

Hungary: COVID-19 and responses.

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Basic governmental regulations

Governing by decree: According to the valid constitution it is not possible to extend the emergency law by governmental decree for more than 15 days. To extend the emergency law for a longer period the government needs the assent of the Parliament. The Hungarian Government introduced on 23 March a rule which would make it possible to prolong the state of emergency for an unlimited period, in which the government will be authorised to rule by decree only without the democratic participation of Parliament. The necessary 4/5 majority votes could not be reached immediately, but a second vote scheduled for end of March, where a 2/3 majority of votes will suffice, will very likely pass. The planned law will empower the government to decide for itself how long it will maintain the state of emergency. In the proposed legal text, the state of emergency refers not only to the health consequences of the pandemic but also to the economic and social consequences. Failure to comply with the emergency laws is punishable by several years' imprisonment. This also includes the dissemination of false or incorrect information about the pandemic and its consequences. Trade unions, media and civil society organisations are concerned about the implementation of the law. A passage in the planned emergency decree causes additional concern for trade unions, the media, and civil society organisations: The dissemination of false information or allegations that prevent the fight against the pandemic is to be punishable by one to five years in prison. Public protest will also be punishable by up to eight years in prison.

Labour Code: The Hungarian Government is using the COVID-19 pandemic to drastically weaken workers' rights, which are already weak. Government decree 47/2020th (III. 18.) §(4) of 19 March suspends for 30 days the protective measures previously provided by the Labour Code. According to the decree, employers and employees may deviate from the Labour Code by means of verbal agreements. This provision affects first and foremost working hours and rest periods. The employer may unilaterally change working hours at short notice - from one day to another. Termination of employment contracts without notice or changes in wages are also possible. This includes pay wages below the minimum wage and cancellation of the right to holidays. The obligation to work from home can be imposed unilaterally by the employer without checking whether the conditions at home are met.

On 15 April 2020, the Hungarian Government announced at a digital meeting of the Permanent Consultation Forum of the private sector and Government (VKF) and additional regulation 104/2020. (IV.10.) In §1 (1) it is regulated that employer by a unilateral measure may extend the previously announced working time frame by up to 24 months. This means workers must work up to 60 hours a week with only 1 monthly day off. Earlier provisions of collective agreements may no longer apply.

Concrete responses

The Hungarian Government has introduced the following measures for citizens and (small) businesses to cushion the social consequences of COVID-19 in March

- A moratorium on all loan repayments until the end of the year, the extension of short-term business loans and a limited interest rate for new consumer loans;
- The employers' exemption from paying payroll taxes until 30 June, a reduction in the compulsory wage contributions by employees;
- A moratorium on pension contributions and limited health insurance premiums;
- A ban on the termination of rental contracts and a moratorium on rent increases
- Subsidies for the tourism sector;
- More than 140 companies identified strategically important have been placed under military control (energy and water suppliers, producers and traders of pharmaceutical goods, producers of medical equipment, public transport companies, large food and household retailers, financial institutes and banks, etc).

In April 2020, the following measures were taken:

- Companies can apply for a two-year loan for a period of 9 months at 0.1 percent interest to keep their jobs.
- From 1 July this year, the tax rate for social contributions of employers will be reduced by two percentage points - from 17.5 percent to 15.5 percent
- Companies in difficulty as a result of the coronavirus epidemic will be allowed to defer tax and social security payments. The 12-month instalment payment or the six-month surcharge-free deferral can be used up to a debt of HUF 5 million (15.000 €)
- The tourist tax will be abolished this year.
- Employers will be relieved by the reduction of taxes from the current 32.5 percent on wage supplements in the form of vouchers (Szép card) to 15 percent as from 30 June 2020. Employees retain their entitlement to medical care during periods of unpaid leave (for childcare or care of dependants).
- 70 percent of the salary for a maximum period of 3 months is paid by the state, if guaranteed that the employees carry out useful tasks for their employer during this time. Only those who work in research and development receive a wage subsidy of 40 percent for another 3 months.
- The military control has been expanded to more companies (packaging, food processing, bio refinery, basic chemical, and alcohol industries)

Social partners have not been consulted, on any of the government's decisions. For the first time since the outbreak of the Corona crisis the Hungarian Government convened the employers' and workers' consultation forum, the "Permanent Consultation Forum of the Private sector and Government" (VKF) with the government only on 15 April. Measures that

were already adopted on 10 April were presented there. This is not a social dialogue according to European standards.

Demands of the trade union confederations

Four of the five Hungarian Trade Union confederations (our affiliates MASZSZ and LIGA are members of two of them) have published a joint press release on the government's measures against the pandemic:

In principle, all measures to contain the pandemic are to be welcomed and supported. However, it should be borne in mind that these must not be unilaterally at the expense of workers, pensioners and the socially disadvantaged. The consultation of the social partners must be guaranteed. In times of crisis, more solidarity is needed, not less.

In particular, the trade unions refuse to accept the above-mentioned amendment of the Labour Code, which was decided without consulting the social partners and which does not reflect the values of the European Union.

The trade unions demand from the government the introduction of measures that secure jobs, the economic survival of employees, the self-employed going solo, and small and medium-sized enterprises. It must be possible to care for children at home by allowing at least one of the two parents to stay at home.

Update from 22 April 2020: All affiliates are protesting heavily against the regulation of the Hungarian Government decree 47/2020th (III. 18.) and the additional regulations 104/2020. (IV.10.) and demand the immediate withdrawal of the decisions.

The government is since 15 April 2020 regularly informing the "Permanent Consultation Forum of the Private sector and Government" (VKF).

Demands of the Federation of Trade Unions of the Chemical, Energy & Allied Workers:

1. An immediate dialogue should be initiated with all trade unions;
2. Everyone should receive a wage subsidy of 75 percent through the National Employment Fund;
3. Extend the Childcare allowance to carers of children under 14 years of age;
4. Extend the period of jobseeker's allowance from 90 to 270 days;
5. Allow employees between 60 and 64 years of age to retire early immediately.

Energy sector

In the electricity sector, working from home was ordered wherever possible. Given the strategic importance of the energy sector, some companies have been placed under military control. Pandemic plans are in place and companies consult company unions. Customer service and the employment of customer centre staff is problematic. Although the social partnership in the energy sector is fundamentally stable, trade unions fear that the implementation of the government decree on with the amendments of the Labour Code could lead to the suspension of the rules on guaranteed working hours, the violation of trade union rights and the violation of autonomous collective bargaining in this industry as well.

The Hungarian state-owned electricity company group ratified the annual collective agreement before the outbreak of the infection in Hungary, and the 7 percent wage increase is ready for signature. There are company collective agreements in force in the sector with wage increase between 4 percent and 12 percent. There are no special agreements related to COVID-19.

Light industry

Production in the light industry has continued so far. However, there are increasing problems with the supply of materials, particularly in the garment and leather industries. Production stops are to be expected here. The trade union of the industry has agreed on part-time work in various companies. The clothing company A.R.J., formerly Berwin, is not willing to maintain production, citing sales difficulties. Many companies make use of working time regulations that take paid absences into account. Dismissals have so far not been relevant. The clothing company Adorjantex, producing military and working clothes has been placed under military control. (See here for more information and updates.)

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