HUNGARY
I.
Economic Data about the Sector

1. The hydrocarbon industry is not affiliated with the Federation of Mining and Energy Industry (hereinafter FMEI), it belongs to another trade union, the MOL Mining Union. As there have been changes in the code numbers of the Central Statistical Office (hereinafter CSO), the data referring to the designated periods may not always reflect the reality.
After the mine - power plant integration, today there is production only in two coalmines: the Vértesi Erőmű Rt - Vértesi Power Plant Share Company (brown coal) and Mátrai Erőmű Rt - Mátrai Power Plant Co (lignite mining). However, the data of these limited companies are listed by the Central Statistical Office not under the code number of mining but under the code number of electrical energy, etc.

2. The majority of large-scale companies is in foreign ownership (approximately 50% of the shares). 30 percent of the shares is in private ownership while the state owns 20 percent of the shares. Small-scale enterprises are typically in foreign ownership while in the case of micro enterprises domestic ownership is dominant. Of the two largest employers in the mining sector, the Mátrai Erőmű Rt. is in majority foreign ownership, the Vértesi Erőmű Rt is basically in state ownership. Unfortunately, we do not have reliable data on the ownership structure of several minor companies (for information: the COLAS Északkő Bányaszati Kft – COLAS Ltd. - is in majority foreign ownership, the KŐKA Kő- és Kavicsbányászati Kft – KŐKA Ltd. - is in 100% Hungarian ownership).

3. According to the classification of ISCO 88, the total number of employees in mining is 8790, 3590 of which – who are miners working in mine-power plant integration – are registered in the electrical energy sector. The situation is similar in bauxite and manganese mining, as in 2004, 464 people employed in bauxite mining and 81 people employed in manganese mining were presumably listed under a different code number (bauxite mining belongs to the Magyar Aluminium Rt. - Hungarian Aluminium Limited Company. According to the 1-3 major group, 1300 people in the mining industry and 720 people in the electrical energy sector are non-manual workers. According to the 4-9 major group, 4800 people in the mining industry and 2870 people of the miners employed in the electrical energy sector are manual workers. Thus the total number of non-manual workers is 2020 and the total number of manual workers is 7670.

The figures we provided are based on the latest CSO data, the final data of the year 2005 have not been published by the CSO yet.

4. The Central Statistical Office lists the following code numbers under the index entry C – mining:
10. Coalmining, peat extraction
11. Crude oil and natural gas extraction, services
12. Uranium, thorium ore – mining
13. Mining of metal ores
14. Other mining

Number of active corporations with legal entity by staff categories in mining (31 December 2000.)

Persons occupied under 5	216
5-9	34
10-19	28
20-49	28
50-249	28
250 or more	7
Total	341

Number of registered corporations with legal entity by staff categories in mining (31 December 2004.)

Persons occupied under 5	315
5-9	51
10-19	55
20-49	45
50-249	21
250 or more	4
Total	491

Number of active corporations with legal entity by legal form in mining (31 December 2000.)

Mining total	
Economic organisation	336
of which	
joint venture	328
joint stock company	8
Co-operative	2
Other corporation	3
of which	
company	2
total	341

Number of active corporations without legal entity by legal form and sole proprietors in mining (31 December 2000.)

General partnership	3
Limited partnership	102
Other partnership	3
of which	
Economic partnership	2
Companies and partnerships, total	108
Private entrepreneur	32

Number of registered corporations without legal entity by legal form and sole proprietors in mining (31 December 2004.)

General partnership	4
Limited partnership	115

Other partnership	5
Of which	
Economic partnership	1
Partnership, total	124
Private entrepreneur	55

Number of employees in mining (31. December 2000.)

	Blue-collar workers	White collar workers	Total
31 December 2000.	5202	1378	6580

Number of employees in mining (31 December 2004.)

Blue-collar workers	White collar workers	Total
4098	1144	5242

Production and sales in mining (in 2000)

	10	*11*	*12*	*13*	*14*
Production (million tons)	11221	13617	0	6312	24840
Sales					
Total	11529	13960	0	6245	24808
Domestic	11149	11374	0	6245	23082
Export	379	2586	0	0	1726

Production and sales in mining (in 2004)

	10	*11*	*12*	*13*	*14*
production (million tons)	6930	11929	0	0	47898
Sales					
Total	6856	11881	0	0	47637
domestic	6301	11384	0	0	46522
export	555	497	0	0	1115

Description of the sector

In the present chapter we would like to describe the whole Hungarian mineral resource inventory and production. Hungary is moderately endowed with mineral resources. In the case of certain mineral resources (e.g. lignite) the country has large and well-explored inventories as it can be seen in the following table:

Summary data on the known natural resource inventory of Hungary (2003-2004)

Natural resource	Industrial resources 2003. I.1.	Production in 2003	Geological resources 2004. I.1.	Industrial resources 2004. I.1.	Degree of supply 2004. I.1.	NEY** 2003. I.1.	NEY** 2004. I.1.
	Mt	Mt	Mt	Mt	year	Billion Ft	Billion Ft
Crude oil	22,2	1,13	221,6	20,8	18	791,9	660,8
Natural gas*	67,1	3,13	176,5	68,9	22	1248,8	1596,0
Carbon dioxide gas *	32,0	0,10	46,5	30,9	>100	10,2	9,8
Black coal	197,0	0,67	1596,7	199,0	>100	29,6	41,9
Brown coal	193,9	4,13	3210,5	186,7	45	106,9	107,2
Lignite (open cast mining)	2949,7	8,56	5811,5	2941,6	>100	1557,1	1542,5
Uranium ore	-	-	26,7	-	-	-	-
Bauxite	39,1	0,71	131,4	38,6	54	50,7	42,6
Lead – zinc	-	-	90,8	-	-	-	-
Copper ore	0	-	781,2	0	-	0,1	0,1
Precious metal ore	1,1	-	36,6	1,1	-	2,8	2,8
Manganese ore	0,3	0,05	79,9	2,5	50	0,2	1,3
Mineral mining raw material	1070,8	2,90	3198,1	1061,5	>100	866,4	923,6
Cement industry raw material	1338,0	5,83	2720,3	1155,5	>100	299,4	242,7
Building – and decorative stone	2115,9	10,09	3812,8	2081,4	>100	867,3	765,2
Sand and gravel	3472,8	42,03	6407,4	3756,3	89	370,7	721,9
Ceramic industry raw material	1000,8	6,33	1786,7	1007,4	>100	195,8	147,5
Peat, loam, lime	111,1	0,12	182,4	111,0	>100	539,0	143,6
TOTAL	**12611,8**	**85,81**	**30317,6**	**12663,2**	**-**	**6936,9**	**6949,5**

* 1.000 m^3 gas = 1 ton

** NEY = Nominal Economic Yield = the product of the multiplication of the quantity of industrial mineral resources by the difference between the nominal sales revenue (cost threshold) and the nominal costs (real cost), which is not discounted.

Hungarian mining can be characterized by its duality. On the one hand, the production volume is increasing while - on the other hand - the number of employees is decreasing. The main reason of this phenomenon is that the production of deep mining has significantly decreased while at the same time the production of relatively less labour intensive non-metallic mineral resources is increasing. The figures in the following table justify the above mentioned statements.

Mineral raw material production In million tons	2001	2002	2003	2004
Crude oil	1,1	1,1	1,1	1,1
Natural gas	3,3	3,1	3,1	3,2
Black coal	0,6	0,6	0,7	0,3
Brown coal	5,4	4,6	4,1	2,5
Lignite	8,1	7,6	8,6	8,5
Carbon dioxide	0,1	0,1	0,2	0,1
Manganese ore and bauxite	1,0	0,7	0,7	0,65
Non-metallic mineral raw materials	59,9	62,5	67,3	73,7
Hungary total	78,5	80,3	85,8	90,0

The main reason of the decrease in the production of domestic black coal and brown coal has been that several mine-power plant companies did not implement the investments required by the environmental protection regulations, as a result of which they ceased the production of stone coal and changed over to biomass burning. (AES, Bakonyi Erőmű Rt, PANONNPOWER Rt). As a result, the production of several coal fields discontinued (Borsod, Dorog, Mecsek, Tatabánya, Veszprém). The only deep mine which implemented the necessary investment is the Vértesi Erőmű Rt where the only deep brown coal mine of the country still operates today. (Márkushegy). As the Mátrai Erőmű Rt also fulfilled the environmental protection standards, the power plant is provided with fuel from the lignite mines in Visonta and Bükkábrány.

Nevertheless, Hungary possesses a very significant recoverable industrial reserve of stone coal (which is non-productive at present but proven on the basis of the mineral resources) exceeding 50 million tons and lignite exceeding 100 million tons.

Coalfield	***Number***	***Recoverable reserve***	
	p	Mt	PJ
Black coal	5	1827,5	25369,3
Brown coal	9	793,8	9353,4
Lignite	7	3749,9	27166,0

When examining the exploration possibilities of black coal, the large amount of coal-bed methane should be taken into consideration whose production will start only in the future. The quantity of methane is estimated about 120 billion cubic metres.

During the past decades the several hundred years' old Hungarian mineral mining once very significant and of outstanding quality drastically decreased.

In 1985, the production of iron ore and sulphide (copper, lead, and zinc) discontinued and uranium ore mining came to an end in 1997. Of the original Hungarian mineral mining

only bauxite (at the end of the eighties the production was 3 million ton/year) and manganese ore (at the end of the 1960s the production was 200000 ton/year) mining remained with decreased production. The extraction of deep non-metallic mineral mines in Recsk is only possible with the involvement of investors who accept long term returns. We approve of the applied procedure of deluging the shafts with natural water instead of stowing them as this way the mine can be opened any time after the water is pumped out.

The 2005 data on mineral raw material production with the exception of non-ferrous mineral raw materials are already available and the production data are equal with the 2004 data. We deem it very important that the government stabilised the situation of the Vértesi Erőmű Rt (Vértes Power Plant) on the basis of the highly professional proposal elaborated by the FMEI. According to our present knowledge, the available and known industrial resources may ensure the production of this power plant until 2020.

According to the plans, the present tendency will continue in 2006 with the exception of PANNONPOWER HOLDING RT (Pécs) where – due to the shift in fuel – the black coal production will stop after the power plant starts using biomass fuel. In the case of the other mineral raw materials, the production is not likely to change; moreover the non-metallic mineral raw material production may even slightly increase because of the motorway construction, housing, etc programmes.

Our trade union deems it very significant that the National Development Plan should deal with the effective extraction of domestic mineral reserves including the following:

In line with the "Clean coal concept" of the EU the following measures ought to be taken in order to ensure safe energy supply, to decrease import dependency and to increase domestic employment:

- The construction of a new power plant based on the Hungarian lignite reserve;
- The extraction of the explored brown coal reserve of Dubicsány,
- The multi-purpose utilization of the coal inventory of the Mecsek basin (Máza-South);
- The agricultural utilization of domestic brown coal (Balinka – Dudar) and of domestic lignite,
- Gangue, slag and industrial by-products (red sludge, the metalliferous accretion of power plant heat exchangers) have been accumulated, a part of which can be used as valuable raw material. At present, 4–5 million tons of fly ash is generated every year in Hungary, deposited fly ash is more than 180 million cubic meters, recycling in Hungary is approximately 1 %, whereas in the developed EU countries this figure is 60-80%.

II.
Legislative background of the mining industry

Act XXII of 1992 on the Labour Code

The Act on the Labour Code applies to those employment relationships whose subjects are the employees and the employers. The legislator defines the rights and obligations of employees and employers in the private sector.

Act XLVIII of 1993 on Mining

The purpose of this Act is to regulate the mining of mineral raw materials, prospecting for and exploitation of geothermal energy, the establishment and operation of pipelines conveying hydrocarbon, and the activities related thereto, in harmony with the protection of life, health, safety, the environment and property, and the management of mineral and geothermal energy

resources. The Act has been modified several times during the past few years (e.g. Act XII of 1997, Act CXXXVIII of 2004).

Act LIII of 1995 on the General Rules of Environmental Protection

The objective of the Act is to develop a harmonious relationship between humans and their environment, to protect the components and processes of the environment and to provide for the environmental conditions of sustainable development. In 2001, several points of the Act were modified (Act of 2001 on the Legal Harmonisation Amendment of Environmental Protection Acts)

Act XCIII of 1993 on Labour Safety

The objective of this Act is to establish the personnel, material and organizational conditions of ensuring occupational safety and health, in accordance with the principles set forth in the Constitution, in the interest of protecting the health and ability to work of persons in organized employment and improving working conditions, thereby preventing industrial accidents and occupational diseases.

The Act has been amended thirteen times since 1993; the latest amendment was enacted following Hungary's accession to the European Union.

Act XV of 2005 on Trading with Greenhouse Gas Emission Units

The objective of the Act is to establish the conditions for the participation in the emission trading scheme of the European Community and in other project activities implemented in international cooperation whereby the Republic of Hungary shall decrease the risk of climate change caused by human activity.

If the quotas for carbon dioxide emission are allocated belatedly, it may result in consequences contributing to the loss of jobs, thus it will directly influence labour relations.

4/2001 Decree of the Ministry of Economy and Transport on the minimum standards of industrial health and safety in mines

General Mine Safety Orders

III

Privatisation

1. Privatisation has almost completed in the mining industry and it has affected more than 90% of the former large-scale enterprises and 95% of the employees. The percentage rate of outsourcing cannot be estimated as the majority of the industry was privatised through a liquidation procedure and these data are not available. The proportion of unemployed persons who formerly had been employed by these companies is relatively low (under 10 percent) as workers who had lost their jobs were entitled to specific social security benefits and provisions of the mining industry.

2. Foreign capital arrived in the sector in the form of active investment. German, American, French and Austrian investors bought up the mining companies. In energetics the German and American whereas in other mining activities the Austrian and French capital is more typically present. The investments of multinational companies are the following: RWE (lignite mining, energetics), AES (at the beginning coal mining, today only energetics in Lyukóbánya), LINDE (technical gas, carbon dioxide extraction), COLAS (stone mining), Lasselsberger (gravel mining).

3. Privatised enterprises operate successfully and profitably.

4. At the beginning of the privatisation trade unions usually were not in a powerful position. However, in certain cases the mining trade union was able to influence the process of privatisation. The most significant achievements of the trade union were in the field of human resource management. The trade union concluded agreements providing for employee buy-out and employment schemes, higher severance pay and the prolongation of collective agreements. These agreements contributed to easing the harmful consequences of the privatisation. In cooperation with the Trade Union Federation of Electrical Energy Workers our trade union concluded an agreement with the government, under which a defined proportion of the privatisation revenue (8.6 billion HUF) in the energy sector was dispatched for creating a fund to assist miners in the mine-power plant integration. Since then the fund has been operating within the framework of the Mutuality Fund of the FMEI.

The representation of workers in the supervisory boards of companies with new owners is ensured by the law.

In the majority of the mining sector, privatisation took place in the form of liquidation. This process resulted in the loss of many jobs even before launching privatisation. Of all the consequences of privatisation further lay-offs, shrinking social benefits, the loss of social institutions (holiday centres, recreation houses, sanatoriums) and the decrease of the formerly outstanding wages hit the employees most hard. At the well-performing and profitable mining companies where the economic situation had stabilized the wages and working conditions improved but the expectations also increased. In the case of the other mining companies, employment insecurity, the lack of future perspective and deteriorating income levels accompanied the privatisation process. At the small and micro enterprises the bargaining power and interest representation and organizing capacity of employees significantly decreased as the employers in very many workplaces completely exploit their employees and evade the regulations by using adequate administrative measures.

IV.

Social dialogue – about trade unions and employers

1. In the field of mining, the largest trade union is Federation of Mining and Energy Industry (FMEI) which is affiliated with the National Confederation of Hungarian Trade Unions (Magyar Szakszervezetek Országos Szövetsége – MSZOSZ).

The only other trade union present in the sector is LIGA with 35 members in the Márkushegy Mine of VÉRT. There is not enough information available about the exact relationship between the local LIGA union and their national confederation, about their internal operational rules, their financial situation, etc.

The FMEI actively participates in the work of the national confederation as an affiliated member organisation of the National Confederation of Hungarian Trade Unions. The FMEI

delegates five members to the Confederal Board of the MSZOSZ. The president of the FMEI is a member of the Presidium of the MSZOSZ and the president of the socialist-social democratic platform of the confederation.

Due to the merging of mines and power plants, our most significant partner in the sector is the Trade Union Federation of Electrical Energy Workers (Villamosenergia-ipari Dolgozók Szakszervezeti Szövetsége - VDSZSZ) affiliated to the Autonomous Trade Union Confederation. Through our sub-branch committees operating in a joint organisation and based on our similar interest representation activity we work in close partnership with the VDDSZ. The collective agreement concluded jointly in the electrical energy sector also covers the employees of the integrated mines. Our partnership is based on the Sectoral Social Dialogue Committees in the Electrical Energy Industry.

The Trade Union Federation of Industrial- Energy Industry Trade Unions – whose president is the president of FMEI – after the initial uncertainties - is becoming more powerful in the field of interest representation as it is also reflected in the growing number of membership. All this indicates that in the future the Federation will be able to cope with an increasing number of tasks which would fall beyond the capacity of the individual member organizations.

The Hungarian Mining Federation - Magyar Bányászati Szövetség (MBSZ) operates in the mining sector. The MBSZ is the industrial interest representation organisation of the employers representing the whole spectrum of mining due to their nationwide membership of enterprises active in the sector. Collective bargaining for a sectoral collective agreement in the mining branch takes place within the framework of Sectoral Social Dialogue Committees of the Mining Industry where the employers' side consists of the representatives of the MBSZ.

The Hungarian National Mining and Metallurgical Society (Országos Magyar Bányászati és Kohászati Egyesület - OMBKE) is a scientific and technical organisation which in its constitution declares that the society's primary objective is to contribute to the prosperity of mining and metallurgical industrial branches, and to promote the cooperation of its members. The Society does not participate in interest representation according to its basic activity.

The relationship between FMEI and OMBKE covers only scientific and technical issues.

The Hungarian Mining Bureau is a state organisation which coordinates the activity of the Mining District Authorities, the regional authorities in the different mining regions. Under its supervision of mines, the Bureau also performs the task of labour safety supervision and labour inspection. As the Bureau – in line with its status – represents the interest of the state it does not belong to the social partners of the sectoral collective agreement, though the president of Sectoral Social Dialogue Committee is the president of the Bureau.

Within the mining industry we should mention two other organisations, the National Association of Mining Entrepreneurs and the non-governmental organisation called Miners' Forum. Neither of them participates in the Sectoral Social Dialogue Committee and their scope of influence is also limited.

2. Trade union membership

The membership of FMEI due to the numerous closing-down of mines is decreasing. In 2005, the number of affiliated unions was 32 and the level of organisation was 62,4%.

3. At each of the Hungarian medium- and large-scale enterprise there is a trade union operating. There are some enterprises and partnerships in the field of mining industry which list mining within their scope of activities. However, these are joint ventures with one or two or three employees subcontracting the effective production activities. We surveyed the possibility of organising trade unions at these ventures but - due to the above mentioned reasons - the conditions stipulated in the constitution of the FMEI for setting up trade unions were not given at these enterprises.

4. **Summary data on the works councils elections, labour safety committees and representatives of 2004**

workplace	ELECTED			Of which					total
	Works councils	ÜMB	Works council members	FMEI	VDSZSZ	Liga	Workers' Councils	independent	
	number								
total	**21**	**10**	**133**	**114**	**11**	**-**	**-**	**8**	**133**

workplace	**Labour safety committees**	**Labour safety committee members**	**Labour safety representatives**	**Nominating organisation**
total (9 places):	**6**	**34**	**3**	**1 place: employees 8 places: FMEI**

Though the members of the supervisory boards of the enterprises are nominated by the trade unions, at present it is a common practice only at the large enterprises (VÉRT, MERT).

5. The FMEI and the government concluded an agreement on the 3rd of September 2003. in order to address the problems of employees in the mining sector who were facing difficulties due to the liberalisation of the electrical energy market. The agreement included measures to impede the further loss of jobs in the mining industry, to promote the reintegration of unemployed miners and other workers and also stipulated for granting social benefits in the case of inevitable dismissals. The government undertook the responsibility for refilling the Employment Fund of the Electrical Energy Sector, for maintaining the community services and the institutions of mining culture at the closed mining fields and for preserving the heritage of the profession.

The signatory parties of the agreement deemed it important to further develop social dialogue in the electrical energy and mining industry on the basis of EU norms and standards. They were on the opinion that – taking into consideration the EU guidelines - the possibilities of electrical energy production based on domestic energy sources should also be examined when elaborating the energy political concept.

The sectoral collective agreement protects the mining employees working in the electrical energy industry. The collective agreement was signed by the workers' and employers' side of the Sectoral Social Dialogue Committee of the Electrical Energy Sector

and was extended to cover the employees of the industry by the Minister of Employment Policy and Labour.

The organisations of FMEI were in a constant struggle so as the employees should be protected with a collective agreement concluded by the representative organisations of employers and workers.

The FMEI strived to guarantee a safety net also representing the interests of the owners which is significantly stronger than individual anti-union and anti-worker work contracts. During the privatisation process one of the major challenges facing trade unions was to repel the initiatives and efforts induced by the capital with the aim of weakening the efficiency of workers' interest representation.

The existence, strength and content of collective agreements define the strength of the trade unions at the workplace level.

In the case of larger companies and enterprises the bargaining process is regulated and both social partners accept the process of annual reviews, wage bargaining and industrial relations.

In the mining sector there are collective agreements at the organised workplaces. The collective agreements are signed by the representatives of the local mining trade unions on behalf of the employees and on the basis of the mandate they receive from the membership of the trade union.

The sectoral collective agreement extended by the Minister to all employees of the sector was concluded in the electrical energy industry. The sectoral collective agreement guaranteed that at the workplaces of the industry no collective agreement could be concluded with inferior conditions than stipulated for in the sectoral deal.

Since the last congress we have not been able to conclude a sectoral collective agreement for mining workplaces outside the electrical energy industry with the Hungarian Mining Federation which represents the interests of the employers. At present, the bargaining process is going on within the framework of the Sectoral Social Dialogue Committee of the Mining Sector

Wage agreements concluded as the result of annual wage negotiations are the integral parts of the collective agreements. Besides the profitability of the company and the level of cooperation between the social partners, the efficiency, the strength and the bargaining position of the local unions is also decisive when the trade unions negotiate for higher local wages than set annually at the National Interest Representation Council.

Recent experiences show that no wage agreements have been concluded with wages lagging behind the national wage proposal (due to the above mentioned reasons). At the same time, at several companies more favourable wages were achieved by the trade unions (e.g. MERT, Kő- kavics, etc.).

At these companies trade unions put a great emphasis on non-wage benefits and on the financial redemption of benefits in kind.

However, despite all our endeavours the Hungarian miners' wages are still lagging behind the average miners' wages in the European Union. Moreover we cannot even speak about the gradual approximation of Hungarian and EU wages in the mining sector.

6. Collective agreements cover 85% of the workplaces. 90% percent of the employees of the mining sector are covered by collective agreement.

7. The fora of sectoral social dialogue are the two Sectoral Social Dialogue Committees operating in the mining-energetic industry.

The Sectoral Social Dialogue Committee of the Electrical Energy Industry (Villamosenergiai-ipari Ágazati Párbeszéd Bizottság - VÁPB) was transformed from the organisation that was responsible for the social dialogue in the electrical energy sector between the employers' organisation, the Employers' Federation of Electrical Energy Enterprises (Villamosenergia-ipari Társaságok Munkáltatói Szövetsége - VTMSZ) and the Trade Union Federation of Electrical Energy Workers (Villamosenergia-ipari Dolgozók Szakszervezeti Szövetsége - VDSZSZ). At the beginning of each year the VÁPB concludes the annual sectoral wage and social agreement of the year, which is the appendix to the Sectoral Collective Agreement of the Electrical Energy Industry (Villamosenergia-ipari Ágazati Kollektív Szerződés - VÁKSZ). VÁPB deals with the necessary amendments of the VÁKSZ and discusses all issues that are relevant for the workers.

Before the Sectoral Social Dialogue Committee of the Mining Industry was set up, the bilateral agreements of the FMEI and the Hungarian Mining federation were aimed to ensure the interests of workers in the mining sector who were not covered by the VÁKSZ. The former Sectoral Collective Agreement which was signed by the MBSZ and the BDSZ on 16. July 1992 and which covered the total coalmining sector became invalid due to the structural changes which occurred in the mining industry. The establishment of the Sectoral Social Dialogue Committee of the Mining Industry has raised again the opportunity of concluding a sectoral collective agreement. At present there are negotiations going on with the aim to conclude the sectoral collective agreement of the mining sector by the end of this year. The Sectoral Social Dialogue Committee holds regular meetings and formulates its position regarding all questions related to the mining sector and its employees (e.g. National Development Plan, EU guidelines, carbon dioxide quotas, National Allocation Plan, etc.).

V.
Proposals

1. Hungary is moderately endowed with mineral resources. Today – due to the worldwide globalisation – there is no coerced production regarding several domestic mineral raw materials but our natural resources belong to our national inventory and their utilisation, exploration, registration and preservation is the long-term interest of the national economy. Thus, we deem it indispensable to enact not only a law on energy policy but also an act on mineral resource policy the effect of which would obviously span over more than one parliamentary cycle.

The energy political challenges facing Hungary are similar to those in the other member states of the European Union. The proportion of imported hydrocarbons is high, almost 70% in the European Union and it has been already exceeded in Hungary. The safety of energy supply is becoming a more and more important issue. Previously, the principle of lowest cost was a priority; in the future the safety of the supply and environmental protection are likely to become the most important aspects. In our country – due to the specific features of the country – hydrocarbons cannot be substituted with renewable energy in the electrical energy production. The role of coal in the electrical energy production should be reassessed especially in the light of the research results related to the concept of "clean coal" and the industrial experiments. The conditions of increasing the rate of coal in the production – mainly on lignite basis – can be created in Europe and probably also in Hungary in an environment-friendly way and by applying technologies also decreasing carbon dioxide emission.

Coalmining

Hungarian mining can be characterized by its duality. Regarding the whole spectrum of mining, the production volume has been increasing every year (in 2001 79.5 million tons, in 2004 over 86 million tons) but the production of coalmining has decreased (in 2001 14.1 million tons, in 2004. 11.3 million tons). The reason of the latter trend is the fact that under the 2003/87/EC Directive, since 1 January 2005 the electrical energy, distance heat, etc. branches are not allowed to emit carbon dioxide without a permit

In this new situation several power plant were forced to make a shift in fuel; the AES Borsodi Power Plant Rt Lyukóbánya Ltdand the PANNONPOWER HOLDING Rt stopped coal production and turned over to biomass heating which at the same time meant the closing down of coal production of Lencsehegyi Coalmine Ltd. The Bakony Power Plant Rt used import coal at that time.

Coal mines wee closed down also because at many places the coal reserves which could be extracted in an economic way ran out. The Fidesz government also contributed to the trend with their governmental decree stipulating the closing date of the production of the different mines. It is due to the successful work of our trade union that in certain cases the closing dates were delayed.

Since 1 January 2005, black coal mining discontinued in Hungary while brown coal mining exists only in the Márkushegy mine of Vértesi Power Plant Rt and lignite production is restricted to the Visonta and Bükkábrány mines of the Mátrai Power Plant Rt.

Another important question is the carbon dioxide quota of the two power plants. If the companies receive the requested quota the production will continue in the same form. It means that the staff level of the two coal and lignite production companies can only slightly change in the future; from the point of view of mineral raw material all necessary conditions are in place. The significant lignite inventory may create the possibility of the construction of a power plant operating on a new lignite basis or the expansion of the present power plant.

It is worth considering to launch negotiations about the utilisation of the valuable lignite inventory in Torony (formerly there were advanced negotiations with an Austrian party and several surveys and studies were carried out in this field).

Negotiations should be launched and also an international tender could be written out or a Slovakian-Hungarian development scheme should be implemented in relation with the extraction of the almost 50 million ton, formerly explored and partially extracted coal inventory in Dubicsány where the natural facilities are favourable.

After the political changes in 1990, there were high expectations regarding the extraction and sales of the humin acid to be found in brown coals in the region of Balinka and Dudar. This question should also be revised. Demand is likely to appear not only in Hungary but also in many foreign countries if the PR activity is adequate.

In the annual mineral inventory balance sheet of the Hungarian Geological Service the following text can be read for years: In the Mecsek basin it is a fact of outstanding importance that the coal fields contain a substantive amount of coal-bed methane gas with an estimated 50 m^3/ton gas content; the recoverable CH_4 amount is estimated about 120 billion m^3. Unfortunately, the explorations so far –although foreign experts were also involved – have not been successful but the topic should kept on the agenda.

Following the privatisation of DUNAFERR the demand for coking coal may reappear thus the question of the Mecsek basin should be put on the agenda.

Bauxite mining

The future perspective of our bauxite inventory depends on the fact that the aluminium oxide branch of MAL Rt announced a demand for 550 kt which will be saturated by the bauxite mining from the HALIMBA II SW (own investment in 2001 – 2005, 2003.7 million HUF at price level of 2002) and from small deep mines. Besides that, the recultivation of

mine fields operating before 1996 will also be a significant task until 2006 which should be implemented under the privatisation contract.

Mineral and ore mining

As a result of the deep exploration of nonferrous metal in Recsk a significant industrial spectrum could be developed in case of favourable copper prices where besides copper, lead and zinc, the collateral useful components of copper (molybdenum, gold, silver, rhenium, tellurium) and the substantial quantity of pyrite at the layer could also be utilised. That is why it was a good decision not to stow the mine. In case the world market price of copper creates the conditions of profitable mineral mining, capital investment can also create the conditions of opening the mine.

There has been no nonferrous production in Hungary in the recent years and manganese production took place only in Úrkút. The situation is not likely to change significantly in the near future.

During the exploitation of mineral raw materials the aspects of environmental protection, sustainable development and environmental management and the increasing quality requirements of the production of raw material and end-products should be taken into consideration. Due to the global climate change it is necessary to undertake more geological surveys.

Though uranium mining was discontinued more than a decade ago, exploration activity is being conducted in the former mine areas which can ensure the disposal of the nuclear waste of the Paks Nuclear Power Station. Besides that, continuous recultivation is carried out at these sites.

The employees of the new companies should be involved in the interest reconciliation activity in order to maintain and extend the acquired mining rights.

Stone and gravel mining

The production of nonferrous mineral raw materials increased year by year. Nevertheless, after the favourable initial trend the demand of road and housing construction may stagnate at a certain level which will result in the stagnation of the production in this branch.

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Our trade union deems it very important that our objectives are integrated in the National Action Plan. We believe that the mining industry will recover and the operational conditions will be created by 2005 – 2009 if the power plants are granted the carbon dioxide quotas necessary for the operation and if the government ensures the operational conditions of the Vértes Power Plant until 2014 (in the case of mineral resources until 2020).

2. The perspectives of Hungary are based on the European Union. There is a historical chance for Hungary to catch up with Western Europe. The efficient use of structural and cohesion funds and the successful implementation of the Second National Development Plan will have an important role in this process.

The mining trade union is facing major challenges and it will have to undertake an even bigger responsibility for its members. The EU requirements emerging in interest representation, the different directives on the mining industry and the regulations of environmental and nature protection will render trade union efforts aimed to preserve miners' jobs more difficult.

One of the most important tasks of the Miners' Trade Union in the coming period is to maintain our achievements, to preserve jobs in the mining industry while complying with the stringent requirements of the European Union and to carry out an effective interest representation activity in cooperation with our natural allies.

We would like to continue our interest representation activity within the MSZOSZ as one of their affiliated federation. We deem our participation in the Industry-Energetics Sub-Branch, the joint work and our intensive co-operation very important.

The mining trade union – in line with its historic traditions – undertakes the consistent representation of left-wing values while maintaining its independence and political neutrality.

The Trade Union Federation of Industrial - Energy Industrial Trade Unions - after the initial uncertainties - is becoming more powerful in the field of interest representation as it is also reflected in the growing number of membership. All this indicates that in the future – uniting the financial and human resources - the Federation will be able to cope with an increasing number of tasks which would fall beyond the capacity of the individual member organizations.

The social dialogue between the representatives of employers and workers in the Sectoral Social Dialogue Committee should be intensified. The Sectoral Social Dialogue Committee of the Mining Sector ought to elaborate the sectoral collective agreement which would ensure the protection of workers in areas not covered so far. In the Sectoral Social Dialogue Committee of the Electrical Energy Sector we should continue our effective interest representation activity in the case of employees in the energy industry.

We hope that our endeavours aimed at establishing the National Federation of Mining Settlement Municipalities will promote the preservation of mining traditions, will enhance the operation of the communities of active and retired workers and will increase the efficiency of conflict and crisis management in the case of possible job losses.

The Trade Union Federation of Mining and Energy Industry Workers would like to remain the most representative and strongest trade union representing the rank and file and retired workers of the mining industry.

The mining society expects the FMEI to represent their interests by using all possible legal means of industrial action so that the achievements and rights of miners achieved in long and painstaking struggles can be maintained also in the future.

The miners' trade union – as it is declared in its programme – is ready to meet these rightful demands, requirements and expectations resulting from the trust of the membership. The union is ready to efficiently and effectively serve the interests of the whole mining society, the employees and retired workers of the mining industry by carrying out the tasks invested on them by their membership

Relying on our more than one hundred year's traditions and on the experiences and achievements of our predecessors, trusting in our strength and joining forces with our allies, our trade union, the Trade Union Federation of Mining and Energy Industry Workers can successfully start implementing the tasks of the coming period.

Trade Union Federation of Mining and Energy Industry Workers