

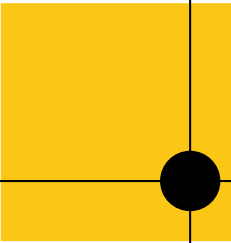


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Hungarian labour challenges in EV battery production

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29 October, 2024

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ANALYSIS

LABOUR AND SOCIAL JUSTICE

THE BATTERY BOOM IN HUNGARY:

COMPANIES OF THE VALUE CHAIN,
OUTLOOK FOR WORKERS AND TRADE UNIONS

Márton Czifrusz
February 2023

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→ Hungary has become a global centre of battery manufacturing for electric cars. The value chain, employing around 30,000 people in the mid-2020s, is dominated by East Asian companies.

→ The study analyses the Hungarian battery value chain companies, working conditions, the policy context and challenges faced by trade unions.

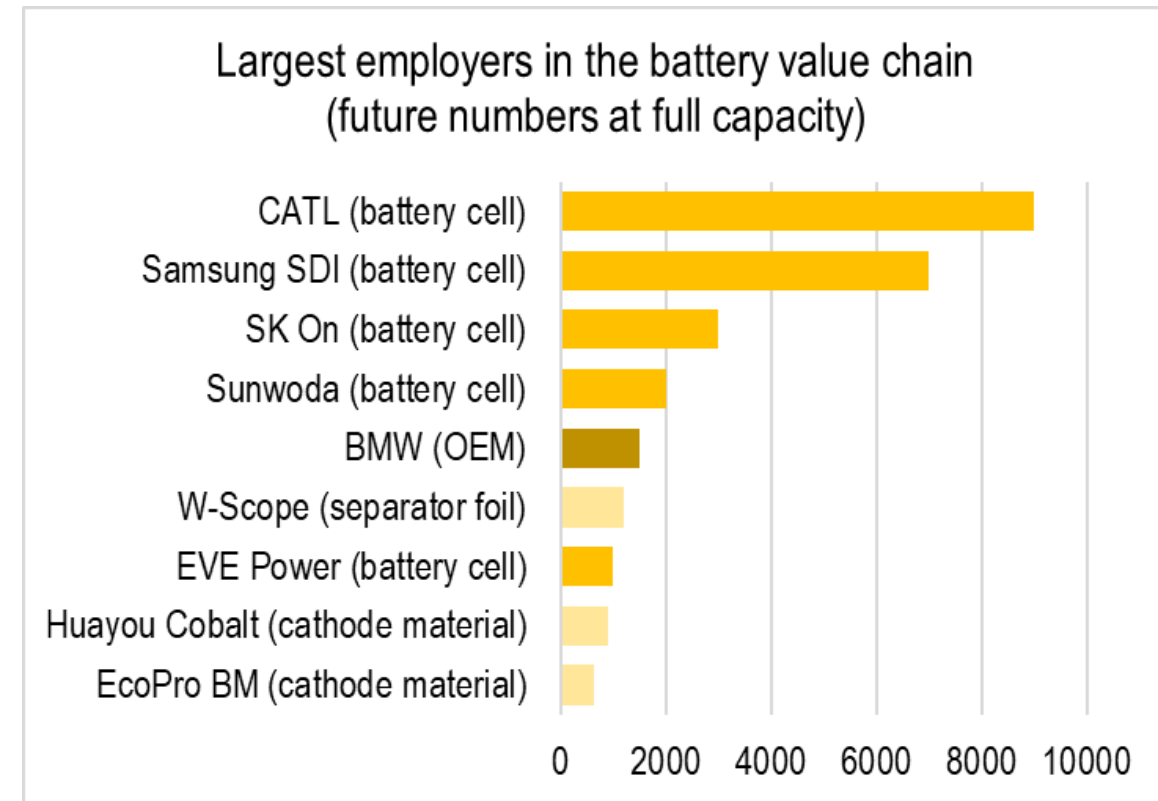
Battery manufacturing employment in Hungary – key facts

Second largest battery manufacturer for electric vehicles in Europe

Whole value chain present, except minerals and their processing

30,000 workers were anticipated in the value chain by 2025 – slowdown and scaledown because of the current crisis

OEMs also transitioning to EV assembly lines



Source: media reports and company announcements

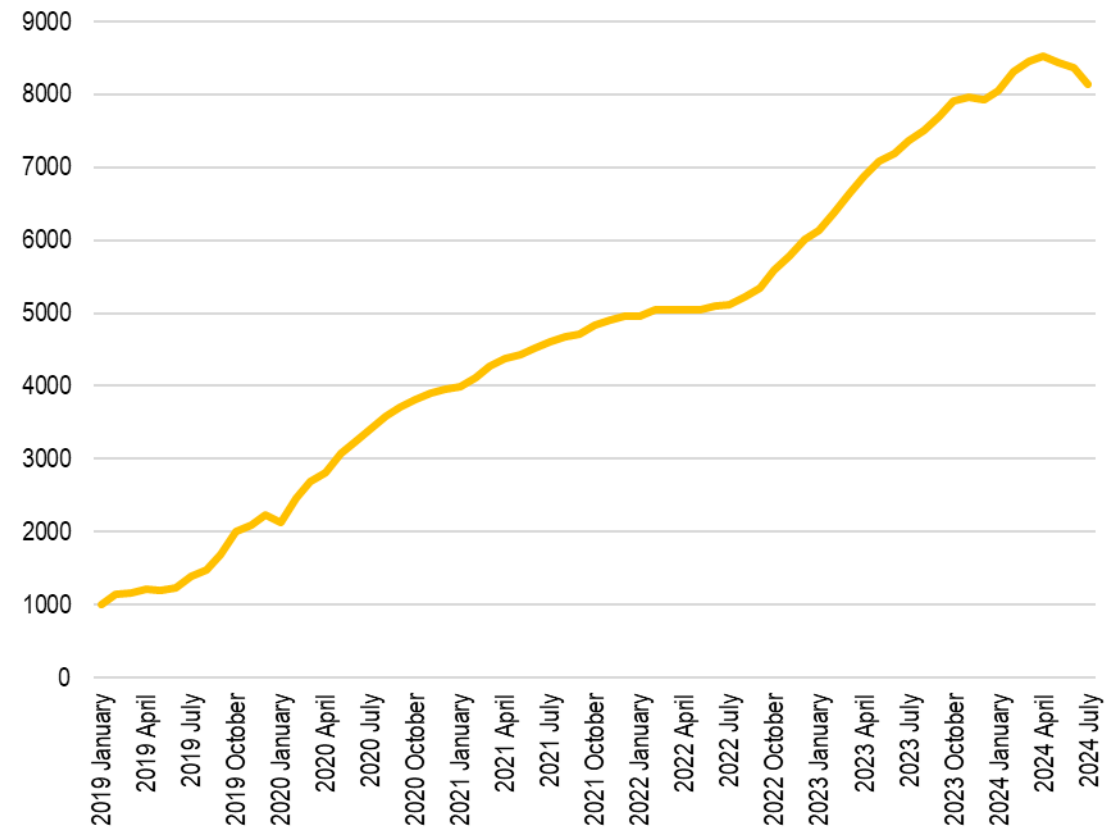
Battery manufacturing employment in Hungary – key facts

Rapid expansion of the sector in the 2020s – even during COVID-19

Current crisis in 2024 also affecting full-time direct employees

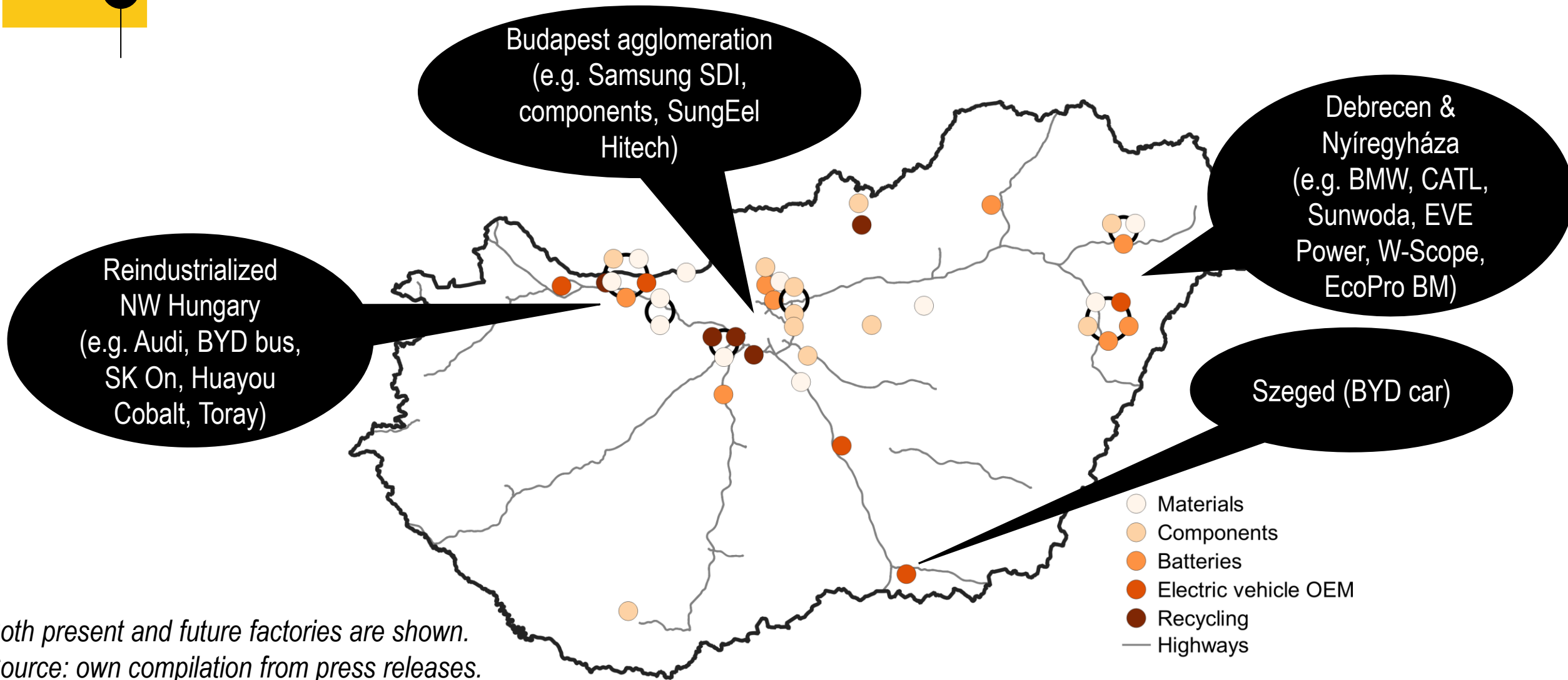
NACE 27.20 comprises cell manufacturers and several suppliers (but not the whole value chain in Hungary)

Number of full time employees in NACE 27.20
(Manufacture of batteries and accumulators), January 2019-July 2024



Data source: HCSO

Geographical clusters with different labour markets



*Both present and future factories are shown.
Source: own compilation from press releases.*



Main issues concerning working conditions

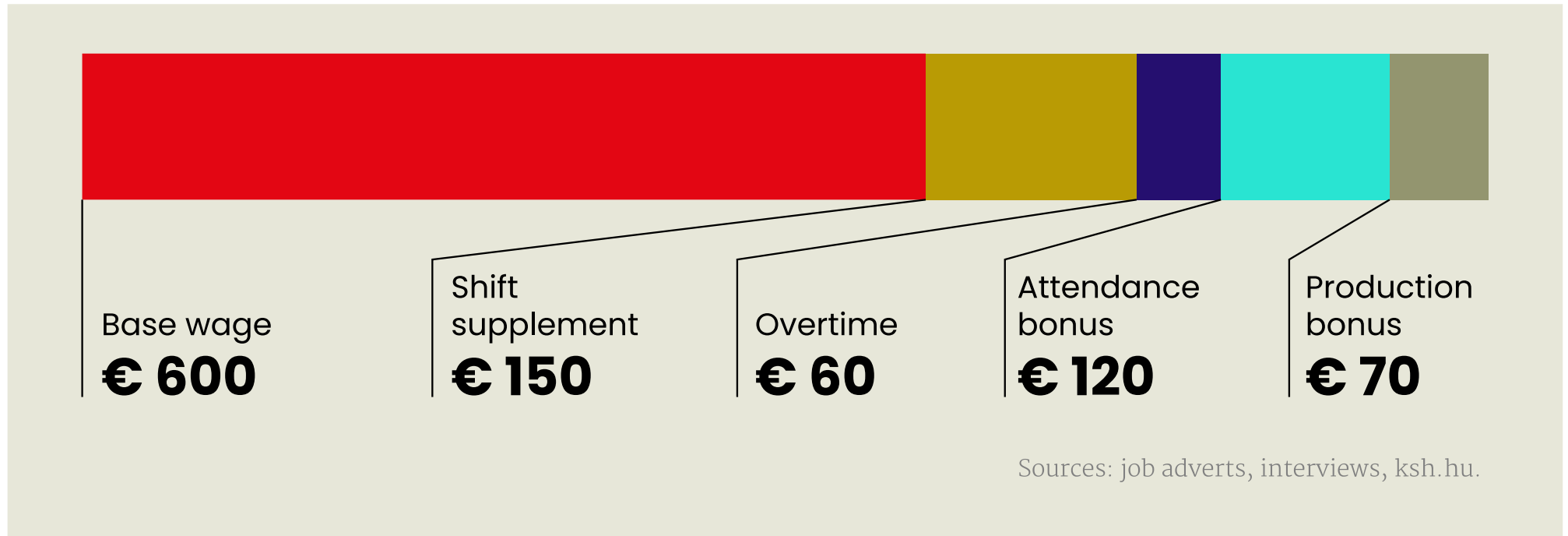
Operator base wages are not sufficient for a living wage

Migrant workers arrive into a vulnerable position in battery value chain companies

Recurring OHS issues, such as exposure to toxic materials, lacking building permits, deadly work accidents. Fines are not deterrent

State aid for companies without guarantees for better working conditions and better wages

Wage structure of an operator (2023)



€ 1000 net / month – subsistence wage is € 650 for a single person – poverty base wages

“The bonus system is difficult to see through, it is designed to pay as much as they want.”

Time-banking scheme – confusing workers, cannot predict earnings



Fragmented labour

Core workers: less job security and worse working conditions than in idealised unionised manufacturing jobs of the Global North – overtime, low unionisation, competition of battery manufacturers (flexibilisation of production)

Domestic peripheral workers: agency workers, domestic migrant workers – NACE27 employed 11,000 agency workers in 2022, 16% of which with temporary contracts; non-unionised, deskilling in standardised production and automation increases the flexibilisation of workers

Migrant peripheral workers: new legal environment from January 1, 2024; relatively easy substitution of Hungarian workers with migrant workers; upskilling; cheapening of labour power

General and sector-specific trade union challenges

Main trade union challenges in the Hungarian battery industry



State failure to consult unions



Corporate anti-union practices



Representation of agency workers



Organising migrant workers

+1: competition between sectoral trade unions



Conclusions

Low-road growth model with the increasing share of low-wage, low-value added jobs

The multiscalar labour regime contributes to the fragmentation of labour

Trade union challenges in the EV battery sector are larger than in the automotive OEM sector

Multi-scalar competitive Europeanisation with fragmented labour (Hürtgen 2021) – EV battery sector is a prime example