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CONCLUSIONS AND RECOMMENDATIONS*

This report examines Hungary's progress since the previous OECD Environmental Performance Review in 2000, and the extent to which the country has met its domestic objectives and honoured its international commitments. The report also reviews Hungary's progress in the context of the OECD Environmental Strategy for the First Decade of the 21st Century.** Some 46 recommendations are made that should contribute to further environmental progress in Hungary.

Over the review period (2000-08), Hungary's economy continued to grow and the population continued to decline and to age. The country underwent further structural changes and integration in the European economy; Hungary acceded to the European Union in May 2004. Imports and exports of goods and services represent 78% of GDP, and more than 85% of GDP is generated in the private sector. The country has received foreign direct investment reaching 5.4% in 2006. Fiscal consolidation and economic convergence in the EU now dominate the policy agenda.

Further to environmental progress during 1990-2000, the review period saw consolidation of this progress and alignment with EU environmental acquis. But pollution, energy and resource intensities can still be improved and environmentally related health problems subsist. Overall, the road towards environmental convergence within the EU will be a long one, on a number of issues.

To meet these challenges, Hungary will need to: i) strengthen its environmental efforts in infrastructure building (e.g. for waste and waste water treatment) and in implementation of environmental policies; ii) further integrate environmental concerns into economic decisions; and iii) reinforce international co-operation on environmental issues.

* Conclusions and Recommendations reviewed and approved by the Working Party on Environmental Performance at its meeting on 2 June 2008.

** The objectives of the OECD Environmental Strategy are covered in the following sections of these Conclusions and Recommendations: maintaining the integrity of ecosystems (Section 1), decoupling of environmental pressures from economic growth (Sections 2.1 and 2.2) and global environmental interdependence (Section 3).

1. Environmental Management

Strengthening the implementation of environmental policies

Hungary has developed a comprehensive environmental planning framework, included two National Environmental Programmes (for the periods 1997-2002 and 2003-08) and related thematic action programmes, with quantitative objectives and performance indicators. Its programming framework formed the basis for the Environment and Energy Operative Programme which specifies the use of EU Funds and Hungarian matching Funds for the period 2007-13, in the context of the National Development Plan. The review period was characterised by the consolidation of environmental legislation, mostly driven by EU environmental “acquis” and EU membership in May 2004. Three of the four transition periods granted to Hungary have already expired, leaving only the one for the treatment of urban waste water, which will last until 2015. Hungary is now also contributing to shape EU environmental policy (e.g. flood management, mining waste, chemicals, ground and bathing waters). The institutional framework for environmental management has evolved over the review period, with the gradual merger of authorities in charge of nature conservation, environmental protection and water quality and quantity management. The Energy Centre was established in 2000 to deal with sustainable energy issues. As recommended in the first OECD review, enforcement activities have increased: inspectorates have acquired both licensing and enforcement responsibilities over all environmental themes, and the system of non-compliance sanctions has been significantly strengthened. Progress has been made towards the polluter pays principle and the user pays principle: the use of economic instruments has increased with the introduction of an “environmental load charge” applying to air emissions and waste water discharges, and the revision of product charges on packaging wastes. Hungarian firms have greatly expanded their use of environmental management systems. Eco-labelling and green public procurement are being promoted.

However, Hungarian environmental performance is still not fully in line with OECD-Europe standards and EU targets. In particular, some positive trends of the 1990s have slowed down in recent years (e.g. for energy intensity, some air pollutant emissions, waste generation) or even reversed (e.g. fertilisers and pesticides use). Some health indicators are also of concerns. Implementation of the second National Environmental Programme (2003-08) has been lagging behind and Hungary appears unlikely to reach its targets in a number of fields (e.g. water quality, waste recovery). This suggests that efforts or available resources have not been always appropriate to implement the new environmental legislation, despite important EU support. The level of PAC investment expenditure is the same as in the first OECD review (about 1% of GDP), and total PAC expenditure is about 1.6% of GDP. Over the review period, financial and human resource shortage has limited monitoring and enforcement capacity of inspectorates. Regional and municipal administrations need to strengthen their environmental capacities and their expertise in economic analysis, also with a view to better absorbing EU funds for environmental projects. The effectiveness of economic instruments must be regularly assessed and charges periodically adjusted, to provide a balanced mix of licensing regulations and economic incentives. Affordability issues need also to be considered.

Recommendations:

- Evaluate implementation of the second national environmental programme; speed up preparation of the third one (including targets, deadlines and means) and implement it;
- secure enough financing and staff to the environmental administration and inspectorates to ensure cost-efficient management and enforcement capacity;
- further expand the use of economic instruments and regularly assess their effectiveness, assuring a wider application of the polluter pays and user pays principles, taking into account competitiveness and social considerations; extend further cost-recovery to waste management;
- strengthen the use of economic information and analysis for environmental projects and policies (e.g. cost-benefit analysis).

Air

Since 1998, Hungary has considerably reduced air pollutant emissions and as a consequence has improved ambient air quality. Emissions of SO₂ and CO₂ have been further decoupled from economic growth, falling below the respective targets agreed at international and European levels. Per capita emissions of CO₂ are lower than the OECD-Europe average. Economic restructuring and the closing of several industrial plants have helped reduce emissions of particulate matter (-29%) and CO (-20%). The improvement in ambient air quality has resulted in a decreasing trend in morbidity and mortality associated with respiratory diseases. Concentrations of SO₂, CO, benzene and lead were kept below the limits throughout the country during the review period. The national air quality monitoring network was extended, doubling the number of on-line sampling points, and the vast majority of measuring stations were upgraded to collect data on particulate matter and aromatic hydrocarbons. Air quality legislation was extensively revised and is now consistent with international commitments and EU requirements. An “environmental load charge” applying to emissions of the main air pollutants from stationary sources was introduced. Investment in end-of-pipe equipment and improvement in fuel quality have contributed to a significant reduction in emissions from energy generation. Concerning energy, Hungary has made significant progress in opening energy markets; and energy prices for end-users have been further adjusted to achieve cost recovery. In 2006, the direct subsidy on natural gas for household heating was replaced by a more targeted social compensation scheme. The energy intensity of the economy has been reduced, gradually approaching the OECD Europe average. The share of renewables in total primary energy supply increased markedly following the introduction of a feed-in tariff in 2001, and the target for electricity generation from renewables was met well ahead of the 2010 deadline. Some large power plants shifted from coal to biomass, thus cutting SO₂ and CO₂ emissions. Concerning transport, increases in fuel prices, vehicle taxes and road tolls have helped moderate demand for road transport. Public transport is well developed and still prevails in the modal split for urban travel. Switching to less polluting fuels has been promoted via tax measures. Improvements in fuel quality and vehicle performance have helped to increase the energy efficiency of transport and to reduce related air emissions.

However, some positive trends that characterised the early 1990s slowed during the review period. Emissions of NO_x and VOCs have fluctuated slightly around the same level since 2001, and recent increases will make it more challenging to reach the respective emission ceilings. Similarly, the decline in emissions of heavy metals and persistent organic pollutants appears to have halted in recent years. Emissions of air pollutants and greenhouse gases from household and transport sectors are growing, partially offsetting progress achieved in the industrial and energy sectors, and potentially undermining improvements in ambient air quality, especially in urban areas. Particles and ground-level ozone are of particular concern: in 2006, daily limits were exceeded at most assessment stations, particularly in the capital city and large urban areas. The NO_x annual average threshold was also exceeded in some areas and in major cities of the country. The relatively low rates and exemptions for district heating providers may hinder the incentive function of air emission charges. Compliance with licensing regulations appears to remain the main driver for improving the environmental performance of large stationary sources. As in most EU countries, effective competitiveness in energy markets is still limited and a significant potential exists for increasing the efficiency of electricity generation. Whilst the feed-in tariff has helped to increase the share of renewables in energy supply, the support scheme might lead to over-subsidisation; cost-benefit analyses would help in assessing overall impacts. Further efforts are needed to increase energy efficiency in the residential and transport sectors, as reflected in the recently approved National Energy Efficiency Action Plan. Households still benefit from exemptions on energy taxes, which may discourage efficient use of energy. Transport demand management has proven inadequate to influence decisions on car use, partly because of persistent financial constraints faced by municipalities. Commuter subsidies are not sufficient to support public transport and income tax provisions encourage private vehicle use. The growing motor vehicle fleet, as well as the boom in road freight transport which followed EU accession, threatens to offset

improvements in vehicle technology and fuel quality. Road prices are not proportional to distance travelled and vehicle taxes do not satisfactorily take account of environmental performance.

Recommendations:

- strengthen measures for reducing air emissions, especially from the transport and residential sectors, so as to meet national emission ceilings and limit values for ambient air quality;
- maintain the incentive value of emission charges (e.g. the environmental load charge) by regularly reviewing their rates; ensure that incentives for energy efficiency provided by relatively high energy prices are not undermined by unjustified exemptions and subsidies;
- ensure competitiveness in the energy sector, in the EU context, to improve its environmental and economic performance; take further steps to increase energy efficiency in all sectors of the economy;
- reassess the support schemes for renewables and biofuels, and their overall impacts (including those on land use); consider introducing more market-oriented measures (e.g. green certificates);
- review transport prices and taxes (e.g. the vehicle tax) to better internalise costs and reflect vehicle environmental performance. Create incentives to influence transport decisions by businesses and individuals, to counteract projected traffic increases (e.g. gradually link road fees to distance travelled, reduce fringe benefits and tax rebates for private car use);
- further develop traffic management in urban areas (e.g. traffic restrictions in city centres, parking and road pricing) and continue to promote integrated public transport in major cities; give municipalities better control over their revenue sources and traffic management tools.

Water

Hungary's administrative framework (at both national and regional levels) was reorganised during the review period to merge responsibilities for water quantity and water quality issues. A national river basin management plan and the associated programme of measures are being prepared to implement the EU Water Framework Directive. Water prices now recover the cost of operation and maintenance for both water supply and waste water services. A pollution charge ("environmental load charge") applies to all activities that require a permit (e.g. waste water companies) and is gradually being phased in; the rate takes into account the vulnerability of recipient waters. The charge coexists with pollution fines for discharges in excess of permits; the rate of the fines was significantly increased in recent years, while allowing for quasi exemption if measures are taken to reduce the pollution load. The share of population connected to waste water treatment has increased to 60%, though delays occurred in Budapest where a third treatment plant is due to begin operation in 2010. Massive funding of waste water infrastructure, with co-financing from the EU, is planned for the coming years. Hungary is a low and flood-prone country, with the largest flood protection system, and the largest fluvial flood plain system in Europe. Important steps have been taken to reduce vulnerability to flood hazards, including through preparing flood prevention and mitigation plans, revising land use planning legislation and local construction regulations, and taking a proactive stance at EU and international levels. The water quality of large lakes improved over the review period.

Despite comprehensive programmes to open new drinking water sources, to extend public water supply and to improve purification technology, which has led to considerable progress, 23% of Hungary's drinking water do not comply with EU standards for ammonium, arsenic (of geological origin), nitrite, fluoride and boron (as well as iron and manganese). Bacterial contamination still prevails in large rivers, and mercury and zinc still contaminate the Tisza River (due to historical mining operations). Around 60% of the country's surface water bodies have been identified as being at risk of failing to achieve the

environmental objectives of the EU Water Framework Directive by 2015. While a third of the country's aquifers are subject to pollution from untreated waste water and agriculture, several aquifer protection zones have yet to be established. Despite serious drought events in recent years, the rates of the water abstraction charge ("water resource fee") have not significantly increased and continue to vary according to the user. User charges for water and waste water services involve cross subsidies from industry to households. Despite extreme floods in recent years, a third of the country's flood defence dikes are not up to the national standard of one metre above the once-in-a-century flood level. Despite a recent change of philosophy towards increasing the role of nature conservation in flood management, including the "space for water" concept, Hungary continues to rely primarily on costly engineering approaches and very little on ecosystem approaches. Insurance policy against flooding has yet to develop.

Recommendations:

- speed up implementation of the Drinking Water Quality Improvement Programme, with the aim of having all public water supply comply with drinking water quality limit values;
- further strengthen the flood prevention and control efforts; further enhance the ecosystem and land use approach to flood management; develop a flood insurance policy;
- pursue efforts to connect the population to waste water treatment so as to prevent widespread bacterial contamination of large rivers;
- further refine the structure and rates of economic instruments (e.g. user charges, abstraction and pollution charges) to give appropriate signals to all users and finance water management, while taking social factors into account;
- carry out a comprehensive analysis of the costs and benefits of implementing the EU Water Framework Directive.

Nature and biodiversity

Hungary has made many efforts to protect nature and biodiversity. The Hungarian Nature Conservation Act (adopted in 1996), still provides an adequate legal framework for biodiversity conservation throughout the country, including in areas that are not currently protected. The development and implementation of the network of Natura 2000 sites, in the EU context, will bring the area protected from 9.2% to 21% of the country. In spite of lack of resources, Hungary's nature conservation administration, its NGOs, and a large number of volunteers are working well and hard to strengthen nature and biodiversity protection. One example is the effective and productive collaboration between the Ministry of Agriculture, the Ministry of Environment and Water, and NGOs to prepare the payment system for Natura 2000 sites for the period 2007-13. Hungary has also developed a comprehensive biodiversity monitoring system with an excellent scientific basis.

However, Hungary has not yet adopted its National Biodiversity Strategy, although a good draft is available. The capacity of the nature conservation sector has decreased in recent years; for example, the national park directorates, the regional organisation for nature conservation, are unable to prevent the licensing of projects or development programmes that are likely to have negative impacts on biodiversity. Decreasing financial resources and staff are drastically limiting the implementation of nature conservation policies, at the time of implementation of the Natura 2000 network. For instance, during the last two years, the number of national park rangers has decreased by 20%. Urbanisation, transport infrastructure development, intensive wood harvesting for energy use and illegal hunting and logging, all exert negative impacts on biodiversity. Further integration of nature protection and biodiversity in sectors like agriculture, forestry, transport, tourism, hunting and land use planning is needed.

Recommendations:

- adopt at government level and implement the National Biodiversity Strategy and Action Plan as soon as possible, as a comprehensive action-oriented framework for ecosystem and species conservation at both national and local levels;
- strengthen the implementation of the Natura 2000 Ecological Network, and develop corridors between network sites;
- increase the human and financial capacity for nature conservation and biodiversity including in the public administration and civil society; increase the involvement of stakeholders in the nature conservation sector;
- continue to improve the integration of nature conservation objectives in sectoral policies such as agriculture and forestry, regional development and land use planning, transport and tourism;
- intensify efforts to raise public awareness about nature conservation and biodiversity, targeting all age groups, as well as groups such as hunters and farmers;
- assess land use changes resulting from the country's plans on bio-energy development; develop, adopt and implement a short-to medium-term strategy to promote the sustainable use of natural resources with appropriate involvement of stakeholders.

2. Towards Sustainable Development

While the present agenda is dominated by budget consolidation, and economic convergence in the EU, the Hungarian National Sustainable Development Strategy (NSDS), adopted by the government in June 2007, provides a very long-term (2050) and positive vision with which all members of society can identify. It goes beyond i) the pre-existing National Development Policy Concept (up to 2020) and the National Spatial Development concept (up to 2020), and ii) the New Hungary Development Plan for the 2007-13 period.

Integration of environmental concerns into economic decisions

Hungary made progress over the review period in decoupling environmental pressures from economic growth for major conventional pollutants (e.g. SO_x, NO_x), CO₂, water abstraction and municipal waste. There has been progress in integrating environmental concerns into energy and transport policy at the strategic level, although the communication between the Ministry of Economy and Transport and the Ministry of Environment and Water has not always been fully satisfactory. As an instrument for integration, SEA has been introduced and successfully implemented in sectoral strategies, although not used in the case of transport policy. The Polluter Pays Principle and the User Pay Principle have been implemented further with the elimination of environmental subsidies for the private sector and progress towards cost recovery in the case of water, waste and energy prices. Revenues from environmentally related taxes stayed broadly consistent at 2.5% of GDP, in line with EU average. An increased use of economic instruments has to be recognised, with the introduction step by step of an environmental load charge, the extension of the product charge scheme and the adoption of the energy tax.

However, road freight transport is increasing at a higher pace than the GDP rate. Nitrogen fertiliser use and pesticide use have also grown as a consequence of the EU income support to farmers. A review of potentially environmentally harmful subsidies was undertaken during the review period, but there has been no follow up. In the field of transport, fringe benefits granted to company cars encourage the use of the road. Fuel taxes were reduced from about 70% in 1998 to 50-55% in 2006, and road fuel prices remain below the OECD Europe average. The price of natural gas paid by Hungarian households has increased but remains much below the OECD average. With an increase of EU funding concomitant with a downsizing of public servant staff, Hungary will have still to ensure that cost-effectiveness has a

central place in decision criteria when establishing priorities among projects to be financed with EU money and that its capacity of absorption of EU funds is satisfactory.

Recommendations:

- further improve the pollution, energy and resource intensities of the Hungarian economy; promote sustainable production and consumption patterns;
- strive to eliminate environmentally harmful subsidies (e.g. the fringe benefits of company car use);
- develop institutional mechanisms to systematically and continuously review and revise economic instruments (e.g. taxes, charges, trading), aiming at green tax reforms and green budgeting, considering competitiveness, distributive and employment issues; make sure that the conditions for granting exemptions are fully justified or fulfilled, to avoid undermining their incentive effects;
- ensure a high absorption capacity for EU funds; strengthen technical and economic expertise in the administration to apply EIA and cost-benefit analysis, SEA and environmental integration, when setting up priorities among projects submitted for EU funding, with special attention to non-environment projects;
- continue to improve inter-institutional cooperation at national and territorial levels of government, and integration of environmental concerns into sectoral policies;
- develop mechanisms of monitoring and evaluation of progress towards the objectives of the National Sustainable Development Strategy, including relevant indicators, and increased public participation.

Agriculture

The national nitrogen balance is low by OECD standards and the national phosphorus balance has decreased, to the extent of becoming negative. Agricultural emissions of greenhouse gases have decreased by nearly half since 1985-87 (base period under the Kyoto Protocol for Hungary). On-farm energy consumption was decoupled from agricultural production, showing better performance in the farm sector than in the rest of the economy. Hungary already met its ammonia emission reduction commitments (for 2010) under the Gothenburg Protocol. Use of methyl bromide has been prohibited in Hungary in 2005. Water use by agriculture has dramatically decreased. Afforestation to combat soil erosion has proved popular among farmers, because of attractive financial incentives; it has involved an increasing share of indigenous tree species. A code of good agricultural practices was introduced in the early 2000s, which led to a concept of “strict environmental management” that now applies to 1.4 million hectares of environmentally sensitive areas (out of 5 million hectares of farmland). The code will become compulsory in areas gradually designated as vulnerable to nitrate pollution (to cover nearly half of Hungary). Since the introduction in 2000 of agri-environmental measures, expenditure for such payments has increased and now accounts for 13% of total direct payments. The introduction of the single payment scheme (following EU accession) is an important step towards reducing production and trade distortions, and thus the degree of flexibility that farmers have in their production choices.

However, a quarter of farmland is affected by moderate to severe soil erosion and efforts to improve agricultural soil management have been limited. Little has been done to protect on-farm biodiversity: less than a quarter of Environmentally Sensitive Areas overlap with the recently established Natura 2000 network. Organic farming applies only to 2% of the agricultural land area and there is low consumer demand and awareness about organic products. The intensities of use of nitrogen fertilisers and pesticides have been quickly increasing in recent years, with the increase of EU support, and are now in line with the OECD Europe average. Many manure storage facilities do not comply yet with requirements of the code of good agricultural practices. Integrated Pest Management accounts for only 0.13% of total agricultural area. Payments based on input use have remained. Top-up payments (complementary to single payments) have the potential to distort commodity production and thereby to make the farmers decide on

production without attention to environmental criteria. The budget devoted to agri-environmental measures under the new National Rural Development Strategy 2007-13 remains insufficient. Budgetary expenditure on general services has remained stable since accession, despite increasing availability of EU funds, thereby missing the opportunity to better help the farming sector build capacity on environmental management.

Recommendations:

- design complementary national direct payments (“top-up payments”) so as to maintain the degree of flexibility that farmers have in their production choices;
- prepare the shift from single payments (and their top-up payments) to income support payments based on historical entitlements, in the context of the CAP reform;
- design cross compliance with a view to achieve specific environmental outcomes;
- strengthen on-farm biodiversity protection in the context of establishing the Natura 2000 network;
- introduce compulsory nutrient management plans at the farm level in “nitrate vulnerable zones”;
- set a national target of reduction in treatment frequency of pesticides;
- increase the share of agricultural budgetary expenditure on general services, to speed up environmental R&D and innovation in the farming sector.

Integration of environmental and social decisions

Hungary adopted its second National Environmental Health Action Programme (NEHAP-II 2004-10) during the review period as well as a Children’s Environmental Health Action Plan (CEHAP). The latter followed Europe’s Fourth Ministerial Conference on Environment and Health (Budapest, 2004). Hungary has several positive indicators of environmental health: dioxin levels in human breast milk are among the lowest in Europe and mortality from respiratory diseases is lower than the EU-15 average. A national climate and health strategy, recently adopted, widens the scope of environmental health issues addressed in government policy. Hungary has also taken steps to promote environmental democracy, by developing a system to provide environmental information to the public, offering environmental education, and developing closer ties to local authorities, companies, NGOs and the media, with a view to raising environmental awareness. An innovative ombudsman’s position has been established concerning future generations. A 2004 Supreme Court Decision (the so-called “Uniform Decision”) has opened wider possibilities for non-governmental organisations to appeal decisions on a range of topics including the construction permit procedure. Despite limited resources, environmental education has progressed. For example, 272 elementary schools now participate in an eco-school network.

Important problems remain, however, aggravated by the increase in both poverty and income disparities that occurred over the review period. The life expectancy remains among the lowest in OECD countries. Rates of mortality from diseases of the circulatory system and malignancies are among the highest in the OECD. Greater attention needs to be given to the health effects of air pollution (fine particulate matter) and prevention of health problems related to drinking water quality. Although 93% of the population is supplied with drinking water from central distribution systems, the water does not always meet health standards. Exposure to asbestos is still a problem: so far 20% of the asbestos in monitored residential buildings has been removed. Certain trends in environmental democracy have also been unfavourable. Less than 10% of the municipalities have prepared a Local Agenda 21. Although steps were taken to facilitate public participation in environmental decision-making and appeal, the system is still not well understood or effectively used by civil society.

Recommendations:

- set higher priority on poverty and income distribution issues, including child poverty, in environmental management;
- pursue efforts towards meeting NEHAP II objectives and quantitative targets for public health and the environment;
- promote active employment policies in eco-industries and environmental services, and the role of the not-for-profit sector in environmental employment, especially in environmentally sensitive areas;
- further promote citizen participation in environmental decision-making and access to justice concerning environmental issues;
- continue to develop, use and disseminate environmental indicators, and promote access to environmental information;
- pursue environmental education efforts; further develop the environmental training of elected officials, civil servants and teachers, and establish training for justice officials; develop closer and more sustained relations with local authorities, business and NGOs, as well as with the media, with a view to raising environmental awareness.

3. International Co-operation

During the review period, Hungary managed to comprehensively revise its environmental legislation to prepare for EU accession. Since its accession to the EU, Hungary has actively participated in the negotiation of new environmental acquis, in the development of EU environmental policies and programmes and in the preparation of EU positions in major environmental negotiations. Hungary has deepened its bilateral co-operation (elaborating and signing 30 bilateral agreements), strengthened its co-operation with neighbouring countries and taken an active part in sub-regional, regional and global co-operation promoting sustainable development and environmental protection. Hungarian authorities have participated in a number of transboundary environmental impact assessment procedures under the Espoo Convention with Austria, Croatia, Romania and Slovakia, and have promoted international activities aimed at strengthening environmental security and liability. Hungary has significantly reduced its SO_x emissions in accordance with its obligations under the Convention on Long-Range Transboundary Air Pollution (CLRTAP) and its protocols, and has decreased its contribution to transboundary SO_x pollution. Hungary is very likely to meet its targets under the Kyoto Protocol and the Montreal Protocol and its amendments. Hungary has taken the first steps towards elaborating and implementing a donor policy that conforms to OECD principles.

However, Hungary did not have a comprehensive climate change strategy until recently. There has been insufficient integration of climate change concerns in sectoral policies (e.g. energy, transport). Hungary must be prepared to contribute to the challenging EU GHG emission reduction target by 2020. In early 2008, the Parliament adopted Hungary's National Climate Change Strategy 2008-25, and then the Energy Strategy 2008-20. Both strategies were discussed simultaneously to ensure coherence. Emissions of VOCs and NO_x increased in recent years: further control measures concerning polluting industrial and transport sources will be needed to meet the Gothenburg Protocol targets. Hungary's capacities to enforce EU law and to control illegal movement of hazardous wastes, ozone-depleting substances and endangered species appeared insufficient in a number of cases. Ratification of the pollutant release and transfer register (PRTR) protocol is pending. Limited budgetary resources and cuts in human resources may endanger Hungary's implementation of international environmental commitments.

Recommendations:

- identify priority measures for mitigation of and adaptation to climate change based on an analysis of their cost effectiveness; ensure the co-ordinated implementation of the National Climate Change Strategy with energy, transport, agriculture and water policies;
- improve energy efficiency, especially for power plants, buildings and the transport sector;
- further contribute to the development and effective implementation of bilateral and multilateral co-operation, programmes and agreements, in particular focusing on protection of transboundary watercourses, prevention of floods in the Danube catchment area, and on assistance to prospective EU candidate countries;
- reduce VOC and N_{ox} emissions to meet the 2010 target set by the EU Directive on National Emissions Ceilings and the Gothenburg Protocol;
- strengthen controls for the transboundary movement of hazardous wastes, endangered species and ozone-depleting substances;
- increase official development assistance, and its environmental components.