

# Hungary

## Tourism in the economy

According to the latest Tourism Satellite Account (2013), the direct contribution of tourism to the country's GDP is EUR 5.0 billion (6.1% of total) and the industry employs 346 000 people (9.1% of the workforce). If indirect contributions are included, tourism accounts for 9.8% of GDP (up from 9% in 2009) and provides 12% of total employment.

2016 was an exceptional year for the tourism sector. In total, Hungary welcomed 11.1 million guests in commercial accommodation, spending 27.6 million guest nights in 2016. This reflects an increase of 6.9% and 6.7% respectively compared to the previous year. The gross revenue of commercial accommodation establishments (including all services) grew by 9.4%.

International and domestic tourism both performed well, with 5.8 million domestic (up 6.2% on 2015) and 5.3 million international arrivals (up 7.6%) in commercial accommodation, with each group spending almost 14 million nights, an increase of 7% and 5.5% respectively on 2015.

Hungary's top three inbound markets by guest nights in 2016 were Germany, United Kingdom and Austria. While there was a slight decrease in guest nights from Germany (down 2.2%), those attributable to neighbouring countries such as the Slovak Republic (up 19.8%), the Czech Republic (up 17.8%) and Romania (up 16.4%) increased significantly from 2015.

## Tourism governance and funding

In 2016-2017, there have been significant structural changes in the Hungarian tourism administration. Government responsibility for tourism was transferred from the Ministry for National Economy to the Ministry of National Development in April 2016. The national tourism administration and the traditional promotional tasks of the former Hungarian Tourism Ltd. were integrated into the newly established Hungarian Tourism Agency (HTA), operating under the supervision of the Ministry of National Development.

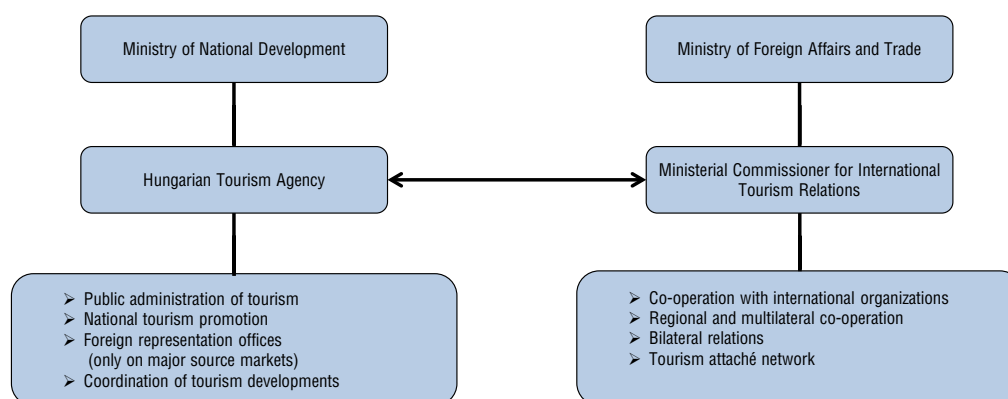
The main tasks of the HTA include: i) tourism policy making, ii) development and implementation of long-term tourism development strategies, iii) coordination of tourism developments in the designated tourism regions, iv) management of tourism related EU funding, and v) promotion of Hungary to international and domestic markets. Other tasks include:

- Monitoring: researching and analysing trends in the tourism sector on both the national and international level and their impact on Hungary,
- Communication: informing stakeholders about the performance of the sector, development opportunities, research findings and other information,

- Quality Assurance: introducing, developing and operating quality systems in the sector (trademarks, awards, etc.),
- Implementation: making priority tourism investments,
- Innovation: supporting the establishment of new products, business models and services,
- Incentives: planning and ensuring the effective use of grants and other financial resources for tourism projects and for the development of innovative grant schemes,
- Education: suggesting necessary developments in the higher education sector concerning tourism.

Since July 2017, international tourism relations have been managed by the Ministry of Foreign Affairs and Trade, under the supervision of the Ministerial Commissioner for International Tourism Relations. This includes bilateral arrangements (e.g. tourism working groups, joint economic commissions), representing Hungary in regional groupings (e.g. Visegrád Group, China-CEEC tourism co-operation), and co-operation with international organisations (e.g. OECD, UNWTO).

### Hungary: Organisational chart of tourism bodies



Source: OECD, adapted from the Ministry of National Development and Ministry of Foreign Affairs and Trade, 2018.

Tourism is considered a strategic priority for the Hungarian Government. This has been underlined by the quadrupling of the budget allocation for tourism from 2016 to 2017, to almost EUR 70 million. Of this, EUR 36.7 million is dedicated to the operation and promotional activities of the HTA and EUR 33 million to quality developments in tourism.

As a further sign of support for the industry, VAT in the catering sector is being reduced in two stages. Since January 2017, the VAT was reduced from 27% to 18%. In 2018, the VAT on catering will reduce further to 5%, but relevant companies will be obliged to pay a 4% contribution to a dedicated fund which will be used to support tourism promotional activities. In addition to the preferential VAT rate for accommodation services, the VAT on tickets to festivals has been lowered to 18%.

In 2018, even more state funding (nearly EUR 173 million) for tourism development is planned. Together with the support of EU co-financing, in the financial period of 2014-2020, more than EUR 1.6 billion will be devoted to tourism development in Hungary.

## Tourism policies and programmes

The Government objectives for tourism are based on seven pillars:

- Destination based product and attraction development,
- Effective promotion and personalised marketing communication,
- Dedicated professionals and professional hospitality,
- Reliable data and measurable performance,
- Transparent, objective regulation and incentives,
- Governance and co-operation with industry, academic and other governmental stakeholders,
- Strengthening the Hungarian identity and attachment to homeland.

Based on legislation introduced in 2016, a new approach to tourism development has been introduced in Hungary, based on the identification of priority areas as the basic units for the planning of tourism development. Tourism in Hungary over the past decade could be characterised as product based, singular developments in different tourist regions. The new approach involves the concentration of development activities in designated areas based on current or potential tourism performance, coordinated by a single governmental body instead of various institutions. To ensure focused and sustainable tourism development, the Hungarian Tourism Agency in co-operation with local municipalities and stakeholders is now responsible for coordinating all publicly funded investments in identified priority areas for tourism development.

To date, five tourism development areas have been identified – Dunakanyar, Lake Balaton, Sopron-Fert, Debrecen and Tokaj – with other areas in the pipeline. Within these priority areas, the key tasks are to:

- Prepare a unique development program with the necessary allocation of resources,
- Renew or develop the destination brand for the area, as a basis for attracting visitors and influencing the development of suitable products and experiences.

The creation of priority tourism development areas affects the labour market and vocational training needs of the regions. It has been necessary to determine the quantity of labour and the types of skills required to sustain the planned tourism development areas.

In 2017, the National Tourism Development Strategy 2030 was introduced as the core document defining targets and methods for the management of tourism up to 2030. The document covers every future sub-strategy and programme in the tourism sector, and defines the short-, medium- and long-term tasks by identifying key intervention points and strategic goals. It puts great emphasis on the newly introduced destination-based approach, as well as the new concept behind state-supported attraction development and the development of basic infrastructure.

## Statistical profile

Table 1. Hungary: Domestic, inbound and outbound tourism

	2012	2013	2014	2015	2016
<b>TOURISM FLOWS, THOUSAND</b>					
<b>Domestic tourism</b>					
Total domestic trips	..	..	..	..	..
Overnight visitors (tourists)	17 119	14 378	14 854	15 253	14 425
Same-day visitors (excursionists)	..	..	..	..	..
Nights in all types of accommodation	48 193	41 069	40 779	42 131	38 905
Hotels and similar establishments	8 060	8 597	9 419	10 126	10 937
Specialised establishments	..	..	..	..	..
Other collective establishments	2 353	2 389	2 663	2 800	2 891
Private accommodation	37 780	30 083	28 697	29 205	25 077
<b>Inbound tourism</b>					
Total international arrivals	14 878	14 836	17 253	20 189	21 444
Overnight visitors (tourists)	8 607	9 034	10 158	12 410	13 474
Same-day visitors (excursionists)	6 271	5 803	7 095	7 778	7 970
<b>Top markets</b>					
Romania	591	589	758	1 583	2 299
Germany	2 201	1 832	1 898	1 899	1 783
Slovak Republic	436	639	1 024	1 533	1 476
Austria	942	793	976	1 088	997
Czech Republic	320	494	748	792	833
Nights in all types of accommodation	11 392	11 983	12 351	12 962	13 802
Hotels and similar establishments	9 938	10 367	10 653	11 093	11 802
Specialised establishments	..	..	..	..	..
Other collective establishments	1 454	1 616	1 698	1 870	2 000
Private accommodation	..	..	..	..	..
<b>Outbound tourism</b>					
Total international departures	7 737	8 191	8 933	9 705	10 168
Overnight visitors (tourists)	4 267	4 339	4 927	5 720	6 303
Same-day visitors (excursionists)	3 470	3 852	4 006	3 985	3 865
<b>Top destinations</b>					
Austria	571	602	741	818	848
Germany	610	640	686	812	956
Slovak Republic	226	356	476	642	674
Romania	432	362	437	619	793
Czech Republic	324	398	522	473	544
<b>TOURISM RECEIPTS AND EXPENDITURE, MILLION HUF</b>					
<b>Inbound tourism</b>					
Total international receipts	1 385 421	1 493 256	1 741 464	1 941 282	1 591 365 p
International travel receipts	1 139 211	1 200 364	1 365 918	1 492 619	1 591 365 p
International passenger transport receipts	246 210	292 892	375 546	448 663	..
<b>Outbound tourism</b>					
Total international expenditure	553 567	565 508	629 799	689 781	608 585 p
International travel expenditure	425 024	426 780	472 913	511 531	608 585 p
International passenger transport expenditure	128 543	138 727	156 887	178 250	..

.. Not available; p Provisional data

Source: OECD Tourism Statistics (Database).


StatLink  <http://dx.doi.org/10.1787/888933640215>


Table 2. **Hungary: Enterprises and employment in tourism**

	Number of establishments <sup>1</sup>	Number of persons employed				
	2016	2012	2013	2014	2015	2016
<b>Total</b>	..	..	..	..	..	..
<b>Tourism industries</b>	<b>177 413</b>	<b>338 049</b>	<b>346 370</b>	..	..	..
Accommodation services for visitors	33 800	40 817	37 806	..	..	..
Hotels and similar establishments	..	..	..	..	..	..
Food and beverage serving industry	36 374	113 429	114 376	..	..	..
Passenger transport	10 620	75 184	78 889	..	..	..
Air passenger transport	123	..	..	..	..	..
Railways passenger transport	3	24 104	25 882	..	..	..
Road passenger transport	10 360	45 297	48 776	..	..	..
Water passenger transport	134	..	..	..	..	..
Passenger transport supporting services	4 528	16 642	24 044	..	..	..
Transport equipment rental	4 517	..	..	..	..	..
Travel agencies and other reservation services industry	3 202	6 069	7 270	..	..	..
Cultural industry	40 563	39 831	34 150	..	..	..
Sports and recreation industry	21 429	21 019	20 500	..	..	..
Retail trade of country-specific tourism characteristic goods	..	..	..	..	..	..
Other country-specific tourism industries	22 380	16 642	28 603	..	..	..
<b>Other industries</b>	..	..	..	..	..	..

.. Not available

1. Data refer to number of enterprises.

Source: OECD Tourism Statistics (Database).


StatLink  <http://dx.doi.org/10.1787/888933640234>Table 3. **Hungary: Internal tourism consumption**

Million HUF

	2013		
	Domestic tourism expenditure	Inbound tourism expenditure	Internal tourism consumption
<b>Total</b>	..	..	..
<b>Consumption products</b>	<b>558 672</b>	<b>890 944</b>	<b>1 449 615</b>
Tourism characteristic products	300 351	647 910	948 261
Accommodation services for visitors	78 503	197 372	275 875
Food and beverage serving services	112 397	133 188	245 585
Passenger transport services	49 228	121 047	170 276
Air passenger transport services	28 575	105 675	134 249
Railways passenger transport services	10 088	1 515	11 602
Road passenger transport services	10 555	13 107	23 663
Water passenger transport services	11	751	761
Passenger transport supporting services	5 179	13 450	18 629
Transport equipment rental services	58	2 624	2 682
Travel agencies and other reservation services industry	19 122	6 494	25 616
Cultural services	6 076	36 901	42 977
Sports and recreation services	21 600	68 480	90 080
Country-specific tourism characteristic goods	..	..	..
Country-specific tourism characteristic services	8 187	68 355	76 542
Other consumption products	258 321	243 034	501 355
Tourism connected products	..	..	..
Non-tourism related consumption products	..	..	..
<b>Non-consumption products</b>	..	..	..

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink  <http://dx.doi.org/10.1787/888933640253>



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