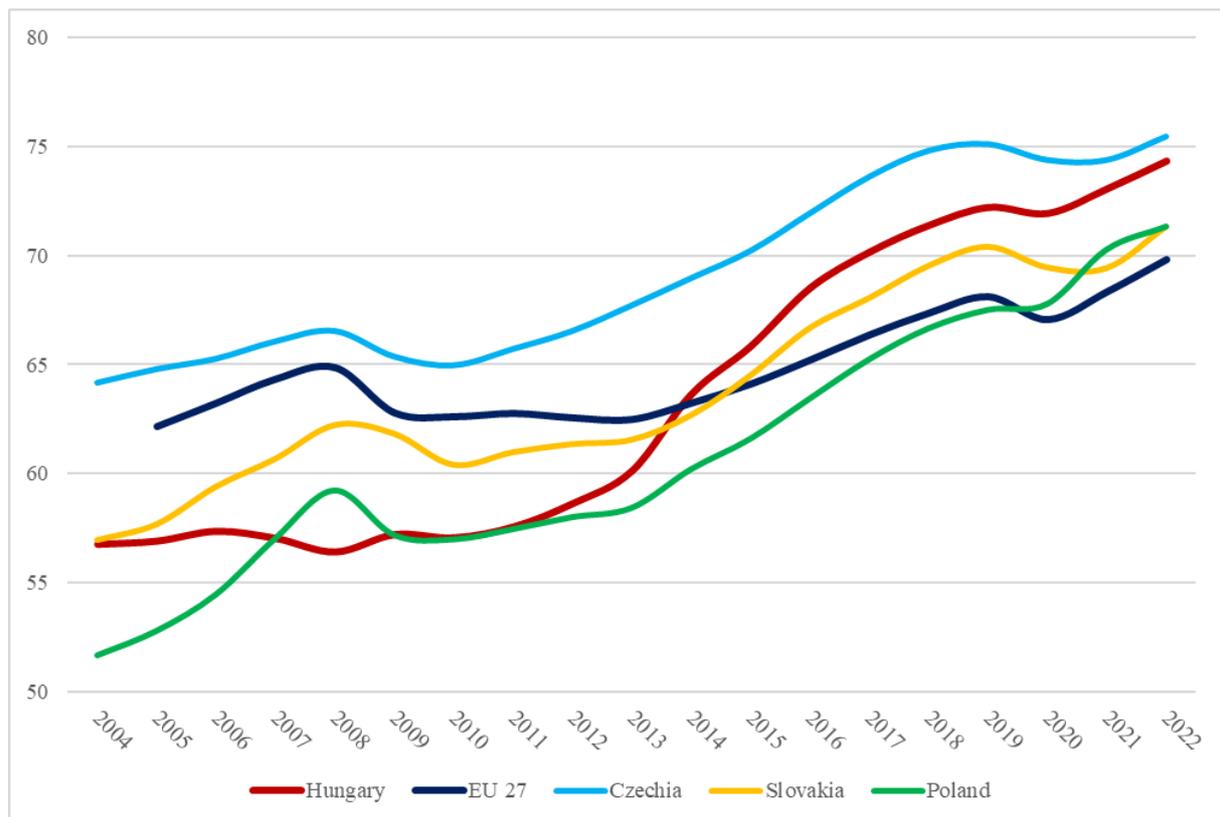


HUNGARY' 20 YEARS IN THE EU: HOW HAS EMPLOYMENT RATE CHANGED?

On May 1, 2004, ten new states joined the European Union, including Hungary. In our series of articles, we use various indicators to examine how Hungary's situation has changed during our 20 years of EU membership. The topic of this article is the **employment rate**.

In Hungary, the employment rate among the 15-64 age group was 56.8% in 2004. By 2022, it had increased to 74.4%, which is quite remarkable, representing a significant increase of 17.6 percentage points. However, the change in employment levels was not consistent: between 2004 and 2010, it remained at around 57%, then it began to rise rapidly from the beginning of the 2010s. In 2020, due to layoffs caused by the coronavirus crisis, there was a very slight (much lower than the EU average) decrease, but afterwards, the indicator resumed its upward trend.

Employment rates in the Visegrád Group (V4) countries and the EU (%)



Source: OECD (2024)

Both in the EU and in the V4 countries, the employment rate plummeted between 2008 and 2010, then steadily improved from the middle of the decade onwards. Overall, the Visegrád countries performed very well in this regard: by 2022, all four states had surpassed the EU average.

Hungary's performance is outstanding both regionally and within the EU. In 2011, we surpassed the Poles, in 2014, the Slovaks and the EU average. We managed to reduce our 7.4 percentage point lag behind the Czechs to 1 percentage point by 2022. In the same year, Hungarian employment already exceeded the average EU employment by 4.6 percentage points (3.6% without public work).

The employment rate among those aged 30-54 is 87-90%. For those aged 55-59, it is 82.3% (where the impact of the Women40 program is evident), and for those aged 60-64, the rate drops to 54.8% (mainly due to retirement). The rate for those under 24 (20-24 years: 48.7%, 15-19 years: 5.6%) is low, but this is due to their participation in secondary and tertiary education.

According to the Central Statistical Office (KSH), between 2004 and 2023, the number of employed persons increased by nearly 824 thousand, representing a 21% growth. The majority of this increase is accounted for by graduates (+687 thousand), but the number of high school graduates also increased significantly (+339 thousand). Meanwhile, there was a decrease among skilled workers (-101 thousand) and those with only elementary education, typically utility and unskilled workers (-103 thousand).

Between 2010 and 2023, the number of workers increased by 32 thousand in agriculture and by 116 thousand in construction. In manufacturing, the number of employed persons increased by 227 thousand between 2010 and 2018, then decreased by 51 thousand from 2018 to 2023. The largest growth occurred in the service sector, where 539 thousand more people work today than in 2010.

There are several reasons for the rapid increase in employment levels. Firstly, the domestic economy has expanded significantly over the past two decades, which in itself had a positive impact on the labor market. Secondly, the economy has become more formalized, with more previously informal workers entering the formal economy. Additionally, the government has reduced taxes on labor, supported public work programs, and promoted dual education programs (where vocational students aged 16 and older are considered workers). Paradoxically, the 350-400 thousand people who emigrated since 2010 also contributed to the favorable numbers. Partly because the indicators still include them (as they typically retained their citizenship), and partly because the shortage of labor could only be compensated for at higher wages, which motivated previously inactive individuals to enter the workforce.