

Internal mobility in the EU and its impact on urban regions in sending and receiving countries

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Executive Summary

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Executive summary

This paper investigates the social, economic and territorial effects of cross-border mobility in the EU on sending and receiving countries and urban regions to answer the questions: (1) What are the main, recent trends in cross-border labour mobility in the EU? (2) What are the social, economic and spatial effects of out-migration on countries and regions of origin? What policy implications do these effects have? (3) What are social, economic and spatial effects of in-migration on countries and regions of destination? What policy implications do these effects have? These questions are answered by desk research. To find out more about local impacts of intra-EU mobility and about more recent labour mobility trends, the desk research has been supplemented by the description and analysis of a selection of urban case studies. These case studies are presented in Part 2 of this paper.

Section 2 answers the first research question by offering an *analysis of the main cross-border mobility movements in the EU*. The main reasons for EU citizens moving within the EU are: employment, family, study and retirement. This paper focuses on labour migration as one of the major motives for intra-EU mobility. Over the years the Free Movement rights have been broadened to more categories of EU citizens: Not only do more types of internal migrants (e.g. students, pensioners) receive Free Movement rights, but every enlargement of the EU by the addition of new Member States has also led to an enlargement of the territory relevant to these rights. Intra-EU mobility of EU citizens is also impacted upon by the Services directive. Self-employed persons or workers may sell their services (temporarily) in another EU Member State through a company (of their own) or a placement agency that is established in, for example, the Member State of their nationality.

Most of the recent publications about intra-EU mobility relate to the most recent enlargements: eight Central and Eastern European countries (EU-8) in 2004 and Romania and Bulgaria in 2007 (EU-2). There are two main corridors of East-West mobility: of EU-8 movements to the UK, Germany and Ireland, and of EU-2 mobility mostly to Spain and Italy. More recently, free movement has received a new impetus: since the economic crisis, a modest boost in movement of workers from the crisis-hit countries of the south (Spain, Greece, Portugal, Italy, but also Ireland) to the north (but also to non-EU destinations) has been observed.

Every enlargement of the EU by new Member States has led to political and public discussions and debate about the expected levels of intra-EU mobility and about unwanted and even uncontrollable increases in migration movements between new and old Member States. Currently a similar discussion is taking place in some of the Western Member States about the supposed negative effects on receiving countries with a view to the establishment of full rights of Free Movement for Bulgarians and Romanians at the start of 2014. However, there are reasons to doubt that Western Member States will face a mass-migration from the EU-2 Member States: the limited potential left in EU-2 countries, in combination with the preferred destination being Southern Europe.

Section 3 puts the impact of *migration into its demographic context*. Intra-EU mobility is one type of migration and its impact on the regions depends on other demographic trends. Today, international migration is the most important force behind European population change. Migration and mobility have a significant impact on demographic and labour force developments in Europe. This is clearly shown in an ESPON study (DEMIFER) on the expected impact of demographic trends on regional and urban development between 2005 and 2050. According to



this scenario study, affluent regions, including metropolitan areas in Eastern Europe, will gain on migration, whereas poor and peripheral regions will lose. Migration will be a strong factor increasing regional disparities. Furthermore, regions gaining population (especially the EU15) do so mainly due to immigration by third-country nationals. Intra-European migration will have a greater impact on regions of origin of intra-EU migrants in the CEE countries.

If data on international and domestic migration within countries are combined (for the 2005-2010 period), these show a division between regions in Western and Southern Europe gaining population both internally and externally, and regions outside the metropolitan regions in Eastern Member States losing population internally and externally. If we look at the urban level, the picture again becomes more nuanced; for instance, the metropolitan region around Warsaw has experienced population gain internally and externally between 2005 and 2010. However, the relationship between in-migration of workers and talented young people and urban economic growth and wealth remains relevant.

Section 4 describes and analyses *the impact of intra-EU mobility on countries and regions of origin* (question 2), focussing on countries experiencing significant outflows to other Member States. This section focuses on East-West mobility in the EU, because of the availability of a growing number of relevant studies. Most studies on the impact of emigration deal with the economic effects at the national level. Analysts conclude that mass outflows from the CEE Member States have both economic advantages and disadvantages for these countries, and that overall the economic advantages outweigh the disadvantages.

In general, benefits include a decline in unemployment rates, lower spending on social benefits and other public services, extra capital inflows (remittances) and brain circulation or return. Furthermore, migration experiences function as one of the modernising factors in societies of origin and generate new attitudes towards consumption and entrepreneurship. The emigration from EU-8 and EU-2 Member States was strongly linked to economic restructuring in the context of the transition from a centrally planned economy to a market economy. Emigration also has its economic disadvantages: losing part of their working-age population may have detrimental effects, for instance skill shortages in certain sectors. In the longer term, outflows of part of the working age population may increase the demographic imbalances in ageing societies, and thus may have consequences for the sustainability of social protection schemes.

There is a wide variation in social and economic impacts across the CEE emigration countries, as well as within those countries. For instance, the outflow from Lithuania and Latvia is substantial and emigrants from these countries are often well educated and are inclined to long-term emigration. This emigration has more profound effects than the often temporary emigration from Poland.

High outflows of migrants have territorial effects on countries and regions of origin. Migration - both domestic and international - tends to reinforce regional disparities within countries. The most striking effects of emigration appear to occur at rural level: depopulation of rural areas. In addition, urban shrinkage is highly characteristic of many cities in Eastern Member States, with emigration as only one of the causes. Shrinkage is not a negative



phenomenon as such, but only beyond the threshold at which it endangers the local economic base (“complex shrinkage”).

Countries and regions of origin are confronted with various policy issues regarding emigration. Even though there are regions that view the outflow with great disquiet, governments have few opportunities to stop it. In that case it is better for all parties involved to create conditions to inform mobile citizens, prevent down-skilling, and support the reintegration of returners. Countries of origin and destination are increasingly cooperating on issues that concern them both. More and more countries are investing in their connections with diasporas; this can increase remittance flows and return migration. Promoting economic regeneration of declining regions and cities may dampen the outflow of young people. However, when demographic and economic decline reinforce each other it is difficult to reverse the tide, and cities and regions have to cope with shrinkage.

Section 5 describes and analyses the impact of intra-EU mobility on countries and regions of destination (question 3). First, the economic and labour market effects are analysed. Country studies generally point to economic advantages for the receiving countries and regions. Research shows that labour mobility from EU-8 and EU-2 countries in general has small yet positive fiscal and labour market effects in and on the EU countries of destination. Yet there are also possible negative effects, including malpractices by employment agencies, complaints about unfair wage competition by bogus self-employment, underutilisation of skills and the development of segmented labour markets.

The possible negative effects require attention and action by governments at various levels. The unfair wage competition may arise by a malfunctioning of the free movement of services. Self-employment by nationals from accession countries has been higher in EU-15 Member States where restrictions on the free movement of workers have been tough. As soon as the transition period for the EU-2 comes to an end and workers from EU-2 may move freely, the use of this “immigration door” and its concomitant negative impacts for the receiving countries may decrease. Public authorities and social partners can take steps to combat unfair competition by bogus self-employment, amongst others by awareness raising, inspections and actions when fraudulent practices are uncovered. Policies against labour market segmentation may need to be developed by improving the position of the individual mobile EU citizen by offering language courses and job training facilities.

Housing and territorial effects are another area of obvious impact of intra-EU mobility. The mobile EU citizens arrive not only in big cities but also in villages and rural areas without immigration experience. Another territorial effect is that mobile EU citizens in cities tend to settle in neighbourhoods already characterized by an accumulation of problems, and where migrants from non-EU countries reside. In addition, problems of overcrowding, exploitation, poor quality housing and homelessness are regularly reported by cities.

Housing needs differ for subtypes of mobile EU citizens. To develop a differentiated policy on housing, one has to distinguish between subtypes of intra-EU migrants. Four subtypes of EU migrants from the new Member States can be distinguished: (1) temporary circular migrants, (2) transnational migrants, (3) settlement migrants, and (4) footloose migrants. Problems of irregular and poor housing, including spatial concentrations, overcrowding,



exploitation, poor quality and homelessness, are mostly associated with the temporary circular and footloose EU-8 and EU-2 immigrants. Moreover, these migrants often settle in neighbourhoods characterised by an accumulation of problems and a concentration of migrants from non-EU countries.

Following on from this classification three objectives for future policies regarding houses are: (1) for temporary, circular labour migrants and footloose migrants, there is an urgent need for simple, inexpensive and decent housing; (2) regarding footloose migrants, either to tackle the mechanisms these migrants may encounter, like homelessness and crime, and/or to improve the information on return migration; (3) settlement migrants and transnational migrants have less urgent needs for their accommodation, their social needs are one stage ahead on the integration path.

The impact of inflows of EU citizens goes beyond its effects on labour market and housing, but includes the quality of life and social cohesion. Labour migrants not only represent a ‘workforce’, but many will stay for varying lengths of time and thus become fully-fledged citizens. Cities face the challenge of timely signalling and responding to developments in local society. Main challenges include: ensuring equal access of migrants to mainstream services, safeguarding decent working conditions, fighting discrimination and racism, language training, and building transnational partnerships with areas of origin. A final challenge is to develop strategic approaches and planning in close partnership with other stakeholders. Strategic planning and adequate public services for a diverse and mobile population require adequate knowledge about their composition and urgent issues.

The *concluding section* recapitulates the main conclusions and policy recommendations for European, national, regional and local policy makers to tackle potentially negative effects and to strengthen the positive effects of labour mobility in the EU.

These challenges include the following aspects:

- Attention to the uneven territorial distribution of benefits and burdens of free movement within the framework of the EU social and territorial cohesion policy.
- Controlling the negative effects of intra-EU mobility, including unfair wage competition, malpractices of certain employment agencies, and the exploitation of migrant workers.
- Enhancing the positive effects of labour mobility and reducing the negative effects for migrants as well as for countries of origin and of destination: mobility supporting services and measures to turn brain-drain into brain gain, tackling the problem of down-skilling, fighting the exploitation of mobile EU citizens, etc.
- Establishing decent and affordable housing, social and other services for (temporary) EU migrants. Distinguish between the different needs of different sub-types of migrants. Recognise the integration needs of mobile EU citizens and develop appropriate measures, in cooperation with other stakeholders.
- Improve the knowledge base on mobile EU citizens, to support the development of strategic planning and effective policies, for both regions of origin and of destination.