

The ESS Hungary team thanks and highly appreciates the outstanding, in-depth work of the ESFRI Site Review Group (SRG). In what follows we present a few facts and data to clarify some questions raised in the SRG Assessment of 10 September 2008.

1) Saving potentials in the economic environment in Debrecen

- The 2007 Average Monthly Gross Wages in Hungary amounted to 739 Euro, compared to 2762 Euro in neighbour Austria (which is close to the EU-15 average) Source: WIIW, Vienna.
- The nominal annual growth of Hungarian wages (including inflation) for the next 10 years is expected to average to 6.1 %, i.e. < 4 % real growth. (Source: Strategy Department of Ministry for National Development and Economy). Thus the labour costs will only approach EU-15 levels in the second half of the 40 years expected operational period of ESS.
- The resulting low building costs (see attached) will provide for large savings in the costs of conventional facilities. This saving potential is illustrated by comparison of housing prices: 800-1200 €/m² for quality apartments and houses compared to 2000-4000 €/m² in other EU-15 country locations with similar environment (source: www.remax.com and other agencies).
- In order to attract the best talents to this Pan-European facility from all of Europe, salaries of ESS staff in Debrecen have been planned to be most attractive on ILL standards. Cost savings through the low wage environment will be realized on contracted services and by out-sourcing supporting tasks equivalent to 150 – 200 FTE staff on the competitive market.

2) Costs calculations

- The management costs for ESS Debrecen were calculated by making sure that no such expenses are hidden in the other budget lines. They also take into account the additional management costs caused by allowing for extensive use of in-kind contributions. Collected into one item, the actual management costs at SNS amounted to a very similar sum: 154 M\$.
- The 25 MW electric power consumption rate was specified as year round average over the neutron production periods, with 50 % higher power installed to meet peaks in consumption.
- All costs, including commodities, were evaluated at actual 2007 4th quarter price level. This also applies for steel (whose end of 2007 price was actually 27 % less than its peak in 2004).
- The assumed contingency for decommissioning was 50 %, giving a total of 270 M€.

3) The snapshot of Debrecen analysed by the SRG team needs to be interpreted in terms of the **fast transformation of conditions since the historic changes in 1989.**

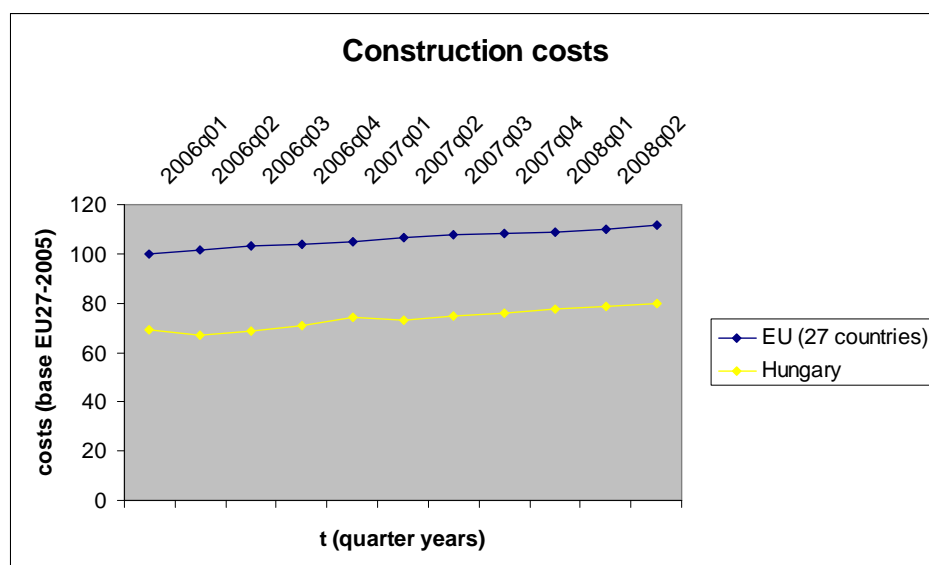
- Until 1989 Russian was the mandatory first foreign language at schools and the 1990 census found a mere 3.5 % of the population familiar with English. By the 2001 census this number multiplied to 15.6 %. Today 71.6 % of students in public schools learn English.
- The foreign national population of the city of Debrecen on 1 January 2008 numbered 3760, steadily increasing by 3.8 % per year. Public schools offer bilingual education in English, French, German, Italian and Spanish and from 2009/10 also international baccalaureate will also be available, accredited by the International Baccalaureate Organization (<http://www.ibo.org/>), Geneva. For more details see <http://www.debrecen.hu>.

4) Pages 10-17 of the Assessment describe the costs and financial contributions of the ESS sites candidates. According to the firm commitment of the Hungarian government (10/09/2008) the financial contribution should be modified for Hungary: “Construction” 375 M€ (table p.17). The table on p.13 describes the total construction costs (reproduced in the first line of the table below). It is also most useful to show – as a particularly relevant combination of commitments and costs – the part **to be provided by other partners than the host country for the % share in ESS not reserved for the host country.** After 2017 the operational costs (including running investments) are proposed to be shared pro rata between all partners at all sites including the host country.

	Lund	Debrecen	Bilbao
Total construction costs (M€)	1214	982	1294
To be provided in construction phase 2009-17 by others than host country	920 for 90 %*	687 for 87.5 %*	905 for 85 %*

* of total shareholding in ESS

Appendix 1: Change of construction costs between 2006 and 2008



Appendix 2: Building labour costs

Building labour rates 2007 (EU)						
	Basic rate			All-in rate		
	Unskilled €/hour	Semi- skilled €/hour	Skilled €/hour	Unskilled €/hour	Semi- skilled €/hour	Skilled €/hour
Belgium	no data	no data	no data	40,27	43,08	48,64
Bulgaria	1,59	2,53	3,62	2,67	4,42	5,97
Czech Republic	3,36	5,61	10,46	8,97	10,84	16,2
Finland	10,18	13,4	16,27	17,5	23,03	28,02
France	11,64	14,11	15,66	20,94	25,68	29,11
Germany	10,4	14,56	16,73	17,44	24,97	29,07
Greece	5,7	6,6	8,7	10	11,5	14,5
Hungary	2,82	5,46	6,8	5,78	11,19	13,95
Ireland	14,56	16,55	18,2	26,46	30,1	33,07
Italy	14	15,9	18,3	26,7	29,3	31,25
Netherlands	no data	no data	no data	33	37	39
Poland	3,53	3,94	4,34	6	6,69	7,39
Romania	0,95	1,26	1,89	1,27	1,72	2,63
Slovakia	4,48	8,22	11,21	5,98	10,46	14,95
Spain	21,5	22,5	26	24,5	26,5	30
Sweeden	13,47	14,55	17,25	30,18	32,88	37,73
United Kingdom	10,98	11,33	14,63	14,07	15,42	18,81
EU average:	8,6	10,4	12,7	17,2	20,3	23,5

Basic rate: The basic amount paid to a site operative, based upon figures promulgated by the national wage fixing body in the country.

All-in rate: The gross hourly cost of employing the site operative, based upon the standard working week for the country, including items such as insurances and taxes.