

Labour migration after EU enlargement ESTONIA

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võrdsed võimalused inimvääreks eluks



Contents

- ▶ Background information
- ▶ Research and statistics
- ▶ Main features of labour migration
- ▶ Effects on Estonian labour market
- ▶ Policy responses

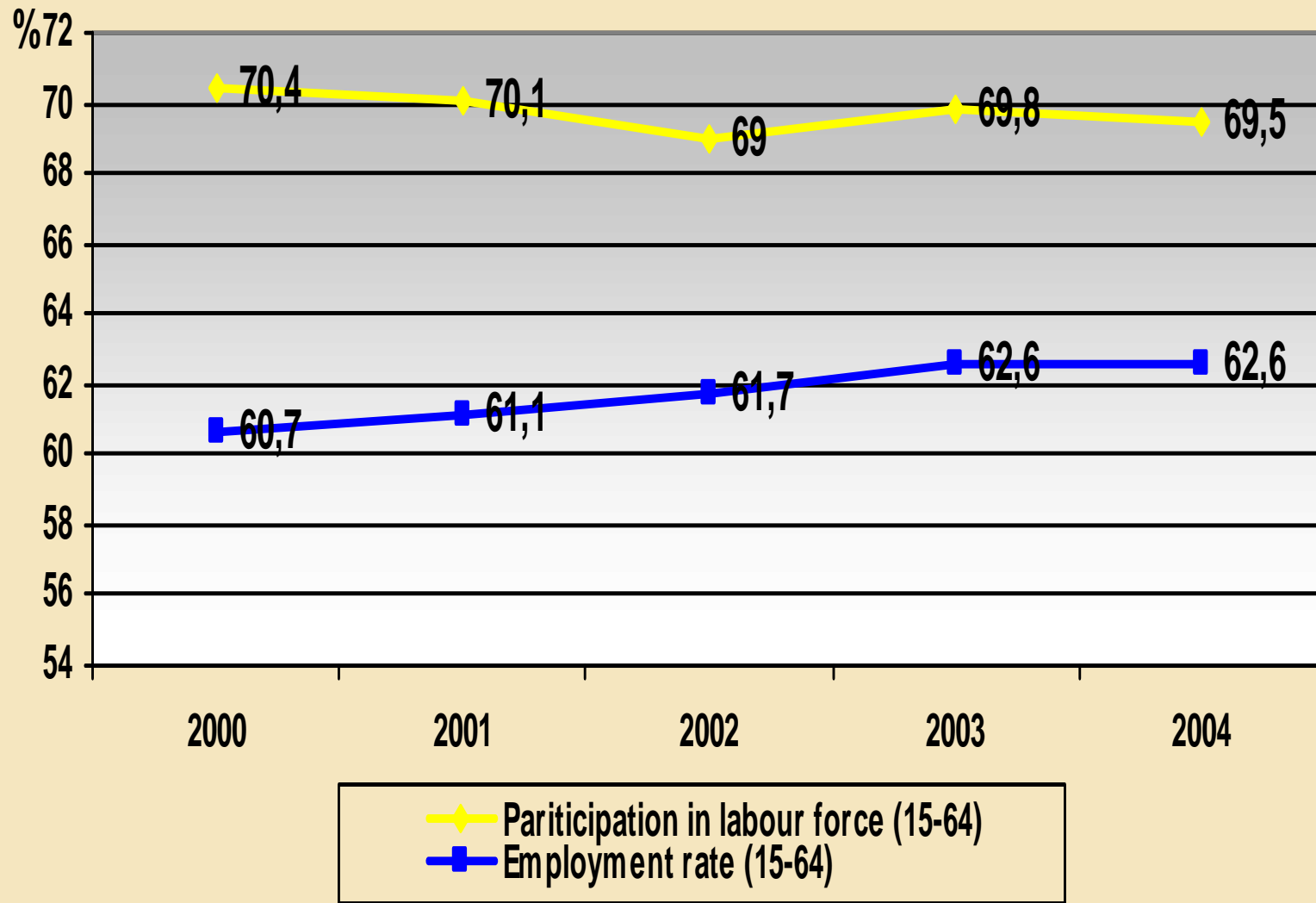


Estonian labour market in 2004

- ▶ Decreasing and ageing population
- ▶ Working-age population (15-74) – 1 048 000
 - ▶ Employed – 596 000
 - ▶ Unemployed – 54 000
 - ▶ Inactive – 389 000
- ▶ Employment has increased and unemployment decreased since 2001
 - ▶ High unemployment among youth (21,7%), non-Estonians (15,2%) and people with up to basic education (18,4%)
 - ▶ Increasing number of long-term unemployed – 52,2% from all unemployed

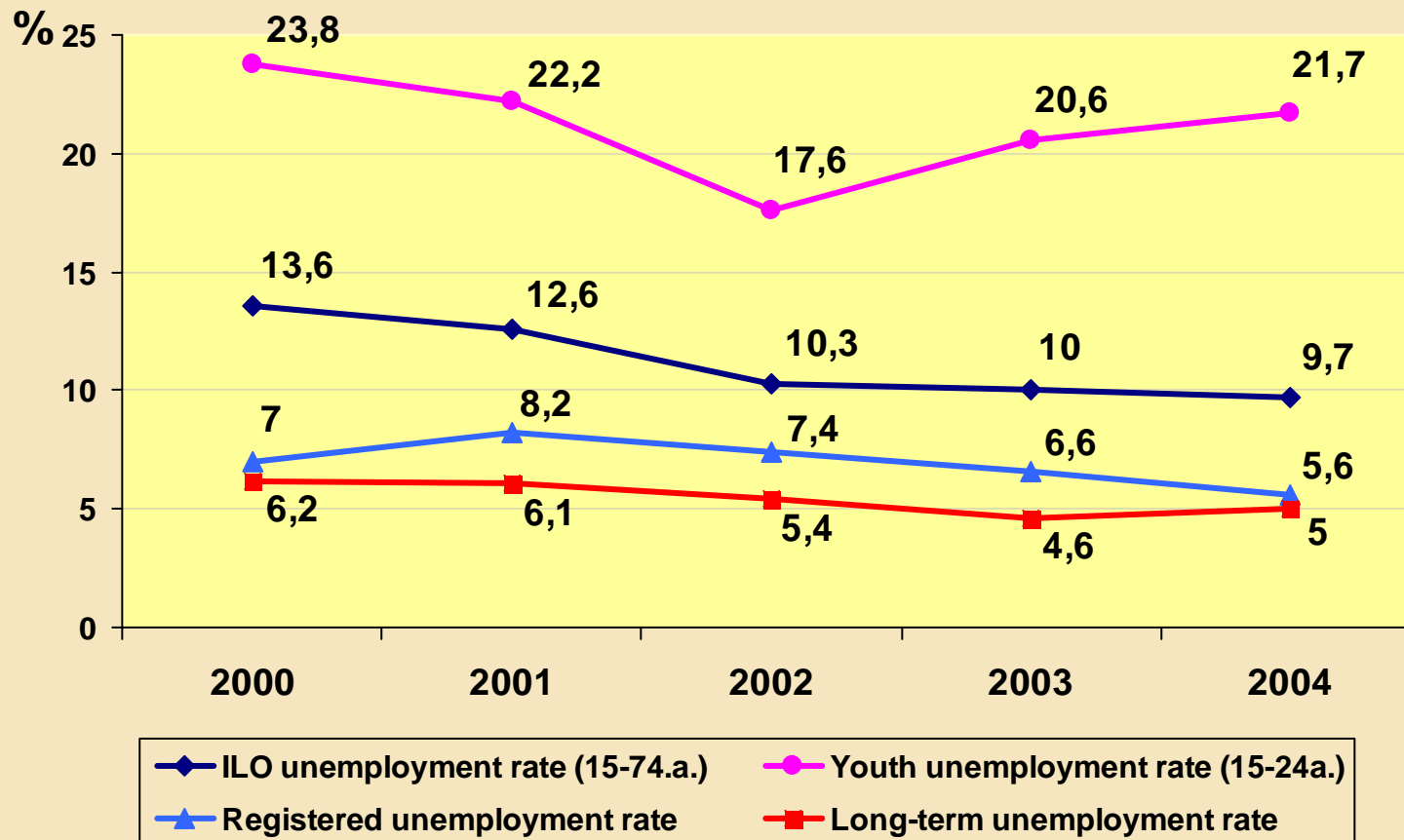


Dynamics of the labour market





Unemployment trends





Free movement of workers

- ▶ Free movement of workers is the ability to work in other EU member states without being discriminated against on the grounds of nationality

- ▶ **Transitional period (2+3+2):**
 - ▶ Sweden, the UK, Ireland - no transitional period
 - ▶ Modified systems (simplified procedures)
 - ▶ Poland, Hungary



Studies on labour migration

- ▶ Comparative survey of the working-age (15-64) population (2000; 2003): *“Potential of Estonia’s working age population to work in EU”*
- ▶ Survey of the health sector professionals (2003): *“The emigration potential of health care workers in Estonia”*
- ▶ Report on Labour Migration between Finland and Estonia (October 2004), MoSA (Est), MoL (Fin)

Ministry of Social Affairs of Estonia: www.sm.ee

PRAXIS Centre for Policy Studies: www.praxis.ee



Migration forecasts before EU enlargement

- ▶ International forecasts: between 2-4 % of CEEC population is expected to move to work to the old EU member states

ESTONIA:

- ▶ In 2003, 42% of population aged 15-64 inclined to emigrate, only 3% has definite intention (compared to 5,4% health care professionals)

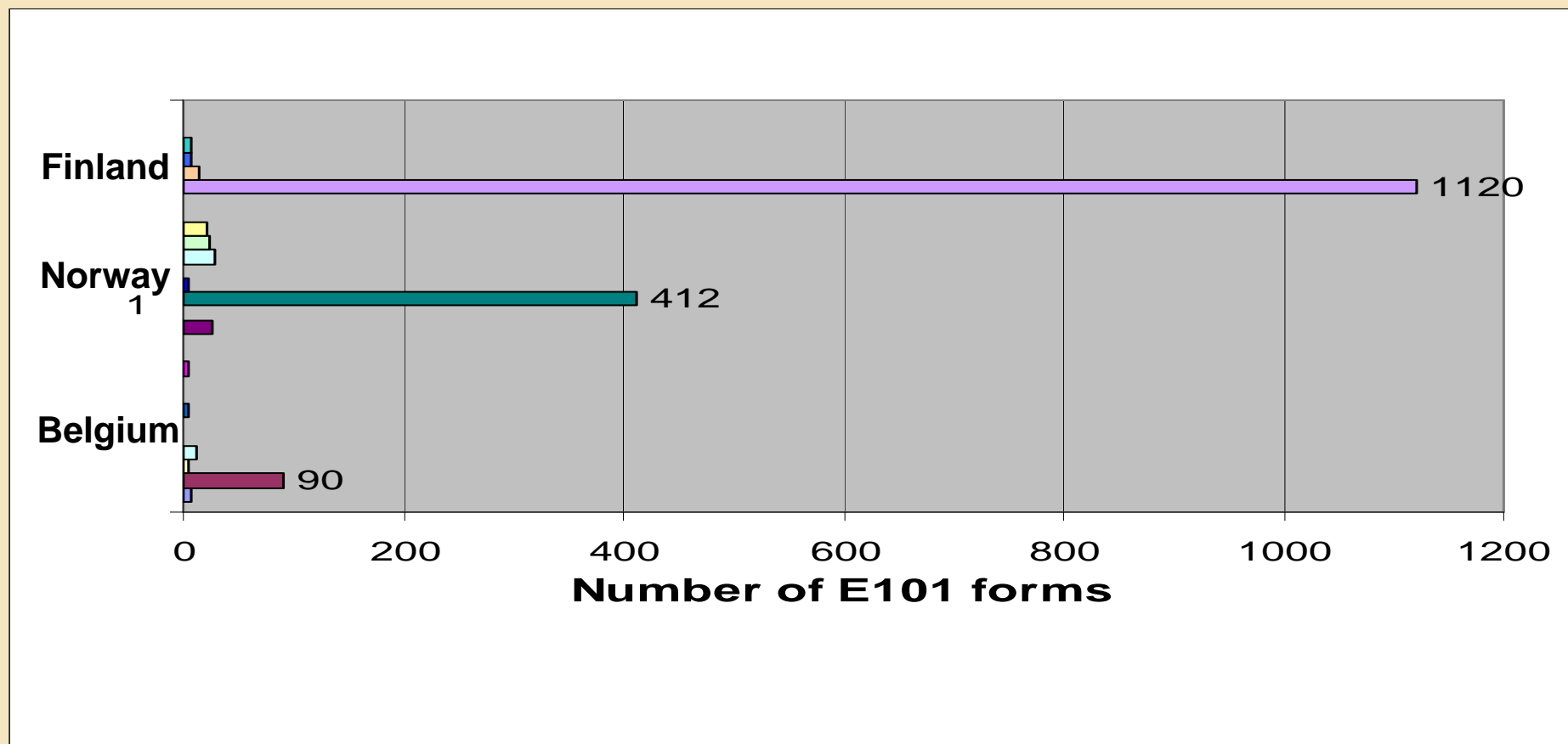


Experience after enlargement

- ▶ **UK** - 1990 (May '04-Jan'05), 2770 (May '04-May'05)
- ▶ **Ireland** - 1717 (May '04-Jan '05)
 - ▶ Less than expected. All countries that have opened their labour markets have stated, that they have NOT experienced negative influence on their labour market.
- ▶ **Finland** -1700 (May '04-Jan '05),
 - ▶ Remarkably less people apply for work permit (in 2003 approx. 9200 applicants) – they use free movement of services



Free movement of services- posted workers from Estonia May-Dec 2004





Factors behind migration decision

▶ PUSH-FACTORS

- ▶ Earnings differential (e.g in Finland income from work is 5 times higher than in Estonia)
- ▶ High unemployment
- ▶ Geographical and cultural closeness (Finland, Nordic countries)
- ▶ Networks (Estonian community in Finland)

▶ PULL-FACTORS

- ▶ Family and friends
- ▶ Language barriers
- ▶ Migration costs
- ▶ Information gaps



Main features of labour migration in Estonia

- ▶ **Socio-demographic picture of potential migrants:**
 - ▶ **Age:** half of them are aged 15-29
 - ▶ **Gender:** 41% are women
 - ▶ **Education*:** less interest among high-educated (37% compared to 43% of people with basic and/or secondary education)
 - ▶ **Nationality:** 45% of non-estonians compared to 40% of Estonians want to go abroad
 - ▶ **Family:** marriage and children significantly lower the migration potential
- ▶ **Most attracted groups:** men, young people, particularly undergraduates and students

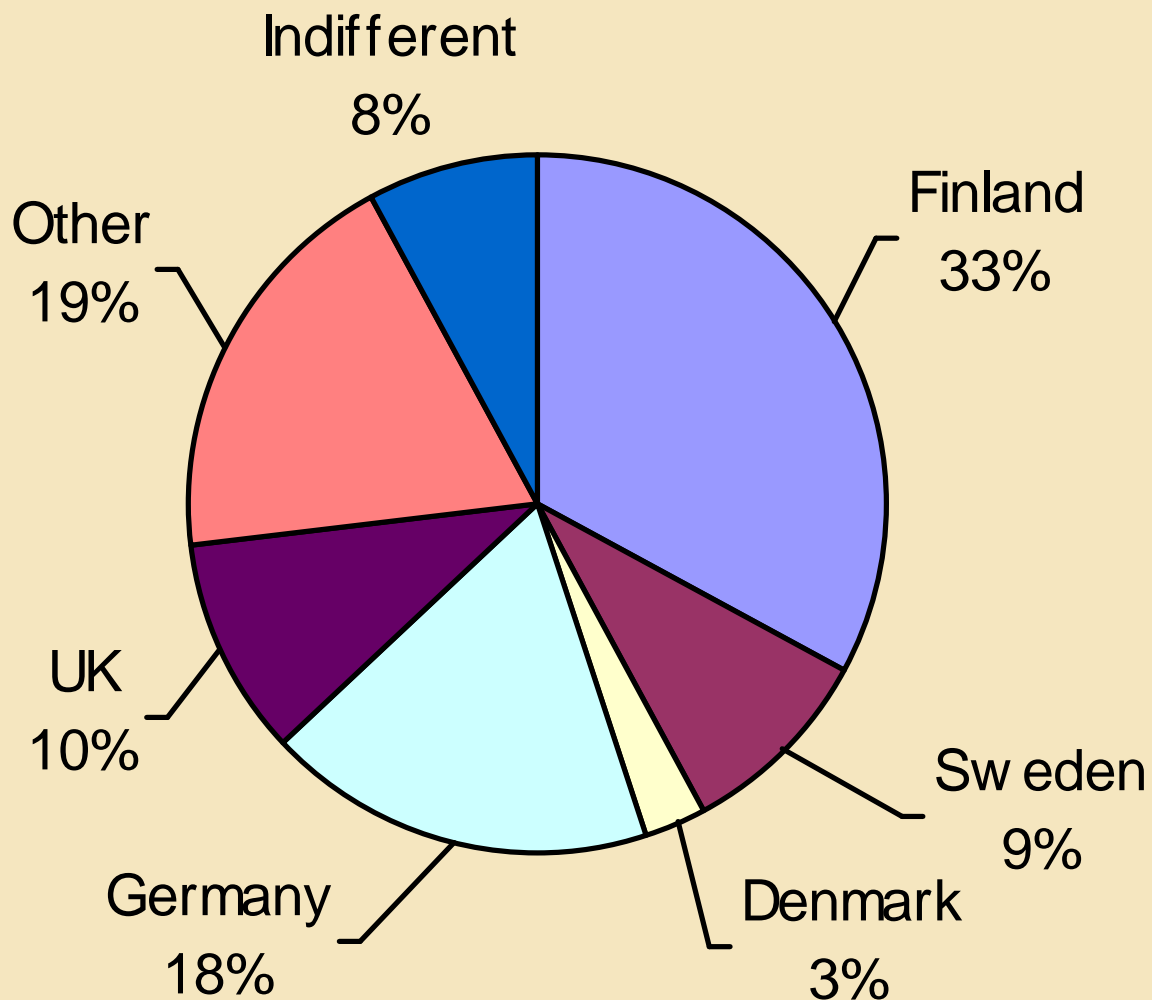


Main features of labour migration in Estonia

- ▶ **Temporary migration**
 - ▶ **75% wish to work abroad for some months or from time to time**
- ▶ **Migration purposes:**
 - ▶ **Better salary**
 - ▶ **Higher quality of life**
 - ▶ **Employment incentive**
 - ▶ **Gaining new experiences (students)**
 - ▶ **Career opportunities/professional development**



Preferred destinations: Finland, Germany, UK





Effects on Estonian labour market

▶ NEGATIVE

- ▶ Labour shortages in specific sectors (doctors, nurses, construction and transport workers)
- ▶ “Brain Drain” and “Brain Waste”

▶ POSITIVE

- ▶ Less unemployment among young people?
- ▶ Return-migration (more know-how)
- ▶ Wage increase in certain sectors (health-care)



Immigration in Estonia after enlargement

► Residence permits 2002-2005

| | 2002 | 2003 | 2004 | 2005 | 2005-% | change 05/04 |
|------------------------------------|--------|--------|--------|----------------|--------|--------------|
| Persons with undefined citizenship | 172325 | 164730 | 162075 | 149 403 | 59% | -8% |
| Third country citizens | 94 509 | 98 841 | 97 306 | 98 434 | 39% | 1% |
| European Union citizens | 2 655 | 2 904 | 3 176 | 6 275 | 2% | 98% |
| Altogether | 269489 | 266475 | 262557 | 254 112 | 100% | -3% |

- After the enlargement the number of EU citizens in Estonia has increased twice, but not as much as expected.



Policy responses

- ▶ Development of migration statistics
- ▶ Improving working incentives in Estonia (more attention on working conditions, security and quality of work)
- ▶ Measures to motivate health care professionals to stay and work in Estonia
- ▶ Measures to motivate return migration, especially among youth (in society)
- ▶ Continuing active informing of people of the conditions of working abroad (EURES at Labour Market Board)