

THE LONG-TERM OBJECTIVES FORMULATED IN THE NATIONAL SPATIAL DEVELOPMENT CONCEPT

TERRITORIAL INTEGRATION TO EUROPE

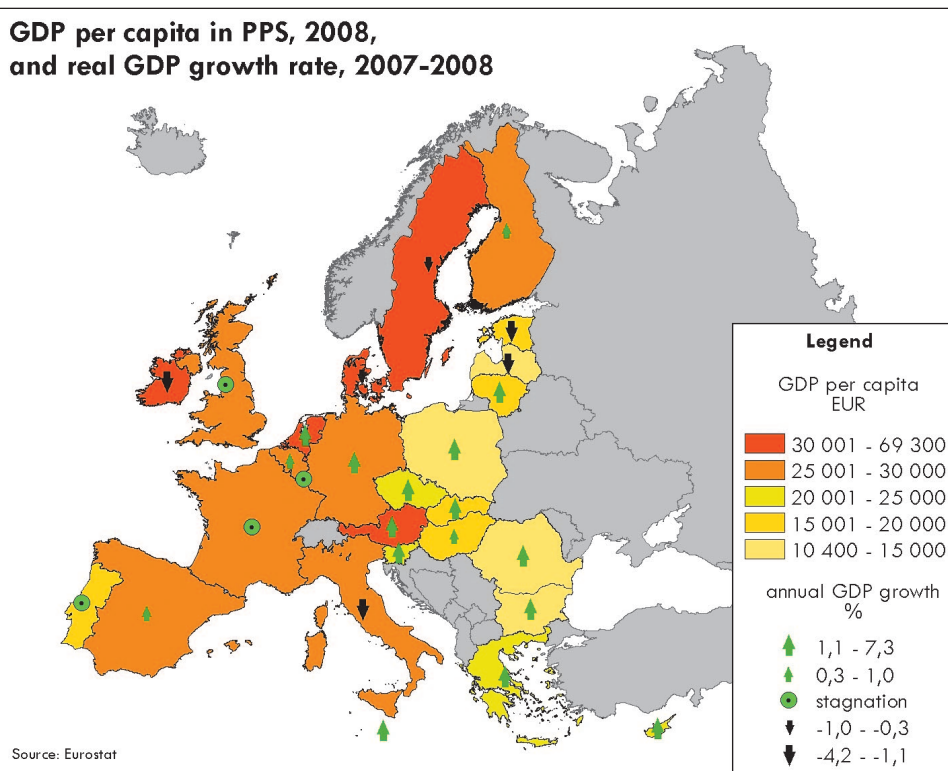
At the end of 2008, the **population** of Hungary was 10 030 985 inhabitants, representing 2% of the population of the EU-27 members (in total, 497.6 million). While in 2008, the population of the European Union has grown by 584 thousand inhabitants by a natural increase, in Hungary, natural loss was above 30 thousand people. However, like in the EU, the **balance of international migration** was positive: in 2008, it increased the population of Hungary by 10.1 thousand people.

Gross domestic product (GDP) is the most important indicator of economic performance, which shows considerable disparities across the member states. In Hungary, GDP per capita in purchasing power standard (PPS) was € 16 100 in 2008, while the EU-27 average was over € 25 000, and in the countries with the highest

values, above € 30 000. In terms of the growth in GDP (0.6%) in 2008, Hungary was slightly lagging behind the EU average (0.7%), but also behind the development rate of the neighbouring countries with similarly low origin values (e.g., the development rate for Slovakia was 6.2% and for Poland 5%).

The economic output per one employed person was 71% of the EU-27 average in 2008, which means that the productivity of labour was very low. In this respect we are in front of the Baltic States, Rumania and Poland

**GDP per capita in PPS, 2008,
and real GDP growth rate, 2007-2008**



only. The labour productivity per working hour is even worse: it reached only 62.4% of the EU-average.

A serious structural problem of the Hungarian economy is the **employment rate** in the 15–64 age group, which was a mere 56.7% in Hungary in 2008; this was the second worst among the 27 member countries following Malta. The EU-27 average was 65.9%, and the highest values were reached by The Netherlands and Denmark (77–78%). The difference is attributable also to the fact, that employment rate in Hungary has practically been the same since 2000, while it has been growing in the EU-27, as a whole, by 3.5 percentage points.

Unemployment rate (within the 15–74 age group) was 8.1% in Hungary in 2008, 0.6 percentage point higher than the EU-27 average. With this value, Hungary was in the lowest third of the EU-27 ranking in 2008. Compared to the previous year the EU-average decreased by 0.3 percentage point, while in Hungary the rate grew by 0.4 percentage point, which means that the position of Hungary considerably worsened within the European Union.

The backlog of Hungary in the field of spendings on **research and development** continues to be considerable, as Hungary spent only 1% of its GDP on R&D in 2008, which is approximately half of the EU-27 average (1.9%).

From among the environmental indicators the **emission of air pollutants** is one which has shown a favourable tendency. The registered emission levels in Hungary are among the lowest in the member states. **CO₂-emission per capita** was 7.3 tons in Hungary

in 2008, while it was 9.9 tons on average in the EU-27. The highest CO₂ equivalent emission values were observed in the countries with developed industries (Germany, the United Kingdom and France).

In the field of the **coverage of the sewage network**, significant developments were made in the last decade. Notwithstanding, the percentage of people living in areas where the sewage is at least biologically treated is still low: in 2008, it was altogether 68%, which is only a little more than two thirds of the population, while in the case of several EU member states, such as, e.g., The Netherlands, Spain and Austria, it is above 90%.

In Hungary, the per capita volume of municipal **solid waste** is low as compared within the EU: in 2008, it was 453 kg, which was 86% of the EU-27 average. However, due to the low share of selective waste management and waste incineration, the amount of municipal solid waste deposited in landfills is over 1.5 times more than in the EU (in Hungary: 333 kg per capita; EU-27 average: 207 kg per capita).

Regarding protected areas, Hungary is in a favourable position. According to the EU directive on habitat protection (Guideline No. 92/43/EC of the Commission), the proportion of **areas protected for their biodiversity** was 15% in Hungary in 2008, exceeding the EU-27 average which was 13%.

Concerning the **use of renewable energy**, Hungary continues to lag behind considerably. In 2008, the share of renewable energy sources in electricity production was 5.6% here, while the EU-27 average was more than three times higher (16.7%), and for

example the relevant values of Austria and Sweden were above 50%.

Thanks to the intensive road construction in recent years, the **density of the clearway network** has grown considerably in Hungary. The value of 12 km/1000 km² in 2008 can be considered as mid-range in the EU ranking. It is slightly less than the EU-27 average, which was 15 km/1000 km², but from among the new members, only Cyprus and Slovenia has denser networks.

As regards **Internet access**, both Hungary and the EU have been undergone substantial development, any the less Hungary is still lagged behind considerably: in 2008, 47% of the households had an Internet connection in Hungary, while the EU-27 average was 60%.

Hungarian regions in the European Union space

Based on GDP per capita calculated on the basis of purchasing power, which indicates **economic performance**, the most of the regions of Hungary belonged among the lower third of the ranking of NUTS 2 regional units of EU in 2008. Only Central Hungary was in the mid-range (€ 26 700 per capita PPS) being slightly above the EU-27 average (€ 25 100 per capita PPS). The Hungarian region with the lowest value – Northern Great Plain – did not even reach 40% of the EU-27 average, and was ahead only of some regions of Eastern Poland, Romania and Bulgaria. The most developed regions of the EU have GDP per capita values more than double (Luxemburg, Brussels) or over the triple (London Region) of the GDP per capita in the most advanced Hungarian region.

The average rate of **employment** in the 15–64 age group in the EU-27, which was 65.9% in 2008, was only approached by the Central Hungary and Western Transdanubia regions, with their values of 62.7% and 62.1% respectively. They are with this value in the EU mid-range. The regions with the lowest rates, Northern Hungary and the Northern Great Plain Region, not reaching even 50% have comparable employment values only with regions in Southern Italy or areas outside the EU. The difference is even more obvious when comparing the Hungarian regions to the most developed ones in the EU, which later have employment rates above 77%.

The **unemployment rate** was the Hungarian region in the most advantageous position, Central Hungary, had a rate of 4.7% besides which Western and Central Transdanubia had lower than the EU average values, around 5%. The EU value was 7.5%. The rest of the regions are in significantly worse situation: the unemployment rate in Northern Hungary is almost three times higher than that in Central Hungary. While Central Hungary is in the upper third of the EU-27's region-based ranking, the three poorest Hungarian Regions (Northern Hungary, the Northern Great Plain and the Southern Transdanubian Region) are among those considered peripheral or struggling with structural crises. The situation is especially unfavourable if we compare it with the previous periods when our regions having even the worse indexes were still in the EU mid range.

Regarding the **density of the clearway network**, Central Hungary is far ahead of the other regions of Hungary with a value of 36.6 km/1000 km², almost

double the EU-27 average. Central Transdanubia, the region ranked second, only slightly exceeded the EU average; the rest of the regions had densities much lower than the EU average in 2008. The regional differences are well illustrated by the fact that the lowest density, 6.1 km/1000 km² in Northern Great Plain, is a mere one-sixth of the value in Central Hungary.

In 2008, **collected solid waste per capita** stayed below the EU average in all Hungarian regions. The greatest volume (488 kg/inhabitant) was in Southern Transdanubia, which was 93.1% of the EU average

(523 kg/inhabitant), and smaller in Northern Hungary (with 307 kg/inhabitant), which latest was only 60% of the EU average.

The territorial share of **Natura 2000 nature preservation areas** (which were placed under protection by the Habitat Protection Directive approved in 1992) was 11.6% in the European Union in 2008. This was higher in all Hungarian regions: it was lowest in Northern Hungary (12.1%) and the Southern Great Plain (11.8%), the Western Transdanubia was 20.1%, which can be regarded as outstanding value also in a European comparison.

REGIONAL COMPETITIVENESS

Besides the economic competitiveness of enterprises, regional competitiveness includes the accessibility, environmental and human characteristics of the given region. Accordingly, besides economic factors, the territorial patterns of the latter are also important aspects of the inquiry.

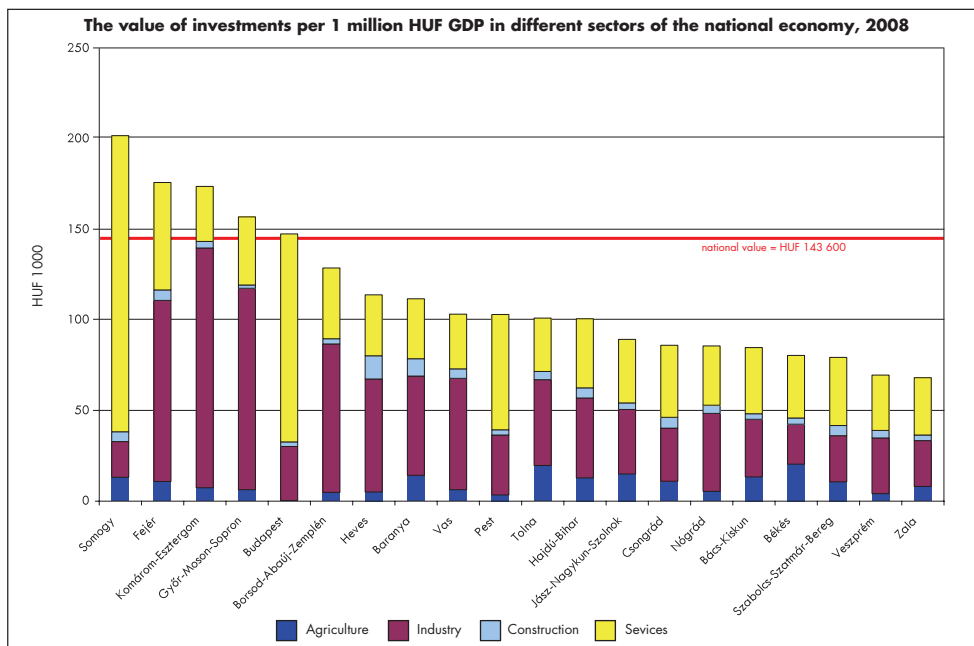
Basic economic factors

In Hungary, the **rate of investments per HUF 1 million of the GDP** was HUF 143 600 in 2008, which means that 14.4% of the gross domestic product was re-invested into the economy in order to accumulate further tools of production. The rate of the value of investments compared to GDP was higher than 20% in Somogy county, but in addition to the capital it was also above the average in the most developed counties of the country: in Győr-Ménfőcsanak, Fejér and Komárom-Esztergom.

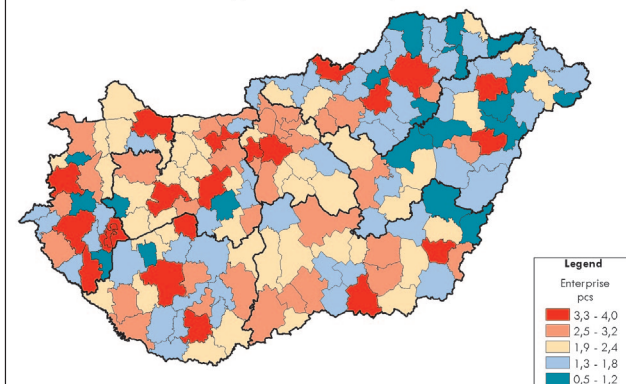
In 2008, there were nearly 701 thousands **enterprises** operating in the country, 53% of them were operating

in corporate form. Increase of the rate of corporate enterprises continued further. The average number of enterprises per 1000 inhabitants was 70 when including all enterprises, and 37 in the case of only corporate enterprises. The entrepreneurial activity was intense in the agglomeraten of Budapest rateand the microregions in shore of Lake Balaton and Northern Transdanubia. Contrarily in the Eastern part of the country and the microregions close to the state boundaries in Southern Transdanubia the number of enterprises per 1000 inhabitants were very low: it was less than 35 enterprises.

The specific revenue from one of the most important tools of regional policy, that is, **industrial parks** was

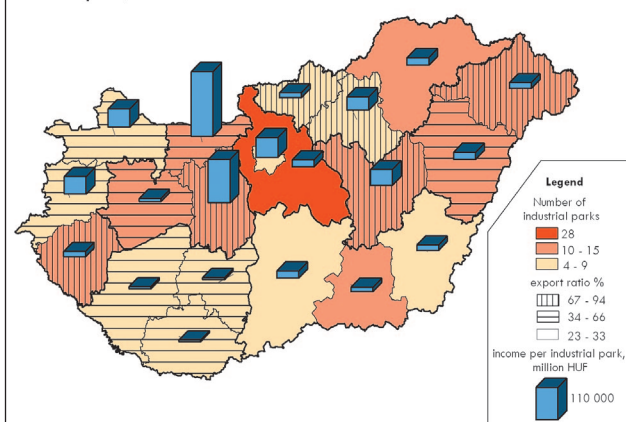


The number of operating enterprises in the sector of financial mediation services, per 1000 inhabitants, 2008



the highest in 2008 in Komárom-Esztergom county: it amounted to HUF 215 billion, which is five times as much as the national average. The lowest specific revenue (HUF 8 billion) was realized in Somogy county. As a rule, a high rate of the sold industrial parks is sold to foreign: 55% of the value of locally produced

Industrial parks, 2008

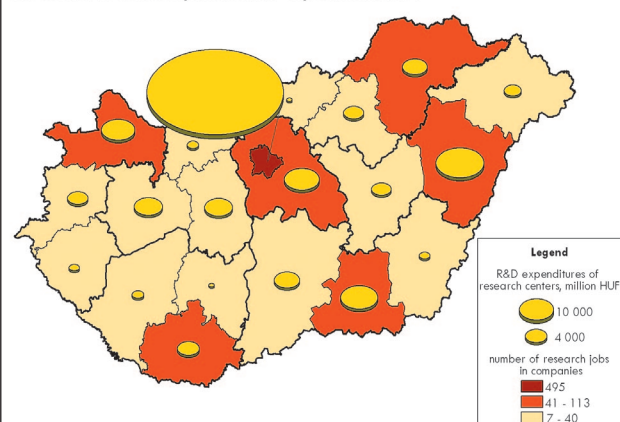


was realized on foreign markets. The industrial parks of Jász-Nagykun-Szolnok county were the most export-oriented: exports accounted for 94% of their sales. As a rule, high revenue couples with high rate of export.

Economic activity of the population, that is, the proportion of the sum of employed and unemployed people within the total active-age population, was 61.6% in 2008. The capital and Zala county were by 5 to 6 percentage points above the average. The Eastern and Southern counties of the country were characterized by unfavourably low employment rates. In Szabolcs-Szatmár-Bereg, Somogy and Borsod-Abaúj-Zemplén counties, where are the lowest values, were hardly 55–56% of inhabitants between 15 and 64 years age economically active.

The process of the territorial concentration of innovation that was characteristic for the previous years slightly increased and stopped by 2008. 62% of all **R&D expenditure** (HUF 261 billion) realized in the

The number of research jobs and R&D expenditures, 2008



capital city. Counties of the most significant university centres, Hajdú-Bihar and Csongrád counties had a relatively high proportion (5–8%) of R&D expenditure. The major part of the research centres of enterprises were situated in Budapest and in the counties of pole cities. The R&D sector of the country continued to be characterised by the reduction of the sizes of research centres involved in innovative activities.

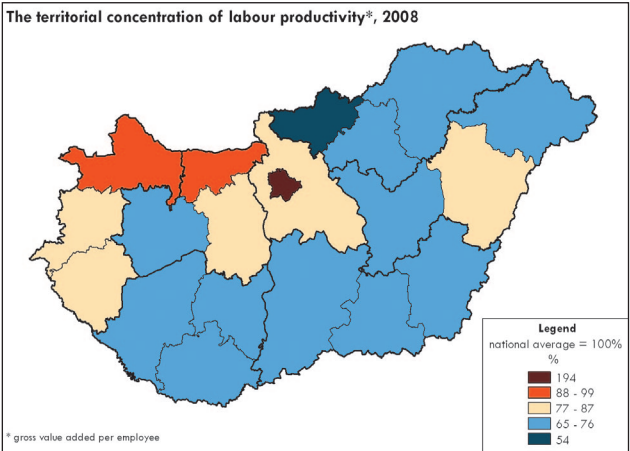
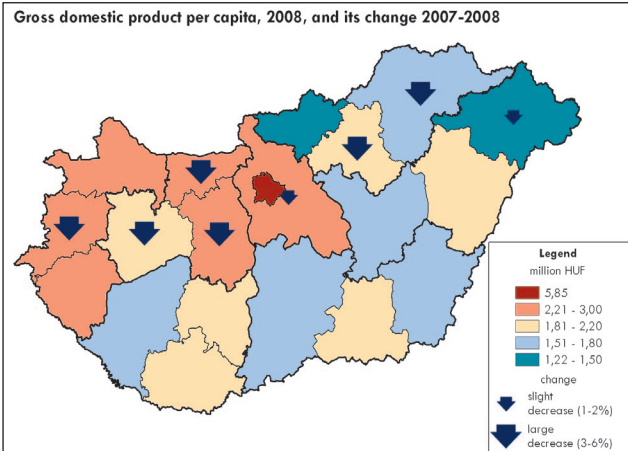
Economic performance

In 2008, Hungary's economic performance based on **GDP per capita** was 1% higher than in the previous year, slightly exceeding HUF 2.64 million. Within this, the capital city had still an outstanding role in the spatial structure: since its HUF 5.85 million per inhabitant was more than double of the national average, four to five times as much as the GDP per capita in Szabolcs-Szatmár-Bereg county and Nógrád county. As usually, the counties in the Great Plain, the Southern Transdanubian parts and in Northern

Hungary are the most disadvantaged regions as their performances hardly reached two-thirds of the national average. At the same time, several counties were characterized by an unprecedented decrease of 3–4% in 2008 compared to the previous years, thus, for example Borsod-Abaúj-Zemplén, Fejér, Heves, Komárom-Esztergom and Veszprém counties. The highest decrease (-6%) was in Vas county.

The gross value added per person employed or apparent **labour productivity** is also outstanding in the capital city. In 2008, the national average was HUF 6.03 billion that Budapest exceeded almost twofold. This indicator was the lowest in Nógrád county, which had a labour productivity only a little above than the half of the national average. Compared to 2007, the index grew most intensely (by 11–14%) in Békés, Nógrád and Zala counties.

In 2008, the **sectoral distribution of the gross added value** (English abbreviation: GAV) also showed a



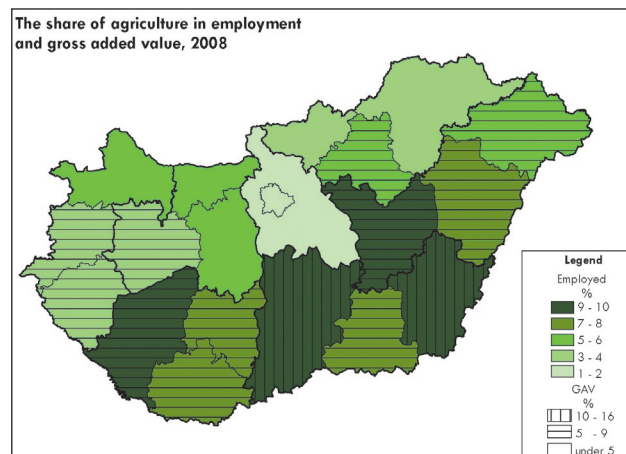
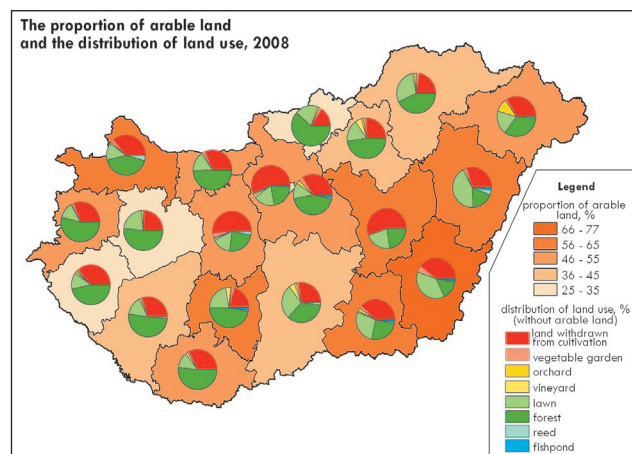
concentrated territorial structure with the dominance of the service sector., the weight of services within the total GAV was 67%, while industry and construction contributed with 29%, and the combined share of agriculture in GAV production was 4%. Compared to 2007, this structure showed a slight decrease in the field of services and an equal growth in industry and construction.

Agriculture

In 2008, **land use** in Hungary was dominated by arable land (48.4%). The proportion of forests was 20.5% nationwide, which shows a slight increase compared to last year. 38.4% of the area of Nógrád county was forests, thus this is the only county where the proportion of forests exceed the arable lands. Békés county is the first considering the proportion of arable lands (76.8% of its total area), but it is the last considering the proportion of forests (4.5%). Also significant the territorial differences are in the proportion of lands withdrawn from cultivation (the

national average is 17%): the proportion of this lands was the lowest in Tolna county (7.6%) and the higher proportion was in Budapest (42%) and after that in Zala and Fejér counties (24%).

In Agriculture worked the 5% of the employed in 2008. The highest level of agricultural employment was in Bács-Kiskun, Békés, Jász-Nagykun-Szolnok and Somogy counties, where the share of it was 9–10% from the employment structure. The counties most agrarian in profile can be found in Southern Transdanubia, as well as in the Northern and Southern Great Plain regions. By 2008, the trend that the **number of agricultural enterprises** decreased constantly, stopped, and a slight increase could be seen. In 2008, there was 24 400 of these enterprises functioning in the country, which meant 3.5% of all operating businesses. They can be found in the greatest numbers in the Great Plain (especially in the southern counties) and Southern Transdanubia because the natur conditions are the best there.

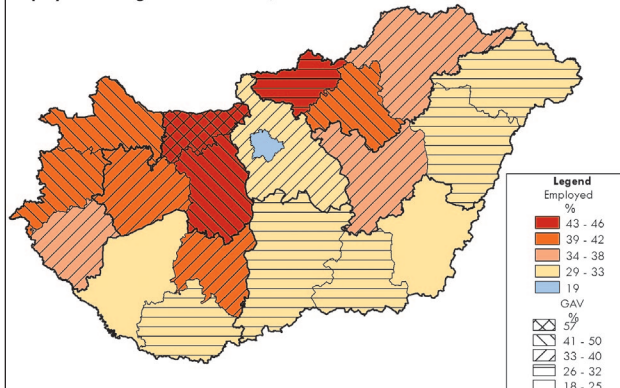


These regions produced 60% of the **gross added value from agriculture** (HUF 974 billion) in 2008. Traditionally, the countries of the Northern and Central Hungarian Region produced the lowest within agricultural production in the whole country.

Industry and construction

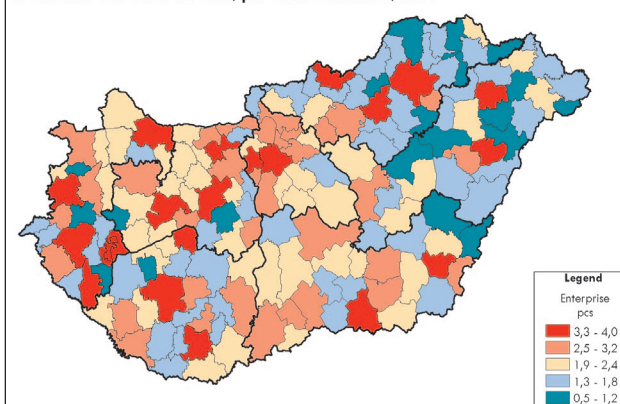
In 2008, 33% of **the employed** was working in the sectors of industry and construction. The most industrial like employment structure could be observed in Komárom-Esztergom county (46% of the employed working in these sectors), and these sectors were also strong within the employment structure in Fejér, Vas and Nógrád counties. In Budapest and in the Southern counties of the country, on the other hand, employment in construction and industry was notably low. The contribution of the industrial sector and construction to the **gross added value** was the most significant in Komárom-Esztergom county, near 53% of the total GAV produced in the county, and it was above 40% also in Fejér and Győr-Moson-Sopron counties. It was only in Komárom-Esztergom county of all counties that not the service sector accounted for the major part of the gross value added. On the other hand, in Budapest and in Szabolcs-Szatmár-Bereg county and the Southern counties of the country the aggregate share of industry and construction did not reach even 30%. Within the country, **construction** was the most significant in the Central Hungary Region in terms of its share in **gross added value**. 28% of all GAV produced by construction (HUF 1 045 billion) was generated in Budapest and 15% was generated in Pest county. Győr-Moson-Sopron, Borsod-Abaúj-Zemplén and Hajdú-Bihar counties produced 5–5% of the GAV generated by the construction sector. In

The share of industry and construction in employment and gross added value, 2008



2008, the rate of enterprises in construction was 9.8%. 17% of all enterprises (68 800) in construction were registered in Budapest and 15% in Pest county. Together in Central and Western Transdanubia Region operated the punctually one quarter of the enterprises in construction, and 24% from the two Plain regions.

The number of operating enterprises in the sector of financial mediation services, per 1000 inhabitants, 2008

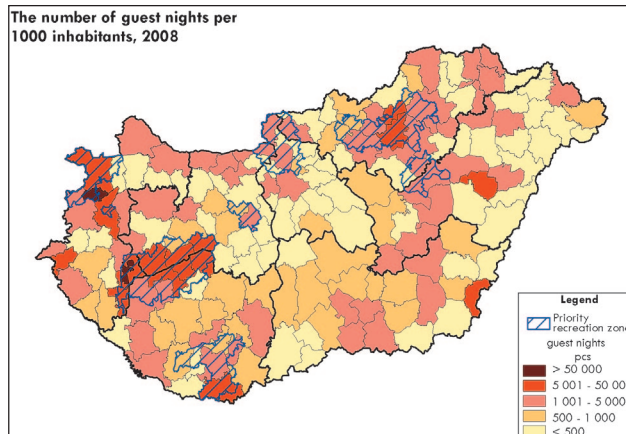


Services

The **share of the three economic sectors within employment** gives a picture of the specialization of labour in the various counties. In Budapest the share of the service sector was 80% which is well above the national average (63%). After the capital city, services are dominant mostly in the less developed counties: In 2008 the only county where the share of the service sector in employment was lower than 50% was Komárom-Esztergom county.

In 2008, the share of the economic sectors in the production of the **gross added value** was similar to the employment structure, although it was a little more concentrated territorially with a dominant presence of services. The share of services within the total GAV was 67%. Compared to 2007 the shares of the services shown a slight decrease while the share of the industry and construction shown a same level of growth. In the most counties the most dominant sector was the services, which accounted for 81% of the production value in Budapest and to almost three fourths in Somogy county.

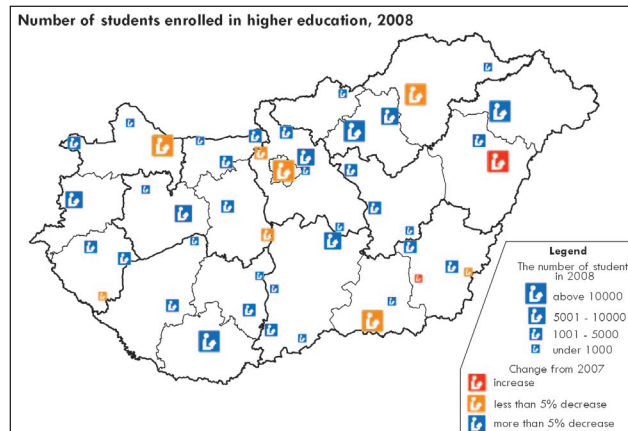
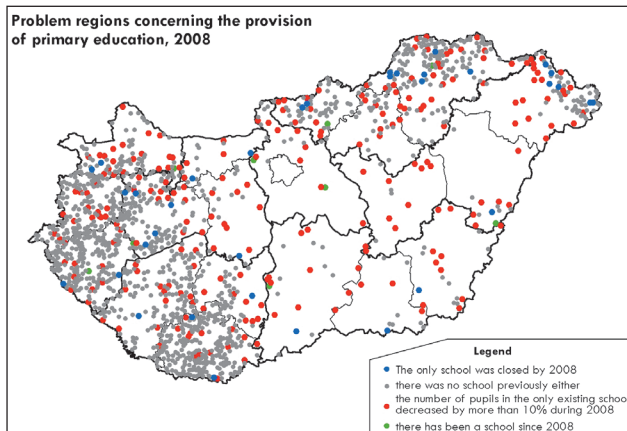
The number of businesses involved in **financial activities** was 27 100 in 2008, which was the 3.9% of all operating enterprises. 33% of the enterprises in this sector were located in the Central Transdanubian Region, 13% in each of the Southern and the Northern Great Plain and 10–11% in the other regions. Regarding their territorial distribution most of the enterprises were concentrated in the capital city and the county capitals and in the microregions of the Agglomeration of Budapest. 53% of all active financial enterprises are registered to operate in the microregions of county seats.



Tourism

The territorial pattern of **tourist traffic** looked similar in 2008 to what it had been in the preceding years. It had a strong spatial concentration, and those microregions were ranking highest which contained destinations with an absolute tourism appeal, as well as the capital city, the latter accounting for one quarter of all guest nights. The most popular were our internationally competitive thermal baths in the microregions of Hévíz, Csepreg, Zalakaros, Hajdúszoboszló, Siklós, Gyula, Sárvár and Eger, and the traditional summer holiday places along the Lake Balaton lakeside contained by the microregions of Balatonfüred, Balatonföldvár, Siófok, Fonyód, Keszthely, and Balatonalmádi. The microregions which are farther away from the capital city or Lake Balaton but which are belonging to resort areas registered much lower guests than previously.

The distribution of **accommodation capacity** per 1000 inhabitants indicated also a strong territorial



concentration. Among the regions with the highest accommodation capacities could be found those with the most important tourism destinations (Balaton region, holiday resorts of great importance etc.) also in 2008. The great number of microregions with values below 30 indicates (in 2008, more than 100 microregions belong to this category) show the strong territorial concentration of the capacities.

Education

Economic competitiveness depends fundamentally on the availability of adequately qualified labour force, which can be ensured only through a refined and accessible education system. The qualitative characteristics of elementary education and training are predominantly influenced by demographic trends. The number of **pupils in primary schools** was 788.6 thousand in 2008, which was by 20 000 less than one year before. The decrease affected all regions: the decrease of pupils varied from 1.8 to 4.9 thousand

from region to region. In 2008 in 35 settlements were left off primary schools by the continuous decline of primary school pupils and for the reason of supposedly more rational operation. At the same time in such 9 settlements was opened primary school again, where they were closed previously.

In **secondary education**, the combined number of students in the morning faculty of grammar schools and vocational secondary schools was 440 thousand, which was 2 thousand less than one year before, while the number of participants in vocational training increased by 700, that is, to 133.6 thousand.

In 2008, 379.8 thousand students participated in **higher education** (on the morning, evening, correspondence and remote training courses) which means a considerable decrease by 16.5 thousand compared to the previous year. This decline could be observed in all regions and all counties (except for Hajdú-Bihar county); it was the most substantial in

Northern Hungary (approximately by 3 700 students), while it was the least significant in the Northern Great Plain (about 1 500). The dominance of Central Hungary however, continues: in 2008, 45.6% of all students, some 173 thousand people enrolled in higher education in this region.

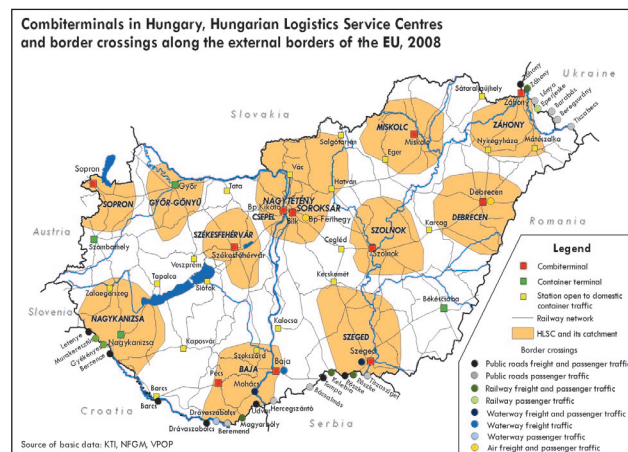
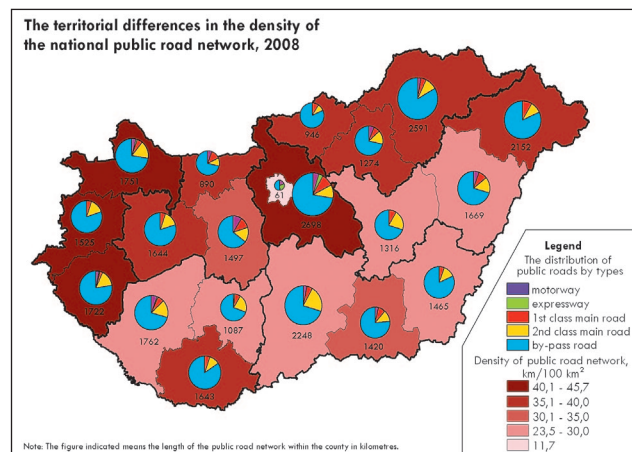
Transport and communication

At every spatial level, accessibility is a development factor of strategic importance. The development of the **clearway network** has continued to grow intensively in 2008, too: 85 km of new clearways was finished and thereby the total length of clearways reached 1 116 km. The construction of M0, M6, M7 and M70 continued, thus the accessibility of Southern Transdanubia and the south-western parts of the country was especially improved from the direction of Budapest. The **rest of the road developments** meant mainly restoration of specific sections and strengthening of the paving and multi-lane widenings,

and by the end of 2008 the length of the national road network reached 31 363 km.

The length of the **railway network** stayed at 7 896 km in 2008. No new lines were built, rather the tracks of the lines forming part of the high priority major European lines were reconstructed. In 2008, reconstruction work was performed along the Budapest-Cegléd-Szolnok, the Budapest-Újszász-Szolnok, the Cegléd-Kecskemét, the Boba-Zalaegerszeg-Bajánsenye, the Szajol-Mezőtúr, the Békéscsaba-Lőkösháza and the Budapest-Esztergom sections, as well as along the Érd section of the Budapest-Székesfehérvár line; and the renovation of the Northern Rail Bridge was continued in Budapest.

Water transport is the most significant in Hungary along the Danube, which is a Helsinki corridor. The most substantial **port investments** in 2008 were the further improvement of the harbours of Győr-Gönyű (construction of industrial railway track and renovation of the public



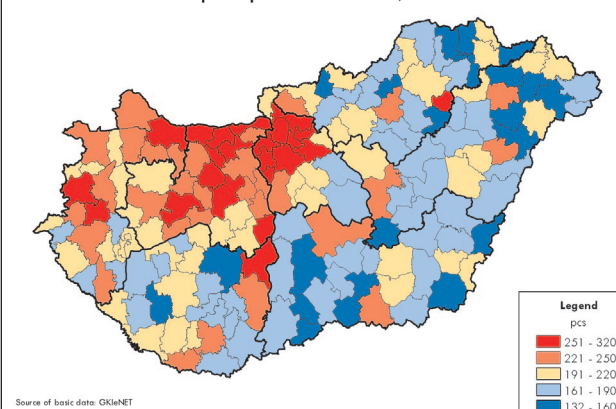
road]), in the Csepel Freeport construction of the Ro-Ro terminal and development of the harbour in Baja.

There are 6 international **airports** operating in Hungary: Budapest-Ferihegy, Debrecen, Győr-Pér, Pécs-Pogány, Nyíregyháza and Sármellék Airports. From among these, traffic is outstanding only at Budapest Airport, where it decreased a little compared to 2007 but it still was 8.4 million people. The cargo turnover and the number of flights also decreased: the first to 62 000 tons and the latter below 120 thousand flights.

The sectoral distribution of **freight transport** showed the dominance of public roads: near 75.1% of all freight transport was carried out on public roads, 15% on railways, 7.3% on pipelines, and 2.6% on waterways in 2008. The national logistic centres had an all more important role, but investors do not yet favour other regions except the Central Hungarian, thus only a limited number of investments have been made in the rest of the country.

By the end of 2008, the number of **mobile subscriptions** was still showing an intense growth, and reached 12.2 million. Thus, there were already 121.8 subscriptions per 100 inhabitants, which meant an 11% rise in one year. In terms of **access to cable TV**, there was again a growth in most of the regions between 2007 and 2008. Compared to 2007, the rate of cable TV accesses stagnated only in Southern Transdanubia; it increased in all other regions.

Number of internet subscriptions per 1000 inhabitants, 2008



The differences in the spatial distribution of **internet subscriptions** are an excellent mirror of the various development levels of the country. In 2008, there were 184 subscriptions per 1000 inhabitants. In two thirds of the microregions of the country the rate was higher than this. Within internet subscriptions considered as a segment of utmost importance within IKT, the most developed microregions were in the agglomeration of Agglomeration of Budapest and in the more developed Northern Transdanubian parts of the country. Except for these areas there were only some microregions nearby county seats where the number of subscriptions was considerably higher than the national average. The backlogs of the southern, eastern and north-eastern regions of the country are considerable.