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EUROPEAN UNION STATES AND MIGRATION OF HUMAN RESOURCES

Abstract

Since 1957 in Europe there is promoted a Unified Internal Market, based on the flow of: goods, services, capital and human resources. Since years, European states, especially the European Union's states adjust their legal regulations in order to make the flow of these four elements of the Unified Market simple and quick. Foreign trade, thus, the flow of the goods and services, in other words, export and import have already been liberalized. However, still the more serious problem concerns the flow of human resources and especially, employing foreigners on the Union's employment market. There appears a problem of migration, based on many reasons, including differences in terms of payment in the European Union's territory. EU-15 states represent an opinion, that the new Union states may cause increase in the unemployment rate and consequently, EU-15 restrict opportunity of free employment in their territories. The goal of this paper is presentation of issues related to migration of people in the world and in the European Union's states with pressure on the new member states whose accession took place in 2004 and in 2007, in these, Polish economy.

Key words: European Union, people migration, Poland, labour cost, emigrants

Introduction

Regulations regarding the (Internal) Undignified Market, that is, freedom of people flow as well as flow of capital, goods and services were described in 1957 in the Rome Treaty. Therefore, states which were candidates to the European Union, since the moment they placed the accession statement they have been able to benefit from rights granted them by the Unified Market. Mostly, they concern freedom in terms of the flow of goods, services and capital. However, the flow of human resources is a very different issue. In the Treaty Establishing the European Community there were removed all obstacles which could restrict the free flow of persons in the European Union's territory. This right is entitled to (Treaty Establishing the European Community, art. 39-42):

- hired employees;
- persons who use the right to set up companies;
- entities providing services in the European Union's area.

This freedom is intended to abolish any discrimination of a nationality of employees from the member states, in terms of employment, emolument and other work conditions. It is interesting, but in any European Union's Treaty, especially, in the Treaty Establishing the European Community, the term 'employee' has not been established. Absence of this definition was closed by the European Court of Justice, stating that the basic feature which must be assigned to a person in order to recognize this person to be an employee, is provision (by this person) services with an economic value personally, or under other person's command, and this provision must bring profits.

The purpose of this paper is presentation of issues related to migration of people in the world and in the European Union's states with pressure on the new member states whose accession took place in 2004 and in 2007, in these, Polish economy.

Regulations regarding the European Union's employment markets

Joining the EU structure does not warrant a full opportunity of work migration. It is an effect of absence of total liberalization in terms of opening the Union's employment markets for the new member states' citizens. Mostly, the contemplated situation concerns the ten states¹ which joined the European Union in 2004. They have to agree on so called: intermediate period. During the period an employee needs to obtain a work permission to work in the territory of the EU-15 states. The intermediate period lasts from two to seven years. Germany and Austria issued the maximal prohibition of work in their territories and consequently, their employment markets shall be liberalized totally after the April 30th 2011. However, for citizens of Romania and Bulgaria, that is, for member states of the European Union since 2007, the employment market restrictions must be abolished as of January 1st 2014.

Table 1. Intermediate periods in the European Union, in terms of freedom of personnel flow for the new member states dated on 2004.

A citizen can be employed since (year)	Czech Republic	Estonia	Lithuania	Latvia	Poland	Slovakia	Slovenia	Hungary
Austria	2011	2011	2011	2011	2011	2011	2011	2011
Belgium*	2009	2009	2009	2009	2009	2009	2009	2009
Cyprus	2004	2004	2004	2004	2004	2004	2004	2004
Czech Republic	X	2004	2004	2004	2004	2004	2004	2004
Denmark*	2009	2009	2009	2009	2009	2009	2009	2009
Estonia	2004	X	2004	2004	2004	2004	2004	2004
Finland	2006	2006	2006	2006	2006	2006	2006	2006
France*	2009	2009	2009	2009	2009	2009	2009	2009
Greece	2006	2006	2006	2006	2006	2006	2006	2006
Spain	2006	2006	2006	2006	2006	2006	2006	2006
Holland	2007	2007	2007	2007	2007	2007	2007	2007
Ireland	2004	2004	2004	2004	2004	2004	2004	2004
Lithuania	2004	2004	X	2004	2004	2004	2004	2004
Luxemburg	2007	2007	2007	2007	2007	2007	2007	2007
Latvia	2004	2004	2004	X	2004	2004	2004	2004
Malta	2004	2004	2004	2004	2004	2004	2004	2004
Germany	2011	2011	2011	2011	2011	2011	2011	2011
Poland	2004	2004	2004	2004	X	2004	2004	2004
Portugal	2006	2006	2006	2006	2006	2006	2006	2006
Slovakia	2004	2004	2004	2004	2004	X	2004	2004

¹ With exception of Cyprus and Malta

Slovenia	2004	2004	2004	2004	2004	2004	X	2004
Sweden	2004	2004	2004	2004	2004	2004	2004	2004
Hungary	2004	2004	2004	2004	2004	2004	2004	X
Great Britain	2004	2004	2004	2004	2004	2004	2004	2004
Italy	2006	2006	2006	2006	2006	2006	2006	2006

* states which still haven't proclaimed their opinions in terms of opening the employment market for the new member states. Estimated time of liberalization is 2009.

Source: own compilation

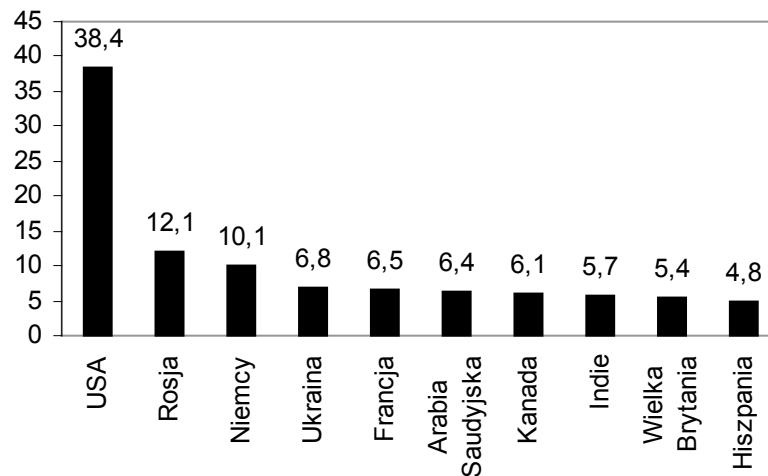
In 2008, states which still haven't decided to open their employment markets for the new European Union's member states are obligated to submit declarations to the European Commission proclaiming their standpoints. Should they fail to submit these opinions, automatically since May 1st 2009 the new EU member states' citizens will be permitted to get vacancies in their territories legally. Until now, two states – Germany and Austria - have decided to keep their employment market closed until May 2011. The German government justifies its decision with trade unions' stand point as they forced the government to make this decision. They are afraid of the increase in the unemployment rate as the German employment market is nearby the new member states. Moreover the German economy would like to obtain highly-qualified employees and for this segment of the economy any barriers shall be abolished. Austria motivates its negative decision in terms of the employment market liberalization in a different way. In this state the unemployment rate shapes at the level of about 4%, thus, a fear of the unemployment rate increase is not the leading determinant. In this case the main role is played by psychological factors like a negative, sceptic attitude of the citizens towards the European Union expansion by the new member states and consequently, fear of the inflow of the emigrants from the new member states. Presently, there are three more states: Belgium, Denmark and France, which haven't opened their employment markets for the new EU member states' employees (UE-10 (2004) and UE-2 (2007) until 2008.

Phenomena of the migration in the European Union

Reasons of the people migration phenomena are explained in macro-economic theories by a high unemployment rate and consequently, lack of vacancies (unbalanced supply and demand) or differences in payments in particular states. What's more, a phenomena having been observed in many economies since years there is migration of people from villages into cities, which results in the increase in the unemployment rate in cities.

From data regarding the world economy it results that in the period of two decades, since 1985 to 2005, the number of persons living out of a native state has been doubled and it presently amounts about 200 million. According to the World Bank's date, number of emigrants in the world in 2005 amounts 190,6 million which makes up 3% of the whole world population. The target states for emigrants they usually want to settle down are United States, Russia and Germany. However, in terms of predominant ratio of immigrants in the target economy population United States lost its first position. The first trio includes: Qatar– 78,3% immigrants in the general population, United Arab Emirates – 71,4% and Kuwait – 62,1%.

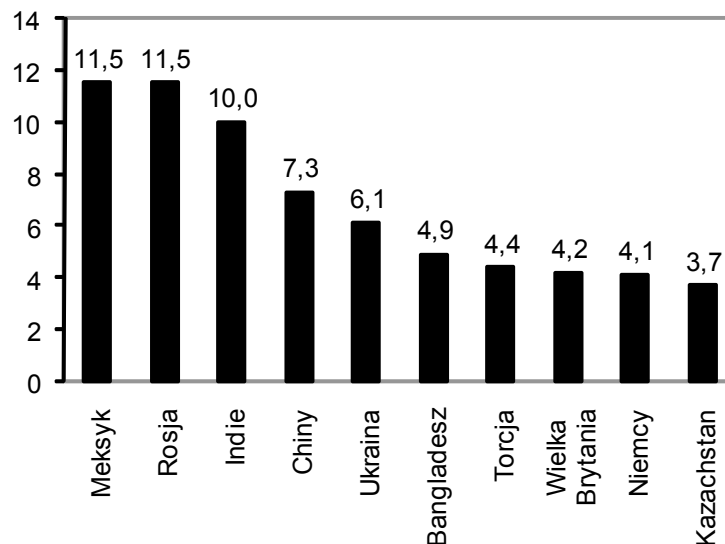
Figure 1. Emigrants' target states in the world scale in 2005 (in million – immigrants)



Source: UN Population Division - <http://www.un.org/esa/population/unpop.htm> (as of 05.11.2008)

Among the states, from which the largest number of emigrants comes from: Mexico, Russia and India. What is significant, in this world ranking Poland is included, in 16th position with number of emigrants amounting to 2,3 million.

Figure 2. States of the world generating the largest number of emigrants - valid as of 2005 (in million - emigrants)



Source: UN Population Division - <http://www.un.org/esa/population/unpop.htm> (as of 05.11.2008)

The World Bank in its statistics prepares a ranking called: migrant passageway, which presents the most often migration between neighbouring states. Therefore, in turn:

- Mexico – United States;
- Russia – Ukraine;

- Ukraine – Russia;
- Bangladesh – India;
- Turkey – Germany;
- Kazakhstan – Russia;
- India - United Arab Emirates

Numbers which concern the Europe prove that the phenomenon of people migration is not a rare one in this territory. To compare, number of immigrants in 1985 amounted 23 million persons, and in 2000 it was 56 million which means that nearly 10% of Europeans don't live in countries they were born in.

Until 1980 three reasons for migration in Europe can be mentioned:

- colonial migration – joining European states and their former colonies, people migrated due to this fact;
- employment-based migration – people migrated looking for a vacancy or better payments;
- geographical migration – refugees from Eastern Europe moved to Western Europe – the division into 'better' and 'worse' Europe.

Presently, it's difficult to separate reasons for migration in Europe or in the world as there is a wide range of them. The phenomenon of globalization or internationalization is an effect of the development of international companies and organizations which hire employees from all over the world and they have encouraged many citizens to change the countries they resided in. Moreover, easiness in foreign trading and the increase in its meaning as well as generally - openness of European economies for the 'world' result in heavy migration of goods, services, capital and human resources.

In the table no. 2 there are data of Eurostat regarding the number of foreigners residing in the European Union states. The largest number of residents lives in Germany – over 7 million people, next – in Spain – 4,6 million and in Great Britain – 3,6 million. Among the new member states, the highest position in this ranking is held by Latvia – over 400 thousand.

Table 2. Number of foreigners residing in the European Union states in 2007

A state	2007
Austria	826.013
Belgium	932.161
Bulgaria	25.500
Cyprus	118.100
Czech Republic	296.236
Denmark	278.096
Estonia	236.400
Finland	121.739
France	3.650.100
Greece	887.600
Spain	4.606.474
Holland	681.932
Ireland	452.300
Lithuania	39.687
Luxemburg	198.213
Latvia	432.951
Malta	13.877
Germany	7.255.949

Poland	54.883
Portugal	434.887
Romania	26.069
Slovakia	32.130
Slovenia	53.555
Sweden	491.996
Hungary	167.873
Great Britain	3.659.900
Italy	2.938.922

Source : Population by citizenship – foreigners, Eurostat, <http://epp.eurostat.ec.europa.eu> , (as of 10.11.2008).

The highest number of emigrants in the European Union in comparison to a general population in an economy comes from Malta – 26,5% of the whole society. Mainly, they choose Australia, Great Britain and Canada as the states they want to live in. The lowest rate of emigrants in comparison to the general number of population among the EU member states characterizes France and Spain – 3,1%. The Polish economy is characterized by the ratio of 6% of emigrants in total number of society. Polish emigrants settle down mainly in United States, Germany and Canada.

Table 3. Number of emigrants from the European Union States in 2005, their share in the state's population and target emigration states.

Country	Number of emigrants	ratio in % in population	Target countries of emigrants
Austria	576.953	7,0%	Germany, USA, Switzerland
Belgium	454.599	4,4%	France, Spain, Holland
Bulgaria	937.341	12,1%	Turkey, Spain, Germany
Cyprus	160.728	19,2%	Great Britain, Australia, Greece
Czech Republic	418.175	4,1%	Slovakia, Austria, USA
Denmark	234.008	4,3%	Sweden, USA, Germany
Estonia	182.726	13,7%	Russia, Finland, Sweden
Finland	333.155	6,3%	Sweden, USA, Germany
France	1.889.164	3,1%	Spain, USA, Germany
Greece	1.218.233	11,0%	Germany, USA, Australia
Spain	1.323.373	3,1%	France, Germany, Argentine
Holland	812.475	5,0%	Germany, Canada, USA
Ireland	927.904	22,4%	Great Britain, USA, Australia
Lithuania	320.473	9,3%	Russia, Poland, USA
Luxemburg	42.361	9,1%	France, Germany, Belgium
Latvia	232.865	10,1%	Russia, USA, Germany
Malta	106.350	26,5%	Australia, Great Britain, Canada
Germany	4.095.015	5,0%	USA, Spain, Great Britain
Poland	2.316.438	6,0%	USA, Germany, Canada
Portugal	1.950.486	18,6%	France, USA, Brazil
Romania	1.244.052	5,7%	Israel, Hungary, USA
Slovakia	520.962	9,6%	Czech Republic, Hungary, USA
Slovenia	133.965	6,8%	Germany, Austria, Croatia

Sweden	300.771	3,3%	USA, Norway, Finland
Hungary	471.298	4,7%	USA, Germany, Canada
Great Britain	4.158.909	7,0%	Australia, USA, Canada
Italy	3.459.027	6,0%	Germany, USA, France

Source: Migration and Remittances Factbook 2008, World Bank

Number of foreign citizens coming from the new EU states, who settled down in the EU-15, amounted in 2007 about 910.000. In 2008 the number has increased up to 1,3 million. In 2004 the highest number of NKUE (The New European Union States)² citizens settled down in Germany– 480.000, which makes up over 50% while the lowest number of people settled down in Portugal – just 700. Two years later, the German economy was still leading in the number of foreigners, however, the British economy also annotated the growth in this number as in 2006 in Great Britain there lived 328.000 citizens coming from the European Union states.

Table 4. EU-15 residents coming from the new European Union states in 2000 and 2004-2006.

Country	2000	2004	2005	2006
	In thousand(s)			
EU-15	697,3	909,0	1.053,4	1.293,5
Austria	60,4	53,7	80,5	78,9
Belgium	9,3	15,6	25,6	59,9
Denmark	8,7	10,5	11,3	13,3
Finland	12,9	16,5	18,3	17,8
France	37,8	34,0	46,8	29,6
Greece	13,8	15,2	20,6	20,1
Spain	10,6	46,7	61,8	74,3
Holland	9,4	13,1	17,9	23,2
Ireland	6,4	54,1	58,5	58,5
Luxemburg	1,1	1,1	0,7	0,7
Germany	416,5	480,7	438,8	481,7
Portugal	0,4	0,7	0,8	0,3
Sweden	23,0	21,1	23,3	26,9
Great Britain	52,7	81,4	180,8	328,6
Italy	34,4	55,6	67,8	79,8

Source: National population statistics, Eurostat, <http://epp.eurostat.ec.europa.eu> , (as of 10.11.2008)

Data from the table 2 mirror the number of the new citizens of the “old” Union states who migrated from states which accessed the European Union structure in 2004. Number of persons looking for a vacancy on the EU-15 market was higher. According to WRS data in the period from 2004 to 2007 number of Polish citizens hired legally in the British economy exceeded 500.000. However, from the WRS³ researches it results that migration of these citi-

² NKUE – The New European Union States

³ Workers Registration Scheme

zens is a short-time one and their stay should not exceed a period of three months.

According to PPSN⁴ data, the inflow of the workforce into the Ireland from the new member states was intensified after the accession. To compare, number of emigrants from NKUE-8 from 2003 to 2004 amounted from 5.000 to 7.000 people annually, while, after the European Union has been extended, it increased up to 26.400 in 2005 and 37.800 persons in 2006. The other source - QNHS⁵ - proclaims that the number of persons hired in Ireland has been tripled and it amounts 88.000 persons.

It could seem that an EU-15 state which is the most liberal in relation to the new member states should annotate the largest interesting of potential employees looking for a vacancy on such a market. Sweden is an example of such economy, however, from statistics it results that the inflow of the workforce from the new EU member states was rather poor. Since the moment of the new states' accession until 2006, 25.000 permissions for regular stay were issued, from these, 10.000 in 2006. Comparing this period to the year 2003, this number increased by about 60% (Okólski, 2007, p. 13). In other member states such as Denmark, Island, Holland or Italy, statistic offices noticed significant number of emigrants from territories of the new EU states. Also economies which implemented restrictions on their employment markets, related to employing personnel from the new member states, noticed the increase in the inflow of immigrants. Germany makes up a great example as this state in 2005 noted that the number of new emigrants and the number of employees residing in the German territory on the grounds of bilateral agreements decreased by more than 15.000 in comparison to 2004. Simultaneously, immigrants from the NUKE, after the accession started opening their businesses in form of small enterprises whose number, in the end of 2005 amounted 14.300 and to compare, 4.400 one year earlier (Okólski, 2007, p. 14).

Table 5. Payment per hour and per month in the European Union States in 2006

Country	Payment per hour in EUR	Payment per month in EUR
Austria	26,67	3827
Belgium	31,58	4047
Bulgaria	1,65	243
Cyprus	11,98	2091
Czech Republic	7,14	1028
Denmark	33,09	4481
Estonia	5,50	840
Finland	27,39	3685
France	30,31	4382
Greece	13,37 (2003r)	1984 (2003r)
Spain	15,77	2203
Holland	27,41	3974
Lithuania	4,21	646
Luxemburg	31,98	4625
Latvia	3,41	532
Malta	8,69	1445
Germany	27,70	3868
Poland	6,03	889

⁴ Personal Public Service

⁵ Quartely National Household Survey

Portugal	10,97	1618
Romania	2,97	414
Slovakia	5,33	775
Slovenia	11,29	1673
Sweden	32,16	4517
Hungary	6,34	947
Great Britain	24,47	4071
Italy	21,39 (2004r)	2904 (2002r)

* Ireland – no data

Source: Hourly labour costs, monthly labour costs, Eurostat, <http://epp.eurostat.ec.europa.eu>, (as of 10.11.2008).

When analysing the table no. 5 it can be stated, that among Union's states, the highest rate per hour was offered in Denmark, Sweden, Belgium and Germany. At the same time these are states which still have not liberalized their legal regulations in terms of the employment market availability for the new member states. UE. The lowest hour rate is offered in Bulgaria – 1,65 EUR and Romania – 2,97 EUR. In the 'old' EU states, an employee received a higher payment per working hour and the average monthly salary is higher than in the new member states as well. To compare, in Luxemburg it amounts over 4000 EUR while in Bulgaria it's 250 EUR which is nearly 20 times less.

Polish workforce dominates among employees who look for employment on the markets of the old European Union. According to GUS data (www.stat.gov.pl, 11.11.2008) it is estimated that in the end of 2007, 2,3 million Poles resided out of Polish territory, in these, 1,9 million in Europe. In 2004 this value amounted to about 1 million persons, which makes the increase by 130% in a three-year period. Analyzing just data regarding European Union, the number of emigrants from Poland in the accession year amounted to 750 thousand people while in 2007 it was 1,9 million which means this number has doubled. The emigrants, after the extension of the European Union choose: Great Britain (690 thousand) and Germany (490 thousand), Ireland (200 thousand) and Netherlands (98 thousand). It is estimated that 50% of Polish emigrants stay abroad for at least 12 months⁶.

According to the data from the Ministry of Labour and Social Policy (<http://www.mpips.gov.pl>, 11.11.2008), number of Poles registered in 2006 as employees in the states of the European Union amounted about 800 thousand, in these:

- Great Britain – 310 thousand
- Ireland – 160 thousand;
- Germany – 160 thousand;
- Italy – 45 thousand;
- Spain – 40 thousand;
- Holland – 25 thousand;
- France – 12 thousand.

Taking into consideration all people working illegally and persons with double nationality, it is estimated that the number of these employees can reach 2 million. According to the European Citizen Action Service this number amounts 1,2 million citizens.

According to the Ministry of Labour and Social Policy (Information concerning the employment, 2008) the post-accession migration of Poles still increases and its directions be-

⁶ *Informacja o rozmiarach i kierunkach emigracji z Polski w latach 2004 – 2007*, Superior Statistics Office, Department of Demographic Researches. Press Conference material revealed on July 2008, p. 4

come stabilized. The tempo of growth of the number of Poles who are employed in Great Britain and Ireland is slowing down. At the same time, there are premises which prove increasing interest in Netherlands as attractive target localization for Polish citizens. Surely, the situation results from the decision made by this state's government regarding giving up temporary solutions in terms of freedom of employment in relation to citizens of the new member states. A clear increasing tendency concerns migration of Poles to Norway. On the basis of the present statistical data it can be assumed that the migration to Germany has slowed down as well. Opening of the employment market for citizens of Bulgaria and Romania resulted in relative increase in immigration rate from these states, however, in absolute categories, their inflow into Poland is insignificant and it does not affect the situation on the Polish employment market significantly.

Summary

Concluding the considerations in terms of the migration of people it can be stated that fears of the EU-15 states concerning the inflow of cheap workforce from the new member states turned out to be unreasoned, especially, in the period of the three recent years. In the new EU states, e.g. in Poland, the unemployment rate, which had been high for years, decreased significantly. From the other side, economies like Great Britain or Ireland, that is, economies into which the inflow of employees from Poland was the most intensive, has not noticed significant negative effects with reference to this situation.

In 2006, 1,3% of the workforce in EU-15 states was formed by the new states' citizens and the invested capital (by the EU-15 states) in the new member states amounted up to 31% of these states' GDP. Moreover, the new European Union state members in 2004 purchased goods equal in value up to the 13% of total export of the "old" EU states⁷.

Extension of the European Union by the other state members shall result in tightening relations between European states. Realization of principles for making up the unified internal market, on which there function a free flow of goods, services, capital and work is presently the most significant element to be executed. Mobility of productive factors is necessary and it results in positive effects. It is an effect of the increase in production and consequently, more effective management. Moreover, quality of goods and services grows up as there is a heavy competition on the international market. Productive factors and their migration can be a supplement for the exchange rate as it can smooth the shocks which appear in economies.

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