

2017

HUNGARY

By László Neumann

Socio-economic developments

Industrial relations

Forecasts

Annual Review

of Labour Relations and Social Dialogue

State policies

Tripartite social dialogue



Annual Review 2017

on Labour Relations and Social Dialogue

Hungary / By László Neumann

- The popularity of the ruling right-wing Fidesz-KDNP parties has further increased. Following elimination of constitutional checks and balances of governmental power, the ruling party practically acquired full control over the mass media as well. The left wing and liberal opposition remained weak and fragmented; JOBBIK, the former far-right party, is now building a centre-right image and losing supporters.
- The country's economy in 2017 was growing by almost 4 per cent but it still lagged behind other countries in the CEE region. However, now a labour shortage is becoming companies' major obstacle to growth.
- Due to the enormous increase in the minimum wage, the tight labour market and government measures affecting the public sector and public utility companies, wages grew by 12.8 per cent in January-October.
- The role of tripartite social dialogue in the framework of the "Consultative Forum of Industry and the Government" (VKF) has lost the impetus of the previous year. Instead, social partners tend to use other lobbying channels in which a sort of inter-confederational union co-operation has evolved.
- There were a couple of warning strikes and strike threats, both in the public and private sectors, mainly to protest against low wages/salaries and a growing workload due to staffing problems.
- In collective bargaining the new quasi-sectoral healthcare agreement and the TESCO agreement on wages and an increase in headcount are remarkable developments.
- As for the unions' prospects, the main question is the same as last year: how far they will be able to capitalize on the tight labour market. Whether, in addition to immediate wage hikes, can they achieve organisational strengthening? Furthermore, the main challenge to the union confederations is to develop solidarity between the public and private sector unions.

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Socio-economic developments

In 2017 economic growth accelerated due to a surge in EU transfers as well as the increase in consumption driven by steadily rising wages. After 2.2 per cent growth in 2016, GDP will grow by about 3.8 per cent in 2017. According to the evaluation by GKI Economic Research, though this rate is well above the EU average, it is one of the lowest in the CEE region.¹ The trend of Hungary's recovery from recession is still slower than that of the other countries in the CEE region (5 per cent in the Czech Republic and Poland, 9 per cent in Romania, though the latter is threatened with a worsening balance.)

As to the sectoral growth figures, the construction sector, following a dire year in 2016, produced the biggest increase, 25 per cent in 2017. This illustrates well that currently Hungary's economic development largely depends on EU funding. Among the strategic sectors, manufacturing grew by 4.5 per cent, information and communication by 6 per cent and trade by 6 per cent. Foreign Direct Investment (FDI), the engine of growth before the crisis, is practically stagnating following the previous years' decline due to falling business confidence.² Investments grew by 25 per cent compared to the record low performance of the previous year. The huge increase was mainly due to the government policy to speed up utilisation of EU funds.

Hungary has an open, export-oriented economy (roughly 65 per cent of total production is exported); in 2017 the export volume increased by 9.6 per cent and the balance of trade recorded a surplus of HUF 2,383,735 million (€7,690 million) in the first third quarter of 2017.³

Although the sovereign debt of the country remained high (73 per cent of GDP at the end of 2017), it has slowly 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.

Since 2010 the government has been attempting to get back control of banking, media and utilities (gas supply, water and electricity) resources by renationalizing 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, 2017 also witnessed many scandals about how friends and families of FIDESZ leaders, especially those of Prime Minister Orbán, are getting richer.

Inflation has grown compared to the previous year but remained in the expected range in 2017, by the end of the year it was about 2.5 per cent. This is mainly as a result of the low global oil prices and due to the policy of the National Bank of Hungary to hold loan interest rates low. In January-October, food prices increased by 2.8 per cent, service prices by 1.4 per cent, and energy prices by 1.2 per cent, while fuel became cheaper by 0.5 per cent.

After several years of wage restraint policy resulting in stagnation or slow increases, gross wages grew considerable in 2017. According to the Central Statistical Office the gross wage hike was 12.8 per cent in January-October. In the business sector gross wages increased by 11.5 per cent and salaries in the public sector were raised by 16.0 per cent. Net wages increased by the same per cent. The wage hike was primarily attributable to the increase in the national minimum wage (15 per cent for unskilled and 25 per cent for skilled workers) from 1 January 2017 onward. Additionally, while private sector wages were pushed upwards by the labour shortage, in the public sector following several years of stagnation, the government commenced to increase salaries in certain areas of public service and administration as well as at state-owned public utility companies. (The latter belongs to the private sector in statistical terms.)

The minimum wage for 2017 was 127,500 HUF (around € 409), which is €52 higher than 2016, at around 47 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 161,000 HUF (around € 514) for 2016. The agreement of November 2016 between the government and the social partners also settled the increases for 2018: 8 per cent hike for the general minimum wage and 12 per cent for skilled workers.

The wages of women were, on average, 14.0 per cent lower than men's wages in 2015 (there are no newer Eurostat figures available yet). Although this figure is smaller than the European average of the unadjusted wage gap (16.3 per cent), Hungary is far from being a country achieving better gender equality in general. According to the European Institute for Gender Equality, Hungary, together with Greece, Romania and Slovakia, is among the worst performing countries in the Gender Equality Index taking several economic, social and political dimensions into account.⁴

¹ See: http://www.gki.hu/wp-content/uploads/2017/12/GKI_prog_171213_eng.pdf

² See: <http://www.tradingeconomics.com/hungary/foreign-direct-investment>

³ Source: HCSO, http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qpf011d.html

⁴ The Gender Equality Index is a composite indicator that measures the complex concept of gender equality and, based on the EU policy framework, assists in monitoring progress of gender equality across the EU over time. See: <http://eige.europa.eu/gender-equality-index>

In the recent three years a high level of shortages of skilled employees has been the most important development in the labour market. Already in 2015 analysts identified skill shortages as a major challenge for employers.⁵ The reasons are manifold: demographic changes, 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 in the labour market and extremely low labour mobility within the country. According to the mirror statistics and adjusted data of the Labour Force Survey about 350,000 Hungarian citizens worked abroad in 2016.

Since 2010, the public works programme has been the centrepiece of the government's labour-market policy. Most of the 220-230,000 participants (in July-September periods before 2017) were long-term unemployed people, often from disadvantaged regions and often members of the ethnic Roma minority who are no longer prepared for reintegration into the primary labour market. The main beneficiaries of the programme have been very poor local communities that have no access to any other central resources. But 2017 witnessed a gradual change in the government's labour market policy: following employers complaints about labour shortages the government reallocated resources from public work towards retraining, therefore the number of participants slightly decreased.

State policies

According to the latest opinion poll, in the July-October period the popularity of the ruling Fidesz-KDNP parties increased further (from 35 per cent to 39 per cent of the whole population) while the share of supporters to the opposition parties stagnated or decreased. This overall trend has not changed since the migrant crisis of 2015. As to the major opposition parties, the electorate of JOBBIK, the far-right party, decreased significantly to 10 per cent from 22 per cent measured a year ago.

The Hungarian Socialist Party achieved 8 per cent, roughly the same as a year ago. As to the other opposition parties, none of them could reach higher than 3 per cent popularity while 34 per cent of the population is undecided.

The ruling Fidesz-KDNP coalition achieved this stability by three means. First, following the 2015 campaign against migrants (who actually do not exist in Hungary) it maintained the refugee issue on the agenda, waging a campaign against the EU's refugee quota and its alleged mastermind, George Soros, as well as the beneficiaries of his donations: the Central European University (CEU) and civic organisations. Second, following elimination

The overall employment rate grew by 1.2 per cent compared to 2016 but it remains at a low level of 59.7 per cent (67.5 per cent for men and 52.4 per cent for women). In the first three quarters of 2017 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 the 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 in the economy.

The unemployment rate declined in Q3 2016 to 4.1 per cent (3.6 per cent for men, 4.6 per cent for women), the record lowest levels since the transition to the market economy. The rate among young people (15-24 years) has also decreased but still is high, 11.3 per cent (8.5 for men and 15.2 for women.)

Based on Eurostat data,⁶ the share of people at risk of poverty or social exclusion was 26.3 per cent in 2016, making Hungary the ninth poorest country in Europe led by Bulgaria (40.4 per cent), Romania (38.8 per cent), Greece (35.6 per cent), Lithuania (30.1 per cent), Latvia (28.5 per cent), Croatia (28.5 per cent), Spain (27.9 per cent) and Cyprus (27.7 per cent.)

of constitutional checks and balances to its power, the government acquired control over and monopoly in the mass media as well. Third, by using administrative measures, at the end of 2017 the State Auditory Office investigated the finances of opposition parties, most prominently JOBBIK, and imposed such a huge penalty that it may prevent JOBBIK from running in the next general election due in spring 2018. In the mean-time, JOBBIK, the former far-right party, tried to build a new centre-right image. Left wing and liberal parties remained fragmented. László Botka, the Hungarian Socialist Party's candidate for Prime Minister, first announced a leftist political programme but later had to withdraw and resign due to lack of support from his own party.

All in all, Fidesz-KDNP does not have to face a really threatening competitor in the next election due in spring 2018.

Same as in the previous year, civic movements posed a challenge to the government. Although the teachers movements' wave of demonstrations, strikes and civil

⁵ See: <https://www.eurofound.europa.eu/observatories/eurwork/articles/labour-market-industrial-relations/hungary-skills-shortages-a-major-challenge-for-employers>

⁶ <http://www.peprobe.com/pe-content/uploads/2017/10/3-16102017-BP-EN.pdf>

disobedience did not continued in 2017, government measures in other fields evoked new civic actions. In the beginning of the year the government plan for applying for the 2024 Olympics was undermined by a newly-established civic movement (called Momentum), which collected the necessary amount of signatures for a referendum that eventually forced the government to retreat. Then two laws fuelled a series of demonstrations, the so-called

“Lex CEU” that would have effectively forced Hungary’s most prestigious private university to close and the draft law on foreign-funded NGOs that would stigmatize them as foreign agents.

In addition, the protesters’ grievances revolved around the treatment of minorities and asylum-seekers, rampant government corruption, and misuse of EU funds.⁷

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

- Good Friday became a public holiday from 2017 onward
- In June the Parliament adopted Act LXXXIX of 2017 on pensioners’ cooperatives of public interest (közérdekű nyugdíjas szövetkezet). The government aimed at reducing labour shortages and transferring their skills, professional knowledge and experience to younger people. This act would provide preferential conditions for active elderly people (similar to those enjoyed by student cooperatives) to enable them to engage in casual work.⁸
- In spring 2017, the Government announced its plan to restructure the public works scheme. Its plan is to reduce the monthly average number of people employed in public works from 230,000 to 150,000 by 2020. As for the background, earlier several experts and the European Commission repeatedly urged the government to reconsider its mass-scale scheme which does not improve prospects for the jobless. Moreover, with the emerging tight labour market employer organisations also criticised the scheme, saying that it deepened labour shortages, especially in seasonal work.⁹
- Minor changes in the Labour Code come into effect as of 1 January 2018. Perhaps the most important one acknowledges elected trade union leaders as “employee representatives”, thus they will enjoy the same legal protection against dismissal as works councillors do. (In practice this mainly means that in case of unlawful dismissal they will be entitled to ask the labour court for reinstatement into their original job.)
- In line with the 2016 tripartite agreement, legislation further decreased employers’ social security contribution.

Finally, it is worth mentioning a failed legislative attempt that intended to make the Labour Code more flexible. In April 2017 the president of the Economic Commission of the Parliament submitted a bill that basically wished to allow “banking” the mandatory limited working time over subsequent years, thus to enable companies to utilise the workforce in a more flexible way and to avoid paying workers overtime bonuses in peak periods. The most outrageous item of the changes would have extended the reference period of the “working time frame” up to 36 months through collective agreements, provided that it is justified by “objective or technical reasons or reasons about the organisation of work”.

Furthermore, regarding regulations on weekly rest days the position of employees working in continuous shifts, shift work or in seasonal jobs would considerably worsen. Eventually, the trade union confederations’ effective lobbying fended off the proposal.¹⁰

⁷ See: https://budapestbeacon.com/thousands-march-on-hungarian-parliament/?_sf_s=CEU&sf_paged=5

⁸ See: <https://www.eurofound.europa.eu/hu/observatories/eurwork/articles/hungary-latest-working-life-developments-q2-2017>

⁹ See: <https://www.eurofound.europa.eu/hu/observatories/eurwork/articles/hungary-latest-working-life-developments-q1-2017>

¹⁰ See: <https://www.eurofound.europa.eu/hu/observatories/eurwork/articles/hungary-debate-on-extension-of-working-time-reference-period>

Industrial Relations

The annual round of wage bargaining customarily commences with tripartite agreement on a minimum wage hike and issuing national recommendation on an average wage increase for lower-level negotiations. Although such a recommendation was not issued for 2017, the huge increase in statutory minimums had a fundamental impact on the overall wage scene.

As early as December 2016 public sector unions addressed their reservations about the impact of higher wage minimums: at the meeting of the National Public Service Interest Reconciliation Council (OKÉT) they requested additional budgetary resources to pay the increased wages in public institutions. The unions also highlighted that the increased minimums will result in a depressed wage scale and there was not yet any concept to tackle this problem. Despite a series of OKÉT meetings held in 2017, public sector unions were not able to change the government policy: while it maintained the almost a decade long freezing of the general wage scales, sectoral, sub sectoral or even occupational level decisions accomplished a staggered salary increase and gradual introduction of a 'career path'. In 2017 incremental increases (5-10 per cent) affected public school and university teachers, researchers, army, police, and tax office personnel and some segments of public administration. (In 2016 similar measures were announced in the social care sector – including day nurseries – and in government-run cultural institutions. In the previous years, such agreements pacified the teachers' union and the armed forces personnel's unions). Generally speaking, the introduction of a "career path" for different sectors and professions seems to have been a successful move by the government to postpone a large-scale salary hike that could appropriately compensate the impact of the nine-year freeze of the salary scale of public sector employees. Moreover it could divide public sector unions organizing different sub-sectors.

Earlier there were no sectoral agreements in the public sector but in 2017 a multi-employer agreement was signed in healthcare. This agreement substitutes the former tripartite negotiations on wage scales, the traditional way of determination of salary scales in the public sector, for the agreed scales are issued in ministerial decrees too. This quasi-sectoral agreement was formally concluded between the representative trade unions (MSZ EDDSZ and Ambulance Workers' Union), professional chambers (with compulsory membership!) and the state-run hospitals; however on the employer side the ministry was the real negotiating partner. Interestingly, the smaller, more militant Independent Health Care Trade Union, which staged a series of public rallies in 2015-2016, was not among the

signatories to the agreement.

It now covers public hospitals but the signatories envisage extending it to all partly or wholly publicly-funded service providers.

Similarly, trade unions at state and municipality-owned companies requested state interventions to prevent depressing the wage scale due to the increased minimums. Trade union confederations launched negotiation with the government and the National Association of Strategic and Public Utility Companies (STRATOSZ) for a remedy to the situation. In mid-February the government announced that wages in state-owned enterprises will grow by 30 per cent in the coming three years. For 2017 two-digit wage increases were announced in major companies, for instance 13 per cent for the Hungarian State Railway, 14 per cent for the Hungarian Post, 10 per cent for the Hungarian Electricity Works. Unions at local government-owned utility services (such as the Budapest City Transport company) are putting forward similar wage claims, arguing that they should be treated in the same way regardless of whether the financing is provided by central or decentralised public sources. However, workers of Budapest City Transport Company had to wait another two months for the agreement on a 15 per cent increase.

In the private sector wage negotiations basically took place at company level. At foreign owned "flagship" companies in manufacturing, like Audi Hungária, trade unions completed wage negotiations by the end of February. The Audi agreement, for instance, settled the base wage increase for 2017-2018, the flat-rate amount of non-pecuniary compensation package (the so-called cafeteria) and introduced a new "loyalty" bonus scale for employees with at least 5 year service. Wage bargaining proved to be more difficult in "second tier" supplier firms. For instance at Lear, the automotive supplier, workers almost went on a warning strike at the end of April. At the Hungarian Oil & Gas Company (MOL), another leading company, base wages will grow by only 6 per cent, however various bonuses for manual workers will also grow and result in an additional 7-8 per cent increase. Obviously, the tangible skill shortage made manual workers such a preferred group at the oil giant and elsewhere.¹¹

In previous years manufacturing companies were the characteristic venues of wage conflicts and industrial actions, however in 2017 large retail chains more frequently appeared in the headlines of such news.

The most notable example was the British-owned TESCO, employing 20,000 in Hungary. Here trade unions negotiated a pay rise of HUF 17,000 (€54.50 as of

¹¹ See: http://molbanyasz.hu/wp-content/uploads/2017/04/MOL_banyasz_2017_marc_web.pdf

1 November 2017) after a demonstration in July. However, staff shortages at the company have become so severe over the past few years that workers are struggling to cope with heavy, often unbearable workloads. The management of TESCO was not open to meaningful talks to address this issue. In August 2017 a strike committee was set up with two demands: a 25 per cent wage increase and a 15 per cent increase in staff compared to the 2016 level. The strike took place on 9-10 September with considerable differences in the levels of support by workers across the country. Approximately 4,000–5,000 workers went on strike, with 126 stores affected (out of a total of 200).¹² The concluded agreement about the headcount increase is a novel element in Hungarian wage agreements.

As a knock-on effect, several other multinational retail chains began wage negotiations. For instance, the German-owned METRO announced introduction of a company wage minimum which is higher by HUF 30,000 (about €97) than the mandatory skilled wage minimum as of 1 January 2018. It also announced hikes for employees with higher than minimum wage to maintain the differences in the wage scale. Furthermore, it will introduce special bonuses for employees of Budapest stores in order to be able to competitive in the capital's especially tight local labour market.¹³

As mentioned in the 2015 and 2016 reviews, the bipartite bodies for sectoral social dialogue, the Committees for Sectoral Dialogue (Ágazati Párbeszéd Bizottságok, ÁPB) are under government pressure. In recent years the FIDESZ government significantly reduced their financial support from the state budget (for instance, the number of secretarial staff decreased from 20 to 2, without any office space) and this practically led to the death of this institution. This development shows that social dialogue is not welcomed by the government at the sectoral level either and promotion of collective bargaining, in line with ILO conventions and recommendations, is not a matter of importance nowadays.

Another possible channel of institutional support for bargaining has been the mediation and arbitration service. In 2015 the state-run mediation and arbitration service (MKDSZ) was a "victim" of the reorganisation of the National Employment Service. This year the service was re-established in a framework of a EU-funded programme, and now it is jointly managed by one union confederation and one employer organisation. The new regulation on the service assumes a law degree for mediators, though they may involve other experts too. In the view of offering the potential users easier access, a nation-wide network of legal experts has been developed based on different universities' labour law faculties.

The first signs of operation of the new service are promising, though time will tell if this new setting will fare better in facilitating bargaining.

Strikes and other forms of industrial actions occurred more often than in the previous years, not independently of the growing labour shortage that strengthened the unions' position. The most spectacular industrial action was the above-mentioned two-day TESCO strike; however at other companies other actions occurred in the course of wage bargaining rounds. The National Union of Chimney Sweeps announced a demonstration and a trade union at the Hungarian State Opera also announced strike action. In summer the Union for Hungarian Civil Servants, Public Servants, and Public Servant Providers (MKKSZ) staged a two-hour warning strike of clerical staff of the municipalities and issued a strike warning at the Hungarian State Treasury. At the end of the year MKKSZ threatened a series of strikes leading up to the national election in spring 2018 if its demands for pay raises are not met.¹⁴

Regarding international cooperation, the Hungarian Metal Workers Union (VASAS) and the German IG-Metall (IGM) opened their second joint office in Hungary within the framework of IGM's Transnationale Partnerschafts Initiative (TPI). Following the first office opened in Győr (Audi Hungary), the new one is located in Kecskemét, next to the Mercedes-Benz plant and its supplier companies.

International union cooperation also helped trade unions' campaign for higher wages. Hungarian union confederations joined the ETUC campaign "Europe needs a pay rise"¹⁵, this slogan became the main message of their joint May Day celebration. However, other non-union actions also raised this issue. On 8 September 2017, the Parliament building hosted a trade union conference to discuss the European Citizens' Initiative for a European Wage Union. Seeking popular support, JOBBIK, a right-wing opposition party, also launched the Wage Union initiative which sets out the idea of equalising wages across the European Union.¹⁶ The lower wage level of the Central European member states of the European Union was on the agenda of several professional discussions in 2017. As an impact of the International Trade Union Confederation (ITUC) wage campaign¹⁷, and due to dissemination of relevant publications of the European Trade Union Institute (ETUC) the wage issue increasingly appeared in public discourse in Hungary in 2017.

In this way the previous years' union campaigns on "in work poverty", aiming to increase the minimum wage in order to reach the subsistence minimum, received a new impetus.

As to inter-confederation cooperation, the five confederations often engaged into joint actions, especially

¹² See: <https://www.eurofound.europa.eu/hu/observatories/eurwork/articles/hungary-latest-working-life-developments-q3-2017>

¹³ See: <http://www.origo.hu/gazdasag/20171215-megszuletett-a-megallapodas-a-berendezesrol-metro.html>

¹⁴ See: <https://budapestbeacon.com/union-public-servants-threatens-series-strikes-ahead-2018-elections/>

¹⁵ See: <https://payrise.eu/>

¹⁶ See: <https://www.eurofound.europa.eu/hu/observatories/eurwork/articles/hungary-latest-working-life-developments-q3-2017>

¹⁷ See: <https://www.ituc-csi.org/end-corporate-greed-the-world>

in lobbying the government and on legislation. Nonetheless, István Gaskó, the former influential and charismatic president of LIGA resigned in 2016; LIGA and MOSZ are still in the best position to lobby at the government ministries and in the recent period they have taken the lead in many issues elaborated by the five confederations together. What seems to be developing in the recent period is a sort of limited cooperation; the confederation(s) in the best position to lobby have taken the lead in fostering the unions' common case. (For instance, in the beginning of the year they jointly lobbied for a governmental decision for a higher wage increase at state-owned companies. In April the joint action organised and led by MOSZ was able to fend off a bill on further flexibilisation of working time and rest time regulations in this way.) However, it is questionable

how sustainable this model will be, partly because of the inequality in professional and financial capacity of the unions and partly because of the still-prevailing cleavages between the trade union confederations. Moreover, the government also might be afraid of strengthening such a common platform of the confederations. Perhaps it is not incidental that the government has announced in November that it would recognise MOSZ as its "strategic partner", a title that so far was given to major multinational companies invested in Hungary, together with signing a "memorandum of understanding" between the government and this "strategic partner".

Tripartite Social Dialogue

Following the 2016 reinvigorated role of tripartite social dialogue in the framework of the VKF with more frequent meetings and meaningful discussions, its work returned to "business as usual after 2010" state in 2017. The agendas of the regular VKF meetings were basically set by the government. At the May meeting the government presented proposals for the 2018 budget and wage levies. In June the forum discussed a statistical analysis of the minimum wage hike and consulted on the bill concerning the pensioners' cooperatives, then in October about the bill on the Labour Code amendment. In October another extraordinary meeting was devoted to consultations on the bill on vocational training. At these meetings both the trade unions and the employers tried to promote their long-time protracted cases – without any success. For instance, such an unresolved issue is the preferential treatment of workers employed in dangerous jobs. Trade unions also proposed a new public holiday for 24 December (the day of Christmas Eve) but employers and the government rejected it. In October 2017 the social partners practically could not engage into the usual wage negotiation round with the government. While employers proposed a higher than 2.5 per cent cut in wage levies, trade unions demanded the cancellation of the 1.5 per cent "labour market contribution" paid by employees which would result in a further 1.5 per cent increase in net wages. However, the government insisted on the figures settled in the multi-year agreement signed in November 2016; it did not need any new agreement. Given the 2016 accord, in 2018 the general minimum wage will increase by 8 per cent and for skilled workers by 12 per cent, while the employers' burden will be reduced by 2.5 per cent.

Following the 30 October VKF meeting the Forum for the Cooperation of Trade Unions (SZEFE), the major public sector union, protested against the "decision" that left unchanged the minimums set a year before, despite the changing labour market. It also objected that public sector employees were not represented in VKF; their interests were not taken into

consideration. SZEFE formulated its own wage claim: for a higher general minimum wage and a guaranteed wage for skilled workers, and in addition to introduce a third minimum for graduated employees, which should be 30 per cent higher than the guaranteed minimum for skilled workers. The first reactions from the government and from VOSZ, a private sector employer organisation, were to repeat earlier plans/demands for mass headcount reduction from the allegedly oversized public sector. Connected to the above-mentioned wage demands, SZEFE threatened a wave of strikes in public administration in spring 2018 with a timing adjusted to the pre-election period.

In 2017 a trade unions' initiative to establish a new tripartite forum for the state/municipality-owned enterprises has so far failed. The idea emerged at the end of the last year when LIGA and MOSZ launched negotiation with the government and the National Association of Strategic and Public Utility Companies (STRATOSZ) for a remedy to the expected impact of the increased wage minimums that would result in a depressed wage scale. By March the government resolved the problem by a series of company-level agreements and the establishment of the new national forum covering the sector remained a government promise.

The year 2017 witnessed trade unions' intensified lobbying actions that circumvented the tripartite negotiation channels. For instance, in the case of the proposed bill to make the Labour Code more flexible, the relevant body, VKF, simply did not work; quasi-formal lobbying proved to be more effective. Interestingly, employer organisations sitting in VKF were also circumvented by suspected company lobbyists. The above-mentioned quasi-sectoral health care agreement was born similarly as a result of direct negotiations between the president of the representative union and the ministerial officers, circumventing the existing tripartite bodies. It is an open question whether such lobbying efforts will strengthen or undermine the formal negotiation institutions over the long run.

Forecasts

Economic forecasts for 2018 are quite rosy. According to the estimations of GKI Economic Research, GDP will grow by 3.8 per cent in 2018. As far as inflation is concerned, a slightly lower than 3 per cent rate in 2018 seems to be more likely as for the time being neither external nor internal inflationary pressures appear to be very strong. The number of employees will increase by around 1.5 per cent in 2018, with a significant shortage of labour. The unemployment rate is expected to be unchanged, slightly above 4 per cent in 2018.¹⁸

In addition to the growing mandatory wage minimums, the persistently tight labour market will shape wage determination in the private sector in 2018 as well. Concerning the public sector and state or municipality-owned utility companies, government decisions resulting in two-digit wage hikes are already in the pipeline. All in all, economic forecasts on two-digit wage growth seem to be realistic.

In the political scene, the general elections in April 2018 will be the major event. Given the limited time span until the election, chances to challenge the dominance of the incumbent FIDESZ-KDNP are minimal. 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 successfully cooperate. With the 2018 general elections approaching, further government measures can be expected to maintain its popularity. Such measures have already been the steeply growing minimum wage, extraordinary raise in pensions and their 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' prospects, 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 and collectively-agreed raises. Another crucial issue from the long-run perspective is the success in bargaining and workplace representation, which may contribute to the badly needed union renewal, resulting in growing membership. At a higher level, the main task for union confederations would be to develop solidarity and joint actions between the public and private sector unions. This is 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. In autumn 2018 negotiations on a further increase in the mandatory minima are expected because the 2006 accord will expire and the labour shortage will remain the major issue for employers. Time will tell if trade unions will be able to translate the labour market shortage not only into immediate wage hikes but also into a better and sustainable system of collective bargaining which inevitably assumes organisationally-strengthened trade unions at all levels of bargaining.

¹⁸ See: <http://www.gki.hu/language/en/2017/12/12/forecast-for-2018/>

Annex - Information about:

- Structure of the economy

Number of registered companies (by size)

Company Size	2014	2015	2016	2017 January-October
Micro 0-19*	480,500	604,937	578,345	570,603
Small 20-49	8,299	10,749	10,999	11,511
Medium 50-249	3,747	4,704	5,311	5,386
Large ≥ 250	728	951	998	1,044

* Including unknown-sized companies

Note: the table does not include self-employed persons, whose number grew from 380,000 to 450,000 between 2014 and 2017.

(See: http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qvd005a.html)

Source: Own calculation based on http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qvd022.html

Number of employed by sector and gender (thousands)

Year	agri- culture	indu- stry	servi- ces	total	agri- culture	indu- stry	servi- ces	total	agri- culture	indu- stry	servi- ces	total
	Total				Men				Women			
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	1273.2	2727.3	4210.5	153.8	907.2	1218.9	2283.5	49.4	366.0	1508.4	1927.0
2016	217.0	1319.0	2812.2	4351.6	161.5	938.4	1261.2	2362.5	55.5	380.6	1551.0	1989.1
2017 Q I-III.	218.6	1378.1	2816.0	4412.7	164.0	979.3	1267.5	2410.8	54.6	398.8	1548.5	2002.0

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

Own calculation from: 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/institution 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 November 2017 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 (36 per cent) than in the private sector (22 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

Alongside the National Economic and Social Council (Nemzeti Gazdasági és Szociális Tanács, 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 2017; however their meetings became less frequent and significant. It is worth mentioning that legally NGTT is in charge of negotiations about the minimum wages but in practice such bargaining rather has occurred in VKF.

- Social security systems

Healthcare insurance	2013	2014	2015	2016
Average number of insured (in thousand persons/month)	3,947	4,042	4,045	n.a.
Proportion of insured to resident population, per cent	39.9	40.9	41.1	n.a.

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

- All sick-pay cases

	2013	2014	2015	2016
Number of persons entitled to sick-pay, thousands/month	3,796	3,954	3,962	n.a.
Daily average number of persons on sick-pay, thousands	54.2	59.1	63.6	n.a.
Proportion of persons on sick-pay, per cent	1.4	1.5	1.6	n.a.
Number of sick-pay cases b) in thousands	825.4	959.9	1 082.7	n.a.
Number of sick-pay days, thousands	19,799.7	21,565.4	23,201.1	n.a.
Expenses on sick-pay, million HUF	57,988.1	66,462.1	75,335.8	n.a.
Expenses on sick-pay per day, HUF	2,928.7	3,082	3,247	n.a.
Sick-pay days per case	24	22	21	n.a.

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.¹⁹

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.

The current shortage in the labour market, to a large extent, is also attributable to the dysfunction of the education and vocational training system, say researchers. In recent years, the growth trend in employees' educational attainment has slowed down; fewer well-prepared young people start their careers. Instead of a labour force able to adapt to market changes, an increasing number of young people leave public education without basic skills and/or with obsolete professional knowledge.

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.

¹⁹ See: <http://hungarytoday.hu/news/hungarian-students-lag-bihend-oecd-averge-pisa-2015-study-reveals-39831>

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)		
	2014	2015	2016	2014	2015	2016
Teacher training and education science	1,899	1,583	1,492	1,708	1,441	1,345
Arts	11,162	9 147	9,241	6,621	5,426	5,356
Social sciences			12			10
Business and administration	29,592	25,180	34,176	21,702	18,468	24,855
Natural science	21	21	14	17	14	9
Computing	5,322	5,202	5,235	500	579	737
Engineering, manufacturing and construction	58,862	57,640	60,203	6,606	6,330	6,847
Agriculture	7,007	6,215	5,920	2,470	2,128	1,984
Health and welfare	20,566	18,731	18,296	17,651	15,968	15,177
Services	44,614	40,051	41,324	25,702	23,387	24,356
Total Field of training at initial education	179,045	163,770	175,913	82,977	73,741	80,676

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_hosszu/h_wdsi001a.html; <http://statinfo.ksh.hu/Statinfo/haViewer.jsp?wcff098c197=x>

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	65-69	70-74	
Total													
2014	3.4	40.5	73.0	76.3	80.9	83.3	82.9	77.4	62.2	19.4	4.3	1.8	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	5.1	47.4	75.5	78.7	82.2	86.9	85.7	82.3	70.1	32.2	5.3	2.6	58.0
2017	5.8	49.3	78.7	80.2	83.1	88.6	88.3	84.1	72.5	35.2	5.8	3.0	59.3
Men													
2014	3.8	45.6	82.3	88.3	89.4	87.9	84.1	76.9	70.6	26.9	5.5	2.8	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	6.2	52.7	84.4	90.7	90.9	91.2	87.2	83.0	76.2	44.7	6.8	4.5	65.0
2017	6.9	57.5	88.8	91.3	92.5	92.4	89.4	87.7	78.6	49.6	8.0	4.0	66.9
Women													
2014	3.0	35.2	63.3	64.1	72.2	78.7	81.7	77.9	56.8	13.4	3.3	1.1	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	3.9	41.8	66.1	66.5	73.4	82.6	84.2	81.6	64.7	21.9	4.1	1.4	51.3
2017	4.6	40.8	68.0	68.8	73.6	84.7	87.3	80.6	67.1	23.3	4.2	2.2	52.1

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qif016.html

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

	Total population in this age cohort	inactive	active	active in per cent
2014	1,258,400	908,300	350,100	27.8
2015	1,228,900	875,800	353,100	28.7
2016	1,119,300	842,600	356,700	29.7
2017 (Q III)	1,163,900	808,200	355,700	30.6

Source: Own calculations based on: http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qlf013a.html
http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qlf014a.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											
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	26.3	11.5	6.3	4.8	4.6	3.8	3.7	4.5	3.8	5.6	5.1
2017 (Q III.)	25.2	9.6	3.8	4.2	4.0	3.2	2.8	3.4	2.9	4.4	4.1
Men											
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	26.8	11.3	6.1	4.6	4.5	3.7	3.8	4.9	3.6	5.5	5.1
2017 (Q III.)	21.5	6.9	3.0	4.1	3.5	2.9	3.2	3.3	2.3	3.3	3.6
Women											
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.	25.5	11.7	6.7	5.0	4.7	3.9	3.6	4.2	4.0	5.7	5.1
2017 (Q III.)	30.2	13.4	4.8	4.3	4.7	3.5	2.3	3.6	3.6	6.3	4.6

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)
by job seeking period (in months)*

Months	< 1	1–3	4–6	7–11	12	13–18	19–24	25–	Total
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	28.6	28.6	28.6	28.6	28.6	28.6	28.6	28.6	234.6
2017 (Q III)	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	188.5

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qlf011.html
http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qlf011.html

The time interval to find a new job decreased from an average from 17.9 months to 15.4 months in the recent one year period; however still 33.5 per cent of the unemployed have been seeking a job for at least 12 months in 2017 Q III.

(Own calculation)

Unemployment (in per cent)

	2014	2015	2016	2017 Q III.
15-64	7.7	6.8	5.1	4.6
15-29	14.9			
In details within the group of young people				
25-29	9.4	8.4	6.3	4.8
20-24	18.7	15.6	11.5	13.4
15-19	38.4	32.6	26.3	30.2

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qlf017b.html?down=1928
http://www.ksh.hu/docs/hun/xstadat/xstadat_hosszu/mpal2_01_02_29a.html

Net average monthly wages/salaries in Euro

Year	National Average	Private sector	Public sector
2014	504 (1€= 309 HUF annual average)	536	445
2015	524 (1€= 310 HUF annual average)	555	465
2016	561 (1€=311 HUF annual average)	590	506
2017 Q I-III	649 (1€=312 HUF monthly average)	648	662

Exchange rate: 2015: 310.00, 2016: 311.49, 2017 (November): 311.89
Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qli030.html
http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qli018a.html

Consumer Price Index by Main Groups of Goods and Services (previous year = 100%)

Year	Food	Alcohol, tobacco	Clothes	Durable goods	Energy	Others, fuel	Services	Total
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.	100.7	102.3	100.4	100.5	99.9	97.8	101.5	100.4
2017 I-XI.	102.8	106.4	99.7	100.1	101.2	99.5	101.4	101.8

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 per month EUR*	Net average wage per person per month EUR*	Monthly mandatory gross minimum wage EUR	per cent of the gross average wage	poverty level for 1 adult EUR
2014	4,444,200	769	504	330	42.7	278
2015	4 518,300	800	524	339	42.4	283
2016	4,586,200	846	561	357	41.2	284
2017 (QI-III.)	4,613,513	877	649	409	46.6	n.a.

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qif033.html
http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qli007d.html
http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qli012b.html
http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qli030.html
<http://www.policyagenda.hu/hu/nyitolap/letminimum-2015>
<http://www.policyagenda.hu/uploads/files/Létminimum%202016.pdf>

Actual weekly working hours

	2014	2015	2016	2017 (Q II)
Full time	40.9	40.8	40.7	40.7
Part time	22.8	22.5	21.9	22.1
Total	39.8	39.8	39.7	39,8

Source: http://appsso.eurostat.ec.europa.eu/hui/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 weekend 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 illhealth 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	2014	2015	2016
Total			
	6.4	6.0	5.2
Men			
	4.5	4.4	3.5
Women			
	8.7	8.1	7.3

Source : http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qif008.html

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

Year	2014	2015	2016
	69.2	46.8	55.2

<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.²⁰

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

• Migration flow

Population (number of persons)

Population	2014	2015	2016	2017
	9,877,365	9,849,000	9,830,485	9,797,561

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

Non-Hungarian residents (number of persons)

Foreign residents	2014	2016	2017
	140,301	145,727	156,366

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

According to the Hungarian Statistical Office, in August-October 115,000 Hungarian citizens were employed abroad.²¹ 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 those of CEE countries (e.g. Romania, Lithuania, Latvia and Bulgaria have 6-10 per cent figures).²²

People seeking asylum (number of persons)

	Claimants of asylum	Receiving "refugee" status	Receiving "protected" status	Receiving "accepted" status
2014	42,777	240	236	7
2015	177,135	146	356	6
2016	29,432	154	271	7
2017 Q I-III.	2,725	75	730	73

Source: http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_wvnv001.html

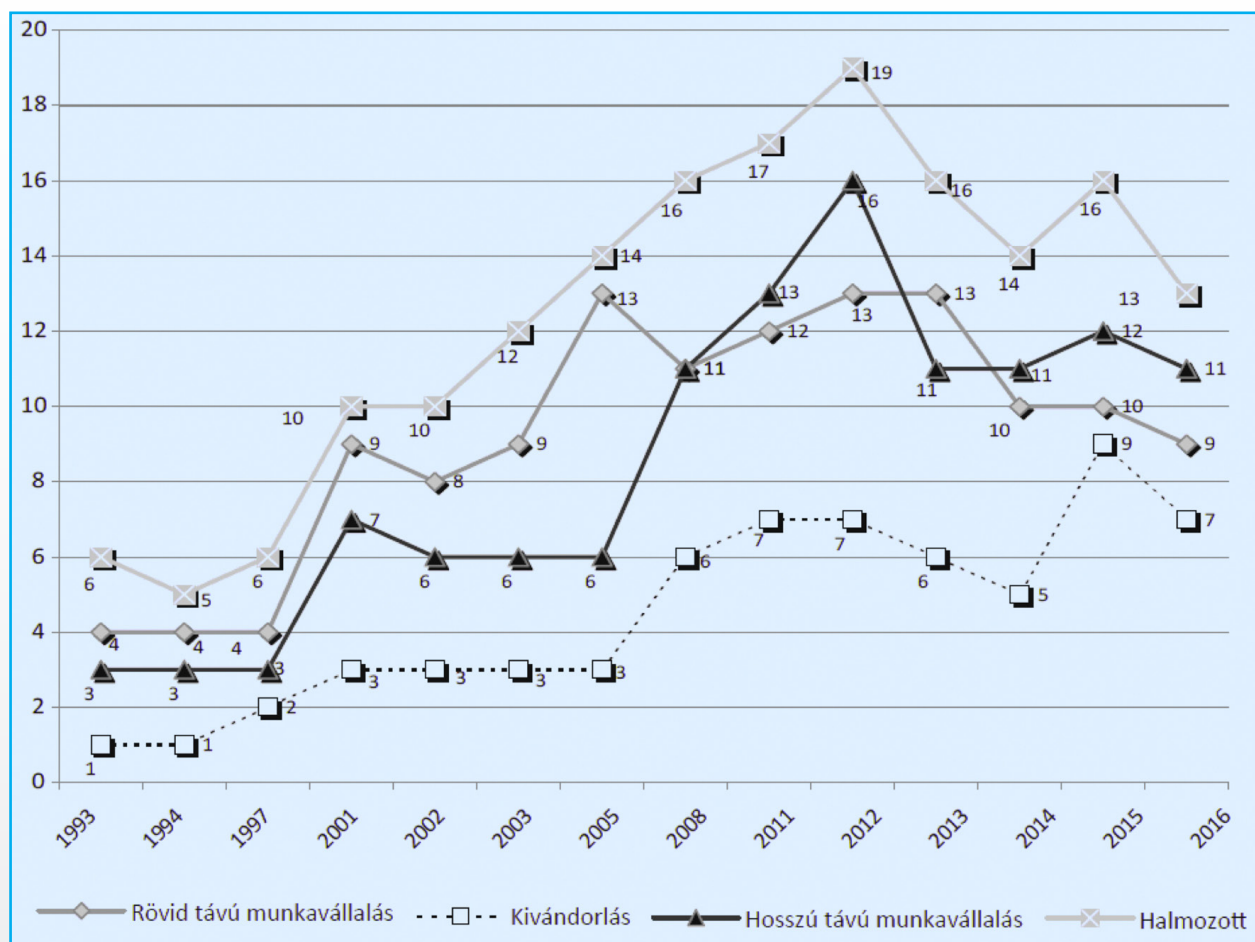
The Orbán government has denied refugees entry into the country as clearly shown by the statistics above.

²⁰ <http://www.ksh.hu/docs/hun/xftp/stattukor/munkaido.pdf>

²¹ <http://www.ksh.hu/gyorstajekoztatok/#/hu/document/fog1610>

²² 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: Sik Endre – Szeitl Blanka: Migráció a mai Magyarországról, Educatio 2016/4. pp.546–557.
Legend: short-term, emigration, long-term, cumulative.

The chart above shows the willingness of Hungarians to leave the country for a short term, for a long term or even indefinitely.

Adjusted rate of migration (for 1,000 persons)

Year	2014	2015	2016
	1.1	1.5	-0.1

Source: http://www.ksh.hu/docs/hun/eurostat_tablak/tab/ttsdde230.html

The adjusted rate of migration shows the difference between the total change in population and the natural change in population (birth-death rate), thus it reflects the impact of migration.

Human Development Index

	HDI	HDI - Health	HDI - Education	HDI - Income
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
2015	0.836	no data	no data	no data

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

Gini-Coefficient

	2011	2012	2013	2014
Hungary	26.8	26.9	28	28.8
EU-28	30.8	30.4	30.5	31.0

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

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

	minimum wage	sectoral	multi-employer	single-employer	average
2009 ¹	100	n.a.	n.a.	n.a.	22
2012 ²	100	11	2	23	36
2016 ³	100		9	25	30
2017 ³	100		8	26	30

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

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

3 Source: Official registry of collective agreements maintained by the Ministry of National Economy.

Own calculation based on data downloaded on 6 December 2017.

* 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" saying²³, "The figures on agreements registered with the Centre for Social Dialogue indicate that collective bargaining coverage fell by 14 percentage points between 2011 and 2012 – from 47 per cent to 33 per cent".

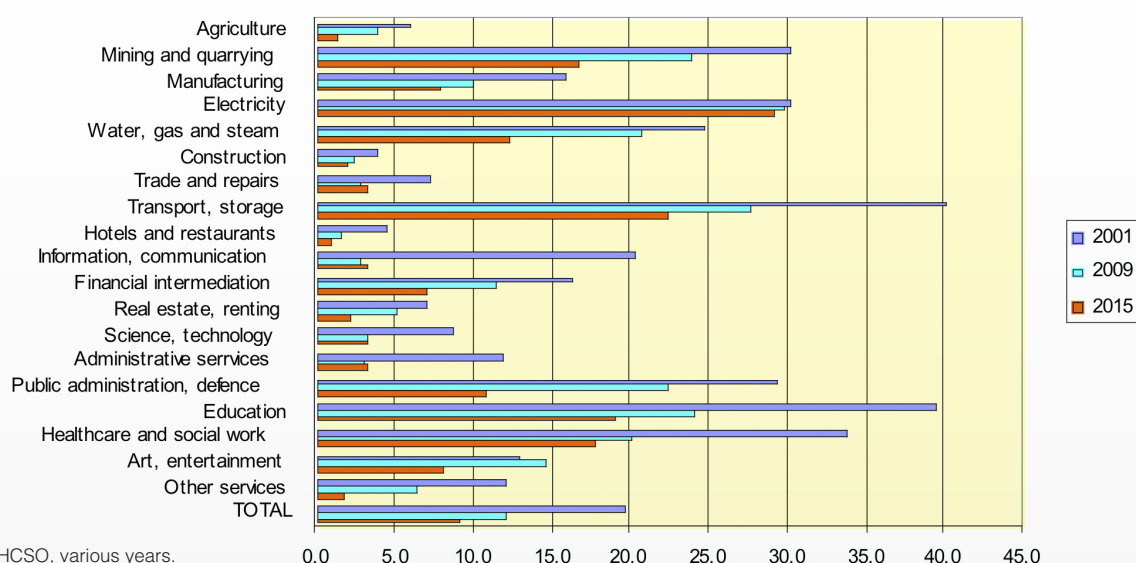
• Trade union density

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 are hotels and catering (1 per cent), construction (2 per cent) and retail (3 per cent), 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 healthcare 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 that indicated a mere 5 per cent union density in the private sector. 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.

²³ <http://www.worker-participation.eu>

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 Eurofound²⁵ 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 study²⁶ 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 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.²⁷

Thresholds for the number of members elected to Works Councils.

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

²⁴ See: Dabis E., Feleky G., Lőrinczi J., Rossu B. and Ruzs Molnár, K. (2015) Elemző tanulmány – az új Munka Törvénykönyvének hatásvizsgálata, Budapest, LIGA
²⁵ <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>

²⁶ Kiss, Mihály: Ágazati párbeszéd Magyarországon, LIGA: 2014

²⁷ Labour Force Survey, Hungarian Central Statistical Office 2015

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 (SZEF)
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)

1.	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	

2.	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 interests 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 re- presented by SZEK in ETUC	(indirectly represented by SZEK in ITUC)	

3.	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, public media and telecommunication		
Cycle of Congresses/ Last Congress	05/2016, compulsory every year by law, elections every 4 years (last 06/2015)		
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)	75,000 (2015) 69,000 (2016), 65,000 (2017)		
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 employees + 1 accountant (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	-	

4.	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 figures applying a sensitive approach)	Membership fees, governmental support, European project funding, real property assets		
Number of staff (estimated if necessary)	n.a. (10-15 estimated)		

4.	in National Language	in English
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

5.	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 Tamás Székely Károly György Mária Hercegh Mihály Tóth	President Vice-president International secretary Chair Women's Section Chair Pensioners Section	elnok@szakszervezet.net tamassz@vdsz.hu kgyorgy@szakszervezet.net herceghm@mav.hu nyugdijas@szakszervezet.net
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	

6.	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	2017		
Important Functionaries (Chairman. President. International Secretary. Youth Leader. etc.)	Name	Function	Homepage
	Béla Balogh Zoltán László Lívia Speigné Balogh Balázs Bábel	President Vice-President Vice-President International secretary	www.vasasok.hu
Number of Members (please comment on the official number applying a sensitive approach)	Around 22,000		
Finance (major sources of finance. please comment on the official figures applying a sensitive approach)	Membership fees, European project funding, real property assets		
Number of staff (estimated if necessary)	23		
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 European TradeUnion	IndustriALL Global Union	

7.	in National Language	in English	
Name of TU Federation/ Confederation/ Trade Union	Magyar Vegyipari, Energi-aiipari és Rokon Szak-mákban 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 Congress	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)	30,000		
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)	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 conditions		
Cooperation in national committees	Sectoral Social dialogue committee Chemical Industry		
Membership	Regional Umbrella Associations	Global Umbrella Associations	
	IndustriALL Europe (Chemical and paper sectors committees)	IndustriALL Global	

8.	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	11/2017		
Important Functionaries (Chairman. 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)	cca. 3.800 – 4.000		
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)	10-20		
Political Orientation (short story in three lines)	No political expression possible according to LIGA rules. However 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 Associations	
	ETUC	Education International (EI)	

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 Szövetkezetek 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)

1.	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
	Dr Futó Péter Wimmer István Kelemen Géza	President General secretary Vice president	www.mgyosz.hu
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	

2.	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	5 years/19 May 2016		
Important Functionaries (Chairman. President. Director. etc.)	Name	Function	Homepage
	Demján Sándor Dr Dávid Ferenc Varga Julianna	President General Secretary International Director	www.vosz.hu
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, entrepreneurial activity		
Number of staff (estimated if necessary)	30		
Political Orientation (short story in three lines)	NGO, non political		
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	

3.	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	016		
Important Functionaries (Chairman. President. Director. etc.)	Name	Function	Homepage
	Dr Zs. Szöke Zoltán	President	www.afeosz.hu
Number of Members	1,200 member organisations		
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)	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.	

4.	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 Sec-retary	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, entrepreneurial activity		
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)		

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
	Pelcz Gábor Dávid Ilona Haranghy Csaba Illés Zoltán Bánhidi-Nagy Attila	President Co-President Co-President Co-President Secretary-General	http://www.stratosz.hu/
Number of Members	28		
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)	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	



Annual Review 2017

of Labour Relations and Social Dialogue

Hungary / By László Neumann

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Imprint

Friedrich-Ebert-Stiftung | Regional Project on Labour Relations and Social Dialogue
Maróthyho 6 | 81106 Bratislava | Slovakia
www.fes-socialdialogue.org

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