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# Intra-EU labour migration after Eastern enlargement and during the crisis

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**Working Paper 2012.13**

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**europaen trade union institute**

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## Introduction<sup>1</sup>

The accession to the EU of eight new central and eastern European countries (EU8)<sup>2</sup> in May 2004, and the subsequent accession of Romania and Bulgaria in January 2007 (EU2), marked – by reuniting a continent divided since the end of World War II – an important step in the history of European integration. A significant consequence was the extension of the free movement of capital, goods, services and people to Central and Eastern Europe. European law guarantees these freedoms within the EU – in principle. However, given the very wide differences in, for example, wages, there were fears in western Europe of a massive influx of workers from the new member states with expected negative impacts on the receiving countries' labour markets (and welfare systems). As a result, all but three countries (the United Kingdom, Ireland and Sweden) made use of so-called transitional measures in 2004. These transitional measures restricted – to varying degrees – the right to work for EU8 citizens in EU15 countries for a period of up to seven years.

Over the subsequent years, EU15 countries gradually and successively opened up their labour markets; Germany and Austria alone made use of the entire seven-year transition period, in other words, did not fully open up their labour markets to EU8 workers until May 2011. Workers from Bulgaria and Romania, meanwhile, will not have complete freedom of movement until January 2014; currently, 9 Member States still have transitional measures in place with regard to EU2 workers, in several cases with simplified procedures or exceptions for certain groups of workers or certain sectors.<sup>3</sup> The darkening economic outlook from the summer of 2007 represented a major factor in this context. Interestingly, Spain temporarily re-introduced restrictions on new Romanian workers in July step that it justified with reference to the labour market impact of the crisis.<sup>4</sup>

Post-2004 labour mobility constitutes a historically new phenomenon in a number of respects, exhibiting characteristics that distinguish it from previous

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1. This chapter is based on findings published in two volumes edited by the authors (Galgóczy/Leschke/Watt 2009 and 2012). Refer to Annex 2 for the table of contents of the 2012 volume.
  2. Cyprus and Malta also joined the EU in May 2004, but limitations on the free movement of labour do not apply to them. When we use EU10 in the following we refer to both the Central and Eastern European countries (EU8) and Bulgaria and Romania (EU2).
  3. The countries that still had transitional measures in place with regard to Bulgaria and Romania at the end of July 2012 are Belgium, Germany, France, Luxembourg, Malta, Netherlands, Austria, the United Kingdom and Spain (reintroduced in July 2011) (compare: <http://ec.europa.eu/social/main.jsp?catId=466&langId=en>).
  4. Transitional measures do not apply to those Romanian workers and their families already employed or registered as jobseekers in Spain (European Commission 12 August 2011).

forms of mobility resulting from earlier EU enlargements. It is important to be aware, first of all, that the process of which we are speaking is multifaceted, insofar as different forms of labour mobility coexist in a rapidly changing environment. The importance of this factor has indeed been further accentuated by the economic crisis. Different forms of cross-border labour mobility include commuting, short-term, circular and more permanent migration, but various ‘functional equivalents’ of migration such as (bogus) self-employment and posted work also play an important role. An additional new feature is that migrants from low-wage countries tend to have a rather high educational profile both in absolute terms and also in comparison with nationals in the receiving countries.

The examples of the UK and Ireland, which experienced large inflows of migrant workers upon enlargement, illustrate that a geographical redirection from historical migration patterns and pre-enlargement labour flows took place towards those EU15 countries that opened up their labour markets immediately after enlargement and simultaneously displayed favourable conditions in terms of labour market demand<sup>5</sup> (see also Hollande *et al.* 2011).<sup>6</sup> This shift can also be shown in the case of the largest EU8 country, Poland. During the 1999–2003 period, Germany had been the major destination country for labour migration from Poland; after EU enlargement, the UK became the principal destination country. Indeed, the share of the three countries that did not maintain labour market restrictions after enlargement grew from 12.1 per cent to 42.4 per cent of Polish migrants (Fihel and Okólski 2009). The presence of transitional measures thus seems to have had the effect of quantitatively diverting migration flows, albeit in a rather complex interaction with other push and pull factors, in particular labour demand (employment opportunities) but also language and cultural proximity as well as migrant networks.

This paper addresses a range of questions in an effort to characterize trends in intra-EU cross-border labour mobility in recent years. In a first section, we use data from the European Labour Force Survey (see Annex 1 for details) to show European trends in cross-border labour mobility during the crisis, taking account also of the labour market outcomes for migrant and local workers. In a further step, migration under the services directive – and particularly the phenomenon of bogus self-employment – will be addressed. Moreover, it is often argued that migrant workers can compensate for skills shortages in the receiving labour markets. A question less often addressed, however, is how far migrant workers are able to use their specific skills in receiving labour markets, and in this respect we cite some evidence from Italy and the UK, the two receiving countries that make up a large part of EU10 migration inflow. Finally, a number of policy responses of receiving countries to post-enlargement intra-EU migration will be assessed.

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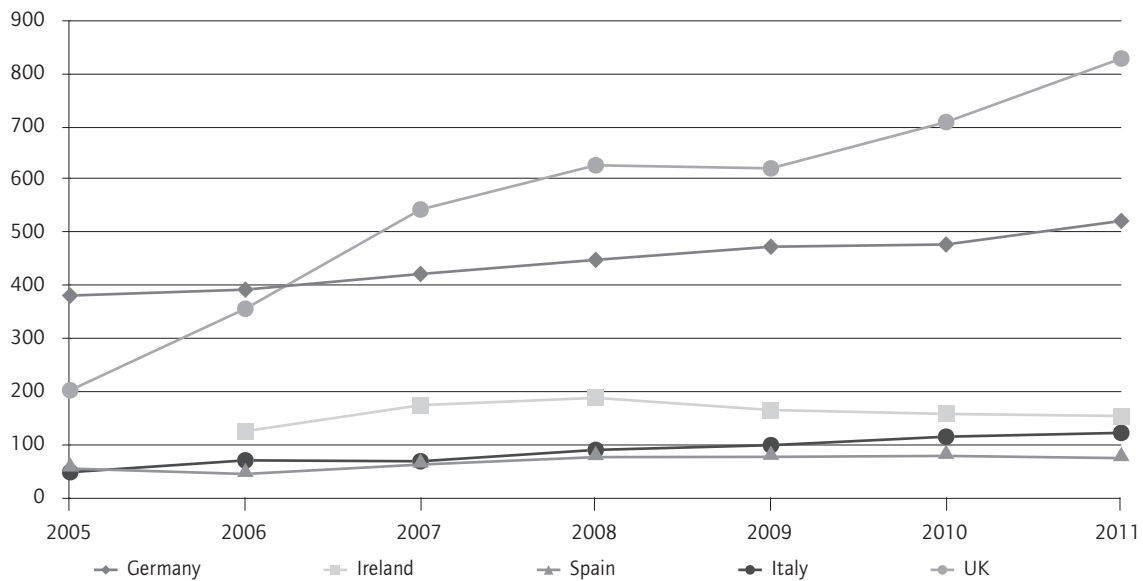
5. Sweden also opened its labour market at the same time, but did not experience a significant inflow of EU8 migrants (see also footnote 8).

6. The year 2005 may indeed have seen the largest ever labour immigration recorded in the UK, most of it from Eastern Europe. The number of immigrants far exceeded the UK government estimates on the number of accession country workers who would enter the UK in search of work.

## The main trends of intra-EU labour mobility with special attention to the period of the crisis <sup>7</sup>

Figure 1 illustrates these broad developments in East-West labour mobility since enlargement in 2004 and up to the crisis, showing a marked increase of the EU8 migrant population in the two receiving countries (United Kingdom and Ireland) that opened up their labour market from the beginning while offering, at the same time, a comparatively favourable labour market situation for the absorption of immigrant labour.<sup>8</sup> The negative impact of the crisis on post-2008 labour flows from Central-Eastern European countries, however, is visible in both countries and more particularly in Ireland which was especially hard hit by the crisis.

Figure 1 EU8 population in major EU15 receiving countries, 2005–2011 ('000s; stocks)



Source: European Labour Force Survey.

7. Throughout the statistical analysis we define the migration status via the nationality of the migrant worker. Migrant workers from Malta and Cyprus are included in the EU8 and EU10 figures but their numbers are negligible.
8. An illustrative example with regard to the importance of the labour market situation as a pull factor is the difference in migration inflows to Nordic countries upon EU enlargement. A more favourable labour market situation and higher wages meant that in particular Norway was considerably more attractive to citizens from new EU member states than Sweden which was the only Nordic country that had opened its labour market fully to EU8 citizens upon enlargement (Lundborg 2009).



At the same time, Germany – a traditional destination country for CEE migrants but which maintained restrictions up until May 2011 – still shows a steady but moderate growth in its EU8 population without any noticeable effect having been produced by the crisis (Figure 1.). In light of the fact that recent labour market developments in Germany were positive (Leschke and Watt 2010), in contrast to most other EU15 countries, an even more pronounced positive trend than the one actually observed might have been expected over the past two years.

Against this background, it is important to note that, due to continuing EU10 migration inflow, the overall stock of EU10 population in EU15 countries has continued to grow during the crisis (except in Ireland and Spain).<sup>9</sup> This has occurred in the face of declining overall employment (except in Germany and Poland) and seemingly contradicts both previous claims in the literature according to which deep recessions may be expected to result in a setback in migration flows as well as forecasts that this was what would indeed happen in the European post-crisis context.

Against this overall trend, however, migration from EU8 and EU2 countries showed different dynamics during the crisis which can be explained by the fact that not only receiving countries but also sending countries differed markedly with regard to the impact of the crisis on their labour markets. Poland, the country with by far the largest migration flows in absolute terms, was doing comparatively well, being the only country not experiencing an output shock, whereas – in particular – the Baltic countries experienced huge increases in unemployment and declines in employment particularly during the initial phase of the crisis. Indeed, during the crisis temporary reductions for some EU8 and, most particularly, Polish migrants (with signs of return migration but also transmigration) were observed (Fihel and Anacka in our 2012 volume). Interestingly, the authors show that highly skilled workers were not prone to move back to their home countries, a typical returnee profile being a middle-aged rural dweller with a low level of education. This finding indicates, further, that previous brain-drain concerns expressed by sending countries may not have eased off during the crisis.

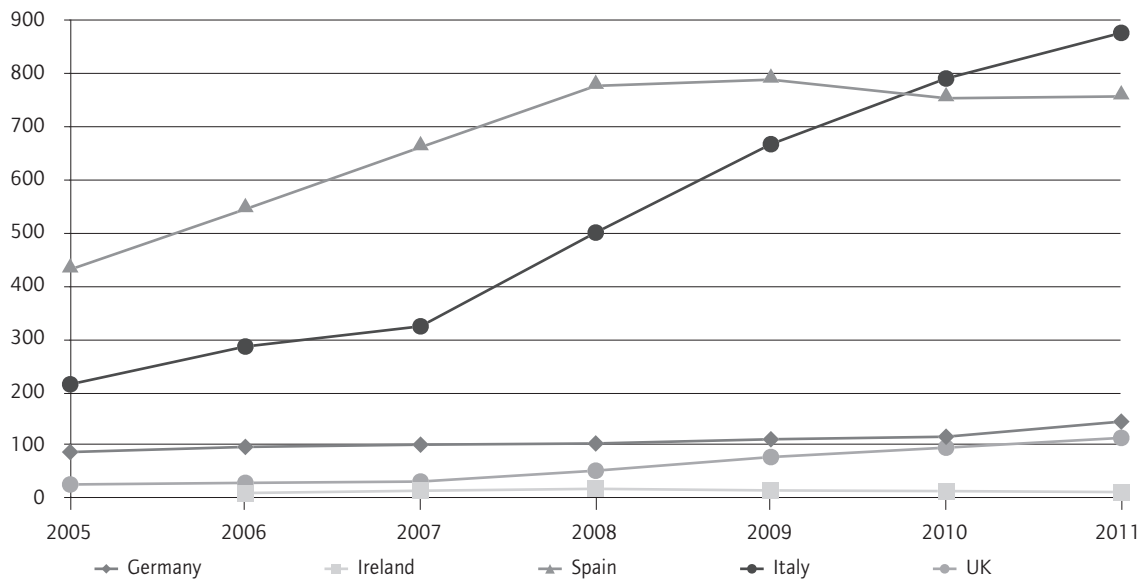
On the other hand, Hazans (in our 2012 volume) finds, in line with the economic situation, that in Latvia and Estonia the role of push factors (especially unemployment but in Latvia also general dissatisfaction) increased during the crisis, showing also that low-skilled persons disproportionately affected by lay-offs became over-represented among emigrants.

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9. The total loss in employment between the second quarter of 2008 and the first quarter of 2011 was almost 7 million jobs, or 1.97 per cent of all workers and sectors in the EU15. In the same period, however, due to continuous inflows of EU10 workers, the share of EU10 workers within EU15 total employment rose from 1.33 to 1.71 per cent. Thus, while EU10 workers were more affected in terms of decreasing employment and increasing unemployment than nationals, due to continuing EU10 migration inflow, in absolute terms EU10 employment on EU15 labour markets grew at a time when EU15 labour markets were shrinking and employment of nationals decreasing.

As Figure 2 shows, there was also a growing intensity of labour flows from Bulgaria and Romania (EU2), particularly to Italy. The increase in EU2 flows has to be seen also in light of these countries' later accession and the enormous economic (e.g. wages) and social differences between them and EU15 countries.

Figure 2 EU2 population in receiving countries, 2005–2011 ('000; stocks)



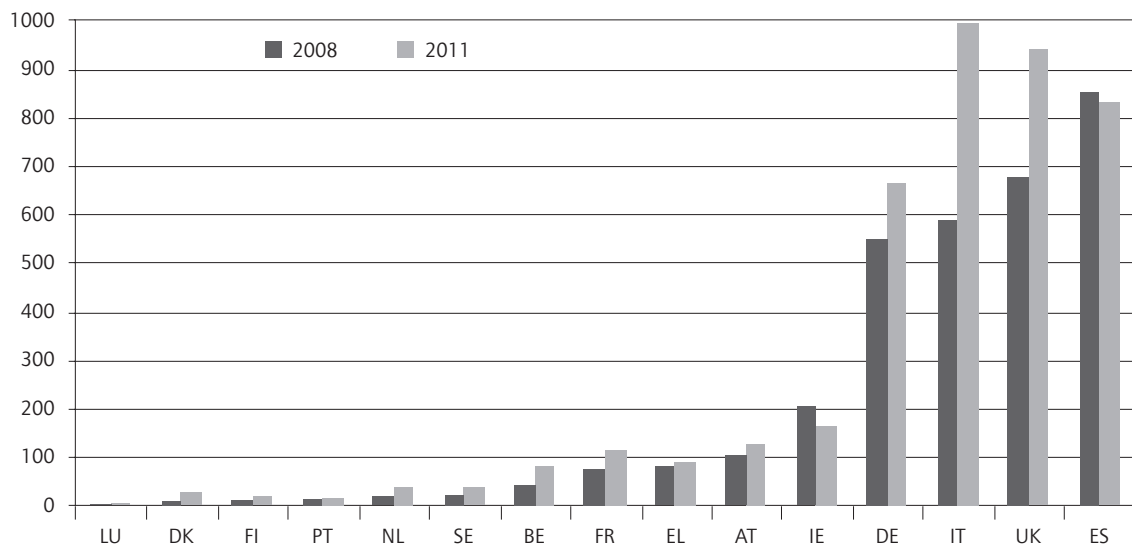
Source: European Labour Force Survey.

Changes in receiving country composition were also observed, as receiving countries hard hit by the crisis (Spain and Ireland) saw a net decrease in EU10 migration stock, while all other receiving countries experienced further growth (especially Italy), as shown in Figure 3. For the size of EU10 migration stock in the EU15 receiving countries, as well as its changes during the crisis, two factors were decisive: labour market access, and the extent to which a receiving country was hit by the crisis (labour demand).

When looking at smaller EU15 economies, we see considerable differentiation as regards the extent to which their labour markets were absorbing EU10 migrants. The Netherlands had a very favourable labour market situation at the time of the 2004 accession with one of the lowest unemployment rates in Europe; nor was this country particularly hard hit by the crisis, and it lifted transitional measures for EU8 citizens relatively early. In spite of these aspects, the Netherlands – though doubling the stock of EU10 migrant workers between 2008 and 2011 – received only a fraction of the numbers of EU8 (and EU2) migrants that moved to other smaller countries such as Ireland, Austria, Greece and Belgium. The greater attractiveness of Austria and Greece can be explained, at least in part, by these countries' geographic proximity to the accession countries, while Ireland undoubtedly profited from opening up its labour market directly upon accession and from language advantages. It is,

however, hard to find any plausible explanation why the Netherlands should have been so much less affected when, at the same time, another Benelux country, Belgium, with much less favourable labour market conditions and longer application of transitional measures (until May 2009 as compared to January 2007), saw much larger growth during the initial crisis period and had about triple the stock of EU10 migrant workers in 2011 (Figure 3).<sup>10</sup> Even considering the upward trend over the whole accession period, the Netherlands appears to be an outlier with regard to EU10 inflows, although exactly why it proved so unattractive to regular EU10 employment remains unclear.

Figure 3 Impact of the crisis on stocks of EU10 nationals in EU15 countries, working age population ('000)



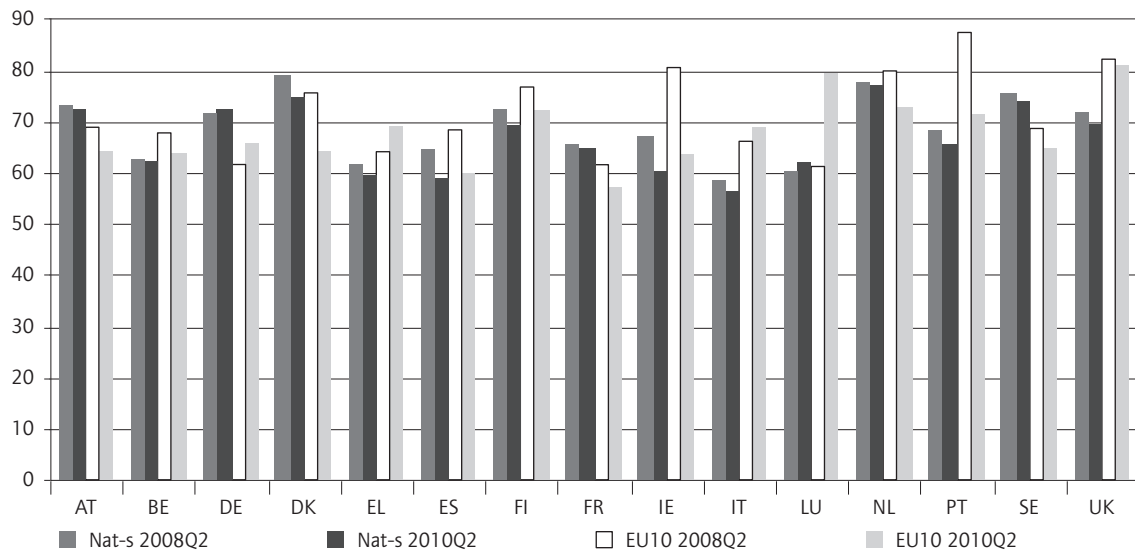
Source: European Labour Force Survey.

As regards the direct impact of the crisis on labour market outcomes, EU10 migrants were harder hit in the majority of EU15 countries and acted, at least partially, as labour market buffers. This can be illustrated by recent changes in employment rates for nationals and EU10 migrants (Figure 4). Both groups saw declines in employment rates in the majority of EU15 countries but the declining trend was stronger for EU10 migrants who were, for example, considerably more affected by declining employment in Denmark, Ireland and Portugal. At the same time, unemployment increased and EU10 migrants were again disproportionately affected (not shown here). In principle, EU migrant workers have the same rights to unemployment benefits as nationals; in practice, however, they are often covered to a lower extent as not only are they less aware of their rights but they are also more often engaged in irregular and non-standard forms of employment with no or reduced eligibility to unemployment benefits. The greater vulnerability of EU10 workers in the crisis

<sup>10</sup> Even when considering the possible effect of the EU institutions in recruiting EU10 personnel.

also reflects the considerably higher concentration of such workers in sectors disproportionately affected by the slump in output; job losses were, for example, extremely heavy in construction, which shed more than four and a quarter million jobs in the EU15 and is a sector with a high concentration of EU10 workers.

Figure 4 Employment rate of nationals and of EU10 citizens before and after the crisis (in %)



Source: European Labour Force Survey.

The trends described above suggest that both push and pull factors were subject to dynamic changes during this turbulent period. For some sending countries, such as Romania and Latvia, push factors (effects of the crisis on local labour markets, insufficient welfare system, etc.) remained the dominant force of labour migration during the crisis. Migrant workers from other sending countries were faced with the emergence of return options, a case in point being Poland with a comparatively good labour demand situation during the crisis. Complex combinations of both push and pull factors were also observed with onwards migration from formerly very attractive receiving countries that were hard hit by the crisis – such as Ireland – to destinations with better labour market prospects.

To conclude, migration flows and trends upon accession and during the crisis were impacted by:

- labour market demand and characteristics of jobs carried out by migrant workers in the receiving country including the impact of the crisis on the labour market as a whole (e.g. rising unemployment, declining employment) and on particular sectors such as construction and manufacturing that were popular among migrant workers,

- the impact of the economic crisis on the labour market situation in the source country as well as the extent of welfare provision at unemployment (as push factors),
- the additional accession of two new member states in 2007 with the possibility of Bulgarian and Romanian workers to work legally in EU15 countries albeit with temporary restrictions in the majority of these countries under the transitional measures, and finally,
- changing migration policy in receiving countries throughout the period with full vs gradual opening of labour markets due to differences in application of transitional measures.

## Labour mobility under the services directive

One of the most controversial issues in the EU labour mobility debate, not *least in the context of transitional measures imposed by most member states*, has been the possible substitution of regular employment by functional equivalents such as posted work or (bogus) self-employment, using, and in some cases abusing, the freedom of service provision to circumvent restrictions imposed as transitional measures on waged employment.<sup>11</sup> The decisions by the European Court of Justice in the Viking and Laval cases that challenged a number of social rights (e.g. right to collective bargaining and right to strike) exemplify the complex situation with regard to the posting of workers under the freedom of services (Brücker and Warneck 2010). A European Directive on Posting of Workers had been put in place as early as 1996. As a reaction to the post-2004 labour mobility challenges and the case law mentioned above that stirred heated public debates, in March 2012 the European Commission proposed both an enforcement directive that is to improve the way the 1996 directive is implemented in practice, in particular with regard to the rights of workers, and a new regulation aimed at clarifying the relationship between the right to take collective action and the freedom of services (see also Cremers 2011). These proposals<sup>12</sup> are currently being discussed on the European level.

There are no reliable comparative figures available on the extent of posting of workers. The special extraction of LFS data enables us to break total employment down into employees, family workers, self-employed persons with employees of their own, and those without. We are primarily interested in the split between employees and the self-employed without workers of their own as this allows us to gain an idea of the incidence of (bogus) self-employment among migrant workers as opposed to dependent employment.<sup>13</sup>

As the shares of self-employment (without employees) are roughly equal for nationals, EU2 and EU8 migrants, at the aggregate EU15 level, we see little evidence of widespread (ab)use of the status of self-employment (at least

11. On service mobility in the Nordic countries, see Dølvik and Eldring (2008: 36–49); on Germany and Austria, see Krings (2009) and, on Germany, Fellmer and Kolb (2009).

12. The legislative proposals as well as background studies on the posting of workers can be found here: <http://ec.europa.eu/social/main.jsp?catId=471>

13. Data limitations, a recurrent issue with regard to migrant workers, have to be emphasised here. Certain categories of workers, such as short-time seasonal workers, are unlikely to be picked up by labour force surveys (for details see annex 1).

assuming there is not substantial underreporting of self-employed, as compared with employed, migrants).<sup>14</sup>

However, the national figures show a highly differentiated picture. A case in point is Germany, where the rate of self-employment (without own employees) is around 18 per cent for EU8 and 10 per cent for EU 2 (2011 figures only), compared with around 6 per cent for nationals. This is highly suggestive of the use of self-employment as a means of avoiding the transitional measures imposed by that country. A similar overall pattern emerges in the Netherlands and Belgium with own-account self-employment among EU2 migrants being up to four times higher than among nationals.<sup>15</sup> Both these countries still have transitional measures in place for EU2 workers with some simplifications.<sup>16</sup> The case of the United Kingdom is also highly illustrative. The proportion of self-employed amongst EU8 migrant workers – to whom no transitional measures applied – is broadly in line with the figure for natives (at a fairly high level of around 10 per cent). But among EU2 workers, who remain subject to such measures, the proportion is more than three times as high.

The picture is reversed in the southern EU15 countries for which we have robust data (and for Ireland). Here a high proportion of national workers is self-employed (many of them in agriculture), whereas the self-employed share among migrants is typically very low. It is necessary to emphasise that the data is quite unlikely to pick up short-term seasonal workers and is definitely not picking up illegal migrant work which, to some extent at least, is also one facet of EU10 migrant work in agriculture.

Finally, it should be noted that there are no systematic changes in own-account self-employment shares between 2008 and 2011, for these shares are rising in some countries while falling in others for one or both sub-groups. The crisis appears to have had no consistent effect on the split between employees and own-account self-employed workers.

The conclusion from this analysis is that while at the aggregate level (EU15) we do not see ‘excessive’ recourse to (bogus) self-employment, it clearly does appear as an adjustment strategy in those countries and by those groups whose access to the labour market is prevented or restricted by transitional measures.

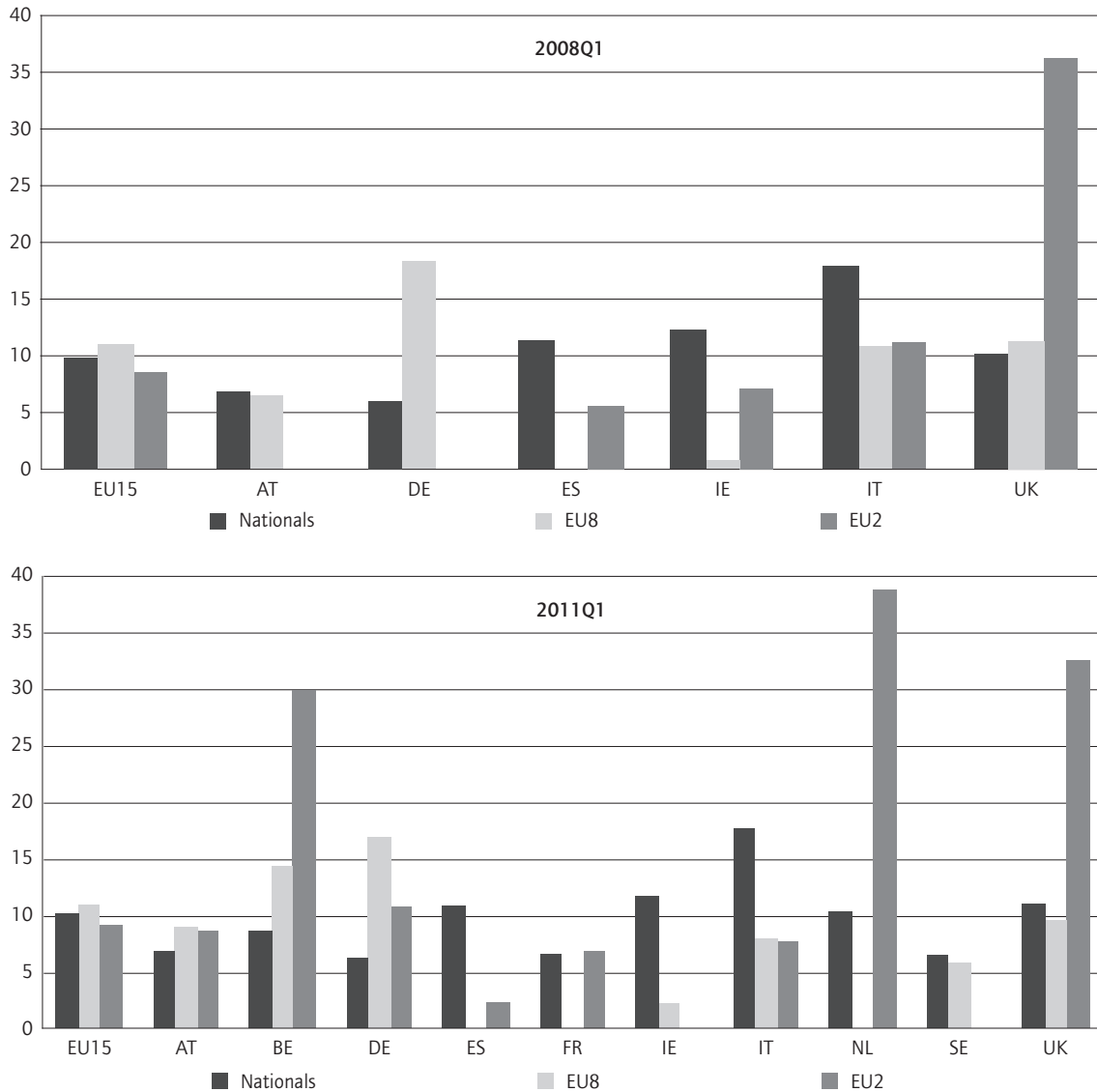
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**14.** The discrepancy between the findings for shares of employees and self-employed without own workers is explained by the higher proportion of nationals that are self-employed while employing workers of their own.

**15.** Figures for both countries are available for 2011 only. No figures are available for EU8 migrants in the Netherlands.

**16.** By 2011, Belgium had removed its transitional measures for the EU8.

Figure 5 Self-employed (without employees) as share of total employment, by nationality, 2008Q1 and 2011Q1



Note: Some columns not shown due to missing values (small case numbers); in cases where no information on EU8 or EU2 was available the country has been dropped from the panel (BE, NL, FR for 2008Q1).  
 Source: European Labour Force Survey, special data extraction.



## Some evidence on skills–jobs mismatch

Another controversial debate has surrounded the balance of skills levels of the migrants that different EU countries have managed to attract to their labour markets. Eurostat LFS data enable us to distinguish between three broad skill/education categories: low, medium and high.

The skills composition of EU8 migrants displays significant differences in various receiving countries; this is also true for nationals. Without showing detailed data here, two important features can be identified from the overview of the qualification characteristics of EU10 migrant workers in EU15 receiving countries according to the LFS data. Before the crisis, EU10 workers on EU15 aggregate level were considerably overrepresented in the medium-skilled category (58 per cent compared with 45 per cent for natives) and correspondingly underrepresented, to approximately equal extents, amongst the low and high-skill categories. During the crisis – and again at EU15 aggregate level – their distribution became more balanced as, above all, the share of medium-skilled EU10 migrants decreased, while shares of both high- and low-skilled migrants were rising.

As one of our major interests was skills–jobs mismatches of EU10 workers in the EU15, we turned our attention to the two receiving countries that make up a large part of EU10 migration inflow. In 2008 the UK had a particularly high share of medium-skilled EU8 migrants. By 2011 however, the situation had changed dramatically and the shares of both low- and high-skilled EU8 migrants increased. For Italy it is also true that medium-skilled EU10 migrants were overrepresented and this is especially true for EU2 migrants who make up the bulk of EU10 migration to Italy. What is different in the two receiving countries is that Italy has much lower shares of high-skilled EU10 migrants than the UK. Moreover, not just EU10 migrants, but also nationals in the UK have a considerably higher skills profile than in Italy. Since the majority of EU8 and EU2 immigrants in Italy have completed upper secondary education they are still relatively more educated than both nationals and non-EU immigrants.

Bettin, in her contribution to Galgóczi/Leschke/Watt (2012), shows, on the basis of more detailed national LFS data, that a skills–jobs mismatch among migrant workers is substantial in both the United Kingdom and Italy, with disproportionate shares of migrant workers in both countries working in blue-collar jobs. While UK nationals and EU15 citizens are employed mainly as white-collar workers (56 per cent and 64 per cent, respectively, in 2010), the share of blue-collar workers is 82 per cent for EU8 and 79 per cent for EU2 nationals. Over-education thus seems to be far more widespread across EU8

and EU2 immigrants compared to the other groups. As regards Italy, while Italian nationals are almost equally distributed between white-collar and blue-collar jobs, the foreign-born population is fairly polarised. On the one hand, eight out of ten EU15 citizens are employed as white-collars, thus taking advantage of their higher level of human capital. The remaining groups, on the other hand, are concentrated in low-skilled jobs, especially EU2 (which make up by far the largest share of EU10 migrants in Italy).

While in the UK the extent of over-education among immigrants remained rather stable during the crisis, this was not the case in Italy. In 2006 only 20 per cent of EU8 immigrants with tertiary education had low-skilled jobs, but by 2010 this share had increased to close to 50 per cent. At the same time, the share of EU2 tertiary-educated immigrants employed as blue-collar workers decreased from the very high level of 75 per cent in 2006 to 62 per cent by 2010. Thus, the trend of change during the crisis period was opposite for EU2 and EU8 migrants, though EU2 migrants had been more prone to over-qualification before the crisis.

Whereas in both countries similar levels of skills–jobs mismatch can be identified for migrants with medium-level skills, the mismatch of high-skilled EU8 and EU2 migrants is lower in Italy than in the UK. Moreover, the skills–jobs match of high-skilled EU2 migrants in Italy had shown a trend towards improvement during the crisis, although their share remained very low. A change in Italian migration policy with regard to EU2 citizens might have played a role here, for high-skilled and managerial jobs became exempt from the work-permit requirement as early as the beginning of 2007.

Huber, in our 2012 volume, analyzes intra-EU cross-border commuting with an emphasis on education–job mismatch. Cross-border commuting remains a relatively rare phenomenon except for a small number of regions. Aside from geography, out-commuting is higher in regions with lower GDP per capita and high unemployment. Cross-border commuters are more likely than non-commuters to be male, young (25-44 years) and working in medium-skilled occupations such as construction and manufacturing. As regards the education–job mismatch, the author shows that cross-border commuters from Central and Eastern Europe have greater problems in utilizing both their formally and informally acquired skills than do established migrants, non-commuters and internal commuters. In comparison to recent migrants from these countries, however, they perform better. Cross-border commuting from East to West thus seems to entail a lower degree of ‘brain waste’ than migration, at least in the short run.

Since the picture on skills is thus really quite mixed, it seems difficult to draw clear conclusions from these data. This is not least due to the highly complex nature of this matter where not only do skill levels of both the national and the migrant population vary from one country to another and over time but, at the same time, the economic situation (e.g. crisis) and policies towards migrant workers are undergoing change also. This development notwithstanding, a few points seem worth noting. When examining the skills characteristics of EU10

migrant workers in the EU15, it has been emphasized that the educational attainment of the EU10 migrant population tends to be significantly higher than in previous migration waves (European Integration Consortium 2009). Debates have addressed the issue of brain drain, brain overflow and brain waste from the point of view of sending countries (for examples see Kahanec and Zimmermann (2010) and Galgóczi *et al.* 2009). One conclusion can certainly be drawn: post-enlargement East-West labour mobility has not contributed to better human-capital allocation due to large scale skills-occupation mismatches affecting EU10 migrants on EU15 labour markets.<sup>17</sup> Korpi, in our 2012 volume, also points to the finding that, even though skills are important for the economic integration of immigrants, there is no obvious link between integration success and national migration policies targeting skilled migrants.

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**17.** This is also supported by the findings from the WageIndicator of Tijdens and Klaveren in our volume.

## Government and social partner policies

The type of measures adopted by governments and social partners in setting and implementing policies related to labour migration vary considerably between individual countries. The first important distinction is, of course, between sending and receiving countries. While governments and social partners in receiving countries had to deal with issues such as integration of new migrants, protection of their working conditions and wages, and upholding the working conditions and wages of indigenous workers, governments and social partners in sending countries with large emigration flows were dealing with a very different set of issues. The most important of these are linked to rising skills deficits or bottlenecks in certain sectors, which resulted in strategies such as retraining of existing workers, recruitment of migrant workers from neighbouring countries, and initiatives to convince emigrant workers to return home. In this section we focus on policies implemented in receiving countries based on some of the country case studies contained in the two books edited by the authors (Galgoczi *et al.* 2009 and 2012).<sup>18</sup>

With regard to the type of measures adopted in receiving countries, the imposition of transitional measures was clearly the most important. Against the background of the adoption of transitional measures, governments in Germany and Austria had to negotiate and implement various exceptions for certain sectors and occupational groups – mostly high-skill occupations or, conversely, areas with unattractive pay and conditions and difficulties in recruiting domestic workers – in order to react to emerging skill deficits and ensure a continuing supply of seasonal labour. They also had to react – by way of tighter controls – to an increase in irregular migration (bogus self-employment, posted work, illegal work and the like) which was used to circumvent the transitional measures in place and resulted in a loss of social contribution and tax revenues. In both Germany and Austria – in contrast to, for example, the UK and Sweden – trade unions and to some extent also employers' organisations were in favour of the transitional measures. Trade unions – at least in Germany – were also eager to influence the migration agenda by lobbying the government on specific issues and laws, instituting some cross-border cooperation (both sometimes in unison with the employers), and informing migrant workers about their rights. It should be noted that, although both Germany and Austria argued that transitional measures would allow them to gradually adapt to free movement of labour,

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18. Galgoczi *et al.* (2009) contains country case studies on policy responses for four receiving countries (Germany, UK, Austria and Sweden) and three sending countries (Poland, Hungary and Latvia).

neither of the two countries has developed a general policy framework with regard to the obligatory lifting of transitional measures by 2011.

The UK and Sweden – together with Ireland – lifted all restrictions on the free movement of labour upon the accession of the EU8 countries. Here the extent of inflows of migrant workers was the decisive determinant of the type and extent of actions taken by governments and social partners. As a reaction to the sheer number of migrant workers – which far surpassed that initially predicted – the UK government, in close consultation with the social partners (not an everyday practice in the UK!), put into place a number of services for migrant workers but also strengthened the control mechanisms in order to prevent illegal employment and exploitation of migrant workers (compare Heyes and Hyland in our 2012 volume). The national trade union confederations of Ireland and the United Kingdom – the Irish Congress of Trade Unions (ICTU) and the Trades Union Congress (TUC), respectively – have both supported the principle of free movement of workers from the EU8 member states. They also objected to the Irish and UK governments' decision to restrict migrant workers' access to certain welfare benefits. The two trade union movements have, however, differed in their stances with regard to Romanian and Bulgarian migrant workers. While the TUC opposed the UK government's decision to restrict EU2 workers' access to the UK labour market, the ICTU supported the introduction of temporary transitional measures in Ireland. The trade union movements in both countries have adopted an inclusive and 'rights-based' approach to immigration and have sought equal rights and entitlements for migrant workers. At the same time, they have also been concerned to ensure that migration does not lead to indigenous workers' pay and conditions being undermined.

Trade unions in receiving countries, sometimes in close cooperation with partner organisations in sending countries – especially with Poland – and in other cases in cooperation with employers, are actively setting up advisory services (going beyond working conditions) and training measures (primarily language training) for migrant workers and in this way seeking also to encourage migrant workers to become trade union members. In areas of Germany and Austria bordering on EU8 countries, where cross-border commuting plays an important role, a number of regional cooperation initiatives – especially Interregional Trade Union Councils – have been established to promote the exchange of information and provide a mechanism for promoting regional integration.

In Germany, as in many other countries, migrant workers are overrepresented in the low-wage sector, which is reflected in a substantial (unadjusted) wage gap with recent EU8 migrants, who earn only 75 per cent of the average native wage (see Eldring and Schulten in our 2012 volume).<sup>19</sup> Given the transitional

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**19.** Based on data from the late 1990s, the findings on national-immigrant wage gaps for Germany, Norway, Switzerland and Sweden are also supported by Korpi in our volume whereas, on the basis of the data from the late 1990s which he is using, Canada, the UK, Ireland, New Zealand and the United States do not exhibit clear evidence of a wage gap.

measures, any downward wage pressure has largely come via the posting of workers. Along with some other factors, inward migration and political concerns about its possible impact, have contributed to considerable policy and institutional changes. In particular, the German trade union movement has changed its position and is now campaigning actively for a statutory minimum wage. Also, the posted workers law (based on the EU directive) has been used to strengthen the use of legal extension of collective bargaining outcomes to entire sectors. Despite transitional measures, Norway saw substantial inward migration in the post-2004 period, including by posted workers not covered by the transitional measures. In this country, initially strong wage competition led to the legal extension of collective agreements in a number of affected sectors, marking a significant change in Norwegian industrial relations.

## Conclusion

The recent and current manifestations of East-West post-enlargement migration within the EU, as described in this paper, represent an extremely differentiated process entailing numerous wide-ranging aspects with highly diverse implications. The overall process includes various forms of human and labour mobility that have taken place, and continue to do so, in a rapidly changing economic and regulatory environment. Particularly the variation in the implementation and timing of transitional measures, as well as the differing ways in which the economic crisis impacts on the labour markets of both sending and receiving countries, are factors that must imperatively be recalled here. It is also vital to be aware of interactions generated by the respective timing of the transitional measures and the crisis impacts: to give a single example in this respect, Belgium abolished transitional measures for EU8 countries at the time of EU2 enlargement and just a few months before the outbreak of the economic and financial crisis. Since the 2004 and 2007 enlargement waves, push and pull factors affecting the behaviour and decisions of migrants have accordingly swung to and fro, subject to rapid and often contradictory forms of change and influence.

The economic and wage convergence between sending and receiving countries that was characteristic of the initial period after accession was called up short by the crisis. However, as regards the impact of the crisis, the dividing line has been not between sending and receiving countries but between one group of European countries that were particularly severely affected by the crisis (especially the Baltic countries, Spain and Ireland) and another group of countries (for example, Germany and Poland) that were much less severely affected.

It is obvious that intra-EU labour mobility is much more reactive to changes in the regulatory and macroeconomic environment than was the case with previous waves of migration. The shock of the crisis was not just a general test of labour markets throughout Europe but provided considerable insight into the relative position and role played by migrants both within national labour markets and on the European labour market at large. Although both sending and receiving country labour markets have performed diversely, migrant workers were more severely affected because short-term migrant labour has acted as a buffer in most receiving countries.

A repeatedly characteristic feature of EU10 migrants turns out to be over-education, attributable to a whole cluster of explanations. EU10 migrants characteristically have educational attainment higher than non-EU migrants

and often also than the local population in the receiving countries. In the history of migration, this would appear to be a new phenomenon. The jobs–skills mismatch, and thus the under-utilisation of human capital which has been highlighted by our results, points to one of the greatest challenges facing intra-EU labour mobility in recent years. Labour mobility in post-enlargement Europe is still relatively new, but it is a matter of great concern that the waste of human resources entailed in this process, and the inefficient cross-border allocation of labour and skills, should be showing so few signs of declining as the duration of migration increases. This phenomenon can be seen also as a failure of migration-related policies to improve the efficiency of cross-border labour mobility. As far as single policy elements are concerned, the introduction of transitional measures, for a start, would appear to be far from clear-cut or uncontroversial in terms of its implications. Whereas such measures did contribute to a quantitative geographical shift of east-west migration flows – which seems to have been maintained even after the restrictions were lifted (possible network effects) – they proved powerless to improve labour allocation, especially in the sense of tackling the underutilization of migrant labour. Meanwhile, the transitional measures have also contributed to qualitative divergence in terms of working conditions, with higher rates of own-account (and potentially bogus) self-employment being observed in those countries that put in place and retain transitional measures.



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## **Annex 1**

### A note on data sources

There is no single perfect data source that makes it possible to capture intra-EU migration movements. This is due to administrative problems with tracking and registering cross-border labour mobility but also due to different, often incompatible definitions between countries.

As an alternative to population registers, the European Labour Force Survey (LFS) and their national components are widely used in research on cross-border labour mobility. Even though they have a number of limitations they make it possible to analyse population movements and the main developments on the labour market for national and migrant workers as they use comparable methodology in all EU countries and contain both detailed questions on employment experience and information on nationality and country of birth. Also, the fact that they are regularly conducted and that case numbers are comparatively large render them an attractive source for research on cross-border labour mobility. As respondents are interviewed repeatedly for several quarters (rolling panel), to a limited degree the LFS data make possible an examination of stocks of migrants at a given point in time, as well as flows. The 2008 LFS included a special module on migration with larger case numbers and more encompassing information on the issue. The LFS also allows researchers to capture commuter migration for most countries as it contains information on place of residence and place of work.

However, a number of problems arise when comparing cross-border labour mobility and the characteristics of migrant workers between European countries. Some migration flows are not picked up by survey data; the most obvious example is undocumented work. Also short-term migration (for example, seasonal employment) is unlikely to be picked up in survey data because migrant workers who stay for only a limited period of time are usually not captured by standard survey procedures.

Data deficiencies with regard to the migrant population are even more evident when we consider return migration which is usually recorded only when taking place by way of special programmes. Information on return migration can also be derived from population censuses but they take place very infrequently and are therefore not a suitable monitoring instrument. The contribution by Anacka and Fihel, cited above, uses the pseudo-panel structure of the Labour Force Survey to detect return migrants. A disadvantage of this strategy, however, is that it underestimates both outward and return migration.

Other data can derive from specific administrative sources. Recent intra-EU migration flows are, for example, in some cases recorded by specific obligatory registration schemes such as the Worker Registration Scheme in the United Kingdom, which is used for monitoring purposes.

However, these schemes often lack enforcement mechanisms, which leads to underestimation of inflows, and also they do not pick up outward migration flows or return migration, which can lead to overestimation of the stock figures. The countries that are currently making use of schemes specifically geared to migrant workers will have to abolish them once the period in which transitional measures can be applied is over. Also, data from passenger registration and survey schemes (at ports and airports) has in some cases been used to analyse cross-border mobility.

To capture the characteristics of migrant workers, so-called mirror statistics – administrative records or survey data in receiving countries – usually have to be used as there are insufficient incentives to deregister and outward migration is thus severely underestimated in sending countries.

Smaller-scale surveys of migrant workers in specific localities can solve some of the above problems and provide more detailed information on the labour market situation of migrant workers. The downside is that the results are usually not representative: in the absence of encompassing records of migrant workers in specific localities researchers usually have to resort to the ‘snowball method’ (word-of-mouth) to gain access to this group.

The data constraints discussed in this sub-section imply that any comparative analyses on migrant workers require cautious interpretation.

## Annex 2

### **EU labour migration in troubled times: skills mismatch, return and policy responses**

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