

Hungary wants to become a **key producer** of electric vehicle batteries. Government spending has attracted investments, including a new Chinese gigafactory.

The sound of whirring, rattling and bleeping fills the springtime air as excavators and dump trucks prepare a vast stretch of land in eastern Hungary for its new purpose: to host one of Europe's biggest **electric vehicle** (EV) battery factories.

Here, on the outskirts of the city of Debrecen, the scale of Hungary's ambitions to adapt to the **electric transition** is visible. Chinese-owned Contemporary Amperex Technology Co. Limited (CATL) is building its new gigafactory, which will occupy over 200 hectares — over 280 football fields — once finished.

By the end of the decade, the factory will be churning out 100 gigawatt hours (GWh) of battery capacity each year. This would be enough to equip a million cars (based on current EV capacities) and make Hungary one of the main manufacturers in **Europe** — in line with the government's plans to become "a great power" of battery production.

The strategic shift follows the trend in one of Hungary's key industries: the automotive sector, which accounted for around 5% of the country's **GDP** in 2021. As combustion engines are being phased out, Hungary does not want to be left in the dust.

### **Locals concerned water shortage will get worse**

About a kilometer from the industrial zone, a bumpy dirt road leads to a handful of houses and a small farm. Albertne Lovas and her husband have been growing cabbage here for the past 35 years.

Now they are worried that the new plant will be a health hazard for their crops, as well as for people in the area, despite promises to monitor the environmental impact. Lovas is particularly concerned about the industrial water consumption in the already arid region: "We have not been able to irrigate with water from the river for five years now, because it's been so dry," she told DW.

Many locals share her worries. Making batteries is a water-intensive business, and in recent years droughts have been getting more frequent across Hungary.

### **Residents struggle to obtain information**

It's unclear just how much water the plant will eventually need. That's because reliable information on the project is hard to come by and is only released in fragments, Marton Volgyesi complains. A chef by profession, he is one of the organizers behind a local initiative called 'Debreceners against the battery factory.'

"When it's about popping champagne, **the plant is 220 hectares**. When it comes to regulation, it's suddenly 65 hectares," Volgyesi claimed, referring to the different construction stages of the project being approved separately. "We want to see information

on the capacity of the whole investment, not just parts.”

Intransparent communication is a key point of frustration for locals, who feel the decision for the investment was made without their consent. According to a recent survey, almost two-thirds of residents view the battery plant critically.

Many of them are taking to the streets, demanding the project is halted, or at the very least put to the vote. “The aim is to get a referendum and to at least stop the further expansion of the plant,” says Volgyesi. His group handed in a petition in February and is still waiting for an answer from the city hall.

When contacted by DW, the mayor declined to comment. A CATL spokesperson told DW that they are **observing the protests**, but do not wish to comment on them, adding that resistance is largely based on misunderstandings and false information.

### **Fossil fuels and foreign interests concern critics**

Residents and experts alike are also concerned about the amount of energy a plant of this size will need. While CATL says it is investing in renewables and aiming for carbon neutrality, with Hungary's current energy infrastructure this will not be feasible anytime soon. Three new gas plants have recently been announced to supply the industry, which will continue to rely on Russian gas through 2050.

Apart from maintaining Hungary's energy dependency on Russia, experts warn that the project in Debrecen will mean increased reliance on **China**. The plant is set to make China the second biggest foreign investor in the country, sparking fears that it could use its economic clout to exert political pressure.

Nonetheless, the government has dug deep into its pockets to attract Chinese companies: CATL alone has been promised **€800 million** (\$870 million) in tax and infrastructural incentives — that's over 10% of the total sum invested.

“This money is desperately missing from other areas, especially classic state responsibilities like education, health and social care,” says Dr. Dora Gyorffy, an economist at Budapest's Corvinus University.

Such a “supportive governance environment” is one of the biggest advantages Hungary has to offer according to a government paper, and has contributed to a boom. Next door to **CATL**, Chinese battery component maker SEMCORP is building its new facilities, and BMW's new all-EV factory is under construction on the other side of the town.

### **Chinese workers to get factory off the ground**

But all these companies need workers. **The battery plant alone will employ 9,000 of them.** “One of the biggest problems is whether you can find enough workers,” says Dr.

Márton Czirfusz, who analyzed the Hungarian battery industry in his recent study. Many jobs in these plants do not require specialized skills, he explains, meaning there is a risk they could siphon off employees from local enterprises.

But even that probably won't be enough, as Hungary is struggling with a labor shortage. "I expect that there will be a high number of foreign workers in these factories," Czirfusz said. The company contends that Chinese workers will mostly be needed in the first two years, to get the plant running.

The [government](#) has recognized this need and has been continuously easing immigration rules for several non-EU countries, particularly in Asia. This is in sharp relief to relentless anti-immigration campaigns in Hungary in recent years. The situation could yet backfire, as many locals are unhappy about the prospect of guest workers in their neighborhood.

### **Opposition unites political spectrum**

With such a long list of concerns, a number of opposition parties from Hungary's Green Party to far-right extremists have come out **against the project**, too. But activist Marton Volgyesi would prefer to keep party politics in the background. "I think it's much better if Debrecen's civil society takes this into its own hands. And whoever wants to get behind it, can do so," he said

So far, it seems the project will move forward as planned, despite calls to halt it. Cabbage farmer Lovas says she supports the local protests, but has little hope they will make a difference. To her, it's clear that the [government](#) has put profit before people: "**They sold the country to the Chinese,**" she says.

Source: [DW](#)