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Hungary Economic News Letter

Embassy of the Kingdom of the Netherlands

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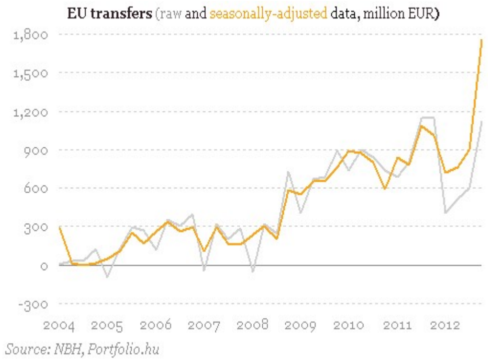
Editorial

While the Cyprus news hit the global mood and the entire CEE region, it clearly hit Hungary the most and in the medium term perspective Hungary indeed has the most to fear from contagion. In his first interviews Economy Minister **Mihály Varga** said that if it turned out Budapest still has to take corrective measures to meet its deficit target, it would come up with these already in the spring in order to ensure the country's exit from the EU's excessive deficit procedure (EDP). His predecessor, **György Matolcsy**, who was appointed MNB Governor this month said the central bank will take a more active role on the secondary market buying government securities. The MNB - as expected - continued the rate cutting cycle this month lower the base rate by 25 basis points to an all-time low of 5.00%, while there were more clear signals that the central bank has been preparing a new package of measures to boost local lending soon. These news kept HUF/EUR rate above the magic threshold of 300 for most of the month, beside the external news. The demotion of two deputy governors of the central bank, the termination of press conferences after the monetary council meetings were also seen negatively, beside the possible introduction of a new scheme to protect holders of foreign currency loans and mortgages were seen all as negative signs for HUF. The latter plan the market generally interprets as a sign that government would welcome a gradual depreciation of HUF after that the FX exposure of households and local SMEs has been reduced.
Prime Minister **Viktor Orbán** pledged that the government will stick to its plan and lower retail energy tariffs further. The energy sector has been already hit by a number of unilateral government measures, including the new utility tax, a hike to the sectoral tax and the 10% cut of energy tariffs for households. The government plans to extend the 10% cut in prices to water and waste collection services as well as LPG cylinders from July. In a separate event the cabinet said the purchase of the gas storage capacities from MOL will enhance state ownership of energy, which the government holds to be of strategic importance.
As to the Embassy events, Randstad Hungary held a business dinner at the ambassador's residence on 19 March on the occasion of the visit of **Leo Lindelauf**, Executive Board Member of Randstad Holding. The business partners of Randstad were given the possibility to meet with the representatives of the government and to discuss global and Hungarian economic challenges in the world of labour. The event was hosted by the Chargé d'Affaires a.i., **Bea ten Tusscher,** who will stay in Budapest till mid-June.

Bert van der Lingen	***Martijn Homan***	***Marina Varga***	***Éva Szabó***
Deputy Head of Mission	***Agricultural Counsellor***	***Senior Policy Adviser***	***Trade Promotion Officer***

EU relations

Take up of the EU funds speeded up



According to accrual-based data, the surplus on current transfers from the EU was EUR 773 mn, and transactions recorded as capital transfers showed a EUR 1,12 mn surplus. These are considerably larger than in the preceding quarter. In this respect, the NBH noted that the amount of more than EUR 160mn, remitted by the European Commission due to overpayments in previous years, contributed to the revenue surplus. Current and capital transfers to and from the EU are adjusted jointly; the seasonally adjusted surplus was EUR 1,76 mn in 2012 Q4, all time high.

Economic policy

Economic Minister Mihály Varga on economic policy

In his first interview Economy Minister Mihály Varga told Portfolio.hu that the solution to the problem of CHF mortgages will likely consist of several stages and only the existing means should be applied to assist distressed FX borrowers. Varga acknowledged that revenues from the financial transaction tax came in lower than planned so far, but said it would be too early to talk about a hike to the rate of the FTT. Overall he believes that public finances are in order this year therefore no additional fiscal adjustment package is being considered. If it turned out Budapest still has to take corrective measures to meet its deficit target, it would come up with these already in the spring in order to ensure the country’s exit from the EU’s excessive deficit procedure (EDP). Varga said one of his key tasks is to kick-start growth, because the possible introduction of a negative tax or a new job protection action plan aimed at fostered workers next year depends on whether or not output can grow. He also noted that the central bank (NBH) could use the tool of purchasing government securities on the secondary market.

S&P downgrades further

Standard & Poor’s has unexpectedly revised its outlook on its 'BB’ long-term sovereign credit rating on Hungary to negative from stable, saying "*recent changes to the functioning of certain oversight institutions may further undermine Hungary's institutional effectiveness*." Affirming the 'BB/B’ long- and short-term sovereign credit ratings on the country S&P also said the negative outlook indicates "*the potential for a downgrade if a deterioration of Hungary's policy framework weakens confidence and medium-term economic growth prospects, or significantly raises financing costs and leaves Hungary exposed to diminished capital inflows*."

The rating agency also revised negative from stable its outlooks on the 'BB' long-term issuer credit ratings on the National Bank of Hungary. S&P anticipates that "*from 2014 continued slow economic growth will make it increasingly difficult for the authorities to keep the general government deficit in line with their projections.*"

IMF on Hungary

The Hungarian government’s determination to keep the budget deficit below 3.0% GDP and exit the EU’s Excessive Deficit Procedure (EDP) are welcome, but the latest fiscal consolidation relies excessively on controversial tax measures which have increased uncertainty and hurt the business climate, the International Monetary Fund said in its staff report for the 2013 Article IV consultations and third post programme monitoring discussions. The Fund noted that while the banking system is generally stable, important vulnerabilities remain and that the lack of financial intermediation undermines economic activity. IMF staff acknowledged that despite the strong headwinds from the external and domestic environment, financial stability was maintained, but it noted that vulnerabilities are still high and leave Hungary exposed to considerable risks.

Companies affected by Cyprus crisis

Some 1,500 Cyprus-registered companies have Hungarian owners, company information service company Opten said. Annual reports for 2011 indicate that the companies most exposed to Cyprus are Ukrainian-owned metal works ISD Dunaferr Dunai Vasmű, Hungary-Meat, SMR Automotive Mirror Technology Hungary, the West End shopping centre, Bonbonetti Choco, property developer Duna Kongresszus and Expert Kereskedelmi és Informatikai.

According to the official statistics, the stock of investments by Hungarians on Cyprus amounted to HUF 280bn (cca EUR 0.9bn). The Hungarian currency also felt the Cyprus crisis. While the Cyprus news hit the global mood and the entire CEE region, it clearly hit Hungary the most. While in a short term perspective this is rather due to the rallies of the past weeks, driven by policy uncertainties, from a more medium term perspective it is good to keep in mind that Hungary indeed has the most to fear from contagion.

Budgetary policy

2013 budget modified slightly

Parliament modified the 2013 budget to raise the deficit target by HUF 40bn to HUF 881bn (EUR 2.9bn), as the central budget is taking over debt from local governments and health care institutions. As the change does not affect the EU-standard overall budget, the deficit target re-mains 2.7% of GDP. Expenditures of Hungary's general government were HUF 337bn (EUR 1.1bn) larger than its revenues in February, the Economy Ministry confirmed.

This took the budget gap to HFU 340bn (EUR 1.1bn) by the end of the second month of 2013, which corresponds to 40% of the full-year target. The detailed data also reveal that the financial transaction tax (FTT) brought state coffers only HUF 13bn (EUR 43mn) in February, which is considerably below the time-proportionate revenue. The two new small business taxes enriched the budget only marginally.

ÁKK to expand maturity of state debts

State debt manager ÁKK intends to increase the average duration of state debt from the current 2.5 years, vice president László András Borbély said. He told a press conference that a shorter average duration would be risky, as Hungary has a higher annual refinancing need than any of its peers in its region. The aim of expanding the proportion of bonds held by households bears a risk in this respect, he admitted, as last year 75% of bonds bought by households were Treasury bills, with less than 12 months' maturity. The ÁKK has already filed a proposal to the Economy Ministry regarding a new retail product. The aim is to increase the share of state debt held by domestic households to 10%, which was the figure in 2004-05, from the present 4.5-5%, Borbély added.

Monetary policy

The base rate cut further

The Monetary Council of Hungary's central bank (NBH) decided to lower the base rate by 25 basis points to an all-time low of 5.00%, in line with the market's expectations. This was the first policy meeting for the MPC in its new composition and also the first for newly appointed Governor György Matolcsy. There is total uncertainty at the moment as to what arguments the new MPC will offer, especially as Matolcsy scrapped the post-meeting press conference - not just for that day, but for the future too. The changes in the management style of the central bank have become apparent in many other ways too.

Employment

Gross earnings go 2.5% up

Average gross earnings in Hungary's national economy - at corporations employing at least five persons, budgetary and designated non-profit institutions - increased by 2.5% year on year in January 2013, while net earnings excluding family tax benefits grew by 3.9% compared to the previous year. At a sharply decelerating inflation in the first month of the year real wages remained flat on average. The bad news is that the decrease in the number of employed at companies employing at least five persons did not stop; the figure in fact hit a 3-year low. It should be also added that the official wage talks between the government, employers and trade unions for this year have effectively ended without a tri-partite agreement.

EU funds help young people find jobs

Hungary has won about HUF 14bn (EUR 47mn) funds from the EU's youth guarantee scheme for the expansion of youth employment opportunities, the government announced. The project complements government's measures such as the First Job scheme launched to help find jobs for those under 25 years of age, for which age group the unemployment rate is almost double of the average. The new schemes mostly help the unskilled and the long-term unemployed by paying their social insurance contributions on behalf of employers for six months. After that period the employer must hire them for a certain period. About 7,000 such places will be available. The government is spending HUF 30-35bn (EUR 100-117mn) overall to help young people find work. However, the first tender for subsidies for employing persons facing difficulties was suspended on the first day due to overwhelming demand, state development agency NFÜ announced.

Competitiveness

CEOs beset by unpredictable policies

The government’s unpredictable economic policies are the biggest problem in doing business in Hungary, according to a survey by consultancy PricewaterhouseCoopers. Of the 171 company leaders surveyed, 84% named economic problems and government measures as the most worrisome issues, compared with 71% in the global survey. Rising taxes on businesses were cited as a problem by 71% of respondents, compared with 61% globally. As to the outlook, most executives (60%) projected rising revenues for their company, but only 5% expected Hungary's economy to grow this year.

A trained and qualified workforce was the number one desideratum for corporate leaders, followed by stability in the bank sector and leveling out of inequalities and poverty. Germany was considered Hungary’s most important business partner, followed by Romania and China, whereas the previous survey ranked Russia second and China tenth. Interestingly of the 171 respondent executives, 111 were managing multinational firms, of which 30 were German-owned, and 19 were operating in or near Győr.

SMEs

Eximbank to lend EUR 400mn to SMEs

State-owned Eximbank will extend EUR 400mn in refinancing loans to 14 commercial banks to help stimulate exports by Hungarian SMEs, CEO Roland Nátrán announced. Not only exporters but their direct suppliers will also be eligible for the loans. The funding will be available to manufacturing companies, as well as those operating in the service sector.

The two to five year loans can be requested in USD or EUR. Last year, SMEs indirectly received EUR 143mn in funding from Eximbank for export financing, *Napi Gazdaság* writes.

Business environment

Corruption database set up

The Corruption Research Centre of the Corvinus University completed a comprehensive database for further corruption research, its leader István János Tóth told *Napi Gazdaság*. The main problem is that little data was available and much of that was not in an easily accessible and searchable format. Tóth pointed out that there is no transparent pricing in public procurements in Hungary, and that the number of these procurements goes up in election years. Among larger cities, Eger is the most transparent, as data on 88% of its public procurements are available, compared to only 8% in Pécs. Online procurements in Hungary make up only 0.5% of the total. This could easily be increased to 20-30%, which would greatly increase transparency, Tóth suggested.

Manufacturing Purchasing Index slightly up

Hungary's manufacturing purchasing manager index (PMI) rose to 55.7 points in March from 54 pts in February, the Hungarian Association of Logistics, Purchasing and Inventory Management (HALPIM). The March figure is the highest since March 2011 and it came in higher than in February while manufacturing PMIs generally dropped in the Eurozone.

As the improvement in Hungarian PMI is likely related to the expansion of export oriented car manufacturing capacities, it may be neutral to the MPC's dovish stance that is based on the weak domestic demand. However, it may help to contain risks related to excessive monetary easing through unconventional monetary policy tools, analysts warn.

Legislation

Parliament places energy price rules beyond the reach of courts

Parliament passed a new energy authority law that deprives energy distributors of recourse to the courts to challenge decisions by a new regulatory body. The legislation abolishes the Hungarian Energy Office, which regulates the price charged to households for energy.

It replaces that office with a new regulatory body, whose decisions on energy network usage cannot be challenged in ordinary courts but only in the Constitutional Court.

This provision may be in violation in Directive on internal market for electricity and natural gas (2009/72/EC and 2009/73/EC), observers believe. Nevertheless, the energy authority appealed against the March 8 first instance ruling that upheld electricity and gas distributors objections to the 10% cut in retail utility prices.

Energy regulations changed

Petrol will be dyed in future to show that excise tax has been paid on it, under an energy service regulation law passed on 18 March. In another change, electricity and gas distributors will have to read household meters quarterly if the client so prefers. At present, energy distributors may read the meters no more than once a year.

Dutch presence in Hungary

Butter group opens Hungary branch

Butter Group was founded in 1931 as a family business in the Netherlands and it is specialized in the transport of loose bulk agrarian products in insulated hoppers. It became an ultra-modern company with offices in Europe (Netherlands, Poland, UK) and 350 highly motivated staff. The current fleet consists of 220 lorry combinations and 325 trailers, from which more than 200 own-developed isolated, super lightweight trailers allowing driving during extreme temperatures with fewer risks of damage to the product and thus giving Butter a market leader position.With the growing number of German, Austrian, Italian, Hungarian and Romanian clients, there was a need to open a new branch. The company opted for Győr (West-Hungary) in order to be able to further consolidate its current position. Jeroen Gaal, one of the experienced Dutch staff members will head the new company in Hungary, ensuring that the quality of service will be the same as at the other branches. More information: www.buttergroup.eu

Transport/Logistics

BKK announces tram line tender

The Budapest Transport Centre (BKK) has announced a HUF 41bn (EUR 137mn) tender for the upgrade of tram line No. 1 between Bécsi út in the Third District and Kerepesi út in the Tenth District. Bids in the open procurement tender are to be submitted by April 30, and the winner announced in the summer. The winning bidder is to completely renew the eight-kilometer line by the autumn of 2014, and to install tram stops accessible by wheelchair and equipped with modern passenger information systems. The winner must also finance ground works and modifications in traffic circulation and flower planting between the tram lines. After the renewal of the lines, which are some of the oldest in Budapest, speed restrictions will be lifted.

New flight to UAE from Budapest

Wizz Air will launch four flights (A320 aircraft) to the United Arab Emirates (UAE) starting 28 October 2013. The flights will leave for the Dubai World Central Airport Monday, Wednesday, Friday and Sunday, not only from Budapest, but also from Bucharest (Romania), Sofia (Bulgaria) and Kiev (Ukraine). The carrier expects 50,000 passengers and an over 80% load factor on this route.

Energy/Sustainable energy

Bencsik warns of block heating worries

Cutting utility bills is a short-term solution, but without a radical government intervention block heating will face bankruptcy, former energy state secretary János Bencsik told the Energy Cities conference. The Fidesz MP added that energy usage in buildings in Hungary is excessive, which requires radical intervention. A government insulation programme could create 40,000 jobs and a state energy service company can be set up to insulate state-owned buildings, Bencsik proposed.

MOL happy to sell storage unit to state

State asset manager MNV signed a letter of intent with MOL on purchasing 51% of the energy company's gas storage subsidiary MMBF. Only one day earlier the cabinet authorized Development Minister Zsuzsa Németh to arrange the transaction. In the decree authorizing the acquisition, the cabinet said the move will enhance state ownership of energy, which the government holds to be of strategic importance. The Hungarian Oil and Gas Storage Managing Alliance, which is owned by gas companies, will increase its stake in MMBF from 28% to 49% by buying 21% of the shares from MOL. Sales contracts will be signed within 90 days.

Parliament approved last autumn a law amendment that laid the groundwork for the Letter of Intent signed this March. The repurchase of the Szőreg-1 strategic gas storage unit went in parallel with the acquisition of E.ON's local gas business, as a result of which the state could soon hold the country's entire gas storage capacity. Thanks to its monopolistic position the state could utilize the strategic potential in the units, i.e. its negotiation position may be stronger in case of a new international pipeline and the state will solely control plans -along with the related opportunities and risks - to become a regional gas distribution hub, the government stated.

German energy company RWE is cutting its investments in Hungary by 50% in 2013

Martin Herrmann, who is also Chairman of the Board of Directors, CEO at RWE Transgas, said the investment reduction was prompted by the government's measures burdening the sector. He said he hoped Brussels will "put an end to [Hungary] violating EU regulations."
He added that other energy companies could be slashing their investments by up to 80% because "*you cannot carry out investments in an environment where you are de facto close to being nationalised,*" he said. The German utility holds a majority stake in electricity distributor Elmű-Émász group and the Mátra Power plant, while on the gas market it holds minority stakes in Főgáz and Tigáz. Local daily Népszabadság reported last week that RWE is selling its minority stake (cc. 45%) in north-east Hungarian gas distributor Tigáz to majority shareholder ENI of Italy. In should be noted that Central Statistics Office data show that while energy investments in Hungary reached almost HUF 190bn in 2008, they remained below HUF 150bn (EUR 0.5bn) in 2012, sharply down from HUF 246.7bn (EUR 0.8bn).

Environment/Water

Austria may object to waste law at EC

Austrian waste management companies have asked their government to request EU proceedings over the Hungarian government's decision to ban privately-owned companies from the sector, Austrian business daily *Wirtschaftsblat*t reported. Under a new law that came into effect on January 1, private waste management companies must obtain a new operating permit by the end of June. However, only companies in which the state or local governments have a majority stake will be granted such licences. Austrian companies Saubermacher, AVE and ASA have been protesting for months. They argue that the law limits the free flow of goods and freedom of enterprise in impermissible ways, and constitutes an abuse of market power, according to president Robert Gruber of Austrian waste handling company association Vöeb. The EC looked at the bill on the waste management last year but expressed no objection.

Hungarian-Slovak talks on flood control

Hungarian and Slovak disaster control chiefs discussed flood protection preparations in Sárospatak, north-east Hungary. Disaster Control leader György Bakondi said one of the most important elements of co-operation is that Hungarian flood control experts have 24 to 72 hour to prepare for floods based on information from Slovak catchment areas. Large quantities of rainfall in recent days on Slovak rivers which flow into the Tisza and the Danube could lead to floods.

Industry

Rába seeks Volvo bus parts suppliers

Rába is inviting offers from suppliers of parts for Volvo buses to be assembled at the Rába factory in Győr. Applications are welcome until June 30. Earlier experience of the co-operation between Rába and Volvo shows that the supplied parts can also be used in other Volvo products. Volvo plans to assemble 200-300 city buses in Győr annually. Rába's vehicle division generated HUF 42bn (EUR 140mn) in revenue in 2012. The domestic market demand is 400-500 buses annually, Rába calculates, adding that independent development for such low volume does not pay off. Rába has some 2,000 workers and will hire an additional 200 for the bus production line.

Japanese investors expand

The TS Tech Co. Ltd. will set up its Hungarian car parts production unit (TS Tech Hungary Ltd.) with a capital of EUR 3mn. The investment project is to absorb EUR 1.3mn initially. The manufacturing of car seats for Volkswagen in a 1,800-square-metre production hall will be launched in 2015, with a staff of 50 people. Százhalombatta is already home to Toyo Seat that manufactures seats for Suzuki. This is the sixth announcement of a new Japanese investment in Hungary in the vehicle production segment, after Bridgestone, Ibiden, Asahi Glass, JSR and Konica-Minolta. After Germany, Japan is the second-largest investor in the car industry in Hungary. TS Tech Co. Ltd. manufactures and sells automobile seats; automobile interiors; motorcycle seats; and resin-based products for motorcycles.

Construction/Infrastructure

Construction dives further in January

Construction industry output was down 4% year-on-year, according the Central Statistics Office. Construction of buildings saw a 7% decline, while the construction of other objects stagnated. Within this new orders for building construction were down 31% while those for other projects grew by 64.7%. The total volume of orders was up 19% at the end of January. Lowering the VAT on renovation to 5-7% as in other EU countries could boost construction, said president Tibor Tolnay of construction association Évosz.

Builder for new stadium announced

Market Építő will build the new Albert Flórián Stadium for the Ferencváros football club for over HUF 13bn (EUR 43mn), state asset manager MNV announced. Market Építő submitted the least expensive and most professional bid, the MNV said. The company has completed over 500 projects in the past 15 years.

Financial services

Investment fund assets rising

Total assets managed by investment funds grew by HUF 114.7bn (EUR 382mn) last month to HUF 3.658 trn (EUR 12bn) fund managers association Bamosz announced. A total of HUF 106.1bn (EUR 354mn) of fresh capital was invested with the funds, while the gain on assets was HUF 8.6bn (EUR 29mn). The most popular investment options are money market funds, having HUF 1.444 trn (EUR 4.813bn) in total assets at the end of February.

Research/Science

Hungarian on EC science council

Academy of Sciences member Tamás Freund was named to EC President José Manuel Barroso's Science and Technology Advisory Council. Freund, director of Budapest's Experimental Medical Science Research Institute, called the appointment to the 15-member council a great honour.

Telecommunication

Switch to digital TV will speed sale of 4G frequencies

The media and telecoms authority NMHH announced that the full conversion of television broadcasts to digital technology will be completed in November, a year ahead of a previous target date, *Népszabadság* reports. The switch will take place in two phases at the end of July and October. The EU target date was the end of 2010, but the Orbán government extended that to the end of 2014. Recent surveys suggest that 530,000 households in Hungary still use analogue TV technology only. The digital switch makes possible the sale of 800 MHz frequencies for fourth-generation mobile services. Authorities will announce the sale of the frequencies this year to raise budget revenues.

Retail

Weak forint boosts sales near borders

Food stores, restaurants and service companies close to the Austrian, Slovenian and Slovakian borders have reported a 35-40% jump in sales due to the weaker forint in the past few days, *Napi Gazdaság* writes. Some have reopened their business to meet rising demand, they add. An exchange rate above HUF 300 per euro makes Hungary more attractive, as basic foods cost much more in Slovakia and the Czech Republic.

Árkád extension opens

The 20,000m2 expansion of the Árkád shopping mall on Örs vezér square opens as part of an EUR 80mn project to be completed in the autumn. Upon completion, 68,000m2 of retail space will be available. As the nearby Aréna shopping mall is strengthening its position, Árkád had to make this move, to be larger than Aréna and also to renew its mix of tenants, said Anita Csörgő, head of retail at property consultants CBRE.

Budapest's largest shopping malls

Name	size (m2)	District
Árkád	68,000	10
Aréna	66,500	8
Mammut	61,000	2
WestEnd	50,500	6

Agriculture

Farmgate prices stuck at high level

Agricultural producer were up 18% year-on-year in January, the Central Statistics Office announced. Farmgate prices remained stuck at a high level, *Napi Gazdaság* writes, as the annual price increase in December was also 18%. Crop prices increased 24.2%, while animal product prices were 7.4% higher. The price hikes were fuelled by an 89% rise in potato prices, and 32.5% growth in cereal prices. Fruits rose 4.5% and vegetables 12% in January. Livestock prices went up 9%.

Local governments to use state land

State land manager NFA is leasing 1,031 hectares of arable land to local councils at no charge for five years, for use in public works schemes, the Rural Development Ministry announced. The NFA will sign the contracts with 91 local governments. The government aims to lead the long-term unemployed back to the labour market with this land-use programme.

Food industry

Reverse VAT legislation withdrawn

Parliament cancelled legislation that would have introduced reverse VAT in the hog farming sector from April 1. The vote on the cancellation was taken after Brussels rejected the government's proposal on the matter. The Rural Development Ministry expected the measure to generate additional tax revenue of HUF10-15bn. Hungary's government introduced the practice of obliging the buyer, not the seller, of goods to pay value-added tax for grains, oilseeds and protein crops with the aim of reducing tax evasion from July 1012. Moreover, reverse VAT already exists in Hungary in the sectors of construction, cleaning services, waste disposal.

Volume of food sales lower in 2012

The volume of retail food sales shrank by 1% from February 2012 to January 2013, market researcher Nielsen announced. Sales rose in value terms by 4% to HUF 1.4 trn (EUR 4.7bn).

Sales of margarine, ice cream, vodka, cereal flakes and cocoa powder saw growth of more than 10%. The concentration of food sales in larger outlets stopped, as shops more than 400m2 in size accounted for 65% of all food sales, the same as one year earlier. Shops smaller than 200m2 had a 27% share of the food retail market.

Tourism

Guest nights up 5% in January

Hungary received 9.6% more foreign tourists in January, who spent 8.3% more nights in paid accommodation than in the same month of last year, the Central Statistics Office reported. There was a 3.1% rise in the number of domestic tourists, who spent 1.4% more guest nights in hotels. Overall, the number of guests was up 6.2%, year-on-year, and the number of guest nights was 5% higher. Fewer tourists came from Germany, Austria and Russia, but visitors from the UK rose 49% and from Italy, 18%. The average room occupancy was 33%, the same as one year earlier. Gross revenues of hotels were up 3.6% to HUF 15bn (EUR 50mn) in January, as average gross room revenue was HUF 14,425 (EUR 48).

Events

- **CONSTRUMA: 32nd International Building Trade Exhibition**
  Co-events:**HUNGAROTHERM Building Engineering, HOME DESIGN** and **URB:Icon Exhibitions**
  Date: 10-14 April 2013
  Organiser: Hungexpo
  More info: www.construma.hu

- **RENEXPO® Central Europe: 7th International Renewable Energy Trade Fair**
  Date: 25–27 April 2013
  Organiser: Reeco
  More information: www.renexpo-budapest.com

- **INDUSTRIAUTOMATION: International Industrial and Automation Trade Exhibition**
  Co-event: **MACH-TECH International Trade Exhibition of Machine Manufacturing and Welding Technology**
  Date: 28-31 May 2013
  Organiser: Hungexpo
  More information: www.industriautomation.hu

- **GREEN BUSINESS FORUM: Embrace Sustainability**
  Date: 22 April 2013
  Organiser: EUCham-European Chamber
  More information: http://www.facebook.com/events/160234677464040