



## IOM THEMATIC STUDY

# Migration and the Economic Crisis in the European Union: Implications for Policy\*

## Executive Summary

The unprecedented crisis in global financial markets which struck the world economy in mid-2008 has led to the most severe recession since the Second World War. After many years of relatively high economic and employment growth, the global economic crisis has taken the EU back to growth levels not seen for decades and has had a negative impact on the labour markets of EU Member States.

This study has been prepared within the framework of the European Union (EU)-funded IOM Independent Network of Labour Migration and Integration Experts (LMIE-INET). The Directorate-General for Employment, Social Affairs and Equal Opportunities of the European Commission commissioned the International Organization for Migration (IOM) to conduct a study to assess the impact of the global economic crisis on migrants and migration policy in the EU. The study, *Migration and the Economic Crisis: Implications for Policy in the European Union*, is based primarily on a survey conducted by IOM offices in the 27 EU Member States and Croatia, Norway and Turkey,<sup>1</sup> and seven commissioned country case studies (Czech Republic, Germany, Ireland, Italy, Poland, Spain, and the United Kingdom). This report provides an overview of some of the key findings of the study.

While some data may not be available or comparable for 2009, and the full effects of the economic crisis on migration may only become visible in the years to come, there is evidence that the economic crisis has had a significant impact on migration and migrants in Europe, although the effects are by no means uniform across countries.

## Immigration/Emigration

- The economic crisis has had an impact on both immigration and emigration flows in Europe. Immigration levels have slowed while emigration has increased in some EU countries. This seems to be the case particularly in countries that experienced

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<sup>1</sup> As of April 2010, 19 countries have responded: Austria, Belgium, Croatia, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovenia, and Spain.

large inflows of labour migrants in the pre-crisis period, countries for which labour migration is the main immigration stream. Ireland, Spain, and the UK all registered falling net migration. There is also some indication from the IOM survey that even countries that are not major recruitment countries of foreign labour, such as Belgium and Latvia, registered lower immigration levels for 2009.

- Nonetheless, declining net migration still remained positive in 2009 in many of the major migrant-recruiting countries in the EU such as Spain, Italy, and the UK, indicating that these countries continue to receive immigrants. Employers did not stop recruiting migrant workers altogether. There is still demand, especially for skilled migrant labour in certain sectors such as health and education in many EU countries.
- There is also some evidence that the economic crisis affected the gender composition of recent inflows and of the migrant workforce in general. Partly as a result of rising unemployment in male-dominated sectors such as construction and continuing demand in more female-dominated sectors such as care work, more women than men in some EU countries immigrated during the economic crisis. Due to changes in the gender composition of inflows and the higher unemployment rates for men than those for women during the economic downturn, female foreign workers increased their share of the total foreign workforce in some EU countries, such as Spain, Italy, and Ireland.
- Although emigration levels of foreign national residents increased in some EU countries during the economic downturn, it is unclear to what extent many of these emigrants actually returned to their home country or migrated onwards to other destinations within or outside Europe. There is some evidence that migrants from other EU countries emigrated in larger numbers than non-EU foreigners during the economic downturn. In countries such as Ireland and the UK, which have particularly attracted migrants from EU countries in recent years, emigration levels of EU migrants were particularly high compared to those of migrants from outside the EU, even though the latter were often more affected by unemployment. The differing migration response among EU and non-EU foreigners may be partly due to the fact that EU migrants face fewer barriers to re-enter the European labour market compared to non-EU migrants.

### **Employment and welfare situation of migrants**

- In general, the employment situation of migrant workers, especially of nationals of non-EU countries, deteriorated more rapidly than that of natives during the economic crisis. The increase in the unemployment rates for foreign workers (including those from EU countries) compared to those for native workers between 2008 and 2009 was most marked in Estonia, Spain, Portugal, Latvia, Ireland, France, and Austria. Foreign workers from non-EU countries were particularly affected by worsening employment conditions. While unemployment rates for nationals of other EU countries increased by 2.8 percentage points between 2008 and 2009, those for non-EU nationals rose by 5 per cent during the same period. The difference may be partly explained by the high concentration of non-EU

foreign workers in sectors with high cyclical demand such as construction, retail, and hospitality. Another factor could be the higher propensity for EU migrants to return home when they become jobless.

- As female foreign workers are over-represented in sectors such as education and social and health care, which are less vulnerable to the economic recession, they have been less affected by lay-offs than their male counterparts.
- The economic recession might have increased inter-sector mobility among migrant workers, as they sought new employment opportunities in sectors other than those in which they are employed. There are indications that foreign workers in construction increasingly registered as agricultural workers in Spain. In response to rising levels of unemployment, a growing number of migrant workers are opting to become self-employed. Authorities in the Czech Republic and Italy, for example, registered an increase in the number of migrants who applied for self-employed status in 2009.
- Prior to the economic crisis, migrants were less likely than nationals to be welfare recipients in many of the new migrant-receiving countries such as Spain, Italy, and Ireland. There is some evidence that this pattern has changed, with more migrants registering for unemployment benefits and welfare assistance than before. Some employment data on EU migrants from Ireland and Germany suggest that although often worst affected by unemployment, non-EU migrants may often be more reluctant to claim unemployment benefits because of their particular immigration status. In some cases, unemployed migrants who fail to find work within a certain period may lose their residence permissions; in other cases, such as that of temporary workers, unemployment may lead to the non-renewal of residence permits.

### **Irregular migration**

- The irregular migrant population is likely to have increased during the downturn but less because of new irregular inflows, and more because of migrants overstaying their visas or permits and moving to find work in the grey economy. Many migrant workers have lost their jobs, during the recession, but have not returned home. In countries where migrants' entitlements to social welfare benefits are limited, there may have been an increase in the number of migrants working in the informal economy as a result of the crisis. There is, however, no reliable information on the extent to which this is happening, but it does seem likely that many migrant workers have become more vulnerable in the labour market during this recession.

### **Remittances**

- As far as data on 2009 remittances are available, remittance outflows seem to have declined in some EU countries during the crisis. It appears that the decline in remittances was only partly due to migrants sending less money or to increasing emigration, as was the case among Poles in the UK and Ireland. Currency

depreciation also played a factor in declining remittance flows in countries such as the UK, where the pound sterling devalued. Migrant groups also differed in their remittance-sending behaviour during the economic downturn. For example, while remittance outflows from the UK to Poland dropped sharply in 2009, remittance outflows from the UK to Pakistan and Bangladesh increased.

## **Public opinion**

- Opinion poll data and research in selected European countries do not show a consistent increase in public hostility towards migration during the economic crisis. In countries such as the UK and Spain, where migration was already a highly politicized issue in the pre-crisis period, concerns over the economic recession reinforced rather than increased public worries about migration. In more recent countries of immigration such as Ireland, where public opinion had been relatively positive towards migrants in the pre-crisis period, public attitudes towards migration seem to have hardened during the crisis.

## **Policy responses**

- Many of the EU countries adjusted but did not substantially change their migration policies during the economic crisis. Again, policy adjustments varied from country to country and across regions in the EU, as migration policy is far from uniform among EU Member States. Responses have ranged from more restrictive admissions, such as reductions in quotas and work permits or restrictions to family reunification, to voluntary return schemes such as those implemented by Spain and the Czech Republic. Other responses included further measures to combat irregular migration and irregular employment. However, migration policy changes were not solely restrictive; they also included provisions for extending visas and an opportunity to find new employment for migrants already in the country who had been made redundant, as was the case in Ireland, or new channels for labour migration with the introduction of a new migration policy, as was the case in Sweden. The adoption by the EU of the Stockholm Programme, which includes many measures to facilitate labour migration, during the crisis, signals the extent to which migration remains a priority issue in the EU.
- As with migration policy, changes in labour market and social policies, which also effect migrants, varied according to particular national contexts and employment and/or social systems in place. Across EU Member States, migrants have been subjected to decreases in social benefit entitlements (e.g. social housing in the UK) based on their status; at the same time, they have also been beneficiaries of opportunities for training, such as Portugal's programme on immigrant entrepreneurship. Integration measures, overall, have been largely unaffected, with evidence of little change, for example, in language training programmes in several countries.
- The European Economic Recovery Plan (EERP) put forth by the EC also included a European employment support initiative aimed at preventing increased

redundancies and over-reliance on increased unemployment benefits through a focus on skills upgrading and re-training. The focus of the EERP supports both the short-term recovery and long-term growth necessary for competitiveness, in line with both the Lisbon Agenda and the European Employment Strategy. Many national economic stimulus plans followed similar guidelines, keeping in mind the varying capacities of EU Member States to either initiate or sustain such response policies. The extent to which migrants have been able to benefit from national stimulus packages is also unclear and depends on how migration, labour market, and social policies interact in a given national context, as well as the migrant's status and location in the labour market.

- Therefore, across the EU, it is difficult to speak of a single European migration policy response; rather, there is a series of responses reflective of the particular situations of Member States. Furthermore, the extent to which certain migration or labour market policies changed in response to the economic crisis is not clear-cut in all cases and may have also been the result of a process of policy reforms already started before the economic crisis broke out.

### Policy recommendations<sup>2</sup>

- 1) *Policy measures* which governments put in place *need to take into account of both short-term and long-term economic and demographic factors*. The tightening of immigration controls, which has been happening across several countries of destination across the European Union, may seem politically attractive in the short term, but it is also important to keep in mind the likely long-term demand for migrant workers in Europe. If Europe is to become a more competitive economy and to respond adequately to demographic change, it is likely that migration will need to increase further in the future.
- 2) The skill levels of native and migrant populations and the labour market sector in which they are employed varies across EU Member States. Monitoring and assessment of the current crisis by national governments, the EU and employers should not only consider the impact of the crisis on short-term employment/unemployment, but also the need for job growth and skills matching in the long term.
- 3) Employers do not stop hiring during times of crisis; skills shortages continue to exist in both high- and low-skilled sectors. Restrictions on admissions, limitations on quotas, and other control measures should be balanced with *flexible legal migration channels for employment in needed occupations and sectors*. Therefore, it is essential that employers and national governments work together to ensure policy coherence with regard to the admission and mobility of migrant workers. In addition, policy co-ordination at the EU-level and reinforced co-operation with the countries of origin would contribute to successfully integrating migration considerations into economic

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<sup>2</sup> These policy considerations have been formulated based on the results of the research presented as well as discussions with policy makers during the IOM seminar "Migration and the Economic Crisis: Implications for Labour Market Policies in the European Union and the Post-2010 Lisbon Agenda" held on December 10, 2009 in Brussels.

and employment policies across the EU as suggested by the Europe 2020 strategy and the Stockholm Programme.

- 4) The Stockholm Programme and EU Europe 2020 Strategy clearly recognize that labour mobility is a part and a consequence of globalization and of the global economy. Therefore, *migrant worker mobility should be factored into economic recovery at the national and European Union level, including any reforms to the financial system or future stimulus packages*. Policies which exclude migrants from vital recovery mechanisms only risk their further exclusion from the labour market. Moreover, the human capital of existing and potential migrants could play a crucial role on the path towards economic recovery and raising the competitiveness of the European economy by filling labour shortages and contributing necessary skills.
- 5) It is essential that not only are *migrant integration policies and programmes* politically recognized as important and maintained at the local and national level during an economic crisis, but also that they continue to be developed and provided with adequate funding by governments and the EU in order to alleviate the increased threat of exclusion and to ensure the ability of migrants to contribute to recovery.
- 6) Furthermore, migrants should be given access and encouraged to participate in labour market policy measures open to nationals in the country of destination. In countries where such access is granted, there is often no data available on migrant participation in these initiatives that could shed light on the extent of outreach of such measures and help further remove barriers for migrant access. In this regard, the EU Member States should further strengthen their policy evaluation methodologies to allow for analysis of the participation of vulnerable groups in various labour market measures.
- 7) Policies which *allow unemployed migrants to reside legally in the country of destination while seeking alternative employment*, as have been put in place by several EU Member States, can help to counter issues of visa overstay and irregularity, by allowing migrants to seek regular employment legally.
- 8) *Access to social safety nets* needs to be ensured as the level of vulnerability of migrants can also be impacted by their access (or lack of it) to social protection and benefits, in particular recently arrived migrants or certain categories of migrants who may not be eligible for welfare and/or other social benefits. Lessons learned from past crises show that times of economic downturn can be an opportunity to widen social safety nets to include larger segments of the population.
- 9) However, as not all migrants can or will return during a crisis, *policies should undertake to combat discrimination and xenophobia* and raise awareness of how migrants contribute to enriching their countries of destination both economically and socially. Efforts to raise awareness of their contributions should be emphasized particularly during periods of crisis by all stakeholders, when backlash against migrant workers may be more prevalent. Combating discrimination in the labour market is crucial to foster integration of existing and potential migrants in the workforce and to avoid mismatch of skills and jobs.

## INTRODUCTION

The unprecedented crisis in global financial markets which hit the world economy in mid-2008 has led to the most severe recession since the Second World War. This crisis has affected the wider global economy and increasingly had an impact on the labour markets of European countries.<sup>3</sup> After many years of relatively high economic and employment growth, the global economic crisis is taking Europe back to growth levels not seen for decades. Annual GDP growth dropped from 2.9 per cent in 2007 to 0.9 per cent in 2008 in the EU. By the end of 2008 over half of the economies of EU Member States were either in recession or in the process of entering one. From 2008 to 2009 the average unemployment rate for the EU rose from 7.0 per cent to 9.9 per cent. Although growth in the euro area resumed in the third quarter of 2009, the labour market is expected to remain weak.<sup>4</sup> One of the major concerns is the risk that the unemployment resulting from the crisis will be long term even with active labour market initiatives and the use of financial stimulus packages.

During the last five years, 5.6 million new migrants are estimated to have arrived in Europe (UN DESA, 2009). However, as shown below, the increasing inflow of migrant workers in the years before the crisis has largely declined since mid-2008 in almost all EU countries, in particular due to a slowdown in international recruitment by employers (OECD, 2009a). It is well established that migrants are particularly vulnerable during times of economic downturn due to a range of factors linked to age, education, and their concentration in temporary jobs and sectors of the economy which are most affected during periods of recession. However, as the EU is comprised of both traditional and relatively new countries of destination for migrants as well as countries of origin, this report shows that the effects of the crisis and the policy responses adopted by governments have varied. In addition, migrants' access to the formal labour market and to social protection is not homogeneous across EU Member States, and this has affected the extent to which migrants have been vulnerable to the effects of the crisis.

It is important to assess carefully the impact of the economic crisis on migrants and migration policy in the European Union, at a time when Europe has recognized the importance of migration for the future competitiveness of the Union. The EU's Stockholm Programme and Europe 2020 Agenda give renewed emphasis to migration as a priority area in the European Union and highlight the importance of migration for the competitiveness of the EU. Therefore, how the EU and its Member States continue to respond to the economic crisis and recovery is of particular relevance to the success of both these initiatives.

## OBJECTIVES AND SCOPE OF THE STUDY

The International Organization for Migration (IOM) study, *Migration and the Economic Crisis: Implications for Policy in the European Union*, has been commissioned by the Directorate-General for Employment, Social Affairs and Equal Opportunities and conducted in the framework of the European Union (EU)-funded IOM Independent

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<sup>3</sup> EU-27, Croatia, Norway, and Turkey.

<sup>4</sup> European Commission, "Economic forecast", Spring 2010, Directorate-General for Economic and Financial Affairs.

Network of Labour Migration and Integration Experts (LMIE-INET). The main purpose of this study is to provide a synthesis and analysis of the latest available evidence in order to assess the impact of the global economic crisis on migrants and migration policy in the EU-27, Croatia, Norway and Turkey.

The findings presented in this summary are based primarily on a survey conducted by IOM offices in the 27 EU Member States and Croatia, Norway and Turkey,<sup>5</sup> seven commissioned country case studies (Czech Republic, Germany, Ireland, Italy, Poland, Spain, and the United Kingdom), as well as desk research.

The aim of the seven country case studies is to provide a more in-depth perspective of the crisis in different regional and migration, labour market, and welfare policy contexts within the EU. In order to gain a better understanding of the diversity of experiences, new and old countries of immigration and origin countries were selected as case studies. It is also important to bear in mind that the labour market and social policy contexts also closely interact with migration policy in different ways further contributing to differentiated impacts across Member States including the selected country case studies.

Given the time limitations, it is beyond the scope of this research to provide an in depth overview of each of the EU-27 Member States, plus Croatia, Norway, and Turkey.

The study adopted a broad perspective, and focused on the impact of the crisis on issues such as:

- migration stocks, flows, irregular migration;
- composition of migrants and changes in the labour market by sector, legal status, visa category, length of stay, skill level, gender, and country of origin;
- remittance flow and use;
- return migration;
- level of social protection and access to benefits;
- integration measures, and anti-xenophobia and anti-discrimination measures;
- policy responses at the national level analysed in relation to the specific migration context of each country;
- public opinion on the impact of the crisis.

Furthermore, for the purposes of this study migrants are defined as either foreign-born or of foreign nationality (where data were not available by country of birth) in the databases consulted. Only counting migrants by foreign nationality would exclude the foreign-born who have acquired citizenship in other countries. In the absence of complete information for all countries by country of birth, all international agencies (OECD, UN, World Bank) combine data on country of birth and country of citizenship to arrive at global estimates of migrant stocks. Though the two are not conceptually the same, they are merged in order to achieve a comparable dataset. Migrants include both EU migrants<sup>6</sup> (intra-EU mobility) and non-EU migrants or third country nationals and have been delineated as such in this

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<sup>5</sup> As of April 2010, 19 countries have responded: Austria, Belgium, Croatia, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovenia, and Spain.

<sup>6</sup> In this report, EU-12 refers to all new EU Member States who joined after the EU-15. EU-8 refers specifically to the eight countries who joined in 2004 (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia).



report. In some instances further distinctions have been made with regard to EU migrants from newer accession countries post 2004 and 2007.

## **ASSESSING THE COMPLEX EFFECTS OF THE ECONOMIC CRISIS ON MIGRATION**

Before presenting the findings of the background research, the case studies, and the IOM survey, it is important to recall that the effects of the economic crisis on migration are complex and not easy to measure.

First, there are many different forms of migration. Some migrants will be granted entry specifically to work, while others may be granted entry to join family members or enter as asylum-seekers. In countries where migration streams are strongly linked to family reunification and humanitarian criteria, an economic downturn may have less impact on migration flows than in countries where the main form of migration is economic migration.

Second, even in countries where labour migration is important, the effects of the crisis vary depending on the migrants' profile and location in the economy. In some countries, labour migrants may be more concentrated in certain sectors such as construction or services, which are more vulnerable to the effects of the recession than others. The gender of migrants may also be an important variable, especially if a high proportion of female migrants are concentrated in sectors such as health and social care services, which may be less affected by the economic downturn. In countries where a high percentage of migrants are under the age of 25, unemployment rates among migrants may be particularly high, reflecting the difficulty young people face in finding work during recession.

Third, an economic crisis is likely to affect irregular migration flows, something which, by definition, is difficult to measure or monitor. During a global economic crisis, irregular migration may increase as those unemployed in poorer countries seek work abroad. Irregular migration could also increase if migrants in destination countries lose their jobs – and consequently, their status – and choose not to return home. If unemployed migrants consider that conditions at home, with less social protection and fewer job opportunities, are worse than those in the destination country, they may decide to adopt a “wait-and-see” approach and look for work in the informal economy. This may be especially likely in countries where migrants' entitlements to social welfare and unemployment benefits are limited. Of course, it is very difficult to obtain reliable data to assess how such a scenario impacts irregular migration.

Fourth, the economic crisis has had an impact on host society and migrant –relations and the country of origin. For example, during an economic crisis, the attitudes of the host society towards migrants may become more prejudiced if migrants are perceived to be taking jobs away from local workers. In countries of origin where remittances represent a high percentage of gross domestic product (GDP), or where unemployment levels are already very high, a decline in remittance flows and an unorganized increase in return migration could have a devastating impact on living conditions.

In addition to these challenges, one of the lessons learned from a survey of past crises is that the full effects of a crisis may take several years to be felt (Koser, 2009). For example,

while there are some signs of economic recovery in different parts of the world, as measured by GDP growth at the time of writing of this research (March 2010), many observers have suggested that it may take several years for the employment situation to recover. In addition, there are severe data limitations. One key methodological problem of this research is the time lag between the downturn in economic activity and its structural impact on the labour market. Therefore, it is still relatively early to assess the entire spectrum of the consequences of the economic crisis on the labour market and the migrants employed within them on the basis of current data and indicators. For example, for many of the countries included in the seven case studies, complete data for 2009 are not yet available, or the data available are not easily comparable across countries.

# THE IMPACT OF THE ECONOMIC CRISIS ON MIGRANTS AND MIGRATION TRENDS: SOME KEY FINDINGS

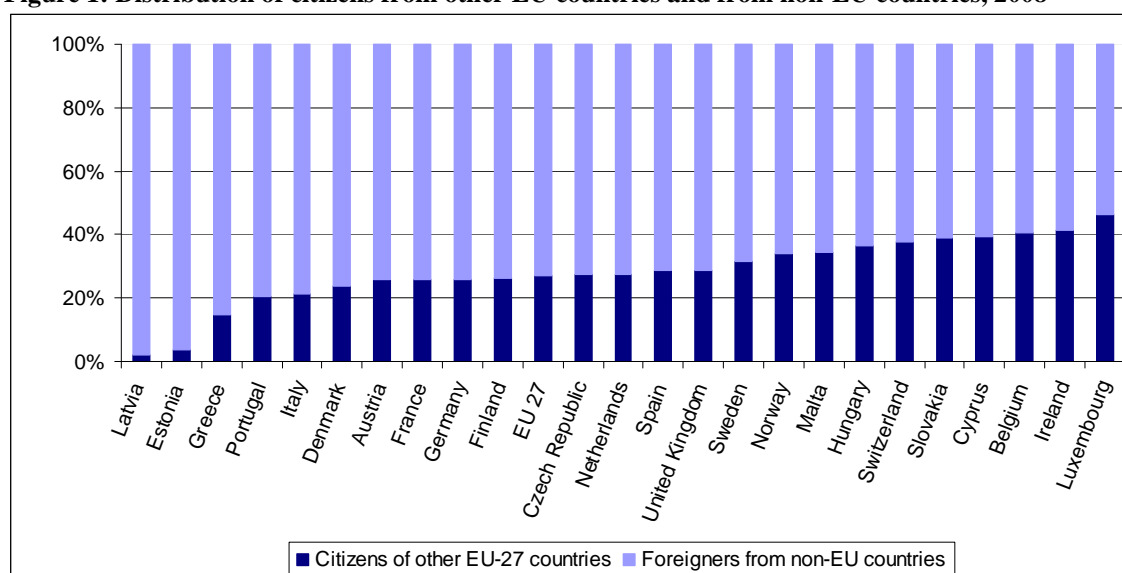
## I. The economic crisis and the foreign population in the EU

Before the economic crisis hit the European economy in mid-2008, the population of foreign nationals in the EU-27 Member States grew by 9.5 million, from 4.5 per cent to 6.2 per cent of the total EU population between 2001 and 2008. The majority of the foreign citizens living in the EU are still from non-EU states, although their share of the total EU foreign population declined from 66 per cent in 2001 to 63 per cent in 2008. In 2008, 37 per cent of the foreign citizens living in the EU-27 were citizens of other EU Member States.

Ireland, Spain, and Cyprus were the countries with the most significant increases in their foreign population as a percentage of the total population between 2001 and 2008. The foreign population in Ireland rose from 3.9 per cent to 12.6 per cent between 2001 and 2008; in Spain, it increased from 2 per cent to 11.6 per cent; and in Cyprus, the figure rose by 8.8 per cent to 15.9 per cent. The higher share of foreign nationals as a percentage of the total population in these countries was mainly due to an increase in citizens from other EU Member States.

The share of foreign nationals as a percentage of the total population also grew in other EU-27 Member States such as Romania, France, Slovenia, Lithuania, Greece, Portugal, and Italy. However, the increase in the number of foreign nationals in these countries was mainly due to a rise in the number of non-EU citizens (Eurostat, 2009). Seventy-five per cent of all foreigners in the EU-27 live in five countries: Germany, Spain, the UK, France, and Italy (Figure 1).

**Figure 1: Distribution of citizens from other EU countries and from non-EU countries, 2008**



Source: EUROSTAT, 2009.

It is difficult to assess the impact of the economic downturn on the stock of foreign citizens in EU-27 Member States. In many countries, the 2009 data on migrant stock have yet to be released. For countries where data are available, there is no indication that the

economic crisis led to a drastic decline in the foreign population. In Spain, for example, the population of non-Spanish nationals slightly increased from almost 5.3 million in 2008 to more than 5.6 million in 2009 (Spain case study). In Ireland, the foreign citizen population aged 15 years and older only marginally decreased from 479,300 in 2008 to 444,800 in 2009 (Ireland case study). If there have been declines in the foreign population, it is difficult to attribute these changes to the economic crisis, as many factors may explain changes in the stock of foreign citizens, such as the number of births, deaths, the level of immigration and emigration, as well as the acquisition of citizenship. For example, in 2008, the number of non-EU citizens in Germany was lower than what it was in 2001. This decrease was mainly due to the large number of non-EU citizens acquiring German citizenship as well as residency requirement changes after the 2004 and 2007 accession of new Member States to the EU (Eurostat, 2009).

## II. The economic crisis and regular migration flows

As there is often a time lag between an economic slowdown and changes in migration flows, it may be too early to say how the economic crisis has affected migration flows to EU countries. Nevertheless, there is evidence from some EU countries that **immigration flows grew at slower rates, or rapidly declined in some cases, during the economic downturn**. This is especially true for EU Member States for whom labour migration is the main stream of migration, such as Spain, the UK, and Italy.

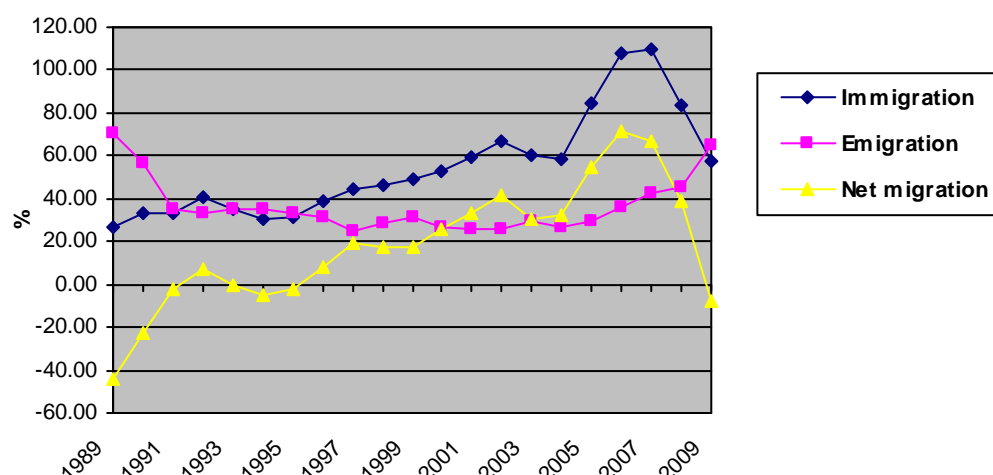
- According to residence permit data from Spain, the number of residence cards issued increased by only 7 per cent between 2008 and 2009, compared to 13 per cent in the previous year (Spain case study).
- Net migration (the surplus of people immigrating over people emigrating) to the UK was 118,000 in the year to December 2008, 44 per cent lower than in the year to December 2007 and the lowest figure since EU-8 accession in 2004 (UK case study).
- Net migration to Italy was 21 per cent lower in the first nine months of 2009, compared to the same period in the previous year (Italy case study).
- The flow of non-national migrants to Belgium rose from 101,872 in 2006 to 109,926 in 2008. Although 2009 data on migration flows are not available yet, there are indications that the economic downturn has affected migration levels. In 2009, the number of working visas issued dropped by 30 percentage points compared to 2008 (-30%) (IOM survey).
- There are indications that immigration flows slowed or even declined in Latvia. About 3,550 fewer persons arrived in Latvia during the first three quarters of 2009 than during the same period in 2008 (IOM survey).
- In Austria, applications for skilled migrant permits declined by 37 per cent in 2009 (IOM survey).

Despite declines, net migration still remained positive in many of the major migrant-recruiting countries in the EU, which suggests that immigration flows continued, albeit at a slower rate, during the economic downturn. **The economic crisis has not meant that employers stopped recruiting altogether.** Employers have still been hiring in certain sectors of the economy. For example, in the UK, the education sector and the National Health Service (NHS) are still recruiting migrant workers.

**Migration outflows also increased** in some of the selected case study countries in 2008 and 2009, but not necessarily at the same rate as inflows declined.

- Net outward migration returned to Ireland in 2009, with almost 8,000 more people leaving the country than coming in. Yet outflows remained relatively small; rather, it was the fall in immigration levels, which dropped by 23.5 per cent in 2008, that made the difference, as migration outflows only increased by 7.4 per cent (see Figure 1). Much of the decline in net migration was due to a drop in inflows and a rapid increase in outflows of migrants from the EU-12 (all new Member States who joined after the EU-15). Emigration levels of migrants from these countries increased by 30.6 per cent in 2008 (Figure 2) (Ireland case study).
- In the UK, net immigration flows from new EU Member States, in particular EU-8 countries who joined the EU in 2004, declined sharply to just 13,000 in 2008, down from a peak of over 80,000 in 2007 (UK case study). The data suggest that, so far in this recession, the fall in net migration in the UK has been largely due to increased emigration by foreign-born people (UK case study). According to some estimates, almost 50 per cent of the 1.5 million people who arrived from the EU-8 in 2004 left the UK in 2009 (UK case study).
- Although Germany has been registering falling net migration rates since 2000, these figures fluctuated considerably throughout the period under study, and were largely negative in 2008 and early 2009. Net migration of non-Germans fell sharply in August 2008 and December 2009, but increased again in the months following August 2008. By March 2009, net migration was negative, with more than 15,000 non-Germans leaving than immigrating to Germany. Much of the fluctuation has been attributed to the back and forth movement of foreign workers from the EU-12 countries (Germany case study).

**Figure 2: Immigration, emigration, and net migration in Ireland, 1989–2009**



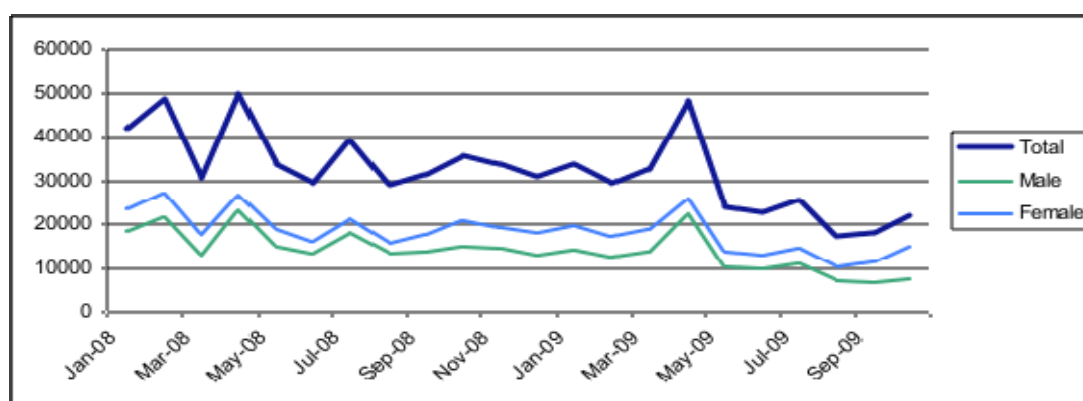
Note: All years end in April. Figures include Irish immigrants and emigrants. Data for 2007, 2008, and 2009 are preliminary; cited from IOM Ireland case study.

Source: Central Statistics Office (CSO), 2009.

Evidence from selected EU countries suggests that the rates of return for migrants from the EU-12 were high and highly responsive to labour market fluctuations, meaning that migrants return to their countries of origin once they lose their jobs, confident that they will be able to go back to their host countries in a better economic climate (EHRC and MPI, 2009). On the other hand, non-EU migrants seem to prefer to stay rather than return to their home country, as coming back to their country of destination after the crisis may prove to be more complicated if for example visa and/or work permit restrictions continue. For example, in Ireland, the outflows of non-EU migrants only grew by 16.7 per cent in 2008, while outflows of EU-12 migrants increased by 57 per cent in the same period. However, it has been noted that a declining net migration rate may be part of the natural migration cycle: at some point, migrants will decide to return for personal and family reasons, regardless of the economic circumstances. The economic crisis might have accelerated, but not necessarily triggered, the process of return.

It is important to note that in some EU countries, falling net migration during the economic crisis led to changes in the gender composition of inflows. For example, in 2008 and 2009, more women than men immigrated to Ireland. This marks a reversal from past trends where male immigration was higher than female immigration. This is likely linked to declining job opportunities, in particular in the construction sector, which has traditionally been a male-dominated sector in Ireland (Ireland case study). Similar developments were noted in other EU countries where labour migration is the main form of migration. In Italy, net migration of male migrants fell more sharply than that of female migrants in 2008 (Figure 3).

**Figure 3: Total net migration rate (nationals and non-nationals) in Italy, 2008–2009**



Note: Changes due to net migration and other indicators (*saldo migratorio e per altri motivi*).

Source: Istat, *Demographic Balance 2008–2009*; own calculation.

### The economic crisis and irregular migration

While regular inflows seem to have declined during the economic crisis, there is no conclusive evidence that **irregular migration flows either decreased or increased**. By definition, irregular flows and stocks are difficult to measure because of their irregular, i.e. undocumented, nature. Statistics on border apprehensions of illegal entries are often used as a proxy measure for irregular flows. However, it appears that, as with regular flows, irregular flows have followed similar patterns with fewer arrivals reported.

- According to Frontex, in 2008, 175,004 detections of illegal border crossing at the external sea and land borders of the EU were reported by Member States, representing a 20 per cent increase compared to 2007 (Frontex, 2008). Much of the increase was due to more checks in Italy and Greece rather than growing irregular flows.
- According to information from the Spanish Ministry of Interior, interception at sea, apprehensions en route or at borders and deportations decreased slightly in 2009 (Table 1).

**Table 1: Forced removals from Spain**

Years	No. of forced removals
2006	52,814
2007	55,938
2008	46,426
2009	38,129

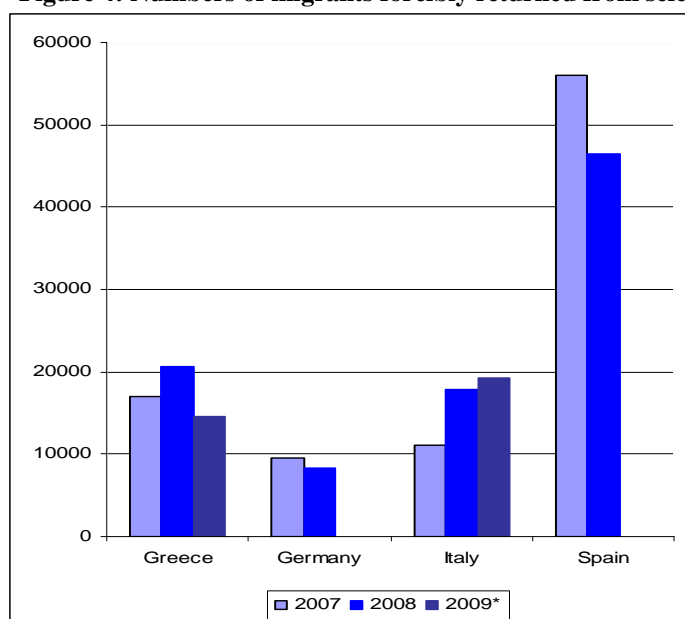
Source: Ministry of Interior, *Annual Reports 2006–2010*.

The IOM field mission in Slovenia also reported a decrease in irregular border crossings from 2008 to 2009, from 1,186 to 705 (as of end of October 2009) (IOM Survey).

As with flows, stocks of irregular migrants are also difficult to measure as estimates may vary greatly within each country. It is likely that, during the economic crisis, the irregular migrant population increased, as many laid-off migrant workers may have also lost their legal permission to stay. In particular, temporary workers are likely to be at risk of becoming irregular often through no fault of their own during an economic downturn, as the renewal of temporary residence permits is conditional on employment in many EU countries.

While many temporary workers may have left their country of destination, some may have decided to try to “wait out” the crisis, especially if employment prospects and social protection are worse in their country of origin than in their country of destination. Shrinking employment opportunities during the crisis might have pushed many migrants into irregular employment. There is, however, no reliable information on the extent to which this is happening. Although Frontex (2008) reports that the number of persons staying illegally in the EU increased by 15 per cent in 2008 (with detections in France and Spain representing 40 per cent of all detections), forced removals – another indicator of illegal residence – seem to have dropped in some EU countries in 2008 or 2009 (Figure 4).

**Figure 4: Numbers of migrants forcibly returned from selected EU countries\***



\* Note: Different data sources have been used; hence, the data is not comparable across the selected countries.

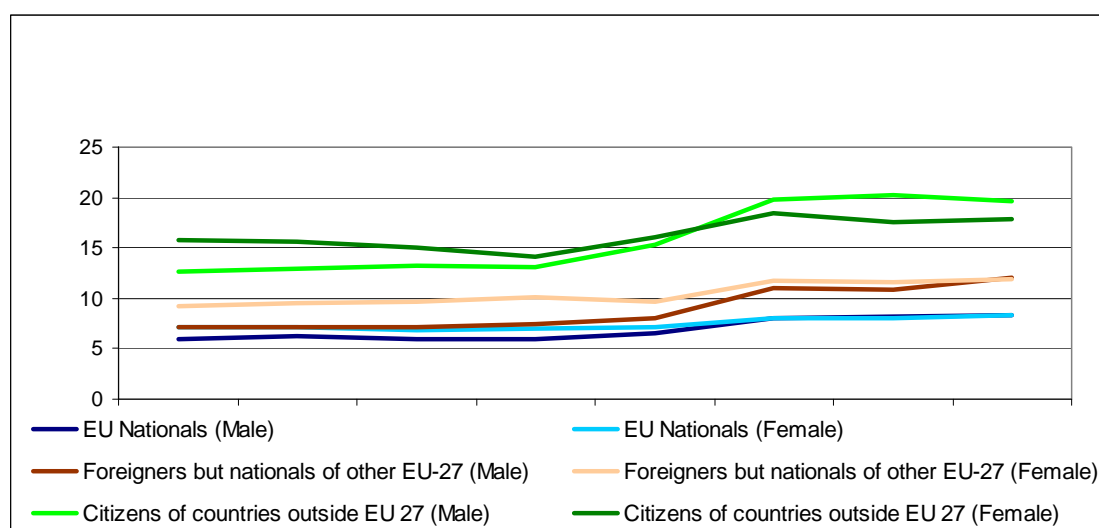
Source: IOM country surveys.



The average EU-wide employment rate, at about 68 per cent of the workforce, was approaching the Lisbon target of 70 per cent before the start of the economic crisis in 2008 (EC, 2009). This has been attributed to significant increases in the employment of women and older workers, as well as labour market flexibility reforms. Unemployment had also declined to about 7 per cent, despite increases in the labour force, especially among non-EU nationals and women (EC, 2009).

**Migrants tend to be among the first to lose their jobs during economic downturns.** In the EU, the employment situation of migrant workers, especially those in non-EU countries, deteriorated between 2008 and 2009 (Figure 5). While unemployment rates for nationals rose by 1.8 percentage points in 2008, the rates for nationals of other EU countries rose by 2.8 percentage points; and for non-EU migrants, unemployment rates rose by 5 percentage points during 2008 (EC, 2009). By the second quarter of 2009, the gap between nationals and non-EU migrants had widened to 11 percentage points.

**Figure 5: Evolution of unemployment rates by citizenship and gender (%)**



Source: EUROSTAT, 2009; own calculation.

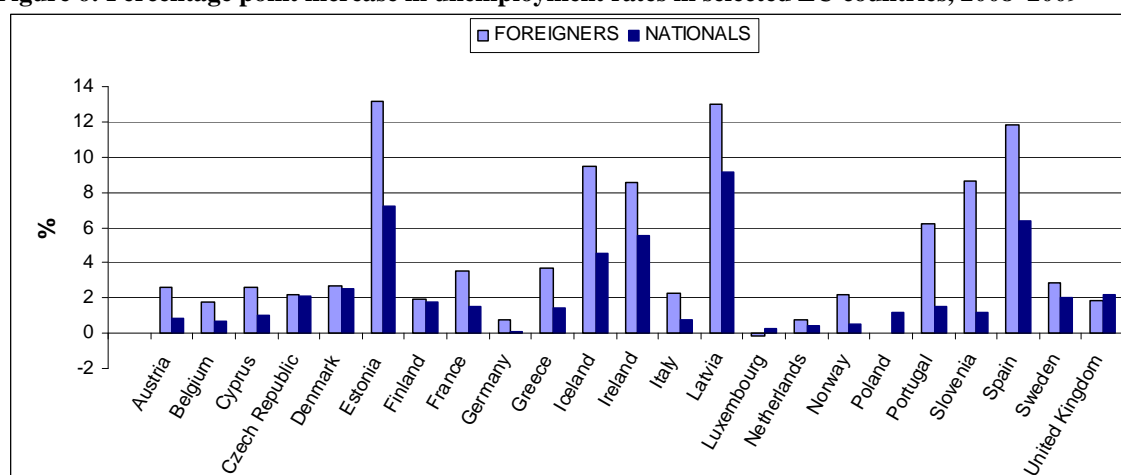
The impact of the economic crisis on the labour market situation of migrants has varied and continues to vary from country to country. When the average unemployment rates for foreign workers and nationals between the first three quarters of 2008 and 2009 are compared in selected European countries, **the highest increases in unemployment rates for foreign workers, including those from EU countries, can be seen in Estonia, Spain, and Portugal** (Figure 6). Estonia registered the largest differences in unemployment between foreign and national workers. Unemployment among non-nationals increased to almost six percentage points more (13.1%) than unemployment among nationals (7.2%). However, it is important to bear in mind that many of the unemployed non-nationals belong to the Russian-speaking minority in Estonia. Estonia is followed by Spain with a difference of 5.4 per cent, Portugal (4.7%), Latvia (3.9%), and Ireland (3%).

A difference of almost two percentage points between unemployment among migrant and native workers can be seen in France and Austria. However, the impact seems to be less severe in the Czech Republic, where the difference between the growth in unemployment

rates for migrants and nationals was 0.1 percentage point. In Denmark and Finland, the difference was 0.2 percentage point and in the Netherlands, it was 0.3 percentage point.

Luxembourg and the UK provide exceptions to these trends. The increase in unemployment among national workers in these countries between 2008 and 2009 was higher than that among foreign workers which could be a result of nationals having a higher representation in certain sectors affected by the crisis such as financial services as well as outmigration. If migrants return home after becoming unemployed this will also have an impact on the unemployment rate of foreigners, see below for more on this point.

**Figure 6: Percentage point increase in unemployment rates in selected EU countries, 2008–2009**



Note: Foreigners include EU and non-EU foreigners.

Source: EUROSTAT, 2009; own calculation.

A number of factors may account for the **large increase in migrant unemployment** in some of the EU Member States. One factor is **the relative concentration of migrants in economic sectors that are highly sensitive to the business cycle**. According to an OECD report (OECD, 2009a), the relative concentration of migrants in sectors varies from country to country. While in some countries, migrants are over-represented in sectors of cyclical demand, in other countries, the distribution of migrant employment in sectors of cyclical demand is more comparable to that of the native-born. All other things being equal, the unemployment rates for foreign workers are likely to be higher in the former than in the latter set of countries (OECD, 2009a). For example, construction has been one of the sectors hardest-hit by the recent economic and financial crisis; it is also a sector that accounts for an especially large share of national employment in the Baltic States, Ireland, and Spain, and attracts a large number of migrant workers. It has been estimated that in Spain and Greece, migrants constitute up to 50 per cent of employees in construction, wholesale and hospitality – sectors that have been particularly affected by the economic crisis (OECD, 2009a).

- In Spain, the unemployment rate for migrants reached almost 30 per cent in the fourth quarter of 2009, almost 13 percentage points above the rate for the native-born. Layoffs in the construction sector accounted for a large proportion of this huge increase in migrant unemployment. For example, the unemployment rate for African migrants, who work mostly in this sector, reached almost 33 per cent in the

fourth quarter of 2008, up 50 per cent from the recorded average for migrants (OECD, 2009c; Spain case study).

- In Ireland, the unemployment rate for migrants increased to 15.6 per cent in the second quarter of 2009, more than twice the unemployment rate recorded for migrants in the beginning of 2008. Construction is also among the most affected sectors in Ireland. In the Irish labour market, migrants from the EU-12, most of whom work in the sector, were hit hardest, with an increase in unemployment from 6.4 per cent in 2008 to 19 per cent in 2009 (Ireland case study).

By contrast, **in Germany, foreign workers were under-represented in the industries that were most affected by the economic crisis.** Migrants represented only 8 per cent of employees in export-oriented manufacturing industries such as metal production, engineering, electrical manufacturing, and car manufacturing, in which the unemployment rate rose by almost 54 per cent in 2009 compared to the previous year (Germany case study).

The under-representation of migrant workers in sectors of cyclical demand may also explain why migrants in the UK were less affected by the crisis than the general population, although further investigation is required. **Another factor that might have contributed to the slow increase in migrant unemployment compared to the overall population in the UK is outmigration.** According to a recent report, the unemployment rate for migrant workers would have been higher in the UK if the return rate had not been so high for some migrant groups, particularly those from Central and Eastern Europe. The unemployment rate for migrant workers from the EU-12 was only 5 per cent in the third quarter of 2009, compared to 7.8 per cent for the native-born population, and around 12 per cent for South Asian-born migrants. At the same time, the UK witnessed a rapid turnover of workers from the EU-8, particularly Poland. Of the 1.4 million EU-8 workers who arrived in the UK between May 2004 and March 2009, almost half had returned to their home countries by the end of 2008 (EHRC and MPI, 2009). The emigration of foreign nationals from the UK rose by 50 per cent in 2008. However, even in the UK, the large gap between natives and the foreign-born in terms of unemployment persisted, in spite of the relatively larger increase in native-born unemployment compared to migrant unemployment.

If there was an increase in migrant unemployment in sectors such as construction, wholesale, and hospitality, it is likely that **foreign workers from non-EU countries were particularly affected by lay-offs in these sectors.** In the UK unemployment rates for non EU migrants have risen. For example the unemployment rate of Pakistani born migrants increased from 7.4 per cent in the second quarter of 2007 to 17.3 per cent in the third quarter of 2009 (OECD, 2010). In general, African- born migrants also appear to have been among those most vulnerable to the impacts of the crisis with unemployment rising up to 45 per cent in Spain (*ibid*) and accounting for higher unemployment in the Piedmont region of Italy due to their over-representation in the manufacturing sector (Italy case study).

One of most of the vulnerable groups during an economic downturn are the young and less qualified job seekers. In many countries unemployment rate was already high in the period before the crisis. The recent economic recession may have exacerbated this situation. According to recent estimate by the OECD, during past recessions, youth employment has

shown 80 per cent greater cyclical sensitivity than total employment (OECD, 2010). Young migrants may be particularly at risk as they are often less qualified than their native counterparts and could be subject to discriminatory hiring. As of 2009, the unemployment rate of the young foreign-born reached 24.1 per cent on average in the EU-15, with record highs in Spain and Sweden of 40.8 per cent and 35.7 per cent respectively (OECD 2010).

**The economic crisis also had an impact on the gender composition of the migrant labour force.** EU-wide figures suggest that men suffered the brunt of the economic crisis in terms of job losses, with employment falling by 2.7 per cent, while female employment declined by only 0.3 per cent between the second quarter of 2008 and the second quarter of 2009 (EC, 2009a). According to Figure 5, male migrant workers were also more severely affected by worsening employment conditions than female migrant workers, as the latter were more concentrated in sectors less affected by the economic crisis, such as health care and domestic services. In some countries such as Spain, migrant women even increased their share of the total migrant working population likely for similar reasons. Between 2007 and 2009, the share of female migrant workers in relation to the total foreign worker population increased by four percentage points, from almost 49 per cent to 53 per cent between 2007 and 2009 (Spain case study).

There is some indication that **migrant workers adjusted to the worsening employment situation** either by **becoming self-employed** or by **switching to non-cyclical employment sectors** in order to avoid long spells of unemployment.

- For example, in Spain, it was observed that in 2009, the share of migrant labour in agriculture and services increased by 15 per cent compared to the previous year (Spain case study). Many migrant construction workers might have sought employment in those sectors.
- Similarly, in the Czech Republic, there is evidence that many of the migrant workers who lost their jobs during the crisis found employment in other sectors. The labour offices received 1,688 registrations for agricultural work and 1,020 registrations for administrative support services from migrant workers. It was noted that many migrants, especially those from non-EU countries, opted for self-employment. The number of applications for trade licences increased from almost 77,500 in 2007 to about 88,000 in 2009. These licences allow migrants to stay without having to apply for a work permit. Most of the applications were made by Vietnamese, Ukrainian, and Mongolian nationals; these groups were also the migrant groups most affected by the loss and non-renewal of work permits (Czech Republic case study).
- In Italy, the OECD reported a 15,079 increase in individual businesses owned by non-EU nationals in 2008 compared to 2007.

### **III. Impact on social protection and access to welfare**

**Prior to the economic crisis, migrants were less likely to be welfare recipients** than nationals of many of the new migrant-receiving countries such as Spain, Italy, or Ireland. **There is limited evidence that this pattern has changed** in light of the substantial job losses among migrant workers. The Ireland case study, for instance, reports a 200 per cent

increase in the number of migrants signing on to the Live Register – the administrative count of people registering for unemployment assistance/benefits or for other statutory entitlements – between January 2008 and January 2010, while the number of Irish nationals signing on increased by 130 per cent during the same period. Among non-Irish nationals, migrants from the EU-12 saw the highest increase of people signing on, with numbers rising by over 300 per cent (Ireland case study).

In Spain, as shown in Table 2, the number of all foreign workers entitled to unemployment benefits more than doubled from 161,923 in January 2008 to 363,223 in August 2009 (McCabe et al., 2009). Furthermore the Spanish Labour and Immigration Ministry registered a large increase in the number of migrants claiming unemployment benefits between 2007 and 2009.

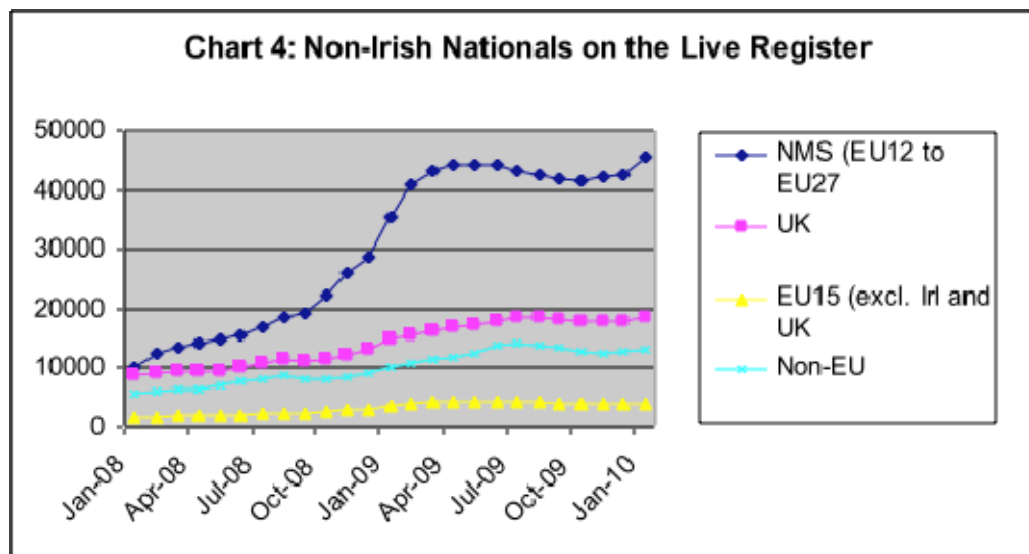
**Table 2: Country of origin of foreign workers receiving unemployment benefits in Spain, 2007–2009**

Country of origin	2007	2008	2009
Morocco	27,062	47,913	99,625
Ecuador	13,682	26,114	55,805
Colombia	8,412	14,389	31,688
Peru	3,013	5,612	13,260
Argentina	3,670	5,434	11,358
Ukraine	n.a.	4,352	9,174
Algeria	2,077	3,448	7,227

*Source: Labour and Immigration Ministry of Spain, 2007–2009; cited from Spain case study.*

**Yet migrants may also be reluctant to claim the welfare benefits for which they are eligible, as claiming such benefits may negatively impact on their residence status.** In some countries, such as Ireland and the Czech Republic, migrant workers who register as unemployed have to find new employment within a certain period, or they lose their permission to stay. In Ireland, it has been found that this regulation may account for the relatively modest increase in non-EU migrants signing on the Live Register compared to EU migrants in 2008 (Figure 7), although this group experienced a significant increase in unemployment and is eligible for welfare benefits.

**Figure 7: Non-Irish nationals on the Live Register**



Source: CSO, Live Register 2010. Additional tables cited from IOM Ireland case study.

**The economic crisis may also make it difficult for migrants to change their status into one where they can claim welfare benefits.** An issue that has been highlighted in the UK during the recent crisis has been the lack of a welfare safety net for migrants from the EU-8. Workers from these countries need to be working and registered under the Workers Registration Scheme for 12 months (or prove that they have been working for 12 months in a self-employed capacity) before they can access most benefits and social support, though they are eligible for in-work benefits such as tax credits (UK case study). During an economic downturn that disproportionately affects migrant workers, many workers from the EU-8 find it challenging to meet this residency requirement. The Czech case study, meanwhile, reports that many migrants in the Czech Republic have no, or very limited, access to social benefits because they fail to meet the one-year legal residence requirement (Czech Republic case study).

### Public opinion and xenophobia

As unemployment among the general population increased and job competition became more fierce during the economic downturn, it was expected that public attitudes towards migration would become more negative compared to what they had been before the crisis, and that xenophobic and racist incidents would increase in this period. The case studies and the IOM survey, however, suggest that, **in general, while public xenophobia remains high in many countries, it did not dramatically worsen between 2008 and 2009.** For example, while workplace surveys in Ireland showed a high level of discrimination against non-Irish citizens, officially recorded racist incidents actually declined from 214 incidents in 2007 to 126 in 2009 (Ireland case study).

Opinion poll data and research in selected European countries shows that the economic recession did not necessarily increase public concern about migration. In some countries where migration was already an issue of high salience in the pre-crisis period, the economic recession did not increase public concerns about migration; rather, it replaced

migration as a focus of concern. In contrast, in more recent countries of immigration where migration was still viewed positively, public attitudes towards migration tended to harden during the economic crisis:

- In Spain, the Sociological Research Center (CIS), a State institution, publishes a monthly barometer of public opinion. In January 2010, it showed that the main problem perceived by the population was unemployment (82.7%), followed by economic problems (47%), and terrorism (17.6%) (Spain case study).
- According to the *Transatlantic Trends: Immigration 2009* report (German Marshall Fund of the United States et al., 2009), the majority in all the countries polled also cited the economy as the most important issue faced by their country today. In Spain, for instance, 57 per cent of the respondents picked the economy as the most important in a list of current issues. However, one in five British (20%), and Italian (18%) respondents indicated that immigration was the most important issue. A slight trend of more respondents describing immigration as more of a problem than an opportunity can be observed in 2009.
- Although migration remains an issue of high salience in UK public discourse, polling evidence suggests that concerns about migration levels peaked in 2007, and that public worries about the recession have replaced not increased, concerns about migration (UK case study).
- Although there are no official records of growing racism, attitudes seem to have hardened towards migrants in light of rapidly deteriorating economic circumstances. A survey carried out by the *Irish Times* in October 2009 found that over two thirds of Irish people (72%) wanted to see a reduction in the number of migrants, with almost 30 per cent preferring that most migrants leave. Strikingly, almost 40 per cent of young people (18–24 years old), who had been more positive towards immigration in previous polls, would like to see most foreign nationals leave the country. This might be due in part to the fact that this age group has been affected the most by rising unemployment (Ireland case study).

#### IV. Return and emigration

Linked to the issue of rising unemployment among both native and migrant populations is the question of return of migrants. This issue is at the forefront in both countries of destination implementing voluntary return schemes and countries of origin concerned with the return and reintegration of their nationals to situations of unemployment back home.

In the context of this crisis, contrary to popular belief and expectations, **there has been no mass return of migrants to their countries of origin.** As discussed in Section I, a number of countries of destination have witnessed rising emigration during the economic crisis. Much of this emigration, however, concerns nationals of new EU Member States and may only involve temporary return or onward migration. Polish return migration statistics for 2008 indicate that remigration was particularly likely among Polish returnees from Germany (with 33% of emigrants having remigrated several times), the UK (16%), and Italy (12%) (Poland case study).

With regard to **return policies**, several countries such as Spain and the Czech Republic have instituted new **voluntary return or “pay-to-go” schemes** based on various incentives to encourage return. However, the responses to such schemes have been varied.

- Spain adopted a new regulation at the end of 2008 to support the voluntary return of unemployed non-EU migrants. Beneficiaries of this scheme are paid their accumulated unemployment benefits in two lump sums, one in advance and one on their return, on the condition that they do not come back to Spain for at least three years. However, fewer than 4,000 out of 80,000 eligible migrants had signed up for the programme by mid-March 2009 (OECD, 2009a).
- The Czech Republic launched a policy on 9 February 2009 to pay EUR 500 and the airfare home for unemployed migrant workers. The Czech government allocated 2,000 places for the first phase of the project. Almost 1,900 returned under this phase of the programme. However, fewer than 300 out of 2,000 eligible migrants signed up in the second phase that was launched between 27 July 2009 and 15 December 2009 (Czech Republic case study).

According to IOM statistics, the overall number of assisted voluntary returns (AVR) increased only marginally from 18,486 in 2008 to 19,635 in 2009. The EU countries which registered the highest unemployment rates for foreign workers, such as Spain, Portugal, and Ireland, registered only marginal increases or even a decrease in the number of AVR cases (Figure 8). In Spain and Ireland, the AVR caseload decreased by 40 per cent and 10 per cent, respectively, in 2009 compared to 2008, while Portugal only saw a small 10 per cent increase in AVR cases in the same period.

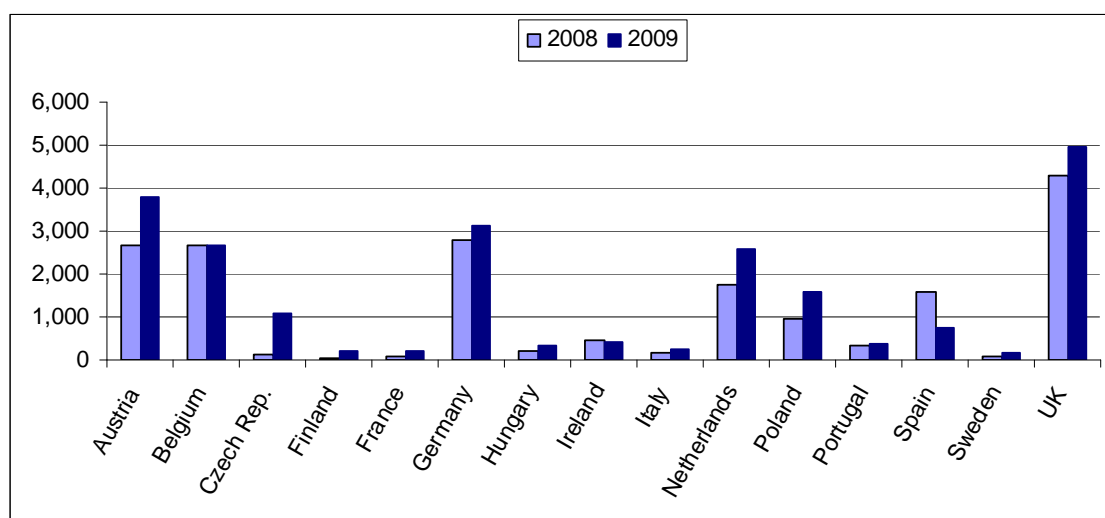
It is important to recognize that not all migrants can or will return home, especially those coming from countries where prospects for employment are worse, those with strong social protection in the country of destination, those who have resided in the destination country for a long period of time, and those with strong social networks. In addition, unemployed migrants may adopt a **“wait-and-see” approach**, preferring to overstay on their current visa while waiting for an economic upturn.<sup>7</sup>

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<sup>7</sup> It is important to note that the claims for assisted voluntary returns take time to time process and the full effect of the crisis may only become visible in the following years.



**Figure 8: Assisted voluntary returns from selected countries in Europe, 2008–2009**



Source: IOM, 2010.

## Remittances

The overall earnings of migrants are likely to have decreased during the economic crisis, as many migrant workers became unemployed, saw a reduction in their wages, or left the country. Remittance outflows from the EU are likely to have been affected by these developments. Furthermore, as migration flows slowed, the share of migrants who remit may also have decreased, since recent migrants are generally the ones likely to remit larger amounts and do so more frequently. Although 2009 data on remittances for the EU have yet to be released, there are some indications that remittance outflows decreased during the economic crisis:

The Czech Statistical Office has estimated that remittance outflows decreased due to the economic crisis. Money sent by short-term migrants (those who have been residing in the Czech Republic for up to one year) dropped from more than 4 million Czech koruna (CZK)(USD 237,000) in the fourth quarter of 2008 to CZK 3.5 million (USD 184,000) in the third quarter of 2009, although it is expected that remittances sent by long-term migrants (those who have been residing in the country for more than a year) would have continued to rise to CZK 5.7 million (USD 300,000) in the third quarter of 2009 (Czech Republic case study).

- The Bank of Spain also reported a significant decline in remittance outflows in 2009. Between June and September 2009, remittance outflows amounted to EUR 1.888 billion, a decrease of 9 per cent compared to the same period in 2008 (Spain case study).
- The Bank of Italy also indicated a 7.4 per cent fall in remittance outflows in the first quarter of 2009, compared to the first quarter of 2008 (Italy case study).

However, while there is some evidence that remittance outflows fell, this decline was not dramatic. In many cases, **overall remittance outflows from EU Member States**

**remained relatively resilient during the economic crisis**, but held up more strongly in some regions than in others.

- While remittance flows from the UK to Poland dropped dramatically partly as a result of the large emigration of Polish migrants in the first few months of 2009, remittance flows from the UK to Pakistan and Bangladesh in the same period increased by 24 per cent and 16 per cent, respectively (UK case study).
- The decline in remittances in some countries was not only due to migrants sending less money or to increasing emigration. Currency depreciation in some countries also played a factor in declining remittance flows. Some of the drop in remittance outflows from the UK was closely related to the weakness of the pound sterling, which, as of early 2010, is 15 per cent below its mid-2008 peak.

## **POLICY RESPONSES: AN OVERVIEW**

Both destination countries and origin countries have taken measures in response to the crisis, in particular with regard to admissions, labour market policies, and return migration. Therefore, the following sections discuss migration, labour market, and social policies as they have or have not been affected by the crisis and the implications for migration. The Appendix includes a policy matrix which provides further details of the policies enacted across several EU Member States, as well as Croatia and Norway.

### **I. Migration policies**

The recession has created a further sense of caution among the national governments of EU Member States with regard to migration policy. EU countries have responded to the recession by trying to restrict the entry of third-country nationals, especially the low skilled, and by tightening border controls to limit the flow of irregular migration. There have also been, as mentioned, some initiatives to promote return migration in a few countries. There are fewer examples of policy measures which have been taken to increase the protection of migrant workers during the recession or to inform better public opinion about the benefits of migration. In general migration policies have tended to be more reactive and security-oriented, failing to take into full account both short- and long-term demographic and economic perspectives (Collett, 2010). Nevertheless, several important strategic documents on migration have been adopted at the EU level, although plans for their implementation are yet to be adopted. It should be recalled, however, that given that a high proportion of the migrants in EU countries come from other EU Member States, the scope for migration policy intervention in a free movement regime is often relatively limited.

#### **Policy developments at the EU level**

##### *Stockholm Programme and Action Plan*

The Stockholm Programme was adopted during the economic crisis as a follow-up to both the Tampere and Hague Programmes. The new programme signifies the priority given to migration issues in Europe, issues that range from migration and development to labour migration, to irregular migration and integration. The Stockholm Programme differs from previous programmes in its migration priorities. The Global Approach to Migration, or the external dimension of the EU's migration policy based on partnership with third countries, is the EU policy area which has grown the most over the last few years and is the new Stockholm Programme's top priority.

The Stockholm Programme, however, makes no reference to further developing a common labour migration strategy, despite the Swedish Presidency's push for a more coordinated effort in this area (the European Blue Card system for skilled migration, though not part of the Stockholm Programme, will come into effect in mid-2011). The Stockholm Programme does emphasize equal rights between third-country nationals and EU nationals and places greater emphasis on integration.

Furthermore, in April 2010, the EC issued an Action Plan for the implementation of the Stockholm Programme between 2010 and 2014, though the Plan is yet to be endorsed by the European Parliament and the Council. In particular, the EC communication states that

the economic crisis should not prevent the EU from “consolidating a genuine common immigration and asylum policy... with ambition and resolve.” In this respect, the EC intends to focus on developing community legislation in the field of seasonal employment and admission of third-country nationals in the framework of intra-corporate transfer. Moreover, the EC intends to foster debate on specific areas of migration policy by issuing communications on increased coherence between immigration policy and other relevant EU policies, in particular on how to strengthen the link between the development of migration policy and the Europe 2020 strategy and address labour shortages through migration in EU Member States, and on an EU agenda for integration, including the development of a coordination mechanism.

### *Europe 2020 strategy*

In the beginning of 2010, the European Commission (EC) proposed Europe 2020 – a new strategy for jobs and growth in the EU in the upcoming decade and a follow-up to the Lisbon Agenda (2000-2010) that aimed to boost Europe’s competitiveness through a set of strategic policy initiatives in various areas of economic, social and environmental policies. Europe 2020 identifies several strategic priorities, namely, developing knowledge- and innovation-based economy, promoting sustainable growth and inclusive societies characterized high employment, social and territorial cohesion, and sets related headline targets. In particular, the new strategy includes reinforced references to migration in the context of raising employment levels and combating poverty by removing barriers to labour market participation.

The strategy puts forward seven flagship initiatives, including Agenda for New Skills and New Jobs that strengthens the importance of this joint policy initiative by the EC and the EU Member States launched at the end of 2008. New Skills and New Jobs initiative support efforts to forecast future needs for new skills in the EU labour markets and secure these skills through education and training. The Europe 2020 flagship initiative tightly links meeting the future demand for skills and migration by stating that the EC will work “to facilitate and promote intra-EU labour mobility and better match labour supply with demand with appropriate financial support from the structural funds, notably the European Social Fund (ESF), and to promote a forward-looking and comprehensive labour migration policy which will respond in a flexible way to the priorities and needs of labour markets”.

In addition, the EC has issued a proposal for the Council decision on the Europe 2020 integrated guidelines that would guide the national policies in achieving the objectives of the strategy. Guideline 7 calls for “increasing labour market participation and reducing structural unemployment”, including through promotion of labour market integration of legal migrants. The EU headline target is “to bring by 2020 to 75 per cent the employment rate for women and men aged 20–64.” Furthermore, Guideline 8 refers to “developing a skilled workforce responding to labour market needs, promoting job quality and lifelong learning”, specifically stating that “quality initial education and attractive vocational training must be complemented ... by targeted migration and integration policies.”

## **Policy developments at the national level**

### *Admissions restrictions*

Countries of destination, in particular, have adopted various measures such as **admissions restrictions**, which tend to focus on low-skilled sectors, prioritize nationals, reduce quotas, and change visa levels and admissions requirements such as those pertaining to the minimum salary. Many of these measures were mainly adjustments to existing policies rather than changes to overarching frameworks.

- In Italy, quotas for migrant workers were almost completely cancelled in 2009; only seasonal agricultural workers and workers in the tourism sector were admitted (Italy case study). However, the new 2010 decree on immigration flows and quotas has been published by the Corte dei Conti (State Auditors' Department). This year, contrary to expectations, there will be no quota for regular workers and only 80,000 seasonal workers (in the agricultural and tourism sectors), which also includes 4,000 self-employed workers.
- Slovenia lowered its quota for the admission of foreign labour migrants by 24 per cent in 2009 compared to 2008 (IOM survey).
- The total number of work permits issued by the Hungarian government decreased by 33.5 per cent in 2009 compared to 2008 (IOM survey).
- Similarly, Portugal also reduced its quota for foreign workers to 3,800 in 2009 from 8,600 in 2008 (IOM survey).
- In addition, Croatia decreased its annual work permit quotas from 10,242 in 2008 to 7,877 in 2009 and to 6,948 in 2010 (IOM survey).
- Spain and the UK reduced admissions based on limiting the skills requested on labour shortage lists. Spain drastically lowered its ceiling for non-seasonal workers to be recruited from abroad (*Contingente*) in 2009. In December 2008, the annual quota by occupation for non-seasonal workers was set at 901 for 2009, compared to 15,731 in 2008 (Spain case study).
- Ireland changed its visa requirements for entry, including new provisions such as minimum salary requirements (Ireland case study).
- In Estonia, changes in the Aliens Act (June 2008) established a salary threshold, and gave preference to highly skilled foreign labour, allowing the employment of low-skilled migrants only when it is complementary to the native labour force (IOM survey).
- In order to favour its own returning nationals, Poland has also introduced more restrictive admissions requirements, in particular in lower-skilled sectors (IOM survey).
- In Austria and Germany, restrictions on admissions of nationals of Member States that joined the EU in 2004 continue (IOM survey).

Most of the **policy changes** introduced by EU Member States were **aimed at reducing the inflow of lower-skilled labour migration. The channels for highly skilled migration largely remained open** and, in some cases, were even extended.

- In May 2009, the German government called for “action to ensure to bring the best brains into the German labour market,” which later turned into the new law known as the Labour Migration Control Act. According to the Act, which works in line with the German immigration law (*Zuwanderungsgesetz*), highly qualified workers from both new Member States (EU-12) and third countries have the right to seek permanent residency (*Niederlassungserlaubnis*) in Germany. Under Article 19 of the revised immigration legislation for highly skilled foreign workers (*Aufenthaltsgenehmigung fuer Hochqualifizierte*), successful applicants can also bring their family members into the country. This was not possible under the earlier German green card agenda introduced in 2000, which expired in 2003 because of a lack of applicants (Germany case study).
- While the Irish government sought to restrict the number of migrants for lower-paid positions, there is still a continuous commitment to facilitate higher-skilled migration into areas “where there is [a] strategic skills shortage” (Ireland case study).
- Similarly, the UK has reduced admissions based on a revised skills shortage list. Many of the skills needed require a high degree of specialization (OECD, 2009a).

#### *New labour migration channels*

**The economic crisis has not prevented some EU countries from opening up new channels for labour migrants** from the EU and elsewhere.

- In spite of the current crisis, countries such as Hungary and Greece have lifted restrictions on labour market access for migrant workers from Romania and Bulgaria (IOM survey).
- Sweden also introduced and implemented its new demand-driven labour migration model as the crisis unfolded in 2008. The principal change is in the process of authorization of employer requests. Swedish trade unions can review job offers but cannot veto an application from a foreign worker. Furthermore, the Swedish Labour Market Board does not have to present evidence of a labour market shortage, opening up an opportunity to recruit low-skilled labour from abroad. Sweden registered an increase in labour migration from 9,500 in 2008 to about 13,500 in 2009, despite unemployment growing from 10 per cent to 15 per cent in the same period (Institute for Futures Studies, 2010).

#### *Family reunification*

Some of the EU Member States have introduced **restrictions on family-related flows and access of spouses and dependants to the labour market**. Only some of these measures were a response to the economic crisis.

- In Ireland, spouses and dependants of new work permit holders can no longer apply for an employment permit (Ireland case study).
- As part of a broader reform of its immigration law in July 2009, Italy introduced more restrictive income and health insurance requirements for family unification (Italy case study). Similarly, Spain also passed a new immigration law in December 2009 which contained more restrictive provisions on family unification. The residence requirements for family unification claims were extended and descendants of more than 65 years of age were no longer admitted. The reforms, as well as these particular provisions, were drawn up against a backdrop of worsening employment conditions in the country (Spain case study).

### *Irregular migration and employment*

Many EU countries took **various measures to combat irregular migration as well as irregular employment**, but few were an immediate response to the economic crisis.

- In February 2008, the UK government introduced a civil penalty system, which has substantially increased penalties (up to GBP 10,000 or two years in prison) for employers who hire irregular workers. Since the introduction of this new system, the UK Border Agency has issued more than 1,000 fines totalling more than GBP 10 million. This is a considerable tightening, considering that between 1997 and 2006, only 37 employers were found guilty of offences under a previous legislation relating to illegal work (UK case study).
- In its 2009 immigration law, Italy made illegal entry and stay a criminal offence, leading to immediate deportation and high fines (Italy case study).
- Measures to combat irregular migration were re-enforced in France, often bilaterally with other EU Member States, such as Germany in April 2009, Belgium in May 2009 and the UK in October 2009 (IOM survey).

### *Regularization*

It was not only punitive measures against irregular migrants which were introduced during the economic crisis. Some EU Member States also **launched regularization programmes for irregular migrants in 2009**.

- Belgium introduced a regularization programme from 15 September through 15 December in 2009, for which about 25,000 people were eligible (IOM survey).
- Between August and September 2009, Italy allowed personal and home care workers to regularize their status. About 300,000 applications were made by employers who wanted to regularize already existing work contracts with irregular migrants. The administrative fee for the regularization application was also increased to EUR 500 (Italy case study).

### *Return policy*

As previously mentioned, countries such as Spain and the Czech Republic have developed new **voluntary return or “pay-to-go” schemes targeted at third-country nationals** which include various incentives to encourage return, though the response to such schemes has been varied.

- Spain adopted a new regulation at the end of 2008 to support the voluntary return of unemployed non-EU migrants. Beneficiaries of this scheme are paid their accumulated unemployment benefits in two lump sums, one in advance and one on their return, on the condition that they do not come back to Spain for at least three years. The relatively low take-up rate can be attributed to factors such as the restricted possibility of return when the economy recovers, as well as the fact that certain groups of nationals were not eligible for the scheme. For example, as the scheme was directed toward non-EU nationals, large numbers of unemployed Romanians could not benefit (Spain case study).
- Similarly, the Czech Republic launched a policy on 9 February 2009 that paid EUR 500 and the airfare home for unemployed migrant workers. Almost 1,900 of the 2,000 available places under this phase of the programme were taken up by eligible migrants. However, fewer than 300 out of 2,000 eligible migrants signed up in the second phase that was launched between 27 July 2009 and 15 December 2009. The first phase of this policy ended in December 2009 (Czech Republic case study).

## **II. Employment, labour market, and social policies**

Measures to stimulate the supply side of the labour market and improve matching of skills and job-seekers with vacancies were at the centre of policies in a majority of countries over the past decade. In many Member States, increased flexibility of the labour market was achieved by easing access to non-standard forms of work which migrant workers are also able to access more easily. However, those employed in non-standard forms of work are also among the most vulnerable to economic downturns.

Again, considering the time lag between the economic downturn and the effects on employment, and the even longer time gap between recovery and achieving close to pre-crisis employment levels, it is still relatively early to capture the full scale of the impact on employment in and across all Member States, let alone migrant employment, or the impacts of policies that were put in place in response to the downturn.

### *European Economic Recovery Plan and stimulus packages*

The European Economic Recovery Plan (EERP), which the EC proposed as a response to the financial crisis, includes a European employment support initiative that aims to promote the employment and reintegration of those made redundant through skills upgrading and a variety of training initiatives (EC, 2009). Such measures take into consideration the need for short-term recovery, as well as longer-term competitiveness and growth. The EERP has called for these measures to be consistent with long-term policy objectives such as those found in the Lisbon Strategy.



The EC has outlined a set of overarching principles that should be considered when assessing labour market measures, namely:

“(i) measures should aim at reducing the costs of adjustment and speed up transitions on the labour market; (ii) they should support the income of the most disadvantaged groups and who have relatively high marginal propensity to consume; (iii) they should be consistent with long-term reform objectives such as the flexicurity principles under the Lisbon Strategy; and, especially in euro area countries, (iv) they should facilitate the adjustment of the divergences in external competitiveness through their impact on unit labour costs” (EC, 2009).

Member States are largely undertaking policy responses in line with these principles, either through fiscal stimulus packages or measures such as job activation or production subsidies (EEO, 2009). As a short-term response to the crisis, such policies may have helped to alleviate initial impacts. Migrants in the majority of the Member States, depending on their legal status and position in labour market, would clearly fit into the category of “most disadvantaged groups”, though it remains unclear to what extent migrants or certain categories of migrants are able to benefit from financial stimulus or similar measures, which are often aimed at assisting and protecting the native workforce.

As Europe’s economies move toward recovery, it will be important to scale back these types of initiatives in order to prevent cyclical unemployment from becoming structural (OECD, 2009a). It is also critical to avoid an irreversible withdrawal from the labour market of those with less labour market attachment, which can often be the case with migrant workers.

### ***Education and skills training***

Skills mismatches remain a concern across EU Member States even during the crisis. It highlights the need for mobility, not only among EU nationals, but third-country nationals as well. Based on a 2008 CEDEFOP forecast (cited in EC, 2009b), continuing needs will exist in hotels and catering, health and social care, as well general business services until 2015 (though taking into consideration the financial crisis, needs in the category of business services may be adjusted). There is increasing demand for a higher qualified workforce, but at the same time, there is a risk of polarization as needs on the low-skilled and highly skilled ends of the spectrum change (EC, 2009b).

Therefore, **retraining and reintegration schemes** have been introduced in a number of EU countries in order to **avoid the negative consequences of long-term unemployment** among natives and migrants.

- In 2009 the Irish Department of Enterprise, Trade and Employment (DETE) implemented a number of new training and employment programmes as part of its Active Labour Market Policies. These include a new Work Placement Programme that is designed to offer unemployed people relevant work experience. This programme is open to all unemployed people in Ireland, including migrants. To date, there is no data available on the number of migrants participating in these programmes (Ireland case study).

- The Portuguese High Commission for Immigration and Intercultural Dialogue launched the programme “Promotion of Immigrant Entrepreneurship” in 2009 to promote training and support for job creation in order to facilitate migrants’ integration into the labour market (IOM survey).

### *Unemployment and social protection benefits*

Many Member States have introduced labour market instruments such as short-time work or partial unemployment as a short-term buffer against the effects of the crisis. Others have provided additional unemployment benefits, though, in order to avoid long-term dependency, many are looking toward increasing job recovery measures and skills upgrading as described above. Again, the extent to which migrants are able to benefit is not as straightforward, though there are indications that take-up rates have increased among migrants in several Member States (see Section III).

In some instances, migrants have seen **a reduction in access to social services**. For example, in the UK, some rights and access to public services have been removed for foreign nationals and migrants without permanent residence status, such as certain social security benefits and access to social housing (UK case study).

However, the economic crisis has led not only to restrictive measures in migration and labour market policy; in several countries, it has also resulted in the development of new assistance schemes for unemployed migrants. Certain EU countries have also put provisions in place **to assist unemployed migrant workers in finding new employment by extending their residence permits or facilitating their renewal**.

- Ireland has recently introduced two new policies that aim to facilitate the acquisition of work permits for migrant workers who have been resident in Ireland for at least five years and who have been made redundant. For migrants resident in the country for less than five years, there is a six-month grace period that allows them to search for employment. Another measure, introduced in autumn 2009, is a new scheme for migrant workers who previously held employment permits and who have become undocumented through no fault of their own. This “Bridging Visa” scheme enables individuals to apply for a four-month temporary residence permission to re-enter the work permit system. Over 300 migrants applied for this scheme, which was officially discontinued at the end of 2009 (Ireland case study).
- In the Czech Republic, under the amended Aliens Act, foreign workers who have lost their employment prior to the expiry of their work permit through no fault of their own may benefit from a 60-day protection period to look for employment (Czech Republic case study).
- In 2009 Portugal decided to facilitate the conditions and procedures for those migrants needing to renew their residence permits. The renewal of a temporary residence permit is dependent upon sufficient means of subsistence. Therefore, in order to not exclude unemployed migrants and to avoid that their status changes to an irregular one, the government decided to reduce the threshold amount. The same principle was applied to family reunification cases (IOM survey).

It remains to be seen whether these grace periods allow sufficient time for migrants to search for jobs, especially given the lag between economic recovery and recovery in employment. Persistence of those who remain outside of or on the margins of the labour market needs to be avoided.

### III. Integration and anti-discrimination policies

Integration policy has gained more importance after the signing and ratification of the Lisbon treaty. Even though integration is not new on the EU agenda, it should now be easier to move integration policies ahead (Collett, 2010).

While there is some evidence that EU Member States have adjusted their integration policies in response to the crisis, they did not fundamentally change or even abandon certain policies. For example, language programmes within the framework of the *Contrat d'Accueil* in France were not affected by the crisis (IOM survey). Similarly, in Austria and Greece, there is no evidence that language courses or similar training courses have been negatively impacted by the crisis.

Rather than reducing funding for integration measures, some **EU governments have introduced more integration measures**, partly in response to the economic crisis.

- In March 2009, the UK government announced the creation of a GBP 70 million Migrants Impact Fund “to support communities in managing local pressures from migration.”<sup>8</sup> Funding has been made available in recognition of the fact that high levels of migration into some communities have put pressure on local services and infrastructure. However, the fund is paid for by a levy on migrants and is not accompanied by any equivalent funding streams to support migrant community groups (UK case study).
- Slovakia was particularly hard hit by the economic crisis, and the trend of increasing labour migration to the country was reversed in 2008 and 2009. In spite of this, the Slovak government in 2009 adopted the Concept of Integration of Foreigners and created a Coordinating Committee for Migration and Integration under the Ministry of Interior (IOM Slovakia, 2010).
- The Swedish Riksdag has passed a new law introducing a special bonus in 13 pilot municipalities, in order to encourage newly arrived immigrants to more rapidly acquire Swedish language skills.
- A new Act on the Integration of Immigrants will be submitted in spring 2010 in Finland (IOM survey).

There is, however, limited evidence that **some governments plan to reduce funding for certain integration measures in their 2010 budget** due to fiscal constraints.

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<sup>8</sup> DCLG notice March 2009 available at <http://www.communities.gov.uk/news/corporate/1180107>

- The Spanish government set up a fund to support the reception and social integration of migrants in 2005, for which it allocated up to EUR 200 million in 2009. The government has announced that this allocation will be reduced by 50 per cent in the 2010 budget (Spain case study).
- In the 2010 budget, the Irish Naturalisation and Immigration Service saw its budget cut by 24 per cent. According to some NGOs, the reduction is likely to delay the processing of migrants' applications for citizenship and family reunification. Nevertheless, the 2010 budget cuts for integration measures have been less severe than many anticipated (Ireland case study)

The same scenario also seems to apply to **anti-discrimination measures** which some governments had initiated before and continued to implement during the economic crisis. For example, after having approved a National Plan on Human Rights in 2008, the Spanish government drafted the Law on Equal Treatment and set up a Council of Equal Treatment and Non-discrimination in 2009. Similarly, the Anti-Discrimination Act came into force in the Czech Republic on 1 September 2009.

## POLICY RECOMMENDATIONS

Though there is no “one-size-fits-all model” for policymakers to respond to the crisis and its impact on migration, there are several key policy areas which require further consideration by various stakeholders including the national government, European Union and even employers. The following recommendations have been formulated based on the results of the research presented as well as discussions with policy makers during the IOM seminar “Migration and the Economic Crisis: Implications for Labour Market Policies in the European Union and the Post-2010 Lisbon Agenda” held on December 10, 2009 in Brussels.

- 1) Economic crisis *does not* change a number of *long-standing demographic and labour considerations*, such as ageing and shrinking populations, and hence, declining workforce in high-income countries. According to World Bank projections, the labour force in high-income countries will shrink to just under 475 million workers in 2025 from slightly over 495 million in 2008, while in developing countries, it will steadily increase.
- 2) *Policy measures* which governments put in place *need to take into account both short- and long-term economic prospects*. The tightening of immigration controls, which has been happening across several countries of destination across the European Union, may seem politically attractive in the short term, but it can actually increase the risk of irregular migration and prolong the crisis, by reducing the availability of labour to fill jobs in needed sectors and increasing the vulnerability of migrants who are at greater risk of exploitation.
- 3) Employers do not stop hiring during times of crisis; skills shortages continue to exist in both high- and low-skilled sectors. Restrictions on admissions, limitations on quotas, and other control measures should be balanced with *flexible legal migration channels for employment in needed occupations and sectors*. Therefore, it is essential that employers and national governments work together to ensure policy coherence with regard to the admission and mobility of migrant workers. In addition, policy co-ordination at the EU-level and reinforced co-operation with the countries of origin would contribute to successfully integrating migration considerations into economic and employment policies across the EU as suggested by Europe 2020 strategy and the Stockholm Programme.
- 4) The skill levels of native and migrant populations and the labour market sector in which they are employed varies across EU Member States. Monitoring and assessment of the current crisis by national governments, the EU and employers should not only consider the impact of the crisis on short-term employment/unemployment, but also the need for job growth and skills matching in the long term.
- 5) The Stockholm Programme and Europe 2020 Strategy clearly recognize that labour mobility is a part and a consequence of globalization and of the global economy. Therefore, *migrant worker mobility should be factored into economic recovery at the national and European Union level, including any reforms to the financial system or future stimulus packages*. Policies which exclude migrants from vital recovery mechanisms only risk their further exclusion from the labour market. Moreover, the

human capital of existing and potential migrants could play a crucial role on the path towards economic recovery and raising the competitiveness of the European economy by filling labour shortages and contributing necessary skills.

- 6) It is essential that not only are *migrant integration policies and programmes* politically recognized as important and maintained at the local and national level during an economic crisis, but also that they continue to be developed and provided with adequate funding by governments and the EU in order to alleviate the increased threat of exclusion and to ensure the ability of migrants to contribute to recovery.
- 7) Furthermore, migrants should be given access and encouraged to participate in labour market activation measures open to nationals in the country of destination. In countries where such access is granted, there is often no data available on migrant participation in these initiatives that could shed light on the extent of outreach of such measures and help further remove barriers for migrant access. In this regard, the EU Member States should further strengthen their policy evaluation methodologies to allow for analysis of the participation of vulnerable groups in various labour market measures.
- 8) Policies which *allow unemployed migrants to legally reside in the country of destination while seeking alternative employment*, as have been put in place by several EU Member States, can help to counter issues of visa overstay and irregularity, by allowing migrants to legally seek regular employment.
- 9) *Access to social safety nets* needs to be ensured as the level of vulnerability of migrants can also be impacted by their access (or lack of it) to social protection and benefits, in particular recently arrived migrants or certain categories of migrants who may not be eligible for welfare and/or other social benefits. Lessons learned from past crises show that times of economic downturn can be an opportunity to widen social safety nets to include larger segments of the population.
- 10) However, as not all migrants can or will return during a crisis, *policies should undertake to combat discrimination and xenophobia* and raise awareness of how migrants contribute to enriching their countries of destination both economically and socially. Efforts to raise awareness of their contributions should be emphasized particularly during periods of crisis by all stakeholders, when backlash against migrant workers may be more prevalent. Combating discrimination in the labour market is crucial to foster integration of existing and potential migrants in the workforce and to avoid mismatch of skills and jobs.
- 11) Return and re-integration policies are part of comprehensive migration management. Any return measures put in place need to be transparent and humane in practice. Voluntary return measures as initiated in Spain and the Czech Republic are always preferable to forced ones.
- 12) Finally, migrants can act as agents for development in their countries of origin. The strides made in recent years to raise awareness of the benefits of migration on development, such as by the EC Global Approach to Migration, should not be lost during a crisis. As remittances are but one way for migrants to contribute to the development of their countries of origin, efforts should be made to help keep remittance transaction costs low.

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## ANNEX: The impact of the economic crisis: Policy changes

Countries	Migration Policies	Irregular Migration and Employment Policies	Return Policies	Labour market/Social/Integration Policies
Austria	<p><b>Admissions restrictions:</b></p> <p>The inflow of third-country citizens is more and more restrictive as free mobility of EU citizens is an increasing source of population growth together with family reunification of third-country citizens with naturalized Austrian and EU citizens (IOM country survey, Austria).</p> <p><b>Preference for highly skilled entry:</b> From 2003 onwards, only highly skilled third-country citizens may settle in Austria, while persons with lower skills, e.g. seasonal workers, are restricted to temporary work contracts. In 2008, applications declined somewhat and took a proper dip in 2009 (-37%) for both employment categories, for the self-employed as well as for the salaried skilled migrants. The decline of the latter may be interpreted as a result of the declining demand for migrant workers due to the onset of the economic downturn (IOM country survey, Austria).</p>			<p><b>Integration policy:</b> Since 2008, integration policies have been coordinated by the Federal Ministry of the Interior. The Ministry of the Interior came forward with a National Action Plan on Integration at the end of 2009 (see LMIE-INET). Due to the Austrian integration agreement ("Integrationsvereinbarung"), which was introduced in 2003 and revised in 2005, third-country nationals have to successfully complete approximately 375 hours of language and integration courses during the first five years of their stay if they do not have sufficient knowledge of the German language and are not skilled workers. Concerning vocational programmes, there exists a Mentoring-programme for Migrants offered by the Austrian Federal Economic Chamber (WKÖ), the Austrian Labor Market Service (AMS) and ÖIF, which brings together qualified migrants (Mentees) and successful professionals (Mentors) working in the field of economics. There is no evidence that the number of courses offered has been influenced by the financial crisis. As the National Plan of Action of Integration (implemented 2009) shows, there is a political will to increase the number and to extend the content of educational programmes for migrants who already live in Austria.</p>

## Belgium

**Admissions restrictions:** After several years of sharp increase, the number of work permit B (valid for 1 year, renewable) issued by regional administrations to foreigners coming to or living in Belgium for the purpose of employment started to decrease at the beginning of 2009 (about a third less). Any decrease in the number of work permit B issued could also be due to the lifting of all restrictions for EU workers from the eight new Member States that joined the EU in 2004. From 1 May 2009, they do not have to apply for a work permit B anymore (see EMN Report 2010).

**Regularization:** On 19 July 2009, the Secretary of State for Migration and Asylum policy announced a case-by-case regularization of undocumented migrants for reasons of employment would be made possible from 15 September 2009 to 15 December 2009 (see EMN Report 2010). After an agreement by governmental declaration (18 March 2008) and strong mobilization, another large-scale and “one-shot” regularization campaign took place on 19 July 2009. f

**Integration policy:** The decree of 28 April 1998 pertaining to the Flemish policy on ethno-cultural minorities was modified by a new Decree passed by the Flemish Parliament on 22 April 2009. With this decree the policy on minorities changed into a policy of integration. The new “integration decree” stresses the necessity of living together in diversity; it concerns all Flemish people – whatever their origin may be – and, more specifically, immigrants of the first and second generation. The decree also re-defines the mission of regional integration centres: supporting local initiatives; coordinating local integration plans; promoting the social, cultural, political, and economic participation of minorities; coordinating the reception, assistance, and integration of newly arrived migrants; training of integration experts and field workers; and collecting statistics.

**Anti-discrimination policy:** A lot of progress was made in 2008–2009 with respect to the transposition of the Racial Equality Directive and the Employment Directive at the regional and community levels and the development of regional anti-discrimination policies. In February 2009, the Centre for Equal Opportunities and Opposition to Racism (CEOOR) signed two collaboration agreements: one with the authorities of the French Community and one with the Walloon regional authorities. In Flanders, the Flemish Minister of Equal Opportunities announced in 2008 that 13 anti-discrimination bureaus (meldpunten) would be created in the long term. Nine of them are already active and provide information and support to victims of discrimination and advise local and regional authorities about structural problems and policy measures to be taken (see EMN Report 2010).

Croatia	<p><b>Quota reduction:</b> The government decreased annual work permit quotas for the employment of foreigners for 2009 and 2010. While the annual quota for the year 2008 was 10,242, for the year 2009 it decreased to 7,877, and for 2010 it amounts to 6,948 work permits (IOM Country Survey, Croatia).</p>			
Czech Republic	<p><b>Employment visa extension:</b> In the Czech Republic, under the amended Aliens Act, foreign workers who have lost their employment prior to the expiry of their work permit through no fault on their own may benefit from a 60-day protection period to look for new employment. Only after this period will the residence permit granted for the purposes of employment be void (IOM Czech Republic case study).</p>		<p><b>Voluntary return programme:</b> The Czech Republic launched a policy on 9 February 2009 to pay EUR 500 and airfare home for unemployed workers. The Czech government allowed 2,000 seats for the first phase of the project. Almost 1,900 were returned under this programme. However, fewer than 300 out of 2,000 eligible migrants signed up for this programme in its second phase that was launched between 27 July 2009 and 15 December 2009. (IOM Czech republic case study; OECD, 2009a)</p>	<p><b>Anti-discrimination policy:</b> The Anti-Discrimination Act came into force as of 1 September 2009 (IOM Czech Republic case study).</p>

Estonia	<p><b>Preference for highly skilled:</b> Changes in the Alien's Act stating that qualified foreign workers are preferable and employing unskilled foreign workers should be encouraged only if they are complementary to the local labour force (IOM Country Survey, Estonia)</p>			
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Finland	<p><b>Residence permits:</b> To promote migration, the Ministry of the Interior set up a project for the period 3 March 2008 – 30 April 2009 to draft an action plan for labour migration which would be compatible with the government's Migration Policy Programme. The project deals with: the roles, responsibilities, and cooperation of authorities in the development and promotion of labour migration; methods of joint operation and communication with various actors; and cooperation with the countries of departure both within the European Union and elsewhere. The impacts on labour migration of the rapid economic downturn at the end of 2008 have also been assessed and taken into account. The programme was structured to contain, on the one hand, principled policies for the development of work-based immigration and, on the other, proposed measures for their preparation and for taking effective action where necessary. As a rule, practically all of the included proposed measures aim at preparation for facing the particular challenges brought by labour migration. The programme has been drafted for 2009 - 2011, with a proposal for setting up a monitoring group composed of authorities and labour market parties for the purpose of monitoring its implementation (EMN report 2010 and country survey). The Ministry of the Interior set up a working group in February 2008 to examine possible forms of cooperation with countries of origin for the purpose of encouraging labour migration. The working group recommended that Finland shall not conclude any agreements with particular countries for the recruitment of their nationals (IOM country survey, Finland).</p>			<p><b>Integration policy:</b> After the adoption of the European Pact on Immigration and Asylum, the projects and measures listed below have been launched to facilitate the integration of immigrants. For the time being at least, the economic crisis has not resulted in changes in the national immigrant integration policy: 1) Government Bill on the new Act on the Integration of Immigrants will be submitted in spring 2010. In the reform of this Act, changes in the structure of immigration and the operating environment will be taken into consideration. The aim is to promote the equality of immigrants with the remainder of the population. 2) Government Bill on amending the Nationality Act will be submitted to the Parliament during the autumn session 2009. This Bill would promote the social cohesion of foreigners resident in Finland by providing for a more flexible process of acquiring citizenship. 3) A regional government reform will enter into force in Finland in the beginning of 2010. This reform will enhance the coordination of immigration issues at the regional level. It aims at reinforcing the control and support offered by regional government to the local level in order to facilitate the integration of immigrants and to foster good ethnic relations (EMN report 2010).</p>
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## France

**Irregular migration:** Tougher measures on irregular migration have been introduced: In April 2009, an agreement between the French and German governments to reinforce measures to combat irregular migration; in May 2009, a Partnership between the French government and the Kingdom of Belgium to reinforce common actions to combat irregular migration; in September 2009, an agreement between the French and Brazilian governments to reinforce measures to combat irregular migration; and in October 2009, an agreement between the French government and the United Kingdom: Launching of a “Common Information Center” in Folkestone (UK) (IOM country survey, France).

**Irregular employment:** In November 2009, the government announced the elaboration by the end of 2009/beginning of 2010 of a new law aimed at punishing firms which hire irregular migrants (IOM country survey, France).

**Voluntary return programme:** In April 2009, a new programme of voluntary return and reintegration assistance was implemented by the French Government and IOM France (IOM country survey, France).

**Integration policy:** Language programmes available within the framework of the “Contrat d’Accueil et d’Intégration (CAI)” were not affected by the financial crisis (IOM country survey, France).

## Germany

**Admissions restrictions:** The German government announced amidst the recession that the country will extend restrictions on the free mobility of labour from EU-12 new Member States further until the year 2011 (see Germany case study). **Extension of permits:** Furthermore, with a decision passed on 4 December 2009 at the autumn meeting of the Interior Ministers and Senators of the 16 Federal States, the ruling on a “resident permit on probation” according to § 104 a AufenthG (Residence Act) was extended. This clause from 2007 grants migrants and refugees who have lived in Germany with an exceptional leave to remain (“Duldung”) for at least eight years (or when living with minor children in Germany for six years) unlimited access to the labor market from 1 July 2007 onwards by providing them with a resident permit on probation. Among the reasons for the extension were, inter alia, the financial crisis and unavailability of jobs for migrants on a resident permit on probation.

**Preference for highly skilled:** In May 2009, the German government called for “action to ensure to bring the best brains into the German labour market” which later turned into the new law known as Labour Migration Control Act (Federal Ministry for Labour and Social Affairs, 2009b). According to the Labour Migration Control Act, which works in line with the German immigration law (Zunwanderungsgesetz), highly qualified workers both from the new Member States (EU-12) and third countries have the right to seek permanent residency (Niederlassungserlaubnis) in Germany (see Germany case study).

**Integration policy:** Since 2005, Germany has provided a minimum framework of integration services, in particular for newly arriving migrants. The main component of these services is the “Integration Course”, consisting of language and cultural orientation parts (IOM country survey, Germany).

**Social security agreements:** Furthermore, Germany has concluded bilateral social security agreements with 18 countries outside the EU, in general and not as response to the crisis, including all its main migrant-sending countries like Turkey and the countries of the former Yugoslavia. It is also with these countries that Germany has included health care benefits in the bilateral agreements, namely Bosnia and Herzegovina, Croatia, Macedonia, Serbia and Montenegro, Tunisia, and Turkey (IOM country survey, Germany).



Greece			<p><b>Voluntary return programme proposal:</b> The Ministry of Citizens' Protection, which is the responsible authority in Greece for the European Return Fund, has launched in December 2009 two Calls for Proposals: (a) on the implementation of assisted voluntary returns, and (b) on the implementation of a relevant information campaign. These Calls aim at creating the necessary mechanism and procedures for the safe, well-ordered and dignified assisted return of third-country nationals who no longer fulfill the requirements for entry and/or stay in the Greek territory and who wish to go back to their countries, as well as for the facilitation of their reintegration through the provision of a small reintegration allowance (IOM country survey, Greece).</p>	<p><b>Integration policy:</b> As it seems, the economic crisis has not significantly affected the implementation of language and vocational training programmes, as most of the current initiatives are operating to date (IOM country survey, Greece).</p>
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Hungary	<p><b>Quota reductions:</b> Due to the economic slowdown as the number of vacant jobs decreased, the quota in 2009 was set lower than in 2008 (the quota decreased from 65,000 in 2008 to 60,000 in 2009). However, due to the communal work programme supported by the government, the quota is expected to increase in 2010. According to the number of permits issued by the Employment Centres, the total number of foreign workers in Hungary was 55,230 in 2007 compared to 42,457 in 2008, which shows a significant decrease of 27%. In 2009, 28,215 work permits were issued which shows a 33.5% decrease in comparison to the number of work permits issued during 2008. The total number of work permits, registrations, and green card certificates issued and notifications made in 2009 decreased by 50% in the construction sector (4,471) and processing industry (5,402), whilst it doubled in the agriculture sector (EMN Report 2010).</p>			<p><b>Integration policy:</b> Refugees and beneficiaries of subsidiary protection are entitled by law to 520 hours of free Hungarian language course. This is provided by language schools and paid by the Hungarian Office of Immigration and Nationality. Those under temporary protection tolerated persons or authorized to stay, fall under the scope of the Act on the entrance and residence of third-country nationals and not under the Asylum Act. They do not have automatic access to language courses, only within special projects funded by European Integration Fund (IOM country survey, Hungary).</p> <p><b>Vocational training:</b> Vocational training is accessible for refugees and beneficiaries of subsidiary protection (who have the same rights as Hungarian citizens) through the State Employment Agency (they are also entitled to participate in trainings, course and/or programmes organized in the premises of reception centres or anywhere else by the relevant authorities). These are mainly trainings offered for unemployed persons in order to facilitate their reintegration into the labour market. Sporadically, there might have been other projects implemented as well, funded by ERF or EIF, one of which was closed as there were not enough participants. All the above have not been affected by the financial crisis as all are financed from the government budget or received funds allocated through various calls (IOM country survey, Hungary).</p>
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Ireland	<p><b>Visa requirements and family reunification:</b> Ireland has changed visa requirements for entry which include new provisions such as minimum salary requirements. Spouses and dependants of new work permit holders can no longer apply for an employment permit (Ireland case study). These are changes to eligibility for work permits for those who are applying for a work permit for the first time on or after 1 June 2009. The changes do not apply to those who have already been granted a work permit or who apply for a work permit before 1 June 2009 and they do not apply to Romanian or Bulgarian nationals. Furthermore, concerning Green Cards, there has been a considerable cutback in the number of eligible occupations. The Green Card permit is an employment permit for most occupations with annual salaries of over EUR 60,000 or certain occupations where there are skill shortages. In April 2009, this list of occupations was revised (IOM country survey, Ireland).</p> <p><b>Employment visas:</b> Although Irish immigration policy aims to limit the number of new employment permit holders in the light of the recession, there have been some policy initiatives in 2009 that have eased conditions for current permit holders. Those who have held an employment permit for five consecutive years no longer require a permit to remain in employment (Ireland case study).</p>			<p><b>Training programmes:</b> Whereas the Irish government intends to restrict the number of migrants for lower-paid positions, there is a continuous commitment to facilitate higher-skilled migration into areas “where there is strategic skills shortage” (DETE, 2009, see case study). Active Labour Market Policies (ALMPs) have been upgraded and the Department of Enterprise, Trade and Employment (DETE) implemented a number of new training and employment programmes in 2009. These include a new Work Placement Programme that is designed to offer unemployed people relevant work experience. To date, there is no data available on the number of migrants participating in these programmes.</p>
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Italy	<p><b>Reduction of quotas:</b> In Italy, quotas for migrant workers have been almost completely cancelled in 2009; only seasonal agricultural workers and tourism workers have been admitted (OECD, 2009a).</p> <p><b>Family reunification:</b> As part of a broader reform of its immigration law in July 2009, Italy introduced more restrictive housing requirements for family reunification. Furthermore, more restrictions have been imposed through the so-called “security package” issued in July 2009. It has foreseen that foreign citizens have to pay a fee (from EUR 80 to EUR 200) to obtain or renew their resident’s permit; foreigners have to sign an “integration agreement”, foreseeing the knowledge of Italian language and culture before applying for citizenship; each bureaucratic act or social provision will be furnished only upon presentation of a valid stay permit in order to ensure that only regular migrants receive these benefits (IOM country survey, Italy; Italy case study).</p>	<p><b>Irregular migration:</b> In its 2009 immigration law, Italy made illegal entry and stay a criminal offence, leading to immediate deportation and high fines. A further tougher measure to combat irregular migration is the extension of the detention period for irregular migrants prior to deportation from 60 days to 6 months. “Housing rented to irregular migrants” was established as a crime, punishable with jail for the home owner. Irregular migrants are excluded from AVR programmes (IOM country survey, Italy; Italy case study).</p> <p><b>Regularization:</b> Due to general pressure, the government has promoted specific regularizations for domestic workers and caregivers for elderly or handicapped persons. Hence, between August and September 2009, Italy allowed personal and home care workers to regularize their situation. About 300,000 applications were made by employers who wanted to regularize already existing work contracts with irregular immigrants (IOM country survey, Italy; Italy case study).</p>		
Norway	<p><b>Visa reductions:</b> The autumn of 2008 and the spring of 2009 saw a general fall in the demand for labour. This is reflected in the reduction in first-time issued work permits to citizens from EEA-countries. Norway also saw much more of a seasonal decline in the total foreign labour force in late 2008 than it had seen in the previous two years</p>			

Poland	<p><b>Admissions:</b> Poland has not made any attempts to introduce more restrictive admission policies due to the economic crisis. On the contrary, the liberalizing trend initiated in 2006 is prevailing. Consequently, the inflow of third-country workers is on the rise despite the crisis (IOM country survey, Poland). In January 2009, a new ordinance was issued that provides for facilitation of work permit procedured for some groups of foreigners. It foresees in particular that nationals of neighbouring countries (Ukraine, Belarus, and the Russian Federation) and countries that signed mobility partnerships with the EU (Moldova), who are willing to work as domestic workers for private persons, or employed earlier in Poland on the basis of seasonal immigration procedures, can be issued a work permit without labour market tests. The numbers of issued work permits to third-country nationals are on the rise, both total numbers and numbers of work permits issued to various categories of workers (managers, skilled and unskilled workers). In February 2009, the seasonal immigration scheme was extended to encompass not only nationals of neighbouring countries, but also nationals of countries that signed mobility partnerships with the EU (IOM country survey, Poland).</p>		<p><b>Voluntary return programme for nationals:</b> In November 2008, the Polish government, launched a programme “Masz PŁan na Powrót?” (Do you have a plan for your return?). The programme is an information campaign targeted at Polish migrants interested in return to Poland. It was launched in anticipation of increased return migration to Poland. One of the reasons to anticipate increased return migration was the potential impact of the economic crisis in Western Europe on Polish migrants employed there.</p>	<p><b>Integration policy:</b>As no active immigration policy is pursued in Poland, no direct labour market integration measures for migrants have been implemented. Individual Integration Programmes (IIP) are available for refugees (since 2001) and for persons granted subsidiary protection (since 2008). This is a general integration measure that includes also a labour market dimension (IOM country survey). Furthermore, NGOs have started new initiatives aimed at the protection of rights of migrants in Poland and assistance to them. Therefore, a Migrant Information Centre was established in April 2009.</p>
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Portugal	<p><b>Quota reduction:</b> In 2009, Portugal reduced the quota of admitted foreign workers (which include specific sectors believed to experience a shortage of workers) to 3,800 individuals from 8,600 in 2008 (-56%). The government officially justified the reduction because of the economic crisis (IOM country survey, Portugal).</p>		<p><b>Voluntary return programme:</b> Since 2009, IOM's Assisted Voluntary Return Programme has increased the possibilities for reintegration assistance for its beneficiaries, providing a reintegration subsidy up to EUR 1,100 per case. This increase though is not related to the crisis but to a higher budget provided by the Commission through the National Return Funds. Migrants have to present an individual plan of reintegration with an entrepreneurial/business plan. A reintegration network is being created specifically in Brazil (the majority of individuals assisted in the AVR activities are from Brazil) to assist migrants in the reintegration process. This process is being implemented in partnership with IOM Buenos Aires (IOM country survey, Portugal).</p>	<p><b>Social policy:</b> The Government of Portugal did not reduce the benefits and entitlements for immigrants. In fact the government, decided to facilitate the conditions and procedures for those migrants who had to renew their residence permits. The government created a new fiscal figure, the resident non-regular, which will target people willing come or return back into the country: A person who resides or intends to reside in Portugal, who has accommodation but has not paid personal income tax (IRS) in the previous five years, can now regularize his/her position by paying just 20% of his/her net income (this only concerns scientific, artistic, and technical activities) (IOM country survey, Portugal).</p> <p><b>Integration and vocational training:</b> Furthermore, a wide range of language courses and training programmes are provided by several actors (IOM country survey). In 2009 for example, the High Commission for Immigration and Intercultural Dialogue launched the Programme "Promotion of Immigrant Entrepreneurship" to promote training and support for job creation in order to facilitate migrants' insertion in the labour market. The overall aim was to promote entrepreneurial attitudes among immigrant communities, with a special focus on those living in neighbourhoods of greater vulnerability. So far, none of the existing programmes were affected by the financial crisis, once these activities, objectives, and budgets were established in the National Plan for Immigrant Integration (2007–2009), approved by the resolution of the Council of Ministers (no. 63-A/2007, 3 May, IOM Country Survey, Portugal).</p>
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				<p><b><i>Social security agreement:</i></b> Furthermore, an agreement on Social Security between Ukraine and Portugal was signed on 9 July 2009, but it is not ratified yet by the Ukrainian side. An agreement was also signed between Portugal and Moldova in February 2009, but it has not been ratified until now. Further agreements are being negotiated with Mozambique, the Philippines and Algeria (IOM country survey, Portugal).</p>
Romania				<p><b><i>Integration policy:</i></b> Romanian language courses and vocational trainings are among the priorities of the annual programme within the framework of the Solidarity and Management of Migratory Flows general programme "Implementation of actions aimed at implementing the 'Common Basic Principles for immigrant integration policy in the European Union'" (IOM country survey, Romania).</p>

<b>Slovenia</b>	<p><b>Quota reduction:</b> The quota was lowered for the admission of foreign labour migrants (24% decrease compared to 2008). Since June 2009, the access of new foreign labour migrants has been restricted (with a special emphasis on workers from Kosovo) (IOM country survey, Slovenia).</p>			
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Spain	<p><b>Family reunification:</b> Spain passed a new Immigration Law in December 2009 which contained more restrictive provisions on family unification. The residence requirements for family unification claims were extended and descendants of more than 65 years of age were no longer admitted. The reforms as well as these particular provisions were drawn up against the backdrop of worsening employment conditions in the countries (Spain case study)</p> <p><b>Admission restrictions:</b> Spain reduced admissions based on reductions of certain skills on labour shortages lists. The country drastically lowered its ceiling for non-seasonal worker to be recruited from abroad (Contingente) in 2009. In December 2008, the annual quota by occupation for non-seasonal workers was set at 901 for 2009, compared to 15,731 in 2009 (OECD, 2009a).</p>		<p><b>Voluntary return programme:</b> Spain adopted a new regulation at the end of 2008 to support voluntary return of unemployed non-EU migrants who receive in advance a payment of their accumulated unemployment benefits in two lumps on condition that they return home and do not come back to Spain for at least three years. The “Programme for the Early Payment of Benefits to Foreigners” (APRE) was approved in November 2008. Thereby, immigrant workers receive payments for any accumulated unemployment benefits. Applicants must have a legal status in Spain and be nationals of a country outside the EU, which has a bilateral agreement on social security with Spain. Furthermore, an agreement with Ukraine was signed in 12 May 2009 regarding the return and/or recruitment of labour migrants.</p>	<p><b>Integration policy:</b> The Spanish government set up a <i>Fund to support the reception and social integration of immigrants and its educational reinforcement</i> in 2005. Up to EUR 200 million were allocated to this fund. In the 2010 national budget, the allocation will be reduced by 50%.</p> <p><b>Anti-discrimination policy:</b> In December 2008, Spain approved a National Plan on Human Rights to strengthen the social inclusion of migrants and combat discrimination and is currently drafting a <i>Law on Equal Treatment</i> which will be accompanied by the creation of the Council of Equal Treatment and Non-discrimination.</p> <p><b>Social security agreements:</b> Regarding social security agreements, Spain and Japan signed one in January 2009 and the Latin-American Multilateral Agreement on Social Security was signed on 26 June 2009 (IOM country survey, Spain).</p> <p><b>Labour market mobility:</b> Spain is also trying to improve the situation of unemployed foreign residents by promoting residential and job mobility. A modification of the regulation on immigration was approved by the Council of Ministers on 10 July 2009. In order to make it easier to find work in Spain, they have modified work authorizations to eliminate geographic or activity restrictions and also to allow foreign workers to transition between employment and self-employment (IOM country survey, Spain).</p>
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Sweden	<p><b>Labour migration reform:</b> Labour immigration reform came into full effect in Sweden in 2009. The new demand-driven labour migration model was introduced as the crisis was unfolding. The reform significantly opened recruitment possibilities from abroad for low-skilled jobs and was designed to create an effective, flexible system for labour immigration, which will make it easier for people to come to Sweden to work and for Swedish companies to recruit workers from outside Europe. Swedish employers can request authorization to bring in a foreign worker and Swedish trade unions no longer have veto power over the application. One of several key components of the new legislation is to guarantee full protection of the rights of both labour migrants and employers and prevention of wage and social dumping. The Migration Board examines whether employment conditions – including wages, social insurance coverage, and other terms of employment – are equivalent to conditions that apply to employees already resident in Sweden (see EMN Report 2010 and OECD, 2009).</p>			<p><b>Integration policy:</b> The government has presented a reform to help newly arrived immigrants integrate faster into the workforce and Swedish society. The government presented a bill concerning introduction for newly arrived immigrants to the Riksdag in November 2009. The reform aims to hasten the social introduction of immigrants by strengthening personal incentives to find a job and participate in employment preparation activities. The aim is to give every new arrival professional support, adapted to his or her personal circumstances, to quickly learn Swedish, find a job and make a living, and to become familiar with their social rights and obligations in Sweden. The new law will take effect on 1 December 2010. The government has also introduced other measures to facilitate entry into the workforce: subsidized jobs for long-term jobseekers and newly arrived immigrants will enhance their opportunities to become self-supporting. The Riksdag has passed a new law introducing a special bonus in 13 pilot municipalities in order to encourage newly arrived immigrants to more rapidly acquire Swedish language skills. The purpose of the Act is to examine the impact of financial incentives on hastening language skills acquisition among immigrants and in so doing improve their employability. The Act came into force on 1 October 2009 (see EMN Report 2010).</p>
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<p><b>United Kingdom</b></p>	<p><b>Admissions restrictions:</b> The UK has reduced admissions based on reductions of certain skills on labour shortages lists. The current list focuses on specific job categories, most of which require a high degree of specialization (OECD, 2009). The government has made it more difficult for non-EEA migrants to enter the UK. The UK Border Agency has been established as a single agency combining borders and immigration. It is intended to make border operations more efficient (UK case study).</p>	<p><b>Irregular employment:</b> In February 2008, the UK government introduced a civil penalty system which has substantially increased penalties (up to 10,000 pounds or 2 years in prison) for employers who hire irregular workers. Since the introduction of this new system, UKBA has issued more than 1,000 fines, totaling more than GBP 10 million (UKBA, 2009). This is a considerable toughening because between 1997 and 2006, only 37 employers were found guilty of offences under previous legislation relating to illegal work (UK case study).</p>	<p><b>Social policy:</b> In the UK, the government announced it was reducing weekly support for new applicant single asylum-seekers aged 25 or above (excluding lone parents) from GBP 42.16 to GBP 35.13. However, the most controversial change to entitlement in this area involves the decision not to increase all asylum support in line with inflation for 2009/2010. Some rights and access to public services have been removed from non-citizens and migrants without permanent residence such as access to certain social security benefits and social housing tenancies and increases in the cost structure for tertiary education (British students pay less than foreign students to attend university).</p> <p>The largest pot of funding to support local authorities is the GBP 70 million Migrants Impacts Fund, administered by the Department of Communities and Local Government which is designed “to support communities in managing local pressures from migration” (see UK case study).</p>
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## IOM THEMATIC STUDY

# Migration and the Economic Crisis: Implications for Policy in the European Union

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## Introduction

*Migration and the Economic Crisis: Implications for Policy in the European Union* aims to provide a synthesis and analysis of the latest available evidence in order to assess the impact of the global economic crisis on migrants and migration policy in the European Union. As it was beyond the scope of this study to provide detailed country information for each of the EU-27 countries plus Croatia, Norway, and Turkey, seven country case studies were commissioned in order to provide a more in-depth perspective of the crisis in different regional as well as migration, labour market and welfare policy contexts within the EU. Interestingly, what this crisis has shown is that even countries which would normally be grouped together in terms of similarity of migration experience or policy have not necessarily been impacted in the same way. Therefore, as migrants' access to the formal labour market and social protection is not homogeneous across EU Member States, the extent to which migrants have been affected by the crisis as well as the policies put in place in response to it differ across the EU. The impact of the crisis on employment has, in general, been more a question of labour market sectors and of regions than of Member States.

Though the case studies are not wholly representative of the impact of the crisis within a specific region, they offer insight into the specificities of the some of the countries most impacted by the crisis as a starting point for comparison. Not all of the information provided in the case studies is directly comparable from country to country as the range of sources varies. Furthermore, the use of national level sources using different methodological approaches toward data collection in several areas (inter alia migrant flows, remittances) also do not allow for direct comparisons.

However, each case study aimed to capture the impact of the crisis using a common template and a general set of indicators. The main issues covered within the country case studies include, where possible:

- migration data (stocks, flows, irregular migration – disaggregated by gender);
- composition of migrants and changes in the labour market by sector, legal status, visa category, length of stay, skill level, gender, and country of origin;
- remittance flow and use;
- return migration;
- level of social protection and access to benefits;
- integration, anti-xenophobia and anti-discrimination measures;
- policy responses at the national level analysed in relation to the specific migration context of each country;
- public opinion on the impacts of the crisis.

Migration and the Economic Crisis:  
Implications for Policy in the European Union

## I) Czech Republic<sup>9</sup>

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## Introduction

The Czech Republic experienced the first signs of the economic crisis in fall 2008, when the economic growth of the country started to stagnate. At that time, the Czech Aliens Police recorded about 440,000 legally residing labour migrants. Later, about 12,000 foreign workers were dismissed in the first quarter of 2009 (including workers from other EU countries) and the validity of about 68,000 work permits was expected to expire in the first half of 2009 (Ministry of Interior, 2009a: 5–6).

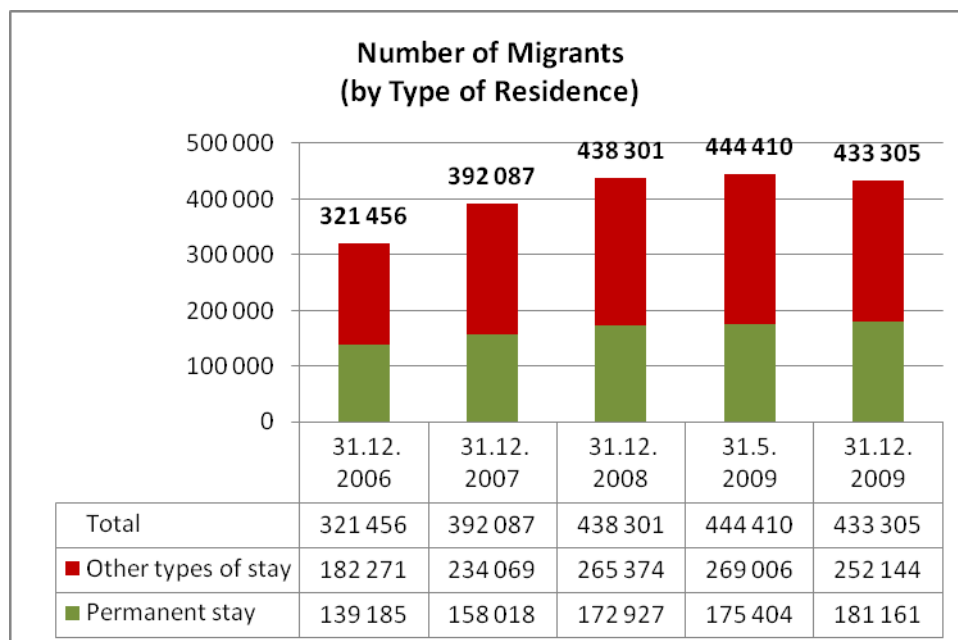
Employment agencies sometimes imported foreign workers, irrespective of the labour market situation; therefore the Czech government implemented the Government Order of 5 March 2009, which changed the conditions governing the import of foreign labour by agencies. The range of jobs which such agencies could intermediate for third-country nationals was strictly limited. Nonetheless, the economic crisis resulted in a large number of labour migrants, especially from the car industry, becoming suddenly surplus to requirements. Their hours of work were reduced and some were released from their employment. Many of them lost their incomes and, consequently, their homes. The Czech government therefore organized, in cooperation with IOM, the voluntary return home of redundant labour migrants, reimbursed by the Czech Republic (Horáková, 2009: 4).

The crisis also influenced the situation in the labour market: entrepreneurs grew afraid to hire regular employees and preferred to save on costs by filling vacancies with self-employed persons (so-called “schwarz system” or hidden employment) or unregistered employees (Horáková, 2009a: 5). Hiring unregistered workers is possibly a result of the increasing numbers of dismissed migrants.

## Migration data

The number of migrants residing in the Czech Republic rose gradually and peaked at 444,410 in May 2009 (Figure 1). From this month on, figures began to slightly decline and at the end of December 2009, about 433,305 foreigners were residing in the country, according to the Czech Statistical Office (CZSO).

**Figure 1: Number of migrants in the Czech Republic by type of residence**



Source: CZSO, 2010a.

A decline is registered only in the category of migrants with long-term and other types of stay.<sup>10</sup> In contrast, the number of permanently residing foreigners has continued to rise. We can deduce that the situation of migrants with permanent stay is stable and is not influenced or weakened by the crisis insomuch that they would be forced to leave. Figure 1 documents a trend of decline in the number of long-term resident migrants (newly arrived for visa over 90 days and long-term residents), whose stay is dependent on employment or other active presence in the labour market.

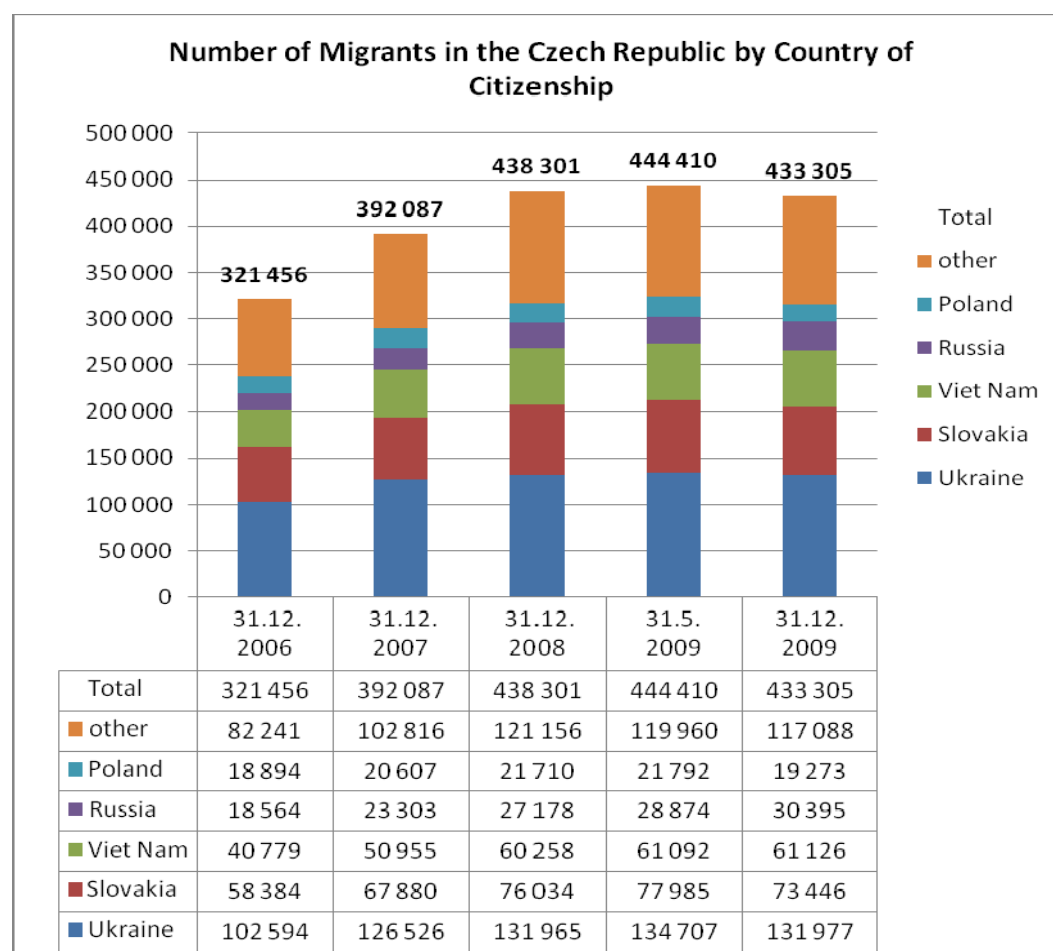
We assume that the majority of immigrants who seemingly disappeared from statistics became illegal in the Czech Republic or moved to other EU Member States. However, available data on returns includes only immigrants who have voluntarily or forcibly returned.

The decrease seems to be moderate with regard to the most represented nationalities of migrants in the Czech Republic. Except for a slight decline in registrations of stay of Polish nationals, data show stable numbers of migrants from other most frequent countries of origin (Figure 2). The share of migrants from Ukraine is 30 per cent (131,977 persons in December 2009); migrants from the Slovak Republic, 17 per cent (73,446 persons); foreigners from Viet Nam represent 14 per cent (61,126 persons); and citizens of the

<sup>10</sup> The Act on Residence of Foreigners defines a variety of categories of foreigners residing in the Czech Republic. For the purpose of statistics on migration, there are two aggregated residence categories: 1) permanent stay (which can generally be achieved after five years of continuous residence for visa over 90 days or long-term residence permit for third-country nationals); and 2) other types of stay over one year (long-term stay of EU citizens, stay on visa over 90 days, and long-term residence permit, which is – a permit following the visa over 90 days). According to the Czech Aliens Act (Art. 17b of the Aliens Act No 326/1999), a “long-term” visa is every visa longer than 90 days issued, in general, for one year. In principle, after five years, a long-term visa holder is entitled to apply for a permanent residence permit.

Russian Federation and Poland make up 7 per cent (30,393 persons) and 5 per cent (19,273 persons), respectively (CZSO, 2010a).

**Figure 2: Number of migrants in the Czech Republic by country of citizenship**



Source: CZSO, 2010a.

The decrease in current migration flows can be documented through the numbers of arriving migrants. The strong decline started at the beginning of 2008: until the first quarter of 2008, over 20,000 new immigrants (even 37,000 in the fourth quarter of 2007) regularly arrived in the Czech Republic (Table 1). The number decreased to 12,000 newly arrived migrants in the first quarter of 2009 and further to 9,500 in the third quarter of the same year. There was a 44 per cent decrease in the number of newly arrived migrants between the third quarters of 2008 and 2009, and a 60 per cent decline between the third quarters of 2007 and 2009.<sup>11</sup>

<sup>11</sup> Information on net migration is not available due to insufficient data on emigration from the Czech Republic.

**Table 1: International migration: immigrants by main nationality**

	Total	Ukraine	Viet Nam	Slovak Republic	Russian Federation	Moldova	Mongolia
1Q2007	23,306	8,211	2,771	2,743	1,800	790	-
2Q2007	20,155	8,939	1,758	2,575	1,206	935	-
3Q2007	23,428	9,523	2,225	2,421	1,593	542	-
4Q2007	37,556	12,899	5,578	6,192	2,096	1,152	1,183
1Q2008	21,122	5,517	4,406	2,239	1,293	-	1,011
2Q2008	18,684	4,323	3,810	1,751	1,193	-	794
3Q2008	17,098	3,943	2,038	1,544	1,377	-	915
4Q2008	20,913	4,948	3,114	2,058	1,900	-	780
1Q2009	11,779	2,690	1,174	1,321	871	583	-
2Q2009	10,808	3,116	668	1,398	1,037	485	-
3Q2009	9,507	1,547	459	1,289	1,171	176	-

Source: CZSO, 2010b.

The gender composition of migrants seems to be constant; men account for 60 per cent of migrants in the Czech Republic. The proportion of men and women in the category of permanently resident migrants is almost balanced, whereas for other types of stay, women represent approximately one third of migrants (CZSO, 2009a, 2010a).

### Irregular migrants

It is difficult to examine the situation of irregular migrants as there are no reliable official estimates concerning their total number in the Czech Republic (Drbohlav, 2009).<sup>12</sup> However, according to migration experts, the proportion of dismissals in the informal labour market would be similar to that in the formal market, if not higher. It is not clear how the number of undocumented migrants has evolved since fall 2008. On one hand, the authorities admit that some foreign workers who previously held residency and work permits fell into irregularity because of mass dismissals. Generally, a dismissal implies that the validity of a work permit has expired, consequently bringing an end to the validity of a foreign worker's residence permit under applicable law.<sup>13</sup>

On the other hand, the general trend in irregular migration flows shows that over the past ten years, state authorities have recorded permanent decreases in the number of migrants

<sup>12</sup> Experts estimate that the number of irregular migrants vary between 40,000 and 200,000 (Drbohlav and Medová, 2009).

<sup>13</sup> The validity of about 68,000 work permits was expected to expire in the first half of 2009, affecting mostly workers from Ukraine, Mongolia, Viet Nam, and Moldova, under the so-called "Aliens Act", i.e. Act No. 326/1999 Coll. on Residence of Foreigners on the Territory of the Czech Republic, as amended.

detained for breaching immigration law. In fact, the latter is the only indicator the Ministry of Interior (the key authority in the migration field) is willing to take into account and it believes that the project on voluntary returns (as described in the section on policy responses) might bring some light to this issue (Jelínková, 2009). Nevertheless, based on information available from the national media, these data do not seem to be predicative.

## **Composition of migrants and changes in the labour market**

As of the end of 2008, the total number of immigrants in the labour market was 361,000 foreigners, including 77,000 trade licence holders (21.3%) and 284,000 foreigners registered at labour offices as employees. In comparison, at the end of December 2009, the total number of employed immigrants was 318,000 (-43,000 persons), including 87,000 trade licence holders (+10,000), and 230,000 foreigners registered at labour offices (-53,000) (Horáková, 2009b; CZSO,<sup>14</sup> 2010c).

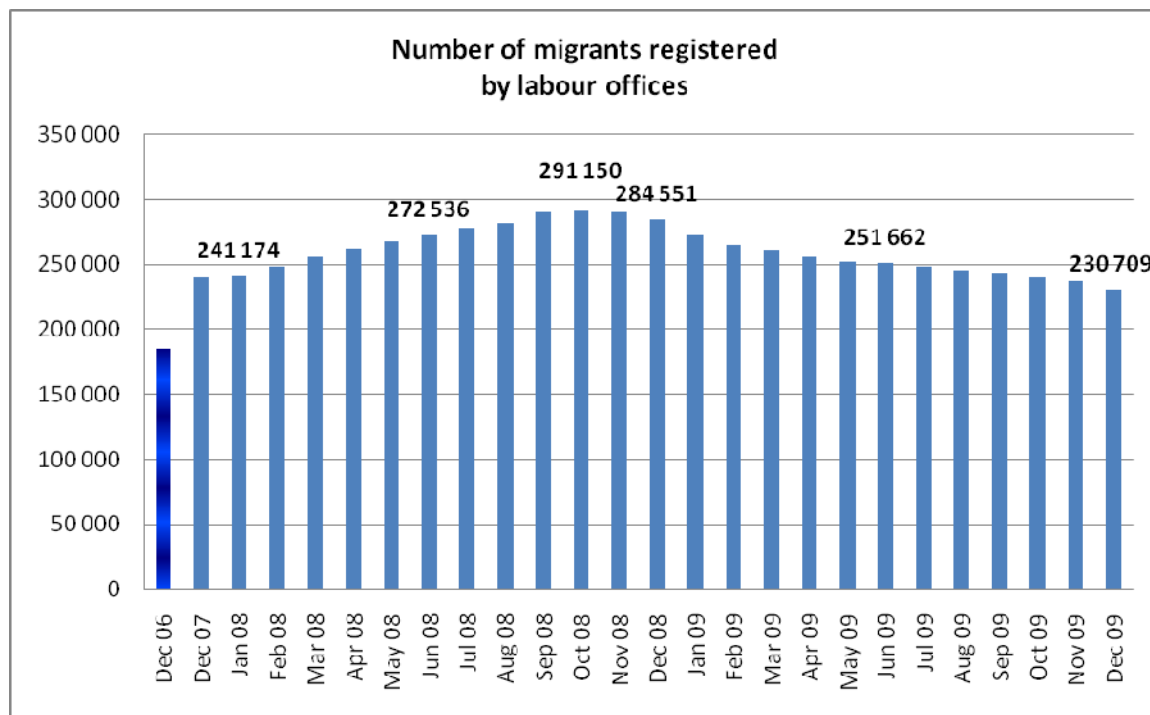
The section on migration data shows that the number of migrants is very slowly declining (Figure 3), in sharp contrast to data on the employment of foreigners. The number of foreigners registered at labour offices<sup>15</sup> fell by 51,000 persons between August 2008 and December 2009 and by more than 60,000 persons between October 2008 and December 2009 (CZSO, 2010c).

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<sup>14</sup> Information on the self-employment of migrants was not released in time for the finalization of this report. Thus, we use information from our e-mail communication with a CZSO representative.

<sup>15</sup> The term “registered at the labour office” means that the foreigner is employed under an employment contract. This is a general category that includes different groups of migrants: employed EU citizens and citizens of the Slovak Republic, third-country nationals with permanent residence who do not need a work permit, and third-country nationals who hold a valid work permit.

**Figure 3: Number of migrants registered by labour offices**



Source: CZSO, 2010c.

The decline in the number of employed foreigners registered at the labour office concerns basically only foreigners from third countries who need a permit to work. Next to the growth in the number of employed third-country nationals permanently residing in the Czech Republic (+3,000 from December 2008), the data from October 2009 show a distinct decline in the number of employed EU/EEA/EFTA citizens (-9,000, including -5,000 Slovak and -2,500 Polish citizens), as well as a quite radical decrease in the number of work permit holders (-45,000) (CZSO, 2009c).

Almost all the people who lost (or were not allowed to renew) their permit to work were long-term residing citizens of three countries: Ukraine (-16,500, -20% between October 2008 and 2009), Viet Nam (-14,500, -79%), and Mongolia (-8,000, -62%). The crisis has evidently hit these immigrants in the form of redundancies (CZSO, 2009c).

Many immigrants, mainly from Viet Nam and Mongolia, are low-skilled workers hired by authorized or unauthorized employment agencies to work in large factories and assembly plants. The loss of jobs is a very serious problem for the majority of these immigrants, who often borrow huge amounts of money to pay brokers and employment agencies who arrange jobs for them. Their debt prevents these migrants from returning home and forces them to illegally remain in the Czech Republic in order to earn money (Rozumek, 2009).

A comparison with the decrease in work permits for immigrants from Ukraine underlines the vulnerable position of workers from Viet Nam and Mongolia. The agencies which employ immigrants from Ukraine have more stable and wider networks throughout the Czech Republic; hence, they are probably in a better position to find another job for their employees in case of dismissal. The agencies hiring immigrants from Asia are linked up

only to large factories and do not guarantee an offer of any other possibility to work (Nekorjak, 2009a, 2009b).

The share of trade licence holders among immigrants is rising (up to almost 30%), mainly in the category of migrants from third countries. For these immigrants, having a trade licence is a more stable strategy to assure a permit to stay even under inconvenient conditions in the labour market. In comparison, only about 10 per cent of EU/EEA/EFTA citizens are trade licence holders, while the vast majority have an employment contract (CZSO, 2009b).

Out of a total of 87,000 trade licence holders, 35,000 are immigrants from Viet Nam (Table 2). Self-employment is a widely used economic strategy among this group of immigrants (91% of Vietnamese in the Czech Republic are trade licence holders). Similarly, there has been growth in the number of trade licences held by immigrants from Ukraine, who generally prefer to be employed (69%) by employment agencies (CZSO e-mail communication).

**Table 2: Trade licence holders**

	2006	2007	2008	2009 (30/6)
Ukraine	21,325	21,927	21,213	26,223
Viet Nam	22,910	24,437	32,139	35,590
Total	65,722	68,785	77,158	87,753

Source: CZSO, 2009b; CZSO, e-mail communication.

We can deduce that some migrants who used to have an employment contract switched their type of economic activity for a trade licence (which does not make a migrant and his/her permit to stay dependent on the permission to work). It is possible that they continue to work in a specific form of hidden employment: they are self-employed persons hired by their former employers, who save on costs related to regular employees (social and health insurance, for example). The number of trade licence holders increased by only 10,000 persons in 2009. Very probably, a significant number of third-country nationals who lost their jobs entered the grey economy structure (Horáková, 2009).

## Regions

In several regions (e.g. the Plzen region, where the Pilsner Urquell, Panasonic, and Skoda factories are located), about 100 to 200 foreign workers were dismissed from their jobs every week at the beginning of 2009. Moreover, the pessimistic economic prognosis for the Czech Republic in the upcoming months (a recession with a GDP decrease of 2% to 3% was predicted for the first half of 2009) indicated further mass dismissals of labour migrants, the majority of whom intended to stay in the country (Ministry of Interior, 2009).

The data show that the prognosis concerning dismissals has been fulfilled. The most badly hit regions have been Central Bohemia (-7,000 work permits between October 2008 and December 2009), Plzeň (-11,000), and Pardubice (-8,000) (CZSO, 2009c).

## Sectors

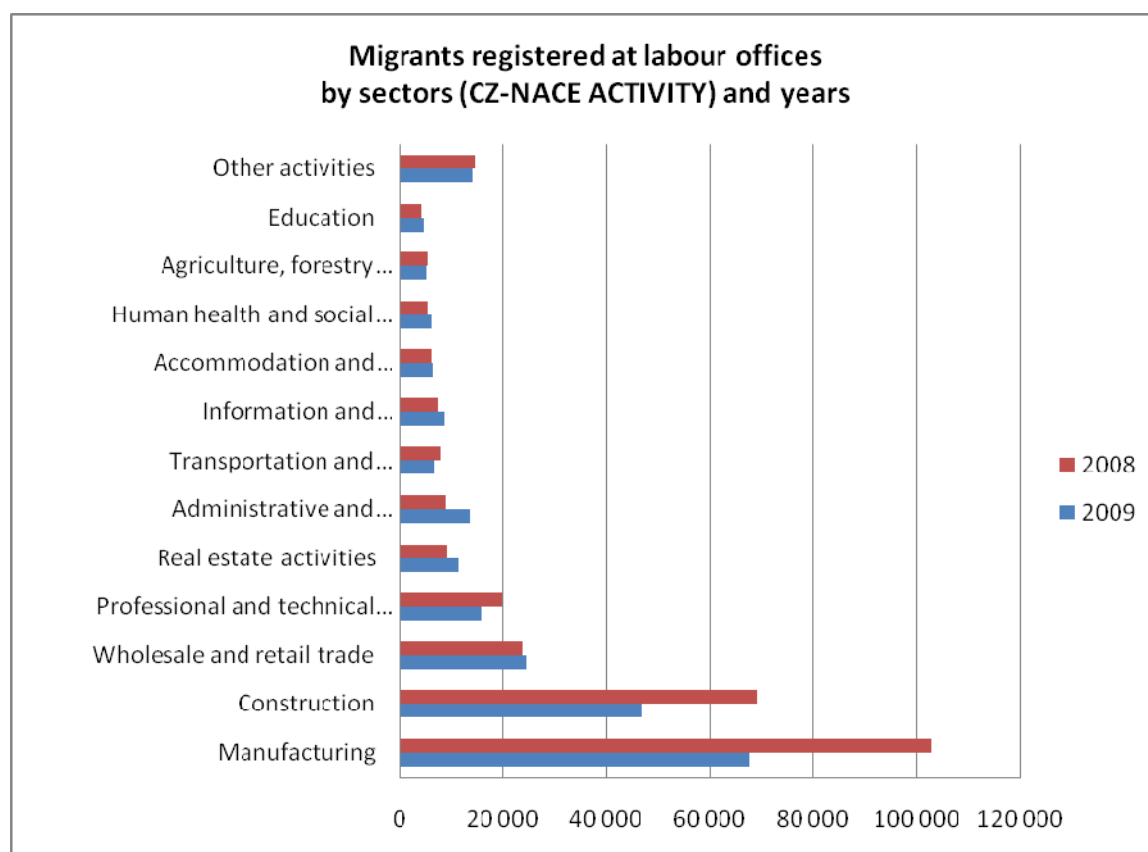
As shown in Table 3 and Figure 4, between the end of 2008 and 2009, a major change in the numbers of employed migrants occurred in the manufacturing and processing industry (-35,000) and in the construction and building industry (-22,000). A slight increase is documented in the sectors of administrative and support services (+4,000) and real estate activities (+2,000). A number of foreigners became self-employed, as indicated by the increase in the number of trade licence holders (Horáková, 2009a).

**Table 3: Migrants registered at labour offices, by sector and year**

CZ-NACE activity	Total		Slovak Republic		Ukraine		Poland		Viet Nam		Mongolia	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Celkem	284,551	230,709	100,222	98,190	81,072	57,515	20,680	20,278	16,254	3,670	12,990	4,205
Manufacturing	102,922	67,704	36,920	32,353	17,665	10,601	10,949	9,119	13,840	2,469	9,575	2,935
Construction	69,076	46,823	13,424	12,127	42,114	26,715	1,832	1,669	520	14	1,421	447
Wholesale and retail trade	23,794	24,455	12,132	12,563	3,984	4,366	802	742	451	287	264	83
Professional and technical activities	19,846	15,774	9,415	9,029	2,931	1,505	1,992	1,532	513	130	854	71
Real estate activities	9,119	11,304	1,946	2,456	4,368	5,095	140	201	54	33	66	130
Administrative and support service activities	8,746	13,541	3,402	6,110	2,679	2,764	548	2,339	81	120	247	219
Transportation and storage	7,909	6,540	4,336	3,850	978	777	432	446	42	22	164	20
Information and communication	7,267	8,486	3,167	3,537	484	470	392	553	57	6	60	24
Accommodation and food service activities	6,169	6,437	2,603	2,786	1,068	983	82	192	265	276	40	38
Human health and social work activities	5,514	6,055	4,614	4,954	284	371	110	135	3	5	0	4
Agriculture, forestry, and fishing	5,426	5,083	1,327	1,233	2,675	2,424	123	117	177	83	91	142
Education	4,197	4,635	1,447	1,702	114	140	132	130	8	8	5	11
Other activities	14,566	13,872	5,489	5,490	1,728	1,304	3,146	3,103	243	217	203	81



**Figure 4: Migrants registered at labour offices, by sector and year**



Source: CZSO.

## Unemployment

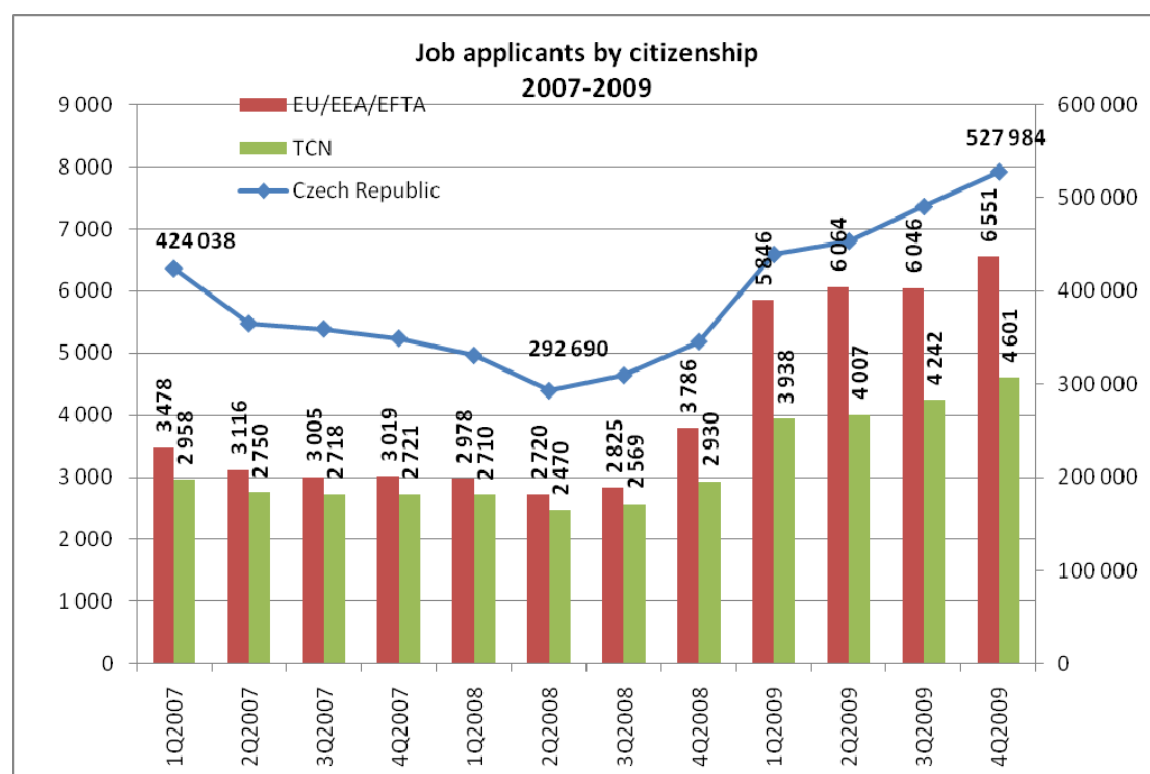
Registered unemployment in the Czech Republic started to rise in December 2008. The overall rate of unemployment increased from 6 per cent in December 2008 to 9.2 per cent in December 2009. As shown in Table 4 and Figure 5, the number of Czech job applicants increased from 345,534 in December 2008 to 527,984 in December 2009 (+62%), while the number of EU/EEA/EFTA citizens applying for jobs rose from 3,786 to 6,551 (+102%). With regard to permanently residing third-country citizens, the number of job applicants increased from 2,930 to 4,601 (+68%) (Ministry of Employment, 2010).

**Table 4: Job applicants by citizenship, 2007–2009**

Quarter / year	Czech Republic	EU/EEA/EFTA	Third-country nationals	Total
1Q2007	424,038	3,478	2,958	430,474
2Q2007	364,925	3,116	2,750	370,791
3Q2007	359,255	3,005	2,718	364,978
4Q2007	349,138	3,019	2,721	354,878
1Q2008	330,609	2,978	2,710	336,297
2Q2008	292,690	2,720	2,470	297,880
3Q2008	309,164	2,825	2,569	314,558
4Q2008	345,534	3,786	2,930	352,250
1Q2009	439,128	5,846	3,938	448,912
2Q2009	453,484	6,064	4,007	463,555
3Q2009	490,524	6,046	4,242	500,812
4Q2009	527,984	6,551	4,601	539,136

Source: MLSA.

**Figure 5: Job applicants by citizenship, 2007–2009**



Source: MLSA.

## Remittance flow and use

Estimates of remittance flows show a significant decrease in the amount sent by short-term migrants, from more than CZK 4.5 million (approximately USD 237,000) in the fourth quarter of 2008 to CZK 3.5 million (USD 184,000) in the third quarter of 2009

(Table 5). In contrast, the remittances sent by long-term migrants (those who have been residing in the Czech Republic for more than a year) has continued to rise. The CZSO estimates that long-term migrants sent remittances of up to CZK 5.7 million (USD 300,000) in the third quarter of 2009.

There is a large difference between the remittance estimates of the CZSO and the World Bank. The CZSO estimates that the remittances sent from the Czech Republic amounted to USD 1.655 million, while the World Bank Remittance Data Sheet, assumes a figure of USD 3.825 million. These amounts put the Czech Republic among the top 20 countries in the world from which migrants sent the highest remittances (World Bank, 2009).

As regards remittance estimates, the CZSO is in the process of designing a new method and praxis for data gathering. The current method of estimating the amount of remittances is based on estimates of income and consumption of immigrants. Therefore, this method merely serves as a tool for verifying the outcomes of other ways of measuring remittances.

**Table 5: Estimates of remittances outflows**

	Long-term resident migrants (CZK millions)	Short-term resident migrants (up to 1 year) (CZK millions)	Long-term resident migrants (USD millions)	Short-term resident migrants (up to 1 year) (USD millions)
1Q2008	3,668	3,488	193	184
2Q2008	3,648	3,746	192	197
3Q2008	3,904	4,186	205	220
4Q2008	4,232	4,564	223	240
1Q2009	4,472	3,701	235	195
2Q2009	4,937	3,416	260	180
3Q2009	5,751	3,527	303	186

Source: CZSO, e-mail communication.

## Return migration

There were four return schemes for immigrants in the Czech Republic in 2009.<sup>16</sup>

On 16 February 2009, a special governmental voluntary return programme was launched to enable immigrants with valid or just expired employment or business visas to return to their countries of origin. Two of the programmes have a legal basis in the specific provisions of the Aliens Act (Articles 118 and 123a). The two special programmes, which were launched in 2009 and which expired in December of the same year, were ad hoc responses of the Czech government to the crisis situation of immigrants in the country. A total of 2,089 foreign workers registered under the programme and returned to their

<sup>16</sup> Data on spontaneous return not available

countries of origin; of this number, 64 per cent were Mongolians, 15 per cent were Uzbeks, and 13.5 per cent were Vietnamese (Ministry of Interior, 2009e).

In 15 September 2009, another special governmental voluntary return programme was launched to enable immigrants without legal status in the Czech Republic to return to their home countries. A total of 169 persons returned home under this programme; they were mostly from Ukraine (41.4%), Viet Nam (11.8%), and Mongolia (8.9%) (Ministry of Interior, 2009e).<sup>17</sup>

According to Article 123a of the Czech Aliens Act, voluntary return assistance could be provided by the Ministry of Interior to any foreigner who is detained for the purpose of administrative expulsion (deportation) or to any foreigner who received a deportation order and does not have a valid travel document. The latter condition remains the main obstacle to the implementation of this legal provision; therefore, voluntary return under Article 123a of the Aliens Act is not realized in practice. We expect that with the obligation to transpose the EU Return Directive, the principle of voluntary return preference will be reflected in the amendment to the Aliens Act.

According to the most used deportation provision of the Czech Aliens Act (Article 118, forced deportation) a total of 3,064 immigrants received deportation orders from the Czech Aliens Police in 2009. This represents a slight increase of 155 deportation orders compared with 2008 figures (+5.3%).

## **Social protection and access to benefits**

In general, the economic crisis has not influenced the level of social protection and access to benefits of immigrants in the Czech Republic. A majority of immigrants in the Czech Republic have no, or very limited, access to social benefits. In practice, this means that all business and employment visa holders with no children have no access to social benefit payments. Immigrant families with at least one child have very limited access to social benefits after one year of legal stay in the country. If an immigrant in the Czech Republic loses his job, his employment visa is also discontinued. In some cases under the Employment Act, a protection period of two months is provided to the immigrant who lost his job in order to give him time to find a new job. On the other hand, immigrants with permanent resident permits enjoy the same level of social protection and access to benefits as Czech nationals.

More specifically, there are currently two systems of social benefits, based on three social protection acts,<sup>18</sup> which are also open to immigrants in the Czech Republic. The first system is administered by local labour offices and affects, above all, families with children. The second system is administered by local municipalities and covers all other immigrants and families with children who are not covered by the first system. The crisis has had no impact on the scope and amounts of social benefits, which are stipulated in the Life and Subsistence Minimum Act.

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<sup>17</sup> Both voluntary return programmes described above expired on 15 December 2009. For details on these programs, please see the section on policy responses

<sup>18</sup> Act No 117/1995 of the Collection of Acts on State Social Support; Act No. 111/2006 on Help in Material Need; and Act No. 110/2006 on Life and Subsistence Minimum (a basis for calculation of social benefits payments).

Access to the first system is basically available to all foreigners who have been living in the Czech Republic legally for more than a year. Almost all social benefits under this system are available only to families with children (parental contribution, birth grant, social extra cash, extra contribution to accommodation, and child allowance). Only one of these benefits – the extra contribution to accommodation – could be granted to a single immigrant with no child. One of the problems here is that to be eligible for some types of benefits, all family members must have lived in the country legally for more than a year. Another problem is that the contribution to accommodation can be used only if an immigrant has a direct lease contract with the owner of the flat or house. Therefore, sub-lease contractors and immigrants in dormitories are excluded.

Access to the second system is granted to immigrants with permanent resident permits, recognized refugees, individuals granted subsidiary protection under the Asylum Act, and family members of EU nationals after three months of registered stay in the Czech Republic. This system includes the following benefits: extraordinary immediate help, contribution to accommodation, and subsistence contribution. However, in the case of a family member of an EU national, a municipality office must assess if the immigrant does not present an unreasonable burden to the Czech social system (in practice, a system of points applies). Therefore, if someone has a job, or had a job for the last 365 days, he is usually not considered a burden. In all other cases, a person is considered a burden. However, the length of stay, study, or work experience, as well as an immigrant's qualifications, could also be considered under the points system. In practice, only a few immigrants with this particular status have access to social benefits. In the framework of the second system, extraordinary immediate help could be granted to anybody, including an irregular immigrant who can prove that he is in a particularly difficult situation. In practice, the amounts granted to immigrants are very small and are only provided in very exceptional cases.

## **Integration, anti-xenophobia, and anti-discrimination measures**

### **Integration**

The targeted measures intended to serve as conditions of key importance for the successful integration of foreigners in the Czech Republic include: (i) the foreigner's knowledge of the Czech language; (ii) his economic self-sufficiency; (iii) his knowledge of Czech society; and (iv) mutual relations between the foreigner and the majority society.<sup>19</sup>

In general, the integration of immigrants in the Czech Republic is executed in an inconsistent and ineffective way by a number of actors. It is characterized by a persistent shortage of financial support (according to Redlová (2009), on average, only CZK 52, or approximately EUR 2, is allocated for the integration of each immigrant); interventions during critical moments instead of systematic and preventive action; the insufficient involvement of regions and municipalities; and the government's preference for an informal cooperation with regions and municipalities.

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<sup>19</sup> The Czech Integration Policy is based on the Updated Policy for the Integration of Foreigners, which was adopted by Czech Government Resolution No. 126 of 8 February 2006. The coordination role in implementing the Policy for the Integration of Foreigners was transferred from the Ministry of Labour and Social Affairs to the Ministry of the Interior by the Czech Government Resolution No. 979 of 23 July 2008.

In the context of enhancing the integration of immigrants at the local level and compensating for inequalities in services provided to foreigners in Prague and other regions, the Ministry of Interior allocated, at the beginning of 2009, the resources of the European Integration Fund for the establishment of Integration Centres in six regions. The centres operate as platforms of cooperation among local bodies acting in the migration field and coordinate the local integration of foreigners (e.g. they offer Czech language courses and provide legal counselling). However, due to the limited duration of the projects, the inconsistent management of the centres,<sup>20</sup> the ambiguity of their status and their subordination to the Ministry, as well as an overlap with previously established services by local NGOs in some of the affected regions, there are many questions regarding the “reason of being” and the real impact of these centres on their target group (Tošnerová, 2009).

### **Anti-Discrimination Act**

Following a two-year legislative procedure, the Anti-Discrimination Act<sup>21</sup> came into force on 1 September 2009. With the adoption of the new legislation, the Czech Republic fulfilled its obligation to implement the EU anti-discrimination directive. The act defines the right to equal treatment and non-discrimination in a variety of fields (e.g. access to employment, business, education, social security, or health care), assembling the regulation of this principle in a single document.<sup>22</sup> The act prohibits any discrimination, direct or indirect, on grounds of race, ethnicity, nationality, sex, including pregnancy or maternity, sexual orientation, age, health disablement, religion, faith, or world view. It is expected that the act will also apply to cases of discrimination alleged by foreigners residing on Czech territory (Burdová Hradečná, 2010). Under the act, persons alleging discrimination may seek equal treatment and opportunities among employees by addressing the personnel in their company responsible for such matters. Otherwise, it is possible to appeal to a court in order to claim for: a waiver of such acts (e.g. to prevent an employer from requiring candidates to provide information on their nationality or family status during the recruitment proceedings); the elimination of the consequences of such discriminatory interference; and appropriate satisfaction (e.g. excuse), eventually pecuniary damages. Before the court, both parties share the burden of proof. The wrongful act may be subject to examination by the labour inspection or the Ombudsman.

### **Exploitation of foreign workers**

The government's return and Green Card projects have had limited impact and have yet to bring any effective solution to the global situation of foreign workers (see next section). In September 2009, twelve Czech human rights organizations expressed their concerns over the exploitation of labour immigrants, no matter the regularity of their status, by certain employers and employment intermediaries. A collective statement was sent to the relevant state representatives with a request to effectively handle the current critical situation by, among others: motivating the immigrants to find regular employment; correctly implementing the so-called “Sanction Directive” that provides for stricter punishment of

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<sup>20</sup> Four of the centres are operated by the Refugee Facilities Administration, an organizational unit of the Ministry of Interior, one in the Ústí nad Labem region by an NGO and the one in the South Bohemian region by a self-administration body.

<sup>21</sup> Act No. 198/2009 Coll., on equal treatment and legal mean of protection against discrimination and amendment of certain acts. The provisions providing the Ombudsman with the competences of an anti-discriminatory body and the related amendment of the Act No. 349/1999 Coll. on Public Protector of Rights will come into effect on 1 December 2009.

<sup>22</sup> The fundamental principle of equal treatment and ban on discrimination has been incorporated in several legal provisions such as the charter of fundamental rights and freedoms, the employment act, and the labour code, which caused the fragmentation of its regulation.

employers involved in the irregular employment of workers; and empowering responsible governmental resorts. The ministries were also invited to redefine immigration legislation by granting immigrants more rights in respect of the principle of “stricter entry, more free residence” (Statement of the NGOs, 2009). The seriousness of the situation has prompted the Ministry of Interior to ask the NGOs to submit a package of legislative proposals in this regard.<sup>23</sup> A comprehensive amendment of the applicable law is expected in the near future, though it appears that it will not be adopted by the current Parliament due to the June 2010 elections.

## Policy responses

In order to reduce the impact of the economic crisis on foreign workers, the Government of the Czech Republic adopted several measures related to employment with effect as of 1 January 2009. These measures include: the introduction of a protection period for certain categories of dismissed immigrants;<sup>24</sup> the prolongation of the validity of work permits to two years instead of one year; the release of the work permit issuance procedure;<sup>25</sup> and the imposition of stricter sanctions for irregular employment by extending the maximum limit of applicable fines (from CZK 2 million to CZK 5 million) (Ministry of Employment, 2009a, 2009b).

Moreover, the so-called “Green Card” project with a focus on support for legal migration was introduced. Originally, the project was designed to simplify the conditions of employment of qualified foreign workers from third countries<sup>26</sup> in the Czech labour market, by decreasing the administrative burden on both employers and foreign nationals. The main tool of the project is the Green Card, a document incorporating the equivalent of a long-term residence permit and a work permit in the Czech Republic (Ministry of Employment, 2009c).

In practice, the Green Card scheme has been not successful because the economic crisis radically decreased the number of vacant positions in the Czech labour market by hundreds of thousands. In addition, certain unfavourable conditions of the project (e.g. the employee has to stay with the same employer for at least one year, while the latter is not obliged to employ the foreign job-seeker after his arrival to the Czech Republic) deter immigrants from taking advantage of this scheme. According to statistics from the Ministry of Employment and Social Affairs, a total of 69 green cards had been granted to immigrants as of the end of February 2010 (Ministry of Employment, 2010b), in response to the 242 applications recorded by the Ministry of Interior in the period from 1 January 2009 to 31 January 2010.

Furthermore, the Czech Ministry of Interior, as the principal migration policymaker, prepared a comprehensive concept, “Ensuring the security of the Czech Republic after dismissal of foreign workers due to economic crisis”, approved by the government in

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<sup>23</sup> A preliminary meeting of the Ministry of Interior and NGOs was held on 30 September 2009. Another meeting, related to the discussion on comments to the proposed legislative amendments, took place on 25 January 2010.

<sup>24</sup> Under the amended Aliens Act, foreign workers who lose their employment prior to the expiry of their work permit through no fault of their own may benefit from a 60-day protection period to look for new employment. Only after this period will the residence permit granted for the purposes of employment become void.

<sup>25</sup> Under the amended Employment Act (No. 435/2004 Coll.), foreign students in the Czech Republic who want to work while they pursue their studies no longer need to apply for a work permit. In addition, applicants for a work permit do not have to present a medical statement anymore, and Czech employers no longer need a permit for the employment of foreigners.

<sup>26</sup> Finally, based on a list given by a government regulation, only nationals of 12 selected countries are eligible to apply for a green card.

February 2009, in which it tries to address the current situation by proposing a set of emergency and long-term solutions defined in cooperation with other relevant ministries. The proposal is based on a programme of voluntary return (as described below) and contains a number of practical and legislative measures, the main objective of which is to regulate further flows of immigrants to the Czech Republic (Ministry of Interior, 2009a).

In particular, the proposal outlines a stricter policy on issuing business and employment visas above 90 days. This policy should be implemented through: a rigorous examination of the intended purpose of stay during the visa granting proceedings;<sup>27</sup> the determination of the current workforce and business needs of the Czech economy with regard to the use of labour immigrants; or the specification of the range of positions that employment agencies are provisionally not allowed to offer to foreigners<sup>28</sup> (Ministry of Interior, 2009a). In this sense, the Czech Republic suspended, as of 1 April 2009, the issuance of business and employment visas above 90 days (except for tourist visas) in Moldova, Mongolia, Thailand, Ukraine, and Viet Nam for several weeks. The issuance of business and employment visas above 90 days was re-introduced (under a limited regime without any explanation of limits) on 22 September 2009 in Bangkok and on 26 October 2009 in Kiev, Lvov, Hanoi, Ulaanbaatar and Chisinau (Moldova). In December 2009, a visa duty concerning short-term stays in the Czech Republic was abolished for citizens of the former Yugoslav Republic of Macedonia, Serbia, and Montenegro.

However, the most recent internal instruction of the Czech Ministry of Labor and Social Affairs to local labour offices (dated 12 March 2010) calls on labour offices to give strong priority in filling vacant jobs to Czech and EU (plus Switzerland, Norway, and Liechtenstein) nationals over immigrants from third countries, as well as to grant a work permit only exceptionally to any third country national aiming to become a member of a limited company or a cooperative society.<sup>29</sup>

### **Voluntary return programme for immigrants with legal status**

The adoption of the “voluntary return programme” resulted from the increasing concerns of the Ministry of Interior over the unemployment rate for foreign workers already residing in the country and their potential involvement in criminal activities. Launched in February 2009 for an eight-month implementation period for 2,000 applicants, the programme aimed to return unemployed non-EU immigrants with legal status to their countries of origin. This measure was meant to address the predicted wave of 12,000 unemployed foreigners, a large proportion of which were Vietnamese, Ukrainians, and Mongolians. The return assistance included free transport to the country of origin and an incentive allowance of EUR 500 to cover necessary living costs on arrival home, as well as emergency accommodation for the last night before departure in some cases (Ministry of Interior, 2009b).

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<sup>27</sup> A foreigner willing to do business in the Czech Republic would be asked to provide a detailed business plan. Foreign police would then rigorously examine whether this purpose of stay is carried out.

<sup>28</sup> This measure is meant to curtail the influence of job agencies that are highly involved in the exploitation of foreign workers in the Czech Republic. The existence of these agencies is explained by the alleged demand among Czech employers for cheap labour, which also means that many Czech citizens cannot find decently paid work. On the other hand, the agencies constantly breach the principle of equal remuneration in disfavour of foreign workers.

<sup>29</sup> Membership in a limited company or a cooperative society is an easy way for foreigners to enter and work in the Czech Republic on a business visa, instead of the complicated and long procedure to obtain a regular working visa



Despite doubts over the attractiveness of the plan to immigrants themselves, given their enormous debts in their home countries to various intermediaries, the quotas had been fulfilled since 1,871 foreign workers with legal status benefited from the project (two thirds of which were Mongolians). Subsequently, Phase II of the programme was launched for the 27 July 2009 to 15 December 2009 period for another 2,000 applicants. The concept and the conditions remained unchanged, except for the amount of the allowance, which was lowered to EUR 300 for adults and EUR 150 for children under 15 (Ministry of Interior, 2009c).

However, based on the available information, immigrant interest in the project considerably dropped in this phase.<sup>30</sup> In total, 2,089 foreign workers registered for the programme and returned to their countries of origin (Ministry of Interior, 2009b, 2009e). It is interesting to add that the voluntary returnees obtained confirmation papers from the Ministry of Interior, which in the future could serve as an advantage (not binding) to gain easier entry to the Czech Republic after the crisis is over.

### **Voluntary return programme for irregular immigrants**

Referring to the results of the project above, the Ministry of Interior extended the programme to returns for immigrants with irregular status,<sup>31</sup> promising moderate sanctions in comparison to the ordinary deportation procedure under the Czech Aliens Act. Planned for a strict period of three months, from 15 September to 15 December 2009, the “voluntary return programme for illegal immigrants” was a one-shot measure that, according to the Ministry of Interior, would not be repeated in the future. Just as the previous project, this return programme also offered to cover the cost of the flight from the Czech Republic to the country of origin. Another motivation for foreigners to take part in this project was that they would know exactly how their previous irregular residence in the country would be sanctioned. However, those able to cover their own travel expenses would always get a shorter ban on entry. Therefore, the project was designed for an unlimited number of applicants (Ministry of Interior, 2009c, 2009d; Jelínková, 2009). Despite the positive evaluation of the project by the Ministry of Interior, it seems that its effect was minimal since only 169 persons applied for return within the predicted period, mostly from Ukraine (41.4%), Viet Nam (11.8%), and Mongolia (8.9%) (Ministry of Interior, 2009e).

### **Public opinion**

Public opinion regarding immigrants and asylum-seekers is not hostile and has not deteriorated during the crisis. It is indifferent rather than negative.<sup>32</sup> For example, foreigners are not publicly blamed for “stealing” jobs or being overdependent on social benefit payments. The geographically closed communities/ghettos of foreigners of specific origin or background almost do not exist in the Czech Republic (an exception is the Prague suburb of Libuš, which has a concentration of nationals from Viet Nam). The

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<sup>30</sup> As of 15 December 2009, the end date of the project, only 218 persons had applied to the project in its second phase, according to a press release from the Ministry of Interior.

<sup>31</sup> The programme targets “illegal” migrants who hold a valid travel document, who have neither been subject to any departure order (ban on residency in the Czech Republic) nor prosecuted or sentenced for intentionally committing a crime.

<sup>32</sup> This information is based on interviews with clients of the Organization for Aid to Refugees in four regional offices. However, compare this with polls by CVVM (2008) and STEM (2008).

position of politicians on migration and asylum issues is usually indifferent (often incompetent), not hostile or repressive.

It is the general tendency of Czech media to report about negative, shocking, or striking issues. Therefore, much of the newspapers' information concerning immigrants is negative.<sup>33</sup> Nevertheless, immigrants included in the projects of the Organization for Aid to Refugees do not complain of any unfriendly or aggressive behaviour against them. Often they appreciate the friendly neighbourhood in which they live. There is a state radio station with a regular programme on migration issues (*Český rozhlas*) which is professional and objective. Television networks rarely cover asylum or migration developments. However, the two voluntary return programmes were well-covered mainly by the local media, often with the message that immigrant workers were the first to be affected by the crisis.

In general, we have observed the empowerment of extremist parties and movements in the Czech Republic over the past two years. However, the extremists target, above all, the Roma minority in specific locations. Only in rare instances is their attention directed to foreigners in small cities with a relatively large group of immigrant workers from one country of origin (e.g. extremists distributed leaflets against nationals from Mongolia in the city of Havlíčkův Brod and Blansko, but this was an exceptional case). The government considers the issue of extremism as one of its priorities.<sup>34</sup>

## Conclusion

We may say that the government addressed the issue of economic crisis in connection with immigrants by launching two voluntary return programmes, which expired in December 2009, and restricting the issuance of new visas at Czech consulates abroad. Despite several partial measures taken in order to moderate the conditions of labour and residence of immigrants in the Czech Republic, the usual restrictive immigration rules have not been changed. Therefore, voluntary and forced return is still the priority solution offered by the Czech state to immigrants who have been affected by the crisis.

We believe that there are no sufficient measures in place to deal with the economic crisis in immigrant communities. The latest instruction from the Ministry of Labour to limit the number of work permits for even long-time working immigrants in the Czech Republic could have a strong negative impact on, in the worst-case scenario, a maximum of 60,000 foreign workers. We strongly recommend revoking this instruction.

In our opinion, the Czech immigration policy is generally lacking in vision and a comprehensive plan, and is of a purely reactive nature. There is a need to better organize labour immigration to the Czech Republic, mainly to effectively break up exploitation networks in immigrant communities. As far as labour integration is concerned, we recommend the introduction of legislative changes in order to ensure a direct employment relationship between an immigrant and a concrete industrial or service-providing

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<sup>33</sup> Detailed media research made weekly by the People in Need Foundation, <http://migration4media.net>

<sup>34</sup> The Ministry of Interior coordinates the anti-extremism policy. Published policy papers and reports on extremism are available at <http://aplikace.mvcr.cz/archiv2008/bezpecnost/extremismus.html>

company, so as to exclude all intermediaries making a huge profit from the vulnerable situation of newly arrived immigrants in the Czech Republic.

We also recommend launching a limited permanent regularization procedure to avoid the expulsion of well-integrated immigrants. Finally, we strongly support the introduction of effective circular migration measures.

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Migration and the Economic Crisis:  
Implications for Policy in the European Union

**II) Germany<sup>35</sup>**

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## **Introduction**

Among EU Member States, Germany is considered to be a particularly interesting and important case in terms of immigration, given its long-standing central position in both the geopolitics and economy of Europe, which has made this “reluctant land of immigration” (Brubaker, 1992) one of the top destinations for millions of migrants, more recently from a post-enlargement Europe.

Recent statistics on the German labour market make a clear point against generic claims that have been made about the labour market and migrant workers in the EU since the outbreak of the global and regional economic recession. It has been widely alleged that the foremost victims of the crisis are the foreign workers in Europe, particularly those who have recently migrated and those from the Eastern European countries that joined the EU in 2004, who have settled in the booming economies of old EU Member States such as the UK and Ireland. These foreign workers were said to be among the first to be laid off and consequently become homeless amidst the recession (BBC NEWS, 23 February 2008). However, in contrast to its counterpart economies in the EU-15, an extremely grim scenario has not been observed in the German labour market. According to the German Federal Agency for Employment (hereafter referred to as BA), unemployment rates for the foreign migrant workforce rose by only 0.8 percentage points during the peak period of the crisis, from 15.8 per cent in September 2008 to 16.6 per cent in September 2009. There was also a similarly low increase in the unemployment rates for the native German workforce during the same period, from 7.1 per cent to 7.5 per cent (BA, 2009).

Yet, this relative employment (and unemployment) stability of migrant workers in the host economy during the recession is not conclusive of the fact that migrants in Germany are better integrated into the host society than those living elsewhere in the EU. In the case of Germany, long-term failings in the integration of its migrant minority population, most notably seen in the double gap in unemployment rates for the migrant workforce and the native workforce over the past decade, appear to be far more salient and challenging than problems driven by the recent economic recession. In fact, surges in unemployment and the return movement of migrant workers, which have been highlighted elsewhere such as in the UK and Spain since mid-2008, have not been observed in Germany.

While this case study makes an effort to address the issues which are considered to be common concerns among EU Member States, analysis focuses on country-specific issues that have significant policy implications both at the national and EU levels.

### **The political and legal context of international migration to Germany**

Understanding the situation of foreign migrant workers in Germany essentially requires an understanding of the very complex legal and political framework of the country’s foreign migration system.

Under its guest worker system in the post-war economic miracle era, Germany had received over a million “guest workers” from then labour-surplus Mediterranean Europe. The second migration wave was shaped by people from the former Soviet block. It was during the post-socialist period (1991–1999) that Germany once again emerged as a top destination country for nearly 3 million newcomers, which included 2 million ethnic

Germans known as *Spaetaussiedler*, and various types of refugees from Eastern and Central Europe.

Given the early mass influx of people from Mediterranean Europe and the former Soviet Union, Germany is seen as an established immigration destination in Europe. However, the reality, in terms of the immigration policy development of the state, is quite the opposite: politically and legally, Germany began to transform from a temporary migrant-admitting system to an active immigrant-permitting system only less than a decade ago. According to the American immigration scholar Cornelius (2004), Germany is one of the “late-comers to immigration”, along with the other post-1990 evolved immigration nations of the OECD member economies (Italy, Spain, Japan, and South Korea).

In contrast to the former law for foreigners (*Auslaendergesetz*), which had primarily served as an administrative management instrument for Germany’s guest worker settlers, the *Zuwanderungsgesetz*, which came into effect in 2005, serves as the country’s first full-fledged, modern immigration law. The main difference between the old and new laws of immigration is that the new one recognizes the need for active inclusion into the economy of both former low-skilled guest workers and highly skilled and permanent foreign migrants.

The introduction of a modern immigration law has resulted in substantial revisions to Germany’s migration-related policies in the past five years. Yet, many of the significant changes made over the last few years remain rather under-explored at the international level. This is largely due to the high complexity of the German legal system, which has often been the source of inaccurate interpretations, either by oversimplification or by misleading translations of the country’s foreign population-related legislation. International or cross-national comparative analyses have often failed to differentiate between the intricate de jure and de facto status of Germany’s diverse migrant minority populations. Although the new German nationality law, enacted on 1 January 2000, allows the granting of German citizenship by *jus soli* (birthplace) principle, 1.7 million native-born ethnic minority individuals in Germany remain foreign nationals. This relatively high number of non-German citizen second- and third-generation immigrants is linked to the relatively low rate of naturalization in Germany, which was only 1.7 per cent in 2006. One of the major reasons for the low level of German citizenship possession among second- and third-generation immigrants is the limited *jus soli* practice of the German nationality law. While accepting the birthplace principle, the post-2000 revised German nationality legislation, which is characterized as an “option model”, strictly bans dual citizenship, requiring German-born children of immigrants to choose a citizenship when they reach the age of 18. This requirement has been widely accused of putting heavy pressure on native-born immigrant youths to choose whether to remain a German citizen or give up their non-German citizenship, which in turn holds back the integration of immigrants into the host society.

### ***Migrants versus foreigners in the new immigration law and population census***

One of the major yet little known contentious issue in recent policy revisions is the working definition of “migrants” that the German state began to use in the country’s population census (Microcensus) and, subsequently, in many other official statistics of the country since the introduction of the nation’s first immigration law in 2005. The latest population census (Microcensus, 2007) uses “*Migranten*” (migrants) instead of the



previously used term “*Auslaender*” (foreigners) for a broader inclusion of ethnic minority individuals in the country’s official statistics. Since the conceptual revision of the population census, migrants in German official statistics now commonly include not only the 7.3 million de jure foreign nationals, but also another 8.1 million foreign-born and native-born minority individuals in the country with a direct or indirect international migration background (i.e. they are either foreign-born or have one foreign-born parent). According to the new census definition of migrants, individuals with a migration background, known as *Menschen mit Migrationshintergrund* in German, make up nearly 20 per cent of the total German population. This migrant population includes nearly 5 million “native-born”, second- and third-generation immigrants, who account for more than half of German national individuals, and one third of the total migrants in Germany (Table 1 and Figure 1).

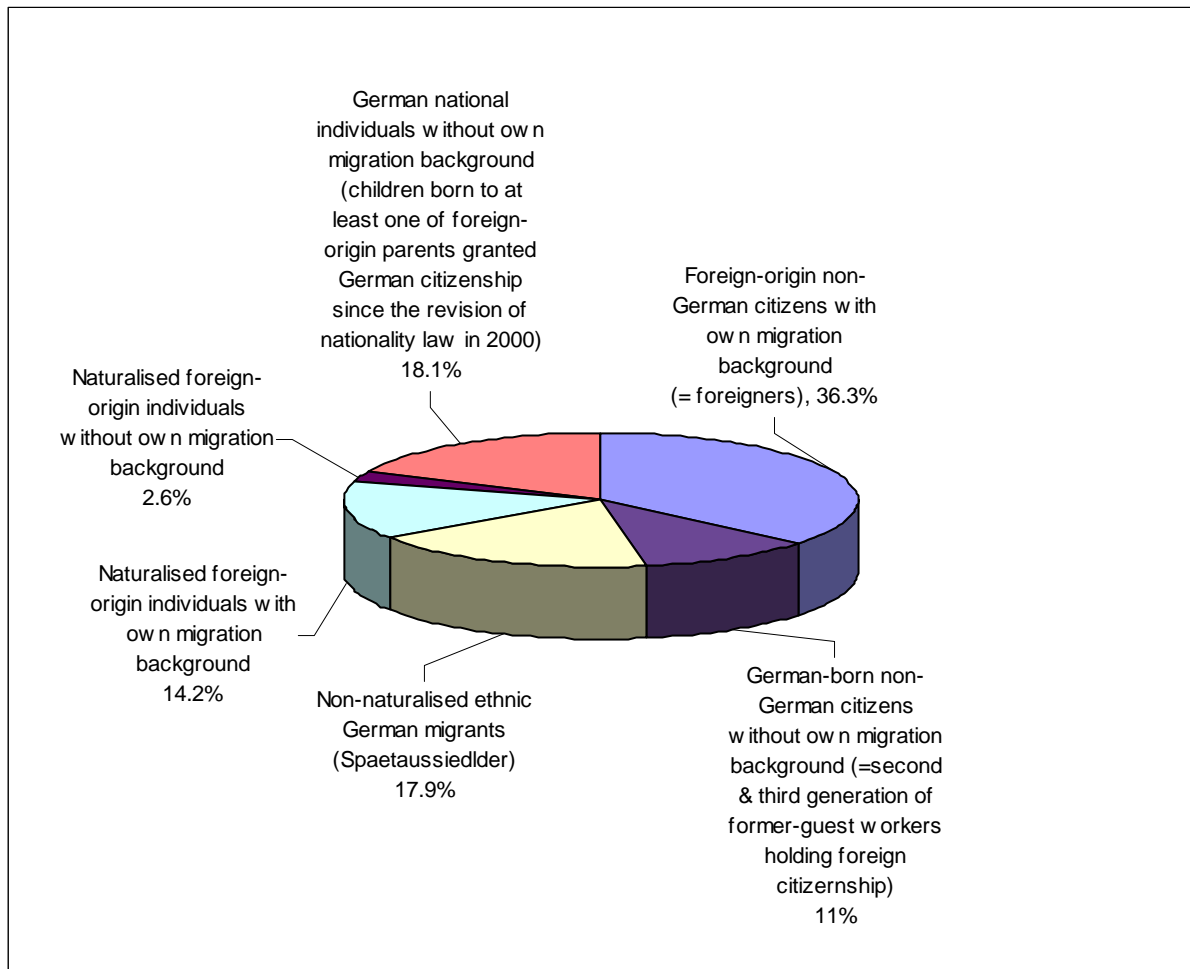
**Table 1: Immigrants in the new German population census**

<b>Migrants</b> (individuals with a migration background)			
15. 4 million (out of Germany’s total population of 82.3 million)			
German citizens		Non-German citizens (the de jure foreign population)	
8.1 million		7.3 million	
Individuals with own migration background ( <b>foreign-born</b> )	Individuals without own migration background ( <b>native-born</b> )	Individuals with own migration background ( <b>foreign-born</b> )	Individuals without own migration background ( <b>native-born</b> )
4.9 million	3.2 million	5.6 million	1.7 million

Source: *Microcensus*, 2007.

In practice, the new German census definition of “migrants” considers the immigrant population of the country based solely on the “ethno-national origin” of individuals, covering “those with own migration background who are first-generation immigrants to Germany who having made the move themselves”, and “those without own migration history having ancestors who immigrated to Germany”. This categorization defined by the new German immigration law and population census reflects a combination of the *jus sanguinis* (citizenship right by blood) and *jus soli* (citizenship right by place of birth) approach of the receiving state. Compare this with the international (OECD) standard definition of foreign-born population, which is solely drawn from the *jus soli* principle of immigrant population categorization. If one were to employ the international standard categorization of immigrant populations, Germany’s foreign-born (immigrant) population will be comprised of 10.5 million individuals (Table 1).

**Figure 1: Share of each ethnic and national minority group in Germany's total migrant population**



Source: Microcensus, 2007; Federal Office for Migration and Refugees, 2009.

In general, the Microcensus and the Federal Statistical Office, which are two of the key authorities that generate and analyse data on Germany's population, employ the broad definition of migrants. In contrast, the Central Registrar of Foreigners and BA stick to the narrower categorization of foreign national residents. For example, unless stated as an exception, analyses of labour market performance and use of welfare (social security system) by immigrants presented by the two governmental agencies are limited to non-German citizens of the country.

Thus, although this broader categorization of the migrant population in the new census serves to better analyse the status of approximately 2.8 million German descendants from the Soviet Union, who have been granted German citizenship by return law of the state but are still perceived as an immigrant minority group in the host society, the combined *jus sanguinis* and *jus soli* operational definition of "migrants" in population statistics and public debate over immigrants in the country is wide open to scrutiny.

In this study, unless otherwise stated, the terms "migrant population" and "migrant individuals" are used in the broad context of immigrants, defined by the German population census as all ethno-national minority-origin people in the country, regardless of

their citizenship status. By contrast, using “foreign migrant population” or “foreign migrant workers” straightforwardly denotes the de jure non-German workforce, as used in the labour market performance-related analysis of the BA.

## **Migration data**

Post-2000 statistics on the migration of populations to Germany indicate a number of key features of migration and migrants in the country, which in turn paint a dominant picture of the socio-economic and urban development trajectories of migrant populations in the country.

First, the share of Turkish-origin migrants, who are widely believed to make up the absolute majority of the foreign population in Germany, decreased by 0.4 per cent from 2004 to 2008, while migration from EU-10 countries increased by 28.2 per cent in the same period. According to the latest population census, Turks account for 16.4 per cent of a total of 15.3 million individuals in Germany who have an international migration background, and they make up 25.1 per cent of the total foreign national residents in the country (Microcensus, 2007; Federal Statistical Office, 2008b).

Second, European nationals, who include individuals from the former Soviet Union and the CEECS (Central and Eastern European Countries), excluding Turks, account for nearly 40 per cent of the total migrant population in Germany, and they make up more than half (55%) of the entire foreign national residents. Hence, in reality, the migrant population of Germany is dominantly of European origin, and not as ethnically diverse as had been widely assumed. Individuals of South-East Asian and African origin make up only 6.7 per cent of the country’s total migrant population (Table 2).

**Table 2: Migrant stock in the German population census**

Place of origin/region		Migrant population in Germany ( <i>Migranten</i> ): individuals having an international migration background				Total	
		Individuals with own migration background		Individuals without own migration background			
		Number in thousands	in %	Number in thousands	in %	Number in thousands	in %
EU-27		2,545	69	1,141	31	3,686	23.9
among which:	Greece	240	62.5	144	37.5	384	2.5
	Italy	431	56.6	330	43.4	761	4.9
	Poland <sup>1</sup>	529	82.9	109	17.1	638	4.1
	Romania <sup>1</sup>	207	86.3	33	13.8	240	1.6
Other Europe		3,327	69.1	1,486	30.9	4,813	31.2
among which:	Bosnia and Herzegovina	217	76.7	66	23.3	283	1.8
	Croatia	251	67.3	122	32.7	373	2.4
	Russian Federation <sup>1</sup>	510	90.9	51	9.1	561	3.6
	Serbia	287	73.4	104	26.6	391	2.5
	Turkey	1,511	59.8	1,016	40.2	2,527	16.4
	Ukraine	192	89.3	23	10.7	215	1.4
	Europe total	5,872	69.1	2,627	30.9	8,499	55.1
Africa		342	71.3	138	28.8	480	3.1
America		233	67.3	113	32.7	346	2.2
Asia, Australia, and Oceania		1,183	78.8	318	21.2	1,501	9.7
among which:	Near and Middle East	584	82.5	124	17.5	708	4.6
	Kazakhstan <sup>1</sup>	203	94.4	12	5.6	215	1.4
	South and South-East Asia	416	74	146	26	562	3.6
Not specified		2,904	63.3	1,682	36.7	4,586	29.8
Total individuals with international migration background		10,534	68.4	4,877	31.6	15,411	100.0
among which:	Foreign nationals	5,592	76.8	1,688	23.2	7,280	47.2
	German nationals	4,942	60.8	3,189	39.2	8,131	52.8
	<i>Spaetaussiedler</i> - ethnic German migrants from Eastern Europe granted German citizenship <sup>2</sup>	2,756	-	-	-	2,756	17.9
	from Poland	518	-	-	-	518	3.4
	from the Russian Federation	475	-	-	-	475	3.1
	from Kazakhstan	320	-	-	-	320	2.1
	from Romania	173	-	-	-	173	1.1
	from the former Soviet Union	137	-	-	-	137	0.9

Notes:

<sup>1</sup> Without ethnic German migrants (*Spaetaussiedler*)

<sup>2</sup> No identification of place of origin was possible for approximately 1 million ethnic German migrants.

Source: *Microcensus, 2007; Federal Statistical Office, 2008b.*

**Table 3: Foreign population in Germany by immigration status, selected nationalities**

Nationality	Total sum <sup>1</sup>	Titles of residence (types of visa)										EU law EU citizens Free mobility regulation <sup>2</sup>	Residence permit granted for specific reasons <sup>3</sup>	Exceptional leave to remain (i.e. Asylum-seekers)	Holding no specific visa status holders of visas in
		According to the old law for foreigners ( <i>Ausländergesetz</i> ) (AusLG: 1990-2004)		According to the new immigration law ( <i>Zuwanderungsgesetz</i> ) AusIG: from 1.1.2005											
		Limited	Unlimited	Residence permission given among						Permit of permanent settlement <sup>4</sup> ( <i>Niederlassungs- erlaubnis</i> )					
				Total sum	Education & Training	Employment	Humanitarian reasons	Family- related reasons	Particular right of residency						
Turkey	1,698,370	154,970	802,240	308,295	6,677	4,788	19,470	234,968	42,392	358,003	1,534	2,906	7,450	29,568	
Greece	328,386	4,718	124,341	26,609	547	3,690	731	18,427	2,204	60,860	1,678	7	461	3,373	
Russian Federation Former Soviet and Post-Soviet	188,753	4,677	23,756	71,975	8,064	4,858	4,988	50,511	3,544	71,425	1,336	1,888	3,473	7,585	
Armenia	177,330	3,089	53,087	53,084	360	636	12,290	32,075	7,723	49,183	1,326	897	7,056	7,352	
Georgia	138,157	1,292	15,878	62,990	535	1,345	15,895	33,290	12,124	39,751	818	491	8,204	1,846	
Kosovo	32,183	148	1,379	17,382	84	39	3,530	10,668	3,081	8,215	117	437	1,058	914	
Former Yugoslavia	4,390	32	427	2,212	35	22	519	1,334	299	2,794	34	32	604	123	
Romania and Bulgaria	156,892	2,090	11,808	40,081	825	2,540	9,251	24,410	3,055	93,281	1,789	189	7,571	4,391	
Ukraine	128,203	3,572	55,312	30,050	4,888	3,220	1,551	18,745	1,646	30,385	1,127	39	418	4,184	
United States	108,582	7,890	26,221	30,819	6,213	10,063	98	11,470	2,975	21,483	2,082	2	34	7,344	
Vietnam	83,686	2,872	7,037	30,697	2,799	319	2,686	22,755	2,128	34,549	168	570	7,485	3,263	
China	78,590	3,033	3,137	54,274	29,632	11,643	1,163	10,859	977	8,424	714	390	3,492	3,599	
Iran	74,461	604	1,177	33,901	266	85	18,576	12,984	1,990	17,175	225	5,793	7,579	3,116	
Russia	58,188	3,897	15,243	22,409	4,425	527	318	15,864	1,475	17,190	1,784	137	371	7,986	
Armenia	42,892	2,707	22,172	16,957	448	544	1,216	13,305	1,444	17,327	519	86	984	1,892	
Thailand	54,500	1,684	11,185	16,889	1,446	578	80	13,183	1,402	22,411	623	2	54	1,238	
Iran	54,317	2,134	6,305	18,811	2,313	676	5,979	8,208	1,635	16,278	341	1,536	3,570	3,986	
Kazakhstan	53,689	2,251	8,564	25,546	662	202	758	22,432	1,492	14,407	114	8	316	1,613	
All nationalities	6,727,878	314,245	1,712,776	1,287,174	141,236	86,736	169,782	788,270	121,150	1,121,280	1,582,961	35,254	103,218	455,911	

Source: Federal Statistical Office, Central register of foreigners 2009

<sup>1</sup> As of Jan 2009, Serbia and Montenegro are two independent states. However, many persons have not been assigned to a successor state of "Former Serbia and Montenegro" in the Central Foreigners' Register (AZG) yet. As of May 1, 2008, Kosovo is also an independent state.

<sup>2</sup> The difference between the total number of migrant inhabitants granted a residence permit and the total sum of foreigners is 174,999. This is because the total sum includes all foreigners who are either exempt from the requirement of a residence permit or who have applied for one.

<sup>3</sup> Citizens of third countries who are in possession of an EU residence permit are usually family members of citizens of EU member states or of countries in the EEA, respectively. They receive an EU residence card.

<sup>4</sup> Niederlassungserlaubnis is an integrated form of the formerly "limited" residence permit.

<sup>5</sup> It applies among others to EU citizens who have applied for a residence permit, and to persons who must leave the country, as not being entitled to exceptional leave to remain.

Third, the vast majority of Germany's foreign migrant population is comprised of post-World War II guest worker migrant settlers from Southern Europe, who have lived in the country for an average of 18.2 years, or 20 years when considering the total number of foreign-origin people of the country. Germany's migrant residents are getting old, though the gender distribution is quite even. The male-to-female ratio of the foreign migrant population is 51.2: 48.8 (Central Registrar of Foreigners, 2009; Federal Statistical Office).

Fourth, the migrant population in Germany has been traditionally marginalized in mainstream society, as evidenced by their dominant presence in the low-skilled sectors, which in turn reinforces the low-income status of the average migrant population. Although part-time foreign national workers currently account for less than 20 per cent of the total foreign workforce in Germany's formal labour market (BA, 2009c), more than a quarter of foreign migrant workers in the country were reported to be living below the poverty line in 2005— a year considered to be a time of economic boom in the country (Table 4).

Table 4: Economic status of migrant population by income level

			With a stated household income level in %	Below the poverty-risk- threshold <sup>1)</sup>	Of the total workforce	Up to 1,000 euros	1,100 to 1,999 euros	2,000 to 3,999 euros	4,000 euros or more
			%	%	%	%	%	%	%
Among which	All foreign-born (migrant) population	male	7,795	95.8	27.9	43.0	29.7	19.9	4.9
		female	7,598	95.9	23.5	32.5	49.8	28.0	1.1
		total	15,393	95.7	23.2	37.9	44.6	48.9	3.3
	Spezialarbeiter (ethnic German migrants)	male	1,995	97.5	23.0	35.8	25.7	35.2	3.3
		female	2,088	97.5	21.3	37.9	47.3	28.5	3.2
		total	4,083	97.5	21.7	41.7	44.9	40.0	2.2
	German-born, and naturalised migrant individuals	male	1,982	95.9	24.4	33.7	30.0	45.3	5.6
		female	1,997	97.1	23.0	28.7	43.1	30.9	5.1
		total	3,979	96.0	23.7	30.3	44.5	38.9	3.6
	Foreign-born (foreign-born) migrant individuals	male	3,899	98.9	34.0	48.5	28.8	18.9	5.5
		female	3,512	95.4	34.7	32.7	49.2	28.4	4.2
		total	7,411	97.1	34.3	38.6	44.9	40.1	3.6
Total	male	40,398	92.5	14.3	47.1	23.0	43.9	23.1	10.0
	female	42,127	98.2	13.2	37.3	59.3	34.3	7.8	1.8
	total	82,525	92.3	14.6	42.1	38.1	38.5	16.1	6.3

1) Persons considered as being at the poverty line, if their per-capita net-income is less than 60% of the average income (median). The per-capita income is weighted according to the number of household members. In order to do so, the household net income is referenced to the weighted number of household members. The household's main breadwinner is assigned a value of 1, all household members who are 14 years of age or over are assigned values of 0.5 and all those younger than 14 are weighted with a value of 0.3 (OECD-equivalent scale). Due to missing data, 7.7% of the population were not considered in income calculations. Equivalence incomes and poverty ratios from the *Migrations* were calculated according to the evaluation of *Statistikbibliothek 2004: Statistische Analysen und Studien 4/04*, vol. 13.

Source: Federal Statistical Office; special evaluation of the *Migrations 2003* for the Federal Government Commissioner for Migration, Refugees, and Integration

As shown in Table 5, nearly half of the foreign migrant workforce is employed in the labour-intensive and low-wage primary and tertiary industries of the German economy, including agriculture and forestry. The domestic labour sector however remains highly tricky, since figures for regular full-time and part-time jobs covered by statutory social insurance do not include the undocumented (e.g. cleaners and nannies working illegally in private households), and those in so-called “mini-jobs”, which are literally short-term jobs with small payments. Mini-job takers are officially categorized as unemployed due to their short working hours and low wages (i.e. less than 15 hours a week, EUR 400 a month); hence, they are not subject to statutory social security payments.

**Table 5: Share of foreign migrant workforce with social insurance in the total German workforce by sector**

Sector	Number	Share of the total workforce (%)
Manufacturing	542,760	8.2
Business-related services, including consultancy	288,366	8.5
Retailing, maintenance, and repairing of vehicles	223,406	5.7
Catering and tourist industry	161,509	21.4
Health and social care services	130,090	4.2
Transportation and communication	115,265	7.1
Construction	98,028	6.4
Other services	71,673	6.1
Education and teaching	43,682	4.5
Public administration	31,928	1.9
Agriculture, forestry, and fishing	30,018	9.8
Banking and insurance	23,943	2.4
Mining, energy, and recycling	6,624	6.3
Domestic labour	4,285	11.9
Total number of workforce (with social insurance)	1,771,577	

*Source: BA, 2006.*

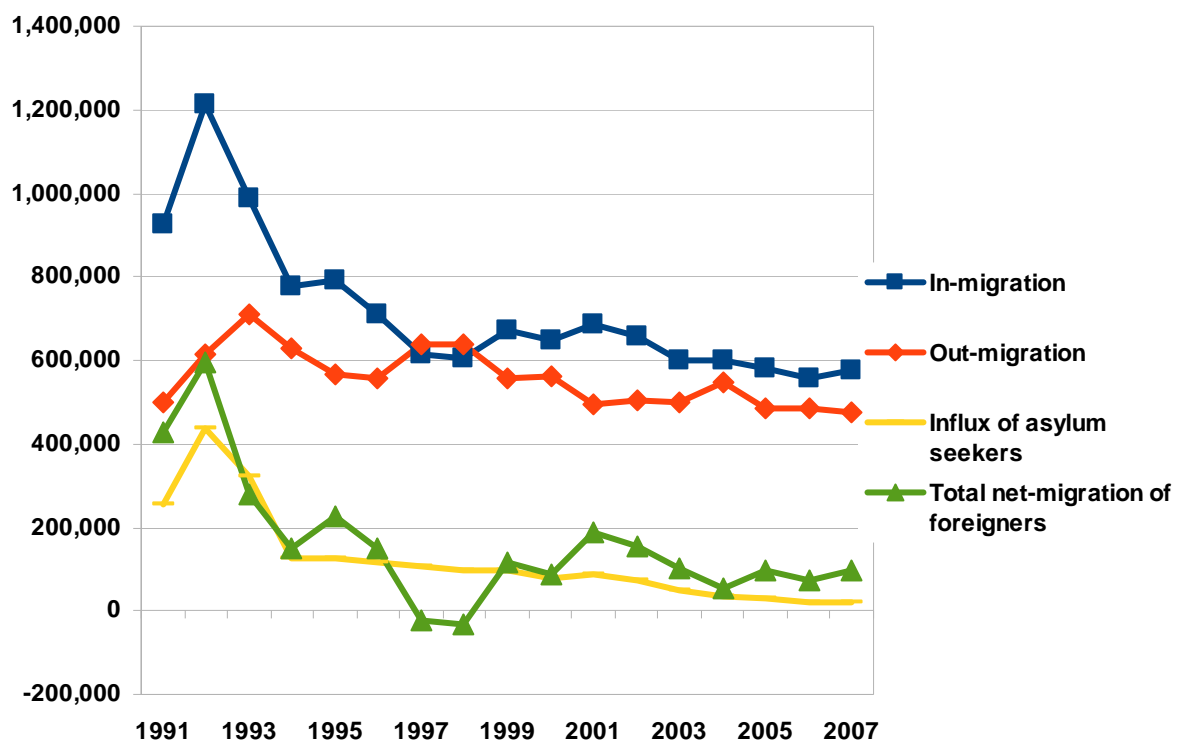
According to recent official statistics, foreigners make up 13.4 per cent of registered mini-job workers in the domestic labour sector, while the native workforce in the sector accounts for 86.6 per cent (Mini-job Center of German Statutory Pension Insurance, 2009). Yet, whether these figures provide a realistic picture of the migrant workforce in the domestic labour sector is a subject of speculation, given that millions of middle-class German households are believed to use the services of unregistered and low-cost cleaners, originating predominantly from low-income economies in Europe such as Poland, Bulgaria, and Turkey. An unofficial count of the number of such informal foreign domestic workers in Germany ranges from 1.2 million to 2.9 million (Focus, 2004). Whatever the actual number is, workers in this sector and the service industry as a whole in Germany are not considered to have been affected by the recent crisis, and are therefore not particularly relevant to the study.

Workers in jobs that are subject to statutory social security payments (e.g. health insurance, long-range nursing care, pensions, and unemployment insurance) make up the vast majority of the total employed population in the German economy, accounting for nearly 70 per cent of the 40.55 million civilian workforce of the country (BA, 2009c). The remaining 30 per cent of the total workforce, which is exempt from statutory social security payments (social insurance) in the economy, includes those who are self-employed and civil service officials who are predominantly native Germans.

## International migration trajectories in Germany

As a whole, net migration to Germany has been fluctuating for nearly two decades, starting in the early 1990s (the end of the Soviet era). This period has seen an exodus of people from Eastern to Western Europe, as well as transatlantic movement. Figure 1 shows a clear migration influx in this particular period, which gradually tapered off from the mid-1990s. Since 2000, one can observe a downward trend in net migration: a tendency towards negative growth in net migration to the country indicated by the narrowing gap between in-migration to the country and outmigration from the country, both among the native and foreign populations of the country. These trends have not really changed over the past few years including 2009, which is considered to be the most economically turbulent time in post-war Europe (Figures 1 and 2).

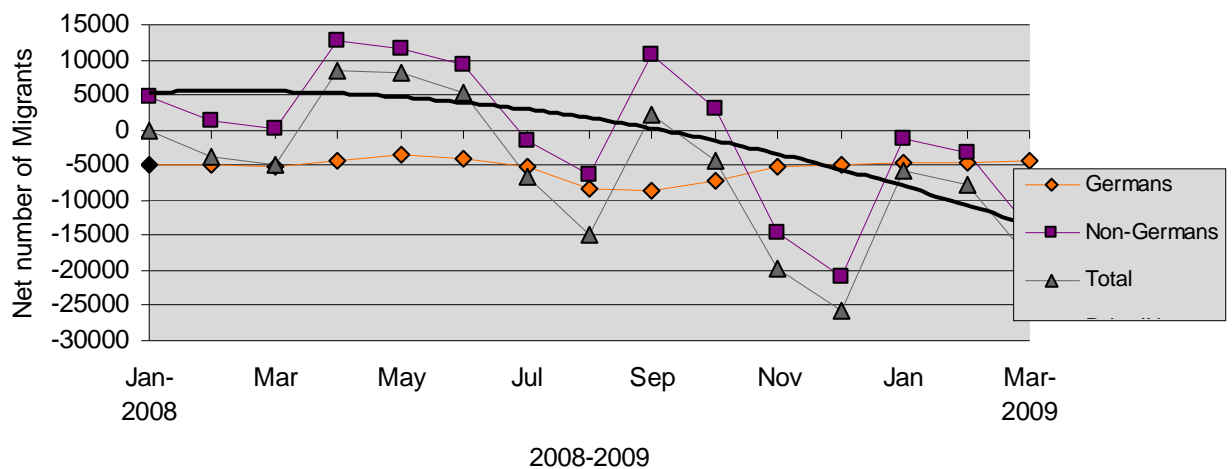
**Figure 1: Net migration of foreigners to Germany in the pre-crisis period**



*Source: Federal Office for Migration and Refugees, 2008.*



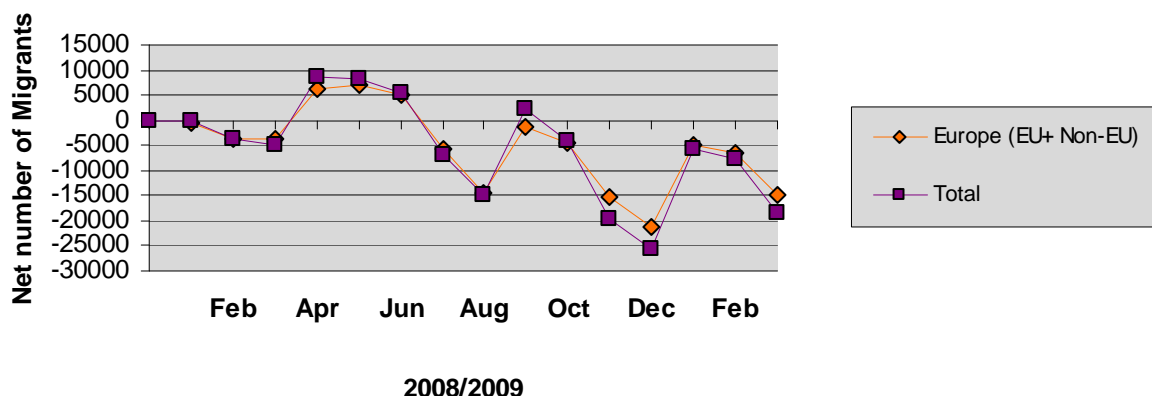
**Figure 2: Net migration to Germany in the recent economic crisis**



Source: Federal Statistical Office, 2009

The fluctuating nature of net migration, particularly among foreigners in recent Germany, may be due to the growing volume of intraregional migration, particularly through the influx of people from the EU-12 countries to Germany, which increased by more than 30 per cent, on average, between 2007 and 2008 (Figure 3), while the increase in total international migration to the country remained at only 0.2 per cent in the same period (Federal Statistical Office, 2009; Central Registrar of Foreigners, 2009). Given the geographical proximity of European countries, intra-EU movement involves more fluid and circular mobility of labour, rather than long-term or permanent migration. This factor may have also contributed to the fluctuating trend in recent net migration to Germany.

**Figure 3: Net migration to Germany in the recent economic crisis (intra-Europe mobility comparison)**



Source: Federal Statistical Office, 2009.

## Remittance flow and use

In the given data for up to late 2008, no significant, recession-related change can be detected in the volume of migration and remittances as the recession progressed in 2008 (Table 6). One can only speculate that the growth rates for the years 2009 and 2010 would be lower than the previous two years, when the volume of remittance outflows reached a very high level. However, given the stable net migration to Germany and no significant change in the overall (full-time and part-time) employment status of foreign migrants throughout the recession, the likelihood of a substantial decrease in the absolute volume of remittances is rather low. Another variable that may influence the absolute volume of remittances by migrant workers is economic development in migrants' countries of origin. Indeed, in booming economies of origin such as Turkey, which has enjoyed high growth rates over the last few years, there could be reduced demand for remittances from the country of destination (Germany). These complex factors make projections for 2009 and 2010 difficult, requiring longer-term observation.

**Table 6: Flows of remittances from Germany, 2000–2008**

<b>Workers' remittances, compensation of employees, and migrant transfers, debit in Germany (in \$US million)</b>		
<b>Year</b>	<b>Sum of outflow</b>	<b>Annual growth (%)</b>
2000	7,761	
2001	7,609	-2.0
2002	9,572	25.8
2003	11,190	16.9
2004	12,069	7.9
2005	12,499	3.6
2006	12,454	-0.4
2007	13,689	9.9
2008	14,976	9.4
2009	?	

**Source: World Bank estimation based on IMF's Balance of Payments Statistics Yearbook 2008**

## **Composition of migrants and changes in the labour market**

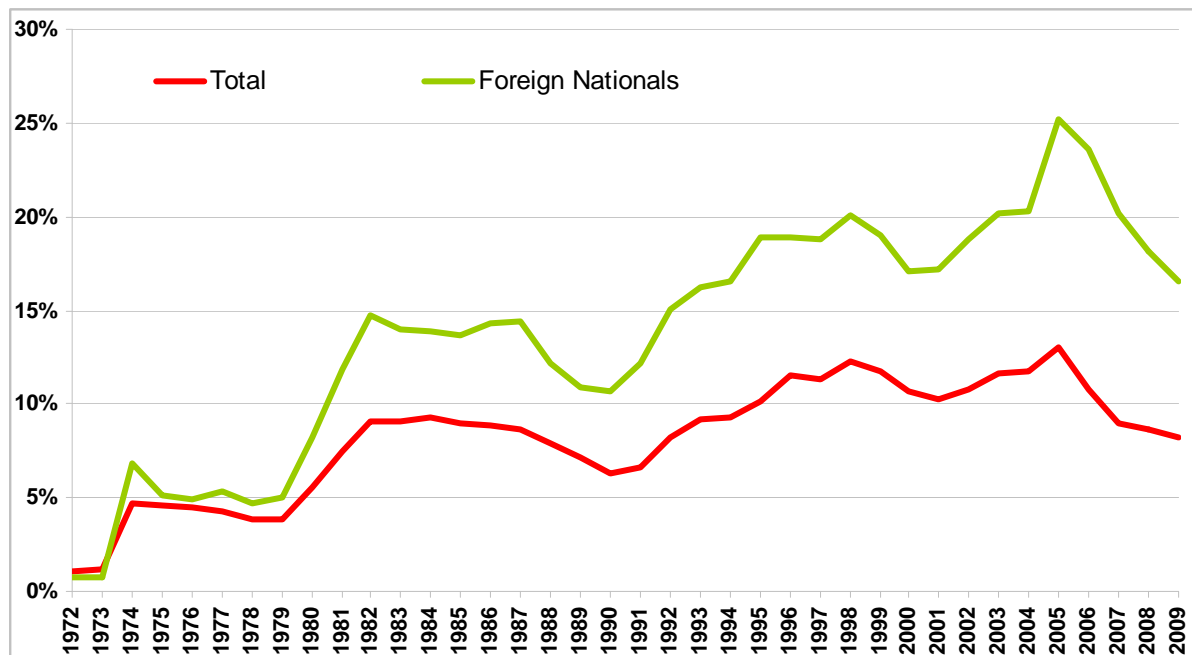
### **The economic background: Migrant workers in recession**

The recent experience of Germany, as the largest economy and one of the major foreign labour-receiving countries of the EU, is in stark contrast to the experience of the majority of EU Member States, in terms of the level of crisis-driven effects on both the macroeconomy and the native and foreign workforce of the country. The recent labour market analyses of BA have brought to light the surprisingly stable labour market conditions in Germany during the global and Eurozone economic downturn. The German economy has shown an earlier and faster rebound from the recession compared to other EU Member States. GDP grew by 0.7 per cent in the third quarter of 2009 compared to the previous quarter, while the growth rate for the Eurozone was 0.5 per cent in the same period.

Large manufacturing industries in the world's third largest export economy have experienced a deep decrease in their level of production during the recession. Yet, the recession has had relatively little impact on Germany's workforce in general. Of most

importance is the fact that unemployment has remained at a moderate level throughout the recession. Unemployment rates for the entire civilian workforce (subject to social security) in the EU-27 have increased by more than two percentage points from the previous year. By contrast, in Germany, the increase has been limited to only 0.4 percentage point, from 7.1 per cent in the last quarter of 2008 to 7.5 per cent in 2009. What is, to date, important for migration policies is that such moderate labour market and job loss impacts have similarly applied to the economy's migrant workforce as well. The rise in jobless rates for the "traditionally" low-skilled, service sector-concentrated migrant workers in the German economy has been limited to 0.8 percentage point, from 15.8 per cent (427,996) to 16.6 per cent (523,603) during the same period.

**Figure 4: Unemployment rates for the total workforce of Germany**



Source: BA, 2009c; IZA, 2009.

The relative stability of the German labour market is largely due to the government's "short-time work subsidy scheme", which has been carried out throughout the steepest downturn in the export economy. Short-time work, known as *Kurzarbeit* in German, means cutting the working hours and salaries of full-time employees in industries and firms that struggle to keep their full-time and experienced workers in the recession. The government (through BA) compensates 50 per cent of the reduced salaries, taking over the social security payments of employees qualified to take part in the scheme.

Currently, 63,980 firms are covered by the state's stimulus package programme, which operates in the framework of the SGB III (as a form of unemployment benefit III), allowing crisis-affected industries to keep nearly 900,000 workers in employment (BA, 2009c). Such short-time workers make up 5.2 per cent of the total civilian workforce of the economy – an increase of 4.2 percentage points compared to the previous year (BA, 2009c). Although foreign employees are equally entitled to take part in the programme, BA provides no statistics specific to the foreign workforce. This can be explained by the

administrative operation of the short-time work scheme, under which SGB III benefits are directly offered to firms, not individual employees. In such a case, the nationality and other personal details of the individual workforce are not counted. Yet given that workers in the manufacturing industry accounted for the largest share (76%) of the total short-time work benefit recipients during the crisis (BA, 2009c), one can assume that the share of foreign workforce in the short-time work scheme is rather minor. In sum, the short-time work scheme offers coverage by sector rather than by the nationality of the workforce.

It has been widely argued that the stability of the German labour market, often hailed as the “German jobs miracle” (Krugman, 2009), is largely due to the German government’s stimulus package programme. While the subsidized stimulus package is believed to have played a crucial role in maintaining the pre-crisis volume of the workforce in the labour market and widely lauded both at the national and international levels, it must be noted that in the case of Germany, the effect of the global financial crisis has been limited to a “crisis of export” that has primarily affected the country’s large firms rather than individual workers (Zimmermann, 2009b). A clear sectoral division in the intensity of the effects of the crisis on the economy also explains why unemployment rise has been concentrated in the medium- and high-skill level native workforce, relying on manufacturing industries during the recession where unemployment has risen by a record figure of 53.7 per cent compared to the previous year (BA, 2009). Indeed, the short-time work programme is primarily designed to save the jobs of long-term, full-time, and largely skilled employees (e.g. technicians and engineers) in the economy’s high-value manufacturing industries (e.g. metal production, engineering, electrical manufacturing, and automobile). These industries have been hit hardest by the recent global economic downturn; as a result, they have a high share in the short-time work scheme (over 25 per cent, on average). What is sociodemographically important is that these traditionally strong German industries are dominated by native and male workers: 91.8 per cent of the workforce in the manufacturing industries is comprised of native workers, among which over 80 per cent are men (calculation based on statistics from BA, 2009).

The high unemployment growth rates in manufacturing industries during the recession are a sharp contrast to the level of unemployment rise in the service and domestic industry sectors, which have been traditionally dominated by vulnerable workforce groups such as foreign migrants. Labour-intensive tertiary industry sectors dominated by a migrant and female workforce have experienced a relatively minor increase in unemployment (4.7%) in the same period (BA, 2009). Hence, the target group of the German stimulus package programme is the native workforce, which is concentrated in the most crisis-affected sectors and which therefore benefited the most from the government-subsidized job protection programme.

Despite the massive gap between sectors in terms of the effect of the current financial crisis, the total unemployment growth rate for foreign workers during what is considered to be the peak period of the European recession (October 2008-October 2009) was slightly higher (8%) than that for the native workforce (7.6%). In sum, the relatively subdued effect of the crisis on the foreign migrant population seems to be a matter of chance, rather than a result of the good labour market integration of foreigners. The current global crisis and, in particular, the recession in the German economy has hit skill-intensive manufacturing sectors the hardest, leaving the vast majority of the country’s foreign migrant workforce in the most labour-intensive and low-wage service industries unaffected.

## Social protection and access to benefits

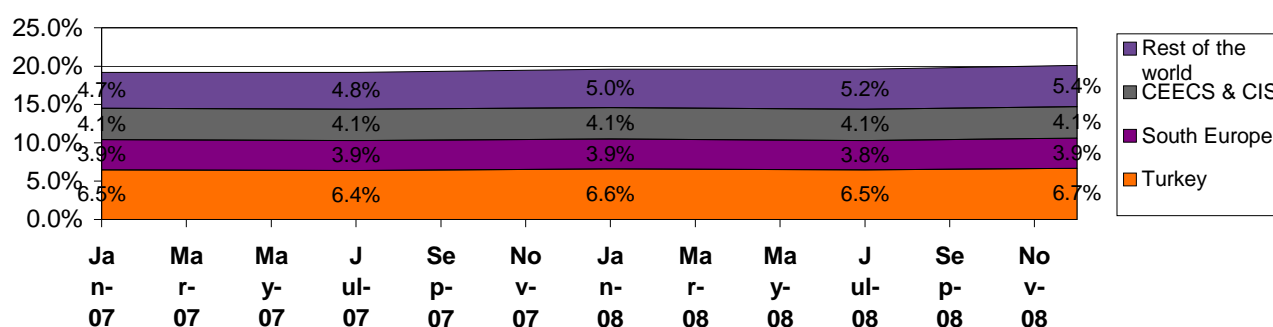
It is not easy to evaluate welfare use by foreigners within the very complex and comprehensive German social security system. This is not only because of the nearly half-century-old social benefits law of the federal government of Germany (today known as SGB or *Sozialgesetzbuch*) undergoing major reforms (under what is more widely known as *Hartz* reform) in recent years, but also because of the integration of data on all foreign and native individuals with a migration background into the state's social security system, which began in 2009. Due to ongoing reforms, clear-cut figures are only available for foreign national workers (*Auslaender*), and not for the entire migrant population of the country (*Migranten*), which includes 2.8 million Soviet-Germans (*Spaetaussiedler*), who comprise the (non-ethnic German) foreign national workforce and are considered to be a marginalized group in the German labour market.

The Hartz reform was completed in 2005. Its most common benefits are the unemployment-related basic security benefits regulated by SGB II (minimum income support) and SGB III (unemployment insurance), which currently covers more than 6 million people (BA, 2009). SGB II (social security code 2), more widely known as *Hartz IV* to the public, refers to means-tested minimum security benefits for individuals who are capable of working and formally recognized (registered) as active job-seekers. In order to be qualified for this benefit one must have no physical and legal restriction to fully participate in the labour market. Meanwhile, SGB III (social security code 3) provides unemployment insurance benefits for jobless individuals who have previously been in full-time jobs subject to social security payments for at least two years and who have registered their unemployment in the state agency for labour. Another common, yet not directly unemployment need-orientated, social security benefit code is SGB XII (social security code 12). The SGB XII is the classic means-tested public assistance that the German state has offered to the most disadvantaged people of society such as the disabled and asylum-seekers.

It has been reported that since the introduction of SGB II (*Hartz IV*), the share of foreign nationals among the total SGB II recipients has significantly increased, currently accounting for 21 per cent (Figure 6). On the other hand, the share of foreigners in the total number of recipients of SGB III and SGB XII has been much lower at an estimated 9 per cent and 14 per cent, respectively (Federal Ministry for Labour and Social Affairs, 2009a). Thus, SGB II basic security benefits for active job-seekers appear to be most relevant to the consideration of the socio-economic status of foreign workers in Germany. There is good evidence for this.

**Figure 6: Share of foreigners among all SGB-II (minimum security benefits for jobseekers) recipients**

**Figure 6 Share of foreigners among all SGB-II (minimum security benefits for job-seekers ) recipients**



\* CEECS and CIS indicate the formerly communist states of Central and Eastern Europe, which include the three Baltic States (Estonia, Latvia, and Lithuania)

Source: Federal Ministry for Labour and Social Affairs, 2009.

Although the growth rate for recipients of benefits covered by SGB III unemployment insurance during the peak period of the recession (2008–2009) was much steeper (estimated at 26% in December 2009 compared to the year before) than that for SGB II (estimated at 2%), foreigners have been the foremost recipients of SGB II rather than SGB III. In other words, the vast majority of SGB III unemployment insurance recipients are members of the native workforce who have previously been in full-time employment and have either recently lost their jobs or taken part in the short-time work scheme. This has two implications both in the context of the recent recession and beyond it: 1) foreign migrants are more likely to have been long-term job-seekers who have not been previously employed in full-time jobs covered by statutory social insurance, and thus are not entitled to apply for SGB III and are consequently less connected to the impacts of recent recession; and 2) foreign jobless individuals are less likely to report and formally register their unemployment in the local state agency for labour (*Arbeitsagentur*), which is one of the requirements to claim for SGB III, as well as SGB II unemployment benefits. These explain why the share of foreign nationals in SGB II has massively increased since the introduction of SGB II or Hartz IV in 2005. These also explain the Federal Ministry for Labour and Social Affairs' consideration of the broadly defined foreign-origin migrant population (individuals with an international migration background) in their evaluation of the populations on the state's welfare system, which has begun to evolve since 2007.

The current situation – the limited formal recognition of unemployed foreign migrants and the limited information on entire migrant minority populations in Germany in pre-2009 statistics on the nation's social security system – implies that the actual and long-term jobless rates for foreigners may be much higher than they appear in publicly available official statistics.

It is important to note that despite the high share of the migrant workforce in receipt of SGB II (Hartz IV) benefits, this is not the systematic result of a migrant-targeted labour market policy of the state. In contrast, the migrant workforce population was not

specifically considered in the recent progressive Hartz reform package, which meant to adjust the country's old welfare system to the changing labour market structure of the economy. Instead, the target groups of the three-year Hartz reform (2002–2005) were the conventionally marginalized workforce groups such as women and the elderly to help them fight the sexism and ageism prevalent in the German labour market. In fact, migrant workers only happen to be mentioned in the paragraph of the new legislation that delineates the eligibility of individual workers and limitations in terms of diverse non-citizen groups' access to each type of state social security benefits (Knuth et al., 2009; Federal Ministry for Labour and Social Affairs, 2009).

Furthermore, one must note that there are thousands of invisible skilled migrant individuals who remain unnoticed in the public, as they are “technically” counted as unskilled workers (or low qualified migrants) because of their dominant presence in the low-skilled labour market of the host economy. Such unrecognized skilled migrant individuals range from Russian-educated medical doctors to German-university educated third-world nationals who end up making a living by working in cleaning and catering industries in the country. This is a tragic, but not rare, case resulting from failings in the immigration policy of the host country, where institutional support for presumed-to-be-temporary migrants, particularly those from non-EU and peripheral economies, has been either too porous or ineffectively practised. For example, it has been reported that half of the SGB II benefit recipients from Central and Eastern European Countries (CEEC) do hold formal qualifications to practice a skill-based occupation. However, these qualifications are not recognized in Germany (Knuth et al., 2009; Federal Ministry for Labour and Social Affairs, 2009). In fact, the non-recognition of foreign qualifications is one of the major elements that contribute to the marginalization of the foreign workforce in Germany.

Overall, it remains a key challenge for German immigration policies to create a division between policymaking for social (and cultural) integration, operated within the framework of interior politics, and labour market integration politics for the migrant population, which has only recently begun to be operated by the Federal Ministry for Labour and Social Affairs.

### **Integration, anti-xenophobia, and anti-discrimination measures**

Germany's failure to meet the deadline to transpose the European anti-discrimination law, or what is more broadly known as “racial equality directives”, into its national law by 1 May 2004 is one of the few publicly known examples of the country's battle against integration politics.

Indeed, it was only recently that public and political perspectives on foreign migrants in Germany began to shift ever so slowly away from the view that immigrants are principally low-skilled and potential recipients of state welfare benefits towards the perspective that immigrants have a positive impact on the workforce, contributing to the ageing economy in the post-2005 migration policy reform period. Nonetheless, both recent migration-related policies and public opinion surveys show no dramatic change or substantially negative effects in the public perception of foreign migrant workers as a result of the economic downturn. Fifty-four per cent of Germans reported that that discrimination on the basis of ethnic origin is widespread in the country (Euro barometer survey on

discrimination in the EU, 2009). The latest result for Germany is lower than the EU average of 61 per cent, but slightly higher than the 48 per cent recorded in 2006. Given the fact that labour market integration is key to the sociocultural integration of minority people in the host society, the German government should do more to practice the EU-proclaimed anti-discrimination guidelines on “diversity management and proactive employment policies” (European Foundation for the Improvement of Living and Working Conditions, 2009) for the inclusion of ethnic minority people into the economy’s formal labour market. Improving the labour market status of migrants would contribute to removing the deep-seated stigma surrounding foreign migrants, who are perceived as a welfare burden to the country.

## Policy responses

Germany has been increasingly concerned about a shortage in skilled workforce that its large knowledge-based economy needs in order to sustain development. This concern is certainly beyond the dimension of the current economic downturn. This is well-reflected in the government’s reforms which were introduced in 2005 and which have continued through to the recession. The government has been active in passing new bills to promote skilled migration into the country, rather than initiating counter-action to limit migration influx during the recession. The current German government’s key interest in migration certainly lies in making long-term strategies to manage and maintain skilled migration, rather than a short-term response to its existing low-skilled migrant settlers. This is well supported by the major policy changes announced by the Federal Ministry for Labour and Social Affairs between 2008 and 2009. In May 2009, the German government called for “action to ensure to bring the best brains into the German labour market” which later became the new law known as the Labour Migration Control Act (LMCA) (Federal Ministry for Labour and Social Affairs, 2009b).

According to the LMCA, which works in line with the German immigration law (*Zunwanderungsgesetz*), highly qualified workers both from the new Member States (EU-12) and third countries have the right to seek permanent residency (*Niederlassungserlaubnis*) in Germany. Under Article 19 of the revised immigration legislation for highly skilled foreign workers (*Aufenthaltsgenehmigung fuer Hochqualifizierte*), the qualified foreign applicant can also bring their family members into the country, which was not possible under the earlier German migration policies such as the green card agenda, which the social democratic (SPD) government then ambitiously initiated in 2000, but practically ended in 2003 with its failing approach to meet the long-term need for highly skilled foreign workers in the country’s IT industry from third countries like India.

Yet, an interesting and controversial issue at the EU level is the German government policy announced amidst the recession that the country will further extend restrictions on the free mobility of labour from EU-12 new Member States until year 2011 (Federal Ministry for Labour and Social Affairs, 2009b). This is seen as problematic, since prolonged control over the free movement of workers from new Member States is inconsistent with Germany’s recent commitment to ease immigration of skilled foreigners to the country as delineated in the regulations of the LMCA (Kahanec and Zimmermann, 2009). On the other hand, this may be understood as the German government’s extreme caution against potentially greater influx of low-skilled and socio-economically costly



workforce rather than highly skilled workers from transition economies, which the country partly experienced with its open approach towards ethnic return migration and refugees from the former Soviet Union in the 1990s.

In sum, none of the evolving immigration policies of the German state appears to be directly targeted at the recent economic crisis. Instead, the German government's recent revisions to foreign labour migration-related legislation are targeted at the sustainable development of its aged knowledge economy. This ultimately requires long-term observation to evaluate their impacts and implications both for the economy and the diverse populations of the society. Overall, the case of Germany is a sharp contrast to the hasty actions of some EU Member States that have been heavily affected by the crisis, actions that aim to restrict the influx of foreign labour migration and even send back remaining migrant workers to their countries of origin, presumably as a fast-track way to help their declining economies.

## **Conclusion**

The current economic crisis has had varying consequences on migrants and migrant policies in Member States of the enlarged EU, due to the differing macroeconomic developments and foreign labour migration histories in these countries. The current recession is particularly sensitive to sectors. The German experience demonstrates a substantial disparity in terms of the level of labour market impacts on its workforce between the export-orientated and high-value added manufacturing and non-manufacturing tertiary sectors. The service-oriented and more liberal economies of the EU appear to have been far more heavily hit by the financial crisis. These economies, which include the UK, Ireland, and Spain, have experienced a rapid expansion in their construction and catering industries and in the recruitment of new workforce from a post-enlargement EU. Predominantly temporary contract-based workers in the labour market of crisis-affected macroeconomies are particular victims, while long-term resident former guest workers in export-orientated core economies of the EU, such as Germany and Sweden remain largely unaffected by the crisis. Indeed, the disparity between macroeconomic structures of the Member States and the resulting gap in labour market stability across the economies of the EU seem to have a profound influence on the status of the migrant workforce as well as migration policy responses. The recent German experience well proves this: despite Germany's long practice of restrictive and passive approaches to foreign migration, labour migration from the EU-10 countries to the economy have continued to increase and the migrant workforce has remained largely unaffected by the recent economic downturn.

Despite signs of an upswing in the export economy amidst the recession, the findings of this study are inconclusive. This is due to the essentially precarious future of global economic development in the coming months and years, as well as the unexpected subsequent responses of foreign migrant workers to them. What is, however, more difficult to speculate about is the potential responses of migrants towards the changing conditions of the labour market, including the host economy's policies on foreign workforce.

Experts on the German national labour market have continued to predict that the current upswing in the economy can turn into a negative development of its labour market in the coming years (Just et al., 2009; BA, 2010; Zimmermann, 2009). One of the most tricky

and uncertain issues for the post-crisis German labour market appears to be the potentially detrimental consequences of the state's major stimulus package (short-time work scheme), which the German government recently decided to extend for another two years (Federal Ministry for Labour and Social Affairs, 2009c). Indeed, there are growing concerns over a deepening productivity decline through the prolonged practice of short-time labour of millions of workers and increasing costs of the state (Schneider et al., 2009; Zimmermann 2009). An underlying risk is protecting jobs that are not viable in the post-crisis, recovered economy that can, in the long run, disrupt the natural flow of labour from marginal to high-productivity jobs (Pignal and Schaefer, 2010). In the long run, this may have a counter-impact on the German government's currently liberalizing policy to attract highly skilled foreign migrants. Nonetheless, given the limited time of the investigation, and the far more intricate and slower integration process of the foreign migrant workforce into the labour market of the host economy, it would be impetuous to provide a clear-cut assessment of the state's policies on foreign labour migration in the recession.

Indeed, the mechanism of labour migration development is far more complex than the economic development process itself. Labour or economic movement of people is not always directed towards materially better-off places. In contrast, migration of human agency does involve multiple decision-making processes that are much more complex and slower to react to an external shock, unlike the mobility of goods and capital. Foremost examples are the unnoticed change in the flow of remittances and (self-motivated) return migration of migrants to their countries of origin in the past year and a half, which is particularly dominant in less crisis-affected macroeconomies, instead of the most liberal receiving societies of the Member States. In a similar sense, regardless of skill level, a migrant population that has long-term residency status and is relatively old tends to be less sensitive to short-term economic downturns, and consequently, much slower to adopt a counter-migration strategy, which is again reflective of the case of migrant settlers in Germany.

Although the short-term, crisis-related effects on the country's foreign migrant workforce have been relatively minor so far, the long-standing gap in total unemployment rates between the native and foreign migrant workforce in Germany that has been in place since 1997 remain a big challenge to the government. As a former low-skilled guest worker importing country, Germany needs more effective and long-term policy strategies to tackle the long-lasting marginalization of its ethnic minority population, both in its labour market and society, beyond recent financial crises. As the German state has begun to see and act amidst the recession, future policies for migration to the country will have to focus on constructing a better socio-legal environment to attract a more skilled foreign workforce that has long been sought after by its aged knowledge economy. The detrimental consequences of the early German foreign migration politics that rigidly stuck to the "employer- and demand-driven" migration system resulted in the long-lasting disintegration problem of foreign migrants, which is today widely recognized both at the NGO and governmental levels. Germany's need to move forward in order to make more progressive reforms to enhance the labour market integration of its foreign population may indeed be a common challenge to most of the former and new guest worker-receiving Member States of the EU. This further underscores the need for more active and continuing effort from all Member States to reach the migration-related goals of the ambitious Lisbon Agenda: sustainable development of knowledge-based economies and global competitiveness, which cannot be achieved without the effective utilization of a diverse workforce.

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Migration and the Economic Crisis:  
Implications for Policy in the European Union

**III) Ireland<sup>36</sup>**

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## Introduction

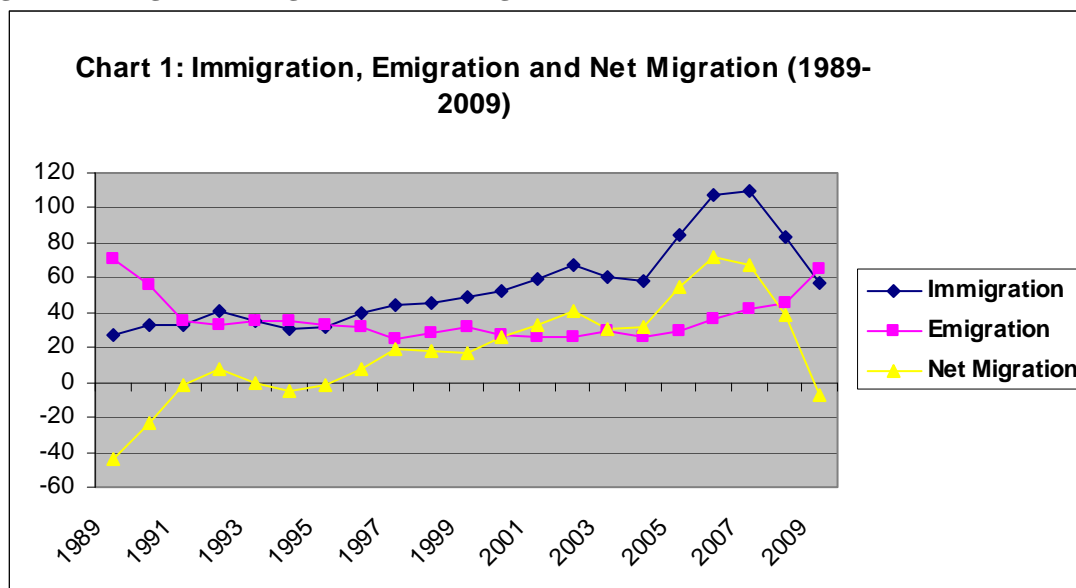
After almost two decades of unprecedented growth in the 1990s (the “Celtic Tiger” years), Ireland has been severely hit by a recession. A dramatic decline in the housing market, in conjunction with the global financial crisis, dramatically altered the economic fortunes of the country. The Irish economy is expected to shrink by over 13 per cent from 2008 to 2010, the sharpest fall in economic growth of an industrialized country since the Great Depression of the 1930s. The unemployment rate, once among the lowest in the EU, is likely to reach 15 per cent by 2010 (Barrett et al., 2009). What are the implications of the economic downturn for Ireland’s diverse workforce?

## Migration data

### Migration flows

Ireland has traditionally been a country of emigration. For generations, the Irish have emigrated to countries such as the USA, the UK, and Australia. However, in the context of the unprecedented economic boom in the 1990s (Celtic Tiger), Ireland transformed into a country of immigration. As can be seen from Figure 1, net migration has been positive since 1996. Immigration from the new EU Member States (NMS) significantly increased, particularly after EU enlargement in 2004. However, in the context of the economic downturn, net migration turned negative once again as more people left the country than came in (Figure 1).

Figure 1: Immigration, emigration and net migration, 1989–2009



Note: All years end in April. Figures include Irish immigrants and emigrants. Figures for 2007, 2008, and 2009 are preliminary.

Source: CSO, 2009.

Table 1 breaks down immigration flows by nationality and gender. It illustrates that Ireland’s open labour market policy in 2004 transformed immigration to the country. Since then migration flows from the NMS, in particular from Poland, accounted for the largest group of immigrants. Immigration peaked in 2006 and 2007 and has been in

decline since then. This is likely linked to the recession that hit the country in 2008. In particular, immigration from the NMS declined. What is also noticeable is a recent change in the gender composition of immigrants. Whereas in the past, more men than women immigrated to Ireland, this pattern was slightly reversed in 2008. This is likely linked to declining job opportunities, in particular in the construction sector, which has traditionally been a male domain.

**Table 1: Estimated immigration classified by sex and nationality (in thousands)**

Sex and nationality		2004	2005	2006	2007	2008	2009
<b>Persons</b>							
Ireland		16.7	18.5	18.9	20	16.2	18.4
UK		7.4	8.9	9.9	5.9	7	4.4
Rest of EU-15		13.3	9.3	12.7	10.4	8.6	8.6
NMS		-	34.1	49.9	52.7	33.7	13.5
Non-EU		21.1	13.7	16.4	20.6	18.3	12.4
<b>Total</b>		<b>58.5</b>	<b>84.6</b>	<b>107.8</b>	<b>109.5</b>	<b>83.8</b>	<b>57.3</b>
<b>Male</b>							
Ireland		8.4	9.4	9.5	10.1	7.8	10
UK		4.5	5.2	5.7	3.5	4	2.5
Rest of EU-15		6.9	3.8	6.4	4.8	3.8	3
NMS		-	22.9	30.7	28.7	15.5	6.6
Non-EU		10.7	6.1	8	10.4	8.8	6
<b>Total</b>		<b>30.5</b>	<b>47.5</b>	<b>60.3</b>	<b>57.4</b>	<b>39.9</b>	<b>28.2</b>
<b>Female</b>							
Ireland		8.2	9.1	9.4	10	8.4	8.4
UK		2.9	3.7	4.2	2.5	3	1.9
Rest of EU-15		6.4	5.5	6.2	5.5	4.7	5.5
NMS		-	11.2	19.2	24	18.2	6.9
Non-EU		10.4	7.6	8.5	10.1	9.4	6.5
<b>Total</b>		<b>28</b>	<b>37.1</b>	<b>47.5</b>	<b>52.1</b>	<b>43.9</b>	<b>29.1</b>

Note: All years end in April. Figures for 2007, 2008, and 2009 are preliminary. NMS include the ten accession states that joined the EU on 1 May 2004, as well as Bulgaria and Romania, which joined the EU on 1 December 2007. For the year 2004, the data relating to the NMS were included with the rest of the world. Figures for Ireland represent people of Irish nationality who are mainly return migrants.

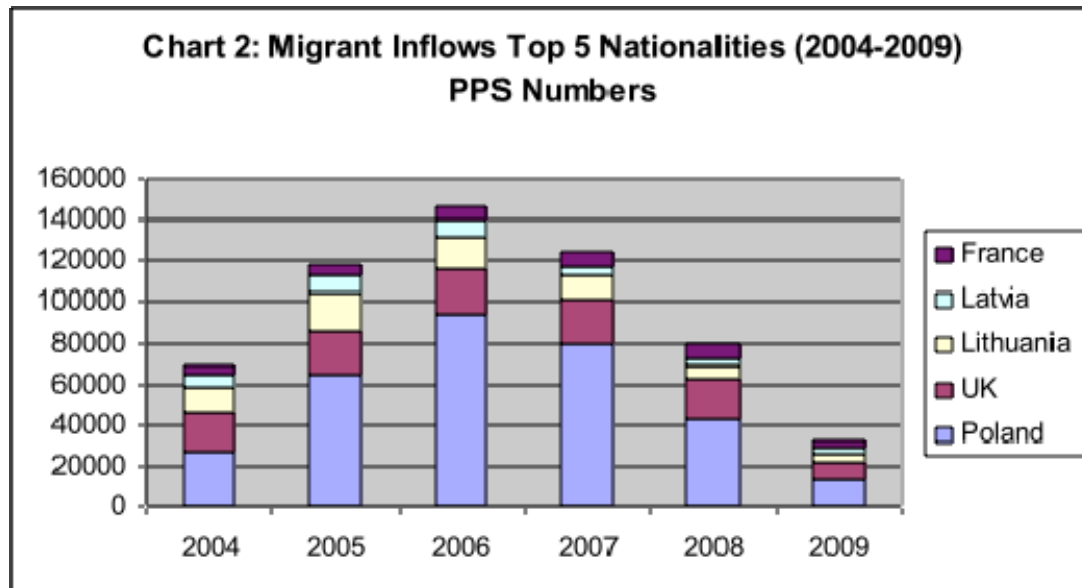
Source: CSO, 2009.

Another indicator for migration inflows to Ireland are Personal Public Service (PPS) numbers that are essential for accessing the labour force and public services. As PPS numbers are also issued to people who only stay in Ireland for a short time, these numbers are higher than the above cited immigration figures. Nevertheless, a similar trend has emerged in that inflows, as measured by PPS numbers, significantly declined since the



onset of the recession in 2008 (Figure 2). These figures illustrate that Polish nationals were by far the most important migrant group in recent years.

**Figure 2: Top five nationalities of migrant inflows (PPS numbers)**



*Source: Department of Social and Family Affairs, 2009.*

If migrant inflows declined recently, how about migrant outflows from Ireland? As can be seen from Table 2, migrant outflows noticeably increased in 2009, potentially reflecting deteriorating economic circumstances. There has been a particular increase in outflows among male NMS migrants, which appears to be linked to large-scale job losses in the construction sector.

If we compare Tables 1 and 2, we will notice that the trend of net outward migration returned to Ireland in 2009, with almost 8,000 more people leaving the country than coming in. Nevertheless, it is worth bearing in mind that these outflows have been relatively small so far. Indeed, the Irish migration experience suggests that migration inflows appear to be more sensitive to an economic downturn than migration outflows. In other words, whereas fewer migrants arrive in times of crisis, those already in the country do not necessarily leave in greater numbers. This would be in accordance with historical experience (Dobson et al., 2009).

**Table 2: Estimated migrant outflows by sex and nationality (in thousands)**

Sex and nationality		2006	2007	2008	2009
<b>Persons</b>					
Ireland		15.3	13.1	13.4	18.4
UK		2.2	2.3	2.4	2.9
Rest of EU-15		5.1	6.9	4.2	5.5
NMS		7.2	14.4	18.8	30.1
Non-EU		6.2	5.5	6.4	8.3
<b>Total</b>		<b>36</b>	<b>42.2</b>	<b>45.3</b>	<b>65.1</b>
<b>Male</b>					
Ireland		8	6.2	7.2	11.5
UK		1.6	1.4	1.7	1.8
Rest of EU-15		2.5	3.3	1.3	1.3
NMS		3.7	9.4	13.3	20.9
Non-EU		2.8	3.2	4.2	3.4
<b>Total</b>		<b>18.7</b>	<b>23.6</b>	<b>27.6</b>	<b>39</b>
<b>Female</b>					
Ireland		7.3	6.8	6.2	6.8
UK		0.6	0.9	0.8	1
Rest of EU-15		2.6	3.6	3	4.2
NMS		3.4	5	5	9.2
Non-EU		3.4	2.3	2.3	4.9
<b>Total</b>		<b>17.3</b>	<b>18.6</b>	<b>17.7</b>	<b>26.1</b>

Note: All years end in April. Figures for 2007, 2008, and 2009 are preliminary.

Source: CSO, 2009.

## Migration stocks

So far we have mainly dealt with migration flows to and from Ireland. How about migration stocks? One obvious data source for the migration stock is the census. At the time of the last census in April 2006, an estimated 566,000 people who were born abroad were usually resident in the country, accounting for 13.5 per cent of the total population.<sup>37</sup> This included 157,000 people holding Irish nationality. In terms of foreign residents, 420,000 non-Irish nationals, originating from 188 different countries, were counted as living in Ireland. This represented a share of 10 per cent of the total population. The following ten migrant groups accounted for over 80 per cent of the foreign population in Ireland in 2006 (Table 3).

<sup>37</sup> This figure excludes 47,000 people who were born in Northern Ireland.

**Table 3: Top ten migrant groups by nationality and sex, 2006**

	<b>Total</b>	<b>Male</b>	<b>Female</b>
UK	112,548	56,210	56,338
Poland	63,276	40,288	22,988
Lithuania	24,628	13,764	10,864
Nigeria	16,300	7,371	8,929
Latvia	13,319	7,170	6,149
USA	12,475	5,572	6,903
China	11,161	6,018	5,143
Germany	10,289	4,676	5,613
Philippines	9,548	3,933	5,615
France	9,046	4,493	4,553

Source: CSO, 2008.

Since 2006, migration stocks further increased in light of continuous inward migration, according to statistics from the Quarterly National Household Survey (QNHS).<sup>38</sup> As can be seen in Table 4, the number of foreign nationals peaked in 2008, with an estimated 479,300 migrants aged 15 years and over living in Ireland. Since then, the migration stock has declined to 444,800 foreign nationals.

To a considerable extent, the decline can be accounted for by a decline in the number of NMS migrants (-24,800), who have been hit hardest by the downturn. Thus, as already mentioned earlier, while a substantial number of migrants have left the country, so far despite the economic crisis, no large-scale return migration has occurred. According to the most recent estimates (third quarter of 2009) from the QNHS, foreign nationals continue to account for over 12 per cent of the total population and for more than 14 per cent of the labour force.

**Table 4: Estimated number of persons aged 15 and over by nationality, 2006–2009\* (in thousands)**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
UK	89.5	90.6	99.4	93.8
Rest of EU-15	47.2	48.1	42	45.7
NMS	121.1	180.9	207.4	182.6
Non-EU	131.9	119.5	130.5	122.7
<b>Total non-Irish nationals</b>	<b>371.7</b>	<b>439</b>	<b>479.3</b>	<b>444.8</b>

\* The period covered the second quarter of each year.

Source: CSO, *Quarterly National Household Survey*.

What becomes apparent is that EU nationals from both old and new Member States constitute the largest migrant group in Ireland, accounting for over 70 per cent of all foreign nationals aged 15 and over. As EU nationals have free movement rights, they can frequently cross borders. This may facilitate more circular and temporary forms of migration. Further, with the exception of Bulgaria and Romania, the two most recent EU accession states, EU nationals have the same labour market rights as Irish nationals,

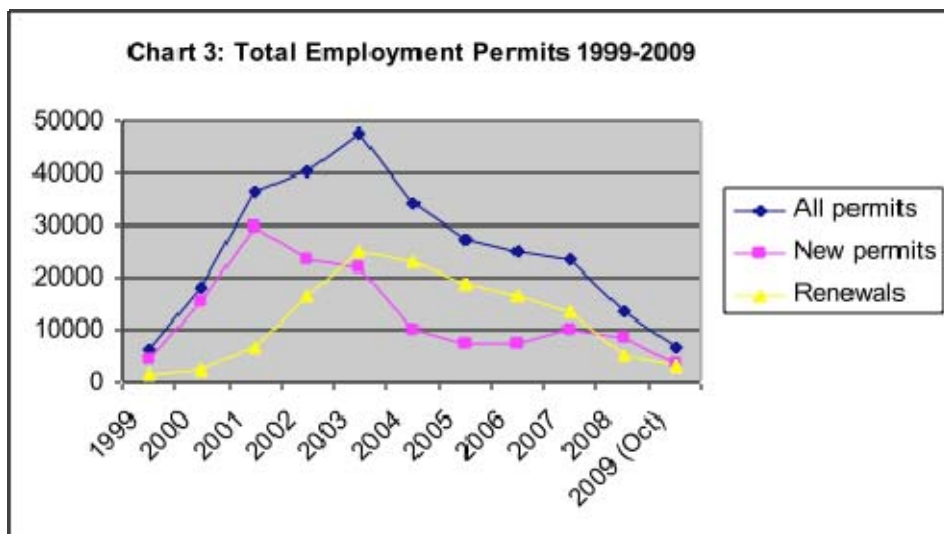
<sup>38</sup> The QNHS, which began in 1997, replaced the annual Labour Force Survey. The QNHS is a sample survey that covers 39,000 households in each quarter. Although the migration figures are estimates, the CSO believes them to be a “broadly accurate picture of the current situation and recent trends”.

meaning they can change employers without fear of loss of work permit.<sup>39</sup> Migrants from outside the European Economic Area (EEA) do not have the same free movement and labour market rights as EU migrants. This group of migrants includes work permit holders, asylum-seekers, and foreign students.

When Ireland decided to open its labour market to citizens of the NMS in 2004, the expectation was that from then on additional labour for low-skilled jobs would be sourced from within the enlarged EU and that future non-EEA immigration would be mainly of the high-skilled variety (IOM, 2006). This expectation was reinforced by the Employment Permits Act 2006, which introduced a new Green Card system and limited work permits to a restricted list of occupations. Consequently, the number of work permits for non-EEA migrants has declined after reaching a peak in 2003 (Figure 3).

In the past two years, there has been a sharp decline that appears to be linked to a more restrictive economic migration policy in light of the recession. Employment permits are mainly issued for the service sector, in particular for the IT, medical, and nursing professions, as well as catering. In 2008, the top five countries of origin of employment permit holders in Ireland were India (3,334), the Philippines (2,210), the USA (867), South Africa (752), and China (661).

**Figure 3: Total employment permits, 1999–2009**



Source: DETE, 2009.

As for asylum-seekers, the number of people seeking asylum has continuously fallen in recent years, in part due to more restrictive policies. Whereas the number peaked at almost 12,000 applicants in 2002, it went down to 2,689 in 2009. Between 1992 and 2008, almost 10,000 asylum applicants received refugee status in Ireland (Ruhs, 2009). In terms of foreign students, there were almost 35,000 full-time non-EEA students registered in Ireland. Whereas 38 per cent were pursuing higher education, 30 per cent were English language students and 26 per cent were pursuing further education (Mac Cormaic, 2009a).

<sup>39</sup> In 2007, Ireland, following the lead of most other “old” EU-15 Member States, temporarily restricted labour market access for Bulgarian and Romanian nationals.

In relation to irregular migrants, there are no reliable estimates available. Estimates vary between 15,000 and 50,000 irregular migrants (IOM, 2006: 20). It is likely that the vast majority of irregular migrants have entered the country legally but became “illegal” after their work permits expired or their application for asylum was rejected. As Ireland does not share a land border with any country, it seems highly improbable that many migrants enter the country illegally, except perhaps through the Common Travel Area that the country shares with the UK.

In autumn 2009, the Irish government introduced a new scheme for migrant workers who previously held employment permits and who have become undocumented through no fault of their own. This scheme, which is commonly known as the “Bridging Visa” scheme, enables individuals to apply for a four-month temporary residence permission to re-enter the work permit system. This initiative has been welcomed by non-governmental organizations (NGOs) and trade unions that campaigned for such a scheme. According to figures from the Irish Naturalisation and Immigration Service (INIS), 185 migrants, mainly from China, Moldova, Pakistan, and the Philippines applied to the Undocumented Workers Scheme until it was officially discontinued at the end of 2009. The scheme is currently under review by the INIS and it is not inconceivable that a similar scheme will be adopted in the near future.

### **Composition of migrants and changes in the labour market**

As already mentioned, there have been large-scale job losses since the recession hit Ireland. Unemployment increased from 4.9 per cent at the beginning of 2008 to 12.2 per cent in the second quarter of 2009. If broken down by nationality, unemployment among Irish nationals increased from 4.5 per cent to 11.4 per cent, whereas unemployment among non-Irish nationals increased from 6.4 per cent to 15.6 per cent. Thus, although both Irish and migrant workers are affected by the crisis, the latter appear to be somewhat more affected.

There are, however, noticeable differences in the way migrant groups have been affected by the crisis. Migrants from the “old” EU-13 (excluding Ireland and the UK) have only seen a modest increase in unemployment (from 6.5% to 7.1%). This relatively modest increase can be explained by the fact that EU-13 nationals tend to be over-represented in employment sectors that have been left relatively untouched by the crisis, such as information and communication technology. UK nationals have seen unemployment rise from 8 per cent to 12.7 per cent, whereas non-EU nationals experienced an increase from 8.2 per cent to 15.2 per cent. The latter group has been hit by significant job losses, in particular in wholesale and retail, as well as in accommodation and food services. However, non-EU nationals continue to have a strong presence in health and social work, a sector whose workforce actually expanded in 2009 (Table 5).

Of all the migrant groups in the Irish labour market, NMS migrants have been hit hardest. The unemployment rate for this group has increased from 6.4 per cent to 19 per cent. As can be seen from Table 5, the increased unemployment among NMS migrants is linked to large-scale job losses in the construction sector, which has been worst affected by the downturn. Further, NMS migrants were over-represented in industry and wholesale and retail, two other sectors of the Irish economy that experienced significant declines in employment. As with construction, these sectors also have a high share of relatively low-skilled jobs. It is therefore no exaggeration to say that migrants in less-skilled employment

have been worst affected by the crisis. This would be in accordance with historical experience, which shows that migrants in less-skilled occupations are usually the first ones to be laid off during an economic downturn (OECD, 2009). In turn, as already pointed out, migrants in sectors that have a high share of skilled and highly skilled positions (e.g. information and communication sector) either have been relatively unaffected by the crisis or have seen their numbers increase in professional, scientific, and technical activities, and in health and social work (Table 5).

**Table 5: Estimated number of employed persons aged 15 and over, classified by nationality and NACE Rev 2 Economic Sector<sup>40</sup>, Q2 2008 and Q2 2009 (in thousands)**

		Agriculture, forestry, and fishing	Industry	Construction	Wholesale and retail	Transport and storage	Accommodation and food service activities	Information and communication
<b>Q2 2009</b>								
Irish nationals		93.2	213.8	136.4	235.5	83.1	78.3	59.6
Non-Irish nationals		4	44.6	19.1	42.3	11.5	41.5	13.9
of which								
UK		-	5	3	6.1	2.5	2.8	2.7
Rest of EU-15		-	5.3	-	2.6	1.8	3.8	5.4
NMS		2.4	27.5	12.7	26.1	5.2	23.2	3
Non-EU		-	6.8	2.9	7.5	2	11.7	2.8
<b>Total</b>		<b>97.2</b>	<b>258.3</b>	<b>155.4</b>	<b>277.7</b>	<b>94.6</b>	<b>119.8</b>	<b>73.5</b>
<b>Q2 2008</b>								
Irish nationals		107.1	230.6	201.5	251.8	82.7	79.5	55.4
Non-Irish nationals		7.7	56.7	39.9	55.5	10.3	45.9	15.7
of which								
UK		1.6	7.1	5.3	8.6	2.3	2.7	3.4
Rest of EU-15		-	3.8	1.6	3	1.6	3.6	4.9
NMS		4.6	38.3	27.8	31.4	4.5	24.6	3.3
Non-EU		1.1	7.5	5.2	12.6	1.9	15	4.1
<b>Total</b>		<b>114.8</b>	<b>287.3</b>	<b>241.4</b>	<b>307.3</b>	<b>92.9</b>	<b>125.4</b>	<b>71.1</b>
<b>Year-on-year changes</b>								
Irish nationals		-13.9	-16.8	-65.1	-16.3	+0.4	-1.2	+4.2
Non-Irish nationals		-3.7	-12.1	-20.8	-13.2	+1.2	-4.4	-1.8
of which								
UK		-	-2.1	-2.3	-2.5	+0.2	+0.1	-0.7
Rest of EU-15		-	+1.5	-	-0.4	+0.2	+0.2	+0.5
NMS		-2.2	-10.8	-15.1	-5.3	+0.7	-1.4	-0.3
Non-EU		-	-0.7	-2.3	-5.1	+0.1	-3.3	-1.3
<b>Total</b>		<b>-17.6</b>	<b>-29</b>	<b>-86</b>	<b>-29.6</b>	<b>+1.7</b>	<b>-5.6</b>	<b>+2.4</b>

<sup>40</sup> The sectoral employment figures are based on the EU NACE Rev 2 (*Nomenclature generale des activites economique dans les Communautes europeennes*) classification, as defined in Council Regulation (EC) no. 1893/2006.

Table 5 continued

		Financial, insurance, and real estate	Professional, scientific, and technical	Administrative and support services	Public administration and defence	Education	Human health and social work	Other NACE activities
<b>Q2 2009</b>								
Irish nationals		97.8	88.9	51.8	104.9	140.9	195.3	84.5
Non-Irish nationals		11	13.7	14.1	2.8	9.5	32.5	14.2
of which								
UK		3	5.7	2.4	1.5	3.8	8	2.9
Rest of EU-15		2.9	1.9	1.3	-	1.9	2.2	3.8
NMS		3.2	3.1	6.5	-	-	5.2	4.5
Non-EU		1.8	3.1	3.9	-	2.9	17.2	3.1
<b>Total</b>		<b>108.7</b>	<b>102.6</b>	<b>65.9</b>	<b>107.7</b>	<b>150.4</b>	<b>227.8</b>	<b>98.7</b>
<b>Q2 2008</b>								
Irish nationals		94.3	103.5	56.6	100.5	136.4	189.9	88.9
Non-Irish nationals		10.9	13.1	19.6	2.1	10	30.9	15.8
of which								
UK		3	3.3	2.1	1.4	3.9	5.7	3.4
Rest of EU-15		2.5	1.7	2	-	2	1.9	1.8
NMS		3.5	3.8	10.6	-	1.6	5.2	6.1
Non-EU		2	4.4	4.8	-	2.4	18.2	4.5
<b>Total</b>		<b>105.1</b>	<b>116.6</b>	<b>76.3</b>	<b>102.7</b>	<b>146.3</b>	<b>220.8</b>	<b>104.7</b>
<b>Year-on-year changes</b>								
Irish nationals		+3.5	-14.6	-4.8	+4.4	+4.5	+5.4	-4.4
Non-Irish nationals		+0.1	+0.6	-5.5	+0.7	-0.5	+1.6	-1.6
of which								
UK		0	+2.4	+0.3	-	-0.1	+2.3	-0.5
Rest of EU-15		0.4	0.2	-0.7	-	-0.1	+0.3	+2
NMS		-0.3	-0.7	-4.1	-	-	0	-1.6
Non-EU		-0.2	-1.3	-0.9	-	+0.5	-1	-1.4
<b>Total</b>		<b>+3.6</b>	<b>-14</b>	<b>-10.4</b>	<b>+5</b>	<b>+4.1</b>	<b>+7</b>	<b>-6</b>

Source: CSO, Quarterly National Household Survey.

## Social protection and access to benefits

Recently, the issue of migration and social welfare has acquired greater prominence in Ireland in the context of the recession. Ireland's social welfare system is essentially based on two pillars: social insurance and social assistance. To qualify for Jobseeker's Benefit, both Irish and non-Irish nationals must be unemployed and have made at least 104 weekly Pay Related Social Insurance (PRSI) contributions. In the case of EU migrants, however, **they can combine their PRSI contributions** with social insurance contributions paid in their home country or another EU Member State to apply for Jobseeker's Benefit in

Ireland. Jobseeker's Benefit will be paid for a maximum of 12 months. Both EU/EEA and non-EU/EEA workers are eligible for Jobseeker's Benefit. However, in the case of the latter, the entitlement is dependent upon a valid residency stamp.

The other main social benefit scheme in the event of unemployment is Jobseeker's Assistance. This is a means-tested scheme that requires the applicant to be "habitually resident" in Ireland. The Habitual Residence Condition (HRC) was introduced as an additional test for social welfare assistance in 2004 to prevent "welfare tourism" from the NMS (IOM, 2006). To be deemed "habitually resident", applicants must prove that their "centre of interest" is in Ireland. This will be assessed by a Social Welfare Officer, who takes into account factors such as length and continuity of residence in Ireland, the nature and pattern of employment, and the **"future intentions of (the) applicant as they appear from all the circumstances"**.

Other benefits that fall under the HRC include the Supplementary Welfare Assistance (SWA), the Child Benefit, and the One-Parent Family Benefit. The HRC applies, in principle, to both EEA and non-EEA nationals. However, the conditions for the former have been relaxed, not least due to pressure from the EC, which had started infringement proceedings against the Irish government on grounds that the HRC may discriminate against EU nationals. EEA migrants with a work history in Ireland are now entitled to certain benefits such as SWA and Family Benefits without having to satisfy the HRC.

Previously, migrants were less likely to be welfare recipients than Irish nationals (Barrett and McCarthy, 2008). However, in light of substantial job losses among the migrant population and the fact that many migrants are now eligible for social welfare benefits, this pattern has somewhat changed. Between January 2008 and January 2010, the number of migrants signing on the Live Register increased by over 200 per cent from 26,500 to 81,400. During the same period, the number of Irish nationals signing on increased by 130 per cent from 155,000 to 355,500.

Among non-Irish nationals, NMS migrants, who previously had the highest employment rate of any migrant group and who have been worst hit by the crisis, comprise the largest group signing on the Live Register. Their numbers rose by over 300 per cent from 10,000 to 45,600 between January 2008 and January 2010. As can be seen in Figure 4, after the number of NMS migrants slightly decreased in the second half of 2009, it increased again in the winter months, reflecting further layoffs in seasonal industries such as construction.

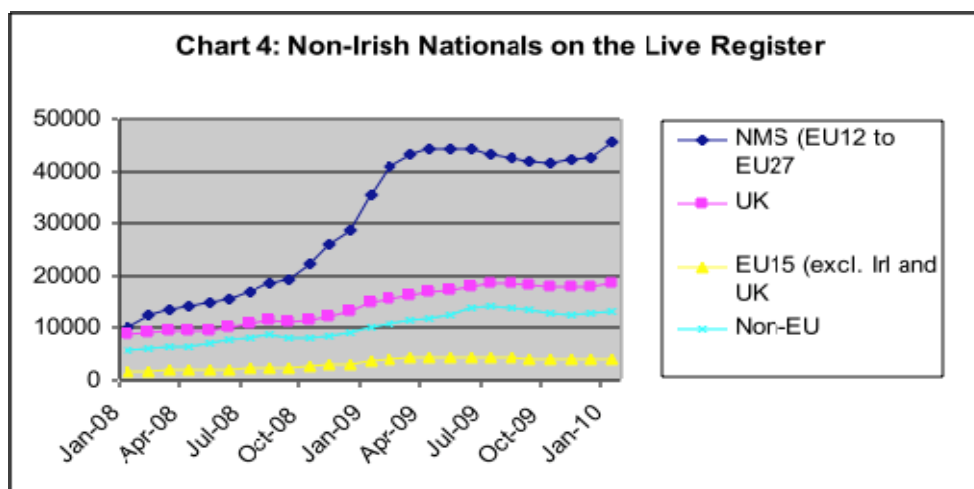
What is noticeable from Figure 4 is that there has only been a modest increase in non-EU migrants signing on the Live Register,<sup>41</sup> even though this group experienced a significant increase in unemployment. Although non-EU nationals have similar welfare rights as EU nationals, they may be more cautious in applying for welfare benefits. In the event of unemployment, employment permit holders, for instance, have to find new jobs within a period of six months, or they risk losing their permission to stay in Ireland. Further, some non-EU migrants may view applying for social welfare benefits as having a negative effect on their application for long-term residency or Irish citizenship.

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<sup>41</sup> The Live Register counts persons who are recipients of either Jobseeker's Benefit or Jobseeker's Allowance.



**Figure 4. Non-Irish nationals on the Live Register**



Source: CSO, 2010.

## Remittance flow and use

There has been relatively little research carried out on migration and remittances from Ireland. Nevertheless, Table 6 illustrates that there has been a sharp increase in outward remittance flows in recent years, which can be linked to large-scale immigration from the NMS post-2004.

**Table 6: Migrant remittances from Ireland, 2000–2006 (USD millions)**

			2000	2001	2002	2003	2004	2005	2006
<b>Inward remittance flows</b>			<b>252</b>	<b>244</b>	<b>316</b>	<b>337</b>	<b>414</b>	<b>513</b>	<b>532</b>
<i>of which</i>									
Workers' remittances			55	54	42	33	25	25	19
Compensation of employees			197	190	274	304	389	488	513
Migrants' transfers			-	-	-	-	-	-	-
<b>Outward remittance flows</b>			<b>181</b>	<b>274</b>	<b>588</b>	<b>788</b>	<b>977</b>	<b>1,536</b>	<b>1,947</b>
<i>of which</i>									
Workers' remittances			4	4	97	154	169	378	575
Compensation of employees			107	202	419	548	734	1,063	1,277
Migrants' transfers			70	68	72	86	94	95	95

Note: *Migrant remittances* are defined as the sum of workers' remittances, compensation of employees, and migrants' transfers; *workers' remittances* refer to current private transfers from migrant workers to recipients in their country of origin; if migrants have lived in the host country for less than a year, their entire income is classified as *compensation of employees*; *migrants' transfers* are the net worth of migrants that are transferred from one country to another at the time of migration (for a period of at least one year) (World Bank, 2008).

Source: World Bank, 2008.

It is difficult to get reliable information on the destination country of the remittance flows. Research by the EC on workers' remittances found that, in 2004, migrants in Ireland sent EUR 90.8 million to non-EU countries, of which EUR 28.8 million went to developing countries (EC, 2006). Using a different methodology, an IOM (2006) research report estimated that in 2004, migrants from developing countries sent home almost EUR 44 million.<sup>42</sup> More recent data from the World Bank show that outward remittances from Ireland continued to increase in 2007 (USD 2,554 million) and 2008 (USD 2,691 million).<sup>43</sup> For 2009, estimates are only available for inward remittances, which slightly decreased to USD 624 million in 2009 from USD 643 million in 2008. Therefore, the extent of the impact of the economic crisis on remittance flows to and from Ireland still remains to be seen.

## Policy responses

There have been various policy developments in relation to immigration and the economic crisis. In response to the crisis, the requirements for employment permits became more restrictive in 2009. For new work permits, a vacancy now has to be advertised with the FÁS/EURES employment network<sup>44</sup> for at least eight weeks instead of four, before a work permit for non-EEA nationals can be applied for (Labour Market Needs Test). Further, certain occupations, such as domestic workers and heavy goods vehicle (HGV) drivers, are no longer eligible for new work permits. The same applies to any job that pays less than EUR 30,000. Moreover, spouses and dependants of new work permit holders can no longer apply for employment permits.

In relation to Green Cards, certain occupations in health care, financial services, and industry services with a salary range of EUR 30,000–60,000 have been removed from the Green Card eligibility list. At the same time, some occupations (e.g. ICT professions) in this salary range remain eligible for Green Cards. Further, all occupations with a salary of EUR 60,000 or more remain eligible for a Green Card. Thus, whereas the Irish government intends to restrict the number of migrants for lower-paid positions, there is a continuing commitment to facilitate higher-skilled migration in areas “where there are strategic skill shortages” (DETE, 2009).

Although Irish immigration policy aims to limit the number of new employment permit holders in light of the recession, there were some policy initiatives in 2009 that eased conditions for current permit holders. Those who have held employment permits for five consecutive years no longer require permits to remain in employment. Further, permit holders who have been made redundant now have six months instead of three to find new employment. Moreover, employment permit holders who have been made redundant no longer have to satisfy the Labour Market Needs Test when applying for new work permits. These measures have been welcomed by NGOs such as the Migrant Rights Centre Ireland which, in alliance with trade unions and other organizations, campaigned for such changes.

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<sup>42</sup> Whereas data for the 2006 EU Commission was based on official balance of payments statistics, the 2006 IOM study calculated the size of remittances as a “model” on the basis of a number of assumptions about remittances.

<sup>43</sup> There is no detailed breakdown of the remittance flows available for the years 2007 and 2008.

<sup>44</sup> FÁS (Foras Áiseanna Saothair) is the Irish Training and Employment Authority.

To what extent can migrants benefit from any Active Labour Market Policies (ALMPs) that aim to retrain and upskill the workforce? In relation to ALMPs, the Department of Enterprise, Trade and Employment (DETE) implemented a number of new training and employment programmes in 2009. These include a new Work Placement Programme that is designed to offer unemployed people relevant work experience. This programme is open to all unemployed people in Ireland and hence, also to migrants. To date, there is no data available on the number of migrants participating in these programmes. However, as there are no initiatives in place that are specifically tailored for the needs of unemployed migrants, it appears likely that migrants are under-represented in these programmes.

In times of economic crisis, the issue of foreign students acquires greater importance in Ireland, as many of these students work part-time. In relation to this, the Minister for Justice, Dermot Ahern, launched a consultation paper on a new immigration regime for non-EU students in September 2009. The document proposes to limit the time non-EU students can spend in Ireland to two years for those attending language schools and further education institutes. Further, stronger regulation of English language schools is suggested (DJELR, 2009). These proposed measures are linked to concerns that some students enrol in language schools each year as a means of remaining and working in Ireland. As with a more restrictive employment permit system, this initiative has to be seen in the context of rising unemployment among the domestic workforce.

One recurring theme in relation to migrants in recent years has been the issue of workplace exploitation and rights violations (Labour Relations Commission, 2005). In response to such concerns raised particularly by trade unions and migrant NGOs, the 2006 social partnership agreement *Towards 2016* agreed on a number of measures that aim to strengthen compliance with employment rights. These measures include setting up a statutory agency for employment rights, increased penalties for non-compliance, and stronger regulation of employment agencies.

While the National Employment Rights Authority (NERA) has already been set up on an interim basis, the other provisions still await ratification in the form of the Employment Law Compliance Bill 2008. There is no evidence to suggest that the Irish government is no longer committed to the bill. However, it is not implausible to suggest that the economic crisis has delayed its ratification. It certainly appears that the government has become more receptive to calls by employer groups for amendments to the bill. The Irish Business and Employers Confederation, for instance, argues that the bill in its current form imposes too much of a burden on employers and would ultimately cost jobs (Slattery, 2009).

As with the Employment Law Compliance Bill, it is not implausible that the ratification of the Immigration, Residence and Protection Bill 2008 has been delayed by the economic crisis, as other policy measures, in particular those in response to the downturn, acquired greater importance. The Immigration, Residence and Protection Bill replaces previous immigration legislation and sets out the terms and conditions under which foreign nationals from outside the EEA can enter the state, their entitlements, residency rights, and, if they are not legally resident, the obligation to leave the state. In relation to the latter, some government officials are of the view that the bill could provide for a “faster removal process” of unsuccessful asylum applicants to reduce costs to the Exchequer (Mac Cormaic, 2009b).

There are also various initiatives in place to increase the number of voluntary returns among migrants whose application for asylum has been unsuccessful or those who no longer hold a valid residency stamp. In relation to voluntary return, the Department of Justice recently solicited proposals for projects to be financed under the European Return Fund; these proposals are currently under review. The aim is to increase the number of voluntary returns, with a particular emphasis on migrants from Brazil, China, and Nigeria who are no longer entitled to be present in the state. IOM already operates a voluntary assisted return and reintegration programme for asylum-seekers and irregular migrants in Ireland. Since 2001, over 2,300 migrants have received assistance in returning home from Ireland.

### **Integration, anti-xenophobia, and anti-discrimination measures**

Until recently, Ireland did not have an explicitly formulated integration policy except for refugees (Hughes et al., 2007: 241). However, with the establishment of the Office of the Minister for Integration (OMI) in 2007, which was followed by the publication of *Migration Nation*, the first official statement on integration strategy and diversity management, the Irish government took a more proactive stance. The role of the OMI is to develop and coordinate integration policy in partnership with government departments, agencies, and NGOs, including those representing migrant communities. Particular emphasis is laid on the mainstreaming of service delivery and its implementation at the local level. Integration policies include funding for organizations that provide services to immigrants and the provision of English language support and a pathway to permanent residency and citizenship for those who qualify (OMI, 2008).

What remains to be seen is to what extent the state's integration policy will be affected by the economic crisis and a more adverse fiscal environment. In 2009, under the premise of the economic crisis, the then Minister for Integration, Conor Lenihan, re-dedicated the Irish government to achieving integration. Mr Lenihan said: "Integration will remain a key task of Irish society...Many immigrants are returning home but many are remaining. These are people whose stay is of a long term, stable nature or who may even have already acquired Irish citizenship" (OMI, 2009). It has to be said, however, that such statements by government officials have become relatively rare in recent times and that there appears to be a tacit assumption in some quarters that many migrants will leave the country because of the crisis. Further, there have been some recent cuts in the area of integration that have raised some concern. The OMI itself had its budget cut by 26 per cent in 2008. Moreover, the state advisory body, the National Consultative Committee on Racism and Interculturalism, has been abolished, with the OMI absorbing some of its functions.

In the Budget 2010, however, cuts in the area of integration were not as severe as some may have expected. For instance, some of the recommendations of a review report on public expenditure, including proposals for a reduction in the number English language support teachers, have not been implemented. Further, after the cuts in 2008, the OMI has seen a modest increase of 6 per cent in its budget. Nevertheless, some NGOs point out that a 24 per cent cut in the budget of the Irish Naturalisation and Immigration Service is likely to delay the processing of applications by immigrants for citizenship and family reunification.

In relation to xenophobia and discrimination, Ireland has some relatively robust legislative provisions to tackle such problems. The Equality Act 2004 and the Employment Equality Act 1998 prohibit discrimination on grounds of “race” and nationality. Further measures to combat discrimination and racism include setting up a Racial and Intercultural Office within the Garda Síochána, the Irish police force. Another initiative by the Irish government is the “National Action Plan on Racism” introduced in 2005 (Hughes et al., 2007: 239).

In spite of these measures, racism and discrimination remain an issue in Irish society. Research by the Economic and Social Research Institute found that migrants were more likely than the indigenous population to report discrimination at work and when looking for work (O’Connell and McGinnity, 2008). Further, black Africans, in particular, experience relatively high levels of racial discrimination (McGinnity et al., 2006). It remains to be seen whether incidents of discrimination will increase in times of recession. Based on racist incidents officially recorded by the OMI, there has been no discernible increase so far: 214 incidents were recorded in 2007, 172 incidents in 2008, and 126 incidents in 2009.

## **Public opinion**

In spite of incidents of racism and discrimination, the attitudes of the indigenous population towards immigration have been relatively favourable when compared to other European countries (Hughes et al., 2007). This might be due to a number of factors, including the Irish’s own emigration experience, the absence of any relevant right-wing extremist party and, perhaps most importantly, continuous economic growth that coincided with large-scale immigration. However, there is some recent evidence that attitudes are hardening towards migrants in light of rapidly deteriorating economic circumstances. A survey carried out by *The Irish Times* in October 2009 found that over two thirds of Irish people (72%) want to see a reduction in the number of migrants, with almost 30 per cent preferring that most migrants leave. Strikingly, almost 40 per cent of young people (18–24 years old), who had been more positive towards immigration in previous polls, would like to see most foreign nationals leave the country. This might be due in part to the fact that this age group has been most affected by rising unemployment (O’Brien, 2009).

Political parties and media outlets have so far largely refrained from blaming migrants for the deteriorating economic situation, but there have been a few instances of such. For example, a candidate of the Libertas party in the recent European election demanded an end to the free movement of labour for EU citizens. In addition, the mayor of Limerick called for the deportation of EU nationals who are social welfare recipients. However, these have been largely exceptions so far. Nevertheless, it is not inconceivable that anti-immigration discourse could acquire greater prominence in the near future should the economic crisis continue.

## Conclusion

Ireland has experienced large-scale immigration, in particular from the NMS, in recent years. However, in the context of an unprecedented economic crisis, migration inflows have declined; in 2009, the trend of net outward migration returned to the country. Nevertheless, it is worth emphasizing that these outflows have been relatively small so far. One year after Ireland was officially declared to be in recession, migrants continue to account for over 12 per cent of the population and for over 14 per cent of the labour force. Migrant outflows may further increase in the months ahead, depending not only on developments in Ireland, but also crucially, on the situation in the country of origin of migrants (Papademetriou and Terrazas, 2009). However, there is little contemporary evidence nor historical precedent to suggest that the large-scale immigration of the last decade will be reversed.

This poses some important questions to policymakers and other stakeholders. Is there enough political goodwill to defend the employment and welfare rights of migrants in times of more intense competition for jobs and resources? Will sufficient resources be provided to enable an active integration policy even though government revenues are in decline, or is there a tacit assumption that migrants will return home “when times are getting tough”?

Officially, the Irish government remains committed to pursuing an active integration policy. At the same time, there have been some cuts in recent years that have affected integration measures. Although the fiscal environment has become more adverse, further cuts in the area of integration could prove to be short-sighted. Not only are migrants likely to remain a significant part of Ireland’s population and labour force in the foreseeable future, but at a time when public attitudes towards migrants appear to be hardening, a successful integration policy might be the best way to prevent future inter-group tensions.

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**IV) Italy<sup>45</sup>**

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<sup>45</sup> **Ferruccio Pastore**, FIERI, Turin.

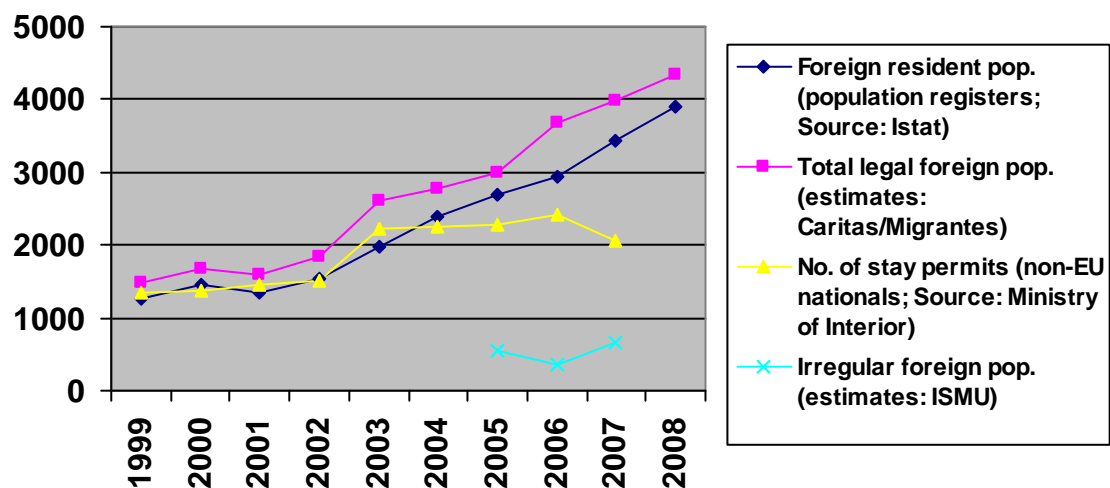
## Introduction

### After a decade of sustained growth, foreign stocks continue to grow

The legally resident foreign population of Italy has almost tripled in the last decade, and has doubled only over the last five years. Such high growth rates over such a prolonged period have probably no equivalents in Europe, except in the case of Spain. This remarkable trend has continued rather steadily during the last two years, as shown by figures on stocks of foreign resident population in Figure 1. It has to be noted, as a matter of fact, that the stagnation in the total number of stay permits (and their actual decline in 2007) has merely administrative causes that are associated with the 2004 and (even more markedly) 2007 EU enlargements, which freed nationals of new Member States, now EU citizens, from the obligation to apply for a stay permit.

### Migration data

Figure 1: Stocks of foreign population in Italy at the end of the year, 1999–2008



The steady growth in stocks, at least until the end of 2008, suggests that immigration to Italy was not immediately affected in the initial phase of the economic crisis. This is not just the consequence of the fundamental (and partly physiological) rigidity of legal migration policies, which – in Italy as elsewhere – need some time to adapt to evolving constraints. As we will see in greater detail below, continuing immigration growth is also to be connected with a persistent, although controversial and uneven, need for foreign manpower, which has convinced policymakers to keep legal channels relatively open until well into 2009.

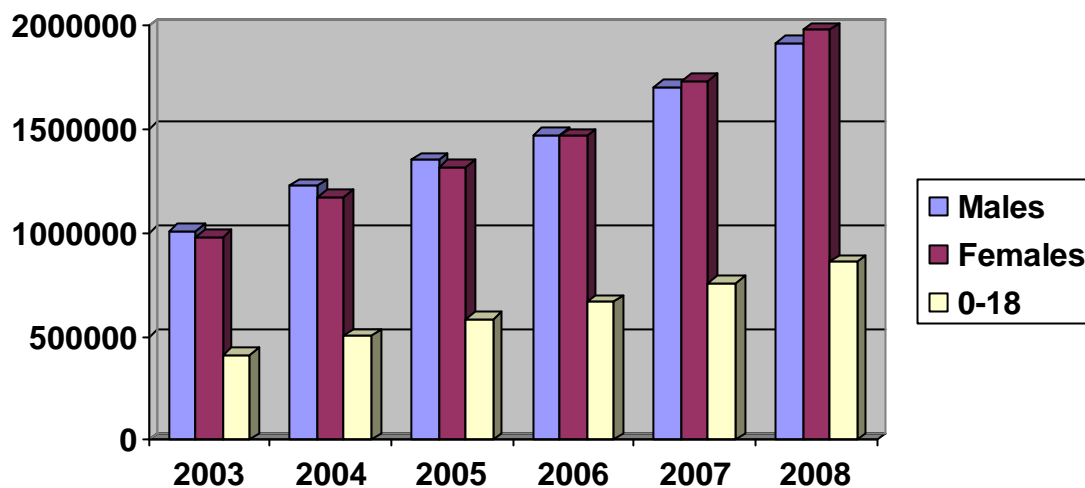
A complete picture of foreigner residents' stock at the end of 2009 will only be available in the second half of 2010. However, according to figures disclosed by the Italian National Institute of Statistics (Istat) in February 2010, even in the first part of 2009 (currently available data covers the period January-September 2009) inflows continued to outweigh outflows very substantially, although to a lesser extent than in the corresponding period in 2008. In the first nine months of 2009, Italy's net migration rate was positive at 271,338, compared with 343,370 registered in the corresponding period in 2008 (Istat, 2010). The

migration rate reduction was more marked in north-eastern Italy (-31.3%, compared with the national average decrease of -21%), an area where immigrant labour is highly concentrated in export-oriented small and medium manufacturing firms and which has therefore been particularly hit by the ongoing downturn.

As for the demographic composition of this fast-growing foreign population, for the purposes of this paper, it will be sufficient to highlight one aspect. Over the past several years, Italy has gone through a phase of demographic rebalancing of its immigrant foreign population. Such a trend has two main causes: a) a constantly expanding wave of formal family reunions (as well as unauthorized family migration, followed by the regularization of spouses under periodical amnesty schemes); and b) a substantial increase in the phenomenon of autonomous female migration (with female migrant workers as first migrants) addressed mostly to the home and health care sectors (for an updated and comprehensive overview, see Catanzaro-Colombo, 2010).

The combined effect of these two phenomena has been an ever more marked feminization of the immigrant population in Italy, with the female component bypassing the male component in the last couple of years (Figure 2). It has to be stressed, however, that such overall demographic rebalancing “hides” very deep and persisting differences in the gender balance among national communities. As we will see in the next section, the trend towards feminization indirectly affects the way in which the crisis is hitting immigrant employment.

**Figure 2: Demographic composition of the legally resident foreign population in Italy, 2003–2008**



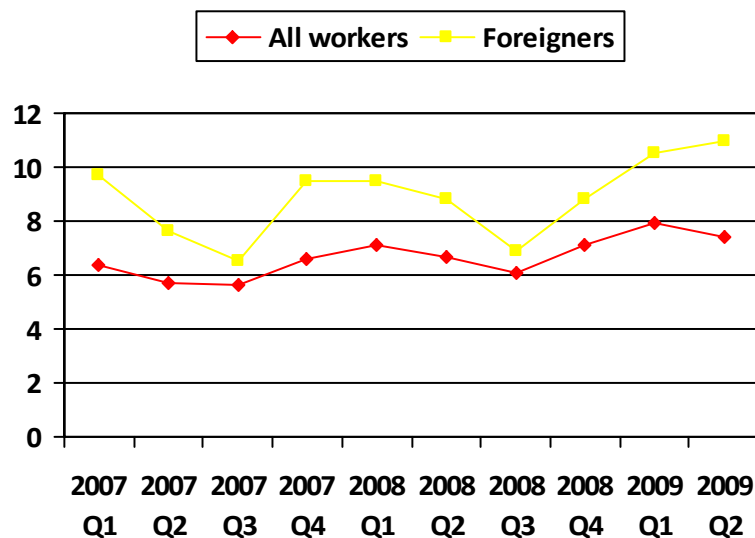
Source: [www.istat.it](http://www.istat.it)

### Composition of migrants and changes in the labour market

The limited impact on stocks so far obviously does not imply that the economic downturn is not having a broader impact on migration. On the contrary, the impact is sizeable in the labour market, where the gap between the unemployment rate for foreign and native workers grew from the second half of 2008 until mid-2009 (Figure 3). In the first half of 2009, the unemployment rate among immigrant workers overtook – for the first time in recent years – the symbolic threshold of 10 per cent. In the third quarter of 2009, however,

this trend halted, as the unemployment rate for foreigners decreased more markedly than the rate for natives (a -0.4% unemployment rate for foreigners against the general trend of -0.1%).

**Figure 3: Unemployment rate for Italian nationals and foreigners in Italy, 2007–2009**



Source: [www.istat.it](http://www.istat.it)

However serious the situation illustrated by these figures, it has to be stressed that both unemployment levels among foreign workers and the gap with the unemployment rate for nationals remain lower than those for other EU countries that have also recently experienced high labour immigration levels. Most notably, the labour market situation of immigrants deteriorated more rapidly and deeply in Spain, a country that is, in many respects, comparable to Italy as far as labour immigration trends are concerned (OECD, 2009: 17–19; for more details on the comparability of these two countries, see Finotelli, 2009).

As a matter of fact, although Italy and Spain have often been singled out (most recently in Arango et al., 2009) as the main representatives of a hypothetically distinct “Mediterranean model” with regard to immigration patterns and migration policy approaches, some important divergences in the migratory impact of the current crisis are now calling into question the validity of such model-based interpretation, thereby opening room for future research. For instance, when compared to Spain (and also, though less markedly, Germany), Italy has a significantly lower concentration of immigrants in low-skilled occupations, which certainly affects current variations in the increase in immigrant unemployment (Table 1).

**Table 1: Immigrant share of employment in selected EU countries, overall and in low-skilled occupations, 2007**

Immigrants aged 15–64	All occupations (%)	Low-skilled occupations (%)
France	11.2	21.2
Germany	12.8	27.5
Italy	9.0	23.2
Spain	15.9	33.6
United Kingdom	11.1	14.4

Source: OECD, 2009: 88.

If concentration in low-skilled jobs is a plausible predictor of immigrants' vulnerability to economic crisis, an even more specific indicator is the concentration of foreign-born workers aged 15–64 in sectors which are more heavily and directly suffering from the downturn, primarily the construction sector (Table 2). Here, the specificity of Southern European countries stands out as a whole. However, Italy has a significantly lower concentration level compared to Spain or, even more so, Greece, where almost one in three immigrants works (or worked until last year) in construction.

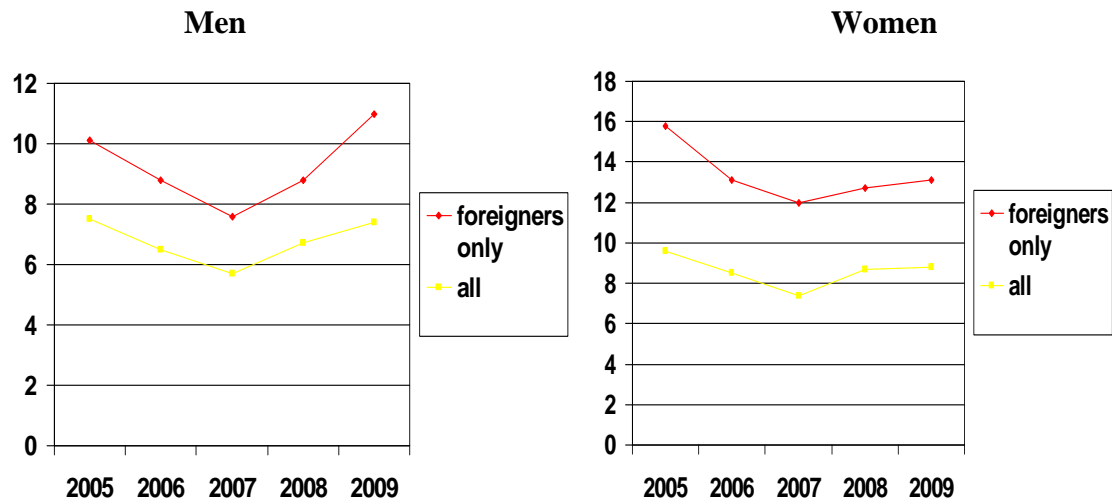
**Table 2: Ten OECD countries with the highest concentration of foreign-born workers aged 15–64 in the construction sector, 2007**

Greece	Spain	Portugal	Italy	Luxembourg	USA	France	Austria	Hungary	Czech Republic
32.0%	21.0%	15.9%	14.8%	13.6%	13.0%	10.1%	10.0%	10.0%	8.8%

Source: OECD, 2009: 73.

We have highlighted above the worrying trend in immigrant unemployment. However, the aggregate unemployment rate obviously does not tell the whole story. Disaggregation of figures by gender and by nationality, to the extent allowed by figures available so far, provides essential additional insights. As for gender (Figure 4), currently available data show that the crisis has had a lighter occupational impact on female workers. As a matter of fact, although it started at much higher levels, the unemployment rate for foreign women has been rising at a slower pace than that for men. In addition, the gap with native workers' unemployment levels has been closing rather than expanding. Such gender asymmetry in favour of female workers is rather peculiar in the European context, and it might be a consequence of the high concentration of female immigrants in the home care and health care sectors, which are typically less exposed to the oscillations of economic contingency. The reduced purchasing capacity of Italian families, however, does not rule out the possibility that the crisis will have a “long tail”, that this comparative advantage of female foreign employment will erode in the next few months. In other words, crisis-hit Italian families have selectively cut back on more superfluous expenses to date, but if the crisis bites deeper, even care expenses could be negatively affected.

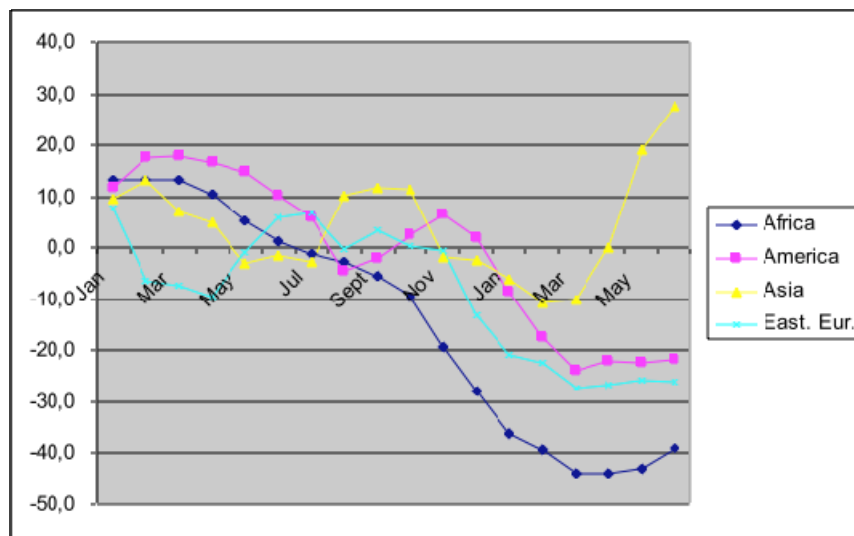
**Figure 4: Unemployment rates for Italian nationals and foreigners in Italy by gender, Q3 2005–2009**



Source: [www.istat.it](http://www.istat.it)

Less easily available are figures that will help to determine how the impact of the crisis has varied by nationality. For preliminary insight, let us rely on data available for Piedmont and Veneto, two highly industrialized regions located in north-west and north-east Italy, respectively, that have strong and fast-growing immigrant populations (for background details, see Banca d'Italia, 2009a; for Piedmont, see also Ricucci, 2009). Figures supplied by Piedmont's Osservatorio regionale sul mercato del lavoro (ORML) or Regional Observatory on the Labour Market (2009) suggest that the crisis has hit migrant workers of African nationality comparatively harder (Figure 5). In the Piedmont case, this is probably explained, at least in part, by the over-representation of African immigrants (among whom Moroccans account for a relative majority) in the manufacturing sector, which has suffered one of the highest job losses during the crisis.

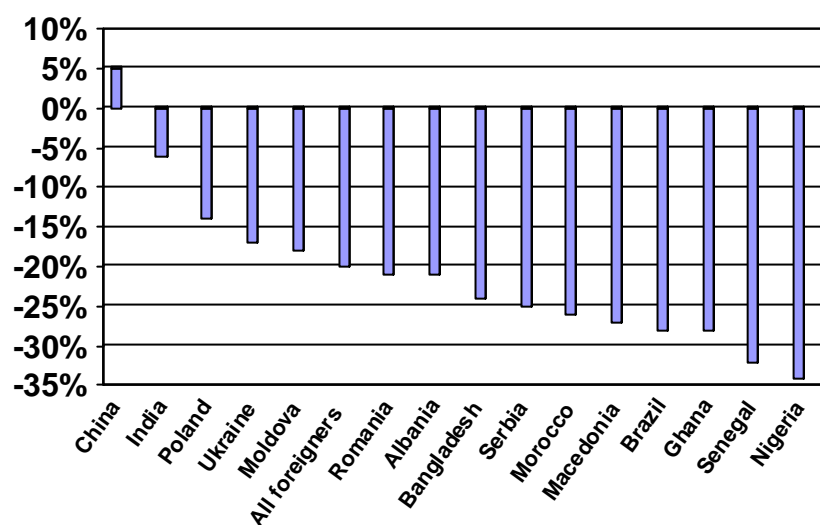
**Figure 5: Recruitment of foreign workers in Piedmont by geographical region of origin, January 2008-June 2009\***



\* Percentage variations on the same month of the previous year.  
Source: ORML, 2009.

In Veneto, regional labour agency Veneto Lavoro (2010) has painted a similar picture. The volume of recruitment tends to fall for all foreign nationalities (with the exception of the Chinese, which is probably a testament to the resilience of Chinese businesses in Italy in times of crisis). However, African (especially Sub-Saharan) nationalities are systematically among the most negatively affected (Figure 6).

**Figure 6: Recruitment of foreign workers in Veneto by nationality (% variation between 2008 and 2009)**



Source: Veneto Lavoro, 2009.

## **Impact in other spheres and migrants' response strategies**

### ***Housing***

However important, occupational impact is obviously not the only relevant area to consider in assessing the overall impact of the economic crisis on migrants. The weakening of the labour market position of immigrant workers has immediate repercussions for all dimensions of everyday life, starting from housing conditions. From this point of view, the mid-2000s was marked by strong growth in the number of real estate purchases by foreigners in the Italian housing market. Such trend is to be interpreted, at least in part, as a consequence of a precise adaptive strategy by immigrant families, who seek to buy a house as soon as possible in order to avoid severe obstacles in the home rental market, obstacles that stem from heavy and diffuse ethnic discrimination (Ponzo, 2009a). In 2008, however, the sudden increase in mortgage rates led to a collapse in home purchases by foreigners. This trend has been made more acute by a change in the lending strategies of commercial banks, which have become less and less willing to grant mortgage loans covering the entire value of the house to be purchased.

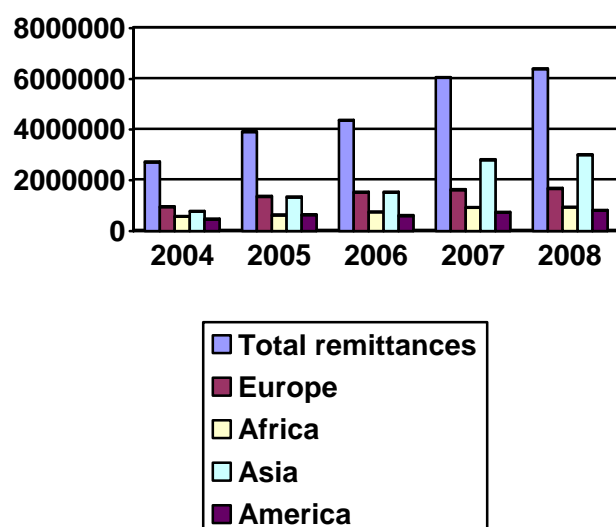
Although figures for 2009 are not yet available, it is very likely that the downward trend will continue through the current year as an indirect effect of the occupational downturn. In the meantime, local evidence is building up about the over-representation of foreigners in the growing number of eviction orders resulting from non-payment of rent (Ponzo, 2009b).

### **Remittance flow and use**

Income reduction, associated with a stronger perception of economic insecurity for the future, is an obvious predictor of a decrease in remittances. In the present situation, however, given the global scope of the crisis, which has affected countries of origin sometimes even harder than receiving countries, the declining capacity to remit could be compensated by a stronger "moral propensity" to transfer money in order to counter growing poverty back home. Therefore, the overall impact of the crisis on remittances is not easy to predict in abstract terms, and it may vary significantly from one immigrant community to another. In the case of Italy, the data available so far show a slowdown in growth (and later, a decrease) in the volume of official remittances, which already reached sizeable amounts in 2008. Such trend affects remittances directed towards all continents, although it is more evident in the case of Asia, where the recent growth has been more intense (Figure 7).



**Figure 7: Remittance flows in euros from Italy by region of destination, 2004–2008**



Source: Banca d'Italia.

A more updated perspective, although not disaggregated by region of (remittances) destination, is provided by the recent quarterly analysis from CeSPI (Giangaspero, 2009). As shown in Table 3, the total volume of official remittances (those monitored by the Banca d'Italia, not including “informal channels” or bank channels, but only Money Transfer Operators and the Post) started to decline in the third quarter of 2008, with some delay compared to the beginning of the decrease in the country's GDP. The increase during the fourth quarter of 2008 is more likely explained by the systematically recorded annual peaking of remittances at the end of each year (see also figures from the fourth quarter of 2007 in Table 3), rather than a steady recovery. As a matter of fact, there was a substantial new decrease in the first quarter of 2009.

**Table 3: Remittances from Italy in thousands of euros**

	2006 Q1	Q2	Q3	Q4	2007 Q1	Q2	Q3	Q4	2008 Q1	Q2	Q3	Q4	2009 Q1
Absolute Values	919	1,186	1,290	1,332	1,198	1,513	1,577	1,754	1,554	1,613	1,485	1,729	1,482
% variation	23.2%	25.6%	10.0%	9.3%	30.3%	27.6%	44.7%	31.6%	29.8	6.6%	-5.9%	-1.5%	-4.7%

Source: Giangaspero, 2009, based on Banca d'Italia.

In specific local contexts, scattered qualitative evidence suggests an even bleaker outlook, with reports of cases of “reverse remittances”, i.e. transfers of money made by families in countries of origin to their family members abroad to help them meet extraordinary crisis-related needs (see, for instance, a news report in *La Stampa*, 4 November 2009).

## Return migration

It is even harder to assess migrants' behaviour in response to the ongoing crisis in the crucial sphere of returns. This is primarily due to the notorious unreliability of official statistical figures on outflows – a particularly serious problem in Italy.<sup>46</sup> Unfortunately, research data fail to compensate for the lack of reliable official statistics; as a matter of fact, quantitative research on return migration remains very limited.<sup>47</sup>

Initial qualitative evidence gathered by FIERI in 2009 shows that crisis-induced temporary returns from Italy are increasing, particularly in the case of Moroccan immigrants in Italy. The relatively light impact of the global crisis on Morocco could explain this seemingly higher propensity to use return as an adaptive strategy. Impressionistic evidence highlights the existence of a number of other adaptive strategies by migrant families in this period of crisis. These include delayed family regroupment and so-called “family de-groupment”, or the return to the country of origin of only a part of the family. Typically, for Moroccan migrants at least, wives and children return to the country of origin, while the male breadwinner stays put.<sup>48</sup>

Deeper insight into such adaptive behaviours and strategies, their socio-economic consequences, and policy implications would require more in-depth qualitative and, possibly, quantitative, research.

## Public opinion

When total wealth decreases and the pool of available jobs shrinks, competition in the labour market (or at least the collective unease and fear of such competition) can increase. It is therefore reasonable to expect negative shifts in insiders' attitudes towards outsiders. An important indicator in this respect is the number of “hate crimes” and, more generally, episodes of targeted violence against immigrants and other foreigners. Unfortunately, the quality of statistical recording of such behaviours is very poor in the case of Italy. At the qualitative level, it should be stressed that the last year, 2009, was marked by several worrying episodes, the most large-scale and serious of which was probably the series of collective aggression against immigrant (mostly Sub-Saharan African) seasonal agricultural workers in the Calabrian city of Rosarno between 7 and 10 January 2010.<sup>49</sup>

Episodes like those just mentioned are crucial symptoms, but they are nevertheless

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<sup>46</sup> According to Istat (2009b), only 27,023 foreign residents were crossed out from Italy's population registers in 2008. Istat itself recognizes that this is a gross underestimation of actual return and re-emigration flows of foreign nationals from Italy. Such underestimation is partly compensated by the relatively high number of deletions because of “untraceableness” (42,430 in 2008), which certainly includes a significant share of returnees.

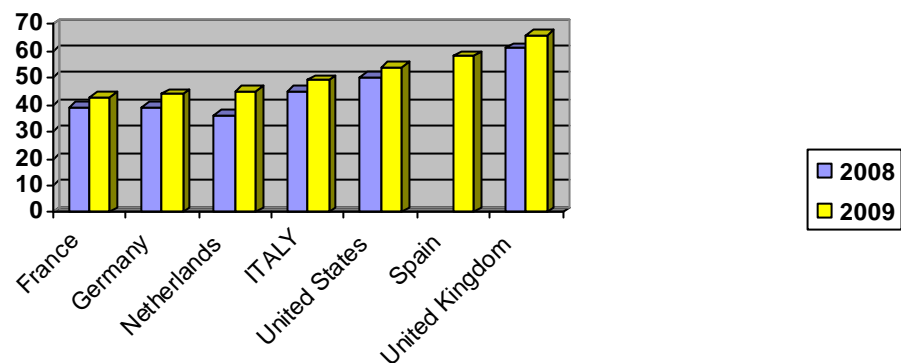
<sup>47</sup> An important exception is the project “Collective Action to Support the Reintegration of Return Migrants in their Country of Origin” (MIREM; <http://www.mirem.eu/>) carried out from 2005 to 2008 by the Robert Schuman Centre for Advanced Studies of the European University Institute in Florence. The survey, which focused on three Maghreb countries (Algeria, Morocco, Tunisia), provides valuable information on socio-economic and personal factors driving the return choices of migrants. Unfortunately, the MIREM survey carried out from September 2006 to January 2007 does not provide any direct evidence on the impact of the current economic downturn on returns to the Maghreb.

<sup>48</sup> In such cases, initial evidence shows that Moroccan immigrant workers sending their families back home tend to go back to housing solutions that are normally typical in the early migration stages, such as flats collectively rented by groups of male migrants.

<sup>49</sup> A comprehensive and neutral reconstruction of this very serious violent escalation is still missing. The local judiciary authorities are inquiring, with a special focus on the role that local criminal clans (affiliated to the very powerful criminal organization called ‘*ndrangheta*’) might have played in fuelling popular intolerance and in triggering violence. The Rosarno uprising (but some commentators have used the word *pogrom*) has received extensive media coverage (among the many comments, see for instance, Scalfari, 2010). From the specific point of view of this paper, at least two possible connections between the uprising and the economic crisis can be pointed out: a) the dramatic fall in the market value of the oranges that the seasonal workers were there to pick made these (largely undocumented) workers less necessary and thereby more vulnerable; b) the number of migrant workers who spontaneously arrived in Calabria this year for the citrus season was higher than usual due to the impact of the crisis, which pushed many newly unemployed migrants to look for extraordinary work opportunities.

localized. For a more systematic assessment of public attitudes, one obviously has to rely on “lighter” indicators, such as opinion polls. Unfortunately, the lack of a periodic and European-wide survey of European citizens' attitudes towards immigrants prevents an exhaustive and systematic inquiry into crisis-induced changes in European public opinion. However, some useful hints can be obtained through a thematic opinion survey, whose second edition was recently carried out in six EU Member States (France, Germany, Italy, the Netherlands, Spain, and the UK) and two North American countries (USA and Canada). As shown in the *Transatlantic Trends: Immigration 2009* report (German Marshall Fund of the United States et al., 2009), overall attitudes towards immigration in the target countries remained relatively stable between 2008 and 2009, although there was a slight trend toward more respondents in Europe and the USA describing immigration as “more of a problem than an opportunity” (Figure 8).

**Figure 8: Percentage of interviewees who said that immigration is “more of a problem than an opportunity”**



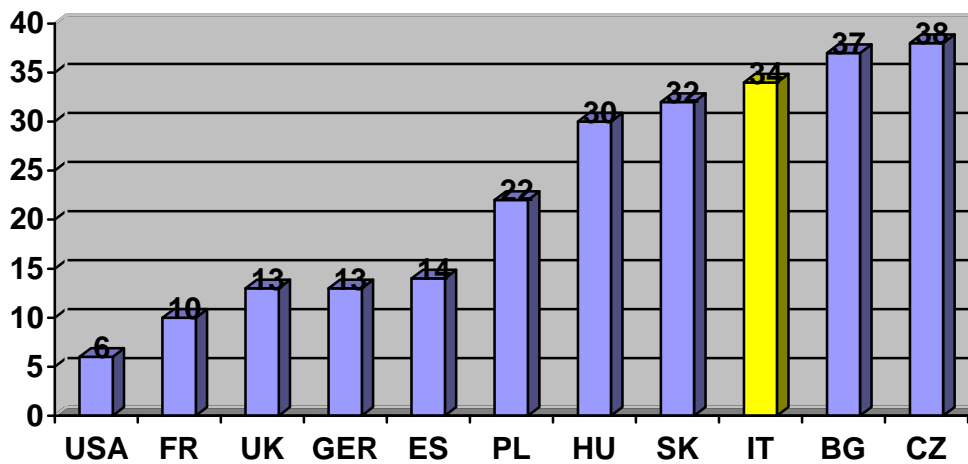
Source: German Marshall Fund of the United States et al., 2009.

As shown in Figure 8, Italian public opinion ranks halfway in this international scale of general contrariness towards immigration. The poll was carried out in September 2009, and although the crisis was already in full swing then, it did not seem to have a major impact on public perception. What is even more interesting is that, according to the same opinion poll, 74 per cent of Italians do not believe that immigrants “take away jobs from natives”, and a majority (57%) also believe that immigrants “do not bring down wages” (German Marshall Fund of the United States et al., 2009: 7). These results position Italians among the nationalities that seem to have less-entrenched economic convictions as a foundation of a majority anti-immigrant attitude.

Although mildly reassuring, these results should be viewed with caution: first, because of the generally high volatility of public opinion on immigration; and, second, because other recent cross-national opinion polls give us a much less “tolerant” image of the Italian population. This is particularly the case with a survey carried out in autumn 2009 in the framework of the Pew Global Attitudes Project (Pew Research Center, 2009). The survey showed that Italy is one of the countries where public opinion is generally less open

towards cultural and ethnic pluralism (Figure 9).<sup>50</sup>

**Figure 9: Percentage of respondents who mostly or completely disagreed that “it is a good thing for any society to be made up of people from different races, religions, and cultures”**



Source: Pew Research Center, 2009.

## Policy responses

### Recent policy developments: Half-closing doors and reducing rights

How is the political system reacting to the complex developments sketched out so far? This general question can be split into two: a) What are the specific policy responses to the crisis in the immigration and integration policy fields? and b) How are broader policy responses to the crisis affecting – whether intentionally or not – migration and integration dynamics?

It is too early to give an evidence-based answer to the second question. However, one fundamental hypothesis deserves to be formulated at this stage: most general (i.e. non migrant-specific) measures that have been taken to protect jobs seem to de facto benefit more native than immigrant workers. This is the case, for instance, with public schemes that aim to delay permanent reduction of the employed labour force, by granting a public salary to workers who are temporarily left unemployed by their private employers. Such schemes (called *Cassa Integrazione Guadagni* or, roughly translated, “Revenue Support Fund”) exclusively or predominantly benefit workers with stable contracts, whereas immigrants are by far over-represented in temporary and unstable categories of employment.

More can be said about the first question: What are the specific policy responses to the crisis in the immigration and integration policy fields? Here too, however, a very

<sup>50</sup> Italy scores even worse with other, more specific questions. According to Pew Research Center (2009: 8): “In the West [of Europe], Italians hold the most negative views toward minority groups – 69 per cent say they dislike Muslims and 84 per cent have negative views of the Roma. Negative views toward these two groups run high in Spain as well – 46 per cent have an unfavourable opinion of Muslims and 45 per cent say this about the Roma.”

important caveat is necessary. In the case of Italy, the connection between recent migration policy developments and the ongoing economic crisis has generally been loose. This can be said in two distinct and complementary senses:

a) First, not all recent migration policy developments have been predominantly (sometimes not even marginally) driven and justified by arguments based on the ongoing economic crisis. As we will see below, some very important recent policy decisions were predominantly driven either by structural factors relatively disconnected from the crisis (such as the historically high degree of path dependency of Italian migration policies; for instance, the 2009 regularization is the last one of a series that started in the early 1980s) or by purely political factors such as the high (and growing) degree of ideology surrounding the migration policy debate. For the latter factor, a key role was played by Umberto Bossi's Lega, a powerful component of the current right-wing political majority, to which Interior Minister Roberto Maroni belongs.

b) Second, while the crisis has been mentioned as a relevant factor driving migration policy decisions, there has been little in-depth preparatory research on the actual crisis–migration linkage, and there is generally weak evidence of crisis-driven migration policy decisions. This, by the way, reflects some additional general and traditional features of the Italian political system, such as the low status accorded to scientifically produced empirical evidence as a criterion for policy decisions, as well as the fundamental weakness of the policy–research nexus.

We briefly illustrate the main developments in the migration and integration policy fields since the second half of 2008. We will stick to a basic distinction between a) admission measures and b) measures dealing with the status of immigrants already in the country (including integration measures).<sup>51</sup>

#### a) Admission

Perhaps one of the most remarkable features in the case of Italy is the fact that (during the first phase of the crisis, at least) admission policies have been relatively unaffected by the negative economic situation. Between the end of 2008 and the first few months of 2009, two governmental planning decrees (*decreti-flussi*, i.e. the regulatory tool used in the Italian system to set annual ceilings for seasonal and non-seasonal admissions for work purposes) were issued for a total of 230,000 new admissions (of which, 150,000 were for the home care sector and 80,000 were for seasonal work), down from 252,000 in the previous year. This certainly cannot be considered a very significant reduction when deliberated in a period of serious occupational crisis. Such moderate cuts in admissions are an indirect confirmation of the widespread perception (even within social and political milieux which are less programmatically in favour of immigration) that the immigrant and native labour forces are largely complementary in the deeply segmented Italian labour market. The worsening occupational situation since mid-2009 has pushed the government to freeze entry planning for 2009 and 2010. Quite paradoxically, however, it did not prevent the executive branch from launching in August 2009 a selective regularization scheme targeting only personal and home care workers. On its closing date on 30 September 2009, this new regularization scheme had received around 300,000 applications

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<sup>51</sup> We will not devote specific attention here to measures taken in the field of border control and the struggle against human smuggling and undocumented immigration. This is because the economic crisis has caused no major discontinuity in these areas.

from employers seeking to regularize already existing work contracts with undocumented immigrants (Colombo, 2009).

b) Immigrants' status

In July 2009, when the crisis was approaching its peak, Parliament adopted a major reform of immigration law in the framework of a vast and heterogeneous bill on “citizens' security” (Law 15 July 2009, No. 94, *Disposizioni in materia di sicurezza pubblica*). The bill was initially presented in Parliament in June 2008, with the joint signatures of Prime Minister Silvio Berlusconi (Partito della Libertà-PDL) and the Ministers of the Interior (Roberto Maroni, Lega) and Justice (Angelino Alfano, PDL). The bill initially had no connections with the economic crisis, and even during the lengthy parliamentary procedure, the contingent state of the economy was not one of the main drivers of debate. The result is a very controversial and radical piece of legislation, which hinges on two fundamental moves:

- i) the reframing of illegal entry and stay as criminal offences punished with a pecuniary sanction and with immediate expulsion;
- ii) the systematic weakening of the status of legal immigrants through the enactment of a points-based system for the renewal of stay permits and more restrictive housing requirements for family reunion, among others.

In the meantime, dramatic cuts on funds available for integration policies were decided at both the central and local levels. Unfortunately, a complete and detailed overview of such reductions at the regional and local levels is missing. At the national level, special mention should be made of the Fund for the Social Inclusion of Immigrants (EUR 50 million per year), established by a centre-left majority with the Budget Law for 2007 (Law No. 296 of 2006) and completely suppressed in 2008 by the new centre-right majority. In this case too, the decision to suppress the Inclusion Fund was not explicitly motivated by the crisis (which was still in an embryonic phase then); rather, it was the result of more fundamental ideological options on the priorities of public expenditure.

**Broader trends: At the crossroads between two migration models**

A detailed analysis of this complex shift in Italian immigration and integration law and policy is not the purpose of this paper (for an updated legal analysis, see Scevi, 2010). From the specific point of view of this paper, we will limit ourselves to stressing the gap between policy recommendations formulated by most experts and international organizations on how best to adapt migration policies to the crisis and recent Italian policy developments. In Table 4, we show such divergence by reporting the key recommendations formulated by OECD in *International Migration Outlook: SOPEMI 2009*.

**Table 4: Comparing international recommendations and Italian policy responses**

OECD recommendations	Italian policy responses
“Delaying or cutting back on integration measures during a downturn may have negative long-term implications for the integration of immigrants. OECD governments should therefore consider: i) maintaining, if not strengthening, their integration programmes; ii) reinforcing their effort to fight discrimination; and iii) ensuring that active labour market policies reach new entrants into the labour market, including recent immigrants, and workers displaced from declining industries.”	Major reform of immigration law, centred on: a) the reframing of illegal entry and stay as a criminal offence; and b) the systematic weakening of the status of legal immigrants.
“Management of labour migration should be sufficiently responsive to short-term labour market conditions, without denying the more structural needs or hampering return. It is important to avoid making policy changes which would leave a country unable to respond quickly to labour market needs in the recovery phase, or which would induce unwanted effects on irregular migration or integration.”	Initially moderate and later radical cuts in admissions through the <i>decreti-flussi</i> , but new regularization scheme launched in August 2009.
“Special attention should be paid to the economic situation in less developed countries as remittances are falling during the economic crisis. More generally, efforts to prevent the crisis from spreading to less developed countries should be reinforced, in part to prevent the current economic downturn from adding to the push factors driving irregular migration.”	Cuts in development cooperation in the <i>legge finanziaria</i> for the year 2009 (budget bill): 56 per cent over the previous year. Further cuts are envisaged for next year.

Source: OECD, 2009.

A gap between international recommendations and national policy responses is by no means exceptional. In the case of Italy, however, a striking contrast emerges, which certainly requires deeper analyses. In a preliminary way, it can be hypothesized that two opposing models are at stake: on the one hand, a mainstream “integrationist” model, which prioritizes integration over the immediate satisfaction of labour market demands, and, on the other hand, a new sort of *Gastarbeitermodell*, based on a radically different hierarchy being established between the fundamental goals and principles of a migration management system (for an analogous framing of the migration models which are at stake in Italy’s future, see Livi Bacci, 2010: 25–27).

The latter seems to be the strategic option prevailing in recent legislative and policy choices made by the current Italian political majority. The economic downturn has probably exacerbated this deep reorientation of Italian migration and integration policies, but it has certainly not been the only (nor possibly its main) determinant. It is therefore likely that at least some of the deep policy changes which have been decided and partly implemented over the past two years will outlive the end of the crisis, if not even the end of the current phase in Italian politics. In the longer term, however, the sustainability problems associated with this peculiar mix (Pastore, 2010) of de facto openness (in terms of access to the labour market) and legal closure (in terms of access to rights and

citizenship) will inevitably emerge in a potentially explosive way.

## **Conclusion**

Migration dynamics in Italy still seem to be relatively unaffected by the economic crisis. Immigration continues to grow: in the first few months of 2009, inflows continued to substantially outweigh outflows. Nevertheless, the impact of the economic downturn is visible in the labour market.

The gap between the unemployment rates for foreign and native workers grew from the second half of 2008 until mid-2009. In the first half of 2009, the unemployment rate for immigrant workers overtook – for the first time in recent years – the symbolic threshold of 10 per cent. However, it has to be stressed that both the unemployment rate for foreign workers and the gap with the unemployment rate for natives remain lower than those in other EU countries. Female workers seem to be less affected by the crisis than male workers. This might be a consequence of the high concentration of female immigrants in the home care and health care sectors, which are typically less exposed to economic turbulences.

With regard to remittances, available data show a contraction in the volume of official remittance outflows, which already reached sizeable amounts in 2008.

There are indications that crisis-induced temporary returns from Italy are increasing, particularly in the case of Moroccan immigrants in Italy. It is also possible that public attitudes towards migrants have changed. Several worrying acts of violence against migrant workers have taken place, such as those against immigrant seasonal agricultural workers in the Calabrian city of Rosarno in January 2010. It remains questionable, however, whether such acts of violence are an effect of the economic downturn.

There is a loose connection between recent policy changes and the economic crisis as well, and there is little in-depth research on crisis–migration policy linkages. However, since the second half of 2008, important policy developments in the migration and integration policy fields have taken place. In August 2009, the government adopted a selective regularization scheme targeting personal and home care workers. This new regularization scheme attracted around 300,000 applications from employers seeking to regularize already existing work contracts with undocumented immigrants (Colombo, 2009).

Concerning measures dealing with the status of immigrants already in the country, the Italian Parliament adopted a major reform of the immigration law in July 2009. The bill on “citizen’s security” had initially no connections with the economic crisis. However, the result has been very controversial. Illegal entry and stay were reframed as criminal offences punishable by a fine and immediate expulsion. Moreover, a systematic weakening of the status of legal immigrants through the enactment of a points-based system for the renewal of stay permits and more restrictive housing requirements for family reunion were introduced. In the meantime, dramatic cuts in funds available for integration policies were decided at both the central and local levels.



The economic downturn has probably exacerbated this profound reorientation of Italian migration and integration policies, but it has certainly not been its only determinant. It is therefore likely that at least some of the policy changes which have been decided and partly implemented over the past two years will outlive the end of the crisis. Besides its impact on the labour market, the current economic crisis does not appear to be a major driver of change in migration dynamics or the recent policy developments in Italy.

Some policy recommendations can be derived from these conclusions:

Research and statistical tools to monitor the impact of the crisis on the labour market for migrants and their social integration should be reinforced. This would be a necessary precondition for a labour migration policy that is more capable of simultaneously supporting economic competitiveness and social cohesion. Furthermore, admission mechanisms need to be made more flexible and proactive, in order to prevent the constant reproduction of large pools of undocumented labour and thereby reduce the need for large-scale regularizations in the future. The recent trend towards the systematic reduction of public investments in the field of integration of immigrants needs to be reversed as well, in order to prevent the long-lasting ghettoization effects of the economic crisis.

In addition, political discourse should avoid any deliberate targeting of migrants as the main group responsible for economic and social problems. A robust anti-discrimination policy should be promoted by reinforcing currently existing institutions and making them more independent. Another recommendation would be to reactive bilateral cooperation with sending countries, with the aim of strengthening control over unauthorized flows and improving and expanding mechanisms for cooperative labour migration management. Furthermore, the current trend towards heavy cuts in development aid needs to be reversed, also by relaunching experimental approaches to develop innovative ways to enhance linkages between international human mobility and socio-economic development.

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Migration and the Economic Crisis:  
Implications for Policy in the European Union

**V) Poland<sup>52</sup>**

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## **Introduction**

The most recent global economic downturn which started in the first half of 2008 has brought a stronger focus on migration, more specifically immigration and return migration and policy and public opinion responses to these matters. One needs to consider that the economic crisis is not symmetric across economies (Zimmermann, 2009).

This report highlights Poland as a test-case country with regard to the impact of the economic crisis on migration. The analysis considers the migration situation of Poland and the country's immigration position, in particular according to the most recent available sources of data on migration. It also considers the dynamics and composition of inflows to Poland, the current economic situation in the country, and employers' behaviour. Furthermore, return migration to Poland, mostly its composition, is analysed in a novel way using the Polish Labour Force Survey. This part considers remittance flows and their use; the public reaction to the crisis in light of general perceptions of the consequences of immigrants' presence in the Polish labour market is also discussed. The conclusion of this country case study links policy responses to the economic crisis and immigration to Poland.

## **Migration data**

### **The migration situation in Poland**

Poland's migration image and status as an emigration country seems to be clear enough, especially after the enlargement of the EU which took place in May 2004 (Grabowska-Lusinska and Okolski, 2009). While this has enormously enhanced the dynamics of migrant outflows from Poland, the country's immigration picture is somewhat puzzling. Nevertheless, Poland exhibits migration extremes very well – it has one of the highest outflows (especially after May 2004) and one of the lowest inflows of immigrants in recent periods compared to other European countries. This means that although Poland has quite a “strong” emigration position, which might have slightly changed because of the global economic crisis (lower dynamics of outflows, for example, to the UK and Ireland), its immigration position is rather “weak” with respect to other EU countries, especially those of Central and Eastern Europe (Table 1).

**Table 1: Poland's immigration position among other selected EU-27 countries**

Country	Foreign nationals (aged 15–64, in thousands)	As % of resident population aged 15–64
	2007	2007
Austria*	640	11.5
Czech Republic***	67	0.9
Greece**	470	6.5
Hungary***	45	0.7
Italy**	2,230	5.7
France*	2,418	6.1
Spain**	3,978	12.9
Poland***	43	0.2
Portugal**	271	3.8

\*Austria, France, and Germany (not shown in table) are considered “old” immigration countries.

\*\* Greece, Italy, Spain, and Portugal are deemed “new” immigration countries.

\*\*\* Czech Republic, Hungary, and Poland are considered as “soon to be” immigration countries.

Source: DG Employment calculations based on Eurostat, EU Labour Force Surveys annual data; extracted by M. Anacka in Gorny et al., 2010.

### Polish migration policy in brief and its impact on inflows of migrants to Poland

Poland's migration policies seem to have the strongest impact on the inflow of migrants, compared to other factors such as the economic situation and the social acceptance of foreigners. Migration policy may even shape the patterns of migration and may be considered as a primary driver of inflows (Gorny et al., 2010).<sup>53</sup> The situation of the labour market seems to be an additional factor impacting the inflow of foreigners to Poland. There is no straightforward relationship between the country's economic situation and migration. Generally speaking, improving economic conditions in the labour market does not trigger higher immigration; neither does a worsening economic situation decrease immigration (Janicka, 2010).

It is still claimed that Poland lacks “a long term, consistent and well-constructed migration policy” (Lesinska, 2010). However, one needs to take note that for the first time in Polish post-transition history, the government has reacted positively to labour market needs. This took place two years before the global economic crisis started, just as the Polish economic cycle peaked and started suffering from skill shortages (Poland had unemployed but potentially available work resources at the same time). In 2006, the government introduced the new instrument of “declaration of intent to hire a foreigner”, which needs to be presented by an employer and to be certified in local labour offices.<sup>54</sup> Initially, a proposal to employ foreign workers in agriculture only for three-month periods was brought forward. However, in 2007, the regulation was extended to other sectors of the

<sup>53</sup> This is a crucial finding of the IDEA project under the Sixth European Commission Framework Programme, *Mediterranean and Eastern European Countries as New Immigration Destinations in the European Union*.

<sup>54</sup> In practice, an employer needs to certify a “declaration of intent to employ a foreigner” in the local labour office (at the level of NUTS 4); upon certification, the employer needs to send the declaration to the employee. The declaration is a basic document needed by a potential foreign employee from a neighbouring country to get a visa in a Polish consulate abroad. Once this potential employee gets a Polish visa, she/he may enter Poland and immediately take up employment; in situations when a foreigner is already in Poland, she/he may immediately take up employment after certification of the declaration of intent by a local labour office.



economy and the maximum period of employment of foreigners was increased to six months.

Also, just after Poland's accession to the EU, there was no longer a need for EU citizens to apply for work permits. In addition, after 2006, citizens of neighbouring countries shifted to more short-term immigration based on a "declaration of intent to employ a foreigner".<sup>55</sup> All in all, the work permit instrument has, in a sense, diminished in importance in relation to the employment of foreigners and has started reflecting the scale and composition of immigrant labour to a very limited extent.

It is also worth pointing out that there is a lack of instruments of support for both potential migrants and foreigners already residing in Poland. This means that no long-term integration initiatives, other than those connected to repatriation, have ever been ever introduced in Poland (Lesinska, 2010).

Taking into account the arguments presented, one may say explicitly that the national policy of Poland has "initiated and facilitated short-term and circular types of inflows, rather than settlement migration" (Gorny et al., 2010).

### **Documented immigration to Poland before and during the crisis**

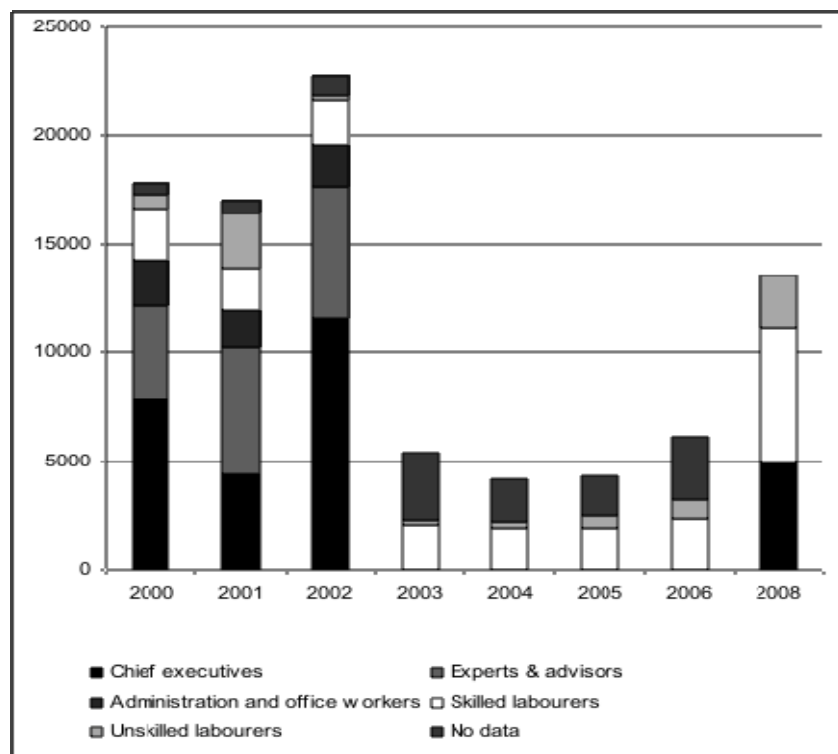
Registered immigration to Poland was stable but relatively small for nearly the entire duration of the economic transition. During this period, roughly 15,000–20,000 work permits were issued annually (Grabowska-Lusinska, 2010). The situation did not change even during the global crisis in 2008; in that year, around 18,000 work permits were issued. This means that, as has been proven in various data sources, the share of documented foreign workers within the total number of workers employed in the Polish labour market is at a marginal level, ranging from 0.17 per cent to 0.55 per cent. However one needs to remember that different groups have been exempted from work permits, e.g. citizens of other EU countries (after the 2004 enlargement) and citizens of neighbouring countries (Ukraine, Russia, and Belarus), who have been mostly employed on the basis of the "declaration of intent to hire a foreigner" (Grabowska-Lusinska, 2010).

When considering the sectoral composition of registered employment (based on work permits) for the last several years, one may notice the predomination of chief executives, experts, advisors, and specialists (Figure 1). In 2008, skilled and low-skilled labourers for the first time dominated over the general category of managers. This may be symptomatic of the changes in the Polish labour market, which has started experiencing segmentation (Janicka and Kaczmarczyk, 2010).

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<sup>55</sup> Other instruments of migration policy developed in Poland relate to visas, residence permits (fixed and non-fixed), and visas and residence permit with the right to take up economic activity, namely to set up one's own business.

**Figure 1: Sectoral composition of work permits issued to all foreigners in Poland, 2000–2008**



Source: Own presentation based on data extracted from Ministry of Labour and Social Policy by M. Szczepanski in 2009.

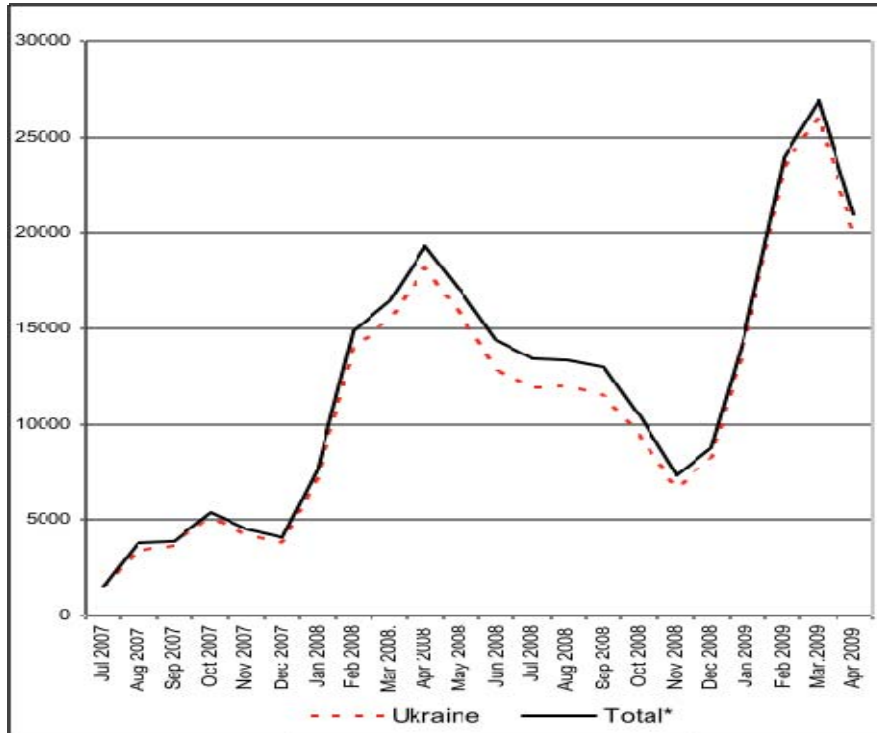
When one looks at the short-term employment (up to six months) of immigrants, the situation seems to look slightly different both in scale and dynamics of inflow. With the introduction of the aforementioned new policy instrument, namely the “declaration of intent to hire a foreigner”, 15,000 to 20,000 of these declarations have been certified per month, adding up to nearly 200,000 annually. In 2008, the overall number of employers’ declarations of intent to hire a foreigner reached nearly 156,000, and 90 per cent of these declarations were to employ Ukrainians. In the first half of 2009, nearly 123,000 declarations were certified in local offices by Polish employers, and 93 per cent of these declarations were to employ Ukrainians. In the first half of 2009, 221,000 of visas were issued for Ukrainians, 68,300 for Belarusians and 49,600 for Russians;<sup>56</sup> the increased numbers were due to the relaxation of rules for granting visas to citizens of countries neighbouring Poland.

The monthly dynamic of certified employers’ declarations of intent to hire a foreigner (Figure 2) to some extent reflects the effects of the global economic crisis on the Polish economy and the employment of foreigners. We see the downward effect of the dynamics of inflow of foreigners during the first phase of the global economic crisis, mostly during the second and third quarters of 2008. We can also observe that from the fourth quarter of 2008, there was again an increase in the dynamic of inflow, but this slowed in the second quarter of 2009. This dynamic can hardly be explained as it has very loose connections with the seasonality of agriculture, cultivating, and breeding, as the biggest upward movement takes place in the winter months (Figure 3). It is also difficult to connect this

<sup>56</sup> Data extracted from Ministry of Foreign Affairs in November 2009.

dynamic with construction, as this sector has slowed in terms of supply of housing. Moreover, construction in Poland is still highly seasonal.

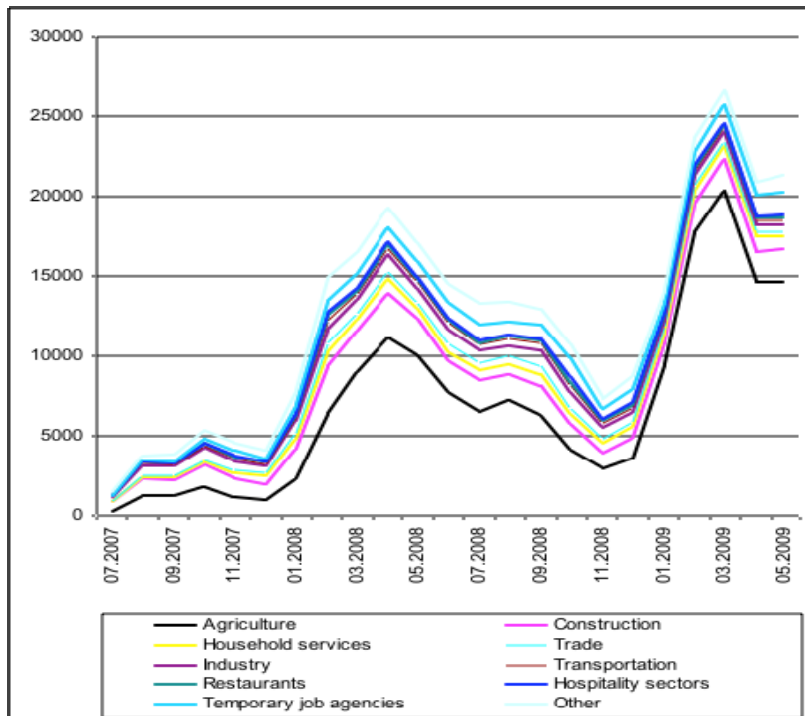
**Figure 2: Numbers and monthly dynamic of employers' declarations of intent to hire a foreigner, July 2007-April 2009**



\*The total includes Ukrainians, Belarusians, and Russians.

Source: Extracted from Ministry of Labour and Social Policy by M. Szczepanski in 2009.

**Figure 3: Number of certified employers' declarations of intent to hire a foreigner by sector of the economy, July 2007-May 2009**



Source: Extracted from Ministry of Labour and Social Policy by M. Szczepanski in 2009.

The current economic crisis started in 2008. While it may have affected the short-term (up to six months) employment of foreigners in the Polish labour market, Table 2 shows that in 2008, based on work permits, short-term employment was still at a quite high level compared to registered employment. There is a visible gender balance in the case of Ukrainians, the biggest short-term migrant group, and a predominance of men in the case of Russians and Belarusians.

**Table 2: Overview of the employment situation of foreigners from neighbouring countries in 2008**

	Belarusians	Russians	Ukrainians	Total
Category				
No. of declarations of intent to hire a foreigner	11,998	1,147	142,960	156,105
No. of declarations of intent to hire a foreigner for people with visa and residence permits	689	89	8,021	8,799
No. of declarations of intent to hire a foreigner for women only	3,432	349	69,310	73,091
Age category				
Less than 26 years	2,760	246	24,402	27,408
26–40 years	5,862	511	66,054	72,427
41–65 years	3,373	374	51,903	55,650
Selected sectors				
Agriculture and related	3,017	91	74,079	77,187
Construction and related	3,307	182	20,460	23,949
Household services	635	21	7,614	8,270
Trade	1,455	233	3,333	5,021
Industry	912	233	8,926	10,071
Transportation	1,152	72	3,395	4,619
Gastronomy	239	16	2,014	2,269
Hospitality	213	15	1,203	1,431
Through a temporary employment agency	432	284	9,848	10,564

*Source: Extracted from Ministry of Labour and Social Policy by M. Szczepanski in 2009.*

The “declaration of intent to hire a foreigner” is a quite innovative policy instrument that allowed the collection of the above data on short-term employment of foreigners from neighbouring countries. While this policy instrument is still in the pilot phase,<sup>57</sup> there is already some unofficial evidence (confirmed in expert interviews for Gorny et al., 2010) that some kind of “smuggling”, “unofficial exchange”, and “free market sale” of this document is taking place, especially in Ukraine, and that Ukrainians especially use this document as the “cheapest passport” to the Schengen Zone (Szczepanski, 2010). This may fuel a shadow labour market comprised of foreigners in Poland.

### **Undocumented immigration during and before the economic crisis**

Undocumented immigration to Poland is an important part of immigrant flows to the country. Certainly, the recent economic transition has had an important impact on the size, structure, and composition of the shadow economy in Poland and foreign employment in it. As has been found in other research (see, for example, Grabowska-Lusinska, 2010), migrants position themselves in the grey labour market with a high amount of flexibility which is grounded on the causes of the irregular labour market in Poland in general.

<sup>57</sup> As confirmed by an official from the Ministry of Labour and Social Policy.

Among these causes are: high non-salary costs of employment, high level of taxes, hectic administration procedures, social acceptance of work in the grey economy (higher for individuals than for companies), and avoidance of basic labour standards, such as minimum wage and working hours, and negligence of health and safety provisions (Grabowska-Lusinska, 2010). However, as in other countries, the sources of information on unregistered employment, especially of foreigners, are dubious and the methodology used to arrive at such estimates is not very clear. Moreover, there are huge differences between the scopes/ranges of these estimates which can lead to questions about their quality. For example, in Poland, from 0.4 per cent to 3.5 per cent of foreigners are employed in the national economy (Table 3). However, estimates suggest that irregular migration by far outstripped regular migration at the time of the systemic transition (Grzymala-Kazlowska and Okolski, 2003).

**Table 3: Estimated share of undocumented workers within the total number of workers in the Polish labour market**

Estimate	Scope of estimations and reference stock	% of employed
150,000 (Kus, 2006)	Foreign workers employed in construction during high season; Employed, LFS (2004)	1.1
150,000–500,000 (Iglicka et al., 2005)	foreigners working illegally in Poland annually, mostly citizens of CIS; Employed, LFS (2005)	1.1–3.5
50,000–300,000 (Frelak and Kaźmierkiewicz, 2005)	Mostly Ukrainians undertaking economic activity illegally; Employed, LFS (2005)	0.4–2.4
170,000 (Kicingier and Kloc-Nowak, 2008)	foreign workers employed in construction, 2007; Employed, LFS (2006)	1.2

*Source: Gorny et al., 2010; extracted and prepared by A. Anacka and M. Szulecka.*

In the Polish labour market, undocumented migrants may be found in the following sectors: household services (cleaning, laundering, gardening, child and elderly care, animal care), where female labour predominates; home maintenance and improvement as well as construction, where males have a strong presence; agricultural farming; breeding; cultivating; orchard work; horticulture; picking and peeling; and in wholesale and retail in open-air trading markets (Grabowska-Lusinska, 2010). Foreigners who take up jobs in these sectors mostly circulate on the basis of tourist visas or on the basis of “smuggled” declarations of intent to employ a foreigner.

Households in Poland seem to have a strong demand for irregular foreigners. According to the CMR-PBS omnibus representative household survey, approximately 80,000 households employed a foreigner from 2005 to 2007 (Fihel, 2008, cited in Grabowska-Lusinska and Zylicz, 2008). Households employ foreigners on an irregular, undocumented basis, for regular cleaning and child and elderly care, and for non-regular work on home improvement and maintenance. As Polish households suffer from the economic crisis (according to a CBOS 2009 survey, the crisis has had an impact on every second

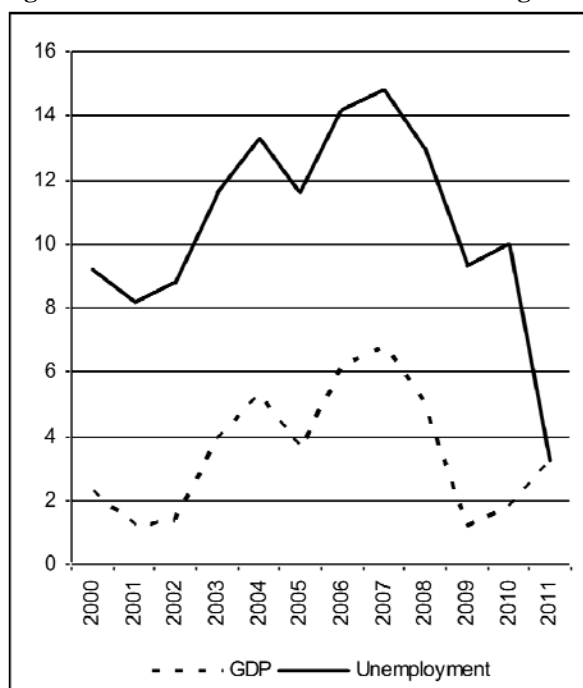
household in Poland) and see their disposable incomes shrink, they may reduce their spending on extra services, including a foreign house-minder.

The brief analysis of Poland's migration situation presented above is likely to raise many questions about the character, forms, patterns, and composition of immigration to Poland, both in times of crisis and beyond. The stable, albeit small, number of registered foreign employment (around 20,000 annually over the last two decades, with almost no change in numbers even during the crisis) and the increased numbers of short-term, more or less seasonal workers (extended "seasonality" of six months) to up to 200,000 annually tend to bring forward the argument that circular migration predominates in Poland. The fact that unregistered foreign employment outpaces registered employment (mostly on the basis of overstaying tourist visas or unofficial declarations of intent to hire a foreigner) further bolsters this argument.

### **Economic situation of Poland and migration during the crisis**

Poland's GDP started to slow in late 2008 (Figure 4), and this has had some impact on unemployment with some time lag.

**Figure 4: Historical and forecast annual change in Poland GDP and unemployment**



*Source: Own presentation, based on data from Eurostat database extracted in November 2009.*

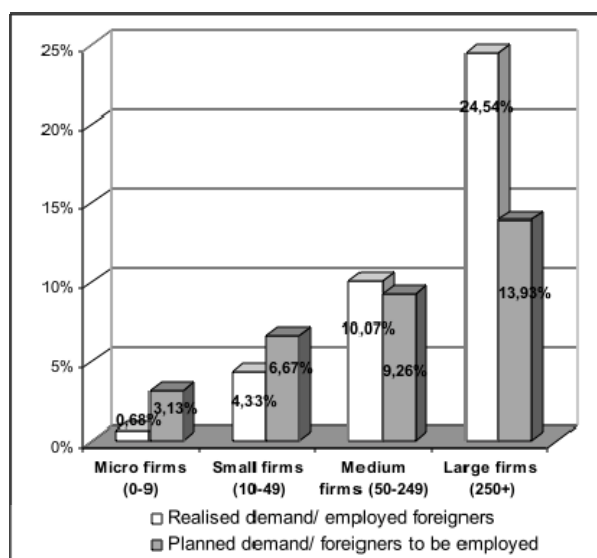
### **Composition of migrants and changes in the labour market**

#### **Behaviour of employers: Strategies, demand, job openings, and vacancies**

Undoubtedly, employers are responsible for generating and limiting demand for labour, including regular and irregular foreign labour, which is evident in new job openings and available vacancies, as well as in the declarations of employers about their employment strategies for the forthcoming year (according to a Centre of Migration Research (CMR),

University of Warsaw representative survey with employers registered in the REGON<sup>58</sup> database). This was very evident in pre-crisis Poland (at the end of 2007 and in forecasts for 2008): even in an upturn in the economic cycle, the general demand for foreign labour was relatively small, considering the size and level of absorption of the Polish economy. As shown in Figure 5, the bigger a company is, the higher its demand for foreign labour. However, one needs to bear in mind that 95 per cent of companies in Poland are micro companies with up to nine employees.

**Figure 5: Composition of demand for foreign labour across different sizes of Poland-registered firms, Q4 2007**



Source: CMR representative survey, following Grabowska-Lusinska in Grabowska-Lusinska and Zylicz, 2008.

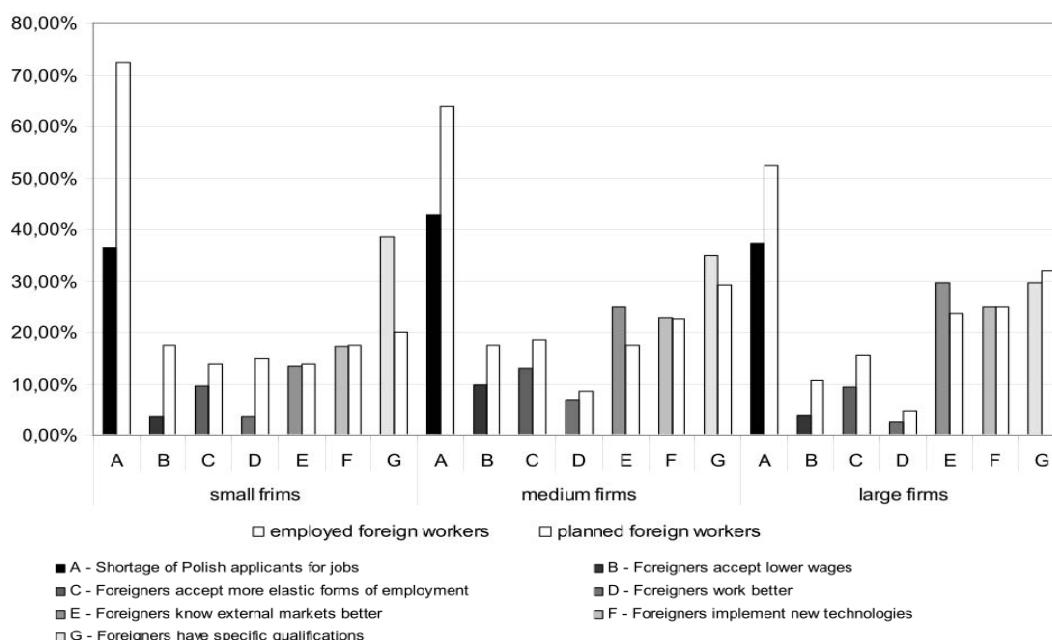
Small companies operating in Poland had the biggest plans to employ more foreigners (planned demand in these companies outnumbered realized demand). Medium companies wanted to keep a kind of status quo; for 2008, they had planned to employ the same number of foreigners they had previously. On the other hand, large firms, which mostly employ foreigners in a limited number of managerial positions, wanted to hire half the number of foreign workers they had at the time of the survey. As the situation changed because of the crisis (with decreasing vacancy rates and rising unemployment rates), employers may have changed their plans, postponing the employment of foreigners, or, in some cases, employing them on an irregular basis (although in the survey, employers were asked about the employment of foreigners on whatever basis, including “oral contracts”, which meant unofficial employment).

A closer look at the behaviours of employers, their rationale for employing foreigners (Figure 6), and the types of jobs which are performed by foreigners (Figure 7) will allow one to conclude that foreign workers complement, not substitute, Polish workers, and they are mostly employed by employers in Poland who, in the majority of cases, cannot find native workers. Moreover, these employers mostly hired foreigners for newly created jobs or jobs which had been left vacant by Polish workers, or, to a much lesser extent, jobs formerly held by foreigners.

<sup>58</sup> The number which every employer gets upon registration of own business. Ninety-five per cent of all companies registered in REGON are micro companies, employing up to nine employees.



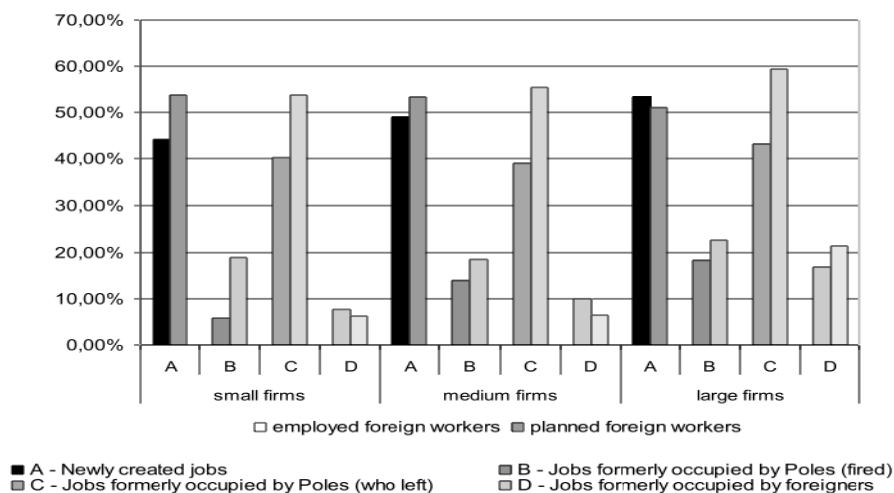
**Figure 6: Rationale for employing foreigners by firm size, Q4 2007 and forecast until end-2008**



Note: Employed foreign workers are those already employed in a company, while planned foreign workers refer to workers that a company plans to employ.

Source: CMR survey 2007, following Żylicz, 2008.

**Figure 7: Type of jobs performed by foreigners by firm size, Q4 2007 and forecast until end-2008**



Note: Employed foreign workers are those already employed in a company, while planned foreign workers refer to workers that a company plans to employ.

Source: CMR survey 2007, following Żylicz, 2008.

All the arguments presented above may have a “hidden message” that, regardless of a crisis, when native/domestic workers are available, employers in Poland will be more reluctant to employ foreigners. It is clear that immigrant workers in Poland are, in a sense, “second best” workers, especially when Polish labourers are available.

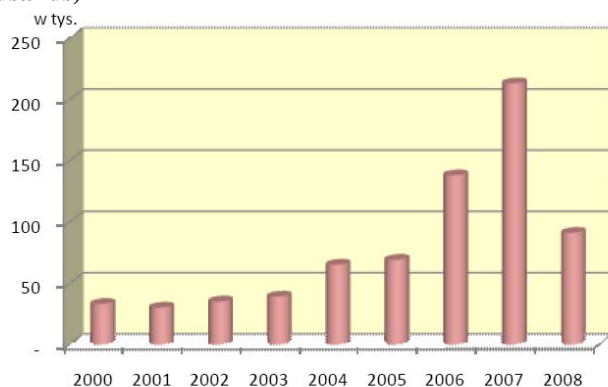
## Return migration

As the post-accession outflow from Poland was very rapid, dynamic, and “compressed” in a very short time, one needs to take into account that return migration will be more gradual. In many cases, migrants may face a deepening crisis in both their host and home countries (especially locally), suggesting that it is less reasonable to return home (Zimmermann, 2009). While discussing return migration to Poland,<sup>59</sup> one needs to consider who is coming back and where.

### Composition of return migrants to Poland in the Polish Labour Force Survey<sup>60</sup>

It is impossible to discuss the total scale of return migration to Poland (Figure 8) after accession to the EU, given that migration today means “people on constant move”. The dichotomy of “emigration” from place A to place B and “return” to place A has lost its significance, especially for post-accession migrants from Poland. This is because people are constantly constructing their living spaces, in many cases bringing themselves into “long-lasting temporariness”. As Polish emigration (mostly to the British Isles) was mostly “intentionally unpredictable” (Eade et al., 2006), return may be of the same nature. Even those who choose to return to Poland for good do not exclude/eliminate further short-term emigration (Grabowska-Lusinska (Ed.), 2009). This flexibility may be appropriate in times of economic crisis, as people are able to seek places least affected by the crisis (e.g. a third country other than the current emigration and sending one, such as the Netherlands, which is a popular destination for Polish emigrants).

**Figure 8: Scale of returns to Poland as estimated by Central Statistics Office (CSO), 2000–2008\* (in thousands)**



\* Data for 2008 relate only to the first and second quarters.

Source: CSO, 2008.

One may notice from Table 4 that in proportion to emigrant outflow, English-speaking countries (USA, UK, and Ireland) account for the lowest share of return migration. However, bearing in mind the scale of emigration to these countries, they certainly account for significant numbers of returnees. Countries such as Germany and Italy have

<sup>59</sup>Since the accession of Poland to the EU, the Polish government has been encouraging migrants to come back to Poland. The government has introduced a project to inform people how to smoothly return home at <http://www.powrotnik.gov.pl>. In this website, migrants can find suitable information on return and the situation of the Polish labour market.

<sup>60</sup> The findings presented in this section of the study are based on the unique database developed at the Centre of Migration Research, University of Warsaw. The data set consists of records of emigrants and records of return migrants as selected from the general sample of the Polish Labour Force Survey (BAEL- *Badanie Aktywności Ekonomicznej Ludności*).

higher shares of returnees than emigrants, as they involve migrants more in back-and-forth, short-term, mostly seasonal circulation (Anacka, 2009).

**Table 4: Key countries of return for Polish nationals\***

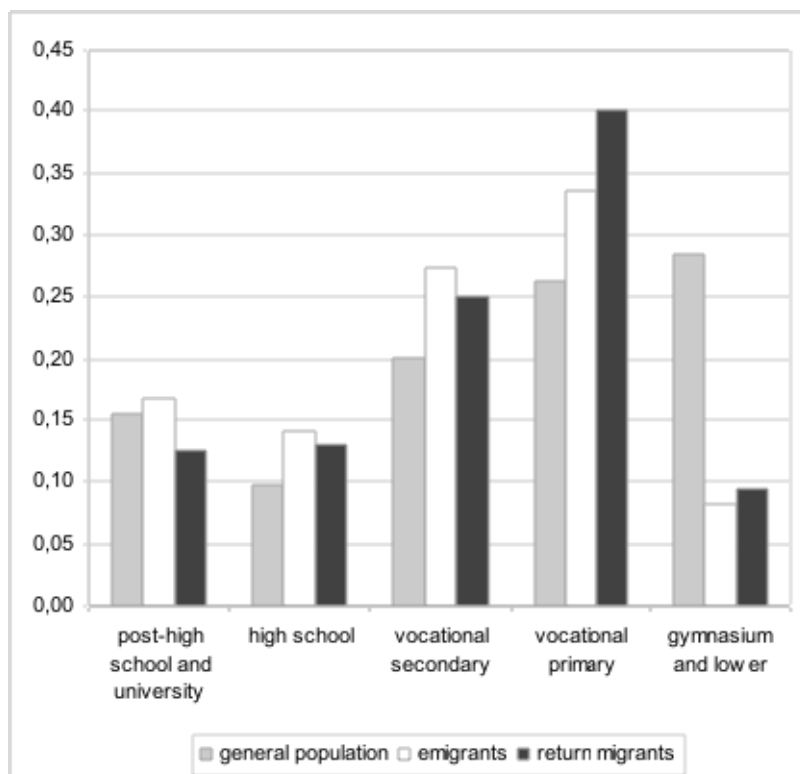
Country	Share of return migrants from a country (%)	Share of emigrants to a country (%)
N total	N = 542	N = 6,338
Germany	33.4	22.6
UK	15.9	24.6
Italy	11.8	9.6
USA	7.9	10.6
Netherlands	4.8	4.7
France	3.3	3.3
Spain	3.1	3.1
Ireland	3.1	6.9
Belgium	1.8	2.4
Sweden	1.7	1.6
Norway	1.5	1.6
Greece	1.3	1.3
Austria	1.3	1.9
Canada	0.4	0.7
Other EU	3.0	1.7
Other European	2.0	1.4
Other world	3.7	1.6

\*Until Q1 2008.

*Source: Prepared and calculated by M. Anacka in Grabowska-Lusinska (Ed.), 2009, based on CMR Dataset of Migrants extracted from Labour Force Survey Poland.*

Who is coming back to Poland? According to the Polish Labour Force Survey, returnees are mostly middle-aged people, with primary vocational education, who are most prone to fluctuations in receiving labour markets (Figure 9). Apparently, other categories of migrants (those who are younger and better educated) tend to wait out the crisis in receiving countries or to seek other options in other foreign labour markets.

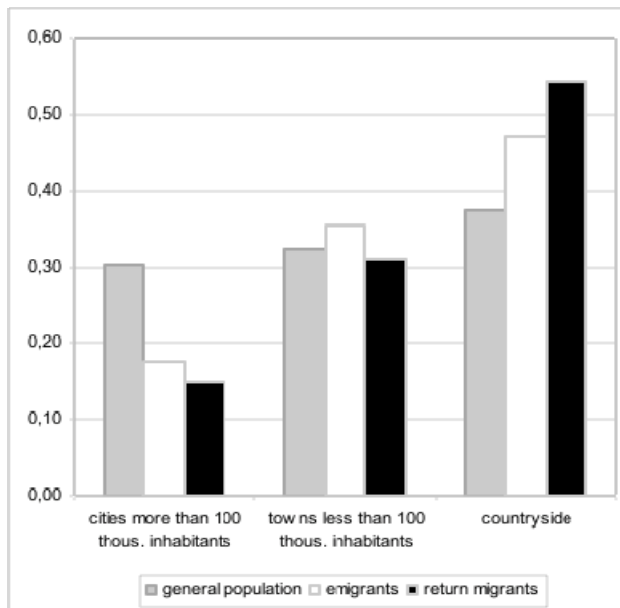
**Figure 9: Share of education categories for the general, emigrant, and return migrant populations of Poland, 2002–2008**



*Source: Prepared and calculated by M. Anacka in Grabowska-Lusinska (Ed.), 2009, based on CMR Dataset of Migrants extracted from Labour Force Survey Poland.*

Those who come back to Poland do not necessarily come back to metropolises, as shown in the Census of Population of 2002. Rather, they mostly return to their places of origin, mainly in the countryside and in small towns (Figure 10). There is a certain theoretical argument for this. During an economic downturn, people tend to come back to a natural economy, i.e. to a subsistence sector where they are better able to live even without a regular supply of money (Grabowska-Lusinska and Okolski, 2009).

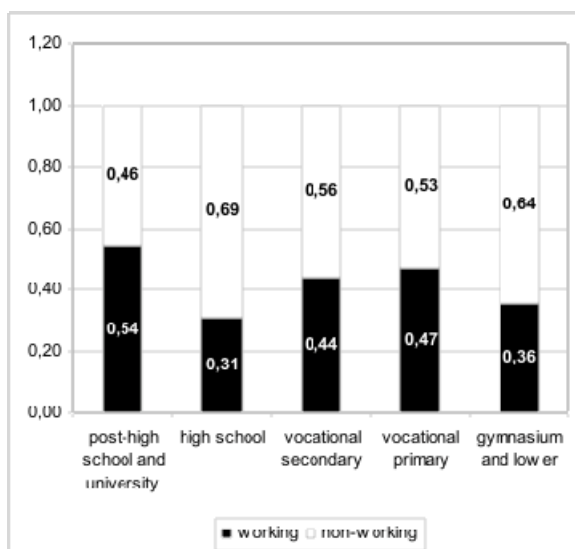
**Figure 10: Share of location categories for the general, emigrant, and return migrant populations of Poland, 2002–2008**



Source: Prepared and calculated by M. Anacka in Grabowska-Lusinska (Ed.), 2009, based on CMR Dataset of Migrants extracted from Labour Force Survey Poland.

Only nearly every second return migrant who comes back to Poland takes up employment. This is also true even for the highly educated (Figure 11).

**Figure 11: Share of labour market status categories for the general and return migrant populations of Poland, 2002–2008**



Source: Prepared and calculated by M. Anacka in Grabowska-Lusinska (Ed.), 2009, based on CMR Dataset of Migrants extracted from Labour Force Survey Poland.

This is also visible when we look at unemployment benefit applications and transfers of benefits of return migrants, which have been gradually increasing in the years since

Poland's accession to the EU. An increase was especially visible during the crisis: the total number of return migrants applying or transferring unemployment benefits doubled in 2009 compared to 2008 figures (Table 5). However, these figures are still not significant nationally when compared to the more than 2 million people who left Poland after EU accession, but locally these numbers can somehow matter.

There are two explanations for the growing number of return migrants applying or transferring unemployment benefits. One is that there is a rising number of return migrants who lost their jobs abroad and want to take their chances in the domestic labour market. Another is that return migrants implement a kind of "transition strategy" to "rest" after work abroad. In this case, unemployment benefits are an instrument for return migrants to have health insurance and to gain access to the public health system.

**Table 5: Number of Polish migrants transferring their social benefits to Poland and using their unemployment benefits after their return to Poland, by country, 2008**

Country	Number of transfers of unemployment benefits EEA-PL (E303)	Unemployment benefits after return to Poland based on the sum of employment periods (E301)	General registered return to unemployment
Austria	30	58	88
Belgium	3	72	75
Bulgaria	0	3	3
Cyprus	1	549	550
Czech Republic	1	443	444
Denmark	6	167	173
Estonia	0	5	5
Finland	5	70	75
France	24	287	311
Greece	9	95	104
Spain	33	560	593
Netherlands	6	1,046	1,052
Ireland	883	773	1,659
Iceland	138	386	524
Liechtenstein	0	9	0
Lithuania	0	8	8
Luxembourg	0	3	3
Latvia	0	5	5
Malta	1	1	2
Germany	313	1,036	1,348
Norway	10	42	72
Portugal	3	11	14
Romania	0	1	1
Slovakia	0	25	25
Slovenia	0	8	8
Switzerland	6	75	81
Sweden	6	65	68
Hungary	0	3	5
UK	26	4,285	4,311
Italy	9	438	447
Total for 2008	1,510	10,560	12,160
Absolute numbers in 2009*	5,737	19,126	24,863

\*According to the most recent information from the Ministry of Labour and Social Policy.

Source: Ministry of Labour and Social Policy, 2009–2010.

## **Willingness of migrants to return during an economic crisis**

When Internet-using Polish emigrants in the UK were asked in a Web survey (Polarity UK, July 2009)<sup>61</sup> about the effects of the current economic crisis, every other respondent answered that they have not felt the effects of the crisis themselves but have heard that some friends have lost their jobs, or that their companies' number of contracts and orders have dramatically decreased. Nearly 12 per cent of the survey respondents lost their jobs due to group dismissals, reductions in the size of departments/units, business closures, and liquidation of their workplace. However, Polish emigrants claimed that the recession had an impact on their daily lives: they had to restrain their spending, look for extra sources of income, reduce their savings, give up holidays, or go for more vocational training. Every third respondent declared the need for a change in skills in order to survive the economic downturn. When asked if Poles in the UK want to return to Poland because of the economic crisis, nearly 90 per cent said that this was not true for Polish migrants in the UK.

As identified in another Web survey (Zbikowska-Ruszczak, 2009) the most crucial reasons for Polish emigrants in the UK and Ireland to return to Poland are family-related ones. This means that the economic situation in both sending and receiving labour markets is more contextual and is of secondary importance compared to an emigrant's personal life.

## **Remittance flows and use**

Analyzing quarter-on-quarter remittance flows to Poland (Figure 12), one may notice a gradual decline in transfers to Poland since the second quarter of 2008. This may, on one hand, reflect some of the effects of the global economic crisis, as money transfers stop when people return to Poland. On the other hand, it may also reflect a change in the methodology for calculating remittances introduced by the National Bank of Poland in 2007.<sup>62</sup>

The most important transfers usually come from the UK, Ireland, and Germany. The scale of transfers from the USA has been gradually going down, while countries such as Italy, the Netherlands, France, and Norway are becoming more and more important in terms of remittance flows to Poland (National Bank of Poland, 2008).

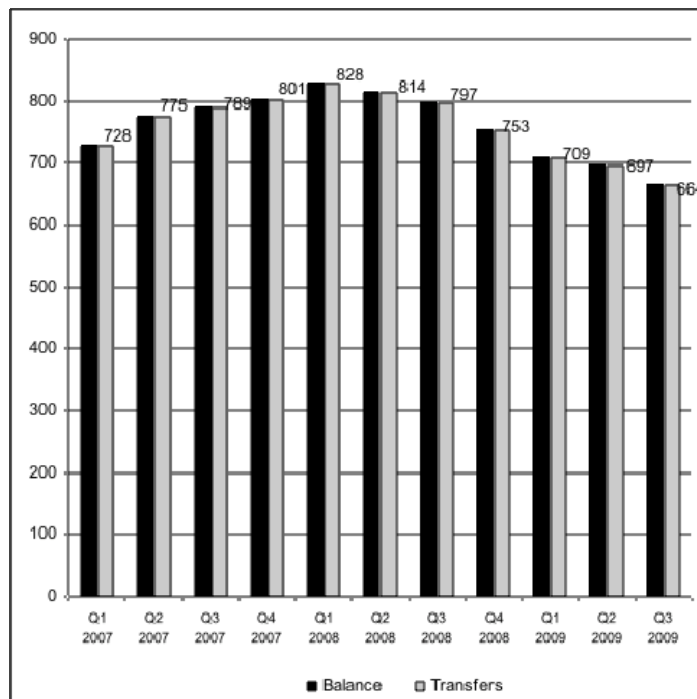
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<sup>61</sup> N=200. Web surveys need to be viewed critically as they capture only a certain segment of migrants, namely emigrants who are Internet users. Moreover, they relate only to declarations that can change overnight.

<sup>62</sup> The National Bank of Poland's new method for estimating remittances transferred to Poland is based on the number of Poles working in a certain destination, the duration of their stay, the level of their remuneration, and their propensity to transfer money home. The statistical base for variables such as destination and duration of stay come from estimates by the Central Statistical Office and data from the Polish Labour Force Survey, as well as administrative data (mostly registration data) from receiving countries. Other variables come from a survey conducted by the National Bank of Poland in 2007. Estimating remittances has two phases: the first relates to three crucial source countries: the UK, Ireland, and Germany; the second, to all other countries where Polish people are employed. The new method for estimating remittance transfers to Poland considers individual estimates for each country and takes into account tax systems in the receiving countries and the seasonality of migration (National Bank of Poland, 2008).



**Figure 12: Estimated remittances to Poland in millions of euros, 2007–2009\***



\* Figures for 2009 are only up to the third quarter.

Source: National Bank of Poland, 2010.

As identified in the CMR ethno-survey (Kaczmarczyk, 2008) conducted in seven locations in Poland, remittances are mostly used for daily needs, or in order “to live” (46%); it is also used to: improve and maintain property (22%), purchase goods such as house equipment (20%), buy a car (17%), and pay debts (nearly 11%), or are kept as savings (nearly 20%). Four per cent of return migrants did not bring any money back home with them.

In research conducted in two countryside locations in Poland (Wieruszewska, 2007) remittances are mostly used for “survival”: to buy food and medication, and pay debts and bills. It is also used to: invest in household maintenance and improvement; purchase household equipment (66%), buy equipment such as agriculture machinery (20 per cent), and invest in one’s own education (8%) and other family members’ education (6%).

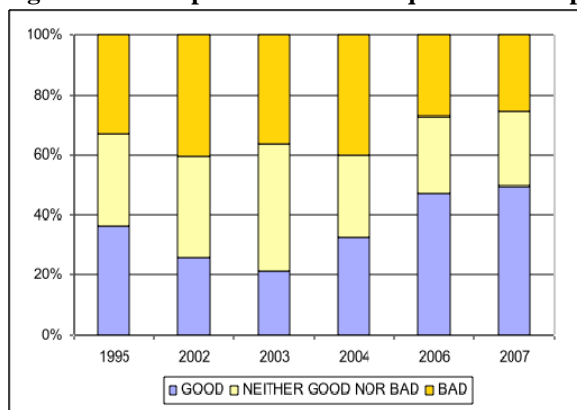
In conclusion, although remittances are mainly used for the maintenance of daily life (i.e. to sustain families and improve living conditions), and hence, to “improve” consumption, there are also positive signs of investment in future workplaces and the improvement of human capital (Grabowska-Lusinska and Okolski, 2009).

## Public opinion

As immigration has not yet received a significant level of attention and importance in political and social debate in Poland as reflected in the media, it is difficult to assess the effect of the current economic downturn. Public opinion and the media are much more focused on emigration problems, which have become a subject of social reflection and political concern (Cieslinska, 2008). As shown in Figures 13 and 14, there has been a

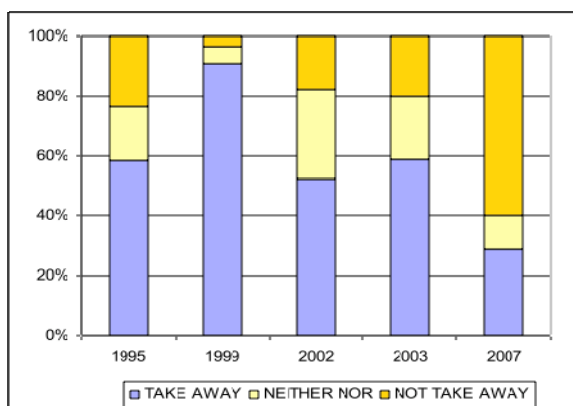
significant change throughout the course of economic transition in the public's acceptance/perception of the consequences of the presence of immigrants on the Polish labour market and their impact on Poland's economy. Although one may notice that around 1999/2000, when Poland experienced "jobless growth", public acceptance of foreigners in the domestic labour market decreased. One may assume then that extending the level of unemployment, say to the "pathologic" size as at the turn of century (nearly 19%), may lead to these negative opinions about the presence of immigrants in the Polish economy. Also, the media have not been reporting cases of xenophobia towards foreigners which may be related to the economic crisis. This may be because of the fact that the number of foreigners in Poland is still quite small. Also, the economic crisis in Poland may have a much longer time lag compared to other labour markets. Furthermore, the Polish economy is still growing (it currently posts the highest growth in the EU); hence, it may more smoothly absorb the negative economic shocks caused by the global downturn.

**Figure 13: Perceptions of the consequences of the presence of immigrants on the Polish labour market**



Source: Prepared and calculated by M. Anacka in Gorny et al., 2010, based on European Social Survey (ESS), Polish General Social Survey (PGSS) and European Values Study (EVS).

**Figure 14: Perceptions of the presence of immigrants on the Polish labour market and their impact on Poland's economy**



Source: Prepared and calculated by M. Anacka in Gorny et al., 2010 based on European Social Survey (ESS), Polish General Social Survey (PGSS) and European Values Study (EVS).

## Conclusion

The economic crisis has yet to put a brake on migration in Poland. This may be because of various factors: the relatively good economic performance of Poland during the global crisis; the still-low immigration attraction and “migration position” of Poland in relation to other European countries; and the behaviours and strategies of local employers who had been rather reluctant to hire foreign workers even before the crisis. The government’s migration policy is also another factor. In times of economic upturn, when labour shortages existed, a special instrument to flexibly bring in foreign workers was introduced, namely the declaration of intent to hire a foreigner for a period of six months, which inscribes circularity and even a priori excludes settlement. However, this instrument is still in its pilot phase, which means that the economic crisis has not been severe enough to phase out the instrument. The government has had no desire to stop the inflow of foreigners and, for those who have been in the domestic labour market, to encourage them to return home. This also has implications for eventual claims of immigrants to social welfare access as short-term migrants are not eligible for such benefits.

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Migration and the Economic Crisis:  
Implications for Policy in the European Union

**VI) Spain<sup>63</sup>**

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<sup>63</sup> **Ruth Ferrero-Turrión** (UCM) and **Ana M<sup>a</sup> López-Sala** (CSIC).

## Introduction

Spain's economy was, until very recently, one of the most dynamic in Europe. However, it began to cool in 2007, putting an end to a decade-long economic boom and optimism.

The country is now on the brink of recession after its GDP contracted, resulting in the loss of tens of thousands of jobs, mostly in the construction and services sectors. With unemployment at about 20 per cent, Spain is among the countries in Europe that have been worst affected by the economic crisis, and it may struggle to pursue an ambitious economic agenda to recover and change its productive model.

Spain became an immigration country in the 1980s for the first time in its recent history. This big change was caused by direct and indirect factors.

Direct factors:

- the country's rapid economic growth over the past two decades;
- the growing demand for unskilled labour, as well as the consolidation of heavily segmented labour markets;
- the size of the "informal" economy.

Indirect factors:

- the ageing of both the Spanish population and the active population due to a sharp fall in birth rates;
- the limited internal mobility of the population and its irregular distribution across the different regions of the country.

The dynamics of Spanish migration are unique; this distinctiveness stems from the diversity of the countries of origin and the kinds of immigrants seeking to settle in the country. This includes migratory flows of workers from Latin America, Africa, and Eastern Europe, as well as retirees and workers from other EU Member States. In 2009, the largest group of foreigners in Spain was made up of Romanians (758,823). Among nationals of other EU Member States, the British (355,988) and Germans (174,374) accounted for the largest groups. Among nationals of non-EU countries, Moroccans comprised the largest group (627,858), followed by Ecuadorians (409,328), Columbians (296,304), and Bolivians (223,455) (Table 1 and Figure 1). The most recent flows originate from a diverse range of countries that includes Paraguay, Brazil, Ukraine, and Pakistan. Unlike Northern Europe, where it is much more common for immigrants to seek asylum, the Spanish migratory model has mostly been based on economic migrants, although there is a component of retirement migration.

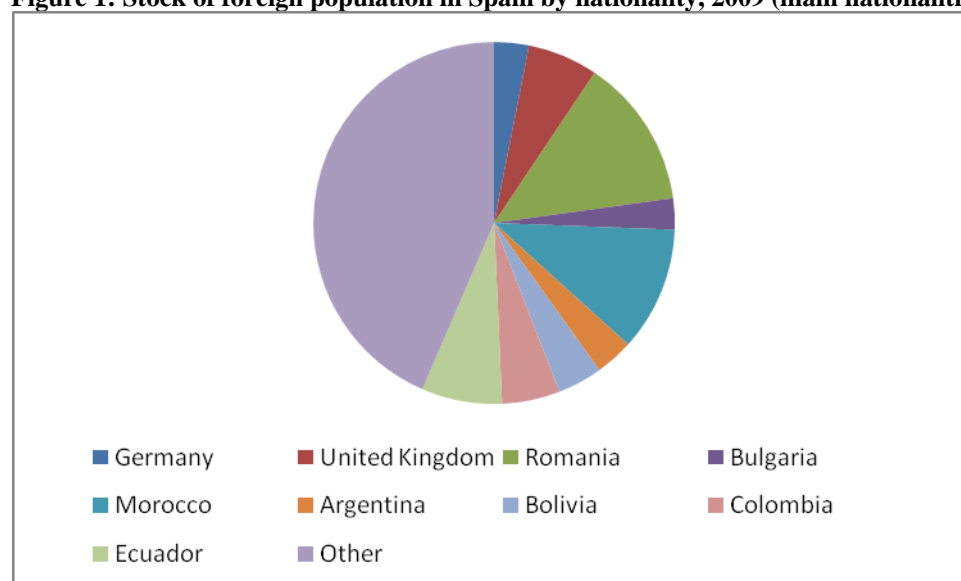
## Migration data

**Table 1: Stock of foreign population in Spain by nationality, 2009 (main nationalities)**

Country of origin	No.	%
Germany	174,374	3.1
United Kingdom	355,988	6.3
Romania	758,823	13.4
Bulgaria	158,160	2.8
Morocco	627,858	11.1
Argentina	195,572	3.4
Bolivia	223,455	4.0
Colombia	296,304	5.2
Ecuador	409,328	7.2
Other	2,448,809	43.5
Total	5,648,671	100.0

Source: National Statistics Institute, Municipal Register, Foreign Population February 2010.

**Figure 1: Stock of foreign population in Spain by nationality, 2009 (main nationalities)**



Source: National Statistics Institute, Municipal Register, Foreign Population, February 2010.

Immigration flows to Spain have been extremely intense over the past decade. The statistics are eye-opening (Table 2). In 1999, there were fewer than 750,000 foreign residents in Spain, representing only 1.86 per cent of the population. In 2009, there were more than 5.5 million immigrants,<sup>64</sup> accounting for 12 per cent of the population. Immigrant numbers have grown rapidly from the second half of the 1990s. Growth was

<sup>64</sup> Of these 5.5 million immigrants, less than half (2.3 million) are citizens of the EU (National Statistics Institute, 2009a).



particularly intense between the years 2000 and 2003 as well as in 2005, with the percentage of inter-annual variation surpassing 48.36 per cent in some cases. One should also remember that throughout the last decade a third of the new migratory flows towards Europe were directed toward Spain, making it the OECD country with the second largest number of immigrants received after the USA, and the first in relative terms. For several years, Spain was the most important destination country in Europe in absolute and relative terms alike.

**Table 2: Stock of foreign population in Spain by sex, 1999–2009**

Year	Total	Male	Female	Male (%)	Female (%)
1999	748,954	379,336	369,619	50.6	49.3
2000	923,879	471,465	452,413	51.0	48.9
2001	1,370,657	716,837	653,820	52.3	47.7
2002	1,977,946	1,048,178	929,767	53.0	47.0
2003	2,664,168	1,414,750	1,249,418	53.1	46.9
2004	3,034,326	1,605,723	1,428,603	53.0	47.1
2005	3,730,610	1,992,034	1,738,576	53.4	46.6
2006	4,144,166	2,215,469	1,928,697	53.4	46.5
2007	4,519,554	2,395,685	2,123,869	53.0	47.0
2008	5,268,762	2,802,673	2,466,089	53.2	46.8
2009	5,648,671	2,992,636	2,656,035	52.9	47.0

*Source: National Statistics Institute, Municipal Register, Foreign Population, 1999–2009.*

In 2009, 52.9 per cent of the immigrants were male and 47 per cent were female (Table 2), with female immigrants acting as pioneers in the migration chain. Demand from the labour market, in sectors such as domestic and hotel services, explains the strong presence of female immigrants, with women representing just under half of the arriving flows. Nevertheless, the number of male workers in the labour market is higher.

The number of residence card holders in Spain increased by 7 per cent between 2008 and 2009 (Table 3). This percentage of inter-annual variation is very low in comparative terms. The increase is six points lower than the 12.9 per cent recorded between 2007 and 2008, and it is the lowest increase since 1991. The economic crisis has reduced the appeal of Spain as a destination country. New flows are mainly due to family reunification and migration networks.

**Table 3: Residence card holders in Spain, 2007–2009**

Quarter and year	No.
1Q2007	3,236,743
2Q2007	3,536,343
3Q2007	3,740,956
4Q2007	3,979,014
1Q2008	4,192,835
2Q2008	4,169,086
3Q2008	4,274,821
4Q2008	4,473,499
1Q2009	4,495,349
2Q2009	4,625,191
3Q2009	4,715,757
4Q2009	4,791,232

*Source: Labour and Immigration Ministry of Spain, 2007–2009.*

Despite the economic crisis, the percentage of permanent work permit card holders has increased over the years (Table 4), due to integration, “regularization” programmes, and the legal stability of immigrants. This type of work permit distribution – the higher percentage of permanent residency permit holders in the entire number of immigrants – ushers in a new phase in the recent history of migration to Spain.

**Table 4: Type of work permits, 2005–2009**

Year	Temporary work permit card holders (initial and renovated included) (%)	Permanent work permit card holders (%)
2005	77.1	22.9
2006	71.2	28.8
2007	64.9	35.1
2008	57.3	42.7
2009	58.1	41.9

*Source: Labour and Immigration Ministry of Spain, 2005–2009.*

Since 2007, immigration flows have decreased slightly due to the economic crisis and improved immigration controls. Residence variation statistics show an important decrease from 920,534 new immigrants in 2007 to 692,228 in 2008. Job offers abroad have also been reduced as a result of labour demand constraints. Immigration flow data for 2009 are not yet available. Our conclusions are therefore tentative and will have to be viewed cautiously.

**Table 5: Inflow of foreign population in Spain, 2004–2008**

Year	Total	Male	Female	Male (%)	Female (%)
2004	645,844	354,722	291,122	54.9	45.1
2005	682,711	370,562	312,149	54.3	45.7
2006	802,971	422,997	379,974	52.7	47.3
2007	920,534	502,168	418,366	54.5	45.5
2008	692,228	370,432	321,796	53.5	46.5

*Source: National Statistics Institute, Residence Variation Statistics, 2004–2008.*

### **Irregular immigration**

Most reliable analysis of the scope and patterns of irregular immigration in Spain have been made using available data on documentation processes and ad hoc surveys (see Izquierdo, 2002, 2006). In the absence of regularizations, there are only very rough estimates on the scope of irregular migration (there are only very rough estimates of deportations as an indicator of irregularity). Traditionally, these numbers were calculated by comparing the Municipal Register and residence permits, excluding student permits, temporary permits (less than six months) and renovations (Clandestino, 2009). Available data do not show an increase in the number of immigrants in irregular situations as a consequence of the economic crisis. In the long term, unemployment could have an important effect on new forms of “befallen irregularity” due to difficulties in working permit renovation (Cachón and Laparra, 2009). One would need to wait until the publication and register of 2010 data for further conclusions on the links between the economic crisis and irregular immigration.

The economic crisis has reduced irregular immigration by sea, detentions at the border, apprehensions en route, and deportations (Ministry of Interior, 2010). The economic situation and pessimism about the future of the Spanish economy had a dissuasive effect on legal and clandestine inflows (Table 6).

**Table 6: Deportations**

Year	No.
2006	52,814
2007	55,938
2008	46,426
2009	38,129

*Source: Ministry of Interior, Annual Reports 2006-2010.*

## **Composition of migrants and changes in the labour market**

Although the factors which explain the establishment and persistence of migratory flows are extremely complex, the intensity of immigration to Spain can be partly explained by the growth of the Spanish economy over the past decade (Spain had the strongest growth rate among the 15 original EU Member States during that time), as well as by the demand from the labour market during a period of intense job creation. However, the development of the Spanish economy has largely relied on services, tourism, and construction. Dependence on these sectors has made the economy structurally weak and created a growing gap in productivity over the years in comparison with the rest of the European economies (FEDEA, 2009). At the same time, this economic situation directly led to increased demand for unskilled workers in construction, services, and tourism, and in other sectors such as agriculture, which offers very seasonal employment. In addition, demand for domestic services has grown as a consequence of the increased level of education of Spanish women and their massive incorporation into the labour market, as well as the ageing of the population and the fact that the Spanish baby-boom generation reached reproductive age.<sup>65</sup> In this context, Cachón (2002) concluded that migratory flows towards Spain intensified over the past decade due to growing demand from the Spanish labour market, the attractions held by its informal economy, and the increasing standards of Spanish workers with regard to “acceptable” jobs, a tendency related to the growing social and economic prospects of the country.

The most recent economic studies have identified the importance of immigration to Spain’s economic growth between 1994 and 2007, in particular its positive influence on GDP and the public coffers (Oficina Económica del Presidente del Gobierno, 2006). These studies have also shown the advantages that immigration has provided to the Spanish labour market (Dolado and Vázquez, 2007). Migrants have occupied low-paying jobs which are difficult to staff with native workers, thereby promoting the development of businesses and sectors without negatively affecting the employment or wages of local workers (Pajares, 2007, 2008, 2009).

The participation of foreign workers in the Spanish labour market has been particularly intense throughout the last decade, as data from the Economically Active Population Survey (EAPS<sup>66</sup>) show. Unlike in Northern and Central Europe, not only do immigrants in

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<sup>65</sup> This labour demand also explains the geographic pattern of immigrant settlement in Spain, which tends to be in the richer regions that have greater productive diversification or greater weight in productive sectors, such as Madrid, Catalonia, Andalusia, Valencia, Murcia, and the two island regions, the Balearic Islands and the Canaries.

<sup>66</sup> The *Encuesta de Población Activa* (EPA), or Economically Active Population Survey (EAPS), is a survey that has been carried out every trimester since 1964 by the Instituto Nacional de Estadística or National Statistics Institute, a government institution which

Spain account for a large part of the active population, they also have higher rates of activity than natives (Cachón, 2009). In 1996, the percentage of the active population that was not made up of nationals of an EU Member State was barely above 100,000, or 0.7 per cent of the active population. This data is in stark contrast to statistics available for 2005: during this year, almost 2,000,000 foreign workers from outside the EU were incorporated into the active population, representing 9.3 per cent of all workers in Spain.

In 2005, immigrants had a global activity rate of 78.9 per cent, which was almost 24 percentage points higher than the 55.2 per cent rate recorded for the Spanish. As Cachón (2009) pointed out, this difference in global activity was not a random occurrence in the middle of the decade, but rather a persistent tendency, although variable over time. This persistence is clearly seen in the EAPS carried out from 1996 to date (Cachón, 2009). By the end of 2009, the activity rate for immigrants was 76.1 per cent and 57.4 per cent for natives. However, it should be noted that the younger average age of foreigners largely explains this difference. In addition, foreign workers tend to work in the lower categories of the Spanish labour market, especially in jobs which pay the least amount of taxes (unskilled labourers, first-level clerks, and second-level clerks). They are clearly concentrated in the lowest-scale jobs (in construction, hotel services, agriculture, and domestic services). The presence of female immigrants in the labour market has been very important throughout the decade, and the economic crisis has increased their share in the total numbers of working immigrants. Unemployment affects men more than women due to the gender distribution of foreign workers in different economic sectors (Table 7).

**Table 7: Foreign workers by sex, 2007–2009**

Year	Male	Female	Total	Male (%)	Female (%)
2007*	1,246,285	790,297	2,036,582	61.19	38.80
2008*	1,235,892	852,765	2,088,657	59.18	40.82
2009*	1,079,484	812,814	1,892,298	57.04	42.95

\*Data as of September.

Source: Labour and Immigration Ministry of Spain, 2007–2009.

The crisis has also increased the mobility of foreign workers to other economic sectors, especially in the case of male workers. For instance, the severe loss of jobs in construction has prompted the return of male workers to the “safe” sectors of agriculture and services in order to cope with the economic recession. Since 2007, growth has been particularly intense in agriculture (more than 15% in 2009) and services (Table 8).

**Table 8: Foreign workers by economic sector in Spain, 2005–2009 (%)**

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collects and distributes official statistics about Spain. Its goal is to obtain information about the working population and its different labour categories, as well as information about the inactive population. It is the best source of information to understand the Spanish labour market and the employment of foreign immigrants.

Sector	2005	2006	2007	2008	2009
Agriculture	10.8	9.6	9.1	11.9	15.4
Industry	7.6	8.1	8.6	8.1	7.5
Construction	18.8	20.7	21.1	14.3	11.5
Services	62.7	61.5	61.1	65.5	65.4
Other	0.1	0.1	0.6	0.2	0.2

*Source: Labour and Immigration Ministry of Spain, 2005–2009.*

For years, the massive incorporation of migrants into the Spanish labour market, especially into unskilled jobs in construction, hotel services, agriculture, and domestic service, occurred with very little intervention by the Spanish government. During this period, market forces were the main source of internal regulation of foreign workers in the Spanish economy. However, the economic crisis has changed the patterns of integration of immigrants in the Spanish labour market.

### **Crisis, unemployment, and immigrant workers**

Severe job losses had serious social repercussions within the country and a very sharp impact on immigrant workers. Over the past two years, there has also been a considerable decrease in the number of people contributing to social security and a growing gap between the shares of unemployed foreigners and natives. In 2008, the unemployment rate for the active population reached 13.91 per cent, but there were huge differences between Spanish citizens and foreigners. For natives, the unemployment rate was 12.52 per cent; among foreigners, it was 8.7 percentage points higher at 21.26 per cent (Table 9).

**Table 9: Unemployed population and unemployment rates, 2007–2009**

Quarter and year	Unemployed population	Unemployment rate (%)	Unemployment rate (native workers) (%)	Unemployment rate (migrant workers) (%)	Percentage difference (native workers - migrant workers)
1Q2007	1,856,100	8.47	7.80	12.61	4.81
2Q2007	1,760,000	7.95	7.29	11.97	4.68
3Q2007	1,791,900	8.03	7.40	11.78	4.38
4Q2007	1,927,600	8.60	7.95	12.37	4.42
1Q2008	2,174,200	9.63	8.73	14.65	5.92
2Q2008	2,381,500	10.44	9.34	16.46	7.12
3Q2008	2,598,800	11.33	10.20	17.45	7.25
4Q2008	3,207,900	13.91	12.52	21.26	8.74
1Q2009	4,010,700	17.36	15.24	28.39	13.15
2Q2009	4,137,500	17.92	16.00	28.00	12.00
3Q2009	4,123,300	17.93	16.12	27.51	11.39
4Q2009	4,326,500	18.83	16.80	29.70	12.90

Source: National Statistics Institute, Economically Active Population Survey, 2007–2009.

By the middle of 2009, the statistics were even worse: more than 4 million people were unemployed, representing 17.92 per cent of the active population, and the unemployment rate for natives was 16 per cent and 28 per cent for foreigners. A few months prior to mid-2009, the gap between the unemployment rates for foreigners and natives had been increasing, with the rate for foreigners almost doubling compared to that for natives. However, statistics published by the Labour and Immigration Ministry of Spain showed that in the spring and summer of 2009, the number of foreigners contributing to social security had gone up slightly, but this increase was caused by the highly seasonal nature of activities such as hotel work and agriculture, which allow the temporary activity of unemployed workers. By the end of 2009, 4,326,500 people were unemployed and the national unemployment rate had reached 18.83 per cent. The difference between the unemployment rates for foreigners and natives had increased again to 12.90 percentage points and the unemployment rate for foreign workers was almost 30 per cent (Table 9). The impact of skyrocketing unemployment has been devastating for Spanish households, especially if we consider data from the end of December 2009, which show that more than 1 million households (1,220,000 households) have all of their active members on unemployment rolls. As indicated above, some foreign workers move from construction to

agriculture, domestic service, and services in order to cope with the economic crisis. They are also likely looking for new employment opportunities in other sectors.

The effect of unemployment on the national and foreign population is not homogeneous. Unemployment affects male migrants more than women migrants, and it has dissimilar impacts on different groups of foreigners. As Godenau (2009a) recently pointed out, “the Spanish labour market is segmented and the effects of the crisis are different for different segments. A large percentage of non-EU migrants work in the secondary economy, with clear signs of horizontal and vertical stratification, in jobs that are more sensitive to economic conditions.” The most recent report published in Spain on immigration and the labour market (with data from the end of 2008) also indicates that Romanians, Ecuadorians, and Moroccans accounted for the greatest numbers of newly unemployed (Pajares, 2009). However, unemployment was especially high among Moroccans (nearly 35%). Although unemployment rates are lower for other immigrant communities, such as the Bolivians and Paraguayans, the social conditions in these communities have deteriorated significantly due to the higher rates of irregularity and employment in the informal economy, which has limited their ability to access unemployment benefits (Pajares, 2009).

The study by Pajares (2009) also indicates that, in general, unemployment and the economic crisis have significantly worsened the living conditions of many foreign residents. The crisis has made it more difficult for foreign workers to renew their work permits and to meet rent and mortgage payments in shared homes. The living conditions of foreign residents are expected to get even worse when many immigrants run out of unemployment benefits.

Job losses have had a sharp effect on some nationalities. For instance, as shown in Table 10, since 2007, the number of Portuguese, Moroccan, Argentinean, and Colombian workers has decreased in absolute and comparative terms due to unemployment. Table 11 shows the huge increase in the number of foreign workers receiving unemployment benefits since 2007, most especially among Moroccan, Colombian, and Peruvian workers.



**Table 10: Foreign workers by nationality, 2007–2009\* (main nationalities)**

Country of origin	2007	2008	2009
Bulgaria	49,834	51,937	54,488
Italy	68,907	72,709	63,531
Portugal	82,704	75,448	61,841
United Kingdom	60,883	60,038	54,989
Romania	215,521	248,914	283,176
Morocco	272,448	259,471	227,491
Ecuador	262,494	253,604	192,977
Colombia	150,415	153,563	121,915
Peru	79,247	88,048	74,953
China	62,857	70,044	74,569
Bolivia	51,126	63,026	70,187
Argentina	58,225	58,443	48,865

\* Figures are as of November for the year 2009.

Source: Labour and Immigration Ministry of Spain, 2007–2009.

**Table 11: Foreign workers receiving unemployment benefits, 2007–2009 (main nationalities)**

Country of origin	2007	2008	2009
Morocco	27,062	47,913	99,625
Ecuador	13,682	26,114	55,805
Colombia	8,412	14,389	31,688
Peru	3,013	5,612	13,260
Argentina	3,670	5,434	11,358
Ukraine	n.a.	4,352	9,174
Algeria	2,077	3,448	7,227

Source: Labour and Immigration Ministry of Spain, 2007–2009.

## Remittance flow and use

One of the most significant effects of the crisis has been the decreased ability of foreign workers to save money, which has led to a steep drop in the amount of money being sent to countries of origin. Such decline in remittances is in fact the largest that the Banco de España (the Central Bank of Spain) has recorded since it started compiling statistics on remittances. Table 12 shows that remittances valued at EUR 1.888 billion were sent from Spain between June and September of 2009, representing a decrease of 9 per cent from the EUR 2,075,476 sent during the same period in 2008 (Banco de España, 2009). While remittances have fallen over the past six quarters, a steady recovery is apparent, given the smaller declines since a 20.6 per cent drop was recorded in the fourth quarter of 2008. Colombia has been the main destination of the remittances sent, followed by Ecuador, Bolivia, Romania, Brazil, and Morocco (Table 13).

**Table 12: Remittances, 2006–2009\***

Quarter and year	% Growth	Absolute value (EUR millions)
2Q2007	-	2,011
3Q2007	-	2,210
4Q2007	-	2,316
1Q2008	-2.6	1,998
2Q2008	-4.12	1,928
3Q2008	-6.09	2,075
4Q2008	-20.6	1,838
1Q2009	-17.1	1,653
2Q2009	-13.2	1,673
3Q2009	-9.0	1,888

\*Year-on-year quarterly comparison.

Source: Central Bank of Spain and [www.remesas.org](http://www.remesas.org)

**Table 13: Remittances by destination country, 2008**

	%	EUR millions	% (2008–2007)	EUR millions (2007–2008)
Colombia	18	1,411.2	-8.68	-134.1
Ecuador	13.4	1,050.6	-18.15	-232.9
Bolivia	9.2	721.3	-9.13	-72.5
Romania	5.1	399.8	-13.91	-64.6
Brazil	4.9	384.2	-5.22	-21.2
Morocco	4.9	384.2	-12.51	-54.9

Source: [www.remesas.org](http://www.remesas.org)

## Return migration

Voluntary return migration has been taking place in Spain even before the crisis. However, due to the lack of relevant and accurate statistics, it has been very difficult to measure this process. A tool that can be used with great caution is the Residential Variation Statistics elaborated by the National Statistics Institute (INE). These are statistics on foreign emigration that include three groups of people, according to Pajares (2009): 1) foreigners who, on their departure, inform the Municipal Register that they are leaving Spain; 2) foreigners no longer residing in their indicated location and hence are now part of City Councils' "institutional delete process" and 3) foreigners deleted from the database by the pass-date in force since 2006. This last type is the most important and it is the result of the legal modification of the *Ley de Bases de Régimen Local* (Local Basic Regime Law) in 2003. This reform obligates all third-country nationals to renew their records at the Municipal Register every two years; otherwise, their records will be deleted by City Councils.

A limitation of Residential Variation Statistics is that all persons who have been nationalized and who decided to return to the country of their previous nationality are not in this register, due to the fact that this database only keeps records on foreigners. European citizens are also excluded from these statistics – an important thing to note given the high numbers of Romanians and Bulgarians living in Spain. All of the above basically means that the numbers reflected in the Residential Variation Statistics provide an incomplete outlook on reality.

**Table 14: Residential Variation Statistics, 2004–2008**

2004	2005	2006	2007	2008
41.936	48.721	120.254	198.974	232.007

*Source: National Statistics Institute, 2004–2008.*

Besides spontaneous voluntary return, Spain has two programmes of voluntary return in force: the Voluntary Return Programme for Immigrants in Socially Precarious Situations (PREVIE) and the Programme for the Early Payment of Unemployment Benefits to Foreigners (APRE).

### **Voluntary Return Programme for Immigrants in Socially Precarious Situations (PREVIE)**

Launched in 2003, PREVIE is the first pay-to-go programme in Spain. It has been managed by IOM and NGOs since 2005. This programme is directed at non-EU immigrants with scarce resources living in a precarious social situation. The majority of the applicants are immigrants who have not successfully integrated into the Spanish labour market and society and who have dependants in their countries of origin. PREVIE provides them with a ticket back to their country of origin and covers other travel expenses. Since 2003, more than 9,000 people have taken advantage of this programme, and the number of applicants increased significantly in 2008 and 2009. In the first six months of 2009, the number of persons who participated in PREVIE equalled figures for the entire 2008 and was almost double the number in 2007. Applicants are primarily Argentineans, Bolivians, and Brazilians, and, to a lesser degree, Ecuadorians and Colombians (Table 15). Although initially, more women than men participated in the programme, the number of male applicants has increased over the past two years. This is because the economic crisis has disproportionately affected construction and other economic sectors that employed male immigrants, compared to domestic work and other sectors that mainly employed immigrant women.

**Table 15: PREVIE applicants, 2003–2009**

Country of origin	2003	2004	2005	2006	2007	2008	2009	Total	%
Argentina	60	175	108	144	168	313	521	1,489	14.93
Bolivia	21	127	158	174	313	516	838	2,147	21.53
Brazil	6	34	59	114	143	232	429	1,017	10.20
Colombia	190	198	63	52	75	62	196	836	8.38
Ecuador	175	172	80	50	36	72	226	811	8.13
Uruguay	17	33	97	61	56	71	272	607	6.08
Other	135	437	363	361	393	555	815	3,061	30.70
Total	604	1,176	928	958	1,184	1,821	3,297	9,968	100

Source: Labour and Immigration Ministry, 2009.

### **Programme for the Early Payment of Unemployment Benefits to Foreigners (APRE)**

Approved in November 2008, APRE introduced an important new element to voluntary return assistance: applicants could receive lump payments for any accumulated unemployment benefits.

This programme fulfils three main conditions: 1) it is a voluntary programme; 2) it is focused on non-EU citizens; and 3) it is a structural part of the migration policy. Unlike with PREVIE, in order to benefit from APRE, applicants must have legal status in Spain. They must also be nationals of a third country which has a bilateral agreement on social security<sup>67</sup> with Spain. In addition to returning to their country of origin, migrants must also promise not to return to Spain to reside or carry out a lucrative or professional activity, whether as an independent or as a contracted worker,<sup>68</sup> for a period of three years. Unemployment benefits are received in two payments: 40 per cent is paid in Spain and the remaining 60 per cent is paid in the country of origin a minimum of 30 days and a maximum of 90 days after the first payment. In order to receive the second payment, the beneficiaries must go to the Spanish consulate or a diplomatic representative in their country of origin.

Since the programme is relatively new, it is still too soon to provide a detailed analysis of its results. However, during APRE's first year, 8,724 people applied, plus 1,581 relatives who accompanied these people back home. Therefore, in the early stages of the programme, 10 per cent of the potential beneficiaries have opted to take part in the initiative. More than 90 per cent of APRE applications are from Latin America. The majority are from Ecuador (44%), followed by Colombia (18%), Argentina (9.7%), Peru (8.6%), Brazil (5.3%), Chile (4.1%), and Uruguay (3.6%). The Moroccan immigrant community, which has the greatest number of potential beneficiaries, is not taking advantage of APRE.

<sup>67</sup> There are agreements with Morocco, Ecuador, Peru, Argentina, Ukraine, Colombia, Brazil, Chile, Uruguay, Andorra, the United States, Canada, Australia, Philippines, Dominican Republic, Tunis, the Russian Federation, and Paraguay.

<sup>68</sup> Official estimates indicate that approximately 130,000 people meet these requirements and can potentially benefit from this programme. The main nationalities of these potential beneficiaries are, in order of size, Morocco, Ecuador, Colombia, Peru, Argentina, and Ukraine.

Accumulated benefits received by a recognized applicant average EUR 9,148, which means that around EUR 52 million since the beginning of this plan. Also, 3,706 beneficiaries have received travel assistance totalling EUR 3,451,510.

## **Social protection and access to benefits**

The normative design of the immigration model in Spain is based on equality. Therefore, immigrants enjoy the same level of social and economic rights as the native population. In order to enjoy social rights, immigrants should be registered in the Municipal Register, which is a statistic tool used to obtain the demographic characteristics of the Spanish population. Once the person is registered, then he/she can access public health and education systems. In order to enjoy economic rights, immigrants should have legal status as a resident and worker, which entails paying all Social Security contributions. There are no specific requirements regarding the duration of residence in order for migrants to enjoy their social and economic rights.

## **Integration, anti-xenophobia, and anti-discrimination measures**

### **Integration measures**

Integration measures in Spain consist mainly of two instruments, which were expected to have received EUR 299.9 million from the central government for its purposes in 2009:

#### *1) Fund to support the reception and social integration of immigrants and its educational reinforcement*

This fund was created in 2005 with the main goal of promoting social integration. It is approved annually as part of the national budget adoption. Allocation of funding for this tool increased from EUR 120 million in 2005 to EUR 200 million in 2009, but this fund has been cut by 50 per cent in the national budget for 2010.

#### *2) Strategic Plan for Citizenship and Integration 2007–2010*

The Strategic Plan was approved by the government in February 2007. It is designed as a cooperation framework and its main goal is to promote activities by the administration and civil society organizations that aim to foster immigrant integration based on the principles of equality, citizenship, and interculturality.

The Strategic Plan aspires to become one of the elements driving integration forward. Its philosophy is that public authorities must take action to move society in this direction. Underpinning the Plan is not only the assumption that society at large, including both immigrant and native populations, must be addressed, as integration concerns all members of society, but also the idea that integration policies must be tackled proactively, on a comprehensive holistic basis (Ferrero-Turrión and Pinyol-Jiménez, 2009).

The Strategic Plan aims to be a key element in governing the process of mutual adaptation of immigrants and the native population. It aims to contribute to a two-way integration

process by calling for balanced interventions from both government authorities and civil society, interventions which foster social, economic, cultural, and institutional development that is advanced, plural, and lasting for all residents in Spain.

The budget for this Strategic Plan was EUR 2,005,017,091, paying special attention to the areas of education, employment, and reception.

A new plan will be approved in 2010.

### **Anti-xenophobia and anti-discrimination measures**

Although the Observatory of Racism and Xenophobia was created in 2000 by Organic Law 4/2000, it was not until 2006 when this institution started to operate under the Secretary of State on Immigration and Emigration. Its tasks include research and analysis on the fight against racism and xenophobia. The Observatory is also a mechanism that allows the identification of the main threats to the equal treatment of immigrants and their non-discrimination by nationality, race or ethnicity.

In addition to the Observatory, a new draft Law on Equal Treatment is being developed, accompanied by the creation of a Council of Equal Treatment and Non-Discrimination. In December 2008, a National Plan on Human Rights that included measures to improve the social integration of migrants and combat discrimination was approved. The Plan has two priority axes: equality, non-discrimination, and integration on the one hand, and upholding of human rights on the other hand.

A Follow-up Commission on the Plan, to be chaired by the State Secretary of Constitutional and Parliamentary Affairs, will include the ministries responsible for the implementation of the National Plan on Human Rights, the Ombudsman, representatives of NGOs, human rights institutes at universities (e.g. the Instituto Bartolomé de las Casas at Universidad Carlos III de Madrid), and independent experts. No specific budget was allocated for this Plan due to the fact that it is basically an evaluation plan for measures taken in other instances.

### **Policy responses**

The past few years have been a period of economic growth and constant creation of new jobs, with the market acting as the principle regulator of demand and providing the stimulus to import foreign labour, both into the formal and informal economies. In this model, which will continue to work well as long as the economy continues to grow, state intervention was never proactive, but was rather limited to regulating the constant influx of foreign immigrants into the labour market. However, the management of migratory flows could require a different approach in the current adverse economic situation, which is characterized by tension between structural objectives and political mechanisms. Demand for workers has clearly contracted, creating a large group of unemployed foreigners who have already settled in Spain prior to the downturn.

The Spanish government has launched several kinds of political initiatives to counteract the severe economic downturn. The first set of measures focuses on containing the arrival

of migrant workers by reducing the size of the foreign worker quotas and the Catalogue of Vacant Jobs, while also suspending, for all intents and purposes, the bilateral hiring agreements with the countries of origin. The objective of these measures is to limit the number of foreign workers arriving in the country at a time when the economic situation is poor and the labour market is unable to provide jobs for migrants already residing in Spain. In the context of the crisis, the demand from the Spanish labour market is for fewer and more specialized workers (such as domestic workers), and old mechanisms to bring in new workers in from abroad would need to be frozen in order to assist unemployed foreign residents in their job search.

The second type of measures seeks to improve the living conditions of immigrants and strengthen their social integration and civic inclusion by supporting the exercise of their social, economic, and political rights. This goal is considered to be particularly important as a way to avoid economic crisis-induced social conflicts between the native population and foreign residents, as well as to ensure that the living conditions of immigrants settled in Spain do not worsen considerably. It is important to add that, although these kinds of measures have not been a direct result of the economic crisis, their implementation has real consequences for the process of maintaining peace and social cohesion.

## **Changes in labour market policies**

### ***Worker quotas***

The worker quota is not a new management mechanism (Aparicio and Roig, 2006), but the modalities of its operation have changed as of 2006. This mechanism was originally designed to manage flows by recruiting, in accordance with the needs of the Spanish labour market, foreign workers from their country of origin, that is, the recruits could not be present in Spanish territory or residing there at the time of recruitment. This system was used to guarantee that job openings were not left vacant when they could be filled by native workers, workers from EU Member States, or other foreigners legally residing in Spain. This mechanism is directly linked with a bilateral agreement policy which included new countries of origin in a system for joint management of job offers by the country of origin and the host country (Ferrero-Turrión and López-Sala, 2009).

The changes recently introduced to the quota policy included the possibility to modify the number of available jobs throughout the year, as well as to process only stable job offers (contracts longer than one year). These changes also included the creation of job search visas in two categories: visas for the children or grandchildren of Spanish citizens and visas provided to immigrants specializing in areas experiencing a serious shortage of workers. In 2006, there were 16,878 stable jobs offered through the quota system, 646 job search visas given by a specific occupation or activity, and 570 visas for Spanish descendants.

The numbers show how the crisis has negatively affected this process. In 2007, a year of strong economic growth, 27,034 stable jobs were offered through the quota system, 455 visas were issued for domestic work, and 500 visas were granted to the children and grandchildren of Spanish citizens, allowing them to search for jobs in Spain. In 2008, as the economic crisis gradually worsened, the number of stable jobs was reduced to 15,731. This number went down by 90 per cent in 2009, when the quota shrank to a mere 901 job

offers. In 2010, the quota is 168 job offers, a fall of 80 per cent in relation to 2009. The main targets are engineers and medical doctors.

### ***The Special Catalogue of Vacant Jobs***

A new recruiting system was included in the 2005 immigration regulation known as the Special Catalogue of Vacant Jobs, which is a list of professions for which the labour market is experiencing shortages of workers. The list is created by the public employment services and is approved and renewed every quarter. The Catalogue was developed to streamline the process of covering vacant positions by eliminating the need to publish job offers, as had been required by the general system. No country of origin is excluded from the process, but potential candidates should meet the requirements listed in the catalogue. Statistics show that this method of channeling workers has been very successful. There were 120,324 initial work and residence permits in 2006, 178,340 in 2007, and 136,604 in 2008. However, there were only 15,000 workers contracted in countries of origin in the first nine months of 2009, mainly in the health care sector, such as doctors or nurses, and in technical engineering.

### **Promoting social integration and improving the employability of immigrant workers**

#### ***Reform of the Immigration Law***

Although in general the Immigration Law has only been moderately reformed, it does include measures to reinforce the social integration of foreign residents. One way to reinforce social cohesion is to promote the civil and social rights of foreigners in Spain and the text of the law includes Constitutional Court judgements that fully acknowledge their rights to associate, protest, form trade unions, and strike (Ruling 236/2007 of the Tribunal Constitucional<sup>69</sup>).

The reformed law also states that all foreign minors in Spain have the right to education up to the age of 18, regardless of their legal status. Before the reform, foreign minors were only entitled to this right until they were 16 years old, which is the age when obligatory education ends. Furthermore, the law recognizes the right of legal foreign residents to have access to housing aid, as well as the right to work of spouses and children older than 16 who have been reunited with family members in Spain. One of the most important measures is to issue work permits to persons coming into country as part of family migration, without taking the national labour market into consideration. This gives these migrants an equal chance to compete with native and European citizens for job offers. However, family migration has been restricted in two cases: 1) in relation to ascendants who are more than 65 years old and 2) in relation to the period of residence in Spain: previously, a migrant was eligible for family reunification after one year of residence, now a permanent residence permit is needed for this process. The final text of the new Immigration Law was approved in December 2009.

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<sup>69</sup> The Tribunal Constitucional (Constitutional Court) is the high court that makes final rulings on questions regarding the Spanish Constitution.



### ***Reform of immigration regulations***

Current policy is also trying to improve the situation of unemployed foreign residents by promoting residential and job mobility. This is one of the goals of the amendment to the regulation on immigration approved by the Council of Ministers on 10 July 2009. In order to facilitate job search in Spain, work authorizations have been modified to eliminate geographic or activity restrictions and also to allow foreign workers to transition between employment and self-employment. This mobility was not possible for foreigners under the prior legislation.<sup>70</sup> These amendments will make it easier for foreign workers to work in different regions of Spain and change the type of their economic activity. It will also be easier for immigrants to renew work authorizations when their work history shows strong ties to their job, as well as for other foreigners who lack a valid work contract at the time of renewal, if they have relatives who can support them during their stay in Spain.

### ***Reciprocity agreements to vote in municipal elections***

Among the measures aimed at promoting social integration and cohesion, one must include those that seek to encourage foreign residents to exercise their political rights. Since November 2008, Spanish authorities have been negotiating and signing reciprocity agreements regarding the right to vote in local elections with 15 countries that have already introduced similar arrangements for Spanish citizens who reside in their territory. As of July 2009, agreements have been signed with Colombia, Peru, Argentina, Trinidad and Tobago, Ecuador, Iceland, Burkina Faso, Cape Verde, Paraguay, the Republic of Korea, and New Zealand. Spain is still negotiating agreements with Bolivia, Uruguay, and Venezuela, with all three cases currently being reviewed by electoral authorities. These agreements cover the conditions under which foreigners can exercise the right to vote in Spain. Foreigners can vote if they have resided legally in the country for a continuous period of at least five years prior to their application to be included in the electoral census.

### **Public opinion**

Every month the Sociological Research Center (CIS), a state institution publishes a barometer of public opinion. The respondents are asked to comment on the main problem that Spain is facing and the main problem that is affecting the respondent personally. The contrast between the responses to these two questions is very graphic.

With regard to the first question, especially on the topic of immigration, citizens' responses usually reflect what is presented by the mass media. As for the second question, their responses are much more honest. In January 2010, for instance, the main perceived problem for the country was unemployment (82.7%), followed by economic problems (47%), and terrorism (17.6%). The main problem affecting respondents personally was again unemployment, but this problem accounted for just 43.3 per cent of the responses, or almost half of the answers to the country-focused question.

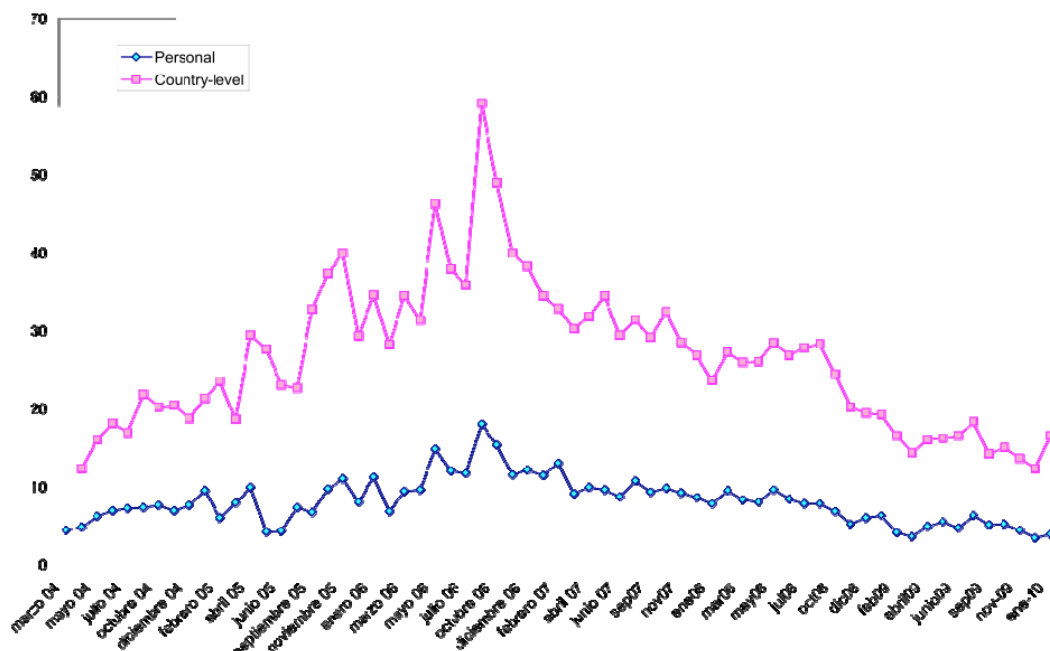
Figure 2 shows that immigration was perceived as a main problem for the country in two cases: when the normalization process took place (2005) and during the “*cayuco* crisis” in

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<sup>70</sup> Article 49.2 of R.D 2393/2004, December 30.

summer 2006 (see López-Sala, 2007; Esteban Sánchez and López-Sala, 2007). Since then, public opinion that immigration is a problem has started to wane.

**Figure 2: Evolution of public opinion on immigration as a problem for the country, April 2004-January 2010**



Source: Own elaboration; Centro de Investigaciones Sociológicas (CIS), 2004–2009.

## Conclusion

Despite the developments and changes in migration dynamics and policies that can be observed since 2007, the direct impact of the economic crisis remains difficult to assess.

Since 2007, immigration flows to Spain have decreased slightly, with family reunification mainly accounting for new flows. In addition, the number of temporary work permits issued has decreased progressively, but is still at a higher percentage than the number of permanent work card holders. However, the economic situation and pessimism about the future of the Spanish economy seem to have dissuasive effects on legal inflows, and even seem to reduce irregular immigration.

The impacts on the labour market in general are far more visible. The gap between the shares of unemployed foreigners and natives is growing rapidly. By mid-2009, the unemployment rate stood at 16 per cent for natives and 28 per cent for foreigners. Foreign workers are mostly concentrated in sectors such as construction, hotel services, agriculture, and domestic services. Construction, in particular, has been severely affected by the crisis; this could be one reason for the high unemployment rate, specifically among male immigrants. The effects of job losses due to the crisis can also be seen in the steep drop in remittance outflows. The Bank of Spain noted a decrease of 9 per cent in September 2009, compared to the same period in 2008.

It is unclear to what extent the current economic downturn has led people to return to their countries of origin, due to the lack of accurate statistics. However, PREVIE saw an increase in applicants in 2008 and 2009. The number of persons who participated in this voluntary return programme in the first six months of 2009 equalled the total number of returnees in 2008, and was almost double the number in 2007.

With regard to policy responses to the crisis, the government has made changes to social protection and integration measures. The allocation for the “Fund to support reception and social integration of immigrants and its educational reinforcement”, for example, was cut by 50 per cent in the national budget for 2010. Furthermore, in the current economic situation, where demand for workers has contracted, the Spanish government aims to contain the number of workers arriving from abroad by reducing the size of foreign worker quotas and making changes to the Special Catalogue of Vacant Jobs. Whereas 136,604 initial work and residence permits were issued in 2008, there were only 15,000 workers contracted in countries of origin in the first nine months of 2009, mainly in the health care sector, such as doctors or nurses, and in the technical engineering sector.

In contrast, social integration measures have been promoted and the Immigration Law was moderately revised in December 2009. It now includes measures to reinforce the social integration of foreign residents by increasing to 18 years old the age up to which migrant children have the right to education regardless of legal status. Furthermore, the government has allowed issuing work permits to persons coming into Spain as part of family migration, without taking the national labour market into consideration. These reforms, however, have not been introduced as a direct result of the economic crisis. Public opinion is focused on unemployment in general as the main problem that Spain faces, and not on immigration as such.

Concerning the Spanish labour market and immigration, one can say, that since 2004, the immigration policy on foreign worker recruitment has been designed as a flexible framework more adaptable to national employment needs. Bilateral agreements with countries of origin, the list of vacant jobs, and, especially, the quota policy are more complex devices and more sensitive to special economic dynamics. The worker recruitment policy created a political and institutional framework which is able to respond more efficiently to changing contexts. While the outlook on Spain’s economic prospects is not very optimistic yet, these political mechanisms will be very useful in times of economic boom and economic constraints alike. Some analysts predict a sharp rebound in the Spanish economy, while others foresee sluggish growth. Nevertheless, in the long term, this policy will enable the Spanish economy to cover its needs for temporary and high-skilled foreign workers.

### **About the sources**

The Municipal Register (*Padrón Municipal de Habitantes*) is the administrative register which records municipality residents. Its creation, maintenance, revision, and custody are the responsibilities of the respective municipal councils. The revision of the municipal register referred to 1 January of each year is obtained from its update (National Statistics Institute).

The Residential Variation Statistics (*Estadística de Variaciones Residenciales*) is elaborated based on new registrations and registry removals in the municipal registers of inhabitants due to changes of residence. Migratory annual flows are thus obtained at the domestic (i.e. between different Spanish municipalities) and foreign (i.e. between Spanish municipalities and foreign regions) levels (National Statistics Institute).

The Economically Active Population Survey (*Encuesta de Población Activa*) is a quarterly survey that targets households. Its main objective is to obtain data on the labour force (subcategorized by employed and unemployed) and on people outside the labour market. The theoretical sample for this survey varies from 65,000 households per quarter to approximately 60,000 actually interviewed households (approximately 180,000 people).

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Migration and the Economic Crisis:  
Implications for Policy in the European Union

**VII) United Kingdom<sup>71</sup>**

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<sup>71</sup> Institute for Public Policy Research (IPPR), London, UK.

## Introduction

Net migration has been running at high levels in the UK throughout the years of the Labour government, which was elected in 1997. It has exceeded 100,000 every year since 1998, and exceeded 200,000 a year during the mid-2000s. Although economic factors do not explain in full the surge in migration to the UK (a spike in asylum flows and, later, large movements of “A8” migrants, i.e. those from the eight Eastern European countries that joined the EU in 2004, were also important components), until 2007, the country was experiencing a prolonged boom.

It might be expected that this general prosperity would have dampened any public concerns. However, polling shows that people were very worried about high immigration throughout the period. In the aftermath of the financial crisis, the UK suffered a significant economic downturn, in which the economy saw six consecutive quarters of negative growth, which only ended in the fourth quarter of 2009 with 0.1 per cent growth. As expected, net migration has fallen during the recession – but public anxiety continues, with the issue much debated in the run-up to the General Election in 2010.

## Migration data

### Legal migration

The UK has experienced high levels of net immigration in recent years, but there are signs that the peak has passed, partly as a result of the economic downturn.

The extent to which the stock of migrants has grown over the last 12 years is shown in Table 1, with the total foreign-born population increasing by more than 2.5 million. This includes, of course, British citizens born overseas, not just migrants.

**Table 1: Top ten country of birth groups, various years\***

Rank (2009)	Country	1997	2002	2009
1	India	404,000	425,000	659,000
2	Poland	68,000	50,000	537,000
3	Pakistan	222,000	282,000	426,000
4	Ireland	535,000	491,000	400,000
5	Germany	228,000	267,000	299,000
6	South Africa	93,000	141,000	219,000
7	Bangladesh	140,000	180,000	201,000
8	United States	127,000	142,000	167,000
9	China (and Hong Kong Special Administrative Region of China)	87,000	126,000	166,000
10	Jamaica	140,000	150,000	128,000
	TOTAL foreign-born	4,152,000	4,765,000	6,946,000

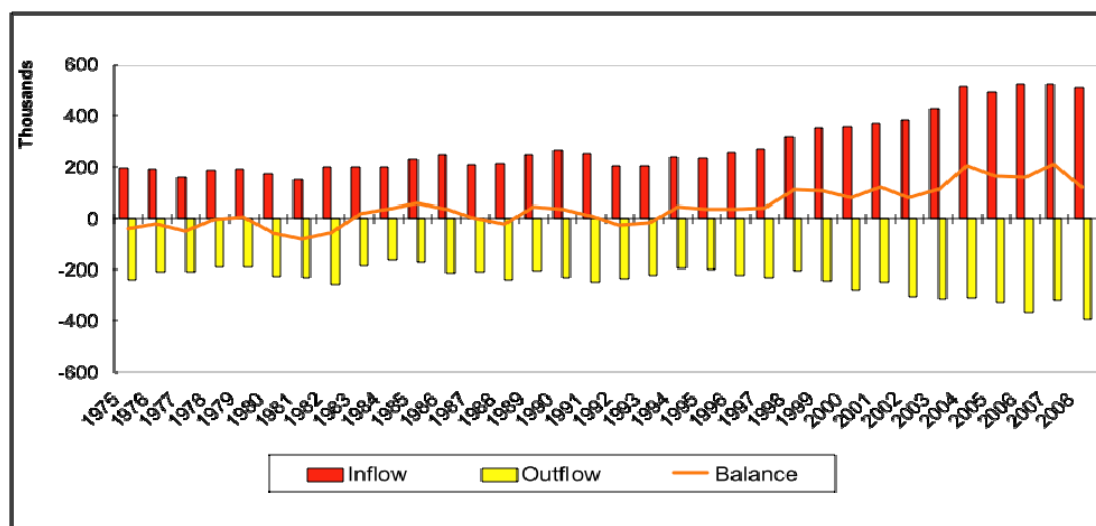
\*Figures rounded to the nearest thousand

Source: Labour Force Survey.



Net migration had twin peaks in 2004 and 2006 (see Figure 1), and has fallen quite rapidly since then (down 44% between 2007 and 2008).<sup>72</sup>

**Figure 1: Total migration to and from the UK, 1975–2008**



Source: Office for National Statistics, International Passenger Survey.

Net migration to the UK (the surplus of people immigrating over people emigrating) was 118,000 in the year to December 2008, 44 per cent lower than in the year to December 2007 and the lowest figure since A8 accession in 2004. The data suggest that, so far in this recession, this fall has largely been due to increased emigration by foreign-born people, although immigration levels have also stabilized. In particular, net migration flows from new EU Member States have declined sharply to just 13,000 in 2008, from a peak of over 80,000 in 2007.<sup>73</sup>

Although this is in part a response to recession, such a decline was always likely to happen around this time. After the UK decided to open its labour market to A8 migrants in 2004, there was a huge inflow. However, this initial surge was always going to be a short-run phenomenon. The stock of (mostly young) people who wanted to migrate was high in 2004 because legal migration options had previously been limited, but once this group worked through the system, migration was likely to settle at a lower level (numbers registering with the Worker Registration Scheme (WRS) were down 36% from the year ending March 2008 to the year ending March 2009).<sup>74</sup>

More generally however, Figure 2 shows that the performance of the UK economy does influence net migration rates. That said, evidence from previous downturns suggests that if the economy picks up, the downward trend in net migration may be short-lived, with immigration rates rising again even before employment rates fully recover (Dobson et al., 2009), although it is too early to say whether this is happening as the UK just begins to pull out of recession.<sup>75</sup>

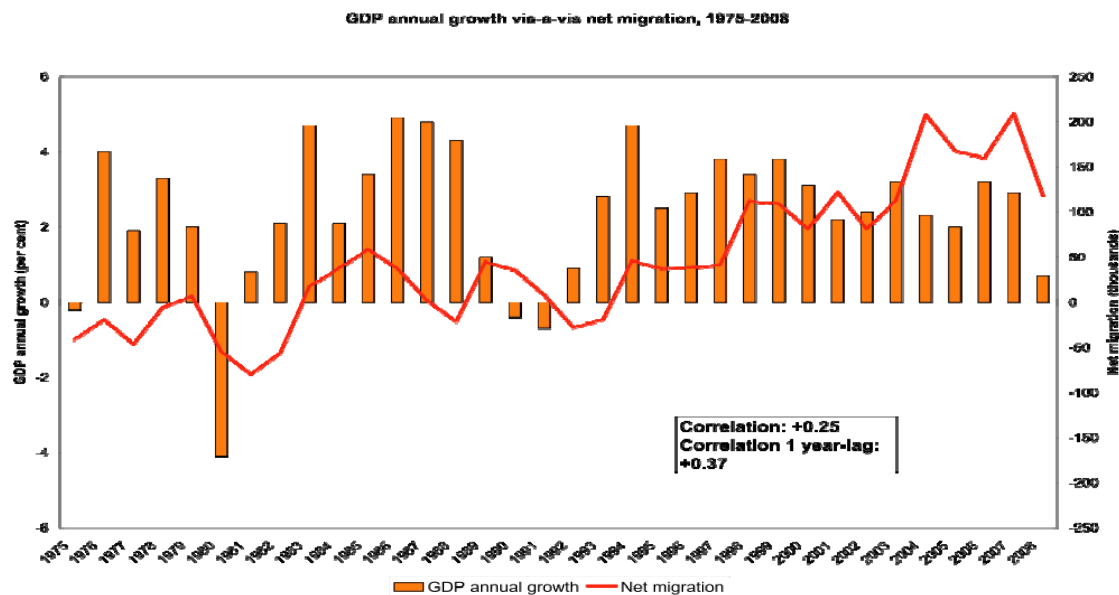
<sup>72</sup> See <http://www.statistics.gov.uk/pdfdir/mig0809.pdf>

<sup>73</sup> See <http://www.statistics.gov.uk/pdfdir/mig0809.pdf>

<sup>74</sup> UKBA Accession Monitoring Report, May 2004–March 2009.

<sup>75</sup> Dobson, J., A. Latham, and J. Salt (2009) On the Move: Labour Migration in Times of Recession, Policy Network, London.

**Figure 2: UK GDP annual growth correlated to net migration, 1975–2008**



### Irregular migrants in the UK

Considerable uncertainty remains, but the total number of irregular migrants in the UK almost certainly runs into many hundreds of thousands of people. The best and most recent estimate of the size of the irregular immigrant population in the UK is 618,000 (Gordon et al., 2009).<sup>76</sup> This compares with a previous estimate that put the number in 2001 at 430,000.<sup>77</sup>

However, this estimate did not include regular residents who may nonetheless be working irregularly. This may be a significant group. IPPR research suggests that a small but significant proportion of non-EU students work full time (which is potentially in contravention of their visa conditions), and that a significant minority of workers from EU accession countries may be failing to register with the WRS as required. Clandestine workers could number up to an additional 165,000 migrants who are in some sense “irregular”, not including asylum-seekers with outstanding claims who may be working in contravention of restrictions placed on them.<sup>78</sup>

There is no data available which shows whether the economic crisis in the UK has led to a decrease in irregular inflows or an increase in outflows. However, qualitative research by IPPR conducted in 2009 has shown that a combination of more enforcement action, job cuts, and reductions in wages have put even more pressure on irregular migrants in the UK. The research did not suggest that this is leading to any increase in return.<sup>79</sup>

<sup>76</sup> This figure is the central estimate of the number of irregular residents (i.e. migrants and their children) in the UK at the end of 2007.

<sup>77</sup> Woodbridge, J. (2005) Sizing the Unauthorised (Illegal) Migrant Population in the United Kingdom in 2001, Home Office Online Report 29/05, Home Office, London, [www.homeoffice.gov.uk/rds/pdfs05/rdsolr2905.pdf](http://www.homeoffice.gov.uk/rds/pdfs05/rdsolr2905.pdf)

<sup>78</sup> Higher Education Statistics Agency data for 2007/08 show that there were 229,640 non-EU students in UK higher education institutions. Labour Force Survey data suggest that around 6.5 per cent of this group (roughly 15,000) are working full time, and that there were 697,000 people from EU accession countries in the UK in 2008. IPPR survey data suggest that up to 22 per cent of this group (roughly 150,000) may not be registered under the Worker Registration Scheme.

<sup>79</sup> Finch, T. (forthcoming) Irregular Transitions: Understanding the motivations and intentions of irregular migrants to the UK.

## Composition of migrants and changes in the labour market

The available data (Table 2.1) does not suggest that migrants are generally losing their jobs in greater numbers than the general population as a result of the economic downturn. However, there are differences between regional groups, with South Africans and other Africans, seeing their employment rates drop significantly (and disproportionately), while rates for A8 and Indian migrants have increased slightly. Within these groupings, there are likely to be major differences as well, though we do not have data to show if the recession has made things worse. For example, in 2006/2007, 82 per cent of Nigerian-born people of working age (excluding full-time students) in the UK were in employment, higher than the UK average of 74 per cent. By contrast, Somali employment rates languished at 23 per cent.<sup>80</sup> Unemployment and economic activity among Pakistani and Bangladeshi born people is clearly high (largely because of the very high rate of inactivity among women – see Table 2.3), but this phenomenon has not been worsened by the economic crisis.

**Table 2.1: Working age employment rates by country of birth, January-March 2008\* and Oct-Dec 2009\*\***

Country of birth	% employment rate Jan-March 2008	% employment rate Oct-Dec 2009
Total	74.6	72.6
UK born	75.5	73.5
Non-UK (foreign-born)	69.3	67
EU14 countries	76.5	72.6
A8 countries	82.8	83.3
Africa (excluding South Africa)	66.8	60.2
South Africa	86.1	77
Australia and New Zealand	86	85.3
India	69.7	70.8
Pakistan and Bangladesh	45.6	45.5

\*Last quarter before recession.

\*\* Last quarter of recession.

Source: Labour Force Survey.

Looking at these figures broken down by gender, and the only real striking figure is among men born in the EU 14 countries, who appear to have seen their employment levels drop considerably, while women from the same countries have seen economic activity grow very slightly. There is no obvious explanation for this trend.

**Table 2.2. Economic activity by country of birth - males, Q1 2008 and Q4 2009**

Country of birth	Employed	ILO unemployed	Inactive
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<sup>80</sup> Labour Force Survey and ippr calculations (2008), in J. Rutter et al. (2008) Moving Up Together : Promoting equality and integration among the UK's diverse communities, <http://www.ippr.org.uk/publicationsandreports/publications.asp?title=moving+up+together&author=&pubdate=&theme=&search=search>

	Q1 2008	Q4 2009	Q1 2008	Q4 2009	Q1 2008	Q4 2009
Total population	78.6	75.5	4.8	7.3	16.6	17.2
UK	78.6	75.7	4.6	7.3	16.8	17.1
All non-UK	78.6	74.4	5.7	7.3	15.7	18.3
EU14	82.3	73.9	4.8	6.2	12.9	19.9
A8	91.2	89.5	3.2	2.7	5.6	7.9
Africa (excl. South Africa)	75.2	72.6	8.77	10.1	16.0	17.4
South Africa	92.3	84.7	2.1	8.7	5.4	6.6
Australia and New Zealand	90.5	85.2	2.0	5.9	7.5	8.9
India	81.2	78.2	4.0	5.1	14.8	16.2
Pakistan or Bangladesh	70.2	70.2	7.5	10.8	22.3	19.0

Source: LFS and ippr calculations

**Table 2.3: Economic activity by country of birth - females, Q1 2008 and Q4 2009**

Country of birth	Employed		ILO unemployed		Inactive	
	Q1 2008	Q4 2009	Q1 2008	Q4 2009	Q1 2008	Q4 2009
Total population	70.2	69.4	3.6	5.1	26.1	25.6
UK	72.0	71.1	3.4	4.9	24.6	24.0
All non-UK	59.5	59.3	5.0	6.2	35.5	34.5
EU14	70.4	71.3	4.1	5.0	25.5	23.7
A8	73.6	77.3	6.2	3.5	20.2	19.2
Africa (excl. South Africa)	57.8	54.1	5.3	9.8	36.9	36.1
South Africa	80.1	68.9	2.1	5.2	17.9	25.8
Australia and New Zealand	81.2	85.4	2.1	2.5	16.3	12.1
India	55.6	61.0	5.8	6.7	38.5	32.3
Pakistan or Bangladesh	17.6	18.4	6.5	7.6	75.9	73.9

Source: LFS and ippr calculations

The sector hardest hit by the recession has been manufacturing. This sector only accounts for about 10 per cent of non-EEA migrant employment (LFS, 2008), rather lower than the population as a whole. Other areas of relatively high migrant employment are business and real estate, and health and social services. The former areas have seen high job cuts; the latter (as yet) has been protected, though public spending cuts are likely to bite from 2011 to address the UK's huge fiscal deficit.

**Table 2.4 Employment by sector and country of birth – all, Q1 2008 and Q4 2009**

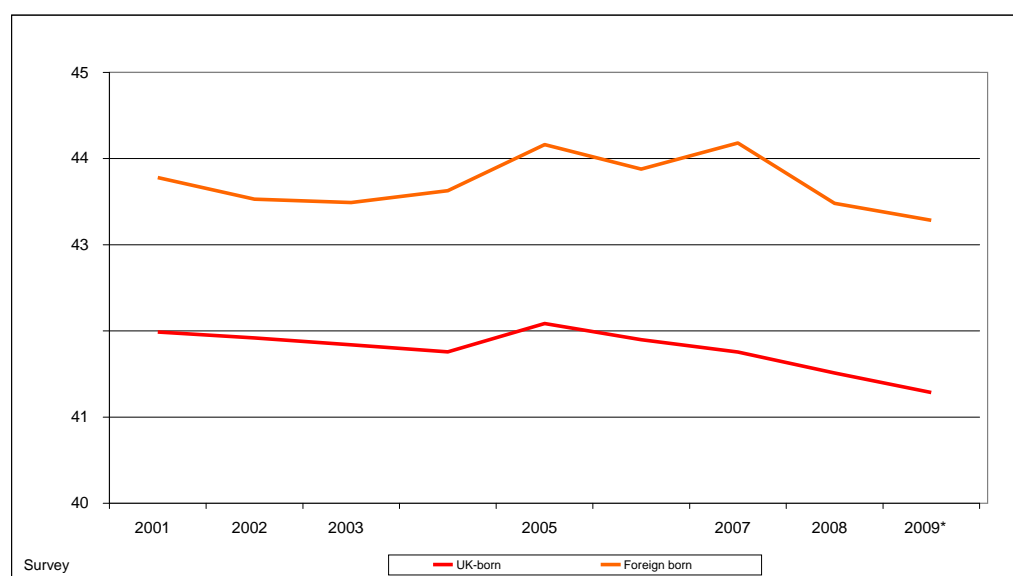
Country of birth	Primary		Manufacturing		Construction		Public services		Other services	
	Q1 2008	Q4 2009	Q1 2008	Q4 2009	Q1 2008	Q4 2009	Q1 2008	Q4 2009	Q1 2008	Q4 2009
Total population	2.5	2.7	12.5	9.8	8.4	8.2	28.0	30.2	48.6	49.1
UK	2.7	2.9	12.6	9.9	8.7	8.6	28.5	30.5	47.6	48.1
All non-UK	1.6	1.5	12.2	9.3	6.1	5.4	25.1	28.2	55.0	55.7
EU 14	2.2	1.8	10.3	7.6	6.5	5.4	27.7	27.9	53.4	57.3
A8	2.7	2.4	24.9	23.1	13.6	9.1	8.6	10.6	50.3	54.8
Africa (excl. SA)	1.4	1.4	9.1	7.4	3.6	3.9	32.8	37.8	53.1	49.6
South Africa	2.0	3.1	12.6	9.1	1.5	7.8	33.5	29.8	50.4	50.4
Australia and New Zealand	3.7	1.1	7.2	6.5	4.7	5.0	27.2	31.3	57.2	56.1

India	0.5	0.8	14.7	9.5	3.7	3.4	26.2	32.9	54.9	53.4
Pakistan or Bangladesh	0.3	0.4	9.5	6.7	1.9	3.2	16.3	19.00	72.1	70.5

Source: LFS and ippr calculations

There is some evidence (Figure 2) that working hours have declined for both UK-born and foreign-born workers, but more sharply for the latter. This perhaps reflects the fact that higher numbers of migrants are employed in parts of the economy where more reduced working hours have been introduced, or because newly arrived migrants are more likely to go into part-time work. We are not aware of any evidence that migrants are victims of racial or ethnic discrimination or are being targeted. Indeed, other IPPR research suggests that a much more important factor is their position in the labour market (Chappell et al., 2009; Chappell and Latorre, 2009). Survey data of employers, taken during the recession (late 2008 and early 2009), show that many businesses particularly value migrant employees, regarding them as more productive and with a better work ethic than UK-born workers.<sup>81</sup>

**Figure 2: Average weekly hours worked, 2001–2009**



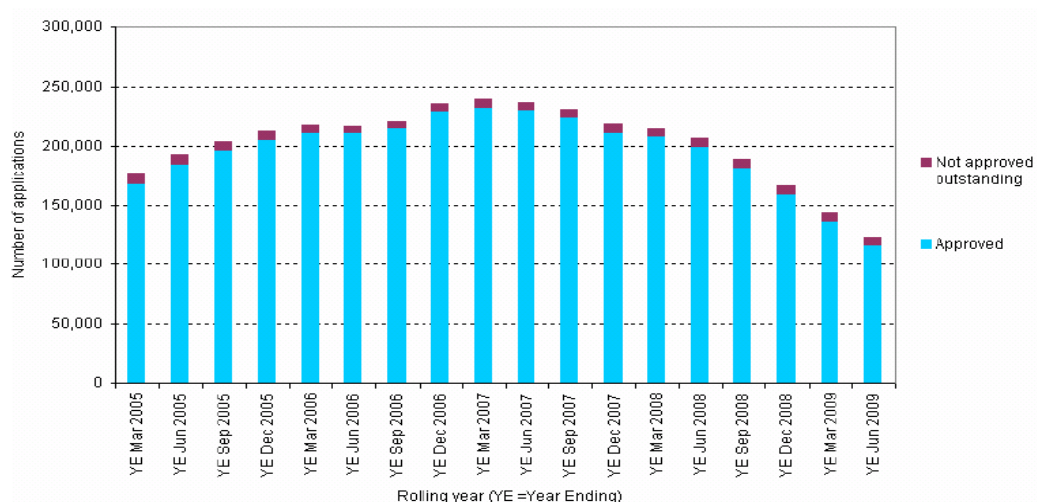
Source: Labour Force Survey.

Although Table 2 shows that the vast majority of A8 migrants are working, there has been some sensationalist reporting of rising East European joblessness, with allegations made that A8 nationals prefer to stay on relatively generous benefits rather than go home. This is probably explained by the fact that, as time goes by, more migrants qualify through residency to apply for benefits such as Jobseeker's Allowance, which they cannot claim in the first 12 months.

<sup>81</sup> See pp. 21–26 of British Chambers of Commerce, The Workforce Survey April 2009, [http://www.britishchambers.org.uk/zones/policy/press-releases\\_1/navigating-employment-law-a-major-problem-for-uk-s-small-firms.html](http://www.britishchambers.org.uk/zones/policy/press-releases_1/navigating-employment-law-a-major-problem-for-uk-s-small-firms.html)

The most obvious sign of fewer migrants coming to the UK since the recession is the reduction in numbers from the A8 countries signing up to the WRS (Figure 3), down from some 900,000 in 2007 to some fewer than 300,000 in first six months of 2009.

**Figure 3: Workers Registration Scheme for A8 migrants, March 2005-June 2009**



Source: Office for National Statistics, Statistical Bulletin No. 2, August 2009

There was a 16 per cent drop in the allocation of National Insurance Numbers (NiNo) to non-UK nationals between 2007 and 2008, and a further decline (6%) in the year to March 2009 compared with year to March 2008 (ONS, 2009) – more evidence that the economic downturn was deterring some forms of economic migration, since all economic migrants have to apply for a NiNo if they want to work legally in the UK.

A comparison (Table 3) between applications under the old Highly Skilled Migrant Programme (HSMP) and work permits and the equivalent tiers of the Points Based System (PBS) suggests that the downturn, combined with the stricter criteria for entry, has discouraged some economic migration at the high end.

**Table 3: Applications by highly skilled and skilled migrants to come to the UK, 2007–2009<sup>82</sup>**

	Q3 2007	%	Q3 2008	%	Q3 2009
Highly Skilled Migrant Programme	2,635	-	470	-	35
Tier 1 of Points Based System	0	-	2,630	-	2,940
TOTAL	2,635	17.6%	3,100	-4.0%	2,975

<sup>82</sup> Tier 1 of the Points Based System was introduced in February 2008 and Tier 2 in September 2008. They replaced the Highly Skilled Migrant Programme and Work Permit system.

Work Permits	17,375	-	16,215	-	305
Tier 2 of Points Based System	0	-	0	-	9,280
TOTAL	17,375	-6.7%	16,215	-40.9%	9,585
ALL	20,010	-3.5%	19,315	-35.0%	12,560

Source: Home Office.<sup>83</sup>

The economic crisis has had different impacts on different sectors of the economy. This has been reflected in the recruitment of migrant workers in different sectors. The following sectors accounted for a smaller proportion of non-EU work permits approved in 2008: telecommunications, health, hospitality and catering, and construction (Dobson et al., 2009).

Surveys of hiring intentions have also revealed that employers are planning to take on significantly fewer migrant workers in the short-term. For example, the most recent Labour Market Outlook (LMO), produced by the UK's Chartered Institute of Personnel and Development (CIPD) and KPMG,<sup>84</sup> indicated that only 8 per cent of employers intended to recruit migrant workers in the third quarter of 2009. This represents a drop of nearly two thirds compared with the CIPD's LMO report in the autumn of 2005, where 27 per cent of employers said that they were planning to hire migrant workers in the following quarter (CIPD and KPMG, 2009). However, this headline figure hides considerable variations across different sectors: 41 per cent of employers in the hotel, catering, and leisure sector, and more than one in five (22%) in the NHS and the education sector, planned to recruit migrant workers in the last quarter of 2009 (CIPD and KPMG, 2009).

The employers' survey referred to above show that the vast majority of businesses saw no change in the proportion of applications by migrant workers during the early part of the recession (British Chambers of Commerce, 2009). The same survey also showed that dependence on migrant labour remained quite high.

## Remittance flow and use

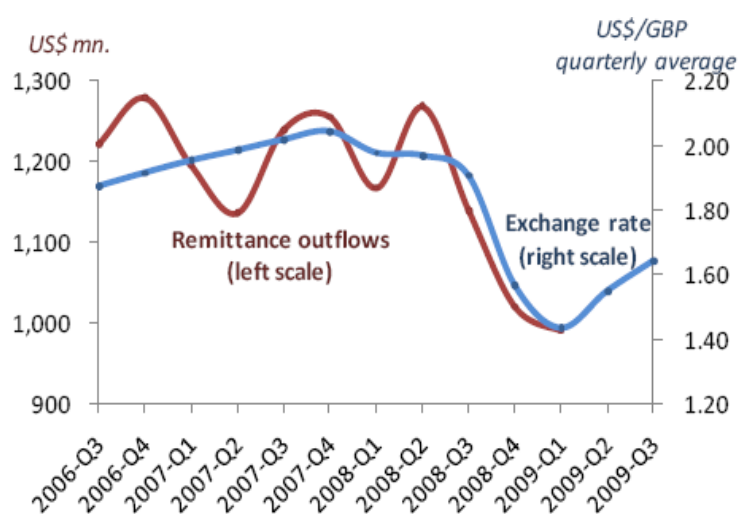
The most recent estimates from the World Bank (2009) suggest that remittances to developing countries will be approximately USD 317 billion, down 6.1 per cent on 2008. The global recession has clearly had some effect on remittances, although they have held up much more strongly than foreign direct investment and foreign aid.

Available remittance data suggest that total outflow of remittances from the UK did not drop in 2008 (when the UK economy first went into recession), with the World Bank putting the figure at approximately USD 5 billion, the same as in 2007. However, in 2009, there seems to have been a slump, which appears to be closely related to the weakness of the pound sterling (Figure 4).

<sup>83</sup> <http://www.homeoffice.gov.uk/rds/pdfs09/immiq309.pdf>

<sup>84</sup> [http://www.cipd.co.uk/NR/rdonlyres/68118049-1EA3-488D-8B0E-1C12CD67DF9A/0/Labour\\_Market\\_Outlook\\_Winter\\_09\\_10.pdf](http://www.cipd.co.uk/NR/rdonlyres/68118049-1EA3-488D-8B0E-1C12CD67DF9A/0/Labour_Market_Outlook_Winter_09_10.pdf)

**Figure 4: Remittance outflows by quarter related to the weakness of the pound**



Source: IMF Balance of Payments and World Bank Development Prospects Group, 2009.

The World Bank puts a large part of the drop in remittances to Poland down to this factor, while noting that return by Poles from the UK has nearly doubled (Table 5), partly, it is assumed, because of the recession. The weakness of the pound may also have hit remittances to other countries, although as Table 5 shows, there is no clear pattern of declining remittance inflows to countries which have a high number of migrants in the UK. Some countries with a large number of migrants in the UK, including Pakistan and Bangladesh, have seen remittance inflows increase in 2009, possibly because migrants abroad are sending back a higher proportion of their lower incomes to their families back home, who may be suffering even more than they are.

**Table 5: Remittance flows to the top ten countries of birth of foreign nationals in the UK, 2007–2009 (USD millions)**

	2007	2008	2009*
<b>India</b>	37, 217	51,581	47,000
<b>Poland</b>	10, 496	10,727	8,500
<b>Pakistan</b>	5,998	7,039	8,619
<b>Ireland</b>	580	643	624
<b>Germany</b>	9,839	11,064	10,431



South Africa	834	823	2,993
Bangladesh	6,562	8,995	10,431
United States	2,972	3,049	2,993
China	38,791	48,524	46,989
Jamaica	2,144	2,180	1,921

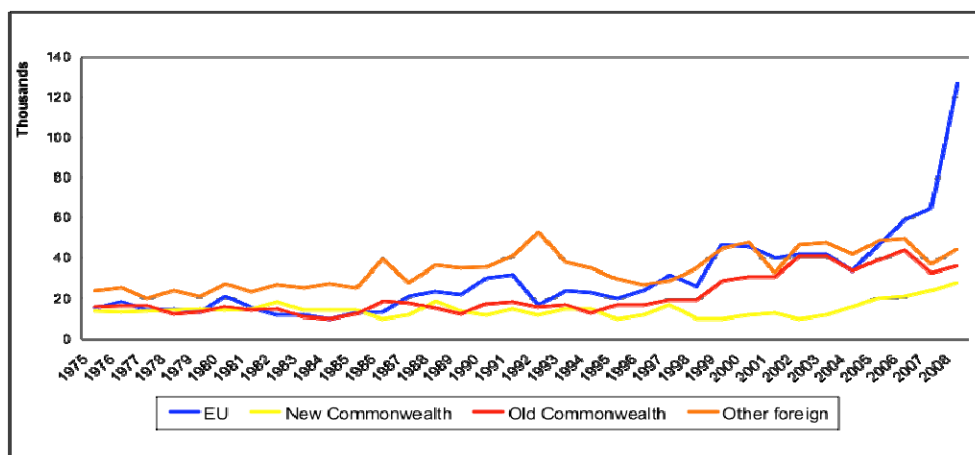
\*Estimated figures.

Source: World Bank, 2009.

## Return migration

Available data (Figure 5) show that emigration by foreign nationals rose by 50 per cent in 2008 (ONS, 2009). It is likely that economic conditions in the UK drove some of this outflow, though our research (Finch et al., 2009) suggests that return migration is largely driven by personal and family factors and the satisfactory completion of the “migration experience”. Onward migration is more influenced by economic opportunities. An important element of increased remigration was a big return movement by A8 nationals, which more than doubled from 25,000 to 66,000 in 2008. Although some of this movement can be attributed to the fact that many A8 nationals migrating to the UK identify themselves as “temporary migrants” (Finch et al., 2009),<sup>85</sup> the downturn in employment prospects is likely to be a factor.

**Figure 5: Emigration by country of citizenship, 1975–2008**



Source: Office for National Statistics, International Passenger Survey.

## Social protection and access to benefits

The proportion of foreign-born people claiming benefits is similar to UK-born, as shown by the figures in Table 6, which looks at the take up of various benefits by migrants by different groups in 2004 and 2009 (question was not included in the survey before 2003). As expected, there has been some rise in the percentage of people claiming unemployment benefit, reflecting the different states of the economy in 2004 and 2009. But there is

<sup>85</sup> Finch, T. et al. (2009) Shall We Stay or Shall We Go?, IPPR.

nothing here to suggest that people born overseas have been disproportionately hit by joblessness.

**Table 6: Proportion of population claiming benefits by country of birth, 2004 and 2009**

Type of benefit	UK-born		EU14-born		Other foreign-national	
	2004	2009	2004	2009	2004	2009
None	74.8	71.4	71.5	71.0	69.9	68.2
Unemployment	0.9	1.7	1.1	1.3	1.6	2.1
Income support	3.4	2.7	4.6	2.7	5.8	3.9
Sickness or disability	5.1	5.0	5.4	3.6	4.2	3.5
State pension	7.8	8.7	9.8	9.4	5.5	4.7
Family related	0.1	0.3	0.1	0.8	0.2	0.5
Child benefit	12.0	12.5	12.9	13.7	17.0	18.9
Housing benefits	4.0	4.8	5.7	5.0	7.1	6.9
Tax Credits		9.3		8.7		13.3
Other	0.4	1.3	0.4	1.4	0.9	1.3

*\* Figures do include tax credits in 2004 as these were not recorded in that year. Figures are un-weighted and should be treated as estimates only.*

*Source: Labour Force Survey and authors' calculations.*

Most migrants, however, have “no recourse to public funds”, which means they cannot claim the following:

- income-based jobseeker's allowance;
- income support;
- child tax credit;
- working tax credit;
- a social fund payment;
- child benefit;
- housing benefit;
- council tax benefit;
- state pension credit;
- attendance allowance;
- severe disablement allowance;
- carer's allowance;
- disability living allowance;
- an allocation of local authority housing;
- local authority homelessness assistance;
- health and pregnancy grant; and
- income-related employment and support allowance.

Migrants can claim the following work-related benefits (although they do not always do so):

- contribution-based jobseeker's allowance;
- incapacity benefit;
- retirement pension;
- widow's benefit and bereavement benefit;
- guardian's allowance;
- statutory maternity pay;
- maternity allowance; and
- contribution-related employment and support allowance.<sup>86</sup>

**Table 6: Proportion of population claiming benefits by country of birth, 2008**

	UK-born (%)	Foreign-born (%)	Foreign national (%)
Unemployment	1	1	1
Income support	3	4	2
Sickness or disability	5	4	1
State pension	8	5	2
Family-related	0	0	0
Child benefit	13	17	9
Housing benefits	5	7	3
Tax credits	10	12	6
Other	1	1	1

*Source: Department for Work and Pensions, 2009.*

The most controversial change to entitlement in this area involves the decision not to increase all asylum support in line with inflation for 2009/2010.<sup>87</sup> Under these changes, support rates for asylum-seeking children, couples, and young adults aged 18–24 were increased by 5.2 per cent, based on the September 2008 Consumer Price Index (in line with previous practice). However, support rates for adult lone parents and single asylum-seekers over 25 years were not changed. In previous years, all asylum support rates have been increased in line with inflation. At the same time, the government announced it was reducing weekly support for new applicant single asylum-seekers aged 25 or above (excluding lone parents) from GBP 42.16 to GBP 35.13.

The change was justified on the basis that: “All asylum applicants have access to rent free accommodation with utilities included. Therefore the essential living needs of supported asylum-seekers do not change on the 25<sup>th</sup> birthday.”<sup>88</sup>

Some sections of the press reported that this change was linked to the economic crisis and a UK Border Agency (UKBA) spokesperson was quoted saying: “In view of the difficult

<sup>86</sup> See <http://www.ukba.homeoffice.gov.uk/while-in-uk/rightsandresponsibilities/publicfunds/>

<sup>87</sup> The Asylum Support (Amendment) (No.2) Regulations (July 2009).

<sup>88</sup> Explanatory Memorandum to the Asylum Support (Amendment) (No.2) Regulations (July 2009).

economic climate, support rates were reviewed this year to ensure that essential living needs of asylum-seekers could be met within budgetary constraints” (*Daily Mail*, 2009).<sup>89</sup> These changes to asylum support have been widely condemned by refugee and migrant-supporting agencies.

Another issue that has been recently highlighted has been the lack of a welfare safety net for A8 and A2 (Bulgaria and Romania) migrants. A8 workers need to be working and registered under the Workers Registration Scheme for 12 months (or prove they have been working for 12 months self-employed) before they can access most benefits and social support, though they are eligible for in-work benefits such as tax credits.

There are some signs that applications for support are growing. In its latest Accession Monitoring Report, UKBA confirms that applications for Income Support and Jobseeker’s Allowance more than doubled from 3,007 in the first quarter of 2008 to 6,732 in the equivalent three months in 2009 (with those going on for further consideration equalling 918 and 1,797 respectively).<sup>90</sup> Though these are very low numbers compared with the total number of claimants, it suggests that more A8 migrants are suffering in the downturn.

More worryingly, various surveys and studies have suggested that up to 25 per cent of rough sleepers in London, for example, are from the A10 countries (A8 plus Cyprus and Malta). These people usually have not been able to maintain formal work for 12 months, so they lack resources and are not eligible for assistance from local authorities.<sup>91</sup>

## **Integration, anti-xenophobia, and anti-discrimination measures**

The key policy instrument for encouraging greater integration is the UK’s new pathway to “earned citizenship”. Under the proposals contained in the Borders, Citizenship, and Immigration Act 2009, there are now three stages to citizenship:

- temporary resident (five years);
- probationary citizen (minimum of one year);
- British citizen.

In proposing these changes the government made much of the fact that access to the full range of benefits would be dependent on migrants moving into citizenship. The clear intention here is to address public concerns that immigrants gain “British rights” without taking on the “responsibilities” of being a British citizen.

There are now proposals to strengthen this further through a points system. Extra points (and thus a faster pathway to citizenship) would be rewarded to migrants for:

- economic contributions;
- high skills or qualifications;
- “active citizenship” (e.g. volunteering in the community);
- English language proficiency.

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<sup>89</sup> Read more: <http://www.dailymail.co.uk/news/article-1203158/Asylum-seeker-payouts-cut-officials-admit-generous.html#ixzz0XD3KjnUL>

<sup>90</sup> Information from UKBA Accession Monitoring Report May 2004-March 2009.

<sup>91</sup> [http://www.islington.gov.uk/DownloadableDocuments/HealthandSocialCare/Pdf/dclg\\_guidance\\_A8\\_and\\_A2\\_migrants.pdf](http://www.islington.gov.uk/DownloadableDocuments/HealthandSocialCare/Pdf/dclg_guidance_A8_and_A2_migrants.pdf)

On the other hand, points could be removed and citizenship withheld or delayed for:

- breaking the law;
- committing anti-social behaviour.

The government has explicitly linked the points system for citizenship to economic conditions:

“A points based test for citizenship will give the government more control over the numbers of people permitted to settle here permanently, allowing the bar for settlement to be raised or lowered depending on the needs of the country and the economy.”<sup>92</sup>

There are myriad initiatives to promote integration of migrants at the local level. However, it is perhaps worth noting that the largest pot of funding to support local authorities is the GBP 70 million Migrants Impacts Fund administered by the Department of Communities and Local Government, which is designed “to support communities in managing local pressures from migration.”<sup>93</sup> Funding has been made available in recognition of the fact that high levels of migration into some communities has put pressure on local services and infrastructure, but the fund is paid for by a levy on migrants and is not accompanied by any equivalent funding streams to support migrant community groups, as happened in the past.

Discrimination in the workplace, in housing allocation, and in social situations has been much documented (see for example Kofman et al., 2009). This might be expected to increase during an economic crisis, but no additional measures have been taken by the government. Of course, specific measures to protect migrant workers against wage cuts or job loss would be politically impossible if there was any suggestion they were being advantaged over UK-born workers.

## **Policy responses**

There have been many other migration-related policy changes over the last 18–24 months while the recession has been underway, and it is our view that these policies, having been made in the context of the crisis, have almost certainly been shaped by it. The changes can be classified in three groups:

- changes to admissions policy;
- policies which address the public service impacts of migration;
- border management and returns.

### **Admissions policy**

The main change in the management or control of non-EEA economic migration in the last few years has involved the dismantling of the more than 80 previous routes of entry and replacing them with just five.

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<sup>92</sup> UKBA press release August 2009, <http://www.bia.homeoffice.gov.uk/sitecontent/newsarticles/2009/august/pbs-for-citizenship?area=Citizenship>

<sup>93</sup> DCLG notice March 2009, <http://www.communities.gov.uk/news/corporate/1180107>

- Tier 1 - highly skilled;
- Tier 2 - skilled with a job offer;
- Tier 3 - temporary entry for the low-skilled (currently closed);
- Tier 4 - students;
- Tier 5 - temporary entry not for work (e.g. for training).

Tiers 1 and 2 are potentially the most responsive to changing labour market conditions, as they are the “points based” parts of the system, whereby potential migrants are granted points based on their characteristics, such as education, age, and skills, which the government can adjust up or down as they wish to control the numbers of people eligible to migrate. Tier 2 is especially flexible with two “routes of entry” within it – a basic route whereby if a job cannot be filled in the UK labour market an employer can look to migrants, and a route which avoids this need to recruit domestically first. This only happens when a skill is assessed to be in shortage in the UK, and as being capable of “sensibly” being filled through migration. This assessment is undertaken by the Migration Advisory Committee (MAC) an independent group of economists, recruited by and working for the Home Office.

The process of establishing this system continued through the crisis, with no major changes made to the overarching framework. The government has, however, within the parameters of the system, made it more difficult for non-EEA migrants to enter the UK.

- In March 2009, they raised the minimum salary level and qualification level for Tier 1, reducing the numbers of highly skilled who are eligible.
- For Tier 2, they have progressively placed more rules on the advertising of jobs domestically prior to opening them up to the international labour market, first requiring that jobs be advertised in local job centres for two weeks, and then introducing, from autumn 2009, a four-week advertisement period.
- Also, and as is to be expected within a demand-led system, the number of skills being assessed as being in shortage has dropped as labour demand has declined, meaning for example that civil engineers, ships officers, and other occupations have been removed from the skills shortage list for the time being.
- Lastly, the government has also strengthened arrangements for building the domestic skills base to reduce the need for labour migration, and the UK Commission on Employment and Skills is working with the MAC and other agencies in this area. Parallel reforms to welfare, child care, etc. are intended to also boost British people’s ability to enter the labour market, further reducing the need for labour migration.

The key change in this area has been the introduction of the civil penalty system, which has substantially increased penalties (up to GBP 10,000 or two years in prison) for employers who hire irregular workers. Since the Civil Penalty regime was introduced in February 2008, UKBA has issued more than 1,000 fines, totalling more than GBP 10 million (UKBA, 2009). This is a considerable toughening because between 1997 and 2006, only 37 employers were found guilty of offences under previous legislation relating to illegal work.

Given the scale of irregular migration in the UK, even this relative crackdown has done little to reduce levels of illegal working, but some campaign groups have suggested that it has led to greater vulnerability among irregular migrants who are pushed into even more exploitative, clandestine, or even criminal situations (Migrants' Rights Network, 2008).

Early analysis of fieldwork done for a major IPPR project on irregular migration suggests that finding work has become more difficult for irregulars, who are also seeing conditions worsen in some cases. For example, in a survey of 25 irregulars of Chinese origin, 22 respondents felt it had become "much more difficult" to find jobs, and the remaining three said it had become "a little more difficult" to do so. The following exchange between a Chinese and an Indian irregular also gives a flavour of the pressures being faced by irregular migrants.

*Q: So your work has never stopped in England?*

*A: Just this year, it stopped for a while.*

*Q: This year? How come?*

*A: The economy's no good.*

*Q: No projects to work on?*

*A: I've only worked 100 days within these six months. A friend of mine said that he has only worked 70 days in these six months.*

*Q: Has it become more difficult to get work?*

*A: Yes, now it is very difficult time for the illegal migrants, especially to get work is very difficult.*

*Q: When you came here in 2004 than it was easy? And now become difficult.*

*A: At the time was fairly alright but now it has become very hard.<sup>94</sup>*

## **Public services impact**

Three major policy changes have taken place over the recession period. First, the Migration Impact Fund was introduced. Second, in the last few months, the government has issued new guidance to local authorities on the allocation of public housing, encouraging them to give more priority to local people (including long-term resident foreign nationals) and those who have spent a long time on the waiting list (including long-term resident foreign nationals). Third, some rights and access to public services have been removed for non-citizens and migrants without permanent residence. This includes access to certain social security benefits and social housing tenancies and increases in the cost structure for tertiary education (British students pay less than foreign students to attend university).

## **Border security and returns**

Last, the government has put in place a number of measures to strengthen border security, to try to ensure that the policies which select the migrants the UK wants have meaning at the border. Most significant at the structural level has been the establishment of the UK Border Agency, a single agency combining borders and immigration, which is intended to make border operations more efficient. Measures have also included more "juxtaposed controls" and UK immigration staff based outside the UK, stopping travellers from entering. Visas are required from more and more countries, and the data which need to be

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<sup>94</sup> Interview extracts and survey data from IPPR Irregular Transitions project, forthcoming.

provided to get one have increased, so that now fingerprint records are required. The “e-Borders” scheme has also been introduced, so that passports are now scanned, rather than simply examined.

To complement these measures at the border, other actions have also been undertaken to try to ensure the integrity of migration rules. Sponsors of migrants coming through the points based system are now more regulated, and many colleges have had their right to sponsor students removed (the number of approvals has fallen from 4,000 to 1,800 since the introduction of the Points Based System Tier 4 in 2008). Indeed, the government has temporarily shut down applications for entry through Tier 4 from some parts of China, as so much abuse of the student migration system was suspected.

The government has also made policies on removals much tougher, increasing efforts to remove people who are here without permission and placing increasing emphasis on concluding bilateral return agreements with foreign governments.

Continuing attempts have also been made to encourage voluntary return of both refused asylum-seekers and irregular migrants, often through relatively generous financial packages. For example, the Assisted Voluntary Return package on offer to Zimbabweans is worth a total of GBP 6,000 for vocational training, setting up, flights home, and “reintegration assistance” (UKBA, 2009).

However, there are few signs that removal or return are increasing. In the second quarter of 2009, a total of 15,515 people were counted as having been removed or departed voluntarily from the UK, 3 per cent fewer than in the second quarter of 2008 (15,930) (ONS, 2009). Official figures do not distinguish between voluntary and forced removal and also include people apprehended at the border and subsequently deported.

Finally, foreign nationals are also now required to hold ID cards. More than 75,000 have been issued since they were introduced a year ago. UK nationals are not required to carry ID cards, and the introduction of ID cards on a voluntary basis has slowed.

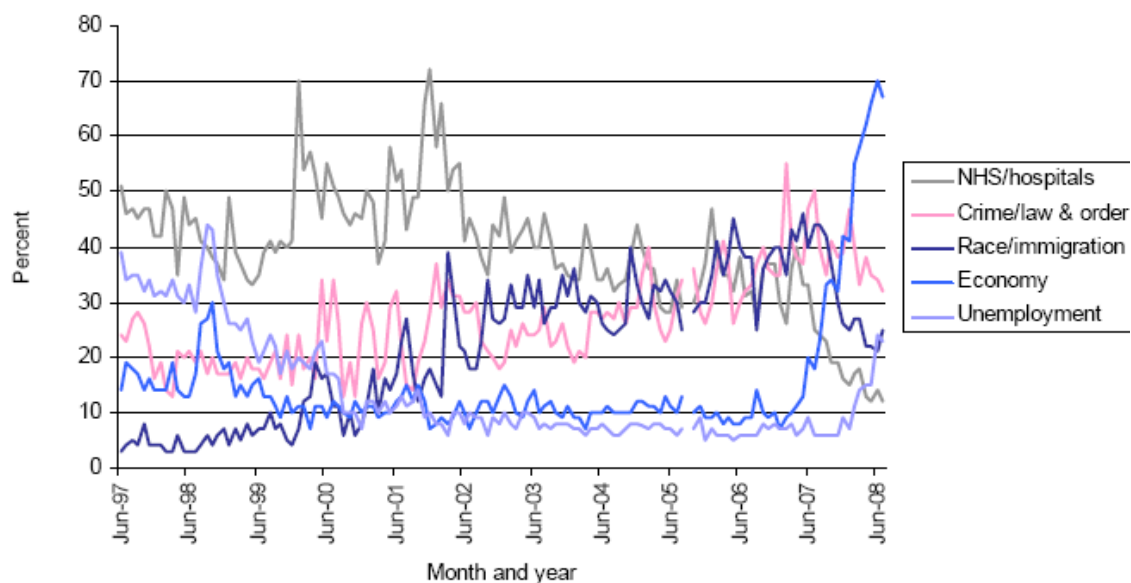
## **Public opinion**

Early in 2009, the outbreak of “wildcat” strikes under the slogan “British Jobs for British workers” raised concerns that a public backlash against migrants because of the recession would be acute.

In fact, although migration remains an issue of high salience in the public discourse, polling evidence (Figure 6) suggests concern about migration levels peaked in 2007, and that the recession has not increased public worries about migration but instead replaced it.

**Figure 6: Public concern about issues facing Britain, 1997–2008**





Source: Ipsos MORI issues index.

Authors of a recent study on public attitudes concluded that concern about immigration is not directly linked to growing competition for jobs, but more to factors such as negative media coverage, access to services, and community cohesion (Page, 2009). A recently published academic paper (Card et al., 2009) showed that so-called “composition effects”,<sup>95</sup> which are related to changes in society, have a stronger effect on individual attitudes towards immigration policy than conventional economic impacts. Our own recent deliberative workshop research in the West Midlands suggested that public concern about migration is closely related to more general concerns about economic insecurity and the pace of change.<sup>96</sup> Another issue that has been driving public concern about migration in the UK in the last year or so has been projections about future population growth.<sup>97</sup>

We would conclude that the impact of the economic crisis has not been as big a factor in negative public opinion on migration as may have been expected.

## Conclusion

An economic crisis of the scale the UK has experienced in the last two years is inevitably going to impact on migration, particularly as migration had surged during the long boom period. The main impacts have been a significant drop in net migration; a substantial increase in emigration (especially return migration by A8 migrants); and a noticeable drop in applications to come to the UK to work and in registrations to work. There is some evidence that migrants have been hit harder than UK-born workers during the recession, but this is perhaps not as strong as may have been expected. While public disquiet over immigration remains very high, and some suggest that the targeting of migrants for discrimination and abuse is increasing, there are no significant signs that this is reaching critical levels. Put simply, there are many issues facing migrant communities in the UK

<sup>95</sup> Concerns about compositional effects relate to positive or negative answers to questions about shared customs and traditions, different religions, different languages, the enrichment of cultural life and social tensions.

<sup>96</sup> IPPR facilitated three deliberative workshops in Evesham, Wolverhampton, and Birmingham during September/October 2009 with a total of 57 members of the public selected for their scepticism towards immigration.

<sup>97</sup> See ONS, 2009, available at <http://www.statistics.gov.uk/pdfdir/pprojn1009.pdf> and You Gov poll for Optimum Population Trust available at <http://www.optimumpopulation.org/submissions/YouGov11Jul09.xls>

and the economic crisis has certainly not helped. However, it is not clear at present how much it has made things worse.

The government's main response has been to further strengthen its border control measures and to "tweak" the PBS for managing economic migration to make it more restrictive. With unemployment high and demand for labour low, these measures may be sensible, but given that they have also been taken partly for political reasons (to assuage public concern about immigration levels), they may be difficult to reverse when the economy recovers. The British Chambers of Commerce survey referred to previously in this report suggests that dependence on migrant labour remains quite high across many sectors, with almost a third of businesses using migrant workers saying they are dependent on them, rising to just over half in the hotel, restaurant, and leisure sector (British Chambers of Commerce, 2009). In theory, the PBS is designed to respond quite quickly to economic demands, and can be flexible "both ways", that is to say, it can be loosened as well as tightened. The test of that is still to come, as we are still in the very earliest stages of economic recovery in the UK

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