

The European Confederation of Independent Trade Unions (CESI) is a confederation comprising more than 40 national and European trade union organisations from over 20 European countries, with a total of more than 5 million individual members. Founded in 1990, CESI advocates decent employment conditions for workers in Europe and a strong social dimension in the EU. Most of CESI's members represent workers in the different fields and levels of public administrations and services, but CESI also represents private sector workers. The Hungarian public sector union MKKSz has been a longstanding affiliate of CESI.

On August 7 2023, the Hungarian government announced a legal proposal to move away from the current voluntary payment system of trade union membership fees from employers to trade unions.¹

If implemented, this measure would bring about substantial and adverse impacts to the membership funding and the financial capacity of trade unions in the country, and thereby greatly weaken trade unions as such and by extension social dialogue at large in Hungary. It would represent a further step by the Hungarian government to weaken social partners and civil society.

The Presidium of CESI, on behalf CESI's members across Europe and in support of CESI's Hungarian member MKKSz, demands that the Hungarian government no longer pursues the intended measure in a way that will effectively weaken trade unions in the country.

The Presidium of CESI urges the European Commission and the Council of Europe to take decisive action to ensure that no measures are taken that will backlash on the implementation of the European Social Charter and the EU's Council Recommendation on strengthening social dialogue and the binding new EU directive on adequate minimum wages.

In particular, the Presidium of CESI expects from the Hungarian government:

- **not to undermine trade union life.** The state should enact and enforce laws that protect the rights of trade unions to organise, bargain collectively, and represent workers – and not take measures with consequences in the opposite direction. This includes avoiding measures that weaken the membership base and the financial capacity, and which add administrative red tape for unions.

¹ <https://kormany.hu/dokumentumtar/allam-mukodesenek-tovabbi-egyszerusitesevel-osszefuggo-torvenytervezet> consulted on August 8 2023

- **to uphold mechanisms which allow effective collective bargaining between trade unions and employers**, ensuring fair wages, benefits, and working conditions for workers – and not take measures with consequences in the opposite direction. Regular communication and consultation between trade unions, employers, and the government can promote cooperation, address concerns, and foster healthy labour environments.
- **to guarantee *de jure* and *de facto* the respect for both European legislation and International Labour Organization (ILO) covenants in the field of labour law and workers' representation** – and not take measures with consequences in the opposite direction.
- **to abstain from breaching the International Labour Organisation's (ILO) Collective Bargaining Convention (No. 154)²**, which expressly states that in order to facilitate collective negotiations, measures must be taken so that the continuation of collective negotiations will not be hindered by the absence of applicable procedural rules, or their insufficient or inappropriateness – which the measures intended by the Hungarian government would clearly bring.

The Presidium of CESI expects from the Council of Europe:

- **to ensure that the Hungarian government respects the European Social Charter** which, in its version of 1996, affirms in Art. 5 that national governments should “undertake that national law shall not be such as to impair, nor shall it be so applied as to impair” the freedom of workers and employers to form organisations for the protection of their economic and social interests and to join those organisations.³
- **to verify that the Hungarian government acts in line with the Hungarian act ratifying the European Social Charter**, which stipulates that all parties should undertake that no national laws – neither by themselves nor through their application – curtail the employees' freedom of association.⁴

The Presidium of CESI expects from the EU institutions:

- **to ensure that the Hungarian government respects the Treaty of the European Union (TEU)**, which states in its preamble that all Member States have “confirmed” their attachment to “fundamental social rights as defined in the European Social Charter”⁵.

² https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312299

³ <https://rm.coe.int/168007cf93>

⁴ <https://rm.coe.int/8th-national-report-on-the-implementation-of-the-european-social-chart/1680902fdb> consulted on August 10 2023

⁵ https://eur-lex.europa.eu/resource.html?uri=cellar:2bf140bf-a3f8-4ab2-b506-fd71826e6da6.0023.02/DOC_1&format=PDF consulted on August 10 2023

- **to ensure that the Hungarian government properly implements EU secondary legislation that aims to strengthen (and not weaken) the right of association, trade unionism, social dialogue and collective bargaining**, based on policy objectives set out in Art 151 and 153 of the Treaty on the Functioning of the European Union (TFEU). This concerns above all:
 - the recently adopted Council Recommendation on strengthening social dialogue in the EU⁶, which stipulates that the governments of the Member States should promote “strong, independent trade unions and employers’ organizations for the purpose of fostering meaningful social dialogue” (Art. 1b), pursue “measures to strengthen the capacity of trade unions and employers’ organisations” (Art. 1c) and provide for “appropriate institutional support for the purpose of fostering meaningful social dialogue”(Art. 1g).
 - the recently adopted EU directive 2022/2041 on adequate minimum wages in the EU,⁷ which is binding for all Member States and which requires that Member States “promote the building and strengthening of the capacity of the social partners” (Art. 4a) in order to reach a national collective bargaining coverage rate of at least 80%. To increase, or at least maintain, the current level of trade union affiliation in Hungary, the government must take decisive measures to strengthen unions and social dialogue – and not the opposite.

⁶ <https://data.consilium.europa.eu/doc/document/ST-10542-2023-INIT/en/pdf> consulted on August 10 2023

⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32022L2041> consulted on August 10 2023

Annex

Background information about the proposed measure of the Hungarian government to move away from the current payment system of trade union membership fees from employers to trade unions

1. The current legal framework

Trade unions in Hungary primarily rely on membership dues as their main source of funding. According to the legal framework as established by the 'Membership Fee Act' XXIX of 1991 on the voluntary payment of membership fees for employee representation, membership fees can be deducted directly from the members' salaries.

According to the current law, the employer must deduct the union membership fee from the employees' wages (at the written request of the employee) and transfer it free of charge to the trade union designated by the employee. Under the current framework⁸, the Hungarian state also provides tax deductions for membership fee payments.

Under the new law, the transfer of membership fees would not be free of charge and no automatic tax return option would be available.

2. The envisaged new law

On August 7 2023 the Cabinet Office of the Hungarian Prime Minister headed by Antal Rogán submitted for public consultation a legal proposal to change the current system of trade union membership fees from employers to trade unions.

The measure would allow public employers to exempt themselves from the obligation to deduct membership fees pay membership fees back to the trade unions.

In practice, the change would result in trade unions having additional administration and operational burdens. The change would therefore have an opposite effect to the 'freedom of bureaucracy' principle - which it is supposed to address.

Trade unions representing the following categories of workers would be concerned:

- civil servants;
- defence personnel;
- public healthcare workforces;
- public education employees.

⁸ <https://www.eurofound.europa.eu/publications/article/2002/trade-union-membership-falls-further> consulted on August 8 2023

3. Adverse consequences for trade unions and social partners

Data from the European Social Survey of 2018 finds that only 4.9% of the Hungarian respondents that took part in the survey were members of trade unions⁹.

Against the background of already declining trade union memberships¹⁰ in Hungary and low rates of trade union affiliation compared to the EU average¹¹ – round 9% of the workforce, with most of the affiliates coming from the public sector –, the proposed measure is not supportive of social dialogue or associational life. It adds to existing pressure: Trade unions from Hungary have already limited resources and organisational capacity. Reports confirm that “trade unions are often fragmented and are increasingly vulnerable financially, thus becoming dependent on the state.”¹²

As the current practice of deducting membership fees has so far been well used by unions and employers and has not been criticised by any significant labour market actor, there is no apparent reason for change.

The proposal for the measure envisaged by the Hungarian government is open for comments and consultations until August 15 2023.

Unfortunately, the Hungarian National Economic and Social Council (NGTT) – the country’s main national consultative, proposal-making and advisory body independent from Parliament and the government, composed of groups of employers, employees, business chambers, NGOs, academic members and churches and created as a forum for debates for national strategies – has so far not been adequately informed of the potential outcomes of the impact of this envisaged new law on trade unions.

The Public Service Interest Conciliation Forum (KÉF), a further instrument for consultation, has not been convened to address the draft law either. CESI’s Hungarian member organisation MKKSz criticises both.

If the measure enters into effect as foreseen as of January 1 2024, it is expected that trade union members will have to ensure that the membership fee reaches their organisations, a step which can seem burdensome for many individuals.

Trade union leaders¹³ fear that changing the rules of membership allocation will lead to a dramatic drop in membership and would hence impact strongly – and negatively so – trade unionism in general.

⁹ https://dados.rcaap.pt/bitstream/10400.20/2111/5/API50091_codebook_nesstar.pdf consulted on August 9 2023

¹⁰ <https://onlinelibrary.wiley.com/doi/full/10.1111/irj.12395#irj12395-bib-0020> consulted on August 9 2023

¹¹ <https://www.etui.org/covid-social-impact/hungary/industrial-relations-in-hungary-background-summary-update-march-2019> consulted on August 8 2023

¹² <https://bti-project.org/en/reports/country-report/HUN> consulted on August 9 2023

¹³ According to Erőzet Boros, President of the Hungarian Civil Servants and Public Employees Trade Union, Magyar Köztisztviselők, Közalkalmazottak és Közszolgálati Dolgozók Szakszervezete (MKKSz)