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Hungary Lets In More Foreigners

Orbán's government recently began expediting work permits amid strong growth, declining population, rising wages



The Chinbats moved from their native Mongolia to Mór, Hungary, for work
PHOTO: AKOS STILLER FOR THE WALL STREET JOURNAL

A Mongolian flag is hoisted above the entrance to the Chinbat family home, on a quiet street here in Mór.

It isn't a rare sight in this part of Central Europe. About a hundred Mongolians live in this town, as do immigrants from other parts of the world.

Borolzoi and Narandelger Chinbat, a married couple who work in a factory that manufactures car seats, are among tens of thousands of foreign workers who recently moved to Hungary, lured by the country's rapid economic growth and acute labor shortage.

Under Prime Minister Viktor Orbán, Hungary has been one of the most stridently anti-immigration voices in the European Union. Yet officials have been less vocal about the country's own legal-immigration regime—which recently became one of Europe's most liberal.

Government officials couldn't be reached for comment for

this article.

Hungary is suffering from a severe labor shortage caused by decades of emigration and declining birthrates. Hungary's population dropped by some 300,000 to 9.7 million in the past decade. Given robust economic growth and low unemployment, wages have been rising fast—nearly 12% this year alone. Employers are struggling to fill about 80,000 vacancies.

About a year ago, Mr. Orbán's government began expediting work permits, a move to attract qualified foreign workers who might have otherwise been drawn to more affluent nations in Western Europe. Under rules enacted in 2017 and 2018, recruiting companies are able to obtain permits in weeks instead of months.

Since then, immigrants from Ukraine, Mongolia, India, Vietnam and other countries have been popping up in factories, on construction sites and in farms. The Hungarian government even invested in an advertising campaign to recruit workers from Ukraine and Serbia. Citizens of those two countries are now free to work without a permit in over 100 trades where vacancies are particularly high.

Some 50,000 foreigners held work permits in Hungary in 2018 when the new rules kicked in, a 43% increase



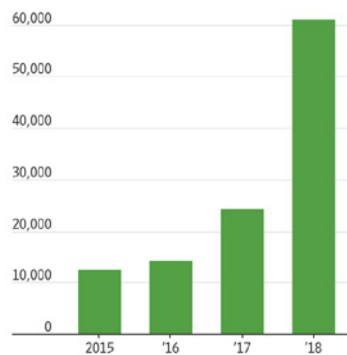
A flag of Mongolia outside the Chinbats' home.
PHOTO: AKOS STILLER FOR THE WALL STREET JOURNAL

from the previous year, according to government statistics. The government hasn't released statistics covering the time period since the start of the new rules, and it is difficult to estimate

recent totals of foreign workers. Ferenc Dávid, a Hungarian labor economist and former head of the National Alliance of Employers, an employer association, estimates the figure to be between 150,000 and 200,000.

György Gaskó employs 21 Indian workers at one of his dairy farms. He says the government has made it much easier to hire from overseas. But heavy competition from Poland and Slovakia means he is often forced to add his own incentives.

Residence permits requested with the purpose of working in Hungary



Source: Hungarian Immigration Office

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The policy, he said, was “hugely controversial here because the government, especially Mr. Orbán, constantly speaks against foreigners.”

Mr. Orbán told a conference this month that governments shouldn’t accept immigration—which he referred to as “population replacement”—as a solution to their demographic woes.

Csongor Juhász, co-founder of Prohuman Ltd., a recruitment company that operates in several European countries, including Germany, said it was now easier to hire overseas workers in Hungary than in other EU countries.

He said he had been able to get work permits approved swiftly for automotive, construction and logistics workers from Ukraine, India and Vietnam. Typically, waiting time for groups of dozens or even hundreds of workers is eight to 21 days, compared with up to several months previously.

He and other recruiters now offer free accommodation and subsidized meals as well as provide interpreters and return trips to workers’ home countries.

Ms. Chinbat, who works as a seamstress in the Mór car-seat factory, said she enjoys life in Hungary, even though she and her husband don’t speak the language. She and her husband plan on applying for permanent residency once they have spent three years in the country.

Work permits in Hungary typically are valid for two to three years. With renewals, some provide a pathway to permanent residency and, eventually, citizenship.

Several recruiters said they had more difficulty bringing in citizens of Muslim countries, though they have had some success in the case of highly skilled specialists.

Essam Tarik, a 23-year-old software engineer from Egypt, moved to Budapest with his wife in November to work at a tech company.

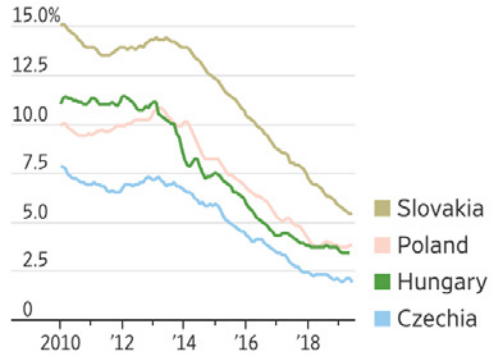
“I quite like it here, and I plan to stay longer,” said Mr. Tarik. Two of his colleagues, both software engineers who joined the company this year, were recruited in Brazil.

Figures from Eurostat, the EU statistics agency, showed the biggest migrant groups to be awarded residency permits—which also cover the right to work—in Hungary in 2017 were Ukrainians, Chinese and Serbs. By contrast, Syrians, Afghans and Iraqis, all from Muslim countries, were the most-represented nationalities among foreigners receiving residency in Germany that year.

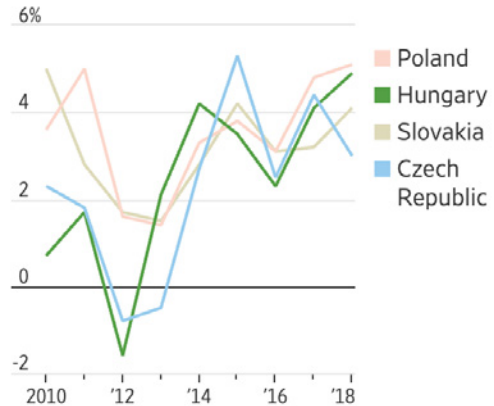
Job Hungry

Strong growth and steady emigration have tightened Eastern Europe’s job markets.

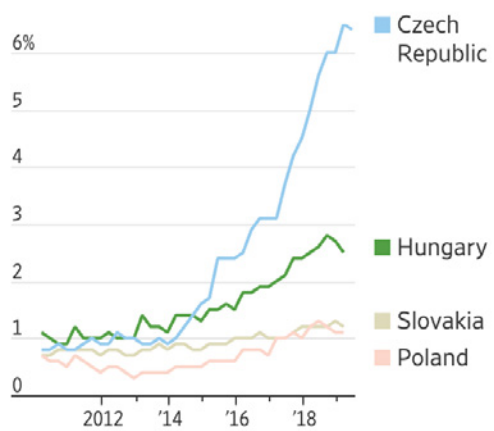
Unemployment rate*



GDP growth rate



Job-vacancy rates



*Seasonally adjusted
Source: Eurostat

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Inside the Chinbats' home. PHOTO: AKOS STILLER FOR THE WALL STREET JOURNAL

The liberal opposition to Mr. Orbán's nationalist Fidesz party has criticized the government for being too lax on immigration. Roland Márton, a Socialist Party politician from the western city of Székesfehérvár, has campaigned against the influx of about 2,000 Ukrainian workers to his community, which has been partially funded by the local government. He said the foreign workers have pushed down wages and strained the local government's budget and services.

Other countries in the region with governments that have spoken out against immigration have quietly adopted similar policies. Poland, with a population of 38 million, issued 680,000 first-time residency permits in 2017—a record for any EU country in a single year, according to Eurostat—and significantly more than Germany or France, which have 82 million and 67 million inhabitants, respectively. More than 86% of the Polish permits went to Ukrainians, some two million of whom now live in Poland.

A draft of the Polish government's new immigration policy leaked in August and reviewed by The Wall Street Journal asserted that Muslims are often incapable of integration and that immigration should come from culturally close countries. The government declined to comment on the draft.

Mr. Dávid, the Hungarian labor economist, said immigration would continue to increase as the region's most skilled workers keep being drawn to Western Europe by higher wages.

"This is it not a tragedy from the point of view of employment policy, nor is it a tragedy for society," Mr. Dávid said. "This is quite normal."