



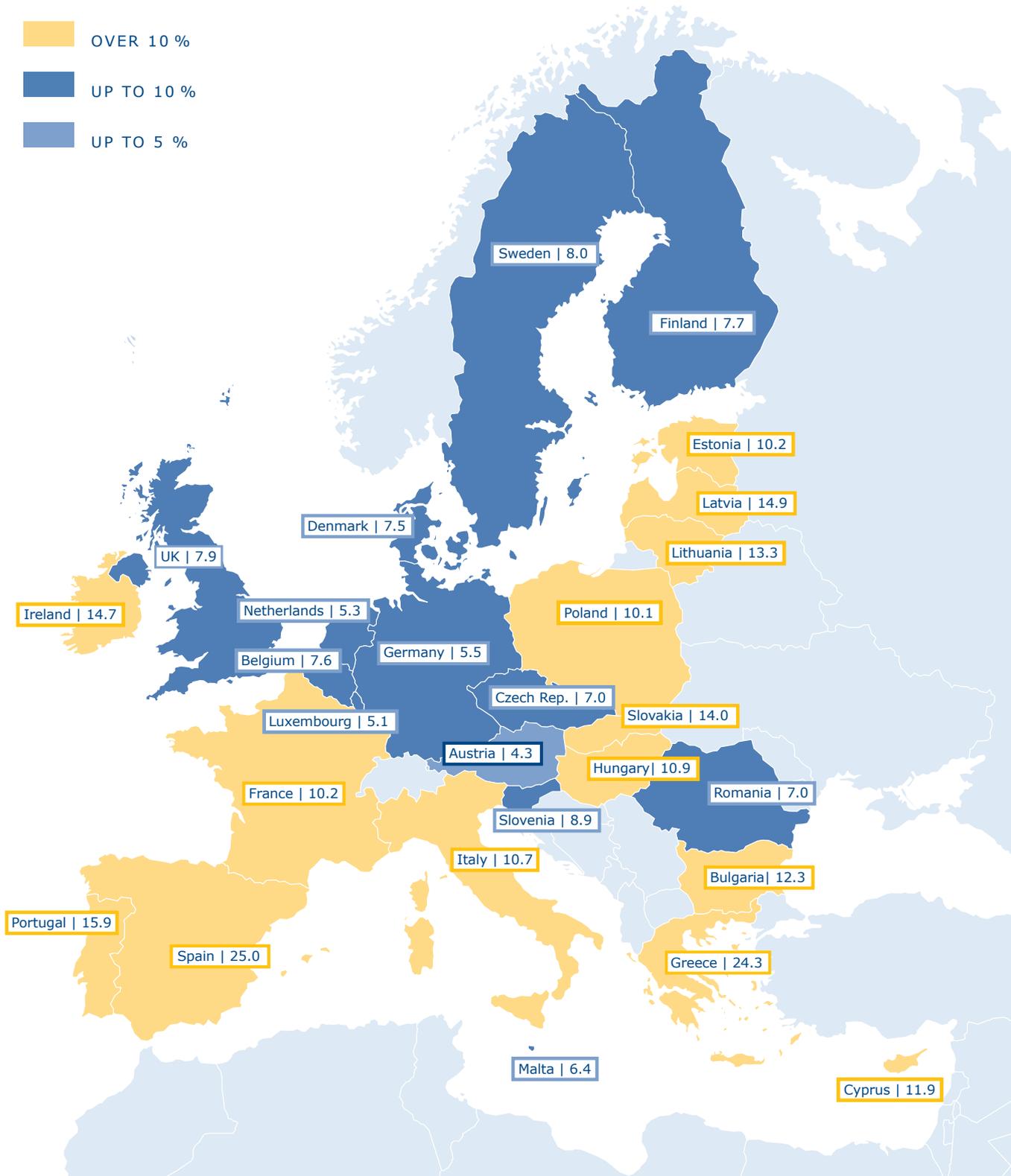
THE EUROPEAN LABOUR MARKET SUCCESS THROUGH FLEXIBILITY AND MOBILITY

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JOBS WITHOUT FRONTIERS:
THE POTENTIAL OF THE SINGLE EUROPEAN LABOUR MARKET

UNEMPLOYMENT RATES IN EUROPE
ANNUAL AVERAGE (IN PERCENTAGE TERMS)

- OVER 10 %
- UP TO 10 %
- UP TO 5 %



Source: Eurostat (Labour Force Survey bzw. Arbeitskräfteerhebung), 2012

CONTENTS

4 	PREFACE	
6 	SUMMARY	
8 	INTRODUCTION: EUROPE BETWEEN RECORD UNEMPLOYMENT AND SKILLS SHORTAGES	
9 	HOW MOBILE IS THE EUROPEAN LABOUR FORCE?	
	<i>Migration flows within the EU</i>	<i>9</i>
	<i>The labour force in other EU countries</i>	<i>11</i>
15 	WHY ISN'T THERE MORE MOBILITY WITHIN THE EU?	
	<i>Variables affecting the decision to migrate</i>	<i>15</i>
	<i>Obstacles to migration between EU countries</i>	<i>17</i>
20 	HOW CAN LABOUR MOBILITY IN THE EU BE INCREASED?	
23 	WHAT IS THE POTENTIAL OF THE SINGLE EUROPEAN LABOUR MARKET?	
25 	CONCLUSION	
26 	BIBLIOGRAPHY	

Preface

The European labour market is facing great challenges. Unemployment has been on the rise in Europe virtually continuously since 2008 and has been on a historic high since 2011. There are currently over 25 million unemployed in Europe and numbers are still going up. These figures are alarming as they affect citizens directly in their daily lives.

The national labour markets, however, have developed very differently during the course of the crisis. While particularly the countries in crisis (Spain, Greece, Portugal and Italy) have very high unemployment rates of up to 21 per cent, countries such as Germany, Austria, Luxembourg and the Netherlands have historically low rates, below five per cent in some cases. Europe is thus facing two great challenges.

On the one hand, there is a need to reduce unemployment and get more people into work overall. Persistent unemployment has a very detrimental effect both on society as a whole and on individuals. Qualifications and acquired knowhow that are not used for extended periods become increasingly eroded. Unemployment robs people of prospects and makes it difficult for them to participate in society. At the same time, increasing expenditure on social benefits is a burden on the national purse and puts the brakes on the national economy. What this means for the European economy is worsening growth prospects and ultimately also declining living standards.

Increases in employment in Europe can only be achieved through structural reforms of the national economies – and particularly the labour markets. The overall aim must be to open up the labour market to as many people as possible and to distribute opportunities and security fairly. Each country will have to decide for itself which reforms are required in concrete terms to pursue this aim. The functioning of a regulated labour market depends on numerous factors, such as the model of the welfare state, the roles played by the social partners, the structure of the economy and the culture of a society – and these differ greatly from one country to the next. There can therefore never be a single right way or a single right model. However, the successful reform routes taken by individual countries can serve as examples to other member states – both positive and negative ones.

Experiences made by other countries can help to shape the debate ahead of large-scale reforms, making sure to involve all actors and bring them on board. They can suggest ideas on how the various problems can be solved creatively. And not least they can, of course, prevent “mistakes”, i.e. ineffective reform measures, being repeated.

But focusing exclusively on the structuring of the national labour markets will not be enough. Particularly in view of the euro crisis, the second central challenge will be to reduce the existing disparity between the different national labour markets. One of the key factors here is an increased willingness of the European population to extend the search for jobs beyond national borders.

Increased employee mobility could actually help to ameliorate the problems of the countries in crisis in the short term. Because each unemployed person who finds a suitable job abroad will lower the domestic unemployment rate and lessen the burden on the state. At the same time, this will provide support to the economies in the thriving regions and ease the skills shortage there, which has been making itself felt increasingly of late, particularly in certain sectors. But higher employee mobility does not only bear great potential for economic stability within society. It particularly also enables individuals to come out of unemployment earlier, gain professional experience abroad and thus add to their own formal qualifications through cultural insights and new language skills.

Flexibility and mobility – these are decisive factors for success in the European labour market and thus the foundation for an economically strong, wealthy and stable Europe. What can be done to strengthen the national labour markets? Which reforms result in some labour markets being more successful than others? How can job searching across national borders be facilitated? The Konrad-Adenauer-Stiftung and the Centre for European Studies consider these to be central questions and want to drive the cross-country discussions between the worlds of politics, the economy, the sciences and social partners forward. We are providing a platform for this purpose in the form of a series of booklets entitled “The European Labour Market – Success through Mobility and Flexibility”.

The second volume of the series deals with employee mobility in Europe and with the question of how it has developed over the last few crisis-wrought years. Dr Wido Geis analyses the factors that can support or hinder the decision to move to another country to take up a job. He illustrates reform measures to increase mobility and explains the impact that they can be expected to have.

We hope that you will find it interesting reading.



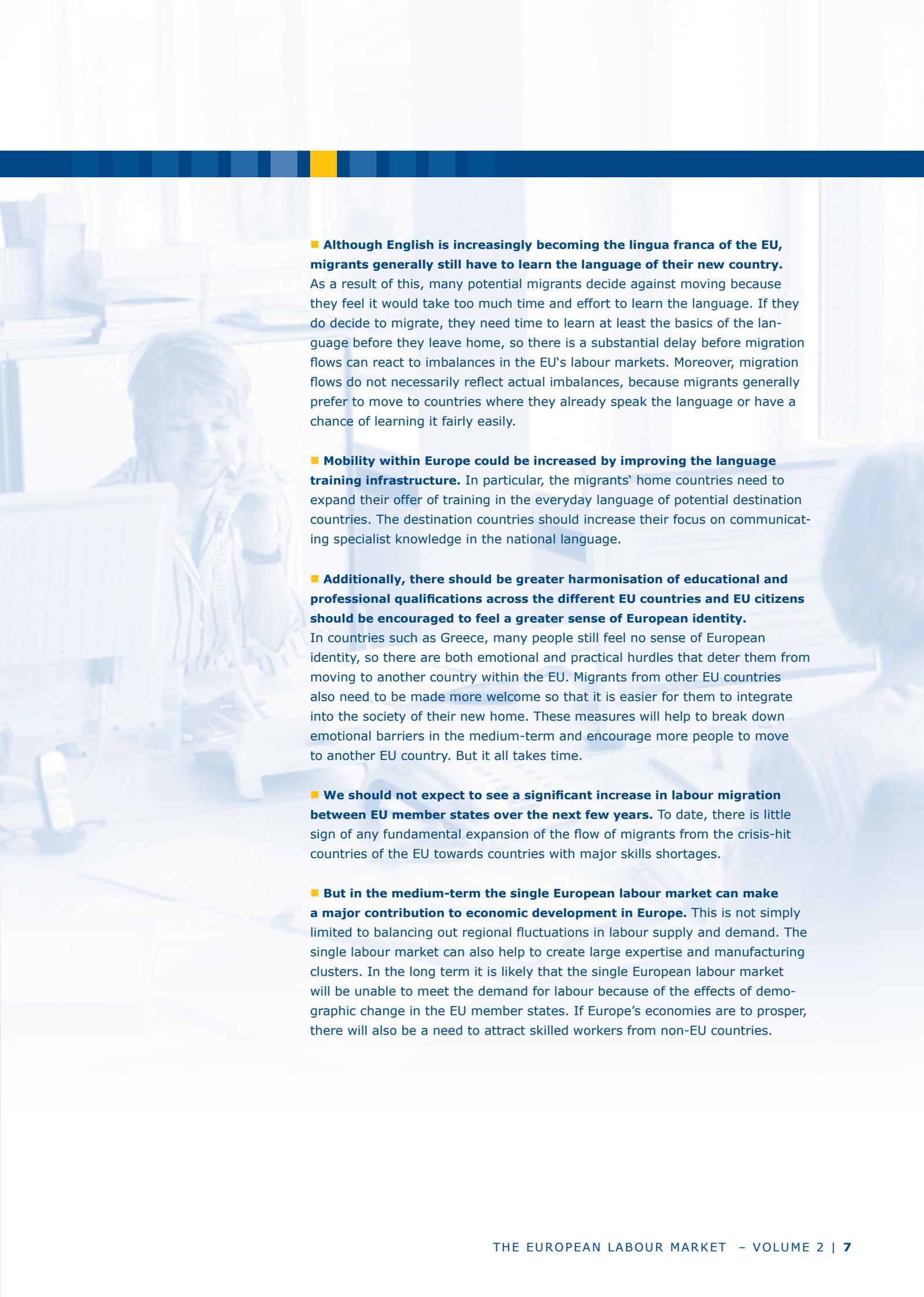
Dr. Michael Borchart



Tomi Huhtanen

Summary

- **The labour market varies very widely across the EU's member states.** While unemployment rates in Greece and Spain have soared above 20 percent in the wake of the financial, economic and sovereign debt crises, other countries such as Sweden, Germany, Luxembourg and Belgium are struggling to find skilled labour. In theory, this should make it very attractive for job-seekers from the particularly badly-hit regions to migrate to countries where their skills are needed.
- **But despite this, there is little mobility between EU countries.** This is illustrated by the fact that there are more Mexicans living in the USA than EU citizens living in another EU country. There is no doubt that the crisis has triggered an increase in the numbers of people migrating between the various EU countries, but if we ignore the movement of citizens from the new EU member states of Bulgaria, Poland and Romania, the number of people migrating as a result of Europe's economic imbalances remains very low.
The proportion of workers in the EU who are citizens of another EU country has significantly increased, but the increase in those countries that are particularly suffering from a shortage of skilled labour is less than the average. So it seems clear that the imbalances between the European labour markets have only had a limited effect on this increase.
- **In addition, migration flows have not simply followed the demand for labour.** In 2010, Spain experienced a massive inflow of Romanians, despite the fact that unemployment in Spain was actually much higher than in Romania. The reason for this was probably the fact that wage levels and working conditions are also an important factor for people deciding to migrate and there is still a prosperity gap between the Western and Eastern countries of the EU.
However, any statements about migration patterns in Europe have to be treated with some caution. Reliable statistics on migration between EU member states have only been available since 2009, and there are some major gaps in the data. At present there is no data at all about migrant numbers from Bulgaria, Poland and Romania, the home countries of the majority of migrants.
- **Along with economic factors, expectations about quality of life also play a major part in people's decisions to migrate.** For many EU citizens, the main reason for not moving is that they do not want to leave behind their home and friends and want to avoid placing excessive strain on their families. And cultural factors can be as important as economic considerations when deciding on a destination country.
- **Despite the freedom of movement that exists for workers, there are still some concrete barriers to migration between EU countries.** One of the main obstacles is the language barriers between the member states. Differences in nationally-recognised qualifications also make it difficult for EU citizens to find a job in another EU country.

A woman with short brown hair is sitting at a desk in a call center. She is wearing a headset with a microphone and is smiling while talking on the phone. In front of her is a computer monitor. The background shows other desks and office equipment, slightly out of focus.

■ **Although English is increasingly becoming the lingua franca of the EU, migrants generally still have to learn the language of their new country.**

As a result of this, many potential migrants decide against moving because they feel it would take too much time and effort to learn the language. If they do decide to migrate, they need time to learn at least the basics of the language before they leave home, so there is a substantial delay before migration flows can react to imbalances in the EU's labour markets. Moreover, migration flows do not necessarily reflect actual imbalances, because migrants generally prefer to move to countries where they already speak the language or have a chance of learning it fairly easily.

■ **Mobility within Europe could be increased by improving the language training infrastructure.** In particular, the migrants' home countries need to expand their offer of training in the everyday language of potential destination countries. The destination countries should increase their focus on communicating specialist knowledge in the national language.

■ **Additionally, there should be greater harmonisation of educational and professional qualifications across the different EU countries and EU citizens should be encouraged to feel a greater sense of European identity.**

In countries such as Greece, many people still feel no sense of European identity, so there are both emotional and practical hurdles that deter them from moving to another country within the EU. Migrants from other EU countries also need to be made more welcome so that it is easier for them to integrate into the society of their new home. These measures will help to break down emotional barriers in the medium-term and encourage more people to move to another EU country. But it all takes time.

■ **We should not expect to see a significant increase in labour migration between EU member states over the next few years.** To date, there is little sign of any fundamental expansion of the flow of migrants from the crisis-hit countries of the EU towards countries with major skills shortages.

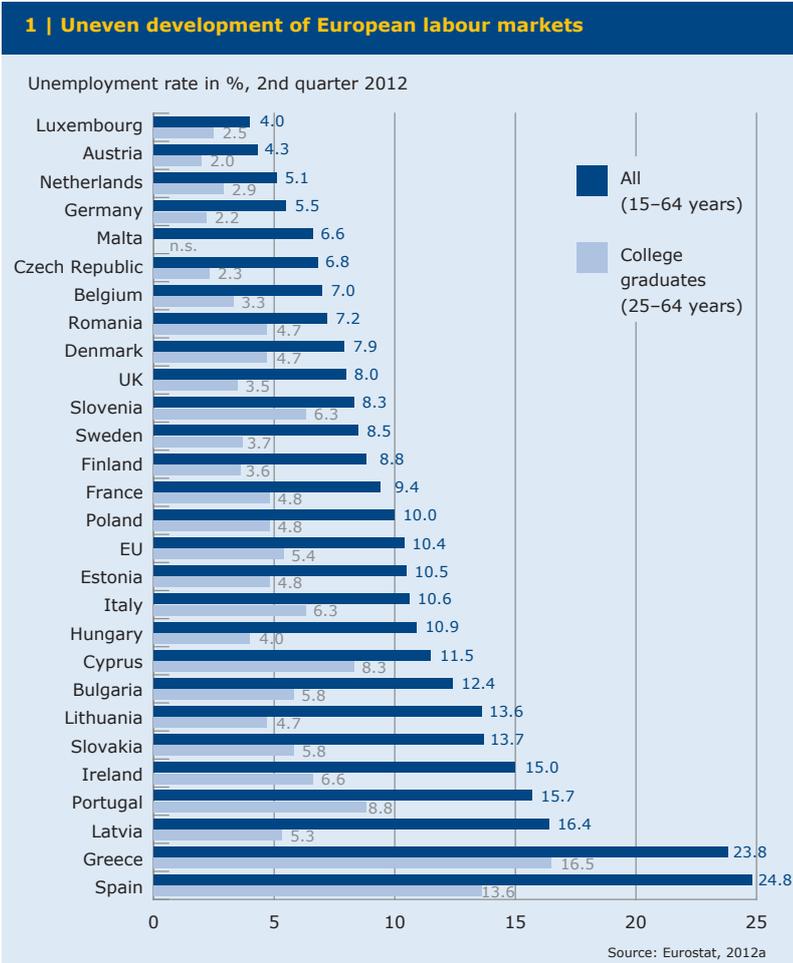
■ **But in the medium-term the single European labour market can make a major contribution to economic development in Europe.** This is not simply limited to balancing out regional fluctuations in labour supply and demand. The single labour market can also help to create large expertise and manufacturing clusters. In the long term it is likely that the single European labour market will be unable to meet the demand for labour because of the effects of demographic change in the EU member states. If Europe's economies are to prosper, there will also be a need to attract skilled workers from non-EU countries.

Europe between record unemployment and skills shortages

The economies of the various EU member states have reacted very differently to the effects of the recent financial, economic and sovereign debt crises. The economies of Greece, Ireland, Portugal and Spain have suffered serious and lasting damage, whereas Germany, the Netherlands and Austria have remained largely unaffected. This has in turn had an impact on the labour market, with unemployment rates in the second quarter of 2012 in Germany, Luxembourg, the Netherlands and Austria remaining below 6 percent while Greece, Ireland, Latvia, Portugal and Spain have seen unemployment rates soar over the 15 percent mark. And a large proportion of this wasted potential labour force is made up of highly-skilled workers. The unemployment rate amongst college graduates stands at 13.6 percent in Spain and is as high as 16.5 percent in Greece (Figure 1).

Some other EU countries, particularly those in Central and Northern Europe, are suffering from skills shortages. A study by Erdmann and Demary (2012) showed that companies in Sweden, Germany, Luxembourg and Belgium are particularly affected by this and are struggling to achieve their full production capacity due to a lack of skilled labour. In theory, young, skilled workers should be keen to move from the crisis-hit countries to Southern Europe to those EU countries where their skills are in demand. But in reality labour migration within the European Union has not been sufficient to rectify the regional imbalances in labour supply and demand, as is borne out by the labour market statistics.

The aim of this article is to explain why the current economic imbalances are not leading to larger flows of migrants between the various EU countries and how labour mobility in Europe can be increased. Firstly, we will look at what conclusions can be drawn from the available data relating to changes in labour migration within the EU over recent years. We will then examine the factors that are responsible for the European workforce's low levels of mobility, and finally consider how labour mobility can be encouraged in Europe and the potential of the single labour market for Europe's economic development.



How mobile is the European labour force?

It is necessary to look at migration statistics in order to assess the current mobility of the European labour force. Ideally, these should show how many people each year move to another EU country in order to find work. However, European migration statistics are not broken down to show reasons for moving, so we also have to study employment figures in order to gain an overview of labour migration. Therefore, we will first of all look at what we know about migration flows in Europe and then examine the trends relating to the employment of people from other EU states in countries where there is a strong demand for labour.

MIGRATION FLOWS WITHIN THE EU

Reliable figures on migration patterns in Europe have only been available for the last few years. EC Regulation No. 862/2007 (European Union, 2007) laid down the guidelines for the systematic compilation of migration statistics. Before this, EU countries simply worked according to a gentleman's agreement whereby they reported their migration figures to the European statistics authority, Eurostat. But these figures were difficult to compare because they were based on different definitions. In Germany, for example, a period of two months was all that was needed to record a person as an immigrant, whereas in the United Kingdom this process took a year. EU Regulation No. 862/2007 introduced uniform definitions of immigrants and emigrants as people who intended to stay for at least one year. Transitional regulations applied in 2008, so it was 2009 before the migration statistics supplied consistent and interpretable data on migration patterns within Europe.

Figure 2 shows the numbers of migrants leaving for other EU countries and the numbers arriving from other EU countries in 2009 and 2010. The most significant changes between the two years were seen in Lithuania, where the number of people migrating to other EU countries increased five-fold; in Spain, where it quadrupled; and in Portugal, where it doubled. Immigration increased most strongly in Germany, with a rise of around 25 percent. Lithuania, Spain and Portugal were particularly hard-hit by the crisis and had particularly high unemployment rates, whereas in 2010 Germany was already finding it had shortfalls in the labour market. So the figures show that migration within the EU over recent years has been linked to the labour supply, even if the absolute figures seem very low in light of the reigning economic imbalances.

However, the number of people migrating to Spain between 2009 and 2010 did not sink, as might be expected, but in fact increased. The main reason for this is that the number of migrants from Romania – for which no figures are available – soared from around 42,000 to 60,000. In 2007, the year before the crisis took



„We need to create a European labour market, and make it as easy for people to work in another country as it is as home.“

José Manuel Barroso, State of the Union Address 2012 on 12.9.2012 in Strasbourg

2 | Migration movements within the EU

Migration to and from EU countries in thousands

	Number of migrants leaving for other EU countries		Number of migrants arriving from other EU countries		Balance	
	2009	2010	2009	2010	2009	2010
EU-27	NS	NS	NS	NS	NS	NS
Belgium	NS	NS	NS	NS	NS	NS
Bulgaria	NS	NS	NS	NS	NS	NS
Czech Republic	21	31	24	20	4	-11
Denmark	18	18	26	26	7	7
Germany	140	117	168	202	28	85
Estonia	4	5	2	2	-2	-3
Ireland	42	43	23	24	-19	-19
Greece	NS	62	NS	64	NS	2
Spain	32	123	128	159	97	36
France	NS	48	NS	103	NS	54
Italy	46	41	153	135	107	94
Cyprus	NS	1	NS	13	NS	13
Latvia	4	7	1	1	-3	-6
Lithuania	14	70	4	3	-10	-66
Luxembourg	8	8	15	16	6	7
Hungary	8	8	16	NS	8	NS
Malta	5	5	4	5	-1	0
Netherlands	47	NS	66	NS	19	NS
Austria	29	26	42	44	13	18
Poland	NS	NS	NS	37	NS	NS
Portugal	10	19	18	18	7	-1
Romania	NS	NS	NS	NS	NS	NS
Slovenia	3	4	3	3	0	0
Slovakia	3	2	8	7	5	5
Finland	8	8	13	12	4	4
Sweden	19	20	35	33	16	13
United Kingdom	144	136	198	208	54	73

NS: Not specified Source: Eurostat, 2012b

hold, 174,000 Romanians migrated to Spain (Eurostat, 2012b). This Romanian migration was certainly not justified by a need for labour in Spain. Unemployment in Romania in 2010 was a mere 7.6 percent compared to a rate of 20.2 percent in Spain (Eurostat, 2012a). And in Bulgaria and Poland, the countries that the statistics suggest have experienced the highest net emigration along with Romania, unemployment rates in 2010 were around the EU average of 9.7, at 9.7 and 10.3 percent respectively (Eurostat, 2012a).

However, it seems reasonable to assume that emigration from Bulgaria, Poland and Romania was largely fuelled by the economic situation. In 2010, per-capita GDP in Bulgaria was only 4,800 euros, in Romania 5,800 and in Poland 9,300 (purchasing power parity) compared to an EU average of 24,500 and 22,800 euros in Spain (Eurostat, 2012c). So despite the crisis and high unemployment

INWARD MIGRATION OF HIGHLY SKILLED

The inward migration of highly qualified workers from non-EU countries has been simplified at EU level, and the new provisions were enshrined in national law in Germany with effect of 1 August 2012.

■ EU Blue Card

A work permit for citizens of non-EU countries limited to a maximum of four years. The target group consists of highly-skilled people with a university qualification, who can demonstrate that they have an employment contract for work that is compatible with their qualification and commands a salary above a specific threshold. There is a simplified accelerated checking procedure in place for this. If their employment continues, Blue Card holders can apply for permission to settle after two years.

■ Additional preferential treatment for job search

Skilled people with qualifications are granted a 6-month residence permit for the purpose of finding suitable employment. For people who have a degree from a German university the period is extended to 18 months from when they gained their qualification.



rates, the standard of living in Spain is still much higher than in Romania. On top of this, Germany and other EU countries with a strong demand for labour are still imposing transitional regulations that limit access to the labour market for people from Bulgaria and Romania. So many prospective migrants are forced to turn their attention to countries like Spain that opened up their labour markets before the crisis struck.

When considering the single European labour market, it is important to realise that workers do not necessarily migrate to places where there is the highest demand for labour, but rather to places where they think they will have the best chance of finding work. Therefore wage levels and working conditions also play an important role alongside the demand for labour. For as long as there remain large prosperity gaps in Europe, it may be that labour migration will to some extent run counter to labour demand and aggravate still further the imbalances in the labour market, as was the case with Romania and Spain in 2010. More generally, Europe's prosperity gaps could actually smother the balancing effect of the single European labour market.

Unfortunately, European migration statistics still only offer an incomplete picture of migration flows in the European Union, so it is not possible to draw any well-founded conclusions on the levelling effect of the single European labour market. We only have reliable statistics for 2009 and 2010, and even for these two years there is no available data on three of the countries with the most emigrants: Bulgaria, Poland and Romania. Differentiation between the destination country and the country of origin within the EU is also not possible for most countries. EU Regulation No. 862/2007 laid down standards for classification but not for the methods the various countries should use to gather the data. In Germany, migration statistics are forecast according to entries in the register of residents, whereas in the UK it is based on a representative survey of people travelling into airports and ferry terminals. As a result, the data is not particularly precise and it is very difficult to make a quantitative comparison.

THE LABOUR FORCE IN OTHER EU COUNTRIES

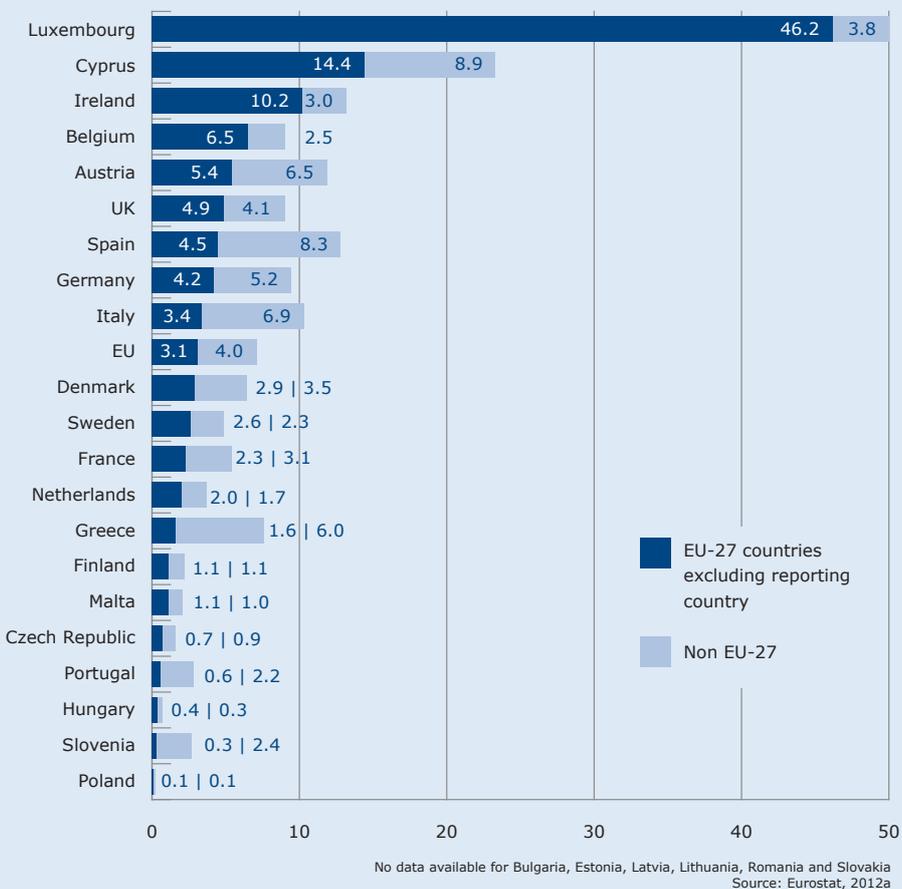
Unlike the migration statistics, European employment and labour force statistics are collected according to a uniform method and can therefore be considered reliable. However, they only show the citizenship of the immigrants in the various EU countries but not their previous domicile, so it is only possible to make indirect assumptions about labour migration flows in the EU.

Figure 3 shows a breakdown by EU country of the numbers of people in work who are citizens of other EU states and non-EU countries for the second quarter of 2012. As an average across all EU countries, 3.1 percent of the workforce was made up of citizens of another EU country and 4.0 percent were citizens of a non-EU country. So the role played by citizens of non-EU countries is as important as that of workers from other EU states in the European labour markets. But there are huge differences between the various EU countries. In Luxembourg, almost half of the workforce is made up of citizens of another EU country, whereas the figure in Poland is only one in a thousand. The number of non-EU citizens working in the new EU member states is in fact particularly low. Overall, the number of



3 | Low number of workers from other EU countries

Proportion of foreigners in labour force in %, 2nd quarter 2012



workers from non-EU countries is particularly high in Southern Europe, with the exception of Portugal, probably because these countries form the EU's external borders.

The situation in the labour market is not really reflected in the number of non-EU nationals in the general workforce. With a figure of 10.2 percent, Ireland, a country badly affected by the crisis, has the highest proportion of non-EU nationals after Luxembourg and Cyprus. Even in struggling Spain, the number of non-EU nationals (4.5 percent) is still higher than that of Germany (4.2 percent). It should, however, be noted that most non-EU nationals took up employment in the crisis-hit countries before the crisis broke out, and so their decision was based on other factors.

However, the number of people working in other EU countries has grown significantly over the last few years, as is shown in Figure 4. From 2.0 percent in 2005, by 2011 it had grown to 3.0 percent. It is remarkable that the figure has grown more slowly than the average in those countries that currently have a particular shortage of labour. The number of non-EU nationals as a proportion of the workforce in those countries that on average had an unemployment rate of under

REFORMS OF THE IMMIGRATION LAW



PREFERENTIAL TREATMENT WITH RESPECT TO RESIDENCY FOR PEOPLE WITH VOCATIONAL OR PROFESSIONAL QUALIFICATION

Since 1 August 2012, foreigners who have completed a vocational or professional qualification in Germany are granted a one-year residence permit to allow them to find employment compatible with their qualification.

RECOGNITION OF FOREIGN VOCATIONAL AND PROFESSIONAL QUALIFICATIONS

Since 1 April 2012, the right to have qualifications gained abroad validated as equivalent to German qualifications no longer applies just to EU citizens but also to skilled people from non-EU countries.

7.5 percent in 2011 (Belgium, Germany, Luxembourg, Malta, the Netherlands, Austria and the Czech Republic) only increased from 3.3 to 3.8 percent. This means that the imbalances in the European labour markets that came about as a result of the crisis are not solely responsible for the recent growth in the number of non-EU nationals working in Europe.

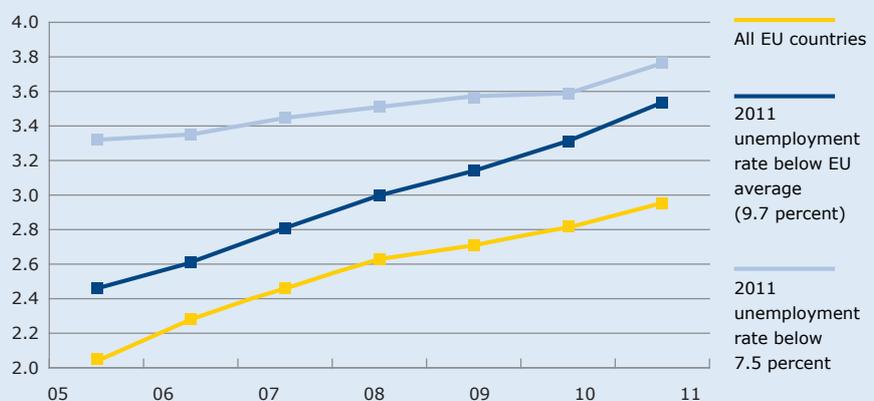
The number of people who live in another EU country is still relatively low, as can be seen in the comparison below. Of the 502.5 million people who lived in the European Union in 2011, 16.4 million or 3.3 percent were born in a different EU country (Eurostat, 2012d). In 2010, the USA had a population of 309.4 million, of whom 11.7 million or 3.8 percent were born in Mexico (US Census Bureau, 2012). The free movement of workers is one of the fundamental freedoms of the European Union and, as far back as the 1960s and 1970s migration in Europe was speeded along by encouraging guest workers from Southern Europe to come to Central and Northern European countries. In contrast, the USA had a very restrictive policy on Mexican immigration, with the result that most Mexicans who wanted to work in the US generally had to achieve this by illegal routes.

Despite this freedom, mobility within the European Union has so far been relatively low. And if we ignore immigration to other EU countries by citizens of the new EU member states Bulgaria, Poland and Romania, there seems little likelihood that there will be any significant increase in mobility over the coming years. Although net immigration is continuing, the number of people leaving Spain between 2010 and 2011 quadrupled. But if we set the total figure of 123,000 emigrants in 2011 (Eurostat, 2012b) against a population of around 46.1 million (Eurostat, 2012e), it is clear that very few people have actually left the country despite the fall-out from the crisis. Therefore, the single European labour market has so far only made a relatively modest contribution to levelling out Europe's economic imbalances.

We should also not expect to see a significant increase in mobility within Europe in the near future. In the Europe-wide Survey No. 337 carried out by Eurobarometer in 2009 on "Geographical and Labour Market Mobility", (Eurobaro-

4 | Rising numbers of EU citizens working in another EU country

Gainfully employed persons from other EU country in %



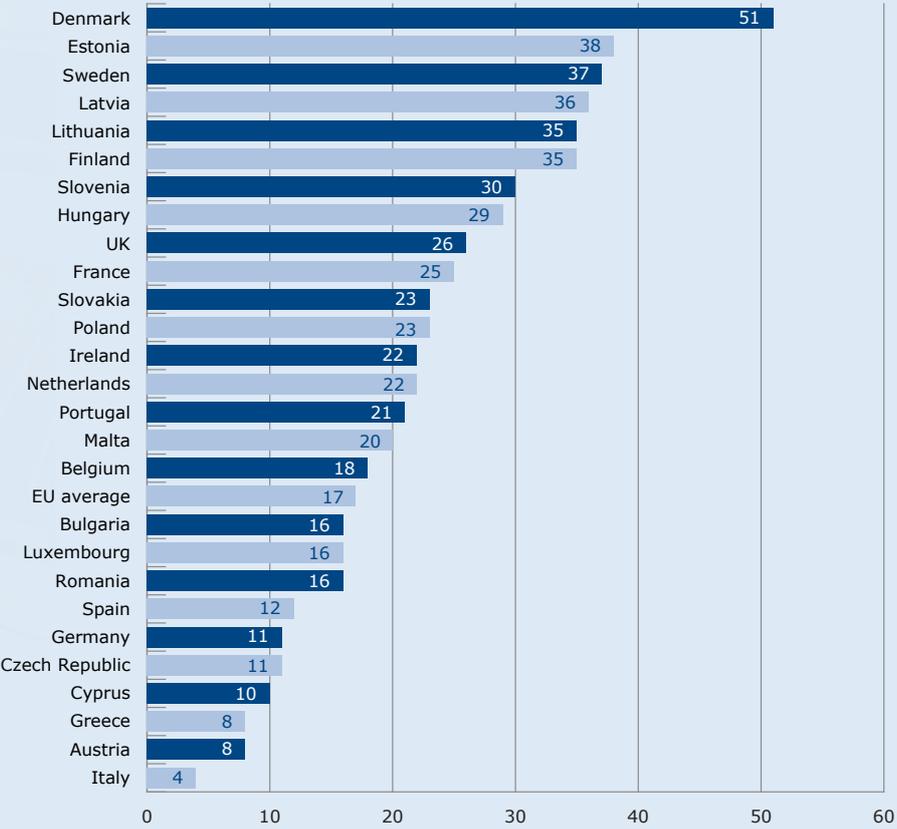
Source: Eurostat, 2012a



meter, 2010) 17 percent of people over 15 years of age who were not retired said that they envisaged working abroad at some stage in the future. This does not mean that they definitely intended to migrate, and only 25 percent of them said they wanted to migrate in the next two years. When it comes to willingness to move to another country, there are stark differences between the various EU countries. In Scandinavia and the Baltic states more than one-third of those surveyed envisaged working abroad once in their lifetime, whereas in Greece, Italy and Austria this proportion represented less than one-tenth of the population, as can be seen in Figure 5 below. To date, people in countries whose labour markets have been particularly badly affected by the crisis seem to be the least willing to migrate.

5 | One in five European citizens can imagine working abroad

Proportion of persons expecting to work abroad in %
(persons over 15 excluding pensioners)



Source: Eurobarometer, 2010

Why isn't there more mobility within the EU?

Why isn't there more mobility within the EU, despite the fact we would expect it to be a very attractive proposition for job-seekers in crisis-affected countries to move to another EU country in light of the current major economic imbalances? This question has to be answered in two stages. Firstly, we need to consider what factors other than labour demand and wage levels are particularly important in the decision to migrate. Secondly, we need to review the concrete obstacles that stand in the way of labour migrants within the EU.



„There is a great potential for a genuine European labour market.”

László Andor, Conference by the European Commission on 6.9.2012 in Brussels

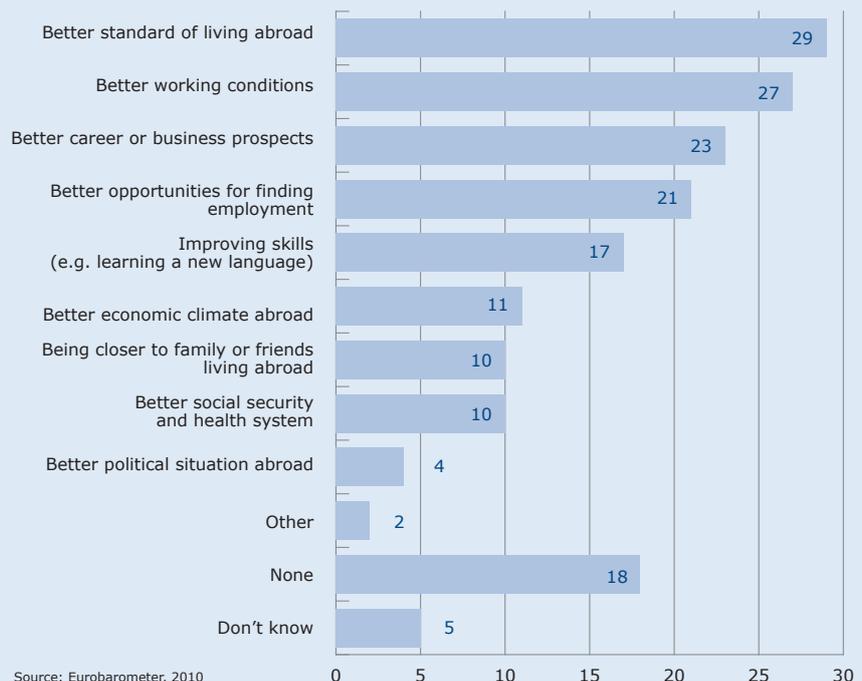
VARIABLES AFFECTING THE DECISION TO MIGRATE

When studies are carried out on the determinants of migration flows, they generally differentiate between push and pull factors. The variables that are generally in favour of a person leaving their homeland are known as push factors, while the variables that determine the choice of destination country are known as pull factors. This differentiation is also useful when considering willingness to migrate in Europe, as will be seen below.

In the aforementioned Eurobarometer Survey No. 337, Europeans over 15 years of age were questioned about potential push and pull factors for migration. When asked which (push) factors might encourage them to migrate, the most frequent

6 | Better quality of life: main reason for seeking a job abroad

What reasons might encourage you to work in another country? (push factors)

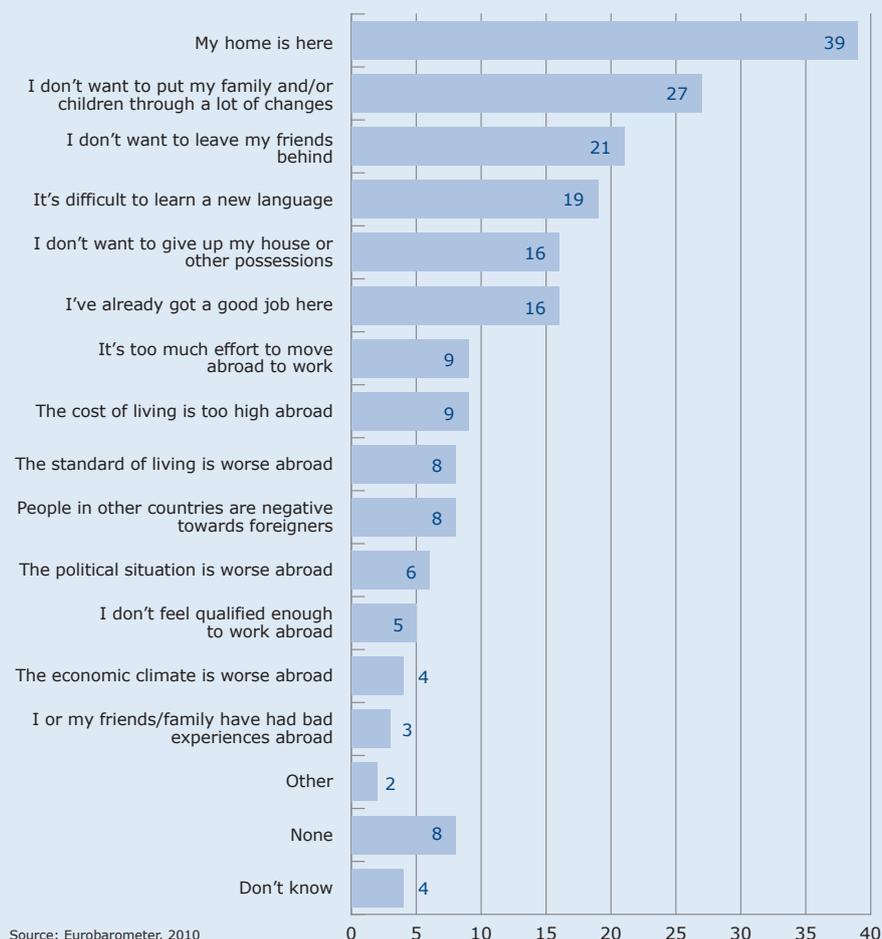


Source: Eurobarometer, 2010

answer, with 29 percent, was to achieve a better of standard of living abroad (Figure 6). The second most popular factor, with 27 percent, was better working conditions, followed by better career or business prospects, with 23 percent. In fourth place, with 21 percent, was better opportunities for finding employment (multiple answers were possible to this question). This shows that the situation in the labour market is an important factor in whether or not Europeans decide to leave their homeland, but it is not the key issue. For Europeans, the most important push factor is quality of life: something that is influenced by many factors, including the economic situation, climate, leisure opportunities and social cohesion.

7 | Attachment to home country hinders outward migration

What would be the reasons which might discourage you from working abroad?



Source: Eurobarometer, 2010

When looking at the decision to migrate, it is not enough to simply examine the push factors but it is also necessary to take into account the factors that act as obstacles to migration. When asked which factors might prevent them from migrating, only 16 percent of respondents in the Eurobarometer survey replied that they already had a good job, and 8 percent that the quality of life abroad was worse. On the other hand, 39 percent said that this was their home, 27 percent did not want to subject their family to a great deal of change and 21 percent were reluctant to leave their friends behind. So the main factors that discouraged people from migrating were ties to home, family and friends rather than a good economic situation or high standard of living. (Figure 7)

People who said they could envisage working abroad were also asked where would be their preferred destination and the reasons for this: the pull factors. The most popular destination countries were the USA (21 per-

cent), UK (16 percent), Australia (15 percent), Spain (13 percent) and Germany (12 percent). The most frequent reason given (with 35 percent) was "to earn more money", with 21 percent naming good employment opportunities. So employment and earnings opportunities clearly play a central role as pull factors. However, culture and mentality (32 percent) and lifestyle (27 percent) are also very significant. And more than a quarter of respondents (27 percent) said that their knowledge of the destination country's language was also an important factor in their decision. (Figure 8)

These results help us to understand why in the past the single European labour market has not been more of a factor in levelling out the imbalances that exist between the labour markets of the individual EU member states. The economic situation is certainly of central significance as both a push and a pull factor, but income levels and working conditions tend to be more important than the job itself. From this we can deduce that when deciding whether or not to migrate, EU citizens are more concerned about standard of living than about the (current) unemployment rate, as has been illustrated by the wave of Romanian migrants to Spain in 2010. The economic situation is just one factor among many. The lifestyle, culture and mentality of the destination country are critical factors in the decision to migrate. The social environment has to be right if mobility in Europe is to be increased.

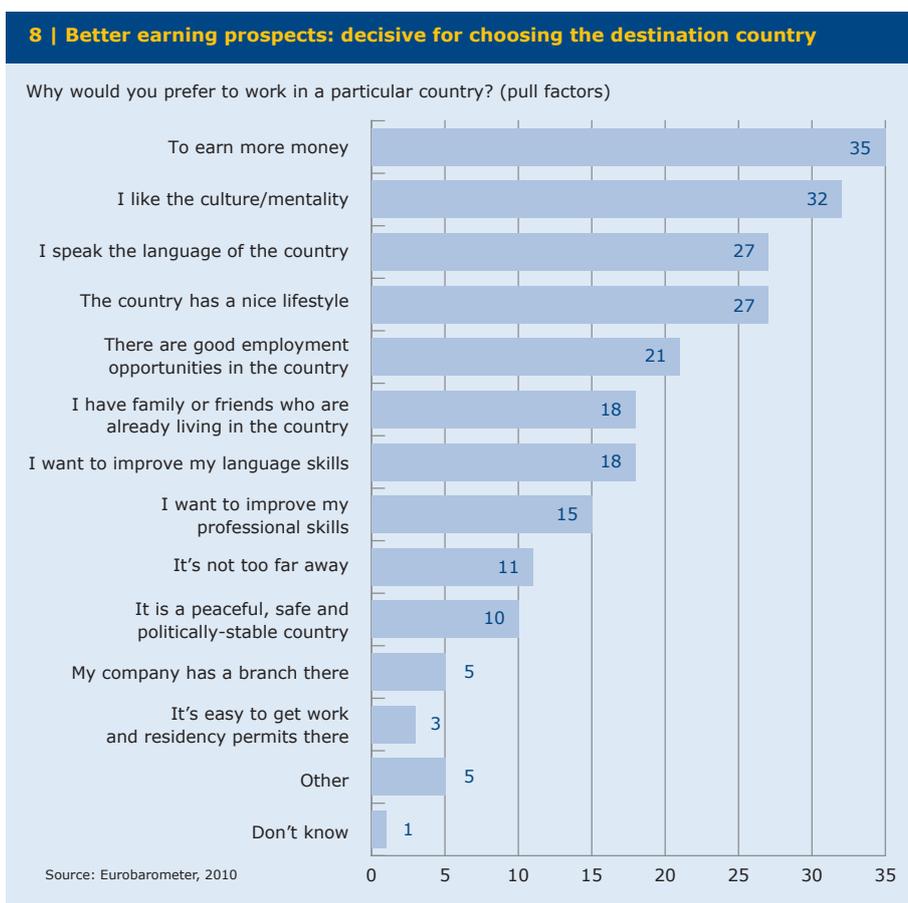
OBSTACLES TO MIGRATION BETWEEN EU COUNTRIES

Along with push and pull factors, the Eurobarometer survey also examined what concrete obstacles prevent EU citizens from migrating. When asked “What difficulties did you encounter or would you expect to encounter when going to work

abroad?” more than half (52 per cent) replied “Poor knowledge of the language” (see Figure 9). The second response (but at 24 percent only half as frequent) was “The difficulty of finding a job”. All the other answers came much lower down the scale.

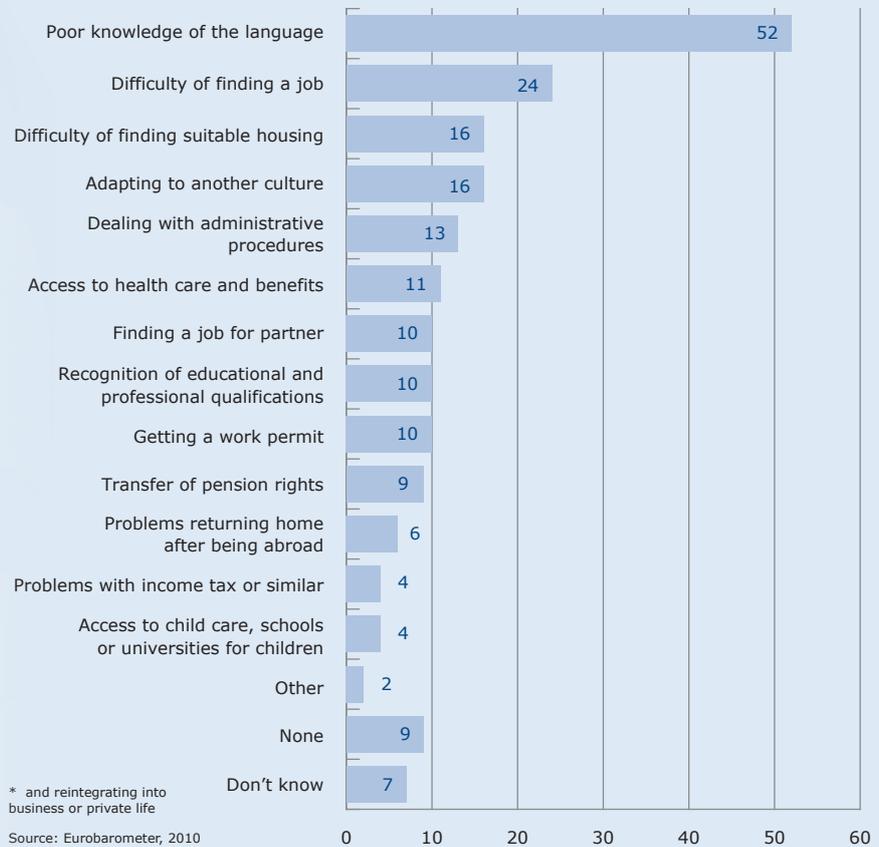
It is hardly surprising that language is an obstacle to European mobility, as the European Union alone has over 23 official languages and even in its administration it uses three different languages: German, English and French. In many areas, particularly in the business and scientific sphere, English has increasingly become the lingua franca, though (to date) there has been no attempt to create a common language for Europe. But there are still very many EU citizens who cannot speak English. This is particularly true of the countries of the former Warsaw Pact. Here, Russian was for many years the lingua franca and the proportion of English-

speakers is still relatively low. According to an EU survey, in 2007 only 15 percent of Hungarians and 19 percent of Romanians spoke English (Figure 10). And in all the countries of Southern Europe, apart from Cyprus and Malta, less than half the population can speak English, while in Spain the figure is less than a third. And even



9 | Inadequate language skills: obstacle to migration

What practical difficulties have you encountered or would you expect to encounter when going to work abroad?



if people have some knowledge of English, this does not mean their language skills are good enough to cope with living and working in an English-speaking country.

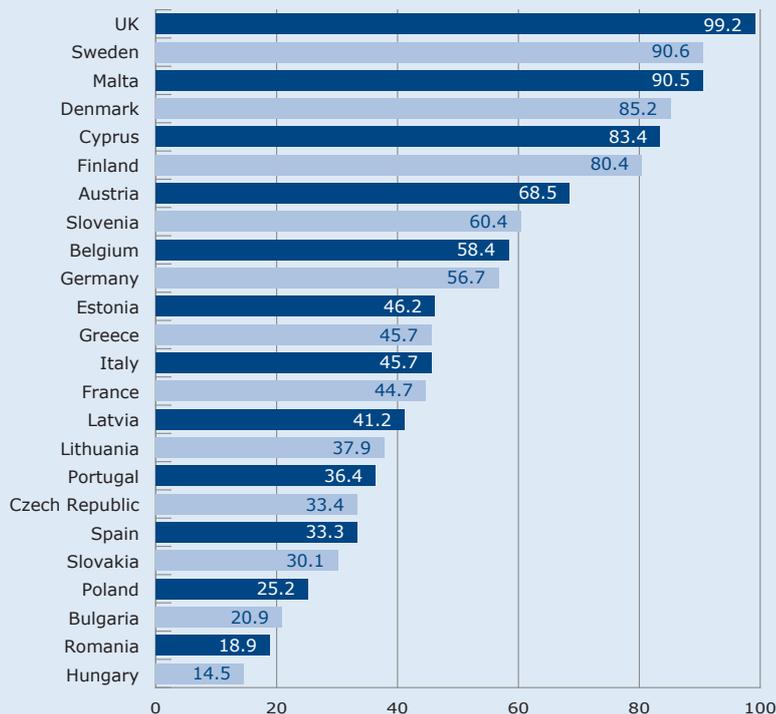
This means that Europeans who are prepared to migrate have to learn the official language of their destination country. This is usually always necessary, even if the migrant is working in an international environment where English is the common language. They need to speak the local language for coping with everyday life, such as dealing with tradesmen. This has the following effect on mobility within Europe:

1. Many workers are unwilling to migrate to another EU country because the challenge of learning the language is too great. This leads to lower mobility.
2. When workers decide to move to another country, they often choose countries where they already speak the language or where they can learn the language easily. As a result, migration flows fail to level out the economic imbalances.
3. Before people can start working in another EU country they need time to learn the language or improve their language skills. Therefore migration flows tend to react very slowly to changes.

The many different languages are a major, but not the only, obstacle to greater mobility within the European Union. The education systems and qualifications in the various countries are also very different. This means that different jobs are classified according to different qualification levels, for example (head) kindergarten teachers in Germany generally gain their qualifications at a vocational school, whereas in Scandinavia the same qualification forms part of tertiary education.

10 | English language skills: not prevalent throughout all of Europe

Proportion of population able to speak English in %, 2007



Source: Eurostat, 2012f

Although there is a basic guarantee that qualifications gained in other EU countries in certain 'sectoral' professions will be recognised, differences in qualifications still often present a major hurdle for job-seekers. This is particularly the case when there is not a totally clear link between qualification and occupation or when people want to work outside of their professions. When applying for a job, it is not enough to simply translate the names of the relevant occupations into the language of the destination country. For example, most EU countries have no real counterpart to the Bürokauffrau/Bürokaufmann qualification that is so prevalent in Germany. Instead, job-seekers need to think about the requirements and responsibilities of the various occupations in their professional area of interest in the destination country. This can require a great deal of time and effort, particularly if several potential destination countries are involved, so it is hardly surprising that the difficulty of finding a job was the second most frequent response in the Euro-barometer survey.

Language barriers and different types of qualifications not only have a negative impact on people's willingness to migrate, but also reduces their chances of finding a job in other EU countries. HR managers often shy away from employing workers who only have limited command of the local language. It is also often very difficult to assess the skills and abilities of applicants due to the differences between foreign qualifications. As a result, local workers with familiar qualifications are often given preference. This is usually even more the case in companies that are less knowledge-based and globally-oriented.

How can labour mobility in the EU be increased?

In principle, labour mobility can be increased by removing existing obstacles and making the basic conditions for migration more attractive. In this respect, we are forced to ask whether the European Union needs a single language. This would hugely simplify communication within Europe and thus not only encourage labour mobility but also create a stronger European identity. In the current political climate it is somewhat utopian to expect there will be a single European language in the foreseeable future, but this does not mean that Europe shouldn't take some steps in this direction. Almost all EU countries are placing greater emphasis on English teaching for children, meaning that more and more people in Europe will at least be able to handle everyday communication in this language. And as it is already the lingua franca of business and science, it is highly likely that in the long term English will increasingly become the everyday language of the European Union.

However, as stated above, over the coming years it will still be essential in most cases for migrants to learn the language of their destination country. As most of them will need language courses, improvements to the educational infrastructure are crucial to increasing labour migration. This affects both the countries of origin and the destination countries. The countries of origin need to provide opportunities for people to learn the everyday language of potential destination countries, while the destination countries need to offer more advanced language training with a particular focus on specific job-related language skills.

The situation regarding the second major obstacle, the comparability of educational and professional qualifications, is likely to improve in the next few years with the implementation of the European Qualifications Framework that was passed in 2008. The EQF means that all national qualifications will have to be categorised by one of eight reference levels (European Union, 2008). This makes it easier to compare different European qualifications so that employers and job applicants from different EU countries will in future find it easier to assess whether qualifications match job requirements. But it only applies to the level and not to the particular discipline of the qualification, something that is particularly important in professional qualifications. The functioning of the single European labour market could be greatly enhanced by extending the EQF to include a standardised categorisation of particular professional disciplines. Then it would not only be possible to better evaluate non-EU qualifications, but the introduction of a code could display the qualifications needed for a particular job in such a way that applicants in all EU countries would be able to understand it without need for further explanation.

In order to make lasting improvements to labour mobility in Europe, the removal of concrete obstacles needs to be accompanied by cultural change. Two factors are in play here: firstly, young people are generally more interested in moving to another EU country and learning its language if their feeling of national identity goes hand-in-hand with a sense of European identity. Secondly, willingness to migrate is increased by the likelihood of receiving a positive welcome in the destination country. To this

■ *By a six-step question process the Federal Employment Agency's Migration Check determine whether somebody looking for work in Germany will need a work permit, and, if so, how to apply for such a permit. Go to www.arbeitsagentur.de/migration-check-arbeitnehmer.*

■ *The initiative "the job of my life" supports young people from the EU or EEA countries and Switzerland in their search for traineeships or employment in Germany. The assistance continues throughout the training and includes language courses, extensive supervision and financial support, amongst other things. On the Internet at www.thejobofmylife.de.*

■ *The Portal www.bq-portal.de offers comprehensive information about the recognition of foreign vocational and professional qualifications. This will allow decision-makers and applicants to better evaluate qualifications from other countries and find out what they represent*

■ *The portal www.aner-kennung-in-deutschland.de offers information about the current legal situation and the procedures for having foreign vocational and professional qualifications recognised. In addition, the portal points the persons seeking recognition of their qualifications towards the advisory service that is most appropriate for them.*

■ Your **local EURES advisor** can provide you with up-to-date information on job opportunities in Germany – and of course in all other EU countries. They can inform you on a wide range of issues including employment opportunities, the procedures for recognising academic qualifications and the social security system. Go to <http://ec.europa.eu/eures>.

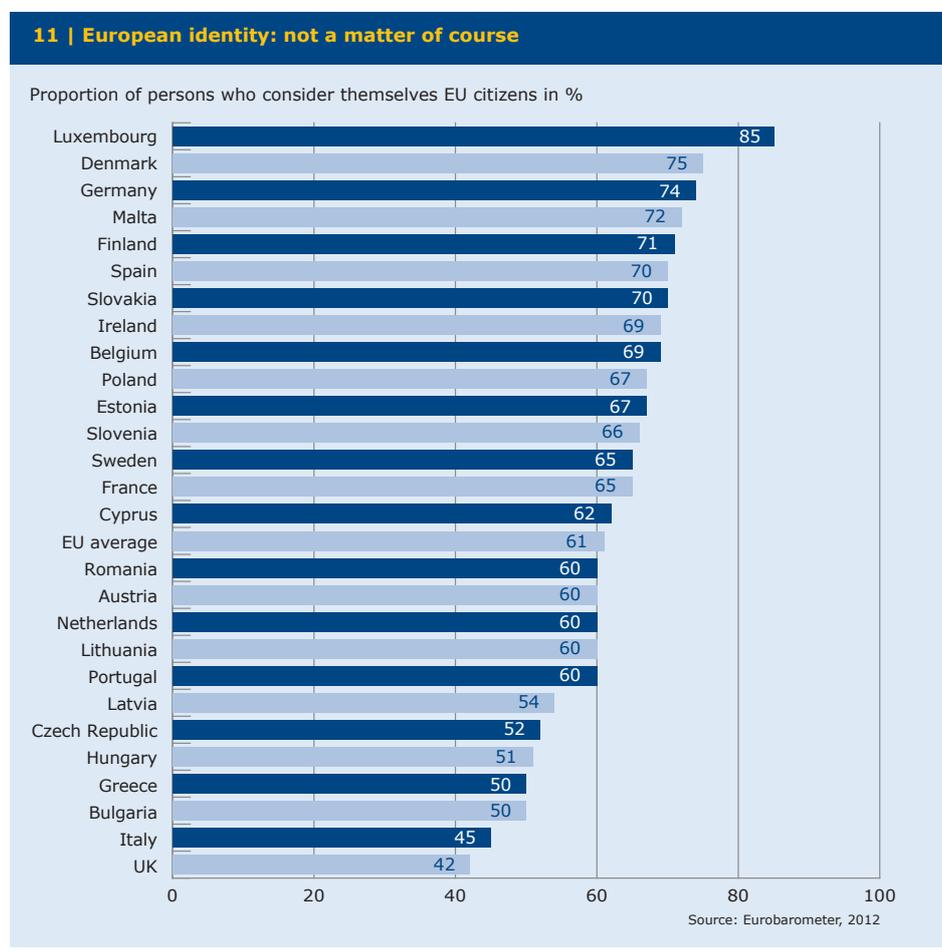
■ The **International Placement Service (ZAV)** provides support to those looking for a suitable job in Germany as well as giving advice on organisational and legal issues. Go to www.zav.de/arbeiten-in-deutschland.

■ The portal **www.make-it-in-germany.de** provides information on which sectors are looking for skilled staff and the necessary requirements for those interested in finding work in Germany.

■ People from all over the world who are looking for work in Germany can use the **Federal Employment Agency job website** to look for vacant positions. It is also possible to upload a profile so that prospective employers can contact you. Go to www.jobboerse.arbeitsagentur.de.

end, it is essential to create a culture that welcomes migrants from other EU lands and helps them to integrate into the society of their new country of residence.

In the 2012 Eurobarometer Survey No. 77 that looked at “European citizenship”, people across Europe were asked how much they identified with the European Union (Eurobarometer 2012). When asked whether they felt they were citizens of the EU, on average 61 percent answered ‘yes’ and 38 percent ‘no’. Slightly more younger people felt they were EU citizens than older people, with 67 percent of 15-24-year-olds answering ‘yes’ compared to 56 percent of over-55s. There were greater differences between the various EU countries, as is shown in Figure 11. In Luxembourg, the number of people who felt they were citizens of the EU stood at 85 percent, or more than four-fifths of the population, whereas in the United Kingdom (42 percent) and Italy (45 percent) the figure was less than half. Even in crisis-ridden Greece, 50 percent of the population feel they are Europeans, and in Spain the proportion is even higher, at 70 percent.



These figures clearly show that increasing European integration has certainly created a strong European identity, but that even young people still do not naturally identify with Europe. Going beyond language barriers and bureaucratic hurdles, it is still generally the case that it is emotionally a much greater step to move to another EU country than to move to another area of one’s home country, even if the geographical distance is the same.

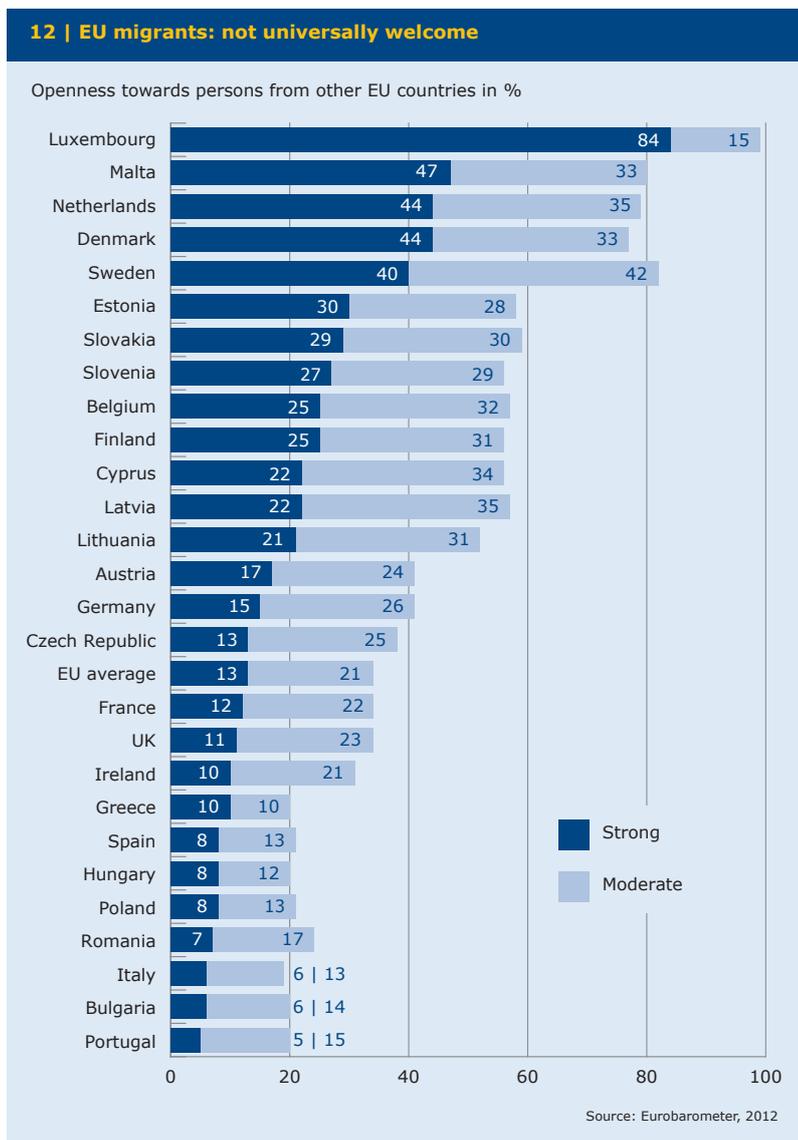
There could also be greater openness towards migrants from other EU countries. An openness index was created based on questions about contacts with people and businesses in other EU countries and the use of foreign languages. This showed that 13 percent of Europeans have a high international openness index, 21 percent a moderate index and 66 percent a low index. Luxembourg had a particularly high openness index, with 84 percent of respondents having a high

index and 15 percent a moderate index, while Portugal's openness index was particularly low, with 5 percent high index and 15 percent moderate. Germany, currently perhaps the most attractive country for migrants, was slightly above the EU average with 15 percent high and 26 percent moderate openness (Figure 12).

A culture of welcoming migrants includes much more than just this measure of international openness. The important thing is not only whether contacts are made with citizens of other EU countries, but when and in what way. There is a big difference between whether a newly-arrived colleague is regularly invited to join in with free-time activities and whether contacts are restricted to a business context. These very concrete aspects of how migrants from other EU lands are welcomed are of course difficult to measure, but they are often critical to whether or not they feel accepted into the society of their new country.

European identity and a culture of welcoming people from other EU countries are linked: the more people feel they are Europeans, the more open they tend to be towards migrants from other EU countries. So if it is possible to strengthen people's sense of European identity, this will also have a positive effect on acceptance levels of migrants from other EU countries and gradually increase people's future willingness to migrate. Even though this kind

of cultural change is no replacement for dismantling the concrete barriers to migration, it is still equally important for the lasting success of the single European labour market because, as we have seen, cultural factors and quality of life are important push and pull factors in the decision whether or not to migrate.



What is the potential of the single European labour market?

The imbalances between the labour markets in the various EU countries have intensified still further as a result of the euro crisis to the extent that today the employment rate in Germany, Luxembourg, the Netherlands and Austria is below 6 percent while in Greece and Spain it has soared above 20 percent (see Figure 1). Prosperity levels are also higher in these Central European countries than in the South. As is shown in Figure 13, Greece's per-capita GDP in 2011 was around 20,000 euros, and in Spain around 25,000 euros (purchasing power parity), while in the four previously-mentioned Central European countries it stood at over 30,000 euros. So in theory it should be attractive for workers to move to Germany from these Southern European countries. But as we have already seen in section 2, it is unlikely that labour migration within the EU will increase to any great extent over the coming years, as people in the countries that have been particularly badly



„We must do everything in order to improve the labour mobility within the internal market of the European Union.“

Dr. Angela Merkel, Annual Meeting 2013 of the World Economic Forum in Davos

13 | Uneven development of levels of prosperity in Europe

Gross domestic product in 1000 Euros (Purchasing Power Standards), 2011



Source: Eurostat, 2012c

affected by the crisis are reluctant to migrate. So in the short term it seems that the potential of the single European labour market to increase economic development in Europe is modest.

In the medium term the situation is somewhat different. It may be possible to make significant progress in sweeping away the existing obstacles to migration within the European Union and in strengthening the feeling of European identity to such an extent that it makes little difference to workers whether they move to another region of their home country or to another EU country. It seems likely that increasing economic integration in Europe will result in the economic trends of EU countries gradually becoming more similar and in labour market imbalances levelling out. However, the single European labour market can make a major contribution to economic development in Europe. Along with evening out regional imbalances of labour supply and demand, it can make a particular contribution to ensuring the creation of large expertise and manufacturing clusters in the European Union that were not possible when countries could only draw on the specialist skills available within their borders.

However, in the long term the single European labour market will not be able to resolve the skills shortage, because demographic change is creating general labour shortages in the European Union as a whole. In 2010, not a single EU country achieved the birth rate of 2.1 children per woman of child-bearing age: the figure needed to maintain current population levels. Even Turkey, a major candidate country with a relatively young population came in slightly below this figure (Eurostat, 2012e). But demographic change will not affect all EU member states in exactly the same way. Birth rates in the UK, France and Scandinavia are close to that required to maintain the existing population levels, whereas Germany and the countries of Eastern and Southern Europe will find their populations shrinking. In the countries that are particularly affected by demographic change, in the long term a mixture of migration from within and outside the EU will be necessary to maintain their labour and skills base and safeguard their economic development.

Conclusion



The potential of the single European labour market has not yet been fully exploited. Labour mobility is currently much lower than would be expected in light of the major imbalances in the labour market.

One of the main reasons for this is the fact that the EU is home to a great many different languages and migration to another EU country without knowledge of the language is very difficult. Many potential migrants find the need to learn a new language a major obstacle.

It is also often challenging to find a job in another EU land because of the difficulty of comparing different countries' educational and professional qualifications.

It is also necessary to continue strengthening people's feeling that they are European citizens, something that has a strong impact on their willingness to move to another EU country.

If we are successful in minimising the existing obstacles and increasing people's willingness to move to another EU country, then in the medium term the single European labour market will be in a position to make a strong contribution to Europe's economic development. Along with evening out regional fluctuations in labour supply and demand, it can also help with the creation of major and highly-effective expertise and manufacturing clusters within the European Union.

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