

PRESS RELEASE

Five years of the EU enlargement to the East

The enlarged EU benefits from labour migration

Immigration from the eight Eastern European accession countries has raised the gross domestic product of the EU by 0.2 per cent or 24 billion Euros since 2004. This is shown by a current study that has been carried out for the European Commission by a consortium of research institutes - the Institute for Employment Research (IAB) in Nuremberg, the Centre for Migration Research (CMR) at the University of Warsaw, the Fondazione Rodolfo DeBenedetti (fRDB) at the Bocconi University in Milan, the Leverhulme Centre for Research in Globalisation and Economic Policy (GEP) at the University of Nottingham, the Austrian Institute for Economic Research (WIFO) and the Vienna Institute for International Economic Studies (wiiw). According to the coordinator of the study, Herbert Brücker (IAB), "in the long term the native population of the EU will benefit from free labour mobility through higher income from work and capital."

The opening of the labour market in the wake of the EU enlargement to the East has led to a marked increase in immigration in the core countries: between 2004 and 2007, roughly a million people migrated from the new Member States to the 15 old EU states. Another 1.2 million immigrated from Bulgaria and Romania, although they had not yet been members of the EU. The diverse ways of implementing free movement during the transitional periods of labour had a strong effect on the regional distribution of migration. From 2004 to 2007, for instance, 70 per cent of migrants from the eight Eastern European accession countries immigrated to the United Kingdom and Ireland, which had opened their labour markets to the new Member States immediately in 2004. On the other hand, 80 per cent of the immigration from the accession countries joining the EU in 2007 – Romania and Bulgaria – is accounted for by Spain and Italy which had already partially granted these states freedom of movement. According to Michael Landesmann, Research Director of wiiw, migrants from the new EU member states are young and well educated, particularly in the UK and Ireland. In most host countries their skill level is higher than that of other migrants and/or the respective nationals'. However, they tend to work in jobs for which they are overqualified. Estimates show, that the stock of immigrants from the new Member States in the EU-15 is likely to double in a period of about 12 years.

The Gross Domestic Product will rise by another 22 billion Euros by 2011

On account of migration, the European gross domestic product will rise again by just short of 22 billion Euros by 2011, the study maintains. If freedom of movement were introduced in all European states as of 2009, the effect would be roughly ten per cent higher, namely 24 billion Euros. At the same time there could be a distinct rise in immigration to Germany and Austria. While in the long term the labour market effects would be neutral, in the short term the unemployment rate would slightly decrease in the sending and slightly increase in the receiving countries. Mainly foreign workers and low-skilled workers are affected by unemployment in receiving countries while high-skilled workers tend to benefit from migration.

Financial crisis curbs immigration

Researchers expect that immigration will decline on account of the financial crisis. According to the study, the large target countries, such as Germany, Spain and Great Britain, have been especially affected by the global crisis. Increasing unemployment in the countries of destination makes immigration less attractive. At the same time a rise in return migration is to be expected because in crisis situations foreign workers are more quickly laid off than local workers.

The study can be downloaded free of charge from the wiiw webpage at http://wiiw.ac.at/e/research_networks_lms.html

wiiw, 29 April 2009

Univ.-Prof. Dr. Michael Landesmann, Tel. 533 66 10, E-mail:<landesmann@wiiw.ac.at>
Mag. Hermine Vidovic, Tel. 533 66 10 – 45, E-mail:<vidovic@wiiw.ac.at>

