

Re-thinking approaches to labour migration

Potential and Gaps in EU Member States' Migration Infrastructures Case Study Summary — Hungary



KEY MESSAGES

- Hungary is facing an ageing society and labour shortages across multiple sectors needing both low- and highly-skilled workers, yet still there is no comprehensive migration strategy or policy on the integration of migrants into Hungarian society.
- The policies reflect restricted and reduced rights for migrant workers of various skills and limited rights for family reunification, while a preference for highly-skilled workers covering a limited set of skills can be identified.
- The key existing pathways for highly-skilled labour migrants include the EU Blue Card (those with a salary 1.5 times the average gross salary), researcher (working at a registered research organisation), inter-corporate transfer, and Hungarian card (mainly for those with a background in IT, natural sciences, engineering or arts).
- The primary existing pathways for low-skilled labour migrants include the guest worker permit for 15 nationalities, obtained through a preferential employer or a qualified temporary work agency. This excludes a list of 300 professions, is limited to around 65,000 permits per year, and capped at 3 years of total duration.
- To address the needs of the Hungarian labour market, less restrictive labour migration policies should be drawn up for both low- and highly-skilled workers.
- The short-term impact of the new migration law XC of 2023 on the labour market should be assessed.



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BACKGROUND AND CONTEXT

Migration is high on the political and policy agenda in Hungary with its government's extreme views advocating for 'zero admission' of asylum seekers. Historically, migration to Hungary has been dominated by ethnic Hungarians from neighbouring countries like Slovakia, Ukraine, Romania and Serbia, which has not significantly disrupted the social cohesion and homogeneous nature of Hungarian society. However, recent trends indicate a growing number of migrants from other parts of the world, particularly Asia. Following Hungary's accession to the EU in 2004, there was an increase in outward migration, especially among young people, which was exacerbated by the 2008 financial crisis. Austria emerged as the top destination for emigrating Hungarian citizens in 2022. This emigration trend is expected to have a negative impact on the sustainability of the welfare system, competitiveness and on the budget balance.

Despite the fact that Hungary is facing structural labour shortages, the public and political debate on migration is polarised. This is resulting in a highly restrictive migration policy, focusing on temporary migration, with a reluctance to integrate migrants, refugees and asylum seekers into Hungarian society. The primary reasons for migrants to come to Hungary are for employment and study purposes. Overall, there is a lack of a comprehensive migration strategy and an absence of consultation on migration policies with other stakeholders.

CURRENT AND FUTURE LABOUR SHORTAGES

Hungary's society is ageing, and life expectancy is rising, especially among women, while the working-age population is in decline. The implications are an increased burden on the pension and health system. While citizens from Hungarian-speaking minorities from neighbouring countries still constitute the majority of immigrants into Hungary, immigration from Germany, China and Vietnam has been increasing, with a steep growth in Ukrainian immigrants in Hungary in 2023 due to the war in Ukraine. Hungary is taking in more male than female immigrants. Refugees and asylum seekers are often negatively depicted in the media, and their numbers have significantly declined since 2015.

Economic activity and employment rates are high in Hungary, while unemployment – especially among men – is low. In addition, the share of economically

active people increased in 2022, with a simultaneous decline in the share of economically inactive people. While the overall employment rate is relatively high, certain disadvantaged groups, such as Roma, people with a low level of education, women with caring responsibilities and people with disabilities, have difficulty finding jobs. Hungarians usually work full-time. Third-country nationals, especially immigrant men, are more likely than Hungarians to be employed in jobs that are below their qualifications.

In 2023, the administrative and support services sector had the highest share of vacancies per sector, followed by human health and social work, and public administration. The labour shortages in the Hungarian market cannot be covered by the local labour force. The government has estimated that the market needs half a million workers.

Agriculture and construction are the traditional sectors expecting growth and reliance on labour migration, while FDI-driven manufacturing is also contributing to labour demand. All sectors are experiencing labour shortages, especially labour-intensive jobs in such areas as construction, agriculture, food processing, healthcare, hospitality, local transport and some basic manufacturing, but also highly-skilled jobs such as in IT. In terms of profiles, both low- and highly-skilled workers are needed.

LABOUR MIGRATION POLICY IN HUNGARY

The government is the defining stakeholder shaping migration policy, while the Immigration Office can decide how to apply policies on granting residence permits. International companies (as employers) and recruitment agencies are important stakeholders in co-shaping the demand for labour. Non-state actors provide education and other support services to migrants and refugees.

Hungary's labour migration policy is predominantly restrictive, emphasising temporary migration and not prioritising the integration of migrants into Hungarian society. While the migration strategy has not been updated since 2020, a new migration law was passed in December 2023. The new migration law introduces a guest worker type of residence permit subject to stringent rules. The rationale behind this approach is attributed to the perceived necessity for stricter immigration enforcement due to rising migration trends, asserting that Hungarian

jobs should primarily benefit Hungarians. The law's tightening of employment aims to safeguard the country against mass immigration. Hungary's migration strategy expired in 2020, and it has not been renewed. The overall labour migration policy follows a political rather than market logic, namely that the prevention of migration – including labour migration – is more important than addressing the needs of the labour market. The new law XC of 2023 favours highly-skilled workers with a certain background, such as in IT, engineering or the natural sciences, while only residence permits stemming from EU legislation, such as researcher and EU Blue Card, remained unchanged.

LEGAL LABOUR MIGRATION PATHWAYS

According to the new migration law adopted in December 2023, there is a preference for highly-skilled workers, especially in countries where Hungary has Hungarian-speaking minorities. Overall, the new law introduces temporally restrictive and reduced rights for low-skilled guest workers and self-employed guest workers of various skills. While highly-skilled workers can renew their permits and be joined by a family member, guest workers are limited to a total of 3 years without the right to invite family members.

Hungary's reform also seems to introduce more barriers for long-term residency, especially for low-skilled workers. For skilled workers more options exist.

Pathways for highly-skilled workers

The **Hungarian Card** is a new type of residence permit available since March 2024 for highly-skilled workers. The requirements are very restrictive and include a degree in IT, engineering or the natural sciences, or the card can be for a teacher of a professional sportsperson or a professional coach, a performer, or for work for a film production company. The card has a validity of 3 years, and it can be extended.

The **EU Blue Card** originates from EU legislation, and targets highly-skilled workers. Applicants must possess higher professional qualifications or professional experience. A key requirement is that the gross annual salary must be at least 1.5 times the average gross annual salary in Hungary. The validity of the EU Blue Card is 4 years, and it can be extended.

The residence permit for **intra-corporate transfer** is for those who have been transferred within a corporation or are holding a residence permit for intra-corporate transfer issued in any Member State. Its validity is for a period of 1 or 3 years, and it can be extended.

The pathway for **researchers** also constitutes a way of entering the Hungarian labour market for the highly-skilled, namely for those carrying out a research project under a hosting agreement concluded with an accredited research organisation. The validity period of this permit is 1 or 2 years, and it can be extended.

Pathways open to medium-/ low-skilled workers

The **guest worker** permit was introduced in March 2024. The options include:

- a residence permit for seasonal employment;
- a residence permit for the purpose of investment;
- a residence permit for employment purposes;
- or a guest worker residence permit for pre-listed third-country nationals from 15 countries.

300 jobs have been barred to guest workers. The maximum number of guest-worker and employment-purpose permits that can be issued this year is 65.000. The citizens of only 15 countries are allowed to work as guest workers: Belarus, Bosnia and Herzegovina, North Macedonia, Philippines, Indonesia, Kazakhstan, Mongolia, Montenegro, Vietnam, Russia, Brazil, Georgia, Kyrgyz Republic, Venezuela and Colombia. The employer is registered as a preferential employer or a qualified temporary work agency. Guest worker permits have a validity of 2 years, and can be extended once by 1 year, as they are capped at a maximum of 3 years. Guest workers are not eligible for permanent residence (national residence card) or family reunification, and their permits cannot be exchanged for another type of permit. The residence permit for seasonal employment cannot be issued for a period exceeding 6 months within 12 months, and cannot be extended after 6 months.

Other permits

The **guest self-employed** is a new residence permit that can be obtained from March 2024. It is for those who want to perform independent gainful activities (for example as a self-employed person) or take up the position of chief executive of a business organisation, cooperative, or any other legal entity established for the purpose of gainful activity. It is

limited to 3 years, and during the first year family reunification does not apply. It cannot be exchanged for another type of permit.

The **National Card** is only for citizens of Ukraine and Serbia for working purposes – to work for or under the direction or supervision of others, for remuneration, in an employment relationship including employment through a temporary work agency. Its validity is 2-3 years, and can be extended.

The **White Card** is for digital nomads, meaning those working in a country other than Hungary or who own a share in a company with a verified profit in a country other than Hungary, but who perform their work from Hungary using digital technology. The validity period is 1 year, and it can be extended only once. Holders of this permit are not eligible for permanent residence (national residence card) neither are their family members eligible for family reunification.

SUGGESTIONS FOR POSSIBLE FUTURE ADAPTATIONS TO LABOUR MIGRATION POLICY AND THE USE OF EXISTING PROVISIONS

The law explicitly cites that Hungarian jobs are for Hungarian citizens, and there is a little room for streamlining labour migration policy. Given this context, the suggested recommendations propose relaxing the current migration policy to address the increased demand for labour, for both highly- and low-skilled workers. These include shaping a migration strategy that mirrors the needs of the labour market and that has been developed with input from civil society. The current migration law can be reevaluated to create less restrictive labour pathways in order to address the current and forthcoming labour shortages in the country.

The pathways in place can in some instances limit the migrant workers' rights and their integration in Hungarian society. The guest worker permit does not allow one to exercise family reunification rights, which contradicts EU legislation and ties the individual to an employer which can negatively impact their protection from abuse. Opportunities for migrants currently living in Hungary and for those entering the country should be created to ensure their integration into Hungarian society, such as through access to Hungarian language courses.

The report suggests the following recommendations:

Comprehensive Migration Strategy

Hungary needs to develop a comprehensive migration strategy that takes into account both labour needs and demographic challenges after having consulted all relevant stakeholders.

Integration Policies

Hungary should integrate international students and migrants, including refugees and asylum seekers, into Hungarian society by providing access to language training, employment opportunities, and support in navigating the residence permit process.

Revising Guest Worker Legislation

Guest worker legislation needs to ensure that guest workers' rights to be joined by their family members are not limited.

Creating Less Restrictive Labour Migration Pathways

Hungary should promote less restrictive labour migration policies for both low- and highly-skilled workers, so as to attract migrant workers for profiles in sectors with labour deficits. This should take place alongside upskilling and re-skilling the domestic labour force.

Enhancing the efficiency of recognition of foreign degrees and qualifications

To improve the recognition procedures for foreign degrees, the Hungarian government could consider implementing a more flexible and expedited process, particularly for refugees and individuals from non-EU countries. This could involve establishing clear guidelines for partial recognition, offering tailored bridging programs or adjustment courses to address specific gaps, and reducing the decision timeframe from 120 days.



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