

Hungary

Tourism in the economy

Tourism contributes an estimated 5.3% of GDP (2006) and in that year the industry employed 355 000 people, 9.2% of the workforce. Foreign currency receipts from tourism totalled HUF 4.1 billion in 2008 showing an increase of 18.9%.

Some 39.6 million people visited the country in 2008, including excursionists. The main origin markets were Romania, the Slovak Republic, Austria, Serbia and Montenegro and Germany. Together these five countries accounted for 71% of total visitors. The most important markets for tourists staying overnight were Germany, Austria, the UK, the USA and Italy.

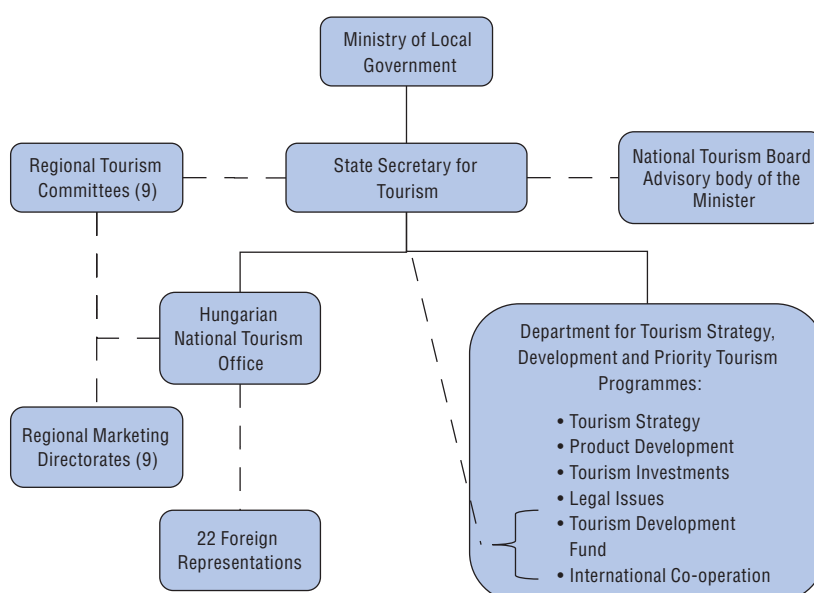
Domestic tourism accounted for 4.1 million trips and 10 million nights in 2008.

The holiday cheque system plays an important role in stimulating domestic tourism, reaching almost two million people in 2008. The National Holiday Foundation issued cheques worth HUF 42 billion, a 40% increase on 2007. The number of people benefitting from the cheques as part of the social support system reached 2 000 000.

Tourism organisation

The Ministry of Local Government has the lead responsibility for tourism policy (Figure 4.12).

Figure 4.12. **Hungary: Organisational chart of tourism bodies**



Source: OECD, adapted from Ministry of Local Government, 2009.

Tourism budget

The Tourism Fund, allocated from the national budget, reached EUR 27 million in 2008, 0.027% of the national budget. Of this total, 71% was allocated to tourism marketing.

The National Development Plan for 2007-13 includes a provision of EUR 1.197 billion to be allocated to the regions mainly for tourism attractions, accommodation development and for the establishment of the destination management system. Tourism development projects will be realised through the Regional Operational Programmes, under which funds available for tourism development account for 4.7% of the total available EU funds.

The main measures for investment in 2007-08 in the tourism sector included the development of tourist attractions (such as thermal and health resorts, castles and fortresses, visitor-friendly reconstruction of museums, natural parks, visitor centres, theme and adventure parks), with an investment totalling EUR 280 million, and the development of commercial accommodation and related services with a total budget of EUR 370 million.

These programmes are set to continue in 2009-10, in addition to which there are plans for the development of destination management organisations which will attract EU financial support of EUR 20 million.

Tourism tax

Local governments are entitled to introduce any or all of the following: a property tax, communal tax, tourism tax or business tax. The tourism tax is one of the most conventional local taxes in Hungary. This can be area-based or it can be levied based on turnover (per capita accommodation fee). As from 2005, local governments have been empowered to increase the guest-night-based rate of tax if they deem it appropriate to do so.

Tourism-related policies and programmes

Legislative and regulatory environment

The discussion of the tourism law is at its final stage. The major aim of the tourism law is to set the general legal framework for tourism policy. It is to define the major responsibilities and tasks of the state and that of local governments, the modes of co-operation with professional organisations (such as the National Tourist Board). It also functions as a major framework law for entrepreneurs working in the tourism sector.

The law aims to create a sound legal background for the conscious development of tourism with the objective of promoting a tourist-friendly environment and a sound tourism policy in economic terms.

The adoption of the EU Directive on Services is also under discussion.

Issues related to industry competitiveness

In the National Development Strategy to 2013, EUR 1.178 billion will be available for tourism (including European, domestic, regional, local, private resources and co-financing), mainly for the development of tourism products, attractions, accommodation including the establishment of destination management systems and HR (Box 4.14).

One of the main objectives of the Hungarian National Tourist Office is to reduce the seasonality of inbound and domestic demand in order to help the sustainability of the sector. In the field of inbound tourism, the most successful measure was the Budapest

Winter Invitation Campaign that aims at inviting tourists to Budapest between the 1 November and 31 March. As far as domestic tourism is concerned, the Hungarian National Tourist Office has several initiatives with the regions and service providers (e.g. short stays in hotels) to help reduce seasonality. Early results show an increase of 5% in tourist demand for the first four months of the year.

Sustainability

For supporting sustainable businesses in Hungary, measures have been introduced to establish a supportive legal and policy environment which aims to orient businesses to incorporate sustainability principles in their operations. Sustainability is one of the horizontal objectives in the European Development Programmes.

Economic, social and environmental aspects of sustainable development are taken into consideration in the evaluation process of all applications for funding from the Regional Development Programmes of the National Development Plan. For the orientation of the members of the evaluating committees, an Evaluation Guideline and Criteria System was set out by the National Development Agency with the active participation of the State Secretariat for Tourism of the Ministry of Local Government.

Upon the initiative of the Ministry of Local Government, an Ecotourism Strategy has been developed in which specific attention is given to the so-called “Responsible Tourist Approach”. Parallel to this initiative, the State Secretariat for Tourism proposed an in-house awareness raising campaign about responsible tourist behaviour within the Ministry. The first results were tested during 2009.

Human resource development

In the area of human resource development, tourism policy makers in co-operation with relevant government bodies analyse the results of a new structure of vocational training and higher education in the light of new labour market trends.

Co-operation with the tourism industry, consumers and other stakeholders

The State Secretariat for Tourism works in close co-operation with other government departments regarding tourism-related issues (e.g. with the Ministry of Culture for cultural tourism, the Ministry of Agriculture for rural tourism, the Ministry of Environment for ecotourism, etc.).

In order to strengthen regional and local co-operation, Regional Tourism Committees (RTCs) were established in 1998 in each region with the participation of local government representatives and tourism professionals. The nine regional committees have a consultative forum for discussing inter-regional issues, while the State Secretariat for Tourism works together with the Regional Marketing Directorates and Regional Tourism Committees on issues related to product development and innovation.

Development of a culture of evaluation

The use of the Tourism Fund is subject to regular examination by the Government Audit Office and the State Audit Office. In the case of the regional tourism fund as well as for money earmarked for major events, it is the intermediary body that is responsible for monitoring the implementation of the project and for the use of grants. The project

proposers are either requested to create a complete feasibility study or, in the case of minor projects, impact assessment forms are to be filled in.

The implementation of the National Development Strategy is supervised by the NTS Monitoring Committee. The Committee prepares a regular report on the implementation on a yearly basis, evaluating the following topics:

- economics, competitiveness, employment, product development, regional development, sustainability;
- quality of life; and
- demand and (product-specific) supply, competitors, trends and customer satisfaction.

Represented in the Monitoring Committee are members of the central and regional tourism administration, professional organisations and NGOs.

In addition, there are various other programmes involved in monitoring and evaluation, including the work of the National Tourist Office with the European Travel Commission, the World Tourism Organization and the University of London which are involved in a programme to set up guidelines for evaluating the marketing activities of destination management organisations.

The Hungarian National Tourist Office evaluates NTO marketing activities in co-operation with the Hungarian Central Statistical Office and the Hungarian Central Bank.

Box 4.14. Promoting Hungarian gastronomy

The promotion of heritage tourism is a national priority under the National Tourism Development Strategy. In order to promote Hungarian gastronomy and wine, the Hungarian National Tourist Office launches “Pigging-Out Thursday” each year, when restaurants offer 50% discount from their menus. “Pigging-Out Thursday” comes right after “Ash Wednesday”, marking the beginning of the “Great Fast” before Easter. It evokes Christian and Hungarian folkloric traditions when one could “gourmandise” for the last time before the beginning of the Great Fast.

This marketing action is conducted in extended partnership with restaurants, local and national service providers and the professional organisations of the tourism industry. The event gives an opportunity for the restaurants and representatives of the catering industry to introduce and market themselves to the public. Its objective is to reach out to those who do not eat out regularly. Since 2006, there has been a growing participation each year from restaurants and representatives of the catering industry.

Within the framework of the year of Cultural Tourism in 2009, the event was combined with cultural festivities and events related to contemporary art and 21st century culture. This programme and its successful results indicate that there is a high demand for such actions, both from the industry and the consumer sides.

Tourism and transportation

One of the major areas of improvement in terms of the conditions for quality tourism supply is the development of transport communications (road, train, air transport, bicycle routes, water transport). Due to major highway construction, neighbouring countries are now more easily accessible for Hungary, while intercity rail networks have been

strengthened and the reconstruction and modernisation of railway carriages and stations has commenced.

Water transport is supported by the National Development Programme. A national bicycle route development programme has started, for which a development fund of EUR 200 million is available for investment to 2013. Between 2006 and 2008, a 167 kilometre bicycle route was financed by EU funds at a cost of EUR 20 million.

International and intra-regional activities

Hungary is an active member of the UNWTO and of the OECD Tourism Committee.

Upon joining the European Union in 2004, Hungary became entitled to contribute to the formation of the European Tourism Policy. From 2007, Hungarian regions have participated actively in a European initiative called the “European Destination of Excellence Programme”. The immediate challenge for the country is to elaborate the Tourism Agenda for the European Presidency for 2011. According to the proposed plans, this will focus on the promotion of sustainable tourism and the role of tourism as a factor for improving quality of life. In this context, there will be an initiative to establish a European Code of Ethics for Ecotourists. In 2010 Pécs will be the European Capital of Culture together with Essen and Istanbul.

Hungary also co-operates closely with the Visegrad Countries (the Czech Republic, Poland and the Slovak Republic) in joint tourism promotion in overseas markets, especially in China, Japan and the USA. The country is also an active member of the Central European Initiative Working Group on Tourism and participates in a Joint Tourism Committee with neighbouring countries, meeting annually to discuss bilateral co-operation.

Statistical profile

Table 4.63. Hungary: Domestic overnight tourism

	Units	2004	2005	2006	2007	2008
Number of overnight trips	Thousands	3 347	3 168	3 873	4 023	4 135
Number of nights spent	Thousands	8 391	8 958	9 606	9 958	9 965

Source: Ministry of Local Government, 2009.

StatLink  <http://dx.doi.org/10.1787/767154413765>

Table 4.64. Hungary: Inbound tourism

	Units	2004	2005	2006	2007	2008
Total international arrivals	Thousands	33 934	36 173	38 318	39 379	39 554
Top 5 markets						
Romania	Thousands	6 922	6 879	7 998	7 990	8 142
Slovak Republic	Thousands	5 112	6 769	7 380	7 805	8 079
Austria	Thousands	5 069	5 475	5 936	6 510	6 397
Serbia and Montenegro	Thousands	3 385	3 082	3 114	3 059	3 103
Germany	Thousands	2 954	3 056	3 090	2 927	2 278
Number of same-day visitors	Thousands	21 722	26 194	29 059	30 741	30 740
International travel receipts	Million HUF	821 800	864 288	970 535	930 985	1 087 361
International passenger transport receipts	Million HUF	24 668	45 715	73 261	64 062	65 648

Source: Ministry of Local Government, 2009.

StatLink  <http://dx.doi.org/10.1787/767220324142>

Table 4.65. Hungary: Outbound tourism

	Units	2004	2005	2006	2007	2008
Number of tourist trips	Thousands	16 858	17 759	16 597	17 269	17 428
International travel expenditures	Million HUF	516 062	500 536	480 890	577 091	724 972
International passenger transport expenditures	Million HUF	24 406	27 349	32 320	36 956	43 002

Source: Ministry of Local Government, 2009.

StatLink  <http://dx.doi.org/10.1787/767248845076>

Table 4.66. Hungary: Enterprises in tourism

	Units	2004	2005 ¹	2006 ¹	2007 ¹
Total	Establishments	69 816	..	..	..
Accommodation and other services	Establishments	6 042	..	..	..
Food and beverage serving services	Establishments	32 193	32 737	31 997	31 877
Passenger transport services	Establishments	12 624	..	..	..
Travel agency, tour operator and tourist guide services	Establishments	2 022	..	..	..
Cultural services	Establishments	12 156	..	..	..
Recreation and other entertainment services	Establishments	4 779	..	..	..

1. In 2005 and 2006, data available only for hotels. No data is available for 2008.


Source: Ministry of Local Government, 2009.

StatLink  <http://dx.doi.org/10.1787/767274835404>

Table 4.67. Hungary: Employment in tourism

	Units	2004		2005		2006	
		Men	Women	Men	Women	Men	Women
Total	Employees	187 083	120 981	186 147	117 105	185 124	123 440
Accommodation and other services	Employees	13 137	17 497	16 039	17 372	15 009	18 997
Food and beverage serving services	Employees	51 072	57 161	50 629	55 200	50 379	58 185
Passenger transport services	Employees	95 762	18 098	96 435	17 305	97 440	19 249
Travel agency, tour operator and tourist guide services	Employees	2 385	5 445	2 478	4 245	1 892	5 487
Cultural services	Employees	19 145	19 009	15 621	18 118	16 207	16 854
Recreation and other entertainment services	Employees	5 583	3 771	4 945	4 865	4 197	4 668

Source: Ministry of Local Government, 2009.

StatLink  <http://dx.doi.org/10.1787/767322635604>Table 4.68. Hungary: Tourism in the national economy – Tourism Satellite Account
2006

	Units	Domestic tourism consumption	Inbound tourism consumption	Total tourism consumption	Units	Tourism share of GDP
Accommodation services	Million HUF	68 636	184 962	253 598	Percentage	0.6
Food and beverage serving services	Million HUF	37 398	110 396	147 794	Percentage	0.7
Passenger transport services	Million HUF	65 471	93 286	158 757	Percentage	2.4
Travel agency, tour operator and tourist guide services	Million HUF	24 332	8 932	33 264	Percentage	0.1
Cultural services	Million HUF	3 473	13 262	16 735	Percentage	1
Recreational and other entertainment services	Million HUF	15 286	54 098	69 384	Percentage	0.4
Margin	Million HUF	26 096	24 318	50 414	Percentage	..
Other services	Million HUF	5 593	56 687	62 280	Percentage	..
Goods	Million HUF	153 961	162 118	316 079	Percentage	..
Total	Million HUF	400 246	708 059	1 108 305	Percentage	5.3

Source: Ministry of Local Government, 2009.


StatLink  <http://dx.doi.org/10.1787/767361083012>

Table 4.69. **Hungary: Other economic indicators**

	Units	2004	2005	2006	2007	2008
Internal domestic tourism consumption share of final consumption	Percentage	42.4	49.6	37.1 ¹	..	..
Tourism share of GDP	Percentage	5.5	5.3	5.3	..	..
Government revenue from tourism	Million EUR	3 265	3 433	3 599	2 652	4 101
Tourism share of employment	Percentage	8.3	7.9	9.2	..	..

1. Does not include inland consumption of residents concerning same-day trips.

Source: Ministry of Local Government, 2009.

StatLink  <http://dx.doi.org/10.1787/767407671185>



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