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Hungary ¹

Representativeness of the social partners: Gas sector – Hungary

The aim of this representativeness study is to identify the respective national and supranational actors (i.e. trade unions and employer organisations) in the field of industrial relations in the gas sector in Hungary. In order to determine their relative importance in the sector's industrial relations, this study will, in particular, focus on their representational quality as well as on their role in collective bargaining.

1. Sectoral properties

	1993	2005
Number of companies	n.a.	33
Aggregate employment*	n.a.	n.a.
Male employment*	n.a.	n.a.
Female employment*	n.a.	n.a.
Aggregate employees**	11,908	13,392
Male employees	n.a.	n.a.
Female employees	n.a.	n.a.
Aggregate sectoral employment as a % of total employment in the economy	n.a.	n.a.
Aggregate sectoral employees as a % of the total number of employees in the economy	0.42	0,48

* employees plus self-employed persons and agency workers

** *employers with more than 4 employees*

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2. The sector's unions and employer associations

This section includes the following unions and employer associations:

- (i) unions which are party to sector-related collective bargaining;
- (ii) unions which are a member of the sector-related European Union Federation (i.e. EMCEF - European Mine, Chemical and Energy Workers' Federation);
- (iii) employer associations which are a party to sector-related collective bargaining;
- (iv) employer associations which are a member of the sector-related European Employer Federation (i.e. ECEG – European Chemical Employers' Group).

2a Data on the unions

2a.1 Type of membership (voluntary vs. compulsory)

By (legal) definition, all unions have voluntary membership in Hungary.

2a.2 Formal demarcation of membership domain (e.g. blue-collar workers, private-sector workers, gas sector employees, etc.)

The major union in the sector is the Federation of Gas Industry Trade Union (Gázipari Szakszervezetek Szövetsége), to which company unions in gas distribution are affiliated. The MOL Mineworkers Union (MOL Bányász Szakszervezet) is also considered at times to be an actor in the gas industry, but its membership is limited to the field of crude oil and natural gas extraction at the Hungarian Oil and Gas Co. (Magyar Olaj és Gázipari Rt., [MOL](#)), which belongs to the mining and quarrying sector. Similarly, gas industry workers may be members of the company level MOL Chemists' Trade Union (MOL Vegyész Szakszervezet) although its main field of activity is in the chemical industry. However, it is worth noting that the gas division of MOL was taken over by another company two years ago, therefore company unions at MOL can no longer be considered gas industry unions, though they regularly conclude company level collective agreements at MOL and are affiliated to EMCEF.

2a.3 Number of members

Altogether 12 company unions are affiliated to the Federation of Gas Industry Trade Union, of which 9 operate in the gas industry (NACE 40.2) with 3,055 members.

2a.4 Female union members as a percentage of total union membership

Not available

2a.5 Density with regard to the union domain (see 2a.2)

Not available

2a.6 Density of the union with regard to the sector

23 %

2a.7 Does the union conclude collective agreements?

Yes, both a sectoral agreement (for NACE 40.22) and company level agreements at the seven major companies.

2a.8 Affiliation to higher-level national, European and international interest associations (including cross-sectoral associations)

The Federation of Gas Industry Trade Union is affiliated to the Federation of Trade Unions of the Chemical, Energy and Allied Workers (Magyar Vegyipari Energiaipari és Rokon Szakmákban Dolgozók Szakszervezeti Szövetsége, [VDSZ](#)), which is a member of Alliance of Autonomous Trade Unions (Autonóm Szakszervezetek Szövetsége, [ASZSZ](#)) confederation. At international level, the union is affiliated to ICEM and EMCEF.

MOL Mineworkers Union is directly affiliated to the National Association of Hungarian Trade Unions (Magyar Szakszervezetek Országos Szövetsége, [MSZOSZ](#)), a major confederation in the private sector.

2b Data on the employer associations

2b.1 Type of membership (voluntary vs. compulsory)

By (legal) definition, all employer associations have voluntary membership in Hungary.

2b.2 Formal demarcation of membership domain (e.g. SMEs, small-scale crafts/industry, sub-sectors of gas, etc.)

The Association of Gas Distribution Companies (Gázszolgáltatók Egyesülése, [GE](#)). Its organisation domain is the gas distribution industry (NACE 40.22), but it does not cover PB Gas providers.

2b.3 Number of member companies

Seven, of which six belong to the gas industry (NACE 40.2)

2b.4 Number of employees working in member companies

5,272

2b.5 Density of the association in terms of companies with regard to their domain (see 2b.2)

19 %

2b.6 Density of the association in terms of companies with regard to the sector

18 %

2b.7 Density in terms of employees represented with regard to their domain (see 2b.2)

81.5 %

2b.8 Density in terms of employees represented with regard to the sector

39.4 %

2b.9 Does the employer association conclude collective agreements?

Formally not, *de facto* yes. It is a peculiarity of the sectoral level agreement in the gas distribution sector that the six major companies are the signatories on the employers' side. These companies are identical to the members of the association in the industry. The main reason for this situation is that at the time of concluding the agreement the by-law of the association had not yet authorised the organisation to sign a collective agreement. This does not disadvantage the parties as the Hungarian Labour Code does not distinguish between multi-employer agreements and sectoral ones signed by an employer association.

2b.10 Affiliation to higher-level national, European and international interest associations (including the cross-sectoral associations).

The Association of Gas Distribution Companies (Gázszolgáltatók Egyesülése, [GE](#)) is a member of EUROGAS, the International Gas Union (IGU), European Group of the Organisation of Independent Gas Suppliers (GEODE), MARCOGÁZ and German Technical and Scientific Association for Gas and Water (DVGW).

3. Inter-associational relationships

3.1. Unions covered by this study whose domains overlap.

There is no overlap in this sector.

3.2. Do rivalries and competition exist among the unions, concerning the right to conclude collective agreements and to be consulted in public policy formulation and implementation?

No

3.3. If yes, are certain unions excluded from these rights?

No

3.4. Same question for employer associations as 3.1.

Not applicable as only one association exists.

3.5. Same question for employer associations as 3.2.

Not applicable

3.6. Same question for employer associations as 3.3.

Not applicable

4. The system of collective bargaining

Collective agreements are defined in line with national labour law regardless of whether they are negotiated under a peace obligation.

4.1. `Sector's rate of collective bargaining coverage

41% (Source: Collective Agreement Registry, Ministry of Social Affairs and Labour (Szociális és Munkaügyi Minisztérium, [SZMM](#))). In the gas distribution industry (NACE 40.22) it is higher than 80 %.

4.2. Relative importance of multi-employer agreements and of single-employer agreements as a percentage of the total number of employees covered.

The same six companies are covered by the multi-employer agreement and the single-employer agreements, thus the coverage of both equal 41%. (Please note that formally the sectoral agreement is also signed by the companies, thus in strict sense it does not meet the above criterion of multi-employer agreements.)

4.2.1. Is there a practice of extending multi-employer agreements to employers who are not affiliated to the signatory employer associations?

Not yet

4.2.2. If there is a practice of extending collective agreements, is this practice pervasive or rather limited and exceptional?

Not applicable

4.3. Sector-related multi-employer wage agreements* valid in 2004 (or most recent data), including for each agreement information on the signatory parties and the purview of the agreement in terms of branches, types of employees and territory covered

5. Formulation and implementation of sector-specific public policies*

5.1. Are the sector's employer associations and unions usually consulted by the authorities in sector-specific matters?

Yes, all the above-mentioned social partners.

5.2. Do tripartite bodies dealing with sector-specific issues exist

Name of the body and scope of activity	Bipartite/tripartite	Origin: agreement/statutory	Unions having representatives (reps)	Employer associations having reps.
Gas Industry Sectoral Social Dialogue	Bipartite	Tripartite agreement	Federation of Trade Unions of the Chemical, Energy and Allied Workers , Federation of Gas	Association of Gas Distribution Companies

Committee			Industry Trade Union, MOL Mineworkers Union	
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* Sector-specific policies specifically target and affect the sector under consideration.

6. Statutory regulations of representativeness

6.1. In the case of the unions, do statutory regulations exist which establish criteria of representativeness which a union must meet, so as to be entitled to conclude collective agreements?

In the context of the pluralistic union structure the 1992 Labour Code defined detailed criteria for collective bargaining entitlement at company level:

- If there is only one trade union and it received 50% of the cast votes at the elections of the works council, this trade union has the right to conclude the collective agreement.
- If there is more than one trade union, then – as a basic rule – all trade unions jointly have the right to conclude the collective agreement, provided that they received at least 50% of the cast votes at the election of the works council.
- If a collective agreement cannot be concluded by all the trade unions, the representative trade unions have the right to conclude it, provided that they received 50% of the cast votes at the election of the works council.
- In some cases, not even the representative trade unions can conclude a collective agreement, because they did not receive 50% support, or they failed to reach an agreement among themselves concerning the standpoint of the employees. If so, the trade union that received 65% of the votes has the right to conclude a collective agreement independently.
- Given the above conditions is not met, the negotiations might be carried on with the participation of all the trade unions and the text of the agreement can be worded, but the collective agreement may be concluded only if the employees are in favour of it. Employees should vote on it. This voting is valid only if more than half of the employees take part in it, and if the majority of the voters are in favour of it in order to get the necessary support. In practice it means that the collective agreement can be concluded with the support of one-fourth of the employees. (Section 32-33)

The criteria for having representation at a company are also prescribed by the law: at least 10% of the votes should be obtained at an election for the works council. Also, a trade union might become representative if it succeeds in achieving an extremely high level of organisation within one occupational group. Consequently, those trade unions are also qualified as representative where a minimum two-thirds of the employees belonging to the same occupational group (profession) at the employer are its members. (Section 29) However, rules are less strict concerning multi-employer agreements.

In contrast to the detailed company-level rules, the law does not specify any rules of trade unions representativeness for collective bargaining at sectoral level.

For the purpose of extending the coverage of a sectoral collective agreement, the law states that trade unions considered to be especially representative are those which are the most significant in terms of the number of their members and their support by the employees. Again, support by the employees should be measured on the basis of the results of the last works council elections held prior to the conclusion of the collective agreement. (Labour Code (Section 34 (2) and (3)).

6.2. In the case of the unions, do statutory regulations exist which establish criteria of representativeness which a union must meet, so as to be entitled to be consulted in matters of public policy and to participate in tripartite bodies?

The rules for sectoral and national representation to take part in consultative bodies were established in a draft bill in February 2006 ([HU0602101F](#)), which was passed by the Parliament on 11 December 2006 but later deferred by László Sólyom, President of Hungary, to the Constitutional Court for a review of constitutionality. ([HU0701039I](#)). No decision has been made on the law since then. Sectoral representativeness rules are based on a 2004 national agreement between the social partners, which laid down the criteria and established a special committee to decide which organisations should be deemed representative. ([HU0501105F](#)). The complex criteria for participation in the Sectoral Social Dialogue Committees include: appropriate legal foundations of the organisations, the share of companies and employees covered by them, affiliation to national and international federations, previous experience in social dialogue and collective bargaining, results of the latest works council elections (for unions only), etc. The special Committee makes its decisions by using a complicated score-system, and finally may award different status for the applicants: consultative, decision making and representative decision making ones. In March 2006 this special committee issued its first ruling about the gas sector. It recognised the Association of Gas Distribution Companies and Federation of Gas Industry Trade Union as representative sectoral organisations, and declared the Gas Industry Sectoral Social Dialogue Committee (Gázipari Ágazati Párbeszéd Bizottság) as officially established with the above two founding members

6.3. Are elections for a certain representational body (e.g. works councils) established as criteria for union representativeness?

Yes, see 6.1 for details.

6.4. Same question for employer associations as 6.1.

According to the Labour Code, an employer may conclude only one collective agreement with trade unions at a given company/institution.

There is no legal criterion for employer associations to conclude sectoral collective agreements, but in practice, their by-laws are supposed to include the authorisation to do so on behalf of the members, or a procedure for ratification (or possible opt-outs) concerning the agreement negotiated by the association.

6.5. Same question for employer associations as 6.2.

The same as for unions. See: 6.2.

6.6. Are elections for a certain representational body established as criteria for the representativeness of employer associations?

No.

7. Comments

There are a number of challenges facing the gas sector. The forthcoming implementation of the EU regulations on the energy sector is one. Also, the social partners deal extensively with organisational changes as a consequence of the new regulations, including any impact on employment and industrial relations. A final issue relates to the sector wide collective agreement which was concluded in October 2006 as part of the preparation for the new 'gas industry model'.

8. List of persons and institutions contacted

Meyer, Róbertné, Sectoral Social Dialogue Centre (Ágazati Párbeszéd Központ, ÁPK), secretary of the Gas Industry Sectoral Social Dialogue Committee.

Lazlo Neumann and Mate Illes, Institute of Political Science, Hungarian Academy of Sciences