

# (Hard) BREXIT and labour mobility

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# Refugee crisis, economic migration and free movement of labour – new faultlines in Europe

- Effects of Brexit in two ways:
- Brexit was a message that both at the perception level and on the level of reality there are tensions with the way migration and labour mobility is managed in Europe
- Several MS have concerns and it is a question what repercussions Brexit will have on these
- (Hard) Brexit will also have concrete consequences on mobility flows

# Refugee crisis, economic migration and free movement of labour – new faultlines in Europe

- The broader phenomenon of migration has created new faultlines in Europe and threatens to escalate into a deep institutional and political crisis.
- For **refugees** and asylum seekers: “Geneva Convention” applies humanitarian obligation to provide protection. NO SELECTIVITY! Not the time to consider GDP gain or demographic advantage
- Terms used: economic-, irregular-, or illegal migrant, refugee
- „Regular third country migration“ is subject to selectivity, the EU blue card system and national policies apply
- Intra-EU labour mobility: a basic freedom with equal labour and residence rights including the access to benefits (?)
- The legal status of the above three groups is entirely different, still the effect they have on receiving country labour markets and welfare systems is not isolated.
- Political repercussions are interconnected

# European institutions paralysed: test case for the EU

In 2015 Europe was facing the greatest migration inflow since World War II. European institutions were not able to tackle this historical challenge, national governments pursued self-serving, often obstructive policies, while a small number of countries acted.

The challenge is unprecedented for the EU as a whole and in particular the countries most effected (AT, DE, GR, IT, SE..)

The „refugee crisis“ is a crisis of the EU as such

## **The very principle how the EU works is questioned**

The Commission tries to pursue an EU-wide approach (see Dublin system and relocation quotas) but the Council is blocking

It is not foreseeable to what direction EU integration would move: ‘renationalisation’ is a strong trend now (but ‘building own fences’ cannot be a solution); Refugee crisis and Brexit have disruptive potential

Italy plans a ‘second Rome treaty’ at 60<sup>th</sup> anniversary – with more integration; further option is ‘multi-speed Europe’

# East-West labour mobility: indirect effects

Destination countries are affected by the refugee wave and EU mobility at the same time with concentration on few: effects on LM absorption capacity, welfare systems with political repercussions

Low wage in country of origin, but comparable skills... Share of EU10 employment in EU15 labour force is on wide range: from 0.24% in FR to 7.23% in Ireland, UK: 2.87 (EU27: 1.57)

Various forms of mobility in a rapidly changing economic and regulatory environment (employment, cross border commuting, posted work, self employment) subject to different standards.

Transitional measures resulted in a shift to other mobility channels (Posted work, /bogus/ self employment) with adverse and longer term effects

Posted work and social dumping is focus now

Equal access to welfare services is being questioned

+ BREXIT and its consequences (geographical shift..)

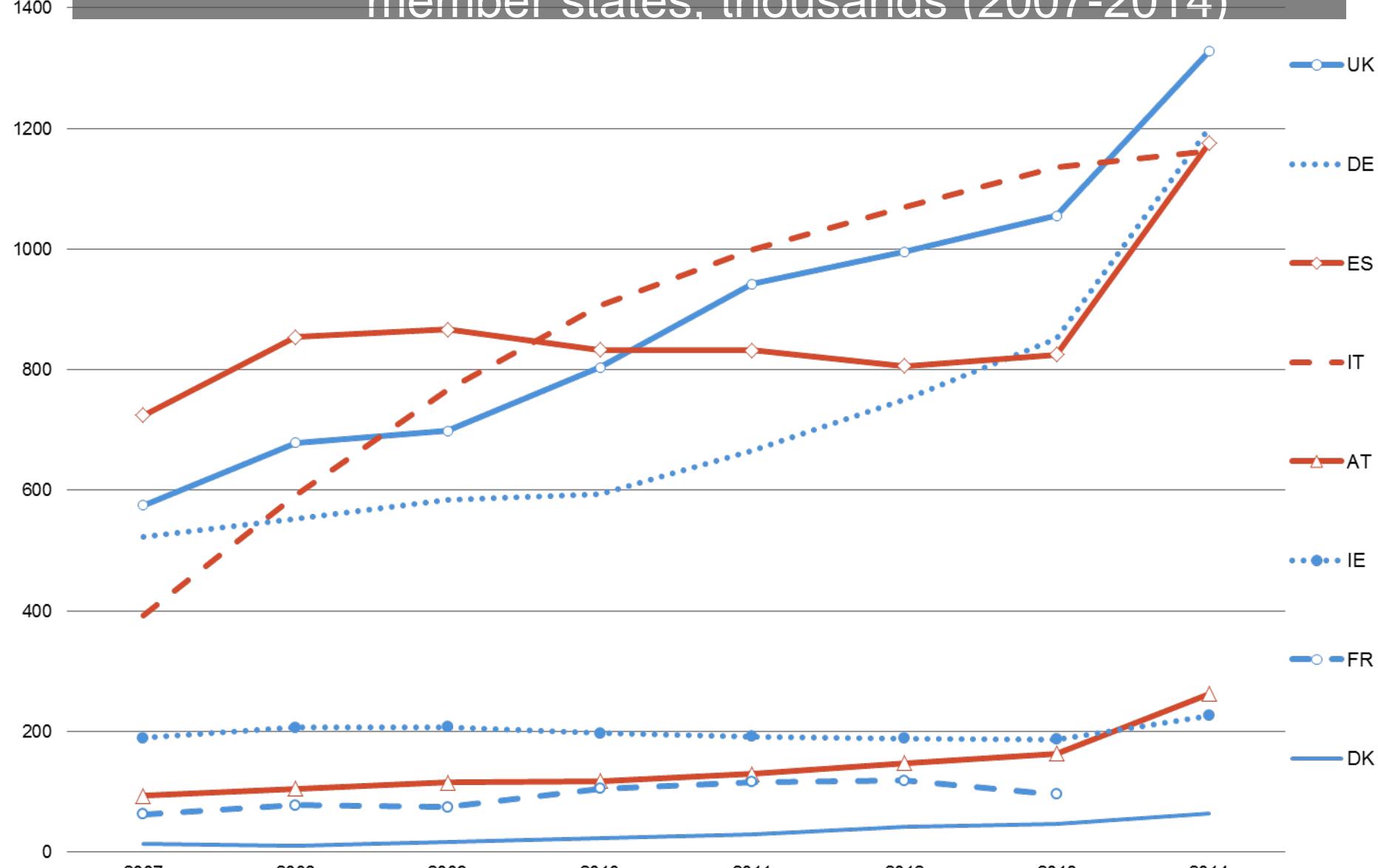
# Asymmetrical effect of migration on receiving countries

East-West intra-EU labour mobility gained further momentum in 2014. The **United Kingdom is further on the main destination with a population of 1.3 Mn EU10 citizens**. After some delay EU10 labour mobility to Germany started to pick up and gained further momentum lately. Germany is now the No 2 destination with 1.2 Mn EU-10 nationals. After a period of decline during the crisis EU10 population in Spain also started to grow again reaching 1.17 Mn, followed by Italy (1.14 Mn).

Reshaping labour market and policy framework of the main destination countries: **Germany is top destination of asylum seekers and also a main receiver of EU10 mobile workers**.

**Austria and Italy** has a high number of EU10 workers and also a substantial number of refugees. Sweden has high refugee numbers, but less EU10 workers. UK, Spain and Ireland have high number of EU10, but no refugees, France is only moderately exposed to both.

# Population of EU10 citizens in selected EU member states, thousands (2007-2014)



**etui.**

# Equal treatment of EU mobile workers under pressure

The myth of ‘benefit tourism’ emerged in a number of member states. While there is consensus in the literature (Blauberger et al 2014, Clark et al 2014) that EU10 migrants are net fiscal contributors in EU15 countries. There is some evidence that the take-up of certain type of social benefits by EU2 migrants was growing lately, in particular in Germany, but the net contribution was positive (Eurofound 2015).

Tensions appear in several member states and it is not the UK government alone that aims to restrict the access of EU mobile citizens to social and welfare services.

It must be seen however that local tensions at public services were more due to austerity (that hit municipalities in both the UK and Germany hard) than immigration. Local vs. national effects / financing public services and the use of tax revenue...

Now with the perspective of a 'hard Brexit' turbulences will follow...(other MS inspired by UK?)

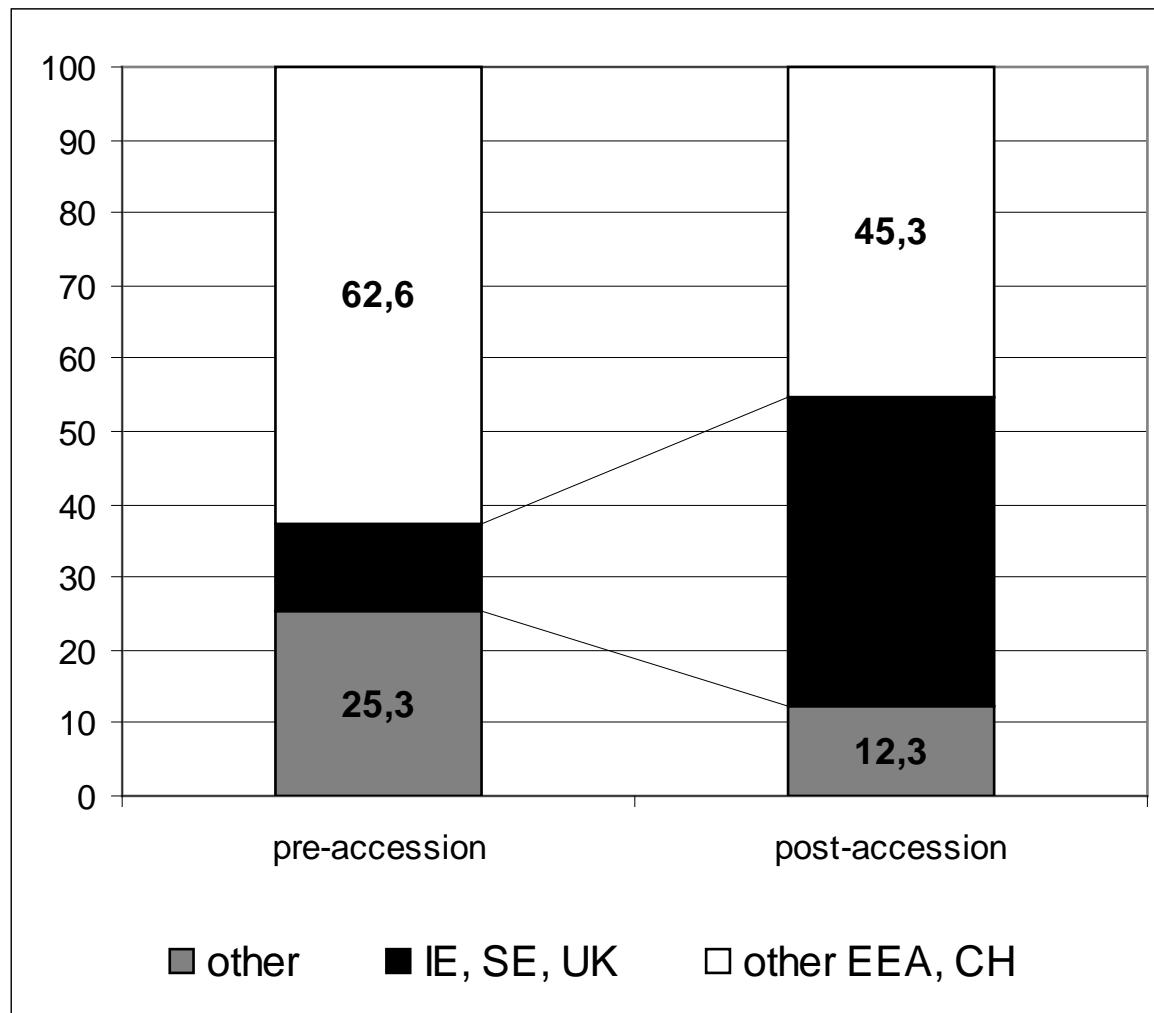
'Hard Brexit' to have an impact on the geographical redistribution of EU10 workers, again Germany in focus

Pressure on social and welfare services effect also the treatment of EU mobile workers

The German government plans to extend the minimum requirement of residence of an EU citizen in Germany from the current six months before she or he becomes eligible for social benefit. The aim is to limit 'benefit tourism'.

The geographical „diversion“ of mobility routes that was due to asymmetrical opening, would probably be reversed with Germany as main target.

# Flashback - Diverted migration routes at enlargement: Polish pre<sup>1</sup>- and post<sup>2</sup>-accession migrants, in %



<sup>1</sup>Aged 15 and over who have been abroad for at least 2 months in the period 1999-2003;

<sup>2</sup>Aged 15 and over who have been abroad for at least 2 months in the period may 1<sup>st</sup> 2004-31<sup>st</sup> – December 2006.

Source: CMR Migrants' Database, based on the Polish LFS.

# Some lessons

The external shock posed by the unprecedented migration wave has created new fault-lines in Europe. A hard Brexit may also reshape intra-EU mobility patterns away from the UK towards Germany.

What about Ireland? IE-UK mobility? EU26-IE mobility?

The new migration reality may contribute to shifting demographic patterns and shape labour market processes in the future.

German population was forecast to fall from 83M to 60M by 2050 – is this still a valid scenario?

Sofar the UK was among the few EU countries with a population growth and this was entirely due to net immigration, what next?

Now the story is all about Germany, refugees, EU10 and southern Europeans are all heading for Germany....

Future shifts in balance of power???