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Hungary ¹

Representativeness of the European social partner organisations: Manufacture of sugar – 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 sugar manufacturing 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.

Introduction

The Hungarian sugar industry has declined significantly in the past 10 years. By 2005, only 5 factories remained, owned by 3 companies producing sugar. One out of the 5 factories is currently under closure procedure (Kabai Cukorgyár ZRt). By 2005, the number of people employed in the sugar sector had decreased by one-third compared to the workforce in 1994. One union covers 40% of the employees in the sector. Social dialogue in the sector is characterised by good cooperation between the actors.

1. Sectoral properties

	1994	2005**
Number of companies	11	3
Aggregate employment*	Not available	Not available
Male employment*	Not available	Not available
Female employment*	Not available	Not available
Aggregate employees ***	4,134	1,393
Male employees	Not available	Not available

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Female employees	Not available	Not available
Aggregate sectoral employment as a % of total employment in the economy	Not available	Not available
Aggregate sectoral employees as a % of the total number of employees in the economy	0.1%	0.04%

* *employees plus self-employed persons and agency workers*

** *or most recent data*

*** *employers with at least 5 employees*

2. The sector's unions and employer associations

This section includes the following unions and employer associations:

1. Unions which are party to sector-related collective bargaining.

- There is one sectoral union operating in the sugar industry – the Trade Union of Foodworkers (Élelmiszeripari Dolgozók Szakszervezete, ÉDSZ). ÉDSZ is a member organisation of the Hungarian Federation of Foodworkers' Trade Unions (Élelmezésipari Dolgozók Szakszervezeteinek Szövetsége, [ÉDOSZ](#)). ÉDSZ is the partner of collective bargaining at sectoral and workplace level.

2. Unions which are a member of the sector-related European Union Federation (i.e. EFFAT – European Federation of Food, Agriculture and Tourism Trade Unions)

- ÉDSZ is represented in EFFAT by the Hungarian Federation of Foodworkers' Trade Unions (Élelmezésipari Dolgozók Szakszervezeteinek Szövetsége, [ÉDOSZ](#)), which is the sectoral-level union organisation of the food sector.

3. Employer associations which are a party to sector-related collective bargaining

- Association of Sugar Manufacturers (Cukoripari Egyesülés, [CIE](#)).

4. Employer associations which are a member of the sector-related European Employer Federation (i.e. CEFS – European Committee of Sugar Manufacturers)

- Association of Sugar Manufacturers (Cukoripari Egyesülés, [CIE](#)).

2a Data on the unions

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

Membership of the ÉDSZ union is voluntary.

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

There is no demarcation of membership domain within the sugar industry (NACE DA).

2a.3 Number of union members (i.e. the total number of members of the union as a whole)

ÉDSZ also represents employees from other subsectors of the food industry. In total, it has approximately 3,000 members (estimated by a ÉDSZ representative).

2a.4 Number of union members in the sector

ÉDSZ has approximately 500 members in the sugar industry.

2a.5 Female union members as a percentage of total union membership

No data available, but union officials estimate that about 50% of members are female employees.

2a.6 Density with regard to the union domain (see 2a.2)

The domain of the ÉDSZ union embraces the whole sector. ÉDSZ covers 5 subsectors in the food-processing sector – sugar, sweets, dairy products, alcohol distillers and beer breweries. In this union domain, the number of employees is 17,679, consequently the unionisation rate for the DA is approximately 17%.

2a.7 Density of the union with regard to the sector

In the sugar sector, union density is 36% (approximately 500 union members out of 1,393 employees in the five factories, including the one under closure).

2a.8 Does the union conclude collective agreements?

There is no sectoral collective agreement in the sector at present. There was a sectoral-level wage agreement (collective agreement) between 1993 and 2005. ÉDSZ represented employees as the party to the collective agreement. Company-level unions, members of ÉDSZ, are concluding local collective agreements covering all companies and factories in the sector.

2a.9 For each association, list their affiliation to higher-level national, European and international interest associations (including cross-sectoral associations)

ÉDSZ is affiliated to ÉDOSZ and the National Association of Hungarian Trade Unions (Magyar Szakszervezetek Országos Szövetsége, [MSZOSZ](#)). (ÉDOSZ, however, is not affiliated to any national-level union confederations.) ÉDSZ is represented in EFFAT and IUF by ÉDOSZ.

2b Data on the employer associations

- Association of Sugar Manufacturers (Cukoripari Egyesülés, [CIE](#))

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

Membership of CIE is voluntary.

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

CIE membership covers all 3 sugar manufacturer companies and their 5 factories (one of which, Kabai Cukorgyár ZRt., is currently under closure procedure).

2b.3 Number of member companies (i.e. the total number of members of the association as a whole)

The 3 member companies are:

- Mátra Cukor Zrt.– NORDZUCKER: It has 2 factories (one in Szerencs and one in Szolnok);
- Magyar Cukor Zrt. – Agrana Group: It has 2 factories (one in Petőháza and one in Kaposvár);
- Eastern Sugar Group: It has one factory (Kabai Cukorgyár ZRt.), currently under closure.

2b.4 Number of member companies in the sector

There are 3 companies in the sector.

2b.5 Number of employees working in member companies (i.e. the total number of the association as a whole)

1,393 employees (see Section 1).

2b.6 Number of employees working in member companies in the sector

See Section 2.b.5.

2b.7 Density of the association in terms of companies with regard to their domain (see 2b.2)

100%. Each of the 3 companies is affiliated to CIE.

2b.8 Density of the association in terms of companies with regard to the sector

100%. Each of the 3 companies is affiliated to CIE.

2b.9 Density in terms of employees represented with regard to their domain (see 2b.2)

100%. Each of the 3 companies is affiliated to CIE.

2b.10 Density in terms of employees represented with regard to the sector

100%. Each of the 3 companies is affiliated to CIE.

2b.11 Does the employer association conclude collective agreements?

There is no sectoral collective agreement in the sector at present. There was a sectoral-level wage agreement (collective agreement) between 1993 and 2005. CIE represented the employers as the party to the collective agreement.

2b.12 For each association, list their affiliation to higher-level national, European and international interest associations (including the cross-sectoral associations).

At sectoral level, CIE is affiliated to the Federation of Hungarian Food Industries (Élelmiszerfeldolgozók Országos Szövetsége, [ÉFOSZ](#)). ÉFOSZ is affiliated to the Confederation of Hungarian Employers and Industrialists (Munkaadók és Gyáriparosok Országos Szövetsége, [MGYOSZ](#)), which is one of the major national-level employer associations. At international level, CIE is affiliated to CEFS and the European Sugar Trader's Association.

3. Inter-associational relationships

3.1. Please list all unions covered by this study whose domains overlap.

There is one sectoral union (ÉDSZ) present in the sector, thus there is no overlap in domains.

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?

There is one sectoral union (ÉDSZ) present in the sector, thus there is no rivalry.

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

3.4. Same question for employer associations as 3.1.

There is one sectoral employer association (CIE) present in the sector, thus there is no overlap in domains.

3.5. Same question for employer associations as 3.2.

There is one sectoral employer association (CIE) present in the sector, thus there is no rivalry.

3.6. Same question for employer associations as 3.3.

4. The system of collective bargaining

4.1. Estimate the sector's rate of collective bargaining coverage (i.e. the ratio of the number of employees covered by any kind of collective agreement to the total number of employees in the sector).

Coverage rate of collective bargaining is 100%. There is a company-level collective agreement at each of the 3 companies operating in the sector and these cover all employees in the sector.

4.2. Estimate the relative importance of multi-employer agreements and of single-employer agreements as a percentage of the total number of employees covered. (Multi-employer bargaining is defined as being conducted by an employer association on behalf of the employer side. In the case of single-employer bargaining, it is the company or its subunit(s) which is the party to the agreement. This includes the cases where two or more companies jointly negotiate an agreement.)

Only company-level agreements exist in the sector, covering all companies and factories involved.

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

There is a practice in Hungary to extend multi-employer agreements. However, in this particular sector, there is no multi-employer agreement in force. Therefore, extension is not possible in the sugar industry.

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

There has been no extension in the sugar industry. However, given that coverage of the sectoral-level collective agreement was 100%, there was no need to use the extension procedure for the industry.

4.3. List all sector-related multi-employer wage agreements* valid in 2005 (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

There were wage agreements in the sugar sector between 1993 and 2005. Thus, there was one sector-related multi-employer wage agreement in force in 2005, which covered the whole sector – all companies and 100% of employees.

Sector-related multi-employer wage agreements			
Bargaining parties	Purview of sector-related multi-employer wage agreements		
	Sectoral	Type of employees	Territorial
ÉDSZ	Sugar sector	All	National
CIE	Sugar sector	All	National

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? If yes, which associations?

Yes. Government authorities usually consult with employer associations and trade unions over major sector-specific issues.

A sectoral-level Bipartite Social Dialogue Committee exists for the sugar industry. It provides an institutionalised forum for consultation and information regarding sector-specific matters.

5.2. Do tripartite bodies dealing with sector-specific issues exist? If yes, please indicate their domain of activity (for instance, health and safety, equal opportunities, labour market, social security and pensions etc.), their origin (agreement/statutory) and the interest organisations having representatives in them:

There is no institutionalised tripartite body to deal with sector-specific issues. Concerted efforts, however, may be made on a tripartite basis for handling ad hoc issues. For example, such efforts were made recently in order to mitigate the consequences of the sugar plant

closure in Kaba, with the involvement of Government authorities. As a consequence of the ongoing liberalisation in the sugar industry throughout Europe, the sugar factory in Kaba (Kabai Cukorgyár Zrt.), which belongs to Eastern Sugar, is in the process of being closed down, despite the fact that it was technologically the most developed sugar factory in Hungary. In the wake of liberalisation in the sector, a support scheme has been drawn up that encourages reducing sugar production and waiving quotas, and that also promotes commitment to social and environmental considerations.

Connected to the closure of Kabai Cukorgyár Zrt., an agreement was concluded between the employer, Eastern Sugar, and the Ministry of Agriculture and Rural Development (Földművelési és Vidékfejlesztési Minisztérium, [FVM](#)) on the timing of the closure and to facilitate the re-employment of those affected. According to Government officials and the parties involved in this procedure, the scheme agreed is an exceptionally good one and provides the highest possible support for those affected by the factory's closure, including employees and sugar-beet growers.

Sector-specific public policies*				
Name of the body and scope of activity	Bipartite/ Tripartite	Origin: Agreement/ Statutory	Unions having representatives	Employer associations having representatives
Subsectoral Bipartite Social Dialogue Committee	Formally bipartite	National agreement and Constitution of the Commission. Committee for Issuing Authorisation for Participation (Részvétel Megállapító Bizottság, RMB)	ÉDSZ	CIE

* *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? If yes, please briefly illustrate these rules and list the organisations which meet them.

The 1992 Labour Code (Section 32-33) defines the criteria for representativeness and stipulates the rules for collective bargaining entitlement at company level:

- A union is deemed representative if it received 10% of the cast votes at the elections of the works council.
- If there is only one trade union at the employer, 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 at the employer, 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 the 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 the 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 the collective agreement independently.
- Should not even this condition be met, the negotiations might be carried on with the participation of all the trade unions represented at the employer and the text of the agreement can be worded, but the collective agreement may only be concluded 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, this means that the collective agreement can be concluded with the support of one-fourth of the employees.

Furthermore, a trade union is deemed to be representative if it organises two-thirds of an occupation group (Section 29 of the 1992 Labour Code).

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? If yes, please briefly illustrate these rules and list the organisations which meet them.

The rules for sectoral and national representation for taking part in consultative bodies were settled in a draft bill in February 2006, which was later passed by Parliament but deferred by the President ([HU0701039I](#)). Sectoral representativity rules are based on a 2004 national agreement between the national-level social partners, which laid down the criteria and established a special committee (Committee for Issuing Authorisation for Participation, Részvétel Megállapító Bizottság, RMB) to decide which organisations should be deemed as representative ([HU0502104F](#)).

The complex criteria for participation in the sectoral bipartite 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 experiences in social dialogue and collective bargaining; and results of the latest works council elections (for unions only). The committee makes its decisions by using a complicated score system and, in the end, may award different status for the applicants – consultative, decision-making and representative decision-making.

6.3. Are elections for a certain representational body (e.g. works councils) established as criteria for union representativeness? If yes, please report the most recent electoral outcome for the sector.

Yes (*see Section 6.1*). The last works council elections took place in 2005 and unions belonging to ÉDSZ received 85% of the votes cast.

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 the 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.

See Section 6.2.

6.6. Are elections for a certain representational body established as criteria for the representativeness of employer associations? If yes, please report the most recent outcome for the sector.

No. There are no elections for a certain representational body (*see Section 6.2*).

7. Commentary

The sugar industry is one of the best-organised sectors in Hungary. There is one employer association (CIE) and one trade union (ÉDSZ) for the industry, with 100% coverage in the 3 companies operating in the sector. Despite the fact that there has been no sectoral-level collective agreement in the sector since 2005, local collective agreements cover 100% of companies and employees in the sector. Bipartite relations are well established. There is good cooperation and good relationships between unions and management, both at sectoral and company level. CIE and ÉDSZ also consult each year at the beginning of the beet-processing season about how to handle issues related to the cyclical surge of production. They also cooperate to mitigate negative impacts of restructuring in the industry. An international conference was organised in May 2006 with the participation of leaders of European organisations, including representatives of the Hungarian authorities and social partners. The goal of the conference was to exchange experiences among companies about the requirement and impacts of liberalisation.

There are no jurisdictional or recognition problems in the sector.

The bipartite relationship was reinforced by the setting up of the sectoral-level Bipartite Social Dialogue Committee. This provides a forum for consultation and information exchange with Government authorities concerning sector-specific issues.

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