

New era?

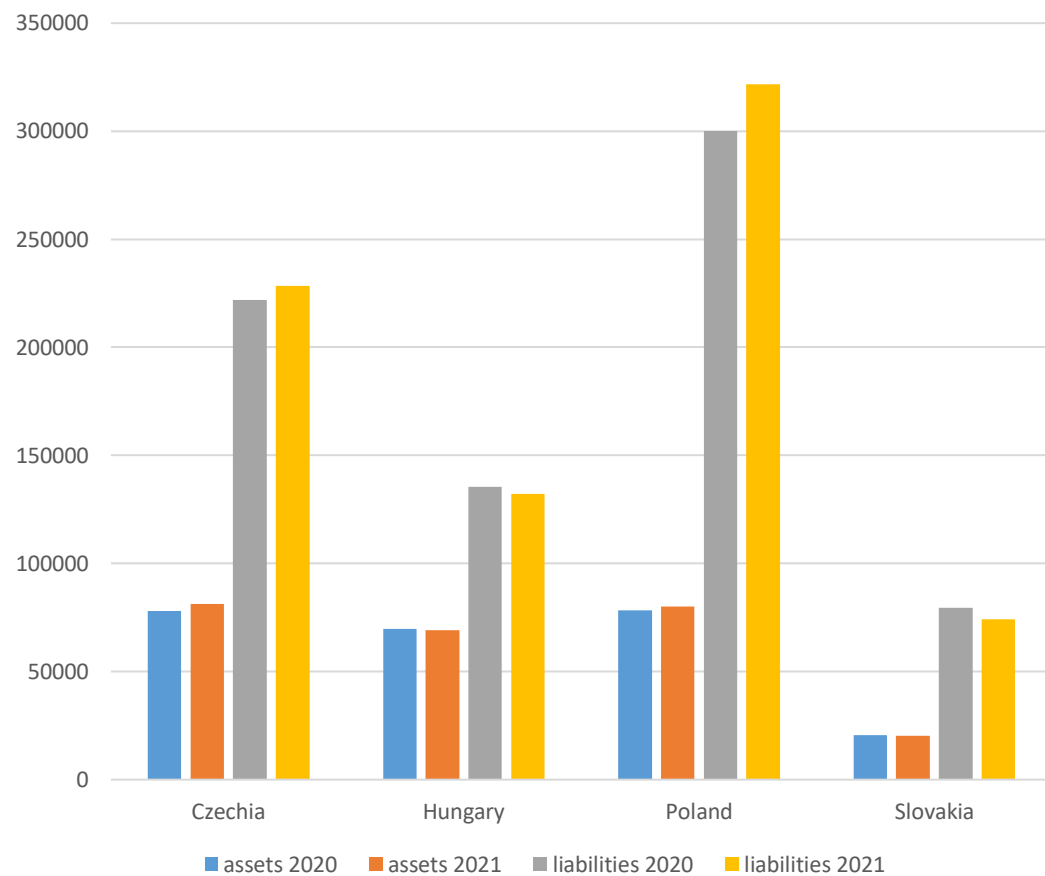
Changes in the business environment for FDI in Poland and Hungary

Magdolna Sass

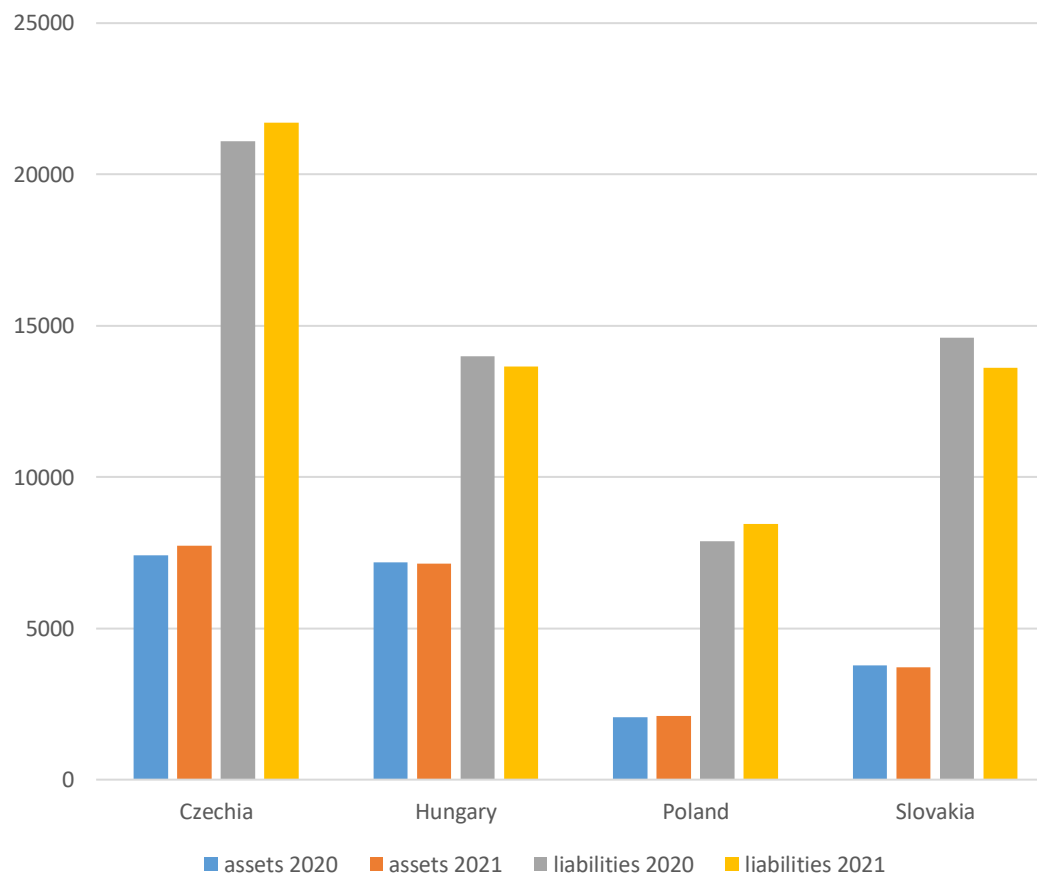
Centre for Economic and Regional Studies, Budapest, Hungary

- The immediate past

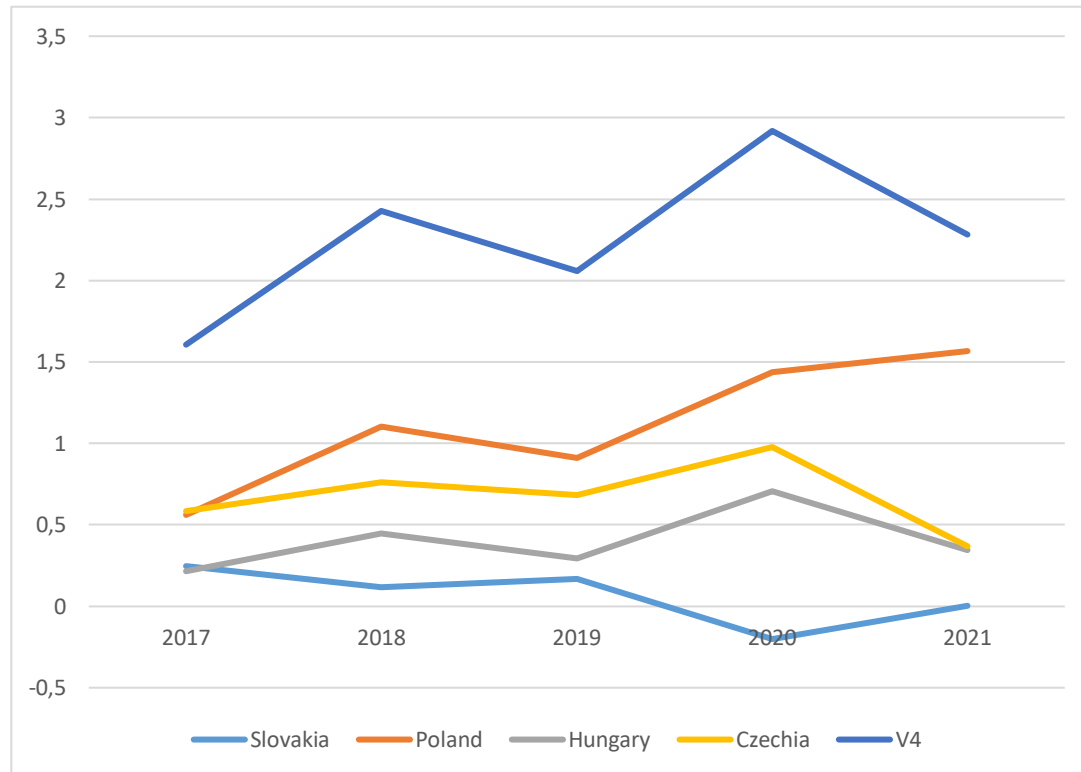
Stock of FDI, 2020-2021, V4, million USD (OECD)



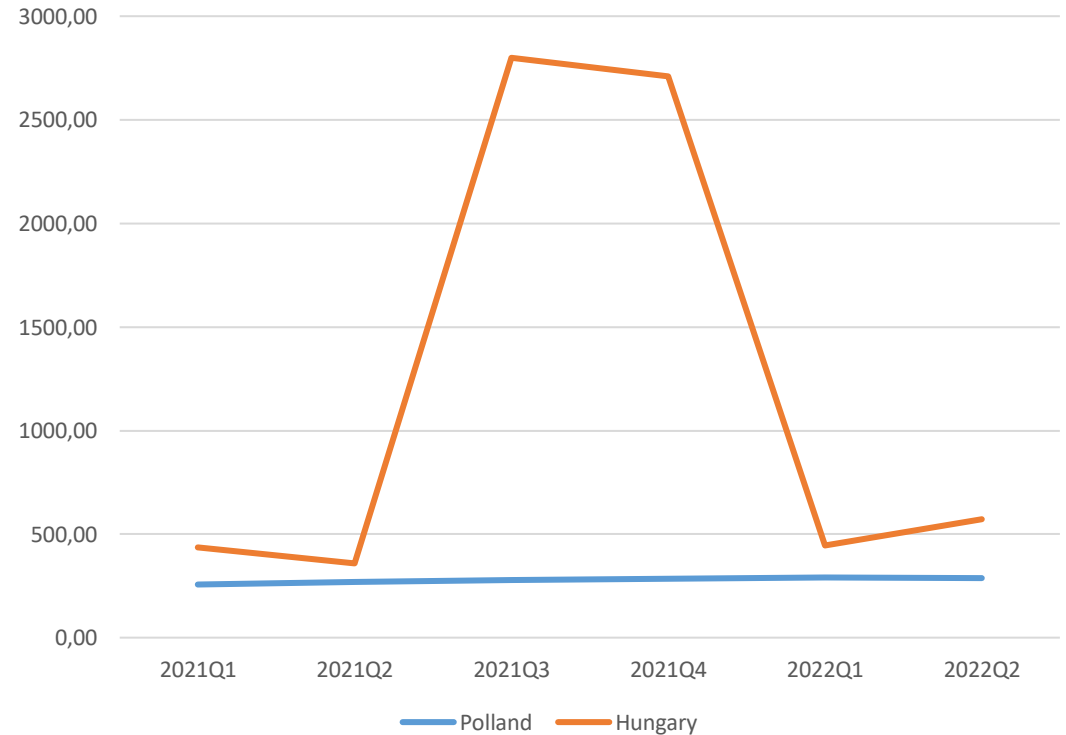
Per capita stock of FDI, USD (OECD)



Share in world total inward FDI (%) (UNCTAD)

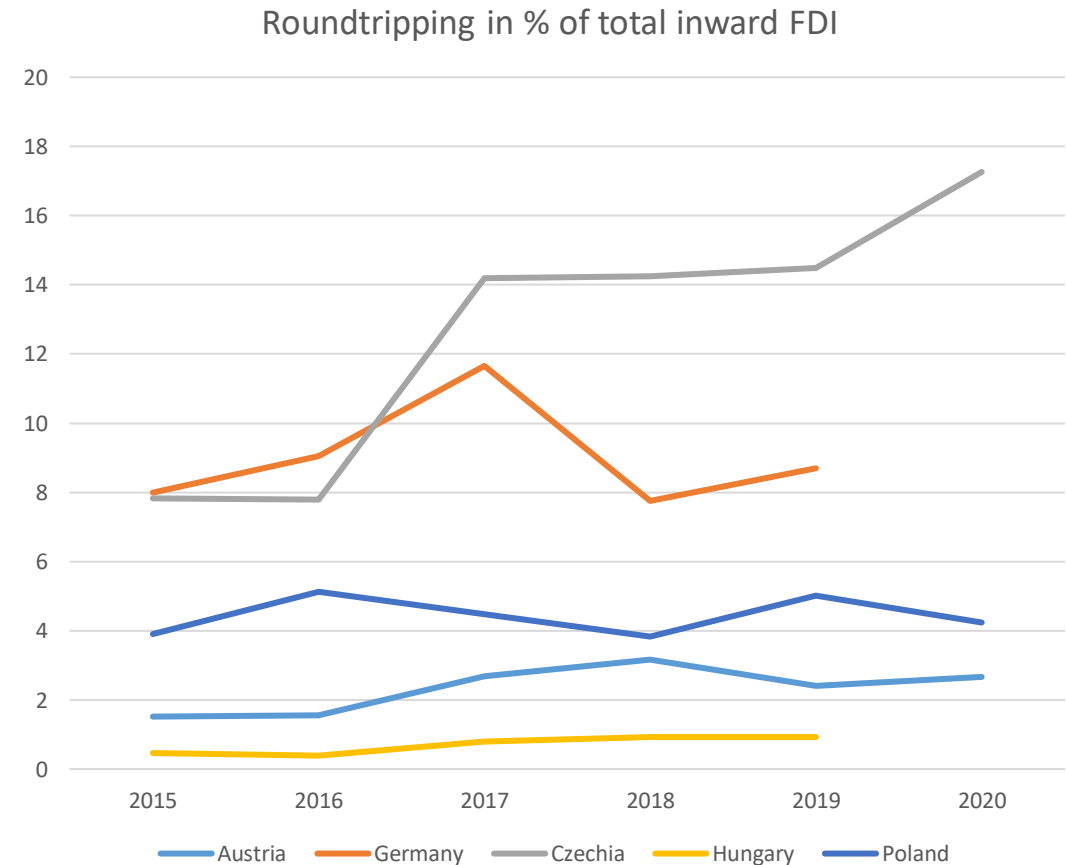


BOP FDI data, 2021Q1-2022Q2, EUR million, respective national banks



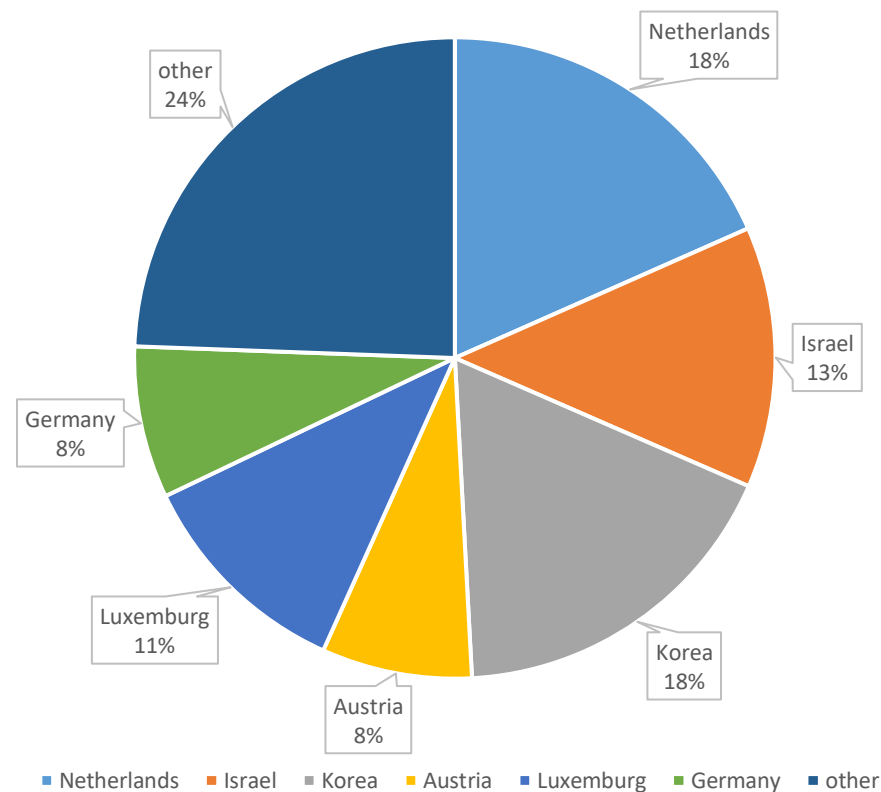
Rountripping

- When FDI is not foreign, but domestic
- Substantial in Czechia, relatively high in Poland
- Thus inward FDI stock is lower by about 4 %
- Hungary: it may have been substantial, by now negligible (regulatory measures)

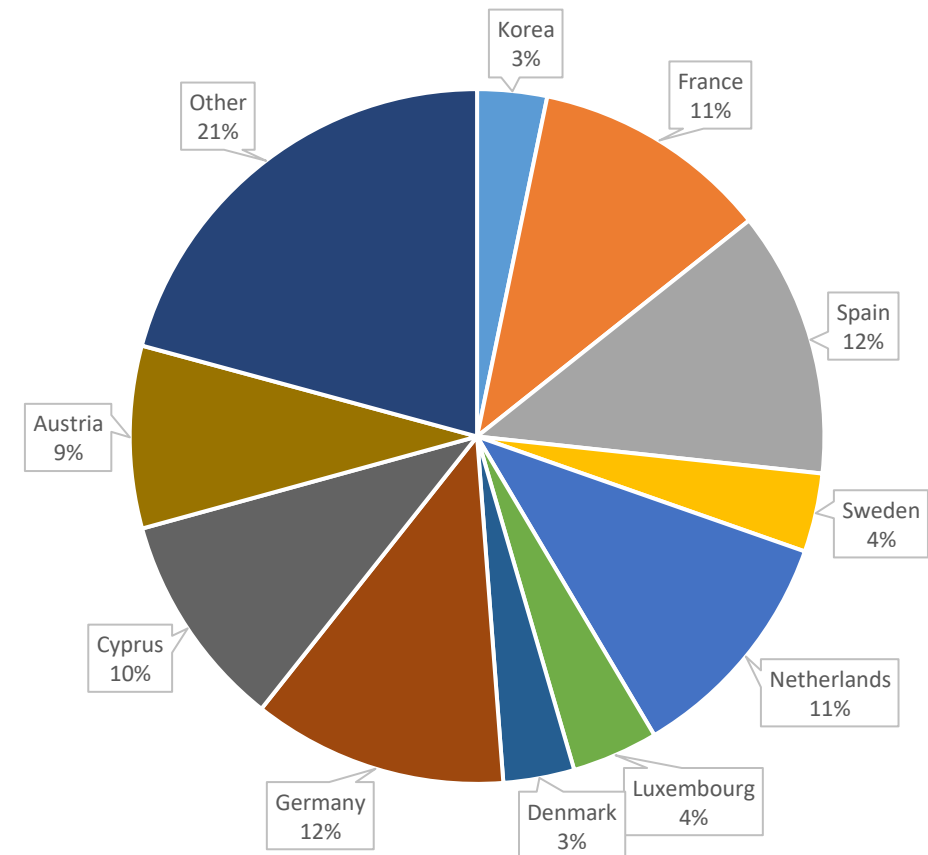


Partner countries – Flow – immediate owners' nationality

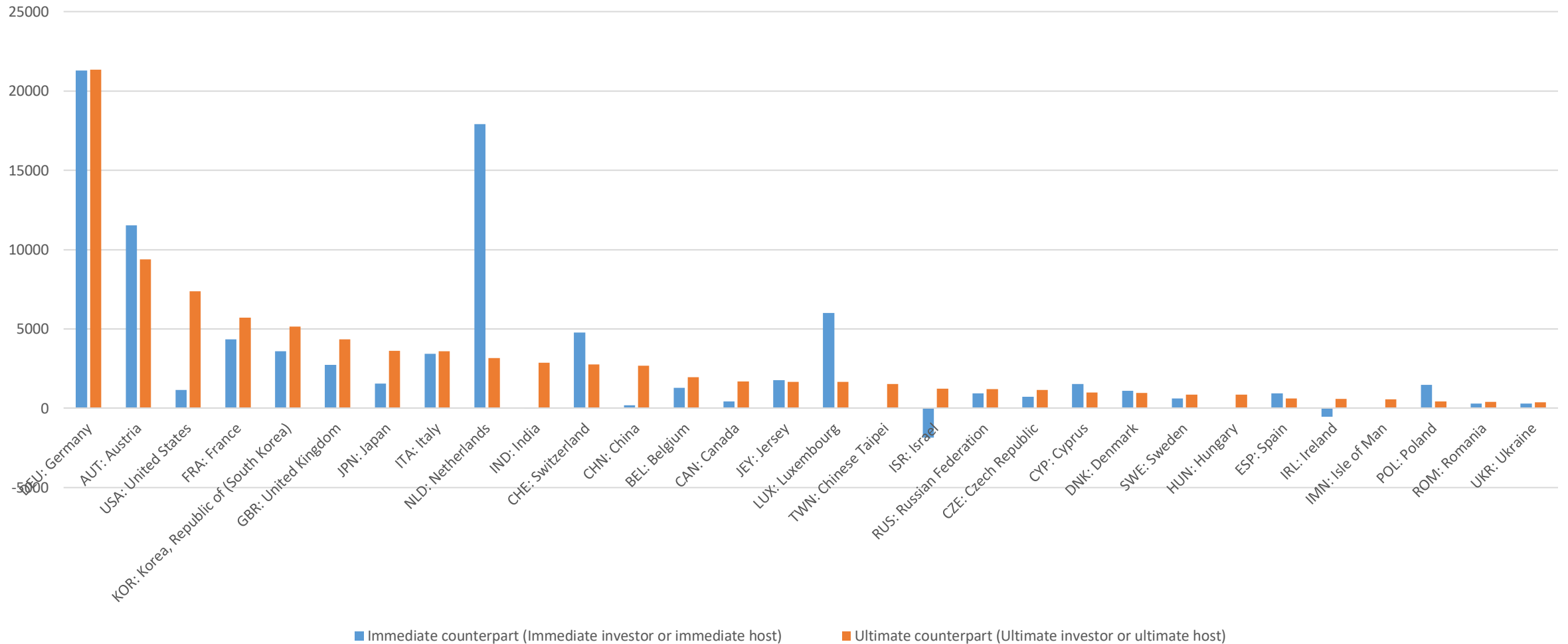
Flow 2021 (%) (HNB) - Hungary



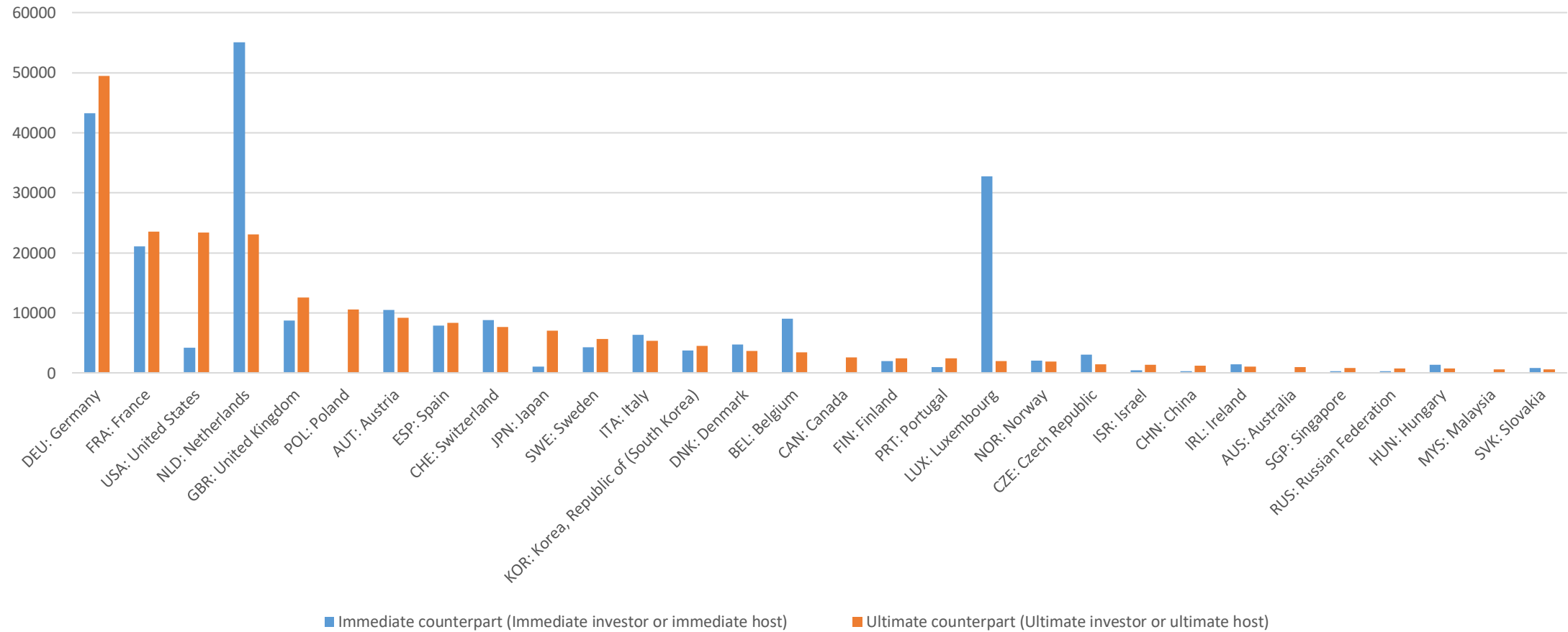
Flow, 2021 (%) (PNB) - Poland



Partner countries – stock – ultimate owners' nationality – Hungary (million USD, OECD), 2019



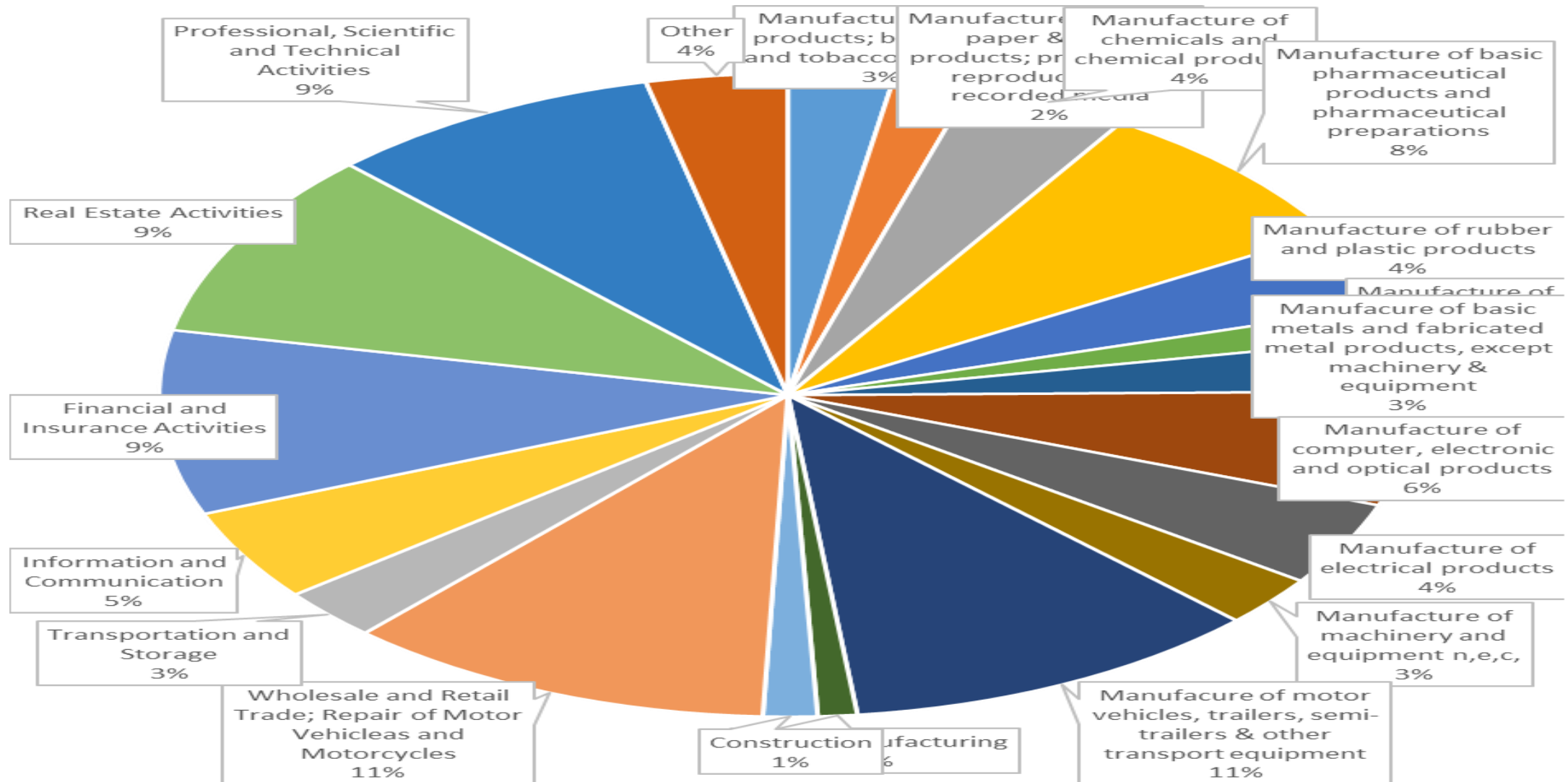
Partner countries – stock – ultimate owners' nationality – Poland (million USD, OECD), 2020



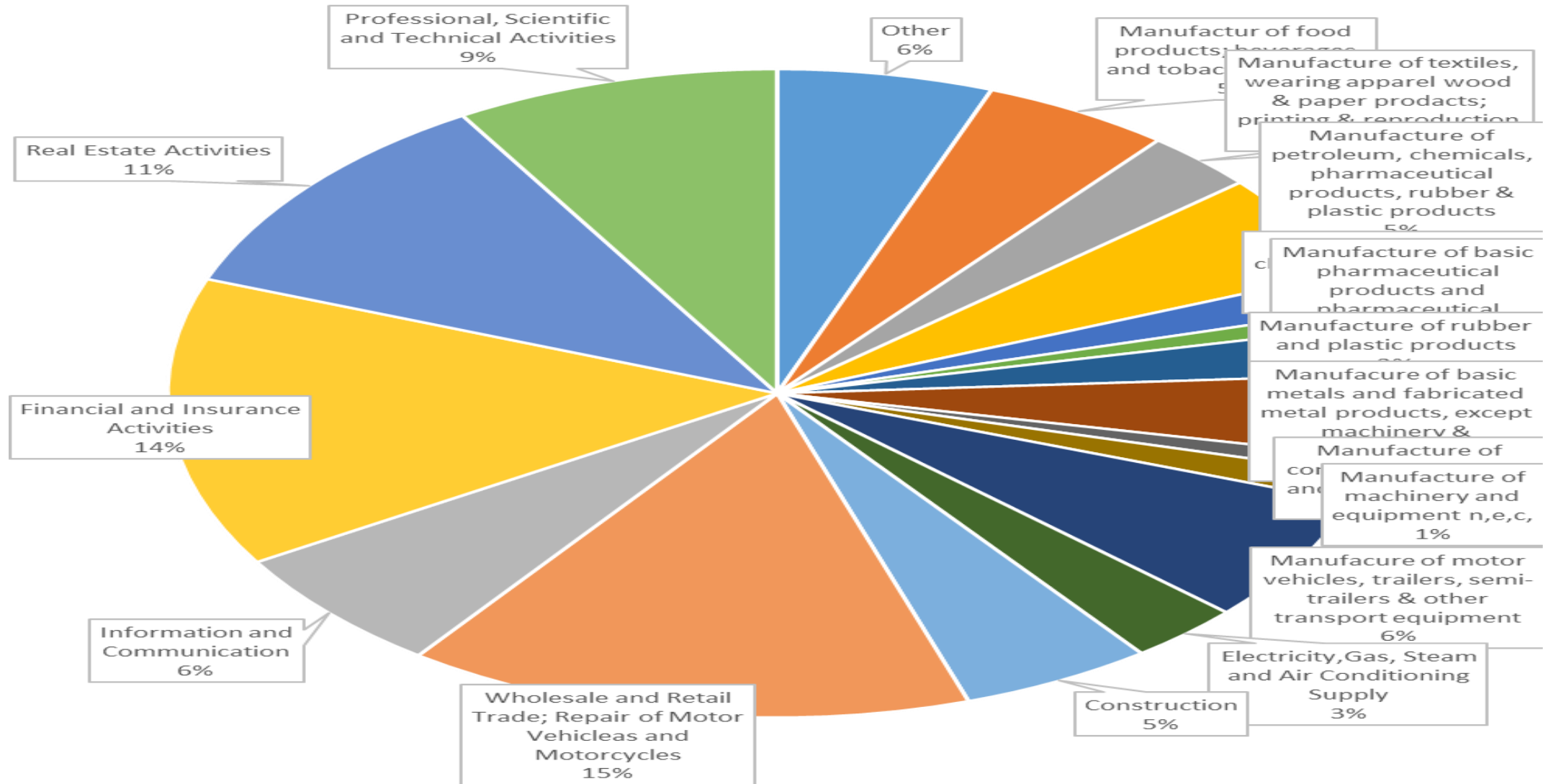
Top industries, inward flows

	Hungary		Poland	
	2020	2021	2020	2021
1	Manufacture of basic pharmaceutical products and pharmaceutical preparations (24%)	Manufacture of electrical equipment (17%)	Professional, Scientific and Technical Activities (17%)	Professional, Scientific and Technical Activities (20%)
2	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (15%)	Manufacture of computers, electronic and optical products (14%)	Real Estate Activities (16%)	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (16%)
3	Financial and Insurance activities (13%)	Manufacture of basic pharmaceutical products and pharmaceutical preparations (13%)	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (10%)	Manufacture of metal & machinery products, except electrical equipment (10%)
4	Professional, scientific and technical activities (10%)	Manufacture of chemicals and chemical products (13%)	Financial and Insurance Activities (10%)	Real Estate Activities (10%)
5	Manufacture of chemicals and chemical products (10%)	Real estate activities (12%)	Manufacture of motor vehicles, trailers, semi-trailers & other transport equipment (9%)	Manufacture of motor vehicles, trailers, semi-trailers & other transport equipment (7%)

Industries, Hungary, 2021 stock



Industries, Poland, stock, 2021



- New era? Recent changes compared to the past and possible changes in the future

Hungary

- Government policy to attain domestic majority in sectors (energy, banking, media, telecoms and retail trade) in reduced share of FDI in GDP
- Megaprojects: in e-car-related electronics activities – reactions to regulatory changes, change in industries and investing countries (Asia!)
- 2021: record FDI (more than 6 billion USD) – related to that
- Top 2021: SK Innovation (Korea) – more than 2 billion USD – ebattery plant in Ivánca
- Top 2022 (and ever): CATL (China) – ebattery greenfield plant Debrecen (7.5 billion USD)
- „follow your partner/competitor” ...

Risk factor: energy price hikes in both countries, due to the war in their neighbourhood

New era? Increased role of extra-EU investors, plus new industries?

Poland

- Large greenfield projects – record year 2021 (close to 4 billion USD in 2021) in business services, software and IT services, automotive, medical, construction and chemical sectors
- Overall 4.3 billion EUR (PNB) 2021
- Outside European dominance US, Japan, Korea) in flows, too – but through intermediary countries
- Ecar – ebattery, too (Attero, India; LG Korea) – export platform type
- Ukrainian war: relocations from Ukraine, Russia, Belarus – relevant for Poland
- Important: Belarus IT sector moving to Poland
- „regional” question, free zones as epicentres of attracting FDI

Thank you for your attention!



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