The Economic Contribution of Copyright Industries in Hungary 5

Hungarian Intellectual Property Office

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EXECUTIVE SUMMARY

In 2003, the World Intellectual Property Organization (WIPO) published a methodological guide which created a standardized basis for the international comparison of copyright industries.[1] The guide groups surveyed activities according to their copyright content: (i) core copyright industries; (ii) interdependent copyright industries; (iii) partial copyright industries; and (iv) non-dedicated support industries.

This is the fifth survey conducted by the Hungarian Intellectual Property Office (HIPO) on the economic contribution of copyright industries. Previous surveys were conducted in 2005, 2010, 2012 and 2014. In this survey, the comparison of the 2013 results with the 2011 data seeks primarily to determine whether the negative effects of the 2008 crisis on creative activities were temporary, i.e., whether the pre-crisis growth returned during the period under review or whether the contraction observed during the period of the previous survey was a lasting trend.

The results of the survey show that between 2011 and 2013 the economic significance of copyright industries in the Hungarian economy increased in terms of gross value added and employee incomes, while it decreased in terms of output and number of employees. Copyright industries continued to make a significant contribution to the country's economic performance during these years. In 2013, these industries added over 2,089 billion Hungarian forints (8.25 per cent) to GDP, which is unprecedented in the history of Hungarian surveys. Employee incomes similarly increased, contributing another record high of 698 billion forints (8.23 per cent).

In contrast, the contribution of copyright industries to output and employment decreased between 2011 and 2013. Output share had been declining steadily since 2006, confirming a downward trend, whereas employment only started falling in 2011. In the years under review, the output of Hungarian copyright activities was 4,915 million forints, 8.13 per cent of the national economy, the lowest since the inception of the surveys. The 265,000 employees in the sector account for 7.28 per cent of GDP, a rate unchanged since 2006.

Among the copyright industries, "software and databases" made the highest contribution (2.41 per cent) to GDP, while the indicators of four more industries exceeded 0.5 per cent. As with the previous survey in 2011, they include "press and literature" (0.94 per cent), "music, theatrical productions, opera" (0.75 per cent), and "motion pictures and video" (0.54 per cent). Unlike previous years, copyright-related "general wholesale and retailing" (0.57 per cent) was a new addition to the most significant industries.

Comparing the economic performance of copyright industries to other economic sectors shows that with 2,089 billion forints in earnings, their contribution was the fourth highest, following real estate activities and followed by transportation and storage. This contribution is one and a half times higher than that of information and communication, twice that

[1] Guide on Surveying the Economic Contribution of the Copyright-Based Industries. WIPO. 2003.

of education and construction and three times the contribution of the electricity industry. The core copyright industries in themselves occupy a prominent position on the list (1,394 billion forints). Professional, scientific, technical activities (1,470 billion forints) somewhat surpassed these creative activities, which however outdid information and communication (1,368 billion forints) and agriculture (1,154 billion forints).

With a turnover of over 48 billion forints in 2013, the core copyright industries closed the year with a 1.5 billion forint foreign trade surplus. This was the first survey period in the history of the surveys in which the related export exceeded imports. The turnover of foreign trade in copyright services in the years under review exceeded 2,356 billion forints, while the foreign trade balance further improved, at over 160 billion forints.

According to international surveys that use the WIPO methodology, the average contribution of copyright industries to national GDP is 5.1 per cent. Based on performances published to date, 19 countries have exceeded this figure. The United States of America tops the list with 11.44 per cent, followed by South Korea (9.89 per cent) and Mexico (8.07 per cent). In this comparison, based on the most recent data, Hungary is in third place (with 8.25 per cent). The average number of people employed in the copyright industry internationally is 5.3 per cent. 17 countries exceed this figure, the Philippines (11.10 per cent), Mexico (11.01 per cent) and Bhutan (10.09 per cent) being on top of the list. The latest Hungarian figures (7.28 per cent) put the country in eighth place.

In sum, the 2013 data clearly show that Hungarian copyright industries have overcome the unfavorable effects of the economic crisis and over the two years under review, significantly increased gross value added and employee incomes, making the highest contribution to GDP since the inception of the surveys. In contrast, output in these sectors fell for the third consecutive time, primarily because of the continuous shrinkage of interdependent copyright industries. Copyright-related employment decreased following the onset of the 2008 economic crisis; it will be for the next survey to establish whether the setback is only temporary or a lasting trend.

1. BACKGROUND

The economics of copyright has been the subject of research for over eighty years.[2] In spite of the differences in definitions according to country and organization, the economic, social and cultural significance of the creative sector has been recognized worldwide over the past decade and a half. As a result, countless plans have been submitted for the development of this key sector.[3] In addition to these plans, it became even more important to calculate the economic contribution of creative activities.[4] This chapter shows data selected from Hungarian and international surveys conducted since the last Hungarian Intellectual Property Office (HIPO) survey published in 2014.

The largest-scale global study was published by EY[5] in December 2015. The report, entitled *"Cultural times. The first global map of cultural and creative industries",*[6] considers the 11 subsectors below:

- books: physical and digital books sales (including scientific, technical and medical books);
- newspapers and magazines: newspapers, magazines and periodicals, news agencies;
- music: sound recording and music publishing industry, live music;
- performing arts: performing arts activities (dance, theatre, live music, opera, ballet, etc.);
- TV: TV programming, production and broadcasting (including cable and satellite);
- film: motion picture production, post-production and distribution;
- radio: radio broadcasting activities;
- video games: developers, publishers, distributors and retailers (including the required IT equipment sales);
- visual arts: visual arts creation, museums, photographic and design activities;
- architecture: architectural firms; and
- advertising: advertising agencies.

According to the study, in 2013 creative industries generated a total of 2,250 billion US dollars in revenue (more than India's GDP) and employed 29.5 million people. Television was the biggest creative sector (477 billion US dollars), followed by visual arts (391 billion US dollars) and newspapers and magazines (354 billion US dollars). Most of the 1 per cent of the world's active population employed in similar activities work in visual arts (6.7 million people), the music industry (4 million) and books (3.7 million). Asia is the largest market (743 billion US dollars in revenue and 12.7 million jobs), followed by Europe and North America.

Creative industries are a locomotive of the online economy: in 2013, they contributed 200 billion US dollars to the digital economy. These activities also drive the sales of digital devices, to which they contributed 530 billion US dollars. The market for digitally available cultural goods totaled 66 billion US dollars, while the related advertising revenue reached 21.7 billion US dollars.

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2 Penyigey–Munkácsi (2005).
3 Penyigey, 2010.
4 Simon–Pusztaszeri–Tarr (2012) and Simon (2014).
5 Earlier called Ernst & Young.
6 EY, 2015.

Creative industries typically employed more young people aged 15 to 29 years than other sectors. The proportion of women employees was also above average. Creative activities were performed mostly by small businesses and individual creators.

The study also found that world-class cultural infrastructure was a catalyst for urban development. Large-scale events, festivals, exhibition and performance spaces determine the image of a city and support the creation of a city brand. Projects built on creative industries contribute significantly to tourism, thereby creating jobs for locals, and to the formation of more livable cities.

This study provides an overview of the features of the cultural and creative industries in five regions of the world (Europe, North America, South America and the Caribbean, Africa and the Middle East and the Asia-Pacific region).

The surveys conducted by WIPO, which provides the methodology for this study, also cover all the major regions but fall short of providing a complete picture of the economic contribution of copyright sectors. Since the issuance of the guide on uniform methodology, WIPO has been continuously publishing English versions of country reports on its website.[7] During the drafting of this study, reports from 46 countries were available to enable international comparison. The surveys cover a relatively long time span: the earliest date back to 2004, while the latest were published in 2015.

The results show that, on average, copyright industries contribute 5.1 per cent to the GDP of the countries studied. This contribution has been higher than the average in 19 countries. The USA tops the list with 11.44 per cent, followed by South Korea (9.89 per cent) and Mexico (8.07 per cent). According to the latest calculations in this study, Hungary is third (with 8.25 per cent). Copyright industries in these countries contribute an average of 5.3 per cent the workforce. Seventeen countries are above average, with the Philippines (11.10 per cent), Mexico (11.01 per cent) and Bhutan (10.09 per cent) heading the list. The 2013 figures for Hungary, published in 2016 (7.28 per cent), put the country in eighth place.

[7] WIPO, The Economic Performance of Copyright-Based Industries, available at: *http://www.wipo.int/copyright/en/performance/*.

Table 1: Contribution of copyright industries to GDP and employment based on WIPO methodology

Country	GDP	Employment	Country	GDP	Employment
Argentina (2013)	4.70%	3.00%	Lithuania (2012)	5.40%	4.92%
Australia (2015)	7.10%	8.70%	Hungary (2016)	8.25%	7.28%
Bhutan (2011)	5.46%	10.09%	Malaysia (2008)	5.70%	7.50%
Brunei (2011)	1.58%	3.20%	Malawi (2013)	3.46%	3.35%
Bulgaria (2007)	2.81%	4.31%	Mexico (2006)	8.07%	11.01%
South-Africa (2011)	4.11%	4.08%	Moldova (2015)	3.31%	3.58%
South-Korea (2012)	9.89%	6.24%	Russia (2007)	6.06%	7.30%
Dominica (2012)	3.40%	4.80%	Pakistan (2010)	4.45%	3.71%
Ethiopia (2014)	4.73%	4.20%	Panama (2009)	6.35%	3.17%
Finland (2014)	4.73%	5.14%	Peru (2009)	2.67%	4.50%
Philippines (2006)	4.82%	11.10%	Romania (2008)	5.55%	4.19%
Grenada (2012)	4.83%	5.12%	St. Kitts and Nevis (2012)	6.60%	3.10%
Netherlands (2014)	6.00%	7.40%	St. Lucia (2012)	8.00%	4.40%
Croatia (2007)	4.23%	4.65%	St. Vincent (2012)	5.60%	4.90%
Indonesia (2013)	4.11%	3.57%	Serbia (2014)	4.00%	4.06%
Jamaica (2007)	4.81%	3.03%	Singapore (2004)	5.67%	5.80%
Jordan (2012)	2.96%	3.39%	Slovenia (2010)	5.10%	6.80%
Canada (2004)	5.38%	6.96%	Tanzania (2012)	4.56%	5.63%
Kenya (2009)	5.32%	3.26%	Thailand (2012)	4.48%	2.85%
China (2009)	6.37%	6.52%	Turkey (2014)	2.73%	5.40%
Columbia (2008)	3.30%	5.80%	Trinidad and Tobago (2011)	4.80%	5.00%
Latvia (2004)	4.00%	4.40%	Ukraine (2008)	2.85%	1.91%
Lebanon (2007)	4.75%	4.49%	USA (2014)	11.44%	9.85%

Note: year of publication in parentheses
Source: WIPO studies

Several studies were published recently on the economic contribution of creative industries in Europe. One is a study entitled The Economic Contribution of the Creative Industries to the EU in terms of GDP and Jobs, published in September 2014 by TERA Consultants.[8] The study analyses the contribution of creative industries to value added and employment and

[8] TERA Consultants (2014)

tracks industry trends between 2008 and 2011, which is when the unfavorable impact of the economic crisis and the advance of digital technologies were most obvious.

The study found that in 2011, European creative industries contributed 6.79 per cent to the GDP of the 27 European Union (EU) Members States, with the core copyright industries contributing 4.4 per cent. The contribution of all creative industries to employment was 6.47 per cent, with core copyright industries accounting for 3.82 per cent. These sectors therefore contributed more to increasing value added than to creating employment, i.e., they were more capital-intensive than labor-intensive industries.[9] The indicators studied were lower compared with pre-crisis levels, more so for employment than for value added. The biggest losses for both indicators were in interdependent copyright industries.

Table 2: Economic contribution of creative industries in the 27 EU Members States (2011)

	Value added			Employment		
Creative industries	Value added (billion €)	Change (2008–2011)	% EU GDP	Number of jobs (million)	Change (2008–2011)	% of EU employment
Core	558	-0.07%	4.40%	8.3	-2.33%	3.82%
Interdependent	221	-1.18%	1.67%	4.0	-3.88%	1.86%
Support	91	0.58%	0.72%	1.7	-1.19%	0.78%
Total creative industries	860	-0.28%	6.79%	14.0	-2.65%	6.47%

Source: TERA Consultants (2014), p. 5

In the three years studied, the role of creative sectors had declined in all activities except for TV broadcasting, movie production and information technology. Information technology posted significant growth in spite of the crisis, thanks primarily to web development, data hosting and processing and the development of computer programming. The performance of interdependent sub-groups also declined considerably, both in terms of value added and of employment. The non-dedicated support industries sub-group experienced modest growth, driven by the overall stability of the telecom sector.

The study also focused on the performance of the top five European creative markets, representing 72 per cent of the total value added of the EU's creative industries and 68 per cent of employment. The creative industries of the elite group, comprising the United Kingdom, France, Germany, Italy and Spain, suffered more from the recession than the overall economy and similar sectors in other EU Member States. France's performance stands out among the top countries: during the study period, the economic contribution of the creative industry was able to attain 4 per cent growth in value added and 0.4 per cent growth in employment.

[9] As we will see in the Hungarian results, this finding is true for Hungary as well.

The European Grouping of Societies of Authors and Composers (GESAC), commissioned a study by EY published in December 2014: Creating growth – Measuring cultural and creative markets in the EU. The study was the European forerunner of the global survey presented at the beginning of this chapter, so the two analyses were prepared based on identical methodologies.

According to the study, the European creative and cultural sectors had a turnover of almost 536 billion euros and contributed 4.2 per cent to the continent's GDP in 2012. Over 7 million jobs were directly or indirectly linked to these activities, employing 3.3 per cent of the active population. The sector is thus the third largest employer after construction and food and beverage service activities. The number of jobs in the industry is 2.5 times those in the automotive industry and 5 times those in the chemical industry. In 2014 alone, the performing arts, the visual arts and music employed over 1 million people.

Table 3: The 11 cultural and creative markets in the 28 EU countries

Markets	Sales (bn €)	Jobs (in thousands)
Visual arts	128	1,232
Advertising	93	818
Television	90	604
Newspapers and magazines	71	484
Books	36	646
Architecture	36	493
Performing arts	32	1,235
Music	25	1,168
Film	17	641
Video games	16	108
Radio	10	97

Source: EY (2014), p. 11

The highest revenues in the creative industries were as follows: visual arts (128 billion euros), advertising (93 billion euros), television (90 billion euros) and newspapers and magazines (71 billion euros). The performing arts (1.2 million jobs), the visual arts (1.2 million jobs) and the music industry (1.1 million jobs) accounted for half of all creative jobs. Between 2000 and 2007, the entire sector grew faster than the EU average (by 3.5 per cent a year, compared with 1 per cent for other sectors) and successfully resisted the economic crisis (growing at 0.7 per cent annually between 2008 and 2012, even as the average performance of the rest of the EU fell by 0.7 per cent). This sector employs 0.5 per cent more people under 29 than the rest of the economy. In Eastern Europe, this difference is bigger at 1.3 per cent. The study emphasizes that European companies are present in every creative and cultural sector, so the region is at the forefront not only of the preservation and cultivation of tra-

ditional values, but also in the development of new trends. The study separately examines the economic significance of 11 European creative and cultural activities, the salient elements of which are outlined in Chapter 4 below.[10]

A study by the HETFA Research Institute, commissioned by Design Terminal, was added to the literature on the quantitative economic impact of creative industries in Hungary in 2014. The study, The Creative Industry as a Resource, reviewed the performance of Hungarian creative industries between 2008 and 2012. The complete research paper had not been published by the completion date of this study, which therefore cites its main findings from the executive summary available on the Design Terminal website.[11]

According to the study, creative industries contributed 3.7 per cent to GDP and provided 4.4 per cent of total employment. As with the rest of the EU, the performance of the sector grew faster than the national economy as a whole; gross value added grew fivefold, while exports grew twice as fast as for other sectors. The fastest growing area was design (product, graphics and fashion design), the gross value added of which grew threefold, and the number of businesses grew by 250 per cent. In Hungary, 31 per cent of innovative businesses were involved in design innovation. The findings of the study confirmed the hypothesis that businesses involved in design innovation in addition to technological innovation were much more successful than those that were not much concerned with design. The research found that although the Hungarian creative sector was making strides internationally (the proportion of exports in sales revenues jumped from 14 per cent to 21 per cent between 2008 and 2012), it had achieved only a limited increase in competitiveness. However, the message of the study was that if the sector was supported by adequate economic development measures, in the medium to long term it could become one of the propelling forces of the Hungarian economy.

Table 4: The strengths and challenges of the creative sectors in Hungary

Strengths	Challenges
High value added	Access to international markets
Dynamic growth	Low domestic design demand for design
Strong traditions and institutions	Artists' attitudes: little business knowledge
Budapest: ecosystem being constructed, supportive environment	Meeting of capital and business is difficult
Talent- and innovation-oriented set of values	Fault-lines within the sector
Positive examples	Weak cooperation

Source: Design Terminal (2014), p. 4

To date, there have been four surveys on the economic contribution of the creative sec-

[10] EY (2014)
[11] Design Terminal (2014)

tors.[12] The surveys were conducted by HIPO, which was until 2010 the Hungarian Patent Office (HPO). The research conducted in 2004, a pioneering work in Central and Eastern Europe that involved experts delegated by WIPO[13] and used data provided by the Hungarian Central Statistical Office (HCSO),[14] demonstrated that the sector played an important social and economic role in Hungary in 2002. The values obtained proved to be high even in an international comparison.

The next survey was conducted four years later, with data from 2006. It confirmed the significance of copyright sectors in Hungary: in 2006, these sectors contributed significantly more in terms of economic performance and employment.

The third survey, conducted in 2009, examined the initial, direct consequences of the international financial and economic crisis that had erupted a year earlier. According to its findings, Hungarian copyright industries had successfully resisted the immediate effects of the crisis. Different trends evolved, however, within the various categories: while the contribution of interdependent and partial copyright sectors which were most affected by the effects of the recession decreased, the role of the creative activities most closely linked to copyright increased significantly.

The fourth survey, conducted in 2011, assessed the longer-term effects of the economic crisis in Hungary. That study showed that during the period of 2006-2009 the negative consequences of the recession carried over into the copyright industries as well, decreasing their economic weight in all indicators.

Table 5: Economic contribution of copyright industries in Hungary

Year	Gross value added	Gross output	Employment	Gross employee incomes
2002	6.67%	9.69%	7.10%	7.17%
2006	7.42%	11.54%	7.28%	7.32%
2009	7.85%	10.97%	7.98%	8.03%
2011	7.62%	8.74%	7.38%	7.89%

Source: based on earlier HPO and HIPO surveys

[12] Penyigey–Munkácsi (2005), Penyigey (2010), Simon–Pusztaszeri–Tarr (2012) and Simon (2014).

[13] Stephen E. Siwek and Dimiter Gantchev, who actively participated in the development of the WIPO methodology, helped in the preparation of the study.

[14] In the HCSO-HIPO joint research, the data were gathered based on the WIPO methodology; the statistician Zoltán Nádudvari participated in the domestic adaptation and coordination of data retrievals.

2. METHODOLOGY

2.1. WIPO methodology

WIPO issued a methodological guide in 2003 which created a standardized basis for international comparison of copyright industries.[15] To better understand the economic contribution of the creative sectors[16] this study classifies the activities examined into four categories depending on how closely related they are to copyright: (i) core copyright industries; (ii) interdependent copyright industries; (iii) partial copyright industries; and (iv) non-dedicated support industries.

2.2. Definition of copyright industries

The WIPO methodology provides a rather broad interpretation of copyright-based industries, or copyright industries for short. In addition to the core creative activities, this survey examines the effects on value added and the jobs created by these activities seeping into other sectors. In theory, the creation and enjoyment of works protected by copyright requires for the most part the involvement of certain intermediaries. Such intermediaries come from the sectors providing, for example, a technical background (e.g., computer production and paper production) or certain servicing activities (e.g., trade, packaging and transportation). Depending on the closeness of their relationship with copyright-protected products, the WIPO methodology classifies copyright sectors into the four main categories listed in the preceding paragraph.

Core copyright industries are sectors which are closely linked to copyright-protected creations, that is, they involve the creation, performance, broadcasting, communication, exhibition and distribution of the works. The following fall under this category:

- press and literature;
- music, theatrical productions and opera;
- motion picture and video;
- radio and television;
- photography;
- software and databases;
- advertising; and
- professional organizations.

Interdependent copyright industries cover activities which enable primary intermediaries to facilitate the creation, distribution or consumption of copyright-protected works. This category comprises the manufacture, production and sale of instruments and equipment that can fulfil the function of delivering creations to audiences. Since consumption of the products created by the core industries would be impossible without these inputs, the

[15] WIPO (2003). WIPO issued the revised edition of the guide in 2015. As the preparations for this study were initiated in 2015, the Hungarian survey follows the guidelines of the earlier version of the guide.

[16] To avoid repetition, the terms "copyright sectors" and "creative sectors" will henceforth be used as synonyms in the text.

contribution of the activities in the second category is still significant, but, unlike the first group, determining their contribution also requires estimates by experts. Interdependent copyright industries are the following:

- manufacture, wholesale and retail of consumer electronics, that is TV sets, radio receivers, CD and DVD players, cassette recorders, video game consoles and similar devices;
- manufacture, wholesale and retail and lease of computers;
- manufacture, wholesale and retail and lease of musical instruments;
- manufacture, wholesale and retail of paper related to authors' works;
- manufacture, wholesale and retail and lease of photographic and cinematographic instruments;
- manufacture, wholesale and retail and lease of photocopiers; and
- manufacture, wholesale and retail of blank recording materials.

Partial copyright industries cover those activities which involve the creation of copyright-protected products, but are not limited to the exclusive production of these. Accordingly, the WIPO methodology includes partial copyright industries only to the extent, also based on expert estimates, that the given sector has a copyright component. The so-called copyright factors[17] are responsible for ensuring that the value added, output, and number of jobs in sectors partially connected with copyright should be calculated as accurately as possible in the overall calculation of the contribution of the copyright industry. (Annex 3 lists the copyright factors used in the survey.) Partial copyright industries are the following:

- manufacture, wholesale and retail of apparel, textiles and footwear;
- manufacture, wholesale and retail of jewelry and coins;
- manufacture, wholesale and retail of other crafts;
- manufacture, wholesale and retail of furniture;
- manufacture, wholesale and retail of household goods, china, and glass;
- manufacture, wholesale and retail of wall coverings and carpets;
- manufacture and sale of toys and games;
- architecture, engineering; and
- museums.

The fourth category of non-dedicated support industries comprises sectors which are required in a broad sense to create, access and consume copyright-protected works. Of all the categories considered, these are farthest removed from the core copyright industries, so they are included with the smallest weighting.[18] Non-dedicated support industries include the following:

- general wholesale ad retailing;
- transportation and storage; and
- telecommunications.

The weighting of the fourth category is defined in accordance with the methodology used in the first report published by the United States of America. In that report, the weight of

[17] For more on copyright factors, see Penyigey–Munkácsi (2005), pp. 28–30.

[18] The performance of these industries is calculated as the sum of the percentage values of the creative sectors in the first three categories (core, interdependent and partial copyright industries) in GDP in the relevant year.

copyright activities in non-dedicated support industries was equal to the proportion in the gross value added of the copyright sectors (core copyright industries, interdependent copyright industries and partial copyright industries).

2.3. Statistical data

This survey is based on the statistical methodology suggested by WIPO, adjusting as necessary for the specific features of the Hungarian statistical data collection and survey system.[19] As in earlier years, the Hungarian Central Statistical Office (HCSO) played a key role in compiling and providing data that is in line with international methodology.[20]

The survey examines the economic contribution of copyright industries using the following economic indicators:

- gross output;
- gross value added;
- employment (number of employees);
- employee incomes;
- product import;
- product export;
- import of services; and
- export of services.

Output is the aggregate total of products and services produced by a given economic unit for the purposes of use by another party and for its own end use, calculated at basic prices.

Gross value added is the value of gross outputs at basic prices, less the value of intermediate consumption calculated at the acquisition price, that is, in a given accounting period, the value of products and services purchased from other production units during the production process that are used for producing new products and services.

Number of employees is the number of persons participating in the activities of organizations. An employee is to be considered as participating in the activities of an organization if he or she has a legal employment relationship with a given employer, is working for a fee as a contractor or based on an agreement. The concept also includes private entrepreneurs, any unpaid helping family member, any member of the management whose work income is less than 50 per cent of total income earned at that company or the larger part of whose income derives from profit, and any unpaid working members of a company.

Employee incomes include all remuneration by the employer both in money and in kind in

[19] For further information on the methodology used in the survey, see Chapter IV in Penyigey–Munkácsi (2005).

[20] This document was prepared using the data files of the HCSO (www.ksh.hu). The calculations included in the document and the ensuing conclusions are the exclusive intellectual products of the author.

consideration for the work performed by an employee. In addition to wages and earnings, it also comprises social security contributions paid by the employer.

These indicators are classified using several economic statistical classification systems. The Hungarian Standard Sectoral Classification of Economic Activities (commonly known as TEÁOR) is a classification system based on the EU's corresponding classification registry (NACE). The HCSO ensures that the data is compliant with internationally aligned, uniform standards and is therefore comparable. Based on Regulation 1893/2006/EC, the latest form of the classification of economic activities has been in effect since 1 January 2008: TEÁOR 2008 applies to the definition of the main activities of economic units, to the calculation of economic and social indicators and to the publication of statistical data. Eurostat regularly audits the classification system, the data and the processes applied for producing the data. The conceptual definitions of the Hungarian statistical system follow European and international standards, enabling the adaptation of the international methodology. The guide that serves as a reference specifically names those industries and sectors based on the United Nations International Standard Industrial Classification (ISIC) and NACE classification systems that come under copyright activities.[21] The categories of the systems mentioned are compatible with the contents of the TEÁOR, so it is possible to collect data that follows the original methodology and therefore allows international comparisons.

In addition to the sectoral classification of activities, data that is grouped on the basis of the classification system of products and services (TESZOR) is also available. TESZOR is the Hungarian version of the EU's Classification of Products by Activity (CPA). Pursuant to Regulation 451/2008/EC, since 2008 this system must be applied in statistics. This was amended by European Commission Regulation 1209/2014/EU, which provides that as from January 1, 2015 a new, updated TESZOR structure must be applied.

After the HCSO provided the latest data in 2011, an overall revision coordinated with Eurostat was instituted in the GDP product accounts and the Extended Balance of Payments Services (EBOPS) methodology. The Hungarian office published the revised indicators of the GDP product accounts in the fourth quarter of 2015. The data provision for 2013 includes the final results of the GDP calculation in accordance with the requirements of HIPO. As a result of the methodological development by HCSO, for this analysis methodologically consistent data is available on the evolution of the sectoral structure of copyright activities for the 2011-2013 period.

To calculate the change in gross value added and gross output of the copyright sectors for 2013, in addition to the current-price data, HCSO calculated gross value added and gross output measured by 2011 prices for each and every copyright sector.[22]

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[21] The detailed list of these sectors, with their statistical codes, is included in the *Guide on Surveying the Economic Contribution of the Copyright-Based Industries.* WIPO, 2003, pp. 73–79.

[22] Zoltán Nádudvari produced the comparative prices in accordance with the statistical standards applicable to price index calculations.

The overall revision of the HCSO data produced significant changes in the numbers obtained during the latest survey. Accordingly, in the interests of comparability, the study deviated from the practice of earlier surveys concentrating primarily on the indicators related to the relevant years, 2011–2013. More information on the results of the 2002–2011 period can be found in earlier studies of the survey series.

3. THE ECONOMIC CONTRIBUTION OF COPYRIGHT INDUSTRIES IN HUNGARY

Following the practice of earlier years, this study examines the economic contribution of copyright industries based on four indicators: gross value added, output, employment and employee incomes. As a novelty compared with previous studies the study concentrate primarily on the data of the year under review, that is, 2013, while changes were measured against the indicators of the year that was the subject of the previous survey, that is, 2011. However, these do not match the numerical values obtained during the latest survey for all indicators. This is because after the data provision linked to the reference year, the HCSO conducted an overall revision in the GDP product accounts and the EBOPS methodology, which resulted in a change in the related data. The 2011 results had to be revisited so as to accurately reflect changes in the economic performance of copyright industries during the period under review and to ensure that the new data was comparable with earlier data. As a result of the methodological review by the HCSO, there was methodologically consistent data on trends in the sectoral structure of copyright activities in the relevant years.

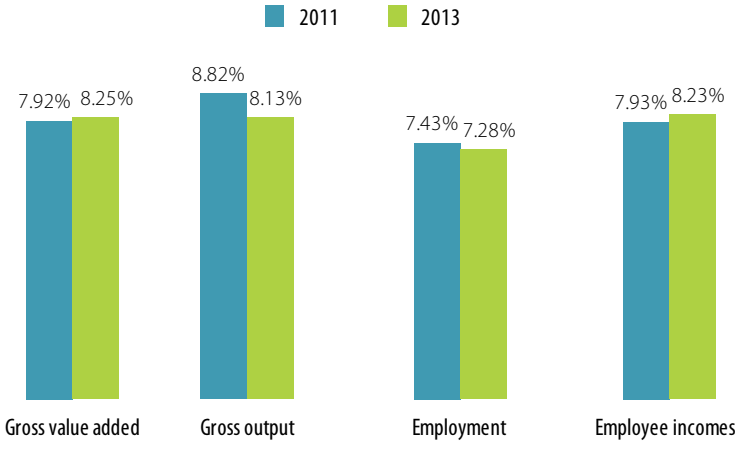
The next section therefore presents trends in the economic performance of copyright industries. Firstly, the aggregate indicators will be presented, followed by the results according to the categories outlined in Chapter 2.

3.1. Contribution of copyright industries

As with the result of previous surveys, the performance of copyright industries shows that they play a significant role in the Hungarian economy. In 2013, these activities contributed over 2,089 billion forints (8.25 per cent) to GDP. At current prices, this represents a growth rate of 10.4 per cent (1,892 billion forints), as compared to the revised data provided by the HCSO for 2011. Calculations show that the percentage of the gross value added to the national economy was at a record high: the 8.25 per cent contribution is 0.4 per cent higher than the second highest result, achieved in 2009 (7.85 per cent). This indicator is 0.33 per cent higher than the recalculated figure for 2011 (7.92 per cent). The figures therefore establish that the setback in 2011 resulting from the economic crisis was temporary and that thereafter, the relevant sectors were again able to augment their contribution to the Hungarian economy.

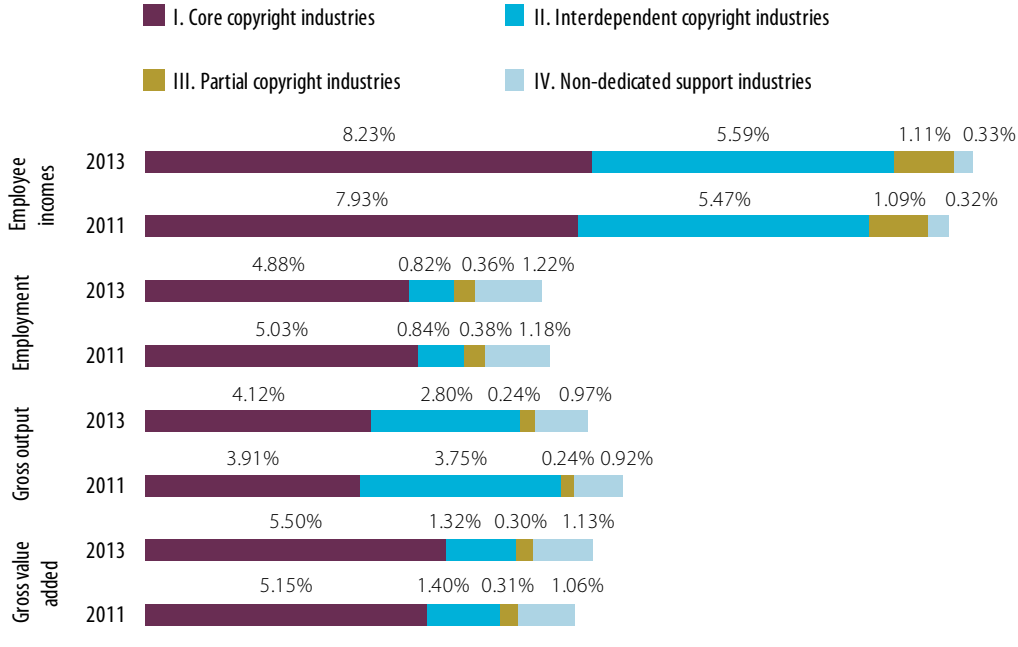
However, this does not apply to gross output. In 2013, the output of copyright industries at current prices was nearly 4,915 billion forints, 4.6 per cent less than the revised HCSO figure for 2011. At the same time, the economic contribution of the sectors studied also decreased: from 8.82 per cent to 8.13 per cent. This also means that since 2009, 2013 is the second year in which the value added by copyright industries and their output have opposing trends. In fact, the indicator obtained is the lowest in the history of the survey, aside from the recalculated 2011 data. The reason behind the fall in output is the upward movement in the rate of actual value added, that is, the improvement of productivity and the slowdown in processing industry and production activities.

Figure 1: The economic contribution of copyright industries in Hungary



In the two years under scrutiny, employment in copyright industries fell. In 2011, almost 271,500 employees worked in this area; by 2013, the figure was a little above 265,000. The contribution of copyright sectors to employment decreased from 7.43 per cent to 7.28 per cent. This was the first time since the inception of the surveys that while the gross value added grew, employment numbers declined.

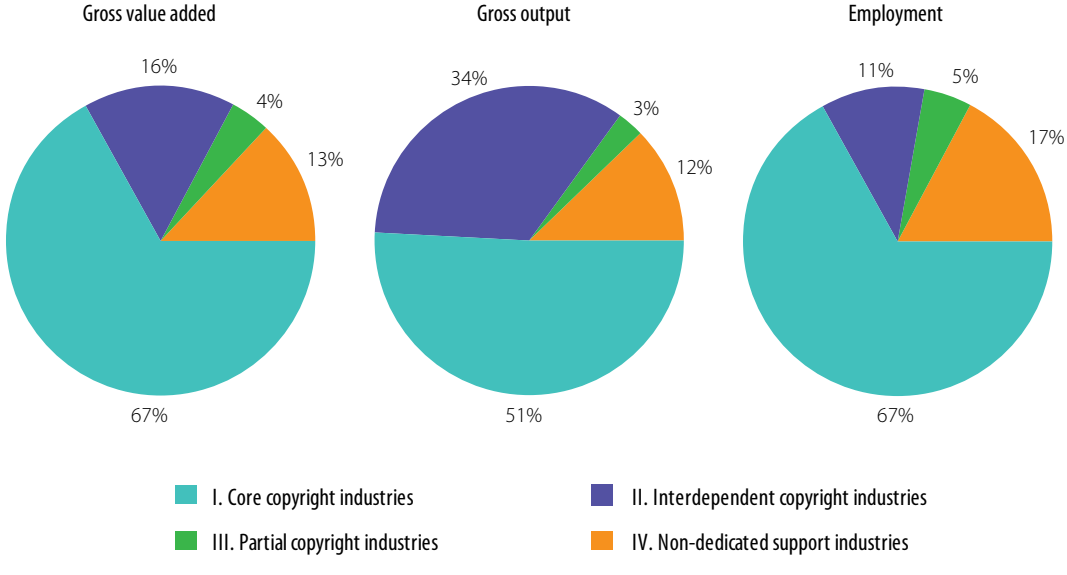
Figure 2: The economic contribution of copyright industries per category



In spite of the decrease in the number of employees, in 2013 aggregate employee incomes earned from copyright activities exceeded 698 billion forints, which is a 13 per cent rise compared to 2011. At the same time, the economic contribution of the sectors also expanded, by 0.3 per cent to 8.23 per cent. The results show that employee incomes of copyright activities are more closely related to gross value added than to employment.

Of all the copyright industries, the core copyright industries contribute the most to the national economy. In 2013, two-thirds of the indicator in gross value added and employment, and over half of the output, was produced by the most creative activities. Compared with the 2011 data, the weight of the core sectors grew by 8 percentage points in terms of output and by 2 percentage points in terms of value added, while employment in the sector shrank by 1 percentage point. In terms of output, this is the first time that the weight of these sectors is greater than that of interdependent copyright industries.

Figure 3: Share of various categories in the economic contribution of copyright industries



Among the copyright sectors, "software and databases" performed best, as evidenced by their share of GDP (2.41 per cent). The indicators for four other areas exceeded 0.5 per cent. As with the last survey in 2011, they include "press and literature" (0.94 per cent), "music, theatrical productions, opera" (0.75 per cent), and "motion pictures and video" (0.54 per cent). Unlike previous years, however, copyright-related "general wholesale and retailing" (0.57 per cent) was a new addition to the most significant areas.

Below is a review of the changes in the performance of the various copyright sectors in the period between 2011 and 2013, based on the indicators. Prior to the trend analysis, in order

to better understand the main reasons behind the evolution of the data, this study outlines the more significant influences. The variances between 2011 and 2013, both in terms of the aggregate and the various categories, reflect the combined effect of several factors. As outlined in section 2.3 above, following the overall methodological revision that took place under the coordination of Eurostat, the HCSO recalculated the 2011 GDP and the relevant indicators of foreign trade in services (EBOPS) so that they could be comparable with the 2013 data. Therefore, the variances in the numerical values pertaining to the two years that are the subject of this study cannot arise from methodological differences. The variances can be explained by a modification in the nominal data at current prices, which is a function of the change in prices and volumes, and, depending on trends in GDP, by the extent of the contribution to GDP. In certain cases the survey percentage may be different, e.g. the contribution of "professional organizations" is determined by the aggregate weight of the other core sectors and the copyright-related value of "manufacture of photographic and cinematographic instruments" and "manufacture of photocopiers" is estimated from the relevant annual sales revenue.

Between 2011 and 2013 the performance of the Hungarian economy was variegated. GDP at current prices rose by 6.1 per cent and the volume index – filtering out the effect of price changes – grew by 0.7 per cent. There was a 3.6 per cent growth in output at current prices with a 0.8 per cent drop in the volume index. The number of employees shrank by 0.3 per cent; in contrast employee incomes grew by 8.9 per cent. This data serves as a starting point for analyzing changes in the performance of the various copyright activities.

Based on gross value added at current prices, in two years the largest growth was achieved by "manufacture of photocopiers" (77 per cent), followed by "professional organizations" (34 per cent) and "manufacture of paper" (31 per cent). In contrast "jewelry and coins" (42 per cent), "manufacture of computers" (15 per cent) and "museums" (12 per cent) showed the largest decline in performance.

Table 6 includes those copyright industries where, after filtering out the effect of price change, the growth of gross value added grew faster than GDP. Based on this criterion, of the 32 activities considered, 13 were included in the list. "Manufacture of photocopiers" achieved the largest growth (47 per cent), followed by "manufacture of photographic and cinematographic instruments" (24 per cent) and "software and databases" and "professional organizations" (17 per cent each). In contrast "jewelry and coins" suffered the biggest loss (-49 per cent), followed by "manufacture of blank recording material" (-40 per cent), and "other crafts" and "manufacture of computers" (-20 per cent each).

Table 6: Copyright activities that grew faster than GDP in the 2011–2013 period

music, theatrical productions, opera	manufacture of paper
photography	toys and games
software and databases	architecture, engineering
advertising	general wholesale and retailing
professional organisations	transportation
manufacture of photographic and cinematographic instruments	storage
manufacture of photocopiers	

National output decreased by 0.8 per cent in 2011-2013. 18 of the 32 observed relevant sectors exceeded this performance. The indicator grew in all of the core copyright industries, with the exception of "newspapers and literature", in five of the nine observed interdependent copyright industries, in three of the 10 partial copyright industries, and in three of the five non-dedicated support industries. "Manufacture of photocopiers" achieved the largest growth (31 per cent), followed by "manufacture of photographic and cinematographic instruments" (25 per cent) and "professional organizations" (15 per cent). In contrast, output fell most in relation to "jewelry and coins" (-45 per cent), "manufacture of consumer electronics" (-38 per cent) and "manufacture of blank recording material" (-19 per cent).

The 2013 employment figures are 99.7 per cent of the 2011 numbers. Only seven activities had a higher value; these are listed in Table 7. "Manufacture of blank recording material" stands out (37 per cent growth), followed by "telecommunications" (10 per cent) and "software and databases" (6 per cent). The biggest employee cutbacks were in "radio and television" (-35 per cent), but the decrease was also significant in the areas of "jewelry and coins" (-24 per cent), and "household goods, china and glass" (-12 per cent).

Table 7: Copyright activities that grew in comparison with employment in the 2011–2013 period

motion picture and video	other crafts
software and databases	toys and games
manufacture of photographic and cinematographic instruments	telecommunications
manufacture of blank recording materials	

Changes in gross value added and the employment indicator determine the productivity of the economy. The productivity index of the national economy grew by 1 per cent in the 2011-2013 period. Over half of the 32 examined sectors (18) grew faster. "Manufacture of photographic and cinematographic instruments" (51 per cent) stood out, but "professional organizations" (20 per cent) and "music, theatrical productions, opera" also demonstrated significant growth levels (19 per cent). During the relevant period, "manufacture of blank recording material" (-56 per cent) had the lowest index value, i.e. the largest drop in pro-

ductivity, followed by a significant drop in "jewelry and coins" (-34 per cent) and "other crafts" (-23 per cent). Figures show that the productivity of copyright industries grew six times faster, and that of the core copyright industries eight times faster than GDP.

Table 8: Copyright sectors that grew at a faster rate between 2011 and 2013 than the growth rate of the entire national economy

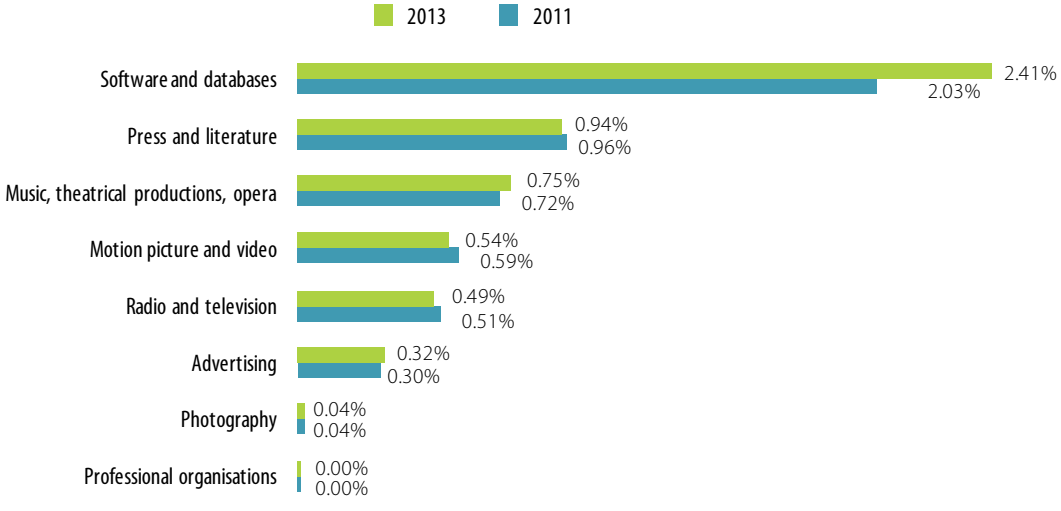
press and literature	manufacture of paper
music, theatrical productions, opera	rental
radio and television	toys and games
photography	architecture, engineering
software and databases	museums
advertising	general wholesale and retailing
professional organisations	transportation
manufacture of consumer electronics	storage
manufacture of photographic and cinematographic instruments	manufacture of photocopiers

3.2. Contribution of core copyright industries

In 2013, the gross value added by core copyright industries was 1,394 billion forints, or 5.5 per cent of GDP. According to the revised data of the HCSO, performance at current prices exceeded the 2011 figure by almost 13.4 per cent. The percentage edged up by 0.35 per cent from 5.15 per cent during the study period. It is clear from the surveys that core copyright industries contributed the most to GDP during the relevant period: in 2009, the year with the second highest indicator, they contributed 5.18 per cent.

Continuing the trend of earlier years, "software and databases" contributed the most in 2013, accounting for almost 44 per cent of the value added. Their contribution to GDP was equally significant – 2.41 per cent, in addition to spectacular growth. In 2011, the contribution had been a mere 2.03 per cent. The performance of "press and literature" category was outstanding at 17 per cent, while "music, theatrical productions, opera" contributed 14 per cent. Apart from "software and databases", the contribution of other related activities remained essentially unchanged from the previous survey.

Figure 4: Contribution of core copyright industries to gross value added

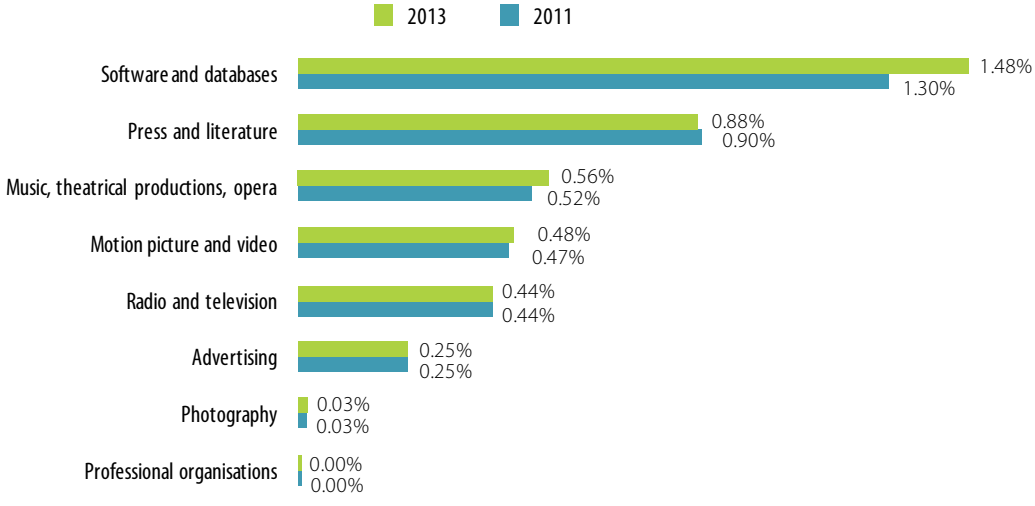


Core copyright industries achieved 2,495.3 billion forints in gross output in 2013, contributing 4.13 per cent to GDP. These indicators significantly surpass the revised figures for 2011. Current-price output grew by over 9 per cent compared with two years earlier, while the contribution to GDP grew from 3.91 per cent to 4.13 per cent.

The quantitative rank of the various activities matches performances in gross value added, but the proportions are different. "Software and databases" contributed 36 per cent to the output associated with core copyright industries, the weight of "press and literature" was over 21 per cent, while "music, theatrical productions, opera" was 13 per cent.

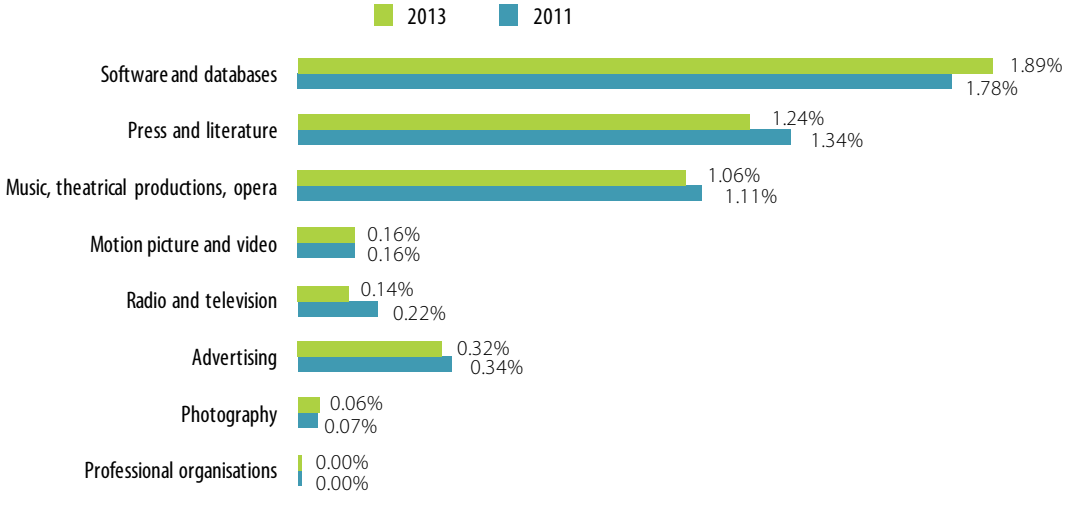
There is an interesting difference between the contribution to GDP in terms of gross value added and output for the leading activity, "software and databases": in spite of the considerable growth, the contribution of the sector to output in GDP (1.48 per cent) is almost 1 percentage point behind its gross value added (2.41 per cent), which means that this activity is highly productive.

Figure 5: Contribution of core copyright industries to output



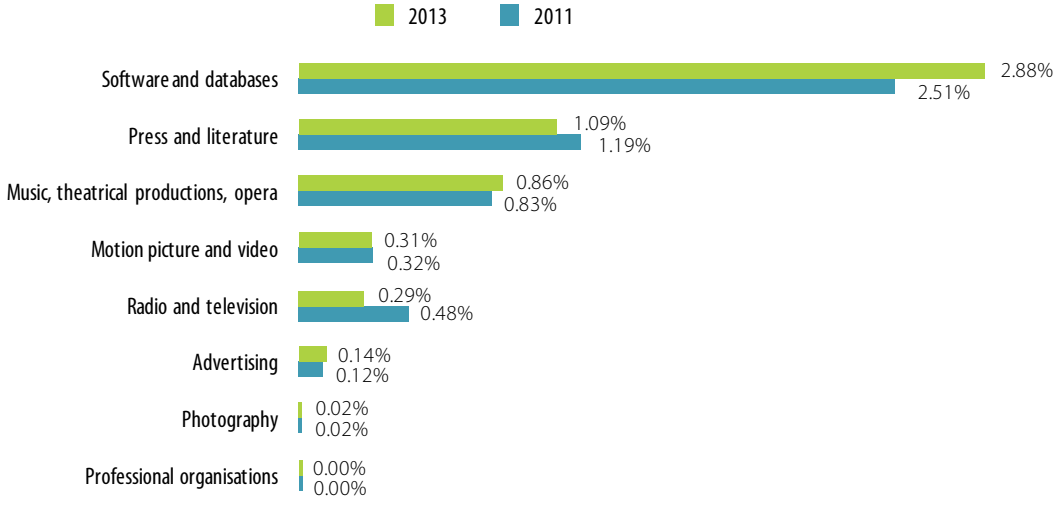
Core copyright industries employed nearly 178,000 people on average in 2013, 3.2 per cent less than two years earlier (183,500 people). The economic contribution of those employed by the sector also decreased accordingly, from 5.03 per cent to 4.88 per cent. Within the category, 38.7 per cent of employees (69,000 people) worked in "software and databases", followed by "press and literature" with 25.5 per cent (45,000 employees) and "music, theatrical productions, opera" with 21.7 per cent (38,500 employees). Between 2011 and 2013, the largest number of recruitments was also in "software and databases", which added almost 3,900 employees (6 per cent) to their ranks. In contrast, "press and literature" lost over 3,800 employees, "radio and television" nearly 3,000 employees (35 per cent), while "music, theatre, opera" lost 2,000 employees.

Figure 6: Contribution of core copyright industries to employment



Employee incomes in core copyright industries in 2013 amounted to 474.3 billion forints, a 5.59 per cent contribution to GDP. Results show that over two years, remuneration in these sectors grew by 11 per cent at current prices, a 0.12 percentage point rise. This also shows that in the relevant years, income from employment did not follow the trajectory of number of employees; instead, the numbers show parallel curves with gross value added and output: while the former decreased, the other indicators were able to improve. Within the category, the largest total of incomes was in "software and databases" (51.4 per cent), followed by "press and literature" (19.5 per cent) and "music, theatrical productions, opera" (15.4 per cent). "Motion picture and video" (28 per cent) and "software and databases" (25 per cent) accounted for the largest increase at current prices. In the latter case, the growth was also supported by a 26 per cent rise in gross value added and a 6 per cent rise in the number of employees. The situation, however, is different for "motion picture and video": the significant growth in the total of wages was followed by a slight (4 per cent) rise in output and stagnation in the other indicators. In the other sectors within the group, income from employment roughly reflected the changes in the number of employees.

Figure 7: Contribution of core copyright industries to employee incomes



3.3. Contribution of interdependent copyright industries

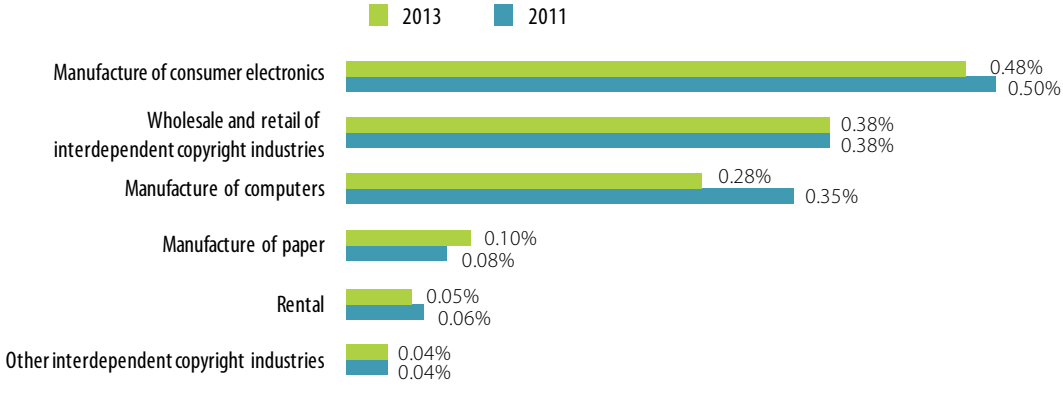
Interdependent copyright industries are activities which provide primary intermediaries to facilitate the creation, distribution or consumption of works and other copyright-protected creations, i.e., they produce and sell equipment or devices that enable contact between creative works and audiences.

In 2013, interdependent copyright industries contributed 333.3 billion forints (1.32 per cent) to GDP. Revised HCSO data show that in 2011, they contributed 335.1 billion forints at current prices (1.40 per cent of GDP). Both statistics show that the contribution of interdepend-

ent copyright industries to value added has declined over two years, continuing a trend first seen in 2006. The 1.32 per cent is the smallest since the first survey was conducted: this indicator was 1.25 per cent in 2002 and reached 1.79 per cent in 2006.

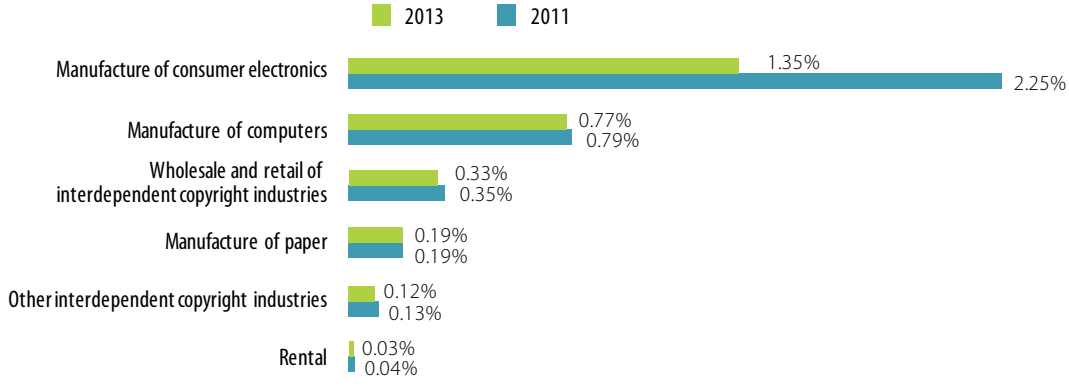
"Manufacture of consumer electronics" is the largest activity within the category. In 2013, it contributed over 36 per cent of the aggregate results of interdependent copyright industries. "Wholesale and retail of interdependent copyright industries" contributed 29 per cent, while "manufacture of computers" contributed 21 per cent. The only activity that showed some growth (0.02 percentage points compared with GDP) over two years was "manufacture of paper", while "manufacture of computers" accounted for the largest losses, with contribution to GDP falling from 0.35 per cent to 0.28 per cent.

Figure 8: Contribution of interdependent copyright industries to gross value added



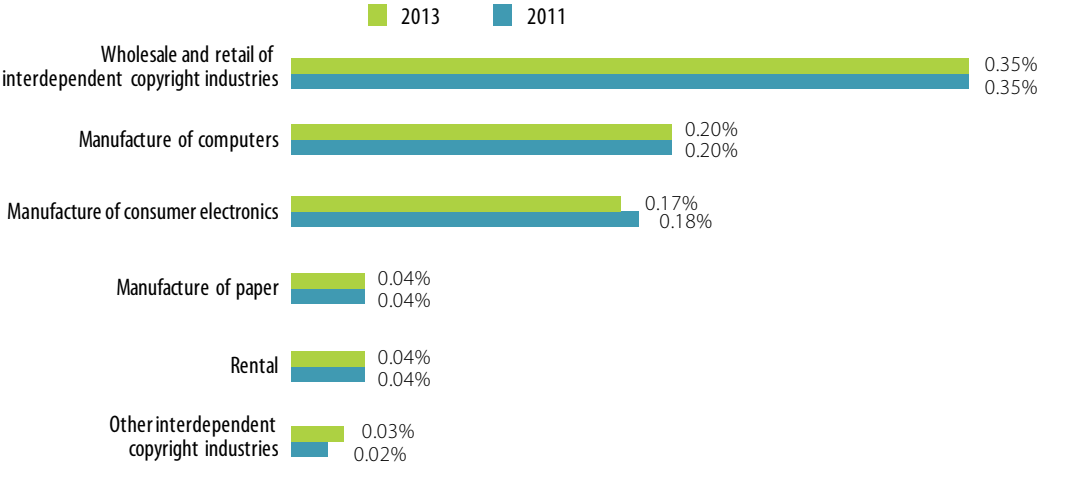
The output of interdependent copyright industries in 2013 amounted to 1,689.5 billion forints, contributing 2.79 per cent to GDP. This is a considerable drop compared with 2011 data. The value calculated at current prices was 23 per cent less than two years earlier, while the proportion of the GDP decreased by 0.96 percentage points. The fall is almost entirely due to the dramatic decline of the performance of "manufacture of consumer electronics", which dropped by almost 38 per cent over two years. In spite of the continued downturn in the sector, it still provides over 48 per cent of the category's output, followed by "manufacture of computers" with 27.6 per cent and "wholesale and retail of interdependent copyright industries" with 11.7 per cent.

Figure 9: Contribution of interdependent copyright industries to output



In 2013, interdependent copyright industries employed over 29,800 people, 0.82 per cent of total employment. This is more than 900 jobs fewer than two years earlier, when 0.84 per cent of employees worked in a related sector. Within the category, "wholesale and retail of interdependent copyright industries" accounted for over 42 per cent of employees (13,000 jobs), other important areas being "manufacture of computers" at 24 per cent (7,000 jobs) and "manufacture of consumer electronics" at 21 per cent (6,000 jobs). The number of employees in "manufacture of blank recording material" increased by 37 per cent (135 jobs), while the number of employees decreased somewhat in the other affected sectors.

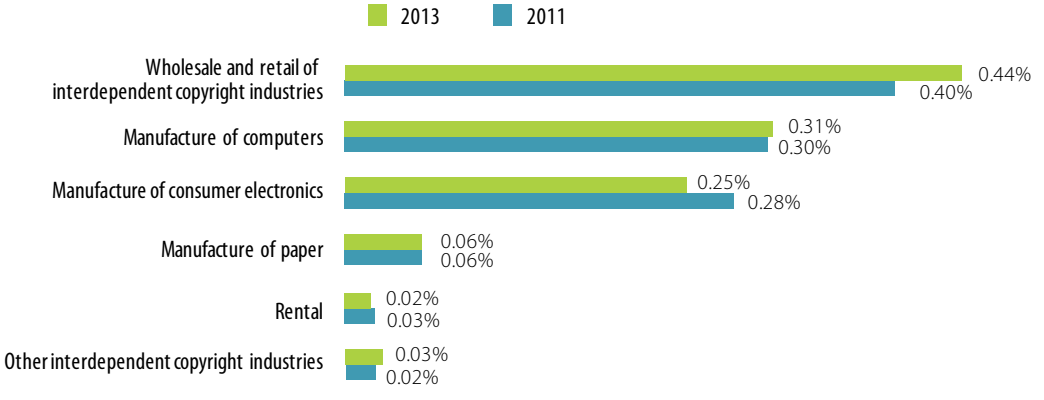
Figure 10: Contribution of interdependent copyright industries to employment



Employee incomes in interdependent copyright industries amounted to nearly 94 billion forints in 2013, 11 per cent higher than that of two years earlier. The weight of employee incomes in the national economy also edged up by 0.02 percentage points to 1.11 per cent.

Within the category "wholesale and retail of interdependent copyright industries" is the most important with 40 per cent, followed by "manufacture of computers" (28 per cent) and "manufacture of consumer electronics" (22 per cent). The contribution of related trade in the period under review was able to grow, even though the number of employees in the sector stagnated, while the relevant gross value added increased by 5 per cent. A simple reason lies behind the decrease in employee incomes associated with "manufacture of consumer electronics": all indicators showed a decline in this activity.

Figure 11: Contribution of interdependent copyright industries to employee incomes

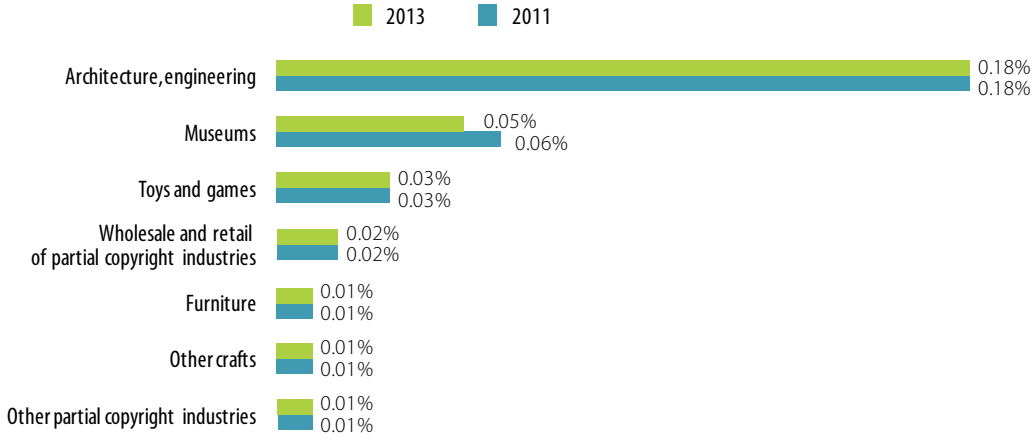


3.4. Contribution of partial copyright industries

Partial copyright industries include those sectors in which only part of the activity is connected with the production of copyright-protected products. Accordingly, these activities are included in the calculations, based on expert estimates, with a weighting that shows what percentage of the production of the sector falls under copyright-protected works.

In 2013, partial copyright industries contributed nearly 76 billion forints (0.30 per cent) to GDP. At current prices, this amount exceeds the indicator of two years earlier by 3.5 per cent. Its share in GDP remained essentially unchanged compared with the previous period, which also means that the trend experienced in previous years continued. "Architecture, engineering" stands out, accounting for over 60 per cent. The contribution of "museums" is also considerable (16.5 per cent). The contribution of gross value added to GDP has remained essentially unchanged in the two years under review.

Figure 12: Contribution of partial copyright industries to gross value added



Output in 2013 approached 142.5 billion forints, contributing 0.24 per cent to GDP. In spite of a 2.3 per cent growth in current-price value, the ratio of the category remained unchanged. "Architecture, engineering" and "museums" were the largest (55 per cent and 15 per cent, respectively). The significance of the former increased by 1.6 percentage points in the two years under review, while the latter decreased by the same margin.

Partial copyright industries employed 13,000 people in 2013, 900 less than two years earlier. As a result, the contribution to GDP decreased somewhat, from 0.38 per cent to 0.36 per cent. As with previous years, the largest employer within the group was "architecture, engineering" (46 per cent), followed by "museums" (20 per cent). In the two years under review, the number of employees rose only in two fields: "other crafts", by 3 per cent and "toys and games", by 0.7 per cent. The biggest loss was in the area of "jewelry and coins" which employed 24 per cent fewer people in 2013 than in 2011.

In terms of employee incomes, in 2013 these sectors achieved 27.6 billion forints, which was 0.33 per cent of total employee incomes in Hungary. This value exceeded that of two years earlier by nearly 10 per cent. Within the category "architecture, engineering" has the largest weight (37 per cent), followed by "museums" (22 per cent) and "wholesale and retail of partial copyright industries" (20 per cent). Within the two year period the "household goods, china and glass" category grew the most (36 per cent), followed closely by the growth of "other crafts" (27 per cent). Only "museums" showed lower employee incomes than two years earlier within the group. The 6 per cent decline is caused primarily by a 12 per cent decrease in the number of employees in the area.

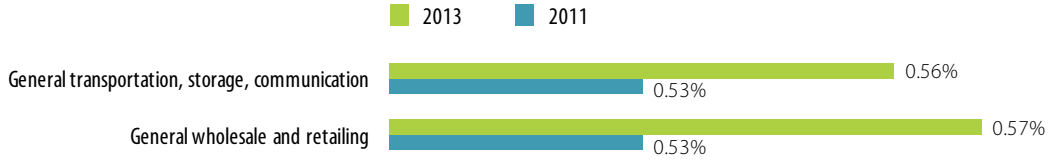
3.5. Contribution of non-dedicated support industries

Of all the categories considered, this is farthest away from creative activities. Following international practice, these sectors are included in the calculations with the aggregate

weight in the GDP of core copyright industries, interdependent copyright industries and partial copyright industries. In 2013 this rate was 7.12 per cent.

In 2013, non-dedicated support industries generated gross value added of 286 million forints, which is close to 13 per cent growth compared with the 2011 HCSO revised data (forints 254 million). Their contribution to GDP also rose from 1.06 per cent to 1.13 per cent. There are two reasons for this growth: firstly, the rate of the activities under review grew at current prices, and secondly, they were given a greater weighting in the calculations.

Figure 13: Contribution of non-dedicated support industries to gross value added



In 2013, non-dedicated support industries contributed 587.8 billion forints to economic output, a 9 per cent growth in the two years under review. Their contribution to GDP also increased from 0.92 per cent to 0.97 per cent. The reasons for the growth are the same as for gross value added; within the category, only the output at current prices of telecommunications decreased, by 3 per cent.

Non-dedicated support industries employed 44,500 people, which is 3 per cent higher than two years earlier. The economic contribution of the category crept up by 0.05 percentage points to 1.22 per cent. Nearly two-thirds of employees worked in commerce. The number of employees rose by 4 per cent in "transportation, storage and communications", while there were 3 per cent more jobs in "general wholesale and retailing".

In 2013, employee incomes exceeded 102 billion forints, which is a considerably significant, 25 per cent rise compared to 2011. As a result, the weight of non-dedicated support industries also rose from 1.05 per cent to 1.21 per cent. This rise is mostly due to the growth of "general wholesale and retailing"; the amount of remuneration exceeded that of two years earlier by nearly 44 per cent. "General wholesale and retailing" accounted for 54 per cent of incomes, followed closely by "transportation, storage and communications" (46 per cent).

3.6. Foreign trade of copyright industries

The foreign trade turnover of copyright industries will be considered from two angles. Firstly, we analyze the exports and imports of the products produced by the most relevant creative industries. Then, we discuss the volume of services-related foreign trade in the connecting sectors.

3.6.1. Foreign trade of copyright products

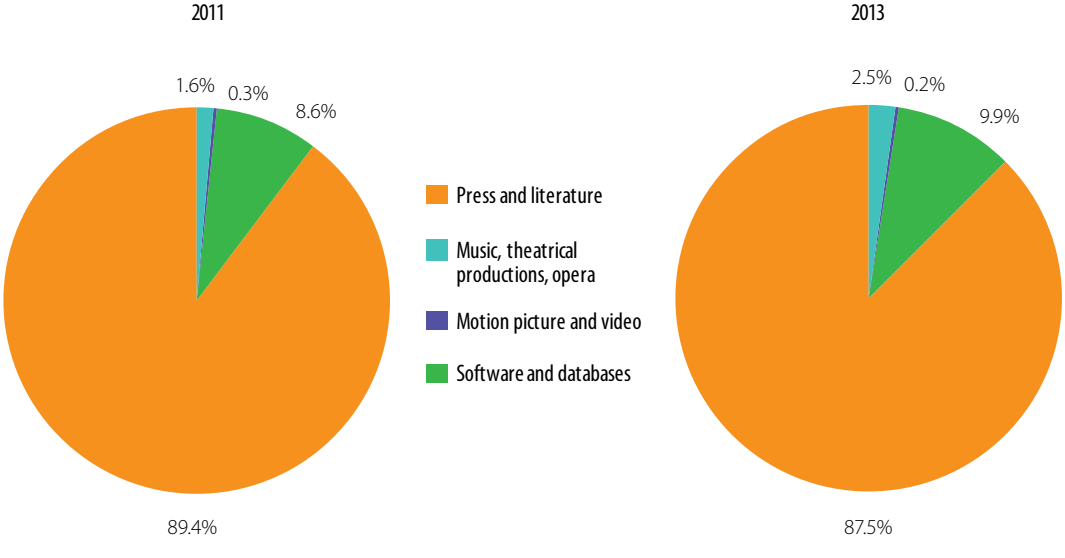
The foreign trade turnover closed with a surplus of 1,611 billion forints in 2013. Exports amounted to 22,369 billion forints, while the value of imports was 20,758 forints. The product turnover surplus at current prices was somewhat less (6 per cent) than in 2011; exports rose by 5.6 per cent, imports by 6.5 per cent.

In 2013, exports of products related to core copyright industries that can be included in the calculation of turnover were 25 billion forints. This is a drop of 16 per cent compared with 2011 data. In two years, compared with the entire national economy, the contribution of exported products from core copyright industries shrank from 0.14 per cent to 0.11 per cent.

Imports for the same product group amounted to 23.4 billion forints in 2013. This was 26 per cent lower than two years earlier. The proportion of imports of core copyright products in aggregate imports also decreased, from 0.16 per cent to 0.11 per cent.

As shown above, in 2013, the product turnover of core copyright industries showed a foreign trade surplus of over 1.5 billion forints. This also means that this was the first year in the history of the surveys in which export exceeded imports. In the last survey year, 2011, turnover still showed a deficit of 2 billion forints.

Figure 14: Distribution of foreign trade turnover of products of core copyright industries



As with previous years, of the core sectors "press and literature" and "software and databases" accounted for the largest foreign trade turnover in 2013. The value of the former exceeded 42 billion forints, while the latter amounted to 4.6 billion forints.

The current-price value of exports decreased compared with 2011 in respect of each examined core copyright sector, by 27.5 per cent on average. "Press and literature" saw the smallest decrease (14.7 per cent), while "motion picture and video" dropped sharpest (52.7 per cent). In the case of imports, the indicators are considerably mixed: while "music, theatrical productions, and opera" achieved growth of 29.8 per cent, "press and literature" dropped by 31.4 per cent.

As regards foreign trade balance, among the core copyright industries "press and literature" closed with the largest surplus (4.9 billion forints) in 2013. This is more than twelve times the 2011 surplus. Exports of "motion picture and video" also exceeded imports; however, the 87 million forint balance is about half of the amount recorded two years earlier (164 million forints). "Software and databases" closed with the largest negative balance, generating a deficit of over 2.5 billion forints.

The study explored foreign trade results in the two most significant areas of interdependent copyright industries. In 2013, the value of exports of "manufacture of consumer electronics" was 968.9 billion forints, which is a significant 22.5 per cent drop from 2011. Imports reached 965.8 billion forints which, at over 40 per cent, was an even bigger drop in two years. The foreign trade balance in this category closed with a 3.1 billion forint surplus.

In the year under review, exports from "manufacture of computers" exceeded 511.8 billion forints, a 9.3 per cent decrease compared to 2011. Imports amounted to 500.2 billion forints, 16.8 per cent more than two years earlier. The foreign trade balance was equally positive: the surplus amounted to 11.6 billion forints.

3.6.2. Foreign trade of copyright services

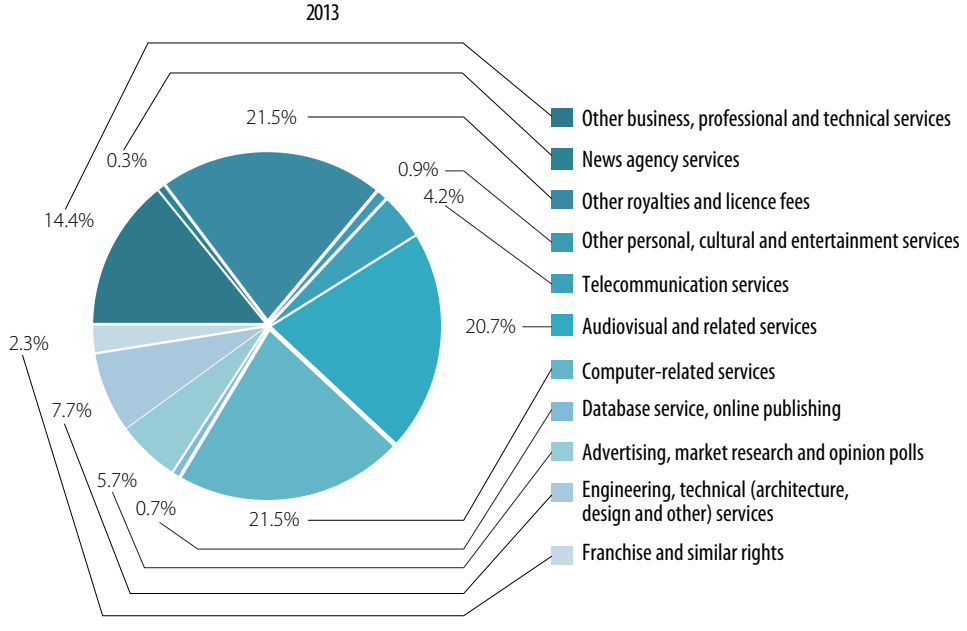
The current-price exports of all services in 2013 exceeded 4823.1 billion forints, a 9.8 per cent jump from 2011. Imports amounted to 3,665.7 billion forints, a 6.7 per cent growth in two years. In accordance with the above numbers, the foreign trade balance showed a surplus of 1,157.4 billion forints, almost 21 per cent higher than two years earlier (959 billion forints).

Exports of copyright services that were considered amounted to 1,259 billion forints, or 26.1 per cent of total service export (two years earlier, this proportion had been 25 per cent). "Computer-related services" were the most significant activity (314 billion forints), followed by "audiovisual and related services" (298 billion forints) and "other royalties and license fees" (226 billion forints). These groups led exports of copyright services, accounting for two-thirds of this activity: within the category, "computer-related services" accounted for one quarter of all relevant values, "audiovisual and related services" 23.7 per cent, and "other royalties and license fees" 18 per cent. These numbers contributed to the 2013 aggregate exported services of the national economy by 6.5-4.7 per cent.

In the year under study, the import of copyright-related services amounted to 1,098 billion forints, 6 per cent more than two years earlier, still 30 per cent of total service exports.

"Other royalties and license fees" had the largest indicator (279.5 billion forints), followed by "other business, professional and technical services" and "computer-related services" (192 billion forints each) and "audiovisual and related services" (190 billion forints). While the former accounted for over one quarter of all copyright-related services imports, the share of the other activities listed was about 17 per cent. Benchmarked against GDP, these activities accounted for 5.2-7.6 per cent of imports.

Figure 15: Distribution of foreign trade turnover of copyright-related services



The foreign trade balance related to the copyright sectors further improved in the two years under review, from 77 billion forints to 160 billion forints. The two areas that excelled were "computer-related services" (122.1 billion forints) and "audiovisual and related services" (108.7 billion forints). At the same time, the negative balance for "other business, professional and technical services" (-44.3 billion forints) and "other royalties and license fees" (-53.2 billion forints) persisted.

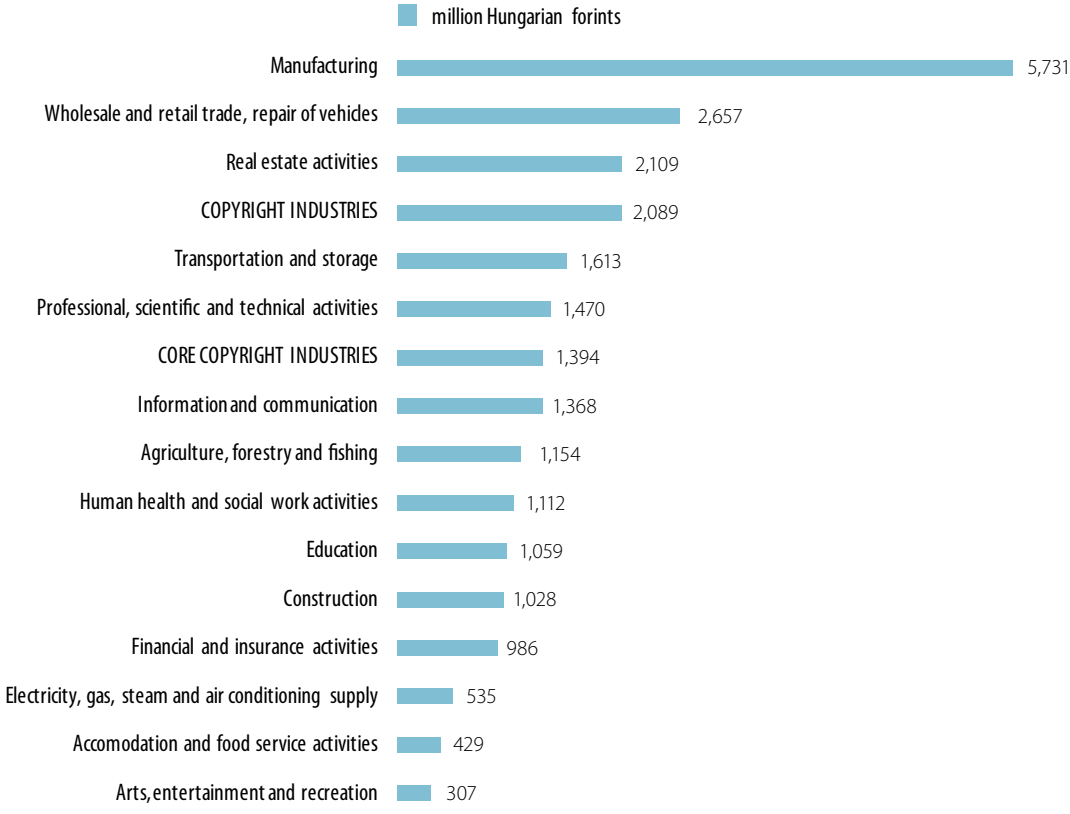
3.7. Comparison with other economic sectors

The economic role of copyright industries is even better illustrated by comparison of the indicators obtained with similar indicators of other areas of the national economy.

Based on gross value added, in 2013 the order of the largest sectors was unchanged from previous years. "Manufacturing" remained the most important industry in Hungary, with earnings of 5,731 billion forints. This was more than double the earnings of "wholesale and retail trade, repair of vehicles", which came second with 2,657 billion forints. In third place

was "real estate activities" (2,109 billion forints). Copyright industries, with 2,089 billion forints, were the fourth largest area, followed by transportation and storage. The contribution of copyright industries was one and a half times higher than "information and communication", twice as high as "education and construction" and three times as high as "electricity, gas, steam and air conditioning supply". Core copyright industries alone held an illustrious position on the list (1,394 billion forints). "Professional, scientific, and technical activities" (1,470 billion forints) somewhat surpassed these creative activities, which however outdid "information and communication" (1,368 billion forints) and "agriculture, forestry and fishing" (1,154 billion forints).

Figure 16: Gross value added of selected economic sectors and the copyright industries in Hungary (2013)

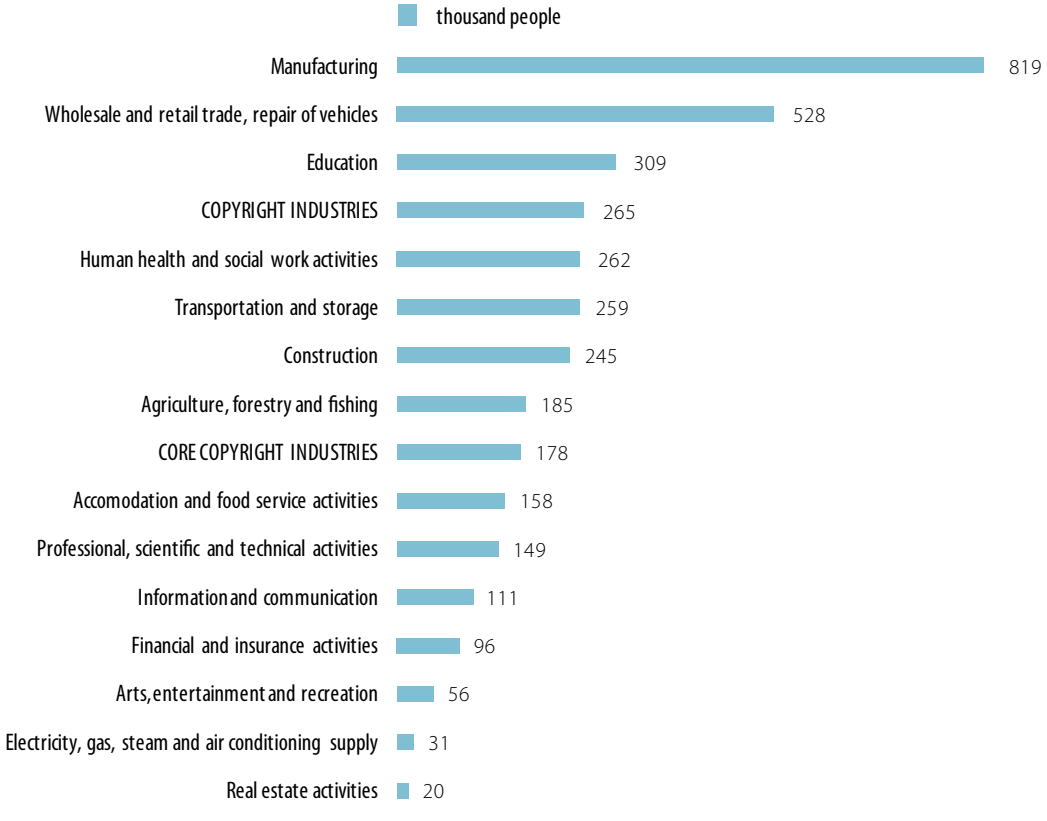


Source: Apart from the copyright industry data, the other data was derived from the HCSO's public database (the value and distribution of gross value added by industries).

Copyright industries also played an important role in employment. According to the 2013 data, 819,000 people worked in "manufacturing"; 528,000 people were employed in "wholesale and retail trade, repair of vehicles" and 309,000 in "education". Copyright industries

turned out to be the fourth largest employer; with 265,000 employees, they outdid "human health and social work activities" (262,000 employees). Copyright activities employed nearly twice as many people in the relevant year than "professional, scientific, technical activities" (149,000 jobs), and "information, communication" (111,000 jobs) and three times as many as "financial and insurance activities" (96,000 jobs). In 2013, core copyright industries employed 178,000 people, fewer than "agriculture, forestry and fishing" (185,000 jobs) but more "accommodation and food service activities" (158,000 jobs). They employed nearly twice as many people as "financial and insurance activities" (96,000 jobs) and three times as many as "arts, entertainment and recreation."

Figure 17: Employment indicators of selected economic sectors and the copyright industries in Hungary (2013)



Source: Apart from the copyright industry data, the other data was derived from the HCSO's public database (the number of employees by industries).

4. DEVELOPMENT TRENDS IN THE CORE COPYRIGHT INDUSTRIES

According to the EY study on the performance of European cultural and creative markets, in 2012 governments in the 28 EU Member States devoted €62 billion of spending to cultural services. In nominal terms, this amount is less than was spent in 2008. Nevertheless the indicator is showing new signs of growth following the post-crisis plunge. In the year under review, annual public spending on cultural services in Member States was about 1 per cent, far behind defense (2.9 per cent) and education (10.7 per cent), for example. Budgetary support had a significant effect on the sector: it helped the recovery of the creative sectors, provided incentives for private investment and increased the positive contribution of culture to the improvement of general wellbeing.[23]

Figure 18: EU-28 total government expenditures on cultural services

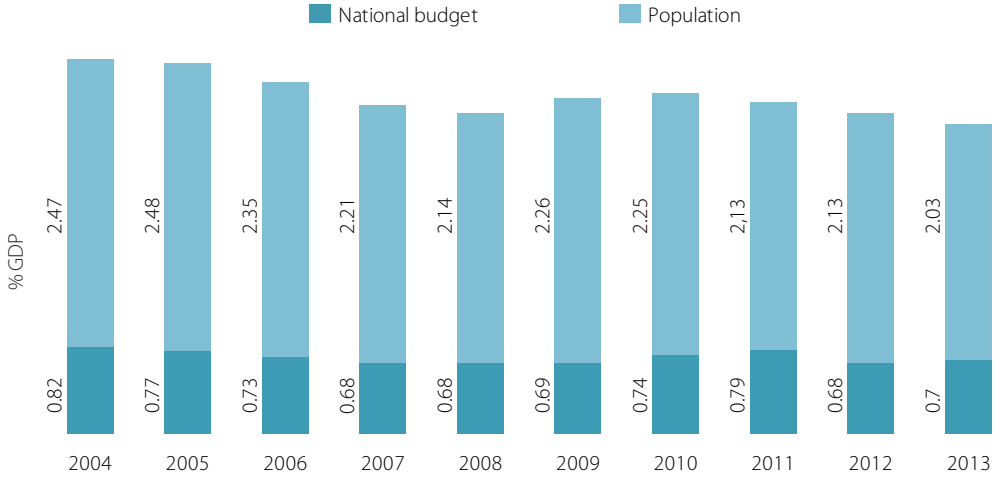
Source: EY (2014), p. 25

According to HCSO data, government spending on cultural services in Hungary was 204 billion in 2013 forints. At current prices, this was 7.2 per cent higher than in 2012, but a 6.2 per cent drop from 2011. In 2013, government spending provided 0.7 per cent of cultural expenditure. Nominal cultural spending by the public, expressed as a percentage of GDP, decreased from 2.13 per cent in 2012 to 2.03 per cent in 2013. Considering both sources, total cultural expenditure in 2013 amounted to 2.73 per cent of GDP, the lowest of the past decade – including the unfavorable years following the beginning of the financial crisis. The rise in government spending on the sector in 2013 meant that several areas received more public funds. Main beneficiaries were "music and dance;" "books, music and newspaper publishing;" and "zoos, botanical gardens and national parks". In terms of per capita consumption of households, on average Hungarians spent 59,000 forints on culture and

[23] EY (2014). In the following, we will review the development of European trends based on the findings of this study.

entertainment in 2013, 7.1 per cent of total household consumption.[24] Families with one child spent 1.6 times more per person than families raising at least three children.[25]

Figure 19: Cultural expenditures as percentage of GDP



Source: HCSO

4.1. Press and literature

Press

According to the EY study, in 2012 more than 483,500 people worked in newspapers and magazines, of which 191,000 were at daily newspapers, almost 290,000 at magazines and periodicals, and 2,900 people at other press publications. In 2013, the sector generated €70.8 billion in revenue, making it the fourth largest business of the 11 creative industries examined in the study. Half of publishers' revenues came from advertising. Newspaper and magazine markets in Europe tended to shrink in recent years, at an average annual rate of 5.7 per cent between 2008 and 2013. This downtrend has been accelerated by the steady expansion of digital content (online news sites, dedicated newspaper applications, social media, interactive pages and blogs, user-generated content, etc.). Although in addition to traditional news products, publishers are adopting digital platforms and the majority also offer digital services, revenues from these platforms do not compensate for the losses suffered by print publications. In addition to the sales indicators in the sector, advertising revenues have also decreased: the quantity of advertising in print publications is on the decline, as advertisers increasingly favor digital platforms. Newspapers' share of the advertising market fell from 35 per cent in 1997 to 20 per cent in 2012.

[24] Compared with 2005, this ratio decreased by 1.4 percentage points.
[25] HCSO (2015)

The Hungarian press market follows European trends. The circulation of print products is on the decline, primarily as a result of the wide variety and circulation of Internet publications and changes in consumer preferences due to the economic crisis. Publishers tried to compensate for the decline in numbers by price increases, further driving down demand.[26]

Different sources provide different data on the number of Hungarian press products in 2013. In January 2013, the register of the National Media and Communications Authority contained 2,753 printed and 2,439 Internet press products. In contrast, whitereport.hu media browser, the media database that contains over ten thousand Hungarian media (television, radio, newspapers, sites, cinemas and public advertising tools and their operators and owners) found that 140 printed media brands were operational in the second quarter of 2013. The Hungarian Postal Service handled almost 900 different kinds of newspapers and magazines in the year under review, delivering a total of 60 million copies to clients.[27]

For the analysis of Hungarian trends between 2011 and 2013, the study relied on the records on the website of the Hungarian Audit Bureau of Circulations[28] for the number of distributed copies of each publication. Based on the indicators audited by the organization and published for both years, researchers were able to compare 112 publications. Accordingly, the number of newspapers distributed in Hungary between the fourth quarter of 2011 and the fourth quarter of 2013 decreased from 6.4 million to under 6 million, a 7 per cent drop. Magazines saw the biggest losses. In two years, the circulation of the review Game Star dropped by 54.3 per cent, that of Vasárnap Reggel by 53.8 per cent, that of Reader's Digest by 48.3 per cent and that of Ifjúsági Magazin by 48 per cent. Only 11 of the newspapers and magazines on the list could increase, or at least maintain, their circulation. Of these, Metropol, the free daily newspaper (42.5 per cent rise), Mezőhír agricultural review (33.3 per cent), and popular women's magazines such as Glamour (12.1 per cent), Marie Claire (8.5 per cent), Nők Lapja (5.5 per cent) and Elle (5.3 per cent) showed noteworthy increases.

Table 9: Circulation data of most popular newspapers and magazines in the fourth quarter of 2013

Title of publication	Circulation	Change*	Title of publication	Circulation	Change*
Helyi Téma	686,550	1.7%	Story	169,444	-17.4%
Metropol	390,904	42.5%	Patika Magazin	165,716	-16.4%
Nők Lapja	229,644	5.5%	Színes RTV	163,728	-10.5%
Gyógyhír Magazin	211,044	-8.3%	Blikk	138,789	-20.8%
Kiskegyed	191,997	-2.9%	Vasárnapi Blikk	120,291	-16.4%

**Change between 2011 fourth quarter and 2013 fourth quarter*
Source: Hungarian Audit Bureau of Circulations

[26] HCSO (2014)
[27] Világgazdaság, 15 January 2014
[28] *www.matesz.hu*.

Literature

According to the EY study, the book market was the fifth largest of the 11 European creative sectors studied in 2012. The sector employs over 646,000 people, among them 150,000 authors, 266,000 librarians and 135,000 publishing industry employees. Sales in the sector approached €36.3 billion.

According to a Eurobarometer survey, in the European Union, reading a book was the second most popular cultural activity in 2013. 68 per cent of respondents had read at least one publication in the previous year, less than in 2007 (71 per cent). Of these, 19 per cent "consumed" one or two books in 12 months, 12 per cent read three to five books, while 37 per cent read more than 5 books. This placed Hungary 18th out of the 28 EU countries. Sweden topped the list with 90 per cent, while Portugal came last with 40 per cent. Forty-four per cent of Europeans surveyed cited lack of time as the main reason why they did not read more; 25 per cent were not interested in books; 15 per cent named another spontaneous reason; and 3.3 per cent believed that prices were too high, selection was limited or quality was poor. Hungarian respondents gave similar answers: most of them (48 per cent) also complained of lack of time, followed by lack of interest (28 per cent). The third reason cited by Hungarians was high prices (8 per cent), the highest proportion in the 28 EU countries (on a par with Italy).[29]

Despite the popularity of reading as a cultural activity, as with newspapers and magazines, the European book market declined in the relevant years. Book sales revenues fell 5 per cent between 2008 and 2012. Experts cited the economic crisis and the increase in digital sales as the primary reason for the regression. Language barriers tended to make books a "domestic" product, while exports were dominated by trade between countries that spoke similar languages. 20 per cent of revenues were generated from international sales, of which 12 per cent were exports within the EU. Book distribution remained focused on traditional bookstores. Although the e-book market was constantly expanding in Europe, in 2012 it only accounted for 3 per cent of sales. (In the United States, it was about 20 per cent in the same year.) Within Europe, the UK dominates the e-book market. Sales of digital books almost doubled in Britain in 2012, accounting for 12.9 per cent of total book sales.

Trends in the Hungarian book market follow the pattern observed in Europe. According to a summary by the Hungarian Publishers' and Booksellers' Association, book turnover in 2013 were over a quarter (26.2 per cent) less than one year earlier. The main reason for the sharp decline was that the government centralized the trade in textbooks, then nationalized the publishing of textbooks, thereby dismantling the Hungarian textbook market.

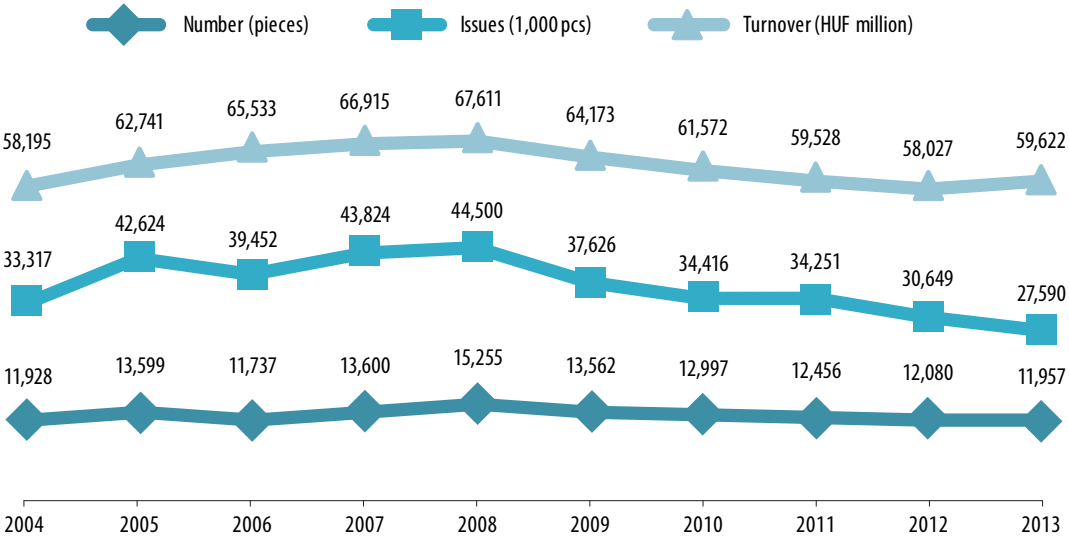
In order to benchmark Hungarian book market trends against previous years' results, this study will consider the market for freely distributed books, i.e., apart from public education textbooks. In 2013, this was 44 billion forints at current prices, a 4.6 per cent rise compared with the preceding year. When inflation of 1.7 per cent was factored in, this amount actually

[29] EC (2013)

constituted a 2.9 per cent increase of the market of freely distributed books, the increase dropped to 1 per cent if textbooks were included.

Aside from public education textbooks, which generate a turnover of 15.5 billion forints, fiction has become the most important segment of the book market. The annual 13.8 billion forints gross turnover of fiction accounted for almost one-third of the book market in 2013. As a result of increased demand for primarily bestsellers, the sector grew significantly, by 16.7 per cent over one year. The 13.3 billion forints of turnover of popular science books accounted for 30.3 per cent of the market, a drop of over 10 per cent from the preceding year. The 5.7 billion forints turnover (12.9 per cent of the market) of professional books, scientific works, lexicons, dictionaries and other publications used in higher education, which has been declining over the past decade, rose by 7.4 per cent compared with the preceding year.[30]

Figure 20: Evolution of the number of copies of books and booklets published



Source: HCSO and Hungarian Publishers' and Booksellers' Association

In 2013, consumer interest continued to grow steadily in the most rapidly expanding area of Hungarian book publishing, literature for children and adolescents. With a turnover of 10.4 billion forints, such works had a market share of 23.6 per cent, representing a 7.8 per cent increase. This also means that over the last ten years, the turnover of literature for children and adolescents had doubled.

[30] The 10% decrease of popular science books and the 7.4% increase in books used in higher education, professional books and scientific works is no coincidence. When declaring the turnover for higher education books, some publishers reclassified a part of their turnover from popular science literature, because they receive a reprographic fee after the turnover from professional books and scientific works, which they were not entitled to receive from sales of popular science literature.

Meanwhile, the turnover of foreign language books in Hungary steadily declined to 3.4 billion forints, representing a 2.3 per cent decrease in one year.

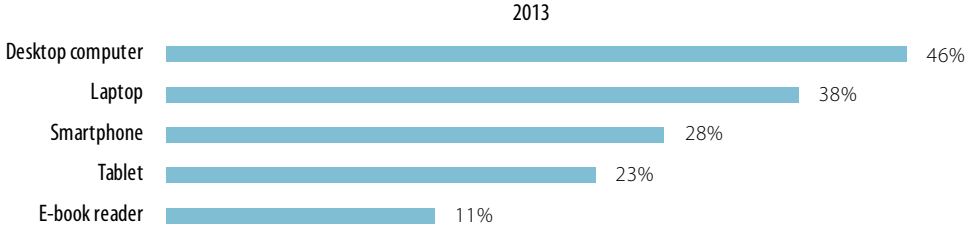
In 2013, book market concentration slightly reduced. The 15 largest companies in the market accounted for 56.4 of aggregate turnover, with 41 publishers producing 73.4 per cent of the output, while 54 companies produced 77.7 per cent. Although the 188 publishers which provided data accounted for 91.8 per cent of the market turnover in 2012, this figure was only 87.4 per cent in 2013.

In 2012, the turnover of digital books hardly exceeded 500 million forints. Consequently, the 900 million forints in turnover recorded in 2013 was a 61.1 per cent increase and almost 2 per cent of the aggregate turnover from books. Some 10 per cent of digital book sales were e-books, whose total value remained below 100 million forints.[31]

The eNET-Telekom Survey on the Internet Economy conducted in January 2014 found that 57 per cent of adult Internet users admitted to reading less at the time of the survey than five years earlier. Some 75 per cent of respondents blamed this development on lack of time, while 34 per cent cited high book prices. According to the report, one-sixth of Internet users at the time preferred to read shorter writings, owing to the widespread use of the Internet and the resulting change in information consumption habits. Fifteen per cent of respondents read more books than one year earlier, owing to more free time (cited by half them), as well as the improved quality of selection. Twenty-three per cent of readers cited easy access to e-books as a reason for devoting more time to reading. Nearly 40 per cent of readers in Hungary read e-books regularly, but only 5 per cent were willing to pay for them. On the advantages of e-books, respondents most often said that they took up less space (54 per cent), although easy access (49 per cent), enlargeable content (42 per cent), lack of wear and tear (37 per cent) and the environmentally friendly nature of e-books (36 per cent) were also important to them. One-fifth of respondents believed that the Hungarian language e-book market was still in its infancy. The researchers also wished to know whether, given a free choice (disregarding price), consumers would choose a printed, electronic or audio version of the same book. Some 80 per cent of respondents chose the printed version, 13 per cent chose the e-book, 5 per cent chose the audio version, while 2 per cent chose none. Hungarian readers were highly price-sensitive: every fourth respondent stated that they would be willing to purchase the electronic version of a publication for at most half of the price of a printed copy.[32]

[31] Hungarian Publishers' and Booksellers' Association (*http://www.mkke.hu/konyvforgalom-2013*).
[32] eNet.hu, 20 February 2014.

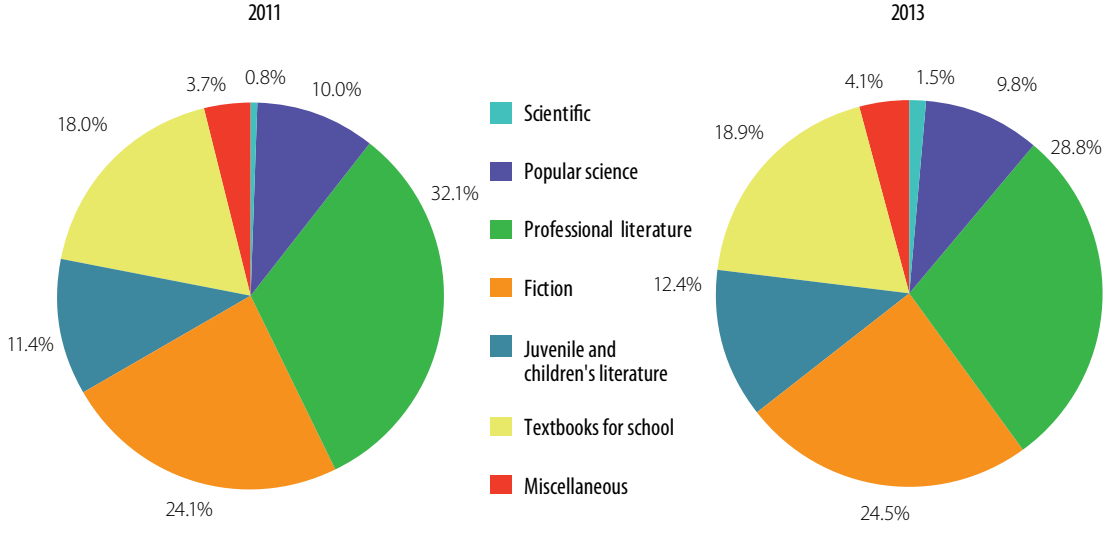
Figure 21: Equipment used for reading e-books



Source: eNet

The publicly available HCSO data on book publishing support the main turnover statistics of the Hungarian Publishers' and Booksellers' Association. The number of titles published in 2013 was 1 per cent less than in the preceding year and 4 per cent less than in 2011. The number of copies per publication decreased by 10 per cent in both years. In terms of categories (somewhat different from the classification of the Hungarian Publishers' and Booksellers' Association), the output of language books and textbooks grew by 2 per cent, while that of scientific works and literature for children and adolescents increased by 0.5 per cent. The largest losses were recorded in professional literature (-2.2 per cent) and fiction (-1.5 per cent).

Figure 22: Distribution of published books by type



Source: HCSO

A 2013 Ipsos survey paints a gloomy picture of the future of book publishing. It found that, in relative terms, young people rarely read books. A mere 7 per cent of respondents read every day and only 16 per cent read on a regular, weekly basis. Some 28 per cent of 15 to 25-

year-olds read no books at all, while 35 per cent of them read less than once a month. Consequently, nearly two-thirds of young people carried on in life practically without reading. Their reasons were: lack of time (55 per cent of respondents), no interest in such publications (45 per cent), high cost of books (31 per cent), the belief that there are more important things than reading (26 per cent), and the belief that reading is unnecessary (18 per cent). The Ipsos survey also found that the uptake of e-book readers is slow among young adults: only 2 per cent have such devices and 7 per cent have considered buying one.[33]

4.2. Music, theatres, festivals

Music

According to the EY survey, 1.17 million people were employed in the music industry in 2012 as follows: nearly 650,000 musicians and composers; 375,000 entertainment workers in the for-profit sector and 81,500 in the non-profit sector; and 44,500 in sound recording and music publishing activities. In the year under review, the sector generated a turnover of 25.3 billion euros. Based on these indicators, the music industry is the third largest industry on the list of 11 European cultural and creative industries. There is close interaction between the live and recorded music markets. Accordingly, it is not surprising that at the regional level and breaking with earlier trends, live music market growth in recent years was followed by a 0.6 per cent growth of the recorded music market in 2013. A review of sector turnover shows that the greatest revenue (7.8 billion euros) was generated by for-profit live music performances, although substantial revenue was also generated by publicly-funded or non-profit concerts (4.9 billion euros), the sale of various music industry products (3.7 billion euros) and music radio stations (3.2 billion euros). Related copyrights generated 1.9 billion euros in revenue. In the year under review, digital product sales generated less than half of the revenue earned from sales of physical audio carriers (1.7 billion euros), despite a 109 per cent growth in digital music sales between 2009 and 2013. Owing to developments in the last year, digital sales already account for 39 per cent of the total recorded music sales revenue. Similarly, revenue from subscribed streaming has spiraled to 38 per cent of total digital music sales.

According to Eurobarometer data, 35 per cent of Europeans purchased a ticket in 2013 for at least one concert in the 12 months preceding the survey. In 2007, this figure was slightly higher (37 per cent); 24 per cent of respondents attended 1 or 2 music events, 7 per cent went 3 to 5 times, and 4 per cent went more often. One quarter of Hungarians (26 per cent) reportedly attended such an event at least once during the review period. This ranked Hungary 22nd out of the 28 EU countries, placing it on a par with Italy. The Swedes were the most active in this area with 61 per cent, and Portugal came last with 19 per cent. Some 29 per cent of Europeans reported that they were not interested in concerts, 25 per cent felt that tickets were too expensive, 22 per cent did not have time for this type of entertainment, while 12 per cent were not satisfied with the quality of the activity or thought that that the choice was limited in their localities. As to reasons for not attending, 35 per cent

[33] Ipsos News, 12 February 2013

of Hungarians cited a lack of interest, 31 per cent found tickets too expensive, 20 per cent reported a lack of time, and 7 per cent complained of poor quality or lack of choice.

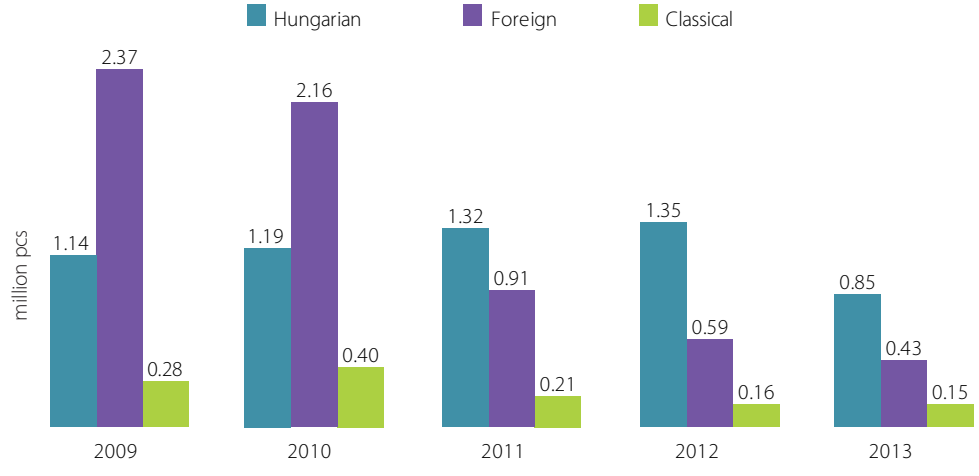
A 2015 report by ProArt provides insight into the Hungarian music market, presenting a general overview as well as its main features and current trends. According to the report, about two million people in Hungary participate actively in the music sector (on both the supply and demand sides). Of this number, nearly 10,000 people contribute to the creation of supply, producing 15,000 new works each year, about half of which are recorded in audio format. This is close to the European average, and the Hungarian music repertoire is constantly expanding. However, on the demand side, there was a significant deficit. According to the report, Hungarian ticket sales of 4.3 million in 2013 were 2.1 million fewer than the EU average (and given the size of the country). There are two reasons for this: firstly, a small proportion of the Hungarian population attends concerts; secondly, even those who are musically active attend concerts less often than average Europeans. This is a significant disadvantage for Hungarian musicians since the report reveals that 63 per cent of Hungarian pop music creators rely on performance fees to support themselves. Trends in recent years show that there is a growing number of high-profile productions organized with the participation of internationally renowned concert organizers and event planners in the large venues of Budapest, whereas the number of productions in smaller clubs, culture houses (mostly in the countryside) is decreasing. A serious problem for Hungarian companies is the extraordinarily high value-added tax (VAT) on concert tickets, which has a doubly unfavorable effect: first, in terms of consumer demand and, second, in terms of supply, thus putting Hungary at a disadvantage in terms of regional competitiveness. Another main source of income for musicians is royalties, which are partly distributed by collecting societies in cases where individual enforcement would not be possible. In 2013, Artisjus received applications for the registration of 15,597 new works (39 per cent more than in the preceding year), and by the end of the year, it had registered over half a million works. Experience shows that about 12 per cent of the stock actually generates income. The music industry report emphasizes the importance of collective rights management in Hungary (and typically in Central Europe): although Hungary lags far behind at the regional level in terms of sales of digital and physical audio carriers, collective rights management ensures half of the European average for the industry. According to the report, the gross value added of live music in Hungary, including the multiplier effect (i.e., the spill-over into other sectors), was about 40 to 50 billion forints in 2013.[34]

The Hungarian record industry has been in crisis since the turn of the millennium. Making and selling sound recordings is a highly risky business in Hungary. Although most listeners prefer studio-recorded musical works – as these are legally accessible in several ways or downloadable illegally – they are only willing to pay an increasingly lower price for them. Revenue from the sector has declined in past years owing to a decrease in sales volume and in prices. Data from the Hungarian Recording Industry Association shows that the market for audio carriers bearing music recordings generated almost 2.6 billion forints in 2013. In 2011, the revenue was approximately 4.5 billion forints, having declined by 20.9 per cent in 2012 and 26.4 per cent in 2013. Domestic sales data show that in 2011, nearly 2.5 million

[34] Dániel Antal (2015).

music product items were sold, a figure which declined in subsequent years to 2.1 million and then to 1.4 million items. In two years, recordings by foreign artists experienced an unprecedented decline (-52.9 per cent), followed by recordings of Hungarian musicians (-35.2 per cent) and classical material (-28.1 per cent). CDs are still the best-selling product type: 95 per cent of all music audio carriers sold in both years were CDs. However, although almost 2 million copies were sold in 2012, less than 1.4 million copies were sold in 2013. The proportions for music DVDs were 3.1 per cent and 2.9 per cent, with 65,500 copies sold in 2012 and 42,000 in 2013. The sales volume increased only for two musical products: LPs, which are becoming fashionable again; and the Super Audio CD (SACD) developed by Philips-Sony that is able to store much more data than "plain" CDs. Almost 15,000 of the former and 3,000 of the latter were sold in 2013.

Figure 23: Music industry product sales

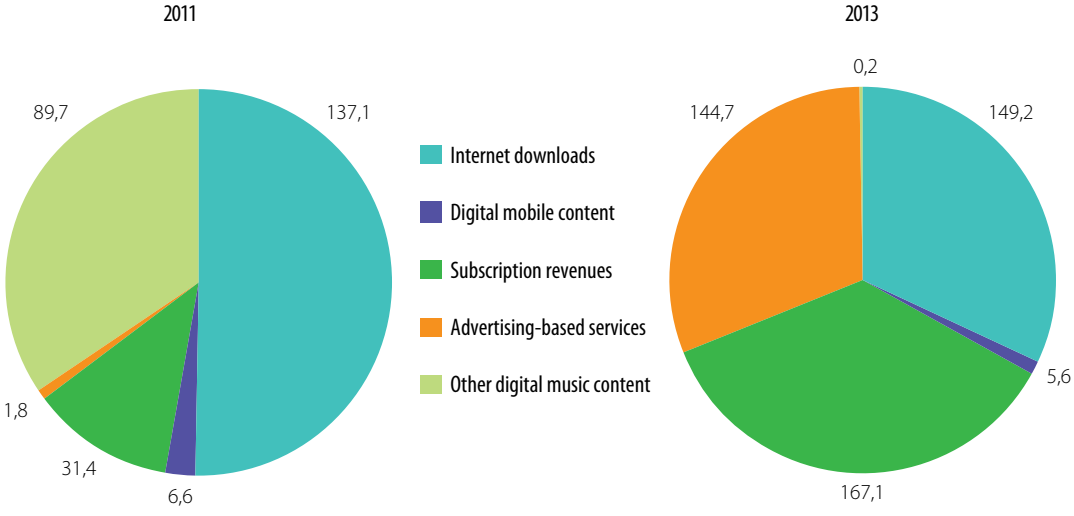


Source: Hungarian Recording Industry Association

The increase in digital sales failed to offset the decline in revenue earned from sales of physical audio carriers. There are presumably several reasons for this: firstly, digital equipment ownership and Internet access rates in Hungary are below the EU average; secondly, consumer habits are slow to adapt to changes in supply. The digital sales volume is significantly limited by free legal access and easy illegal access to content. The digital music sales turnover of 268.9 million forints in 2011 had skyrocketed to 467 million forints by 2013, representing an increase of almost 74 per cent in two years, owing to the launch of several subscription services, primarily streaming, in Hungary. The value of the largest market sub-sector, namely Internet downloads, rose by 8.8 per cent, thanks to one product segment, namely whole audio album sales, which surged by a remarkable 450 per cent. Within the Internet downloads sub-sector, the value of single audio songs, music videos and other download categories plummeted by 68.9 per cent. Digital mobile content turnover fell by 15.5 per cent in the review period. Meanwhile, revenue from ringtones grew by 6.8 per cent

while revenue from subscriptions increased fivefold. Within this group, individual Internet subscriptions rose to 72.8 per cent relative to individual mobile subscriptions and package subscriptions. During the review period, the value of advertising-based services increased 78-fold, and in addition to digital sales, revenue from individually-licensed authorized uses increased 13-fold.[35]

Figure 24: Digital music market turnover (in Hungarian forint million)



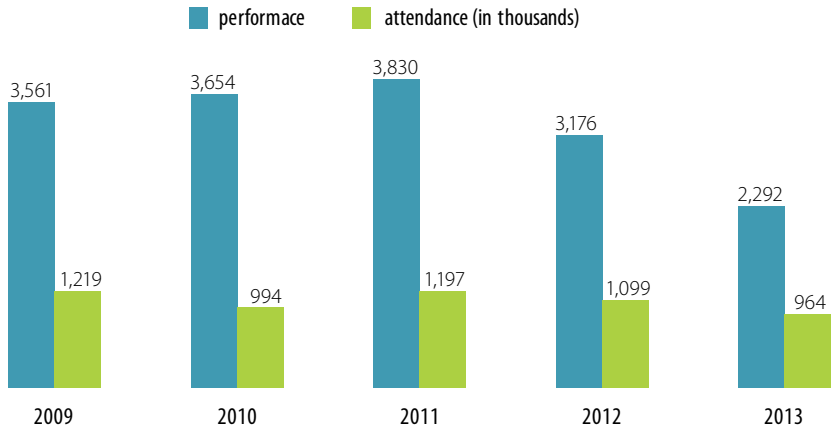
Source: Hungarian Recording Industry Association

According to Artisjus data in the ProArt music industry report, there were 2008 classical music performances in Hungary in 2013, representing a 6 per cent decline relative to the previous year. The decline is more significant in terms of numbers of viewers: 435,751 registered attendees representing a 17.5 per cent decline. However, Artisjus data only apply to events that are relevant for copyright purposes (i.e. works that enjoy copyright protection). The report also cites indicators of the Association of Hungarian Symphonic Orchestras: in 2013, members of the association participated in almost 1,200 domestic and 120 foreign performances, with ticket sales from domestic performances amounting to 558 million forints.

According to relevant HCSO data, the number of concerts in Hungary in 2011-2013 plummeted by 40 per cent. Accordingly, attendance numbers also fell, albeit by only half of the number of performances (-19.5 per cent). The number of concert admissions per 1,000 people fell from 120 to 96, representing a 20 per cent drop.

[35] mahasz.hu (*http://www.mahasz.hu/statisztikak*).

Figure 25: Concerts and attendance



Source: HCSO

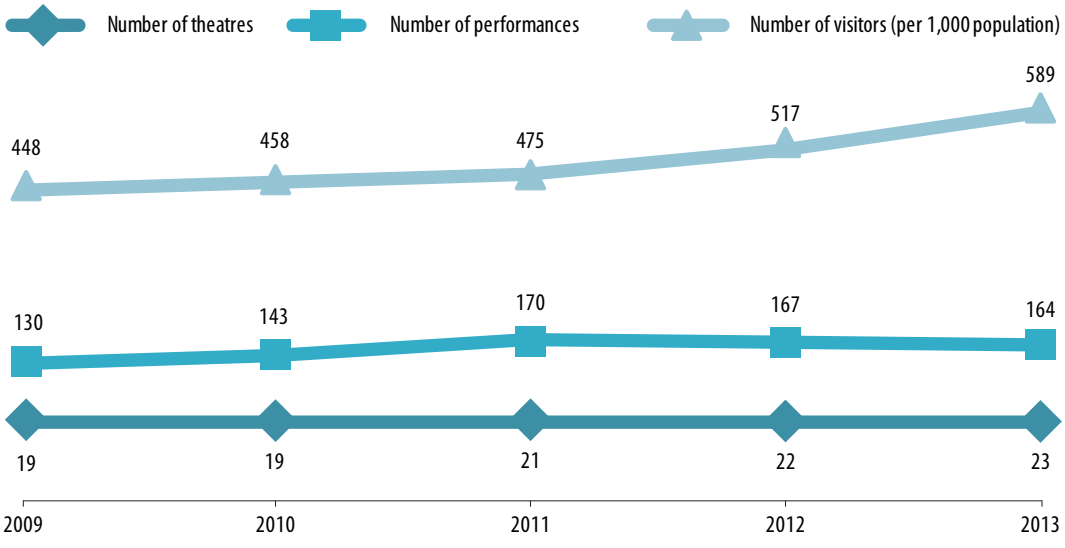
Theatres, opera

According to the Eurobarometer survey on cultural participation, attendance at European theatres fell somewhat between 2007 and 2013. In the last review year, 28 per cent of respondents reported going to the theatre at least once in the last 12 months. In 2007, the year preceding the crisis, almost one-third (32 per cent) of respondents reported the same. In 2013, every fifth respondent in the region bought 1 or 2 theatre tickets in one year, 5 per cent saw 3 to 5 theatrical performances, and a mere 3 per cent saw more. Hungarian theatre attendance was below the European average with only one fifth of respondents having been to the theatre in the last year. The Netherlands and Sweden topped the list each with 53 per cent, while Portugal came last with 13 per cent. The Hungarian indicator was at the bottom of the list, ranked 24th in terms of theatre attendance. Respondents' reasons for not attending performances were primarily: lack of interest (36 per cent), lack of time (22 per cent) and the high cost of tickets (20 per cent). Some 12 per cent of respondents complained about the lack of quality or choice, 5 per cent gave other spontaneous reasons, while 3 per cent identified lack of information as the main problem. In Hungary, 37 per cent of respondents cited expensive tickets as the main reason for not going to the theatre more often or at all; 31 per cent were not interested in theatre entertainment; 20 per cent did not have enough time; 8 per cent were not satisfied with the quality of performances or thought the choice was limited; 2 per cent gave other reasons; and a mere 1 per cent thought they did not have sufficient information. The most probable cause of the Europe-wide decline in attendance is that such "luxury" consumption cannot be financed with household budgets that have been curtailed by the economic crisis.

In contrast with European trends, Hungarian trends in 2013 highlighted the record high popularity of theatre since the fall of Communism, with an attendance figure of 5.8 million.

Since there is no other overall analysis, the key indicators for theatres and the opera are based on HVG articles and are processed from statistics provided by the Ministry of Human Capacities. Attendance approached 4.5 million after the outbreak of the crisis and a sharp upturn started in 2011: within two years the theatres managed to lure half a million more viewers.

Figure 26: Theatre statistics



Source: HCSO

A review of individual theatres revealed that almost all of them reported a growing interest. The Opera House and Erkel Theatre, both renovated by March 1, 2013, attracted an audience of 549,000 in the year under review. In the seasons following the outbreak of the crisis, attendance did not exceed 300,000 spectators. Víg Theatre had 352,000 spectators, 20,000 more than in the previous year. The largest theatres (i.e. those that received over 300,000 spectators) included the Operetta Theatre, which attracted 318,000 spectators in 2012.[36] Madách Theatre fell slightly below this threshold in the review year, with about 280,000 spectators. Based on the experience in recent years, the number of theatres that receive more than 100,000 spectators is steadily increasing. Within five years, the Pécs National Theatre has doubled its attendance to 120,000 spectators. The number of spectators watching plays at the Central Theatre in Budapest also grew to 106,000. The year 2013 marked the first time in its operations that the Katona József Theatre in Kecskemét was able to exceed the threshold of 100,000 spectators, with a total attendance of 101,000 spectators. However, some theatres recorded declining attendance during the review period. These included the National Theatre, which attracted almost 40,000 less spectators in the first season, with

[36] HVG, August 31, 2013.

total attendance of 88,000. Új Theatre received only a small number of spectators, and only 57,000 attendees bought tickets to watch plays at the József Attila Theatre.

Attendance grows hand in hand with the selection of plays offered by many theatres. In 2013, there were 273 stages, whereas there had been a mere 100 a decade earlier. In most cases, newly-formed theatres have fewer seats. The number of performances rose in tandem with the number of places: in 2013 the total number of theatre performances was 23,000. The selection was expanded through co-productions, staged mostly for reasons of economy, as well as guest performances, which are becoming increasingly popular. Musical productions continued to draw the largest number of spectators (one fifth of the total), although children's shows also became increasingly popular.[37]

Increased attendance yielded more revenue from ticket sales, which reached a total of 17 billion in 2013, representing 25 per cent of the revenue earned from sales by these institutions (relative to 19 per cent the previous year). Another noteworthy change was that consumers ordered one-tenth of tickets online.[38]

In the year under review, one-third of the 4,000 professional actors were employed full-time or part-time. Some 60 per cent of the actors and performers worked as entrepreneurs and the others operated as independent contractors. The number of non-professional actors was 2,000, with 47 per cent recruited as employees and one-third as entrepreneurs. Some 85 per cent of non-actor professionals working at theatres were full-time employees.[39]

Festivals

European live music programs and festivals generate more than a third (37 per cent) of global performing arts revenue. With revenue growing steadily since 2010, they have now surpassed pre-crisis levels. The EY study found that 45 per cent of Europeans were satisfied with the regional festival market and 40 per cent did not feel that the economic crisis had affected relevant investments and development plans. Experts foresee even stronger competition among festivals in the next few years, which will mean better infrastructure (including cashless payments, provision of high-speed wireless Internet and premium hosting facilities), better-quality programs, higher budgets and reduced prices. The report lists five of the ten most-attended international festivals in Europe, including the Sziget Festival in Budapest.

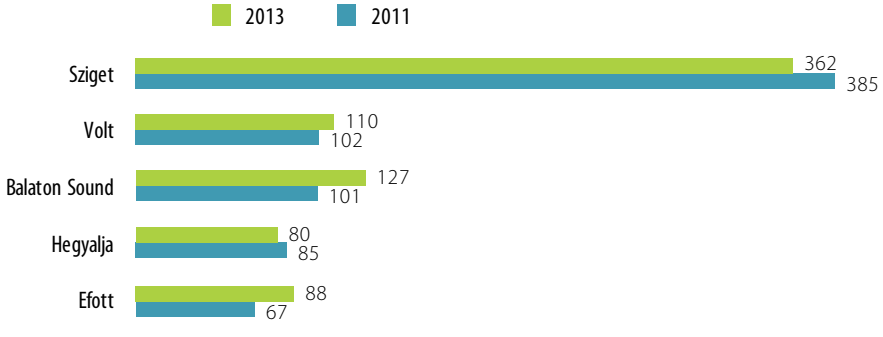
The first music industry report of ProArt cited earlier deals also with Hungarian festivals. The number of music festivals organized during the Hungarian festival season from June to September rivals any international selection. According to experts, the number of festivals is almost excessive relative to the size of the country. Of the nearly 400 larger events organized, almost every second one belongs to the cultural-music-arts category, while most of the rest focus on gastronomy or youth programs. Although the largest popular music

[37] HVG, September 20, 2014.
[38] HVG, September 20, 2014.
[39] HVG, September 28, 2014.

events attract many foreign spectators, the independent festival market, which has a relatively wide thematic spectrum, targets mainly domestic audiences. According to a survey of the public and musicians, the Sziget Festival is the most popular, followed by Balaton Sound in Zamárdi, FEZEN in Székesfehérvár, Fishing on Orfű or the Valley of the Arts in Kapolcs, SZIN in Szeged, as well as the VeszprémFeszt in Veszprém and the VOLT Festival in Sopron. Programs organized by local municipalities stretch the spectrum even further.

Since there is no general survey of festival attendance habits in Hungary, this study has relied on a numbers of events organized by ProArt and Sziget Ltd. to estimate that, in 2013, domestic festivals attracted 1.05 million Hungarian attendees. That year was exceptionally successful for the VOLT Festival, which received a record number of 110,000 attendees. Surveys showed that 11 per cent of visitors were locals. A total of 127,000 people (over 25,000 more than two years earlier) attended the Balaton Sound. About one-third of the attendees were from Budapest, 45 per cent were from other parts of Hungary and 23 per cent were foreigners. The popularity and ranking of the event is borne out by the fact that it won Europe's Best Medium-Sized Festival prize in 2012. Thanks to its colorful program and state-of-the-art approach, the B.my.Lake Festival, launched in 2013 in Balatonvilágos, won the Europe's Best New Festival prize in its first year. The number of attendees at the Sziget Festival, which was awarded the Best Major Festival prize by the European Festival Association in 2011, dropped by 20,000 in the review year but still exceeded 350,000. Most visitors were foreigners, with Hungarians buying only 42 per cent of the tickets. The budget of the various festivals was 3.3 billion forints, while Balaton Sound had a budget of 1 billion forints and VOLT managed with 700-800 million forints.[40]

Figure 27: Attendance at larger music festivals (thousand people)



Source: Világgazdaság, 5 August 2013.

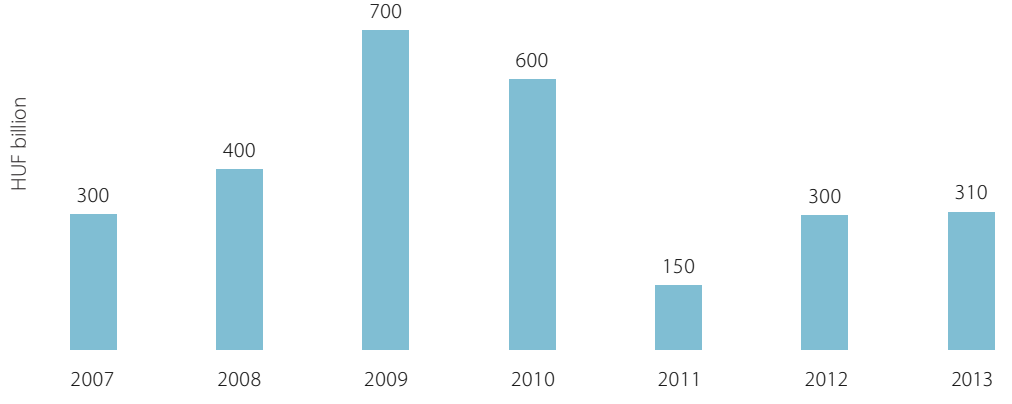
These events also generate significant revenue for the national economy. In 2012, the government reduced the VAT on music festival entry tickets from 27 to 18 per cent. Although this did not lead to a reduction in ticket prices, it motivated organizers to step up development. The shortfall resulting from reduction of the VAT rate is probably offset by an indirect benefit since it is estimated that the Sziget Festival alone contributed 3.2 billion forints to

[40] Világgazdaság, August 5, 2013.

GDP. One-fifth of the visitors to this week-long event pay for their accommodation, one-sixth stay with friends, while the rest participate in the event only during the day. Average expenditure per capita is 18,000 forints. Balaton Sound has a similar beneficial effect on Zamárdi, as the noise pollution and environmental burden endured by the town during the festival is presumably more than compensated for by the 60 million forints earned as direct revenue and the estimated but probably larger indirect revenues the event generate for the town. The festival has significantly contributed to the town's current ability to finance its most recent developments from own resources.[41]

About 60 per cent of the revenue from large music festivals comes from ticket sales, 30 per cent from sponsors and 10 per cent from catering units. These percentages are in reverse order for smaller, thematic festivals: one-third of the revenue comes from ticket sales and two-thirds from sponsors or from government or municipal subsidies. On account of the economic crisis, companies have significantly cut their sponsorship of smaller festivals, by 30 to 40 per cent, thus prompting an increasing number of them to apply for public funds.[42] Some 90 per cent of the passes to the Sziget Festival are bought by foreigners, while Hungarians purchase 80 per cent of the daily tickets. The largest number of foreign visitors comes from the Netherlands, France, England, Germany and Italy. On the revenue side, 75 per cent of the proceeds from the Sziget Festival come from ticket sales, 10 per cent from advertising, 10 per centfrom trade and the balance from subsidies. Its expenditure is broken down as follows: 33 per cent goes to performing artists, 27 per cent is spent on infrastructure (stage rental, electricity, hygiene units and installation of the temporary festival facilities), 1.5 per cent on area rental, 3 per cent on services ordered from Budapest, 5 per cent on security and about 15 per cent on development.[43]

Figure 28: Public funding for festivals



With the exception of 2011, through the National Cultural Fund
Source: Népszabadság, June 14, 2014

41 Népszabadság, June 14, 2014.
42 HVG, June 22, 2013
43 Napi gazdaság, August 11, 2014

4.3. Museums

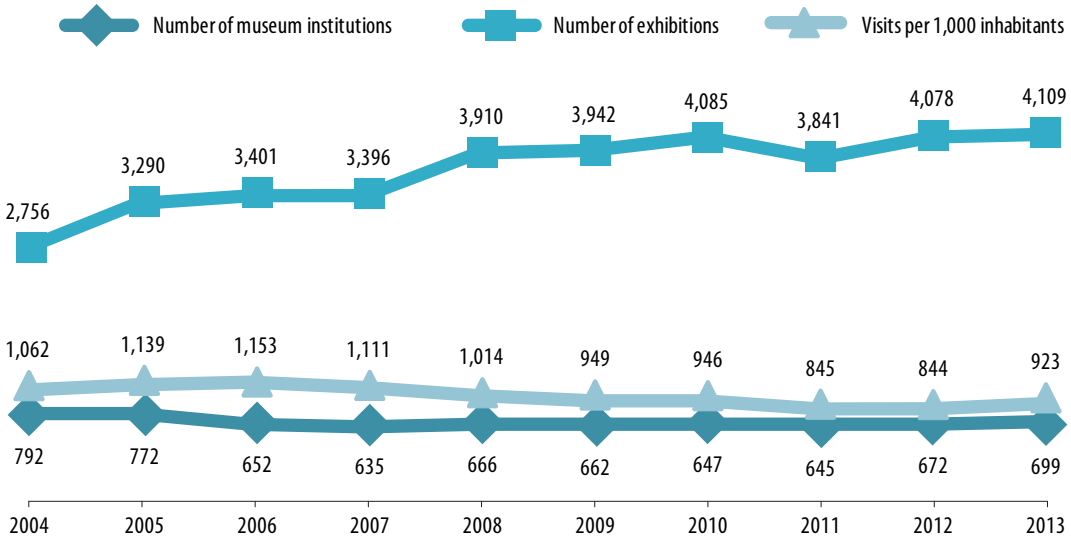
According to the EY study, 1.2 million people were employed in the visual arts sector in Europe in 2001; 330,000 worked in the galleries and art sales sector; over 790,000 were employed in photography, design activities and art craftsmanship; and 108,000 worked in museums and other areas of cultural heritage preservation. During the review year, the sector generated a turnover of 127,500 million euros, of which nearly 7,800 million came from museums. The art trade has a long history in Europe, which controls one-third of the global sector turnover (34 per cent). The sector was quick to recover from the economic crisis, and with 5 per cent growth in transaction volume during 2011, the art market was able to bounce back to pre-crisis levels. Its resurgence has been driven by an upsurge in Chinese buyers who are entering the market in growing numbers, with increasingly large sums.

Museums play a crucial role in ensuring that works of art are accessible to the public. In 2013, they provided 6.1 per cent of the global visual arts turnover and created 8.8 per cent of sector jobs. In 2012, the Louvre topped the list of the 10 most visited museums in the world with 9.7 million visitors and Europe was represented by six other museums on the list.

According to the Eurobarometer survey, 37 per cent of Europeans had visited a gallery or museum in the preceding 12 months of 2013 (in 2007, it was 41 per cent): 23 per cent of respondents had visited one or two times; 8 per cent had gone three to five times; and 6 per cent had gone more often. Sweden was the most active country with 76 per cent, Greece came last with 16 per cent, and Hungary was ranked 20th with 28 per cent, which is below the European average. With regard to the reasons for visiting a museum, 28 per cent of the region's population visited exhibitions for experience and entertainment, 26 per cent for educational purposes, and 17 per cent to learn history. In contrast, among those who do not often visit museums, 35 per cent indicated no interest, 32 per cent lacked the time, 10 per cent cited the limited quality and choice of museums and galleries, and 8 per cent cited high ticket prices while 8 per cent other reasons (not included on the list). Hungarians stay away from museums primarily for lack of interest (38 per cent), lack of time (31 per cent) and high ticket prices (18 per cent). Hungary has the highest percentage of respondents in Europe who mentioned high prices as the main reason for not visiting museums. They also mentioned the poor quality or limited number of exhibitions (7 per cent) and lack of information (2 per cent).

The Hungarian museum sector grew in almost every respect in 2013. According to HCSO statistics, exhibiting institutions were granted central government cultural funding of 30.2 billion forints, representing 14.7 per cent of total support of this kind. The number of exhibition venues grew by 8.4 per cent in two years to 699 nationwide, 88 in Budapest and 442 in other cities. Few of the smaller towns operate exhibition venues. In 2013, there were 4,109 exhibitions, representing a 7 per cent growth relative to 2011. Some 84 per cent of exhibitions were organized in own buildings and 48 per cent focused on permanent topics. Outside venues hosted 481 temporary and 176 permanent Hungarian exhibitions; 92 of the former and eight of the latter were organized outside Hungary. The number of visits per one thousand inhabitants was 923 in the review year, representing a 9.2 per cent growth relative to 2012.

Figure 29: Museum statistics



Source: HCSO

More people visited exhibitions in Hungary in 2013 than in the preceding two years. An estimated 18 per cent of the 9.1 million visitors were foreigners and 28 per cent were students. On ticket sales, 27 per cent were sold at full price and the rest were either free or sold at reduced prices. Budapest alone received 42 per cent of all visitors while the small towns received only 10 per cent. In 2013, the 30 most popular museums received 56 per cent of all visitors. In contrast, there were 240 exhibitions nationwide that received less than a thousand visitors.

The Museum of Fine Arts proved to be the most popular in the review years.[44] Its Cézanne and the Past – Tradition and Creativity exhibit opened to the public in the winter of 2012-2013 and visitors were treated to over 150 masterpieces sourced from 40 major museums worldwide. The government granted specific funding of 300 million forints to the event, while a major business provided 120 million forints, the largest ever sponsorship in Hungary.[45] In the second half of 2013, the museum hosted the Egon Schiele and his Age exhibit with over 80 works, insured for 100 billion forints. However, the largest domestic and international success was achieved by the monumental From Caravaggio to Canaletto exhibit organized in the winter of 2013-2014. Of the 141 works exhibited, 30 were from the Museum of Fine Arts collection, while over a hundred came from about 70 public and private collections worldwide (including the National Gallery in Washington, the National Gallery in London, the Louvre in Paris, the Prado in Madrid and the Uffizi Gallery in Florence). The insurance value of the paintings exceeded 130 billion forints. The total cost of the exhibit

[44] HCSO (2014b)
[45] Hiradó.hu, October 25, 2012

was 500 million forints, of which the government granted 450 million. The two largest Italian newspapers, La Repubblica and Corriere della Sera described the exhibition as the outstanding event of the Hungarian-Italian cultural season, stating that it was "rich in major works and scientifically impeccable", and that with this grandiose exhibition, Budapest had "once again introduced itself as the strategic center of international culture."[46]

Table 10: The 10 most visited Hungarian museums in 2013

Name of museum	Location
Museum of Fine Arts	Budapest
Hungarian Technical and Transport Museum	Budapest
Buda Castle Matthias Church Art Collection	Budapest
Museum of Fine Arts Hungarian National Gallery	Budapest
Millenáris Scientific Cultural Public Nonprofit Company	Budapest
Dobó István Castle Museum	Eger
House of Terror Museum	Budapest
Hungarian Jewish Museum and Archives	Budapest
Hungarian National Museum	Budapest
Ópusztaszer National Heritage Park	Ópusztaszer

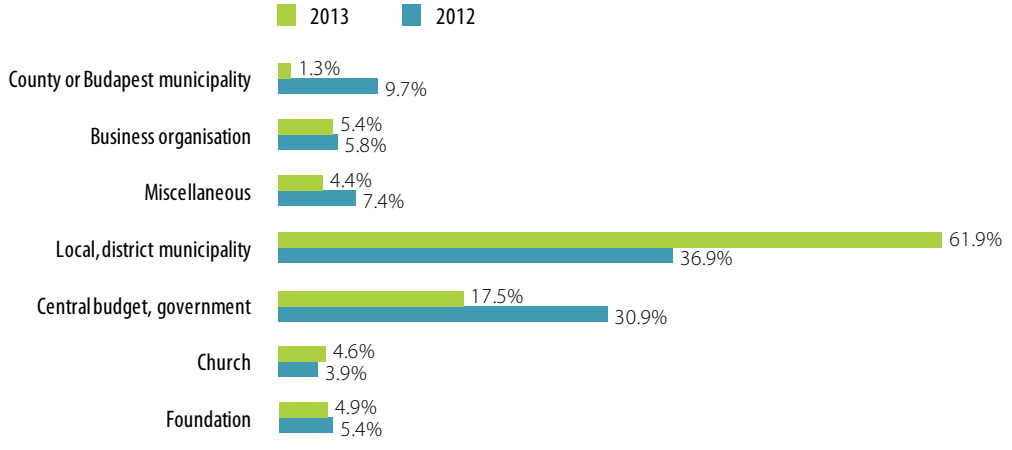
Source: HCSO

The Hungarian National Gallery, reorganized under the auspices of the Museum of Fine Arts, attracted over ten thousand visitors in 2013 with its exhibition entitled Impressionist and Post-impressionist Masterpieces by Monet, Gauguin, Szinyei Merse, Rippl-Rónai from the Collections of the Israel Museum, Jerusalem, the Hungarian National Gallery and the Museum of Fine Arts, Budapest. These museums stand their ground abroad as well. First, an exhibition of works from the Hungarian National Gallery opened in the Galleria Nazionale d'Arte Moderna e Contemporanea in Rome entitled The time of Modernity – Modern Hungarian Painting 1905-1925. Subsequently, the Musée d'Orsay in Paris cooperated with the Museum of Fine Arts to host an exhibition entitled Allegro Barbaro – Béla Bartók and Hungarian Modernism 1905–1920.

According to HCSO data, over 5,300 people worked in museums in Hungary in 2013. Of this number, 84 per cent worked full-time and 43 per cent had university degrees. The largest share of the revenue received by these institutions (70 per cent) came from subsidies, while ticket sales accounted for 6.6 per cent.

[46] HVG.hu, November 8, 2013

Figure 30: Distribution of museums according to type of owner



Source: HCSO

Significant structural changes occurred within the system of cultural institutions in the review year. Museums hitherto maintained by counties were transferred to local municipalities, such that 63.2 per cent of them were controlled by local municipalities by the end of the year. The Museum of Fine Arts and the Hungarian National Gallery were merged in 2012, with the latter becoming a member institution, and continuing its activities under its own name while maintaining its national museum status. In 2013, the Hall of Art (Műcsarnok), together with the Vigadó Concert Hall and the Budakeszi Hild Villa, came under the auspices of the Hungarian Academy of Arts. In that same year, the government adopted the Liget Budapest plan, under which a Museum District will be built with the complete reconstruction of the Városliget Park between 2014 and 2020.

4.4. Motion picture and video

The European film industry employed over 640,000 people in 2012 and generated more than 17 billion euros in revenue. Motion pictures are ranked ninth out of the 11 creative sectors surveyed in the EY study. In the review year, 36.5 per cent of sector revenue came from cinema tickets. At the European level, revenue has grown modestly (2.8 per cent annually) since 2008, but not enough to offset a substantial and steady decline in earnings from DVD sales (12 per cent/year). Turnover from Blu-ray disc sales continues to be meagre in spite of a 50 per cent growth.

Cinema remains very popular in Europe, although ticket sales account for only 3 per cent of total sales of creative and cultural goods and services. Innovations such as 3D or 4D screenings have provided an enhanced experience for cinema-goers but have also pushed up ticket prices, thus creating the need to differentiate audiences by classifying them under traditional and premium category groups. At the same time, the availability of digital

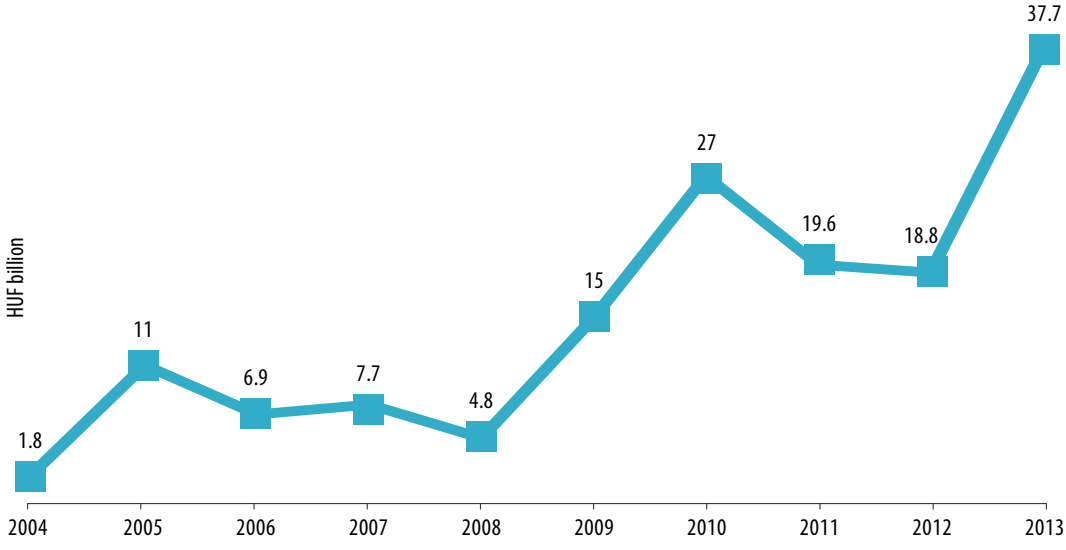
file sharing mechanisms has adversely affected box office revenue by enabling viewers to download and watch films (illegally) free of charge. The UK Federation Against Copyright Theft (FACT) estimates that pirated DVDs and illegal downloading cost the industry a revenue shortfall equivalent to 15 per cent of the value of legitimate film market sales, and thus reduce annual revenue by this amount. With almost 1,300 films produced in 2012, Europe is the world's leading film-producing region, although admissions data show that 17 of the 20 most popular films in Europe were produced in the United States. All the same, European films are indeed gaining market share: in 2009, they accounted for 26 per cent of total admissions in Europe, and had risen to 33.6 per cent by 2012. By country of origin, French films captured 13.6 per cent of the European market, followed by UK films (8 per cent) and Italian films (2.9 per cent).

According to the Eurobarometer survey, more Europeans went to the cinema in 2013 (52 per cent) than in 2011 (51 per cent). Over 12 months, 23 per cent of the EU population watched one to two films; 16 per cent had been to the cinema three to five times; and 13 per cent mentioned an even higher number of times. The Danes were the most frequent cinemagoers, with 76 per cent of the population having watched at least one film in 12 months. Romania was last with 20 per cent. Hungarians were among those at the bottom of the list (23rd position). The main reasons cited for not going to the cinema were lack of time (30 per cent of respondents), lack of interest (25 per cent) and high ticket prices (22 per cent). Among the respondents, 10 per cent were dissatisfied with the quality or choice of films, 8 per cent gave spontaneous responses and 1 per cent had too little information on the current program. Some 34 per cent of Hungarian respondents cited high ticket prices as the main reason for not going to cinemas, 27 per cent were not interested in movies, 25 per cent lacked the time, and 9 per cent were dissatisfied with the quality or choice of films.

The Hungarian film industry's situation has been rather peculiar in recent years. Records from the National Film Office show that between 2010 and 2014, an average of 250 cinema and TV films were produced annually in Hungary, with an average of 46 billion forints spent per year. In 2011, the Office registered 192 motion pictures with an aggregate budget of 33.6 billion forints, including six international productions with a more significant budget. The same number of films was produced in 2012, two of which were large productions with related expenditures of almost 40 billion forints. In 2013, 270 new motion pictures, with budgets exceeding 54 billion forints, were added to the database. Six of them had more substantial budgets, including Hercules with Dwayne Johnson, which was shot in Hungary. Costing over 14 billion forints, it is the most expensive film ever produced in Hungary. Available data attests to the fact that the Hungarian film industry is sustained primarily by outstanding service work performed for foreign productions. The Film Office states three main reasons why international productions come to Hungary, namely: creators are attracted by the high professional standard of film services; the location and architecture of the capital is suitable for replacing the most sought-after film locations; and the support system of the film industry is exceptionally attractive even by international standards.[47]

[47] National Media and Communications Authority News, March 10, 2015.

Figure 31: Expenditures of foreign crews in Hungary



Source: Heti Válasz, 29 January 2015.

Hungarian-produced films have fared poorly primarily due to the institutional changes introduced. The Hungarian Motion Picture Public Foundation was replaced in 2011 by the Hungarian National Film Fund, which focuses primarily on the production of feature films for cinema audiences and the development of screenplays. Owing to the protracted development of the new system, no films supported by the Film Fund were produced in 2011 and 2012[48] (and, consequently, the Hungarian Film Week was not organized in 2013.[49]) After this period, the first productions supported by the Film Fund were shown in 2013, namely: The Notebook directed by János Szász; Heavenly Shift by Mark Bodzsár; and the film Coming Out by Dénes Orosz. The most successful of these was The Notebook, which won the Chrystal Globe, which is the main award of the most prominent film festival in the region held in Karlovy Vary. The film was produced with a production subsidy of 180 million forints from the Film Fund (and an additional subsidy of 100 million forints from the State Secretariat for Culture). In terms of attendance, Coming Out was the most successful of the films supported by the Film Fund (280 million forints) with a cinema audience of over 140,000. Around 40,000 people saw The Notebook, while a mere 20,000 moviegoers bought tickets[50] for Heavenly Shift which was produced with a subsidy of 205 million forints[51].

[48] Figyelő, 2014/2
[49] Világgazdaság, February 2, 2013
[50] Világgazdaság, April 29, 2014
[51] Világgazdaság, May 27, 2013

Table 11: Productions granted a subsidy of at least 100 million forints by the Film Fund

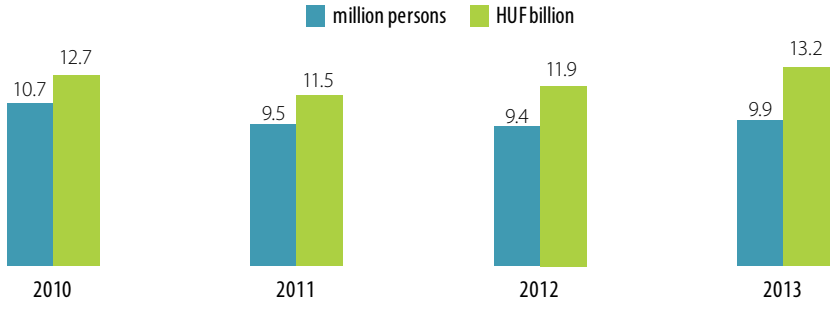
Film title	Year of decision	Director	Subsidy (HUF million)
Toldi	2013	György Pálfi	900
Kakukkfiók	2013	Krisztina Goda	420
Délibáb	2013	Szabolcs Hajdu	350
Swing	2013	Csaba Fazekas	325
Fever at Dawn	2012	Peter Gárdos	300
Argo 2	2013	Attila Árpa	296.5
Coming out	2012	Dénes Orosz	280
White God	2012	Kornél Mundruczó	280
Paw	2013	Robert Adrian Pejó	250
Hier	2013	Bálint Kenyeres	250
No Man's Island	2013	Ferenc Török	236
What Ever Happened to Timi	2013	Attila Herczeg	227.5
Liza, the Fox-fairy	2011	Károly Ujj Mészáros	205
Heavenly Shift	2012	Mark Bodzsár	205
Mom and Other Loonies in the Family	2012	Ibolya Fekete	190
Afterlife	2012	Virág Zomborácz	190
The Wednesday Child	2013	Lili Horváth	181.3
The Notebook	2012	János Szász	180
Zero	2012	Gyula Nemes	180
Parking Lot	2013	Bence Miklauzic	180

Source: HVG, 2 August 2013

As with earlier years, art cinemas are struggling to survive. In the fall of 2011 and 2012, the National Cultural Fund invited applications to subsidize these institutions, but withdrew the offer in 2013. As of 15 October 2013, there were 47 art film screening rooms in 29 cinemas nationwide, whereas the art status of 24 rooms in 17 cinemas had been withdrawn in the previous year.[52] According to the Film Distributors Association, each year half a million viewers in Budapest and several hundred thousand people elsewhere in the country visit art cinemas which had managed to survive earlier with public funding of 150 million forints in addition to box office revenues. In 2013, the art classification was awarded to 66 films. However, this does not guarantee that the films will reach audiences during distribution.[53]

[52] Magyar Nemzet, October 21, 2013
[53] Népszabadság, October 14, 2013

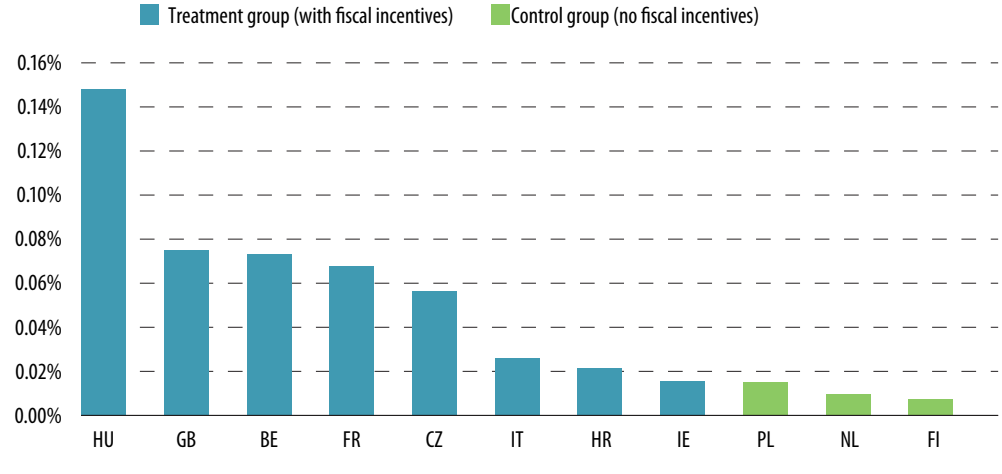
Figure 32: Number of moviegoers in Hungary and box office revenues



Source: Világgazdaság, February 22, 2014

In contrast with the transitional hardships of Hungarian film production, the boom of foreign films produced in Hungary has held steady over the past years. Thanks to its inexpensive and trained professionals, its financing mechanisms and tax incentives, its world class film studios and its buildings and environment that are reminiscent of almost any part of the world, Hungary continues to be the filming location of several blockbusters, made either through lease work or co-productions. Consequently, between 2010 and 2013, Hungary topped the list, in terms of production spend on film productions as an average of national GDP, according to a European Audiovisual Observatory report published on February 6, 2015. [54] The report clearly shows that States applying fiscal incentives (tax rebates, tax credits, etc.) are much more attractive to the film industry than those that do not support film production through such mechanisms.

Figure 33: Production spend on film productions as an average of national GDP between 2010 and 2013



Source: European Audiovisual Observatory and Olsberg•SPI

[54] European Audiovisual Observatory and Olsberg•SPI Press Release, February 6, 2015.

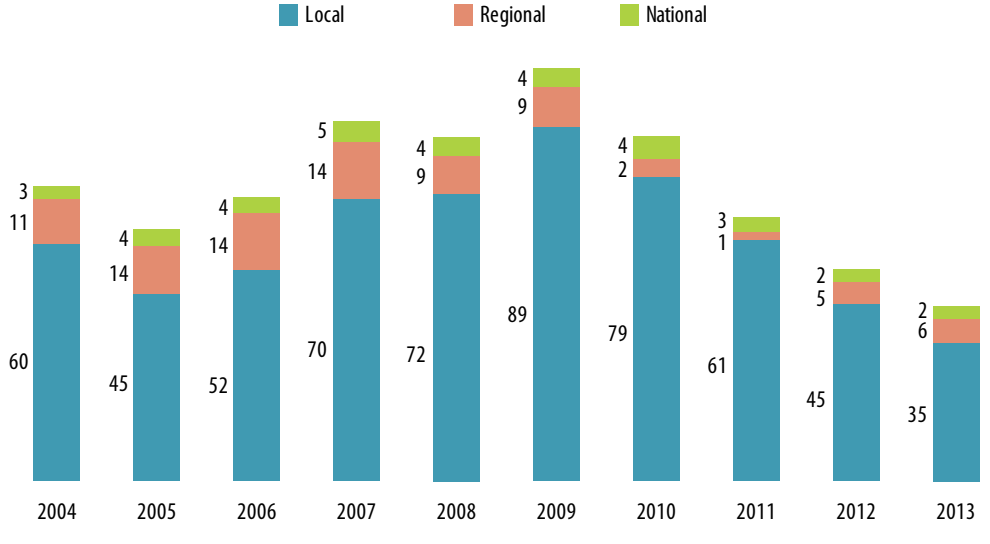
4.5. Radio and television

Radio

In 2012, nearly 97,000 people worked for radios in Europe. The aggregate revenue from radio stations was 10.4 billion euros. In that year, four out of five residents turned on the radio and listened to broadcasts for at least two hours each day. The number of listeners did not change between 2010 and 2012. In other words, radio remains hugely popular. The richness of the radio industry resides in its diversity. Its myriad programs, varied content (politics, sports, culture, health, gastronomy, etc.) and local news make this genre unique. At the regional level, revenue slipped by 4.4 per cent between 2008 and 2012 (mostly due to a 7.3 per cent decline in advertising income), although employment rose by 2.2 per cent in the same period. Both public and commercial broadcasters are adapting to consumer demand and turning to digital solutions. As a result, almost all major stations now broadcast via Internet, also offering additional related services (applications, digital messaging, catch-up streaming, online voting, blogs, visual services, etc.). Limited frequency availability has forced smaller radio stations to broadcast online only, a cost-effective solution to reach more segmented audiences.

According to the ProArt music industry report, the Hungarian radio market lost 41.5 per cent of its sales revenue between 2008 and 2013 and only began to stabilize at the end of the period, with a value of about 7.5 billion forints. Although the sector has steadily expanded across the world in recent years, it has shrunken considerably in Hungary, with a decline in the number of local radio stations and only one remaining national commercial station (Class FM).

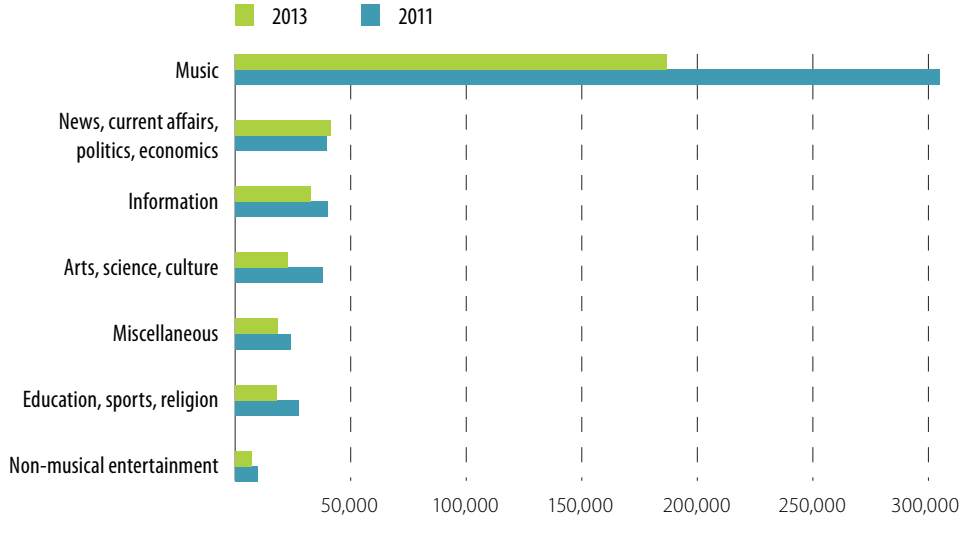
Figure 34: Distribution of radio broadcasters by area



Source: HCSO

Surveys on radio listening habits show that the radio remains popular in Hungary. New audience research, based on international methodology and supervised by the Association of Radio Media Providers, was launched in April 2013. According to the research performed by TNS-Hoffmann and Mediameter in the second quarter of the review year, nine out of ten people aged 15 and above listened to the radio fairly regularly; 65 per cent of respondents listened to the radio in the car; 57 per cent while working in the kitchen; 49 per cent in the living room; 43 per cent at shopping centers; 31 per cent at school or at work; 28 per cent through the Internet; and 25 per cent through their mobile phones. Three-quarters of the people listen to the radio to obtain information on current affairs or just for entertainment.[55] Class FM emerged as the most popular station among respondents (26.1 per cent), followed by Kossuth Radio (18 per cent), Petőfi Radio (11.8 per cent), Music FM (3.9 per cent) and Juventus Radio (3.4 per cent). The radio stations dominate the airwaves throughout the day as follows: Class FM between 6 a.m. and 10 a.m.; Kossuth Radio between noon and 1 p.m.; and Class FM again between 5 p.m. and 7 p.m. The ranking was the same in Budapest as well, with differences evident only in the proportion of listeners. A review of the composition of listeners in Budapest shows that typically more educated people from the higher strata of society listen to theme radios such as Jazzy Radio, Klasszik Radio, Economy Radio, Lánchíd Radio, InfoRadio, or Hungarian Catholic Radio.[56]

Figure 35: Radio program time by program type (in hours)



Source: HCSO

Television

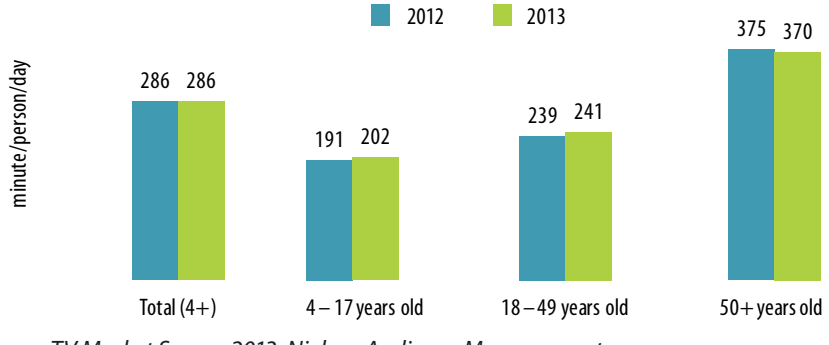
In 2013, the European TV market employed over 600,000 workers and, in 2012, it generated nearly 90 billion euros in revenue. It is the second largest TV market in the world after that of

[55] Mediameter.hu, 13 November 2013
[56] Mediameter.hu, 16 July 2013

the US. Between 2008 and 2012, advertising revenue declined by 3 billion euros, representing over 31 per cent of total revenue generated by TV broadcasters, although this decline has been offset by other income (TV and general license fees, subscriptions, etc.). Broadcast TV distribution channels are increasingly diversified. In 2009, the EU TV market shares were 31 per cent for satellite broadcasting, 30 per cent for cable, 25 per cent for digital terrestrial TV and 5 per cent for Internet Protocol Television (IPTV).[57] Europe is the largest IPTV market in the world, accounting for 40 per cent of global subscribers in 2010 (of which France alone has 23 per cent). Overall TV revenue growth has been primarily driven by increasing flows from pay-TV (subscription channels, premium services, live events viewable for a consideration, etc.) in recent years. Data that appropriately reflects changing market trends shows that although advertising had generated about 47 per cent of TV revenue in 2008, compared to 44 per cent for pay-TV, its revenue had shrunken to 43 per cent by 2010 while pay-TV revenue rose to 48 per cent. This trend is expected to continue in coming years. The amount of time spent watching TV is declining in most of Europe on account of the growing dominance of the Internet. On average, European residents watched 3 hours and 48 minutes of TV per day in 2010. However, average TV viewing time declined over the next three to four years in some European countries: compared to previous years, the French and British respectively spent 8 and 18 minutes less time watching TV. Nearly 10,000 TV channels are currently established in Europe to entertain audiences on a wide range of subjects. Like the music industry, this sector also needs to adapt to the challenges of the Internet before it can survive. To that end, TV channels must offer content that is as varied as possible and available online.

Watching TV is still fashionable in Hungary. In 2013, Hungarians spent the same amount of average time watching TV as in the previous year: 4 hours and 46 minutes.[58] The average time spent on watching TV increases with age: four- to 17-year-olds watch for 3 hours and 22 minutes; 18- to 49-year-olds watch for 4 hours and 1 minute and those over 50 watch for 6 hours and 10 minutes each day. According to an Ipsos survey conducted in the review year, young people mainly turned to the TV for local and world news.[59]

Figure 36: Amount of time spent watching TV per person

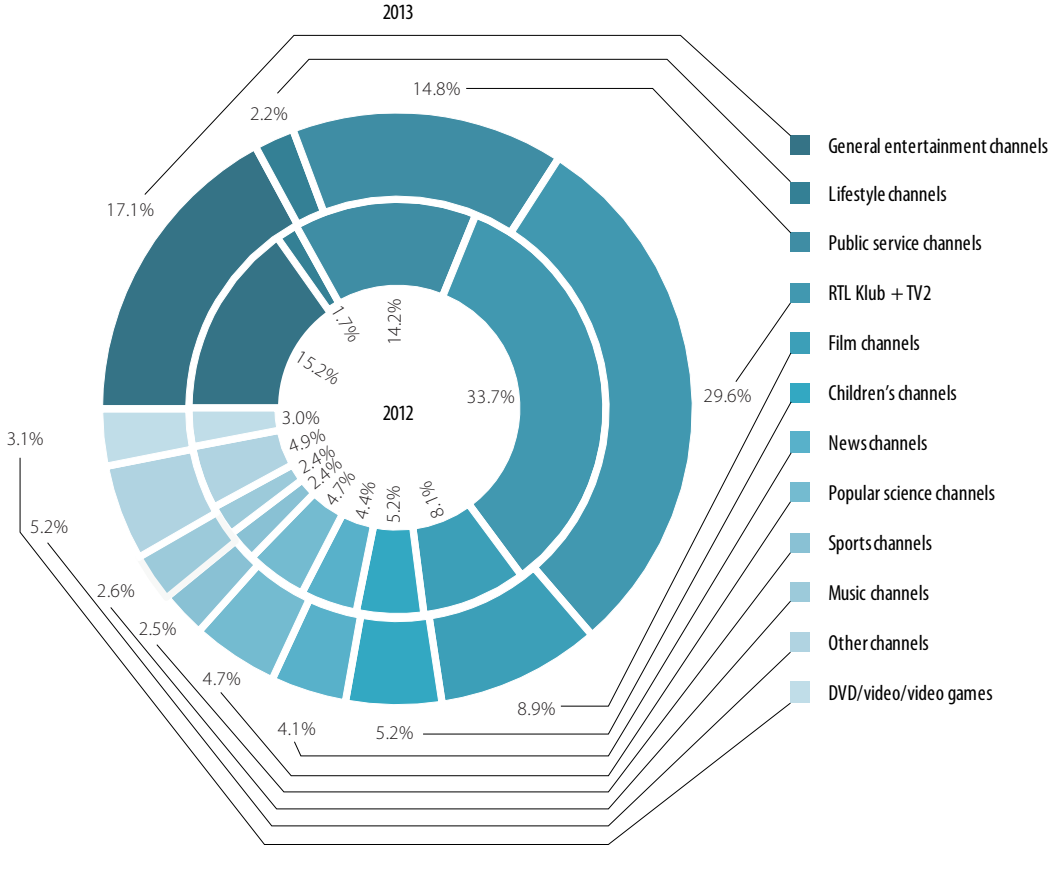


Source: TV Market Survey 2013, Nielsen Audience Measurement

[57] A digital TV broadcast service provided through internet or local network (LAN) using an IP-protocol.
[58] TV Market Survey 2013. Nielsen Audience Measurement.
[59] Ipsos News, April 8, 2013

The most popular distribution platform was still analog cable although the digital format continued to gain popularity among viewers in 2013. The 38.5 per cent market share controlled by cable TV shrank to 34.3 per cent within one year. The second most popular platform is digital satellite subscriptions which increased in share from 25.4 per cent to 27 per cent. The digital cable/IPTV category experienced the fastest growth in 12 months. Initially, just 18.9 per cent of the total population used this platform, but in the review year this figure had grown to 23.6 per cent. Terrestrial reception (analog and digital) had a 15.1 per cent share, representing a 1.9 per cent decrease during the year. Moreover, 2013 was a major milestone in Hungarian television on account of the complete digital transition. Terrestrial programs were broadcast digitally in 14 counties from August and nationwide from November. For viewers, this meant better picture and sound quality and the emergence of several new services. Consumers who continue to receive broadcasts with a room antenna now have access to seven, instead of the erstwhile three, channels if they install an indoor unit. Such consumers, who are mainly single, low income households, are estimated to be 500,000 in number.[60]

Figure 37: Audiences of channel types



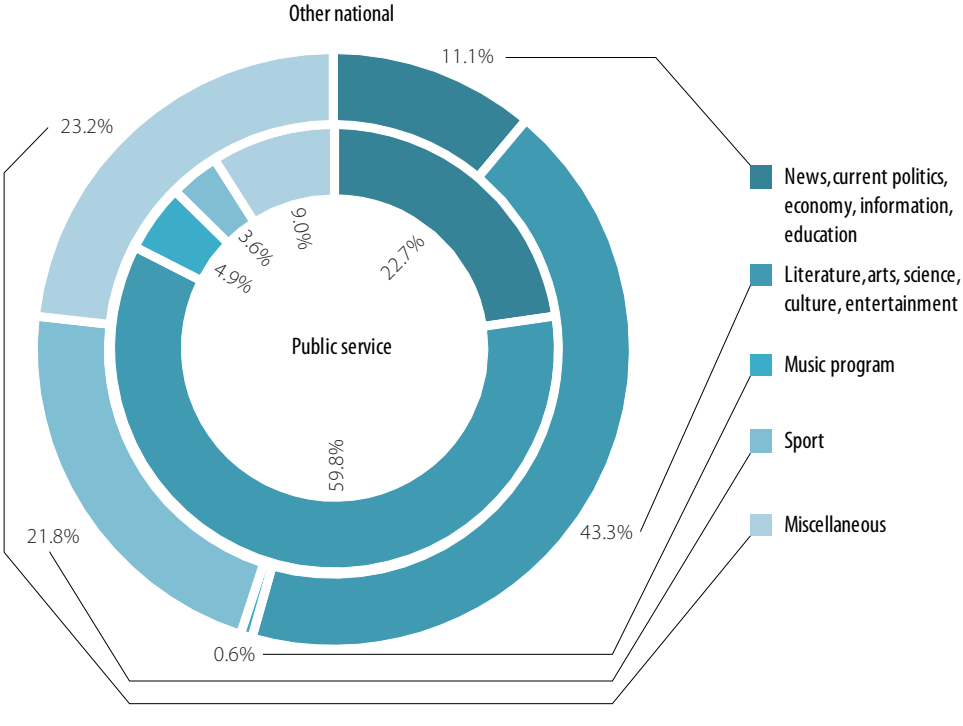
Source: TV Market Survey 2013, Nielsen Audience Measurement

[60] Népszabadság, July 29, 2013

The two largest commercial channels, RTL Klub and TV2, continue to attract the most viewers. Yet, although one-third of viewers watched one of these channels in 2012, that proportion decreased by 4 per cent in one year. Half of those who dispensed with these channels chose general entertainment channels instead (17.1 per cent of all viewers). Viewers of lifestyle, public service, film and other channels also grew in number. News channels attracted slightly fewer viewers in 2013 than in the previous year (0.3 per cent).

As in previous years, entertainment (literature, art, scientific, cultural and other entertainment) programs topped the rankings in 2013, in terms of number of programs offered. They accounted for about 60 per cent of programs on public service channels and 43.3 per cent on other national channels. On public service channels, the share of programs on news, current politics, the economy, information and education was also significant (22.7 per cent), while sports (21.8 per cent) and other content (23.2 per cent) were able to exceed the 20 per cent threshold on other national channels.

Figure 38: Distribution of TV programs on national channels (2013)



Source: HCSO

4.6. Advertising, commercials

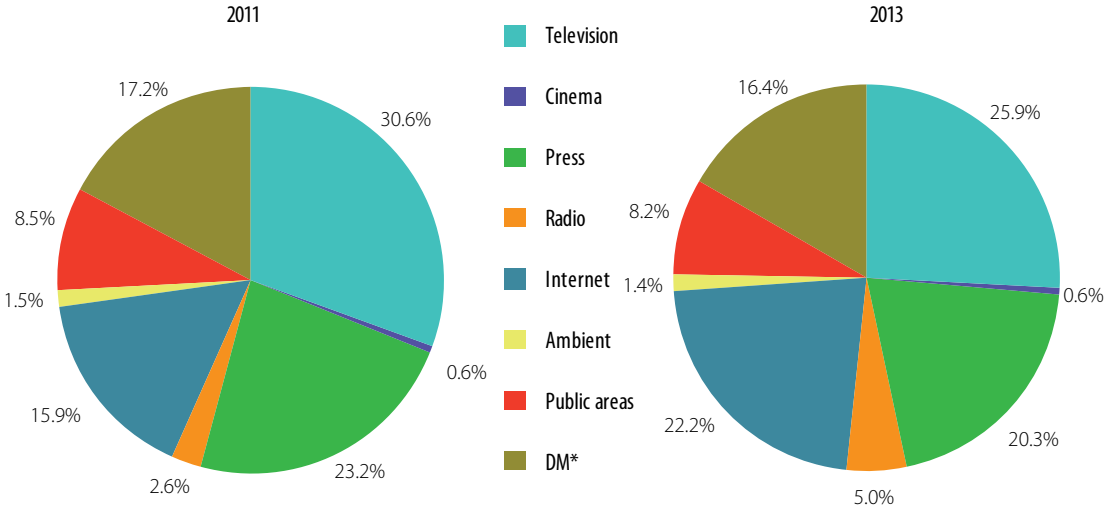
Over 818,000 people worked in the European advertising industry in 2012. In that year, the sector generated 93 billion euros in revenue, making it the second largest business in the

creative industry. Advertising was hard hit by the economic crisis, with the revenue of European communications agencies falling by 7 per cent between 2008 and 2012. Newspapers and magazines suffered the greatest losses with an annual decline of 8.3 per cent, while TV and radio experienced relatively modest declines of 2.5 per cent and 2 per cent, respectively. In contrast, advertiser spending on online publicity has surged by 12 per cent annually since the crisis, while spending at cinemas has grown at an annual rate of 4 per cent. In 2012, advertising shares were as follows: television (31.9 per cent); Internet (24.1 per cent, relative to just 14 per cent in 2010); newspapers (22 per cent); magazines (9.9 per cent); outdoor advertising (6.2 per cent); radio (5.5 per cent) and cinema (7.7 per cent). The surge in Internet advertising is explained by the fact that web portals acquire data on the pages visited by the European population which spends increasingly more time on the Internet. Accordingly, they have been able to put together an advertising portfolio for each user and this has turned out to be a successful strategy.

After many years of decline, the advertising market was able to grow by 0.6 per cent in 2013, generating 175.4 billion forints in revenue. This was the first year in which the Internet overtook the media in terms of advertising spending. Television remains the medium most used by advertisers, although its advertising revenue has declined steadily in the five years following the crisis. Based on data from 56 channels, advertising revenue in the review year was 45.6 billion forints compared to 54.9 billion in 2011. The national terrestrial channels category accounted for two-thirds of this revenue, despite a 10 per cent decline, while cable increased its share from 4 to 31 per cent. The Internet advertising market gained 16 per cent in one year, generating 39.1 billion forints. In 2013, the press market earned 35.8 billion forints in advertising revenue. The respective shares of the various publications were: 36 per cent for daily newspapers, 19 per cent for women's magazines and 18 per cent for local municipalities and free newspapers. Advertisements placed in press products declined at a significantly lower rate than a year earlier. Direct marketing, consisting mostly of messages sent by e-mail, declined by 6 per cent, grossing 28.9 billion forints in the review year.[61] Cinema advertising revenue amounted to approximately 1 billion forints. Advertising in public places stagnated in 2013 (14.3 billion forints); the 25,000 billboards displayed nationwide were used all year round in a balanced way. Revenue from ambient advertising (i.e., advertising that does not use conventional advertising tools) remained unchanged relative to the previous year (2.4 billion forints). Radio advertising revenue surged to 8.8 billion forints in 2013, compared to 6.8 billion forints a year earlier, representing a 29 per cent increase. This revenue surge partly stems from the fact that the proportion of companies providing data to the Hungarian Advertising Association increased to almost 100 per cent.[62]

[61] Világgazdaság, June 4, 2014
[62] Világgazdaság, March 5, 2014

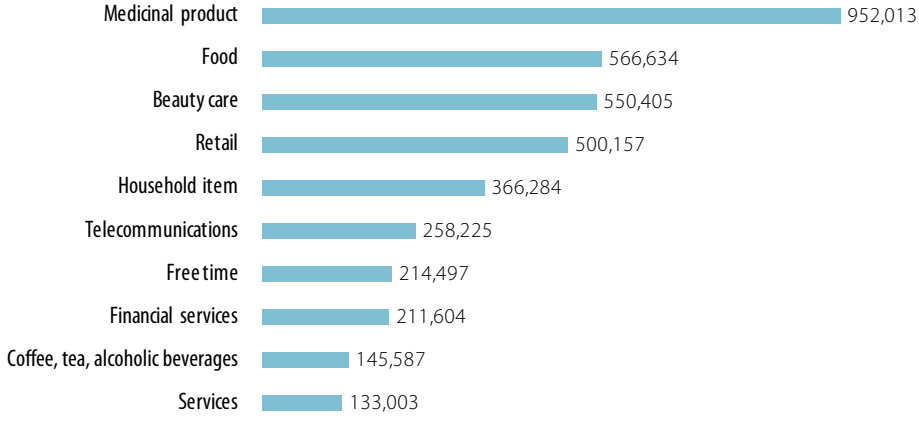
Figure 39: Advertising market shares



**direct marketing*
Source: Hungarian Advertising Association

Data from the Nielsen survey show that of the 7.1 million people who watched TV daily, 6.7 million saw at least one commercial. Of the 283 minutes of average daily TV watching, 23 minutes were filled with some form of advertising, which included 78 short films. The 47 channels in the survey aired 12,200 commercials with an average length of 24.6 seconds. They were aired for a total of 4.46 million times on screen, which is a 7.4 per cent increase over the previous year. One commercial block included 6 spots on average.

Figure 40: Number of ads by TOP10 sector



Source: Nielsen Audience Measurement

In 2013, 46 per cent of advertising was linked to the three most popular sectors. The number of actively advertising companies was 556, representing a total of 1,034 brands. Some 5,521 of the 6,868 advertising films were new. On average, each commercial was aired 649 times.

An Ipsos international survey on the effectiveness of advertising on social media pages found that 65 to 75 per cent of Internet users can be attracted to brands. This creates enormous potential for companies. Hungarian viewers are less prompted to shop by commercials (25 per cent) compared to the European average (35 per cent), although, interestingly, persons above the age of 50 years are more easily influenced by advertising (30 per cent). The survey separately measured the efficiency of advertising broadcast as shares or posts on social media pages. Such advertising persuades 21 per cent of Hungarians to use a certain product or service (the European average is 31 per cent).[63]

At the request of the Hungarian Advertising Association, PricewaterhouseCoopers Hungary (PwC) conducted a survey on the economic impact of the sector. The study was prompted by Government plans to introduce an advertisement tax in Hungary in 2013. The primary purpose of the PwC study was to prove that the proposed measure would cause more harm to the economy than any profits it might generate for the State. Results showed that every 10 forints spent on advertising contribute a total of 47 forints to the performance of the national economy. In 2012 and 2013, the combined advertising expenditure of 174 billion forints generated a total of 820 billion forints, thus increasing Hungarian GDP by 3 per cent. At the time the survey was conducted, the advertising sector was estimated to have 13,000 direct and 50,000 indirect employees. According to the survey, the economic impact of advertising is significant as it affects price competition, contributes to containing inflation and boosts employment. Moreover, advertising also has serious social effects.[64]

4.7. Information and communication technology

According to data from the Hungarian Central Statistical Office,[65] 79 per cent of all EU households had Internet access in 2013. The Netherlands, Luxemburg, Sweden and Denmark topped the list with over 90 per cent. Hungary was 19th, ranked between Poland and Spain, with 71 per cent. Hungary's ranking slightly improved relative to 2011. The percentage of Hungarian households with Internet that also have broadband access is higher than the EU average. Hungary lagged behind only slightly in terms of computer and Internet usage: the 73 per cent recorded for both indicators was respectively 3 per cent and 2 per cent less than the EU average in the review year. The proportion of Internet users exceeded 90 per cent of the population in six EU countries: the United Kingdom, Finland, Denmark, the Netherlands, Luxemburg and Sweden. In this regard, Hungary is ranked 16th out of the 28 EU States, between the Czech Republic and Slovenia. In terms of number of businesses using Internet, Hungary still lags behind (8 percentage points below the EU average) and is ranked 26th. However, it is one of the countries with the highest broadband subscrip-

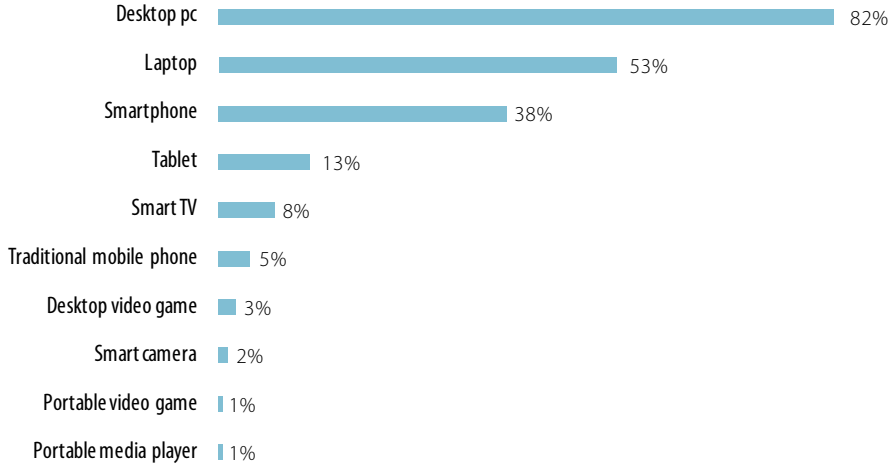
63 Ipsos News, August 29, 2013
64 Világgazdaság, October 25, 2013, and Napi gazdaság, October 22, 2013
65 HCSO (2014c)

tion rates, exceeding the regional average by 3 percentage points. On website prevalence, Hungary is 12 per cent below the EU average and is ranked 5th from the bottom. On digital literacy (i.e., knowing how to operate computers for information and communications purposes) Hungary is above the European average, especially regarding competency in this area. As regards business organization, resource-planning systems and the application of electronic invoicing, the digital level of Hungarian companies places the country in the second half of the European list. European trends on the electronic management of public administration affairs are not obvious: in 2011 and 2013, 41 per cent of the EU population made use of e-administration, a figure that inched up to 44 per cent in 2012. In 2013, the Hungarian average was 4 per cent below the EU average. For years, over 90 per cent of businesses in Hungary have contacted offices and authorities electronically, which puts the country in the upper echelons of rankings, exceeding the EU average by 13 to 17 per cent. As regards e-commerce, Hungary still lags far behind Western Europe. In 2013, 47 per cent of the EU population bought at least one item via the Internet over 12 months. The proportion was highest in Denmark and the UK (77 per cent each), while Hungary was ranked 19th with 28 per cent. In 2012, 16 per cent of the net sales revenue of Hungarian businesses came from electronic sales, a figure that exceeded the EU-28 average by 2 per cent and put the country in fifth place among EU Member States.

According to a population survey conducted by the National Media and Communications Authority in 2013,[66] 74 per cent of the Hungarian population had an Internet connection, a percentage that is consistent with the experiences of developed countries. This trend is growing: 40 per cent of Hungarians in 2005 and 68 per cent in 2010 used this technology. Based on the survey conducted in 2013, two-thirds of the population over the age of 14 years used the Internet, with the vast majority (94 per cent) doing so at least once a week. In terms of age groups, there is a sharp drop in active Internet use from middle-age. Over 80 per cent of the 14- to 39-year-olds use the Internet at least once a week, whereas only one quarter of those aged above 60 years do so. Nearly three-quarters of city dwellers connect to the Internet at least once a week, whereas just half of the residents in small towns or villages do so. Desktop computers are the primary equipment used (82 per cent), followed by laptops (53 per cent), smartphones (38 per cent) and tablets (13 per cent). Among those who accessed the Internet, 81 per cent used more than one kind of equipment for this purpose.

[66] National Media and Communications Authority, February 2014

Figure 41: Equipment used for connecting to the Internet in Hungary (2013)



Source: National Media and Communications Authority

86 per cent of respondents used portable devices in the review year, while 85 per cent used other non-portable devices as well. In 2013, the number of persons who only use portable devices doubled (16 per cent) relative to the previous year. This practice is typical (19 per cent) of the 20- to 29-year-old age group. 51 per cent of respondents used only traditional equipment, such as desktops or laptops, a value that is 5 per cent lower than in the previous year. The elderly prefer this kind of equipment to modern technologies. 29 per cent of Hungarian Internet users planned to purchase a smartphone within half a year from the date of the survey, 18 per cent wanted to buy a portable computer, 17 per cent wanted a tablet and 11 per cent wanted a desktop PC. Internet users who own a smartphone use it primarily for phone calls (98 per cent); but also for taking photographs (89 per cent); consulting the calendar, reminders and notes (69 per cent); listening to music (64 per cent); games (62 per cent); messaging (56 per cent); making video recordings (55 per cent); and checking the weather forecast (54 per cent).

The place of use has not changed much in recent years: 98 per cent of users surf the Internet at home, while 62 per cent (also) connect to the Internet outside their homes. The most popular technology for connecting is wire (89 per cent), Wi-Fi (53 per cent) and subscription broadband mobile Internet (50 per cent). Wi-Fi surfing surged from 28 per cent to 53 per cent within a year, which can be explained by the fact that an increasing number of mobile device users can connect to an expanding range of free services. Thanks to mobile technology, the proportion of people with only localized Internet access fell from 68 per cent to 62 per cent in 2013. However, this did not lead to a reduction in the number of contracts because the proportion of users with both localized and mobile subscriptions grew from 15 per cent to 19 per cent within the same period. Nine per cent of subscribers had only mobile Internet. Internet and mobile phones topped the list of the most indispensable communications equipment (87 per cent each), followed by television (65 per cent), radio

(40 per cent), print media (31 per cent) and land line telephone (16 per cent). 87 per cent of Hungarian respondents thought that the web helped them to manage their everyday lives. Product reviews and price comparisons were among users' favorite activities, with 63 per cent surfing for such information on computers and 37 per cent on tablets and smartphones. Reading (classified) ads was also often mentioned (49 per cent and 33 per cent), as was banking (40 per cent and 21 per cent), and shopping, bidding in an auction, ordering goods or services (33 per cent and 18 per cent).

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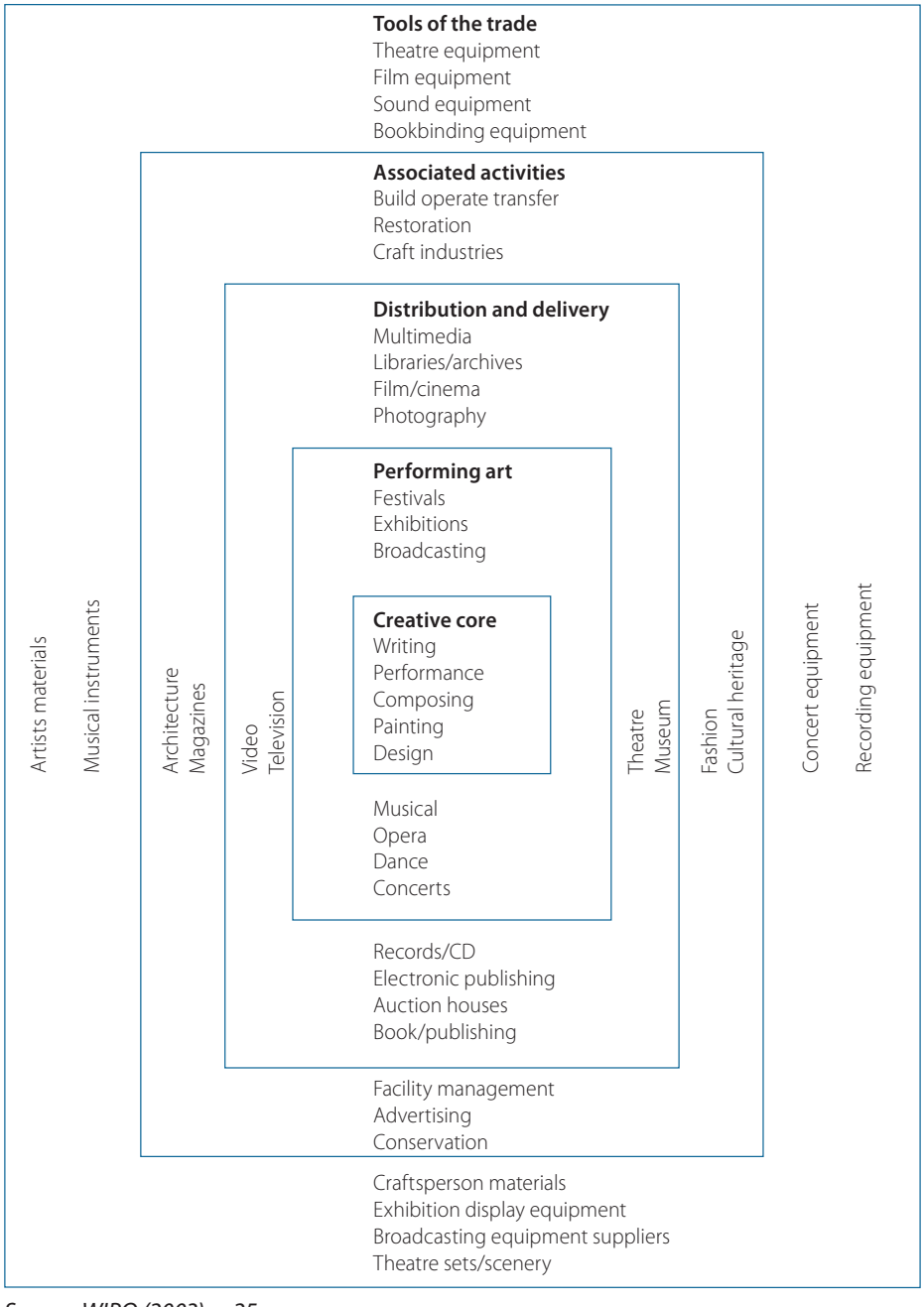
ANNEXES

Annex 1

Groups of creative industries



Source: WIPO (2003), p.25

Annex 2

List of copyright industries according to WIPO methodology and to the Hungarian study

Type of copyright industry	Groups of industries	
	WIPO	Hungary
I. Core copyright industries	– Press and literature – Music, theatrical productions, opera – Motion picture and video – Radio and television – Photography – Software and databases – Visual and graphic arts – Advertising – Collecting societies	– Press and literature – Music, theatrical productions, opera – Motion picture and video – Radio and television – Photography – Software and databases – Advertising – Professional organizations
II. Interdependent copyright industries	– TV sets, radios, VCRs, CD players, DVD players, cassette players, electronic game equipment, and other similar equipment (manufacture, wholesale and retail) – Manufacture, wholesale and retail of computers (sale and rental) – Musical instruments (manufacture, wholesale and retail) – Manufacture, wholesale and retail of photographic and cinematographic instruments (sale and rental) – Manufacture, wholesale and retail of photocopiers (sale and rental) – Manufacture, wholesale and retail of Blank recording material – Manufacture, wholesale and retail of paper	– Manufacture of consumer electronics – Manufacture of computers – Manufacture of musical instruments – Manufacture of photographic and cinematographic instruments – Manufacture of photocopiers – Manufacture of blank recording material – Manufacture of paper – Rental of interdependent copyright industries – Wholesale and retail of interdependent copyright industries
III. Partial copyright industries	– Apparel, textiles and footwear – Jewelry and coins – Other crafts – Furniture – Household goods, china and glass – Wall coverings and carpets – Toys and computer games – Architecture, engineering, surveying – Interior design – Museums	– Apparel, textiles and footwear – Jewelry and coins – Other crafts – Furniture – Household goods, china and glass – Wall coverings and carpets – Toys and games – Architecture, engineering – Museums – Wholesale and retail of partial copyright industries

Annex 3

Copyright factors used in the course of the 2013 research

Copyright industries	Copyright factors
I. Core copyright industries	1.000
Press and literature	1.000
Music, theatrical productions, opera	1.000
Motion picture and video	1.000
Radio and television	1.000
Photography	1.000
Software and databases	1.000
Advertising	1.000
Professional organizations	1.000
II. Interdependent copyright industries	
Manufacture of consumer electronics	1.000
Manufacture of computers	1.000
Manufacture of musical instruments	1.000
Manufacture of photographic and cinematographic instruments	1.000
Manufacture of photocopiers	1.000
Manufacture of blank recording material	1.000
Manufacture of paper	1.000
Rental of interdependent copyright industries	1.000
Wholesale and retail of interdependent copyright industries	1.000
III. Partial copyright industries	
Apparel, textiles and footwear	0.005
Jewelry and coins	0.250
Other crafts	0.400
Furniture	0.050
Household goods, china and glass	0.005
Wall coverings and carpets	0.020
Toys and games	0.500
Architecture, engineering	0.100
Museums	0.500
Wholesale and retail of partial copyright industries	0.050
IV. Non-dedicated support industries	
General wholesale and retailing	0.0712
Transportation, storage, communications	0.0712

Annex 4

Copyright industries in the Hungarian statistical classification of economic activities (TEÁOR'08)

Code	Economic activity
5811	Book publishing
5813	Publishing of newspapers
5814	Publishing of journals and periodicals
5819	Other publishing activities
1811	Printing of newspapers
1812	Other printing
1814	Binding and related services
1813	Pre-press and pre-media services
7430	Translation and interpretation activities
6391	News agency activities
9101	Library and archives activities
4761	Retail sale of books
4762	Retail sale of newspapers and stationery
	Press and literature
5920	Sound recording and music publishing activities
1820	Reproduction of recorded media
9001	Performing arts
9002	Support activities to performing arts
9004	Operation of arts facilities
9003	Artistic creation
9321	Activities of amusement parks and theme parks
9329	Other amusement and recreation activities
7810	Activities of employment placement agencies
	Music, theatrical productions, opera
5911	Motion picture, video and television program production activities
5912	Motion picture, video and television program post-production activities
5913	Motion picture, video and television program distribution activities
5914	Motion picture projection activities
	Motion picture and video

Code	Economic activity
6110	Wired telecommunications activities
6120	Wireless telecommunications activities
6130	Satellite telecommunications activities
6190	Other telecommunications activities
6010	Radio broadcasting
6020	Television programming and broadcasting activities
	Radio and television
7420	Photographic activities
	Photography
5821	Publishing of computer games
5829	Other software publishing
6201	Computer programming activities
6202	Computer consultancy activities
6209	Other information technology and computer service activities
6203	Computer facilities management activities
6311	Data processing, hosting and related activities
6312	Web portals
	Software and databases
7311	Advertising agencies
7312	Media representation
	Advertising
9412	Professional organizations
	Professional organizations
	I. CORE COPYRIGHT INDUSTRIES
2640	Manufacture of consumer electronics
	Manufacture of consumer electronics
2620	Manufacture of computers and peripheral equipment
	Manufacture of computers

Code	Economic activity
3220	Manufacture of musical instruments
	Manufacture of musical instruments
2670	Manufacture of optical instruments and photographic equipment
	Manufacture of optical instruments and photographic equipment
2823	Manufacture of office machinery and equipment (except computers and peripheral equipment)
	Manufacture of photocopiers
2059	Manufacture of other chemical products n.e.c.
2680	Manufacture of magnetic and optical media
	Manufacture of blank recording material
1712	Manufacture of paper and paperboard
1723	Manufacture of paper stationery
	Manufacture of paper
7733	Renting and leasing of office machinery and equipment (including computers)
7722	Renting of video tapes and disks
7729	Renting and leasing of other personal and household goods
7739	Renting and leasing of other machinery, equipment and tangible goods n.e.c.
	Rental
	II. INTERDEPENDENT COPYRIGHT INDUSTRIES
1392	Manufacture of made-up textile articles, except apparel
1395	Manufacture of non-wovens and articles made from non-wovens, except apparel
1399	Manufacture of other textiles n.e.c.
1411	Manufacture of leather clothes
1413	Manufacture of other outerwear
1414	Manufacture of underwear
1419	Manufacture of other wearing apparel and accessories
1420	Manufacture of articles of fur
1431	Manufacture of knitted and crocheted hosiery

Code	Economic activity
1439	Manufacture of other knitted and crocheted apparel
1512	Manufacture of luggage, handbags and the like, saddlery and harness
1520	Manufacture of footwear
	Apparel, textiles and footwear
3211	Striking of coins
3212	Manufacture of jewelry and related articles
3213	Manufacture of imitation jewelry and related articles
	Jewelry and coins
1629	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials
	Other crafts
3101	Manufacture of office and shop furniture
3102	Manufacture of kitchen furniture
3109	Manufacture of other furniture
	Furniture
2313	Manufacture of hollow glass
2341	Manufacture of ceramic household and ornamental articles
2331	Manufacture of ceramic tiles and flags
	Household goods, china and glass
1393	Manufacture of carpets and rugs
1724	Manufacture of wallpaper
	Wall coverings and carpets
3240	Manufacture of toys and games
	Manufacture of toys and games
7111	Architectural activities
7112	Engineering activities and related technical consultancy
6399	Other information service activities n.e.c.

Code	Economic activity
7410	Specialized design activities
7490	Other professional, scientific and technical activities n.e.c.
7740	Leasing of intellectual property and similar products, except copyrighted works
	Architecture, engineering
9102	Museums activities
9103	Operation of historical sites and buildings and similar visitor attractions
	Museums
4648	Wholesale of watches and jewelry
4643	Wholesale of electrical household appliances
4649	Wholesale of other household goods
4651	Wholesale of computers, computer peripheral equipment and software
4652	Wholesale of electronic and telecommunications equipment and parts
4642	Wholesale of clothing and footwear
4615	Agents involved in the sale of furniture, household goods, hardware and ironmongery
4616	Agents involved in the sale of textiles, clothing, fur, footwear and leather goods
4618	Agents specialized in the sale of other particular products
4771	Retail sale of clothing in specialized stores
4772	Retail sale of footwear and leather goods in specialized stores
4647	Wholesale of furniture, carpets and lighting equipment
4759	Retail sale of furniture, lighting equipment and other household articles in specialized stores
4743	Retail sale of audio and video equipment in specialized stores
4763	Retail sale of music and video recordings in specialized stores
4741	Retail sale of computers, peripheral units and software in specialized stores
4742	Retail sale of telecommunications equipment in specialized stores
4753	Retail sale of carpets, rugs, wall and floor coverings in specialized stores
4764	Retail sale of sporting equipment in specialized stores
4765	Retail sale of games and toys in specialized stores
4777	Retail sale of watches and jewelry in specialized stores
4778	Other retail sale of new goods in specialized stores
4779	Retail sale of second-hand goods in stores
	Wholesale and retail of partial copyright industries

Code	Economic activity
	III. PARTIAL COPYRIGHT INDUSTRIES
I	General wholesale and retailing
G	Transportation, storage and communications
	IV. NON-DEDICATED SUPPORT INDUSTRIES
	NATIONAL ECONOMY, TOTAL

Annex 5

The economic contribution of copyright industries in Hungary

	Gross value added*	%	Gross output*	%	Employees**	%	Employee incomes*	%
Press and literature	238,896	0.94%	535,052	0.88%	45,262	1.24%	92,259	1.09%
Music, theatrical productions, opera	191,057	0.75%	337,745	0.56%	38,582	1.06%	73,167	0.86%
Motion picture and video	136,645	0.54%	289,610	0.48%	5,800	0.16%	12,096	0.14%
Radio and television	124,120	0.49%	265,322	0.44%	5,249	0.14%	24,364	0.29%
Photography	10,593	0.04%	17,121	0.03%	2,365	0.06%	1,829	0.02%
Software and databases	611,608	2.41%	896,231	1.48%	68,850	1.89%	243,862	2.88%
Advertising	80,489	0.32%	152,533	0.25%	11,651	0.32%	26,596	0.31%
Professional organizations	784	0.00%	1,656	0.00%	17	0.00%	91	0.02%
I. Core copyright industries	**1,394,192**	**5.50%**	**2,495,270**	**4.13%**	**177,776**	**4.88%**	**474,264**	**5.59%**
Manufacture of consumer electronics	121,322	0.48%	816,957	1.35%	6,194	0.17%	20,945	0.25%
Manufacture of computers	70,019	0.28%	466,685	0.77%	7,155	0.20%	26,096	0.31%
Manufacture of musical instruments	609	0.00%	1,233	0.00%	189	0.01%	266	0.00%
Manufacture of photographic and cinematographic instruments	610	0.00%	1,534	0.00%	102	0.00%	234	0.00%
Manufacture of photocopiers	1,195	0.00%	9,362	0.02%	127	0.00%	379	0.00%
Manufacture of blank recording material	6,459	0.03%	59,500	0.10%	504	0.01%	1,655	0.02%
Manufacture of paper	24,813	0.10%	116,879	0.19%	1,546	0.04%	4,932	0.06%
Rental	13,098	0.05%	20,099	0.03%	1,404	0.04%	1,997	0.02%

Gross value added*		%	Gross output*	%	Employees**	%	Employee incomes*	%
Wholesale and retail of interdependent copyright industries	95,208	0.38%	197,234	0.33%	12,615	0.35%	37,474	0.44%
II. Interdependent copyright industries	**333,332**	**1.32%**	**1,689,483**	**2.80%**	**29,837**	**0.82%**	**93,378**	**1.11%**
Apparel, textiles and footwear	536	0.00%	1,444	0.00%	209	0.01%	297	0.00%
Jewelry and coins	850	0.00%	1,672	0.00%	271	0.01%	241	0.00%
Other crafts	1,903	0.01%	4,588	0.01%	612	0.02%	731	0.01%
Furniture	2,718	0.01%	8,209	0.01%	804	0.02%	1,328	0.02%
Household goods, china and glass	65	0.00%	146	0.00%	15	0.00%	32	0.00%
Wall coverings and carpets	12	0.00%	31	0.00%	5	0.00%	7	0.00%
Toys and games	7,620	0.03%	17,200	0.03%	1,226	0.03%	3,376	0.04%
Architecture, engineering	45,708	0.18%	78,626	0.13%	5,955	0.16%	10,112	0.12%
Museums	12,477	0.05%	21,721	0.04%	2,623	0.07%	5,991	0.07%
Wholesale and retail of partial copyright industries	4,028	0.02%	8,810	0.01%	1,294	0.04%	5,507	0.06%
III. Partial copyright industries	**75,915**	**0.30%**	**142,445**	**0.24%**	**13,012**	**0.36%**	**27,624**	**0.33%**
General wholesale and retailing	144,302	0.57%	294,820	0.49%	27,405	0.75%	55,592	0.66%
Transportation, storage, communications	141,694	0.56%	292,942	0.48%	17,052	0.47%	46,709	0.55%
IV. Non-dedicated support industries	**285,996**	**1.13%**	**587,762**	**0.97%**	**44,457**	**1.22%**	**102,301**	**1.21%**
Copyright industries	**2,089,436**	**8.25%**	**4,914,960**	**8.13%**	**265,082**	**7.28%**	**698,167**	**8.23%**

** HUF million*
*** people*