period to April 2020 from 3.5 percent in the corresponding period of last year. The unemployment rate is forecasted to rise to 7.7 % in the first quarter of 2021.
- The automotive industry has been strongly impacted, as the car manufacturers closed their plants for one month. The plants were reopened at the end of April and beginning of May.
- There are some positive signals from the market:
    - New investments are announced – e.g. construction of production plant of Swiss company Flisom AG.
    - BMW continues working on 1 billion EUR premium cars plant in Debrecen.
    - The construction of Zalazone automotive test tracks is not jeopardized.
    - Magyar Suzuki started recruitment for the second shift.

2. Movement of goods

- Movement of goods has not been interrupted. Some delays may occur.

3. Movement of people

RESTRICTIONS ON ENTRY FROM SWITZERLAND

- The border controls at all Schengen internal boarders have been abolished, however the citizens of few countries are allowed to enter Hungary and Switzerland is not among these countries.
- For other nationals there are few exceptions defined by Hungarian authorities. The application to enter the country may be submitted in Hungarian (Link). The Embassy of Switzerland in Budapest prepared a non-binding translation (Link)
- On 1st June SWISS reinstated the flights from Zurich to Budapest. However, some cancellations may occur.