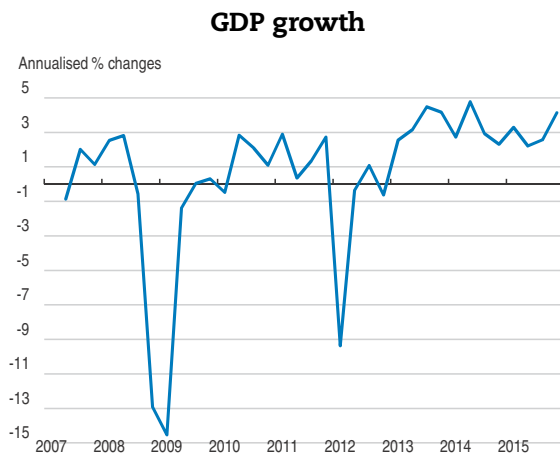


# 2016 Economic Survey of Hungary

## Strong economic growth has returned

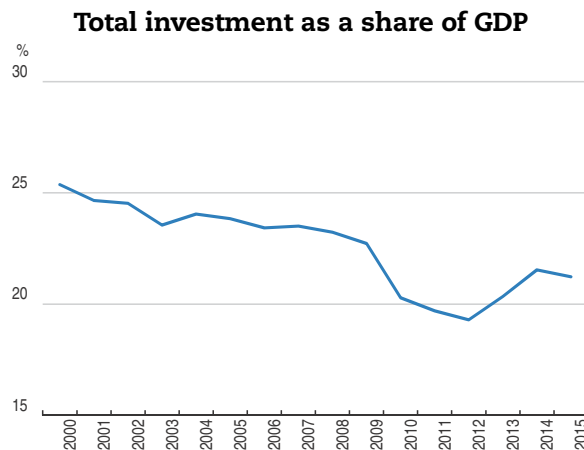


Source: OECD (2016), OECD Analytical Database.

StatLink <http://dx.doi.org/10.1787/888933349234>

Macroeconomic imbalances are being corrected with the public debt-to-GDP ratio falling and the current account moving to a surplus. Financial vulnerabilities have been reduced, but non-performing loans still hamper bank lending. Growth has been strong since 2012. However, income levels are still well below those in more advanced economies and as economic slack disappears, sustaining growth will require structural reforms to strengthen the business sector and upgrade skills.

## Investment has started to pick up



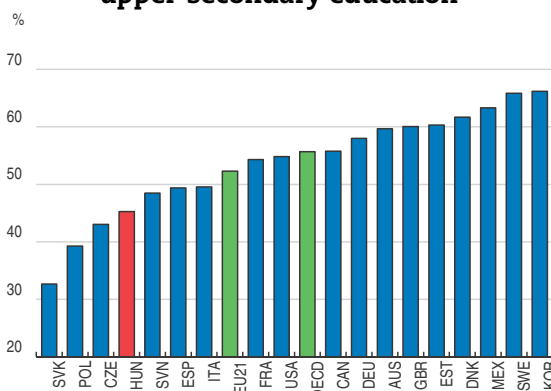
Source: OECD (2016), OECD Analytical Database.

StatLink <http://dx.doi.org/10.1787/888933349246>

A key driver behind faster growth is more rapid business capital accumulation. Inward FDI and EU structural funds are strong investment drivers. On the other hand, domestic business investment, particularly by SMEs, is held back by a frequently changing regulatory environment and entry barriers in network industries. Reforms on these fronts could increase the integration of domestic firms, which are overwhelmingly SMEs, into global value chains.

## Low-skilled have weak labour market outcomes

**Employment rates of people with below upper-secondary education**



Source: OECD (2015), Education at a Glance 2015.

StatLink <http://dx.doi.org/10.1787/888933349254>

Skill requirements in the labour market are changing rapidly as the economy becomes increasingly knowledge based. The education system has reacted slowly, leaving many graduates without needed skills and unprepared to apply knowledge in novel and unfamiliar settings. Training in public work schemes has not been effective enough in generating relevant labour market skills. Women's skills are underutilised, as many do not participate in the labour market.