

East-West Migration: EU-15 and Germany

Mitigating the cleavage between the demand of low and highly-skilled labour

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Presentation within the Conference Mobility and Inclusion - Highly-skilled Labour Migration in Europe

Roundtable II East to West European Migration

Heinrich-Boell-Foundation

Berlin, 18/19 February 2010

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Bibliography

0. General remarks

- Data used are mainly from Eurostat Labour Force Survey (LFS), except with some slides for Germany

That means:

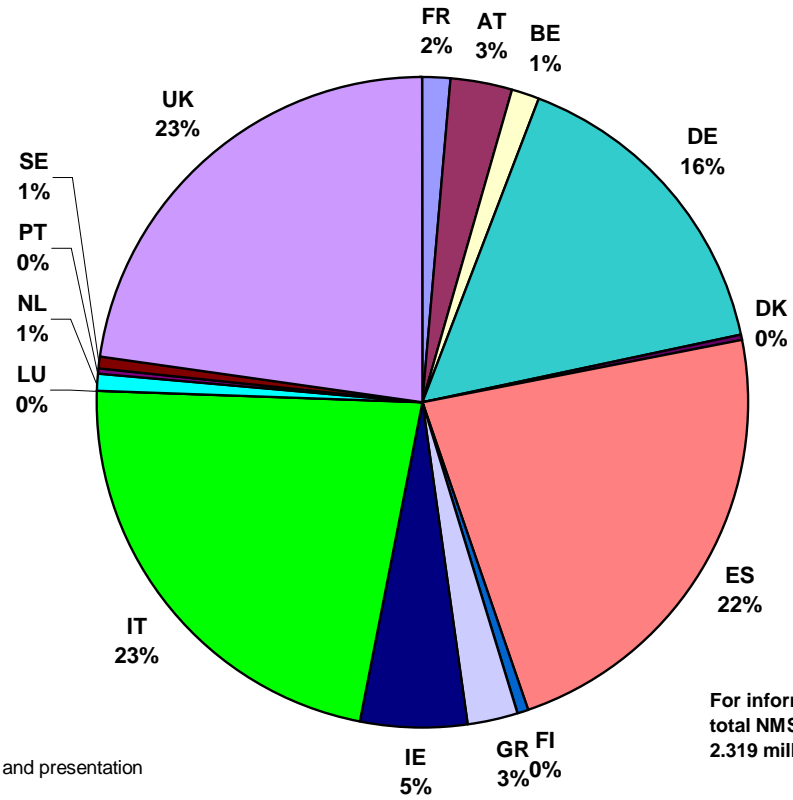
- Only legal,
- Almost no persons without registration,
- Almost no short-term workers;
- Regarding various sources for Germany: one may not directly compare the LFS-data with the data from German statistical sources.

1. Persons from NMS on the labour markets of the EU-15: situation and developments

Distribution of NMS-employed over EU-15 countries (see following slide)

- In 2009: 2.3 mio NMS-employed in EU-15
- 4 main receiving countries in EU-15 (along LFS-data): Italy, UK, Spain, Germany
- but, because of the data source: Germany has presumably much more NMS-employed, since posted workers and seasonal workers are not included
- This is not a “competition” for the highest share; it is, however, necessary to know what we are speaking about

NMS-10 employment* in EU-15 2009 (percentage distribution)



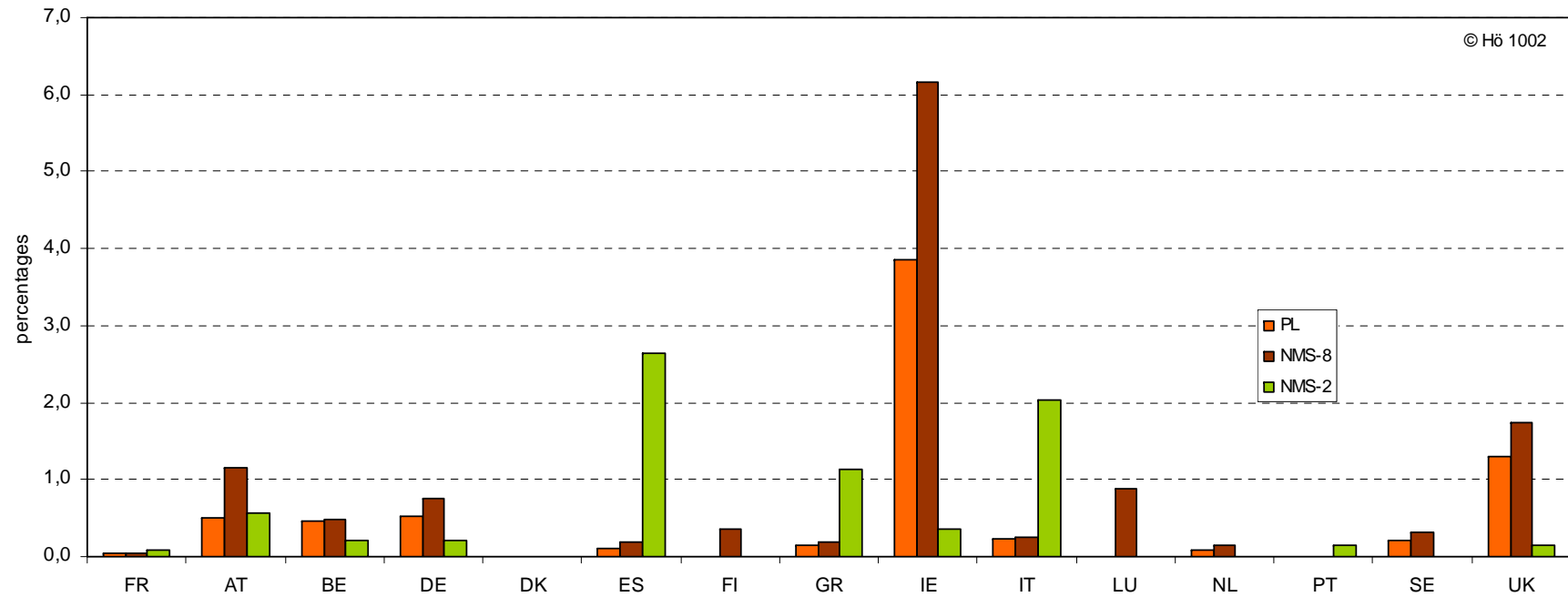
*) employed persons in the age of 15-64
Source: Eurostat LFS, own analysis, calculation and presentation

For information:
total NMS-10 employment in EU-15 2009 =
2.319 millions

Share of NMS-employed in total employment (see following slide)

- The ranking here is: Ireland, Spain, Italy, UK
- Except Ireland: the share is still quite low
- Germany: the share might be a bit higher (because of the fact that some groups are not included here, see above), but despite of that, the share is not much above 1%

NMS-employment* in EU-15-countries - share in total employment
2009



*) employed persons in the age of 15-64

Source: Eurostat LFS, own analysis, calculation and presentation

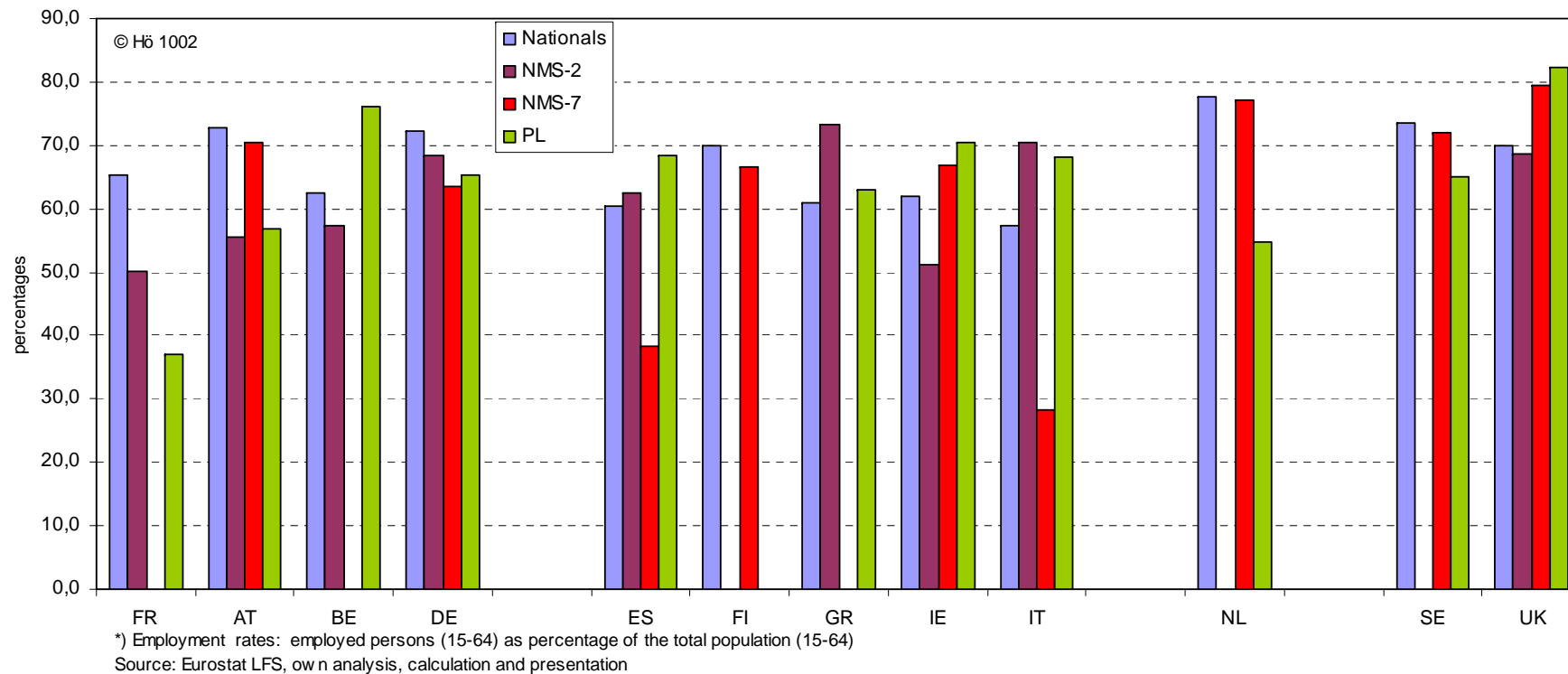
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Employment rates for NMS in EU-15

(see following slide)

- Note: Lower employment rates (ER) are caused by economic inactivity and by unemployment. Economic inactivity may also be participation in education and qualification.
- The ER-differences between NMS and nationals and among NMS vary quite much.
- In general, Poles have a high ER, in some cases (esp. UK, BE, IT, IE, ES) much higher than nationals. But in some cases, there is also a big negative difference (esp. FR, NL, AT). In Germany, the ER for Poles has improved a lot during the last years.
- The ER-performance for NMS-2 is often worse than for nationals and for Poles, except for GR and IT. Regarding Germany, LM-integration also of NMS-2 seems to develop positively.
- Background: a durable LM-integration is connected with a “positive” sector-structure of the employment. In Italy and Spain, NMS-2 are to larger extent employed in construction. And construction is very sensitive for economic cycles.
- Question: is there also a connection with qualification structure?

Employment rates* for NMS in EU-15 countries
2009



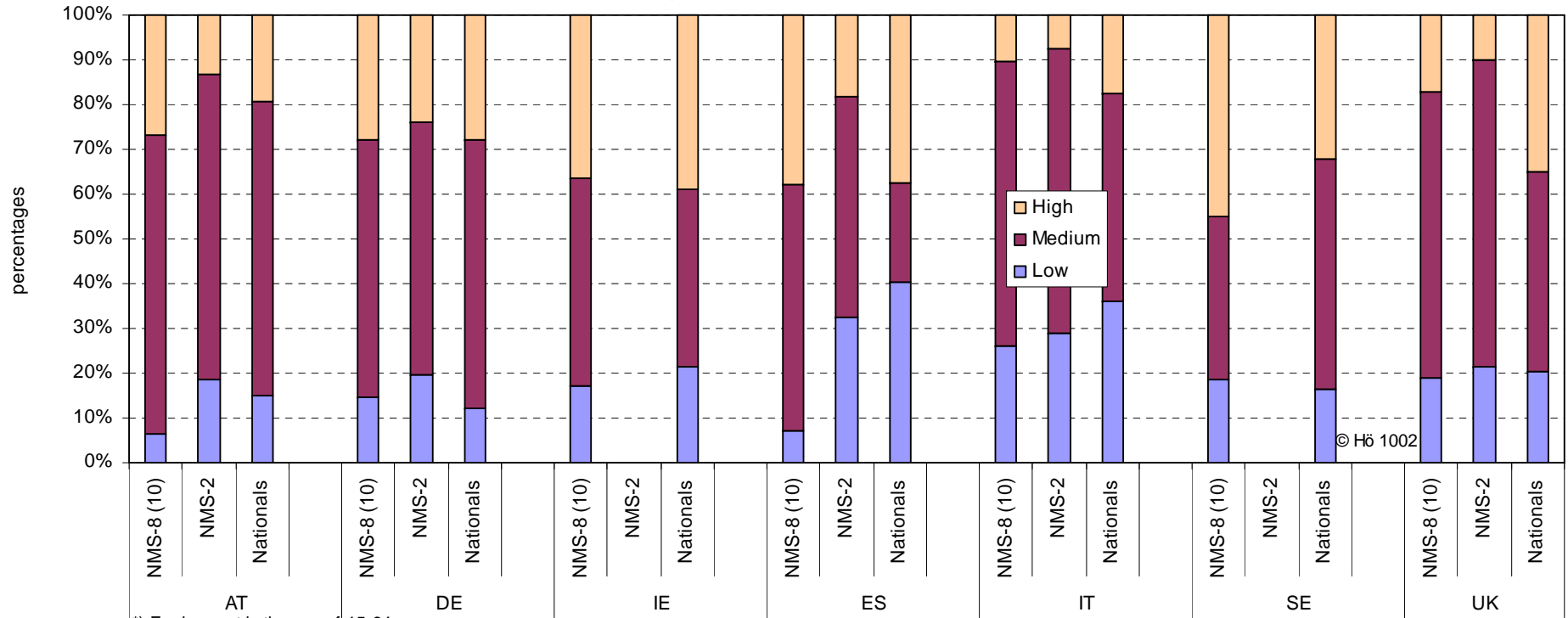
Note: For EU-15 countries not presented here and for missing columns, rates cannot be given because of sample error reasons.

NMS-employment in EU-15: qualification structure

(see following slide)

- The picture of the NMS-qualification structure has changed quite a lot during the last years, especially in Germany. Here, the share of highly-qualified is meanwhile as high as for nationals.
- As for Ireland, the qualification-structure for NMS-8 is identical with that of nationals, with a very high share of highly-qualified.
- In Sweden, more than 40% of NMS-8 are highly qualified 10%p more than for nationals. SE provides free access to the LM. But actually, the access is controlled by the LM-actors (employers, trade unions) by mutual consent. So, NMS have access mainly to jobs for (highly-) qualified.
- Example UK: with NMS-8, low share of highly-qualified, but good LM-performance.
- Example AT: higher share of highly-qualified NMS-8, but worse LM-performance.

**NMS-employment in selected EU-15 countries:
Qualification structure 2009**



*) Employment in the age of 15-64

Source: Eurostat LFS, own analysis, calculation and presentation

Note: For EU-15 countries not presented here and for missing columns, values cannot be given because of sample error reasons.

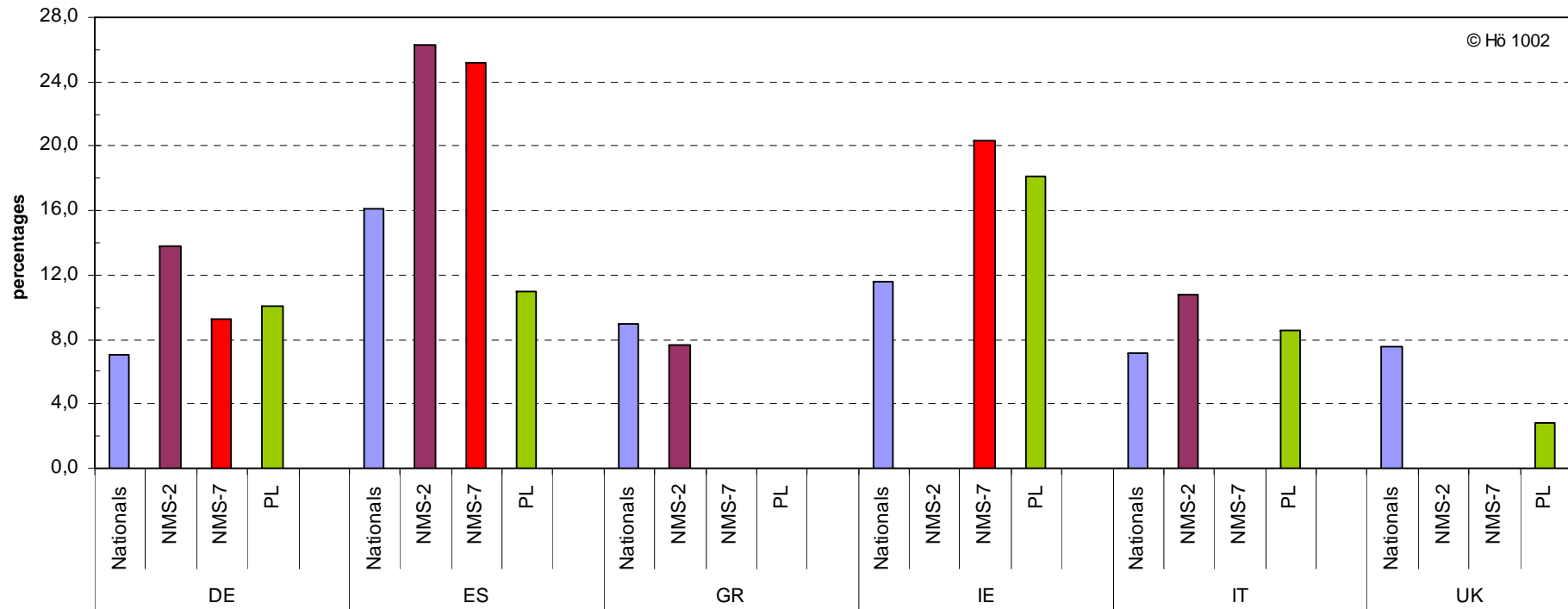
Unemployment rates (UR) for NMS in EU-15

(see following slide)

- In the majority of the country cases shown here, the UR for NMS is higher than for nationals. Exception: GR and esp. UK
- Poles have a lower UR than other NMS.
- NMS-2 and NMS-7 are very much affected by the present economic crisis.
- In Germany, the UR for Poles decreased a lot during the years after the enlargement (see the literature)

Unemployment rates for selected citizenships in EU-15 countries 2009

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Unemployment rate: unemployed (15 - 64) as share in the labour force (unemployed + employed; 15 - 64)

Source: Eurostat LFS, own analysis, calculation and presentation

Note: For EU-15 countries not presented here and for missing columns, rates cannot be given because of sample error reasons.

1.3 Intermediate summary (1): LM-performance of NMS in EU-15

- Poles seem to be better integrated into the LM than other NMS. An explanation for this might be that during five years after the enlargement they found their place in the economy in general. Their employment is no longer concentrated on certain sectors and jobs. Their qualification structure has improved.
- NMS-2, in the main receiving countries like Italy and Spain, are especially employed in construction and on other jobs with less demand for medium or higher qualification. Therefore, they are hit by the present economic crisis.
- In a similar way, that is the case also for NMS-7, which mainly might be constituted by workers from Baltic countries.

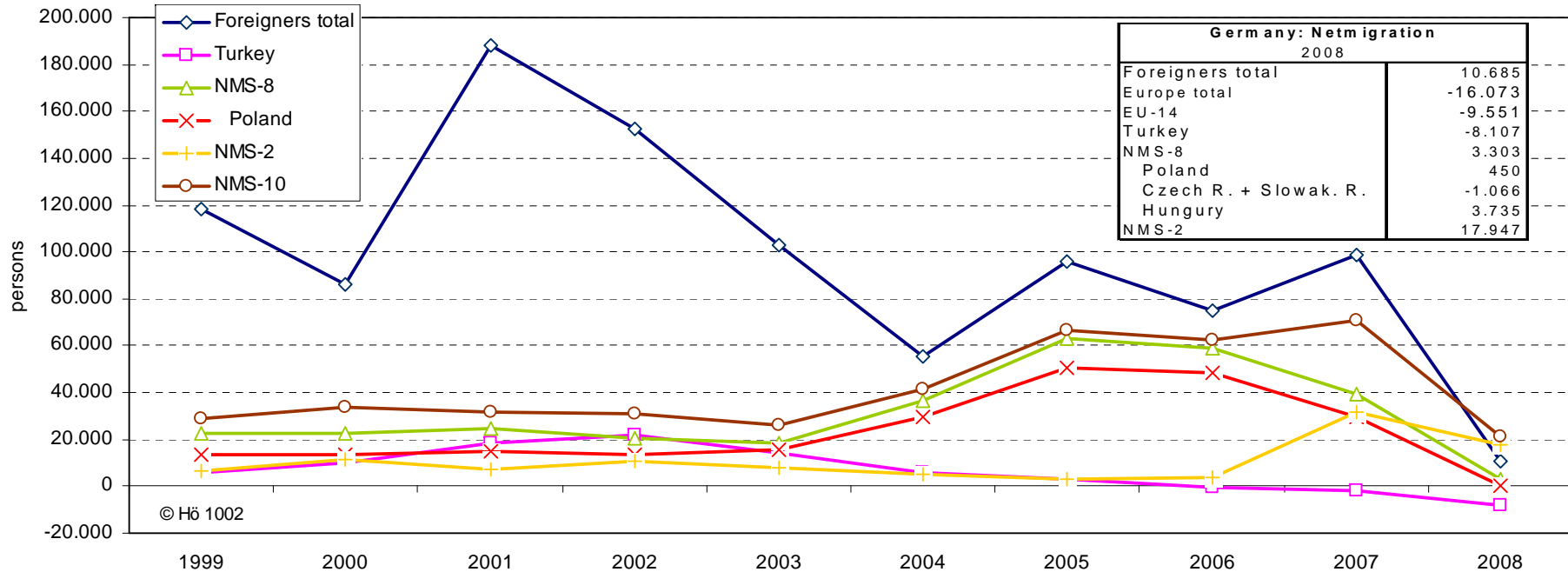
2. The labour market situation of NMS in Germany

2.1 Migration and development of employment

Net-migration to Germany

- Net-immigration of foreigners has diminished almost to zero.
- There was a positive reaction of Polish immigration after the enlargement. But that has changed. Poles are returning or they go to other countries with free access to the labour market (deviation effect).
- Also with NMS-2, there was a slightly positive enlargement effect in the year 2007. But also here, net-immigrations seems to be decreasing.
- Migration data for 2009 are not yet available. It will be interesting how the further process of NMS-migration to / from Germany will go on. The hypothesis is that we will follow a normalisation development, in the direction that especially Poles will – on a lower level – increasingly go again to Germany during the next years, especially from 2011 onwards (fall of the access barriers to the German LM). The deviation effect will disappear.

**Germany: net-migration of foreigners to resp. out of Germany
by selected countries of origin resp. destination
1999 - 2008**



NMS-8: Estonia., Latvia, Lithuania, PL, CZ, SR, Slo, HU;

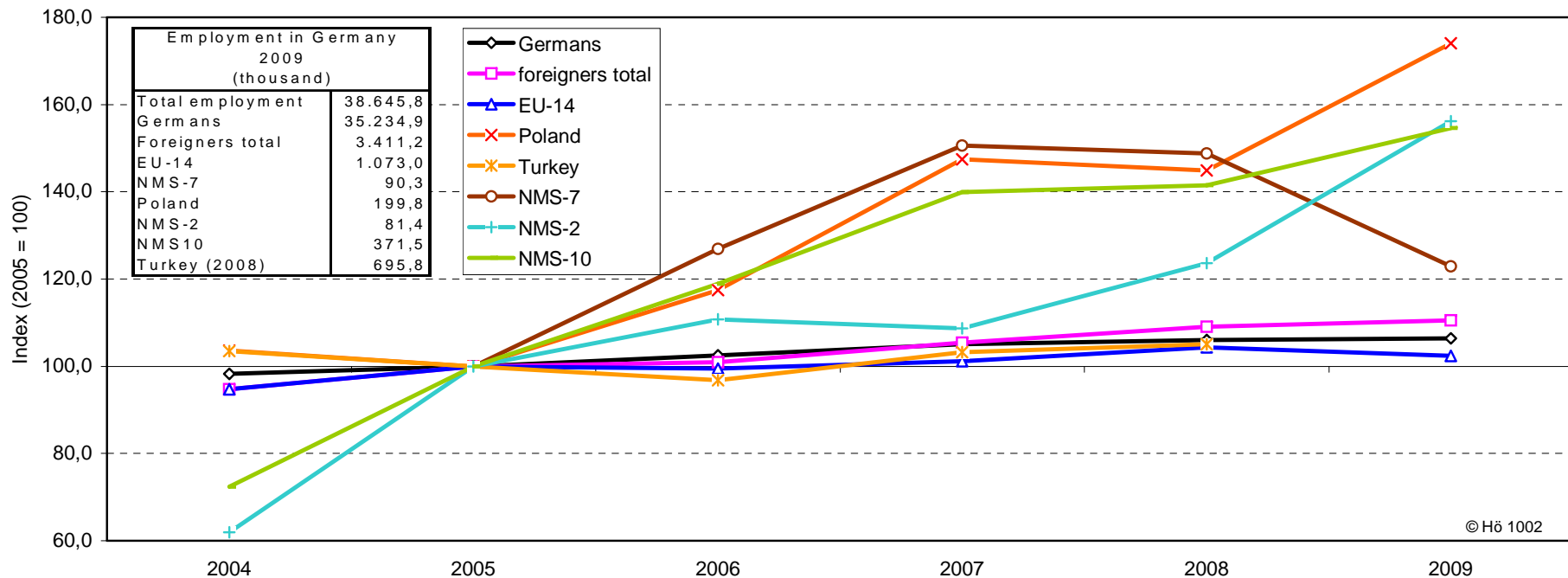
NMS-10: NMS-8 + BG + RO

Source: Federal Statistical office (migration statistics); own calculation and presentation

Employment development of NMS in Germany (see the following two slides)

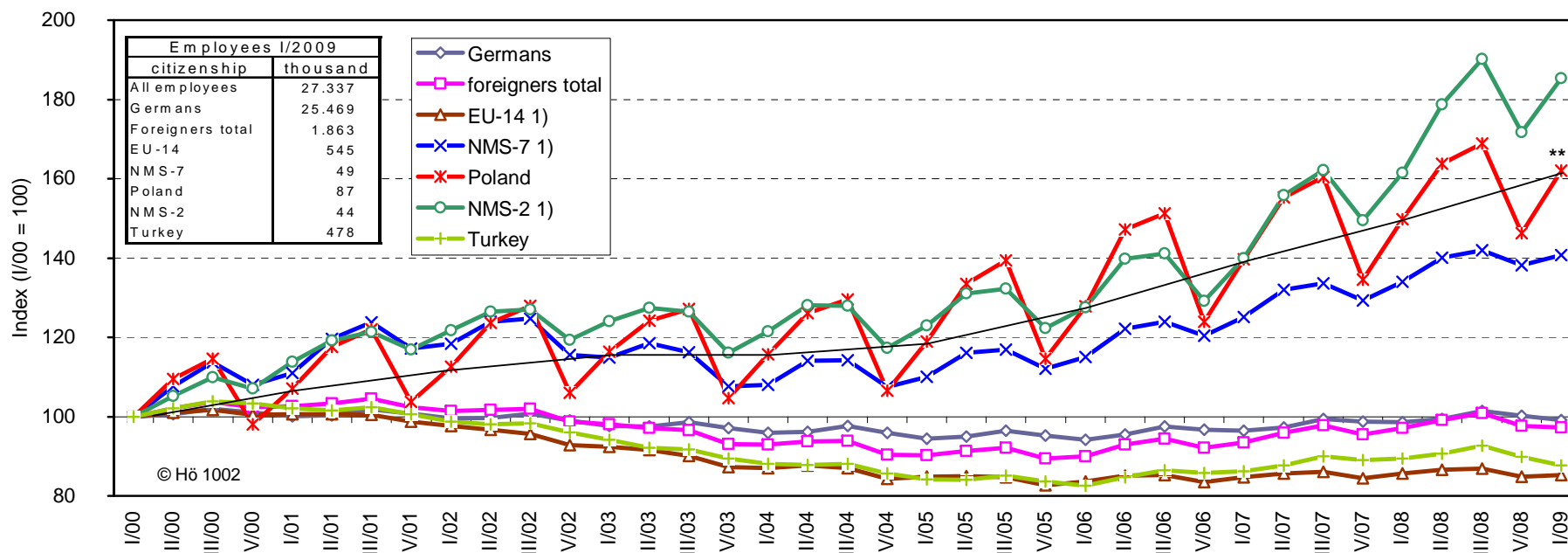
- Latest employment data (LFS-based and German statistics) seem to confirm the hypothesis of a disappearing of the deviation effect for Poles.
- There is also a clear increase of NMS-2-employment after 2007 (EU-enlargement by BG and RO).
- The number of NMS-10 employment reached now a level of more than the half of Turkish employment.
- NMS-employment is still to a larger extent seasonal!
- Note: the data of the two slides cannot directly be compared (see above, general remarks).

**Employment development in Germany by selected citizenships
2004 - 2009
Index (2005 = 100)**



Note: employment 15 years and older; 2004: NMS-8-figures only for PL and HU available, NMS-2 only for RO; Turkey 2009: figures not yet available
 EU-14: EU before 1 May 2004 (without D); NMS-7: Central European NMS as of 1 May 2004 without PL (NMS-8 without PL); NMS-2: NMS as of 1 January 2007; NMS-10: NMS-8 + NMS-2
 Source: Eurostat Labour Force Survey; own analysis, calculation and presentation

**Short-term employment* development in Germany by selected citizenships
2000 - 2009, Index (I/2000 = 100)**



*employees (compulsory members of the social security system); development by quarters (at the end of quarter)

1) EU-14: EU as before 1 May 2004 (without D); NMS-7: NMS as of 1/5/2004 (without MT and CY, and without PL); NMS-2: NMS as of 1/1/2007 (BG + RO)

** thin black line for Poland: seasonally adjusted

Source: Statistics of the Federal Employment Agency, so-called employee statistics; own calculation and presentation

Channels to employment in Germany

(see the following two slides)

- The access for NMS to employment in Germany is in general still restricted (transition period, phase 3), that means until April 30, 2011.
- But there are various legal channels to the labour market:
 1. As “programme” workers: seasonal workers, posted workers, new guest workers, border commuters, housekeepers, students’ holiday employment. This kind of access to employment played an important role already before enlargement, esp. later in the 90s. After enlargement, numbers went down remarkably.
 2. Within the freedom of services (EU): NMS are allowed to establish e.g. their own craft establishments, shops etc. (with some few still lasting limitations during the transition period). Numbers of those establishments are increasing and concentrate on agglomeration areas like Hamburg, Berlin, Rhine-Main, Munich.
 3. Highly qualified: from January 1, 2009, there are actually no limitations to employment.

**Table: Programmeworkers from NMS-8 in Germany
2003 - 2009**

	2003	2004	2005	2006	2007	2008	2009
Posted workers (1)	30.915	22.051	12.114	10.900	8.981	7.109	7.020
<i>among that: Poland</i>	20.727	16.546	10.049	9.026	7.438	5.769	5.678
Seasonal workers (2)	287.448	300.571	290.788	246.224	236.935	201.526	194.059
<i>among that: Poland</i>	271.907	286.623	279.197	236.267	228.807	194.288	187.507
New guestworkers (3)	2.360	1.834	1.419	969	723	318	345
<i>among that: Poland</i>	680	671	606	389	316	154	108
Border commuters (4)	5.314	5.120	5.100	5.300	5.600	6.000	5.400
<i>among that: Poland</i>	589	862	900	850	830	800	840
Housekeepers (5)				2.178	2.671	2.651	1.247
<i>among that: Poland</i>				1.814	2.249	2.254	1.081
Students' holiday-employment		7.805	7.613	7.798	7.114	5.868	5.218
<i>among that: Poland</i>		5.017	5.202	5.869	5.406	4.332	3.870
Total	326.037	337.381	317.034	273.369	262.024	223.472	213.289
<i>among that: Poland</i>	293.903	309.719	295.954	254.215	245.046	207.597	199.084

1) yearly averages 2) placements; incl. showman assistants 3) placements 4) employees (from 2005 onwards: estimation)

5) since February 2002, in different kind of regulation since 2004, data available from 2006 onwards

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Sources: Federal Employment Agency (ZAV and employee-statistics); own compilation and calculation resp. estimation

Craft establishments in Germany with owners from NMS*
2004 - 2008

	Craft establishments with owners from NMS								
	stock 1)					share of NMS-owners in all owners			
	2004	2005	2006	2007	2008	2005	2006	2007	2008
	<i>units</i>					<i>percentages</i>			
Baden-Württemberg	159	818	1.617	1.988	2.224	0,7	1,3	1,5	1,7
Bavaria	1.139	2.949	4.448	5.871	6.522	1,7	2,4	3,2	3,5
Berlin	581	1.833	2.228	2.296	2.179	5,6	6,7	6,9	6,6
Bremen	47	94	129	148	155	1,9	2,6	3,0	3,1
Brandenburg	109	330	527	575	632	0,9	1,4	1,5	1,6
Hamburg	197	688	1.083	1.436	1.670	5,1	7,7	9,8	11,2
Hessen 2)	851	2.846	4.298	5.629	6.484	4,4	6,4	8,2	9,3
Mecklenburg-Vorpommern	16	48	83	93	166	0,2	0,4	0,5	0,8
Lower Saxonia	318	1.313	2.189	2.410	2.490	1,7	2,8	3,0	3,1
NorthRhine-Westphalia	732	2.153	3.585	4.640	5.429	1,3	2,0	2,6	3,0
Rhineland-Palatia	73	641	1.175	1.539	1.322	1,4	2,4	3,1	2,7
Saarland	18	60	84	96	88	0,5	0,7	0,8	0,8
Saxonia	24	203	490	615	598	0,4	0,9	1,1	1,0
Sachsen-Anhalt	4	19	79	83	77	0,1	0,3	0,3	0,3
Schleswig-Holstein	110	294	470	554	592	1,0	1,6	1,9	2,0
Thüringen	10	38	58	63	64	0,1	0,2	0,2	0,2
Germany total	4.388	14.327	22.543	28.036	30.692	1,6	2,4	2,9	3,2

1) at the end of the year (31/12)

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2) for information: Craft chamber Rhine-Main - share of NMS-owners in total = 15,7%

*) new EU-memberstates: up to 31/12/06 NML-10 (incl. Malta and Cyprus), from 1/1/2007 onwards NMS-12 (Bulgaria, Estonia, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus)

Source: Special extraction from statistics of The German Confederation of Skilled Crafts (ZDH), statistics of establishment registration, own calculation.

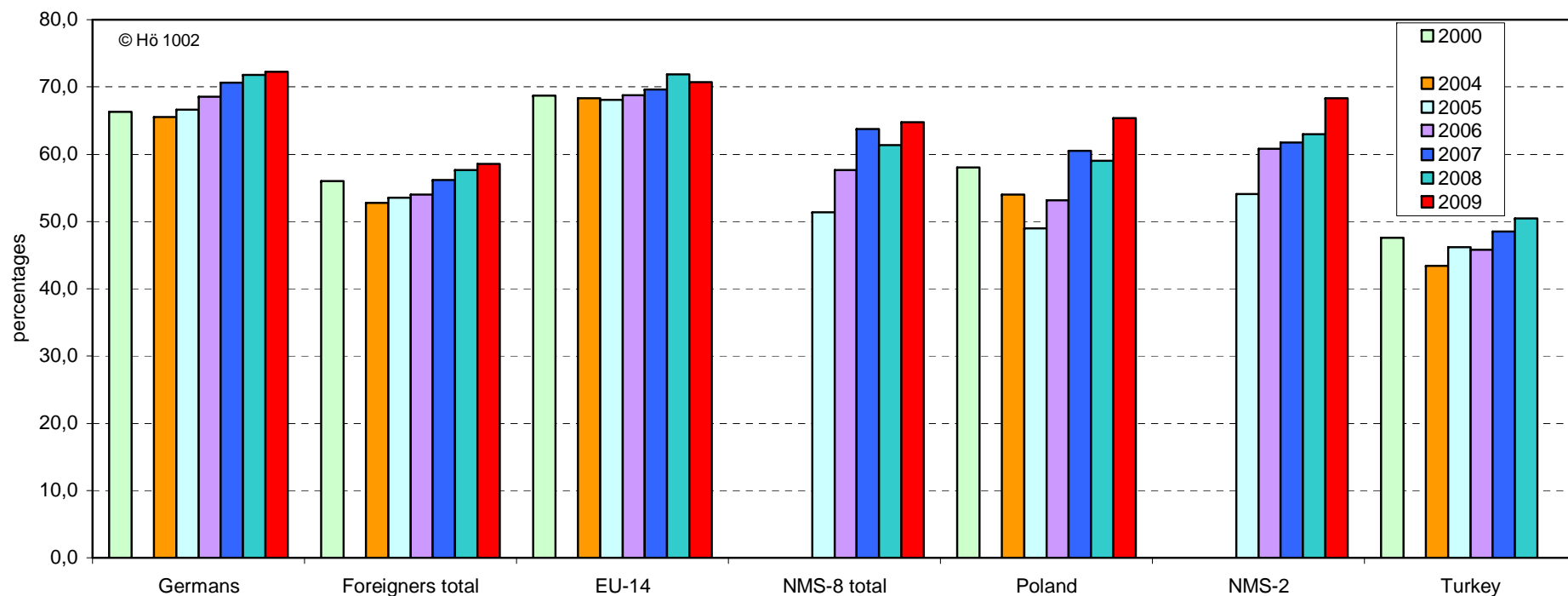
2.2 The labour market

LM-integration: employment rates

(see the following slide)

- The trend is clearly positive over the time, especially for Poles and for NMS-2.
- Also the level of NMS-ER is approaching to that of nationals.

Germany: Employment rates* by selected citizenships
2000 - 2004-2009



*) Employment rates: employed persons (15-64) as percentage of the total population (15-64)

Note: for NMS-8 total and NMS-2 total in 2000 and 2004 no figures available

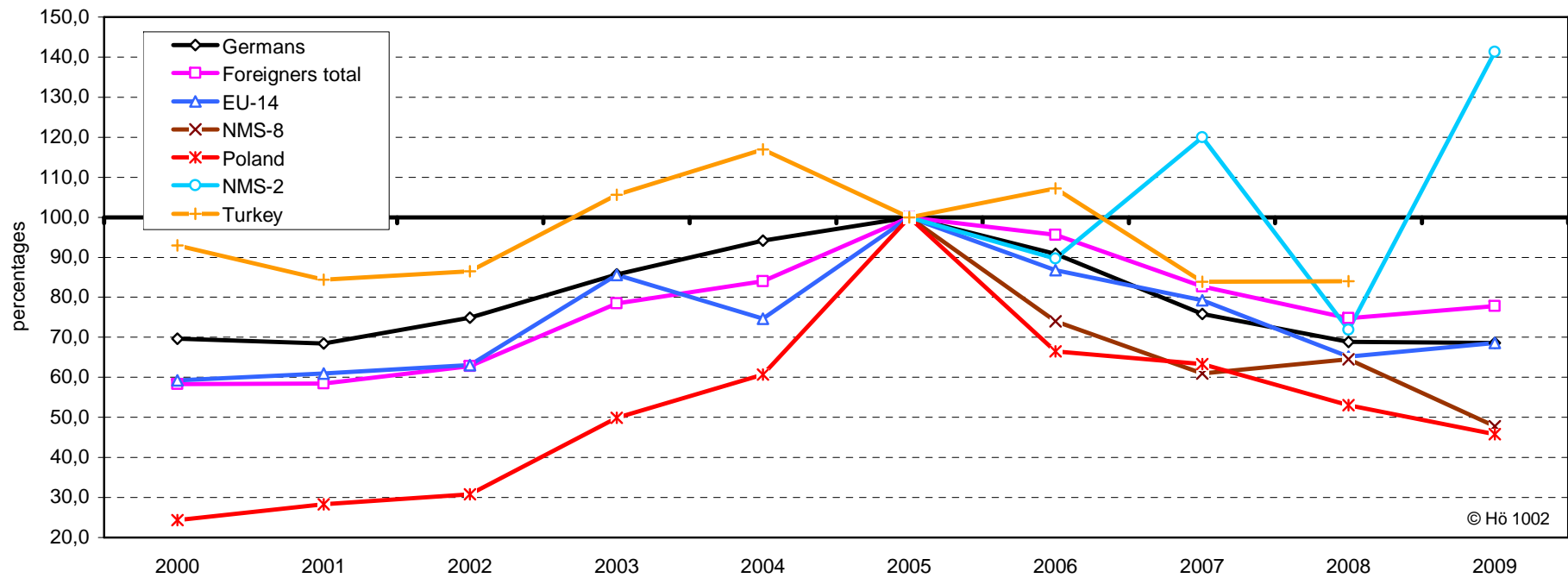
Source: Eurostat LFS, own analysis, calculation and presentation

LM-integration: unemployment and UR

(see the following three slides)

- Unemployment figures for Poles/NMS-8 went down since enlargement by half, despite the present economic crisis.
- The direction of unemployment development for NMS-2 is unclear. They might at present negatively be affected by their employment concentration on economically sensitive branches (limited access to LM and limited information on LM because of few years of experience after enlargement).
- UR for Poles went down by 2/3 since 2005 (similar for all NMS-8). The present UR is somewhat higher than for nationals but much lower than for Turks. An explanation could be that Poles can more flexibly react on changes on the LM, either by occupational or by geographical mobility.
- UR by qualification level: qualification structure esp. of Poles has been improving during the last five years (see slides on EU-15). Easier access to LM for HQ, flexible behaviour and ongoing generally increasing demand for HQ let almost disappear unemployment for Polish HQ.

Unemployment* development in Germany by selected citizenships
2000 - 2009
(Index, 2005 = 100)



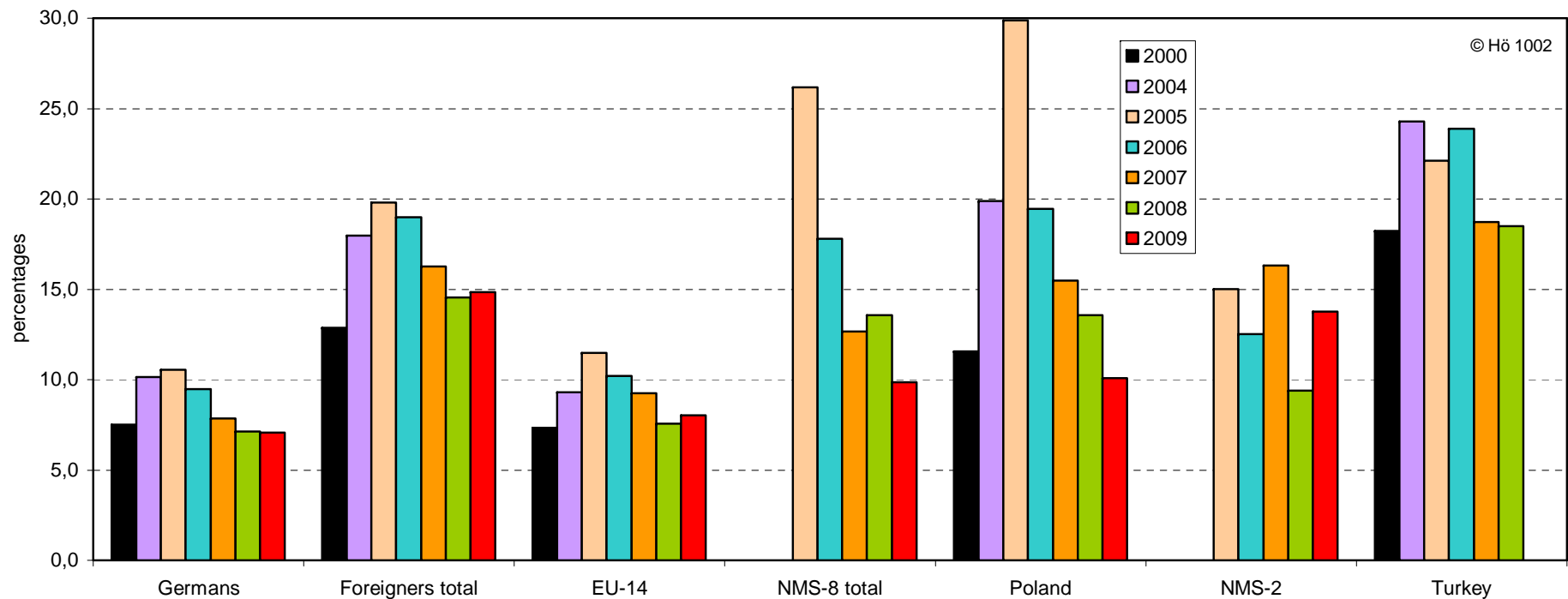
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*) Unemployed in the age of 15 -64

Note: for NMS-8 total and NMS-2 total no figures available before 2005; for Turks/2009 no figures available yet

Source: Eurostat LFS, own analysis, calculation and presentation

**Unemployment rates* in Germany by selected citizenships
2000 - 2004-2009**



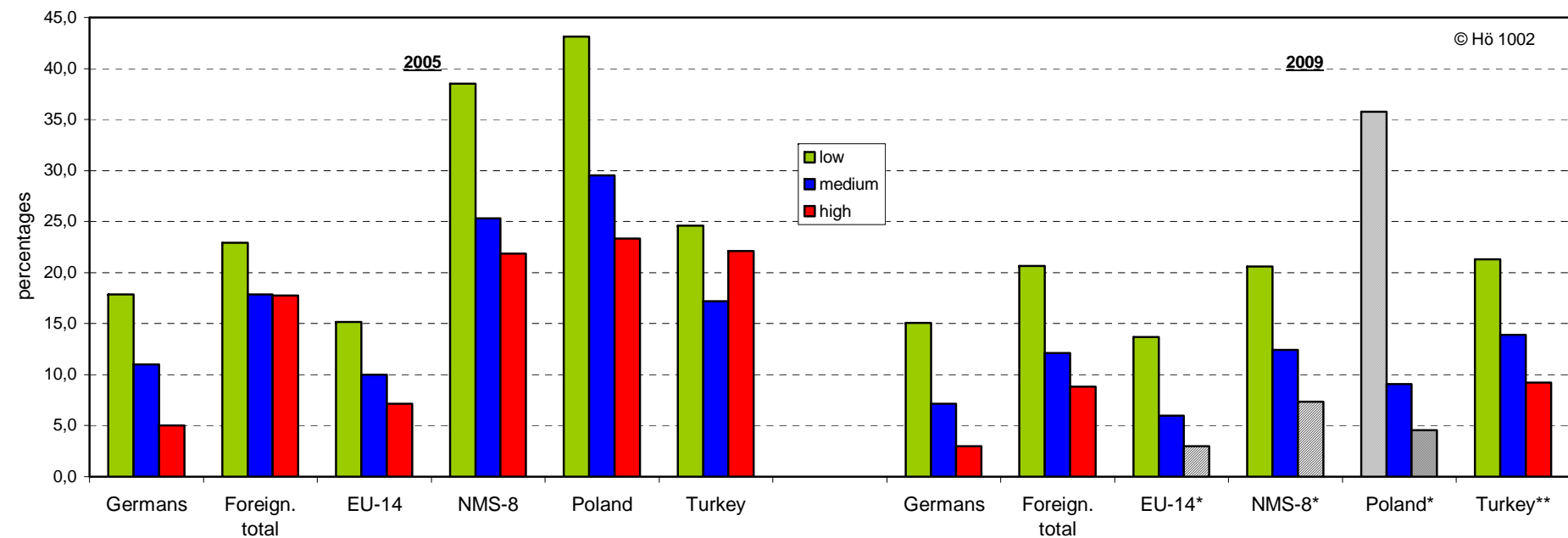
*) Unemployment rate: unemployed persons (15-64) as percentage of the labour force (employed + unemployed; 15-64)

Note: for NMS-8 total and NMS-2 total no figures available before 2005; for Turks/2009 no figures available yet

Source: Eurostat LFS, own analysis, calculation and presentation

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**Germany: Unemployment rates by qualification level
and by selected citizenships
2005 und 2009**



Unemployment rate: unemployed persons (15-64) as percentage of the labour force (employed + unemployed; 15-64)

*) UR for high qualification with relatively high sample error; Poland: UR 2009 for low and high qualification level cannot be shown because of high sample error, the figures presented here are taken from 2008; **) Turkey: data from 2008 (2009 data not yet available)

Source: Eurostat LFS, own analysis, calculation and presentation

2.3 Intermediate Summary (2): LM-development of NMS in Germany

- Clear improvement of the LM-situation of Poles and all NMS-8 in Germany during the period after the enlargement.
- Development for NMS-2 is somewhat unclear. They are too new on the German LM, the access restrictions still have more intensive effects on their situation and ability to behave.
- Unemployment for Polish HQ almost disappeared .
- But: the challenge regarding lasting high unemployment of low qualified remains (in general as well as for NMS/Poles and esp. for Turks).

3. Summary and conclusions

- This is an up-to-date overview about LM-developments of NMS in EU-15 and Germany, using the latest available figures and statistics. It is not an in-depth analysis regarding causes and explanations. No study has been published yet using the information on present LM-performance.
- There are some important studies carried out on LM-effects of eastern EU-enlargement. The results of this overview are in line with the results of these studies, especially regarding
- deviation effects of restrictions of LM-access in some countries; but: the deviation effects are getting less important;
- limited access to LM and “unnatural” concentration on certain branches makes NMS much more sensitive for economic cycle effects;
- LM-performance of HQ; but: it is surprising how positively performed Polish HQ on the German LM during the last few years;
- HQ-workers and with that esp. EU-15-countries profited most from enlargement. Low qualified workers (esp. of the receiving countries) are negatively effected by enlargement.

The main challenge therefore remains: how to mitigate the cleavage between the demand and the LM-situation of low and highly-qualified/skilled labour. It is a question of economic (LM-demand, using internal potential etc.) and social considerations.

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The End! Thanks.

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