Hungary makes the biggest leap in the region in WEF's competitiveness ranking

Hungary has significantly improved its position in the global competitiveness ranking of the World Economic Forum (WEF), one of the most prestigious economic rankings in the world. In the overall ranking Hungary has moved to 60 from 69, and in terms of innovation to 62 from 80. Data show improving trends in all main research, development and innovation areas. The report includes positive data relating to institutions involved in basic research, workers focusing on targeted development projects and businesses concentrating on innovation.

The Global Competitiveness Index (GCI) is prepared using statistical data obtained from internationally recognised agencies such as the International Monetary Fund (IMF), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Health Organization (WHO). The GCI also takes into consideration the results of WEF's annual <u>Executive Opinion Surveys</u> to incorporate business leaders' opinions and qualitative assessments on topics for which comprehensive or international comparisons are nonexistent. The survey reaches more than 14,000 business executives every year.

Compared to last year, Hungary has shown the most spectacular progress in innovation (including cooperation between universities and industry), technological readiness and financial market development. With a 0.15 point increase compared to last year's score, Hungary has well exceeded the average of 0.04 point of its regional competitors, overtaking Romania, Croatia and Cyprus and catching up with Slovakia. The trends in the recently published report may be viewed as the start of long-term positive improvements knowing that more than HUF 480 billion (EUR 157 million) has been awarded to RDI projects since 2015.

As regards university-industry cooperation Hungary has jumped from the 109th rank in 2016 to the 68th this year.

• This area is expected to show further improvement as more than HUF 156 billion (EUR 511 million) has been awarded to projects fostering cooperation between universities and industry since 2015 under various competitive calls prepared in coordination with the National Research, Development and Innovation Office (NRDI Office). As part of this, eight Centres for Higher Education and Industrial Cooperation are going to be established in Győr, Kaposvár, Miskolc, Kecskemét, Debrecen, and at the Budapest University of Technology and Economics, Eötvös Loránd University and Szent István University in Budapest by various successfully cooperating industry-university consortia, benefiting from a total grant amount of HUF 35 billion (EUR 115 million).

Hungary shows improved performance in RDI spending as well, moving from the 98th to the 85th position.

- Business RDI spending has steadily increased for years.
- Since 2015 around HUF 115 billion (EUR 377 million) was awarded to RDI projects from domestic and EU sources.

In terms of the quality of scientific research institutions Hungary has climbed from 39 to 34.

- The annual budget of new calls for basic research projects has risen from HUF 5.7 billion (EUR 18, 6 million) in 2014 to HUF 12 billion (EUR 39 million) in 2017.
- The NRDI Office's system of competitive calls also greatly facilitates research infrastructure development: the budget of calls inviting projects aimed at upgrading the available research infrastructure has totalled at HUF 140 billion (EUR 460 million) since 2015.
- There is also a call encouraging internationally competitive research groups to further increase their already outstanding research and publication performance (Funding for research groups with internationally outstanding high impact results (KH_17).

According to the expert's of the NRDI Office, the innovation performance of a country can be best evaluated by taking into consideration the relevant indices, quality indicators and international trends. Primarily, the social and economic outcome of the results can be measured in three- to five-year periods. The long-term sustainability of the RDI indicators of the competitiveness report can be further improved if the already running joint projects increase the readiness of universities, research institutions and businesses to enter into cooperation, if the business sector keeps spending on innovation (preliminary data by the Central Statistical Office of Hungary shows that a large part (56%) of the RDI sources was provided by the business sector in 2016), and if the results of domestic centres of excellence become more visible in the international arena.

The World Economic Forum's competitiveness index focuses on productivity trends. It is built on factors which directly or indirectly contribute to economic growth. Such factors are categorised into 12 pillars where competitiveness is scored from 1 to 7 (weighted differently by country). WEF's annual competitiveness ranking combines altogether 114 indicators.

About WEF's Global Competitiveness Indicator (2017)

The World Economic Forum (WEF), a nonprofit foundation based in Switzerland, has published its Global Competitiveness Index (GCI) every year since 2003 covering most countries of the world, which makes it the most extensive global competitiveness ranking. On the part of Hungary, Kopint-Tárki Institute for Economic Research Ltd, the Hungarian partner institution of WEF, takes part in determining the country's competitiveness index by providing data from the start.

The number of countries covered by the report varies every year but has averaged around 140 countries in the last few

years. The ranking is based on the GCI, a fairly complex index which combines altogether 114 factors, including "hard" (statistical) and "soft" (opinion-based) data. The factors are categorised into 12 pillars. The first four pillars relate to basic economic conditions, the next six pillars to productivity factors, and the last two pillars to the issues of **innovation** and economic complexity. The pillars are the following:

- 1. Institutions
- 2. Infrastructure
- 3. Macroeconomic environment
- 4. Health and primary education
- 5. Higher education and training
- 6. Goods market efficiency
- 7. Labour market efficiency
- 8. Financial market development
- 9. Technological readiness
- 10. Market size
- 11. Business sophistication
- 12. Innovation

The full Global Competitiveness Report 2017-2018 is available here: <u>http://reports.weforum.org/global-competitiveness-index-2017-2018/?doing_wp_cron=1507107799.9388439655303955078125</u>