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“Increasing capital investment in the ICT sector and narrowing the gap between research and education are the priorities for transition to a knowledge-based economy.”

—*Managing Director, Hungarian software company*

“There is a huge demand for up-to-date information and technologies. The Hungarian government considers the development of the Information Society a key element in ensuring the competitiveness of the country.”

—*Hungarian government official*

Hungary, compared to other former socialist countries, made the transition to the Networked World with a fairly sophisticated ICT infrastructure and a progressive political approach. This attitude and infrastructure helped Hungary to qualify in the first round for admittance into the European Union. The incentive of membership in the EU is a primary driving force in identifying national strategies and priorities to promote liberalization and further development of the ICT sector.

Hungary is one of the most technologically advanced countries in Central and Eastern Europe, as can be surmised by its overall thirtieth ranking in Readiness for the Networked World, behind regional leaders Slovenia, Czech Republic, and Estonia. The current government has shown enthusiasm for meeting the challenges that exist. High access costs are one major hurdle to widening Internet access, especially for private use.¹ Hungary has high teledensity for both fixed and mobile lines compared to other countries in the region. In addition to monthly telephone connection, citizens spend about one-ninth of their average monthly salary for Internet access alone.² With the end of the Matav fixed lines monopoly at the end of 2001, the markets for local, long-distance, and international calls were planned to be liberalized (Ranking in Effect of Telecommunications Competition: 36).

Despite current high access costs, incentives for Internet use are increasing as Hungarian online content increases: more newspapers, television channels, radio stations, corporate firms, and universities have been establishing their Web presence.³ Nearly 200,000 websites currently have Hungarian content, and most professional websites also provide information in English.⁴ In the workplace, the Internet is used primarily for e-mail. One government initiative to increase ICT literacy among the population is *Sulinet* (School Net), launched in 1996. As part of the program's first phase, *Sulinet* is establishing Internet

connectivity in all secondary schools in Hungary. The second phase will provide Internet access to all of the elementary schools in the country (Ranking in Internet Access in Schools: 16). The initiative pays significant attention to distance learning, especially for people in rural areas.

E-commerce has been growing rapidly in recent years. Investments in Hungarian Internet companies speak to interest in the country's e-commerce potential. The turnover of Hungarian B2B e-commerce was about US\$72 million in 2000, while B2C e-commerce performance was almost US\$3.8 million.⁵ Estimated revenues of the Hungarian telecommunications sector in 2000 were US\$2.8 billion and are expected to grow by 20 percent in 2001.⁶

In 2000, the Office of the Government Commissioner for ICT established an institution with responsibility for working out a strategy for Hungarian ICT development. The result is outlined within the *Szechenyi Plan*,⁷ a medium-term economic development strategy whose goal is to achieve sustainable economic growth and improve the competitiveness of the Hungarian economy (Ranking in ICT as Government Priority: 30). At the same time, priority projects on Networked Readiness are planned for completion before January 2003. The Hungarian government is also reviewing a new law on e-commerce and is working on a new unified telecommunications act, a prerequisite for the liberalization of the ICT market.

Key Facts

Population	10,200,000
Rural population (% of total population) 1999	36.20 %
GDP per capita (PPP)	US\$12,335
Global Competitiveness Index Ranking, 2001–2002	28
UNDP Human Development Index Ranking, 2001 (adjusted to GTR sample)	31
Main telephone lines per 100 inhabitants	37.09
Telephone faults per 100 main telephone lines	16.80
Internet hosts per 10,000 inhabitants	102.09
Personal computers per 100 inhabitants	8.51
Piracy rate	51.00 %
Percent of PCs connected to Internet	12.00 %
Internet users per host	6.85
Internet users per 100 inhabitants	6.99
Cell phone subscribers per 100 inhabitants	29.33
Average monthly cost for 20 hours of Internet access	US\$20.74

RANK

Networked Readiness Index **30**

Network Use component index **32**

Enabling Factors component index **29**

■ Network Access **29**

Information Infrastructure 29

Hardware, Software, and Support 29

■ Network Policy **32**

Business and Economic Environment 28

ICT Policy 35

■ Networked Society **27**

Networked Learning 21

ICT Opportunities 37

Social Capital 22

■ Networked Economy **36**

e-Commerce 36

e-Government 25

General Infrastructure 48