



CONSEQUENCES OF THE WAR IN UKRAINE

SECTORAL SOCIAL DIALOGUE COMMITTEE
OF THE EUROPEAN CHEMICAL INDUSTRY

Brussels, 27th June 2022.

Csaba Szabó MAVESZ director



TOPICS

1. HISTORICAL INTRODUCTION
2. HUNGARIAN-RUSSIAN ECONOMIC RELATIONS
3. HUNGARIAN-UKRAINIAN ECONOMIC RELATIONS
4. ENERGY SYSTEM IN HUNGARY
5. HOW DOES THE HUNGARIAN CHEMICAL INDUSTRY ADAPT TO THE SITUATION CAUSED BY THE WAR?



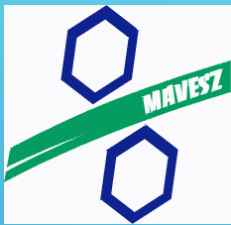
HISTORICAL INTRODUCTION

- ❑ HUNGARY AS A PART OF FORMER SOVIET ECONOMY SYSTEM
- ❑ CHANGES SINCE THE TRANSFORMATION OF THE POLITICAL SYSTEM IN THE 1990'S
- ❑ NEW DEVELOPMENTS IN THE PAST 10-12 YEARS



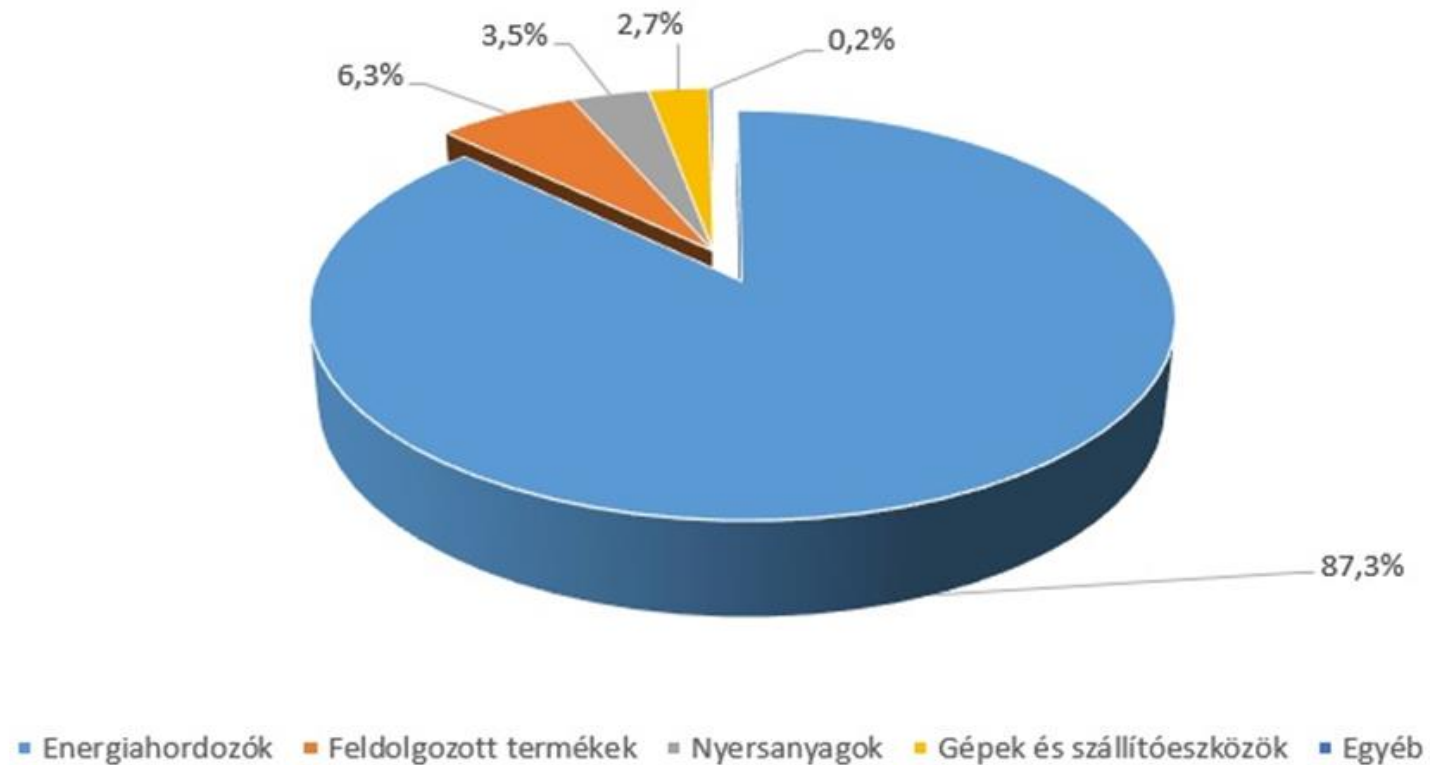
HUNGARIAN-RUSSIAN ECONOMIC RELATIONS

- ❑ Russia covered 2,7% of Hungarian foreign trade turnover
- ❑ Russia is the 9th biggest import partner of Hungary
- ❑ Hungarian import was 4,47 bn USD (2019) from Russia (2012 = 8,28 bn USD)
- ❑ Hungarian export was 2,03 bn USD (2019) to Russia (2012 = 3,29 bn USD)
- ❑ Majority of Russian import is crude oil and natural gas (87%)
- ❑ 17% of total manufacturing industry import are chemicals, rubber and plastics
- ❑ 12,3% of the total export are chemicals, rubber and plastics, 20,8% is pharma



HUNGARIAN-RUSSIAN ECONOMIC RELATIONS

A magyar import megoszlása termékcsoporthok szerint

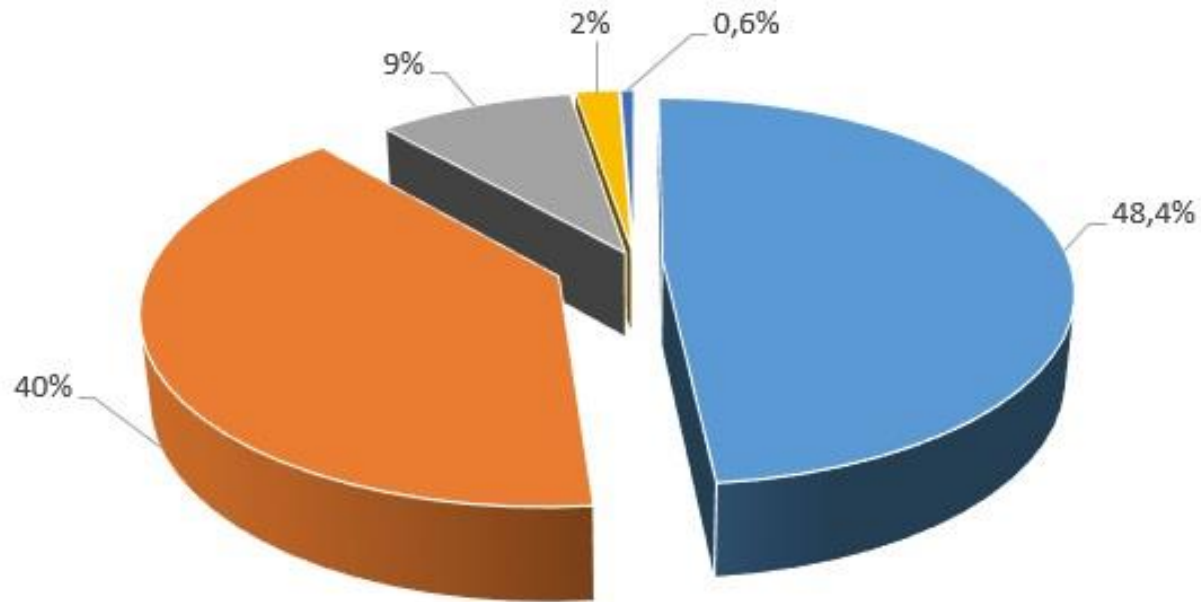


Forrás: KSH



HUNGARIAN-RUSSIAN ECONOMIC RELATIONS

A magyar export megoszlása termékcsoporthok szerint



■ Feldolgozott termékek ■ Gépek és szállítóeszközök ■ Élelmiszerek, élő állat ■ Nyersanyagok ■ Egyéb

Forrás: KSH



HUNGARIAN-RUSSIAN ECONOMIC RELATIONS

The following sectors are most affected by EU import sanctions

- ❑ Iron and steel products
- ❑ Fertilisers
- ❑ These two categories are covering 24% of the total sanctioned import

The following sectors are most affected by EU export sanctions

- ❑ Polystyrene
- ❑ Ethylene based polymer products
- ❑ These two categories are covering 20% of the total sanctioned export



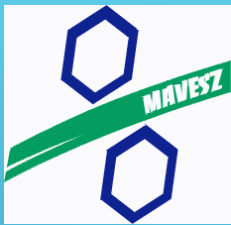
HUNGARIAN-UKRAINIAN ECONOMIC RELATIONS

- ❑ Ukraine covered 1,8% of Hungarian foreign trade turnover
- ❑ Ukraine is the 16th biggest partner of Hungary
- ❑ Hungary is the 9th biggest partner of Ukraine
- ❑ Hungarian import was 1,8 bn USD (2019) from Ukraine
- ❑ Hungarian export was 2,4 bn USD (2019) to Ukraine
- ❑ Ukraine is the most important trading partner of the former CIS countries
- ❑ Main export-import group is electrical equipment, machinery and appliances
- ❑ 11,5% of the total export are pharmaceutical products



ENERGY SYSTEM IN HUNGARY

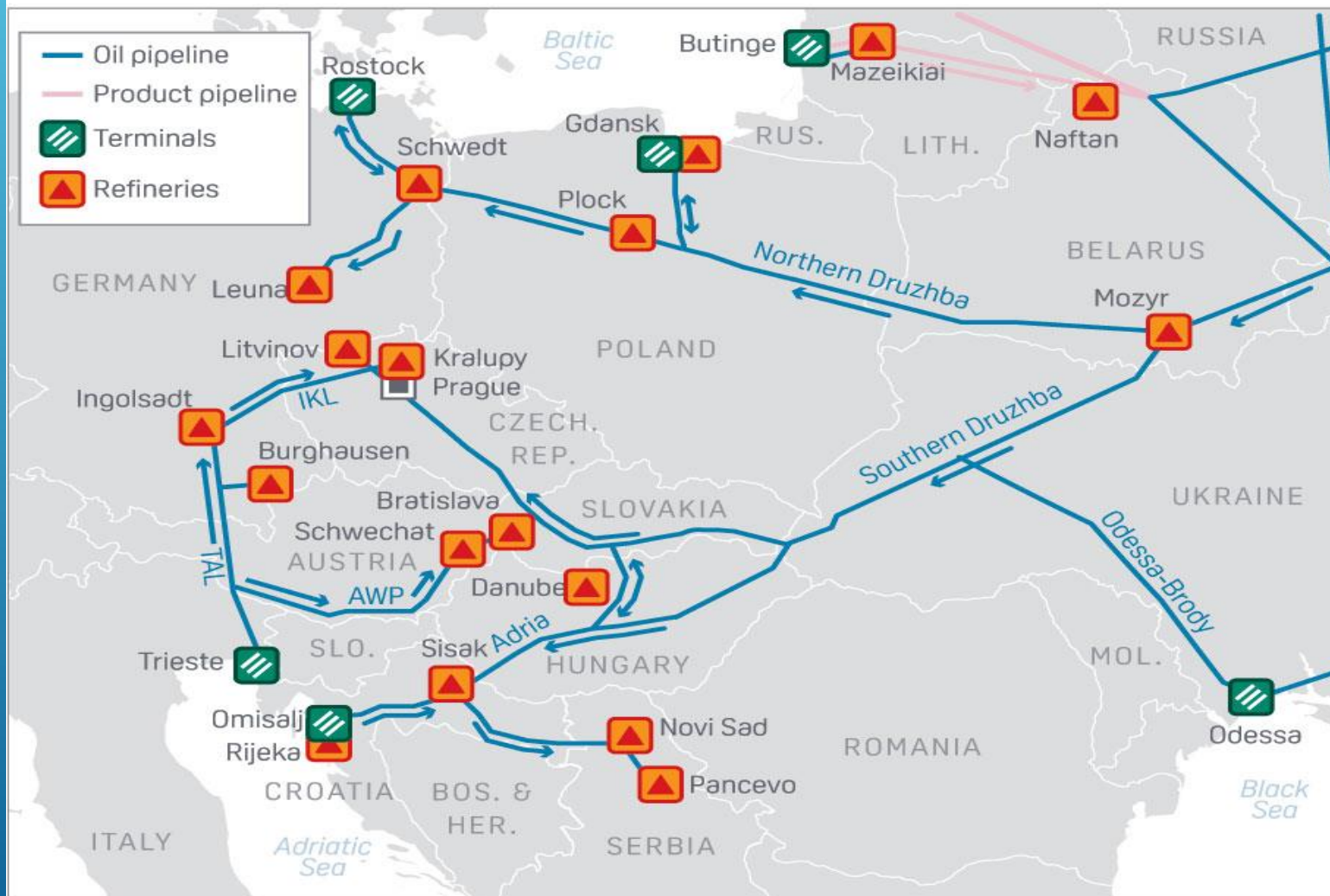
- ❑ Hungary is poor in minerals, including energy
- ❑ Hungary is the only country in the EU whose electricity production capacity does not cover consumption
- ❑ Close to 70% of crude oil is coming from Russia
- ❑ More than 80% of natural gas is coming from Russia
- ❑ Average electricity import is above 25% (i.e. Ukraine, Serbia)



ENERGY SYSTEM IN HUNGARY (CRUDE OIL PIPELINES)



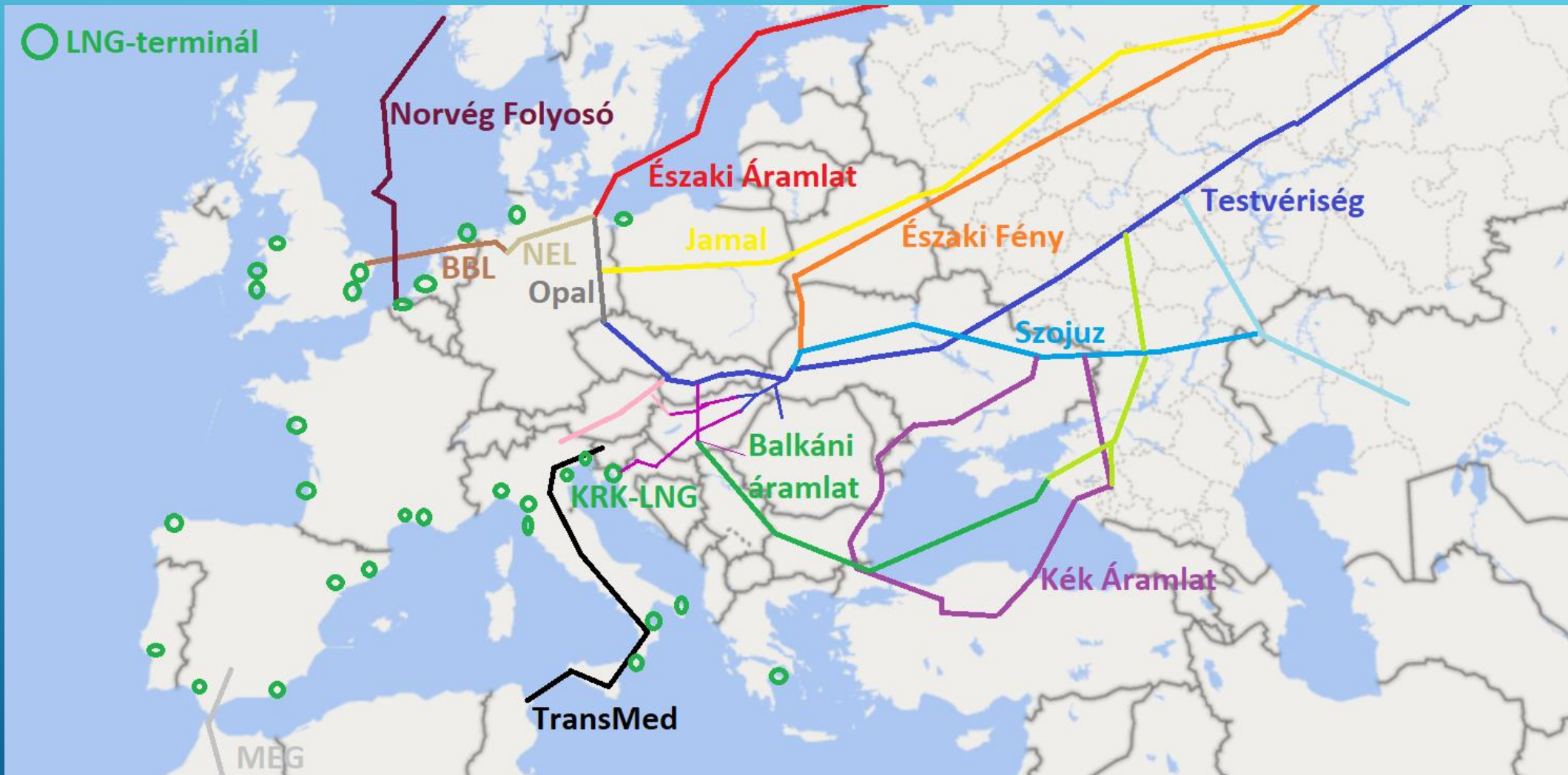
CENTRAL EUROPE'S OIL SUPPLY PIPELINES



Source: S&P Global Platts



ENERGY SYSTEM IN HUNGARY (NATURAL GAS PIPELINES)

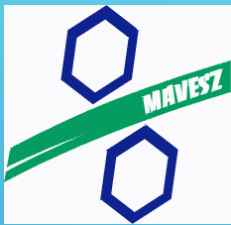


Source: www.novekedes.hu



ENERGY SYSTEM IN HUNGARY

Type	Capacity (MW)	Ratio (%)	Production (GWh)	Ratio (%)
Nuclear	2.027	19,7	15.989	46,8
Lignite, coal	1.166	11,3	3.250	9,5
Gas	4.095	39,7	9.589	28,1
Oil, diesel	420	4,1	48	0,1
<i>Subtotal fossil, nuclear</i>	<i>7.708</i>	<i>74,8</i>	<i>28.876</i>	<i>84,5</i>
Biomass	103	1,0	1.675	4,9
Waste	49	0,5	392	1,1
Photovoltaic	1.806	17,5	2.377	7,0
Wind	313	3,0	644	1,9
Hydro	332	3,1	201	0,6
Geothermic	3	0,003	5	0,001
<i>Subtotal renewable</i>	<i>2.606</i>	<i>25,2</i>	<i>5.294</i>	<i>15,5</i>
Total	10.314	100	34.169	100



ENERGY SYSTEM IN HUNGARY



- ❑ Total electricity consumption: 46.924 GWh
- ❑ Imported electricity: 12.755 GWh (appr. 80% from SK)
- ❑ Import ratio: 27,2% (25-32% during the last 10 year)

- ❑ Fix utility prices (gas, electricity, water, sewage, communal waste) from 2012, so called „overhead reduction” for households
- ❑ Fix fuel prices – appr. 1,2 €/l – for local citizens (eligible: HU license plate number) from 2021

- ❑ New nuclear power plant (Paks II.) planned availability from 2035, to be built by Rosatom and financed by Russia



HOW DOES THE HUNGARIAN CHEMICAL INDUSTRY ADAPT TO THE SITUATION CAUSED BY THE WAR?



- ❑ Looking for alternative raw material sources
 - ❑ Limited availability
 - ❑ Higher prices
- ❑ Postponed (or cancelled) investments due to lack of iron and steel products, available workforce (construction)
- ❑ Accelerated energy saving projects

- ❑ Looking for new markets replacing lost UA, RU businesses
- ❑ Strengthening existing partnerships
- ❑ Increasing local sales activities



THANK YOU FOR YOUR ATTENTION!

