



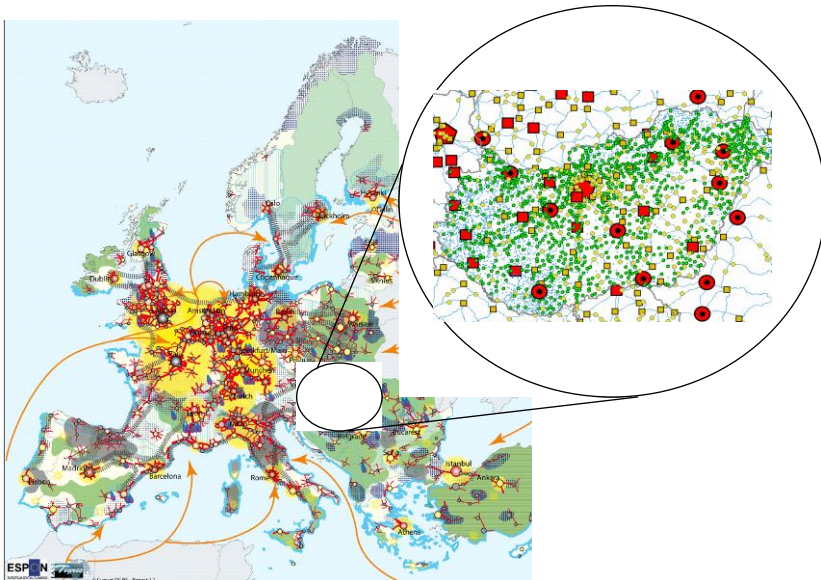
# STRATEGIC RESPONSES TO GLOBAL ECONOMIC CHALLENGES

The Hungarian spatial development concept in the light of the Territorial Agenda 2020 of the European Union

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Sustainable Recovery? Rebalancing, Growth, and Sapce Economy - RSA Winter Conference - London, UK, 27-28. November 2014.



# TA 2020

- Territorial dimension for Europe 2020 Strategy
- Adopted by ministers of EU member states
- ..in 2011, during the Hungarian Presidency



## **Territorial Agenda of the European Union 2020**

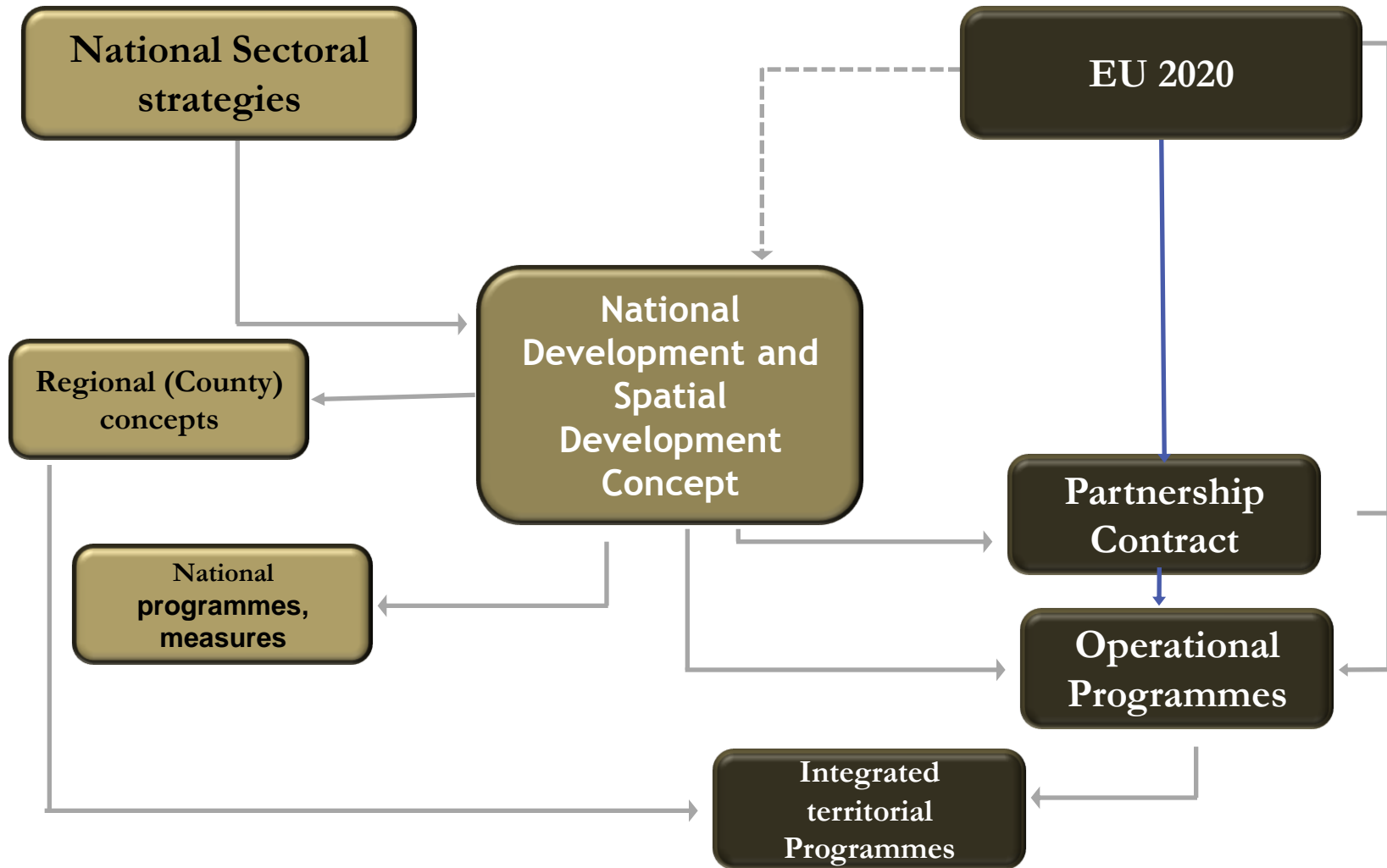
Towards an Inclusive, Smart and Sustainable Europe of Diverse  
Regions

agreed at the Informal Ministerial Meeting of Ministers responsible for Spatial  
Planning and Territorial Development  
on 19th May 2011 Gödöllő, Hungary





# National strategy: NDSDC 2014.





# Challenges of territorial development at EU level

## Challenges and potentials for territorial development in TA2020

*TA2020*

1. Increased **exposure** to globalisation: structural changes after the global **economic crisis**
2. Challenges of EU integration and the growing interdependences of regions
3. Territorially diverse **demographic** and social challenges...
4. Climate change and environmental risks: geographically diverse impacts
5. Energy challenges come to the fore and threaten regional competitiveness
6. Loss of biodiversity, vulnerable natural, landscape and cultural heritage



# EU level territorial challenges in the NDSDC

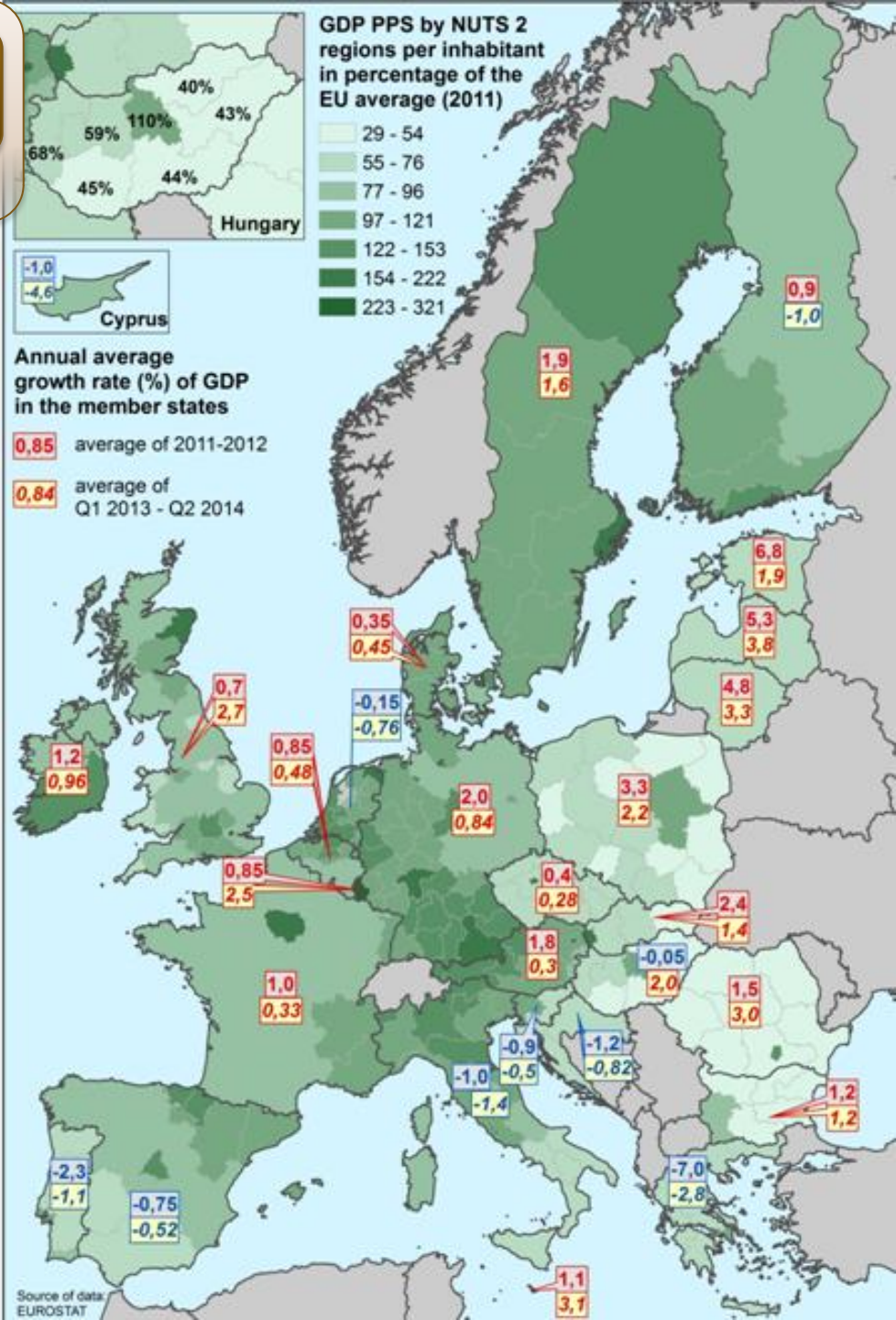
Challenges and potentials for territorial development in TA2020	Emergence in Hungarian strategy (NDSDC)
Increased <b>exposure to globalisation</b> : structural changes after the global <b>economic crisis</b>	The exposure of economy is perhaps the <b>main dimension</b> on which the whole concept is built. (E.g. strengthening international performance of Hungarian companies, reducing energy exposure, local economic development, patriotic economic policy)
Challenges of EU integration and the growing <b>interdependences</b> of regions	<b>Identified</b> as challenge but <b>not focused</b> in the strategy part.
Territorially diverse <b>demographic</b> and social challenges, segregation of vulnerable groups	Turn in demography of Hungary is one of the four overall <b>strategic aim</b> , and also one of the five mid term priorities.
<b>Climate change</b> and environmental risks: geographically diverse impacts	Climate change and environmental risks have a separate subchapter in among trends and also among policy intervention fields, but it is not directly addressed in the general strategic goals.
<b>Energy challenges</b> come to the fore and threaten regional competitiveness	It is an <b>emphasized</b> issue: “On the way towards resource and energy efficiency and <b>energy independency</b> ” is one of the five priority.
Loss of <b>biodiversity</b> , vulnerable natural, landscape and cultural <b>heritage</b>	<b>Assessed</b> in detail and focused in territorial objectives. (e.g. relevant specific types of territories) <b>No high priority</b> given.



# Exposure to globalisation, structural change after the economic crisis

TA2020 challenge nr.1

Per-capita gross domestic product of the regions in 2011, and the member states' growth dynamics



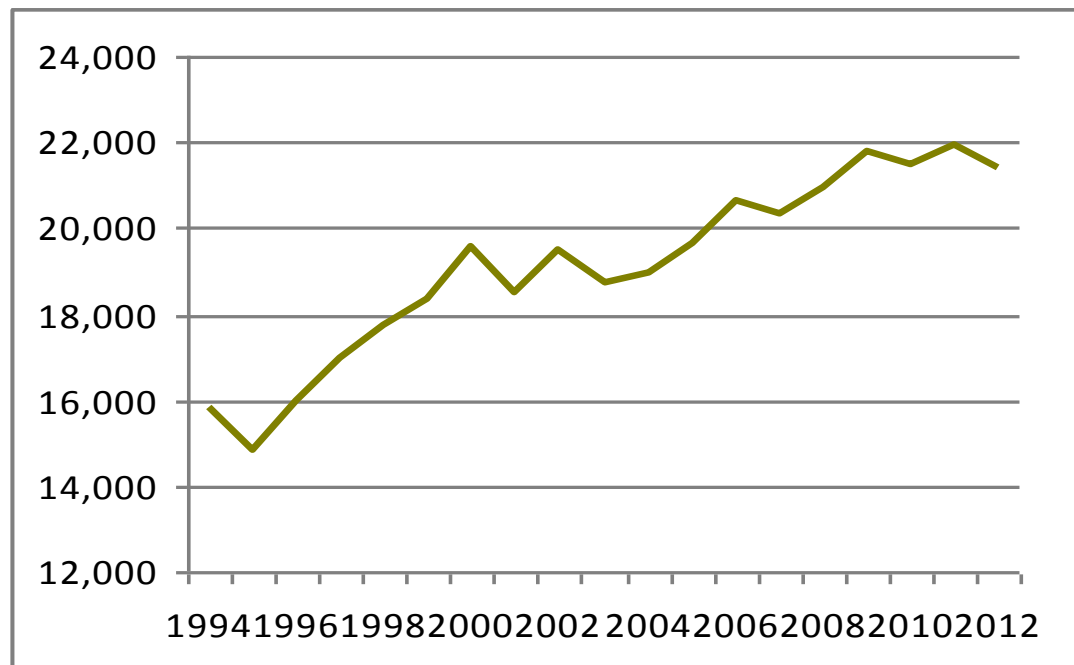
Source: The National central Bank of Hungary: Growth Report 2014.



## Exposure to globalisation, structural change after the economic crisis

*TA2020 challenge nr.1*

### Regional disparities of GDP according to the Hoover index in Hungary at NUTS3 level



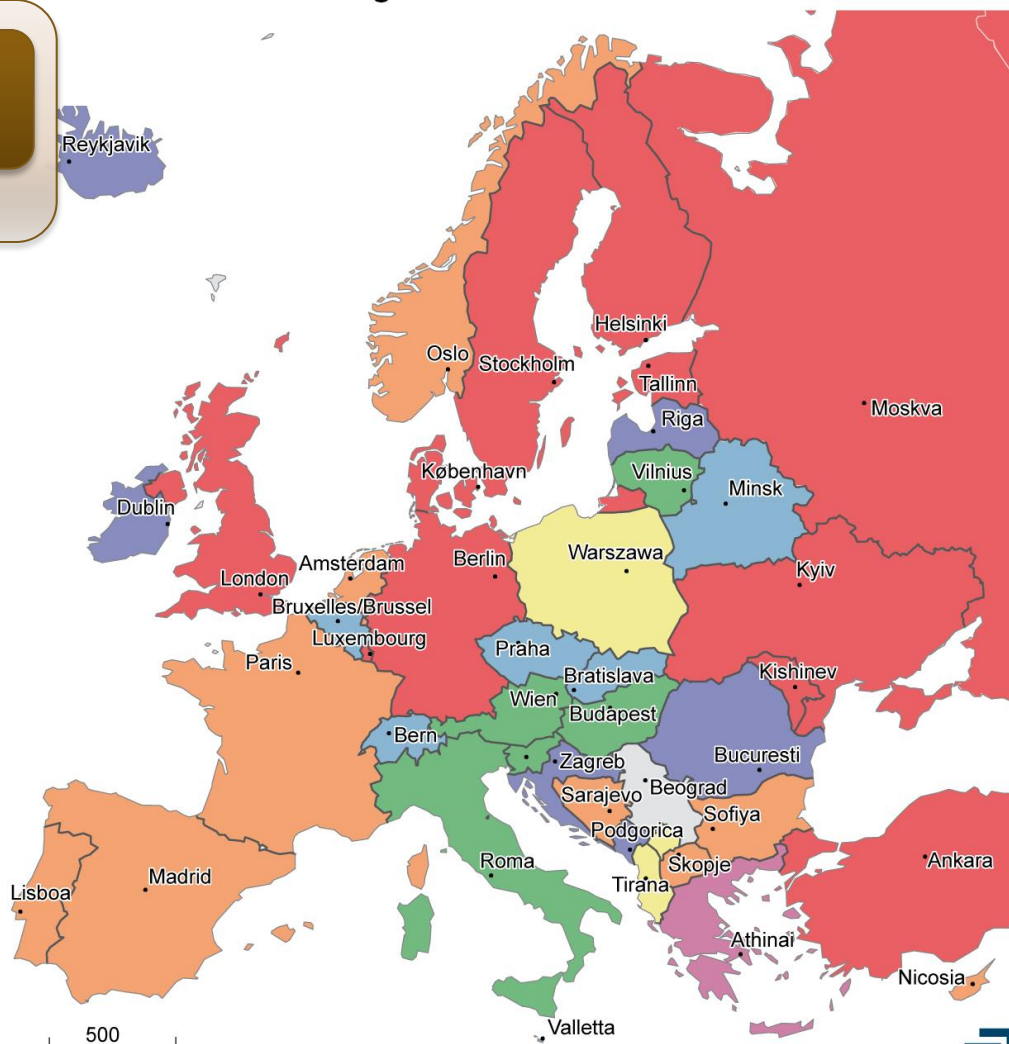
Note: The index measures the territorial distribution of GDP relative to the territorial distribution of the population. Its value range: 1-100 (1 = no territorial difference).

Source: MNB calculations based on CSO data

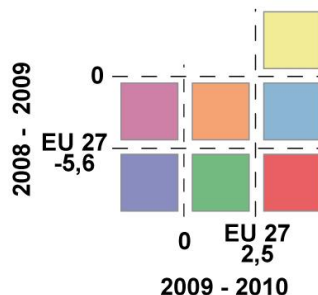
# Exposure to globalisation, structural change after the economic crisis

TA2020 challenge nr.1

The change of real GDP compared to previous years (in 2008-2009 and in 2009-2010)



A reál GDP változása az előző évhez viszonyítva - 2. negyedév 2008-2010



© BBSR Bonn 2010  
 Source: BBSR European Spatial Monitoring  
 Origin of data: Eurostat; National statistical  
 offices; International Monetary Fund (IMF)  
 Administrative boundaries: GFK MACON

\* Bosnia and Herzegovina, Montenegro and Kosovo yearly data, data for 2010: IMF





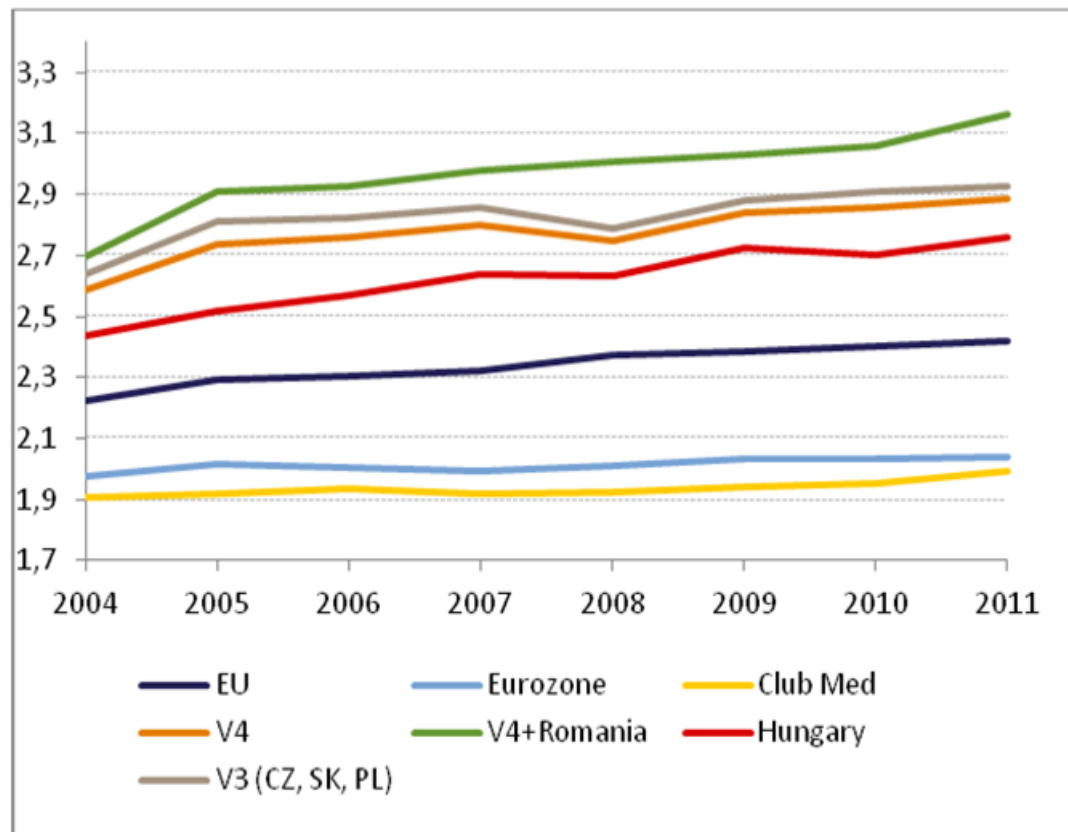
## Exposure to globalisation, structural change after the economic crisis

TA2020 challenge nr.1

### Territorial concentration of GDP within the countries on the basis of their range, 2011

(Note: Ratio of the per-capita GDP in the most advanced NUTS2 level region to the least advanced one in the given country, their unweighted average in the various groups of countries. Overseas regions and the states comprising a single region, are not taken into account.

Source: Eurostat)

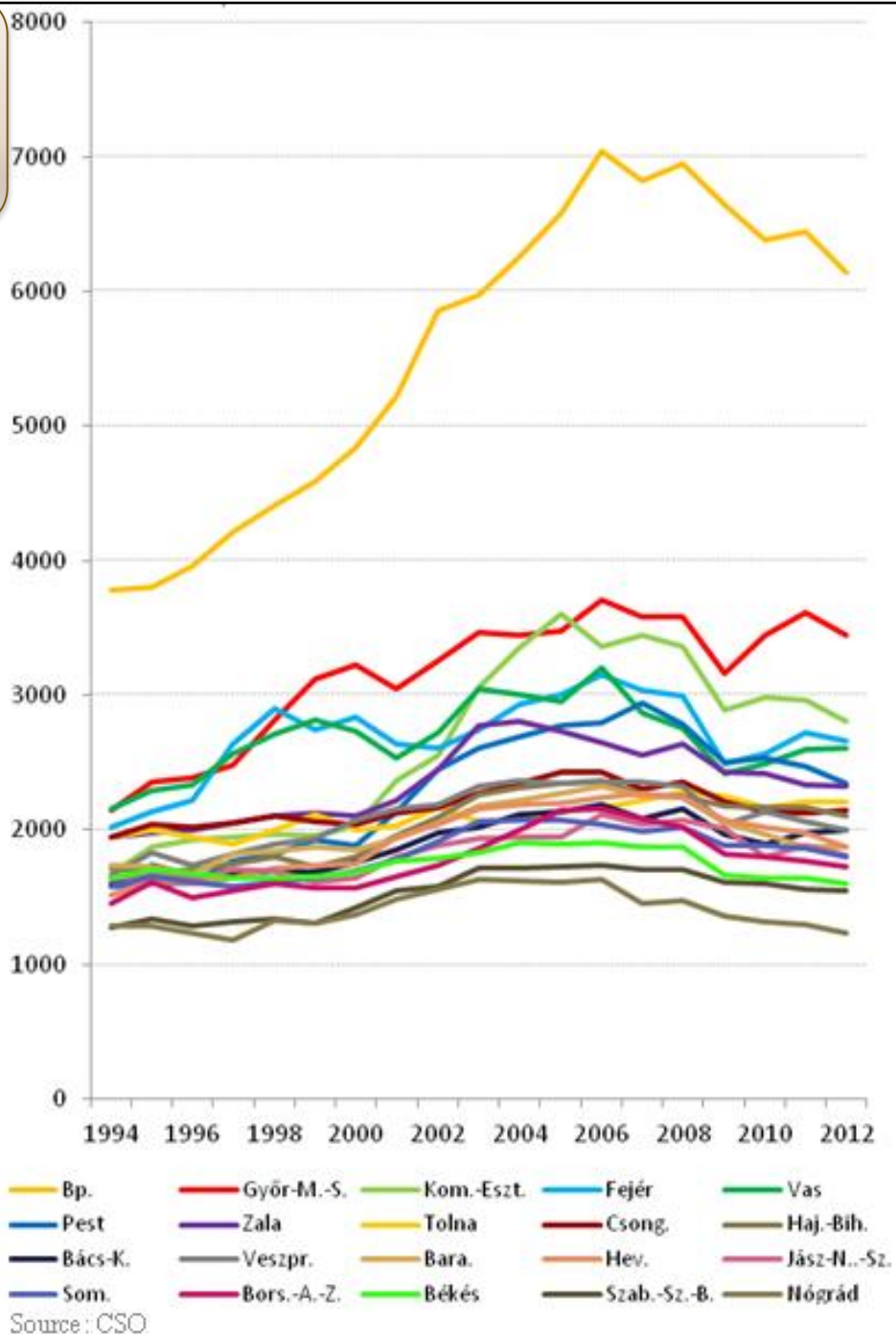


# Exposure to globalisation, structural change after the economic crisis

TA2020 challenge nr.1

## ONLY BUDAPEST..

Growth path of the counties and Budapest according to the per-capita GDP figures (at 2012 price)



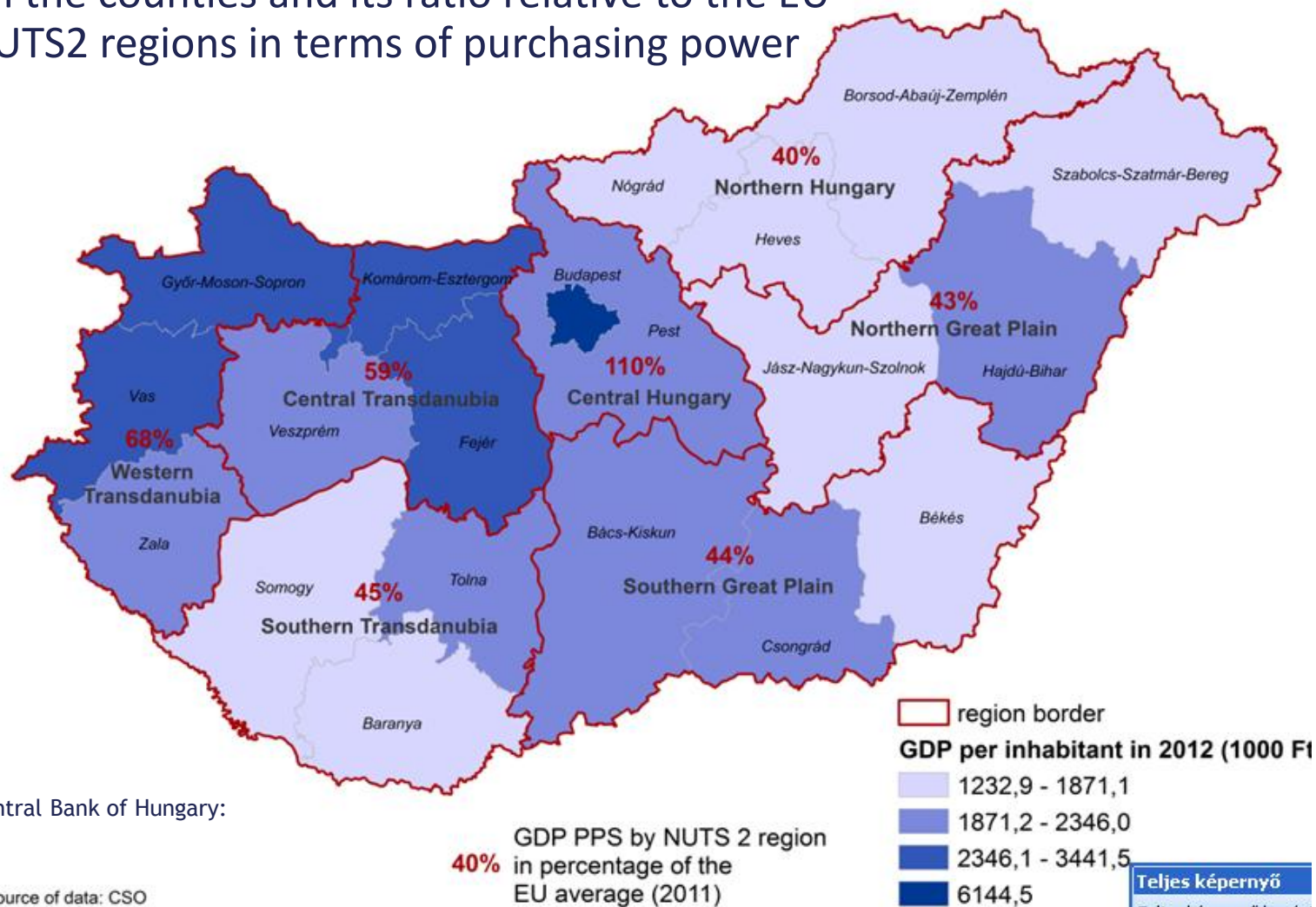
Source: The National central Bank of Hungary: Growth Report 2014.

Source: CSO

# Exposure to globalisation, structural change after the economic crisis

TA2020 challenge nr.1

Per-capita GDP in the counties and its ratio relative to the EU average in the NUTS2 regions in terms of purchasing power parity



Source: The National central Bank of Hungary: Growth Report 2014.

source of data: CSO

40% GDP PPS by NUTS 2 region in percentage of the EU average (2011)

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Teljes képernyő  
Teljes képernyő bezárás

# Some long term obstacles of growth in Hungary

1. Monocentric spatial structure
2. Dominance of rural regions not integrated in European economic space, limited international competitiveness potential
3. Underdeveloped regions with low economic performance
4. Potential employment in competitive sector is limited in these regions
5. Demography - losing population
6. Vulnerability due to high exposure to EU and global market



# Overall national priorities until 2020 in NDSDC

- Domestic economy based on SME-s in partnership with big companies
- Towards full employment and knowledge society
- Towards resource efficiency and energy independence
- Turn in demography and communities
- Territorial integration and local development on the basis of local economy





# Main connections between the objectives of NDSDC and TA2020

Territorial Priorities in the TA2020		Territorial objectives of the Hungarian NDSDC
<p><u>Overall aim:</u>  <b>Territorial cohesion is a common goal</b>  <b>For a more harmonious and balanced state of Europe</b></p>	<p>-----</p>	<p><u>Long term overall territorial aim (2030):</u>  <b>Sustainable spatial structure based on territorial potentials</b></p>
		<p><u>Mid term national Priority (2020):</u>  <b>Territorial integration, regional and local development on the basis of local economy</b></p>
<p><u>Territorial priorities:</u></p> <ol style="list-style-type: none"> <li><b>1. Promote polycentric and balanced territorial development</b></li> <li><b>2. Encouraging integrated development in cities, rural and specific regions</b> <ol style="list-style-type: none"> <li>A. make cities motors of development and attractive places to live, work, visit and invest</li> <li>B. attention may need to be paid to underdeveloped peripheral rural areas,</li> <li>C. etc.</li> </ol> </li> <li><b>3. Territorial integration in cross-border and transnational functional regions</b></li> <li><b>4. Ensuring global competitiveness of the regions based on strong local economies</b></li> <li><b>5. Improving territorial connectivity for individuals, communities and enterprises</b></li> <li><b>6. Managing and connecting ecological, landscape and cultural values of regions</b></li> </ol>		<p><u>Specific objectives:</u></p> <ul style="list-style-type: none"> <li>- <b>Strengthening macro regional role of Hungary</b></li> <li>- <b>Polycentric spatial structure supported by city network</b> (incl. urban development, urban-rural cooperation, etc.)</li> <li>- <b>Increase ability of rural areas to maintain population</b></li> <li>- <b>Development of regions with outstanding landscape values</b></li> <li>- <b>Reducing territorial disparities, catching up, strengthening economy</b></li> <li>- <b>Connected places: ensuring accessibility and mobility</b></li> </ul> <p><u>Other relevant:</u></p> <ul style="list-style-type: none"> <li>- <b>Principles of use of land and space</b></li> <li>- <b>Applying ITI</b> (integrated territorial investment)</li> </ul>



# Strategic response I.

## Targeting market gaps, competitive integration into global economic space

Exposure to globalisation, structural change after the economic crisis

*TA2020 challenge nr.1*

1. Finding te market gaps and potentials:
  - Innovation and startup ecosystem, cultural economy in Budapest and main centres
  - Reindustrialization - car production
  - Eastern ‘opening’ in foreign trade
2. Increatease international functions of Budapest,
3. Improve accessibility to EU and toward east
4. Extend the territory of metroplolitan region of Budapest
5. Polycentric development
6. Reaching the ‘critical mass’ crossing the border

# Exposure to globalisation, structural change after the economic crisis

TA2020 challenge nr.1

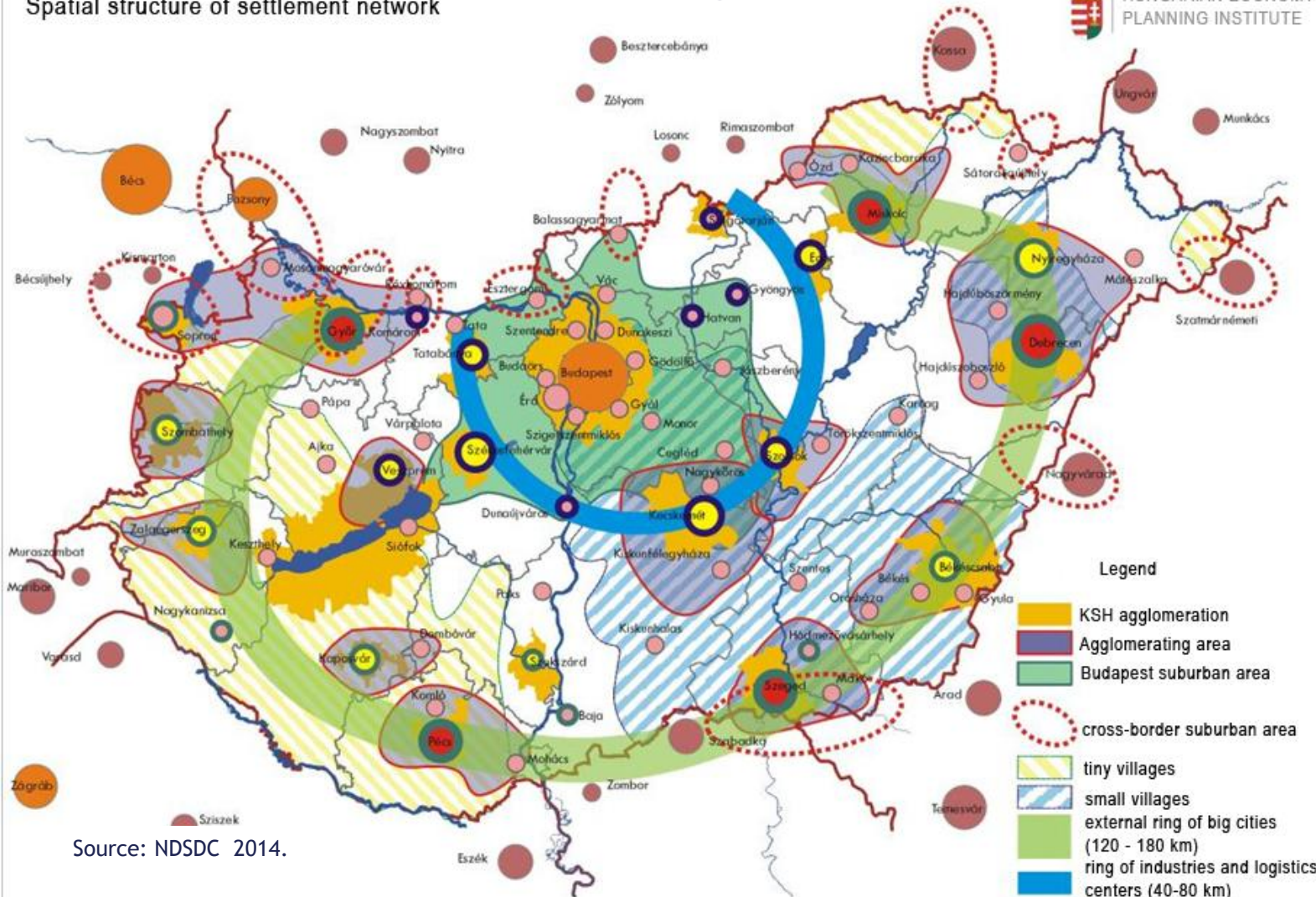
# Polycentric and balanced development

TA2020 priority nr.1

## Polycentric development: External and internal development „ring” of cities serving the decentralisation

Spatial structure of settlement network

HUNGARIAN ECONOMY PLANNING INSTITUTE



Source: NDSDC 2014.

27.11.2014.London

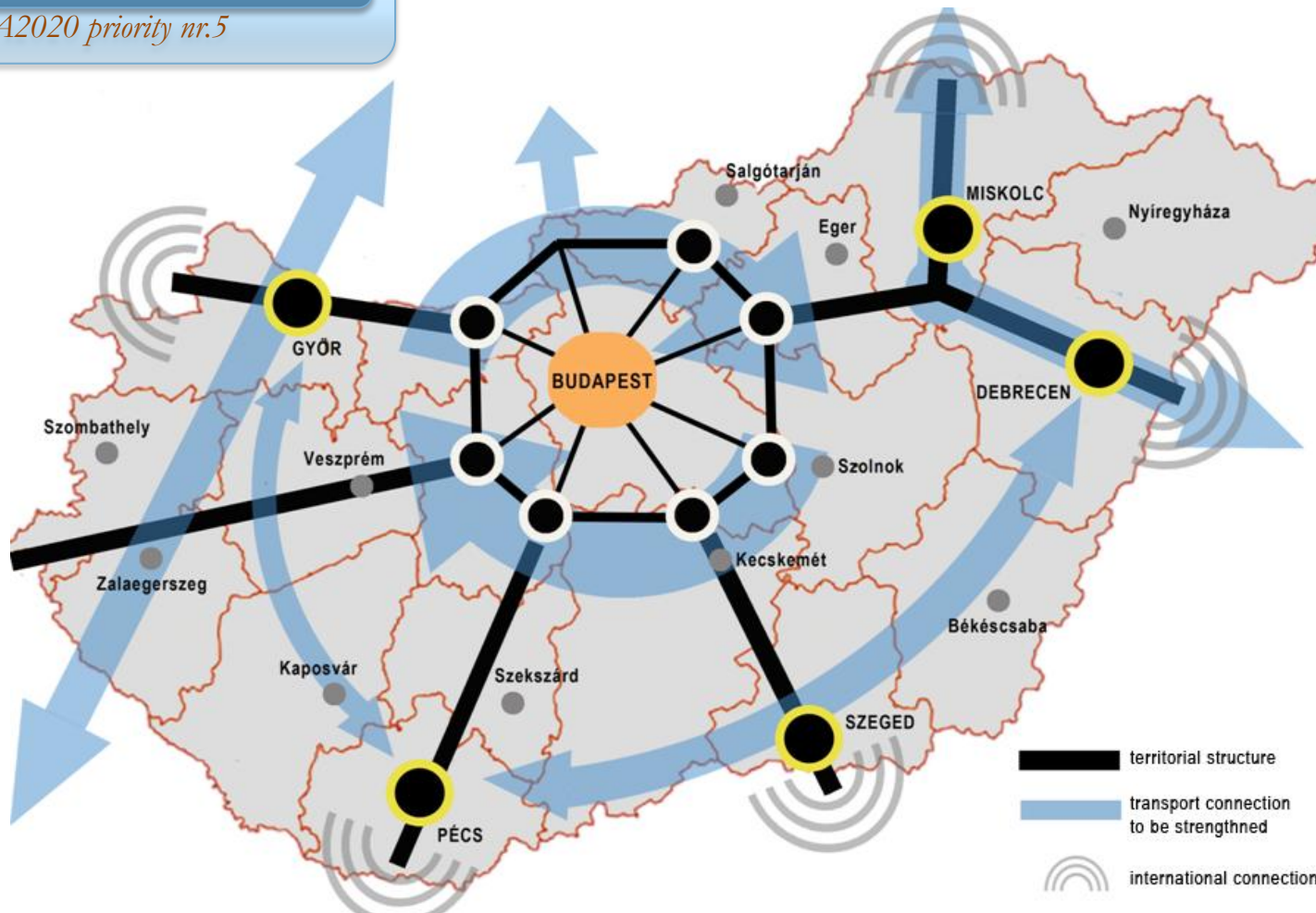
# Exposure to globalisation, structural change after the economic crisis

TA2020 challenge nr.1

## Development nodes and axes, new connections to be strenghtened by 2030

### Territorial Connectivity

TA2020 priority nr.5



Source: NDSDC 2014.

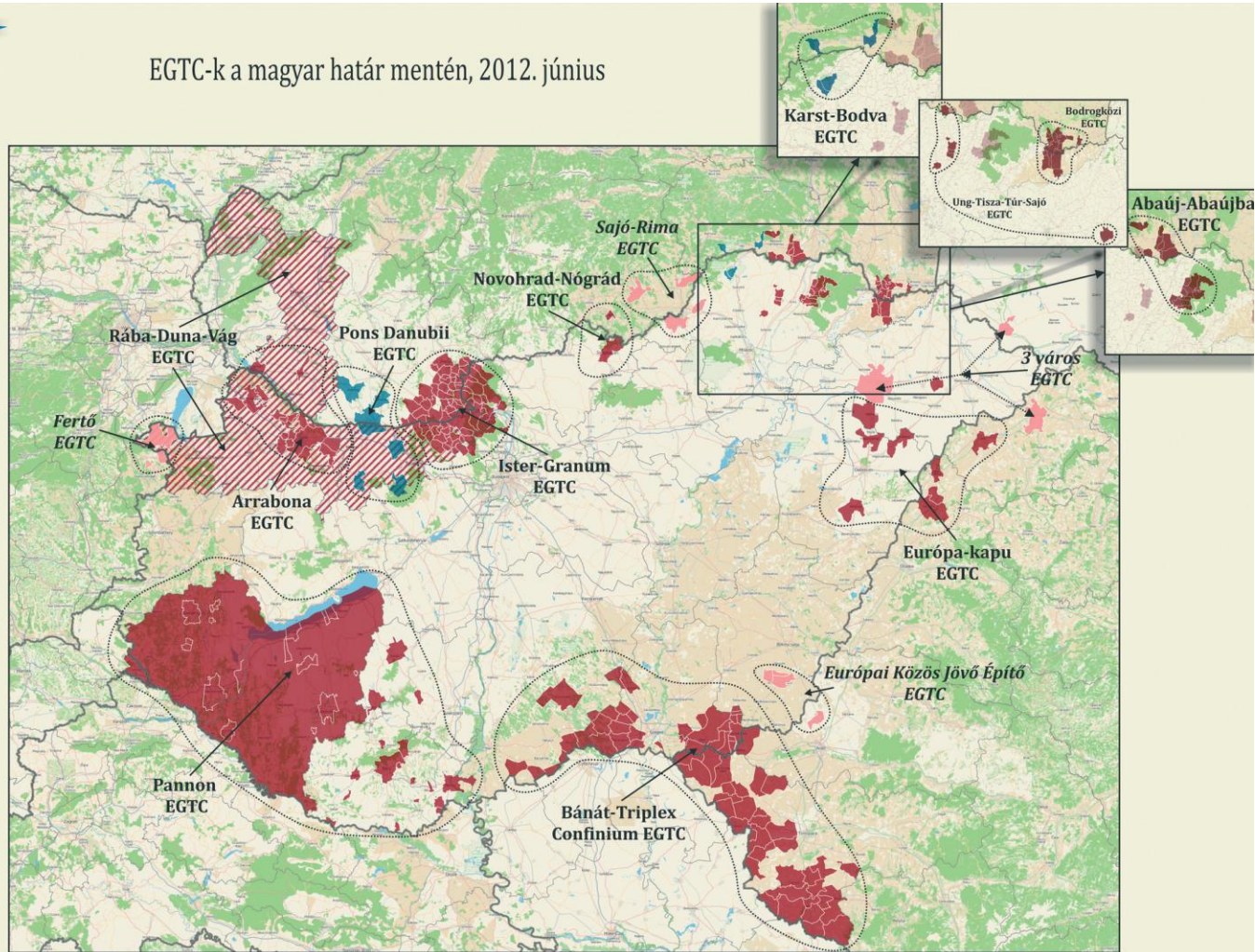
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# Reaching critical mass crossing the border Hungary is pioneer in establishing EGTC-s



EGTC-k a magyar határ mentén, 2012. június



Seated in Hu



Seated in SK



Under legislation



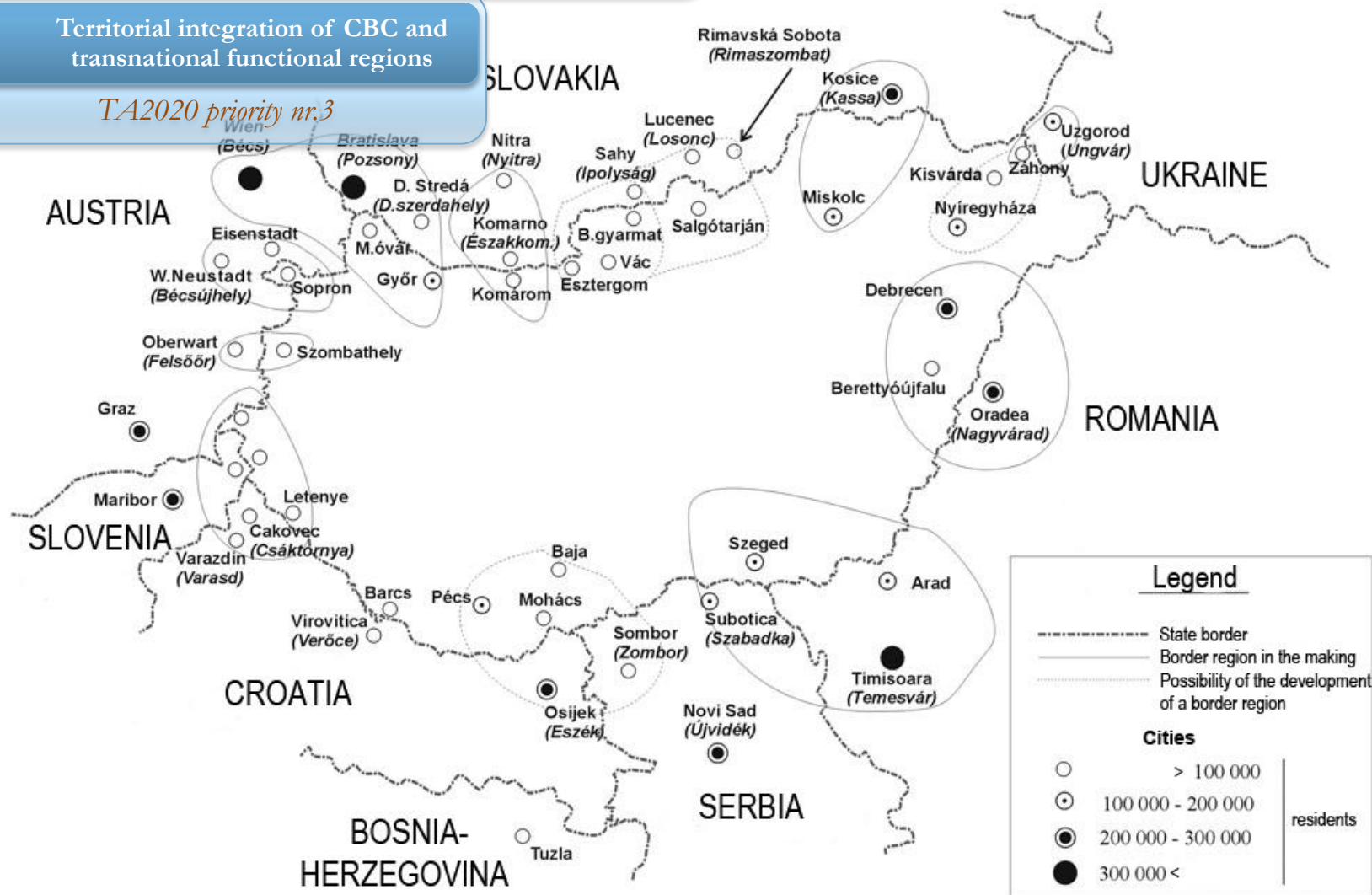
# Exposure to globalisation, structural change after the economic crisis

TA2020 challenge nr.1

Territorial integration of CBC and transnational functional regions

TA2020 priority nr.3

# Possible border crossing functional urban territories (draft)



..EU integration and the growing interdependences of regions

*TA2020 challenge nr.1*

Territorial integration of CBC and transnational functional regions

*TA2020 priority nr.3*

# European Danube Region Strategy





# Strategic response II.

## Reducing and global exposure – strengthen local economy

Exposure to globalisation, structural change after the economic crisis

*TA2020 challenge nr.1*

1. Local economy
2. Public employment in underdeveloped regions
3. Urban - rural cooperation and division of labour
4. Steps to reduce energy dependency
  - Extend nuclear power plant in Paks
  - Alternative energies, local energy systems



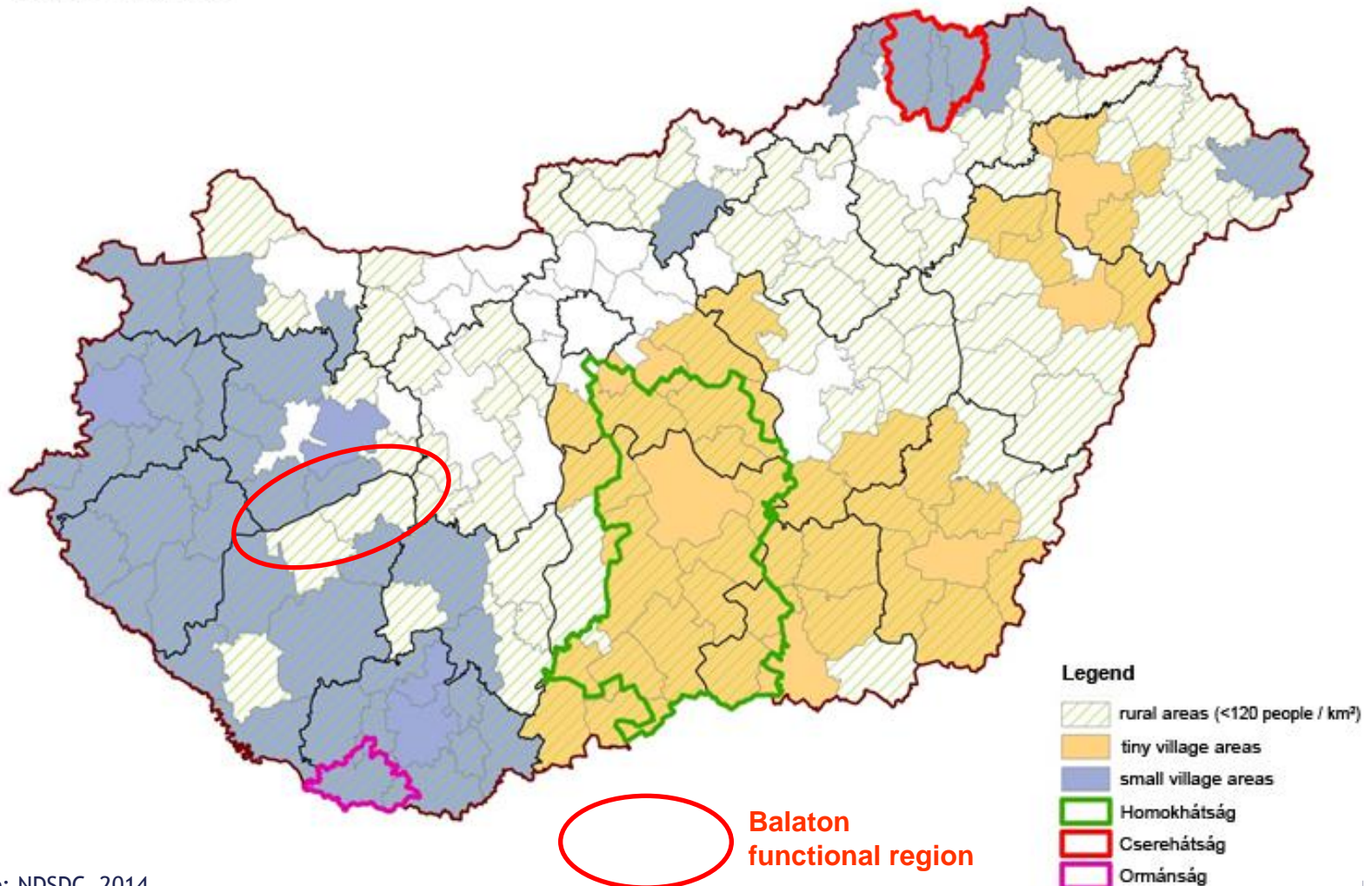


Integrated development of cities,  
rural and specific regions

TA2020 priority nr.2

# Functional rural territories for integrated development

## Rural Areas



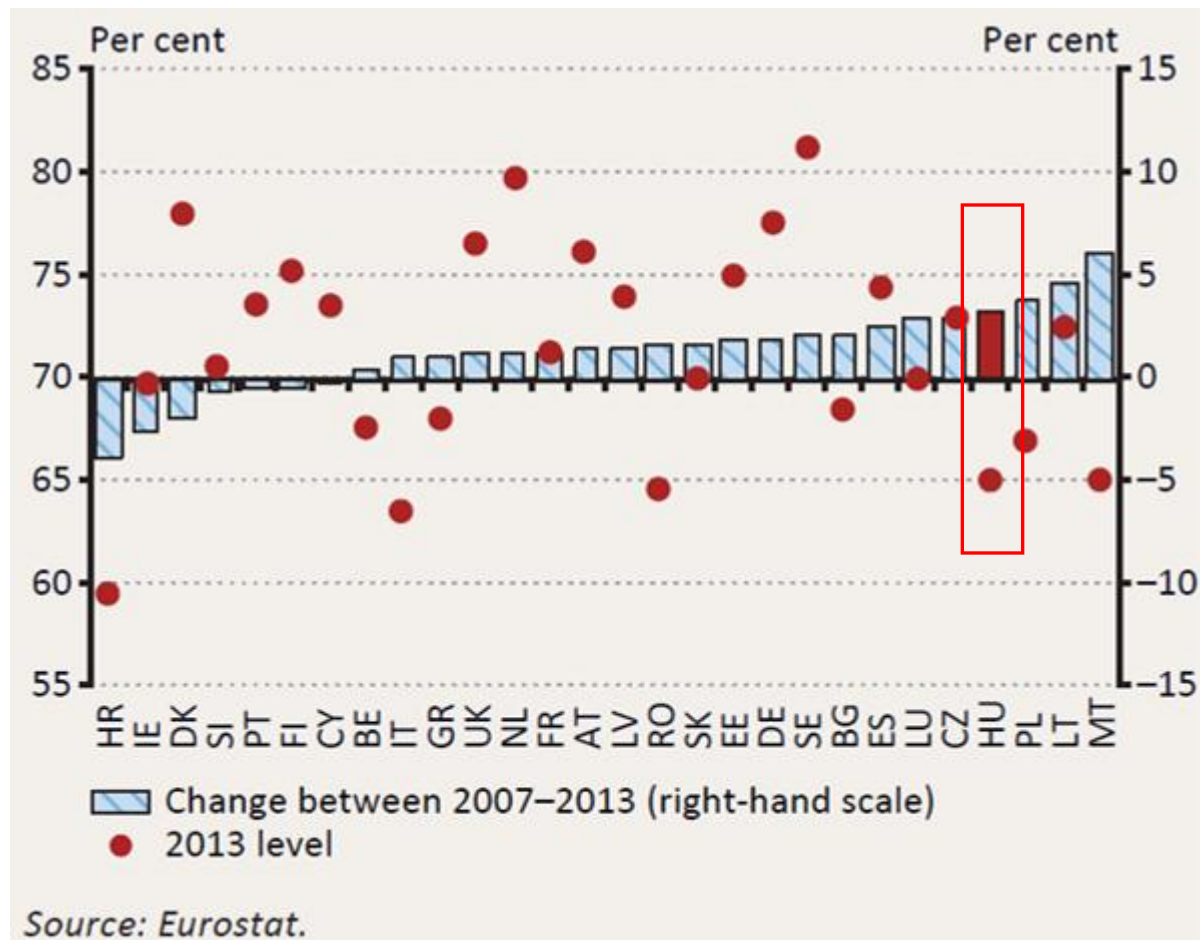
## Exposure to globalisation, structural change after the economic crisis

TA2020 challenge nr.1

# Activity rates in EU and Hungary

### Activity rate % (age 15-64) Hungary

- 1990 74,9
- 1992 58,3
- 1998 53,6
- 2000 56,0
- 2010 55,4
- 2013 58,4
- 2014.08-09. 62,8%

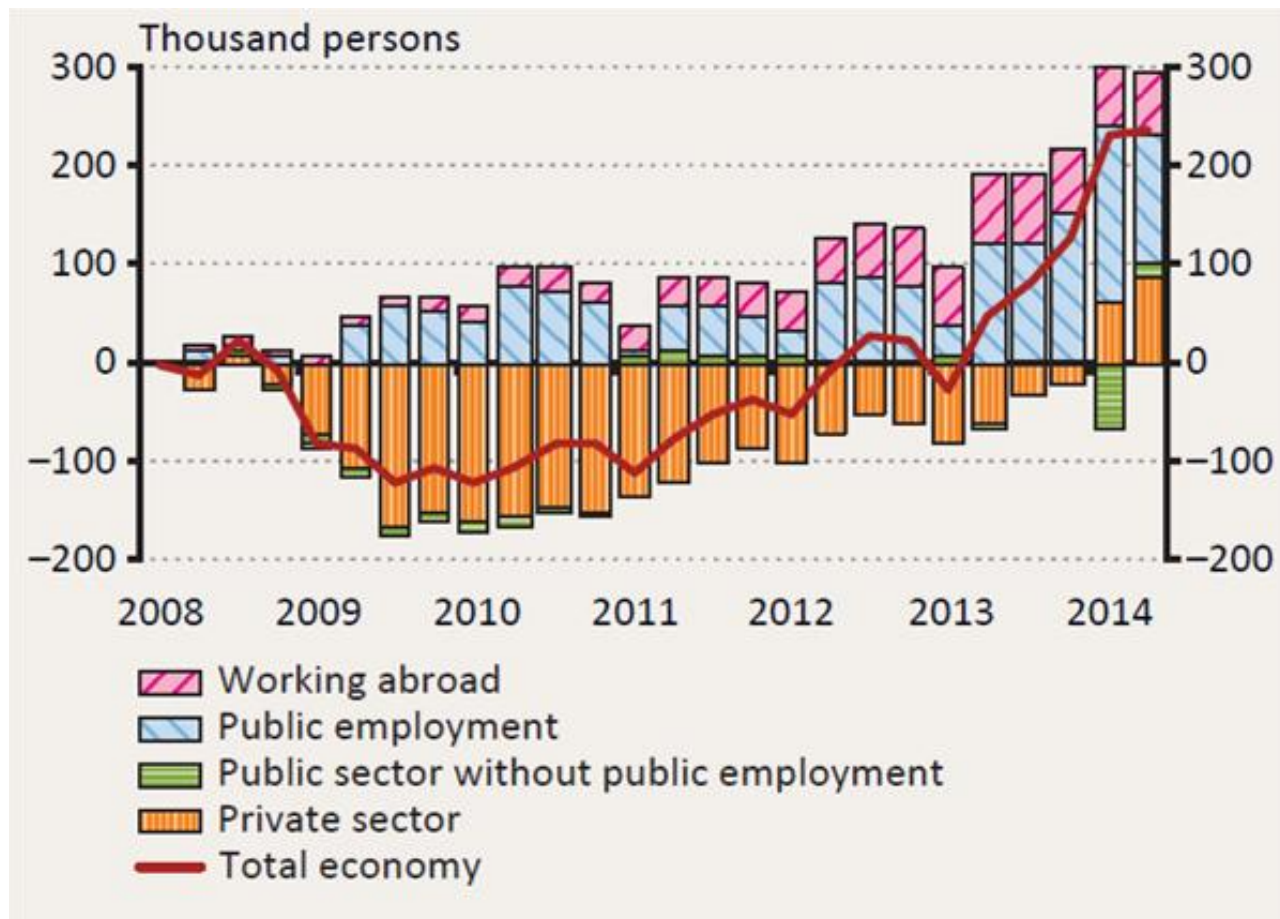






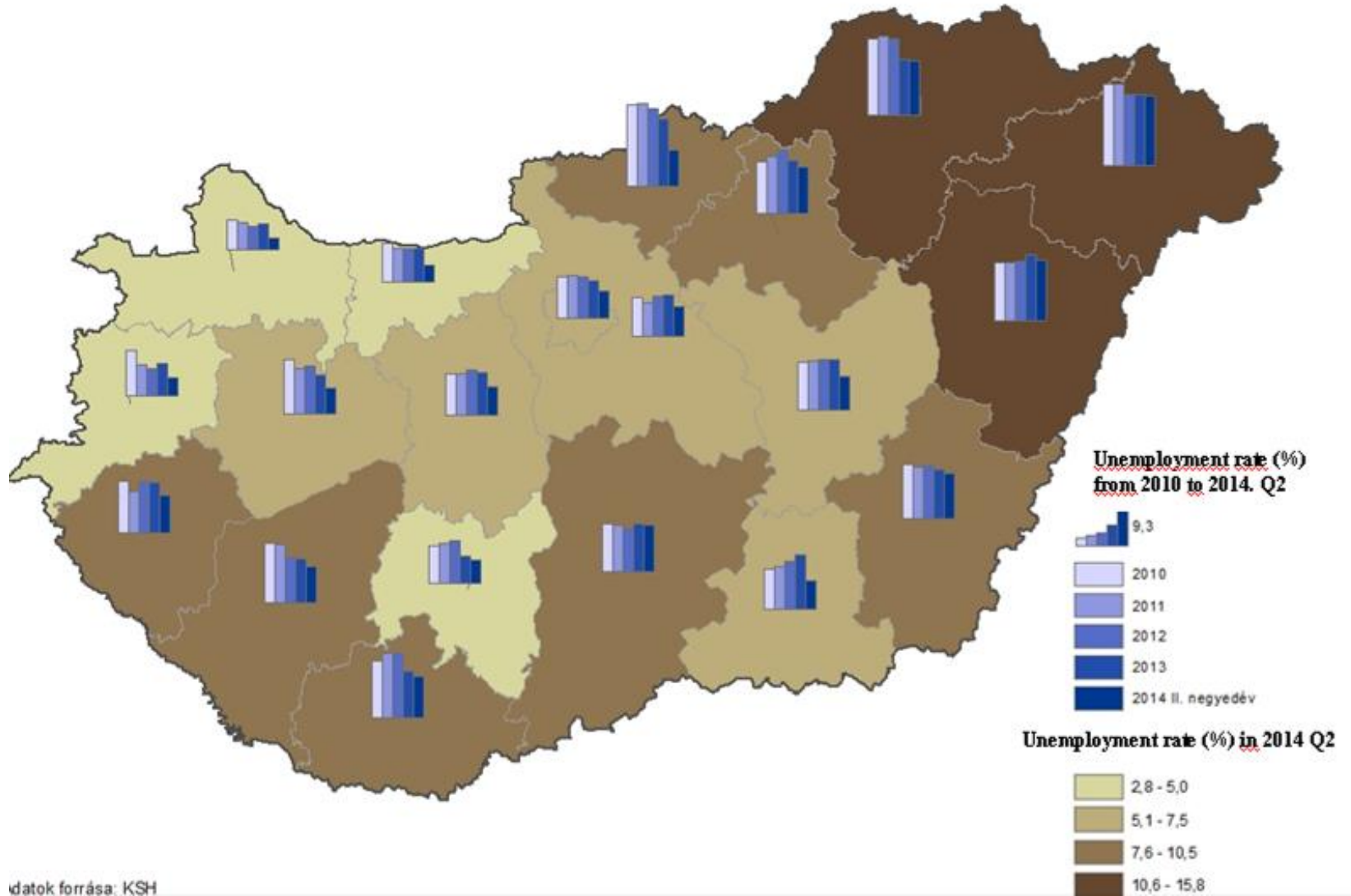
# Role of public employment during the hard years

Decomposition of cumulative change of employment since 2008Q1





# Unemployment rate in counties in 2014 and its changes from 2010.



Adatok forrása: KSH

Source: The Central Bank of Hungary, Growth Report 2014

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# III. Demographic challenge

## A growing shadow on the future

**DEMOGRAPHIC AND SOCIAL  
CHALLENGES..**

*TA2020 challenge nr.3*

# Demographic and social challenges..

TA2020 challenge nr.3

## Fertility rate

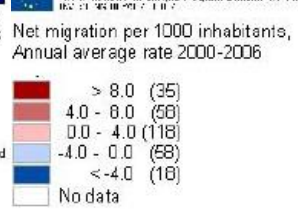
## Net migration balance

DRAFT

DRAFT

This map does not necessarily reflect the opinion of the ESPON Monitoring Committee

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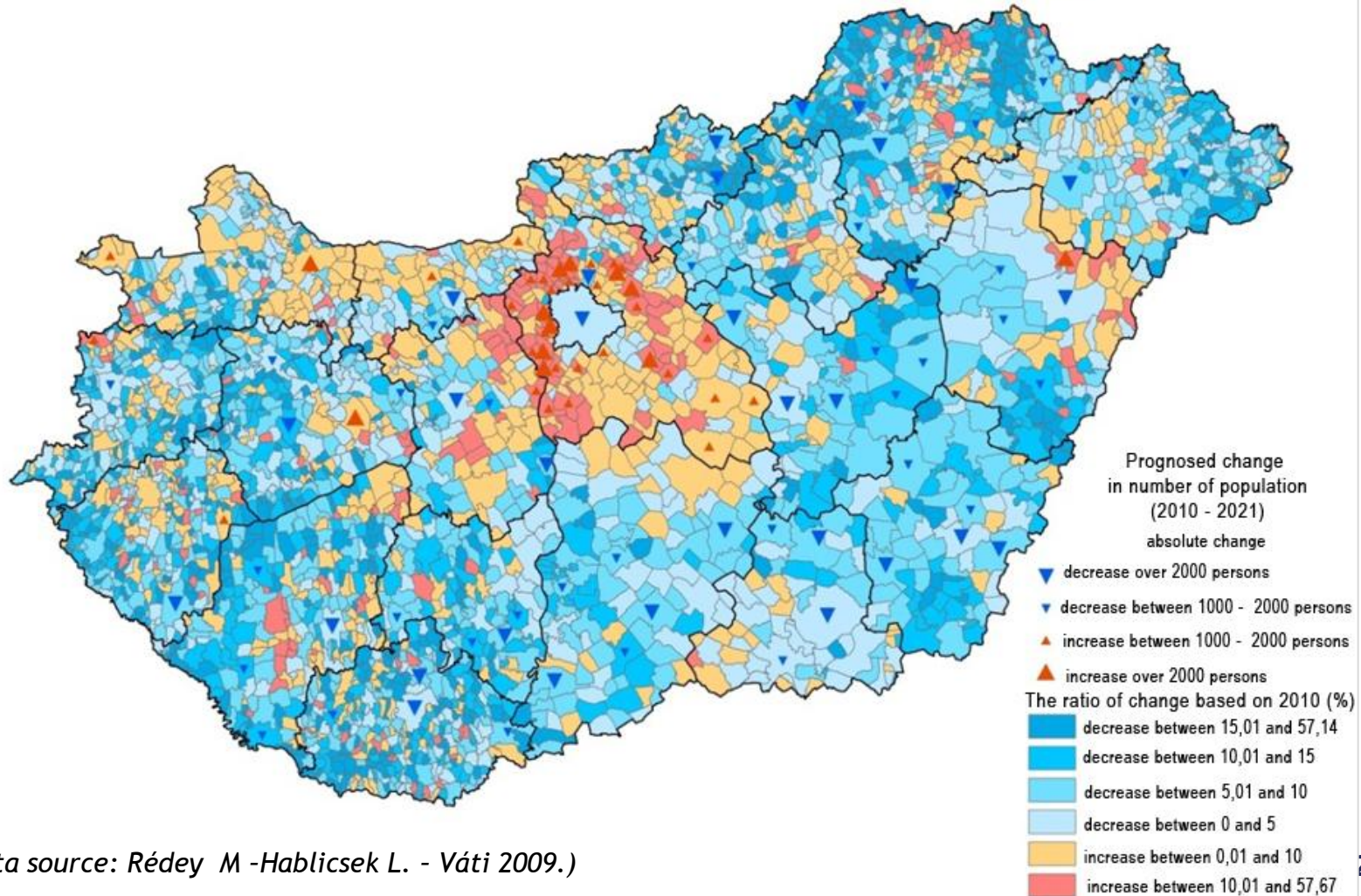




# Demographic and social challenges..

TA2020 challenge nr.3

## Demographic prognosis in Hungary ( 2010 – 2021 )

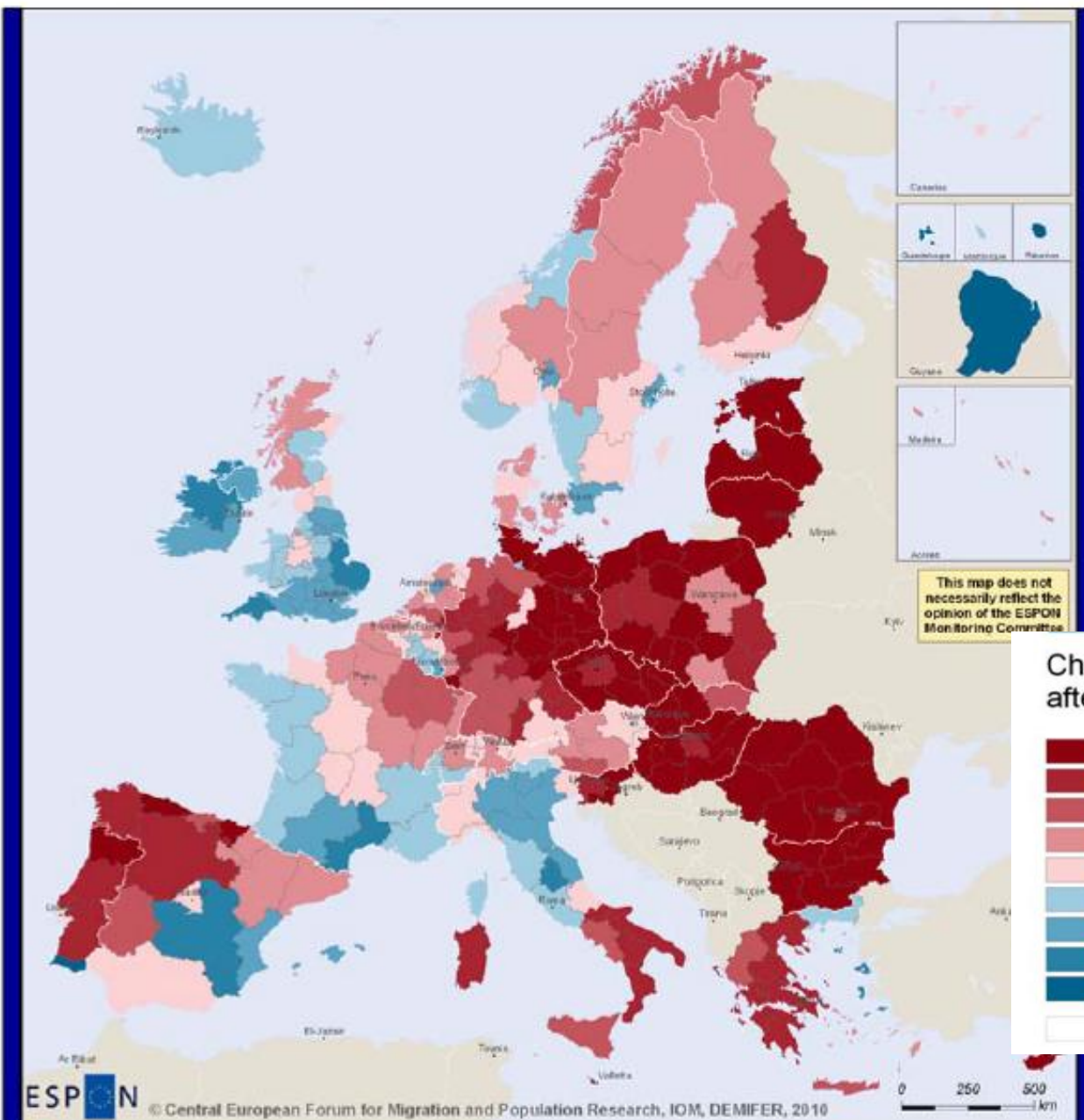


Data source: Rédey M -Hablicsek L. - Váti 2009.)

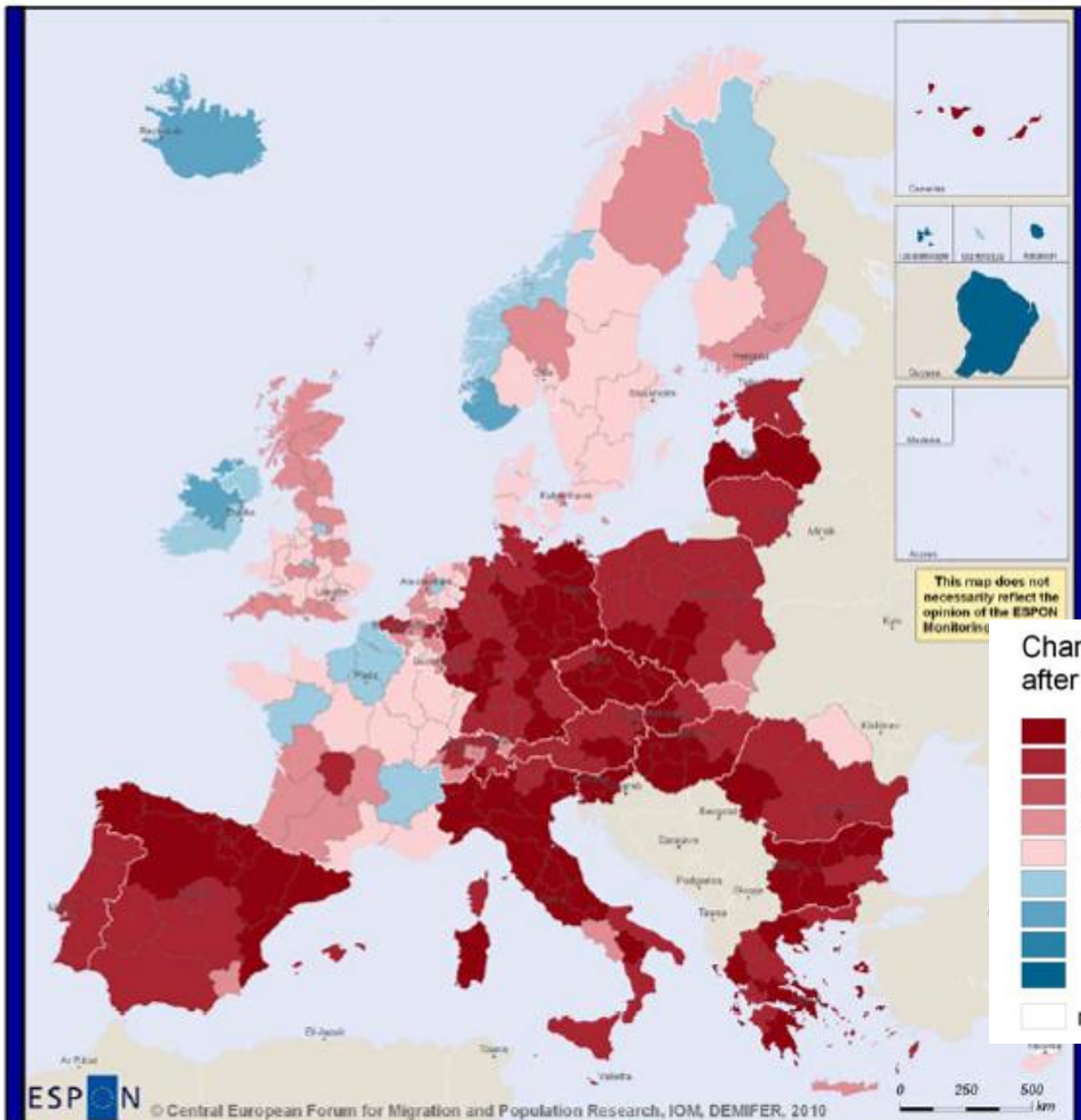
2014.London



# Change in Labour Force in 2005-2050, STQ Scenario



# Change in Labour Force in 2005-2050, NMI Scenario



# Demographic and social challenges..

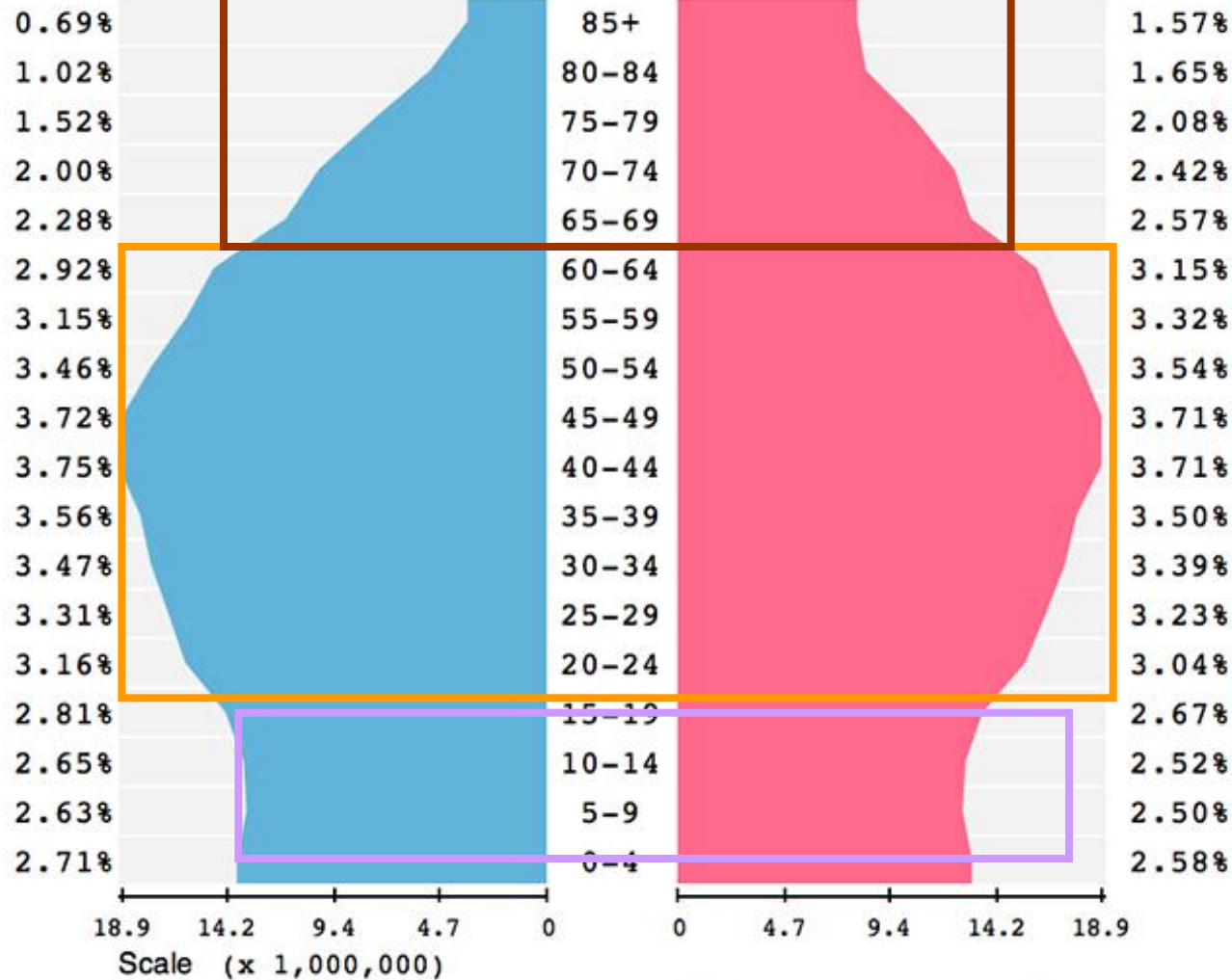
TA2020 challenge nr.3

## European Union by Age and Sex (2012)

Males: 245,969,224

Sex Ratio (m/f): 0.955

Females: 257,694,286



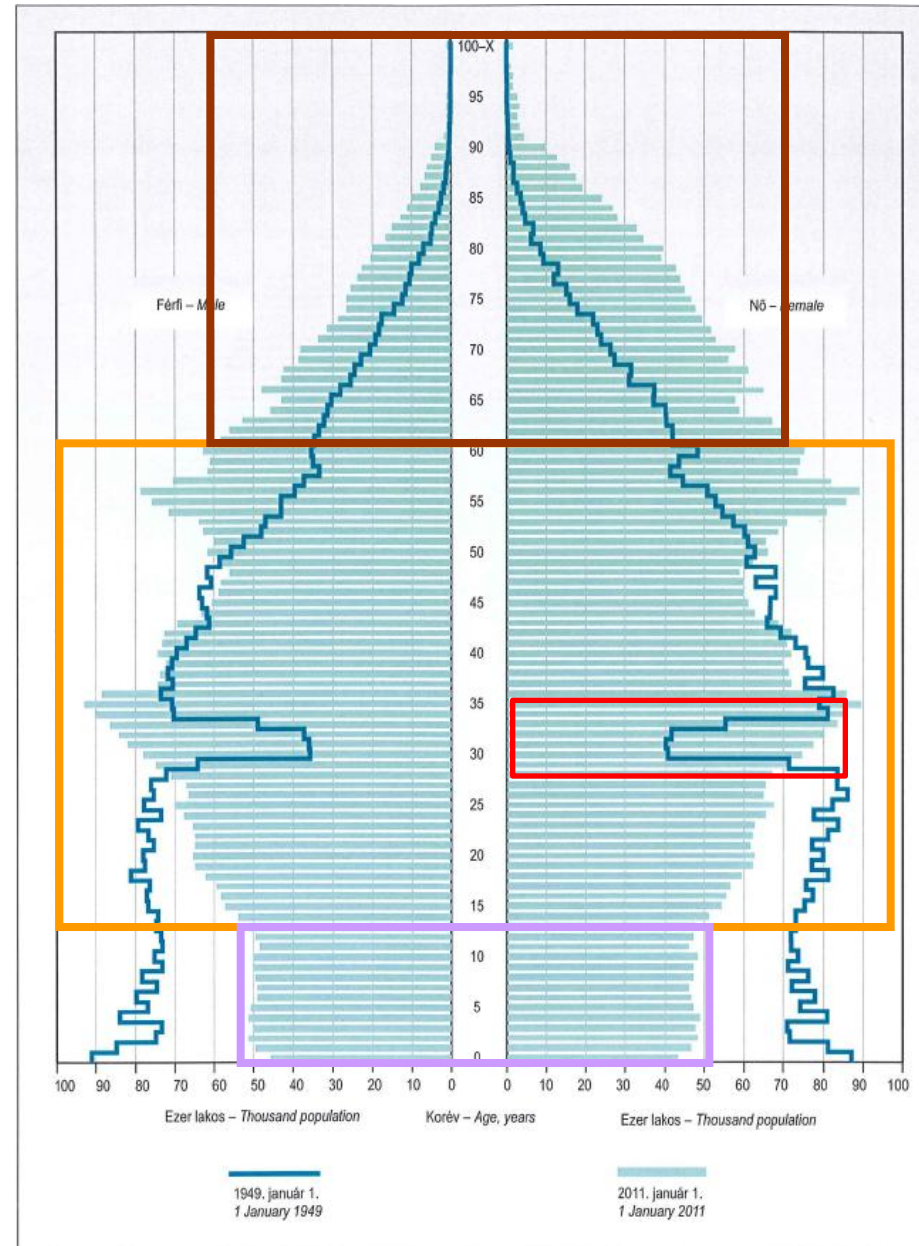
Total Population: 503,663,510



# Demographic and social challenges..

TA2020 challenge nr.3

Age structure in Hungary in 2011  
(and in 1949)



# Demographic and social challenges..

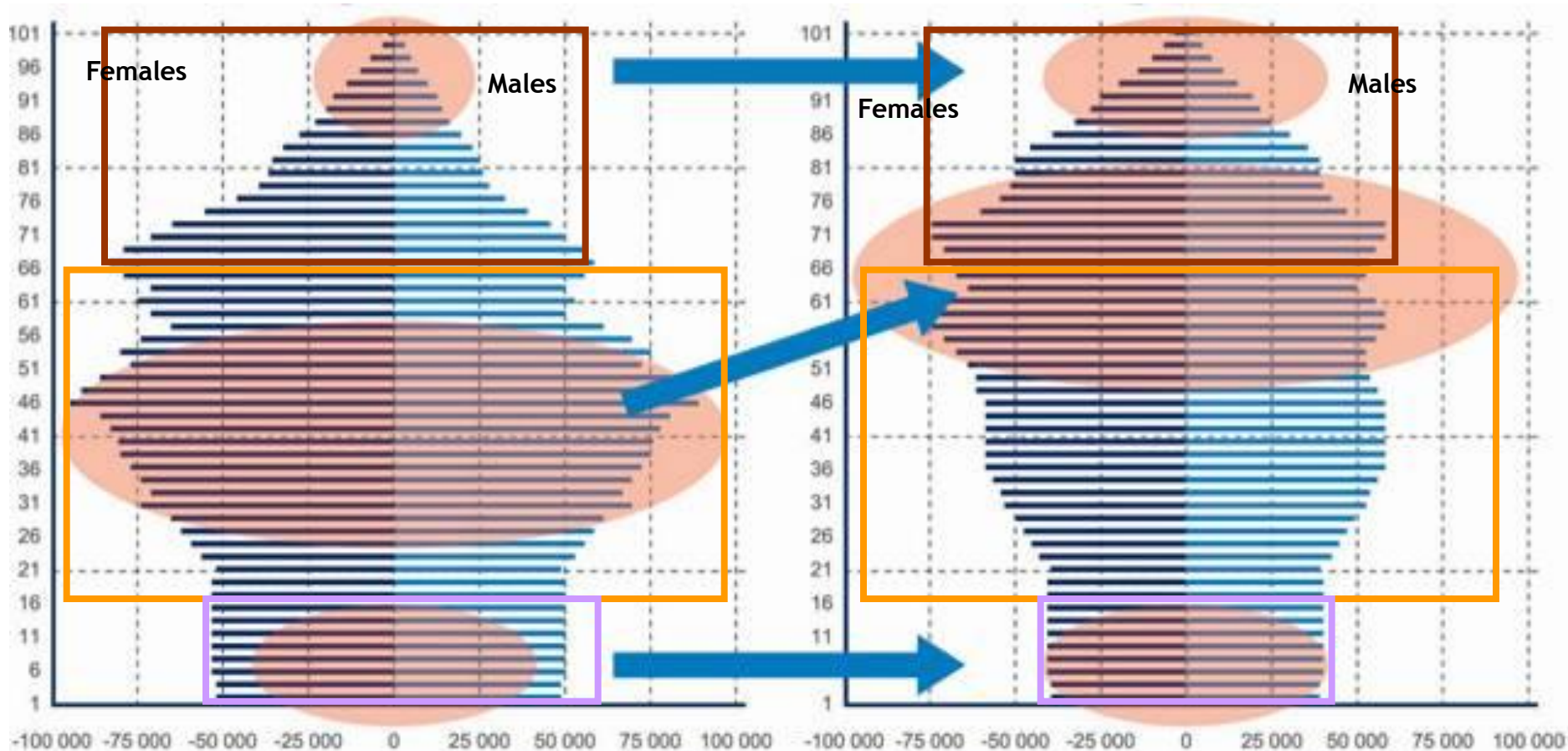
TA2020 challenge nr.3

# Growing shadow on the future..

Source: fixlife.hu <http://www.fixlife.hu/page/tenyfeltaras-a-jovo-nyugdijasainak>

## 2020

## 2050

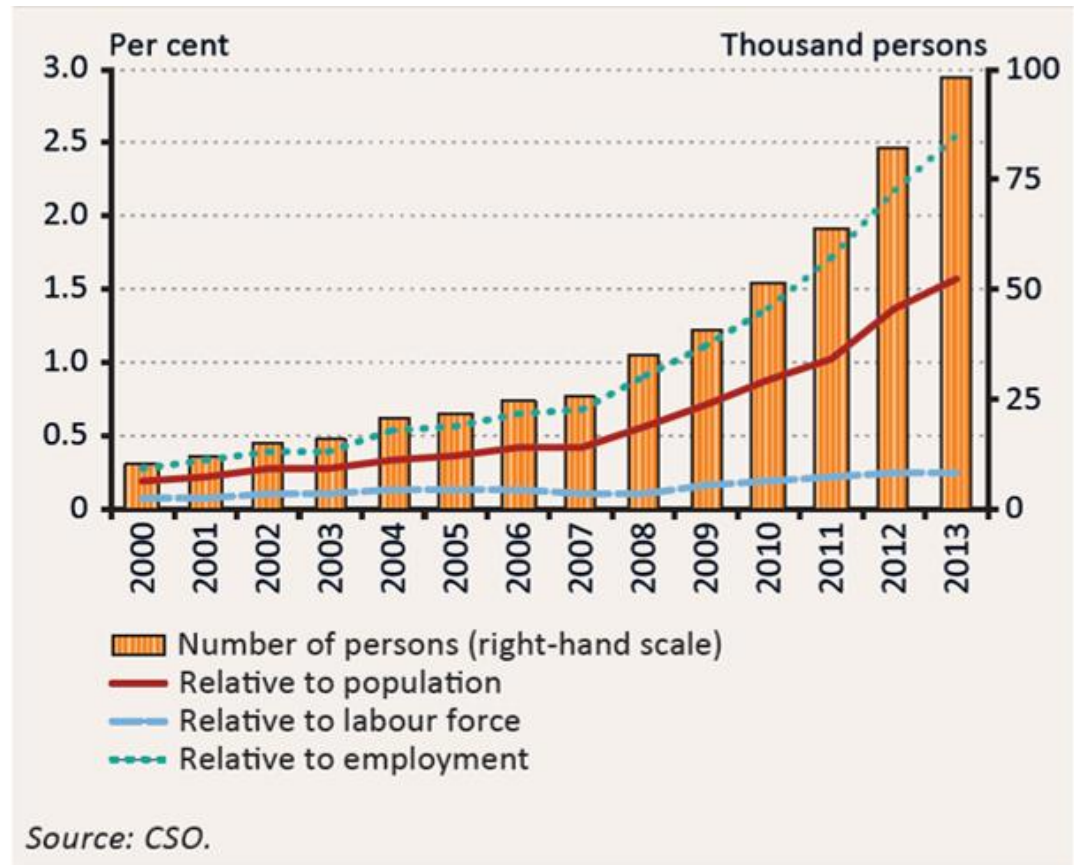


## Demographic and social challenges..

TA2020 challenge nr.3

# ..and risk of losing more human resource.

Workers employed abroad according to the Labour Survey of Central Statistical Office (Hungary)





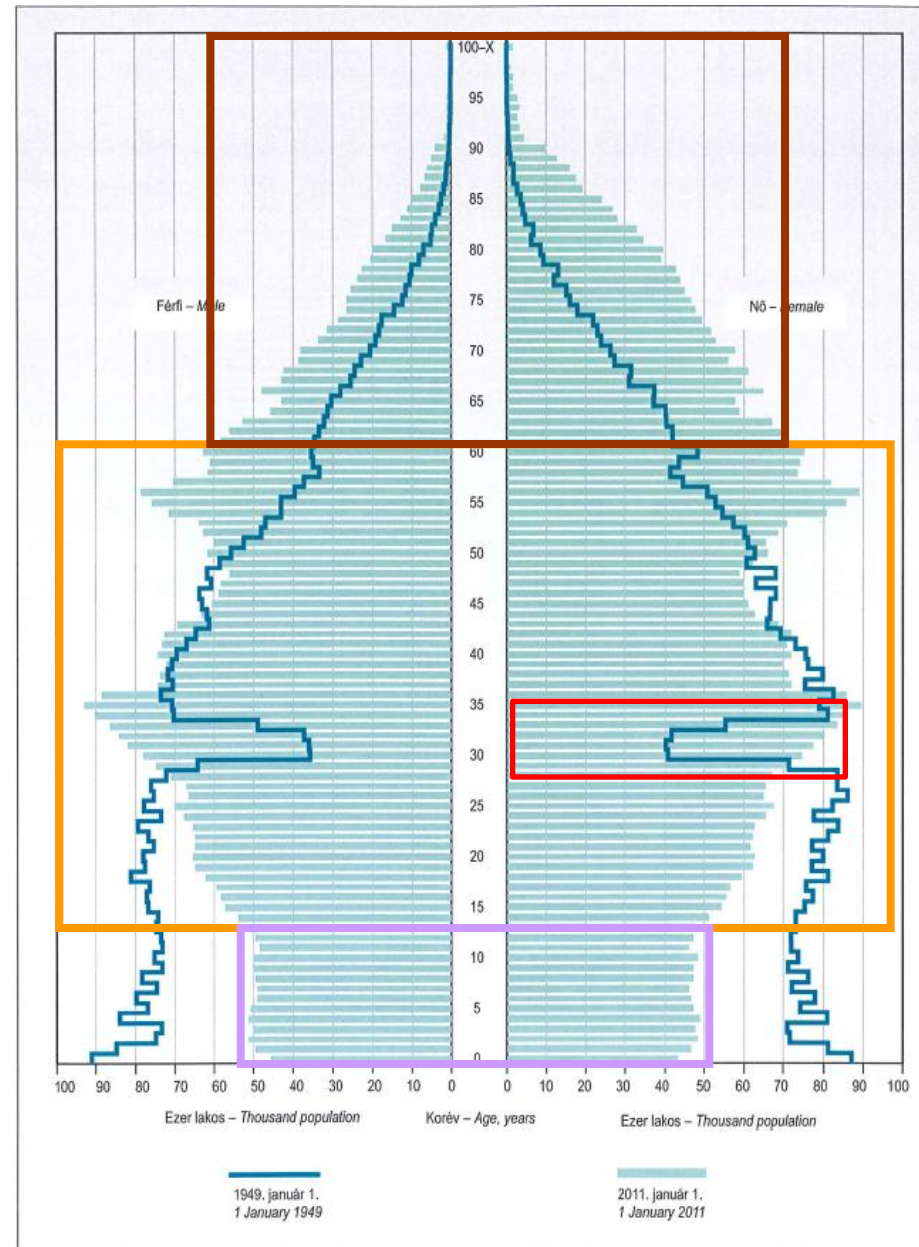
# Demographic and social challenges..

TA2020 challenge nr.3

## Strategic response: key policy is about demography

National priority: Turning in demography

- Mitigation - encourage giving birth
- Support for families
- Positive values
- Family friendly city modell
- exploring economic potentials of families - towards an economic modell





**Thank you for attention!**

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