

Policy Agenda

2017-2020

For a More Competitive Hungary



INVESTMENT



**COMPETITIVE
WORKFORCE**



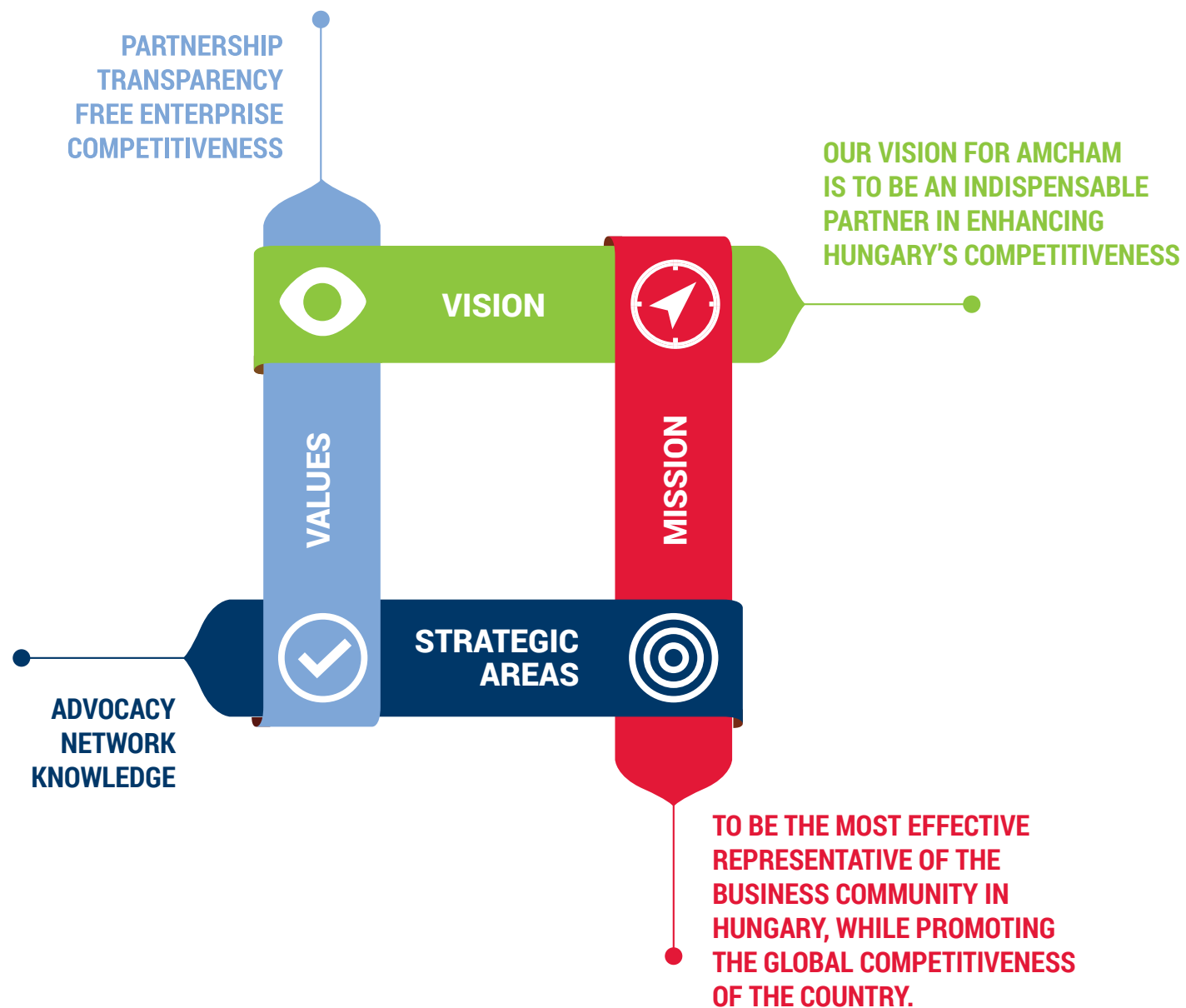
INNOVATION



DIGITALIZATION



June 2017



AmCham Hungary Policy Agenda 2017-2020

The following objectives are the roadmap for our advocacy activities in 2017-2020



INVESTMENT

I. Investment

1. Create an investor-friendly business environment to increase total investments, with special regard to attracting high value-added new investments
2. Invent in Hungary: Encourage a shift to a knowledge-based economy
3. Align Hungary's education strategy to its new investment strategy



COMPETITIVE WORKFORCE

II. Competitive Workforce

1. Widen labor supply and make the labor market more flexible in order to ensure business continuity
2. Support wide-scale promotion of key competencies and skills in education
3. Support programs enhancing mental and physical health awareness
4. Make Hungary an attractive employer brand



INNOVATION

III. Innovation

1. Focus on innovation as a cornerstone of macroeconomic policy
2. Encourage long-term cooperation between large enterprises, SMEs and academia in innovation and on R&D projects
3. Stimulate high value-added R&D projects that lay a solid groundwork for sustainable growth after 2020
4. Create scalable pilot opportunities driven by future technologies and innovation



DIGITALIZATION

IV. Digitalization

1. Support structural change in the Hungarian education system for a digitally competent society along well-defined output metrics
2. Adapt innovative digital technologies based on sector specific best practices to create a more effective business environment, and identify a "moon-shot" project to foster Hungary's world-wide reputation across the digital eco-system
3. Support the development of an enabling digital infrastructure in Hungary, ensuring that the digital economy and digital society can grow
4. Support the government in becoming more efficient in providing one-stop shop e-government services to companies and citizens
5. Promote a competitive regulatory environment ensuring free flow of data as a key for competitiveness

Introduction

Policy Agenda 2017-2020 is presented to our membership, the business community at large and the government in order to serve as a roadmap for our advocacy efforts and all related activities and projects until 2020.

AmCham Hungary published its first Policy Agenda in June 2015, after a series of stakeholder meetings and based on its advocacy background of more than 25 years. In the last two years the paper served as a firm backbone to our advocacy work, and was a clear indication of our priorities. Since 2015, our policy work, the level of involvement of our members, our partner organizations and also our cooperation with the government have all evolved. AmCham is proud to have launched flagship events – the Business Meets Government and Competitive Education summits, the Business Meets Universities project – meaningful partnerships and a robust set of recommendations, the “Cooperation for a More Competitive Hungary” package, in 2016 and 2017. These programs have had an effect, and we are dedicated to continue and further develop these endeavors.

We are proud of the success stories and the impact our community had in the past two years. We were involved in achieving the decrease of the corporate income tax to 9% and the decrease of labor taxes; the launch of several new OKJ training programs as per corporate need; incentivizing workforce mobility; shifting to a more innovation-based national economy, and a new grant system for corporate R&D activities, just to mention a few examples.

We represent:

372
members

36.8%
of Hungarian exports

220,000
employees

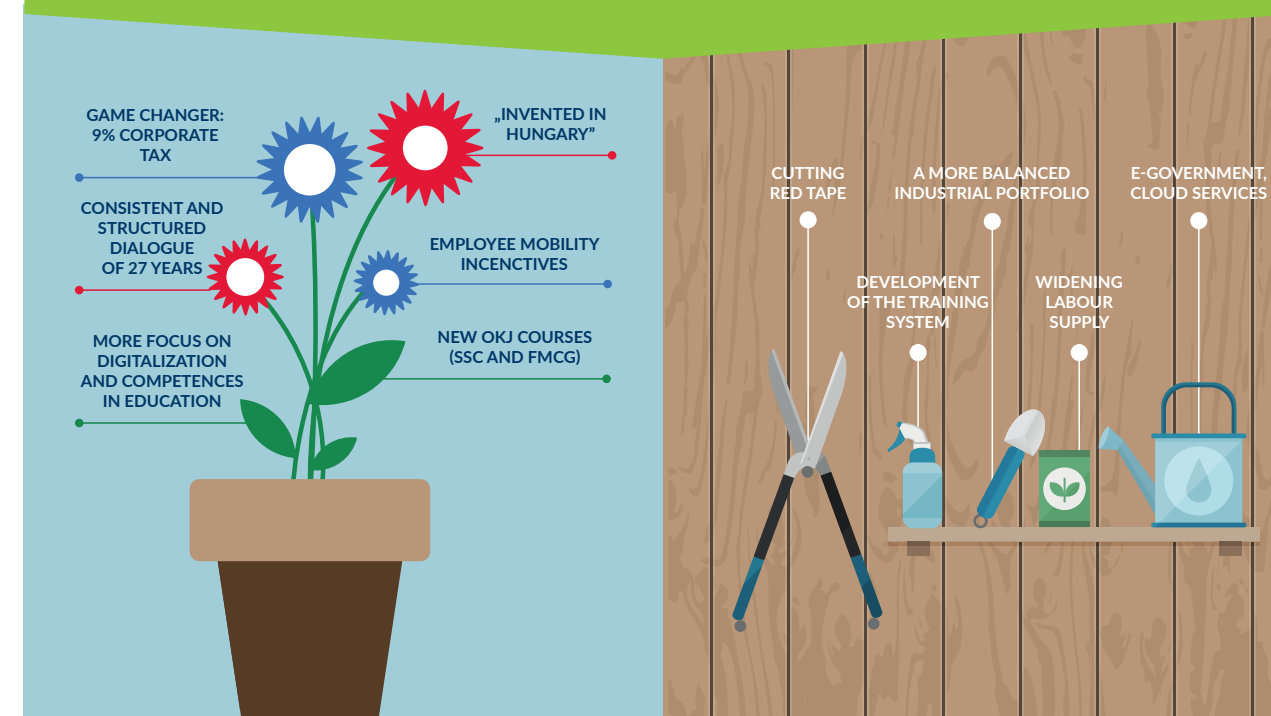
Established in
1989

5 of the **10**
largest companies

Strong

representation in a variety of sectors, incl. SSC, pharma, electronics manufacturing, banking, legal and telecom.

SUCCESS STORIES WE CAN BUILD ON



The Policy Agenda publication will continue to be a strategic paper, an outline and guidance, not a tactical playbook. It defines how the AmCham community can improve Hungary's competitiveness, what is needed to make Hungary more attractive for international investors, and also what is required from the regulatory environment to achieve our common goals.

This is a living document. Please talk to us, share your ideas for improvement, challenge us and, most of all, we invite you to actively contribute by joining a Policy Task Force!

Methodology and background

Our first Policy Agenda was principally based on the pillars of the Global Competitiveness Report (GCR), focusing on those areas most critical to be improved, and where the biggest impact could be made. This second edition also closely follows the GCR findings; however, it also incorporates many of the learnings of the past two years, which were manifested in dialogue with the government, and in our events, programs and publications.



About the Global Competitiveness Report

The annual Global Competitiveness Report (the most recent 37th report details 2016-2017) assesses the competitiveness of 138 economies, and is produced by the World Economic Forum, an institution committed to improving the state of the world through public-private cooperation.

Said to be the most comprehensive assessment of national competitiveness worldwide, it provides a platform for dialogue between government, business and civil society about the actions required to improve economic prosperity. Competitiveness is defined as: “The set of institutions, policies and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the level of prosperity that can be earned by an economy.”

The various aspects of competitiveness are sorted into 12 pillars, which make up the Global Competitiveness Index. The 37th edition highlights as key competitiveness factors the fourth industrial revolution – including the emergence of new technologies, big data and the internet of things – and the transition from a labor-based society to a knowledge-based society.

The 12 Pillars of Competitiveness



Hungary is currently ranked 69th, a nine-point decrease since 2015. The country’s best individual results come in three separate pillars: Infrastructure; Technological Readiness; and Macro Environment. The worst rankings were: Business Sophistication; Institutions – with a large and sudden decline. Some of the more tangible factors in the loss of competitiveness are the lack of business cooperation and local suppliers, the lack of business-university cooperation, and the lack of in-house training and a skills mismatch in the field of higher education.*

Policy Agenda 2017-2020

The paper focuses on four strategic areas: Investment; Competitive Workforce; Innovation; and Digitalization.

The recommendations were compiled by the AmCham network, driven by our Policy Task Forces, which incorporate the brainpower of our expert members, and which worked out the Policy Agenda in close cooperation with the AmCham Board of Directors.

* Source: Kopint Tárki



Investment

Global Competitiveness Index

Hungary ranks 69th (60th in 2014)

FDI and business activities by multinational companies continue to play a key role in the modernization of the Hungarian economy. FDI inflow not only provides additional capital, but increases productivity and competitiveness and acts as a multiplier when working with Hungarian SMEs. AmCham is dedicated to help create a Hungary that is a competitive business location. Recognizing current trends in international capital flow and limitations to Hungary's human resources capacity, we believe that there is a turning point, thus the priority on Hungary's investment promotion agenda is to bring high value-added activities and technology intensive investments to Hungary. For the success of the "Invented in Hungary" paradigm, AmCham will continue to contribute by strong advocacy and best practices.

1. Create an investor-friendly business environment to increase total investments with special regard to attracting high value-added new investments

For this aim, Hungary needs to:

- Create and maintain a stable and predictable regulatory framework supported by continuous consultation with stakeholders.
- Consciously build Hungary's image as an ideal place for FDI in the international community and media, as our international image has a substantial impact on investment-decisions made at international corporate headquarters.
- Building on the newly established competitive corporate tax scheme, maintain the competitiveness of the overall Hungarian tax regime and strengthen Hungary's position in the so-called "soft" elements influencing investment decisions.
- Continue cutting red tape and further reduce the overall administrative burden on businesses.

2. Invented in Hungary: Encourage a shift to a knowledge-based economy

To guarantee long-term competitiveness, we encourage a focus on attracting high value-added business activities to Hungary, along with attracting a number of R&D centers to the country. Digital transformation, a steady increase in the level of automation in a variety of processes and sectors, will fundamentally reshape the Hungarian economy. AmCham advocates that special attention shall be paid to electronics and ICT industry solutions, as the level of new technology integration will determine the competitiveness of all other industries. For a knowledge-based economy, Hungary will need to improve its innovation capacity, strengthen open and collaborative innovation networks and enhance the entrepreneurial ecosystem.

There has been a successful trend in the Hungarian SSC sector for example: When competing with Asian market players, Hungarian corporate decision makers focus on the systematic attraction of more complex, new generation, higher value-added business activities into Hungary, that also move the Hungarian headquarters up in the global value chain. The benefits of this strategy include better value and better paid jobs for Hungarian employees, more stable operations with a larger influence in the global decision-making process for

Goal

To increase Hungary's global competitiveness by enhancing the country's attractiveness for investments.



the Hungarian headquarters, and the generation of more export income for Hungary. To maintain this positive trend, the availability of skilled labor is key.

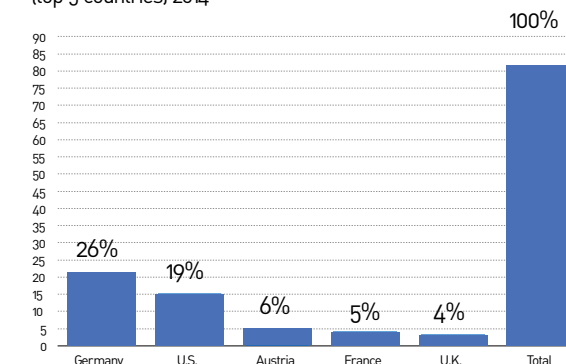
3. Align Hungary's education strategy to its new investment strategy

Today, one of the primary global challenges in locating investments is to find the appropriate number of employees with the right skill sets. AmCham is dedicated to help create a reformed, competence-based public education and vocational training system, completed with a flexible, short-term set of training and re-training programs based on industry needs. Universities and higher education institutions are important not only for providing international companies with future employees, but also for being key stakeholders in a collaborative innovation ecosystem. We believe that the promotion of large cities in the countryside, along with raising recognition of the higher education institutions located in these cities, can help bring new, substantial investments into Hungary. AmCham is dedicated to encourage collaboration between companies, local municipalities and higher education institutions in order to create better business locations all around Hungary.

AmCham's commitments:

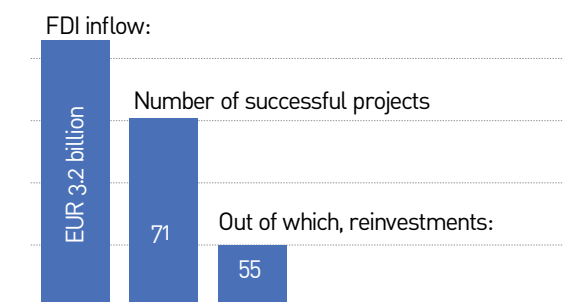
- Continue structured consultations with key government partners: Ministry for National Economy; Hungarian Investment Promotion Agency; Ministry of Justice; Ministry of Foreign Affairs and Trade; Ministry of Human Capacities – based on strategic agreements and strategic working relations.
- Provide a platform for regular, expert-level dialogue between government bodies and business community, and support decision-making by conducting impact assessments before measures are introduced.
- Support policy-makers in better understanding local and corporate decision-making processes.
- Enhance communications with current and prospective foreign investors.

Stock of inward FDI by ultimate investor (top 5 countries) 2014

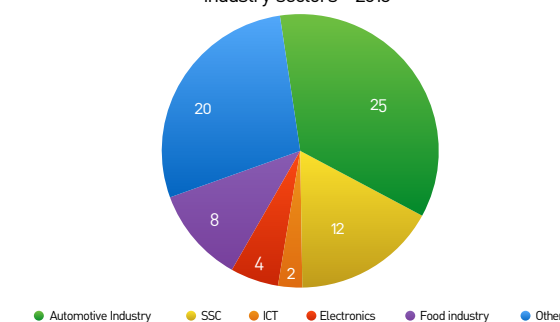


Latest available data from MNB. 2015 data will be published in September 2017.
Source: MNB

Stock of inward FDI generated by successful projects managed by HIPA, 2016



Number of new, successful investment projects by industry sectors - 2016



Source: HIPA



Competitive Workforce

Global Competitiveness Index

103rd in primary education (74th in 2014)
72nd in higher education and training (52nd in 2014)
80th in labor market efficiency (75th in 2014)

Solving education and labor force related challenges is a prerequisite for long-term competitiveness.

Goal

To represent the needs of businesses regarding the Hungarian labor force, especially its talent pool, in order to improve Hungary's long-term competitiveness.

Our recommendations for short-term, immediate impact:

1. Widen the labor supply and make the labor market more flexible, in order to ensure business continuity

In Hungary, the primary challenge for investments and businesses to grow is the availability of skilled workforce. While the unemployment rate is very low, and the employment rate has also substantially increased, reaching the average European level with approximately 69% by 2016, there are certain areas AmCham believes it can contribute to further widening of Hungarian labor market supply. With reference to the Europe 2020 strategy, which sets a 75% employment rate as a target for 2020, AmCham would support measures that remove barriers to labor market participation of the younger generation, the 50+ generation, women and the physically challenged, among others. AmCham encourages dialogue around issues of how to engage fresh graduates, and how to help companies employ highly skilled third-country employees.

• Training programs and increased mobility

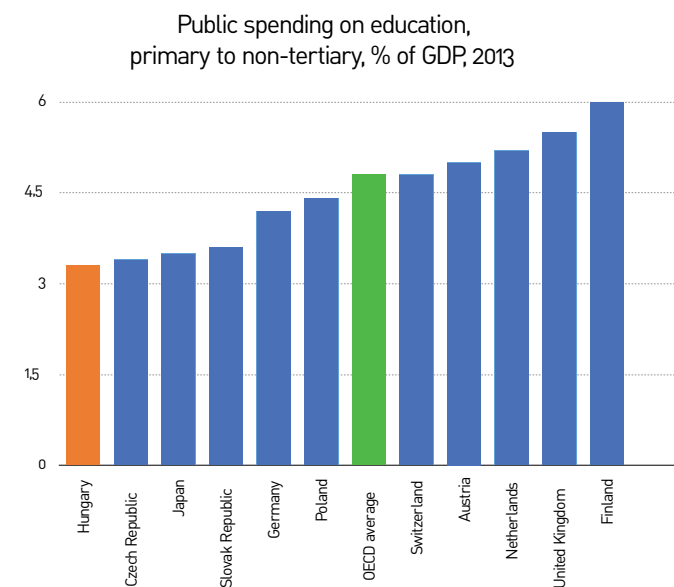
AmCham promotes the launch of efficient, targeted adult training and re-training programs. AmCham welcomes Hungary's participation in the OECD Survey of Adult Skills (Program for the International Assessment of Adult Competencies, PIAAC), measuring adults' proficiency in key information-processing skills that will provide relevant data for the planning of targeted adult-training programs. We encourage the introduction of incentive schemes supporting corporate training programs and efficient, short-term re-training programs. Recently, new government incentives have been introduced to enhance mobility, which AmCham has also advocated. This is an area where further joint programs of companies and local municipalities could develop sustainable solutions for housing and travel, increasing mobility of employees and the flexibility of the Hungarian labor market.

• Flexible employment schemes

Companies and employees see the need for expanding new, flexible employment schemes in the coming years, which is partly induced by the wide-scale spread of digitalization that is rapidly transforming workplaces, ways of communication and work processes. Therefore, AmCham promotes a more flexible and up-to-date regulatory environment and the introduction of incentives for distance working and part-time work. This could also contribute to an increase in the women's employment rate, which is lower than the EU average and is seen as a pool of labor force that needs to be better engaged in the labor market in Hungary.



Our recommendations for mid- and long-term impact:



Source: OECD

2. Support wide-scale promotion of key competencies and skills in education

As a prerequisite for a successful shift toward a knowledge-based economy, AmCham supports transformation toward competence- and skill-based education in all tiers and segments of Hungarian education and adult training. Timely and profound transformation of the education system is key to make the shift to a knowledge-based economy. The proportion of GDP spent on education needs to be increased to close the gap with the level of the more developed EU member states.

• Priority of Key Competencies

Life-long learning and strong command of key competencies – see categories as defined by the EU below – help employees in keeping up with ever changing labor market expectations in the current environment, where new jobs are created and traditional jobs are taken

over by automation each day. AmCham encourages regular dialogue between industry and decision-makers to channel relevant information between stakeholders and to help the education system in adjustment.

Key competencies to be developed:

- Communication in the mother tongue
- Communication in foreign language
- Mathematical competence and basic competencies in science and technology
- Digital competence
- Learning to learn
- Social and civic competencies
- Sense of initiative and entrepreneurship
- Cultural awareness and expression

• Measurement of Competencies and Better Career Orientation

We believe that the public education and vocational training system should introduce professional tools to measure development of competencies and skills. Students need better career orientation, and AmCham recommends that this be an integral part of the



curriculum, based on students' professionally measured individual skill profiles. Career orientation shall also be supported by the data derived from a very comprehensive career monitoring system. STEM (science, technology, engineering and mathematics) subjects hold the key to knowledge for the new Internet of Things (IoT) economy and therefore should be prioritized and promoted from a very early age.

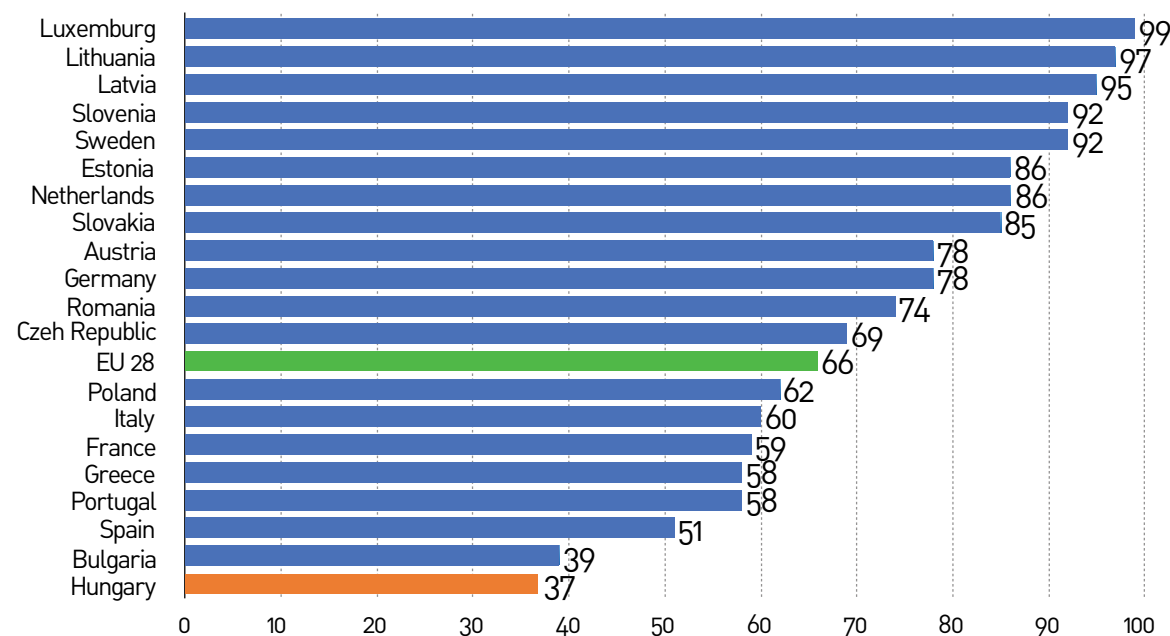
• Reformed Teacher Training System

AmCham advocates for the introduction of a more advanced, holistic teacher training system, that builds on international standards and best practices. We call for strengthened social prestige for teachers, who play a key role in this transformation, and who need to receive a better level of professional and financial support.

• Digital Education

All sectors of the economy are becoming digital, therefore AmCham supports measures and programs that extend the digital talent pool in Hungary, in line with the government's recently launched Digital Education Strategy. The teaching methodology also needs to be revised and reformed, incorporating latest digital tools and e-learning best practices.

Share of the population stating they know at least one foreign language (age 25-64)



Source: Eurostat



• Foreign Language Learning

AmCham continues to promote foreign language learning as a top priority in education for both students and adults. International companies demand skilled employees with command of several foreign languages. AmCham believes that for Hungarian SMEs, the opportunity to become integrated into Hungarian or global supply chains can come true only if they have employees with good, practical command of foreign languages.

3. Support programs enhancing mental and physical health awareness

Mental and physical health is a pillar of a competitive workforce, as better health leads to higher productivity. AmCham promotes the principle of active health management that can create a healthy nation with increased healthy life expectancy. Therefore, we encourage and promote programs – many of which are run by member companies – that enhance mental and physical health awareness. For this aim, we believe in the collaboration of stakeholders (individuals, employees and employers, government decision-makers, healthcare institutions), which is needed for a wide-scale impact in raising awareness among Hungarian citizens and enable them to remain active and in better health for longer. We believe an efficient, sustainable healthcare system can be developed only with long-term systematic programs that are based on in-depth analysis of public healthcare data and trends, and supported by active, personal health management. A system of supplementary insurance has to be created and multi-purpose pre-savings need to be encouraged.

4. Make Hungary an attractive employer brand

For our society, it is a common goal to recognize the importance of talent management and to retain talent in Hungary. AmCham is dedicated to making Hungary an attractive employer brand, and therefore supports member companies to prepare and adjust their workplaces to answer needs of generation Y and Z, and to provide attractive careers and good value jobs for the next generations. Besides retaining talent, cooperation between the government and corporate sector is needed to attract Hungarians who graduate abroad, back to the country. For this aim, AmCham advocates the removal of existing administrative barriers and more efficient information sharing with those studying or working abroad.

AmCham's commitments:

- Continue regular dialogue with government partners responsible for education and vocational training.
- Support cooperation between industry and educational institutions to help exchange of expertise and practical skills.
- Promote active participation of companies in collaborative programs with educational institutions, i.e.: financial/digital/sustainability thematic weeks (i.e. financial, digital, sustainability), dual training & dual vocational training, etc.
- Continue our talent-related programs with member companies (Career Ambassador Program, Language Ambassador Program).
- Continue AmCham 10,000 step Challenge Campaigns raising awareness of physical health.
- Continue cooperation with key stakeholders promoting values AmCham shares: promoting employment of disabled people; work-life balance and creating family friendly corporate environment.



Innovation and Research & Development

Global Competitiveness Index

54th in Technological readiness (50th in 2014)
80th in Innovation (50th in 2014)

Goal

To improve and recognize innovation and R&D as a driving force of economic growth and a competitive edge for Hungary, while representing the needs of businesses to enhance this development.

1. Focus on innovation as a cornerstone of macroeconomic policy

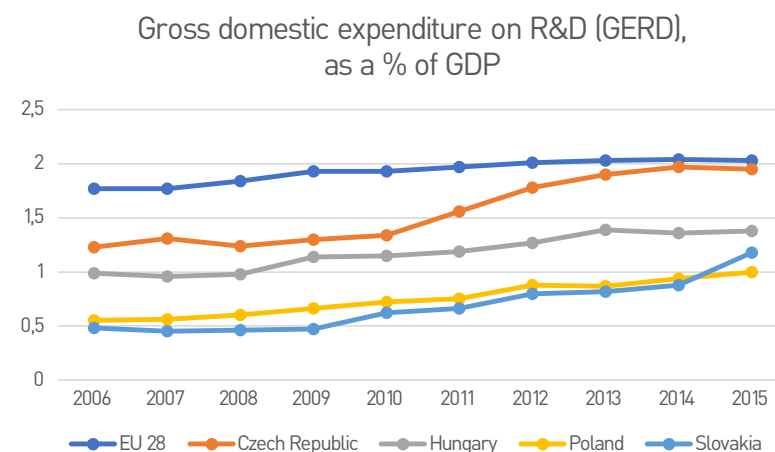
AmCham welcomes the recent trend of a growing proportion of R&D spending in Hungary's GDP, and would support its continued growth to reach the country's R&D target: 1.8% of GDP by 2020, and the complementary target of business expenditure on R&D: 1.2% by 2020.

To keep Hungarian R&D activities competitive, Hungary needs to assess tendencies in GDP-proportionate R&D spending, and the use and availability of R&D funds beyond 2020. We support the shift toward the "Invented in Hungary" paradigm as declared by the government in 2016, and encourage the creation of a forward-looking policy environment. Increased corporate R&D spending can serve as a driving force behind high added-value job creation and economic growth in the long-term.

2. Encourage long-term cooperation between large enterprises, SMEs and academia in innovation and on R&D projects

AmCham supports building a stronger local innovation ecosystem, with transparent cooperation frameworks, in order to substantially enhance cooperation between large enterprises, SMEs and academia in innovation and on large and strategic R&D projects.

Hungary's ranking fell from 50th to 80th in the Global Competitiveness Index Innovation list in 2016, and the deterioration is mainly attributed to



Source: Eurostat



the poor ranking of the "university-industry collaboration in R&D" indicator. AmCham is dedicated to examining solutions and best practices in joint projects and to fostering dialogue between stakeholders around key issues, including utilization and management of IP rights, and of the research and services capacities of universities. AmCham supports the creation of an enabling innovation environment, where universities can retain high-level scientific goals, can establish and maintain close cooperation with industry and can also become successful in business activities.

3. Stimulate high-value added R&D projects that lay a solid groundwork for sustainable growth after 2020

Between 2015 and 2020, Hungary will benefit from substantial EU funds to promote economic development. After 2020, however, EU funds for economic development will scarcely be available. Therefore, it is critical that EU funds are used in such a way that they both facilitate growth over the next five-to-six years and also lay the groundwork for sustainable growth beyond 2020. This will only be possible if such funds are dedicated to promote innovative and value-added production and job creation. We believe that recently introduced R&D grant schemes, some of which target support of R&D centers located in Budapest, and some of which target attracting new R&D centers into Hungary, can contribute to increasing corporate R&D spending. We also expect that R&D qualification of project groups shall also facilitate corporate R&D spending. A coherent R&D policy approach, a concentrated and harmonized incentive system, and a transparent and predictable grant system, along with simplified administrative burdens, would contribute to the stimulation of innovative and value-added projects.

4. Creating scalable pilot opportunities driven by future technologies and innovation

AmCham believes that Hungary is well positioned to play a significant global role in the future digital economy, building on its strong IT sector – and at the cross roads of supply chain, pharma & healthcare, and other industries that are competitive and well-established today. Focusing education, innovation funding and the regulatory framework on future technologies, together with systematically providing access to public data and scalable commercial pilot opportunities in the public sphere, could not only preserve the current levels of competitiveness of those key industries, but also further increase Hungary's share in the global economy.

Attracting more people to science, technology, engineering and mathematics (STEM) – with a special emphasis on female talents – is key to achieving the above goals. We also need to involve children at a very early age – even in kindergarten – with the support of a society-wide collaboration with the active involvement of parents, teachers and industry representatives to use technology and technological tools. Solving these challenges is not only key for strategic, innovative industries, but also a prerequisite for a competitive, 21st century economy. Investing in skills development, education and fostering a true entrepreneurial environment will ensure a dynamic and adaptable workforce that can drive innovation in Hungary.

AmCham's commitments:

- Work closely with our government partners: Ministry for National Economy, National R&D and Innovation Office, Hungarian Investment Promotion Agency, Hungarian Intellectual Property Office
- Organize annual workshops and provide platform for regular dialogue among key stakeholders, with special regards to academic partners
- Share international and local best practices for a stronger local innovation system



Digitalization

Goal

To help the Hungarian business community realize the tremendous business value brought by digitalization and help companies in this revolutionary transformation.

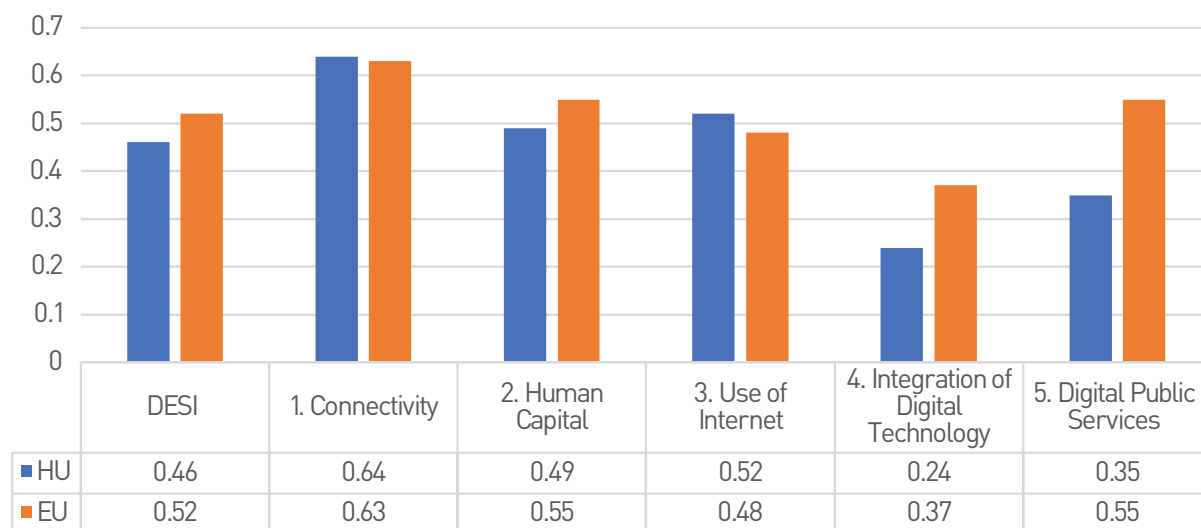
Global Competitiveness Index

54th in Technological readiness (50th in 2014)

55th in Electricity and telephony infrastructure (40th in 2014)

The digital revolution has impacted enterprises and non-profit organizations globally on an unprecedented scale. Companies and government bodies (public administration, education, health, etc.) are realizing the tremendous business value unleashed by a combination of digital forces to reimagine their businesses in fundamentally new ways.

Digital Economy and Society Index (DESI) 2017



Source: European Commission



1. Support structural change in the Hungarian education system for a digitally competent society along well-defined output metrics.

AmCham believes that a long-term cornerstone of full-scale structural change into competence-based education would be simple, key and transparent output metrics, consensually selected by stakeholders and used at all levels of education and vocational training system.

In line with the Digital Education Strategy launched in 2016, AmCham member companies are dedicated to contributing to the digital transformation of the education system by providing content, digital education solutions, and the practical expertise of their employees. For a digitally competent and competitive workforce, AmCham would recommend that stakeholders in the education system (decision-makers, schools, students, teachers, parents) observe the following three phases and tasks related to digital skills development:

- Increase in digital awareness and attractiveness to be continuously promoted in primary and secondary education, but starting as early as possible.
- In the first years of education, the development of basic digital skills is a must for every student, whatever their future career options might be.
- In the final few years of education and vocational training, primary focus should be dedicated on preparing students for the digital labor market, based on close consultation with industry players.

AmCham believes that a big-swing in education could be achieved if a large number of IT professionals were involved in secondary and higher education, and a substantial part of relevant teaching hours were delivered by practicing professionals as a result.

AmCham is dedicated to address priority issues and to help extend the digital labor market in Hungary, and to advocating for effective actions at government level.

	Hungary		EU
	DESI 2017		DESI 2017
	Value	Rank (out of 28)	Value
Internet Users (% individuals)	78%	15	79%
At Least Basic Digital Skills (% individuals)	51%	18	56%
CT Specialist (% individuals)	3.6%	13	3.50%
STEM Graduates (Per 1000 individuals, aged 20-29)	11	26	19



2. Adapt innovative digital technologies based on sector specific best practices to create a more effective business environment, and identify a “moon-shot” project to foster’s Hungary world-wide reputation across the digital eco-system

Digitalization is an indispensable tool: AmCham is dedicated to promote the expansion and growth of the digital economy in Hungary. AmCham, driven by its Digitalization Policy Task Force, collects input and shares sector specific best practices of how digital innovation and digital economy solutions can contribute to business efficiency and eventually to the global competitiveness of a company. We believe that the digitalization and globalization trends reinforce each other; those companies that aspire to become truly competitive global players must both use and keep pace with digitalization.

For Hungary’s future development and attractiveness, we believe it is important to identify at least one digital initiative where Hungary could be a global #1, world-wide acknowledged leader. We believe that a “moon-shot” project should be identified and related to business field(s), in which Hungary can build upon strong traditions. The realization of such a project would place Hungary on the global talent map as a potential digital hub, and directly and indirectly enable a complete eco-system of start-ups, SMEs and multinationals around the subject.

AmCham is dedicated to helping member companies learn about innovative ways to make more business activities digital, and to provide platforms for sharing relevant information with each other. It is crucial to see what types of services companies need for profitable solutions in corporate fields.

We believe that the integration of digital technologies at company level is an important competitiveness issue for Hungary. AmCham and its member companies are dedicated to raising awareness of how digitalization, upcoming technologies, robotics, etc. will transform business activities in the future, with a special focus on integrating SMEs into supply chains.

3. Support the development of an enabling digital infrastructure in Hungary, ensuring that the digital economy and digital society can grow

AmCham closely follows the development of digital technologies and promotes an enabling digital infrastructure for businesses. AmCham believes that adequate digital policies are key for creating and enabling a digital infrastructure that provides a solid basis for bringing new, state-of-the-art, customer-focused digital solutions. AmCham is dedicated to helping create an open, innovative, enabling digital environment that attracts sustained digital infrastructure investments.

4. Support the government in becoming more efficient in providing one-stop shop e-government services to companies and citizens

We recognize that a digital infrastructure supporting e-government services has been established over the past years, but we see a need for the consolidation and harmonization of parallel government systems in order to provide one-stop shop e-government services, contributing to a considerable increase in efficiency for businesses and citizens alike. AmCham advocates for the screening and consolidation of current government processes, and ensuring that processes are fully digitalized. We believe it is key to making a shift to



a service-oriented, efficient government with reduced bureaucracy.

AmCham is committed to monitor experiences of how e-government services can better support business processes and to channel input from member companies in what areas they would require enhanced e-government services. AmCham members can also share international best practices of how e-government services have been developed and provided in other countries.

5. Promote a competitive regulatory environment ensuring free flow of data as a key for competitiveness

AmCham provides platforms for regular discussions around regulatory and policy issues (i.e. data protection) that are vital for a growing digital economy. AmCham encourages the removal of regulatory obstacles. AmCham believes that legislators should carefully identify the sensitive data that needs strong legislative protection; nevertheless, we also encourage decision-makers to realize the need for a competitive regulatory environment, which ensures that non-sensitive data is available, usable and researchable for everyone. Today, businesses collect and use data to continuously improve their products and operations, which we believe should be encouraged by Hungarian legislation for them to stay competitive.

AmCham is dedicated to closely monitoring regulatory and legislative issues related to digitalization and the free flow of data.

AmCham’s commitments:

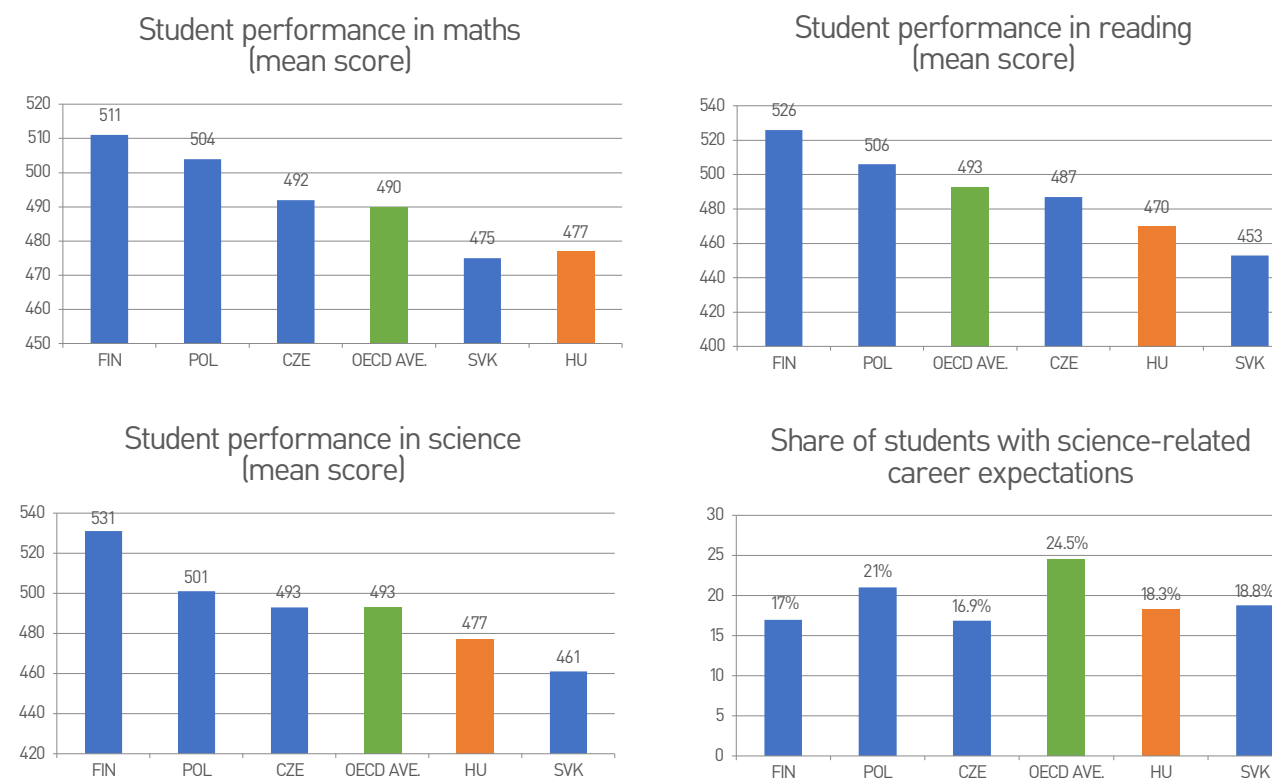
- Support AmCham governmental partners in taking effective measures for extending the digital labour market and in upgrading digital education.
- Work closely with ICT Association of Hungary (IVSZ) and the Digital Prosperity Programme (DJP) with regards to the Digital Workforce Program.
- Share best practices of digital technologies and solutions

Appendix

Chart 1: How Hungary ranks in the 12 pillars that make up the Global Competitiveness Index between 2014-2016

	Rank (out of 144/148/138 economies)			Value (from 1 of 7)		
	2014	2015	2016	2014	2015	2016
1. Institutions	83	97	114	3.7	3.5	3.3
2. Infrastructure	50	48	62	4.6	4.5	4.2
2.B. Electricity and telephony infrastructure	40	39	55	5.4	5.4	4.9
3. Macroeconomic environment	61	52	47	4.8	4.9	5.1
4. Health and primary education	64	72	78	5.8	5.7	5.6
4.B. Primary Education	74	86	103	5.0	4.7	4.6
5. Higher education and training	52	57	72	4.7	4.6	4.4
6. Goods market efficiency	65	72	59	4.4	4.3	4.4
7. Labor market efficiency	75	77	80	4.2	4.2	4.1
8. Financial market development	73	65	70	3.9	3.9	4
9. Technological readiness	50	48	54	4.4	4.6	4.5
10. Market size	53	51	53	4.3	4.3	4.3
11. Business sophistication	92	90	113	3.6	3.7	3.5
12. Innovation	50	51	80	3.5	3.4	3.2
Global Competitiveness Index	60	63	69	4.3	4.2	4.2

Chart 2: How Hungary compared to the region and the OECD in assessed cognitive-based areas in 2015



Source: PISA 2015



More information on the WCR country listings:

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