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First Annual Report on Migration and Integration

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Annex:

Annex to the First Annual Report on Migration and Integration

1. INTRODUCTION

In its Communication on immigration, integration and employment¹, the European Commission announced that it would *"report annually on progress made with the development of the common immigration policy"*. In June 2003 the Thessaloniki European Council invited the Commission *"to present an Annual Report on Migration and Integration in Europe, in order to map EU-wide migration data, immigration and integration policies and practices. This Report, which should contain an accurate and objective analysis of the above issues, will help develop and promote policy initiatives for more effective management of migration in Europe"*. This Communication initiates the reporting process.

The first annual report gives an overview of migration trends in Europe, analyses and discusses the changes in immigration and describes actions taken regarding the admission and integration of immigrants at national and European level. The report constitutes a new instrument to review the development of the common immigration policy.

2. MIGRATION TRENDS IN EU-25

International migration plays an important role in population growth. Recorded immigration rose annually in most of the EU-15 Member States between 1999 and 2001 and remained stable or fell in most of the new Member States. Without positive net migration the population would have declined in some countries.

During 1990-2002 some of the new Member States experienced a significant change in migration trends: from emigration countries to receiving countries, experiencing considerable outflows and inflows of economic migrants. Net migration is still relatively low but progressively positive in the majority of the new Member States.

A more detailed review of migration trends is provided in section 1 of the Annex.

3. THE SITUATION OF IMMIGRANTS IN THE LABOUR MARKET AND THE ECONOMIC BENEFIT OF IMMIGRATION

The situation of migrants in the labour market

The share of third country nationals in total employment was 3.6% in EU-15 in 2002, and between 1997 and 2002 they contributed 22% at employment growth. As for EU nationals, medium and high-skilled immigrants experienced the strongest increases in employment rates over the same period. Given the very high levels of employment already reached by EU-nationals, third countries' labour is increasingly appearing as a major potential, which can be tapped to respond to both the continuing demand for low skilled as well as the growing demand for skilled labour.

¹ COM(2003)336 final

Still there are signs of an unused employment potential among third country nationals². Third country nationals, including high skilled, also have much lower employment rates than EU nationals and the gap is wider for women than for men. Over the last decade their unemployment has remained more than twice as high than EU-nationals', in a majority of the Member States.

Available information regarding the new Member States relates to the situation before accession. It confirms that, as in old EU countries, migrant labour – in this case mainly from neighbouring countries, including the former USSR and the Balkans - plays a part in adjusting for labour and skill shortages. A more comprehensive picture of the situation of migrants in the labour market is provided in section 2 in the Annex.

Economic and public finance aspects of immigration³

Economic theory is relatively optimistic with respect to the impact of immigration, suggesting overall welfare gains. A large part of these accrue to the immigrants themselves, but most studies find a small “immigration surplus” for the native population. The impact of immigration on public finances has been widely debated. Immigrants are often seen as a burden for the welfare state, causing additional costs usually not matched by their tax payments. Part of the increase in welfare dependency is due to the higher number of asylum seekers, who are not, or only under restrictive conditions, permitted to work.

Unfortunately, it is quite hard to derive a reliable estimate of the net fiscal contribution of immigrants. Their age composition tends to be beneficial to public finances. Immigrants are on average relatively young people of working age with a larger than average potential for having their tax payments exceed individual public transfers and services. However, the relatively low employment rate of migrants may partly or entirely counteract the fiscal impact of a beneficial age composition. A positive net fiscal impact of immigration is likely in those Member States where the employment rate of migrants exceeds that of the resident population. Thus better integration of immigrants would improve public finances. Overall, it is probably fair to say that the net budgetary impact appears to be fairly small.

4. DEVELOPMENTS IN ADMISSIONS POLICIES

The Commission's recent *Study on the links between legal and illegal migration*⁴ shows that, all Member States have channels for the admission of labour migrants, notably for third-country nationals with specific skills or workers for designated sectors. It is, however, not only high skilled labour that is in demand as some, in particular Southern European countries or recent immigration countries, have a need for low-skilled workers. Admission of such workers is often regulated through bilateral agreements with neighbouring or selected third countries, the underlying motive being not only to meet the needs of the labour market, but also relationships with third countries, historical links and cultural exchanges, as well as to combat illegal migration. The majority of admissions are still of those seeking family reunification and those who have been recognized as requiring some form of humanitarian protection.

² See "Employment in Europe 2003" and section 2 in the Annex for detailed information

³ This section is based on the note "*Economic aspects of immigration*" ECFIN/361/03, Economic Policy Committee

⁴ COM(2004)412

Proposals for re-orientating migration policies towards a more selective employment-related approach have recently gained renewed prominence. Certainly, a flexible admission system for attracting specific foreign labour can significantly contribute to ease labour market bottlenecks. Moving to more selective immigration policies will be facilitated if Member States and the Community identify better future skills needs and occupational profiles as well as potential labour shortages⁵. However, accurate forecasts are likely to remain illusory, hence the limited scope for immigration policies pin-pointing skill shortages. In a context of accelerating economic restructuring and globalisation, the migrants most likely to help match demand and supply are those whose broad qualifications, experience and personal abilities ensure their adaptability to a more complex and changing working life. Immigration policies should, therefore, aim to keep the admission of foreign workers on an even keel in the medium-term and to avoid stop-and-go policies.

5. TRENDS IN NATIONAL POLICIES ON INTEGRATION

The development of comprehensive integration policies as called for by the Commission⁶ requires effectively mainstreaming immigration concerns in all relevant policy fields as well as actions to combat discrimination while at the same time developing specific measures and instruments to tackle the needs of immigrants.

The information in this chapter is based on reports prepared by the National Contact Points on Integration⁷ as well as on the National Action Plans for Employment⁸ and the National Action Plans for Social Inclusion⁹. An overview of national policies on integration is provided in section 3 in the Annex.

Lack of **access to employment** has been identified as the greatest barrier to integration and thus the most important political priority within national integration policies. Lack of language skills and difficulties regarding recognition of professional skills and qualifications are also important barriers and a growing number of Member States are taking measures to improve this. Special efforts are being carried out to improve job guidance and job counselling for migrants. The potential of migrants to become entrepreneurs is also increasingly recognised. The involvement and the commitment of the social partners are increasing but still limited. The evaluation of the effectiveness of policies is scarce. Finally, many occupations remain inaccessible for non-EU nationals on grounds of nationality.

Language skills and the improvement of educational attainment are identified as other key challenges. Member States seem to be focussing more on immigrants' language abilities and an increasing number of countries are providing specific language tuition for newly arrived immigrants and refugees.

⁵ See also Employment Task Force "Jobs, jobs, jobs – Creating more employment in Europe", November 2003

⁶ COM(2003)336 final

⁷ See MIGRAPOL-integration 21 final

⁸ Joint Employment Report

⁹ http://europa.eu.int/comm/employment_social/employment_strategy/index_en.htm

Joint Inclusion Report

http://europa.eu.int/comm/employment_social/news/2001/jun/napsincl2001_en.html

Increasing emphasis in Member States has been put on **civic education or orientation for new immigrants**, such as information about fundamental rights and obligations, including equality of men and women, basic norms and values of the host society.

Participation in the political decision-making process is an important formal step to granting foreigners similar rights and obligations as EU-nationals and the majority of the 25 Member States have now granted some level of electoral rights to immigrants at the local level.

While Member States identify immigrants among those particularly at **risk of poverty and social exclusion**, many countries still fail to provide in-depth analysis of the factors leading to this situation.

A number of Member States are still struggling to provide affordable **housing** and to address the negative consequences of segregation and deprived urban areas, where immigrants tend to be over-represented.

The **fight against discrimination and racism** has been rendered even more complex in the recent political climate, with the sometimes negative stereotyping of immigrants in the media and the rise in support for far-right political parties in some Member States. Policies to combat discrimination and racism are not always connected to the integration strategies pursued by the Member States. There is, however, a clear recognition of the need to act.

Overall, it is difficult to assess whether there has been progress in developing comprehensive integration strategies at national level. However, a number of Member States are in the process of developing **specific integration courses** or programmes targeted at immigrants and refugees and there is a growing understanding of the need to **mainstream** immigration aspects into all policies and to mobilise stakeholders through greater co-operation among national, regional and local authorities, as well as with civil society. A systematic mainstreaming of **gender considerations** seems to be lacking in most Member States when dealing with immigration, both in terms of policy and data.

6. PROGRESS IN THE DEVELOPMENT OF THE COMMON IMMIGRATION POLICY

6.1. Consolidating the EU legal framework

Since 1999, the Commission has put forward several directives with a view to establishing a level-playing field between Member States and progressing towards a common immigration policy. The Directive on family reunification¹⁰, the Directive on long-term residents¹¹ and the Directive on residence permits for victims of trafficking and smuggling¹² have already been adopted. Political agreement was reached on 30 March 2004 with respect to the Directive on the admission of students. Other proposals in the pipeline are the Directive on the admission of third country nationals to carry out scientific research and two proposals for Council Recommendations to facilitate the admission of researchers¹³. Progress has also been

¹⁰ Council Directive 2003/86/EC of 22/9/03

¹¹ Council Directive 2003/109/EC of 25/11/03

¹² See COM(2002)71 of 30/04/04

¹³ COM(2004)178 of 16/03/04

achieved in the field of social security when moving in the EU: a new Regulation¹⁴ entered into force in June 2003.

The Council failed to reach an agreement on a Directive on the admission of third country nationals for employment purposes, which was put forward in 2002. Taking stock of the deadlock, the Commission is planning to launch a comprehensive consultation process on economic migration in the second half of 2004.

As regards the directives to combat discrimination adopted in 2000 there have been delays in transposing this legislation in many Member States. The Commission is reviewing the state of progress and will act accordingly.

6.2. EU policy co-ordination and exchange of experience

6.2.1. The National Contact Points on Integration

In June 2003 the Thessaloniki European Council stressed the importance of developing co-operation and exchange of information within the framework of the network of national contact points on integration with a view in particular to strengthening co-ordination of relevant policies at national and European level.

With a view to structuring the exchange of information the National Contact Points decided to develop a handbook on integration for practitioners and policy makers. The handbook is currently under preparation on the basis of a series of technical seminars organised by Member States where they exchange best practices and information with academia and representatives of civil society. The handbook will provide some general principles and policy recommendations for integration policy illustrated with some good examples. The first edition is expected to be launched in the autumn 2004.

6.2.2. The European Employment Strategy and the Strategy for Social Inclusion

Within the European Employment Strategy progress can also be seen. Revised Employment Guidelines were adopted in July 2003 calling for action to better integrate immigrants in the labour market and include a target on reducing the unemployment gap between nationals and non-EU nationals; they recognise the role of immigration in filling current and future labour shortages; and they insist on action to transform undeclared work into regular employment. A European Job Mobility Portal¹⁵ has been launched to provide information on available jobs as well as on living and working conditions in the EU. The Commission intends to strengthen mutual learning between Member States, including on aspects related to immigration, by building on the existing system of peer reviews.

Within the Social Inclusion Strategy, it was stressed in the 2003 Joint Inclusion Report the need to make a drive for reducing poverty and social exclusion among immigrants and ethnic minorities as one of the six critical priorities. Member States will report in their next National Action Plans for social inclusion.

The Communication on immigration, integration and employment was discussed within the framework of the Employment Committee and of the Social Protection Committee, which

¹⁴ [No 859/2003](#)

¹⁵ See <http://europa.eu.int/eures>

both adopted opinions on the subject¹⁶. The Joint Employment and Joint Inclusion Reports should serve to monitor progress at EU level.

6.2.3. Co-operation on education at EU level

Within the open method of co-ordination in the field of education and training the first results from the working groups set up in 2002/2003 to exchange good practices, develop indicators and benchmarks and undertake study visits have identified obstacles which prevent migrants from accessing lifelong learning opportunities. Some more specific objectives to successfully integrate migrants into the knowledge-based economy and society were also identified. A priority for future work will be a more in-depth focus on obstacles which migrants are facing in education and training. This will be taken into account in the follow-up 2004 Joint Interim Report on the implementation of the Lisbon Strategy.

6.2.4. Improving information on the migration phenomenon

Following the Action Plan for the collection and analysis of Community Statistics in the field of migration¹⁷, the Commission is now preparing a proposal for a directive to harmonise the collection of data and statistics. The first Annual report on migration and asylum was published this April¹⁸.

6.3. Financial support from EU instruments

Several EU financial instruments contribute to the integration efforts of the Member States. Support is available through the Structural Funds, in notably the European Social Fund (ESF), the EQUAL initiative and the European action programmes in the field of education, employment, combating social exclusion and discrimination. With respect to the instruments targeted specifically towards immigrants the European Refugee Fund is the Community's main instrument and a new pilot project on integration (INTI) was launched in 2003 to specifically support policies for the integration of immigrants. For a more detailed overview of EU financial instruments and contributing to integration see section 5 in the Annex.

In its proposal for the next financial perspectives covering the period 2007-2013, the Commission is proposing that as a part of the objective to give full content to European Citizenship and within the context of the areas of freedom, security and justice, financial support will be given to a common policy on immigration for an effective management of the sustained migration flows needed to meet the needs of the labour market. In this respect, the Union must implement measures within this policy domain, to provide incentives and support for the actions of Member States with a view to promoting the integration of third country nationals residing in their countries. In the third report on economic and social cohesion proposing a 'new partnership for cohesion', the Commission confirmed the need to increase through the ESF the employment potential of people who face greater difficulties in accessing the labour market, such as migrants. Further solidarity is called for in order to support the efforts of Member States in enabling third country nationals of different cultural, religious,

¹⁶ See opinions of the Employment Committee (http://europa.eu.int/comm/employment_social/employment_strategy/opinions2003_en.htm) and Social Protection Committee (http://europa.eu.int/comm/employment_social/social_protection_committee/spc_opinions_en.htm)

¹⁷ COM(2003)179final

¹⁸ See Annual report on migration and asylum http://europa.eu.int/comm/justice_home/index.htm

linguistic and ethnic backgrounds to settle and take an active part in all aspects of European societies.

6.4. Dialogue with third countries and at international level.

With respect to building closer relationships with sending countries, efforts have been made to integrate migration related issues in EU external and development policies.¹⁹ Migration issues are systematically introduced into the dialogue between the EC and many countries of origin and transit and a financial co-operation programme has been developed²⁰. This must be seen in a wider context including the growing importance of migration issues on the international agenda, including within ILO and the UN Global Commission on Migration.

7. CONCLUSIONS

This report confirms that immigration continues to play an important role in the economic and social development of the European Union. In the context of an ageing and shrinking working-age population, increased immigration flows are likely and increasingly necessary to meet the needs of the enlarged EU. Europe must prepare for this.

In this respect, there is a need for a level-playing field in terms of **admission policies for economic migrants** across the EU to be able to respond to labour gaps successfully and in a more transparent and coherent manner. While bearing in mind the inability of the Council to agree on the directive on economic immigration, the Commission hopes that the launch shortly of a Green Paper will pave the way for a new European legal instrument on this matter.

Admission and integration policies are inseparable and should mutually reinforce each other. With respect to integration in the labour market, it will be important, at Member States' level, to reflect further on the structures and instruments in place, in particular on the **capacities to identify skills and labour shortages and to ensure higher participation of immigrants in the labour market**. The Commission will support the exchange of experiences on these issues within the framework of the European Employment Strategy. In this respect the Commission has proposed a new and ambitious programme of exchange of experiences in the context of the Employment Committee, which can address these issues. The Community Programme for Employment Incentive Measures will also be used to improve the knowledge base concerning integration in the labour market. This report has shown that the **assessment of skills and professional qualifications of immigrants** remains important to make better use of their full potential. Facilitating the recognition of immigrants' qualifications by applying to immigrants the same criteria for the recognition of foreign qualifications as applied to nationals, would be an important step.

In parallel, Member States are also increasingly concerned about the **integration of the newly arrived** in particular ensuring that immigrants understand and respect the fundamental norms and values of the host society and with respect to language abilities, which are major barriers to integration. Inevitably Member States will be reluctant to open up for further economic migration, unless they are able to integrate newcomers well into all aspects of society. The need for specific integration measures is also a concern raised by third countries during

¹⁹ See COM(2002)703

²⁰ See also SEC(2003)815 of 9/07/03

discussion of migration issues. This highlights the need to strengthen and develop policy instruments to address the integration of third country nationals, in connection with progress on admission policies. The INTI Preparatory Actions are a further step to promoting specific integration measures for third country nationals by providing new ideas, exchanging good practice and identifying priorities.

Efforts are needed to boost the integration of existing immigrants. This calls for comprehensive integration policies, combining both mainstreaming and specific programmes. **Mainstreaming immigration** means actively and openly taking into account immigrant issues in all relevant policies and measures at EU and national level. One of the aims of the Annual Report on Migration and Integration is to ensure that the needs of immigrants are properly streamlined in all EU policies affecting them and to inform the Council on progress made. This first report shows that in some major policy fields the mainstreaming of immigration issues remains slow and that further efforts are needed to develop effective policies.

A number of commitments have, however, been taken at EU level since the adoption of the Communication on immigration, integration and employment, within the European Employment Strategy and the Social Inclusion Process in particular, and some positive trends are noticeable at national level. **However, most commitments still need to be translated into action;** recourse to targets is limited and developing a more systematic and comparable collection of information and data at Community level is crucial to allow for better monitoring of the impact policies have on immigrants. The Commission will pay particular attention to monitoring the progress achieved by the Member States in the next National Action Plans for employment and those for social inclusion. Moreover, exchange of experiences within the National Contact Points on Integration will also be of help to ensure mainstreaming of immigration concerns at national and EU level and the development of good practice which addresses the specificities of the target groups. In the light of the rising importance of and of the priority given to migrants' integration in Community funding, it is important that information on the use of such funds to promote migrants integration is improved.

To make progress, it is important to **increase dialogue with migrant organisations.** Dialogue between different communities built on mutual confidence is a crucial condition for supporting migrants' integration and maintaining social cohesion. At EU level the Commission encourages immigrants to take an active part in the debate. This report has shown that integration policies and religious and cultural issues continue to be major challenges in most Member States. With a view to enhancing the dialogue with migrant organisations and as a mean to overcome prejudices, ignorance and intolerance as well as religious extremism within the EU, the Commission will give priority to the creation of networks and co-operation under the INTI preparatory actions for 2005.

Another major issue is the **growing diversity of populations in European cities** which remains a challenge for many Member States. It will be important to strengthen efforts to exchange experiences and best practices at EU level, in particular in the context of the Social Inclusion Strategy. The Commission will also propose to the national contact points on integration to include this subject in its work programme.

The establishment of a **common legal framework** setting out the rights and obligations of third country nationals, underpins the EU approach to the integration of immigrants. The first EU directives have now been adopted and the Commission will closely monitor their

transposition into national legislation. The Commission will also review the level of political rights granted to third country nationals during this process.

The legislative framework and the policy instruments described above constitute important components in the practical implementation of integration measures. There is a need, however, for greater coherence with respect to the objectives which such measures seek to fulfil. In addition the Thessaloniki European Council stressed the need for developing a common European framework within which national policies should develop and envisaged the **definition of common basic principles** with a view to intensify the development of such a framework. The Commission will make the necessary proposals to define a set of common principles which could become the basis for the adoption of specific objectives to be pursued in the relevant policy fields.

The national contact points on integration can play an important role in this process. They will have an important contribution to make in order to monitor progress across policy fields and ensure that efforts at national and EU levels are mutually reinforcing. Based on their experiences in developing the handbook on integration they should also identify a number of priority areas and make recommendations for further co-operation between Member States. In light of these developments and with a view to strengthening the European framework for integration ahead of the new constitutional Treaty, the Commission will consider the need for setting up a more formal basis within which exchange of information on integration could take place in the future without prejudices to the European Employment Strategy and the European Inclusion Strategy.

ANNEX

1. MIGRATION TRENDS IN EU-25

In 2002 only Latvia, Lithuania and Poland showed a negative crude net migration rate²¹. Especially in countries like Germany, Greece, Italy, Slovenia and Slovak Republic, which are experiencing negative natural growth, migration makes an important contribution to population increase. Despite a positive migration rate, the Czech Republic, Estonia and Hungary are experiencing a population decline due to high negative natural increases.

In 2002, the annual crude net migration rate was 2.8 per 1 000 population in EU-25. Estimates show that during the period 1990-2002, these rates were generally positive in the EU-15 and often negative in some of the new Member States. These estimates, which give an indication of the role of migration in population change, show that, on the whole, there were more immigrants coming into the EU-15 than emigrants going out and that the reverse was true for most of the acceding countries.

To get a full understanding of migration trends it would be interesting to look at the total number of third-country nationals recorded as legally residing in EU-25. The total number of third-country nationals living in the 15 Member States²² in 2001 was estimated to be 14.3 million, the equivalent of 3.8% of the total population. Unfortunately figures for third-country nationals living in all 25 countries are not available. However the total number of non-nationals²³ living in the 25 countries is known although there is no data for 2001 for France, Ireland, United Kingdom, Cyprus, Estonia, Malta, Poland and the Slovak Republic and this is why the number of non-nationals only amounts to 15 million, which is equivalent of 5.0% of the total population. Belgium, Germany and Austria have sizeable non-national populations (around 9%). Next come Greece and Sweden with respectively about 7.0% and 5.5%. Luxembourg is an unusual case with non-nationals accounting for just over one-third and a quarter of the population. It should be noted that differences between countries in terms of non-national populations partly reflect differences in national legislation on the acquisition of citizenship.

Among the non-nationals, around one-third are citizens of another EU-25 Member State and the remaining two-thirds (9 million people) are third country nationals. Belgium and Luxembourg are the only countries where other EU-25 nationals outnumber third country nationals. In 2001 the largest group of third country nationals living in the Union was Turkish citizens (around 2.4 million of whom 2.0 million in Germany).

²¹ Comparable immigration and emigration data are not available for all countries, meaning that it is impossible to calculate net migration directly by subtracting emigration from immigration. Net migration is instead estimated here as the change in population that cannot be attributed to natural change (births minus deaths). Net migration figures give an indication of the importance of migration as a component of population change, but do not provide clear information about the size of the separate immigration and emigration flows. For example, low positive net migration could indicate high emigration but even higher immigration, or equally, zero emigration and low immigration.

²² Source: Eurostat (data from UK are estimates from previously published UK figure).

²³ Non-nationals includes both third country nationals and other EU-country nationals living in another EU Member State.

Sweden, The Netherlands and Denmark have the highest ratio of non-nationals acquiring citizenship²⁴. Luxembourg and Greece show the lowest relative numbers. In these countries there were fewer than 5 cases of newly acquired citizenship per 1,000 non-nationals in the country. Compared with 1990, in almost every country the ratio of the number of people acquiring citizenship to the non-national population has increased.

During 2001, excluding seasonal employment, the majority of residence permits in the EU-countries who supplied data, were granted for the purposes of family formation, employment or study. Within these categories, the reasons for granting residence permits can vary dramatically between Member States, some granting the majority of permits for reasons of family formation, whilst others almost exclusively for employment purposes. For instance in Sweden, over 70% of residence permits were granted for purposes of family formation/reunification. In Belgium and Denmark this was the reason in over 50% of cases and in Austria, Finland, France and Italy it applied to between 20% and 30% of cases. In Germany and Spain, a residence permit was granted for employment purposes in over 80% of cases and in Italy, in over 50% of cases. Looking at the EU overall, nearly 40% of all residence permits were granted for the purpose of employment whereas 30% were granted for the purpose of family reunion.

A lack of complete and comparable data hampers the analysis of migration and caution should be taken. Being foreign born is not necessary an indicator of being an immigrant from another country. The statistics on net immigrant flows most likely underestimate the real level of migration due to movements of illegal or clandestine immigrants. Illegal immigration flows are obviously not included in official statistics and can only be estimated with difficulty. Furthermore, emigration flows are not well recorded and there are no data on outflows of immigrants from the labour market in most countries and on changes of “category”, such as the number of immigrants or of third country nationals who stop working, retire, are naturalised or return to their country of origin.

In the context of the enlarged EU, it is important not to confuse immigration by third-country nationals and internal mobility of EU citizens, including those from the new Member States. While the income gap between the new Member States and the EU-15 is likely to diminish to some extent over the transition period, the basic incentives to migrate will – in all likelihood – not be fundamentally different from now. Therefore, the economic rationale for maintaining restrictions on the free movement of workers after accession may be weaker than often assumed²⁵. Applying temporary curbs on labour mobility from the new Member States will only distribute inflows over a longer period of time, delay the overall movement of workers and may introduce “biased” destination patterns of flows into the EU-15, with the risk of distorting mobility on a more permanent basis. A study²⁶ for the Commission came to a similar conclusion concerning the transition periods and confirmed previous research that flows of workers following enlargement will be fairly moderate. The enlargement of the Union is therefore not expected to have a major impact on the future need for immigration.

²⁴ Eurostat, Statistics in Focus, Population and Living Conditions, Theme 3 – 3-2004.

²⁵ Virtually all old Member States have maintained restrictions on access to their labour market, at least for the first two years following accession.

²⁶ German Institute for Economic Research, Potential Migration from Central and Eastern Europe in the EU 15 – An Update; DG EMPL, October 2003.

2. MIGRANTS IN THE LABOUR MARKET AND ECONOMIC AND PUBLIC FINANCE ASPECTS OF IMMIGRATION

Migration helps to sustain employment growth

Between 1997 and 2002 the number of people employed²⁷ in the EU-15 increased by about 12 million, out of which 9.5 million were EU-nationals and more than 2.5 million, third-country nationals. While the share of third-country nationals in total employment was 3,6% in 2002, they contributed to employment growth by 22%. In 1997, the employment rates of EU-nationals already stood at 79% for the medium skilled and at 87.5% for the high skilled in 2002 they had further risen to 81.6% and 89% respectively, and thereby reaching levels difficult to increase any further. A similar development is seen among third-country nationals. The number of medium skilled increased by 50% and that of high skilled doubled, amounting to more than 60% of the total increase in their employment. This reflects not only the well known fact that migrant labour strongly reacts to cyclical variations in economic activity but also migrants' labour's over proportional contribution is sustaining employment over a 5-year period, which is characterised predominantly by solid economic and strong employment growth. The situation for the low skilled is somewhat different, with more modest increases in both groups but still stronger for third-country nationals than for EU-nationals.

Given the extremely high levels of employment already reached by skilled EU-nationals, third countries' labour is increasingly appearing as a major potential, which can be tapped to respond to the growing demand for skilled labour while continuing to respond to the demand for low skilled labour.

An unused employment potential among third-country nationals²⁸

Over the last decade third-country nationals' unemployment has remained higher than EU-nationals', more than twice as high in a majority of Member States. Third-country nationals have also much lower employment rates than EU-nationals (by 14 percentage points lower in 2002), in particular in the prime-age group (by 20 percentage points lower) and for the high skilled. The gap is on average wider for women than for men, within all working age groups.

Migrants workers are not only concentrated in a few sectors, but within them, in the lower skilled segments. "Education", "care" and "health" progressively emerge as new sectors of employment, notably for newly arrived migrants while young people of foreign origin tend to be increasingly working in jobs with a "national profile"²⁹. Whether these changes mean a better starting point for migrants' longer term integration in the labour market is questionable as they still tend to remain concentrated in low quality service jobs offering little room in terms of adaptability and mobility.

Educational attainments remain lower also for the younger generations. In 2002, at 35%, the share of the 18-24 year olds having lower secondary education or less and being not in further education and training was twice as high for third-country nationals than for EU nationals. More than 60% of third-country nationals aged 15-24, were low skilled and 5% highly skilled

²⁷ Defined as the number of people employed in the working age population (15-64) in the Community Labour Force Survey.

²⁸ This section highlights the key findings from "Employment in Europe 2003", where the Commission analysed this important issue in detail.

²⁹ OECD, "Trends in international migrations", 2003, part I

compared with 46% and 8.5% for EU-nationals. Improving migrants' integration in the labour market requires breaking the vicious circle of a low skill level giving access to sectors and jobs, which in turn, offer poor chances of improving their skills.

Although newly arrived third country migrants tend on average to have a higher skill level than those established for several years in the EU, their activity rates are lower and their unemployment rates higher than for longer established immigrants. At 45%, the employment rate of immigrants who arrived in 2001 was nearly 20 points below that of those who arrived 10 years before.

Differences in employment performances of third country nationals seem to be strongly related to the country of origin, for women in particular

The employment rate of migrants from African countries and Turkey is dramatically lower than for EU-nationals whatever the skill level and the gap is more marked for women. This is not the case for migrants from Balkan countries, whose employment rates are at or over EU-nationals' levels both for men and women. Differences appear however less marked when considering country of birth instead of nationality as shown by result of recent research conducted for the Commission.

The situation of migrants in the labour market in the new Member States

Community Labour Force Survey data are not robust enough to provide a comprehensive picture of migrants' employment in the new Member States. Available information for Slovenia, the Czech Republic, Poland and Slovakia³⁰ relates to the situation before accession and considers both EU and third country nationals workers as migrant workers and it only allows for rough estimates based on the number of work permits and trade licenses delivered³¹. In the new Member States, the great majority of migrant workers come from neighbouring countries, including the former USSR and the Balkans. In Slovenia, 93% of the foreign workers come from former Yugoslavia. Foreign workers from Ukraine, Belarus and the Russian Federation represent the majority in Poland and between 27 and 36% in the Czech Republic. Both countries have also a sizeable share of migrant workers from Asian countries, notably Vietnam.

Migration trends are changing in the new Member States and, as in old EU countries, migrant labour plays a part in adjusting for labour and skill shortages provided the immigrants are integrated in the labour market. In Cyprus, labour market adjustments rely heavily on migrants employed on a temporary basis, in particular in "hotels and restaurants" and in "private households" who represented 10.2% of the employed workforce in 2002³². In Central and Eastern European new Member States, migrants from EU-15 represent a marginal share of migrant workers (around 2.5% in the Czech Republic, for example) but helped by

³⁰ "Migration Trends in selected EU Applicant Countries", International Organisation for Migration, Vienna, 2004

³¹ In Poland the number of work permits fluctuated between 15,300 and 17,800 per year between 1997 and 2002, in Slovenia between 34,000 and 40,000. In the Czech Republic, the total number of work permits declined from 130,767 in 1997 to 103,652 in 2001, but adding trade licenses the number of migrant workers can be estimated at around 167,600 in 2001. In Slovakia around 9,000 non national citizens were officially working in 2002

³² Supporting document SEC (2003)1361 to Commission Communication "Progress in implementing the Joint assessment Papers on employment policies in acceding countries" COM (2003) 663 final.

responding to the demand for new skills led by the economic transformation. They are generally high skilled, employed in managerial and professional occupations on a temporary basis and concentrated in big cities. Migrants from Central and Eastern Europe and the Balkans, on the other hand, work mainly in industry (textile and food in particular), construction and agriculture in manual, unskilled jobs or, in the case of women, as domestic helpers, carers for children and elderly people. Traditionally, migrants from Asia have been mainly entrepreneurs, running small family businesses, notably in the retail and textile industries.

*Economic and public finance aspects of immigration*³³

Economic theory is relatively optimistic with respect to the economic impact of immigration, suggesting overall welfare gains. Immigrant workers can improve the allocation of workers to firms and may ease labour shortages in areas in which natives do not want to work. As they tend to be more responsive than local workers to labour market conditions, immigrant workers may help to smooth the adjustment of labour markets to regional differences or shocks. Moreover, the increase in human capital from immigration contributes to long-term growth, in addition to the purely quantitative impact of increases in the labour force.

A large part of the gains accrue to the immigrants themselves (and to their families in the source countries receiving remittances), but most studies find a small “immigration surplus” for the native population as well. However, the distributional impact tends to be significant, as costs and benefits are not evenly distributed among the resident population. Studies typically show complementarities between skilled domestic workers and unskilled migrants and some, although weak, substitution between unskilled migrants and domestic workers. In cases of a rapid increase in labour supply not matched by an increase in the capital stock, additional migration could thus lead to income redistribution from native workers to capital-owners, with unskilled labour probably having to shoulder a major share of the burden. Thus, a shift towards a better balanced skill-mix of migrants should be conducive to alleviating distributional concerns. Moreover, additional migration may well be accompanied by additional capital investment over the medium term, particularly if migration reduces supply barriers to economic activity such as labour or skill shortages.

The Communication on immigration, integration and employment concluded that while using immigration to fully compensate for the impact of demographic ageing on the labour market is not a realistic option, increased immigration flows are not only likely but necessary. The existing literature confirms that migration can contribute to mitigating the ageing process significantly if migration rates remain at their historical levels or increase further, without being a solution to ageing populations. In fact, the level of net migration required in order to maintain the old-age dependency ratio at its 2000 level would entail enormous increases of inflows relative to current levels. The EUROSTAT demographic scenario used as a basis for the projections of public expenditure on pensions and health care already assumes significant net in-migration of some 30 million in total until 2050. Thus even somewhat higher net immigration would not dispense policy makers from implementing the EU’s internal structural reform agenda to cope with the impact of ageing populations. In particular, in all Member States timely preparations to tackle the budgetary implications of ageing will have to

³³ This section is largely based on a note prepared by Commission services for the Economic Policy Committee, “*Economic aspects of immigration*”, ECFIN/361/03 en.

rely on the three-pronged strategy of raising employment rates, reducing public debt, and reforming pension systems³⁴.

An important element in the public debate over immigration has been the impact on public finances. Indeed, several recent studies have shown that welfare dependency ratios of migrants have increased in some countries in absolute terms and relative to the native population³⁵. Basically, the higher probability of migrant households relative to native households to depend on social welfare programmes is a result of their human capital and other socio-economic characteristics, with lower education, a lower age of the household head and a higher number of children being the prime factors. Typically, after controlling for these “observable” characteristics, there remains only a small part of “residual” welfare dependency of migrants over and above those of natives. Moreover, these studies find somewhat stronger tendencies for migrants to stop depending on welfare assistance than in the US. Welfare usage of non-humanitarian migrants seems to be at least in some cases well below that of humanitarian migrants, and non-humanitarian migrants tend to stop depending on welfare more rapidly than other migrants. Thus, part of the increase in welfare dependency of migrants can be traced back to higher numbers of asylum seekers and refugees, who are not, or only under restrictive conditions, permitted to work.

3. OVERVIEW AND BROAD TRENDS IN NATIONAL POLICIES ON INTEGRATION

The definition and content of integration policies differ widely in terms of scope, target groups and actors. Some Member States are combining both actions targeted specifically on migrants and a mainstreaming approach; others have a less comprehensive, more fragmented strategy, which is often project-based. For long-term resident immigrants, ethnic or national minorities and asylum seekers, the policies carried out differ significantly from one Member State to another³⁶. For newly arrived immigrants and refugees, policies are more similar and are generally based on national introduction programmes consisting of three main components: language tuition, civic orientation and education, and professional labour market training.

The actors involved in developing integration policies vary a lot across Member States. When a mainstream approach prevails, public actors responsible for integration policies are less identifiable, with an overall responsibility often given to the Ministry for Home Affairs and/or for Social Affairs. Authorities in charge of policies for specific target groups are more visible. Integration strategies are defined at national level but often implemented by regional and local authorities. Some countries try to involve social partners while others rely mainly on NGOs.

The diversity of approaches and actors reflects different policy priorities, as well as the specific history and patterns of migration flows within each country. As several Member States have recently changed from being emigration countries to immigration countries, the need for comprehensive integration strategies has increasingly been recognised. This is, for instance, the case of many new Member States, where emphasis has long been put on addressing minority issues, rather than on integrating newcomers.

³⁴ Joint Report on pensions.

³⁵ A number of studies focus on Germany; some recent evidence is available for Sweden, the Netherlands and Denmark.

³⁶ See European Commission, COM(2003)336 Annex 1 Synthesis report on national integration policies.

Member States have committed themselves to significantly reduce the unemployment gaps between non-EU and EU nationals.

Lacking a job is often perceived as the most important barrier to integration and promoting immigrant participation in the labour market is identified as a central policy priority. This is echoed by the vast majority of the National Contact Points on Integration who identify lack of access to employment as being the greatest barrier to integration and thus the most important political priority within national integration policies. Under the European Employment Strategy, Member States are called upon to promote the integration of and combat discrimination against immigrants and ethnic minorities in the labour market. In particular, Member States are committed to significantly reduce the unemployment gaps between non-EU and EU nationals by 2010, according to national targets. Skills gaps and discrimination certainly play a role. Lack of language skills and difficulties regarding recognition of professional skills and qualifications are also important barriers. The analysis of the National Action Plans for Employment for 2003/2004 shows some promising policy developments. A growing number of Member States (BE, DK, FR, PT, SE) are taking measures to improve the recognition of qualifications and competences of migrants obtained outside the EU. Special efforts are being carried out to improve job guidance and job counselling for migrants. For instance, the French public employment service has nominated officials in charge of the coordination of the reception of migrants in order to facilitate their access to employment services. In Belgium, regional public employment service also provides information about the rights of job seekers when confronted with discrimination. The potential of migrants to establish themselves as entrepreneurs is also increasingly recognised. In Germany, for example, several measures are developed to attract more foreign workers to start their own business by better counselling, improved information and targeted public relation measures.

However, little progress is seen in a number of other policy areas. Targets reflecting the one agreed at EU level have not been set at national level, except for the Netherlands, France, Denmark and Ireland. The Netherlands for example has committed itself to raising the employment rate of ethnic minorities to 54% by 2005 whereas Denmark has set a target of having a minimum of 3.5% of people from a migrant origin in the public sector. Although anti-discrimination measures in the workplace are considered crucial, not all Member States seem to give the necessary importance to this issue. The involvement and the commitment of the social partners are increasing but still limited. The evaluation of the effectiveness of policies is scarce. A counter-example is Sweden, which has recently appointed officials to review the effectiveness of reception and induction schemes for immigrants and refugees. Finally, many occupations remain inaccessible for non-EU nationals on the ground of nationality shifted recently its policy by authorising non-EU nationals to access occupations in the civil service.

Language tuition for newly arrived immigrants is gaining in importance

Some immigrants are highly educated and already speak the language of their host country. Immigrants bring with them a language resource which the EU needs to capitalise on and their language and intercultural skills may well be better than those of their hosts. Language skills and the improvement of the educational attainment are, however, identified as key challenges, not just to ensure integration in the labour market, but to integrate into society at large. Poor language skills are not only influenced by learning abilities and the lack of interaction with

the host society, but are perhaps also a result of shortage of financial resources³⁷. Generally Member States seem to be focussing more on immigrant's language abilities and an increasing number of countries are providing specific language tuition for newly arrived immigrants and refugees. Germany for instance is proposing 600 hours of language training in their anticipated national integration programme. At the same time the focus has increased in some countries on the responsibility of the immigrant to integrate and learn the language of the host society. In the Netherlands an increased responsibility on the newcomers for his or her integration is envisaged by placing the cost of the introduction programme on the newcomer and requiring an integration exam.

The provision of civic education to new immigrants is growing

Confusion and ignorance surrounding immigration, social and cultural issues is widespread, as highlighted by the on-going discussions in several Member States on the wearing of cultural and religious symbols. These difficulties are also echoed by Member States which have highlighted the increasing need for providing civic education or orientation to new immigrants, such as information about fundamental rights and obligations, including equality of men and women, basic norms and the core values of the host society. Such efforts could be seen as an increased recognition of the need for developing and implementing a holistic approach to integration, which should include measures to facilitate civic, cultural and political participation. Member States still have difficulty in achieving the delicate balance between on the one hand the adaptation from migrants and on the other hand the changes required in society.

Some progress in granting political rights to immigrants at local level

Participation in the political decision-making process is certainly an important formal step to granting foreigners similar rights and obligations as EU-nationals. Participation in political life has been and is currently under discussion in some Member States. Belgium and Luxembourg for example have recently adopted new legislation granting the right to vote to foreign residents under certain conditions. The majority of both new and old Member States have now granted some level of electoral rights to immigrant at the local level and with the forthcoming transposition of the Directive concerning the status of third-country nationals who are long-term residents³⁸, there will be an opportunity for the remaining Member States to consider granting more political rights to immigrants. The European Parliament considers that Member States should ensure the right to vote in local and European elections, but has emphasised that civic citizenship implies more than that, including ensuring that citizenship requirements are non-discriminatory³⁹.

³⁷ Currently there are no specific Community measures to fund language courses for individual migrants as the responsibility for the organisation of education and training systems rests with Member States. There are however projects under the Socrates and Leonardo da Vinci, which seek to encourage sharing of experiences and good practice in the teaching of immigrants.

³⁸ Council Directive 2003/109/EC of 25 November 2003. Deadline for transposition into national law is 23 January 2006 cf. art. 26.

³⁹ Report on the Communication from the Commission on immigration, integration and employment from the European Parliament, 1 December 2003, A5-0445/2003.

Making a drive to reduce the risks of poverty and social exclusion is a critical challenge

Under the European common objectives to combat poverty and social exclusion adopted in December 2002 emphasis was placed on the need to tackle the specific social risks experienced by immigrants. An analysis of the National Action Plans for Social Inclusion for 2003-2005⁴⁰ shows that a more determined action is needed. While Member States identify immigrants among those particularly at risk of poverty and social exclusion, many countries still fail to provide in-depth analysis of the factors leading to this situation. Little attention is given to promoting access to resources, rights, goods and services, in particular to appropriate healthcare.

... and access to affordable housing is a particular problem

The urban settlement and housing of immigrants, in particular, are still causing difficulties. A number of Member States are struggling to provide affordable housing and to address the negative consequences of segregation and deprived urban areas, where immigrants tend to be over-represented. Some Member States are introducing new approaches to overcome this problem by linking admission and housing policies. Italy, for example, has decided to introduce a new system where the employer has to guarantee housing under a “contract of stay for work”.

Fighting discrimination must be stepped-up

The fight against discrimination and racism has been rendered even more complex in the recent political climate, with the sometimes negative stereotyping of immigrants in the media and the rise in support for far-right political parties in some Member States. Specific actions to promote the integration of immigrants must be complemented by measures to tackle discriminatory barriers. Policies to combat discrimination and racism are not always connected to the integration strategies pursued by the Member States. There is, however, a clear recognition of the need to act. Most EU citizens acknowledge that members of ethnic minorities would stand less chance of getting a job or training, even with the same level of qualifications as other candidates, and more than 80% of EU citizens believe that it is wrong to treat people differently on the basis of their racial or ethnic origin⁴¹. The transposition of the 2000 EU legislation banning discrimination on grounds of racial or ethnic origin in employment and beyond⁴² has acted as a catalyst for progress by forbidding discriminatory attitudes, behaviour and practices and establishing in each Member State specialised bodies responsible for promoting equality and combating racial discrimination, which are now becoming operational.

⁴⁰ See 2003 Joint Inclusion Report, as well as national action plans for social inclusion on http://europa.eu.int/comm/employment_social/news/2001/jun/napsincl2001_en.html

⁴¹ See Eurobarometer survey on *Discrimination in Europe* published by the Commission in June 2003.

⁴² Council Directive 2000/43/EC.

4. OVERVIEW OF FINANCIAL INSTRUMENTS AND THEIR CONTRIBUTION TO INTEGRATION OF IMMIGRANTS

Several EU financial instruments and initiatives contribute to the integration efforts of the Member States. Financial support is available through the Structural Funds, and from the European Social Fund (ESF) in particular. Some of the activities supported under the five ESF priorities have relevance for the integration of immigrants although it is difficult to quantify their contribution as such at EU level since the ESF programmes do not have a target group approach and legally resident third-country nationals are eligible for ESF funding on the same footing as EU nationals. Over 2000-2006, the ESF will spend some € 12.5 billion (20 % of the budget for the period) under the policy field addressed at promoting equal opportunities for all in accessing the labour market. As an example⁴³ of support for immigrants, projects and measures have been identified in the programming documents of a number of Member States (BE, LU, FR, ES, EL, NL) amounting to € 260 million. The activities include counselling, training, guidance, employment support and measures to facilitate labour market integration. Another example is the Objective 3 Community Support framework for UK, with an ESF allocation of more than € 4 billion, under which ethnic minorities and refugees represent 28% of the beneficiaries of active labour market measures.

The European action programmes in the field of education also have relevance for the integration of immigrants. The Grundtvig actions, under the Socrates programme, aiming at making lifelong learning opportunities more widely available to citizens in Europe, have supported a number of projects addressing the learning needs of immigrant communities so as to secure their fuller participation in civil society and more effective access to, and progress within, the labour market. In 2003, 28% of the projects supported by Grundtvig related to the education of migrants (as primary or indirect beneficiaries) and refugees. Migrants' children is also an overall priority for Comenius. 17% of the projects in the period 2000-2003 supported at Community level were targeted specifically at migrants children. The Leonardo da Vinci programme, implementing the EU's vocational training policy, also supported in 2001 and 2002 a number of projects, which have migrants and refugees among their beneficiaries.

Across the EU, transnational exchanges have developed within the framework of the EQUAL initiative and of the European action programmes in the field of employment, to combat social exclusion and to combat discrimination, which all include activities of relevance to the integration of immigrants. Under the EQUAL⁴⁴ initiative an amount of € 225 million supports partnership projects related to the integration of disadvantaged groups in the labour market. The beneficiaries include certain categories of migrants and a number of projects are dedicated to asylum-seekers. Under the various programmes, several studies and "peer review" activities are planned or on-going, for instance on the contribution of immigration to labour supply and the impact of different immigration patterns on employment and growth, on the integration of immigrants into the labour market, on policies to involve social partners in

⁴³ The following examples only illustrate the type of support provided by ESF to third country nationals. A more global and accurate overview of the support could only be provided after requesting and obtaining from Member States more detailed information of their respective Programmes.

⁴⁴ See http://europa.eu.int/comm/employment_social/equal/index_en.html;
http://europa.eu.int/comm/employment_social/incentive_measures/index_en.htm;
http://europa.eu.int/comm/employment_social/soc-prot/soc-incl/ex_prog_en.htm;
http://europa.eu.int/comm/employment_social/fundamental_rights/index_en.htm

the integration of migrants, on urban issues and access to housing by immigrants and ethnic minorities.

Due to the significant impact of immigration on entrepreneurship and the importance of business creation by immigrants as a means to integration, the Entrepreneurship Action Plan⁴⁵ has targeted support for immigrant entrepreneurs as one of its key actions for 2004. The action aims to facilitate exchange of good practices between Member States in accordance with the open method of co-ordination.

With respect to specific instruments targeted towards immigrants the European Refugee Fund is the European Community's main instrument supporting the implementation of a common asylum policy. In 2003, Member States allocated 25% of their appropriation under the European Refugee Fund to support the integration of refugees covering activities at national level in particular to provide social assistance in areas such as housing, means of subsistence and health care or to enable beneficiaries to adjust to the society of the Member State or to provide for themselves. A number of important projects have been implemented aiming at empowering refugees through community-based social support, family support, and support for the maintenance of the native culture of refugees. Projects are also being implemented to promote pathways to socio-economic integration through language teaching, vocational orientation and training, job searches and job creation. In February 2004, the Commission presented a proposal for the establishment of the second phase of the European Refugee Fund for the period 2005-2010.

A new pilot project on integration (INTI) was launched in 2003 with a view to specifically support networks and the transferral of information and good practices between Member States, regional and local authorities and other stakeholders on policies for the integration of immigrants. Fourteen projects involving the establishment of networks, conferences, research and the development of innovative approaches have been selected for funding and are now being implemented.

In addition, the Council adopted in December 2003 a proposal from the Commission for the establishment of a cooperation programme (ARENEAS) with third countries aiming at providing specific and complementary assistance to them in order to support their efforts in better managing migratory flows in all their dimensions. It provides for a global envelope of € 250 million for the period 2004-2008.

⁴⁵ COM (2004) 70 final.