

# Myths and stereotypes about Ukrainian labour migration in V4 countries - Hungary

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20 May 2019



# Ukrainian political and social context

- **the unity and tranquillity of Ukraine disappeared** in 2014 with the departure of president Yanukovich and the proclamation of the Republic of Crimea - parts of Ukraine irremediably became war zones (armed conflict; domestic political tension and foreign policy crisis)
- **serious and structural problems with the economy** (in 2015 the Ukrainian economy fell by more than 10% and the GDP per capita decreased by USD 1,000 compared to 2014)

# “Hollow hope”

- After the EU enlargement in 2004 among the V4 countries there was a hope that sooner or later, they will reach the average Western European living standards and compensation benefits. Now it's clear that this was simply a hollow hope and according to the official statistical data more than 600,000 Hungarians have already left the country since 2004 enjoying the free movement of people. (London, the second biggest Hungarian city)

# Why Hungary?

- geopolitical position (Hungary is member of the EU and close to Ukraine)
- shared history and nationality patterns of the two countries (Transcarpathian Hungarians)
- the Hungarian economy recovered after the world economic crisis and facing a serious lack of workforce after 2015 due to the rapid growth of production

# Labour shortage

*“Companies have realised that hiring pensioners and students can help them fill positions they were previously unable to staff”*

- Hungary is struggling to fill cc. 80,000 jobs standing vacant because of emigration and declining birth rates, the country has looked to its pensioners and students (FT, 2018)
- the top 10 list of problematic hiring areas ranges from **blue-collar jobs** such as *carpenters, electricians and plumbers to drivers*, engineers, doctors, information technology experts and accountants (Reuters, 2018)
- the recruitment of the technical professionals in the Hungarian **white-collar labour market** remains a huge challenge too – especially in the R&D, IT, manufacturing and construction areas (Hays, 2018)
- the main difficulty is to find senior level specialists, since junior and top management level employees can be found sooner (Hays, 2018)

- The **automotive industry**, in which more than 115,000 persons are employed, generates 21% of Hungary's **GDP**. At the moment, it is the **fastest growing industry in Hungary**, sustained by 712 companies with operations in this field. **Hungary** represents a regional distribution centre for countries in the Center and Eastern Europe, benefiting of a strategic geographical position (member of the **European Union** and Schengen area) and developed logistics and infrastructure.
- **Hungary** is the most important **electronics provider** of the CEE region, employing more than 112,000 people. The **electronics industry** represents 22% of the total **manufacturing industry in Hungary**; at the same time, Hungary is responsible for 26% of the total electronics production in the region.
- The **pharmaceutical and medical technology industry** in **Hungary** is the most representative in the CEE, employing more than 15,000 individuals. Hungary's economy is highly influenced by the pharmaceutical industry, as the industry has developed here from more than one century ago.
- The **information and communication technology (ICT)** accounts for 10% of the country's GDP. The **ICT market in Hungary** is comprised of telecommunications, IT services, outsourcing services and software and hardware products. Hungary stands out in the **ICT research and development market**, which one of the most important in the region. Research and development in the **ICT sector** is highly concentrated on software development, providing anti-virus and IT security services.

RANK	RANK TOP 500	COMPANY NAME	MAIN SECTOR	TURNOVER IN EUR MILLIONS 2016	TURNOVER IN EUR MILLIONS 2017	CHANGE IN TURNOVER	NET PROFIT IN EUR MILLIONS 2016	NET PROFIT IN EUR MILLIONS 2017	CHANGE IN NET PROFIT	EMPLOYMENT 2016	EMPLOYMENT 2017	CHANGE IN EMPLOYMENT
1	3	MOL MAGYAR OLAJ- ÉS GÁZIPARI NYRT.*	Minerals, chemicals, petroleum, plastics & pharma	11,468	13,309	16.1%	812.2	1,019.6	25.5%	4,828	5,372	11.3%
2	6	AUDI HUNGARIA ZRT. <sup>1</sup>	Automotive & transport	11	7,550	>1,000	1.0	364.7	>1,000	126	9,318	>1,000
3	17	MVM MAGYAR VILLAMOS MŰVEK ZRT.*	Utilities & public services	3,338	4,289	28.5%	156.2	12.6	-91.9%	338	320	-5.3%
4	23	ROBERT BOSCH ELEKTRONIKA GYÁRTÓ KFT.**	Electronics, information & telecommunications	3,627	3,868	6.7%	45.9	75.2	63.9%	13,358	13,432	0.6%
5	25	MERCEDES-BENZ MANUFACTURING HUNGARY KFT.	Automotive & transport	3,403	3,554	4.4%	64.4	77.0	19.5%	3,543	3,648	3.0%
6	55	GE INFRASTRUCTURE HUNGARY HOLDING KFT.*	Mechanics & precision	2,890	2,297	-20.5%	334.4	311.3	-6.9%	10,627	11,310	6.4%
7	59	SAMSUNG ELECTRONICS MAGYAR ZRT.	Electronics, information & telecommunications	1,969	2,239	13.7%	68.9	359.9	422.3%	1,845	1,762	-4.5%
8	66	MAGYAR SUZUKI ZRT.	Automotive & transport	2,284	2,101	-8.0%	37.8	86.0	127.5%	2,919	2,819	-3.4%
9	68	TESCO-GLOBAL ÁRUHÁZAK ZRT.	Non-specialized trade	2,053	2,019	-1.7%	164.5	56.7	-65.6%	18,611	18,340	-1.5%
10	74	FLEXTRONICS INTERNATIONAL KFT.	Electronics, information & telecommunications	1,624	1,913	17.8%	11.7	0.7	-93.7%	7,537	7,525	-0.2%

## Coface CEE TOP 500 Companies (2018)

# Migration crisis in 2015

The migration from Ukraine has found the country in a peculiar historical and political state.

**During the year of 2015 thousands of irregular migrants** – most of whom were refugees, asylum seekers or individuals entitled to international protection – **arrived to Hungary mainly from Syria, Afghanistan and other Asian and Middle Eastern countries.** This was an **unprecedented situation in Hungary** and although the Hungarian stakeholders had received clear signs from official sources that a huge number of refugees were waiting in Turkey to start their journey to Europe (mostly targeting Germany, Sweden and other Western European countries), **national authorities and the immigration infrastructure remained astoundingly underprepared.** From February 2015 onwards detention centers (‘guarded shelters’) reported the arrival of an increasing number of asylum seekers to which **the Hungarian government responded with an aggressive anti-immigration billboard campaign, a national consultation on immigration and later on with a campaign against EU-level decision making and the proposed EU quota system.**



# Political landscape - “illiberalism”

Viktor Orbán has concentrated an unprecedented amount of power in his hands while alarming other EU leaders with his brand of **nationalist populism**.

He has described his goal for Hungary as creating an “**illiberal state**” (2014), and argues that authoritarian systems like those in China, Turkey and Russia are a more appropriate model than Western liberal democracies.

Orbán and his party, Fidesz won a **third straight term in power** in elections in April 2018 after his anti-immigration campaign with (super-) two-third majority.

The rightwing nationalist prime minister projected himself as a **saviour of Hungary's Christian culture against Muslim migration into Europe**.

(BBC, 2019)

- **state-centered, loyalty-based Hungarian model**
- **government control** became extremely intense in jurisdiction (administrative court system); science (tensions with the Hungarian Academy of Sciences); higher education and media
- Hungary became **politically isolated** in the EU (Article 7 procedure)
- although during the European Parliamentary elections the **populist forces are expected to gain ground**, the winners will certainly be the centrist parties

# The Russian “friendship”

- Putin’s goal is a return to asymmetric, bilateral relations
- Russian leadership tries to disrupt EU unity through disinformation (with the help of the Hungarian government) and influence exerted on the European public, French, German etc. elections with the aid of the Russian media empire and secret services
- Moscow is not interested in “normalisation”, returning to the pre-crisis status quo

- 31 January 2013 Moscow
- 14 January 2014 Moscow
- 17 February 2015 Budapest
- 17 February 2016 Moscow
- 2 February 2017 Budapest
- 28 August 2017 Budapest (World Judo Championships)
- 15 July 2018 Moscow (Football World Cup)
- 18 September 2018 Moscow

**Paks II** project binding Hungary to Russia for decades

The **International Investment Bank (IIB)** will move to Budapest which itself and its personnel will enjoy a considerable exemptions from Hungarian regulations



# Inconsistency

While the communication of the Hungarian government had an explicit anti-immigration characteristic during the past years, the country has **recruited workforce from inner Ukraine to the factories since 2016**, moreover in some shortage jobs the foreign workers **can work for 90 days without a work permit**.

While some estimates suggest that **more than 20,000 Ukrainian guest workers have already been working in Hungary**, many think that this is not the answer to labour market problems, since after the training process the workers move on to Western countries offering higher wages.

Based on 2017 budget, there is a government program under which 5,000 Ukrainian citizens were able to get work permits, who 4,600 persons were already employed for at least over a month in Hungary. The program was launched by the government in 2016 which has spent HUF 450 m on it.

*“We never invited anyone here to be a migrant worker, nor for any other reason to live with us. Therefore, we are not an immigrant country, and Hungary does not wish to become an immigration country”* (Prime Minister Viktor Orbán on Kossuth Rádió)

# Myths

In political communication **the migrants are portrayed as potential threats**, mostly coming **from Africa and the Middle East**.

In contrast the truth is that the vast majority of **non-EU citizens to actually work or settle down in Hungary coming from neighboring countries, mainly from Serbia and Ukraine**.

So, although the Ukrainian migrants are almost invisible in political communication and in media in general, in reality they make up the vast majority of the guest workers arriving in Hungary.

# Tensions

Meanwhile, **the relationship between Hungarian and Ukrainian workers is not without tensions.**

It is a general view that the Ukrainians work harder after their arrival in the country, do more overtime and even take up jobs without a contract.

However, in the meantime in many cases (unlike Hungarian workers) they receive accommodation for free, push the wages down, leave easily and have problems with both cultural and linguistic integration. In many cases it also sparks cultural tensions that Ukrainian guest workers are working in the factories instead of the Transcarpathian Hungarians “promised” by the government.

# Ukrainian citizens staying in Hungary (total)

Country	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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Ukraine	15866	17289	17610	17241	16537	11894	10849	8317	<b>6906</b>	<b>6749</b>	<b>5774</b>	10503
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# Immigrating Ukrainian citizens

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

1887	1619	1280	859	<b>558</b>	<b>717</b>	<b>1143</b>	1202	<b>6325</b>
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# Ukrainian citizens emigrating from Hungary

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

	564	432	455	474	327	477	469	439	<b>1312</b>
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# The number of work permits issued to Ukrainian workers in Hungary

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

						<b>2078</b>	1145	1145	1413	<b>950</b>	
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