

FREE MOVEMENT OF LABOUR IN THE EU

Following enlargement of the EU to 27 members by the accession of ten countries in 2004 and the accession of two more countries in 2007, the 15 former member states (EU-15) agreed on transitional periods that limit the free movement of workers from these member states.¹ Until 2006, access to the labour markets of the EU-15 was exclusively dependent on national policies. After mid-2006, the EU-15 could choose to maintain national restrictions or allow free movement of workers and after 2009 they were required to obtain authorisation to continue applying national measures for two more years. This was granted only if a country experienced “serious disturbances” in its labour market. Free movement between all member states was to be guaranteed by May 2011 at the latest for the citizens of the countries that joined in 2004, and by January 2014 for citizens of Bulgaria and Romania.²

Delegating the decision on transitional periods to the national level has had important consequences: While

Ireland, the United Kingdom, and Sweden opened up their labour markets to migrants from the new eight member states (NMS-8) in 2004, Germany and Austria retained restrictions on immigration from the NMS-8 countries until 31 April 2011. The other EU-15 countries stopped national measures that restrict migration from the NMS-8 between 2006 and 2009 (Table).

Now that the transition period affecting migrants from the NMS-8 is over, a change in migration dynamics is expected. The EU eastern enlargement has already led to an increase in the migration flows from the NMS-8 to the EU-15 countries. From 2004 to 2009, an average of 250,000 citizens from the NMS-8 migrated to EU-15 countries per year. These migration flows abated during the financial crises. While more than 60 percent of the migration streams from the NMS-8 to EU-15 countries went to Germany and Austria before the eastern enlargement, this fraction has decreased to 20 percent thereafter. The percentage of migration flows to the UK and

¹ Nations that joined the EU in 2004: Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic, Slovenia). Nations that joined in 2007: Bulgaria, Rumania.

² Malta and Cyprus are excluded from these migration restrictions.

Table

Free movement of labour in the EU-15, 2009–11

	New regulations for employees from the central and eastern European new member states since 1 May 2006	Restrictions
Austria	Restrictions remain valid.	New EU citizens wishing to work in Austria still need a work permit, which the employer must apply for. The Labour Market Service will confirm freedom of movement once the worker has been legally employed for one year.
Belgium	No limitations on workers for EU-8. Restrictions on workers from Bulgaria and Romania.	Nationals from Bulgaria and Romania are obliged to hold a work permit up to 31 Dec. 2011. Nationals from these states benefit from an accelerated procedure for obtaining a work permit in a profession with a labour shortage. Under this simplified procedure, the work permit is granted within 5 days of the request being lodged by the competent regional authority.
Denmark	No restrictions since 1 May 2009.	Work and residence permit is no longer required, and citizens from these countries enjoy the same rights as other EU citizens.
Finland	As of 1 May 2006 all restrictions were lifted regarding workers from new member states.	
France	No regulations on workers from EU-8 countries. For workers from Bulgaria and Romania there are restrictions during the second transitional period from 1 Jan. 2009 until 31 Dec. 2011.	For Bulgaria and Romania: French employers can use a simplified procedure for introducing foreign labour for 61 occupations from 7 major fields of activity. For these occupations, foreign labour departments will not use the job situation in France as an objection.
Germany	Restrictions on access to the German labour market will remain in force until 30 April 2011 for those countries which joined the EU on 1 May 2004 (EU-8), and until 31 Dec. 2012 for the countries which joined on 1 Jan. 2007 (Bulgaria and Romania).	Employees from EU-8 countries must apply for a work permit. Only after a labour-market examination, in which citizens of the EU-8 are treated preferentially vis-à-vis applications from third-party countries, can a permit be granted.

Table continued

	New regulations for employees from the central and eastern European new member states since 1 May 2006	Restrictions
Greece	As of 1 May 2006 all restrictions were lifted for workers from the EU-8 and in January 2009 for workers from Bulgaria and Romania.	
Ireland	No special limitations on workers from EU-8 (since 2004). Restrictions on workers from Bulgaria and Romania.	Bulgarian and Romanian Job Seekers will continue to require a work permit. However, any of these citizens who were in Ireland on 1 Jan. 2007 for a period of 12 months or more and holding a valid work permit for that time will no longer have any restrictions and will, along with their spouses, have unrestricted access to the labour market and state employment services.
Italy	Since 27 July 2006 no restrictions concerning the free movement of workers from EU-8 are in force, thus giving full effect to the free entry of all nationals from the new member states to the Italian job market. Restrictions on workers from Bulgaria and Romania.	There is a transitional arrangement for a period of one year prior to allowing citizens of Romania and Bulgaria to have full access to paid employment (except self-employment). The transitional arrangement has opened the following sectors: agriculture and hotel and tourism, domestic work and care services, construction, engineering, managerial and highly skilled work, and seasonal work. Any employer who wishes to hire a Romanian or Bulgarian worker for one of the above sectors must comply with the employment regulations currently in force and notify the job centres as well as the competent social security and welfare institutions.
Luxembourg	The restrictions on workers from EU-8 were abolished. Limitations on workers from Bulgaria and Romania only.	For Bulgarian and Romanian workers the labour market is generally suspended. However, a transitional regime from 1 Jan 2007 in some sectors work permits will be readily granted to Bulgarian and Romanian nationals under a minimal and simplified procedure, without, however, abolishing the need for a work permit. The sectors concerned are agriculture, viticulture, and the hotel and catering sector. For the financial sector, people with specific qualifications for which there is a need that is not met on the labour market, the same flexibility measures will be applied. In other sectors, depending on the labour market situation, the procedure for granting work permits will be simplified and the deadlines reduced.
Netherlands	Since 1 May 2007: No special limitations on workers from the EU-8 but restrictions for workers from Bulgaria and Romania.	For workers from these 2 countries a work permit will be issued whenever there are no workers available in the Netherlands or other EU member states and the employer concerned can offer proper working conditions and accommodation.
Portugal	No restrictions since January 2009.	
Spain	No restrictions since January 2009.	
Sweden	No special limitations on workers from the new member states (since 2004).	
United Kingdom	No special limitations on workers from the EU-8. Restrictions on workers from Bulgaria or Romania	At the heart of the new regulations is the restriction of low-skilled workers to existing quota schemes in the agricultural and food processing sectors. Skilled workers will continue to be able to work in the UK if they qualify for a work permit or under the Highly Skilled Migrant Programme.
Most countries of the EU-15 have bilateral agreements with the individual new member states that allow specific labour migration (seasonal work, contingents for specific industries, etc.) or temporarily limit this migration.		

Source: Ifo DICE Database: "Free Movement of Labour in the EU-15, 2009–2011", data from the European Commission: EURES, The European Job Mobility Portal.

Ireland, on the other hand, has gone up to more than 60 percent after the EU eastern enlargement (Baas and Brücker 2010, OECD 2010). This suggests that the migration flow to Germany and Austria will increase now that these countries have also opened their labour markets to immigration from the NMS-8.

While Germany and Austria were the only EU-15 countries still restricting immigration from the NMS-8 at the beginning of this year, several countries still impose restrictions on the two countries that joined the EU in 2007 – Bulgaria and Romania (Table). Hence, one last change in migration dynamics can be

expected once all migration restrictions have been eliminated.

Even though there will soon be no more restrictions on labour migration in Europe, it is still crucial to design policies so that the international mobility of workers can unlock mutual benefits for all parties involved.

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References

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