



# EUROPEAN POLICY BRIEF



## Emigration from East to West Europe: The real test for EU free movement?

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### INTRODUCTION

Free movement of persons has brought important benefits to the European Union—promoting economic growth, allowing for better matching of labour demand and supply, enhancing individual opportunities, and nurturing a sense of community. Beneath the surface, however, a major imbalance casts some doubts over the regime’s long-term sustainability. In the years following eastern EU enlargement—in particular, the two major rounds of 2004 and 2007, which led to the accession of 12 new countries<sup>1</sup>—millions of citizens of new eastern Member States<sup>2</sup> took advantage of EU free movement and left their countries to seek better employment opportunities and higher wages in western Europe. In the four years after EU enlargement (2004-2007), for example, Poland and Slovakia lost about 2 per cent of their working-age population to other EU Member States, and Lithuania as much as 3.1 per cent.<sup>3</sup> Even after these countries’ economies started improving and some destination countries in the ‘old’ EU-15—such as Ireland and Italy—were confronted with economic crisis and soaring unemployment, big waves of returns failed to materialise.<sup>4</sup>

Emigration can bring important benefits to countries of origin, at least in the short term. It can create a valve for labour markets under pressure;<sup>5</sup> produce inflows of remittances;<sup>6</sup> allow a country

<sup>1</sup> Ten new Member States joined the Union in 2004: eight central and eastern European countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia) and two Mediterranean countries (Malta and Cyprus). They were followed by Romania and Bulgaria in 2007, and Croatia in 2013.

<sup>2</sup> For the sake of simplicity, the terms ‘eastern’ and ‘East’ are applied indistinctly to central, eastern, and south-eastern EU Member States throughout this paper.

<sup>3</sup> Mihail Hazans and Kaia Philips, ‘The Post-Enlargement Migration Experience in the Baltic Labor Markets’ (discussion paper 5878, IZA Institute of Labour Economics, Bonn, July 2011), <http://ftp.iza.org/dp5878.pdf>.

<sup>4</sup> Egidijus Barcevičius, Krystyna Iglicka, Daiva Repečkaitė, and Dovilė Žvalionytė, *Labour Mobility Within the EU: The Impact of Return Migration* (Dublin: Eurofound, 2012), <https://www.eurofound.europa.eu/publications/report/2012/labour-market-social-policies/labour-mobility-within-the-eu-the-impact-of-return-migration>.

<sup>5</sup> For example, unemployment in Poland was at 20 per cent in 2004 at the time of EU accession, and some experts argue that EU mobility provided an opportunity for young unemployed to seek better opportunities elsewhere. Frey

to leverage diasporas abroad to strengthen international ties and represent its interests in foreign countries; and, if some emigrants return with valuable skills and experiences, they can contribute to a country's development.<sup>7</sup> Over a decade of protracted emigration, however, has resulted in considerable costs—discussed in the following section—that have put a strain on 'sending' EU countries: emigration from Eastern Europe has accelerated demographic decline and eroded public budgets, hampered economic growth due to labour shortages, jeopardised the provision of basic services in some communities, and disrupted family dynamics triggering a pattern of intergenerational disadvantage.

Over the years, eastern European Member States have pursued different strategies to mitigate the impact of outflows. Some have favoured 'one-off' approaches, developing targeted financial incentives and/or training programmes to attract some emigrants back. Others have tried to develop whole-of-government strategies—for instance improving wages or working conditions for professions at high risk of emigration or investing in better public services and quality of life—not just to encourage returns, but also to mitigate emigration in the first place. While emigration trends have softened for certain countries—such as Poland, where the stock of Polish citizens residing in another EU country decreased in 2018 for the first time in about a decade<sup>8</sup>—other eastern EU Member States keep struggling with sustained outflows, as demonstrated by Romanian finance minister Teodorovici's provocative call to curb free movement, in November 2018.<sup>9</sup>

At a time in which anti-European sentiment has found its place in mainstream politics in several EU Member States, and with the political divide between East and West still strong on a range of subjects (from EU mobility to migration and the next EU budget), addressing the emigration challenge—and more deeply, the inequalities that underlie it—is essential to make the European Union more resilient, especially as the clouds of economic and political uncertainty gather over Europe.

## NUMBERS AND IMPACTS

A few key statistics help understand the staggering size of East-West EU migration since enlargement. According to recent estimates, about 1.8 per cent of the total population of the eastern European countries that joined the EU in 2004 left to the western EU countries (the 'old'

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Lindsay, 'Poland's Emigration Rate Is Falling But People Are Still Worried About The "Brain Drain" Bogeyman', Forbes, 9 August 2019, <https://www.forbes.com/sites/freylindsay/2019/08/09/polands-emigration-rate-is-falling-but-people-are-still-worried-about-the-brain-drain-bogeyman/#142a300c792e>. However, the view that large-scale emigration was key factor in lowering unemployment is disputed. Ewa Karwowski, 'Halving Unemployment: Poland in the 2000s' (presentation, Economic Research Southern Africa, Cape Town, nd), <https://econrsa.org/system/files/workshops/presentations/2010/halving-unemployment-poland.pdf>.

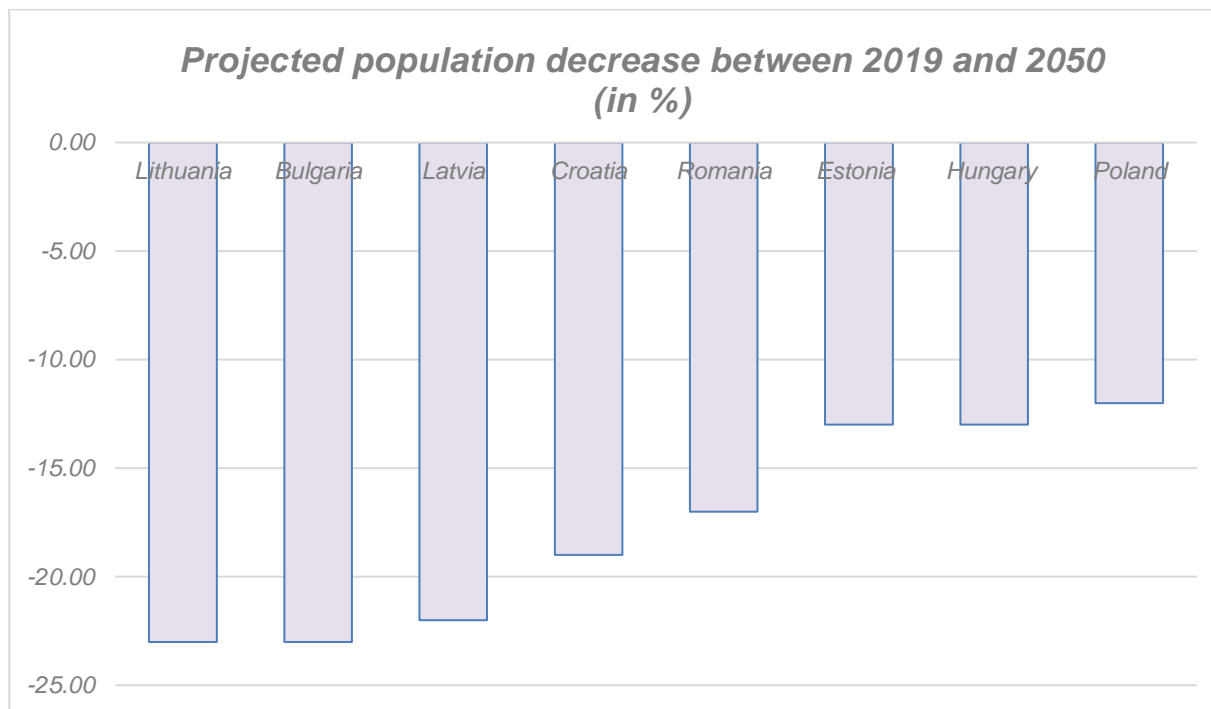
<sup>6</sup> Flows of remittances to EU eastern Member States were very significant until the mid-2010s, amounting to several GDP percentage points in some countries, but later decreased, possibly as a consequence of more permanent settlement in the country of destination. Cinzia Alcidi and Daniel Gros, 'EU Mobile Workers: A Challenge to Public Finances?' (contribution for informal ECOFIN, CEPS, Bucharest, 5-6 April 2019), <https://www.ceps.eu/wp-content/uploads/2019/04/EU%20Mobile%20Workers.pdf>.

<sup>7</sup> Jackline Wahba, 'Return Migration and Economic Development', in *International Handbook on Migration and Economic Development*, ed. Robert E.B. Lucas (Cheltenham, UK: Edward Elgar Publishing, 2014), [https://www.researchgate.net/publication/309533325\\_Return\\_Migration\\_and\\_Economic\\_Development](https://www.researchgate.net/publication/309533325_Return_Migration_and_Economic_Development); Britta Klagge, Katrin Klein-Hitpaß, Agnieszka Fihel, Marta Kindler, Ewa Matejko, and Marek Okólski, 'High-skilled return migration and knowledge-based economic development in regional perspective. Conceptual considerations and the example of Poland' (working paper 19/77, Centre of Migration Research, Warsaw, June 2007), [https://www.researchgate.net/publication/265496549\\_High-skilled\\_return\\_migration\\_and\\_knowledge-based\\_economic\\_development\\_in\\_regional\\_perspective\\_Conceptual\\_considerations\\_and\\_the\\_example\\_of\\_Poland](https://www.researchgate.net/publication/265496549_High-skilled_return_migration_and_knowledge-based_economic_development_in_regional_perspective_Conceptual_considerations_and_the_example_of_Poland).

<sup>8</sup> This can be attributed primarily to rising wages and better employment prospects, as well as social policy investments. Comments by Marcin Wiatrow, Chief specialist, Department of Labour Market, Polish Ministry of Family, Labour and Social Policy, in the MPI Europe webinar *Turning the Tide: Addressing the Long-Term Challenges of EU Mobility for Sending Countries*, 5 December 2019, <https://www.migrationpolicy.org/events/long-term-challenges-eu-mobility-sending-countries>.

<sup>9</sup> 'Romania Minister Suggests EU Work Permits', BBC News, 28 November 2018, <https://www.bbc.com/news/world-europe-46371207>; 'Romania Minister Calls for Curbs on EU Free Movement', Financial Times, 28 November 2018, <https://www.ft.com/content/35a31080-f322-11e8-ae55-df4bf40f9d0d>.

EU-15) in the subsequent five years.<sup>10</sup> Looking at individual Member States, OECD data show that emigration from Poland increased by almost 80 per cent within fifteen years (2000-2015), while emigration from Romania more than tripled (+213 per cent) over the same time period.<sup>11</sup> Access to the EU free movement regime is not the sole driver of outflows—emigration from the wider eastern European region has been massive since the early 1990s<sup>12</sup>—but EU accession accelerated the trend.<sup>13</sup>



Source: United Nations, Department of Economic and Social Affairs, Population Division (2019). *World Population Prospects 2019*.

Looking ahead, available forecasts paint a worrying picture, as shown in the figure above. Projections from the UN Population Division include eight eastern EU Member States among the world's twenty fastest-shrinking countries between 2019 and 2050, due to high emigration paired with low levels of fertility. The frontrunners are Lithuania, Bulgaria and Latvia, with projected population losses of around 20 per cent or more.<sup>14</sup> Others have estimated that Romania may lose almost one third of its inhabitants by 2060, if current outflows continue at a similar rate.<sup>15</sup> There are some suggestions that return flows are increasing<sup>16</sup>—in 2016, the busiest 'corridor' of intra-EU

<sup>10</sup> Wolfgang Lutz, Gemma Amran, Alain Belanger, Alessandra Conte, Nicholas Gailey, Daniela Ghio, Erofilis Grapsa, Kathrine Jensen, Elke Loichinger, Guillaume Marois, Raya Muttarak, Michaela Potancokova, Patrick Sabourin, and Marcin Stonawski, *Demographic Scenarios for the EU – Migration, Population and Education* (Luxembourg: Publications Office of the European Union, 2019), <https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/demographic-scenarios-eu>.

<sup>11</sup> OECD and ADF, 'Migration Data Brief' (briefing 4, OECD and ADF, Paris, June 2019), <https://www.oecd.org/migration/mig/Migration-data-brief-4-EN.pdf>.

<sup>12</sup> Ruben Atoyán, Lone Christiansen, Allan Dizioli, Christian Ebeke, Nadeem Ilahi, Anna Ilyina, Gil Mehrez, Haonan Qu, Faezeh Raei, Alaina Rhee, and Daria Zakharova, 'Emigration and Its Economic Impact on Eastern Europe' (staff discussion notes 16/07, IMF, Washington DC, July 2016), <https://www.imf.org/external/pubs/ft/sdn/2016/sdn1607.pdf>.

<sup>13</sup> Martin Kahanec and Klaus F. Zimmermann, 'Migration in an enlarged EU: A challenging solution?', *Economic Papers* 363, March 2009, [https://ec.europa.eu/economy\\_finance/publications/pages/publication14287\\_en.pdf](https://ec.europa.eu/economy_finance/publications/pages/publication14287_en.pdf).

<sup>14</sup> UNDESA, *World Population Prospects 2019: Highlights* (New York: United Nations, 2019), [https://population.un.org/wpp/Publications/Files/WPP2019\\_Highlights.pdf](https://population.un.org/wpp/Publications/Files/WPP2019_Highlights.pdf).

<sup>15</sup> Wolfgang Lutz, Gemma Amran, Alain Belanger, Alessandra Conte, Nicholas Gailey, Daniela Ghio, Erofilis Grapsa, Kathrine Jensen, Elke Loichinger, Guillaume Marois, Raya Muttarak, Michaela Potancokova, Patrick Sabourin, and Marcin Stonawski, *Demographic Scenarios for the EU – Migration, Population and Education* (Luxembourg: Publications Office of the European Union, 2019), <https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/demographic-scenarios-eu>.

<sup>16</sup> In 2016, around 680,000 nationals returned to their EU country of origin, accounting for 21 per cent of all intra-EU mobility inflows. In some eastern European countries, returnees make up the majority of all EU inflows: Romania (89%), Lithuania (71%), Hungary (59%), Croatia (55%) and Latvia (54%). Elena Fries-Tersch, Tugce Tugran,

mobility was Romanian citizens moving to Romania, and the flows of Hungarian and Lithuanian citizens moving back to their respective countries also featured among the top-10 free movement corridors<sup>17</sup>—and they may further grow as a consequence of Brexit. Yet this is too minor a trend to reverse the challenges the main EU Member States of emigration are facing.

This has different impacts on the countries concerned.

**Demographic and fiscal impacts:** Since it is mostly young people who emigrate, populations of EU sending countries are rapidly getting older: by 2035, the proportion of the population aged 65 and older is set to double (and in some countries even triple) in several eastern European countries.<sup>18</sup> Other forecasts predict that the labour force of Romania and Poland will fall by 10-15 per cent by 2030.<sup>19</sup> A dwindling working-age population leads to a stark increase in the old-age dependency ratio, meaning that government budgets are under greater pressure to provide for the elderly in terms of pensions and healthcare spending.<sup>20</sup> As tax revenues fall and the public purse dries up, financing adequate welfare states and public services becomes more and more challenging.

**Economic impact:** Unlike other patterns of intra-EU mobility—for example, within the EU-15 countries—which tend to be skewed towards highly skilled migrants, East-West EU migration cuts across different skill levels—in sectors as different as management, engineering, healthcare, and construction. The loss of labour supply and skilled human capital has negatively affected GDP growth in several countries, curbing annual GDP growth rates by as much as 0.6-0.9 percent in Romania and the Baltic states.<sup>21</sup> Economists estimate that the remittances emigrants have sent back to families in their countries of origin over the years have had some positive effects, especially in reducing poverty and promoting private investments; on the other hand, they also reinforced inequalities within communities and societies, and kept some working-age individuals from joining the labour force.<sup>22</sup>

**Social impact:** The pitfalls of emigration do not equally affect all parts of a country—instead, they often reinforce regional disparities. While the region of Bratislava has become a flourishing economic hub after EU accession, Eastern Slovakia is facing high levels of unemployment and widening gaps in the provision of services.<sup>23</sup> Similarly, in Bulgaria, the impact of emigration is much bleaker in countryside communities—especially in the northwest of the country—than in the capital region.<sup>24</sup> Zooming in on the community level helps shed light on the consequences of outmigration on the daily life of those who remain. In some regions, the loss of human capital in healthcare<sup>25</sup> and elderly care has made the provision of basic services much more difficult. Research suggests that prolonged family separation—for example, in the case of women moving to work as domestic

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Agnieszka Markowska, and Matthew Jones, *2018 Annual Report on intra-EU Labour Mobility* (Brussels: European Commission, December 2018), <https://ec.europa.eu/futurium/en/employment/2018-annual-report-intra-eu-labour-mobility>.

<sup>17</sup> Zachary Strain and Katrin Marchand, 'The Prominence of Return Migration Among intra-EU Migration Flows', updated 16 April 2019, <https://www.reminder-project.eu/blog/the-prominence-of-return-migration-among-intra-eu-migration-flows/>.

<sup>18</sup> Maja Zuvela, 'Southeast Europe Faces Dramatic Population Drop, U.N. Warns', Reuters, 21 October 2019, <https://www.reuters.com/article/us-southeast-europe-population/southeast-europe-faces-dramatic-population-drop-un-warns-idUSKBN1X01RY>.

<sup>19</sup> Cinzia Alcidi and Daniel Gros, 'EU Mobile Workers: A Challenge to Public Finances?' (contribution for informal ECOFIN, CEPS, Bucharest, 5-6 April 2019), <https://www.ceps.eu/wp-content/uploads/2019/04/EU%20Mobile%20Workers.pdf>.

<sup>20</sup> Ibid.

<sup>21</sup> Ruben Atoyan, Lone Christiansen, Allan Dizioli, Christian Ebeke, Nadeem Ilahi, Anna Ilyina, Gil Mehrez, Haonan Qu, Faezeh Raei, Alaina Rhee, and Daria Zakharova, 'Emigration and Its Economic Impact on Eastern Europe' (staff discussion notes 16/07, IMF, Washington DC, July 2016), <https://www.imf.org/external/pubs/ft/sdn/2016/sdn1607.pdf>.

<sup>22</sup> Ibid.

<sup>23</sup> Bernhard Perchinig, Veronika Horváth, Dániel Molnár, and Lenka Ťavodová, 'A Multitude of Mobilities: Cross-Border Practices in the Austrian-Hungarian and Austrian-Slovak Border Regions' (working paper, REMINDER project, Oxford, September 2018), <https://www.reminder-project.eu/wp-content/uploads/2018/09/D6.3-with-cover.pdf>.

<sup>24</sup> 'If Hell is Other People, Bulgaria is Paradise', *The Economist*, 11 January 2018, <https://www.economist.com/europe/2018/01/11/if-hell-is-other-people-bulgaria-is-paradise>.

<sup>25</sup> Romania is the source country of almost half of all EU mobile health care workers. Cinzia Alcidi and Daniel Gros, 'EU Mobile Workers: A Challenge to Public Finances?' (contribution for informal ECOFIN, CEPS, Bucharest, 5-6 April 2019), <https://www.ceps.eu/system/files/EU%20Mobile%20Workers.pdf>.

carers in higher-wage countries<sup>26</sup> negatively impacts the health and wellbeing of older generations in poorly serviced communities that have traditionally relied on informal elderly care; it also harms the psychological balance and educational outcomes of children left behind, triggering patterns of disadvantage that may continue for generations.

Mitigating these trends is no easy feat—especially as eroding tax revenues further constrain origin countries' ability to make public investments, in what risks becoming an unstoppable spiral of decline. The next section examines a number of possible policy responses to the challenges at hand—some already implemented by EU sending countries, others worth further exploration.

## POLICY OPTIONS

East-West EU migration is no monolith. It encompasses different mobility patterns (from short-term labour mobility to more permanent emigration), geographies and governance levels (from underserved local communities to ailing national economies all the way to EU-wide imbalances), and drivers (from better wages to the prospect of higher-quality services and more generous welfare states). This complexity calls for a diverse range of policy options to mitigate the negative impacts of emigration, ranging from unilateral measures by countries and/or regions to EU-level responses.

- **Targeted measures to encourage returns.** A few years after their EU accession, Member States such as Poland and Lithuania<sup>27</sup> started implementing policies to encourage their emigrant communities to return. In 2007, the Polish government launched a return programme that included tax reliefs, cuts to social insurance and pension contributions, and improving information services for (potential) returnees.<sup>28</sup> More recently, the Romanian government launched an EU-funded Diaspora Start-Up Programme in 2017 that would allow returning Romanians to apply for a grant to start a business.<sup>29</sup> However, such policies risk neglecting the barriers returnees may encounter once they are back in the home country, for example to transfer the skills and experience gained abroad on local labour markets.<sup>30</sup> If they are directed mainly or exclusively to the highly skilled, they may be negatively received by members of the diaspora who do not qualify as 'talents', as in the case of Estonia's 2010-12 initiative 'Bringing Talent Home'.<sup>31</sup>
- **Countering human capital flight.** Experts have debated a wide range of policies to help countries retain highly educated recent graduates for a number of years after their graduation—from 'carrots' such as waivers of student fees, to 'sticks' such as requirements

<sup>26</sup> Martina Sekulová and Mădălina Rogoz, 'The Perceived Impacts of Care Mobility on Sending Countries and Institutional Responses: Healthcare, Long-term Care and Education in Romania and Slovakia' (working paper, REMINDER project, January 2019), <https://www.reminder-project.eu/wp-content/uploads/2019/01/REMINDER-D6.2-Perceived-Impacts-of-Care-Work-Mobility.pdf>.

<sup>27</sup> In Lithuania, the government has included return migration in several policy documents since 2007, and in collaboration with IOM has established a 'one-stop shop' where both returning and prospective migrants can find information to help with their reintegration into the labour market and other national systems. See ICF, *Study on the Movement of Skilled Labour* (Brussels: European Commission, June 2018), <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8156&furtherPubs=yes>.

<sup>28</sup> Magdalena Lesińska, 'The Dilemmas of Policy towards Return Migration: The Case of Poland after the EU Accession', *Central and Eastern European Migration Review* 2, no. 1 (2013): 77–90, [www.ceemr.uw.edu.pl/sites/default/files/CEEMR\\_Vol\\_2\\_No\\_1\\_Lesińska\\_The\\_Dilemmas\\_of\\_Policy\\_Towards\\_Return\\_Migration.pdf](http://www.ceemr.uw.edu.pl/sites/default/files/CEEMR_Vol_2_No_1_Lesińska_The_Dilemmas_of_Policy_Towards_Return_Migration.pdf).

<sup>29</sup> The programme will allow Romanian returnees to apply for a grant of up to 40,000 euros to start their own business in Romania. See ICF, *Study on the Movement of Skilled Labour* (Brussels: European Commission, June 2018), <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8156&furtherPubs=yes>.

<sup>30</sup> In Poland, where research has shown that returnees are at a heightened risk of overqualification. Marta Anacka and Aleksandra Wójcicka, 'Impacts of Return Migration in Poland' (working paper, REMINDER project, May 2019), <https://www.reminder-project.eu/wp-content/uploads/2019/05/REMINDER-D6.4.pdf>.

<sup>31</sup> Ieva Birka, 'Can Return Migration Revitalize the Baltics? Estonia, Latvia, and Lithuania Engage Their Diasporas, with Mixed Results', Migration Information Source, 8 May 2019, <https://www.migrationpolicy.org/article/can-return-migration-revitalize-baltics-estonia-latvia-and-lithuania-engage-their-diasporas>.

to repay fees in case of departure.<sup>32</sup> In 2013, the Lithuanian government considered introducing provisions to require trained specialists to work in the country for a number of years.<sup>33</sup> While such measures may have the benefit of nudging highly skilled nationals to gather in-country work experience (thus making return a more concrete option should they later emigrate), such schemes would only lead to sustainable results if flanked with investments to increase the attractiveness of local labour markets. At worst, these initiatives risk being perceived as stigmatising mobility and punishing emigrants, which could alienate diaspora communities.

- **Investments to improve a country's attractiveness.** Programmes that aim to retain workers and lure those working abroad back home take a number of different forms. Some target specific professional groups, for example by improving the attractiveness of working in that profession in the country of origin<sup>34</sup> or by offering other incentives (e.g., allowances to informal carers, who constitute the backbone of elderly care in countries such as Romania or Slovakia<sup>35</sup>). These measures have a higher probability of success if they offer more than simple financial incentives, which in the long run stand little chance of competing with the lure of much higher earnings abroad.<sup>36</sup> After focusing on promoting returns in the post-enlargement years, Poland has veered towards a more comprehensive approach and combines economic opportunities with investments in improving services and quality of life.<sup>37</sup> These approaches do acknowledge the fact that the quality of life and of public services is an important driver of EU mobility,<sup>38</sup> to be credible, however, they require large and prolonged investments that may be hard to sustain for public budgets already strained by the fiscal burdens of emigration.
- **Opening channels for non-EU immigration.** A number of countries have reacted to persistent emigration and growing labour shortages by opening the doors to more immigration from outside the EU. Estonia has taken a number of steps to get on the map of skilled professionals globally, by branding itself as the digital hub, lowering administrative barriers through the innovative instrument of 'e-residency',<sup>39</sup> and establishing a one-stop shop for newcomers.<sup>40</sup> In 2018, the Romanian government decided to increase its labour

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<sup>32</sup> Șoimita Mihaela Suci, Codruta Alina Popescu, Mugur Daniel Ciumageanu and Anca Dana Buzoianu, 'Physician Migration at its Roots: A Study on the Emigration Preferences and Plans Among Medical Students in Romania', *Human Resources for Health* 15, no. 6 (2017), <https://human-resources-health.biomedcentral.com/articles/10.1186/s12960-017-0181-8>; author interview with Susanne Wixforth, Head of Unit, European and International Department, German Confederation of Trade Unions, August 2019; author interview with Anne Pieter van der Mei.

<sup>33</sup> Jon Erik Dølvik and Line Eldring, *Labour Mobility in the Enlarged Single European Market* (Bingley, West Yorkshire: Emerald Publishing, 2016), <https://www.emerald.com/insight/publication/doi/10.1108/S0195-6310201732>.

<sup>34</sup> Katalin Adamis-Császár, Linda De Keyser, Elena Fries-Tersch, Veronica Altieri, Matthew Jones, Rosa Castro, and James Buchan, *Labour Mobility and Recognition in the Regulated Professions* (Brussels: European Parliament, April 2019), [http://www.europarl.europa.eu/RegData/etudes/STUD/2019/631056/IPOL\\_STU\(2019\)631056\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2019/631056/IPOL_STU(2019)631056_EN.pdf).

<sup>35</sup> Martina Sekulová and Mădălina Rogoz, 'The Perceived Impacts of Care Mobility on Sending Countries and Institutional Responses: Healthcare, Long-term Care and Education in Romania and Slovakia' (working paper, REMINDER project, January 2019), <https://www.reminder-project.eu/wp-content/uploads/2019/01/REMINDER-D6.2-Perceived-Impacts-of-Care-Work-Mobility.pdf>.

<sup>36</sup> Evidence suggests, for instance, that a measure adopted in Romania to raise wages failed at retaining doctors, as other factors—from poor infrastructure to a lack of career opportunities and unattractive living conditions—were more central to their decision-making. See Katalin Adamis-Császár, Linda De Keyser, Elena Fries-Tersch, Veronica Altieri, Matthew Jones, Rosa Castro, and James Buchan, *Labour Mobility and Recognition in the Regulated Professions* (Brussels: European Parliament, April 2019), [http://www.europarl.europa.eu/RegData/etudes/STUD/2019/631056/IPOL\\_STU\(2019\)631056\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2019/631056/IPOL_STU(2019)631056_EN.pdf).

<sup>37</sup> Poland has introduced a number of instruments to support families raising children or to improve work-family balance, to improve working conditions of atypical employees, and to cut income taxes for young people under the age of 26. Comments by Marcin Wiatrow, Chief specialist, Department of Labour Market, Polish Ministry of Family, Labour and Social Policy, in the MPI Europe webinar *Turning the Tide: Addressing the Long-Term Challenges of EU Mobility for Sending Countries*, 5 December 2019, <https://www.migrationpolicy.org/events/long-term-challenges-eu-mobility-sending-countries>.

<sup>38</sup> Talitha Dubow, Katrin Marchand, and Melissa Siegel, 'Evidence of the Determinants of Migration in the EU' (working paper, REMINDER project, April 2019), <https://www.reminder-project.eu/wp-content/uploads/2019/04/REMINDER-D3.3.pdf>.

<sup>39</sup> E-Estonia, 'E-Identity', accessed 23 December 2019, <https://e-estonia.com/solutions/e-identity/e-residency/>.

<sup>40</sup> Ieva Birka, 'Can Return Migration Revitalize the Baltics? Estonia, Latvia, and Lithuania Engage Their Diasporas, with Mixed Results', Migration Information Source, 8 May 2019, <https://www.migrationpolicy.org/article/can-return-migration-revitalize-baltics-estonia-latvia-and-lithuania-engage-their-diasporas>.

migration quota by more than double the figure of the previous few years;<sup>41</sup> meanwhile, Poland has established itself as the most popular destination for temporary labour migrants, thanks to a liberal visa regime. While these measures can be highly effective in addressing skills shortages, they may trigger intercultural tensions and political backlash in countries used to cultural homogeneity, and with relatively thin integration policies.

- **Wider diaspora engagement.** Several eastern EU Member States have devised policies to cultivate ties with their diaspora. While most of these programmes include encouraging returns as one goal, they go beyond this aspect. Estonia's and Latvia's national diaspora policies, for example, both emphasise the instruction of the respective languages abroad and promote cultural initiatives to cultivate a sense of belonging to the country of origin. Additionally, Latvia's new diaspora law, in force since in January 2019, aims to engage the diaspora in economic development initiatives<sup>42</sup>—a notion that is gaining ground in Poland as well.<sup>43</sup> Looking beyond eastern Europe, Ireland, a global frontrunner in diaspora engagement, has invested heavily in promoting inward investment and in building business ties with the Irish diaspora around the world.<sup>44</sup> Such approaches, however, only work if emigrants have maintained a positive link with the country of origin and trust its system of governance enough to know that their investments will reach the community.
- **Harnessing the potential of circular migration.** Skills circulation has recently attracted attention as the potential key to a 'triple-win' situation, where migration satisfies the skill needs of high-wage countries, offers mobile professionals career opportunities, and allows the sending country to tap into the circular migrants' increased human capital. This is still a relatively underexplored area in the context of EU mobility, with only a few small-scale initiatives. For example, both Germany and the UK established partnerships with Poland and other Member states to fill shortages of health professionals, with training institutes at both end of the partnership designing joint curricula and exchanging staff and students.<sup>45</sup> Despite the rosy 'triple-win' rhetoric, one of the main challenges may be to secure the buy in of mobile professionals and destination-country employers, who may prefer stability to circularity.

## RECOMMENDATIONS

The free movement debate has largely focused on the challenges and concerns of receiving countries, such as EU immigrants from low-income countries free-riding on their welfare states, displacing native workers or undercutting labour standards and protections. But the 'emigration question' may pose the most substantial threat to the sustainability of intra-EU mobility in the medium and long run. If not adequately addressed, this imbalance may exacerbate tensions between East and West which are already rife on a number of issues such as migration, funding, media freedom and fundamental rights.

While there is no simple fix to the challenges of emigration from the eastern EU, the following options may hold the greatest promise.

<sup>41</sup> European Commission, 'Romania: Government Adds 8,000 to the 2018 Labour Migration Quota', updated 2 August 2018, <https://ec.europa.eu/migrant-integration/news/romania-government-adds-8000-to-the-2018-labour-migration-quota>.

<sup>42</sup> Ieva Birka, 'Can Return Migration Revitalize the Baltics? Estonia, Latvia, and Lithuania Engage Their Diasporas, with Mixed Results', Migration Information Source, 8 May 2019, <https://www.migrationpolicy.org/article/can-return-migration-revitalize-baltics-estonia-latvia-and-lithuania-engage-their-diasporas>.

<sup>43</sup> Comments by Marcin Wiatrow in the MPI Europe webinar *Turning the Tide*, 5 December 2019, <https://www.migrationpolicy.org/events/long-term-challenges-eu-mobility-sending-countries>.

<sup>44</sup> Mark Boyle, Rob Kitchin, and Delphine Ancien, 'Ireland's Diaspora Strategy: Diaspora for Development?' in Mary Gilmartin and Allen White, *Migrations: Ireland in a Global World* (Manchester: Manchester University Press, 2016), [https://www.manchesterhive.com/view/9781526111517/9781526111517\\_00012.xml](https://www.manchesterhive.com/view/9781526111517/9781526111517_00012.xml).

<sup>45</sup> Katalin Adamis-Császár, Linda De Keyser, Elena Fries-Tersch, Veronica Altieri, Matthew Jones, Rosa Castro, and James Buchan, *Labour Mobility and Recognition in the Regulated Professions* (Brussels: European Parliament, April 2019), [http://www.europarl.europa.eu/RegData/etudes/STUD/2019/631056/IPOL\\_STU\(2019\)631056\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2019/631056/IPOL_STU(2019)631056_EN.pdf).

### ***Policy recommendations for governments of sending EU Member States:***

- **Systematically tap into diasporas:** while some eastern EU Member States have ramped up diaspora engagement measures soon after EU accession, the scope of these initiatives has often been fairly limited, such as providing information on labour rights in the host country, giving advice on return options, or organising cultural events and language courses. Learning from countries with sophisticated models of diaspora engagement, such as Ireland, eastern EU countries could explore models that allow emigrants to contribute to regional development in their home regions. Governments—with EU support, in the case of very deprived regions and countries—could incentivise participation in these schemes by topping private investments up with public spending, and/or by offering financial guarantees to minimise the risk of losses. However, as dwindling flows of remittances have shown,<sup>46</sup> emigrants' ties to the home country may fade over time, along with their willingness to support it financially; to be effective, diaspora investment models will need to provide a prospect of financial returns—even if they are little.
- **Make the best of returns:** Data suggest that return flows are increasing within EU mobility. At the same time, returnees often fail to transfer the qualifications and professional experience they acquired in other EU Member States to the labour markets of the home country,<sup>47</sup> leading to brain waste and personal dissatisfaction, and possibly preventing further returns. Governments of sending countries could consider making further investments in more efficient systems of credential recognition and sensitising employers for the value of returnees' human capital—including the competences they may have acquired thanks to the experience of mobility—such as foreign language proficiency and soft skills such as adaptability and intercultural communication. On the other hand, improvements in qualification recognition and employer openness can only do so much, if labour markets of origin countries do not offer attractive jobs to skilled professionals.
- **Favour structural investments over one-off incentives:** Initiatives such as entrepreneurship grants or one-time tax cuts for returnees may provide an additional incentive to emigrants already considering return, but they are unlikely to speak to those who left for more structural reasons such as unattractive career prospects or low quality of life. Investments to improve working conditions for professionals in shortage occupations, as well as public spending in social services (especially for underserved regions), hold greater promise both to lure emigrants back and to mitigate outflows. Governments of emigration countries may be unable to afford large-scale public investments due to budgetary pressures; however, they may be able to achieve some of these goals by distributing available resources (including EU funds) more equally across the country, and/or by fighting administrative malpractices more systematically.

### ***Policy recommendations for EU-level institutions:***

- **Broker human capital partnerships between Member States:** Initiatives that promote circular mobility may help sending countries plug some labour market holes and benefit from the international experience professionals bring back, but it may be hard to create incentives for destination-country employers (who may well prefer to rely on permanent employees, especially in shortage sectors) and skilled movers themselves. A more promising form of partnership could be one in which receiving Member States invest in cultivating human capital in EU sending countries. This would alleviate the massive losses in public education investments some EU origin countries currently face, while also providing an attractive pool of talent for both the destination and origin country, since some trained workers would decide not to move. EU institutions could draw lessons from

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<sup>46</sup> Cinzia Alcidi and Daniel Gros, 'EU Mobile Workers: A Challenge to Public Finances?' (contribution for informal ECOFIN, CEPS, Bucharest, 5-6 April 2019), <https://www.ceps.eu/wp-content/uploads/2019/04/EU%20Mobile%20Workers.pdf>.

<sup>47</sup> Marta Anacka and Aleksandra Wójcicka, 'Impacts of Return Migration in Poland' (working paper, REMINDER project, May 2019), <https://www.reminder-project.eu/wp-content/uploads/2019/05/REMINDER-D6.4.pdf>.



international skills partnership models, such as those piloted in programmes between EU Member States and third countries.<sup>48</sup> At the same time, sending countries could be encouraged to align their education systems more closely with the needs of local and national labour markets—to maximise the economic returns of public investments into education, but also to ensure that fresh graduates have a smooth transition into local labour markets.

- **Keep up investments in convergence:** All measures listed so far will have limited impact without continued investments in cohesion that help increase wages, employment opportunities, and access to services in sending countries. In the years since enlargement, EU cohesion funding has helped drive socio-economic convergence at the level of countries; however, this apparent progress often masks regional inequalities that could continue to drive outflows.<sup>49</sup> To make sure investments reach the places and communities that need them most, EU institutions could link cohesion funding with greater oversight in industrial policy as well as in social policy (for instance, capitalising on the possibilities offered by the European Semester and/or the European Pillar of Social Rights). This would also require promoting more granular research to calculate the fiscal burdens of emigration at regional and local level.

Fifteen years after eastern EU enlargement, emigration from eastern Europe and its long-term consequences on economies and societies risk adding more fuel to already tense relations between East and West, with long-term repercussions on how national publics of sending countries feel about the European project as a whole. To be effective in the long run, any strategy to address this imbalance will have to involve renewed (and improved) investments in promoting convergence: not just of countries, but also of regions; not only of economic indicators, but of life quality and social protection. Preserving free movement in the long run may depend on tackling the challenge of emigration with the structural responses it merits.

## PROJECT IDENTITY

<b>PROJECT NAME</b>	ROLE OF EUROPEAN MOBILITY AND ITS IMPACTS IN NARRATIVES, DEBATES AND EU REFORMS – " <b>REMINDER</b> "
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<sup>48</sup> Kate Hooper, 'Reimagining Skilled Migration Partnerships to Support Development' (policy brief, Migration Policy Institute, Washington DC, September 2018), <https://www.migrationpolicy.org/research/reimagining-skilled-migration-partnerships-development>.

<sup>49</sup> In several central and eastern European EU Member States, the growth performance of capital regions such as Bucharest and Bratislava drives up the national average and hides very poor growth in other regions. Cinzia Alcidi, Jorge Núñez Ferrer, Mattia Di Salvo, Roberto Musmeci, and Marta Pilati, 'Income Convergence in the EU: A Tale of Two Speeds' (commentary, CEPS, Brussels, January 2018), <https://www.ceps.eu/ceps-publications/income-convergence-eu-tale-two-speeds/>.

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**BUDGET**

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**WEBSITE**

[www.reminder-project.eu](http://www.reminder-project.eu)

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