

EU Enlargement: Bulgaria and Romania – migration implications for the UK

an ippr FactFile

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Glossary

EU9 – The European Community in 1980 (France, Belgium, Germany, Italy, Netherlands, Luxemburg, UK, Denmark and Ireland)

EU15 – The European Union in 2003 (EU9 plus Spain, Portugal, Greece, Sweden, Finland and Austria)

EU25 – The European Union in 2004 (EU15 plus the A10)

EU27 – The European Union after Bulgarian and Romanian accession

A10 – The ten countries that joined the EU in May 2004 (Poland, Czech Republic, Hungary, Latvia, Lithuania, Estonia, Malta, Cyprus, Slovakia and Slovenia)

A8 – The eight Central and Eastern European countries of the A10 (Poland, Czech Republic, Hungary, Latvia, Lithuania, Estonia, Slovakia and Slovenia)

A2 – Bulgaria and Romania, who are due to join the EU in either 2007 or 2008

1. Introduction

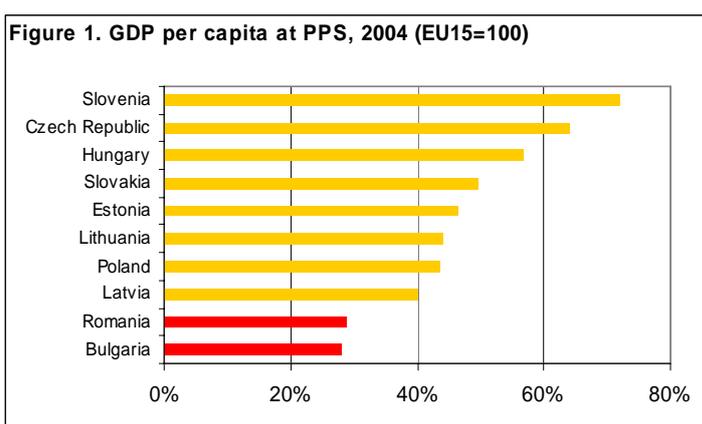
The accession of Bulgaria and Romania will increase the European Union's membership to 27 states and will complete the fifth and largest enlargement of the EU since France, West Germany, Italy, Luxembourg, the Netherlands and Belgium came together to form the European Coal and Steel Community in 1952.

Following the declaration of the European Council in Copenhagen (1993), which allowed central and eastern European states to apply for EU membership, Bulgaria and Romania applied in 1995.¹ They formed part of a group of 12 European states with whom the Council started its negotiations and assessments in 1999. Unlike the other states – which formed the A10 – however, it was decided that Bulgaria and Romania would fail to meet the political and socio-economic joining criteria, the so-called 'Copenhagen Criteria'² in time for 2004 accession.

Copenhagen criteria

- Democracy, the rule of law, human rights and respect for minorities.
- A functioning market economy and the capacity to cope with competitive pressures of the internal European market.
- The ability to take on the obligations of membership (in other words, to apply effectively the EU's rules and policies).

Since then, Bulgaria and Romania have been making progress towards fulfilling the membership criteria. Although Figure 1 shows that their GDP per capita is still far lower than the A8 countries', it has been increasing and other economic indicators are more positive still. Bulgarian unemployment rates have been falling at a faster rate than the A8 countries (from 18.1 per cent in 2002 to 9.8 per cent in 2005 compared to for example, a drop from 19.9 to 17.7 per cent in Poland during the same period (Eurostat 2005)) Figure 2 demonstrates that at 7.7 per cent, Romanian unemployment is lower than in most A8 countries, and indeed the EU-15 average (7.9 per cent), despite recent increases.³

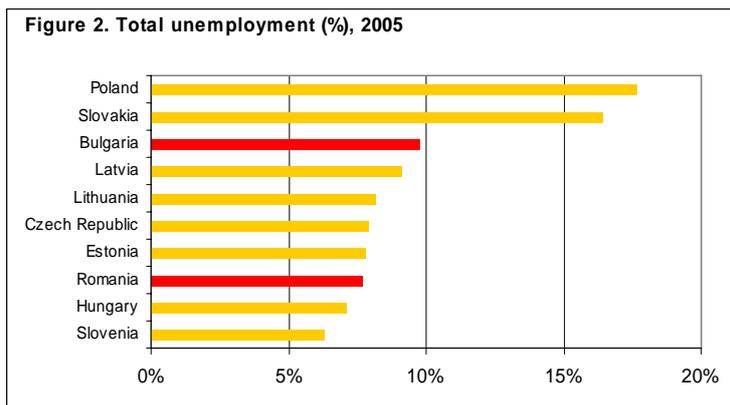


Note: PPS = Purchasing Power Standard

¹ Bulgaria and Romania formed part of the Helsinki group of applicants, which also included Latvia, Lithuania, Slovakia and Malta.

² European Union's enlargement website: www.europa.eu.int/comm/enlargement/index_en.htm

³ http://epp.eurostat.ec.eu.int/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=en&product=STRIND_EMPLOI&root=STRIND_EMPLOI/emploi/em071



Sources: European Commission (2005a) and Eurostat (2005)

The Commission has monitored these economic improvements along with the social and political situation of the two countries through regular reports (European Commission 2005b). In April 2005 the Treaty of Accession with Bulgaria and Romania was signed in Luxembourg. It is likely that membership will be granted on 1 January 2007, though this is still subject to the two countries addressing remaining weaknesses. On the basis of the forthcoming monitoring report to be published in May 2006, accession could be postponed until 1 January 2008, which is within the terms of the Treaty of Accession.

The inclusion of Bulgaria and Romania into the EU presents potential benefits for both acceding and existing member states:

- Through Bulgaria and Romania's adoption of EU policies on protection of the environment, and addressing issues of organised crime, drugs and irregular immigration, enlargement will spread peace, stability and prosperity to an additional 30 million people in eastern Europe.
- Increased membership will lend the EU greater prominence in world affairs.
- Subsequent migration flows will promote enriched cultural diversity in both acceding and existing member states.
- For existing member states, access to an additional labour and foreign investment market will fuel economic growth. For Bulgaria and Romania, increased foreign investment has, even before accession, promoted economic growth and efficiency and it is predicted that this will continue at a rate of five to six per cent (compared to one to two per cent within the EU) (European Commission 2005b).
- Bulgarians and Romanians can access the labour markets of other countries to improve their own economies, either through the sending of remittances, or through the increased productivity rates, business skills or technical abilities of returning migrants.⁴ Indeed, economic growth in new member states might dampen potential for emigration and incentivise current migrants to return.

As with previous enlargements, existing member states can set out terms within which Bulgarian and Romanian workers can access their own labour markets for a transitional period of two years, extending to seven years in special cases. Once the Commission has finalised the accession date, existing member states will announce whether or not they will impose any limitations on the free movement of workers from acceding countries.

⁴ León-Ledesma and Piracha (2001). The report suggests that remittances have a crucial role to play in the development of east European economies, especially in places such as Bulgaria and Romania where there are high income and wage disparities.

The UK ratified the Treaty of Accession in April 2006⁵ with the adoption of the European Union (Accessions) Act. If the Commission gives the go-ahead for January 2007 accession, the UK Government will decide on its approach on labour market access over summer 2006, with an announcement likely in the autumn. The Act allows the Government to regulate the free movement of Bulgarian and Romanian workers (including a possible fee requirement), provided Parliamentary approval is received.

This FactFile aims to provide an independent analysis of the likely impact of Bulgarian and Romanian accession to the EU, paying particular attention to past enlargement experiences and examining the drivers for migration this time round.

⁵ www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029391629&a=KArticle&aid=1144248838297

2. European enlargement and migration to the UK

As EU membership has increased, so too has the number of European citizens who enjoy the package of liberties that it offers. Given that one of the fundamental entitlements is the freedom to move, live and work in another member state, it is no surprise that EU migration to the UK has increased, bringing significant and often unforeseen benefits to the British economy.

What are the rights of migrants moving within the existing EU?

Free movement of people and workers

All EU15 nationals can enter other member states without a visa for a period of up to six months on production of valid identification. EU15 nationals can reside in another member state for more than six months if they meet one of the following criteria:

- are employed or self-employed
- have sufficient resources and health insurance to ensure that they do not seek state or social benefits
- are a student
- are a family member (including non-EU citizen spouses) of an EU citizen who falls into one of the above categories.

EU15 nationals can apply for permanent residence in another member state after a four year period of legal residence, and can only be expelled from a host member state on economic grounds, and not for reasons of public policy, security or health (ippr 2004).

Since the 2004 round of EU enlargement, accession nationals have the same rights of free movement between countries as EU15 nationals. However, during the transitional period of seven years, EU15 states have been applying limitations to A8 nationals on access to their labour markets, ranging from no restrictions (UK, Ireland and Sweden), to quota systems (for example, Italy and Portugal), to traditional work permit systems (Germany and Austria). Although no accession state placed labour market restrictions on other accession nationals, Poland, Slovenia and Hungary applied reciprocal arrangements with the EU15. After two years, states can choose to maintain restrictions for a further three years (or a further five years in exceptional circumstances).

Welfare entitlements

Members of both new and old member states are all subject to the same stringent requirements when it comes to accessing entitlements from the UK Government, although the level of provision does vary between visitor and migrant worker.

Any EU25 member national who has been in the UK for some time (usually as a worker) and wishes to claim benefits from the UK Government will be subject to the 'habitual residence' test (see ippr 2004). In addition, workers from A8 states must pass a 'right to reside' test. Until they have been in continuous employment (with breaks of fewer than 30 days), A8 workers are only legally entitled to reside in the UK if they are in employment and registered with the Worker Registration Scheme (WRS), they are self-employed and/or have sufficient funds not to seek state benefits. Therefore A8 migrants can claim income-related benefits after having been in continuous employment for one year, although they do have access to child benefits and tax credits throughout.

How many EU nationals currently live and work in the UK?

Due to freedom of movement, little data is collected on either the number of EU15 members who reside in the UK, or their economic contribution. However, evidence does show that despite the scale of migration being smaller than the flows of capital, trade and services, a significant number of EU15 nationals either settle in the UK or bring their skills and knowledge to the labour market for a temporary but significant period of time.

- 2001 Census data shows that 723,274 UK residents (or 1.2 per cent of the total population) were born outside the UK and the Republic of Ireland but within the EU15. This is an increase from around half a million in 1991. Approximately half of these people live in London and the south east, with other clusters around Brighton, Reading, Edinburgh, Oxford and Cambridge (Kyambi 2005).
- Nearly two thirds of all visitors (visiting for holidays, business, to see friends and relatives and for other miscellaneous reasons) to the UK are from the EU25 (ONS 2005).⁶

What have been the migration flow predictions of previous enlargements?

Previous enlargements have provoked fears among existing EU member states that free movement of workers would lead to uncontrolled migration flows and disruption of domestic labour markets. While such mass migration did not materialise, there is value in looking back at the particular circumstances surrounding these accessions to understand the reasons behind the unrealised estimations.

The southern enlargement (1980s)

In 1981, when Greece joined the European Community (EC), and when Spain and Portugal joined five years later, EC members posed restrictions on their labour markets to address widespread concerns. However the magnitude of emigration from the accession countries was and remained minimal, even after the restrictions were lifted in 1987 and 1991 respectively (Traser 2005).

During the decade following the end of the Greek transition period in 1987 just 102,000 Greek nationals went to live in the other eleven EU countries that joined before 1995. An average of 7,700 Portuguese migrants per year entered other EU countries after its accession, and Spanish emigration actually decreased during its transition period (Dustmann *et al* 2003).

This propensity to ‘stay put’ has been determined more by the specific circumstances surrounding free movement of workers rather than the policy of restriction itself (Goedings 1999). The 1960s economic boom created a huge labour demand in the industrialised countries of northern Europe, which their governments met by actively seeking large scale migration through unrestrictive bilateral agreements. Migrants from Spain, Greece and Portugal migrated to the EC to work during this period and established networks and communities. Later therefore, when the restrictions implemented during the economically shaky 1980s were lifted, the **EU did not experience a mass influx of southern Europeans because migration from these areas**

⁶ In 2004, total visits from non-UK residents were 27.8 million, and 17.7 million were from EU25 states.

had already taken place and even peaked. Where migration did continue, it was mainly by self-employed workers and facilitated by established networks of personal contacts and employment facilitators. Furthermore, the effect of the economic boom on the southern European nations **decreased the wage and unemployment rate differences** between them, thus reducing the incentives to migrate north.

The central and eastern enlargement (2004)

Despite little previous evidence of post-enlargement migration, there was widespread concern about the migration impacts of the extension of EU membership to an unprecedented ten new states at once. Fears of a mass exodus of accession nationals into the labour markets of existing EU members, leading to competition for jobs, deflating wages and disrupting social cohesion, were whipped up and intensified by sometimes vitriolic press coverage.

The fledgling free market economic situation of eight of the accession states (the A8 nations) provoked much research to predict the potential impact that the opening up of the EU labour market to these countries would have in May 2004.

The UK Government's sponsored study predicted net inflows of A8 migrants of between 5,000 and 13,000 annually up until 2010 (Dustmann *et al* 2003). The update to the European Commission's 2000 report estimated slightly larger net inflows to the UK peaking at 17,000 two years after free movement of workers is permitted, before slowing down. The report also concluded that stocks of migrants in the UK would rise from just under 60,000 in 2004, reaching just under 180,000 in 2030 (Alvarez-Plata *et al* 2003).

The above estimations assumed large numbers heading for Germany (the traditional destination of economic migration for A8 nationals), but both studies argued that even if Germany did place restrictions on entry, any diversion to the UK would be small. The temporary nature of A8 migration (as suggested by an earlier International Organisation of Migration survey (IOM 1998)) would encourage most potential migrants to wait until restrictions were lifted.

This time, the level of migration was far in excess of research estimations, which has maintained the controversy and media interest around the issue. Around 20 times more A8 nationals have registered to work in the UK than the Government's predicted *net* inflows, which can be explained by the following:

- **The forecasted figures above did not take into account the unforeseen restrictions imposed by four fifths of EU members.**
- Even without the widespread restrictions, the predictions underestimated the 'diversion' effect that Germany's imposition of labour market restrictions would have. Post-accession, A8 migration to Germany reached its lowest level since 1991 (Traser 2005).
- **The headline predictions were based on permanent, rather than temporary migration flows.** Between May 2004 and September 2005, the *inflow* of A8 migrant workers was 281,000 (WRS registrations approved) whereas the Labour Force Survey (LFS) indicates that over a similar time period the *stock* of A8 adult nationals had increased by 120,000 (Gilpin *et al* 2006). This shows that the majority of A8 nationals came to the UK for a short period of time before returning to eastern Europe.
- **Around 30-40 per cent of those who registered were working in the UK prior to**

accession, rather than entering as 'new' migrants.⁷ A proportion of these would have been working legally or resident as students, but many would have been irregular.⁸

- A particularly **buoyant economy, low unemployment rates and high labour demand produced a particularly strong pull factor to the UK.**

The discrepancy is probably higher still: actual numbers from both WRS and Labour Force Survey (LFS) data are likely to be underestimates. Not all workers have registered with the Home Office's WRS (either due to non-compliance or because their self-employed status does not require them to) and it is unlikely that LFS data will include temporary migrants.

It is evident that the task of predicting migration flows is extremely challenging, due to the complex set of migration drivers. This is made more difficult by a lack of historical migration flows from A8 to EU15 countries and the effect of the widespread and unforeseen uptake of transitional labour market arrangements by existing EU member states.

What has been the scale and impact of A8 migration to the UK since May 2004?

In order to calm public worries over anticipated migration from A8 countries in the approach to May 2004, the UK Government inserted a last minute clause into the European Union (Accessions) Act 2003 that allowed free movement of workers provided accession nationals had registered with the Worker Registration Scheme (WRS). A £50 fee (which has since increased) was applied to the initial registration. **The scheme has proved crucial in providing insightful information about the volume of A8 labour migrants, the sectors they work in and the jobs they do.**

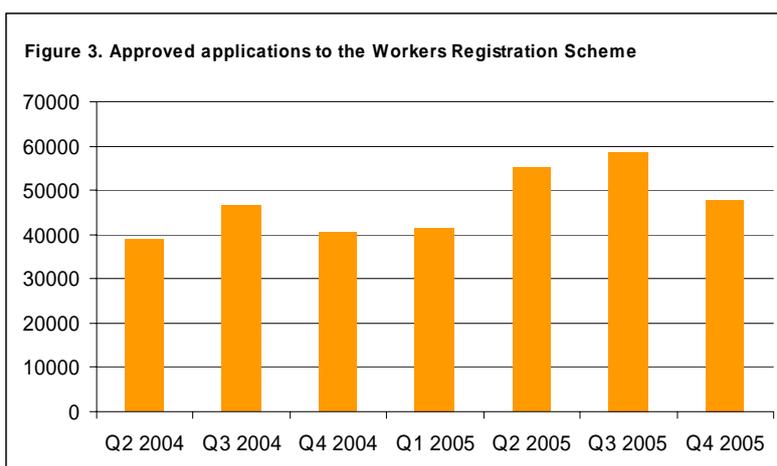
The Government's latest Accession Monitoring Report shows that up to the end of 2005, 345,410 applicants applied to the scheme (excluding re-registrations), of which 95 per cent were approved (Home Office *et al* 2006).

Importantly, the number of A8 nationals was only 0.4 per cent of the total British working population in 2005 (compared to 1.7 per cent from EU15 countries). Proportionally, this is smaller than in Ireland, where free movement of workers has resulted in a number that is five times higher, and Austria (1.4 per cent) and Germany (0.7 per cent) where in both cases free movement is not permitted.

Restrictive policies, therefore, do not automatically curb labour migration flows (European Commission 2006). **Applying restrictive labour policies to people who can move freely within the EU has only delayed east European migration flows, or encouraged them to become irregular migrants, increasing the possibility of potential exploitation and human trafficking.**

⁷ Between 1 May and 31 December 2004, the Accession Monitoring Report (Home Office *et al* 2005a) shows that 24 per cent stated they had been in the UK prior to accession, and 16 per cent did not state their time of arrival (37 per cent in total). By June 2005, these figures had fallen to 15 per cent and 16 per cent respectively (31 per cent in total) (Home Office *et al* 2005b).

⁸ The ippr's FactFile on Irregular Migration in the UK defines irregular migrants as people who are liable to be deported for issues relating to immigration status (ippr 2006)



Source: Home Office *et al* (2006)

Figure 3 suggests that a slight seasonal increase occurs annually over the summer. Data from the International Passenger Survey supports a **cyclical pattern** of A8 migration: between September and November 2005, 89 per cent of A8 visits were planned for less than three months (ONS 2006).

In contrast to the existing eastern European communities in the UK, the majority of WRS applicants are **young**, with 83 per cent aged between 18 and 34 (Home Office 2006). These post-2004 accession working age migrants have boosted the employment rate of total A8 migrants from 57 per cent in 2003 to 80 per cent in 2005, taking it above the non-migrant average (Gilpin *et al* 2006).

Data on employment type demonstrates that **accession workers are filling service sector jobs**, for example, in the transport sector as bus and lorry drivers and in the health service as dentists and care workers. Many A8 nationals also work in low skilled sectors such as manufacturing, and hotel and catering industries (30 per cent of all accession workers in each) agriculture, construction, and food processing, in jobs such as factory worker, packer, labourer and crop harvester (shown in Table 1).

Table 1. Registrations to the Workers Registration Scheme by occupation of interest

Occupation of interest	Registered workers July 2004 – December 2005	Percentage of total registered workers
Process operative (other factory worker)	70,555	21.4
Packer	18,765	5.7
Kitchen and catering assistant	18,255	5.5
Cleaner/domestic staff	14,440	4.4
Farm worker	12,645	3.8
Food processing staff*	12,160	3.6
Care assistant and home carers	9,380	2.9
Labourer	7,305	2.2
Bus, lorry and van driver	6,695	2.0
Crop harvester	5,975	1.8
Dental practitioner (inc dental nurse and hygienist)	490	0.1

***Note:** Includes baker, butcher/meat cutter, fishmonger/filleter/gutter, food processing operative (meat and fruit and vegetables) and slaughterer

Source: Home Office *et al* (2006)

There is evidence that many A8 migrants are underemployed in these low-skilled sectors. A higher proportion of EU10 migrants than the EU15 national averages have medium-level qualifications and there are similar proportions of highly qualified people (European Commission 2006). **This 'brain waste' may have costly implications for the receiving countries: they may miss out on the additional skills of these migrants and could run the risk that future migrants may not be prepared to fill low-skilled positions.**

In the run-up to accession the press was often negative but it has since recognised that unrestricted access to the labour market by A8 countries has benefited the UK by providing essential services in hard-to-fill sectors. Scaremongering over the 'Polish plumber' in early 2004 has now given way to stories welcoming those coming from A8 countries to practice their trade, especially given the 30,000 skill-shortage vacancies in the skilled trade sector (Learning and Skills Council 2005).

Some sections of the press has also caused concern prior to accession by heralding the arrival of east European 'benefit tourists'. This allegation has not been fulfilled, with figures demonstrating that less than one per cent have applied for income-related benefits and of those only six per cent have been allowed to proceed for further consideration.⁹ Overall only six per cent of registered workers have dependants, further suggesting that the pressure A8 nationals place on the public purse is limited (Home Office *et al* 2006).

Instead, it has been widely recognised that A8 migrants have made a positive fiscal contribution to the UK economy.

- During the first eight months of accession, A8 nationals provided an estimated £240 million in economic contribution (Home Office 2005c).
- Many of the 30 to 40 per cent of A8 nationals that would have been working in an irregular manner have **legalised their status through registration and are now paying tax and National Insurance contributions.**
- Tax contributions received as a result of EU enlargement partly explain the growing gap between the share of government revenue from all migrants in the UK (10 per cent) and the proportion of the population made up by migrants (9.6 per cent) and government expenditure on them (9.1 per cent). That the situation is reversed for the UK born population further dispels the myth that migration is a drain on the public purse (Sriskandarajah *et al* 2005a).
- The Ernst and Young ITEM Club¹⁰ has found that immigration from EU accession countries to the UK appears to have eased bottlenecks in the labour market, increased the flexibility of the labour force and eased inflationary pressure points on the economy (Ernst and Young ITEM Club 2006).
- Even low-paid migrants (around 80 per cent of A8 nationals are paid the minimum wage (Home Office *et al* 2006)), make significant contributions as they tend to work longer hours.
- Migration of A8 nationals into agricultural and fishing has increased output and employee numbers in these sectors (Portes and French 2005).

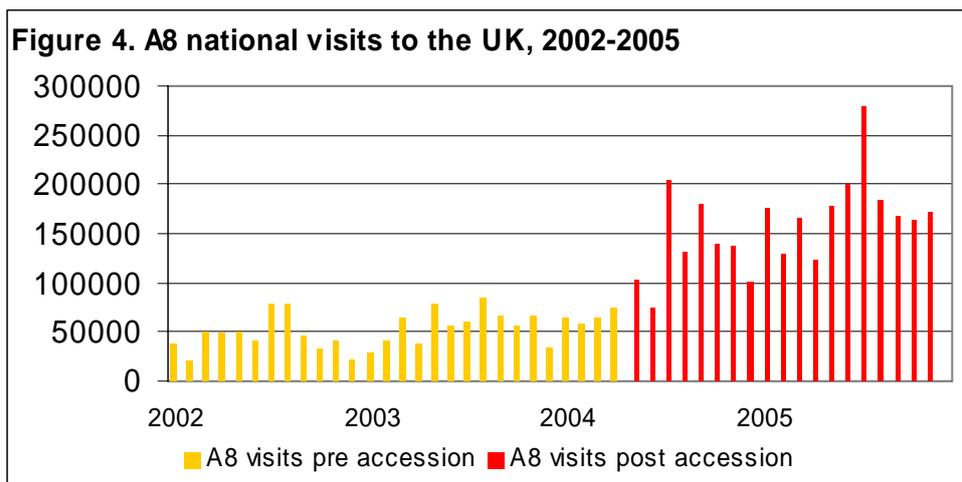
There have been accusations that increased cheap labour from A8 countries could

⁹ There were 3,270 applications for Income Support and Job Seeker's Allowance out of 329,090 approved registrations to the WRS between May 2004 and December 2005 and only 195 were given further consideration.

¹⁰ The Ernst and Young ITEM Club is the only economic forecasting group to use the HM Treasury model of the UK economy and its forecasts are independent of any political, economic or business bias.

undercut native labour and compete with the local unemployed for low-skilled work. There has been a rise in those claiming unemployment benefits of 90,000 in 2005 and non-migrants have been slightly more affected by the slowdown in gaining employment having been both in work and out of work. However, there is little statistical evidence to suggest that migration is responsible for this growth in unemployment. Suggestions that employers are bypassing JobCentre Plus¹¹ for recruitment and that wages have been depressed are not backed up by figures. With the unemployment rate in the UK close to its lowest level since 1975 (and Ireland's, where free movement is also allowed, being one of the lowest in Europe), any localised negative effects on the labour market have been too small to influence the overall positive economic impact of accession (Gilpin *et al* 2006). Employers state that a strong 'work ethic' is the chief reason for recruiting migrant workers, rather than mentioning low cost (Dench *et al* 2006). Finally, since economic migration is largely temporary and demand led, any potential downturn in the economy and reduction in employment prospects in the UK should encourage migrants to return home.

A8 migration has also contributed to tourism in the UK. As Figure 4 indicates, visits to the UK have increased dramatically since May 2004. While many accession nationals have come to work in the British economy, 52 per cent visit for leisure purposes and these additional numbers are likely to have a positive impact on the British tourism sector (ONS 2006).

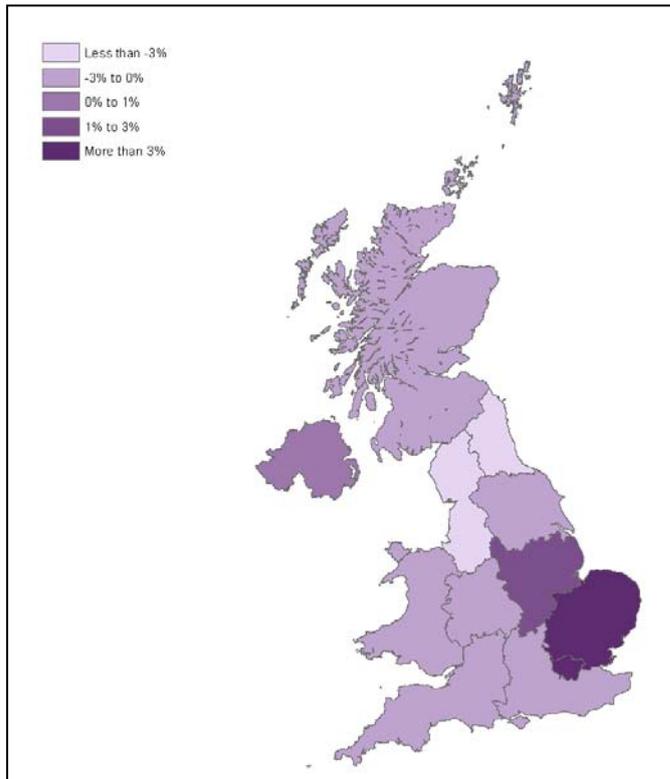


Source: ONS (2006)

Furthermore, accession migration is aiding regional development. The proportion of A8 migrant workers registered in London fell from 26 per cent in the second quarter of 2004 to 11 per cent in the last quarter of 2005. **More recently, the highest proportions of A8 migrants have been registering to work in areas where migration or pre-existing migrant communities are not prevalent.** Figure 5 shows that as well as London and the south east, areas including the east of England, the East Midlands and Northern Ireland have a higher share of A8 migrants than UK-born working-class population.

¹¹ JobCentre Plus is a Government Agency that helps those on welfare to find work, and helps employers fill their vacancies.

Figure 5. Difference between the proportions of A8 and UK-born working-age population in the UK



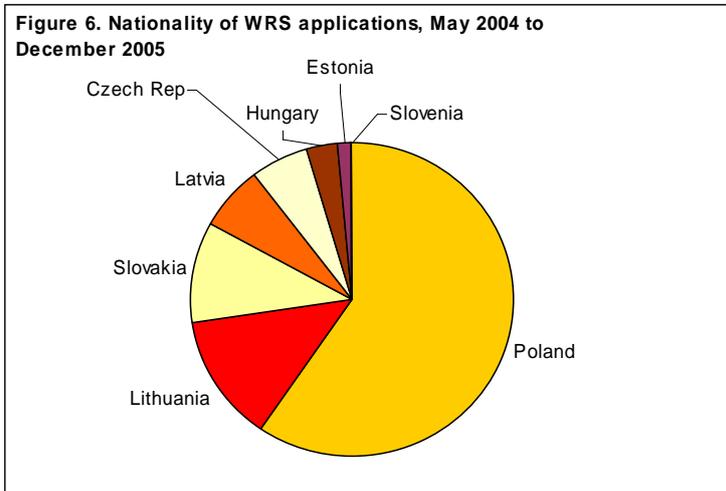
Sources: WRS registration May 2004-December 2005 (DWP unpublished) and Census, 2001

Within the regions, a high number of those living in Northern Ireland, west Wales and East Yorkshire work in manufacturing, whereas in Kent, the Welsh borders, the Grampians, East Anglia and the south west many work in agriculture (Gilpin *et al* 2006). London and the south east have higher shares of accession workers employed in banking and finance, delivery of goods, hotels and restaurants, and public services than their total share of all A8 migrants (for example around 20 per cent of all A8 workers are employed in London, which rises to 32 per cent when you only take into account A8 workers in the delivery, hotel and restaurant sector). A higher than average proportion of those working in transport and communication are employed in the West Midlands, and construction is favoured by accession workers in Scotland (DWP unpublished).

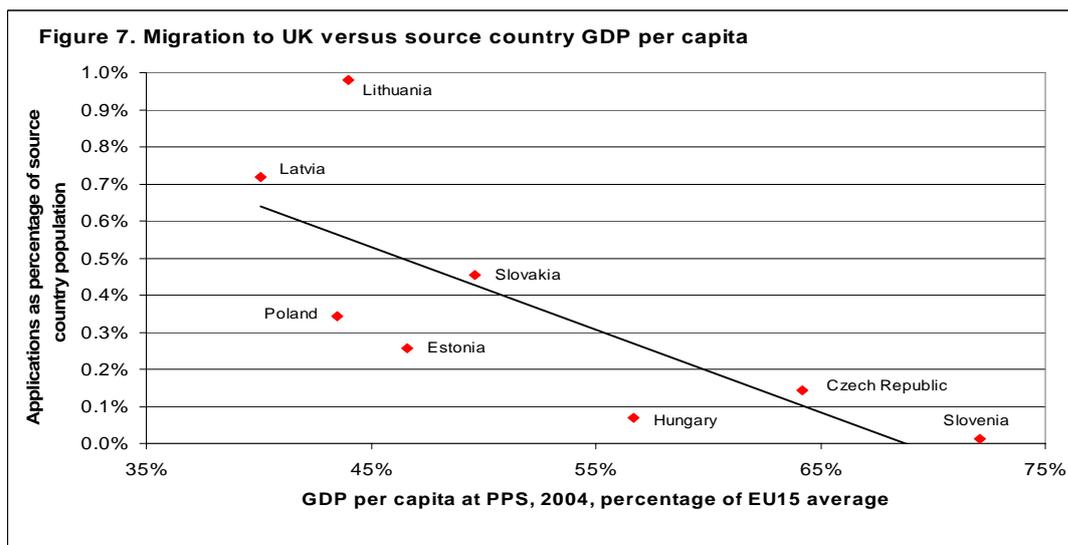
The young age and high education level of many of the migrants has prompted fears of a 'youth drain' in accession states. However, what is more likely is that **this highly flexible and dynamic workforce are willing to fill essential vacancies in the UK on a short-term basis only, before returning with the financial and knowledge capital to fund study or enterprise at home.**

Indeed, there is a clear correlation between the economic situation of the sending country and the propensity to migrate. Figure 7 demonstrates that in countries that are economically weak and have a low GDP, for example Poland, the proportion of the population that has migrated to the UK is much higher than from countries that are economically stronger, such as Slovenia. Along with a strong existing migrant community in the UK of around 61,000 and a large native Polish population of 39 million, this explains why a high proportion (59 per cent) of WRS registrations were

from Polish nationals, compared to 0.5 per cent from Slovenians, as seen in Figure 6 (Home Office 2006). It is likely that **as the economies of central and eastern Europe improve through EU membership, remittances sent by current migrants and the technological knowledge and skills of return migrants, greater employment prospects at home will reduce the incentives for migration.**



Source: Home Office *et al* (2006)



Source: Sriskandarajah *et al* (2005b)

Clearly the Workers Registration Scheme has been extremely useful in collecting data on the numbers, types of employment, age, gender and geographical distributions of A8 workers. However, some have argued that the data captured is inaccurate, that the WRS is costly and inconvenient both to the employee and employer, and that non-compliance would result in negligible enforcement action (Association of Labour Providers 2005). Either way, the scheme is a transitional and therefore temporary one, and will be reconsidered by the Government in due course.

3. Bulgaria and Romania

As is clear from past accessions and from other research on migration, there is no single factor in influencing the decision to migrate. Instead, an intricate series of 'push and pull' factors come into play, each shaped by the specific economic, political, geographical, and cultural circumstances of the countries involved. In order to assess the likely impact of the next round of accession on the UK, it is to these circumstances that the paper now turns.

What restrictions does the UK currently place on Bulgarians and Romanians?

Although Bulgarians and Romanians can travel visa-free within the Schengen space¹², they are required to hold a visa to permit travel to the UK, unlike accession nationals prior to May 2004. Currently, the UK allows nationals of the two countries to enter the UK with a visa for work (via a number of employment and business schemes), or as a student, spouse, partner or family member.

What is the current picture of Bulgarians and Romanians living in the UK?

Residents and their socio-economic characteristics

Using information about the number of working visas granted, together with data from the 2001 census, and the Labour Force Survey (LFS)¹³, an overall picture can be created of Bulgarians and Romanians living in the UK.

The 2001 census indicates that there were around 7,500 Romanian-born people living in the UK and the figure has undoubtedly grown since: the LFS shows that 41 per cent of Romanian-born people in the UK arrived between 2000 and 2004. The increase in Bulgarians, however, has been more gradual over the past half century. There were around 5,350 Bulgarians in the UK in 2001, but the visa figures show that this is likely to be greater now.¹⁴ These figures are in stark contrast to the more than 60,000 residents born in Poland (a similar country in economic terms), 45 per cent of whom arrived in Britain during and soon after the Second World War.

The increases are likely to be due to the end of Communism in 1989 and the subsequent relaxation of emigration policies, and have coincided with the creation of a wide variety of Bulgarian and Romanian societies and organisations in the UK.¹⁵

More than half of all Bulgarian-born live in and around London compared to around 44 per cent of Romanian- and Polish-born, who are more evenly distributed across the UK. Bulgarian-born are more likely to live in the outskirts of London than within the capital,

¹² The Schengen space is a group of 26 European countries (all EU members excluding the UK and Ireland but including Iceland, Norway and Switzerland) who signed up to the 1985 Schengen Agreement, which allows for common immigration policies and a border system. Border posts and checks have been removed between Schengen countries and a common 'Schengen visa' allows access to the area.

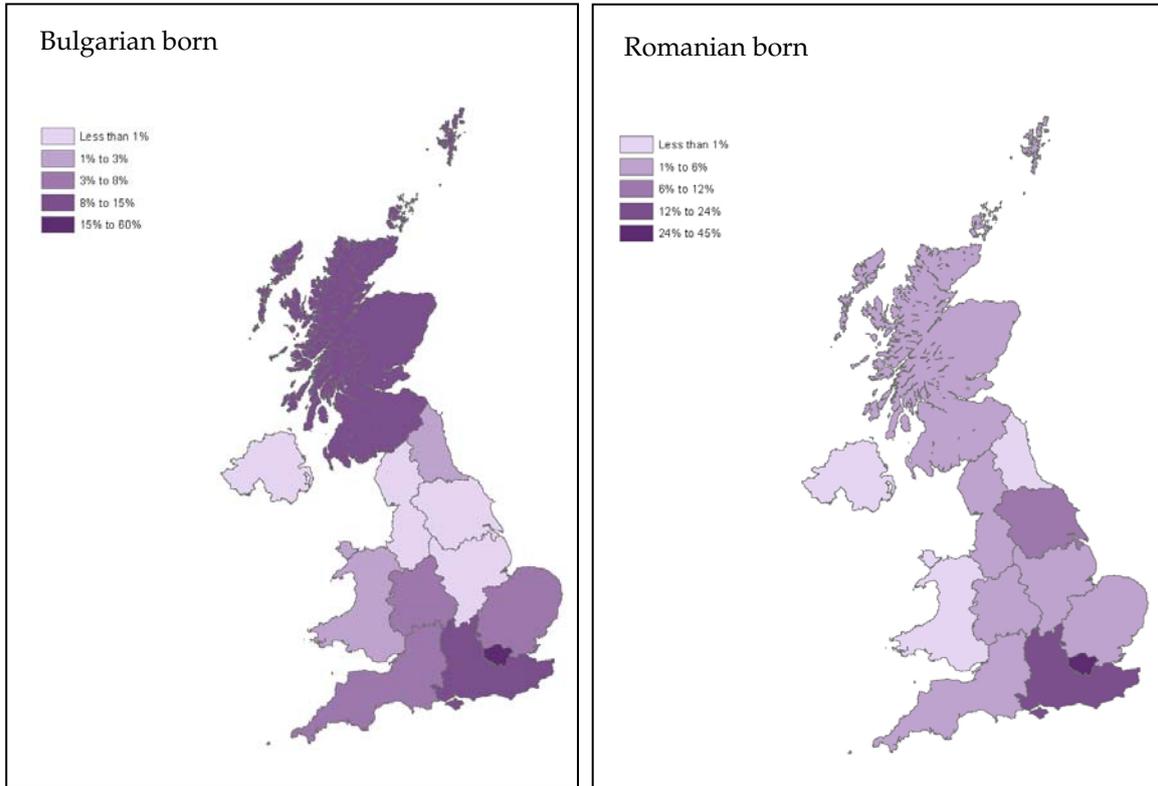
¹³ In order to create sample sizes large enough for robust analysis, LFS quarter one datasets were appended for the years 2000 to 2005. Sample size varied according to the variable but largest counts saw 91 Bulgarian born and 111 Romanian born. 2005 data was excluded in the analysis of Polish-born residents in order to capture the situation before EU enlargement. 2005 data on highest qualification was not available.

¹⁴ OECD database on immigration and expatriates. Note it does not state whether this figure is counted by country of birth or nationality. www.oecd.org/dataoecd/18/23/34792376.xls

¹⁵ A list of Romanian organisations can be found at www.ratiufamilyfoundation.com/RCC/guide/html and a Bulgarian diaspora website at www.bulgarianlondon.com.

whereas the reverse is true for the latter cohorts. Figures 8 and 9 show that as well as in the south east, significant proportions of Bulgarian-born can be found in Scotland, and Romanian-born in Yorkshire and the north west, with additional clusters of the latter around Cambridge, Oxford and Nottingham (Kyambi 2005).

Figures 8 and 9. Proportions of Bulgarian- and Romanian-born by Government region, 2000-2005

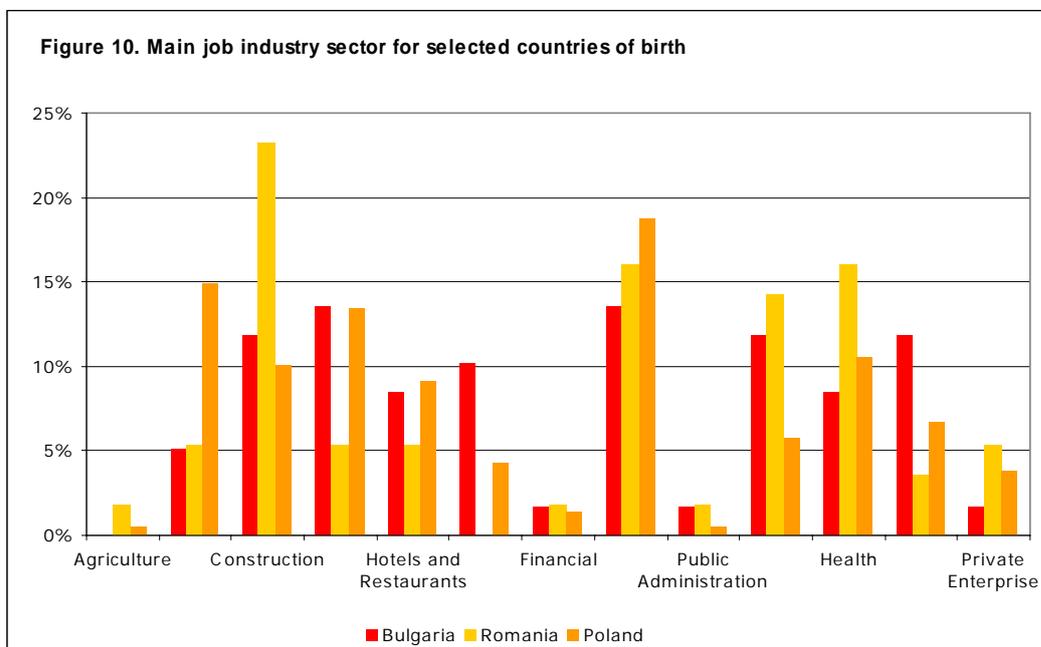


Source: derived from LFS 2000-2005, ippr calculations

- **Age:** In contrast to Polish-born (at least half of whom are of pensionable age), Bulgarian-born tend to be younger, with the vast majority aged between 25 and 44. Forty per cent of Romanian-born also fall into this age group, with the remainder being spread quite evenly across the age spectrum.
- **Children:** Where migrants are older, the number of dependent children per household appears to diminish; 76 per cent of Polish-born have no dependent children compared to 58 per cent of Romanian-born. Forty-seven per cent of Bulgarian-born, however, have one or two dependent children, the highest proportion.
- **Economic activity:** The younger Bulgarian-born have higher employment rates than inactivity rates (65 and 21 per cent respectively) whereas the opposite is true for the older Polish-born. Romanian-born also have higher employment than inactivity rates but the difference between the two is not as large as for Bulgaria. All three groups have unemployment rates of less than three per cent.
- **Length of time with employer:** As the group with the highest proportion of recent arrivals in the UK, it is unsurprising that half of the Romanian-born have

been with their current employer for under two years, whereas the same proportion of Bulgarian-born have continued in the same job for two to 10 years. Polish-born are more likely to have remained with their employer for longer periods of time.

- **Working routine:** When in employment, a higher proportion of Romanian-born (84 per cent) work full-time compared to Bulgarian-born (77 per cent) and Polish-born (72 per cent). However, the latter two groups are more likely to take up overtime (around 24 per cent of those in employment). Overall, Romanian-born are proportionally more highly represented at the top end of the working hours spectrum, with just under half working more than 40 hours per week compared to just over a third of Polish-born. Around 40 per cent of Bulgarian-born work fewer than 35 hours a week, perhaps due to a larger proportion having dependent children.
- **Education:** Around 18 per cent of all groups have 'higher qualifications'. Only two per cent of Bulgarian-born have no qualifications compared to around 13 per cent of Romanian- and Polish-born.
- **Industry sector:** Bulgarian-born are slightly more evenly distributed across sectors than Romanian-born. The latter are most likely to be employed in construction (23 per cent), followed by education, health, and real estate and property (15 per cent each). Between 10 and 14 per cent of Bulgarian-born work in each of the following sectors: real estate and property, wholesale and retail, education, construction and transport. Most Polish workers are found in real estate and property, followed by manufacturing, construction and health.



Source: Derived from LFS 2000-2005, ippr calculations

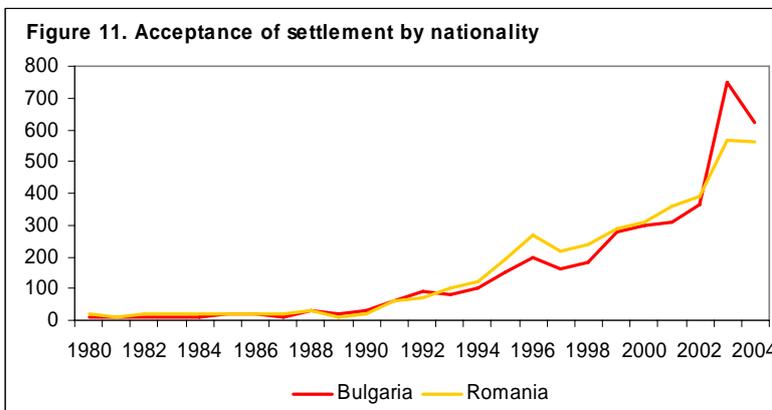
Bulgarians and Romanians have a relatively small but socio-economically diverse population living in the UK. Bulgarian-born appear to be younger, more economically active, flexible in terms of the hours they work and mostly situated in and around London. Romanian-born are more evenly distributed across both the age spectrum

and the country and have strong community organisations. Compared to Bulgarian-born, they tend to work longer, full-time hours in just a few predominant industry sectors.

Unless otherwise stated, the data that support the charts and paragraphs below was made available by the Employment Taskforce, Immigration and Nationality Directorate at the Home Office (2005, unpublished).

Settlement

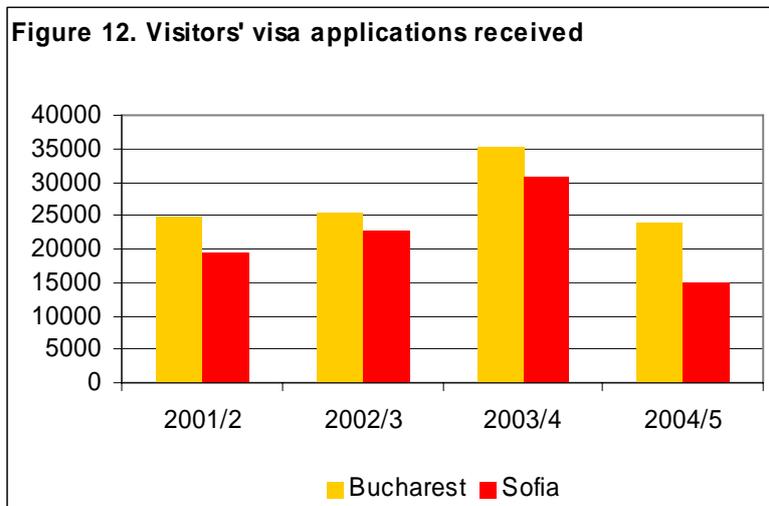
According to the LFS data on year of arrival, the numbers of Bulgarians and Romanians coming to settle in the UK remained low during the Communist era, before gradually increasing up until the last census (2001). Figure 11 shows Bulgarian settlements peaking at 750 in 2003 and Romanian grants reaching 560 a year later.



Source: Home Office (2005d)

Visitors

Around 25,000 visitor visa applications to the UK are received annually in Romania, with the exception of 2003/04 when applications rose by around 10,000. Figure 12 shows that visa requests also peaked in Bulgaria at just over 30,000 in 2003/04, before dropping by half to just under 15,000 the following year (UKvisas, 2002-2005).



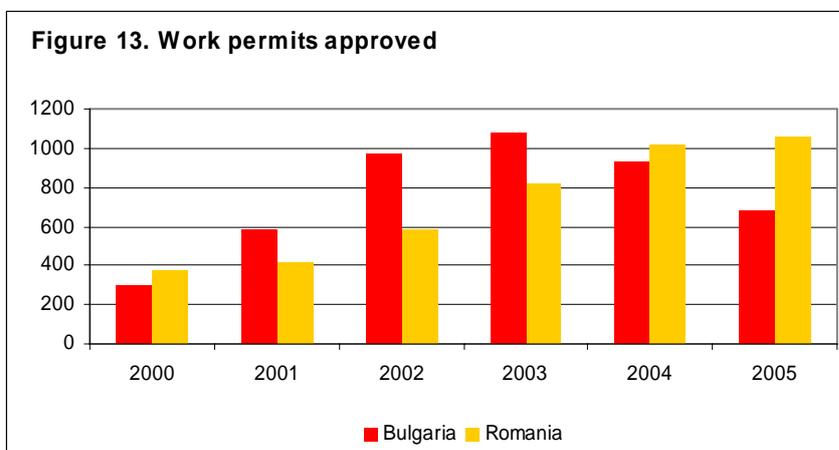
Source: UKvisas, Entry Clearance Facts and Figures, 2002-2005

Work

There are various work routes by which Bulgarians and Romanians can enter the UK. Recently Romanians have tended to be more present in the work permit category (and as students and au pairs), which generally requires a higher level of education or skill than other categories, whereas Bulgarians have increasingly been seen in the self-employed European Commission Association Agreement (ECAA) category or low-skilled Sector Based Scheme (see below).

Work permits scheme

As shown in Figure 13, the number of Bulgarians issued with work permits increased sharply during the first four years after the millennium, with similar annual numbers issued to pre-accession Polish nationals (around 1,000). The decline in the last two years coincides with the increased popularity of the low-skilled Sector Based Scheme. The increase in Romanian work permit holders has been more gradual, only reaching 1,059 in 2005.



Source: Home Office (2005, unpublished)

Medical professionals

According to the General Medical Council (GMC) there were 282 medical professionals with Romanian qualifications and 155 with Bulgarian qualifications registered in the UK as at 1 February 2005. As has been the case in the A8 countries, where the GMC has set up recruitment offices, there is the expectation that more health professionals will migrate to the UK from these countries following accession. A Society of Romanian Doctors is being created in anticipation of this.

Highly Skilled Migrants Programme (HSMP)¹⁶

HSMP applications approved to Bulgarians and Romanians have increased from less than ten each in 2002 when the scheme commenced, to 40 and 57 respectively in 2005. These numbers are smaller than approved applications from India (837 in 2003) or the US (848 in the same year) for example, but are comparable with countries including Poland, Australia and Colombia (Salt 2004).

Working Holiday Maker and Au Pair schemes

Typically the reserve of the young and tertiary educated, these schemes have a very low

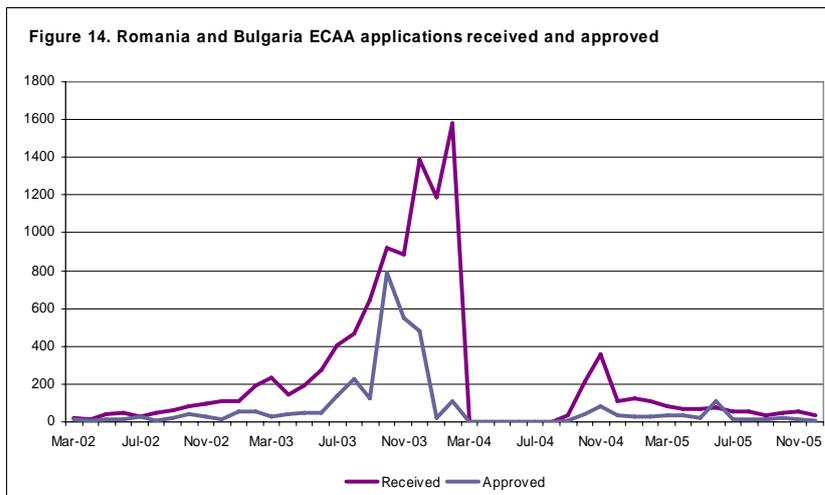
¹⁶ The HSMP allows highly skilled people to migrate to the UK to look for work or self-employment opportunities. The scheme does not require the applicant to have a specific job offer in the UK.

take-up rate among Bulgarian nationals, although there was a peak of 251 au pair visa applications received there in 2003/04. As for Bulgarians, a negligible number of Romanians enter the UK as working holiday makers. However, there has been a significant growth in the number of Romanians entering as au pairs. Starting from a baseline of zero in 2001/02, applications have jumped to 1,885 in 2004/05 (UKvisas, 2002-2005).

European Community Association Agreements (ECAA) (self-employed route)

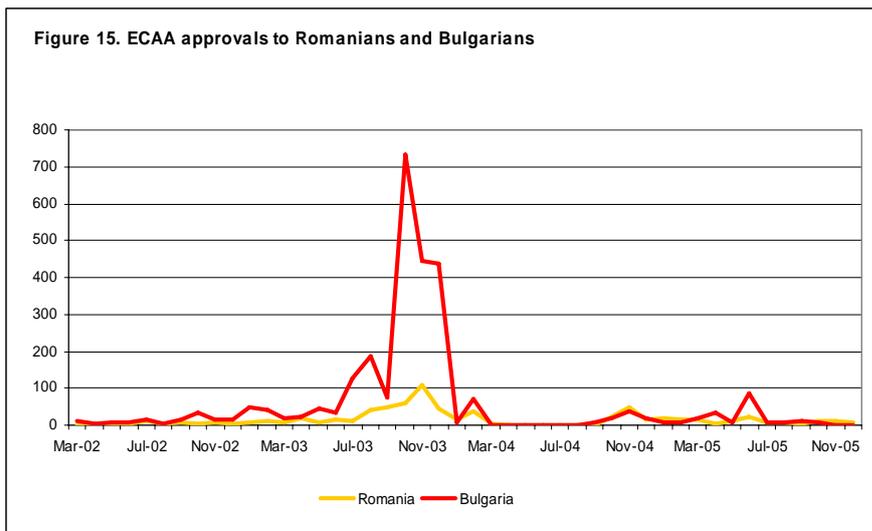
As for other Central and Eastern European countries prior to May 2004, Bulgarian and Romanian nationals can now apply to come to the UK as self-employed businessmen or -women, provided they do not seek benefits or any other employment.¹⁷ Initially for 12 months, the stay can be extended by three years and lead to settlement applications.

For the period March 2002 to March 2005, 2,422 ECAA pre-entry visas were granted to Bulgarians (78 per cent of decisions on Bulgarian applications) and 479 pre-entry visas to Romanians (74 per cent of decisions). Following concerns about their handling during the beginning of 2004, decisions on new applications were suspended, but all types (pre-entry and extensions) resumed in February 2005, as can be seen in Figures 14 and 15. Applications are now considered with increased scrutiny and since the scheme resumed, a large number (2,042) have been refused and around 5,000 are as yet undecided. **This suggests that there is a group of people who might wish to come to the UK to work as self-employed businessmen or to enter the UK labour market.**



Source: Home Office (2005, unpublished)

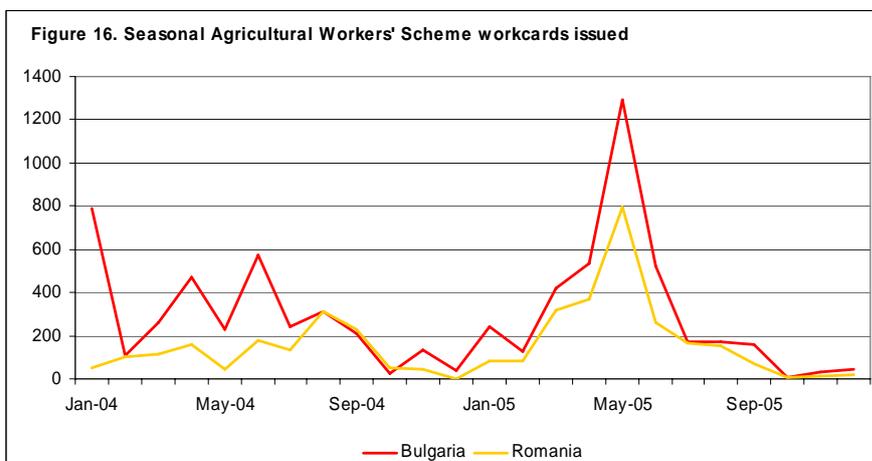
¹⁷ There is also an ECAA with Turkey that dates from 1963, applicable to Turkish nationals already in the UK.



Source: Home Office (2005, unpublished)

Seasonal Agricultural Workers (SAWS) scheme

Bulgarians are greater users of this scheme than Romanians, representing 12.5 per cent and 2.8 per cent of the total applicants respectively (Salt 2004). However, while the number of work cards issued to both nationalities has increased between 2004 and 2005 (and have become more clearly seasonal), Figure 16 indicates that Romanians on the scheme have increased by 65 per cent to 2,333 in 2005 whereas Bulgarians have only risen slightly to 3,700.



Source: Home Office (2005, unpublished)

Sector Based Scheme (SBS)

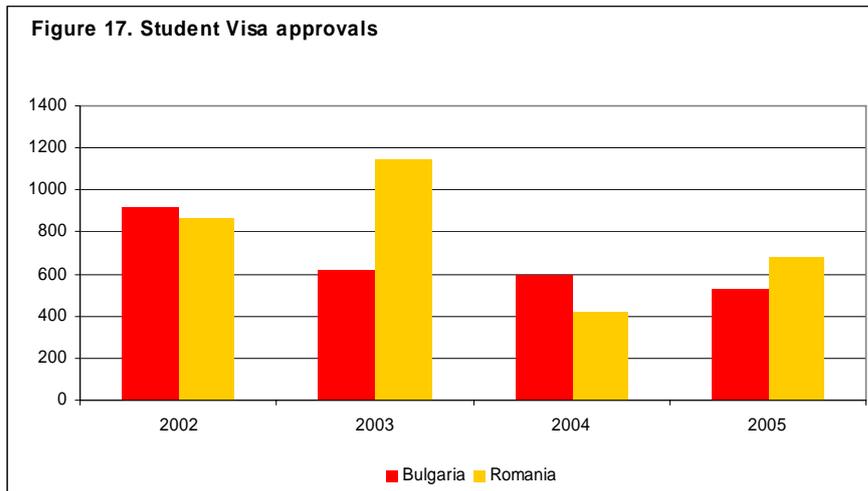
Bulgarians accepted onto the SBS nearly tripled from 521 in 2003 to around 1,300 in the following two years, which is similar to the Polish figure in the year prior to accession. Fewer Romanians were accepted on the scheme, but again the numbers increased from 269 in 2003 to 814 in 2005. Currently nationals from the two countries make up just under half of those on the scheme, which is due to be terminated at the end of this year due to the success of Workers Registration Scheme.

Irregular migrants

It is probable that like accession nationals, a relatively significant number of A2 nationals with irregular status will also be in the UK prior to accession, particularly given that their EU joining date will be at least two years on from that of the A8.

Students

Figure 17 shows that student visas granted to Bulgarians have gradually dropped from 921 in 2002 (excluding January and February) to 531 in 2005, whereas the numbers of Romanians granted student visas have oscillated with a peak of 1,148 in 2003. On average over a quarter of Romanian students and half of Bulgarian students apply for Leave to Remain in the UK. This is much lower than the 13,337 Polish students granted leave in the two years prior to accession.



Source: Home Office (2005, unpublished)

Marriage

From March 2002 to the end of 2005, approximately the same numbers of Bulgarians and Romanians were issued pre-entry marriage visas (around 2,000 each) and Leave to Remain (LTR) status on the grounds of marriage (just under 3,000 each). The numbers have fluctuated over the years, peaking in 2003 (for example 832 Bulgarians were issued LTR) before settling at between 500 and 600 in each category in 2005 for both Bulgaria and Romania. These figures are far lower than the 3,576 LTR grants issued to Polish nationals in the two years prior to accession.

Romanian-born are more likely to enter the UK in the higher skilled routes of work permits, au pair and student visas than the Bulgarian-born community in the UK, who tend to be younger and favour lower-skilled and self-employed work across a wider variety of sectors. Importantly, however, both nationalities are working in sectors that are either unskilled or hard to fill and in which many A8 nationals are currently employed. The arrival of additional Bulgarians and Romanians is likely to have the effect of further boosting this part of the workforce.

What are the migration patterns from Bulgaria and Romania?

During the past century both countries have been characterised more by *emigration* than *immigration*. However, even outward flows were tightly restricted during the Communist period. Immediately post 1989, both countries experienced a mass departure of ethnic migrants able to return home to Turkey from Bulgaria and to Hungary, Germany and Israel from Romania. Despite this initial exodus, emigration during the nineties was slow due to restrictions imposed by EU member states and it

was only after visa requirements for short term travel in the Schengen space were lifted in 2002 that a strong 'culture of migration' began to take shape (Kallai and Maniu forthcoming). In the latter half of the nineties, ethnic migration gave way to economic migration towards the more developed western European and North American countries. **However, as the economic prospects of Bulgaria and Romania improve, the removal of this 'push factor' will encourage more people to remain at home.**

Research into intention to migrate has been carried out in both countries, and has revealed Bulgarian and Romanian migration to have the following features¹⁸ (NB there is less data on Bulgaria but the trends are likely to be the same):

- **Only around three to four per cent of both nationalities plan to emigrate for an indefinite period**, but larger proportions of the population have contemplated short-term migration of less than one year.¹⁹
- Propensity to migrate tends to increase with experience of foreign travel, which fuels the **cyclical nature** of migration from these countries. On average, Romanians complete 2.4 migration cycles, each lasting just under two years.
- In a survey in April 2003, 12 per cent of Romanian households had at least one migrant worker away, compared to seven per cent in August of that year, when migrants would return to their home country for the summer holiday (Lazaroiu 2003). Bi-lateral employment contracts facilitate this **seasonal migration**, and evidence suggests that once the contract expires, workers return home.
- Countries that are further away and richer, such as the USA and Canada, are chosen by Romanians and Bulgarians as preferred migration destinations. These differ from the countries selected for short-term migration or where migration has traditionally taken place.
- **Preferred destination countries are determined by their geographic and linguistic accessibility and/or the presence of existing migration networks**, as demonstrated by Figures 18 and 19. For example, many of the countries with which the Romanian Office for Labour Force Migration²⁰ has set up bi-lateral agreements feature in the preferred destinations of Romanians. Forty per cent of those surveyed in a recent poll indicated a migration preference of Italy and Germany (20 per cent each) followed by Spain, France and Austria.²¹ Bulgarians' favoured countries include Greece, Spain, Italy, Germany and the Netherlands, where they already have networks.
- Only three per cent of Romanians mention the UK as their preferred migration destination (although this has increased) (IOM 2003a and 1998). In terms of actual migration, around a third each of the rural and urban Romanian population *had* been abroad, but of that only one per cent of the urban and 0.4

¹⁸ For studies into Romanian migration, see Sandu (2002, 2004 and 2005), IOM (2003b), Lazaroiu (2003), Constantin *et al* (2004) and Pantiru (forthcoming). For studies into Bulgarian migration, see IOM (2003a). For Central and Eastern European countries see IOM (1998).

¹⁹ BPO 2004 survey results in Pantiru, forthcoming. Also see, Lazaroiu (2003), Constantin *et al* (2004) and IOM (2003a)

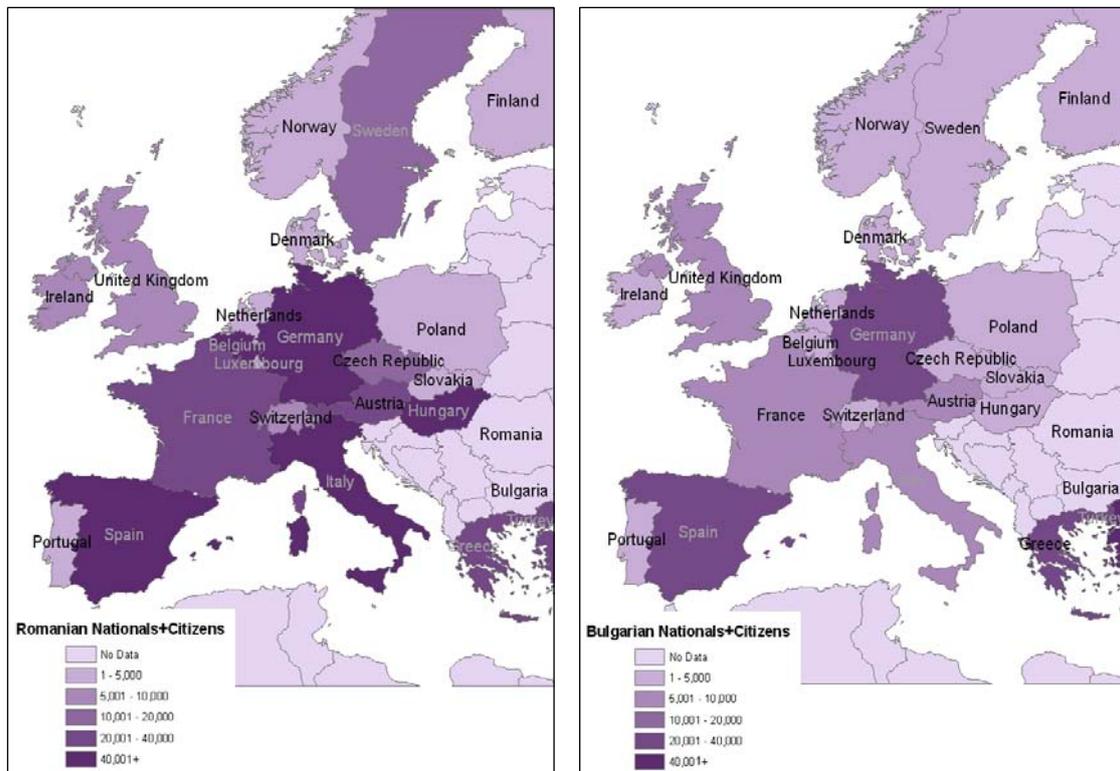
²⁰ www.omfm.ro. There are no bi-lateral agreements with the UK.

²¹ Constantin, *et al* (2004). Also see an online poll at www.euractiv.ro, which shows the preferred Romanian destinations as Italy (29.5 per cent), Spain (22.4 per cent), Germany (13.5 per cent) and Hungary, France, UK, Austria and Portugal. The same website also quotes the Head of the Office of Labour Force Migration as stating that the top six countries for 2006 are Germany, Spain, Switzerland, France, Italy and Hungary www.euractiv.ro/www/index.html/section|readStory?stID=6&pT=sumare&pID=3851

per cent of the rural population had gone to the UK (Pantiru, forthcoming). Similarly, in Bulgaria less than two per cent say they would choose the UK for permanent migration and 3.4 per cent for temporary migration (although only eight per cent per cent and 30 per cent respectively would migrate at all on a permanent or temporary basis) (IOM 2003b).

- **The vast majority of temporary migrants from both countries are likely to be young, be vocationally educated or lower secondary educated and undertake semi- or low-skilled work in their destination countries**, mostly in building, construction, domestic care, housekeeping, hospitality and the textile industry. However, with 11 per cent of Romanian graduates emigrating in the 1990s, there are also highly skilled Romanians present abroad (Kallai and Maniu, forthcoming). For example, Romanian migrants working in the global IT sector are second only to Indians in their volume and many Romanian social workers, unable to find work at home, practise their profession in the UK. Lower skilled migrants are most likely to work in southern Europe, or neighbouring states, whereas better qualified workers head north.
- Temporary migration from both countries has been a typically male phenomenon. However, women are increasingly undertaking traditional female roles (for example, au pair) abroad for a short time, and in terms of permanent Romanian migration, women dominate (59 per cent in 2003 (Kallai and Maniu forthcoming)).
- Of the numbers who intend to migrate, those who actually move abroad are much smaller. For example, of the 12 per cent of Romanian respondents to a Gallup BPO poll in October 2004 who said they intended to migrate for work, only five per cent were actively seeking employment abroad (Pantiru, forthcoming). Barriers that prevent the actualisation of this intention to migrate, whether for work or for other reasons, could be the psychological and financial costs, close family ties and the importance of working legally (see below).
- Research into irregular migration has shown that Romanians consider a legal work contract extremely important. There are great feelings of fear about being apprehended by the authorities in the host country, especially when cyclical migration cycles are essential for paying off debts (Lazaroiu 2003).
- **Remittances directly fuel business investment and consumption in Bulgaria and Romania.** During 2002, remittances sent from Bulgarians living abroad equalled US\$449.6 million, which was higher than either the US\$20.9 million received in foreign investment or the US\$100.8 million from EU pre-accession funds, and amounted to 2.6 per cent of Bulgaria's GDP (IOM 2003b).
- Returning migrants use skills and technological knowledge gained abroad to establish businesses and increase productivity.

Figures 18 and 19. Volumes of Bulgarian and Romanian citizens living in European countries in 2001



Source: OECD database, based on Census data 1995-2003

Transport from Bulgaria and Romania to the UK

Flights from the UK to Bucharest and Sofia are less frequent than they are and were to the capitals of the A8 countries even before 2004. Low-cost airlines are increasingly opening up more routes to the new members (for example, Ryanair now flies to eight Polish cities), but there are no connections to the A2 countries. There are two daily flights between London and Sofia (and between London and Varna, Bulgaria, in the summer) and three between London and Bucharest. Direct flights cost around £175. Buses cost around half this, but take over a day-and-a-half between the capitals.

As the preferred migration destinations for most Bulgarians and Romanians are central and southern European countries, there is little danger of an emigration wave that would destabilise the UK labour market. However, if A2 nationals do come to the UK, they are likely to have the same characteristics as A8 migrants, thus benefiting the UK economy in similar ways.

Several other factors complicate the migration patterns from Bulgaria and Romania, discussed below.

Roma population

There have been particular concerns raised about the higher proportions of Roma living in Bulgaria and Romania than previous accession states. There are around 2.5 million Roma living in the A2 countries, around eight per cent of the total population (Tanner

2000). Discrimination suffered by the Roma throughout the 20th century (and indeed before) forced many to leave eastern Europe and seek asylum elsewhere. Around a quarter of the eight to 12 million European Roma live in western Europe, but the hostile attitudes from which they fled are still encountered. In the UK, a MORI poll found that the groups that those surveyed felt least positive about were travellers/gypsies (34 per cent of respondents), followed by asylum seekers.²²

Some of the worries around Bulgarian and Romanian accession come from this hostility, but it is unlikely that the UK (or other EU15 countries) will experience large in-flows of Roma. While research has shown that a higher proportion of the Romanian Roma population (26 per cent) wish to find work in a foreign country than the total adult population (18 per cent) (Lazaroiu 2003), other factors suggest lower potential migration. Suggestions that the Roma population would come to the UK to claim either asylum or benefits need to be treated with care as **asylum is not permitted for EU nationals and the low benefit uptake rates in the last two years by A8 nationals have shown that this is not an easy or much used process.**

Furthermore, the discrimination that has previously driven Roma and other minority groups away from Eastern Europe is finally being addressed. Indeed, the EU is keen to ensure that the protection of the Roma people's human rights is upheld in *all* member states and it has supported the European Roma Forum and the launch in 2005 of the 'Decade of Roma Inclusion'. At a national level, Bulgarian and Romanian governments have backed projects to improve educational and health care access.

People trafficking

Concerns about people trafficking activities have been widely reported in the press and taken up by migration organisations. The IOM has estimated that there are approximately 400,000 women from eastern Europe who have been trafficked into prostitution. The UK and both the Bulgarian and Romanian governments have collaborated on Project Reflex, which aims to curb this illegal trafficking. These initiatives will also secure external borders to check fears that these countries will be used as a passageway for people migrating from further afield.

Migration into Bulgaria and Romania

Migration into Bulgaria and Romania could provide an additional boost to their improving economies. Multilateral businesses are creating thousands of job opportunities at home in translation, data processing, and financial accounting for graduates who might usually emigrate to work. Geographical and cultural closeness to western Europe has meant that both countries have entered the top echelons of the Global Service Location Index, which indicates a high level of interest of foreign investors in these countries.²³ With an estimated 10,000 Britons living in Bulgaria, tourism and real-estate industries are also flourishing. However, there are concerns about Moldovan migration to Romania either placing a strain on the economy by way of extra pressure on services, or turning Romania into a staging post for Moldovans passing through to other areas of the EU25.

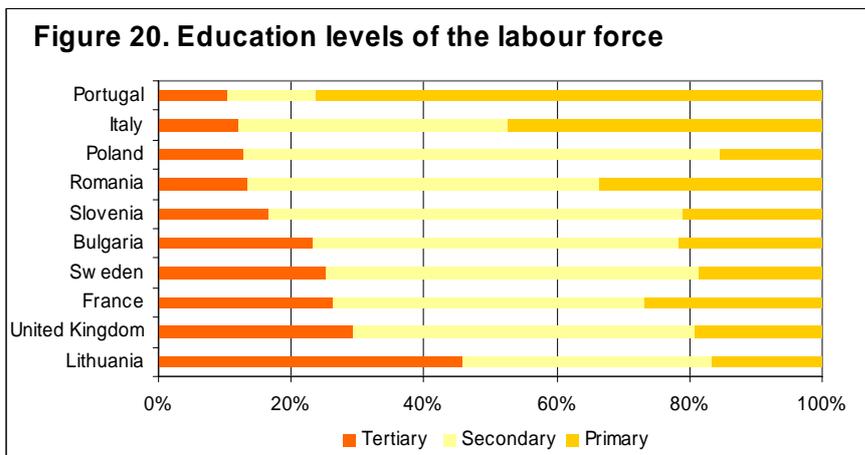
²² www.mori.com/polls/2001/stonewall-b2.shtml

²³ AT Kearney's (one of the world's largest management consulting firms) Global Service Location Index assigns weightings according to the drivers (for example financial) of offshoring decisions based on the organisation's research. See www.atkearney.com/shared_res/pdf/GSLI_Figures.pdf

Brain drain

Given the age characteristics of Bulgarian and Romanian migrants, there are concerns about the brain drain and depopulation effects of emigration. **As economic prospects at home improve, however, more young people are likely to remain in their home countries.** Indeed, education levels, particularly in Bulgaria, suggest there is potential for a highly educated and skilled workforce to provide further impetus for economic growth in future years.

Figure 20 shows that the proportion of tertiary educated people in the workforce in Bulgaria is only slightly below the UK, and levels of secondary education in the A2 workforce are higher than the UK average.



Source: OECD database, 2000/01 country censuses

While there are concerns that conditions in the acceding countries could result in large migration flows, these largely relate to conditions in the past. As human rights issues are addressed and economies benefit from the movement of people in and out of the A2, emigration is in fact likely to decrease in the long term.

What policy decisions could shape migration flows from the A2?

The decisions that other member states take regarding the transitional restrictions that they have placed or will place on the newer EU members will have a huge impact of the potential migration flows from Bulgaria and Romania. This makes the task of estimating volumes of migrants increasingly difficult.

EU15 decisions about A2 nationals

It is difficult to predict what EU15 members will do regarding the newest arrivals into the EU. Some of the possible choices are:

- Impose identical regulations regarding the freedom to work on A2 countries as for A8 countries.
- Impose the same level of restriction as on the A8 states when Bulgaria and Romania join the EU on 1 January 2007 (or 2008).
- Impose no restrictions on A2 nationals who are coming to work.

The first choice is the most diplomatic approach as it treats all new states in the same way, but the latter two could be argued to be more bureaucratically efficient, especially

given the population of Bulgaria and Romania makes up only 40 per cent of the A8's total population. The important decisions will be taken from states that make up the traditionally preferred destination countries, namely Greece, Italy, Spain and Germany. If these countries do decide to restrict Bulgarian and Romanian access to their labour markets, a larger number of migrants are likely to come to the UK.

EU15 decisions about A8 nationals

If, on May 1 2006, EU15 countries remove restrictions imposed on the freedom to work of A8 nationals, there could be a 'dispersal' effect on the current population of A8 migrants from Ireland, Sweden and the UK to other EU states, particularly if these migrants have historic geographic, linguistic, cultural and migration links with the A8. While it is unlikely that Germany and Austria will open their labour markets, Finland, Portugal and Spain have removed restrictions and France has indicated that it will allow A8 migrants to work in skill shortage sectors.

This opening up of labour markets could provoke a defection from the UK A8 workforce, in particular to countries where there are already migration networks. In this situation, and if the UK economy remains healthy, there will be a labour demand for workers to fill jobs vacated by A8 nationals. **However, even if most of the states retain the restrictions they have imposed, it is unlikely that the UK will see a renewed surge in A8 arrivals and instead will need additional low-skilled migrants from elsewhere.**

A8 decisions about A2 nationals

It is unlikely that all the A8 states will impose restrictions on Bulgarians and Romanians, as the A8 states' economies are growing and unemployment rates are falling. However, restrictions could be used as a 'bargaining tool' to try to prompt EU15 members to open up their labour markets. Despite growing economies and improving living standards, it is unlikely that economic migrants from Bulgaria and Romania will choose A8 countries as their preferred destination, as higher wages can be earned elsewhere.

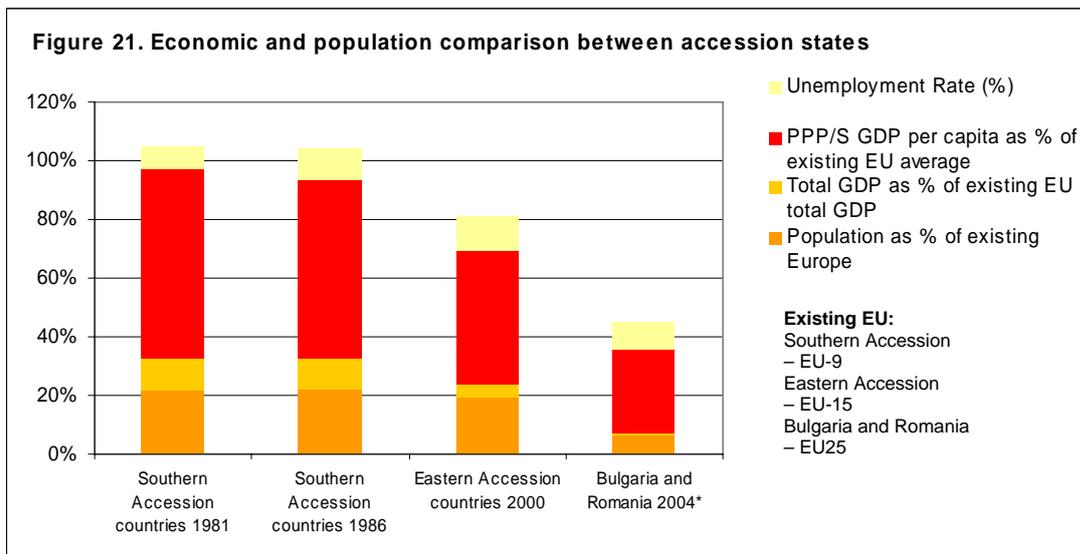
4. Conclusion

Can we predict the volumes of economic migrants entering the UK from Bulgaria and Romania?

As has been discussed in this paper, it is extremely difficult to accurately predict migration flows to the UK from Bulgaria and Romania. Any predictions must necessarily take into account at least the following factors.

Economic push factors

Research has shown a correlation between the economic strength of a country and the propensity of its residents to migrate. The Bulgarian and Romanian economies are not as developed as those of earlier accession countries, which could lead to significant economic migration to the UK where wages are higher. As can be seen from Figure 21, Bulgarian and Romanian GDP per capita is only around 28 per cent of that of the EU15, compared to an average of 45 per cent for A8 countries, and is smaller still than the difference between the southern accession states' GDP per capita and those of E9 members.



Sources: Based on a chart in Dustmann *et al* (2003) using World Development Indicators Database, European Commission (2005a) and ippr calculations²⁴

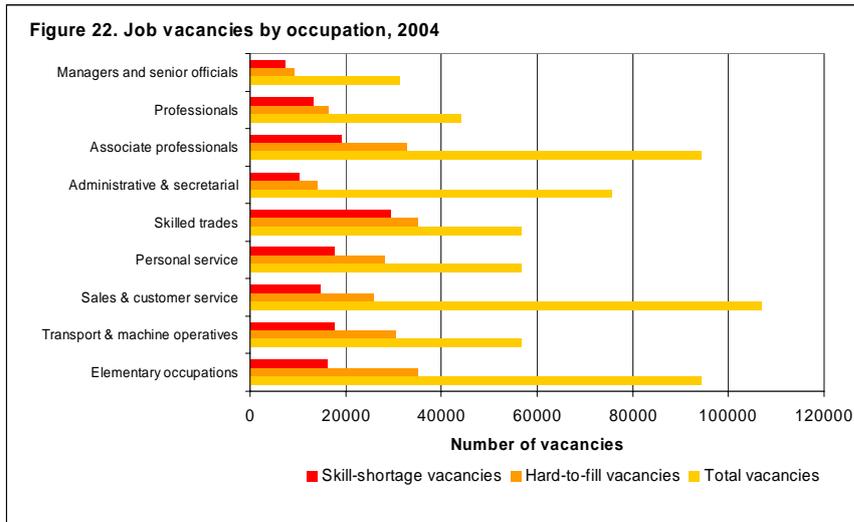
Economic pull factors

It has often been suggested that the economic pull factor is stronger than all other motives for EU migration. Unemployment in the UK has been low and falling for the last decade, and although it is now starting to creep up, the structural need for labour remains. Expected employment growth will mean over 1.3 million additional jobs during the next decade (Wilson *et al* 2006).

As demonstrated in Figure 22, there are particular skill shortage vacancies in skilled trades (20 per cent of all skill shortage vacancies), elementary occupations (for example cleaning, agricultural and construction roles) and the transport and machine operative sectors (Learning and Skills Council 2005). Any reduction in employment levels in these

²⁴ The PPP/S GDP per capita for Bulgaria and Romania is expressed as a percentage of the EU15 average.

sectors will be more than matched by the 'replacement demand' due to the increasing number of people reaching retirement age.



Source: Learning and Skills Council (2005) and Sriskandarajah *et al* (2005b)

Indeed, the Government's new points based system for managing migration argues that the high level of demand for low-skilled workers will be met by accession nationals, rather than migrants from elsewhere in the world. If Bulgarian and Romanian migrants enter into similar sectors as A8 nationals (which is likely given the profile of the current A2 community), they will help meet the labour demand in the UK. This will be particularly crucial if A8 nationals who are currently employed in these skill sectors return home or to other EU countries as restrictions elsewhere are relaxed.

Past UK visa restrictions may have dampened desired migration

Restrictions placed on certain migration routes into the UK in the past, which have now been lifted, could mean that potential migration from these countries has not yet peaked. However, as with previous accessions, much of this 'potential migration' might already have taken place through regular or irregular channels.

Bulgarians and Romanians have small migrant communities in the UK

Pre-existing communities and networks are important in facilitating migration. The Bulgarian and Romanian diasporas in the UK are diverse but small in comparison to some A8 communities prior to accession. Although Romania has a similar population size to Poland, it is unlikely that as many Romanians will come to the UK as Poles. The Polish community in the UK is far more numerically significant and better established than that of Romania.

There is potentially a greater number of countries to which A2 nationals can 'spread'

Although at present there is no way of knowing what transitional arrangements (if any) the EU administrations are intending to place on A2 nationals, there are potentially 25 countries for Bulgarians and Romanians to migrate to, rather than the three which have allowed free movement of workers for A8 nationals. In addition, the A2 population is proportionally smaller than previous accession groups. Figure 22 shows that while the population of previous accession groups was equivalent to around 20 per cent of the existing EU, the population of the A2 countries is only around five per cent of the EU25. Although it is unlikely that all 25 will allow access to their labour markets, the above circumstances do suggest a greater ability of A2 nationals to 'spread' than previous

accession nationals and could therefore result in a lower concentration of these nationalities in each EU state.

The UK is not the major destination country of choice for Bulgarians and Romanians

The UK is not and is unlikely to become an important destination country of choice, although this depends on transitional arrangements of other countries. Stronger networks already exist between the A2 countries and more traditional destinations of Italy, Spain and Greece, who are also closer in terms of language, geographical distance and culture. Given the strong propensity for low-skilled seasonal and temporary migration, the costs related to the UK's further geographical distance reduces its popularity as a potential workplace.

Improving economies at home will reduce the propensity to migrate

Unemployment is lower in Bulgaria and Romania than it was in A8 states in 2004, and while increased productivity and technological innovation may raise it (particularly in the agricultural sector), evidence shows that through EU and foreign business involvement and remittances sent home, improving employment opportunities will reduce the incentives to migrate. Economic growth has been high over the past two years and will continue to improve right up to and past accession.

Given the complexities of the variables involved, trying to predict migration flows from Bulgaria and Romania to the UK accurately will be extremely difficult. However, it would be reasonable to assume that Bulgarians and Romanians will behave in a broadly similar manner to A8 nationals after the accession of their countries to the EU. While some factors, for example economic differences between the acceding states and the UK, will be stronger in driving migration, others such as the larger membership of the EU, will reduce the potential for migration to the UK. Although there are inherent difficulties in using historical migration data from A8 countries to predict potential inflows of A2 migrants, such a method sidesteps having to find and take account of all the possible variables that might shape flows.

Assuming that a similar proportion of Bulgarian and Romanian nationals as A8 nationals apply to register to work in the UK, an estimated 50,000 Romanian and 18,000 Bulgarian applicants could be approved to work in the UK during the first year of accession (see Table 2). (By comparison, there were 95,958 Polish national registrations and 25,166 Lithuanian registrations in the first year.) This is around 0.2 per cent of the Romanian and Bulgarian populations of 22 million and 7.5 million respectively. **If it is assumed that 18 per cent of applicants will have already been in the UK either with legal or irregular status²⁵, the numbers of 'new' migrants would be 41,000 Romanians and 15,000 Bulgarians. Given that Romanian and Bulgarian total inflows are estimated at 40 per cent of A8 inflows, it can be assumed that the net stock of A2 nationals will increase by around 48,000 during the first year-and-a-half.²⁶**

This estimate has several important caveats:

- **similar migratory patterns will take place during Bulgarian and Romanian accession to the EU as occurred around May 2004**

²⁵ In the first 14 months after accession (May 2004 to June 2005), 69 per cent stated that they arrived after 1 May 2004, 15 per cent stated they had been in the UK prior to accession, and 16 per cent did not state their time of arrival. Apportioning the remaining 16 per cent in the ratio 69:15 would suggest that some 18 per cent of A8 nationals were in fact in the UK prior to accession (Home Office 2005d).

²⁶ From Spring 2004 to Summer 2005, the net increase in the stock of A8 migrants is 120,000 (Gilpin et al 2006). 40 per cent of this figure is 48,000.

- similar labour market conditions in the UK as after May 2004
- similar behaviour by other EU member states in terms of transitional arrangements as in May 2004
- a Worker Registration Scheme, or similar, will be applied to Romanians and Bulgarians coming to work in the UK.

If UK labour market conditions deteriorate and/or other EU states decide to allow free movement of workers to Bulgaria and Romania after accession²⁷, inflows into the UK are likely to be considerably smaller than the above estimate.

Table 2. Estimated volumes of A2 WRS registrations over time

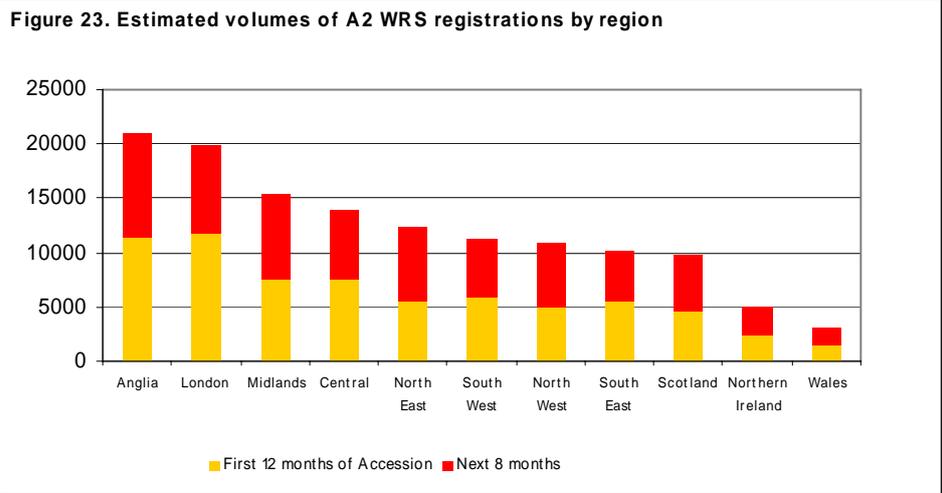
Time period	1 May 2004-31 April 2005	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q3 2005
A8 WRS applications approved	170,357	38,825	46,440	40,660	41,480	55,065	58,690	47,985
A8 population	72,939,000	72,971,000	72,971,000	72,971,000	72,907,000	72,907,000	72,907,000	72,907,000
Applications as percentage of population	0.23%	0.05%	0.06%	0.06%	0.06%	0.08%	0.08%	0.07%
Time period	1 Jan 2007-31 Dec 2007	Months 1-2	Months 3-5	Months 6-8	Months 9-11	Months 12-14	Months 15-17	Months 18-20
Bulgaria's population	7,769,000	7,792,000	7,792,000	7,792,000	7,746,000	7,746,000	7,746,000	7,746,000
Estimate of Bulgarian WRS applications approved	18,100	4,106	4,100	4,300	4,400	5,900	6,200	5,100
Romania's population	21,624,000	21,669,000	21,669,000	21,669,000	21,579,000	21,579,000	21,579,000	21,579,000
Estimate of Romanian WRS applications approved	50,500	11,509	13,800	12,100	12,300	16,300	17,400	14,200

Sources: Home Office *et al* (2006), European Commission (2005a) and ippr calculations

Note: The populations are for 2004 and 2005 for all countries. The populations for May 2004 to April 2005 are averages of 2004 and 2005 populations.

By using the geographical distribution of A8 registrations, attempts can also be made to predict what the likely flows would be to regions of the UK. As pre-existing A2 communities in the UK have a similar skill and sector profile to that of A8 workers it is likely that they will be recruited by the same employers and therefore in the same regions as their predecessors. As can be seen from Figure 23, over time the proportions working in London and the south east will fall as migrants increasingly head for Scotland and areas of the north east and north west.

²⁷ This is not an unlikely scenario given that some EU states have stated their intention to relax restrictive policies regarding A8 access to their labour markets.



Sources: Home Office *et al* (2006), European Commission (2005a) and ippr calculations

These migrants will join a diverse population of Bulgarians and Romanians who are already living throughout the UK and contributing to the economy by undertaking jobs across a variety of skills levels and in essential sectors. Their current profile means that it is likely that they will replace some of the A8 migrants who might return home or move to other EU states as restrictions elsewhere relax. They are likely to be young, flexible and short-term migrants who will return home with financial and knowledge capital which will, in part, improve their native economies and reduce the incentive to migrate.

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