

Migration Flows, Sustainable Development and Neighbourhood Policy **in the New EU Countries**

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Freedom of movement is one of the fundamental principles upon which the European Union (Community) was once founded. The recent and unprecedented EU enlargement was, however, accompanied by a chain reaction of restrictions introduced by the EU15 to curb prospective migration from the new member states.

These restrictions had appeared to fit into a general tendency across the EU to limit immigration. Workers, particularly from third countries, often feel just as unwelcome as refugees, whose rights have been continuously reduced in many EU member states.

Restrictions take place despite a widespread recognition that Europe's needs to import foreign labour in the face of gloomy demographic forecasts, in the face of ageing populations and low birth-rates, and prospects of a collapsing social security system. Europe appears caught up in its own dilemma: Europe needs migrants, Europe fears migration.

The first of May 2004 marked an important date in the history of Europe as a political, geographic, and social entity. Ten European countries joined the European Union, bringing in their potential and expectations, adding a total population of 75 million people and a territory of 738,000 square kilometres. With Bulgaria's and Romania's entrance in the union on 1 January 2007 the EU has grown up to 27 countries¹.

However, in the run-up to enlargement an important point of disagreement between the East and the West is the predicted change in patterns of East-West migration within Europe. The economic and social implications of the proposed free movement of labour will remain a controversial issue until the assimilation of new member states into the EU structures is complete, affecting both governments and citizens. Both those in favour and those opposed to the free movement of people after enlargement must adequately take into account the benefits of larger markets, possibilities for outsourcing, and cheaper labour.

It is worth mentioning that the Eastern enlargement is not without precedent in the history of the Union. Previous waves of expansion were also met with initial skepticism and a strong will from the part of national administrations to overcome the innate differences between incoming countries and member states. Analysis shows that the pessimism expressed by West Europeans that their Eastern neighbours would "flood" their labour markets results more from subjective perceptions of a malfunctioning labour marketing in their own countries than from actual data². Even existing economic research is all too often a foundation more for speculation

¹ "East-West Migration in the Context of an Enlarging European Union: New Opportunities and New Challenges" // Mariyana Radeva

² Migration News Vol. 14 No. 1, January 2007 // <http://migration.ucdavis.edu>

than for reliable predictions. However, although there is insufficient data to substantiate the fears of the West, these have nonetheless provided strong pressure against the immediate free movement of labour and have provoked a complicated cost-benefit analysis of the migration situation.

This paper provides a general historical overview of European migration patterns. It also uses recent data in support of economic models and attempts to apply those models to current migration trends. The case study of the Czech Republic illustrates the practical application of economic theories of migration. The country's changing status from an emigrant country to an immigrant country sparks both optimistic predictions about its future diverse labour market and pessimism about the consequences of a large uncontrollable inflow of migrants.

Migration trends

There are established patterns of migration that have been shaped by historical, political and economic factors. The most recent trends began after World War II when the German economic miracle was one of the main factors in the establishment of East-West and South-North migration, creating a precedent in European migration patterns. However, the satiation of the labour market at the end of the 1960s led to changes in immigration policies of host countries aimed at inhibiting the immigration flow. The 1980s brought about the accession of the Southern European states Greece (1981), Spain, and Portugal (both in 1986), which faced initial restrictions in the movement of people. Later in the integration process, however, the newest the EU (then still the European Community) members experienced decreasing emigration and even some return migration³.

The enlargement of the EU to the East has a different starting point. On one hand, the transition economies of Central and East European countries are still liberalising their internal markets in order to achieve the standards of the West. On the other hand, "educational migration" has already been a way for East Europeans to move to the West; long established traditions, along with the hope for new opportunities have been the driving force behind the migration of students. Potential migrants are also inclined to follow their compatriots based on cultural, ethnic and historical ties. However, because of public opinion in the West, new EU legislation, modified to fit the outcomes of the enlargement process, prescribes an initial transition period of two years. An optional three-year transition could follow at discretion of each old member state. In a worst-case scenario of a massive migration flow, there is the

³ "A paper prepared for the Policy Analysis and Research Programme of the Global Commission on International Migration", Christina Boswell// www.gimorg

possibility of extending the transition period by two more years, bringing the transition to a total of seven years of restricted movement.

One of the difficulties that arise when analyzing the potential outcomes of increased East-West migration is the discrepancy in the position of different accession countries along the so-called “migration hump” economic model, which relates GNP per capita and percentage of migrants relative to population. According to this model, initially there would be fewer migrants from countries with a lower per capita GNP, because under worse economic conditions citizens lack the resources and information to migrate. With the gradual increase of GNP in the accession countries, however, migration becomes a more attractive alternative to the domestic labour market.

The “migration hump” model illustrates that the Central and East European countries are in different stages of economic development. Depending largely on their GNP, some accession countries have passed the increasing curve of the hump, stabilising the number of emigrants. For example, Poland, and Bulgaria show the highest emigration rates per year due to the considerable differences in GDP per capita and unemployment rates. Among the first states to join the EU, Slovenia has the lowest (0.2 percent) and Poland the highest projected emigration rate (two percent). Similarly, research suggests that Bulgaria would be expected to have “extremely high migration rates” after its accession, due to its lower standard of living.

The economic situation in the host country is also a migration factor. In the case of Eastern Europe, however, empirical experience shows that migrants often rely upon stereotypes and subjective contrast in assessing potential host countries. There are also a number of political and social reasons that drive East-West migration as much as economic factors. For example, Germany, despite its negative growth rate (-0.1 percent for 2003) and the high unemployment rate in recent years, still hosts 70 percent of the non-EU labour force together with Austria.

Potential Outcomes and Numbers for Migration from the East

Fears and scepticism in the West and hopefulness and optimism in the East are some of the factors which have prompted research done on the potential outcomes of liberalised migration. Two of the most relevant indicators for determining the quantity of migrants are implementation of the Schengen acquis and economic support for higher growth. The new EU legislation would inevitably cause conflicts with previous bilateral agreements between accession and non-accession countries⁴. Moreover, the differences between GDPs of old and new EU member states establishes a strong argument in favour of migration.

⁴ “Migration and integration: some indicators of the EU”, Yan Grehem

In fact, economic policies implemented in order to liberalise new markets are likely to curb the number of migrants as a secondary effect. For example, free trade policies pursued by the West are likely to lead to a greater convergence of consumer prices. Also, direct foreign investment helps improve the economic climate in the Central and East European countries, providing for a higher standard of living. The conclusions in studies on the subject have evolved from defining free movement from the East as an almost unimaginable event in the early 1990s towards showing that an uncontrollable migration flow from the East is an unlikely event, mostly because economic integration supposes and preconditions economic convergence.

Not only does migration prove to be a topic for highly charged discussions, but also it turns out to be rather unfathomable. Different researchers, using various methods, present different estimates of the current and anticipated immigration flow. It is currently agreed that,

Approximately 300,000 nationals of candidate countries [prior to the 2004 enlargement] are legally employed in the EU, accounting for 0.2 percent of the EU workforce (roughly six percent of the total non-EU workforce of 5.3 million). In Austria, which has the highest share of workers from candidate countries, they account for 1.2 percent of the workforce; in Germany, they account for 0.4 percent. Even in these two countries candidate country workers still account for only about ten percent of all workers from outside the Union”

The biggest fear, especially in border regions, is that the price of labour in the host country will go down as a presumably cheap labour supply increases. In reality, however, migration will remain temporary for the most part, taking the form of a cross-border commute rather than a permanent settlement. “70 percent of the Polish respondents anticipated working in other Member States for between two months and two years or for intermittent periods between returning home. Only 12 percent of them intended to work for longer than two years and 13 percent expressed a desire to settle permanently in another member state”

Another type of migration, educational migration, is a persistent trend in the pattern of East – West migration. Education in Eastern Europe is not considered to match in full that in Western Europe in terms of resources. The European Commission alludes to the under-funding of academic and industrial scientists and identifies specific shortcomings in the research-related administrative infrastructure. These failings are prompting many to migrate as early as possible in their careers to obtain the requisite level of training and to maximise their professional opportunities.

Case of the Czech Republic: labour movements from the East to the West

Most new EU countries have the same problems and expectations after enlargement to European Union. It means that these countries have potential work force which could be used in the old EU countries and its movement is hard to control. Also it may tough neighbor of the new EU countries. For example let's consider country which has been added to the EU in 2004 - the Czech Republic⁵.

The Czech Republic is one of the role models of the transition countries, achieving GDP of €7,410 in 2003 and a growth rate of 2.9 percent. For comparison, the average GDP of the EU-15 is €24,300, and the average GDP of the EU-25 is estimated to be €21,700. It also presents an interesting case study for East-West migration. The country has a history of emigration to the West, due not only to its immediate proximity to Germany and Austria, but also to historical ties and the presence of large ethnic groups. On May 1, 2004, the country embarked on the way to becoming a Schengen country, soon to accept both the rights and obligations of the membership.

A study conducted in cities in the four border regions of the Czech Republic with Poland, Slovakia, Austria and Germany attempts to identify the concerns of the population after liberalisation of the movement of people. Some of them are:

- Higher prices (especially on the borders with Germany and Austria)
- Unemployment (especially Northern Moravia – the Polish and Slovak border regions)
- Lack of investment, relative poverty, a complex of “poorer relative” (at the German border)
- Brain drain (at the German border)⁶

The Czech Government has taken steps to prevent significant turbulence in the labour market and the migrant ratio in the country. Such measures require not only the implementation of the Schengen *acquis*, but its strict application to border crossings. According to one analysis, “the Czech Republic is gradually moving from the position of a transit destination into a country of final destination for migrants. Currently, the decision of migrants to stay in the Czech Republic is a compromise between a relatively ‘friendly’ Czech legal, economic and social environment, and the risks caused by movement to current EU states with an even more ‘friendly’ environment”

As Czech officials recognise the country's potential as a destination for labour migration from poorer non-EU European states, the Government has initiated a Czech labour-recruitment programme. In 2003 the Ministry of Labour set a quota for 300 labour migrants from Bulgaria, Croatia, and Kazakhstan. In 2004, the Government has allowed for another 700 highly skilled migrants to enter and work legally. The guest worker programme estimates that by 2030 the

⁵ “East-West Migration in the Context of an Enlarging European Union: New Opportunities and New Challenges”,/ Mariyana Radeva <http://www.eumap.org/journal/features/2004/migration/pt1/eastwest>

⁶ “The immigration to the EU is growing”, Oleg Nikiforov & Mihail Chernov // <http://www.expert.ru/printissues/expert/2000/11/11ex-novost-5/>

Czech labour market will have a shortage of 420,000 workers. As this Central European country is facing the same demographic issues as its more Western counterparts – an ageing population and declining birth rate – its Government is attempting to address the problems of labour shortage before they become critical for its social policies.

It is indicative for the future of East-West migration that Czech experts have already taken into account losses of qualified labour that has migrated to Western Europe. Czech labour markets have opened towards the West and created gaps in the internal market which will, in turn, be filled by labour from the East. The Government has implemented a point system for granting visas to migrants, scoring factors such as age, knowledge of the Czech language, education, and work experience. The maximum number of points is 66, and in order to be considered for a work permit, a migrant candidate has to collect at least 25 points.

There certainly are feelings among some Czech nationals, who are not as yet ready to support an encouraging immigration policy. However, there also are expectations for a dynamic labour market that would allow Czechs to find jobs further west and not be affected by the inflow of migrants into their country. In fact, the Czech immigration policy is largely based on the premise that it will create a beneficial trade-off. Economists have estimated that every job opening given to a foreigner, would create two open positions for Czech nationals⁷.

At present, cross-border movement seems to be a top priority issue on government agendas and in intergovernmental discussions. It is a known fact that economic policies implemented in order to liberalise the new markets are likely to, as a secondary effect, curb the number of migrants. For example, free trade policies pursued by the West are likely to lead to a greater convergence of consumer prices and eventually of factor prices. Also, direct foreign investment is helping to improve the economic climate in Central and East European countries, providing for a higher standard of living.

The experience of previous enlargements of the EU shows that initial scepticism and fear of being “flooded” by migrants from the new members, with resulting attempts to restrict migration, have been by and large unfounded.

The East-West migration following the most recent enlargement then should not be viewed solely as an obstacle on the road to European integration, but as an opportunity to further deepen that integration, and make it meaningful to the populations of both Eastern and Western European nations.

Migrant workers in Western Europe are concentrated in industries with a low capital-to-labour ratio and low-to-medium-tech production processes⁸. As CEECs opened up to

⁷ David Kral, *Field Research Analysis*, Czech Republic, 2006.

⁸ EU and the migration policy// http://www.migrationsverket.se/english/eu/e_eu.html

international trade, relative production costs changed suddenly and significantly, particularly in the stages of production with a high migrant-worker component. In the circumstances, the economic rationale for the employment of migrants was nullified and replaced by trade. Indeed, trade did not only allow investors to tap into resources less efficiently used than in the West but also to access the markets of CEECs. A specialization in industrial production ensued on both sides of the EU borders during the 1990s, resulting in increased inter- and intra-industry trade, as well as growth in economic activity, employment and productivity.

However, the process of restructuring involved adjustment costs in the labour market. Workers employed in service industries specialising in human skills and industries using advanced technology were the winners, while workers in production industries that intensively use low-to-medium-level skills were the losers.

As job opportunities dried up in the traditional employment sectors of migrants, they turned increasingly to the non-tradeable sector in search of employment, raising the labour supply at the margin of the labour market. The major employer in non-tradeables is the public sector; private sector industries are mostly characterised by imperfect competition in the goods and labour market, and/or by very specific and high skill requirements. These circumstances make it difficult for migrants with specialised trade skills to find suitable employment. They are often faced with having to accept less skilled jobs, unemployment or a move into the informal sector.

It appears, then, that with the opening up of free trade, increased migration is not the most effective policy instrument to promote economic growth and integration in Europe. Only the ageing of the European populations provides a strong economic case in favour of increased migration. However, a major challenge is the provision of adequate education and training for migrants, which is a precondition for their full participation in the specialised economic production processes of Western Europe.

Economic integration between CEECs and the EU largely takes the form of trade in goods and services. Migration may continue to play an important role in that process, but as a facilitator of specialised production processes and trade rather than as a substitute for trade⁹. This implies that:

1. European migration policy needs to focus less on quantity and more on quality, i.e. migrants with suitable specialised skills
2. Migration policy should focus on the promotion of cross-border migration and commuting in order to foster regional economic integration

⁹ European Union: Managing Migration Means Potential EU Complicity in Neighboring States' Abuse of Migrants and Refugees // Human rights watch, October 2006 # 2
¹⁰ "EU-Ukraine Action Plan" // The European Neighbourhood Policy, http://ec.europa.eu/comm/external_relations/ukraine/intro/#enp0

3. Immigration policy with the objective of settling migrants should follow selection criteria similar to those in traditional immigration countries like Canada or Australia
4. Migrant intake on humanitarian grounds should be accompanied by adequate education and training measures to allow full socio-economic participation.

New partnership, economic integration and cooperation perspectives for Ukraine-EU relationship

As a particular example, the last big enlargement of the European Union influenced Ukraine in political, geographic and economical terms. The EU and Ukraine now share a border and, as direct neighbours, will reinforce their political and economic interdependence. Enlargement offers the opportunity for the EU and Ukraine to develop an increasingly close relationship, going beyond co-operation, to gradual economic integration and a deepening of political cooperation. The European Union and Ukraine are determined to enhance their relations and to promote stability, security and well-being. The approach is founded on shared values, joint ownership and differentiation. It will contribute to the further stepping up of our strategic partnership.

The European Union and Ukraine are determined to work together, through the implementation of this European Neighbourhood Action Plan, to help ensure that no new dividing lines are drawn in Europe.

Ukraine and the European Union agreed to enter into intensified political, security, economic and cultural relations, including cross border co-operation and shared responsibility in conflict prevention and conflict resolution¹⁰.

The pace of progress of the relationship will acknowledge fully Ukraine's efforts and concrete achievements in meeting commitments to common values.

This Action Plan is an important new step in this process. It covers a timeframe of three years. Its implementation will help fulfill the provisions in the Partnership and Cooperation Agreement (PCA) as a valid basis for EU-Ukraine cooperation, and will encourage and support Ukraine's objective of further integration into European economic and social structures. Implementation of the Action Plan will significantly advance the approximation of Ukrainian legislation, norms and standards to those of the European Union. It will also build solid foundations for further economic integration, including through joint efforts towards an EU-Ukraine Free Trade Area following Ukraine's accession to the WTO, on the basis of the adoption and implementation of economic and trade-related rules and regulations with the potential to enhance trade, investment and growth. The Action Plan will furthermore help to devise and

¹⁰ "Is it so horrible the reality?", Valeriy Shashkov // Magazine of the Europe #38, 2006

implement policies and measures to promote economic growth and social cohesion, to raise living standards and to protect the environment, thereby contributing to the long-term objective of sustainable development.

Ukraine and the EU will work together in implementing this Action Plan. As confirmed in the EU's Common Strategy on Ukraine, the European Union acknowledges Ukraine's European aspirations and welcomes Ukraine's European choice¹¹.

The European Neighbourhood Policy opens new partnership, economic integration and cooperation perspectives¹².

- The perspective of moving beyond cooperation to a significant degree of integration, including through a stake in the EU's Internal Market, and the possibility for Ukraine to participate progressively in key aspects of the EU policies and programmes.
- An upgrade in the scope and intensity of political cooperation;
- The opportunity for convergence of economic legislation, the opening of economies to each other, and the continued reduction of trade barriers which will stimulate investment and growth;
- Increased financial support: the EU financial assistance for Ukraine will be available to support the actions identified in the present document. The Commission is furthermore proposing a new European Neighbourhood and Partnership Instrument (ENPI) for this purpose, also covering the very important aspects of cross-border and trans-national cooperation between Ukraine and the Member States. There will also be support through the European Investment Bank for projects involving infrastructure investment;
- Possibilities of gradual opening of, or reinforced participation in, certain Community programmes, promoting cultural, educational, environmental, technical and scientific links;
- Support for legislative approximation to meet the EU norms and standards, including technical assistance, twinning and targeted advice and support through a mechanism such as TAIEX;
- Deepening trade and economic relations, including review of the feasibility of the establishment of an FTA following Ukraine's accession to the WTO.
- Consideration will be given to the possibility of a new enhanced agreement, whose scope will be defined in the light of the fulfilment of the objectives of this Action Plan and of

¹¹ "EU-Ukraine Action Plan" // The European Neighbourhood Policy

¹² EU-Ukraine start negotiations on new Enhanced Agreement, Brussels, 2 March, 2007 // http://ec.europa.eu/comm/external_relations/ukraine/intro/index.htm

the overall evolution of EU - Ukraine relations. The advisability of any new contractual arrangement will be considered in due time.

So, analyzing all said before, we can say that cross-border movement seems to be a top priority issue on government agendas and in intergovernmental discussions. It is a known fact that economic policies implemented in order to liberalise the new markets are likely to, as a secondary effect, curb the number of migrants. For example, free trade policies pursued by the West are likely to lead to a greater convergence of consumer prices and eventually of factor prices. Also, direct foreign investment is helping to improve the economic climate in Central and East European countries, providing for a higher standard of living¹³.

The experience of previous enlargements of the EU shows that initial scepticism and fear of being “flooded” by migrants from the new members, with resulting attempts to restrict migration, have been by and large unfounded¹⁴.

The East-West migration following the most recent enlargement then should not be viewed solely as an obstacle on the road to European integration, but as an opportunity to further deepen that integration, and make it meaningful to the populations of both Eastern and Western European nations.

¹³ «Enlargement of the EU and the transformation of West-European migration system”, Irina Molodikova

¹⁴ How Europe Selects Immigrants Today By Heaven Crawley

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