

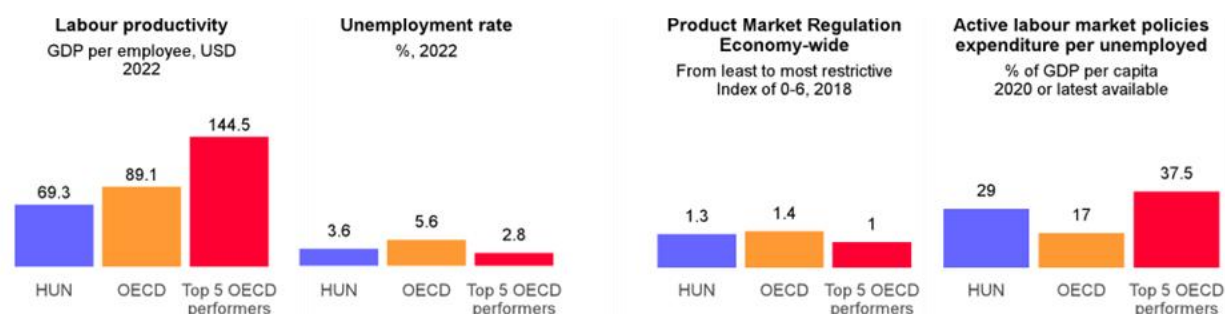


Performance gaps

Recommendations

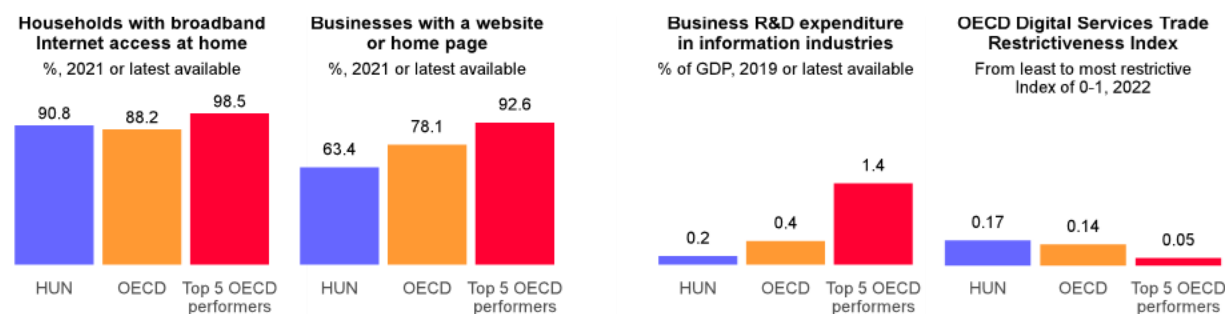
Product and labour markets functioning

- Productivity differences are large between capital-rich and investment intensive foreign owned companies that compete on world markets, and domestic capital poor and low-productivity firms, with low investments focusing on home markets and few connections to international supply chains.
- The pro-competitive regulatory framework is little used. The competition authority is not sufficiently active in sectors with high risk of collusion.
- Firm entries and exits are consistently low, pointing to weak competition. This has allowed low-productivity firms to maintain disproportionately large market shares.
- Reduce turnover-based sectoral taxes that hinder entry and expansion of productive firms.
- Enhance anti-corruption oversight to ensure better use of public resources.
- Increase funding for the competition authority to adequately enforce regulations and for retaining highly specialised experts. Revise sector specific exemptions from competition scrutiny on grounds of national strategic interest.
- Reform costly and lengthy insolvency procedures.



Digital transition

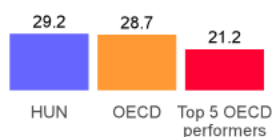
- Low digitalisation reflects lagging adaptation of digital technologies in smaller firms and by the public sector.
- Overall business adaption of high-speed broadband is also less than elsewhere. Digital preparedness is low, hindering the implementation of new technologies and the integration into international supply chains.
- Mobile internet prices are also high, hampering mobile broadband usage.
- Prioritise the adaption of digital technologies in the public sector to lead digital transformation in other parts of the economy.
- Reduce high mobile internet prices, which impede mobile broadband usage.
- Phase out taxes on phone call minutes and text messages.



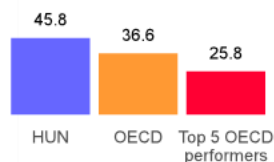
Inclusiveness, social protection, and ageing

- Employment among young mothers is low due to limited availability of early school places and childcare facilities.
- Local train networks are underdeveloped, and local roads are poorly maintained, hampering labour market inclusion and adding to regional economic disparities.
- The pension system has a large variation in benefits and entails a high risk of old-age poverty.
- Expand the availability of affordable, high-quality childcare.
- Increase investment in local train networks. Expand funding for maintenance of secondary and tertiary roads.
- Introduce a basic state pension as well as flexible retirement schemes for those beyond retirement age, to allow a combination of work and pension entitlements as an alternative to full retirement.

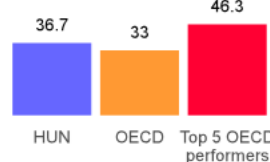
Mean poverty gap after taxes and transfers
Line at 60% of median disposable income 2021 or latest available



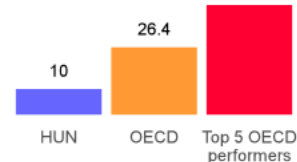
Impact of socioeconomic background in PISA reading score
%, 2018



Strength of redistribution
Differences in Gini coefficients between market & disposable income relative to coef. on disposable income %, 2021 or latest available



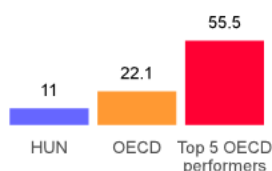
Income levels provided by cash minimum-income benefits
% of median disposable income, 2021 or latest available



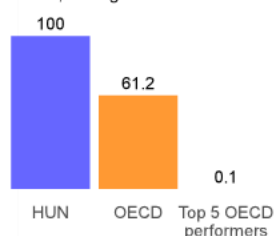
Climate transition

- Additional policies are needed to align with the EU's new and more ambitious target of a 55% reduction in GHG emissions by 2030.
- A combination of subsidies and varying tax rates in energy results in relatively low effective tax rates on CO₂ and high abatement costs.
- Adjust taxation and subsidies on polluting activities to be more directly in line with their environmental damages, and follow the polluter pays principle to promote more sustainable economic growth.
- Enhance programs to improve energy and thermal efficiency of the housing stock. In line with the EU energy performance directive.

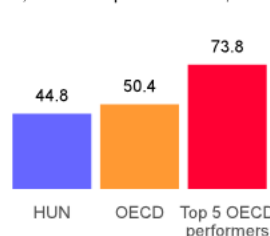
Share of renewables in the energy mix
%, Average over 2019-21 or latest available



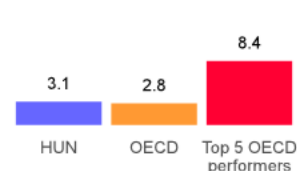
Share of population exposed to more than 10 µg/m³ of PM_{2.5}
%, Average over 2017-19



Carbon pricing score
%, at EUR 30 per tonne CO₂, 2018



Environmentally-related government R&D budget
% of total government R&D 2021 or latest available

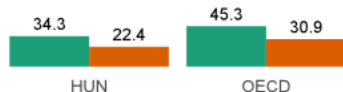


Overall performance

Economy

Thousands USD per capita 2022 or latest available

Gross Domestic Product
Household gross adjusted disposable income



Inequality and poverty

2021 or latest available

Gini coefficient after taxes and transfers (index of 0-100)
Poverty rate, line at 60% of median disposable income (%)



Environment and climate

1 unit of GDP, 2021

0.2 GHG emissions
0.24 (OECD)

Welfare cost of premature deaths due to ambient particulate matter
% GDP equivalent, 2019





From:

Economic Policy Reforms 2023

Going for Growth

Access the complete publication at:

<https://doi.org/10.1787/9953de23-en>

Please cite this chapter as:

OECD (2023), "Hungary", in *Economic Policy Reforms 2023: Going for Growth*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/3da4ca8e-en>

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.