

LABOUR AND SOCIAL JUSTICE

FOREIGN WORKERS IN HUNGARY

KEY FACTS AND LABOR MARKET CHALLENGES

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This study examines the labor market situation and impact of third-country nationals working in Hungary, with particular attention to the manufacturing sector.



Methodologically, the study is based on specially requested statistical data and interviews with experts with diverse backgrounds.



Migrant workers from third countries face numerous challenges, such as indebtedness, strict regulations, and workplace vulnerabilities. Meanwhile, the material struggles of Hungarian workers increase distrust towards foreign laborers.

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1.

INTRODUCTION

In recent years, the issue of third-country workers¹ in Hungary has attracted significant attention and become highly politicized, particularly concerning their role in the manufacturing sector.^{2 3 4 5} **This study aims to provide a comprehensive overview of the situation and number of foreign workers in Hungary, with a particular focus on third-country nationals employed in the manufacturing sector. It also examines the reasons and conditions behind their employment, as well as their impact on the Hungarian labor market and the position of domestic workers.** In doing so, the study seeks to inform stakeholders and support the advancement of workers' interests.

This study utilizes a combination of statistical data, expert interviews, and other secondary sources. We conducted a total of 12 semi-structured interviews with 14 experts from various stakeholder groups in Hungary. The participants included a migration statistician, trade union leaders from the manufacturing sector, trade union secretaries who work with migrant workers, managers and leaders of temporary employment agencies, a diplomat, lawyers, and social workers who assist refugees, and leaders of organizations focused on migration. The interviews

were conducted between July and September 2024. The analysis was based on data provided by the Hungarian Central Statistical Office (HCSO) and includes employment statistics by gender, age, reported accommodation, and the nationality of individuals employed in Hungary between 2019 and 2024. Other sources utilized in the study include Eurostat migration data, European Social Survey (ESS) data on migration attitudes, and the Migrant Integration Policy Index (MIPEX).

In terms of content, the study contextualizes labor migration in Hungary, presents relevant regulations and critiques, and provides detailed data on foreign workers, including their sociodemographic characteristics and labor market outcomes. It explores the labor market impact, recruitment processes, and advocacy opportunities for these workers, as well as the effects on local workers. Additionally, the study offers recommendations to various stakeholders for improving the situation of migrant and local workers.

The manuscript of this study was finalized on December 15, 2024.

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- 1 European Commission. (2024). third-country national, Europa.eu. https://home-affairs.ec.europa.eu/networks/european-migration-network-emn/emn-asylum-and-migration-glossary/glossary/third-country-national_en
 - 2 Arany, G. (2023. május 3.). Hírlapi kacsza a kacsavadásatról szóló hír, Zaol.hu. <https://www.zaol.hu/helyi-kozelet/2023/05/hirlapi-kacsza-a-kacsavadasatrol-szolo-hir>
 - 3 Csurgó, D. (2024. március 4.). Tíz százalékkal drágább, de harminccal termelékenyebb – a magyarországi vendégmunkásdömping háttere, Telex.hu. <https://telex.hu/gazdasag/2024/03/04/vendegmunkasok-munkaerotartalek-kolcsonzok-videk>
 - 4 Herczeg, M. (2024. május 14.). Parragh: Az ideális a fehér bőrű, keresztény kultúrájú, európai gondolkodású munkaerő importja lenne, de hát ez is kifogyott, 444.hu. <https://444.hu/2024/05/14/parragh-az-idealis-a-feher-boru-kereszteny-kulturaju-europai-gondolkodasu-munkaero-importja-lenne-de-hat-ez-is-kifogyott>
 - 5 Csurgó, D. (2024. október 1.). Szigorít a kormány, de ettől nem lesz kevesebb vendégmunkás az országban, Telex.hu. <https://telex.hu/gazdasag/2024/10/01/vendegmunkas-szigoritas-munkaero-kozvetito-ngm>

2.

LABOR MIGRATION AND THE HUNGARIAN CONTEXT

Labor migration in Hungary represents only a small fraction of global labor migration. **By 2024, the number of foreign nationals in Hungary is expected to exceed 250,000, with 40% coming for employment purposes.**⁶ The country's semi-peripheral status, geographical position, and manufacturing industry are key factors contributing to its role in this context. **Hungary's proximity to core European markets, labor policies, and foreign investment – particularly in electronics, the automotive industry, and battery production – have turned it into an assembly hub.**^{7 8}

^{9 10 11} Demographic factors such as **a declining birth rate and emigration, further fueled by the precarization of working conditions and the erosion of workers' rights, have contributed to a labor shortage in Hungary's manufacturing sector.** At the same time, migration networks and employer practices that favor foreign workers for competitive reasons further drive the employment of migrant workers. In a labor regime that undermines the rights and working conditions of Hungarian workers, migrant workers face increasingly unequal, dependent, and exploitative employment

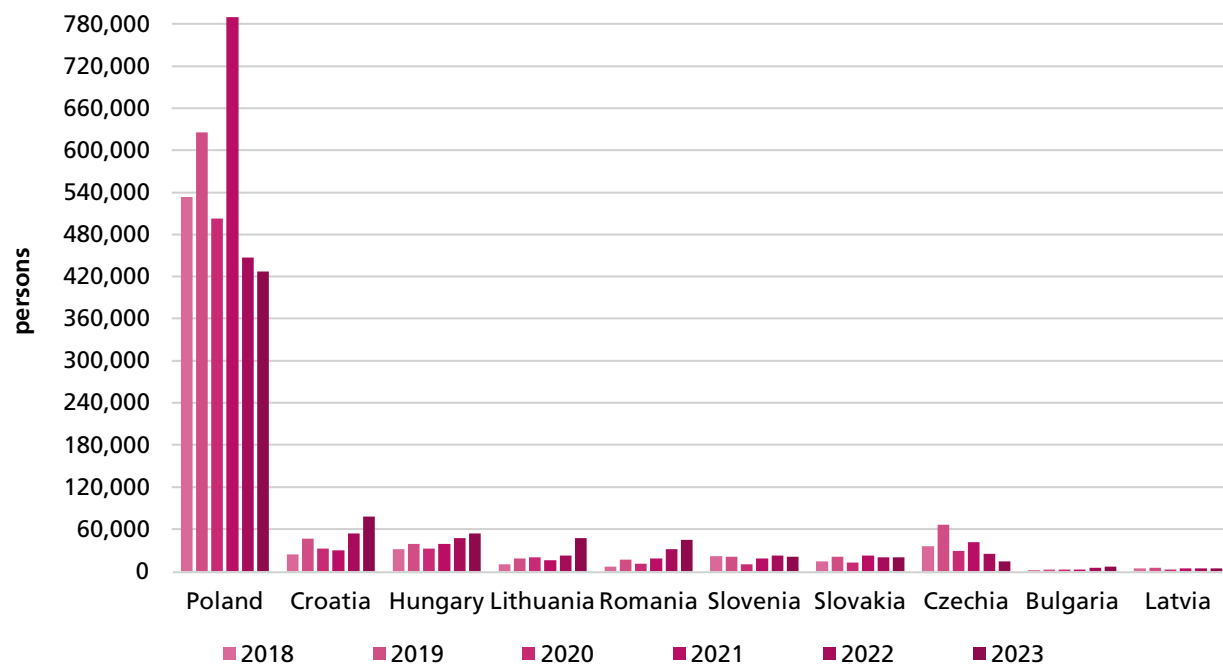
conditions.^{12 13 14 15 16} Meanwhile, Hungarian employees working in manufacturing also feel increasingly insecure about their situation. **Struggling with everyday material problems, livelihood-related difficulties, and precarious working conditions, Hungarian workers fear for their positions and wages.** Domestic manufacturing workers and trade unions worry that their bargaining power is diminishing in relation to manufacturing companies that rely heavily on foreign labor.

Labor migration in Hungary is best understood through a segmented labor market model.^{17 18} **Migrant workers typically fill low-skilled jobs in secondary sectors, which local workers avoid due to the low wages and poor working conditions.** Most migrant workers are motivated to work as much as possible to maximize their earnings through wages, bonuses, and other financial incentives.

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- 6 Hungarian Central Statistical Office (2024). 22.1.1.25. A Magyarországon tartózkodó külföldi állampolgárok a tartózkodás célja szerint, január 1. KSH. https://www.ksh.hu/stadat_files/nep/hu/nep0025.html
- 7 Plank, L., & Staritz, C. (2013). "Precarious Upgrading" in Electronics Production: The Case of the German Electronics Industry. Research Papers 2013-19. Austrian Foundation for Development Research (ÖFSE). <https://www.oefse.at/en/publications/>
- 8 Czirfusz, M., Ivanics, Z., Kovai, C., & Meszmann, T. T. (2019). A magyarországi munkásság a hosszú lejáratban. *Fordulat*, 26, 142–171.
- 9 Gerőcs, T., & Pinkasz, A. (2019). Magyarország az európai munkamegosztásban: A termelés áthelyezése a globális járműipari értékláncokban. *Fordulat*, 26, 172–198.
- 10 Czirfusz, M. (2022). Regional Risk Assessment: The Electronics Industry in Hungary. *Electronics Watch*. https://electronicswatch.org/regional-risk-assessment-electronics-industry-hungary-november-2022_2615914.pdf
- 11 Czirfusz, M. (2023). The battery boom in Hungary: Companies of the value chain, outlook for workers and trade unions. Friedrich-Ebert-Stiftung.

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- 12 Hungarian Central Statistical Office (2024, június 27). Népmozgalom, 2024. Május. KSH. <https://www.ksh.hu/gyorstajekoztatok/nep/nep2405.html>
- 13 Gödi, I., & Horváth, V. (2021). Nemzetközi vándorlás. In *Demográfiai portré 2021* (pp. 227–250). KSH NK. <https://demografia.hu/kiadvanyokonline/index.php/demografiaiportre/article/view/2835/2725>
- 14 Meszmann, T. T. (2018). Munkaerő-kölcsönzés mint munkaviszony és mint mobilitási (migrációs) csatorna. Friedrich-Ebert-Stiftung. Budapest
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- 16 Zhang, H., Nardon, L., & Sears, G. J. (2022). Migrant workers in precarious employment. *Equality, Diversity and Inclusion. An International Journal*, 41(2), 254–272. <https://doi.org/10.1108/EDI-01-2021-0018>
- 17 Piore, M. J. (1979). *Birds of Passage: Migrant Labor and Industrial Societies* (1st ed.). Cambridge University Press. <https://doi.org/10.1017/CBO9780511572210>
- 18 Massey, D. S. (1999). Why Does Immigration Occur? In C. Hirschman, P. Kasinitz, & J. DeWind (Eds.), *Handbook of International Migration* (pp. 34–52). Russell Sage Foundation. <http://www.jstor.org/stable/10.7758/9781610442893.9>

Figure 1
First residence permits issued for employment purposes to foreigners in the Central and Eastern European region, TOP 10 host countries, 2018–2023



Source: Eurostat

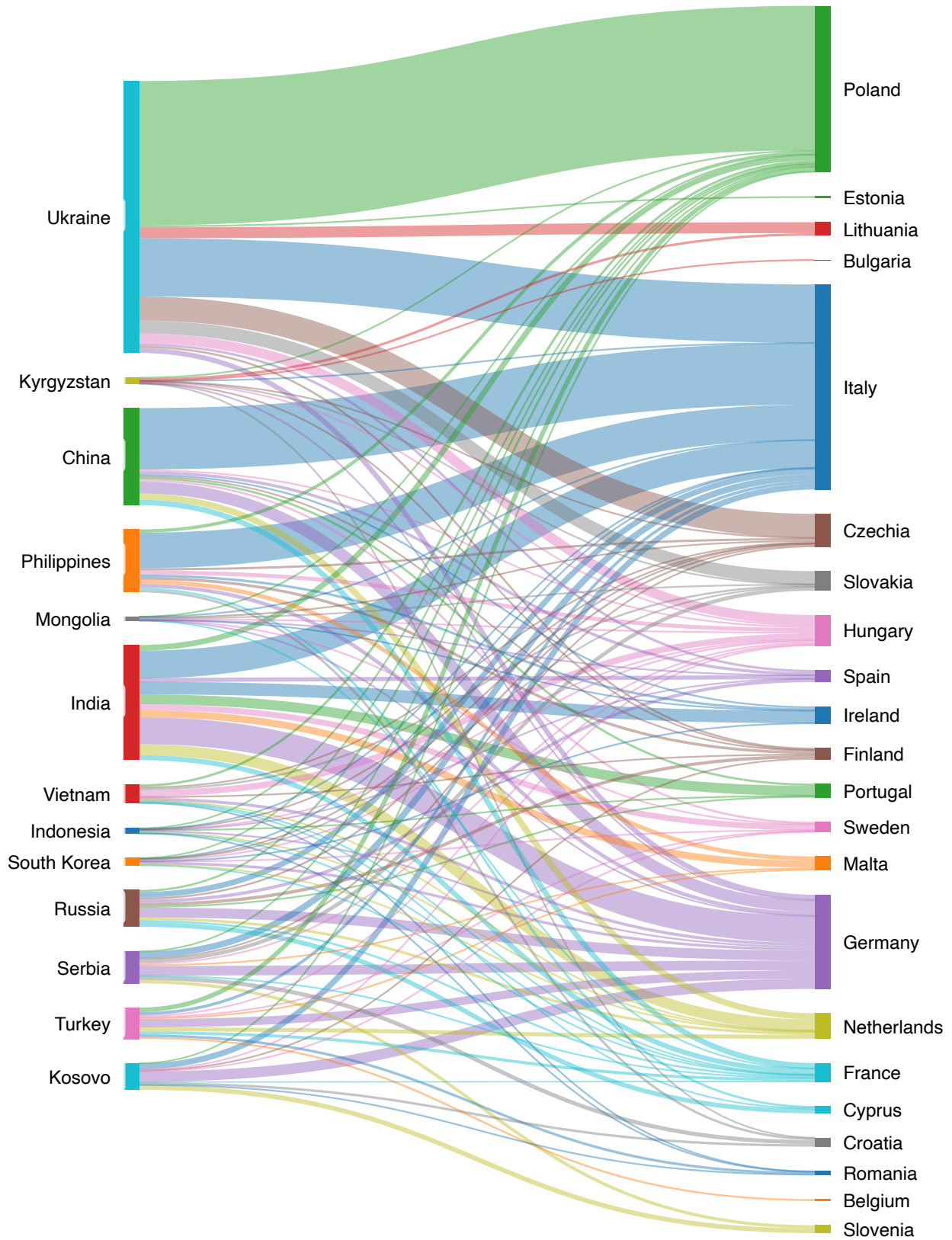
From a regional perspective, **in 2023, Hungary ranked third in Central and Eastern Europe for the number of first residence permits issued for work purposes**, with 53,542 persons behind Poland (427,162) and Croatia (77,541). On average, Hungary ranks as the seventh most preferred European destination among the top third-country nationals working in Hungary,

based on an analysis of their most frequent alternative destinations in Europe (see Figure 2) and the fifth most popular destination among manufacturing workers from the same groups^{19 20} **In terms of labor competition, Hungary primarily competes for foreign labor with countries like Italy, Poland, Germany, and the Czech Republic.**

¹⁹ Eurostat. (2024). First permits by reason, length of validity and citizenship. https://ec.europa.eu/eurostat/databrowser/view/MIGR_RESFIRST/default/table?lang=en

²⁰ Hungarian Central Statistical Office. (2024b). Total number of employed persons in Hungary (including full-time or part-time) by nationality according to FEOR'08, by gender, 2019–2024. Based on custom data request. Budapest: HCSO

Figure 2
The 13 largest groups of third-country nationals working in Hungary (left) and their ten most popular destination countries (right), based on valid residence permits issued for employment purposes, 2023



Source: Eurostat

3.

REGULATION OF FOREIGN WORKERS
IN HUNGARY

A significant change in labor migration regulation²¹ occurred in 2017, involving allowing non-EU workers from neighboring countries, such as Ukrainians and Serbs, to be employed in certain shortage occupations through a simplified procedure. In 2022, the Ministry of Foreign Affairs and Trade issued communication HÉ 2022/42,²² which permitted the permit-free employment of nationals from 15 non-EU countries in specific shortage occupations through selected temporary employment agencies. However, **Act XC of 2023²³ or the so-called “new guest worker law” further tightened the situation for foreign workers from outside the EU,** particularly from an immigration perspective. It limited the length of stay to 2+1 years, redefined residence categories, and made family reunification and social integration with the host society almost impossible for most migrants.²⁴ Additionally, **it imposed stricter employment and residence conditions that were**

met with resistance and confusion from employers and workers alike.

The experts we interviewed who specialize in migration, along with some voices from domestic and international organizations that assist migrants, expressed significant criticism of Act XC of 2023.²⁵ **Their main concerns are that it fails to consider the lessons and shortcomings of previous regulations in Hungary and overlooks the complex economic and social aspects of labor migration.²⁶**

Furthermore, while the regulations may discourage some foreign workers from coming to the country in the long term, making Hungary a less attractive destination, **they may also motivate Hungarian employers and temporary work agencies to focus on recruiting Hungarian workers.**

²¹ 445/2013. (XI. 28.) Korm. rendelet. <https://net.jogtar.hu/jogszabaly?docid=a1300445.kor>

²² KKM közlemény (HÉ 2022/42.). <https://jogkodex.hu/doc/9822959>

²³ 2023. évi XC. törvény. <https://njt.hu/jogszabaly/2023-90-00-00>

²⁴ Szabó, I. Sz. (2024, június 6). A munkerőimport (új) szabályozásának főbb vonalai. A munkaerőimport új szabályozása, Magyar Közgazdasági Társaság Munkaügyi Szakosztálya [Konferencia]. <https://www.youtube.com/watch?v=6n6kPCQ0dpw&t=226s>

²⁵ Vadasi, V. (2024, augusztus 27). Új törvény—Új kihívások [Webinar]. Menedék – Migránsokat Segítő Egyesület. <https://fb.me/e/5FNmrl4dw>, <https://tinyurl.com/menedekwebinar0827>

²⁶ Menedék – Migránsokat Segítő Egyesület. (2023, december 21). Észrevételeink az új migrációs törvényről. Menedek.hu. <https://menedek.hu/hirek/eszreveteleink-az-uj-migracios-torvenyrol>

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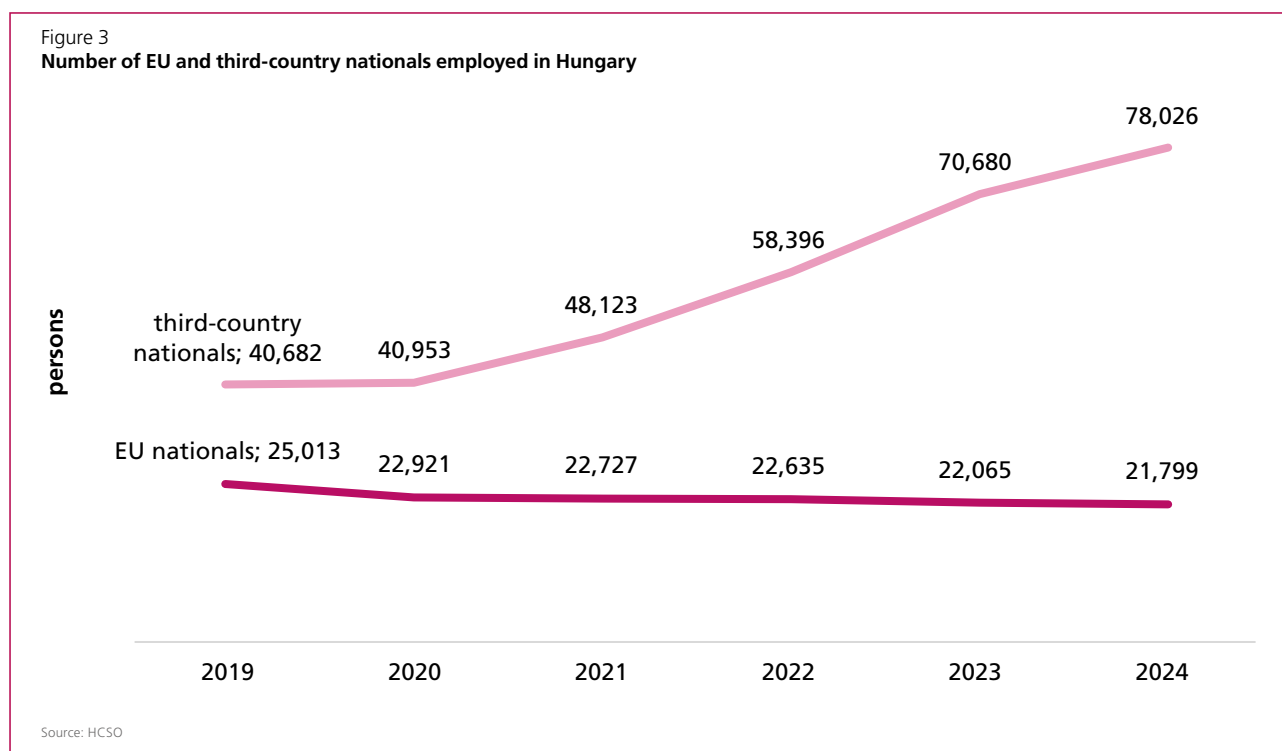
FOREIGN WORKERS IN HUNGARY: AN OVERVIEW

Between 2019 and 2024, the Hungarian labor market underwent significant changes, marked by a gradual decrease in the number of workers with EU nationalities and a 92% increase in non-EU migrant workers. In 2024, workers from Asian countries – broadly defined to include not only East and Southeast Asia but also regions such as Turkey and Russia – make up over 54% of third-country nationals in Hungary.²⁷

In 2024, more than 78,000 non-EU workers are employed in Hungary. Of these, 60% are employed in low-skilled, elementary occupations (ISCO-08 categories 8 and 9), followed in number by professionals (ISCO-08 category 2). While third-country

workers represent only 2.1% of all employees in Hungary, they are predominantly concentrated in manufacturing and trade. Among these third-country workers, 30% are employed through temporary work agencies (see Figure 7), primarily in manufacturing. In 2024, the largest group of foreign workers are Ukrainian nationals (19,873), followed by workers from the Philippines (9,365), Vietnam (8,479), China (6,540), India (3,996), and Serbia (2,707).^{28 29}

Manufacturing (NACE C) is the largest employment sector for non-EU workers, with a total of 14,154 workers in 2024. By nationality, this sector is most popular with workers from Ukraine (4,484), India (1,162), Vietnam (1,078), Mongolia (1,031), the Philippines

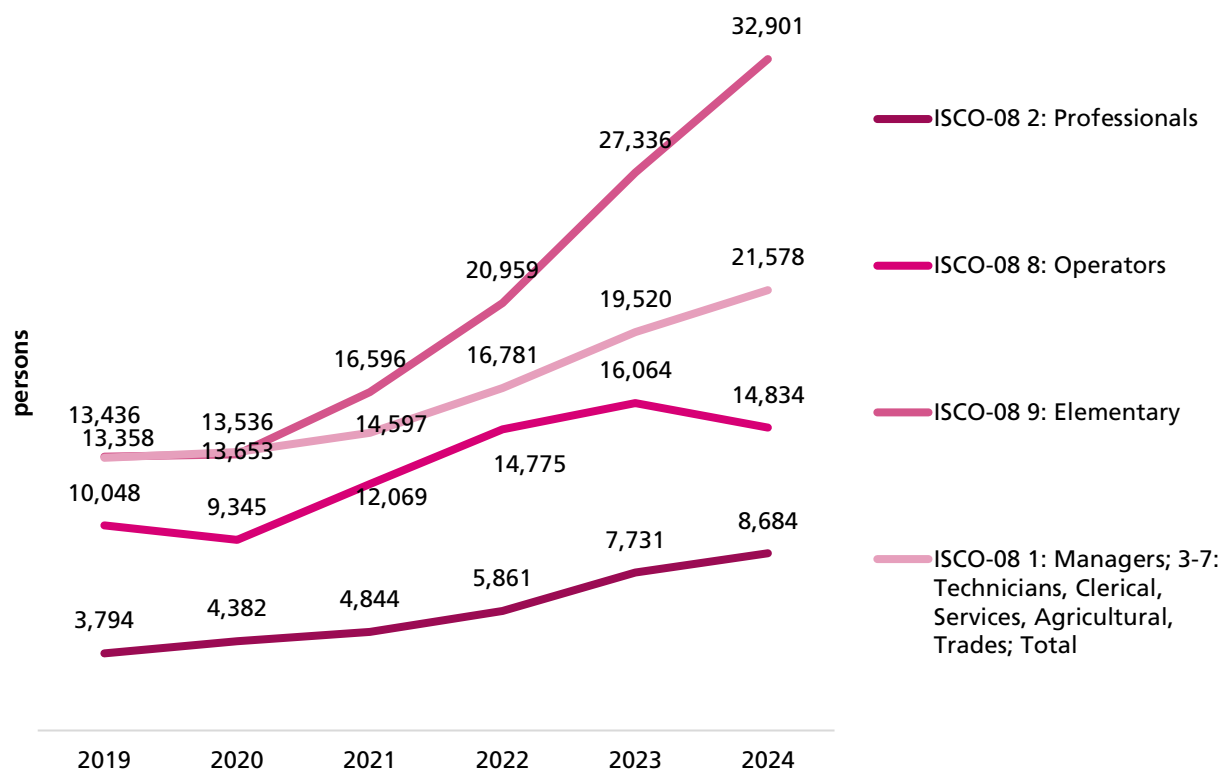


²⁷ Hungarian Central Statistical Office. (2024b). Total number of employed persons in Hungary (including full-time or part-time) by nationality according to FEOR'08, by gender, 2019–2024. Based on custom data request. Budapest: HCSO

²⁸ Hungarian Central Statistical Office. (2024a). Total number of employed persons in Hungary (including full-time or part-time) by nationality according to TEÁOR'08, 2019–2024. Based on custom data request. Budapest: HCSO

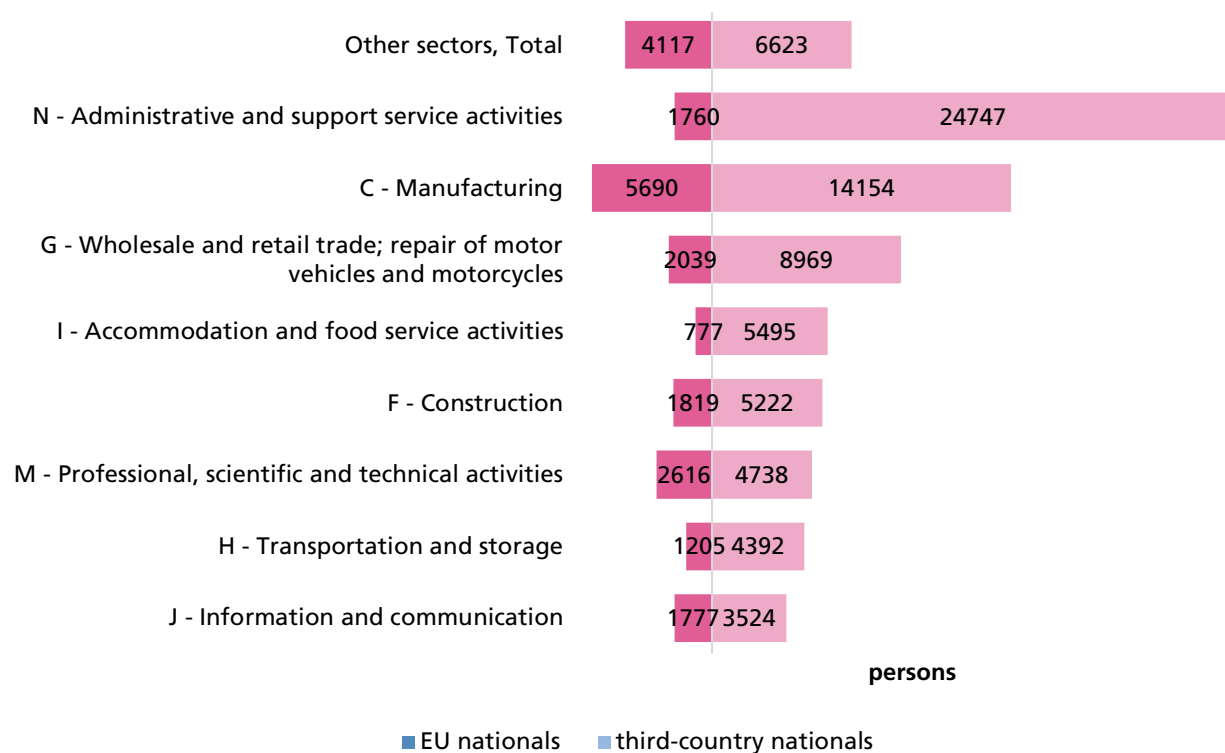
²⁹ Hungarian Central Statistical Office. (2024b). Ibid.

Figure 4
Number of third-country nationals employed in Hungary by occupation



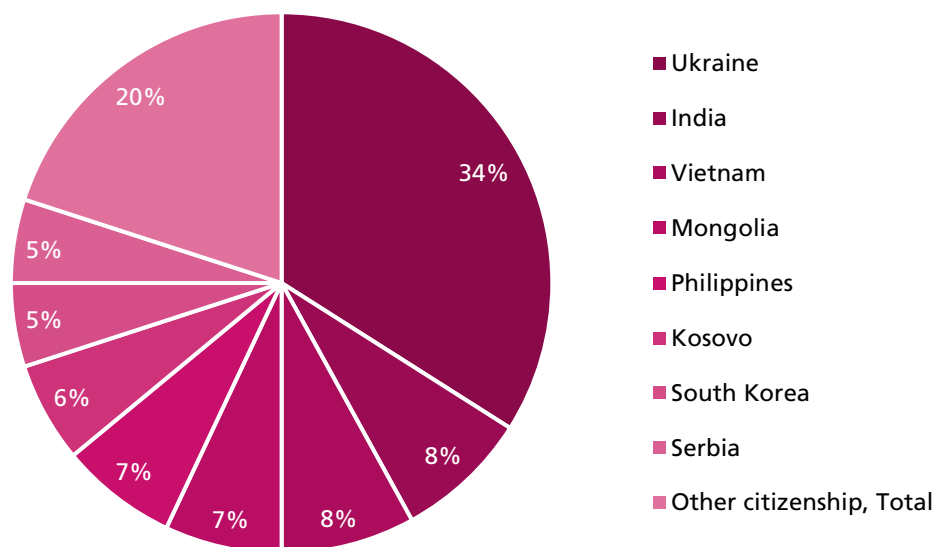
Source: HCSO

Figure 5
Distribution of foreign workers in Hungary by economic sector, Q3 2024 – in the seven sectors employing the most third-country nationals



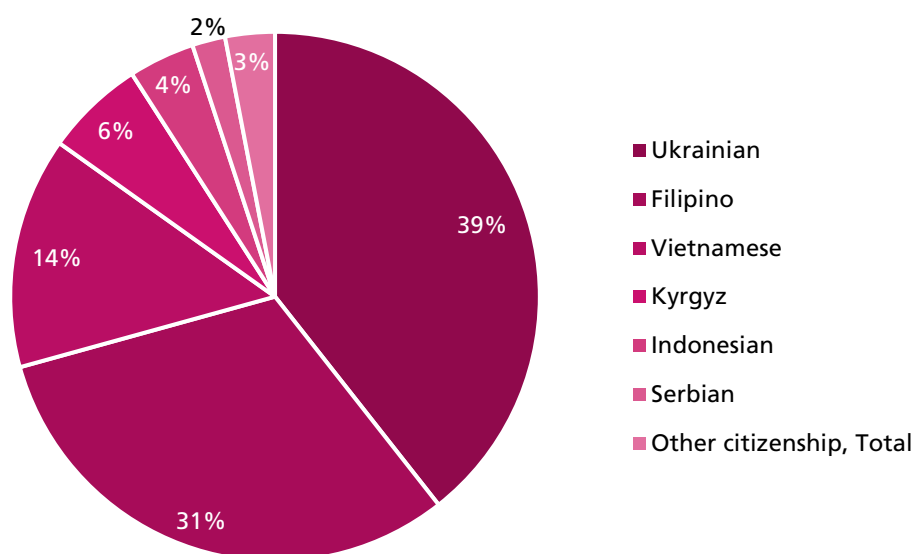
Source: HCSO

Figure 6
Citizenship breakdown of third-country workers in Hungary's manufacturing industry, Q3 2024, n=14 154



Source: HCSO

Figure 7
Citizenship breakdown of third-country workers in employment services (NACE-N78), Q3 2024, n=22 872



Source: HCSO

(987), and Kosovo (781), and is also a significant sector for South Korean (711) and Serbian (672) workers. The second-largest sector is the trade and vehicle repair sector (G), with 8,969 non-EU workers, primarily employing Vietnamese (2,997) and Chinese (2,802) nationals among the third-country workers – this is explained by the traditional presence of these nationalities in the retail trade sector. This is closely followed in popularity by the accommodation and food service sector (I), with 5,495 workers, and the construction sector (F), with 5,222 workers. In the former, the accommodation and food service sector, the largest number of workers are

Chinese (1,638), Vietnamese (587), Turkish (419), and Thai (317). In the latter, the construction sector, Ukrainian (2,064) and Turkish (768) workers are the most prevalent. For Turkish workers, this is the primary sector, while for Ukrainian workers, it is the third-largest employer sector in 2024. The presence of Turkish construction workers is explained by large infrastructure and plant construction projects contracted by Turkish construction companies. The professional, scientific, and technical activities sector (M) (4,738 workers) is also a significant employer, with particularly high numbers of Russian (498 – in particular, because of the expansion of the Paks nuclear power plant

with Russian participation), Chinese (414), and Indian (317) workers in 2024. Additionally, the transportation and storage sector (H) is associated with a high number of migrant workers (4,392), with notable numbers of Serbian (996) and Ukrainian (866) workers, as well as a significant number of Indian (532) ones. The information and communication sector (J) (3,524 workers) is also a significant employer, dominated by Russian (663) and Ukrainian (598) nationals among third-country workers. Finally, it is worth mentioning that Indian workers (463) are the largest group of third-country workers in the agriculture, forestry, and fishing sectors (A) in 2024.³⁰

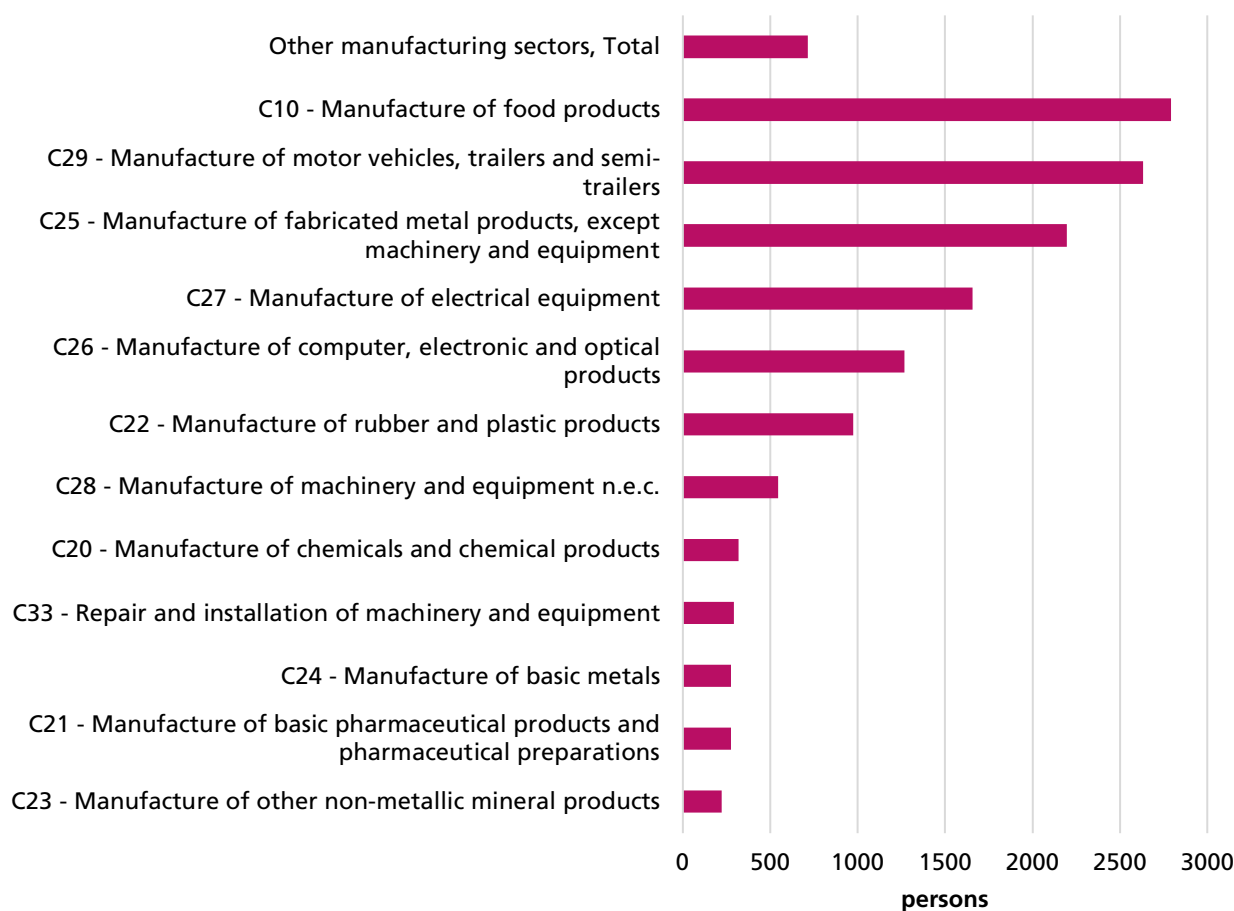
The specific jobs held by non-EU temporary agency workers (22,871 persons, *see Figure 7*) are not fully known because the Hungarian Central Statistical Offices does not collect data on this; however, we know from expert interviews that the majority are employed in the manufacturing sector. **Among the directly employed workers in manufacturing, the majority are concentrated in the**

food, transport equipment, metalworking, electrical and electronic equipment, and rubber and plastic products industries (see Figure 8). These six sectors collectively account for just over two-thirds of third-country migrant workers employed in Hungarian manufacturing.³¹

Ukrainian and Filipino workers currently form the backbone of the manufacturing sector among migrant workers in Hungary. While many Filipino workers view Hungary as a stepping stone towards better jobs in Western Europe, the number of Ukrainians in manufacturing has declined, particularly since 2022, as the Russo-Ukrainian war has intensified. This decline has been further fueled by a lack of accommodation for the workers' families, rising living costs, work-life balance challenges, and increased opportunities for secondary movement within the EU.³² A significant gender shift has also occurred: the number of Ukrainian women working in unskilled jobs has increased by 53%, while the number of men in these positions has decreased by 12%. In other

Figure 8

Distribution of third-country workers employed in Hungary by manufacturing sector, Q3 2024



Source: HCSO

³⁰ Hungarian Central Statistical Office. (2024a). Total number of employed persons in Hungary (including full-time or part-time) by nationality according to TEÁOR'08, 2019–2024. Based on custom data request. Budapest: HCSO

³¹ Hungarian Central Statistical Office. (2024a). Ibid.

³² Bodor, K. (2024). Labor in Flux: A Case Study on Flexibilization and Precarization of Work in the Hungarian Electronics Industry. MA thesis, Corvinus University of Budapest.

occupations, both genders saw increases between 2019 and 2024, suggesting a reallocation of Ukrainian workers, especially men, to non-industrial jobs and a different composition of newly arrived workers.³³

The demographic characteristics of non-EU workers coming to Hungary are highly diverse, encompassing men and women, families, and singles, although singles are slightly more common. The average age of non-EU workers is 36, younger than the average age of EU workers, which is 41. Indonesian, Azeri, and Kyrgyz workers are the youngest, while British and Japanese workers are the oldest. More than 40% of third-country nationals have at most a primary school education, and the majority of them have an unknown educational background (we expect that people with unknown educational backgrounds are employed in low-skilled occupations where

employers do not report the educational background during the immigration process). Over 60% of third-country workers are male, with men predominating in industrial, construction, and managerial roles. In higher-skilled jobs, the gender distribution is more balanced (except among managers and leaders). The gender imbalance is most pronounced among Indian workers, where there is a significant male majority.^{34 35 36}

In terms of spatial distribution, third-country migrant workers are spread unevenly across Hungary's counties.³⁷ **The largest groups are concentrated in Budapest, Pest (surrounding Budapest), as well as highly industrialized counties with significant labor shortages (Komárom-Esztergom, Győr-Moson-Sopron, and Fejér), each hosting more than 4,000 foreign nationals.**

³³ Hungarian Central Statistical Office. (2024b). Total number of employed persons in Hungary (including full-time or part-time) by nationality according to FEOR'08, by gender, 2019–2024. Based on custom data request. Budapest: HCSO

³⁴ Hungarian Central Statistical Office. (2024c). Average age of employed persons in Hungary (including full-time or part-time) by nationality according to TEÁOR'08, 2019 and 2024. Based on custom data request. Budapest: HCSO

³⁵ Ministry for National Economy (2024). A külföldi állampolgárok magyarországi munkavállalásának főbb sajátosságai a 2023. évben. Nemzetgazdasági Minisztérium, Munkaerőpiaci Főosztály. https://nfsz.munka.hu/nfsz/document/4/0/4/9/doc_url/Elemzes_a_kulfoldiek_magyarorszagi_munkavallalasarol_2023_evben.pdf

³⁶ Hungarian Central Statistical Office. (2024b). Total number of employed persons in Hungary (including full-time or part-time) by nationality according to FEOR'08, by gender, 2019–2024. Based on custom data request. Budapest: HCSO

³⁷ Hungarian Central Statistical Office. (2024d). Registered (National Directorate-General for Alien Policing) accommodation of foreign nationals staying in Hungary for work purposes, at the county level, by nationality, 2024. Based on custom data request. Budapest: HCSO

5.

LABOR MARKET AND RECRUITMENT IN THE HUNGARIAN MANUFACTURING SECTOR

Hungarian trade unions generally encounter the narrative from political and market actors that temporary agency work and the employment of foreign workers is a “necessary evil,” as it ensures an affordable and sufficient workforce and avoids multinational companies moving production out of Hungary. According to the migration experts who were interviewed, there is also **a widespread market-related belief in the manufacturing sphere that only foreign workers can maintain competitiveness**, and foreign capital largely relies on this practice, especially with the spread of industrial investment. Regardless of how true this belief is, it influences the composition of the workforce in the given factory plants. Meanwhile, political communication, social science circles, and the media have engaged in discourse and noted challenges related to **tapping into domestic Hungarian labor reserves associated with mixed messages**, but generally arguing that Hungarian workers who have emigrated should be attracted back home.^{38 39}

In recent years, the industrial boom in Hungary has significantly increased the use of temporary agency work and foreign workers. While temporary workers provide manufacturing plants with the opportunity to respond flexibly to economic demands and market fluctuations, as well as fill positions that are unattractive to local workers due to wages and working conditions, in practice, numerous ethical and practical issues arise for such workers, according to the interviewees. Unethical recruitment and recruitment fees are most commonly associated with intermediaries in the migrant’s home countries, so Hungarian temporary work agencies or employers may not have the capacity or intention to fully reveal these issues. **In some cases, so many irregular players are involved in the recruitment process that it is almost impossible to fully trace the recruitment chain**, according to the interviewed experts.

³⁸ Magyar Közgazdasági Társaság (2024. május 16). A munkaerőhiány és a hazacsábítás, Magyar Közgazdasági Társaság Munkaügyi Szakosztálya. <https://www.youtube.com/watch?v=Xx5rrnRuOzA>

³⁹ Magyar Nemzet (2024). Mozgósítani kell a belső munkaerőpiaci tartalékokat. <https://magyarnemzet.hu/gazdasag/2024/10/mozgositani-kell-a-belső-munkaerőpiaci-tartalékokat>

Thus, while political and market actors, including temporary work agencies, argue that labor leasing is a necessary practice – otherwise, an adequate number and quality of workers would not be available for specific tasks – **according to the criticisms of the trade union representatives we interviewed, the temporary agency work system is overused.** The essence of temporary employment should be to address temporary labor needs, not to integrate it as a permanent practice into daily operations.

The temporary employment of foreign workers is only profitable if the latter can be leased in large numbers due to the cost of the evaluation and other recruitment processes. **The value of temporary labor lies in the ability to hire and lay off workers as needed.** However, according to trade union representatives, flexibility is not always achievable with most third-country nationals due to the geographical distances, the nature of residence permits, the length of the recruitment period, and fixed-term contracts. In fact, it may even be more difficult to send home foreign temporary workers from third countries if there is not enough production demand in an industry, as too much time and money has been invested in their recruitment. Therefore, regarding recruiting workers from more distant countries, the advantage of the temporary agency work system that can be exploited by market actors may potentially decrease during economic downturns.

So, what makes recruiting foreign workers for manufacturing jobs a worthwhile investment? The short answer: the greater efficiency of stable workers offsets the recruitment costs. **The recruitment fees and accommodation costs associated with workers from third countries – which can significantly increase the overall recruitment cost – are justified for employers, as the latter are less than the losses associated with labor turnover,⁴⁰ including those associated with production lines where new workers must be trained every month**, according to recruitment

⁴⁰ Hungarian workers in low-skilled jobs in the manufacturing sector are associated with high turnover, according to recruiters.

experts. How temporary work agencies agree on cost-sharing terms with the hiring company also varies. In some cases, the hiring company makes a predetermined offer to the leasing company, stating, “This is the cost of a Hungarian worker, and the accommodation for the foreign worker should be included in it,” said a recruitment expert. A trade union secretary added that **while the principle of equal treatment is upheld in practice, there may be wage differences between foreign and Hungarian workers due to differing job roles.** Therefore, the costs associated with migrant workers remain at a similar level to those of Hungarian workers if they are employed in lower-level positions, but with the difference that foreign workers are willing to work more overtime and shifts.

According to the migration and recruitment experts we interviewed, **it is expected that the role of direct**

employment and the preference for Hungarian workers will increase in the near future, partly due to cost-cutting intentions caused by economic challenges and partly to the new migration regulations. Due to the high cost of recruiting from distant countries and the difficulties faced by manufacturing companies,⁴¹ the increasing costs of recruiting and integrating foreign workers are becoming more noticeable. Due to economic problems in Hungarian manufacturing in 2024, employers – including multinational corporations – may try to reduce expenses resulting from temporary agency workers. However, recruitment experts are more optimistic about the continued use of workers from the Philippines and other third countries in the long term. This is because **the recruitment of foreign workers is inevitable in relation to ongoing or planned industrial investments, given the limited domestic labor reserves in Hungary.**

⁴¹ Hungarian Central Statistical Office (2024): Gyorstájékoztató: Ipar, 2024. augusztus (második becslés). KSH. <https://www.ksh.hu/gyorstajekoztatok/ipa/ipa2408.html>

6.

LABOR MARKET CHALLENGES FACED BY THIRD-COUNTRY NATIONALS WORKING IN HUNGARY

Non-EU migrant workers in Hungary's manufacturing sector face a range of challenges. The recruitment and employment of foreign workers often involve unethical practices, such as **recruitment fees and problematic recruitment chains** that are difficult for Hungarian state authorities and employers to address (or they are unwilling to do this). Distrust between Hungarian and migrant workers, compounded by material concerns, exacerbates tensions and divisions within the industrial workforce, sometimes resulting in **inter-worker conflict**. **Temporary agency workers from third countries are particularly vulnerable to asymmetrical power dynamics**, being the first to lose their jobs during economic downturns or workplace disputes. Additionally, **abuses of power**, humiliating treatment, and, for female workers, coercion and sexual harassment are prevalent, with many instances going unreported.

Language barriers, a lack of information from multiple sources, unfamiliarity with local institutions and rights, as well as a fear of sanctions and retaliation create an environment ripe for exploitation. Financial indebtedness, accommodation issues, and poor mental health, including **depression**, often worsen the situation for migrant workers.

Many migrant workers are employed in positions that do not match their qualifications, and immigration regulations further restrict their opportunities for career advancement. **Hungarian employers are lagging behind their competitors in other Central and Eastern European countries in terms of wages and working conditions, especially in light of tightening immigration laws.** This disparity increases worker dissatisfaction and the appeal of **informal earning opportunities** while also contributing to **higher turnover rates**, which will likely intensify as several **manufacturing sectors experience a slowdown**⁴² in 2024. This creates a difficult situation not only for employers but also for the workers themselves, particularly those who attempt to work in another European country without valid documentation.

Employers in the manufacturing sector, temporary employment agencies, and trade unions are insufficiently prepared to integrate foreign workers. Additionally, there is a significant lack of information about migrant workers within local communities and among local workers. **Local government leaders are unprepared and often unwilling to take on the political risk of explaining to their communities which migrant workers are arriving, for what purpose, and for how long they will stay.** Organizations that assist migrants are largely specialized in helping refugees and highly vulnerable groups and are less focused on migrant workers arriving under regulated conditions. While trade unions try to share information with foreign workers about the opportunities and benefits of union membership, there are self-organized groups among the Filipinos who provide pre- and post-departure information to Filipino workers, with support from employers.

⁴² Hungarian Central Statistical Office (2024): Gyorstájékoztató: Ipar, 2024. augusztus (második becslés). KSH. <https://www.ksh.hu/gyorstajekoztatok/ipa/ipa2408.html>

7.

THE IMPACT OF THIRD-COUNTRY NATIONALS ON HUNGARIAN MANUFACTURING WORKERS

By the end of 2024, alongside a slowdown in the manufacturing sector and stricter immigration regulations, the number of foreign workers appeared to be stagnating. In certain manufacturing plants, the recruitment of foreign workers had been suspended, or their contracts were not being renewed, which may temporarily disrupt the trend to an increase in foreign workers, according to the interviewees. Meanwhile, employers and temporary work agencies may place more focus on employing Hungarian workers due to the relatively high recruitment cost of foreign workers and the effects of the migration regulations. However, according to recruitment professionals, ongoing and planned industrial investments will inevitably lead to demand for third-country migrant workers in the long term.

Hungarian workers who are struggling with livelihood issues often feel a sense of job insecurity and frustration towards their foreign colleagues, particularly in factories where foreign workers appear in larger numbers almost overnight. Concerning migration-related attitudes, in 2023 in Hungary, 56-60% of domestic workers in unskilled or semi-skilled manufacturing jobs (ISCO-08 categories 8 and 9) disagreed with the statement that immigrants should be allowed into the country from poorer non-EU countries. Just over 60% of them believed that migration generally harms the country's economy.⁴³ Industrial workers spend the majority of their time at their workplaces, which makes it a significant issue that most Hungarian workers are distrustful of migrant workers from third countries. However, migrant workers from different groups are often distrustful of each other as well. Key factors contributing to this include their own uncertain livelihoods, low levels of job security, and xenophobia. Most of the resentment stems from material reasons rather than cultural or religious ones. However,

the hostility and fear caused by material problems can easily turn into cultural or racial animosity in discourse and lived experiences. Hungarian workers typically resent migrant workers due to issues like the latter's free accommodation in workers' hostels, which is understandable given Hungary's housing crisis and high rent and property prices.⁴⁴ This is compounded by fears of wage suppression, the presence of "cheaper foreign workers," and the pressure to "compete" with migrant workers who are willing to work multiple shifts, do overtime, and work on holidays.

Regarding labor market impacts, foreign workers may place Hungarian employees in a vulnerable position, potentially weakening their bargaining power. According to the experts we interviewed, migrant workers in the manufacturing sector often do more overtime, strive to earn bonuses, and take fewer vacation days than their Hungarian colleagues, as they typically focus on earning as much money as possible due to the distance from their families. This often comes at the expense of leisure time, as well as their physical and mental well-being. Recruiters suggest that employers in manufacturing may be influenced by the "effectiveness" of foreign workers, potentially preferring them over Hungarian employees. Meanwhile, trade unions argue that this puts pressure on Hungarian workers to work harder. One union secretary mentioned that while foreign workers, such as those from the Philippines, were indeed highly motivated at the beginning, after about two years, they increasingly dropped out due to health-related issues. This change indicates – unsurprisingly – that excessive workloads are not sustainable for migrant workers in the long term. Additionally, if Hungarian workers are unable to earn the desired bonuses and meet production targets, they often blame their foreign colleagues and language barriers. This, in turn, increases conflicts and tensions on the factory floor.

⁴³ European Social Survey European Research Infrastructure (ESS ERIC). (2024). ESS round 11 – 2023: Social inequalities in health, Gender in contemporary Europe. Sikt – Norwegian Agency for Shared Services in Education and Research. <https://doi.org/10.21338/ess11-2023>

⁴⁴ Gagyi, Á., Jelinek, Cs., Pósfai, Zs., and Vígvári, A. (2019). Lakhatási helyzet a válság után. Financizációs folyamatok, kettészakadó lakáspolitikák és a háztartások túlélési stratégiái. *Fordulat* (26). pp. 199-224

According to reports from the experts who were interviewed, **the presence of migrant workers may reshape the usual division of labor within factories.** For example, in one manufacturing factory plant, Hungarian workers alternated between simpler mechanical tasks and more complex ones. This supported ergonomically favorable work practices, with transitions between more demanding and lighter tasks, allowing for rest. After the arrival of migrant workers, the latter's roles were limited to simpler tasks, while the more complex and demanding ones were left to the Hungarian workers. According to one union secretary, this increased resentment towards the migrant workers in the factory and created tension among the local employees.

Regarding the impact on wages, the situation remains unclear. **According to the interviewees representing unions, the use of temporary agency workers and the employment of migrant workers from third countries suppress long-term wage growth trends and reduce the bargaining power of unions.** One recruitment expert agreed with this assessment but stated their belief that **if foreign workers find Hungarian wages insufficient** – which is becoming increasingly common – and it becomes harder to recruit foreigners, **the presence of foreign workers could contribute to wage increases, provided that the demand for labor remains relatively strong.**

8.

MIGRANT WORKERS AND LABOR REPRESENTATION

There are two primary concerns for large Hungarian manufacturing unions regarding third-country migrant workers: their impact on the labor market and working conditions and how to effectively represent the interests of both Hungarian and foreign workers. **Protecting the rights of foreign workers is crucial not only because they occupy the same positions in the capital-labor relationship as Hungarian workers but also because safeguarding their rights positively influences the working conditions of Hungarian workers, according to the trade union leaders who were interviewed.**

However, several factors hinder the advancement of third-country workers' interests, including language barriers, temporary employment, fear, the precarious situation of Hungarian workers, xenophobia, a divided workforce, and the isolation of foreign workers due to their various daily struggles. According to trade union organizers, the status of temporary employment is a particularly significant obstacle, especially in Hungary, where the basic unit of

the trade union system is the employer. Even though a worker may be employed at a particular factory, the official employer is the temporary work agency, not the factory. As a result, negotiations with the factory do not automatically apply to temporary workers.

Finally, good practices for supporting migrant workers have been developed in various factory plants to address these challenges. These include trade unions utilizing interpreters to assist with lobbying, keeping both Hungarian and foreign workers well informed, labor unions reducing tensions between local and migrant workers, organizing community programs, fostering international connections, and partnering with other organizations that advocate for workers' rights. Additionally, providing daily assistance to migrant workers has been effective in **bridging the gap between Hungarian and foreign workers, helping to reconcile their interests and foster a more cohesive workforce.**

9.

RECOMMENDATIONS AND AREAS FOR INTERVENTION

Systemic changes are necessary to improve the situation of migrant workers in Hungary, but several smaller steps can be taken in the short term to enhance working conditions and the former's reception. The following suggestions, mainly provided by experts, represent practical ways to make immediate improvements:

9.1. RECEPTION AND INTEGRATION

- Eliminate shifts and production lines segregated according to nationality to encourage social interaction among workers.
- Provide comprehensive information during the recruitment process, ensuring workers are well-informed before and after arrival.
- Establish multi-directional, independent communication channels to address workers' concerns.
- Involve NGOs to help address workplace conflicts.
- Inform local communities and workers in advance about the arrival of large groups of migrant workers.
- Raise awareness about workplace harassment and provide information about women's labor protection and reproductive rights.

9.2. ADVOCACY AND ORGANIZATION

- Trade unions play a crucial role in resolving conflicts between Hungarian and migrant workers, ensuring their common interests are represented.
- Trade unions should assess the conditions in workers' hostels and organize community programs.
- Develop joint integration programs involving trade unions, temporary work agencies, employers, and NGOs to promote workplace integration.
- Better cooperation between trade unions and foreign representations can help safeguard the rights of foreign workers.
- Use interpreters in trade unions to improve the communication of workers' issues.
- Develop international trade union links to share experiences and knowledge.

9.3. RECRUITMENT

- Employers and temporary work agencies should ensure the reliability of their foreign partners to prevent exploitation and problematic recruitment chains.
- Provide migrant workers with information about labor rights protection during recruitment.
- Implement ethical recruitment practices to uphold migrant workers' rights.
- Social media plays a crucial role in migrant workers' networks. If workers experience mistreatment, this can undermine sustainable and ethical recruitment practices over time. This highlights the importance of employers and temporary employment agencies adhering to ethical standards in their recruitment and treatment of workers.

9.4. WORKING CONDITIONS

- Improve the labor inspection system and tighten health and safety regulations.
- Provide interpreters during labor inspections and train inspectors to recognize the vulnerabilities of migrant workers.

9.5. REGULATION

- Implement a legal restriction on the maximum proportion of temporary agency workers per manufacturing plant (of 5 to 10%), which can only be increased through sectoral collective agreements.
- Ensure the automatic extension of collective agreements to include temporary agency workers.
- Extend the legal residence period for third-country nationals and make it easier for workers who have been employed in Hungary for a longer period to obtain extended residence permits.

9.6. OTHER COOPERATION

- Inter-state agreements should regulate the arrival, stay, and return of foreign workers, ensuring safe labor migration free from exploitation.

LIST OF ABBREVIATIONS

EU – European Union
 ESS – European Social Survey
 ILO – International Labour Organization
 KSH – Hungarian Central Statistical Office
 MIPEX – Migrant Integration Policy Index
 OIF – National Directorate-General for Aliens Policing

Abbreviations used in figures:

ISCO-08 – International Standard Classification of Occupations
 ISCO-08 1: Managers
 ISCO-08 2: Professionals
 ISCO-08 3: Technicians and Associate Professionals
 ISCO-08 4: Clerical Support Workers
 ISCO-08 5: Service and Sales Workers
 ISCO-08 6: Skilled Agricultural, Forestry and Fishery Workers
 ISCO-08 7: Craft and Related Trades Workers
 ISCO-08 8: Plant and Machine Operators, and Assemblers
 ISCO-08 9: Elementary Occupations

NACE – Statistical classification of economic activities, Rev. 2

A – Agriculture, forestry and fishing
 B – Mining and quarrying
 C – Manufacturing
 D – Electricity, gas, steam and air conditioning supply
 E – Water supply; sewerage, waste management and remediation activities
 F – Construction
 G – Wholesale and retail trade; repair of motor vehicles and motorcycles
 H – Transportation and storage
 I – Accommodation and food service activities
 J – Information and communication
 K – Financial and insurance activities
 L – Real estate activities
 M – Professional, scientific and technical activities
 N – Administrative and support service activities

O – Public administration and defence; compulsory social security
 P – Education
 Q – Human health and social work activities
 R – Arts, entertainment and recreation
 S – Other service activities
 T – Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use
 U – Activities of extraterritorial organisations and bodies

C10 – Manufacture of food products
 C11 – Manufacture of beverages
 C12 – Manufacture of tobacco products
 C13 – Manufacture of textiles
 C14 – Manufacture of wearing apparel
 C15 – Manufacture of leather and related products
 C16 – Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
 C17 – Manufacture of paper and paper products
 C18 – Printing and reproduction of recorded media
 C19 – Manufacture of coke and refined petroleum products
 C20 – Manufacture of chemicals and chemical products
 C21 – Manufacture of basic pharmaceutical products and pharmaceutical preparations
 C22 – Manufacture of rubber and plastic products
 C23 – Manufacture of other non-metallic mineral products
 C24 – Manufacture of basic metals
 C25 – Manufacture of fabricated metal products, except machinery and equipment
 C26 – Manufacture of computer, electronic and optical products
 C27 – Manufacture of electrical equipment
 C28 – Manufacture of machinery and equipment n.e.c.
 C29 – Manufacture of motor vehicles, trailers and semi-trailers
 C30 – Manufacture of other transport equipment
 C31 – Manufacture of furniture
 C32 – Other manufacturing
 C33 – Repair and installation of machinery and equipment

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FOREIGN WORKERS IN HUNGARY – KEY FACTS AND LABOR MARKET CHALLENGES



Labor migration to Hungary represents only a small portion of global labor migration. The country mainly competes with Italy, Poland, Germany, and the Czech Republic for foreign labor. The “new guest worker law” responds to contradictions between political communication and labor market practices, but its tightening measures further increase the vulnerability of migrant workers while potentially encouraging the employment of Hungarian workers.



In 2024, only 2.1% of all employees in Hungary are third-country nationals. Of these, 30% are employed through temporary work agencies. Among the migrant workers in the manufacturing sector, Ukrainian and Filipino employees form the backbone. While Filipino workers often view Hungary as a stepping stone, the unfolding Russo-Ukrainian war, particularly since 2022, has led to a decline in the number of Ukrainian workers in this sector.



In Hungary, migrant workers from third countries face challenges such as indebtedness, recruitment fees, strict legal conditions, workplace vulnerabilities, and a lack of information. At the same time, Hungarian workers often experience job insecurity, while conflicts can also arise among migrant workers. Low wages, limited opportunities for advancement, and economic uncertainty exacerbate the turnover among third-country workers and frustration among Hungarian employees. However, protecting the rights of foreign workers can also positively impact the working conditions of Hungarian employees.

For more information visit:
<https://budapest.fes.de/hu/>