

Should EU countries maintain labour movement restrictions for Romania?

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Abstract

Since Romania abolished communism in 1989, there have been several migration waves towards the western countries. With the accession of Romania to the European Community in 2007, labour migration became a spotlight problem due to the free movement principle. Fear of a “flood of immigrants” has made some EU countries maintain labour restriction, despite none of the economic data indicating a significant disruption in the workforce market. Even more so, with the recession increasing unemployment figures, some countries are also considering enlarging the restriction to the maximum of 7 years. This paper analyses data between 2007 and 2009 from the top migration destinations for Romanians, Spain and Italy, in an attempt to prove that further maintaining labour restrictions is not only unjustified, but also counterproductive towards the aim of a fully integrated Europe.

Keywords: migration, labour restriction, Romania, free movement, Eastern enlargement

JEL: J 2, J 21, J 23, J 6

Introduction

One of the strongest principles at the basis of the European Community is the free movement of labour. At the last EU enlargement in 2007, the Accession Treaty of Romania and Bulgaria allowed for the EU-25 to breach the principle of free movement through the “2+3+2-year scheme”. By implementing it, countries in the EU could temporarily restrict the access to their labour markets for workers from EU-2 for up to 7 years. Consequently, the countries that have chosen to make use of this scheme in what Romania and Bulgaria are concerned are Austria, Belgium, France, Germany, Ireland, Italy, Luxembourg, Malta, The Netherlands, and United Kingdom¹. Their motivation for this decision was that opening up their labour markets would have a destabilizing effect on national economies due to the “floods of immigrants”.

In this paper we will analyze, from Romania’s perspective, whether EU enlargement and the restrictions imposed on labour movement had an impact on migration flows, but also the effects of labour migration inside the EU. In the end, we will try to create a clearer picture of whether the restrictions imposed on Romanian labour movement are justified or not.

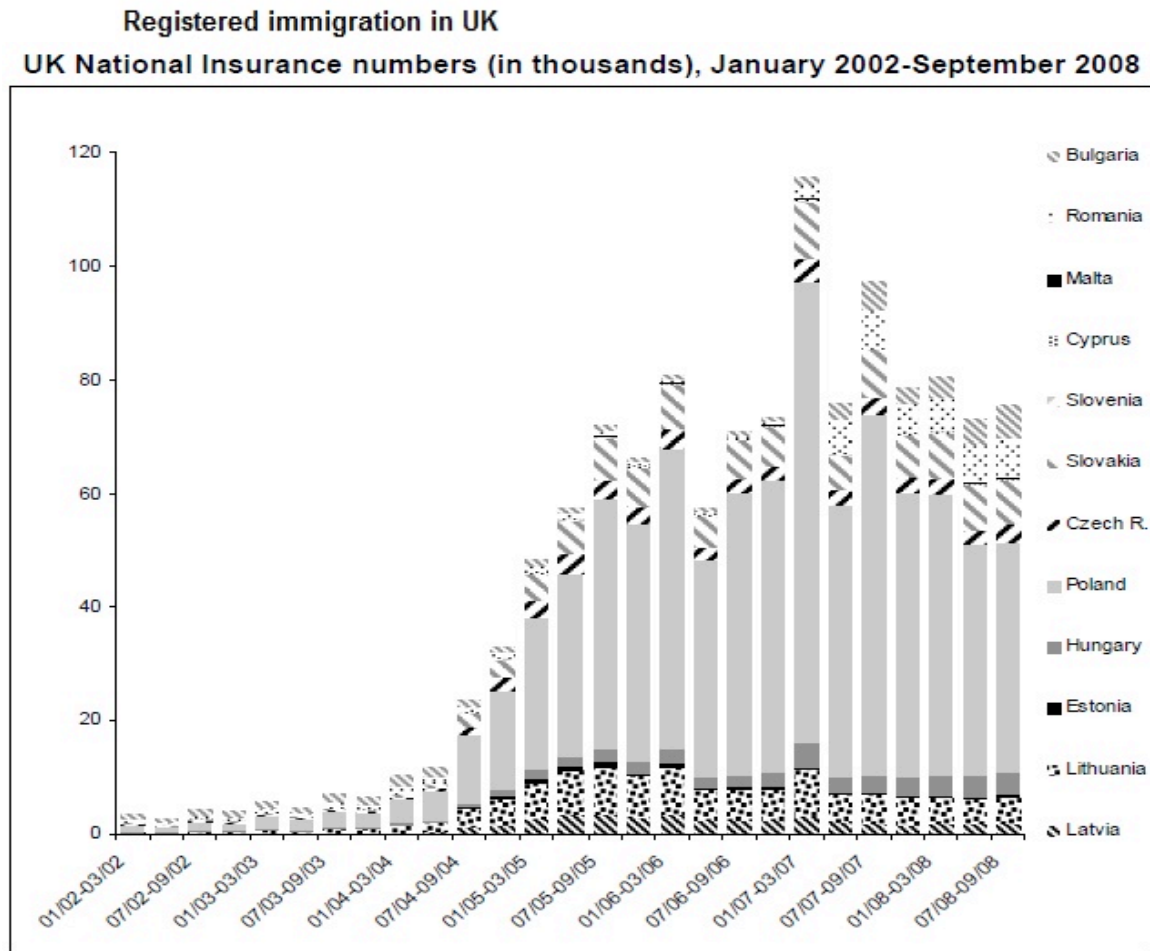
Romanian labour migration patterns

Romania has experienced irregular patterns of migration after the fall of Communism in 1989; however, we can identify 3 main stages in the migration process: 1990 – 2000, 2000 – 2007 and 2007 – 2011. The first period was characterized by permanent emigration, based on ethnic reasons. The main destinations in this stage were Germany, Hungary and Israel. Concerning the period between 2000 and 2007, migration consisted mainly of labour migration, but also of students looking for better educational systems. However, in this stage, migration becomes more temporary than permanent, and the most preferred destinations become Italy and Spain. After Romania’s accession to the EU, Romanian labour migration increased only slightly², with Italy and Spain remaining the top 2 destination countries, to which United Kingdom was added. This was in spite of the transitional arrangements imposed on Romanian workers in Italy and UK (Fig. 1). (Kahanec, Zaiceva, Zimmermann, 2009, p.12)

¹ Data retrieved from http://ec.europa.eu/youreurope/citizens/work/jobseeker/work-permits/index_en.htm?profile=0

² According to Dumitru Sandu, migration specialist, PhD at University of Bucharest. Interview available at <http://www.evz.ro/detalii/stiri/de-ce-au-emigrat-romanii-893163.html>

Figure 1



Source: UK WRS data are from Accession Monitoring Reports May 2004-June 2006, May 2004-December 2006, May 2004-December 2007, and May 2004-December 2008; UK NINO data are from Department for Work and Pensions online statistics: www.dwp.gov.uk/asd/tabtool.asp#ni_alloc; Irish PPSN data are from the Department of Social and Family Affairs online statistics: www.welfare.ie/EN/Topics/PPSN/Pages/ppsn_all_2008.aspx

Notes: WRS show applicants approved for initial applications only.

The factors that influence the process of migration are certainly economic, namely differences in wage levels and costs of living, but also cultural. People migrate to countries with cultures more similar to their own, or where the language barrier is not that high. Moreover, the number of job vacancies represents an important factor as well. This was actually what triggered the flow of Romanian workers to Spain and Italy in 2000. However, this also contributed to the creation of strong Romanian communities in these countries, which influenced greatly next migration flows.

In terms of net immigration, countries that opened their borders, like Sweden, report no or little increase in net inflows, while Romania is actually experiencing a considerable increase (Table 1). (Baldwin & Wyplosz, 2009, p. 251)

Table 1

Net immigration before and after enlargements (thousands of people)

	Belgium	Denmark	Germany	Ireland	Greece	Spain	France	Italy
1997–2003	164	71	1146	193	302	2596	853	1197
2004–2007	202	42	237	245	162	2558	358	1753
	Luxembourg	Netherlands	Austria	Portugal	Finland	Sweden	UK	Total EU15
1997–2003	27	266	164	344	32	143	924	6522
2004–2007	12	–60	179	131	40	157	842	5557
	Bulgaria	Czech Rep.	Estonia	Cyprus	Latvia	Lithuania	Hungary	
1997–2003	–213	32	–14	41	–33	–96	97	
2004–2007	–1	174	1	52	–5	–28	71	
	Malta	Poland	Romania	Slovenia	Slovakia			Total EU12
1997–2003	17	–497	–592	18	–14			–186
2004–2007	7	–79	–23	29	17			262

Note: A positive number indicates net immigration, a negative number signals net emigration.
Source: European Communities, 1995–2009

Moreover, 7 out of 10 foreign workers in EU Members are from non-EU countries (Baldwin & Wyplosz, 2009, p. 250). Therefore, we can observe that labour migration patterns depend on many more factors, than just being part of the EU, making labour restrictions have no important effect when people decide where to migrate. It is worth mentioning though, that illegal immigration is still an important issue in the EU which can mean that the data presented is somewhat biased. However, our rationale can only be based on existing facts.

Economic impact of labour migration

Having seen the motivations animating Romanian migration after 1990, let us observe the structure of the migrating population. Brücker and Damelang (2009) stated that in 2006 approximately 29% of the emigrant population from EU2 had low education, whereas 18% had high education. Despite these numbers, migrants are more likely to work in low and medium-skilled sectors, mostly because they respond to job vacancies coming from the host country. This means that the inflow of immigrant workers did not affect employment growth after the 2004 EU enlargement, as can be seen in figures 2 and 3.

Figure 2

Spain employment growth 2006 - 2009

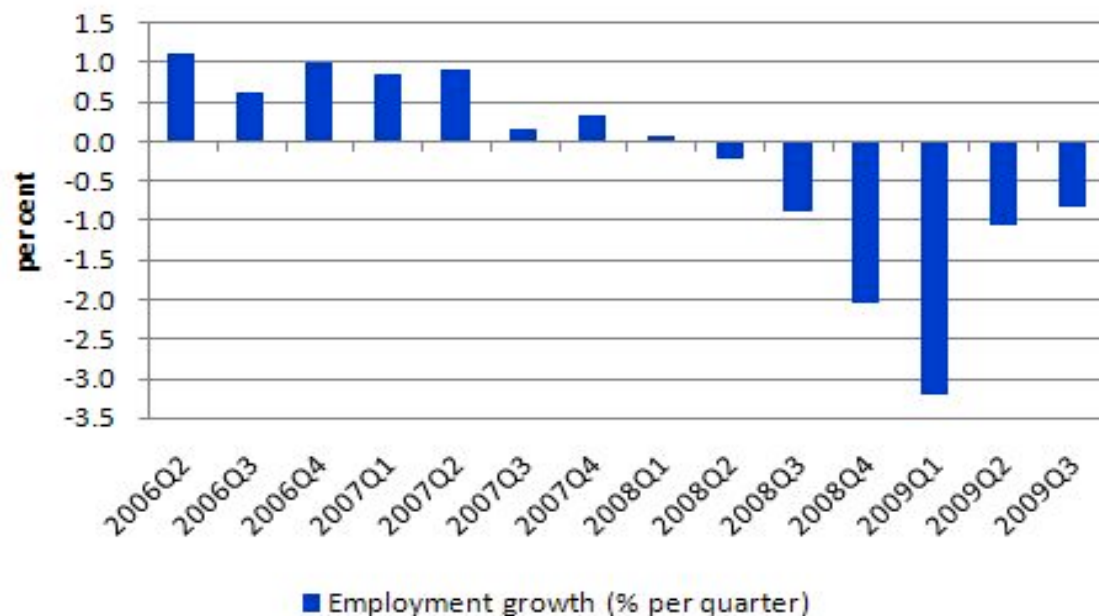
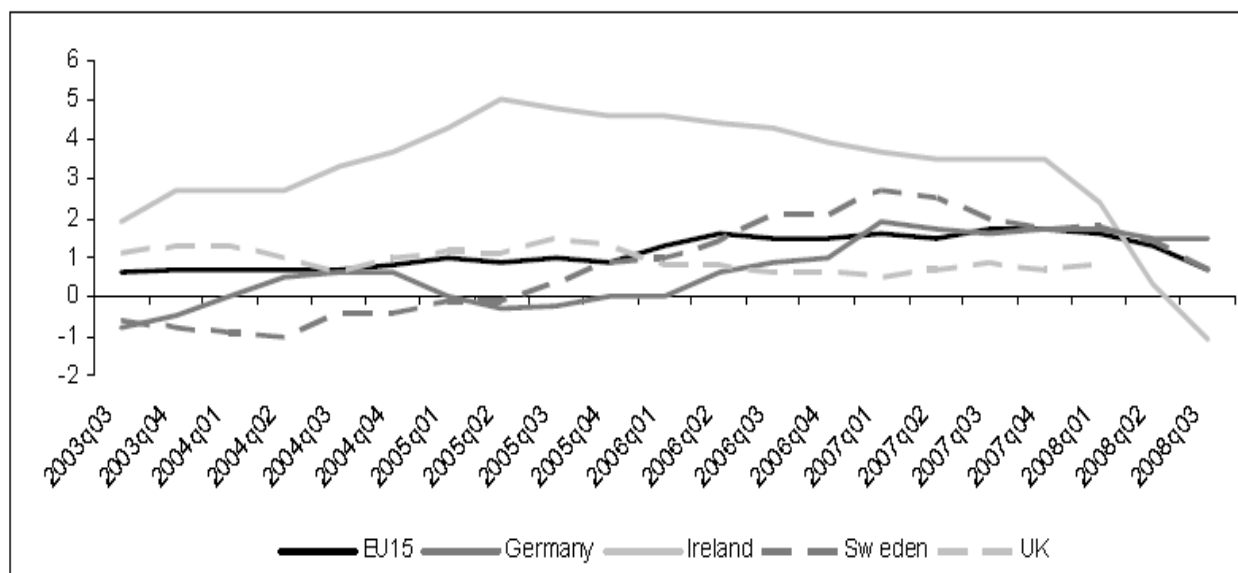


Figure 3

Employment growth in selected old member states



Source: Own calculations based on data from the Eurostat online database for Population and Social Conditions / Labour Market / Employment and Unemployment (Labour Force Survey);

http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1090,30070682,1090_30298591&_dad=portal&_schema=PORTAL

As figure 4 shows, in Spain which has been the second most frequented destination point for Romanian emigration, the rise in foreign population coincided with a downward trend of unemployment rates for the last decade and a half, thus disproving a correlation between the inflow of foreign labour force and national joblessness. In Italy, the preferred emigration choice for Romanians, the trends remain constant, as figure 5 depicts.

Figure 4

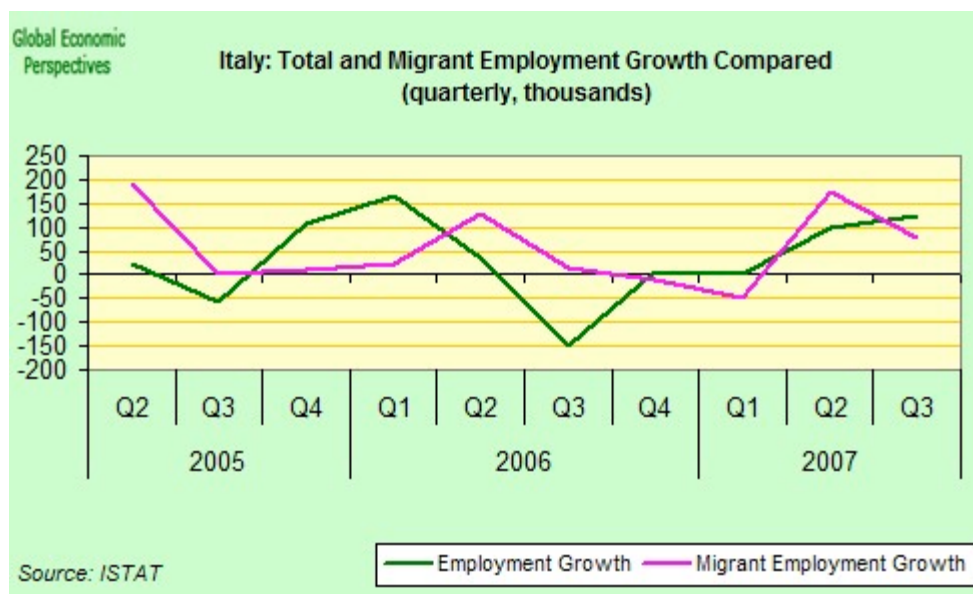


Figure 5



Furthermore, if we take a look at the Italian employment growth in Figure 6, we can see that in the last 4 years immigrant employment growth can be accounted for the majority if not all of the employment growth. Considering the fact that Italy ages and the effective labour force contracts, we can clearly see the benefits of labour migration for Italy's economy, as vacant jobs are being occupied by non-native Italians.

Figure 6



Kahanec, Zaiceva and Zimmermann (2009) also suggest, citing previous literature, that so far, immigration from the EU12 has had little, if any, impact on the wages and employment and has had no negative impact on the welfare systems of host countries. Citing the European Commission, Kahanec, Zaiceva and Zimmermann (2009) have found a substantial positive effect on the GDP, GDP per capita and productivity of the EU15 states brought by post-enlargement mobility.

Young, high skilled workers from the eastern countries also solve the demographic pressure and fiscal burden faced by EU15 countries due to ageing population. Thus, as the World Bank (2006, p.1) wraps up, the fears of western countries regarding an overflow of foreign workers destabilizing local labour markets were groundless, since immigrant labourers have in fact enhanced the native work force instead of substituting it, helped stabilize the local wages and alleviated labour shortages in sectors in which the native population could not satisfy the demand.

Conclusion

Summing up, the data clearly shows that labour migration has a positive impact on host countries' economies, apart from no sign of disruption on domestic labour market being identified. Moreover, it is also evident that transitional restrictions are not the decisive factor that influences migration. Therefore, the EU Member Countries that have implemented the "2+3+2 scheme" for Romania cannot justify their decision with the fear of the disruptions caused by "immigrant floods". Moreover, considering the ideals of equality and freedom for which the European Union stands, it can be seen as an inconsistent and controversial decision to maintain them, possibly leading to degradation of inter-state relationships, as well as potentially opening the door for discriminatory policies in the future.

References

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