

Economic overview

Győr-Moson-Sopron County

Geographical location, transport infrastructure, demography in Győr-Moson-Sopron County

Győr-Moson-Sopron County is located in the north-west corner of Hungary as part of the West-Transdanubian planning and statistical macro-region, bordering Austria to the west and Slovakia to the north. Based on economic-geographical considerations, Győr-Moson-Sopron County is one of the best-positioned counties in Hungary, as the proximity of Central-European economic centres like Vienna and Bratislava ensures a considerable advantage in economic relations. The location of the county has always had a significant impact on the development of trade, agriculture, industry, transport and also on cultural life.

Transport infrastructure includes road, rail, water and air traffic networks and crossroads. Several corridors of the Europe-wide Trans-European transport network pass through the county, indicating the main transit routes. Motorways connecting Central and Western-Europe (Budapest and Vienna) and Northern Europe (in the direction of Bratislava, Prague and Berlin) facilitate passenger and freight traffic, which is also organised through the double-lined and electrified Budapest-Vienna railway line. The role of the Danube waterway was revalued with the construction of the inland port in Gönyű, where in addition to RO-RO loading, the necessary infrastructure is available to load overweight, oversized, liquid or dangerous goods. Three international airports (Vienna, Bratislava and Budapest) are located within a 120 km radius of Győr, however, passenger and cargo traffic is also served by the Győr-Pér Airport. Thanks to the infrastructure developments of the past years, extended runway, renewed runway lighting technology and advanced instrumental landing system enable the landing of Airbus A320 and Boeing737 aircrafts at the Győr-Pér Airport. Development of settlements located along these transport routes is accelerated in many cases.

The county is rich in natural resources; geothermal endowments are exceptional as 80°C or even warmer thermal water can be extracted from deeper soil layers. The north-western wind tunnel runs through the so-called Small Plain geographical area, making the production of electricity in wind power plants economical. Deposits of gravel – that reach several hundred meters thickness at some points – also have an important economic value.

Győr-Moson-Sopron County is the 7th smallest county in Hungary, covering 4.5 % of the country with its 4208 m2 territory. The county seat is Győr with 129 thousand inhabitants, the second largest

town is Sopron, followed by Mosonmagyaróvár. In the past decades, population increased and entrepreneurial activity enhanced in these larger cities. About 60 % of the population live in cities.

From a demographic point of view, Győr-Moson-Sopron County is a dynamically developing region. Although natural demographic trends have not improved in the past decades (namely the number of deaths exceeds the number of births), local labour market attracts people from other counties, resulting a positive net migration value for a long time. In January 2015, 453 thousand people lived in Győr-Moson-Sopron County, making it the 6th most populous county in Hungary (4.6 % of total inhabitants of the country). The county belongs to the most densely populated regions of Hungary, with an average density of 108 persons/km².

In the past 25 years, the number of inhabitants increased by 21 thousand in Győr-Moson-Sopron County, while the population declined by 5 % in Hungary. In 2014, almost 26 thousand people found a new home in the county, mainly from the capital (14 %) and from Veszprém County (12 %). In the same year, 23 thousand people left the county, nearly the quarter moved to Budapest. Thanks to the positive immigration process, the number of people under 50 years of age increased in 2015, compared to the values 25 years ago. This phenomenon is explained by the considerable expansion of higher education and favourable labour market conditions. In January 2015, 15% of the population was 14 years old or younger, while the proportion of people aged over 65 was 17%. The share of people aged 15-64, considered to be active from labour market point of view, reached 69%, which is the second highest value in Hungary.

For further information on geographical features, transport infrastructure, demography in Győr-Moson-Sopron County, please contact een@gymkik.hu.

Education and training, R&D

Educational system in Hungary has undergone significant changes in the past years, following national and international directions and tendencies. Since 2001, the number of pupils in primary schools decreased by 12 % (national average 21 %), following national demographical trends. The negative tendency stopped in 2010 in the county, and since then the number of pupils has increased continuously, contrary to national trends.

Vocational education and training (VET) is still in transition led by labour market and societal expectations. By September 2016 vocational schools are to be transformed; new vocational grammar schools (earlier vocational secondary schools), secondary vocational schools (earlier vocational schools) and vocational schools (earlier vocational schools for students with special needs) are introduced. In Győr-Moson-Sopron county three VET Centres were established in 2015:

- The Technical VET Centre of Győr, with schools located in Győr and Mosonmagyaróvár, covering the mechanical, IT, and construction industry educational fields,
- The Services VET Centre of Győr, with schools located in Győr, Mosonmagyaróvár and Csorna, covering mainly the economics and marketing, trade and administration, health care and tourism sectors,
- The VET Centre of Sopron, with schools located in Sopron, Kapuvár and Fertőd, with mechanics, sales and marketing, economics as the most popular educational fields.

At present, dual VET has two pillars: theoretical education in schools, and practical training organised either in school workshops or by enterprises. The chamber plays a significant role in mediating between the two pillars with several tasks, like the coordination of apprenticeship contracts for students, registration of enterprises to become official training workshops, organisation of master craftsman courses and examinations. In accordance with the relevant legislation, each tradesman pursuing practical training at an external (out-of-school) organisation has to own a master craftsman certificate that is donated by the chamber. Besides secondary level school education, each VET Centre is active in the field of adult education, offering a wide range of qualification courses listed in the National Training Register and other short, specific courses. According to the new Vocational Education Act in force, a second qualification can also be obtained free of charge in Hungary in the framework of evening or correspondence courses organised by VET Centres, facilitating re-training and further training of adults.

Secondary level VET ensures well-trained skilled workers for the labour market, while grammar schools primarily prepare youths for tertiary education. Universities in a knowledge-based society educate highly-skilled professionals and contribute to the high-level utilisation of research and development and innovation potential of the county. Széchenyi István University located in Győr and the University of West-Hungary with headquarters in Sopron closely cooperate with industrial players and local governments to fulfil specific needs, and act as important development centres not only in the county, but well beyond its borders. Thanks to the close and active cooperation with the industry, the role of dual education in higher education increases constantly, resulting in mutual benefits for both higher educational institutes and businesses.

Students of Széchenyi István University are trained to become engineers, technical instructors, IT specialist, lawyers, economists, musicians, health and social science professionals, however, during their studies they are also encouraged to be motivated members of society and take up social responsibility in their environment. Széchenyi István University, together with the city of Győr and Audi Motor Hungaria Ltd. is actively shaping the future of the region. Besides conscious planning of educational offer, the research portfolio also reflects industrial needs, with the automotive industry and ICT sector in the focus of basic and applied research projects.

The University of Western Hungary, along the BSc and MSc courses in pedagogy, economics, ICT, art, technical, social and natural sciences, offers unique courses in forestry and wood industrial engineering. The so-called “green university” puts much emphasis on sustainable development both in its training, in research activities and everyday life, searching solutions to preserve and improve the natural, social and human environment. The exceptional research infrastructure facilitate high-level and precise measurements and field tests in the field of material sciences, technology and product development, in forestry as well as in climate protection research projects.

For further information on primary education, secondary VET and higher education, research-development and innovation potential and activities in Győr-Moson-Sopron County, please contact een@gymkik.hu.

Business environment

Thanks to its central location, Győr-Moson-Sopron County is a favourable destination among national and foreign companies, who wish to invest and expand activities in Central and Eastern Europe and in Hungary. In 2014, gross domestic product (GDP) reached 1837 HUF in Győr-Moson-Sopron County, which is in absolute number the 3rd highest value in Hungary after Budapest and Pest County, sharing 5.7% from the national GDP (this value is higher than the population ratio of the county). In terms of GDP per capita values in the past 15 years, the county has always been in the 2nd position after the capital (except for 2005), and exceeded the national average value. In 2014, the GDP per capita reached 4 million HUF, which is 25 % higher than the national average and 80 % of the EU average.

The share of national economy sectors from the GDP significantly differs from the national average. The difference can particularly be observed in industry and services, as the share of industry, mainly automotive production, is outstanding in income generation in Győr-Moson-Sopron County, while the share of services is considerably higher in the capital region.

The economic activity of the population is very high and the age composition is very favourable, employment rate is much higher than the national average. In 2014, every 3rd person worked in industry, which is 55.3 thousand people. The following sub-sectors played an important role in employment: vehicle construction, rubber, plastics and construction materials industry, metallurgy, metal processing and food industry employed the most people, the automotive industry itself employed almost 22 thousand people and the other sub-sectors each employed around 5-6 thousand people. The share of the automotive industry in employment is significant compared to the national values; every 4th employed person in the automotive industry worked in Győr-Moson-Sopron County.

Favourable labour market conditions are coupled with higher wages, in 2014 people working full-time at companies with at least 5 employees or in budgetary institutions received 246.6 thousand HUF/month in average (the average monthly salary of manual workers was above 200 thousand HUF in the county uniquely). Companies with employees are obliged to pay social contribution tax (27 % of tax base) and vocational training contribution (1.5 % of social contribution tax base).

Business organisations in Hungary pay 10 % corporate income tax (10 % of the positive tax base, above 500 million HUF 19 %), private entrepreneurs pay entrepreneurial personal income tax (10 % up to 500 million HUF tax base, above 500 million HUF 19 %). Companies may choose from several favourable tax types in Hungary, however, the right taxation method should be consulted with a tax consultant. Local governments in Hungary collect local business tax that is between 0- 2 % of net sales (usually 2 %, in Győr 1.8 % in 2016).

The foreign direct capital interest is very high; in 2013 4.7 % of businesses operating with foreign capital in the country was located in Győr-Moson-Sopron County, while 15 % of their investments was centred in the county. Foreign capital is also attracted by industrial parks and industrial areas with excellent infrastructure. Industrial activity is mainly concentrated in cities, but thanks to traffic infrastructure development, more and more industrial plants moved to smaller settlements and base their activities on local workforce. The infrastructure offered by industrial parks mainly include internal roads, public lighting, public utility networks and adequate telecommunications system.

Infrastructure facilities of industrial areas in smaller settlements varies considerably, specific conditions are offered to investors interested in free industrial sites.

The Győr Industrial Park with its 191 hectare territory is the largest industrial park in the county, currently all industrial sites are sold, therefore in the second half of 2016 a significant extension is planned. Major international companies operating in the industrial park are AUDI, Nematik, Rehau, Propex, Quehenberger, Renault-Nissan, and local businesses, including, but not limited to West Hungária Bau, Vill-Korr Hungária, Borsodi Műhely, Somogyi Electronic, which are well-known for domestic and foreign industry players.

Industrial parks or industrial areas with free capacities are located in Sopron, Mosonmagyaróvár, Kapuvár, Csorna, Jánossomorja, Beled and Lébény.

For further information on business environment, investment possibilities and industrial areas in Győr-Moson-Sopron County, please contact een@gymkik.hu.

The production value and output of main industrial sectors

In 2014, businesses (companies employing 4 persons or more) in the **industrial sector** produced 3,250 billion HUF production value, which is 13 % of the national industrial production value. Production per capita (7.2 million HUF) was the highest in the country, mainly due to the high proportion of the automotive industry in Győr-Moson-Sopron County: the share of the automotive industry is about one third from industrial production, while the share of vehicle production is below 5 %, compared to the national production value.

Companies operating in the industrial sector are mainly micro enterprises (80 %), while the share of micro enterprises from the total number of companies in the county is 93 %. 113 middle sized (50-249 employees) and 37 large-scale (number of employees: 250 and above) industrial companies were registered. In the past decades the structure of the industry changed considerably. The place of the formerly determining food industry was taken over gradually by rubber, plastics and construction materials industry, and in the meantime the automotive industry expanded dynamically, reaching a leading role in the industry. **The automotive industry** became the engine of the economy in the county as the supplier environment and businesses in the machinery industry benefited more and more from it. The share of the automotive industry in industrial production is 81 % in Győr-Moson-Sopron County, while its share is only 28 % of the national production value. 52 joint ventures are registered in the automotive industry in the county, of which a quarter employs more than 250 employees. The most important companies are Audi Hungária Motor Ltd, SMR Automotive Mirror Lp, Nematik Győr Ltd, BOS Automotive Products Hungary Lp, Dana Hungary Ltd. and Rába Futómű Gyártó Ltd. 5 companies from the 23 middle-sized and large-scale businesses make up 95 % of production value of the automotive industry in the county.

In the **rubber, plastics and construction materials industry**, 28 middle-sized and large-scale companies engaged in plastic industry produced more than 60 % of the production value of the sub-sector. The most important companies in the plastic industry are GRABOPLAST Plc, Nolato

Magyarország Ltd., BOS Plastics Systems Lp, REHAU-Automotive Ltd. As for the construction material industry, Leier Hungária Ltd. and MOTIM Műkorond Ltd. are the most important ones. The production value of the rubber, plastic and construction materials industry is the second highest after the automotive industry, in 2014 its share from the industrial output reached 4.8 %.

The construction industry faced considerable difficulties in the past years, 2014 seems to be the turning point, when its share in the industrial output reached 4.7 % ,with a 72 billion HUF production value. At the end of 2014, 4792 companies were registered in the construction industry, which is 6.7 % of all registered businesses.

In 2015, more than 12 thousand accommodation opportunities were offered to tourists, which is 3.3 % of the national capacity. In the past 5 years not only the number of accommodation opportunities increased, but quality also improved, in 2015, 70 % of guest nights were spent in high-standard hotels. **Tourism** in the county is highly concentrated to five settlements (Sopron, Győr, Hegykő, Mosonmagyaróvár, Hegyeshalom), 85 % of guest nights were spent at these places. Foreign tourism is gradually improving, but domestic guests (52%) and their overnight stays (57%) still represent the importance of domestic tourism. Foreign guests mainly arrive from Germany (23 %), Romania (17 %) and from the neighboring Austria (15 %).

Food industry stands on two pillars in the county, production value splits between food production and the beverage industry in two-third and one-third ratio. Concerning food production, bakery and pasta production play the most important role. Leading companies in the industry include Hipp Ltd, Ceres Sütőipari Plc, PEZ Ltd, and Heineken Hungária Sörgyárak Plc in the brewery industry. Food industry has a share of 3.2 % in industrial production.

For further information on industry sectors, industry performance indicators in Győr-Moson-Sopron County, please contact een@gymkik.hu.

