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# Overview of Hungarian Aero Cluster

## Background:

Since the fall of communism in 1989, Hungary has nearly transformed its economy from centrally-planned to market-based with the private sector accounting for 80% of GDP. It is a member of the OECD (1996), NATO (1999), and the European Union (2004). Hungary is an attractive market for US exports and investment. Companies such as GE, Alcoa, AES, GM, IBM have been attracted to invest in Hungary due to its strategic location in Europe, access to EU markets, highly skilled and educated workforce, and solid infrastructure. The US is the 4<sup>th</sup> largest foreign investor in Hungary behind Germany, Austria and the Netherlands.

## Hungarian Aerospace Cluster:

Hungary's aerospace industry dates back to the early 1900s. During the period of Communist rule that followed World War II, Hungary's aerospace industry experienced a lull and was not revived until the 1990s. In 1992, Lockheed joined with the national air carrier, Malév, to develop an aircraft maintenance and service operation. Today, development in this sector has gained momentum, and the Hungarian government estimates the aerospace industry has more than 120 registered companies and employees approximately 2,100 people.

In 2006, the **Hungarian Aviation Industry Foundation** (HAIF) was founded to coordinate and cultivate the growth and development of the aerospace industry in Hungary. The HAIF seeks a diversified and globally competitive Hungarian aerospace industry.

The HAIF subsequently created the **Hungarian Aerospace Cluster** to create a network of aerospace and related industries focused on product development and manufacturing, particularly the design of small aerospace vehicles, the **Hungarian Aeronautical Research Platform**, which brings academia, research organizations and industry together in a coordinated approach to support product development and to establish R&D partnerships, and the **Hungarian Aerospace Technology Platform** that combines the resources of academia, research organizations and industry to drive a national strategy for aerospace research and to develop and to test small aerospace vehicles. A **Space Technology and Testing Center** focused on space-related R&D and the design/manufacture of onboard and ground segment applications, solid state satellite uplink modulators, among others is under development with discussions initiated with leading European space companies such as EADS (France) and Astrium (France). Hungary's "Aerospace City" is located just outside of Budapest, the nation's capitol.

Under the direction of the HAIF, Hungary's plans for the future of the industry include general aviation, development of Unmanned Aerial Vehicles, development of space systems, engineering design services, composites manufacturing as well as collaboration with European Union clusters. Cluster participants boast a strong engineering background, young, dynamic management, and the following core competencies: composites, machining turbine parts, space avionics to name a few.

## Hungary

### Basic Statistics:

Population: 9.9 million

Per Capita GDP: \$19,000

Unemployment: 7.3%



## Market Opportunities:

The Hungarian government is actively seeking assistance from international partners providing training and R&D cooperation, establishment of joint ventures and subsidiaries. Other market opportunities for US companies include airport and cargo development and air traffic control. Hungarian aerospace companies offer subcontracting and outsourced maintenance and services, and small aircraft supply. Hungary offers attractive incentives for investment such as cash subsidies, development tax allowance, and training subsidies.