



Economic impacts of emigration in Poland and the Baltic states

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Outline

- ❑ Recent migration of Poles and citizens of the Baltic States – an overview
- ❑ Impact on demographic phenomena in home countries
- ❑ Remittances – macro- and microeconomic perspectives
- ❑ Labour market perspective
- ❑ Conclusions – future prospects



Features of migration from the CEE countries in the transition period

- ❑ The outflow much lower and less diversified than in the previous decades
- ❑ The number of net emigration countries decreased → shift to net immigration countries (Hungary, Czech Rep.)
- ❑ Temporary flows as dominant migration type
- ❑ Outflow did not matter neither for sending nor for receiving countries → scale of irregular migration (?), but: in all regularisation programmes pursued in EU so far around 800,000 irregular migrants from CEE were identified
- ❑ **Poland as the only country sending considerable quantities of people abroad**



Post EU accession movements

Recent accession rounds:

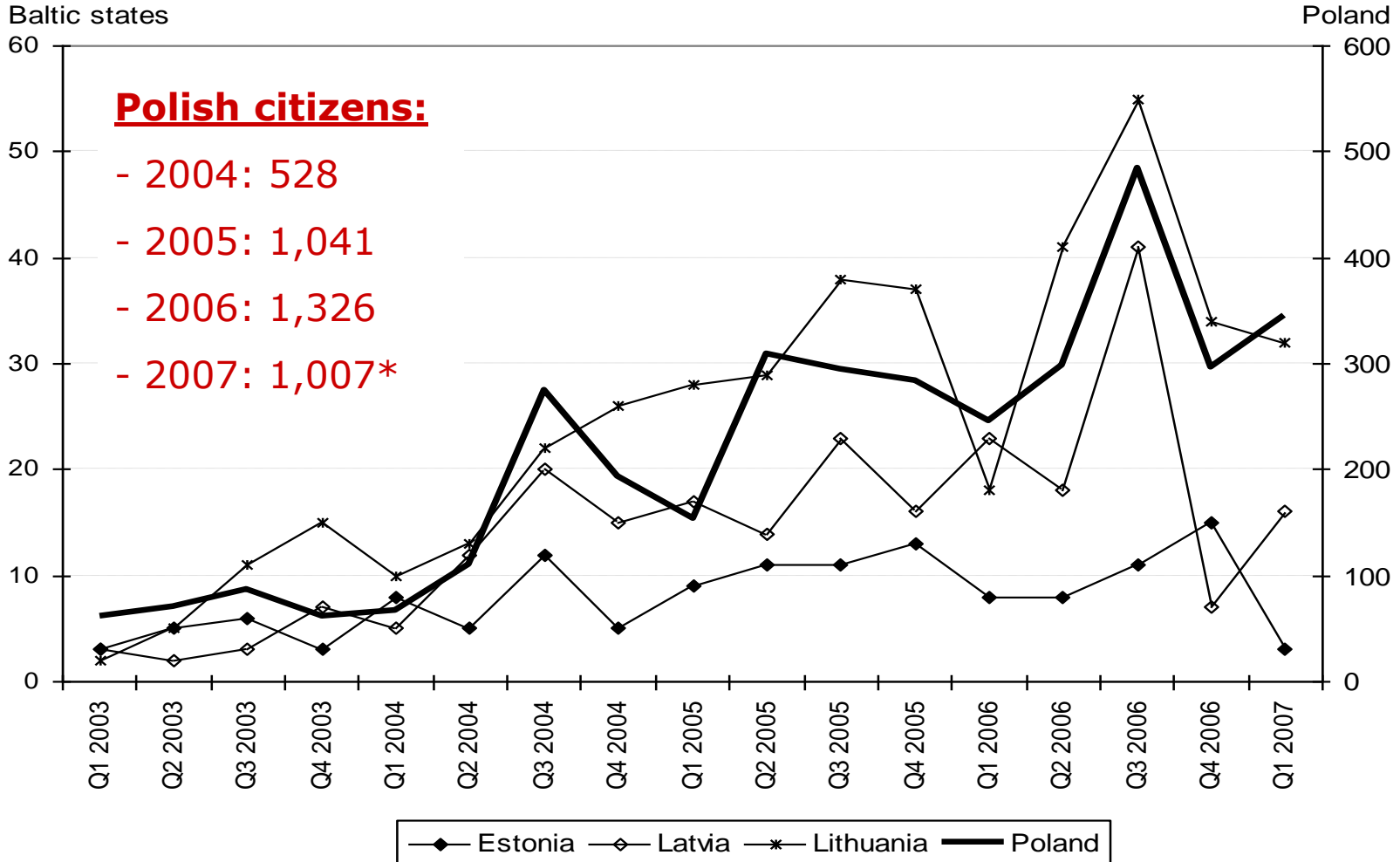
- ❑ May 2004: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia
- ❑ January 2007: Bulgaria and Romania

But:

- ❑ Most of the UE countries introduced transitory arrangements with regard to access to the labour market and social security systems:
 - ❑ Free access to labour market: Ireland, Sweden, United Kingdom (limited access to the welfare system)
 - ❑ Limited access to labour market in case of other countries (relaxed in 2006 and 2007)
 - ❑ No access until 2011 announced: Austria and Germany (free access for service providers)



Post-accession flows – UK: Number of visits to the UK by the nationals of the EU8 countries, 2003-2007 (in thous.)



* First three quarters

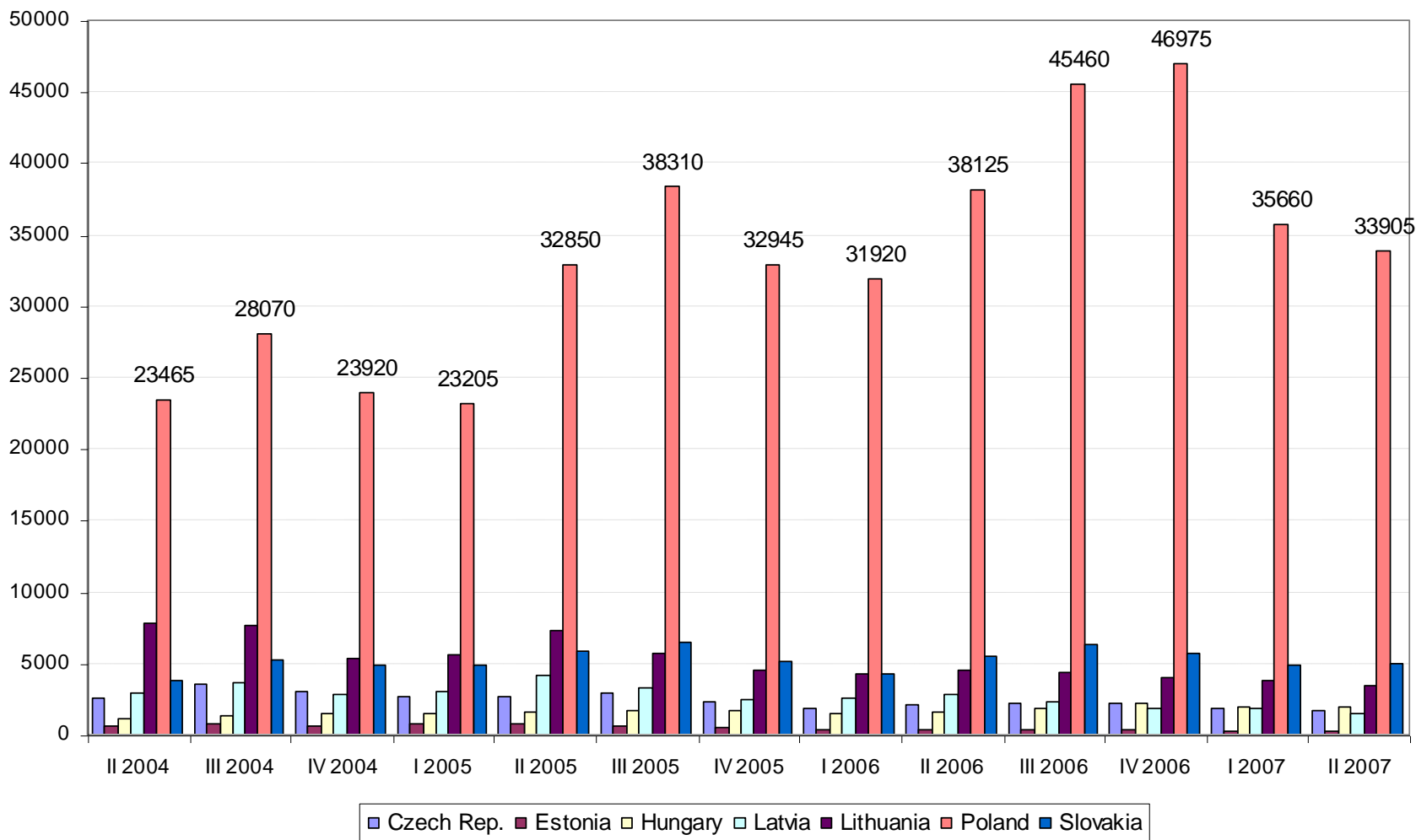


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Source: IPS

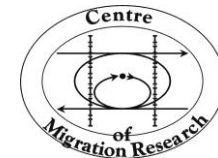
Applicants with the Worker Registration Scheme by major nationalities, March 2004 – June 2007, by quarters



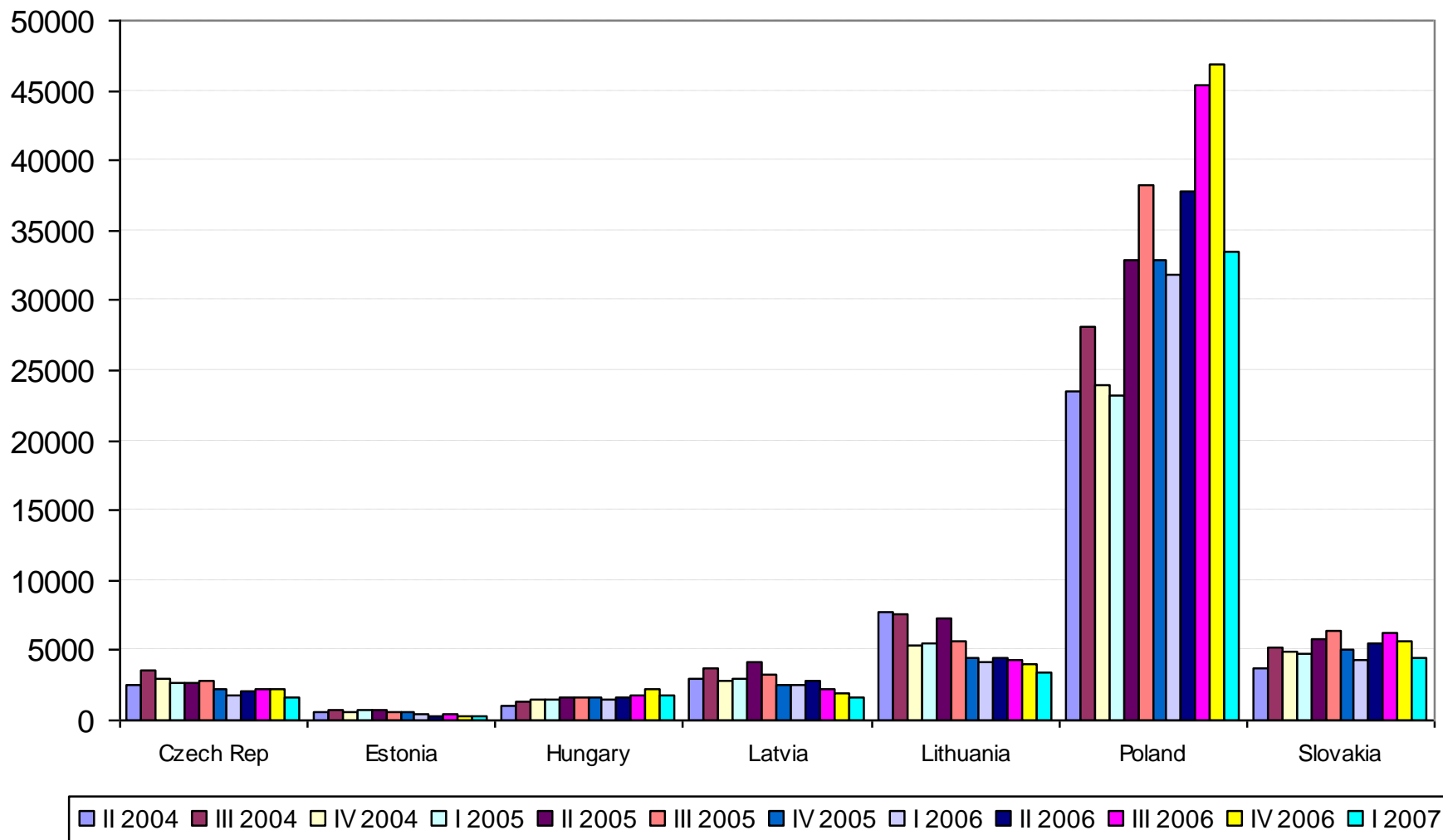
Source: Home Office



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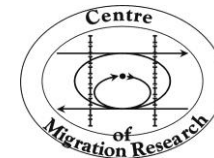
Applicants with the Worker Registration Scheme by major nationalities, March 2004 – May 2007, by quarters



Source: WRS



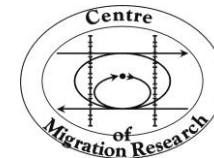
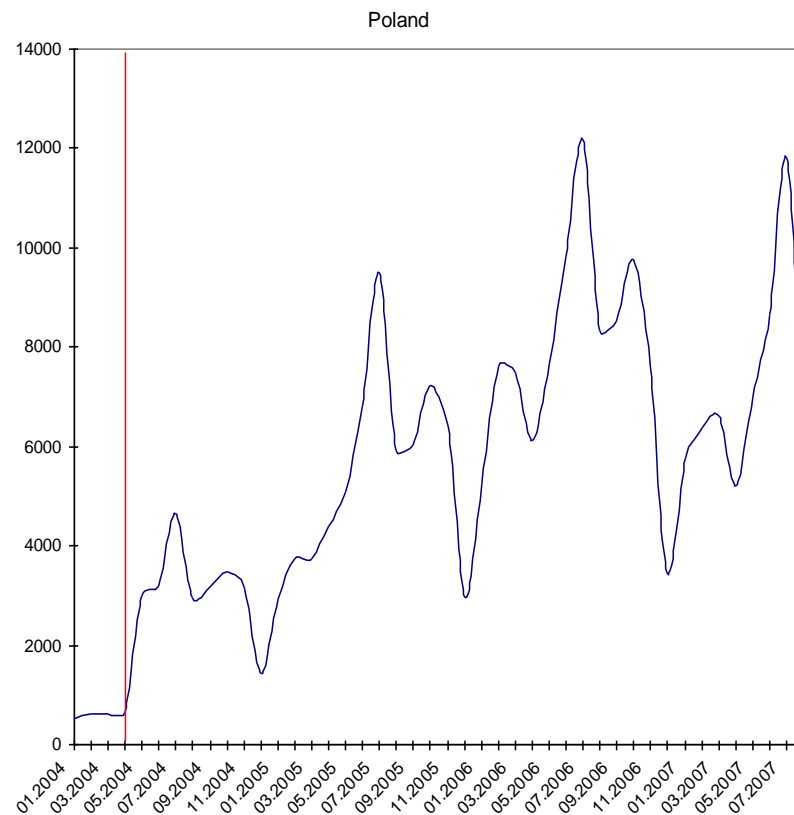
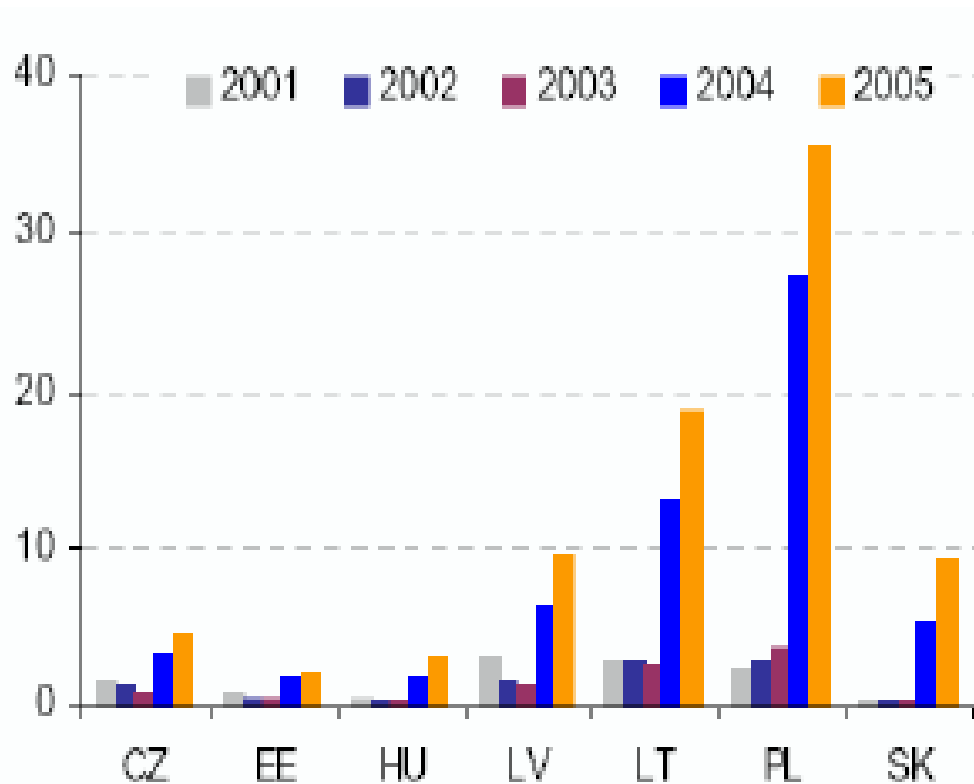
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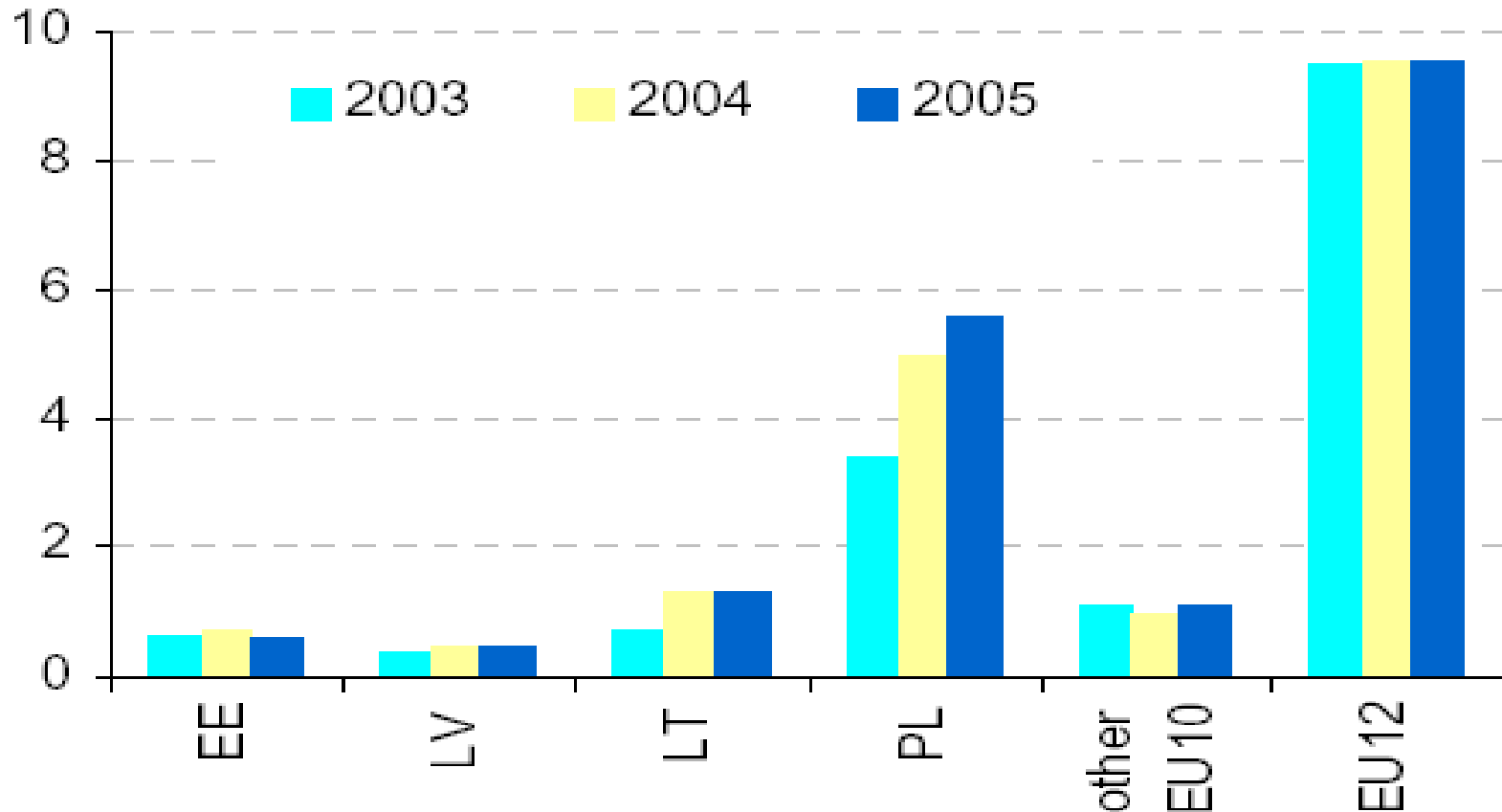
Immigrants allocated a National Insurance number in the UK, 2002-2007 (in thous.), top ten countries

2002/2003		2003/2004		2004/2005		2005/2006		2006/2007	
India	25,0	India	31,3	Poland	62,6	Poland	171,4	Poland	222,8
Australia	18,9	South Africa	18,4	India	32,7	India	46,0	India	49,3
South Africa	18,6	Australia	17,1	Pakistan	20,3	Lithuania	30,5	Slovakia	28,8
Pakistan	16,8	Pakistan	16,8	South Africa	19,3	Slovakia	26,4	Pakistan	25,3
France	13,8	Portugal	14,0	Australia	16,6	South Africa	24,0	Australia	24,4
Philippines	11,8	China	13,3	Lithuania	15,6	Australia	23,8	Lithuania	24,1
Spain	11,7	France	13,1	France	13,3	Pakistan	22,3	France	20,2
Zimbabwe	10,3	Spain	11,9	China	12,6	France	17,2	South Africa	16,9
Iraq	10,1	Poland	11,2	Portugal	12,2	Latvia	14,2	Germany	15,2
Portugal	9,8	Philippines	10,7	Slovakia	10,5	Germany	13,3	China	13,2
Total	349,3	Total	370,8	Total	439,8	Total	662,4	Total	713,0

Inflow of EU8 labour to Ireland – Personal Public Service Numbers issued (in thousand)



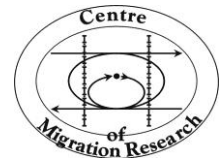
No of residence permits issued in Sweden, selected EU8 countries, 2003-2005



Residence permits granted to citizens of Poland and the Baltic States in Sweden by reason, 2003-2006



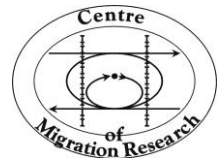
Source: Kaczmarczyk and Okólski 2008



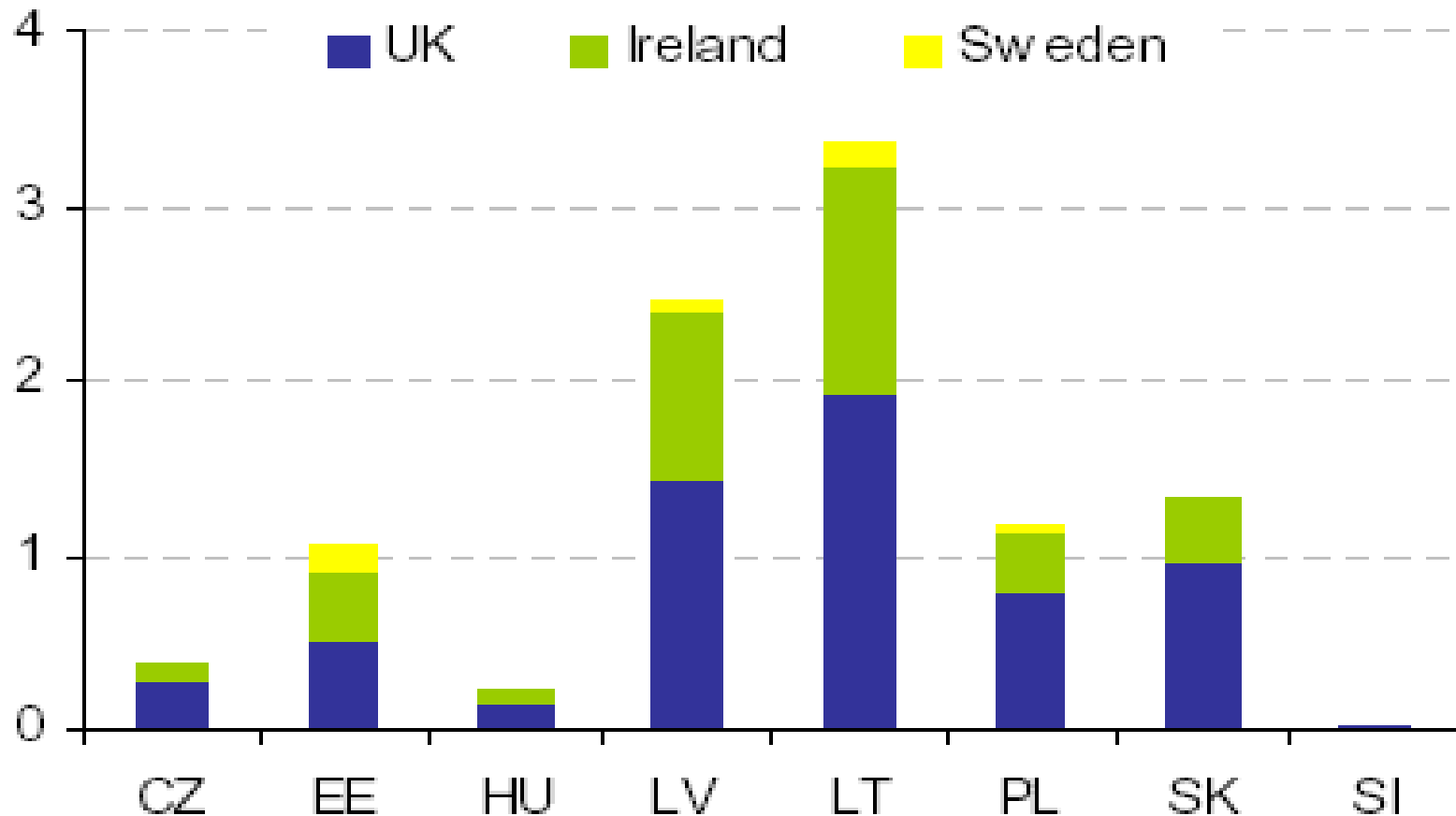
Post accession flows

Three types of CEE countries with regard to international mobility:

- ❑ Scale (and dynamics) of migration → Poland
- ❑ High intensity of migration → Baltic countries
- ❑ High (expected) dynamics of migration → Romania



Migrant workers from EU8 in Ireland, Sweden and the United Kingdom as per cent of working age population of the countries of origin, 2004-2005



Recent migration from Poland: Scale and dynamics of migration

- ❑ **The 2002 National Census:** 786 thous. Polish citizens, counted as members of households in Poland, staying abroad for longer than 2 months (1.8% of the population).
- ❑ **CSO estimate (end of 2006):** 1,950 thous. persons staying temporarily abroad (3.3% of the total population); post-accession net outflow – 1,120 thous.

Total / destination	2002 (May)	2004*	2006*
Total	786	1000	1950
European Union	451	750	1550
Austria	11	15	34
Belgium	14	13	28
France	21	30	49
Germany	294	385	450
Ireland	2	15	120
Italy	39	59	85
Netherlands	10	23	55
Spain	14	26	44
Sweden	6	11	25
United Kingdom	24	150	580

* end of the year

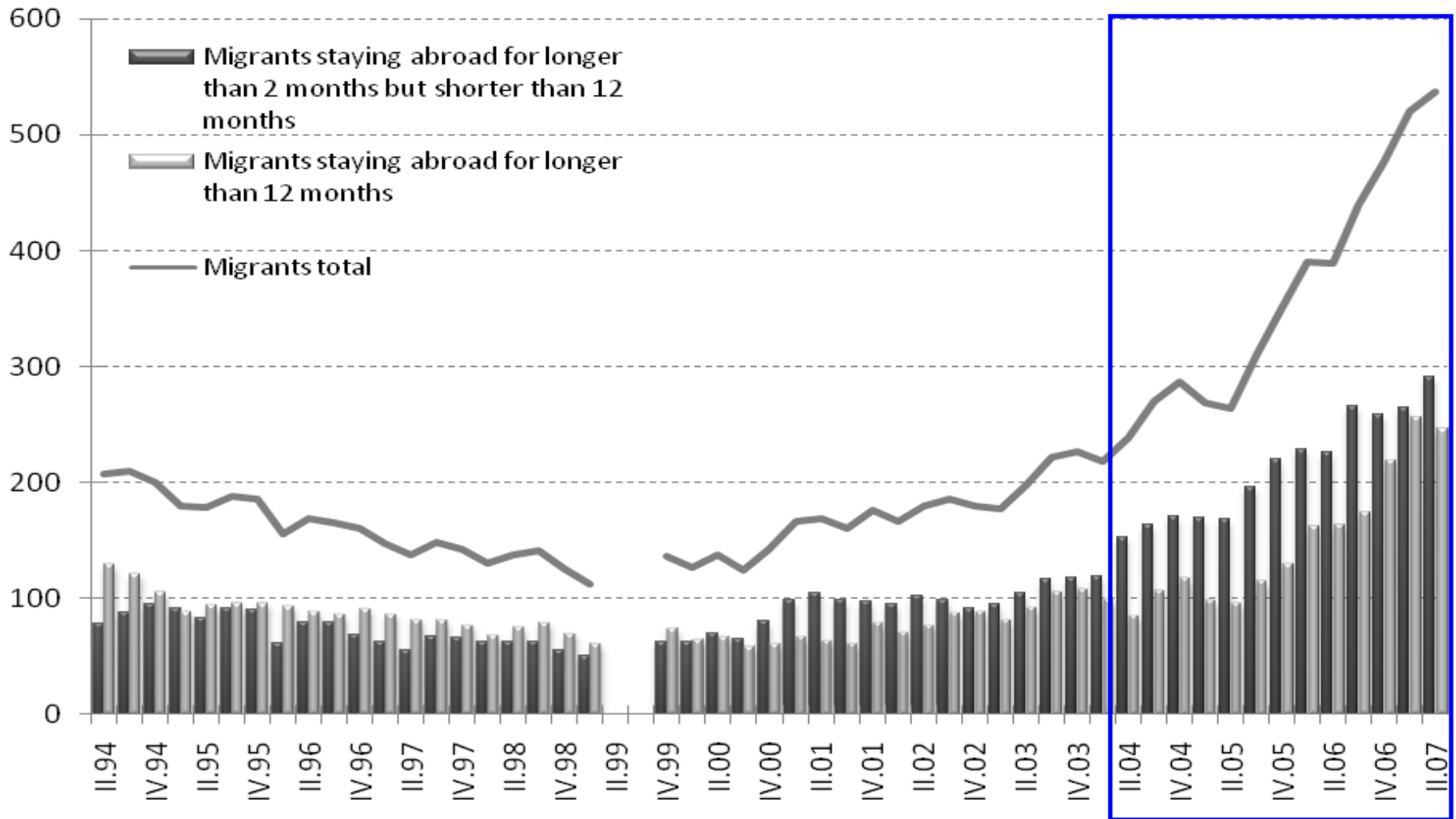


Recent migration from Poland: selected features

- ❑ Migration motivations → predominance of labour migration
- ❑ Duration of migration → predominance of short-term migration (?)
- ❑ Dynamics of migration, seasonal patterns of mobility
- ❑ Main destination countries – pre- and post-accession flows
- ❑ Selectivity of migration
- ❑ Migration strategies



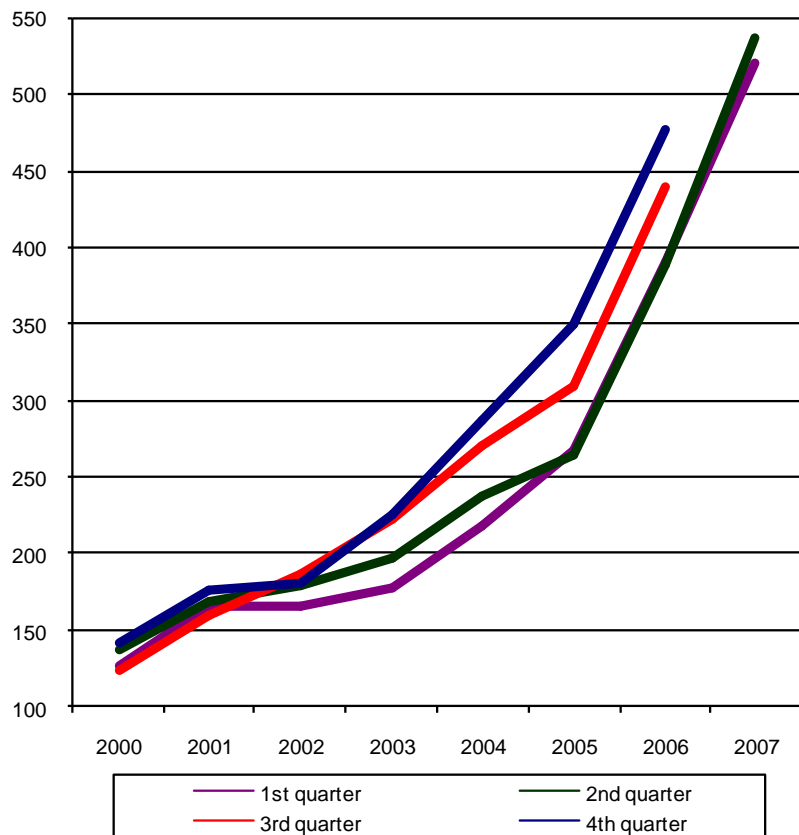
Migration according to LFS data: Polish migrants by length of their stay abroad, 1994-2007 (in thous.)



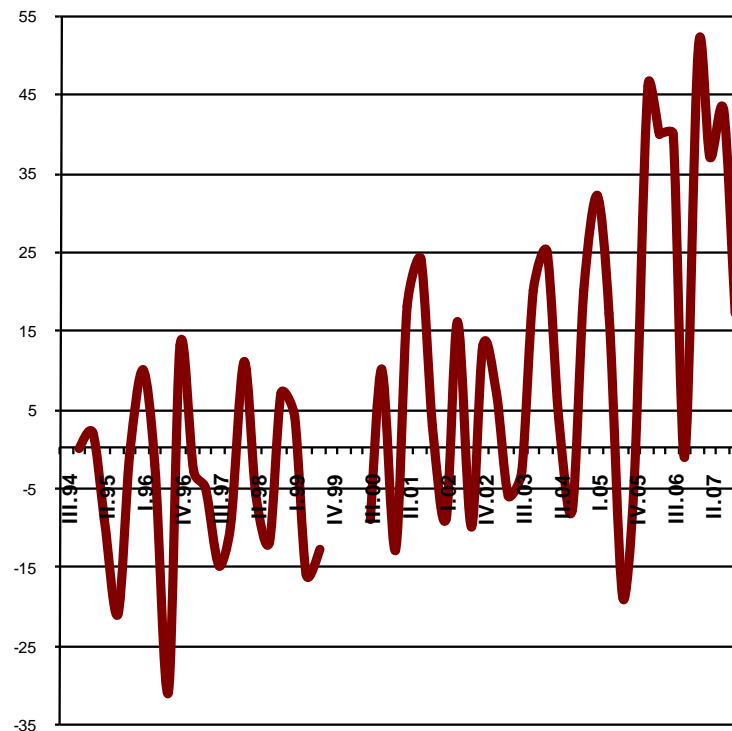
Source: Kaczmarczyk and Okólski 2008

Recent migration from Poland - dynamics

Stock of temporary thousand (in thous.)



Net changes in the stock of temporary migrants (in thous.)

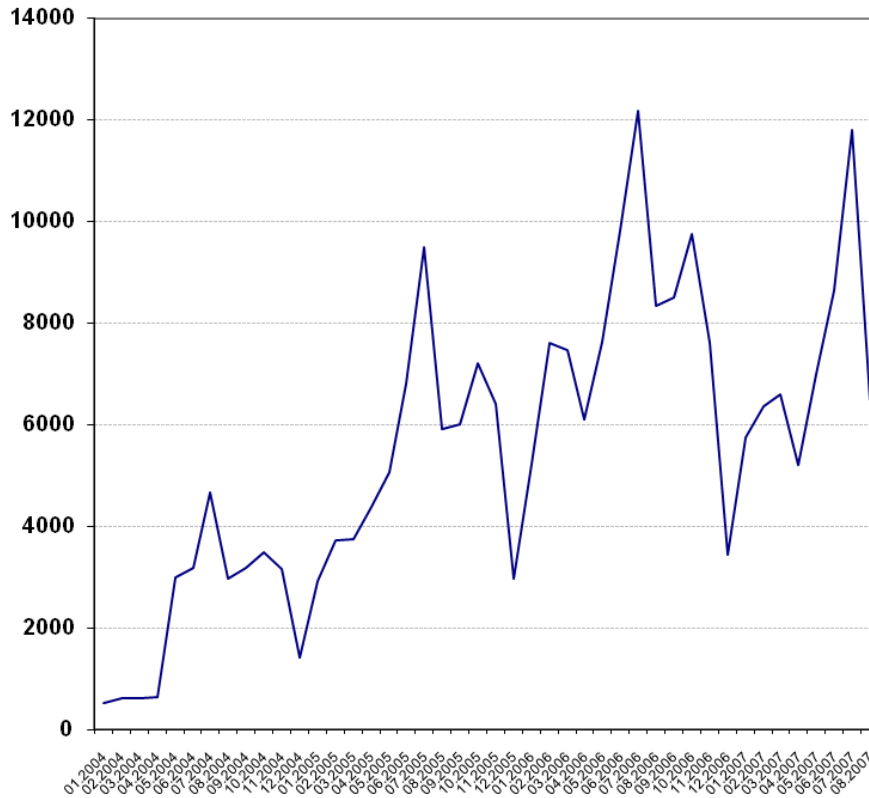


Source: Kaczmarczyk and Okólski 2008

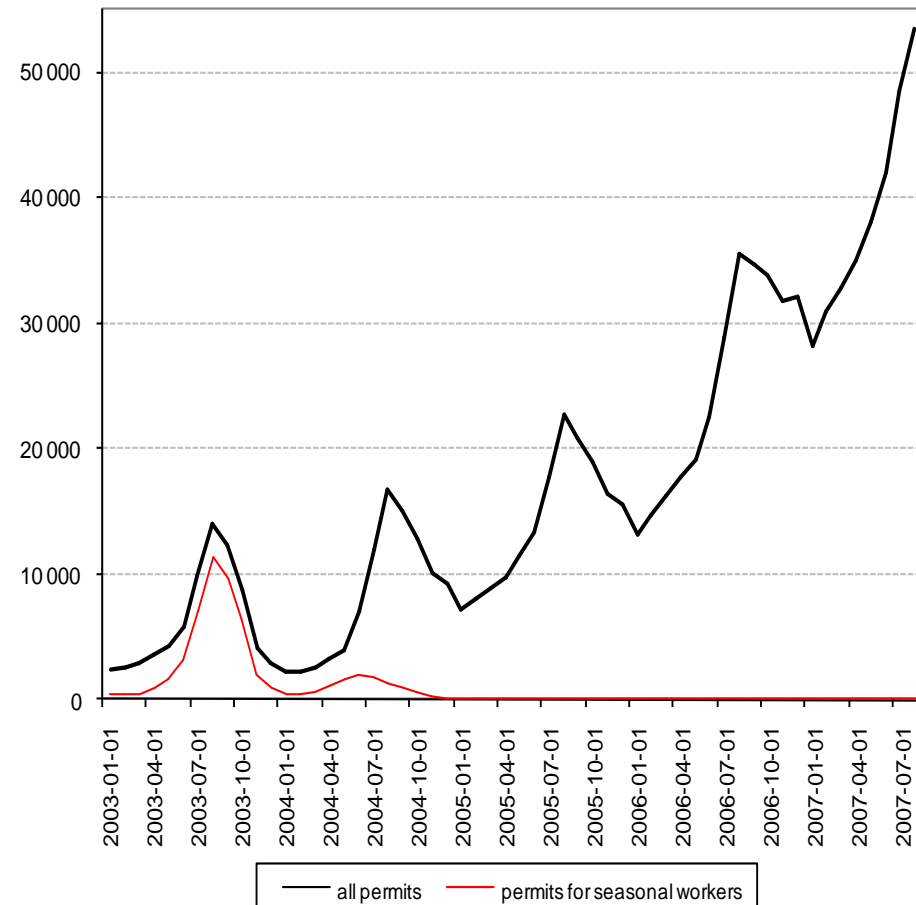


Recent migration from Poland – dynamics and seasonal features

Ireland: PPS numbers



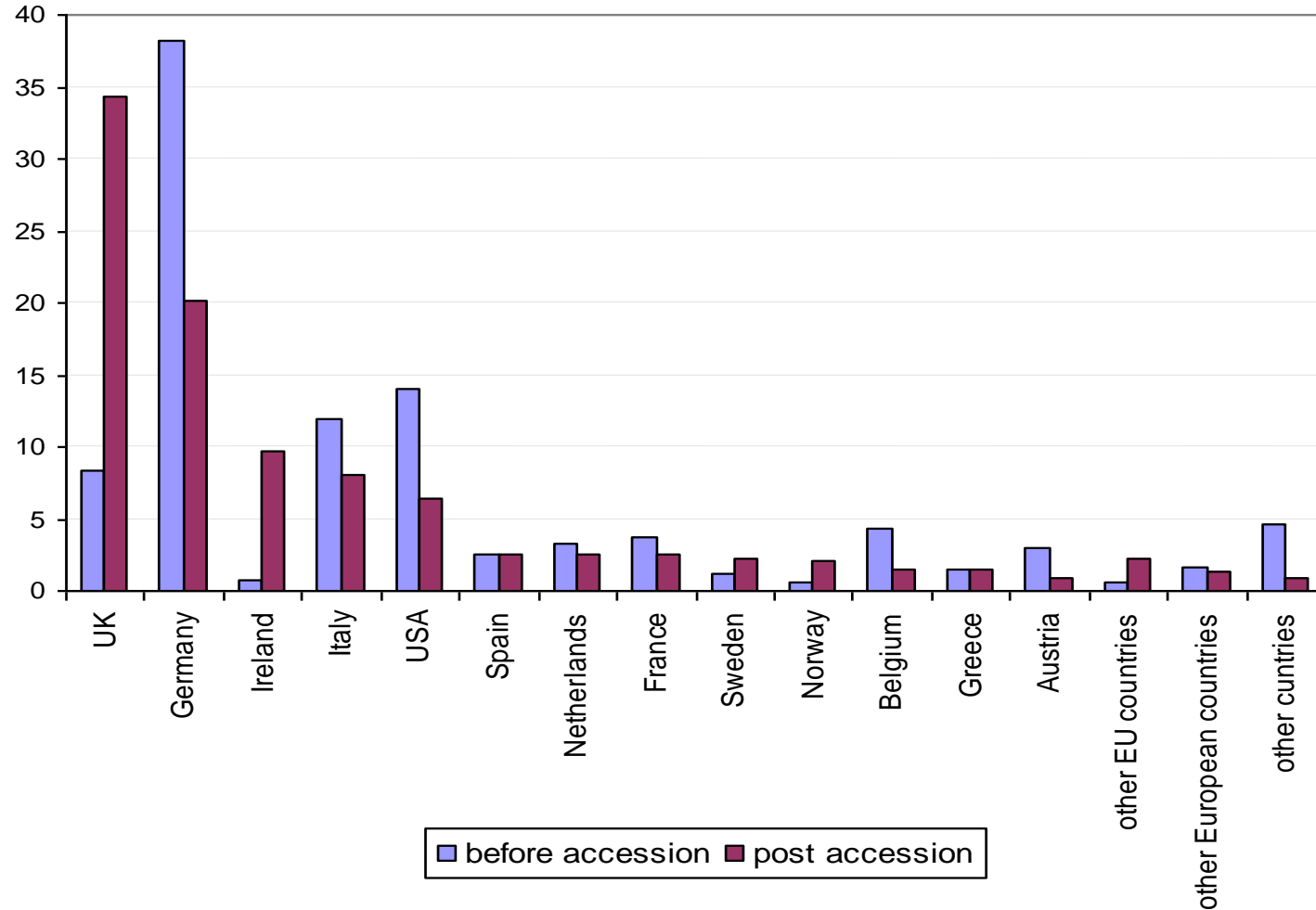
Norway: work permits



Source: Kaczmarczyk and Okólski 2008



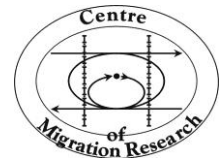
Main destination countries for migrants from Poland before and after accession, in per cent



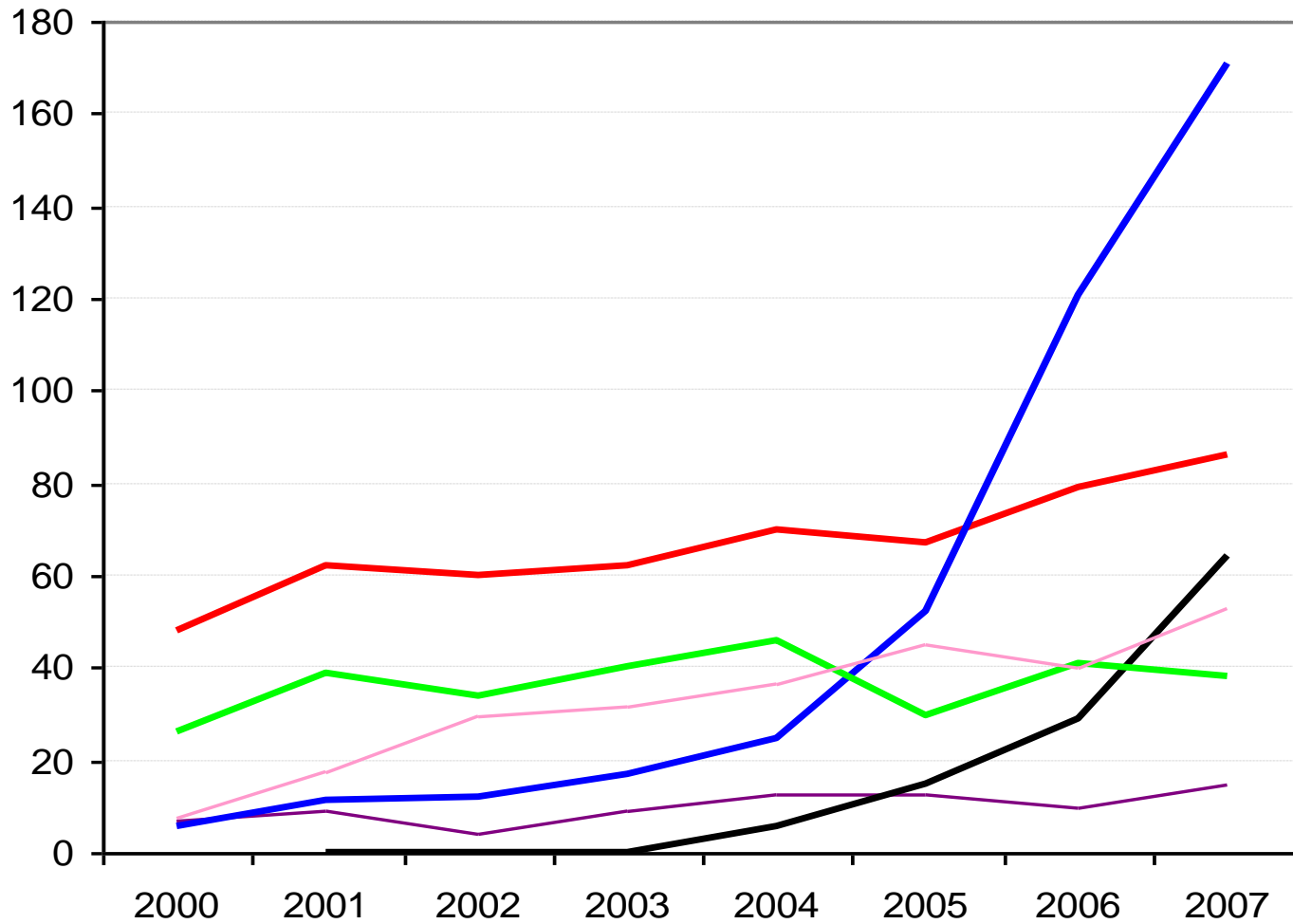
Source: SOPEMI



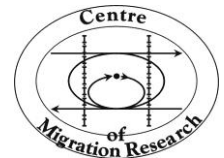
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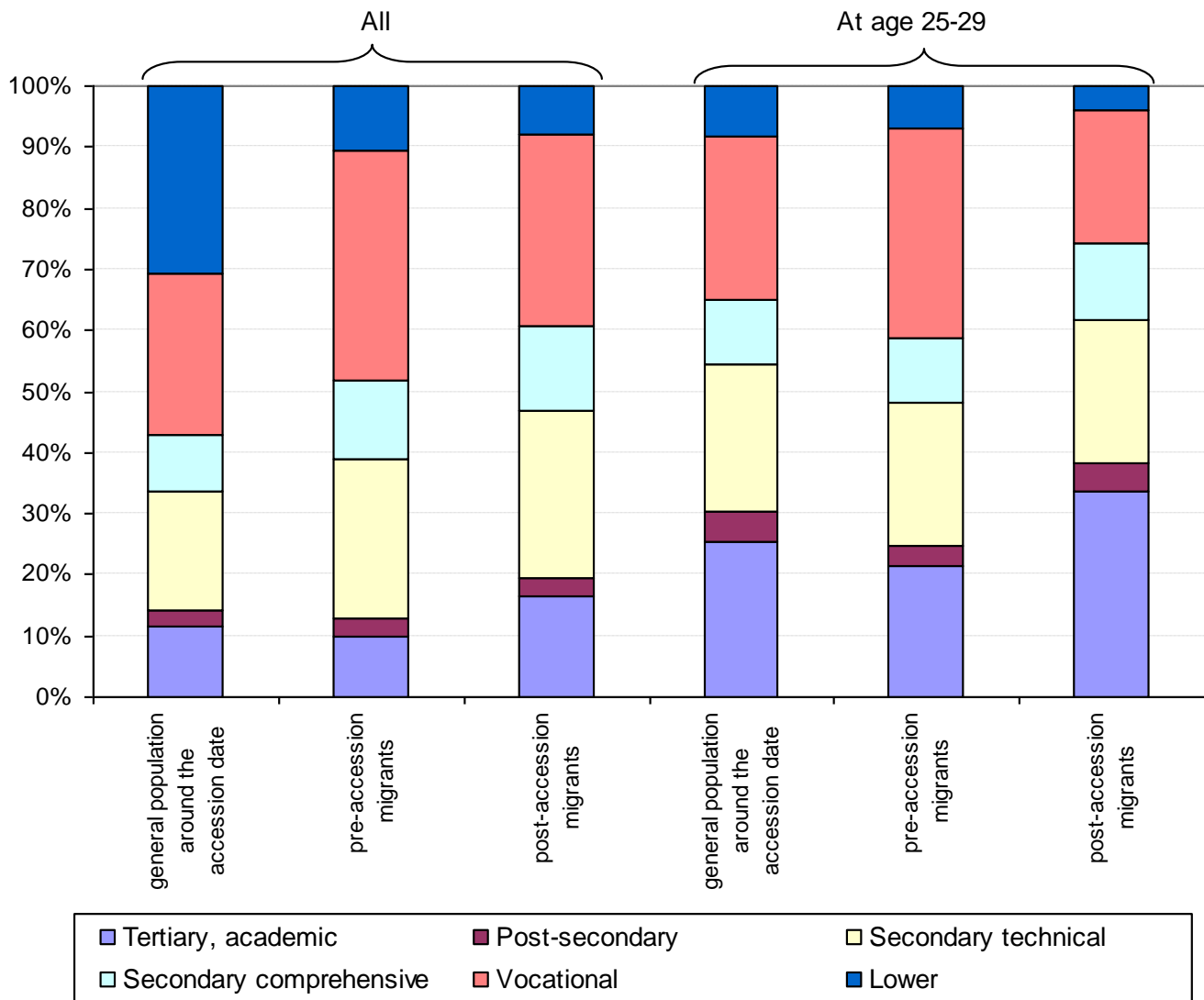
Migration according to LFS data: Polish migrants by country of destination, 2000-2007, 2nd quarter (in thous.)



— France — Germany — Ireland
— United Kingdom — United States — Italy and Spain



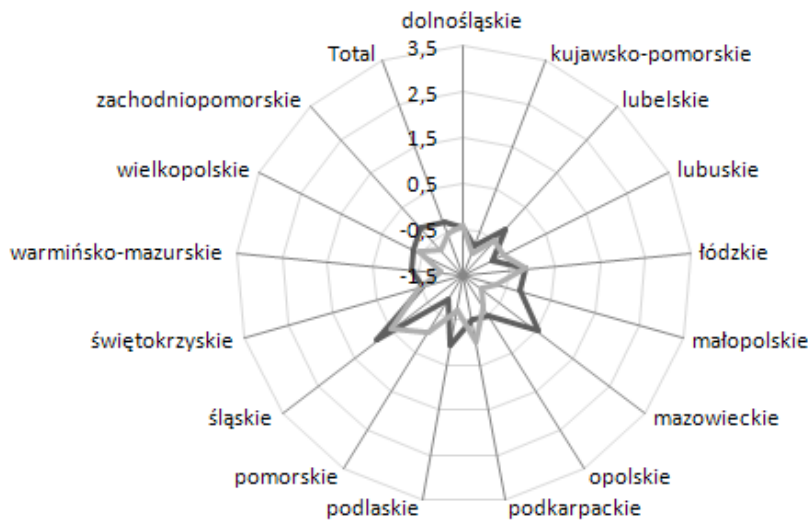
Distribution of pre-accession and post-accession migrants by level of education vis-à-vis general population, in per cent



Selectivity of recent mobility of Poles – educational attainment

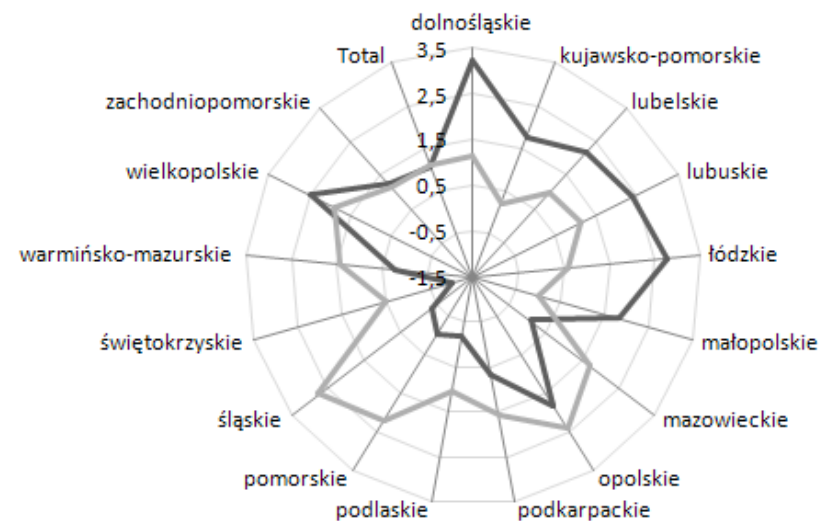
Migrant selectivity indexes (SI) for tertiary education

Germany



— pre 2004 — post 2004

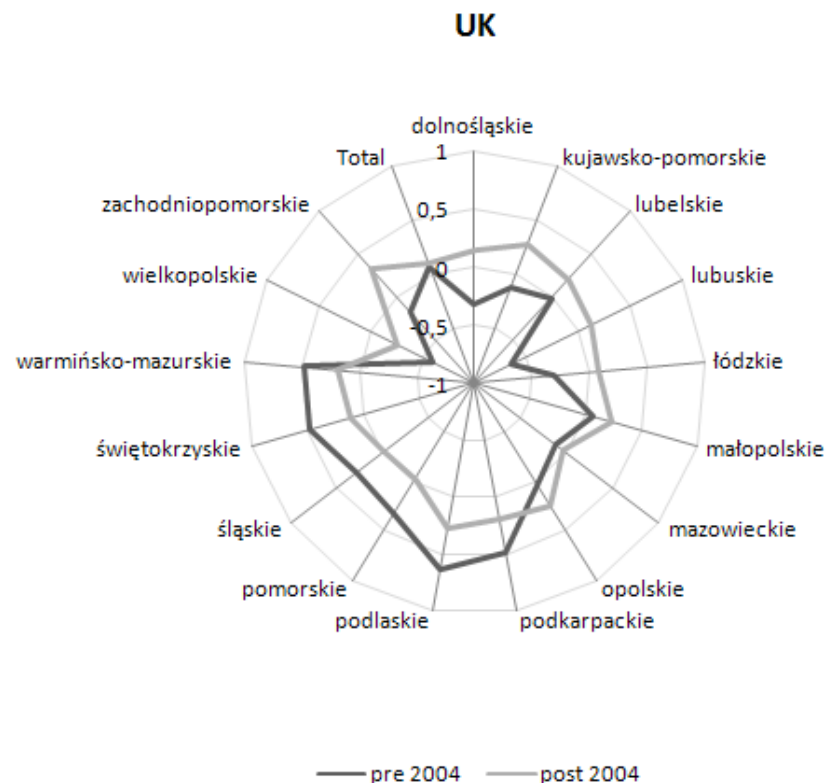
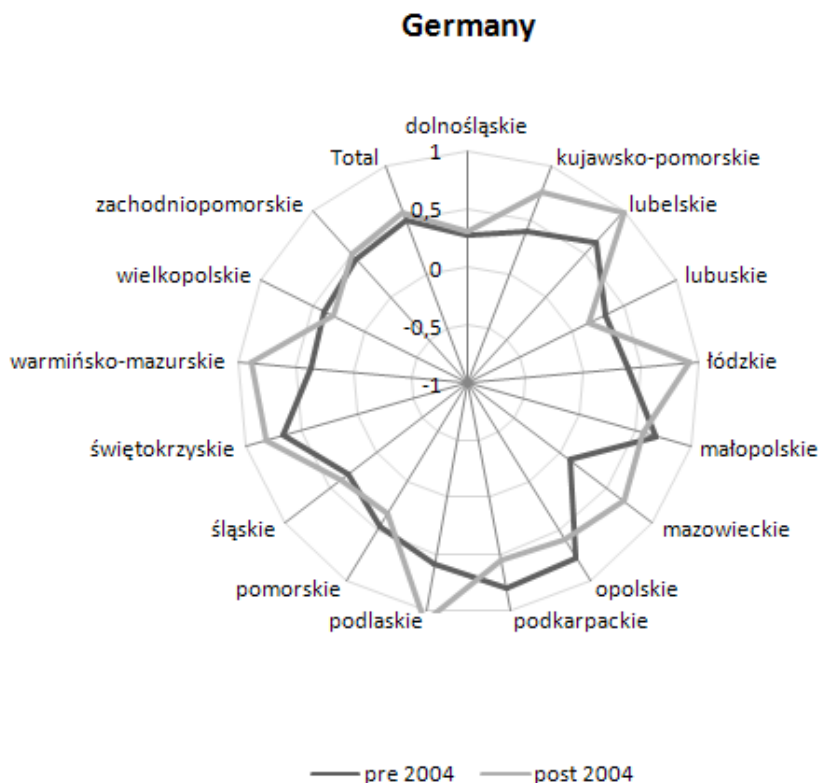
UK



— pre 2004 — post 2004

Selectivity of recent mobility of Poles – educational attainment

Migrant selectivity indexes (SI) for vocational education



Patterns of recent mobility – the case of Poland

- ❑ **Post-accession migration:** more regular or legal than irregular or clandestine, more of a long-term duration than circular, more 'individualistic' than related to household strategies, more 'masculine' than 'feminine'

But:

- ❑ **Two structurally different patterns of migration:**
 - ❑ **Migration of the 'youth'** → persons under 35, mostly without children, often single or in informal relationships, relatively well educated, language and legality as an important factor, UK and Ireland as leading destinations.
 - ❑ **Migration of the 'older'** → persons with previous migration experiences, no language skills, more 'traditional' destinations: Germany, Italy, Spain.

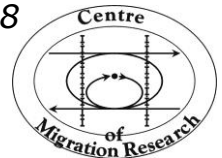


Demographic effects

Percentage net loss of population aged 15 or more due to temporary outflow in the post-accession period, by sex and the level of education (as of January 1st, 2007)

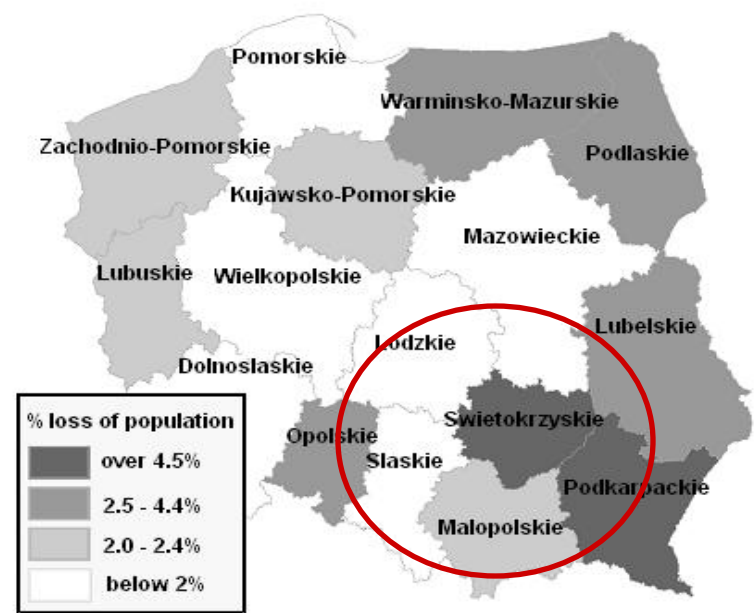
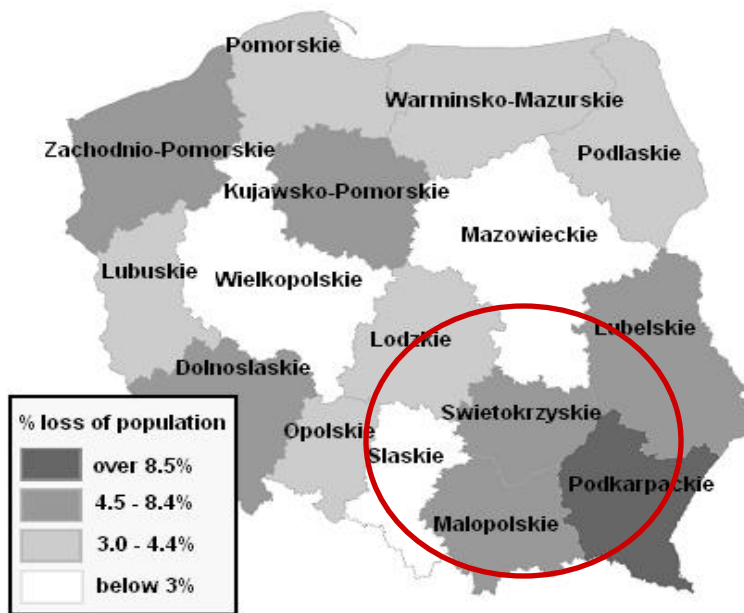
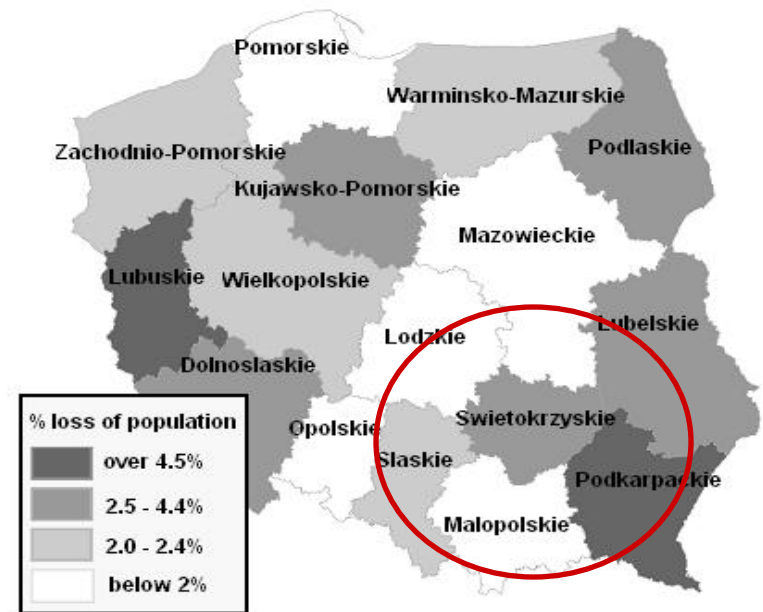
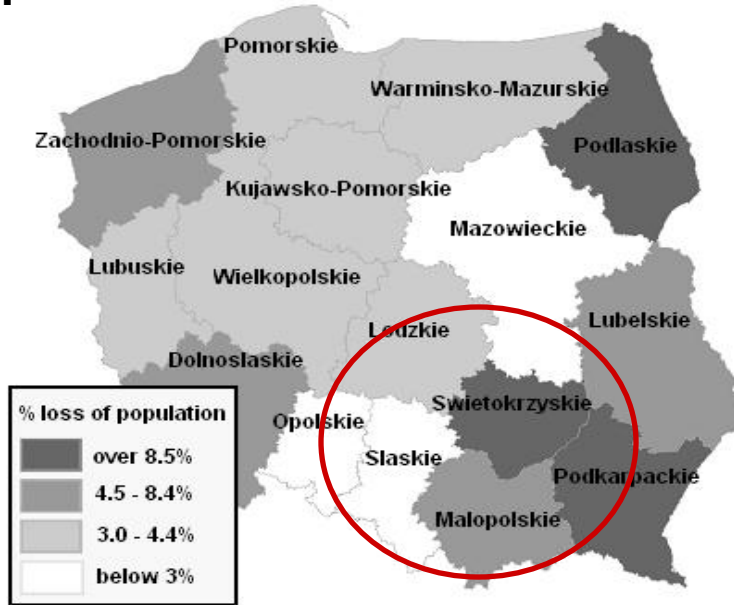
Sex	Total	Level of education (completed)			
		tertiary	secondary and post-secondary	vocational	lower
Poland	3.3	4.0	4.3	4.3	1.0
Females	2.2	3.3	3.1	2.4	0.6
Males	4.4	5.0	5.8	5.4	1.4

Source: Kaczmarczyk and Okólski 2008



Loss of populatio (in %) – men/women, towns/rural areas

MM



Demographic effects

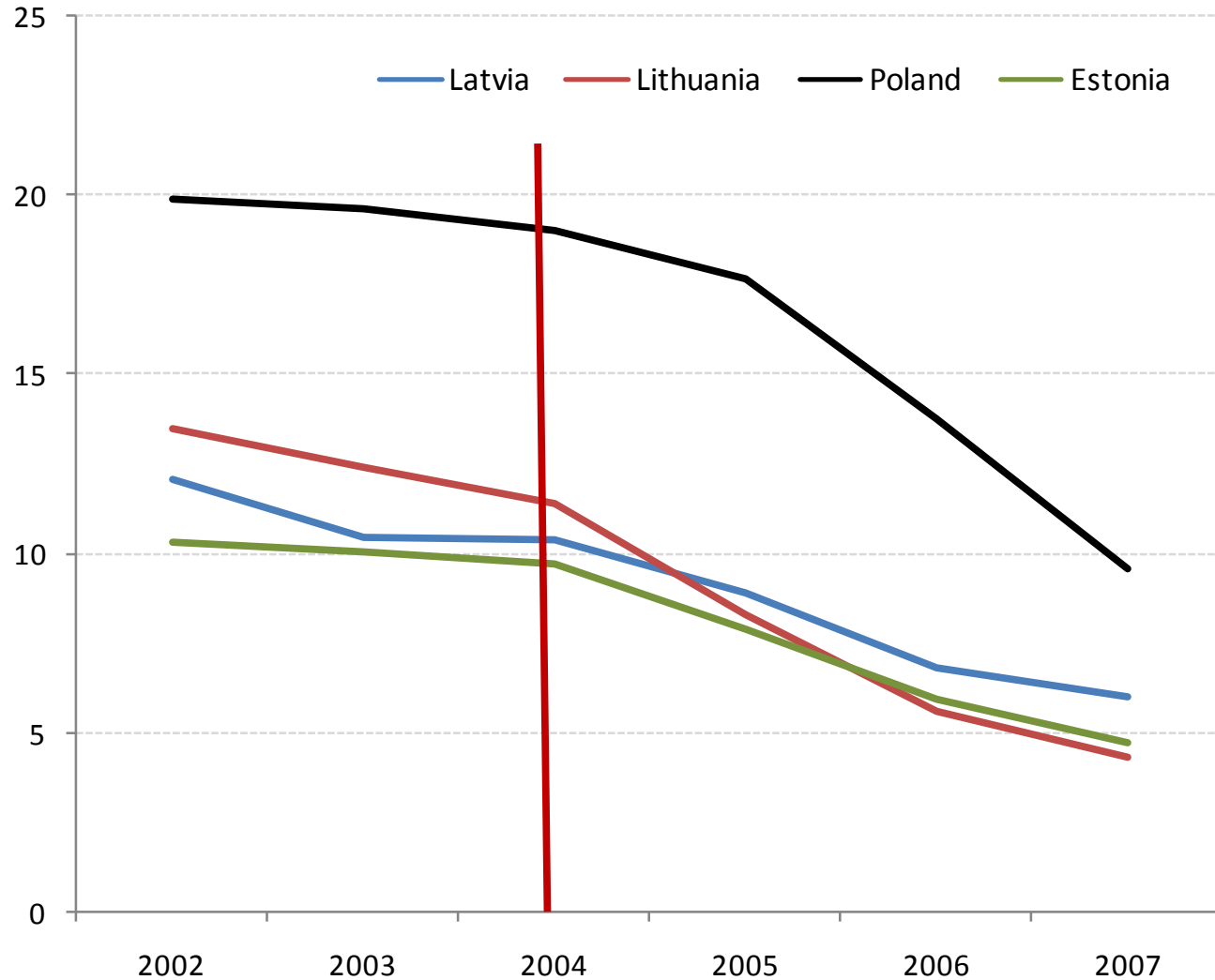
Percentage net loss of population aged 15 or more due to temporary outflow in the post-accession period, by region and type of locality (as of January 1st, 2007)

Age 20-24 (average: 8.8)				Age 25-29 (average: 9.3)			
top		bottom		top		bottom	
% loss	locality type and region	% loss	region	% loss	region	% loss	region
21.1	village, Podkarpackie	2.2	village, Wielkopolskie	24.4	town 100+, Warminsko-M	3.3	town -100, Slaskie
18.1	town -100, Lubuskie	2.7	village, Opolskie	21.5	town 100+, Podlaskie	3.8	town 100+, Opolskie
17.3	town -100, Malopolskie	2.9	town -100, Warminsko-Mazurskie	20.0	village, Swietokrzyskie	3.8	town -100, Opolskie
17.0	town 100+, Lubuskie	3.3	town -100, Pomorskie	18.5	village, Podkarpackie	4.3	town 100+, Malopolskie
14.7	village, Podlaskie	3.4	village, Pomorskie	16.7	town -100, Wielkopolskie	4.4	town 100+, Mazowieckie
14.6	village, Swietokrzyskie	3.4	town 100+, Wielkopolskie	16.1	town -100, Podlaskie	5.0	town 100+, Wielkopolskie
14.3	village, Dolnoslaskie	3.4	town -100, Wielkopolskie	15.4	town -100, Malopolskie	5.0	village, Wielkopolskaie
13.8	town -100, Dolnoslaskie	3.5	town 100+, Zachodniopomorskie	13.9	town -100, Podkarpackie	5.1	town -100, Lubuskie
13.8	village, Lubelskie	3.7	town 100+, Malopolskie	12.6	town -100, Zachodniopomorskie	6.1	village, Lubuskie
13.4	town 100+, Podlaskie	4.5	town 100+, Pomorskie	12.4	town 100+, Zachodniopomorskie	6.1	town -100, Lodzkie

Source: Kaczmarczyk and Okólski 2008



Radical relief to labour market – a decline in unemployment



Radical relief to labour market – a decline in unemployment

Unemployment rate (annual) in 2006 compared to 2004

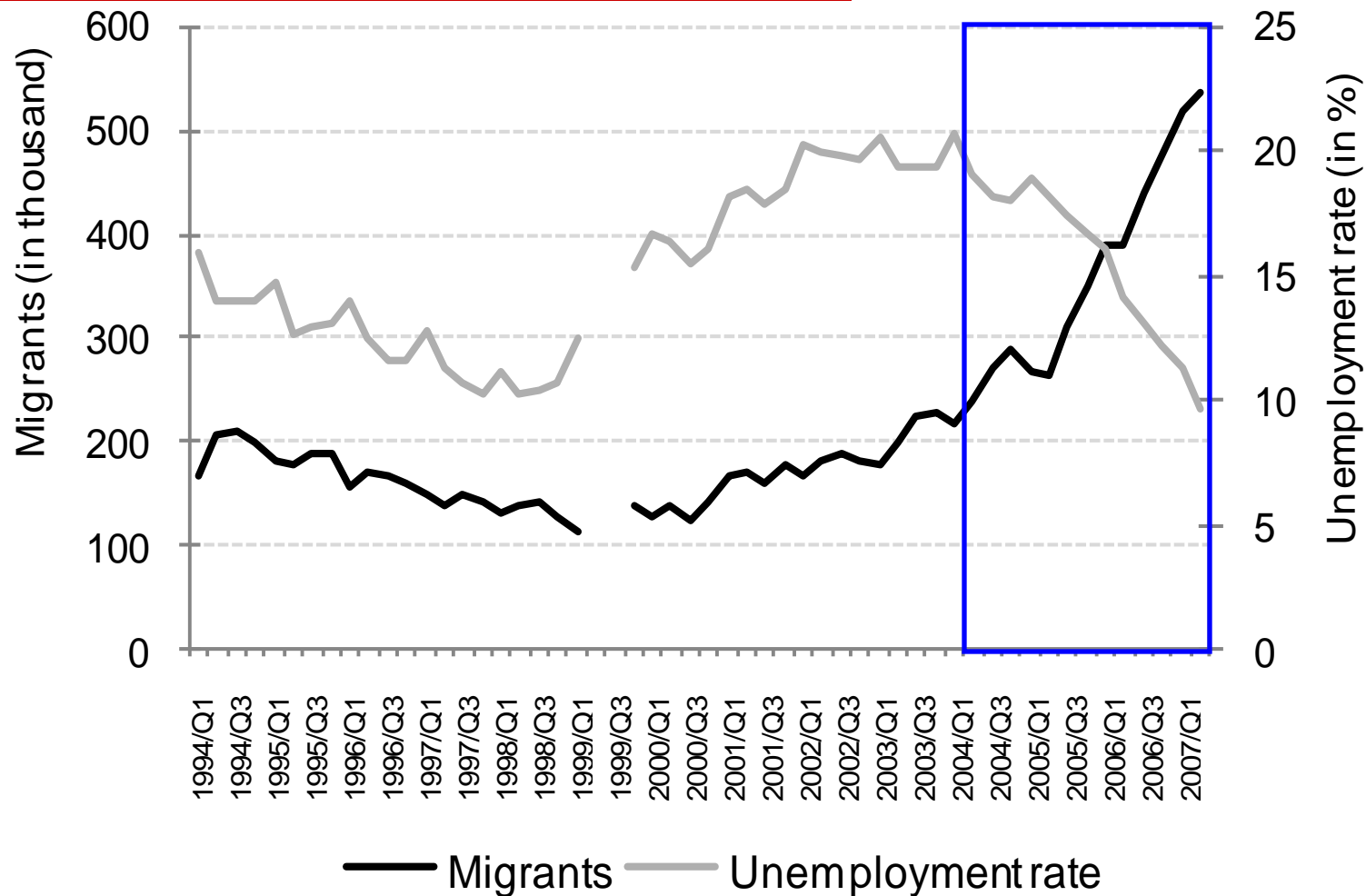
- ❑ EU15 decline from 8.0% to 7.4%

decline in EU8 countries (exception – Hungary):

- ❑ Lithuania by 5.8 points (to 5.6%)
- ❑ Poland by 5.2 points (to 13.8%)
- ❑ Slovakia by 4.8 points (to 13.4%)
- ❑ Estonia by 3.8 points (to 5.9%)
- ❑ Latvia by 3.6 points (to 6.8%)
- ❑ Czech R. by 1.2 points (to 7.1%)
- ❑ Slovenia by 0.3 points (to 6.0%)

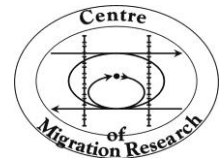
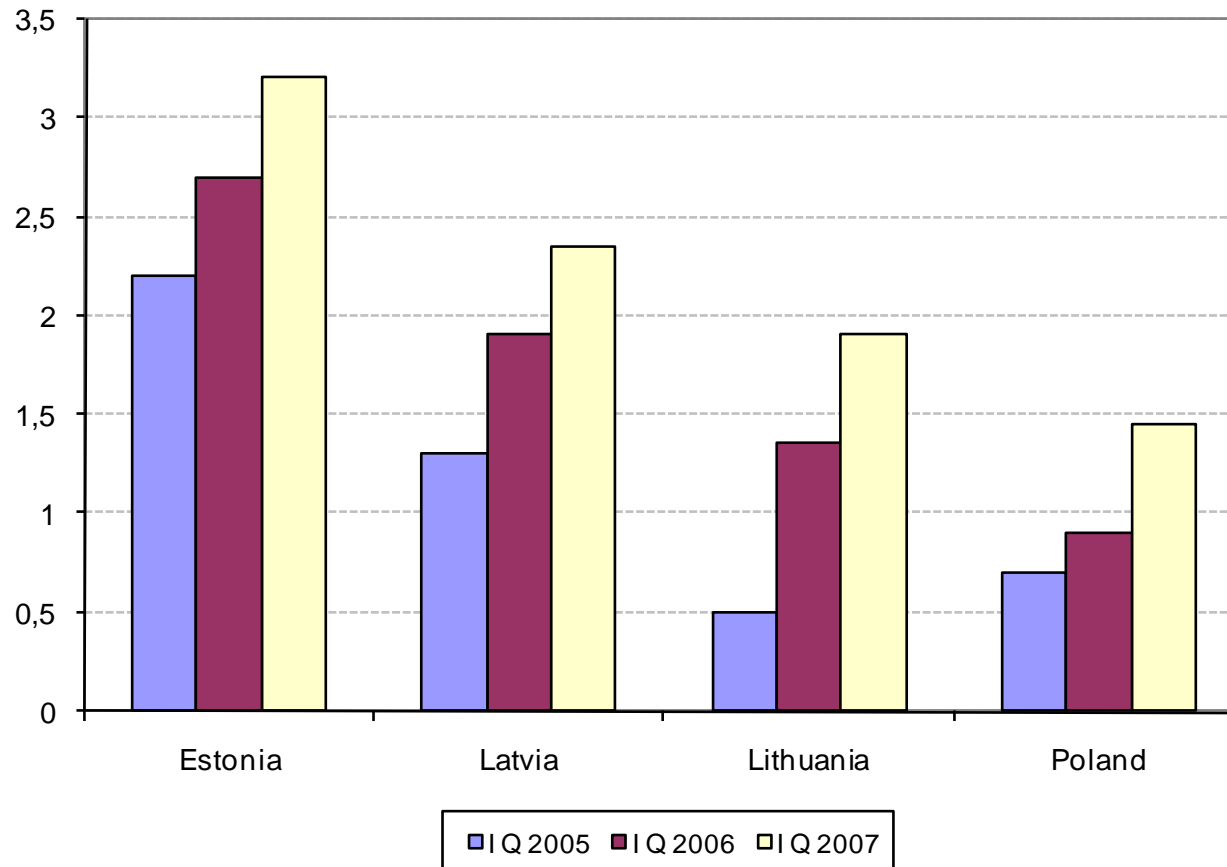


Migrants from Poland and unemployment rate according to LFS, 1994-2007

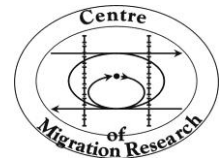
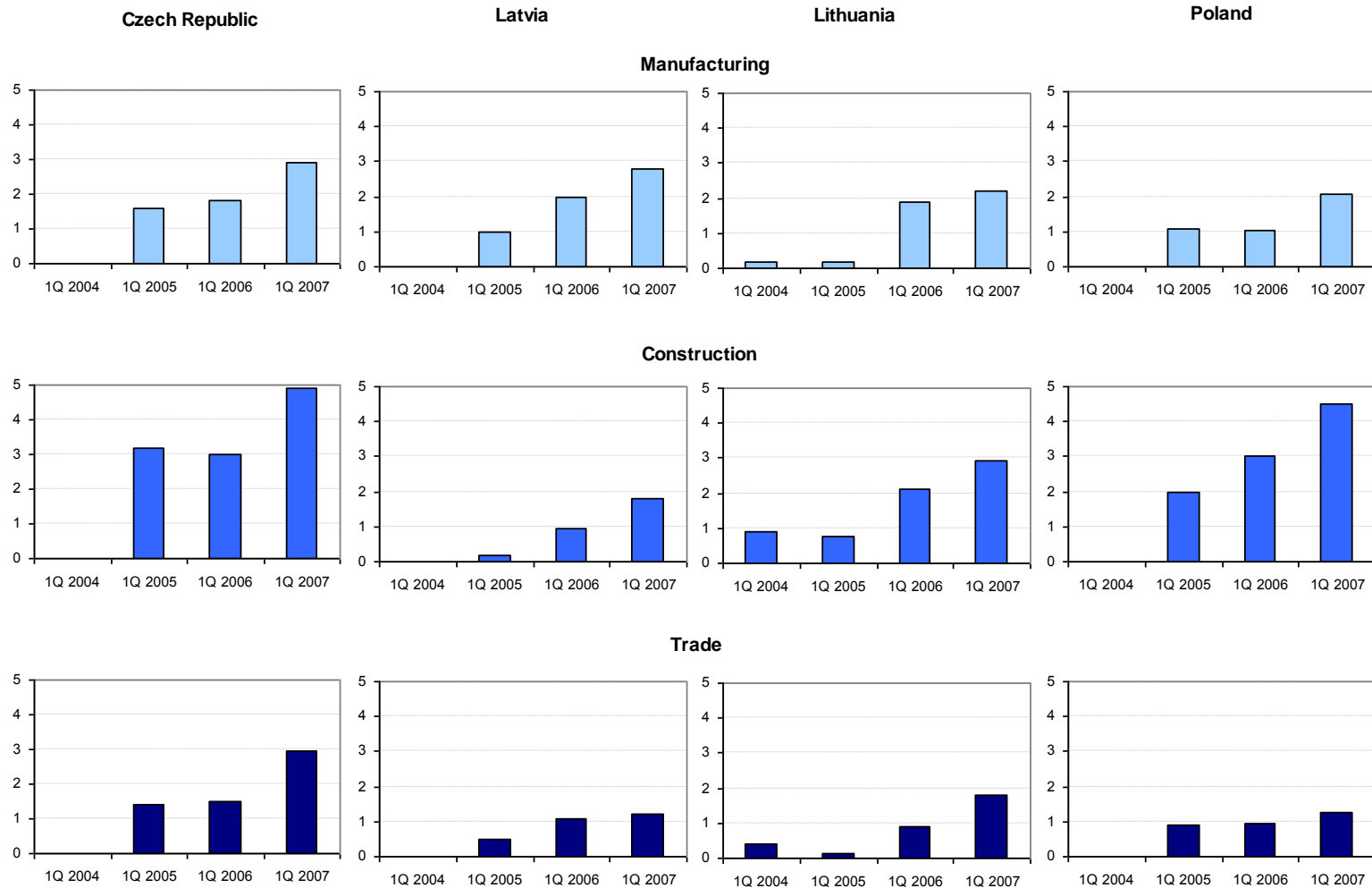


Labour shortages: effect of the outflow?

Vacancy rates, 2005-2007



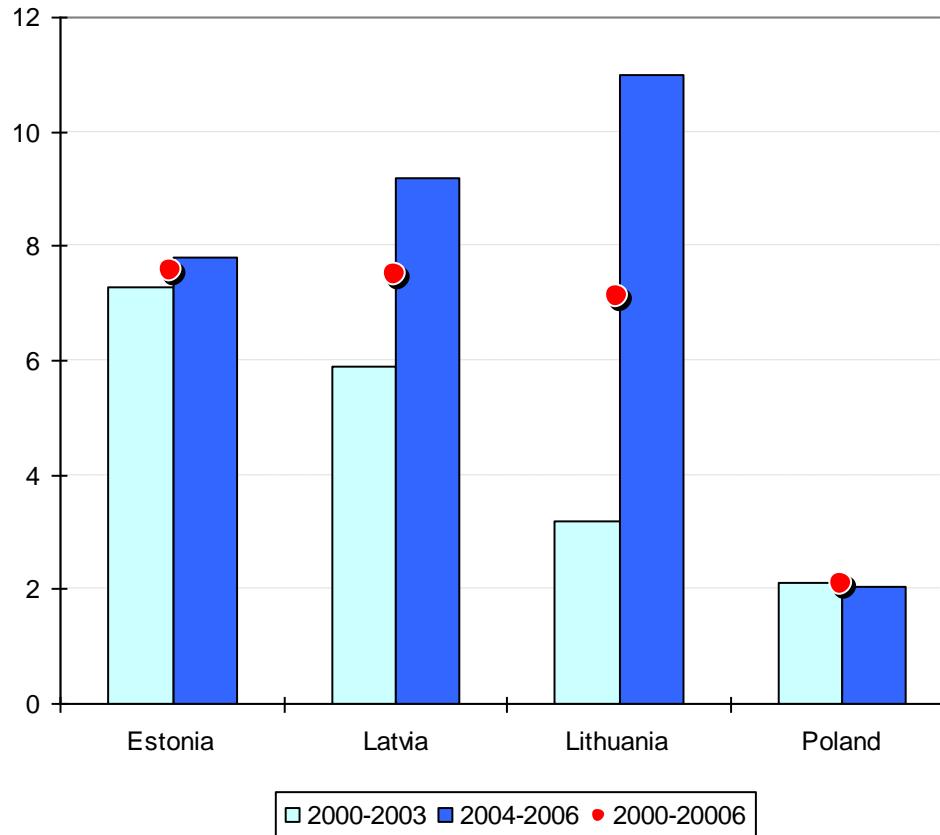
Vacancy rates by sector, 2004-2007 (in per cent)



Migration effect on labour market in Poland – labour shortages (by sector)



Average annual wage growth in Poland and the Baltic states, 2000-2006

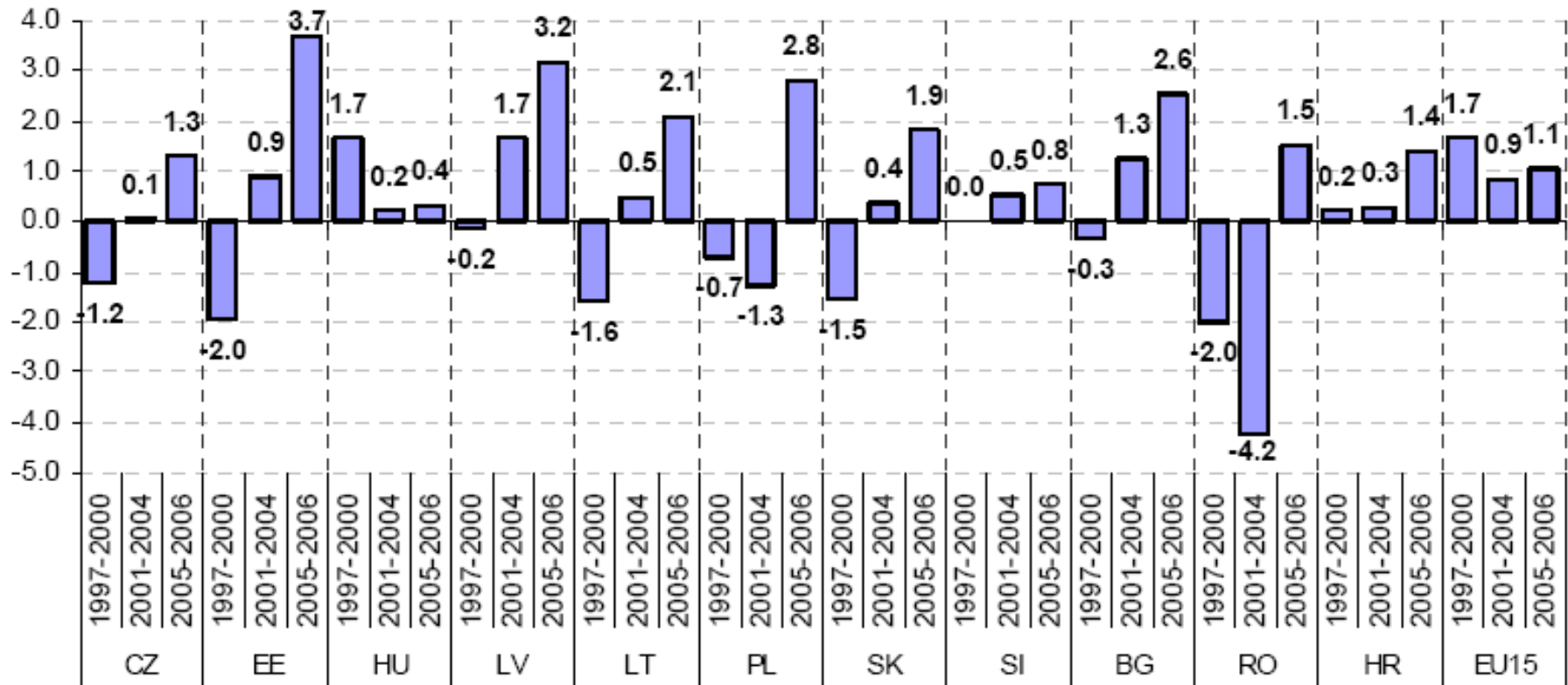


But – Poland 2007 (first three quarters): **8.6% increase**;
construction – 15.7%, agriculture – 11%



But: very good economic climate – creation of jobs

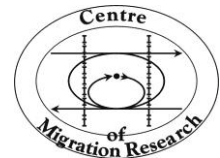
Chart 1. Average annual employment growth



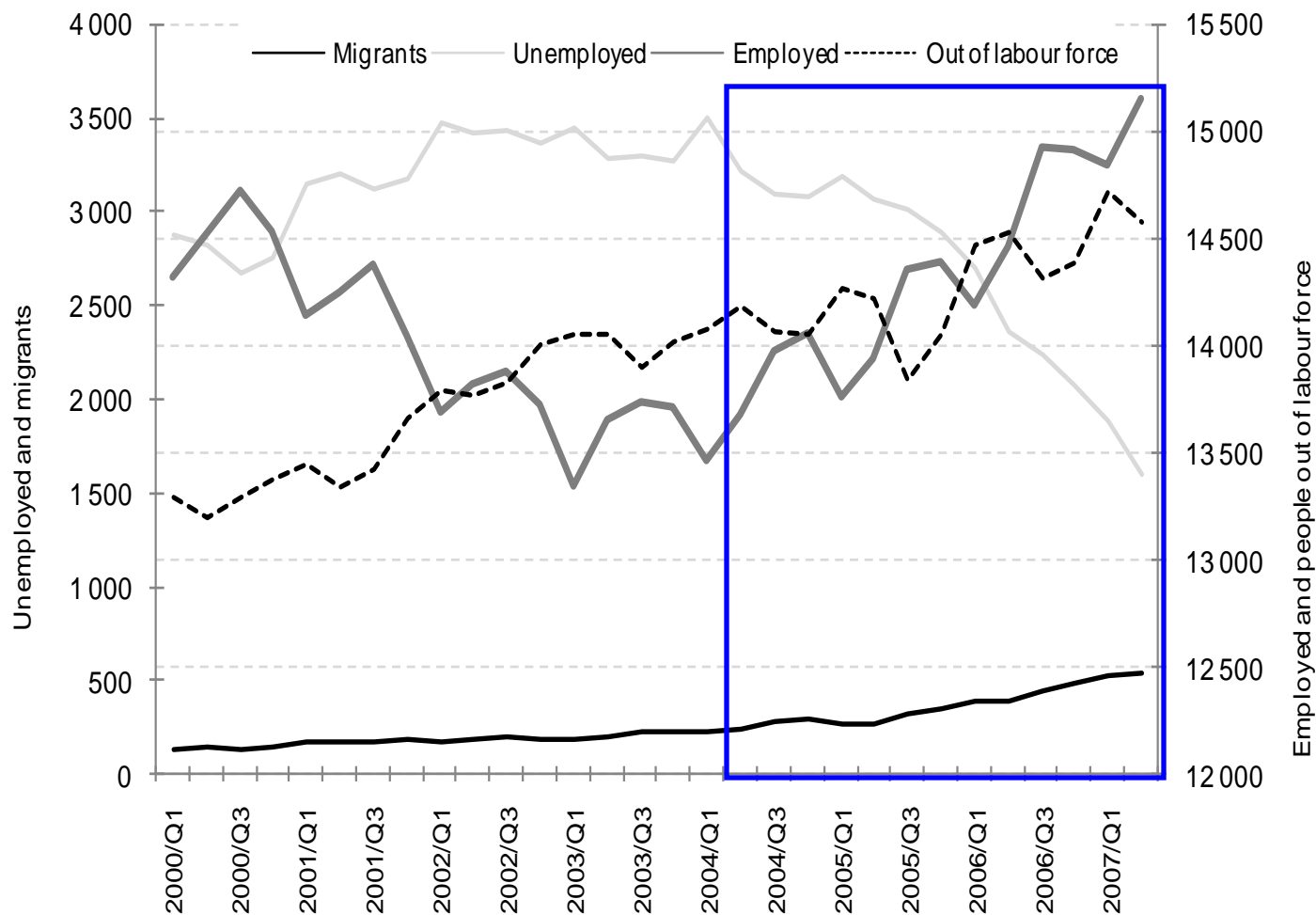
Source: Eurostat, Bank staff calculations



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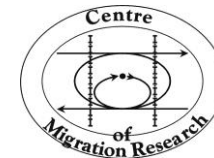
Impact of migration on the Polish labour market, 2000-2006



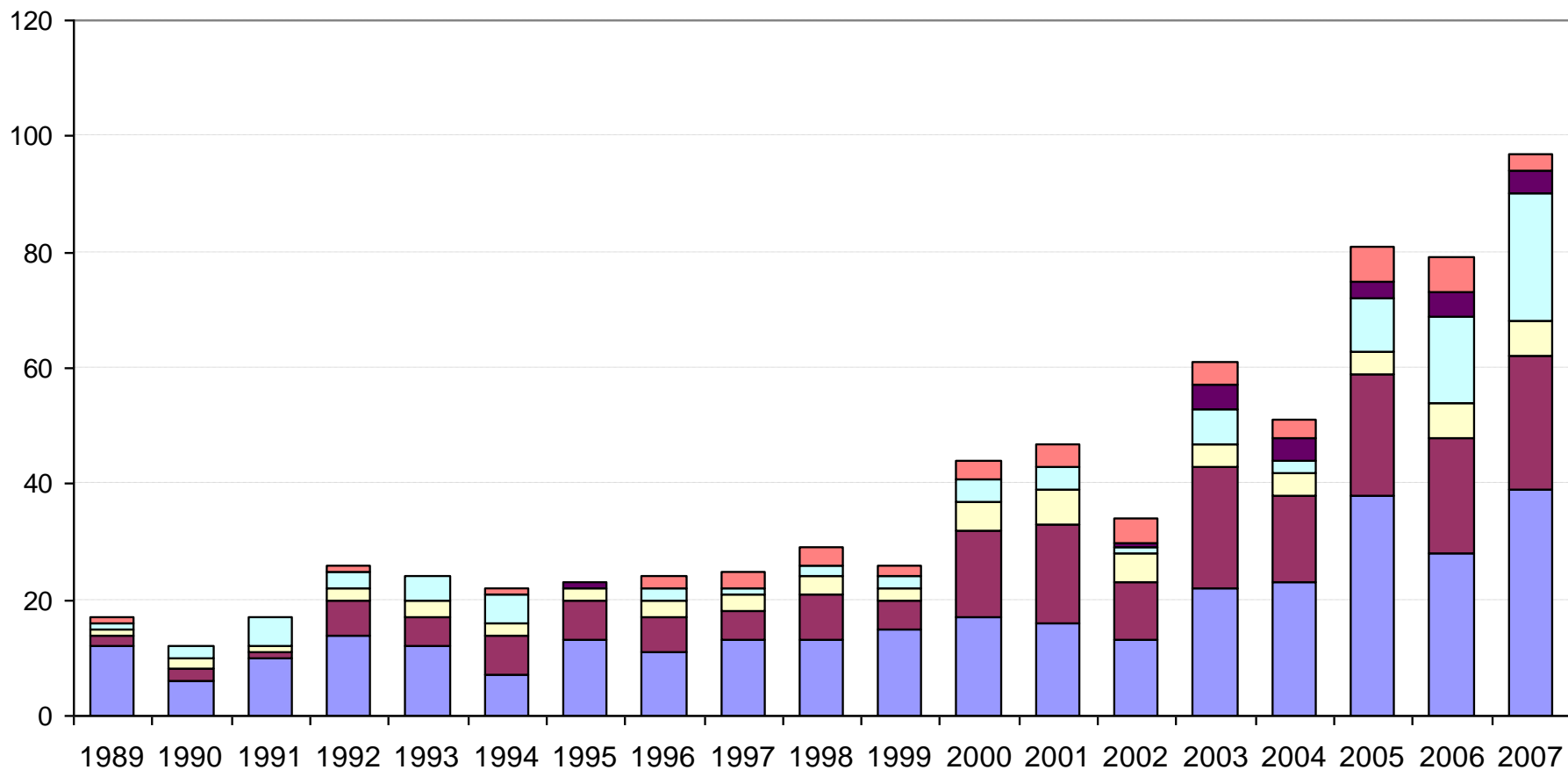
Source: Kaczmarczyk and Okólski 2008



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Situation on the Polish labour market prior to the first migration (no. of cases)

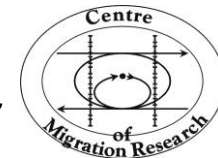


employed
 without job but actively seeking
 without job and not seeking
 continues education at public school
 continues education at private school
 takes care over the household



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Source: CMR ethnosurvey 2007



Conclusions

- ❑ Impacts of migration on sending countries – case of Poland:
 - ❑ Importance of the **scale of recent outflow**
 - ❑ Importance of the selectivity of recent migration: stronger propensity to move was observed among people originating from economically backward regions, characterised by very limited employment opportunities, a high proportion of the population living in medium-sized or small towns and in villages, and a relatively large semi-subsistence sector → **brain overflow**
 - ❑ Labour migration – **a chance or a threat for the Polish labour market?** (structural changes possible, new model of professional career, internal mobility, entrepreneurship)



Conclusions cont.

- ❑ **Ultimate migration?** → ‘labour market pre-emption’, ‘crowding-out’ hypothesis
 - ❑ In order to complete the modernisation of economy a ‘crowding-out’ is needed (Layard et al. 1994)
 - ❑ Until very recently the outflow from Poland had little impact on its population and economy \leftrightarrow due to positive natural increase the population on Poland was continuously on the rise, outflow from Poland was limited to rather narrow groups (impact of migrant networks)
 - ❑ Recent outflow (due to its scale and characteristics) give a chance for ‘crowding-out’ \leftrightarrow outflow of redundant population (from rural areas and small towns)
- ❑ **But:** reforms needed..., short-term migration strategies
- ❑ **Return migration** (?)
- ❑ Labour shortages \leftrightarrow transition into **net immigration area?**



