

## INTRODUCTION

This is a quarterly newsletter presenting recently published research outcomes and updates of ongoing research projects as well as highlights of publications, workshops, seminars and conference presentations.

### In this issue:

Project updates

Publication highlights

Conference presentations

Upcoming events

## PROJECT UPDATES



### Energy Governance in Hungary

Hungarian energy governance conveys a unique disposition, filled with contradictions, lacking clarity, but reflecting centralized control at the highest echelons of politics. Like many of its Central and Eastern European (CEE) neighbours, it is still entrenched in pre-existing producer-consumer relations that shape its amicable relations with Russia, while its accession to the European Union has led it to take on disruptive climate and energy policy targets. **John Szabo, Csaba Weiner** and **András Deák** (*Institute of World Economics, IWE*) in their

recent open access study introduce the main features of the country's energy transition that has been unfolding slowly, as the government maintains a moderate pace of action. [Read more](#)

*The research was supported by the János Bolyai Research Scholarship of the Hungarian Academy of Sciences*



### Entrepreneurial Finance in Emerging Markets

The system supporting the creation and financing of early-stage innovative companies came into being not as a result of natural development, but with long delays and mainly by the assistance of the government. In addition to the sharp development of digitalisation, the growth of the start-up world was primarily due to the significant funds received from the EU and the Hungarian budget either in the form of venture capital or support for

incubators/accelerators. Thus, a dual economy can be seen on the market of start-ups: some of them are trying to make a living from the market and stay away from public support, whereas others are trying to prosper through public assistance. **Judit Karsai** (*Institute of Economics, IE*) captures the recent evolutions of the early-stage Equity Finance Market in Hungary in her recent book chapter in the volume *Entrepreneurial Finance in Emerging Markets*. [Read more](#)

*New tendencies of the business incubation institutions' development in Central and Eastern Europe, Hungarian Scientific Research Fund (OTKA), 2018-2022*





### The role of geography in the complex diffusion of innovations

New products, services and technologies typically stem from an original location and diffuse to other places in case they are successful. The spatial diffusion of innovation is one of the field of study of the ANET Research Lab operating at the Institute of Economics. In their recent article in *Scientific Report* **Balázs Lengyel, Eszter Bokányi** (IE) and their co-authors analyse the spatial adoption dynamics of iWiW, an Online Social Network (OSN) in Hungary between 2002 and 2012. During the online network's entire life cycle, iWiW reached up to 300 million friendship ties of 3 million users. [Read more](#)

*Agglomeration and Social Network Research Lab, Institute of Economics, supported by the Momentum Program of the Hungarian Academy of Sciences*



### European automotive industry in transformation

**European Trade Union Institute** recently published a volume giving a comprehensive account on the **impact of digital transformation in the automotive industry** in Europe. The volume features among others the challenges and the impacts on different aspects of the German, Polish, Italian, Spanish, Czech and Hungarian sectoral economies. **Szalavetz Andrea** (*Institute of World Economics, IWE*) contributed twofold to the research. In chapter 3, **Digital transformation and local**

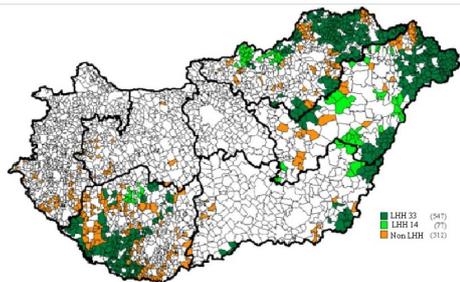
**manufacturing subsidiaries in central and eastern Europe: Changing prospects for upgrading?** she discusses the potentials to upgrade the services that the Central Eastern 'factory economies' have to offer in the global distribution of labour. Are the local manufacturing subsidiaries of global companies the first ones to embrace new technologies or is digital transformation, rather an across-the-board transformation of business, implying new business models and new ways of organising, integrating and controlling value adding activities? [Read more](#)

In Chapter 6. **Digital entrepreneurs in factory economies: Evidence from the automotive industry in Hungary** she assesses features of digital entrepreneurs in Hungary based on interviews from twelve selected companies that are all both domestic-owned entrepreneurial ventures specialised in digital solutions and involved in supplying automotive companies. However, the characteristics and impact of the surveyed entrepreneurs may differ from the mainstream, all kinds of digital entrepreneurs – not only high-growth ventures with disruptive offerings based on radical innovation – can assist dependent market economies' efforts to progress towards a high-road trajectory of economic development, underlines the researcher. [Read more](#)



*The challenge of digital transformation in the automotive industry, European Trade Union Institute financed by the European Union*





### Effects of EU funds in territorial cohesion in Hungary

Development policy traditionally has double orientation. It, on one hand, aims to enhance economic growths but in the same time intends to close social, territorial, and economic gaps as well. Managing this trade-off is challenging at all times, but during, and after austerity periods even more so.

**Judit Kálmán** (*IE*) in her recent book chapter published in the volume **Successes & Failures in EU Cohesion Policy: An Introduction to EU cohesion policy in Eastern,**

**Central, and Southern Europe** assesses the success of allocating extra-resources to deprived regions in Hungary. In the data driven analyses she shows how EU has become a major source of public investment after the 2008-2009 crisis in Hungary. She also highlights the 33 least developed micro regions in Hungary and explores the impact of the LAMR (*least advanced micro regions*) national program. Well-targeted programs of even smaller amounts, can offer a chance to smooth and slow down negative processes, she concludes, however, future policy makers must address the low levels of local fund absorbing capacities. **Read more**



### Final event of the REPAIR project

The REPAIR project ('REsource Management in Peri-urban Areas: Going Beyond Urban Metabolism') held its final event fully online on the 13th of October where it has been evaluated how the collaboration achieved its the core objectives throughout the 4 past years. The participants celebrated that more than 100 eco-innovative solutions supporting the transition towards circular economy has been developed, paired with an unprecedented detailed mapping of waste flows and wastescapes in six cities across Europe. Read

more about the program and the achievement on the official **web-site of projects**.



**REPAIR**

### Resource Management in Peri-urban Areas: Going Beyond

**Urban Metabolism (REPAIR) (2016–2020), EU H2020, Coordinator: Delft University of Technology**

## PUBLICATION HIGHLIGHTS

Csomós György - Lengyel Balázs: **Mapping the efficiency of international scientific collaboration between cities worldwide.** *Journal of Information Science* Vol. 46. No. 4. pp. 575–578.



International scientific collaboration, a fundamental phenomenon of science, has been studied from several perspectives for decades. In the spatial aspect of science, cities have generally been considered by their publication output or by their citation impact. Only a minority of scientometric studies focus on exploring collaboration patterns of cities. In this visualisation, we go beyond the well-known approaches and map international scientific collaboration patterns of the most prominent science hubs considering both the quantity and the impact of papers produced in the collaboration. The analysis involves 245 cities and the collaboration matrix contains a total number of 7718 international collaboration links. Results show that US–Europe co-publication links are more efficient in terms of producing highly cited papers than those international links that Asian cities have built in scientific collaboration. **Read more**



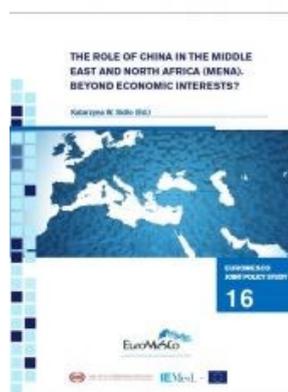
Grünhut Zoltán: **The 'Expertisation' of European Studies. A critical perspective on discursive institutionalism.** *Eastern Journal of European Studies*, 11. 2020. 1. p. 252-272.

The paper puts into perspective the conceptual evolution of European Studies and one of its latest theoretically based approaches, *Discursive Institutionalism*. It argues that in the field of European Studies expert frameworks aiming for 'answers' are overshadowing the intellectual efforts striving for 'questions'. This tendency undermines the proper identification of problems and it also erodes the effectiveness of proposed policy solutions as these recommendations lack the appropriate conceptual foundations.

[Read more](#)



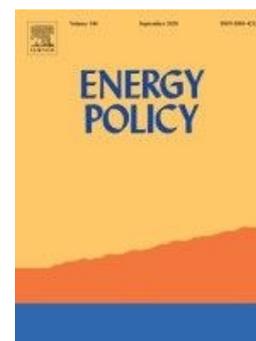
N. Rózsa Erzsébet - Peragovics Tamás: **China's political, military and cultural engagement in the MENA region.** *Joint Policy Studies* Vol. 16. 2020. pp. 58-87.



Countries in the Middle East and North Africa (MENA) region have traditionally acted as energy suppliers and markets for Chinese goods but Beijing's interest in this region is no longer limited to economic cooperation. Across a wide spectrum of political, diplomatic and cultural issues, the Chinese state is becoming ever more active. Although China has no view of the Middle East as such and thus seeks to establish relations with different actors in the region on a case-by-case basis, a new strategic vision towards what is for China its Western periphery is being developed. This is manifest in China's first Arab Policy Paper, published in 2016, which aims to continue and expand ways of "mutually beneficial cooperation", as well as in the Belt and Road Initiative (BRI) itself. [Read more](#)

Sziklai Balázs - Kóczy László - Csercsik Dávid: **The impact of Nord Stream 2 on the European gas market bargaining positions.** *Energy Policy* Vol. 144. 2020. Paper: 111692. 14 p.

We investigate the impact and the possible consequences of the construction of the Nord Stream 2 pipeline. We model the European gas network as a cooperative game between regions as players over the pipeline network. Our model offers several novelties compared to earlier cooperative studies. Firstly, we focus on cost saving rather than on the profits of cooperation. Secondly, we introduce liquefied natural gas as a player. Thirdly, we apply an iterative linear program to account for the long term bilateral contracts that still drive the gas market. [Read more](#)



[More selected publications >>>](#)



## CONFERENCE PRESENTATIONS

### Hydrogen as an impediment to socio-ecological transformation? - Szabó John (IWE)

The European Union has long presented itself as the leader in combating the unsustainable practices that have also spurred the COVID-19 pandemic. The European Green Deal is a further step in this direction by supporting the decarbonisation of the bloc's energy system. Renewables and electrification are half of this story, but many have identified hydrogen as the missing link in the energy transition. A renewable-based – potentially decentralised –hydrogen society offers the fundamental reconfiguration of energy producer-consumer relations. This is poised to have wide-ranging geopolitical implications as it severs fossil fuel-based capitalist relations between governments, fossil fuel enterprises, and consumers. There is another side to this same coin: hydrogen produced from fossil fuels, offering the continuance of the status quo. Read the paper: [How to dismantle a gas bridge?](#)



23-24 September 2020, **26th Annual Conference on Alternative Economic Policy in Europe**, EUROMEMO GROUP



### What is the key factor behind the success of Hungarian farmers' markets? A spatial study - Zoltán Bakucs - Zsófia Benedek - Imre Fertő - Viktória Szente

Alternative food networks have emerged in response to concerns about the various negative impacts of the conventional, globalized food system. Especially farmer's markets (FMs) play an increasingly important role. Geographic concentration of alternative food initiatives has been

observed and characterized in certain regions of Western countries including Canada, the US, the UK, etc., but spatial distribution is still unexplored elsewhere, such as in Central European countries.

[Read more](#)

## UPCOMING EVENTS



**26-27 November SVOC 2020: 6th The Role of State in Varieties of Capitalism**, International Conference organised by the Institute of World Economics



**Editor:** Zsuzsa Balabán

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