

**SZÉCHENYI** 



European Union



MINISTRY FOR  
NATIONAL ECONOMY

# Policy instrument for SME internationalization in Hungary

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# Content

1. General information about Hungary – Structural issues
2. Background of SME internationalisation
3. Financing programmes – EU - national
4. Dedicated tools for SME internationalisation



# Hungary in numbers (2017)

**9,798,000**

Inhabitants

**4,2%**

UNEMPLOYMENT RATE

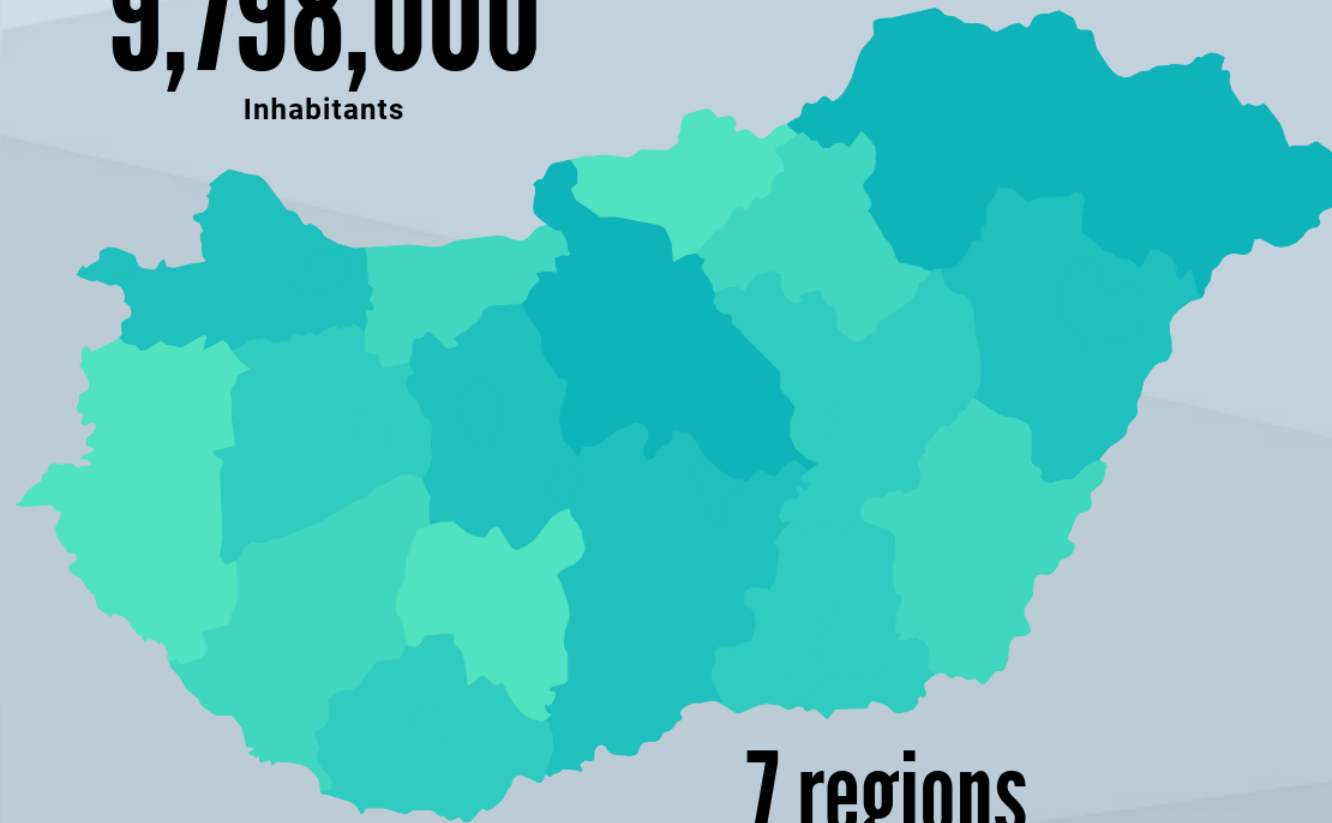
**59,3%**

EMPLOYMENT  
RATE

**7 regions**  
**19 counties**  
**+ BUDAPEST**

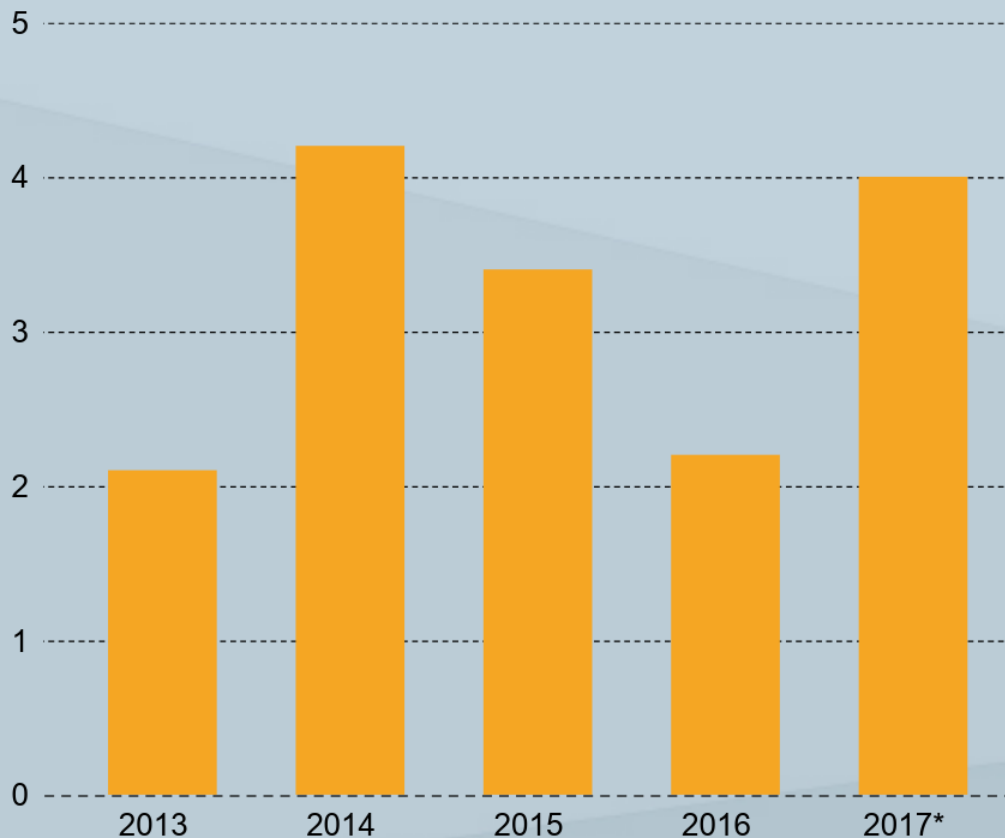
**36.600**

ANNUAL DECREASE OF THE  
POPULATION ON AVERAGE  
(2001-2016)



# Economy in numbers (2017)

Annual GDP growth (%)



**72%**

PUBLIC DEBT / GDP

**2,4%**

INFLATION RATE

**2%\***

GENERAL GOVERNMENT  
DEFICIT / GDP

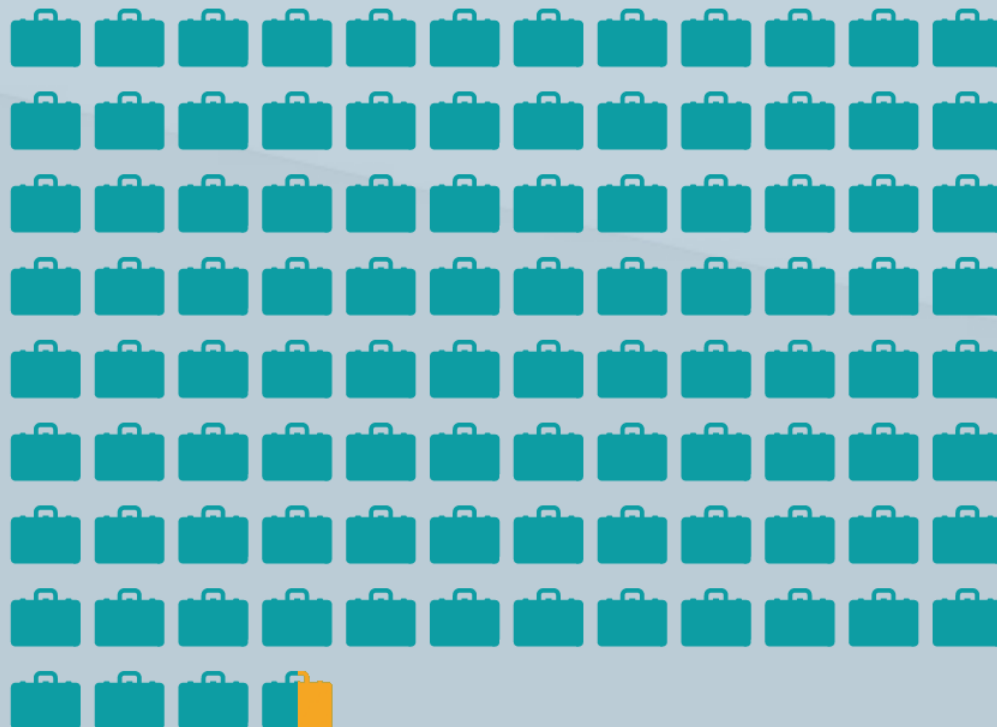
**11.800 €**

GDP per capita

\*Preliminary data

# SMEs in numbers (2016)

SMEs vs. Non-SMEs



■ SMEs (99.86%) ■ Non-SMEs (0.14%)

**693.662**

TOTAL NUMBER OF COMPANIES

**2,15 m**  
**(71,8%)**

EMPLOYEES IN SMES

**316 €**

VALUE ADDED PER EMPLOYEE IN SMES

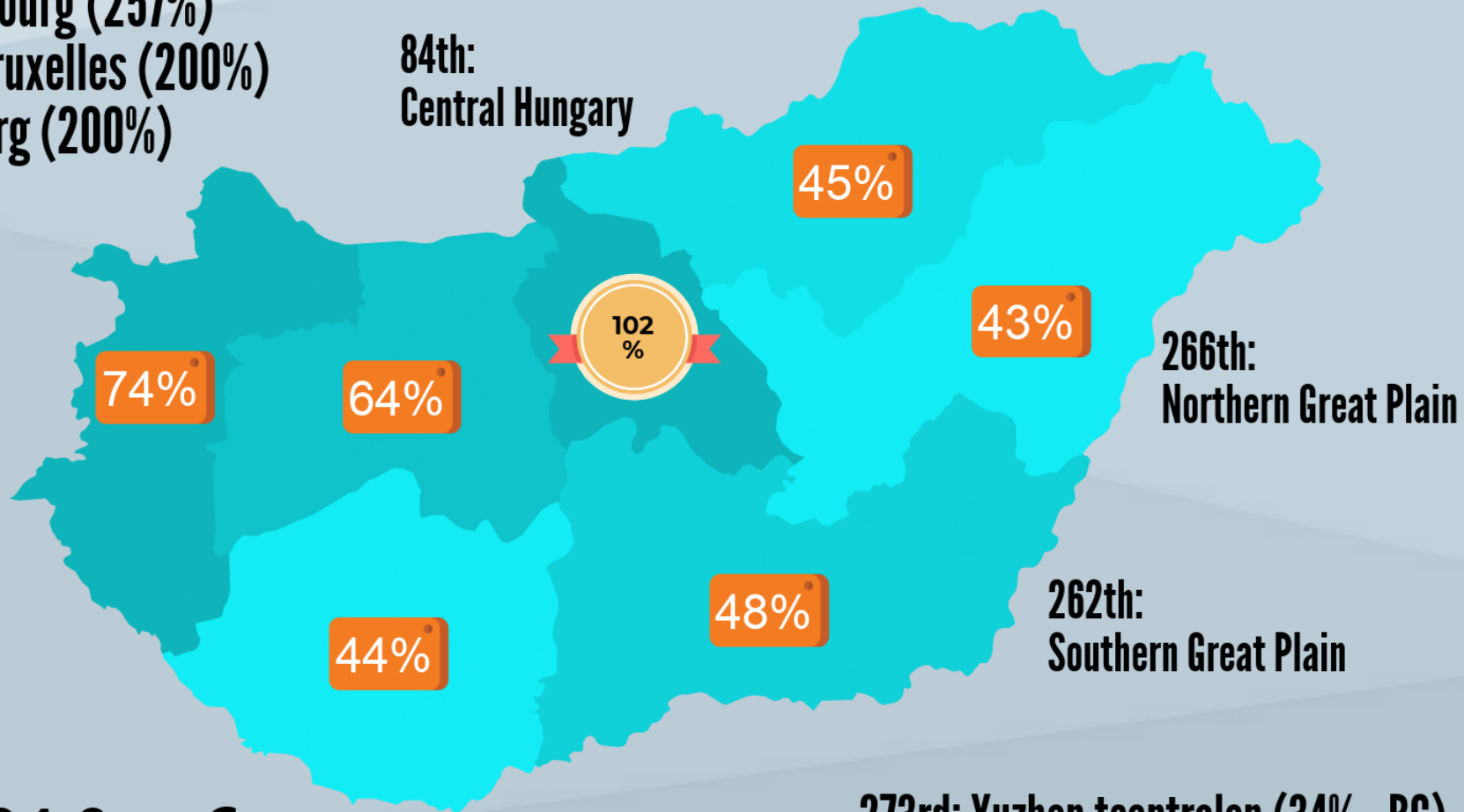
**33** Billion € (33,56%)

EXPORT REVENUE IN SMES

# Regions in numbers (2016)

Regional gross domestic product (PPS per inhabitant in % of the EU28 average)  
- EUROSTAT

1st: Luxembourg (257%)  
2nd: Rég. Bruxelles (200%)  
3rd: Hamburg (200%)



123 494,6 m €

GDP OF HUNGARY

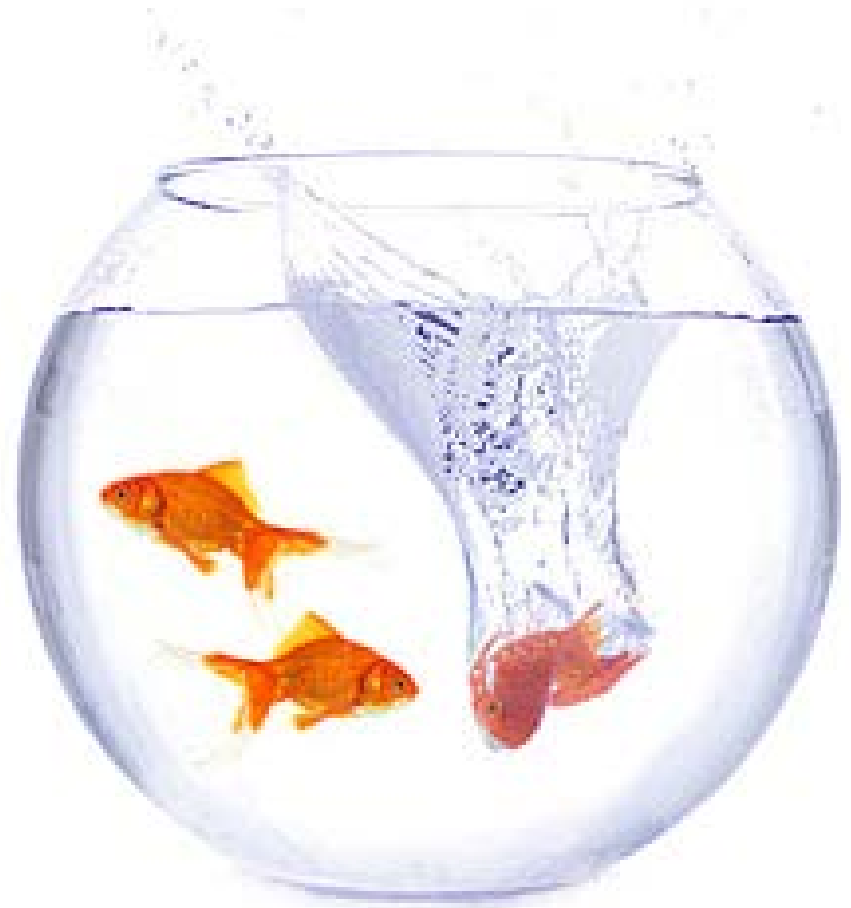
273rd: Yuzhen tsentralen (34% - BG)  
274th: Severen tsentralen (34% - BG)  
275th: Severozapaden (29% - BG)

# Structural issues

- Aging society
- Urban – rural disparity: Underdeveloped regions: significant number of people with low-skills
- Urban – rural migration
- Brain drain;
- Labour shortage in certain sectors;
- Strong manufacturing industry - challenge of reindustrialisation
- Low productivity and export capacity at SMEs
- Moderate innovation performance at SMEs

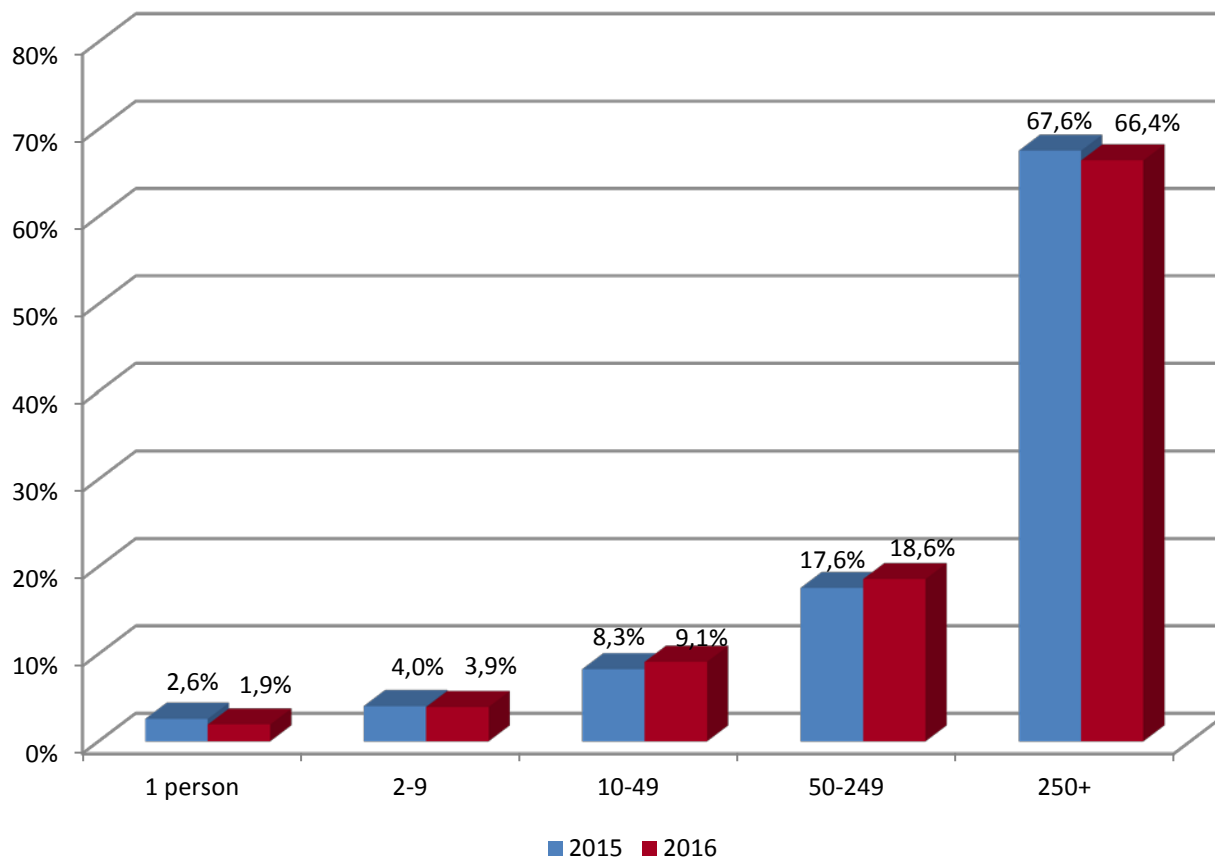


# Why is it important to support SMEs to enhance their international activities?



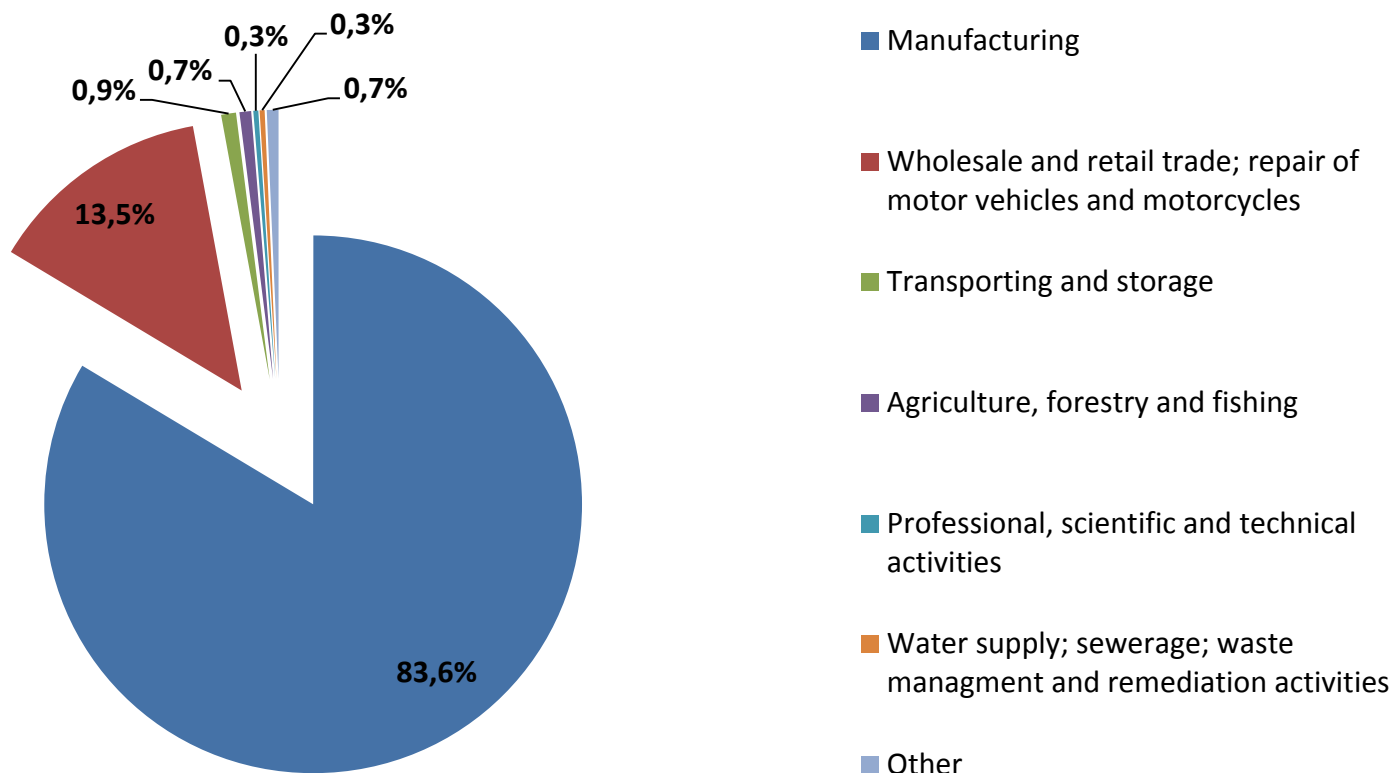


# Share of export by size of enterprise



Source: Ministry for National Economy based on the data service of Hungarian Central Statistical Office

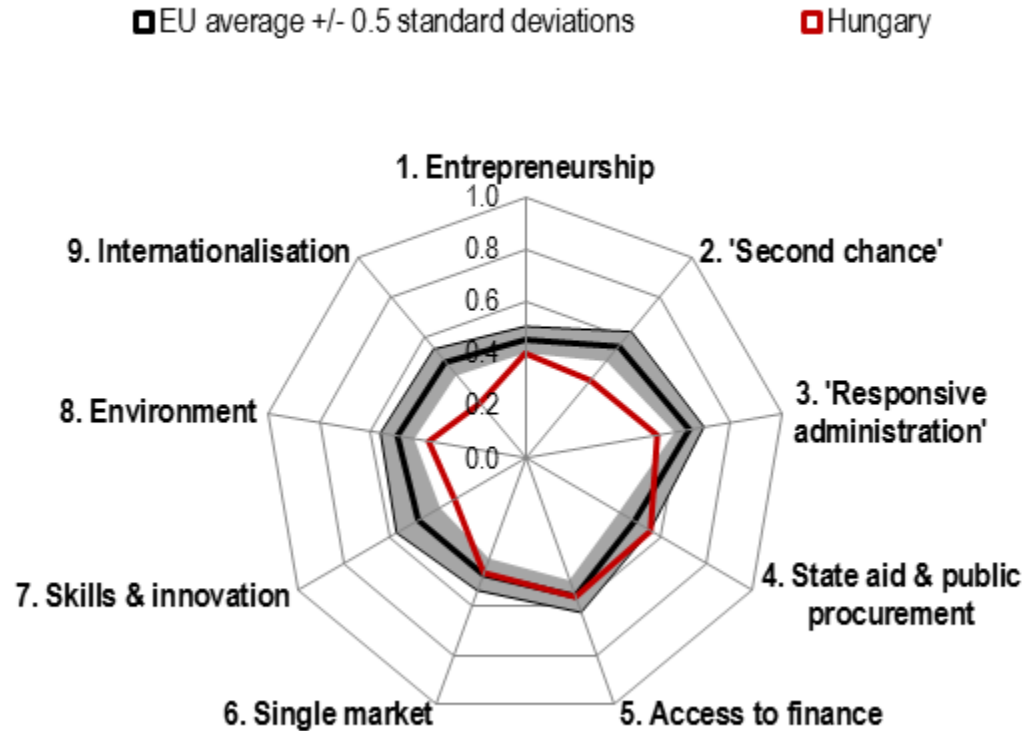
# Share of export in total sales by sector



Source: Ministry for National Economy based on the data service of Hungarian Central Statistical Office

# There is enough room for further improvement...

## SBA profile of Hungary



Source: 2017 SBA Fact Sheet - Hungary

# Strategic aims

## SME Strategy 2014-2020

The government treats the SMEs as strategic partners and aims increase of employment.

The growth potential of SMEs lies in the future increase of exports.



The total export net revenue of SMEs with more than 50 employees is expected to increase to 50% by 2020 from the 11% of 2011.



The national SMEs is expected to increase their export to 3% from 1% until 2020.



Launching of supported supplier integrator programmes



Half of the SMEs with more than 10 employees shall participate in national or international network cooperations.



# Description: Main governmental actions/ players to support international activities of SMEs

- Long history of non-refundable grants

- 2007-2013- Economic Development Operational Programme (ERDF)
- 2012-13 – Trade development programme (national sources)
- 2014-2020- Economic Development and Innovation Operational Programme (both grants and financial instruments) – **Policy Instrument for improvement**

## Refundable national funding opportunities - EXIM Bank

- Direct export pre-financing, Investment loans for export purpose; Export promotion credit program etc.
- Guarantee programmes

## Dedicated institutions for assisting SMEs

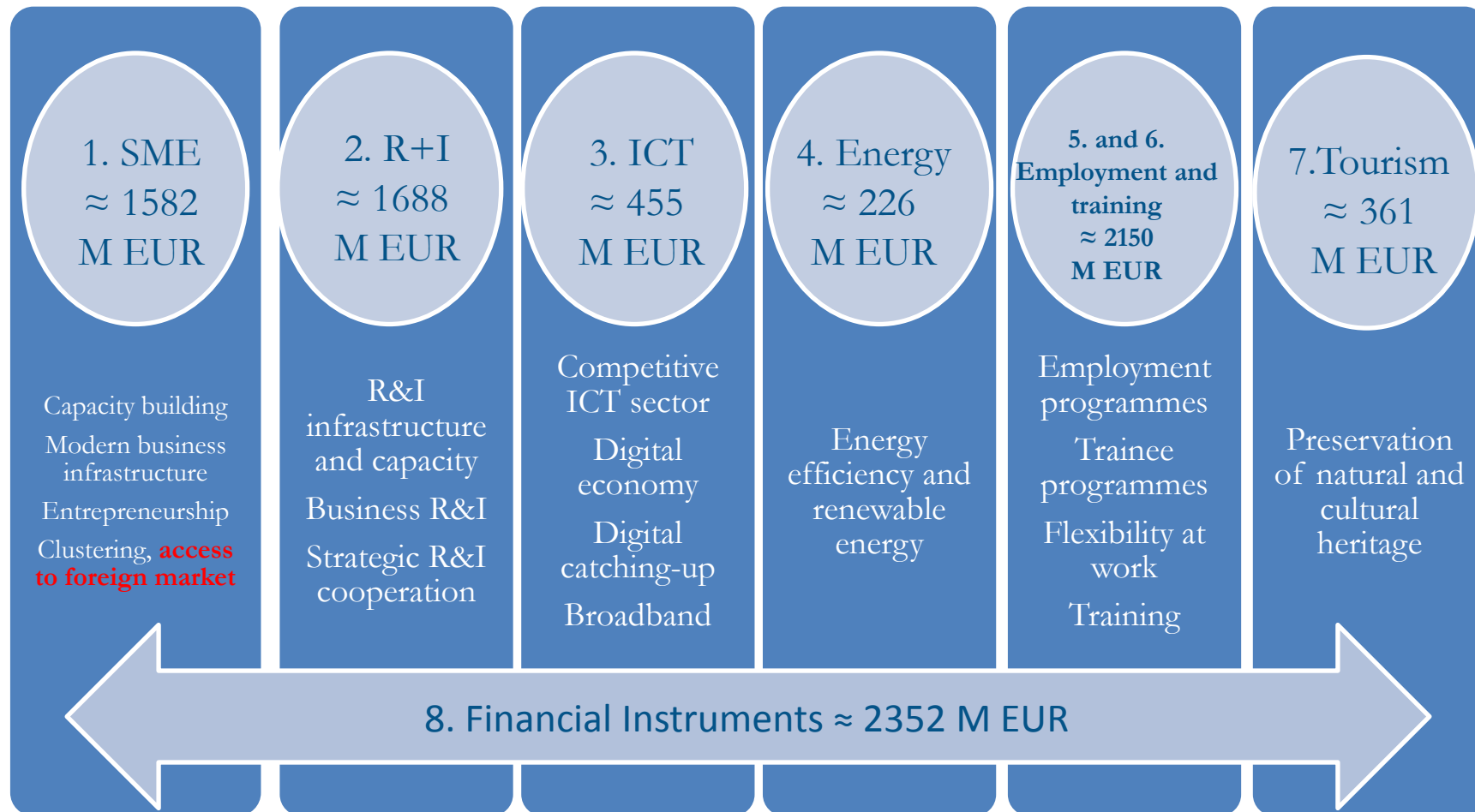
- Network of **Hungarian National Trading House** – assist SMEs to enter foreign market
- Hungarian Investment Promotion Agency (HIPA) - attracting FDI

# Playing field of SMEs 2014-20

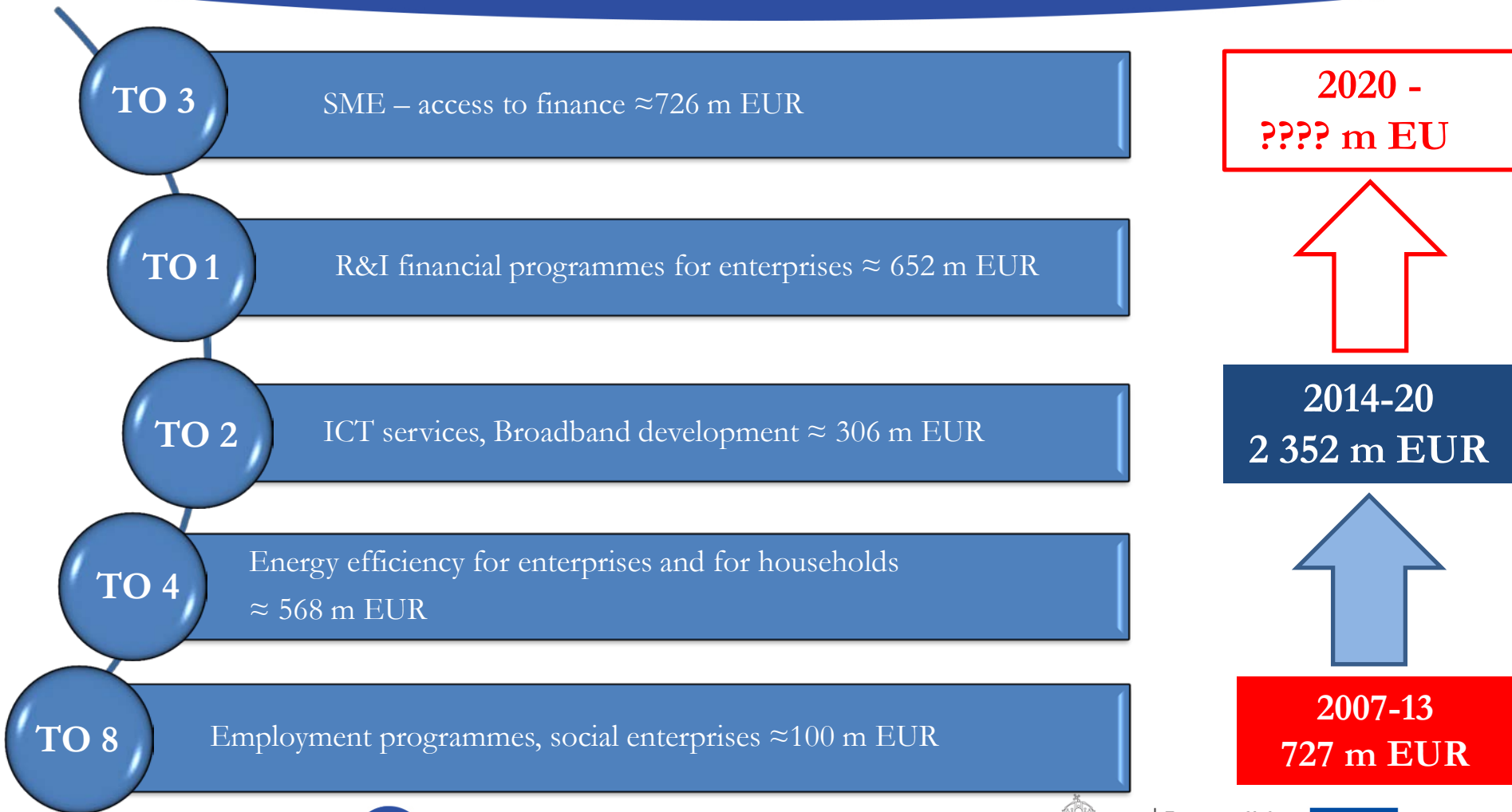




# Economic Development and Innovation OP - Priorities



# Increasing proportion of financial instruments





# Dedicated tools for SMEs



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# EDIOP-1.3.1-15 – Supporting market access of SMEs

## Aim of the call

International market access of enterprises. Increase the number of SMEs with international partners and contacts.

## Eligible applicants

SMEs

## Amount of subsidy Intensity rate

≈ 4.800 – 64.000 EUR

50% (Depending on the project)

## Supported activities

- Participation on international exhibitions and fairs
- Organizing foreign product sales presentations
- Support of market access
- Development of information technology
- Consultation
- Fee of market research
- Fee of acquisition, validation and protection of immaterial goods and property rights
- Fee of innovation consultation and supporting service

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# EDIOP-1.3.1 – Supporting market access of SMEs

## Obligations

- Maintenance of work places
- Assignment of foreign trade responsible person
- Market research
- Website in foreign language
- One new created workplace if the support amount above HUF 20 million (in case of second application )

## Target markets

- During one project, participation on more fairs and in more countries is eligible!
- Regarding the destinations, no limitations or differences are applied!

# EDIOP-1.3.2 - Development of professional cluster manager organizations

## Aim of the call

- Supporting clusters with stable track record
- Improving the quality of services provided by cluster management
- Support of international activities of the cluster/ cluster members.

## Eligible applicants

Companies managing clusters (at least 3 years track record)

## Amount of subsidy

16 129 – 161 290 EUR

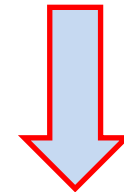
**At least 40% of the total budget**

## Intensity rate

75% (in case of wages 50%)

## Supported activities

- ICT development
- **Cluster management services related to international market access**
- Acquisition of licences and databases
- Training (for: CMO and members)
- Wage of the cluster manager(s)

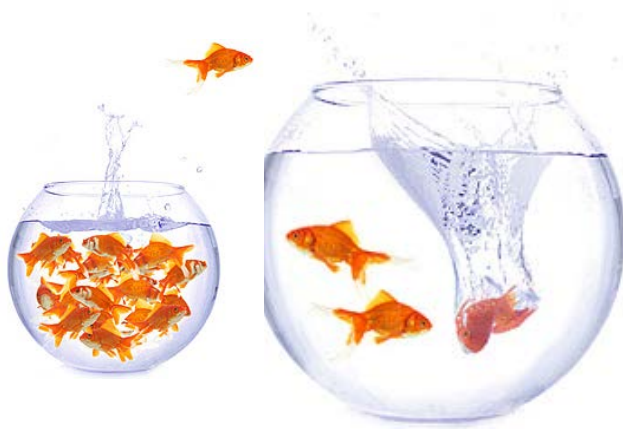


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# Main aim of the currently available cluster related call for proposals

*„...support of international market access...”*



- Presence of the cluster on international fairs, workshops, B2B meetings, project preparation workshop **together with the cluster members**
- Organisation of international workshops and conferences in Hungary for the joint representation of the cluster
- International market research
- **Application for international cluster benchmarking titles of ESCA**
- Joint marketing actions, cluster branding for international market access:
  - Marketing actions targeted to foreign markets
  - Implementation of marketing tools on foreign languages (graphics, design, implementation)
  - Renewal of the cluster's corporate identity to facilitate internationalization

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# Thank you for your attention!

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