

Hungarian governance in Oil and gas exploration

By Szabina Laskai

Hungary does not have an important role in oil and gas industry; it represents different type of governance, compared to the other countries (Russia, Nigeria and Saudi Arabia). Hungary has a mixture of all types of governance: hierarchical governance, self-governance, and co-governance, but a predominance of hierarchical governance is common. I think that this is the reason for exploratory processes strictly regulated by acts and agreements from 2010.

Several actors (e.g. individuals, voluntary associations, companies, NGOs, village councils, international organisations etc.) participate in oil and gas industry (including exploration), but only few actors have major role in the newly-modified system for concessions in term of governance. In my opinion, this new system does still not solve all the problems and makes' some processes more difficult. To mention one obstacle, especially smaller organizations have less „power” to influence or participate in oil and gas exploration than main companies and foreign firms (which have the 2 ongoing projects in their hands in Hungary, concerning non-conventional exploration activities as well). As KOOIMAN & BAVINCK (2005) argued, *„governance is a quality of the totality of the interactions between those governing and those governed – it is itself an interaction.”* (p. 19). In my opinion this kind of exclusion will lead to conflicts between actors and non-actors as well as to a lack of interaction among actors, resulting in less effective governance systems. The government aims to increase its share in the governance of oil and gas industry. Currently it does not have so important role but has essential ownership in some main actors (e.g. Hungary's MOL) as well as in foreign companies. The government implemented its objectives into the National Energy Strategy 2030 which implies the growing importance of government in every process in the energy sector, the field of exploration as well. This top-down intervention is also seen in other policies and laws, emphasizing steering and more control due to the Russian-Ukraine gas crisis in 2006. For more control co-operation is really important in exploration. Hungary aims to strengthen ties with neighbouring countries and to buy more shares for exploration abroad as well which would provide an opportunity for a regional infrastructure platform that can be competitive at global level. More and more concessions are owned by Hungary's MOL (Eastern Opening Policy, agreements with Visegrad members, Asian and South-American countries such as Kazakhstan, Pakistan).

To summarize, a growing role of government and stronger exclusion of less powerful actors might result in shortening the chains in the network of actors and less interactions among governmental and non-governmental actors. Governance is still seen by itself and in general as the duty of the government which is responsible for the public good but which might lead to more difficulties rather than to more solutions.