THE LABOUR MARKET IN AN ENLARGED ECONOMIC AREA

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CHAPTER 1 – INTRODUCTION

Current European Union (EU) policy documents related to employment and labour market issues often emphasise the future challenge of a more diverse workforce within the EU as a consequence of increased mobility and migration. Indeed, even the recent economic crisis has not induced much change in mobility (apart from the fact that outflow from the Mediterranean EU member states increased due to serious recession there). Although the inflow of workers from the 10 "new member states" may have been reduced to some extent into several member states, as is pointed out by a recent research,[1] no mass return happened. It is remarkable, however, that future enlargements and its potential impacts are hardly mentioned within this context. This is all the more striking since Croatia already joined the EU in mid-2013 and, as has been emphasised by another document on future enlargements, the country's accession could be regarded as the first step towards a series of accessions of other countries in the Western Balkans region.

If the labour market in an enlarged economic area is seen not just as the total of labour markets of the constituent member states but rather as an entity itself in its complexity, where interactions and relationships matter, one of the major issues is labour mobility. As can be clearly seen nowadays, further enlargement could raise many issues and challenges from this point of view. Although the free movement of workers is one of the basic principles of the EU, it seems likely that initially restrictions would remain in place for a certain period (this usually lasted seven years during the previous rounds of accessions of less developed countries). This is all the more likely since many of the (potential) candidates have a recent history of large labour outflow precisely to some of the EU member states (the most notable example is Turkey). In addition, as has already been the case, there are large differences between the average gross domestic product (GDP) per capita of the current EU member states and most of the countries which are to join the EU later.

As a background for constructing a theoretical model of the EU36, this study aims to focus on those key factors which have the potential to strongly influence future labour mobility developments. Therefore, first the situation in the potential member states will be analysed on the basis of macroeconomic, demographic and labour market indicators. In the second part of the study, experiences of the previous, most recent enlargements (in 2004 and

[1] See Eurofound, *Labour mobility within the EU: The impact of return migration* (Dublin: Eurofound – European Foundation for the Improvement of Living and Working Conditions, 2012).

2007) will be outlined with special regard to possible lessons and implications for future enlargements.

CHAPTER 2 – ECONOMIC CONTEXT

2.1 Income Differentials

From the point of view of potential future mobility, an analysis of income differentials is of high importance, since this could be a key factor behind high motivation for moving to another country. Although in the case of Croatia, the income differential from the EU average is more or less equal to Hungary and in its order of magnitude the situation in Turkey seems comparable to that of Bulgaria and Romania, in other countries the GDP in purchasing parity standard is much lower than the EU average: in Macedonia* and Serbia it is just slightly higher than one third of the average, whereas in Bosnia it is lower, and the lowest can be found in Albania, where it is just slightly higher than one quarter of the EU average.

Table 2.1: Income differentials, as reflected in GDP purchasing power standard (PPS). (Index, EU27 = 100).

Countries	**2006**	**2007**	**2008**	**2009**	**2010**
Bulgaria	38	40	44	44	44
Germany	115	116	116	116	118
Hungary	63	62	64	65	65
Romania	38	42	47	47	46
Montenegro	36	40	43	41	41°
Croatia	58	61	64	64	61
Macedonia*	30	31	34	36	36
Serbia	32	33	36	36	35
Turkey	45	46	47	46	49
Albania	23	23	26	28	28
Bosnia and Herzegovina	27	28	30	31	31

Source: Eurostat.
°: Provisional data.

Although income differentials are important when analysing migration potential (and help in explaining past and current mobility trends – see, for example, the section on experiences of the most recent enlargements), this cannot be regarded as the only influential factor. Political and economic developments and stability, both in the sending and the previous migration patterns (so-called network migration) and other factors (such as costs of migration) also play a prominent role. Among these factors, the next section focuses on recent economic developments and possible prospects.

2.2 Recent Economic Developments with Special Regard to the Crisis

Economic development in most of the countries (i.e. Albania, Bosnia and Herzegovina, Croatia, Macedonia*, Montenegro and Serbia) is restrained by their low export capacity, and this is reflected in their high trade deficits. "Current accounts displayed marked deterioration in the period prior to the crisis in two economies: Montenegro and Serbia. Most of the countries in the group rely on major transfers in the form of remittances from their nationals living and working abroad, thus partly offsetting the high trade deficit."[2] The most well known example of this is Albania (but in Serbia this moderating effect is also considerable). In addition, some of the countries are struggling with twin deficit since their budget deficit is at quite a high level, being around 5 per cent (e.g. in Croatia and Serbia, despite all previous efforts of fiscal prudence, watched by the International Monetary Fund (IMF), and Albania). This has the potential of further exacerbating the debt position of these countries.[3]

It is understandable that after the crisis broke out, almost all the countries recorded a negative GDP growth rate (with the exception of Albania and Kosovo*, but even in these countries it became much lower than before, being 3.3 per cent and 2.9 per cent in 2009, as against 7.5 per cent and 6.9 per cent in 2008, respectively).[4] Their GDP, however, fell by varying degrees, and in some countries at least certain signs of recovery could be observed from 2010, for example in Macedonia* and Bosnia, as well as in Montenegro, where GDP fell by 5.7 per cent in 2009, but grew by 2.5 per cent in 2010.[5] Although the crisis also hit

[2] Vasily Astrov et al., *New Divide(s) in Europe? WIIW Current Analyses and Forecasts No. 9* (Vienna: Wiener Institut für Internationale Wirtschaftsvergleiche [Vienna Institute for International Economic Studies], 2012)., p.7
[3] Ibid., 28.
[4] Source for Albania: ibid, 23. For Kosovo*: The World Bank, IMF, SIPRI, quoted by Bertelsmann, 2012 p. 16.
[5] Source: Bertelsmann, 2012, Country Report Montenegro. p. 17

Turkey, this is the only country where a remarkable recovery could be observed: here already in the second quarter of 2009 an economic recovery was registered, which further developed, leading to a not less than 9 per cent growth. According to analysts, "this is due to an impressive package of fiscal consolidation and institutional reform", which "has continued to have a positive impact on economic growth."[6]

As regards most of the countries of the region, however, the growth prospects in the short term (within the next one or two years) do not seem to be promising: in view of the continuing crisis in the Eurozone, especially in nearby Greece and other southern European countries, the export prospects are weak and there are no signs of other factors which could help further recovery.

[6]See ibid., country study on Turkey, 12.

CHAPTER 3 – SOME DEMOGRAPHIC FEATURES AND LABOUR MARKET TRENDS

3.1 Demographic Features

As an introduction to the topic, it is worth having an overview of some basic data relating to population and demographic developments.

Table 3.1: Population, population growth, life expectancy and share of urban population in countries of the region, 2012°.

Countries	Population (million)	Population growth (%, *per annum*)	Life expectancy at birth (years) [a]	Share of urban population (%)
Albania	3.2	0.3	77	54.4
Bosnia and Herzegovina	3.8	-0.1	76	48.8
Croatia	4.3	-0.3	77	58.1 [a]
Kosovo*	1.8	0.9	70	:
Macedonia*	2.1	0.1	75	59.4
Montenegro	0.6	0.1	75	63.5
Serbia	7.2	-0.5	75	56.7
Turkey	74.0	1.3	75	72.3

Source: World Bank, World Development Indicators, 2013.
°Unless otherwise indicated. [a]: 2011

In terms of population size, the pattern is heterogeneous: five countries can be regarded as rather small (Kosovo*, Macedonia*, Montenegro, Albania, Bosnia and Herzegovina), two are medium-size (Croatia and Serbia) and Turkey is very large, comparable in size among the current EU members with Germany, the biggest EU country. As regards life expectancy, however, which ranges from 75 to 77 years (with the exception of Kosovo*), the countries constitute a more homogeneous group, being similar to the general European pattern. There is, however, some variation in population growth, which is the highest in Turkey and Kosovo*.

Although, as could be seen, income differentials are large compared to the EU average, some other key demographic indicators also show similar patterns to the EU average, or to those of some current member states. As regards total fertility rates, it exceeds the level of simple reproduction (2.1) in Kosovo* only. Otherwise, it is in Turkey that the level is the closest but even here there is a clear declining tendency (see Table 3.2).

Table 3.2: Total fertility rates.

Countries	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU27	1.50	1.51	1.54	1.56	1.61	1.60	1.61	1.57	:
Bulgaria	1.29	1.32	1.38	1.49	1.56	1.60	1.57	1.51	1.50
Croatia	1.43	1.50	1.47	1.48	1.55	1.58	1.55	1.48	1.51
Hungary	1.28	1.31	1.34	1.32	1.35	1.32	1.25	1.26	1.34°
Romania	1.35	1.39	1.40	1.42	1.53	1.57	1.54	1.46	1.53
Bosnia and Herzegovina	1.21	1.20	1.20	1.21	1.22	1.23	1.24	1.26	:
Kosovo*	2.5	2.6	2.4	2.4	2.4	2.3	2.3	2.2	:
Macedonia*	1.52	1.46	1.46	1.46	1.47	1.52	1.56	1.46	1.51
Montenegro	:	1.60	1.63	1.69	1.77	1.85	1.69	1.65	1.71
Turkey	:	:	:	:	2.10	2.09	2.04	2.03	2.09
Albania	2.00	1.90	1.85	1.79	1.76	1.74	1.74	1.75	:
Serbia	1.57	1.45	1.43	1.38	1.40	1.44	1.40	1.40	1.45

Sources: Eurostat, and for Kosovo*, Bosnia and Herzegovina and Albania: World Bank, World Development Indicators.
: No data available. °: Break in time series.

In some cases this may be due to considerable previous emigration, as a consequence of which the age composition of the population is unfavourable from a demographic point of view: the share of children and young people is low. However, there are countries where despite the low fertility rate nowadays (and large emigration), the age composition remained relatively favourable (due to a higher fertility rate before). For example, in Albania the share of the young population is still high (21 per cent), similarly to Montenegro (19 per cent) – see Table 3.3. (Although the pattern of development is similar among the listed member states, low fertility rates cannot be attributed in all cases to emigration, but rather to a long-standing tendency of natural decrease of the population – in Hungary for example, this started already about 30 years ago).

Despite the time lag between current fertility rate and the age composition, as is clear from Table 3.3, the share in the population of the youngest age group shows a more or less similar pattern (quite understandably), but from a different angle. The figure is highest in Kosovo* in this case, too. The share of the youngest population is actually lower than the EU average in Serbia and Croatia (even if by just two and one percentage point, respectively), and they show the lowest figures among those countries (in Table 3.3) where there are comparable data available. The population growth is negative in both countries (being -0.5 and -0.3, respectively – see Table 3.1).

Table 3.3: Share of population of less than 15 years of age.

Country group/countries	2013 %
EU27+	16
Bulgaria	14
Hungary	14
Romania	16
Montenegro	19
Bosnia and Herzegovina++	16
Croatia	15
Albania++	21
Kosovo*+++	27
Macedonia*	17
Serbia	14
Turkey	25

Source: For Albania, Kosovo* and Bosnia and Herzegovina: World Bank, World Development Indicators. For all the other countries: Eurostat.
+: Provisional data. ++: 2012 data. +++: 2010 data.

To sum up, considering recent demographic developments, the potential member states have to face the same or very similar challenges as the current members: an ageing population, low fertility rates which, in most cases, do not reach the level needed for simple replacement, etc. Therefore, the demographic pattern of these countries cannot be compared to that of the developing countries and this is also true for Turkey, even if its pattern is slightly different. Relating this to the focus of this paper, i.e. the development of the future labour market in an enlarged economic area, migration potential from these countries is an important issue, but the potential depends not only on demographic factors but also on many other elements, such as political and economic stability, and within the context of the latter, labour market developments, migration history, i.e. previous emigration patterns, as well as the political and economic circumstances of the host countries, etc. Among these, the next section focuses on some indicators reflecting recent labour market developments.

3.2 Labour Market Trends: Employment, Unemployment and Economic Activity

When looking at trends, the employment rate is certainly one of the most important indicators, showing how the labour market reacted to the crisis.

Table 3.4: Employment rates in selected EU member states and in potential member countries (employed persons as a percentage of working age population, i.e. 15-64 years).

Country group/ Countries	**2007**			**2008**			**2009**			**2010**			**2011**			**2012**		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
EU27	65.3	72.5	58.2	65.8	72.7	58.9	64.5	70.7	58.4	64.1	70.1	58.2	64.2	70.1	58.4	64.2	69.8	58.6
Bulgaria	61.7	66.0	57.6	64.0	68.5	59.5	62.6	66.9	58.3	59.7	63.0	56.4	58.4	61.2	55.6	58.8	61.3	56.3
Hungary	57.3	64.0	50.9	56.7	63.0	50.6	55.4	61.1	49.9	55.4	60.4	50.6	55.8	61.2	50.6	57.2	62.5	52.1
Romania	58.8	64.8	52.8	59.0	65.7	52.5	58.6	65.2	52.0	58.8	65.7	52.0	58.5	65.0	52.0	59.5	66.5	52.6
Iceland	85.1	89.1	80.8	83.6	87.3	79.6	78.3	80.0	76.5	78.2	80.1	76.2	78.5	80.3	76.6	79.7	81.5	77.8
Albania[a]	:	:	:	:	:	:	:	:	:	42.3	51.0	33.5						
Croatia	57.1	64.4	50.0	57.8	65.0	50.7	56.6	62.4	51.0	54.0	59.4	48.8	52.4	57.9	47.0	50.7	55.1	46.2
Macedonia*	40.7	48.8	32.3	41.9	50.7	32.9	43.3	52.8	33.5	43.5	52.8	34.0	43.9	52.3	35.3	44.0	52.4	35.3
Kosovo*[b]	:	:	:	:	:	:	26.4	40.2	12.6	:	:	:						
Montenegro[c]	:	:	:	:	:	:	:	:	:	47.6	54.3	41.0						
Serbia[d]	:	:	:	:	:	:	:	:	:	47.2	:	:						
Turkey	44.6	66.8	22.8	44.9	66.6	23.5	44.3	64.5	24.2	46.3	66.7	26.2	48.4	69.2	27.8	48.9	69.2	28.7

Source: Eurostat, unless otherwise indicated.

a: Albanian Institute of Statistics. b: Statistical Agency of Kosovo. c: Source: Statistical Office of Montenegro. d: Estimate by the European Commission, in: Commission Staff Working Paper, Analytical Report - Communication from the Commission to the European Parliament and the Council – Commission Opinion on Serbia's application for membership of the European Union, p. 136, Brussels 12.10.2011 SEC(2011) 1208, COM(2011) 668 : No comparable data available.

Not surprisingly, in all the countries where comparable data are available, the employment rate declined in 2009 (with the exception of Macedonia*, where it slightly increased; however, in Macedonia*, decrease in GDP was the lowest, being 0.9 per cent only, and it quickly recovered by 2010, which may have started already in 2009). What could be more worrying, however, especially when the labour market is considered with a view to future enlargement, is that the employment rate in general is much lower than the EU average in all potential members of the Western Balkans, and in most of them it is even lower than the current member states with the lowest employment rate. It is also clear that the crisis even deteriorated, for example, the relative position of Croatia later in 2010 (there in 2009 the employment rate was higher than in Hungary, whereas by 2010 it did not reach even the Hungarian level). In Turkey, however, obviously as a consequence of its quick economic recovery, the employment rate has been increasing continuously since 2010; it grew by 4 percentage points between 2008 and 2012. As can be seen, women's employment rate varies to a large extent: it ranged between 76.5 per cent (Iceland) and 12.6 per cent (Kosovo*) in 2009. The variation is large even within the region, i.e. among the countries of the Western Balkans, being for example 51 per cent in Croatia. This is obviously due to large differences in women's economic activity between the countries concerned (unemployment also matters, but to a lesser extent.) If compared to the current EU member states (with the exception of Malta), it is precisely in most of these countries that women's inactivity is the highest: according to Eurostat data, the proportion of inactive women of working age exceeds 70 per cent in Kosovo*, in Turkey it approaches that level, in Montenegro it is nearly 60 per cent, in Macedonia* and Serbia nearly 50 per cent, and it is only in Croatia that women's inactivity is lower than that of Italy, being 46 per cent.[7] Women's economic activity is strongly determined by the demographic context characterising each country (see just two relevant indicators, the total fertility rates and the share of population of less than 15 years of age in Table 3.2 and Table 3.3 respectively). There seems to be quite a straightforward relationship between women's economic activity and their willingness to work, which underlines the importance of demographic context. As can be seen from Table 3.5, in countries where women's economic activity is high, the willingness of those women, who are inactive, is also high.

Table 3.5: Share of women willing to work among those who are economically inactive.

[7] Cited in Eurofound, *Quality of life in enlargement countries. Third European Quality of Life Survey - Croatia* (Dublin: Eurofound – European Foundation for the Improvement of Living and Working Conditions, 2013), p. 6.

Country group/Countries	Share (%)
Croatia	73
Iceland	91
Kosovo*	45
Macedonia*	65
Montenegro	62
Serbia	57
Turkey	58
EU27 average	70

Source: Responses given in the Third European Quality of Life Survey in 2012, Eurofound, *Quality of life in enlargement countries*.

A good example for this is Croatia *vs.* Kosovo*: in the former, where women's economic activity is relatively high, the majority of inactive women are willing to work, whereas this is not the case in Kosovo*, where women's inactivity level is the lowest in the region. The two countries show entirely different demographic features (see Table 3.2 and 3.3).

As a consequence of the crisis, unemployment in all countries reached a two-digit level, as shown by Table 3.5. It is consistently the highest in Macedonia* – at first sight this could be surprising and even contradictory to what was mentioned above (i.e. that the crisis did not hit the labour market there as severely as in other countries). As can be seen from Table 3.4, however, its employment rate is continuously one of the lowest (only in Kosovo* is it lower), being even smaller than in Turkey when it was the worst (in 2009, immediately after the crisis). The number of unemployed, being around or sometimes even more than one quarter of the labour force, is also very high in Bosnia and Herzegovina. This is all the more remarkable, since it can be assumed that a large part of the working population is employed in agriculture (the majority of population in the country lives in rural areas: see Table 3.1).

Table 3.6: Unemployment rate in the Western Balkans countries and Turkey. Number of unemployed in labour force, in percentage.

Countries	2006	2007	2008	2009	2010	2011*

Croatia	11.6	9.6	8.4	9.1	11.8	13.7
Macedonia*	36.0	34.9	33.8	32.2	32.0	31.0
Montenegro	29.6	19.3	17.2	19.3	19.6	20.0
Turkey	8.8	8.9	9.8	12.7	10.7	9.2
Albania	:	13.5	13.0	13.8	13.7	14.0
Bosnia and Herzegovina[1]	31.1	29.0	23.4	24.1	27.2	27.6
Serbia	20.9	18.1	13.6	16.1	19.2	23.0

Source: National Labour Force Survey data, cited in Astrov *et al*. *New Divide(s)* (WIIW), pp. 106, 109, 111, 114, 117, 120, 123
Note: * Estimates by WIIW
[1] : Data from April of each year.

Apart from general high unemployment, the fact that youth is particularly hard hit is a cause for concern: "the youth unemployment rates range between about 35% in Croatia and Montenegro, 50% in Serbia and 60% in Bosnia and Herzegovina."[8] Long-term unemployment poses another problem in several countries: in Macedonia*, Montenegro, Bosnia and Herzegovina and Serbia.

We could get a more refined picture about people who are in employment on the basis of the European Working Conditions Survey, which was a Europe-wide survey including most of the Western Balkans countries conducted in the first half of 2010. As can be seen from Table 3.6, the share of self-employed persons is the highest in Albania, where the majority of male workers (51 per cent) can be found in this category. In 2005 this figure was even higher in Turkey (61.2 per cent), but it dropped to 37.8 per cent by 2010, which could still be considered high compared both to the EU and some other countries of the region. This share is also conspicuously high in Kosovo*, where almost half of male workers are self-employed (48.9 per cent). In the case of the former two countries, i.e. Albania and Turkey, high self-employment can be assumed to be related to the dominance of agriculture: when the sectoral composition of workers is considered it turns out that in both countries the share of agriculture is above 20 per cent.

[8] WIIW, 2012, 50.

Table 3.7: Employment status in several Western Balkans countries, Turkey, in the EU and groups of EU member states on the basis of the European Working Conditions Survey.

Countries and Country groups		2005				2010			
		Employed	Self-employed	Other	N	Employed	Self-employed	Other	N
Croatia	Male	81.7%	14.5%	3.8%	447	77.3%	18.0%	4.6%	569
	Female	85.1%	11.8%	3.1%	558	80.8%	11.7%	7.5%	529
	Total	83.2%	13.3%	3.5%	1005	78.9%	15.1%	5.9%	1098
Macedonia	Male	0.0%	0.0%	0.0%	0	67.1%	26.4%	6.5%	669
	Female	0.0%	0.0%	0.0%	0	77.5%	17.6%	5.0%	428
	Total	0.0%	0.0%	0.0%	0	71.1%	23.0%	5.9%	1097
Turkey	Male	37.7%	61.2%	1.1%	850	62.1%	37.8%	0.1%	1582
	Female	62.0%	36.3%	1.7%	163	66.4%	33.4%	0.2%	518
	Total	44.2%	54.6%	1.3%	1013	63.3%	36.6%	0.1%	2100
Albania	Male	0.0%	0.0%	0.0%	0	48.3%	51.0%	0.7%	636
	Female	0.0%	0.0%	0.0%	0	50.9%	48.9%	0.3%	364
	Total	0.0%	0.0%	0.0%	0	49.4%	50.1%	0.5%	1000
Kosovo	Male	0.0%	0.0%	0.0%	0	49.4%	48.9%	1.7%	816
	Female	0.0%	0.0%	0.0%	0	68.3%	31.7%	0.0%	197
	Total	0.0%	0.0%	0.0%	0	54.5%	44.2%	1.3%	1013
Montenegro	Male	0.0%	0.0%	0.0%	0	77.9%	21.5%	0.6%	512
	Female	0.0%	0.0%	0.0%	0	84.8%	13.2%	2.0%	529
	Total	0.0%	0.0%	0.0%	0	80.9%	18.0%	1.2%	1041
EU15*	Male	79.8%	18.7%	1.5%	7499	81.2%	16.7%	2.1%	11253
	Female	86.2%	12.1%	1.7%	7433	86.3%	11.3%	2.4%	11122
	Total	82.6%	15.8%	1.6%	14932	83.5%	14.3%	2.2%	22375
EU27**	Male	78.8%	19.4%	1.9%	12480	79.6%	17.7%	2.7%	17444
	Female	85.3%	12.7%	2.0%	13088	85.2%	11.9%	2.8%	17871
	Total	81.7%	16.4%	1.9%	25568	82.1%	15.1%	2.8%	35315

Source: Fifth European Working Conditions Survey, 2010 (Question 6: Are you mainly…?).
Note: All EU Member States before Eastern enlargements (2004, 2007, respectively), i.e. until 30th of April 2004
** All 27 Member States of European Union as of 2010

In Kosovo*, however, it is the share of the wholesale, retail, food and accommodation sector which is the highest, and although the share of self-employed persons is lower in

Montenegro, there the share of workers employed in this sector is even higher than in Kosovo*, the figures being about 30 per cent and 25 per cent respectively.[9]

Even prior to the crisis, the labour market seemed to be less stable in the region than among the current EU members: according to the European Quality of Life Survey conducted in 2007, the share respondents reporting no job security was higher in all the three countries examined than in either the Central and Eastern European members (11 per cent) or the EU as a whole (9 per cent).[10] In Croatia this figure stood at 13 per cent, whereas in Macedonia* it was very high at 34 per cent, and in Turkey 15 per cent.

[9] Eurofound, *Labour Mobility within the EU*, 2012.
[10] Eurofound, *Quality of life in Croatia, the Former Yugoslav Republic of Macedonia and Turkey 2011*., p. 84.

Chapter 4 – Recent Migration Trends from the Region: Key Destination Countries

As is well known, the countries of the region have a recent emigration history, which could influence the future labour market in an enlarged economic area. Therefore, it is worth presenting a brief overview, identifying the key destination countries and trends in the stock of migrants over the past several years.

In terms of absolute numbers, the key destination country remained Germany, where the number of people born in Turkey was close to 1.5 million in 2009. The second largest country of origin from the region was Croatia: the stock of those born in this country was almost 250,000, and the number of people born in Serbia and Montenegro was also substantial, reaching 209,000. The number of emigrants from Bosnia and Herzegovina who lived in Germany was 176,000 in the same year. Although in general inflow to Germany has recently declined, asylum seekers from Serbia have increased recently, becoming the third most important group among asylum seekers: "their number increased almost eight-fold in 2010."[11]

The second most important destination country is Austria, although here the number of Turkish-born citizens was lower in 2007 than those living either in France or in the Netherlands (155,900, 243,400 and 194,800, respectively). As is known, Austria is also a major destination country for citizens from the successor states of former Yugoslavia. In addition, the inflow from some of them has recently increased. The number of people originating from Serbia and Montenegro actually exceeded even the number of Turks, being 187,900 in 2009 (as against 159,000 Turks). The number of those who were born in Bosnia and Herzegovina, but living now in Austria is also high: 133,500[12]. Unlike in Germany, the inflow increased over the past couple of years: "Taken together, the successor countries of the former Yugoslavia accounted for 11% of new immigrants."[13]

As regards other destination countries, Greece was definitely very important for Albanian immigrants, at least in 2001, when not less than 403,900 people born in Albania lived in the country (unfortunately, more recent data is not available).

Among the EU15 countries there are some where the number of citizens from the former Yugoslav republics is large (for example, in Sweden, 71,600, in the Netherlands 52,800 in the year 2009). Their share of the foreign population, however, is the largest in

[11] OECD, *International Migration Outlook 2011* (Paris: OECD Publishing, 2011), 282.
[12] Ibid., 2009 data
[13] Ibid., 262.

Slovenia, where they constituted 88 per cent of foreign citizens at the beginning of 2010. The share of migrants from Bosnia and Herzegovina alone is not less than 47 per cent.[14] The shares of the other countries are as follows: Macedonia* 11 per cent, Serbia 11 per cent and Croatia 9 per cent. "Most immigration is temporary labour migration, in particular for construction. The vast majority of the corresponding work permits which are issued to migrants are tied to a specific employer."[15] The dominance of workers from the region is obviously related partly to traditional ties, but partly also to a recent policy (in the wake of the crisis) setting up quotas, 95 per cent of which are reserved for nationals of the former republics of Yugoslavia.[16] Hungary is another EU member state which is geographically very close, and where a relatively large population born in the former Yugoslavia lives. In 2009 their number was 33,700.[17] Many of them are ethnic Hungarians. In terms of the number, a similar size of population originating from Serbia and Montenegro lived in Belgium (34,200) in 2007. Belgium was also a host country for 89,000 people who were born in Turkey in the same year.[18]

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[14] Their inflow increased in recent years, especially from 2007, when it grew to 12,500 (from 7,900 in the previous year). In 2008 the inflow was 13,000 and despite the crisis it remained basically at the same level in 2009, when it was 12,900. It may well be that this is related to the negotiations Slovenia conducted on bilateral agreements with Bosnia and Herzegovina. "Although this has not been signed, there are protocols in place that are based on mutual cooperation between employment agencies" (OECD, *International Migration Outlook*, 320), and one of them was signed in 2007 (OECD, 2011).

[15] OECD, *International Migration Outlook,* 320.

[16] For details see: OECD, 320.

[17] Ibid., 391. National data: Register of holders of permanent residence cards, Office of Immigration and Nationality. Ministry of Administration and Justice.

[18] 2007 for both data. Ibid., 387. National data: Population Register Directorate General Statistics and Economic Information (DGSEI)

CHAPTER 5 – EXPERIENCES OF THE LAST WAVES OF ENLARGEMENTS: IMPACT OF LABOUR MOBILITY

It seems particularly relevant to examine these experiences, since the initial fears regarding a high inflow from would-be members to some of the potential destination countries (EU15) will most likely reappear during the next rounds of enlargement. As is well known, these fears led to the seven-year transition period, when restrictions on the free movement of persons were introduced. There were some member states (the UK, Ireland and Sweden), however, which opened their labour market right after the accession of the eight countries of Central and Eastern Europe, in 2004. A large inflow to the United Kingdom (UK) and Ireland as a consequence can clearly be seen from Table 3.7. In those countries the growth was much more pronounced than elsewhere. As can be seen, between 2005 and 2007 the numbers of new EU citizens doubled in the case of these two host countries. The impact of the crisis, however, is also strong – in Ireland, which is one of the countries hardest hit by the economic recession, the number of foreign residents declined between 2008 and 2010, from 211,000 to 180,000. Despite the decrease, however, citizens of the EU10 remained the largest group of foreign nationals living in Ireland (vis-à-vis those of EU15 and third country nationals, respectively). At the same time, it should be noted that, not surprisingly, the crisis adversely affected job opportunities not only for the native population, but also for the mobile workers in Ireland.

The situation is different with the EU2 (i.e. Bulgaria and Romania), related obviously to their later entry. The crisis, however, does not seem to have had an effect on the inflow of their citizens to the major destination countries (although it may well be that without the crisis, their number would be even higher). As regards the increase in their number in Spain in 2009 and 2010, this is understandable in view of the fact that Spain granted free access to Bulgarian and Romanian nationals in January 2009 (which, as is known, was withdrawn from Romanians in the summer of 2011, Spain referring to serious labour market disturbances). At first sight, however, it is not easy to explain why the number of EU2 residents increased in Italy, which applied restrictions, even if with simplifications (as it still does). This question is all the more relevant since Italy was also severely hit by the recession. There are two plausible explanations for this: one is that the increase reflects the regularisation of illegal Bulgarian and Romanian migrants having already stayed in these countries before the accession (similarly to the case of the EU10 citizens in Germany and Austria). The other is that the inflow, especially in Italy, is highly demand-driven, i.e. there are some sectors and occupations which are characterised by significant labour shortages, and therefore the EU2 citizens are in high demand in certain specific segments of the labour market, for example in the health and care sector. This assumption is confirmed by the fact that the employment rate of EU2 workers declined to a lower extent than in Spain.[19]

[19] Klára Fóti, "Mobility in Europe since the Eastern enlargement: emergence of a European labour market?," in: *Eastern Journal of European Studies,* Vol 2, Issue2, December 2011. , pp. 93-107 http://ejes.uaic.ro/articles/EJES2011_0202_FOT.pdf (accessed: 27th of February, 2014)

Table 5.1: Number of foreign residents from the member states of the recent two waves of enlargement in key host countries, by EU10 and EU2 citizens, 2005-2010 (thousand).

Host country	**EU10 member states**							**EU2 member states**						
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**Change 2005/10 (%)**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Change, 2005/2010 (%)**
Germany*	483	564	596	605	616	605	25.3	112	120	141	158	178	206	83.9
Ireland**	100	161	211	211	183	180	80.0	…	13	18	18	19	14	7.7
Spain*	71	103	127	137	140	137	93.0	490	664	890	964	991	1,006	105.3
Italy*	81	95	118	130	138	153	88.9	315	362	659	837	934	1,069	239.4
Austria*	75	81	87	94	97	105	40.0	28	28	35	41	45	46	64.3
UK***	293	503	691	728	720	945	222.5	29	35	40	74	90	124	327.6

Sources: Eurostat, EU LFS, Eurostat population statistics, national data sources, European Commission Directorate-General Employment

…: too small, or not reliable. *Eurostat population statistics. **2005: CSO estimates, 2006-2010: EU LFS quarterly data, 4th quarter. ***EU LFS quarterly data, 4th quarter

In sum, although large inflows followed both waves of enlargement to certain countries (involving citizens from certain Central and Eastern European new member states), at the European level this did not mean a substantial increase: the proportion of EU citizens of working age (15-64) living in an EU country other than their own increased by 0.8 of a percentage point between 2004 and 2010 (from 2 per cent to 2.8 per cent). In addition, it appears that both prior to and after the crisis the inflow of workers was mainly demand-driven (see the examples of Ireland and Italy as host countries).

CHAPTER 6 – CONCLUSION

Although there are many political and economic challenges the Western Balkans countries should face in the coming years, today it seems that in many respects lessons drawn from the previous two waves of Eastern enlargement could be relevant. Even if in the case of Turkey the scale of previous migration flows cannot be compared, in some other aspects the EU will have to deal with similar challenges as it did during the most recent enlargement.

For example, apart from Turkey and Kosovo*, the demographic developments in the Western Balkans in many ways show similar characteristics as was the case of Central and Eastern Europe. It is also within the context of demographic trends that a quite direct lesson can be learnt. Between 2000 and 2011 the EU15 population between 0 and 14 years decreased by 1 per cent, in the Central and Eastern European members it declined by almost 25 per cent, whereas in the Western Balkans countries the decrease was somewhat lower. "The average population decrease in the NMS-10[20] almost doubled over the past decade, compared to the period 1989-2000. About half of the reduction from 2000-2011 is due to net emigration from the region, while the other half stems from a natural decrease in the population, with birth rates consistently lower than death rates. In the Western Balkans countries, the population figure remained almost stable and increased by about 10% in Turkey."[21] As a consequence of enlargement and the free movement of labour, this will definitely change: the population is also expected to decline in the Western Balkans countries much more rapidly than today, and this will also derive from two sources: natural decrease and net emigration to the current EU member states. This, however, will not happen in Turkey, although its development path also points in this direction, albeit over a much longer term.

[20] It stands for the 10 Central and Eastern European countries which joined the EU in 2004 and 2007, respectively, i.e. Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania Slovakia and Slovenia.

[21] Astrov et al. *New Divide(s) in Europe*, 52.

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