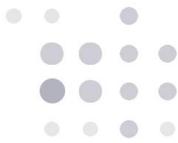


2016

Annual Review of Labour Relations and Social Dialogue Hungary

LÁSZLÓ NEUMANN
January 2017

- The popularity of the ruling right wing Fidesz-KDNP parties has further increased due to keeping the refugee issue on the agenda and forcing a referendum on rejection of the EU's refugee quota. Following elimination of constitutional checks and balances of governmental power, the government acquired almost full control over the mass media too. Left wing and liberal opposition remain weak.
- The major challenge for the government came from civic movements, primarily from teachers with a major wave of demonstrations, strikes and civil disobedience.
- The country's economy in 2016 was growing after recovery from recession but it was still slower than that of the other countries in the CEEC region.
- Gross wages grew by 6.4 per cent in January-October and net wages increased by 7.3 per cent. In the private sector, the wage increases were primarily fuelled by the high level of skills shortage.
- The role of tripartite social dialogue in the framework of the "Consultative Forum of Industry and the Government" (VKF) has been reinforced, with more frequent meetings and meaningful discussions. The main issue on the agenda was tackling the labour shortage and the final outcome was a two-year agreement on a remarkable hike in the minimum wage and gradual lowering of the record high Hungarian levies on wages.
- There were a couple of warning strikes and strike threats in the public and private sector, mainly to protest against low wages.
- The most important development concerning trade unions was the resignation of István Gaskó, the long-time president of the LIGA confederation, in February 2016. His successor's main task is rebuilding cooperation with the other four confederations.
- As for the unions' prospects, the main question is how far they will be able to capitalize on the tight labour market. Additionally, the main task for the union confederations is to strengthen inter-sectoral cooperation and joint actions between the public and private sector unions.

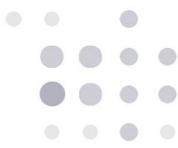


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1. SOCIO-ECONOMIC DEVELOPMENTS

The Hungarian economy grew by 2.2 per cent in the third quarter of 2016 compared to the same period a year earlier. While expansion of household consumption was the main driving force behind growth, industrial production fell in October relative to the same period of the previous year. However, the expected 2 per cent annual growth lags behind the growth rates in Poland, Slovakia and Romania, thus the trend of Hungary's recovery from recession is still slower than that of the other countries in the CEE region.

The construction sector was the major loser among industries in 2016; in September its output was 13.2 per cent less than a year before. This drop was partly due to completed EU-funded projects at the end of 2015. This illustrates well that nowadays Hungary's economic development largely depends on EU funding while Foreign Direct Investment (FDI), the engine of growth before the crisis, is further declining due to falling business confidence. FDI in Hungary decreased by €587.30 million in the second quarter of 2016.¹ Although the Prime Minister had promised to create a more investor-friendly climate in the country and the government increased subsidies to major FDI investments (especially those paid for job creation), legal uncertainty is still the prevailing factor that deters foreign businesses from investing. According to an analyst, "companies are reluctant to invest in Hungary because at the most basic level there's a lack of trust in the government". Referring to widespread corruption he added: "There's a lack of transparency and a lack of predictability."²

Hungary has an open, export-oriented economy (65 per cent of total production is exported); in 2016 the export volume increased

by 0.9 per cent and the balance of trade recorded a surplus of HUF 277.206 million (about €902,950) in October of 2016.

Although the sovereign debt of the country remained high (74 per cent of GDP at the end of 2016), it has decreased due to the government's stringent fiscal policy that has managed to maintain the budget deficit below three per cent, corresponding to the Maastricht criteria, since 2012. As a result, in May-November 2016 the three major credit rating agencies (Fitch, Moody, and S&P) restored Hungary's sovereign rating to investment grade. This was long-awaited good news for the government; however according to the Global Competitiveness Index, Hungary scores at an all-time low, being ranked number 25 out of 28 European Union members.

The government has been attempting to get back control of banking, media and utility (gas supply, water and electricity) resources by re-nationalizing formerly privatized companies. On the other side, FIDESZ declared helping to create the domestic business class through preferences of tenders in public procurement and of selling state-owned land. Similar to the previous years, 2016 also witnessed many scandals about how friends and families of FIDESZ, and especially those of Prime Minister Orbán, are getting richer. An evaluation of Hungary's economic prospects by Attila Chikán, a professor at the Hungarian Corvinus University and former economy minister in Orbán's first government term, stated: "As long as the government keeps grabbing a bigger and bigger slice of the private economy and as long as the decisions are based on who you know and not on market forces, there won't be lasting improvement."³

There was no inflation in 2016, mainly as a result of the very low global oil prices and due

¹ See: <http://www.tradingeconomics.com/hungary/foreign-direct-investment>

²http://www.portfolio.hu/en/economy/hungary_becoming_a_sor_t_of_potemkin_economy.32241.html

³http://www.portfolio.hu/en/economy/hungary_becoming_a_sor_t_of_potemkin_economy.32241.html



to the policy of the National Bank of Hungary to hold loan interest rates low. In January-October, food prices increased by 0.6 per cent, service prices by 1.4 per cent, while energy and fuel became cheaper by 0.1 per cent and 3.7 per cent, respectively.

Gross wages grew by 6.4 per cent in January-October according to the Central Statistical Office. In the business sector wages increased by 5.3 per cent, salaries in the public sector were raised by 9.4 per cent. Net wages increased a little faster (7.3, 11.0 and 6.9 per cents, respectively) due to the decreased flat rate personal income tax from 16 per cent to 15 per cent. While private sector wages were pushed upward by the labour shortage, in the public sector following several years of stagnation, the government commenced to increase salaries in higher education and research institutes, health and social care and some parts of public administration.

The minimum wage for 2016 was 111,000 HUF (around € 357), which is €18 higher than 2015, at around 43 per cent of the average wage. It is worth noting that since 1997 there has been a second mandatory floor for those working in jobs requiring vocational qualification, the “guaranteed minimum”. Its value is 129,000 HUF (around € 416) for 2016. Following the public discourse on skill shortages (see below), in the second half of the year the government leaked its plan for a substantial increase in the minimum wage, and finally it agreed with the social partners on a 15 per cent hike for 2017 and a further increase for 2018. The so-called ‘guaranteed minimum’ for skilled workers will grow even steeper by 25 per cent. (See details below.)

The wages of women were, on average, 15.1 per cent lower than men’s wages in 2015 (there are no newer figures available yet).

The high level of shortages of skilled employees is the most important development in the labour market. Already in 2015, analysts

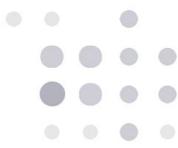
identified skill shortages as a major challenge for employers.⁴ One of the employer organisations (MGYOSZ) estimated that 250,000 new workers could be hired immediately. The reasons are manifold: demographic changes, an increasing brain drain of skilled workers, difficulties competing with Western European wages, structural problems with the reorganisation of vocational training, huge geographical differences in demand and supply of the labour market and extremely low labour mobility.

Since 2010, the public works programme has been the centrepiece of the labour-market policy. Most of the 226,000 participants (in July-September period) were long-term unemployed people, often from disadvantaged regions and often members of the ethnic Roma minority who are no longer prepared for re-integration into the primary labour market. The main beneficiaries of the programme have been very poor local communities, which have no access to any other central resources.

The overall employment rate grew by 2.6 per cent compared to 2015, but it remains at a low level of 58.5 per cent (65.6 per cent for men and 51.8 per cent for women). In the first three quarters of 2016 the Central Statistical Office registered an increase of 200,000 employed. As to the share of different sources of growth: the public work programme’s contribution was 54,000, new emigrants’ jobs were 5,000, while the main source of increase was the primary labour market, its job creation amounted to 141,000. In other words, the lion share of the employment growth is now stemming from growth of the economy.

The unemployment rate declined in Q3 2016 to 4.9 per cent (4.9 per cent for men, 5.0 per cent for women), the record lowest levels since the transition to the market economy.

⁴<https://www.eurofound.europa.eu/observatories/eurwork/articles/labour-market-industrial-relations/hungary-skills-shortages-a-major-challenge-for-employers>



Based on Eurostat data⁵, the share of people at risk of poverty or social exclusion was 28.2 per cent, making it the sixth poorest country in Europe followed only by Romania (44.2 per cent), Bulgaria (41.3 per cent), Greece (35.7 per cent); Latvia (30.9 per cent) and Spain (28.6 per cent).

2. STATE POLICIES

According to the latest opinion poll, in the April-June period the popularity of the ruling Fidesz-KDNP parties increased further (from 20 per cent to 32 per cent of the population), while the share of supporters of JOBBIK, the far-right party, decreased from 22 to 17 per cent.⁶ As to the other opposition parties, including the Hungarian Socialist Party, none of them could reach 10 per cent popularity, while about 40 per cent of the population is undecided. The ruling Fidesz–KDNP coalition achieved this stability by two means. First, by maintaining the refugee issue on the agenda, waging an ugly hate-speech campaign against refugees (who actually do not exist in Hungary) and forcing a referendum to reject the EU's refugee quota. Second, following elimination of constitutional checks and balances of its power, the government acquired control over and monopoly in the mass media too. Although the quota referendum was not legally valid as the turnout was less than 40 per cent, the prime minister skilfully avoided the compromise with JOBBIK on the planned modification of the Base Law and achieved phasing out of the major opposition newspaper *Népszabadság*. In the meantime, the left wing and liberal parties remained fragmented and international developments (Brexit, Trump) seem to support the position of the Euro-sceptic prime minister, so he does not have to face a real challenge in the next general election due in 2018.

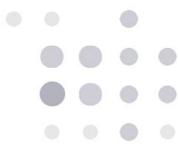
⁵<http://ec.europa.eu/eurostat/documents/2995521/7695750/3-17102016-BP-EN.pdf/30c2ca2d-f7eb-4849-b1e1-b329f48338dc>

⁶http://www.tarki.hu/hu/news/2016/kitekint/20161026_valaszta_s.html

The major challenge of the government came from the civic movement of teachers with a major wave of demonstrations, strikes and civil disobedience. Originally, they attacked the extreme centralisation of management of public education, the key element of the 'reform' pursued by the government since 2010; and demanded more autonomy for schools and teachers. Although the teachers' demands focused mainly on professional issues, and salaries and working time were not highlighted in their agenda, it was obvious that the movement was born due to dissatisfaction with the meagre results of unions' ongoing wage negotiations with the government. It was a novelty that the teachers' movement addressed many general problems of public education and gained support not only from parents and students but also from the wider society. The civic movement staged a series of demonstration, together with teachers' unions. However, later on the cautious union leaders hesitated to support the one hour work stoppage of the teachers' movement, seen as "unlawful action", which indicated the unions' difficulties in relating to the social movement. The government completely neglected the teachers' position and maintained centralisation, with only minor changes. But owing to this movement a new public discourse was born, with some prospect of shifting the way in which unions formulate their positions on education. In addition, local authorities have had to hand over responsibility of all school facilities to the state and several of them joined the teachers' protests.⁷

With regard to social legislation the most important step was the introduction of a new support scheme (CSOK) for families buying a home. Depending on the number of planned children, the non-refundable state aid varies between HUF 600,000 and HUF 10 million (€1,935 and €32,260), which may be topped

⁷<https://www.eurofound.europa.eu/observatories/eurwork/articles/working-conditions-industrial-relations-law-and-regulation/hungary-latest-working-life-developments-q2-2016>



by a preferential interest rate credit up to 10 Million HUF. Since the launch in July, up to 34,500 households have signed up for the programme.

In 2016, there were some legislative changes that have had a direct impact on labour and working conditions⁸:

- In response to EU infringement procedures, amendments to the Occupational Health and Safety Act require workers' health and safety representatives to be elected in all workplaces with more than 20 employees, instead of the earlier 50-employee threshold, as of July 2016. All representatives enjoy legal protection.
- An amendment to the Labour Code strengthened legal protection of pregnant women, modified some rules of working time and rest periods for on-call workers and clarified the employers' responsibility in the posting of workers to foreign jobs.
- At the government's initiative, the Parliament revoked the unpopular and controversial ban on Sunday opening hours in mid-April. The rules on weekend work for workers in temporary jobs were also revised down, leading to a considerable loss in benefits for these workers.
- As a consequence of the ruling by the European Court of Justice (ECJ) on Hungary's "cafeteria system" (a form of flexible non-cash benefits for employees, some of which are subject to preferential tax treatment), a new system of fringe benefits will be intro-

duced from January 2017 on that will have a cash component, while some popular forms of benefits will terminate (for example, meal vouchers, travel passes and health funds).

- A new regulation increased the amount of reimbursement paid by the employer for commuting with an employee's own car.
- Following tripartite agreement, the government issued a decree on the minimum wage increase for 2017.

⁸ See also:

<https://www.eurofound.europa.eu/observatories/eurwork/articles/working-conditions-industrial-relations-law-and-regulation/hungary-latest-working-life-developments-q2-2016> and

<https://www.eurofound.europa.eu/observatories/eurwork/articles/working-conditions-industrial-relations-law-and-regulation/hungary-latest-working-life-developments-q3-2016>



3. INDUSTRIAL RELATIONS

The annual round of wage bargaining customarily commences with tripartite agreement on a minimum wage hike and national recommendation for lower-level negotiations on an average wage increase. This year the social partners and the government could not reach a full consensus on any figures or a range of recommended wage hikes for the private sector and for state/municipality owned enterprises. Given the changing labour market, the partners expected higher deviations in wage increases across the sectors and companies.⁹

The lack of a central recommendation made wage bargaining difficult at the sectoral and company levels. No sectoral wage agreement was concluded in the private sector, however, earlier negotiations between trade unions and the government resumed in the public sector. Following protracted negotiations, in June representative trade unions and professional chambers agreed with the government on a staggered salary increase for physicians and other professionals in the health care sector. Interestingly, the smaller, more militant Independent Health Care Trade Union, which staged a series of public rallies in 2015-2016, was not a signatory to the agreement since its leader criticised that some 35,000 employees, mainly technical support staff, will not benefit from it. This is a more general problem of the “career path” agreements introduced by the government¹⁰: some smaller groups of employees are left out. In autumn similar agreements on a staggered salary increase and gradual introduction of a ‘career path’ was announced in the social care sector (including day nurseries) and in government-

run cultural institutions. Generally speaking, the introduction of “career path” for different sectors and professions seems to be a successful move by the government to postpone a large-scale salary hike that could appropriately compensate the impact of the eight-year freeze of the salary scale of public sector employees. In earlier years such agreements pacified the teachers’ union and the armed forced personnel’s union; moreover it could divide public sector unions organizing different sub-sectors.

Wage bargaining was also difficult in the state or municipality-owned enterprises. After the employers’ initial offer on a zero nominal increase, three major employers in the public transport sector, Hungarian Railways, Volán (rural bus services) and Budapest Transport eventually agreed on wage increases and higher cafeteria payments amidst strike threats and the probability of joint industrial action in the transport sector.¹¹ Similarly, in the state-owned part of the electricity industry the employer (MVM) offered a 0.4 per cent increase and the protracted negotiations finally concluded an agreement in May, which included an average 3 per cent increase but the actual raise may vary across the individual companies.

In the private sector, company trade unions were more successful in making use of the tight labour market situation, especially in the automotive sector. First, in April a wage agreement was negotiated at Audi Hungaria, which included a new tariff system, a one-off payment and a promise to elaborate a five-year wage strategy to take labour market development into consideration. In the summer two supplier firms to the industry, LUK Savaria and AUTOLIV, agreed on an above-10 per cent increase, in both cases following industrial actions. At the end of the year, the Mercedes-Benz factory in Kecskemét witnessed a two-hour warning strike staged by

⁹<https://www.eurofound.europa.eu/observatories/eurwork/articles/working-conditions-industrial-relations-law-and-regulation/hungary-latest-working-life-developments-q1-2016>

¹⁰ “Life-long career path” – *életpályá* in Hungarian – agreements ensure a separate wage ladder for the given professions, with base salaries higher than stipulated by law for all civil servants and public service employees. Despite their name they do not include guarantees for promotion, employment security and appropriate further training, which is the focus of trade unions’ criticism.

¹¹<https://www.eurofound.europa.eu/observatories/eurwork/articles/working-conditions-industrial-relations-law-and-regulation/hungary-latest-working-life-developments-q1-2016>



the Hungarian Metalworkers' Federation (VSzSz). Two unions represent the employees at this plant, but only one of them, the Free Trade Union of Engineers and Technicians (MTSzSz), signed a two-year deal with Mercedes, according to which the wage of production line workers will be raised by 12 per cent in 2017 and other benefits will also be raised, including the "presence bonus" (by 2.5 per cent), the target premium and cafeteria vouchers. The other union, VSzSz, refused to sign the agreement and requested an unconditional 15 per cent wage hike in 2017.¹²

As mentioned in the 2015 review, the bipartite bodies for sectoral social dialogue, the Committees for Sectoral Dialogue (Ágazati Párbeszéd Bizottságok, ÁPB) are under government pressure and after the reorganisation of the National Employment Service their financing is no longer properly ensured. The state run mediation and arbitration service (MKDSZ) was another "victim" of the reorganisation.

The free legal aid service (JOGPONT) for employees and employers in the SME sector, funded by the EU and the state, resumed. According to the three-year agreement, the National Federation of Workers' Council and Confederation of Unions of Professionals (ÉSZT), together with four employer organisations of the SME sector will run the nationwide service. Within this framework, the reorganisation of the alternative dispute resolution service also began in all the seven regions of the country. The service providers will be lawyers and other experts, mainly from the universities' legal faculties.

Strikes and other forms of industrial actions occurred more often than in the previous years. First the above-mentioned teachers' movement staged a one-day strike, then two-hour warning strikes followed wage negotiations in the public transport and automotive

sectors. Clerical staff of the municipalities went first on a two-hour warning strike in June then on a whole-day strike in September.

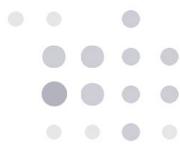
As to the internal developments in the trade union movement, the merger of two of the six trade union confederation was completed in February 2015 with an extraordinary first general meeting of MaSZSZ. The new confederation continued its main campaigns on "in work poverty", aiming to increase the minimum wage in order to reach the subsistence minimum. As the Central Statistical Office ceased to publish the subsistence minimum, the confederation itself, with support from the Friedrich-Ebert-Stiftung, ordered the calculations for the current year, using the earlier methodology, from an independent consultancy firm, Policy Agenda.

The conflict between the president of LIGA, István Gaskó, and his former power base, the Democratic Railway Workers Union (VDDSZ), further escalated and finally Gaskó resigned in February 2016. The new president, Melinda Doszpolyné Mészáros, was elected in May. She announced the intention to work together with other confederations, and jointly elaborate a wage upgrading programme.

Regarding international cooperation, after a long time of preparation the Hungarian Metal Workers Union (VASAS) and the German IG-Metall (IGM) opened a joint office in Győr in Western Hungary (where the Audi plant is located) within the framework of IGM's novel Transnational Partnership Initiative (TPI).

As to inter-confederation cooperation, the five confederations issued a joint statement against the government plan to close several professional institutions belonging to various ministries. They stressed that the planned 20 per cent cut in their budgets would entail an enormous staff reduction and overload of the remaining employees.

¹²http://www.portfolio.hu/en/economy/wage_talks_balk_at_mercedes-benz_plant_in_hungary.32091.html



Four of the confederations jointly celebrated May Day in the City Park in Budapest and put an end to the usual practice of LIGA to demonstrate its outlier position by holding a separate celebration.

There were no major changes/developments in the employer organisations in 2016.

4. TRIPARTITE SOCIAL DIALOGUE

The Consultative Forum of Industry and the Government (Versenyszféra és a Kormány Állandó Konzultációs Fóruma - VKF) became more important in 2016. Although trade unions could not achieve any further negotiations on the Labour Code, the strike law and early retirement (issues that they failed to change in 2015 in the post-2010 legislation), they were able to carry out meaningful negotiations on other main issues, such as shop opening on Sunday, health and safety, the labour market situation and the minimum wage. Regarding Sunday work in the retail sector, LIGA and the National Association of Entrepreneurs and Employers (VOSZ) jointly proposed to increase the amount of the 50 per cent Sunday bonus, which was rejected by the other employers' organisation and the government, entailing a real loss of wages for Sunday work in this sector.

In June, VKF discussed a proposal by the Confederation of Hungarian Employers and Industrialists (MGYOSZ) to address the labour shortage, including the following measures: strengthening regional mobility; launching a job-creation grant programme; redirecting workers engaged in public works to the competitive sector; and last but not least as a short-term solution, launching government programs for attracting Hungarian-speaking workers from adjoining countries. As a long-term solution the proposal envisaged companies' wage-increase decisions on a voluntary or negotiated basis, depending on their profitability. The employer organisation also urged diminishing the record-high Hungarian wage levies that could allow worse-off companies to increase wages too. Instead of hiring foreign workers, the

LIGA confederation proposed different government interventions to improve wages and working conditions; first of all to increase the minimum wage and skilled workers' guaranteed wage and as a middle-term measure to retrain those having appropriate basic skills who are currently engaged in public work¹³.

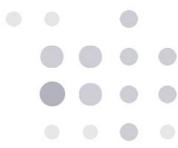
As a response, in August the Ministry of National Economy announced its plans for a gradual reduction of social security contributions to make life easier for companies struggling with a shortage of labour, as instead of the employers the state would be reaching into its own pocket in a bid to improve the wage status of employees. The employers' organisation VOSZ immediately supported the proposal.¹⁴

Negotiations within VKF resumed in November on the minimum wage. The government proposed a 15 per cent minimum wage hike for 2017 and 8 per cent in 2018 and a 25 per cent hike in the guaranteed wage for 2017 and 12 per cent in 2018. Imre Palkovics, head of the National Federation of Workers' Councils, said that the government recommended an even bigger wage hike than they had.¹⁵ However, cuts in employers' social contributions would depend on the actual wage hike in the public sector. The government proposed to lower the employer's contribution by four percentage points from 2017 on and by additional two percentage points from 2018 on. Although the employers' side of VKF advocated a reduction of employers' burdens by 5 per cent in 2017 and by an additional 2.5 per cent in both 2018 and 2019, the initial government offer was eventually accepted. As compensation, employers will benefit from a cut in the corporate tax rate to nine per cent by 2017, replacing the current system of two rates, one at 10 per cent (for

¹³<https://www.eurofound.europa.eu/observatories/eurwork/articles/working-conditions-labour-market-industrial-relations/hungary-latest-working-life-developments-q3-2016>

¹⁴http://www.portfolio.hu/en/economy/lowering_contributions_would_be_a_huge_thing_in_hungary.31698.html

¹⁵http://www.portfolio.hu/en/economy/hungary_ecomin_announces_6-year_contribution_halving_scheme.32079.html



small businesses) and 19 per cent for all others. Moreover, if private sector wages increase annually by six per cent from 2018 onward, the government will diminish wage levies by two per cent each year. The agreement also means that the trade unions' several decades-long demand that the net value of the minimum wage should reach the subsistence minimum for a single person will be met within two years.

However, the gap between the minimum wage in regular jobs and the public works programme will widen to 45% next year as the base pay for workers under the public works programme will only be 3 per cent, triggering protest by the public workers' trade union.¹⁶

Public sector unions also addressed other reservations about the impact of higher minimum wage: it turned out at the meeting of the National Public Service Interest Reconciliation Council (OKÉT) that additional budgetary resources will be needed to pay the increased wages in public institutions. The unions also highlighted that the increased minimum wage will result in a depressed wage scale, and there was not yet any concept to tackle this problem. The same problems emerged in the state and municipality-owned companies: their trade unions launched negotiation with the government and the National Association of Strategic and Public Utility Companies (STRATOSZ) for a remedy to the situation.

5. FORECASTS

Economic forecasts for 2017 are quite rosy. According to the estimations of the Hungarian National Bank the minimum wage increase will affect 12 per cent of the full-time employees and 16 per cent will be beneficiaries of the higher guaranteed wage for skilled workers. In addition to the beneficial impact of the wage agreement, next year's expectations

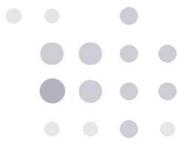
are high for an uptick in EU funding, along with strengthening of the construction industry as a result of the housing market reform. Furthermore, consumption, agriculture and services will remain drivers of growth in 2017. Overall, the government's projection is 4.1 per cent growth in 2017, followed by further acceleration with a target of 4.3 per cent in the following year. Economic expansion should not result in a fiscal balance upset; the budget deficit is going to stay under 3 per cent while continued reduction of government debt remains a fundamental objective for economic policy.¹⁷ The only bad news is the expected higher level (3 per cent) of consumer price inflation. However, there are no signs of starting major reforms of the health care system and tackling the problems of public education and vocational training.

In the political scene, chances to challenge the dominance of FIDESZ-KDNP are low. While the ruling parties will do their best to push back the right-wing JOBBIK party, left and liberal opposition parties are weak and unable to compete. With the 2018 general elections approaching, further government measures can be expected to maintain its popularity. Such a measure has already been the extraordinary minimum wage hike and its expected impact on the increase in consumption. No doubt the government will figure out other means to maintain its supporters, not to mention the full speed operation of its propaganda machinery. It is an open question how civil movements will fare next year; however, they have no chance to have a meaningful say in the election campaign.

As for the unions' prospect, the main question is how far they will be able to capitalize on the tight labour market and whether core employees with higher than minimum wages, the typical constituency of trade unions, will also benefit from the mandatory raises. Another crucial issue from the long-run perspective is the success in bargaining and workplace rep-

¹⁶http://www.portfolio.hu/en/economy/min_wage_gap_between_regular_jobs_vs_public_work_in_hungary_to_widen_45_next_year.32290.html

¹⁷http://www.portfolio.hu/en/economy/new_figures_on_hungary_s_csok_housing_scheme_cashless_programme_interview_with_state_secretary_agnes_hornung.32274.html



resentation, which may contribute to the badly needed union renewal, resulting in growing membership. At a higher level, the main task for union confederations is strengthening inter-sectoral cooperation and joint actions between the public and private sector unions. These would be a key issue for maintaining

the real value of public sector salaries that have been raised selectively in different professions' "carrier path" schemes and are already threatened by the growing private sector wages and the expected higher level of inflation.



ANNEX OF DATA

- **Structure of the economy**

Number of registered companies (by size and ownership)

Company Size	2013	2014	2015	2016 October
Micro 0-19*	1,806,578	1,681,970	1,678,624	1,683,598
Small 20-49	12,881	10,179	10,155	10,439
Medium 50-249	6,885	4,531	4,374	4,942
Large ≥ 250	1,348	874	877	924

* Including unknown-sized companies

Source: <http://statinfo.ksh.hu/Statinfo/themeSelector.jsp?page=2&szst=QVD>

http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qvd008.html ;

http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qvd021.html

Number of employed by sector and gender (thousands)

Year	agricul- ture	indus- try	ser- vices	Total	agricul- ture	indus- try	ser- vices	total	agricul- ture	indus- try	ser- vices	total
	Total				Men				Women			
2013	192.7	1 178.2	2 567.5	3 938.4	143.6	832.8	1 152.2	2 128.5	49.1	345.5	1 415.3	1 809.9
2014	189.6	1249.3	2646.2	4100.8	140.5	887.8	1184.1	2220.5	49.1	361.5	1462.1	1880.4
2015	203,2	1 273,2	2 727,3	4 210,5	153,8	907,2	1 218,9	2 283,5	49,4	366,0	1 508,4	1 927,0
2016 Q I-III.	219.0	1 308.7	2 800.8	4 331.9	162.5	932.7	1 255.7	2 352.4	56.5	376.0	1 545.1	1 979.5

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_hosszu/h_qlf017.html

http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qlf005a.html?down=1461.6

- **Collective Bargaining System**

The collective bargaining system is characterised by fragmented, single-employer bargaining, negotiated mainly between a company-level trade union and a single employer.

There are two different sources for estimating bargaining coverage. One is the official registry of collective agreements maintained by the Ministry of National Economy. Although reporting to the Ministry the concluded agreements (and their modifications and terminations) is compulsory, the registry is not duly updated; its figures are biased upward, especially due to the presence of expired agreements. In December 2016 the registry showed 30 per cent overall coverage of employees, 25 per cent for single-employer agreements and 9 per cent for multi-employer ones (which includes both agreements of

company groups and genuine sectoral agreements concluded by employer associations). The coverage of single-employer agreements is remarkably higher in the public sector (30 per cent) than in the private sector (21 per cent). Another estimate stems from the Labour Force Survey; in the 2015 round of questionnaires, 21 per cent of respondents answered that his/her workplace was covered by a valid collective agreement. (In the earlier rounds of the survey this figure was higher: 27 per cent in 2004 and 22 per cent in 2009.)



- **System of tripartite social dialogue**

The modification of the law on the National Economic and Social Council (Nemzeti Gazdasági és Szociális Tanács, NGTT) extended the list of member organisations to the representatives of “art life” from Hungary and outside the border of the country. Furthermore, the law extended the mandate of the chairperson and diminished the annual number of compulsory meetings. With diluting the membership and fewer meetings this body will probably become even more insignificant.

Alongside NGTT, with its diluted membership, since 2012, another body, the Permanent

Consultative Forum between the Private Sector and the Government (Versenyszféra és a Kormány Állandó Konzultációs Fóruma, VKF) has been working. In this genuine tripartite forum three national trade union confederations and three national employer organisations consult with the government. No changes occurred in the legal status of VKF in 2016, however their meetings became more frequent mainly due to the changing labour market situation. It is worth to mention that legally NGTT is in charge of negotiations about the minimum wages but in practice such bargaining rather occurred in VKF.

- **Social security systems**

Health-care insurance	2013	2014	2015
Average number of insured (in thousand persons/month)	3,947	4,042	4,045
Proportion of insured to resident population, per cent	39,9	40,9	41,1

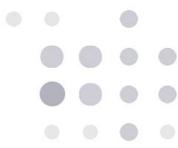
Source : <http://site.oep.hu/statisztika/2015/html/hun/A2.html>

- **All sick-pay cases**

	2013	2014	2015
Number of persons entitled to sick-pay, thousands/month	3,796	3,954	3,962
Daily average number of persons on sick-pay, thousands	54.2	59.1	63.6
Proportion of persons on sick-pay, per cent	1.4	1.5	1.6
Number of sick-pay cases ^{b)} in thousands	825.4	959.9	1 082.7
Number of sick-pay days, thousands	19,799.7	21,565,4	23,201.1
Expenses on sick-pay, million HUF	57,988.1	66,462.1	75,335.8
Expenses on sick-pay per day, HUF	2,928.7	3,082	3,247
Sick-pay days per case	24	22	21

Source: <http://site.oep.hu/statisztika/2015/html/hun/A2.html>

^{b)} Also includes the number of accident sick-pay cases started in the previous year(s) and continuing in the current year.



- **Education and vocational training**

With regard to Hungary's long-term competitiveness, one of the most worrying developments is the downward trend in public education. The 2015 PISA test results shocked the public, as they were worse than ever before. The Hungarian students scored worse in reading comprehension and in science last year than in a similar test in 2012, according to a fresh OECD report.¹⁸ The Hungarian education system has not only undergone a government-inspired reshaping towards low quality vocational training (schools in which general subjects, IT skills and foreign language learning are missing from the curriculum), but this has been accompanied by cuts in the overall education budget. Hungary cut its education budget more drastically during the crisis in 2008–2009 than any other EU member state. Unfortunately, the Fidesz-KDNP government has not changed the trend but has continued the cuts in the education budget. The problems of the education system in Hungary have been pointed out in the recent OECD indicators report, *Education at a Glance 2016*, which also highlights that Hungary does not invest enough public resources in education.

Dual training system

From 2015 onward, dual training applications are available for Hungarian youth. However, this reform is highly controversial; the quality of public education and vocational training is debated. The share of general subjects in vocational training schools has been significantly reduced in the overall curriculum. Some experts say this will make it very difficult for children to enter higher education or to change profession if they have opted for vocational training at the age of 14. In August 2016, it was revealed that the teaching materials for these subjects had not yet been developed or sent to schools. The teachers' trade union therefore asked the government to postpone the changes; the government refused.¹⁹

¹⁸ See: <http://hungarytoday.hu/news/hungarian-students-lag-bihend-oecd-averge-pisa-2015-study-reveals-39831>

¹⁹<https://www.eurofound.europa.eu/observatories/eurwork/articles/working-conditions-labour-market-industrial-relations/hungary-latest-working-life-developments-q3-2016>



Vocational training (Total Type of school-site; Total Type of education)

	Number of all students in vocational education (capita)			Number of female students in vocational education (capita)		
	2013	2014	2015	2013	2014	2015
Teacher training and education science	1,522	1,899	1,583	1,331	1,708	1,441
Arts	11,523	11,162	9 147	7,105	6,621	5,426
Social sciences	247			160		
Business and administration	35,642	29,592	25,180	26,370	21,702	18,468
Natural science		21	21		17	14
Computing	7,641	5,322	5,202	1,013	500	579
Engineering, manufacturing and construction	61,125	58,862	57,640	6,698	6,606	6,330
Agriculture	7,092	7,007	6,215	2,657	2,470	2,128
Health and welfare	21,805	20,566	18,731	18,978	17,651	15,968
Services	46,514	44,614	40,051	26,931	25,702	23,387
Total Field of training at initial education	193,111	179,045	163,770	91,243	82,977	73,741

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_hosszu/h_wdsi001a.html;
<http://statinfo.ksh.hu/Statinfo/haViewer.js>



• **Employment rate (By gender and age group, per cent)**

Year	Age group												Total
	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	15-64	65-74	
	Total												
2013	2.2	34.9	68.5	73.1	77.2	80.0	79.3	74.8	58.4	16.0	58.4	3.4	51.6
2014	3.4	40.5	73.0	76.3	80.9	83.3	82.9	77.4	62.2	19.4	61.8	3.1	54.1
2015	4.4	43.3	73.6	77.2	81.3	85.2	84.2	80.4	66.4	25.4	4.6	2.0	55.9
2016 (Q III.)	5.7	48.7	76.4	79.1	82.5	87.0	86.0	82.7	71.0	32.9	5.3	3.1	58.5

Men

2013	2.8	39.4	75.6	84.0	85.9	83.4	80.5	75.1	66.1	22.2	64.3	4.9	58.0
2014	3.8	45.6	82.3	88.3	89.4	87.9	84.1	76.9	70.6	26.9	67.8	4.4	60.8
2015	5.9	46.6	83.2	88.4	90.6	90.2	85.7	80.5	73.9	35.3	5.7	3.2	62.7
2016 (Q III.)	6.5	54.1	85.9	91.4	91.4	91.2	87.1	83.1	77.0	45.5	7.4	5.3	65.6

Women

2013	1.7	30.3	61.1	61.9	68.2	76.5	78.2	74.5	51.8	11.3	52.8	2.3	45.7
2014	3.0	35.2	63.3	64.1	72.2	78.7	81.7	77.9	56.8	13.4	55.9	2.3	48.0
2015	2.9	39.9	63.5	66.0	71.9	80.2	82.7	80.3	60.0	17.3	3.8	1.3	49.5
2016 (Q III.)	4.9	43.0	66.5	66.6	73.5	82.7	84.9	82.4	65.8	22.5	3.8	1.7	51.8

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qlf016a.html



Economically active population in the age cohort 15-29 years old

	<i>Total population in this age cohort</i>	<i>inactive</i>	<i>active</i>	<i>active in per cent</i>
2013	1,795,300	977,700	817,600	45.5
2014	1,320,000	646,100	673,900	51.0
2015	1,700,800	875,8	825,100	48.5
2016 (Q III)	1,675,300	828,500	846,800	50.5

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qlf013a.html

http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qlf014a.html

http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qlf018a.html

- Unemployment

Unemployment rate (by age group and gender, per cent)

Year	Age group										Total
	15–19	20–24	25–29	30–34	35–39	40–44	45–49	50–54	55–59	60–64	Total
	Total										Total
2013	52.9	2.0	12.5	9.8	8.3	8.9	8.4	7.8	8.0	10.3	10.2
2014	38.4	18.7	9.4	7.5	6.4	6.4	5.8	5.8	6.0	7.8	7.7
2015 (Q III.)	32.6	15.6	8.4	6.5	5.8	5.2	5.2	5.8	5.1		6.8
2016 (Q III.)	26.7	11.0	5.5	4.7	4.6	3.7	3.6	4.3	3.6	4.9	4.9

Men

2013	51.8	23.8	12.9	9.6	7.8	8.9	8.0	8.5	8.5	10.3	10.2
2014	40.8	17.9	8.7	6.6	5.8	6.0	5.6	6.9	5.9	7.6	7.6
2015	28.2	17.1	7.9	5.7	4.7	4.5	5.4	6.0	5.1		6.6
2016 (Q III.)	27.1	10.4	5.0	4.5	4.3	3.9	3.7	4.9	3.5	4.5	4.9

Women

2013	54.7	2.4	12.0	10.2	8.9	9.0	8.8	7.1	7.5	10.3	10.2
2014	34.7	19.7	10.4	8.6	7.1	6.9	5.9	4.9	6.2	8.0	7.9
2015	40.6	13.8	9.2	7.6	7.0	5.9	5.0	5.5	5.1		7.0
2016 (Q III.)	26.1	11.8	6.2	5.1	4.9	3.4	3.5	3.8	3.6	5.5	5.0

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qlf017a.html ;

http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qlf017.html



Number of unemployed (in thousand persons) in correlation with job seeking period (in months)

Months	< 1	1–3	4–6	7–11	12	13–18	19–24	25–	Total
2012	39.4	65.0	63.3	81.9	22.3	59.5	36.6	100.6	468.6
2013	48.9	50.3	55.1	63.0	25.9	51.5	46.8	96.9	438.4
2014	36.5	41.5	44.9	46.3	19.0	35.1	29.2	82.7	335.2
2015	31.0	43.1	38.6	44.0	18.4	30.0	23.8	70.0	298.9
2016 (Q III)	28.7	33.3	23.0	27.9	10.8	23.4	21.0	49.7	226.5

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_hosszu/mpal9807_03_08.html
http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qlf011.html

The time interval to find a new job decreased in one year from an average of 19.3 months to 17.8 months; however 46.2 per cent of the unemployed are unemployed for at least 12 months.²⁰

Unemployment (in per cent)

	2013	2014	2015	2016 Q III.
15-64	10.3	7.8	6.8	4.9
15-29	30.1	14.9		
In details within the group of young people				
25-29	12.5	9.4	8.4	5.5
20-24	25.0	18.7	15.6	12.7
15-19	52.9	38.4	32.6	(15 – 24 years)

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_hosszu/mpal9807_03_10a.html
http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qlf061.html

• **Net average monthly salaries in Euro**

Year	National Average	Private sector	Public sector
2013	492 (1€=307 HUF annual average)	517	442
2014	504 (1€= 309 HUF annual average)	536	445
2015	524 (1€= 310 HUF annual average)	555	465
2016 Q I-III.	552 (1€=311 HUF annual average)	582	497

Exchange rate: 2015: **310.00**, 2016: **311.49**

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_aves/i_qli030.html
http://www.ksh.hu/stadat_evkozi_2_1

²⁰ <http://www.ksh.hu/gyorstajekoztatok/#/hu/document/mun1610>



Consumer Price Index by Main Groups of Goods and Services

Year	Food	Alcohol, tobacco	Clothes	Durable goods	Energy	Others, fuel	Services	Total
2013	102.8	110.9	99.6	98.1	91.5	100.5	103.6	101.7
2014	99.6	106.2	99.3	99.5	88.3	99.5	101.8	99.8
2015	100.9	103.1	100.0	100.8	97.1	95.4	101.9	99.9
2016 I-XI.	100.6	102.2	100.4	100.6	99.9	97.3	101.4	100.3

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qsf001.html;
http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qsf001.html

- Gender pay gap (unadjusted in per cent)

2007	2008	2009	2010	2011	2012	2013	2015
16.3	17.5	17.1	17.6	18.0	20.1	18.4	15.1

Source: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&pcode=tsdsc340&language=en>

- Net monthly minimum wage (Mandatory minimum wages and deviations)

Year	Economically active population (thousand)	Gross average wage per person and month EUR*	Net average wage per person and month EUR*	Monthly mandatory gross minimum wage EUR	per cent of the gross average wage	poverty level for 1 adult EUR
2012	4,449	770	498	320	41.7	297
2013	3,892	777	509	330	42.5	295
2014	4,100	757	496	330	42.7	278
2015	4,482.7	800	507	339	42,4	284
2016 (QI-III.)	4,571.3	831	552	357	43.0	n.a.

Exchange rate: <https://www.ecb.europa.eu/stats/exchange/eurofxref/html/eurofxref-graph-huf.en.html>

Source: https://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qli030.html ;
<http://www.policyagenda.hu/hu/nyitolap/letminimum-2015>

- Actual weekly working hours

	2013	2014	2015	2016 (Q I –II)
Full time	41.0	40.9	40.8	40,7
Part time	23.2	22.8	22.5	22,0
Total	39.5	39.8	39.8	39,7

Source: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsq_ewhuis&lang=en

The number of actual working days/hours depends on the coincidence of national and religious holidays set as calendar dates and week-end rest days. In collective agreements it is possible to deviate from legal working time (40 hours weekly) except for state or municipality-owned companies.



• **Normal work / atypical work**

Atypical work refers to employment relationships not conforming to the standard or ‘typical’ model of full-time, regular, open-ended employment with a single employer over a long time span. The latter in turn is defined as a socially secure, full-time job of unlimited

duration with standard working hours guaranteeing a regular income and via social security systems geared towards wage earners securing pension payments and protection against ill-health and unemployment. Part-time work is measured and it is still on a low level – even for women, however compared to the situation 10 years ago it has doubled.

Part-time employees (in per cent)

Year	2013	2014	2015
Total			
	6.8	6.4	6.0
Men			
	4.5	4.5	4.4
Women			
	9.4	8.7	8.1

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qlf008.html

Employees with more than one job (yearly average. thousands of persons)

Year	2013	2014	2015
	100.0	69.2	46.8

Source: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tps00074&plugin=1>

Employees working extra hours

The rate of employees (between 15-64 years) who regularly work extra hours in Hungary is the 8th lowest among member countries of the European Union. In 2014 it was 5 per cent of the Hungarian population, while for example in the United Kingdom this rate was above 30 per cent.²¹

According to research of Eurofound in 2013, the percentage of establishments granting flexitime to their employees was 54 per cent in 2013.

²¹ <http://www.ksh.hu/docs/hun/xftp/stattukor/munkaido.pdf>



- Migration flow

Population (number of persons)

Population	2013	2014	2015	2016
	9,908,798	9,877,365	9,849,000	9 830 485

Source: https://www.ksh.hu/docs/hun/eurostat_tablak/tabl/tps00001.html

Non-Hungarian residents (number of persons)

Foreign residents	2013	2014	2016
	141,122	140,301	145, 727

Source: http://www.ksh.hu/docs/hun/eurostat_tablak/tabl/tps00157.html

According to the Hungarian Statistical Office, in August-October 115,000 Hungarian citizens were employed abroad.²² Estimates based on mirror-statistics (i.e. based on the destination countries statistics on the registered migrants from Hungary) show higher figures, however their share in the Hungarian population is less than 2 per cent, still extremely low compared to the records of CEE countries (e.g. Romania, Lithuania, Latvia and Bulgaria have 6-10 per cent figures).²³

People seeking asylum (number of persons)

	Claimants of asylum	Receiving “refugee” status	Receiving “protected” status	Receiving “accepted” status
2012	2,157	87	328	47
2013	18,900	198	217	4
2014	42,777	240	236	7
2015	177,135	146	356	6
2016 Q I-III.	26, 877	127	232	7

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_wnvn001.html

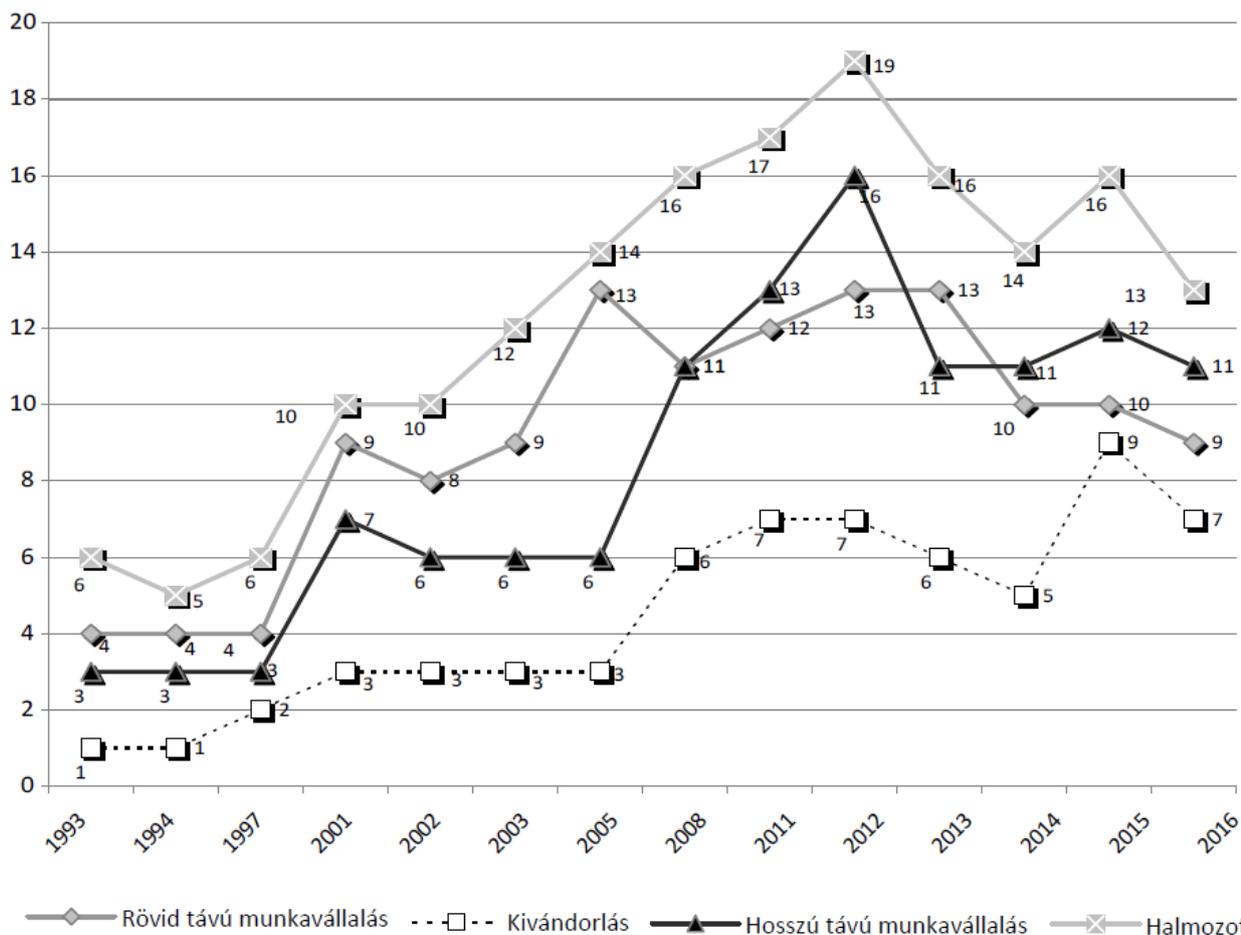
The Orbán government has denied refugees entry into the country as clearly shown by the statistics above.

²² <http://www.ksh.hu/gyorstajekoztatok/#/hu/document/fog1610>

²³ See: Hárs Ágnes (2016) Elvándorlás és bevándorlás Magyarországon a rendszerváltás után – nemzetközi összehasonlításban. In: Blaskó Zsuzsa & Fazekas Károly (eds) Munkaerőpiaci Tükör 2015. MTA KRTIKTI, Budapest. pp. 39–53. http://www.mtakti.hu/file/download/mt_2015_hun/egyben.pdf



Migration potential between 1993 and 2016 (per cent)



Source: Sík Endre – Szeitl Blanka: Migráció a mai Magyarországról, *Educatio* 2016/4. pp.546–557.
Legend: short-term, emigration, long-term, cumulative.

The chart above shows Hungarian's willingness to leave the country for a short term, for a long term or even indefinitely.

Adjusted rate of migration (1,000 persons)

Year	2012	2013	2014	2015
	1.6	0.6	1.1	1.5

Source: http://www.ksh.hu/docs/hun/eurostat_tablak/tabl/tsdde230.html

The adjusted rate of migration shows the difference between the change in population because of migration and the natural change in population (birth-death rate).



• **Human Development Index**

	<i>HDI</i>	<i>HDI - Health</i>	<i>HDI - Education</i>	<i>HDI - Income</i>
2008	0.828	0.848	0.888	0.756
2010	0.829	0.855	0.890	0.750
2012	0.831	0.862	0.890	0.750
2014	0.828	no data	no data	no data

Source: <http://hdrstats.undp.org/en/countries/profiles/HUN.html>
<http://hdr.undp.org/en/countries/profiles/HUN>

• **Gini-Coefficient**

	2010	2011	2012	2013	2014
Hungary	24.1	26.8	26.9	28	28.8
EU-28	30.5	30.8	30.4	30.5	31

Source: <http://www.oecd.org/social/income-distribution-database.htm>

• **Collective agreement coverage (in per cent of total employees)***

	<i>minimum wage</i>	<i>sectoral</i>	<i>multi-employer</i>	<i>single-employer</i>	<i>average coverage</i>
<i>2007</i> ¹	100	n.a.	n.a.	n.a.	40.6
<i>2009</i> ²	100	n.a.	n.a.	n.a.	22
<i>2012</i> ³	100	11	2	23	36
2016 ⁴	100	9		25	30

¹ Source: ILO. 2009. <http://laborsta.ilo.org/applv8/data/TUM/TUD> and CBC Technical Brief.pdf

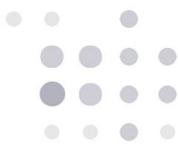
² Source: <http://www.worker-participation.eu/National-Industrial-Relations/Countries/Hungary/Collective-Bargaining>

³ Source: EIRO. 2012. <http://eurofound.europa.eu/eiro/studies/tn1209014s/hu1209011q.htm>

⁴ Source: Official registry of collective agreements maintained by the Ministry of National Economy. Own calculation based on data downloaded on 19 December 2016.

* Figures differ because of lack of data and some are only rough estimations. An explanation on the tendencies is presented on the website of the ETUC “Workers Participation” saying²⁴, “The figures on agreements registered with the Centre for Social Dialogue indicate that collective bargaining coverage fell by 14 percentage points between 2001 and 2012 – from 47 per cent to 33 per cent”.

24 <http://www.worker-participation.eu>



- **Trade union density**

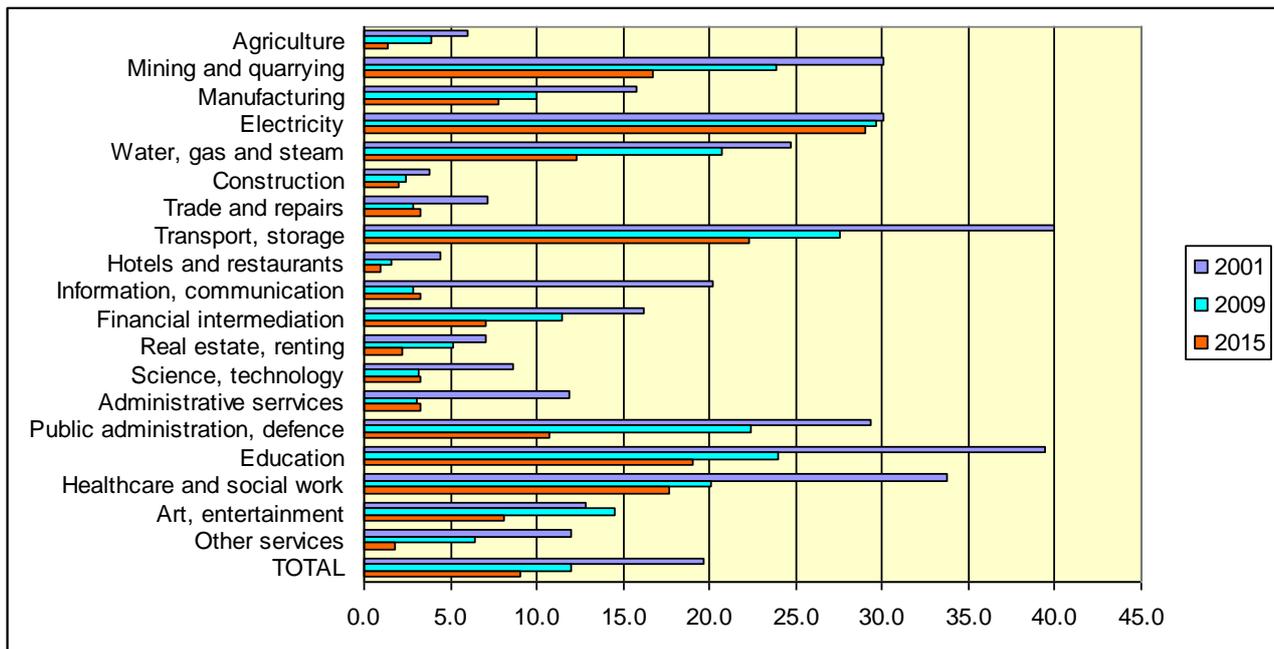
Union density is now below 10 per cent. Official data from the Labour Force Survey are available for 2001, 2004, 2009 and 2015. The latest survey showed a 9 per cent overall density, with substantial differences across industries and workplaces with different company size and ownership structure (HCSO 2015). While the electricity industry (29 per cent), transport and postal services (22 per cent), education (19 per cent) and health care (18) are still trade union strongholds, at the other extreme hotels and catering (1 per cent), construction (2 per cent) and retail (3 per cent) are customarily barely organised. The strategically important manufacturing sector was also slightly below average with 8 per cent unionisation. Not independently of the sectoral distribution, unions traditionally fared better in larger companies and state/municipality-owned workplaces. However, since 2009 public sector unions have suffered the most serious drop in their membership. Teachers' union density has fallen by 21 per cent, unionisation in health care and social work has dropped by 12 per cent and by as much as 41 per cent in the water, gas and steam industry. The record high loss, however – 52 per cent – has occurred in public administration and defence, which was attributable to a decree of the Internal Minister which phased out the check-off system, that is, the automatic deduction of union dues by the employer. Labour Force Survey data support the results of a 2015 population survey on a smaller sample, which indicated a mere 5 per cent union density in the private sector.²⁵ Administrative data are also available for the public sector (without state/municipality-owned companies and public works schemes), because unions have to report annual membership data in order to prove their representativeness in social dialogue forums. These data show a 25.5 per

cent membership decrease between 2011 and 2014, which means a 19.9 per cent drop in the unionisation rate if we take the 8 per cent headcount shrinkage into account.

²⁵ See: Dabis E., Feleky G., Lőrinczi J., Rossu B. and Ruzs Molnár, K. (2015) Elemző tanulmány – az új Munka Törvénykönyvének hatásvizsgálata, Budapest, LIGA.



Trade union density by industries (2001–2015)



Source: HCSO, various years.

- **Employer’s organizations density**

There are no recent data available and estimation is difficult. According to a study by Eurofound²⁶ one can carefully calculate that the nine cross-sectoral employers’ organizations have together 180,000 member companies out of around 300,000 corporations. A careful estimation is that the density in terms of employees might be around 50 per cent. According to a recent study²⁷ the employers’ organisations are characterized by a very low level of willingness to cooperate and sustainability, which hampers their effectiveness.

- **Workplace representation**

Workplace representation in Hungary is provided by both local trade unions and elected Works Councils with the balance between the two varying over time. Under the 2012 Labour

Code, unions have bargaining rights but have lost their monitoring powers and their right to be consulted. Works Councils have information and consultation rights but in practice often find it difficult to influence company decisions. In theory, according to the Labour Code, Works Councils (with more than one member) should operate at establishment with at least 50 employees. However, according to the Labour Force Survey in 2015 just 30 per cent of respondents knew about a Works Council at his/her workplace at firms with more than 50 employees. The actual penetration rate was slightly higher (36 per cent) at companies with more than 300 employees.²⁸

²⁶ <http://www.eurofound.europa.eu/observatories/eurwork/comparative-information/national-contributions/hungary/hungary-representativeness-of-the-european-social-partner-organisations-in-the-cross-industry-social>

²⁷ Kiss, Mihály: Ágazati párbeszéd Magyarországon, LIGA: 2014

²⁸ Labour Force Survey, Hungarian Central Statistical Office 2015



Thresholds for the number of members elected to Works Councils.

<i>Size of the company (Number of employees)</i>	<i>Size of the Works Council (Number of members)</i>
21-50	1
51-100	3
101-300	5
301-500	7
501-1,000	9
1,001-2,000	11
2,000+	13



Trade unions mapping

Trade union confederations

1. Democratic League of Independent Trade Unions (LIGA)
2. Merger: Autonomous Trade Unions Confederation (ASZSZ) and National Confederation of Hungarian Trade Unions (MSZOSZ): Hungarian Trade Union Confederation (MaSZSZ)
3. Confederation of Unions of Professionals (ÉSZT)
4. Forum for the Cooperation of Trade Unions (SZEK)
5. National Federation of Workers' Council (Munkástanácsok)

Main industry federations

6. Metalworkers Union (Vasas)
7. Federation of Trade Unions of the Chemical, Energy and Allied Workers (VDSZ)
8. Democratic Union of Teachers (PDSZ)
9. Teachers' Union (PSZ)

	in National Language		in English
Name of TU Federation/ Confederation/Trade Union	Független Szakszervezetek Demokratikus Ligája		Democratic League of Independent Trade Unions
Founding Year	1988		
Sector/Branch	Confederation		
Cycle of Congresses/ Last Congress	2013		
Important Functionaries (Chairman. President. International Secretary. Youth Leader. etc.)	Name	Function	Homepage
	Doszpolyné Dr. Mészáros Melinda	President	www.liganet.hu
	Adrienn Hangonyi	International secretary	international@liganet.hu
Number of Members (please comment on the official number applying a sensitive approach)	104,000		
Finance (major sources of finance. please comment on the official figures applying a sensitive approach)	Membership fees, governmental support. European project funding, real property assets		
Number of staff (estimated if necessary)	16		
Political Orientation (short story in three lines)	Clear separation from politics; the organisation negotiates with all parties representative in the Hungarian Parliament.		
Cooperation in national committees	National Economic and Social Council (Nemzeti Gazdasági és Szociális Tanács. NGTT) The Consultative Forum of the Industry and the Government		



	(Versenyszféra és a Kormány Állandó Konzultációs Fóruma. VKF)	
Membership	Regional Umbrella Associations	Global Umbrella Associations
	ETUC	ITUC, TUAC

	in National Language	in English	
Name of TU Federation/ Confederation/Trade Union	Értelmiségi Szakszervezeti Tömörülés	Confederation of Unions of Professionals	
Founding Year	1989		
Sector/Branch	Confederation, but at public universities, research institutes, university hospitals		
Cycle of Congresses/ Last Congress	2015		
Important Functionaries (Chairman. President. International Secretary. Youth Leader. etc.)	Name	Function	Homepage
	László Kúti	President	www.eszt.hu
Number of Members (please comment on the official number applying a sensitive approach)	76,000 (in 2014) but decreasing		
Finance (major sources of finance. please comment on the official figures applying a sensitive approach)	Membership fees, governmental support, European project funding, real property assets		
Number of staff (estimated if necessary)	2-5		
Political Orientation (short story in three lines)	None. more of a representation of professional interest for white collar workers;		
Cooperation in national committees	National Public Service Interest Reconciliation Council (OKÉT). National Economic and Social Council (Nemzeti Gazdasági és Szociális Tanács. NGTT)		
Membership	Regional Umbrella Associations	Global Umbrella Associations	
	Eurocadres and indirectly represented by SZEK in ETUC	(indirectly represented by SZEK in ITUC)	
Comment			



	in National Language	in English	
Name of TU Federation/ Confederation/Trade Union	Szakszervezetek Együttműködési Fóruma	Forum for the Cooperation of Trade Unions	
Founding Year	1990		
Sector/Branch	Confederation. Public sector: teachers, the health sector, culture and arts, public administration, police		
Cycle of Congresses/ Last Congress			
Important Functionaries (Chairman. President. International Secretary. Youth Leader. etc.)	Name	Function	Homepage
	András Földiák	President	www.szef.hu
Number of Members (please comment on the official number applying a sensitive approach)	69,000 (2015)		
Finance (major sources of finance. please comment on the official figures applying a sensitive approach)	Membership fees, governmental support, European project funding, real property assets		
Number of staff (estimated if necessary)	6 +2 (not including the president and the 2 vice-presidents)		
Political Orientation (short story in three lines)	Due to having members from the public service no party political connections; member organisations are free to decide on electoral alliances – cooperates traditionally closely with ESZT		
Cooperation in national committees	National Public Service Interest Reconciliation Council (OKÉT). National Economic and Social Council (Nemzeti Gazdasági és Szociális Tanács. NGTT)		
Membership	Regional Umbrella Associations	Global Umbrella Associations	
	ETUC		

	in National Language	in English	
Name of TU Federation/ Confederation/Trade Union	Munkástanácsok Országos Szövetsége	National Federation of Workers' Council	
Founding Year	1990		
Sector/Branch	Confederation mainly in public sector, public utilities, manufacturing and retail		
Cycle of Congresses/ Last Congress	09/2015		
Important Functionaries (Chairman. President. International Secretary. Youth Leader. etc.)	Name	Function	Homepage
	Imre Palkovics	President	http://munkastanacsok.hu
Number of Members (please comment on the official number applying a sensitive approach)	50,000 (2014)		
Finance (major sources of finance. please comment on the official	Membership fees, governmental support, European project funding, real property assets		



figures applying a sensitive approach)		
Number of staff (estimated if necessary)	n.a. (10-15 estimated)	
Political Orientation (short story in three lines)	Christian-national; in elections often is the informal supporter of different Christian-conservative parties; good relationship to the current national-Christian FIDESZ-KDNP government.	
Cooperation in national committees	National Economic and Social Council (Nemzeti Gazdasági és Szociális Tanács. NGTT). The Consultative Forum of the Industry and the Government (Versenyszféra és a Kormány Állandó Konzultációs Fóruma. VKF)	
Membership	Regional Umbrella Associations	Global Umbrella Associations
	ETUC	ITUC

	in National Language	in English	
Name of TU Federation/Confederation/Trade Union	Magyar Szakszervezeti Szövetség	Hungarian Trade Union Confederation	
Founding Year	2015 through merger of MSZOSZ and ASZSZ		
Sector/Branch	Confederation, railway and local public transport, chemical industry, many industries with strong metal worker unions, construction, mining but also social services and food processing, large number of multinationals		
Cycle of Congresses/Last Congress	4 years - constitutional / annual – required by law 2015		
Important Functionaries (Chairman. President. International Secretary. Youth Leader, etc.)	Name	Function	Homepage
	László Kordás	President	elnok@szakszervezet.net
	Tamás Székely	Vice-president	tamassz@vdsz.hu
	Károly György	International secretary	kgyor-gy@szakszervezet.net
	Mária Hercegh	Chair Women's Section	her-ceghm@mav.hu
	Mihály Tóth	Chair Pensioners Section	nyugdi-jas@szakszervezet.ne
Number of Members (please comment on the official number applying a sensitive approach)	115,000		
Finance (major sources of finance. please comment on the official figures applying a sensitive approach)	Membership fees, governmental support. European project funding, real property assets		
Number of staff (estimated if necessary)	10-15		



Political Orientation (short story in three lines)	As for values MASZSZ stands on the political left (its main founder, MSZOSZ previously had longstanding cooperation/alliance with MSZP /Social-democratic party; MASZSZ declares itself politically non-partisan	
Cooperation in national committees	National Economic and Social Council (Nemzeti Gazdasági és Szociális Tanács. NGTT) The Consultative Forum of the Industry and the Government (Versenyszféra és a Kormány Állandó Konzultációs Fóruma. VKF)	
Membership	Regional Umbrella Associations	Global Umbrella Associations
	ETUC	ITUC

	in National Language	in English	
Name of TU Federation/ Confederation/Trade Union	Vasas Szakszervezeti Szövetség	Hungarian Metalworkers' Federation	
Founding Year	1877		
Sector/Branch	Metallurgy, automotive industry, electro-technical industry		
Cycle of Congresses/ Last Congress	2016		
Important Functionaries (Chairman. President. International Secretary. Youth Leader. etc.)	Name	Function	Homepage
	Béla Balogh	President	www.vasasok.hu
	Zoltán László	Vice-President	
	Livia Speigné Balogh	Vice-President	
Balázs Bábel	International secretary		
Number of Members (please comment on the official number applying a sensitive approach)	Around 25,000		
Finance (major sources of finance. please comment on the official figures applying a sensitive approach)	Membership fees, governmental support, European project funding, real property assets		
Number of staff (estimated if necessary)	22		
Political Orientation (short story in three lines)	Left wing orientation of the leadership, but no congruent orientation of the company-level unions		
Cooperation in national committees	Sectoral social dialogue committees		
Membership	Regional Umbrella Associations	Global Umbrella Associations	
	IndustriALL <i>European Trade Union</i>	IndustriALL Global Union	



	in National Language	in English	
Name of TU Federation/ Confederation/Trade Union	Magyar Vegyipari, Ener- giaipari és Rokon Szakmákban Dolgozók Szakszervezeti Szövetsége (VDSZ)	Federation of the Chemical, Energy and General Workers' Unions	
Founding Year	1906		
Sector/Branch	Chemical, Pharmaceutical, Gas, Tyre&rubber, Alu, Paper and Allied		
Cycle of Congresses/ Last Con- gress	05/2016		
Important Functionaries (Chairman. President. International Secretary. Youth Leader. etc.)	Name	Function	Homepage
	Tamás Székely	President	www.vdsz.hu
Number of Members (please comment on the official number applying a sensitive approach)	35,000		
Finance (major sources of finance. please comment on the official figures applying a sensitive ap- proach)	Membership fees, European project funding, real property assets		
Number of staff (estimated if necessary)	15-20		
Political Orientation (short story in three lines)	Not close to any political party, government-critic professional position for workers' rights, salaries/pensions and work con- ditions		
Cooperation in national committees	Sectoral Social dialogue committee Chemical Industry		
Membership	Regional Umbrella Asso- ciations	Global Umbrella Associations	
	IndustriALL Europe (Chemical and paper sec- tors committees)	IndustriALL Global	



	in National Language	in English	
Name of TU Federation/ Confederation/Trade Union	Pedagógusok Demokratikus Szakszervezete	Democratic Union of Teachers	
Founding Year			
Sector/Branch	Education		
Cycle of Congresses/ Last Congress	11/2015		
Important Functionaries (Chair- man. President. International Secretary. Youth Leader. etc.)	Name	Function	Homepage
	László Mendrey	President	www.pdsz.hu
Number of Members (please comment on the official number applying a sensitive approach)	n.a.		
Finance (major sources of fi- nance. please comment on the official figures applying a sensi- tive approach)	Membership fees, governmental support, European project funding, real property assets		
Number of staff (estimated if necessary)	10-20		
Political Orientation (short story in three lines)	No political expression possible according to LIGA rules. how- ever a former president had a function in FIDESZ (but left the union when doing so)		
Cooperation in national committees	National Public Service Interest Reconciliation Council (OKÉT).		
Membership	Regional Umbrella Associations	Global Umbrella Associa- tions	
	ETUC	Education International (EI)	



2.21 9	in National Language		in English
Name of TU Federation/ Confederation/Trade Union	Pedagógus Szakszervezet		Teachers' Union
Founding Year	1918		
Sector/Branch	Education		
Cycle of Congresses/ Last Congress	12/2015		
Important Functionaries (Chairman. President. International Secretary. Youth Leader. etc.)	Name	Function	Homepage
	Istvánné Galló	President	www.pedagogusok.hu
Number of Members (please comment on the official number applying a sensitive approach)	27,000		
Finance (major sources of finance. please comment on the official figures applying a sensitive approach)	Membership fees, governmental support, European project funding, real property assets		
Number of staff (estimated if necessary)	58		
Political Orientation (short story in three lines)	Due to having members from the public service no party political connections		
Cooperation in national Committees	OKÉT		
Membership	Regional Umbrella Associations	Global Umbrella Associations	
	ETUCE	International Education - IE	



Employer Association Mapping

Confederation of Hungarian Employers and Industrialists (Munkaadók és Gyáriparosok Országos szövetsége. MGYOSZ)

National Association of Entrepreneurs and Employers (Vállalkozók és Munkáltatók Országos Szövetsége. VOSZ)

National Federation of Consumer Cooperatives (Általános Fogyasztási Szervezetek Országos Szövetsége. ÁFEOSZ)

Hungarian Association of Craftsmen's Corporations (Ipartestületek Országos Szövetsége. IPOSZ)

National Association of Strategic and Public Utility Companies (Stratégiai és Közszolgáltató Társaságok Országos Szövetsége. Stratosz)

	in National Language		in English
Name of the association	Munkaadók és Gyáriparosok Országos Szövetsége		Confederation of Hungarian Employers and Industrialists
Founding Year	1902 / 1998		
Sector/Branch	Confederation, mainly in industry but also (industrial) services; all sizes but mainly larger companies		
Cycle of Congresses/ Last Congress	27 May 2015. congress ("közgyűlés")		
Important Functionaries (Chairman. President. Director. etc.)	Name	Function	Homepage www.mgyosz.hu
	Dr Futó Péter	President	
	Wimmer István	Co-secretaire	
	Kelemen Géza	Vice president	
Number of Members	6,000 (companies)		
Finance (major sources of finance. please comment on the official figures applying a sensitive approach)	Membership fees, governmental support, European project funding, real property assets		
Number of staff (estimated if necessary)	8-12		
Political Orientation (short story in three lines)	Pragmatism, no orientation. but believing in social partnership and dialogue		
Cooperation in national committees	National Economic and Social Council (Nemzeti Gazdasági és Szociális Tanács. NGTT) The Consultative Forum of the Industry and the Government (Versenyszféra és a Kormány Állandó Konzultációs Fóruma. VKF)		
Membership	Regional Umbrella Associations	Global Umbrella Associations	
	BUSINESSEUROPE	International Organization of Employers. IOE; International Congress of Industrialists and Entrepreneurs. ICIE	



	in National Language	in English	
Name of the association	Vállalkozók és Munkáltatók Országos Szövetsége	National Association of Entrepreneurs and Employers	
Founding Year	1988		
Sector/Branch	Confederation, mainly in production and SMEs		
Cycle of Congresses/ Last Congress	21 May 2015		
Important Functionaries (Chairman. President. Director. etc.)	Name	Function	Homepage
	Demján. Sándor	Managing Director	www.vosz.hu
	Dr Dávid. Ferenc	General Secretary	
	Varga. Julianna	International Director	
Number of Members	53,000		
Finance (major sources of finance. please comment on the official figures applying a sensitive approach)	Membership fees, governmental support, European project funding, real property assets		
Number of staff (estimated if necessary)	5-10		
Political Orientation (short story in three lines)	n.a.		
Cooperation in national committees	National Economic and Social Council (Nemzeti Gazdasági és Szociális Tanács. NGTT) The Consultative Forum of the Industry and the Government (Versenyszféra és a Kormány Állandó Konzultációs Fóruma. VKF)		
Membership	Regional Umbrella Associations	Global Umbrella Associations	
	EUROCOMMERCE	IOE. BIAC	

	in National Language	in English	
Name of the association	Általános Fogyasztási Szövetkezetek Országos Szövetsége	National Federation of General Consumer Cooperatives and Business Associations Co-Op Hungary	
Founding Year	1949 / 1990		
Sector/Branch	Retail-whole sale		
Cycle of Congresses/ Last Congress	2015		
Important Functionaries (Chairman. President. Director. etc.)	Name	Function	Homepage
	Dr Zs. Szőke. Zoltán	President	www.afeosz.hu
Number of Members	8,300		
Finance (major sources of fi-	Membership fees, governmental support, European project		

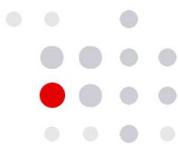


nance. please comment on the official figures applying a sensitive approach)	funding, real property assets	
Number of staff (estimated if necessary)	n.a.	
Political Orientation (short story in three lines)	n.a.	
Cooperation in national committees	National Economic and Social Council (Nemzeti Gazdasági és Szociális Tanács. NGTT) The Consultative Forum of the Industry and the Government (Versenyszféra és a Kormány Állandó Konzultációs Fóruma. VKF)	
Membership	Regional Umbrella Associations	Global Umbrella Associations
	n.a.	n.a..

	in National Language		in English
Name of the association	Ipartestületek Országos Szövetsége		Hungarian Association of Craftsmen's Corporations
Founding Year	1890's		
Sector/Branch	Handicraft		
Cycle of Congresses/ Last Congress	2015		
Important Functionaries (Chairman. President. Director. etc.)	Name	Function	Homepage
	Gábor Solti	International Secretary	www.iposz.hu
Number of Members	60,000		
Finance (major sources of finance. please comment on the official figures applying a sensitive approach)	Membership fees, governmental support, European project funding, real property assets		
Number of staff (estimated if necessary)	2-5		
Political Orientation (short story in three lines)	n.a.		
Cooperation in national committees	National Economic and Social Council (Nemzeti Gazdasági és Szociális Tanács. NGTT)		
Membership	Regional Umbrella Associations	Global Umbrella Associations	
	European Construction federation (EBC) and European metal federation (EMU)		



2.22. 5	in National Language		in English
Name of the association	Stratégiai és Közszolgáltató Társaságok Országos Szövetsége		National Association of Strategic and Public Utility Companies
Founding Year	1994		
Sector/Branch	Public enterprises		
Cycle of Congresses/ Last Congress	2015		
Important Functionaries (Chairman. President. Director. etc.)	Name	Function	Homepage
	Dr. Mosóczy László	Director	http://www.stratosz.hu/
	Dr György Sárközi	Chief Executive Officer	
	Antal Csuport	Managing director	
Number of Members	10,000		
Finance (major sources of finance. please comment on the official figures applying a sensitive approach)	Membership fees, governmental support, European project funding, real property assets		
Number of staff (estimated if necessary)	2-3		
Political Orientation (short story in three lines)	n.a.		
Cooperation in national committees	National Economic and Social Council (Nemzeti Gazdasági és Szociális Tanács. NGTT)		
Membership	Regional Umbrella Associations		Global Umbrella Associations
	CEEP		CEEP



About the Author

László Neumann (1949) Sociologist, PhD, senior research fellow at the Institute for Political Science, Hungarian Academy of Sciences, formerly at the Research Institute of Labour and its successor institutions. His earlier studies focused on shop-floor wage/effort bargaining and privatisation of former state-owned enterprises. Current research interest embraces several fields of industrial relations and labour market policy: decentralised collective bargaining, employee participation, employment practices and labour relations at foreign-owned companies and social dialogue at various levels. He previously was an adviser to the Democratic League of Independent Trade Unions (LIGA) and lectures in industrial relations at ELTE University, Budapest.

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