

**Centre**

**Outflow of labour:**  
**Consequences for the sending countries**

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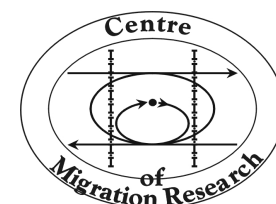
**Three years after EU enlargement**  
**Challenges for labour migration policies**

**Fafo Ostforum Annual Conference**  
**Oslo, June 5th, 2007**

# Outline of the presentation

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- ❑ About main concepts
- ❑ CEE migration before 2004
- ❑ Consequences of past migration for CEE countries
- ❑ Recent (post-accession) movements from EU8
- ❑ Possible consequences of on-going migration
- ❑ Tentative conclusion



# About main concepts

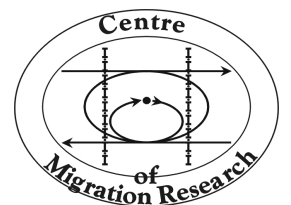
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- Territorial scope: **CEE** – what does it mean?

→ flexible approach: EU8/10 + occasionally some other countries

- „**outflow**” – what does it mean?

→ documented and undocumented, emigration and circulation (if economically-motivated)



# Outflow in the past: why history now?

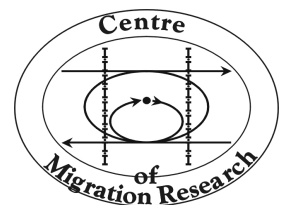
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A large majority of CEE populations (one distinct exception) lived in backward rural areas still in the beginnings of the the post-war period

Communist industrialisation failed to transfer many of those people to cities nor to include them into the mainstream of economy

In many parts of CEE semi-subsistence economy present on the eve of recent transition

In some (most demographically important) countries large surpluses of labour difficult to accomodate in national labour markets



## ❑ CEE migration before 2004 (part 1. until 1989)

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### ❑ emigration – exceptional but sizeable

- politically-driven (until 1961 from ex-GDR; 1956/57 from Hungary; 1968/69 from ex-Czechoslovakia; 1980/81 from Poland)
- ethnically-driven, mainly to FRG (mid-1950s from Poland; from mid-1970s from Poland and Romania)

### ❑ labour movements

- major exception: westward migration of ex-Yugoslavs from mid-1960s (bilateral agreements, recruitment)
- CMEA: intraregional migration in the 1970 and 1980s (Poland and Romania major source countries)
- project-tied employment in non-European countries

### ❑ circular movements of false tourists

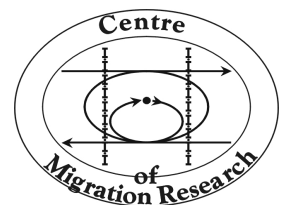
- state-organised and controlled excursions (mainly intraregional) → origins of mass-scale petty trade
- individual flows from Poland → incomplete migration



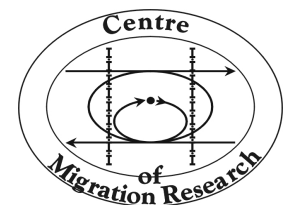
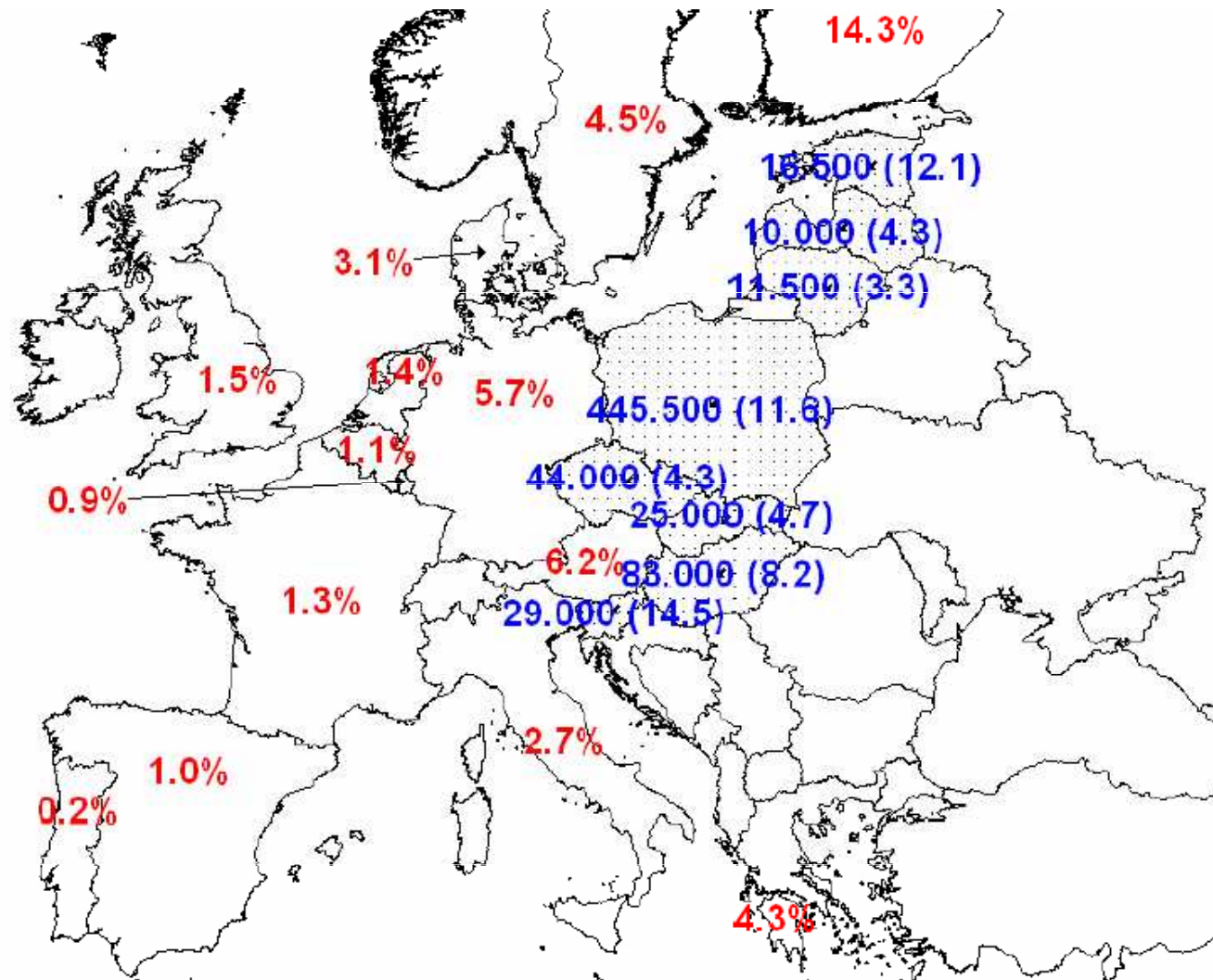
## ❑ CEE migration before 2004 (part 2. since 1989)

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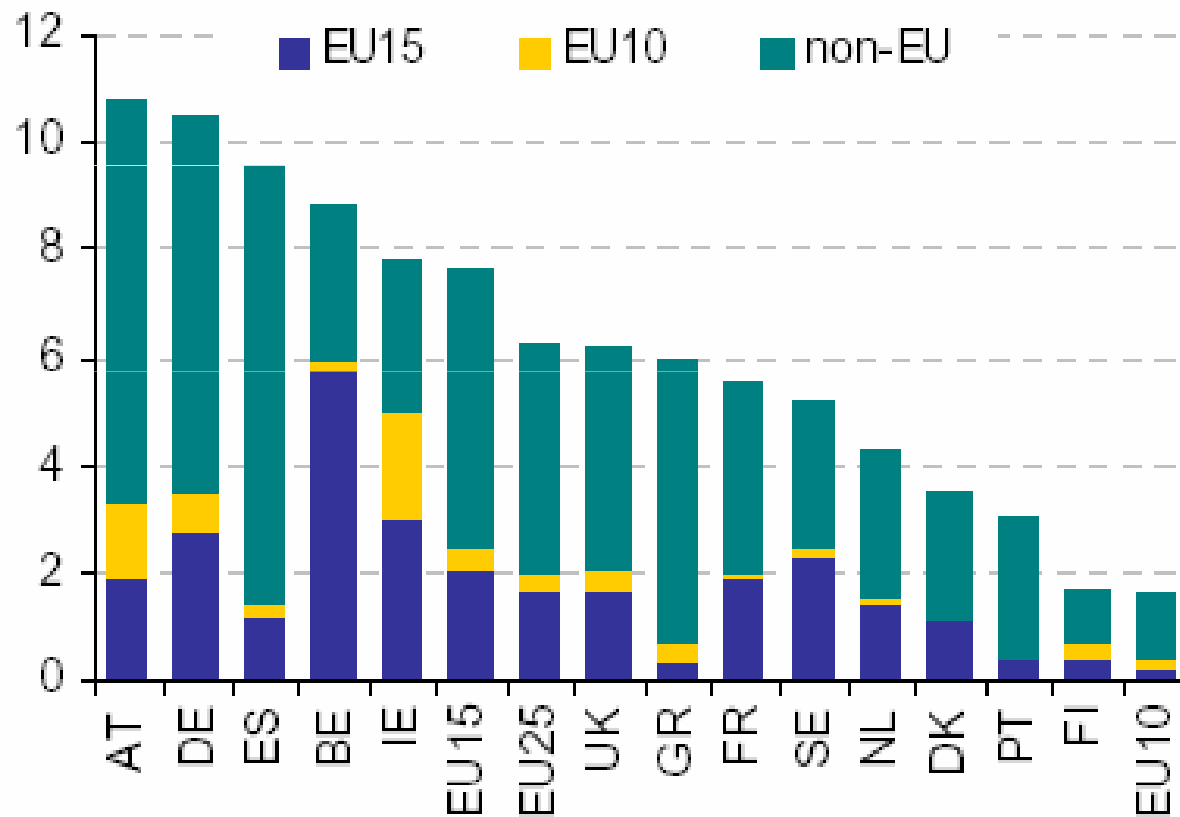
- ❑ incomplete migration – a predominant flow from Bulgaria, Poland and Romania (and Moldova, Ukraine, ...) → more or less irregular
- ❑ regular labour movements
  - based on bilateral agreements
  - based on unilateral quota system
  - other (intracompany transfers, individual recruitment, admission for students, etc.)
- ❑ other movements (ethnic, political, family reunion) → declining importance from mid-1990s



# EU8 citizens residing in EU15 countries, 2000



# Share of foreigners in EU (%) by origin, 2005





# High emigration from CEE – reality or myth?

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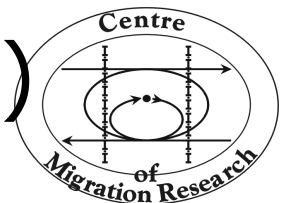
plus undocumented migrants

*[by their very nature – difficult to quantify]*

but...

in all regularisation programmes pursued in EU so far a little more than 800,000 irregular migrants from CEE were identified

(of whom 40% - Albanians in Italy)

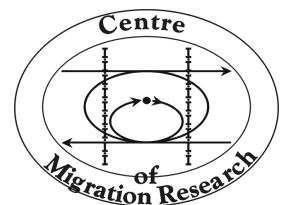


## CEE migration before 2004

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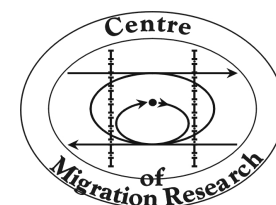
altogether outflow until 2004 did not matter significantly for the host countries

it did not significantly contribute to the reduction of population surpluses in sending countries either...



# CEE migration before 2004: consequences

- ❑ Ethnic „unmixing”
- ❑ Brain drain, mainly before 1990
- ❑ Remittances, the balance of payment
- ❑ Labour market allocations
- ❑ Regional development
- ❑ Household economy



## CEE migration before 2004: consequences

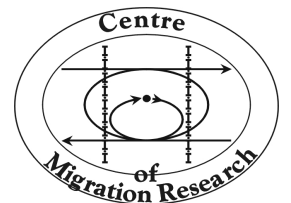
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### Ethnic „unmixing”

→ towards ethnic homogeneity (the Baltic States, Poland, Bulgaria, Romania)

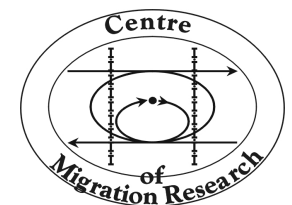
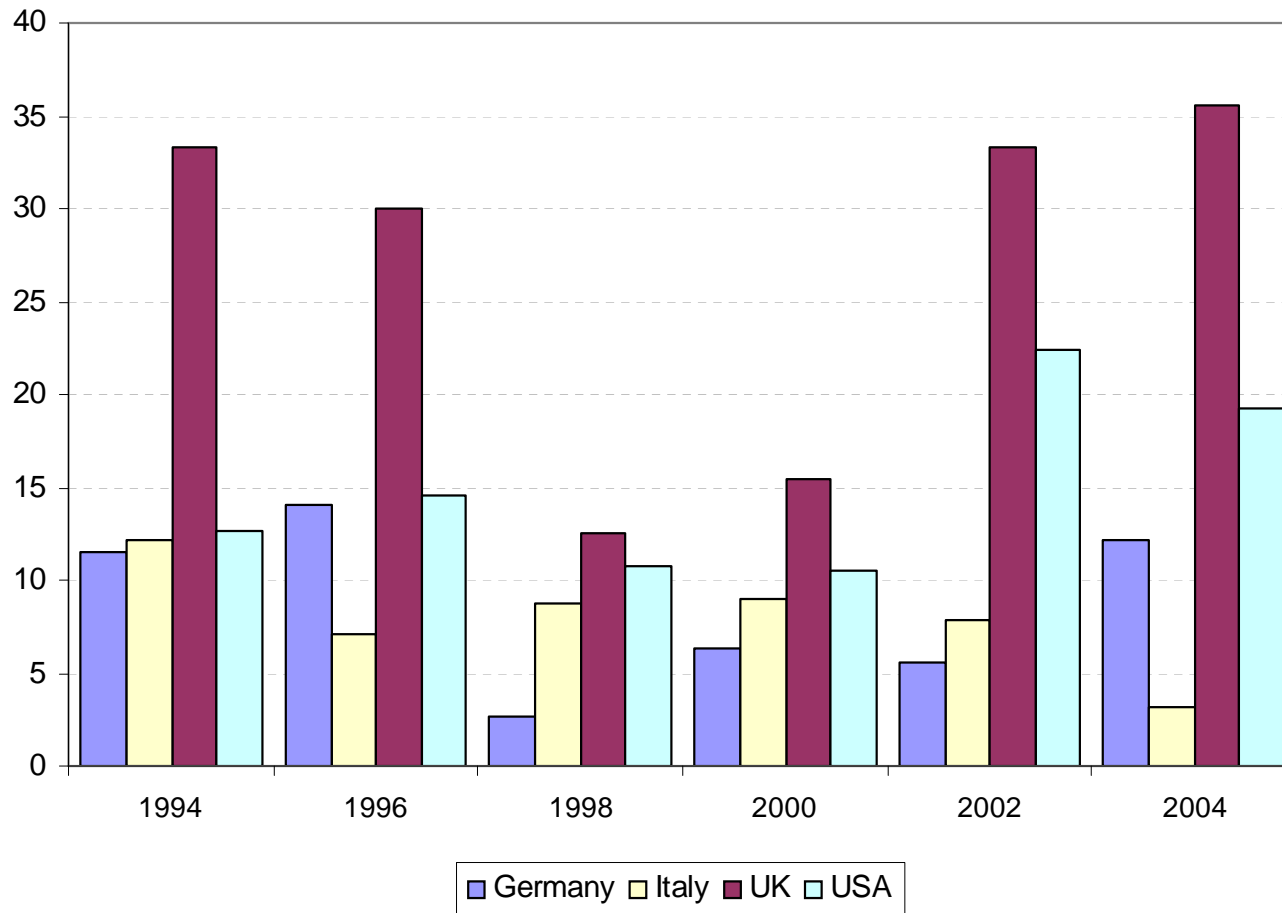
### Brain drain

→ after first few years of the transition accelerated outflow of the highly educated (diversified according to target countries)



# CEE migration before 2004: consequences

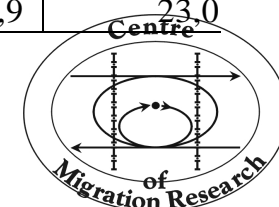
Share of migrants staying temporarily abroad (for longer than 2 months) with tertiary education in major receiving countries; Poland, 1994-2004, 3rd quarter (in %)



# CEE migration before 2004: consequences

## Patterns of education selectivity of migration in Poland (15+), Population Census 2002

Education (completed)	General population	Poles who emigrated any time after 1988 (still <i>de jure</i> residents)	Poland's residents with German/Polish dual citizenship	Long-term foreign residents who arrived after 1988	Return migrants who arrived after 1988	Temporary foreign residents
<i>males</i>						
<i>actual no. (thousand)</i>	14.962,1	<b>339,3</b>	124,3	10,7	22,6	12,0
<i>% all males aged 15+</i>	(100,00)	(2,27)	(0,83)	(0,07)	(0,15)	(0,08)
<b>University</b> or equivalent	<b>9,9</b>	<b>12,7</b>	<b>5,1</b>	<b>46,0</b>	<b>28,7</b>	<b>40,9</b>
Intermediate (secondary)	21,5	27,1	16,8	29,5	29,5	37,8
Lower than intermediate	68,6	60,2	78,1	24,5	41,8	21,3
<i>females</i>						
<i>actual no. (thousand)</i>	16.326,3	<b>393,3</b>	118,1	10,6	28,8	11,5
<i>% all males aged 15+</i>	(100,00)	(2,41)	(0,72)	(0,06)	(0,18)	(0,07)
<b>University</b> or equivalent	<b>11,0</b>	<b>15,1</b>	<b>5,2</b>	<b>35,8</b>	<b>28,0</b>	<b>31,5</b>
Intermediate (secondary)	29,3	41,7	26,2	39,5	40,1	45,5
Lower than intermediate	59,7	43,2	68,6	24,7	31,9	23,0

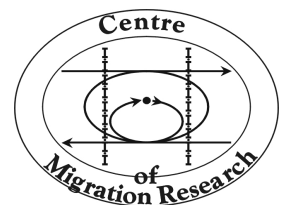


# CEE migration before 2004: consequences

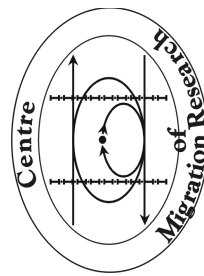
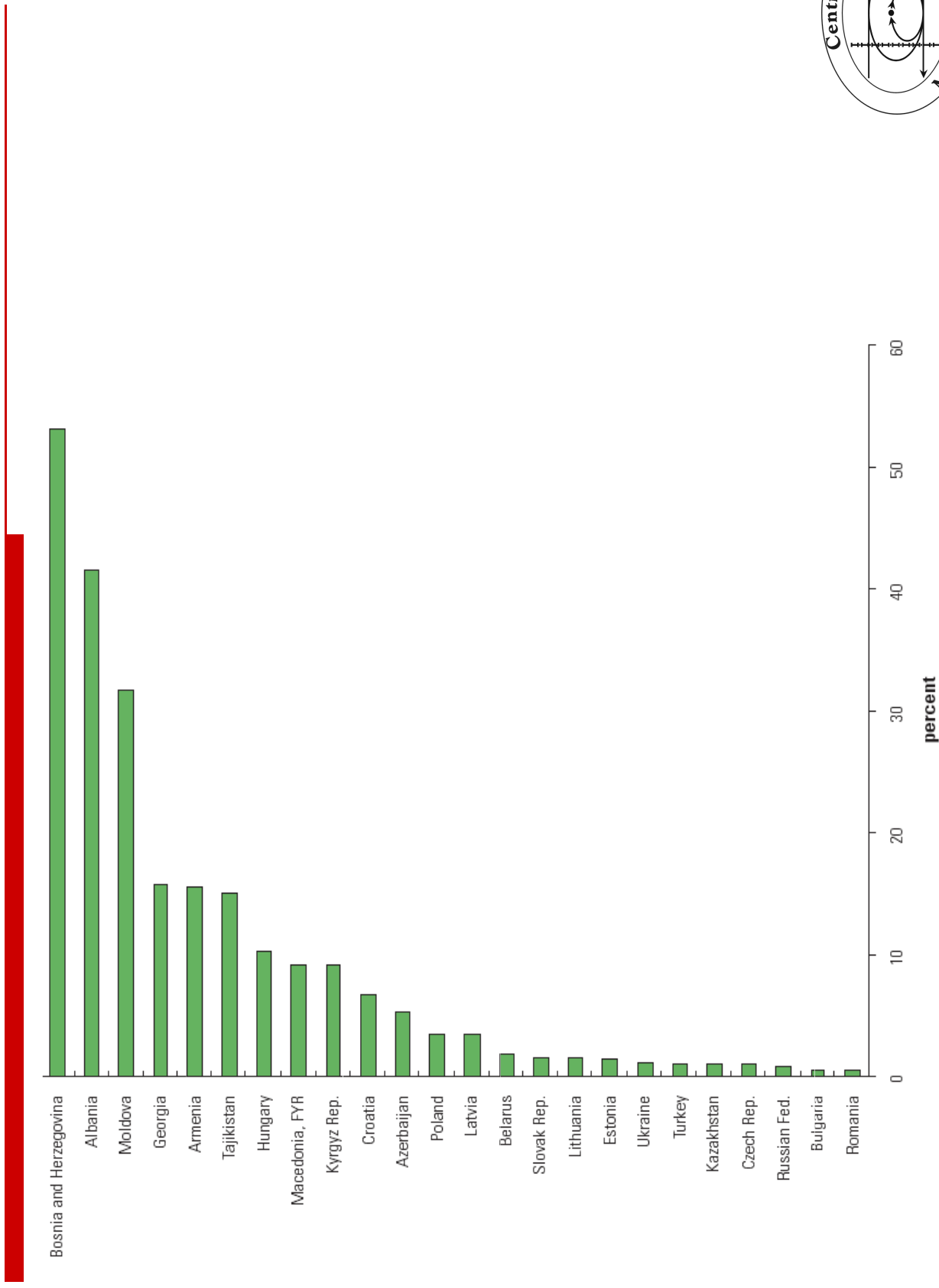
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## Remittances and the balance of payment

→ growing importance, especially in the former USSR

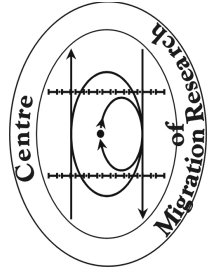
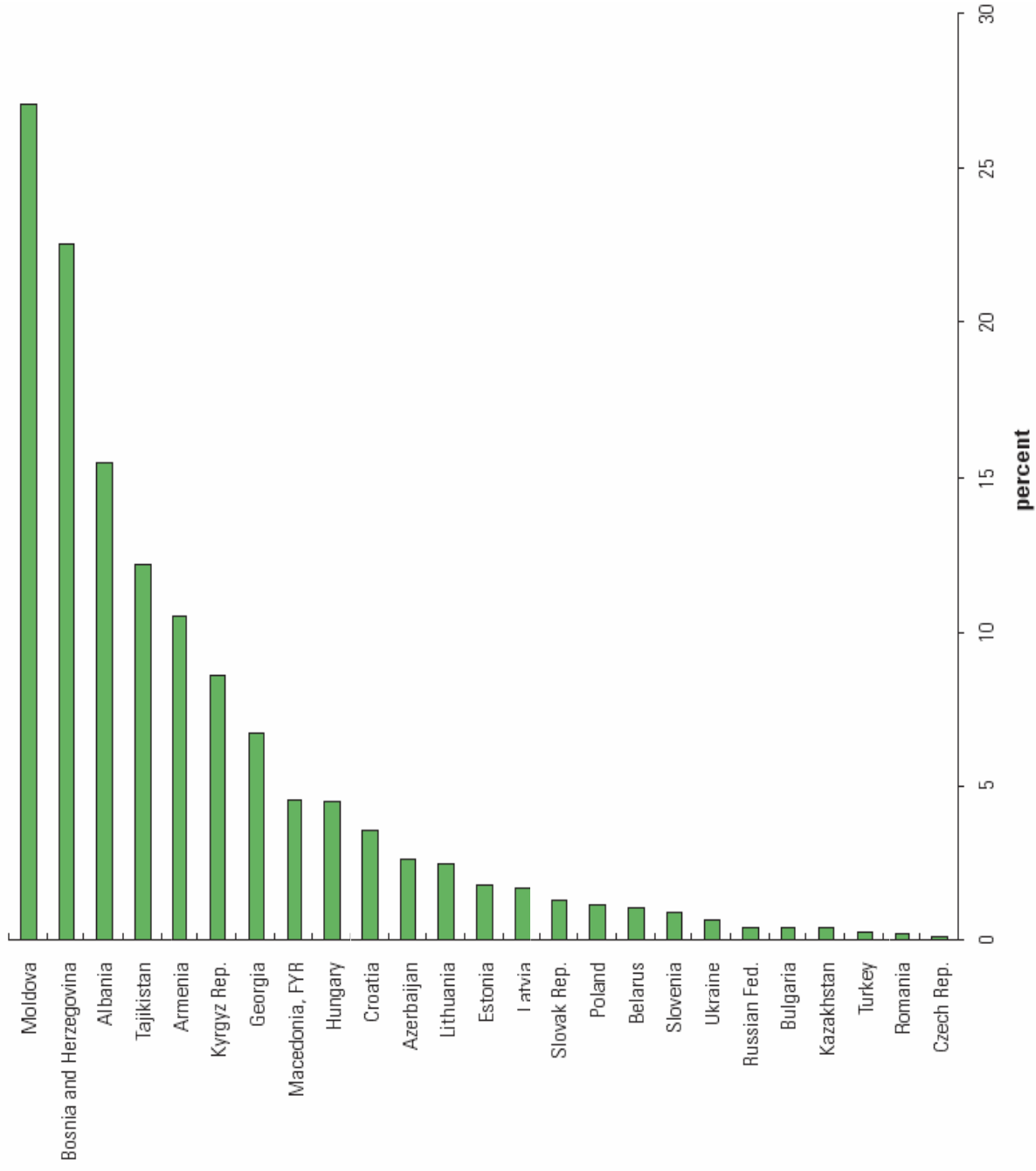


# Remittances as a Share of Exports in 2003 (percent)





# Remittances as a Portion of GDP in Eastern Europe and the Former Soviet Union, 2004



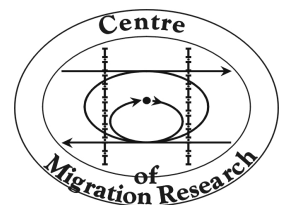
# CEE migration before 2004: consequences

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## Labour market allocations

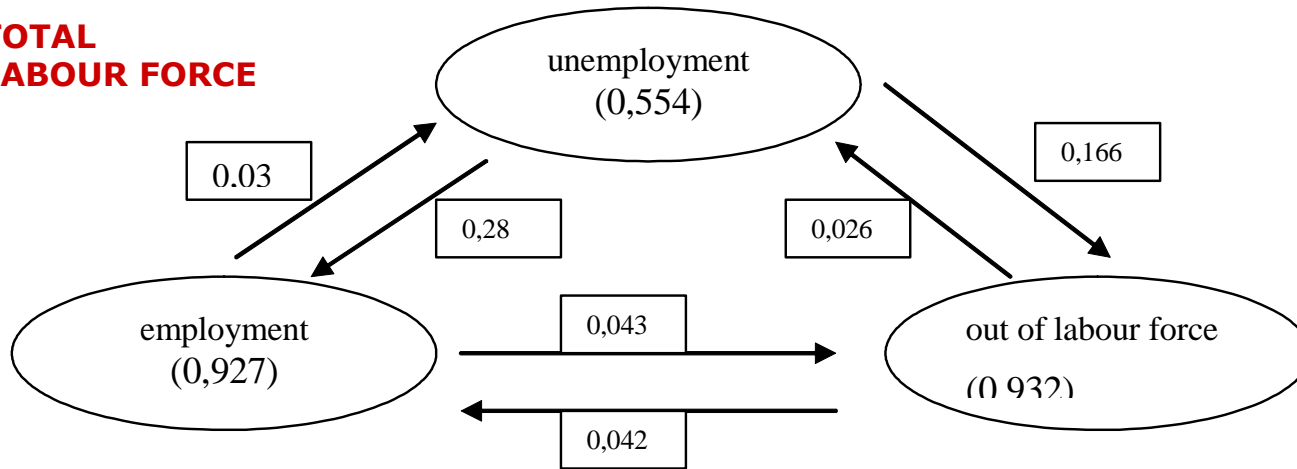
very little impact; practically only on local scale

→ evidenced: detrimental impact of seasonal migration upon participation rates

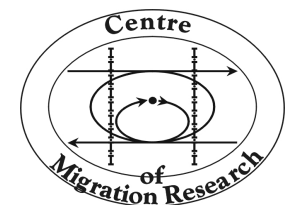
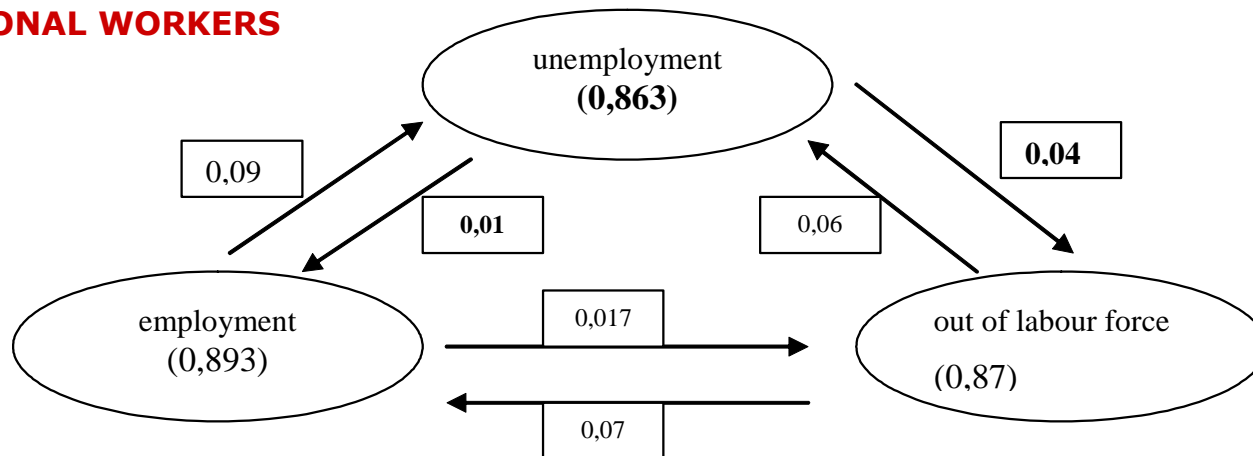


# Average annual probabilities of labour market status change; total labour force and seasonal workers, Poland, 1995-2001

## TOTAL LABOUR FORCE



## SEASONAL WORKERS

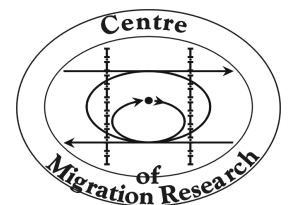


# CEE migration before 2004: consequences

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## Regional development

- low unemployment rate
- low employment rate
- high inactivity rate
- high level of relative individual affluence but little „multiplier effect“

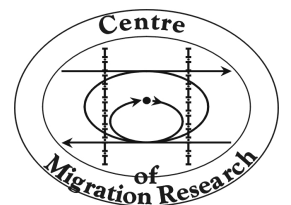


# CEE migration before 2004: consequences

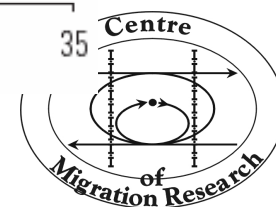
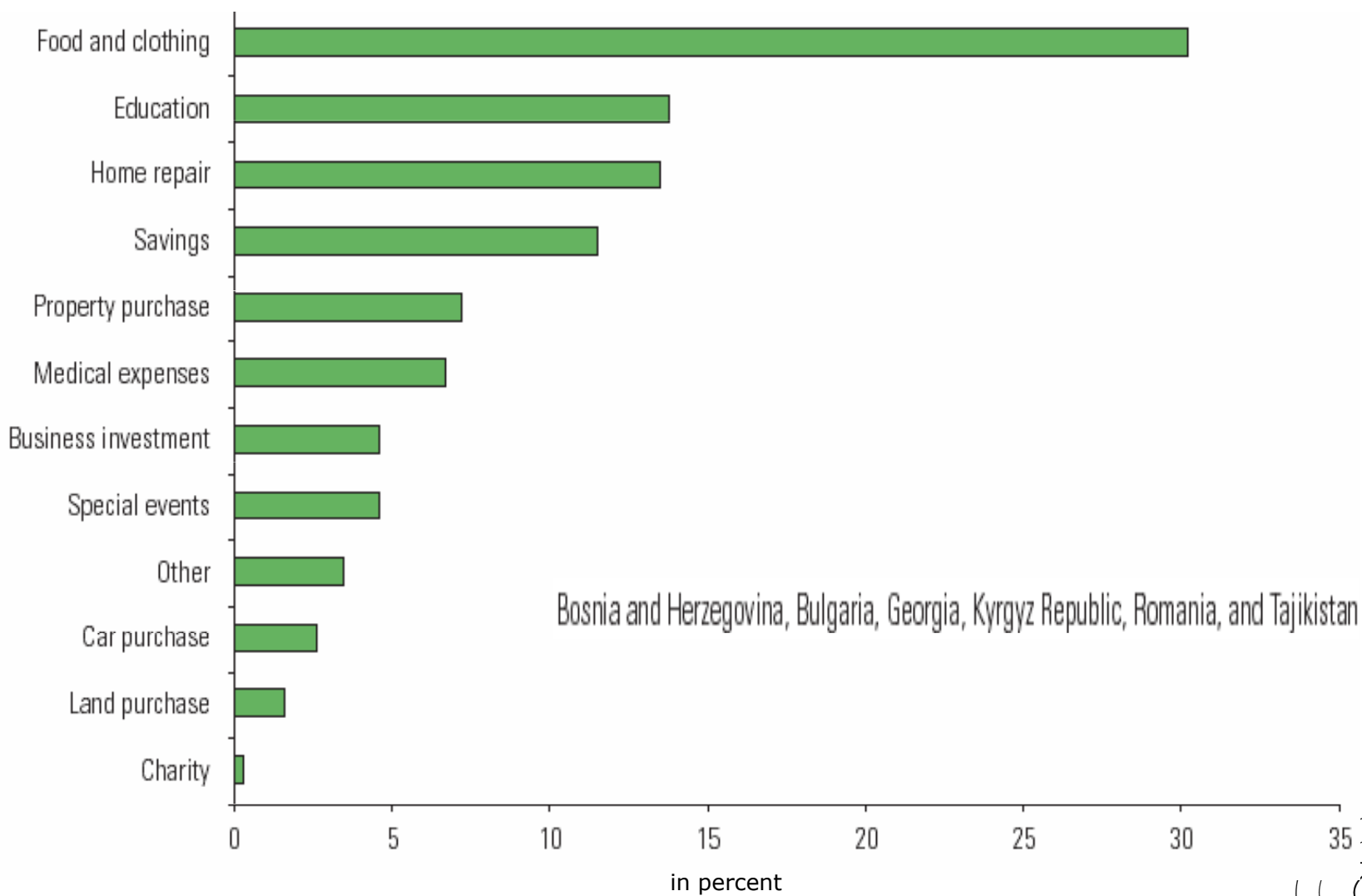
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## Household economy

→ towards the maintenance of social status and living standards



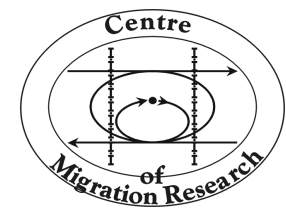
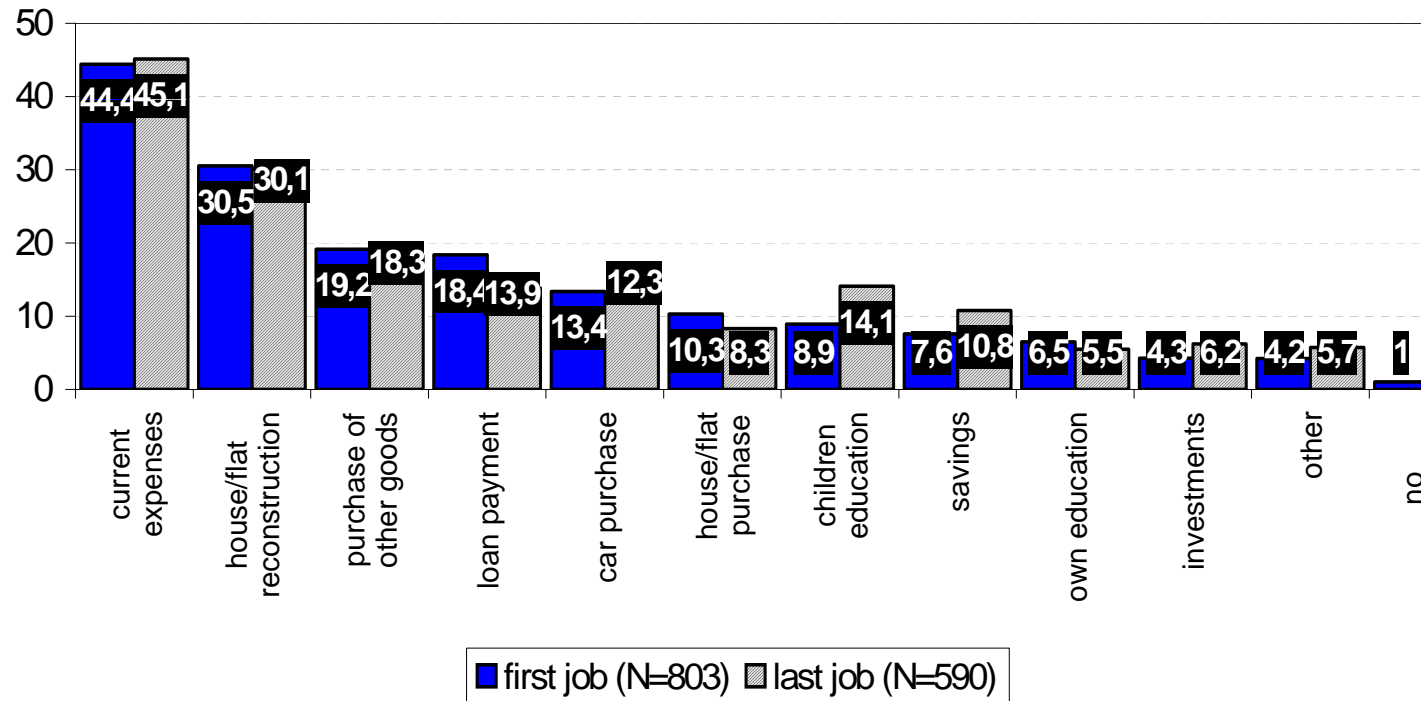
# Expenditure Patterns from Remittances in Six ECA Countries



# Migration in CEE in the transition period

Allocation of money earned during a seasonal work abroad, Poland (2002)

Major uses of remittances by type of expenditure, first and last job, in per cent

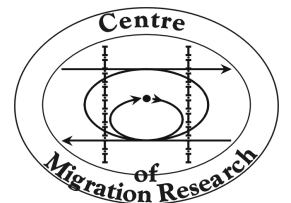


## CEE migration before 2004: consequences

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*in general:* no major structural effects

→ by binding migrants to home communities, incomplete migration hampered modernisation and transition to efficient market economy





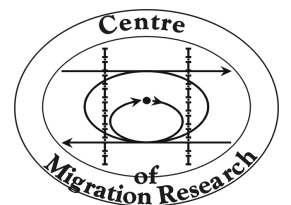
# □ Recent (post-accession) movements from EU8+2

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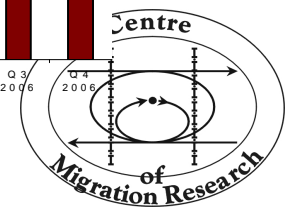
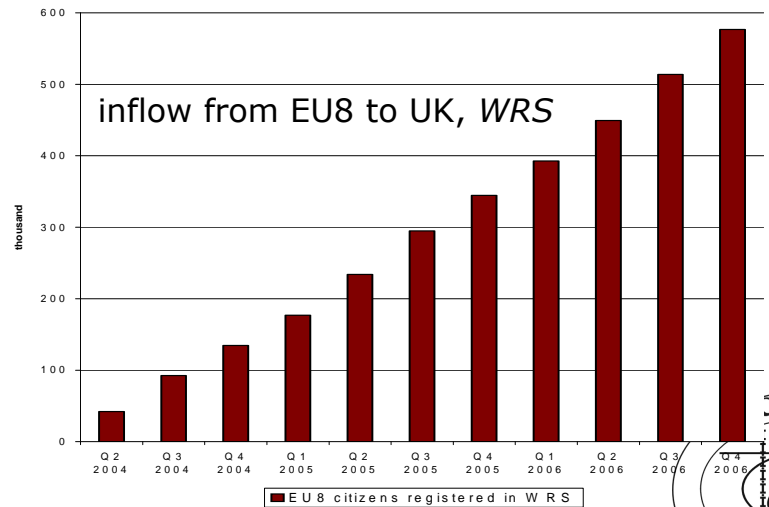
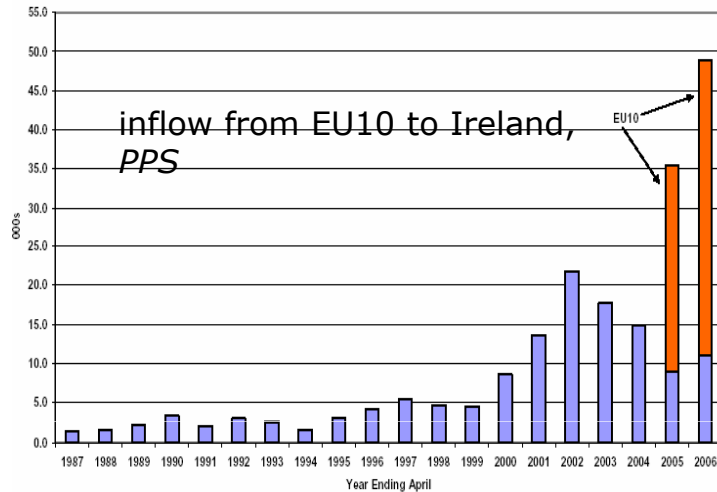
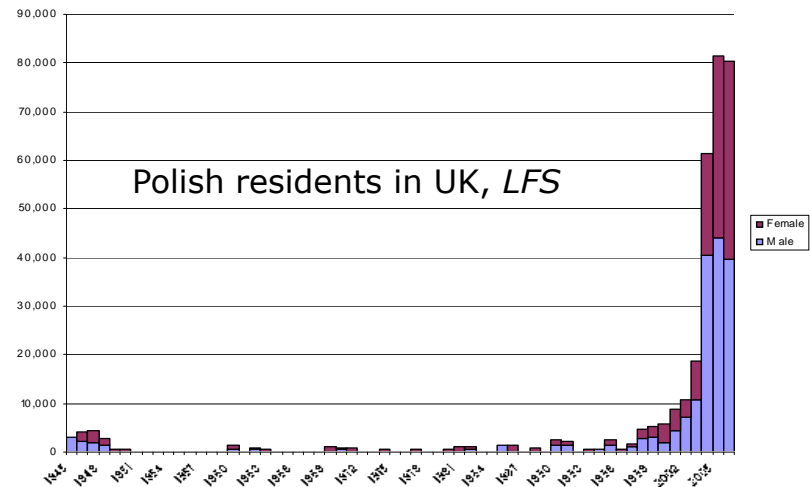
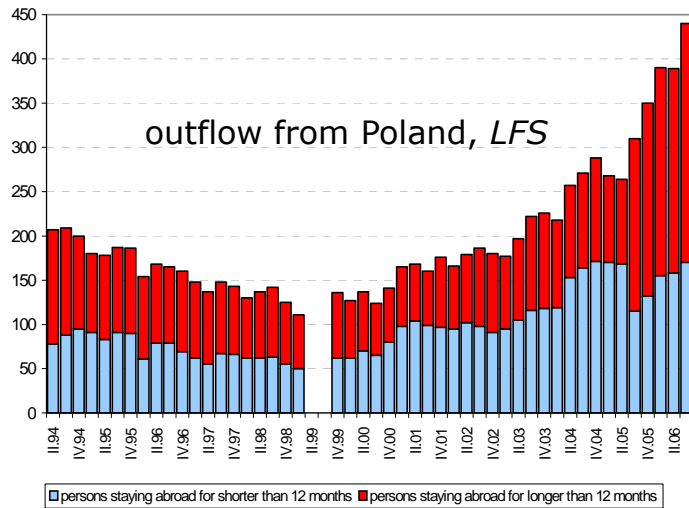
Very difficult to assess at this moment:

- too short time to complete any in-depth study
- a great diversity of actual movements and a great complexity of their mechanisms
- the lack or at best inadequacy of many relevant registers; deficient statistical evidence
- politisation of on-going migration debates that seems to affect many recent approaches to the problem

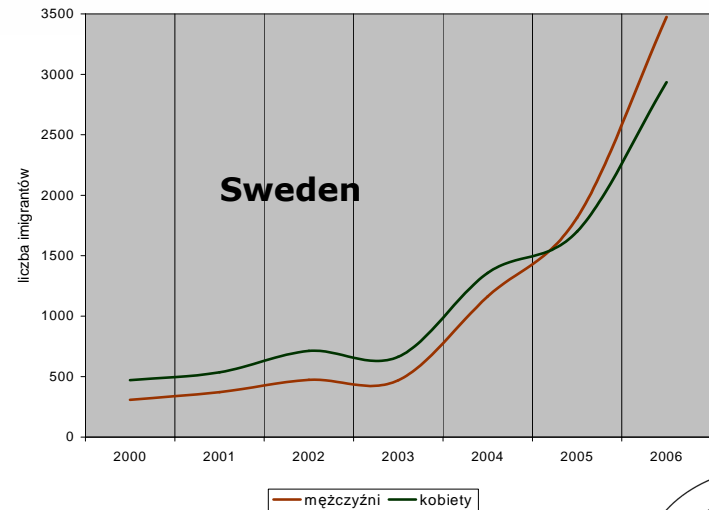
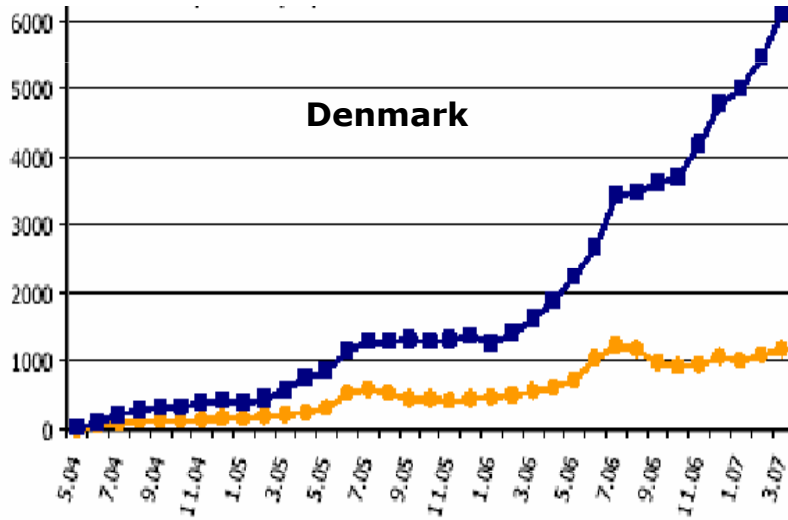
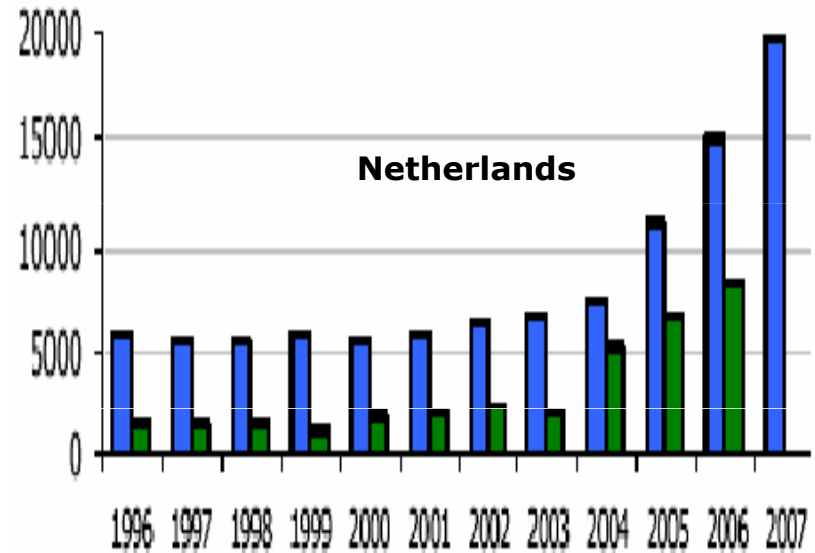
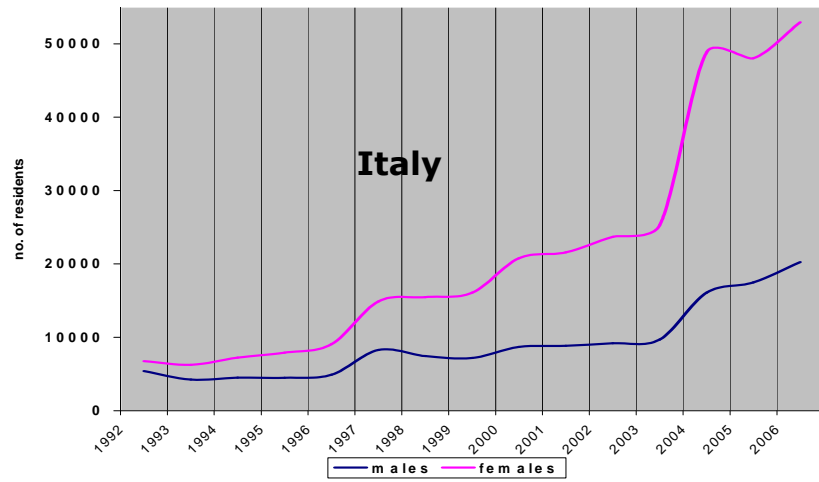
However, all sources suggest a landmark  
→ a continuous and accelerated outflow of labour



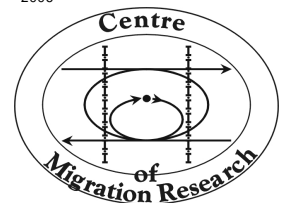
# Various accounts of post-accession migration (1)



# Various accounts of post-accession migration (2)



migrants from Poland



## Germany: net inflow from EU8 small and nearly stagnant

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*In 2005*

*net immigration from EU8*

*rather low (63,190) though a bit higher than in 2004*

### Discovery of other opportunities?

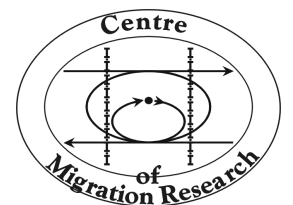
*No. of small businesses owned by EU8 nationals  
increased by 226% over 2005 →*

*from 4,388*

*on 1 January 2005*

*to 14,327*

*on 31 December 2005*

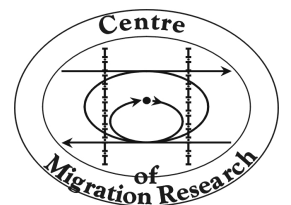


## Recent (post-accession) movements from EU8+2

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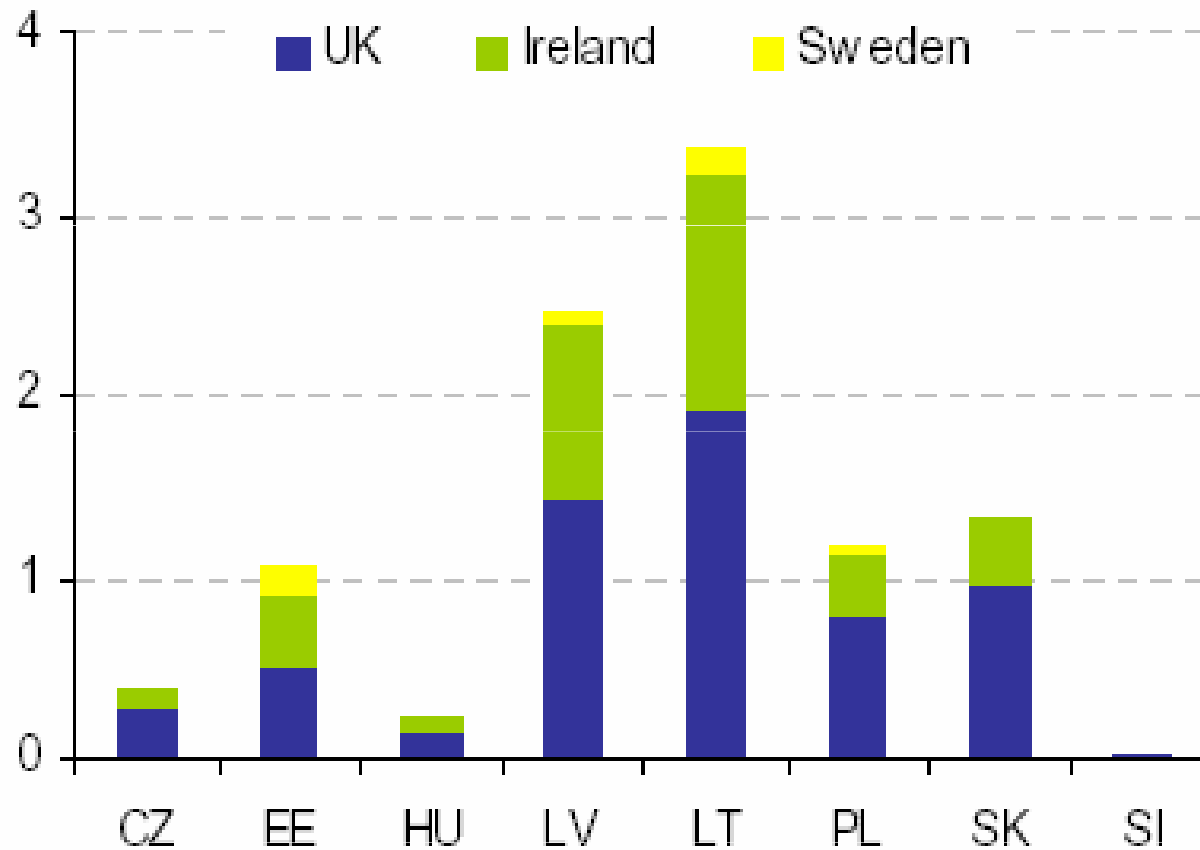
another sign of a landmark:

→ after **Poland, Romania** and **Bulgaria**  
a huge migration potential has been triggered off  
in **Lithuania, Latvia, Slovakia** and **Estonia**



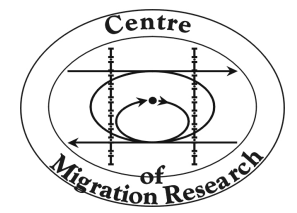
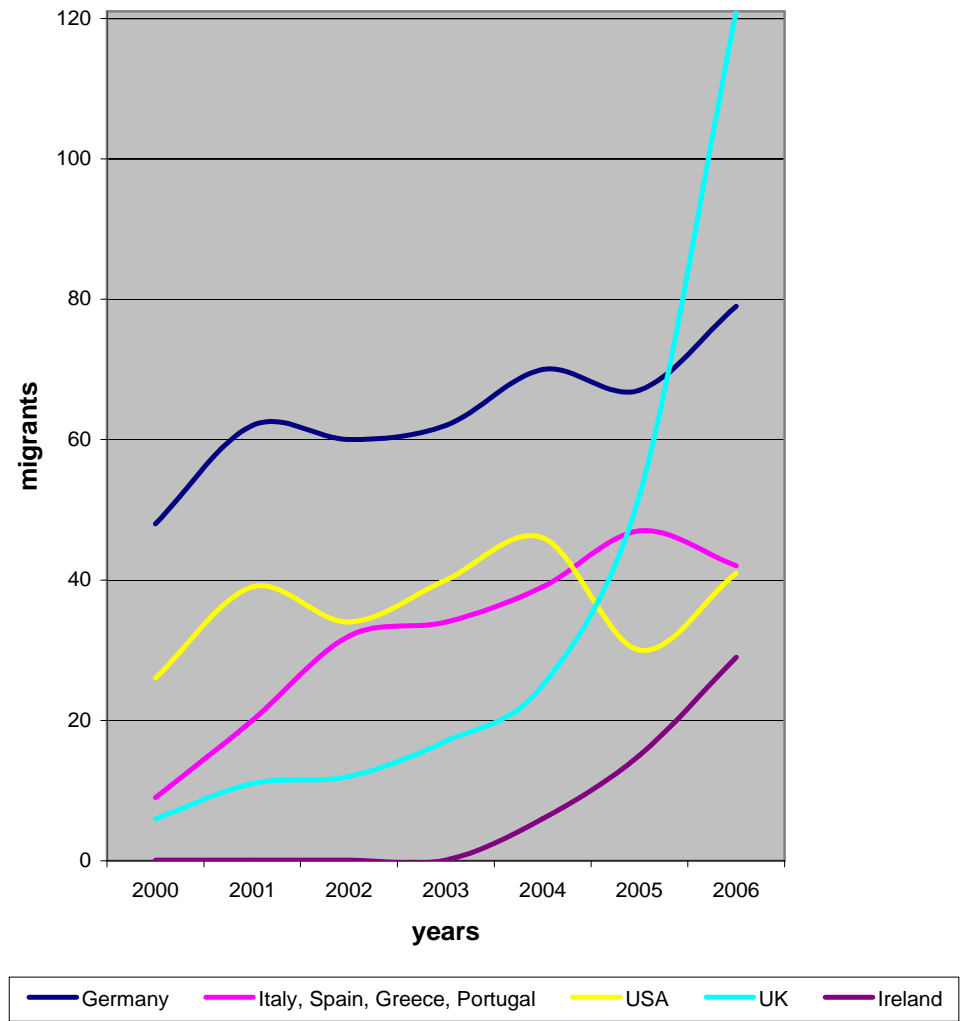
# Workers arrived from EU8 during 20 months after May 1st 2004 as % of working age population of home countries

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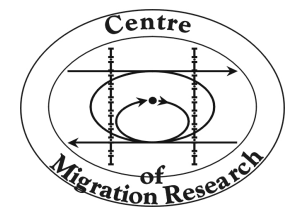
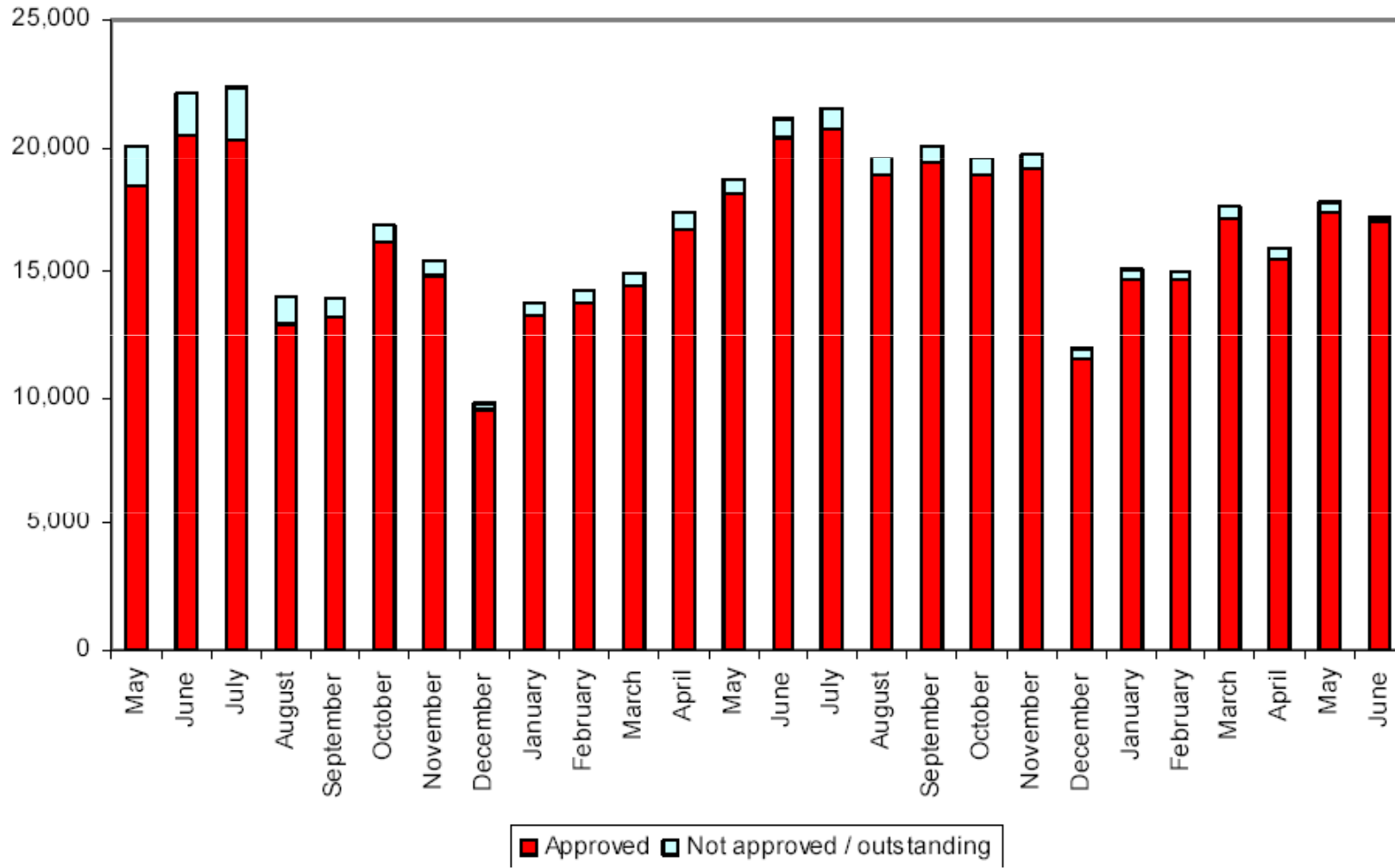


# Post-accession change of trend of the outflow from Poland by major destinations

Stock of residents of Poland staying abroad for more than two months (2Q), in thousands



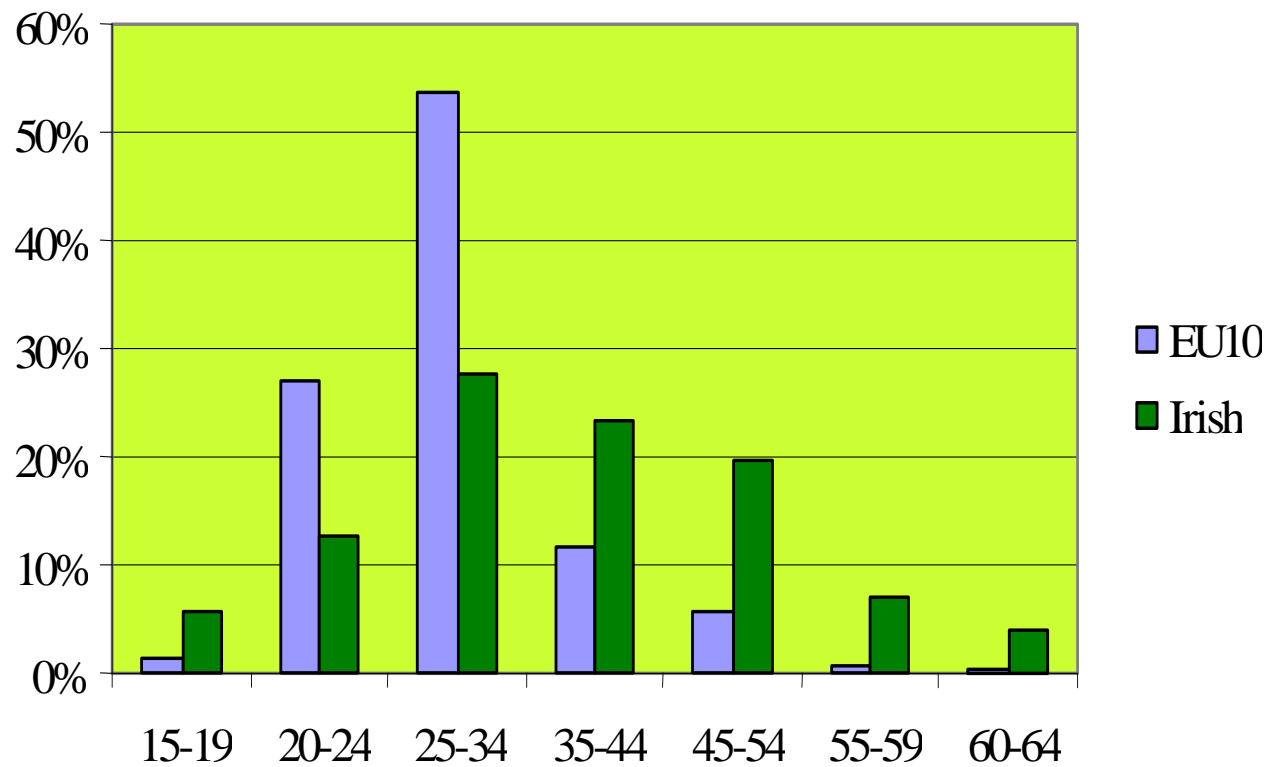
# Seasonality of post-accession flows: UK





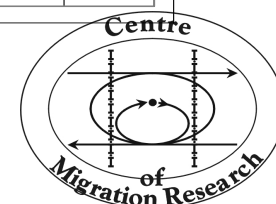
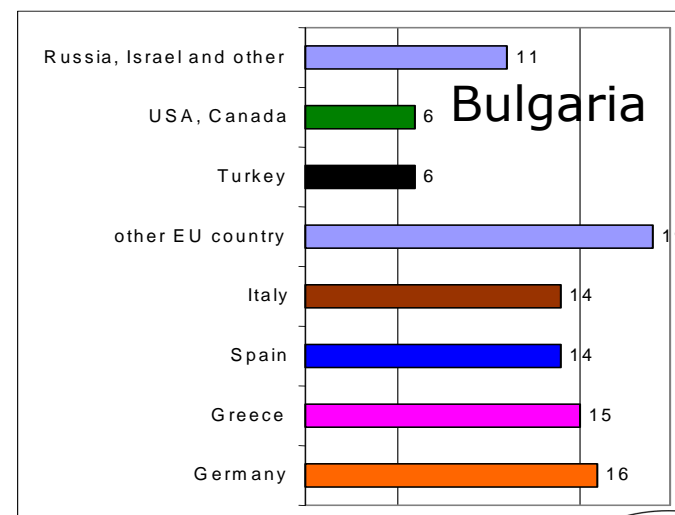
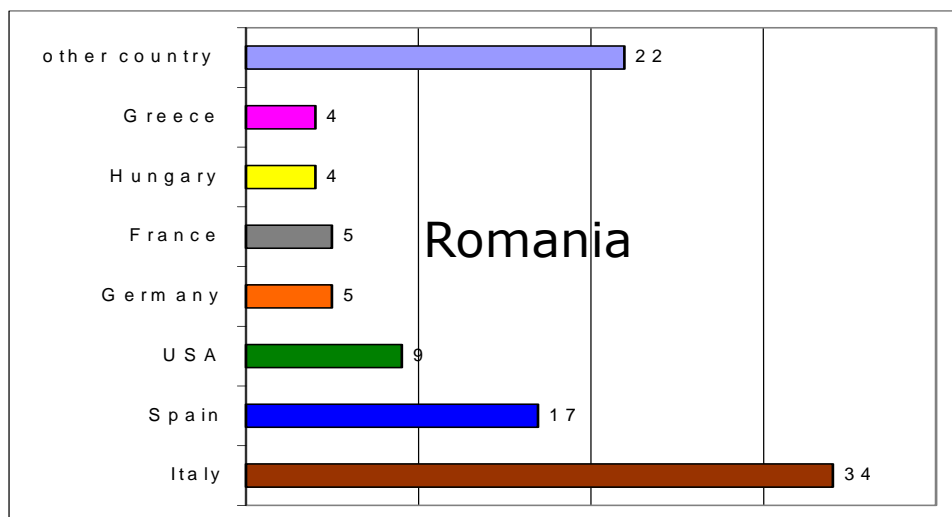
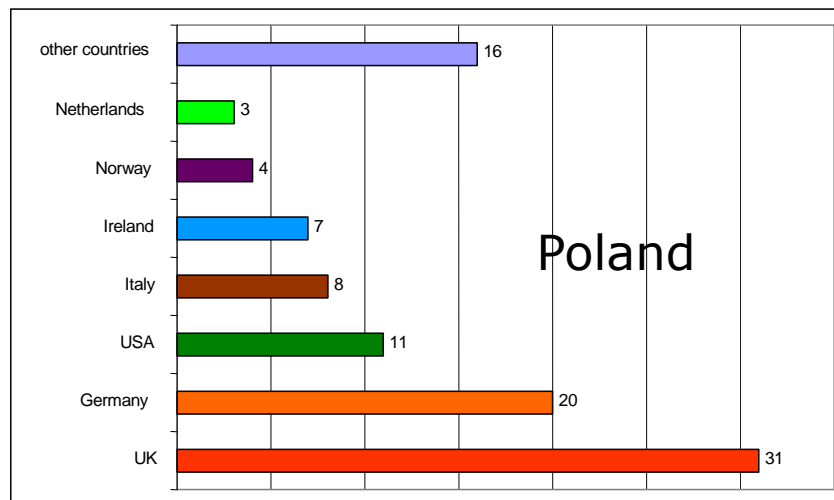
# Age composition of native and migrant (EU10) workers Ireland, 2006

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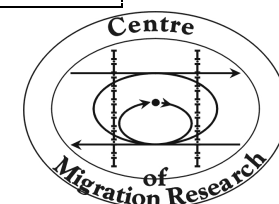
# Different geographical patterns of outflow, 2005

**Poland** – UK and Germany  
**Romania** – Italy and Spain  
**Bulgaria** – Germany and Greece



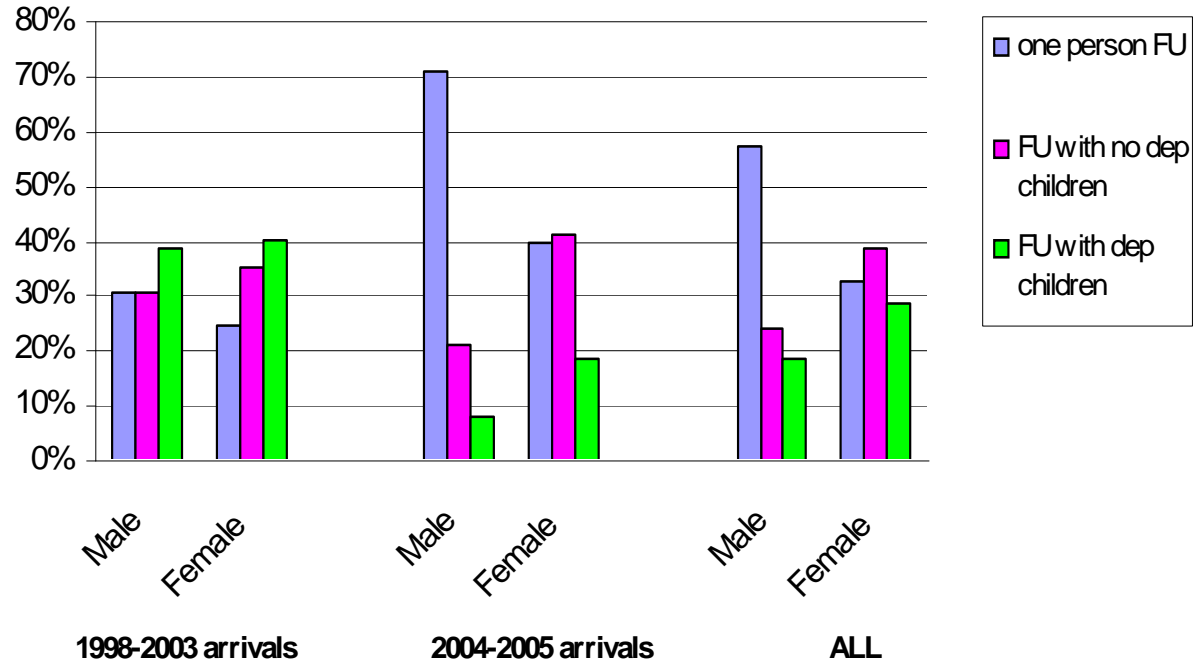
## 85% Polish migrant workers in UK are below age 35

Migrant characteristics	Arrived 2000-2003		Arrived 2004-2006		
	Poles	other EU8	Poles	other EU8	other Europe
<b>Males (%)</b>	49.3	42.2	59.4	54.6	49.3
<i>age (%):</i>					
<b>16-25</b>	<b>27.4</b>	<b>33.3</b>	<b>41.5</b>	<b>45.9</b>	36.3
<b>26-35</b>	58.9	43.1	43.9	33.6	44.8
<b>36-59/64</b>	13.7	23.5	14.5	20.6	19.0
<b>Married (%)</b>	47.3	42.2	41.1	35.6	28.8
<i>living in (%):</i>					
<b>London</b>	<b>58.2</b>	<b>57.8</b>	<b>19.5</b>	<b>20.2</b>	25.5
<b>East/South East</b>	21.9	15.7	20.7	14.2	29.0
<b>Other UK</b>	<b>19.9</b>	<b>26.5</b>	<b>59.9</b>	<b>65.6</b>	45.5

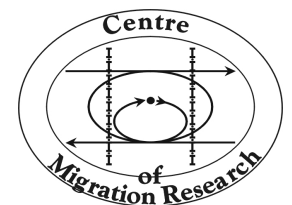


# „New“ migrants more often come with no family members

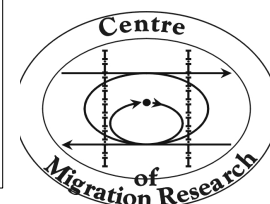
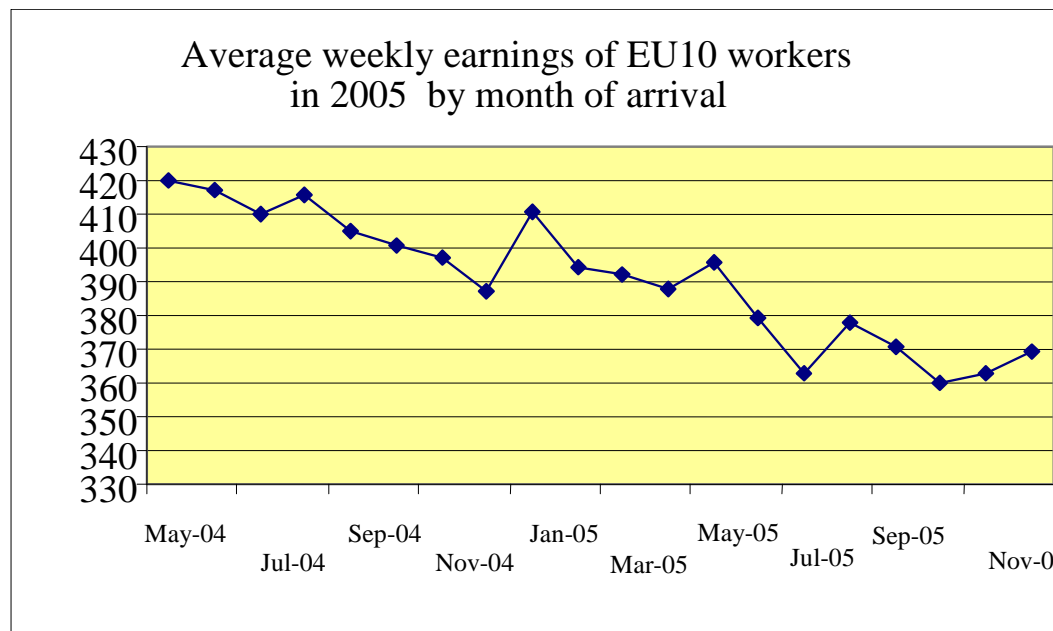
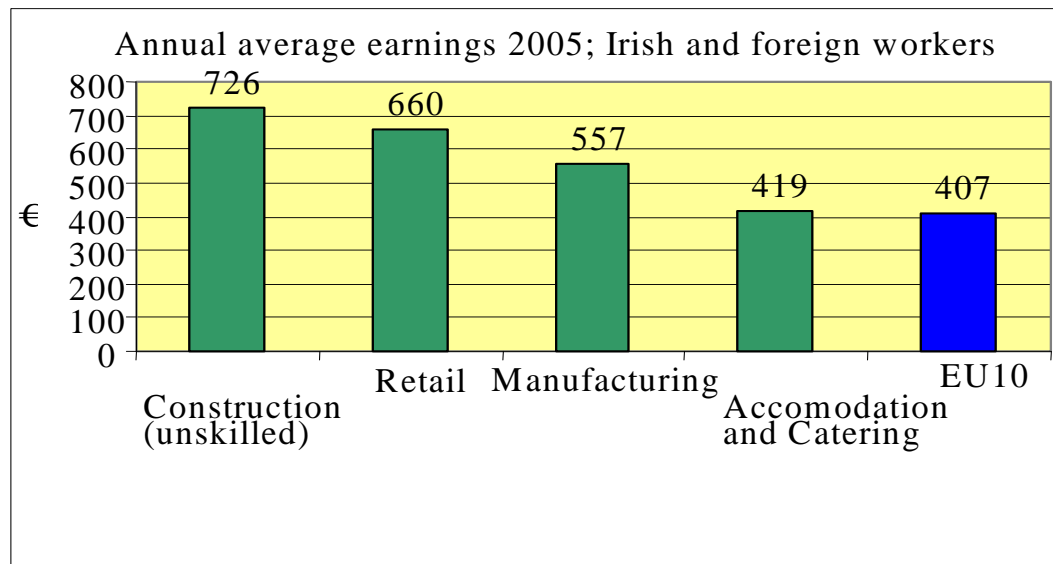
In the past a majority of documented migrants stayed with their family members; the domain of single migrants was incomplete migration. After 2004 that has changed.



United Kingdom, LFS

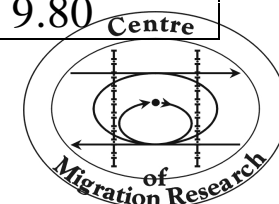


# Migrants from EU8 are paid less than locals. Ireland



## Three quarters of Polish workers perform simple manual work in UK. Their pay is low

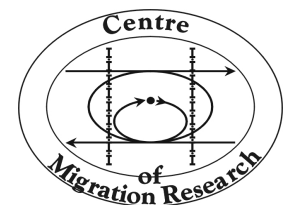
Situation in UK	Arrived 2000-2003		Arrived 2004-2006		
	Poles	other EU8	Poles	other EU8	other Europe
<b>Employment rate</b>	84.1	85.4	84.3	73.1	74.1
<b>Self-employment rate</b>	<b>31.0</b>	13.4	<b>4.4</b>	2.8	8.7
<i>Employed in (%):</i>					
<b>Manufacturing industry</b>	8.6	24.4	26.9	32.4	19.4
<b>Construction</b>	25.9	18.3	7.4	9.7	4.2
<b>Services</b>	65.5	57.4	65.7	58.0	76.4
<i>Occupation (%):</i>					
<b>Management/professional</b>	7.8	12.2	9.8	7.1	41.7
<b>Intermediate</b>	43.1	26.8	15.7	14.8	21.6
<b>Semi-routine</b>	20.7	24.4	31.5	25.6	15.1
<b>Routine</b>	<b>28.5</b>	<b>36.6</b>	<b>43.0</b>	<b>52.3</b>	21.6
<b>Average weekly hours</b>	39.3	41.3	41.7	39.7	39.1
<b>Hourly earning (deflated)</b>	6.70	7.23	6.01	5.88	9.80



## A summary: main characteristics of post-accession outflow

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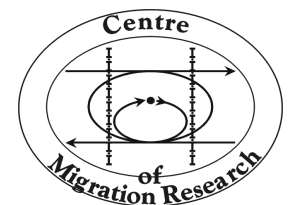
- CEE highly internally diversified with respect to migration
- There is still a substantial migration potential in CEE (exceptions: CZ, H and SLE)
- The rise in outflow after May 1st 2004 was stronger than expected
- Profile of a migrant has changed after the accession



# ❑ Possible consequences of the on-going outflow

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- ❑ Radical relief to labour market – a decline in unemployment
- ❑ Strong increase in the volume of remittances
- ❑ Temporary „frictions“
  - deficit of some highly skilled professionals
  - deficit of low-skilled workers in construction and agriculture
  - imbalances in certain local labour markets
- ❑ Prosepctive long-term effects
  - consistently rising wage level
  - large inflow of foreign labour and related challenges
  - some (considerable?) return migration
  - demographic disproportions





## Radical relief to labour market – a decline in unemployment

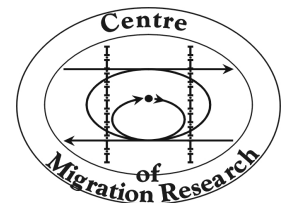
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### Unemployment rate (annual) in 2006 compared to 2004

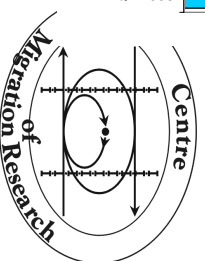
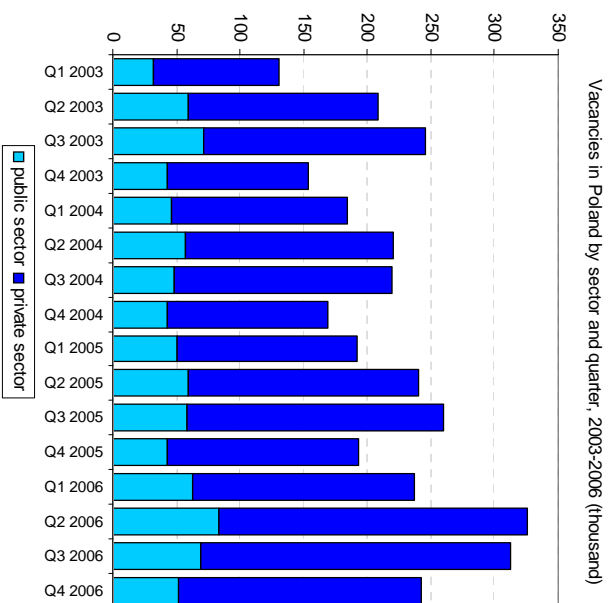
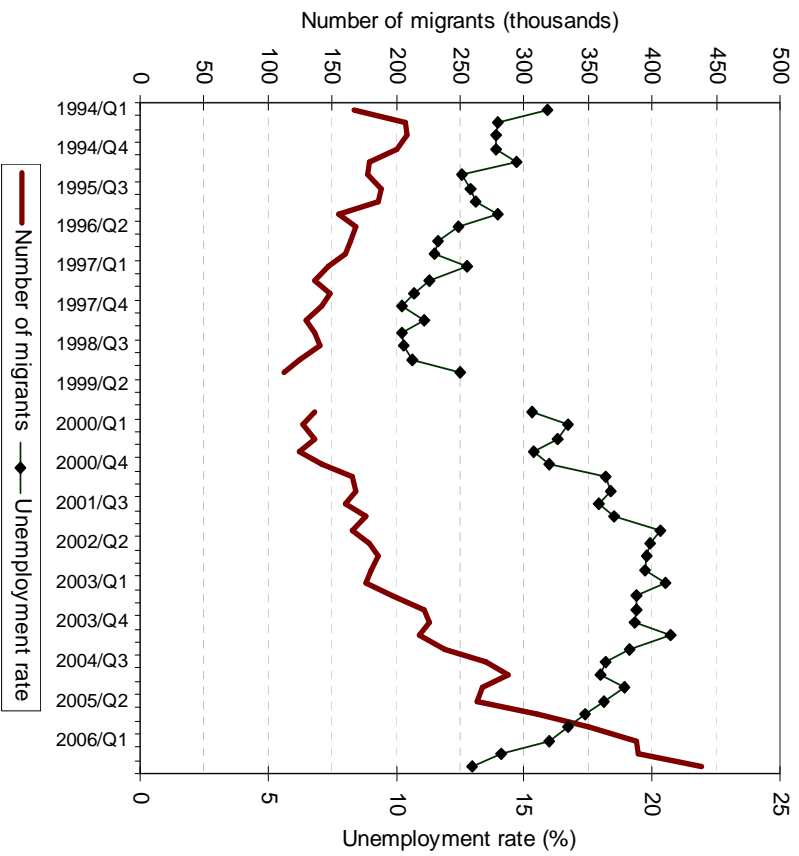
- EU15 decline from 8.0% to 7.4%

*decline in EU8 countries (exception – Hungary):*

- Lithuania by 5.8 points (to 5.6%)
- Poland by 5.2 points (to 13.8%)
- Slovakia by 4.8 points (to 13.4%)
- Estonia by 3.8 points (to 5.9%)
- Latvia by 3.6 points (to 6.8%)
- Czech R. by 1.2 points (to 7.1%)
- Slovenia by 0.3 points (to 6.0%)

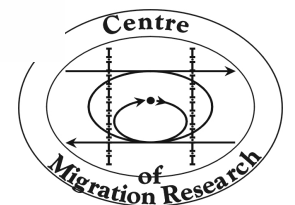
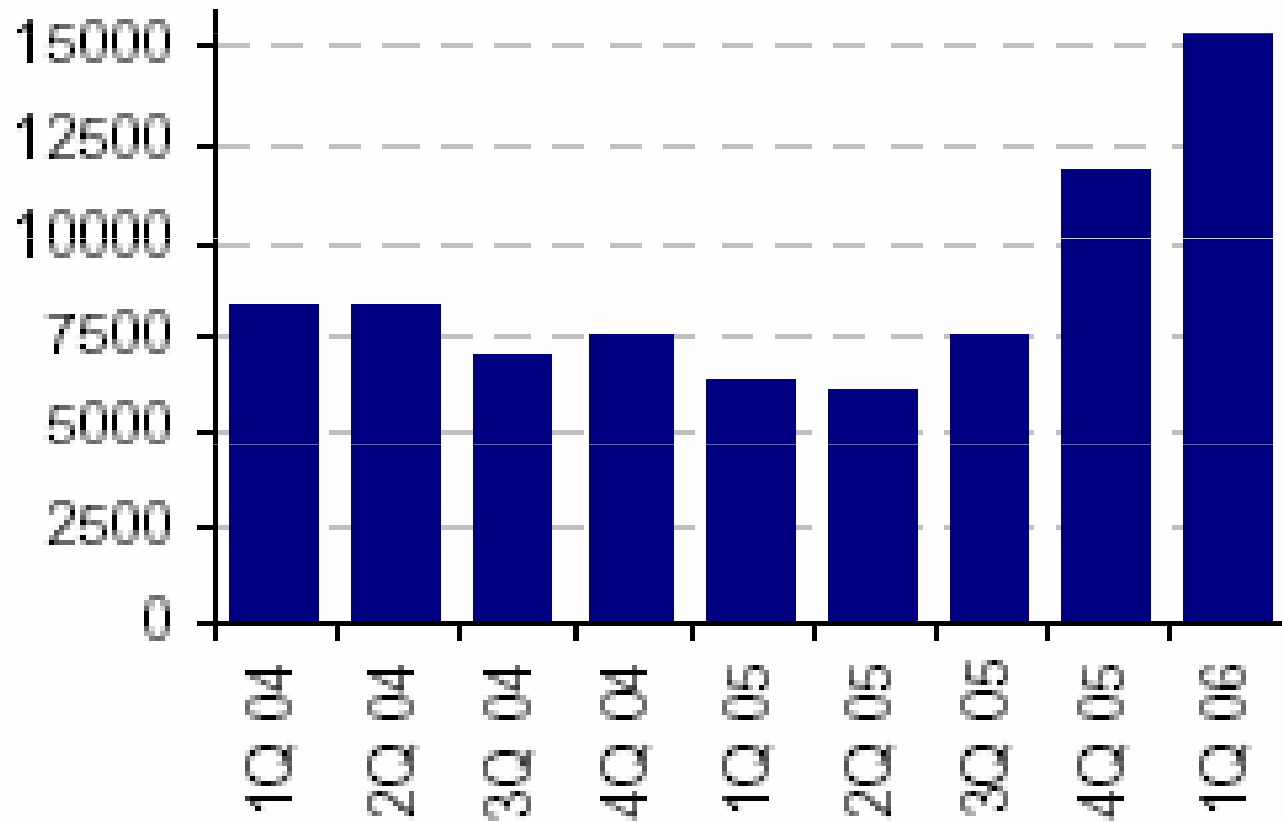


# Migration effect on labour market in Poland



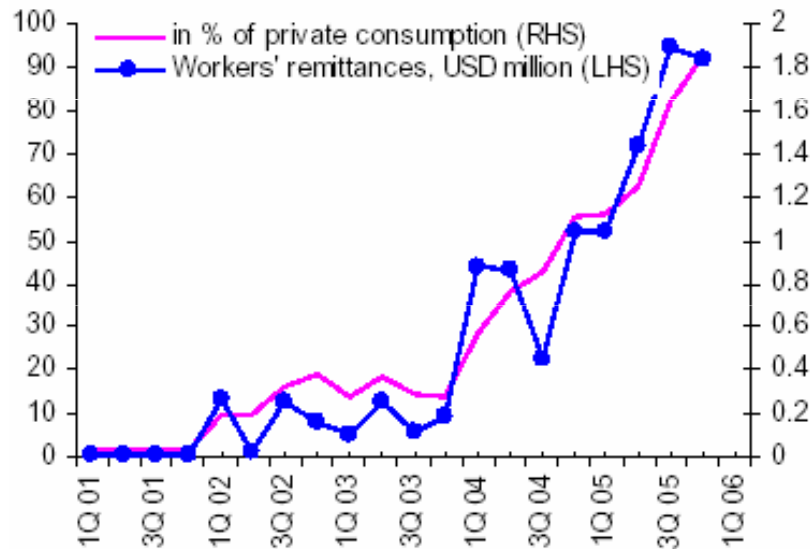
# Number of job vacancies in Lithuania, 2004-2006

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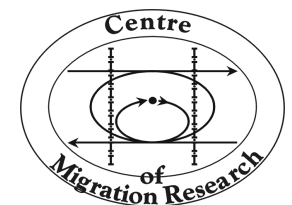
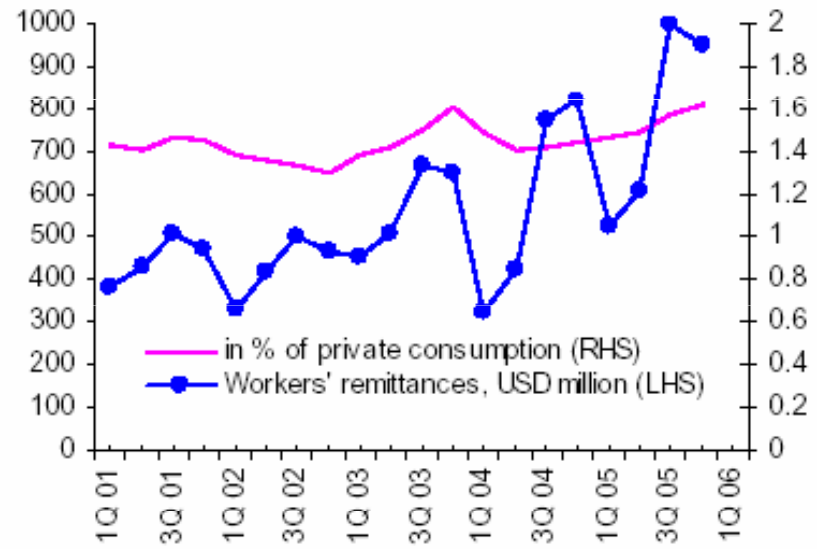


# Workers remittances in Lithuania and Poland, LFS 2001-2006

Lithuania

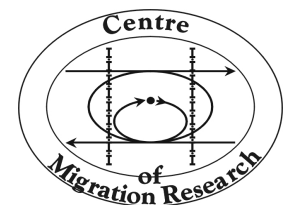
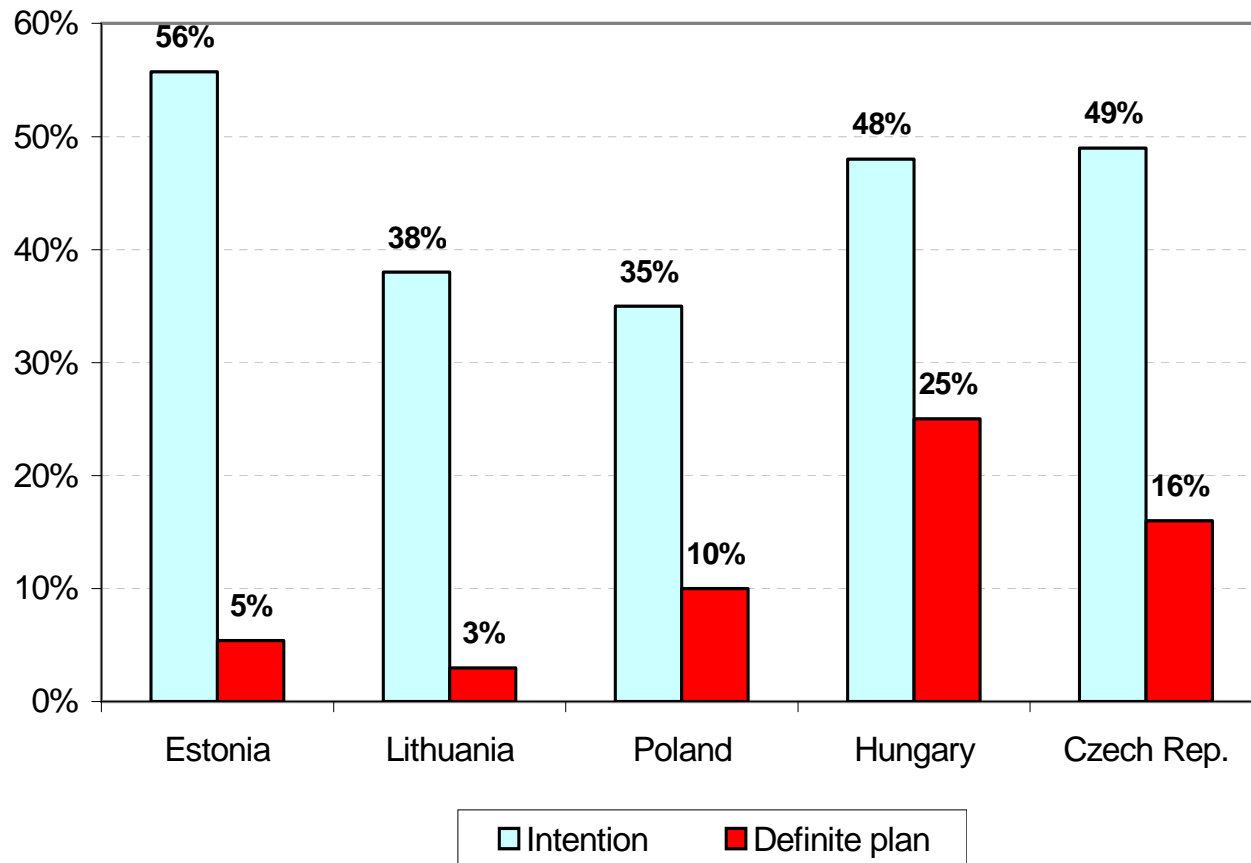


Poland



# Migration intentions of the highly skilled on the eve of EU accession

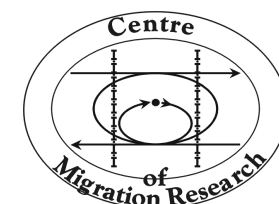
Migration intentions of health care professionals in selected CEE countries, 2004



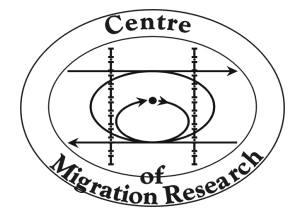
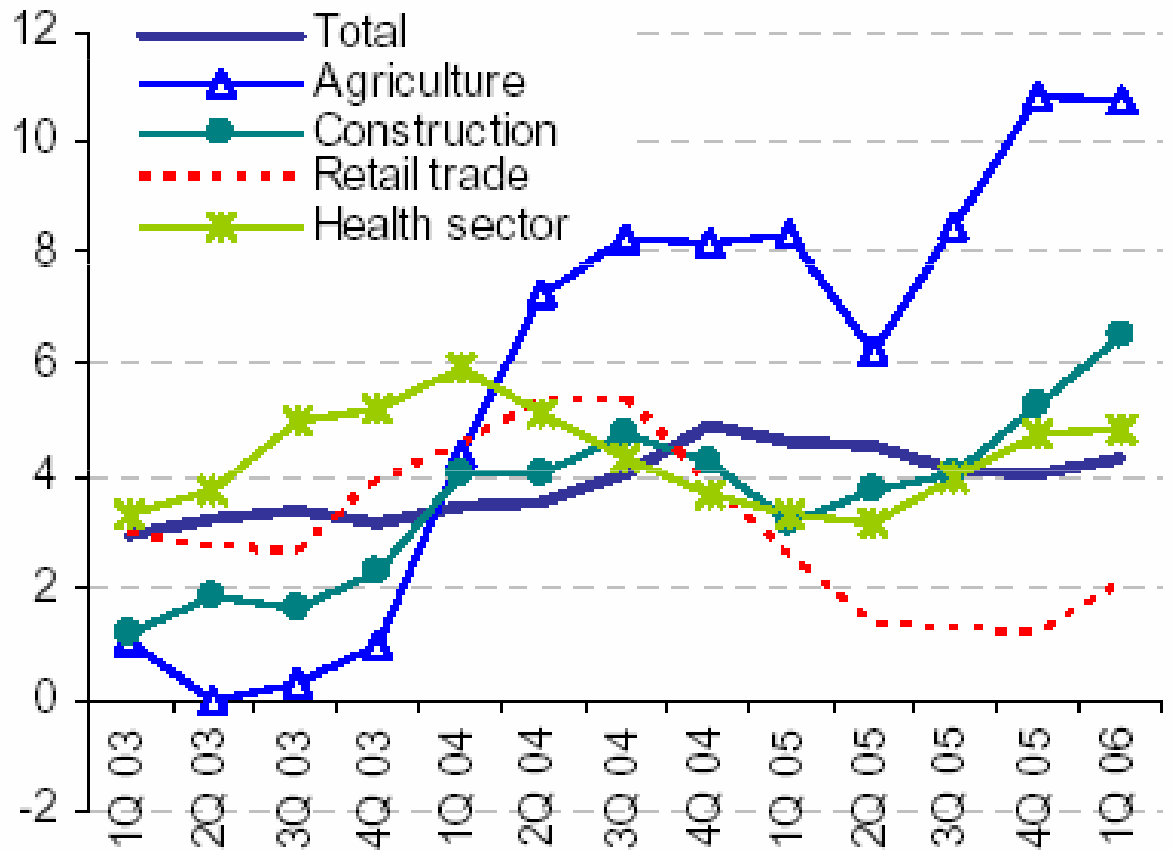
## Polish physicians who within 24 months after the accession were able to seek employment abroad (EU)

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Specialisation	No. of employed physicians	No. of certificates	Ratio of certificates to employed physicians (*100)
Anaesthesiology and intensive therapy	3,984	625	15.6
Plastic surgery	142	21	14.7
Chest surgery	218	28	12.8
Blood vessel surgery	231	19	8.2
Radiology	1,993	154	7.7
General surgery	5,395	334	6.1
<b>Total</b>	<b>81,346</b>	<b>3,074</b>	<b>3.7</b>



# Rise in average monthly wage in selected sectors (%); Poland, 2003-2006



## Tentative conclusion

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an underlying hypothesis:

in any relatively backward economy a precondition for a take off to modern and sustainable economic growth is a massive outflow of people („labour market pre-emption“)

recent (post-accession) outflow from CEE strengthen the prospects for a successful „labour market pre-emption“

as a precondition for increased labour market effectiveness







**THANK YOU FOR YOUR ATTENTION**

