The European Neighbourhood Policy and migration flows

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In European Economic Studies
DEMOGRAPHIC CHALLENGE

• Population aging and decline
• Decreasing fertility rates and increasing life expectancy
• Severe impacts on social security and health care systems
POLICY OPTIONS

• Increase fertility rates
• Ameliorate social security systems
• Increase retirement age
• Promote labour force participation
• Encourage private pension systems

ALL INSUFFICIENT…NOT LONG-TERM SOLUTION
MIGRATION AS A SOLUTION

• UN Report (2000) titled “Replacement Migration: Is it a Solution to Declining and Aging Populations?”
  – EU would need to achieve net annual migration of 13 million new migrants per year between 2000 and 2050 to cope with these potential problems.

• CEECs Enlargement?
Motivations for migration

The motivations for migration may be stylistically described as combinations of social, ethnic, and politically related push and pull factors.

1. Economic and demographic:

<table>
<thead>
<tr>
<th>Push factors</th>
<th>Pull factors</th>
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<tbody>
<tr>
<td>- poverty;</td>
<td>- prospects of higher wages;</td>
</tr>
<tr>
<td>- unemployment;</td>
<td>- potential for improved standard of living;</td>
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<tr>
<td>- low wages;</td>
<td>- personal or professional development.</td>
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<tr>
<td>- high fertility rates;</td>
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<td>- lack of basic health and education.</td>
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## 2. Political

<table>
<thead>
<tr>
<th>Push factors</th>
<th>Pull factors</th>
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<tbody>
<tr>
<td>- conflict, insecurity, violence;</td>
<td>- safety and security;</td>
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<td>- poor governance;</td>
<td>- political freedom.</td>
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<td>- corruption.</td>
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### 3. Social and cultural

<table>
<thead>
<tr>
<th>Push factors</th>
<th>Pull factors</th>
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<tr>
<td>- human rights abuses;</td>
<td>- family reunification;</td>
</tr>
<tr>
<td>- discrimination based on ethnicity, gender and</td>
<td>- ethnic (diaspora migration) homeland;</td>
</tr>
<tr>
<td>religion.</td>
<td>- freedom from discrimination.</td>
</tr>
</tbody>
</table>
Admire the best, forget the West - What kind of immigration policy for Central-Eastern Europe?
Decline of fertility: EU-25 1960-2000
Age pyramid of the EU-15 population 2001
Economic consequences of ageing

Demographic Support Ratio
(Population of Working Age relative to Pensioners)
(EU15 v US)

Economic Support Ratio
(Number of Workers per pensioner)
(EU15 v US)
Beneficial migration

• Fiscal impact is positive, there are more revenues for public budget than costs related to the migrants
• Probably when the age structure of migrants and their employment rate and income distribution is better or at least similar to the natives
• The factors affecting the effectiveness of the replacement migration:
To what kind of labour market the migrants arrive?

High or low employment and unemployment rates?

Stagnating, rising or falling employment, and unemployment
Eurosclerosis on labour markets caused by:

- Rigid, over-regulated labour markets
- High tax wedge on labour cost
- Too high welfare benefits
- Demographic change, namely the ageing of the population
- Social and cultural differences
• Mass migration to unreformed, stagnating labour markets will not solve but deepen the aging, pension, social and economic problems.

• Before any migration: labour market reform and pension reform.

• Other key factors of beneficial migration:
What kind of migrants are arriving?

- Workers
- Asylum seekers, refugees
- Family reunification
- Illegal migration
What kind of migrants are arriving?

**COMPARISON OF THE COMPOSITION OF IMMIGRANT OR LONG-TERM MIGRANT ADMISSIONS BY CATEGORY, SELECTED DEVELOPED COUNTRIES, 1991 AND 2001**

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</thead>
<tbody>
<tr>
<td>Australia</td>
<td>45</td>
<td>55</td>
<td>47</td>
<td>33</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Canada</td>
<td>18</td>
<td>26</td>
<td>64</td>
<td>62</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td>United States</td>
<td>10</td>
<td>19</td>
<td>75</td>
<td>70</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>Denmark</td>
<td>20</td>
<td>22</td>
<td>60</td>
<td>53</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>France</td>
<td>27</td>
<td>20</td>
<td>58</td>
<td>69</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>Sweden</td>
<td>2</td>
<td>2</td>
<td>62</td>
<td>65</td>
<td>36</td>
<td>33</td>
</tr>
<tr>
<td>Switzerland</td>
<td>47</td>
<td>55</td>
<td>51</td>
<td>42</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>49</td>
<td>54</td>
<td>42</td>
<td>35</td>
<td>9</td>
<td>11</td>
</tr>
</tbody>
</table>

Employment/population ratios in Germany 1991 - 2004

Figure 2a: Employment/population ratios of German nationals, ethnic Germans, Turkish nationals, foreigners and foreign-born, men

Source: European Community Labour Force Survey.
Youth (16-25) unemployment rate in French regions and "ZUS"
Female economic activity status:¹ by ethnic group, April 2001

England and Wales

Percentages

- White British
- White Irish
- Black Caribbean
- Other White
- Indian
- Mixed White and Asian
- Other Black
- Other Mixed
- Mixed White and Black Caribbean
- Chinese
- Mixed White and Black African
- Black African
- Other Asian
- Pakistani
- Bangladeshi
- Other Ethnic Group
- All women

Unemployment rates: by ethnic group and sex,¹ April 2001

England and Wales

- Other Black
- Mixed White and Black Caribbean
- Bangladeshi
- Black Asian
- Black Caribbean
- Mixed White and Black African
- Pakistaní
- Other Mixed
- Mixed White and Asian
- Other Asian
- Chinese
- Indian
- Other White
- White Irish
- White British
- Other ethnic group
- All people

¹ Working-age population (men aged 16–64, women aged 16–59).

Source: Census 2001, Office for National Statistics
Other aspects of cost-benefit analysis of the migration:

Level of education
The extent of the welfare state
The accessibility of the welfare benefits for the migrants
Socio-cultural and family models of migrants
Crime and imprisonment rates among migrants
### Table 9. Characteristics of Immigrants and Natives in the Workforce

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</thead>
<tbody>
<tr>
<td>Less Than H.S.</td>
<td>8.0</td>
<td>29.8</td>
<td>19.3</td>
<td>27.4</td>
<td>30.5</td>
<td>34.4</td>
<td>35.4</td>
</tr>
<tr>
<td>H.S. Only</td>
<td>33.4</td>
<td>25.3</td>
<td>24.9</td>
<td>23.4</td>
<td>27.0</td>
<td>25.1</td>
<td>10.0</td>
</tr>
<tr>
<td>Some College</td>
<td>30.0</td>
<td>17.1</td>
<td>22.0</td>
<td>18.2</td>
<td>17.9</td>
<td>14.0</td>
<td>7.7</td>
</tr>
<tr>
<td>Bachelor’s</td>
<td>19.4</td>
<td>17.0</td>
<td>16.1</td>
<td>19.4</td>
<td>15.7</td>
<td>17.2</td>
<td>11.4</td>
</tr>
<tr>
<td>Graduate or Professional</td>
<td>9.3</td>
<td>10.7</td>
<td>17.7</td>
<td>11.6</td>
<td>8.8</td>
<td>9.3</td>
<td>14.4</td>
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</table>

<table>
<thead>
<tr>
<th>Median</th>
<th></th>
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<tbody>
<tr>
<td>Annual Earnings²</td>
<td>$30,440</td>
<td>$23,000</td>
<td>$34,760</td>
<td>$29,000</td>
<td>$22,000</td>
<td>$17,680</td>
<td>-</td>
</tr>
<tr>
<td>Average Age</td>
<td>40</td>
<td>39</td>
<td>51</td>
<td>43</td>
<td>38</td>
<td>33</td>
<td>-</td>
</tr>
</tbody>
</table>

1 Percentage of persons 18 and over in labor force who worked a full-time schedule at least part of the year.

2 Includes income from all sources.

Native and immigrant welfare use, USA 2001

Table 13. Use of Means-tested Programs by Head of Household’s Nativity, by Year of Entry (Percent)\(^1\)

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<tbody>
<tr>
<td>Public Assistance(^2)</td>
<td>2.1</td>
<td>3.2</td>
<td>3.2</td>
<td>1.8</td>
<td>2.9</td>
<td>4.1</td>
<td>3.9</td>
</tr>
<tr>
<td>Supplemental Security Income</td>
<td>3.9</td>
<td>5.3</td>
<td>5.3</td>
<td>4.9</td>
<td>7.1</td>
<td>5.5</td>
<td>4.1</td>
</tr>
<tr>
<td>Food Stamps</td>
<td>5.3</td>
<td>6.7</td>
<td>6.7</td>
<td>4.1</td>
<td>6.1</td>
<td>7.5</td>
<td>8.4</td>
</tr>
<tr>
<td>Medicaid</td>
<td>12.1</td>
<td>18.6</td>
<td>18.6</td>
<td>11.7</td>
<td>17.9</td>
<td>23.5</td>
<td>19.7</td>
</tr>
<tr>
<td>Percentage of Households Using Any of the Above</td>
<td>13.3</td>
<td>19.7</td>
<td>19.7</td>
<td>12.5</td>
<td>18.8</td>
<td>24.3</td>
<td>21.2</td>
</tr>
</tbody>
</table>

\(^1\) Immigrant and native households defined by nativity of household head. Year of entry based on household head.
\(^2\) Includes TANF and General Assistance Programs.

Welfare use gap in Europe is even higher:

- **European welfare states are more extensive**
  (America is the only developed country that does not have a full government-supported health-care system, the only Western democracy that does not provide child support to all families and one of the only two OECD countries (the other is Australia) that does not provide paid maternity leave.)

- **Big differences in employment and unemployment rates between EU citizens and foreign born extra-EU immigrants** (not like in the US)

- **The migrant’s access to welfare is barely limited**

- **The differences in fertility are higher** (more children cost more money)
Main conclusions

• Migration not alone! (pension and labour market reforms are also needed)
• Focus on labour migration according to the economic demand.
• Focus on skilled workers, but don’t forget about the unskilled labour if there is a demand (otherwise they will come illegally).
• Reduce the number of refugees and family/unifications, fight against the illegal migration.
• Limit the access to welfare, reform the welfare system.
• Don’t forget the impact for society, national security and politics. Migration is not only an economic question.
Development of the ENP

- The ENP was first outlined in the “Commission Communication on Wider Europe” in March 2003
- In May 2004 followed a more developed Strategy Paper on the European Neighbourhood Policy
- In December 2006 the Commission made proposal regarding how the policy could be further strengthened (Report on Implementation)
The ENP applies to...

- The immediate neighbour countries of the enlarged EU with *no accession prospective in the near future*

- The ENP doesn’t apply to **Candidate Countries** (such as Turkey, former Yugoslav Republic of Macedonia and Croatia) and “**Potential Candidates**” (Albania, Bosnia and Herzegovina, Montenegro, Serbia including Kosovo)
Who are the ENP partners?

- Israel, Jordan, Moldova, the Palestinian Authority, Ukraine (ENP Action Plans in force since 2005)
- Armenia, Azerbaijan, Georgia (ENP Action Plans in force since 2006)
- Lebanon (since January 2007)
- Egypt (Since March 2007)
- Algeria
- Belauers, Libya, Syria
Building on existing frameworks…

- The ENP builds upon already existing agreements between the EU and the ENP’s partner countries, such as:
  - Partnership Agreements
  - Cooperation Agreements
  - Association Agreements in the frame of the EuroMediterranean Partnership
The ENP objectives…

- To promote prosperity by supporting EU’s neighbours’ economic reform process
- To advance freedom and democracy in the neighbour countries by deepening political cooperation, on the basis of shared values and common interest
- To promote security and stability - in line with the European Security Strategy
How does it work…?

• Together with each ENP partner country, the EU sets out an agenda of political and economic reforms, with short and medium term priorities
• The EU provides financial and technical assistance to support the implementation of these reforms
• The reform objectives concern a wide range of fields within certain areas, such as:
Cooperation areas...

Such as:

• COOPERATION ON POLITICAL AND SECURITY ISSUES
• COOPERATION ON ECONOMIC AND TRADE MATTERS
• COMMON ENVIRONMENTAL CONCERNS
• INTEGRATION OF TRANSPORT AND ENERGY NETWORKS
• SCIENTIFIC AND CULTURAL COOPERATION
ENP’s instruments & methods…

• **Country Reports** assessing the political and economic situation of each ENP’s partner country

• **Action Plans** defining the agenda of reforms by means of short and medium term priorities (3-5 years)

• The implementation of the mutual commitments contained in the Action Plans is regularly monitored through sub-committees

• The implementation of the reforms is supported through various forms of EC-founded financial and technical assistance
EC financial support until 2007:

• 2000-2006: €8.3 bn of which €5.5 bn under MEDA and €2.3 bn under TACIS programmes

• EIB lending: €6.5 bn for the Mediterranean area, €600 m for Eastern Europe

• 2004-2006: Cross Border Cooperation by “Neighbourhood Programmes”
2007-2013…

- European Neighbourhood & Partnership Instrument (ENPI): almost €12 bn

ENPI:
- It’s a new, *ad hoc*, policy driven instrument
- It supports priorities agreed in the ENP Action Plans
- It simplifies the cross border cooperation approach
- It provides technical assistance for institutional capacity building
ENP countries

- Who participates?
  - North Africa and Middle East: Algeria, Israel, Palestinian Authority, Jordan, Syria, Tunisia, Egypt, Lebanon, Libya, Morocco
  - CIS countries:
    - Armenia
    - Azerbaijan
    - Belarus
    - Ukraine
    - Moldova
    - Georgia