Chapter 14

Migrants' Access to Social Protection in Hungary

Gábor Juhász

14.1 Overview of the Welfare System and Main Migration Features in Hungary

14.1.1 *Main Characteristics of the National Social Security System*

'Traditional' categorisations of welfare states have limited application to the analysis of the Hungarian welfare system. Due to the country's turbulent social and economic history, various ideas and practices influenced the process of welfare state building in Hungary. Each of the different approaches has left some imprints on the social welfare system, the reason for which some scholars have emphasised the "hybrid" character of the Hungarian welfare state (Tausz 2009, 259.)

Welfare state building in Hungary can be divided into three periods, each of them with different features in ideological terms. At the end of the nineteenth century, Germany's social reforms inspired to develop social insurance schemes in Hungary. The communist coupe d'état at the end of WWII did not interrupt this development since the Bismarckian model of social insurance proved to be suitable for the communists to reward preferential groups (especially agricultural workers entering cooperatives) by the extension of the benefits to them. It was also easy to use this model for punishing those preserving their economic independence (smallholders, artisans, etc.), as they were simply excluded from the system. The anti-communist revolt in 1956 forced the communist party to change its social policy leading to some Scandinavian-style reforms in the social insurance system. The economic and political transformation in the 1990s has led to (neo)liberal reforms in some social

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policy sectors (partial privatisation of pensions and health care and strict implementation of less eligibility in social assistance).

The central pillar of the Hungarian social security system is social insurance, which accounts for 84% of social security expenditure.¹ Social insurance has two branches: pension and health insurance. Employers' and employees' contributions finance both schemes on a pay-as-you-go basis, and the central budget finances incidental deficits of them. Cash benefits in both schemes are income related. The unemployment benefit scheme covers unemployed and self-employed, being financed from contributions and providing maximised earnings-related benefits. The second pillar is the rather extensive family benefit scheme. Family benefits are universal and account for 11,9% of the social security budget.² On the other hand, instead of guaranteeing minimum income, Hungary developed a fragmented social assistance system providing scarce aid to some categories of people.

14.1.2 Migration History and Key Policy Developments

In the middle ages, Hungarian kings settled German and Italian artisans and wine-growers in their kingdom. However, a vast population movement started with the Ottoman invasion that almost entirely depopulated the middle part of Hungary by the end of the seventeenth century, and the re-population of the territory required organised migration. The first well-documented migration flow in Hungarian history happened at the turn of the twentieth century when almost 1,3 million people left the Hungarian Kingdom to the United States (Puskás 1982). After the First World War, Austria, Czechoslovakia and the Serbian-Croatian-Slovenian Kingdom annexed two-thirds of the territory of the Hungarian Kingdom resulting in 350,000 ethnic Hungarians migrating to Hungary from the successor states between 1918 and 1924. With the end of the Second World War, population movements started again. The Hungarian government forced 185,000 ethnic Germans to move to Germany and while providing shelter for 376,000 ethnic Hungarians fleeing from Czechoslovakia, Romania and Yugoslavia (Romsics 2005). From 1949 to 1956, 'migratory movements were officially restricted, although thousands of Hungarians crossed the heavily militarised Austrian border illegally' (Gödri et al. 2014, p. 9). The Austrian border opened in the autumn of 1956 for 3 months, inspiring 176,000 Hungarian citizens to leave in the USA, Canada, Australia, Austria and other Western European countries (ibid).

In the late 1980s, thousands of ethnic Hungarians moved from Romania to Hungary, and some years later, migration flows started from Ukraine and Yugoslavia.

¹ Own calculation. In 2016, the total expenditure on social protection was €21,252 of which €17,929 was spent on sickness, healthcare, old age, survivors and disability benefits and services. Source: Eurostat database, Net social benefits by function: <https://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tps00083&language=en>

² Eurostat Data Explorer. <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

As a result of historical experience and the accession to human rights conventions, migration regulation has developed in two ways in Hungary. New legislation simplified the naturalisation of Hungarians living outside Hungary's borders and adapted the treatment of political refugees to international standards. The legislation was less generous with economic migrants as they had to meet special conditions to obtain permits to get settled and work. Despite this, Hungary became attractive to immigrants from China and Middle Eastern countries who have set up business in retail and service industries (Gödri et al., p. 12).

Hungary's accession to the European Union (EU) in 2004 gave new impetus for emigration. Hungary's migration balance is currently negative as the number of Hungarians emigrants is three times higher the number of foreigners residing in Hungary.³ According to Eurostat,⁴ 325,000 Hungarian nationals reside in other European countries, while the Hungarian Statistical Office⁵ accounts that 93,000 foreigners reside in Hungary.

Nevertheless, the issue of migration has not been on the political agenda in Hungary until quite recently. The policy turn was a reaction to the quadrupling of asylum seekers from Asia and Africa in 2015. In 2014, 42,777 registered asylum seekers entered Hungary, whereas, in 2015, this number increased to 177,135 (Juhász et al. 2017 p. 9). By the end of August 2015, the Hungarian government closed the southern border of the country and tightened the conditions for submitting an asylum application. At the end of 2015, the government closed the country's largest refugee camp in Debrecen, while also stopping integration support for refugees. Since 2016, application for asylum can be submitted only in Röszke and a particular zone nearby, exclusively in office hours when only a minimal number of cases may be dealt with (Juhász, Molnár, Zgut).

Against this general background, one can initially expect that the Hungarian social security system is not particularly inclusive towards foreigners, particularly those originating from non-EU countries. This chapter aims to test this hypothesis by identifying a series of factors that could constrain migrants' access to social benefits.

14.2 Migration and Social Protection in Hungary

The main pillars of the Hungarian social security system were built in the communist era when inward and outward migration was rather moderate. The (forced) full employment made it possible to deal with all social risks associated with the decline and loss of ability to work (old age, widowhood, orphanhood, disability, maternity, etc.) in the framework of the comprehensive and monolithic social insurance

³Eurostat news release 87/2018.

⁴Eurostat.

⁵STADAT – 1.7, 2018.

scheme. Due to the isolationist state policy, the provisions determining the personal scope of the Act on Social Insurance did not address the issue of nationality, as it was so obvious that the law applied only to 'persons and their relatives being involved in building the socialist society'.⁶ The builders of the socialist society could have been only national citizens. Although increasing migration associated with economic and political transformations did not put significant pressure on the social security system in the 1990s, there have always been signs of welfare chauvinism in Hungarian politics (Mewes and Maus 2012). The fall of the Iron Curtain and Hungary's opening to the world in the 1990s provoked new fears of sharing the benefits that the 'premature welfare state' (Kornai 1997) was able to provide for newcomers from less developed countries in Hungary's neighbourhood.

Aiming to prevent migrants from the neighbouring countries from accessing the Hungarian labour market and the social security system was the reason for which Hungary has still not ratified Article 18 and 19 the European Social Charter. The access of Romanian citizens to the Hungarian social benefits came to the agenda in a referendum in 2004 where the majority of voters rejected the idea of granting Hungarian citizenship even to ethnic Hungarians living in the neighbouring countries. Despite these concerns, legal regulations are generally not restricting migrants' access to social security benefits. It is a result of the massive dominance of contributory benefits which, in combination with reduced-value unemployment and family benefits and the underdeveloped social assistance scheme which disprefers the 'undeserving' poor guarantees that mainly working migrants (and their dependent relatives) had access to social security benefits.

In general, the Hungarian social security legislation does not differentiate between nationals and foreigners. Entitlement to the most benefits depends on individuals' contribution record. However, the employment of foreign nationals - a precondition for becoming a member of the Hungarian social insurance - is subject to various restrictions concerning residence and work permits. Family benefits are an exception from the general rule, as they are conditional on claimants' actual stay in Hungary. Hungary does not provide guaranteed minimum resources which negatively affects both domestic and foreign citizens. The subjects of social assistance are Hungarian citizens, and foreigners have access to benefits if they hold a special legal status residing in Hungary.

14.2.1 Unemployment

The unemployment benefit scheme was introduced in Hungary as a reaction to the political and economic transformation during the early 1990s. The scheme is regulated by Act 4 of 1991. Participation in the unemployment scheme and the payment

⁶According to Article 1 of Act 2 of 1975 on Social insurance the purpose of the Act was 'to regulate and further develop, in accordance with uniform principles, the financial contributions of persons and relatives involved in the building of socialist society.'

of contributions during economically active periods is mandatory for employees and self-employed (Juhász 2007). Although the scheme is not conditional on citizenship nor it requires a specific period of prior residence in Hungary, its compulsory character can be particularly problematic for non-EU citizens whose economic activity (employment) is subject to work permits or holding a special status while residing in Hungary. It is also important to note that Hungary refused to ratify Article 18 of the Revised Social Charter what declares the right of citizens of the Parties to engage in a gainful occupation in the territory of other Parties. Thus, Hungary does not have an obligation to liberalise regulations governing the employment of foreign workers. However, third-country nationals who hold a work permit are to receive the same treatment in the labour market and social security as resident nationals.

Claimants of unemployment benefits have to register with the National Employment Service (NES) and prove at least 12 months of contributions. The amount of benefit is 60 per cent of the recipient's previous wage, without exceeding the national minimum wage. The benefit is granted for a maximum of 12 weeks and recipients are obliged to cooperate with the NES and be available for work (failing to do so can be sanctioned with the revocation of the benefit). Such rules make it very difficult for beneficiaries to take this benefit abroad, although exporting is not explicitly prohibited by law. The same regulations practically prevent non-resident Hungarians from claiming the benefit from Hungary.

There is no specific unemployment assistance scheme in the country. However, unemployed people who are not entitled to the unemployment benefit can claim the so-called Benefit for Persons in Active Age (BPAA). This means-tested benefit is available to those who have exhausted the unemployment benefit or do not have the required period of prior contribution to claim the unemployment benefit. The entitlement to BPAA is not conditional on social insurance records although claimants are required to cooperate with the NES for a year preceding the submission of their claim. Claimants have to register as job seekers, cooperate with the NES and the local governments in searching for a job, or participate in public work programmes. Failing to do so can lead to the revocation of the benefit. BPAA is a flat-rate benefit determined as 80% of the minimum pension. The benefit is conditional on the beneficiary's stay in Hungary; hence non-resident Hungarians are not entitled to BPAA.

Foreigners have reduced access to BPAA. EU citizens who do not exhaust the unemployment benefit are hardly able to complete the requirement for cooperation with the authorities for a year preceding the submission of their claim. As to non-EU citizens, when they meet the eligibility criteria, their resident permit may be revoked on the basis that they do not have enough means for their livelihood in Hungary. Bilateral social security agreements with the countries whose nationals represent the three largest groups of non-EU citizens residing in Hungary (Ukraine, Serbia and China) or the countries that represent the most frequent destinations for Hungarians abroad (USA, Canada, Australia) do not cover unemployment benefits nor social assistance.

14.2.2 *Health Care*

When the Hungarian Parliament redesigned the social security system in the 1990s, it linked the use of health services to contribution payments (Juhász 2007). However, certain groups of individuals are granted health insurance without having to pay contributions (children below the age of 18, pensioners, beneficiaries of parental benefits, and registered unemployed). Health insurance covers all employees and self-employed. There is no qualifying period of prior contribution for accessing in-kind benefits. Health insurance typically covers the full costs of medical treatment. Patients do not have to pay charges for hospital treatment, whereas pharmaceutical costs are partially covered. Health expenditure is financed from social contribution tax (paid by employers) and health insurance contribution (which is deducted from employees' gross income). Social contribution tax is 19,5% of salaries and wages, including undefined contributions to the pension, health and labour insurance schemes. Health insurance contribution is 8,5% of salaries and wages (4% for benefits in kind, 3% for cash benefits and 1,5% for labour insurance).

Individuals legally residing in Hungary are entitled to voluntarily join the health insurance regardless of their nationality, although special rules apply for their contribution rate. Voluntarily joining health insurance is conditional on making a contract with the National Health Insurance Fund, and on paying contributions to the Fund that equal at least 50% of the minimum wage per month. In exchange, they get access only to emergency care for the first 2 years of their contract. To take full advantage of health care services, they have to pay for 24 months in advance. Unless having an employment relationship with a Hungarian employer or a contract with the National Health Insurance Fund, national citizens staying abroad are not entitled to publicly financed health care. The same rules are to apply to foreigners residing in Hungary.

Sickness cash benefit covers all employees and self-employed, although it is impossible to join this scheme voluntarily. Entitlement to sickness benefit is conditional on contribution payment, but not on a prior residence in the country. Sickness benefit can be granted for a maximum 12 months, and it is income-related (set at 60% of the beneficiaries' previous income, without exceeding the double of the minimum wage). Employers are obliged to pay a wage for 15 days of sick leave in a year, and the provision of sickness benefit starts after that. Employers are also required to finance a third of the benefit paid to their employees. Sickness benefit is not exportable. There is no distinction on the grounds of nationality between claimants, but non-EU foreigners face more difficulties to get entitled to this benefit because they are required to present work and residence permits for taking a job in Hungary.

In the early 2010s, the legislation transformed disability pension for those below the retirement age into a special kind of health benefit (Benefit for Persons with Changed Work Capacity). Those in retirement age could claim for old-age pension, while others could claim for rehabilitation benefit or disability benefit financed by the Health Insurance Fund (Szikra 2018). Benefits for people with reduced work

capacity cover both employees and self-employed. There is a qualifying period of at least 1095 days of prior insurance within the last 5 years, 2555 days within the last 10 years, or 3650 days within the last 15 years. Claimants cannot perform gainful activities nor receive any regular cash benefits. Eligibility for the benefits is not conditional on a prior residence in Hungary.

Persons whose work capacity may improve with standard rehabilitation are eligible for the Rehabilitation Benefit covering 35% of the claimant's previous average monthly income, with an upper limit of 40% of the national minimum wage. Persons who need permanent rehabilitation are eligible for an increased amount of 45% of their average monthly income with an upper limit of 50% of the national minimum wage. Uninhabitable people are entitled to claim a disability benefit.

Rehabilitation and disability benefits are exportable, although when beneficiaries do not appear before the committee of medical experts which assesses their health status, they can lose the benefit. Hungarian citizens who reside abroad may thus have difficulties regarding their access to these benefits. On the other hand, EU and non-EU foreign residents have equal access to these benefits as national residents.

The Hungarian – Soviet agreement that applies to Ukraine guarantees equal treatment for accessing invalidity benefits to Ukrainian nationals residing in Hungary while ensuring that the contribution records collected in Ukraine are taken into account when Hungarian invalidity benefits are concerned. The agreement with Serbia also stipulates equal treatment of Serbian nationals with Hungarian citizens regarding the regulations applied for persons with changed work capacity and allows for the aggregation of contribution periods. In the absence of security agreement between Hungary and China, the general rules of the Hungarian legislation shall be implemented for Chinese nationals staying in Hungary. Moreover, there is no agreement signed with countries being the leading destination of Hungarians abroad (USA, Canada and Australia). However, insurance-based disability benefits may be exported in the same way as old-age pensions.

14.2.3 Pensions

Hungary has a two-pillar pension system with a pay-as-you-go state pension scheme in its frontline. The second pillar consists of voluntary private pension funds in which participation is influenced mainly by tax allowances. As a third pillar, a mandatory private pension scheme operated in the country between 1998 and 2011 and the number of private pensions fund members reached 3.1 million of which 60.000 thousand people have kept their membership by 2014 (Szikra 2009; Szikra and Kiss 2017). One of the severe shortcomings of the pension system is the lack of a 'zero-pillar' that should provide a minimum state pension for those who do not have the contribution record for being entitled to a PAYG state pension. People with poor contribution record may apply for means-tested social assistance.

The contributory pension scheme was set up in 1928. The original fully-funded pension scheme was transformed into a pay-as-you-go one after WWII. Pension

entitlement is conditional on reaching the statutory pension age (increasing gradually until 2022 when it will reach 65) and adequate (15/20 years long) contribution record. The pension scheme covers both employees and the self-employed, and it is not restricted to national citizens. Employees from abroad may establish membership in the state pension scheme, and pension rules do not contain a mandatory residence period in the country. However, the possibility to join the public pension scheme voluntarily is restricted to 'domestic persons'. This category includes Hungarian and citizens of the European Economic Area (EEA), stateless persons, refugees, and those who have settled status in Hungary.⁷

Consequently, Hungarian and EEA citizens who are not staying in Hungary and non-EEA citizens who do not have a special status in Hungary are not allowed to join the pension scheme voluntarily. Another point where foreigners suffer disadvantage is the retrospective payment of pension contributions because the law offers this possibility only to 'domestic persons'. Claiming and exporting pensions from and to abroad is possible.

The amount of the public pension is dependent on claimants' previous earnings calculated over the whole career but not earlier than 1 January 1988. The government determines the amount of the minimum pension, but given its meagre amount it is instead used as a benchmark of income tests in the social assistance system. The social policy agreement between Hungary and the Soviet Union (applicable for Ukraine) offers access to contributory pensions by aggregating the periods of contributions that citizens of the two states completed in each other's countries. Similar rules apply to Serbia. The agreements with the USA and Canada offer equal treatment to citizens of the contracting parties in each other's pension system, and pension benefits are exportable to the contracting party. The agreement with Australia also concerns the old age, survivors' and disability pensions. Hungarian citizens are treated equally with national citizens in Australia, pension benefits are exportable and the creditable periods can be accumulated under the host country legislation.

Hungary does not have a universal old-age non-contributory pension. The task to provide financial support to people who do not meet the eligibility criteria for a contributory public pension is delegated to the social assistance system. Old Age Allowance is a means-tested benefit administered by Regional Government Offices and granted to people in need who are over 65 years of age. Old Age Allowance is a means-tested benefit whose amount depends on claimants' income, family status and age. Their situation is reassessed by the Regional Government Offices periodically in every second year. The payment of the benefit is subject to the beneficiary's

⁷A settled status may be granted to third-country nationals whose housing and subsistence in Hungary is provided, who are insured for the full range of health care or can provide the cost of healthcare, who has a residence permit or a temporary residence permit, whose settlement is in accordance with the interest of Hungary, and he/she has resided legally and uninterruptedly in Hungary for at least 3 years immediately prior to the submission of the application. The status may also be granted to the spouse and minor child of the aforementioned persons and those who previously had Hungarian citizenship or their ancestor were Hungarian citizens. (Act 2 of 2007, Article 35)

stay in Hungary. Consequently, Hungarian nationals lose their right to this benefit if they decide to move abroad. Since the personal scope of the act applied to Hungarian citizens, immigrants, refugees and stateless persons, non-EU residents without such status cannot claim the benefit. None of the bilateral agreements signed with the main countries of origin of foreigners residing in Hungary or Hungarians residing abroad covers non-contributory pensions or social assistance.

14.2.4 Family Benefits

Hungary has a comprehensive and complex family support system, including contributory earnings-related and universal benefits (Juhász 2007, Darvas and Szikra 2017). Regarding maternity benefits, during the post-natal period, mothers can choose between two types of cash benefits. If they have at least 365 days of health insurance record within the 2 years preceding childbirth, they can claim for a maternity benefit called Infant Care Allowance (*csecsemőgondozási díj*) for 24 weeks. ICA is an income-related benefit financed from health insurance contributions, and its amount is equivalent to 70% of the mother's previous wage. If the mother does not have sufficient contributions, she can apply for the Child Care Allowance (*gyermekgondozást segítő támogatás*). Access to ICA does not depend on parents' prior residence in Hungary nor the child's birthplace. Voluntary join the scheme is not possible. The personal scope of the Family Support Act applies to Hungarian citizens residing in Hungary. Consequently, Hungarian nationals living abroad can claim maternity benefits only if they decide to move back to Hungary. On the other hand, the legislation does not distinguish between national and foreign residents when it comes to applications for ICA.

The Hungarian social security system does not explicitly provide paternity benefits as such for fathers, although several maternity benefits are open to fathers as well. For example, Infant Care Allowance is available for the father if the mother is dead or unable to care for her baby. Both parents may claim for Child Care Fee and Child Care Allowance, although the recipients of these benefits are typically mothers. As a new labour law initiative, fathers got entitled to 5 days of extra paid leave by the end of the second month after the childbirth. It is not a social security benefit but a labour law measure, and thus, the costs are born by the employer.

Parental benefits (Child Care Allowance or Child Care Fee) generally start when maternity benefit (Infant Care Allowance) comes to an end. Mothers who are not entitled to Infant Care Allowance may apply for Child Care Allowance immediately after giving birth. The law allows the sharing of parental benefits. Child Care Allowance is a universal flat-rate and tax-financed benefit with a maximum duration of 3 years (or 10 years when the child is permanently ill or severely disabled). Entitlement to this benefit is granted to all residents, independently of their nationality. However, unlike national or EU citizens, third-country nationals can apply for it only if they hold an individual status (being officially recognised as settled persons, refugees, stateless persons) or a 6 months long work permit. The law does not

require a specific period of prior residence in Hungary. Child Care Allowance is not exportable: the Regional Government Office may cancel the eligibility for the benefit of recipients stay abroad for more than 3 months.

As for the Child Care Fee, this is a contributory income-related benefit generally granted until the child's second birthday. Entitlement is conditional on the parents' contribution record of at least 1 year taking the last 2 years into account. It is not possible to voluntarily join this scheme. If the eligible person moves abroad and neither he/she nor his/her partner establishes a social insurance relationship in the host country, the benefit is exportable. Hungarian citizens working abroad may be able to claim Child Care Fee when they return to Hungary, provided they comply with the insurance requirement. EU foreigners who reside in Hungary enjoy the protection of EU social security coordination rules, i.e. aggregation of creditable periods collected in EEA countries.

Finally, Hungary also provides for a universal tax-financed Family Benefit for families with children granted until the completion of the child's secondary education. The amount of the benefit depends on the number and health status of the children and parents' marital status. Entitlement to family benefit is not conditional on a prior residence in Hungary, but claimants must reside in the country. It is neither possible to join the scheme voluntarily nor to export it. Non-resident Hungarians regain their eligibility if they decide to return to Hungary. EU foreigners enjoy equal treatment with Hungarian nationals, but the access of non-EU residents to Family Benefit is conditional on their special status in Hungary (refugee, settled or stateless person). Bilateral agreements determine the access of other non-EU foreigners to this benefit. The low number of the bilateral social security agreement in which Hungary is a partner excludes many non-EU foreigners from this benefit. The agreement with Ukraine requires the contracting parties to provide social security benefits to each other's citizens on similar ground with their nationals. The agreement with Serbia applies to social insurance benefits, meaning that contributory family benefits (the Infant Care Allowance and the Child Care Benefit) are available for Serbian nationals residing in Hungary. However, the agreements between Hungary and the first three non-EU countries of destination of Hungarian citizens (USA, Canada and Australia) do not cover the area of family-related benefits.

14.2.5 Guaranteed Minimum Resources

Hungary does not provide a general scheme of guaranteed minimum resources for everyone. However, it provides different categorical schemes targeting specific groups of people in need, such as the elderly (Old Age Allowance) and individuals in working age (Benefit for Persons in Active Age). In general, entitlement to these benefits is conditional on nationality, but the rules extend the personal scope of the legislation to EEA residents, immigrants, settled persons, refugees, stateless persons and citizens of the countries that ratified the European Social Charter. It is compulsory to reassess the eligibility for these benefit every second year. Those

who receive any of these benefits can leave the country temporarily for up to 3 months, but they risk losing benefits if they stay abroad for a more extended period. Non-EU foreigners who do not fall in the abovementioned special categories are not entitled to claim these benefits.

People above the retirement age may claim the Old Age Allowance (*időskorúak járadéka*), a means-tested benefit for those without sufficient resources for living. Both single persons, couples and people living in domestic partnerships are entitled to claim this benefit. The income threshold for eligibility is different according to claimant's age and marital status. Unemployed people in working-age can claim for Benefit for Persons in Active Age previously discussed. Hungary's bilateral social security agreements do not cover the area of specific non-contributory minimum resources.

14.3 Conclusions

Immigration from the more developed Western European countries has never been an issue on the political agenda in Hungary, and the subjects of welfare chauvinism were always the citizens of countries east of Hungary. The dominance of contributory benefits is an effective filter in the Hungarian social security system because it gives preference to economically active people what prevents social dumping. Even the migration crisis has not enforced changes in the rules that guaranteed equal treatment of Hungarian and foreign nationals in most social security schemes. Perhaps, the success of the government's policy in stopping illegal migration was a share in the lawmakers' inactivity.

This chapter also showed that foreign nationals might face many problems when accessing social security benefits in Hungary. National residents can comply more comfortably with many rules compared to non-nationals. Concerning contributory benefits, the law does not distinguish between Hungarian and foreign citizens as long as they pay contributions. However, third-country nationals could have difficulties to join these schemes because membership is conditional on employment, and their chances to take a job in Hungary is often conditional on holding a work (and residence) permit. Consequently, whereas social law is neutral towards foreigners, labour law regulations prevent many of them from being a member of the social insurance schemes.

According to Hungarian law, the eligibility for social security benefits is not conditional on a prior residence in the country, but prior contribution payment may be an important factor in several cases. The prior contribution period affects the amount of sick pay and eligibility for disability benefits. It is particularly problematic that non-EU foreigners can aggregate their creditable periods only in the context of bilateral social security agreements between Hungary and their home countries. Considering that Hungary has signed not more than 14 bilateral agreements, we can assume that such a low number prevents a significant share of foreigners living in Hungary from having access to social security benefits.

The specific rules regarding the possibility to voluntarily join the social security schemes can also constrain foreigners' access to social protection, especially when compared to national residents. It is not possible to voluntarily join the unemployment, invalidity and maternity benefits scheme; and only 'domestic persons' can join the pension scheme voluntarily. To be recognised as a 'domestic person', a foreigner needs to hold a special status in Hungary (EEA citizen, stateless person, refugee, registered immigrant, settled person). Voluntary join the in-kind benefits scheme of health insurance voluntarily is possible, but it provides a much narrower range of benefits to 'volunteers' when compared to employees.

Restricting the export of benefits probably affects foreigners harder than domestic citizens. Pensions are the only benefits fully exportable to other countries. Unemployment benefit can be paid abroad for such a short period (3 months) that makes the question of exportability somewhat irrelevant. Legal regulations do not prohibit the export of disability benefits explicitly, but their frequent reassessment, which requires the beneficiaries' appearance before the relevant authority make the export of these benefits practically impossible. Eligibility for family benefits, sick pay, and the Old Age Allowance is conditional on an actual stay in Hungary.

Summing up, the general approach to social security legislation is the equal treatment of nationals and non-nationals. However, the restrictions on joining several schemes voluntarily, obtaining residence and work permit, exporting benefits combined with the low number of Hungary's bilateral social security agreements, leads to the significant disadvantage of foreigners residing in Hungary.

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