

## **Hungarian intervention**

### **Session 1**

Madame Chair, dear Ministers, dear Colleagues, dear Secretary General, Ladies and Gentlemen!

First of all, I would like to thank you the organisation of this event, which provides an excellent opportunity to share the experiences and views on migration issues for OECD Member States with different migration background.

Migrant workers can help the host country's economy to function better, by addressing skills shortages and labour market bottlenecks. They stimulate macroeconomic demand and contribute to government revenues, thus they facilitate job creation in the host country. Although these advantages apply at the macro level, one can always find specific sectors or geographic areas where the general rules about the overall gains do not apply and where the costs or disadvantages concentrate.

Let me shortly introduce the migration situation of Hungary as well as the most important goals of our migration policy.

Hungary is not a major destination for migrants but – situated in the junction of the main migratory routes from the East and South-East – is rather a country of transit migration. The country has a population of 10 million and the proportion of immigrants is approximately one 1.5%. Despite the fact that the ratio of total foreign population in the

last three decades has continuously increased, it is likely that migration to Hungary as a destination country will not continue to increase in the next decade.

Our country is in a specific situation as most of the foreigners living on its territory are ethnic Hungarians arriving from neighbouring countries. Due to the strong economic ties with Germany there are also a considerable number of German citizens especially among high-skilled immigrants. Additionally, Chinese entrepreneurs and labour migrants are also present in Hungary in larger numbers. According to the migration trends of the past years, the proportion of immigration from the neighbouring countries has decreased while from non-European countries especially from China it has increased.

Another interesting characteristic of the Hungarian immigration situation is that most foreigners arrive to Hungary for the purpose of employment. As a result the labour market participation of immigrants is slightly higher than that of nationals. There are also little more than 23 thousand international students in Hungary.

When talking about migration it is obvious that most of the OECD countries focus primarily on immigration issues. However, please let me highlight another important aspect of migration - emigration - which has become an important issue of concern in Hungary. Free movement is an important fundamental principle of the European Union and it has opened clearly favourable new dimensions but it has naturally launched new migration movements including emigration

too. Intra-EU migration increased in 2004 after the enlargement of the EU, especially in 2007 when the transitional rules on the free movement of workers were abolished. Due to the lack of common statistical definitions and records mirror statistics do not provide a full picture on the extent emigration, however according to the results of the latest surveys the number of those Hungarians who emigrated after 1989 and have stayed abroad permanently is approximately 350 thousand. But other estimations indicate even a higher number. Hungary is still among the countries which has a relatively low emigration rate in the Central-Eastern European region.

The most important target countries are Germany, Austria and the United Kingdom but other Western-European countries have become popular among Hungarian emigrants too. There are two factors that could be highlighted concerning emigrants. One of them is age: younger age groups are most affected: two-third of the emigrants is below 35. The other factor is the educational background. Surveys show that the education level of emigrants is significantly higher than that of nationals. Higher education- and also secondary education graduates are overrepresented in the emigrant population. It is worth pointing out that Hungarian emigrants are often employed in jobs for which they are over-qualified.

Labour emigration is especially large in the health sector. A large number of doctors and health professionals left the country within a short period of time and it has already led to labour shortages. The Government has already taken initiatives in order to prevent further

labour shortages in the health sector including wage increases, scholarships and systematic improvements in order to improve the overall and employment situation in the health sector to overcome this challenge.

Taking into consideration the ageing society, the growing dependency rate, the productivity gap compared to more advanced OECD countries, the relatively low immigration and the growing emigration trends it is evident that urgent, future-oriented steps are required to be taken in order to be able to handle the situation. Besides national measures aiming at increasing the fertility rate and improving the overall labour market situation, more focus should be taken on migration too.

For this purpose, in October 2013 the government approved the Migration Strategy for the period of 2014-2020. The Strategy deals with several fields of immigration, including visa policy, intra-EU migration and third-country migration, illegal migration, international protection. The documents sets out that because of national economic and demographic reasons it is necessary to stimulate the arrival of those coming with economic purposes and purposes of carrying out gainful activities, as well as the range and number of incoming knowledge-based migration. It is necessary to take advantage of economic development opportunities of migration more efficiently by welcoming third-country national migrants that contribute to economic development by their investments, creation of jobs. Public acceptance of immigrants is relatively low, therefore the Migration

Strategy also states among its principles the importance of communication as it facilitates delivering the society credible information on migration flows thus decreasing prejudice related to immigration.

The simplification of the rules of employment and the continuous adjustment of rules of entry and stay of foreigners to the current labour market situation can facilitate the better matching of immigrant skills to labour market needs and vice versa.

As from 2014 Hungary is applying a single application procedure for all the migrants coming to our country to work, and to a number of other migrants who also have a right to employment.

Studies, student exchange, training and voluntary service may have an effect on the purposes and actions set out in this strategy. Nonetheless, attracting knowledge-based migration should be set as a goal that is providing increased chances of entry and stay for those arriving for the purposes of study and research as well as establishment and operation of effective recruitment/selection processes with the involvement of ministries responsible for education and education institutions.

The implementation of these goals will start shortly and I truly hope that after having taken these initial steps Hungary will report on the achieved developments in the next high level forum on migration.

Thank you for your kind attention.