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Migration in the 21st century from the perspective of CEE countries – an opportunity or a threat?

Shared experience, common development

Migration in the 21st century from the perspective of CEE countries
– an opportunity or a threat?

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The CEED Institute, founded by Dr. Jan Kulczyk in 2010, is a think-tank whose aim is to promote the achievements and economic potential the CEE countries. Its ambition is to support business initiatives, as well as debates on indispensable reforms in the region, including measures to boost sustainable growth and innovative capacities. The objective of the CEED Institute is the dissemination of ideas and projects on how best to improve efficiency and competitiveness of the CEE region.

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Glossary:

EU-2:	Bulgaria and Romania.
EU-10:	Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.
EU-11= Central-Eastern Europe (CEE):	Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.
EU-15:	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.
EU-27:	EU-15 + EU-10 + EU-2.
EU-28:	EU-27 + Croatia.
EEA countries:	EU-28 + Norway, Iceland and Liechtenstein.

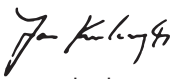
Jan Kulczyk
Founder of the CEED Institute,
International entrepreneur,
Founder of Kulczyk Investments.

Ladies and Gentlemen,

The latest European Union enlargements have resulted in internal employment migrations on a much larger scale than had been estimated. In the period from 2004 to 2012, the number of immigrants from Central and Eastern Europe increased within the "old Europe" countries by approximately 1.7 million, up to 5.6 million people.

Before the enlargement of 2004, it had been expected that, following an initial wave of departures, a proportion of migrants would start returning home, thus reducing some of the negative demographic effects of large scale migration. So far, analyses anticipating emergence of large return migrations have proved to be wrong. Thus, as the CEE region does not see its emigrants coming back, it will face some major challenges in the forthcoming years. Apart from their significant modernising value, migrations, particularly the permanent ones, may aggravate the effects of ageing societies. What is worse, in the majority of cases, it is those who are educated, skilled, mobile and entrepreneurial who decide to migrate. CEE countries lose the human capital essential for them to remain competitive. By not listening nor responding to the voice of this important group, the countries which have so much to make up for will gradually condemn themselves to degradation into the global second league.

This report attempts to answer some of the most important current questions on challenges and opportunities related to emigration in Central and Eastern Europe at the beginning of the 21st century.



Jan Kulczyk

Lech Wałęsa
Historical leader of Solidarity movement (1980-1989),
Nobel Peace Prize Laureate (1983),
the President of Poland (1990-1995)
and CEED Institute Ambassador.

The European Union is based on four fundamental freedoms: free movement of goods, free movement of capital, free movement of services and last but not least free movement of people. The free movement of workers is one of the core principles enshrined within the Treaty on the Functioning of the European Union. Central and Eastern European countries have been experiencing and enjoying all of the areas of freedoms for 10 years. Within the realms of these freedoms, migration can bring major advantages and some negative aspects also.

Being mostly “migratory” states, with a negative migration ratio, they enjoy remittances from the emigrants who send money to their families back in the home-country, there is noticeable reduced pressure on the labour market, resulting in decreasing unemployment and in the modernization of the economy, and also partly of the society. Meanwhile, the countries experiencing migration need to also face economic and social challenges as some of their most skilled citizens depart, many families are disrupted and some households depend entirely on transfers from abroad.

The future years will show whether migration will become an ever more politicised issue. Without a doubt, a genuine and open discussion on the subject will be the only way to prevent it from becoming a toy in the hands of populists.

Lech Wałęsa

Indrek Neivelt
Estonian businessman,
Member of the Programme Board
CEED Institute.

Emigration from Central and East European countries to the more prosperous European countries, is one of the most important subjects for discussion of our era and covers very many complex issues. It must be admitted, that the scale of emigration has exceeded all forecasts. The level of emigrated people varies from 1 to 11 percent in different countries. Migration from poorer and smaller countries is higher than in the economically more developed countries. Due to migration, demography shows that the population of Eastern and Central European countries continue to decrease. According to Eurostat by 2060, in some countries, the population will further decrease by more than 20 percent. This decrease will generate pressure on to the social systems of these countries and for smaller countries it might even be a question of survival of the nation.

According to the data presented in the report, countries which receive labour from other countries are the biggest gainers. In addition, countries who are receiving people gain the most but are ready to set limits to this free movement of labour. Conversely, countries who are losing people are the biggest supporters of free movement of labour. Is it a paradox? Do we have a win-win solution to this subject?

Indrek Neivelt

Introduction

Migrare humanum est!

To migrate is human! This Roman adage demonstrates that the issue of freedom to migrate has been discussed over the ages. At present, human migrations are governed by detailed regulations. This is probably attributable to fears of many societies related to receiving immigrants, frequently of different cultures, on the one hand, and to the effortlessness of migrations which in the last 20-30 years have become fast and relatively cheap, on the other. Consequently, the means for undertaking migrations have never been so readily accessible as now, but simultaneously never before have so much money and time been spent on regulating and controlling them. One of the very few exceptions to these rules is the European Union, where a decision was made to remove restrictions to migration and grant to citizens of the Community the right not only to move freely across member states but also to undertake employment there. The three enlargements of the European Union that took place in the 21st century, resulting in accession to the EU of 11 CEE countries plus Malta and Cyprus, have simultaneously become a challenge for maintenance of the rule of non-discrimination against nationals of other countries in access to employment within the Community. Nevertheless, as a result of the definitely greater scale of migration than was expected, the economic crisis, decline of trust in EU institutions, as well as the understandable human fear of the future, a growing number of prominent politicians have challenged the sense of free movement of workers in its current form and have focused on presenting migration as a threat. Increasingly the question being asked is whether we should give up freedom of movement for workers. It is difficult to imagine, though, that the recent enlargements will result in a departure from this fundamental freedom and, consequently, in abandonment of the single market.

The ten years that have just elapsed since the first EU enlargement to the east enables an in-depth analysis demonstrating the effects of lifting restrictions on employment migrations, both for the acceding states and the countries of the so-called “old” Community. It is central to answering the questions of who benefits from migrations now and who may become their beneficiaries in the future, particularly in connection with approaching demographic changes. Moreover, consideration has to be given to whether the CEE region can be treated in the context of migration as a uniform area or whether several groups of states should be identified within the region. The third question to be answered is to what extent the governments of CEE countries should hamper new emigrations and try to stimulate return migrations, and whether they have the proper instruments to do this. Those three fundamental issues are the basis of this report. It was prepared on the basis of desk research, without conducting separate sociological, economic, econometric or statistical research, aimed at generating new data. All statistical tables and charts have been elaborated on the basis of the available databases, with particular stress on Eurostat data and national censuses carried out in CEE countries.

The report consists of five chapters:

Chapter One presents the results of analysis of the foundations underlying free movement of workers within the EU and the reasons behind limited exercise of this freedom by nationals of West European states. The analysis indicates the areas where many bureaucratic barriers are still in place despite the fact that restrictions have been lifted. Moreover, the chapter presents statistical data demonstrating the scale and directions of migrations taking place within the EU.

Chapter Two is devoted to presentation of the results of studies on the consequences of extending freedom of movement for workers to nationals of CEE countries. On the basis of Eurostat data, the chapter gives estimates of the scale of emigration from the states of the region in the period 2004-2012. On this basis, CEE countries are divided into three groups. Additionally this chapter presents data related to remittances and assessment of their impact on the economies of specific sending states. An attempt is also made to present the costs and benefits of migration for receiving states, particularly West European countries.

Chapter Three discusses the issue of return migration, including an attempt at answering the question of why its scale is so limited in contrast to prior forecasts. Moreover the chapter presents characteristics of return migrants and a typology of the reasons behind decisions to return to the state of origin. It also contains a list of the programmes targeted at return migrants that have been implemented in CEE countries.

Chapter Four focuses on the issue of immigration to CEE countries. Among other things, it presents data concerning the inflow of immigrants into those states and categorises them based on percentage shares of foreigners in particular societies. An attempt is also made to answer the question of to what extent the states of the region are attractive for foreigners and whether immigration can make up for labour market shortages caused by emigration. At the same time, the chapter explores the hypothesis that CEE countries are transforming from emigration countries into emigration-immigration ones.

Chapter Five summarises the report and presents conclusions from several studies, as well as recommendations for the states of the region. On this basis, an answer is given to the question contained in the title of, and introduction to, the paper.

The debate about freedom of movement for workers after accession of CEE countries to the European Union will continue. We hope that the results of the studies presented in this report and recommendations for the governments of the states of the region will be used in this discussion and will contribute to understanding how valuable the freedom to migrate is for gainful employment, but also what challenges it entails.

Chapter I

Migrations within the EU: is free movement of workers really free?

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Free movement of persons is a cornerstone of the single market, being indisputably the greatest success of the European Union.

Lifting of the barriers to movements of goods, services, capital and persons allowed the Member States to have spectacular economic successes, and their citizens to attain living standards of unprecedented levels. Nevertheless, one has to be aware of the uniqueness of the introduction of the freedom to move and undertake employment within the EU. Throughout world history until 1968, when the European Economic Community adopted the first legal acts related to freedom of movement for persons, we had never before encountered a situation where governments would make a decision to admit, virtually without any restrictions, citizens of other states to their own territories and labour markets.

As an element of the single market, free movement of persons comprises freedom of movement for workers, students and pensioners (persons who have ended economic activity), and of their family members. As a rule, movement of persons for tourist purposes is not treated as an element of the single market, but as an exercise of the fundamental civil right to move.

One has to concur with the opinion that it is the freedom to migrate where the civil dimension of European integration is best manifested. When exercising other freedoms, we are rarely aware of doing this, while presence in the labour market of employees from other states is something most easily perceived and identified as an outcome of European integration. This entails both several opportunities and challenges. On the one hand, shortages in labour markets are redressed, and consequently the potentials, both of employees and of economies, are better utilised. On the other hand, the flow of employees may increase competition in the labour market between nationals of a given state and citizens of other Member States. As a result, many people may turn their backs on European integration and begin to perceive it as a source of problems, rather than a way to solve them. Unfortunately, it seems that public debates in recent years have been dominated more by fears than the positive aspects of free movement of workers.

Law is one thing, reality is quite another!

The legal basis for freedom of movement for workers, as an element of the single market, was introduced in the Treaty of Rome of 1957 establishing the European Economic Community. However, 11 years had elapsed before this freedom was put into practice, when a relevant regulation and directive were passed, obliging Member States to remove restrictions on the movement of workers. The delays in the implementation of legislation resulted mainly from fears that opening of labour markets might result in large-scale movements of workers, and consequently in destabilisation of the economic situation. Moreover, it was necessary to agree on the principles for coordination of social security systems (mainly as regards transfers of rights to acquire and receive benefits from pension systems) and for recognition of qualifications, without which full exercise of the freedom of movement for workers is unimaginable.

An analysis of legislation currently in force makes it clear that, apart from the aforementioned exceptions, movement of workers should not be restricted. This is guaranteed not only by the provisions of the Treaty on the functioning of the European Union, but also by the Charter of Fundamental Rights, Regulation 1612/68/EC and Directive 2004/38/EU. At the same time, many issues had to be clarified by the Court of Justice of the European Union[1], which issued binding interpretations of legal regulations. An analysis of rulings demonstrates that red tape applied by particular Member States has been steadily reduced.

One of the most famous cases (C-415/93) considered by the Court of Justice of the European Union concerned a Belgian footballer, Jean-Marc Bosman, who demanded recognition of his right to be transferred to a new club without the obligation to pay a fee to the old club. As a result of the ruling, it was decided that freedom of movement of workers introduced by legal regulations translates into granting citizens of Member States the right to unrestricted pursuit of gainful employment and the related residence in the territory of another member state of the Community.

According to currently binding legislation (Article 45 of the Treaty on the Functioning of the European Union, further elaborated by EU secondary legislation and the case law of the Court of Justice), workers migrating within the European Union are eligible for many privileges.

[1] Before entry into force of the Lisbon Treaty, it was known as the European Court of Justice.

They have the right to freely enter and exit any Member State not only to undertake, but also to search for employment. Moreover they cannot be discriminated against in any way as concerns working conditions, e.g. the level of wages, duration of leave or access to training to improve qualifications. When their employment relationship expires, they also have the right to remain in the country where they worked. Restriction of free movement of workers, particularly as regards access to specific jobs, may be introduced only in certain circumstances related to the necessity to ensure public security, public health or public policy. The list of exceptions is very limited though. Recognition of the freedom as a universal one means that each time Member States wish to introduce restrictions in access to their labour markets for citizens of acceding Member States, they have to negotiate so-called transitional periods. During the recent Community enlargements, transitional arrangements were applied. The maximum duration, during which restrictions may apply, was set at seven years.

Restrictions to which citizens of the "new" Member States that acceded to the EU in 2004, 2007 and 2013 were subjected were nothing exceptional in the history of the Community. Transitional periods in the field of free movement of workers were also applied when Greece, Spain and Portugal acceded to the EU. However, in those cases the opening of labour markets already upon the accession date was still inadmissible. Such a possibility was not introduced until the enlargement of 2004. The United Kingdom, Ireland and Sweden availed themselves of this option (Duszczyk 2002).

Despite the fact that free movement of workers has been recognised as a cornerstone of the EU and the rights of migrant workers are enshrined in several legal acts, many Member States have attempted to introduce various kinds of restrictions in access to their labour markets. If not directly, they apply regulations (e.g. as regards access to welfare benefits) that result in discrimination against citizens of other countries. For example, in April 2013 the Court of Justice of the European Union (Court ... 2013) considered as a discriminating practice the regulation introduced in the territory of Belgium (Flanders) according to which every employment contract would have to be drawn up in Dutch. Belgium was obliged to change this regulation and admit the possibility for employment contracts to be drawn up in other languages, but ones that have to be comprehensible for employees.

In previous years, the European Commission instituted many proceedings against some Member States, including Germany (which prohibited the return of those EU citizens who had earlier been expelled from that country), and Austria and Sweden, which introduced many hindrances for family members of migrant workers.

In May 2013 the European Commission decided to take legal action against the United Kingdom, which in its opinion discriminates against the rights of citizens of other EU states to welfare benefits, which those citizens are eligible for under EU law.

An analysis of the documents of the European Commission and the case law of the Court of Justice of the European Union enables us to formulate a list of major restrictions on free movement of workers. They include: language-related issues (e.g. the requirement for candidates for work to have command of the language on a par with the nationals of a given country), restricting access to housing, placing restrictions on family reunions, limiting recruitment for vacant jobs exclusively to nationals of a given state, depriving workers searching for employment of the right to reside, hindering the use of welfare benefits, protracting procedures for recognition of professional qualifications and persuading workers to leave when they lose employment.

The above brief analysis demonstrates that despite the over 45-year history of the functioning of free movement of workers, this principle has not been fully put into practice. Parallel conclusions were drawn by the European Commission, which in April 2013 proposed adoption of a new directive providing for elimination of barriers and introduction of measures facilitating employment migration within the EU. The European Commission intends, through its introduction, to reduce protectionism applied by Member States and eliminate the reluctance of many governments to subordinate themselves to EU decisions ordering the lifting of restrictions or the ending of discriminatory practices (European Commission 2013).

Politicisation of migration in the EU – advantage or disadvantage?

The economic crisis we have been experiencing since 2008 has resulted in a fundamental change in the political debate about the benefits ensuing from freedom of movement for workers. Positive opinions pointing out the benefits of opening up labour markets prevailed in the first years after the EU enlargement of 2004 (European Commission 2006). The present tone of the discussion is completely different. It is dominated by fears of the outcomes of unrestrained movement of workers and calls for introduction of restrictions. Observations of the political debate concerning consequences of applying free movement of workers to the citizens of CEE countries allow us to identify at least a few events that influence both public opinion and the future of the freedom itself.

First of all, one can point out the functioning of the web portal used for denunciation of nationals of "new" Member States working in the Netherlands. It was established in February 2012 in response to the growing numbers of workers taking advantage of the freedom to move and the conviction that they were the source of crime or lowering of wage standards. Although the portal was condemned by the European Parliament, among others, it actively operated for several months.

A majority of EU institutions responded negatively to the decision of Switzerland (European Parliament 2013), which in 2012 decided to reduce the number of permanent residence permits (which are related to undertaking of employment) for nationals of Poland, Lithuania, Latvia, Estonia, Slovakia, Slovenia, the Czech Republic, and Hungary. The country backed up this decision with arguments that it feared loss of stability in its labour market resulting from increased immigration of citizens of these CEE states. Relations between Switzerland and European Union institutions became tense after announcement of the results of the early 2014 referendum, with a majority of the Swiss voting to curb immigration. The Commission recalled that any changes affecting free movement of workers would be tantamount to breaching by Switzerland of its agreements with the European Union.

On the other hand, the European Commission responded with understanding to the decision of Spain (European Commission 2012), which notified the Commission in July 2011 about restoration of restrictions on labour market access for citizens of Romania and Bulgaria (on 1st January 2009 Spain lifted restrictions in this regard). Spain argued in its notification that – given growing unemployment an inflow of citizens of those states posed a serious risk of disturbances in the labour market.

The United Kingdom has recently been the state most emphatically demanding amendments to EU regulations aimed at introducing restrictions on free movement of workers. Prime Minister David Cameron has said that opening up of the UK's labour market in 2004 was a mistake and brought more costs than benefits. Although this claim has not been corroborated by independent studies (Dusstman et al. 2013), which on the contrary prove that there were indisputable benefits for the United Kingdom, this has failed to make the UK's government change its position in this regard.

Freedom of movement for workers was most specifically opposed in a letter written by four ministers (of the United Kingdom, Austria, the Netherlands and Germany) in May 2013. The letter called for changes in the welfare benefits to which migrant workers are entitled and favoured guarantees to pay immigrants wage rates consistent with the standards of a given state.

On the basis of an analysis of the positions of the Member States, which change fast, one can categorise them in terms of attitude towards freedom of movement for workers. The greatest differences in this respect can be observed in the case of EU-15 states. This group includes both the most sceptical countries, such as the United Kingdom and the Netherlands on the one hand, and Germany and France, which recognise the problem but oppose solutions that might impact upon the rights of migrant workers, on the other. The Member States that acceded to the EU in the 21st century display a rather uniform position and favour maintenance of the solutions currently in place. At the same time, owing to the scale of migration, countries such as Poland, Latvia and Lithuania have begun to perceive the adverse consequences of free movement of workers, particularly from the viewpoint of the demographic situation.

The states that until recently were subject to transitional periods (Bulgaria and Romania) and Croatia (which still is) have thus far favoured the fastest possible elimination of restrictions.

Table 1
Classification of states by attitudes towards the free movement of workers

States that favour introduction of significant restrictions	The United Kingdom Austria The Netherlands Denmark Cyprus Greece Switzerland Lichtenstein
States that favour introduction of the option to suspend the freedom temporarily, e.g. in times of high unemployment	Belgium Luxembourg Italy Spain Portugal
States that recognise the problems but oppose any significant changes	Germany France Sweden Finland Malta Ireland Slovenia Norway
States that favour maintenance of the present regulations	Poland Lithuania Latvia Estonia Hungary The Czech Republic Slovakia
States that favour elimination of restrictions	Romania Bulgaria Croatia

Source: Elaborated on the basis of an analysis of the positions of the governments of specific Member States as regards free movement of workers in the period 2010-2013.

To sum up, one can state that despite introduction of the free movement of workers, employment migrations of EU citizens within the Community are still subject to several restrictions, both formal and informal. The climate surrounding the freedom of movement is adversely affected by the positions of several Member States, which favour changes in the field of employment migrations within the EU aimed at restricting it. This does not bode well for the future. At the same time, it is indisputable that the European Union, other European Economic Area (EEA) states and Switzerland remain the only region of the world where an attempt has been made at establishment of a single labour market operating under the same principles as domestic ones. Compared to other regions, the restrictions to the freedom of movement are least stringent for workers, who are guaranteed many rights not encountered anywhere else.

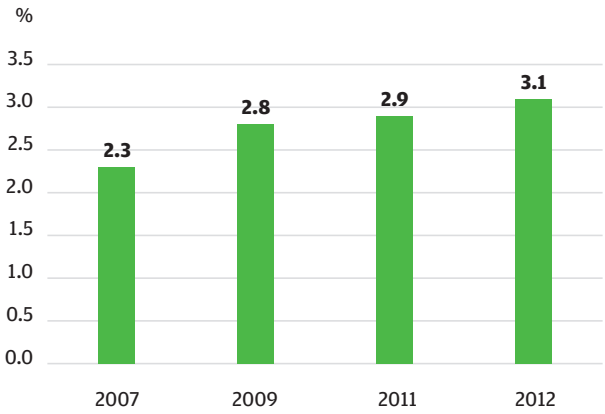
Do EU citizens use the freedom of movement?

Despite the introduction of the free movement of workers and the increased intra-Community migrations resulting from the EU enlargements of 2004 and 2007, the fact remains that this freedom is exercised to a very limited extent.

Since 1st January 2014, when restrictions on the free movement of workers were lifted for Bulgaria and Romania, this right can be exercised by approximately 360 million occupationally active citizens of the EU, Norway, Iceland and Lichtenstein (all three being members of the European Economic Area), and of the Swiss Confederation. Only nationals of Croatia, which acceded to the Community on 1st July 2013, are deprived of this freedom – they are subject to transitional periods.[2]

An analysis of Eurostat data demonstrates, however, that only a very limited number of EU citizens decide to take the challenge and move to another country to take gainful employment and reside there (Chart 1). The figures for 2012 indicate that only 3.1 per cent of productive-age EU citizens reside in a different Member State than their state of origin. This means that only approximately 11.3 million people exercise the freedom of movement of persons. This figure is far below that for the three other freedoms comprising the single EU market. The data contained in Chart 1 suggest that despite the enlargements, the percentage of mobile residents of the Community has not changed considerably in recent years, although some growth in this regard is still perceptible. In 2007, when a majority of the Member States renounced transitional periods in freedom of movement for workers for the nationals of the states that acceded to the EU in 2004, the percentage amounted to 2.3. This means that in practice EU enlargement contributed a 0.8 percentage points, i.e. approximately 2.9 million people, to that share.

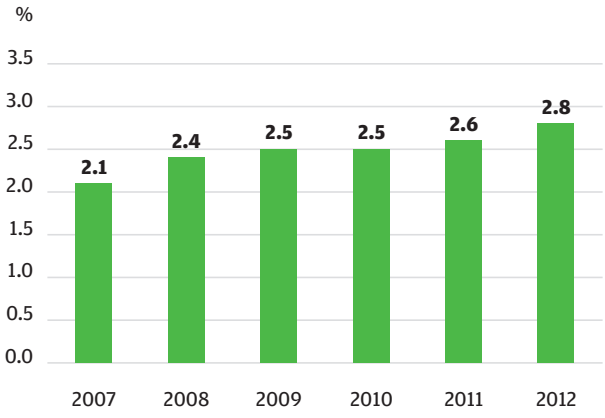
Chart 1
Changes in the percentage of productive-age EU citizens residing in a different Member State than their country of origin, 2007-2012



Source: Own elaboration based on Population by sex, age group and citizenship – Eurostat

Similar conclusions can be drawn from an analysis concerning the share of EU citizens residing in other Member States in the total population, and not just in the occupationally active one. In this case, the figure is 2.8 per cent (Chart 2).

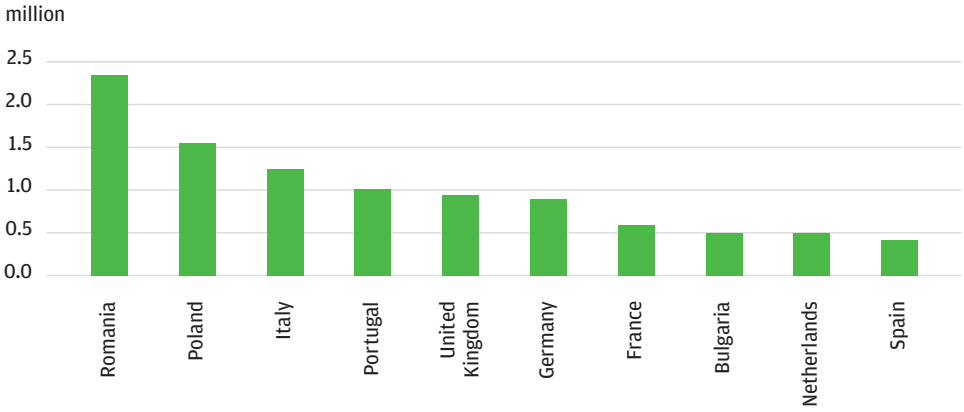
Chart 2
Changes in the percentage of EU citizens residing in a different Member State than their country of origin



Source: Own elaboration based on Population by sex, age group and citizenship – Eurostat

[2] Notwithstanding the fact that CEE countries decided against introduction of transitional periods and opted for opening of their labour markets to Croatians already upon this state's accession to the EU.

Chart 3
The states of origin of the largest numbers of EU citizens residing in other Member States, 2012



Source: Migration and migrant population statistics, http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Migration_and_migrant_population_statistics (accessed: 10.02.2014)

Analysis concerning mobility of EU citizens (Chart 3) suggests that Romanians are the largest group residing in other Member States (almost 2.4 million), followed by Poles (1.8 million) and Italians (1.3 million).

The fact that the potential of free movement of workers is not fully utilised is proven by the figures concerning the shares of non-nationals residing in the Member States of the Community with the largest populations (Table 1). In those states, the number of EU citizens exercising the right to free movement of persons[3] is lower than that of third-country (i.e. non-EU) nationals (Table 2). For example, in Germany, the EU country with the largest population, the percentage of residing EU citizens (EU-27) without German nationality amounts to a mere 3.4 per cent, while third country nationals account for 5.65 per cent of the total population. The situation is similar in France (2.1 and 3.8 per cent, respectively). In the United Kingdom, the percentage of EU citizens does not differ much from that of third country nationals (3.7 and 3.9 per cent, respectively).

Table 2
EU citizens residing in the most populated EU-28 states, 2012

Country	Non-nationals	
	Total (%)	Citizens of other EU Member States (%)
Germany	9.05	3.4
France	5.90	2.1
United Kingdom	7.60	3.7

Source: Own calculation based on Population by sex, age group and citizenship – Eurostat

Luxembourg is the country with the largest share of EU citizens in the total population: foreigners from other Member States account for almost 40 per cent of its residents (Table 3). It is followed by Cyprus, where the share of EU citizens is almost three times lower than in the case of Luxembourg. In those two states, persons enjoying the right to free movement of persons comprise a larger group than third country nationals. Table 3 also includes Latvia, but in this case there is a significant difference. Latvia is in the group of three states with the largest share of foreigners in the population in the EU, but the citizens of other EU Member States residing in its territory account for mere a 0.3 per cent of the population. The people who reside in Latvia, but hold citizenship of neither Latvia nor any other EU Member State, are mainly Russians or stateless persons, i.e. people who lost Soviet citizenship in the early 1990s, but failed to adopt either Russian or Latvian citizenship. The situation in Estonia is similar.

Table 3
EU member states with the largest share of foreigners in the total population, 2012

Country	Non-nationals	
	Total (%)	Citizens of other EU Member States (%)
Luxembourg	43.8	37.9
Cyprus	21.0	12.6
Latvia	16.3	0.3

Source: Own calculation based on Population by sex, age group and citizenship – Eurostat

To make the picture complete, we need to also mention Switzerland and Lichtenstein, where the percentage of EU citizens residing permanently exceeds 10 per cent. This percentage is 14.3 and 16.6 per cent in Switzerland and Lichtenstein, respectively.

[3] Most of them exercise freedom of movement for workers, but it is impossible to find precise data in this regard.

The analysis of the share of foreigners in the populations of the EU Member States demonstrates that their share is the lowest in "new" Member States (Table 4). This group is led by Poland, where foreigners account for 0.15 per cent of the population. The number of citizens of other EU Member States residing in Poland is also insignificant. Poland is followed by Romania, then by Bulgaria. The figures presented indicate that Romania is the country with the lowest share of citizens of other EU Member States in the total population.

Table 4
EU member states with the lowest share of foreigners in the total population, 2012

Country	Non-nationals	
	Total (%)	Citizens of other EU Member States (%)
Poland	0.15	0.05
Romania	0.17	0.03
Bulgaria	0.50	0.10

Source: Own calculation based on Population by sex, age group and citizenship – Eurostat

Parallel figures for other EU Member States that acceded in the 21st century are shown in Table 5.

Table 5
The share of foreigners in CEE countries (except Poland, Romania, Bulgaria and Croatia), 2012

Country	Non-nationals	
	Total (%)	Citizens of other EU Member States (%)
Czech Republic	4.0	1.4
Estonia	15.7	1.1
Latvia	16.3	0.3
Lithuania	0.7	0.1
Hungary	2.1	1.3
Slovakia	1.3	1.0
Slovenia	4.2	0.3

Source: Own calculation based on Population by sex, age group and citizenship – Eurostat

Very interesting results are afforded by an analysis of EU Members States, other EEA countries and Switzerland from the viewpoint of the citizenships of the largest groups of foreigners living there, who exercise free movement of persons (Table 6). For example, Poles comprised the largest group of foreigners in as many as six countries (Denmark, Ireland, Iceland, Lithuania, Norway, the United Kingdom), whereas Romanians prevailed in five countries (Bulgaria, Spain, Portugal, Hungary, Italy).

Table 6
The most dominant groups of foreigners - citizens of EU Member states - in EU Member States, other EEA countries and Switzerland

Country	EU-28 nationalities	EU-15 nationalities
Austria	Germany	Germany
Belgium	Italy	Italy
Bulgaria	Romania	Germany
Cyprus	Greece	Greece
Czech Republic	Slovakia	Germany
Denmark	Poland	Germany
Estonia	Finland	Finland
Finland	Estonia	Sweden
France [a]	Portugal	Portugal
Hungary	Romania	Germany
Germany	Italy	Italy
Greece [b]	Bulgaria	Germany
Italy [b]	Romania	Germany
Ireland	Poland	United Kingdom
Latvia	Germany	Germany
Lithuania	Poland	Germany
Luxembourg	Portugal	Portugal
Malta [a]	United Kingdom	United Kingdom
Netherlands	Germany	Germany
Poland	Germany	Germany
Portugal	Romania	United Kingdom
Romania	Italy	Italy
Slovenia	Croatia	Italy
Slovakia [c]	Czech Republic	Germany
Sweden	Finland	Finland
Spain	Romania	United Kingdom
United Kingdom	Poland	Ireland
Iceland	Poland	Germany
Liechtenstein	Austria	Austria
Norway	Poland	Sweden
Switzerland	Germany	Germany

[a] – for 2009 [b] – for 2010 [c] – for 2004

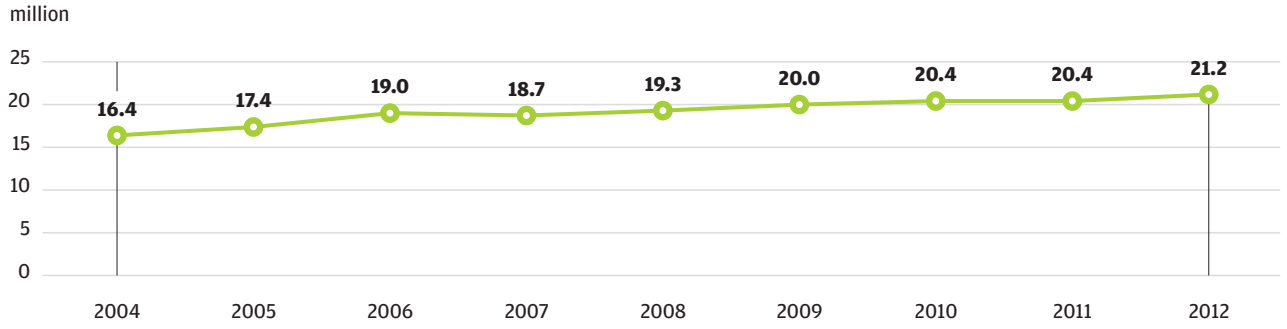
Source: Own elaboration based on International Migration Outlook 2013 – OECD and Population by sex, age group and citizenship – Eurostat

The analysis presented above indicates that far fewer EU citizens exercise free movement of workers than might be expected. The contributing factors include both economic ones (small real differences in wages and working conditions between the largest Member States) and social ones (the costs related to emigration, including language-related issues). Among recent factors, one should also point out the adverse impact of the political discussions, which have increasingly put forward arguments favouring restriction of the free movement of workers.

At the same time that the European Union is the destination of gainful employment immigration from other Member States, the number of third country nationals residing permanently in particular Member States is growing steadily. Their number has increased by 4.8 million in the period 2004-2012, despite the potential of gainful employment immigration being reduced due to the crisis.

Chart 4

Changes in the population of third country nationals residing in EU-28 countries, 2004-2012

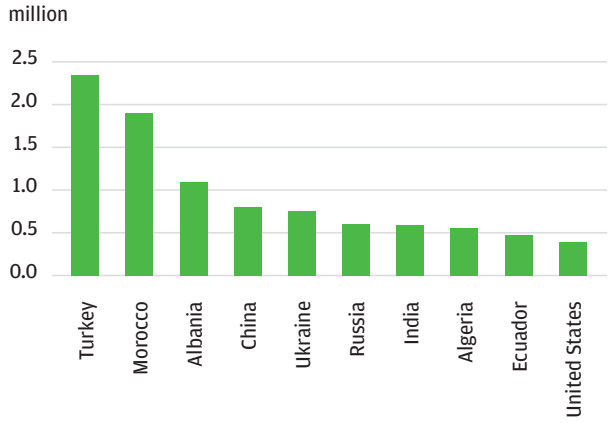


Source: Own calculation based on Population by sex, age group and citizenship – Eurostat

Chart 5

Main countries of origin of non-nationals in the EU-27, 2012

Turks are the largest group of non-EU immigrants. They are followed by Moroccans and then by Albanians.

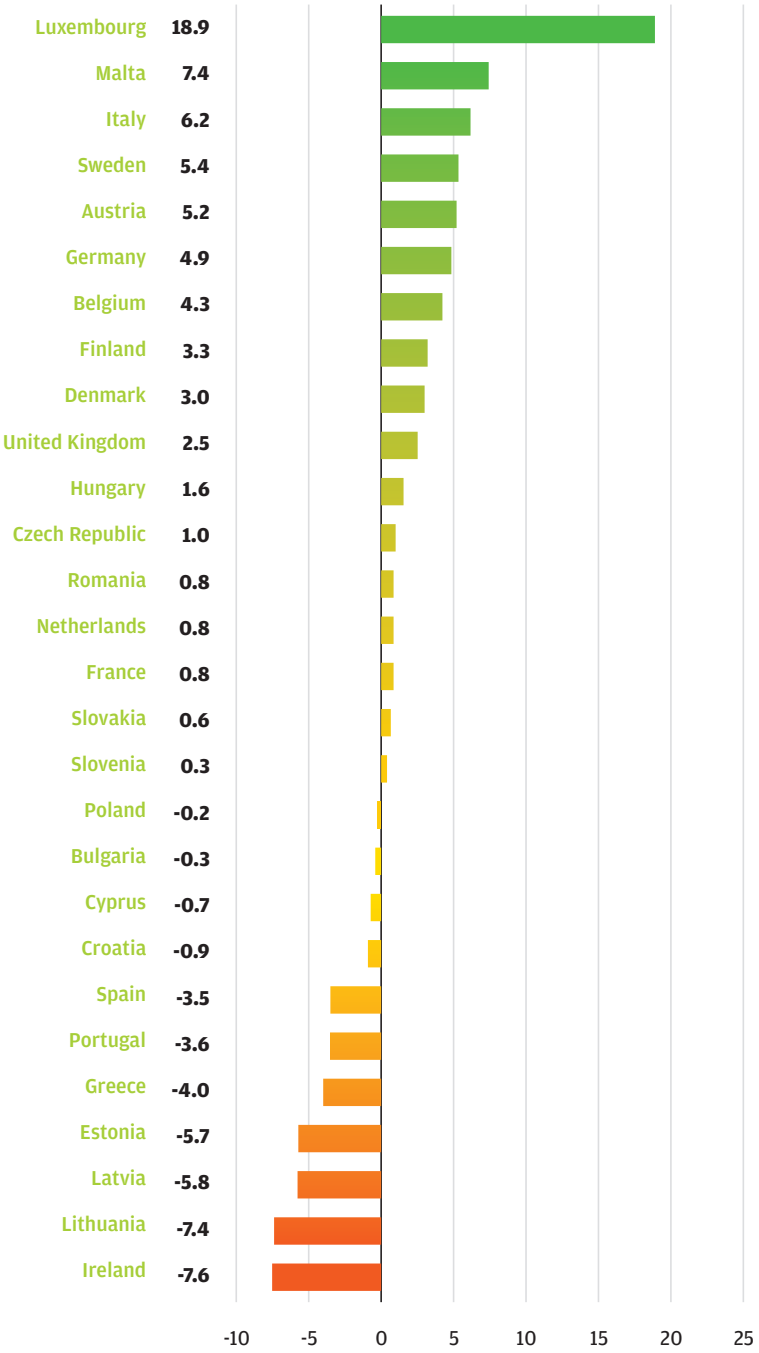


Source: Migration and migrant population statistics, http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Migration_and_migrant_population_statistics (accessed: 10.02.2014)

As demonstrated by the figures summarising migration movements, the European Union is greatly diversified in terms of inflows and outflows (net migration) (Chart 6). The most recent figures demonstrate that in 2012 the greatest "losses" were posted by Ireland – 7.6 per 1,000 residents.

The greatest "gains" was recorded by Luxembourg, where the net immigration level equalled +18.9 per 1,000 inhabitants. The scale of unpredictability of migration processes is demonstrated by Ireland, already referred to before. Back in 2006 it recorded the swiftest immigration dynamics, and the net immigration indicator was 22.2 per 1,000 inhabitants.

Chart 6
Migration balance in EU-28 countries, 2012 (per 1,000 inhabitants)



Source: Own elaboration based on Crude rate of net migration plus adjustment. Per 1000 inhabitants - Eurostat

Does lifting of restrictions limit the grey economy?

The figures in Chart 1 demonstrate that accession to the EU of 13 new states (EU-11 plus Cyprus and Malta) has not changed the overall picture of the Community as a region with limited mobility. However, for some receiving states (Ireland, the United Kingdom, Norway, the Netherlands) and sending ones (Poland, Lithuania, Romania and Bulgaria) the consequences of labour market opening are much more visible. Detailed figures and migration directions will be analysed in Chapter 2. It should be mentioned here that extending free movement of workers to citizens of "new" Member States has resulted in a reduction of the scale of illegal employment of those persons in the labour markets of receiving states. This consequently has translated into greater employment security and the possibility of defending one's rights whenever a conflict with an employer arises. When legal employment is impossible, employees working in the grey economy, particularly if they are foreigners, are always disadvantaged compared to employers. Free movement of workers and the related rights help improve relations between foreign employees and employers. This yields benefits both for immigrants and the labour market of the receiving state (by reducing the grey economy).

It is impossible to determine precisely the number of foreigners residing in a given state who have legalised their residence after labour market opening. The scale of immigration to the United Kingdom in the first months after it opened its labour market on 1st May 2004 suggests that this number was probably as high as 100,000 persons (citizens of all "new" Member States). In their case, enlargement allowed them to exit the grey economy and obtain legal employment.

Main conclusions from the chapter:

Free movement of workers is one of the major rights to which citizens of the European Union are entitled. There is no other region worldwide where particular states have opened their labour markets to citizens of other countries.

Although this freedom has been in place since 1968, a very limited number of EU citizens exercise it. Moreover, it is still subject to several restrictions. Those include mainly bureaucratic barriers (indirect discrimination), which deprive immigrants of certain rights; this discourages them from taking employment and residing in a given state.

The European Union enlargements of 2004, 2007 and 2011 resulted in increased migration within the Community. However, the scale of present migration hardly changes the fact that the EU is a region of very limited employment mobility (see also: Okólski 2012, pp. 23-44).

The consequences of the inflow of citizens of "new" Member States into labour markets of other countries and of the crisis-induced growth in unemployment are used in the political debate, resulting in attempts to restrict free movement of workers.

Member States are highly diverse in terms of the share of the citizens of other EU Member States in their populations. On the one hand, one can point to Luxembourg, where almost 40 per cent of the population is comprised of EU citizens who are not Luxembourg nationals. On the other hand, we have Romania and Poland, where the share of citizens of EU member states in the total population does not exceed 0.05 per cent.

Migration within the EU is being substituted by immigration from third countries. The scale of gainful employment immigration from outside the EU is on the rise, demonstrating the attractiveness of EU labour markets despite the economic slowdown and growth in unemployment.

Chapter II

Who benefits from migrations from the CEE and how?

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Extension of the principle of free movement of workers to the citizens of the countries that acceded to the EU in the last three enlargement rounds gave rise to intense emotions during accession negotiations. Nevertheless, the documents forecasting the costs and benefits of the membership of successive states in the EU contained information that lifting of restrictions on migrations would bring positive outcomes for both sending and receiving states (Boeri at al. 2000 and Office of... 2003). However, public opinion in a significant number of EU-15 states opposed immediate opening of their labour markets and supported the introduction of transitional periods. The solution eventually introduced seemed to reconcile both parties. The applied model, which transitional periods were based, offered two options: a given state could either open its labour market immediately after enlargement or it could maintain restrictions for a maximum period of seven years (The Treaty of Accession... 2003). During the enlargements we have experienced so far in the 21st century, those options have been applied in various ways. For example, the United Kingdom, which lifted restriction on citizens of the states that acceded to the EU in 2004, decided to maintain them for Bulgarians and Romanians for the maximum, seven-year period.

The adoption of transitional arrangements aimed at limiting potential adverse consequences for the labour markets of receiving states, while at the same time restricting only temporarily the exercise of one of the most fundamental rights of EU citizens. Difficulties in forecasting migrations for gainful employment should be pointed out here too. Transitional periods were a kind of test to evaluate both the mobility of citizens of acceding states and the absorption capacities of the labour markets of the "old" member states. The 10-year period that has elapsed since the first EU enlargement to the east, and the 7 years that have passed since Bulgaria and Romania joined the EU, enable the first assessments of the effects of enlargements as regards gainful employment mobility.

Free movement of workers – hope for a better life

The opportunity to undertake gainful employment abroad without the obligation to obtain an employment permit has been perceived by citizens of EU-10[4] as one of the major benefits of EU membership. For example, over 50 per cent of Polish citizens recognised the negotiation of free access to labour markets of other states as one of the major tasks for their negotiators (The Institute of... 1998.). In 2010 Eurobarometer – the EU agency concerned with public opinion surveys – published a report related to free movement of workers. It suggested that nationals of "new" member states prevailed among those who thought that their chances to find work were better abroad than at home. Such an opinion was particularly widespread among Latvians (76 per cent) and Lithuanians (72 per cent).

4 Since most studies were performed before 2013, data for Croatia is missing from the presentation of their results.

Table 7
The propensity to move abroad for Europeans who feel that chances to find work are better abroad than at home, 2010

Country	% better
Latvia	76
Lithuania	72
Slovakia	66
Estonia	57
Hungary	55
Romania	51
Poland	51
Czech Republic	42
Bulgaria	36
Slovenia	31
EU-27	**39**

base = 19,793 respondents

Source: European Commission, Geographical and labour market mobility, Special Eurobarometer 337, June 2010

Results of other public opinion studies have confirmed that the citizens of EU-10 states are convinced that the free movement of workers brings more benefits than costs for their countries. Migration freedom was most positively perceived by Romanians and Bulgarians, while it was assessed most negatively by Latvians and Czechs, although even in their case over 60 per cent of their nationals agreed with the opinion that undertaking gainful employment abroad brings positive outcomes.

Table 8
"Do you agree or disagree with the following statement: Free movement of people within the EU brings overall benefits to the economy of your country?" EU, 2013

Country	Total agree (%)	Total disagree (%)	Don't know (%)
Romania	88	10	2
Bulgaria	79	17	4
Lithuania	78	18	4
Poland	76	21	3
Estonia	74	20	6
Slovakia	72	26	2
Slovenia	72	26	2
EU-27	**67**	**30**	**3**
Hungary	66	29	5
Czech Republic	60	38	2
Latvia	60	38	2

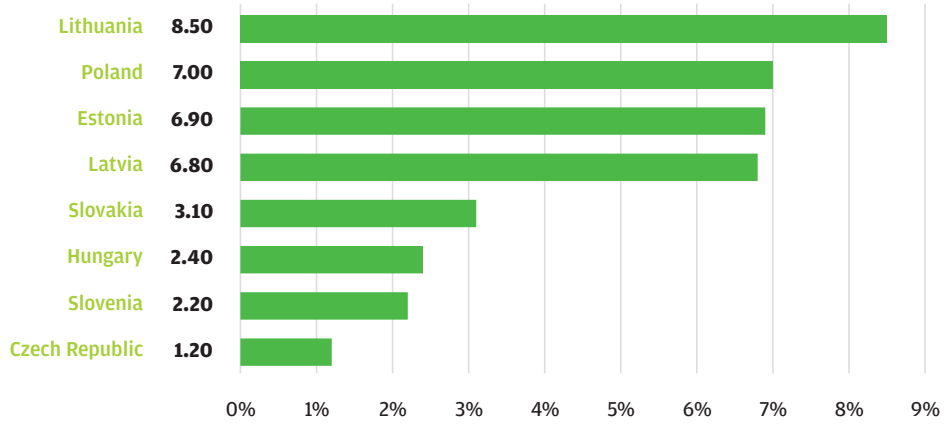
Source: European Commission, Free movement of people: five actions to benefit citizens, growth and employment in the EU, COM(2013) 837 final

The results of those studies demonstrate that citizens of the CEE member states that acceded to the EU in 2004 and 2007 differ widely in perceptions of the costs and benefits related to migration freedom. Whereas Romania, Bulgaria, Lithuania, Poland, Estonia, Slovakia and Slovenia are clearly above the EU average, Hungary, the Czech Republic and Latvia are below the average. Particularly interesting is the position of Latvians, who very positively perceive their chances of finding employment abroad, and at the same time express their fears of the related consequences for the economy. This can be explained by a mismatch between the perceived personal benefits of emigration (better chances of finding employment) and the negative impacts for the economy as a whole (outflow of highly qualified people and deepening of adverse outcomes of demographic changes in the future). In the case of Latvia, the situation is compounded by the fact that many Russian nationals and so-called stateless persons reside in its territory. The outflow of Latvians abroad adversely influences the ratio between Latvian citizens and foreigners.

The United Kingdom and Cyprus are the most sceptical states as concerns benefits from free movement of workers. In their case, over 45 per cent of citizens shared the opinion that migrations within the EU entail more costs than benefits.

The results presented above are similar to the conclusions from the surveys concerning expectations of EU-8 citizens related to willingness to take advantage of free movement of workers. A survey carried out immediately after the 2004 accession demonstrated that the greatest emigration potential was displayed by Lithuanians, with 8.5 per cent intending to move to another member state. A significant emigration potential was also displayed by Poles, Estonians and Latvians. The lowest propensity to go abroad was displayed at that time by Czechs, with only 1.2 per cent intending to emigrate to another member state.

Chart 7
People who expect to move to another EU country in the next five years, by country, 2005 (in %)



Source: European Foundation of the Improvement of Living and Working Conditions. Mobility in Europe: Analysis of the 2005 Eurobarometer survey on geographical and labour market mobility, Dublin 2006

An analysis of the scale of emigrations, whose results will be presented in a later part of the chapter, largely corroborates the results of public opinion surveys.

Citizens of "new" member states are well aware of their rights as regards the free movement of workers. What is interesting, though, is that the best-informed citizens of the EU-10 states are nationals of Romania, the country which was still subject to transitional arrangements when the survey was conducted. The least aware of their rights were Poles and Slovenians, whose awareness levels were below the EU average. In the case of nationals of those two states, the awareness of rights has been declining since 2007, while it has been on the rise in other states.

An analysis of the aforementioned public opinion survey results clearly shows that citizens of EU-10 states have significant emigration potential. They both have knowledge of their rights and perceive labour markets of other states as attractive ones, particularly when compared to their own.

Table 9
Citizens who knew in 2012 that they had the right to migrate and live freely in another EU member state

Country	%
Romania	96
Latvia	95
Slovakia	94
Czech Republic	94
Lithuania	93
Estonia	92
Hungary	92
Bulgaria	89
Poland	87
Slovenia	85
EU-27	**88**

Source: European Commission, EU Citizenship Report 2013, Brussels 2013

How many nationals of CEE countries have left and for what destinations

As has been already mentioned, forecasting migration movement within the EU is a very difficult task. The analysis of all available estimates published before the EU enlargement of 2004 demonstrates that the scale of actual emigration was definitely greater than forecasts had envisaged. The literature most frequently quotes the example of British studies, which had estimated the scale of emigration in the first years after opening of the labour market by the UK to citizens of EU-8 states at 13,000 (Dustmann et al. 2003). In reality, up to the end of 2005, over 300,000 immigrants seeking gainful employment came to the United Kingdom from new member states (UK Border Agency 2009). The error of British researchers can be explained only by the assumption they had made that, in parallel with the United Kingdom, Germany would also open its labour market and absorb the main migration wave from CEE (it was assumed that approximately 80 per cent of all migrants would go to Germany and Austria).

Just as it is difficult to forecast gainful employment migration within the EU, the same applies to estimating the number of citizens of one state living and employed in another one. The specifics of free movement of workers consist in the fact that migrating persons in many cases do not have to notify the authorities about their departures or arrivals. Therefore, estimates concerning migrations differ widely depending on what data is used as the basis for analysis. Despite this reservation, it is possible to show both the overall scale of migration and its directions.[5]

The estimates developed on the basis of Eurostat data suggest that the number of emigrants from EU-10 states increased between 2004 and 2012 from approximately 1.7 million, up to 5.6 million people. The greatest change dynamics were recorded in two Baltic states, Latvia and Lithuania, where the number of nationals residing in EU-15 member states grew by over 400 per cent in the period 2004-2012. The smallest dynamics was recorded in the Czech Republic and Slovenia. In those two states, the growth amounted to several dozen per cent in the studied period.

The largest number of emigrants came from Romania and Poland. In the former case, the number of people moving in the period 2004-2012 rose by almost 1.9 million; in the case of Poland, the growth amounted to approximately 1.2 million people. This comes as no surprise, because those are two most populous member states of those acceding to the EU in the 21st century.

Table 10
Estimates of the number of citizens of CEE countries residing in the EU-15 and the related percentage change[6]

Country	2004	2006	2008	2010	2012	2004/2012 (%)
Bulgaria	171,000	229,000	333,000	437,000	482,000	**180**
Czech Republic	74,000	71,000	113,000	105,000	108,000	**40**
Estonia	28,000	34,000	45,000	59,000	68,000	**140**
Hungary	92,000	92,000	131,000	152,000	184,000	**100**
Latvia	23,000	32,000	57,000	80,000	128,000	**450**
Lithuania	50,000	99,000	167,000	193,000	254,000	**400**
Poland	580,000	776,000	1,328,000	1,497,000	1,798,000	**210**
Romania	541,000	882,000	1,640,000	2,218,000	2,400,000	**340**
Slovakia	66,000	99,000	150,000	166,000	158,000	**140**
Slovenia	34,000	36,000	38,000	41,000	43,000	**25**
Total	**1,659,000**	**2,350,000**	**4,002,000**	**4,948,000**	**5,623,000**	**180**

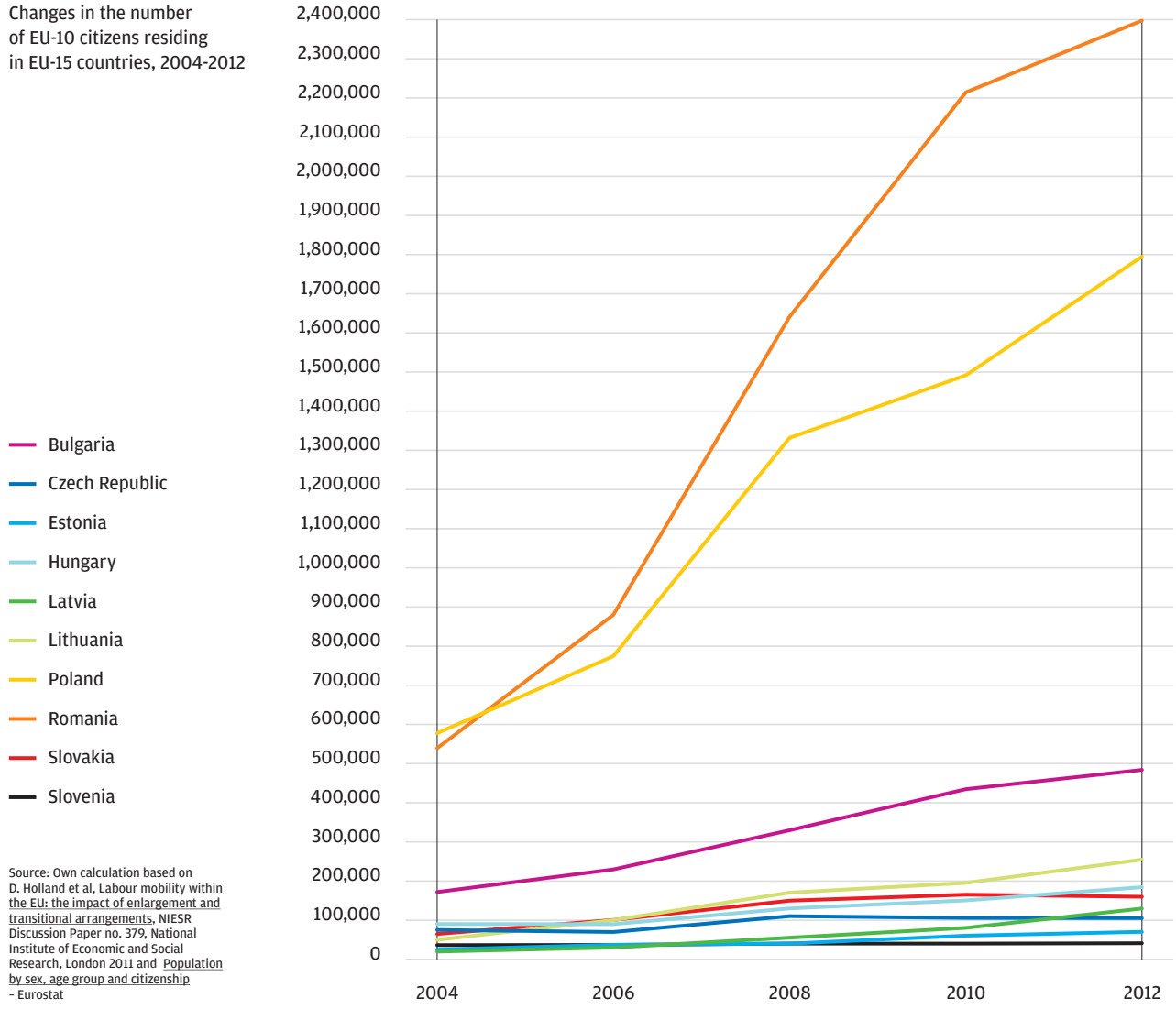
Source: Own calculation based on D. Holland et al, Labour mobility within the EU: the impact of enlargement and transitional arrangements, NIESR Discussion Paper no. 379, National Institute of Economic and Social Research, London 2011 and Population by sex, age group and citizenship – Eurostat

[5] This analysis mainly uses Eurostat data, additionally verified on the basis of the results of population censuses carried out in EU member states, and the results of secondary analyses of the reports demonstrating the scale of post-accession emigrations.

[6] The data refers to the total usually resident population of the reporting country on 1st January each year.

Chart 8

Changes in the number of EU-10 citizens residing in EU-15 countries, 2004-2012



Source: Own calculation based on D. Holland et al, Labour mobility within the EU: the impact of enlargement and transitional arrangements, NIESR Discussion Paper no. 379, National Institute of Economic and Social Research, London 2011 and Population by sex, age group and citizenship – Eurostat

The estimated data presented in Table 10 and in Chart 8 show how widely the related dynamics differed. The greatest growths took place in the period 2006-2008, i.e. immediately preceding the economic crisis that hit Europe at the end of the first decade of the 21st century.

As of the start of 2012, the largest number of EU-10 citizens lived in Germany and the United Kingdom. The shares of citizens from "new" member states amounted to 18 and 16 per cent in those two states, respectively. This is not surprising at all.

A survey carried out by Eurobarometer (European Commission 2010) suggested that Germany (26 per cent of all responses) and the United Kingdom (21 per cent of all responses) were the most attractive emigration countries for the citizens of EU-10 states. In the case of EU-15 states, the United States (25 per cent of all indications) and Australia (17 per cent of all indications) were named as the major destinations of potential emigration. This shows that citizens of "new" member states prefer to take advantage of free movement of workers within the EU than emigrate from Europe.[7]

[7] European Commission, Geographical and labour market mobility, Eurobarometer no. 337, June 2010.

Table 11
EU-11 citizens residing in EU-15 on 1st January of 2012 and main destination countries

Country of birth	Emigrants in EU-15	Population	Percentage of EU-11 citizens residing in EU-15 (%)	Main destination country
Bulgaria	482,000	7,328,000	6.58	Spain
Croatia	340,000*	4,500,000	7.56	Germany
Czech Republic	108,000	10,500,000	1.03	Germany
Estonia	68,000	1,320,000	5.15	Finland
Hungary	184,000	9,960,000	1.85	Germany
Lithuania	254,000	3,010,000	8.44	United Kingdom
Latvia	128,000	2,042,000	6.27	United Kingdom
Poland	1,798,000	38,540,000	4.67	United Kingdom
Slovakia	158,000	5,405,000	2.92	Germany
Slovenia	43,000	2,060,000	2.09	Germany
Romania	2,400,000	21,360,000	11.24	Italy

* The estimates for Croatia are based on data from Eurostat and the receiving states.

Source: Own calculation based on Population by sex, age group and citizenship – Eurostat, D. Holland et al, Labour mobility within the EU: the impact of enlargement and transitional arrangements, NIESR Discussion Paper no. 379, National Institute of Economic and Social Research, London 2011, and OECD, International Migration Outlook 2013, OECD Publishing 2013

Analysis of the scale of emigration compared to the overall number of citizens of a given state and the main emigration directions (Table 11) enables classification of EU-10 states into several groups.

Thus Croatia, Lithuania and Romania have the highest realised emigration potential; the share of people residing abroad in the total population varies from 7.56 per cent (Croatia) to 11.24 per cent (Romania). Smaller, albeit still significant, shares of EU-11 citizens residing in EU-15 are encountered in the case of Bulgaria, Estonia, Latvia and Poland. In their case, the share of emigrants varied from 4.67 per cent (Poland) to 6.58 per cent (Bulgaria). Czechs, Hungarians, Slovaks and Slovenians emigrated most rarely to EU member states.

On the basis of the data from Table 11, CEE states can also be divided into three groups based on directions of emigrations of their citizens. Bulgarians and Romanians most frequently chose a southern direction and moved to Italy and Spain. Citizens of Slovenia, Slovakia, Hungary, the Czech Republic and Croatia went to Germany. Citizens of Poland, Lithuania and Latvia chose the United Kingdom. Estonia is the only state to break the mould, since its citizens most frequently went to Finland.

Comparison of the results of studies concerning the scale and dynamics of emigration after the first two enlargements, the share of emigrants in the total populations, and the directions of migration enable a typology to be established for CEE countries. They can be divided into three basic groups:

- **States with high emigration potential: Lithuania, Latvia, Croatia, Romania.**
- **States with moderate emigration potential: Bulgaria, Poland, Estonia, Slovakia.**
- **States with low emigration potential: the Czech Republic, Hungary, Slovenia.**

Reviewing the scale and directions of the migrations of citizens of the states that acceded to the EU in the 21st century, it can be stated that the number of emigrants definitely exceeded earlier estimates. To varying degrees, the citizens of those states proved much more mobile than had been assumed. This led to reduced trust in forecasts concerning the scale of migrant inflows and provoked a political debate about the effects of decisions concerning labour market opening made on the basis of such forecasts. This also corroborates the opinion that gainful employment migrations, particularly given the growing role of the mass media providing information about differences between living standards accompanied by well-established migration networks, are very difficult to forecast, particularly on the basis of macroeconomic indicators. At the same time, it is the consequences of migration – and not its scale per se – that matter for assessing the impacts of extending free movement of workers to the citizens of "new" member states.

Costs and benefits of free movement of workers after 1st May 2004

Since the first enlargement to the east, over a dozen in-depth publications have appeared in the literature on the subject, aiming to assess the costs and benefits of extending the principle of free movement of workers to the nationals of the states joining the EU. In a decisive majority of cases, those consequences are analysed separately for receiving and sending countries. The same approach has been applied in this analysis.

How sending states benefit

The costs and benefits for sending states should be studied and presented from several perspectives, because what is a benefit from the viewpoint of an individual migrant may turn out to be a cost from the perspective of the entire household. A similar outcome is likely when an individual perspective is compared with the interests of an entire state.

The reference publications agree that remittances from emigrants are among the major benefits for sending states (Constant et al. 2013). They go directly to families and have a positive impact on quality of life. By spending the received remittances on consumption or investments, individual households also contribute to the economic recovery of given regions.

The data contained in Table 12 indicates that remittances ensuing from employment of nationals of a given state in other member states were of greatest importance for Croatia, Lithuania, Slovakia (paramount relevance of remittances from the Czech Republic) and Romania. They were less important in the case of Poland, the Czech Republic and Estonia.

When analysing the influence of remittances from emigrants, one should not overestimate their impact on economic development of a given state, particularly in the labour market. A much greater role is played by FDI, improved productivity and restructuring of inefficient sectors of the economy. However, as has been already indicated before, remittances can exert a positive influence on particular regions inhabited by significant numbers of households, one or more of whose members work abroad and remit their incomes to their countries of origin.

Unfortunately, there is also a flip side to remittances. In many cases remittances from abroad become an element of a so-called "survival strategy", which means that, having a secure source of income, their recipients do not undertake any other economic activity (Fihel et al. 2007). This is a great threat, particularly when incomes from migration become reduced or even disappear. In such situations, we are confronted with very rapid impoverishment.

Table 12
Remittances from emigrants going to the states of origin (million euro[8]), 2012

Country	Receiving remittances		% of GDP	
	Total	From UE-28 countries	Total	EU-28 countries
Bulgaria	1,127	433	2.80	1.10
Croatia	1,117	755	2.50	1.70
Czech Republic	1,575	1,064	1.00	0.70
Estonia	312	108	1.80	0.60
Hungary	1,790	901	1.80	0.90
Lithuania	1,173	664	3.60	2.00
Latvia	568	191	2.60	0.90
Poland	5,435	3,214	1.40	0.80
Slovakia	1,499	1,088	2.10	1.50
Slovenia	438	304	1.20	0.90
Romania	2,753	2,309	2.10	1.70

Source: Elaborated by the authors on the basis of OECD, International Migration Outlook 2013 - OECD and The World Bank, Bilateral Remittance Estimates for 2012 and Migrant Remittances Inflows (Data in USD)

8 Exchange rate 1 EURO = 1.286 USD

Right after remittances, a decline in unemployment is another positive outcome of the outflow of workers for the sending states. Although a theoretical discussion on the impact of emigration on unemployment levels continues in the literature of the subject, the example of the CEE countries and post-accession emigration shows that outflow abroad of a significant number of occupationally active nationals within a short period, helps reduce unemployment levels. Moreover, if there are no stronger impulses, such as an economic slowdown, this contributes to a rise in the salaries of those who remained in a given sending country (Baas et al. 2009).

For example, in the period 2004-2007 all EU-10 states, except Hungary, recorded a decline in unemployment.

Unfortunately, it is impossible to reliably assess the impact of emigration on unemployment reduction; nevertheless it must be assumed that in those cases the outflow abroad concerned surplus workers in a given labour market, and this contributed to a temporary improvement in the labour market situation. This is attributable to the fact that because a certain number of workers left the country, the number of people seeking employment declined. On the other hand, from 2008 to 2011 all EU-10 states recorded growth in unemployment due to an economic slowdown in some and economic recession in other states. It must be assumed, however, that if it were not for emigration, the situation in those labour markets would be even worse than it really was. In this sense, the absence of the expected return of the nationals of "new" member states, after their temporary employment in EU-15 countries, resulted in a reduction in negative trends in the labour markets caused by the global economic crisis.

Table 13
Unemployment level changes in CEE countries, 2004-2012 (in %)

Country	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	12.1	10.1	9.0	6.9	5.6	6.8	10.3	11.3	12.3
Czech Republic	8.3	7.9	7.1	5.3	4.4	6.7	7.3	6.7	7.0
Estonia	9.7	7.9	5.9	4.6	5.5	13.8	16.9	12.5	10.2
Croatia	13.8	12.8	11.4	9.6	8.4	9.1	11.8	13.5	15.9
Latvia	11.7	10.0	7.0	6.1	7.7	17.5	19.5	16.2	15.0
Lithuania	11.6	8.6	5.8	4.3	5.8	13.8	17.8	15.4	13.4
Hungary	6.1	7.2	7.5	7.4	7.8	10.0	11.2	10.9	10.9
Poland	19.1	17.9	13.9	9.6	7.1	8.1	9.7	9.7	10.1
Romania	8.0	7.2	7.3	6.4	5.8	6.9	7.3	7.4	7.0
Slovenia	6.3	6.5	6.0	4.9	4.4	5.9	7.3	8.2	8.9
Slovakia	18.4	16.4	13.5	11.2	9.6	12.1	14.5	13.7	14.0

Source: Harmonised unemployment rate by sex - Eurostat

The thesis of the positive impact of emigration on the labour market situation seems to be also corroborated by analysis of data related to youth unemployment. Thus, in the years of enhanced emigration, youth unemployment declined in the EU-11 member states. It started to rise only when the economic crisis began to have an impact. However, the analysis of migration dynamics affords the observation that since 2009 the scale of emigration has also been lower than in the period 2004-2008 for the EU-8 and in the period 2007-2009 for the EU-2. Therefore, it can be assumed that the changes both in the overall unemployment rate and the youth unemployment rate are correlated with changes in the area of emigration.

A very different picture of present emigration emerges when it is compared with demographic studies. At present, the scale of post-accession emigration has the greatest impact on the demographic situation of sending states. This concerns in particular the ages when the largest number of people leave their countries of origin, those being mainly 25-40. Demographic forecasts for CEE countries (except Slovenia) are negative and in the time perspective of the year 2040 and later they assume both a decline in the population size and worsening of relations between occupationally active and passive people. The latter effect will emerge in all states concerned already approximately in 2020. According to a Eurostat forecast, in the time perspective of the year 2060, the greatest population decline will take place in Bulgaria (-28%), Latvia (-26%), Lithuania (-24%), Romania (-21%), and Poland (-18%).

Table 14
Population changes in EU-10 states, 2010-2060

Country	2010	2020	2040	2060
Bulgaria	7,563,710	7,121,205	6,235,049	5,531,318
Czech Republic	10,506,813	10,816,080	10,740,155	10,467,652
Estonia	1,340,141	1,323,909	1,243,008	1,172,707
Latvia	2,248,374	2,141,315	1,908,552	1,671,729
Lithuania	3,329,039	3,179,986	2,921,836	2,676,297
Hungary	10,014,324	9,900,511	9,442,636	8,860,284
Poland	38,167,329	38,395,403	36,112,044	32,710,238
Romania	21,462,186	21,006,219	19,437,293	17,308,201
Slovenia	2,046,976	2,142,217	2,141,070	2,057,964
Slovakia	5,424,925	5,576,326	5,467,229	5,116,496

Source: Population projections - Eurostat

In 2060 the share of the population aged +65 will reach 36.2 per cent in Poland, 36.1 per cent in Slovakia and 35.0 per cent in Romania. The effects of migration processes greatly contribute to deterioration of this forecast. This poses a challenge to the stability of public finance systems, and first and foremost to the labour market. If the number of EU-11 citizens residing abroad fails to decline in the future, i.e. if new emigrations are not hampered and returns fail to happen, in successive years both those processes will continue to affect the demographic situation to a greater extent than the effects of family policies. If the current trends continue, the population situation, particularly in the group of states with high and moderate emigration potential, may decline.

Macroeconomic studies indicate that post-accession migrations will have a rather small-scale impact on economic growth levels. The greatest negative impact on the Gross Domestic Product ensuing from emigration among all EU-8 states is envisaged for Poland, the smallest for the Czech Republic. Slovenia is the only EU-10 state predicted to record a positive impact of migration on the Gross Domestic Product.

At the same time, those studies predict that emigration will have a small positive impact on wage levels. The effect is expected to be the greatest in the case of Latvia, Poland and Slovakia. In the case of Slovenia, this impact is even likely to be negative (Baas et al. 2009).

When analysing the consequences for sending states, it is also necessary to indicate the social costs of enhanced migrations. One has to be aware that migrations, particularly to foreign countries and long-lasting ones, have a negative impact on cohesion of households. Problems in relations between parents (living abroad) and children (staying in Poland) should be considered the most serious ones. Even in the case when only one of the parents leaves, the social costs of separation are significant. This is the case when we deal with the benefits of emigration from an individual perspective and with the costs from the viewpoint of households. Another objective consequence is the growing number of divorces, with a cessation in marital relations (frequently resulting from departure of a spouse abroad) deemed to be the main reason. This is compounded by the breakup of informal relationships, where divorce cases are not pursued.

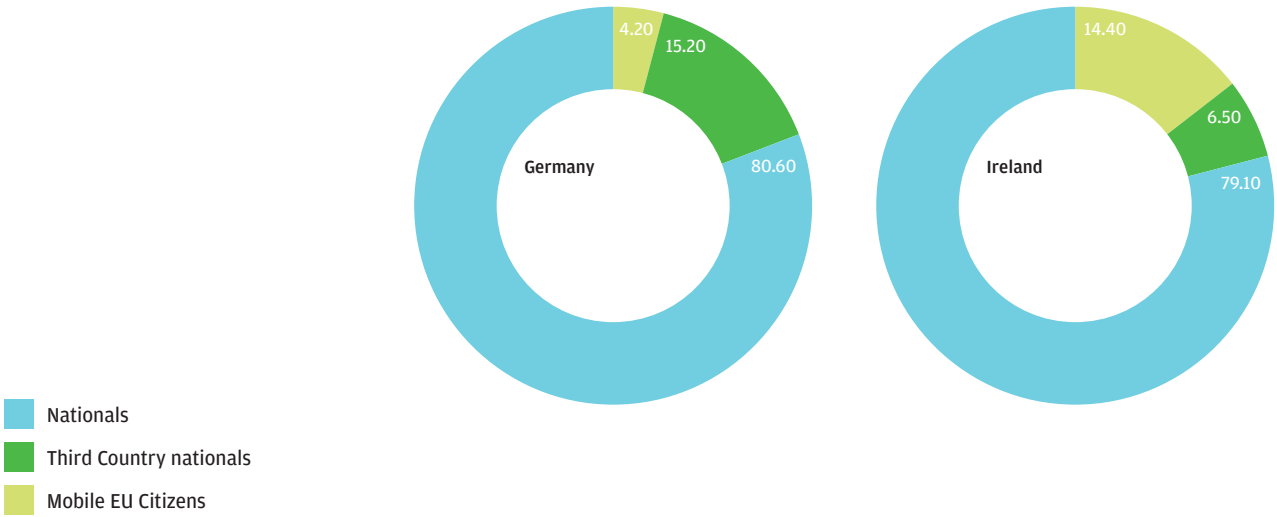
Reviewing the consequences of emigration for EU-11 member states, one can state in simple terms that they are positive in the short- and medium-term perspective. They are manifested mainly in remittances from workers living abroad, which affect quality of life and – indirectly – economic growth, reduction of unemployment and a slight increase in salaries. However, in the longer term the negative consequences of emigration can be manifested mainly through impacts on the demographic situation. Therefore, putting a halt to new emigrations and increasing return migrations will be central to the balance of costs and benefits of the present migration processes for the sending states. Unfortunately, this effect will be extremely difficult to achieve, given the present differences in living standard and social security levels.

How receiving states benefit

The political debate about the outcomes of free movement of workers taking place in such countries as the United Kingdom and the Netherlands and the actions undertaken by the governments of those states would suggest that those countries, including their labour markets in particular, are feeling the negative impact of European Union enlargements. Studies carried out by various research centres, both in receiving and sending states, and by the European Commission present a different picture than what is portrayed in the statements of many politicians.

The most frequently raised argument against free movement of workers concerns the use of social benefits by EU-10 citizens living in receiving countries. However, surveys conducted by the European Commission indicate that in the case of EU-10 citizens virtually the only reason to move in the framework of free movement of workers is to undertake gainful employment and not to take advantage of social benefits (European Commission 2010). Moreover, the results of comparisons of the use of social benefits carried out in member states show that immigrants from EU member states are much more rarely willing to move merely to receive benefits. And even if they are, they do it only when the labour market situation is very bad. Such a behaviour pattern is corroborated by an analysis done by the European Commission as part of a review of the functioning of free movement of workers in the EU. It suggests that in Germany, i.e. the country inhabited by the greatest number of citizens of other member states, only slightly over 4 per cent of them take up social benefits. The situation in Ireland is different, but it must be borne in mind that after acceptance of a very significant number of emigrants (much greater in percentage terms than in Germany or the United Kingdom) the situation in this country's labour market collapsed, but much more due to recession than immigration. But also in this state, the percentage of nationals taking up benefits is decidedly higher than in the case of immigrants.

Chart 9
Take-up of social benefits in Germany and Ireland, 2012 (in %)



Source: European Commission, Free movement of people: five actions to benefit citizens, growth and employment in the EU, Brussels 2013

The most telling example, though, is that of the United Kingdom. Surveys conducted by University College London, among others, indicate that in the period 2008-2009 the net contribution of all immigrants to the British budget amounted to 37 per cent. In the same period, the reimbursements for British nationals were 20 per cent higher than budget takings (Dustmann et al. 2009). The most recent results of surveys carried out by the same authors demonstrate that since 2000 workers from "new" member states have paid into the UK budget 25 billion pounds more than they received from access to all kinds of social services (Dustmann et al. 2013). Therefore, following the UK results, it must be assumed that given the higher employment rate of EU-11 citizens compared to nationals and third-country immigrants, the balance of migrations for the budgets of receiving states is definitely positive.

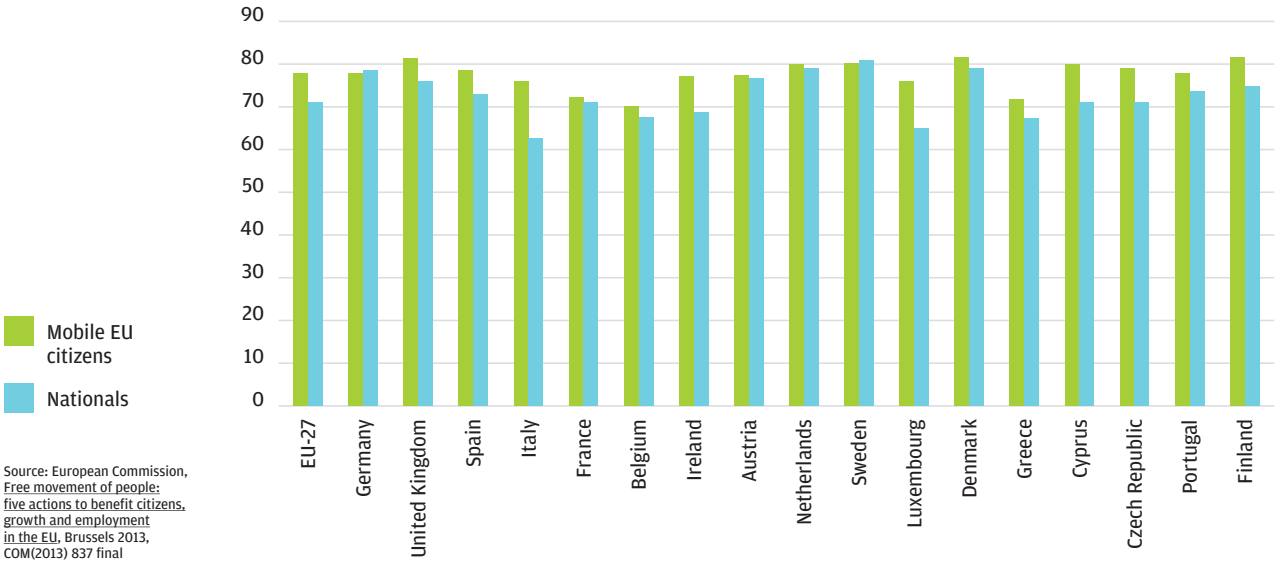
Other studies have demonstrated similar correlations. Citizens of CEE countries are definitely less likely to claim social benefits than British nationals, while the receipts of the British budget from VAT and income taxes were definitely higher than the number of employed people would warrant (Clark et al. 2011). It should also be added that the statistics of the UK's Department for Work and Pensions indicate that in 2011 migrants from the EU were responsible for a mere 6.6 per cent of those eligible for welfare benefits, whereas this share for British nationals amounted to 17 per cent. The situation among the unemployed was similar. For example, in 2011 among all occupationally active Poles living in the British Isles, there were only slightly more than 6,600 unemployed persons receiving benefits. This means that a majority of statements by British politicians concerning the effects of free movement of workers are purely populist in nature. It must also be stated unanimously that migrants are eligible to claim most welfare benefits only after some period of employment. So a given migrant must first pay social insurance contributions and taxes, i.e. be legally employed for some time in order to claim unemployment or other benefits.

Recent OECD studies also assert fiscal benefits derived by receiving states. At the same time, those benefits are claimed to be moderate and dependent mainly on a given state's ability to utilise immigrants' potential (OECD 2013).

One of the key benefits for the states receiving immigrants from EU member states is that they fill up vacant jobs, which consequently contributes to economic growth. Surveys by the European Commission unambiguously suggest that the employment rate for mobile EU citizens is higher than that for nationals of the states receiving them. The only exceptions to this rule are Germany and Sweden, where occupational activity of citizens of other member states living in EU territory was slightly lower than that of natives.

Chart 10

Comparison of economic activity of immigrants (EU citizens) and natives in selected EU member states, 2012 (in %)



Source: European Commission, Free movement of people: five actions to benefit citizens, growth and employment in the EU, Brussels 2013, COM(2013) 837 final

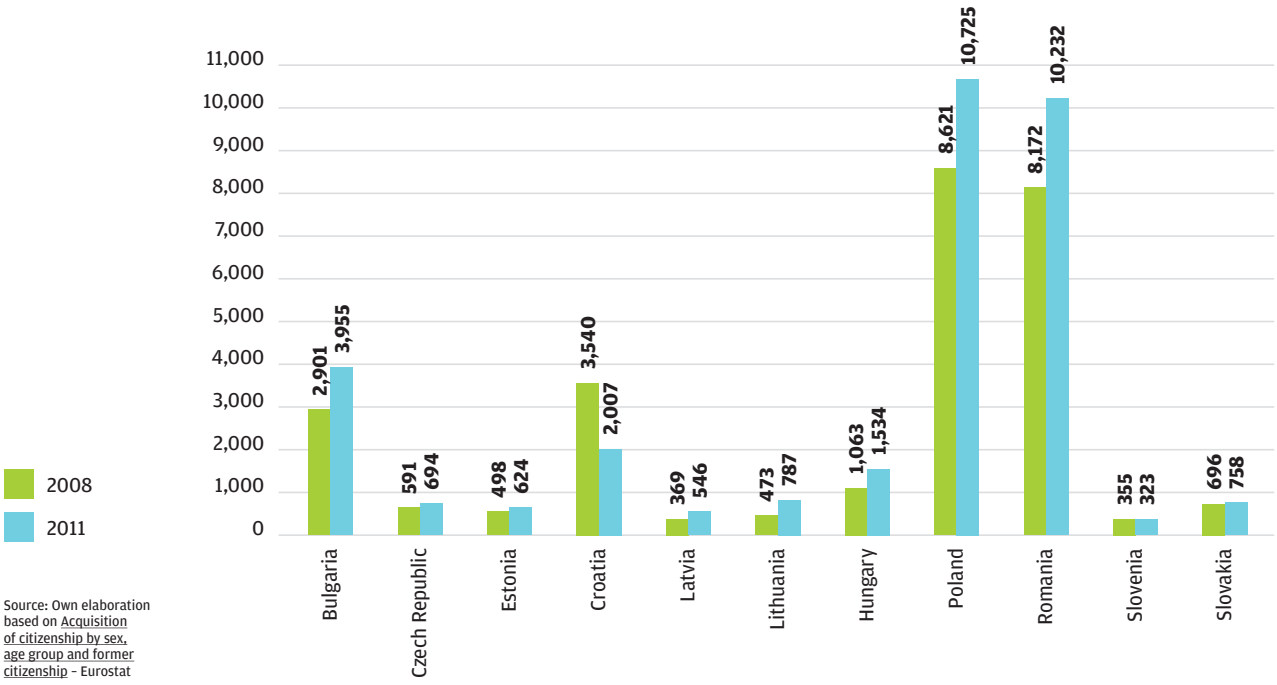
Immigration of EU-8 citizens also contributed to acceleration of economic growth. This effect was most noticeable in Ireland and the United Kingdom, particularly in the longer term (Baas et al. 2009).

The results of surveys conducted in many member states have also failed to prove that EU-11 citizens deprive natives of employment. For example, British studies have proved that employers do not prefer hiring immigrants over natives. The advantages that foreign EU citizens may have in competing for jobs frequently result from their higher qualifications and better professional ethics than those of British natives (Green 2009).

Other research has also demonstrated that migration growth has not caused any decline in natives' incomes. The results of macroeconomic studies have demonstrated that some impact, particularly in the secondary sector of the labour market, can only be observed in Ireland, i.e. the country visited by the largest number of EU-8 citizens, if we take its population size into account (Kahanec 2013).

In concluding this discussion of the consequences of the inflow of EU-11 citizens to other member states, we also have to mention the issue of the impact of free movement of workers on demographic processes. Similar to EU-11 states, the countries receiving immigrants will be affected within the foreseeable future by the adverse outcomes of an ageing population. Nevertheless, they have one definite advantage over sending states; in their case, migration processes within the EU will reduce demographic problems, while in the case of CEE countries, those problems will be aggravated. This is where the greatest imbalance between sending and receiving states can be found. Demographic forecasts and the related challenges demonstrate that states receiving immigrants within the EU will definitely be beneficiaries of free movement of workers due to reduction of the adverse consequences of an ageing population and immigration-induced improvement of relations between occupationally active and passive people. Such a thesis is corroborated by studies related to acquisition by EU-11 citizens of the citizenship of receiving states. It should be assumed that an immigrant who has decided to change citizenship is not likely to return to his or her country of origin. The greatest changes in this respect are visible in the case of Poland, Romania and Bulgaria.

Chart 11
Renunciation of citizenship and its acquisition in an EU-15 member state, 2008 and 2011



Source: Own elaboration based on Acquisition of citizenship by sex, age group and former citizenship – Eurostat

To sum up the analysis of the outcomes for receiving states of the extension of the principle of free movement of workers to citizens of EU-11 states, it must be stated that – apart from insignificant exceptions – they are positive in the short-, medium- and long-term perspectives. The period of ten years since the first EU enlargement to the east showed that the inflow of workers from "new" member states has contributed to filling of gaps in the labour market, economic growth and increased receipts from taxes and social insurance contributions. Moreover, it has not resulted in lowering of wages nor has it had a negative impact on the unemployment rate. In the coming years, the major benefit for receiving states will be the reduction of the adverse effects of an ageing population. Therefore, it can be inferred that while in a short- and medium-term perspective, free movement of workers brings positive results for both sending and receiving states, in subsequent years those consequences will definitely be more positive for the latter.

Can we expect further migration waves?

The results of the European Commission surveys (Eurobarometer) analysed above indicate that nearly half of EU citizens do not rule out working in another member state in the future. However, it is likely that only a very small percentage of such declarations will be put into practice. But in the case of citizens of EU member states, it is beyond any doubt that the so-called declarative potential has been already largely realised. Analysis of the scale of emigration does not leave much doubt here. But it is an open question whether in the coming years we will still be dealing with further emigration waves. There is no clear answer to this question. The already mentioned errors in the forecasts developed before 2004 show the complexity of the issue of the free movement of workers. On the basis of the analysis of post-accession migrations, one can attempt to identify several factors that have a fundamental impact on migration processes between CEE countries and other Community members.

First, the scale of post-accession migration shows that a large number of citizens of CEE countries have already realised their potential and undertaken employment in other member states. This means that in sending states there are not many people left who poorly evaluate employment prospects at home, on the one hand, and at the same time think they will find work in another EU member state, on the other.

Second, demographic change reduces the number of young people, i.e. the most mobile citizens of sending states. This reduces pressure on labour markets and decreases the propensity to emigrate.

Third, the economic crisis, which affected many migrant-receiving states, led to rising unemployment and a reduction in demand for employment of newly arriving foreigners.

A certain unknown remains the issue of the extent to which Bulgarians and Romanians, who did not obtain the right to free movement of workers in Germany and the United Kingdom until 1st January 2014, will push out of those markets the Poles, Lithuanians and Latvians who have been taking advantage of this right already for several years now. In any event, the scale of this phenomenon should not be expected to be universal.

Fourth, the political climate for free movement of workers is changing. Currently one can expect introduction by receiving states of formal and informal restrictions blocking new migrations within the European Union.

The European Commission is trying to counter introduction of restrictions on free movement of workers. In November 2013 it issued a special release in response to demands for introduction of restrictions. In particular, the European Commission points out that Community law contains a number of safeguards helping member states prevent abuses. Moreover, it named five actions that should enhance practical realisation of free movement of workers, namely:

- Fighting marriages of convenience.
- Clarifying some inconsistencies related to social security coordination rules.
- Allocating spending from the European Social Fund to combating social exclusion of migrants.
- Promoting the exchange of best practices as regards implementation of free movement of workers.
- Providing training for local authorities of member states related to practical aspects of free movement of workers.

European Commission - MEMO/13/1041

Fifth, we should expect maintenance of significant differences between CEE countries as regards the migration potential of their citizens. Reduction of emigration levels can be expected in the case of the Czech Republic, Slovakia, Slovenia and Poland. A slight increase of interest in emigration is expected in the case of Hungary, Romania, Bulgaria and Estonia. A greater growth is forecast in the case of Lithuania, Latvia and Croatia, which ensues mainly from negative expectations regarding economic development in those states in the forthcoming years.

Last but not least, despite declining economic growth rates, one should expect a further narrowing of the gaps in living standards between EU member states. Therefore, the propensity to migrate should be steadily decreasing.

To sum up, it should be assumed that in the coming years we will not deal in the EU with migration waves similar to those experienced in the period 2004-2008 in the case of EU-8 states and in the period 2007-2009 in the case of Bulgaria and Romania. The scale of emigration will depend mainly on objective economic conditions and, in particular, on the situation in the labour markets of sending and receiving states.

Main conclusions from the chapter:

Extension of the principle of free movement of workers to citizens of "new" EU member states is a practical implementation of the single market idea constituting the foundation for the functioning of the Community.

The scale of emigration after the European Union enlargements that took place in the 21st century definitely exceeded prior forecasts. Citizens of EU-11 states proved much more mobile than had been assumed.

Post-accession migrations brought about changes in the migration directions in the European Union. The importance of Germany was reduced (although this country still remains one of the primary receiving states), while the significance of the United Kingdom, Ireland and Spain increased.

EU-11 states are not uniform in terms of emigration potential. They can be divided into three groups: states with high emigration potential (Lithuania, Latvia, Croatia, Romania), states with moderate emigration potential (Bulgaria, Poland, Estonia, Slovakia), and states with low emigration potential (the Czech Republic, Hungary, Slovenia).

In the short- and medium-term time perspective, benefits from free movement of workers are derived by both sending and receiving states. In the longer term, mainly due to the impact of migrations on demographic processes, the benefits for receiving states will definitely be greater than for sending ones.

In the coming years, we should not expect emigration on a scale similar to what took place in the period 2004-2007 (EU-8) and 2007-2009 (EU-2). The scale of emigration will depend mainly on the situation in the labour markets of sending and receiving states. Due to the population potential of Croatia, its accession to the EU should not change the forecasts concerning new migrations within the EU.

Estonia migration trends

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Like all European nations, Estonia faces demographic challenges, such as an ageing population and low birth rates. The long-term negative migration balance further deepens the demographic problems. Since joining the EU, all migratory processes – emigration, immigration and return migration – have steadily increased. However, during the last decade, the Estonian migration balance has been constantly negative, reaching to its current peak of -6629 persons in 2012 (Figure 1).[I]

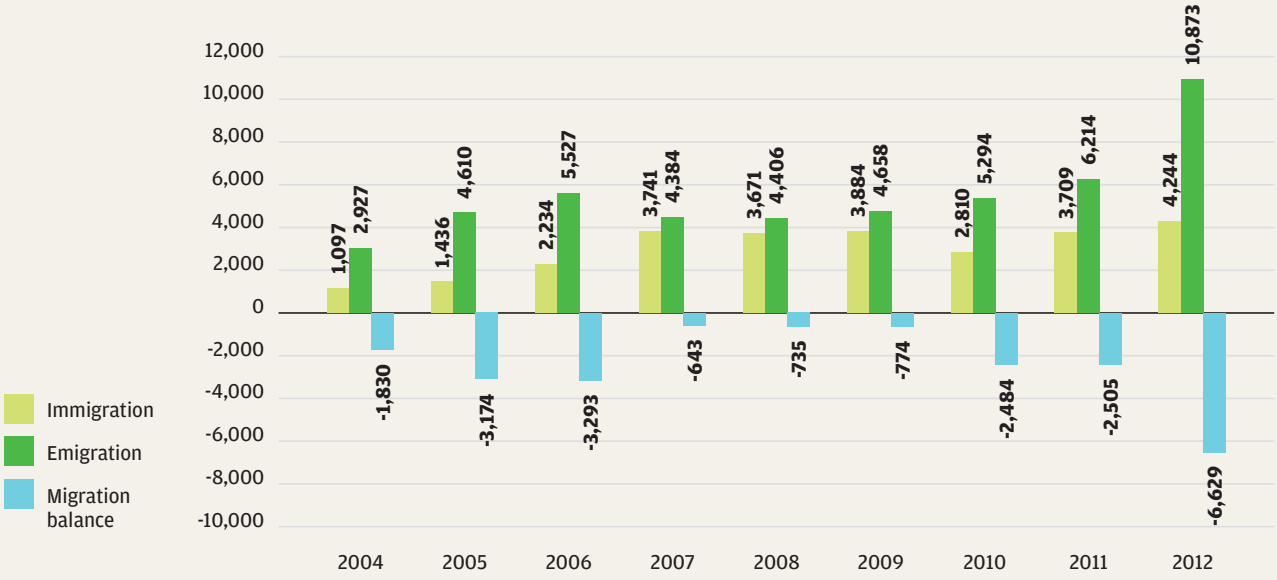
Emigration

Emigration reached a record high in 2012 when 10,873 people left Estonia. Although immigration also reached its highest levels in the past two decades, it nevertheless remained 2.5 times lower than emigration. In 2012 the largest group of emigrants was in the 25-34 age group; however, equally large age groups were children and people in their early 20s. By far the largest destination country is Finland, where 59% of emigrants headed in 2012.

Among the emigrants to Finland, men aged 30-49 constituted the majority, while the United Kingdom was more popular among young women in their 20s.[II] The fact that the average profile of an emigrant is a young woman in her best childbearing years deepens even further the demographic hole in Estonian society.

The political and public debate has mainly focused on increasing birth rates, fostering return migration and, to a lesser extent, on measures to prolong life expectancy, especially among men, as remedies for narrowing the demographic gap. Migration plays a role insofar as it involves return migration of ethnic Estonians or Estonian citizens. Government programmes support return migration through financial and other benefits. Despite a steady increase, return migration has remained modest, never constituting more than 30% of the figures for emigration within a given year.

Figure 1
Migration trends in Estonia: immigration, emigration and migration balance, 2004-2012



I Statistics Estonia database (in English)

II Statistics Estonia database (in English)

Immigration

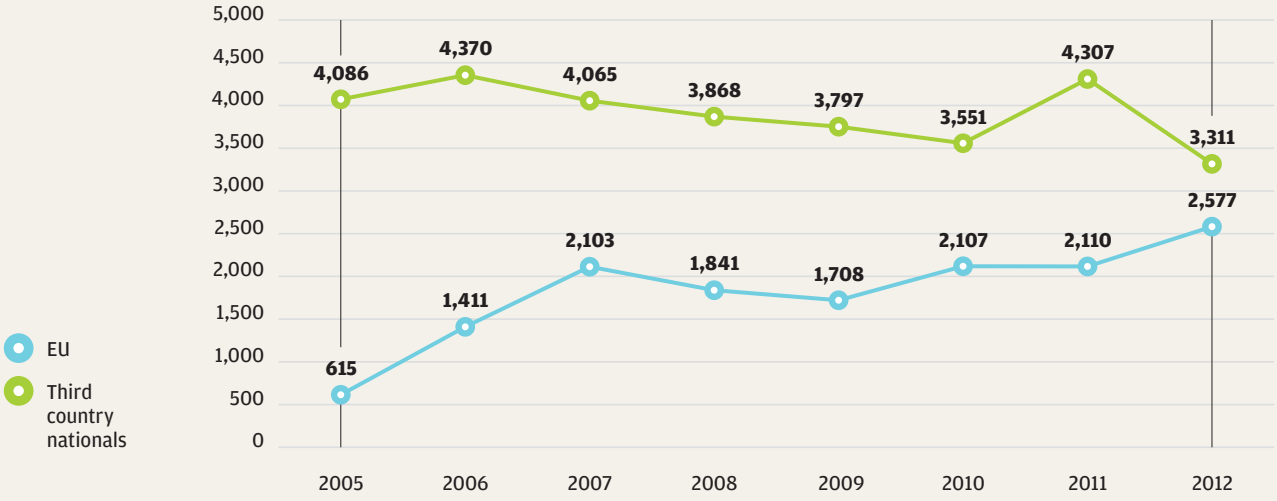
Immigration into Estonia is characterised by relatively modest immigration of EU citizens compared to third country nationals, although the former is steadily increasing (Figure 2).[III] While the migration of EU citizens takes place under the freedom of movement within the EU, the immigration of third country nationals is regulated by a rather conservative immigration law. The law sets an annual quota for immigration at 0.01% of the annual resident population, which comes to 1300 persons. (Family reunions are exempt from this quota).

Nearly one-third of EU nationals who registered their address in Estonia in 2012 immigrated from neighbouring Finland (followed by Germany and Latvia). Nevertheless, the migration balance with Finland remains negative. Among arrivals from outside the EU, citizens of the Russian Federation and Ukraine constituted half of all immigrants arriving in 2012.

Russian citizens arrive in Estonia predominantly for family reasons, while Ukrainian citizens come for work reasons. Family migration constitutes more than one-third (38%) of all migration by third country nationals into Estonia followed by job-related reasons (27%). Study-related migration from third countries remains modest (15% of all migration in 2012), although the immigration of foreign talents, among them postgraduate students, has been featuring in the government's political agenda.

Despite demographic challenges, increasing skills and labour mobility needs, the attitude of the Estonian population towards migration remains rather negative. The existence of an already relatively large predominantly Russian-speaking migrant community in the country is the framework in which further debate on migration comes to the dead. Soviet-era settlers constitute more than 25% of the total population while 15% of the population was born outside of Estonia. Nevertheless, the government has recently acknowledged migration as a pressing issue that needs to be addressed with proper policy strategies.

Figure 2
Immigration into Estonia of EU and third country nationals, 2005-2012



[III] The data on immigration for EU citizens is based on population registry data and for third country nationals on data from the registry of the Police and Border Guard Board. The discrepancy between the data provided by Statistics Estonia and that of the registries is due to the more conservative migration analysis data of Statistics Estonia. The latter excludes immigration that lasted less than a year.

Chapter III

Return migrations – a delusive hope?

Chapter III:
Return migrations – a delusive hope?

Studies concerning migration processes taking place within the EU focus on identification of the causes, scale and consequences of emigration. Studies of return migrations are much scarcer. This is mainly due to methodological problems because return migration is even more difficult to analyse than emigration. To analyse emigrations, one can use the data sourced from receiving states (immigrants perform such administrative actions as registration of residence and registration in the insurance or tax system). On the other hand, in the case of return migrants, data sourced from the states they have left is not very useful because departure from a receiving state does not necessarily translate into return to the state of origin. It could indicate relocation to another country, where a given migrant undertakes employment. At the same time, in a situation where migrants have not deregistered when leaving the state of origin, their return is practically not recorded. Therefore, reference publications contain virtually no comparable statistical data concerning return migrations. Eurostat statistics remain the sole source for comparable studies, but even in their case the presented data are estimates rather than empirically verified figures.

Nevertheless, in the last few years there has been a noticeable surge in interest in return migrations among researchers, probably related to the search for return-stimulating instruments by the governments of the sending states. This has been prompted by the fact that scenarios assuming that returns would follow after a few years of intensive emigration proved to be wrong. **An ideal migration scenario for the states that acceded to the EU in the 21st century assumed that extension of the freedom of movement principle to the citizens of new member states would not result in mass-scale employment emigrations, and those who left would return after a few years with new experiences and capital that they would invest in their countries of origin. Such scenarios had materialized during previous enlargements.** Nationals of Italy, Ireland, Greece, Portugal and Spain, who had taken advantage of freedom of movement of workers, returned to their home countries after a few years spent abroad. In the case of the states that acceded to the EU in 2004, such a scenario has not materialised yet. There is a similar situation in the case of Bulgaria and Romania, as well as Croatia, although the period of enjoyment of freedom to migrate within the EU by nationals of those countries is not long enough for unambiguous conclusions to be drawn. Nevertheless we should assume that the situation of those three states will not differ fundamentally from that of the EU-8 states. The question arises in this context of why positive scenarios concerning return migrations failed to materialise and whether in the coming years we can expect more intensive returns from emigration, which would help minimise the negative long-term consequences of emigration for sending states?

Can return migrations be categorised?

There is no single definition in the literature of the subject of whom we may call a return migrant. The main issue giving rise to controversies is so-called "transfer of fundamental vital interests to another state". Therefore, we definitely cannot recognise as return migrants persons who move in a pendular manner between the states of origin and of employment (circular migration) or seasonal migrants. It is also highly problematic how to determine unambiguously the period after which given emigrants can be considered to have transferred their vital interests abroad. Most frequently it is acknowledged that reunion with close family members in the state of employment translates into disruption of fundamental bonds with the state of origin. However, such a situation does not take place in the case of people who are alone.

Adjusting the discussion about definition of return migrations to the specifics of free movement of workers, we have assumed in this paper that a return migrant is a person who resided for at least twelve months in another member state and was employed there. Such a person could have maintained contacts with the country of origin, but could not have been a circular migrant (one returning to the country of origin at least once a week).

Several types of return migration can be identified. For example, the OECD has identified three different situations when return migration takes place (OECD 2008):

- Return to the state of origin after a temporary stay in the state of employment.
  Example: **A Pole leaves for the United Kingdom and after over twelve months of employment there, returns to Poland.**

- Return directly from the last country of residence to the state of origin after a stay in at least two states of employment.
  Example: **An Estonian leaves for Finland then moves to Ireland and, after a total employment period exceeding twelve months returns to Estonia.**

- Return to the state of origin after a stay in at least two states of employment and return to the country of origin from the state to which the person emigrated in the first place.
  Example: **A Bulgarian leaves for Spain, then moves to France, returns to Spain, and then after a total employment period exceeding twelve months returns to Bulgaria.**

Nevertheless, from the viewpoint of the emigrants' state of origin, the route taken by a given person prior to the return does not matter at all. What matters is only the very fact that migration ended and vital interests were transferred back to the country of origin.

One more return migration scenario has to be added to the ones presented above, namely the one where after a period of stay in the state of origin a return migrant decides to re-emigrate. Such re-emigration can be both to the state of prior employment or to a completely different country. However, for the state of origin it does not matter where a given citizen went to. The only thing that matters is that a return migrant left the state of origin once again with a view to taking up employment abroad.

Do they return or stay where they are?

As has already been mentioned in the introduction, conducting comparative research concerning return migration is extremely difficult. However, new methodology adopted in 2008 for the collection and presentation of migration data by Eurostat has enabled identification of trends and drawing of general conclusions based on them. Unfortunately, the databases lack information about return migrations to Bulgaria and Romania.

The figures for Croatia are presented only for 2011, which precludes any description of trends.

The Eurostat data (Table 15) demonstrates significant fluctuations in the scale of return migration in the period 2009-2011. Estonia, Latvia, Lithuania, Hungary and Slovenia recorded an increase in the scale of return migrations, while the Czech Republic, Poland and Slovakia recorded a slight decline.

Table 15
Return immigrants and their share in total immigration

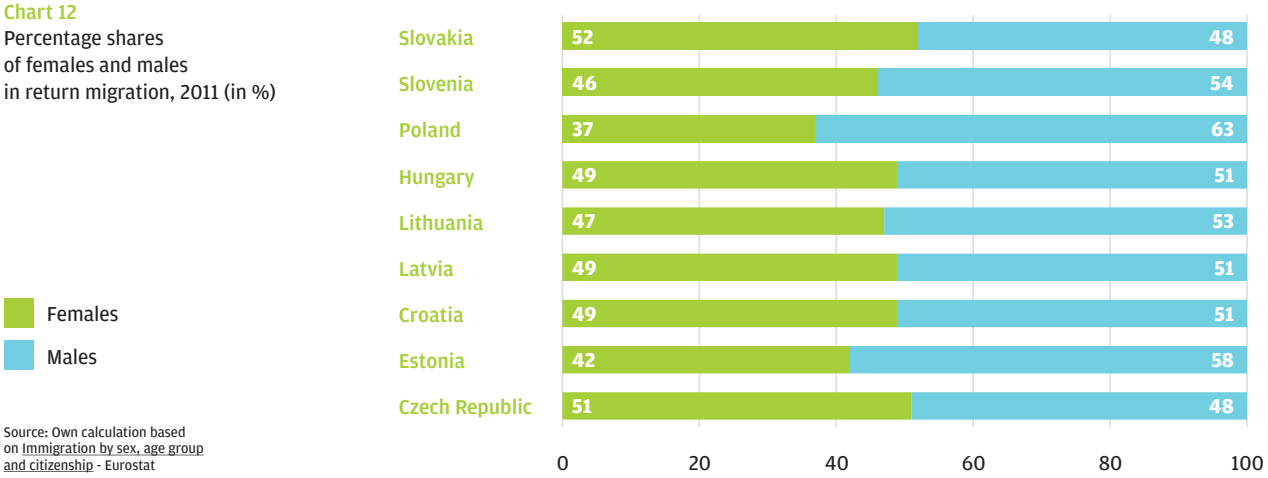
Country	2009		2010		2011	
	Return	% of total immigrants	Return	% of total immigrants	Return	% of total immigrants
Czech Republic	21,744	29	18,267	38	8,141	30
Estonia	1,655	43	1,611	57	2,034	55
Croatia	-	-	-	-	4,720	55
Latvia	521	19	254	11	1,481	20
Lithuania	4,821	74	4,153	80	14,012	89
Hungary	2,312	8	1,635	6	5,504	20
Poland	142,348	75	107,378	69	101,945	65
Slovenia	2,903	10	2,711	18	3,318	24
Slovakia	1,205	8	1,111	8	1,078	22

Source: Own calculation based on Immigration by sex, age group and citizenship - Eurostat

Comparison of the data contained in Table 15 and Table 10 (Chapter II) demonstrates that returns from emigration do not significantly affect the number of nationals of given states residing in other member states. This means that in a majority of cases, new emigrations were greater than the scale of return migrations. While it is true that the difference between emigration and return migration was slight, it had been expected that in the stated period return migrations would greatly exceed new departures.

The data contained in Table 15 additionally shows that in the case of Estonia, Croatia, Lithuania and Poland, return migrations were the main source of the inflow of persons in 2011. On the other hand, in the case of the Czech Republic, Latvia, Hungary, Slovenia and Slovakia, the inflow of foreigners was significantly higher than returns from emigration. However, it must be borne in mind that return migrations largely concerns nationals of a given state, who are not typical immigrants.

Chart 12
Percentage shares of females and males in return migration, 2011 (in %)



Source: Own calculation based on Immigration by sex, age group and citizenship - Eurostat

Eurostat data also enable identification of the gender and age of return migrants. The data related to gender demonstrate that proportions among return migrants are similarly distributed across most CEE countries. Only in the case of Poland and Estonia did males discernibly prevail.

The data related to the age of return migrants suggest that usually those are people aged 25-44. Only in Croatia was the largest group of return migrants comprised by people aged 15-24.

Moreover, studies performed in Estonia (Masso et al. 2013), Poland (Central... 2013) and Lithuania (Statistics... 2012) suggest that persons with secondary education are the ones who most frequently return to their country of origin. It must be assumed that the situation is similar in other CEE countries.

Table 16
Age structure of immigrants returning to the country of origin, 2011 (in %)

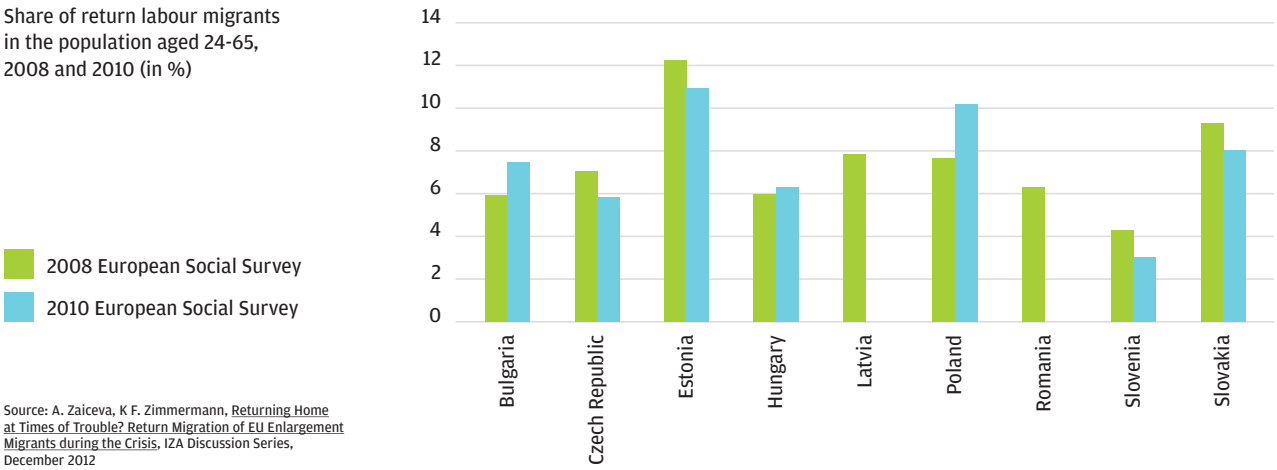
Country	0 - 14	15 - 24	25 - 44	45 - 64	65 -
Czech Republic	6.0	10.0	71.0	11.0	2.0
Estonia	16.0	13.0	49.0	19.0	3.0
Croatia	19.0	30.0	27.0	17.0	7.0
Latvia	28.5	13.5	39.5	17.0	1.5
Lithuania	8.0	27.0	52.0	12.0	1.0
Hungary	-	16.0	60.0	16.0	-
Poland	12.0	13.0	57.0	15.0	3.0
Slovenia	16.0	7.0	33.5	30.5	13.0
Slovakia	24.0	10.0	40.5	18.5	7.0

Source: Own calculation based on Immigration by sex, age group and citizenship - Eurostat

The literature on the subject undertakes research aimed at answering the question of the impact on return migrations of the economic crisis that started in Europe in 2008 and resulted in increased unemployment in many immigrant-receiving states.

For example, A. Zaiceva and K. F. Zimmermann (2012) came to the conclusion that in such states as Bulgaria, Hungary and Poland the crisis resulted in enhanced return migrations, as the number of return migrants in the total populations of the states of their origin has risen.

Chart 13
Share of return labour migrants in the population aged 24-65, 2008 and 2010 (in %)



Source: A. Zaiceva, K F. Zimmermann, Returning Home at Times of Trouble? Return Migration of EU Enlargement Migrants during the Crisis, IZA Discussion Series, December 2012

To sum up this discussion on the scale of return migration, it can be stated that return migrations do take place, but not to the extent that they have a significant impact on the number of EU-11 nationals staying in emigration. This is because return migrations are counter balanced by new emigrations.

If they return, what determines such decisions?

The complexity of migration decision-making processes also concerns return migrations. It would seem that there should be fundamental differences between the decision to emigrate and the decision to return.

Going abroad to undertake employment is encumbered with several uncertainties related to limited knowledge about the receiving state (e.g. living and employment conditions) and potential language-related problems. A decision to return seems much simpler.

In reality, however, it turns out that this is not necessarily so. In many social groups, return from emigration can be treated as a failure, and a return migrant is likely to be stigmatised as someone who failed abroad and had to return. Moreover, returns to the country of origin, particularly after a longer stay abroad, frequently necessitate a period of domestication and integration similar to the one experienced by foreigners.

Return-related studies performed among nationals of the member states that acceded to the EU in the 21st century show great differences in this respect. For example, studies carried out among return migrants originating from Hungary, the Czech Republic, Poland and Slovenia suggest that Poles had the greatest problems on return, with over 70 per cent claiming they experienced extremely great problems (the clear indication of the nature of those problems is missing) after returning. In the case of Czechs and Hungarians, this share amounted to under 30 per cent; in the case of Slovenians, less than 12 per cent of return migrants perceived significant problems (Smoliner et al.2012).

Studies conducted using various methodologies and by research centres from various EU-10 states suggest that the fear of failing to find an appropriate job after return is the main factor discouraging migrants from returning. However, most people who decided to return found their place in the labour market and undertook employment soon after their return (e.g. Anacka et al. 2013).

In the case of nationals of CEE countries, longing for family was the main cause of returns. In the case of Poles, as many 80 per cent cited this reason as the major one. This means that the main factors pushing people to emigrate are of an economic nature, while those stimulating returns are more of a purely social nature.

Comparison of affluence and living conditions in CEE countries and in the main states that receive immigrants taking advantage of free movement of workers shows significant differences in this regard.

The data contained in Chart 14 demonstrates that even when purchasing power parity is taken into account, the differences in affluence levels are very clear. For example, there is a twofold difference between Bulgaria and Spain or between Romania and Italy, countries between which employment migrations take place. Smaller, but still significant differences are to be found, e.g. between Poland and the United Kingdom, and between Estonia and Finland.

Chart 14
GDP per capita, PPP (current international $), 2009-2013

Source:
The World Bank, Databank: http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD (access: 10.02.2014)

Far greater differences are evident when average incomes are compared (it must be remembered, though, that those figures refer to the entire population, and not just migrants). For example, the difference between Romania and Spain is fourfold, while that between Poland and the United Kingdom is more than twofold. If PPP is not considered, those differences would be even greater.

This fact does matter because a significant number of emigrants restrict their spending in the state of stay to remit as much money as possible to their state of origin. This means that they receive incomes in states with higher living costs while partly spending them in countries with lower living costs. Consequently, this increases the profitability of working abroad and spending the money earned there in the country of origin.

However, the data contained in Table 17 suggests that in a large majority of cases, the differences in incomes between CEE countries and those receiving immigrants within the EU are declining.

Factors directly related to poverty should not have an impact on the scale of return migrations. The data concerning risk of poverty after social transfers both in sending and receiving states are comparable.

Table 17
Median-equalised net income, in PPS (Purchasing Power Standard)

Country	2006 (EUR)	2008 (EUR)	2010 (EUR)	2012 (EUR)	2006/2012 (%)
Bulgaria	3,200	4,765	5,880	5,793	**81.0**
Czech Republic	8,261	9,725	9,656	10,182	**23.0**
Estonia	5,628	7,563	7,483	7,686	**34.0**
Croatia			7,566	7,375	
Latvia	4,481	7,146	5,885	6,005	**35.0**
Lithuania	4,620	6,949	6,070	6,595	**43.0**
Hungary	6,077	6,597	6,686	7,386	**22.0**
Poland	5,095	6,732	7,566	8,529	**67.0**
Romania		3,064	3,536	3,509	
Slovenia	12,153	13,812	13,713	14,125	**16.0**
Slovakia	4,620	6,763	8,306	9,574	**107.0**
Germany	15,167	18,007	17,724	18,996	**25.0**
Spain	12,226	13,602	12,982	12,319	**1.0**
Italy	13,871	15,262	15,199	15,350	**11.0**
Finland	14,810	16,556	17,232	18,202	**23.0**
United Kingdom	17,630	18,543	16,964	17,636	**0.5**

Source: Own calculation based on Mean and median income by age and sex – Eurostat

Table 18
At-risk-of-poverty rate after social transfers in EU-11 and selected EU-15 countries (in %)

Country	2010	2012
Romania	21.1	22.6
Bulgaria	20.7	21.2
Croatia	20.5	20.5
Latvia	20.9	19.2
Lithuania	20.2	18.6
Estonia	15.8	17.5
Poland	17.6	17.1
Hungary	12.3	14.0
Slovenia	12.7	13.5
Slovakia	12.0	13.2
Czech Republic	9.0	9.6
Spain	21.4	22.2
Italy	18.2	19.4
United Kingdom	17.1	16.2
Germany	15.6	16.1
Finland	13.1	13.2

Source: At-risk-of-poverty rate after social transfers by sex – Eurostat

At the same time, the results of sociological studies concerning factors that discourage returns to states of origin show that a majority of potential return migrants postpone their decisions because they are of the opinion that in terms of living conditions (e.g. chances of finding employment or of receiving support if they lose a job or have health-related problems) they are safer there than they would be in their state of origin. Even the crisis, which has made it more difficult to find a job and has reduced social insurance benefits, has not changed this situation. This demonstrates that for a long time to come, it will be social and not economic factors that continue to prevail when decisions to return from abroad are made.

Between returns of success and of failure

On the basis of economic, sociological and social studies concerning returns from emigration among nationals of CEE countries, and using models proposed by F. P. Cerase (1974), the following typology of return migrations can be established.

- **Returns for family-related reasons – caused by longing for the family or when a decision is made that, for various reasons, return will be better for the entire family or household.**
- **Returns of failure – caused by lack of employment abroad and inability to accomplish the fundamental economic goals that prompted the decision to emigrate.**
- **Returns of success – caused by accomplishment of all intended migration goals, e.g. collection of sufficient funding for an investment in the country of origin.**
- **Returns of hope – related to the expectation that experience gained abroad and improvement of the working and living conditions in the state of origin will lead to better utilisation of a given person's potential after his or her return.**

It must be assumed that returns for family-related reasons are most frequent in the case of CEE countries. They are followed by returns of hope, then returns of failure, with returns of success only taking fourth place.

The literature mentions one more type of return, related to movement to the state of origin after termination of economic activity abroad (returns of retirements). The analysis below is based on the assumption that, in the case of nationals of EU-11 states, taking advantage of free movement of workers this type of return migration is virtually non-existent.

Incentives to return – do they work or not?

In the introduction to this chapter we stated that the surge in interest in return migrations among researchers and experts follows from the search by government of CEE countries for instruments that could increase the scale of returns from emigration. This has been prompted by the fact that the scenarios assuming that returns would somehow take place on their own as a result of migration goals being achieved or an improved situation in the labour markets of sending states proved to be wrong.

The literature of the subject divides the policies of states related to returns of "their own" nationals into two basic categories: reactive policy and proactive policy. The former is characterised by actions carried out in the state of origin and aims to reintegrate returnees into society, while the former aims to encourage emigrants to return.

In the period 2007-2012, governments of several CEE countries decided to introduce instruments stimulating returns. Those can be divided into three basic types: instruments targeted at highly-skilled migrants, those targeted at all potential return migrants, and campaigns promoting returns.

Table 19
Characteristics of return migration policy

	Policy in response to return migration (reactive)	Policy stimulating return migration (proactive)
Target group	Already returned migrants	Potential returnees
Rationale	To prevent problems with reintegration and minimise the negative effects of massive returns on the economy, labour market and society	To maximise the benefits of return migration (social, economic, demographic and financial of returnees)
Priority	To reduce the social tensions and costs related to return migration	To solve identified problems (such as negative demographic trends and labour force shortages)
Aim	To reintegrate returnees into society and the labour market	To encourage returns and to facilitate the return process
Place	Country of origin	Country of residence and country of origin
Phase	After return	Before return and/or at the time of return

Source: Lesińska M. (ed.) (2010). Polityka państwa wobec migracji powrotnych własnych obywateli. Teoria i praktyka. CMR Working Papers 44/102. Warsaw: Centre of Migration Research, University of Warsaw.

Programmes implemented in Poland, Hungary and Estonia are good examples of initiatives targeting highly-skilled migrants. For example, they aim to encourage the returns of scholars pursing scientific careers abroad. Such scholars can receive significant grants for establishment of research teams and projects after returning to their country of origin.

Poland:
HOMING PLUS Programme of the Foundation for Polish Science (http://www.fnp.org.pl/oferta/homing-plus/). It is targeted at persons holding at least a Ph.D. degree, residing abroad and intending to pursue their own research projects. The main idea of this undertaking is to encourage both young scholars to return to Poland and foreign scholars to come and achieve professional self-fulfilment in Poland.

Hungary:
Momentum Programme of the Hungarian Academy of Sciences (http://mta.hu/articles/momentum-program-of-the-hungarian-academy-of-sciences-130009). The programme is targeted at outstanding young researchers who emigrated from Hungary, but express a willingness to return to their country of origin and continue research work there. Additionally, the programme aims to halt new emigration.

Estonia:
"Talents back home!" Project (http://www.talendidkoju.ee/). The project runs a dedicated Internet portal containing information about professional career opportunities in Estonia. It is divided into two parts: general information and job offers.

Programmes targeting all emigrants have been implemented by a majority of CEE countries. On the one hand, they aim to show that a given country is interested in returns of its nationals from abroad, and on the other, it is intended to resolve certain bureaucratic problems that may be related to returns (for example, agreements on avoidance of double taxation have been introduced). An important aspect of those programmes involves encouraging emigrants to take part in elections in their states of origin. The main issue at hand when such programmes are organised is to implement instruments that are interesting for return migrants, but at the same time will not discriminate against those who have not departed.

Slovakia:
Slovensko Calling. An initiative supporting and encouraging employees to return to the Slovak labour market. It promotes development opportunities in the Slovak labour market and stresses the importance of "brain return", which can be of enormous importance for the future development of society and the economy. A part of the programme was the publication of a book targeting return migrants.

Poland:
Powroty.gov.pl. A website through which migrants who wish to return to Poland may obtain all required information. Moreover they have the opportunity to ask questions concerning returns or the situation in the labour market in a given region, which are answered by experts. The website also features a guidebook aimed at return migrants.

Lithuania:
Information Centre for Homecoming Lithuanians. The main goal is to provide Lithuanians residing abroad and wishing to return home with information about tax settlements, benefit transfers, moving and possibilities of finding housing, and other matters.

Latvia:
An action programme for return migrants. It was established by a special task force. It contains proposals of instruments that might be of interest to return migrants. The programme includes: promotion of business activity in Latvia, promotion of information exchange, and maintenance of permanent contacts with Latvians staying abroad.

Bulgaria:
The State Agency for Bulgarians Abroad. A public institution whose aim is to coordinate actions targeted at Bulgarians living abroad. It also compiles statistics concerning emigration of Bulgarians. Moreover, its tasks include pursuit of the objectives contained in the National Strategy of the Republic of Bulgaria for Migration and Integration as concerns return migrations. Among others, the following provision is contained in the strategy: "Attracting Bulgarian emigrants back to Bulgaria with a view to their definite return".

Estonia:
Integration and Migration Foundation.
A public institution aimed at integrating returning migrants and foreigners into Estonian society. It offers over 30 instruments designed to ensure that their beneficiaries become full-fledged participants of Estonian society. Its offer is targeted largely at migrants returning after a long stay abroad.

Campaigns carried out in both receiving and sending counties are the most popular types of programmes targeting return migrants. Usually they promote opportunities related to return, particularly regarding the possibility of obtaining employment and embarking on a professional career path. The initiatives consist of conferences and meetings, which can be attended by potential return migrants, and advertising campaigns in the media.

Slovakia:
Migracia SK. Organisation of conferences and cyclical events aimed at Slovaks residing abroad. Additionally, a campaign concerning voting in elections.

Poland:
12 cities. A programme deployed by the NGO "Poland Street" in the United Kingdom with participation of the biggest Polish cities. Promotion of returns to the largest urban centres offering swift career path opportunities.

Romania:
Career fair. Organisation of meetings in the states where Romanian emigrants live, during which they can learn about job offers in Romania.

Latvia:
Career fair. The State Employment Agency organised information meetings concerning the situation in Latvian labour market. They were held in Dublin and other cities.

The experts agree that the programmes implemented in EU-11 states with the aim of stimulating return migrations failed to bring about the expected effects. Granted, they have eliminated legal regulations that significantly discouraged migrant returns (e.g. by introducing agreements on avoidance of double taxation) and helped resolve some bureaucratic issues, but it has not been proven that they indeed increased the scale of returns.

It turned out that the set of instruments that could be applied by the governments of certain states was not sufficient to tip the scales when decisions on return were made. Therefore, many governments swiftly withdrew from these programmes, mainly due to the scepticism of the people that they were aimed at.

Main conclusions from the chapter:

The scale of return migrations of nationals of EU-11 states who undertake employment in other EU member states is smaller than was assumed.

Due to the small scale of returns, accompanied by continuing emigration processes, the number of EU-11 nationals residing and employed in other EU member states is slowly growing instead of declining. This increases the risk of adverse long-term consequences of emigration for those states.

Assessment of the consequences of making a decision to return is the main factor behind the drop in return migrations. According to migrants, the living standard they can secure for themselves in the receiving states is still better than in their states of origin.

Family-related situations are the primary cause of returns. Factors related to separation and the social costs of emigration are the main ones listed by migrants returning to their state of origin. For a long time to come the differences in levels of economic development and incomes will continue to be large enough to limit, rather than stimulate, returns to EU-11 states.

A majority of CEE countries saw the necessity to implement programmes for emigrants with the aim of increasing the scale of their returns to their states of origin. Unfortunately this goal has failed to be accomplished. Nevertheless, the actions undertaken have reduced the red tape that discourages returns and helped to build a communication system between institutions in the states of origin and their nationals residing abroad.

Lithuania

Prof. Gindra Kasnauskiene, International Business School at Vilnius University

Emigration

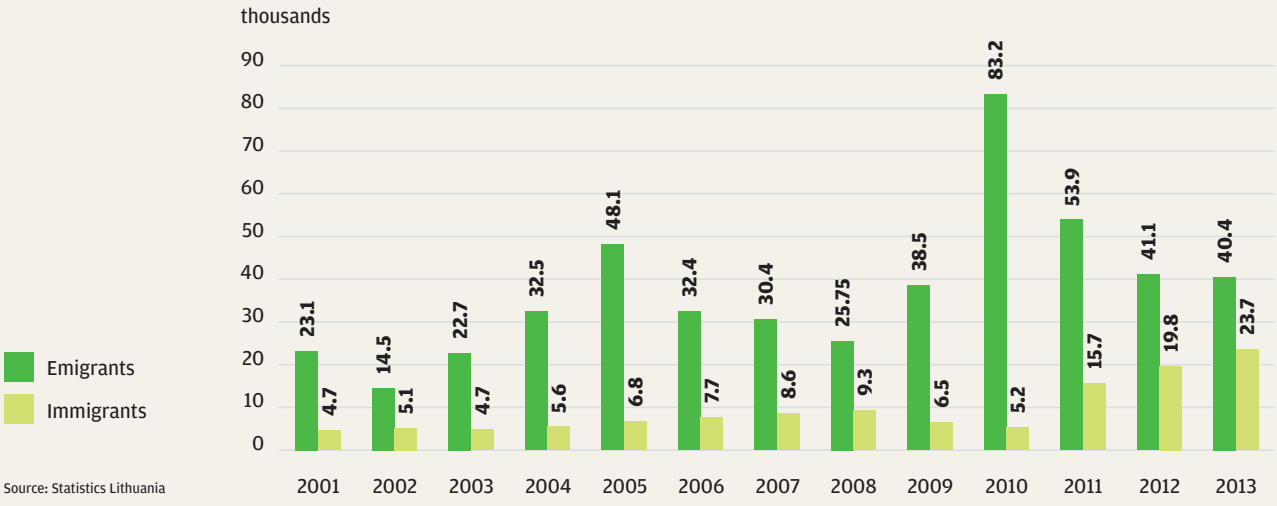
Because of the huge flows of emigration, low fertility levels and rapid population ageing, Lithuania face new economic and social challenges. The labour shortage in some sectors of the economy and increasing dependency ratio will have a significant negative impact on the country's economy in the future.

During the last decade, Lithuania, as most other new EU countries, has had extremely high emigration rates (see Figure 3). Many people have travelled westwards and are working in the old EU countries (especially the UK, Ireland and Spain) and Norway mainly due to the lack of employment and comparatively low wages at home and the job opportunities and well-established social networks in these countries. Since independence (during the 1990-2013 period), approximately 790,000 Lithuanians left their native country (Statistics Lithuania, 2012 and 2013). The net outward migration rate in Lithuania is negative and one of the highest among EU countries: in 2012 it was 7.1 people per 1,000 (Statistics Lithuania, 2013).

According to the most recent preliminary data, the total number of declared departures exceeded the number of immigrants by 16,700 people in 2013. Working-age emigrants accounted for 86% of all emigrants in 2012, and every second emigrant was 20-29 years old (Statistics Lithuania, 2013a). Moreover, highly educated people are leaving the country: it was estimated that roughly one-fifth of all the emigrants are individuals with tertiary education (Kasnauskiene and Budvytyte, 2013).

Emigration can not only have negative aspects, such as depopulation, a decreasing labour force and population ageing, but can also benefit the country in terms of reducing poverty and increasing consumption and investment in a money-receiving country. Lithuania has the highest remittance-to-GDP ratio in European Union: 3.9% over the period 2007-2011 and 3.6% in 2012 (World Bank, 2013).

Figure 3
International migration flows in Lithuania, 2001-2013



Source: Statistics Lithuania

Note: The significant growth in the number of emigrants in 2010 was caused by changes in the Health Insurance Law, which required all Lithuanian residents to pay for national health insurance. The Law encouraged those who had emigrated earlier to declare their departure in 2010 in order to avoid payments. As a result, people started to declare both their arrival and departure more diligently.

Vija Platačiūtė[IV]

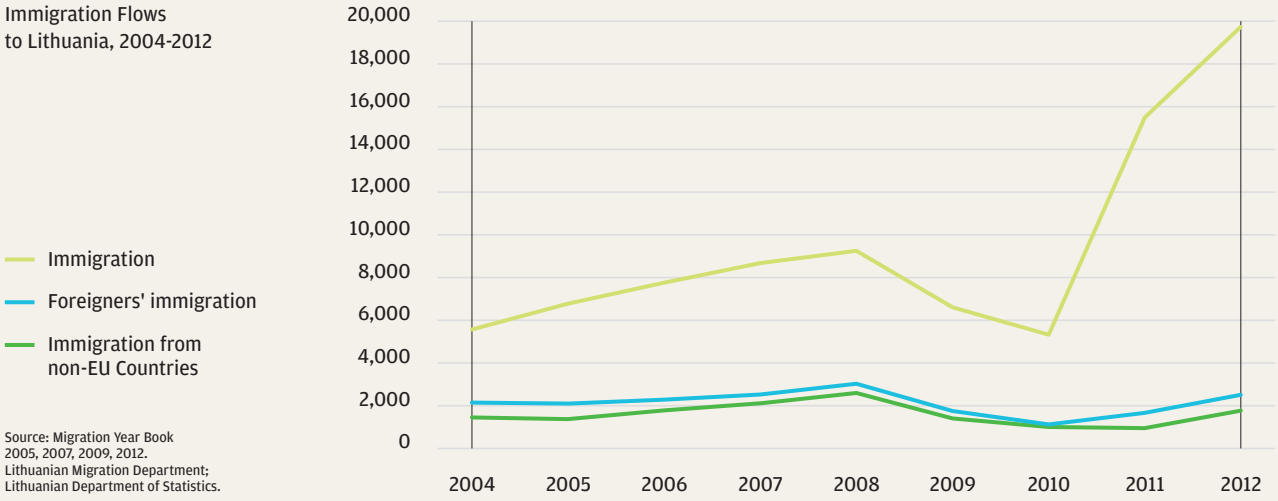
Immigration

After the restoration of independence, Lithuania did not implement a consistent migration policy. Large-scale emigration, high unemployment, and the issue of international migration trends played a role in the fact that Lithuania did not become a target country for migrants and immigration – a political priority. This was a country of emigration starting from the beginning of the 20th century. Net migration was negative from 1990 onwards. Since accession to the EU, nearly 300,000 Lithuanians have emigrated. The situation began to change with the EU integration processes, which redrew the EU's external borders, and also the flows of international migration and the role of Lithuania in the so-called "migration age".

The proportion of foreigners living in Lithuania with different types of residence permits is about 1% of the total population. It is a small number compared to Western European countries, but still, immigrant communities are emerging with their specific problems and requirements. About 74% of all foreigners live in 6 municipalities and the majority of them have been living in Lithuania for more than 10 years. This is why local integration activities and infrastructure are a necessity.

As the chart below shows, immigration to Lithuania has been growing since 2004 (except during the economic crisis), but an absolute majority of immigrants are Lithuanian citizens (remigration process), while non-EU countries' nationals comprise up to a quarter of all immigrants. However, non-EU countries' nationals represented 65% in 2004 and 85% in 2008 of all foreigners who immigrated to Lithuania.

Figure 4
Immigration Flows to Lithuania, 2004-2012



Source: Migration Year Book 2005, 2007, 2009, 2012. Lithuanian Migration Department; Lithuanian Department of Statistics.

The majority of immigrants are Russian speakers, but a new trend has also appeared – immigration from Asia. For example, there were 25,500 non-EU citizens residing in Lithuania in 2009, of which 85% were Belarusian, Russian and Ukrainian, and 70% of newly arrived immigrants were from these countries. This situation limits integration processes because Russian speakers can easily communicate in Russian and do not need to learn the Lithuanian language. On the other hand, immigrants from culturally and geographically distant countries are confronted with difficulties relating to linguistic, racial and other issues.

The number of issued or extended temporary resident permits doubled from 2004 onwards, while the number of permanent resident permits is significantly lower. It should be pointed out that immigrants who live in Lithuania with permanent resident permits have lived here for more than 5 years, and most of them more than 15 years, so this group might be treated as national minorities, not as immigrants. In this case, integration policy should be twofold: for long-term and short-term immigrants.

It is important to identify the goals of immigrants. While until 2007 the majority of temporary resident permits were issued for family reunions, during the economic growth period (2008-2009), the main basis was the intention of seeking employment. Immigrants who join family members already here have better opportunities to integrate because they can use social networks, while employment-seeking immigrants have no information about social services or theirs rights. In many cases, the lack of information becomes the main reason for human rights abuses and exploitation. This is why integration of these migrants is very important. Moreover, family reunion immigration mostly involves women, while work-related immigration mainly involves men.

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Chapter IV

Immigration to emigration countries

Chapter IV:
Immigration to emigration countries

As a topic of discussions taking place within the European Union in recent years, immigration is usually presented as a threat, or at least a challenge. Media coverage is dominated by dramatic images of Lampedusa[9] or French, British and German districts inhabited by second-generation immigrants. This clichéd picture is in sharp contrast to reality. High living standards of the citizens of many European states are attributable to immigration among other things. It must be borne in mind, however, that the European Union, particularly after the enlargements of the 21st century, is not coherent as concerns migration. Member states differ with regard to experiences with and the intensity and nature of immigration. The literature of the subject divides them into three categories: old countries of net immigration, new countries of net immigration and countries in the process of transformation into countries of net immigration (Górny et al. 2010). The states that acceded to the European Union in the 21st century are included in the third group. This is evidenced both by the continued prevalence of emigration over immigration and the slow growth of the scale of inflow into those states of foreigners, particularly those from third countries. Moreover, the inflow of foreigners is frequently depicted by experts as a response to emigration and the moderate scale of returns, particularly in the context of demographic challenges those states are going to face in the coming years. Unfortunately those arguments rarely make it through to social awareness. At the same time, the governments of a majority of states are not interested in liberalisation of immigration policy and this follows directly from the sceptical attitudes of their citizens. **Nevertheless it must be assumed that in the coming years the discussion concerning the inflow of foreigners into CEE countries will be much more intensive than it is now and its nature will change. As the consequences of demographic changes and of sustained emigration become apparent, it will become necessary to establish new instruments that enable labour market shortages to be rectified and have a positive impact on the viability of public finance systems exposed to pressures from increasing expenditure on pension benefits.** It will be central to pursuance of those actions to create the foundations for an efficient integration policy, which should help avoid the mistakes made in the past by the countries receiving large groups of foreigners. Answers to two questions are central in this context. First, will the negative resonance of the debate about immigration to the EU have an impact on protests with the societies of the CEE countries against the inflow of foreigners? Second, will the moderate attractiveness of those states, compared to West European countries, make them continue being treated by immigrants as a place of temporary employment, with other European Union countries remaining their final destinations? This concerns in particular workers who will continue to be the most sought-after in the labour market.

Foreigners in CEE countries – how many and who?

Analysis of statistical sources containing data related to the numbers and features of foreigners residing in CEE countries demonstrates that the most reliable of them are the national censuses and databases of Eurostat.

[9] An Italian island in the Mediterranean Sea which is a destination for many immigrants from Africa.

Comparison of census data with data sourced from Eurostat shows substantial similarities between them. Unfortunately, comparative work has also identified differences.[10] They are not significant, but make it more difficult to show precise data. However, the census and Eurostat data do not differ with regard to trends, which allows us to draw conclusions regarding both the presence of foreigners in particular states and their movements (inflows and outflows in a given year).

For long

On the basis of Eurostat data, CEE countries can be divided into three groups. The first one covers Latvia, Estonia and Croatia, where the percentage of foreigners is much higher than in the remaining countries. This, however, results from historical processes rather than from an inflow of immigrants. Latvia and Estonia have a large group of Russian-speaking residents, who hold the citizenship of the Russian Federation or are recognised as stateless persons (after the collapse of the Soviet Union they failed to accept the citizenship of either the Russian Federation or of the country of residence). In the case of Croatia, citizens of states that emerged from former Yugoslavia are treated as foreigners.

The second group covers the Czech Republic and Slovenia. Nevertheless, it needs to be pointed out that in the case of Slovenia, foreigners are a group consisting mainly of nationals of other states that emerged from the collapse of Yugoslavia.[11] In contrast, in the Czech Republic the immigrants are foreigners.

The remaining states, i.e. Bulgaria, Lithuania, Hungary, Poland, Romania, and Slovakia, are among the states with the lowest percentages of foreigners from third countries in the European Union (Table 20).

Table 20
Non-EU population in EU-10 countries (in %)

Country	2010	2012
Bulgaria	0.4	0.4
Czech Republic	2.7	2.6
Estonia	15.1	14.6
Latvia	17.0	16.0
Lithuania	1.0	0.6
Hungary	0.8	0.8
Poland	0.1	0.1
Romania	0.1	0.1
Slovenia	3.8	3.9
Slovakia	0.4	0.3
Croatia	-	9.6

Source: Own calculation based on Population by sex, age group and citizenship – Eurostat; for Croatia, A statistical portrait of Croatia in the European Union, Croatian Bureau of Statistics (2013).

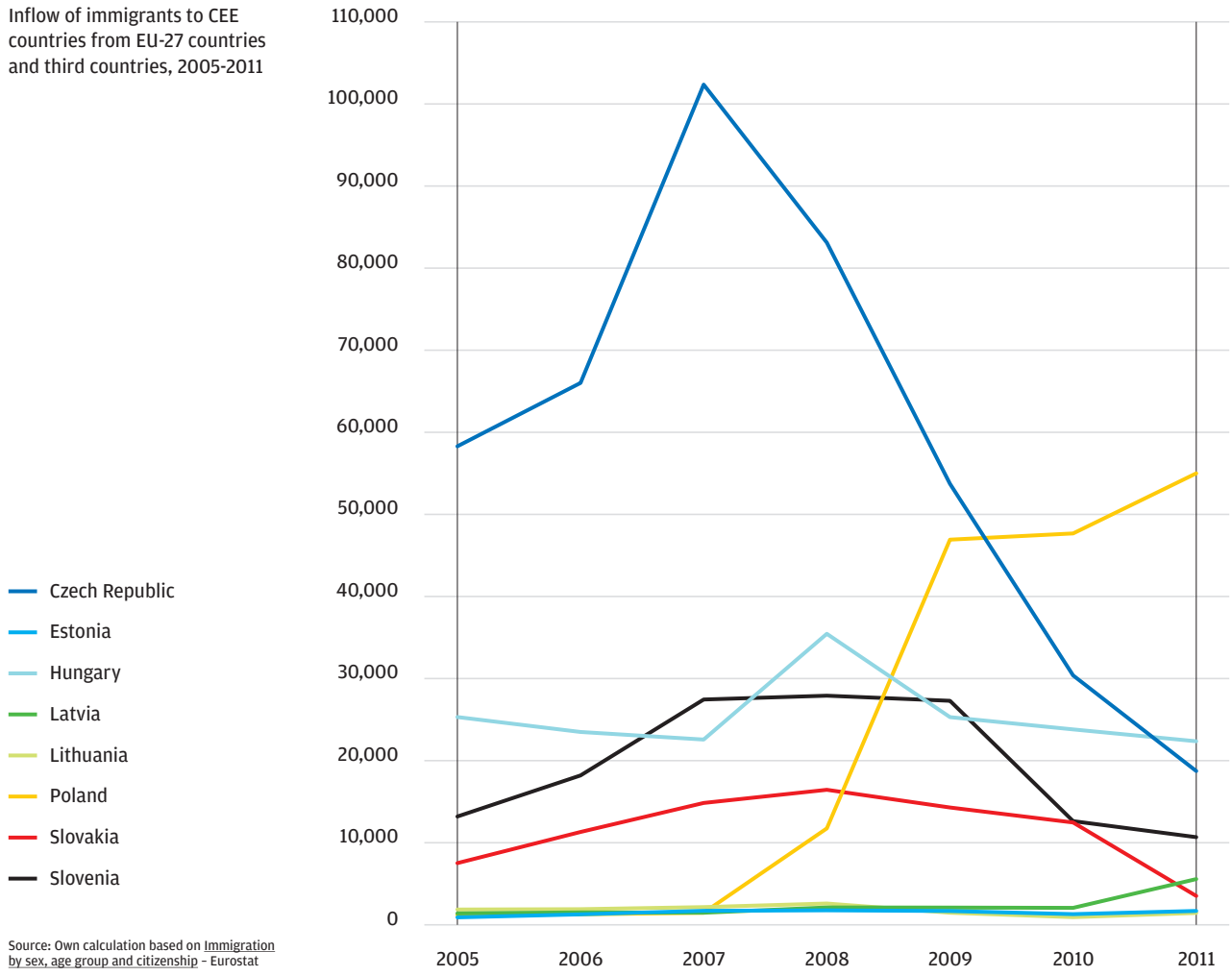
[10] For example, the data contained in reports on national censuses regarding the number of foreigners residing in particular states differed slightly from Eurostat data.

[11] For this reason, Slovenia could be also included in the first group. However the division into groups made in this paper was based on the percentages of foreigners residing in a given state.

Analysis of trends related to immigration to EU-8 states in the period 2005-2011 demonstrates that Poland is the only country recording an increase in the inflow of foreigners (Chart 15). In contrast, the Czech Republic, Slovenia and Slovakia have recorded significant declines in recent years.

This seems to be the result of immigration policies; while Poland liberalised its rules governing the inflow of foreigners in 2008, the Czech Republic, Slovenia and Slovakia tightened the relevant regulations.

Chart 15
Inflow of immigrants to CEE countries from EU-27 countries and third countries, 2005-2011



Source: Own calculation based on Immigration by sex, age group and citizenship – Eurostat

Analysis of data concerning the inflow of foreigners into CEE countries for long-term stays demonstrates that third country nationals prevail among them. Three countries of origin were identified. Ukrainians dominated in the case of the Czech Republic, Hungary, Poland and Slovakia; Russians prevailed in Estonia, Latvia and Lithuania; nationals of Bosnia and Herzegovina dominated in Croatia and Slovenia.

We need to point out the specifics of the Czech Republic, Hungary and, above all, Slovakia, where citizens of EU-28 states prevailed among immigrants. Nevertheless these migrations took place between member states that acceded to the EU in the 21st century. They mainly involved Slovaks who migrated permanently to the Czech Republic, Romanians to Hungary, and Hungarians to Slovakia.

Table 21
Immigration from EU-27 states and from third countries to EU-8 states and Croatia[12], 2011

Country	EU-27			Third countries		
	Total	% of immigrants	Main country of origin	Total	% of immigrants	Main country of origin
Czech Republic	10,706	56	Slovakia	8,265	44	Ukraine
Estonia	62	4	Finland	1,612	96	Russia
Croatia	1,052	28	Slovenia	2,758	72	Bosnia and Herzegovina
Latvia	1,085	19	Germany	4,687	81	Russia
Lithuania	503	30	Latvia	1,170	70	Russia
Hungary	12,451	55	Romania	9,854	45	Ukraine
Poland	13,896	25	Germany	41,116	75	Ukraine
Slovenia	1,990	18	Croatia	8,775	82	Bosnia and Herzegovina
Slovakia	3,162	84	Hungary	589	16	Ukraine

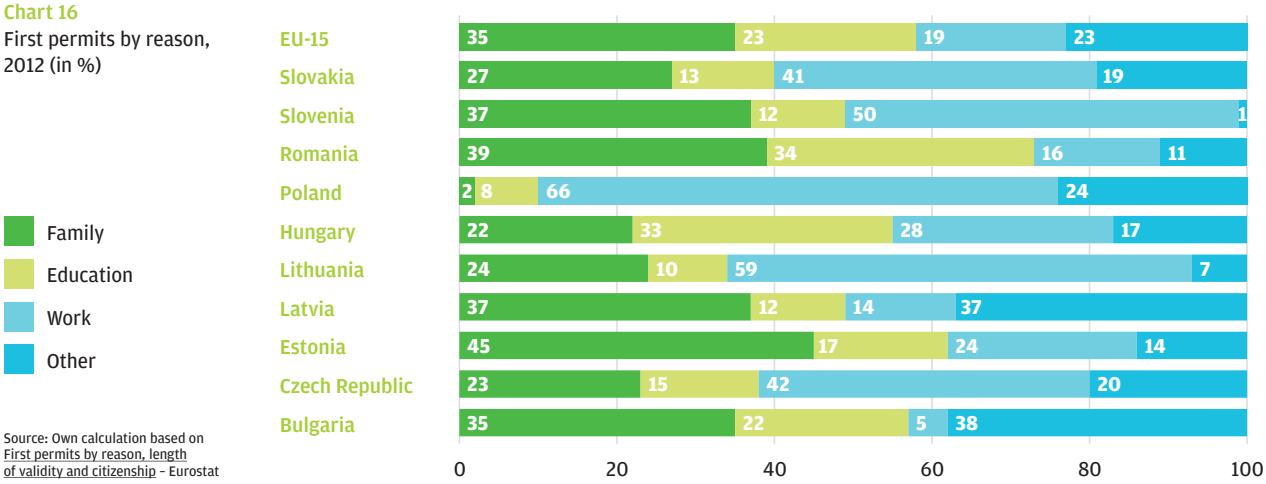
Source: Own calculation based on Immigration by sex, age group and citizenship – Eurostat

Detailed data shows that the people who come from third countries are usually aged 25-44. In all CEE countries, they account for over 40 per cent, and in the case of Estonia, Croatia, Lithuania, Poland and Slovakia – over 50 per cent of all immigrants.

CEE countries differ among each other also with regard to the factors cited by immigrants as the reason for coming to a given country.

In the case of Slovakia, Slovenia, Poland, Lithuania and the Czech Republic, undertaking of employment is the main reason for arriving there. Family-related factors were of greatest importance for immigrants arriving in Romania, Latvia and Estonia. On the other hand, education was central in the case of those arriving in Hungary. Immigrants coming to Bulgaria most frequently cited reasons other than education, work or family reunion.

Chart 16
First permits by reason, 2012 (in %)



Source: Own calculation based on First permits by reason, length of validity and citizenship – Eurostat

[12] No data for Bulgaria and Romania.

Just for a while

Analysis of statistical data concerning migration processes demonstrates that long-term migrations are much rarer than temporary migrations, mainly in search of employment. Persons migrating temporarily are very frequently not included in detailed statistics because they are not recognised as permanent residents (and therefore are not covered by national censuses). Therefore, in this case it is impossible to present precise and comparable data. On the basis of estimates published by relevant institutions in specific states, one can only give brief general descriptions:

- **Bulgaria:** several thousand Turkish and Ukrainian nationals come to this country every year mainly for employment purposes. In the period 2013-2014 Bulgaria also received a large group of refugees from Syria.
- **The Czech Republic:** a country that pursued a liberal immigration policy for many years, resulting in an inflow of foreigners, particularly from Ukraine and Vietnam. Currently, temporary migration is for employment and educational purposes. The largest group of third country nationals undertaking temporary employment in the Czech labour market is comprised of Ukrainians.
- **Estonia:** the most numerous groups of foreigners residing in this country are Russians and Ukrainians. They usually undertake temporary employment in services and households. There are several hundreds of them every year.
- **Croatia:** several thousands of foreigners find employment in this country every year. They come mainly from the countries of former Yugoslavia.
- **Latvia:** Russians are the largest group of foreigners residing temporarily in this country. As in the case of Estonia, they are employed in services and households. There are several thousands of them every year.
- **Lithuania:** nationals of Russia and Ukraine most frequently find temporary employment in the Lithuanian labour market. There are several thousand of them.
- **Hungary:** tens of thousands of foreigners find temporary employment in the labour market of this country. They come mainly from Ukraine and China. The number of foreigners undertaking studies is also on the rise.
- **Poland:** Ukrainians are the largest group of foreigners employed temporarily; their share in the group of seasonal workers exceeds 90 per cent. Nationals of Vietnam, Armenia and Moldova are also among those in temporary employment. The scale of temporary employment is estimated at approximately 200,000 people annually.
- **Romania:** the largest group of foreigners employed in this country is comprised of Moldovans. Turks and the Chinese are also present in the Romanian labour market. Temporary employment of foreigners does not exceed 20-30,000 people annually.
- **Slovenia:** nationals of former Yugoslavia prevail among foreigners employed in the labour market. The largest group is comprised of nationals of Bosnia and Herzegovina. Temporary employment does not exceed 10-20,000 people annually.
- **Slovakia:** several thousand foreigners find employment in the Slovak labour market every year. They come mainly from Ukraine, Serbia and Russia.

How much can one earn in CEE countries?

The status of CEE countries as the countries being just at the beginning of the process of transformation into net immigration states countries is demonstrated by results of studies concerning remittances. Comparison of the data from Tables 22 and 12 (Chapter II) affords the observation that all countries of the region are net beneficiaries of remittances from migrants, which is a characteristic trait of emigration countries. At the same time, they are also a source of incomes for migrants. The data contained in Table 22 suggests that remittances from migrants working in CEE countries are transferred both to other EU member states (prevailing in the case of the Czech Republic, Hungary, Poland and Slovakia), and to third countries (prevailing in the case of Bulgaria, Croatia, Estonia, Latvia, Lithuania, Romania and Slovenia).

Table 22 Remittance in millions euro[13], 2012

Sending country	Total	Main destination country (% of Total)
Bulgaria	16	Turkey (100%)
Croatia	624	Bosnia and Herzegovina (78%)
Czech Republic	988	Slovakia (69%)
Estonia	79	Russia (64%)
Hungary	462	Romania (40%)
Latvia	197	Russia (37%)
Lithuania	72	Russia (30%)
Poland	1,333	Germany (23%) and France (23%)
Romania	163	Moldova (40%)
Slovakia	424	Czech Republic (65%)
Slovenia	146	Bosnia and Herzegovina (54%)

Source: Own elaboration on the basis of OECD International Migration Outlook 2013 - OECD and The World Bank, Bilateral Remittance Estimates for 2012 and Migrant Remittances Inflows – (Data in USD)

[13] Exchange rate 1 EURO = 1.286 USD

To sum up the above analysis, it can be stated that CEE countries are very moderately attractive for foreigners. It must be assumed that the determining factors behind such a state of affairs include low salaries compared to other EU states, high levels of unemployment, hardly any immigration traditions (poorly developed migration networks) and restrictive immigration policies. Moreover, immigrants in those states usually come from neighbouring states or from the region. This translates into limited integration problems on the one hand, but also to lack of experience with immigration from states of different cultures on the other. If the directions of migrant inflow change, this may give rise to many problems, familiar to states that had recorded this type of immigration before.

From an emigration state to an immigration state – a long or a short road?

In the expert and political debates, one of the various arguments in favour of pursuing a liberal immigration policy, and consequently of receiving a greater number of foreigners, is the redressing of labour market shortages, which are an unavoidable effect of demographic processes.

In the case of CEE countries, there is the additional issue of using immigrants to fill gaps resulting from mass emigration of their own nationals. This element is featured in virtually all migration policy strategies adopted by specific states. Somehow simplifying the issue, one can assume that without increasing the number of foreigners arriving and settling in CEE countries, the economic competitiveness of those states and quality of life will decline. Certainly, immigration will not solve demographic problems, but it can be one of the key elements in the so-called demographic mix, which is a response to a sustained low fertility rate (Table 23). Besides immigration, the demographic mix comprises, among other things:

- family policy,
- extension of retirement age,
- occupational activation of disadvantaged groups, such as: women, the disabled, rural residents and poorly educated persons, and
- lowering of school age (European Commission 2005).

Table 23
Fertility rate, 1991-2013

Country	1991	1995	1999	2003	2007	2011	CIA The World Factbook 2013
Bulgaria	1.7	1.2	1.2	1.2	1.4	1.5	1.43
Croatia	1.5	1.6	1.4	1.3	1.4	1.5	1.45
Czech Republic	1.9	1.3	1.1	1.2	1.4	1.4	1.29
Estonia	1.8	1.3	1.3	1.4	1.6	1.5	1.45
Hungary	1.9	1.6	1.3	1.3	1.3	1.2	1.41
Latvia	1.9	1.3	1.2	1.3	1.4	1.3	1.34
Lithuania	2.0	1.6	1.5	1.3	1.4	1.8	1.28
Poland	2.1	1.6	1.4	1.2	1.3	1.3	1.32
Romania	1.6	1.3	1.3	1.3	1.3	1.3	1.31
Slovakia	2.1	1.5	1.3	1.2	1.3	1.5	1.39
Slovenia	1.4	1.3	1.2	1.2	1.4	1.6	1.32

Source: World Bank, CIA The World Factbook 2013

Liberalisation of immigration policies, particularly in countries with high unemployment rates, is bound to arouse controversies and potential protests against an inflow of larger numbers of foreigners. Such a trend is visible in public opinion polls. Except for Poles and Romanians, nationals of all other CEE countries disagree with the opinion that immigration is beneficial from an economic and cultural viewpoint (Table 24). Probably this is also a result of the negative resonance of the discussion about immigration, particularly employment immigration, that is taking place in Western Europe, influencing public opinion in CEE countries.

Table 24
Opinions of EU-10 nationals with regard to the statement "Immigration enriches (our country) economically and culturally", 2012 (in %)

Country	Total agree	Total disagree	Don't know
Poland	57	31	12
Romania	50	40	10
Lithuania	45	49	6
Slovenia	41	56	3
Estonia	38	59	3
Bulgaria	37	49	14
Slovakia	37	58	5
Hungary	31	65	4
Czech Republic	23	73	4
Latvia	19	78	3
EU-27	53	42	5

Source:
European Commission (2012), Awareness of Home Affairs, Eurobarometer

The scepticism of nationals of CEE countries regarding the benefits of immigration in the context of coping with the negative consequences of demographic change, follows also from answers to other questions asked as part of the Eurobarometer study. For example, when asked if the European Union should liberalise its immigration policy in response to demographic challenges, again only Romanians (50 per cent) and Poles (49 per cent) generally agreed with this statement. At the same time, as many as 75 per cent of Latvians, 64 per cent of Estonians, 63 per cent of Hungarians and 60 per cent of Slovaks totally disagreed with such a proposition. Protests of the nationals of CEE countries have to be taken into account in the discussion about immigration and action must be taken to challenge stereotypes related to the consequences of inflows of foreigners. Otherwise, we will not be able to carry out the necessary actions to increase immigration levels, which seem absolutely necessary.

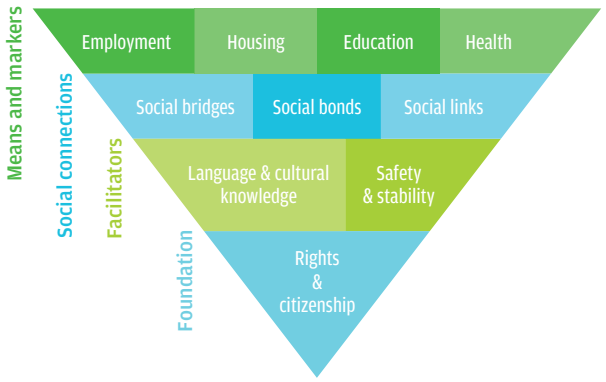
Integration policy – the key to success?

As has been already pointed out, scepticism towards increased inflows of foreigners is not the exclusive domain of the societies of CEE countries as it is also shared by others.

On the basis of research results it can be stated that nationals of European Union member states are opposed to openness in immigration policy. Well aware of this fact, the authors of reference publications look for solutions that could convince sceptical societies to be more open and at the same time help avoid the mistakes that waste the potential of immigrants. For example, on the basis of studies of migration policies pursued by European states, Tomas Hammar came to the conclusion that to carry out an effective immigration policy, it is necessary to combine it with an integration policy (Hammar 2010). In practice, this means that a state wishing to avoid problems with immigrants should open its labour market only to the extent necessary to incorporate foreigners into the functioning of the society of the receiving state (Duszczyk 2012). This helps to minimise, and under an optimal model even avoid, tensions between immigrants and nationals of the receiving state. To achieve this, however, it is necessary to develop integration policies, whereby immigrants can attain economic self-sustainability after a short period of stay. Without this, it is difficult to imagine their full integration into the society of the receiving state. Therefore, following a report developed for the UK government, it can be pointed out that for integration to be successful, it is necessary to ensure to immigrants:

- access to social services (support in getting employment, rented accommodation, improvement of qualifications and access to health services),
- contact between foreigners and the societies of the receiving states,
- help in gaining command of the language of the receiving state and accepting its culture,
- help in gaining a feeling of security and stability, which is crowned by obtaining citizenship (Chart 17).

Chart 17
Conditions for effective integration of foreigners



Source: Home Office Development and Practical Reports No. 28, Indicators of integration, London 2004

The means and measures indicated in Chart 17 constitute a pyramid. According to its logic, without ensuring access to social services it is impossible to effectively secure successive levels of integration. All integration areas penetrate and influence each other. For example, lack of command of a given language precludes participation in the local culture or success in the labour market. Those issues should be taken seriously into account by the governments of CEE countries if they want to avoid tensions between foreigners and societies of the states receiving them.

The present poor preparation of CEE countries for integration of foreigners is evidenced by the results of the Migrant Integration Policy Index. The comparative list contained in Chart 18 suggests that while countries of the CEE region have ensured proper conditions for family reunions and acquisition of the right to permanent residence and are counteracting discriminatory practices, they have failed to simplify the regulations related to acquisition of citizenship and political participation of immigrants. Foreigners also have problems with access to education, which is one of the central pre-conditions for effective integration.

Chart 18
Assessment of the ability to integrate foreigners in CEE countries on the basis of the Migrant Integration Policy Index, 2011 (score in points)

Country	Labour market mobility	Family-reunion	Education	Political participation	Long term residence	Access to nationality	Anti-discrimination
Bulgaria	40	51	15	17	57	24	80
Czech Republic	55	66	44	13	65	33	44
Estonia	65	65	50	28	67	16	32
Hungary	40	61	12	33	60	31	75
Latvia	36	46	17	18	59	15	25
Lithuania	46	59	17	25	57	20	55
Poland	48	67	29	13	65	35	36
Romania	68	65	20	8	54	29	73
Slovenia	21	53	24	21	50	27	59
Slovakia	44	75	24	28	69	33	66

1-20 Unfavourable
21-40 Slightly unfavourable
41-59 Halfway unfavourable
60-79 Slightly favourable
80-100 Favourable

Source: British Council and Migration Policy Group, Index Integration and Migration III, Brussels 2011

To sum up, it must be stressed that CEE countries should be interested in increasing the inflow of foreigners, which would help them redress the shortages resulting from demographic processes and sustained emigration. At the same time, their societies are rather sceptical about greater openness and do not see any benefits coming from immigration.

The situation can be changed by properly designed integration policies, which would help prevent future tensions between foreigners and citizens of the receiving states. The absence of such tensions should result in a decline in reluctance towards inflows of successive waves of foreigners.

Main conclusions from the chapter:

The consequences of demographic processes and the losses ensuing from emigration should prompt CEE countries to undertake actions aimed at increasing the inflow of immigrants. However, the attractiveness of those states for foreigners who could redress the shortages in the labour market remains moderate compared to Western European states.

Immigration to CEE countries has been so far of marginal importance, although recently in some countries there has been a perceptible rise in the number of foreigners present in their labour markets. Nevertheless, it is essential to create a situation whereby those countries cease to be treated solely as a place of temporary employment or as transit states on the way to undertaking employment in Western Europe.

Foreigners residing in CEE countries usually come from neighbouring states or from the region.

Among CEE countries, the situation of Latvia, Estonia and Croatia is unique because large groups of foreigners reside in them. This, however, has been the result of historical processes, not of an inflow of immigrants in recent years.

Despite convincing arguments in favour of immigration growth, the societies of CEE countries are sceptical about pursuing liberal immigration policies. To change this position, it is necessary to pursue an integration policy that will help avoid conflicts between foreigners and nationals of the receiving states.

Linkage between immigration and integration policies would help avoid many mistakes made by states that recorded significant immigrant inflows in the past, which resulted in several problems.

In the debate about immigration that will take place in CEE countries, it is necessary to offset the negative voices coming from Western Europe.

Top priority in the pursued policy should be assigned to the fastest possible achievement by foreigners of economic self-sustainability.

Migration development in the Czech Republic

Jan Schroth, IOM International Organization for Migration Prague

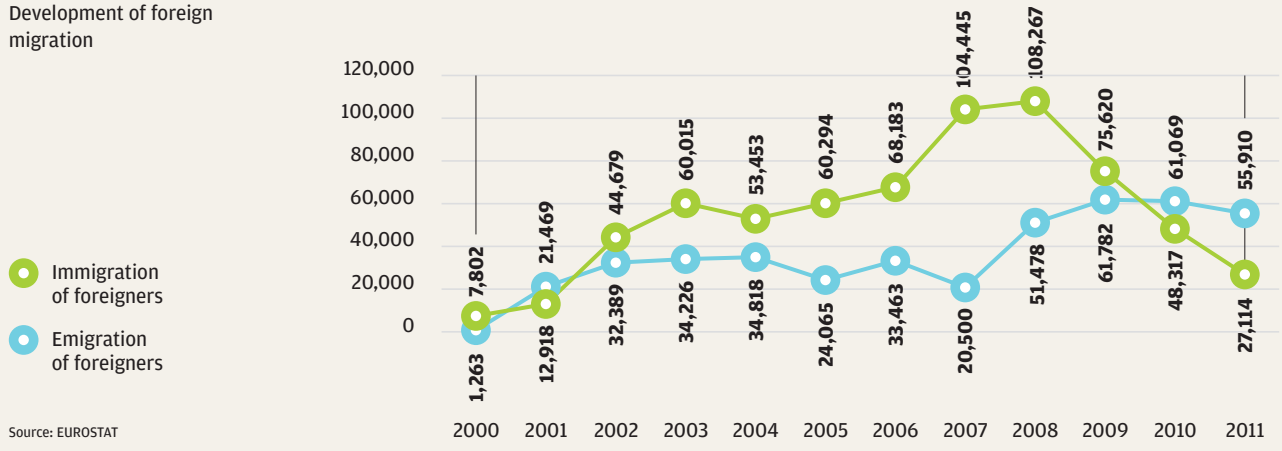
The Czech Republic (CR) has become in the last twenty years one of the most attractive immigration countries among the former communist bloc states in Central Europe.[V] Since 1993, when the new state was established following the dissolution of Czechoslovakia, the number of foreigners increased more than fivefold from 0.75 per cent to more than 4 per cent of the population. Immigration had been increasing gradually during the 1990s, but the highest growth was recorded between accession to the EU in 2004 and the global financial crisis in 2009. In these years, the country recorded one of the highest positive net migration rates among OECD countries in proportion to the population, and the number of foreigners more than doubled during the first decade of the new millennium. Transformation from a transition to a destination immigration country was completed. Foreigners from the EU[VI] as well as third countries were attracted by economic growth accompanied by expansion of the construction, manufacturing and service sectors.

On the other hand, foreigners were strongly affected by the financial crises and unemployment growth in recent years. The 60 per cent decline in immigration between 2008 and 2010 was the biggest among OECD countries. After reaching a peak of 439,000, the number of foreigners has remained stagnant since 2008. Migration has played a crucial part in the population growth of recent years and the number of inhabitants has not decreased only due to immigration.[VII] Although the foreigners are mostly younger[VIII] than Czechs and in economically active age groups, the current dynamic of immigration cannot in the long term make up for the low natality and ageing of the Czech population.

Nearly three-quarters of foreigners originate from only six countries – Ukraine (25 per cent), Slovakia (20 per cent), Vietnam (13 per cent), Russia (8 per cent), Poland and Germany (4 per cent each). Out of the top six traditional source countries, only the population of Russians has grown in recent years. The numbers of third country nationals in general has decreased (especially of Ukrainians and Moldovans). On the other hand, the number of EU citizens has increased, especially Slovaks, but also Romanians and Bulgarians. Both groups make up about half of the foreign population at present.

Overall, immigrants in the CR comprise a large mosaic of different ethnic groups, and each one has developed its own economic strategies. However, the largest foreign groups can be simply characterised by their employment activities. Ukrainians mostly have work permits, but the number of trade licenses issued to them has increased recently. They are involved in manual work, mainly in construction, but also industry and agriculture. Slovaks usually have permanent employment, and there is a significant share of "blue collars" among them. They work in heavy industry, agriculture and forestry, and construction, as well as in manufacturing. Vietnamese are traditionally small-scale market entrepreneurs/sellers, however the share of employees has increased in the last few years. Most of the Russians are businesspeople working in real estate and other services. While in 2000, one-fourth of all migrants had permanent residence status, by the beginning of 2014 the share had increased to 50 per cent.[IX]

Figure 5
Development of foreign migration



Source: EUROSTAT

V More immigrants from third countries live in the CR than in Hungary, Poland or Slovakia.

VI Data about EU citizens is not precise because a significant number of them probably do not register their stay officially when making use of free movement within the EU.

VII 96 per cent of the total population increase in 2006 was due to foreign immigration.

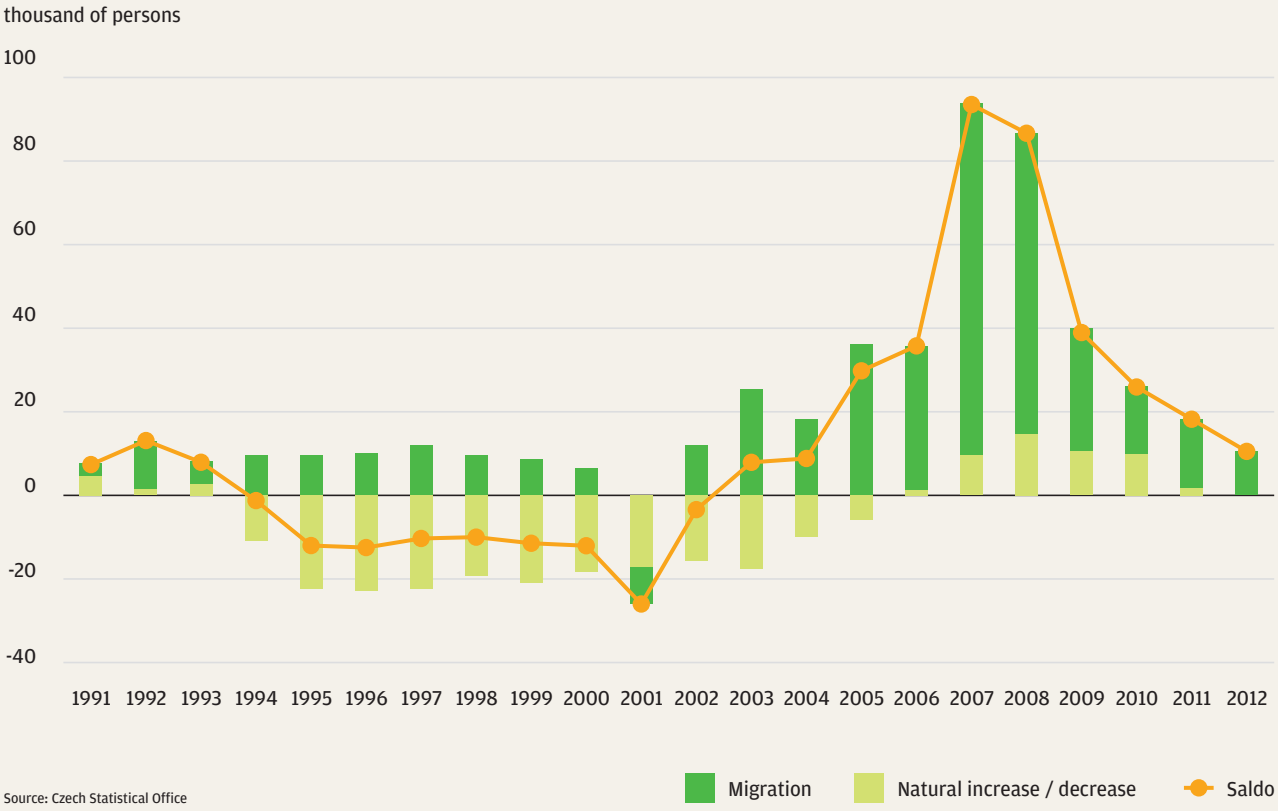
VIII Compared to the ageing Czech population, the primary productive age group (i.e. 25-39 years) is strongly represented among foreigners, constituting approximately 40 per cent. This is strong evidence of the economic motives for the migration. On the contrary, very low percentages of children and persons of a post-productive age can be found among foreigners in comparison with the natives.

IX Around 60 percent among third country nationals and 40 per cent among immigrants from EU countries.

Emigration of Czech citizens abroad is not significant compared to some other countries in the region, such as Poland, Slovakia and Hungary, however there was an increase after EU accession in 2004 and the successive opening of labour markets in Western countries. Studies show that there was a limited brain drain only among medical personnel (nurses and doctors) and researchers. Officially, only a few thousand Czechs have emigrated annually[X] in recent years, but the limited statistics available from foreign countries register tens of thousands of Czechs working and living there.

According to estimates,[XI] more than two million people around the world[XII] declare Czech origin. Most of them are descendants of emigrants from former Czechoslovakia in the 19th and the beginning of the 20th centuries. It is estimated that around 200,000 people left Czechoslovakia during the Second World War and the communist regime. And only around 100,000 out of the more than two million Czechs living abroad emigrated after the change of regime in 1989 and the subsequent foundation of the Czech Republic. In 2012 around 90,000 Czechs worked officially in the EU/EEA and Switzerland, out of which 33,800 lived in the United Kingdom, 23,500 in Germany and 11,300 in Ireland.

Figure 6
Development of the Czech population influenced by migration



Source: Czech Statistical Office

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Schroth, Jan – Czech Republic analyses at www.labourmigration.eu ; IOM 2010-2012

X Only 3,300 Czechs in 2012 for example. Many of them don't register when circulating between the Czech Republic and EU countries, in particular.

XI Based on limited available statistics from various countries, Czech embassies, elections abroad, polls, etc.
XII Around 1.7 million in the US and 120,000 in Canada.

Chapter V

Central-Eastern Europe – between emigration and immigration

Chapter V:
Central-Eastern Europe – between emigration and immigration

Most experts agree that the European Union enlargements that have taken place in the 21st century are a success. They have helped the EU better survive the crisis that started in 2008 and maintain the importance of Europe in an increasingly globalised world.

Upholding of the principle of solidarity and cooperation between member states has demonstrated that in the face of spectacular threats, which could even lead to the collapse of some countries, the European Union is able to defend itself and continue being the Community. Nevertheless, the process of European Union enlargement is not free from fears of its consequences in both the short and long term. Already during accession negotiations the debate featured some threads that could have delayed or even thwarted the idea of Community enlargement. We can assume that had those fears not been addressed, the enlargements would simply not have taken place at all. For example, it is difficult to imagine that the societies of the acceding states would have agreed to accede without transitional periods for acquisition of land by foreigners, or that the economies of those countries would have coped without postponement of the dates for adoption of certain environmental standards. At the same time, the societies of the states of the "old" EU would not have allowed the enlargements to be carried into effect without being appeased by transitional periods with regard to free movement of workers. One also needs to be aware of the fact that the European Union enlargements that have taken place in the 21st century translated into growing diversity among member states. The European Community has become less coherent and uniform than ever before. At the time of their accession, such states as Spain, Portugal or Greece were richer than most countries that acceded to the EU in 2004, 2007 and 2013. Indisputably this was and still is a challenge for the governments of the "old" and "new" member states and EU institutions, but first and foremost for citizens, who must find their place in the new reality. Just as conditions governing successive enlargements spark controversies, now we are facing a discussion about the actual effects of the enlargement called the "Big Bang Enlargement" in the literature.[14] The public debate is dominated by the issue of extending freedom of movement for workers to nationals of "new" member states.

[14] There is disagreement in the literature of the subject as to who is the author of this term. Initially it was applied to the 2004 enlargement. Currently it also refers to all enlargements that took place between 2004 and 2013.

In 2013 this discussion proved even more important than the debate about immigration of third country nationals to the EU. In previous years the main focus had been on the issues of border protection, cooperation in combating unlawful migration, and reform of the functioning of the Schengen area. But the end of the transitional periods related to free movement of workers for nationals of Bulgaria and Romania became a catalyst for a broader debate about migration within the European Union. As part of this discussion, let us try to recapitulate what we know about migration between CEE countries and other EU member states.

Migrations within the EU

The European Union remains a region where, despite lifting of the majority of restrictions related to employment migrations, mobility remains at a limited level.

Only slightly over 3 per cent of economically active EU citizens reside in a member state other than their country of origin. Community enlargements that have taken place in the 21st century have contributed to increasing this share by 0.8 percentage points.

We have to be aware, though, that despite free movement of workers being in place, migrations within the EU are not fully free. The governments of many member states have decided to introduce more or less formal restrictions targeted against migrant workers. First of all, we can point to deprivation of the nationals of other member states of access to some benefits, or conditioning the granting of employment on command of the language on a par with indigenous workers, even if the job concerned absolutely does not require that. Such actions provoked a response from the European Commission, which decided to issue a special document reiterating the fundamental principles of the freedom of movement for workers. What is important, the restrictions applied by specific states should not be associated with recent EU enlargements, because they had been in place much earlier. Nevertheless, it is true that in recent years they have intensified and new ones are being announced (e.g. the declarations of British Prime Minister David Cameron or the position of the government of the Netherlands ordering EU citizens who cannot find employment for some time to leave that country).

Member states differ fundamentally in terms of experiences with regard to receiving of immigrants and the percentage of foreigners residing in their territories, as well as the effectiveness of integration of immigrants into the societies of receiving states. This indirectly affects their position regarding both free movement of workers and immigration from third countries. However, the greatest scepticism is visible in those countries that have failed to avoid populism in the public and political debate. Unfortunately, it must be assumed that in the coming years the climate of the discussion will not change and we can expect restriction both of the right to exercise free movement of workers and of immigration from third countries. Apart from very few exceptions, experts agree on that matter. This will be harmful both for the competitiveness of the EU and for social cohesion.

Emigration from CEE countries to West European countries

Moving on to detailed conclusions related to the consequences of three recent EU enlargements for migration, we have to state that the scale of emigration we have dealt with since 2004 exceeded the expectations of experts. The forecasts prepared before the accession of CEE countries to the EU proved to be too conservative.

Despite introduction of restrictions in the form of transitional arrangements, nationals of "new" member states turned out to be much more mobile than citizens of EU-15 states. The greater mobility of people from CEE countries follows mainly from dissatisfaction with the living standards they have in their countries of origin and from the hope that their situations will improve when they go abroad. This is what sets them apart from the people of Western Europe, who rarely see migration within the EU as an opportunity to improve living standards. In a decisive majority of cases they have attained a so-called "acceptable standard of living", which discourages mobility.[15] Probably had such a state been achieved in the societies of the "new" member states, the migration level between them and other EU counties would have been much lower.

The extension of freedom of movement for workers to nationals of CEE countries has elicited a variety of responses from them. To the greatest extent, the right to undertake employment abroad has been exercised by Lithuanians, Latvians, Croatians and Romanians. To a lesser though still significant extent, free movement has been exercised by Bulgarians, Poles, Estonians and Slovaks. Czechs, Hungarians and Slovenians have not been much interested in employment migration so far. The estimates made in the report suggest that the number of Latvians residing in other EU member states rose by over 450 per cent in the period 2004-2012. They were followed by Lithuanians. In their case, the growth in the same period amounted to over 400 per cent. At the same time the increase for Slovenians amounted to a mere 25 per cent, and for Czechs 45 per cent. This comparison demonstrates that the CEE region should not be treated uniformly in research on emigration, because it displays far-reaching differences between particular states.

The differences in the migration scales between CEE countries certainly have an impact on assessments concerning the effects and benefits of emigration. Simplifying matters slightly, we can assume that in the short and medium term, the states from which the largest numbers of citizens have gone abroad benefit from this fact to the greatest extent. This is attributable to remittances from emigrants, which go to members of their households remaining in the states of origin. Emigration also has become a kind of "safety valve" for the labour market, particularly in times of the economic crisis resulting in high unemployment. At the same time, we should not forget the entailed social costs, such as disintegration of families and interruption of relations between parents and their children staying in the country of origin. In the long run, however, if return migrations do not happen, those countries will incur significant additional costs in connection with present emigration. Those costs will be related to demographic processes resulting in deteriorating relationships between active and passive persons.

It should also be pointed out that countries receiving migrants are beneficiaries of enhanced migrations within the EU in recent years. Migrants coming from CEE countries pay into the budgets of receiving states several times more than they receive. For example, since the year 2000, workers from "new" member states have paid into the UK budget 25 billion pounds more than they collected through access to all social services.

[15] The data for 2013 shows that emigration from states that have recently received large groups of immigrants is on the rise. This concerns in particular Portuguese, Greeks, Irish and Spaniards. One has to be aware, though, that the unemployment rate in those countries has come close to, or even exceeded, 20 per cent.

The forecasts concerning emigration levels in the coming years demonstrate that they should be slowly declining. We certainly cannot expect repetition of emigration waves like the ones that took place for EU-8 states in the period 2004-2007, and for the EU-2 in the period 2007-2009. But, at the same time, emigration should not be expected to come to a complete halt. The number of new emigrants will depend mainly on improvement or deterioration of the situation in the labour markets and on assessment of whether a desirable level of living security and quality can be more easily achieved in the country of origin or through emigration. Therefore, to stop new emigrations, it is crucial to pursue actions that help in obtaining work in the state of origin, which can ensure attainment of stability and security with regard to expected living standards.

Return migrations

Removal of restrictions for migration of workers within the EU makes it more likely that migrant persons will decide to return to their states of origin after a few years abroad.

The main argument supporting such a thesis is the fact that at any time, without needing to obtain any permits, they can leave again. This fundamentally sets apart migration within the EU from immigration from third countries. In the latter case, the willingness to remain in a receiving state follows from the fear that after returning to his/her country of origin, a given person will not obtain another permit for entry and residence in the state that he/she wants to go to. Returns from emigrations are also supported by the experiences of other states, which acceded to the European Union in the 1980s and recorded emigration growth after their accession. After some time their nationals returned, hoping that they would be able to use in their countries of origin the experiences and funds they gathering during their stay abroad.

Unfortunately, the above scenario has so far failed to materialise in the case of CEE countries. The scale of return migrations is definitely smaller than experts foresaw; consequently, and in the face of sustained emigration, the number of EU-11 nationals staying abroad is slowly rising instead of declining. The decision to extend one's stay or to remain in emigration permanently results from rational assessment of the situation in the state of origin and in the receiving state. In the majority of cases, this still tips the scales in favour of receiving states.

From studies of the reasons underlying return decisions we can draw important conclusions for the assessment of the consequences of emigration of CEE countries' nationals and chances for a rise in return migrations. In a large majority of cases, family-related factors underlie decisions to return. Hence, if decisions to emigrate are caused by economic factors, then returns are most frequently prompted by family situations and to a certain extent they are forced returns related to maintenance of the cohesion of a given household or the necessity to provide support to one or more family members. This conclusion demonstrates that without an improvement in the socio-economic situation in CEE countries, we can hardly expect enhanced returns prompted by reasons that are not family-related.

The limited scale of returns in a way forced a response from governments of EU-11 states, which decided to introduce programmes aimed at stimulating returns, though their effectiveness is negligible largely because they need to take into account the principle of non-discrimination against those who stayed and have no migration experiences. Therefore, most of the implemented programmes have been limited to provision of information to migrants about the opportunities and conditions of returns, intermediary services in gaining employment after return, and removal of red tape that might discourage returns. It is important for NGOs to become involved in the implementation of programmes, as they seem more credible to emigrants than government agencies.

In conclusion, it must be stressed that a rise in return migrations may be the most important factor reducing the negative consequences of emigration in connection with demographic processes. Because the scale of returns remains at a low level, the public finances of CEE countries will face additional challenges related to financing of the growing numbers of pensioners, accompanied by reduced revenues from taxes and social insurance contributions from working persons. We must not assume that remittances from abroad can make up for this loss. These remittances will decline along with the rise in the number of persons who decide to stay abroad permanently and consequently stop remitting money they earn to their states of origin.

The gradual improvement in the affluence of CEE countries, resulting from membership in the European Union and high emigration levels should cause enhanced interest in immigration of third country nationals to those states.

Those persons could fill in the emerging gaps in the labour market on the one hand, and to a certain degree counterbalance the negative consequences of the aforementioned demographic processes on the other. Analysis of the scale of immigration and participation of foreigners in the societies of the CEE region demonstrates that they are still moderately attractive for immigrants. However, these states pursue policies as if they were under pressure from foreigners. It can be concluded that in many cases emigration states pursue policies of immigration states.

When analysing the potential of CEE countries to receive immigrants, one should point out distinctive nature of three countries (Latvia, Estonia and Croatia), where the percentage of foreigners is significant. Nevertheless, this follows from historical factors, not from an inflow of foreigners. Hence, in contrast to the issue of emigration, where we have written about the heterogeneity of the CEE countries, in the case of immigration it seems justified to analyse this region as a single area.

As a result of the continued low degree of attractiveness of the CEE region for foreigners, it is treated either as a place of seasonal employment or as a stopover before moving on to a West European country. This means that CEE countries are in the initial stage of transformation from typical emigration countries into emigration-immigration countries, i.e. those supplying labour to better developed countries, while at the same receiving significant groups of foreigners.

Difficulties in changing this status follow not only from such objective factors as lower wages or inferior working conditions compared to West European countries, but also from public opinion in CEE countries, which fails to see any benefits from enhanced immigration and consequently opposes a more liberal immigration policy. In this case, they have become similar to societies of states having much longer experiences with immigration.

Integration policy is essential if this disadvantageous situation is to be changed; such a policy would help avoid tensions between nationals of receiving states and immigrants, and at the same time would enable full utilisation of the potential of foreigners. This would enable CEE countries to avoid the mistakes of West European states, which failed to cope with inflows of large groups of immigrants. Unfortunately, CEE countries are just at the beginning of building an effective integration policy, which should be based on attainment by foreigners of economic self-sustainability and stability so as not to encumber social insurance systems of receiving states. Without such a policy, it is difficult to imagine a change in the opinions of EU-11 citizens and their consent to the pursuit of a more open immigration policy.

In conclusion, it must be assumed that for some time to come CEE countries will remain a very good example of a region whose status is changing from emigration into emigration-immigration, but this process is only just beginning.

What can be done? Several recommendations for action

The picture of migration in CEE countries presented above enables several recommendations for the governments of those countries.

The most important task for the coming years is to reduce new emigrations and stimulate return migrations, but this can be achieved only through improvement of the ratio between receiving states and countries of origin with regard to security and quality of life. Therefore, this process is bound to take at least a few, if not a dozen or more, years. Nevertheless, this does not mean that sending countries have no instruments to improve this relationship. For example, it is advisable to adopt as a priority support for youth leaving schools and higher education facilities. They should not start their occupational careers in unemployment because this is the main argument in favour of emigration. Therefore it is necessary to create employment guarantees for youth once they complete their education. It is obvious that due to the mismatch between educational qualifications and labour market needs, such employment could assume the form of on-the-job training or internship in the initial period, but it has to provide prospects of retaining or gaining new employment once qualifications are supplemented. This is exactly the direction taken by the European Commission in proposing to allocate – under the next EU Financial Perspective – the funding of initiatives targeted at youth, enabling them to enter the labour market sooner than they do now. This is to become one of the sources for funding projects aimed at preventing youth from emigrating.

It is much more difficult to stimulate return migrations. But also in this case, we can identify the direction of actions that would bring about better effects than the ones applied now. They should address the problems reported by return migrants. For example, the period of employment abroad could be recognised as a basis for obtaining a loan in the country of origin.

Despite the international connections of the banking sector, under current reality, return migrants have no credit or income track record, so in practice they are treated as unemployed and not very trustworthy as borrowers. One can also imagine initiatives reducing costs related to relocation to the state of origin. For example, families returning with children could receive vouchers for resettlement.

The governments of CEE countries should oppose any initiatives that would lead to discrimination against their citizens in the labour markets of receiving states. The same concerns working conditions, salary levels and the social security system. Free movement of workers must not lead to social dumping. Therefore, they should respond positively to initiatives that aim to counteract exploitation by employers of employees from other states. Ideally, migrant workers should receive the same or only slightly lower remuneration compared to indigenous employees. This would reduce their competitiveness, but at the same time would eliminate the situation where immigrants receive much lower remuneration than natives, despite working in very similar jobs.

Bringing about a greater opening to immigrants is an extremely difficult task, and one that will probably take several years, not least because of the sceptical opinions of the societies of CEE countries about benefits from immigration and pursuit of a liberal immigration policy. To achieve this goal, it is necessary to take action on two levels. First, CEE countries need to pursue an effective integration policy, aimed at full participation of foreigners in the societies of receiving states. This can be achieved only through adoption of the principle that as soon as possible after arrival foreigners should attain economic self-sustainability. Second, it is advisable to pursue actions targeted at the societies of receiving states, so as to change the clichéd perceptions of immigrants and their roles in the labour market.

Given the demographic challenges faced by the CEE region, proper management of migrations by those states is one of the major, if not the single most important, tasks to perform. Without improvement of the migration balance, it is difficult to imagine a growth in competitiveness of the economies of those states and an improvement in the living standards of their citizens. If present migrations provide a modernising impulse, then in the future their consequences may determine the position of the states of the region in the European Union and globally. In reply to the question posed in the title of the report, we can state that migrations are still an opportunity for CEE countries, but they will soon become a challenge and in the future may transform into a threat. Today it is still not too late to undertake proper measures, but time is running short.

Summary:

The question asked in the title of the report suggests that the reader will be given an unambiguous answer at the end of the document. Unfortunately, in studies of migration it is extremely rare that one comes to conclusions that solve the problem and leave no doubts regarding interpretation. The same concerns this paper. A reader who is not an expert in the field of migration should not feel disappointed because during drafting of this document the authors succeeded in presenting the complete picture and complexity of both the most recent migrations within the European Union and immigrations to CEE countries. This is probably one of the first highly-detailed research paper focusing on this region of Europe.

The ten years that have elapsed since free movement of workers was extended to the first nationals of CEE countries enable us to conclude that migrations bring significant benefits to both sending and receiving states. In this case, we are dealing with a win-win scenario, although this does not mean that migrations do not have negative aspects. The benefits for sending states are manifested mainly in remittances from emigrants, which improve the quality of life of the family members who stayed at home, in reduced pressures in the labour market, resulting in a decreased unemployment rate, and in the modernisation of the economy and also partly of society. The current costs include problems with maintenance of the cohesion of families and households and the danger of dependence on remittances from abroad.

For receiving states, the consequences of migration mainly include filling of gaps in the labour market, which translates into faster economic growth, benefits ensuing from payment of taxes and contributions into the social security system many times exceeding expenditures from the social security system, and above all acquisition of a well-educated and well-prepared labour force without making virtually any investments. The costs are manifested in growing tensions between immigrants and natives and dependence of some sectors on a foreign labour force.

Although CEE countries are treated as a single region, detailed studies have shown that in many aspects the countries differ greatly from each other. This is particularly visible in the results of studies concerning the scale of emigration in the period 2004-2012. On this basis, and depending on the emigration potential, the countries of the region were divided into three groups. However with regard to immigration, studies have found far-reaching similarities both as regards social attitudes and policies of the governments. Additional research and studies, including historical and public opinion ones, are needed to establish correlations and answer the question why after 25 years of transformation CEE countries are very similar in some areas, while differing completely in others.

The significant scale of emigration and limited scale of return migration should prompt most CEE governments to pursue a more active policy in the areas of preventing new emigration and stimulating return migration and inflows of third country immigrants. Without such measures in place, it will be impossible to avoid a negative scenario concerning the impact of migration on the deepening of negative consequences of the demographic processes that are taking place. There is a justified risk that the present win-win scenario will change in the future. If they decide to stay in the receiving states, departures of large numbers of CEE nationals are going to intensify the demographic processes and may lead to many negative consequences, both for economic competitiveness and social cohesion. Under a negative scenario and in the long run, receiving states – and not sending ones – will be the main beneficiaries of migrations within the EU.

It is obvious that the attractiveness of a given country for migrants, both their own and foreign ones, depends on the labour market situation, level of wages, and the social and political climate. A comparison of the situation of CEE countries and West European states demonstrates that the attractiveness of the former remains moderate, which does not bode well for the future. This does not mean, however, that it is impossible to improve the situation. The governments of specific states should rethink their past activities regarding migration and, on the one hand, guarantee employment to young people to a greater extent than they do now, which would translate into reduction of new emigration, and on the other hand, maintain contacts with emigrants, making sure their rights are not violated abroad, and help them find their place in society and labour market after their return; the latter would give hope for a rise in the number of returnees. These measures should be supplemented with both an immigration policy and an integration policy, with the latter being a part of the former. They should aim to redress the labour market shortages resulting from emigration and demographic processes, but without causing increased tensions between foreigners and natives. This would help avoid the mistakes of the states that received immigrants in the past and failed to cope with their integration.

The coming years will bring answers to the question of whether migrations will become politicised to an even greater extent than they are now. Let us hope they will not, as this would be disadvantageous both for European integration and for continuation of a positive migration scenario, whereby both sending and receiving states draw benefits from the freedom to migrate.

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