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EU INTEGRATION MECHANISMS AFFECTING
HUNGARIAN PUBLIC POLICIES IN WASTE
MANAGEMENT



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SUMMARY

The European Union's integration activity and style of governance in relation to the public policy of member-states have undergone a strong learning process over the last 15 years. Legal means have been coupled with open methods of coordination, so that compulsory change is joined by incentives based on exchanging experience. With the spread of the European pattern of environmental protection, the EU has learnt much from earlier enlargements, adding to legal harmonization allocation of substantial resources to developing its capacity to enforce the *acquis communautaire* in acceding countries.

The effects of the adaptation process have been uneven in every dimension of public policy. While waste-management tools, especially legal tools, have fallen wholly into line with EU patterns, declared objectives in many cases pay only lip service to the objectives advanced by the EU. This means that governance has been guided by infrastructural and material conditions and by governmental traditions more strongly than by declared objectives. Over the last 15 years, the government's environmental institution building has taken a course it would probably have followed in a similar way if Hungary had not integrated into Europe. An exception is precisely the institutional behaviour patterns concerning multi-level governance: efforts to mobilize a wide range of tools for harmonizing interests of various levels of government, economic sectors and civil society. These have largely developed in reaction to EU regulations and financing conditions.

However, this has proved too little to help Hungary's infant environmental policy keep pace with the clear development of tools. Among the reasons for the government's uneven performance, there are numerous factors pointing to inade-

quacies in the style of governance: superficial imitation of EU patterns, unfortunate choices of centralization patterns, lack of accord between ministries, party political influence over professional matters, and ambiguous relations with the civil sector.

Hungary's waste-management policy has certainly undergone radical reforms in the last decade, in no small measure through adaptation to EU integration. The driving forces have been adaptation to EU legal patterns, enforcement institutions, financing frameworks and planning activity. These and the coming of a waste-management market have spread EU patterns to Hungary's institutions and their networks.

Yet the positive impacts have appeared in environmental protection only to a limited extent. Standards of waste management in Hungary lags well behind the EU norm. There are numerous causes of this: cost of running existing outdated waste-management infrastructures, high costs of modernizing them, legal difficulties with creating a new type of cooperation network, institutional incompetence, misinterpretation of local-government powers, supposed and real distortions of competition observed in the waste-management market, and lack of social capital.

Hungarian waste management policy is centralized, but it cannot be regarded as purely a top-down managed activity, as it includes continuous relaying and representation of the interests of micro-level actors. The multiple levels seen as an EU requirement are spreading in the style of governance of waste management policy, but at the same time, familiar, habitual patterns of centralization are re-establishing themselves.

Style of governance can be considered open once the involvement of businesses, economic interest groups and civil organizations have become routine. The Hungarian Waste Management Act of 2000 gave the government regulatory responsibility for all types of waste. The regional organs of environmental government operate under strictly imposed central criteria. However, for the country's environmental deficit to be eliminated and for Hungary to grow into the tasks of enforcing the regulations that follow from legal harmonization will call for measures in organizational development and much greater resources that are allocated at present. The LGOs have the tasks of following the regulations and imposing them on others. In fact, they are underfunded, and confine themselves either to implementing waste-management decisions or postponing them. The government cooperates closely in planning with LGOs, businesses and civil groups.

Europeanization of public policy has fundamentally changed the motivational mechanism and scope of action for all waste-management actors and others affected by the policy area. Local conflicts, court cases and referenda relating to waste management often involve party-political interests and NIMBY (not-in-my-backyard) position. Elsewhere, however, as waste depositing became profitable for public and privately owned landfills, a PIMBY (put-in-my-backyard) stance also became widespread. These considerations also influence decisions on creating sub-regional associations operating with EU co-financing.

The network of relations among governmental, private and civil organizations in waste management in the Central Hungary region, chosen for the case study, does not show uniform density. While influential institutional actors have a central position, others have only become embedded in the web of market and bureaucratic relations to a lesser extent. Characteristically, the core of government, local government and pri-

vate organizations at the centre of the web have a rich network extending over a wide range of ownership, regulation and customer relations. The networks of small LGOs and waste-management firms on the periphery, on the other hand, are mainly determined by their position on the supply or demand side of the market in waste-management services. Although some communities in the region have become significant receivers of waste from Budapest, no distinct trace of this can be found in the development of the network of institutions. The total impact of civil organizations is modest, but their relations are rich; they cooperate regularly with almost all types of actors.

INTRODUCTION*

The paper reports on a survey taken under the international EU-5 research programme, based on structured interviews made at 32 institutional actors to do with waste management in the Central Hungary region, including public institutions, private or mixed firms, and civil (voluntary) organizations. The interviews sought to chart qualitative and quantitative features of existing policy in the field and shed light on the style of multi-level governance during the Europeanization process, in relation to adapting Hungarian environmental policy. The research focused on the relations of each interviewee's organization with other organizations and institutions, the appearance of EU integration mechanisms in and around it, and the processes of adaptation and learning undergone. After presenting some concepts of political science and EU precedents, the authors describe interactive patterns and networks between the local public institutional structures, the private sector and civil organizations in the context of European integration, especially in legal harmonization and under the ISPA programme. They identify the region's main actors and problems in waste management, review cooperation and conflict between regional and local actors, and chart direct and indirect connections with the integration process.

* The study by Péter Futó of the Corvinus University, Budapest and Tamás Fleischer of the Institute for World Economics of the Hungarian Academy of Sciences, Budapest, was made under the EU-5 research programme 'EU enlargement and multi-level governance in European regional and environmental policies: patterns of institutional learning, adaptation and Europeanization among cohesion countries (Greece, Ireland and Portugal) and lessons for new members (Hungary and Poland)' (ADAPT). International team coordinators: Christos Paraskevopoulos and Panayotis Getimis (Greece).

INTEGRATION AND EUROPEANIZATION OF PUBLIC POLICY

Conceptual frameworks

Europeanization is viewed by political scientists as a gradual transformation that gives new direction and form to national policy and policy-making by making EU policy and economic dynamics part of organizational logic. Most researchers into this (Bache 2003) view the Europeanization process through the cause-and-effect paradigm, as a succession of consequences in member-states, with EU integration policy as the cause and momentum. But member-states are not just passive recipients of pressure from the EU, as they in turn convey to the EU their national preferences. Researchers who believe the EU itself to be a product of Europeanization are a minority (Wallace 2000). Most hold that the adaptation process of member-states results from compulsion or pressure to adapt, in a process whose depth and dynamics of change depend on:

- * the extent to which there are organizations and supporting institutions with the right of veto present in the member-state in question,
- * what sort of organizational and policy making culture the country has, and
- * the extent of the influence and learning ability of the actors.

The target groups of Europeanization are individuals, households, businesses and institutions – public, private and civil actors. Adaptation is not simply realized on an institutional level. Due to this process, acceptance of European val-

ues and policy paradigms changes the identity of the actors and the dialogue between them. The impact varies from country to country and according to policy area and type of actor and institution. A concept often mentioned in parallel with enlargement is deepening, by which is usually meant the extent to which integration penetrates the member-country.

Research into Europeanization has increasingly been emphasizing bottom-up and horizontal pressure, the values and interests of actors, enforcement of regulations combined with voluntary learning, the identity of the actors, the diversity of the impacts, and the dynamics and results of the process (Bache 2003).

It is intriguing to ask what attributes and characteristics of nation-states' public policies change under the pressure to Europeanize. Recent analyses (such as Liefferink and Jordan 2002) usually define public policy attributes in terms of:

- * policy content – the paradigms and active objectives of the policy as well as the tools and how they are calibrated,
- * institutional structures, and
- * prevailing style of interaction.

The EU primarily seeks to integrate the content of public policies, but convergence mechanisms can also affect the structure and style of a policy. In Hungary, for instance, the stated objectives of environmental policy are in unison with the EU's objectives, and its tools, especially the system of legal provisions, can be considered as partly Europeanized. Nevertheless, the nature and state of development of institutions and the style of interactions between actors preserve earlier traditions of government and adapt very slowly to Western European patterns and standards.

Convergence

Describing Europeanization would be simple if it could be explained by the metaphor of convergence, but many believe that applying convergence theory yields superficial results insufficiently refined to depict the complex Europeanization patterns in each public-policy area in member-states. Authors (e.g. Liefferink and Jordan 2002; Bennett 1991) distinguish four types of convergence mechanism for Europeanizing public policies:

- * imitation founded on foreign experiences,
- * impact through the network of elites, based on common understanding and learning,
- * harmonization, an internationally accepted process based on mutual dependence and autonomy of nation-states, and
- * penetration, based on external compulsion and pressure.

Hungarian experience suggests that the harmonization mechanism based on international agreements prevails in Europeanization of public policies. The mechanisms of imitation and elite-network learning have a role mainly in preparing the more significant institutional reforms. Only Euro-sceptic researchers (Böröcz 2001) argue that the penetration mechanism has a significant role in Europeanization in Hungary.

The 'governance' approach stresses the significance of interaction between actors and of bargaining networks in policy-making, as opposed to the traditional 'government' approach. Dictionaries define both as 'governing, the action or manner of controlling or regulating'. But in recent political literature, the popularity of the phrase 'good governance' implicitly contrasts with traditional 'top-down' governing methods centred on rigid interpretation of centrally devised

concepts and continual appraisal of lower levels of government and actors. The 'governance' approach adds accented new elements, implying that public and private-sector and civil-society actors are becoming increasingly active in the policy process, although more activity by non-governmental actors does not necessarily bring diffusion of power (Ahonen 2003; Bache 2003).

Multi-level governance

This is another concept to which political scientists (e.g. Hooghe and Marks 2001) devote increasing attention. It expresses how an increasing number of powers are transferred from the central state apparatus to superordinate international or subordinate and coordinate domestic organizations. There is still no agreement on a practical model for this. When analysing multi-level governance, attention needs paying not only to transfers of powers (competences) in various directions, but to the right of institutions to levy and dispose of taxes, and to decentralization of formal and informal relations in the exercise of power. One of the main dimensions in the division of power is realizable through regional levels, while the division of power through forms of ownership, legal formulae and economic sectors tinge and interweave with the basic texture.

The current degree of multi-level governance in the EU is apparent in the ability of the regions to establish direct relations with central EU bodies as international organizations, bypassing central government. The decision-making competence of central governments in environmental protection is also restricted by international agreements, regional competencies and powers delegated to NGOs.

Open methods of coordination

This covers a sheaf of governance methods that help to bridge coordination difficulties accompanying the introduction of multi-level governance. In EU practice, the means of command and persuasion are fused in a peculiar manner during harmonization of the various public policies of member-states. On the one hand, common objectives and principles and quantitative and qualitative objectives for member-states are prescribed. On the other – depending on the policy area – cooperation, exchange of best practice, devising of action plans for member-states, monitoring of progress at regular intervals, and comparison of member-states' efforts are encouraged rather than prescribed.

Networks

It is widely accepted that competitiveness of regions and their success in planning and implementing public policies are determined less by the good qualities of individual institutions and businesses than by the richness of their relations – the viability and harmony of the networks created by institutional actors. Exponents of sociology, especially institutional sociology over the last decade have also subscribed to the idea of researching the significance of networks in diverse disciplines of natural and social science (Barabási 2002; Paraskevopoulos 2001). Researching the relations density, centralization and structure of networks created by public service, business and civil actors fits in well with the productive sociological paradigm of social-network analysis (SNA) developed in the last decade. Quantitative analysis of personal and institutional networks appears as a still more widespread method when examining economic cooperation, policy

impact and dissemination of innovation (Letenyei 2000).

Network building has become a tried and tested adaptation strategy in most organizations during Europeanization. Enriching the structure of social and institutional networks created by community actors allows information flow and breeds confidence, so reducing the costs of market transactions, promoting exchange, and increasing the possibilities of cooperation in the risky process of Europeanization and innovation. Network building also has positive economic consequences and facilitates local and regional development. In particular, local development policies can be elaborated and implemented more effectively in close cooperation between the public sector and private actors. On the other hand, closely knit networks can be detrimental if they become means of avoiding competition or reducing individual autonomy, so that they discourage a spirit of enterprise and thereby erode efficiency. In extreme cases, excessively strong networks may lead to protectionism, development of a political client system, or even corruption and economic crime. However, most researchers agree that measures are needed to promote and develop cooperative networks between institutional actors, through legal, organization developmental and financial support (Triglia 2001).

Social-network analysis (SNA)

Apart from the verbal, descriptive approaches applied in many network-analysis contexts, there have also appeared quantitative methods based on exact empirical data. SNA examines how actors are embedded in a system of relations and assess the characteristics of that network on a mathematical basis, with computer support (Scott 1991).

Social capital

Social capital as a feature or resource of a community is a concept increasingly applied in explaining the variability of success in Europeanization processes. The term expresses in an integrated manner the common values and commitments of the actors, along with their positive traditions and ability to cooperate, whose extent depends on the ability of the local institutional system to adapt and learn. International organizations acknowledge that the general feeling of wellbeing in society and the growth of the economy depend closely on factors that comprise social capital (OECD 2001; Raiser *et al.* 2001).

EU emphasis on open methods of governance

The EU White Paper issued on methods of European governance (*European Governance – a White Paper* 2001) addressed both the central administration of the EU and its current and acceding member-states, along with their regions, towns and civil societies. The aim is to increase openness, flexibility and accountability in the policy process and improve the quality and efficiency of regulation. The White Paper

- * criticizes the slowness and inflexibility with which the *acquis* is being integrated into the legal systems of member-states,
- * emphasizes that social networks (relations of businesses, local government, research centres and communities) can effectively improve EU policies,
- * notes the broad involvement of experts and preparation of risk analyses and impact assessments related to the *acquis* and its applications, which can

improve the quality and efficiency of regulation, and increase its transparency,

- * promotes involvement of civil society – churches, trade unions, employers’ organizations – in interest conciliation and decision-making on a more intensive level, and
- * lays down that the culture of dialogue needs strengthening and thus accepts a code of conduct of consultation in the law-making and policy process.

Accepting and harmonizing legislation, the White Paper argues, is just one element of spreading European solutions. In addition, there are other non-binding tools – proposals, guidelines on application and framework agreements enabling autonomously devised solutions – that should be given a role.

The document mentions when and how the Community can apply so-called Open Methods of Coordination (OMCs). In projects that can be typified by OMCs, vertical and horizontal coordination is combined with the experimentation of nation-states, EU-level monitoring and the publicizing of successful solutions. The aim is to create a framework for policy learning by applying guidelines set by central organs, standards, and benchmarking techniques. OMCs are a promising means of identifying and monitoring common objectives because they clearly acknowledge national diversity and transform the EU into a natural laboratory for policy experimentation. Their use allows multi-level governance of federal systems to be improved. At the same time, they make new demands for development of decentralized and vertical coordination, and necessitate new institutional designs.

OMCs are intended to complement, not replace traditional legislative and implementation processes. They are to be used primarily where EU treaties can only be applied in a limited manner, where consensus is lacking for binding

directives, and in policy areas too complex to be well harmonized on a European level (Overdevest 2002; Zeitlin 2002). Since their appearance in 2000, OMCs have had success in European policy-making. In close-to-life experiments, they have proved suitable for identifying what works well in solving public policy problems and what does not. The prototypes for OMCs consist of the entry requirements for the single market and the European Monetary Union, as well as implementation of the European Employment Strategy (EES). The White Paper attaches priority not only to legal steps against infringing Community law, but to reviewing areas in the corpus of law that are difficult to apply. It proposes analysing why this should be so, monitoring the coherence of national and Community law, and through institutional cooperation, developing the optimal tools for legal enforcement.

Open methods had been present in EU governance earlier, so that the White Paper merely shifted the emphasis to some extent. EU policies that lacked legally binding tools, such as SME development policy, had always made vigorous use of open means – recommendations, intergovernmental exchange of experiences during benchmarking and twinning projects, and so-called ‘processes’ formulating actual objectives, which bore the names of cities staging the initiating conferences (Futó 1999).

The White Paper caused lively debate. Critics warned that emphasizing the rights of interest groups could ‘overload’ the processes of EU democracy (Greenwood 2002). Today there are over 1400 registered interest groups and almost 20,000 interest representatives involved in shaping EU policy. Critics believe it is time to examine and accredit interest groups and make dialogue between regulated and regulators more organized, to avoid diluting the interest-reconciliation process. Critics also condemn excessive censure of laggard countries in projects

and studies to map best practices (De la Porte 2001).

A diplomatic learning process

Major changes have occurred in EU environmental-protection diplomacy since Spain's accession in 1986 (Christiansen and Tangen 2001). During Spain's accession negotiations, the EU insisted only that Spain should accept EU environmental-protection regulations and integrate them into its legal system. At the time, this requirement did not involve aspects drawing attention to the fact that implementation of the regulations in question could be obstructed by institutional deficiencies or lack of funds.

Over the next 15 years, however, the EU position on newly acceding countries completely changed. The environmental problems of Eastern Europe represented a bigger challenge than previous enlargements had done. First, the state of the environment was far worse. Secondly, the number of environmental-protection laws had swollen in the meantime to 300. Thirdly, it had become clear that if the details of the environmental-protection chapter of accession were not duly drawn up, significant subsequent costs could be incurred by the EU. The EU also recognized that the administrative structures of environmental protection in the acceding countries required reinforcing.

Compared with earlier enlargements, there was a major difference in that the environmental projects of the EU's pre-accession aid programmes (PHARE, ISPA) were instructive to Central and Eastern Europe in terms of how successfully the supported countries managed to use the earmarked financial aid. Moreover, the EU had recognized by then that the pace of environmental integration was set largely by the slowest, most reluctant country.

Due to these developments, the EU produced a threefold set of requirements in Central and Eastern Europe. Applicant countries had to satisfy (a) legal requirements of environmental protection, and find answers to (b) institutional and (c) financial challenges. The integration strategy went far beyond requiring the formal transfer of rules of law. A significant amount of energy was invested in elaborating institution-building and financial measures, to avoid what was described as an 'implementation deficit'.

So the policy of adaptation goes far beyond legal harmonization. Attention has to be given in acceding countries to social interests and conflicts that influence decision-making. The different pasts and political structures of the acceding countries obliged the EU to change its methods and the nature of its institutions (Fiala 2001).

Europeanization: methods and institutions rather than in objectives and style

One case study examined the quality and quantity of the impact of the EU on the environmental policy of member-states, and the mechanisms through which that impact was made (Lieverink and Jordan 2002). The authors defined the Europeanization process simply as the impact of European integration on policy-making processes and policies of member-states. They also examined whether it was possible to describe this process over decades as convergence, so that member-states could be said to be proceeding in the same direction in environmental policy. Another question was whether these changes showed general trends valid for all member-states. The counterhypothesis proposed that the top-down impact from Brussels had different effects in each nation-state.

Methodological paradox

Research into Europeanization here, and in the case of adaptation of all other actual policy areas, is hindered by a general paradox in impact assessment (Lieverink and Jordan 2002; Goetz 2000). Europeanization research is a search for the effect (impact) belonging to a cause, but once the impact becomes clear in some detail, several similarly probable competitors appear around the original cause, all with some rightful claim to be the cause of the impact observed. Applying the paradox to EU integration, therefore, if convergence does occur, how can it be proved that it was caused by Europeanization?

Environmental policy is the EU's most developed area of competence. It has covered in the last 30 years an ever-greater number of topics and policy areas related to the environment. At the start of the integration process, most member-states already had variously developed environmental policies, so that the convergence or want of it was discernible to researchers.

The research covered ten member-states: Austria, Finland, France, Germany, Greece, Ireland, the Netherlands, Spain, Sweden and the United Kingdom. In each, a national study was made, outlining the effectiveness of EU environmental policy. The results were as follows.

* With the objectives of environmental policy, it was shown that acceptance of modern environmental-protection principles – for example, eliminating the cause of pollution rather than just reducing it – was faster and more obvious in EU member-states that had shown a more progressive orientation towards environmental protection from the outset. This placed something of a question mark over the intensity of the EU-specific impact.

* The impact of the EU was more discernible in methods of environmental policy. For example, stronger convergence could be seen in methods of measuring emissions and various environmental procedures (impact assessments, access to environmental information or environmental management) than in objectives. Furthermore, environmental standards for numerous products and technologies were unified through directives.

* With the institutional structure of policy, the strongest convergence was seen in national institutions with working relations with central EU organizations. These are mainly central implementing organizations, such as environment ministries, whose units responsible for EU adaptation have been strengthened by the Europeanization process. While several member-states took steps towards regional decentralization of environmental policy-making, the obligation to apply Community aspects began an unavoidable centralization process. Simultaneously, legal harmonization reduced the influence of national parliaments on environmental lawmaking. The EU broadened the chances for NGOs, which used Brussels as a lever for their policies. The EU also intervened in the conciliation and coordination policy of some states in relation to environmental protection, although it did not really question the traditional bargaining process behind regulations.

* The style of national environmental policy was not greatly influenced by European integration. Countries where environmental policy had been 'greener' or more preventive in nature retained these attributes.

Thus convergence mechanisms largely affected the policy content, in particular through the harmonization mechanism, while imitation, penetration and the example of elite networks worked less well (Lieverink and Jordan

2002). The impact of the EU ‘interweaves’ national environmental policies with its own blue and yellow threads, mainly through its influence on standards, ministries, parliaments and the status of NGOs. Moreover, it ironed out ‘creases’ that arose after the inception of modern environmental policies in the 1960s. For example, exclusive use of certain implementation methods was abandoned; the range of private and regional actors involved in conciliation was expanded. Thus the EU has not changed essentially either the fundamental content or the fabric of member-states’ environmental policies. The environmental policies have not converged on a single model. It is likely that if convergence mechanisms do not change, acceding countries will not perceive the changes as being put in a European straitjacket. Indeed, alongside the phenomena of Europeanization, environmental solutions and approaches of one or other acceding country may even spread in the old member-states.

IMPACT MECHANISMS FOR CLOSING THE GAP IN HUNGARY

The next two sections examine how the learning process that has taken place in EU environmental policy has impinged in Hungary on one of most sensitive policy areas of environmental protection: waste management. Attention focuses on the following issues:

* How does Europeanization affect Hungarian environmental policy? Through which institutions and which of their networks does it spread? How and through which mechanisms is it enforced and what sort of institutional learning processes does it induce?

- * How multi-levelled is Hungarian environmental governance, and what impact has EU adaptation had on it?
- * Which form of EU adaptation has succeeded best: imitation, harmonization or penetration? And in what sense is it possible to talk of convergence?
- * Which attributes of governance have been most affected by EU adaptation: objectives, methods, institutions or style of governance?

Harmonization of the legal system

Legal harmonization is the most formal, classical mechanism for adapting to the EU. It brings the legal instruments of the public policy in question into line with the *acquis*.

Hungary undertook to adjust its ecological policy and laws to EU standards when preparing in the early 1990s for its Treaty of Association to come into force. There has been continual Hungarian–EU cooperation over environmental protection for the last decade, with the EU annual country reports noticing varying success, but the regulations have been harmonized down to the details and regulations covering the main EU standards built into the legal system. The cornerstones are:

- * Act LIII/1995 on environmental protection contains the general regulations in a comprehensive system of requirements. It also provides the economic tools and clarifies the obligations of the various major actors.
- * The National Environmental Protection Programme of 1997–2002 followed from Parliamentary Motion No. 83/1997. It took into consideration the EU enlargement document for Central and Eastern Europe, the EU Fifth Action Programme, and the plan of ac-

tion for the environment entitled Agenda 21.

- * The Government Programme for 1998–2000 introduced the legal-harmonization agenda designed to bring Hungarian environmental law into full conformity with EU legislation by 2002. The National Programme for Acceptance of the Acquis Communautaire defined objectives, deadlines for legal harmonization, and requirements for institution building and implementation, as well as assessing the costs of harmonization and detailing the financial sources for these within the central budget, the private sector and the local authorities.
- * Act XLIII/2000 on waste management was already in harmony with the EU Waste Framework Directive No. 75/442. Together with the ministry orders for implementation, it clarifies the rights and obligations of all types of actors in waste management. The act gave the Ministry of the Environment greater responsibility in relation to communal waste, which had previously been the responsibility of local government organizations (LGOs) and certain regional administrative bodies regulating construction. The act replaced a previous incomplete and outmoded set of waste-management regulations.
- * The environmental chapter of the accession negotiations between the EU and Hungary was agreed in June 2001. According to estimates, the harmonization costs of this chapter alone came to HUF 2500 billion (about 10 billion Euros). Hungary was granted derogation for only four EU regulations. The EU now inspects the range, content and quality of implementation of the harmonized environmental-protection regulations. Where there is a failure to conform, the European Supreme Court is entitled to impose a penalty on the Hungarian government. Of the derogations, two

concern waste management: targets for waste incineration and the recycling of packaging materials did not have to be met by the time of Hungary's accession.

The results of legal harmonization so far have been significant. By 2002, most EU legislation and standards relating to environmental protection had been adopted. Environmental policies are mainly grounded on the use of economic regulation and market-compatible tools, and realization of these has been accompanied by a large number of environment-oriented projects. At the same time, most problems incurred have arisen from lack of coordination between institutions in different policy areas and uneven speeds of adaptation among government organizations. The adaptation process is slowed because the system of lower-level implementation decrees has been divided between competent ministries without adequate harmonization and numerous local-government orders for implementing them are still lacking.

Applying the law and building institutions

To ensure the law is applied, the institutional capacity and organizational culture need developing. Applying the law – implementation and enforcement of environmental regulations, and the precondition of improving the institutional system of environmental protection – poses the biggest challenge in Europeanizing environmental protection. Modern enforcement is hindered by inconsistent political decisions, lack of resources and information, and deficiencies in political culture and environmental awareness.

Hungarian policy on environmental protection and nature conservancy were given their own ministry in April 1988. The government that took office in 2002 put them with water management. Insti-

tutional decentralization in waste management came about with the change of political system in 1989–90, so that the impact of EU integration cannot be shown directly. The environmental-protection agencies are in fact units supervised closely by the ministry.

The integration process has meant implementing EU legislation on environmental protection and meeting greater demands for medium-level institutional structures. Several central-government tasks and responsibilities have been transferred from national to local government or to regional and local levels of decentralized government agencies. Such organizations, however, have limited resources and expertise.

Modernizing the institutional structure of environmental protection was the aim of numerous PHARE projects. Many institution-building programmes aimed to facilitate the introduction of EU environmental legislation and transfer member-states' experiences to Hungary. The first wave of these started in 1988–9, when experts delegated by the EU prepared feasibility studies and made IT and organizational-development proposals. Later the support shifted increasingly to financing investments, until at the end of the 1990s, the investment programmes gave way to the so-called twinning programmes within the PHARE framework, with EU experts from other national environmental-protection agencies involved in implementing projects in Hungary.

Waste-management planning

This is among the most important coordination mechanisms of multi-level governance. While plans are prepared, informal bargaining occurs between public administration levels, economic interest groups and the civil sector. Plan preparation is an element of key importance,

prescribed by EU law and adopted in Hungarian environmental policy.

The National Waste Management Plan was endorsed by Parliament in 2002. Drafting had been preceded by a broad process of interest reconciliation. Among the targets is to be recycling half the packaging materials by 2005 and having landfills only accepting waste that cannot be recycled or incinerated after 2008. Implementation between 2002 and 2008 will cost HUF 360 billion (1.4 billion Euros), of which the government intends to finance one third from EU ISPA funds.

The work is hierarchically organized. Regional, county and local waste-management plans, compulsory or recommended, will follow, influencing decisions by administrative bodies and provide a basis for implementing projects, so that their impact extends to all waste producers and bodies dealing with waste collection, elimination and utilization. Projects that fail to conform to the plans cannot be financed from environmental funds. The planning, to be done mainly by the environmental-protection apparatus, brings new, unaccustomed assignments involving a series of interest-reconciliation measures and management moves rather than the usual work of administration.

EU-backed programmes for waste-management infrastructure

The objectives and means of programmes co-financed by the EU have been so defined as to induce cooperation between groups in the public, private and civil sectors. They can only be realized through public-private partnership (PPP) – an alliance of LGOs in neighbouring communities with private waste-treatment firms.

The EU supports the process of complying with Hungary's obligations as

an EU member. Jointly with Hungarian government, it co-finances major projects for modernizing the environmental-protection infrastructure and ensures financial and professional resources for implementing legal harmonization and changing environmental policy. A number of waste-management projects have already been co-financed by EU grants. Efficient and transparent institutional conditions for Community financing of environmental investments were created in the 1990s, including a system of institutions to receive moneys from EU pre-accession funds. In the early years after 1989–90, most EU support came from the PHARE programme, which supported many environmental projects. This programme has gradually given way to the ISPA and SAPARD pre-accession programmes, with almost half the resources of the former devoted to protecting the environment.

Although the support programmes help finance new investments, the annual operating costs of the infrastructure created has to be paid by LGOs and private business partners. Thus they often produce either contractually based proprietary cooperation schemes between beneficiary LGOs or PPPs involving the infrastructure-owning LGOs and the infrastructure-operating private companies.

Coordination problems and lack of local funds mean that a relatively long period is spent on organizing and planning projects, rather than actual construction. Another problem is that forceful lobbies of local and sectoral interest groups may ensure questionable priorities among environmental projects, leading to lower environmental benefit.

Under the ISPA programme, the EU planned in 2000–2003 to support the development of 12 integrated waste-management systems across Hungary. In fact, six such projects were underway by 2002, each able to take the waste from several dozen communities.¹ The pro-

grammes typically involve building regionally scattered waste-management infrastructures (waste collection, composting, selection and transport capacities), centred on the development of a high-capacity, modern, central landfill.

MULTI-LEVEL WASTE- MANAGEMENT GOVERNANCE IN HUNGARY

Conciliation between regional levels of public administration

Formulating regulations for waste management is the duty of central government, in agreement with EU institutions. Lower levels of public administration and regional development may take part in pre-regulation bargaining, but receive a more significant role in the sharing of funds, implementation of legislation, and enforcement of the law.

Regions, as official bodies, are among the least significant actors in regulating the waste-management market, but they influence the sharing of funds from the EU and Hungarian central budget, so that they can have a big impact on infrastructural investment decisions. Their key development documents – regional strategic plans – usually consider waste-management aspects and include complex waste-management programmes to provide for regional landfills, waste-recycling programmes, recultivation of filled, uncontrolled landfills, and identifying and halting illegal dumping sites.

¹ Two of these sub-regional projects lie in the

Central Hungary region examined in detail below.

The counties' waste-management role has gradually decreased, although effective legislation has given them an obligation to take part in waste-management development and meeting environmental aspects within the county. County authorities can also prepare a waste-treatment plan, but this is not compulsory. If they do, they have to coordinate local waste-management plans, promote demarcation of the joint waste-treatment areas of LGOs, and cooperate with other county authorities in implementing waste-management tasks.

Budapest forms a special unit. The capital produces the highest per capita quantity of waste in the country. Budapest's landfills lie in the conurbation, so that there is a significant flow of waste from centre to periphery. Incineration of solid waste creates conflicts between the capital and the rest of the conurbation. The capital contains the country's largest waste incinerator, owned by the municipality, but prevailing winds spread pollution from it to neighbouring communities. Pressure of litigation by these communities contributes to producing an environment-friendly solution to the waste incinerator (more effective off-gas filters). The Mayor's Office of Budapest is at once the owner and the biggest client of Hungary's largest waste-management firm, FKF Rt.

LGOs have to shoulder the biggest responsibility for locating communal solid waste produced in the community. They provide waste-management services, either through a self-owned municipal public-service company, or through a private or mixed-ownership firm. Waste management is one of many policy areas where the obligations of LGOs do not correspond with the funds available to them. The Waste Management Act (2000) and National Waste Management Plan (2002) made this even more obvious by prescribing that all landfills lacking modern sealing had to be closed, so compelling LGOs to handle organic solid waste separately and check compliance at locally

owned landfills. In practice, the LGOs ignore these regulations and the government has no means of intervening to encourage compliance. LGO associations often voice protests at central government failure to provide them with funds commensurate to their obligations.

Conciliation with economic-interest groups

Stress has increasingly been laid in Hungary since the mid-1990s on cooperation between the private sector and the government during legal harmonization. In drafting legislation, government environmental-protection bodies have developed the practice of social conciliation, whereby interested parties are usually questioned separately. Experience shows that this ensures that a more useful set of principles is obtained from actors than would be the case if all those concerned were represented round the table at once.

Introduction of regulations relating to waste and waste-management plans is always preceded by conciliation and a bargaining process. Governmental bodies send out draft plans to a list of those affected: interest-representing organizations, trade unions and chambers of commerce. These supply facts and opinions and are invited to ministerial or inter-ministerial forums. The form of cooperation with governmental bodies is often impact assessment prepared by professional organizations. Interest groups such as the Confederation of Hungarian Employers and Industrialists have set up working committees and specialist networks of corporate experts. Over several years, the concept of the Waste Management Act and National Waste Management Plan was negotiated and agreed, with conferences and other forums playing a role.

However, the chance for firms to assert their interests went further. In practice, if they cannot be reconciled to an official decision, they routinely turn to political intermediaries: members of Parliament and political decision-makers such as state secretaries. Within the economic-interest groups, waste-management and waste-treatment firms form a distinct group from the viewpoint of waste management. If smaller and specialist companies are also considered, there are over 1400 firms in Hungary dealing with waste collection, deposition, utilization, transport, and processing or treating hazardous waste. Some of these service providers are privately owned, the larger ones usually being foreign-owned, while the rest consist of waste-treatment firms in partial or full public ownership, closely connected to their client LGOs.

The association of publicly owned waste-management companies dates back some decades. Privately owned waste-utilization and treatment firms have formed trade associations recently. These lobby intensively at various government and local-government levels, in areas such as regulation, choice of public and private investment strategies, and application of funds from domestic, foreign, private and central budgetary sources.

There is lively competition between landfills, with operators and owners of facilities (including LGOs) competing for waste produced in a specific area, to achieve cost efficiency for the landfill. So, due to distinctive features of regulation and the waste-management market in Hungary, the NIMBY (not-in-my-backyard) syndrome has been joined by a PIMBY (put-in-my-backyard) stance in some respects.

Private waste-treatment companies are keen for further liberalization of the waste-management services market and freer competition in local markets, where municipally owned firms still hold a monopoly. A few privately owned waste-management firms see themselves as los-

ers by EU integration, as the EU-financed waste management programmes, as these programmes give their publicly owned rivals an advantage. Another competitive disadvantage is that the publicly owned companies are much closer to the managerial and investment decisions of their main clients, the LGOs.

One requirement for Europeanizing waste management is for the several thousand landfills now in Hungary to be reduced to a tenth the present number, which will have to conform with the strict criteria. The number, capacity and optimal locations of these landfills are still being debated. The debate is typically between companies already possessing a landfill and LGOs with no such a facility of their own. Opinions are strongly influenced by the amount of investment already made by those concerned.

Conciliation with the public and civil organizations

An institutional system of public hearings and other forums designed to give the public a say has been developing gradually since the mid-1990s. Numerous laws adopted after the EU pattern prescribe public involvement in the decision-making process. This applies to acts on environmental-impact assessment or on prevention of integrated pollution. PHARE or ISPA support for an environmental project also depends on public opinion being canvassed by beneficiary organizations and the results of this being documented. Local communities often use these opportunities and occasionally obstruct planned investment, but in many cases, public consultation is merely a formality.

During such conciliation, decision-makers regularly listen to the views of environmental-protection NGOs, despite widespread beliefs that their opinions often exaggerate the possibilities for prohibition and enforcement and fail to con-

sider economic tools or economic consequences. Contacts between the environmental administration and the green movements are not regular enough, although the framework was created long ago. The green movements are hampered by financial and legal problems and a shortage of volunteers. LGOs fail to identify environmental tasks that could be assigned to local civil movements, although it has to be admitted that the latter would often be incapable of performing them. On the other hand, most local civil movements are typically more prepared for European regulation than their regionally competent LGOs.

CASE STUDY: THE CENTRAL HUNGARY REGION

Besides reviewing the Europeanization process in Hungarian waste management, the research analysed the behaviour of various main actors in the process and mapped their networks of relations, in a regional survey using in-depth interviews and questionnaires.

Survey of actors in waste-management policy

Structured interviews were made with representatives of 32 institutional actors in waste management in the Central Hungary region, as well as public institutions, firms and civil organizations. Where necessary, several respondents were sought at the same institution.

The interviews covered:

- * The organization's network of relations with other organizations and institutions,

- * The appearance of EU integration mechanisms in the organization and the impacts of these on the network, and
- * The processes of adaptation and learning in the organization.

With the sample interviewed at institutions, firms and organizations, it was important for every major type of stakeholder to be represented, including government and local-government institutions and actors in the private and civil sectors of waste management in the Central Hungary region. The actors were classified as follows:

- * About half of the institutions questioned are central, regional, sub-regional, capital-city or local administration, with emphasis on the environmental administration. The sample contained a territorially representative sample of LGOs in the region.
- * A high proportion of the organizations questioned are from the private sector. The respondents included a representative sample by activity of the region's active waste-management companies and their alliances. Besides these, there were mainly firms providing waste-treatment services, mostly on behalf of LGOs. The larger waste-treatment companies are usually owned by larger communities or by foreign owners through the Hungarian subsidiary of a holding company in an EU member-state.
- * Some other organizations questioned belong to the civil sector: environmental protection groups dealing with waste-management issues.

The regional environmental situation

Central Hungary consists of Budapest, with a population of 1.8 million, and surrounding Pest County, with a popula-

tion of 1 million. The region illustrates well a centre-periphery relation as regards environmental issues. The region is relatively small, densely populated and centralized compared with Hungary's other six regions. It differs also inasmuch as the conflicts between actors appear to be sharper here than elsewhere. The capital produces a large amount of waste, but does not have an area within its borders suitable for depositing it. It therefore cooperates with communities in the conurbation, using their waste-depositing facilities. This and other interactions in waste management in the region demonstrate well the mutual dependence of Budapest and its surroundings.

The general state of the environment in Budapest has become a bottleneck in urban development. The most acute problems are air pollution and sewage disposal, followed by insufficient green space in overcrowded inner-city districts. The surrounding, densely populated conurbation has an agricultural-cum-industrial character. Moving away from the conurbation into rural areas, the state of the environment depends mainly on whether there is heavy industry, a dense transport network or agriculture in the district, or whether significant natural resources dominate there.

The features of the system of production and collection of communal solid waste is characterized by the following facts in the case study region:

Table 1
The survey interviews

<i>Type</i>	<i>Organizations</i>
Government institutions	Ministry of Environmental Protection and Water Management (ISPA and Waste Management department, Budapest), Central Danube Region Environmental Protection Agency (Budapest).
County LGO	Pest County Council Environmental Management Office (Budapest).
Regional development institutions	'Pro Regio' Agency: Central Hungary Development and Services Public Benefit Company (Budapest).
Sub-regional associations of LGOs	South Buda District Regional Development Local Government Association (Budakeszi); Zsámért – Zsámbék Basin Regional Development Association (Biatorbágy).
LGOs	Aszód, Budapest Municipality Public Utility Department (Budapest), Budakeszi, Csömör, Gödöllő, Puztazámor, Solymár, Zsámbék.
Waste-management firms	FKF Rt., Budapest Municipal Waste Company (Budapest); Ökoviz Kft. (Cegléd), VÜSZI Kft. (Gödöllő), Ceszolig Kft. (Cegléd), ASA Hungary Kft. (Gyál), Biofilter Kft. (Budaörs), Doppstadt Kft. (Zsámbék), Ereco Co. (Budapest), Pyrus-Rumpold Kft. (Budapest and Aszód), Becker Kft. (Érd), Mózes Kft. (Cegléd), Selective Waste Utilization Kft. (Tura), Rumpold Bicske Kft. (Bicske).
Trade associations and representatives of business interests	Association of Private Communal Waste Management Companies (Budapest), Public Hygiene Society (Gárdony), National Association of Waste Utilizers (Budapest), Confederation of Hungarian Employers and Industrialists (Budapest).
Environmental and nature-conservancy associations	Humus Waste Partnership (Budapest), Zsámbék Basin Nature Conservancy Association (Perbál).

* In Budapest, the quantity of solid communal waste collected as a public service is about 4 million m³ a year. The population of the city decreased by about 10 per cent in the 1990s, which also reduced the quantity of waste generated. The collection of waste is almost 100 per cent organized in Budapest, which has Hungary's only communal solid-waste incinerator, processing 60 per cent of the solid communal waste collected in the city. At the beginning of the 1990s, four

landfills operated in the capital but these became full and were closed down. Since then, the rest of the communal waste has been deposited in landfills in surrounding Pest County.

- * Pest County produces an annual quantity of 1.7 million m³ of solid communal waste, which increased during the 1990s. Organized collection is developing rapidly in the county, but coverage is still not full.

Turning to industrial waste in the region:

- * Companies are obliged to report the production of hazardous wastes, so that there is accessible data about this. Production of hazardous waste fell significantly between 1993 and 1997 in Budapest (from 600,000 to 200,000 tonnes per annum) and in Pest County (from 400,000 tonnes/year to 75,000 tonnes/year).²

- * The quantity of non-hazardous industrial waste can be estimated at 1,660,000 tonnes per annum in Budapest and 780,000 in Pest County.

Table 2
SWOT analysis of communal solid-waste management of the region

<i>Strengths</i>	<i>Weaknesses</i>
Well-organized solid communal waste collection in Budapest. Improving collection in Pest County. Recently established regional landfills.	Complex, significant pollution arising from the city's role as a capital and its central role in the transport infrastructure (Budapest and conurbation). Lack of selective waste collection (region). Region typified by continual illegal dumping of waste at uncontrolled sites and a high number of illegal dumps (Pest County). Many legally operated landfills do not meet basic public-health requirements (region). Problem of special waste (e.g. car batteries, batteries) partially unsolved (region). Tight LGO budgets hinder enforcement of several environmental criteria (region). Poor awareness of environment (region).
<i>Opportunities</i>	<i>Threats</i>
Spreading selective waste collection. Developing integrated waste management through national and ISPA financing. Developing waste utilization. Organizing collection of hazardous household waste. Spreading household composting.	Illegal waste dumps pose a health hazard. Illegal practice of dumping sewage sludge in landfills maintained for solid waste. Air-pollution impacts of waste incineration cause conflicts between LGOs. (Affected districts and communities in the conurbation are suing the municipality of Budapest). Conflicts between LGOs over underused landfills that became obsolete due to competitive investments in nearby communities (various sub-regions). Conflicts outside Pest County over waste coming to its landfills.

Source: compiled by authors based on interviews made during the ADAPT research, also using *Közép-Magyarországi* 2001 and *Pest Megye* 2001.

THE SOCIAL NETWORK

Respondents were asked to give detailed accounts of their social networks. One important criterion for success in waste-management policy is cooperation of a wide range of actors in implementing it. Here again, the harmonized action of autonomous actors is important to environmental performance and appears to be the only viable behaviour pattern for the future. A good example is that only pressure on LGOs to cooperate in this manner can produce economic plant sizes for waste-management investments.

² Category changes also played a role in the big reduction.

The research assessed the networks that arose during administrative and market coordination: long-term relations of ownership and subcontracting and relations between service providers and customers. Projects initiated jointly by stakeholders for a fixed period were also considered, as some of them created more or less regular, occasional, formal and informal relations between investigated stakeholders. The raw relational data from the interviews was quantitatively assessed and processed by standard Social Network Analysis methods using UCINET 6.0 software.

Cardinal features of the social network created by waste-management actors in the Central Hungary region were revealed. The quantitative analysis showed that most relations fell into two groups:

- * those interpretable within the market, supply and demand paradigm – the most typical demand-side actors were regional LGOs, while those on the supply side were waste-management service providers, and
- * bureaucratic relationships such as those between environmental-protection agencies and all other actors subject to the regulations.

One interesting finding was that the network centred on rich relations between the main supply and demand actors: ownership, regulation or customer relations had reinforcing or balancing effects. One such is the capital's waste-management company. By comparison, there are smaller LGOs or waste-management companies on the periphery of the network that are confined to a simple, clear-cut role on the demand or supply side of waste-management services and typically develop a poorer network of relations.

Further characteristics of the network are the following.

Density

The density shows how rich or poor the actors' network is. As expected, the density of relations differs the groups of waste-management. The most dense is the sub-network comprising government-sector institutions, publicly owned waste-treatment companies and their trade associations, and the largest privately owned waste-treatment companies with their numerous subsidiaries, and customer and subcontractor relations.

Centrality

Centrality indicators are intended to reveal how deeply an actor is embedded in the network and how centralized the network is, *i.e.* how dominant a role its centre and sub-centres play. Asymmetric relations are typical of waste-management networks in the region. Actors in the centre of the network, such as the Ministry of the Environment and the region's Environmental Protection Agency, were mentioned by name by many respondents, while these institutions themselves only highlighted their most important administrative relations. On the other hand, local actors mentioned relations of a broader range, compared with how frequently they were mentioned by others. The network of relations shows that landfills of sub-regional or regional attraction are a scarce resource. Their operators and private and public owners are embedded more deeply in the waste-management network, and these organizations have a more central role in the regional waste-management market than other communities or companies without a landfill.

Table 3
Conflicts and tensions between waste-management actors

Structural equivalence

The aim of the structural-equivalence calculation is to reveal groups of similar structure among the actors as regards their relations. In the region examined, the algorithm-seeking structural equivalences reveal the following four groups: (1) Actors with strong relations account for half the sample. The density of relations within this group was about twice that of relations within or between any other blocks. The members of this group are central (national) administrative institutions, the capital city and a few communities and companies with easy access to sub-regional landfills. (2) The second group contains the bulk of waste-management companies. Their webs of relations within the sample are relatively poor. They are strongly connected to their client communities, but relations between them are weak, which can be

Causes and their EU aspects	Ensuing conflicts and tensions
EU harmonization of environmental-protection legislation, growing complexity of environmental tasks.	Conflict over resources on macro level: implementation of EU environmental directives costs over 10 per cent of Hungary's GDP. Conflict over resources in applying the law: mounting tasks strain manpower and expertise of environmental agencies.
Government and EU co-finance landfills and other waste-management infrastructure under the ISPA programme, whose beneficiaries are public institutions.	Conflicts of a not-in-my-backyard and put-in-my-backyard nature over waste depositing, between LGOs and between civil organizations and waste-management firms. Procedural conflicts due to unregulated PPP. Publicly funded infrastructure creates competition for landfills set up purely with private investment. Competitive conflicts between privately and publicly owned service providers for local-government market and investment funds.
EU only supports waste-management systems of regional significance.	Trends towards centralizing waste management are typical. Landfills become ever larger, and a mounting quantity of waste is transported between communities. This reorganizes the spatial structure of waste flows and creates new dependency between communities.
Continuing debate on optimal treatment of waste, influenced by EU regulations (incineration, landfills, recycling, etc.)	Trade and local groups with opposing interests develop, e.g. conflicts between communities over pollution caused by waste incineration carried by prevailing winds.
Illegal dumping in public areas: one sign of weak implementation of harmonized EU regulations.	Conflicts between environmental agencies and LGOs on the one hand and households and firms on the other.
Most legal landfills fail to satisfy EU environmental, technical and health requirements. Continued use is a sign of weak implementation of EU regulations.	Conflicts between landfill owners and operators (mainly LGOs) on the one hand and environmental agencies on the other.
LGOs shift responsibility for communal waste management to private and semi-private (municipally owned) firms. Publicly owned landfills usually run by PPPs for financial reasons, but EU also backs such arrangements.	Disputes related to procedural rules, conflicts over contractual conditions, waste fees and collection methods.
Schedule for solving various environmental tasks (e.g. sewage treatment, waste management) depends on local conditions, but EU obligations and resources also affect priorities.	Conflicts between groups of various business interests that influence public decisions.
Selective waste collection a legal-harmonization obligation, but only profitable for some types of waste (metals, paper).	Conflicts between LGOs, with-profit service providers and environmental associations over plans to finance selective waste collection.

explained by fierce competition in the market for waste-management services. (3) The third group consists of important regional public actors, such as the implementation body of the Regional Development Council and Pest County, as well as the trade association of publicly owned waste-management companies. (4) The fourth group only includes LGOs and their sub-regional associations. They only connect horizontally if they are neighbours or use a landfill owned by another LGO, or belong to the same sub-regional association. However, their vertical connections with the third group – county and regional organs – are strong.

This analysis reveals a notable circumstance. Within the region, the capital's institutions belong to the first group, with the most dense network, where organs with national influence can also be found, while the system of relations for institutions representing the region and county differs enough to form a separate group. While the capital city depends strongly on surrounding areas for the physical processes of waste management, the institutional network of waste management shows a very different picture. The capital and the few communities and waste-management firms involved in the capital's service are distinct from the institutions, LGOs and firms in the region's remaining areas.

A lack or undeveloped nature of relations is often found because the civil culture in Hungary concerning the environment is relatively undeveloped and cannot be compared with the environmentally aware behaviour found in Western Europe. The amount of illegally dumped waste is very high in Hungary, which is a reliable indicator of deficiencies in social capital, *i.e.* in willingness to cooperate, and in the level of public consciousness. Compared with the infrastructural investments made in Hungary with EU co-financing, PR campaigns on any waste-management topic, including selective waste collection or fights against illegal dumps, could be made significantly

more cheaply. Yet here, there is a marked lag, a disadvantage that has not been eroded by EU aid programmes either.

Waste-management policy is marked by conflict and competition between actors, not just cooperation. Europeanization has restructured conflicts and the mechanisms for resolving them in waste management. The Central Hungary region, especially Budapest, differs from other regions in having sharper inter-communal and inter-sectoral conflicts in this field. Some are of a market-protection nature. Opening the country's borders was not immediately followed by free flows of so-called green-list (non-hazardous) waste. For instance, entrepreneurs' worries about the impact of iron-waste exports on raw materials supply for Hungarian steel production were heard by the governmental administration, and consequent measures have created substantial business for metal-recycling companies.

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