# The opportunities and challenges of producing official labour migration statistics in Hungary

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Economic motivations of human mobility are well-known. Migrants' labour market participation and its effects on the economies of receiving and sending countries play a central role in virtually all conceptualizations of migration and development. The economic growth witnessed in Hungary in recent years has been accompanied by labour market imbalances related to the mixed labour migration profile of this country. On the one hand a significant share of the working-age native population choses to enter in foreign labour markets, while on the other, a growing number of foreign workers alleviate domestic labour force shortages. Nevertheless, the lack of detailed official data on labour mobility raises difficulties to properly interpret these phenomena.

Crucial differences between measuring migration and measuring labour mobility lie in the space and time dimensions that define migration. As regards the former, a geographic distinction should be made between the place of usual residence and the place of employment as these are not necessarily overlapping. Concerning the latter, foreign employment might involve timeframes other than those used to classify short- and long-term movements. That is, distinct forms of labour mobility – as e.g. commuting, seasonal or circular migration – do not necessarily involve establishing a residence (or becoming part of the resident population) in destination countries, neither take the time intervals used by migration statisticians to define who migrants are.

In this presentation, that aims to make the first steps towards register-based official statistics on foreigners' employment in Hungary, further challenges should be enumerated that are related to inherent characteristics of the administrative sources to be used. All three data sources examined – 1) the National Directorate-General for Aliens Policing (NDAP); 2) the National Employment Service (NES); and 3) the National Tax and Customs Administration (NTCA) data sets – use legal categories that are only partially in line with our interests. A common challenging feature is that they contain information exclusively on foreign citizens. (It should be noted here that a vast majority of immigrants in this country are foreign-born Hungarian

nationals, thus, in a broad sense, foreigners in the Hungarian labour market assumedly include Hungarian citizens.)

As regards the data sources involved in the exercise:

1) The National Directorate-General for Aliens Policing data set (NDAP) is already used for producing official statistics on stocks and flows of immigrating foreign citizens. Variables on age, sex, marital status, settlement, citizenship, country of birth and motivations for immigrating (including employment) are available. It is of key importance that NDAP data refer to the time of entering the country, that is indicating employment as a motivation for immigrating expresses only a previous intention of being employed, not the actual employment situation.

2) Data on foreign citizens' labour market participation owned by the National Employment Service (NES) cover the details of a) employment permissions for third-country nationals; b) employment notifications of EEA citizens and for third-country nationals under specific conditions; and c) EU Blue Cards. Variables on citizenship, age, educational attainment, place of employment as well as employment by NACE and ISCO categories are available. Flows data might be estimated using the number of permissions, notifications and EU Blue Cards issued per year. However, two challenges should be kept in mind: on the one hand, no information is available on the place of residence (whether a person belongs to the resident or the non-resident population); on the other, the timeframe of actual employment is unknown (employment permissions expire in maximum two and EU Blue Cards in four years, while notifications do not expire). As regards producing stock data, in case of third-country nationals the number of valid employment permissions and EU Blue Cards might be used as a starting point, however, again, no information is available on the place of residence. Further, stocks of employed EEA citizens are not available using this data source.

3) Personal income taxes data of foreign citizens owned by the National Tax and Customs Administration (NTCA) refer to all taxable incomes in the national territory of Hungary, including, among others, labour incomes. As such it is appropriate for estimating stocks of foreigners with taxable incomes in Hungary. Variables of citizenship, date of birth and settlement are available. From the perspective of producing labour mobility data, a

major challenge is the fact that this data set covers also incomes obtained by means other than employment.

In our ongoing experiment, first, the main trends and patterns of foreign workers' labour market participation were identified and compared across the three data sets. Preliminary results using NDAP data suggest that the share of those immigrants whose intention is to be employed in Hungary has been growing among all newcomers since 2016. In parallel, the shares of EU and Non-EU citizens turned to the opposite since the number of Non-EU, Ukrainian citizens has been growing faster than that of Romanian EU citizens, predominant before 2016. Comparing NDAP and NES flows data, it becomes clear that substantially more employment permissions and notifications are issued per year at NES, than the NDAP data would suggest. This might be explained with the presence of commuters and short-term migrants in the former data set. Despite the differences in absolute terms, the age distributions are similar across these data sources.

When comparing the stocks calculated using the NDAP, the NES (only valid employment permissions and EU Blue Cards) and the NTCA data sets, it was found to be the highest in case of the latter one. A possible explanation for this is the assumed overcoverage of NTCA data. Further, despite NES flow data exceeded NDAP flow data for all years considered, the order is reversed in case of stock data, that highlights the undercoverage of NES data due to the lack of information on the validity of notified employment. Further, short term employment permissions included in the flows data are not necessarily valid at the reference time of stock data.

In the presentation, a detailed review of these findings will be followed by our attempt to explain the incongruences from a quality point of view. Finally, our proposal on how to expand the official population data production system of Hungary to cover foreigners' labour market participation will conclude the presentation.