CHEMICAL INDUSTRY IN HUNGARY
A SNAPSHOT ON A GROWING INDUSTRIAL SECTOR IN CENTRAL EUROPE

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Population 9.9 million
Territory 93,000 sq.km
GDP/capita €10,900 (2015)
Hungary – economy & society in basic numbers

**Change of volume of gross domestic product**
(compared to the corresponding quarter of the previous year)

**Unemployment rate**
(in the population aged 15-74)

**Consumer price index**
(corresponding period of previous year = 100.0)

**Graph 1.1: GDP in 2010 constant prices**

- CZ
- HU
- PL
- SK
“TOTAL” CHEMICAL INDUSTRY STRUCTURE
15.98 billion Euro, 2015 – 19.2% of manufacturing industry

- Oil industry: 23%
- Chemical industry (chemicals & chemical products): 31%
- Pharma: 17%
- Plastics converting: 18%
- Rubber: 11%
PLASTICS IN THEIR PRIMARY FORMS 65.0 %

HU CHEMICAL INDUSTRY STRUCTURE
5.1 billion Euro, 2015 – 6% of manufacturing industry

- Basic inorganic chemicals: 2.4%
- Basic organic chemicals: 7.0%
- Paints: 3.0%
- Soap, detergents, etc.: 8.5%
- Industrial gas: 4%
- Others (stabilizers, anti freeze mixtures, explosives, glues, essential oils, etc.): 12.7%
- Crop protection chemicals: 1.4%
HU CHEMICAL INDUSTRY TURNOVER
2008 – 2015
bllion HUF / billion EURO
HU CHEMICAL INDUSTRY EXPORT MARKETS

% in Euro, 2014

- Non EU: 18.6%
- EU 15: 40.4%
- EU 13 „New members“: 34.0%
- USA +: 3.3%
- Asia: 2.0%
- Others: 1.7%

Largest export markets
- Germany
- Central European countries

TTIP?
FULL TIME EMPLOYMENT IN HU CHEMICAL INDUSTRY
2008-2015

- 2008: 13800
- 2009: 13030
- 2010: 12475
- 2011: 13810
- 2012: 12650
- 2013: 12740
- 2014: 13265
- 2015: 14180
GROSS MONTHLY INCOMES IN HU CHEMICAL INDUSTRY 2015

PREVIOUS YEAR = 100,0

in EURO, enterprises with 4 or more employees, source: KSH

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FIVE COMPANIES – out of 240 - REPRESENTING cca. 70 % OF SECTOR OUTPUT

MOL PETROLKÉMIA Zrt/ MOL Group – leading producer of olefin and polyolefin products in CE ~ €1.4 billion

BORSODCHEM Zrt/WANHUA Group – leading producer of PVC, MDI and TDI in CE
~ €1.4 billion

NITROGÉNMŰVEK Zrt/BIGE Group – market leader in Hungary in fertilizer production and sales (Bige Group is the sole producer of fertilizers) ~ €430 million

DUNASTYR Zrt/ENI Group – leading producer of expandable and impact resistant polystyrenes in CE ~ €230 million

ZOLTEK Zrt /TORAY Group – largest European/world production site of carbon fibers ~ €100 million
WHAT ARE THE TOP FACTORS AFFECTING YOUR INVESTMENT DECISION INSIDE THE EU OVER THE PAST YEARS?

Increasing energy costs and regulation burden are the main two barriers to EU chemicals SMEs investment

Source: Cefic SMEs investment survey 2015 – D, F, UK

Increasing energy costs and regulation burden are the main two barriers to EU chemicals SMEs investment.
System usage costs in Hungary imply great burden, while in Germany it is not significant,

Excessive contributions to national initiatives and objectives in energy;

Financing of renewable energy production, especially by energy intensive industries

High energy tax in comparison with reasonable tax in Germany.
INDUSTRIAL / OPERATIONAL SAFETY
SEVESO III
close and often successful dialogue with national authority on draft legislations and implementation - „gold plating” problems in Hungary: bringing small chemical enterprises under the scope of the regulation (those reaching 25 % of the lower threshold);
- a related issue recently: attempts to include the chemical industry plants into critical infrastructures

CHEMICAL SAFETY - REACH/CLP
Getting ready for 3rd phase of registration in 2018, effects on SMEs
- advocacy against parallel national regulation still in force on registration and risk assessment

EU ETS review beyond 2020 – main goal to protect carbon leakage prevention rules – free allocation of allowances to all the chemical subsectors protected under the present regulation – no tiered approach

VOCATIONAL TRAINING – bringing back chemical operators training into the school system
- High and continuously improving technological level, high productivity, extension of the value chain
- Growing markets in the CE region
- Well trained and motivated workforce (incomes above national and industrial average)
- Long traditions in the training of chemists and chemical engineers, close relations with universities and research centers
- Innovative solutions – energy efficiency, environment protection
- Advantageous geographical location / modern infrastructures for road transportation, improving railways
- Room for investments in several sub-sectors - industrial clusters and parks, good and available infrastructures
MEMBERSHIP: presently 54 companies representing cca. 85% of chemical production

Voluntary trade and employers’ association since 1990 registered under the Act on Associations, 3 full time employees

GENERAL PRIORITIES
- HSE legislation / ETS / Energy
- Other elements of the economic/regulatory environment (taxation, labor regulations, vocational training, energy price setting, etc.)
- CEFIC, ECEG, V4 associations
- Relations with universities/research centres
- Communications, pr to promote awareness about, and prestige of the industry
THANK YOU FOR YOUR ATTENTION!