

## **Dynamic Historical Analysis of Longer Term Migratory, Labour Market and Human Capital Processes in Hungary**

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## List of acronyms, abbreviations

EEA	European Economic Area
EU	European Union
EU8	Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia
EU15	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, United Kingdom
EU27	EU15 + EU8 + Cyprus, Malta, Bulgaria, Romania,
FDI	Foreign direct investment
GDP	Gross domestic product
GNI	Gross national income
HCSO	Hungarian Central Statistical Office (Központi Statisztikai Hivatal/KSH)
HDRI	Hungarian Demographic Research Institute
HMFA	Hungarian Ministry of Foreign Affairs
ISCED	International Standard Classification of Education
LFS	Labour Force Survey
MGTSZ	Socialist Agrarian Cooperatives (Mezőgazdasági Termelőszövetkezet)
MIPEX	Migrant Policy Integration Index
NES	National Employment Service
OIN	Office of Immigration and Nationality
STADAT	Ready-made tables with major data, indicators maintained by the HCSO
TFR	Total fertility rate
WP	Work Package

## Executive Summary

This SEEMIG country report gives an overview of the migration processes in Hungary in the context of economic, labour market, political and demographic developments. The analysis covers two time frames: first, it gives a concise historical overview from 1950 until the present, second, it analyses more in detail the current situation, taking into account the events of the last decade which define the present processes.

In the period of the analysis, international migration movements in Hungary were largely defined by the political framework: state socialism until the end of the 1980s and democracy from 1989 onwards. During the decades of state socialism, Hungary was a relatively closed country as regards migration, where cross-border migration was a phenomenon controlled in both directions, mostly repressed and hushed up. However, migration did exist, with a limited number of immigrants and a more considerable number of (mostly illegal) emigrants. While mass emigration did occur only in 1956–57, during the state socialist period Hungary was a country of outward migration, with a negative migration balance of 3,000 persons per year from the end of the 1950s until the end of the 1980s.

This period was also characterized by full employment, modest economic growth and relative affluence (outstanding within the Eastern Bloc). This acceptable living standard also secured a kind of political stability, and population growth was also continuous from the 1950s up until 1981 – although the total fertility rate sank below the replacement level in the mid-1960s and the early 1970s, with the mortality rate also worsening from the 1960s onwards.

The turning point came, both in the economic and the demographic sense, around 1980. A natural population decrease, which has been continuous ever since, began in 1981. Fertility stayed below the replacement level and mortality kept on rising in the 1980s. All of these effects put together resulted in a rather unfavourable demographic situation in Hungary even before the end of the state socialist period.

From the perspective of migration, it was at the very end of the 1980s when the country arrived to a turning point. With the democratic transition, political control over migration came to an end and national borders became permeable, which opened the way to a free unfolding of migratory processes and the previously negative migration balance turned positive (although the exact number of emigrants remains unknown). From a country of emigration Hungary turned into a destination country of international migration (and partly a transit country), and remained such until the end of the 2000s (when out-migration started to increase). At the same time, the reliability of national emigration statistics worsened considerably and, as a result, the process became impossible to measure.

The transition to a democratic multi-party system launched a number of economic and social changes. Due to the end of full employment policy and the loss of 1.5 million jobs, unemployment as a new social phenomenon appeared, accompanied by inflation and a significant setback in economic prosperity. The groups most negatively affected by the negative labour market effects of the democratic transition were the generation aged between 45 and 60 at that time, the Roma and the rural population. Consequently, the demographic situation of the country further deteriorated: total fertility rate kept on declining, reaching a point of stability around 1.3 and then dropped again in the recent years. Mortality reached its highest point in the early 1990s and remained around this high level until the end of the 1990s, showing a slow recovery only after the turn of the millennium.

All of this together accelerated population shrinkage. Natural decrease reached its peak in 1999 with a negative balance of almost 49,000, which was reduced to an annual loss of between 30–40 thousand people. The country's positive immigration surplus, as shown by official national data,

worked to reduce the previously mentioned population shrinkage to some extent but it could not fully counterbalance it.

Starting from an early high level, immigration stabilized in the 1990s at a lower rate, to start a further period of growth just before the turn of the millennium, but (except for the year 2008) it did not reach the level it had at the start of the period under observation. At the same time, a continuous flow of emigrants also existed, although not accurately registered by Hungarian statistics but clearly reflected in the relevant mirror statistics. However, despite low employment and activity rates and negative economic processes, emigration remained low for a long time. Following the EU accession in 2004 it grew modestly, though new opportunities opened to work abroad (the United Kingdom, Ireland and Sweden opened their labour market immediately) and the idea of taking this opportunity became more and more accepted by Hungarian society. On the other hand, the rate of Hungarians working abroad stayed below that of other new member states. This was probably partly due to welfare benefits and social welfare support being relatively high level in this country compared to the rest of the region.

Nonetheless, Hungary was characterized by worsening economic and labour market conditions even before the financial crisis which began in 2008 and these worsened under the influence of the crisis. These effects, however, showed significant regional differences. In the meantime, major migration destination countries showed an increasing demand for Central and Eastern European labour force and in 2011, Germany and Austria also ended labour market restrictions for EU8 citizens<sup>1</sup>. All of this together led to a state where emigration flows from Hungary, which had already started to increase in 2007, gained an unprecedented dynamism since 2011.

According to surveys on migration potential, intention to work abroad and/or emigrate remained also quite low until the recent past, and the rate of people planning to migrate, particularly to work abroad over the long term, only began to increase considerably from 2010 onwards.

The fact that it is increasingly difficult for young people to enter the labour market (unemployment is outstandingly high in the age group 15–24), and reforms (cutbacks) were implemented in higher education, all contributed to more and more young people making plans about living abroad for various lengths of time and going on, in growing numbers, to realize those plans. Realization was made easier by the facts that good language skills are more common in this generation and options to study abroad are also available.

Even so, in the period between the censuses of 2001 and 2011 the total balance of international migration was still positive (126 thousand persons), but while in the previous decade it had counterbalanced almost half of the natural shrinkage, in the recent decade it only made up for one third. However, the outward migration not registered in the Hungarian official statistics but reflected in the mirror statistics exceeded the level of immigration since the last years of 2000s, and thus the migration balance is presumably negative which further worsens population shrinkage.

Along with the decrease of the Hungarian population, its age composition is also changing in an unfavourable direction: the number of people in an economically active age is dropping gradually, while the dependency ratio of the elderly is growing, which will lead to a line of economic, social and budgetary problems over the long term (but much of this is already noticeable). Even though the age composition of the immigrant population is relatively young, the level of immigration is too low to be able to solve the problem of the aging population. For that to become possible the country would need to receive a significant mass of consistently young immigrant population through an extended period of time.

Following EU accession in 2004, a moderate growth in the number of immigrants and changes in their composition can be observed: the number and share of immigrants from EU15 has been

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<sup>1</sup> EU8 countries (which became members of the EU on 1 May 2004) are: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

increasing, while that from the neighbouring countries gradually decreased. This is partly due to the fact that the main country of origin of immigrants, Romania, also became an EU member in 2007, which (conjoined with Hungary's economic situation) caused the rate of immigrants from that country to further decline significantly.

Regarding emigration, it is not only the growth in terms of number of migrants that deserves attention but also the diversification of the destination countries: although the two traditional destination countries (Germany and Austria) have maintained their primacy, the United Kingdom has joined them as third, and in many other countries an increase in the number of Hungarian citizens can be observed, although in a more limited way.

The future course of this process, the further growth or permanence of emigration are hard to prognosticate since they depend on the kind of economic, social and political changes which might take place in Hungary on the one hand and on the economic processes of the destination countries and their labour force needs on the other. Intentions to emigrate may be reduced and emigration be slowed down if the economic situation in Hungary improves, if there are positive changes in the society and the labour market (indeed, under such conditions even a re-migration process may be triggered), or if restrictions in potential destination countries are introduced. If, however, negative tendencies continue or become prolonged, and as emigrant networks emerge and expand in the destination countries, the flow of emigration may well become lasting and the likelihood of people staying permanently abroad may increase. The longer the outflow persists, the harder it becomes to halt the process, as mechanisms of cumulative causation are likely to emerge which make it self-perpetuating. At the same time, emigration means a loss in human capital which may have a negative effect on economic development, and due to its age-specific nature it might also affect the future trends of fertility.

Whether and to what extent emigration continues and which are the qualification and professional groups it will most seriously affect, and whether this will lead to the emergence of heightened labour demand in certain segments of the Hungarian labour market are all factors which will influence immigration as well. The question from this respect is the following: how attractive Hungary will be for immigrants in the long run and for which groups of immigrants.

## 1. INTRODUCTION

The dynamic historical analysis of longer term migratory, labour market and human capital processes was elaborated in the framework of Work Package 3 (WP3) of the SEEMIG project for eight countries in the South-East European region: Austria, Bulgaria, Hungary, Italy, Romania, Serbia, the Slovak Republic and Slovenia. The analysis aims at highlighting specific national development paths as regards migratory, labour-market, human capital and demographic processes and patterns in participating countries.<sup>2</sup> Reviewing these process and developmental patterns on the local, regional and national levels serves as an input for a unified analytical paper on dynamic historical analysis in the SEE region and delivers statistical findings to the project itself. At the same time it contributes to detecting shortcomings of existing data as regards the core indicators (identified in the *SEEMIG Data Requirement Paper*), and therefore serves as an input for enhancing data production systems of migration and human capital in the SEE area (WP4), too. In addition, the analysis, in line with the stated objective, is expected to deliver valuable results on migratory patterns and trajectories for data-enhancement activities in WP5 and policy-oriented SEEMIG activities in WP6.

The objective of this country report is to offer a overview of migration, labour market, demographic and human capital processes in Hungary, highlighting the roots of these processes and their inter-linkages. The analysis spans two sections of the period examined: on the one hand it offers a concise historical review of the changes in these processes from the 1950's to the present day, and then it examines in detail the current situation and the changes in the recent past, including their causes and consequences, with a particular focus on the past decade.

The first part of the report (Chapter 2), besides the main developments regarding international migration in Hungary since 1950, gives an overview of the general political context and socio-economic development for the period from 1950 to 2011/2012. It covers the main political, economic, social and demographic developments which may be related to changes in immigration to or emigration from the country and which have determined various periods and patterns of these migration processes. Besides, a separate sub-chapter offers a concise summary of the changes and developments in migration policy and the related legal system again from the 1950's to the present day.

Current legal framework and regulations of international migration are presented in more detail in Chapter 3, also covering current laws in force and their harmonisation with EU regulations, as well as migration policy (or the lack thereof) affecting different areas such as immigration, emigration or re-migration of emigrants. The same chapter also reviews the perceptions of international migration in Hungary, the changes in xenophobia, attitudes of the population regarding refugees and immigrants, and their perceptions regarding the advantages and disadvantages of immigration.

Chapter 4 focuses mostly on current developments, and analyses the economic, social, migratory, demographic and labour market processes of the period between 2001 and the present day, also covering their background and antecedents. The main focus of the chapter is on changes in migration trends, such as immigration, emigration and re-migration; as well as on the characteristics (size and structure) of the foreign population living in the country (immigrant stock) and Hungarians living abroad (emigrant stock). This section also discusses, to a depth of detail determined by the availability of data, various migrant groups such as refugees, or people who had acquired citizenship. Economic and social changes which have taken place since 2001, as well as the accompanying demographic and labour market processes are presented mostly from the perspective of their influence on migration. The paper also presents briefly the integration of immigrants into the labour market and the ways in which emigration affect the labour market.

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<sup>2</sup> The country reports were made on the basis of specification prepared by WP leader UNIVIE.

Finally, in a separate chapter we present a case study made by the local partner of the SEEMIG project regarding migration, economic, labour-market and demographic processes in Baranya county and the city of Pécs, highlighting those characteristics in which local trends differ from the national tendencies.

While the main scope of the long-term perspective (back to the 1950's) is shown on the *national level*, and patterns and trajectories are mostly illustrated in a narrative way, the more recent period of developments (mostly starting in 2001) is traced on the *regional level* as well, thus for the latter period regional and county level traits and differences also come to the surface. When we analyse current processes, time sequences are mostly presented from 2001 (or earlier, wherever necessary) till 2011 (or 2012 depending on what are the most recent data).

As regards the target audience, this analysis could be useful and valuable for researchers, experts and students concerned with processes and patterns related to migration, and for stakeholders (policy makers and civil servants) dealing with policies on migration, human capital, labour market and demographic change. Besides the *Analysis of existing migratory data production systems and major data sources in Hungary* prepared also in the framework of the SEEMIG project (see: Gárdos – Gődri 2013), this report intends to reveal the shortcomings of migration-related data as well, especially regarding the field of emigration.

### 1.1. Methodology

The present paper is based on the available statistical and empirical data in the examined fields, and on reviewing the findings of the relevant literature. It is built mainly on national data sources – primarily the databases of the Hungarian Central Statistical Office (HCSO) /Központi Statisztikai Hivatal, KSH/ (such as *STADAT database*, vital statistics and censuses), or publications of the same office (e.g. *Demographic Yearbooks*), as well as on various Hungarian survey data (*LFS, Hungarian Household Panel, Omnibus Survey, Immigrants Survey*). At the same time, with regard to certain topics or indicators, in case of missing Hungarian data or in order to supplement them we also made use of the statistical data of international data sources (e.g. *Maddison database, Eurostat database*, mirror statistics of main destination countries of Hungarian emigrants, *World Bank database*), or the results of international surveys (e.g. *European Social Survey*).

The sources of the data used are indicated under each table or figure, and we also offer some background information, wherever necessary, about methodological changes and the comparability and reliability of the data used. Shortcomings of various data sources, inaccuracy of data and problems about data quality will be indicated in the text on the given topic.<sup>3</sup>

The most serious challenge we faced was in processing migration statistics. The quality and reliability of statistical data, as well as the narrow range of accessible data, present more of a problem as regards international migration than in areas of other demographic processes. Although there are data about the most basic characteristics of immigrants/foreign citizens (gender, age, country of origin), other important characteristics (such as educational attainment, economic activity or occupation) are incomplete or totally missing from the statistics or are imprecise for other reasons (e.g. their fertility indicators). The main reason is to do with the fact that data were collected for administrative purposes.<sup>4</sup> Thus we have no other information regarding these indicators that various surveys or the censuses. While, however, the former present recurring problems due to the fact that the samples are too small or they only cover one particular group of immigrants, the censuses, carried out every ten years, offer only a cross-section view and are thus not very well suited to track

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<sup>3</sup> More information is included about this in the WP4 country report (Gárdos – Gődri 2013) which describes the strengths and weaknesses of various migration-related data sources as well as the quality of data they provide.

<sup>4</sup> For more details see the already mentioned WP4 country report.

changes in processes. Data about emigration of foreigners are also inaccurate (reasons for this is explained in detail in report).

Besides inaccuracies and shortcomings of the flow and stock data of foreign nationals, an even graver problem is that we have no reliable national data about emigration of Hungarian citizens: neither their various characteristics nor their exact number is known. Thus, changes in emigration trend and the number and characteristics of Hungarians living abroad will be presented mostly on the basis of the mirror statistics already mentioned.

## 1.2. Definitions

The main terms and definitions used in this country report in general correspond to the terms and definitions given in the Glossary of *Data requirement paper* developed also in the SEEMIG project (see: Fassmann – Musil 2012). However, the national definitions regarding international migration are not completely in line with these definitions in all respects.

International migration data for foreigners are derived from the number of residence or settlement documents issued according to legal regulations. ‘Immigrating foreign citizens’ are defined as persons who entered Hungary in the given year and obtained a residence or settlement document. ‘Emigrating foreign citizens’ are defined as persons who have a residence or settlement document and who have left Hungary without intending to return, or whose document’s validity has expired and the individuals have not applied for extension, or whose document was invalidated by the authorities. For Hungarian citizens data are derived from a centralised population register. ‘Immigrating Hungarian citizens’ refers to persons who register their residence in Hungary with the intention to stay for three months or more. ‘Emigrating Hungarian citizens’ refers to persons who deregister their residence with the intention to live abroad for three months or more.

Thus, while *Regulation (EC) No 862/2007* gives the definition of immigrants and emigrants both taking into account a period of stay that is (or is expected to be) at least 12 months, Hungarian migration legislation does not take this into account. Thus immigrants may become included in Hungarian statistics after a 3-month-stay (follow-up examinations try to detect and filter this discrepancy). As regard emigrants, data, which otherwise underestimate real emigration for other reasons, include people who leave either permanently or temporarily (but for more than three months), although these two groups could be handled separately. This way, both categories (immigrants and emigrants) include both long term and short term migrants. Similarly, the foreign population covered by the census contains people who have been staying in the country for longer than three months.

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## 2. HISTORIC-DYNAMIC ANALYSIS OF LABOUR MARKET, HUMAN CAPITAL AND MIGRATION DEVELOPMENTS

### 2.1. Political and socio-economic overview

Regarding the political system, the period from 1950 to 2011 in Hungary can be divided into two eras, that of state socialism (until 1989) and that of democracy (from the constitutional reform passed in October 1989). However, if we take a closer look on socio-economic and demographic processes, a major turning point can be identified around 1980, when population decrease started (see *Figure 2.1.1*) and when the country became highly indebted (see below).

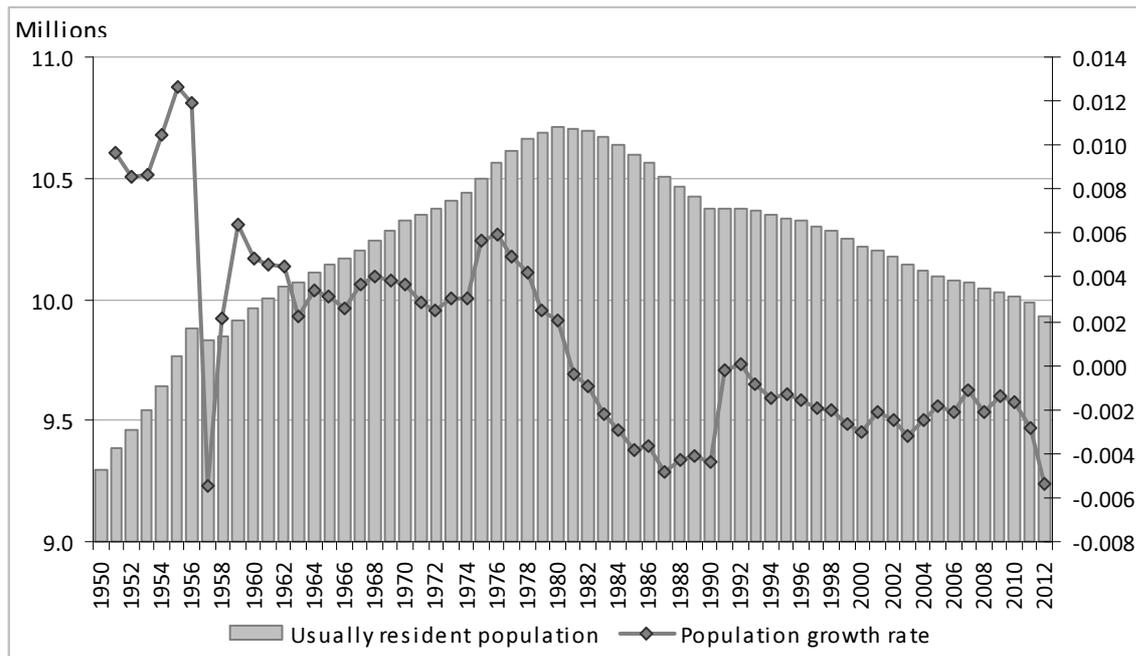
State socialism started with the repressive Rákosi era that was followed by the de-Stalinization process and the revolution in 1956<sup>5</sup>. After a period of retorsion in 1957–63, the smoother Kádár era began, with moderate progress in economic and social welfare in the 1960s and 1970s, although leading the country into high indebtedness. Mass industrialization and full employment characterized the 1950s and the 1960s, while from the 1970s onwards a growing second (shadow) economy started to emerge, being gradually legalized as individual or small entrepreneurial legal entities. Altogether, Hungary in the 1970s and 1980s was widely seen as the “happiest barrack” of the socialist camp.

The transition to democracy and market economy went peacefully, on the grounds of negotiations between the Hungarian Socialist Workers' Party with the democratic opponents (in March – October 1989), with no bloodshed, no major political disruptions and no mass emigration. A large share of state properties, especially the industrial and agricultural production units were privatized and unemployment appeared as a new phenomenon, after official full employment in state socialist times. Early retirement was made possible for many workers instead of being dismissed, a measure which raised the already high share of pensioners. Other social transfers were also quite generous until very recently, contributing to a constant budgetary deficit.

Regarding demography, Hungary is an ageing society with net population decrease. Even if there was a post-war boom in birth, largely due to the prohibition of abortion and the “tax on childlessness” (both until 1956), low birth rate became prevalent in the 1960s, in many cases because of the household’s budget constraints. A popular saying in the Kádár era, “*kicsi vagy kocsi*” (kid or car) reveals the dilemma that young couples were facing. While infant mortality rate was decreasing throughout the whole period, from an 85.7 per 1000 births in 1950 to 4.9 in 2011, death rate became high by the 1980s. Main reasons for mortality (cardio-vascular diseases and lung cancer) are associated to unhealthy lifestyle. Suicide rate has also become high. Children of the post-war kids were born in the mid-1970s, creating a second, minor baby boom, but from 1981 onwards, natural growth rate of the population has always been negative.

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<sup>5</sup> In 1956 an armed uprising broke out in Hungary that aimed to establish a reform socialist system of governance and to leave the Soviet bloc. The revolution failed due to Soviet military intervention and lack of Western support. However, the fear of facing a second “1956” led Hungarian party leaders to take a more moderate approach, thus turning Hungary in a relatively liberal country within the Soviet bloc.

**Figure 2.1.1: Usually resident population and population growth rate, 1950–2012**

Data source: HCSO, STADAT database.

Economic indicators are somewhat difficult to use for the period of state socialism, as it was only the volume index of production that was calculated regularly (from 1960 onwards). Using the 1990 International Geary-Khamis dollar,<sup>6</sup> in 1950, the GDP of Hungary was 23,158 billion (2,480 dollars per capita). It has started to increase slowly with a minor disruption in the time of the revolution in 1956. The economic system that evolved later (especially from the approval of the so-called New Economic Mechanism in 1966) integrated some market economy elements, provided relative independence to the state-run enterprises' management, and had the principal objective to provide consumer goods and an acceptable life standard to the population in order to ensure political stability and prevent another revolution. In the 1970s Hungary was seen as a relatively well-off country with an ideologically mixed, liberal-leaning system dubbed as "Goulash Communism". However, this welfare-based approach went well beyond their means and by the 1980s Hungary became highly indebted to mostly Western creditors who were eager to place their capital stemming from the oil price boom into sovereign debt. This meant that during the 1980s, well before the collapse of the Eastern Bloc, Hungary began its integration to global capitalism and its market-based mechanisms. On the other hand, future global competition was not foreseen by the economic policymakers: the largest share of foreign loans was invested in light industry that later became unable to cope with Chinese import (Melegh 2011).

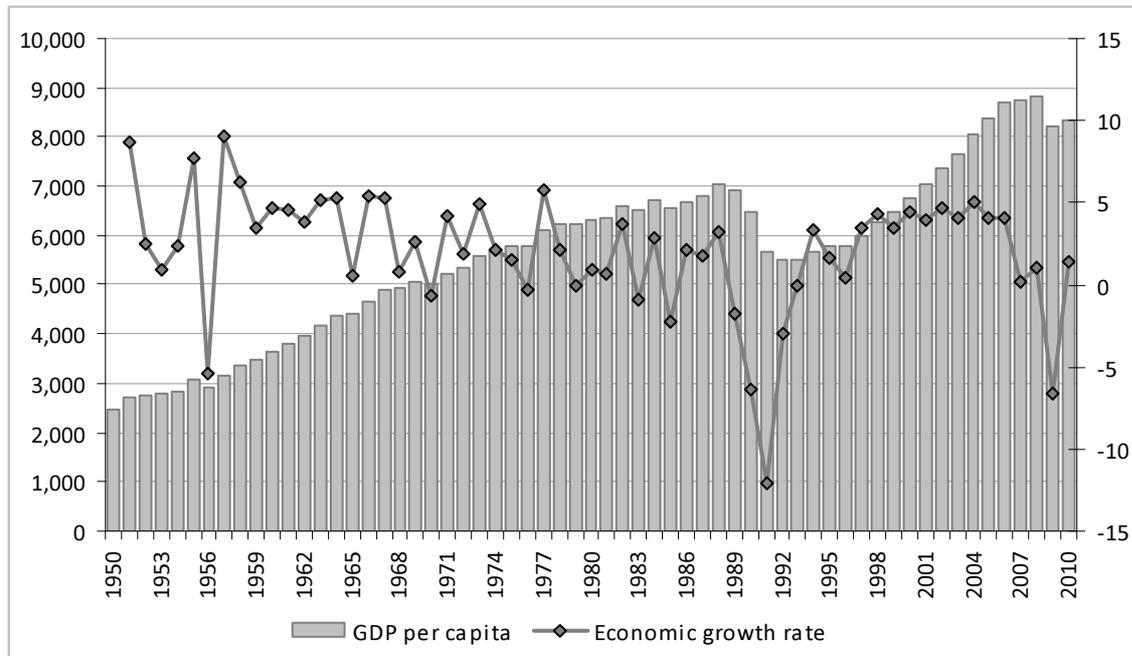
In the period of 1989 to 1993 a sharp decrease of GDP was recorded in Hungary, with the biggest decline immediately following the fall of communism in 1990 and 1991. Privatization of state property dismantled the former production chains and most of the production units of the secondary sector resulted to be inept for global competition. Foreign direct investment came first as portfolio investment and resulted in an immediate backdrop in the production. A comprehensive austerity package in 1995 completed the picture.

Due to economic restructuring and the inflow of capital, Hungarian GDP was recovered in 1994 and kept growing during a period of economic expansion that lasted 14 years, until 2008, when it topped

<sup>6</sup> The Geary-Khamis dollar or international dollar is a hypothetical unit of currency that has the same purchasing power parity that the U.S. dollar had in the United States at a given point in time, (in this analysis, in 1990).

at 94,344 billion Geary-Khamis dollars (8,826 dollars per capita). A large share of foreign direct investment arrived from Germany and Austria (see Chapter 4.1.1.). The global economic crisis hit Hungary heavily, causing a recession in 2009 and a consequent stagnation period. In many ways, the development pattern adopted by Hungary after 1989, relying mostly on Western investment to the manufacturing, finance and telecommunications sectors, became unsustainable from 2008 onwards.

Figure 2.1.2: GDP per capita (1990 international Geary-Khamis dollar) and growth rate in %, 1950–2010



Data source: Maddison database (<http://www.ggdc.net/maddison/maddison-project/data.htm>).

## 2.2. Development of international migration

In 1949, the mass population displacements that followed World War II came to an end, and an extremely restrictive border control regime came into being in Hungary. Entering or leaving the country was subject to a special permit and those who departed illegally or did not return home from abroad were sanctioned for instance with deprivation of citizenship, confiscation of properties or imprisonment for illegal border crossing. Between 1949 and 1956, migratory movements were officially restricted, although thousands of Hungarians intended to cross the heavily militarized Austrian border illegally.

Entering and leaving Hungary became significantly easier for passport holders in spring 1956, as part of a series of general reforms following the death of Stalin. However, as in October 1956 a revolution against Soviet rule broke out, the Austrian border opened for three months. According to the estimations of Hablicsek and Illés (2007), during this brief period of open borders, 176,000 people left Hungary, more than half of them residing previously in Budapest. Two thirds of the emigrants were male, and almost 80% belonged to the 15–39 years old age group. They were much better educated than the average: 11% of the university students emigrated. Besides obvious political reasons, it can be stated that this mass emigration was motivated by economic reasons as well. However, they were recognized as refugees in the first case of international burden sharing (as quota reception) on the grounds of the 1951 Geneva Convention on Refugees. Thus most of these emigrants headed towards the United States, Canada, Austria and other countries of Western Europe. The sudden emigration of that many young and skilled workers meant a sensible loss to Hungary, both in demographic and economic terms. Total (both authorized and non-authorized) outward migration in the whole state socialist era (1945-1989) is estimated around 430,000 (Tóth 1997).

Legal emigration and immigration in the three decades following the 1956 revolution, known as the Kádár era, could be permitted upon request in cases of family reunification, although it was not a universal right but decided on a case-by-case basis. Legal immigration and emigration were therefore very much connected to the marriage of Hungarians with foreigners, while within the Eastern Bloc a circular form of labour migration of a limited number of professionals also existed. Hungarian engineers were working in the Soviet Union and in left-leaning Middle Eastern countries, while Hungary received Cuban weavers and Polish miners (Puskás 1991). These flows were regulated by the states involved, and were intended to be temporary. There were some notable exceptions of this rule, i.e. politically favoured groups who received settlement permit, such as Greek refugees in 1949 and Chilean refugees in 1973. The sum of legal immigrants in the state socialist period (until 1987 and excluding returning Hungarian citizens) was around 52,000 (Tóth 1997). Double citizenship was excluded by bilateral agreements concluded with each Communist state. Due to the changes in citizenship policy these agreements were terminated or ceased until 1995.

In the late 1980s the radical political and social transformation began in the South East European region. It affected Hungary in many ways and one of the most striking features was the intensification of international migration. From the late 1980s, Hungary became from a closed country with very low migration rates, to a country with considerable immigration and transit migration, and due to the introduction of right of nationals to free travel abroad (in January 1988) the outmigration became also significant.

As it will be detailed in Chapter 4.2., immigrants arrived to Hungary mostly from neighbouring countries, especially Romania, where in the last years of the repressive Ceaușescu regime a massive flow of illegal migration (or overstaying) started across the Hungarian border in 1988–90 (Gödri – Tóth 2010). Most of the immigrants were ethnic Hungarians. Also, from Ukraine, Yugoslavia and its successor states there were thousands of ethnic Hungarians who decided to move to Hungary. With the unfolding of the Balkan war, non-ethnic Hungarian ex-Yugoslav citizens (ethnic Bosnians, Serbs and Albanians) also arrived to Hungary and applied for asylum. Between 1988 and 2007, approximately 200,000 foreign citizens received settlement (long-term or open-ended residence) permit (Póczik et al 2008). In parallel, non-European immigrant groups also appeared, most notably the Chinese and to a lesser extent, several Middle Eastern nationalities. Most of them were small entrepreneurs who took advantage of the collapsing socialist economy and founded successful new businesses, especially clothing shops and fast food buffets.

As a consequence of these inflows, Hungary gained a positive migratory balance, gradually turning Hungary from a net migrant-sending to a net migrant-receiving country (Melegh 2012). At the same time, many migratory channels have been set up, transiting Hungary from ex-Soviet republics and the Balkans to Western Europe, but these migrants have only stayed in Hungary if they were caught by the police and consequently applied for asylum. As a general rule, most of the immigrants live in Budapest, while many Ukrainian and Serbian citizens (in a large but not exclusive share, ethnic Hungarians) live close to the border.

Emigration from Hungary had a sharp peak immediately after the collapse of communism mainly due to non-Hungarian citizens who had arrived to the country in the previous years. For the mid-1990s it decreased significantly and also many emigrants from previous emigration periods returned to Hungary. In the early 2000s it started to increase once again, gaining momentum after Hungary's accession to the European Union in 2004. Member states of the European Union gradually opened their labour market for Hungarian citizens (United Kingdom, Ireland and Sweden already in 2004, others as Spain, Italy and the Netherlands in 2006 and 2007, while Germany and Austria only in 2011). In parallel with this, economic growth slowed down in Hungary, falling into recession from mid-2008 until mid-2010 and standing at a stagnating position ever since. Outward migration started to rise in 2007–2008 and the issue of emigration has gradually become a key topic in Hungarian public discourse. It is widely believed that the current outmigrants are younger and more skilled than

the Hungarian average. Outward migration is especially high among doctors and healthcare professionals, engineers, technical workers and students (as it is explained in Chapter 4.4.3).

### 2.3. Evolution of the migration policy and legal system

Managing the challenges of migration in Hungary is, by large, a legislation issue. Rather than conceiving a comprehensive migration policy (see below), Hungarian legislation has always been a follower of international events that affected Hungary in forms of a migration flow or a political alignment. First of all, following 1949, in the Stalinist dictatorship imposed in Hungary, the entry of non-Hungarian citizens and Hungarian citizens permanently living abroad was bound to the personal permission of the Minister of Interior who, according to the *Ministerial decree 347.300/1950* ordered a compulsory registration of all foreigners in Hungary. Travelling abroad (even to socialist countries) also required permission of the Minister. The restrictions were eased in spring 1956, and then suspended during the October 1956 revolution. In 1957 the pre-1956 strictness was restored. From 1961 onwards slow and gradual reforms were implemented, most importantly allowing passport holders to travel abroad, even to non-socialist countries. While many people took advantage of these opportunities and did not return to Hungary (the term for this phenomenon in Hungarian language was *disszidál*, “to become a dissident”), there was no mass outward migration from the late 1950s until the late 1980s. In parallel, immigration in the whole state socialist period remained low, with the aforementioned exceptions (Juhász 2003).

Migration became an issue once again in the turbulent period of the transition. Following the proclamation of the 3<sup>rd</sup> Hungarian Republic inside the *Constitutional Reform (Act XXXI of 1989)*, the right to migration and free return for citizens were passed. These new, relatively liberal regulations concerning immigration were conceived mainly thinking of ethnic Hungarians as prospective immigrants - however, this was no longer the case (see the previous chapter). Four years later, the *Act on Hungarian Citizenship (Act LV of 1993)* and the *Act on the Entry, Residence and Settlement of Foreigners in Hungary or “Aliens’ Act” (Act LXXXVI of 1993)* came into force, tightening the 1989 regulations. *Act LV of 1993* stated that a foreign citizen can be naturalized after eight years of residence in Hungary, while the Aliens Act required a minimum of three years working and living in Hungary with a residence permit for obtaining the settlement permit (status of immigrant). In parallel, the *Act on Border Control and the Border Guard (Act XXXII of 1997)* enabled the border guards to act with significant power and resources in order to prevent the illegal entries.

Finally, in 1998, the *Act on Asylum (Act CXXXIX of 1997)* entered into force. It ceased the geographical limitation made by Hungary to the 1951 Geneva Convention for refugees, so Hungary was ready to receive asylum-seekers also from out-of-Europe. This Act established three categories: “convention refugees” (*menekült*), the “temporary protected” (*menedékes*) and the “persons granted subsidiary protection” (*oltalmazott*). With this, the pre-EU accession migratory legal framework (due to the European Agreement with the EU in 1994) was complete. No attempts were made to conceive a comprehensive migratory policy that would go beyond administrative issues (Tóth 2009).

During the period of pre-accession national rules on migration were iterated to the EU legal norms but not to their principles and values. For instance, in 2002, a new legislative package entered into force, the *Act on the Entry and Residence of Foreigners (Act XXXIX of 2001)*, in order to divide the legal status of Union citizens with free movement and status of third country nationals (foreigners). It preserved the requirements of settlement permission such as three years of working and living in Hungary with a residence permit in order to have a settlement permit (immigrant status), and eight years of residence in order to be applicable for naturalization. Upon the EU accession (2004), all EU regulations were transformed into the national regulation, in particular the *Council Directive 2004/38/EC*. The *Act on the Entry and Residence of Persons with the Right of Free Movement and Residence (Act I of 2007)* provided the implementation of the Directive at legislative level (Gellérné – Illés 2005).

Regarding the institutional framework, *Act XXXIX of 2001* defined the Office of Immigration and Nationality (*Bevándorlási és Állampolgársági Hivatal, OIN*) as the competent authority in visa, asylum and residence permission. The OIN had already been founded in 2000 as a specialized authority in the auspice of the Ministry of Interior, with a re-organization of the former Office of Refugee and Migration Affairs (*Menekültügyi és Migrációs Hivatal*). The OIN has 7 regional directorates and 14 offices for the public, with a total number of 1100 employees. In 2002 a central register for foreigners was implemented. The OIN's regional directorates became responsible for all the aliens police issues that previously belonged to the Police, and also for all the border issues that were not directly related to unlawful actions on the state border. At the same time, OIN incorporated institutionally the reception facilities for asylum seekers. With these measures, the migration issue was put in a unified framework in which aliens police, citizenship and asylum issues are treated in a parallel way, with a clear focus on "maintaining the public order" (Póczik et al 2008).

As stated before and detailed in the following, the subsequent Hungarian governments have not shown an interest towards migration (beyond administrative and public order issues) or migration policy. In 2007, the Government adopted a "short- and medium migration strategy" (conceived to cover the period until 2020, determining the principles and aims of migration management), but it has not been discussed publicly, nor implemented in the practice ever since (Tóth 2012). There is one notable exception to this rule that is the policy towards ethnic Hungarians in the neighbouring countries, which is explained in the following chapter.

### 3. NATIONAL POLICIES AND PERSPECTIVES REGARDING INTERNATIONAL MIGRATION

#### 3.1. Legal and policy framework on international migration

Hungarian immigration legislation (Tóth 2009, 2012) is formally in line with EU directives, the Schengen acquis and the relevant instruments in the Hague Program. These were transformed into the Hungarian law in 2007:

- *Act on the Entry and Residence of Persons with the Right of Free Movement and Residence (Act I of 2007) and*
- *Act on the Entry and Residence of Third-country Nationals (Act II of 2007).*

These laws refer on the relevant Directives, such as

- *Council Directive 2003/86/EC, on the right to family reunification;*
- *Council Directive 2003/109/EC, concerning the status of third-country nationals who are long-term residents;*
- *Council Directive 2004/114/EC, on the conditions of admission of third-country nationals for the purposes of studies, pupil exchange, unremunerated training or voluntary service; and*
- *Council Directive 2005/71/EC on a specific procedure for admitting third-country nationals for the purpose of scientific research.*

According to *Act II of 2007*, a third-country national can apply for: 1) a long-term visa for a specified purpose and, before it expires, 2) a residence permit. Entry and stay in the territory of Hungary may be allowed for the purpose of visits, family unification, employment, seasonal work, study, research, medical treatment, official visit and volunteering. The issuance of long-term visas (for over 3 months) and residence permits fall within the competency of the OIN, while the border patrol, formerly belonging to the Hungarian Border Guard Services, from 2008 onwards is a duty of the Police service.

A long-term visa is a prerequisite of the immigration procedure. These are granted for an explicitly stated purpose, including employment, study or family reunification. Applicants for long-term visas must meet the following conditions:

- possession of a valid travel document,
- justification of the purpose of entry and stay,
- adequate accommodation in Hungary,
- sufficient means of subsistence,
- health insurance coverage or sufficient financial resources for healthcare services, and
- not being subject to expulsion or a ban on entry.

The issuance of residence permits also falls within the competency of the OIN and its regional Units, while the issuance of labour permits is a task of the regional unit of the Labour Office. A residence permit can be issued if the foreigner holds a valid long-term visa, and has to be submitted from within Hungary. The applicant must have:

- secured accommodation;
- sufficient financial means; and
- medical insurance or sufficient financial resources to cover any healthcare expenses.

“Sufficient” is not explicitly defined, neither are the required conditions for accommodation. The basic principle is that a foreigner receiving a residence permit must be self-subsistent. If a foreigner has been continuously residing in Hungary for three years, becomes eligible for a national permanent residence permit (Act II of 2007, Art. 35).

*Act I and II of 2007* regulate family reunification issues in line with the EU *acquis*. The spouse of a foreigner holding a permanent residence permit obtains a labour permit automatically.

Employment of third country nationals require a procedure of authorization, launched by the employer while the potential foreign worker is still outside Hungary, for one year. The process for prolongation is almost identical. Article 7 of *Act IV of 1991*, on employment and benefits for unemployed persons, allows the Minister of Employment to specify, year by year, the highest number of foreigners to be employed in individual occupations. A third country national can also be self-employed in case of holding a long-term visa for the purpose of gainful employment (*Act II of 2007*, Art. 20(1)). There is no active highly skilled workers program in Hungary.

According to *Act LV of 1993*, acquiring Hungarian citizenship for preferential applicants can be requested if they:

- have been living continuously in Hungary for eight years since the accession to the settlement permit;
- possess secured accommodation;
- possess sufficient financial means; and
- have successfully taken an exam on Hungarian constitutional and citizenship issues in Hungarian language – thus, implicitly, the law requires a high level of Hungarian language knowledge in order to receive citizenship. On the other hand, ethnic Hungarians entitled to participate in the “simplified naturalization process” (see below) are exempt from the exam.

Hungarian citizenship may be granted for refugees and family members after three years of residence and for stateless migrants after five years residence (preferential acquisition upon request).

Regarding migration policy, the *Government Decree 2073 of 2004* about the national security strategy of Hungary stated that the Minister of the Interior should prepare the migration strategy of Hungary. The same year, a Migration Inter-ministerial Committee was set up in order to conceive a long-term migration policy. The deadlines were modified several times but a comprehensive migration policy has not been set ever since. Migration issues in Hungary have always been a blind spot to Hungarian policymakers, that is, no significant government activity can be traced that would go beyond administrative issues and adopting the relevant legislation package of the *acquis communautaire*. Migrant integration projects have been running thanks to the European Integration Fund, being Hungarian NGOs that are handling most of the cases. According to government sources, a comprehensive migration policy paper is under elaboration as of 2013, however, it is focused only on immigrants who are not of Hungarian ethnicity, leaving aside two key aspects of Hungary’s migration dynamics: outward migration and the immigration of ethnic Hungarians. However, as the share of non-ethnic Hungarian immigrants is on a constant rise, the need for this strategic paper is unquestionable.

Outward migration (especially that of skilled young Hungarians) has, very recently, become an issue in political discourse, but apart from heated debates, very little have been done to tackle the issue, and that has been done insofar (obliging students to pay the tuition fee of their previously state-subsidized studies if they decide to move abroad permanently) has been only fuel on the fire.

The situation of ethnic Hungarians in neighbouring countries, and their linkages to Hungary is also a highly sensitive issue. Understood rather as a “nation policy” than a “migration policy”, ethnic Hungarians who live in the territories detached from Hungary by the Peace Treaty closing World War

I in 1920, have always had a privilege in terms of naturalization and obtaining a settlement permit in Hungary. Legally speaking, in these cases the acquisition of citizenship derives from their ancestors' (ex)-Hungarian citizenship under the principle of "ius sanguinis" or, former Hungarian citizens can re-acquire their citizenship upon request. However, between 1989 and 2010, ethnic Hungarians could acquire citizenship only by moving to Hungary, thus in absence of proper immigration policy an ethnic preference system for Hungarian migrants was developed.

Somewhat contrary to this approach in the practice, the official Hungarian standpoint have been basically encouraging ethnic Hungarians to "get along in the lands of their birth". There have never been a repatriation program of co-ethnics like in the case of Germany's Aussiedler (Brubaker 1998, Wetzel 2011). However, ethnic Hungarians have enjoyed benefits and favourable treatment applying for residence permit and citizenship. *Act II of 2007* provided a special visa and residence permit for five years for third-country nationals, for "Hungarian language practice, maintaining national cultural traditions, non-scholarly curricula or self-education or maintaining family and friendly contacts in Hungary" (*Act II of 2007, Art. 27*). However, this national visa and residence permit is not applicable for free movement of its holder inside the EU, because its preconditions and procedure are not compatible to the relevant EU legal norms.

Modifying the *Act LV of 1993*, from 1 January 2011 onwards, Hungarian law contains the accelerated or "simplified naturalization process" (*egyszerűsített honosítási eljárás*) instrument, that is, every non-Hungarian citizen is eligible for fast-track naturalization if:

- "He or she or any of their ancestors was a Hungarian citizen or if he or she serves reason to believe his or her origin is from Hungary", and
- "He or she proves their knowledge of the Hungarian language, has clean criminal record, and naturalization does not violate the public and national security of Hungary."

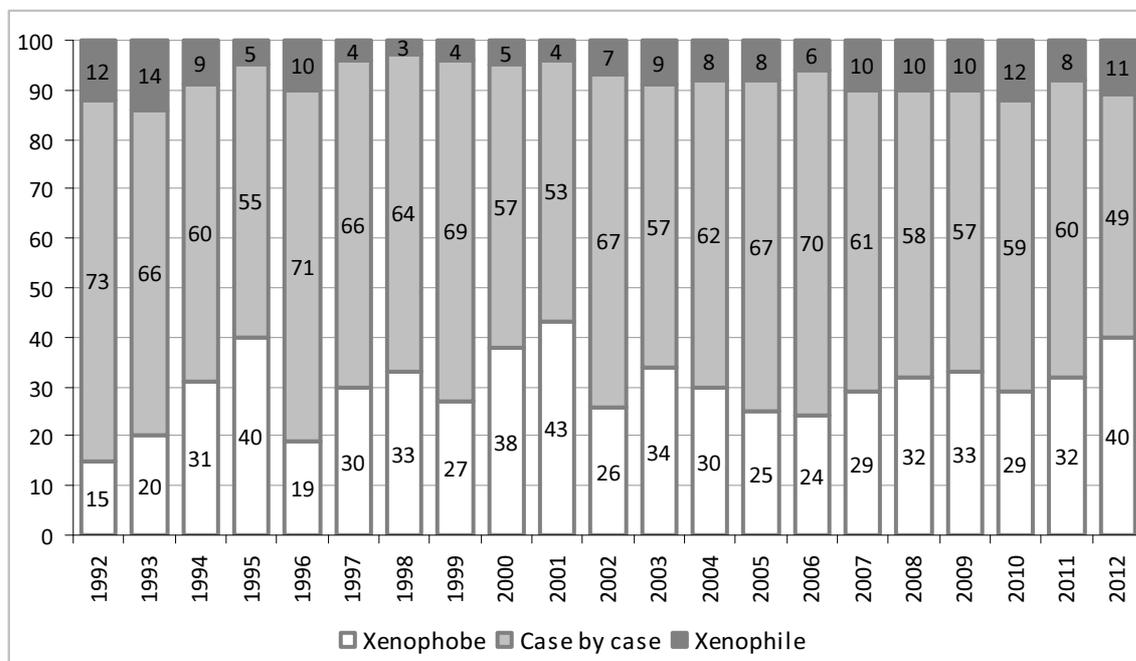
In other words, non-Hungarian citizens living abroad can be naturalized without moving to Hungary if they or their ancestors ever held Hungarian citizenship, are able to speak basic Hungarian and they have a clean criminal record. According to the related government website, between 1 January 2011 and 4 September 2013, the number of applicants was above 500,000, out of which more than 430,000 have already been granted Hungarian citizenship as their second or third citizenship. Most applicants have Romanian (330,970), Serbian (92,188) or Ukrainian (64,030) citizenship. A recent research among ethnic Hungarians in Romania (Kiss – Barna 2013, p. 60.) has shown that while 62.8 per cent of the total of respondents applied or considered applying for Hungarian citizenship, this ratio was 88 per cent among those who were considering working abroad, and 93.5 per cent among those who were considering studying abroad. However, there is no information on how many of the applicants have actually moved or planning to move to Hungary, as applications could be made outside Hungary, in Hungarian diplomatic missions. It is known, however, that 203,199 applicants were in Hungary at the time of the application (*Az egyszerűsített honosítási eljárás honlapja, 2013*).

### 3.2. Perceptions of international migration

The longest time series about attitudes towards migrants in Hungary has been produced by the TÁRKI Institute of Social Research. From 1992 onwards, TÁRKI has been including a refugee-related question in its yearly survey (1992–1997: Hungarian Household Panel, 1998 – present: TÁRKI Omnibus Survey<sup>7</sup>). Being a “refugee” question comes from the general perception of the migration issue back in 1992, when Hungarian population largely understood immigration policy as a humanitarian issue, as it was the case of most Romanian and Yugoslav citizens who arrived to the country.

In TÁRKI’s survey questionnaire the “refugee question” is as follows: “Do you agree that Hungary should provide asylum to: 1) every refugee, 2) not a single refugee, 3) some of the refugees (depending on several characteristics)?” In the following question, a set of ethnicities are listed, with the question if refugees of this ethnicity should be granted asylum. The most peculiar item on this list, from the mid-2000s onwards, has been a fake ethnicity (“Piresian”, in Hungarian: piréz) whose rejection is supposed to show the overall, unspecified xenophobia of the respondent (59% when first asked in 2006) (Sik 2012).

Figure 3.2.1: Attitudes towards refugees in Hungary, 1992–2012



Source: TÁRKI Hungarian Household Panel 1992–1997, TÁRKI Omnibus Survey 1998–2012.

During the 20 years recorded by TÁRKI’s survey series, it has always been the option 3 (those believing that some refugees should be let in, while others shouldn’t, deciding on a case-by-case basis) that the majority of respondents have chosen, however, their share have been fluctuating over time and in 2012, for the first time since 1992, the share of the respondents with a “case-by-case” approach stayed below 50 per cent. The share of “xenophobes” (refusing everybody) peaked in 1995, perhaps because freedom of speech after the transition brought to the surface some previously repressed xenophobia, then it has been oscillating with a rise in the latest years, scoring 40 per cent in 2012. Finally, a minor group of “xenophiles” have also been present, typically representing the 10 per cent of Hungarian population.

<sup>7</sup> TÁRKI’s Omnibus Survey is a monthly survey with a sample size of 1000, that comprises several question panels.

In the same survey, 82% refused to grant asylum to any Arab, 79% to any Chinese, 75% to any Russian and 71% to any (ethnic) Romanian. In a sharp contrast with these results, only 4% of the respondents thought that ethnic Hungarians from neighbouring countries should not be granted asylum (even if, as of 2006, political situation in all of these countries, except Serbia, was stable). On the other hand, it must be mentioned that a highly controversial referendum was held on 5 December 2004, in which only 51.5 per cent of the votes went for providing dual citizenship for all ethnic Hungarians (with a voter turnout of 37.5 per cent thus the referendum being invalid).

Traditional explaining variables for xenophobia were already noticed in Hungary the 1990s and mid-2000s (Dencső-Sik 2007), namely that the older, the rural dwellers and those with lower educational attainment tend to be more xenophobic than the younger, urban and more skilled population, and that knowing personally a member of a given group reduces the grade of refusal to that specific group. An analysis on the 2012 survey results shows that, compared to the 40 per cent share of “xenophobes” in the whole population, there are groups more xenophobic than others: those who are not willing to vote on any political party (54% of them being a “xenophobe”), those with low educational attainment (ISCED level 2 or less) (52%) and, curiously, the Roma (49%) with a result higher than those who vote on the extreme right Jobbik party (45%). It is also interesting that those who are planning to leave Hungary in order to work abroad are also slightly more xenophobic than the average (44%).

Other surveys, such as TÁRKI’s April 2011 Omnibus give interesting additions to the phenomena described above. Even if immigration as such is not perceived as a major threat by the Hungarian population, to the question “Do you think that in the near future significant immigration will arrive from...?”, the 48% of the respondents gave a positive answer with regards to China, 26% to Israel, 23% to Arab countries and 17% to African countries. In the same survey, 64% of the respondents stated that immigrants take jobs away from Hungarians (Juhász 2011, Krekó – Juhász 2011), a finding that is in line with European Social Survey’s ranking where Hungary displays the third highest percentage of respondents in Europe, stating that immigration is bad for the country’s economy (ESS 2010). Another TÁRKI survey showed that Hungarians perceive a way bigger amount of immigrants in the country than it can be seen from the data: in average, the respondents guessed that of the total population of Hungary, 10% is ethnic Hungarian from neighbouring countries, 6% is Chinese, 2% is Arab and 2% is African. This would sum up as a 20% of immigrant stock, while according to the latest census data it is around 1.5% (Sik – Simonovits 2011). Another, comparative research (Population Policy Acceptance, 2003) found that among eight Central European countries, it was Hungarian respondents who gave the largest overestimation of the foreign population in their country, had the major rate of refusal towards migrant integration measures, and held the most negative opinion on immigration’s overall balance of social costs and benefits (Gödri 2010a).

Regarding the institutional actors, it must be stated that although the legal framework for coping with migration issues is satisfactory, according to the MIPEX III<sup>8</sup> report the overall Migrant Policy Integration Index score of Hungary is not too high (45%), mostly because “foreigners living in Hungary for years are slightly discouraged from becoming Hungarian, contrary to policies for co-ethnics abroad”. Hungary scores relatively high in anti-discrimination and family reunion, while scores low in access to citizenship for non-ethnic Hungarians (MIPEX 2010).

Finally, perceptions of outward migration and becoming a migrant have changed significantly in the past decade. TÁRKI’s time series on willingness to emigrate show a cumulated total of 6 per cent in the 1990s, that started to rise after 2000, and have reached 19 per cent by 2012. This shows the percentage of the population that is considering working or living abroad, while approximately one third of them are thinking about definitive emigration during the whole period. Another interesting

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<sup>8</sup> MIPEX measures migrant integration policies in all European Union member states plus Norway, Switzerland, Canada and the USA, using 148 policy indicators. The Hungarian experts and peer reviewers who contributed to the MIPEX III Hungary chapter were András Kováts, Boldizsár Nagy, András Kádár, Lilla Farkas and Ákos Gocsál.

feature is that while 12 per cent of the respondents of TÁRKI's 2011 survey could easily imagine to emigrate and *at the same time* supports immigration to Hungary, 29 per cent of the respondents is neither willing to emigrate nor letting immigrants come to Hungary. The exception to this general picture is the 18–35 years old age group where the first group accounts for the 26 per cent of the total and the second for 20 per cent, showing that the younger generations are more prone to accept the phenomenon of migration in both directions (Sik 2012).

## 4. RECENT SITUATION AND DEVELOPMENTS ON LABOUR MARKET, HUMAN CAPITAL AND INTERNATIONAL MIGRATION

### 4.1. Social and economic development

#### 4.1.1. Economic development

Following the collapse of state socialism, former Eastern Bloc countries underwent a process of privatization and economic re-adjustment to world capitalism, that ranged from a shock therapy in Estonia, on one extreme point, to a very smooth and gradual transition in Slovenia, on another. In this continuum, Hungary stood closer to the “shock therapy” endpoint, contrary to other Visegrad countries<sup>9</sup> that were privatizing their economy more gradually. In many ways, this was not a choice but a must: due to high indebtedness, it was more crucial to get additional sources to the central budget than in other countries in the region. On the short run, it had a stabilizing effect on the Hungarian transition, however, on the long run the capacities for independent economic development policies for the subsequent Hungarian governments have largely diminished: 1.5 million workplaces were lost and were never recovered.

Large-scale privatization, together with the 1995 austerity package and the inflow of foreign direct investment brought a relatively prosperous decade (1995-2008) in macroeconomic terms. Until 2008, economic growth rate stood steadily between 4 and 5 per cent. GDP per capita in 2001 was 7,444 dollars (1990 International Geary-Khamis dollar) and in 2008, 9,500 dollars. From late 2008 to early 2010 the global crisis hit Hungary heavily and caused recession, which was followed by a period of stagnation, with annual economic growth rate staying below 1% from 2010 onwards.

Foreign direct investment (FDI) stock per capita in Hungary has been the highest in post-socialist Central and Eastern Europe in these years, the majority thereof being invested in the services sector and the competitive branches of the industry, such as the production of machinery. Following a sharp rise in the previous years, FDI stock peaked in 2008, followed by a massive withdrawal of capitals, standing around a stock of 60 billion euros at the end of the period of analysis. Approximately 79 per cent of the foreign direct investment arriving to Hungary originates from EU-15 countries, Germany being by far the largest investor country (25%), followed by the Netherlands (14%) and Austria (13%). The United States is the largest investor from outside EU (5%), although many investments are made through EU countries using US capital (HMFA 2009).

Structural problems of Hungarian economy became visible already before the 2008 crisis. The rate of indebtedness grew in a constant way from a historical low (52.7% of the GDP) in 2001, to 81.4 per cent in 2011. The prosperity enjoyed during a decade became unsustainable as the wage gap between Hungarian and EU-15 employees started to become narrower. Given the nature of the privatization process and pro-FDI taxation policies, foreign ownership and high concentration has become a feature of the Hungarian economic scenery, where 10 companies produce more than one third of the country’s GDP, 8 of which are of foreign majority ownership (Haász 2012). The production is also concentrated geographically: Budapest and Northwest Hungary have been developing dynamically, while other regions, especially Northeast Hungary’s former heavy industry areas have been undergoing a severe decline. Small and medium enterprises are facing multiple problems such as lack of capital and excessive bureaucratic burden, a fact that also fosters informality in employment and a large zone of “grey” (semi-formal) transactions.

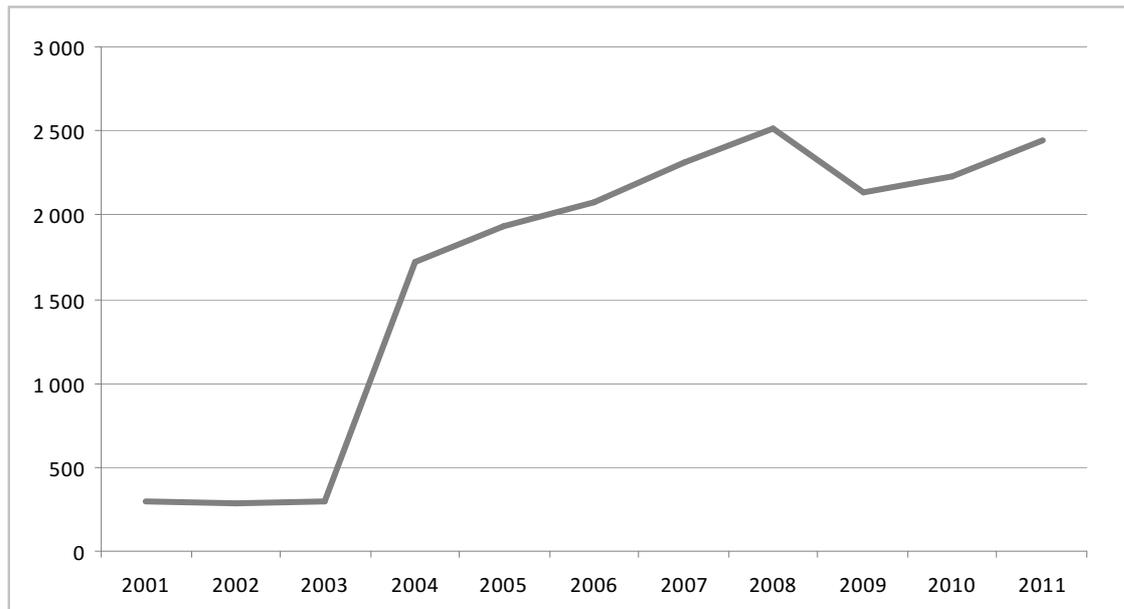
Internal migration is reflecting the spatial re-structuring of Hungarian economy, with the two above mentioned prosperous areas attracting most of the internal migrants. As migration has gained also

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<sup>9</sup> The Visegrad Group is an alliance for international cooperation between the Czech Republic, Hungary, Poland and Slovakia. These countries are often referred as the Visegrad countries or the Visegrad Four.

an international dimension, migrant remittances started to become significant. In 2001, the share of remittances in the GNI was just about 0.36%. In 2004, Hungary became a member of European Union and in one year's time (although only the United Kingdom, Ireland and Sweden opened immediately their labour market to Hungarians) it raised up dramatically. Later on, the yearly amount of remittances kept on increasing, up to a peak 2,509 million dollars in 2008, ranging as 2.66 per cent of the GNI. In a regional comparison, this is still a relatively low value. It has to be noted that remittances are increasing in the whole region and they can be interpreted as an indicator of a dependent integration to the global economy (Böröcz 2012).

**Figure 4.1.1: Inflow of remittances (total) 2001–2011 (in million USD)**



Data source: Hungarian Central Statistical Office.

#### **4.1.2. Social development**

Hungarian society was, under state socialism, an egalitarian one, in which full employment and a broad range of social transfers were compensating for the lack of individual entrepreneurial perspectives and the scarcity of consumption options. With the transition to democracy and capitalism, a sudden growth of the Gini coefficient<sup>10</sup> took place, starting already before the political changes of 1989. From a very low 0.21 in 1982, the coefficient rose to 0.31 in 2003. Then, a slight decrease happened, but from 2008 onwards it climbed back to the range around 0.30, being still relatively low in a European, and very low in a global perspective.

Nonetheless, there have been several social groups that were hit heavily by the transition and the dismantling of the full employment and social protection. These groups are named commonly in both scientific discourse and everyday talk as “the losers of the transition”. Following a seminal essay (Ferge 1996) it can be stated that although on a political level the transition was beneficial for every Hungarian citizen as it has provided to everyone the access to human and civil rights, the negative structural and individual processes regarding economic and social security led to a common statement of “life was better under Kádár”, echoed by many Hungarians as early as 1995, a phenomenon not unknown either to other post-socialist countries.

<sup>10</sup> Gini coefficient is an indicator measuring social inequalities.

One of the groups most negatively affected by the transition are the Roma. The Roma population has always been marginalized in Hungary, while under state socialism a rather heavy-handed integration process was implemented. From 1961 onwards, full employment, access to schooling and housing were the key points for Roma integration, with relative success but in a paternalistic and culturally insensible way. The Roma could not make their way into the bulk of Hungarian society and after the transition they became marginalized again, both socio-economically and geographically. As of 2011, the Roma are estimated to account for 8% of Hungarian population, and have a 23% lower participation on the labour market as the (already low) Hungarian average. Main reasons for this situation are: having low educational attainment, living in geographically distant areas with few job opportunities, the lack of social network to “middle-class” jobs, significant racism of the employers and the unstable and precarious nature of many jobs available for them (Dupcsik 2009).

Regarding age groups, the generation between 45 and 60 years at the moment of transition (born between 1930 and 1945) are also considered as “the losers of the transition”. The collapse of the industrial sector and the dramatic shrinking of the labour market favoured those who were younger, as in a situation of competition for scarce job opportunities the experience gained in a no longer existing production regime was regarded as useless by the (mostly Western European) investors. As already mentioned, early retirement was the general way how these employees were compensated. As of 2011, 41% of the persons receiving pension transfers were under the official retirement age (KSH 2011).

Rural population also tended to lose its livelihood after 1989. The dismantling of the socialist agrarian cooperatives (MGTSZ) and the “indemnification” (kárpótlás) of the former owners of the lands meant that agricultural property disintegrated, with growing transaction costs, lack of funding and structural problems in both the production and the distribution channels. Not only the agricultural raw materials but also the high quality agro-industrial goods experienced a decline in production. Unemployment rose in the countryside and ageing of the population became prevalent. With regards to regions, Central and Northwest Hungary register way lower rates of unemployment (7–8%) than Eastern and Northeast Hungary (15–17%) (KSH 2012).

Finally, privatization of the previously state-owned flats made the Hungarian housing sector extremely inelastic. Approximately 8–10% of the total of the flats are rented, which is a low figure in an international comparison, the rest being owned by their inhabitants. This has caused two major problems: first, the issue of homelessness, as there are practically no social housing options available for the homeless, and second, the case of home owners with mortgages who had bought (otherwise inaccessible) flats with low interest rate foreign currency loans right before the 2008 crisis, mainly in Swiss francs that soared in value compared with the domestic currency.

On the other hand, Hungarian high and middle classes are still enjoying a relatively high standard of living. As opposed to the previously mentioned categories, urban, younger, higher educated and better-off Hungarians managed to take advantage of the structural transformation of the economy, thus becoming the “winners of the transition”.

In a survey realized 20 years after the transition (Ipsos 2009) 56% of the respondents stated that things “got worse” since then, although only 6% thought that the transition would have been evitable, given the international context thereof. That would mean at first glance that there are more “losers” than “winners”. However, it must be added that, having been an egalitarian society before the transition, the sense of relative deprivation towards the nouveaux riches (and towards the Western European middle classes) contributes to most Hungarians’ rather negative perception of the changes in their social status.

### 4.1.3. Social policy

Social policymaking in Hungary after the transition has been a constant crisis management with three major obstacles: first, the lack of funds, second, the high expectations of Hungarians on achieving a Western-like social welfare state, and third, the nostalgia for the paternalistic, overall provision of services by the state. The first is easy to understand: following the transition, one third of the workplaces were lost and have never been recovered, meaning that only around 60% of the active age population has a job, contributing to an insufficient extent to the social funds. The second is somewhat more complex: having Austria and Germany (traditional destination countries for Hungarian emigrants) as main reference points, Hungarian population understood democratic transition and EU accession very much as the (quite fast) catching up with the welfare and consumption standards of these countries. Finally, due to the sudden or gradual loss of social benefits enjoyed in the Kádár era, many Hungarians started to feel a nostalgia towards the times when everything was “for free”, even if informal ways of accessing to better services through “gratuities” (hálapénz) and by other means did actually make a difference between clients of social security during state socialism (Krémer 2004). These elements are also important in order to understand why the subsequent Hungarian governments were reluctant to cut social transfers even with an ever-growing budgetary deficit. As detailed later, generous social transfers have been, until very recently, a reason of Hungarian outward migration being among the lowest in the region.

Most notably, family policy is a good example of how social policy patterns managed to survive the transition, shipwrecking only due to the 2008 crisis. While other Visegrad countries applied income-testing in awarding family allowances, Hungary (after a short period of austerity in the mid-1990s) re-introduced universal provisions. Together with universal child care benefits, a relatively long maternity leave (maximum 3 years) and an extensive coverage of nurseries and kindergartens, Hungary was maintaining the state socialist pro-natalist approach, of key importance in a country with extremely low birth rate. However, no significant increase in births could be detected and due to budget constraints, a bias towards middle-class families started to evolve, providing tax allowances for families with children or home building subsidies, rather than universal grants (Avdeyeva 2009).

For clients, however, the key feature of social policymaking is unpredictability. Being a politically sensitive issue, there have been constant changes according to the current political landscape. Ferge (2010, p. 21.) takes the example of three key pieces of legislation and the modifications thereof. The Social Act (Act III of 1993) was amended 58 times between the time it was adopted and March 2010, meaning nearly four amendments a year. The Child Protection Act (Act XXXI of 1997) was amended 41 times in 12 years, and the Family Support Act (Act LXXXIV of 1998) was amended 29 times in 10 years. All of these amendments (128 altogether) were followed by the same number of changes in local ordinances and in implementation decrees for 3,200 local governments. No wonder that social policy measures are rarely taken into account by middle class Hungarian families when planning their future. On the other hand, poorer families are extremely vulnerable due to the fact that they are relying on subsidies of an ever-changing nature.

## 4.2. Main international migration trends and characteristics of migrants

For decades before the democratic transition, international migration to and from Hungary was controlled and partly repressed<sup>11</sup> and therefore on a very modest scale (as described in Chapter 2.2.). From the late 1980s onwards this was replaced by significant immigration. The process began with a flow of refugees arriving from Romania in 1988–89, and then, after the democratic transition in Eastern and Central Europe, as the borders were opened and the political and economic structures were transformed, the process intensified. Besides immigration, transit migration also became significant in the country, while emigration also grew moderately.

After introducing general migration trends, we are going to examine the processes of immigration and emigration separately, looking also at the composition of the two migrant populations, while not losing sight of the fact that the reliability and content of available data sources and their usability vary widely with regard to these opposing processes.

### 4.2.1. International migration flows

#### 4.2.1.1. General trends

The first major flow of immigration, which peaked in 1990 with 37,000 immigrants, came to an end in 1991, and the number of immigrants stabilised at a moderate level, i.e. between 13–16,000 persons per annum until 1998, when at around the turn of the millennium it reached 20,000 persons. The period between the late 1980s and 1992 was characterised by the establishment of the institutional system and legal framework of migration, which had consolidated and stabilised by the turn of the millennium. Another period of increase in the immigration of foreign nationals took place after 2004, following Hungary's EU accession, and by 2005 the number of registered immigrants exceeded 25,000 (*Figure 4.2.1*). This increase was mainly due to a higher number of entries from the EU15, which stood at almost 8,000 persons in 2005 (as opposed to less than 2,000 in previous years).

The next significant flow of immigration came in 2008, when figures approximated those seen in 1990. However, this was mostly due to changes in legislation made the previous year. In the wake of the new Immigration Act (*Act I of 2007 on the Admission and Residence of Persons with the Right of Free Movement and Residence*), which entered into force as of 1 July 2007, EEA citizens<sup>12</sup> with the right of free movement could apply for a *registration certificate* and *permanent residence card*. The introduction of these new types of permits, which could be acquired through a relatively simple and quick process, resulted in a sudden rise in the number of immigrants: of the more than 35,000 persons registered as immigrants in 2008, some 20,000 held permissions of this kind (Gödri 2012). From 2009 onwards there was a gradual decline in immigration, presumably due to the economic downturn and its impact on the labour market. This impact was also observable in the significant decrease of work permits issued since 2009 (reflecting that Hungary became a destination for fewer foreign workers from third countries), though this was partly due to administrative changes too<sup>13</sup>.

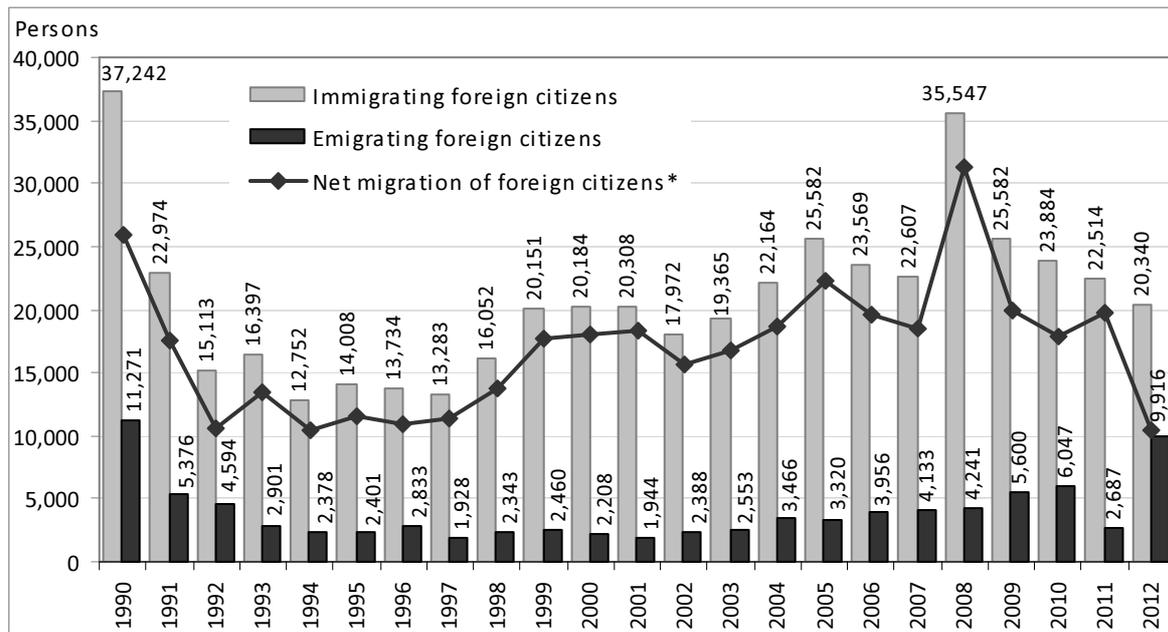
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<sup>11</sup> Regulated tourism inside Communist states was gradually allowed from 1976 on the grounds of bilateral agreements, then in January 1988 the right to a passport was introduced and therefore free travel abroad (Tóth 2012).

<sup>12</sup> Citizens of the European Economic Area (EU member states, Switzerland, Iceland, Lichtenstein and Norway). As of 1 January 2007 Romanian citizens, who constitute the largest group of immigrants to Hungary, also belong to this category.

<sup>13</sup> On 1 January 2009 Hungary opened its labour market to all EEA countries, so these citizens no longer need a work permit.

Figure 4.2.1: Inflows and outflows of foreign citizens in Hungary, 1990–2012



Data source: HCSO, Demographic Yearbook 2012.

Note: Retrospective data are not comparable, since 1995 the processing has been carried out by a different method: until 1994 data were generated from the registry of the Ministry of Interior according to the status on 31 December 1996, while from 1995 onwards, from the registry of the Office of Immigration and Nationality (OIN) according to the status on 1 January 2000. By 1 January 2000 the data processing method of the OIN relating to the registration of foreigners had changed. In addition, the number of emigrating foreign citizens from 2012 contains estimations as well.

\*The net migration figure is not fully accurate, due to incomplete data on emigration.

Besides foreign nationals, there was also inflow of Hungarian citizens immigrating into Hungary<sup>14</sup> after the transition, but their numbers were considerably lower: the total figure of Hungarian citizens returning from abroad or born in foreign countries and immigrating into Hungary remained well under 2,000 in the 1990s. After the turn of the millennium their number grew to some extent, but did not reach 3,000 until 2011 (see *Table A4.2.1* in Annex). Since 2011 a significant increase in the number of immigrating Hungarian citizens can be observed, partly due to the fact that from 2011 this number was supplemented with persons who established a Hungarian address after being granted Hungarian citizenship without Hungarian residence (for more about the simplified naturalisation see Chapter 3.1).

While data on the number of foreign nationals entering the country legally are relatively accurate, Hungary – similar to most sending countries – lacks reliable data about emigrants. The transition removed barriers to emigration (national borders became open, legal condition changed<sup>15</sup>), but it also became impossible to track or control. Although it was obligatory to deregister a residence at the municipality if a person left the country with the intention to live abroad for three months or more<sup>16</sup>, failure to comply had no particular consequences so deregistration did not usually take

<sup>14</sup> Immigrating Hungarian citizens cover persons whose previous residence was abroad and who register their residence in Hungary with the intention to stay for *three months or longer*. Up until 2009 data were derived from a centralised Population Register, but since 2010 it comes from the Register of Social Insurance. Since 1999 the group of Hungarians ‘returning from temporary stay abroad’ has been recorded separately in the statistics, amounting to a few hundred a year or even fewer.

<sup>15</sup> The Constitutional Reform in 1989–1990 ensured the right to free travel, citizens’ return to Hungary and prohibited deprivation of citizenship (Tóth 2012).

<sup>16</sup> As of 1 March 2013, the only case in which people are expected to deregister is if they are planning to emigrate without an intention to return. The law does not define a time limit or duration, it merely considers the citizen’s intent. At the same

place. As a result, the number of *emigrating Hungarians* in official Hungarian statistics is way below the figures shown by mirror statistics. This is why the net migration calculated on this basis may indicate the direction of the trend – the growing negative balance of the recent years is clearly visible (*Table A4.2.1*)<sup>17</sup> – but certainly not its order.

The statistics of *emigrating foreign citizens* includes not only those who had a residence or a settlement document and left Hungary in the given year without the intention to return, but also people whose residence or settlement document's validity expired and who did not apply for a renewal, or whose permit was invalidated by the authorities. This makes the data somewhat more accurate, though it presumably lags behind the real number (as types of permits exist without date of expiry, and those holding a permit of this kind will never appear in the statistics if they leave the country unless they personally report it to the authorities). The number of emigrating foreigners showed a slight increase from 2004 onwards, and then after a drop in 2011 a more significant rise in 2012 (when the number also contains estimations). Net migration mostly follows the immigration trend with the same peaks and setbacks (*Figure 4.2.1*).

Besides settlement and long-term immigration, short term – primarily income-related – movements, and different forms of so-called quasi-migration (false tourism, incomplete migration) have emerged since the early 1990s. These new movements were often periodic or repetitive, and most commuters found job on the informal labour market in Hungary. A special form of this was the public places where foreigners gathered, waiting for Hungarian patrons to show up and take them to work for a day (Sik 2006). In the 2000s the labour force out-migration and entrepreneurial migration of Hungarian citizens became more prevalent, especially to Austria and mainly from the Western-Transdanubia region (Hárs 2009). However, according to research carried out in the Hungarian–Slovak–Ukrainian tri-border region in 2010, the international income-generating migration was at the lowest rate in Hungary (Koltai – Sik 2012).

#### 4.2.1.2. Immigration flows

In spite of fluctuation in the number of immigrants, the share of Hungarian citizens within total immigration was relatively constant until 2010: after the millennium it varied between 8–13 per cent and sank lower than this only in 2008 at 5.6 per cent (*Figure A4.2.1*). However, in 2011 one-fifth of immigrants, in 2012 40 per cent of them were Hungarian citizens. This sudden increase is partly due to the previously mentioned change in the Citizenship Act, which implies that since January 2011 increasing numbers of newly naturalised Hungarian citizens (ethnic Hungarians) live in neighbouring countries, and in case of immigration into Hungary they no longer appear as foreign immigrants.

At the same time, there has been a considerable change in the recent years as regards the distribution of *foreign immigrants* according to citizenship. A typical characteristic of immigration to Hungary is that the majority of immigrants, amounting to two-thirds of the total in the 1990s, arrived from neighbouring countries, mostly from Romania, the Ukraine, former Yugoslavia and its successor states and, to a smaller extent, from Slovakia. Altogether, their share exceeded 70 per cent after the turn of the millennium. The main country of origin, Romania, still provided 50–57 per cent of immigrants in the first half of the 2000s (*Figure 4.2.2*). As mentioned in Chapter 1.2, most of these immigrants were ethnic Hungarians. Ethnicity played an important role in these immigrant flows into Hungary, though from the 1990s onwards this was not because of ethnic discrimination in the country of origin, but because ethnicity represented an important form of cultural, ethnic and social

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time, citizens are obliged to announce any stay abroad exceeding three months to the social security organisation (TB) and the national tax office (NAV).

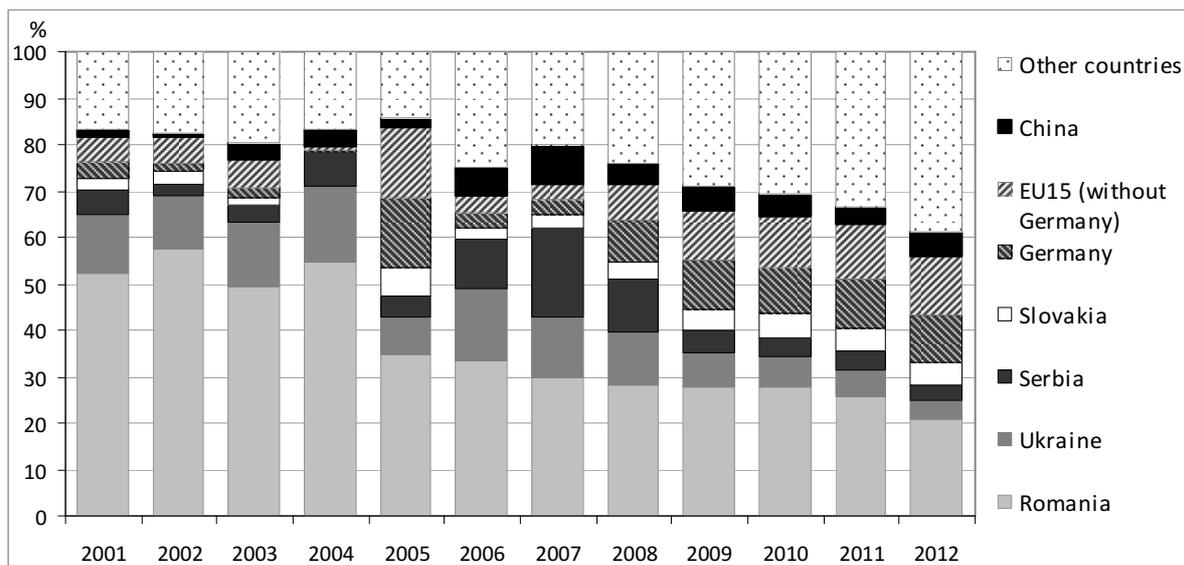
<sup>17</sup> Officially registered net migration seems to be positive in 2012, due to a relative high number of immigrating Hungarians (most of them new citizens), and in spite of the fact that – as we will see later – emigration further increased and most probably exceeded immigration.

capital in the country of destination (Brubaker 1998, Horváth 2002, Gödri 2010b). At the same time (according to the *Immigrants 2002* survey<sup>18</sup>) economic and career-related motivations, as well as family reunification were also important pull factors in immigration from neighbouring countries around the turn of the millennium (Gödri – Tóth 2005).

From 2008 onwards, however, the share of foreign immigrants from neighbouring countries (except for Slovakia) began to decline (arrival from Romania started to drop as early as 2005) and by 2012 only 33 per cent of foreign immigrants arrived from the four neighbouring countries, 21 per cent from Romania. This is presumably due to the worsening of the economic and labour market situation in Hungary, and to an increased flow of emigration in the 2000s from Romania to southern and western Europe, in which ethnic Hungarians also took part through their local networks<sup>19</sup>. Since 2011 the decrease can also be attributed to the fact that some of the immigrants coming from neighbouring countries entered Hungary as (new) Hungarian citizens.

In parallel to this, the share (and number) of immigrants from the EU15 increased considerably: while it was under ten per cent at the turn of the millennium it peaked in 2005 (30 per cent), and from 2009 onwards remained continually over 20 per cent. Since 2005 almost half of immigrants arriving from the EU15 have been Germans, whose share within the total immigrants reached ten per cent in recent years. Most of them belong to older age groups (which could imply that the number of returnees is also significant among them). In 2007, when the main country of origin Romania also became an EU member, the share of EU27 nationals among immigrating foreigners stood at 40 per cent. Since then it has varied between 50 and 56 per cent.

**Figure 4.2.2: Distribution of foreign citizens immigrating into Hungary by main countries of citizenship, 2001–2012**



Data source: HCSO, Demographic Yearbooks, 2007, 2012.

Note: Until 2011 data on Serbia includes data on Montenegro, too.

The other large group of immigrants consists of people arriving from Asian countries. In the second half of the 2000s their number, but also their ratio (14–19 per cent), exceeded that of previous years.

<sup>18</sup> The *Immigrants 2002* survey was carried out by the Hungarian Demographic Research Institute (HDRI) in 2002 (as the first wave of a two-wave panel survey) on a representative sample of immigrants (1,015 persons) aged 18 and over, who arrived from one of the neighbouring countries and were granted immigrant status in 2001.

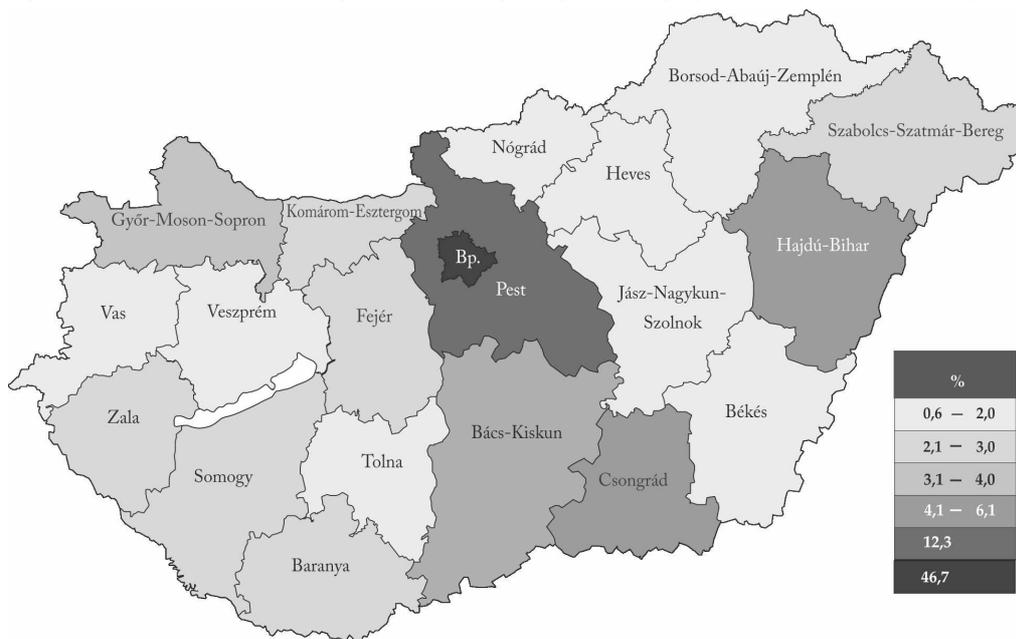
<sup>19</sup> This phenomenon was recorded also by surveys on migration potential: as far back as the mid-2000s Hungary was no longer the primary destination country – as it had been before – for those planning emigration among ethnic Hungarians living in Romania (Gödri – Kiss 2009).

Chinese people have constituted the majority within this group, but since 2007 (when some 2,000 Chinese immigrants arrived in the country) their number and proportion have declined substantially.

Although Hungary receives immigrants from practically all parts of the world (from more than 100 countries in total), the overwhelming majority come from a few main sending countries. Between 2001 and 2007 some 80–90 per cent of all immigrants arrived from the ten main sending countries, but after 2008 their share began to decline continually and by 2011 only amounted to 66 per cent (*Table A4.2.2*). All of this indicates the growing diversification of immigrants according to country of origin. At the same time, compared to other European countries Hungary's immigration is modest, both in terms of the number of immigrants and their ratio per thousand inhabitants. In the 2000s the latter indicator varied around 2 and 2.5, and very few European countries had rates lower than this.

The territorial distribution of immigrants is quite distinctive, most of them choose the central region: between 2001 and 2011 47 per cent moved to Budapest and a further 12 per cent to the belt surrounding the capital (Pest county) (*Figure 4.2.3*). This is mainly due to the favourable labour market opportunities in this region, but social networks also play a role. A further significant share of immigrants arrived in the Southern Great Plain (eleven per cent on average), mainly to Csongrád county (6 per cent) – in which geographical proximity was also an important factor, since most were Serbian citizens with Hungarian ethnicity – and to the Northern Great Plain (8 per cent), mainly to Hajdú-Bihar county (4.4 per cent), while only 3.4 per cent of the immigrants in the whole period settled down in economically disadvantaged Northern Hungarian areas.

**Figure 4.2.3: Distribution of foreign citizens immigrating into Hungary between 2001 and 2011 by county, %**



Data source: HCSO, Demographic Yearbook 2011.

The territorial distribution of immigrants also varies widely according to their country of origin. The proportion of Chinese and other Asian immigrants arriving in Central Hungary (particularly in the capital) far exceeds the average. This region is also the main destination area for new arrivals from Romania and the Ukraine. At the same time, immigrants arriving from neighbouring countries also show a preference for regions and counties close to or bordering their country of origin (see *Table A4.2.3*). By contrast, those arriving from the EU15, and particularly from Germany, are far less likely than the average to choose the capital city and tend to settle instead in the South or West of Transdanubia and, latterly, in the South of the Great Plain.

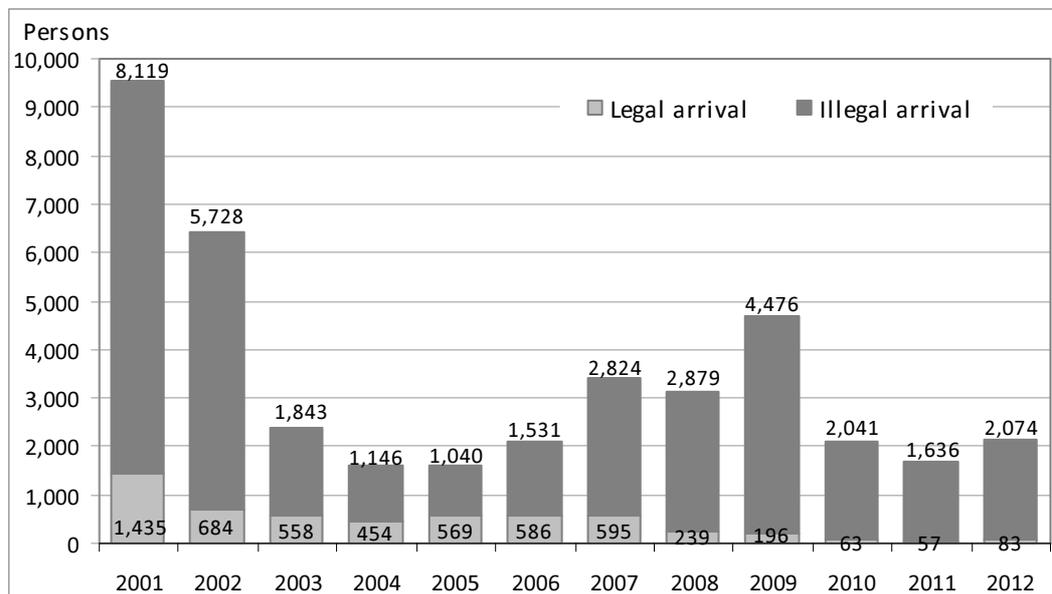
#### 4.2.1.3. Asylum-seekers

The total number of asylum seekers arriving in Hungary between 2001 and 2012 was 40,865 – the figure was particularly high at the beginning of the period (*Figure 4.2.4*). Most of them (87 per cent) arrived illegally with the help of human traffickers or across the ‘green borders’.

While in the early 2000s the majority of asylum seekers were Afghan, Iraqi and Bangladeshi, by 2007 the most significant group of arrivals were from Serbia and in 2008–2009 from Kosovo (*Table A4.2.4*). At the same time, the number of Afghan asylum seekers remained high and since 2010 onwards they have once more been at the top of the list. What the number of asylum seekers actually reflects is the number of asylum procedures launched in a given year, but only a few applicants (less than one-tenth) were actually granted asylum in any of the years in question. The applicant may obtain refugee, subsidiary protection or tolerated stay status. Many asylum applicants disappear before a decision is ever reached, probably making their way further west, which supports the ‘myth of transit country’ associated with Hungary (Tóth 2012).

More recently the number of asylum seekers in Hungary has shown considerable growth: while in 2012 a total of 2,157 people requested for international protection, in 2013 this figure was about 17,000 in only the period from January till the end of October, according to the Office of Immigration and Nationality (OIN). This may be due to relaxation of the relevant regulations, as from January 2013 onwards asylum seekers who arrived illegally have not been arrested during examination of the application. Most asylum seekers in 2013 arrived from Kosovo (more than 6,000), while Pakistan, Afghanistan and Syria continued to remain important countries of origin.

**Figure 4.2.4: Asylum applications by type of arrival, 2001–2012**



Data source: HCSO, STADAT database.

#### 4.2.1.4. Naturalized foreign citizens

Between 1993 and 2010 over 135,000 immigrants were naturalised in Hungary (on average 7,500 per year), and 87 per cent of them came from neighbouring countries, mostly from Romania (66 per cent), and the great majority were ethnic Hungarians<sup>20</sup>. The proportion of those coming from neighbouring countries has been higher among new citizens than among immigrants in general, due to the fact that the Hungarian ethnicity and mother tongue made it easier for them to fulfil the naturalisation requirements. Despite the relatively high number of immigrants from Asia, few of them (1-2 per cent) have become Hungarian citizens.

The simplified naturalisation process introduced in 2010 and coming into force on 1 January 2011 (see Chapter 3.1) is leading to substantial growth in the number of new citizens, but these persons no longer need to have residence in Hungary. In 2011 20,554 persons (with residence in Hungary) were granted Hungarian citizenship, in 2012 their number was 18,379 and 97 per cent of them in both years had previously held the citizenship of a neighbouring country. By contrast, since simplified naturalisation was introduced the number of new Hungarian citizens who took the citizenship oath, either in Hungary or abroad, reached 500,000 in December 2013. This makes estimating outward migration from Hungary quite difficult, as it was the mirror statistics of immigrants by citizenship (the number of Hungarian citizens appearing in other countries' statistics) which served as a basis for such estimations, while from 2011 onwards Hungarian citizens in destination countries do not necessarily come from (or were born in) Hungary. Due to this fact, the country of birth and the country of last residence before migration are also required for the estimations.

#### 4.2.1.5. Emigration flows

*Emigrating foreign citizens* amounted to some ten per cent of foreign immigrants around the turn of the millennium, then, increasing from the mid-2000s onwards, reached 22–25 per cent by the late 2000s and dropped back to 12 per cent in 2011<sup>21</sup>. According to migration statistics, 16 per cent of all immigrants who arrived in Hungary between 2001 and 2011 left the country: either they returned to their country of origin or migrated onwards. But the real number of foreigners leaving Hungary can only be defined (in more or less accurate terms) in a retrospective manner, using successive census data, which also makes it necessary to clean previous years' statistical migration data (see Chapter 4.2.2.1).

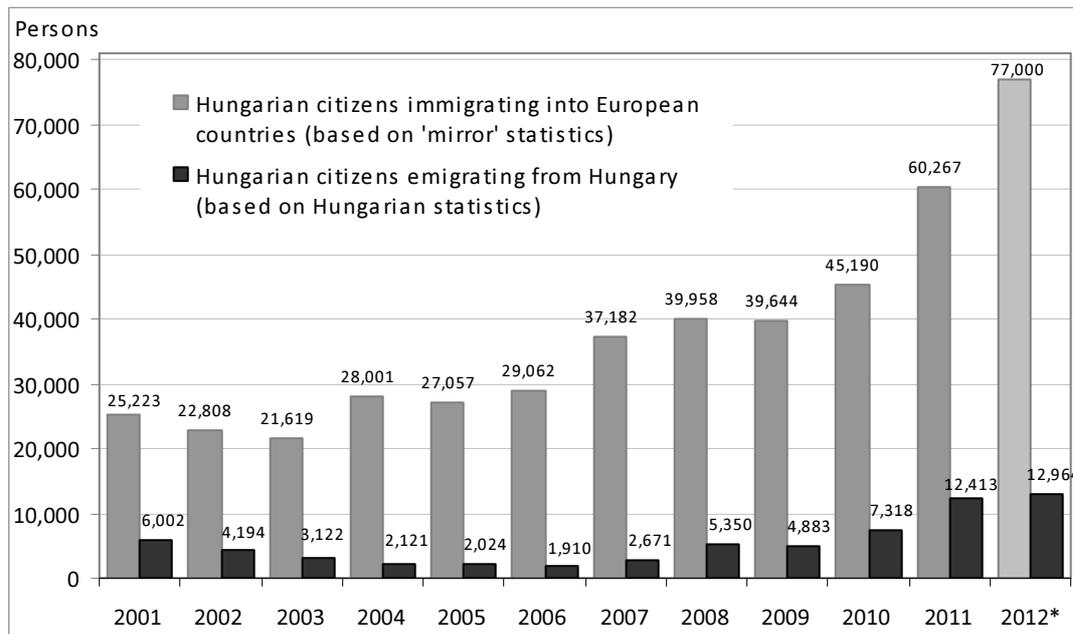
As regards the number of *emigrating Hungarian citizens*, as noted earlier, the mirror statistics of destination countries could serve as a basis for a realistic estimation. If we compare these figures with national statistics' emigration figures we find significant differences. Nevertheless, the growing trend of emigration of the past few years is clearly also reflected in the Hungarian data (*Figure 4.2.5*)<sup>22</sup>.

Hungary's accession to the EU was followed by only a moderate increase in emigration. A significant change came about in the late 2000s, when the unemployment started to rise and the negative effects of the financial crisis, as well as the labour force demand of main destination countries, contributed to intensified out-migration, particularly in the direction of the two main countries of destination – Germany and Austria (*Table 4.2.1*). Germany registered over 20,000 Hungarians each year since 2007; their number exceeded 40,000 in 2011 and approached 54,000 in 2012 (according to Destatis' data). In Austria the number of newly registered Hungarians was one and a half times higher in 2011 than it had been a year earlier, and doubled between 2010 and 2012.

<sup>20</sup> In Hungary naturalised immigrants can keep their former citizenship and can therefore become holders of two (or even three) citizenships, even double citizenships of two EU countries.

<sup>21</sup> Data for 2012 is not comparable with data of previous years because the number of emigrating foreign citizens since 2012 contains estimations.

<sup>22</sup> Since 2010 the number of emigrating Hungarian citizens is calculated based on the Register of Social Insurance.

**Figure 4.2.5: Annual outflows of Hungarian citizens to European (EEA) countries by 'mirror' statistics and Hungarian statistics, 2001–2012<sup>23</sup>**

Data sources: Eurostat database (updated on 12 December 2013); for 2009–2011 supplemented with data from German and Austrian Statistical Offices; HCSO, Demographic Yearbook 2012; (author's data collection).

Note: Data for the United Kingdom from 2006 and data for France for the whole period are missing in Eurostat database (so these figures are not included in the cumulative data).

\* The mirror statistics' data for 2012 is an estimation based on preliminary data for Germany (Destatis) and Austria (Statistik Austria), and 2011 data for other countries.

As restrictions on the labour market were gradually lifted, from 2007 onwards Hungarians began to arrive in growing numbers in other EU countries as well, such as Spain, Italy, the Netherlands and Sweden (*Table 4.2.1*), though this process has slowed down lately. The growing number of emigrants to Slovakia was probably due to the return of former immigrants who acquired Hungarian citizenship.

**Table 4.2.1: Number of Hungarian citizens immigrating in major European destination countries, 2001–2012**

Country of destination	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Germany	17,039	16,506	14,252	17,411	18,574	18,654	22,175	25,151	25,258	29,220	41,136	53,892
Austria	3,039	2,640	2,844	3,156	3,424	3,567	4,492	5,195	5,768	6,412	9,250	13,066
United Kingdom	3,150	1,322	1,990	4,062	1,088	–	–	–	–	–	–	–
Ireland	–	–	–	–	–	2,093	1,605	914	794	714	723	–
Switzerland	570	607	422	391	359	485	751	1,073	1,140	1,194	1,751	1,819
Netherlands	544	434	379	565	594	571	975	1,721	1,668	1,820	1,904	–
Spain	280	298	345	597	759	1,270	2,051	1,203	886	854	995	–
Italy	–	351	677	602	545	613	1,409	1,144	1,054	921	871	–
Sweden	167	222	159	228	269	462	776	1,018	893	770	706	–
Slovakia	11	12	81	309	384	533	815	1,108	1,065	1,082	662	–

Data sources: Eurostat database (updated on 12 December 2013); Germany 2009–2012: DESTATIS (2013); Austria 2009–2012: Statistik Austria (2013); Switzerland 2012: Ausländer- und Asylstatistik, Bundesamt für Migration (2012); (author's data collection); –: no data.

<sup>23</sup> The cumulative data of the mirror statistics only contains data for European Economic Area (EEA) destination countries (and some data are missing for some years), while Hungarian citizens may also have emigrated to other continents.

However, it is important to note that these figures only include officially registered persons who intend to spend a longer period of time (at least one year) in the country of destination, and do not reflect all those who left Hungary for short periods or those who worked abroad commuting from their permanent residence in Hungary. Differences are shown clearly, for instance, by the number of Hungarian employees registered in Austria, which has also increased over recent years. In 2010 the annual average was 26,000 and in 2011 it approached 35,000; after the opening of the labour markets on 1 May 2011, the figure rose further and in 2012 an average of 48,000 Hungarians were registered as employees in the Austrian social security system, and by the end of 2013 this figure had reached more than 63,000.

Similarly, in the United Kingdom there were altogether some 55,000 Hungarian employees registered between 1 May 2004 and 30 April 2011 (according to the Worker Registration Scheme<sup>24</sup>), in spite of incomplete immigration statistics (see *Table 4.2.1*)<sup>25</sup>, and almost 24,000 in Ireland (based on the number of Personal Public Service Numbers issued). After the enlargement of the EU in 2004, both countries immediately opened their labour markets and became new destinations for labour force migration from new member states. However, the increase in emigration of the Hungarian labour force only began in 2007, before the start of the financial crisis when the economic indicators started to worsen and the government initiated the first restrictive measures (Hárs 2013), but remained under the emigration level of most Central and Eastern European countries. As compared to the size of population of origin, it was only the Czech Republic and Slovenia that sent fewer migrant workers to the UK and Ireland than Hungary, while Lithuanians, Latvians, Slovaks and Poles had the greatest rates in the EU8 (Gödri 2012).

Labour Force Survey (LFS) data also indicate that the three main Hungarian labour migration destination countries are Austria, Germany and the United Kingdom, which altogether absorb 70–76 per cent of Hungarians seeking employment abroad. At the same time, these surveys show that while working in Germany tends to lead to permanent living abroad, Austria and the United Kingdom appear to be destinations characterised by circular labour force migration (Hárs 2011).

The change in trends is also reflected by the migration potential surveys. While previously the willingness to migrate was low in Hungary (in the 1990s 5–6 per cent, at the beginning of the 2000s about ten per cent of the population planned some kind of migration according to TÁRKI's surveys), the results of Eurobarometer since 2010 have indicated a population with a high propensity to migrate, even compared to other European countries (Nyíró 2013). In 2012 almost one-fifth of the adult population was planning to move abroad for a shorter or longer time period (Sik 2012b). Accordingly, the Hungarian LFS has also been measuring a growing willingness to work abroad from 2008 onwards.

#### 4.2.1.6. Return migration

Besides increasing emigration, the process of return migration can also be observed, although the exact number of returnees is unknown. The mirror statistics of the main destination countries show a considerable number of 'emigrant Hungarian citizens', but in these cases we cannot tell the proportion that returned to their home country and how many migrated onwards to third countries. However, Hungarian statistics are not more accurate regarding the return of Hungarian citizens<sup>26</sup>

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<sup>24</sup> On 1 May 2011 the Worker Registration Scheme in the UK was abolished, and EU8 nationals were no longer required to register their employment.

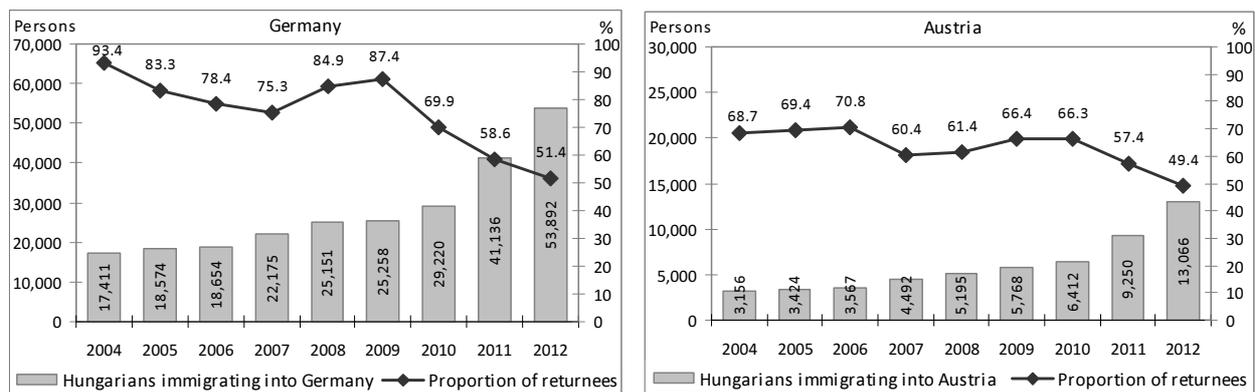
<sup>25</sup> According to other sources, the relevant British ministry issued almost 100,000 new tax numbers between 2002 and the first quarter of 2012 (Kádár 2013).

<sup>26</sup> According to the definition in the Demographic Yearbook, *Hungarian citizens immigrating to Hungary* consist of Hungarian citizens who were born abroad or who have lived abroad and returned to Hungary in order to settle down, as well as Hungarian citizens who have returned from temporary residence abroad.

than they are with regard to the emigration before. After the country's accession to the EU in 2004, the already modest number of returnees, only slightly more than 1,000 a year, suddenly dropped to under 200 per annum (*Figure A4.2.2*). A recent increase started in 2010 (not long after the acceleration of emigration), and the number of returning Hungarians already exceeded 4,000 in 2011. From 2004 onwards we also notice a growth of immigration of Hungarian citizens born abroad, which was particularly high in 2012. However, in their case we cannot talk about 'returning', because they had not emigrated before. Since 2011 their number has also included new Hungarian citizens from neighbouring countries, who were naturalised according to the simplified naturalisation process (see above).

Based on the national statistics of the two main and traditional destination countries for Hungarians, Austria and Germany, the emigration (or return migration) of Hungarians from these countries is far higher than appears in Hungarian statistics (*Table A4.2.5*). If we compare this figure to the number of immigrants for the given year we find that after 2004 returnees amounted to 75–87 per cent of Hungarians immigrating to Germany, while in Austria's case this share was between 60–71 per cent. In the case of Germany the share of returnees to Hungary (their number compared to the number of immigrants arrived from Hungary in the same year) has substantially decreased since 2009, while in the case of Austria a similar trend can be observed since 2010 (*Figure 4.2.6*).

**Figure 4.2.6: Number of Hungarians immigrating into Germany and Austria, and the proportion of returnees from these countries, 2004–2012**



Data sources: DESTATIS (2013); Statistik Austria (2013).

The Hungarian LFS also offers useful information regarding a specific group of returnees, those returning home after working abroad, more precisely, people who were not working at the time of data collection and whose last employment was abroad. Analysing these data for 2007–2010, Hárs (2011) notes that the number of people returning grew rapidly from 2009–2010, reaching a 25 per cent return-home rate. While the ratio of people returning from Austria was relatively low, the ratio of those returning from the UK in 2010 was notably high. This may be related to the fact that UK is the country where under-employment of the Hungarian work-force was most characteristic.

According to 2011 census data, from 1990 onward 141,210 Hungarian-born people have been returned to Hungary, one-third of them in 1990s, half of them in 2000s and 17 per cent since 2010. While in 1990s most of returnees (32 per cent) came back from Germany, in the last few years the share of those returning from United Kingdom increased significantly (which is in accordance with LFS data). This accurately reflects the changing distribution by destination countries of Hungarian emigration.

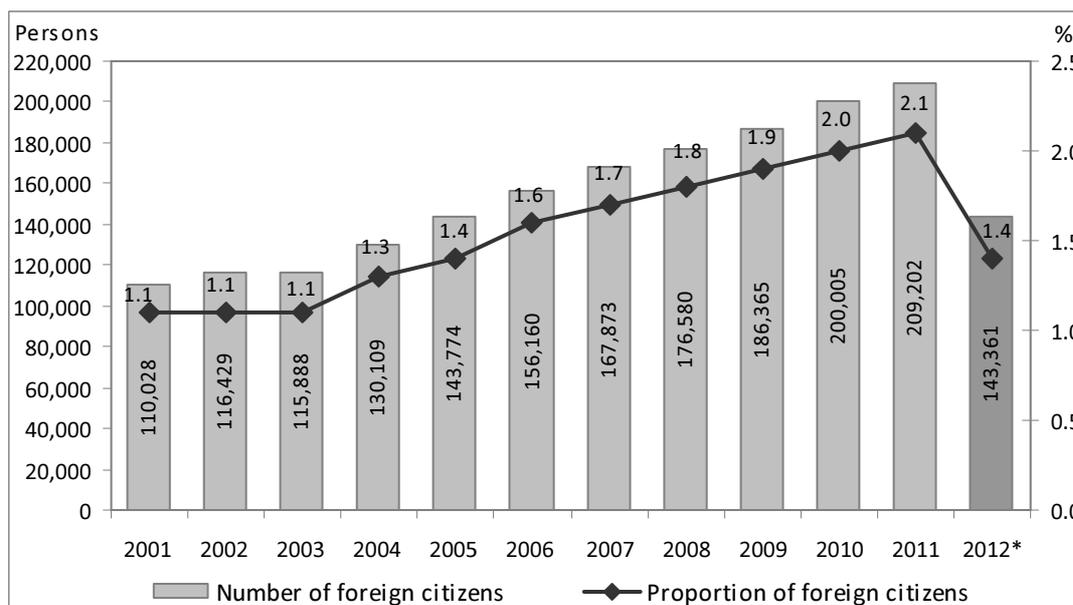
## 4.2.2. Characteristics of the migrant stock

### 4.2.2.1. Immigrant stock

In spite of emigration and naturalisation of foreigners, the number of foreign citizens resident in Hungary shows moderate growth after 2001, increasing from 2004 onwards<sup>27</sup>. By 2011 it had reached almost 210,000 compared to the 110,000 in 2001 (*Figure 4.2.7*). Accordingly, the proportion of foreign citizens within the total population nearly doubled in this period. In spite of this, the *rate of foreign citizens* can be considered modest when compared to other European countries<sup>28</sup>, and the *rate of foreign workers* is also lower in Hungary (less than four per cent) than in most EU member states.

Although the increase was significant, if we take into account the balance of migration and the number of naturalisations, the total stock of foreigners should be a higher figure<sup>29</sup>. This indicates that statistical data underestimates emigration of foreign citizens as well. This assumption is also supported by the fact that according to the census conducted in October 2011 there were only 143,197 foreign nationals living in the country (62,000 fewer than the preliminary foreign stock for 2012)<sup>30</sup>. In 2013 a revision of the database of foreign citizens residing in Hungary was conducted, and the number of foreigners has been adjusted to the 2011 census data, resulting in a registered decrease in foreigner stock of more than 60,000 persons compared to the previous year (*Figure 4.2.7*).

**Figure 4.2.7: Number of foreign citizens residing in Hungary, and their proportion in total usually-resident population, 2001–2012 (1 January)**



Data source: HCSO, DEMO database 2013.

Note: Since 2005 the stock of foreign citizens includes refugees.

\* For 2012: data adjusted to the 2011 census.

<sup>27</sup> According to Eurostat's recommendation, since 2005 the stock of foreign citizens also includes refugees, with numbers varying between 1,600 and 2,300 person for these years.

<sup>28</sup> With a 2.1 per cent rate of foreigners, Hungary is still behind most European countries, even if it is ahead of Romania, Bulgaria and Slovakia (other SEEMIG partner countries).

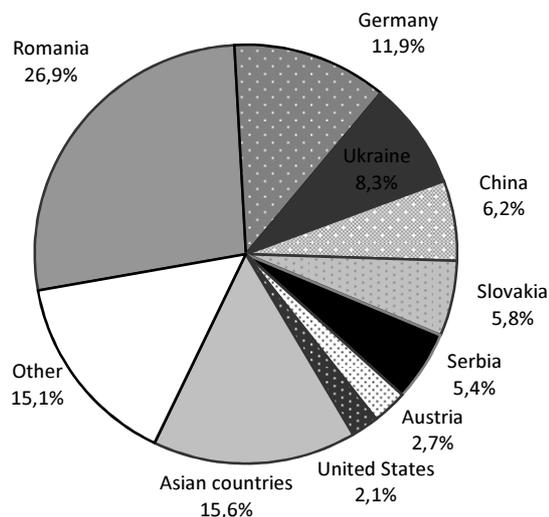
<sup>29</sup> Between 2001 and 2011 the balance of immigration and emigration of foreign citizens was altogether 218,759 persons, of whom 87,682 persons acquired Hungarian citizenship. Adding the former to the 2001 stock and subtracting the latter from that figure we arrive at 241,105 persons which, if corrected by the negative natural growth rate of the total population, is a far greater number than appears in the stock records.

<sup>30</sup> This figure does not include the number of dual (Hungarian and other) citizens.

Regarding the *composition by country of citizenship*, the largest proportions of foreign citizens are from the three neighbouring countries – Romania, Ukraine and Serbia –, as well as Germany and China (Table A4.2.6)<sup>31</sup>. These countries were the top five and accounted for 65–75 per cent of the total resident foreign population between 2001 and 2011. Apart from them, citizens from Russia, Poland, Vietnam, the USA, Slovakia and, in the last few years, Austria, fall into the top ten, altogether accounting for 76–86 per cent of the total foreign population. The remaining part (14–24 per cent annually) includes citizens from all the EU member states, but citizens from Norway, Turkey, Israel and Japan are also present and exceed 1,000. Altogether we can conclude that the vast majority of foreigners residing in Hungary (82–89 per cent) have been Europeans every year since 1995.

Regarding the 2011 census data, the distribution of foreign citizens resident in Hungary on 1 October 2011 shows the same picture (with the same main foreign groups). However, the share of Romanian citizens was smaller by ten percentage point compared to data from migration statistics. This indicates that although many of them were previously registered as foreign residents (presumably with registration certificate without expiration), most of them had already left the country. According to the 2011 census 79 per cent of foreign citizens resident in Hungary were Europeans (59 per cent EU citizens) and 16 per cent Asians.

**Figure 4.2.8: Distribution of foreign citizens residing in Hungary by country of citizenship, 2011**



Data source: HCSO, Census 2011.

The *gender ratio* is relatively similar among foreign citizens. According to migration statistics, men have been slightly over-represented (53–56 per cent) since 2010, particularly among the population resident in Budapest. At the same time, the 2011 census states that the ratio of women among foreign citizens is slightly higher (51 per cent). This indicates that non-registered emigration was mainly characteristic of men among the foreign population. In certain citizenship groups (Russians, Poles, Slovaks, Ukrainians), however, both sources state that the rate of women is higher (59–66 per cent).

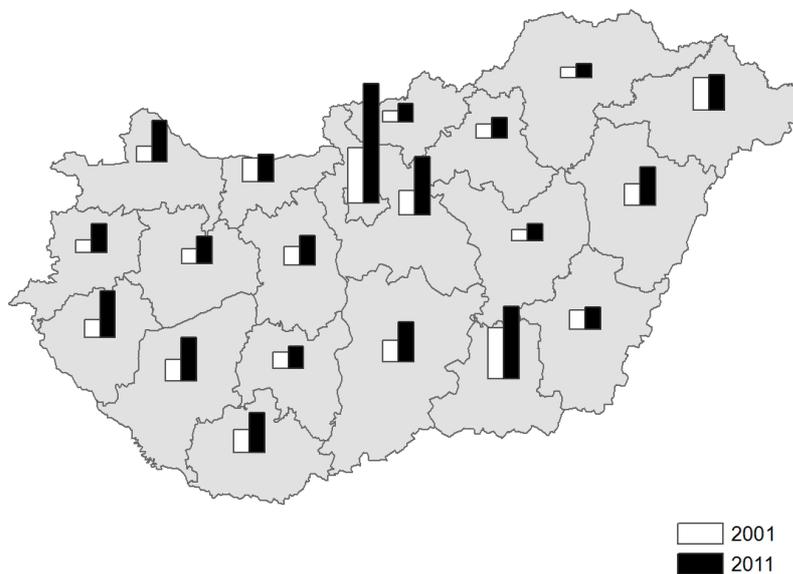
As regards *age distribution*, we find a young age composition, which is usually characteristic of migrant populations. On 1 January 2012 one-third of the foreign nationals resident in Hungary were under the age of 30 and more than one-fifth were between the age of 30 and 39. Altogether 44 per cent belonged to the 20–39 age group, but their proportion was higher (50 per cent) in Budapest.

<sup>31</sup> Due to changing borders in the SEE region, immigrants coming from a specific country at different times in history might be registered with different citizenships e.g., citizens of Yugoslavia/Serbia and Montenegro/Serbia, or citizens of former Czechoslovakia/Slovakia.

Census data show similar figures, though the share of under-15s was somewhat higher (by four percentage point) and the 15–39 and 40–59 age groups slightly lower. The share of 15–39 age group was higher than average (46 per cent) among Slovakian (61 per cent), Romanian (51 per cent) and African citizens. By contrast, the share of those above the age of 60 was highest among Austrian and German citizens (34 and 33 per cent, respectively, compared to the average of 16 per cent).

The ratio of the foreign population per 1,000 inhabitants grew particularly in the capital (Budapest) and in its region (Pest county) over the past ten years (where it was already higher in 2001), as well as in two counties of Western Transdanubia (Zala and Győr-Moson-Sopron). Besides Central Hungary, the ratio is still highest in the Southern Great Plain (Csongrád county) (Figure 4.2.9). The rate of foreigners per 1,000 inhabitants in towns and villages is barely one-third of that found in the capital, but survey results nevertheless show that xenophobia and a negative attitude to immigrants is highest in these smaller communities (Dencső – Sik 2007, Gödri 2010a) (see also Chapter 3.2).

**Figure 4.2.9: Number of foreign citizens residing in Hungary per thousand inhabitants by counties (NUTS3), 2001 and 2011**



Data source: HCSO, Demographic Yearbook 2011.

In Hungary the size of foreign-born population is about twice the size of the population of foreign citizens. The 2001 census registered 283,951 foreign-born persons, which amounted to 2.8 per cent of the total population. By 2011 their number had reached 383,236 (according to the 2011 census) and their ratio had reached 3.9 per cent<sup>32</sup>. Within this group the share of people born in the surrounding countries is even more pronounced (73 per cent) than it is among foreign nationals (49 per cent).

#### 4.2.2.2. Emigrant stock

Besides the foreign population living in Hungary, the number of Hungarian citizens residing abroad also grew continually after the mid-2000s. Growth in absolute numbers was most pronounced in Germany, which is the primary country of destination: in 2010 there were 65,000, in 2012 nearly 90,000 and in 2013 114,000 Hungarians registered in Germany (according to data from the beginning of those years). In Austria and other destination countries one can discern continued but smaller

<sup>32</sup> Although according to population estimation the foreign-born population in 2011 was far higher: 443,289 persons.

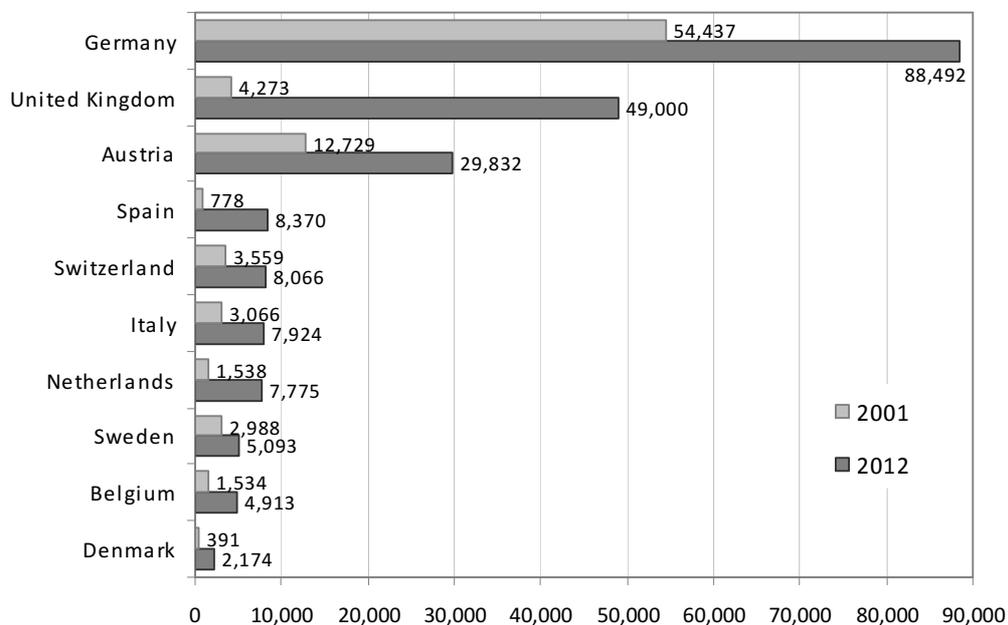
growth (Table A4.2.7). It seems that the process has remained unbroken despite the economic crisis of 2008 and the resulting flow of people returning.

In the 2011 census more than 200,000 people living abroad were registered. Accordingly, there were 143,000 Hungarians living abroad *for a period of at least a year (12 months)* on 1 October 2011. This figure ‘may be considered a minimum number of people living abroad, since the census cannot always identify when the entire household is living abroad and households’ homes stood empty or used by tenants’ (KSH 2013a). Besides, there were 70,059 persons (0.7 per cent of the population) living abroad *for a period shorter than one year (but longer than three months)* at the time of the census. Although the 143,000 long-term emigrants counted by the census could be considered the minimum emigrant stock, it is worth noting that 30 per cent of them were from Budapest, and 11 per cent from the capital city region (Pest county). As regards short-term emigrants, a smaller share of them were from the central region of the country (23.5 per cent from Budapest or Pest county), while a relatively large share (9.5 per cent) were from Borsod-Abaúj-Zemplén county – the economically disadvantaged north-eastern part of the country. Two-thirds (65 per cent) of short-term emigrants were male and nearly two-thirds (63 per cent) of them belonged to the 20–39 age group<sup>33</sup>.

If we add up the number of Hungarian citizens residing in different European countries of destination (using figures from previous years when they are missing), we can state that in 2012 in countries of European Economic Area (EEA) alone there were some 239,000 officially registered Hungarian citizens residing abroad (Table A4.2.8). This is about 2.4 per cent of the population of Hungary, and is more than twice the figure seen in 2001.

The growth in the number of Hungarians living in various European countries between 2001 and 2012 is reflected in the fact that besides the traditional destination countries (Germany and Austria) a remarkable increase can also be observed in a number of new destination countries (the United Kingdom, Spain, Italy, the Netherlands) (Figure 4.2.10).

**Figure 4.2.10: Number of Hungarian citizens residing in main European countries of destination in 2001 and 2012**

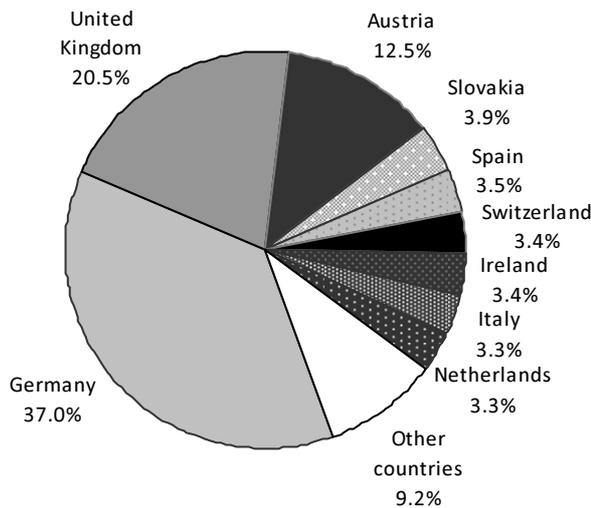


Data sources: Eurostat database (updated on 10 December 2013); Austria 2012: Statistik Austria (2013); the United Kingdom 2012: data from Annual Population Survey (2012), estimation; (author's data collection).

<sup>33</sup> As regards long-term emigrants, only the number of them was recorded on the dwelling questionnaire of the 2011 census and no other data were collected about these persons.

According to mirror statistics, half of Hungarian citizens living in EEA countries in 2012 were resident in Germany or Austria and one-fifth lived in the United Kingdom (*Figure 4.2.11*). As we have seen in Chapter 4.2.1.5, these three countries were the primary destinations for Hungarian emigrants and those seeking employment abroad.

**Figure 4.2.11: Distribution of Hungarian citizens residing in EEA countries in 2012 (239,000 persons)**



Data sources: Eurostat database (updated on 10 December 2013); Austria 2012: data from Statistik Austria (2013); the United Kingdom 2012: data from Annual Population Survey (2012), estimation; (author's data collection).

These numbers, however, do not include emigrants who had in the meantime acquired citizenship in their country of destination<sup>34</sup>. In most countries of destination the number of people born in Hungary exceeds the number of Hungarian citizens. For instance, in Austria between 2001 and 2012 the number of Hungarian citizens resident in the country grew from 13,000 to 30,000, while the Hungarian-born population grew from 31,000 to 43,000. In Sweden the number of Hungarian citizens was just under 5,000 in 2011, but those born in Hungary stood at well over 15,000.

According to World Bank estimations, in 2010 there were 462,000 people born in Hungary and living abroad (all over the world), which is about 4.6 per cent of the population of Hungary. This is the second lowest rate in the EU8 (after the 3.6 per cent of the Czech Republic) and is well behind main sending countries of the region<sup>35</sup>. The main destination countries of this emigrant stock were: Germany (19.4 per cent), the United States (17.7 per cent), Canada (11.6 per cent) and Austria (8.4 per cent) – 57 per cent of Hungarian-born emigrants lived in these countries in 2010.

Besides the above-mentioned data sources (Census 2011, Eurostat, World Bank), various estimations have been prepared recently in Hungary to assess the scale of emigration and the size of the emigrant stock. Based on a new methodology, the HDRI published an estimation of the number of persons aged 18–49 with permanent residence in Hungary and who were staying abroad: 7.4 per cent of the age group mentioned, that is 335,000 persons were staying abroad at the turn of 2012–2013 (Kapitány – Rohr 2013). The SEEMIG pilot research used an innovative methodology to collect information about persons living abroad through their household members and siblings in Hungary (see Blaskó – Jamalia

<sup>34</sup> At the same time, there are also Hungarian citizens and people born in Hungary living outside Europe in other continents (e. g. America and Australia).

<sup>35</sup> The share of the population born in the country and living abroad in 2010 was 15 per cent in Bulgaria, 12–13 per cent in Romania, Estonia, Lithuania and Latvia, ten per cent in Slovakia and eight per cent in Poland (according to the World Bank data).

2014). Based on various data sources, estimations and expert opinions, the number of Hungarian citizens living abroad (not only in EEA countries but all over the world) in 2013 is estimated to be between 280,000 and 350,000.

Although it is known from Hungarian surveys that it is mainly the young and economically active age groups that have plans to leave the country (Sik 2012, Gödri – Feleky 2013), the age composition of the emigrant population (those living abroad) can mostly be revealed through the statistics of receiving countries. Accordingly, we can see that while Hungarians living in Germany are characterised by a predominance of men (their rate has been around 60 per cent ever since 2000), a very high proportion (70–80 per cent) of Hungarians living in Italy are women. Of the Hungarian population living in Sweden and Spain, 60 per cent were women at the beginning of the millennium, while after 2007 the gender ratio equalised. The share of male population among Hungarian citizens resident in Austria has slightly decreased (from 52 to 47 per cent) between 2002 and 2012.

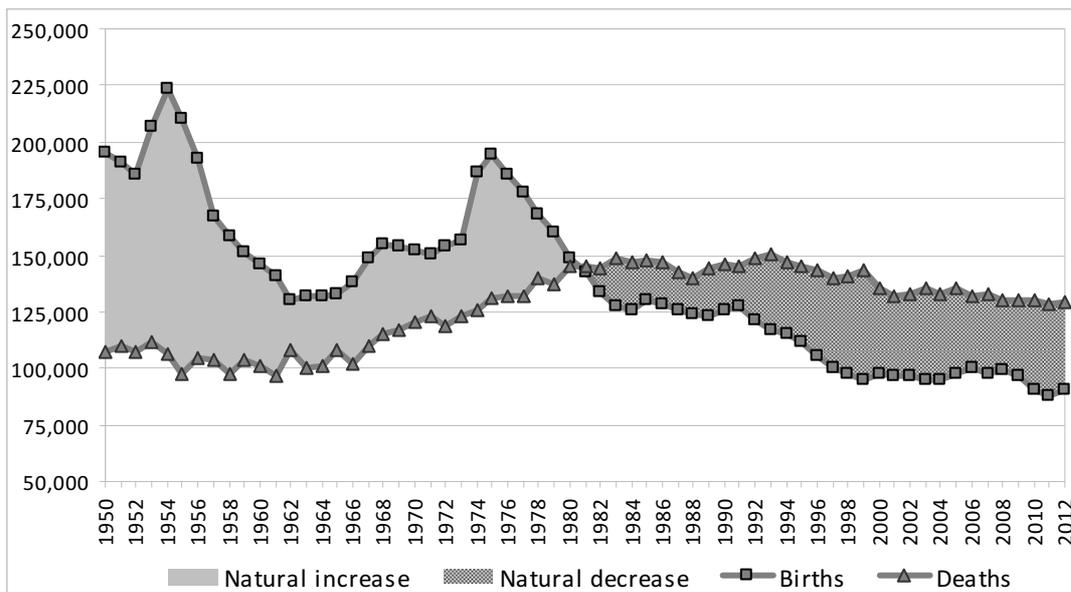
Concerning age composition, while among Hungarians living in Spain the rate of the 25–34 age group was exceedingly high (44 per cent), and that of other age groups very low in 2009 (with only five per cent of the population over 55), the elderly were more highly represented among Hungarians living in Germany (16 per cent over 55 and less than 30 per cent between 25 and 34). This reveals quite clearly the difference between new and traditional countries of destination. In Germany, which is a traditional country of destination for Hungarians, nearly one-fifth of the Hungarian population resident there in 2011 had been living in the country for more than 20 years, which also explains their age composition. By contrast, the Hungarian population in Sweden is characterised by its high share of young people: in 2009 one-fifth of them were under the age of 20 (and 15 per cent under 15), which indicates that this emigrant group is more likely to include families with children (Gödri – Tóth 2010). Altogether, the proportion of the active-age population (15–64 years) is very high among Hungarians living abroad (80–90 per cent in most countries), which indicates that the emigrant stock mostly constitutes the active, working-age population.

### 4.3. Demography and human capital

#### 4.3.1. Population change

The main demographic trends in Hungary between 2001 and 2012 can be described as continuous population decline, with the process beginning in the 1980s. In 1981 the number of deaths was higher than the number of live births for the first time and since that time every year the natural population change has been negative (*Figure 4.3.1*), despite the fact that up until 2001 the number of women of reproductive age (15–49) was still on the increase. From 2001 to 2011 the number of births dropped by ten per cent (from 97,000 to 88,000), the largest decrease taking place between 2009 and 2010.

**Figure 4.3.1: Population change by components: number of births and deaths, 2001–2012**



Data source: HCSO, STADAT database.

Note: The third component of population change, net migration (calculated as the difference between immigration into and emigration from the country during the year) is not represented in the figure, since the number of emigrants is considerably underestimated in national statistics (as described in the Chapter 4.2).

While immigration does to some extent compensate for the decrease of the population, it is not enough to hold the process in check. Based on census data, between 1990 and 2001 the international migration surplus (195,000) compensated for the half of the total natural decrease (373,000). Between 2001 and 2011 this compensation was even more moderated, the international migration balance (126,518) mitigated only one-third of the total natural decrease (387,205).

The decline in the *total fertility rate* (TFR) began at the turn of 1960s and 1970s, which was followed by a short but significant increase (in 1974–75) as a consequence of the births of “Ratkó grandchildren”<sup>36</sup>, then after a subsequent decrease it stabilised at about 1.8 between 1981 and 1991. This was followed by a decline in the 1990s and stabilisation in the 2000s (since which time the TFR has stood at around 1.3). The rate has constantly been lower than 2.1 – the figure necessary for the replacement of the population – since 1979.

<sup>36</sup> Anna Ratkó (minister between 1949 and 1953) introduced a penalty tax system on those without children and a complete ban on abortions, which caused the marked increase in the number of births in the years of 1953–55 (see *Figure 4.3.1*). The regulations were withdrawn in 1956. The ‘Ratkó children’ reached reproductive age around the middle of 1970s, so the second generation of this era (the ‘Ratkó grandchildren’) was born in the 1970s.

The TFR shows a permanently low rate in Hungary in the 2000s, despite the fact that between 2003 and 2009 the fertility rate increased at the European level. After 2000 the total fertility rate increased in all of the Visegrad countries as well<sup>37</sup>, except for Hungary where reached its deepest point (1.24) in 2011 (see Annex *Fig. A4.3.1*). However, there are significant differences between regions of the country: the western parts have the lowest TFR, while it is outstandingly high in the north-east, particularly in economically disadvantaged areas. In this part of Hungary in 2010 there were four sub-regions where the TFR exceeded 2.0 (Kapitány – Spéder 2012). As regards the total fertility rate of immigrants, we only have data for certain groups of foreign citizens, but even these do not accurately reflect reality (see Annex *Table A4.3.1*).<sup>38</sup>

The average age of women at the birth of the first child began to increase in the 1990s and the process continued between 2001 and 2011 when it increased by three complete years, so by 2011 it had reached 28.3 years (and had not changed by 2012). This indicator is still lower (though only by about half a year) than the EU average. As the birth of the first child is increasingly delayed, women are less likely to have the same number of children they had originally planned for, especially as only 40 per cent of women who were planning to have a child in two years actually gave birth to a child within three years (Spéder – Kapitány 2009).

The average age of women at the birth of the first child seems to be lower among foreigners than for Hungarian nationals, but there are differences by citizenship. Romanian immigrants were closest to the Hungarian population in terms of this indicator (28.1 years), Germans were older (32.2 years), while Ukrainian, Vietnamese and Chinese mothers were the youngest (26.6–27 years) in 2012 (see Annex *Figure A4.3.2*). However, a shift in the age is noticeable among immigrants too: over the past ten years this figure increased by 2.5 years.

*Life expectancy at birth* in Hungary increased by 2.8 years for women and 1.8 years for men over the past decade, but is still low (78.1 years for women and 70.9 years for men in 2012) compared to EU27 average (82.4 years for women and 76.8 years for men). Life expectancy is higher in the main emigrants' countries of destination (Germany, Austria, UK) and lower in the main immigrants' countries of origin (Romania, Ukraine) than the Hungarian average. However, except for Ukraine the countries of origin (Romania, Serbia, China) are closer to the Hungarian average (*Figure A4.3.3*).

The *crude mortality rate* in the period examined was between 13–13.5 per thousand and dropped to below 13 by 2011 for the first time since 1977 (*Figure A4.3.4*). The most frequent causes of death are various cardiovascular disorders – explaining half of the total mortality rate (Kovács 2012). The mortality rate is lower than the Hungarian average in all migration partners countries (destinations and origins) except for Ukraine.

The *infant mortality rate* dropped considerably in the past decade, in total by 3.2 percentage points: it was 4.9 per thousand in 2011 and 2012 (*Figure A4.3.5*), which is still high in EU terms (the average of EU27 was 3.9 in 2011). Infant mortality among immigrants was higher in most years of the period examined than in the total population (varying between 4.7 and 9.6 deaths per thousand)<sup>39</sup>.

Immigration may influence the fertility rate and the replacement level of the receiving population in the long run if there is significant immigration and the fertility behaviour of the immigrant population differs from that of the population of the destination country (e.g. if immigrants are much younger,

<sup>37</sup> Visegrad countries are the Czech Republic, Poland, Slovakia and Hungary (in addition see Footnote 9).

<sup>38</sup> The basis for calculating the fertility rate of foreigners is the number of live births of mothers who are foreign citizens. It is possible, however, for a mother to have a permanent place of residence in one of the neighbouring countries, and only come to Hungary at the time of the birth. This is probably the case for women with Romanian, Slovak and Ukrainian citizenship – populations where the number of births registered was particularly high.

<sup>39</sup> The above-mentioned 'child-birth tourism' could be one possible explanation for this phenomenon, because the foreign mother who only comes to Hungary at the time of the birth received prenatal care in her country of origin and the prenatal care has an important role in the development of the foetus. It is also possible that foreign mothers come to Hungary with problematic pregnancies.

and if the proportion of women of reproductive age among them, as well as their fertility rate, is higher). However, the immigrant population is relatively small in Hungary compared to most other European countries, and it therefore has no significant impact on demographic processes of Hungarian society. According to population forecasts, actual Hungarian net migration should be at least 13,000 (after subtracting the real emigration) and the fertility rate should be at least 1.9 in the total population for many years to keep the population size on the level of the 2000s (Hablicsek – Tóth 2000).

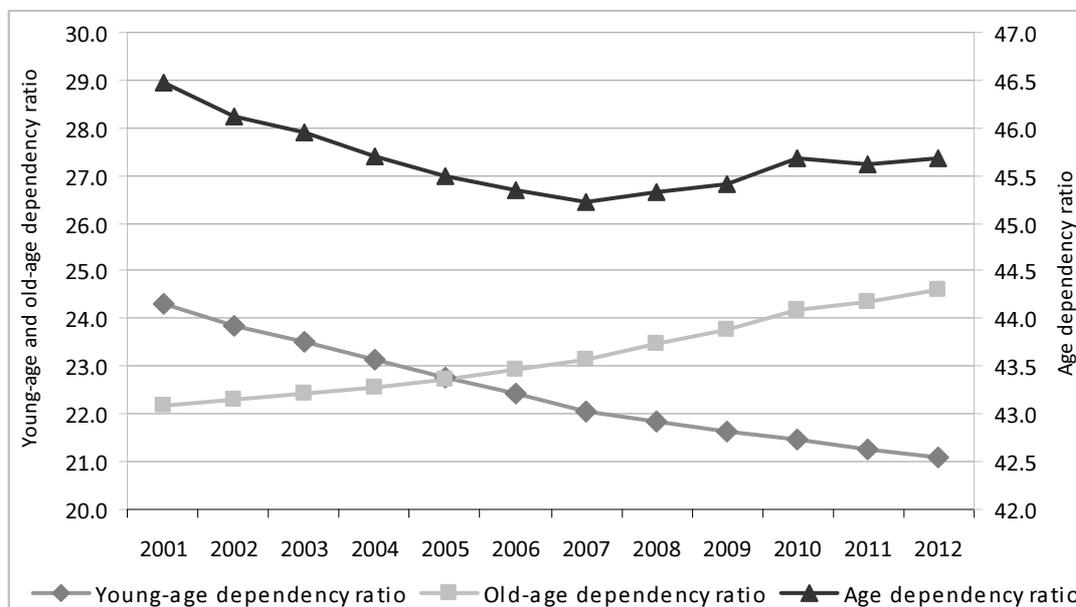
#### 4.3.2. Population structure and spatial distribution

The *ratio of women to men* was 1.102 in the total population in Hungary on 1 January 2012 (which means 52 per cent woman and 48 per cent men). Men dominated the younger generations (the 0–39 age group), but over 40 the balance switches. Due to lower life expectancy among men, in the over-65 age group the ratio of men is only 37 per cent.

Considering the population structure by age, the elderly represent a growing proportion of the population. In 2011 one in ten inhabitants was aged 70 or older. The share of the population between 15 and 64 grew continually until 2002 and began to decline in 2007.

The *ageing index* (the ratio of those aged over 65 compared to those under 15), which shows the demographic balance, grew from 91.3 to 114.7 over the past ten years; from 2005 onwards the proportion of the population over 65 has always been higher than the proportion of children. The *old-age dependency ratio* (the ratio of the elderly – over the age of 65 – compared to the active age population) was 24.6 in 2012, which is lower than the EU27 average (26.9), but is constantly increasing (Figure 4.3.2). The old-age dependency ratio is higher in all of the destination countries of emigration than it is in Hungary, but the growing emigration of Hungarians may cause the Hungarian ratio to increase faster in the future.

Figure 4.3.2: Young-age, old-age and total dependency ratio, 2001–2012



Data source: HCSO, Demographic Yearbook 2012.

The *young-age dependency ratio* (population aged 0–14 years compared to the population aged 15–64) has been declining continually since the 1970s. This process has continued over the past ten years: in 2012 the rate of the 0–14 age group compared to the 15–64 age group was 21.1 per cent. The total *age dependency ratio* (the number of dependents – population aged 0–14 and over 65 – to

the population aged 15–64) was between 45–47 per cent in the period examined. A decline began in the 1980s and continued between 2001 and 2007, after which a slow increase set in.

Ageing of the population is a basic process of demographic change in Hungary. The areas where ageing is most noticeable are the Southern Great Plain and Southern Transdanubia. A low fertility rate can cause shrinking of the young population ratio, while the increase of life expectancy can lead to a higher rate of the elderly. This process has negative effects on the education, social and health care systems, particularly concerning their sustainability. Emigration of young people – especially if it is permanent – can also have an impact on the level of population ageing and on connected social insurance problems.

The *age structure of immigrants* differs from the total population's age structure: 78.4 per cent of foreign citizens are aged between 15 and 64 (compared to 68.6 per cent of the total population) and the proportion of children and elderly is much lower among them than among the whole population. The youngest immigrants are Asian, especially Chinese (the share of 0–14 age group is 15 per cent among them, while it is only seven per cent in the whole foreign population). The proportion of the elderly (aged 65 and over) is outstandingly high among German and Swiss citizens: 25 per cent and 40 per cent, respectively, while it is 11 per cent in the whole foreign and 17 per cent in the total population<sup>40</sup>.

Figures from the 2011 census show that the number of people belonging to different *national and ethnic minorities* almost doubled compared to 2001. In Hungary autochthonous and immigrant ethnic groups can be distinguished; the *Act LXXVII of 1993 on Rights of Minorities* identifies 13 autochthonous national or ethnic groups – those who have been present in the country at least for 100 years: Bulgarians, Gypsies, Greeks, Croatians, Poles, Germans, Armenians, Romanians, Ruthenians, Serbs, Slovaks, Slovenians and Ukrainians. The number of these so called 'domestic nationalities' grew from 314,000 (in 2001) to about 556,000 (in 2011)<sup>41</sup>. It is important to note that in Hungary – unlike in other countries of the region – it was possible to mark more than one nationality when providing answers to the census questionnaire.

The number of some autochthonous minorities is also increasing through immigration. In 2001 more than 50 per cent of Ruthenians had been born outside of Hungary and almost half of all Ukrainians and Romanians were also immigrants. The share of people born outside the country is also high among the Bulgarian and the Polish minority (42 per cent), but extremely low among Gypsies<sup>42</sup> (0.45 per cent) (Tóth – Vékás 2004).

The largest ethnic minority group in Hungary is Gypsy (Roma). In the 2011 census nearly 316,000 people claimed to belong to this ethnic group, but earlier empirical research yields far higher estimates than this figure (650,000 for 2011) (Habicsek 2007). The real number of Roma population in Hungary is a disputed question. After the Gypsy minority, the most populous groups are Germans, Romanians and Slovaks. Non-indigenous ethnic minorities – those with immigration background – are mostly Russians, Chinese, Arabs and Vietnamese. It is important to note that a significant share of immigrants is ethnic Hungarian, so despite foreign citizenship they are not counted as minority.

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<sup>40</sup> Based on 2001 census data, three-quarter of Swiss citizens in Hungary declared themselves Hungarian nationals, which may explain the high share of those aged 65 and older among them: Hungarians emigrated to Switzerland, gained Swiss citizenship and moved back to Hungary for the years of retirement (Gödri 2011). A similar phenomenon can be observed among German citizens, though to a more moderate extent.

<sup>41</sup> The growth can partly be attributed to the change in the form of the question: while in the 2001 census there was one question referring to nationality and respondents could provide more than one answers, in the 2011 census there was an additional question asking about a (possible) second nationality of respondents. This structure of questions most probably encouraged respondent to provide a second nationality (ethnicity). The growing number of national/ethnic minorities can also be attributed to the fact that before the 2011 census they were more intensely encouraged by local self-governments to answer the non-compulsory questions concerning nationality/ethnicity.

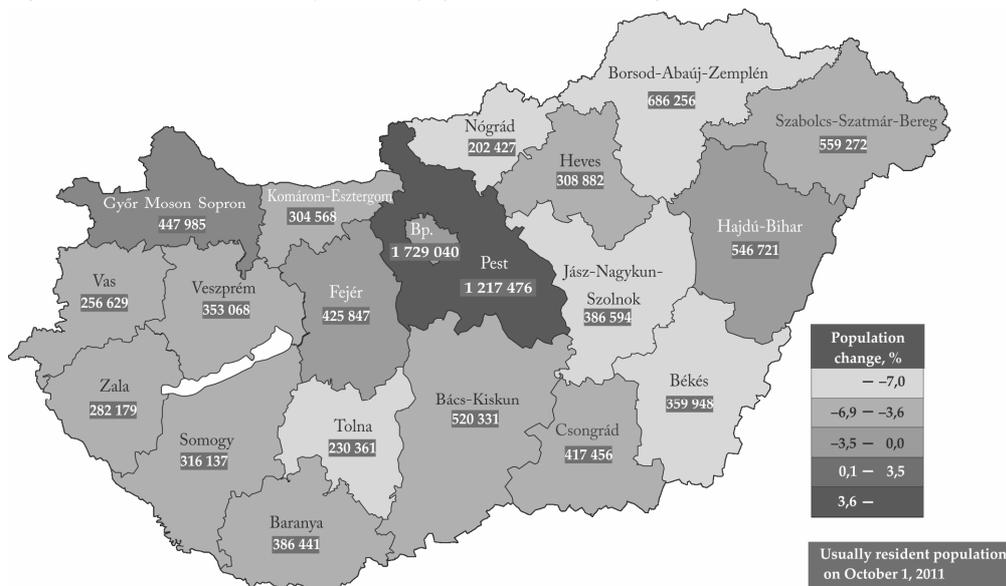
<sup>42</sup> This term is used in the census questionnaire.

In 2011 the share of native speakers of the ethnic language was lowest among the Armenian minority (13 per cent) and highest among Bulgarians (82 per cent) and Slovenians (72 per cent). The immigrant minorities also have a high share of persons speaking the native language (84 per cent). Among indigenous ethnic groups the process of linguistic assimilation could be observed already in 2001, and has continued over the last ten years.

The *spatial distribution of the total population by counties* (NUTS 3) has not changed considerably between 2001 and 2011. Over the past ten years the population of every county decreased except for two of them (Pest and Győr-Moson-Sopron), where the population was by 12.3 per cent and 2.1 per cent respectively, higher than it had been in 2001 (*Figure 4.3.3*). The decline was sharpest in the south-east (Békés county), where the population was 9.5 per cent lower in 2011 than it had been ten years earlier. The reasons for these changes cannot be explained by births and deaths alone, but also by internal migration. It is important to note that the employment rate is highest in the western and the central part of the country, which can draw the direction of the internal migration and affects the population change of the counties.

Immigrants contributed to the increase of the population in Pest county, and they may have compensated for the decrease in Csongrád and Hajdú-Bihar counties (where significant ratios of immigrants can be observed, as was described in Chapter 4.2.1.2).

**Figure 4.3.3: Number of usually resident population and its change between 2001 and 2011 on NUTS 3 level**



Data source: Census 2001, 2011.

### 4.3.3. Education

The educational level of the Hungarian population has changed considerably over the last decades. Between 2001 and 2011 the share of people with upper secondary and tertiary education (ISCED 3–4 and 5–6 level) among those aged 15 and over has continued to increase, while the share of those with primary or lower secondary education (ISCED 1–2) has decreased<sup>43</sup>.

<sup>43</sup> The International Standard Classification of Education (ISCED) classifies education programmes by their content in different levels: ISCED 0 – pre-primary education, ISCED 1 – primary education, ISCED 2 – lower secondary education, ISCED 3 – upper secondary education, ISCED 4 – post-secondary non-tertiary education, ISCED 5–6 – tertiary education, ISCED 7–8 – master and doctoral level.

Between 2001 and 2011 there was a considerable change in both sexes' educational attainment (*Table 4.3.1*). Census data show the expansion of tertiary education, though the change was major among women. In 2001 the ratio of college or university graduates (ISCED 5–6) was higher (14 per cent) among men aged 25 and above, but in 2011 this phenomenon changed: the rate of graduates was higher among women (20 per cent) of this age group<sup>44</sup>.

Having lower than a lower secondary level of education is typical almost exclusively in the over-75 age group: one-third of them completed less than eight years of schooling. The share of people who completed a secondary level of education is outstandingly high in the 20–29 age group (67.4 per cent), while from the 44-year-old age group onwards this share drops consistently. The proportion of graduates is highest among those aged 25–34 (28 per cent).

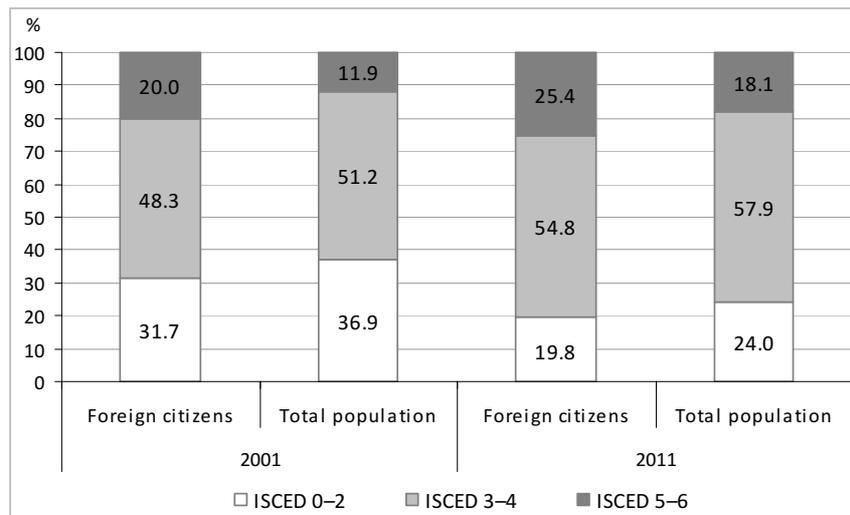
**Table 4.3.1: Attained educational level of the population (in respective age groups) by gender, 2001 and 2011 (%)**

Gender	Population		
	aged 15–x	aged 18–x	aged 25–x
	with at least		
	lower secondary education	final secondary school examination	higher education
<b>2001</b>			
<b>Male</b>	92.3	35.9	13.8
<b>Female</b>	85.8	40.2	11.6
<b>Total</b>	88.8	38.2	12.6
<b>2011</b>			
<b>Male</b>	96.9	45.5	18.2
<b>Female</b>	93.5	52.1	19.7
<b>Total</b>	95.1	49.0	19.0

Data source: Census 2001, 2011.

Based on the census data, in the population aged 15–64 foreign citizens in Hungary showed higher educational attainment than the total population in both census years: the share of people with primary and secondary levels of education was slightly lower and that of graduates higher (20 per cent in 2001 and 25.4 per cent in 2011) among foreign nationals (*Figure 4.3.4*). It is important to note that the foreign population is younger and their educational attainment is therefore in general higher. Nevertheless, survey results among immigrants from neighbouring countries also show that their educational attainment is higher regardless of the age structure (Gödri – Tóth 2005).

<sup>44</sup> Census data offer the possibility to analyse the educational attainment of the population in respective age groups: ISCED 0–2 among persons aged 15 and above, ISCED 3–4 among persons aged 18 and above, ISCED 5–6 among persons aged 25 and above.

**Figure 4.3.4: Distribution of foreign and total population aged 15–64 by highest level of education attained, 2001 and 2011 (%)**

Data source: Census 2001, 2011.

There are two main and opposing effects of immigration and emigration: the *brain gain* and the *brain drain*. The higher educational level of immigrants is a positive outcome of migration, as it allows the country to experience the benefits of immigration, so brain gain is noticed in Hungary. On the other hand brain drain may be hypothesized, although accurate national data about people emigrating from Hungary is missing (see Chapter 4.2.1), and therefore their exact educational attainment is not known either<sup>45</sup>. But it is assumed that current emigrants are more skilled than the Hungarian average (see Chapter 2.2). We only have systematic data on the emigration of graduated people in the health service (see Chapter 4.4.3), however, brain drain is presumably more prevalent and has a negative effect in Hungary both on the labour market and on the education system. Young people are increasingly planning to study for a degree abroad (Gödri – Feleky 2013). We have seen attempts by the Hungarian government to prevent the negative consequences of brain drain, both through incentives (offering grants to Hungarian resident doctors, or scholarships for highly skilled returnees) and through restrictions (imposing a contractual obligation to stay in the country for a set number of years for newly graduated people). Nevertheless, the long-term consequences of emigration on the transformation of the higher education, as well as on the distribution of population by highest level of education, are still unknown.

<sup>45</sup> LFS data have been available since 1999 concerning members of the household who are currently working abroad (for less than one year), but they constitute only a very small group of emigrants (see Hárs 2011).

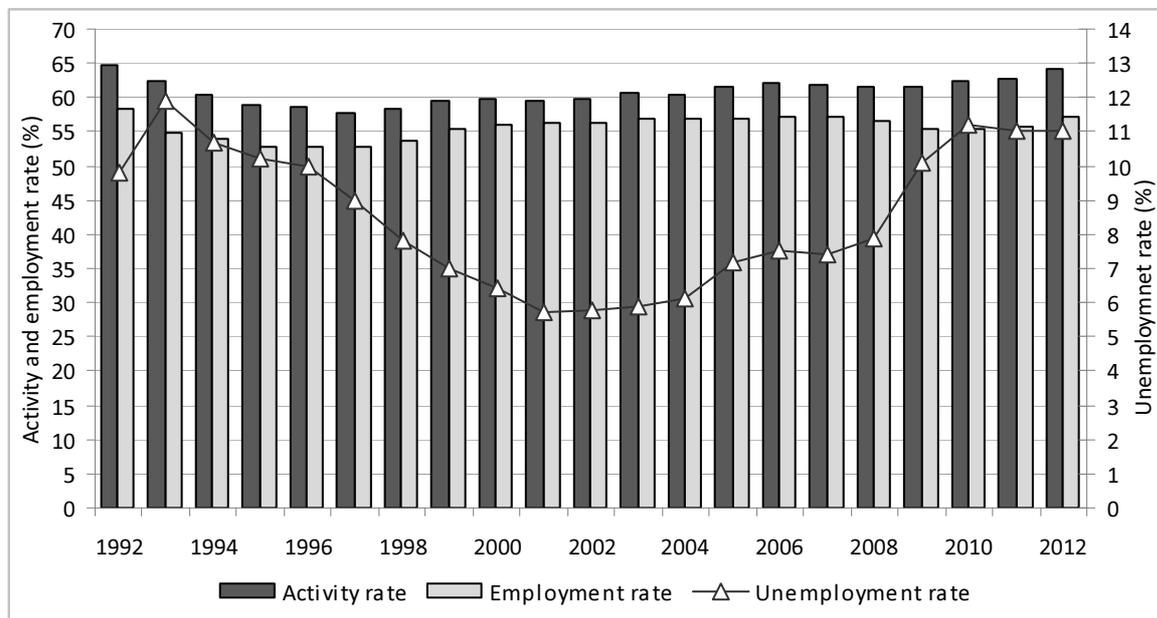
## 4.4. Labour market

### 4.4.1. General characteristics of the labour market

The Hungarian labour market between 2001 and 2012 was characterised by its *very low employment rate* (in European comparison) and *rising unemployment* which had already started to increase slightly before the economic crisis and suddenly accelerated afterwards. Transformations after 1989 should be taken into account when looking at processes over the last ten years. As noted in Chapters 2.1 and 4.1, after 1989 unemployment appeared as a new phenomenon, contrary to previous full employment<sup>46</sup>. Besides high unemployment, a significant part of the previously employed population left the labour market and became inactive, thereby increasing “hidden unemployment” (Nagy 2000).

According to the Labour Force Survey (LFS), from 1992 onwards<sup>47</sup> a steep decrease can be seen in both the employment rate and the activity rate, which started after the transition and reached its bottom point in 1996–1997. After 1997 the employment and activity rates started to increase and stabilised around the millennium (see *Figure 4.4.1*), though at a level still low compared to the period before 1992 and to other European countries. The employment rate did not change considerably from 2001 to 2008, but during the years of the economic crisis it fell back to 55.4 per cent. Then, in 2011, it started to increase and in 2012 reached the level that had been recorded before the crisis (57.2 per cent). The *communal work programmes* played an important part in the increase: they significantly compensated for the decline of the number of employees in the private sector (Cseres-Gergely – Kátay – Szörfi 2012). The decreasing labour force in the agricultural and industrial sectors and the increase in the service sector (by five percentage point between 2001 and 2011) can also be observed.

Figure 4.4.1: Activity rate, employment rate and unemployment rate in population aged 15–64, 1992–2012 (%)



Data source: Labour Force Survey.

The enduring low employment rate that characterises Hungary is unusual, even when compared to neighbouring and Visegrad countries. Hungary’s employment rate remained way below the EU27

<sup>46</sup> The highest unemployment rate was 12 per cent, observed in 1993.

<sup>47</sup> LFS data on labour market participation of people aged 15 and over are available from 1992.

average (64.3 per cent) in 2011, when only Greece was below Hungary in terms of employment, and despite the increase ranked fourth from the bottom of the list (ahead of Greece, Spain and Italy) in 2012.

Particularly low rates of employment can be observed among women (52.1 per cent), people aged 55–64 (36.9 per cent) and those aged 15–24 (18.6 per cent) – the EU27 average was 58.6 per cent, 48.9 per cent, and 32.9 per cent in these respective categories in 2012. The fact that the share of part-time employment in Hungary (6.6 per cent) is lower than that of most EU countries (in the EU27 this rate is 19.2 per cent), also contributes to the low employment rate. However, employment of the “best” active age-group, 25–54, is currently only slightly lower in Hungary than the EU27 average.

However, there are significant differences regarding the employment rate of low and highly educated people. The employment rate of those with lower secondary education is only 26.5 per cent, while of those with higher education is 78.7 per cent (KSH 2013b).

The activity rate in the 15–64 age group increased between 2001 and 2012, particularly from 2009 onwards, because as a result of the crisis labour market activity of previously inactive persons also increased. In addition, raising the official retirement age could explain part of the higher activity rate, as well as decreasing numbers can leave the labour market through the social insurance system and become inactive. The employment rate did not follow this growth in the activity rate, which means that unemployment increased. The Hungarian activity rate was 64.3 per cent in 2012, still much lower than the EU average (71.8 per cent).

After unemployment reached its highest level in 1993, it started to decrease and stabilised around the millennium at around six per cent. It was stable until 2004, but after EU accession it started to increase again, and then grew rapidly during the economic crisis (2008–2010), and has not yet returned to the level seen before the crisis. Despite stagnating since 2010, the unemployment rate in 2012 (eleven per cent) was almost double compared to ten years earlier. Moreover, the number of unemployed people in the 15–64 age group (474,800) was almost double as well (*Figure A4.4.1*). At the same time, the share of the inactive and dependent population decreased, especially the share of those who were retired or on maternity leave.

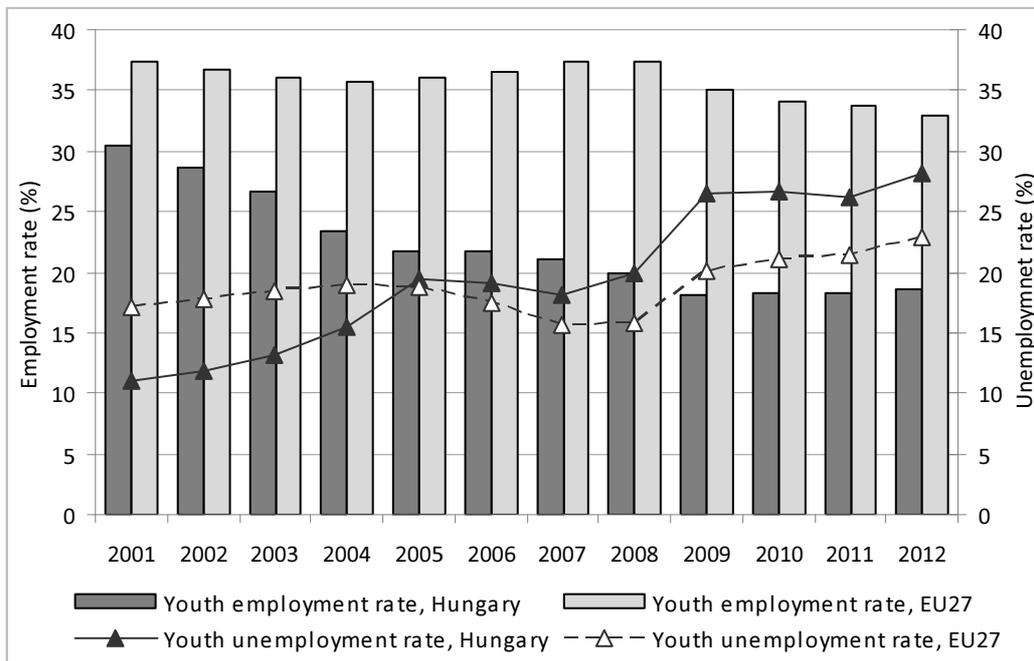
Marked differences can be seen in the employment rates of men and women through the whole examined period. The employment rate of women has not changed considerably in the past decade (it decreased slightly in 2009, but in 2012 it exceeded the level before the crisis). However, the employment rate of men decreased continually between 2007 and 2010 and it is still lower than in 2007 (*Figure A4.4.2*). The differences of the unemployment rate between sexes are less marked. The unemployment rate was higher among men until EU accession (the cause of the difference could be the women leaving the labour market earlier due to retirement), which was followed by a period between 2005 and 2008 when the unemployment rate of women was slightly higher. Since the unfolding of the economic crisis, this rate has again been higher among men, due to the fact that the narrowing of the labour market was most prominent in sectors primarily employing men (e.g. the construction industry).

Economic activity of the 15–24 age group also changed considerably between 2001 and 2012 (*Figure 4.4.2*): the *youth unemployment rate* increased from 11 to 28.1 per cent. The highest increase was noted during the peak of the economic crisis (from 19.9 per cent to 26.5 per cent). The youth unemployment rate in Hungary has constantly been higher than the EU average since 2005. The risk of unemployment was substantial even among young people with a degree: the unemployment rate of graduates aged 20–24 was 18.9 per cent in 2012 (KSH 2013b). The mismatch of training programmes and labour market needs also played a crucial role in this.

Prolonged periods of training can also contribute to the lower employment rate among young people. The increasingly difficult employment situation of young people and difficulties entering the labour market can contribute to young and qualified people emigrating from Hungary. Educated young people may choose to enter a western country’s labour market instead of being unemployed

in Hungary – even if this means ‘*brain waste*’: taking a job abroad that requires a lower level of educational attainment, and failing to take advantage of their higher level of education.

Figure 4.4.2: Employment and unemployment rate among youth (aged 15–24) in Hungary and in the EU27, 2001–2012



Data source: EU Labour Force Survey.

Economic activity shows considerable differences according to regions and type of settlement (see Table 4.4.1). The highest employment rate (60–62 per cent) and the lowest unemployment rate (8–11 per cent) are observed in central and western Hungary, while the highest unemployment rate (16–17.5 per cent) is observed in the economically disadvantaged north-eastern part of the country. This may be a result of the lower levels of educational of the local population and the high ratio of the Roma minority in north-eastern counties, as well as the regional distribution of the multinational companies and job vacancies which support the high employment rate in the western and central regions (see Chapter 4.1.1). The decrease in regional differences in employment could be promoted by more intense internal labour force mobility.

Besides communal work programmes, the *growing number of persons working abroad* over the last few years has contributed to employment figures, since persons having worked abroad for less than a year are also included in employment statistics. According to the 2011 census 57,000 persons – that is 1.4 per cent of the employed – worked abroad and 68 per cent of them were aged under 40 (KSH 2013a). According to the LFS data 80,000 persons worked abroad one year later at the end of 2012, and 98,000 in 2013 – which is 2.5 per cent of total employment (KSH 2014).

Both economic and labour market changes identified in Hungary since 2007, and the opening of labour markets of the main destination countries in 2011, have contributed to intensified emigration. Rising, or at the very least stagnating unemployment, decreasing or stagnating real wages, and the reforms in higher education may sustain a high degree of willingness to migrate – especially among younger people; cutbacks in the welfare system may also promote emigration (Hárs 2012).

Low employment and high unemployment rates, especially in the younger generations and their difficulties entering the labour market, can encourage emigration, particularly as the employment rates of the three main destination countries (Germany, Austria and the United Kingdom) are among the top seven in the European Union (Hungary occupied the 24<sup>th</sup> place in 2011 and it has not increased significantly over the last 20 years).

#### 4.4.2. Integration of immigrants on the labour market

Analysis of immigrants' labour market situation is possible through census data, LFS data and some other migrant-targeted surveys. While the census is a full-scope survey, it shows only a cross-sectional picture for the census year; changes can be followed through LFS (however, the proportion of foreign citizens is fairly low in the sample).

Based on the 2001 and 2011 census, foreign employment was higher and unemployment lower than that of the total population in both years (*Table 4.4.1*)<sup>48</sup>. This phenomenon can be explained by foreigners' generally higher educational attainments and the high share of ethnic Hungarians among them (see details in Chapter 4.2) who did not experience language difficulties in searching for a job. Among foreigners the proportion of those working in services, as well as the proportion of white-collar workers, is higher than in total population.

**Table 4.4.1: Distribution of foreign citizens and total population aged 15–64 by economic activity, 2001 and 2011 (%)**

Economic activity	2001		2011	
	Foreign citizens	Total population	Foreign citizens	Total population
Employed	53.9	52.7	62.4	57.0
Unemployed	4.7	6.0	4.3	8.3
Inactive	16.1	26.2	13.4	19.7
Dependant	25.3	15.1	19.9	15.0
<i>Total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>
<b>Activity rate</b>	58.6	58.7	66.7	65.3
<b>Unemployment rate</b>	8.0	10.2	6.4	12.7

Data source: Census 2001, 2011.

However, significant differences can be observed in foreigners' labour market position *by sex, by country of origin and by territorial distribution* in Hungary. The employment rate of foreign men of economically active age (15–64) is higher, the unemployment rate is lower than that of foreign women in the same age group. Polish, Romanian, Asian and EU15 citizens' employment rates were particularly high, Ukrainian citizens' employment was, however, below average and the unemployment rate was highest among them (except for Afghanis). In the case of Afghan citizens the employment rate was remarkably low, as was the activity rate, presumably as a result of their arrival as asylum seekers, which restricted their labour market prospects<sup>49</sup>.

Worse labour market indicators of foreign women in various age groups and at various level of education can be observed in most immigrant groups (Gödri 2011a). Some Asian groups (Chinese, Vietnamese, Mongolians) are an exception to this: women of these groups are also characterised by high employment rates and low unemployment. The employment rate of women from other eastern countries of origin (for example Syria, Turkey and Israel) are, however, lower than the employment rate of men of these same groups. In these cases differences between genders probably have cultural roots: due to social norms, traditional gender roles and traditions, certain groups of women (for instance women arriving from Muslim countries) are more likely to remain outside the labour

<sup>48</sup> The unemployment rate measured by the censuses was higher than the figures in the LFS in both census years (12.7 per cent versus 11 per cent in 2011), despite identical concepts. The difference could be a result of methodologies used to collect data, and it can be observed in other countries too (KSH 2013a).

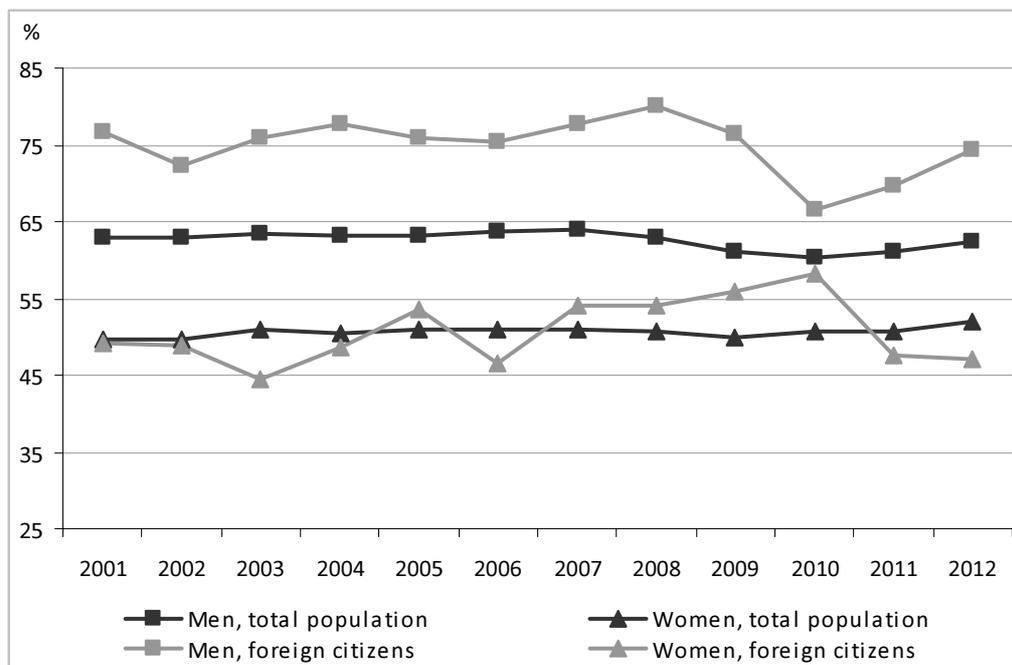
<sup>49</sup> In Hungary asylum seekers are not allowed to work, but those recognised as a refugee or who have received subsidiary protection are allowed to work without a work permit. For information about targeted support (such as subsistence allowance, accommodation allowance, housing support, etc.) for refugees or subsidiary protected persons see Kiss – Magyar (2013).

market and remain dependent. At the same time, it can also be shown that although a higher level of education generally provide better labour market opportunities for immigrants, it increases employment possibilities more for men than women (Gödri 2011a).

*Regional differences* can also be observed in the labour market position of foreign citizens (Table A4.4.2). Those living in the central and north-western regions and Budapest had the best labour market position in both census years: they had the highest employment rate (64–68 per cent) and the lowest unemployment rate (3–4 per cent). By contrast, foreign citizens living in northern and eastern regions and villages characterised by worse economic indicators showed much higher unemployment rates (9–12 per cent in 2001, 13–18 per cent in 2011) – in 2001 it was higher than of the total population. This observation was valid after considering the different composition of foreign citizens living in various regions according to age and education (Gödri 2011b).

Similar to the census, the LFS data also shows the higher employment rate of the foreign population aged 15–64 in the period of 2001–2011. At the same time, the difference between genders can also be observed: while the employment rate of the foreign male population is much higher than that of the total male population over the whole period, the employment rate of the foreign female population is lower than that of the total female population in some years and higher in others (Figure 4.4.3).

**Figure 4.4.3: Employment rates in the foreign and total population aged 15–64 by sex, 2001–2011**



Data source: Labour Force Survey.

Creating a panel from LFS data of years 1997–2005, Hárs (2010) came to the conclusion that the employment rate of Ukrainian citizens who immigrated to Hungary is much lower, while the employment rate of Slovak citizens is slightly lower than that of the Hungarian population. The employment rate of Chinese citizens proved to be especially high, but Romanian and German citizens also had higher employment rates than the average. The labour market situation of foreigners living in Hungary with a settlement permit was more prosperous than those who had a work permit<sup>50</sup>.

<sup>50</sup> Since 2009 only third-country nationals need a work permit in Hungary (if they have no settlement permit), while citizens of the EEA countries and their family members have free access to the labour market.

Most of the foreigners with work permits have lower educational attainment and the proportion of those who are employed in unskilled jobs is higher among them (Hárs 2010).

Data of the representative survey *Immigrants 2002*<sup>51</sup>, carried out among immigrants from neighbouring countries, enables comparison of immigrants' employment rate before and after immigration. It revealed the growth in employment and the decrease of unemployment: their unemployment rate was 12.8 per cent before immigration and dropped to 5.3 per cent. It is important to note that most of these immigrants were ethnic Hungarians, who were minorities in their countries of origin, while in the destination country (Hungary) language difficulties did not hinder their entry to the labour market. Even so, some of them experienced the devaluation of their educational attainment or professional knowledge. The length of time that had elapsed since immigration was also an important factor as regards the integration of immigrants on the labour market: the unemployment rate was highest (8.6 per cent) among those who had arrived two years or less before the survey was conducted, while for those who had been in Hungary for more than four years it was far lower (2.9 per cent) (Gödri – Tóth 2005). Based on the second wave results of this survey in 2006, it has been proven that beyond the effects of social capital, immigrants' integration in the labour market is very much affected in the long run by the sex of the immigrant and their country of origin (Gödri 2008).

#### **4.4.3. Effects of emigration on labour market**

At present there are insufficient data and research evidence on emigration from Hungary to assess the exact labour market effects of this process. In general in those countries where significant emigration can be measured, its effects on the labour market can also be observed. Nevertheless, the nature of these effects is not always clear. Emigration in the 1990s had a negative effect on the wages of less educated native workers in OECD countries and increased inequality within countries (Docquier 2011). In more recent years it was observed that emigration contributed to the decrease of the unemployment, but it also caused labour shortage in some countries (Hárs 2012). These effects have not been observed sharply in the Hungarian labour market yet – although in some professional fields some signs of labour shortage can already be discerned. However, if current emigration processes continue in the future then significant effects on the labour market and economy could well become apparent.

As outlined in Chapter 4.2.1, emigration from Hungary was less intensive after EU accession compared to other countries in the region, where the effects of emigration caused changes in labour market processes. But mirror statistics and LFS data show that emigration and labour force out-migration has increased in the past five years in Hungary, especially since the unfolding of the economic crisis, and the end of labour market restrictions (in 2011) for EU8 citizens in Germany and Austria. The growing number of persons working abroad has contributed to the increase of employment (since those working abroad for less than a year are included) and stagnation of unemployment in the last few years. On the other hand the emigration of skilled labour force presumably has a negative effect both on the labour market and on the economic development. The question is whether this loss is permanent or return migration will follow.

As regards LFS data on those who had been working abroad for less than a year (at the time when the data were recorded), labour migration increased from regions with a high unemployment rate, as opposed to previous trends where most emigrants left the western and central regions of Hungary (Hárs 2012b). The region closest to Austria has also a high level of employees who tend to commute to Austria (Hárs 2011).

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<sup>51</sup> See Footnote 18.

With regards to occupations, shortage of the labour force has already been experienced in the health care system. The emigration of graduated health workers could be measured through the number of official certificates issued for diplomas obtained by doctors wanting to work abroad. Based on this, an increasing tendency can be seen where the number of certificates issued is close to the number of medical doctors trained that year, which means that an already existing shortage of experts may keep on worsening in the forthcoming years. The age group most likely to leave is 30–39 – doctors who are experienced and usually also qualified specialists (Girasek – Csernus – Ragány – Eke 2013). When looking at the net balance of the number of medical doctors between 2006 and 2010, one can see that Hungary is losing some 780 medical doctors per year by emigration, and in 2010 the country already needed another 4,000 doctors to supplement the shortages that occurred through doctors dying, becoming inactive or emigrating (Balázs 2012). The dominant factors in this emigration – according to those leaving the country – are low salaries, poor working conditions and limited opportunities for research. At the same time, the shortage of human resources in terms of health workers in many destination countries and the fact that Hungarian qualifications are automatically recognised in the EU also contributed to and facilitated this out-migration process.

Whether a result of emigration or not, labour shortage has already become prevalent in certain professions, while the trained workforce, which could fill that gap, appears in the labour markets of other countries. The effects of emigration on labour supply can be manifested in a demand for skilled workers (especially in certain professions) since unskilled workers seem to emigrate less.

All in all, if those who are planning to leave the country (33 per cent of population aged 18–40 in 2013) actually emigrate, it will cause further negative effects on the Hungarian labour market. The migration potential is higher than average among younger age groups, students, and those who have attained a secondary or tertiary level of education (Gödri – Feleky 2013, Sik 2013). Consequently, those who are planning to leave the country are the best potential participants in the labour market and their emigration could lead to a significant loss in human capital, which could have knock-on effects on future economic development.

## 5. CASE STUDY ON DYNAMIC HISTORICAL ANALYSIS OF LONGER TERM MIGRATORY, LABOUR MARKET AND HUMAN CAPITAL PROCESSES IN PÉCS AND BARANYA

### 4.5. Demography, human capital and labour market in Pécs and Baranya

The major national demographic trends can also be observed in the context of the local society of Pécs and its most immediate regional setting, the County of Baranya. In Pécs, the postwar increase of the population, urbanisation and international migration resulted in a population peak in the period between 1980 and 1990, followed by steady overall population decrease (Annex *Figure A.5.1*). The demographic trends responsible for the size of the local population of Pécs can be grouped around three factors. **Natural population loss**, like in many other social settings, is the result of a widening gap between births and deaths (with infant mortality at significantly low level in national comparison) – a trend that has been dominant since 1980 (Annex *Figures A.5.2, A.5.3*). The defining processes of **internal migration** on the one hand had intensified population loss over the last decades: suburbanisation and reruralisation unequivocally reduced the size of the population, while the migration of higher status groups along the hierarchical ladder of settlements (ranging from micro villages, villages, to small towns, large cities and the metropolis of the capital) did so to the extent of pulling away highly educated households with good labour market positions from the local society to the capital or the economic growth region of North Transdanubia. On the other hand, the very same pulling force exerted its influence on high status households in settlements on lower pegs of the settlement ladder than Pécs and attracted sizeable populations onto the local scene (Németh 2011). Overall, the balance of internal migration was positive until 1990, negative since 1990, having turned into slightly positive figures in the last few years. Changes in the size of the population, however, do not speak to the question of what consequence these processes have on the social composition of the local population. The ageing of the population has been a steady process, indicated by dependency ratios: since the millennium, old age dependency exceeded young age dependency, intensifying the ageing of local population somewhat more than nationally (Annex *Figure A.5.4*). Pécs has also undergone a process of “brain drain” due to a large scale moving away of well educated, high status households (home or abroad) with just minor compensation from the migration of similar social groups from surrounding smaller cities and villages. **International migration**, analysed in detail below, could have played the role of a counterbalancing factor due to a large scale “brain gain” in the context of higher educational immigration – but immigration tends to be fundamentally temporary in this field, adding, on balance, small international groups to local society. On the other hand, the emigration of locals is a process which we cannot really pin down in concrete numbers, due to lack of data, but it has certainly contributed to “brain drain” and the flight of many locals with various backgrounds in terms of skills and education who find jobs abroad.

The local society of Pécs stands out nationally in terms of its educational achievements. This is true for all educational levels in general and also in terms of gender breakdowns (Annex *Table A.5.1*). The gender gap has closed at both ends of the educational ladder and, in line with national trends, the local female population has become more educated, especially in terms of university education. In contrast to this, the educational level of the Baranya county local population lags somewhat behind the national average (Annex *Table A.5.1*).

While local demographic tendencies are by and large in line with national developments, the regional and local economy has experienced much more critical times in the postsocialist epoch of Hungarian capitalism than the economic growth regions of North Transdanubia or the country in general. Regional GDP per capita data (Annex *Figure A.5.5*) reveals a deepening chasm that leaves the region lagging more and more behind in terms of economic performance. In Pécs itself, practically all traditional sectors of industry have been dismantled or restructured shortly after 1989: the coal and

uranium mining companies closed down, and the ladder, porcelain, beer, meat and poultry companies turned into tiny businesses in comparison to their former selves as socialist large companies. There have been massive layoffs, the ratio of industry employees suddenly dropped to 27% and the proportion of employed persons shrank to about two thirds between 1970 and 2011 (Annex *Figure A.5.6*). Regional data on economic activity reflects the internationally known process of the shrinking of agricultural labour force as well as the regional disparities of the Hungarian economy and labour force – in national comparison, Pécs and Baranya lag far behind the 40% employment ratio, itself a painfully low figure in European comparison.

In contrast to national economic growth trends, the regional and local economies have been in recession ever since 1990 and missed out on the come back between 1994 and 2008 experienced in the rest of the country, especially in the economic growth regions of North Transdanubia. As a consequence of this, the municipality of Pécs and Baranya county local governments have not been able to utilise the wealth of local economies – they both have accumulated large assets of public debt and were able to increase their revenues only in the realm of EU funds available since Hungary's entering of the EU. At the same time, local authorities administer a large portion of social transfers and services, especially those aimed at socially excluded groups like the income poor, the disabled, the needy elderly as well as the homeless. The social transfers themselves represent only a minor fraction in their spendings – the vast amount of monies go to their employees in the local public sectors which in turn make up a significant portion of the local job market (Annex *Figure A.5.7*).

#### **4.6. Main international migration trends in Pécs and Baranya**

There have been three characteristic phases of international immigration in Pécs in the past three decades (Annex *Figure A.5.8*). Between 1984 and 1991, immigration was on the rise: immigrants from the Soviet Block countries of Czechoslovakia, Poland, and later Romania, (old) Yugoslavia significantly added (with the exception of the year 1986) to the local population. The following twelve years, between 1992 and 2004, saw a gradual decrease of immigration, though net migration was still slightly positive. Since 2005, there has been an upsurge of immigration again: this time, educational immigration has brought larger and larger groups of foreigners into local society. The University of Pécs has registered more than 3000 foreign students in the past few years (Annex *Figure A.5.10*), in greatest numbers from Germany, Norway, Iran, Romania, Spain, South Korea, Sweden, Slovakia and Croatia (Annex *Table A.5.2*). Degree seeking students (who stay in the city for about 5 years) study predominantly at the medical faculty's English and Germany language programs: students are recruited chiefly from Germany, Norway, Sweden and Iran. As a result, between 2005 and 2012, the proportion of foreign nationals in the resident population of Pécs more than doubled: it went from about 1% to more than 2% (Annex *Figure A.5.10*), reaching the national average, a remarkable feat in the context of local economic recession and global economic crisis. Such an evaluation of the economic context of educational immigration is grounded in the possibility of viewing foreign students at the University of Pécs as a long-term service seeking migrants, who (as opposed to comparably ephemeral leisure migrants or medical treatment seekers), settle in Pécs for the period of time during which they can acquire higher educational services (and obviously many other kinds of services at the same time) – after which their connection to Pécs and its labour market remains a fully open question. The potential of “brain gain” inherent to higher educational immigration, however, is not realized in the form of employment of foreign University of Pécs graduates by the local economy. As regional data from the National Employment Service underscores, hardly any University of Pécs degrees of foreign nationals are registered on the local job market – this is also corroborated by findings of research on the foreign student body at the University of Pécs (Faubl 2013).

Against this background we can state that immigration on the whole remains a typically temporary phenomenon in the context of local society given that the emigration of foreign nationals has also

been intensive (Annex *Figure A.5.8*). Data on emigrating foreign nationals and nationals (Annex *Figure A.5.11*) reveals the paradox that even though it is common local knowledge (based on personal experience) that a large number of Hungarian citizens from Pécs also emigrate, their representation in the official statistics is insignificant, ranging between zero and 33 a year in the period 2001–2011. This is extremely low both in national comparison as well as in contrast to local emigration data on foreign nationals. Since deregistration has proven itself to be ineffective (and was recently abolished as a legal requirement), this is clearly the most vital area in which data regime enhancements are called for in order to be able to grasp the outflow of locals into the world. It is counterintuitive as well as unrealistic that more locals would return year by year than the officially registered emigrant stock (Annex *Figure A.5.12*) – such a process would presupposed a prior flow of relatively massive emigration that has not occurred.

Regional international migration trends reflect the pattern identified in the case of Pécs: the more intensive phases of immigration, between 1984 and 1991 as well as since 2005 brought in relatively large foreign populations – but since comparably large groups of foreign citizens have also left the country, regional international migration too is fundamentally temporary in character, with net migration peaking around 900 in 1990 and 2008 (Annex *Figures A.5.9*). The impact of international migration on the regional job market has been minimal: the number of valid work permits issued for foreigners has dropped from (a nationally low) 346 in 2003, to just 110 in 2011 and a mere 77 in 2012 for the whole of Baranya county, which were the second lowest regional figures across the country (Nemzeti Foglalkoztatási Szolgálat /National Employment Service, NES/, 2013).

## 6. OUTLOOK AND CONCLUSIONS

In view of the fact that the drivers of international migration are also related to economic, labour market, political and demographic changes, and that understanding the past and prospective course of these processes is indispensable for shaping migration policies, this study places the historical analysis of international migration in Hungary in the wider context of economic, labour market, political and demographic processes.

During the four decades of state socialism, Hungary was a relatively closed country regarding migration: cross-border migration was controlled in both directions, mostly repressed and hushed up. Apart from a few special cases (described in the historical section), immigration was on a very small scale (about 2,000 immigrants per year) and emigration was somewhat higher, but still not significant. The only major exception to this was the period following the revolution of 1956, when some 200,000 people left the country. After this period, up until the end of the 1980s, the annual average number of emigrants was 4,330 and Hungary was seen as an emigration country, although mass scale emigration was no longer characteristic (while at the end of the period the illegal emigration became more considerable). This period was also characterised by full employment, modest economic growth and relative affluence (compared with the rest of the Eastern Bloc) marked by a gradual growth of per capita GDP. This acceptable living standard also secured a kind of political stability, and population growth was also continuous from the 1950s up until 1980 (except for the year 1957). The turning point came, both in the demographic and partly the economic sense, around 1980, by which time the country built up a considerable debt to the West. A natural population decrease, which has been continuous ever since, began in 1981. Although there had been signs of this latter phenomenon as early as the first half of the 1960s, with total fertility rate already around 1.8, the rate did not sink lastingly below the replacement level (2.1) until 1980. In the 1980s an already worsening mortality rate which had started in the late 1960s began to turn for the worse as crude mortality rate reached an unprecedented level of 14 per thousand inhabitants. All of these effects together resulted in a rather unfavourable demographic situation in Hungary even before the end of the state socialist period.

From the perspective of migration, it was at the very end of the 1980s when the country arrived at a turning point. The change was triggered by the arrival of a great number of refugees from Romania, most of them of Hungarian ethnicity, and the need to regularize their status.<sup>52</sup> In spring 1989 the Office of Refugee and Migration Affairs was created, Hungary joined the 1951 Geneva Convention and in October the country's new legislation on refugees entered into force. With the democratic transition, political control over migration came to an end and national borders became permeable, opening the way to a free unfolding of migratory processes, and the previously negative migration balance turned positive (although the exact number of emigrants remains unknown). From a country of emigration Hungary turned into a destination country of international migration (and partly a transit country). At the same time, the reliability of national emigration statistics worsened considerably and the process became impossible to measure.

Besides political changes, the democratic transition resulted in a number of economic and social changes as well. The transition to a market economy, privatization and the crisis of traditional branches of industry meant the end of full employment, and unemployment as a new social phenomenon appeared, peaking at 12 per cent in 1993.<sup>53</sup> A significant setback in economic

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<sup>52</sup> The flow of refugees was quite unexpected for both the authorities and the population – the question of refugees was not legally regulated at this time. However, the Hungarian population still showed a positive attitude toward them, unlike toward the non-Hungarian refugees who were to arrive later.

<sup>53</sup> At the same time, economic activity also dropped, and the ratio of people of an active age who were inactive and not looking for a job was also quite high, representing a kind of *latent unemployment*.

prosperity could also be observed, shown by a sharp decline in GDP between 1989 and 1993 and a rise in inflation. Employment rate also continued to worsen, ebbing to its lowest point in 1996 (52% in the 15–64 age group), which was followed by a slight improvement but the level remained lastingly below 60 per cent. At the same time, in the 1990s an influx of foreign capital also began (reducing unemployment to a certain extent), but little of it was directed at the economically deprived Eastern regions of the country, which further enhanced regional differences within Hungary. The groups most negatively affected by the negative labour market effects of the democratic transition were the generation aged between 45 and 60 years at that time, the Roma and the rural population.

After the democratic transition, despite hopes to create a population policy which would turn back the demographic trends, the demographic of the country further deteriorated. As the decline in the number of births which began in the mid-1970s continued, the total fertility rate embarked on a new fall in 1992, dropping to 1.29 by 1999.<sup>54</sup> Furthermore, an already high level of mortality continued to worsen until 1993 (particularly among men aged 40–54), and remained varying around this high level until the end of the 1990s. All of this accelerated population shrinkage. Natural decrease reached its peak in 1999, with a negative balance of almost 49,000, which was reduced to an annual loss of between 30–40,000 people. The reason why shrinkage could become more moderate was that after the turn of the millennium mortality showed an overall decreasing tendency (with a slow improvement particularly among middle-aged men). Fertility, however, has been stagnating at a level of around 1.3 for more than a decade, and this seems to remain a unique Hungarian characteristic.

The country's positive immigration surplus, as shown by official national data, contributed to reduce the previously mentioned population shrinkage to some extent but it could not fully counterbalance it. The immigration surplus of the 1990s was around 195 thousand (according to the 1990 and 2001 censuses). Starting from an early high level, immigration stabilised in the 1990s at a lower rate, to start a further period of growth just before the turn of the millennium. However, except for the year 2008 it did not reach the level it had in 1990. Although in the period between the censuses of 2001 and 2011 the total balance of international migration was still positive (126,000 persons), in the previous decade it had counterbalanced almost half of the natural decrease but in the recent decade it only made up for one-third. At the same time, emigration not registered in the Hungarian official statistics but reflected in the mirror statistics, exceeded the level of immigration since the last years of 2000s, and thus the migration balance is presumably negative which further worsens population shrinkage.

Along with the decrease of the Hungarian population, its age composition is also changing in an unfavourable direction: the share of old people is growing and that of young people is declining (as a consequence of low birth rates and growing life expectancy). This tendency is further worsened by emigration which presumably is more common among young people. As the population ageing continues, the number of people in an economically active age is dropping gradually, which will lead to economic, social and budgetary problems over the long term (much of this is already noticeable). Even though the age composition of the immigrant population is relatively young, the level of immigration is too low to be able to solve the problem of the ageing population. For that to become possible the country would need to receive a significant number of consistently young immigrants for an extended period of time. This, however, would also alter the population composition in other respects (ethnic and religious),<sup>55</sup> or if immigrants continued to arrive from Hungarian minorities outside the country's borders, this would further lower the share and thus worsen the position of these minorities in the neighbouring countries.

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<sup>54</sup> This was similar to the sharp decline already experienced in the mid-1970s, but then it reached 1.73 starting from a higher initial point (2.38).

<sup>55</sup> In view of the xenophobic attitudes of Hungarian society, this may become the source of other social problems.

The impact of simplified naturalisation (which entered into force on 1 January 2011) on migration is still not known, but it has already increased the number of new Hungarian citizens by half a million people. Although the share of immigrants arriving from the neighbouring countries declined over the recent years, it remains a question whether a high number of new Hungarian citizens living outside the borders will contribute in the long term to increased immigration into Hungary – if not in itself but conjoined with other economic and social push factors.

Alongside low employment rate and despite negative economic processes, emigration and labour out-migration remained low among Hungarian citizens for a long time, and even after EU accession in 2004 remained below that of other new member states. This was probably partly due to welfare benefits and social welfare support being relatively high level in Hungary compared to the rest of the region.<sup>56</sup> According to migration potential surveys, intention to work abroad and/or emigrate also remained quite low until recently, and the ratio of people planning to migrate, particularly to work abroad over the long term, only began to increase considerably from 2010 onwards.

Different patterns of migration and the different types of development in migration processes allow us to distinguish various *developmental stages as regards immigration and emigration*. As for *immigration*, the period between the 1950s and the 1980s was characterized by the kind of restrictions (and partial illegality) described in the report, which led to a low level of inflow. This was followed by a stage lasting from the late 1980s until 1992 when illegality was replaced by legal migration and the rate of inflow was very high – this is when the institutional system of migration was established and the legal frames, mostly of administrative and law enforcement nature, were laid down. The subsequent period was characterized, until the turn of the millennium, by the consolidation of the institutional and legal frames, while immigration remained low. After the turn of the millennium, Hungary embarked on a process of harmonizing its migration regulations with European norms, while immigration received a new, minor push. The phase starting in 2004 and lasting into the present time has been characterized by a moderate growth in the number of immigrants (salient only in 2008), and changes in their composition: the high rate of ethnic Hungarian immigrants from neighbouring countries (as a peculiarity of Hungarian immigration since the 1980s) gradually decreased, while the number and share of immigrants from EU15 has been increasing. Within this last period the year 2007 brought also two changes – a set of new regulations entered into force regarding immigration, and the most important country of origin of immigrants, Romania, also became an EU member which (conjoined with Hungary's worsening economic situation) caused the rate of immigrants from this country to decline significantly.

As regards *emigration*, we can also distinguish a period lasting from the late 1950s until 1987 marked by control and restrictions (though the regulated tourism inside the Eastern Bloc was gradually allowed from 1976), where unauthorized emigration became increasingly common during the last decade. Unrestricted travelling from 1988 onwards, and the permeability of the borders after the democratic transition, opened a new chapter in emigration which nevertheless only showed a minor increase in 1990s (and many people who had gone abroad also returned). The next period is hard to delineate: while after 2004 the labour market of certain EU countries became open to Hungarians and a slight increase was noticeable in labour out-migration, a real change, however, did not take place until the end of the 2000s. On the one hand, Hungary was characterized by worsening economic and labour market conditions even before the financial crisis which began in 2008 and these worsened under the influence of the crisis. These effects, however, showed significant regional differences in Hungary. On the other hand, the labour force demand in various migration destination countries increased and, from 2011 onwards, Germany and Austria also ended labour market restrictions for EU8 citizens. All of this together led to a state where emigration from Hungary, which had already slightly increased since 2007, gained an unprecedented dynamism since 2011.

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<sup>56</sup> These, at the same time, placed a huge burden on central budget, further increasing its deficit.

The fact that it is increasingly difficult for young people to enter the labour market (unemployment is particularly high in the age group 15–24), and reforms (cutbacks) were implemented in higher education, contributed to more and more young people making plans to work or live abroad for various lengths of time and going on, in growing numbers, to realise those plans. Realisation is made easier by the fact that good language skills are more common in this generation and options to study abroad are also increasingly available.

The future course of this process, the further growth or permanence of emigration are hard to predict since they depend on the kind of economic, social and political changes which might take place in Hungary on the one hand, and on the economic processes of the destination countries and their labour force needs on the other. Intentions to emigrate may be reduced and out-migration be slowed if the economic situation in Hungary improves, if there are positive changes in society and the labour market (indeed, under such conditions even a re-migration process may be triggered), or if restrictions in potential destination countries are introduced. If, however, negative tendencies continue or become prolonged, and as emigrant networks emerge and expand in the destination countries, the flow of emigration may well become lasting and the likelihood of people staying permanently abroad may increase. The longer the outflow persists, the harder it will be to halt the process, as mechanisms of cumulative causation are likely to emerge, which make it self-perpetuating. At the same time, emigration means a loss in human capital which may have a negative effect on economic development, and due to its age-specific nature it might also affect the future trends of fertility.

Whether and to what extent emigration continues, which professional groups it will affect most seriously, and whether this will lead to the emergence of heightened labour demand in certain segments of the Hungarian labour market are all factors which will influence immigration as well. The question arising from this is the following: how attractive will Hungary be for immigrants in the long run and for which groups of immigrants?

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## ANNEX

Table A4.2.1: Summary data of foreign citizens' and Hungarian citizens' international migration (flow data), 1990–2012

Year	Immigrant	Emigrant*	Net migration of foreign citizens***	Immigrant	Emigrant	Net migration of Hungarian citizens***	Immigrant	Emigrant	Total net migration***
	foreign citizens			Hungarian citizens**			total		
1990	37,242	11,271	25,971	397	1,054	-657	37,639	12,325	25,314
1991	22,974	5,376	17,598	323	588	-265	23,297	5,964	17,333
1992	15,113	4,594	10,519	368	368	0	15,481	4,962	10,519
1993	16,397	2,901	13,496	1,220	327	893	17,617	3,228	14,389
1994	12,752	2,378	10,374	2,801	564	2,237	15,553	2,942	12,611
1995	14,008	2,401	11,607	1,427	772	655	15,435	3,173	12,262
1996	13,734	2,833	10,901	1,250	809	441	14,984	3,642	11,342
1997	13,283	1,928	11,355	1,159	894	265	14,442	2,822	11,620
1998	16,052	2,343	13,709	1,217	716	501	17,269	3,059	14,210
1999	20,151	2,460	17,691	1,343	2,042	-699	21,494	4,502	16,992
2000	20,184	2,208	17,976	1,710	3,280	-1,570	21,894	5,488	16,406
2001	20,308	1,944	18,364	2,229	6,002	-3,773	22,537	7,946	14,591
2002	17,972	2,388	15,584	2,644	4,194	-1,550	20,616	6,582	14,034
2003	19,365	2,553	16,812	2,857	3,122	-265	22,222	5,675	16,547
2004	22,164	3,466	18,698	2,184	2,121	63	24,348	5,587	18,761
2005	25,582	3,320	22,262	2,296	2,024	272	27,878	5,344	22,534
2006	23,569	3,956	19,613	2,209	1,910	299	25,778	5,866	19,912
2007	22,607	4,133	18,474	1,820	2,671	-851	24,427	6,804	17,623
2008	35,547	4,241	31,306	2,105	5,350	-3,245	37,652	9,591	28,061
2009	25,582	5,600	19,982	2,312	4,883	-2,571	27,894	10,483	17,411
2010	23,884	6,047	17,837	1,635	7,318	-5,683	25,519	13,365	12,154
2011	22,514	2,687	19,827	5,504	12,413	-6,909	28,018	15,100	12,918
2012	20,340	9,916	10,424	13,362	12,964	398	33,702	22,880	10,822

Data source: HCSO, Demographic Yearbook 2012.

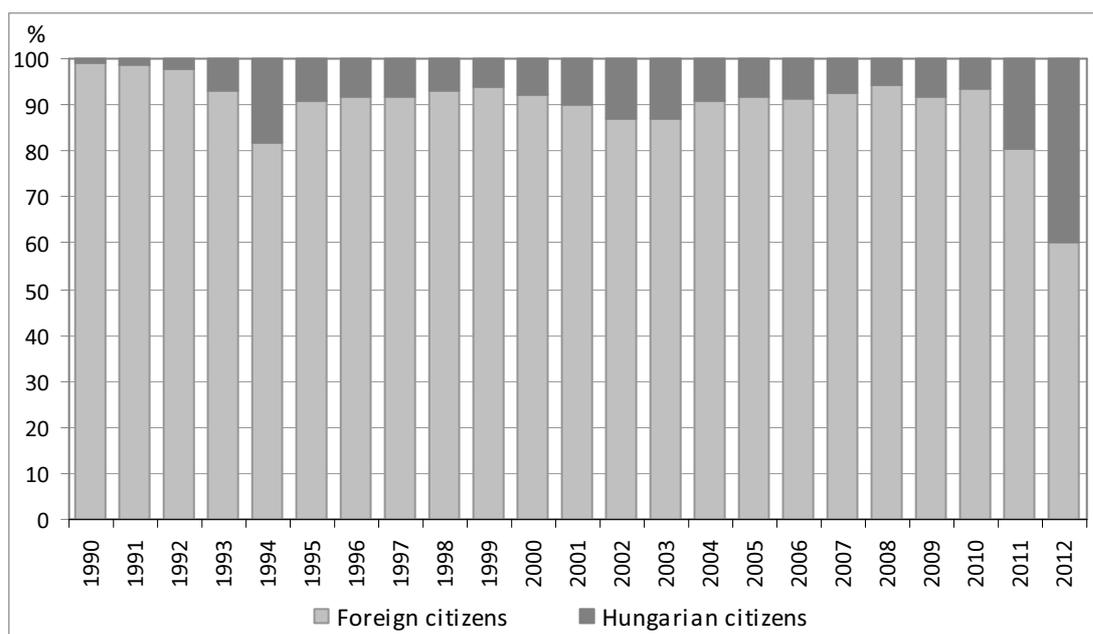
Note: Retrospective data are not comparable, since 1995 the processing was carried out by a different method (see p. 29).

\* The number of emigrating foreign citizens for 2012 contains estimations.

\*\* Until 2009 the number of Hungarian citizens immigrating into Hungary, as well as the number of Hungarian citizens emigrating from Hungary was calculated based on the Population Register, while from 2010 it is calculated based on the Register of Social Insurance. At the same time, the number of Hungarian citizens immigrating into Hungary from 2011 it was supplemented with persons who established a Hungarian address after granting Hungarian citizenship without Hungarian residence.

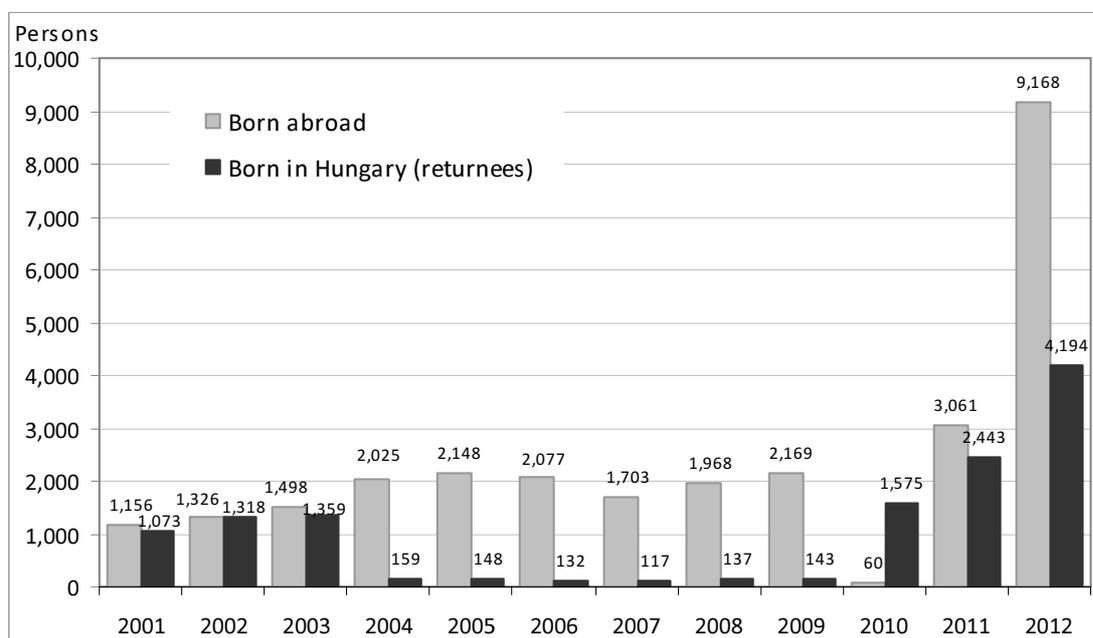
\*\*\* The net migration based on official migration statistics is not an accurate indicator due to incomplete data on emigration, especially in the case of the emigration of Hungarian citizens.

**Figure A4.2.1: Proportion of foreign citizens and nationals among people immigrating into Hungary, 1990–2012**



Data source: HCSO, Demographic Yearbook 2012.

**Figure A4.2.2: Hungarian citizens immigrating into Hungary by country of birth (abroad/Hungary), 2001–2012**



Data source: HCSO, Demographic Yearbook 2012.

**Table A4.2.2: Top 10 countries of citizenship of foreigners immigrating into Hungary, 2001–2011, %**

2001		2003		2005		2007		2009		2011	
Romania	52.4	Romania	49.6	Romania	34.8	Romania	29.8	Romania	27.8	Romania	25.8
Ukraine	12.5	Ukraine	13.5	Germany	15.1	Serbia*	19.4	Germany	10.5	Germany	10.8
Serbia	5.1	China	3.8	Ukraine	8.1	Ukraine	12.9	Ukraine	7.4	Ukraine	5.7
Germany	3.7	Serbia	3.7	Slovakia	6.4	China	8.6	China	5.0	Slovakia	5.0
United States	2.6	United States	2.7	Serbia*	4.3	Germany	3.1	United States	5.0	United States	4.4
Slovakia	2.6	United Kingdom	2.0	Austria	3.1	Slovakia	3.0	Serbia*	4.7	China	3.9
China	1.8	Germany	2.0	United Kingdom	2.8	Viet Nam	2.0	Slovakia	4.6	Serbia*	3.9
Russia	1.4	Slovakia	2.0	France	2.5	United States	1.9	Austria	2.6	Turkey	2.6
Japan	1.2	Russia	1.7	China	2.1	Austria	1.4	Turkey	2.0	Austria	2.4
Israel	1.1	Israel	1.6	Netherlands	1.7	Russia	1.3	Iran	1.8	Russia	1.9
<b>Total top 10 countries</b>	<b>84.4</b>		<b>82.6</b>		<b>80.8</b>		<b>83.5</b>		<b>71.4</b>		<b>66.4</b>
<b>Total of immigrants</b>	<b>20,308</b>		<b>19,365</b>		<b>25,582</b>		<b>22,607</b>		<b>25,582</b>		<b>22,514</b>

\* Including data of Montenegro

Data source: HCSO, STADAT database.

**Table A4.2.3: Foreign citizens immigrating into Hungary from selected countries of origin, by region (NUTS2) and county (NUTS3), 2011**

Region, county	Romania	Ukraine	Germany	Serbia	Slovakia	EU-15	EU-27	China	Total immigrants
Budapest	30.5	47.3	16.1	35.6	31.5	29.7	31.4	71.7	<b>42.4</b>
Pest	21.9	12.3	2.4	6.3	6.2	3.6	12.4	3.6	<b>9.6</b>
<b>Central Hungary</b>	<b>52.4</b>	<b>59.6</b>	<b>18.5</b>	<b>42.0</b>	<b>37.7</b>	<b>33.3</b>	<b>43.8</b>	<b>75.3</b>	<b>52.1</b>
Fejér	1.4	2.2	1.0	2.3	1.6	1.7	1.6	2.7	<b>2.2</b>
Komárom-Esztergom	2.5	0.9	0.8	0.8	9.6	0.6	2.3	1.0	<b>1.6</b>
Veszprém	2.1	0.8	2.6	0.7	2.4	2.5	2.4	0.6	<b>1.8</b>
<b>Central Transdanubia</b>	<b>6.0</b>	<b>3.8</b>	<b>4.4</b>	<b>3.8</b>	<b>13.6</b>	<b>4.8</b>	<b>6.2</b>	<b>4.3</b>	<b>5.7</b>
Győr-Moson-Sopron	4.0	2.0	5.7	1.8	30.0	6.9	7.4	1.4	<b>5.1</b>
Vas	2.7	0.5	2.2	1.0	0.5	2.6	2.4	0.5	<b>1.8</b>
Zala	1.1	1.4	9.8	0.9	0.7	6.8	3.5	0.5	<b>2.6</b>
<b>Western Transdanubia</b>	<b>7.8</b>	<b>3.8</b>	<b>17.6</b>	<b>3.8</b>	<b>31.3</b>	<b>16.3</b>	<b>13.3</b>	<b>2.3</b>	<b>9.4</b>
Baranya	1.0	0.6	10.8	2.4	1.4	9.2	4.6	5.3	<b>4.3</b>
Somogy	0.8	1.0	13.1	1.5	0.9	9.0	4.1	0.6	<b>2.8</b>
Tolna	1.5	0.5	1.7	0.7	0.4	1.6	1.4	0.3	<b>1.0</b>
<b>Southern Transdanubia</b>	<b>3.3</b>	<b>2.2</b>	<b>25.7</b>	<b>4.6</b>	<b>2.7</b>	<b>19.8</b>	<b>10.1</b>	<b>6.2</b>	<b>8.1</b>
Borsod-Abaúj-Zemplén	1.0	3.4	1.3	1.3	7.7	2.4	2.2	2.2	<b>1.9</b>
Heves	1.5	1.1	0.6	0.9	1.2	0.7	1.2	0.8	<b>1.0</b>
Nógrád	0.8	0.5	0.0	0.2	1.3	0.3	0.6	0.2	<b>0.4</b>
<b>Northern Hungary</b>	<b>3.4</b>	<b>5.0</b>	<b>2.0</b>	<b>2.4</b>	<b>10.2</b>	<b>3.4</b>	<b>4.0</b>	<b>3.2</b>	<b>3.4</b>
Hajdú-Bihar	7.3	7.3	1.0	1.1	1.5	2.1	4.6	3.9	<b>5.8</b>
Jász-Nagykun-Szolnok	1.3	0.9	1.4	0.7	0.4	1.3	1.2	0.5	<b>0.9</b>
Szabolcs-Szatmár-Bereg	4.3	11.9	0.3	0.7	0.4	0.6	2.3	0.9	<b>2.2</b>
<b>Northern Great Plain</b>	<b>12.9</b>	<b>20.1</b>	<b>2.6</b>	<b>2.5</b>	<b>2.4</b>	<b>4.0</b>	<b>8.0</b>	<b>5.2</b>	<b>8.9</b>
Bács-Kiskun	6.9	3.4	21.8	4.9	0.7	12.3	8.4	0.8	<b>5.6</b>
Békés	3.3	0.5	0.3	1.8	0.4	0.5	1.8	0.1	<b>1.3</b>
Csongrád	3.9	1.6	7.0	34.1	1.2	5.6	4.5	2.6	<b>5.6</b>
<b>Southern Great Plain</b>	<b>14.1</b>	<b>5.5</b>	<b>29.1</b>	<b>40.9</b>	<b>2.2</b>	<b>18.4</b>	<b>14.6</b>	<b>3.5</b>	<b>12.4</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>						
<b>N</b>	<b>5,804</b>	<b>1,280</b>	<b>2,428</b>	<b>870</b>	<b>1,129</b>	<b>5,040</b>	<b>12,451</b>	<b>883</b>	<b>22,514</b>

Data source: HCSO, Demographic Yearbook 2011.

**Table A4.2.4: Asylum applications in Hungary, proportion of illegal arrival and top 5 countries of citizenship, 2001–2012**

Year	Number of applicants	Illegal (%)	Top 1 country of citizenship		Top 2 country of citizenship		Top 3 country of citizenship		Top 4 country of citizenship		Top 5 country of citizenship		Total top 5 (%)
2001	9,554	85.0	Afghanistan	4,310	Bangladesh	1,515	Iraq	1,015	Somalia	300	Sierra Leone	295	77.8
2002	6,412	89.3	Afghanistan	2,348	Iraq	2,008	Bangladesh	359	Somalia	213	Vietnam	181	79.7
2003	2,401	76.8	Afghanistan	470	Iraq	350	Georgia	205	Iran	170	Turkey	125	55.0
2004	1,600	71.6	Georgia	290	Serbia*	180	Turkey	125	Vietnam	105	Nigeria	75	48.4
2005	1,609	64.6	Vietnam	320	Serbia*	245	China	175	Georgia	115	Nigeria	90	58.7
2006	2,117	72.3	Vietnam	405	Serbia*	385	China	275	Georgia	175	Nigeria	110	63.8
2007	3,419	82.6	Serbia	910	Vietnam	860	China	420	Iraq	135	Georgia	130	71.8
2008	3,118	92.3	Kosovo	1,265	Serbia	325	Pakistan	245	Somalia	185	Georgia	165	70.1
2009	4,672	95.8	Kosovo	1,785	Afghanistan	1,195	Serbia	535	Turkey	115	Georgia	115	80.2
2010	2,104	97.0	Afghanistan	700	Kosovo	380	Palestine	225	Georgia	70	Serbia	65	68.4
2011	1,693	96.6	Afghanistan	650	Kosovo	210	Pakistan	120	Syria	90	Somalia	60	66.7
2012	2,157	96.2	Afghanistan	880	Pakistan	327	Kosovo	219	Syria	145	Somalia	69	76.0

\* Until 2006 data on Serbia includes data on Montenegro, too.

Data source: HCSO, STADAT database.

**Table A4.2.5: Number of Hungarian citizens returning from two major immigration countries, 2001–2012**

Country of immigration	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Germany	14,988	15,642	14,776	16,254	15,475	14,618	16,704	21,365	22,083	20,425	24,106	27,727
Austria	–	1,858	2,198	2,168	2,377	2,525	2,711	3,191	3,831	4,249	5,310	6,457

Data sources: DESTATIS (2013), for 2012 preliminary data; Statistik Austria (2013); –: no data.

**Table A4.2.6: Top 10 countries of citizenship of usually-resident foreign population in Hungary, 2001–2011 (1 January)**

2001		2003		2005		2007		2009		2011	
Romania	37.8	Romania	40.8	Romania	47.0	Romania	39.9	Romania	35.6	Romania	36.7
Ukraine	8.1	Ukraine	8.5	Ukraine	9.7	Ukraine	9.5	Ukraine	9.5	Germany	9.7
Serbia	7.8	Serbia	6.8	Yugoslavia	9.0	Germany	9.0	Germany	9.0	Ukraine	7.9
Germany	6.8	Germany	6.1	Germany	4.8	China	5.4	China	5.8	China	5.7
China	5.3	China	5.5	China	4.8	Serbia & Montenegro	5.1	Serbia	3.7	Serbia	4.6
former USSR	5.1	former USSR	4.9	former USSR	3.6	Yugoslavia	2.6	Serbia & Montenegro	3.4	Slovakia	3.5
Yugoslavia	3.7	Yugoslavia	3.3	Russia	1.9	Slovakia	2.5	Slovakia	3.3	Yugoslavia	2.8
ex Czechoslovakia	2.2	ex Czechoslovakia	2.1	Vietnam	1.8	former USSR	1.9	Yugoslavia	2.1	Austria	1.9
Poland	2.1	Vietnam	1.8	ex Czechoslovakia	1.5	Vietnam	1.8	Vietnam	1.8	Russia	1.7
Russia	1.7	Poland	1.7	Poland	1.5	Russia	1.7	Austria	1.6	United States	1.6
<b>Total top 10 countries</b>	<b>80.6</b>		<b>81.5</b>		<b>85.6</b>		<b>79.4</b>		<b>75.8</b>		<b>76.1</b>
<b>Total of foreign citizens</b>	<b>110,028</b>		<b>115,888</b>		<b>143,774</b>		<b>167,873</b>		<b>186,365</b>		<b>209,202</b>

Data source: HCSO, STADAT database.

**Table A4.2.7: Number of Hungarian citizens residing in major destination countries, 2001–2012 (1 January)**

Country of destination	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Germany	54,437	55,978	55,953	54,714	47,808	49,472	56,075	60,221	63,801	65,443	73,433	88,492
Austria	12,729	13,069	13,684	14,151	15,133	16,284	17,428	19,318	21,527	23,342	25,627	29,832
United Kingdom	4,273	–	6,599	6,021	5,157	–	–	–	–	41,000	47,000	49,000
Ireland	–	–	–	–	–	–	5,426	6,749	7,934	8,517	8,343	8,146
Spain	778	1,060	1,457	1,724	2,298	3,044	4,704	6,628	7,204	7,485	7,779	8,370
Italy	–	–	2,920	3,446	3,734	4,051	4,389	5,467	6,171	6,868	7,404	7,924
Switzerland	3,559	3,640	3,809	3,847	3,849	3,833	3,972	4,400	5,150	5,839	6,556	8,066
Netherlands	1,538	1,719	1,832	1,886	2,029	2,271	2,386	2,921	4,044	5,294	6,546	7,775
Slovakia	–	–	–	1,539	1,526	1,760	2,106	2,702	3,623	4,602	5,341	9,255
Sweden	2,988	2,727	2,463	2,303	2,309	2,349	2,560	3,104	3,862	4,525	4,886	5,093
Belgium	1,534	1,629	1,564	–	–	–	–	2,917	3,312	3,772	4,451	4,913

Data sources: Eurostat database (updated on 10 December 2013); Austria 2010–2012: Statistik Austria (2013); the United Kingdom 2010–2012: Annual Population Survey, estimation; (author's data collection); –: no data.

Table A4.2.8: Number and distribution of Hungarian citizens residing in EEA countries in 2001 and 2012 (1 January)

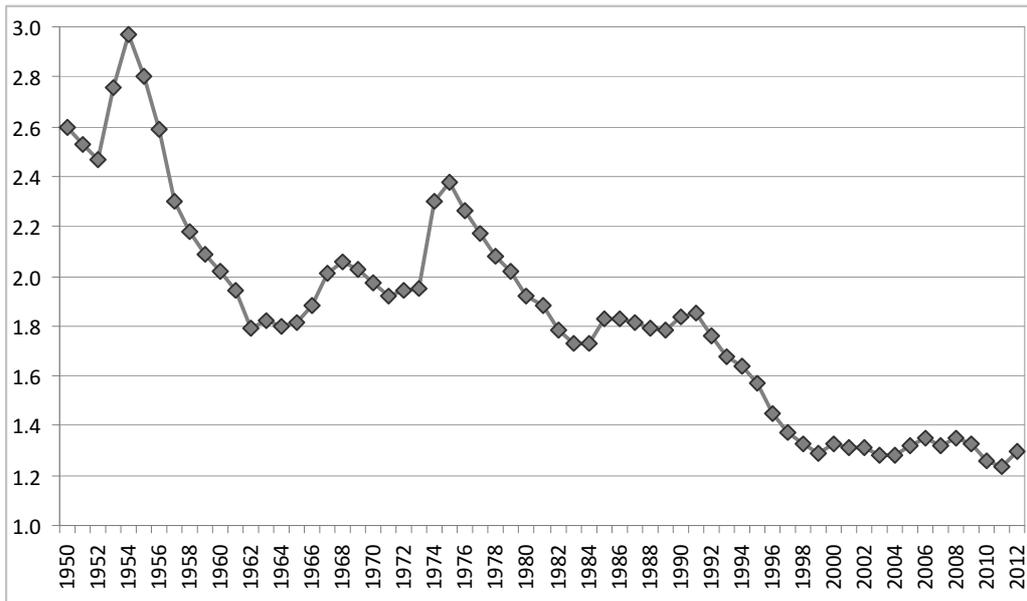
Country of destination	2001		2012	
	N	%	N	%
Austria	12,729	14.0	29,832	12.5
Belgium	1,534	1.7	4,913	2.1
Bulgaria	95	0.1	132	0.1
Czech Republic	418	0.5	839	0.4
Denmark	391	0.4	2,174	0.9
Finland	654	0.7	1,536	0.6
France*	2,961	3.2	3,500	1.5
Germany	54,437	59.7	88,492	37.0
Greece	538	0.6	–	–
Iceland	49	0.1	139	0.1
Ireland	–	–	8,146	3.4
Italy	3,066	3.4	7,924	3.3
Latvia**	13	0.0	31	0.0
Lichtenstein	14	0.0	28	0.0
Lithuania*	8	0.0	6	0.0
Luxembourg*	143	0.2	688	0.3
Malta*	12	0.0	107	0.0
Netherlands	1,538	1.7	7,775	3.3
Norway	343	0.4	1,724	0.7
Poland	403	0.4	456	0.2
Portugal**	158	0.2	428	0.2
Romania	23	0.0	286	0.1
Slovakia	–	–	9,255	3.9
Slovenia	51	0.1	171	0.1
Spain	778	0.9	8,370	3.5
Sweden	2,988	3.3	5,093	2.1
Switzerland	3,559	3.9	8,066	3.4
United Kingdom	4,273	4.7	49,000	20.5
<b>Total</b>	<b>91,176</b>	<b>100.0</b>	<b>239,111</b>	<b>100.0</b>

Data sources: Eurostat database (updated on 10 December 2013); Austria 2012: Statistik Austria (2013); the United Kingdom 2012: Annual Population Survey (2012), estimation; (author's data collection).

Note: Data are completely lacking for Cyprus and Estonia, these countries were, therefore, omitted.

\*in 2008, \*\*in 2011 (instead of 2012); –: no data.

Figure A4.3.1: Total fertility rate in Hungary, 1950–2012



Data source: HCSO, STADAT database.

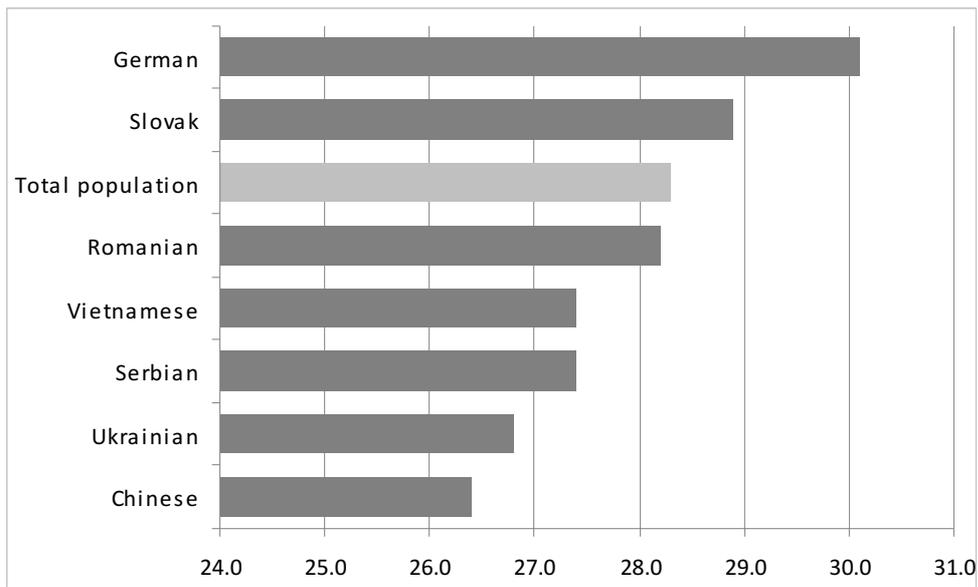
Table A4.3.1: Total fertility rate in foreign population by citizenship, 2004–2011

Country of citizenship	2004	2005	2006	2007	2008	2009	2010	2011
Germany	3.7	1.6	1.4	1.4	1.5	1.4	1.0	0.9
Romania	9.2	5.1	5.2	5.0	5.9	6.0	5.1	4.6
Serbia	5.5	2.1	2.2	1.5	1.5	1.6	1.3	0.8
Russia	6.9	4.0	3.6	2.7	3.4	2.1	2.7	2.7
Slovakia	21.5	8.0	9.2	5.0	5.0	4.7	4.0	3.7
Ukraine	20.5	9.4	8.5	6.4	6.2	8.1	7.1	8.5

Data source: HCSO, DEMO database.

Note: This data are inaccurate (and in some cases very exaggerated), due to the fact that in case of mothers who are foreign citizens, the permanent place of residence is not registered, and they could come from other countries (“child-birth tourism” – see footnotes 38 and 39).

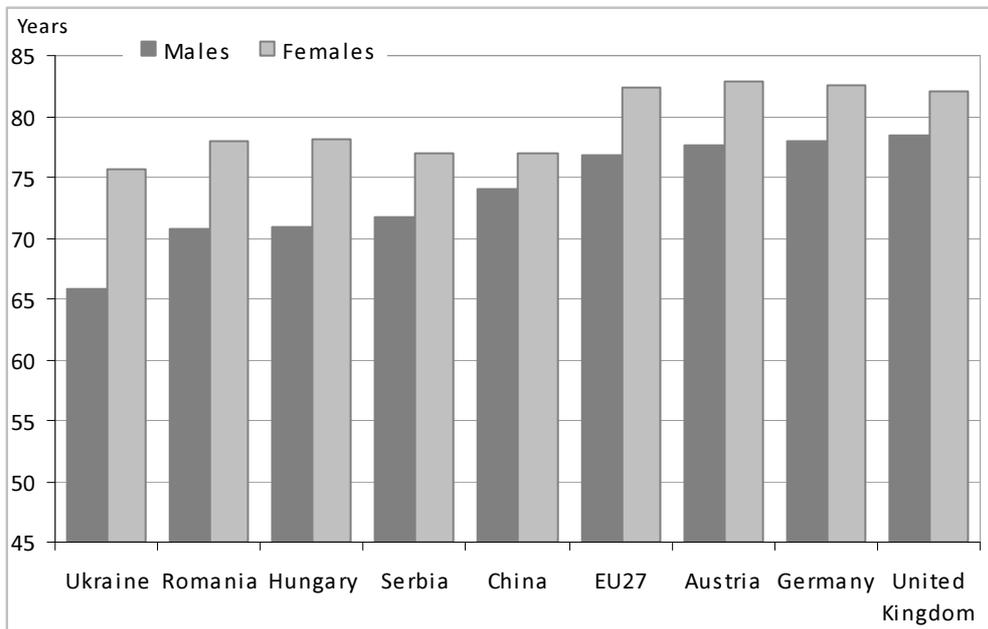
**Figure A4.3.2: Mean age of women at the birth of first child in main foreign groups and in total population, 2011**



Data source: HCSO, DEMO database.

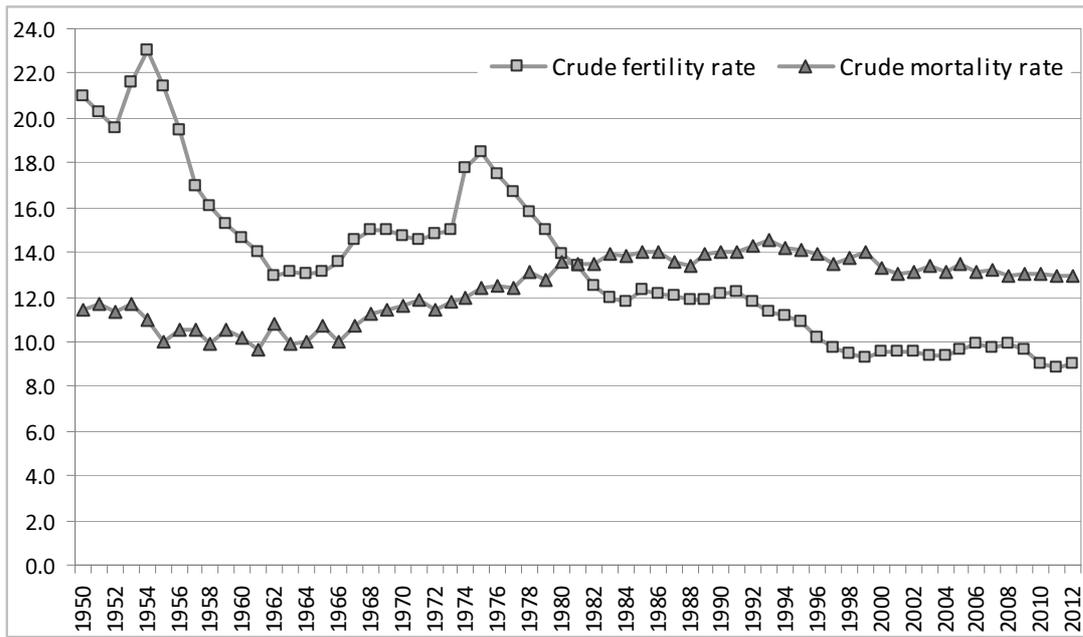
Note: The mean age of women at first birth was calculated on the number of live births which means a low number of items in case of foreign citizens (German 16; Slovak 76; Romanian 651; Vietnamese 21; Serbian 21; Ukrainian 242; Chinese 76).

**Figure A4.3.3: Life expectancy at birth in Hungary and in main migration partner countries by sex, 2011**



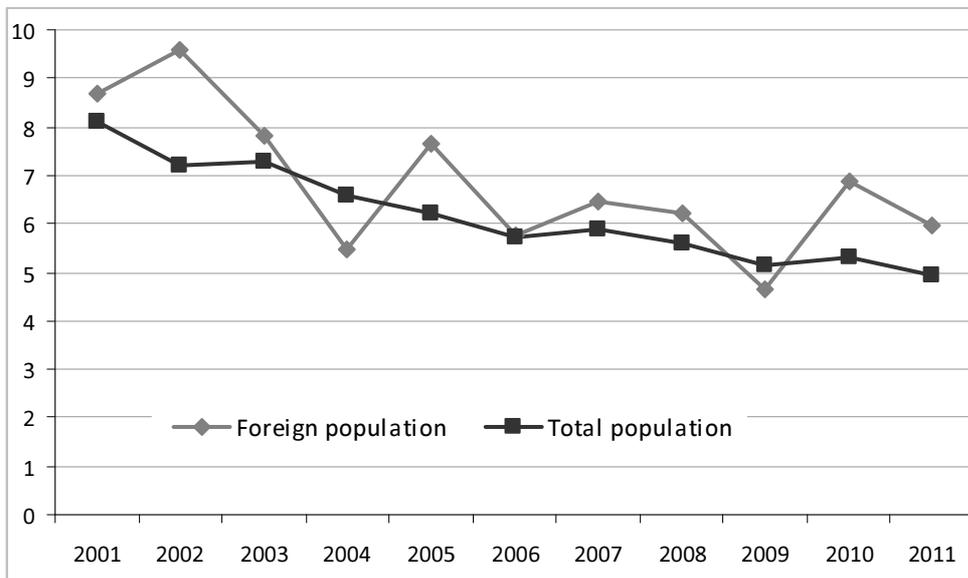
Data source: Eurostat database.

Figure A4.3.4: Crude fertility rate and crude mortality rate (per 1,000 inhabitants) in Hungary, 1950–2012



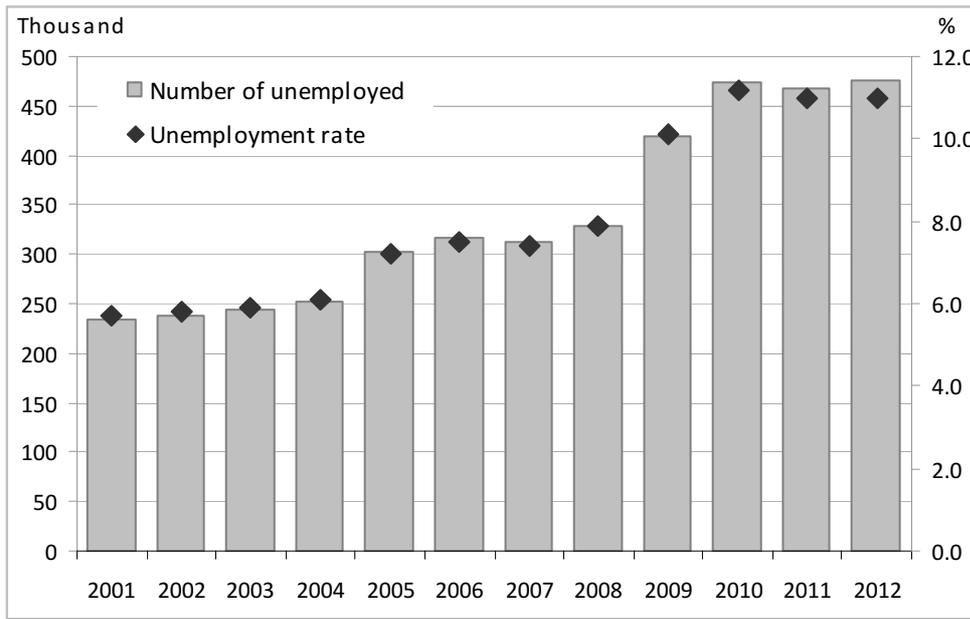
Data source: HCSO, STADAT database.

Figure A4.3.5: Infant mortality rate (per 1,000 live births) in the foreign and total population in Hungary, 2001–2011



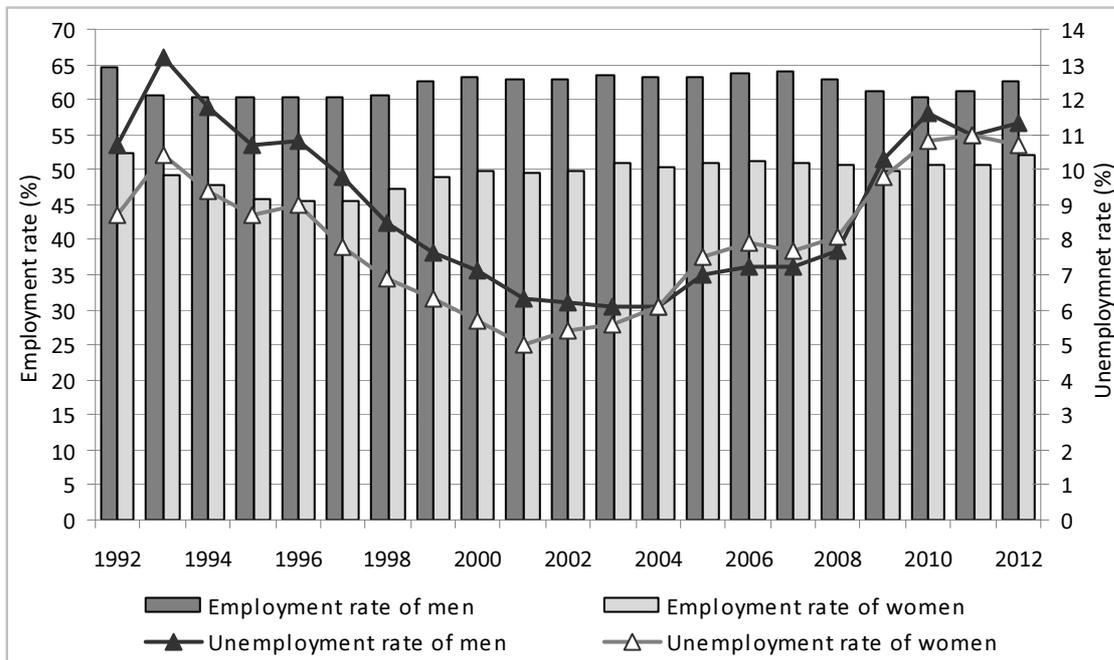
Data source: HCSO, DEMO database.

Figure A4.4.1: Number of unemployed and the unemployment rate (%) in population aged 15–64, 2001–2012



Data source: Labour Force Survey.

Figure A4.4.2: The employment rate and the unemployment rate in population aged 15–64 by sex, 1992–2012 (%)



Data source: Labour Force Survey.

Table A4.4.1: Economic activity of total population aged 15–64 by region and type of settlement, 2011 (%)

Region/Type of settlement	Economic activity				Total	Activity rate	Unemployment rate
	Employed	Unemployed	Inactive	Dependant			
<b>Region</b>							
Central Hungary	61.5	7.5	16.2	14.8	100.0	69.0	10.9
Central Transdanubia	59.9	7.5	18.7	13.9	100.0	67.4	11.2
Western Transdanubia	61.9	5.6	18.9	13.6	100.0	67.5	8.3
Southern Transdanubia	53.0	9.0	22.5	15.5	100.0	62.0	14.5
Northern Hungary	51.2	10.8	22.8	15.2	100.0	62.0	17.5
Northern Great Plain	51.2	10.1	22.4	16.4	100.0	61.2	16.4
Southern Great Plain	55.1	8.2	21.4	15.3	100.0	63.3	13.0
<b>Type of settlement</b>							
Budapest (the capital)	63.2	7.5	14.6	14.7	100.0	70.7	10.6
City	57.2	8.0	19.4	15.4	100.0	65.2	12.3
Village	53.0	9.3	23.2	14.5	100.0	62.3	15.0
<i>Total population (aged 15–64)</i>	57.0	8.3	19.7	15.0	100.0	65.3	12.7

Data source: Census 2011, own calculation.

Note: Values marked grey are higher than the average.

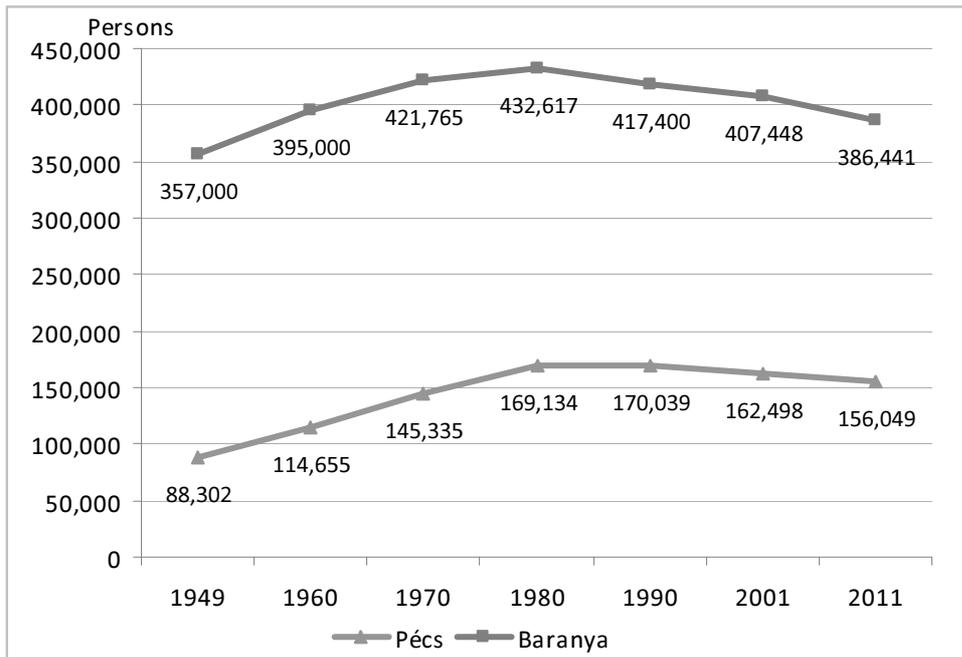
Table A4.4.2: Economic activity of foreign citizens aged 15–64 by region and type of settlement, 2011 (%)

Region/Type of settlement	Economic activity				Total	Activity rate	Unemployment rate
	Employed	Unemployed	Inactive	Dependant			
<b>Region</b>							
Central Hungary	68.0	3.8	9.7	18.5	100.0	71.8	5.4
Central Transdanubia	64.7	5.0	15.2	15.2	100.0	69.6	7.1
Western Transdanubia	64.2	3.1	18.2	14.4	100.0	67.3	4.7
Southern Transdanubia	47.2	3.1	21.7	28.0	100.0	50.3	6.2
Northern Hungary	55.9	6.9	18.7	18.6	100.0	62.7	10.9
Northern Great Plain	48.5	6.8	17.4	27.3	100.0	55.4	12.3
Southern Great Plain	58.4	4.7	14.9	21.9	100.0	63.2	7.5
<b>Type of settlement</b>							
Budapest (the capital)	68.1	3.5	8.8	19.6	100.0	71.6	4.9
City	59.3	4.4	13.7	22.6	100.0	63.6	6.9
Village	57.2	5.7	21.6	15.5	100.0	62.9	9.1
<i>Total foreign population (aged 15–64)</i>	62.4	4.3	13.4	19.9	100.0	66.7	6.4

Data source: Census 2011, own calculation.

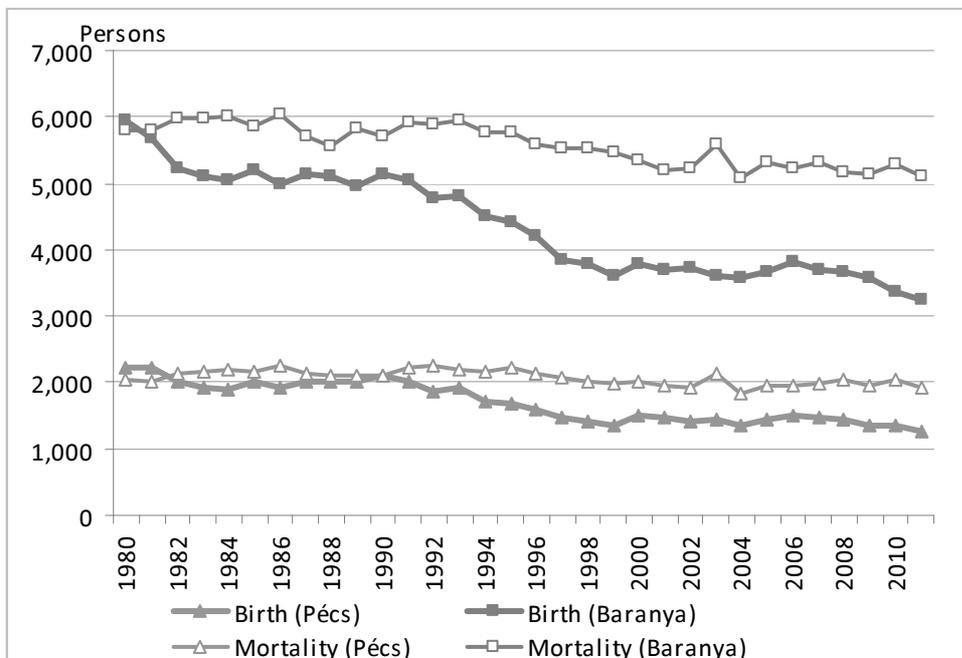
Note: Values marked grey are higher than the average.

Figure A5.1: Usually resident population in Pécs and Baranya, 1949–2011



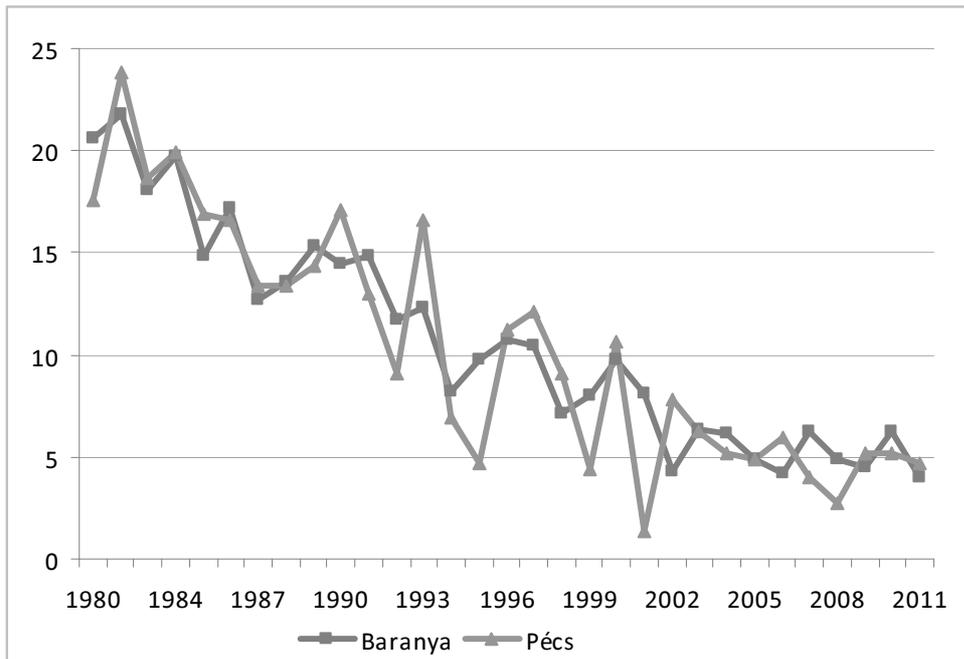
Source: Census 1949, 1960, 1970, 1980, 1990, 2001, 2011.

Figure A5.2: Number of births and deaths in Pécs and Baranya, 1980–2011



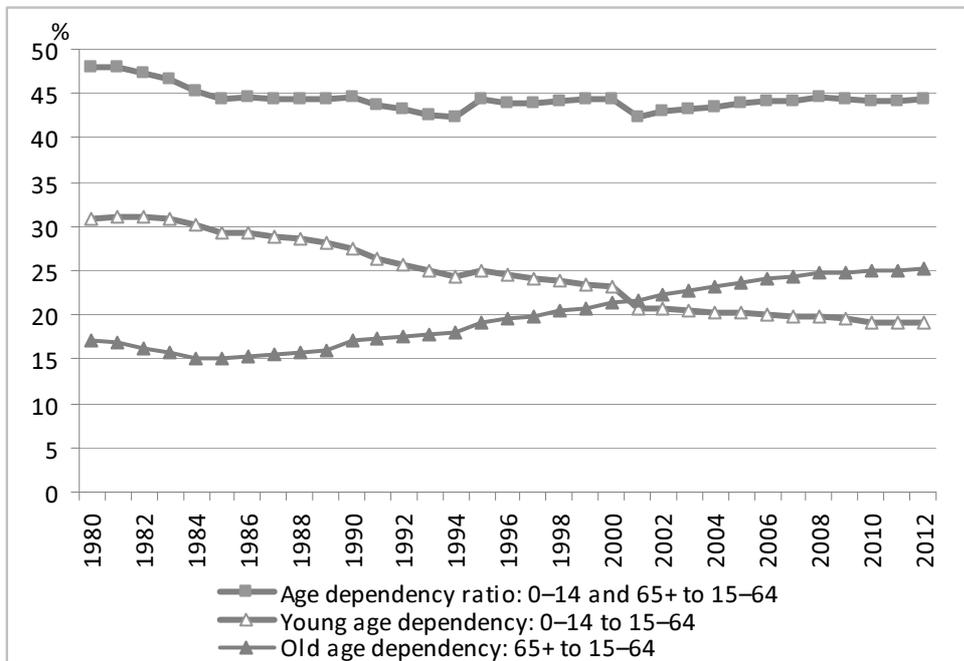
Source: HCSO, DEMO database.

Figure A5.3: Infant mortality rate in Pécs and Baranya, 1980–2011



Source: HCSO, DEMO database.

Figure A5.4: Dependency ratios, Pécs, 1980–2011



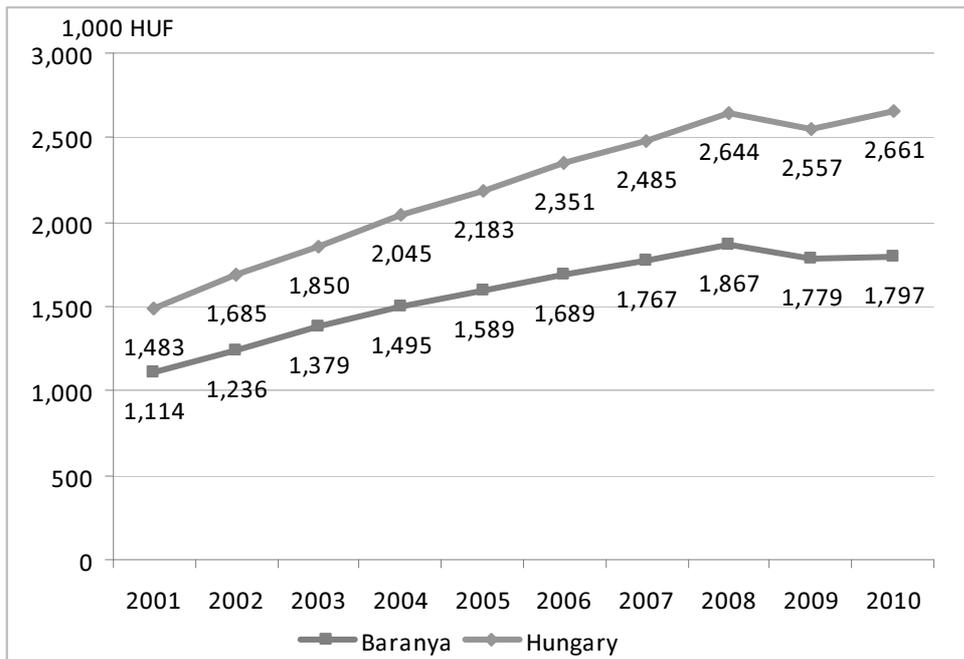
Source: HCSO, DEMO database.

Table A5.1: Level of education of the population in Pécs and Baranya, percentage of age groups (%)

		ISCED 0–2			ISCED 3–4			ISCED 5–6		
		Pécs	Baranya	Hungary	Pécs	Baranya	Hungary	Pécs	Baranya	Hungary
2001	Male	95,9	92,6	92,9	50,0	33,3	35,9	21,5	11,9	13,8
	Female	91,2	86,0	86,5	50,5	36,3	40,2	16,7	10,3	11,6
	Total	93,3	89,3	89,5	50,3	34,8	38,2	18,8	11,1	12,6
2011	Male	98,5	97,1	97,4	58,6	42,2	45,5	26,5	15,7	18,2
	Female	96,4	93,6	94,1	61,9	47,8	52,1	26,3	17,6	19,7
	Total	97,3	95,4	95,7	60,4	45,0	49,0	26,4	16,7	19,0

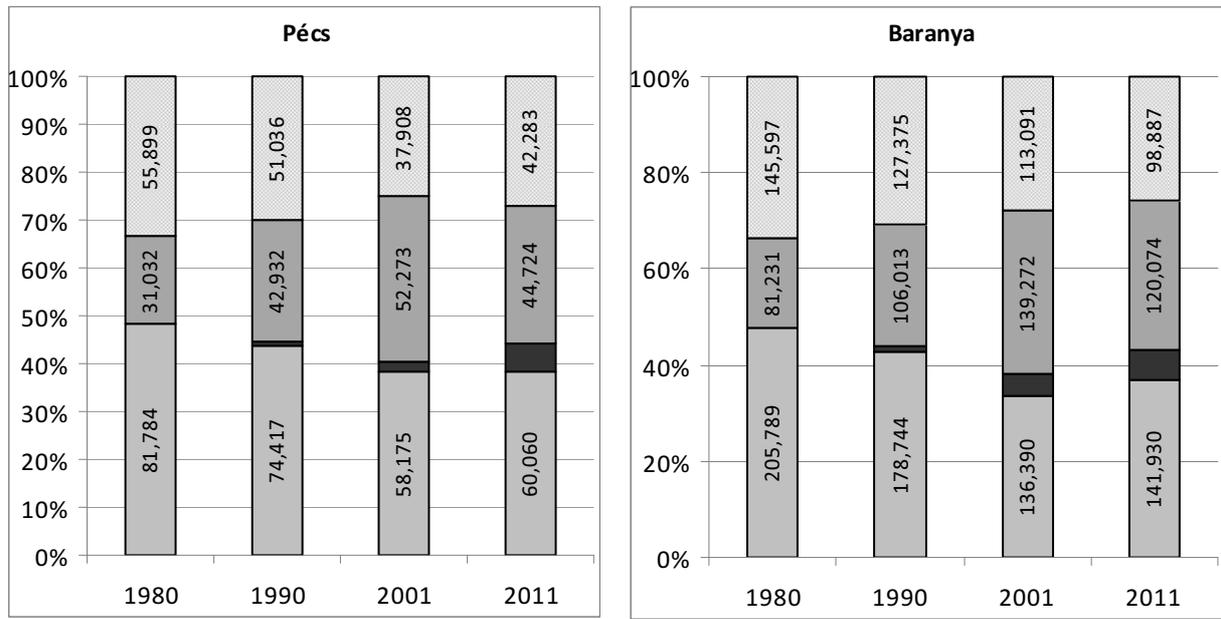
Source: Census 2001, 2011.

Figure A5.5: GDP per capita, Baranya and Hungary, 2001–2010



Source: HCSO, STATINFO database.

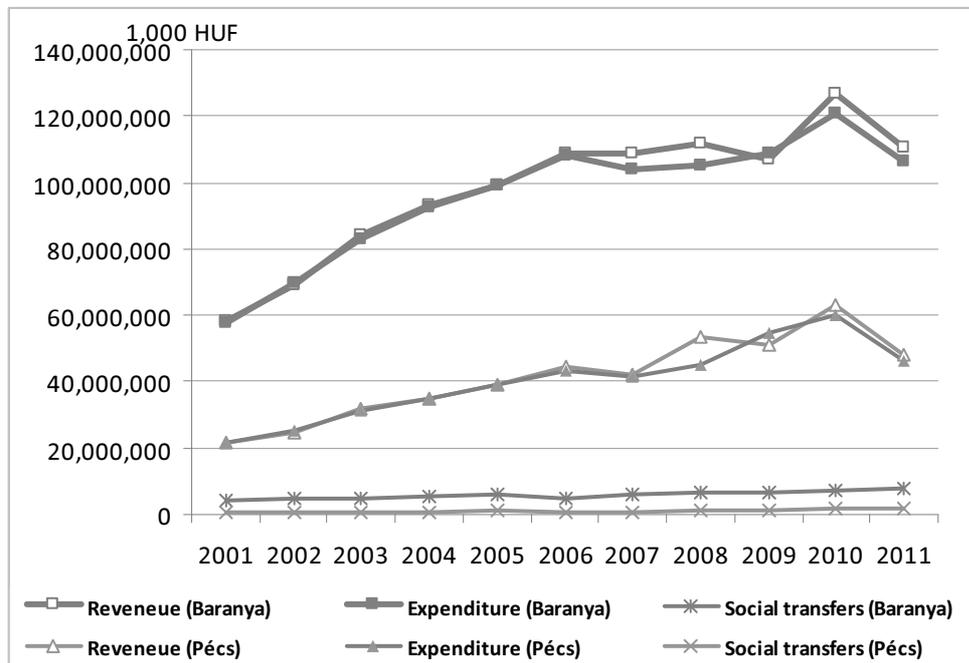
Figure A5.6: Economic activity, Pécs and Baranya, 1980–2011



■ Employed persons ■ Unemployed ■ Inactive □ Dependent

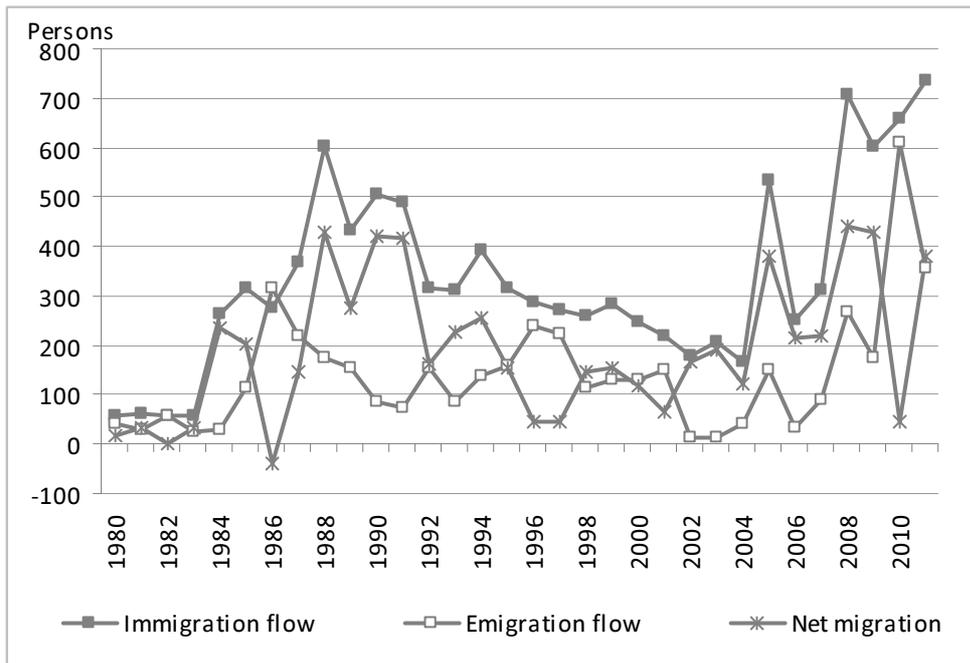
Source: Census 1980, 1990, 2001, 2011.

Figure A5.7: Local government finances in Pécs and Baranya, 2001–2011



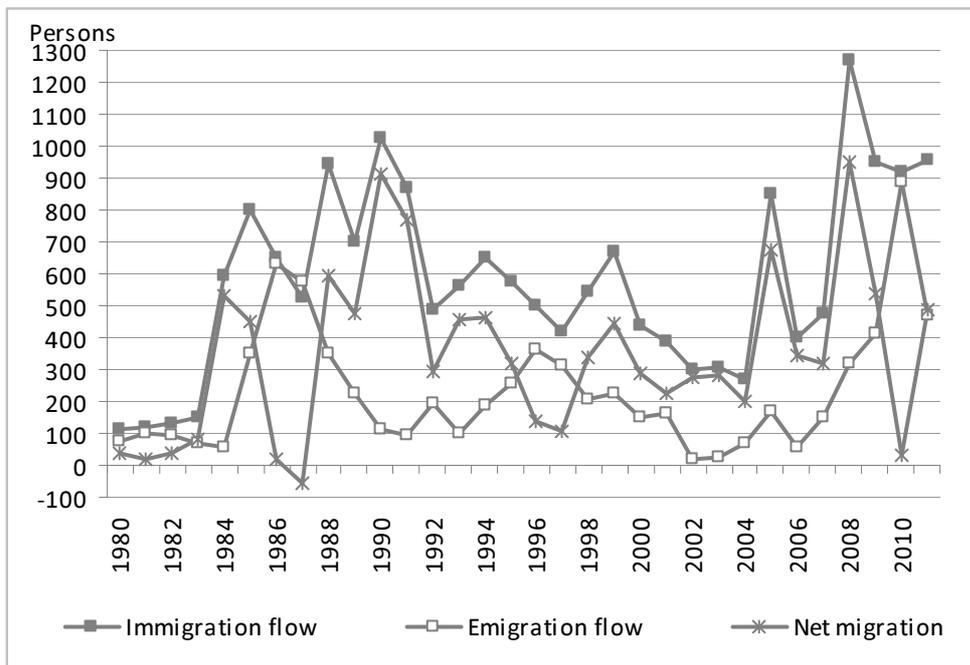
Source: HCSO, STATINFO database.

Figure A5.8: Inflows and outflows of foreign citizens in Pécs, 1980–2011



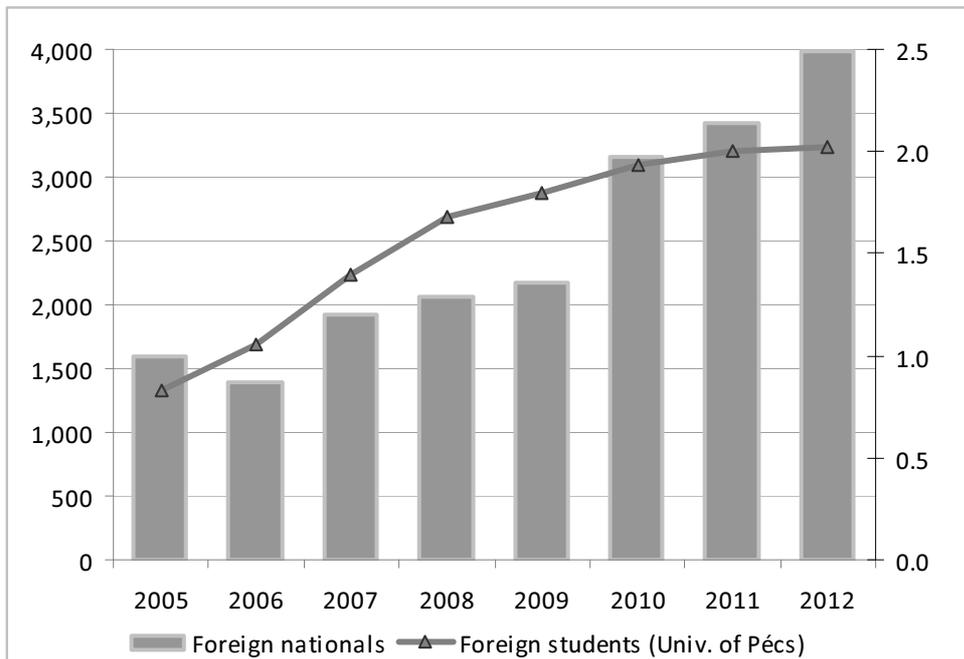
Source HCSO, DEMO database.

Figure A5.9: Inflows and outflows of foreign citizens in Baranya, 1980–2011



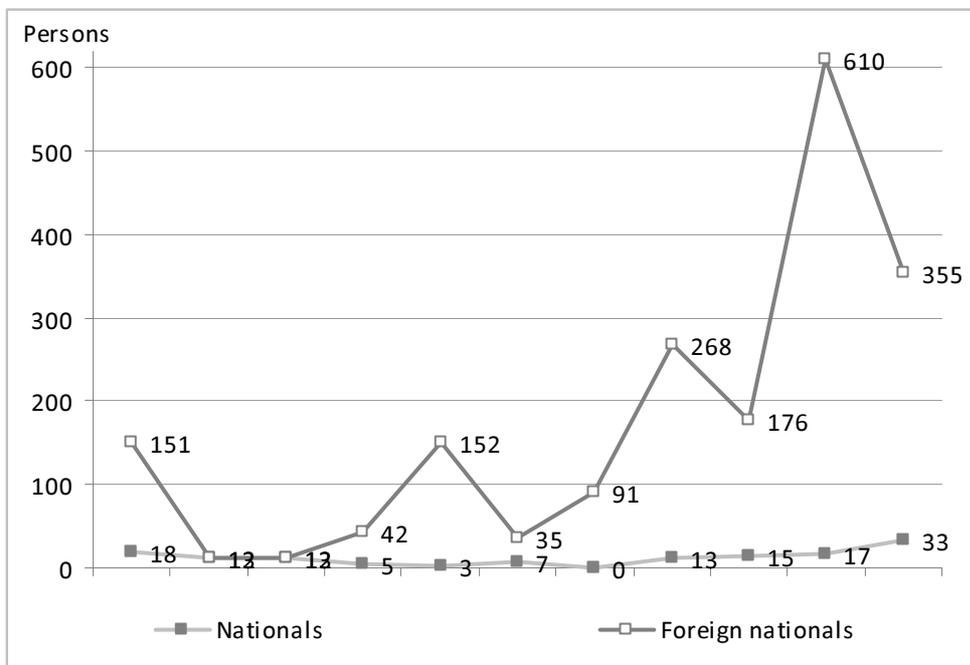
Source: HCSO, DEMO database.

Figure A5.10: Immigrant stock, Pécs, 2005–2012



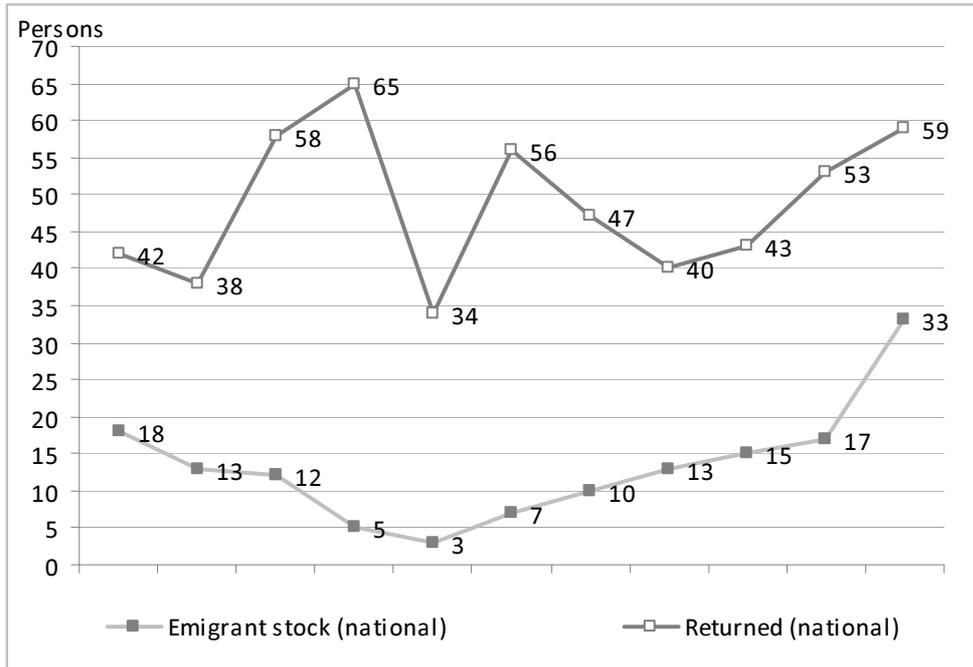
Source: HCSO, DEMO database (for foreign nationals), University of Pécs ETR database (for foreign students).

Figure A5.11: Emigration flow, with figures for nationals, Pécs, 2001–2011



Source: HCSO, DEMO database.

Figure A5.12: Returned nationals and emigrant stock, Pécs, 2001–2011



Source: HCSO, DEMO database.

Table A5.2: Top 10 countries of citizenship on the basis of data on resident population in Pécs and data on foreign students at the University of Pécs (UP), 2005–2012

Citizenship	2005		2006		2007		2008		2009		2010		2011		2012	
	Pécs	UP														
Canada	1	34	4	56	3	55	8	59	9	59	33	52	24	52	20	41
China	91	13	106	19	112	27	158	43	157	52	112	49	132	50	156	55
Germany	119	343	124	535	390	694	303	823	352	835	842	898	1039	923	1264	945
Spain		3		1	9	26		51	6	80	61	133	95	140	128	155
France	7	2	11	2	21	6	11	22	16	34	42	50	51	65	64	80
Greece	12	19	11	27	23	32	26	49	26	47	45	50	46	40	52	20
Croatia	111	55	95	49	97	60	104	73	104	84	103	89	105	108	96	105
Iran	44	17	46	31	62	57	63	99	66	153	185	197	187	199	206	211
Israel	10	40	9	55	19	59	15	75	18	61	29	68	25	55	25	48
Republic of Korea (South)	1	0	1	5	1	16	17	29	18	47	29	100	73	117	94	123
Norway	17	182	6	217	35	259	109	292	119	269	239	287	288	295	365	284
Poland	46	12	35	7	54	25	59	42	58	44	60	45	72	67	78	84
Romania	452	150	367	159	390	208	365	209	357	205	330	146	343	120	330	105
Russia	31	11	29	6	30	24	29	16	29	19	42	22	39	20	47	23
Serbia and Montenegro	34	51	150	56	148	66	108	46	96	35	14	23	10	14		8
Serbia		17		23	2	29	124	42	140	59	217	64	193	73	133	80
Slovakia	11	76	10	83	33	98	35	91	36	99	58	87	69	79	83	70
Sweden	1	40		54	9	74	29	83	29	86	71	89	83	84	92	72
Turkey	5	5	7	10	7	23	10	33	11	49	24	74	26	78	33	95
Ukraine	116	64	98	65	93	62	102	63	98	57	83	40	84	25	68	29
USA	30	40	19	43	22	42	30	50	30	47	45	52	44	55	43	52
Yugoslavia	246	18	54	10	56	8	51	6	57	5	55	3	52	2	37	1
Foreign nationals (total) / Foreign students (total)	1,595	1,304	1,392	1,646	1,923	2,184	2,067	2,631	2,174	2,817	3,155	3,045	3,416	3,119	3,981	3,177
Usually resident population (total) / UP students (total)	156,567	48,070	156,116	48,417	156,649	47,961	156,664	46,766	156,974	45,701	157,680	40,391	156,049	37,387	156,801	33,865

Source: HCSO, DEMO database and University of Pécs ETR database