INDEPENDENT NETWORK
OF LABOUR MIGRATION
AND INTEGRATION EXPERTS

MIGRATION, EMPLOYMENT AND LABOUR MARKET INTEGRATION POLICIES IN THE EUROPEAN UNION

Part 1: *Migration and the Labour Markets in the European Union (2000-2009)*

IOM International Organization for Migration

Funded by DG for Employment, Social Affairs and Equal Opportunities of the European Commission

The IOM is committed to the principle that humane and orderly migration benefits migrants and societies. As an intergovernmental organization, IOM acts with its partners in the international community to: assist in meeting the operational challenges of migration; advance understanding of migration issues; encourage social and economic development through migration; and uphold the human dignity and well-being of migrants.

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Edited by
Anna Platonova and Giuliana Urso

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The International Organization for Migration's (IOM) two-volume study *Migration, Employment and Labour Market Integration Policies in the European Union* investigates evidence of the labour market impact of migration and explores the role of relevant migrant admission and employment policies in the European Union, as well as Croatia, Norway and Turkey.

Part 1: Migration and the Labour Markets in the European Union (2000-2009) analyses data on labour market impacts of migration, explores labour market outcomes of migrants and identifies challenges and focus areas for national migrant integration policies.

Part 2: Labour Market Integration Policies in the European Union (2000-2009) provides a detailed analysis of national labour market integration policies in the region and their implementation where data is available. The analysis includes direct labour market integration measures, as well as relevant elements of selection and admission policies and their impact on labour market outcomes of migrants.

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INTRODUCTION

Labour market characterized by flexibility and efficiency in allocation of human resources is a key prerequisite for a competitive economy, providing incentives to employees to perform at top capacity and ensuring equality of workers' rights and opportunities. In a global economy, the search for workers to fill labour and skill shortages often crosses national borders, especially given Europe's demographic challenges and structural shifts in the economy and employment that trigger a growing demand for foreign workers of various skill levels.

In recognition of the migrant workforce being increasingly indispensable for Europe's economy, efforts have been made at the national and the European Union levels to improve policy coherence and to integrate migration considerations into economic, labour market, social welfare, education, healthcare and other relevant policy areas. Most recently, the Europe 2020 strategy emphasized the crucial role migration and integration play in reaching the proposed headline targets of high employment and combating poverty, and in delivering on the strategy's flagship initiative *New Skills and New Jobs* which aims to secure skills that are in demand in the EU economy.

Reaching these goals will require developing both flexible legal admission channels for migrant employment in needed occupations and sectors, and reinforcing efforts at fostering integration of the large migrant population already residing in the EU who often face high barriers to labour market entry at the level corresponding to their education and skills. In this context, availability of quality data and analysis on the role of migration in the economy and patterns of migrant integration are essential to promote evidence-based policy decisions.

The Independent Network of Labour Migration and Integration Experts (LINET) was created by the International Organization for Migration in 2009 in order to provide the Directorate-General for Employment, Social Affairs and Equal Opportunities of the European Commission (EC) with expert analysis and advice on economic migration and labour market integration of third-country nationals. The network unites experts from the 27 Member States of the European Union (EU), Croatia, Norway and Turkey, and aims to support the EC in developing evidence-based policies, mainstreaming labour market integration issues in the EU employment agenda and achieving Europe 2020 goals.

This two-volume study on *Migration, Employment and Labour Market Integration Policies in the European Union* investigates evidence of the labour market impact of migration and explores the role of relevant migrant admission and employment policies in the European Union, as well as Croatia, Norway and Turkey.

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Each volume is preceded by a summary of findings and suggestions for policymakers illustrated by examples of relevant data from the country reports.

METHODOLOGICAL NOTE

The European Union is characterized by a variety of approaches adopted by its Member States with respect to admission of third-country nationals, regulation of national labour markets, as well as regarding the definition of migration-related terms, scope and collection methodology of relevant statistical data. These differences represent significant challenges for carrying out a comparative analysis of the complex interrelations between migration and employment in the region covered by the LINET research network. Much of the data is helpful in establishing general context and trends, but does not provide sufficient basis for in-depth socio-economic analysis of migration and integration.

Many studies use Eurostat Labour Force Survey (LFS) data to ensure data comparability across the Member States. However, as the LFS sample is designed for the general population, in many countries its results may not be fully representative of the migrant population, and in particular when further differentiated by country of origin or other factors.

Therefore, for the purpose of this study, the national experts reviewed the national statistics and administrative data, and conducted a desk review of the existing academic research, including quantitative and qualitative surveys at the national and regional level. Comparability of much of this data is limited,[1] yet at the country level such a review contributes important knowledge in areas that are not sufficiently targeted by the collection of statistical data, including on irregular migration and employment. The study analyzes data that was available in the LINET countries prior to March 2010.[2]

The study focused on third-country nationals, while also gauging differences and similarities with the host country nationals, and where possible with the EU nationals who moved for employment in the framework of intra-EU mobility.[3] At times, however, the lack of disaggregate data did not allow for a separate analysis of these two groups of workers. Furthermore, in addition to the analysis by nationality, where national data is available the country reports also present data by country of birth.

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1 For this reason combined with the availability of relevant data tables based on EU LFS in a number of other publications (such as Employment in Europe, EC 2008), the present publication does not include comparative data tables for thirty countries under consideration. For available data on a specific country please consult relevant country reports.

2 However, some reports may include data or references to later period.

3 The country groups within the EU mentioned in the study are: EU15 (Member States before May 2004), EU10 (Member States that acceded in May 2004), EU8 (EU10 without Cyprus and Malta), EU2 (Bulgaria and Romania).

Furthermore, the study reviewed and assessed the national policies that impact on the labour market integration of migrants. Given the complexity of factors contributing to the outcomes of migrants' economic activity, it is extremely difficult to link concrete data to specific policies. Nevertheless, the study provides the initial basis for the relevant policy debate and indicates good practices supported by evidence.

SUMMARY OF FINDINGS

Impact of Immigration on the National Labour Markets

Immigration has contributed significantly to employment growth in the European Union in the past decade. In 2000-2007, according to EC estimations based on the EU Labour Force Survey,[4] at the EU level recent[5] third-country migrants accounted for an employment increase of almost 3.7 million and around a quarter of the overall rise in employment. LINET country reports comprise national data to further illustrate this trend, including the following:

- From 1994 to 2004, Spain created more than six million jobs of which two million were occupied by migrants. (Spain Country Report)
- In Norway, 250,000 new jobs were created in 2001-2008 and 46 per cent of these were held by first and second generation migrants. Migrant women in particular experienced growth in employment at the end of the economic upturn between 2004 and 2008. (Norway Country Report)
- In Portugal, in 2000-2008 the increase in migrant employment could be linked to strong economic growth in sectors with the highest concentration of migrant workers, notably in construction, real estate, hotels and restaurants and private household services with a net creation of 317,500 jobs. (Portugal Country Report)

Impact on Employment and Wages of the Native Population

Recent studies in Europe cited by the national experts[6] report that overall the direct impact of migration on employment of national workers remains insignificant, with some country reports indicating small negative short-term wage effects for selected groups of native workers.

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4 Employment in Europe 2008, EC, 2009.

5 Arrived within the last seven years.

6 A detailed own econometric analysis of each network country was outside the scope of study given the project timeframe, number of countries involved and differences between countries in terms of data availability and comparability. However, the network conducted a mapping of the findings of the existing national-level econometric studies on the impact of migration on wage and employment levels of natives.

- In the United Kingdom, results from a recent labour market study (Dustmann et al., 2008) show a positive impact of immigration on natives' average wages overall, but a negative estimate lower down the wage distribution scale due to greater concentration of recent migrants in these jobs. Furthermore, analysis of the Institute for Public Policy Research (ippr) of the impact of migration on wages since 2001 suggests that the overall effects of migration on wages are still very small, even after EU expansion (Reed and Latorre, 2009). (United Kingdom Country Report)
- In Austria, the analysis on more recent immigration from 2000 finds no evidence that would suggest it has contributed to a rise in unemployment. Migration had a somewhat dampening effect on wages of native workers who remained in industries and occupations that experience an above-average inflow of migrants, such as agriculture, tourism, business and domestic services and construction. In contrast, native workers who changed jobs and industry to avoid increasing competition by migrants experienced no losses in wage growth. (Austria Country Report)
- In Greece, Alpha Bank estimated in 2005 that immigration worked to some extent as a mechanism for slowing the process of decreasing the competitiveness of industries exposed to fierce competition from low labour cost countries (exportable agricultural products, textiles, food, tourism). Thus, migration allowed Greece to keep many of these production units and subsequent jobs. (Greece Country Report)

To sum up, evidence from various studies suggests that in the long-term migration does not have substantial negative effects on employment and wages, and such impact is usually offset by job creation and economies of scale. Migrants contribute to demand for goods and services that they consume and hence further increase demand for labour. Migrant labour can also decrease the costs of production and thus lower the costs of goods and services in a competitive market. Therefore, the impact of migration on real income may be different than that on wages alone. However, in the short-term the impact will depend on national labour market flexibility, efficient labour market institutions and mobility of native workers, hence results could vary by skill level, sector and location.

Competition and Labour Market Segmentation

In order to explore in further detail the interrelation of native and migrant workers in the labour markets of respective countries, LINET analyzed national data that offered additional insights on worker competition and labour market segmentation. Most country studies reported a high degree of complementarity between the native and migrant workforce, as foreign workers are filling labour market shortages in sectors where native workers are not willing to work or are not qualified to perform the required task. In other words, evidence suggests that direct competition between migrants and natives is relatively small. If anything, evidence suggests, rather, the possibility of competition between migrants from various countries of origin or with different durations of stay in the host country; and at times slight competition with the low-skilled native population.

- In the Czech Republic competition in the labour market has been predominately among foreigners themselves when migrants from Mongolia, VietNam or Uzbekistan accept lower wages and working conditions than more traditional groups of migrants such as Ukrainians. (Czech Republic Country Report)
- In Austria, empirical research suggests that direct competition between migrants and the native population is relatively small as a result of pronounced segmentation of work. (Austria Country Report)

A clear trend in segmentation of the labour market has been observed in a number of LINET country reports, especially in Italy and Belgium. Across the EU, migrants tend to be concentrated in sectors such as agriculture, construction, manufacturing, healthcare, domestic work or hotels and restaurants.

- In Germany, almost 30 per cent of migrants are concentrated in mining, manufacturing and energy sectors, as well as wholesale and retail trade (14.7%) and in hotels and restaurants (7.6%). (Germany Country Report)
- In the Netherlands, sectors with the highest concentration of migrant workers include agriculture and horticulture, hospitality and tourism, healthcare, but also ICT, research and business management. (Netherlands Country Report).
- In Slovenia, the majority of migrant workers tend to occupy lower positions and jobs that are characterized by hard working conditions. Just two sectors, construction and manufacturing, employ more than 60 per cent of the total population of migrants. (Slovenia Country Report)
- Migrants in Portugal are polarized in their labour market position between highly qualified occupations (mainly workers from the European Union and North America) and unskilled or low-skilled jobs (mainly occupied by nationals of Portuguese-speaking African and Eastern European countries). (Portugal Country Report).

Segmentation by gender is relevant both for natives and migrants, but is particularly pronounced in the case of migrant women who tend to be predominantly employed in services and domestic work. As also stated in a recent analysis by FeMiPol (Kontos, 2009), ethnic and gender labour market segmentation leads to female migrants being disproportionately located in low-paid, low status jobs, and experiencing the insecurities and instabilities of short-term employment contracts and informal types of work.

- In Greece, in 2001-2008, men were mainly employed in construction (one in two) and processing (two out of ten), while women were working in private households and healthcare provision (one in two) and hotels and restaurants (two in ten). (Greece Country Report)
- In Italy, Romanian and Albanian migrant worker populations are predominantly male and are strongly represented in the construction sector (37.8% and 26% respectively). On the other hand, 75 per cent of Ukrainian migrants are female and are strongly represented in the domestic work sector where 57 per cent of all migrants from Ukraine are employed. (Italy Country Report)
- Several reports mentioned the crucial role of migrant domestic workers in providing the basis for the massive entry of native women into the labour market

in the context of persistent shortcomings of the welfare state and limited change in family gender roles (for example, Spain and Greece Country Reports).

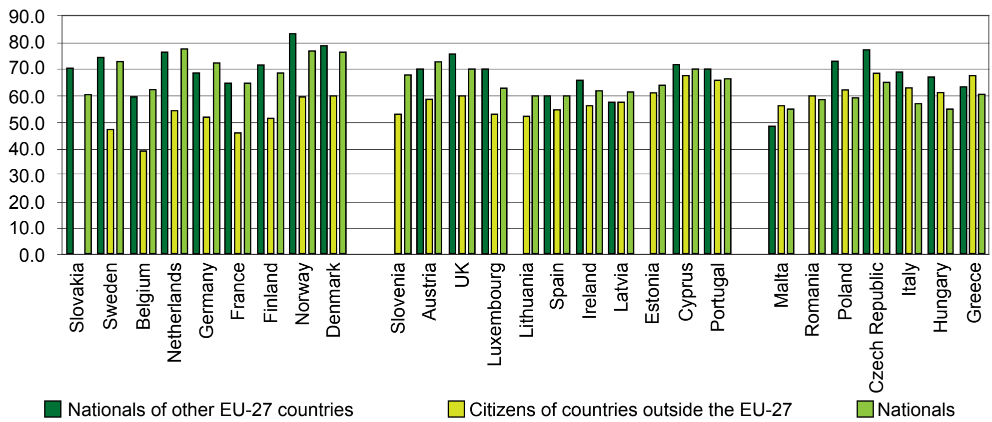
Labour Market Outcomes of Migrants

The level of labour market integration of migrants can be influenced by educational attainment, occupational skills, language competence, ethnic origin and cultural proximity, but also by demand in the host economy, as well as immigration, labour market and social policies in the country of destination. Persisting discrimination and difficulties in recognition of qualifications also have substantial impact on the employment choice of migrants.

Employment and Unemployment

According to the Eurostat data, employment rates for third-country nationals do not present a clear EU-wide trend. In South European countries (such as Greece and Italy) or in Central Europe (for example in Czech Republic and Hungary) in 2009 employment rates of third-country nationals exceeded those of the native population. However, in the majority of the European countries, the situation is reversed. In particular, in Sweden, Belgium, Netherlands and Germany employment rates of migrants from third countries are lower than those of the nationals of the host countries by more than 20 percentage points, which could be partially explained by a high share of humanitarian migration and family reunification in these Member States. At the same time, employment rates for nationals from other EU countries are consistently similar or even exceed those of the natives, and only have lower employment rates than those of third-country migrants in Greece and Malta.

Figure 1: Employment rate in 2009

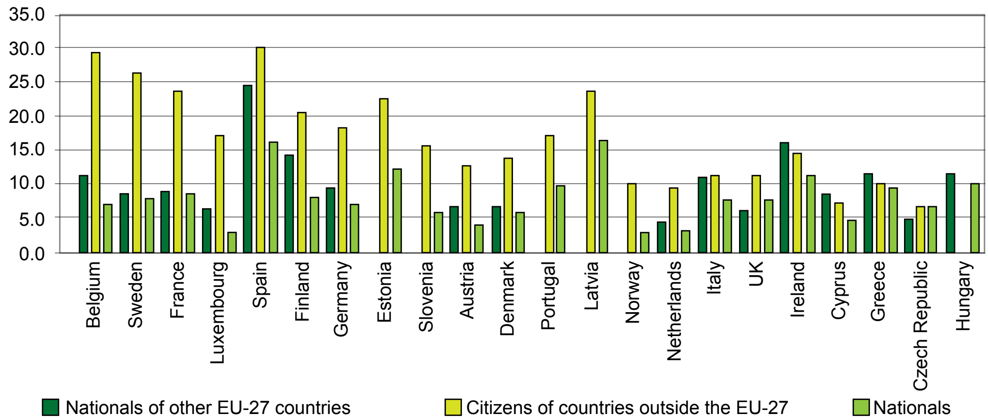


Source: EU LFS, 2009.[7]

[7] Data not available for countries which are not shown (Croatia and Turkey not available, no breakdown for Bulgaria). Data not available for groups which are not shown.

Furthermore, in most of LINET network countries in 2005-2009 third-country nationals continuously register a higher unemployment rate than nationals. In 2009, unemployment rates of third-country nationals were particularly high in Spain (30.2%), Belgium (29.4%) and Sweden (26.3%), but also in France (23.7%). The gap between rates for nationals of the host countries and third-country migrants was particularly evident in Belgium and Sweden (with respectively 22.3 and 18.3 percentage points).

Figure 2: Unemployment rate in 2009



Source: EU LFS 2009[8]

Considerations of irregular stay and employment of possibly significant numbers of migrants, especially in domestic work, agriculture and construction should be added to the analysis, although reliable data is hard to capture.

- In the United Kingdom, a recent analysis (Gordon et al., 2009b) estimates that there were between 417,000 and 863,000 irregular migrants in the UK in 2007. Various findings from the United Kingdom suggest that the level of employment of irregular migrants in the informal labour market is thought to be high as most irregular migrants do not have access to benefits and are very likely to work in order to survive. (United Kingdom Country Report)
- In the Netherlands, estimated numbers of undocumented migrant workers in 2006 range from 60,000 to 97,000 (Dijkema et al., 2006). They are often employed in sectors known for their high level of informality, such as catering and food service, cleaning, care and horticulture. (Netherlands Country Report)
- Regularization campaigns provide additional insight on the situation of irregular migrants. For example, over 1.5 million irregular migrants regularized their status in six regularization programmes in Italy, while in Portugal the number

[8] Data not available for countries which are not shown (Croatia and Turkey not available, no breakdown for Bulgaria, Lithuania, Malta, Poland, Romania, Slovakia). Data not available for groups which are not shown.

of regularized migrants almost reached the mark of 94,000 in five regularization programmes.[9] (Italy and Portugal Country Reports)

- In Germany, the range of estimates of the total number of irregular migrants, most of whom can be assumed to have entered Germany for employment purposes ranges from 100,000 up to 1 million persons thus comprising approximately 0.25 to 2.5 per cent of the national labour force. (Germany Country Report)

Wages

Findings of the country reports suggest that overall earnings of migrants, compared to the national average tend to be lower. Such discrepancies point to the different positions in the labour market occupied by natives and migrants even in the same sectors, but could also indicate discrimination in employment.

- Statistics Denmark indicates that in 2008, 75 and 70 per cent of non-Western[10] migrant men and women respectively earned the lowest wages in the labour market, while in comparison only 59 and 52 per cent of Danish-born respectively, male and female wage earners, where placed in the lowest wage hierarchy. (Denmark Country Report)
- In Italy, recent estimates by Fondazione Leone Moressa (2010) based on data from ISTAT for QIII 2009 attest that migrant workers earn an average 23 per cent less than Italian workers. These differences increase with educational level: for workers with only a primary school diploma or no primary education the difference is 5 per cent, but it increases to 16.4 per cent for secondary school graduates and up to 28.5 per cent for university graduates. (Italy Country Report)
- In Sweden, recent research suggests that even after 30 to 35 years in Sweden migrant wages lag behind those of natives. The path of wage adjustment is very different, though, for economic and non-economic migrants. Economic migrants residing in Sweden on a short-term basis fare very well on average in terms of wages and employment, while particularly for refugees there are large wage and employment gaps in comparison with natives (Lundborg, 2007: 27).[11] (Sweden Country Report)

Furthermore, in several country reports qualitative studies and comparisons between nationals and migrants holding the same positions highlight some evidence of discrimination against migrant workers in the national labour markets.

- In Slovenia, interviews with migrants attest that migrants are often paid less for performing the same work. (Slovenia Country Report)

9 Portugal: 1992/1993; 1996; 2001; 2003 (special regularization of Brazilian workers); 2004. Italy: 1986; 1990; 1995; 1998; 2002/2003; 2009.

10 Western countries here comprise the EU countries, Iceland, Norway, Andorra, Liechtenstein, Monaco, San Marino, Switzerland, the Vatican State, Canada, USA, Australia and New Zealand. Non-Western countries comprise all countries which are not defined as Western countries.

11 Lundborg P., Assimilation in Sweden: Wages, employment and Work Income, SULCIS Working Paper 2007:5. Data restricted to workers in age groups 18-64.

- In Portugal, according to recent findings (Carneiro et al., 2007), migrant workers earn hourly wages which are approximately 11.5 percent lower than those earned by similar native workers. (Portugal Country Report)

Overqualification

Employment constitutes an important step in the integration process. However, long-term benefits both for the host society and migrants depend on the extent to which migrants are able to secure employment in line with their educational attainment and skills on equal terms with native workers and in decent working conditions.

Indications of possible discrimination and other labour market barriers, such as difficulties in recognition of qualifications appear in some country reports with findings attesting that *regardless* of the level of education, migrants are employed in low-skilled sectors. This corroborates EU LFS-based analysis of DG Enterprise and Industry in the European Competitiveness Report 2009 that suggests substantial underutilization of highly-skilled foreign labour already residing in the EU due to non-employment and over-qualification.

- In Greece, three quarters of migrants are working in four particular sectors (construction, manufacturing, private households, hotels and restaurants) regardless of educational attainment (Kritikidis, 2008). (Greece Country Report)
- In Italy, underrepresentation of migrants within intellectual and technical occupations and predominant employment in manual labour and low-skilled jobs is not a result of an educational gap between foreign nationals and natives. On the contrary, secondary school graduates are more present among foreign workers than on average among the Italian nationals (43.7% compared to 40.1%), even though the share of university graduates is slightly lower (10.8% versus 12.8%). (Italy Country Report)
- In Norway, a 2008 study by Statistics Norway[12] mainly based on employees in the private sector has shown that migrants in general are overqualified for their jobs. Another research[13] study in 2009 confirmed the same result showing that migrants with a non-Western[13] ethnic background and qualifications acquired abroad have five times higher possibility to be overqualified compared to nationals educated in Norway. (Norway Country Report).
- In Germany, in 2006, the employment rate of natives with higher education was 87.8 per cent while the rate for migrants was 71.3 per cent, which is even below the rate for natives with a secondary education level (72.4%). (Germany Country Report)
- In the Czech Republic, a large proportion of migrants do not even try to have their qualifications recognized, knowing that they will perform low-skilled work.

12 Villund, Ole, Riktig yrke etter utdanning? En registerbasert undersøkelse om kompetanse og arbeidsoppgaver hos ansatte med innvandrerbakgrunn (Right profession after education? A register based study on competence and work tasks among employees with migrant backgrounds). Report 2008/37, Statistics Norway (2008).

13 Støren, Liv Anne, Choice of Study and Persistence in Higher Education by Migrant Background, Gender, and Social Background, Report 43/2009 NIFU STEP (2009).

According to a recent study (GAC 2007) 40 per cent of economic migrants from third countries did not try to get their qualifications recognized. (Czech Republic Country Report)

Conditions of Employment

Migrant workers are likely to be at risk of falling into a "flexibility trap" as they tend to fill labour market shortages (*being flexible* in the choice of the work), sometimes perform jobs below their qualification level (*being flexible* in the use of their skills) and in precarious working conditions (*being flexible* in the working conditions).

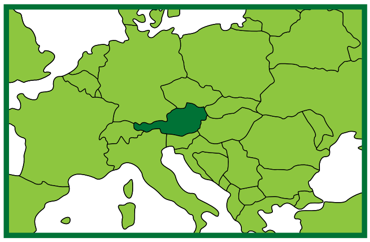
- In Spain, migrant workers are mainly hired on a temporary basis at almost a double rate (43.1% in 2009) in comparison with natives. The economic crisis has resulted in the fast destruction of temporary employment in 2008-2009 thus particularly affecting third-country nationals. (Spain Country Report)
- In the Czech Republic the majority of foreign workers (69%) are employed in manual jobs that are highly unstable with a high level of time flexibility, low wages and low access to training and education. Manual workers are disadvantaged not only in comparison to non-manual foreign workers but also to national manual workers (Rákoczyová, Trbola 2009). (Czech Republic Country Report)

Possibilities for migrants to come out of the "flexibility trap" depend on the national economic and social context and tend to increase with the length of residence.

- In Germany, the segmented structure of the German labour market together with industrial and social barriers prevent migrant mobility across sectors. Consequently, a disadvantaged group of migrants may remain disadvantaged and unable to break this cycle even over a long period of residence. (Germany Country Report)
- In Norway, duration of residence is a key factor in improving labour market outcomes for migrants in Norway. Employment rates for women show a particular increase with almost 20 points from 48 to 65 per cent from the very recent arrivals (0-4 years of residence) to the established migrants (more than 10 years of residence). (Norway Country Report)

AUSTRIA

Gudrun Biffl[14]



Migration Trends

Large-scale immigration to Austria started in the 1960s with its guest worker migration policy. During this period the inflow of spouses and children was not envisaged and therefore not regulated. As a result, the residence permit system was established only in the 1990s, when the system of work permits was complemented by regulations on family reunification.[15]

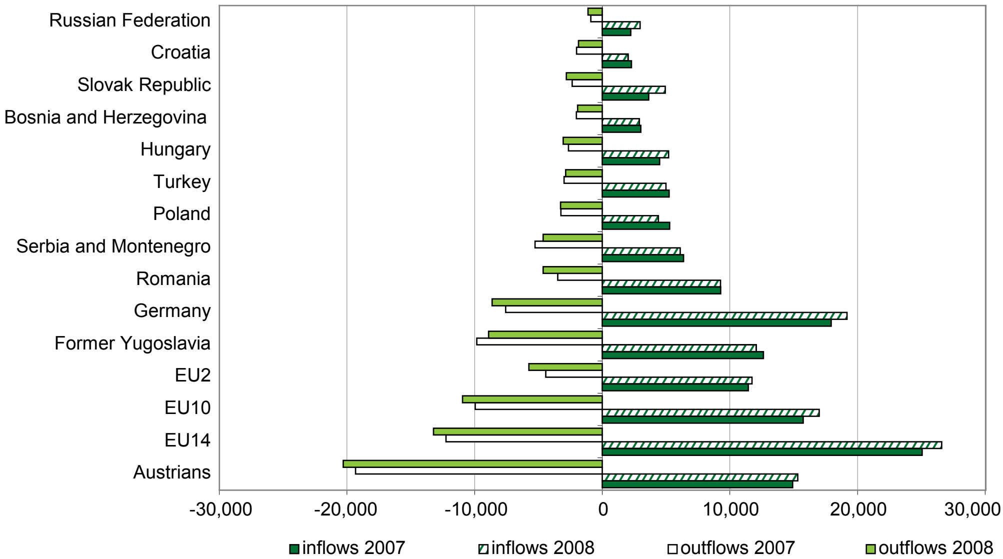
In 2008, total net immigration amounted to 34,400. Out of the net inflow of foreigners (94,800), 28.1 per cent came from EU15 countries, especially Germany as the increasing integration of the Austrian and German labour markets promoted the further cross-border mobility of workers. Inflows from EU12 countries accounted for 30.3 per cent (out of which 9.8% were Romanian and 2.6% Bulgarian). Almost 13 per cent came from the Yugoslavia's successor states[16] (with Serbia and Montenegro together representing 6.4%), 5.3 per cent from Turkey, and 10.2 per cent from Asia. Other European states account for around 5 per cent (Switzerland and the EEA, the Russian Federation and Ukraine). As in previous years, fairly small numbers originate from Africa (3.4%), the Americas (3.7%) and Oceania (0.4%). (Figure 1)

14 Prof. Gudrun Biffl is Director of the Centre for Migration, Integration and Security at the Danube University Krems

15 For a detailed account see Biffl, 2009, OECD- SOPEMI Report 2008-09.

16 For the purpose of this report the following countries are considered as Yugoslavia's successor states: Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Serbia and Montenegro.

Figure 1: Migration in Austria by main countries of origin



Source: Statistics Austria, 2008.

A relatively small proportion of the annual inflow of permanent residents is regulated by quotas. Temporary residents can reside on the basis of seasonal or other employment contracts, university or other school enrolment, or on humanitarian grounds (Table 1).

Table 1: Annual inflow of permanent and temporary residents by category

Annual inflow of settlers (permit data)				
	2005	**2006**	**2007**	**2008**
Work	1,500	548	718	832
Family	29,400	15,628	11,750	14,384
Humanitarian	5,900	4,234	5,440	3,649
Free Movement	19,400	13,993	30,732	35,289
Others	700	6	3	8
Total	**56,900**	**34,409**	**48,643**	**54,162**
Annual inflow of temporary migrants				
International students	3,200	0	0	0
Trainees				
Seasonal workers	11,356	10,894	11,536	12,135
Intra-company transfers	200	186	147	150
Others	6,300	3831	3360	3409
Total	**21,056**	**14,911**	**15,043**	**15,694**

Source: Federal Ministry of the Interior, Central Alien Register; LMS Work Permit Statistics.

The number of temporary resident permits granted to third-country nationals increased slightly in 2008 to 5,900 permits, compared to 2006, when the numbers were more than halved as a result of a switch from resident permits to work visas for temporary work of shorter time spans than six months. The majority of the 5,900 total temporary resident permits issued to third-country citizens in 2008 were granted to persons working in Austria temporarily and their family member), followed by students (39%) and their family members, and one per cent were 'integrated' asylum seekers. In 2008, approximately 15,000 temporary resident permits were renewed (out of which 63% went to students).

Of the 15,400 new third-country permanent residents in 2008, 7,400 were admitted on the basis of a quota, either due to high skills (Schlüsselarbeitskraft[17]) or as family members of third-country nationals who reside in Austria within a given quota. The highly skilled constituted 15 per cent of all first quota permanent resident permits in 2008 (following a 52% increase since 2006). On the other hand, the permanent permits issued to third-country nationals, for whom no quota limit applies, are either family members of Austrians (or of citizens of the EEA) or have obtained settlement rights in another EU-MS, or may reside in Austria on humanitarian grounds. They may access work on the basis of labour market testing. Prolongations of settlement permits are becoming more frequent as the duration of stay gets longer and integration proceeds. Increasingly, extensions are issued to third-country nationals who have permanent residence rights in another EU Member States and hence have free access to the labour market in Austria. Their numbers amounted to 25,700 in 2006, increased to 31,200 in 2007 and again declined in 2008 to 24,200.

The number of valid residence permits of third-country nationals (mid-year count) increased continuously from 280,500 in 1994 to 575,200 in 2004, but declined by 12 per cent in 2005 – as a result of the EU enlargement in May 2004. The introduction in 2006[18] of a minimum income requirement for family reunification/creation has not only resulted in an immediately visible downward shift of the number of residence permits, but also in cyclical fluctuations. Moreover, the decline of up to 476,900 residence permits in 2006 is also due to the reduction in the number of short-term permits, since from 2006 onwards, temporary residence permits are only issued for persons who reside for more than six months in Austria.[19] In 2009, the number of residence permits was at 454,300 (Table 2), yet the decline resulted primarily from of a decreasing number of permanent residents, while all other categories experienced an increase.[20]

By July 2009, 105,300 citizens of the EEA were registered in Austria[21] as well as 3,400 third-country citizens who have a permanent residence status in another country of the EEA.[22] 51,100 of the documented EEA citizens were working in Austria, primarily as wage and salary earners.

17 German for "key working skills"

18 The Settlement and Temporary Residence Law (NAG 2005).

19 Short stays for less than 6 months are now granted through a (work) visa rather than a residence permit.

20 In any case, the majority of residence permits granted by mid-2009 (95%) were permanent permits.

21 Since 2006, citizens of the EEA, who have the right to free mobility and their family members may have their residence status documented (Anmeldebescheinigung).

22 In this case they get a settlement permit (Daueraufenthaltskarte).

Table 2: Stock of valid residence permits of non-EU citizens by age and gender, counted by 1 July, 2005-2009

Total	2005	2006	2007	2008	2009
0 to 19	123,992	111,639	100,998	96,243	92,170
20 to 30	105,248	97,553	92,857	92,653	91,055
31 to 40	104,245	95,551	88,726	88,968	87,502
41 to 50	76,124	72,894	71,049	72,589	71,931
51 to 60	60,645	61,077	59,469	59,418	58,069
over 60	35,967	38,149	40,327	44,089	45,793
Sum	**506,221**	**476,863**	**453,426**	**453,960**	**446,520**
Men					
0 to 19	63,925	57,598	51,887	49,642	47,427
20 to 30	50,226	46,483	44,853	44,238	43,049
31 to 40	50,952	45,917	42,971	42,874	42,079
41 to 50	41,439	39,531	38,343	39,072	38,516
51 to 60	33,521	33,419	32,451	32,132	31,194
over 60	17,950	19,231	20,831	23,111	24,181
Sum	**258,013**	**242,179**	**231,336**	**231,069**	**226,446**
Women					
0 to 19	60,067	54,041	49,111	46,601	44,743
20 to 30	55,022	51,070	48,004	48,415	48,006
31 to 40	53,293	49,634	45,755	46,094	45,423
41 to 50	34,685	33,363	32,706	33,517	33,415
51 to 60	27,124	27,658	27,018	27,286	26,875
over 60	18,017	18,918	19,496	20,978	21,612
Sum	**248,208**	**234,684**	**222,090**	**222,891**	**220,074**

Source: Federal Ministry of the Interior, Central Alien Register, 2005-2009.

According to the Irregular Migration Report of the Ministry of the Interior[23] the numbers of smuggled foreigners, irregularly entering and/or residing in Austria halved in 2007 compared to 2006 (15,100 compared to 39,800) and maintained at the same level in 2008. This decline is primarily the result of Romania joining the EU (in January 2007), which gave its citizens the right to stay in Austria.

23 Apprehensions between 1997 and 2008.

Labour Market Impact

Between 2000 and 2007, Austrian real GDP grew slowly but steadily, with a 3.5 per cent peak in 2007. With +2 per cent GDP growth Austria continued to achieve one of the highest economic growth rates in Europe in 2008. However, the global economic crisis hit with a time lag in 2009 and led to a -3.7 per cent slump of GDP growth, making it one of the most affected EU Member States.

Between 2000 and 2008, labour supply increased annually by one per cent on average (reaching 4.4 million in 2008). According to the Labour Force Survey (LFS) the number of employed rose from 3.9 million in 2000 to 4.2 million in 2008. The activity rate of the working age population reached 75 per cent (compared to 2000 at 71%). The Austrian unemployment rate calculated on the basis of the labour supply of wage and salary earners and registered unemployed persons amounted to 5.8 per cent in 2008 (versus 3.8% as calculated by the LFS) and rose to 7.2 per cent in 2009 as a consequence of the economic crisis. The unemployment rate of foreign workers rose by 3.1 percentage points to 10.6 per cent during the recession. Between 2000 and 2008 employment and unemployment fluctuated with the business cycle. In 2009, the employment rate of both native and foreign workers experienced the steepest (-1.4%) decline since the 1950s.

The impact of migration on employment in Austria can only be understood in the context of the objective of Austria's old guest worker model, namely to enhance the competitiveness of export industries (76% of exports targeted to EU member states). The Austrian migration system used to channel migrants mainly into labour-intensive manufacturing industries such as clothing, leather, textiles, and tourism. To a lesser extent migrants flowed into such sectors as construction, personal services, health and domestic services. For this reason, they tended to be concentrated in low-paid industries and occupations, which experienced high competition in the national and global market due to relatively widespread technology and skills and/or because of a limited concentration/market power of the specific industry. Moreover, migrants exhibited significant cyclical and/or seasonal employment instability.

Comparatively, according to social security data, foreign employment (excluding self-employed and persons on parental leave) amounted to 442,400 in 2009 (13.5% of total employment compared to 10.5% in 2000). In addition to increased immigration from the EU15 (13.2% increase in 2008 compared to 2007, making up 21% of foreign employment), increasing numbers of migrant workers from the new EU-MS have entered the labour market. The employment of nationals from third countries rose by only 1.7 per cent in 2008 (however these constitute 61% of all employed foreigners) and dropped by -4.2 per cent in 2009.

Table 3: National and foreign labour force (wages and salaries)* and unemployment rate, 2007-2008

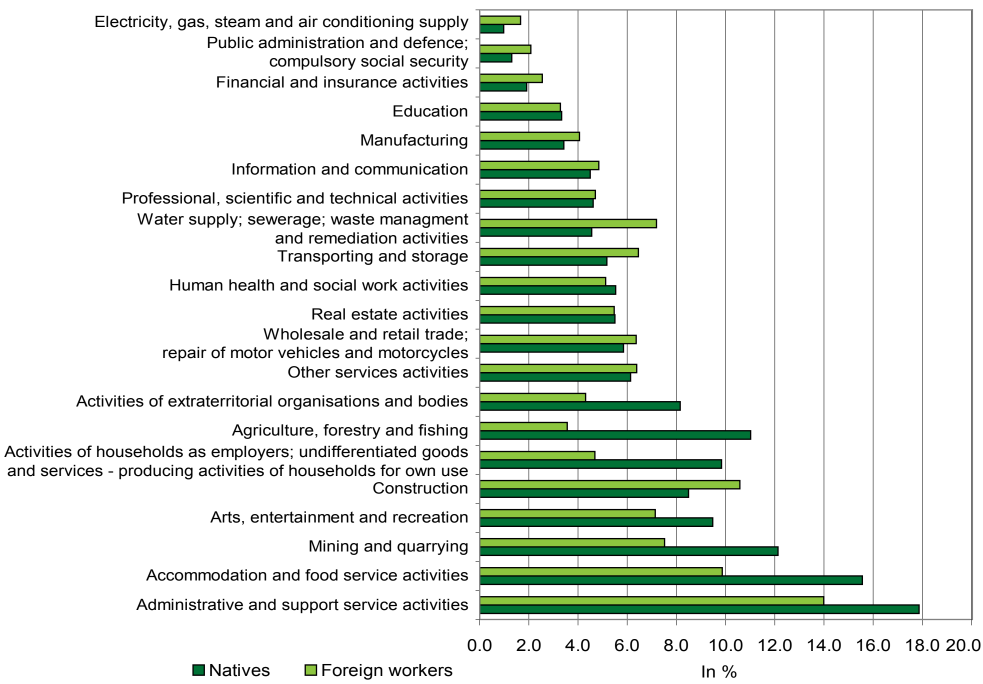
	Annual average		Change 2005/2006		Change 2006/2007		Change 2007/2008	
	2007	2008	Absolute	Percent	Absolute	Percent	Absolute	Percent
Total labour force1	**3,449,697**	**3,516,394**	**38,044**	**1.1**	**48,591**	**1.4**	**66,697**	**1.9**
National labour force	2,997,556	3,043,962	23,647	0.8	29,337	1.0	46,406	1.5
Foreign labour force	452,141	472,433	14,397	3.4	19,255	4.4	20,292	4.5
Total employment1	**3,227,449**	**3,304,141**	**51,524**	**1.7**	**65,517**	**2.1**	**76,692**	**2.4**
National employment	2,814,871	2,869,966	35,016	1.3	43,635	1.6	55,095	2.0
Foreign employment	412,578	434,175	16,508	4.4	21,883	5.6	21,597	5.2
Total unemployment	**222,248**	**212,253**	**-13,480**	**-5.3**	**-16,926**	**-7.1**	**-9,995**	**-4.5**
National unemployment	182,685	173,996	-11,369	-5.5	-14,298	-7.3	-8,689	-4.8
Foreign unemployment	39,563	38,257	-2,111	-4.8	-2,628	-6.2	-1,306	-3.3
			2005	**2006**	**2007**	**2008**		
Total unemployment rate			**7.5**	**7.0**	**6.4**	**6.0**		
National unemployment rate			7.1	6.6	6.1	5.7		
Foreign unemployment rate			10.6	9.7	8.8	8.1		

*Source: Own calculations based on the data from the Federation of Austrian Social Security Institutions – * No continuous data on foreign and native self-employed. Excluding formerly employed persons who are currently on parental leave or military service and unemployed but in education and training measures.*

The boost in naturalization between 2003 and 2005 (especially third-country nationals for whom access to free mobility of labour in the EU may be one of the primary reasons for naturalization), resulted in a steep increase in the number of employed Austrians and the stable growth of employment among foreign workers. The latter however gained momentum thereafter, reaching a peak of +5.7 per cent in 2008. This was, inter alia, a result of new legislation granting third-country nationals who have legally resided with permanent residence status in Austria for five years permanent residence, and the resulting right to access the labour market without a work permit. Migrants tend to remain in their traditional occupations after naturalization.

The sectors most affected by the 2009 crisis were manufacturing, followed by trade and transport, and business services. The crisis also hit tourism, reducing employment by 1.5 per cent, though this affected only natives, while foreigners experienced a slight employment increase. In contrast, employment in the financial services sector expanded. Additionally education, health and social services experienced continued employment growth, just like the arts and the entertainment business. In all those services, foreign workers had substantial employment growth, thus explaining the comparatively limited employment decline among migrants. The differentiation between foreigners and natives does not indicate that foreigners are at the margin of the work force, quite to the contrary. In some activities unemployment rates of natives surpass those of foreigners (Figure 2). This is an indication of the dominant role of market forces and general supply and demand relationships in the various occupations and skill segments rather than citizenship, which account for differences in employment and income security.

Figure 2: Unemployment rates of Austrians and foreigners by sector, 2008



Source: Austrian Labour Market Service, Federation of Austrian Social Security Institutions.

It is important to note, however, in most occupations (except tourist services, agriculture and forestry, which tend to be contracted for limited periods of time) foreigners experience higher unemployment rates than the natives. On average, migrants tend to have higher unemployment rates and significantly lower educational attainment levels than native Austrians (the latter explains about two thirds of the difference in unemployment rates).[24] Turkish workers have traditionally had the highest unemployment rates of any foreign worker group (up to 14.1% in 2005 and 10.8% in 2008). The unemployment rate of migrants from the former Yugoslavia declined to 8.8 per cent in 2008 from 11.4 per cent in 2005.

Table 4: Total unemployment rates and unemployment rates of foreigners

	Unemployment rates			Unemployment rates of foreigners				
							Of which:	
	Male	**Female**	**Total**	**Male I**	**Female I**	**Total**	**(Former) Yugoslavs**	**Turkish nationals**
2000	5.8	5.9	5.8	7.8	6.9	7.5	7.4	9.0
2001	6.2	5.9	6.1	9.1	7.6	8.5	8.6	10.6
2002	7.2	6.4	6.9	10.5	8.5	9.8	10.4	12.1
2003	7.5	6.5	7.0	10.6	8.6	9.8	10.8	12.6
2004	7.5	6.6	7.1	10.6	9.1	10.0	11.0	13.2
2005	7.7	6.8	7.3	11.1	9.8	10.6	11.4	14.1
2007	6.5	6.4	6.4	8.9	8.5	8.8	9.4	11.6
2008	6.1	5.9	6.0	8.2	7.8	8.1	8.8	10.8

Source: Federal Ministry of Economics and Labour (BMWA); Austrian Labour Market Service (AMS), since 1994 Social Security Department (employment base).

The employment opportunities of migrants depend, to a large extent, on their immigrant status which in turn defines their labour market access. As already pointed out earlier, a significant part of immigration continues to be labour migration, but family formation and reunification as well as immigration on humanitarian grounds have surpassed labour migration as the most important migrant categories in Austria in recent decades. Temporary work continues to be an important source of employment for migrants, especially as domestic helpers, care workers and seasonal workers. Austria has one of the highest shares of foreign students (who increasingly start working during their studies) in the EU with 19 per cent in 2006 compared to 14 per cent in 2004 (OECD, 2006a).

Empirical research suggests that direct competition between migrants and residents is relatively small in Austria as a result of the pronounced segmentation of work and visible social and economic stratification that appeared with increasing immigration. It is mainly unskilled and semi-skilled workers who face competition from migrants. The pressure on wages and employment opportunities increases with the elasticity of substitution of migrant versus resident labour. Adsera & Chiswick (2004) point out

[24] For a detailed analysis see Biffl, G. (2007).

that earnings of immigrants are lower upon arrival than those of natives, particularly for foreigners born outside of the EU (according to the authors they tend to converge after around 18 years of residence).

Immigration early in the first decade of the twenty-first century tended to bring in migrants with a bipolar skill structure which had a comparatively small overall negative wage impact. However, as compared to the small inflow of highly skilled migrants, these caused a pronounced dampening of university graduates' wages (particularly of women). Workers who changed jobs and industry to avoid increasing competition by migrants experienced no losses in wage growth.

Table 5: Third-country national workers by gender and selected nationalities, annual average, 2001 and 2008

	2001				2008			
Nationalities	**Male**	**Female**	**Total**	**Female In %**	**Male**	**Female**	**Total**	**Female In %**
Yugoslavia	39,536	31,286	70,822	44.2	22,076	18,613	40,688	45.7
Croatia	15,587	10,299	25,886	39.8	14,570	10,762	25,331	42.5
Slovenia	4,403	1,602	6,005	26.7	5,025	2,023	7,048	28.7
Bosnia	23,968	17,013	40,981	41.5	23,767	17,000	40,767	41.7
F.Y.R.O.M.	3,403	936	4,339	21.6	4,007	1,831	5,839	31.4
Turkey	31,727	11,932	43,659	27.3	20,667	9,114	29,781	30.6
Others	34,356	14,013	48,369	29.0	56,033	32,337	88,371	36.6
of whom:								
Eastern Europe	26,825	10,726	37,551	28.6	40,778	21,898	62,675	34.9
Total	**152,980**	**87,081**	**240,061**	**36.3**	**146,145**	**91,680**	**237,825**	**38.5**

Source: Austrian Labour Market Service, 2001 and 2008.

The comparably low employment rate of women (however since 2000 higher than men's by 0.2 percentage points on average) is due to the fact that Austria relegates a large portion of work, in particular social services, to the household sector by tax incentives or transfer payments. In Austria, earnings divergence between native women and immigrant women decline with cultural and language proximity. Non-EU women tend to earn on average more than native women, due to the low activity rate of third-country women with a low educational attainment level and a high activity rate of highly skilled third-country women. Austrian women, also highly skilled ones, face a pronounced glass ceiling and the gender pay gap in Austria is amongst the highest in the EU and rising. The gender composition of foreign employment differs greatly by country of origin. In 2008 women from ex-Yugoslavia had the highest share of foreign female employment (45.7%, though, amongst nationals of the Former Yugoslav Republic of Macedonia only 31.4%). The lowest female employment rate is experienced by Turkish women (30.6%) – which after the implementation of EU-Turkey agreements in 1997 increased from 24.8 per cent. This rise slowed down over time, partly due to limited work opportunities in their major skill segments. Women's unemployment has always been lower than men's, especially in seasonal sectors as men are more than proportionately employed in the cyclically-sensitive manufacturing sector.

Clandestine work is increasingly becoming an issue in Austria. With the eastern enlargement of the EU, irregular employment of domestic workers from Central and Eastern European countries gained momentum (40,000 workers in 2006 – mainly women from Slovakia). This phenomenon triggered a legislative reform in 2007, promoting the legalization of clandestine care workers from new EU-MS. By 2008 some 20,000 legalizations were registered, many of them as self-employed. This may explain the above average employment and labour supply growth in 2008, as well as the pronounced slow-down in measured productivity growth. Apart from domestic work, the sectors most affected by clandestine employment are construction, catering and tourism (some 15% of total employment), and agriculture (13%) (Jandl et al., 2007). Seasonal employment is one of the alternatives to irregular work, in particular in the tourism and harvesting sectors. Annually there are approximately 60,000 to 70,000 permits issued for a limited time period and every seasonal worker has social security coverage during their work stay in Austria.

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BELGIUM

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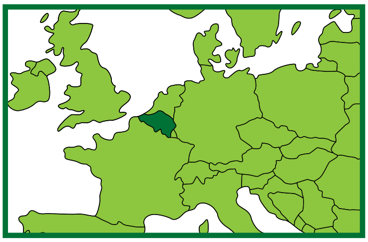

Migration Trends

Despite labour immigration being heavily restricted until the early 1990s, immigration to Belgium continued throughout the past few decades, especially with the purpose of family reunification. Over the following years, demand for foreign labour was constantly high, as was the number of migrants present in the country (Bribosia and Rea, 2001; Martiniello, 2001). Asylum applications increased in number during the 1990s and reached a peak of 42,691 in 1999, before dropping down to 11,115 in 2007. Since 2000, the number of work permits granted has been constantly rising and a labour shortage list was created.

In January 2008, there were 971,448 foreign nationals, accounting for 9.1 per cent of the total population. With more than a 12 per cent foreign-born population, Belgium has, in relative terms, one of the largest immigrant communities in Europe (OECD, 2009:43).[26] A significant majority of migrants (68%) originated from the European Union (EU), especially from Italy, France and the Netherlands. However, from 2004 to 2008, the Romanian and Polish population grew significantly with an increase of 272 per cent and 245 per cent respectively. According to Okkerse and Termotte (2004), foreigners coming from other EU Member States, or those who have obtained the Belgian citizenship show a level of education similar to that of the nationals. Among third countries, Morocco and Turkey are the most represented.

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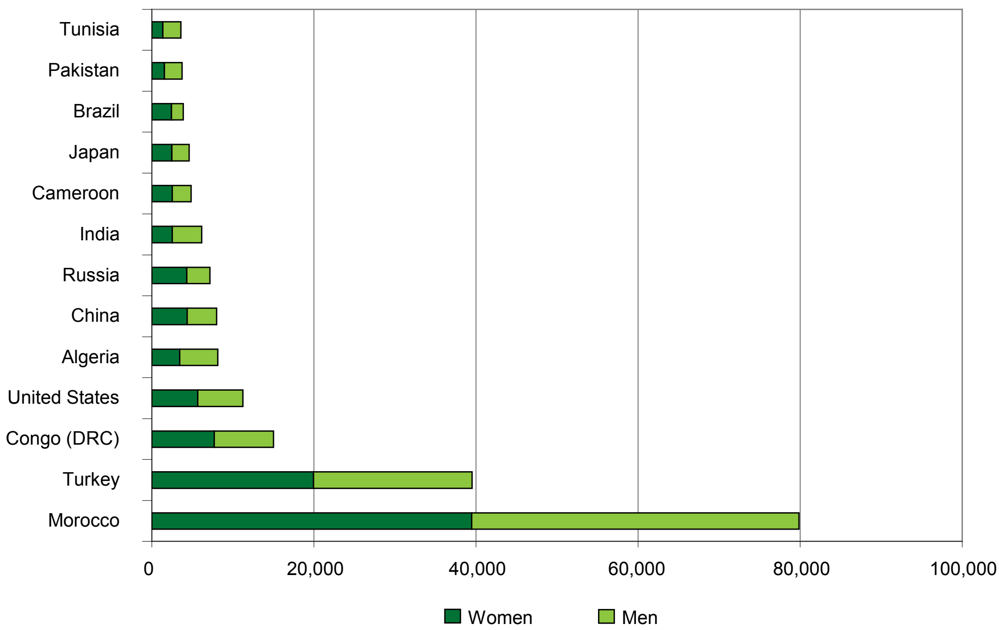
[26] For the purpose of this report, we consider only the situation of foreign nationals in Belgium.

New migration waves are characterized by gradual feminization. Between 1989 and 2006, the share of women in the foreign population increased from 46.0 per cent to 49.1 per cent, although significant differences are observed depending on the country of origin. Women are largely overrepresented in certain nationalities, such as Brazilian (63.3%), Russian (60%), Chinese (54.3%), and Cameroonian (51.5%). On the other hand, women tend to be underrepresented for certain countries of origin such as Tunisia (38.2%) and India (40.9%) (Figure 1).

Figure 1: Migrants by nationality and gender (selected countries), 2007



Source: Registre national, 31 December 2007.

There are differences in concentration of migrants across different Belgian regions. In the beginning of 2008, Brussels Capital Region hosted 30.4 per cent of migrants (28.1% of the total population), 36.5 per cent resided in the Flemish Region (5.8% of the population) and 33.1 per cent in the Walloon Region (9.3% of the population) (Table 1).

Table 1: Foreign population in Belgium by region – 2000-2008

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Flanders	293,650	280,962	275,223	280,743	288,375	297,289	314,202	-	354,370
Brussels	273,613	262,771	260,040	260,269	263,451	265,511	273,693	-	295,043
Wallonia	329,847	317,952	311,471	309,065	308,461	308,362	314,578	-	322,035
Total	897,110	861,685	846,734	850,077	860,287	870,862	900,473	932,161	971,448

Source: INS- National Institute of Statistics – data at 1st January of each year.

Labour Market Impact

Statistical data collection is a particularly challenging task in Belgium due to the lack of common procedures at the federal level. Moreover, only the Flemish institutions use the statistical category of "*allochthones*" which refers to those native or foreign-born persons who have at least one foreign-born parent (Jacobs and Rea, 2009). It is also for this reason, that the EU Labour Force Survey (EU-LFS)[27] has become an important database on labour market indicators. However, in terms of methodology, the sample[28] is too small to carry out a proper analysis on the basis of nationality.

In Belgium, migrants seem to have especially contributed to filling labour shortages. Nevertheless, over the last decade, several factors have further changed the labour market insertion of migrants, including: the introduction of the posted worker option[29], the phenomenon of sub-contracting which can lead to an increase of irregular workers, and the transition measures imposed on new EU Member States.[30]

In 2008, foreigners constituted 9.5 per cent of the nearly five million total active population in Belgium. The share of EU nationals is as high as 70 per cent of the total active foreign population, with French, Italian and Dutch nationals representing the major share (Employment, Labour and Social Dialogue Federal Public Service, SPF ETCS).

There are three types of work permits in Belgium: type A for those who have worked in Belgium for at least four years under a temporary type B permit, type B which is tied to the specific employer and job, valid for up to one year (renewable) and subject to labour market tests, and type C for migrants that are in Belgium for non-economic reasons, such as asylum-seekers and students. The past decade witnessed a continued decrease in the number of Type A permits (from 6,468 in 1995 to just 99 in 2006), partly as a reflection of the promotion of naturalization as a means of integration. Recent data from the Employment, Labour and Social Dialogue Federal Public Service indicates that while in 2007 23,028 Type B permits were granted, in 2008 the number rose to 24,980. As for countries of origin, the most represented among holders of B permits in 2008 were: Poland (12,230), Romania (3,716), India (1,961), Bulgaria (1,744), USA (712) and finally Japan and China (492 and 363 respectively).[31]

The Flemish Region granted the highest quota of B work permits. While in 2000 permits for highly qualified workers accounted for 73 per cent of holders of B permits in Flanders, in 2006 this share decreased down to just 27 per cent (4,126 out of 15,271). With the new provision introduced in 2006, the Flemish labour market massively welcomed seasonal workers from new EU Member States for the agriculture sector. As a consequence, the share of B permits granted in this sector increased from 3 per cent in 2000 to 55 in 2006.

27 It is important to underline that the categories used by the EU-LFS, coordinated at the Belgian level by DGSIE, do not refer to the same definitions as in this report (See this website: http://circa.europa.eu/irc/dsis/employment/info/data/eu_lfs/ and http://statbel.fgov.be/lfs for more details).

28 47,840 households interviewed annually.

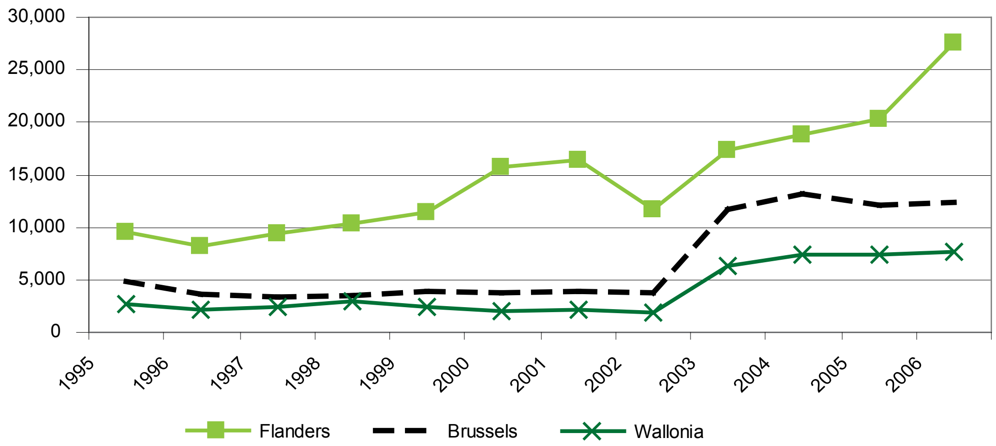
29 According to the European Directive 96/71/EC.

30 From 2004 to 2009, for EU10 and from 2007 onwards for EU2.

31 Grouped together these account for 85% of all the B work permits granted.

In the Brussels-Capital Region, highly qualified workers have always accounted for the majority of the total B permit holders (67% in 2006), with a particularly notable increase in the numbers of Indian workers in the recent years. Furthermore in the Walloon Region, the share of B permits for highly qualified occupations is substantial, but with a smaller share (about 40% in 2008).

Figure 2: Number of work permits (A,B,C). First permits and renewals, 1995-2006



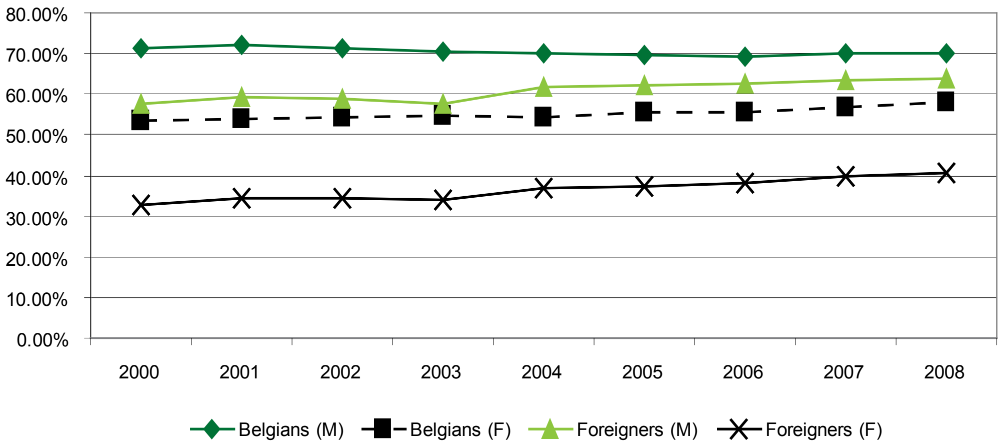
Sources: GERME calculation on Database Wallonie; Vlaams Ministerie voor Werk en Sociale Economie 2007; Database Bruxelles corrected with the permits A of SPF ETCS from 1995 to 1998.

Overall, between 1995 and 2006, the Flemish Region has granted the largest number of work permits (A, B and C). In particular, in 2006, the Flemish Region granted twice as many work permits than the Brussels-Capital Region, and four times more than the Walloon Region. As reflected in Figure 2, the increase in 2003 coincided with the introduction in Brussels and Wallonia of the C permit.

Compared with nationals, foreigners register a lower employment rate, with a difference as high as 11.5 percentage points in 2008 (Figure 3). With regard to self-employment[32], at the end of 2008, among the 710,000 self-employed in Belgium, 63,040 were foreigners (of which 82.2% EU nationals).

[32] Third-country nationals that are self-employed in Belgium must possess a Professional Card. This card is provided for a period of 5 years (renewable), is personal and limited to a specific type of activity. For further details: law 19 February, 1965 and the Royal Decree of 3 February 2003.

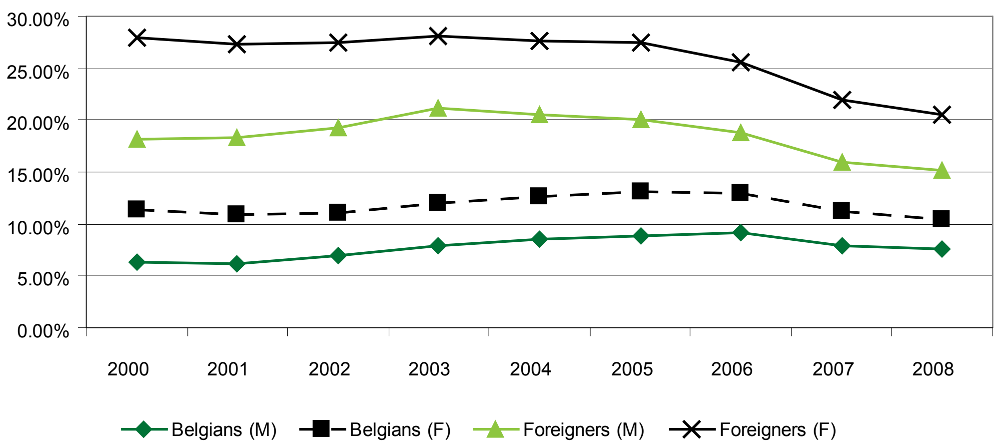
Figure 3: Employment rate by nationality and sex, 2000-2008



Source: Calculations by Employment, Labour and Social Dialogue Federal Public Service (SPF ETCS).

In 2008, 17.2 per cent of the foreign active population was unemployed versus 8.9 per cent of the native Belgian population. However, compared to 2007, the unemployment rate has decreased by 1.1 per cent for foreigners and by 0.5 per cent for Belgian nationals (Figure 4).

Figure 4: Unemployment rate by nationality and gender, 2000-2008



Source: Calculations by Employment, Labour and Social Dialogue Federal Public Service (SPF ETCS).

Particularly affected by unemployment are Moroccans (38%), Algerians (36.5%), Congolese (33%) and Turkish (31.8%). When comparing 2008 and 2006, their situation in the labour market did, however, improve (-6.4% for Congolese, -5.2% for Turkish and 4.5% for Moroccans). According to the European Union Labour Force Survey, in 2008 the unemployment rate gap between third-country nationals and EU nationals is high (unemployment rate at 27.4% compared to 9.1%), yet decreases when the country of birth and not citizenship is considered as the unemployment gap halts at 12.6 percentage points (Table 2). This could demonstrate the impact of naturalization on labour market integration. At the regional level, the Walloon Region shows the highest unemployment rate of non-EU nationals (34.7%), while the Flemish Region, the lowest for both third-country nationals (23.3%) and persons born outside the EU (14.8%). However, the gap between third-country nationals and EU nationals is almost the same among the three regions, while the gap between third-country nationals and Belgians is particularly high in the Walloon Region (around 25 percentage points).

Table 2: Unemployment rate per Region, per country of birth and nationality, 2008

		Brussels-Capital Region	Flemish Region	Wallon Region	Country
Nationality	Belgian	16.1%	3.5%	9.6%	6.3%
	EU national	9.4%	6.8%	11.1%	9.1%
	Third-country national	28.1%	23.3%	34.7%	27.4%
	Total	**16.0%**	**3.9%**	**10.1%**	**7.0%**
Country of birth	Persons born in Belgium	14.3%	3.3%	9.3%	5.9%
	Persons born abroad (EU)	7.7%	6.3%	10.1%	8.1%
	Persons born abroad (non-EU)	24.9%	14.8%	22.8%	20.7%
	Total	**16.0%**	**3.9%**	**10.1%**	**7.0%**

Source: DGSIE - General Directorate on Statistics.

Migrant women show worse labour market insertion levels than native women. The activity rate of women in the Belgian labour market was 45.2 per cent in 2008, but with a significant gap between Belgian and migrant women (45.9% versus 39.1%), and with a further employment rate gap of 18 percentage points (40.8% versus 58%). The unemployment rate of migrant women has decreased, however, from 25.5 per cent in 2006 to 20.5 per cent in 2008, while 18.9 per cent of male migrants were unemployed in 2006 compared to 15.1 per cent in 2008. Integration on the labour market seems to be the most difficult for Muslim women (Ben Mohamed, 2004)

Several studies (Verhoeven and Martens, 2000; Okkerse and Termotte, 2004; Tratsaert, 2004; Martens and Ouali, 2005; Desmarez et al., 2004) confirm the old hypothesis (Martens, 1976) of the ethno-stratification of the labour market. However, a shift occurred in the sectors where the majority of migrants are employed: from mining and metal to services (cleaning, domestic work, hotels, restaurants and catering), and also to construction and horticulture. Nevertheless, migrants tend to be employed in the so-called 3D jobs (dirty, dangerous, and difficult), though some niches of highly qualified sectors employ a high number of migrants, for example in the case of Indian IT specialists, American and Japanese managers or Romanian nurses.

Research on the Brussels Region (Ouali and Martens, 2005) demonstrates that ethno-stratification can become a trap especially for some nationalities, such as Moroccan and Turkish. According to this finding, naturalized migrants work in the same sectors as foreigners from the same country of birth (Table 3). The same research points out that similar education levels between national and *allochtones* does not lead to similar unemployment rates. One of the reasons suggested by the authors to explain this difference is difficulty with the recognition of foreign diploma which hampers improvement in the labour market situation of the *allochtones*. In addition, third-country nationals, especially those from Morocco and Turkey, are the most affected by discrimination.

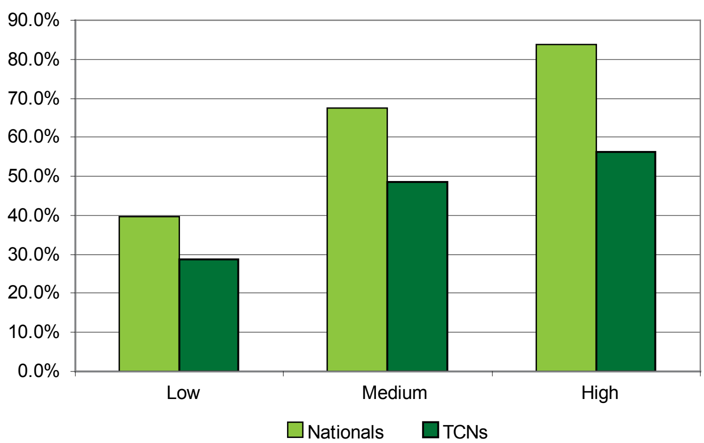
Table 3: Ethno-stratification of the labour market in the Brussels Region

Origin	Labour market position
Belgians, foreigners and naturalized Belgians born in neighbouring countries (France, Luxemburg, Germany, Netherland, United Kingdom)	Service sector Public Service and Education Status: highly-paid Executive, Civil Servant, Employee,
Foreigners and naturalized Belgians born in Italy and Southern Europe (Greece, Portugal, Spain)	Secondary and Service sector Status: Blue-collar, Employee
Foreigners and naturalized Belgians born in Morocco, Turkey and Sub-Saharan Africa	Secondary Sector and corporate services Status: Blue-collar and Employee in low hierarchical position Low Wage Sectors and precariousus Employment

Source: Martens and Ouali, 2005.

A few years after Ouali and Martens' study, the picture described has tended to remain the same. According to EU-LFS 2008 data, the employment rate of migrants increases following higher educational attainments (Figure 5). However, at equal qualification, the employment rate is much higher for Belgians or people born in Belgium than for foreigners or persons born abroad, especially for highly qualified persons.[33]

Figure 5: Employment rate by level of qualification and nationality, 2008



Source: DGSIE.

[33] In this case, a person born abroad will less likely find an employment (-15.9 percentage points).

Informality at work has become one of the main features of deregulation in the Belgian labour market. In addition, hiring undocumented migrants is part of the employers' strategy of outsourcing and flexibility, especially whenever unemployment rates remain high.

As in many other European countries, for those sectors that cannot be outsourced, on-site outsourcing has been observed through employing regular and irregular migrants in horticulture, construction and domestic work (Terray, 1999). Indeed, it is not uncommon to find, on the same construction site, nationals hired under different conditions (permanent employment, temporary employment, outsourcing to self-employed workers) (Martiniello, Rea, Timmerman, Wets, 2010), which creates a dual labour market with various forms of precarious work. At the same time, since it is mainly the low-paid workforce that is employed in these sectors, certain employers are actually able to legalize part of their staff and all the while remain competitive.

A recent paper (De la Croix et al., 2009), shows the impact that a process of regularization may have on the labour market. The main finding suggests that a key role is played by the employment status of the undocumented migrants before the regularization actually takes place. If the majority were already employed, the regularization will not produce any effect on labour supply. If not, the regularization will generate a downward pressure on non-qualified workers' wages and an upward pressure on qualified workers' wages.

Another research study,[34] analyzing the socio-economic status of migrants regularized on the basis on the Regularization Act of December 22, 1999,[35] shows that those migrants who used to work, either regularly or irregularly, before regularization, were the ones who then succeeded better in terms of socio-economic integration. Moreover, those who were in contact with host institutions at first arrival - such as asylum-seekers – had fewer obstacles in finding a job, though the opposite can be said for rejected asylum-seekers. These findings suggest that trust in the institutions and having work experience were the two key factors underlying 'successful' or 'failing' socio-economic integration.

[34] Research produced by the CSB (Universiteit of Antwerp) and GERME (Université Libre de Bruxelles) research centers based on a) limited analysis of data from the so-called 'Crossroad Database' of Social Security, with regards to a sample of 577 regularised people and b) in-depth interviews conducted with 116 respondents from this initial sample available online at the CEOOR website: http://www.diversite.be/?action=artikel_detail&artikel=82

[35] In Belgium, two regularization programmes were carried out, in 2000 and 2009 respectively. One of the principal aims of the 2000 regularization campaign actually was to reduce what was called the "waiting queue"; this referring to the group of refugees/asylum seekers stuck somewhere in the lengthy asylum procedures for many years. However, this campaign allowed a number of irregular migrants to regularize for 'strictly' economic reasons, and for the first time it provided a clearer picture of the size and diversity of the population of *sans-papiers* in Belgium. Since the 2000 regularization campaign, case-by-case regularizations took place. Another regularization campaign was started on 15 September 2009, and lasted three months. The opportunity to get regularized by work strongly characterized and distinguished this campaign from the previous one. Irregular migrants, or those with a precarious stay, were able to apply for regularization provided they could prove being employed with a contract signed by any employer from any sector.

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BULGARIA

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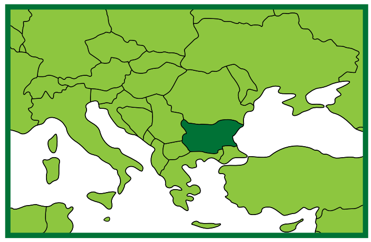

Migration Trends

The National Strategy on Migration and Integration (NSMI, 2008) indicated that during the period 2006-2008 Bulgaria changed its migration profile – mainly from a country of emigration to a country of transit and immigration. However, Bulgaria continues to register a negative net migration rate of -1.3 migrants/1000 population (IOM, 2008).

From a methodological point of view, there is no systematic record of data collection regarding the migrant population in Bulgaria. Data is scattered between various institutional bodies and often not publicly available. Information related to migrants is also not included in the national census (2001), which causes difficulties in assessing the specific socio-economic, demographic factors of migrant integration.

The number of permanently residing third-country nationals in Bulgaria grew at a slightly higher rate between 2004 and 2008 compared to EU nationals. In the first year of EU membership, the annual increase in the number of non-EU migrants in Bulgaria was at 15 per cent (5% before 2007 and 6% in 2008). The total number of permanently residing third-country nationals increased from 49,408 persons in 2006 to 59,759 persons in 2008 (+21% in two years),[37] which is indicative of Bulgaria' transition in status to an immigration country. The majority of third-country nationals come from neighbouring countries, mainly from Russia and the Commonwealth of the Independent States (CIS). In 2008 the highest numbers were from: Russia (19,216); Ukraine (4,861); Turkey (3,361); Moldova (1,703); Syria (1,690); China (1,581); Armenia (1,142); Serbia and Montenegro (1,121); FYROM (1,115). (Ministry of Interior).

The issuing of permanent residence permits is founded on either marriage or proof of Bulgarian origins. Permanently residing non-EU migrants are mainly located in Sofia (34% of the total permanently residing non-EU nationals).

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37 Interestingly the former Yugoslav Republic of Macedonia(FYROM) registered an increase of +260%.

In addition, Bulgaria hosts a community of migrants with continued residence permits (with one year duration, requiring renewal on an annual basis) (Table 1). The group of migrants with continued residence permits also grew steadily from 13,487 persons in 2004 to 22,762 in 2008.[38]

The number of foreign university students increased from 4,460 in 2004 to 5,755 in 2008. Foreign students studying in Bulgaria have the right to work upon registration at the labour offices by the prospective employer, without requiring labour market tests and the issuing of work permits. In addition, on average 1,378 asylum applications were submitted per annum between 2000-2010. (Data on migrants from the Ministry of the Interior, data on asylum from IOM Bulgaria Migration Profile, UNHCR)

Table 1: Migrants by type of residence permits (numbers and per cent), 2004-2008

	Before EU accession (foreigners)						After EU accession (TCNs)			
	2004	%	2005	%	2006	%	2007	%	2008	%
Permanent Residence Permits	50,756	0.65	53,197	0.69	55,653	0.73	56,612	0.74	59,759	0.79
Continued Residence Permits (1)	13,487	0.17	13,511	0.18	14,179	0.18	16,987	0.22	22,762	0.30
Of these share of university students	4,460	0.06	4,169	0.05	5,650	0.07	6,328	0.08	5,755	0.08
Total	**64,243**	**0.83**	**66,708**	**0.86**	**69,832**	**0.91**	**73,599**	**0.96**	**82,521**	**1.08**

Source: Ministry of the Interior, data at 31 December of each year.
Note: (1) Renewed and newly submitted.

The overall number of documented third-country nationals, including those with permanent and continued residence permits in 2008 amounted to 82,521 persons representing 1.1 per cent of the total Bulgarian population. The number of EU, EEA and Swiss nationals permanently residing in Bulgaria was at 6,989 in 2007 and at 7,032 in 2008 (around 0.1% of the total population in both years).

However, according to United Nations data (2006) the estimated number of immigrants in Bulgaria in 2005 amounted to 104,076 persons, representing 1.3 per cent of the total population. At the same time official statistics of total stock of third-country nationals in 2005 with permanent and continued residence permits amounted to 66,708 persons. There is a discrepancy of 0.4 per cent, which to some extent could be due to methodological calculation differences between official statistics and estimated numbers, as well as different categorization methods for migrants and to some extent also to the existing irregular stock of immigrants.

38 According to the Foreigners in the Republic of Bulgaria Act, a continued residence permit is a long-term residence permit of up to one year, with possibility of extension. During the period 2004 – 2006 the growth rate was at 5%, in 2007 at 20% and in 2008 at 34%.

According to data from the Ministry of Interior (Migration Reports available until 2006), the total number of irregular foreigners in Bulgaria between 2004-2006 was just above the one thousand mark (Table 2).

Table 2: Number of Irregular Foreigners, 2004-2006

Year	2004	2005	2006	Total 2004 – 2006
Number	368	456	367	1,191
Share of continued residence stock	2.7% (out of 13,487)	3.4% (out of 13,511)	2.6% (out of 14,179)	Average ~ 2.9%
Share of total residence stock	0.6% (out of 64,243)	0.7% (out of 66,708)	0.5% (out of 69,832)	Average ~ 0.6%

Source: Ministry of the Interior, Migration Directorate, 2007.

The most represented countries of origin among irregular migrants are Turkey (459 persons), Afghanistan (386 persons), and Armenia (310 persons). The main entry point for irregular migrants is the Turkish/Bulgarian land border. Bulgaria is also a transit country for migrants from the Middle East, Asia and Africa to other EU countries. However, there is an increasing tendency for Bulgaria to become a country of final destination for third-country nationals from Algeria, Afghanistan, Bangladesh, Iran, India, China, Pakistan, Tunisia and the Palestinian Territory as well as for ethnic Kurds. Interestingly, after the EU accession in 2007 there is a marked decrease in the detected share of irregular migrants.

Labour Market Impact

No specific research has been conducted in Bulgaria related to the impact of migration on the labour market and the economy after 2007, and the current report represents the first attempt to analyse this. To start, the number of third-country nationals accounts for around 0.9-1.2 per cent of the active labour force population in Bulgaria. Indeed, in 2008, according to statistics from the National Revenue Agency, 21,019 third-country nationals were working under labour contracts (out of a total number of 2,436,128 labour contracts, accounting for around 0.9%), and 4,695 were self-employed (out of a total number of 259,900 self-employed, accounting for around 0.2%), mainly from Turkey and Russia. Migrants worked in sectors such as trade, import and export activities, wholesale, restaurants, construction, agriculture, and manufacturing, and had their own small and medium businesses in these sectors. Therefore the overall impact of immigrants both on the labour market and on the economy of Bulgaria is rather negligible.

Over the past decade, Bulgaria has maintained a steady economic growth rate and a stable macroeconomic environment. Real GDP growth from January 2008 to September 2008 amounted to 7 per cent. Foreign direct investment (FDI)[39] by foreign

[39] FDI in Bulgaria represents every foreign participation above the 10% share mark from the capital of every commercial company registered in the country.

physical persons, predominantly in micro and small enterprises, constituted 5 per cent of the overall FDI in 2006 (amounting to 205 million EUR). Top countries of investor origin are Turkey, the Russian Federation, FYROM, China, Syria and Armenia. The rapid increase of investments from British physical persons during the past few years should be noted. British nationals register companies in Bulgaria in order to obtain the right to acquire real estate property (buildings and land), thus substantially influencing the market for real estate property in Bulgaria.

A recent study[40] investigates the role of investment by non-EU nationals on the labour market in two of Bulgaria's prominent economic regions – Varna and Burgas. The research shows that the majority of third-country nationals with granted continued residence permits were either investors as physical persons, representatives of foreign companies, or started their own businesses and acted as employers on the Bulgarian market.[41] The abovementioned certainly confirms the conclusion that third-country nationals contribute to the growth of the Bulgarian economy. This becomes evident from the fact that a considerable portion not only works for foreign companies, but also creates new jobs for Bulgarian workers.

Certain sectors and geographic locations have managed to attract foreign investment that sometimes involves also a transfer of the foreign workforce due to the lack of native workers with the needed high and low-skilled qualifications. In particular, migrants were engaged in large projects in the power-generation industry, infrastructure projects, construction of highways, and in the manufacturing sector.[42] In response to these labour shortages, the Bulgarian government has drafted some agreements for the management of labour migration with the following countries: Moldova, Ukraine, Armenia and FYROM.[43]

The number of work permits issued to both third-country and EU-nationals increased in the pre-accession period, but the share of non-EU migrants marked a constant growth from 37 per cent of total work permits in 2001 to 56 per cent in 2006 (the last pre-accession year).[44] Most non-EU nationals working in Bulgaria are highly skilled workers, such as engineers, managers, consultants, technical staff, teachers, medical staff, artists and sportsmen, accounting for 62 per cent of the total number of work permits in 2009 (Table 3 and 4). The low-skilled workers' share is much lower and represents around half of the highly skilled stock. However, the number of low-skilled workers grows both in absolute figures, as well as in ratio terms from 47 persons in 2002 (9% of total number of work permits) to 514 in 2009 (38%).[45] Moreover, an

40 The sample research was carried out in the frame of the BG EIF 2007/01-03.01 project financed by the European Integration Fund for Bulgaria, 2009. The figures were presented during a Conference in Burgas on 27 October 2009.

41 These three categories amounted to 55.8% of third-country nationals in Varna and 46.6% in Burgas, compared to only 2.6% of third-country nationals with work permits under labour contracts in Varna and 14.9% in Burgas.

42 For example, the glass production factory "Shishe Djam" in Targovishte is owned by a Turkish company.

43 However, due to the global economic crisis the consultations on this issue are still under way.

44 In absolute numbers, the work permits issued to third-country nationals rose from 213 in 2001 to 819 in 2006 up to 1,367 in 2009.

45 In 2007 there were 170 low-skilled Turkish workers, the highest number ever accepted. Until 2006, it was not possible for a foreigner without a secondary or higher degree of education to work in Bulgaria. Since 2006 a provision has been foreseen for the employer to apply for work permits for seasonal migrant workers.

increase of the posted foreigners[46] is notable. Their number in 2006 was almost equal to the number of foreigners under labour contract.[47]

Table 3: Work permits issued to third-country nationals, 31 December 2009

Total	**1367**
Work Permit by Type of Contract	
Labour Contract	1,233
Posted	134
By Type of Job	
Top Management	88
Engineering and Technical Staff	192
Secondary and Technical Staff	264
Medical Personnel, Teachers, Artists and Sportsmen	309
Other Workers	514 (38% of total Work Permits)
Work Permit By Gender	
Female	109
Male	1,258

Source: Ministry of Labour and Social Policy - MLSP.

Table 4: Temporary work permits, 2002–2009

	2002	2003	2004	2005	2006	2007	2008	2009
Number	512	575	947	1,084	1,475	1,243	1,881	1,367
Variation in comparison to the previous year (percentage points)	+47	+12	+69	+14	+36	-15	+50	-25

Source: MLSP.

The majority of third-country nationals with work permits in Bulgaria come from neighbouring countries, or countries that Bulgaria has good economic relations with, such as Russia and VietNam. The new countries economic migrant origin are Brazil and the Philippines. Turkey consistently remains the top country of origin of third-country nationals employed on the basis of work permits in Bulgaria (57% in 2009).

The drop in the numbers of work permits issued in 2006 and 2007 does not represent an actual decrease, because 2007 is the year of Bulgaria's EU accession and therefore, from 1 January 2007, EU citizens are excluded from the work permit regime. The number of EU-nationals on labour contracts increased from 500 in 2006 to 3,025 in 2007.

46 According to the European Directive 96/71/EC.

47 The admission of posted workers is under a simplified procedure. However, in 2009 their number has significantly decreased.

Overall, the number of third-country nationals employed with work permits in Bulgaria is very low, and does not create competition in the overall Bulgarian labour market. In 2008 the number of non-EU migrants with labour contracts amounted to 21,019 persons, which represents 0.9 per cent of the total number of employees with labour contracts.

Since 2002, the national employment rate has been growing, reaching 64 per cent in 2008. However, in the third quarter of 2009 the employment rate dropped again to 63.1 per cent (Employment Agency). Negative expectations for economic development in 2010 will be reflected in the labour market.

There are no detailed statistics on the employment of migrants in Bulgaria. According to the Bulgarian Helsinki Committee Report of 2006, employment among migrants was at 73.8 per cent (much higher than the average national rate of 58.6%). Data from the Employment Agency's (EA) administrative statistics shows a downward tendency with respect to the registered unemployed at the Labour Offices for eight consecutive years (2000-2008). The average annual unemployment rate in Bulgaria decreased from 18.1 per cent in 2000 to 6.3 per cent in 2008.[48] In 2009 the national unemployment rate grew from 6.5 per cent in January up to 9.1 per cent in December (with an annual rate of 7.6%).

In 2007, there were 1,317 unemployed third-country nationals registered in the labour offices, representing 0.5 per cent of the total number of unemployed persons in Bulgaria. The number of unemployed female non-EU migrants was 1,112 persons, thus accounting for 84.4 per cent of the total number of unemployed third-country nationals.

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[48] In 2008, the annual number of unemployed was 233,719 persons, the lowest number since the creation of the administrative statistics of the Employment Agency in 1990.

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CROATIA

Zeljko Pavic[49]

Migration Trends

Croatia is predominantly an emigration country, but over the last ten years the immigration of foreign workers to Croatia has increased. The real GDP growth rate in 2008 was 2.8 per cent, with strong growth throughout the preceding decade (Central Bureau of Statistics (CBS), 2009a) that boosted economic activities and employment. Following negative growth in 2009, current estimates by the Croatian People's Bank[50] foresee real growth of 0.3 per cent in 2010.

In mid-2008 Croatia had around 4,434,000 inhabitants (Central Bureau of Statistics, 2010a:12), with the migrant stock comprising 32,160 persons in May 2008[51] (Table 1).

Table 1: Number of foreigners with regular status in Croatia according to nationality (as of 23rd of May 2008)

	Nationality	Temporary residence permit	Business Permit	Permanent residence permits	Total
1.	EU- Total	3,600	644	4,074	8,318
1.1.	EU 15	2,198	317	2,330	4,845
1.2	EU 10+2	1,402	327	1,744	3,473
2.	TCNs - Total	10,305	3,081	10,456	23,842
2.1	BiH	6,062	2,236	5,491	13,789
2.2	F.Y.R.O.M	671	174	1,086	1,931
2.3	Montenegro	53	2	24	79
2.4	Serbia	1,423	182	1,043	2,648

49 Zeljko Pavic is Director of Audeo (marketing research and public polling agency).
50 Central Bank of the Republic of Croatia.
51 Latest data that are available.

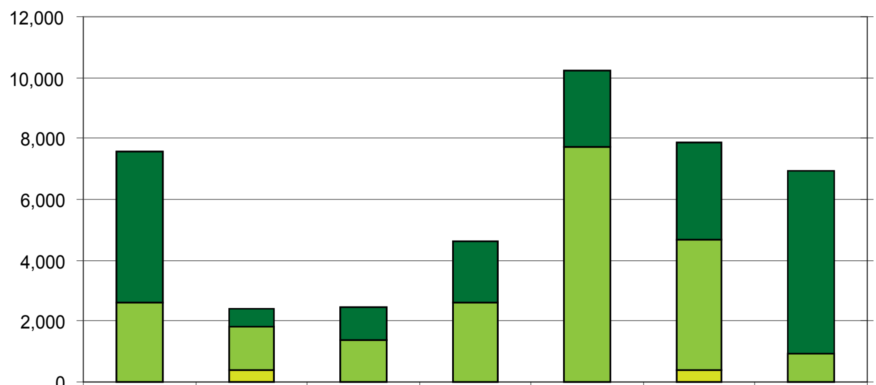
2.5	Serbia and Montenegro[52]	163	16	1,770	1,949
	Total 2.1-2.5 (countries of the Former Yugoslavia)	**8,372**	**2,610**	**9,414**	**20,396**
2.6	China	415	176	122	713
2.7	Russian Federation	269	109	145	523
2.8	USA	316	13	151	480
2.9	Others	933	173	624	1,730
	Total	**13,905**	**3,725**	**14,530**	**32,160**

Source: Ministry of the Interior of the Republic of Croatia, 23/5/2008.

More than two-third of the entire foreign population comes from a third-country, and more than 60 per cent from the countries of the Former Yugoslavia, mainly from Bosnia and Herzegovina. However, while EU migrants represent around 26 per cent of the total foreign population, they reach a share of only 17 per cent among the holders of a business permit.

Annual quotas are the main labour migration policy tool, and vary notably from year to year (Figure 1). After the initial 7,589 permits granted in 2004, quotas were set much lower for the following three years. A sharp increase took place in 2008, followed by a fall in the 2009 and 2010 attributing to the recession.

Figure 1: Annual Quotas of Work Permits for Foreign Workers[53]



	2004	2005	2006	2007	2008	2009	2010
Extensions	5,000	628	1,037	2,000	2,500	3,200	6,000
New Permits	2,589	1,400	1,400	2,613	7,742	4,267	928
Seasonal Permits	0	400	0	0	0	410	20
Total	7,589	2,428	2,437	4,613	10,242	7,877	6,948

Source: Official Gazette of the Republic of Croatia, 150/2009, 21/2009, 106/2008, 130/2007, 30/2007, 131/2006, 153/2005, 185/2004, 57/2004.

52 This category includes foreign nationals with citizenship documents of *State Union of Serbia and Montenegro*, which existed between 2003 and 2006. It can be safely assumed that most of these migrants are Serbian nationals.

53 The quota system was introduced in 2004, up to that time the issuance of working permits was a discretionary right of the Croatian Employment Service.

Evidence in 2004-2006 showed that the quota system was not reflective of real labour market needs. For some occupations quotas were not fully utilized, but in other sectors (construction industry, shipbuilding, tourism) the number of allocated permits was insufficient (Parliament of Republic of Croatia, 2007a), leading to the misuse of business permits as a way of circumventing the quota system (see Part 2).

The numbers of issued work and business permits for foreign nationals grew in 2000-2009 with the exception of 2004 (Table 2).[54] Between 2004 and 2007 more business permits than work permits were issued. This trend was reversed in 2008 when business permits made up only about 11 per cent of the total number of permits, as a consequence of the introduction stricter regulation. Data from 2009 show only the total number of permits but still indicates a decrease of 15.7 per cent compared to 2008 as the recession hit sectors with a high concentration of migrants, such as construction and shipbuilding.

Table 2: Number of work and business permit holders in Croatia 2000-2009

Year	Work Permits	Business permits	Total	Annual % change
2000	4,695	-	4,695	-
2001	5,710	-	5,710	+21.6%
2002	6,674	-	6,674	+16.9%
2003	8,356	-	8,356	+25.2%
2004	2,979	3,356	6,335	-24.2%
2005	3,814	3,875	7,689	+21.3%
2006	3,950	5,678	9,628	+25.2%
2007	5,264	6,820	12,084	+25.5%
2008	11,337	1,441	12,778	+5.7%
2009	Not available	Not available	10,769	-15.7%

Sources: Ministry of the Interior of the Republic of Croatia.

Annual quotas and numbers of issued work and business permits indicate that Croatia pursues a relatively restrictive labour immigration policy. For example, an analysis conducted by Obadic (2008b) based on 1992-2006 data shows that the need for new jobs in the Croatian economy declared to the Croatian Employment Service (CES) by employers was around 25 times higher on average than the number of legally employed migrants.

Labour migrants in Croatia are predominantly male (more than 90% in 2009). In terms of age, the majority are between 41 to 60-years old (about 38%), successively distributed in the 31-40 and 20-30 age groups (Table 3).

[54] Although business permits are envisaged mostly for foreign nationals who are planning to open their own business in Croatia, the number of business permits should be added to work permits due to the frequent abuse of this type of permit in practice (see Part 2). Business permits are very often issued to migrant workers.

Table 3: Foreign labour migrants by gender and age, 2009

Age group	Total number	Share in the total (percentage)	Males	Males (percentage in the age group)	Females	Females (percentage in the age group)
Up to 20 years	94	0.9	82	87.2	12	12.8
20-30 years	2,840	26.4	2,566	90.4	274	9.6
31-40 years	3,440	31.9	3,096	90.0	344	10.0
41-60 years	4,072	37.8	3,742	91.9	330	8.1
60 and older	323	3.0	286	88.5	37	11.5
	10,769	**100%**	**9,772**	**90.7%**	**997**	**9.3%**

Source: Ministry of the Interior of the Republic of Croatia.

Almost 70 per cent of migrants completed secondary education, while an almost equal share comprises migrants with elementary and higher education (around 13% each) (Table 4). Female labour migrants are significantly more educated than males, as about one third of them are university educated compared to only 13 per cent of male migrants. Educational levels of the migrant and Croatian working population are very similar (Ministry of the Interior of the Republic of Croatia; Central Bureau of Statistics 2009), apart from the higher level of university-educated women among migrants.

Table 4: Labour migrants by educational level, 2009

Educational level	Men	%	Women	%	Total	%
University education	1,064	10.9	332	33.3	1,396	13.0
College education	129	1.3	51	5.1	180	1.6
Secondary education	6,896	70.6	548	55.0	7,444	69.1
Elementary education	1,358	13.9	41	4.1	1,399	13.1
None	24	0.2	3	0.3	27	0.3
Unknown	301	3.1	22	2.2	323	2.9
TOTAL	9,772	100%	997	100%	10,769	100%

Source: Ministry of the Interior of the Republic of Croatia.

Labour Market Impact

Over the past decade, the Croatian labour market has been characterized by a structural mismatch between labour supply and demand in certain sectors, partly offset by labour migration. Some economic sectors, especially construction, shipbuilding and tourism, have been characterized by both labour and skill shortages. According to the 2009 Employers Survey (CES, 2009a), around 37 per cent of employers in 2008 were confronted with a difficulty in finding workers with the required profile, and those problems were considered serious in about 88 per cent of all cases. The most frequent difficulties have been observed in construction (occupations such as bricklayer and carpenter) and in the hotel and restaurant sector (waiters and cooks). Since the largest number of work permits were issued precisely for these occupations, it can be assumed that immigration has been beneficial to these sectors and their respective economic growth. Migrants predominantly work in construction, manufacturing (in particular shipbuilding), and hotels and restaurants.

CES data[55] indicates that the only economic sectors with a growing labour force demand in 2009 were information/communication and education. The largest drop in declared vacancies is noted in transportation and storage (51%), and in construction (49%), which as of early 2001 has had a relatively stable growth in labour force demand.

During the recession, the local workforce did not show sufficient interest in taking up the aforementioned occupations, which are predominantly held by migrants. In shipbuilding, for example, labour shortage persists because of the emigration of skilled Croatian workers to Italy (IOM, 2005:60) as well as because younger generations do not show interest in careers in this sector. Less than half of total places available in shipbuilding secondary schools in 1992-2004 were filled (IOM, 2005:69). Therefore, labour and skill shortages are expected to persist in the coming years. Moreover, according to the Obadic's research based on data from 1992 to 2006 (2008b), experts in the fields of mathematics, physics, information sciences, construction engineering, engineering, medicine, find employment in a relatively very short period of time after they register with the CES. Declared needs of the employers for employees of such educational profiles are, in some fields, up to five times higher than the number of the registered unemployed persons. When taken into account, the low quotas for work permits designated for these occupations, invite the suggestion of a greater harmonization of the immigration policy with the actual labour market needs.

The employment rate in Croatia is significantly below the EU average, and in the third quarter of 2009 amounted to 43.2 per cent using the CBS calculation[56]; and to 56.5 per cent in the first quarter of 2009 according to the Eurostat calculations[57] (63.2% for men and 50% for women). This relatively low employment rate is a result of high unemployment, early retirement, the large number of war veterans, the informal economy and the existence of a certain number of workers who are not seeking employment (Obadic, 2008b). Data on the employment rate for the migrant population is not available.

As of the 31st of December 2009 registered unemployment rose to 16.7 per cent, and most unemployed persons fell into the 25-54 age group, although youth aged 15-24 showed the highest rate at 24.5 per cent (CES, 2010d). Long-term unemployment (persons who are unemployed for more than 12 months) at the end of 2009 reached 45.9 per cent (CES, 2010). This is more widespread among women, as 50.7 per cent of all unemployed women were long-term unemployed. The unemployment rate for the migrant population is not available in official statistics.

There is no relevant research concerning the impact of labour migration on specific economic sectors and on the Croatian economy as a whole. However, keeping in mind difficulties in finding adequate workers in some sectors, foreign workers probably

55 http://www.hzz.hr/default.aspx?id=5826
56 As ratio of employed persons (as defined in LFS) to number of all working age persons (defined as persons of 15 years and older)
57 Eurostat divides the number of all employed persons with the number of all persons in the 15 to 64 age group.

enable sectoral growth through an added labour force. Considering the very low employment rate, and the potential problems this could entail for the sustainability of the welfare system (Nestic, 2008), labour immigration could be assessed as a beneficial phenomenon.

Estimates of the share of migrants in total employment growth is a complex task due to different methodologies in employment calculation, and are unreliable as to the challenge of determining the real number of labour migrants working in Croatia. The closest indicator for the number of foreign workers in Croatia would be the number of issued work and business permits, yet this number might well be under-estimated since certain categories of migrants do not need work or business permits to enter the labour market (*Aliens Act*, Article 140)[58]:

- Foreign nationals with permanent residence permits;
- Foreign nationals with an asylum status;
- Foreign nationals who have been granted temporary residence permits with the aim of family reunification with Croatian nationals, foreign nationals with permanent residence permits or refugees;
- Victims of human trafficking who have been granted temporary residence permit;
- Foreign nationals who are pupils or university students when holding temporary jobs;
- Foreign nationals with temporary residence permits with the aim of scientific research;
- Foreign nationals autonomously staying in Croatia

Taking into account the number of issued work and business permits in 2004-2009 foreign workers comprised only about 0.66 per cent of the total number of employed persons in that period. This estimate represents a lower limit of the foreign employment share in total employment since it does not consider foreign nationals who are not subject to the legal obligation of holding work or business permits. As of the 31st of December 2009 there were 13,427 foreign nationals with permanent residence permits in Croatia, but there is no official data on their employment (Ministry of the Interior of the Republic of Croatia).

Further complication is caused by the lack of reliable indicators of the foreign nationals' share within the informal economy. Recent estimates of the share of the informal economy in the official GDP (Lovrincevic et al., 2006:52) range from 16 per cent to as high as 34 per cent, depending on the methodology used. Since 2004 official data is collected on detection of migrants in irregular employment, which could provide some indicators regarding their role in the informal economy (Figure 2).

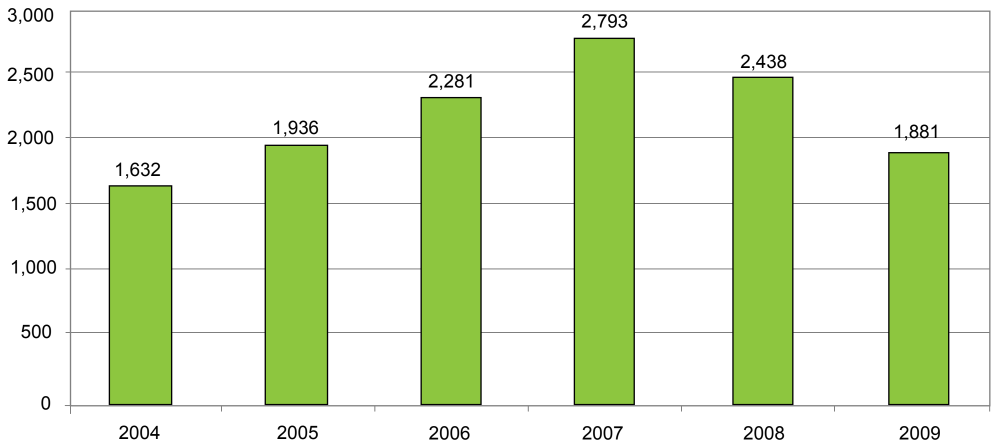
This data reveals a potentially significant share of irregular employment within total migrant employment. If it is compared with the total number of issued work and business permits in 2009[59], irregular employment amounts to around 14.9 per cent

58 Parliament of the Republic of Croatia (2007b). Aliens Act. Official Gazette of the Republic of Croatia, 79/2007. Corrected and amended 36/2009.

59 Already shown in Table 1.

of total migrant employment (1,881 divided by 12,650). Obviously, it is a very crude estimate which represents the lower limit of irregular migrant employment. In particular, the irregular employment of migrants from Serbia and Bosnia and Herzegovina in agriculture is rarely controlled and detected by the police.

Figure 2: Number of aliens detected in irregular employment, 2004-2009



Source: Ministry of Interior of the Republic of Croatia, Police Headquarters, Border Directorate, Illegal Migration Department: Annual reports.

The irregular employment of migrants could be linked to insufficient availability of work permits through quotas, but it is also possible that migrants work in sectors that are generally characterized by a high share of informal economic activity. Seasonal employment and high employee turnover typical of construction, tourism and agriculture, influences employer choices, and migrants often have little available options but to accept irregular jobs.

Given that the majority of migrants are filling vacancies in sectors with significant labour and skill shortages, no labour market competition has been observed between migrants and the native population. Dirty, dangerous, difficult jobs which native workers are hesitant to take (Skupnjak-Kapic, 2008) are a slowly emerging trend in Croatia, especially in construction, shipbuilding and tourism. Segmentation that exists in the labour market between foreign and native workers is mainly a consequence of the quota system which streams migrants into occupations where labour shortages are observed.

On the basis of available data, it is not possible to make reliable estimates as to the position of migrants in specific sectors and of their wage level. However, there are some partial indicators and some anecdotal evidence that a number of migrants work in relatively well-paid occupations, at least for the skill level required. For example, a research study on wages of seasonal workers in tourism conducted in the area of Dubrovnik-Neretva County (CES, 2009c)[60] showed that persons in occupations such as cooks, waiters and

[60] Research was conducted on a probability sample of 588 seasonal workers in tourism employed in the Dubrovnik-Neretva County.

receptionists earned around HRK 6,000 on average (around 833 EUR), which is above the average pay in Croatia (HRK 5311 in 2009, around 738 EUR).[61] These occupations are relatively well-paid probably because the native population is not inclined to take up these jobs due to poor working conditions and long working hours.

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CYPRUS

Nicos Trimikliniotis[62]

Migration Trends

In recent years, Cyprus abandoned its restrictive immigration policy in place since1990, in an effort to meet low-skill labour shortages generated by an economic development model based on mass tourism and services. The country has experienced dramatic immigration growth over the last decades, reflecting global and regional trends.

In Cyprus, net migration has been positive since the early 1980s (see Gregoriu et al., 2010) and has continued growth since.

Table 1: Migration in Cyprus, 2000-2008

Year	Total Immigrants	Total Emigrants	Net Migration	Net Migration Rate
2000	12,764	8,804	+3,960	+5.7
2001	17,485	12,835	+4,650	+6.6
2002	14,370	7,485	+6,885	+9.7
2003	16,779	4,437	+12,342	+17.1
2004	22,003	6,279	+15,724	+21.3
2005	24,419	10,003	+14,416	+19.0
2006	15,545	6,874	+8,671	+11.2
2007	19,142	11,752	+7,390	+9.4
2008	14,095	10,500	+3,595	+4.5

Sources: Cyprus Statistical Service and Demographic Report 2008 in Gregoriou P. et al.(2010).

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High levels of net migration are noted during the period 2003-2007, peaking at 15,724 in 2004 or 4.4 per cent of labour force, attributed to a large extent to EU accession in 2004. The main sending countries from outside the EU are Sri Lanka, Russia, and the Philippines, with EU-nationals mostly arriving from Greece, the United Kingdom, Poland, Bulgaria and Romania.

Prior to EU accession, Cyprus allowed Russian nationals to enter without visas in an effort to attract business, holiday-makers and capital. This policy has resulted in several thousands of Russians migrating to Cyprus. In 2004, Cyprus was forced to adopt a more restrictive policy, but many of those who came to Cyprus in the 1990s have settled on a temporary residence visa which is renewed annually.

Table 2: Long-term immigration by country of residence, selected years 2000 - 2008

2000		2003		2005		2008[1]	
Country	**Immigrants**	**Country**	**Immigrants**	**Country**	**Immigrants**	**Country**	**Immigrants**
Greece	3,130	Greece	4,971	UK	5,235	Greece	1,861
UK	2,070	UK	2,870	Greece	5,015	Romania	1,197
Russia	913	Russia	1,908	Poland	1,625	Philippines	1,191
Sri Lanka	713	Sri Lanka	654	Sri Lanka	1,278	UK	1,170
USA	434	Philippines	515	Russia	1,257	Bulgaria	798
Bulgaria	418	Bulgaria	436	Slovak Rep	1,124	Sri Lanka	554
Ukraine	354	S. Africa	426	Philippines	918	Poland	504
China	306	Syria	366	Romania	614	Russia	339
Philippines	289	China	359	Germany	525	Germany	246
India	272	USA	292	USA	474	France	219

(1) Data for 2008 should be considered as provisional due to the fact that the corresponding survey for data collection in that year had a considerable amount of non-stated information (3,179) (immigrants whose country of residence is not specified).
Sources: Cyprus Statistical Service and Demographic Report 2003 - 2008 in Gregoriou P. et al.(2010).

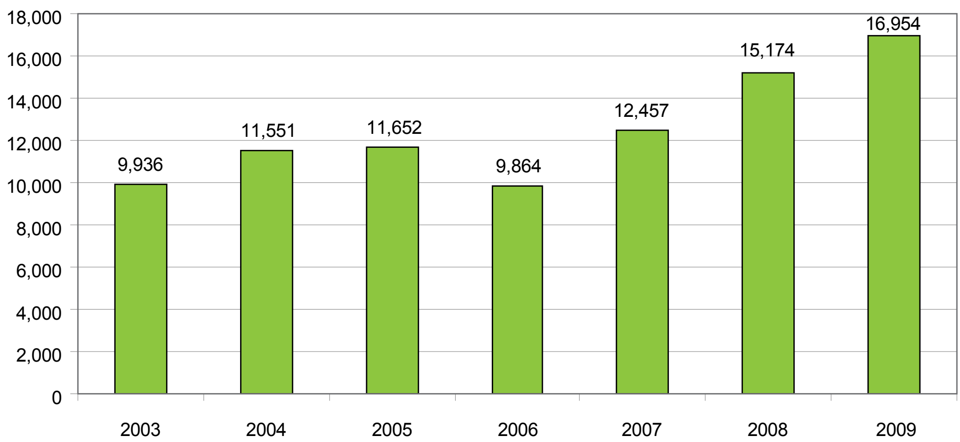
Today, the total number of non-Cypriot nationals is estimated to be between 120,000 and 160,000 persons, including the projected number of irregular or undocumented migrants from third countries. According to the Ministry of Labour and Social Insurance, in 2009 there were 57,460 third-country nationals registered as working in the Republic of Cyprus. There were 64,410 non-EU nationals with valid permits in March 2010, based on figures provided by the Ministry of Interior (MoI). Additionally, in April 2010 there were 7,803 valid student permits on record, around 2,400 persons recognized as refugees or granted humanitarian protection, around 2,000 asylum-seekers[63] and an estimated 20,000-30,000 irregular migrants,[64] consisting mainly of overstayers, the vast majority of whom are also most probably part of the labour force.

63 A total 1,312 applications for 2,011 persons were pending in 2009; a total of 257 persons have been recognized as refugees and another 2,013 were granted humanitarian protection (source: Asylum Unit, 22.04.2010).
64 This number is quoted by many officials and studies but no verified method of calculation exists for this figure.

The total number of EU and third-country nationals paying social insurance in 2009 was 109,747, which represents approximately 20 per cent of the working population in the Republic of Cyprus. In 2009 there were 83,387 EU-nationals registered in Cyprus exercising their right to the free movement of workers,[65] but the actual number of EU workers could be somewhat lower as only 50,013[66] of them paid social insurance in 2009. Some of the EU citizens registered by 2009 may have subsequently left Cyprus; some may be retired persons and others could be carrying out undeclared work. The Ministry of Employment estimates that around 15-20 per cent of EU migrant workers in Cyprys are engaged in undeclared work.

In general, most migrants are employed in domestic work (Figure 1), the service industry (especially tourism and trade), manufacturing, agriculture and construction, in low-paid and low-status jobs.

Figure 1: *Permits for domestic* workers, 2003-2009



Source: Ministry of the Interior.

According to the MoI, in 2009 there was a reduction in asylum applications to 1,180 applications when compared to 2,500 in 2008[67] as a result of expedited application procedures.

The majority of migrants to Cyprus are women as revealed by population data on long-term immigrants.[68] Women account for more than half of all migrants that have arrived since the mid-1980s (see Trimkliniotis et al., 2007).

[65] The data refers to those registered up until the 31/8/2009. The information was provided by the Ministry of Interior, 23.03.2010.

[66] According to the average figure for 2009 provided by the Ministry of Labour and Social Insurance on its' website http://www.mlsi.gov.cy/ (last accessed on 6.2.2010).

[67] The Minister of Interior speaking before the House of Representatives (Parliamentary Committee on Internal Affairs) (see "Η Κύπρος σε πολύ θετική πορεία όσον αφορά στον περιορισμό της παράνομης μετανάστευσης", *iKypros*, http://www.ikypros.com/).

[68] This is a statistical analysis of data on marriage, mixed marriage and immigration in Cyprus, in Fulias-Souroulla, M. (2006) *Marriages between Greek Cypriots and Foreign Nationals in the Republic of Cyprus*, University of Cyprus, unpublished PhD Dissertation.

A survey in 2009[69] revealed the following profile of migrant women in Cyprus: the majority (37%) are aged between 26 and35; have secondary education (32%), come from Asian countries (49%), and work as domestic workers (54%). A further 23 per cent of female migrants originated from the former socialist bloc, and 18 per cent from Europe. Eighty-seven per cent stated that they had a temporary visa. Thirty-seven per cent stated that they have been in Cyprus between three and six years; another third – between one and two years, 30 per cent lived in Cyprus for over seven years. Seventy-seven per cent came to Cyprus to look for work while 11 per cent came as family migrants.

Labour Market Impact

The economy of Cyprus between 2004 and 2007 performed with an average annual real growth rate of 4.1 per cent. In 2009, the effects of the economic crisis began to show. According to the Flash Estimate compiled by the Statistical Service, the GDP growth rate in real terms during the fourth quarter of 2009 was negative and estimated at -2.7 per cent over the corresponding quarter in 2008.

During the same period, Cyprus' labour market was characterized by conditions of near full employment with high activity and employment rates, and low unemployment rates. Especially in 2007, the strong economic performance contributed to exceptional performances in the labour market with a decrease of the unemployment rate to 3.9 per cent (Statistical Service). Unfortunately, no reliable data exists on labour market outcomes of the migrant population.

There are a number of studies examining the structural changes in the Cypriot economy, but few examine these changes directly in relation to immigration. Nevertheless, there is little doubt that labour market growth is strongly connected to the increase of the migrant labour force. Migrant workers primarily occupy menial, low pay and low status jobs that Cypriots do not take (Matsis and Charalambous, 1993: 43).

The findings of Michael, et al. (2005) examined the economic effects of the work of migrant workers in Cyprus. The results provided ample evidence of "the importance of foreign workers for the economy as a whole and each sector individually." They estimated that third-country migrant workers had contributed a sizeable 54.2 per cent of the growth rate of the total gross value added in 2004 compared to 1995, which is the highest contribution among all factors of production. If the number of foreign workers in 2004 had been the same as that of 1995, the increase in total gross value added would have been 16.9 per cent instead of 36.9 per cent.

A study published in 2009 on the impact of immigration on unemployment, labour force participation and part-time employment[70] found that the presence of migrant workers has not affected total unemployment or total labour force participation in Cyprus. Part-

[69] The survey was conducted randomly between January 2009 and December 2009 by anonymous questionnaires in Greek and English.

[70] This report investigated the impact of foreign workers on unemployment, labour force participation and part-time employment in Cyprus, using data from the EU Labour Force Surveys for the period 1999-2005. This is examined overall, and by age group, or education, level. See Christofides et al. (2009) http://www.ucy.ac.cy/data/ecorece/FullTextChristofidesetal.pdf

time employment seems to be marginally affected overall. However, the study found that the presence of migrant workers increased the probability of unemployment for natives aged 20-29, but with more highly educated natives positively affected.

A study by Pashardes et al. (2001: 50-54) using econometric analysis concluded that there is no relation between migrant workers and unemployment, but that there is some substitution of the native workforce by migrants in the primary sector, not towards unemployment but into the secondary and tertiary sector. Subsequent studies by the Economic Research Centre of the University of Cyprus (Michael et al., 2005, 2006, 2008) using similar econometric methodologies but drawing on new data, found that overall the presence of migrant workers in Cyprus has been extremely beneficial for the economy as a whole, for each specific sector of the economy and for increasing the number of Cypriot women in the labour market.

There is ample evidence of segmentation as migrant workers are concentrated in low-skill, low-paid jobs at the bottom of the labour hierarchy. Gender and ethnically segmented labour markets exist in Cyprus, although there are overlaps in the process of segmentation.[71] Any analysis of statistical data reveals a feminization of entire sectors of the labour market (see Trimikliniotis, 1999; Trimikliniotis and Pantelides, 2003). Domestic workers, cleaners and care-providers consist almost entirely of Asian, and primarily Filipino, Sri Lankan, or Indian women; recently some Eastern Europeans have also undertaken work in these fields.

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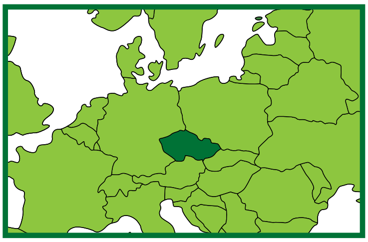
CZECH REPUBLIC



Jan Schroth[72]

Migration Trends

Since 1993, when foreigners made up 0.75 per cent of the population, their numbers have increased more than fivefold. Given the high economic growth of recent years, even the tightening of entry regulations in 2000 did not prevent immigration, which constituted 4.2 per cent of the population in 2009. Work is the most commonly declared purpose for migrating to the Czech Republic, and overall, foreigners exhibit a very high level of economic activity.

The inflow of economic migrants to the Czech Republic has been very high in recent years compared to other neighbouring Central European countries. They were attracted by a huge expansion of construction and manufacturing sectors. About 38 per cent of the economically active population in the Czech Republic is working in the industrial sector which represents the highest share in an EU country.

Migration played a crucial part in the population growth of recent years, and comprised almost 90 per cent of the Czech Statistical Office's charted total population increase in 2007-2008, and 96 per cent in 2006. However, in the first three quarters of 2009 this share decreased to 66 per cent. The number of migrants (including those from the EU countries) in the Czech Republic grew gradually until May 2009 when it peaked at 444,410. Since then a slight decline has been observed and 436,116 foreigners resided in the country at the end of 2009 representing 4.2 per cent of the total population (Research Institute of Labour and Social Affairs (RILSA, 2009).

72 Jan Schroth is a consultant at IOM Prague.

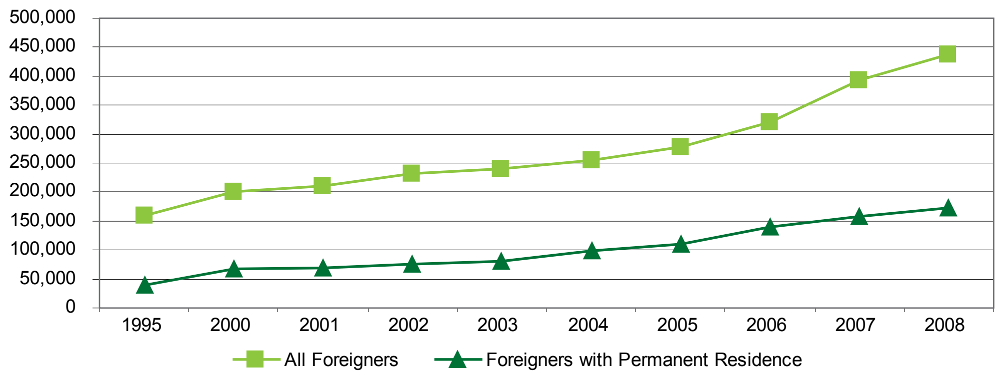
Table 1: Foreigners by type of residence, sex and citizenship; top 15 countries of origin, 31 December 2009

Citizenship	Foreigners, total	Permanent stay			Other types of stay		
		Total	Males	Females	Total	Males	Females
Total	380,320	155,608	78,576	77,032	224,712	140,125	84,587
Ukraine	131,977	43,727	21,881	21,846	88,250	55,110	33,140
Slovakia	73,466	26,734	12,988	13,746	46,712	28,530	18,182
VietNam	61,126	35,779	20,130	15,649	25,347	16,420	8,927
Russia	30,395	12,979	5,896	7,083	17,416	8,195	9,221
Poland	19,273	10,996	3,296	7,700	8,227	6,307	1,970
Germany	13,792	4,416	2,903	1,513	9,376	7,940	1,436
Moldova	10,049	2,371	1,317	1,054	7,678	5,084	2,594
Bulgaria	6,403	3,076	1,914	1,162	3,327	2,169	1,158
United States	5,941	2,680	1,772	908	3,261	1,826	1,435
Mongolia	5,745	1,736	598	1,138	4,009	1,718	2,291
China	5,354	3,281	1,804	1,477	2,073	1,174	899
Belarus	4,427	2,502	999	1,503	1,925	903	1,022
United Kingdom	4,363	1,240	1,050	190	3,123	2,330	793
Romania	4,096	2,218	1,210	998	1,878	1,413	465
Kazakhstan	3,933	1,873	808	1,065	2,060	1,006	1,054

Source: Czech Statistical Office (CSO).

While in 1995 a quarter of all migrants had permanent residence status, in 2008 that share increased to 40 per cent (Figure 1). The long-term settlement plans of migrants are confirmed by a marked increase in the number of foreigners born in the Czech Republic,[73] and a significant number of foreign children attending nursery, primary and secondary schools[74] (Rákoczyová, Trbola, 2009).

Figure 1: Foreigners with permanent residence status and total number of foreigners, thousand, 1995-2008



Source: Rákoczyová, Trbola, 2009, on CSO data.

[73] While in 2001, 888 foreigners were born in the Czech Republic, in 2008 their numbers reached 2, 666. The largest number of children were born to Vietnamese (36%) and Ukrainian (17%) parents (CSO, 2010)

[74] During the 2007/2008 school year, 22,500 foreigners attended this type of school, of which about a third were Vietnamese children.

Family reunification was the most frequent reason for granting permanent residence permits. Furthermore, 50,366 foreigners studied in all types of Czech educational establishments in the 2007/08 school year making up 2.4 per cent of all pupils/students.

The share of men and women among permanently residing migrants is balanced, while among other groups of legally residing migrants, women make up approximately one third. In total women represented about 40 per cent of foreign residents in the Czech Republic (178,223 at the end of 2009).

The age structure of foreigners is typical of prevailing economic migration. More than half of migrants fell within the age category of 20 to 39 years old, while the share of children under 15 years of age and persons over 60 years of age was low.

Overall, migrants in the Czech Republic create a large mosaic of various ethnic groups within different labour market sectors and with diverse migration status. Ukrainians (30% of all foreigners) mostly have work permits, although the numbers of trade licenses issued to this group have increased recently. They are involved in manual and auxiliary work mainly in construction but also in industry (e.g. food-processing, textiles) and agriculture (Figure 2). Vietnamese (14%) migrants are traditionally small-scale market entrepreneurs/sellers; however the share of employees (mostly as manual workers) has increased in the last few years. Most Russians (7%) work as entrepreneurs in, for instance, real estate and services.

Figure 2: Annual Total Foreign Employment

Source: Ministry of Labour and Social Affairs (MLSA).

In total, EU-nationals (mostly from Slovakia and Poland) represent one third of the total number of foreigners, with third-country nationals constituting the remaining two thirds of the migrant population (mostly Ukrainians, Slovaks, Vietnamese and Russians).

Table 2: Employed foreigners by nationality, 2000-2009

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total	103,647	103,652	101,179	105,738	107,984	151,736	185,075	240,242	284,551	230,709
EU 25, total	76,199	74,651	68,638	70,334	72,775	93,762	116,722	134,886	132,204	130,762
Other countries, total	27,448	29,001	32,541	35,404	35,209	57,974	68,353	105,356	152,347	99,947
Moldova	1,446	1,377	1,412	1,509	1,483	2,710	3,369	5,503	8,635	5,706
Mongolia	660	976	1,185	1,388	1,585	1,800	2,814	6,897	12,990	4,205
Russia	1,016	887	930	867	1,078	2,447	2,380	2,488	3,314	3,612
Ukraine	15,753	17,473	19,958	22,489	22,399	40,060	46,155	61,592	81,072	57,478
Viet Nam	75	63	150	237	183	256	692	5,425	16,254	3,670

Source: CSO.

Labour Market Impact

Workers with medium skill levels form the core of the Czech labour force. The proportion of unskilled or low-skilled workers in the labour market is lower in the Czech Republic than elsewhere in the EU. At the same time, highly-qualified university-educated workers account for only 14 per cent of the national labour force (Drbohlav, 2008).

Significant differences in the motivation for hiring foreigners in manual and non-manual positions were revealed by a large-scale employer survey carried out by RILSA in 2007. While the demand for foreign workers for manual labour is driven by a lack of native workers willing to accept the offered wage level (54% of employers), the demand for foreign workers for non-manual labour is mainly motivated by the lack of Czech workers with required qualifications.

As a result, migrant workers are found to mostly supplement rather than compete with the Czech nationals in the labour market, and significant segmentation persists. While Czech nationals and migrants from Western Europe and North America occupy jobs in the primary market, for a significant part of other third-country nationals often the only available jobs are those in the secondary market that are not attractive to Czech workers. Competition has rather been observed among foreigners themselves when migrants from Mongolia, VietNam or Uzbekistan accept lower wages and working conditions than more traditional groups of migrants – Ukrainians, Slovaks or Poles.

The majority of migrant workers (69%) in 2009 were employed in manual jobs with high working hour flexibility, low wages and low access to training and education. Manual labourers are found to be disadvantaged not only in comparison to non-manual foreign labourers but also to Czech manual labourers. Foreigners occupied 4.6 per cent of primary sector jobs in 2009, and more than half (56.7%) were employed in the secondary sector, mainly in manufacturing and construction. (Rákoczyová, Trbola, 2009). A significant share of 31.3 per cent, mainly low-skilled female migrants, were employed in the tertiary sector, especially in services such as catering, hotels, trade, cleaning and other. The share of foreign labour in the quaternary sector was low (9%). (Rákoczyová, Trbola, 2009).

Migrants are also demonstrated to be more mobile than natives and ensure higher geographical mobility of the labour market despite the limitations of the legal framework.[75]

To sum up, foreigners represent a much more flexible workforce for employers than natives. Compared to other EU countries, the Czech Republic has a very small share of part-time (contractual) work at 5 per cent, with lower figures only in Hungary, the Slovak Republic and Belgium (EC, 2009).

In terms of educational attainment, the largest share of foreigners has attained lower secondary education levels (both male and female migrants). At the same time, the share of migrant workers with university education levels (19%) is relatively high in comparison with Czech nationals (14% in 2008) (Horáková, 2010, CSO for data on nationals). Recent research confirms the over-qualification trend in the Czech labour market. Sixty-three per cent of men with secondary school education and more than 10 per cent of male university graduates are employed in manual labour positions that do not require any qualifications. Amongst university-educated women, the situation is even worse as nearly 15 per cent of them are employed in manual jobs (Rákoczyová, Trbola, 2009).

Table 3: Foreigners registered at employment offices by education level and sex, July 2008

Educational attainment	Total amount			In %		
	Total	Men	Women	Total	Men	Women
Primary	92,587	59,657	32,930	35.4%	34.4%	37.4%
Lower middle	81,064	60,022	21,042	31.0%	34.6%	23.9%
Secondary (general)	20,581	11,081	9,500	7.9%	6.4%	10.8%
Secondary (vocational)	1,554	869	685	0.6%	0.5%	0.8%
Bachelor	4,163	2,654	1,509	1.6%	1.5%	1.7%
University (MA)	21,993	13,892	8,101	8.4%	8.0%	9.2%
Graduate (PhD)	1,176	762	414	0.4%	0.4%	0.50%

Source: MLSA.

The average wage for foreigners was CZK 20,039 (EUR 722) in 2007, representing 81.5 per cent of the average wage of all employees (Doležalová, 2007). The majority

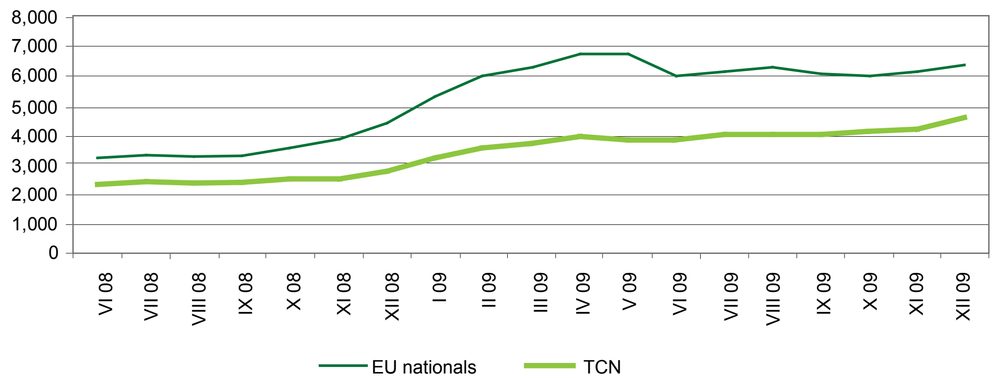
[75] Only 2% of the native population changes its residence. On the other hand, in 2007, there were 42,756 migrants moving within the Czech Republic which represented 16 per cent of the total internal migration. (Drbohlav et al., 2009).

of third-country nationals are concentrated in sectors characterized by average (construction and manufacturing)and below average (trade and services) wages. In addition, it is likely that foreigners in these sectors are filling the lowest paid jobs. Wage factors are particularly important in trade and services, which cover a significant part (46%) of employers of foreign workers in the Czech Republic (Rákoczyová, Trbola, 2008).

Some gender segmentation of the labour market and gender pay gaps for migrants has been observed (Ezzedine, 2010). While Vietnamese women are more likely than men to be employed in family businesses, Ukrainian and Russian women occupy 28 per cent of low-skilled positions. The *Gabal Analysis and Consulting* (GAC) study estimates that foreign women earn significantly less than men, with about CZK 3,500 (EUR 135) difference in average net wages.[76] Female migrants are also affected by deskilling more than their male counterparts[77] (GAC, 2007).

In 2009, labour market conditions changed dramatically as the general unemployment rate among the working age population (15-64) reached 7.4 per cent in Q3 2009 (up by 3.1 percentage points compared to Q3 2008). The economic crisis dramatically diminished vacancies for foreigners, from 40,000 in 2006 to 2,500 at the end of 2009 (Figure 3). A total of 53,842 legally employed foreigners (almost 19% of the 284,551 employed at the end of 2008) lost their jobs during the crisis in 2009 (RILSA).[78]

Figure 3: Registered unemployed foreigners, June 2008 – December 2009



Source: Horáková, 2010 based on MLSA data.

Since only third-country nationals with permanent residency may officially register as unemployed and be eligible for labour market support, the number of registered unemployed is relatively low. Data on unemployment of third-country nationals with temporary status is limited as they are not allowed to stay in the territory of the Czech

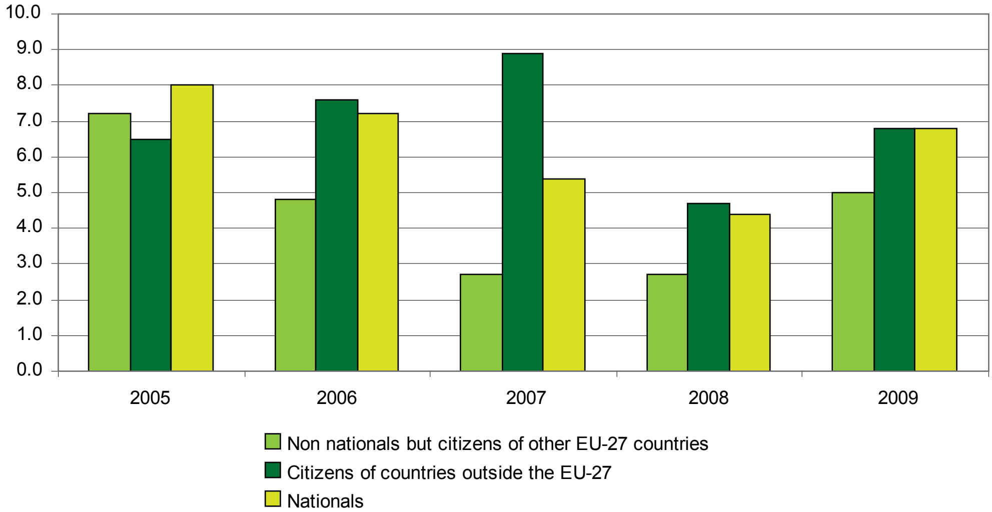
[76] A gender pay gap exists also among natives. In 2008, while the average wage of men was CZK 24,447 (EUR 980) compared to CZK 19,380 (EUR 780) for women.

[77] 52% of women compared to 42% of men do not use their qualification according to the GAC survey.

[78] One of the groups especially affected by the crisis are the Vietnamese, 16,000 of whom were legally employed in the Czech Republic in December 2008 but only 3,500 remained in February 2010.

Republic after losing a job.[79] According to Eurostat, during the period 2005-2009 the unemployment rate of third-country nationals has been similar to the one registered by nationals (except for 2007).

Figure 4: Unemployment rate by nationality, 2005-2009



Source: Eurostat.

Despite the lack of data, it is generally assumed that a number of third-country nationals who lost their jobs in 2009 pursued alternative strategies to maintain their legal status. Some migrants switched their legal type of economic activity from employment to trade licences. It is possible that they in fact are self-employed, but working for their former employer who hence reduced the company's staff costs (cutting the expense of social[80] and health insurance, for example) (Rozumek, 2010). Although not all of the newly-registered foreign self-employees can be suspected to engage in these hidden activities, the number of self-employed has been growing significantly by more than 10,000 licences between from 2008 to 2009.

Another widespread strategy to avoid the work permit regime is to become an associate or a co-partner in a business while, in fact, working, for example, as construction workers. Despite the recent decrease of the number of foreign co-partners in legal persons[81] they still represent about 40 per cent of work permit holders – which are abnormally high proportion (Drbohlav, Janska, 2008).

Furthermore, there are growing concerns by the government and expert community that in times of economic downturn many migrants may have become irregular although estimates vary widely. The numbers suggested by the Hamburg Institute of International Economics (HWWI) oscillate between 17,000 and 100,000 in 2008.

79 A protection period of 60 days is valid since 2009 for some limited categories.
80 Of a total of 64,000 foreigners from the third-countries, in March 2010 only 18,000 paid social insurance. (MoI)
81 They decrease from 45,391 on December 2008 to 33,367 on October 2009.

Expert assessments in the Delphi survey[82] (Drbohlav, 2008) range between 40,000 and 250,000. The Ministry of the Interior estimates only several thousand irregular migrants are present in the country, and there was a marked decrease from 15,489 in 2005 to 4,457 in 2009 of individuals apprehended for illegal stay and border-crossing.[83]

In an environment where many Czechs are involved in the informal economy, irregular employment of migrants is further facilitated. Undeclared work exists especially in sectors with a higher share of manual work and lower wages, where competitiveness and profit are especially tightly linked to labour costs. Sectors with a high occurrence of undeclared work include construction,[84] agriculture, hotel and restaurants, trade (mainly street retailing and markets), other services, and the textile industry (Drbohlav, Janská, 2008).

Despite significant data gaps, the experience of the previous two decades clearly indicates the indispensability of migrant workers for the Czech labour market. It can be expected that as economic growth resumes, the Czech Republic will again become increasingly attractive for migrants, and as long as demographic challenges persist.[85] In this regard, policy measures aimed at labour matching and effective labour market integration of migrants should be maintained and further developed.

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82 32 experts in the first and 23 in the second Delphi round expressed their opinions in the survey that was carried out between November 2005 and June 2006 – under the umbrella of the project No: 1J 057/05-DP1 – International Migration and Migrants´ Illegal Economic Activities in the CR in a Broader European Context (financed by the Ministry of Labour and Social Affairs of the CR).

83 A small official number of illegal aliens is one of the arguments for a strict rejection of regularization from the MoI despite pressure from the NGO community in recent years.

84 "…with a very rough estimate of 250,000 to 350,000 people working illegally in the Czech economy as a whole (5-7 % of the labour force), the proportion of undeclared work in construction is around half of that total" (Kux, Kroupa 2006).

85 According to the OECD (SOPEMI 2008) without immigration the working age population drops to around eight per cent in 2020. This is one of the worst estimates among OECD countries.

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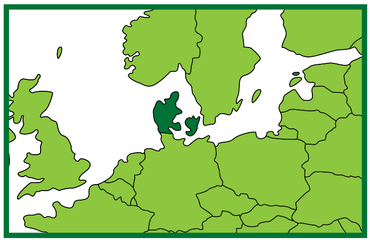
DENMARK

Sally Khallash[86]



Migration Trends

Immigration in Denmark is a recent phenomenon. From 1985 the number of migrants and especially refugees started to increase and peaked in 1992/1993 coinciding with the peak in unemployment. In turn, this led to a shift in public opinion and introduction of more restrictive immigration policies. Since 2001, refugees have been discouraged from applying for asylum and quota refugees are identified according to labour market integration potential (OECD, 2007). However, labour migration remains among the future solutions for the challenge of maintaining economic growth and the generous welfare state as the Danish population continues ageing and declining.

In the beginning of 2009, there were 526,036 migrants and their descendants in Denmark, or 9.5 per cent of the total population (Figure 1). In particular, 3.1 per cent were migrants and their descendants from Western countries, and 6.4 per cent from non-Western.[87] The stock of migrants grew continuously in the past decade, although the bulk of newcomers arrived in 1980s. In 2009, Denmark has received 16,000 migrants from Western, and 12,300 migrants from non-Western countries (Danish Immigration Service, 2009). Also, immigrants are more likely to be of the working age compared to the Danish population: 65 per cent of non-Western migrants are aged 20-49 compared to 38 per cent of the Danish-born population (Danish Immigration Service, 2009 and Statistics Denmark).

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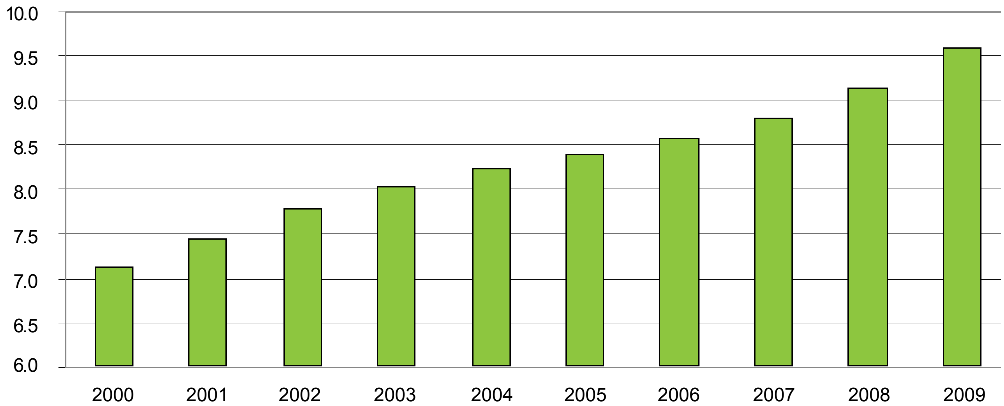
[87] Western countries comprise the EU countries, Iceland, Norway, Andorra, Liechtenstein, Monaco, San Marino, Switzerland, the Vatican State, Canada, USA, Australia and New Zealand. Non-Western countries comprise all countries which are not defined as Western countries.

Figure 1: Share of immigrants and their descendants in Denmark in total population (per cent), 2000-2009



Source: Statistics Denmark.

The largest group of immigrants and descendants in Denmark are of Turkish origin, compiling 11 per cent, followed by persons with German and Iraqi backgrounds. The following table shows the ten largest groups of immigrants and descendants in Denmark.

Table 1: Immigrants and descendants by country of origin, 1 January 2009

	Immigrants	Descendants	Total	Joint percent of total population
Turkey	31,834	26,357	58,191	11.1%
Germany	27,791	2,594	30,385	5.8%
Iraq	21,283	7,634	28,917	5.5%
Poland	24,383	2,815	27,198	5.2%
Lebanon	12,035	11,528	23,563	4.5%
Bosnia and Herzegovina	17,989	4,104	22,093	4.2%
Africa (other countries)	16,408	4,354	20,762	3.9%
Pakistan	10,827	9,053	19,880	3.8%
(former) Yugoslavia	11,248	5,893	17,141	3.3%
Somalia	10,231	6,548	16,689	3.2%

Source: Statistics Denmark.

Close to one third of immigrants hold Danish citizenship and the same can be said for about seven out of ten descendants of migrants.

Family migrants and students have largely dominated immigration to Denmark. Especially of note: the number of immigrants and descendents enrolled in an educational programme is growing, accounting for the most of the increase of residence permits in 2009 (Statistics Denmark). On the contrary, the number of annual permits of residence for refugees and family members has fallen drastically from 2000 to 2006 and has stabilized between 2006 and 2009 (Table 2).

Table 2: Residence permits issued to refugees and family migrants, 2000-2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Refugee status	4,388	5,742	3,489	1,852	1,045	853	838	1,013	1,242	1,279
Family reunification (spouse or cohabitant)	6,399	6,499	4,880	2,538	2,344	2,498	2,787	3,616	2,963	3,195
Family reunification (minors)	5,934	4,185	3,052	2,170	1,469	1,011	795	837	674	816
Family reunification of other family members	238	266	219	83	19	13	0	2	112	468

Source: Statistics Denmark.

However, due to new immigration initiatives in recent years, the percentage of labour migrants has grown steadily compared to family migrants and refugees. Recently, Denmark has focused extensively on the recruitment of skilled foreign labour into the Danish market, especially in sectors where shortages of domestic labour is beginning to appear.[88]

Labour Market Impact

The Danish labour market is characterized by: a high share of the public sector in total employment, a welfare system with high net replacement rates at the bottom end, high employment of women, a relatively high minimum wage, a strong dominance of small and medium sized enterprises, and high influence by social partners such as unions. The division of responsibilities between the government and the social partners is the cornerstone of the so-called "Danish Model", and the flexibility in hiring and firing combined with social security is known as "Flexicurity." (OECD, 2007).

Migrants' feedback on the Danish labour market shows that they feel a lack of contact with ethnic Danes and active networks.[89] Because Denmark to a large extent is a networking society limitations and barriers in their access to networks is a problem for migrants. Policies to encourage such interaction and integration between migrants and the native population are lacking.

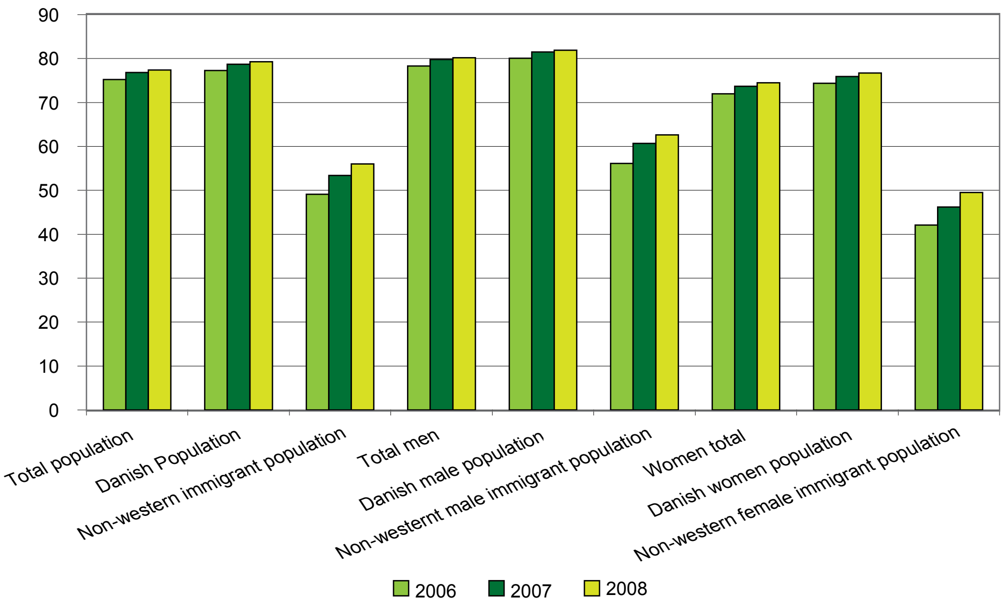
As illustrated in figure 2, in 2008 the employment rate of 79 per cent for the native-born population is both high and stable over time. Furthermore, the employment rate for men and women is approximately equal to 82 per cent and 77 per cent respectively. The employment rate for immigrants is much lower (around 56%), where

88 In 2002, the "Positive List" was introduced to favour the recruitment of foreign workers in certain jobs where there is a shortage of specially qualified workers; see more in Part 2 of this publication.

89 Integration Ministry/Ministry of Economy and Business: Integration and Restraining of Foreign Labour and Family – Challenges and Proposals for Solutions, May 2008. http://www.nyidanmark.dk

the male immigrant population make up 63 per cent and the female 49 per cent. The employment rate of immigrants is improving over time but still comparatively lags significantly behind the Danish population.

Figure 2: Employment rate by gender and origin, 2006-2008



Source: Statistics Denmark.

From 2006 until 2008, the annual increase in employment was generally larger for non-Western migrant men and women as compared with Danish-born individuals. However, higher increases in employment rates and labour market integration did not bring along an increase in the income level (Table 3). This indicates a *quantitative integration* into the labour market without a supplementary *qualitative integration*.

Table 3: Employment by gender, origin and income level, 2006-2008

		2006 Numbers	2006 %	2007 Numbers	2007 %	2008 Numbers	2008 %
Non-western male immigrants	High income	3,541	15	3,885	15	4,170	14
	Middle income	2,635	11	2,907	11	3,342	11
	Low income	17,862	74	19,738	74	21,770	75
	Total	24,038	100	26,530	100	29,282	100
Danish born men	High income	162,721	20	168,396	20	170,526	20
	Middle income	169,462	21	168,316	20	179,040	21
	Low income	482,103	59	489,765	60	494,186	59
	Total	814,286	100	826,477	100	843,752	100
Non-western female immigrants	High income	2,399	12	2,694	12	2,906	11
	Middle income	3,659	18	4,250	19	4,928	19
	Low income	13,864	70	15,617	70	18,538	70
	Total	19,922	100	22,561	100	26,372	100

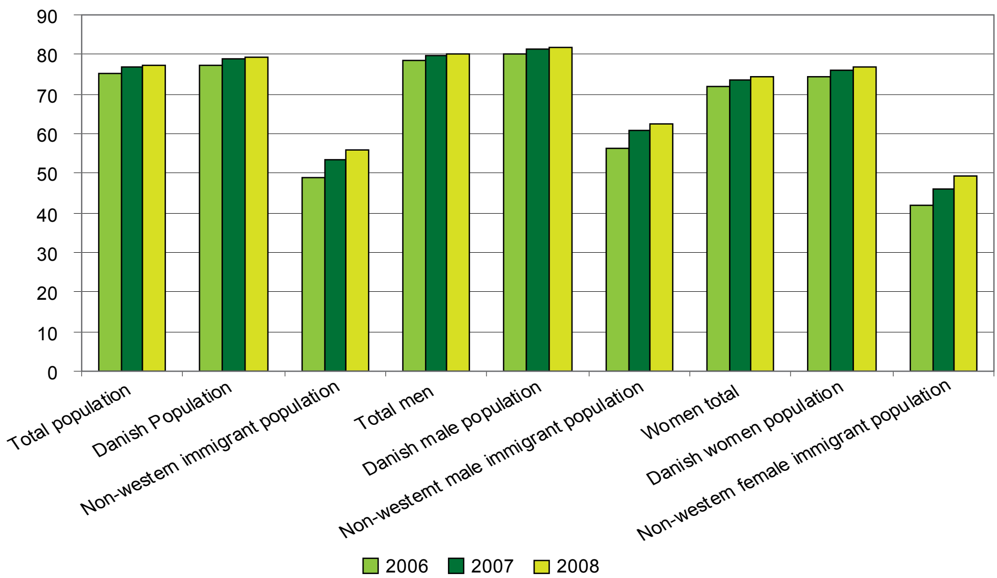
Danish born women	High income	148,473	16	154,049	17	155,892	17
	Middle income	268,030	30	274,294	30	290,203	31
	Low income	487,220	54	479,459	53	490,020	52
	Total	903,723	100	907,802	100	936,115	100
Total population		1,761,969		1,783,370		1,835,521	

Source: Statistics Denmark.

The unemployment rate for the Danish-born population fluctuates between 1.8 per cent (at the lowest charted point before the financial crisis) and 4.2 per cent in January 2010 (Statistics Denmark). Unemployment rates have been stable during the first quarter of 2010, indicating a stabilization of the economy and financial crisis.[90]

In 2000, the unemployment rate for the non-Western immigrant population was as high as 15 per cent. In 2008 – as a consequence of severe focus and initiatives on labour market integration of the non-Western immigrant population – the unemployment rate for the target group had a drop to 6.1 per cent. Due to the financial crisis, from 2007 to 2008 the unemployment rate rose by 2.6 percentage points for non-Western immigrants and by 0.6 percentage points for the Danish-born population (Figure 3).[91]

Figure 3: Full time employment rate by nationality (16-64 years old), 2006-2008



Source: Statistics Denmark.

The Danish labour market displays a complex social structure. Generally non-Western migrants earn lower wages than native Danes (Table 4). In 2008, 75 per cent and 70

90 It is currently not possible on Statistics Denmark to find unemployment in per cent for native-born vs. non-Western immigrant population. The numbers available are number of unemployed in total.

91 Data derived from Statistics Denmark, Jobindsats.dk and HK.

per cent non-Western migrant men and women respectively earned the lowest wages. In comparison, only 59 per cent and 52 per cent of Danish-born wage-earners were placed in the bottom-wage category.

Table 4: Occupation by socio-economic status and origin, 2008

Occupation 2008	Non-Western immigrants Numbers – %		Non-Western descendents Numbers – %.		Danish born population Numbers – %.	
Self-employed	9,269	7.8	616	3.2	172,166	6.5
Assisting wife	382	0.3	6	0	5,811	0.2
Top executives	412	0.3	78	0.4	71,638	2.7
Highest wage earners	7,076	6	1,003	5.1	326,418	12.4
Middle wage earners	8,270	7	1,644	8.4	469,243	17.8
Bottom wage earners	40,308	34	8,651	44.3	984,206	37.3
Other wage earners and unspecified wage earners	52,743	44.5	7,529	38.6	607,950	23.1
Total	118,460	100	19,527	100	2,637,432	100

Source: Statistics Denmark.

At the same time, non-Western immigrants have the same occupation patterns as the Danish-born population. Almost 85 per cent of the non-Western migrants that are in the bottom of salary categories have alternative ways of earning income (and many are self-employed). One of the possible conclusions to be drawn might be that non-Western immigrants and also their descendants more frequently create their own jobs as compared to the Danish population.

Longitudinal research done by the Rockwool Foundation (2002) concludes that non-Western migrants are not catching up with the Danish-born population in becoming high- or middle-wage earners.[92]

Numbers on migrant owned business and employment of migrants within such businesses could not be extracted directly. As highlighted in the following table,[93] self-employed migrants are primarily active in trade, hotels and restaurants industry. The number of migrant entrepreneurs in this sector is twice as high as for ethnic Danes. Combining these numbers with sectors employing most non-Western migrants (non-entrepreneurs) in 2009, 12.7 per cent of men and 7.6 per cent of women were employed in hotels and restaurants,[94] followed by business services, such as cleaning and office services (16.6% of men and 21% of women). This could indicate that migrants are likely to be employed in migrant-owned businesses.

92 Rockwool Foundation: Mogensen and Matthiesen s. 98-118, 2002, and for 2008 Statistics Denmark and CIFS calculations

93 Numbers from:The Danish Enterprise and Construction Authority:"Entrepreneurs with immigrant background"; http://www.ebst.dk

94 The Ministry of Refugee, Immigration and Integration Affairs, Tal og Fakta December 2009 at http://www.nyidanmark.dk

Table 5: Migrant entrepreneurs by sectors, 2005

Sectors	Migrants with non-Western background[95], %		Descendents with non-Western background, %
	Men	Women	All
Industry	3	3	2
Construction	1	7	10
Trade, hotels and restaurants	52	63	52
Transport, postal, telecommunication	1	6	11
Business service	23	16	18
Personal service	20	5	7
Total	100	100	100%

Source: The Danish Enterprise and Construction Authority.

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[95] Migrants are individuals born outside Denmark. The parents of the migrant are neither born in Denmark or have Danish citizenship. Descendents are individuals born in Denmark with parents that are neither born in Denmark nor have Danish citizenship.

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ESTONIA

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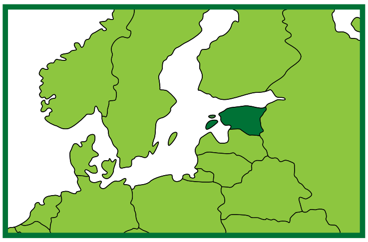


Migration Trends

The Estonian population gradually decreased between 2000-2009 to 1,340,400 of inhabitants by 1 January 2010 (Statistics Estonia). Demographic and economic forecasts predict that as of about 2015 the proportion of the working population will rapidly decline.

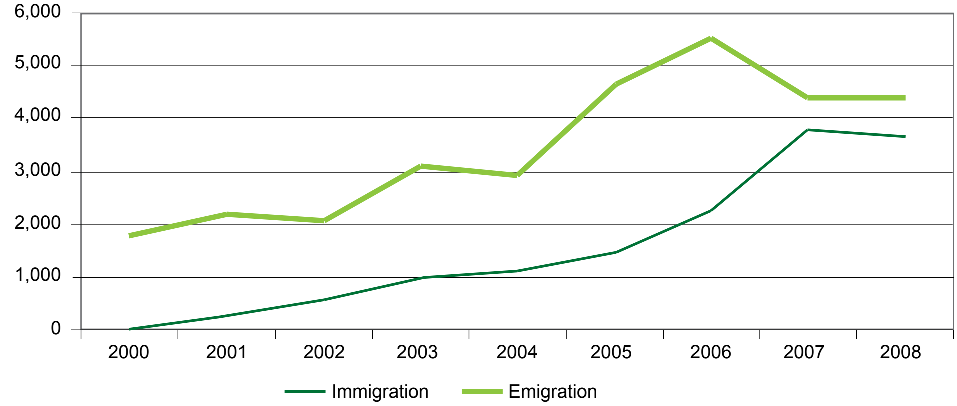
Before 1990 the population mainly grew, largely due to labour inflow from other parts of the former Soviet Union. By the beginning of the 1990s, intensive immigration had transformed Estonia to one of the countries with the biggest share of foreign-born persons.[97] During the 1990s, the population gradually decreased due to the flow of emigration of the former Soviet population. However, according to data from the 2000 Population and Housing Census the share of the foreign-born persons in the total population of Estonia figured at slightly less than a quarter (24.4%). Extensive emigration and immigration has not taken place in Estonia following accession to the European Union (EU) and Schengen.

Due to its geographic location, the level of economic development and conservative immigration policy, Estonia is not a particularly attractive destination for other EU citizens or third-country nationals, including asylum-seekers. Estonia's net migration with respect to other countries was negative from 2000-2008 (Figure 1), even though immigration has been gradually increasing since 2000. A positive net migration has been observed recently with some countries, such as Russia, Ukraine and Latvia.

96 Both authors are affiliated with the University of Tartu, Estonia.

97 Those persons from this category still residing in Estonia now treated as long-term resident third-country nationals in accordance with the provisions of Directive 2003/109/EC, in Estonian discourse they are portrayed as minorities.

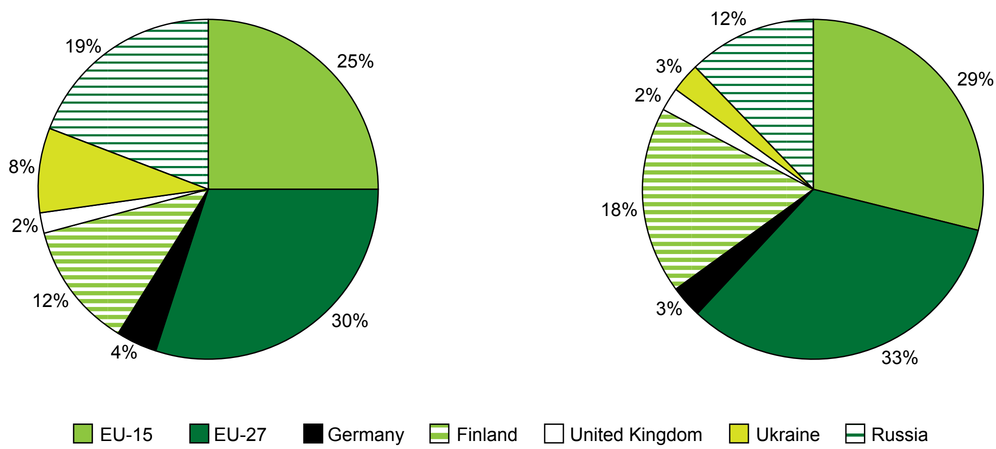
Figure 1: Immigration and emigration in Estonia, 2000-2008



Source: Statistics Estonia, 2000-2008.

A total of 10,326 people migrated to Estonia during 2000–2007, and a further 3,671 in 2008. Consequently, immigration accounts for only about 0.1 per cent of the annual population growth rate. The most important country of origin was Finland with 3,145 persons (31% of all migrants in 2000–2007). The second most important country of origin was Russia with 2,467 persons (24%). A considerable number of people also arrived from Ukraine, Germany, Sweden, Latvia and the United Kingdom. Compared to 2004, the share of migrants from the EU-27, and Ukraine increased in 2008, and the share of Russian migrants decreased by 7 per cent (Figure 2).

Figure 2: Number of immigrants by country, per cent, 2004 (upper) and 2008 (lower)

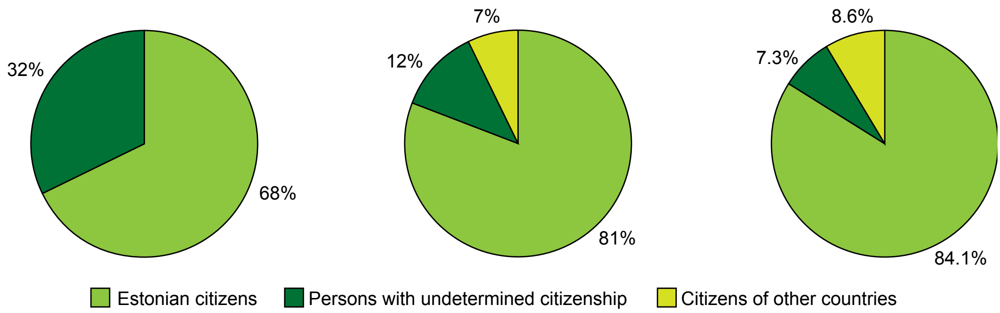


Source: Statistics Estonia, 2004 and 2008.

The average age of immigrants is at 35 years old. Women in their twenties form the largest age group among female migrants. The age structure among men is much more even, but most of them are between 20–40 years of age.

According to data from the Ministry of Interior and Population Register, on July 2010, 84.1 per cent of the Estonian population were citizens of Estonia (Figure 3), and 7.3 per cent were persons with undetermined citizenship,[98] while 8.6 per cent were foreign nationals. The majority of them were citizens of the Russian Federation (approximately 82%), followed by nationals of Ukraine, Finland, Latvia, Lithuania and Belarus.

Figure 3: Estonian population by citizenship, 1992, 2003 as of 2 July 2010



Source: Ministry of the Interior, Population Register.

As of 2008, there were slightly over one million (1,042,800) residents of working age (15-74 years) in Estonia and around 14 per cent of them were born outside Estonia. The first and largest group of foreign-born individuals includes those who came to Estonia during the Soviet era, while 4.4 per cent of them are migrants that arrived after independence. The majority of migrants that came to Estonia before 1992 were born in Russia (74.2%), and Russian nationals also constitute the largest group among post-1992 migrants (44.7%) (Table 1).

Table 1: Immigration by region/country, number of people, 2004-2008

Region	2004	2005	2006	2007	2008
Europe	997	1,280	2,031	3,446	3,301
EU-27	507	735	1,378	2,520	2,191
EU-15	422	608	1,203	2,192	1,919
Norway	10	14	22	15	33
Switzerland	4	2	10	8	4
Ukraine	127	137	91	184	192
Belarus	21	13	26	49	40
Russia	321	362	498	651	798
Africa	2	2	7	11	25
Asia	38	62	96	154	163
America	54	82	95	117	163
Oceania	6	10	5	13	19
Total	**1,097**	**1,436**	**2,234**	**3,741**	**3,671**

Source: Statistics Estonia.

[98] Namely citizens of the former Soviet Union, who have not become Estonian citizens nor are citizens of any country.

Due to the fact that the peak of immigration to Estonia occurred during the Soviet period, the average age of the foreign-born population is relatively high. Approximately one quarter (27%) of recent immigrants, and even three quarters (73%) of migrants who arrived before 1992, are between 50–74 years of age (Table 2), compared to 31 per cent of the native-born population.

Table 2: Native- and foreign-born population by age, 2008, per cent

Age group	Arrived before 1992	Arrived in 1992 or later	Native population
15-24	0.9	7.6	23.3
25-49	25.9	65.2	46.1
50-74	73.1	27.2	31.7

Source: Immigrant Population Survey, 2008.

The Immigrant Population Survey[99] carried out by Statistics Estonia (2008) indicates that 13 per cent of foreign-born migrants who arrived after 1992 have acquired Estonian citizenship, a further 44 per cent have Russian citizenship and 33 per cent are nationals of other countries. Around half (53%) of the foreign-born population who moved to Estonia after 1992, reside in Estonia on the basis of a temporary residence permit, and the rest do not require a residence permit or have permanent recident status (Järv, 2009). Family formation or reunification is the main reason for moving to Estonia both for pre- and post-1992 arrivals (57% and 69%, respectively).

Labour Market Impact

The Estonian economy rather quickly recovered from the economic difficulties in the late nineties, and the growth rate of GDP increased even further (10% in 2006) after the accession to the European Union. The economy started to cool down gradually in 2007, and lapsed into recession in 2008. Most of economic activities had a decline of added value in 2008, especially in the main sectors of manufacturing, construction, wholesale and retail trade, and transport and communication (approximately 21% decrease altogether).

The unemployment rate of the foreign-born population has always been higher (Figure 4) than that found among native-born persons, often as a result of insufficient knowledge of the the Estonian language, and at times likely also caused by insufficient skill not matching the labour market demands. Until 2009, the employment rate was growing both among the native- and foreign-born population, and was particularly high for those aged 25-49 in both categories (Table 3). At the same time, in 2009 for the same age group, the foreign-born unemployment rate was nearly twice as high as that of natives (19.1% and 9.9%, respectively)(Table 4). A survey conducted in 2002 in the

[99] Here the immigrant population is defined as people living in Estonia whose parents were born in a foreign state. If only one of the parents was born in Estonia or if only one Estonian-born parent is known, the respondent is not considered to belong to the immigrant population. However, if only one non-Estonian-born parent is known, the respondent is considered to be an immigrant.

Baltic States by the Finnish Ministry of Labour (Antila, Ylöstalo, 2003) revealed that 10 per cent of the total number of interviewed employees in Estonia were employed irregularly.

Table 3: Employment rate by place of birth and age, 2000-2009

	Age groups	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total	15-24	31.5	31.1	27.8	28.8	26.8	28.6	31.3	34.2	35.9	28.5
	25-49	76.2	76.6	77.4	78.8	78.8	79.7	84.5	84.7	84.2	76.4
	50-74	39.7	40.9	44.0	44.2	45.6	46.7	50.1	50.9	51.1	48.7
	16 until pension age[100]	65.2	65.3	65.6	65.8	66.0	67.0	70.9	71.9	72.4	65.2
Native-born	15-24	31.6	28.5	27.6	28.5	27.6	29.5	32.8	34.3	35.1	27.9
	25-49	78.3	78.8	79.0	80.6	81.6	81.6	86.5	85.7	85.3	78.3
	50-74	40.8	43.2	46.0	46.4	47.3	48.1	51.2	51.5	51.5	49.0
	16 until pension age	66.3	65.9	66.3	67.3	68.0	67.9	71.8	72.0	72.6	65.8
Foreign-born	15-24	31.2	36.7	28.4	29.6	25.0	26.6	27.5	33.9	37.9	30.1
	25-49	72.6	72.4	74.2	75.2	74.0	76.3	80.5	82.5	82.0	72.6
	50-74	37.4	36.2	40.2	40.3	42.4	44.1	47.9	49.9	50.4	48.1
	16 until pension age	63.3	64.2	64.3	62.8	62.2	65.3	68.9	71.5	71.9	63.9

Source: Statistics Estonia, 2000-2009.

Table 4: Unemployment nationality (1) gap by age groups, percentage points, 2000-2008

Age groups	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
15-24	-11.2	-1.1	-7.7	-8.4	-13.9	-19.9	-8.9	-5.2	-4.9	-12.0
25-49	-7.6	-7.7	-7.0	-6.5	-8.7	-7.3	-6.3	-3.8	-4.8	-9.2
50-74	-1.9	-5.1	-6.3	-10.8	-8.5	-4.3	-3.8	-2.3	-2.8	-4.9
16 until pension age	-6.8	-6.1	-6.6	-8.0	-9.5	-7.7	-5.7	-3.2	-4.0	-8.0

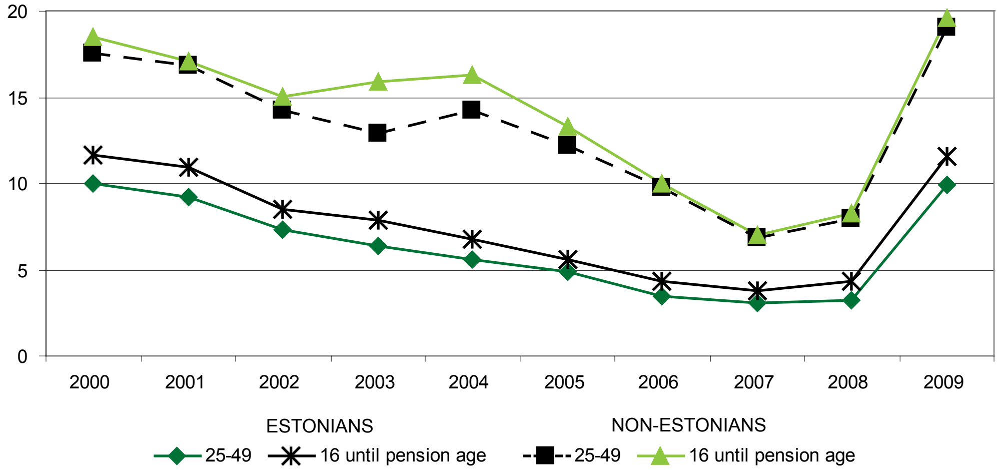
(1) difference between Estonians and non-Estonians unemployment rates.
Source: Statistics Estonia, 2000-2009.

The economic downturn which began in 2008 resulted in a rise on unemployment among foreign-born residents by 1.3 percentage points compared to 2007, and an increase of 0.6 percentage points among native-born individuals. However, the average unemployment rates of the native- and foreign-born population (5.2% and 6.6%, respectively) did not differ so much (Immigrant Population Survey, 2008),

[100] Pension age is 63 years for men and 60.5 years (in 2008) for women. The pension age for men and women will be equal by 2016 with the women's qualifying age gradually rising to 63.

reflecting differences in age structure. Additionally, in the first quarter of 2009, more people returned to Estonia than previously observed leading to tighter competition on the Estonian labour market (Bank of Estonia, 2009).

Figure 4: Unemployment rate by country of birth and age, 2000-2009



Source: Statistics Estonia.
Note: The pension age is 63 years for men and 60.5 years (in 2008) for women. The pension age for men and women will be equal by 2016 with the women's qualifying age gradually rising to 63.

Generally, no restrictions have been placed on employment and job-seeking for migrants residing in Estonia on a permanent basis. As of 1 January 2009, the Citizenship and Migration Board issued 229,600 valid residence permits, among which 55 per cent to persons with unspecified citizenship, 42 per cent to Russian nationals and 3 per cent to citizens of other countries. Citizens of the third countries and persons with unspecified citizenship cannot be employed in the public sector (Tööturu, 2006). In 2008, only 38 per cent of foreign-born residents had Estonian citizenship (Statistics Estonia, 2009).

In the Immigrant Population Survey (Statistics Estonia, 2009) more than half (57%) of the respondents among employed foreign-born persons believed that their employment position has remained unchanged after 1992, including 67 per cent among recent migrants and 59 per cent among those who had arrived before 1992. Correspondingly, the group of foreign-born residents that arrived before 1992 included 26 per cent of employees whose position had improved, compared to only 16 per cent among recent arrivals. One fifth (21%) of the persons who came to Estonia during the Soviet period believed that their current occupation did not correspond to their level of education (Järv, 2009), possibly as a result of economic restructuring following the collapse of the Soviet Union. The same problem was reported by 16 per cent of the respondents among recent migrants.

Immigration issues received little attention until the increase in economic growth in recent years. An approximate 20,000 vacancies (3.3% of all jobs) were available in 2007 (Statistics Estonia). Labour shortages were the most acute in agriculture, manufacturing, hotels and restaurants. As a consequence, employers and social partners discussed the possibility of amending immigration policy to simplify economic migration from third countries. This debate as well as public opinion at the time also highlighted concerns over the potential problem of migrant workers' integration. In a 2008 poll by the Klaster Research Centre, 66 per cent of respondents did not support labour immigration.

Nevertheless, even under the current policy framework, labour migration is becoming gradually more significant in immigration flows to Estonia. According to the Citizenship and Migration Board (CMB), the primary reason for migrating to Estonia is employment or business activities (42%), closely followed by family reunification (Table 5). 79 per cent of family migrants came from the republics of the former USSR (except Latvia and Lithuania), and 36 per cent originate from the EU15.

Table 5: Reasons for settling in Estonia, by country/region, per cent, 2000-2007

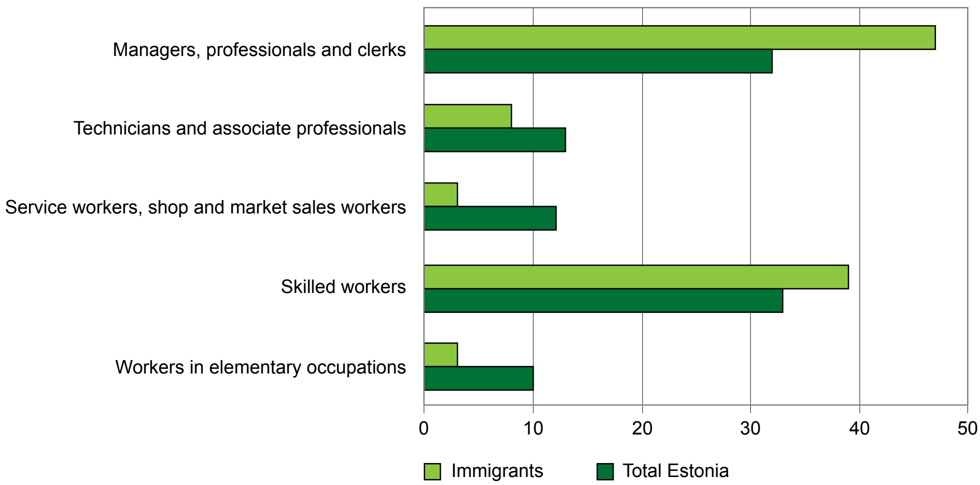
Reason	Former USSR republics, except those currently in EU	EU15 countries	EU12 countries	Other	Total
Employment, business	29	42	41	76	35
Family reunification	51	10	18	53	33
Permanent legal income[100]	2	42	37	34	19
Studies, on the basis of international agreement	18	6	4	37	13
Total	**100**	**100**	**100**	**100**	**100**

Source: Krusell (2009) on data from Population Register, Statistic Estonia, CMB. Only people who are not Estonian citizens and who have applied for residence permits for employment purposes. Since 1 August 2006, the nationals of EU Member States are not required to apply for residence permits from the CMB, thus the entire period covers only migrants from third countries.

Krusell (2009) analyses employment patterns and the situation of migrants who have applied for a residence permit of at least 12 months for the purpose of obtaining employment. The distribution of migrants by economic activity is rather similar to the general situation in Estonia: few are employed in the primary sector (around 3-4%), and 60-62 per cent work in the tertiary sector. Approximately a quarter of all migrants work in manufacturing, and every tenth person works in trade and construction. However, the distribution of migrants by occupation is no longer similar to that of the entire population (Figure 5). The population of Estonia displays a significantly higher proportion of workers in low-skilled occupations (10%) when compared to migrant workers that arrived between 2000–2007 (3%). Migrants have a higher proportion of skilled workers, managers, professionals and clerks, reaching 47 per cent. However, according to Immigrant Population Survey data, foreign-born individuals and their descendants tend to dominate employment in sectors that require lower qualifications. The native-born population is more likely to hold managerial positions and specialist positions (Järv, 2009).

101 The following forms of income are deemed legal: lawfully earned remuneration for work, income received from lawful business activities or property, pension, scholarships, alimony, parental benefit, state benefits paid by a foreign country, subsistence ensured by family members earning legal income.

Figure 5: Occupational distribution of migrant workers compared to entire population, per cent



Source: Krusell (2009) on data from Population Register, Statistic Estonia, CMB.

Skilled workers that arrived during 2000-2007 originate mostly from the territory of the former Soviet Union, whereas most professionals and managers come from the EU countries (Table 6). A comparison of the total native- and foreign-born population indicates that there are some differences in the distribution of occupations, but they do not reflect an occupational segregation. However, signs of segregation can be detected in the distribution of occupations in the case of residents without Estonian language skills, whether native- or foreign-born. More than half of residents without Estonian language skills were employed as skilled workers or machine operators, and the share of unskilled workers was also relativelly high. The analysis reveals that the occupational structure is not strongly affected by the place of birth, but rather by nationality and Estonian language skills (Krusell, 2009a).

Table 6: Occupation of migrants by region, per cent, 2000-2007

Occupation	Former republics of USSR, except those currently in the EU	EU15 countries	EU12 countries	Other
Managers, professionals and clerks	22	75	39	131
Technicians and associate professionals	2	14	12	34
Service workers and shop and market sales workers	1	1	8	28
Skilled workers	74	7	30	5
Workers in elementary occupations	1	3	11	2
Total	**100**	**100**	**100**	**100**

Source: Krusell (2009) on data from Population Register, Statistic Estonia, CMB.

Additionally, in 1995-2007, the salary of natives was 10-15 per cent higher than that of the foreign-born migrants. However, in 2008 the average wage of Estonian-speaking natives that were not Estonian citizens, was lower only by three per cent compared to the wages of Estonians, while the wage gap between Estonians and non-Estionans with poor language skills rose significantly by over 20 percentage points (Krusell, 2009a).

In the coming years, it is predicted that Estonia will continue experiencing labour shortages. According to the forecast of the Ministry of Economic Affairs and Communications, additional annual labour force needs up to 2016 are estimated to amount to approximately 14,500 persons,[102] which more or less corresponds to the number of people entering the labour market, at the current rate of immigration. However, demand for specialists and skilled labour will particularly increase, leading to potential structural labour shortages, though it is difficult for Estonia to compete with other EU Member States for highly skilled workers.

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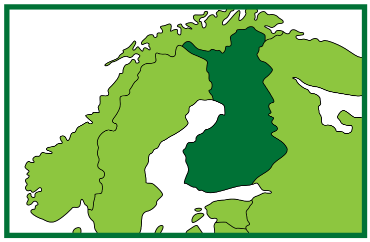
Suvi Turja[103]



Migration Trends

Immigration is a recent phenomenon in Finland. Inflows of migrants were very modest until the early 1990s, when the vast majority of migrants were refugees, especially from VietNam. In the 1990s immigration to Finland started to increase due to the growing number of asylum seekers and refugees, especially from Somalia and the former Yugoslavia. Moreover, return migration of Ingrian Finns[104] to Finland was enabled in the early 1990s. Finland's accession to the European Union (EU) in 1995 further spurred immigration. However, the number of immigrants in Finland exceeded the 100,000 mark only in 2002 (Figure 1). Labour migration to Finland has been modest until now, constituting approximately 5-10 per cent of all migration.

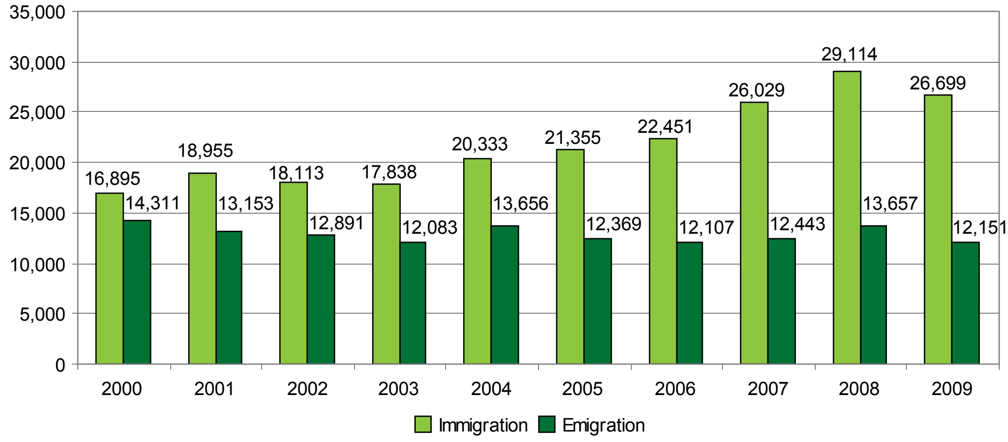
In 2009, there were 155,705 foreign nationals living in Finland (2.9% of the population). However, it is expected that the number of migrants will double by 2030.

In 2009, the number of migrants decreased significantly compared to 2008 (Figure 2). 36 per cent of migrants arrived from EU/EEA countries, and 64 per cent came from the third countries, mainly from Russia (13.8%), China (5%), Iraq (3.6%), Somalia (3.6%), India (3.3%) and Turkey (3%).

[103] Suvi Turja is a researcher at IOM Helsinki. The report is drafted on the basis of a desk review and interviews conducted at the Ministry of the Interior and the Ministry of Employment and the Economy in February-March 2010.

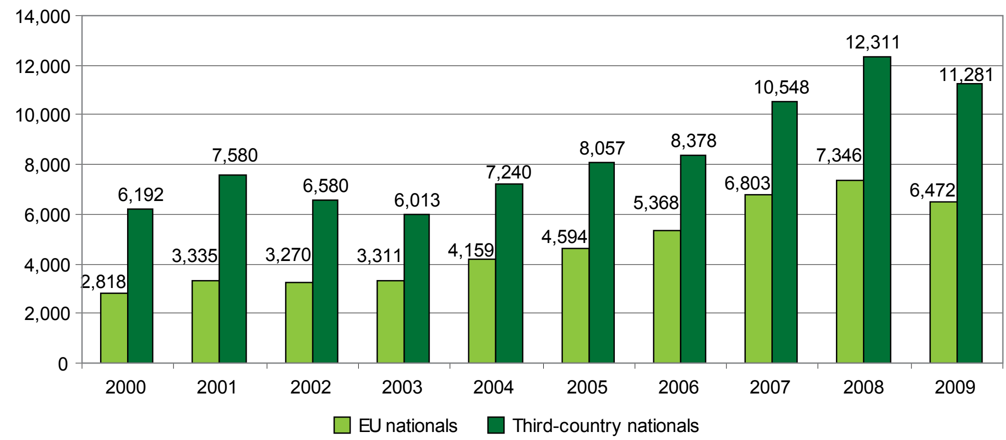
[104] Finnish nationals whose families were left behind at the Russian border in the turmoil of Second World War, or had moved to the Russian side of the border before Finland gained independence in 1917.

Figure 1: Migration flows in Finland, 2000-2009



Source: Statistics Finland, 2010.

Figure 2: Immigration by origin, 2000-2009



Source: Statistics Finland, 2010.

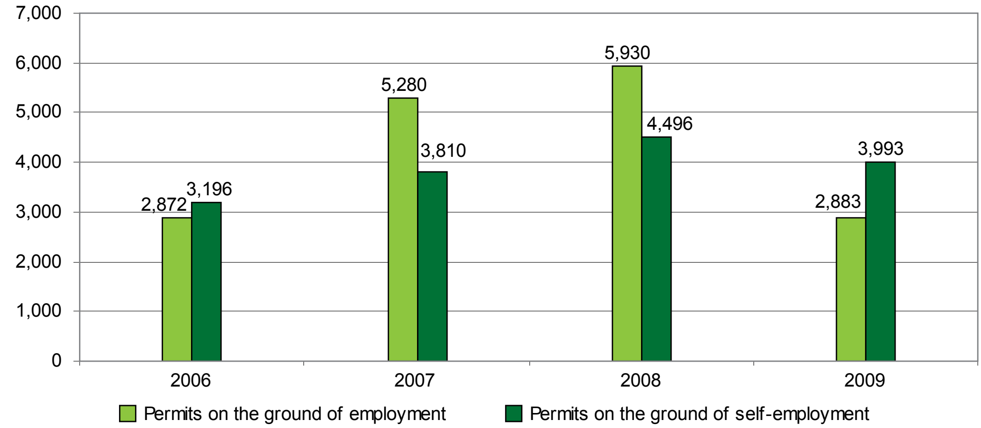
The five largest groups of foreign nationals living in Finland that together constitute 47 per cent of the migrant population are Russians, Estonians, Swedes, Somalis and Chinese. Half of all migrants live in the capital city area of Helsinki.

The Employment and Economic Development Offices (2010) received 10,025 applications for residence permits for the purpose of employment in 2009, of which the number of applications for a first time permit was 3,863, and the number of applications for a continuous permit[105] 6,162. The number of applications decreased by 28 per cent from 2008 to 2009 due to the recession. The share of negative decisions

[105] It is a fixed-term residence permit, see Part 2 for more info.

grew by 7.7 percentage points in 2009, as positive decisions were granted for only 42.7 per cent of the first residence permit applications, and 61.4 per cent of the continuous residence permit applications (total absolute figures in Figure 3).[106]

Figure 3: Granted residence permits by purpose of employment, 2006-2009



Source: Finnish Immigration Service, 2010.

The majority of residence permit applications for the purpose of employment were submitted by Russian, Ukrainian, Chinese, Turkish and Croatian nationals (Table 1). Similar shares by nationality and sector were also observed from 2005-2009. Furthermore, there were approximately 12,000 seasonal labour migrants employed in 2009, mostly Russian, Ukrainian and Thai nationals who worked during the summer in berry-picking and on construction sites.

Table 1: First residence permit applications for the purpose of employment by nationality and sector, 2009

	Russia	Ukraine	China	Turkey	Croatia	Philippines	Thailand	Serbia	Bangladesh	Others
Cooks	6	1	98	199	-	32	31	1	40	123
Gardeners	137	125	2	-	1	7	22	-	-	66
Cleaners	46	19	12	2	2	44	5	3	50	149
Farm workers	67	176	-	-	-	1	17	-	-	42
Plumbers	41	10	-	-	110	-	-	4	-	57
Truck drivers	149	1	-	3	-	-	-	-	-	2
Welders	33	22	6	1	59	-	-	7	-	22

106 The Employment and Economic Development Office makes a preliminary decision on applications for a residence permit for an employed person which is forwarded to the Finnish Immigration Service for a final decision.

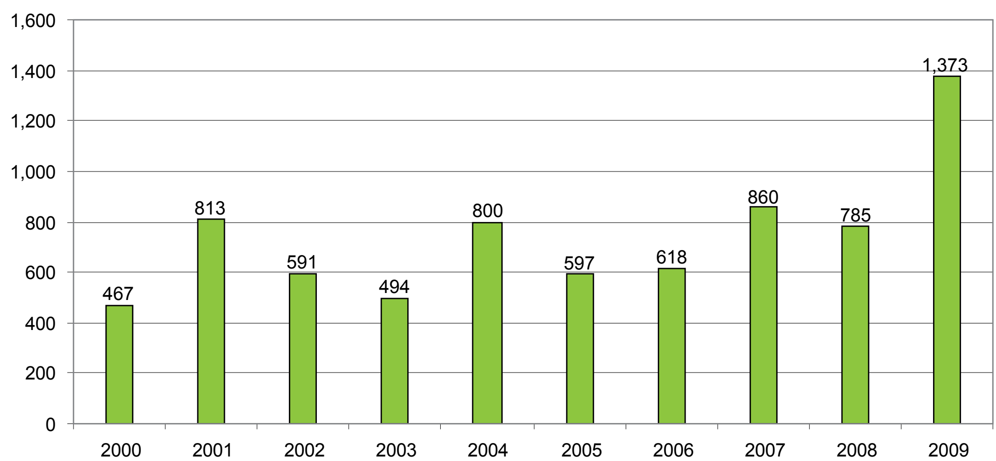
	Russia	Ukraine	China	Turkey	Croatia	Philippines	Thailand	Serbia	Bangladesh	Others
Business managers	77	1	55	3	-	-	-	-	1	10
Metal workers	63	32	-	-	-	-	-	-	-	7
Restaurant workers	8	1	-	14	-	6	3	2	3	34
Day care workers	9	-	8	2	-	15	-	1	-	35
Builders								1	4	112
Electricians	39	-	-	-	13	-	-	-	-	4
Other occupations	696	394	182	225	186	106	80	53	98	663
TOTAL	**1,392**	**788**	**364**	**450**	**372**	**212**	**160**	**106**	**196**	**1,326**

Source: Ministry of Employment and the Economy, 2009.

Finland accepts persons defined as refugees by the UNHCR and other foreigners who are in need of international protection for resettlement. Since 2001, the quota for refugees has been set at 750. In 2009, Finland received 727 quota refugees, among which 151 came from the Democratic Republic of Congo, 301 from Iraq and 125 from Myanmar. In addition, Finland received 100 refugees of different nationalities as emergency quota refugees.

In 2009, the Finnish Immigration Service received 5,988 asylum applications, an increase of 67 per cent from 2008. The largest groups of asylum seekers came from Iraq (20%), Somalia (19.7%), Bulgaria (12.3%), Russia (10%) and Afghanistan (7.7%). In 2009 the Finnish Immigration Service granted 1,373 residence permits to asylum seekers (Figure 4).

Figure 4: Residence permits granted to asylum seekers, 2000-2009

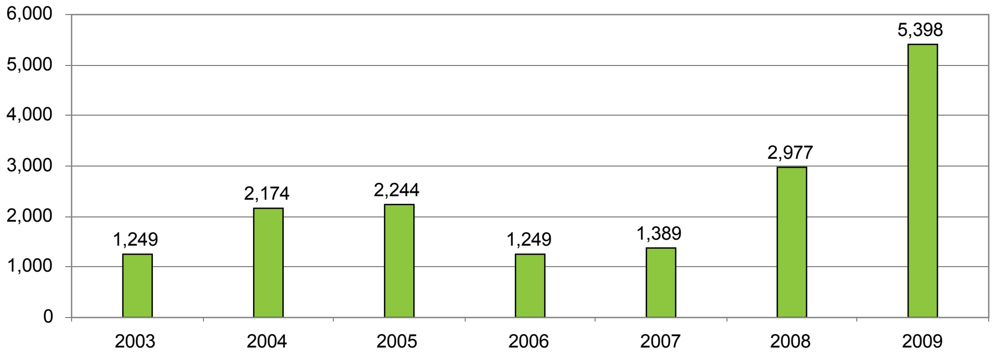


Source: Finnish Immigration Service, 2010.

In 2009 the Finnish Immigration Service received 6,573 applications for family reunification and formation, and 5,304 permits were granted (around 80% of the submitted applications). In addition, in the same year 3,993 residence permits were granted to students.[107]

Despite the lack of reliable data, it seems that irregular migration to Finland has significantly increased in the last two years. According to the National Bureau of Investigation 5,398 persons were irregularly residing in Finland in 2009 compared to 1,389 persons in 2007 (Figure 5).[108]

Figure 5: Irregular migrants, 2003-2009



Source: The National Bureau of Investigation, 2010.

Labour Market Impact

Finland has one of the fastest-growing ageing populations in Europe and therefore, the supply of the Finnish workforce is rapidly decreasing. In the long term, the demand for labour is expected to be the highest in the services, social and healthcare sectors. It is estimated that by 2025 the social and health care sectors will need 120,000 new employees (Ministry of Employment and the Economy, 2010) Some regions, especially Northern and Eastern Finland are likely to face significant labour shortages in the future.

The economic policy outlined in the 2007 Government Programme[109] aims at providing better conditions to create more jobs and boost productivity growth. Labour shortages are seen as the biggest threat to strong economic expansion. Therefore, the government aims at boosting labour supply by encouraging later retirement, improving

107 Finnish Immigration Service, 2010.

108 Statistics for 2000-2002 are not available.

109 A new government was appointed in Finland in June 2010 and continues the implementation of the Government Programme 2007. There will be parliamentary elections in Finland in April 2011. The Government Programme of Prime Minister Matti Vanhanen's second Cabinet 19.4.2007 available at http://www.vn.fi/tietoarkisto/aiemmat-hallitukset/vanhanenII/hallitusohjelma/pdf/en.pdf
Government statement to the parliament on the Government Programme of Prime Minister Mari Kiviniemi's government appointed on 22 June 2010 available at http://www.vn.fi/hallitus/hallitusohjelma/pdf/en.pdf

the link between labour supply and demand, decreasing unemployment to below 5 per cent, and boosting the employment rate to 75 per cent. In addition to labour shortages, the main inefficiencies of the Finnish labour market include structural unemployment, high proportions of employees in fixed-term contracts, and big regional differences in labour supply and demand.

According to a study conducted by the Ministry of Employment and the Economy in 2007 (Tuomaala, Torvi, 2008), immigration can compensate for the projected decrease in Finland's labour supply only if net immigration increases considerably from its current level and the migrants' labour force participation is higher than at present. The study suggests that Russia and Poland are the potential sources of labour immigration to Finland due to their geographical and cultural proximity, large population and high educational standards.

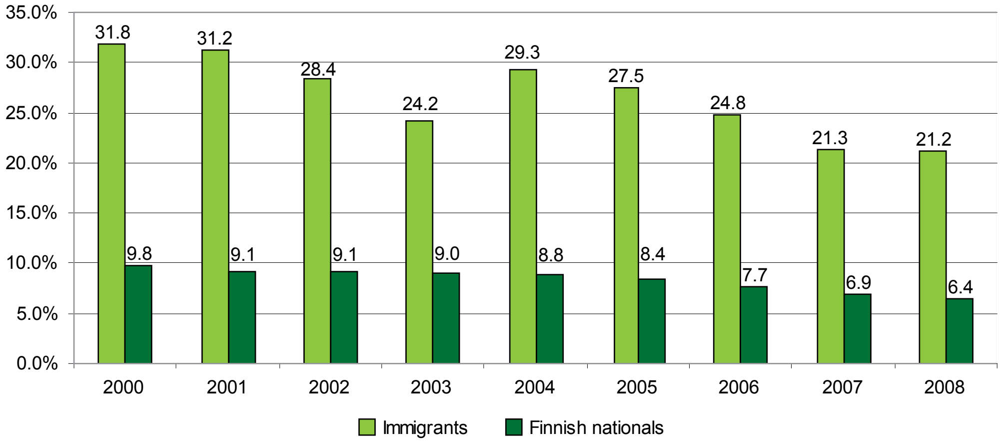
Industry's share in the conomy and employment has traditionally been high in Finland. For a long time, Finland specialized in timber and metal-working. Today, it is one of the most specialized countries in information and communications technology in the world with a respective export share of 17.6 per cent in 2008. During the past decades, the share of agriculture as part of Finland's GDP has dramatically declined, and the services sector has developed slowly by international comparison.

The economy of Finland was in recession in 2009 with a -7.6 per cent GDP growth rate, after expanding by 4.9 per cent in 2007 and a subsequent slowdown in 2008 (1.2%). The economy is currently settling into a slow path of recovery. It is estimated that the Finnish economy will grow by 1.1 per cent in 2010, and approximately by 2.4 per cent in 2011 (Statistics Finland; Ministry of Finance, 2010).

The unemployment rate reached 8.2 per cent in 2009 (9% for men, 7.6% for women), constituting a 1.8 percentage point increase compared to 2008 when unemployment was at its lowest in a decade at 6.4 per cent. The employment rate was 68.3 per cent in 2009, which was 2.3 percentage points lower than a year earlier.

Eighty per cent of foreign nationals living in Finland are of the working age (15 to 64 years old) compared to only 66 per cent of Finnish nationals. According to the Ministry of Employment and the Economy (Tuomaala, Torvi, 2008), in 2007 the labour market status of foreign nationals in Finland was weaker than that of Finnish nationals. The gap between the employment rates of native and migrant workers was relatively large. The labour force participation rate was low especially for recent immigrants, and the unemployment rate among immigrants was more than twice that of Finnish nationals (Figure 6). The unemployment rate of migrants was at its lowest of 21.2 per cent in 2008 while the same rate for the Finnish natives was at 6.4 per cent. However, due to the recession in 2009 the unemployment rate increased again (26.5 % for migrants).

Figure 6: Unemployment rate of migrants and Finnish nationals, 2000-2009



Source: Ministry of Employment and the Economy, 2009.

The unemployment rate differs significantly between different regions in Finland and among migrant groups, being the highest among refugees and women (45%-65%) as well as among migrant from specific countries such as Iraq or Afghanistan (Table 2)

Table 2: Unemployment rate of third-country nationals by country of origin, 2009

Iraq	71.2
Afghanistan	67.1
Sudan	63.1
Somalia	59.7
Iran	54.9
Morocco	50.6
VietNam	40.0
Russia	35.9
Thailand	32.9
Turkey	28.9
Ukraine	25.0
Bosnia and Herzegovina	21.7
United States of America	13.7
China	12.6
India	11.9
Japan	11.6
Canada	7.6

Source: Ministry of Employment and the Economy, 2009.

Due to the high unemployment rate of migrants in Finland, the Ministry of the Interior appointed a rapporteur in 2008 for a project on employment obstacles and low-wage traps faced by migrants. The rapporteur identified several employment obstacles, such as: inadequate language skills, inadequate training, lack of knowledge of the Finnish culture, society and working life, employers' negative attitudes and doubts about sufficient language and professional skills of migrants, exaggerated standards for language skills, fear of extra expenses for the orientation of migrant employees, and lack of resources and knowledge on the part of authorities.[110]

Language skills (a sufficient command of Finnish or Swedish) and sufficient professional skills constitute a precondition for migrant employment in Finland. Migrants' job prospects normally improve over the years. In 2008, the employment rate of migrants from Somalia was only 29.8 per cent, but for those Somalis who came to Finland in the early 1990s it reached 58 per cent in 2007. Moreover, migrants' employment opportunities are very strongly affected by economic fluctuations. During an economic upswing, migrants have better chances of finding work, including jobs with higher skills requirements.

Migrants tend to be overqualified more often than native employees, and they more often work in low-income jobs with short-term employment contracts. The catering, cleaning and construction sectors largely provide migrants with entry jobs. Previous work experience in Finland seems to be a crucial prerequisite for being employed in accordance with skill level. Typically, migrants have been able to find work matching their professional skills through various labour administration measures (such as continued vocational training and language training), or through their Finnish contact networks.[111]

Highly educated migrants do not necessarily find employment easier than low-skilled migrants. The Employment and Economic Development Office of the city of Turku carried out and administered a European Social Fund project in 2000-2007, which aimed at promoting the employment of highly educated migrants in Finland. The evaluation of the project shows that continuing education opportunities provided to highly educated migrants in Finland can improve their chances to find employment by qualifying them for the requirements of the Finnish labour market. Moreover, continued training can be a precondition for employment, especially in the healthcare sector.

The number of migrants working as entrepreneurs in Finland is high. There were approximately 6,420 enterprises in Finland owned by migrants in 2006, and some 2,300 of these were located in Helsinki. Over 30 per cent of the enterprises were owned by migrants from the EU15, 30 per cent by migrants from Estonia, Russia, and other European countries, 20 per cent by migrants from Asia (mainly Turkish, Vietnamese, Thai and Indian). These enterprises had approximately 17,900 paid employees who are mainly other migrants. Most of the enterprises owned by migrants operate in the service sector, including 10 per cent that provide knowledge-intensive business services.[112]

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110 Arajärvi, Pentti, *Project report on Employment of immigrants and inactivity traps*, Ministry of the Interior, 2/2009.

111 Forsander, Annika & Alitolppa-Niitamo, Anne, *Maahanmuuttajien työllistyminen ja työhallinto – keitä, miten ja minne?*, Työhallinnon julkaisu Nro 242/2000.

112 Source: Työ- ja elinkeinoministeriö, *Yrittäjyyskatsaus 2008*, Työ ja yrittäjyys –julkaisuja 25/2008, available at http://www.tem.fi/

Direct recruitment of the foreign labour force mainly occurs in the health care sector. In 2009, the hospital district of Helsinki and Uusimaa signed an agreement with a private recruitment agency Opteam on the recruitment of nurses from the Philippines. Initially 20 nurses will be recruited to Helsinki University Central Hospital in 2010. Opteam centres in the Philippines provide training in Finnish to nurses that will be recruited to Finland. Laurea University of Applied Sciences is responsible for the continuing education of these nurses in Finland so that their qualifications meet Finnish requirements for health care professionals. There is a tentative plan to sign a cooperation protocol between Finland and China concerning labour migration in 2010.

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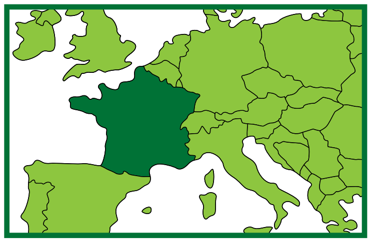
FRANCE

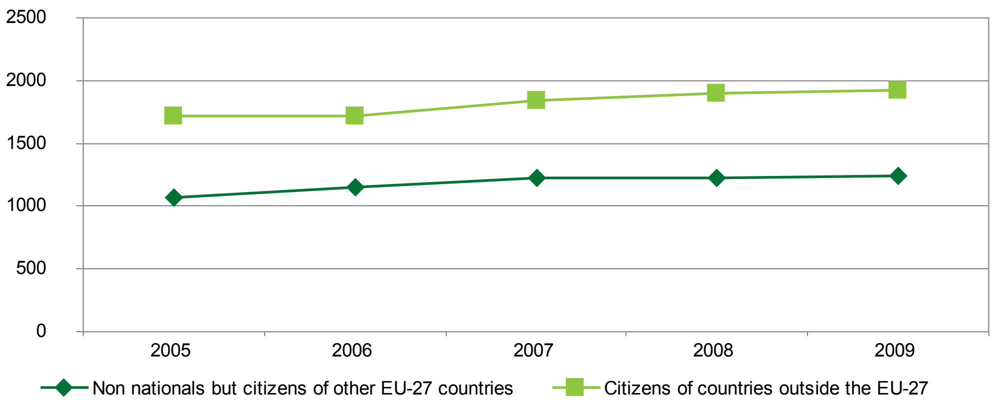
Jamal Bouoiyour[113]



Migration Trends

France has a long immigration tradition, and in particular over the last decade has experienced a steady increase in immigration. In 2009 migrants accounted for 5.2 per cent of the total population (Eurostat). A focus on the last five years points out a slight increase of foreigners coming from both other EU Member States and third countries (Figure 1). As depicted in the following figure, the majority of foreigners are third-country nationals, while intra-EU mobility accounts for around 39 per cent of migrant stock.[114]

Figure 1: Foreign nationals of the EU and third countries in France, thousands, 2005-2009



Source: Eurostat.

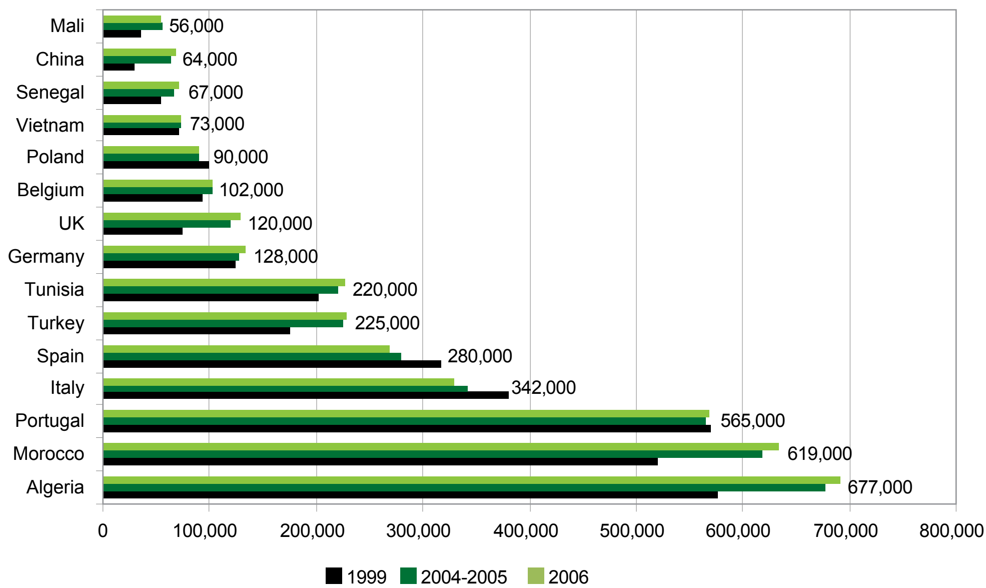
[113] Dr. Jamal Bouoiyour is Associate Professor in Economics at the University of Pau, France. He is actively involved in the EU-funded Euro-Mediterranean network of economics institutes project (FEMISE).

[114] According to Mouhoub and Oudinet (2006), among the foreign population coming to France from another UE member State (39.5% in 2006), only 20.1% are EU nationals while 17.7% are immigrants with an European nationality and 1.7% third-country nationals..

Although between May 2006 and February 2007 20 per cent of the French labour market was opened up to EU8 citizens, the number of EU nationals did not undergo any change. One reason for this could have been the simultaneous total opening up of labour markets in the United Kingdom, Ireland, Sweden, Spain, Finland, Greece, Portugal and Italy that attracts the majority of the new wave of migrants from the EU8 (Trésor Eco, 2010). Several elements explain why the attractiveness of France remains weak: rather strict migratory regime, language barrier, high cost of living. In January 2007, Romanian and Bulgarian nationals responded more actively to the opening of the French labour market, perhaps due to mobility restrictions still imposed by other Member States. The recent extension of the 150 trades list to these two countries has also led to growing immigration flows in 2008. But it seems that in 2009, flows of workers from both countries have clearly slowed, probably because of the economic crisis (Trésor-Eco, 2010).

A long historical tradition of immigration is mirrored in nationality proportions, with Algerians and Moroccans being top ranked (with 677,000 and 619,000 persons respectively), followed by Portuguese and Italians (565,000 and 342,000 respectively) (Figure 2).

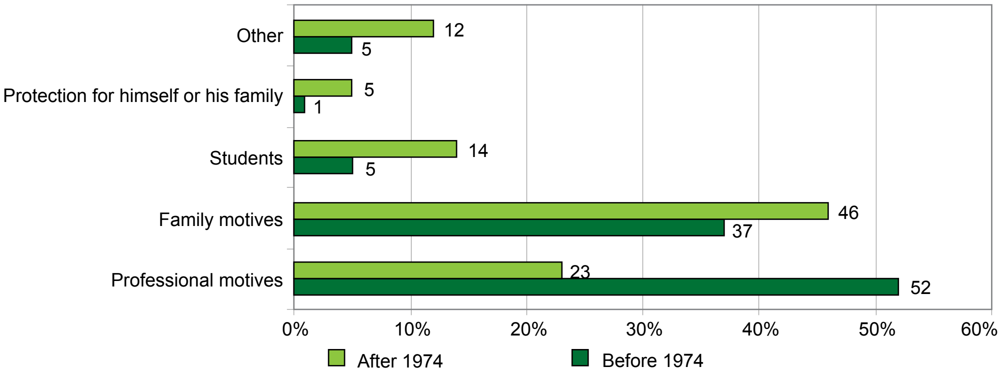
Figure 2: Immigration by origin, 2006



Source: National Institute for Statistics and Economic Studies (INSEE), January 2006.

Labour immigration was suspended in 1974, and the majority of subsequent arrivals came through the family reunification channels. Migration for employment purposes picked up slightly in the past few years as a result of legislative changes (Figure 3).

Figure 3: Immigration by purpose of entry (1), 2008



Source: Insee, 2008.
(1) Immigrants aged 18-74 years who came to France after the age of 18.

In 2008, the foreign workforce was predominantly male (57.8% against 52.1% for the French labour force) (Table 1). However, since 2004 a feminization trend in the labour market should be noted both for nationals and migrants. While the number of Portuguese persons among labour migrants has decreased in the last years (from 24% in 2004 to 19% in 2008), they still represent the most relevant group of labour migrants with around 300 thousand workers. Moroccans and Algerians represent 11 per cent and 10.5 per cent of the migrant worker population respectively, yet their share has decreased during the past year and the number of third-country nationals from Africa has increased (from 11.5% in 2004 to 14.5% in 2008).

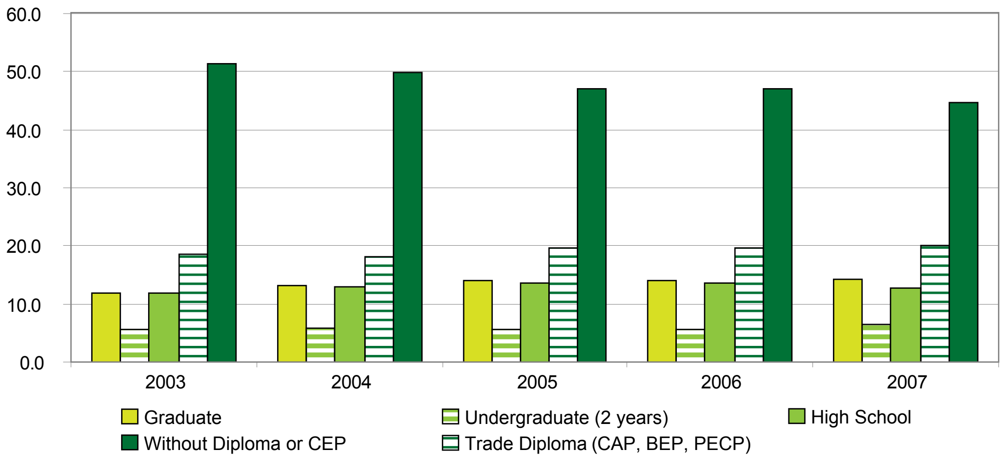
Table 1: Labour force by nationality and sex in metropolitan France, 2008

	Men	Men %	Women	Women %	Total	Total %
Native-born labour force	13,687,830	93.8	12,567,124	95.0	26,254,954	94.4
Foreign-born labour force	902,033	6.2	658,506	5.0	1,560,539	5.6
Europe (including the CIS)	348,868	38.7	313,985	47.7	662,853	42.5
European Economic Area and Switzerland	331,249	95.0	288,477	91.9	619,726	93.5
Among which Portugal	164,920	49.8	138,447	48.0	303,367	49.0
Other Europe (including the CIS)	17,916	5.0	25,508	8.1	43,127	6.5
Asia and Oceania	121,347	13.5	71,263	10.8	192,609	12.3
Africa	396,332	43.9	238,328	36.2	634,660	40.7
North Africa	271,053	68.4	135,066	56.7	406,119	64.0
among which Algeria	114,789	42.4	48,021	35.6	162,810	40.1
among which Morocco	108,380	39.9	65,465	48.5	173,845	42.8
Other countries African	125,579	31.7	103,262	43.3	228,541	36.0
America	35,486	3.9	34,218	5.2	69,704	4.5
Stateless persons & refugees	0	0.0	713	0.1	713	0.1
The total labour force	14,589,863	100.0	13,225,630	100.0	27,815,493	100.0

Source: INSEE, Annual Labour Force Survey.

During the past 25 years, the educational level of migrants has significantly increased. Two features are particularly significant: a) the proportion of migrants without a degree or holding a CAP (trade diploma) has halved (from 80% in 1982 to 40% in 2005), b) the proportion of migrants with higher education degrees quadrupled (from 6% in 1982 to 24% in 2005) (Centre d'Analyse Stratégique, 2010). The analysis of the evolution of education levels for working age migrants (15-64 years) between 2003 and 2007 (Figure 4) confirms this trend, though clearly points out that more than 40 per cent of migrants are still without any educational attainment.

Figure 4: Education level of migrants, 2003-2007



Sources : INSEE, Employment survey.

Concerning the distribution of levels of education there is a high diversity among the various migrants' regions of origin. For example, the proportion of graduates among migrants from Western Europe, America, Oceania and the Far East is some three times higher than natives. In contrast, other groups include high proportion of people without diplomas, such as migrants from Southern Europe and North Africa (INSEE, Enquête Emploi 2005).

In any case, the rate of recognition of qualifications obtained abroad is very low. In France, in order to obtain a formal recognition of their studies abroad or their foreign diploma, migrants may apply to the university chancellor. Yet, only one out of ten migrants followed such procedures, since most of them do not believe that recognition of qualifications will allow them to gain a labour market advantage. (Monso and Gleizes, 2009).

Labour Market Impact

Traditionally migrants were supposed to exhibit socioeconomic characteristics which differ from those of natives: migrants are typically younger, predominantly male, concentrated in larger cities, less educated, their occupations are less skilled even for comparative training and experience levels and they are more often unemployed.

In 2008 the employment rate of French-born citizens was still higher than that of foreigners. Male migrants have improved their position (the employment gap dropped from 3.3 in 2002 to 2.1 in 2008) while the same conclusion could not be traced for female migrants (the employment gap rose from 6.1 in 2002 to 6.3 in 2008). Migrants show inferior inclusion in the labour market also in terms of unemployment rates, which are double that of natives (Table 2).

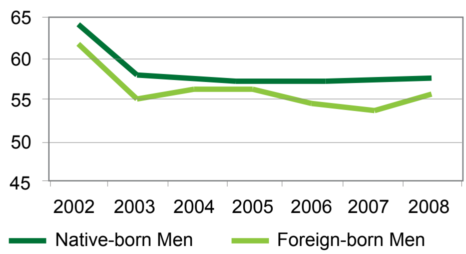
Table 2: Labour market and migrants outcomes, 2002-2008

Macroeconomic indicators				
	2002	2004	2006	2008
Annual growth %				
GDP by value	3.4	4.1	4.7	2.8
GDP by volume	1.0	2.5	2.2	0.2
Unemployment	8.69	9.19	8.8	7.4

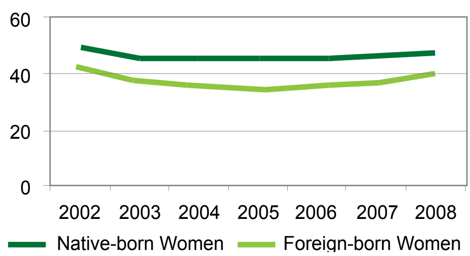
Employment rate (%)				
	2002	2004	2006	2008
Native-born men	61.7	57.6	57.1	57.6
Foreign-born men	64.0	56.2	54.6	55.7
Native-born women	49.0	45.8	46.1	47.4
Foreign-born women	42.9	36.6	36.8	40.1

Unemployment rate (%)				
	2002	2004	2006	2008
Native-born men (1)	7.1	7.4	7.5	6.3
Foreign-born men (2)	15.5	13.9	13.7	12.5
Native-born women (3)	9.5	9.2	9.0	7.4
Foreign-born women (4)	17.7	18.0	17.9	13.9
Ratio (2)/(1)	2.18	1.83	1.81	1.97
Ratio (4)/(3)	1.86	1.96	1.99	1.89

A : Employment rate (Men)



B : Employment rate (Women)



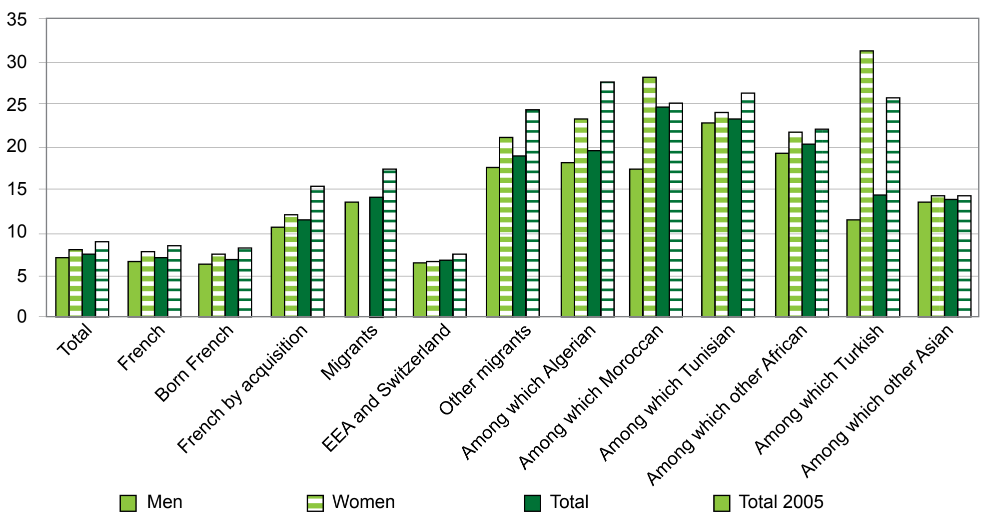
Sources : INSEE, World Bank.

A different pattern of integration in the labour market can be observed for third-country nationals and EU migrants. In general, migrants of Spanish or Portuguese origin are much better positioned (measured in terms of periods of unemployment or job instability they have suffered) than persons originating from Algeria, Morocco or Turkey. The latter are three times more likely to be unemployed than the natives, partially because of lower skill levels than that of all other migrants (particularly in comparison to European migrants) and poor knowledge of French (for migrants of Turkish origin) (INSEE, 2004-2008).

In 2008, the activity rate among French-born citizens was 70.3 per cent, while 64.1 per cent of foreigners were active. However, while the nationals of the European Economic Area and Switzerland have a participation rate of 72.3 per cent (higher than natives), third-country nationals registered a rate at 59.6 per cent (INSEE). Whereas over the last three years the activity rate has remained relatively stable among the French, it has increased for most nationals of third-countries, irrespective of gender, but especially for men. The male participation rate is the lowest among French-born men (73.4%), whereas it reached 76 per cent for foreigners and notably 80.3 per cent among French citizens who have been naturalized, so as to suggest a positive influence of political inclusion.

Regarding the employment rate, nationals from the EU/EEA and Switzerland have a rate at 65.9 per cent, and 49.9 per cent of third-country nationals are employed, though with a great variance between men and women (62.7% against 37.5%).[115] Third-country nationals register a rate that is more than two and a half times higher than for nationals (17.7% against 6.5% in 2008). At the same time, nationals from the EU/EEA and Switzerland show the lowest rate (6.5%) (Figure 5). Female migrants coming from Turkey and Morocco show an evident difficulty in entering in the labour market (unemployment rate at 31.4% and 28.2% respectively) and, in addition, a high unemployment gender gap within their nationality group (20 and 10 percentage points respectively). Boissard (2006) shows that after introducing control variables (age, sex, level of education and marital status) unemployment continues to be significantly higher for foreigners than for French nationals. For example, in 2002 a French female, living in Ile de France, aged between 20 and 40 years, single and without child has a 20.6 per cent likelihood to be unemployed, compared to a foreigner at 43 per cent.

Figure 5: Unemployment rate by sex and country of origin, 2008



Source : INSEE.

[115] Among Turkish the employment gender gap reaches a peak of 58.2 percentage points (employment rate at 73% versus 14.8%).

Generally, in France migrant women face more difficulties in access to employment than men. Migrant women are more likely to occupy part-time jobs, precarious or low-skilled positions, and their possibilities of promotion and professional mobility remain limited (High Council for Integration, 2009).

In the same vein, second generation migrants have more difficulties in finding employment than other young people regardless of their level of education and employment sector, private or public (Centre d'études et de recherches sur les qualifications (CEREQ), 2007). Thus the CEREQ survey (2007) shows that in 2004, 67 per cent of young people at Bac +3 level finds a job quickly and permanently versus 63 per cent of young migrant descendants.

Educational attainments seem not to have any impact on the integration of migrants in the French labour market. In fact, the unemployment rate for migrants remains almost the same regardless of their educational level obtained (Table 3). Furthermore, Verdugo (2009) has shown that the probability of unemployment for a migrants without diploma is 9.4 per cent higher than the one of native males and 8.5 per cent for females

Table 3: Employment, Activity and Unemployment rate by nationality and education levels (1) by education levels, 2008

		Employment rates		Activity rate		Unemployment rate	
		Men	Women	Men	Women	Men	Women
Without Diploma or primary level	Migrants	65.1	37.8	73.7	45.9	11.8	17.7
	Nationals	60.0	46.0	67.3	53.0	10.9	13.2
Secondary	Migrants	70.2	51.9	81.2	59.3	13.5	12.5
	Nationals	72.6	62.5	77.3	68.1	6.0	8.1
Higher education	Migrants	72.4	57.7	83.1	65.5	12.9	11.8
	Nationals	85.4	81.4	88.7	85.1	3.7	4.4
Total	Migrants	68.6	46.9	78.6	54.7	12.7	14.3
	Nationals	73.4	64.8	78.2	70.1	6.2	7.6

(1) Population 15 years and over.

Source : INSEE, Employment survey.

Despite the high unemployment rate registered for migrants, there are several sectors of the economy that face persistent labour shortages. They encompass low-skilled as well as high skilled occupations: personal services by 2015 (+416 000 jobs), transport and tourism (+225 000 jobs), commerce (+196,000 jobs, including 135 000 low qualified) and construction and public works (+116 000 jobs) are the main creators of unskilled jobs, while health jobs (+304,000 jobs, mostly high skilled jobs), IT (+149,000 jobs) and management (+197,000 jobs of which at least 131,000 skilled jobs) are net creators of high skilled jobs. In addition, the need to replace retiring workers is important in some sectors: construction and public works (413,000 retirements in 2015), tourism and transport (444,000 separations), management-administration (641,000 departures), commerce (453,000 departures), personal services (790,000 departures) and the Public Service (500,000 departures). Thus, as in some areas significant employment growth coincides with a significant number of retirements, in the next years professional immigration seems inevitable. (Directorate General of Treasury and Economic Policy, 2009)

The more noticeable change in the French economy (as well as in many developed countries) during the 1990s was the increased share of tertiary activities at the expense of industry and construction. This phenomenon has continued in the 2000s, but at a slower pace. These changes have an impact on migrants since they were predominantly working in the manufacturing sectors in the two previous decades than now. Textile industries and mines which used to employ many migrants have declined.

In 2007, they were predominantly workers or employees: it was the case for 62 per cent of them (35% unskilled) versus 51 per cent of active natives. Migrant women are more often employed in unskilled positions than active natives (1/3 versus 1/5) and are more often employed part-time (34% versus 28%). In the Ile-de-France (where 40% of migrants live), 69 per cent of employees in the cleaning business and 66 per cent of people employed by households are migrants (Perrin-Haynes, 2008).

The degree of social integration of migrants directly affects their performance (wages, employment, participation) in the labour market. Fluency in French plays a very important role among individual features, which determine insertion quality significantly. The probability to benefit continuously from a stable occupation is strongly enhanced by fluency in French (+10%) (Boissard, 2005).

A general consensus on the impact of migration on the national labour market suggests that migration has a very small effect relatively to inequalities between skilled and unskilled employees on the labour market and leads to significant job creation (Cahuc et Fougère, 2002). More generally, migration has a positive impact on activity: a uniform increase in the population boosts the level of productive employment and thus GDP, leaving the native standard of living unchanged. For example, if 50,000 migrants with identical characteristics to those of the resident population were to enter the French territory they would increase the production potential of the economy by 0.1 per cent of GDP without any marked effect on GDP per capita (Trésor-Eco, 2010).

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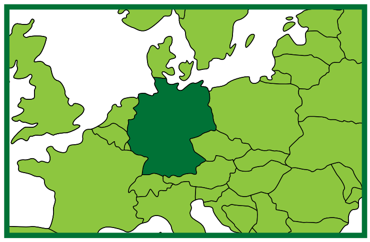
GERMANY



Amelie F. Constant, Bienvenue Tien, Anastasia Xidous[116]

Migration Trends

According to the Federal Office for Migration and Refugees (BAMF, 2010) there were 7.2 million foreigners living in Germany as of the end of August 2009. With the total German population being 82.1 million, foreigners constitute about 8.7 per cent of the entire population.[117]

The idiosyncrasies in immigration and naturalization laws[118] in Germany as well as labour market laws have shaped both the quantity (flow and stock) and quality (skill level) of migrants in Germany over the last fifty years. Since the early 1960s, there has been a steadily growing number of migrants coming to Germany. By 1973, the year of the labour migration ban, foreigners accounted for 6.4 per cent of the total population. The ban did not stop immigration, and in 1989 the share of foreigners out of the total population reached eight per cent.

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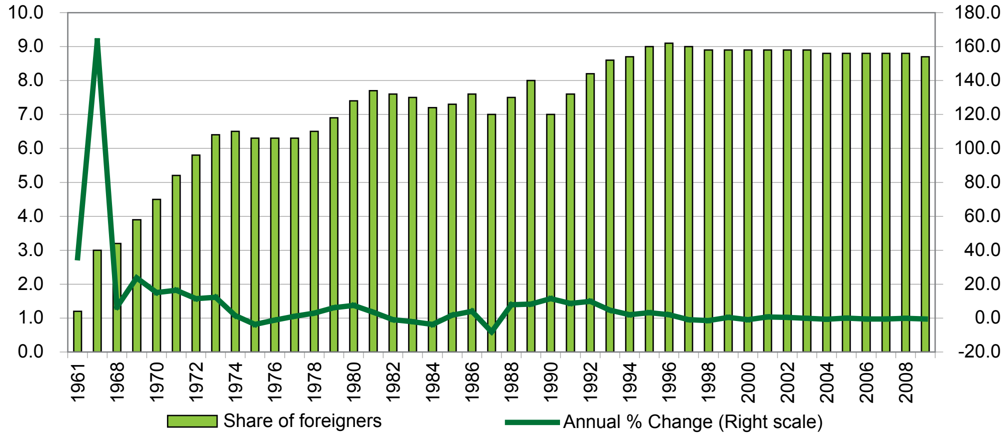
117 According to the traditional German distinction between native Germans and migrants, natives are all individuals who descend from the German people or "Volk." Migrants are basically individuals with "foreign" blood and passports. The migrant categorization includes these foreigners and their descendants. Until 2005, migrants in Germany were classified according to their passport or nationality. Therefore, the classification into second and third generation migrants is valid, as these children may have been born in Germany, but may have the passport of their foreign-born parents. The exception to the foreign-born classification is the group of ethnic Germans, who – while they were born and raised abroad and they often do not speak the German language nor are they familiar with the German culture and laws – are considered to be German nationals and soon after their arrival to Germany they disappear from the statistics as foreigners.

118 Currently in Germany, both the *jus sanguinis* or "law of blood" and the *jus soli* or "law of soil" are recognized. Accordingly, second generation migrants are entitled to German citizenship at birth if their parents are permanent residents. If they are not born in Germany, they should have 8 years of residency including 6 in primary education and 4 in secondary. Between the ages of 16 and 23 and in absence of criminal conviction, the second generation is qualified for dual citizenship. Nowadays, legal migrants or foreign residents living in Germany are classified in the following categories: guestworkers and their descendents, EU nationals, other migrants from the former Soviet Union, kinship migrants, seasonal and temporary workers, temporary IT specialists, refugees, asylum seekers, and ethnic Germans. In addition, there are irregular or undocumented migrants.

Figure 1: Evolution of the Foreign Population in Germany: 1961-2009[119]

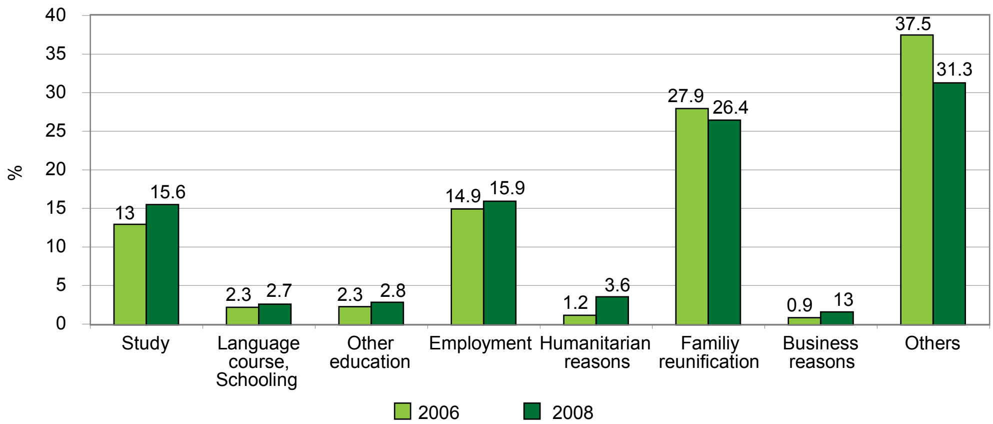


Source: BAMF, 2010; Foreigners in figures, 2009.

The number of asylum seekers in Germany has shrunk over time. In 1995, over 160,000 people filed for asylum in Germany but only about 33,000 applications were filed 14 years later (BAMF, 2010). Acceptance rates have also been falling from about 9 per cent in 1995 to only 1.6 per cent in 2009. Comparing unemployment rates and the number of asylum applications in the past ten years, asylum seekers seem to be aware of the overall job market conditions, since the number of asylum applicants has been moving in the opposite direction of unemployment rates.[120]

The primary type of entry in Germany is family reunification despite a slight decrease from 27.9 per cent in 2006 to 26.4 per cent in 2008. Employment is the second most widespread reason for migration (15.9%), followed by study (15.6%).

Figure 2: Type of entry, 2006 and 2008



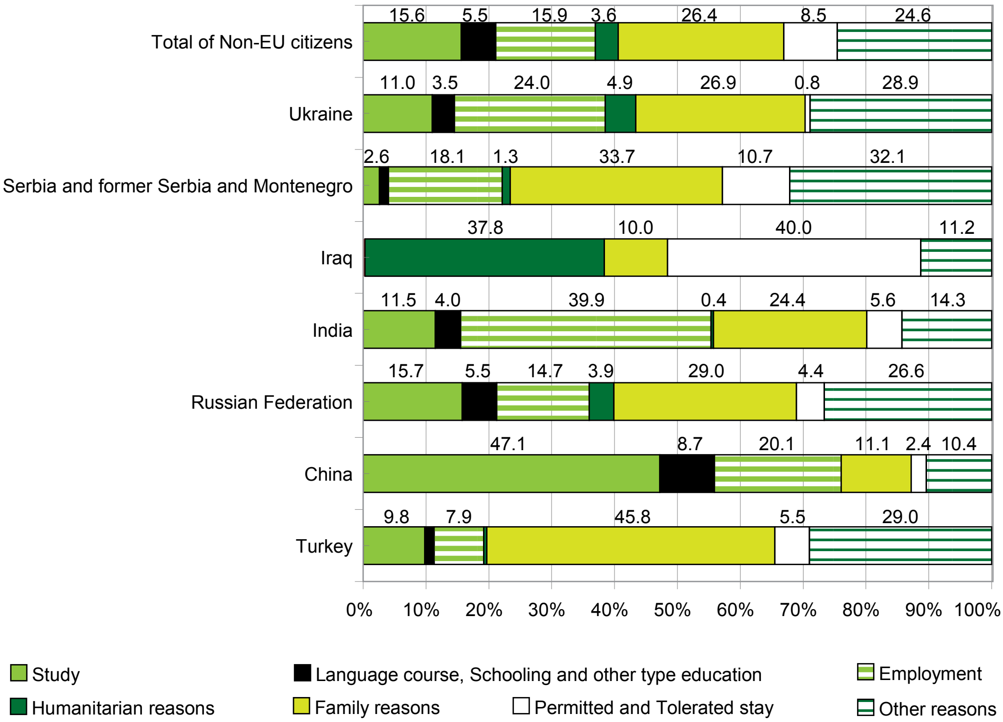
Source: BAMF, Annual Report 2007 and 2009.

[119] Statistics until 1990 refer to West Germany or FRG. Afterwards, they refer to the unified Germany.

[120] This fact confirms the findings of Zimmermann (1996), whereby the larger the unemployment problem in a potential European host country, the less likely it is that it will receive asylum seekers and refugees.

Family reunification is the predominant reason for entry among migrants from Turkey (45.8%), the former Yugoslavia (33.7%), and Ukraine (26.9%). Humanitarian reasons constitute the main motive for Iraqis to move to Germany (37.8%), and employment for Indians (39.9%) seems to be the main push factor. The majority of Chinese nationals move to Germany for studies (47.1%) (Figure 3).

Figure 3: Composition of migrants by entry type and country of origin, 2008



Source: BAMF, Annual Report 2009.

Until now, Germany has not opened up its labour market to new EU Member States after the 2004 and 2007 enlargements. However, since 2004 the net inflow of EU8 migrants in Germany has more than doubled compared to the four-year period before the enlargement. Among the EU8 migrants, Poles are by far the largest group accounting for 63 per cent. (Brenke et al., 2009).

Without immigration from the EU8, Germany would have had a net loss of migration. However, the composition of EU8 migrants in Germany has changed since the EU enlargement: recent migrants are comparably older and have lower levels of education.

The range of estimates of the total number of irregular migrants, most of whom can be assumed to have entered Germany for employment purposes, ranges from 100,000 up to 1 million people (BAMF, 2005). This makes up approximately 0.25 to 2.5 per cent of the national labour force.

An overwhelming majority of native Germans have a professional qualification (67.4%), compared with only 40.2 per cent of people with a migration background[121] (Microcensus, 2008). Another striking fact is that the majority of migrant women (62.4%) do not have any qualifications; as is the case for 57.2 per cent of their male counterparts. The majority of migrant women from Turkey, Greece, Serbia, Montenegro, and Africa lack any qualifications. In addition, foreigners between the ages of 45 and 55 as well as of the ages 55 and 65 tend to be less qualified.

Labour Market Impact

Germany is not only the most populated country in EU, but it also has the largest number of migrants. Migrant workers constitute about 10 per cent of the total labour force (D'Amuri et al., 2008).

Germany's highly regulated labour market structure, including institutionalized collective bargaining, and active union representation, differs from that of other typical countries that attract migrants. Germany's laws with respect to immigration, naturalization, trade intervention, taxes, education and family policy regimes create many impediments to the efficient functioning of the labour market. On the positive side, Germany has made tremendous strides in meeting the Lisbon goals and manoeuvred well through the recent economic crisis. It is also ahead of many countries in ecological innovation and the blossoming of green jobs.

The segmented structure of the German labour market constrains migrant integration. Wage differentials between Germans and migrants are affected by the segregation of migrants into the low-wage sector of the economy. Immigration laws as well as industrial or social barriers prevent mobility across sectors. Consequently, a disadvantaged group of migrants may remain disadvantaged and unable to break this cycle even over a long period of residence in Germany.

Recent changes in immigration law and reforms in the labour market have helped not only migrants but also natives (see Part 2 of the study). The progress that the authors have observed from the present analysis is not enough for migrants to catch up to natives. In fact, the gap with natives is widening with respect to employment, unemployment and education.

Regarding the impact of migrants on the employment and wages of natives, no negative findings could be confirmed. Bonin (2005)[122] finds, however, that an increase in the overall share of foreign workers by 1 percentage point decreases the wages of native German workers by 0.1 per cent, while Glitz (2006) finds that resident foreign nationals are more affected by ethnic German migrant inflows than the native German population, and did not establish any detrimental effects on relative

[121] The latest population census (Mikrozensus 2007) uses migrants -*"Migranten"* in German- instead of the previously used term foreigners - "*Ausländer*" in German- for a broader inclusion of ethnic minority individuals in the country's official statistics (see Economic and Crisis IOM-LINET study). In this way both German nationals and non-German nationals are classified as having or not their own migration background.

[122] Based on German Social Security Register Data for the period 1975 to 1997,

wages.[123] However, there is competition and friction between "old" migrant groups from the 1970s and new migrant groups. D'Amuri et al. (2008) confirmed that new and old migrants are perfect substitutes for one another, but imperfect substitutes for native Germans. It appears that Germany still cannot attract the skilled migrants it needs, and the majority of migrants are still low-skilled workers.

However, labour market shortages in Germany occur mostly due to structural changes and the business cycle, and lead to an increased demand for skilled workers that cannot be satisfied domestically.

Migrants differ substantially from natives in terms of their labour market outcomes, despite the high participation rate in both groups. In both 2005 and 2008 (Table 1), the overall employment rate of natives was about 11 percentage points higher than the overall employment rate of persons with migrant backgrounds.[124] The gap is much wider when we compare German women to migrant women. In 2008, while the employment rate of German women was 70 per cent, the rate of comparable foreign-born women was only 55 per cent. Looking at the unemployment situation of both groups, the situation is again less favourable for migrants. Overall, the unemployment rate of migrants is two times higher than that of their native counterparts. In 2005, while the unemployment of native Germans was 9.3 per cent, it was 18 per cent for migrants. Male migrants had the highest unemployment rate in 2005 with 18.1 per cent and migrant women in 2008 with 13.9 per cent.

Table 1: Labour force characteristics of natives and foreign-born, 25-65 years old, 2005 and 2008

		2005			2008		
		All	Men	Women	All	Men	Women
Participation Rate (%)	Foreign-born	74.7	86.1	62.9	75.3	86.7	64.3
	Natives	79.5	86.3	72.7	82.0	87.9	75.5
Employment Rate (%)	Foreign-born	61.5	70.5	52.1	66.2	76.3	55.3
	Natives	72.1	78.4	65.9	76.9	82.6	69.8
	Difference in % points	10.7	7.9	13.8	10.7	6.4	14.5
Unemployment Rate (%)	Foreign-born	17.7	18.1	17.1	12.1	12.0	13.9
	Natives	9.3	9.2	9.4	6.2	5.9	7.5
	Ratio	1.9	2.0	1.8	2.0	2.0	1.8

Source: Microcensus 2005, 2008.

123 Bauer et al. (2005) echo similar findings suggesting that the effects depend largely on the competitiveness of the local labour markets, meaning that the less competitive the markets are the larger are the risks for natives, at least in the short-run. The institutional setup of German labour markets such as wage rigidities and generous unemployment benefits can exacerbate negative results.

124 Persons with a migrant background include: a) All immigrants, i.e. persons immigrated into Germany within its today borders ever since 1950 (Germans and foreigners), b) All foreigners born in Germany – within its today borders – (including the ones naturalised by now), c) All Germans born in Germany – within its today borders – if at least one of their parents immigrated into Germany since 1950 or was born on German territory as a foreigner, i.e. with a non- German citizenship.

In 2008, the overall activity rate in Germany was 51 per cent (52% for native Germans with no migrant background and 48% for migrants). The age group with the highest activity rate in the labour market is the 35-45 group. Among all migrants in this age category the activity rate was 82 per cent. However, this figure is still well below the activity rates of Germans (91%) (Table 2).

Table 2: Activity rates by age groups, 2008

	All age groups	Age Groups					
		15 – 25	25 – 35	35– 45	45– 55	55 – 65	25 – 65
Entire population	51.0	52.5	83.5	89.0	87.3	58.6	80.7
With no migrant background (native Germans)	51.7	54.6	86.7	90.7	88.3	59.0	82.0
With migrant background (*engere sinne*)	47.9	45.9	74.4	82.0	82.1	56.3	75.3
With own migration experience	60.0	51.4	72.6	81.4	82.1	56.4	74.7
Foreigners (1st generation)	58.4	43.3	67.7	77.8	77.0	51.2	69.8
Without own experience (2nd and 3rd generation)	22.1	39.9	81.4	88.3	80.8	55.3	81.9

Source: Calculation based on data from the Federal Statistical Office 2010; Microcensus 2008.

Among all origin country/region groups, migrants from North America (60.2%) and the EU27 (59.4%) have the highest employment rates (Table 3). Migrants from Africa have the highest unemployment rates (22.3%), alongside nationals of Ukraine (32.4%), the Russian Federation (23%), and Turkey (18.8%).

Table 3: Employment and Unemployment Rates by Country of Origin and Age, 2008

	Employment Rate			Unemployment Rate		
	All	Men	Women	All	Men	Women
Total Population	47.2	52.7	41.1	7.5	7.4	8.8
Without migrant background	48.4	53.8	42.4	6.4	6.3	7.8
With migrant background	42.0	47.9	35.5	12.4	12.3	13.8
Foreigners	49.9	58.6	40.0	14.6	14.3	16.4
— with current Citizenship						
Europe	51.5	60.2	41.7	13.3	12.9	15.4
o EU-27	59.4	65.8	51.9	8.8	7.9	10.1
· Greece	57.6	62.3	53.0	10.7	11.8	--
· Italy	59.7	64.7	49.7	9.9	9.7	11.6
· Poland	58.1	68.9	48.9	12.2	10.0	16.3
o Misc. European Countries	45.2	55.5	34.1	17.6	17.3	20.9
· Bosnia and Herzegovina	57.8	63.8	55.2	10.7	10.4	11.7
· Croatia	56.6	60.0	51.7	9.2	11.0	8.7
· Russian Federation	40.7	45.1	31.9	23.0	25.5	29.7
· Serbia, Montenegro	47.0	57.5	35.5	15.7	16.0	17.0
·Turkey	42.8	56.4	27.0	18.8	17.7	23.8
· Ukraine	32.4	33.3	31.8	32.4	35.5	32.5

	Employment Rate			Unemployment Rate		
	All	Men	Women	All	Men	Women
Africa	45.2	54.5	28.9	22.3	22.0	24.3
Americas	52.4	59.1	43.0	12.4	10.3	15.7
o North American	60.2	65.4	43.2	--	--	--
Asia, Australia, and Oceania	42.2	51.5	33.2	20.6	20.7	21.4
o Near East and Middle East	35.3	43.5	23.6	31.7	30.8	34.1
· Kazakhstan	48.1	53.8	33.3	25.0	--	--
o South and South East Asia	47.9	61.9	38.4	14.2	12.0	19.5
Not Reported	29.6	--	--	--	--	--

Source: Microcensus 2008.

Furthermore, the labour market outcomes of EU8 migrants have changed since the EU enlargement. Brenke et al. (2009) found that the majority of the new EU8 immigrants are males, young and less educated compared to previous immigrant groups. Moreover, these recent EU8 immigrants are more likely to be self-employed than employed as wage earners, but conditionally on being employed or self-employed they earn less. They work longer hours in low-paid jobs and their net monthly income is the lowest, on average, among all migrant groups except the recent non-EU migrants. They are also 23.1 per cent less likely to be employed than natives and have the lowest labour force participation rate among all migrant groups except recent non-EU migrants (Constant, 2010).

In terms of sector distribution, patterns of native and migrant employment seem to converge (Table 4). Today's German service sector employs more than 45 per cent of all workers, including about 36 per cent of people with a migrant background.

Table 4: Migrants and natives by sectors of employment, 2008

	Total Number of Employed	Agriculture and Forestry (%)	Manufacturing Industry (%)	Trade, Customer Service, Communication (%)	Misc. Services (%)
Total Population	38,734	2.3	29.7	23.0	45.1
Without migrant background	32,194	2.5	28.8	21.9	46.9
With migrant background	6,540	1.1	34.0	28.4	36.4
With own migration experience	5,579	1.2	34.3	28.0	36.5
Foreigners	2,800	1.4	31.7	31.5	35.4
Native Germans	2,779	1.0	36.8	24.5	37.6
Without own migration experience	961	0.7	32.4	30.8	36.1
Foreigners	537	N/A	34.1	32.2	33.1
Germans (naturalized)	424	N/A	30.2	29.0	39.9

Source: Microcensus 2008.

Furthermore, an overwhelming majority of the workforce are clerical workers (55.5%) and low-skilled workers (27.4%). Migrants are overrepresented as low-skilled workers (43-44%). First generation migrants and natives have about the same rates of self-employment (11% and 10% respectively) (Microcensus, 2008).

Although there is very little statistical data available, some sectors are frequently mentioned in the context of frequent undeclared employment of foreigners. Referring to surveys (Enste, Schneider 2006), the main areas for undeclared employment are construction (38%), the service sector including hotel and catering (17%) and private household services (15%). With respect to the share of migrants, Enste and Schneider state with reference to econometric studies and some other methods that 10 per cent of undeclared workers are foreign nationals.

A few studies on the earnings of migrants – based on the German Socio-Economic Panel (GSOEP) – show that, in the male samples, there are significant and persistent wage disparities between natives and guest workers with the latter earning considerably less (Constant, 1998). However, in the female samples, women who are guestworkers earn more than their German counterparts. Both findings are better explained by labour segmentation.

In Germany, monthly net income is highly skewed. Individuals at the lower end who earn up to EUR 1,300 are clearly the majority. On the other end of the distribution, in the group of top earners (more than 4,500 EUR per month, native Germans represent over 89% while foreigners represent only 5%). (Federal Statistical Office, May 2009). Both male and female migrants with domestic (tertiary) qualifications tend to earn more than those who have acquired their qualifications abroad (OECD, 2008).

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GREECE

Apostolos Kapsalis[125]

Migration Trends

Throughout the twentieth century, Greece experienced migration flows mainly in the form migrant and refugee returns of those with Greek origins (Kassimatis, 2003). The first comprehensive survey of the migrant population is the Census of 2001. According to this source, there were 797,091 foreigners[126] in Greece, of whom 762,191 were permanently established in the country. This number represents an important increase from 1.7 per cent in 1991 to 7.3 per cent in 2001 as a share of the total population.

A particular category of migrants in Greece is composed of ethnic repatriates (*homogeneous*),[127] which are estimated to amount in 2004 to 200,000 persons out of a total of 1.15 million foreigners (Baldwins- Edwards, 2004) and in mid-2008 to 230,000 out of a total of 1.11 million foreigners (Triantaffylidou and Maroufof, 2008). Greek legislation provides more favourable treatment to the migrants with an ethnic Greek background in comparison to other migrants, particularly with regard to residence and work permits or the acquisition of Greek citizenship.

According to data provided by Eurostat, Greece has experienced an increase in its foreign population in the last decade, from 298,000 in 2000 to 815,500 in 2009. The vast majority of foreign nationals are from third countries and constituted 6.2 per cent of the total population in 2009.[128] Unfortunately, this survey is not sampled with the

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126 Included are ethnic repatriates and EU nationals. This number is likely to be underestimated as irregular migrants are not included in official statistics and in addition because many of those repatriated from former Soviet Union countries, ethnic repatriates (*Homogeneous*), or those *homogeneous* from Albania (*Voreioeipirotes*) had acquired Greek nationality before the Census.

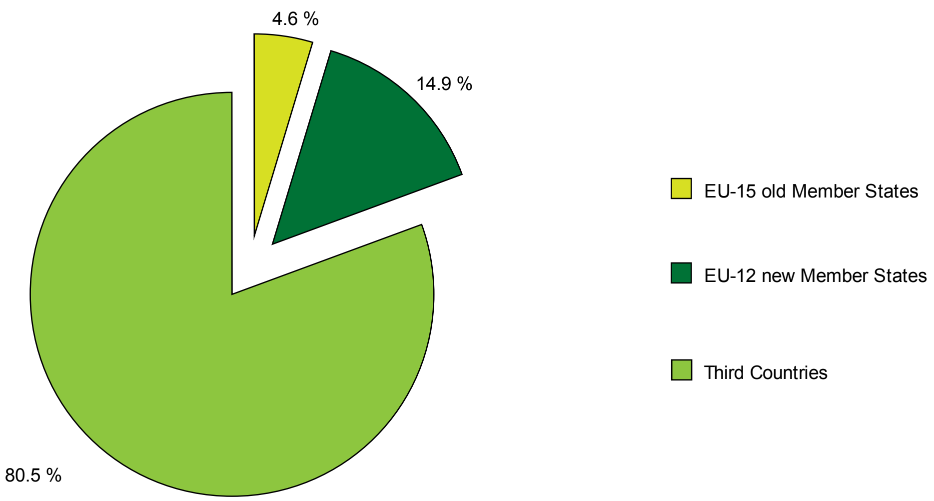
127 A *homogeneous* is a foreigner linked to Greece by common language, religion, traditions and Greek national conscience.

128 By comparison, citizens from other EU member states account for 1.3% of the total population.

migrants in mind; hence data for migrant population may not be reliable. In particular, it provides for a much lower number of migrant residents than accounted for in the 2001 Census.

Recent data based on the National Statistical Service of Greece (ESYE) from the 'Ad hoc Module on the Labour Market Situation of Migrants and their Immediate Descendents' in 2008, confirm that around 80 per cent of foreigners are third-country nationals (Graph 2). The vast majority of them come from the Western Balkans (65%), while Albania accounts for 57.5 per cent of foreigners in the country (Census, 2001). Other important groups of migrants come from the former USSR and Asian countries, such as Pakistan.

Figure 1: Foreigners by country of origin, 2008



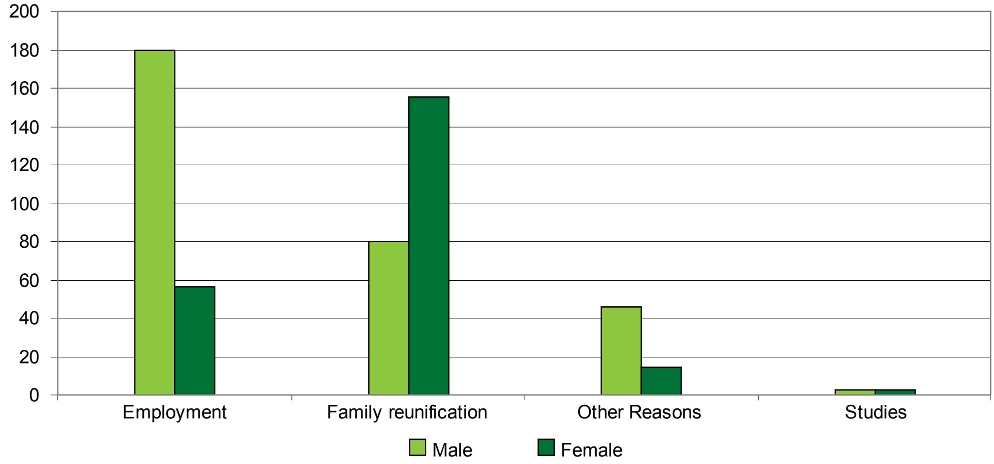
Source: National Statistical Service of Greece (ESYE), 2008.

In 2009,[129] the analysis of permits of stay shows that the main reasons of entry were for employment (236,254 permits, namely 44.0% of the total granted), and family reunification (235,185 permits, 43.8%) Less than one per cent arrived for study.[130] Regarding gender composition, female migrants represent nearly half of the total number of foreigners (42.6%), yet a great difference is observed respective to the reasons of stay: just 24.8 per cent of them arrived for economic reasons (58.3% of men), while the majority (67.9%) come for family reasons (25.9% of men) (Figure 2).

129 Ministry of the Interior. Data on the 31 October 2009.

130 Finally, around 11.2% replied "other reason", without further information.

Figure 2: Permits of stay by reason 31st October 2009



Source: Ministry of the Interior.

According to the 2001 Census, immigrants have an average educational level similar to that of natives (Maratou-Alipanti and Gazon, 2005). Yet, the foreign-born coming from the EU-15, America, Australia and New Zealand show higher education levels than those coming from the former USSR, Albania, other Western Balkan countries and Asia (Kanellopoulos, 2008).[131]

Some of the findings from a survey on the capital area (Kapsalis, 2004) suggest that a) one third of the respondents have irregular status, b) two thirds of them find it difficult, very difficult or impossible to renew their residence permit, and c) they mention *paperwork* and *stamps* as major obstacles to the renewal (see Part 2).

Between 1997 and 2008, a very large number of migrants were constantly in an irregular situation. It is relatively common for a legal migrant to become irregular in status due to cumbersome administrative procedures and limited possibilities to take part in a regularization programme. The exact number of undocumented migrants (as well as holders of valid residence permits) cannot be accurately determined even after the creation in 2004 of an electronic database by the Ministry of the Interior. The first comprehensive attempt to use these unpublished statistics (Baldwins-Edwards, 2004) showed some methodological errors, since in January 2004 the number of valid permits was 509,168 while in September 2004 only 250,068. According to various studies (Kanellopoulos et al., 2006; Zografakis et al., 2007; Lianos et al. 2008), the size of the irregular migrant population in the country ranges from 172,000 to 400,000, depending on the assumptions and sources used. By combining all available sources it is estimated that a minimum of 280,446 migrants were undocumented in 2007, therefore between one quarter and one third of migrants who might have a valid residence permit (Maroukis, 2008).

With regard to data collection, it is necessary to note that besides the 2001 Census, no systematic effort in collecting data on the migrant population has been conducted.

[131] Based on Labor Force Survey (EED) 1998-2002 data.

Data on migration produced by the Ministry of the Interior and the Ministry of Labour and Social Security is available only upon specific request. The Department of Actuarial Studies of the Social Security Foundation (IKA) regularly publishes useful studies on work and insurance, but only for registered (insured) migrants, and the House Labour Inspectors (SEPE) provides information about migrants involved in any violation of labour law. The Municipalities and Communities keep a register of foreigners, since according to the Law 3386/2005 they are competent for the renewal of residence permits, without publicising the statistical data. Some researchers collect data themselves, by conducting their own surveys, limited to small non-random samples (Cholezas and Tsakloglou, 2008).

Some of the official statistics produced by the National Statistical Service of Greece (ESYE) on migration are: (a) the 2001 Census, (b) the Labour Force Survey/EED, (c) the 2004/2005 Household Budget Survey and d) the recently carried out ad hoc module on the labour market situation of migrants and their immediate descendents (2008).

Labour Market Impact

The analysis on employment and unemployment rates suggests significant integration of migrants in the labour market. In the 2001 Census, the unemployment rate for foreigners (9.2%) is lower than the corresponding average for the country (11%). Since then, the results of the Labour Force Survey (EED) confirm this trend also in the following years up to 6.3 per cent in 2008 (Table 2).

Table 2: Unemployment rate by nationality, 2001-2008

UNEMPLOYMENT RATE	2008	2007	2006	2005	2001
TOTAL	7.2	8.1	8.8	9.6	10.4
NATIONALS	7.3	8.1	8.8	9.7	10.4
FOREIGNERS	6.3	8.0	7.5	8.1	11.4
MEN					
TOTAL	4.7	5.0	5.6	5.8	6.9
NATIONALS	4.8	5.0	5.7	5.9	6.9
FOREIGNERS	3.6	4.0	4.0	4.4	7.5
WOMEN					
TOTAL	10.9	12.6	13.4	15.2	15.9
NATIONALS	10.9	12.5	13.4	15.3	15.8
FOREIGNERS	11.4	14.5	12.9	14.2	17.9

Source: EED, 2nd Trimester of each year.

Differences among migrants group persist, however, as foreigners from neighbouring countries (Albania, Bulgaria and Romania) or Poland and Ukraine constantly register lower unemployment rates (Kritikidis, 2008).[132] As for women, lower unemployment rates have been recorded for those originating from the Western Balkan countries in comparison with those from the former USSR (Research Center for Gender Equality (KETHI), 2007).

However, the economic crisis halted this positive trend and in December 2009 the unemployment rate officially reached 10.2 per cent (ESYE) (from 7.2% in 2008), while the Labour Institute of GSEE estimates that at the end of 2010 the unemployment rate will increase up to 16.5 per cent. Despite this negative scenario, it would be wrong to suppose a massive outflow of foreigners to their countries of origin (Robolis, 2009). Moreover, the geographical proximity of the country of origin for the majority of migrants (7 out of 10) together with the long residence period usually spent in Greece can be a deterrent for leaving. Finally, second generation migrants often have only known Greece as their home country (Kapsalis, 2009c).

In the period 2000-2008 employment increased by 11.8 percentage points (INE/GSEE-ADEDY, 2009) and led to the creation of about 500,000 new jobs. However, migrants have been affected differently according to their sector of occupation: employment decreased in primary industries by 190,000 jobs (-26.8%), manufacturing by 24,000 jobs (-4.1%), while increased in construction by 88,000 jobs (29.9%), restaurants and tourism by 53,000 jobs (19.3%), as well as in domestic work by 21,000 jobs (39.5%) (Labour Institute of GSEE, 2009).

The higher employment rates of foreigners in comparison to natives (in 2009 at 66.9% for foreigners and 60.7% for nationals, Eurostat), can be explained to the extent of their inclusion in particular sectors. Based on OECD data (2005, 2006), the country has the highest degree of sectoral segmentation between native and migrant employees (Nikolitsa, 2008). Three-quarters of migrants work in four particular sectors (construction, manufacturing, private households, hotels and restaurants) (Kritikidis, 2008). In terms of gender, throughout the period 2001-2008, men were mainly employed in construction (one out of two) and processing (two out of ten), while women in domestic work and health services (one out of two)[133] and hotels and restaurants (two out of ten). Moreover, some segmentation can be noticed in relation to nationality: Albanians mainly work in construction and domestic work, while Asians in manufacturing and trade (Kanellopoulos, 2008).

Immigrants with relatively lower skills (up to secondary level education) are mainly employed in the primary sector or in construction, and those with higher skills (higher education and above) are also represented in the tertiary sector and especially trade (12.7% of migrants with higher skills) or in hotels and restaurants (12.6% of them) (Zografakis et al., 2008). Other studies (Lianos, 2003) confirm the conclusion that migrants are often overqualified as most of their jobs are well below their skill level.

132 Data from EED second quarter, 2007. The groups more affected by unemployment are Georgians (15.6%) and Indians (12.6%).

133 Female immigrants account for 75% of female domestic workers. This high concentration can be explained by a weak welfare state and the increased number of Greek women active in the labour market.

The share of overqualification among tertiary educated people is nearly two times higher among migrants than Greeks (66.1% versus 37%).

According to the latest statistics available (EED/ ESYE, 2007), some 85 per cent of male migrants are employed as: skilled craftsmen (40.2%), unskilled workers (31.3%) and as service providers/vendors (13.8%). More than half of female migrants work as unskilled workers and one out of four as service/sales assistants. Migrants represent 6.7 per cent of all employees in Greece, yet the rate increases up to 17.8 per cent for skilled craftsmen or 32.8 per cent for unskilled workers (Kritikidis, 2008).

Migrants are also more likely to have low wages, due to the high concentration in low-paid sectors, though discrimination in the labour market could also play a role (Cholezas and Tsakloglou, 2008). According to the Division of Actuarial Studies and Statistics of IKA, in 2003 the remuneration per working day of a foreign insured employee was EUR 27 compared to EUR 41 received by a native (Maratou-Alipanti and Gazon, 2005). More recent data (EED, 2008) confirms this wage gap as the average net monthly income registered for employed migrants was at EUR 791.5 compared to EUR 932.4 for nationals. However, taking into account all the variables (hours of work, demographic characteristics, occupation, educational level, size of company), the wage gap seems to decrease by only 5 per cent (Nikolitsa, 2008).

There is general consensus among researchers on the positive contribution of migrants to growth and employment in Greece. According to Alpha Bank (2005), immigration could be considered to some extent as a mechanism for keeping the competitiveness of relevant sectors exposed to international competition, helping save jobs for both natives and migrants. In other sectors, such construction and domestic work, it is estimated that immigration has contributed by curbing production costs and giving the opportunity for a greater proportion of Greek women to enter the labour market. Both Kontis et al. (2006) and Zografakis et al. (2008) estimated that the contribution of migrants to GDP in 2004 ranged from 2.3 per cent (expenditures) to 2.8 per cent (income generation). Between 0.5 per cent and 0.8 per cent of these figures are due to the contribution of undocumented immigrants. Research also indicates that the more integrated (in the formal economy) the migrants become, the higher their positive contribution to the prosperity of the country (tax revenues, contributions to social security funds).[134] However, according to the same study, the arrival of new migrants is also likely to have a negative impact on the wages of existing immigrants if the two groups are comparable substitutes.

Since migrants cover vacancies in which natives are not interested, not only do they act as a complement to the Greek population, but also create jobs for it (Ioakeimoglou, 2001). Furthermore, the findings of a recent survey (Demoussis et al., 2008) estimated the rate of the concurrence index at -1,[135] indicating a very different distribution in professions.

[134] Kontis et al. (2006) have considered three different scenarios (cessation of consumption of migrants, immigrants increased by 215,000 and partial withdrawal of immigrants from the country).

[135] Used as an indication of the degree of similarity of the distribution of occupations between native and migrant workers.

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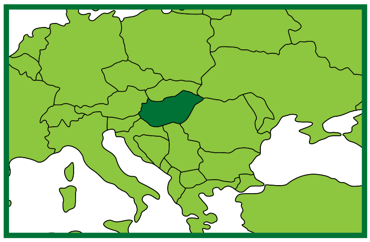
HUNGARY



Alin Chindea[136]

Migration Trends

Before 1989 Hungary was mainly a country of emigration, but in the 1990s an increasing inflow of migrants from neighbouring countries – especially Romania, Ukraine and Yugoslavia's successor states – arrived in the country. Consequently, Hungary became a transit and destination country of international migration (European Migration Network (EMN), 2009; Hars and Sik, 2008; Toth, 2007). Ever since 1989 the immigrant population has been rising but its share of the total population has remained below 2 per cent. Net migration remained positive in 2002-2007 at an average rate of 18,500 newcomers per year.[137] Ethnicity plays a major role in migration flows to Hungary, and policy debates on migration have focused on the status of ethnic Hungarians living in bordering countries (Hars and Sik, 2008; Toth, 2007; Kovats, et al., 2003).

Hungary's accession to the European Union in 2004 has not brought about substantial changes in the number of newcomers. However, based on the Hungarian Central Statistical Office data the stock of migrants staying in Hungary for more than a year is increasing steadily, from a 1.1 per cent share of the total population in 2001 to 1.8 per cent in 2009. At the beginning of the last decade approximately 60 per cent of the migrant population was female. In 2006, the ratio of female and male migrants has been almost equal, and since then the number of male migrants is continuously slightly higher (Figure 1).

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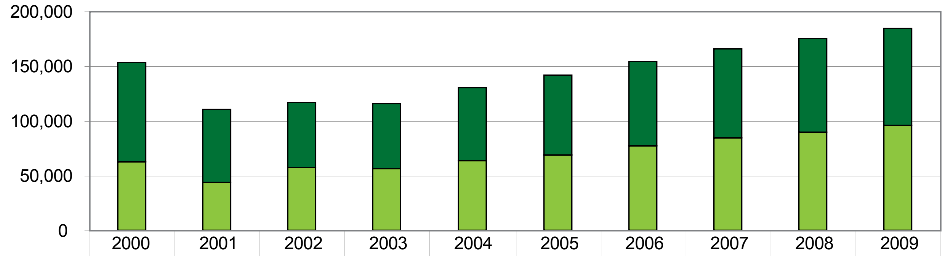
137 Own calculations based on EMN Hungarian National Contact Point (2009), Annual Policy Report 2008.

Figure 1: Foreigners (1) by gender, 2000-2009



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Female	90,832	66,377	59,572	59,238	66,992	73,501	77,069	81,957	84,759	88,534
Male	62,293	43,651	56,857	56,650	63,117	68,652	77,361	84,073	89,938	95,824

Source: HCSO.
(1) Data include also persons enjoying the right of free movement as well as beneficiaries of international protection.

Comprehensive data on third-country nationals is difficult to obtain. However, in a recent project,[138] researchers affiliated with the Hungarian Academy of Sciences compiled a database on migrants in Hungary compiling data from various other sources. In 2009, third-country nationals represented approximately 30-40 per cent of the migrant population residing in Hungary. Before Romania and Bulgaria joined the EU in 2007 the share of non-EU migrants was almost double, factoring at between 89 and 91 per cent of the total stock of foreign nationals. There was no significant change in terms of gender distribution in 2001-2008, the stock of male third-country nationals is consistently higher by approximately 3-5 per cent (Table 1). In 2008 the majority of non-EU migrants were between 15-39 years old (48%) and 40-59 years old (30.8%) (Demographic Research Institute (DRI) at HCSO, 2009).

Table 1: Gender breakdown of third-country nationals, by origin, 2001 and 2008

	2001			2008		
Continent	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Europe	47.5	52.5	100.0	50.3	49.7	100.0
Asia	57.5	42.5	100.0	55.3	44.7	100.0
North America	55.3	44.7	100.0	54.8	45.2	100.0
Africa	83.6	16.4	100.0	75.2	24.8	100.0
Australia	60.4	39.6	100.0	57.7	42.3	100.0
Total (%)	51.5	48.5	100.0	52.8	47.2	100.0
Total (persons)	24,650	23,173	47,823	37,681	33,656	71,337

Source: DRI HCSO, 2009.

The overwhelming majority (84.4 per cent on average in 2000-2009) of migrants residing in Hungary for more than a year are of European origin, mostly from neighbouring countries with large Hungarian minorities. Immigration from Asia is the second largest with a 11.9 per cent share of annual migrant stock on average for the same period, while inflows from other parts of the world remain marginal (HCSO). Among European migrants 47.6 per cent are, on average, Romanian citizens, while

[138] The Interdisciplinary Centre for Comparative Research in the Social Sciences, Immigrants in Hungary 2009, December 2009. See details: http://www.iccr.hu/

Serbians and Ukrainians constitute approximately 10.8 per cent each, and nearly 28.1 per cent come from diverse EU countries. Around 46 per cent of Asian migrants come from China, and a smaller share from Vietnam.

On the whole, 33,656 non-EU nationals were in possession of a residence permit at the end of 2009, most of them (13,878) carrying out business activities (9,677 male and 4,201 female), while 10,118 were pursuing educational courses (5,544 male and 4,574 female) (Hungarian Office of Immigration and Nationality). At the same time, 2,081 refugees we residing in the territory of Hungary, of which 150 were recognized as refugees in 2009 and 217 were authorized to stay (Hungarian Central Statistical Office; UNHCR Statistical Online Population Database). Family reunification accounted for a further 9,147 persons in 2006, 6,856 in 2007 and 4,257 in 2009.

In addition, 10,916 migrant children attended Hungarian public educational institutions in the 2007/2008 academic year, including 4,802 third-country and 6,114 EU nationals. During the same academic year, the number of foreign students at higher educational establishments in Hungary was 15,459, including 6,955 third-country and 8,504 EU nationals.[139]

Using the number of work permits as a proxy, the total number of foreign workers in Hungary has been decreasing since 2004 (79,233 work permits in 2004 compared to 28,215 in 2009). The difference is explained by the fact that Romanians, who previously constituted the largest group of non-EU migrant workers, do not need a work permit as of 1 January 2009.[140] The share of third-country nationals in the total foreign workforce was constantly above 70 per cent before Romania joined the EU (75.9% in 2004, 70.7% in 2005, and 74.2% in 2006). Since 2007, the share of third-country nationals is around one third of the total registered foreign workforce (31.4% in 2007, 38.7% in 2008, and 38.7% in 2009) (Hungarian Public Employment Office). In 2009, for the first time, the proportion of third-country nationals from Europe is almost equal to that of third-country nationals from elsewhere (Table 2).

Table 2: Number of work permits issued, 2009

	2009 - Number of work permits issued			Total
	General permits	Agricultural seasonal	Announcements[140]	
EU	-	-	18,033	18,033
EEA	-	-	-	-
TCNs Europe	4,739*	366	222	5,327
TCNs outside Europe	4,625**	0	230	4,855
Total	9,364	366	18,485	28,215

** 3,173 Ukrainians, 905 Serbs; ** 1,840 Chinese.*
Source: Hungarian Public Employment Service.

[139] Figures include asylum-seekers and refugee children as well.
[140] On 1 January 2009 Hungary opened its labour market to all the EEA workers irrespective of their skills or principle of reciprocity, after Hungary has imposed partial restrictions to Romanians and Bulgarians and was applying the principle of reciprocity with all the other EEA countries.
[141] Announcements are required by the Government Decree 355/2007 (XII. 23) on the provisional arrangements of the free movement of labour applicable to persons enjoying the right to free movement and residence entered into force on 1 January 2008.The decree set out that in case of employment of other EEA nationals the employer was only obliged to register/announce the beginning and the termination of the employment.

The total stock of resident foreign irregular migrants in Hungary in 2007 is estimated to be between 30,000 and 50,000 people, based on administrative data of the Alien Police and Border Guard, published estimations and on expert opinions. In 2008, Chinese and Vietnamese migrants constituted the largest groups (between 15,000 and 25,000) of resident irregular migrants. Men account for up to 80 per cent of irregular migrants. In 2004, the Hungarian authorities carried out a regularization campaign, which received 1,406 applications (60% were from Chinese and Vietnamese nationals). (CLANDESTINO, 2009)[142]

Labour Market Impact

Hungary is currently undergoing a severe demographic decline. Bijak and Kupiszewski (2008) provide a long-term demographic and labour force outlook on the evolution of populations in several countries, including Hungary. Simulating several scenarios,[143] and using 2004 as a base year, they conclude that if the "stagnation and control" scenario prevails, by 2029 the population will decrease to 9,254,000 and by 2054 to 8,013,000 (compared with 10,030,975 in 2009). Assuming no migration until 2050, the population decrease will be even more dramatic, forecasted to reach 7,442,000 in 2054. The proportion of residents over 60 has soared progressively in the past ten years up to 21.8 per cent in 2008 (Eurostat, 2010). According to Toth (2007), demographers forecasted the need for at least 25,000 newcomers per year if Hungary is to maintain its population at 10 million in the next 43 years.

Hungary relies heavily on services (66.2% of GDP in 2008), while the shares of industry (29.4%) and agriculture (around 4%) have decreased in the past years (World Bank Group, World Development Indicators). The country experienced strong economic growth until 2007, as the real GDP grew at a solid 4 per cent on average per annum. As of 2007 Hungary is in recession, and the IMF estimated that the Hungarian economy will register 6.7 per cent negative growth in 2009.

Hungary's labour market is characterized by low participation rates and moderate unemployment. In 2007, it was the only EU Member State where the employment growth rate was negative, in particular due to decline in the youth (age 15-24) participation rate, already the lowest in the EU. In the third quarter of 2009, the employment rate of the population aged 15-24 amounted to 18.5 per cent (Eurostat LFS). This is partly explained by the longer compulsory schooling period (gradually increased to the age of 18) (OECD, 2010) and the increase in the number of young people with tertiary education and continuing education (Hars and Sik, 2008). The low employment growth rate is further explained by the high inactivity rate, just below 40 per cent in 2008 (Eurostat LFS). Moreover, disability and early retirement schemes are responsible for one third of inactivity: 12 per cent of the inactive population is on maternity leave, around 5 per cent lives on state benefits and nearly 10 per cent is neither studying nor living on legal income/benefit (Hars and Sik, 2008).

One of the first comprehensive efforts to analyse migration in Hungary in connection with the labour market was published in 2008 (Hars and Sik, 2008). However, the

142 However, these data have been criticized as very unreliable.

143 The forecast was prepared using the MULTIPOLES (Multistate Population Model for Multilevel Systems) model of population dynamics.

study relied on data from the 2001 census and, where available, figures were offered up to 2006. Moreover, researchers consider that the existing statistics on migration are not sufficient for an in-depth analysis of labour migration (Toth, 2010).

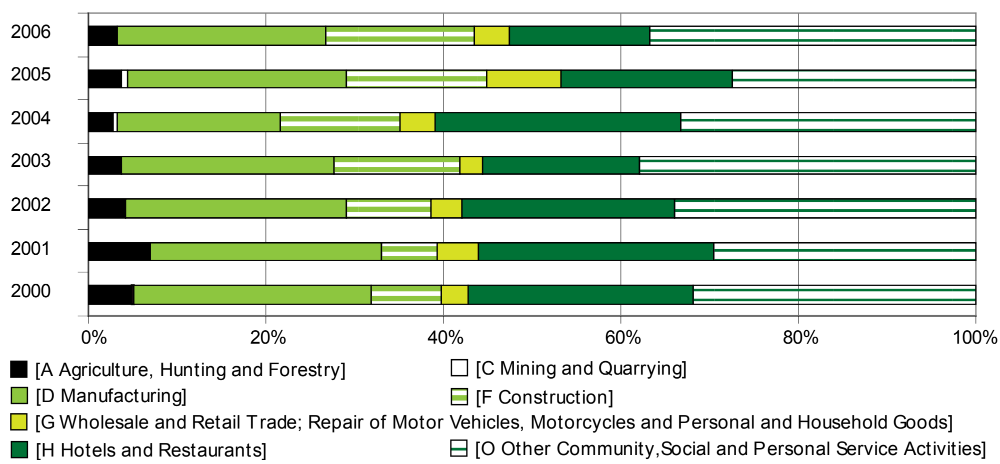
The overall employment rate in Hungary was 56.7 per cent in 2008, which is more than 13 per cent below the 70 per cent target set in the Lisbon Agenda. Hungary is equally far from the Lisbon target regarding female employment, which has been stagnating at around 50 per cent since 2000, thus representing more than a ten percentage point gap compared to the employment rate of Hungarian males (EC, 2008 and 2009).

In 2005-2008 the activity rate of third-country nationals was 5 to 11 percentage points higher (69.7% in 2008) than that of Hungarian nationals, and was similar to the activity rate of EU nationals (65.4% in 2008) (Eurostat LFS). The employment rate of non-EU nationals is also higher than that of the natives (69.2% and 56.7% respectively in 2008). Hungary is among the few European countries where the registered employment rate of female third-country nationals is higher (61.3% in 2008) than that of native women (50.6%) (EC, 2008). On the other hand, the employment rate of EU-born men is higher than to that of non-EU born men except for 2006. (Eurostat LFS)

By the end of 2009, the unemployment rate reached 10.8 per cent, a ten years' high. The unemployment rate of third-country nationals is rarely included in domestic statistics. Based on data from the National Health Insurance Company only 534 non-EU nationals out of 40,166 registered are receiving unemployment benefits in 2009. According to local researchers, the unemployment rate of third-country nationals on average is similar to that of natives, and is much lower among Asian and EU-15 citizens (Hars and Sik, 2008).

A large share of third-country nationals are concentrated in community, social and personal service activities (a little less than 40%), manufacturing (some 20%), and hotels and restaurants (20% on average), which is like the pattern observed among the native population. Third-country nationals dominate employment in construction, as well as wholesale and retail trade (Figure 2).

Figure 2: Employment of third-country nationals by economic sector, 2000-2006



Source: ILO Stata database.

Despite somewhat similar patterns of sectoral employment for migrants and natives, labour market competition between natives and third-country nationals can be largely ruled out, especially in the context of legal barriers non-EU migrants are facing in accessing the Hungarian labour market (see Part 2).[144] Data from the Public Employment Office reveals that since 2003 there have been significant shortages in the Hungarian labour market (86,582 unfilled vacancies in 2004, 47,449 in 2009). Furthermore, according to data in the Hungarian Labour Force Forecast Survey,[145] 949 company managers declared in 2007 that there were permanently vacant jobs in their companies (310 in 2009).

It is estimated that the proportion of undeclared work in the Hungarian economy is 21-24 per cent. Hajduk (2008) cites the Labour Inspectorates' figures to show that the ratio of irregular employment among foreigners is not higher than that of native born individuals. Labour inspectors deemed that 3-4 per cent of those detected in 2006 were foreigners and this proportion decreased in 2007 (Hars and Sik, 2008a). In the first quarter of 2008, 61 per cent of the migrants inspected were identified as irregularly employed, compared with 58.1 per cent of inspected Hungarian nationals. In the cases investigated for employment irregularities among foreigners, 24 per cent were deemed due to lack of work permits. It is important to note that, these figures cannot be considered indicative of the phenomenon because labour inspections are infrequent and often based on notifications of irregularity. (Toth, 2007).

Labour migration remains a marginal topic in Hungarian public policy. In 2006, the Hungarian Ministry of Foreign Affair commissioned a foreign relations strategy development plan for the next 5-10 years. In some publicly available papers, the issue of migration is tangentially approached and according to Toth (2007) "protectionism against free entry of foreign labourers into the Hungarian labour market is tacitly supported because [as one official put it] 'there is no burning need for foreign labourers in the Hungarian economy'" (p. 21). Yet, such statements do not reflect the labour market reality.

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144 Hajduk (2008) maintains that there might be competition on the 'illegal labour market' especially between low-skilled workers.

145 Hungarian Labour Force Forecast Survey is a database with on-line access developed and maintained by Research Institute of Economics and Enterprises and Ministry of Labour and Social Affairs. Available at www.mmpp.hu.

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IRELAND

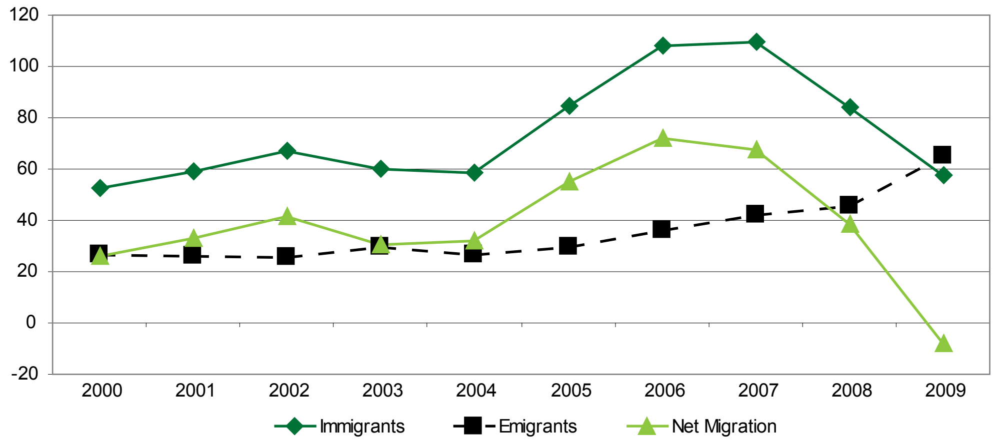
Diana Gouveia[146]

Migration Trends

In the past decade the demographic landscape of Ireland has changed substantially. Between the year 2000 and 2009, the population grew by almost 18 per cent representing an increase of almost 670,000 people, and immigration has accounted for a large share of that growth (Central Statistics Office, CSO). In 1999 there were less than 120,000 non-Irish nationals living in Ireland, representing 3 per cent of the overall population. By 2007, in the contextual conditions of a booming economy the number had increased to just under 500,000 accounting for 12 per cent of the total population (National Training and Employment Authority (FÁS), 2008b). Even with the start of the economic crisis migrants represented over 10 per cent of the total population in 2009 (CSO) despite the net migration being negative for the first time since 1995 (Figure 1).

146 Diana Gouveia is a researcher/consultant at IOM Dublin. The author would like to acknowledge the cooperation of representatives from the Economic and Social Research Institute, the Department of Enterprise, Employment and Law Reform, the Department of Justice, Equality and Law reform, the Irish Congress of Trade Unions, SIPTU, the Migrant Rights Centre Ireland, the Migrant Council of Ireland, the Department of Social and Family Affairs, the Employment Research Centre in Trinity College Dublin, and the Office for the Minister for Integration. Thanks are also owed to John McGrath and Jesmina Behan in FÁS for their time and the data they provided and, Siobhan O'Hegarty in the International Organization for Migration for her continuous help and support. A special thanks to Dr. Mark Maguire in the Department of Anthropology, National University of Ireland, for his advice, comments and suggestions. Any errors and omissions are the responsibility of the author.

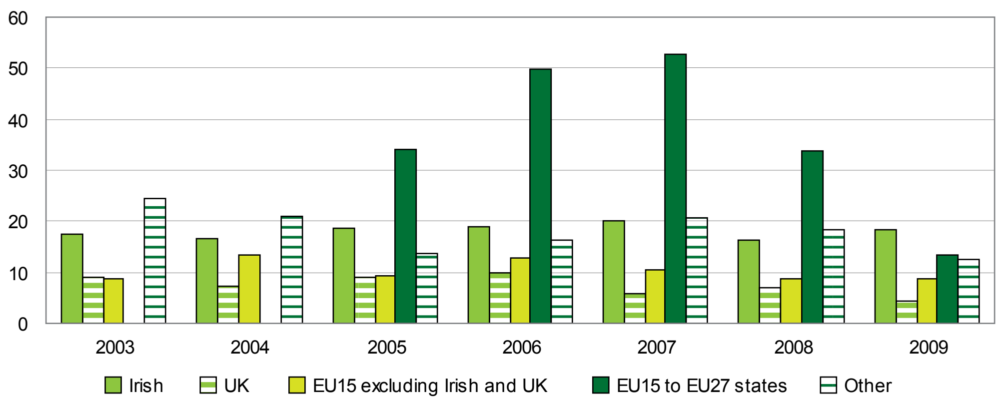
Figure 1: Components of population change, thousands, 2000-2009 (1)



(1) Data at the end of April for each year, data for 2007 to 2009 is preliminary.
Source: CSO.

A significant majority of migrants originated from the European Union (Figure 2). Nationals from the 2004 accession countries saw the biggest increase between 2005 and 2007 possibly reflecting the decision of Ireland not to impose restrictions on their labour market access after May 2004.

Figure 2: Immigrants by nationality, 2003-2009



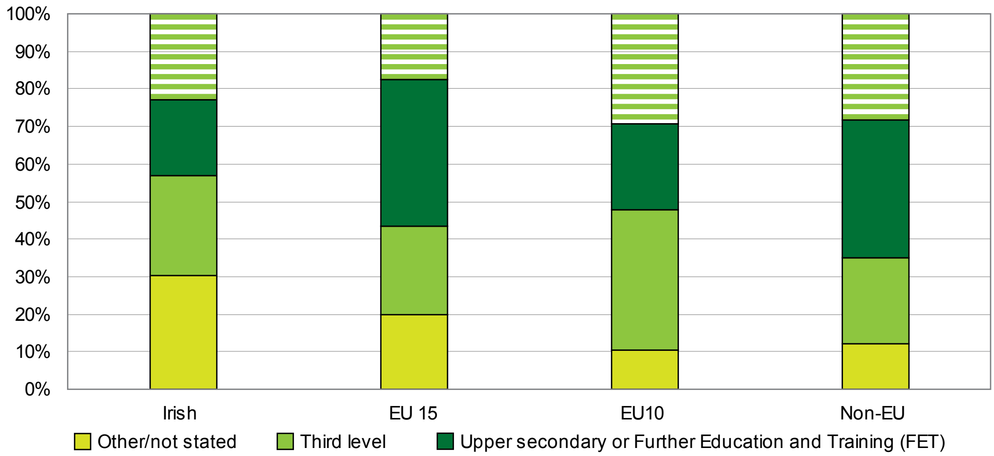
Source: CSO, Census 2006.
Note: For the years 2003 and 2004 inclusively, the data relating to the EU12 are included in 'Other'. Data for 2007 to 2009 is preliminary.

In 2009, a significant majority of the non-Irish population was of working age. EU10 nationals were concentrated in the 25 to 34 age cohorts, whereas EU15 and non-EU nationals converged into the age group of 25 to 44 (FÁS). A feature of particular interest in recent immigration to Ireland concerns spatial distribution with immigrants being particularly concentrated in urban areas: 76 per cent of the non-Irish population live in urban areas compared with some 60 per cent of natives (CSO, 2006 Census).

Data is scarce on irregular migration, but it is estimated that already in the middle of the last decade up to 50,000 migrants could have been working irregularly in Ireland (IOM, 2006) and it is assumed that most irregular migrants are failed asylum-seekers or other migrants whose resident permits/employment permits have expired and have not been renewed.

The migrant population in Ireland is highly educated. Thirty-nine per cent of EU15 nationals and 30 per cent of non-EU nationals hold a third level qualification (Figure 3) compared to 20 per cent of Irish nationals.

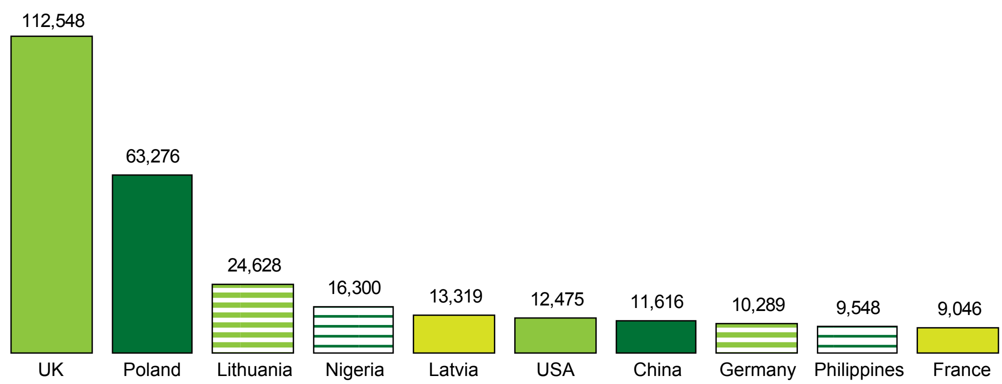
Figure 3: Immigrant population by level of education, 2009



Source: FAS.

Current data on migrants by country of origin; and 2006 Census (CSO, 2008) remains the most reliable available socio-demographic data. The Census reported a total of 420,000 non-Irish nationals living in Ireland in April 2006 (CSO, 2008). They represented 188 different nationalities yet 82 per cent of non-Irish nationals originated from 10 countries, especially from the UK and Poland (Figure 4).

Figure 4: Top 10 Natinalities by numbero of persons, April 2006



Source: CSO, 2008.

Based on census data, it appears that nationals from the new accession states, in particular from Poland, Lithuania and Latvia tend to be young, single and employed. Almost 80 per cent of EU10 migrants live in rented accommodation, the highest figure for all non-Irish nationals, which could indicate a low level of integration and a sign of temporary migration. Although a well-educated population, the majority were found to work in semi- and low-skilled occupations.

On the opposite end of the socio-economic spectrum are United States, United Kingdom, German and French nationals who tend to work as employers, managers and other high-skilled professionals, featuring strongly in the business services. US migrants, along with German and French nationals, had the lowest unemployment rate of all nationalities (CSO, 2008).

Since 2000, the Philippines has been targeted as a major provider of medical and, in particular, nursing labour, as Ireland still reports skill shortages in the health sector (Yeates, 2006). In 2006, Filipino women had the highest labour participation rate (91%) of all nationality groups (CSO, 2008). Indian and Pakistani migrants were also closely connected to jobs in the health sector.

The Nigerian population in Ireland is considerably more diverse in their motivations for migration than other migrant groups (Kómoláfé, 2002).[147] Of all nationalities, Nigerians were the most urbanized but had a significant unemployment rate at 31 per cent and, for those in employment the dominant industry was health and social work.

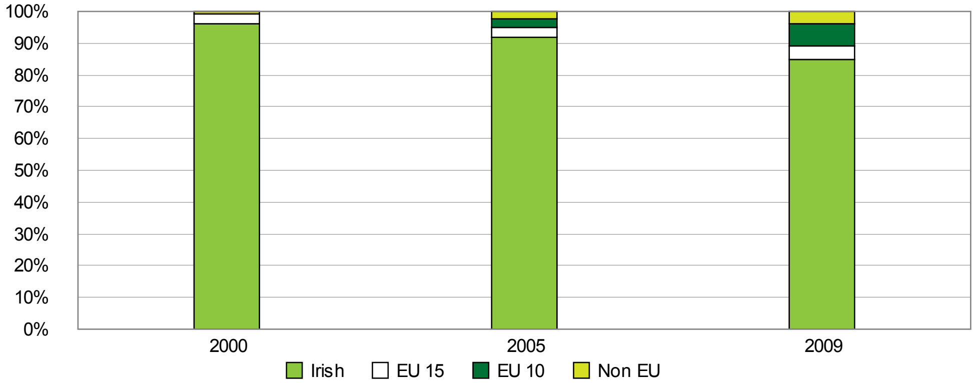
Of all nationalities, the Chinese showed the highest percentage of students (43%). The arrival of Chinese students was facilitated by the decision in 2000 to allow non-EEA students to work part-time. However, in 2005 restrictions were introduced which meant that only full-time students on third-level courses of at least one year duration were allowed to work (Wang, 2006). The majority of students work in low paid part-time jobs, but face difficulties in accessing employment visas and restricted access to long-term residence (Wang, 2006). Although the Non-EEA Third-Level Graduate Scheme was introduced in 2007 to allow recent graduates to seek jobs in the country for six months following graduation, the outcomes of this scheme are yet to be determined.

Labour Market Impact

Between 2000 and 2009 the total labour force increased by 26 per cent. Non-Irish nationals accounted for 15 per cent of the total labour force in 2009 (Figure 5), an increase of 12 points since 2000, with the majority of that labour force represented by EU10 migrants. In 2009 there were already signs of a decrease in the number of non-Irish nationals at the labour market, as their contribution in the labour force declined from 358,000 in the third quarter of 2008 to 317,500 in the third quarter or 2009 (National Policy Advisory Body for Enterprise and Science (FORFÁS), 2010).

[147] For further information see J. Kómoláfé, 2002.

Figure 5: Labour force, percentage, 2000-2009



Source: FAS.

EU10 nationals had, in general, the highest labour participation rate at 86 per cent in 2009, considerably higher than that of Irish nationals at 70 per cent (FAS). At the same time, non-EU nationals had the lowest participation rate at 65 per cent; which could be related to work restrictions to non-EU spouses of non-EU workers and the significant number of non-EU students.

Almost 80 per cent of non–EU migrants in employment worked full-time in 2009, an increase of almost 64.7 per cent since 2005. The number of self-employed immigrants has also increased, representing 6 per cent of the total self-employed population in 2009 (an increase of 84% when compared to 2005).

In the past decade, the migrant workforce played a key role in filling additional labour and skills shortages. As shown in Table 1[148], all of the additional employment for operatives created over the period 1999-2007 was filled exclusively by non-Irish individuals. Similarly, almost all labourer jobs (90% of net job creation) were filled by non-Irish persons (FAS, 2008b).

Table 1: Net job creation, 1999-2007

Occupation	Total	Irish	Non-Irish	Non-Irish share in total net job creation	EU as share of non-Irish
Managers	28,000	11,000	18,000	62%	72%
Professionals	82,000	65,000	17,000	21%	59%
Associate Professional	54,000	33,000	21,000	39%	41%
Clerical	55,000	36,000	19,000	35%	77%
Craft	82,000	40,000	41,000	51%	81%
Personal Service	86,000	46,000	39,000	46%	62%
Sales	56,000	29,000	26,000	47%	74%
Operatives	13,000	-14,000	27,000	205%	85%
Labourers	57,000	5,000	52,000	91%	78%
Total	**513,000**	**251,000**	**260,000**	**51%**	**72%**

Source: FAS.

[148] Aggregate data published by FAS in the National Skills Bulletin 2008.

Migrants also played an important role at the higher end of the skills scale by filling approximately one half of the employment growth among professionals, associate professionals and managers in 1999-2007 (FAS, 2008a).

Studies have shown that migrants arriving between 1993 and 2003 contributed to an increase in GNP and had a positive impact by contributing to a reduction in inequality levels in earnings (Barrett et al., 2006). However, research suggests lower occupational attainment for migrants to that of the indigenous population (Barrett et al., 2006). Language seems to play an important role in occupational attainment with research revealing that non-Irish nationals from non-English speaking countries tend to experience an occupational gap, but not those from English-speaking countries (O'Connell and McGinnity, 2008). It appears that EU10 nationals experience the largest occupational gap (Barrett and Duffy, 2007).

Previous economic research also suggests that migrants have lower earnings than the native population (Barrett and McCarthy, 2006; Barrett and McCarthy, 2007; Barrett et al., 2008). Studies show that when considering education, experience and gender, migrants earn 18 per cent less than natives.Migrants from non-English-speaking countries tend to experience a 31 per cent wage disadvantage relative to comparable natives (Barrett and McCarthy, 2006). Results also indicate that wage disadvantage is particularly pronounced amongst EU10 nationals at 45 per cent. Also, migrant women tend to earn 15 per cent less than their male counterparts (O'Connell and McGinnity, 2008). Migrants with third-level education degrees are also found to earn 17 per cent less than natives (Barrett and McCarthy, 2006).

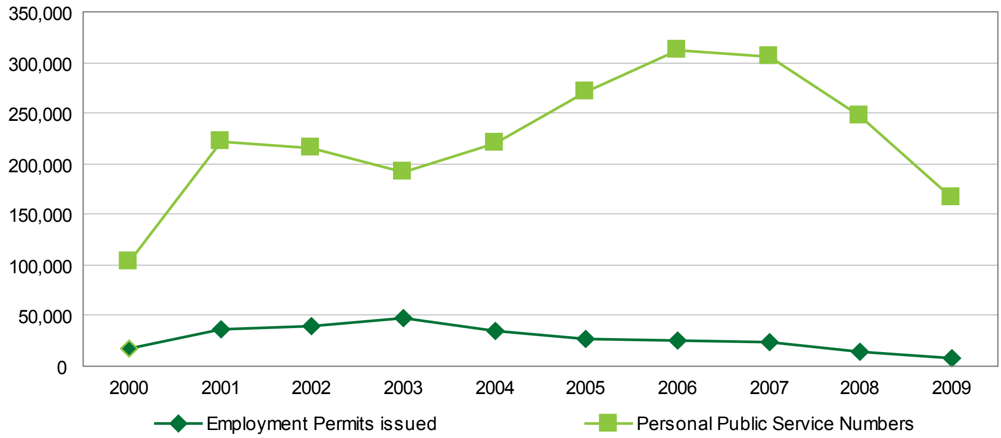
Since 2008, developments in the Irish labour market have taken a dramatic turn when unemployment started to rise and, employment growth stalled. In contrast with previous years, no large-scale labour shortages were reported in 2008 and job losses were concentrated in four main sectors: construction, manufacturing, hospitality and transport. The impact on non-Irish nationals was particularly severe as these were the sectors with a high concentration of migrant workers. The decrease in employment permits and the number of personal public service numbers (PPSNs)[149] being issued intensified after 2008 (Figure 6). Some skills shortages were, however, still reported, and in 2010 were confined to positions for workers with third-level qualifications, specific expertise and work experience in relevant areas (FORFÁS, 2010).

While both Irish and non-Irish persons have been negatively affected by the economic recession, data reveals that the non-Irish are at a greater risk of unemployment (FAS, 2009). By the end of 2009, the unemployment rate of non-Irish individuals was 17.2 per cent compared to 11.9 per cent for Irish workers (FORFÁS, 2010). Interestingly, while the employment level declined for EU migrant workers, it increased for non-EU migrants. Although further research is required in this area, the increase in non-EU migrants' employment could be explained by the fact that employment permits and green cards issued to spouses and dependants of employment permit holders increased by 24 per cent in 2008. The increase was most pronounced in sectors

149 Personal Public Service Number (PPSN) is a unique identifier given to any person, Irish or non-Irish, who may have dealings with public bodies. A PPSN is used for a range of services, from public healthcare to revenue, social welfare and education. However, if a person leaves the country the PPSN is not cancelled unless the person explicitly goes to Social Welfare Services and does so. In the light of this, the number of PPSNs are not a demographic indicator, and provide only a snapshot of how many persons were issued with a PPSN.

including healthcare, catering and retail (FAS, 2009). The number of employment permits for the Employment Permit Scheme and Green Card Scheme decreased.

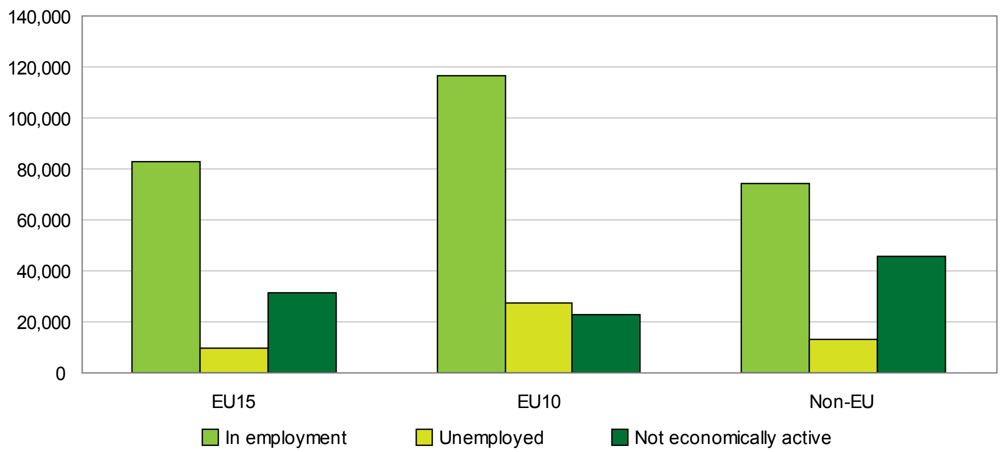
Figure 6: Employment permits and PPSNs issued, 2000-2009



Source: Department of Enterprise, Trade and Employment (Employment permits) and Department of Social and Family Affairs (PPSNs), 2000-2009.
Note: PPSNs in 2000 are only from 19th of June onwards.

The highest level of migrant unemployment in 2009 was among the EU10 accession countries (Figure 7). However, non-EU migrants made up the largest share of the economically inactive population, which could be partly explained by the numbers of non-EU students (35,000 in 2007). Research suggests a much higher risk of unemployment for African migrants and a higher risk for other migrants from non-English speaking countries when compared to Irish nationals (O'Connell and McGinnity, 2008).

Figure 7: Working age (15-64) non-Irish by labour status, 2009



Source: FAS.

Of those in employment in 2009, migrants accounted for 15 per cent of a total workforce of 1,939,100 with almost 50 per cent of those persons originating from EU10 countries. Non-Irish nationals were represented in all sectors of the economy (Table 2) and in 2009, the highest percentage of migrants worked in the hotels and restaurants sector. Employment with the service sector dominates all nationality groups, and is particularly relevant for EU15 and non-EU nationals, while for EU10 nationals, industry and agriculture are the most significant sectors of employment (CSO, 2008).

Table 2: Share of non-Irish employment by sector, per cent, 2009

	2000	2005	2009
Manufacturing	4	9	18
Construction	3	9	15
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	2	7	16
Hotels and restaurants	7	20	35
Transport, storage and communication	3	6	13
Financial intermediation	3	5	11
Real estate, renting and business activities	7	9	18
Health and social work	5	7	15
Other community, social and personal service activities	6	8	15

Source: FAS.

Alongside a recent rise in unemployment, a general increase is noticeable in the number of persons claiming social welfare, rising from 199,307 in 2007 to 491,687 in 2009 (Department of Social Welfare). While in 2000, there were only marginal accounts of non-EU nationals unemployed in the labour market, in 2009, 5 per cent of the total unemployed were from non-EU countries (Department of Social Welfare). However, only 3 per cent of these persons applied for social welfare, suggesting further investigation would be needed to determine the reasons for this discrepancy.

The scarcity of research in this area is possibly at odds with the public attention as well as concern regarding the extent to which migrants access welfare payments. Nonetheless, migrants in Ireland tend to be less intensive users of welfare than natives. Although there is no difference in access to welfare between English-speaking migrants and Irish nationals, in the case of nationals from non-English speaking countries, the gap in welfare receipt widens, with migrants from non-English-speaking countries receiving over EUR 3,000 less in payments than natives in 2007 (Barrett and McCarthy, 2008).

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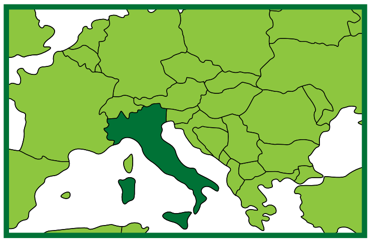
ITALY

Ugo Melchionda[150]



Migration Trends

At the beginning of 2010, foreign nationals represented 7.1 per cent of the total population, or 4.3 million. In the past decade the foreign population has quadrupled from 1,388,000 in 2000 (Table 1).

Table 1: Resident population in Italy, thousands, 2000-2010

Year	Population in the beginning of the year	Natural balance	Migratory balance	Population at the end of the year	Foreigners	% of foreigners in total population
2000	56,924	-17	54	56,961	1,388	2.4
2005	58,462	-13	303	58,752	2,286,	3.9
2006	58,752	2	377	59,131	2,670	4.5
2007	59,131	-7	495	59,619	2,939	5.0
2008	59,619	-4	403	60,045	3,433	5.8
2009	60,045	-30	219	60,387	3,891	6.5
2010	60,387	-	-	-	4,279	7.1

Source: National Institute of Statistics (Istat), 2009c.

At the end of 2009, the majority of migrants came from European countries (53% in total, 29% from EU countries and 24% from other European countries), 22 per cent from Africa, 16 per cent from Asia and the remaining 8 per cent from the Americas. More specifically, the most numerous migrant communities are: Romanians (953,000), Albanians (472,000) and Moroccans (433,000), followed by Chinese (181,000) and Ukrainians (172,000) (Istat, 2009c).[151]

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[151] These five nationalities account for 51 per cent of the overall migrant population.

Foreigners are younger than the natives with an average age of 31.5 years. In addition, 22 per cent are younger than 18 and 70 per cent are younger than 40 (for nationals: 17% and 43% respectively).

Following a regional divide typical of the Italian economy, as per January 2010 almost 62 per cent of all migrants lived in the northern regions (where they account for nearly 10% of the resident population), a quarter lives in the central regions, and 13 per cent in the southern regions (where they represent less than 3% of the resident population) (Istat) (Table 2).

Table 2: Territorial distribution of national and foreign nationals, thousands, 2009

Area	National population	Italian nationals	Foreign nationals	Citizenship composition		Territory breakdown		
				% Italian nationals	% Foreign nationals	Italian nationals	Foreign nationals	Resident population
ITALY	60,387	56,108	4,279	92.9	7.1	100.0	100.0	100.0
North West	16,034	14,535	1,499	90.7	9.3	26.6	25.9	35.0
Nort East	11,570	10,425	1,145	90.1	9.9	19.2	18.6	26.8
Centre	11,905	10,824	1,081	90.9	9.1	19.7	19.3	25.3
South	20,879	20,324	555	97.3	2.7	34.6	36.2	13.0

Source: Istat, 2009c.

At the end of 2008, the number of residence permits issued was 2,063,127.[152] This decline in the 2008 is primarily due to the EU enlargement, as the nationals of the accession countries no longer require a residence permit. In 2000-2008, permits for work purposes continuously accounted for around 60 per cent of the total number of permits, while the share of family reunification permits grew from 26.5 per cent in 2000 to 33.0 per cent in 2008, and the shares of all other migrant groups by type of entry have respectively decreased (Table 3).

Table 3: Residence permits evolution, 2000-2008

Year	Men	Women	TOTAL	% of women	Work %	Family %	Religion %	Residence %	Study %	Asylum %	Other (1) %	TOTAL
2000	732,669	607,986	1,340,655	45.3	60.7	26.5	3.9	3.9	2.2	0.7	2.1	100
2001	745,836	633,913	1,379,749	45.9	58.1	29.1	3.8	3.8	2.3	0.9	2	100
2002	764,930	683,462	1,448,392	47.2	55.2	31.8	3.6	3.8	2.5	1	2.1	100
2003	777,076	726,210	1,503,286	48.3	66.1	24.3	2.5	2.2	2	0.8	2.1	100

152 Analysis of data resident permits contains some limitations due to the fact that resident permits are issued in some cases for short term, for example six-months job-seeking permits to migrants who have lost jobs.

2004	1,151,487	1,076,080	2,227,567	48.3	62.5	27.4	2.6	2.4	1.8	0.8	2.5	100
2005	1,141,731	1,103,817	2,245,548	49.2	62.6	29.3	1.6	1.7	2.1	0.6	2.1	100
2006	1,144,884	1,141,140	2,286,024	49.9	62.1	29.8	1.5	1.8	2.1	1.0	1.6	100
2007	1,198,452	1,216,520	2,414,972	50.4	60.6	31.6	1.3	1.9	2.1	1.2	1.2	100
2008	1,064,673	998,454	2,063,127	48.4	60.1	33.0	1.2	0.6	2.2	1.7	1.3	100

(1) Including adoption, business trips, nationality reacquisition, awaiting alien status.
Source: Istat elaboration on Ministry of the Interior data, 2009.

Data provided by the Ministry of Interior (European Migration Network, 2007; Dossier Caritas 2009) indicate that from 1999 to 2008 over one million migrants (1,127,000) were subjected to rejection and expulsion procedures, or ordered to leave the country. In addition, in the last 25 years another million and half migrants emerged from irregularity through six government regularization campaigns (Table 4). The last regularization in 2009 allowed for the legalization of almost 300,000 domestic service and care workers.[153]

Table 4: Regularization programmes in Italy, 1986-2009

Year	Number of applicants	Number regularized	Approval rate
1986-87	Unknown	118,700	-
1990	Unknown	217,626	-
1995-96	256,000	244,492	95.5%
1998-99	308,323	217,124	70.4%
2002-03	702,156	646,829	92.1%
2009	300,000	Unknown	-

Source: IOM LINET elaboration based on Ministry of Interior and Ministry of Labour data.

Labour Market Impact

Some of the main challenges that Italy needs to tackle in the near future are demographic decline, ageing population, and labour market shortages. Immigration constitutes an irreplaceable part of the solution. Compared to 2009, in 2010 the population of Italy decreased by approximately 66,000 (-0.08%). Moreover, recent forecasts (Istat, 2006) estimate a dependency rate of 60 per cent in 2050, subject to increase up to 75 per cent in the absence of migratory flows.

While immigrants account for 7.1 per cent of the population, this figure increases up to 8.5 per cent when working age population is considered (Istat, 2009). Migration tends to have a positive impact on the total employment level as both the employment and activity rates of migrants are higher than those of Italian nationals. Apart from

153 While the process is not yet concluded, some of the reasons of rejection have been formal irregularity (such as not having paid the 500 euros for the past social security contribution), or having received a decree of expulsion without filing a complaint.

holders of residence permits for work purposes, also family migrants, students and beneficiaries of a form of international protection can be legally employed. The foreign population has a higher unemployment rate than the national one (11.2% versus 7.8%), particularly evident for foreign women (Table 5).

Table 5: Activity, employment and unemployment rates of nationals and foreigners, 2005-2009

Year	Activity rate	Employment rate	Unemployment rate	Activity rate	Employment rate	Unemployment rate
	NATIONALS			FOREIGNERS		
TOTAL						
2005	62.4	57.5	7.7	72.9	65.5	10.2
2006	62.7	58.4	6.8	73.7	67.3	8.7
2007	62.5	58.7	6.1	73.2	67.1	8.3
2008	63.0	58.8	6.8	73.3	67.0	8.5
2009	62.4	57.5	7.8	72.7	64.6	11.2
MEN						
2005	74.4	69.7	6.2	87.6	81.6	6.8
2006	74.7	70.5	5.4	89.0	84.2	5.5
2007	74.4	70.7	4.9	87.9	83.2	5.3
2008	74.4	70.3	5.5	87.1	81.8	6.0
2009	73.7	68.6	6.7	86.2	77.8	9.8
WOMEN						
2005	50.4	45.3	10.1	58.0	49.0	15.4
2006	50.8	46.3	8.8	58.6	50.7	13.4
2007	50.7	46.7	7.9	58.7	51.2	12.8
2008	51.7	47.2	8.6	59.9	52.7	12.0
2009	51.2	46.4	9.3	59.9	52.1	13.0

Source: Istat Labour Force Survey (LFS) and Labour Force Survey on Foreign Population (LFSFP), 2009.

The last annual survey on occupational needs of Italian enterprises (Excelsior, 2009) carried out by the Italian Chambers of Commerce, has clearly detected labour market shortages not covered by the national workforce. Such vacancies account from a quarter to a third of the overall forecast recruitment (between 100-180,000 positions yearly), mainly concentrated in specific sectors such as personal and tourist services, hotels and restaurants or the metal industry. Excelsior estimates also that in 2009 foreign recruitment could range between 58,000 and 87,000 units (48% less compared with 2008). Highly significant job loss involved mainly unskilled workers, including many migrants.

Among 23 million of the total employed workers in Italy, somewhat less than 4 per cent work in agriculture, 20.6 per cent in the manufacturing industries, 8.3 cent in construction and 67.2 cent in services. In 2009, the economic crisis had an impact especially on agriculture (-11.5% of its value) and the manufacturing industry (-12%), leading to a loss of more than 500,000 jobs (over 300,000 in the manufacture industry alone). Compared to the general population, migrants are slightly more represented in agriculture, their share is significantly higher in construction (15.9% versus 8.3%) and lower in services (59.1% versus 67.2%). In Italy, migrants have increasingly become an indispensable resource for services that the public welfare system is no longer able to provide for (Banca d'Italia, 2009).

According to the Italian National Social Security Institute (Inps), in 2007 among almost 600,000 domestic workers registered, around 80 per cent were migrants (87,2% women), almost half coming from East European countries (Table 6). An indirect effect could be traced on the integration of foreign women, since domestic work is an area marked by pay levels of about half the average amount earned by a migrant worker (5,106 EUR vs 11,055 EUR annually; -53.8%).

Table 6: Domestic workers, 2007

	Absolute values			% of the total		
Nationality	**F**	**M**	**Tot**	**F**	**M**	**Tot**
Italian	117,457	4,575	122,032	52.4	12.9	47.0
Western Europe	2,685	277	2,962	1.2	0.8	1.1
Eastern Europe	22,297	3,227	25,524	9.9	9.1	9.8
North America	88	7	95	0.0	0.0	0.0
Central America	4,841	373	5,214	2.2	1.0	2.0
South America	19,430	2,743	22,173	8.7	7.7	8.5
Middle East	190	94	284	0.1	0.3	0.1
Asia: Philippines	30,457	11,011	41,468	13.6	30.9	16.0
Far East	7,059	9,320	16,379	3.1	26.2	6.3
North Africa	8,209	1,728	9,937	3.7	4.9	3.8
Sub Saharan Africa	11,335	2,217	13,552	5.1	6.2	5.2
Oceania	50	5	55	0.0	0.0	0.0
TOTAL	224,098	35,577	259,675	100.0	100.0	100.0

Source INPS, database www.inps.it

Some ethnic specialization has been observed in Italy. Asian and Andean workers tend to be employed in services for families, Indians in agriculture, together with Romanians (to a lesser degree), Ukrainians and Albanians; Romanians and Albanians are also highly represented in construction.

The Italian labour market is characterized by small-sized enterprises: 60 per cent of Italian employees work in medium and small enterprises (with less than 50 employees) and almost 28 per cent in micro-enterprises (with less than 10 employees). With regard to migrant workers, their share increases up to 82 per cent for medium-small enterprises and 51 per cent for micro-enterprises. Other factors could explain such concentrations, for example the responsiveness of migrants to vacancies in small manufacturing enterprises in the North, or seasonal demand in the Southern agricultural sector. An additional factor could be an increasing trend registered in foreign entrepreneurship. Over the last five years, the number of small enterprises held by a foreign citizen increased by almost 300 per cent from 56,000 in 2003 to 165,000 in 2008, in particular due to Chinese, Moroccan and Albanian entrepreneurs. In fact, ethnic networks have become a strategy of employment, since foreigners generally tend to recruit co-nationals rather than Italians.

In comparison with nationals, foreign workers are more represented in non-qualified jobs (10% versus 35%), and as craftsmen, skilled workers and farmers (20% versus 30%). At the same time, foreigners are underrepresented among employees and executives, which represent more than 11 per cent and 4.2 per cent of the labour force as a whole, but just 2 per cent and 1.5 per cent among foreigners, as well in intellectual professions (10% versus 1.7%) (Table 7). These differences do not fully represent an educational gap. On the contrary, graduates are more numerous among foreigners than nationals (43.7% against 40.1%), although university graduates are less numerous among foreigners (10.8% versus 12.8%).

Table 7: Nationals and foreigners in employment by profession, 2009

	Senior officials and managers	Professionals	Technicians	Clerks	Service workers and sales workers	Skilled workers(1)	Plant and machine operators	Elementary occupations	Other	Total
Foreigners	29	33	69	39	313	596	192	686	0	1,956
Nationals (Abs.. Val in Thousands)	974	2,337	4,588	2,576	3,882	4,352	1,805	2,231	264	23,010
Foreigners	1.5%	1.7%	3.5%	2.0%	16.0%	30.5%	9.8%	35.1%	0.0%	100.0%
Nationals (% val.)	4.2%	10.2%	19.9%	11.2%	16.9%	18.9%	7.8%	9.7%	1.1%	100.0%
% Foreigners out of Nationals	3.0%	1.4%	1.5%	1.5%	8.1%	13.7%	10.6%	30.8%	-	8.5%

(1) Corresponding to the classes 4-8 of international classification of professions ISCO-88 created by ILO.
Source Istat LFS and LFSFP 2009.

According to a recent study from the Institute of Studies on Multiethnicity (ISMU, 2009), migrants with higher education levels have higher chances to have higher occupational positions and higher average wages. However, whichever variable is considered, women show less opportunities to succeed:

- 7.8 per cent of migrant men with university degrees achieve the top positions compared with 2.9 per cent of women;
- Among the highest educated migrants, 20 per cent of men earn less than 800 euros compared to over 40 per cent of women;
- Among migrants residing in Italy for less than two years, male highly skilled workers or entrepreneurs constitute 1.1 per cent (0.3% for women), three per

cent after six years (2.1% for women) and eight per cent after ten years (3.8% for women);

- Women are overrepresented among the non-active population (17.8% against 4.9% for men), though a great differentiation could be traced along the nationality line: inactive women comprise around 5 per cent among Ukrainian and Filipino women, about 30 per cent among Moroccan, Chinese or Bangladeshi women, and up to 67 per cent among Egyptian women.

The most exhaustive enquiry on the issue of remuneration differentials between resident and migrant workers has been recently carried out by Fondazione Leone Moressa (2009).[154] The research reveals, migrant workers earn on average 23 per cent less than Italians (EUR 961 versus EUR 1,243). Differences are particularly severe in agriculture and constructions (8%), in manufacturing (13%), in services to enterprises (27%), but especially in personal services (30%). These sector differentials contribute to explain also why differences are greater for women (-27.8%) than for men (-20%). The sectors where differences are greater are the ones with higher female presence. Furthermore, the research indicates that the more educated the migrant the higher the wage gap.[155]

Furthermore these difference increase with the progression of educational levels: for workers who do not have any education or only have a primary one, the difference is equal to 5 per cent, but it increases to 16.4 per cent for people who have a secondary school title, to 23 per cent for holders of a high school diploma and up to 28.5 per cent for people holding university degree and post graduate titles. Last but certainly not least, the difference increase in accordance with occupational layers, with only the exception being with managers, whose salaries are increased in the case of foreign workers, probably because they are not migrant workers but foreign managers of international enterprises (Fondazione Leone Moressa, 2009).

The informal economy is a rather widespread phenomenon in Italy, especially in sectors with predominant employment of migrants. The latest available data (Istat, 2008b) estimates that in 2006 undeclared work reached 22.7 per cent in agriculture (20.5% in 2000), 5.7 per cent in industry (7.1% in 2000) and 13.7 per cent in services (15.3% in 2000). Undeclared work occurs at even higher rates in the hotel sector (32.3%) and transportation (30.7%).

A recent research by the National Institute of Agricultural Economy (INEA, 2009) highlights that among migrant workers employed in agriculture, a high rate has an expired residence permit or no permit at all. According to INEA, agricultural labour-intensive activities would be impossible without the endemic use of irregular foreign workers. In the region of Calabria, for example, the authors estimate that as many as 95 per cent of migrants recruited into harvestings are irregular immigrants.

A model of migrant insertion in the labour market has emerged in Italy, which, far from being universalistic and fair, offers migrant workers what has been defined by some authors as "subordinate insertion". However, it is necessary to add, as Emilio

154 Analyses are made on data produced quarterly by Istat, surveys on labour forces QIII 2009.

155 For foreign workers with a primary education or less, the difference is equal to 5 per cent, but it increases to 16.4 per cent for people who have a secondary education up to 28.5 per cent for people with university and post graduate degrees.

Reyneri states in his report on Immigration in Italy: "To properly frame the condition of disadvantage, it is impossible not to take into consideration the complexity and rigidity of the legislation regulating the renewal of a residence permit...."

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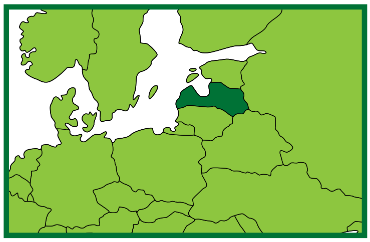
LATVIA



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Migration Trends

Latvia is currently a country of emigration, and no substantial immigration from third countries has been observed (Table 1).[157] Immigration is also a politically sensitive issue, partly due to the perceived negative experience of massive immigration when Latvia was part of the USSR.

Table 1: Long-term registered migration in Latvia, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 (1)
Immigration	1,627	1,443	1,428	1,364	1,665	1,886	2,801	3,541	3,465	2,688	1,367
Emigration	7,131	6,602	3,262	2,210	2,744	2,450	5,252	4,183	6,007	7,388	6,274
Net migration	-5,504	-5,159	-1,834	-846	-1,079	-564	-2,451	-642	-2,542	-4,700	-4,907

(1) Data for 2010 refer to the first semester.
Source: Central Statistcal Bureau of Latvia (CSB).

According to the official data from the Office of Citizenship and Migration Affairs (OCMA), 82 per cent of the Latvia's population of 2.2 million inhabitants are citizens of Latvia. A further 15 per cent are non-citizens – a special legal status given to permanent residents of Latvia who have neither become Latvian citizens, nor are citizens of another country.[158] Although Latvia's non-citizens are treated as long-term resident third-country nationals in accordance with the provisions of Directive

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157 Central Statistical Bureau of Latvia (CSB), at http://data.csb.gov.lv.
158 Most of them arrived in Latvia during the Soviet era and subsequently lost their Soviet Union citizenship in 1991 when Latvia regained independence.

2003/109/EC,[159] in the Latvian discourse they are not seen and portrayed as migrants but as minorities (Akule et al., 2009). The remaining two per cent of the population are foreigners, including third-country nationals.

The majority of foreigners residing in Latvia are Russian nationals – 1.4 per cent of Latvia's population, followed by citizens of Lithuania, Ukraine and Belarus (Table 2). Most of them however have lived in Latvia for a few decades, but only recently obtained their citizenship. Migrants come from these aforementioned Eastern European countries, in particular due to the geographic proximity and the possibility to use the Russian language when living and working in Latvia (Kazaks et al., 2007). Nevertheless, in the future this could create additional challenges to social cohesion if migrants integrate only with the Russian-speaking community, but not with the Latvian-speaking one.

Table 2: Residents of Latvia by nationality, percentage, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 (1)
Latvia	74.27	75.43	76.34	77.01	77.79	78.86	80.07	80.99	81.60	82.04	82.51
Non-citizens of Latvia	24.64	23.35	22.36	21.63	20.77	19.63	18.27	17.19	16.36	15.78	15.26
Russian Federation	0.81	0.89	0.95	0.93	0.97	1.01	1.11	1.20	1.28	1.34	1.40
Lithuania	0.06	0.07	0.07	0.08	0.09	0.10	0.12	0.13	0.15	0.16	0.17
Ukraine	0.06	0.08	0.09	0.08	0.10	0.11	0.11	0.12	0.13	0.15	0.14
Belarus	0.03	0.04	0.05	0.05	0.06	0.07	0.07	0.08	0.09	0.09	0.09
Germany	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.03	0.04	0.04	0.05
Estonia	0.02	0.02	0.02	0.02	0.03	0.03	0.03	0.04	0.04	0.04	0.04
Bulgaria	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.02	0.03
United States	0.01	0.02	0.02	0.01	0.02	0.02	0.02	0.02	0.03	0.03	0.02
Other countries	0.09	0.09	0.09	0.18	0.16	0.15	0.18	0.20	0.27	0.31	0.29

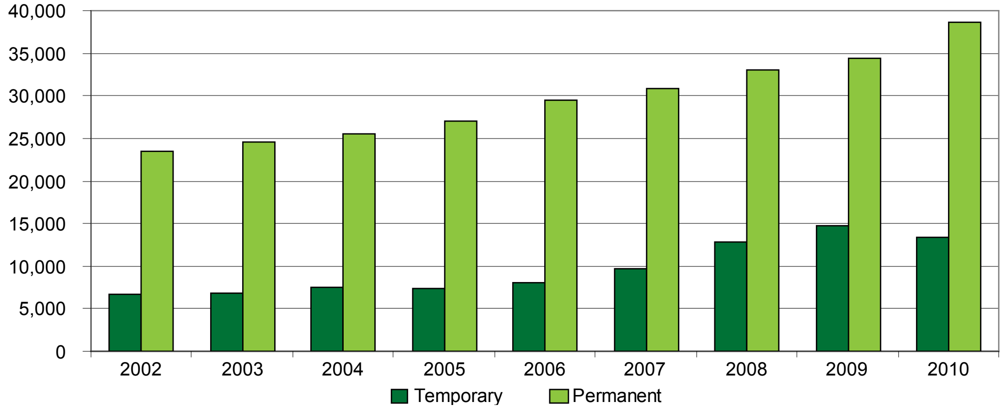
(1) Data at the beginning of each year.
Source: OCMA.

In 2010 two thirds of approximately 50,000 foreigners residing in the country possess permanent residence permits. Most of them (78%) are Russian citizens (Figure 1). Among those with temporary residence permits, 42 per cent come from EU/EEA countries such as Lithuania, Germany, Sweden, Bulgaria and Romania and other states (OCMA).

There are a very small number of asylum seekers and refugees in Latvia. Only 306 persons have applied for asylum since 1998, when the asylum procedure started. In total 22 persons were granted the refugee status in Latvia. In 2002-2009 alternative status was granted to 27 persons (OCMA).

159 Council Directive 2003/109/EC of 25 November 2003 concerning the status of third-country nationals who are long-term residents.

Figure 1: Stock of migrants residing in Latvia on the basis of permanent and temporary residence permits, 2002-2010 (1)

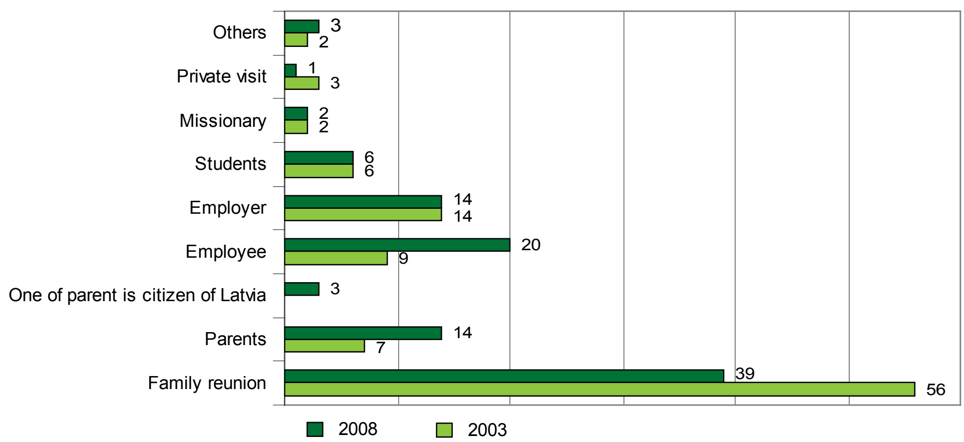


(1) Data until July 2010.
Source: OCMA.

As of 2002, foreign students constitute one per cent of the annual total number of university students, and their number rarely exceeded 2,000 per year. The majority are coming from the Russian Federation, Sri Lanka, Belarus, Ukraine, Georgia and Kazakhstan.[160]

Looking at commonly declared purposes of stay in Latvia, most foreigners with a temporary residence permit have family ties, followed by employment and studies (Figure 2). Data for 2008 also shows that relatively few female migrants come to Latvia for work – only 21 per cent of temporary residents for the purpose of employment are women (Zepa, Šūpule, 2009).[161]

Figure 2: Reasons for entering Latvia, percentage, 2003 - 2008

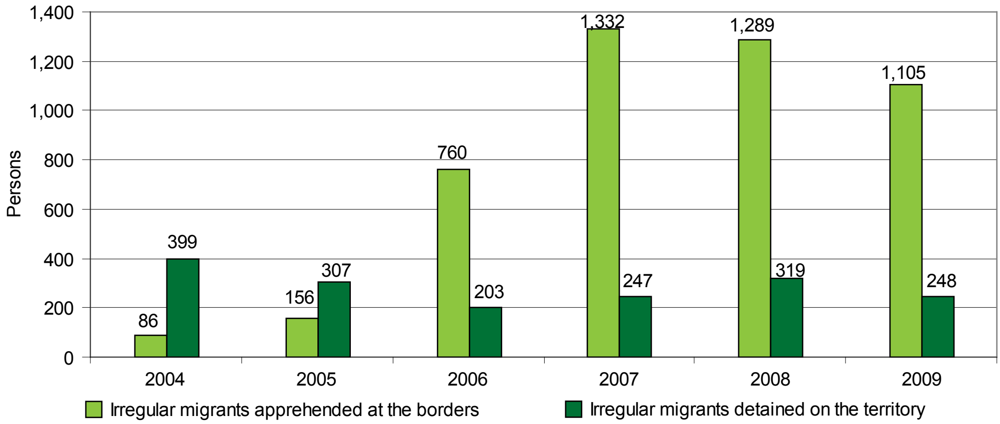


Source: CSB.

[160] Ministry of Education and Sciences in Latvia, available at http://izm.izm.gov.lv/upload_file/Registri_statistika/09Starpt-sadarb-2009.pdf.
[161] Data on temporary residence permits in January 2009 .

The numbers of apprehended undocumented migrants at the borders of Latvia were increasing up through 2008, reaching 1,332 in 2007 (Figure 3).

Figure 3: Irregular migrants detained at the borders and on the territory, 2004-2009



Source: Office of State Border Guards.

Labour Market Impact

Latvia's immigration policy is relativelly strict and conservative, and has been formed with the aim of protecting the national labour market, despite the natural population growth being negative for many years (-5.0 percentage points in the first half of 2010, CSB data).

Several studies reveal that local worker emigration resulted in significant impact on the labour market (Hazans, 2009; Indans, Roze, 2005). In rapid economic growth conditions following EU accession, employers claimed that labour skills shortage had hampered business growth (Karnīte, 2006). Even if it were possible to halt the departure of Latvian workers, increase employment levels and raise productivity levels, it would evidently be impossible to meet the labour requirements of a growing economy due to alarming demographic trends.

A direct impact of immigrants on the local labour market is negligible due to the relatively low numbers of migrants residing in Latvia. However, experts are certain that Latvia would not face such deep recession, if greater migration from third countries had been allowed, thus protecting the economy from abnormally high wage increases (Karnite, 2010). Surveyed entrepreneurs[162] stated that labour shortages in 2005-2008 coupled with expensive and time-consuming procedures for processing work permits negatively influenced labour market growth in the long term.

162 "Immigrants in Latvia. Possibilities and conditions for inclusion", Baltic Institute of Social Science, 2009. The research investigated the situation of migrants in Latvia via a survey of migrants and in-depth interviews with migrants, employers, service providers, state and local government officials.

Migrant workers are usually employed in sectors where local workers are not willing to work, or where specific qualifications are lacking in the local labour force. For example, many Ukrainians worked in shipbuilding because the Latvian educational system does not prepare professionals needed for this specific area (Akule et al., 2009). A survey of enterprises and associations carried out by Hansabanka in 2006, confirmed that most of the surveyed employers in sectors such as construction, IT, transport, and communications were concerned about labour shortages, and were attracting or planning to attract migrant workers from Commonwealth of Independent States (CIS) countries (Kazaks et al., 2006). Seventy-five per cent of surveyed employers claimed the shortage of low skilled workers, and 35 per cent the specific lack of highly-qualified specialists.

As a result of labour shortages, the number of issued work permits increased significantly from 2005 (505 permits) to 2007 (3,113 permits), being mostly provided to male migrants. Economic recession was the driving force behind the subsequent drop in the number of granted work permits (1,156 in 2009) (State Employment Agency).

Data shows that in the past few years the most popular sectors for migrant employment were manufacturing, transport and logistics, construction, as well as accommodation and catering (Table 3). The biggest drop in demand for migrant workers was in the construction sector (823 work invitations in 2008, only 62 in 2009) and manufacturing (1,146 in 2008, 475 in 2009).

Table 3: Issued work permits (with work invitation), by sector, 2005-2009

	2005	2006	2007	2008	2009
Manufacturing	201	222	384	993	530
Construction	23	255	1,362	547	48
Financial services	12	10	19	24	11
Education	6	8	5	7	8
Services (real estate, IT, science)	26	41	37	70	45
Public, social and individual services	23	16	33	44	25
Transport, storage and communications	32	51	176	235	131
Whole sale and retail, repair	22	38	54	119	67
Hotels and restaurants	52	98	149	198	138
TOTAL	**423**	**797**	**2,296**	**2,317**	**1,045**

Source: OCMA.

Third-country nationals that need a work invitation to receive a work permit constitute only approximately 30 per cent of all migrants who receive work permits in Latvia (Table 4).[163] No institution collects data on foreign nationals who do not need a work permit.

163 Work permits without work invitation are issued to spouses of foreigners holding permanent residence permits, persons holding a long-term EC resident status from another EU country (for the 1st year of employment in Latvia), and skilled migrants (scientists, artists, sports coaches, pedagogues).

Table 4: Issued work permits (with and without work invitation), by sector, 2005-2009

	2005	2006	2007	2008	2009
Manufacturing	386	374	631	1,211	628
Construction	124	381	1,734	912	82
Financial services	51	75	77	75	53
Education	145	137	129	110	63
Services (real estate, IT, science)	298	283	359	373	234
Public, social and individual services	320	310	408	498	304
Transport, storage and communications	142	161	719	1,178	504
Whole sale and retail, repair	317	331	448	511	312
Hotels and restaurants	136	187	279	307	182
Unknown	2,293	2,811	3,400	3,750	3,682
TOTAL	**4,370**	**5,205**	**8,341**	**9,127**	**6,125**

Source: OCMA.

The majority of migrant workers come from the Russian Federation, Belarus, Ukraine, and Moldova, although the nationality-based dynamics change over the years (Table 5).

Table 5: Number of migrants with work permits (with and without work invitation), by citizenship, 2005-2009

Country	2005	2006	2007	2008	2009
Bulgaria	5	10	252	185	-
Lithuania	258	149	156	183	-
Romania	7	10	58	180	-
Estonia	129	62	71	76	-
Germany	106	81	60	53	-
Subtotal EU27	505	312	597	677	-
Russian Federation	1,565	1,958	2,712	3,116	2,645
Ukraine	613	755	1,391	1,763	1,286
Belarus	333	456	719	871	678
Israel	100	181	197	216	167
Moldova	35	166	729	509	141
USA	142	183	200	192	135
Armenia	73	92	210	129	97
India	80	95	107	117	92
Azerbaijan	42	69	98	113	86
Turkey	29	63	106	79	83
Georgia	32	29	96	121	71
Uzbekistan	24	98	289	240	60
Other countries	797	748	890	984	584
Subtotal for Third countries	3,865	4,893	7,744	8,450	6,125
Total	**4,370**	**5,205**	**8,341**	**9,127**	**6,125**

Source: OCMA.

Undeclared employment is widespread, as Latvia has a large informal economy (CSB).[164] A 2007 study suggests that 25 per cent of all workers (mostly local) are employed without a written labour contract or not paying taxes on all of their income (Šumilo, 2007). In the case of migrants, irregular employment also takes the form of being employed without possessing a work permit. The only reliable data on the number of irregular migrant workers is the number of individuals detained for working without a permit (Table 6).

Table 6: Registered irregular migrant workers (working without a work permit), 2005-2009

	2005	2006	2007	2008	2009
United States	5	4	7	13	3
Belarus	0	2	5	6	2
Bulgaria	0	79	0*	0*	0*
Israel	4	4	3	7	1
Russian Federation	10	13	17	48	8
Moldova	1	1	27	18	2
Ukraine	4	3	14	52	0
Others	4	25	21	30	11
Total:	28	131	101	174	27

Source: Office of State Border Guards.
** As of 2007, Bulgarian citizens have access to the Latvian labour market as EU citizens.*

The actual number of irregular migrant workers is estimated to be higher due to frequent overstay (Akule et al., 2009) and migrant work in sectors that are prone to undeclared employment in Latvia, such as construction (38% of all informally employed persons), shipbuilding, forestry and agriculture (30%), as well as retail and services (especially, in hotels and restaurants) (Šumilo, 2007).

Due to existing legislation which sets a higher minimum wage for migrants than for locals, legal migrants often receive higher salaries than native workers in the same position. A recent survey reports that there are less migrant than native workers who receive salary lower than LVL 300 or approximately EUR 427 (30% in comparison with 50% for natives). In general the average monthly salary of native worker is LVL 241 (approximately EUR 343), while legal migrant workers on average are paid LVL 344 (EUR 489) (Zepa, Šūpule, 2009).

Nevertheless, individual cases of wage discrimination have been observed, and many migrant workers in Latvia follow the widespread local pattern of working legally for a minimum (or small) salary and receiving the rest of their pay unofficially. Unwritten employment agreements are practiced in sectors where salaries are frequently undeclared, as for example in the construction sector or domestic services (Akule et al., 2009).

[164] Estimates by Latvia's Central Statistical Bureau for 2008 put the size of informal economy at 10-12% of Latvia's GDP.

The total employment rate in Latvia fell from 62.6 per cent in 2008 to 55.2 per cent in 2009 (Central Statistical Office).[165] Migrants and nationals do not display greatly divergent employment rates (51% for migrants[166], 53.4% for locals[167]). Sixty-one per cent of male migrants are employed, which is five percentage points higher than the rate for local male workers. At the same time, 51 per cent of Latvian female citizens and non-citizens are employed, while only 37 per cent of female foreign nationals have a job (Zepa, Šūpule, 2009).

Recently registered unemployment rates in Latvia rose significantly – from 5 per cent in 2007 to 16.5 per cent in January 2010. Low-skilled workers were the first to be affected by redundancies. Unemployment data from the State Employment Agency is available only on migrants who are eligible for the state unemployment support, which is an estimated one third of the total migrant population.[168] Most unemployed permanent residents come from either the Russian Federation, Lithuania, Ukraine or Belarus (Figure 4). Other groups of third-country nationals with temporary residence permits have no right to receive unemployment benefits.

Rising unemployment has made it is far more difficult for a migrant worker to find a job, and in 2009 many natives and migrants were taking up jobs the same sectors, such as industry, energy, construction, trade, catering, tourism, transport and logistics. However, many entrepreneurs are certain that Latvia will soon need migrant labour again, and forecast an even higher demand for labour than in 2007 with persistent conditions of continuously emigrating[169] Latvian nationals (Zepa, Šūpule, 2009).

165 Working population of 15-74.

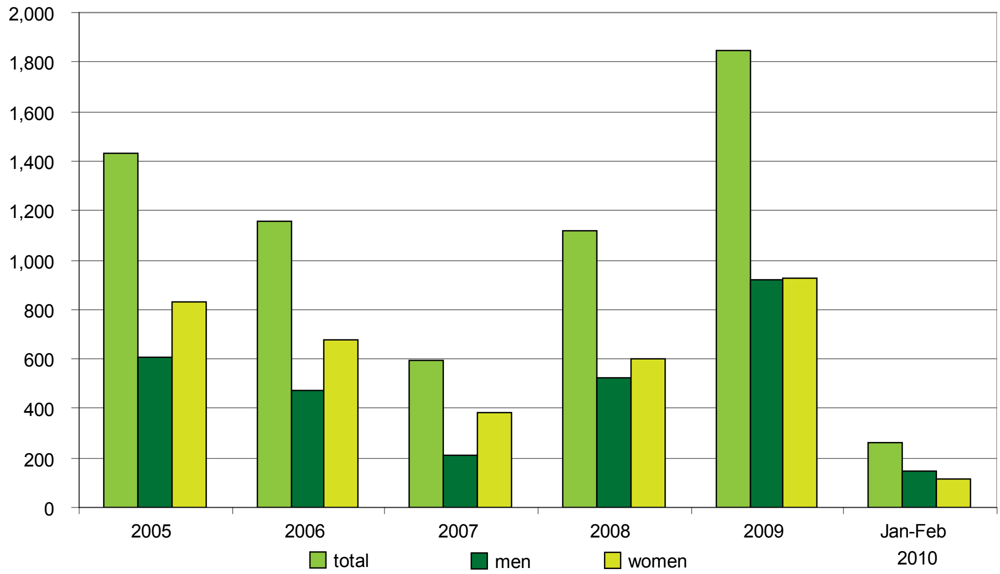
166 Results of the survey conducted in October-December 2009, from Zepa, Šupule, 2009.

167 Third quarter of 2009, CBS.

168 (1) Spouses of Latvian citizens, non-citizens and persons with permanent residence permits who themselves have temporary residence permits; (2) persons who have temporary residence permits due to performing scientific work in Latvia; (3) persons who have temporary residence permits due to having been granted the status of human trafficking victim in Latvia; (4) persons who have temporary residence permits due to the alternative status or refugee status awarded in Latvia or a family member of such a person who has a temporary residence permit in Latvia; (5) persons who have permanent residence permits in the European Community due to awarding the status of EU permanent resident in Latvia or a spouse of such a person who has a temporary residence permit in Latvia. These foreigners are eligible to receive unemployment benefit if unemployment insurance was paid or was required to have been paid in Latvia for no less than 12 months out of the 18 months prior to the day of gaining unemployment status.

169 According CSB, 7,388 people have emigrated from Latvia in 2009, but it is only a small registered part of the actual numbers of emigrants.

Figure 4: Registered unemployed persons with permanent resident permits, by gender, 2005-2010



Source: Unpublished SEA data.

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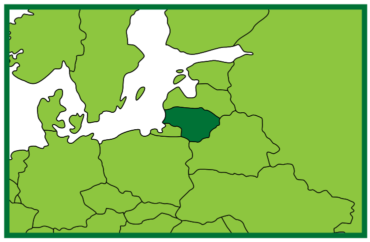
LITHUANIA

Ieva Budvytyte[170]



Migration Trends

Lithuania has traditionally been an emigration country with an estimated population of 1,500,000 Lithuanians living throughout the world. At the start of 2009, the total population in Lithuania was 3,349,872 of which 98.8 per cent were Lithuanian citizens. Immigrants comprise just 1.2 per cent of the total population.

Restrictive immigration policy coupled with comparatively unattractive economic conditions has contributed to relatively low migration flows into Lithuania. Between 2001 and 2008, immigration to Lithuania was rather stable with no radical fluctuations. Yet some increase in immigration flow has been observed since the country's accession to the European Union (EU) in May 2004 (Table 1). By 2008, the total inflow of immigrants to Lithuania comprised of 9,297 individuals, which is an increase of 108 per cent compared to 2007, and of 196 per cent if compared to 2003 during the pre-accession period. In 2009, due to the economic crisis a considerable decrease in immigration was observed (almost 30% lower than in 2008).

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Table 1: International Migration in Lithuania, 2000-2009

Year	Population (in thousands, beginning of year)	Total increase/ decrease in population	International migration, absolute numbers		
			Immigration	Emigration	Net-migration
2000	3,512.1	-4,770	1,510	21,816	-20,306
2001	3,487.0	-8,853	4,694	7,253	-2,559
2002	3,475.6	-11,058	5,110	7,086	-1,976
2003	3,462.6	-10,392	4,728	11,032	-6,304
2004	3,445.9	-10,921	5,553	15,165	-9,612
2005	3,425.3	-13,258	6,789	15,571	-8,782
2006	3,403,3	-13,548	7,745	12,602	-4,857
2007	3,384.9	-13,278	8,609	13,853	-5,244
2008	3,366.4	-8,767	9,297	17,015	-7,718
2009	3,349.9	-5,200	6,487	21,970	-15,483

Source: Statistics Lithuania.

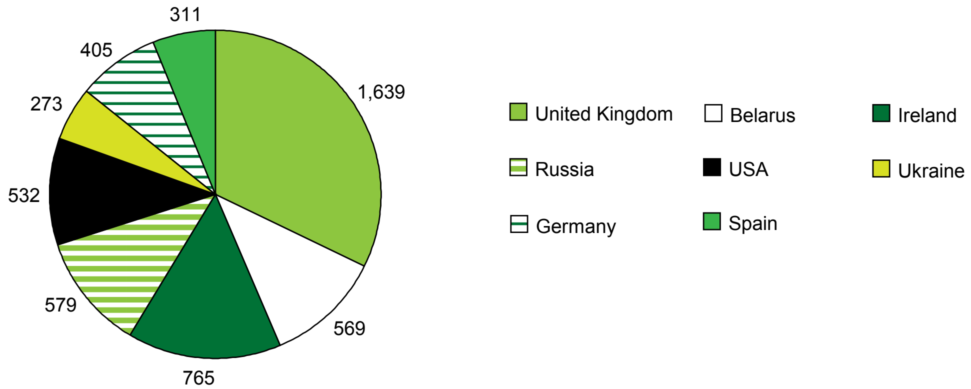
Table 2: Immigrants by citizenship

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total by citizenship	4,694	5,110	4,728	5,553	6,789	7,745	8,609	9,297	6,487
Belarus	482	508	429	203	329	647	746	987	438
United States	189	201	154	161	148	141	123	94	47
Lithuania	714	809	1,313	3,397	4,705	5,508	6,141	6,337	4,821
Russia	1,219	1,356	1,089	441	294	396	416	368	312
Ukraine	516	614	397	246	251	294	422	508	209
Other countries	1,468	1,518	1,258	1,002	773	745	737	987	645
Stateless	91	96	82	103	288	14	24	16	15
Not indicated	15	8	6	-	1	-	-	-	-

Source: Statistics Lithuania.

The significant majority of immigrants in 2009 were from the EU countries which formed over 59 per cent of the whole immigration inflow (Table 2). This proportion (54%) has remained stable since Lithuania joined the EU. The main countries of origin in 2009 were the UK, Ireland, Germany, and Spain. Immigration from the Eastern European countries such as Belarus, Russia, and the Ukraine, which traditionally have been main source countries of migrants, remains persistent; accounting for 25 per cent of all migrants. (Figure 1)

Figure 1: Immigrants to Lithuania by country of origin, 2009



Source: Statistics Lithuania.

Labour immigration began to grow noticeably in 2004. Migrants present in the country for other entry purposes are also able to compete in Lithuania's labour market according to various access regulations reviewed in Part 2 of this study (Table 3).

Table 3: Number of issued/replaced temporary residence permits in Lithuania, by purpose of entry, 2002-2009

Purpose of entry	2002	2003	2004*	2005	2006	2007	2008	2009
Work under an employment contract	386	475	777	697	2,085	2,708	5,124	3,943
To attain education	602	641	707	698	870	999	1,441	1,462
To engage in lawful activities	1,130	1,026	694	1,281	836	663	845	1,193
Family reunification	2,382	2,414	2,027	2,257	2,981	3,800	4,478	4,485
Arrives as a family member of an alien	704	612	540	562	528	152	-	-
Other (persons of Lithuanian descent; aliens granted subsidiary protection, etc.)	1,070	850	314	62	69	368	504	686
Total:	6,274	6,018	5,059	5,557	7,369	8,690	12,392	11,769

**Includes positive decisions on applications by the citizens of the EU/EFTA Member States accepted before 30 April 2004.*
Source: Migration Department.

The vast majority of issued and replaced temporary residence permits are granted on the grounds of family reunification (38.1% in 2009) and for employment with a work permit (33.5% in 2009). According to data on work permits, female migrant workers make up only 2-3 per cent of overall migrant labour. However, female migrants comprise up to 40-50 per cent of the total number of foreign nationals residing in the country.

This disparity can be explained to some extent by the gender segregation of the national labour market that results in men being mostly frequently recruited for sectors with labour shortages, such as construction, shipbuilding, transport and manufacturing (Tables 4,5 and 6).

Table 4: Immigrants by gender

Immigration, gender	2006	%	2007	%	2008	%	2009	%
Total	7,800	100	8,609	100	9,297	100	6,487	100
Men	4,400	56.4	4,777	55.4	5,502	59.1	3,357	51.75
Women	3,400	43.6	3,832	44.6	3,795	40.9	3,130	48.25

Source: Statistics Lithuania.

Table 5: Work permits by gender

Work permits by gender	2006	2007	2008	2009
Women	5 %	1.85 %	2.4% (127)	3% (64)
Men	95 %	98.15 %	97.6% (7,692)	97% (2,175)

Source: Lithuanian Labour Exchange.

Table 6 Number and percentage of foreigners employed by the sectors of economy, 2009

Sector of economy	Number of employed foreign citizens	Per cent of total number
Construction	455	20.33
Industry	692	30.91
Service	1,091	48.73
Agriculture, hunting and forestry	1	0.04
Total	**2,239**	**100**

Source: Lithuanian Labour Exchange.

Labour Market Impact

Between 2000 and 2009 the country's population declined by 5.5 per cent or 183,100 nationals. The beginning and end of the decade were marked by economic recessions which vastly increased the unemployment rate within brief periods, in both instances spurring active emigration. Lithuania is mainly losing people of working age. The proportion of emigrants that are under 35 exceeds 60 per cent. In 2005-2007 the shortage of labour was emerging due of the high economic growth rate.

The Lithuanian state has decreed several geographical regions from which arriving workers are more favoured: Belarus, Ukraine, Moldova and the countries of the South Caucasus. Income differences are sufficient for Lithuania to be somewhat comparably attractive to these migrants as a potential immigration country. Foreign citizens' may also be persuaded to migrate to Lithuania because of the rather widespread usage of the Russian language which facilitates integration of migrants.

In general, recent data on employed migrants from third countries partly confirmed forecasted sources of immigration to Lithuania (Table 7).

Table 7: Employed foreigners by country of origin, 2003-2009

	2003	2004	2005	2006	2007	2008	2009
Ukraine	158	279	486	959	2,072	1,824	611
Russia	120	108	178	124	260	316	56
Belarus	35	189	456	1,104	2,154	2,446	613
USA	20	52	29	16	29	18	13
China	103	98	112	117	255	546	116
Turkey	11	8	12	9	393	1,804	536
Other	162	143	292	653	523	854	294
Total	609	877	1,565	2,982	5,686	7,819	2,239

Source: Department of Migration.

In previous years, labour migrantion from China and Turkey grew in number, as high activity from Belarus and Ukraine remained constant. Workers from these countries, as well as from the neighbouring Russia, have presumably been attracted by both geographical proximity and expectations of limited language barriers.

In Lithuania during the economic crisis, the most affected economic sectors were those which previously employed migrants from third countries (transport, construction and industry). Based on a public opinion poll, commissioned by the IOM and carried out by VILMORUS in mid-January 2010, the majority of employers considered the deeply entrenched economic crisis a diminished cause to open up employment to third-country nationals, but would increase the demand for workers after the economic situation improved.

No studies have been conducted in Lithuania on the impact of immigration on the situation of the native workers and the labour market in general. However, considering the relatively low volume of migrant workers, the effect, if any, should have thus far remained negligible (Table 8).

Table 8: Employed nationals, employed immigrants, unemployment rate and inflation in the country, 2006-2009

	2006		2007		2008		2009	
	Absolute number	%	Absolute number	%	Absolute number	%	Absolute number	%
The employed population, in thousands	1,499.0	100	1,534.2	100	1,520	100	1,424.2 (3 quarter)	100
Employed immigrants	2,982	0.19	5,686	0.37	7,819	0.51	2,239	0.15
Total unemployment rate, %	5.6		4.3		5.8		13.7	
Inflation, %	4.5		8.1		8.5		1.3	

Source: Department of Migration and Department of Statistics, Lithuanian Labour Exchange.

Since the EU accession, 1,984 foreign nationals registered enterprises in Lithuania, among which 578 enterprises were registered by private persons. In comparison 84,574 economic entities were operating in Lithuania by the beginning of 2009.

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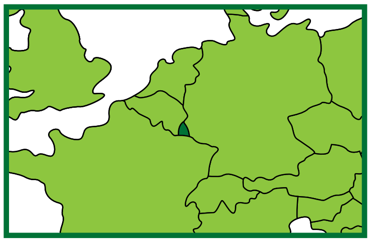
LUXEMBOURG



Claudia Hartmann-Hirsch,
Senyo Fofo Amétépé[171]

Migration Trends

Luxembourg's overall percentage of foreigners[172] has increased over the last decades and reached 216,400 inhabitants out of 506,066 in 2009 (43% of the total population, 37% in 2001). The number of third-country nationals remained low and stable compared to the resident population with 5 per cent in 2000 only increasing to 6 per cent in 2009. Indeed, intra-EU mobility constitutes the overwhelming majority of the immigrant population (86%).[173] In terms of shares, Portuguese nationals still represent the largest immigrant group with 37 per cent. Italians the largest group until the 1950s, are by now only the third largest immigrant community (9%), right after French nationals (13%) (Table 1).

Table 1: Foreigners by nationality in resident population, percentage, 2001-2010*

Year	Total population	EU nationals	TCNs	All foreigners
2001	100	31.8	5.1	36.9
2002	100	32.2	5.3	37.5
2003	100	32.6	5.5	38.1
2004	100	33.3	5.8	39.1
2005	100	34.2	5.6	39.8

[171] Claudia Hartmann-Hirsch and Senyo Fofo Amétépé are researchers at the Centre of Studies of Populations, Poverty and Socio-Economic Policies (CESP/INSTEAD). The report was prepared in collaboration with Rainer Ohliger, Network Migration Europe.

[172] The term "foreigner" includes both border commuters and resident immigrants. Moreover, for administrative data, TCNs include citizens of the EEA and Switzerland. For own calculations with LFS and PSELL3/EU-SILC they are included in the group of EU citizens because they benefit from free movement to the same extent as EU citizens.

[173] If we add 'other Europeans', we reach a total of 93.3 per cent of *European* immigrants.

Year	Total population	EU nationals	TCNs	All foreigners
2006	100	35.0	5.7	40.7
2007	100	35.9	5.7	41.6
2008	100	36.6	6.0	42.6
2009	100	37.5	6.1	43.7
2010	100	37.1	6.0	43.1

Source: Statec, 2010.
**2001: population census, the following years are estimations.*

Luxemburg is an exceptional country in the EU also because it has an overwhelming share of cross-border commuters and international officials, due to its hosting of a number of international organizations.[174]

The share of economic immigration in Luxembourg is by far the highest (54.3%), while family reunification and humanitarian inflows are comparatively lower than elsewhere (OECD, 2009, Hartmann-Hirsch forthcoming).

The main sources for migration data in Luxembourg is the Labour Force Survey (LFS),[175] the Panel on Socio-Economic Living in Luxembourg/European Union-Statistics on Income and Living Conditions (PSELL3/EU-SILC)[176] and the national statistical office (Statec). However, data on third-country nationals has to be taken with caution, given its low frequencies and thus not being accurately representative.

Gender distribution among migrants and nationals was similar in 2009. Out of the total population of the country, 68 per cent are aged 15 to 64. This share is lower for Luxembourgers (64%) than for migrants (73%), with nationals being on average eight years older than migrants (Thill-Ditsch, 2010). Thus the impact of foreigners on the economy is even higher than its impact on demographics. This effect will become even more pronounced within the next 10-15 years, as migrants below age 15 outnumber the equivalent nationals.

The foreign-born population on average has higher educational qualifications than the native-born citizens, with EU nationals also typically having higher qualifications than third-country nationals. This confirms the data on native and foreign-born inhabitants as well as the analysis by Amétépé and Hartmann-Hirsch (2009) demonstrating the very strong non-EU economic elites comprised of Japanese, Canadian and US citizens, who are better qualified, and in combination with the EU foreigners more numerous compared to the qualified nationals (Table 2). Thus, third-country nationals have to be divided into a) highly skilled migrants coming from the Northern hemisphere (Japan, Canada, Norway, or the US) and b) less qualified migrants, predominantly coming from Southern countries (the former Yugoslavia, or Cape Verde).

174 International officials represents the 5% of the resident population and 4.3% of the domestic labour market (Statec, 2008).

175 LFS is undertaken once per year for a sample based on social security data (Inspection Générale de la Sécurité Sociale: IGSS) of almost 8,500 households and 20,000 resident citizens. In 2009, the number of individuals interviewed was lower, around 15,000. International officials and employees are excluded.

176 This sample was of 3,500 households with 10,000 individuals, including resident citizens and international officials.

Table 2: Share of active residents (15-65 years old) by educational level, gender and migration status, percentage, 2009

	No Education	Primary	Lower Secondary	Upper Secondary	Post-Secondary	Tertiary	Post-Graduate	Total	Frequencies
Sex									
Male	3.5	14.0	17.7	36.7	3.9	22.4	1.8	100	5,676
Female	3.1	18.3	23.3	33.6	2.0	19.0	0.7	100	5,942
Place of birth									
Native-Born	0.3	15.6	26.5	37.9	3.9	15.1	0.7	100	8,237
Foreign-Born	8.1	17.1	11.2	30.8	1.5	29.3	2.0	100	3,381
Place of birth of foreign-born									
Born EU	8.6	17.4	11.1	30.2	1.6	29.3	1.8	100	3,082
Born non-EU	3.3	13.7	12.6	36.6	0.7	29.5	3.6	100	299
Nationality of foreign-born									
EU nationality	1.9	10.2	12.2	32.2	0.8	39.1	3.6	100	102
Non-EU nationality	4.0	15.5	12.8	38.8	0.6	24.7	3.6	100	197
All respondents	3.3	16.2	20.5	35.1	2.9	20.7	1.2	100	11,618

Source: LFS, 2009.

During the course of this decade, Luxembourg has developed a selective immigration policy[177] that has produced a slight increase of highly qualified workers from 2002 to 2006 (Table 3). The highly skilled third-country nationals (with bachelor's degree or higher) doubled more or less their share from 0.7 per cent to 1.2 per cent, whilst the percentage of the poorly skilled decreased from 4.1 per cent to 3.5 per cent.

Table 3: Share of active residents (15-65 years old) by educational level, percentage, 2002 and 2006

Nationals and migrants groups	2002	2006
National before Bachelor	49.7	49.5
Nationals with Bachelor (Baccalaureate +3, +4)	5.6	6.1
National highly qualified (master or more)	2.8	3.3
EU migrants before Bachelor	29.0	27.7
EU migrants with Bachelor (Baccalaureate +3, +4)	3.5	3.9
EU migrants highly qualified (master or more)	4.6	4.7
Non-EU migrants before Bachelor	4.1	3.5
Non-EU migrants with Bachelor (Baccalaureate +3, +4)	0.4	0.6
Non-EU migrants highly qualified (master or more)	0.3	0.6
Total	**100**	**100**
Frequencies	6,149	5,839

Source: own calculations based on PSELL3/EU-SILC, waves 2003 and 2007.

177 At least 4 times the minimum wage for highly qualified employees and at least the minimum wage for ordinary employees

Labour Market Impact

The economy of Luxembourg is one of the most stable in the European Union, exhibiting high growth rates[178] and low unemployment. Structural changes from industry to services were proven to be economically successful with financial services forming the backbone of the economy. From a methodological point of view, it is important to distinguish between the national and domestic labour market: the first includes all residents in Luxembourg, independently of their country of employment;[179] the latter includes all workers in Luxembourg, independently of their country of residence.[180] Different EU legal provisions occur in the two contexts (mainly regulations 1612/68, 1408/71, 883/04) concerning the residence and work countries, which affect unemployment, child benefits, membership in health, care and pension insurance (with contributions and consumptions), and tax contributions.

In the so-called "Luxembourg Model" (Hirsch, 2007a) both labour and welfare legislation can be characterized as being profoundly corporatist (Esping-Andersen, 1990; Hartmann-Hirsch, 2009). Political decision-making has also been characterized as corporatist, bypassing in some ways the traditional parliamentary and governance procedures (Hartmann-Hirsch, 2007b). Thus, the "comité de coordination tripartite" (act of 1976) bringing together employers, trade unions and the government tackles employment and economic issues in a broader sense and proposes a certain number of policy measures at the end of each negotiation round. These can then either be directly implemented by the government or require the approval of the Parliament if a new or modified legislation is needed.

The Luxembourgish economy created more than 55,000 net new jobs between 2003 and 2008, in particular in business services (16,700), financial intermediation (7,500), health and social services (6,800), construction (6,600), transport and communications (6,000). The national market on its own was unable to fill these vacancies. As a consequence, cross-border commuters obtained 47 per cent of these net new jobs in 2007 versus 16 per cent of nationals and 37 per cent of migrant residents (Statec, 2009).

A steady inflow of foreigners over the last decades has produced a continuous labour force increase, complementing the labour market participation of nationals. Using data from PSELL3/EU-SILC, it appears that half of the active persons (15-65 years) are foreign-born, out of which 42 per cent are born in other EU countries and eight per cent in non-EU countries (Figure 1).

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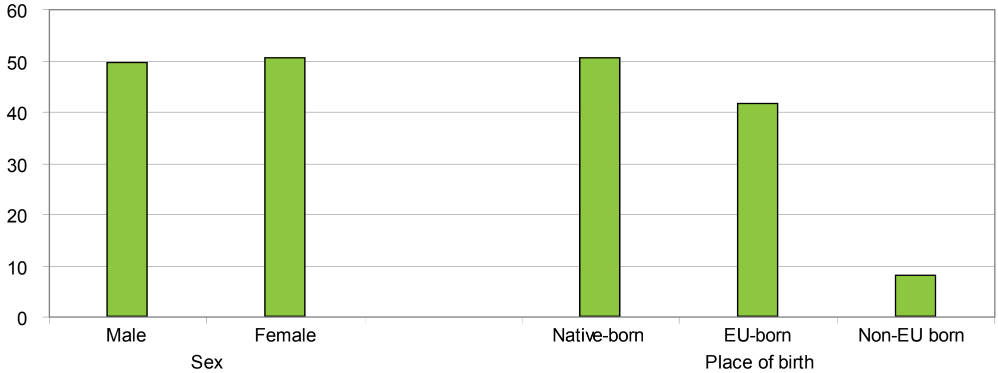
178 GDP increased from 22 to 36 billion between 2000 and 2008. In 2008 however, the growth rate became negative (-0.9 %)(Statec).

179 Thus including the very small group of cross border commuters who are residents in Luxembourg and work in the neighbouring regions: 700 persons (2008).

180 Including the numerous cross border commuters residing in the neighbouring EU member states and work in Luxembourg: 136,000 persons (2008).

Figure 1: Share of active residents (15-65 years old) by sex and place of birth, percentage, 2007



Source: PSELL3/EU-SILC.

Luxembourg's domestic labour market in 2008 consisted of two thirds foreigners (26.8% residents, 43.7% cross-borders commuters) and one third nationals (Hartmann-Hirsch, 2009). There was an important and regular annual employment growth mainly for cross border commuters from 2000 to 2008 with a peak of 12.3 per cent between 2000/2001. However, it decreased dramatically between 2008 and 2009 and reached only 2.6 per cent, the lowest increase during the course of the decade. For nationals, the annual employment growth was and is still the lowest growth among the three groups (IGSS, 2008). Thus, Luxembourg's labour economy and market heavily depend on foreigners. The inclusion of migrants in Luxembourg's labour market seems to follow a 'virtuous spiral' (Schuller, 2002) where nationals become more and more of a minority within the national and domestic labour market (Table 4).

Table 4: Share of employed residents by migration status (domestic labour market), percentage, 1990-2009

	1990	1995	2000	2005	2008
Employed residents	80.4	72.3	65.1	59.6	56.3
Out of this: LU	53.9	44.5	37.5	32.6	29.3
UE-15/25/27	24.3	25.1	24.8	24.2	23.9
Non-EU	2.2	2.7	2.9	2.8	2.9
Cross-borders commuters	19.6	27.7	34.9	40.4	43.7

Source: IGSS, General Report on Social Security, 2008.

These figures could suggest a "discriminating" attitude concerning nationals. However, nationals wish predominantly to enter the public sector,[181] mainly due to working conditions and very high wages (Fontagné, 2004) and many of them leave private

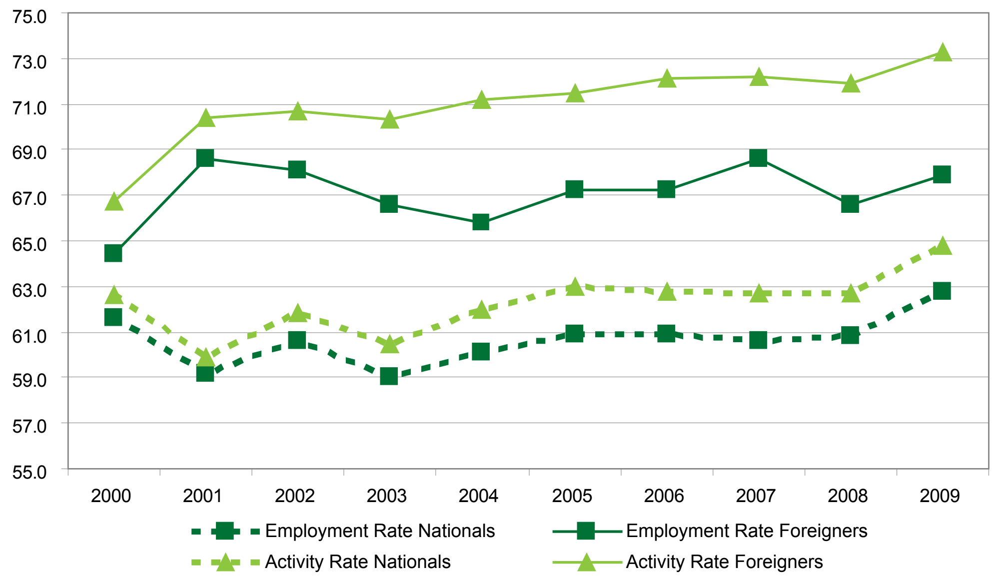
[181] The share of Luxembourgers in the public sector reaches 90 per cent.

sector jobs as soon as they have succeeded in their access to the public sector (via competition procedures).

Some labour market segmentation exists along the lines of nationality. The expansion of the service sector, especially of financial services and the media sector, has reinforced the overrepresentation of migrants and creates polarized insertion: while Southern European migrants and third-country nationals are more likely to work in low-skilled jobs, especially manual work, Belgian, French and German commuters usually occupy highly skilled jobs. Finally, the crafts sector is a traditional Luxembourgish sector and explains the high share of native-born individuals that are self-employed (7.6% for native-born males and 5.3% for foreign-born males) (LFS, 2009).

The positive outcomes of migrants in the labour market, especially in comparison with nationals, could be observed with the higher activity and employment rate constantly registered during the period 2000-2009 (Figure 2).

Figure 2: Activity and employment rates, 2000-2009



Source: Eurostat.

Instead, in the case of unemployment, migrants show a higher rate in comparison with nationals (Table 5). This can be explained by the 30 per cent of nationals being protected against unemployment as civil servants. Non-EU born individuals and even more so third-country nationals are in a less favoured situation with their unemployment rate at 13.3 per cent and 19.2 per cent respectively, confirming that less qualified third-country nationals are the most disadvantaged (Amétépé and Hartmann-Hirsch, 2010).

Table 5: Employment, unemployment, activity rates by migration status, 2009

	Activity rate	Employment rate	Unemployment rate	Long term unemployment rate
Sex				
Male	64.1	61.3	2.8	46.6
Female	48.1	45.2	2.9	58.6
Place of birth				
Native-Born	49.2	47.4	1.8	47.4
Foreign-Born	66.3	61.9	4.4	58.6
Foreigners place of birth				
Born EU	66.7	63.6	3.1	-
Born non-EU	62.4	49.1	13.3	-
Nationality of non-EU born				
EU nationals	66.1	61.6	4.5	-
TCNs	56.3	37.1	19.2	-

Source: LFS, 2009.
Data from Labour Force Survey confirms the tendency of nationals to an "early exit" from the labour market starting at age 55 (Blossfeld et al., 2006), as in 2009 the unemployment rate for those aged 55-64 is null (while it is 1.9% for foreign born individuals) (Hartmann-Hirsch, 2010).

In general, native- and foreign-born males have higher employment rates than females, independently of age and educational level. However, the employment gender gap decreases respective to the increase of the educational level, from 17 percentage points for the less-than-upper secondary level to 10.4 percentage points for tertiary and higher.[182] Yet, there is an important difference between the employment gender gap of EU nationals (48.3 percentage points) and third-country migrants (-8.3 percentage points) (Table 6). This suggests some evidences on the difficulties of third-country-born migrants who kept their nationality to access the labour market in comparison to those with EU nationality (employment rate at 33.4% and 89.6% respectively). Regarding the unemployment gender gap, male third-country nationals show a double rate of unemployment over that of female migrants, while the gap is negative for EU nationals.

Table 6: Employment and unemployment gender gap by place of birth and nationality, 2009

Place of birth	Male	Female	Gender gap	Nationality	Male	Female	Gender gap
Employment gender rate							
Other EU	71.5	56.2	15.3	EU nationality	89.6	41.3	48.3
Non-EU	50.9	41.1	9.8	Non-EU nationality	33.4	41.0	-8.3
Unemployment gender gap							
Other EU	3.0	3.1	-0.1	EU nationality	3.1	4.6	-1.5
Non-EU	18.3	9.5	8.8	Non-EU nationality	25.5	12.2	13.3

Source: LFS, 2009.

182 Among the native population the gap decreases from 18.6 to -1 percentage points, that is to say that the highest educated native females have higher employment rates than native males.

The long-standing policy of attracting highly qualified immigrants has produced a particular social structure where the nationals are positioned in the middle of the labour market between the highly qualified and well-educated on the one side, and low-qualified migrants on the other. This is reflected also in terms of wages which relatively are very high for some third-country nationals from the Northern hemisphere (Japan, Norway, Canada, US. Switzerland). Almost three quarters (72%) of the highest 5 per cent of wages and 79 per cent of directors of the banking sector are foreigners (Fehlen and Pigeron-Piroth, 2009). Cross border commuters have medium wages and on average higher educational levels than the equivalent group of nationals (Zanardelli, 2004).

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MALTA

Jean-Pierre Gauci[183]

Migration Trends

While immigration has been a part of the Maltese reality for centuries, since 2002 Malta has seen an increase in the number of migrants arriving to its shores on weathered boats, the vast majority of them seeking asylum. These arrivals have gone side by side with the arrival of other migrants, both from within the European Union (EU) and of third-country nationals who come to Malta seeking work.

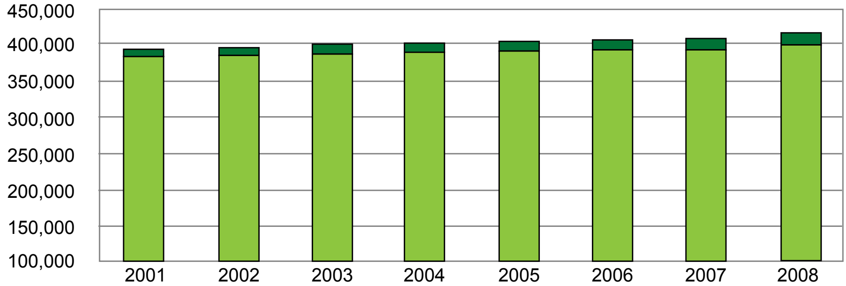
The total population of Malta has practically doubled over the past century, and today Malta is a country with the highest population density in Europe. There were 413,609 residents, including 4.4 per cent of foreign nationals at the end of 2008 (Population and Housing Census).

The Malta Demographic Review defines immigration as the action by which a natural person establishes his or her usual residence in Malta for a period that is or is expected to last a minimum of 12 months. According to this definition, the total migrant population in Malta at the end of 2008 stood at little over 18,000 (Figure 1).

Among Maltese nationals, there is a consistently slightly higher share of females. At the same time, there were more female foreigners in the country in 2001-2006, but afterwards the trend was reversed with migrant men comprising 52.9 per cent of the total foreign population (Figure 2). The majority of irregular migrants is also assumed to be male.

183 Jean-Pierre Gauci is a Director of the People for Change Foundation. The report is based mainly on desk research and some qualitative interviews. Experiences collected by the People for Change Foundation for other purposes have also informed the drafting of this report.

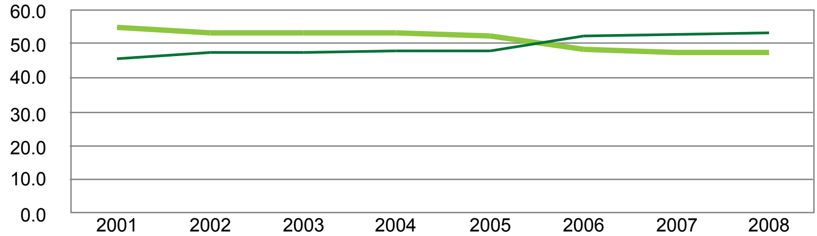
Figure 1: Population of Malta, 2001-2008



	2001	2002	2003	2004	2005	2006	2007	2008
Migrant Population	9,564	10,358	11,000	11,999	12,446	13,877	15,460	18,137
Maltese Population	385,077	386,938	388,867	390,669	392,560	393,933	394,830	395,472

Source: Malta Demographic Reviews 2001-2008.

Figure 2: Migrant population by gender, percentage, 2001-2008

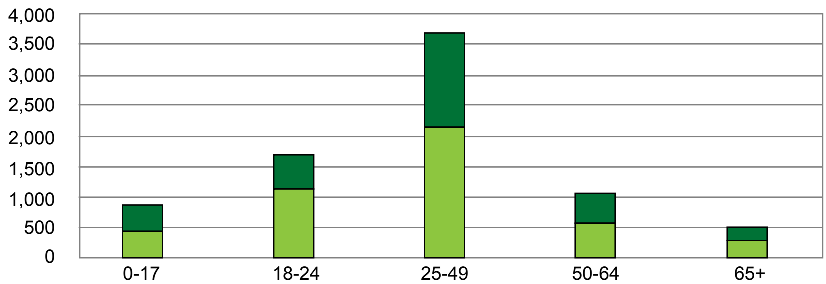


	2001	2002	2003	2004	2005	2006	2007	2008
Migrant - Male %	45.4	46.9	47.0	47.2	47.6	51.5	52.4	52.9
Migrant - Female %	54.6	53.1	53.0	52.8	52.4	48.5	47.6	47.1

Source: Malta Demographic Reviews 2001-2008.

Furthermore, the majority of migrants are of working age. In particular, foreigners aged 25-49 years accounted for 47 per cent of new arrivals in 2008.

Figure 3: Arrivals by gender and age group, 2008

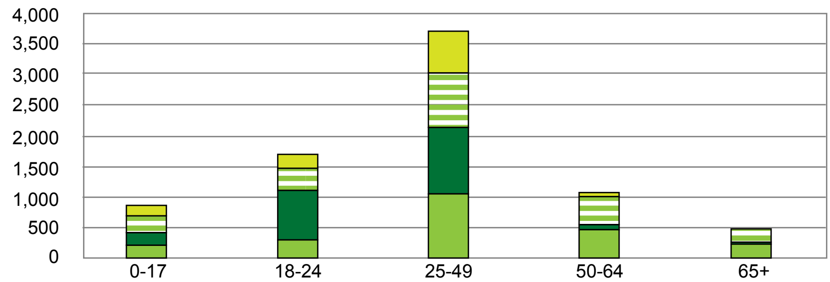


	0-17	18-24	25-49	50-64	65+
Females	437	580	1,557	507	241
Males	436	1,120	2,133	569	275

Source: Malta Demographic Reviews 2001-2008.

Contrary to popular belief, the majority of migrants (57%) arriving in Malta are from the EU. The remaining 43 per cent do not only constitute asylum-seekers, but also other third-country nationals, including from countries such as the United States. Almost half (48.3%) of the EU migrants are women, but among third-country nationals men are predominant with 65.8 per cent. The prevalence of young males hailing from the third countries is striking (Figure 4).

Figure 4: Distribution of migrants by age, gender and origin, 2008

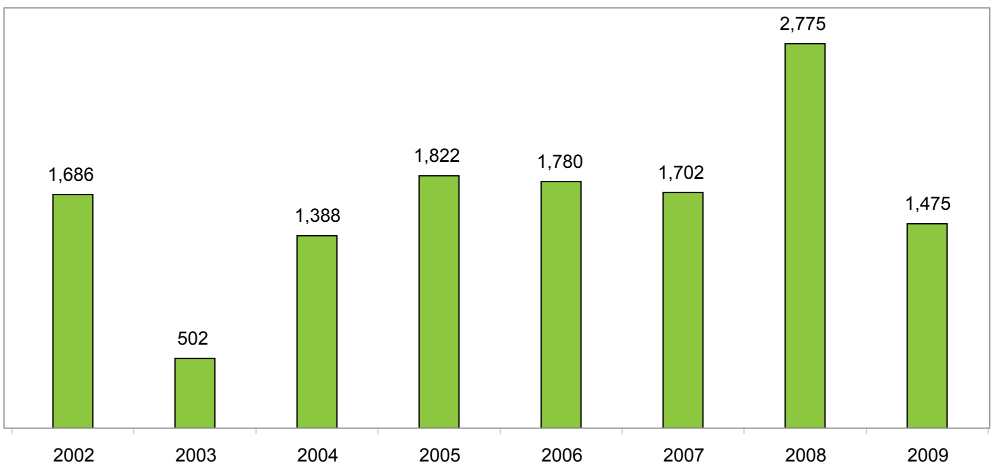


	0-17	18-24	25-49	50-64	65+
Females TC	173	227	671	65	9
Females EU	264	353	886	442	232
Males TC	208	802	1,075	95	22
Males EU	228	318	1,058	474	253

Source: Malta Demographic Reviews 2001-2008.

Of the third-country nationals arriving in 2008, just over 80 per cent (2,775 persons) entered irregularly, which was the highest number of irregular arrivals in the past decade. However, the inflow of irregular entrants dropped again to 1,475 persons in 2009 (Figure 5).

Figure 5: Irregular entry in Malta, 2002-2009



Source: Maria Pisani, 2010.

Most irregularly arriving migrants seek asylum, thereby regularizing their stay in Malta. The irregular migrant population in Malta consists of rejected asylum-seekers and visa overstayers. It should be noted that rejected asylum-seekers receive an ID card and are also entitled, provided that certain conditions are met, to a work permit. They therefore cannot be categorized as undocumented migrants. Overstayers, on the other hand, work in the informal economy and the extent of their presence remains largely unknown to the authorities. As a result, although it is believed that many such migrants are involved in the labour market, their contribution to the economy of Malta as well as their labour market experience is impossible to assess.

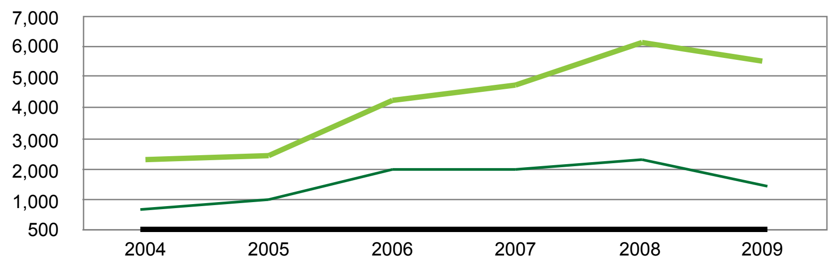
Labour Market Impact

Population projections for Maltese citizens in 2050 forecast that the working population aged 15-64 would decrease by 16 per cent, and expect the population aged over 65 to grow by 81 per cent. This calls for a revision of Malta's migration policy in order to ensure a sustainable activity rate for future economic growth.

The Maltese economy had to grapple with the effects of a global economic slowdown around 2000, and continued to experience relatively mild growth until 2004. A significant recovery was registered between 2005 and 2007, when real economic growth averaged around 3.5 per cent per annum. The Maltese economy slowed down significantly in 2009, as an evidence of its pronounced openness, and entered recession in 2009. The sectors of activity that were immediately hit included mainly manufacturing, such as suppliers to the automotive industry and producers of electronic goods; and tourism.

In the past decade, the services sector gained increased prominence in the Maltese economy, and continued to employ the majority of migrants (Figure 6).

Figure 6: Sectoral employment of migrants, 2004-2009



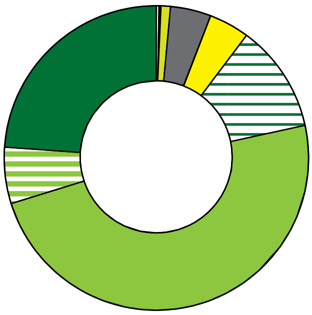
	2004	2005	2006	2007	2008	2009
Agriculture etc	7	7	14	15	7	6
Industry	656	965	1,939	1,964	2,286	1,423
Services	2,349	2,414	4,309	4,773	6,170	5,522

Source: Employment and Training Corporation, Malta.

Although official data for migrant labour in construction belies the common belief that this sector is the largest employer of foreigners in Malta, it is also the sector where undeclared work is rampant. The Maltese Labour Force Survey for the third quarter of 2009 indicates trends towards gender segregation in certain economic activities. Men dominate in construction and manufacturing, and a high share of female workers is observed in education, healthcare and social work.

Clear distinctions can be drawn between different categories of migrants in the context of sectoral distribution (Figure 7).

Figure 7: Sectoral distribution of migrants (1) by nationality, 2009



Source: Employment and Training Corporation.
(1) Humanitarian migrants and other migrants.
**Ref/AS/SP stands for 'refugees, asylum-seekers, subsidiary protection'.*

In seeking to provide a rough estimate, Debono and Farrugia (2007) quote a discrepancy of 8.7 per cent[184] between the labour force survey and administrative data for 2006. It is a widely held belief that the main sectors affected by such work are construction-related trades and domestic and personal services.[185] Women are considered to be more likely to engage in irregular work, a situation which Debono and Farrugia (2007) argue is influenced by the rigidity of Malta's employment legislation and organizational cultures.

Migrant workers that are adequately integrated into the Maltese labour market can provide the supplementary workforce that is required in order to maintain and possibly increase Malta's productivity. However, concerns arise with regard to the pertinence of the current public policy discourse in Malta that only address regular migration as potentially beneficial for the economy, without attempts to utilize the currently irregular migrant labour to fill the labour force shortages by widening the avenues for legal work by foreigners.

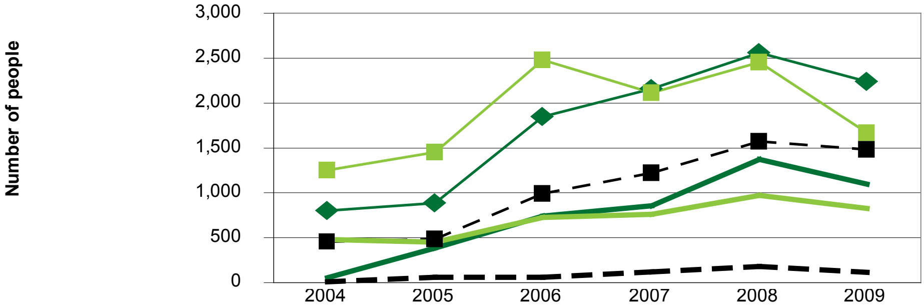
Overall, the employment rate in Malta remains relatively low at 55 per cent in 2008. The gender pay gap and gender employment gap are considerable, with the male employment rate averaging 72.5 per cent compared with 37.4 per cent for women (EC, 2009).

Among migrants, female non-EU nationals have the lowest number of employment licences. The majority of employment licence-holders are male EU citizens, which are closely followed by male third-country nationals (Figure 8).

184 It is interesting to note that the statistic varies considerably between females and males (12.7% and 6.8% respectively). This is also a reflection of the extent of undeclared work in the domestic services sphere, a sector largely characterised by female workers who, in most cases, are not enrolled within the formal labour market.

185 As reflected also in the National Strategic Reference Framework 2007-2013.

Figure 8: Migrants with active employment licences, 2004-2009

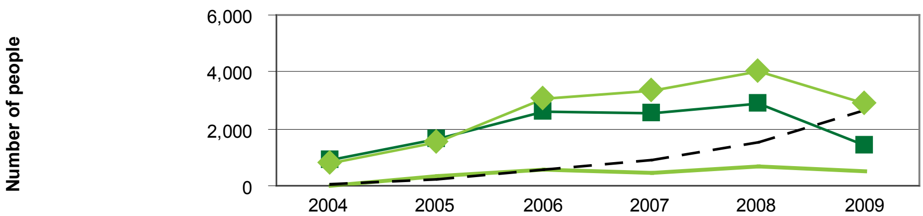


	2004	2005	2006	2007	2008	2009
Male EU	799	886	1,846	2,160	2,560	2,241
Male Ref/AS/SP	55	384	740	855	1,374	1,097
Male TCN	1,254	1,450	2,478	2,112	2,455	1,667
Female EU	455	485	991	1,224	1,574	1,484
Female Ref/AS/SP	11	62	61	118	179	116
Female TCN	479	449	724	761	973	828

Source: Employment and Training Corporation.
**Ref/AS/SP stands for 'refugees, asylum-seekers, subsidiary protection'.*

Looking at general employment rates by educational level[186] one can notice that the employment rate for persons with a tertiary level of education is significantly higher than those with lower levels of educational attainment. This reflects well for highly-skilled migrants, but also implies a greater degree of competition in terms of labour market access for irregular immigrants who often have not attained tertiary education, or find it difficult to prove this and have their level of education duly recognized and accredited (Figure 9).

Figure 9: Holders of employment licences by level of skill, 2004-2009



	2004	2005	2006	2007	2008	2009
Low-skilled	904	1,662	2,607	2,531	2,901	1,426
Skilled	796	1,503	3,076	3,320	4,034	2,885
Highly Skilled	33	221	579	901	1,528	2,640
Open Permit	0	330	578	478	652	482

Source: Employment and Training Corporation.

186 This indicator is calculated by dividing the number of employed people within the 25-64 age group having attained a specific level of education, by the total population of the same age group. Level is coded according to the International Standard Classification of Education (ISCED, 1997)

There is very little hard evidence on the wages of migrant workers. However, anecdotal evidence on the situation of persons who have been through the asylum system indicates that they are paid much less, and very often up to half of what their Maltese counterparts are paid for the same work. No data is available with regard to European and Asian workers although, especially for the latter, there is reason to believe that their situation is similar to that of sub-Saharan Africans.

In 2008, the General Retailers and Traders Union[187] sent a formal complaint to the Maltese government describing as unacceptable the "situation revolving around employment and migrants". In a statement, it acknowledged that a number of its members (mainly small- and medium-sized enterprises) in construction, repairs, and especially in the waste management sector depend highly on migrant labour. They proposed that the informal temporary work system be regularized in order to create what they see as win-win solution for employers and migrants seeking work.

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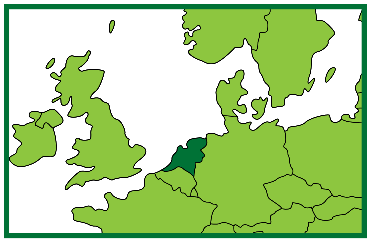
NETHERLANDS

Jennifer Aggus[188]



Migration Trends

The most significant inflows of third-country nationals to the Netherlands since 2000 originated from Turkey, Morocco, Surinam and the Antilles (Table 1). The most recent migration flow from Turkey and Morocco has been largely on a family-reunification basis, and although slower in very recent years, it still constitutes a large part of the migrant population (Table 2) (Statistics Netherlands: CBS).

Table 1: Inflow of significant migrant groups by country of origin, 2002 – 2009

Country of Origin	2002	2003	2004	2005	2006	2007	2008	2009
Bulgaria	463	503	442	431	473	4,840	5,174	4,294
China	3,948	4,025	3,522	3,180	3,053	3,667	4,772	4,841
Egypt	667	720	618	498	460	443	536	789
India	728	735	667	1,320	2,121	2,635	3,583	3,226
Morocco	5,192	4,894	3,655	2,356	2,085	1,724	2,117	2,388
Netherlands Antilles & Aruba	5,992	4,273	3,043	2,411	2,693	3,187	3,870	4,040
Pakistan	523	456	377	826	898	726	615	681
Poland	2,337	2,234	5,162	6,746	8,364	10,253	14,107	13,231
Romania	653	733	717	570	777	2,412	2,495	2,227
Suriname	3,413	3,433	2,857	2,188	1,841	1,991	2,259	2,217
Turkey	6,181	6,703	4,580	3,393	3,175	2,855	4,048	4,099
United Kingdom	4,476	3,779	3,419	2,948	3,306	3,692	4,326	4,034
United States of America	3,181	2,785	2,495	2,676	3,293	3,477	3,755	3,417

Source: CBS, Statline, 2010.

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In 2000 the central bureau of statistics recorded 132,850 migrants who came into the Netherlands through 'legitimate' channels. Between 2002 and 2005 the inflow of immigrants declined steadily from 121,250 to 92,297. Since 2005, the inflow of immigrants has again risen, to 143,516 in 2008. This figure has remained relatively steady in 2009 (146,378).[189]

Table 2: First-generation immigration by motive, by nationality, 2000 - 2007

Immigrants by Origin & Motive	2000	2001	2002	2003	2004	2005	2006	2007
EU Nationals	21,608	21,253	19,307	17,426	16,769	25,093	28,793	41,082
Labour Migrants	12,165	12,101	11,341	9,698	8,494	12,229	15,406	23,951
Asylum-seekers	.	.	.	.	.	.	.	.
Family Reunification	6,565	6,271	5,232	4,781	4,010	5,901	6,910	9,373
Students	1,536	1,480	1,474	1,696	2,566	3,878	3,234	3,889
Au Pair/Internship	80	47	70	54	34	170	172	374
Other	1,262	1,355	1,291	1,197	1,667	2,913	3,072	3,491
TCNs	69,772	73,249	67,309	56,135	48,351	38,323	38,855	39,175
Labour Migrants	6,845	7,748	7,122	7,060	7,619	5,238	6,347	8,116
Asylum-seekers	27,117	25,530	18,388	8,262	2,613	2,319	2,896	3,790
Family Reunification	27,220	29,387	30,044	29,367	23,470	19,055	18,154	16,061
Students	5,009	6,533	7,940	7,447	7,916	7,187	8,148	7,592
Au Pair/Internship	1,145	1,104	1,129	1,062	1,203	932	1,144	1,304
Other	2,416	2,919	2,667	2,932	5,534	3,614	2,185	2,370

Source: CBS Statline, 2010.

Prior to 2007, the primary motive for migration into the Netherlands had been family reunification. In 2007, approximately 80,000 migrants came with the average motivation report as being employment. While the majority of these migrants came from within the EU, increasingly they originated from India and the Philippines. In 2007, 2.9 thousand Turkish and 1.7 thousand Moroccan immigrants settled in the Netherlands, the lowest number of inflow from both countries since 1967 (CBS, Web Magazine, 2009).

Surinamese, Turkish, and Moroccan migrant groups have a higher likelihood of moving into and a smaller possibility of escaping from poor neighbourhoods as compared to the native Dutch population (Bolt, van Kempen, 2003). These particular groups of immigrants are significantly mobile in the first years following arrival. "The propensity to remigrate towards more segregated neighbourhoods is particularly strong in the four largest cities: The Hague, Rotterdam, Utrecht, and Amsterdam."[190] Migrants tend to move to more affluent neighbourhoods (populated largely by native Dutch) as they move up in the labour market, which is often relative to length of time in the Netherlands, capacity for language acquisition, levels of cultural competency and levels of education.

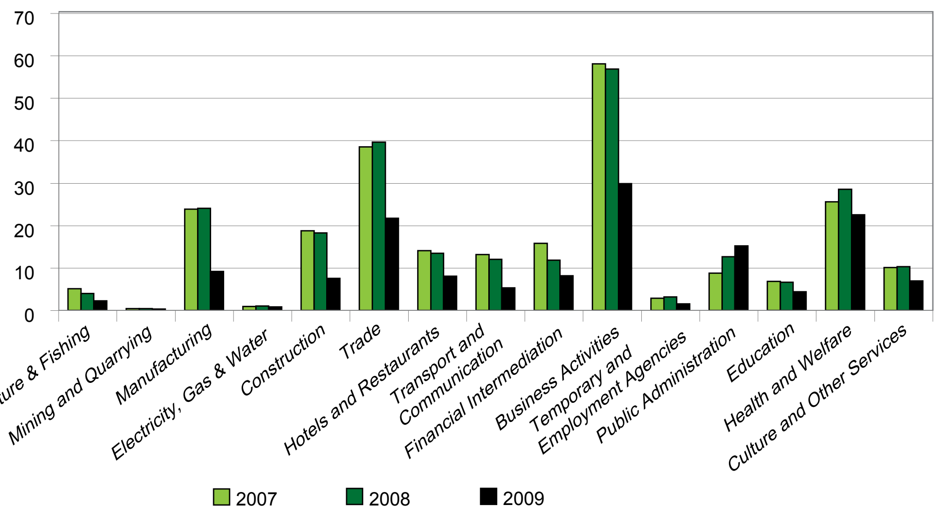
189 CBS Statline, 07-09-2010.

190 IZA, Discussion Paper 3036, September 2007: 23.

Labour Market Impact

In the late 1990s labour market shortages in the Netherlands appeared and as a result IT professionals from India and Bulgaria, scientists from China, doctors from South Africa, nurses from Indonesia and Poland, and managers from the United States were increasingly arriving (Immigration Advisory (ACVZ), 2003). In 2009, despite increasing labour migration and growing unemployment levels for both high and lower-educated workers, relatively important labour market shortages remained in trade, business activities and health and welfare (Figure 1).

Figure 1: Unfilled vacancies by industry sector, thousands, 2007 - 2009



Source: CBS Statline, 2010.

Although migrants from other EU member states represent the bulk of labour migration in the Netherlands, the Dutch labour market is seeing increasing influxes of temporary, regular and highly skilled labour migrants[191] from countries outside of the EU (mainly India, the U.S., Russia, China and Canada). Mid- or semi-skilled migrants often originate from China and Indonesia.[192] The most marked difference in labour market position in the Netherlands is observed between the former guest workers (of Turkish and Moroccan origin) and the native Dutch and Western-origin[193] populations (Figure 2). In fact, "the proportion of Turkish and Moroccan people working in elementary and low-skilled jobs is at least twice as large as the proportion of native Dutch workers in these lower level jobs." (SOPEMI, 2007: 109). Despite the increasing educational levels of migrant workers from 2000 to 2005, this particular gap in position has not altered significantly.[194]

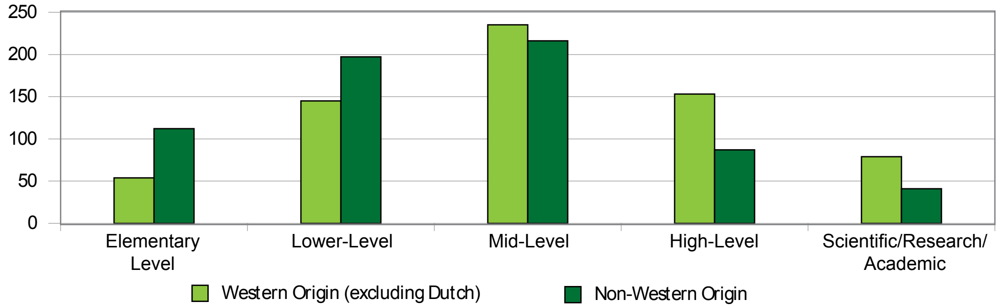
191 These are migrants with a university degree who are required to earn an above-average income.

192 Research and Documentation Center, Ministry of Justice (WODC), 2009.

193 According to foreign population classification in the Netherlands, the Western-origin populace consists of persons from Europe (excluding the Netherlands and Turkey), North America, Oceania, Japan and Indonesia (including the former Dutch East Indies). Non-Western countries are Turkey, as well as African, Asian (except Japan) and Latin American countries.

194 Among the Moroccan population the proportion of workers in the low-skilled occupations has even increased between 2000 and 2005.

Figure 2: Employment by skill level and origin, thousands, 2009

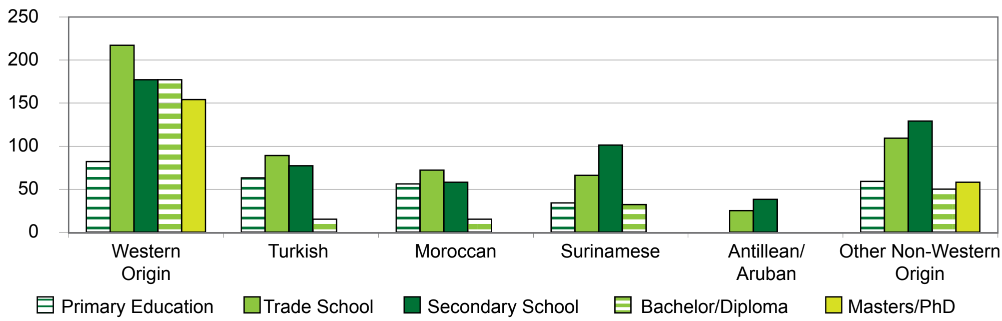


Source: CBS Statline, 2010.

In comparison, the occupational level of the overall Surinamese population is found to factor between the native Dutch, Western and Moroccan populations. More recent third-country nationals in the Netherlands may be better educated than the 1950s-1960s generation of low-skilled labour migrants, but nevertheless are often considered to have levels of education that are "…insufficient for the current post-industrial labour markets."(SOPEMI, 2007:99).

Generally speaking, men have higher levels of education than women in both the native Dutch as well as diverse migrant populations. Conversely, the gap in educational attainment between males and females in non-Western (especially Turkish, Moroccan, Afghan and Somali) [195] migrant groups is not as large (Figure 3).

Figure 3: Educational attainment among migrant population, thousands, 2009



Source: CBS Statline, 2010.

Fearing an influx of labour from the new Member States after the EU enlargement of 2004 and subsequent repression in particular sectors, the Dutch government implemented a transitional period of restrictions to labour market access for EU8[196] nationals (including work permit requirements), which were ultimately lifted in 2007 (WODC, 2009). Nevertheless, since 2004 the number of workers from Central

195 SOPEMI, 2007: 99.

196 Poland, Slovenia, Latvia, Lithuania, Estonia, Czech Republic, Slovakia, Hungary.

and Eastern European countries in the Netherlands has increased significantly. In particular, the number of work permit renewals for Polish workers increased from 9,510 in 2003 to 20,190 in 2004 and to 55,229 in 2006 (Work Permit (TWV) figures, 2008). The considerable drop in work permit renewals post-2006 was due to the fact that the work permit requirement for Polish workers was abandoned in 2007 (Tables 3, 4).

Table 3: Work permit applications, 2003-2008

2003	2004	2005	2006	2007	2008
47,372	54,214	55,112	88,438	62,459	19,128

Source: TWV Figures 2008.

Table 4: Top 5 countries of origin for work permit applications, 2005-2008

Country of Origin	2005	2006	2007	2008
Romania	1,885	2,266	2,657	2,990
China	2,493	2,535	2,753	2,596
India	1,279	1,572	1,663	1,640
Bulgaria	546	739	996	1,080
The United States of America	1,234	1,178	1,133	967

Source: TWV Figures, 2008.

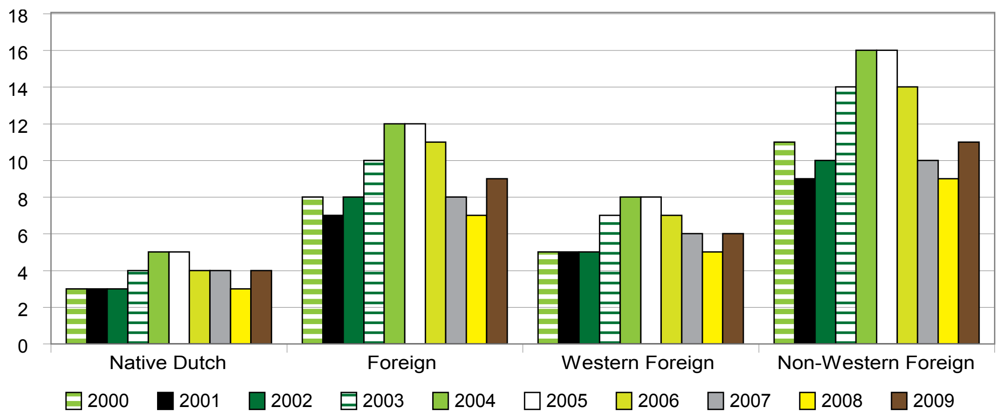
From 2000 to 2006 the labour market outcomes of immigrants in the Netherlands continued falling further behind other OECD members, with the unemployment rate for ethnic minorities measuring at three times higher than that of the native Dutch labour force (OECD, 2008).

In the third quarter of 2009, nearly 11 per cent of people with a non-Western ethnic background living in the Netherlands were unemployed, having risen from 8 per cent in the previous year (CBS Webmagazine, 2009).

Thus, in the wake of economic recession in mid-2009, the level of unemployment among the foreign-born population increased from 77,000 to 84,000 (Figure 4). In spite of the fact that in the same year overall unemployment in the Netherlands increased by 30,000, non-Western ethnic minorities[197] still made up one quarter of this increase, while they make up just 10 per cent of the working population. (FORUM Monitor, 2009). According to the National Reform Programme (NFP) Report 2008 – 2010, "… since the nadir on the job market in 2004-2005, labour participation among ethnic minorities has experienced an above-average increase. In 2007, unemployment among non-Western ethnic minorities dropped sharply by 5.5 percentage points, to 10.5 per cent" (Ministry of Economic Affairs, 2008:57).

[197] Persons legally residing in the Netherlands who were born in a non-Western country, or at least one of whose parents comes from a non-Western country.

Figure 4: Unemployment rate for natives and migrants, 2000 - 2007

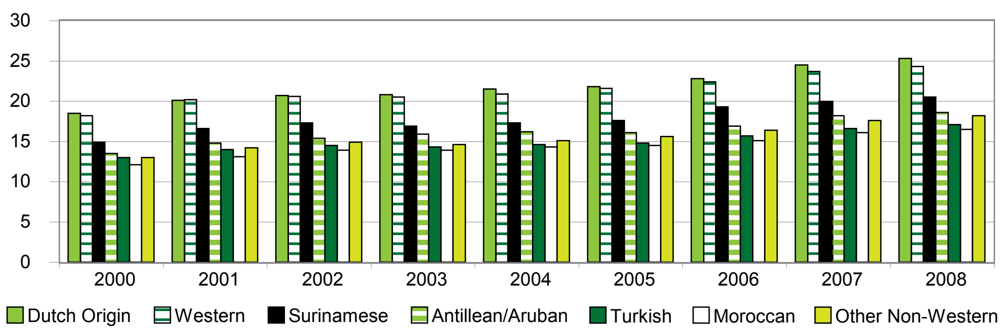


Source: CBS, 2010.

The average annual income of the native Dutch population is consistently higher than that of non-Western migrants (in 2008, EUR 28,600 versus EUR 21,200 respectively). While Western migrants had a slightly higher average annual income than the Dutch-born population in the past years, recently the Dutch have started to receive the highest average salaries (Figure 5).

To overcome the existing pay gap, many migrants establish small businesses, including restaurants, groceries, clothing repair shops, bakeries, butcher shops and more, especially in large urban areas where an established migrant community is found (Rotte & Stein, 2002). The levels of small business ownership differ greatly between ethnic migrant communities in the Netherlands, with some communities very well established as entrepreneurs (Egyptian, Chinese and, to a lesser degree, Indian and Pakistani) and others are barely represented at all.

Figure 5: Average annual income by origin, thousands of euros, 2000-2008



Source: CBS Statline, 2010.

Undocumented migrant workers are often employed in sectors known for high level of informality, such as catering and food service, cleaning, care and horticulture. A police raid on a tomato farm in October 2001 revealed that among the 170 workers present, 110 turned out to be irregularly employed (65% of all employed) (Doomernik, 2003). This phenomenon occurs despite the fact that an employer hiring an undocumented migrant risks being fined up to EUR 8,000 (SOPEMI, 2008). The following table describes estimated numbers of undocumented migrant workers in the Netherlands from 2003 to 2006.

Table 5: Estimated undocumented migrant workers, 2003-2006

Year	Number of Undocumented Workers	Source
2003	80,000 (60,000 to 100,000)	Zuidam and Grijpstra (2004)
2004	66,750 to 89,000	Mosselman and van Rij (2005)
2006	86,250 to 115,000	Groenewoud and van Rij (2007)
2006	80,000 (60,000 to 97,000)	Dijkema et al. (2006)

Source: van der Leun and Ilieas, 2008 :21.

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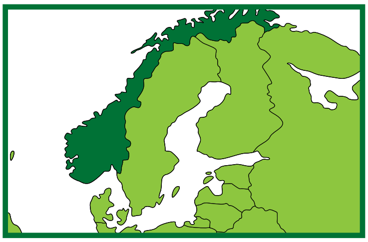
NORWAY

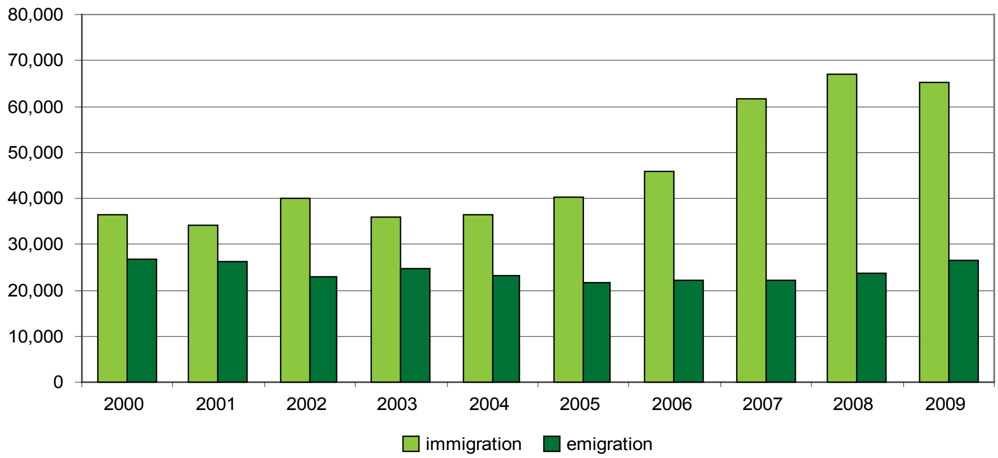


Litt Woon Long[198]

Migration Trends

Significant migration to Norway is a relatively recent phenomenon. In 1970, only 1.5 per cent of the population was foreign-born, mostly consisting of migrants from the neighbouring Nordic countries and other Western European countries. However, labour migration to Norway in the 1970s and the rise in asylum applications in the 1980s both accelerated and diversified migration to Norway. In 2000-2009, a total of 478,795 non-Nordic citizens[199] immigrated to Norway, with annual immigration increasing from 36,542 persons in 2000 to 65,186 in 2009 (Figure 1).

Figure 1: Migration in Norway, 2000-2009

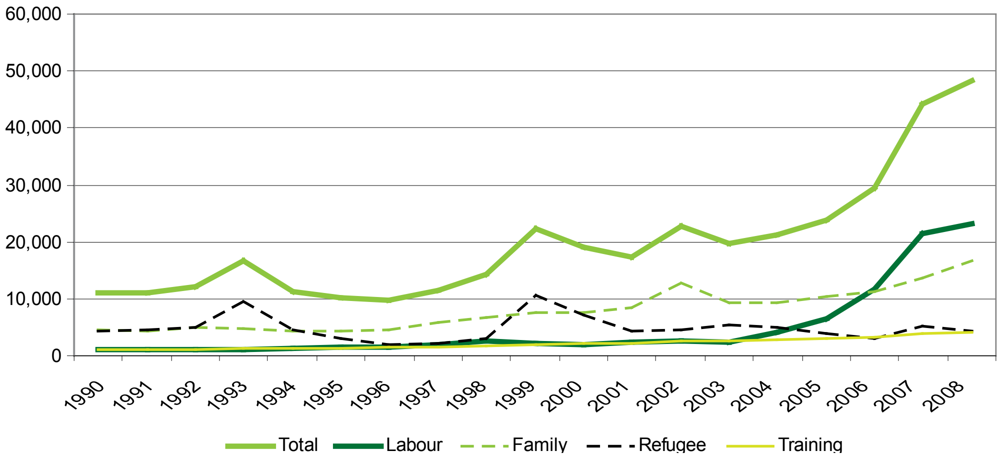


Source: Statistics Norway.

[198] Litt Woon Long is the founder and the director of the Long & Olsen consultancy.
[199] Denmark, Finland and Sweden are considered Nordic countries for the purposes of this document.

Refugees[200], migrant workers and foreigners entering for family reunification each constitute significant groups of the migrant population (Figure 2). In 2004-2008 labour shortages resulted in Norwegian authorities establishing recruitment pathways to the country from abroad, including information campaigns to attract migrant workers with particular skills such as nursing. Since 2006, labour migration has been the dominant migration category, surpassing family migration (Thorud et al., 2009).

Figure 2: Immigration by reason for migration, 1990-2008.



Source: Statistics Norway.

In 2009,[201] 423,000 migrants[202] resided in Norway, and 86,000 residents were born in Norway to migrant parents. Together, these two groups account for 10.6 per cent of Norway's population. Thirty-six per cent of migrants have Norwegian citizenship.[203]

As for their origins, 233,000 migrants have a European background, of which 60,500 have a background from a country outside the EU/EEA. A total of 186,000 persons originate from Asia, 61,000 from Africa, 17,000 from Latin-America and 10,500 from North America and Oceania. The largest migrant groups are from Poland, Pakistan, Sweden, Iraq, Somalia and Germany (Figure 3). Norway also has an official quota of 5,000 skilled labour migrants per year, which has never been filled to date. The main countries of origin for skilled labour migrants from third-countries are India, Russia, China, USA and the Philippines (Thorud et al., 2009).

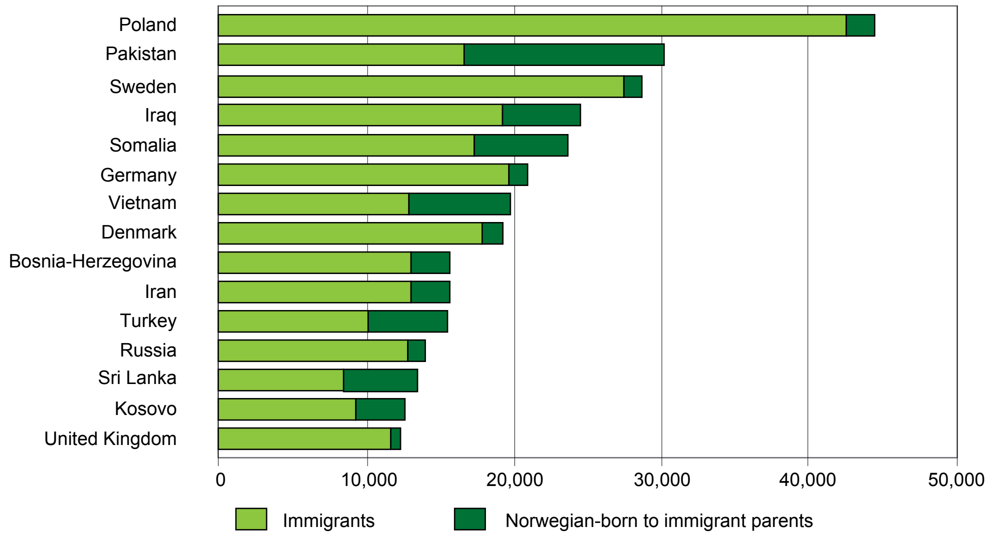
200 Between 2000 and 2008, around 98,000 persons applied for asylum in Norway. Source: Directorate for Immigration (UDI). Most asylum seekers are rejected: In 2007, 42% were rejected and 59% in 2008.

201 Statistics Norway as per 1.1.2009. The main source for Norwegian migration statistics is information from the Central Population Register (CPR). All population statistics produced by Statistics Norway is based on the CPR. In addition, there is valuable information on migrant living conditions found in three surveys by Statistics Norway in 1983, 1996 and 2005/2006. Migrants intending to stay for at least six months with a residence permit are registed in the CPR. (Country reports on national data collection systems and practices: Norway. www.prominstat.eu)

202 Statistics Norway defines migrants as persons living in Norway whose parents are both foreign-born. This category does not include persons born in Norway to migrant parents.

203 For more detailed historical statistics see this link for immigration by country (1966-2009) http://www.ssb.no/

Figure 3: The largest immigrant groups, 1 January 2009



Source: Statistics Norway.

There are almost as many women as men among migrants and residents born to migrant parents, but significant differences are observed depending on the country of background. Men mostly are arriving from countries that are a common origin to either migrant workers or newly-arrived refugees, such as Poland (68% male), as well as Iraq and Afghanistan (for both 58% male). Women dominate migrant groups from Thailand (85%), the Philippines (81%) and Russia (66%). Migration from Thailand and the Philippines mainly takes place through family reunification due to the marriages of male native-born Norwegians. Among migrants from Russia, the distribution is more complex with shares of refugees, migrant workers, as well as family members.

A report from Statistics Norway, based on a mathematical model, estimates that the range of irregular migrants in 2006 could be from 10,500 to 32,000, out of which around 18,000 have non-EU origins (Zhang, 2008). Approximately two-thirds are thought to be former asylum seekers (Thorud et al., 2009).

Labour Market Impact

Norway's national economy can be characterized by high GDP, low unemployment and high labour market participation of both men and women. In an international perspective (OECD, 2003), the Norwegian labour market system is characterized by a relatively high degree of wage compression with wages largely determined by centralized bargaining, a large public sector and a relatively active labour market policy.

In 2000-2010 Norway faced changing economic cycles from an economic downturn in the beginning of the decade to strong growth in employment and increasing labour shortages in 2004-2008. In 2007, GDP growth rate in mainland Norway[204] constituted of 5.6 per cent. Both recent and established migrants seem to have especially contributed to the growth in employment in this period.[205] In 2001-2008, some 250,000 new jobs were created, of which 46 per cent were filled by migrants and their descendents (Statistics Norway). The migrant male workforce has increased from over 73,000 (2001) to over 134,000 (2008), while the migrant female workforce has risen from over 60,000 (2001) to over 106,000 (2008).

The Norwegian Government's White Paper on Labour Migration[206] points out that "labour migration has contributed to the dampening of pressures on the economy and therefore prolonged the its strong upturn". Statistics Norway also indicates that "the inflow of labour forces to Norway has contributed to keep wage growth at a moderate level".

However, since early 2008, the Norwegian economy has been in a slump which intensified with the global economic crisis and the end of 2008. Nevertheless, in 2010 activity in the Norwegian economy has started to grow again. However, repercussions of the financial crisis mean that unemployment is expected to continue to rise in 2010.

The sustainability of the Norwegian welfare system is dependent on high levels of employment participation. Though labour market participation is, by international comparison, high for both men and women in Norway, there are labour reserves in some groups, in particular among women and migrants that would need to be activated for the sustainability of the system. Some researchers (Rogstad, 2006) have calculated that if labour market outcomes among so-called non-Western minorities were at the same level as the majority, the increase in the labour supply in absolute figures would be 25,000 persons. However, some studies suggest that the relatively generous welfare schemes in Norway could diminish incentives to seek employment (OECD, 2009; Bratsberg et al., 2007) Compared with other countries, a high per centage of the adult population – 78 per cent in 2008 – is employed in Norway.[207] Employment is also the primary source of income for all migrant groups, but the rate of their labour market participation is lower when compared to the total population. Employment growth in 2004-2008 led to an increase of employment rate up to 64.2 per cent[208] in the fourth quarter of 2008. In this same period, employment rate for the total population remained unchanged at 71.6 per cent. Employment for migrant men and women in 2008 was reported to be 69.3 per cent and 58.7 per cent respectively, compared to 74.5 per cent for men and 68.5 per cent for women with respect to the total population.

Migrant employment is concentrated in industry and mining, hotels and restaurants, cleaning services and health and social welfare services, and it tends to be underrepresented in segments like agriculture, energy and water power and financial

204 Mainland Norway is defined as the Norwegian economy except extraction of crude oil and natural gas (including related services), pipeline transport and ocean transport.

205 Labour Migration, Report no 18 (2007-2008) to the Storting, Norwegian Ministry of Labour and Social Inclusion (2008).

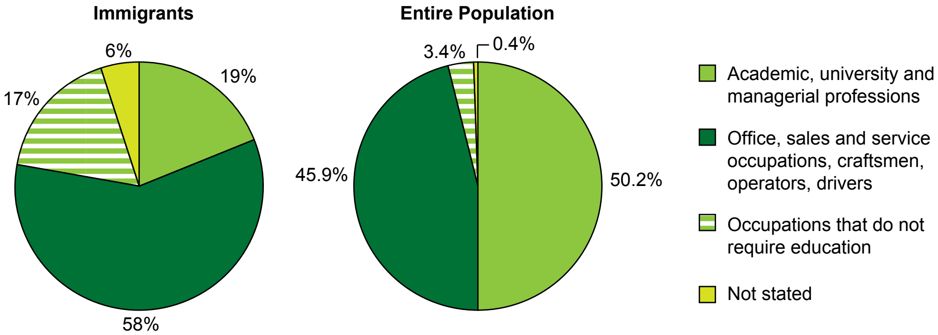
206 Norwegian Ministry of Labour and Social Inclusion (2008): Labour Migration, Report no 18 (2007-2008) to the Norwegian Storting.

207 OECD Country Statistical Profile.

208 Note that in Norway, the age range considered for targeting the working population is 15-74 years, wider than the EUROSTAT usual range of 15-64 years.

services. They are predominantly employed in office, sales and service occupations and in jobs that require no education, rather than in academic or managerial occupations (Figure 4). The typical skill sets that the migrants possess partially explain this situation.

Figure 4: Persons in income-generating work by occupation. Migrants (10 country groups[209]) in 2005/2006 and the population as a whole (weighted values) in 2003



Source: Statistics Norway, Living conditions among immigrants 2005/2006 (data for migrants) and Survey of living conditions 2003 (data for the entire population).

However, labour segmentation seems to become less rigid over generations. When comparing migrants and their descendents,[210] increased concentration in occupations is observed in:

- Financial services (from 0.8% for migrants to 2.0 % for descendents),
- Hotels and restaurants (from 19.7 to 35.8% respectively),
- Transport and communication (6.7% to 9.3% respectively);

Decreased concentration for occupations is observed in:

- Industry and mining (from 11.8 % for migrants to 5.8% for descendents),
- Cleaning services (4.0% to 1.5 % respectively)
- Teaching professions (6.1% to 3.5% respectively)
- Health and social welfare services (18.7% to 13.4% respectively)

The labour market is also characterized by gender segregation for the population in general, and migrants in particular. The most important areas of employment for migrant women are healthcare and social welfare services with the combined 32,000 women employed in the fourth quarter of 2008. Migrant men are predominantly employed in services and construction.

209 Ten large non-Western migrant groups were sample-interviewed about their living conditions. The sample consisted of 3,000 persons with at least two years of residence in Norway. They came from Bosnia-Herzegovina, Serbia and Montenegro, Turkey, Iraq, Iran, Pakistan, Sri Lanka, VietNam, Somalia and Chile. The migrant population from these countries made up 145,000 persons at the beginning of 2006, half of the non-Western migrant population living in Norway.

210 Employment among migrants, fourth quarter 2008, Statistics Norway.

The median wages of migrants who are employed tend to be below those of native-born Norwegians. The wage differential between men and women is around 15 per cent of the total population (Statistic Norway, 2008). The gender pay gap can also be observed among employed migrants, especially since many migrant women are employed in segments with low pay such as cleaning, caregiving among others.

Even though it is difficult to gauge the size of the informal economy, a recent survey estimates that almost half of all migrant workers from Poland are employed informally (Friberg et al., 2007). In recent years, coordinated inspections by various government agencies have uncovered serious breaches of regulations.[211] In the short-term, some researchers consider it to be likely that the current economic slump can mean a greater risk of social dumping and exploitation of foreign workers (Friberg, 2009).

The main patterns in labour market outcomes for migrants tend to be constant in both periods of economic growth and recession, including divergence between migrants and the total population as well as between various groups of migrants (Table 1). There is a clear gap in levels of employment between on the one hand, migrants from the Nordic countries, and other EU Member States, and on the other hand, non-EU migrants from Eastern Europe, Asia, Africa and South and Central America (Daugstad, Gunnlaug, 2009).

Table 1: Employed persons by world region, percentage of persons in total 16-74 years old, 2001-2007 (1)

	2001	2002	2003	2004	2005	2006	2007
Total population	70.9	70.1	69.4	69.3	68.5	70.0	71.6
Migrants in total	59.3	57.7	56.6	56.6	57.1	60.1	63.3
Nordic countries	73.7	72.5	71.8	71.6	72.1	73.5	74.5
Western Europe (other)	68.1	67.2	66.9	67.6	68.4	70.9	72.0
Central and Eastern Europe (EU)	60.0	60.8	61.5	64.6	68.4	70.7	75.9
Eastern Europe (non-EU)	56.6	55.8	55.5	55.5	55.6	58.7	61.9
North America and Oceania	55.0	55.0	54.8	56.6	58.2	61.1	64.2
Asia	52.5	50.9	49.8	49.8	50.3	53.3	56.3
Africa	46.2	43.8	41.7	41.2	41.5	45.2	49.0
South and Central America	62.3	59.7	58.8	58.4	59.9	62.6	65.3

Source: Labour market statistics, Statistics Norway.
(1) 4th quarter of each year.

The national data contains insufficient information on the foreign educational qualifications and work experiences of migrants prior to their arrival to Norway. However, migrants from non-EU and non-Western countries who have qualifications from their origin countries find them largely discounted on the labour market, both in terms of access to employment and wages. In Norway, a large discount remains

211 From Eurofound's Country Profile for Norway: Coordinated inspections against social dumping and undeclared work, Norway, 2009. See also the Government's plan in the National Budget (in Norwegian) http://statsbudsjettet.no/upload/Statsbudsjett_2009/dokumenter/pdf/aid.pdf

even after controlling for differences in quality of academic education (Støren, 2009). Research (Villund, 2008) shows that chances are five times higher that someone with a non-Western background with qualifications from abroad is overqualified for his/her job compared to an ethnic Norwegian educated in Norway. According to the same report, focusing mainly on employees in the private sector, there is greater mismatch between skills and jobs for migrants from non-Western countries, and they also tend to get less traction from previous work experiences than other migrants. However, in healthcare and social sector migrants from non-Western countries tend to have better chances to get a job relevant to their skill set and experience level.

In a study on perceptions on qualifications and jobs held, 18 per cent of migrants felt that their job had nothing to do with their qualifications, compared to 2 per cent of "ethnic Norwegians". Likewise, 49 per cent of migrants felt that there was a rather good or very good match between their qualifications and the job they had, compared to 82 per cent of "ethnic Norwegians" (Sandal et al., 2009).

Unless speaking of labour migrants that tend to have a high rate of participation in the labour market almost immediately upon arrival, duration of residence is a key factor in labour market outcomes for migrants in Norway (Tables 2 and 3). Established migrants (more than 10 years of residence) have a higher employment rate compared to very recent arrivals (0-4 years of residence) (Aalandslid, 2009). As a result of humanitarian migration in recent years and the high rate of labour migration in the past few years, more than half of the migrant population has resided in Norway for less than ten years. One in three migrants has lived in Norway for less than five years. Duration of residence affects employment also in terms of type of occupation. While 19 per cent of all migrants are in low-skilled occupations, the corresponding figure for recent migrants is 50 per cent.[212]

Among migrant workers, mostly coming from EEA countries, the employment level is high regardless of the period of residence. In particular, in the early years after arrival, their employment level is very high. Migrants from outside the EEA, North America/ Oceania, tend to have a lower rate of employment in general.

Table 2: Employed migrants in total by period of residence and gender, percentage of persons in total 15-74 years old, Fourth quarter 2007

	Total	Men	Women	Difference between men and women
Total	63.3	69.2	57.3	11.9
Below 4 years	61.2	72.2	47.4	24.8
4 until 7 years	64.0	70.5	58.4	12.1
7 until 10 years	64.9	68.9	61.0	7.9
10 until 15 years	67.0	69.8	64.7	5.1
15 years and more	63.1	65.9	60.1	5.8

Source: Labour market statistics, Statistics Norway.

212 The migrant share of employment, overall and in low-skilled occupations, 2007 in SOPEMI/OECD, International Migration Outlook (2009). Recent migrants are defined as those who have arrived within the last ten years.

Table 3: Employed migrants outside the EEA countries and North America/Oceania by period of residence and gender, percentage of persons in total 15-74 years old, fourth quarter of 2007

	Total	Men	Women	Difference between men and women
Total	56.6	62.4	51.3	11.1
Below 4 years	44.1	55.4	36.4	19.0
4 until 7 years	58.4	65.7	52.7	13.0
7 until 10 years	59.1	63.7	54.6	9.1
10 until 15 years	61.5	64.0	59.6	4.4
15 years and more	60.5	63.4	57.0	6.4

Source: Labour market statistics, Statistics Norway.

In general, duration of residence is a more important factor in positive labour market outcomes for female migrants than for males, as employment rates for women increase by almost 20 percentage points up to 65 per cent for established female migrants.[213]

The primary reason for migration also has an impact on the employment outcomes for migrants in Norway. For example, more than half of migrants from Asia and Africa are refugees (Aalandslid, 2009), mostly from Iraq (46% employment rate in 2006), Somalia (36%), Bosnia-Herzegovina (76%), Iran (59%) and VietNam (68%). Even though employment rates increase substantially with duration of residence, this is not the case for all refugee groups, and the employment gap with the population at large persists even after 10-15 years of residence. Gender gap for refugees constitutes 13 percentage points, and for some refugee groups as high as 20-30 percentage points (6 per cent gender gap for total population).

Unemployment in Norway is low reaching only 2.6 per cent in May 2009 (OECD, 2009). Differences between migrants and the native population have remained constant over time, as unemployment among migrants is around three times higher than among the rest of the population (Table 4).

Table 4: Unemployment rate for migrants by region of origin, 2004-2009 (1)

	2004	2005	2006	2007	2008	2009
Population, total	3.7	3.3	2.5	1.7	1.5	2.6
Migrants, total	9.8	9.0	7.3	5.0	4.0	6.8
Nordic countries	4.1	3.6	2.8	1.9	1.6	3.0
Rest of Western Europe	4.4	3.9	2.5	1.8	1.6	3.5
Central and Eastern Europe (EU)	-	4.6	3.4	2.1	2.1	8.4
Eastern Europe (non-EU)	10.3	10.6	8.9	5.8	4.8	7.2
North America, Oceania	5.3	4.5	3.6	2.2	1.8	2.4

213 With more than 10 years of residence.

South and Central America	10.8	10.1	8.0	5.0	3.9	6.4
Asia	13.1	12.3	10.0	7.1	5.6	7.8
Africa	18.2	17.5	14.9	11.2	9.5	12.1

Source: Statistics Norway.
(1) data in May of each year.

Since the autumn of 2008, Norway saw a general fall in the demand for labour, as reflected in the reduction of first work permits to citizens from EEA-countries for the first time (Thorud, 2009). The increase in unemployment following the current global financial crisis has been higher among migrants than the rest of the population in the past year, and higher among men (7.7% in May 2009) than women (5.5%) (Statistics Norway). Differences between migrant groups persist, with African migrants having the highest rate of unemployment. Young males from the EU10 make up a group that has been particularly badly affected due to their predominant employment in construction, with a registered increase in unemployment from 1.9 per cent at the end of February 2008 to 9.7 per cent at the end of February 2009.

Recession has also led to an increase in the number of long-term unemployed who in September 2009 constituted 24 per cent of total number of unemployed registered with the Norwegian Labour and Welfare Administration (NAV). Around 30 per cent of all long-term unemployed were born outside Norway, and women constitute a larger share than men.

Finally, while 24 per cent of children of migrants live in families with two incomes, the corresponding figure for children of non-migrant families is 70 per cent. In these circumstances, migrant unemployment leads to a higher risk of marginalization and poverty[214] for migrants and their children. Compared to the total population, the rate of homelessness is six times higher among persons of migrant background.[215]

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214 While 10 per cent of the native born population in 2007 lived in families with an income below the EU's poverty level, the corresponding share among migrants was 31 per cent.
215 ECRI Report on Norway, (fourth monitoring cycle), February 2009, Council of Europe.

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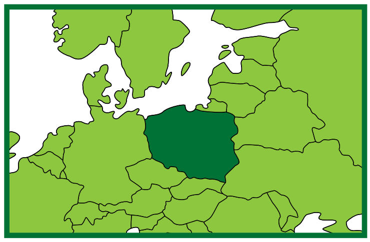
POLAND

Anna Kicinger[216]

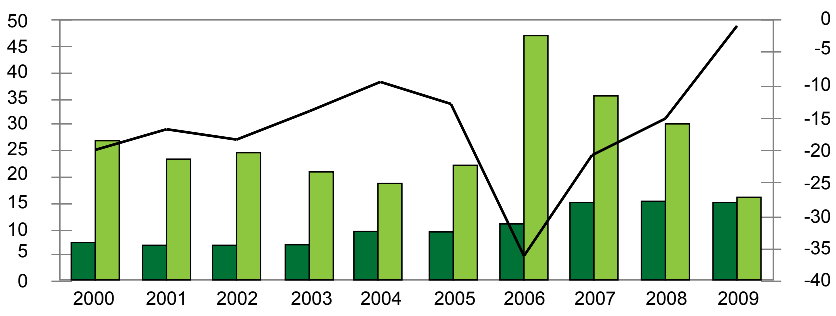


Migration Trends

Since 1989, Poland transitioned from an emigration-only state to a country of emigration, transit and immigration, remaining, however among the European Union (EU) countries with the smallest share of migrants. Besides human rights considerations and border security issues (Kicinger, 2009), the driving force of the majority of the changes in Polish legislation and its migration policy creation was the EU accession process and the adjustment of the laws to the EU *acquis communautaire*.

Official Polish statistics, designed to capture only permanently registered flows, recorded a small part of the country's real migration inflows and outflows (Figure 1).

Figure 1: Migration in Poland, thousands, 2000–2009



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Immigration	7.3	6.6	6.6	7.0	9.5	9.3	11.0	15.0	15.3	15.0
Emigration	27.0	23.3	24.5	20.8	18.9	22.2	47.0	35.5	30.1	16.0
Net Migration	-19.7	-16.7	-17.9	-13.8	-9.4	-12.9	-36.0	-20.5	-14.9	-1.0

Source: Central Statistical Office (GUS), 2010, based on the registration of permanent residence after time abroad and deregistration from permanent residence with the purpose of leaving abroad. Data for 2009 are initial estimates.

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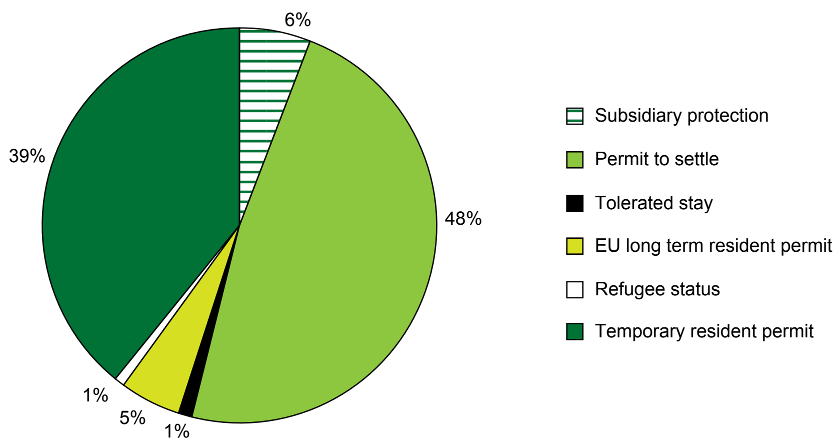
The 2002 Census provided the first reliable data, according to which 40,661 foreigners resided in Poland permanently (more than 12 months) and 24,078 temporarily (less than 12 months), out of which 29,748 and 23,032 respectively were persons born abroad (Napierała, 2006). The net inflow of foreigners between 1989 and 2002 was estimated to constitute 40,000 persons.[217]

According to the population registry data (PESEL)[218] in 2006 there were 55,000 foreigners residing in Poland (0.14% of the total population) (Kaczmarczyk, 2008; Kępińska, 2007). Seasonal workers are excluded from the presented data as they reside in Poland for only up to six months a year on a temporary working visa.

Currently the most accurate data sources are the administrative records gathered by the Office for Foreigners on valid resident permits issued to foreign nationals.[219] They include permanent residents (44,540 persons), holders of fixed-term residence permits (36,409), holders of the long-term EC residence permit (4,538), recognized refugees (1,144) and persons granted right of stay (632) or subsidiary protection (5,311).[220] At the end of 2009, there were 92,574 valid residence cards issued to foreigners, which means that they represented only slightly more than 0.2 per cent of the population of Poland.[221]

Figure 2: Valid residence permits issued to foreigners, 31 December 2009



Source: Office for Foreigners.

Most of the third-country nationals coming to Poland originate from Ukraine (26,571), the Russian Federation (12,961), Belarus (8,447), Vietnam (8,207), Armenia (3,649), China (2,600), and the USA (2,058) (data as of the end of 2009). The number of

217 Although the 2002 Census data allowed for the first time for the analysis of the migrant population relating to labour market (Okólski, 2006), it was also criticized for underestimating the actual number of foreigners (Tanajewski, 2006).

218 PESEL - Electronic System of Population Registration - is a population register in which all persons resident in Poland should be registered, both Polish nationals and foreigners.

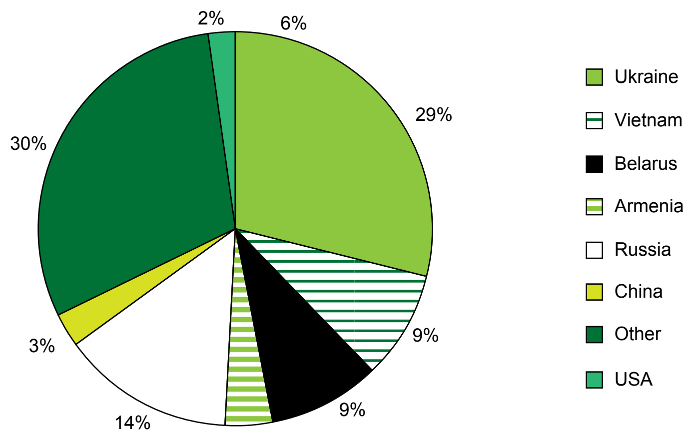
219 http://www.udsc.gov.pl

220 Data are stored in system POBYT administered by the Office for Foreigners.

221 According to GUS data population of Poland in 31.12.2008 amounted to 38,135,876 persons.

EU nationals residing in the country is difficult to estimate. In 2009, EU nationals lodged 6,507 applications to register their residence and 1,597 applications to receive the confirmation of the right to permanent stay. Between 2004 and 2008, Voivodas (regional government representatives) have issued over 41,000 positive decisions regarding the temporary or permanent stay of EU nationals and their family members.

Figure 3: Residence permit holders by citizenship, 31 December 2009



Source: Office for Foreigners.

Irregular migrants constitute a heterogeneous group of long-term irregular migrants (mainly of Armenian and Vietnamese origin)[222] and a numerous category of irregular workers employed temporarily on the Polish labour market (up to a few hundred thousand persons working mainly in agriculture, construction, and household services) (Kicinger, Kloc-Nowak, 2008).[223]

Labour Market Impact

The Polish labour market is characterized by structural unemployment, early retirement rates, especially for women, and low internal mobility. Changes on the labour market in recent years were to a significant extent led by the growing emigration (at the end

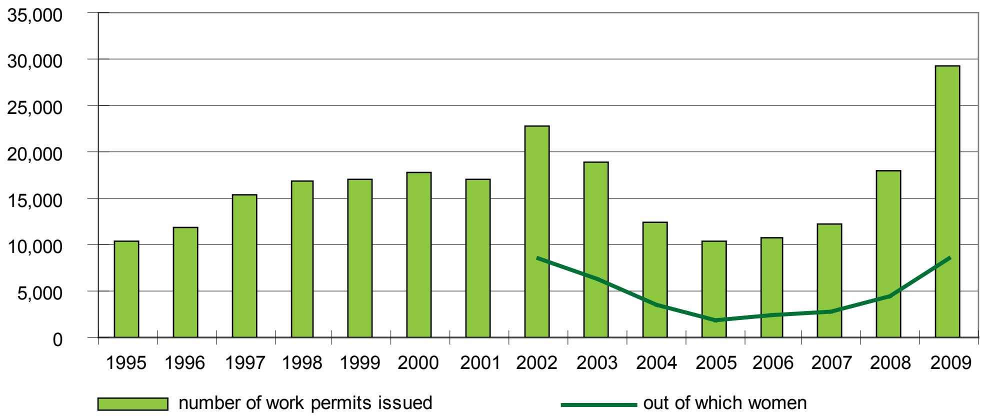
222 Representatives of Armenian and Vietnamese communities suggest that there are about 50,000 Vietnamese and 20,000 Armenians in irregular situation in Poland. However, during the regularization campaigns in 2003 and in 2007 only 4,751 applications were submitted in both actions, of which 1,996 applications by the Armenian nationals and 2,033 applications by the Vietnamese nationals (Kicinger, 2010, forthcoming). The Ministry of Interior estimates that there are between 5 and 40 thousand of irregular Vietnamese migrants in Poland (MSWiA, 2007).

223 All estimates are very vague and evoke criticism. A border survey conducted in 1995 indicated that more than 500,000 Ukrainians arrive to Poland every year to trade and work (Iglicka, 1999). In the survey, Ukrainians crossing the border were asked what they intended to do in Poland. 70% declared trade, and 15% declared the intention to seek work. Other estimates are hardly reliable, often based solely on expert interviews. For example Jakub Kus estimated that 150,000 foreign workers are irregularly employed in the construction sector based on the interviews with representatives of the employers organizations (Kus, 2006).

of 2008, 2,210,000 Polish citizens were temporarily abroad). The outflow resulted in the creation of new labour market conditions for the potential and actual inflow of migrants. The economic crisis which started in 2008 decreased the stock of Polish nationals abroad by 60,000 (2.6%) in comparison to 2007. This does not however indicate that massive return trends are on-going and that return is a dominating strategy for the Polish emigrants.

On average, Poland was issuing less than 15,000 work permits a year in the period 1995-2007 (Figure 4). A rising trend can be noted in recent years, with more than 18,000 work permits issued in 2008 and 29,340 in 2009.[224]

Figure 4: Issued work permits, 1995-2009 (1)

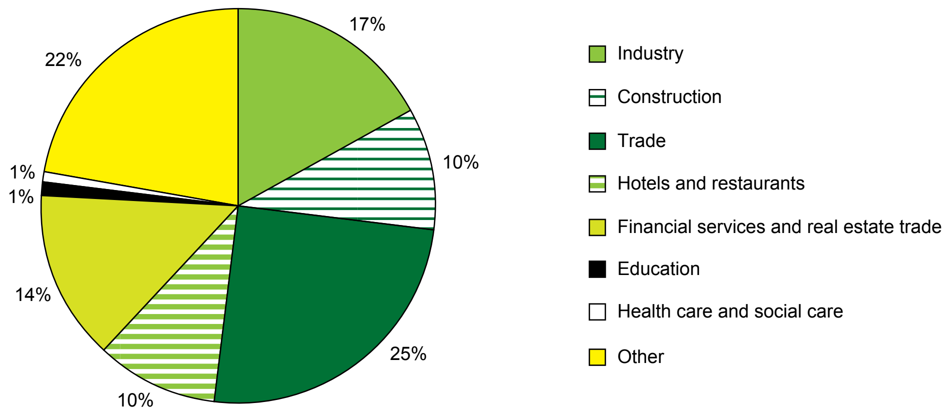


Source: Kępińska 2007; data for 2007, 2008 from Ministry of Labour and Social Policy.
(1) Since 2002 also by gender.

In 2009, the most permits were issued for skilled workers (31%), managerial positions (19.4%) and unskilled simple jobs (16.4%). The main sectors of employment of work permit holders were trade (25%), industry (17%), financial services and real estate (14%), and construction (10%) (Figure 5). Work permit procedures are foreseen for all kinds of jobs, however in practice they are more accessible to highly skilled workers for two reasons. According to the labour market test requirement, the applicant (employer) has to submit the opinion of the local authority (starosta) on the possibilities to fill the vacancy with the local labour supply (unemployed).[225] In general, it is more probable that there will be no Polish candidates for the post if the employer demands specific skills and competencies. Furthermore, the work permit procedure, although simplified recently and made cheaper[226] is still administratively complicated and the employers are more likely to invest their time and resources to ensure the legality of employment of highly skilled workers.

224 Since January 2007 all EEA nationals are exempt from the work permit obligation. Thus the data for 2007 and 2008 refer to workers from third countries only.
225 The Ordinance by the Ministry of Labour and Social Policy of 29 January 2009.
226 See Part 2 of this study for more information.

Figure 5: Work permits by sector of employment, 2009



Source: Ministry of Labour and Social Policy.

On the basis of work permit data, Golinowska et al. (2004)[227] found that:

- Foreign workers are better educated than Polish counterparts and are not competitive but rather supplementary to the employment of nationals;
- Foreigners are employed more often in private-owned companies with foreign capital;
- Migrants from less developed countries were more often employed in medium and small enterprises, whereas migrants from developed countries (Western Europe, USA) were more often employed in large (50-200 workers) and very large enterprises (over 250 staff);
- The demand for simple services is to a great extent filled by the migrants from less developed countries, the demand for more skilled jobs by migrants from developed countries.

Permanent residents constitute a notable group that is eligible to undertake jobs without work permit obligation. The results of research conducted among the Vietnamese and Ukrainian communities carried out by the Centre of Migration Research (CMR) (2007)[228] cannot be extrapolated on the whole migrant population in Poland but adds to the knowledge on the foreigners that have settled in the country. According to this study, econometric analysis showed that determinants of labour market outcomes in the case of Ukrainians (sex, age and education) were similar to those of Poles. Eighty-five per cent of Ukrainians of working age were economically active (88% of men, 64% of women), with 70 per cent employed (or self-employed) and 15 per cent unemployed (10% of men, 16% of women). At the same time, the employment rate of the native population of working age was only 54 per cent. Around 20 per cent of Ukrainian women and only 2 per cent of men were economically inactive. Interestingly,

227 Econometric analysis based on unpublished GUS data.

228 The study was based on the representative survey on Vietnamese and Ukrainian migrants permanently residing in the Mazowieckie region.

although permanent residents enjoy free access to the labour market, 16 per cent of employees worked without a work contract in a written form – a prerequisite for legal employment (Fihel et al., 2008).

The unique ethnic pattern of labour market integration of Vietnamese migrants is characterized by spatial and branch concentration of economic activity that led to thebeginnings of the creation of an ethnic niche. Total employment rate among the Vietnamese migrants with a permit to settle in the Mazowieckie region amounted to 81 per cent (91% for men, and 69.2% for women), and 17.7 per cent of the Vietnamese were economically inactive (30.8 % of women and 9% of men). No unemployed individuals were detected by the survey, which might be explained by the specifics of Vietnamese ethnic entrepreneurship based on family ties, where all economically active family members are involved.[229] The entrepreneurship rate among the Vietnamese is many times higher than among the native population: 76 per cent of employed Vietnamese run their own firms or are self-employed (89.6% of women, 68.5% of men). The main sector of employment is trade (66%) (Fihel et al., 2008).

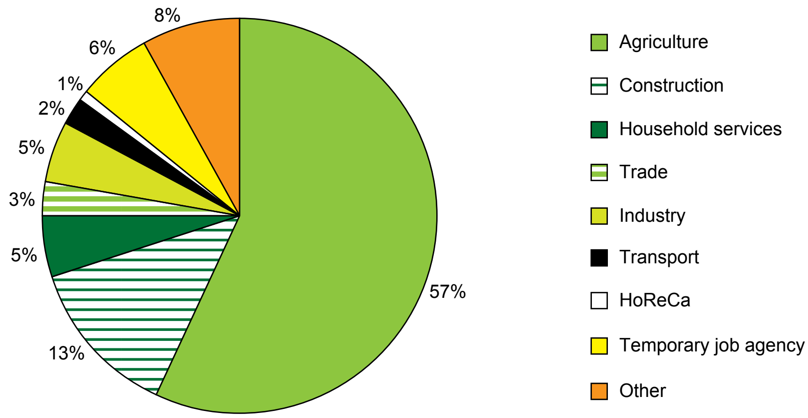
Despite the lack of legal barriers to access the labour market refugees and persons granted subsidiary protection or tolerated stay are not integrated in the labour market. Forced migrants rarely choose Poland intentionally as their destination, rather their cases are processed there due to the Dublin Regulation. With scarce or no knowledge of Polish (and Poland), and hardly transferable qualifications, forced migrants are not competitive on the Polish labour market (Gracz, 2007).

Statistically, migrants are an almost negligible group of workers on the Polish labour market. The comparative analysis of wage levels among foreign and native workers suggests the complementarity of migrant employment in Poland with respect to the native population. The vast majority of foreigners employed as specialists receive at least the same wage as Poles in corresponding jobs. Minimal substitution effects can be traced in the case of unskilled workers: 15 per cent of them receive lower wages than natives employed in the same jobs (Żylicz, 2008). Small substitution effects can be also observed in the Eastern regions of Poland, characterized by high unemployment levels – relatively often employers there look for foreigners due to wage competitiveness.

No analyses have been yet made on the impact of the inflow of seasonal migrants, but their numbers are rapidly increasing (Figure 6). In the second half of 2007, when the obligation to register the employment offer was introduced, 23,284 offers for seasonal workers were registered in the labour offices (out of which 21,682 for Ukrainians). In 2008 their number grew to 156,105 (142,960 for Ukrainians) and in 2009 to 188,225 invitations (179,971 or 95.6%, for Ukrainians) (Ministry of Labour and Social Policy: MPiPS). The seasonal migration scheme could be seen as a means to combat irregular migration.

[229] Notwithstanding their formal employment status.

Figure 6: Inflow of seasonal workers by branch of economy, 2007-2009



Source: Authors' calculation based on MPiPS data.

Given the unwillingness of Poles to perform low-skilled and poorly paid manual work (especially in the agriculture, construction and domestic sectors), and the high level of taxes and social contributions, many employers opt for the irregular employment of migrants. Besides, until recently work permits were very expensive if compared with low wages, and support to their acquisition was discouraging for many employers (Kicinger, Kloc-Nowak, 2008). The fact that work permits are tied to one job only, further adds to the inflexibility of legal migrants on the labour market. Most of irregular workers come from neighbouring countries (mainly Ukraine). Currently, the estimated share of irregular foreign workers ranges from 0.4 to 3.7 per cent of the employed (Górny et al., 2010).

As calculated by Golinowska (2004), in 2001 employed foreigners constituted 0.94 per mille of the economically active population, 1.21 per mille of the employed and 5.4 per mille of the unemployed. More recent calculations range from 0.09 per cent in 2007 (work permits data, Górny et al., 2010) to 0.55 per cent in 2007 (based on the representative survey with the employers (Grabowska-Lusińska, Żylicz, 2008). It can be stated that the impact of officially employed foreigners on the labour market growth and structural changes in Poland is negligible.

According the 2002 Census data the share of the working age population among migrants was larger than among the native population. Migrants also have lower unemployment levels, which reconfirms that they arrive to Poland in response to workforce demand and thus are more complementary rather than competitive to the local workers (Okólski, 2006). However, migrant women (among temporary migrants) had significantly lower activity and employment rates[230] than the native population (Table 1).

230 The share of women in foreigners' employment was rather low and ranged between 25.5 per cent in 2005 and 28.5 per cent in 2008 (GUS).

Table 1: Labour market status of foreigners, 2002

	Total population	Foreigners – permanent residents	Foreigners temporary in Poland since at least 2 months	
			total	Out of which: Foreigners – Temporary in Poland since at least 12 months
MEN				
% of working age	65.6	86.0	92.6	93.4
Activity rate (%)	75.1	78.1	62.0	68.3
Employment rate (%)	59.3	67.7	53.3	58.8
Unemployment rate (%)	21.0	13.4	13.9	14.0
WOMEN				
% of working age	58.2	77.0	91.0	92
Activity rate (%)	68.0	61.8	39.3	43.1
Employment rate (%)	52.6	46.1	29.7	32.1
Unemployment rate (%)	22.6	25.4	24.5	25.5

Source: Jaźwińska (ed.), 2006: 5 on 2002 Census data.

According to a 2007 survey on both employers and households, the employment of foreigners was estimated at about 70,000 persons. The potential future demand for foreigners' work (based on the declarations about future intentions) was estimated to reach 535,000 foreign workers (Grabowska-Lusińska, Żylicz, 2008). The conclusions from the survey gave evidence that the Polish economy needs foreign labour to fill the vacancies and address the structural mismatches on the labour market. Recent data also indicates an increase in the inflow, if only slight since the fourth quarter of 2008, for all categories of migrants despite the economic slowdown (MPiPS, GUS).

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PORTUGAL

Frederica Rodriguez[231]

Migration Trends

Significant acceleration in migrant inflows to Portugal occurred in the past decade thus turning it into a country of immigration and transit. Inward flows relatively recently overcame, in quantitative terms, outward flows that nevertheless refuse to wane completely (Table 1).

Table 1: Annual net migration, thousands, 1990-2008

Time line	Net migration	Time line	Net migration
1990	-39.1	2000	47
1991	-17.5	2001	65
1992	-5	2002	70
1993	8	2003	63.5
1994	17	2004	47.3
1995	22	2005	38.4
1996	26	2006	26
1997	29	2007	19.5
1998	32	2008	9.4
1999	38	2009	-

Source: Statistical National Institute (INE), Annual Estimates of Resident Population.

In the past decade, the number of foreigners in Portugal more than doubled from 207,587 legally residing migrants in 2000, to 440,227 in 2008. The foreign population accounts for around 4.1 per cent of the total residents in 2008, yet constitutes some 6 per cent of the working population.

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The traditional immigration flow in the 1980s and 1990s was composed of migrants from the Portuguese-speaking African countries (mainly Capeverdeans) and from Brazil. Furthermore, Portugal has recently experienced a second and massive immigration of Eastern European origin, primarily from Ukraine, and a new wave from Brazil (Table 2). These two communities and migrants from Cape Verde together constituted almost a half of the total foreign population in Portugal in 2008.

Table 2: Foreign resident population, 2000 and 2008

	2000		2008		Variation 2000-2008
	N	%	N	%	%
Africa (PALOP)	98,769	47.6	118,460	26.9	20
Cape Verde	47,093	22.7	51,353	11.7	9
Angola	20,416	9.8	27,619	6.3	35
Guinea Bissau	15,941	7.7	24,390	5.5	53
S. Tomé & Príncipe	5,437	2.6	11,726	2.7	116
Mozambique	4,619	2.2	3,372	0.8	-27
European Union*	56,850	27.4	84,727	19.2	49
United Kingdom	14,096	6.8	15,371	3.5	9
Spain	12,229	5.9	7,220	1.6	-41
Germany	10,385	5.0	8,187	1.9	-21
Europe (non-EU)	3,639	1.8	83,059	18.9	2,182
Ukraine	163	0	52,494	11.9	32,105
Moldova	15	0	21,147	4.8	140,880
Central and South America**	27,395	13.2	109,325	24.8	299
Brazil	22,202	10.7	106,961	24.3	382
Asia	8,746	4.2	28,588	6.5	227
China	3,282	1.6	13,331	3.0	306
India	1,290	0.6	5,519	1.3	328
Others	12,188	5.9	16,118	3.7	32
Total	207,587	100.0	440,277	100.0	112

Source: Aliens and Borders Service (SEF), statistics for 2000 and 2008.
** In 2008 the total European Union (EU) population includes the countries that joined the EU in 2004 and 2007.*
*** Comprises Brazil and Venezuela in the statistics of SEF.*

The global trend of migration feminization is also observed in Portugal: between 2000 and 2008, the number of migrant women grew by 135 per cent, in contrast with men whose numbers increased by 112 per cent. In 2000, women represented only 43 per cent of the total foreign resident population, having reached the share of 48 per cent in 2008 (SEF, 2000-2008).

Family reunification flows have always been less important than permits issued for employment, which illustrates the economic character of migration in Portugal. The third most popular reason to enter in Portugal was to study (Table 3). In 2000-2008 Portugal maintained a very low attractiveness level for asylum-seekers (161 applications in 2008).

Table 3: Applications for residence permits, by reason of entry and sex, percentage, 2002-2007

		2002	2003	2004	2005	2006*	2007*
Employment	Total	43.1	46.7	50.8	45.2	66.8	57.4
	Men	54.4	58.6	64.7	59.1	82.9	69.2
	Women	31.6	34.0	39.8	34.8	43.4	43.6
Family Reunification	Total	45.8	40.3	38.5	44.5	31.8	30.0
	Men	34.2	29.1	23.2	28.0	15.9	18.9
	Women	57.7	52.3	50.6	56.7	55.1	42.8
Study	Total	5.7	7.3	4.6	4.4	0.3	7.4
	Men	4.8	6.0	4.6	4.4	0.3	6.5
	Women	6.7	8.7	4.5	4.4	0.4	8.4
Pension	Total	5.3	5.7	6.2	5.9	1.0	4.3
	Men	6.5	6.3	7.5	8.4	0.9	4.4
	Women	4.0	5.0	5.1	4.1	1.1	4.3

Source: SEF, 2002-2007.
** Provisional data in May 2008.*

Among foreigners who applied for resident permits in Portugal for the first time in 2006, North Americans and EU15 nationals were the most qualified, with over 40 per cent of migrants having a university education (SEF, 2007). Migrants coming from Eastern Europe also display high qualifications, although technical degrees are more prevalent than university ones. Brazilians' skills are lower and most of these migrants have primary or secondary school diplomas. Migrants from Asia and especially Africa have the lowest levels of qualification,[232] frequently displaying over 15 per cent[233] of illiteracy (Cape Verde, Guinea-Bissau, Republic of Guinea and China).

Generally speaking, migrant groups display literacy levels which are somehow higher than the ones possessed by the Portuguese population, even though by international comparisons Portugal's migrant population has low qualification levels (SOPEMI, 2007).

Data on irregular migrants is scarce. Nevertheless, an academic study estimated that the range of irregular migrants in Portugal could be from 80,000 to 100,000 people (Fonseca, 2005),[234] pointing that almost 20 per cent of them reside in Portugal without the required permit of stay and work in Portugal.

Since the 1990s, there have been five regularizations benefiting approximately 93,566 foreigners (Costa, 2008). The 2001 residence permit process, the special regularization of Brazilian workers (2003)[235] and the 2004 regularization based on social security, were

232 The exceptions are Mozambicans and to a lesser extent Moroccans and Bangladeshis. By contrast, migrants from Cape Verde stand out as having an extremely low comparative educational attainment.

233 It is important to stress that the percentage of illiterate migrants increases due to the incorporation of very young children into the total. Naturally, this affects most the migrant groups with younger age structures, such as the Africans.

234 Based on a questionnaire undertaken between December 2004 and January 2005 with a representative sample of 1,600 non-EU foreigners living in Portugal aged 18 or more.

235 In 2003, a special agreement signed between Portugal and Brazil allowed the regularization of irregular Brazilian workers settled in Portugal and also irregular Portuguese workers living in Brazil.

clearly associated with labour market participation (although these campaigns have also enabled family reunion *a posteriori*). Differently, pre-2001 regularizations (1992-1993 and 1996) did not have the labour market participation as a key prerequisite. Instead these two processes targeted all non-EU foreigners that could prove they had resided in Portugal for a certain number of months before the regularization, independently of their labour market participation.

Labour Market Impact

In 2002-2009, the growth rate of the Portuguese GDP was below the levels registered in the eurozone and in the EU as a whole. In 2009, the global economic crisis had a deep impact on the Portuguese labour market. The Portuguese economy continues to be fragile and it would seem that signs of recovery are insufficient to put an end to the situation of economic and social crisis. Unemployment is expected to continue to rise in 2010.

The vast majority of jobs are accounted for by the service sector (60.6% in 2009). Agriculture and forestry have a fairly small weight in the economy (11.2% in 2009) and industry provided for 28.2 per cent of jobs in 2009. As manufacturing subsectors such as textiles, clothing and footwear are finding it harder to compete in the global market, the service sector has become by far the main source of new jobs, including for low-skilled workers.

Migrants showed higher levels of activity rates than nationals in 2000-2009. The share of the population that is economically active among immigrants is high and foreigners in 2009 represented 4.7 per cent of the total active population.

Table 4: Active population and activity rates, for nationals and foreigners aged 15-64, 2000-2009

	Active population				Activity rate	
	Nationals	Foreigners	Total	% foreigners on the total active population	Nationals	Foreigners
2000	4,799.3	104.5	4,903.8	2.1	71.0	75.0
2001	4,878.2	106.4	4,984.6	2.1	71.8	73.3
2002	4,943.4	128.7	5,072.2	2.5	72.4	80.9
2003	4,984.7	139.0	5,123.8	2.7	72.7	79.6
2004	5,004.5	149.7	5,154.3	2.9	72.8	75.7
2005	5,034,5	186.9	5,221.5	3.6	73.1	81.3
2006	5,062.8	195.1	5,257.9	3.7	73.7	80.3
2007	5,063.6	220.8	5,284.5	4.2	73.8	81.5
2008	5,046.8	252.0	5,298.8	4.8	73.8	82.2
2009	5,014.9	248.0	5,262.9	4.7	73.4	79.8

Source: Eurostat.
Notes: Data refer to resident persons living in private households and aged 15-64.

In 2000 the employment rate of foreigners in Portugal was 68.5 per cent, nearly 0.3 points above the nationals (Table 5). In 2008 the labour market participation rate surpassed by 5.3 per cent that of the natives reaching 73.3 per cent, yet in 2009, there was a drop in the employment rate of both foreigners and nationals, but the former group seems to be much more affected and vulnerable than nationals. In the case of migrants, there is a decrease of 6.6 percentage points in the employment rate compared to a decrease of 1.8 points for the national workers.

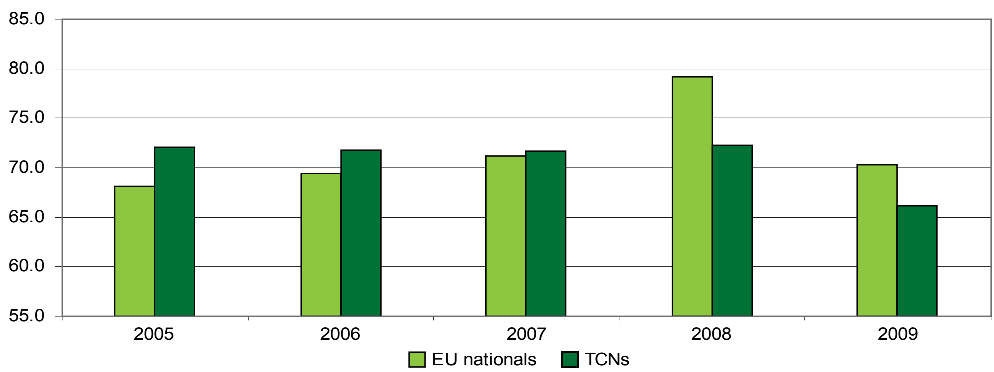
Table 5: Employment rate by nationality in Portugal, 2000-2009

	Nationals	Foreigners	% var. (foreigners vs nationals)
2000	68.2	68.5	0.3
2001	68.9	67.3	-1.6
2002	69.0	75.1	6.1
2003	68.1	70.7	2.6
2004	68.0	65.6	-2.4
2005	67.3	71.4	4.1
2006	67.8	71.4	3.6
2007	67.6	71.6	4.0
2008	68.0	73.3	5.3
2009	66.2	66.7	0.5

Source: Eurostat.

There is a clear gap in vulnerability in terms of employment between the EU and non-EU workers. On average, third-country nationals perform better than the EU nationals, except during the period of economic slowdown (2008 and 2009) (Figure 1).

Figure 1: Employment rates of migrants by nationality, 2005 – 2009



Source: Eurostat.

In terms of occupational categories, migrants in Portugal are greatly underrepresented among managers, and overrepresented in professional technician categories and among unskilled workers, namely in services and in elementary occupations (Table 6).

These results confirm the dual character of the labour market: migrants are polarized between highly qualified occupations (mainly migrants from the EU and North America) and unskilled or low-skilled jobs (mainly occupied by Portuguese Speaking African Countries (PALOP) and Eastern European nationals) in the extremes of the occupational spectrum.

Table 6: Employment of foreign-born by occupation, percentage of total foreign-born employment, 2005-2006

	Portugal	EU-25
Legislators, seniors officials and managers	7.1	7.7
Professionals	14.1	11.9
Technicians and associate professionals	10.3	12.0
Clerks	10	7.5
Service workers and shop and market sales workers	16.2	15.0
Skilled agricultural and fishery workers	1.4	1.5
Craft and related trades workers	16.5	15.4
Plant and machine operators and assemblers	6.3	9.5
Elementary occupations	18.2	19.4

Notes: The numbers in bold indicate the professions where foreign-born individuals are over-represented (the share of foreign-born employment in the profession is larger than the share of foreign-born employment in total employment). Technicians and associate professionals include trades workers.
Source: Eurostat in OECD, 2008.

There is increasing demand for foreign female labour in highly feminised branches, such as health and elderly care, shop-assistance, industrial and domestic cleaning, baby-sitting and the leisure industry. In this respect, 30 per cent of employed foreign women[236] work in elementary occupations (60 per cent for Cape Verdeans). For foreign men, besides the overrepresentation in elementary occupations, there is also strong concentration in crafts and related work.

Table 7: Distribution of foreign-born employment, by sector, percentage, 2007

	*Sectoral distribution of foreign-born employment
Construction	15.9
Wholesale	14.3
Real estate, renting and business activities	9.4
Hotels and restaurants	8.3
Health and social work	7.3
Education	6.8
Public administration and extra-territorial organisations	6.5
Manufacturing, durable	5.7

236 Accordingly to Quadros de Pessoal, 2005/2006 average. *Quadros de Pessoal* is an annual mandatory employment survey collected by the Portuguese Ministry of Employment that covers virtually all establishments with wage earners.

Private households	5.4
Transport	5.0
Manufacturing, non-durable - other products	4.9
Other community services	4.9
Financial intermediation	1.8
Agriculture and fishing	..
Mining	..
Manufacturing, non-durable - food products	..
Electricity, gas and water supply	..

**Note: The numbers in bold indicate the sectors where foreign-born individuals are over-represented (the share of foreign-born employment in the sector is larger than the share of foreign-born employment in total employment).*
".." indicates that the estimate is not reliable enough for publication.
Source: Eurostat in OECD, 2009.

As a consequence of this strong concentration in low-skilled jobs in few sectors and occupations, the incidence of overqualification in Portugal is rather high both for natives (7.9% in 2003/4) and for migrants (16.8%) (SOPEMI, 2007). Indeed, the term overqualification is valid for more than 80 per cent of highly qualified migrants from Eastern and South-Eastern Europe (OECD, 2006).

In 2000-2009, unemployment rates of non-nationals were often almost twice as high as those of the natives (in 2009, 16.4% versus 9.7% cent respectively). The full force of the downturn seems to have a stronger negative effect over the employment opportunities of the foreign population, given their employment characteristics (less secure contractual arrangements, discrimination) and distribution across sectors that are more sensitive to the business cycle. Third-country nationals have higher unemployment rate than migrants from the EU,[237] especially Ukrainians and Brazilians (Table 8).

Table 8: Unemployment rate of nationals and foreigners in Portugal, 2000-2009

	Nationals	Foreigners	% var. (foreigners vs nationals)
2000	3.9	8.7*	4.8
2001	4.0	8.2*	4.2
2002	4.7	7.2*	2.5
2003	6.4	11.2	4.8
2004	6.5	13.3	6.8
2005	7.9	12.2	4.3
2006	8.0	11.1	3.1
2007	8.3	12.1	3.8
2008	7.9	10.9	3.0
2009	9.7	16.4	6.7

Source: Eurostat.
Note: ":" means not available, "" means unreliable data.*

237 Institute for Employment and Vocational Training (IEFP) data on registered unemployment.

There is sufficient evidence of income differentials between nationals and different migrant groups in Portugal (Carneiro et al., 2006, 2007). A study carried out with data from Quadros de Pessoal referring to the three-year period between 2002 and 2004 (Carneiro et al., 2007) concluded that with the exception of EU15 migrants, foreigners earn hourly wages that are approximately 11.5 per cent lower than those earned by comparably qualified native workers.

Returns to age (experience) and schooling are much lower among migrants than they are among natives both in the case of male and female workers. This indicates that human capital acquired abroad is imperfectly transferable across borders, a result also noted by several authors (Friedberg, 2000: Eckstein and Weiss, 2003 in Carneiro et al., 2007).

On the contrary, returns to tenure are for migrants almost twice as great as for natives: for the first year they spend with one employer, migrants' wages rise by 2.7 per cent (1.5% for natives). These results suggest that part of the adverse consequences of labour market mismatch and occupational downgrading are reversed within a short period and without further job switching.[238]

Moreover, in Portugal, one of the most important factors driving wages is educational attainment.[239] However, wages of migrants increase at a slower rate with educational attainment than the wages of natives (OECD, 2008). Even after controlling characteristics such as sex, age, education, seniority and occupation, the salient observation is that the wage gap between migrants and nationals is very stable.

As for the impact of migration on Portuguese workers, some competition has been observed in the case of native workers with poor professional skill qualifications and previous immigrants (Cardoso, 2004; Equality and Human Rights Commission, 2009). In a study focused on the civil construction sector, Pereira (2009) argues that PALOP workers suffered at first impact with the new arrivals, but then adjusted their strategies to regain their status.

The actual dependency of certain sectors of migrant labour is especially true in the civil construction, domestic/industrial cleaning and agriculture sector. Carvalho (2004) suggested that migrant workforce is characterized by a strong availability (in quantitative and qualitative terms, but also in geographical terms) that makes it a positive platform for expansion, competitiveness and productivity of the Portuguese enterprises.

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238 Employers hire migrant workers into low-level positions and as information about the true quality of the match becomes available they are promoted into higher level positions (Carneiro *et al*., 2007).

239 Generally speaking, the differences in the educational attainment of migrants versus native-born explain generally a rather small proportion of the wage differences (SOPEMI, 2008).

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ROMANIA

Iris Alexe[240]

Migration Trends

In the beginning of 2010, Romania continues to be an emigration country, but the rate of departures is decelerating. Throughout the last decade, the country has seen more than 10 per cent of its population migrating in search of better jobs (Sandu, 2010). While previously immigration has been minimal (only 1,580 work permits were issued in 2000), presently, Romania registers a constant growth of migration inflows. Immigration is still a phenomenon relatively new to the Romanian society, and foreign nationals account for only 0.3 per cent[241] of the total population at the end of 2009. By 2013-2015, the National Forecast Commission predicts a rise in the number of immigrants up to 200,000-300,000 that would constitute about 1-1.4 per cent of the total population of Romania (ROI, March 2006).

Until 2003/2004, immigrants to Romania were mostly male entrepreneurs especially from Turkey, Middle East (Syria, Jordan) and China (Lazaroiu, IOM 2003). In 2004-2006, immigration increased especially for the purpose of work and study, mainly from Turkey, China, Moldova, Iraq and Israel and also for the purpose of family reunifications (Figure 1).

The number of EU/EEA citizens and their family members residong in Romania is increasing: in 2008 there was a rise of 46.3 per cent compared to 2007, and in 2009 the annual increase accounted for 26.3 per cent reaching the total number of 29,251. As for the third-country nationals, their stock grew by 32 per cent in 2007-2009 (ROI).

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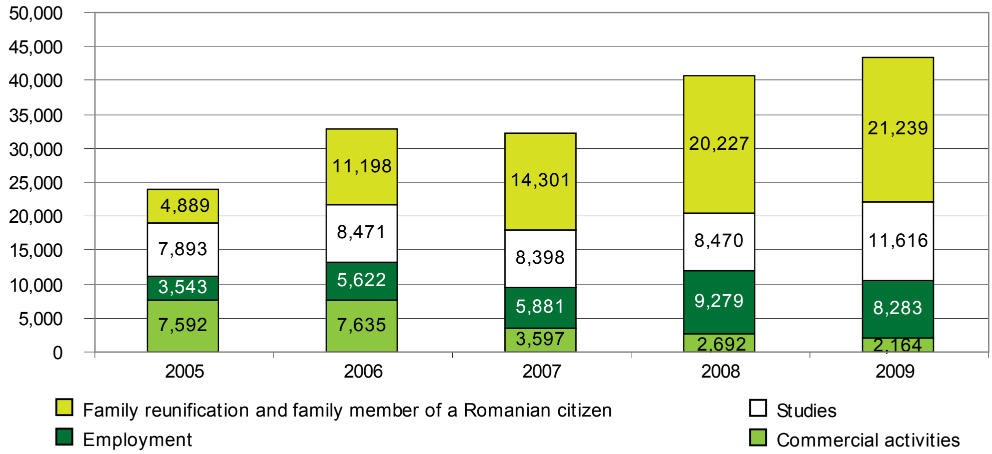
241 Author's calculations: Third country nationals stock in November 2009 (Romanian Office for Immigration (ROI) data) added with the aliens granted with a form of protection stock / total Romanian population (data valid for 2009).

Figure 1: Immigration by purpose of entry, 2005-2009



Source: ROI.

At the moment,[242] there are 59,184 third-country nationals legally residing in Romania, mainly from the Middle East. The distribution by purpose of stay for the third-country nationals with temporary residence is as follows: (29%) family member of a Romanian citizen; (21%) study, (16%) employment, (7%) family reunion, (5%) other purposes, (4%) commercial activities, and (2%) humanitarian and religious activities. An approximate combined 60 per cent originate from Moldova, Turkey and China.

The majority of non-EU nationals staying in Romania for the purpose of family reunification originate from China, Turkey, Arab countries and Moldova. Due to the favourable Romanian educational policy and study scholarships for the ethnic Romanians abroad, Moldovan nationals account for more than 80 per cent of all foreign students in Romania.[243]

In 2000-2009, out of 10,398 foreigners (95% single men) who applied for asylum in Romania, approximately 15 per cent were extended a form of protection. More than half of the latter originated from Iraq (52.5%) (ROI, 2009).

Labour Market Impact

In 2001-2008 the Romanian economy grew at an impressive average rate of 6.2 per cent annually. The economic upswing was accompanied by increased labour demand and led to labour shortages in some sectors, such as construction and textiles. During the last quarter of 2008, Romania was affected by the financial crisis. There was a significant deceleration of industrial activity, together with a reduction in the growth rate of the activity in services and constructions. In 2009 the Romanian economy experienced one of the sharpest contractions in its recent history, and GDP fell by 7.1 per cent.

242 ROI, data available for the first semester of 2009.
243 ROI, European Integration Fund for Third Country Nationals (EIF) Multi-Annual Program 2007-2013.

Changes in labour immigration flows were expressed in the growing annual quota and subsequently the number of work authorizations issued can be traced in the evolution of the demand for labour, which is directly correlated with the economic performance (Table 1). Compared to other EU countries, in Romania, the migrant labour force is negligible. Nevertheless, at the national level, its dynamics over the decade have been impressive, with an increase of ten times from around 1,500 work authorizations issued in 2000 to 15,000 authorizations in 2008. Also, in 2008, the share of third-country nationals in the total working population in Romania accounted for 0.2 per cent, the highest share the entire period 2000-2010.

Table 1: Annual quota and number of work permits issued, 2004-2010

Years	2004	2005	2006	2007	2008	2009	2010
Annual Quota	1,500 supplemented with 600	2,500 supplemented with 500	10,000	12,000	10,000 supplemented with 5000	8,000	8,000
	2,100	3,000	10,000	12000	15,000	8,000	8,000
Work authorizations/ permits issued	1,364	2,716	6,148	6,341	15,000	3,959	to be issued

Source: ROI and the Ministry of Labour, Family and Social Protection (MLFSP).

The domestic labour market is, however, characterized by a low degree of competition between the nationals and the migrants in the services sector such as commerce, hospitability or sectors where low qualification is required. Restructuring of the economy resulted in a substantial mismatch between the available labour and jobs.

Another inefficiency arises from the limited capacity of the Romanian education system, including for vocational training to create a competitive labour force that meets labour market demands. Vocational and professional schools are almost non-existent in Romania, and this is having a direct impact on the labour deficit of qualified native workers.

A Manpower study (2009) placed Romania as one of the countries with the highest skilled labour force deficit at global level: 60 per cent of Romanian employers reported huge difficulties in the process of recruitment and hiring specialized personnel. At the same time, data for 2008 indicates that the Romanian labour market has a relatively low employment rate (59%).

The vacancy rate by sectors points to the labour shortages affecting industries ranging from banking and financial services, real estate, health, education and social assistance to retail, agriculture, public administration, manufacturing, constructions, ship building and transportation. Moreover, labour shortages seem to affect both skilled and unskilled segments of demand. Since 2006, the National Public Employment Agency has provided official figures of about 50,000 vacancies per year irrespective of the economic situation with slight sectoral differences for each year, although some studies indicate even higher figures.[244]

[244] In 2007, the number of vacant jobs was estimated to amount to 100,000- 300,000 in industries such as construction, shipbuilding, textile, commerce, services and healthcare (Soros Foundation, 2008).

The majority of registered labour migrants have an average degree of education, with higher professional experience and qualifications in the area or sector of activity, compared to the national workers. For instance, it is quite usual for migrant workers to have completed primary to secondary education and to have been employed since the age of 15 years (Table 2).[245]

Table 2: Composition of work authorizations by sex and age group, 2008 and 2009

	2008		September 2009		
Age group	F	M	N/A	F	M
<18	1	8	0	0	0
18-25	467	2,635	0	142	442
26-40	607	7,672	1	214	1,594
41-50	131	2,846	0	44	694
51-60	18	563	0	11	151
>60	0	51	0	0	15
Subtotal	1,224	13,775	1	411	2,896
Total	15,000		3,307		

Source: ROI.

The data above indicates asymmetric gendered migrant employment for those with work authorizations that is similar to that of the natives. Female migrant labour facilitates higher labour force participation among native women in general, which may be the case in Romania as well, especially in the future given their increasing presence in domestic services and childcare.

The Romanian labour market is characterized by unattractive wages in most sectors of economic activity. Nevertheless, these wages may still represent increased income for the third-country nationals. In this respect, the Chinese/Bangladeshi workers in the textile industry could earn five times more in Romania (around 300 euros a month); the Chinese workers in constructions earn in Romania about twice the earnings of their country of origin (700 euros).

The imperfect substitutability of migrant and local labour is consistent with recent evidence that the workers affected by the entry of newly arrived migrant workers are earlier migrants.[246] The same data points out that earlier migrant workers have increased chances on the labour market as they developed social capital, such as language abilities and networks that allows them to stay in jobs.

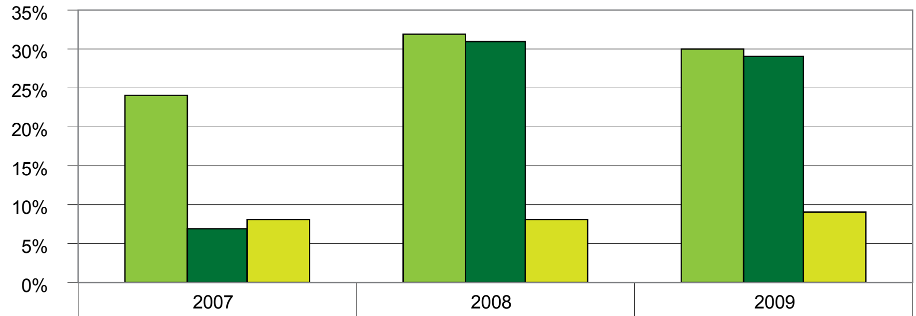
The top three countries of origin for migrant workers are Turkey, China and Moldova. Up to 70 per cent of the Turkish migrants work in construction, transport infrastructure, food industry and commerce. Other third-country workers come from: Bangladesh, Ukraine, Philippine, India, Vietnam and Serbia. Moldovan workers with lower education

245 ROI, EIF, Multi-annual Programme 2007-2013

246 Romanian Office for Immigration, Reports on the Situation of aliens granted with a form of protection in Romania, 2006-2009, and Immigrants' information needs in Romania Soros Foundation, 2009.

are found in construction and agriculture. Chinese men work in construction, textile and shipbuilding sectors, while Chinese women are employed in textiles and retail (Soros Foundation, 2008). Until 2008, Chinese migrant workers represented almost thirty per cent of all work authorizations issued annually in Romania (ILO, 2009). Also, many Chinese nationals are working in commerce and light manufacturing companies in which they are associates.

Figure 2: Work authorizations issued annually for top three countries of origin, 2007-2009



	2007	2008	2009
Turkey	24%	32%	30%
China	7%	31%	29%
Moldova	8%	8%	9%

Source: ROI.

Unemployment data is available only for nationals. However, in case of third-country workers one could hardly speak of unemployment rates for the majority of migrants in the country due to the provisions of the immigration regime.[247]

Evidence indicates that the actual number of migrant workers in Romania is higher than registered by the ROI as many perform undeclared work or they do not respect the purpose for which their visa was granted. This latter situation is best illustrated by seasonal employment in agriculture and construction where migrants work after entering on a short-time visa. Sectors with a large share of undeclared work, including by migrants are construction, wood-processing, agriculture, textile, small trade, services and catering.

Studies and interviews with migrants/case studies report poor working conditions as one of the most pressing problems for migrant workers, including unsafe work, exploitative wages, undeclared work, lack of social protection rights, and debt bondage (Soros Foundation, 2008, 2009).

[247] Once the employment relationship is terminated, the permit is cancelled and the right to stay in Romania is revoked for the migrant worker.

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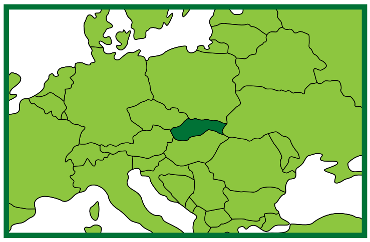
SLOVAKIA



Zuzana Bargerová, Monika Martišková,
Michal Páleník[248]

Migration Trends

Despite the intensive pace of economic development in the Slovak Republic over the last few years, factors such as higher wages and better jobs in other countries have continued to compel residents of Slovakia to migrate abroad (Bargerová, Guličová, 2008). Slovakia slowly became a country of destination for a growing number of EU/EEA and non-EEA nationals.

Slovakia has 5,424,925 inhabitants (on 31 December 2009) and just around 1 per cent is a migrant population, a very low share compared to neighbouring countries. The number of non-EEA nationals[249] with a valid residence permit accounted for 21,492 (Bureau of Border and Alien Police: BBAP) persons at the end of 2009 while the number of EU/EEA nationals reaching 36,830 persons (Tables 1 and 2).

Table 1: Foreign population, including non-EEA nationals with a valid residence permit, 2000-2009 (1)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total foreign population	28,801	29,418	29,505	29,219	22,108	25,635	32,153	41,214	52,706	58,322
Non-EEA nationals with a valid residence permit	-	-	-	-	-	11,299	12,631	14,912	19,472	21,492

Source: BBAP.
(1) on 31 December of each year.

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249 From 1 May 2004 European Union (EU) nationals do not need to apply for a residence permit in Slovakia, their stay can be registered voluntarily and then number is included in the statistics. Therefore, the total displayed number of EU/EEA nationals residing in the Slovak Republic cannot be final.

Table 2: Dynamics of foreign immigration after the EU accession, 2004-2008

	2004	2005	2006	2007	2008
Number of foreigners as on 31 December of the year	22,108	25,635	32,153	41,214	52,706
Annual increase (%)	-24.3	15.9	25.4	28.2	27.9
Proportion to the total population in the country (%)	0.41	0.48	0.60	0.76	0,97
Residence permits granted	8,081	7,595	11,312	15,159	16,553
Annual increase (%)	76.7	-6.0	48.9	34.0	9.2

Source: Divinský (2009: 30) based on BBAP data.

In 2000-2004, the majority of foreign nationals in Slovakia were citizens of the Czech Republic (most of them former citizens of the Czechoslovak Federal Republic), Ukrainians and Poles.[250] Hence, after the EU accession in 2004 the share of EU/EEA nationals residing in the Slovak Republic significantly grew. Czechs, Ukrainians and Poles still represented the most dominant groups, with an increasing number of Romanians in recent years. Among non-EEA nationals, Slovakia has witnessed a significant increase in the number of Chinese, Vietnamese and South Korean migrants (Table 3).

Table 3: The most numerous groups of migrants by country of origin, 2005 – 2009 (1)

	2005	2006	2007	2008	2009
Czech Republic	-	5,113	5,958	6,943	7,764
Ukraine	3,719	3,927	3,833	4,726	5,413
Poland	-	3,646	4,011	4,380	4,680
Romania	-	700	3,013	4,984	5,350
Serbia, Montenegro	-	333	1,195	1,674	2,434
Hungary	-	2,106	2,713	3,624	4,396
VietNam	847	1,063	1,452	2,534	2,204
Russian Federation	1,246	1,311	1,366	1,485	1,738
China	-	896	1,205	1,478	1,609
South Korea	-	837	1,137	1,485	1,525
Bulgaria	-	547	984	1,353	-

Source: Author's calculation based on BBAP data.
(1) on 31 December of each year.

Statistics from the Migration Office of the Ministry of Interior reflect high numbers of humanitarian migrants entering Slovakia. In 2001-2004, the number of asylum seekers reached a peak (11,395 in 2004). Since the EU accession, the numbers of asylum seekers are gradually decreasing, from 3,549 in 2005 to 822 in 2009. However, in 2000-2009 asylum was only granted to 158 persons (0.3% of all applications). Subsidiary protection, the new status established in 2007, was granted to 98 persons in 2009 (246 in 2007-2009, 18.5% of all applications).

250 BBAP data and author's calculations.

The majority of migrants staying for the purpose of employment are EU/EEA nationals: Romanians, Czechs and Hungarians (Central Office of Labour, Social Affairs and Family (UPSVAR), 2009). The number of non-EEA migrant workers reached a peak in 2008 with 3,701 persons, but consequently decreased in 2009 to 1,206 migrants (BBAP).

The most numerous group of non-EEA citizens employed in Slovakia are the nationals of Ukraine. In 2008 Slovakia experienced a significant inflow of these workers caused by the elimination of employment quotas for Ukraine in May 2008. The second largest group in 2009 were the citizens of the Republic of Korea due to significant investments by companies such as KIA and Samsung in Slovakia (UPSVAR, 2009). The number of Vietnamese migrant workers has also increased substantially in recent years (Table 4).

Table 4: Valid temporary stay permits for the purpose of employment by country of origin, 2006 – 2008 (1)

	2006	2007	2008	2009
Ukraine	300	335	925	779
Romania	86	-	-	-
Serbia, Montenegro	15	10	17	11
VietNam	9	108	1,046	497
Russian Federation	43	58	90	108
China	48	53	102	127
Republic of Korea	241	280	396	449
Bulgaria	44	-	-	-

Source: Author's calculation on BBAP data.
(1) on 31 December of each year.

In conditions of recession, in 2009 Slovakia has recorded a significant decrease in the number of applications for work permits, and the resulting low number of granted work permits (161 authorizations per month on average). Layoffs of foreigners also resulted in the rise in withdrawn work permits (1,564 in 2009) mainly on termination of employment before the expiration of the permit's validity term (UPSVAR, 2009).

Family reunification is the third most common reason for granting a residence permit in Slovakia. The numbers of migrants applying for family reunification has been constantly increasing from 827 in 2006 reaching 1,584 in 2009 (BBAP).

Labour Market Impact

Slovakia has experienced significant growth of GDP over the last ten years with the highest annual growth rate reaching 10.6 per cent in 2007 (National Bank of Slovakia). The subsequent economic downturn has seriously hit the export-oriented national economy, and the GDP growth rate was negative at -4.7 per cent in 2009 (Statistical Office of the Slovak Republic (ŠÚ SR).

The share of heavy industry (such as mining, defence industry, heavy engineering or chemistry) in the GDP has steadily decreased in the past two decades, while the importance of the secondary and tertiary sectors has been increasing. The share of agriculture is very small and falling. During the economic boom in 2004-2008 construction and services (financial, telecommunication, restaurants) sectors also grew. In comparison with other Central European countries, particularly the Czech Republic, Slovakia had the lowest wages historically due the structure of the economy and low labour productivity levels.

Slovakia has been experiencing population stagnation since the mid-1990s. According to the UN, the overall population of Slovakia will decrease from the current 5.4 to 4.6-4.9 million by 2050 (UN DESA, 2005). On the other hand, population in the age group 15-64 increased by approximately 180,000 between 1999 and 2009, primarily due to the entry of the generation born in late 1970s onto the labour market. The employment rate, however, did not increase significantly and remained below 70 per cent (reaching its hike of 70.1% in 2008). The unemployment rate fell from 18.6 per cent in 2000 to 9.6 per cent in 2008, but the number of employed people decreased in 2009 by -3.6 percentage points (ŠÚ SR). The gender gap persists on the labour market (15.4 percentage points in 2008) (Eurostat).

One of the most serious problems of the Slovak labour market is the rate of long-term unemployment,[251] which reached as much as 12.2 per cent in 2002. Only with the implementation of the economic reforms and increased foreign direct investment in 2004 and 2005, the long-term unemployment rate fell to 10.2 per cent and continued dropping in the following years (6.6% in 2008). This favourable development is likely to have been paused by the recession, and the number of long-term unemployed persons remains high, due to low level of education in this group, coupled with the lack of job experience.

The estimated total number of labour migrants in the Slovak Republic in 2006 ranged between 3,000 and 15,000-20,000 (Divinský, 2007). According to the official data on work permits, the number of labour migrants grew significantly in 2007-2009 due to stagnant domestic labour force supply, growing demand for labour and administrative changes (Table 5). Nevertheless, the share of migrants with work permits has not reached more than 0.6 per cent of the working population, hence the impact of migration on employment and the labour market is marginal.

Table 5: Shares of migrants on all working population with work permit, 2005-2009

	2005	%	2006	%	2007	%	2008	%	2009	%
Employed Slovak population	2,202,200	99.74	2,2882,00	99.69	2,345,300	99.54	2,421,200	99.39	2,351,900	99.36
EEA nationals	4,033	0.18	4,809	0.21	7,962	0.34	10,126	0.42	10,824	0.46
Non-EEA nationals	1,777	0.08	2,264	0.1	2,930	0.12	4,849	0.2	4,306	0.18

Source: UPSVaR.

251 Percentage of long-term unemployed persons (12 months or more) to total active population.

The statistical Office of the Slovak Republic through an ad hoc labour force survey from 2008 concluded that 97 per cent of the total working population are Slovaks with both parents born in Slovakia. Persons with both parents born abroad compose only 1.1 per cent of the working population. This survey potentially included various groups of foreigners, such as family and humanitarian migrants.

Gender composition of labour migrants is strongly connected to country of origin and occupation. In 2009, male migrants accounted for 80 per cent of labour migration. Women constitute significant shares of migrants coming from Russia (almost 50%), USA (38%) and Ukraine (29%), and 90 per cent in case of Thailand (Domonkos et al., 2010).

According to UPSVaR data on issued work permits in 2004-2009, the largest group of migrants work in industry and the mining sector (mainly migrants from Bulgaria and Romania). The second largest group are teachers, followed by architects and other professionals. The significant increase of doctors was reported in 2008 and 2009 mainly from non EEA countries. Seasonal workers are not covered in statistics.

The recent European Migration Network (EMN) National Report on Slovakia concludes that migrants do not fill the shortages of low-skilled workers in Slovakia, as they occupy mostly skilled and highly skilled positions (Domonkos et al., 2010). Divinský (2007) further evaluates segmentation of migrants from countries of Europe, North America and Asia that were increasingly employed as highly skilled experts, consultants, representatives of firms, researchers and scientists, teachers, lecturers and the like. Nationals of Poland, Ukraine and countries of South-East Europe are employed mostly in low-skilled positions, namely as construction, agricultural, forest workers, and auxiliary workers in the textile and shoe industries. Migrant workers from less developed non-EU/EEA countries prefer setting-up businesses to being employed. They traditionally act as petty traders, vendors, wholesale importers, and restaurateurs (Divinský, 2004). UPSVaR provided some more detailed figures in in the last internal Evaluation Report (Table 6).[252]

Table 6: Classification of activities carried out by non-EEA nationals by gender, 2009

Classification of professions	Total	Males	Females
Legislators, senior officials and managers	448	393	55
Scientific and professional intellectual staff	443	273	170
Technical, medical, teaching staff and workers in related fields	383	278	105
Lower administrative staff	29	16	13
Operators in services and trade	281	160	121
Qualified workers in agriculture, forestry and related fields (except machinery and equipment operators)	46	26	20
Craftsmen and qualified producers, processors, repairers (except machinery and equipment operators)	686	629	57
Operators of machinery and equipment	223	202	21
General labourers and unqualified workers	115	61	54

Source: UPSVAR, 2009.

[252] No publicly accessible source available.

As of 1 January 2005, the number of foreign entrepreneurs in Slovakia reached 2,960 persons,[253] with 37.5 per cent coming from the EU25. The most numerous were entrepreneurs from the Czech Republic (20.0%), VietNam (18.4%), Ukraine (18.3%), Poland (6.0%), Serbia (5.4%) and Hungary (3.8%). Most of the foreign businessmen are active in retail, wholesale, other trade services and construction (Divinský, 2007).

The size of undeclared work in the national economy as a share of GDP is approximated between 10 to 25 per cent (Bednárik, 2003). The National Labour Inspectorate is reporting 3 to 10 per cent irregular employment of foreigners, but no data on their origin (Table 7).

Table 7: Detected cases of illegal work, 2005- 2009

	2005	2006	2007	2008	2009
Total	1,372	-	915	1,019	840
Foreigners	48	-	78	69	69
Foreigners (%)	3.5	-	8.5	6.8	8.2

Source: Authors' calculation based on National Labour Inspectorate data.

Migrant workers are not reported in unemployment statistics, as legally they need to leave Slovakia when lose their job or their work permit expires. The authors attempted to compute the average share of unemployed migrants in Slovakia based on the data from the national Statistical Office. Generally, migrants seem to have lower unemployment rates than the Slovak majority (Table 8). However, this data comes from the Labour Force Survey ad hoc module that was not sampled with migrants in mind, and the statistical significance of its outcomes is questionable.

Table 8: Unemployed migrants aged 15-74, thousands, 2008

Indicator	Unemployed aged 15-74			
	Total	Men	Women	Share of working population
Unemployed aged 15 - 74	270.8	133.8	137	10.1
With both parents born in Slovakia	264.8	131.4	133.4	10.2
With one parent born in Slovakia	3.7	1.6	2.1	7.9
With the second parent born in the EU	3.2	1.3	1.8	7.3
- of which: in Czech Republic	1.6	0.5	1.1	6.2
With the second parent born outside the EU	0.6	0.2	0.3	18.2
With both parents born abroad	2.3	0.9	1.4	8.0
With parents born in the EU	1	0.3	0.6	4.5
of which: one of parents born in Czech Republic	0.3	0.3	-	2.2
With one of parents born in the EU and another born outside the EU	1.3	0.5	0.8	20.3
Not identified	-	-	-	-

Source: Author's calculation based on ŠÚ SR data of the Labour Force Survey ad hoc module on migrants and their immediate descendants, 2nd quarter of 2008.

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Interviews

- **Michal Páleník,** IZ - Employment Institute.
- **Richard Ďurana**, INESS - Institute of Economic and Social Studies.
- **Adriana Weissová**, IOM International Organization for Migration.
- **Boris Divinský**, Independent researcher.
- **Eneke Hanzelová**, IPVPR - Research Institute of Labor, Social Affairs and Family.
- **Boris Katuščák**, International Relations Department, UPSVaR Centre of Labour, Social Affairs and Family.
- **Martin Hošták**, RUZ - National Union of Employers.
- **Zuzana Števulová**, HRL – Human Rights League.
- **Jana Kadlečíková**, CVEK - Center for Research of Ethnicity and Culture.
- **Alena Chudžíková**, CVEK - Center for Research of Ethnicity and Culture.

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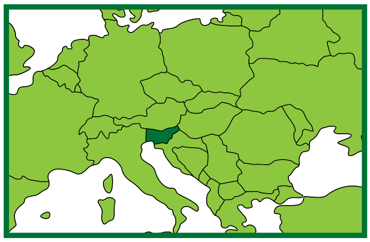

Mojca Pajnik[254]

Migration Trends

Although Slovenia is often described as a new migration country, it has already been a destination of internal migration in Yugoslavia in 1950s-1980s, and immigrants from Yugoslavia's successor states still constitute by far the highest share of migrants in the country. In the 1990s during the Yugoslav wars, refugees from Bosnia-Herzegovina represented the vast majority of the migrant population in the country. Since 2000 Slovenia is increasingly affected with a new trend of immigration from Africa, Asia, and Latin America.

At the end of 2008, foreign nationals constituted 3.5 per cent of the 2 million total population of Slovenia. The vast majority of the foreign nationals are from Europe[255] (97.3%), mainly from the Yugoslavia's successor states (Table 1), which represent 86.4 per cent of all foreigners from Europe and as much as 92.5 per cent of Slovenia's total foreign population.

254 Mojca Pajnik is a scientific counsellor at the Peace Institute, Institute for Contemporary Social and Political Studies, Ljubljana, Slovenia, and assistant professor at the Faculty for Social Sciences (University of Ljubljana). This analysis draws on the available national and EU data and reviews the existing research in the field. National data on migration in Slovenia is scarce and often difficult to compare because of different methods used by various offices. The author used statistics provided by the Employment Service, the Ministry of the Interior and the Statistical Office of the Republic of Slovenia. These data was recently (2009) analysed for the purposes of the PRIMTS project. Some calculations that have originally been made for the purposes of the mentioned project appear in this report. More is available in Pajnik et al. (2009), for summaries consult http://www.PRIMTS-mirovni-institut.si.

255 The category of Europe, used in official databases, comprises of the EU Member States, as well as countries that are considered to be geographically located in Europe (all the successor states of the former Yugoslavia, Albania, Ukraine, the Russian Federation, and Switzerland).

Table 1: Foreign population by citizenship and sex, 31 December 2008

Country of citizenship	Men	Women	Total	Country of citizenship	Men	Women	Total
Total	**52,083**	**18,640**	**70,723**				
Europe	51,159	17,665	68,824	Non-EU			
EU				Bosnia-Herzegovina	27,083	5,990	33,073
Austria	200	152	352	Croatia	4,803	2,399	7,202
Belgium	27	16	43	F.Y.R.O.M.	5,331	2,487	7,818
Bulgaria	471	128	599	Montenegro	241	173	414
Czech Republic	41	85	126	Russian Federation	122	318	440
Denmark	13	8	21	Serbia	8,099	2,865	10,964
France	89	74	163	Switzerland	39	35	74
Germany	351	364	697	Ukraine	267	754	1,021
Hungary	84	78	162	Other countries	375	424	799
Italy	421	240	661	Africa	97	32	129
Netherlands	59	33	92	Asia	491	523	1,014
Poland	61	93	154	America, South	49	77	126
Romania	114	126	240	America, North and Central	168	233	401
Sweden	32	20	52	Australia and Oceania	37	23	60
United Kingdom	194	118	312	Unknown nationality	82	87	169

Source: Statistical Office of the RS, Statistical Yearbook 2009.

Almost half of the entire foreign population is from Bosnia and Herzegovina (46.8%), with a further 15.5 per cent from Serbia, 11 per cent from the Former Yugoslav Republic of Macedonia and 10.2 per cent from Croatia. Only 2.7 per cent of migrants come from countries outside of Europe; most of them are from Asia (53.4%).[256]

Men represent the majority (73.6%) and women make up 26.4 per cent of the total foreign population (Statistical Office of the Republic of Slovenia).[257] Migration feminization trend is not pronounced in Slovenia where it is only possible to speak of feminized migration from certain countries, such as the Russian Federation and Ukraine.

In the past decade, most migrants are 20-34 years old (Statistical Office, 2010) and work in low-skilled occupations. Data on work permits[258] show the number of third-

256 Data by the Statistical Office needs to be studied in parallel with other sources, in particular, the number of work permits issued by the Employment Service and the number of residence permits issued to foreigners by the Ministry of the Interior. Only foreigners whose residence is officially registered in Slovenia are calculated in the official Statistical Office data which makes these numbers limited in scope. Also, migrants who come to Slovenia on short-term work contracts, are inherently absent from such statistics. More on discrepancy of data is available in Pajnik et al. (2009).

257 The OSCE 2009 Guide on Gender-Sensitive Migration Policies acknowledges Slovenia among the European states with the highest share of male prevalence among migrants, http://www.osce.org/publications/eea/2009/05/37689_1289_en.pdf (8 February 2010).

258 Employment Service of Slovenia, Employment Office for Foreigners, calculations made for PRIMTS project in 2009.

country nationals with the education levels 1, 2 and 4 has been on the rise since 2005 which corresponds to the labour market demands for low-skilled sectors of work, but also reflects quota restrictions.

The majority of migrants work in construction (47.5% in 2008) [259], especially those from the Yugoslavia's successor states, in particular from Bosnia and Herzegovina. Migrant workers are also employed in manufacturing (13.3%), transportation and storage (6%). Other sectors of migrant activity include accommodation and food services, health services and farming. Data on work permits by sector shows that the overwhelming majority of migrants from China (71%), the Dominican Republic (66%) and India (54%) work in catering. A visible share of migrants from Moldova (24%), Ukraine (22%) and Japan (18%), as well as the majority of migrants from the Czech Republic (56%) are employed in entertainment. Most Bulgarians in Slovenia work in construction and manufacturing, while as much as 40 per cent of Romanians are employed in agriculture.[260]

The number of foreign students is small, but has been increasing from 750 persons in the school year 2000/01 to 1,969 students by the school year 2008/09. The majority of foreign students come from Croatia, followed by students from Bosnia-Herzegovina, F.Y.R.O.M. and Serbia which mirrors the composition of migrant population in the country.

Asylum provisions entered into the Slovenian legislation only in the mid-1990s, most importantly the Asylum Act of 1999. Between 2000 and 2007 a total of 16,391 asylum applications were submitted and only 159[261] persons were granted a refugee status, representing less than one per cent of all asylum-seekers in this period. The right to work can be obtained one year after the date on which the asylum-seeker lodged the application for asylum, while the work permit may be issued for up to three months and is extendable. At the end of 2006, there were only two asylum-seekers in Slovenia who have gained work permits.

Most irregular migrants come from Yugoslav successor states, but some also from Albania and Turkey (Ministry of the Interior, 2009). Police estimates classify Slovenia as a transition country for irregular migrants, though many migrants, especially from Yugoslavia's successor states do actually come to Slovenia as their final destination, where many end up working in the informal economy. Since 2008 the number of registered irregular border crossings has been falling with 52 per cent less registered cases in 2008 compared to 2007.

Labour Market Impact

The GDP growth rate in Slovenia varied from 2.8 per cent to 4.4. per cent in 2000-2004, and continued to increase in subsequent years reaching 6.8 per cent in 2007, although no quantitative estimates are available on the contribution of migrants to this growth. The economic crisis led to a drop in the GDP growth rate to in -7.4 per cent in 2009 with negative consequences both for native and migrant workers,

259 Idem.

260 Idem.

261 The largest group consists of citizens from Yugoslavia's successor states.

as quotas were lowered and job opportunities became scarce (Eurostat, 14 January 2010). According to some estimates undeclared labour accounts for between 17 and 25 per cent of Slovenian GDP, and with the highest level of informal employment reported in the construction sector (Renooy et al., 2004), where also most migrants are employed informally.

Manufacturing has remained through the years by far the largest sector in the economy accounting for 22.5 per cent share of GDP in 2000 and 19.4 per cent in 2008. Real estate, rental and business activities constitute the second largest share of GDP reaching 15.6 per cent in 2008, followed by wholesale/retail trade and motor vehicle repair (11.1%) in the same year. Despite the general lack of data, research confirms that some of the largest sectors of the economy (such as manufacturing, construction) engage the majority of migrant workers where migrants tend to occupy lower positions and jobs that are exposed to harder working conditions (PRIMTS project).

Gender segregation persists on the Slovenian labour market in general, and in sectors where the majority of migrant workers are employed. In the construction sector where 37,811 out of 79,496[262] (47.5%) third-country nationals worked in 2008, male workers prevail. Migrant women are represented above the average among service and sales workers, also with higher shares among clerks and professionals, and in elementary professions.[263] However, these estimates do not take into account informal work, particularly invisible domestic work, where significant numbers of migrant women may be engaged.

Activity rates in Slovenia rose from 67.4 per cent in 2000 to 71.8 per cent in 2008 for the working population of 15–64 years (European Commission, 2010).[264] Data gaps are noted for estimations in the contribution of migrant labour to employment growth. Migrants with lower levels of education prevail, this is further comparable to the education levels that see the highest shares of unemployment among Slovenian nationals. The employment rate for nationals with pre-primary, primary and lower secondary education constituted only 42.9 per cent in 2008 (Eurostat, 13 December 2009).[265] At the same time, although the rate of job vacancies decreased in 2008 (Statistical Office of the RS, 27 November 2009), but the highest job vacancy rate was still registered in construction. Research projects[266] point to the fact that migrants often experience deskilling. Several interviewees noted difficulties in finding jobs that match their experiences and qualifications.

Officially, the share of the foreign population amounts to 3.5 per cent, but a different picture regarding their presence and contribution to the labour market emerges if data on work permits is compared with the total number of employed persons. In 2008,

262 Employment Service of Slovenia, Employment Office for Foreigners, calculations made for PRIMTS project in 2009.

263 Statistical Office of the Republic of Slovenia, Statistical Yearbooks 2006, 2007, 2008.

264 Indicators for monitoring the employment guidelines, European Commission, July 2010.

265 Data gaps are noticed for employment rate across sectors/occupations.

266 The Femipol project (2006-2008) explores and analyses the impact of integration policies on the position of migrant women within 11 EU countries, including Slovenia. For more see http://www.femipol.uni-frankfurt.de/. The objective of the PRIMTS project is to consider precarious labour market positions of third-country migrants in lower sectors of economy in order to stimulate integration strategies that are tailored to specific migrants' needs. The analysis covers six EU member states, including Slovenia. See http://PRIMTS.mirovni-institut.si/ .

90,696 valid work permits were held by migrants (Table 2) compared to the overall number of 879,257 persons employed in Slovenia,[267] thus representing a significant share of 10.3 per cent.

Since 2005 the number of valid work permits has been on the rise with the growing labour shortages (Table 2), and the largest increase was noted in 2008 with more than 90,000 valid permits. Employment permits and permits for work represent the majority of issued permits, indicating that most migrants are tied to one employer with limited or no opportunities to change their status.

Table 2: Valid work permits, 2000-2009

Year	Permit for work		Personal work permit	Total
2000	24,429		15,891	40,320
	Employment permit[268]	**Permit for work**		
2001	16,434	2,408	15,090	33,982
2002	13,580	4,484	17,995	36,059
2003	12,381	6,352	20,794	39,527
2004	12,233	2,285	22,712	39,030
2005	12,360	4,825	25,782	42,967
2006	14,501	6,362	29,871	50,734
2007	24,490	9,821	31,754	66,065
2008	44,329	9,171	37,196	90,696
2009	28,160	5,764	44,463	78,387

Source: Employment Office for Foreigners.
(1) data as 31 December of each year.

In general, employers may hire foreigners only for occupations where shortage of native labour has been officially recognized, and in line with the Community preference. The Ministry of Labour, Family and Social Affairs based on data from the Employment Office publishes on a monthly basis a list of professions that are in high labour market demand. These are mostly professions requiring low skills and low or medium levels of education, such as construction workers, carpenters, metal workers, roofers, plumbers.

Quota system were adopted in 2004 for employment of third-country nationals and quotas are being set on an annual basis.[269] The number of foreign workers admitted through quota cannot exceed 5 per cent of the active population of Slovenia. The period between 2004 and 2008 has seen a rise in quotas from 17,100 to 32,000 respectively while the percentage of quota utilization has varied from 83 to 99 per cent (Employment Service of Slovenia.). The percentage of quota utilization has seen

267 Statistical Office of the RS, Statistical yearbook 2009, http://www.stat.si/letopis/2009/13_09/13-01-09 (7 January 2010).
268 Differentiation of permits for work was introduced by the Employment and Labour of Foreigners Act in 2001.
269 The quota excludes EU migrants and migrants holding a personal work permit.

a significant drop if compared to previous years due to recession and the new policies that limit migrants' employment (see Part 2). The recently set quota of only 12,000 for 2010 shows a 62.5 per cent decrease in the last two years (Table 3).

Table 3: Quotas and their utilization, 2004–2010

Year	Quota	Utilisation	Utilisation in%
2004	17,100	15,092	88%
2005	16,700	15,525	93%
2006	18,500	17,765	96%
2007	29,500	29,089	99%
2008	32,000	29,453	92%
2009	24,600	(April) 14,704	60%
2010	12,000	/	/

Source: Employment Service of Slovenia.

In 2008 seasonal work permits were mostly issued for construction (85%), followed by agriculture/contractual work (10%) and agriculture and forestry (3%) (Employment Service of Slovenia) (Table 4). Men represent the majority of workers in all seasonal employment sectors, except for hospitality, catering and tourism where women represent 55 per cent of seasonal migrant workers.

Table 4: Seasonal work permits issued to migrants from third countries by type and gender, 2008

	Construction	Agriculture, contractual work	Agriculture and forestry	Hospitality industry and tourism	General	Total
Men	9,309	648	262	69	103	10,391
Women	22	427	79	83	14	625
Total	9,331	1,075	341	152	117	11,016

Source: Employment Office for Foreigners.

The majority of migrants with a work permit are citizens of Yugoslavia's successor states (Table 5) where most come from Bosnia and Herzegovina. Th share of migrants from former Yugoslavia has seen a rise from 89 per cent in 2005 to a 96 per cent of migrants on the labour market in 2008. The share of migrants coming from third countries is low, only 4 per cent in 2008. Most originate from Ukraine, China, Thailand, the Russian Federation, the Dominican Republic and Moldova and among these groups shares of migrating women are larger, and they predominately hold employment permits. Even though the share of work permits issued to women has seen a rise, the share of women migrants has been declining: from 12 per cent in 2005 to only 7.5 per cent in 2008.

Table 5: Work permits by nationality, 2003–2008

	2003		2004		2005		2006		2007		2008	
	N	%	N	%	N	%	N	%	N	%	N	%
Successor states of former Yugoslavia	36,069	91.3%	36,223	89%	30,847	89%	40,977	92%	57,688	95%	81,545	96%
EU member states[269]	1,356	3.4%	2,376	5.8%	528	2%	280	0.6%	46	0.08%	10	0.01%
Other states	2,102	5.3%	2,093	5.2%	3,233	9%	3,493	8%	2,914	4.99%	3,747	3.99%
Total	39,527	100%	40,692	100%	34,608	100%	44,750	100%	60,648	100%	85,302	100%

Source: Employment Office for Foreigners.
(1) data on 31 December of each year.

No data is available on migrants' wages. However, sectors with the national lowest average monthly gross earnings are those with the predominant employment of migrants, such as administrative and support service activities, accommodation and food service activities, construction, manufacturing and wholesale, retail, and the repair of motor vehicles.[271] According to interviews with migrants, they are often paid less for performing the same work (PRIMTS project).

The official unemployment rate decreased from 11.2 per cent in 2001 to 6.7 per cent in 2008, but rose to 9.1 per cent in 2009.[272] In 2010 the rate continues to grow, and at the end of May it reached 10.6 per cent (Employment Service of Slovenia, 27 November 2009). Negative impacts of recession are especially pronounced for lower-skilled occupations and sectors of the economy where many migrants are engaged, particularly the textile industry, manufacturing, car industry, also construction, agriculture and mining.

Reliable figures regarding migrant unemployment are hard to compile based on the official data. Only holders of personal work permits issued for an indefinite period or at least 3 years enable the registration with the Employment Service (Table 6). Hence, only 5 per cent of third-country nationals can thus register as unemployed, and the majority come from Yugoslavia's successor states (Employment Service of Slovenia).

270 EU Member States are listed in the Employment Service statistics since work permits used to be issued to citizens of countries that later entered the EU.

271 Statistical Office of the RS, Statistical Yearbook 2009, http://www.stat.si/letopis/2009/13_09/13-02-09 (7 January 2010).

272 Slovenia has a relatively high differences between the "registered" (the number of registered unemployed at the Employment Services) and "survey unemployment" rates (an internationally comparable rate). Also, the reasons for a sudden drop in official unemployment rates prior to 2009 are connected to the fact that the Employment Service began reallocating the unemployed from general to specific registries, while deleting them from its records.

Table 5: Number of registered unemployed third-country migrants by country and sex, December 2008, February 2009

	Dec. 2008			Feb. 2009		
	Men	Women	Total	Men	Women	Total
Bosnia-Herzegovina	606	332	938	782	425	1,207
Croatia	162	108	270	182	127	309
Kosovo/UNSC 1244	46	21	67	60	25	85
F.Y.R.O.M.	87	106	193	117	120	237
Moldova	-	8	8	1	10	11
Montenegro	18	22	40	21	23	44
Russian Federation	1	25	26	1	23	24
Serbia	154	163	317	179	195	374
Ukraine	1	44	45	4	62	66
Others	35	34	69	47	42	89
Total	1,110	864	1,974	1,394	1,052	2,446
Share	56%	44%	100%	57%	43%	100%

Source: Employment Office for Foreigners.

In December 2008 and February 2009, men constituted 56–57 per cent of total unemployed third-country nationals, while women represent 43–44 per cent. If we take into account that the share of women among the migrant population is small, their proportion among the unemployed is significant, indicating that women are especially prone to difficulties in labour market access and have more unstable jobs than male migrants. Gender gaps are confirmed for both Slovenian nationals and migrants, with a wider gap for the latter.

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SPAIN

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Migration Trends

Since the mid-1990s, Spain started increasingly to become an immigration country, and in 1995 there were around half a million foreign nationals residing in Spain. In 2001, immigration had increased by 23.8 per cent and the foreign population in Spain numbered over one million people. At the end of 2009, there were 4,791,232 foreign persons with residence visa in Spain, of which 48.6 per cent were European Union (EU) nationals and 51.4 per cent – third-country nationals (Table 1).

Table 1: Residence permits by nationality, sex and age, 2000-2010 (1)

	Total	NATIONALITY		SEX		AGE		
		EU	TCN	Male	Female	0-15	16-64	65 and more
2000	895,720	419,874	475,846	477,155	407,423	102,269	726,149	67,302
2001	1,109,060	449,881	659,179	606,018	494,843	115,386	921,057	72,617
2002	1,324,001	497,045	826,956	728,019	590,629	148,760	1,093,647	81,399
2003	1,647,011	572,116	1,074,895	904,331	739,153	201,384	1,353,183	92,237
2004	1,977,291	672,250	1,305,041	1,069,121	908,170	268,880	1,601,615	106,606
2005	2,738,932	780,841	1,958,091	1,488,062	1,250,870	312,415	2,305,318	121,016
2006	3,021,808	929,713	2,092,095	1,636,913	1,384,895	378,983	2,503,132	139,494
2007	3,979,014	1,621,796	2,357,218	2,162,190	1,816,392	503,803	3,316,385	158,653
2008	4,473,499	2,132,447	2,341,052	2,407,716	2,059,252	585,613	3,711,422	172,104
2009	4,791,232	2,229,200	2,562,032	2,556,033	2,228,608	656,646	3,949,181	180,854
2010 (June)	4,744,169	2,307,770	2,436,399	2,526,232	2,217,812	645,690	3,911,478	186,984

Source: Spanish Permanent Observatory on Immigration (OPI), State Secretary of Immigration and Emigration.

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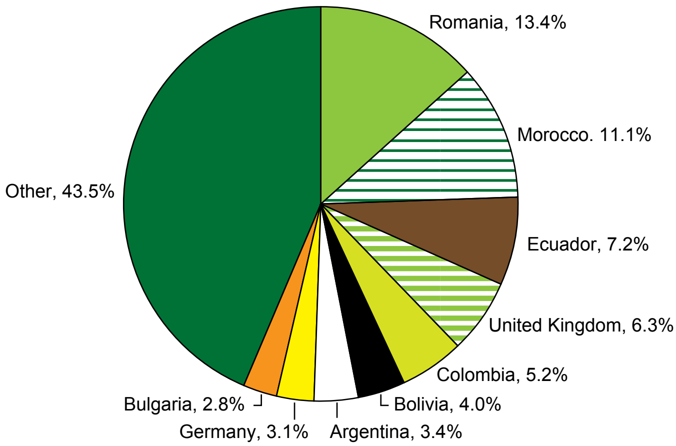
The majority of foreign residents in Spain come from Romania (13.4%), Morocco (11.1%), followed by nationals of Ecuador (7.2%), the United Kingdom (6.3%) and Colombia (5.2%) (Figure 1).

Figure 1: Stock of foreign population by nationality, main nationalities, 2009



Source: The National Statistics Institute, Municipal Register,, February, 2010.

In order to manage irregular migration residing in the country, the Spanish governments have implemented different regularization programmes in 1986, 1991, 1996, 2000 and 2005, using different criteria (Table 2). The 'root-ness' logic (*arraigo*) first appeared in the 1986 process and has been an inspiring principle for all regularizion thereafter. From 2005, this was combined with the requirement of proving labour market integration (recognized in the Immigration Law of December 2004). Since then *arraigo* meant that any foreigners who could prove that they were living and working in Spain could normalize their legal situation.

Table 2: Regularization programmes in Spain, 1986-2005

Regularisation programmes	Applications	Positive resolutions
1986	43,815	38,181
1991-1992	130,406	108,321
1996 (re-documentation)	25,128	21,294
2000	244,327	163,352
2001 Ecuadorians	24,884	20,352
2001 Re-examination	57,616	36,013
2001	351,439	239,174
2005 normalization	690,679	573,270
TOTAL	1,568,294	1,199,957

Source: Secretary of State on Immigration and Emigration.

The Spanish National Immigrant Survey 2007 (ENI) makes use of micro-data and provides a wide range of statistical information about migrants. The study was held for the years 2005-2007 just before the crisis started, but it helps to explain the participation of foreign workers in the Spanish labour market.

According to the ENI survey, the main reason for third-country nationals to migrate to Spain was to improve their living and working conditions. Migrants from Bolivia, Bulgaria, Colombia, Ecuador, Peru and Romania in Spain have activity rates higher than the average in their respective countries of origin (especially in the case of women workers), and higher than the general Spanish population. Temporality, as well as salaried and manual jobs (both skilled and non-skilled) were the main characteristics of the incorporation of foreign workers in the Spanish labour market. Furthermore, the migration process started as an individual project: more than a half of non-EU nationals, as well as Bulgaria and Romania, arrived to Spain without other family members, and without the security of a job offer, 86.5 per cent of migrants arrived to Spain without a contract, and only 13.5 per cent had a job offer before migration.

Migrants in skilled jobs came mainly from other EU countries, while non-EU nationals work in non-skilled jobs. According to the survey, in the process of job selection, being a migrant worker has more impact than the level of qualification. Gender and origin could explain job sector specialization rather than qualifications or previous experience.

Labour Market Impact

The Spanish labour market analysis suggests that migrants in Spain are at a significant disadvantage compared to natives only in absolute terms. This is shown with three key indicators of labour market performance: the risk of unemployment, temporality in job contracts and activity rates. This disadvantage fades out once basic relevant controls are taken into consideration (sex, age, duration of residence, and education). This clear-cut conclusion renders less relevant the analysis of migrant-specific integration policies (which are not very frequent in Spain), and requires to focus on the problems that the Spanish labour market imposes on unskilled workers (native or migrant).

From 1994 to 2004, Spain created more than 6 million jobs, of which 2 million were occupied by migrants. Yet, the strength of the Spanish economic boom ended abruptly in 2007, when the current economic crisis burst and changed the economic landscape dramatically.

Spain witnessed an important segmentation of the labour market: a sector benefiting from stable and well-paid employment and a segment for the so-called outsiders, where temporal contracts and low salaries are the rule. The importance of seasonality in key activities (such as services and tourism) and the successive labour reforms at the beginning of the 1990s, produced a constant increase in temporal employment (with 35% peak in 1995 and ranging between 25% and 30% in the last decade).

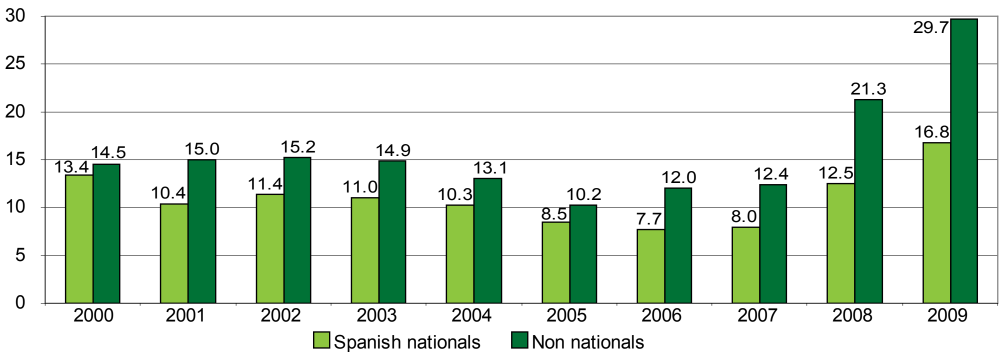
According to experts (Bernardi and Garrido, 2008; González and Garrido, 2005; Polavieja, 2003), one of the most destabilizing elements has been the existence of a dual labour market that has generated high employment volatility, especially among migrants (Cebolla and Gonzalez, 2008). One of the principal dilemmas facing stakeholders was how to combine flexibility and security in a rigid labour market like the Spanish one. This model, in which around the 30 per cent of employees have been hired on a fixed-term basis, generates important job creation in times of an economic boom, mainly focused in low-productivity industries. However, during recession this model has a really high potential of job destruction. The collective bargaining system, too rigid and centralized, is mainly designed to protect fixed-term workers, leaving part and temporary employment out of the negotiations.

Although the current economic crisis did not start in the labour market but in the financial sector, the main source of crisis-related social unrest is the high level of unemployment, around 20 per cent in 2009 (National Institute of Statistics).

The Spanish economic boom was based on low-skilled work-intensive sectors. This, coupled with the existence of a longstanding and booming informal economy (estimated at around 20-30% of the total economy), explains the model of immigration policy that Spain adopted in the period 2000-2007 (Cebolla and Gonzalez, 2008). Migrant workers in the formal economy are mainly hired on a temporary basis, principally because they are newcomers to the labour market, but not, as our analysis suggests because of discriminatory mechanisms relative their ethnic or national origin. In other words, most of their difficulty is shared by young and/or female workers of Spanish origin.

Although the economic boom witnessed in the last decade created a significant number of employees, the differential in the risk of being unemployed between migrants and natives has been prominent. Migrant unemployment rates have been higher than those of Spanish nationals already during the economic boom that lasted until the end of 2007 (Figure 2), in part because the continuous flow of new migrants to be incorporated into the Spanish labour market required a period of transition.

Figure 2: Evolution of unemployment in Spain, 2000-2009

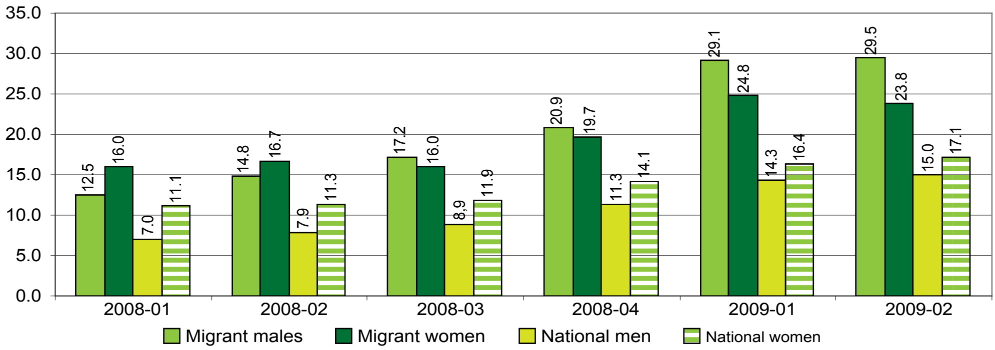


Source: authors' calculation on European Labour Force Survey (ELFS).

With regard to nationalities, only those born in Spain, Asia and Oceania have less than 20 per cent unemployment; all other groups are importantly disadvantaged, especially Moroccans and Africans in general, but also Romanians, Colombians and Ecuadorians (LFS).

Gender segmentation is also a significant characteristic of the Spanish labour market, and an important feature of the way migrant workers have been incorporated. In fact, during 2008-2009, the annual unemployment rate increased notably among foreign male workers, but a slower increase has been noted in case of female migrant workers' unemployment (Figure 3).

Figure 3: Unemployment rate, percentage of active population by sex and origin



Source: National Institute of Statistics.

An explanation could be found in the migrant worker concentration in economic niches, also differentiated by gender: migrant males are mainly hired on the construction, services and agriculture sectors, while migrant women basically work in domestic care and services. During the economic crisis, most of job destruction has been concentred in construction and services sectors affecting male migrants in a significant way (Table 2).

Table 2: Unemployment by sectors, 2007 and 2009

	Absolute figures			% over total		
4th trimester 2007	**Nationals**	**Migrants**	**Total**	**Nationals**	**Migrants**	**Total**
Primary sector	711	176	887	80.1	19.9	100
Industry	2,881	385	3,266	88.2	11.8	100
Construction	1,964	721	2,684	73.2	26.8	100
Services	11,375	2,114	13,489	84.3	15.7	100
Total	16,931	3,396	20,326	83.3	16.7	100
2nd trimester 2009	**Nationals**	**Migrants**	**Total**	**Nationals**	**Migrants**	**Total**
Primary sector	636	197	833	76.4	23.6	100
Industry	2,444	333	2,777	88	12	100
Construction	1,419	467	1,886	75.2	24.8	100
Services	11,116	2,188	13,303	83.6	16.4	100
Total	15,615	3,185	18,799	83.1	16.9	100

Source: National Institute of Statistics.

Previous crisis showed that the impact of unemployment vigorously hit newcomers to the labour market, who normally are hired with temporary contracts. If women and youth were the most affected in the 1990s, currently migrant workers have joined them among the most vulnerable groups.

The following analyses are done using various micro-data matrixes from the ELFS,[274] and to provide more in depth evidence on the consequences of the economic downturn, a

274 Fourth term for each year 2000-2009. The fourth term has been chosen because it neutralizes the effect of seasonality (important in several Spanish sectors).

more detailed statistical analysis is done using the 2007 and 2009 samples. Three basic indicators of labour market performance have been chosen: temporality, unemployment and activity rates. For each of these three the authors henceforth present an absolute and a relative account of the migrants' disadvantage (relative to natives).

As shown in the following table, temporality has been a structural feature of the Spanish labour market.

Table 3: Evolution of temporality, share of workers with temporal contracts, 2000-2009 (1)

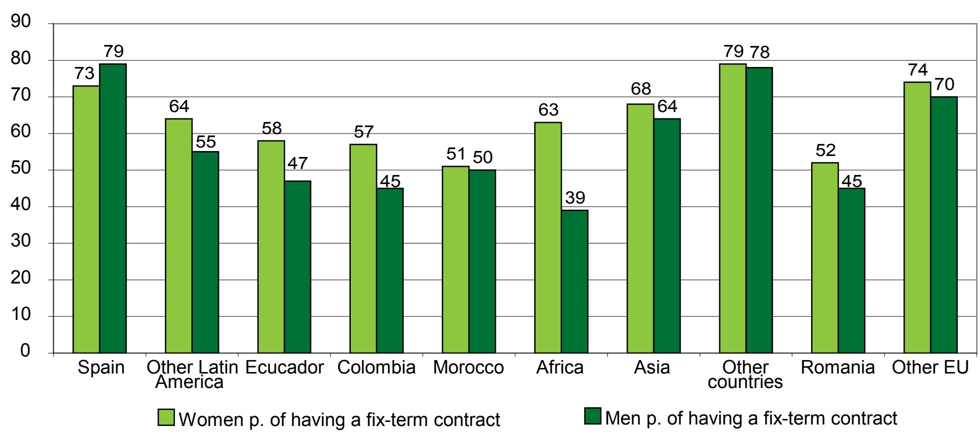
	Spanish nationals	EU nationals	non EU nationals		Spanish nationals	EU nationals	non EU nationals
2000	31.22	53.55	61.55	**2005**	30.08	58.59	60.65
2001	31.01	54.24	61.36	**2006**	29.41	59.48	60.68
2002	29.71	54.46	60.84	**2007**	27.03	50.34	54.21
2003	29.50	55.38	60.45	**2008**	24.06	45.99	50.37
2004	29.24	65.47	62.46	**2009**	22.03	41.92	43.11

Source: Authors' calculation ELFS.
(1) Fourth term of each year.

Note that the decrease in the percentage of workers with a temporal contract that can be seen in 2008 and 2009 is due to the rapid destruction of temporal employments that begun with the current economic downturn.

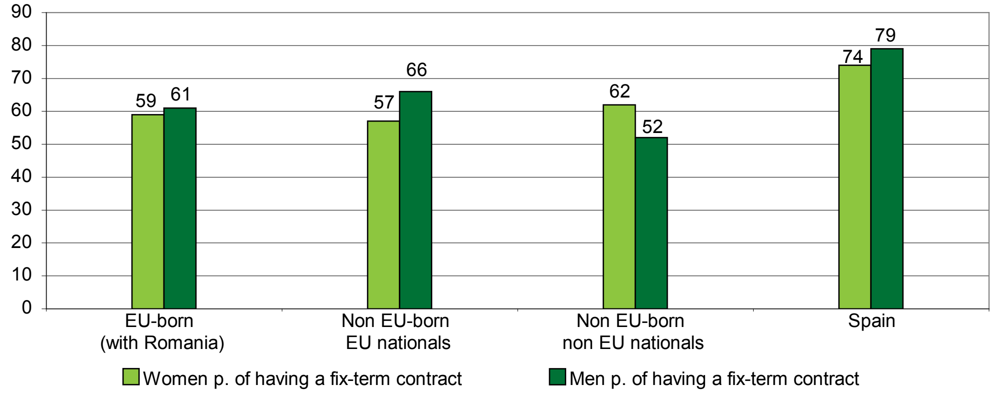
Figures 4 and 5 confirm the important disadvantage that migrants face in the Spanish labour market in terms of contract instability. While 79 per cent of the male workers and 73 per cent of the females born in Spain hold an indefinite contract, Latin American men, in particular Ecuadorians and Colombians, Africans and Romanians show importantly smaller percentages of stable contracts. Figure 5 suggests that country of birth is a much more relevant factor than nationality.

Figure 4: Absolute disadvantage in job stability by nationality, 2009



Note: Other countries refer to Oceania.
Source: Authors' calculation on the Spanish LFS 2009.

Figure 5: Absolute disadvantage in job stability by country of origin, 2009



Source: Authors' calculation on the Spanish LFS 2009.
NOTE: figures are estimated from the logistic regression coefficients translated into probabilities or percentages. This is done so as to fulfil the weight requirements imposed by the National Institute for Statistics.

However, this disadvantage is only significant in absolute terms, and does not hold in the relative perspective. Migrants in Spain are a rather homogeneous population in terms of age composition and education (on average: low secondary education). Also, because migration inflows to Spain have been relatively recent, time elapsed since migration has not been sufficient to erode constrains that migrants bring to their new country of residence. In other words, as time-since-migration passes, their average situation will improve. Once age, education and duration of stay are properly specified in the model, the logistic regression estimates suggest that there is no significant disadvantage between the Spanish-born and migrant workers.

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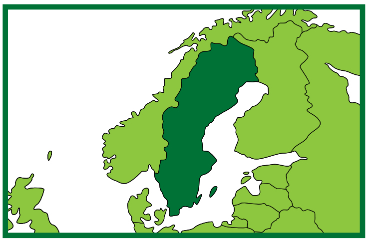
SWEDEN



Pieter Bevelander, Inge Dahlstedt,
Sofia Rönnqvist[275]

Migration Trends

Migration to Sweden has been substantial in a historical perspective, in 2008 and 2009 more than 100,000 individuals settled in Sweden. In light of the economic downturn during this period an increase was even more unexpected. In 2009, about 14 per cent of the total population consisted of migrants. About one fourth of the migrant population was of Nordic origin, one third from other European countries[276] and the rest from non-European countries (Bevelander, 2010a) (Table 1). According to Statistics Sweden (2009), about 18 per cent of residents in the age group 20-64 in Sweden are foreign-born.

Table 1: Number of immigrants per year, top 10 main countries of origin, 2000-2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total number of migrants	58,659	60,795	64,087	63,795	62,028	65,229	95,750	99,485	101,171	102,280
(Return migration) Sweden	13,482	13,797	13,266	12,588	11,467	11,066	12,821	12,340	13,388	13,985
Finland	3,433	3,349	3,262	3,151	2,716	2,793	2,553	2,494	2,390	2,385
Norway	2,893	3,104	3,443	3,168	2,573	2,425	2,477	2,371	2,239	-
Denmark	1,918	2,418	2,969	3,226	3,203	3,494	4,365	4,319	3,371	3,010
Germany	1,834	1,806	1,883	1,998	2,010	2,147	3,100	3,745	3,492	2,845
United Kingdom	1,343	1,433	1,449	-	-	-	-	-	-	-
Yugoslavia	2,747	2,316	2,140	1,600	-	-	-	-	-	-
Bosnia and Herzegovina	-	-	-	1,405	-	-	-	-	-	-
Serbia, Montenegro	-	-	-	-	1,479	1,756	3,228	-	-	-

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[276] European Union (EU) countries and other European countries like Bosnia-Herzegovina, Serbia and Montenegro.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Poland	-	-	--	-	-	3,525	6,442	7,617	7,091	5,261
Romania	-	-	-	-	-	-	-	2,632	2,595	-
USA	1,278	1,250	1,245	-	-	-	-	-	-	-
Russian Federation	1,087	-	-	-	-	-	-	-	-	-
Turkey	-	-	-	1,378	2,552	-	-	-	-	2,213
Iraq	6,681	6,663	7,472	5,425	3,126	3,094	11,146	15,642	13,083	9,543
Iran	1,250	1,444	1,587	-	1,610	1,365	2,274	-	-	2,976
China	-	1,060	-	1,434	1,563	1,749	-	2,485	2,925	3,462
Thailand	-	-	1,326	2,075	2,175	2,205	2,571	2,695	3,235	3,165
Somalia	-	-	-	-	-	-	3,008	3,941	4,218	7,021

Source: Statistics Sweden.

Major contributions to the migrant population in the 1970s were refugees from Chile, Poland and Turkey. In the 1980s the biggest migrant groups came from Chile, Ethiopia, Iran and other Middle Eastern countries. In the 1990s migration from Iraq, the former Yugoslavia and other Eastern and South-Eastern European countries dominated. This pattern has continued in this last decade as a mixture of asylum seekers, family reunion migrants and migrant workers entered Sweden. Iraqis, Iranians, former Yugoslavs and Somalis have remained large migrant groups, as well as EU nationals from Poland, Romania, Germany and the Nordic countries. Meret and Jorgensen (2010) suggest that there are about 50,000 irregular migrants in Sweden.

As indicated in the following table, the majority of the inflow to Sweden consists of family migrants. Refugees and migrants from the EU/EEA area compete for the second place. Education is free in Sweden and it seems to attract an increasing number of foreign students.[277]

Table 2: Immigration by reason of entry, 2000-2009

	Refugees		Family		Labour		EEA/EU		Guest students		Adoption		Temporary Labour Migration	
	Num.	%	Num.	%	Num.	%	Num.	%	Num.	%	Num.	%	Num.	%
2000	10,546	23.4	22,840	50.6	433	1.0	7,396	16.4	3,073	6.8	876	1.9	-	-
2001	7,941	17.8	24,524	55.1	441	1.0	6,851	15.4	3,989	9.0	758	1.7	-	-
2002	8,493	19.0	22,346	50.0	403	0.9	7,968	17.8	4,585	10.3	869	1.9	-	-
2003	6,460	13.8	24,553	52.4	319	0.7	9,234	19.7	5,509	11.8	782	1.7	-	-
2004	6,140	12.2	22,337	44.2	209	0.4	14,959	29.6	6,021	11.9	825	1.6	-	-
2005	8,076	13.0	21,908	35.3	293	0.5	18,071	29.2	6,837	11.0	805	1.3	5,985	9.7
2006	20,663	25.1	26,668	32.4	349	0.4	20,461	24.8	7,331	8.9	623	0.8	6,257	7.6
2007	18,290	21.1	28,975	33.5	543	0.6	19,387	22.4	8,920	10.3	540	0.6	9,859	11.4
2008	11,173	12.3	33,184	36.6	796	0.9	19,398	21.4	11,186	12.3	503	0.6	14,513	16.0
2009	11,119	11.3	34,082	34.6	81	0.1	17,606	17.9	13,487	13.7	622	0.6	21,582	21.9
Total	108,901	16.7	261,417	40.1	3,867[1]	0.6	141,331	21.7	70,938	10.9	7,203	1.1	58,196	8.9

Source: Migration Board.
[1]Permanent residence.

[277] This policy will change in 2011 as foreign student from outside of the EEA-area will be forced to pay for the education (Prop. 2009/10:65).

In the case of Sweden, EU and non-EU migrants have the same educational level as natives. The differences are marginal, although migrant men and women in general are somewhat overrepresented in the primary education category. Non-EU males have the highest percentage of post-secondary schooling (Table 3).

Table 3: Population by educational level, gender and country of birth (15-69 years), percentage, 2000-2007

		2000		2001		2002		2003	
Country of birth	**Education**	**MEN**	**WOMEN**	**MEN**	**WOMEN**	**MEN**	**WOMEN**	**MEN**	**WOMEN**
SWE	Compulsory	26.6	22.8	25.9	22.0	25.4	21.3	24.8	20.6
	Secondary	46.4	46.2	46.6	46.1	46.6	45.8	46.6	45.4
	Tertiary	24.5	28.7	24.9	29.6	25.5	30.5	25.9	31.4
EU	Compulsory	29.1	26.6	28.0	25.4	27.3	24.3	26.5	23.3
	Secondary	42.6	42.4	42.2	42.1	41.9	41.9	41.4	41.4
	Tertiary	22.2	27.4	23.1	28.5	24.2	30.0	25.0	31.1
Non-EU	Compulsory	25.8	30.2	25.1	29.2	25.5	29.1	25.2	28.3
	Secondary	39.1	34.5	39.0	34.6	39.1	34.6	38.4	34.0
	Tertiary	24.4	22.7	24.9	23.6	25.8	25.0	26.3	25.9

		2004		2005		2006		2007	
Country of birth	**Education**	**MEN**	**WOMEN**	**MEN**	**WOMEN**	**MEN**	**WOMEN**	**MEN**	**WOMEN**
SWE	Compulsory	24.3	20.1	23.9	19.6	23.6	19.2	23.1	18.7
	Secondary	46.5	45.1	46.6	44.8	46.6	44.6	46.8	44.5
	Tertiary	26.3	32.2	26.6	32.9	26.9	33.5	27.1	34.1
EU	Compulsory	25.6	22.2	24.6	21.2	23.2	19.9	21.8	18.8
	Secondary	41.0	41.0	40.6	40.6	39.5	39.7	38.8	39.2
	Tertiary	25.9	32.3	27.1	33.7	27.2	34.2	28.2	35.8
Non-EU	Compulsory	25.1	28.0	24.9	27.7	24.5	26.8	24.7	26.9
	Secondary	38.1	33.9	37.9	33.9	37.2	33.4	36.8	33.5
	Tertiary	27.1	27.1	27.8	28.2	27.7	28.5	28.9	30.0

Source: Statistics Sweden.

Labour Market Impact

Over the period 2000-2007, the employment rate for natives in the age category 15-64 has been fairly stable at around 75 per cent for men. For women we observe a small increase over time (Table 4). A stable employment rate is also observed for EU foreign-born individuals but on a lower level of around 62 per cent. Non-EU foreign born migrants have an even lower employment rate, but show on the other hand, an increase over time (from 49.7% in 2000 to 54.2% in 2007 for male and from 41.4% in 2000 to 47.4% in 2007 for female non-EU foreign-born). Thus, even in the new millennium we observe a gradual small decrease in the employment gap between natives and immigrants.

Table 4: Employment rates by gender, region of birth and age groups, 2000-2007

Country of birth	Age group	2000		2001		2002		2003		2004		2005		2006		2007	
		MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
SWE	15-24	40.5	38.5	38.0	38.6	38.1	39.3	35.8	36.1	35.8	35.1	34.9	33.7	36.7	36.5	38.3	38.3
	25-54	86.8	82.3	86.7	83.1	86.5	83.1	85.9	82.5	86.3	83.0	86.4	83.2	87.5	84.3	88.7	85.5
	55-59	79.8	77.0	80.4	77.6	81.8	78.1	81.0	78.0	82.4	79.3	82.2	79.5	83.3	80.6	84.7	81.5
	60-64	52.4	48.0	55.2	51.6	59.7	54.0	60.6	56.6	65.6	60.9	66.3	62.0	67.6	63.2	70.2	64.1
	15-64	74.8	70.9	74.5	71.8	74.7	71.9	73.6	70.9	74.1	71.3	73.7	70.9	74.7	72.0	75.8	73.0
	65-69	13.6	7.5	13.2	7.8	15.9	9.9	12.5	7.6	16.9	10.2	17.6	10.8	18.7	11.4	22.2	14.0
	20-64	80.8	76.1	80.7	77.2	81.0	77.4	80.3	76.8	81.1	77.6	81.0	77.6	82.3	79.0	83.8	80.2
	55-64	68.4	64.7	70.1	66.7	72.5	67.8	72.1	68.6	74.7	70.8	74.5	71.0	75.4	71.8	77.2	72.4
EU	15-24	32.8	29.5	30.0	28.7	28.4	29.1	26.3	26.1	26.2	24.8	26.1	23.0	28.0	24.6	28.4	24.9
	25-54	70.4	69.6	69.9	70.4	69.3	69.7	68.0	68.9	67.8	68.6	67.7	68.1	68.2	68.4	68.6	67.9
	55-59	64.4	61.4	65.1	63.1	66.6	63.7	65.5	63.3	65.4	64.3	64.5	64.3	65.7	65.4	67.2	65.5
	60-64	41.4	36.3	43.6	39.1	46.6	40.5	47.2	42.2	49.7	44.9	49.9	46.7	51.8	48.8	54.3	50.4
	15-64	63.4	61.9	63.1	62.8	63.1	62.6	62.0	62.0	62.2	62.2	61.9	61.9	62.7	62.3	63.4	61.9
	65-69	10.8	6.4	10.5	6.7	12.7	8.2	10.2	5.9	12.6	8.1	13.3	8.6	13.8	8.9	16.3	10.9
	20-64	64.6	62.9	64.3	63.8	64.3	63.6	63.2	63.1	63.5	63.3	63.2	63.0	64.1	63.5	64.9	63.2
	55-64	53.5	49.0	54.6	51.3	57.0	52.9	56.7	53.8	57.9	55.9	57.5	56.6	58.9	58.0	60.6	58.3
Non-EU	15-24	26.7	24.4	25.4	25.6	25.9	27.0	24.9	24.8	25.5	24.3	25.4	23.7	28.3	25.6	30.6	26.8
	25-54	57.5	48.1	58.7	51.0	58.7	51.4	58.2	50.9	58.6	51.2	58.1	51.5	59.2	52.7	61.2	53.7
	55-59	46.6	35.6	48.1	38.2	49.8	39.0	48.7	40.2	49.9	41.4	49.7	42.5	51.8	42.9	53.9	44.6
	60-64	27.9	17.4	30.1	19.4	32.4	20.9	33.4	22.8	36.3	25.9	36.7	27.9	38.8	30.1	41.6	31.5
	15-64	49.7	41.4	50.5	44.0	50.7	44.7	50.0	44.1	50.6	44.4	50.3	44.8	51.9	46.2	54.2	47.4
	65-69	7.6	3.1	7.8	3.4	9.4	4.1	7.4	3.7	9.2	4.6	9.7	4.7	10.3	5.2	12.1	6.4
	20-64	54.1	44.6	55.1	47.3	55.1	47.9	54.4	47.2	54.7	47.6	54.2	47.7	55.7	49.1	58.0	50.2
	55-64	38.3	27.1	40.2	29.7	42.2	31.1	42.1	32.9	44.1	35.0	44.4	36.6	46.4	37.7	48.9	39.3

Source: Statistics Sweden.

Age-specific employment rates for the years 2000 and 2007 in the core working age category 25-54 reveal that natives have employment rates over 80 per cent (in 2007 88.7% for men and 85.5% for women), EU-born individuals have close to 70 per cent, and non-EU born persons have employment rates for both males and females of 61.2 per cent and 53.7 per cent respectively (2007). A cross-tabulation of the gender employment gap by educational level shows that natives as well foreign-born persons have the largest gender employment gap in lower educational levels. The employment rate varies tremendously by length of residence in the country, especially for women. Those who have lived in Sweden for over 25 years have an employment rate of 75.0 per cent for men and 70.3 per cent for women (Statistics Sweden, 2008).

The manufacturing sector in Sweden provides for about 25 per cent of all jobs for males, irrespective of where they were born. Wholesale and retail trade and the educational sectors are in second and third place respectively. Non-EU born individuals are less represented in the construction sector compared to natives and the EU-born. The largest sector for women in general is public administration. Personal services, health and social services, education and the wholesale retail and communication are sectors where more than ten per cent of all women work. Little difference is found between the native, EU-born and non-EU born women in sectoral employment. Statistics from the Labour Force Survey show that foreign-born individuals are overrepresented (twice as many as natives) in the hotel and restaurant businesses (Statistics Sweden, 2008).

Data indicates a decline in the unemployment rate for native men and women between 2005-2007, and an increase in 2009.[278] In the bottom year 2007, both foreign-born males and females exhibit substantially higher unemployment rates than the native-born. Among foreign-born men 11.6 per cent were unemployed, compared to only 5 per cent of native-born men. In general the inactive population among the foreign-born is higher than for the native-born. Moreover, foreign-born women have higher activity levels than foreign-born males (Statistics Sweden, 2008).

Table 5: Unemployment and inactivity rates for native- and foreign-born population, 2005-2009

		2005		2006		2007		2008		2009	
	Age group	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Native born	15-24	22.1	21.5	19.9	20.8	17.6	18.7	19.2	20.0	24.9	22.8
	25-54	4.8	5.1	3.9	4.3	3.1	3.4	2.8	3.1	4.7	4.3
	55-74	4.8	3.2	4.4	3.4	3.6	3.2	3.2	3.1	4.8	4.1
	15-74	6.8	6.8	5.9	6.3	5.0	5.4	5.0	5.5	7.3	6.8
	16-64	6.9	6.6	6.0	6.2	5.0	5.4	5.0	5.3	7.4	6.8
Foreign born	15-24	31.9	29.9	29.9	33.8	26.9	29.3	24.3	28.0	37.6	32.3
	25-54	14.5	13.1	12.4	12.0	10.0	11.7	10.4	12.3	14.8	13.8
	55-74	6.1	4.5	6.1	6.7	7.6	5.6	7.9	5.8	9.1	7.2
	15-74	14.8	13.5	13.2	13.0	11.4	12.4	11.3	12.8	15.9	14.3
	16-64	14.9	13.6	13.3	13.1	11.6	12.5	11.5	12.7	16.1	14.3

278 Statistics in Sweden on the unemployment and the inactivity level are produced by the Labour Market Board and do not include the categorization by country of birth or EU/non-EU origin. Moreover, since there has been a change in the gathering of statistics by age, Table 5 shows only data for the years 2005-2009.

	Age group	2005 Men	2005 Women	2006 Men	2006 Women	2007 Men	2007 Women	2008 Men	2008 Women	2009 Men	2009 Women
Native born	15-24	51.2	48.9	50.0	47.8	48.9	46.8	48.0	46.3	49.9	48.6
	25-54	6.1	10.8	6.1	10.8	6.0	9.9	5.9	9.5	5.9	9.6
	55-74	46.2	54.8	46.1	53.9	45.7	54.0	46.0	54.1	46.0	54.4
	15-74	25.8	30.9	25.7	30.7	25.4	30.3	25.6	30.2	26.3	31.0
	16-64	16.5	20.5	16.4	20.3	16.2	19.7	16.3	19.6	16.8	20.3
Foreign born	15-24	53.8	48.1	48.9	52.0	48.5	52.2	48.0	52.8	45.8	54.4
	25-54	15.9	26.1	14.9	26.8	13.3	25.8	12.1	24.7	12.9	25.4
	55-74	53.1	65.6	56.1	64.5	57.6	64.3	54.4	66.0	56.5	64.1
	15-74	30.1	39.3	30.3	39.9	30.3	39.1	28.3	39.0	28.3	38.8
	16-64	23.9	32.1	23.4	32.6	22.2	31.9	20.4	32.4	20.1	31.9

Not active population by age, gender and foreign/native born.

Source: Statistics Sweden.

Many studies in social sciences have stressed the importance of investments in education and language proficiency of the migrant after arrival (Chiswick & Miller, 2007). This is also the case for Sweden, where such investments have been shown to be important factors explaining migrants' chances to obtain employment (Larsson, 1999; Bevelander, 2000). Not only investments in education and language are important factors. Rooth (2000), for example, studying refugees between 1984 and 1995 finds that Swedish work experience increases the probability of migrants being employed and that differences in the amount of Swedish work experience help to explain differences in employment rates between various migrant groups.

Usually the skill level or the educational level of the individual is operationalized by the number of years of schooling or the highest achieved level of education. Dahlstedt & Bevelander (2010) investigate the effect of human capital on the employment acquisition of foreign-born men and women in Sweden and show that foreign-born individuals have a higher probability of employment with a vocational and host country education as opposed to a general and home country education.

As earlier reported, the majority of the migrants that have gained access to Sweden consist of migrants that had non-economic motives for their move to Sweden. Bevelander (2009) focused on the employment integration of non-economic migrants, resettled refugees, refugee claimants and family reunion. Using statistics for the year 2007, he shows that different admission status groups have different employment rates over time. In general, with Vietnamese males as an exception, family migrants have a better start on the labour market and have higher employment rates during the first five years in Sweden. One reason for this faster adaptation could be that these migrants draw on earlier labour market networks established by persons with the same ethnic background which provide them with vital information of the Swedish labour market. Asylum-seekers who subsequently obtain a residence permit have a somewhat slower employment integration process, but, in general, resettled refugees have the slowest start of all. However, both refugees and resettled refugees "catch up" to employment levels of family reunion immigrants in later years. Regardless of admission status all groups show an employment rate of nearly 70 per cent after 15 years in the country.

However, Lundborg (2007) found that even after 30 to 35 years in Sweden migrant wages lag behind those of natives, and that wage adjustment is very different for economic and non-economic migrants. Migrant workers residing in Sweden on a short-term basis fare very well on average in terms of wages and employment while particularly for refugees there are large wage and employment gaps in comparison with natives from the start.

When it comes to the study of self-employment by migrants or migrant entrepreneurship in Sweden the subject has not received much attention (Pripp, 2001). Like in many other countries migrant self-employment is more frequent in certain sectors of the economy, such as the labour intensive service sector, the hotel- and catering industry, retailing and personal services, and the taxi business (Bevelander et al., 1997; Klinthäll, Orban, 2010). Furthermore, Hammarstedt (2001) put forward plausible explaining factors for the observed differences in self-employment rates between different migrant groups, for instance differences in tradition from the home country, differences in the labour market situation, and lack of knowledge about Swedish institutions. Other studies have acknowledged discrimination in the labour market as one of the driving forces behind migrant self-employment (Andersson, 2006; Habib, 1999; Hammarstedt, 2001; Khosravi, 1999; Najib, 1994).

Oscarsson and Grannas (2001, 2002) found that the over-education rate was lower in Sweden compared to other EU countries, with 9 per cent of the working population being over-educated. They also found that the over-education rate was twice as high for the migrant population (19%) compared to the native Swedish population, and that to a larger extent women were over-educated in comparison to men (Oscarsson, Grannas, 2001). Another study of over-education in Sweden was conducted by Berggren and Omarsson (2001), who found that almost 24 per cent of their sample was over-educated. Oscarsson and Grannas (2001, 2002) characterized the over-educated group in Sweden as a one that consisted of younger people with fewer years in a particular job and in a particular work place, and also that they worked in larger work places and were more often women and migrants (Oscarsson, Grannas, 2002).

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TURKEY

Yelda Devlet[279]

Migration Trends

Turkey is traditionally known as a country of emigration. Large numbers of Turkish nationals migrated to the Western European countries in the 1960s and 1970s. Within the European Union (EU) accession process, the issue of Turkish migrants in the EU countries and the prospects of further emigration from Turkey, as well as the increasing migration to Turkey have become major items on the Turkish and EU agenda. In this respect, İçduygu (2006b) asserts that Turkey has gradually become a country of immigration and transit, attracting both regular and irregular migrants from its neighbouring countries.

In recent years, the inflow of migrants has involved an ever growing number of nationalities, including countries of the Western Balkans, Eastern Europe and the Middle East, as well as intense immigration from Pakistan, Bangladesh, India, Sri Lanka, Algeria, Tunisia, Somalia and Nigeria. These migrant groups are not homogenous and include transit migrants, irregular workers, professionals, workers, students, pensioners, asylum seekers, and refugees. To this end, Turkey continued to issue residence permits for foreigners on grounds other than work and study, including family reunification and asylum. Based on the data provided by the Ministry of Interior, 1,739,188 residence permits[280] were granted in Turkey from 2000 to 2009 (Table 1).

[279] Yelda Devlet is a researcher at IOM in Turkey. Serious constraints exist in terms of availability of reliable national migration statistics. In this regard, the author is grateful to the relevant governmental institutions for sharing the officially available statistics. The report has also been revised by the government authorities of Turkey.

[280] Statistics on residence permits issued by the Ministry of Interior will be the central unit of analysis on migrants legally residing in Turkey through this study.

Table 1: Number of residence permits (1) by nationality, main countries of origin, 2000-2009

Nationality	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Bulgaria	61,658	58,705	54,924	48,205	44,870	53,698	51,683	56,757	26,209	12,433	469,142
Azerbaijan	10,564	10,044	9,935	9,502	10,508	10,477	12,278	14,842	15,947	17,123	121,220
Germany	5,339	5,436	5,944	6,309	7,136	8,425	9,795	10,446	9,909	10,169	78,908
United Kingdom	3,281	3,192	3,219	3,788	4,777	6,444	7,849	8,648	8,318	8,506	58,022
Russian Federation	6,871	6,235	6,454	6,134	6,326	6,444	7,784	9,638	11,362	12,941	80,189
Iraq	5,506	5,482	4,904	4,471	4,645	6,133	6,959	9,039	8,961	7,119	63,219
USA	6,446	5,546	5,777	5,795	5,630	6,119	6,598	7,149	5,992	5,356	60,408
Iran	6,117	6,567	5,909	5,256	5,738	6,014	6,129	6,212	5,382	5,253	58,577
Greece	7,308	6,578	6,524	6,565	6,630	5,902	6,329	6,641	5,445	4,908	62,830
Serbia and Montenegro (2)	4,408	4,036	4,075	4,179	4,433	4,519	4,734	4,984	1,626	839	37,833
Afghanistan	3,464	3,373	3,733	3,883	3,993	3,564	5,655	5,829	6,583	6,937	47,014
Moldova	889	855	890	1,055	1,637	3,065	5,547	6,635	3,414	3,422	27,409

Source: Ministry of the Interior.
(1)The table includes statistics on all types of residence permits issued by the Ministry.
(2) Separate entities as of 2006.

Turkey has started to attract increasing numbers of Western European migrants, as a result of its economic liberalization policies, increasing attractiveness as a holiday destination, and an indirect result of the commencement of EU accession negotiations (İçduygu, 2009b). These migrants are residing in Turkey on a permanent or circular basis, and some are not participating in the Turkish labour market, as for example foreign retirees.

In 2000, there were 168,047 foreign nationals with residence permits in Turkey. In 2009 alone, 163,326 residence permits were issued to foreign nationals, including 17,483 for work purpose, and 27,063 for studies (Table 2). A further 118,780 permits were granted for "various reasons", most of which were issued for family reunification purposes to dependents of work or study permit holders. The majority of migrants with a residence permit in Turkey come from Azerbaijan, Bulgaria, Greece, the Russian Federation, Iraq and Iran.

Another type of residence permit is issued by the Ministry of Interior for asylum purposes. The Ministry of Interior reported that 75,521 asylum seekers were granted a residence permit in 2005-2009, the majority coming from Iraq, Iran, Afghanistan and Somalia.[281]

Nearly three quarters of the residence permits were granted to ethnic-Turk foreign nationals, most coming to Turkey to join relatives or friends living in Turkey, or to study and work for a limited duration (İçduygu, 2006a). Other foreigners legally arriving in

281 The total of 68,802 asylum applications were received in 1995-2009, and 34,270 applications have been approved.

Turkey for work are mainly highly skilled workers taking up employment with Turkish companies, foreign/international organizations, foreign investment projects, private schools, as well as governmental and academic institutions.

Table 2: Types and number of residence permits, 2000-2009

Year	Residence permits for various reasons (1)	Residence permits for work-related purposes	Residence permits for educational purposes	Male	Female	TOTAL
2000	119,275	24,198	24,574	88,290	79,727	168,017
2001	114,894	22,414	23,946	84,952	76,302	161,254
2002	113,566	22,556	21,548	82,722	74,948	157,670
2003	108,743	21,650	21,810	80,848	71,355	152,203
2004	114,315	21,140	22,107	84,557	73,005	157,562
2005	131,594	22,128	25,242	95,037	83,927	178,964
2006	151,322	22,636	26,100	133,762	66,296	200,058
2007	171,872	24,881	28,455	145,604	79,604	225,208
2008	127,429	18,900	28,597	90,385	84,541	174,926
2009	118,780	17,483	27,063	78,112	85,214	163,326
Total	1,271,790	217,986	249,442	964,269	774,919	1,739,188

Source: Ministry of the Interior.
(1) Mostly issued for family reunification purposes to the dependants of work or study permit holders.

Settled foreigners represent another category of immigrants in Turkey. A study[282] on the integration of foreigners settled on a long-term basis, but not necessarily being employed, underlined the existing gaps and needs with regard to this category of the migrant population. According to the study, settled foreigners are perceived as a homogenous group, having common reasons for coming to the country, needs and interests.

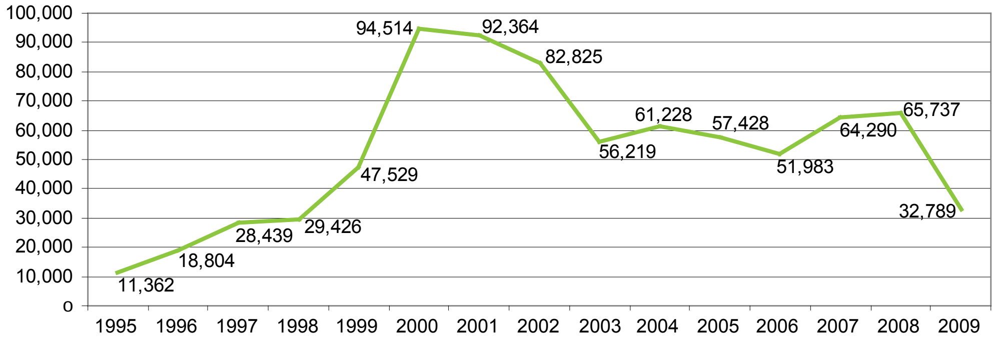
There are no exact official figures as to the number of foreigners currently residing in Turkey. The present official statistics do not provide detailed information, and different sources offer contradictory figures. Further complicating the challenge is the presence of irregular migration.

Since the early 1990s, the country has been exposed to transit of irregular migrants mainly from Afghanistan, Bangladesh, Iraq, Iran, and Pakistan (Kirişçi, 2003).

Irregular migration remains a significant component of international migration to Turkey. The Ministry of the Interior reports that the number of apprehensions of overstayers in Turkey (mainly labour migrants) reached nearly 700,000 between 2000-2009 (Figure 1).

282 ISRO (International Strategic Research Organization), Integration of Settled Foreigners in Turkey with The Turkish Community: Issues and Opportunities, 2008, Project sponsored by TUBITAK (The Scientific and Technological Research Council of Turkey).

Figure 1: Apprehension of irregular migrants (1), 1995-November 2009



Source: Ministry of the Interior.
(1) Overstayers, mainly migrant workers.

Many irregular migrants, who mainly come from Afghanistan, Bangladesh, Iran, Iraq, Pakistan and from the African countries, with the purpose of transiting to Europe, end up getting stranded in Turkey in high numbers (Kirişçi, 2008). Another group consists of nationals from the CIS, Morocco and Tunisia who enter Turkey for employment purposes.

Turkey has also been a country of destination for migrants, including refugees and asylum seekers. Furthermore, it has recently become a destination for migrants from the former Soviet Union, since these migrants also see Turkey as a stepping-stone to employment in Europe. This contemporary migration inflow has an overwhelming impact on such sectors as textile, construction, home services and entertainment. Turkey remains a destination for human trafficking in the Black Sea region, with victims usually coming from Moldova, Ukraine, the Russian Federation and also recently from Central Asian countries, such as Kyrgyzstan, and Uzbekistan. According to data provided by the Turkish Ministry of the Interior, 1,107 victims of trafficking were identified in Turkey in 2004-2009.

Labour Market Impact

Turkey's relatively young population (almost half of the total 73 million population is below the age of 25) is still growing steadily, albeit at a slower pace compared to the rate before 1990. The annual population growth is currently at about 11.8 thousand (Turkish Statistical Institute, 2010).

The annual GDP growth rate recovered after the severe crisis of 2001, and grew steadily in the following years with a peak in 2004 at the rate of 9.4 per cent. The economy then slowed down and entered a recession as of 2008 with a negative growth rate of -8.4 per cent in 2009.

In 2000-2008, the predominant economic activity was agriculture, forestry, hunting and fishing (30%), followed by the service sector (20%), manufacturing (18%), and community, social and personal services (16%). Despite impressive economic growth since 2001, job creation has been relatively slow, limiting equal distribution of benefits and undermining support for reforms.

Turkey's labour force participation rate, is significantly lower than in the EU countries at 45.8 per cent. In particular, women are largely inactive on the labour market with their participation rate dropping from 34.3 per cent in 1988 to 23.5 per cent in January 2009 (compared to 69.1% for men) (Dayıoğlu, Kırdar, 2009). Unemployment is extremely high among the young and educated population; it reaches on average 39 per cent for university graduates aged 20-24 (World Bank, 2006).

In terms of economic migration, 217,986 foreigners were issued residence permits for work-related purposes for in 2000-2009. Fifty-one per cent of them were employed by the private companies, 9 per cent worked in the tourism sector, and 7 per cent in private and language schools. Legal foreign workers mainly come from the United States, Germany, United Kingdom, Russian Federation, France and China (Table 3).

Table 3: Number of residence permits issued for work-related, main countries of origin, 2000-2009

Nationality	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
USA	2,313	1,925	2,003	1,995	2,013	2,062	2,185	2,288	1,518	1,150	19,452
Germany	1,665	1,473	1,631	1,532	1,392	1,508	1,560	1,621	1,044	1,029	14,455
United Kingdom	1,503	1,328	1,302	1,329	1,409	1,493	1,491	1,162	980	775	12,772
Russian Federation	2,062	1,603	1,385	1,293	1,235	1,308	1,151	1,422	2,085	1,850	15,394
France	1,736	1,437	1,468	1,308	1,207	1,286	1,340	1,468	948	672	12,870
China	370	418	506	507	805	976	1,036	1,744	2,242	3,130	11,734
Iran	1,335	1,097	1,072	943	911	921	934	948	301	220	8,682
Azerbaijan	923	866	840	753	726	821	858	976	797	652	8,212
Japan	653	606	640	703	757	793	783	786	321	230	6,272
Ukraine	929	895	706	702	557	715	662	799	997	1,222	8,184
Italy	750	744	746	676	631	668	767	822	462	359	6,625

Source: Ministry of the Interior.

Data on the labour market outcomes of migrants is scarce. In particular, OECD reports (SOPEMI, 2010) that in 2007-2008 the employment rate of native- and foreign-born men was very similar (67.7% and 68% in 2008 respectively). However, foreign-born women had a higher employment rate, with 31.5 per cent in 2008 compared to 24.1 per cent of employed native-born women. At the same time, registered unemployment rates were similar for all groups and oscillated around eight per cent, with the exception of a slight increase of unemployment of native-born men to 9.6 per cent. (Table 4).

Table 4: Labour market outcomes for native-and foreign-born population by gender, 2007-2008

Labour Market Outcomes	2007	2008
Employment/population ratio		
Native-born men	68.0	67.7
Foreign-born men	66.3	68.0
Native-born women	23.7	24.1
Foreign-born women	30.2	31.5
Unemployment rate		
Native-born men	8.7	9.6
Foreign-born men	8.4	8.4
Native-born women	8.7	8.9
Foreign-born women	8.1	8.9

Source: OECD, SOPEMI 2010.

As a result of Turkey's large informal economy, very few workers enjoy the protection of employment legislation and therefore do not receive full severance pay, pension benefits, health insurance, and unemployment support; in fact the legislation has very important deficits in the protection of labour rights of declared workers in Turkey.

Due to increasingly competitive market conditions, especially in the private sector, competition takes place in part through the irregular employment of workers. Among irregular workers, a micro-competitive sector evolves both for nationals and foreigners, which in turn could lead to a decrease in wage levels.

According to a deliberate estimation, 50,000 to 100,000 foreign workers are engaged in irregular work in Turkey on an annual basis (İçduygu, 2007). Deportations, however, are increasingly seen as insufficient in managing these flows. The Ministry of the Interior has introduced a requirement for foreigners to stay outside of Turkey for the equivalent period to their presence in Turkey following the expiration of their visa. This practice also applies to those who pay the full penalty for overstaying a visa, but could be abolished for those who obtain an official work permit from Turkish authorities.

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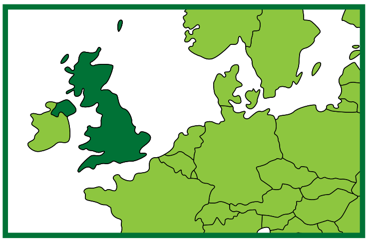
UNITED KINGDOM



Sarah Mulley[283] [284]

Migration Trends

The United Kingdom (UK) has seen rapid net immigration in the last decade, after a period when net immigration was low, or even negative (Figure 1). This has led to a rapid increase in the non-UK born population, which accounted for 11.3 per cent of the UK population by September 2009 (Office for National Statistics (ONS), 2010).

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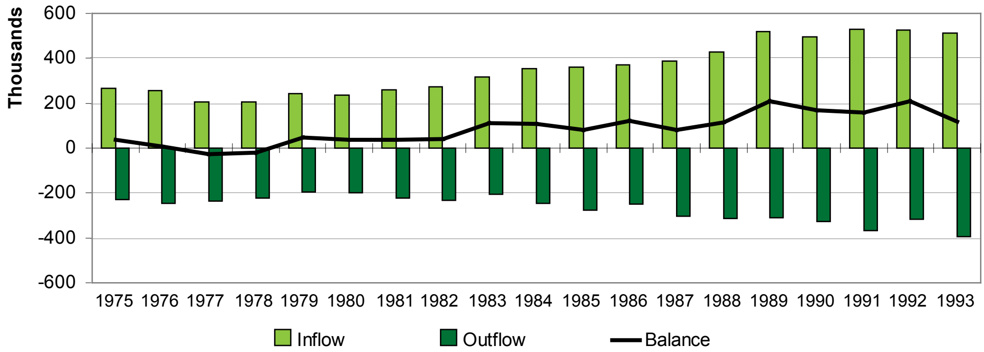
[284] This report was written, in large part, before the UK's recent election and change of government, so refers largely to the pre-election policy framework. All data in this section is taken from UK official statistics, available from the Office for National Statistics (http://www.statistics.gov.uk/hub/economy/index.html). Unless otherwise noted, the dataset used in this paper is the Labour Force Survey (LFS), which collects detailed information on employment and earnings for a sample of households living at private addresses in Great Britain. The sample size is about 60,000 responding households in Great Britain every quarter, representing about 0.2% of the population. Data is taken from Q4 2009 (latest available) and Q4 in previous years unless otherwise noted. While LFS does not collect data on immigration status, it does include questions on country of birth and nationality. The LFS is based on population samples, and is therefore subject to sampling error. The standard error for an estimate of 500,000 people, for instance, is 13,800 and the 95 per cent confidence interval is +/- 27,100 (see Office for National Statistics 2003. These errors become proportionally larger the smaller the estimate. For example, the non-EU born EU citizen's sample size is very low, meaning that results for this group are unreliable. Furthermore, there are also likely to be non-sampling errors, caused by factors such as potential respondents' unwillingness to take part in the survey or respondents answering questions inaccurately. Response rates tend to be lower for minority groups and in the case of migrant workers there can be under-reporting because non-private communal accommodation (in which some migrant workers have a high propensity to live) is not covered by the survey, meaning that some migrant workers are under-sampled.

Figure 1: Total migration to and from the UK, 1975-2008



Source: International Passenger Survey, ONS.

The rapid rise in net immigration to the UK since the late 1990s can be explained by three main immigration flows:

- Immigration from new European Union (EU) countries after enlargement in 2004 (net immigration from these countries peaked at over 80,000 in 2007);
- Refugee and asylum flows (applications for asylum rose from around 20,000 per year in the early 1990s to a peak of over 80,000 in 2000);
- Immigration for work and study (the number of work permit holders and dependents peaked at 145,000 in 2006, while the number of students (including student visitors) and dependents was at a record high in 2007–2008).

There have also been significant rises in immigration for the purposes of family reunification or formation in this period, although this is largely a direct consequence of the increases in refugee/asylum and work/study immigration noted above.

With the expansion of the EU in 2004, the UK fully opened its labour market to workers from the new accession countries (along with only Ireland and Sweden among other EU countries). The result for the UK was a rapid, substantial, and largely unpredicted wave of migration from countries such as Poland. However, this has proved to be a short-lived phenomenon, as net migration for new EU member states declined sharply since, mainly for two reasons. Firstly, there was an initial surge because opportunities to migrate had not been available previously and there was a 'backlog' of people seeking to move. Now that most of those (largely young adults) who wanted to come to the UK have done so, migration is settling down at a steadier rate. Secondly, most of those who came only planned to stay for a few months or years, so many of the initial wave are now returning home. This is a trend made more extreme by the recession and the weakening of the pound against the Polish zloty.

All three of the immigration flows noted above have, or are, declining from their peaks. Twelve thousand more EU8 citizens left the UK than arrived in the year to September 2009.[285] Asylum applications (including dependents) were only around 30,000 in 2009,

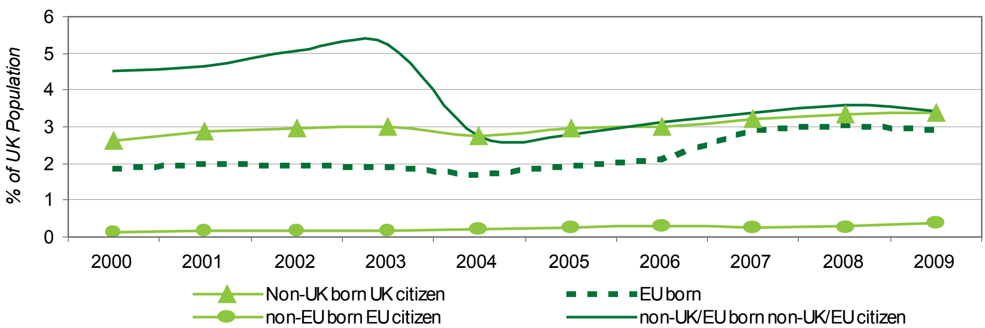
285 The first net emigration from the UK by EU8 nationals since the expansion of the EU.

and the numbers of applications in the first quarter of 2010 was the lowest of the last decade, and very significantly lower than the high levels of the late 1990s and early 2000s. Migration to the UK for work has also fallen in recent years, although less dramatically - the number of employment visas with the possibility of settlement[286] granted was down almost 15 per cent in the first quarter of 2010 compared with the first quarter of 2009 (and down around 30% on the first quarter of 2007). The exception to this pattern of declining flows is student migration, which has continued to increase, although recent and planned changes in policy (English language tests and requirements, restrictions on qualifying courses, tighter rules about sponsoring institutions) are expected to reduce these numbers.

UK data sources do not allow us to translate these data on flows into data on migrant populations broken down by entry route/visa category. However, the non-UK born population in 2009 breaks down into three groups of approximately equal size each accounting for around 3-4 per cent of the total UK population (Figure 2):

- Non-UK born UK nationals. Although some of this group will have been UK nationals from birth, the majority are previous migrants who have subsequently gained UK citizenship. Most of these naturalized migrants will have originally entered the UK through refugee/asylum, work or family routes (grants of settlement and citizenship follow these flows with a lag).[287]
- EU-born[288] individuals who will almost of all have entered the UK through freedom of movement within the EU.
- Non-EU born non-EU nationals. Some of this group will be long-term migrants while others will be temporary migrants (such as students) or recent migrants.

Figure 2: Different migrant groups as percentage of total UK population, 2000-2009



Source: LFS.
NB: Note that the rapid fall in the number of non UK/EU born non UK/EU citizens in 2004 reflects the expansion of the EU in that year. Moreover, the samples for non-EU born EU nationals are small and results are therefore unreliable.

[286] Tiers 1 and 2 of the Points-Based System, see Part 2.
[287] For a detailed discussion of country of birth and nationality, see http://www.statistics.gov.uk/articles/nojournal/EmpForWorkMay09Final.pdf
[288] The vast majority of whom can be assumed to be EU nationals.

Around 50 per cent of the non-UK born population in employment has arrived since 1999, and around 30 per cent since 2004, but this varies significantly between different migrant groups, for example over 80 per cent of migrants from new EU member states have arrived since 2004 (Table 1).

Table 1:[289] **Non-UK born persons (1) in employment, by country of birth (2) and year of arrival, percentage (3) and nominal totals (thousands), not seasonally adjusted, 1959 - 2008**

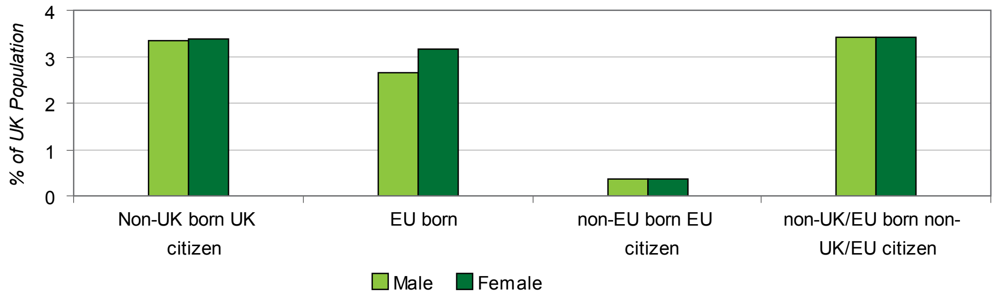
Year of arrival:	Total non-UK born (4)	EU 14 (5)	EU A8 (6)	Rest of Africa	Middle East & Asia	India	Pakistan & Bangladesh	South Africa	Austraila & New Zealand	USA
2004 to 2008	30	20	81	14	22	29	19	25	35	36
1999 to 2003	21	15	15	23	26	24	19	42	15	14
1994 to 1998	9	11	2	10	11	7	11	10	9	5
1989 to 1993	7	9	1	9	8	5	14	4	10	9
1984 to 1988	6	10	*	9	6	5	7	6	6	10
1979 to 1983	5	6	1	5	6	4	11	3	5	6
1974 to 1978	5	5	*	7	7	6	8	4	3	3
1969 to 1973	6	8	*	12	7	6	6	3	6	8
1964 to 1968	5	6	*	7	3	7	5	1	5	3
1959 to 1963	3	5	*	3	2	4	1	1	2	3
pre-1959	2	6	*	1	2	3	1	1	2	2
Percent Total	100	100	100	100	100	100	100	100	100	100
Nominal Total (7)	3,818 (8)	683	519	582	543	337	273	151	133	75

Source: Labour Force Survey.
(1) Over the age of 16, in employment in the UK.
(2) On 21 August 2008 the ONS published the 2007 mid-year population estimates for the UK. The population estimates in this table have not been re-weighted on this basis. This means that the total employment figures are not consistent with those published in the Labour Market First Release.
(3) Percentages based on total respondents for each group who stated a country of birth and year of arrival.
(4) Includes those people who stated a country of birth not included in the groups shown.
(5) Austria, Belgium, Denmark, Finland, France, Germany, Greece, Holland, Italy, Luxembourg, Portugal, Republic of Ireland, Spain (inc. Canary Islands), Sweden.
(6) Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic, Slovenia.
(7) Includes those people who did not state a year of arrival to the UK.
(8) Includes those people who did not state a country of birth.
(*) Less than 0.5 per cent.

289 Taken from http://www.statistics.gov.uk/articles/nojournal/EmpForWorkMay09Final.pdf

Migrant populations in the UK are relatively evenly balanced between men and women, with the exception of migrants from the EU – there are more women than men among this group (Figure 3).

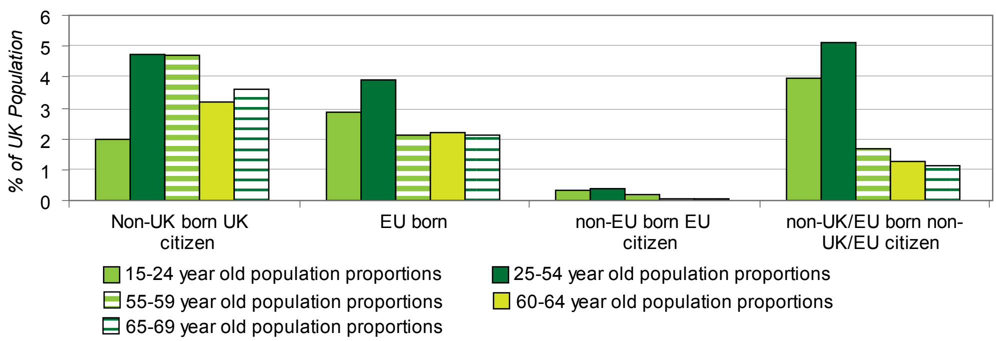
Figure 3: Migrants as a share of population by gender, 2009



Source: LFS.

Migrants account for a much larger proportion of the UK working-age population than of the total population (Figure 4). While 90 per cent of the total UK population is UK-born, this falls to 86 per cent for those aged 25-54, but is higher at 93 per cent for those aged 60-69. Age distribution of different migrant groups reflects the history of immigration patterns to the UK, as well as the fact that most new migrants are young adults.

Figure 4: Migrants as a share of population by age group, 2009



Source: LFS.

Migrants in the UK come from a wide range of countries – the top 5 countries of birth and nationality are evenly split between the EU and non-EU countries (Table 2).

Table 2:[290] Foreign-born and foreign-national residents by country of birth and by nationality, top fiveincluding 95 per cent confidence intervals, estimates for year to June 2009.

Non-UK country of birth	Estimate	Thousands 95% CI (+/-)
India	660	34
Poland	503	30
Pakistan	433	28
Republic of Ireland	408	27
Germany	295	23
Non-UK country of nationality	**Estimate**	**Thousands 95% CI (+/-)**
Poland	503	30
Republic of Ireland	344	25
India	310	23
Pakistan	183	18
United States of America	136	15

Source: ONS, Population by country of birth and nationality form the Annual Population Survey, July 2008 to June 2009.

A recent analysis by the LSE (Gordon et al., 2009) estimates that there were between 417,000 and 863,000 irregular migrants in the UK in 2007, with a central estimate of 618,000, the majority being failed asylum seekers followed by visa overstayers and illegal entrants, and UK-born children of irregular migrants.

This estimate does not include those who are legally resident, but working illegally, which may be a significant group. The Higher Education Statistics Agency (HESA) statistics for 2007/08 show that there were 229,640 non-EU students in UK higher education institutions at the time. LFS data suggest that around 6.5 per cent of this group (around 15,000) are working full time. In 2008, the Institute for Public Policy Research (ippr) survey data suggested that up to 22 per cent of EU8 nationals present in the UK (roughly 150,000) may not be registered under the Worker Registration Scheme. Due to the nature of this irregularity some of this group may have highly-skilled jobs, and may play a role in filling skills gaps, despite their 'irregular' status.

Labour Market Impact

As a result of the global financial collapse in 2008, the UK economy has just emerged from its deepest recession since the 1930s. Over the course of the recession real GDP fell by 6.2 per cent, while manufacturing output plunged by over 15 per cent. This came after more than a decade of strong total and per capita GDP growth. The UK was particularly vulnerable to the effects of the financial crisis due to the important role played by financial services, construction and real estate in recent economic growth prior to the crisis.

290 Taken from http://www.statistics.gov.uk/pdfdir/mig0210.pdf

The recent collapse in output led to a sharp increase in unemployment – up from 5.2 per cent at the start of 2008 to 7.8 per cent in recent months. However, this was a significantly smaller increase that most forecasters were expecting. The flexibility of the UK labour market, combined with measures taken by government, particularly to target youth unemployment, limited the rise in unemployment over the last two years. A sharp decline in the ratio of vacancies to unemployment suggests that the combination of a flexible labour market and government actions (such as increased availability of training places and apprenticeships for young unemployed people) were successful in getting the unemployed into those jobs that were available during the recession. This flexibility has also been reflected in many workers accepting very low, or zero, wage increases and in a big increase in part-time working.

The very latest data suggest the economy is beginning to recover, albeit at a very modest pace. Real GDP increased by 0.4 per cent in the final quarter of 2009 due to a revival in activity in both the service and manufacturing sectors of the economy. Unemployment has slightly fallen in recent months.

The foreign-born population of working age in the UK grew annually by 7 per cent in average between 2001 and 2008. In contrast, the average annual growth rate for the UK-born population of working age was 0.01 per cent over the same period.

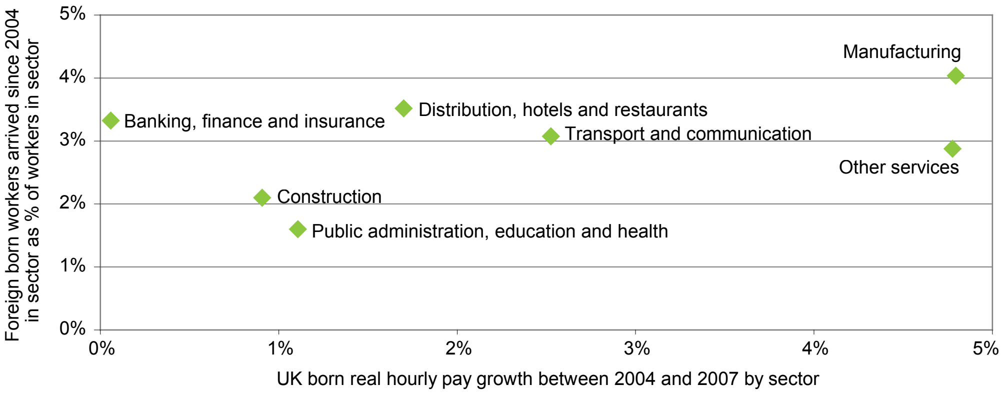
The best evidence suggests that the overall effect of migration on wages in the UK is small. In an important 2008 paper, Dustmann et al. (2008) used econometric modelling[291] and shows a positive impact of immigration on natives' average wages overall, but a negative impact lower down the wage distribution. The central estimate is that an increase in the foreign population equivalent to 1 per cent of the native population leads to an increase of between 0.3 per cent and 0.4 per cent in average wages. Their results suggest that very near the bottom of the distribution the impact on wages of a 1 per cent increase in total population size arising from immigration is a decrease of 0.6 per cent. So to the extent that there is a negative impact of immigration on wages it is felt at the bottom of the wage distribution (although this effect is very small). Dustmann suggests that this may be because there is a greater concentration of recent immigrants at the bottom of the UK wage distribution than anywhere else, and this puts a slight downward pressure on wages at the bottom end compared with the top.[292]

As a very crude test on correlation, Figure 5 plots annual pay growth for UK-born workers in each sector in 2004-2007 against the number of foreign-born workers who arrived in the sector during this period (as a proportion of all workers in the sector). The graph shows no real correlation between the number of foreign workers arriving in a sector and the rate of pay growth in the sector (Reed, Latorre, 2009).

291 The data used largely pre-dated the expansion of the EU in 2004, covering the period 1997-2005.

292 See also Manacorda, Manning and Wadsworth (2006): 10 percentage point rise in the immigrant share across the economy (if the new immigrants had the same profile of skills and age as the current non-UK born population) is predicted to have no significant effect on the real wages of natives, but to reduce the average wages of the UK's existing stock of immigrants by 1.9%. Nickell and Salaheen (2008) suggest that a 10 percentage point rise in the immigrant share across the economy would reduce average wages by around 0.4% - a very small effect.

Figure 5: Proportion of foreign-born workers arrived since 2004 versus real hourly pay growth for UK-born in sector, 2007



Source: LFS and ippr calculations.

Ippr's analysis of the impact of migration on wages since 2001 suggests that the overall effects of migration on wages are still very small, even after EU expansion. Ippr's regression model suggests that a 1 per cent increase in the share of migrants in the UK working age population would reduce wages by around 0.3 per cent – a very small effect.

Even these small effects may be transitory, as Pollard et al (2008) speculate. In short, the evidence suggests that from the perspective of wages, migration is not really a concern. There is no evidence to suggest that migration has any substantial negative impact on either wages or employment in the UK and it is entirely possible that there is a small positive impact on either or both of these, or no impact at all. Nevertheless, it is important to note that there may be more significant effects in some local areas, or for some groups of workers, particularly in the short term.

The evidence base on the effects of migration on employment in the UK, though relatively thin, suggests that the effects are not significantly different from zero.

The most well-known recent paper on the subject is from the University College London: Dustmann, Fabbri and Preston (2005)[293] suggests that an increase in immigration of one per cent of the native population would lead to a decrease of 0.07 percentage points in the native employment rate. This is a very small estimate, and is in any case not statistically significant. A subsequent empirical specification suggests small negative effects (of around -0.18 percentage points) for the mid-skilled group, with positive effects for the group with advanced qualifications. No significant effect is found for the unqualified group.[294]

293 Data from the LFS between 1983 and 2000.

294 See also Gilpin et al. (2006) looking specifically at the impact of EU8 migration since 2004 on employment of workers already in the UK in 2004 and since. The analysis builds on a previous study by Portes and French (2005). The authors conclude that 'despite anecdotal evidence, there is no discernible statistical evidence which supports the view that the inflow of EU8 migrants is contributing to a rise in claimant unemployment in the UK.' A recent update of the Department for Work and Pensions research by Lemos and Portes (2008) extends the model of Gilpin to include more recent data (up to 2006) and find no evidence that migration from the EU8 countries has had any adverse impact on native workers, even for possibly vulnerable groups like the younger workers or the lower skilled.

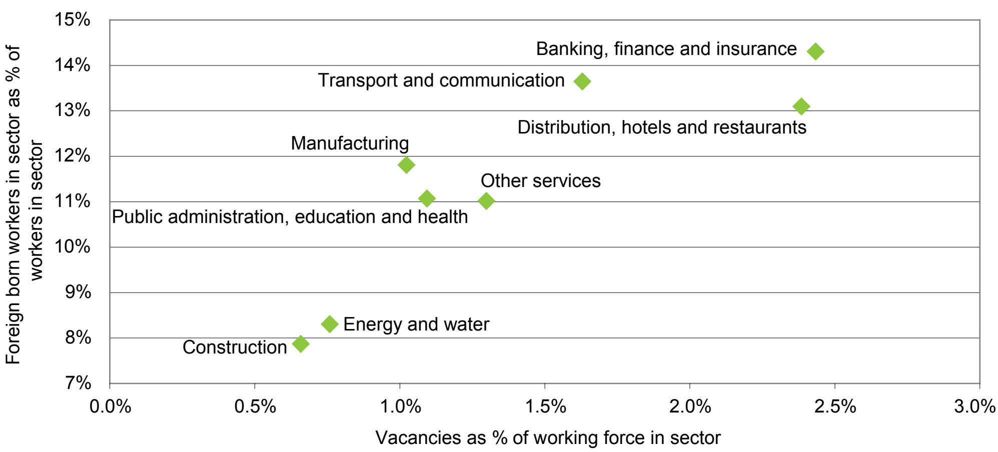
Migration can also affect investment by changing the balance of labour available in the economy. This is one area where it is sometimes suggested that migrants may have a negative economic impact in the long term. If migration makes available a ready supply of low-cost labour, firms may continue to use low-capital, low-productivity models of production which would otherwise be abandoned, the so-called 'low-skill equilibrium'. This may limit investment and productivity in the economy in the medium to long term – labour shortages can drive innovation and investment. There is some evidence that this may occur in the UK (Nathan, 2008).

However, other research suggests that economic theory probably overstates the extent to which technology can replace people (Rowthorne, 1999). In the short term at least, many businesses do not face a choice between labour and investment. Firms may not have access to capital for investment (particularly in the current economic climate), and may also face competition from overseas that makes alternative production models uncompetitive.

Although economic theory is clear that there is no reason to expect migration to lead to either increased unemployment or reduced wages among the native population, it is perhaps surprising quite how limited the impacts of very rapid migration have been on the UK labour market in recent years. Therefore, it is worth considering the labour market conditions that have enabled the UK economy to successfully absorb high numbers of new migrant workers.

Firstly, net migration to the UK has been strongly correlated with economic growth. Secondly, migrants have tended to be concentrated in sectors with high vacancy rates (Figure 6), which could either be because these are the sectors with the highest level of growth, or those with the most significant skills/labour shortages.

Figure 6: Proportion of foreign-born workers by sector versus vacancies as percentage of labour force in sector, 2007



Source: LFS and ippr calculations.

There is no hard evidence, but it seems likely that the vulnerable situation of irregular migrants could have a different impact on employment and wages in the UK as they are more willing to accept low wages (Krenn, Haidinger, 2008). As a result, employers are under no pressure to improve pay and conditions or to spend on training or other types of benefits. This suggests that irregular migration might have a negative impact on wages in circumstances where regular migration does not.

However, this is not necessarily the case. It might be that irregular migrants working for very low wages are doing low productivity jobs that would otherwise not exist. Importantly, the impact that irregular migrants are having on wages other than their own is limited to a certain extent by the National Minimum Wage (NMW), which protects those UK-born or legal migrant workers who are able to claim their employment rights. In effect the NMW segments the labour market and reduces the transmission of wage effects from those working below it to those above.

The evidence on the impact of migrants on UK-born employment shows that migrants are not taking jobs from UK workers. On the contrary, migrants often work in sectors and regions with a high level of hard-to-fill vacancies. It is likely that this is also true of irregular migrants. Sectors and occupations with the highest number of vacancies in the UK are mostly low-skilled. Severe and lasting shortages of labour in these sectors and occupations suggest that if, as seems likely, irregulars are working in these fields they are unlikely to be causing unemployment among UK-born workers or legal migrants.

All this said, irregular migrants (particularly when they are willing or forced to work outside employment regulation) may have long-term impacts on wages or employment by sustaining firms and sectors which offer low-wage and low-quality jobs that we might otherwise expect to disappear over time as productivity and wages in the economy rise.

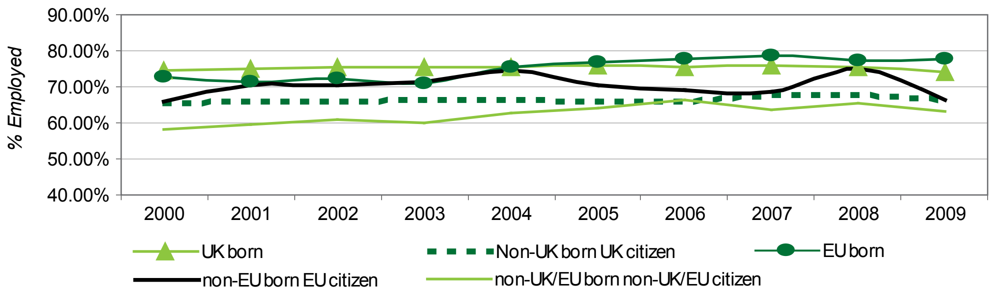
Strong economic growth in the past decade has been reflected in high levels of employment. Employment of UK-born people of working age increased by 1.4 million while employment of non-UK born people by 1.8 million (45% and 55% of the total increase respectively). At the same time, employment of UK nationals increased by 1.8 million while employment by non-UK nationals by 1.4 million (57% and 43% of the total increase respectively) (Clancy, 2008).

Between 2000 and 2009, the proportion of the employed workforce that is UK-born has declined from 92 per cent to 88 per cent, as the share of migrants increased. However, this has not translated into reduced employment rates for the UK-born population. The rapid increase in the number of migrants employed in the UK reflects a rapid growth in the migrant population (and in the number of jobs), rather than a rapid growth in the migrant employment rate (Figure 7).

Migrants from the EU have seen employment rates similar to those of the UK-born population. Since the 2004 EU enlargement employment rates among this group have consistently exceeded those among the UK-born population, reflecting very high levels of employment among migrants from the new EU Member States. The data suggests that employment rates among migrants from the EU have held up better than those among the UK-born during the recent recession – the gap between UK-born employment and EU-born employment has widened slightly between 2007 and 2009. This is explained by two main factors:

- High mobility among EU-born migrants, including high rates of return to countries of origin.
- Employment of EU-born migrants in occupations and regions with high employment and high vacancy rates. Continued high employment of EU-born migrants comes despite the fact that they are concentrated in sectors such as manufacturing which have been badly affected by the recession.

Figure 7: Employment rates by nationality, 20-64 year olds, 2000-2009

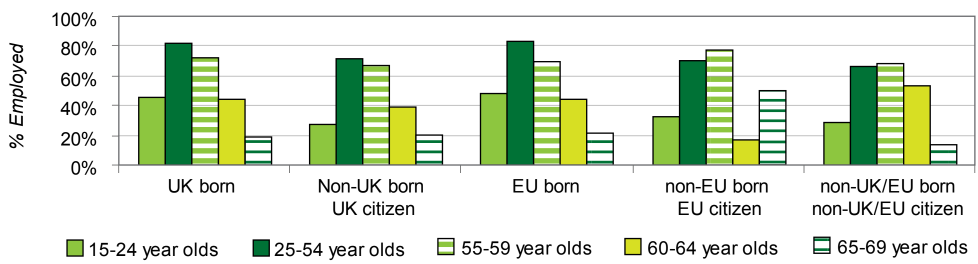


Source: LFS.

Migrants born outside the UK/EU see significantly lower employment rates than the UK or EU-born populations. This is true across all age groups, but is particularly marked among younger workers (Figure 8), which may suggest that recently-arrived migrants face particular challenges in labour market integration.

It is also important to note that there is considerable variation in employment rates between different country of birth/nationality groups among those born outside the EU. For example, those born in Australia and New Zealand had working age employment rates of over 85 per cent in 2009, compared to just 46 per cent for those born in Pakistan and Bangladesh (ONS).

Figure 8: Employment rates by nationality and age, 2009



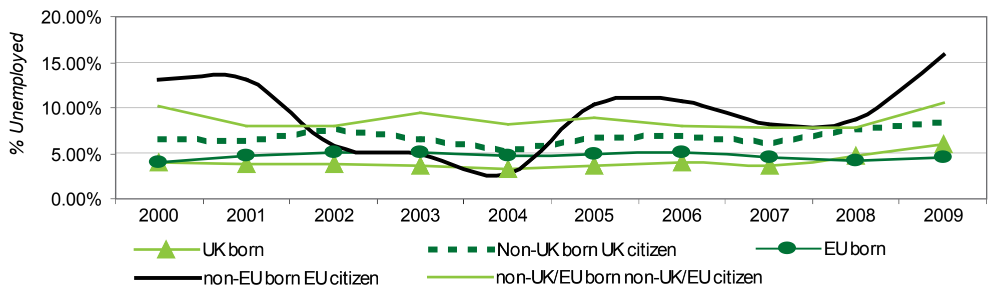
Source: LFS.

The low rates of employment in migrants born outside the EU are also in part explained by low rates of female employment among these groups. In 2009, non-EU born UK citizens, non-EU born EU citizens and non-UK/EU born non-UK/EU citizens had female employment rates among those aged 25-54 of 60 per cent, 58 per cent and 56 per cent respectively, compared to 77 per cent for the UK-born and 78 per cent for the EU-born.

Gender differences in employment rates are converging in the UK in general, with rising female employment and falling male employment, although the male employment rate stands at 75 per cent compared to 69 per cent for women (ONS 2010). However, despite long-standing legislation banning differential pay on the basis of gender, the overall gender pay gap remains at 22 per cent (ONS 2009). In 2009, pay gaps were smaller for migrants than for the UK-born population, in part reflecting the different age profiles of different groups (for instance, EU migrants are younger and less likely to have children).

Migrants from the EU also have similar levels of economic inactivity and unemployment as the UK-born population, while migrants from outside the EU (including UK nationals) have higher rates of both inactivity and unemployment (Figure 9).

Figure 9: Unemployment rates by nationality, 20-64 year olds, 2000-2009



Source: LFS.

All migrant groups show higher rates of employment among those with higher levels of qualifications (as does the UK-born population). This suggests that, at least to some extent, migrants are able to use their education to access a wider range of jobs. However, the impact of educational qualifications on employment rates varies significantly between groups.

Non-UK/EU born non-UK/EU citizens seem to gain less, in terms of employment rates, from degree level qualifications than other groups. This may reflect problems of qualification recognition or access to appropriately skilled jobs, but could also, in part, indicate a significant number of recent graduates in this group (as overseas students stay in the UK after graduation) who might experience high levels of frictional unemployment.

EU migrants are less likely to work in public administration, health and education; and more likely to work in manufacturing and construction than other migrant groups (Table 3).

Table 3: Sectoral employment by different migrant groups, 2009

	UK Born	Non-UK born UK citizen	EU born	non-EU born EU citizen	non-UK/EU born non-UK/EU citizen
Agriculture & fishing	1.4%	0.2%	0.8%	0.7%	0.3%
Energy & water	1.8%	0.9%	1.4%	0.0%	1.3%
Manufacturing	9.9%	8.0%	14.0%	8.5%	6.9%
Construction	8.2%	3.4%	7.3%	3.6%	3.3%
Distribution, hotels & restaurants	18.1%	19.3%	23.1%	25.5%	22.4%
Transport & communication	7.9%	13.3%	9.6%	9.9%	8.4%
Banking, finance & insurance etc	15.5%	15.7%	16.5%	22.0%	17.5%
Public admin, education & health	31.6%	35.4%	22.9%	22.7%	34.8%
Other services	5.6%	3.8%	4.4%	7.1%	5.1%

Source: LFS.

Levels of self-employment are significantly higher among non-UK born UK citizens than other migrant groups, or among the UK-born population. On the one hand, the entrepreneuralism and innovation of migrants has been an important economic contribution. On the other hand, some migrants are 'forced' into self-employment due to discrimination or other exclusion from employment. Non-UK/EU born non-UK/EU citizens have somewhat lower rates of self-employment than other groups. Many of this group will be recently arrived migrants, and others will face visa restrictions on their ability to become self-employed.

There is very little data on the labour market outcomes for migrants who come to the UK as families or dependents of UK nationals or other migrants. There are concerns that in some communities migrants in these groups may face particular challenges of integration (including with respect to English language). On the other hand, the available evidence suggests that dependents of highly-skilled migrants are often themselves highly-skilled and successful in the labour market (Migration Advisory Committee (MAC), 2009).

Wage differences between different migrant groups and the UK population are relatively small. Non-UK born UK nationals earn slightly more, on average than the UK-born population, which is likely the result of immigration and settlement/citizenship rules for migration from outside the EU, which have long favoured highly-skilled and highly-paid migrants. The average wages of EU-born migrants dropped relative to others after the expansion of the EU in 2004 reflecting the high proportion of unskilled and low paid workers among migrants from the new EU Member States.

Although reliable data on irregular migrant employment does not exist, their employment rate is thought to be high, as they do not have access to benefits and are very likely to work in order to survive. A study on illegal migrants in detention in the UK found that three quarters of those interviewed (83 migrants detained in three immigration facilities) had worked illegally in the UK (Black et al., 2005). Since the numbers of irregular migrants in the UK are significant, it seems fair to say that they play a significant role in the labour market. Although all employment of irregular migrants is to some degree 'informal' by definition, many irregular migrants are employed in sectors and roles that are otherwise legal, compliant with employment regulation and form part of the formal economy (Pinkerton et al., 2004). Indeed, many significant sectors of the formal economy depend in some way on irregular migrants.

The evidence on the sectors where irregular migrants work in the UK is mostly anecdotal. According to Wright and McKay (2007) undocumented migrants in the UK mainly work in construction, agriculture, textiles, hotels and restaurants, cleaning, care work and domestic work. These are sectors that often face problems in recruiting UK-born workers and have trouble retaining staff, particularly when employers offer low wages and temporary contracts.

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The International Organization for Migration (IOM) two-volume study Migration, Employment and Labour Market Integration Policies in the European Union investigates evidence of the labour market impact of migration and the role of relevant migrant admission and employment policies in the European Union, as well as Croatia, Norway and Turkey.

Part 1: *Migration and the Labour Markets in the European Union (2000-2009)* analyzes data on labour market impacts of migration, explores labour market outcomes of migrants and identifies challenges and focus areas for national migrant integration policies.

Part 2: *Labour Market Integration Policies in the European Union (2000-2009)* provides a detailed analysis of national labour market integration policies in the region and their implementation where data is available. The analysis includes direct labour market integration measures, as well as relevant elements of selection and admission policies and their impact on labour market outcomes of migrants.

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