



## **BARMIG National Report Hungary**

### **Executive Summary**

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Since 2016 Hungary has experienced an acute labour shortage, due especially to the outmigration of workers to Western EU labour markets. The resulting labour shortage has increasingly been compensated by the employment of migrant workers from neighbouring non-EU countries, especially Serbia and Ukraine. The Bargaining for Working Conditions and Social Rights of Migrant Workers in Central East European Countries (BARMIG) project assesses the role of established industrial relations institutions in addressing the effects of migration on changing labour markets. It also examines how trade unions and employer organisations in Czechia, Croatia, Estonia, Hungary, Slovakia and Poland respond to these changes.

The reintroduction of the market economy in Hungary in the 1990s occurred alongside waves of unemployment. Since then, the main regulations for the employment and labour market integration of migrant workers who are third-country nationals has been protectionist, rigid and restrictive. Pressing labour shortages were present in 2016, which resulted in new governmental decrees and rules making seasonal employment available and offering a regulatory window for employing third-country nationals more easily, especially for citizens of Ukraine and Serbia. Given the restrictive regulation, employment of third-country nationals is usually temporary and uneven: it is typical for seasonal work only, often with fixed-term employment contracts and via intermediaries. Some employers are the Hungarian government's strategic partners.

Hungary does not have a transparent economic and labour market policy, or an adequate infrastructure to deal with the labour market integration of third-country nationals, especially non-Hungarian speakers. The lack of integration infrastructure reinforces a pattern of temporary, circular migration, with employment arrangements that fully depend on (the good will of)

employers. Social partners have modest to low capacities for dealing with special groups of migrant workers and their integration into workplaces and the wider labour market. However, they are not invited to help to design economic policy, and they do not have sufficient involvement in regulation. As recent research and data on third-country migrant workers is insufficient, social partners have typically also not been informed about the problems migrant workers face, and the issue of migrant workers integration was not on the collective bargaining agenda.

**Background.** The issue of third-country migrant workers (referred to as “guest workers” in the official discourse) emerged amid acute labour shortages in Hungary, especially since 2016, in a highly politicised atmosphere, after the official hostile response to the migration crisis of 2015. Alongside the current government’s anti-migration propaganda, they have pursued a non-transparent migration policy, with occasional state-sponsored projects focused on support for temporary work agencies and strategic partnerships with enterprises geared towards making it easier to employ third-country nationals. Our media analysis has underlined how politicised the topic of migration is: in our sample, pro-government media were completely silent on the issue of “guest workers”, whereas liberal and critical media reported on the topic quite extensively. Interviewed experts underlined that migration is a difficult topic for Hungarian society, and an ongoing social trauma, i.e. it is a situation that needs to be dealt with, and supported with informed discussions.

**Regulation.** As a rule, there are heavy restrictions on employing foreign nationals: there is a restrictive quota system, and foreigners are only allowed to be employed in professions for which there is a labour shortage. Since 2016, this regulation has changed somewhat to allow easier employment of third-country nationals. Governmental decrees and amendments to legislation in 2016 and 2017 lowered administrative burdens on employers and provided access to seasonal work without a permit to citizens of Ukraine and Serbia. In July 2021 the Government issued a decree (no. 407/2021.) that extended and made it easier to employ third-country nationals in Hungary during the Covid-19 emergency period via temp agencies.

More general regulation has made the pattern of employing third-country nationals on temporary contracts stronger. The Hungarian Basic Law of 2011 excludes foreigners from the right to social security and basic cultural rights, whereas certain specialised legal acts have been harmonised with EU law.. In terms of the application of and harmonisation with EU law, the Hungarian legislator has mostly adopted just the required minimal standards for the legal protection of third-country

citizens residing in the country. The only exception to this was the extension of the 2003 equal-treatment legislation, which is also applicable to non-EU citizens . The legislator does not deal with the social, cultural or economic integration of foreigners (including migrant workers) and instead stresses policing and security issues. The Ministry of Interior is the prime governing body that deals with foreigners and migrant workers<sup>1</sup>. This means that sanctions and security clauses dominate over the possible rights and entitlements of foreigners. At the same time, there is a set of institutions, regulations and public policies that have resulted in preferential treatment, naturalisation or access to the Hungarian labour market for members of the Hungarian diaspora. Social partners only follow the relevant regulation intermittently, and they are not involved in monitoring and changing it. Both social partners, but especially trade unions and the union confederations, have been side-lined from consultations over the relevant regulation.

**Migrant workers: presence and trends.** Faced with labour shortages from 2016 onwards, especially in low-wage, labour-intensive sectors, the Hungarian economy came to rely increasingly on migrant workers' labour, especially from Ukraine and Serbia. Migrant workers from neighbouring countries were traditionally hired for seasonal positions in labour intensive sectors – especially agriculture and construction, but since 2016 they have been employed increasingly in manufacturing and the service sector, in retail, tourism and hospitality. The number of work permits and registrations have been increasing since 2016, but this number fell dramatically in spring of 2020, during the few first months of the Covid-19 crisis. Only in retail did registered work permits or employer registrations grow continually. Employment of third-country nationals also occurs on the periphery of the labour market, among more vulnerable social strata, such as young people, via student cooperatives. Irrespective of citizenship, students enrolled in tertiary education can work up to 20 hours a week and an additional sixty days full time during the summer break.

The available statistical and survey data do not portray the numbers and labour-market position of third-country migrant workers adequately. Administrative stock and flow data, disaggregated by sectors, show that the Hungarian economy is increasingly reliant on migrant workers and their labour; however, the data also demonstrates the typically circular and temporary nature of employment and of migrant workers' labour market integration. During the first wave of the

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<sup>1</sup> See: Tóth Judit "Migrációs jogi környezet Magyarországon" *Magyar Tudomány* 174. évf. (2013.) 3. sz. 244-250  
Tóth, Tóth Judit „Külföldiek és hontalanok” in Jakab András – Fekete Balázs (szerk.): *Internetes Jogtudományi Enciklopédia*, 2018 (Alkotmányjog rovat, rovatszerkesztő: Bodnár Eszter, Jakab András <http://ijoten.hu/szocikk/kulfoldiek-es-hontalanok> (2018)).

Covid-19 recession, migrant workers were among the first to lose their jobs. Since the summer of 2020, migrant workers were again employed in large numbers at many sites.

**Labour market integration: features of work contracts and problems.** Jobs offered to third-country migrant workers are typically not based on standard employment contracts, and contracting occurs via intermediaries (i.e. temporary work agencies or student cooperatives). These jobs usually do not require knowledge of languages, and they are relatively hidden from the public gaze. The contracts are fixed term; in services or construction they are also often part time, do not pay well, and entail extended, (officially) unpaid working hours. Informal or shady contracting has been more common in labour-intensive sectors that are also highly cost-sensitive, such as construction and small businesses in the fields of retail, tourism and hospitality. In construction, manufacturing and certain retail segments (e.g. logistics), there has been an increasingly heavy workload with poorer working conditions dominant.

For migrant workers, social conditions – and especially the housing crisis – create highly unfavourable general conditions for longer-term life-planning. Many migrant workers planned to work for a fixed-term period only, hoping to earn as much as possible in a short time and then move on. However, their precarious social-security status, the information deficit and lack of knowledge of Hungarian have all intensified workers' dependency on employers.

In general, migrant workers' presence in the Hungarian economy is uneven. They have been “inserted” rather mechanically in certain sectors, among certain (privileged and strategically important) employers, and they have been present in larger numbers during seasonal peaks in business cycles. Covid-19 has brought to the fore the precarious position of migrant workers: many were fired, while many who were infected did not receive treatment.

**Role of intermediaries.** The significance of temp-agency work in employing the much-needed migrant workers and “inserting” them into the Hungarian economy increased massively over time, as they filled the gap in employer-requested flexibility, especially for seasonal workers. The restrictive and complicated nature of granting a work permit or residence permit gave temp agencies a comparative advantage, as they could specialise in and take on the massive amount of administrative paperwork, recruitment etc., both relieving employers of this task and providing services to workers. Temp agencies' role as intermediaries entailed workers' minimal integration into the labour market by securing employment contracts, but also a higher dependency on employers with increased risk of exploitation. For services and platform work in the capital and

larger university towns, employment through student cooperatives was one avenue of employment that third-country nationals could pursue.

**Collective bargaining and social dialogue.** From 2016 onwards, at the VKF, the Standing Consultative Forum of the Industry and the Government, the issue of migrant work featured twice. However, it was not discussed as a separate point, but first as a point related to managing labour shortages, and second in relation to regulatory changes facilitating the employment of third-country nationals, especially from Ukraine and Serbia. Sectoral social dialogue committees exist, but these operate in only a few sectors, mostly as information-exchange forums. The problem of migrant-workers' integration was not an issue considered at the meetings: problems were not gathered, detected in an organised manner and discussed between union and employer representatives.

**Social partners' capacities and strategies.** The capacities of national-level and sectoral-level social partners are modest (employer organisations) to low (trade unions). Typically, social partners have no staff specialised in dealing with migrant workers. They lack their own database, and at best are collecting and monitoring reports and gathering publicly available data. On the national level, employers' organisations are more proactive, proposing regulations and suggesting changes, while unions are reactive, evaluating the labour-market situation in the media, and more rarely in publications. What both parties have in common is a minimalist pragmatic approach, acknowledging the increased (and continual) presence of migrant workers in the Hungarian labour market. However, no specific strategies have been designed, especially not from trade unions. Most acutely, as a unionist from the construction sector stated, the unions lacked the capacity to even protect local workers, and thus the issue of the protection and integration of migrant workers felt like a massive challenge. Yet, in the construction sector, no significant differences seemed to exist between the contracting of third-country migrant workers and Hungarian workers, especially since most Hungarian workers are also not local workers and issues related to accommodation and cost-sensitive contracting also feature. In contrast, in healthcare third-country nationals seemed to have become relatively well integrated, since many of them obtained their medical or nursing certification in Hungary. Sectoral trade unions in metal and retail aimed to develop a general strategy towards improving working conditions and wages. Among employers in the hospitality and tourism sector, there was a special practice that dealt specifically with requests from Hungarian-speaking migrant workers, but a similar practice had not yet been developed for all

third-country nationals. In the metal sector, the union offered services only to migrants who were union members, without developing specially targeted services. Only the retail union considered dealing with migrant workers, if it were able to gain temporary funding to meet the capacities required.

### **Recommendations**

- 1. Revision of regulations on third-country nationals' employment is necessary to remedy the uneven, non-transparent and unfair policies. Social partners should be involved and consulted regularly in the process.
- 2. Economic policy and migration should be broadly discussed, including civil society organisationsCSO, with experts and social partners and also among other Hungarian social strata. Social dialogue should be resumed at multiple levels, and it should tackle the conditions under which third-country nationals are employed, including the social, economic and political aspects.
- 3. Support measures for the labour market integration of migrants, including Hungarian language courses and the creation of social spaces for interaction and information sharing should be provided. The work of labour inspectorates should be strengthened by pointing out migrant workers' vulnerabilities in the workplace and at the level of the national labour market, in order to combat social dumping and unfair competition.