



Deutsch-Ungarische  
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Ipari és Kereskedelmi Kamara

## P R E S S   R E L E A S E

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# Continuous gas supply essential for production and jobs

## Results of a DUIHK survey on the energy supply in Hungary

Longer-term disruptions in gas supply would lead to significant reductions in production and consequently also to job losses - especially in the industry <sup>(1)</sup>. This can be concluded from the latest poll of the German-Hungarian Chamber of Industry and Commerce (DUIHK) among its members. Enormous energy price increases are an additional burden on the competitiveness of companies. Most of them would pass on additional costs to customers, but at the same time the majority also want to implement more measures to save energy and increase energy efficiency.

Sixty companies took part in the DUIHK survey at the end of July, employing around 40,000 people. While the participants and many other member companies are mostly hopeful that the energy supply in Hungary can be secured in the coming months. Nevertheless, there are many uncertainties, and the sharp rise in electricity and gas costs is putting an additional strain on competitiveness.

### Security of supply is essential to keep the economy going

The survey proved that in the short term the main priority of businesses is securing continuous energy supply in order to maintain production and protect jobs.

According to their answers, every third company surveyed could cope with **short-term restrictions** in the gas supply with no significant consequences; on the other hand, 35 percent expect a reduction in production in this case. **Energy-intensive industrial companies** are much more affected: more than half of them expect a reduction in production even in the event of short-term gas supply restrictions.

The consequences would be much more serious if the interruption in gas supply were to last longer. In this case, 42 percent would have to reduce their production, more than a third would have to shut it down

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<sup>1</sup> In this evaluation, industry includes companies from the vehicle manufacturing, machinery and equipment manufacturing and metal industry sectors. This definition applies to the entire evaluation.

completely, and even in the non-production areas, 28 percent of the companies assume restrictions. As a result, 45 percent of the companies surveyed would probably also have to lay off employees. Here, too, it is worth taking a particular look at the industrial companies: almost two-thirds of them expect a total stop of production if gas supply would be restricted over a longer period of time.

Moreover, given the strong integration of production companies in Hungary into international supply chains, they would not only be affected by problems with their own energy supply, but also with those of their suppliers. Nearly half of the companies surveyed expect strong negative effects from gas supply **bottlenecks at suppliers**. This means that even with sufficient energy supply in Hungary, problems in other countries could quickly affect the Hungarian economy as well.

Regarding the **contractual situation**, slightly more than half of the companies surveyed have already secured their gas needs for this year. However, every sixth company still has to conclude new supply contracts to get through the year. (About one third of the participants did not respond to this question – in these cases we assume that there is no need for energy procurement at the moment.)

Somewhat more than one in four companies currently already have an **emergency plan** in place in the event of problems with the energy supply. 37% are currently developing such plans, but just as many companies do not view emergency plans as necessary for the moment. In the DUIHK's opinion, more illuminating work on the part of the government is desirable here, so that in the event of an emergency not only state systems but also the entire economy can respond in a prepared manner.

### High energy prices threaten competitiveness

Around half of the companies in the survey already faced **price hikes** for gas and electricity this year, for another 20 per cent energy providers have already announced higher prices. The size of the price increases varies greatly, companies reported up to 650 per cent for gas and up to 500 per cent for electricity. The median price increase for gas is around 210 percent and for electricity about 160 percent.

The increase in purchase prices for gas and electricity is increasingly threatening **competitiveness**. In order to avoid liquidity bottlenecks, three out of four of the companies surveyed will probably pass on the higher costs to their customers. This will put additional pressure on general inflation in the medium term. Competitors who have access to cheaper energy sources may improve their competitive position as a result. On the other hand, 68 percent of those surveyed fear that their operating result will be negatively impacted, around one third would therefore also postpone planned investments.

Nevertheless, the higher energy costs do seem to have a positive effect, too: Around 60 per cent of the companies surveyed want to push ahead with measures to save energy and improve energy efficiency in the light of the increased energy costs.

### About the survey

Survey period:	18. - 27.7.2022
Survey form:	online
Participants:	member companies of the DUIHK in Hungary
Number of participants (N):	60
Total number of employees at the participating 60 companies:	approx. 40,000

### Results of the survey in detail

### What percentage of your total annual gas consumption do you still need to procure under contract for 2022?

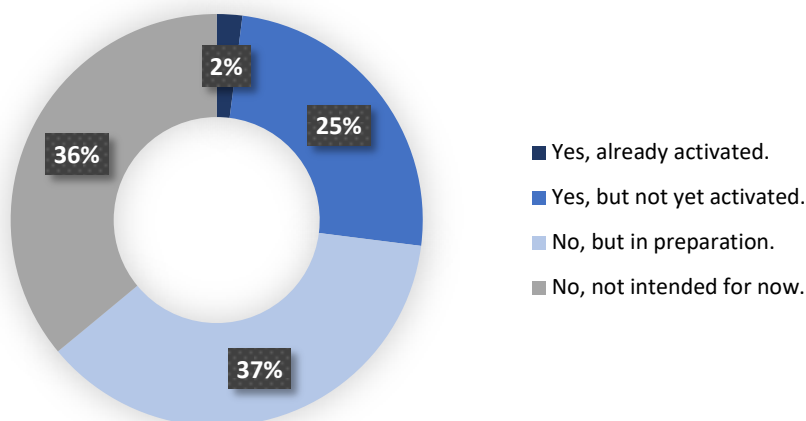
% - N=60

Not specified	32
0% (annual consumption already 100% contractually secured)	52
> 0% (annual consumption not yet 100% contractually secured)	17

### Do you have an emergency plan to respond to problems with your gas supply?

% - N=59

Yes, already activated.	2
Yes, but not yet activated.	25
No, but in preparation.	37
No, not intended for now.	36



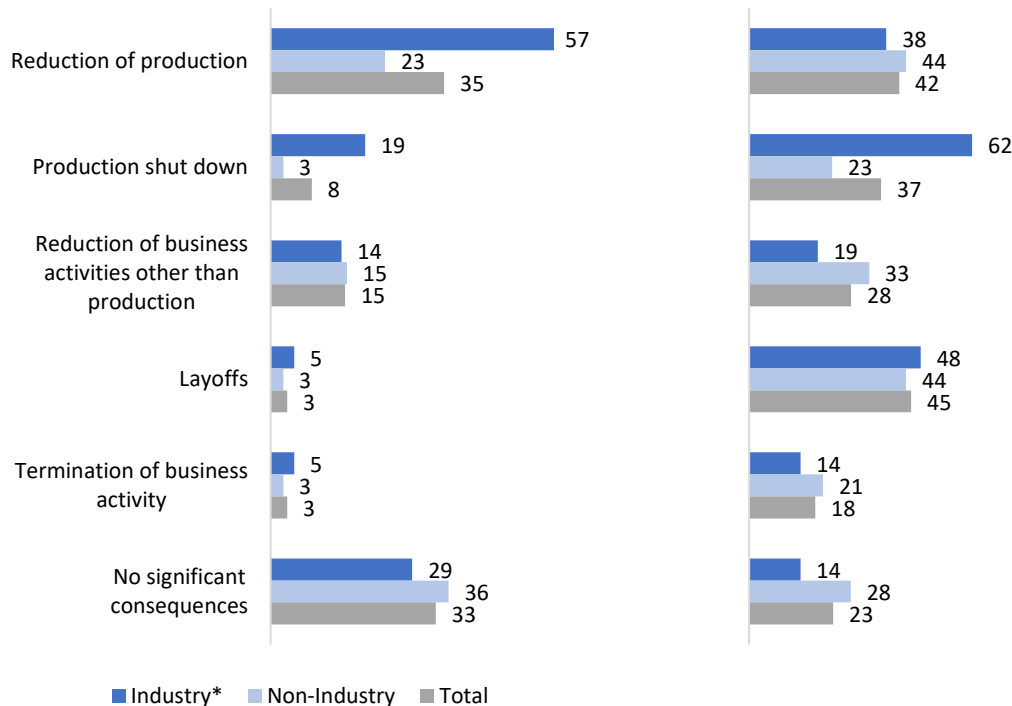
### What consequences would restrictions in gas supply have for your company?

%, N=60

	In case of temporary short-term restriction	In case of longer-term restriction
Reduction of production	35	42
Production shut down	8	37
Reduction of business activities other than production	15	28
Layoffs	3	45
Termination of business activity	3	18
No significant consequences	33	23

In case of temporary short-term restriction

In case of longer-term restriction



\* Industry refers here to the vehicle manufacturing, machinery and equipment manufacturing and metal industries.

#### INDUSTRIAL COMPANIES: What consequences would restrictions in gas supply have for your company?

%, N=60

	In case of temporary short-term restriction	In case of longer-term restriction
Reduction of production	57	38
Full production stop	19	62
Reduction of business activities other than production	14	19
Layoffs	5	48
Termination of business activity	5	14
No significant consequences	29	14

#### Do you expect indirect effects in case of energy supply shortages at your suppliers?

%, N=60

Yes, to a large extent	42
Yes, to a small extent	43
No	15

**Are you affected by gas price increases in 2022?**

%, N=60

	Yes, already done	Yes, already announced	No
	47	18	42
Size of price increase in %:			
Minimum	50	20	-
Maximum	650	600	-
Median	214	500	-

**Are you affected by electricity price increases in 2022?**

%, N=60

	Yes, already done	Yes, already announced	No
	52	23	38
Size of price increase in %:			
Minimum	10	20	-
Maximum	500	431	-
Median	163,5	150	-

**What consequences do the energy price increases have for your company?**

%, N=60

Additional costs must largely be passed on to customers	72
Falling margins / result	68
Promotion of energy saving and energy efficiency measures	62
Postponement of planned investments	32
Liquidity bottlenecks	20
Cancellation of planned investments	18
No consequences	0

**Structure of participants**

%, N=60

**By export quota (share of export revenues in total revenues)**

0-20%	47
20-40%	5
40-60%	3
60-80%	10
80-100%	35

**By number of employees**

1-49	28
50-249	32
250 or higher	40

**By sector**

Industry (Machine and equipment construction, vehicle construction, metal industry)	35
Other manufacturing	22
Trade, tourism, hospitality	10
Other	33

**Key data on the Hungarian energy sector - 2021**

<b>Natural gas (GWh) *</b>		<b>Electricity (GWh)</b>	
Domestic consumption	119 500	Domestic consumption	48 560
Domestic production	14 895	Domestic production	35 805
Net imports	80 513	Of which:	
Change in stocks	-24 092	Nuclear energy	15 990
		Natural gas	9 447
		Renewable energies	6 870
		Coal	3 084
		Net imports	12 755

**Quelle:** Hungarian Energetics and Utilities Regulation Authority / Magyar Energetikai és Közmű-szabályozási Hivatal (MEKH) - <http://mekh.hu/hivatalos-statisztika>

**About the German-Hungarian Chamber of Industry and Commerce (DUIHK)**

Founded in 1993, the DUIHK is the official representation of German business in Hungary and, with around 900 member companies, the largest bilateral business association in the country. Its most important task is to promote German-Hungarian economic relations. The basic principles of its activities are customer orientation, bilateralism and party-political neutrality. It is thus also in the tradition of the German-Hungarian Chamber of Commerce founded in 1920.

The DUIHK is a platform for direct business contacts, offers companies comprehensive, practice-oriented services and information and networking opportunities, represents the interests of its members and participates in the continuous improvement of the economic policy framework.

The DUIHK is an officially recognised member of the worldwide network of German Chambers of Commerce Abroad (AHK) at over 140 locations in 92 countries. It is the official representation of the Free States of Bavaria and Saxony in Hungary.