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REPORT ON THE FREE MOVEMENT OF
WORKERS IN EU-25

Who's afraid of EU enlargement?

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Foreword

One and a half year ago ECAS published the first report on the unsolved issues of enlargement of the Union to Central and Eastern European countries, such as the transitional measures applying to the workers of new Member States, the non-application of the *Schengen-acquis* by the ten new Member States until the time they reach their so-called “Schengen maturity”, or the problem of the border region minorities.

The updated version of the report in September 2004 completed the chronicle of the “Unfinished Enlargement” with individual stories, personal experiences and with the listing of the typical problems resulting from the fact that citizens’ right to move freely within the territory of the European Union was not correctly observed or suffered from major deficiencies.

Since 1st May 2004, both public and private institutions have been monitoring the economic and social impact of the enlargement and the “results” of the application of the transitional measures. So far only fragmented information was made available by Eurostat or national statistical offices. However in the meantime, the European public requests information on the repercussions of enlargement on the economies of the host countries and also on the amount of migration that took place following accession.

Taking into account the need for a European view of the post-enlargement labour flows, ECAS carried out in July 2005 research on the development of the labour market of each Member States during the past 12 months, as regards the employment of accession country nationals. National statistical offices, Ministries of Labour, consulates, academics and experts were consulted.¹

The number of official sources consulted and the up-to-date nature of the data makes *this report the first one* to give an overall picture of the migration of new Member State nationals, which took place after 1st May 2004.

The presentation below is not a comparative study of data gathered, since e.g. the period they represent, the age, or the profession of the groups they stand for differs from one country to the other. As a result of this the report does not deal with their evaluation but only with their presentation.

The author hereby would like to thank those who helped the data collection and especially the officials of the Member States, for their cooperation and support.

¹ On behalf of Belgium, Italy, Luxembourg, Spain and Portugal, no information was provided by official sources, therefore these countries are not included in the report.

Introduction

*“Fears and scepticism in the West and hopefulness and optimism in the East.”*² This phrase sums up the feeling of both the EU15 and the EU10 countries prior to enlargement. New Member States (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Slovakia, Slovenia and Poland) celebrated the accession in an almost “New Year’s Eve atmosphere”³: at many border-crossings between the “East and West”, people greeted the historical moment with the sound of car horns, toasts and the symbolic removal of border barriers. Heads of State, prime ministers and the Presidency of the European Union warmly welcomed this unprecedented opening of the Union to new Members, but at the same time the Accession Treaties were already signed and agreed to contain restriction on the free movement rights of the so called ‘A8’ nationals.⁴

The way leading the new Member States to the European Union was long and has witnessed a series of commitments and subsequent withdrawals. Following the declaration of the European Council in Copenhagen (June 1993) that granted the possibility of applying for a future membership in the European Union to the former socialist countries of Central and Eastern Europe,⁵ Hungary and Poland introduced their requests of joining the EU in 1994. In 1995 Bulgaria, Estonia, Latvia, Lithuania, Romania and Slovakia did the same; one year later the Czech Republic and Slovenia applied for membership as well.

Having twelve applicants by 1997, the European Union entered into negotiation with the six “most advanced” countries – the so called “Luxembourg group”⁶– following a customized agenda based on the “own merits” and the effective progress made by the country concerned. For the six others⁷, the negotiations were opened in December 1999 in Helsinki. Ten years after, the first decision on the enlargement of the Union took place, the European Council of Copenhagen in 2002 assessed that ten out of twelve candidates (with the exception of Bulgaria and Romania) were ready to join the EU by 2004.

The final commitment to enlarge the European Union by ten new members was taken in Athens on 16 April 2003, where the Accession Treaty was signed by the representatives of the 25 States.

Ten years of preparation on both sides: the acceding countries coped with the “Copenhagen criteria” (stable democracy, the respect of human rights and the rule of law; strong market economy and an aptitude to face the challenges of a competitive European internal market); while the European Union itself solved the institutional issues related to

² *“East-West migration in the context of an Enlarging European Union: New opportunities and new challenges.”* Available at: www.eumap.org

³ *“The Unfinished enlargement.”* p. 5. Available at: www.ecas.org

⁴ This term is used to describe the workers of the new Member States (with the exception of Cyprus and Malta) to whom the Community principle of free movement of workers does not apply during the transitional period.

⁵ Malta and Cyprus applied for the membership already in 1990.

⁶ Estonia, Cyprus, Hungary, Poland, Slovenia, the Czech Republic

⁷ The so called “Helsinki group”: Latvia, Lithuania, Malta, Slovakia, Bulgaria and Romania.

the enlargement.⁸ The financial aspects of the enlargement had to be negotiated and re-negotiated internally.

While new Member State nationals were kept regularly updated about the results of the accession negotiations and the issue of joining the European community was debated at large, the European public of the EU15 did not closely follow the long-lasting negotiation process and seemed to have woken up once the arrival of the “Eastern neighbours” became imminent.

The fears and scepticism of the “unknown” mean that enlargement – uniting now 450 million habitants is seen as a controversial issue and that the new Member States still have to combat the stereotypes, one of which is the flooding of the Western labour market with a cheap Eastern workforce.

The present study aims to demystify these worries by factual and statistical arguments.

⁸ See the provisions of the Nice Treaty of 2001.

I. The transitional measures for the free movement of workers

The notion of “transitional measure” covers the restrictions, which touch upon the free movement rights of the ‘A8’ workers. For them, these restrictions limit the possibility of making use of one of the basic principles of the Treaties, one cornerstone of the internal market, i.e. the right to take up an employment and to answer to job-offers throughout the whole territory of the European Union.

Member States resorted to a variety of different restrictions ranging from limitations depending on sector or type of work, through quota arrangements, to work permits granted only when a national cannot be found to fill the vacancy. All these measures are also likely to apply on different timescales.

Part four of the Accession Treaty is about the “Temporary Provisions”, the first of which is the application of transitional measures. These are listed in Annexes V-XIV, each corresponding to a new Member State. No transitional measures are applied to Cyprus and Malta because of their small size and their relative economic strength. Cypriot and Maltese citizens are able to take up employment in the EU15 since the day of accession without any restrictions. In addition, Malta has been granted the right to impose safeguards if it witnesses a considerable influx of workers from other EU Member States to its labour market.

Transitional arrangements derogate from Articles 1 to 6 of Regulation (EEC) No 1612/68 on freedom of movement of workers within the Community and concern ‘A8’ workers who intend to sign an employment contract with an employer in the EU15, but not those new Member State nationals who are self-employed, students, pensioners, tourists, etc.

New Member State nationals, who *prior to enlargement* were already legally working in one of the EU15 countries and were admitted to the labour market of the given country for a period of 12 months or longer, continue to have access to the labour market of *that* Member State, but will not have automatic access to the labour markets of the other EU15 countries. The admission of an ‘A8’ worker to the labour market for a period of 12 months or more *after 1st May 2004* entails the same benefits. However, voluntary departure from the Member State concerned results in the loss of the right of access until the end of the transitional period.

The ‘A8’ worker who falls under the above-mentioned category is granted the right of family reunification, which means that his/her family members residing with him/her before accession will also have access to the labour market of the country concerned.

However, if the family joins the worker after the date of accession, they will have access to the labour market once they have been resident there for 18 months, or from the third year of accession – whichever date is earlier.

As regards the Community principles on the coordination of social security, the exportation of pension rights and other benefits, such as the aggregation of social security

contributions or the principle of equal treatment are not linked to the transitional period, thus are fully applicable since 1st May 2004.

The core of the transitional measures consists of the maintenance of the national rules (or bilateral agreements) governing the granting of work permits. Once the national rules cease to apply (end of the transitional period), the Member State is not allowed to request a work permit as a condition of access to the labour market, but may continue to issue them for monitoring and statistical purposes!

The above rules governing the transitional period are annexed to the Accession Treaty and allow the fifteen Member States to individually decide upon the (non) application and the length of temporary restrictions, which are organised under the flexible form of “2+3+2” years scenario:

- 2004 – 2006 during this period all current Member States apply national measures or measures resulting from bilateral agreements, thus regulating access to their labour markets. According to Paragraph 12 of the Annexes, Member States may introduce under *national law* greater freedom of movement, (which may be equal to that guaranteed by the EC law provisions), but in any case national measures *may not be* more stringent than those that were in force on the day of signing the Accession Treaty (Paragraph 14).
- 2006 – 2009 – Before the end of the first two year period, the Commission will produce a report, on the basis of which the Council will review the functioning of the transitional provisions. Nevertheless, the result of this review will not be binding on Member States. Those who wish to continue applying national measures will still be allowed to do so after having notified the Commission (Paragraph 3). Only in the absence of such notification, EU provisions governing free movement of workers will apply automatically to that particular Member State. During this three year period any Member State applying national restrictions may also at any time willingly “switch” to full application of EU free movement provisions and should inform the Commission.
- 2009 – 2011 – as a general principle all national measures relating to labour market access should cease to apply by 2009. Nevertheless, a Member State is again given discretion to continue applying national measures (subject to the notification procedure as above) in case of serious disturbances of its labour market or a threat thereof. Moreover, during the whole seven year period Member States applying EU provisions on access to their labour market in full may resort to a *safeguard clause* included in Paragraph 7. This allows for partial or total suspension of application of the EU provisions referring to the free movement of workers, in case of disturbances to the labour market or threat thereof, even though the Commission’s permission will be required for this clause to be applied.

- From the year 2011 onwards no transitional measures referring to freedom of movement of persons may be imposed.

Currently four types of regimes are being applied by the EU15:⁹

- 1) A restrictive immigration regime (Belgium, Finland, Germany, Greece, France, Luxembourg, Spain) in which workers from the new Member States are treated in the same way as non-EEA citizens and are required to apply for a work permit, which is to be issued only in case that neither natives, nor EU15 nationals can fill in the position.
- 2) Restrictive immigration regime but with a quota for workers of new Member States (Austria, Italy, the Netherlands, Portugal).
- 3) General access to the labour market, however only with limited welfare benefits. The granting of the residence and work permits is linked to certain requirements (*cfr. infra*). Unemployment might also constitute grounds for the withdrawal of the residence permit. (Ireland, the UK).
- 4) Community rules on the free movement of workers are fully applied (Sweden).

At present 6 Member States of the EU15 (Belgium, Denmark, Finland, France, Italy, the Netherlands and Portugal) maintain their work permit system vis-à-vis the ‘A8’ country nationals wishing to take up employment. The eligibility for welfare benefits is linked to tight conditions in all Member States except Sweden.

Additionally, Austria and Germany were given the possibility to impose further limitations on the provision of services for given countries and within given sectors. The reasons behind such decisions being that these countries were traditionally the main “receivers” of eastern migration flows with a share of 50% for Germany, and 15-20% for Austria.

According to the provisions of the Accession Treaty, a company from a new Member State providing services in Austria or Germany might face restrictions in certain sectors in case that serious disturbances are experienced. This situation can only be envisaged during the period that both countries apply their national measures with reference to workers.

The service sectors, which might be covered by this derogation are listed in the Annexes of the Accession Treaty and read as follows:

- for Germany: construction including related branches; industrial cleaning; and activities of interior decorators;

⁹ Based on the study of T. Boeri – H. Brücker: *Migration, Co-ordination Failures and EU Enlargement*, p. 9, IZA DP No. 1600, May 2005

- for Austria: horticulture; cutting, shaping and finishing of stone; manufacture of metal structures; construction including related branches; security activities; industrial cleaning; home nursing and social work activities without accommodation.

In return, ‘A8’ countries were given the possibility to make use of the “reciprocal measures” vis-à-vis those EU15, which restricted the access to their labour market to nationals of the country in question. Only Hungary and Poland had recourse to such measures. Labour flows between the accession countries themselves were not restricted either by quotas or by other limitations.

The overriding principle of Community preference applies to all 25 countries and it implies that migrant workers from third countries residing and working in one of the EU Member State shall not be treated more favourably than EU nationals.

The above transitional measures undoubtedly reflect a certain “reticence” on behalf of the EU15 and a high level of concern as regards the admission of new Member State nationals.

What kind of considerations led 12 out of 15 “old” Member States to opt for restrictions lasting – in the worst case – for seven years? It was not because an immediate and dramatic increase in migration had been forecasted. Estimates showed no long-run migration potential of candidate countries (roughly only 1% of the current population). Moreover, given the obstacles there is often a gap between intentions to move to another country and actually doing so.

Essentially, the transitional arrangements were introduced to reassure the public opinion in the old Member States. At the time, it was expected that only about a half of the EU15 would actually resort to national measures. Meanwhile, 12 out of 15 did so, often at the last minute in the run up to 1 May 2004. The decisions about application of restrictive national regimes were taken largely due to scaremongering about East European jobseekers and in the light of neighbouring countries resorting to national measures.

II. Summarising the effects of transitional measures

A) Migration flows from the 'A8' countries to the EU15

1. Experiences of the markets with no restriction on the access to the labour market

1.1. The United Kingdom

Since 1st May 2004, nationals of the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia, Slovenia and Poland, wishing to take up employment in the United Kingdom are required to register with the WRS (Worker Registration System)¹⁰. This registration provides national authorities with reliable data on labour market trends and also on the main type of occupation workers took up in the UK.

From the WRS, the monitoring of applications for national insurance numbers and claims for benefits, the Home Office drew major conclusions on labour flows to the UK and provided key findings on the post-enlargement period, which were recently published in the Accession Monitoring Report.¹¹ These were the followings:

- the total number of 'A8' workers registered in the UK is 175000;
- a big majority of the applicants (82%) were aged 18-34;
- they were predominantly male (60%) ;
- only 5% of the registered workers had dependants in their charge;
- the above characteristics have remained roughly consistent during the period May 2004 – April 2005.

The number of registrations was the highest in London; nevertheless in total it represented only 1/5 of the applications, as workers mainly looked for employment in Anglia and in South Central Regions.

The UK was the top destination for the Polish, representing 56% (98 235) of the total 'A8' workforce; followed by Lithuanians (26 145) with a share of 15%. Czechs and Slovaks made up for 7% of the 'A8' workforce each, the number of Hungarians, Estonians and Slovenians was marginal. September/October 2004 was a peak period for each nation, when the numbers reached the level of the first three post-accession months.

¹⁰ First time applications to register cost 50 pounds. There are no charges for subsequent registrations.

¹¹ Accession Monitoring Report May 2004 – March 2005, p. 1. Available at:
www.ind.homeoffice.gov.uk/ind/en/home/news/press_releases/accession_monitoring.html

'A8' migrant workers took up different kinds of jobs that vary from factory worker, packer, catering assistant to cleaner or farm worker.

The above data was disseminated by the Home Office. Nevertheless many other official (and unofficial) sources made their evaluations public as well. For example, the German Economic Institute (DIW) reached a completely different conclusion and estimated only 50 000 new entries in Britain¹². When comparing the figures: 175 000 on the one side and 50 000 on the other, the difference is striking, though the diverse method of calculation might explain the inconsistency. The Home Office took into account the WRS, where each registration represents one job and not necessarily one applicant (thus the figures do not show how many times did workers re-register). Moreover, the report of the Home Office stated that more than 40% of the registered 'A8' migrants were present in the UK prior to accession too. The other uncertainty of the estimations is the lack of data on the number of workers, who have already left the British labour market due to financial difficulties, health reasons, discontent or other.

Surprisingly, the British government, when estimating the potential post-enlargement labour flows predicted only 5 000-13 000 new 'A8' arrivals which means at least a 5-10 times lower migration forecast.

Nonetheless, the relatively high number of migrants constitutes only 0.4% of the total working population. One also has to bear in mind that British economy also gained from the presence of the extra workforce on its labour market: a net gain of around 500 million pounds over 12 months, while only a tiny percentage of migrants sought the state aid.¹³

Migrant workers took up "hard-to-fill" jobs, because even if the UK has half a million job vacancies, at the same time it has to deal with job shortages. The International Property and Construction Organisation reports that Polish and Czech electricians, plasterers, bricklayers or carpenters made up for the lack of skilled local workers in Britain.¹⁴

Labour shortage occurs outside the construction or farming sector too. For example Britain lacks dentists and therefore recruits them from Central-Europe. In Warsaw, a training school has been set up to prepare Polish dentists to work in Britain.¹⁵ Selected candidates attend a six-week course to learn about the British National Health Service and to perfect their technical and day-to-day English. Within the framework of this training program 120 dentists found employment in Britain last year. The recruitment is supposed to go on until 230 other posts are filled.

¹² "More than 100,000 immigrants since EU enlargement: German institute" 01/06/2005. Available at: www.eubusiness.com/Employment/050601161601.u5fy4t3l

¹³ "More than 175,000 East Europeans come to Britain following EU expansion" 26/05/2005. Available at: www.eubusiness.com/East_Europe/050526130219.hbbt5ma2

¹⁴ "Poles and Czechs plug UK skills gap" 19/04/2005. Available at: www.rics.org/Builtenvrnmnt/Buildingtrades/poles_and_czechs_plug_uk_skills_gap.html

¹⁵ "Britain woos Poles to fill holes in dentistry" 03/06/2005. Available at: [www.eubusiness.com/UK/05064034548.vhjoms'A8'](http://www.eubusiness.com/UK/05064034548.vhjoms'A8)

The qualified workers are warmly welcomed in Britain, but their departure leads to worries in their home countries. Given the fact that a large number of the migrants are young and highly qualified, the sending countries (such as Poland or Hungary) fear not simply a “brain drain”, but rather a “youth drain”. 3% to 5% of young new Member State nationals who completed a third-level education¹⁶ tend to leave their home countries for better wage prospects.

1.2. Ireland

Similarly to Britain, access to the labour market for new Member State nationals was not restricted in Ireland either, though it was linked to registration for work and residence permits. Residence permits, when issued first, are only valid for a limited period of time. Ireland maintained its right to have recourse to the safeguard clause in case its labour market suffers serious disruption.

So far no such trend was observed and it even seems that Ireland is a beneficiary of enlargement. The Irish economy performs exceptionally well, the growth in employment and in labour force is ahead of the EU average: with 4.2% Ireland has one of the lowest rates of unemployment in the EU.¹⁷

The presence of Central European workforce in Ireland is not a recent phenomenon. Irish employers and State agencies have already started to actively recruit non-EEA nationals in 1999 for reasons of skills and labour shortages. In five years time (until 2004), the number of work permits issued rose from 6 250 to 47 551.¹⁸ The influx of new workers was considered as the lifeblood of the Irish economy and was certainly needed to sustain the country’s economic growth.

Due to these migration-favouring factors, ‘A8’ nationals and especially Polish and Lithuanian workers were already present in Ireland in large numbers prior to enlargement. The Irish Government released first figures on the post-enlargement migration trends in August 2004. By that time it already observed a ten fold increase in the number of work permits issued to ‘A8’ nationals compared to the first quarter of the year.

The figures went on climbing. According to the Department of Family and Social Affairs, 85 000 social security numbers were allocated to migrants from the accession countries during the past 12 months¹⁹. Numbers were high for the UK as well, but since Ireland only has 4 million inhabitants, this figure equals to six times more per head of the

¹⁶ “Migration trends in an enlarged Europe.” EF/04/32/EN. European Foundation for the Improvement of Living and Working Conditions, 2004.

¹⁷ “Micheál Martin, Minister for Enterprise and Trade&Employment welcomes latest employment figures” Available at: www.unison.ie

¹⁸ “Migrant workers in Ireland” – figures from: www.entemp.ie available at: www.unison.ie

¹⁹ “85,000 EU migrants move to Ireland, says figs” 15/05/2005. Available at: www.breakingnews.ie/2005/05/15/story202569.html

population than that in Britain! 85 000 registered workers make Ireland – in proportion – the top destination of Central European migrants.

The pro rata per nationality is the following: 40 000 Polish, 18 000 Lithuanians, 9 000 Latvians. Migrant workers mostly found employment in the construction sector, but we obviously find examples of nurses and doctors going west as well.

In response to the growing presence of migrants, the Bank of Ireland has recently announced its plan to offer services and to provide key literature in Polish language, since previous market studies pointed out that language barrier created an important difficulty for foreign customers when they wanted to access bank services.²⁰

1.3. Sweden

Applying no transitional measures, opting for no safeguard clause and granting equal access to its welfare system for nationals of the new Member States, Sweden is the only country amongst the EU15 to have given full meaning to free movement within the enlarged Union. Since the beginning of the accession negotiations Sweden supported the mobility of workers, even though the minority government proposed to issue residence and work permit only to those ‘A8’ nationals who would have proved that their job met requirements e.g. of wage agreements. Furthermore, these initial proposals would have excluded the migrant workers from access to several welfare benefits – but the debate was closed by the Parliament, which overruled them.²¹

In order to calculate the number of migrant workers who have entered the country after May 2004, we can make an evaluation only on the basis of the residence permits issued. The report of the Swedish Migration Board shows a 70% increase in the number of applications for residence permits from the EEA area. This increase almost entirely corresponds to the number of new Member State nationals residing in Sweden.

Until the end of December 2004, Sweden issued a total number of 21 800 residence permits, at the same time experiencing an important reduction in the number of work permits issued (by 13 600). This results from the fact that new Member State nationals are no longer required to hold a work permit in order to take up employment in Sweden.

With a share of nearly 60%, Polish nationals were the most numerous ‘A8’ citizens in Sweden, followed by Lithuanians (1076) and Estonians.²² Generally speaking, enlargement was not seen by the Swedish as an issue – according to a Eurobarometer survey, only 7% of the population considers immigration worrying, and 25% thinks the

²⁰ “Bank of Ireland announces service for migrant workers” 04/07/2005. Available at: www.finfacts.com/irelandbusinessnews/publish/article_10002475.shtml

²¹ T. Boeri – H. Brücker: *Migration, Co-ordination Failures and EU Enlargement*, p. 7 – see *supra*

²² *Migrationsverket, The Swedish Migration Board: 2004 – and the way forward*. Available at: http://www.migrationsverket.se/infomaterial/om_verket/ek_redovisningar/ar2004_sammandrag_en.pdf

economic situation is the major concern.²³ Migrants did not prove to be benefit tourists neither. Last year, the Swedish social security system allocated only 18 000 euros as a social assistance to ‘A8’ nationals.²⁴

2. Member States applying transitional measures

2.1. The experience of the Nordic countries

For reasons of relative geographic proximity, linguistic and historical ties, the migration to the Nordic region shows different characteristics.

By April 2005, the Danish Immigrant Service received 5 167 applications for work and residence permit from citizens of the enlarged Union; 3 250 applications were successfully processed. The majority of work permits have been granted to Polish nationals (809), Lithuanians (685) and Latvians (191).²⁵ Permits were issued mainly to workers in agriculture, gardening and in public and personal services.

Figures prove that the prospected invasion of Central European migrants or the serious disturbance of the Danish labour market did not take place. The incidence of Central European migration on the Finnish labour market was relatively low as well. Statistics Finland reported the presence of 13 978 Estonian nationals on the Finnish territory standing for 8% of the overall migrant population and constituting only the second largest group of foreign workers, the first being the Russian community.²⁶

Even though the free movement of services proved to be a more debated issue – Finnish labour unions were more worried about the situation of posted workers in the construction sector than elsewhere.²⁷

²³ Eurobarometer 61 – spring 2004. Public opinion in the EU15. Available at:

http://europa.eu.int/comm/public_opinion/archives/eb/eb61/eb61_first_res_en.pdf

²⁴ “*Uniós hecckampány: fantommá váltak a kelet-európai hordák*” 28/04/2005. Available at:

<http://www.mfor.hu/cikkek/cikk.php?article=19183>

²⁵ “*The expected invasion of cheap labour from the new Eastern EU countries did not take place*”

13/05/2005. Available at: <http://www.eiro.eurofound.eu.int/about/2005/05/inbrief/dk0505101n.html>

²⁶ Source: Statistics Finland, Demographic statistics. 20/04/2005. Available at:

http://www.stat.fi/ajk/tiedotteet/uutiset_en.html

²⁷ “*Finish labour unions warn of cheap labor from new EU states*” 06/04/2004. Available at:

www.eubusiness.com/Living_in_EU/040406123923.j90adzie

2.2. Austria and Germany

Being one of the first supporters of the idea of transitional measures, Germany and Austria would have preferred a common approach by the EU15 towards the accession countries. Their long-term forecasts (until 2030) predicted that around 4 million workers would move from Central-Europe to Germany (50%) and Austria (15-20%).²⁸

Such estimations played a vital role for these countries, since beforehand they already received two-third of the 'A8' migrants. In order to avoid a boost on an even larger scale, Austria and Germany opted for severe restrictions (planned to be kept in place until the end of the 7 year period) and quotas were established for certain countries and certain sectors too.

Since the fall of the Iron Curtain in 1989, on average only about 8% of the total number of foreigners living in Austria was from the later 'A8' countries. 16% of those have since left Austria.

Currently the labour migration from the new Member States is directly influenced by the quota system and thus, there is no significant "short-term pressure"²⁹ on the labour market. Austrian researchers also pointed out that in the long-run, the country will reap major benefits from enlargement in the future: additional economic growth is estimated to reach 0.5% per year and a net increase of 20 000 is expected in the number of jobs.³⁰ Border-regions will be particularly affected by growing trade and greater labour and capital mobility.

Austria's neighbouring regions (Länder: Vienna, Burgenland, Lower Austria) traditionally had an important cross-border labour migration from the accession countries: Slovakia (Trnava, Bratislava), Hungary (Győr–Moson–Sopron, Vas, Zala) and the Czech Republic (South Bohemia, South Moravia, Northern Moravia). The total population of these border-areas is 7.5 million, with 40% being in Austria.³¹

Nonetheless a poll run in the areas listed above showed that only 12% of Slovaks and Hungarians consider taking up employment in Austria, while Czechs are even more reluctant to migrate (5% of the respondents). Less than a quarter of those willing to work in Austria would definitely move there – 10% of them being currently unemployed.³²

The number of Hungarians working in Burgenland and in Vienna rose only by 1.09% after the enlargement (being 13 488 in April 2004 and 14 753 in May 2005). The

²⁸ "Quel marché du travail après l'élargissement? – Les éléments d'appréciation" see *supra*

²⁹ M. Jandl – M. Hoffmann: "Expected short-term effects of the EU-Enlargement on migration – the case of Austria" in: Der Donauraum, Issue July 2004.

³⁰ "Austria – emerging a winner from the opening of the East and the EU enlargement." Available at: www.bmwa.gv.at

³¹ "Potential for labour migration in border regions examined" 05/07/2005. Available at: <http://www.eurofound.eu.int/2005/07/inbrief/at0507201n.html>

³² *ibidem*

presence of Slovak and Czech nationals increased by 1.11% (from 12 520 in April 2004 to 13 996 in May 2005), their number is almost equal to that of Polish workers.³³ Migrants found employment in three main fields: hospitality services and catering; company-related services; the construction sector.

Similar geographic factors explain the presence of cross-border workers in Germany as well: for Polish migrants the proximity of Berlin, for Czechs the traditional labour flows between the two countries. In 1991, soon after the fall of the Berlin wall, the German government introduced a “seasonal workers scheme” for three sectors: agriculture, forestry and hospitality. Seasonal employment is regulated by bilateral agreements between the authorities of the countries concerned. Such agreements have been concluded with Poland, Hungary, Slovakia and the Czech Republic. The employment under the seasonal workers scheme is limited to three months, during which new Member State nationals do not need a residence permit, nevertheless they must register their residence if the duration of their stay exceeds one month. Experience of the last decade showed that Central European workers – mainly Polish nationals – filled more than 90% of the seasonal posts.

High immigration flows are explained by high unemployment rates, lower GDP per capita and socio-political factors. The recently decreasing rate of German economic growth did not discourage foreigners from migration, since stereotypes and subjective factors still play an important role in the assessment of the host country’s labour potential.³⁴

For two-thirds of Germans, unemployment is the major problem. In relation to enlargement, they fear immigration and off shoring,³⁵ so the imposition of additional restrictions in the services sector is not really surprising. During the first half of 2004, 216 575 Polish, 6 834 Czechs, 2 216 Hungarians and 1 472 Slovak seasonal workers were present on the German labour market, whereas the number of contracted workers from the same countries amounted to 19 631 (Poland), 712 (Czech Republic), 5 266 (Hungary) and 1 222 (Slovakia).³⁶

In the same period, these figures stand for a total of 455 765 ‘A8’ workers in Germany, equivalent to only 6.4% of the overall foreign workforce. Following the accession, migration showed a decreasing trend and reached its lowest level since 1991.³⁷

New Member State nationals who intend to take up employment in Germany are required to have a work permit during the transitional period as a prerequisite of the issuing of their residence permit. Providers of services in the restricted areas (see *supra*) are only

³³ “Erbringung von Unternehmensbezogenen Dienstleistungen.” We are grateful for the contribution of Statistik Austria.

³⁴ “East-West migration in the context of an Enlarging European Union: New opportunities and new challenges.” See *supra*.

³⁵ Eurobarometer 62 – Public opinion in the European Union. May 2005. Available at: http://europa.eu.int/comm/public_opinion/archives/eb/eb62/eb_62_en.pdf

³⁶ www.bamf.de/templates/statistik ...

³⁷ EFMS Migration Report, January 2005. found no: www.uni-bamberg.de/

admitted, if the Federal Agency for labour has granted permission in the framework of a special procedure. Following such decision, the immigration authorities have to grant a residence permit.

According to the Committee of Experts for Immigration and Integration, since 1997 there is a slightly increasing flow of migration to Germany from Central and Eastern Europe. Nevertheless, between 1997 – 2002 nationals of the EU25 (as it is today) accounted for 14% of all new arrivals to Germany for 19% of all departures. In 2002, Polish nationals were the largest group of immigrants, primarily due to their high number as seasonal workers as discussed above.

2.3. France and the BENELUX

France and the Netherlands are two examples, but certainly not the only countries of the EU15 which started the debate over enlargement once it has already happened and not at the time, when it was agreed in 1993. In both countries the poorly performing economy and the dissatisfaction with the national political trends was linked to the question of the European integration, thus, with the repercussions of the enlargement on their labour market, etc.

An already fuelled debate on immigration was linked in France with the vote on the Constitution: the French “NO” campaign described the European Constitutional Treaty as the “Trojan Horse” of globalisation and liberal capitalism.³⁸ Attempts to point out the marginal nature of post-enlargement labour flows,³⁹ or the fact that France did not become the primary destination of migrants remained futile while the counter-argument of the “Polish plumber” convinced the public.

The notion of the “Polish plumber” was used to depict the competitive and cheap eastern workforce, the presence of which would result in a massive unemployment of French service providers, because labour costs only 3.47 euros in the ‘A8’ countries, compared to the average of 22.19 euros in the EU15.⁴⁰

2.5 million French stay unemployed, meanwhile 250 000 jobs remain vacant in France and job-offers continue to increase.⁴¹ At the same time, only 3% of the Polish people speak French.⁴²

³⁸ “*Oui – un bonus pour l’Economie.*” 24/032005, Libération, Paris.

³⁹ From May 2004 to December 2005, 9494 work permits were issued to new Member State nationals representing an increase of 13% compared to pre-enlargement figures. *Evaluatie werknemersverkeer MOE-landen* - Ministerie van Sociale Zaken en Werkgelegenheid, Netherlands.

⁴⁰ “*Nagy-Britanniának szüksége van a külső munkaerőre.*” Available at: www.hhrf.org/rmsz/04maj/04052711.HTM

⁴¹ An increase of +6.6% during the second quarter of 2005. ANPE – 13/07/2005

⁴² 21% of the Polish people speak English and 16% German.

The Netherlands – besides maintaining the previous work permit system – imposed a quota of 22 000 for migrant workers and foresaw the introduction of tighter measures in case this maximum is exceeded. The government set up a seasonal work project in 2002 to answer the specific needs, which arose in the agriculture and horticulture sectors. The program aims to solve the problem of staff supply and to combat illegal work. Seasonal work permits are issued with a validity of two months or 24 weeks.

The data available for the year 2004 shows that the number of work permits issued to new Member State nationals has doubled (from 12 540 to 24 728) after enlargement. 16 538 seasonal work permits were granted to ‘A8’ nationals in the horticulture and 3 000 in the food processing sector. Polish workers made up 82% (20 439) of migrants from the new Member States; while Czechs, Slovaks and Hungarians represented 6%, 5% and 4% of the ‘A8’ workforce, respectively.⁴³

Since jobs taken up by new Member State migrant workers were within the “hard-to-fill” category, their presence did not have a noticeable or disturbing impact on the Dutch labour market. However, the Dutch government has recently launched a project to subsidise the hiring of Dutch workers instead of the migrants (e.g. Polish). The policy to be implemented by Dutch employers is to give priority to the Dutch, who for the last one or two years could not find employment. Furthermore, additional 6 euros are given to the employer for each hour a Dutch person works. Ultimately, even if migrant workers are more eager to take up certain jobs than their Dutch counterparts, hiring the latter will turn out to be a little cheaper than employing for example Polish nationals.⁴⁴

Recently Polish companies requested an investigation from the Commission because Dutch authorities restricted the posting of workers in connection with the provision of services. Since Dutch rules foresee Community businesses to obtain work permits for staff from certain new Member States before they can be temporarily posted to the Netherlands to perform services, the Commission considers that this requirement constitutes a violation of the rules of the Treaty regarding the freedom to provide services.⁴⁵

The research ECAS carried out did not produce up-to-date figures on the number of ‘A8’ workers who arrived to Belgium after 1st May 2004 given the fact that the composition of the Belgian population is very complex and that only general statistics were available on foreign population residing and working in Belgium.

Due to its small population (450 000), Luxemburg is even more concerned about the extent of migration. Nevertheless, despite the large numbers of cross-border workers (around 110 00) and foreign workers permanently residing in Luxemburg, no figures indicate the labour migration from the new Member States.

⁴³ *Evaluatie werknemersverkeer MOE-landen* - Ministerie van Sociale Zaken en Werkgelegenheid, Netherlands.

⁴⁴ “Barriers still exist in larger EU.” Available at: news.bbc.co.uk/1/hi/busyness/4497309.stm

⁴⁵ “Dutch discriminate new Europe.” 28/07/2005. Available at: www.eubusiness.com/Employment/temps.2005-07-28/view

2.4. Greece

During the transitional period obtaining a work permit constitutes a prerequisite for the residence authorisation. The work permit is issued for a period of up to one year and after two years of continuous employment the work permit may be issued for a two-year period. However, it is the Greek (future) employer who introduces the application for a work permit. He should also guarantee the coverage of the cost accommodation and living expenses for three months. The amount must be deposited at the competent Greek Civil Service Department.⁴⁶

From May 2004 to February 2005, 6 711 work permits were issued in Greece to EU nationals, of which only 580 were granted to ‘A8’ nationals.⁴⁷

2.5. The “information gap”

ECAS regrets, that within the framework of the research presented, similarly to Belgium and Luxemburg, information could not be obtained from the Italian, Portuguese and Spanish authorities.

ECAS hopes that its Hotline will help to develop the report with data from missing countries.

⁴⁶ Available at :
<http://europa.eu.int/eures/main.jsp?acro=free&lang=en&countryId=GR&accessing=0&content=1&restrictions=1&step=1>

⁴⁷ We are grateful for the contribution of the Ministry of Public Order and Ministry of Internal Affairs

B) Enlargement – as seen by the new Member States

Let us turn our attention to the new Member States, because the stereotypes of “East-West migration,” or “cheap labour vs. better living conditions” need to be put in perspective.

Since May 2004, the economic performance of the new Member States has significantly changed: accession has boosted trade between the EU15 and the ‘A8’. Western companies invested a total of 14 billion euros in the accession countries, of which 7 billion euros were after enlargement. GDP of the ‘A8’ countries rose by 5% in 2004 and a further increase of more than 4% is predicted for 2005. This rate is twice as high as in the EU15.⁴⁸

Among the eight accession countries, in 2004 Latvia’s economic growth was the highest (also in comparison to the EU15) with 8.5%. It is followed by Lithuania (6.7%), Estonia (6.2%), Slovakia (5.5%) and Poland (5.3%).

The propagated “income gap” – which should have resulted in a massive transfer of residence of new Member State jobseekers to Western countries – might well lose its credibility as accession countries will achieve a level of income convergence within the EU economy.

1. Migration flows intra ‘A8’ countries

The systematic inquiry about the mobility of workers of the ‘A8’ countries provided ECAS with figures not only on “East-West” labour flows, but also on “internal” migration between the new Member States, highlighting certain regional tendencies. These are described below.

1.1. The Baltic countries

Previous paragraphs pointed out the positive economic trends in the accession countries and especially the leading performance of the three Baltic countries (Latvia, Lithuania, Estonia). These changes lead to a relatively low mobility from these countries, although Lithuanians seemed to be more willing to migrate, than Estonians and Latvians.

The Market and Opinion Research Centre of Lithuania carried out a survey on the migration potential of the country and concluded that only 1.3% of the polled considered a permanent emigration possible.⁴⁹ 73% of the respondents had no intention to migrate,

⁴⁸ “*Enlargement – one year on*” 01/05/2005. Available at: www.tutor2u.net

⁴⁹ “*Increasingly fewer persons consider a longer term residence or employment abroad, shows the survey results*” 09/05/2005. Available at: Ministry of Labour of Lithuania, www.socmin.li/index.php?522398147

while 13% said that even in case of leaving the country for working purposes, it would only be for a short period. In this last group of respondents, people with a lower income were preponderant.

48% of the Lithuanian workers left for the UK (26 145) and 33% for Ireland (18 000), whereas only 6% (1 076) chose Sweden as the main destination.⁵⁰

In Estonia, approximately 3% of the population would go to work abroad and two-thirds of them would certainly look for temporary employment only. Even if the main purpose of leaving is to get better pay, workers are often willing to accept a job, which requires less qualification and offers a lower salary than what locals would get for the same work.

Half of the Estonians who think of going abroad presume that they will probably not find employment or are unable to assess their opportunities.⁵¹ If they decide to leave the country, their most preferred destination is Finland. In general, Estonians are really satisfied with their country's EU membership and 70% of them are in support.⁵²

Regarding intra 'A8' migration, the Ministry of Interior of Estonia confirmed that between May 2004 – June 2005, 224 residence permits for work purposes were issued to new Member State nationals.⁵³

Latvia, with its highly performing economy attracted both EU15 and 'A8' nationals, although the numbers indicate very little mobility. Mainly Estonians, Lithuanians, Finnish, Danish and Swedish nationals came to work in Latvia.⁵⁴

1.2. Central Europe

In the Central European region Slovak workers seem to have woken up first to the call of enlargement: two-third of the migrants headed to the Czech Republic and one-third to Hungary (here primarily those who belong to the Hungarian minority and live in the border region). According to the statistics, as of May 2005, 61 000 Slovaks worked in the Czech Republic and around 20 000 in Hungary. Around 150 000 Slovaks currently work in the enlarged Europe, of which 18 000 found employment in the UK, 6 500 in Italy and

⁵⁰ We are grateful for the contribution of the Embassy of Sweden, Vilnius

⁵¹ "Migration of healthcare workers from Estonia – the potential extent of migration, its influence on the needs of healthcare workers and political choices" Praxis Center for Policy Studies, Tallin 2004

⁵² "Enlargement – the view from Estonia" 11/05/2005. Available at: www.baltictimes.com/art.php?art_id=12681

⁵³ We are grateful for the contribution of the Ministry of Interior, Estonia

⁵⁴ As of April 2005: 38 Estonians, 90 Lithuanians, 33 Danish (number decreased!), 50 Finnish and 30 Swedish – We are grateful for the contribution of the Office of the Citizenship and Migration Affairs, Latvia

5 500 in Ireland.⁵⁵ Their occupation varies from tourist services, agriculture and construction to health service and hospitality sector.

The situation of the Czech Republic seems to be stable; the employment rate is growing, the unemployment dropped by 3.3% in the first quarter of the year and the nominal wages increased (8.9% in the non-business, and 4.9% in the business sector). Although the Czech Republic has a history of emigration to the West (Germany, Austria), after May 2005, the country itself became a destination for immigrants. (see Slovakia - supra)

As regards Hungary, Slovak nationals represented the highest proportion of migrant workers. Hungarian official sources⁵⁶ know about 10 000 registered Slovak workers (from May 2004 to June 2005). Nevertheless, they presume that the number might be even higher given the fact migrant workers have to register before taking an employment in Hungary, but the non-compliance with the rules does not have any consequences. This presumption is confirmed by Slovak authorities, who reported 20 000 Slovaks working in Hungary.

Apart from the overwhelming number of Slovak migrant workers in Hungary, only 582 'A8' nationals registered in Hungary,⁵⁷ 77% of whom were Polish (449 persons). The willingness of Hungarians to leave the country for better work prospects abroad was also relatively low; the two main destinations were Austria (especially in Western Hungary) and the United Kingdom. While the first attracts mainly low- or unskilled workers, the second receives highly qualified migrants.

Since Austria restricted the access of Hungarian workers to the construction sector and because competent authorities retain a margin of appreciation whether an Austrian could better fill the given job or not, not many Hungarians entered the labour market after May 2004. Those who currently work there are mainly those who found employment before enlargement.

Western Hungary is also affected by the desertion of highly qualified doctors, since anaesthetists are in demand abroad especially in the UK, Austria and Germany. During the past 12 months already 430 – mostly young – doctors left the country for better paying posts in the EU15.⁵⁸

Although Hungarians were expected to be quite mobile after enlargement, these expectations were not really met due to the fact that family ties are traditionally important for Hungarians and the socio-cultural elements, or the insufficient knowledge of foreign languages also influence their choice.

⁵⁵ Central Office of Labour, Social Affairs and Family - We are grateful for the contribution of the Central Office of Labour, Social Affairs, and Family, Slovakia

⁵⁶ "Nem jött be az EU parák nagy része" 03/05/2005. Available at: index.hu/gazdasag/magyar/eu050502/

⁵⁷ We are grateful for the contribution of the National Labour Office, Hungary

⁵⁸ "Tempted by higher salaries, Hungarian doctors go west" 19/02/2005. Available at: www.eubusiness.com/Hungary/050220054654.g0v6qdfm

1.3. The ‘antipodes’: Poland and Slovenia

Poland and Slovenia are certainly at the antipodes of the estimations for both the number of their population (38.2 million for Poland and 2 million for Slovenia) and the willingness of their nationals to migrate.

If seasonal workers are included in the calculation, 450 000 Polish nationals worked in other EU Member States during the first year after enlargement. According to the Polish Ministry of Foreign Affairs, most of their nationals went to work in Germany (21%), Great Britain (21%), Italy (11%), the Netherlands (7%) and Ireland (7%).⁵⁹ Meanwhile, the first year of the European membership was very positively received by the Polish living in the country. The percentage of farmers in support of the enlargement rose from 20% to 70% by May 2005. Polish trade balance was positive for the first time since 1989 with an export rate of 33%.⁶⁰

As regards post-enlargement flows to Poland, figures show a relatively stronger presence of EU15 than of ‘A8’ nationals. From 1 May 2004 to 31 December 2004, 5 362 EU15 nationals applied for a residence permit in Poland. Meanwhile, only 685 EU10 nationals did the same. The number of work permits issued during the second half of 2004 to EU15 nationals was 1 134.⁶¹ The discrepancy between the number of those who arrived and those who took up an employment is explained by the fact, that EU15 nationals usually pursue their own economic activity in Poland and are in most of the cases managers in foreign or joint-stock companies. The location of foreign companies in Poland explains also the total number of 35 000 foreigners living in Poland of which Germans make up the biggest group (about 20 000), followed by the French (about 10 000).⁶²

By contrast to the Polish migration flows, Slovenia shows a very low outflow of workers.⁶³ At the same time, the number of new Member State nationals taking up an employment in Slovenia has doubled. 2 280 EU nationals found Slovenia’s good social environment and economic stability attractive: the number of Slovak workers (1 047) has tripled after enlargement, while the number of Czech and Polish nationals (100 and 123 respectively) employed in Slovenia has doubled, though on a smaller scale.⁶⁴ New Member State nationals work mainly in the construction sector and in the metal industry.

⁵⁹ “One year after joining the EU, 65,000 Polish workers have taken jobs there” 25/04/2005. Available at: www.eubusiness.com/East_Europe/050425110541.59dk5ucn

⁶⁰ “One year after the EU-enlargement: Visions and realities for Polish economy and working life”. Andrzej Jaroszyński Polish Ambassador in Oslo. 26/05/2005, FAFO Østforum

⁶¹ We are grateful for the contribution of the Ministry of Economy and Labour of Poland.

⁶² We are grateful for the contribution of the Office for Repatriations and Aliens

⁶³ EURES reported 322 employment – “Labour Inflow from New Member States to Slovenia Doubles after EU Enlargement.” 09/04/2005. Available at: www.uvi.si/eng/slovenia/publications/slovenia-news/1905/0913/

⁶⁴ This data covers the period until December 2004. *Ibidem*

C) The practical aspects of the free movement

Leaving one's country for another requires courage and a determination. Leaving one's family and the well-known environment for hopes and expectations is not easy at all. It is even less so, if the person does not know what kind of experience he/she will come to face, or how easy his/her integration with the host society will be; if the person does not have an exact knowledge on how to comply with administrative formalities, or how to make yourself understood.

The host country will not necessarily ease one's worries. Local authorities might require documents the person has not brought along; the procedure might take too long and in the meantime one has to find a place to sleep and something to eat etc. Very often the money brought along will run out far too quickly...

Migrants coming from the new Member States will not be entitled to ask for income support or for jobseekers' allowance since apart from Sweden, the other EU15 countries tightened the rules in the fear of an additional burden on their public finances.

“Hard working immigrants are welcome. Benefit tourists are not.”⁶⁵

If an 'A8' migrant finds a part-time job and works only a small number of hours, he/she will not necessarily qualify as worker, thus will not be entitled to complement his/her earnings with work-seekers' benefits either. Migrant workers face various problems – some of them try to overcome them, some of them just cannot and decide to return. What happens if they no longer have money to pay the trip? Will their Consulate be able to help? Not always. These are delicate issues which are not easy to deal with.

1. Persisting obstacles to overcome: free movement of workers

Challenging situations might emerge due to the insufficiency of financial means, such as the problem of deterioration of the living conditions, the willingness to take up badly paid jobs, seeking alternative employment and income in the black market, or in the worst case: becoming victim of trafficking in human beings or other abuses. Apart from the above extreme cases, the major obstacle to overcome by a migrant worker is the lack of information.

The practical issues of residing and working abroad are hardly known. The continued application of the pre-accession work permit systems for new Member State nationals by certain EU15 countries leads to confusion, especially as regards the right and conditions of entry and residence of the new Member State nationals. For example the requirement to obtain a work permit is sometimes confused with the necessity to possess an entry visa which does not apply to any EU citizens – be they EU10 or EU15 nationals.

⁶⁵ David Blunkett, British Home Secretary. “*Worker Registration Scheme and Work Permit figures published.*” 22/02/2005. Available at: www.ind.homeoffice.gov.uk/ind/en/home/news/press_release/worker_registration.html

Even in cases, where information on sophisticated national measures is made available, it is not always easily understandable. The problem may be illustrated by the French system of obtaining a residence permit for work purposes, constituting an exceptional example of the persistence of bureaucratic obstacles to free movement of workers.

Firstly, a new Member State national has to find an employer willing to engage him/her, or declaring that he will do so in the future. At the same time, the alleged employer is required to submit a request to the National Agency for Labour (ANPE – Agence National pour l'Emploi) who transmits the query to the competent Labour Division (DDTEFP – Direction Départementale du Travail, de l'Emploi et de la Formation Professionnelle) according to the future place of work.

Then the competent local Labour Division makes the assessment of the professional experience and the educational background of the applicant, and evaluates the questionnaire the applicant must fill in concerning the prospective accommodation in France. If the request for employment is accepted by the DDTEFP, they notify the future employer, the French Foreigners' Office (Service des Etrangers de la Préfecture) and the Home Office (Office de Migrations Internationales).

As a next step, the applicant has to apply for a right to remain over the period longer than three months from his/her home country. Upon arrival in France the future employee must undergo a medical check. After that, with all the documents he/she has obtained during the procedure, the person is supposed to go to the local Foreigners' Office which finally delivers the "residence permit for employed" (titre de séjour temporaire pour salarié).⁶⁶ The system seems to be a factor rather deterring from migration, isn't it?

Excessive delays in the granting of work permits occur throughout the EU15 and often have negative consequences on the personal situation of the individual concerned, especially when he or she should promptly answer to a job offer which was directly addressed to him/her.

The countries, which set a quota on the number of new Member State nationals employed in certain sectors, often refuse the requests on formal grounds. This obviously leads citizens to think that they are subject to discrimination on grounds of nationality.

Another problematic issue is the recognition of qualifications or professional experience, especially when taking into account of skills or seniority would result in grading the employee to a higher salary class. Similar problem is the interpretation of art. 39(4) of the EC Treaty according to which the principle of free movement of workers does not apply in the public sector. As a consequence, Member States remain free to restrict the access to employment within the public sector and retain a margin of appreciation to decide which positions belong to this category. However, objective criteria should be respected each time when employment is qualified as a public function.

⁶⁶ Source: www.anpe.fr ; <http://travail.gouv.fr/ministre/ddtefp.html>

2. Case-study: a problem related to the free provision of services

Although this is an atypical case related to the provision of services and not to the free movement of workers, nevertheless it perfectly illustrates the often debated issue of the entering of the “cheap Eastern workforce” on the Western labour market. The case concerns Sweden, the only Member State of the EU15 which granted equal access for new Member State nationals to its labour market and to its welfare system. Even though no major change to the labour flows has been observed, the welcome of ‘A8’ workers and companies was not always positive.

The case of a Latvian construction company (L&P Baltic, the daughter company of Laval and Partneri Ltd, Latvia), which undertook the building of a school in Sweden not far from Stockholm. L&P Baltic worked with its own contracted Latvian workers whose wages were considerably lower than what is permitted under Swedish rules.

The Swedish Building Workers’ Union (SBWU) soon opposed to such a practice and claimed that the Latvian company should comply with the Swedish collective agreement. L&P Baltic did not see a breach of law since it respected the collective agreement in Latvia, where the central office of the firm was located.

The dispute went on and as a last resort, on 2 November 2004, the SBWU started boycotting L&P Baltic’s activities in Sweden. The blockade lasted for 101 days and was stopped only when the Latvian company left the site and returned home. L&P Baltic brought an action against the SBWU for restricting the competition, but by that time the company already went bankrupt.

In March 2005, the Swedish Building Workers’ Union started boycotting another Latvian construction company (R. O. K.) and announced the blockade of a third Latvian enterprise. In all three cases, the reasons for applying drastic restrictive measures were the excessively low wages and the unwillingness of the Latvian companies to conclude a collective agreement with the SBWU.⁶⁷

The Swedish Labour Court which dealt with the plea of L&P Baltic decided to ask for a preliminary ruling from the European Court of Justice in order to clarify whether the actions taken by the SBWU were in line with Community rules on the free movement of services (art. 49 TEC), the prohibition of discrimination on grounds of nationality (art. 12 TEC) and the posting of workers (Directive 96/71/EG).⁶⁸

Proceedings before the Swedish Labour Court will be pending until the ECJ gives its ruling on the issue and in the meantime each party will uphold its rights and protect its position on the market.

⁶⁷ “Latvian builders’ misfortunes in Sweden continue” 07/06/2005. Available at: <http://www.eurofound.eu.int/print/2005/06/inbrief/lv0506101n.html>

⁶⁸ “The Swedish Labour Court asks for a preliminary ruling from the ECJ regarding dispute of pay for Latvian workers.” Available at: <http://www.eurofound.eu.int/print/2005/05/inbrief/se0505104n.html>

Conclusions and recommendations

The founding idea of the European Communities, i.e. to unite people and not only economies, seems to be half-achieved taking into consideration the transitional measures, which restrict the free access to employment for nationals of the new Member States.

When justifying the transitional period by recalling the example of “Southern enlargements” on occasions of which similar restrictions were imposed on Greek, Spanish or Portuguese workers, one must equally bear in mind the fact, that in the meantime the Belgian, French, German, etc. nationals have become European citizens possessing an express right to move freely within the territory of the Union.

By joining the European Union, new Member State nationals are entitled to enjoy the same rights as their EU15 counterparts – except for the right to take up an employment freely throughout the Union.

“The thinking that we need long transition periods 14 years after the fall of the Berlin Wall shows a lack of solidarity.” (Jan Figiel, Commissioner of Slovakia⁶⁹)

What reasons justified the prudence of the “old” Member States? What kind of considerations led 12 out of the EU15 to opt for restrictions lasting – in the worst case – for seven years?

- 1) *First* of all, certainly not the labour movement forecasts which relied on model-based studies (like previous enlargement experience with the Southern countries), or on very-long-term forecasts of economic developments of the current Member States and of the candidate countries, because even if these studies had a certain degree of uncertainty, they did not suggest an immediate and dramatic increase in migration. Estimates put the long-run migration potential of candidate countries at roughly 1% of the current population.⁷⁰
- 2) *Second*, the experience of the Southern enlargement, which showed the closest analogy with that of the Central-European countries proved that the transitional periods could be reduced (in the case of Spain and Portugal from seven to six years). Once the restrictive measures were lifted up, migration remained stable (Spain), or only slightly increased (Portugal).
- 3) *Third*, a common sense argument would have been to admit that the intention to migrate does not solely depend on economic expectations, but is influenced by personal factors as well! Deterring factors might be the language; the cultural barriers; personal concerns (changing the country, leaving behind family and

⁶⁹ “EU countries fear mass migration from the East.” 05/02/2004. Available at: <http://www.dw-world.de/dw/article/0,1564,1105912,00.html>

⁷⁰ “Potential size of migration from the candidate countries to current EU Member States after enlargement.” Available at: www.weltpolitik.net/Regionen/Europa/Polen/Analysen/

friends); ties of property, or the so-called administrative “red tape”⁷¹ meaning the lack of information about rights and duties, the overcomplicated procedure to apply for work permits, long hours of queuing, which all discourage the person from working abroad.

- 4) *Fourth*, demographic changes (for example the fall of the fertility rate below the level needed to replace the population) or the ageing of the workforce would have also supported the idea of opening the western labour market to Central- and Eastern European workers, when the “old” Member States are obviously workforce-demanding, and the closest supply is just “out there”. (The workforce of the ten new Member States equals to one-third of the active population of the western countries.⁷²)

Despite the above arguments, the German and the Austrian governments strongly opposed during the accession negotiations the scenario of immediate extension of free movement right to nationals of the ‘A8’ countries – and the politicians were obviously reluctant to go against public fears.

Eurobarometer surveys showed that 75% of Germans were worried about unemployment as a consequence of Eastern enlargement and feared an expected flow of 4 million workers from the new acceding countries. For the Dutch the economic situation was the highest concern, in Sweden the debate focused on impact of potential migrants on the health care system, while in the UK, Denmark and Spain fears were expressed about immigration.⁷³

However, migration is not only influenced by the imposition or the non-imposition of transitional measures. According to analysts, employment restrictions have little impact on actual migration from the new Member States, but they answer domestic political concerns in the context of slowing economies, high unemployment and anti-immigration sentiments.⁷⁴ The intention to migrate, or the willingness to rather “stay at home” is reflected by several pros and cons. These arguments are the following.

A) Economic incentives to migration

- *Labour migration cannot take place, if there is no labour shortage on the demand side.*
- *Overall, the data available leads us to a conclusion that the Eastern enlargement resulted in a predominantly unilateral migration from the*

⁷¹ “The Unfinished enlargement.” p. 7 – see *supra*

⁷² “*Quel marché du travail après l’élargissement? – Les éléments d’appréciation*” available at: www.senat.fr/rap/r00-291/r00-2913.html

⁷³ Eurobarometer 61 – spring 2004. Public opinion in the EU15. Available at: http://europa.eu.int/comm/public_opinion/archives/eb/eb61/eb61_first_res_en.pdf

⁷⁴ “EU enlargement and the limits of freedom.” 01/05/2004. Available at: www.migrationinformation.org/Feature/display.cfm?id=224

*new Member States to the EU15. Only a very marginal number of western workforce took advantage of the Central European market.*⁷⁵

- Generally speaking, the “push factors” of migration (e.g. the wage differential between the host and the source country, the unemployment rates or the fragmentation of the labour market) start to lose their plausible nature once the economic expectations in the home country increase.
- Post-enlargement labour migration did not disrupt the host labour markets *firstly*, because its extent remained relatively limited and *secondly*, because the host economies had the capacity to absorb the new labour force without increasing the unemployment rate of their own nationals. The two main destinations for migrant workers were the United Kingdom, and Ireland, while at the same time an “intra ‘A8’ movement” took place as well, from Slovakia to Hungary and to the Czech Republic.
- Economies as the UK or Ireland made use of the increased migrant flows: the UK, for example traditionally had a migration policy based on a relatively liberal, market-oriented approach, with increasing flexibility and dynamism.
- The accession boosted the economies of the new Member States: 7 million euros of foreign investment, an average of 5% GDP growth, positive trade balance and better employment prospects.

B) Personal factors influencing the migrant workers

- A large number of the migrant workers were of the age 18-34, male, single and had at least secondary education. They intend mainly to take up temporary employment (up to one year) and then return to their home countries.
- The expansion of the European labour market and the better economic prospects certainly act as “pull-factors” for migration, nonetheless language knowledge, social and cultural background, personal circumstances or the property ties play an equally important part in favour of not leaving the home country.

C) Practical aspects of migration

- The currently applied transitional measures are diverse as regards their time-scale and their nature. Their application gives space to maintaining the national measures for a period of “2+3+2” years as far as the new

⁷⁵ The number of EU15 nationals in certain accession countries: Estonia: 623, Latvia: 247, Hungary: 1861, Slovakia: 940, Slovenia: 136. (The data was obtained with the kind help of national statistical offices.)

Member State employees are concerned (but not their family members, or the self-employed). Meanwhile, Maltese and Cypriots are not covered by the restrictions; Austria and Germany may apply stricter measures as regards certain service sectors and the access to the welfare system of the host country is linked to certain conditions.

- When leaving their countries, migrant workers of the ‘A8’ countries have to overcome day-to-day difficulties of registration, administration, applications, sometimes they even have to face financial problems.

Despite the above disincentive factors to migrate, the accession process gave the impression of a “*race to the top*” as regards restrictions to the access of labour market. Europeans feared hordes of cheap Eastern labour and “benefit tourists” in case labour markets were immediately opened. “Fortress Europe” rang the alarm bell to protect against new European citizens who would weigh too heavily on public finances. Certain politicians spoke in terms of “them” and “us” – further emphasising the feeling of the accession countries to be non fully-fledged members.

One year after the enlargement, the European public still resists the idea of full admission of the new Member State nationals to their labour market and doubts the appropriateness of enlargement – although the context has changed. The concerns of unemployment, the liberalised economies and the delocalisation of national companies towards cheaper European markets are reflected in the choice of French and Dutch voters, when rejecting the European Constitutional Treaty at the referenda.

The dissatisfaction of the voters is due to the lack of fair and objective information campaign, be it related to the Constitution (see: the dilemma of the “Polish plumber”), or to the appreciation of the latest market trends. The average knowledge about the EU remains focused on the main events only: signature of a Treaty, introduction of the Euro, or the crisis of an institution.

“Top-down” campaigns are no solution to combat the lack of information since they do not leave room to creative discussion and exchange of views. In its previous reports, ECAS already called for public debates and public hearings on the issue of enlargement, which unfortunately have not taken place yet.

The monitoring of the experiences of the first year of enlargement should now lead the European institutions to launch a hearing to allow citizens, public and private organisations to express their views on the accession. The European Institutions should also take into account the shortcomings of the enlargement and especially the issue of the free movement of workers, by re-evaluating the application of the transitional measures in the light of recent labour-market trends and the requirements of the internal market.

Information sources

1. To obtain more information about free movement rights within the enlarged EU please consult Your Europe website (www.europa.eu.int/youreurope). It contains useful fact sheets with information about European and national legislation as well as contact points.
2. Questions may also be referred to Europe Direct by an e-mail or free phone number. Please visit the website (<http://europa.eu.int/europedirect/>) or telephone 0800 67 89 10 11.
3. You can also refer your questions concerning the scope or “meaning” of EU legislation and their influence on your rights to the Signpost Service (www.europa.eu.int/citizensrights/signpost/index.htm)
4. In cases of infringement of EU rules occurring due to misinterpretation or misapplication of EU law provisions by public administration you can refer to SOLVIT (please find the address of the SOLVIT centre located in your country on a website (www.europa.eu.int/solvit)).
5. For information about individual national measures referring to workers, please consult the EURES portal on (<http://europa.eu.int/eures/index.jsp>)
6. You can also try contacting citizens Citizen Advice Centre in your own country. Such networks are not existent in all European Member States, but you may try obtaining information about them from the secretariat of Citizens Advice International, a new organization, which shares premises with ECAS.
7. Please refer also to ECAS updated ‘50 Questions and answers on your European Rights’. To obtain a copy please contact ECAS directly.