



REJenerAXion

# Regional and Territorial Effects of the Energy Transition in Hungary

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- CELSI

REJenerAXion - Second Transnational Meeting



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# OUTLINE:

- **Employment**
- **Drivers, barriers & key players**
- **Structural changes in the regions**
- **Role of the social dialogue**



# Employment I.

## Projected changes:

Energy undergoing major changes; differences among interviewees (projected numbers, forecasts & assessment of actual changes);

- either a **net significant increase** of up to 20 percent (until 2050)  
OR **stagnation** in the total number of employed persons
- **major loss:** coal mines and coal-powered power plants
- **minimal/some loss:** oil and gas mining & energy production/redistribution
- **growth:** nuclear & renewables (esp. solar & heat pumps)



# Employment II.

Employment loss due to decarbonisation is less dramatic in Hungary than elsewhere in the region, as most coal mines have been closed already decades ago.

## Affected jobs

Higher automatization, digitalisation + reorganisation of work => skill requirements increasing

- Negative: blue collar workers with maximum secondary education (mining, oil, gas & electricity)
- Positive: highly skilled workers, including IT specialists and engineers



# Employment III.

## Qualitative changes

- *Large companies = high wages & good working conditions*
- *Poorer working conditions = coal mines & old power plants*
- *Informal contracting: solar panel construction SMEs*
  
- **Labour market policies:** rigid and short termist (rigid retirement system)
- **Delays** in requalification; cooperation of vocational schools, employers & universities
- **Risk/reality:** insecurity and non-transparency, change occurs at a slower pace (in coal mining instead of job cuts, employment increased), labour shortages, ageing workers, **skill formation bottlenecks**





# Drivers for, barriers to and key players in the energy transition

Hungary: top-down characteristic, strongly centralised,

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- Driven by financialization & EU regulation and conditionality
  - Domestic regulation impact on the development (key players: STATE ACTORS!)
  - Relevant policies = poor quality, detached from key economic decisions, artificial, and of secondary character
  - Initiatives supporting the green transition – important, **BUT** smaller

**Local level; facing insecurity & slower growth**



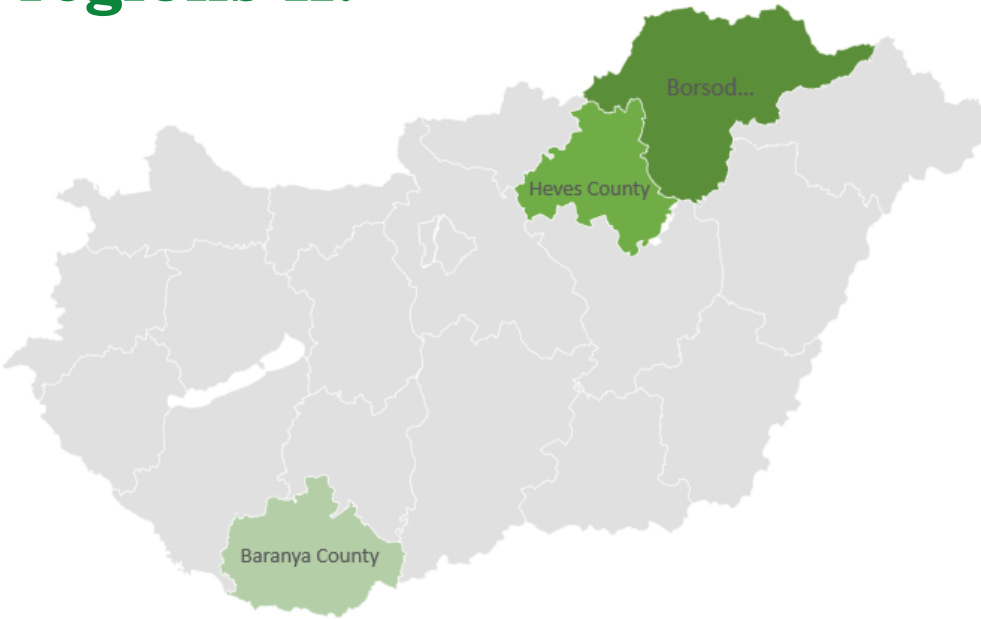
# Structural changes in the regions I.

- **Official discourse:** JT narrows down to closing the remaining coal mines and socio-economic effects of phasing-out the lignite-based energy production
- **JT evisions county-level labour market education activities** – addressing labour shortages in line with employer needs and skill development for new industries
- **High risks:** outmigration & **narrowing of local economies and public services**
- Role of **smaller regional actors and coordinators** – would need to increase the chances of a successful change
- Interviewees: **JTF = very important function**, impact on the local and regional economies
- But, **missing the precise definition and timing & lack of cooperation** between the partners; need of a deeper involvement of social partners at the regional and local levels



# Structural changes in the regions II.

- Baranya County
- Heves County
- Borsod-Abaúj-Zemplén County



- **JTF = important role on local/regional level**
- **LIFE-IP North-HU-Trans** project: main project launched based on the JTF
  - Strong regional anchor – two coal and one cement mine in **three NUTS 3 regions**
  - Economically more **depressed South and East**
  - Tackling with negative employment effects – strategy to attract FDI
  - **Non-energy sectors** are indirectly affected by decarbonisation: **13.798 affected jobs + 4.194 in declining sectors**

- **Impact of the restructuring in the regions:**
  - **Directly affected** **9.575**
  - **Indirectly affected** **6.414**
  - **Induced job positions** **nearly 20.000**



# Role of social dialogue in supporting a socially just transition



- **JT in social dialogue: rudimentary, formalistic and of poor quality**
- TUs: policies – made at **governmental level**; very little possibility to participate in prior consultation
- CB: **did not tackle the issue of JT**
- **bargaining position** of TUs - **WEAKENED**
  
- Decarbonisation & environmental issues: **lack of discussion** at sectoral social dialogue; **“info exchange”**
- Social partners´ process is invisible to other actors

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Thank you for your attention.

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