Hungarian SME policy in the context of industrial restructuring

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Policy and Regulatory Options for Promoting Industrial Restructuring in ECE Region
Hungarian SMEs in numbers

- **Number of operating enterprises 850 thousands**

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>0</th>
<th>1-9</th>
<th>10-49</th>
<th>50-249</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Σ enterprises</td>
<td>63.3%</td>
<td>96.3%</td>
<td>99.3%</td>
<td>99.9%</td>
</tr>
</tbody>
</table>


- **GDP, export, employment share**

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>-49</th>
<th>50-249</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (% of total)*</td>
<td>42%</td>
<td>15%</td>
</tr>
<tr>
<td>Export (% of total)**</td>
<td>11%</td>
<td>14%</td>
</tr>
<tr>
<td>Employment (% of total)</td>
<td>50%</td>
<td>17%</td>
</tr>
</tbody>
</table>

# Hungarian SMEs

## Capitalization

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>-49</th>
<th>50-249</th>
<th>250-</th>
<th>Σ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serious lack of capital</td>
<td>10%</td>
<td>11%</td>
<td>18%</td>
<td>14%</td>
</tr>
<tr>
<td>Smaller lack of capital</td>
<td>46%</td>
<td>44%</td>
<td>47%</td>
<td>43%</td>
</tr>
<tr>
<td>Normal</td>
<td>44%</td>
<td>45%</td>
<td>35%</td>
<td>43%</td>
</tr>
</tbody>
</table>


## Full time employee dealing with R&D

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>-49</th>
<th>50-249</th>
<th>250-</th>
<th>Σ</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>80%</td>
<td>82%</td>
<td>76%</td>
<td>80%</td>
</tr>
<tr>
<td>1-5</td>
<td>17%</td>
<td>12%</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>6&lt;</td>
<td>3%</td>
<td>6%</td>
<td>8%</td>
<td>5%</td>
</tr>
</tbody>
</table>

The frameworks of SME policy in Hungary

- **Act XCV. on SMEs of 1999**, effective since January 2000.
  - Micro (less than 10 employees), small (maximum of 50 employees, 700 million HUF (i.e. 2.8 million euro) annual revenue and/or 500 million HUF (i.e. 2 million euro) balance sheet footing) and medium-sized (maximum of 250 employees, 4 billion HUF (i.e. 16 million euro) annual revenue and/or 2.7 billion HUF (i.e. 10.8 million euro) balance sheet footing) enterprises
  - Establishment of the SME Promotion Fund (KKC)
  - Yearly governmental report to the Parliament
  - Enterprise Development Council (VT)
- **Simplified rules of establishment**
  - Act CXLIV of 1999 on Business Associations
  - Costs and time of the process
- **Taxation**
- **Public procurement**
  - Act XL of 1995 on Public Procurement
  - 65.4% (i.e. 357.9 billion HUF - 1.43 billion euro) of all tenders belongs to SMEs
Constructions helping the capitalization of SMEs

- Interest subsidy
- Venture capital
- Guarantee-constructions
- Credit-constructions

Europe Technology Development Investment Loan Program
Szechenyi Card
Micro Credit Program
Europe Technology Development Investment Loan Program

- Total budget: 120-150 billion HUF (480 million euro)
- Favourable rate of interest
- 1,3% interest subsidy for SMEs
- 10-1500 million HUF credit limit
- 10-150 million HUF credit limit (SMEs)
- Credit term: min. 4 - max. 15 year
- Financing share: max. 75%
- Grace period: max. 2 years

40 billion HUF (160 million euro) for SMEs
The Széchenyi Enterprise Development Program

Szechenyi Plan

SMART Hungary

Szechenyi Enterprise Development Program

National Energy-rationalizing Program
The Széchenyi Enterprise Development Program (SZVP)

- Technology development and modernization of micro and small enterprises operating in manufacturing sector (SZVP-1)
- Support of modern enterprise management systems for SMEs (SZVP-2)
- Support of business consultancy services enhancing competitiveness among micro and small enterprises (SZVP-3)
- Special training helps the preparation of SMEs to the EU-requirements (SZVP-4)
The Széchenyi Enterprise Development Program (SZVP)

- Support of the vendor activity (SZVP-5)
- Support of network building (SZVP-6)
- Establishment and certification of quality management system (SZVP-7)
- Appearance of SMEs on the Internet (SZVP-8)
- Interest subsidy supporting the development of SMEs (SZVP-9)
Thank you for your attention!

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