

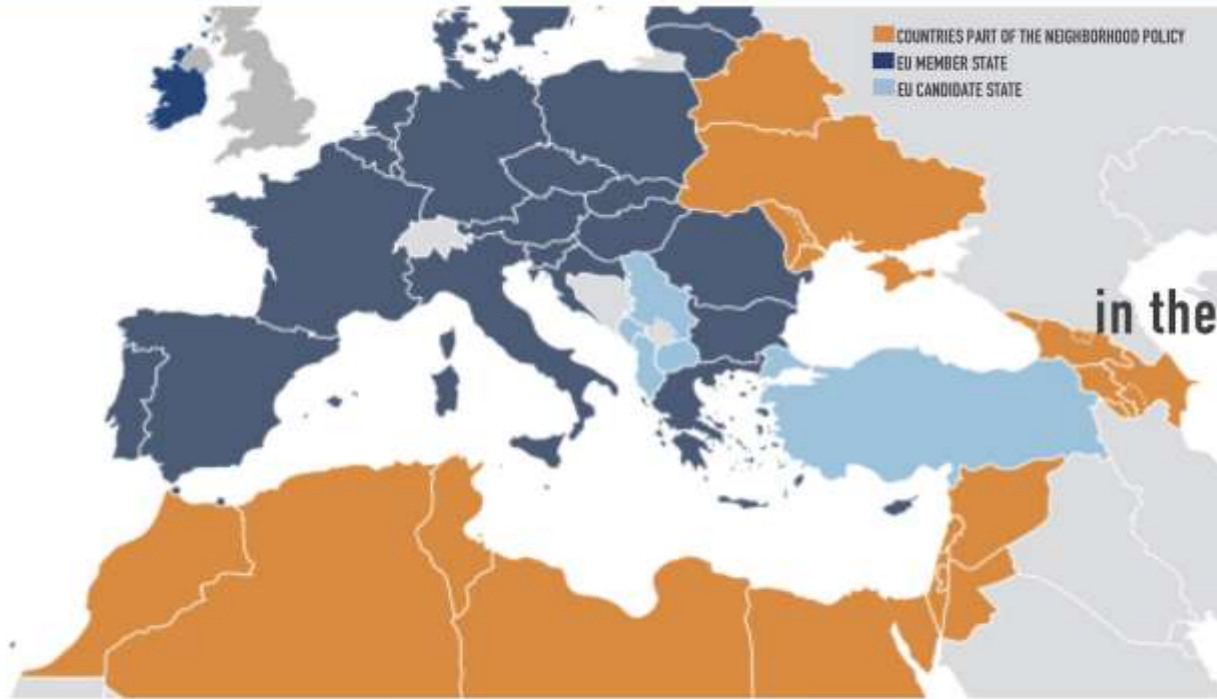
Prof. Dr. Matthias Luecke

Drivers of Migration in the European Neighborhood: Emigration from Eastern Europe – patterns and impacts

Satellite Seminar, Jean Monnet Chair in European Migration Studies

Università di Torino – March 15, 2023





MINEU

Drivers of Migration in the European Neighborhood

March 15 - 2PM

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FUTURE TRENDS OF MOBILITY



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Jean Monnet Chair
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Introduction

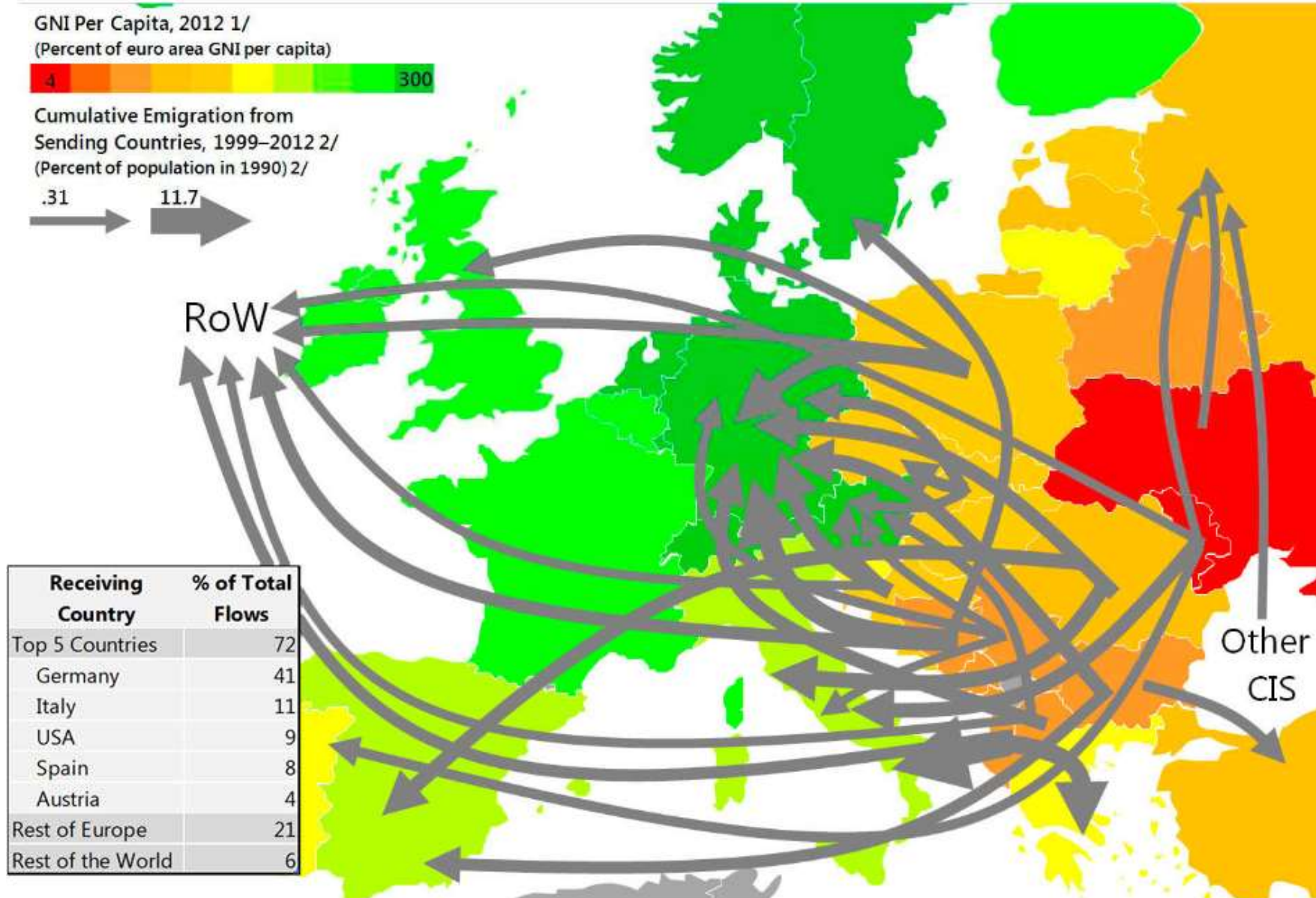
- Focus on Eastern Neighborhood: Ukraine, Moldova ... while considering wider regional context (Eastern Central Europe, Caucasus, Central Asia)
- Migration patterns and how to measure migration: temporary, circular, permanent – focus on Moldova
- Macroeconomic effects of emigration: focus on Ukraine, ca. 2019
- Refugee movements since February 2022 and EU accession of Ukraine

Overview

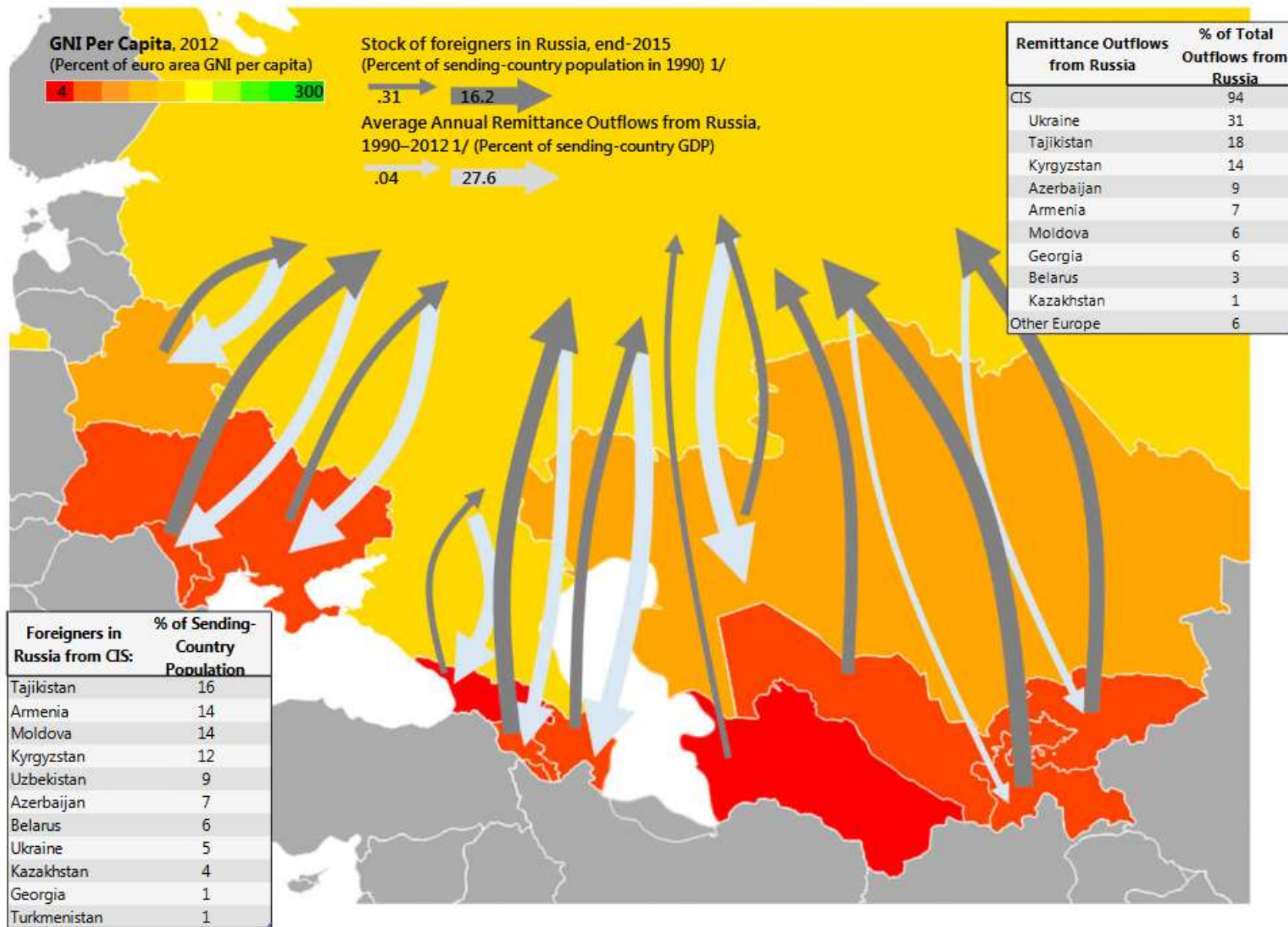
1. Overview: Emigration from Eastern and Central Europe and Central Asia
2. Potential economic and social effects of emigration
3. Migration patterns: focus on Moldova
4. Economic effects: focus on Ukraine, ca. 2019
5. Refugee movements and the EU accession of Ukraine

(1) Overview: Emigration from Eastern and Central Europe and Central Asia

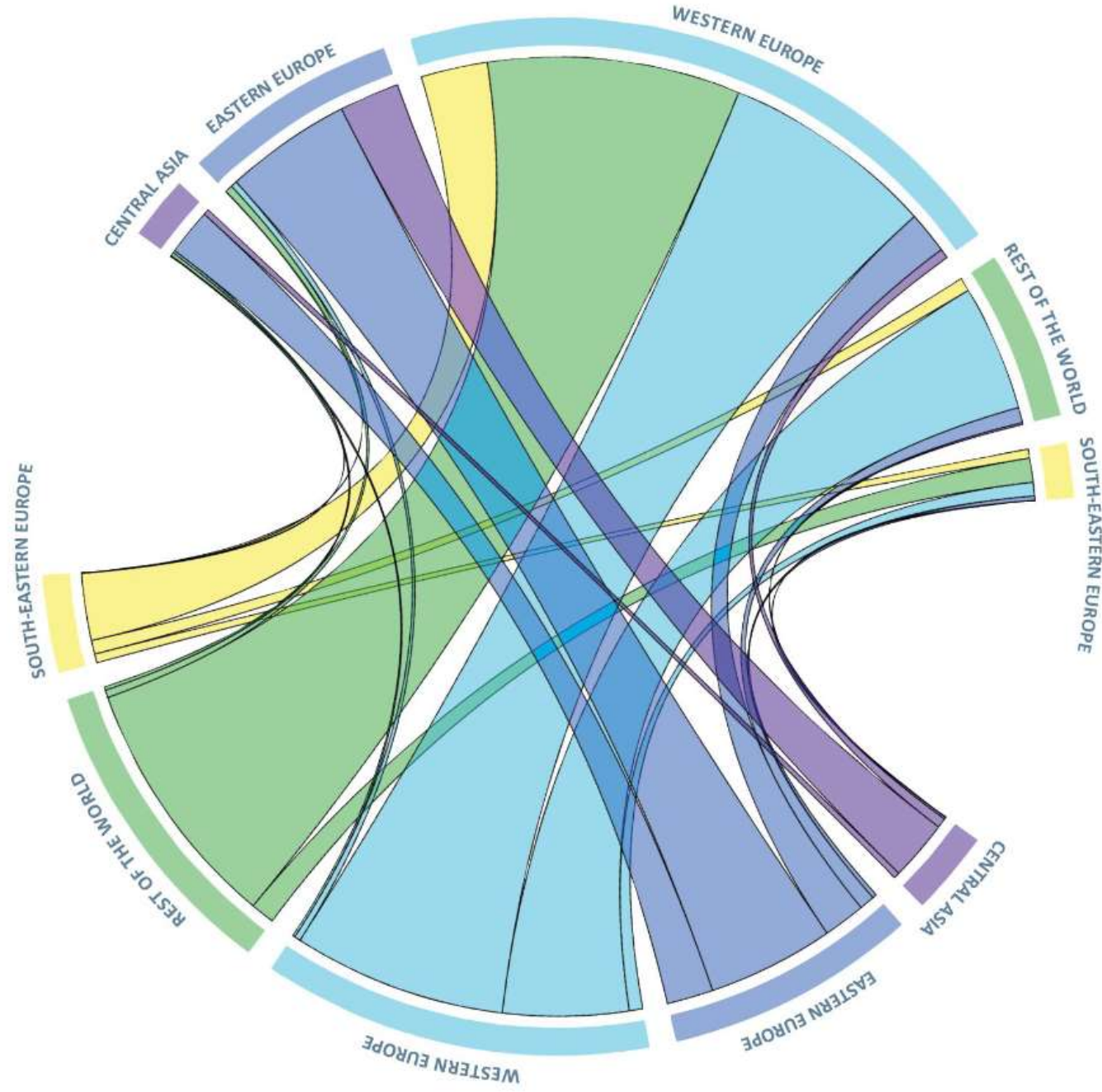
Cumulative emigration, 1999-2012



Migrant stocks in Russia and remittances, 2015



Migrant stocks in Europe and Central Asia, ca. 2013



(2) Possible economic and social effects of emigration

Effects of emigration on countries of origin – overview

	Household-level effects (1)	Economy-wide effects (2)
Workers move abroad	<ul style="list-style-type: none"> • The migrant may not (be able to) send remittances and the family's investment in the cost of migration may be lost (1.1) • Social cost of children or elderly being left behind (1.2) • Lower cost of living because fewer household members are present in country of origin (1.3) 	<ul style="list-style-type: none"> • Brain drain if emigrants are positively selected for skills (2.1) • Lower aggregate labor supply, upward pressure on wages (2.2) • 'Social remittances' may contribute to positive social and political change (2.3)
Households receive remittances from migrants	<ul style="list-style-type: none"> • Higher disposable income, higher consumption, higher investment in schooling and health care, lower poverty (1.4) • Credit constraints for household investment are reduced (1.5) 	<ul style="list-style-type: none"> • Demand for non-tradable goods and services grows with disposable income; higher labor demand and wages (2.4) • Remittances are a crisis-resilient source of external finance (2.5) • Government revenue may decline since remittances are not subject to domestic income or payroll taxes, but consumption taxes rise because of higher imports (2.6)

(3) Migration patterns: focus on Moldova

Data: Who is a migrant? How can we count them?

- Most widely used definition:
resident of a country that is not their country of birth
- Alternative definition: citizenship
- Data sources
 - Administrative data: usually incomplete
 - Country of origin: Census/ Labor Force Survey: migrants may or may not be counted (→ Who is considered a household member?)
 - Country of destination:
Census/ survey may not adequately capture people in informal circumstances
Changing borders/ disintegrating countries complicate picture

Moldova: migrants by destination country and pattern of migration, app. 2014 (thousands)

Across: migrant definition	Migrant members of households in MDA (2012)	Destination country residents - MDA citizenship (2014)	Destination country residents born in MDA
Across: data sources	Labour Force Survey	National sources Eurostat	World Bank 2013 Eurostat 2014
Russia	295.4	358.1	285.0
Ukraine	7.4
Uzbekistan	18.9
Other CIS and Georgia	29.4
EU(27)	95.0	229.7	331.7
Italy	60.5	149.4	164.0
Romania	2.6	11.0	79.7
Portugal	3.9	10.0	20.4
Greece	3.3	11.5	6.3
Spain	2.1	16.8	16.6
Germany	2.8	10.7	25.8
Czech Republic	2.5	5.7	6.2
Ireland	2.6	3.1	4.6
France	10.0	3.1	3.9
All other EU countries	4.7	8.5	4.1
Canada	...	12.3	6.3
Israel	10.6	...	11.1
Turkey	8.9	...	5.0
United States	5.9	36.1	42.5
All other countries	3.7	...	35.0
Total	426.9	...	733.2

Stylized facts about migration from Moldova since 2020

- Started during transformation crisis of late 1990s/ restructuring of agricultural sector
- Largely, rural to urban (urban = Moscow, Petersburg)
- Initially, „temporary“: most migrants remained members of a household in Moldova
- Two large groups of emigrants:
 - Men, young to middle-aged, low to medium education → Russia (esp. construction industry; informal to formal residence/ work)
 - Women, middle-aged and older, experienced caregivers → Italy (esp. care-giving in private households; informal residence/ work)

Evolving patterns

- Migrant remittances up to 1/3 of GDP in 2000s, but now down to 1/5
- Successive regularizations in Italy: migrants re-unite with their families in Italy, become „permanent“ (older-generation family members pass away, further weakening links/ remittance flows)
- Many Moldovans gain access to Romanian passports/ EU citizenship (those with at least one grand-parent who lived in Romanian Moldova between World War 1 & 2) → can work legally in EU
- Visa liberalization for MDA citizens in EU
→ can *de facto* work informally in EU
- MDA becomes candidate for EU membership, 2022

(4) Economic effects: focus on Ukraine, ca. 2019

Emigration & the geo-politics of Ukraine

- Economic links between Ukraine and Russia were strong until ca. 2014
 - Trade
 - Energy prices: lower than world market for some years at least, effectively subsidizing energy-intensive exports from Ukraine
 - Emerging Ukrainian/ Russian national identities
- Association Agreement with EU & Russian invasion of Crimea and parts of the Donbas in 2014
 - Emigration to Poland takes off (between 1 & 2 million migrants in 2021)
 - Trade integration with EU takes off
 - Visa liberalization with EU in 2017

UKR emigrants by destination and data source

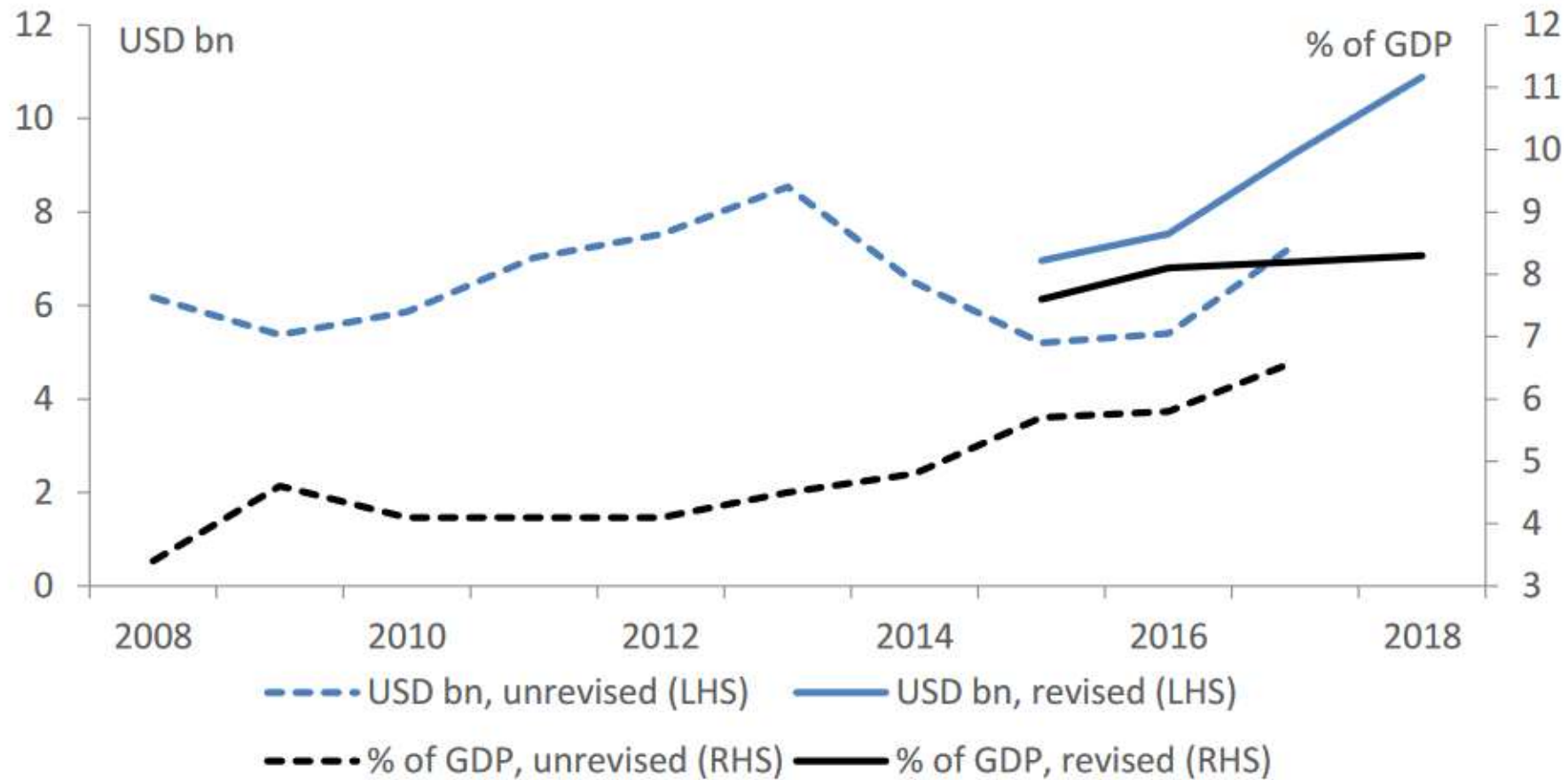
	World Bank Data		Labour Force Survey		Partner country data**	
	2010	2017	2012	2017	2012	2017
Former Soviet Union						
Belarus	141	227	21	22	n.a.	n.a.
Kazakhstan	272	346	n.a.	n.a.	n.a.	n.a.
Russian Federation	3.647	3.272	510	343	n.a.	346**
EU member states						
Czech Republic	34	138	152	123	103	116
Germany	203	212	28	10	112	118
Italy	173	232	156	147	225	235
Poland	333	221	169	507	122	451
Portugal	15	48	21	21	44	32
Spain	88	96	53	n.a.	78	89
Total EU (Eurostat)					779	1.177
Other						
Israel	249	137	n.a.	14	n.a.	n.a.
United States	332	348	n.a.	23	n.a.	n.a.
<i>Countries not listed*</i>	1.038	717	70	93		
TOTAL	6.525	5.995	1.182	1.303		

*Difference between totals and countries listed; Labour Force Survey data include US, Israel in 2012; Spain in 2017

** All EU data from Eurostat, RUS data from Rosstat

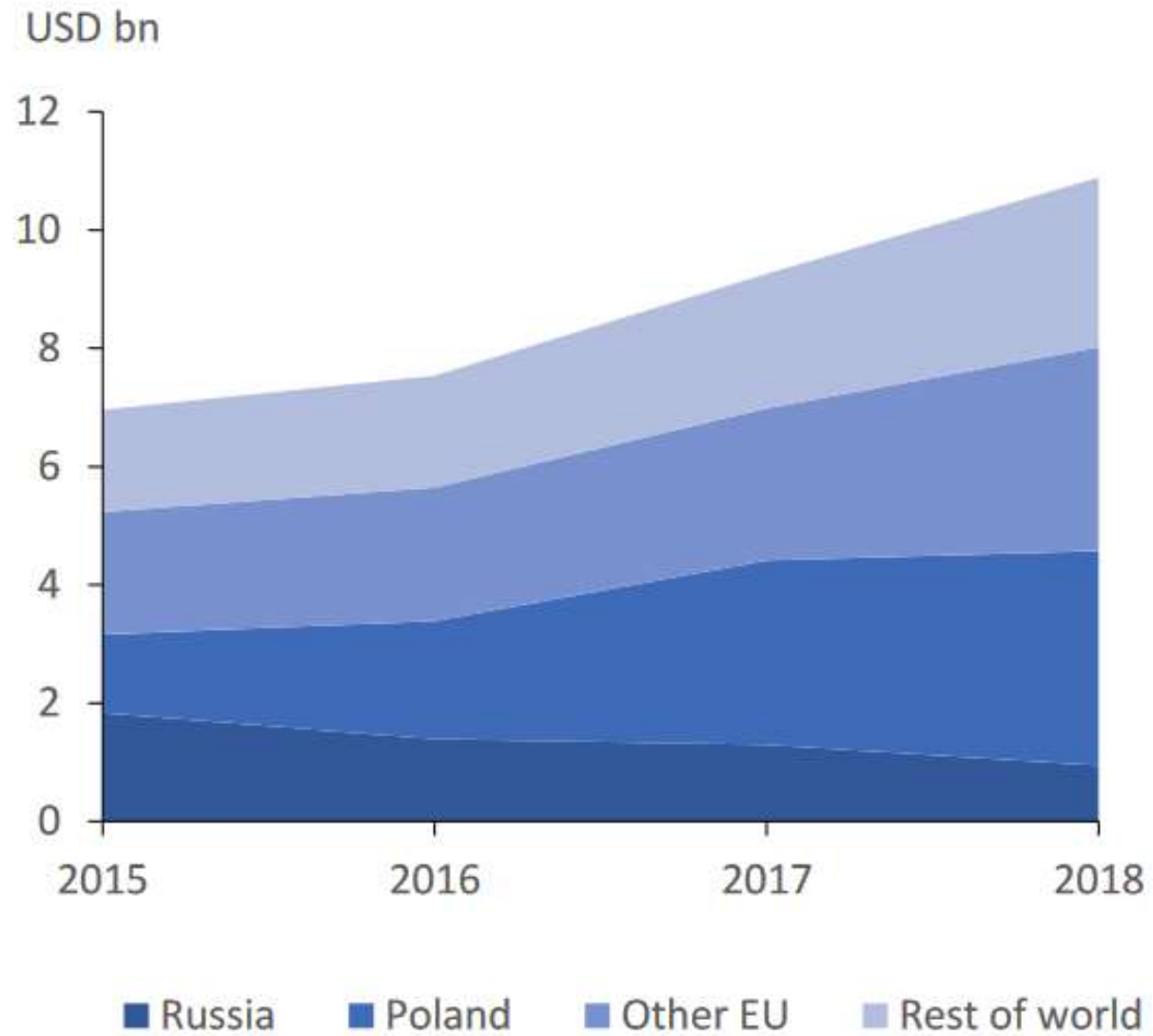
Source: World Bank; Ukrstat, LFS 2012 and 2017; Eurostat; Rosstat

Personal remittances, Ukraine



Source: National Bank of Ukraine; note: from 2015, a new methodology for estimating informal remittances was introduced leading to a break in the series (see NBU 2018).

Net personal remittances by source countries, Ukraine

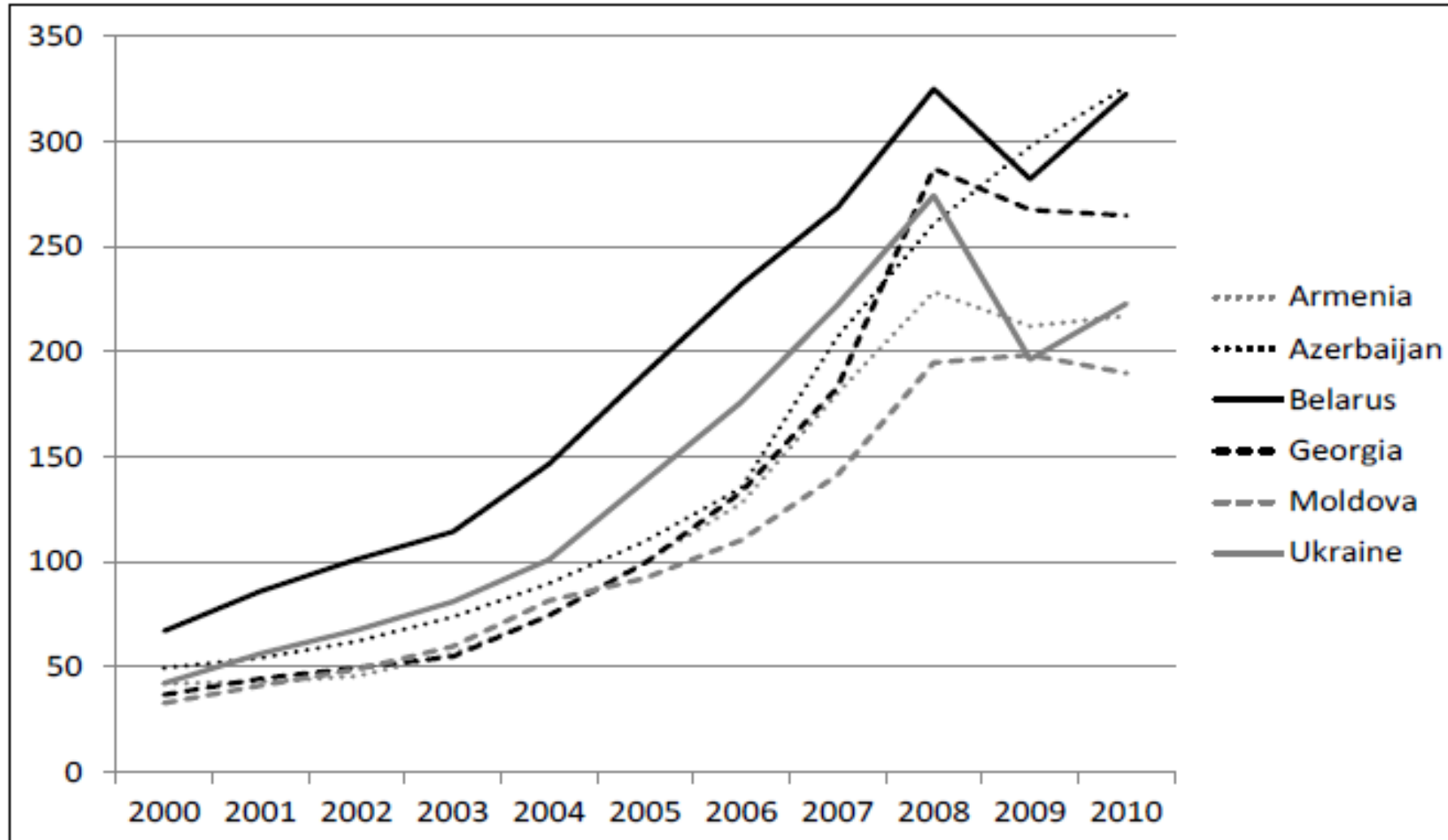


Source: National Bank of Ukraine

Remittances: „Dutch disease“ vs. poverty reduction?

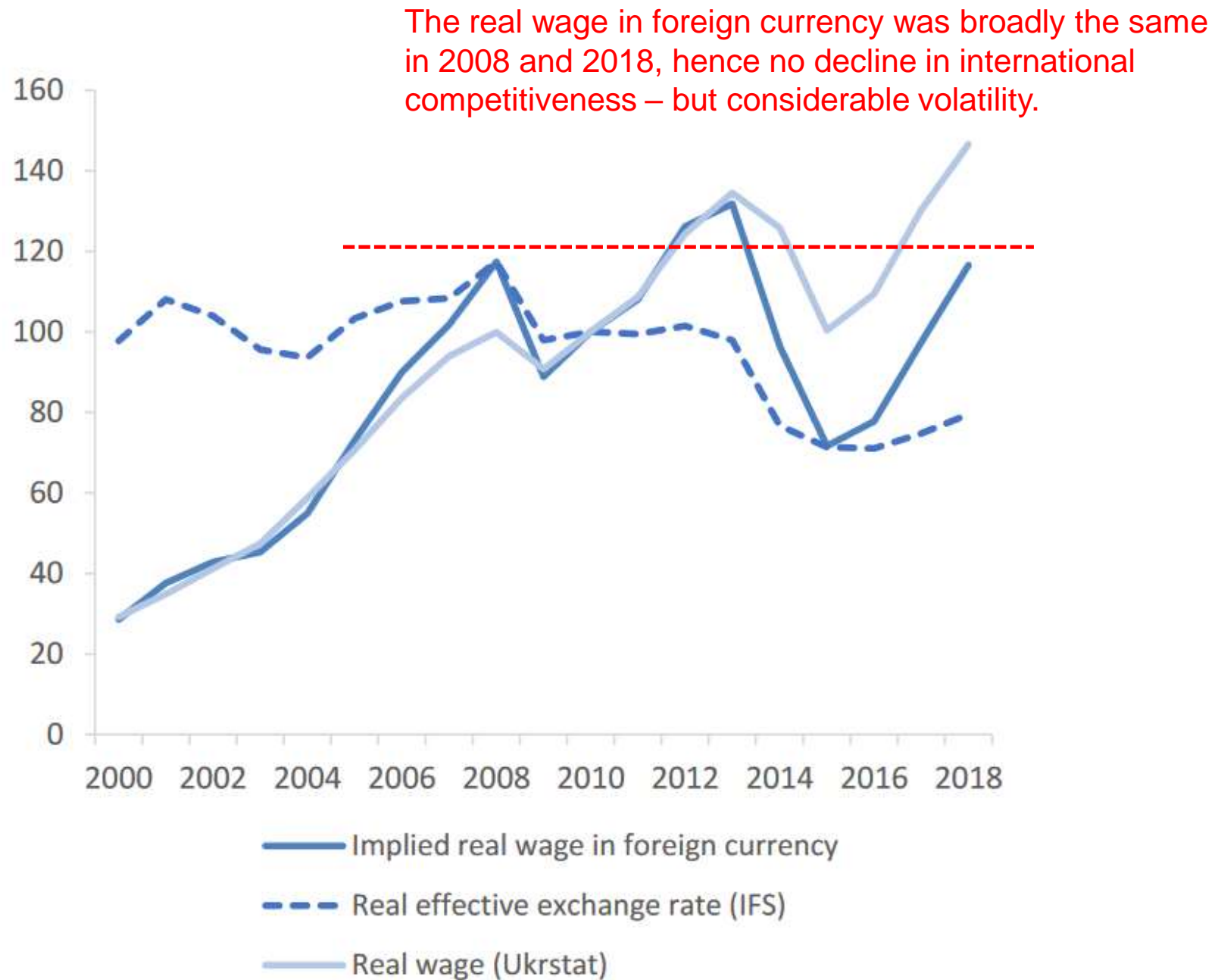
- Remittances benefit not only receiving households
- Recipients spend some of their extra income on local goods and services → more demand for workers, higher employment/wages → higher wages may make some exports less competitive
- Is this a problem? ... Yes, if you listen to industry lobbyists (and some IMF economists as of 2016) <https://www.elibrary.imf.org/view/journals/006/2016/007/article-A001-en.xml>
- Is it not rather the solution to wide-spread poverty? Wages in Ukraine are still way lower than in major export markets (e.g. Western Europe)

Eastern Partnership countries: Average monthly wage, 2000 to 2010 (constant 2000 US dollar)



Source: Country reports; IMF International Financial Statistics database; own calculations.

Real exchange rate and real wage trends, Ukraine

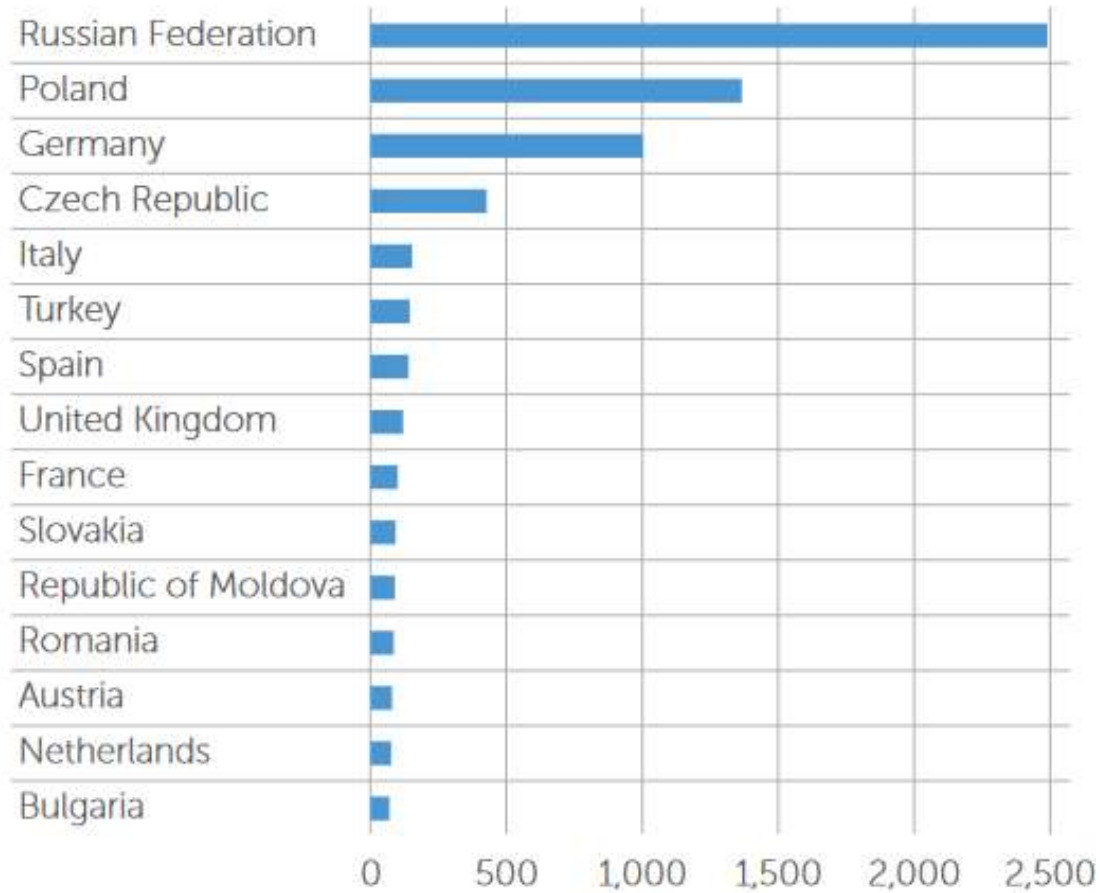


Source: Ukrstat, LFS 2017; indices: 2010 = 100

(5) Refugee movements and the EU accession of Ukraine

Figure 1 Refugees from Ukraine, by destination country, September 2022

(thousands)

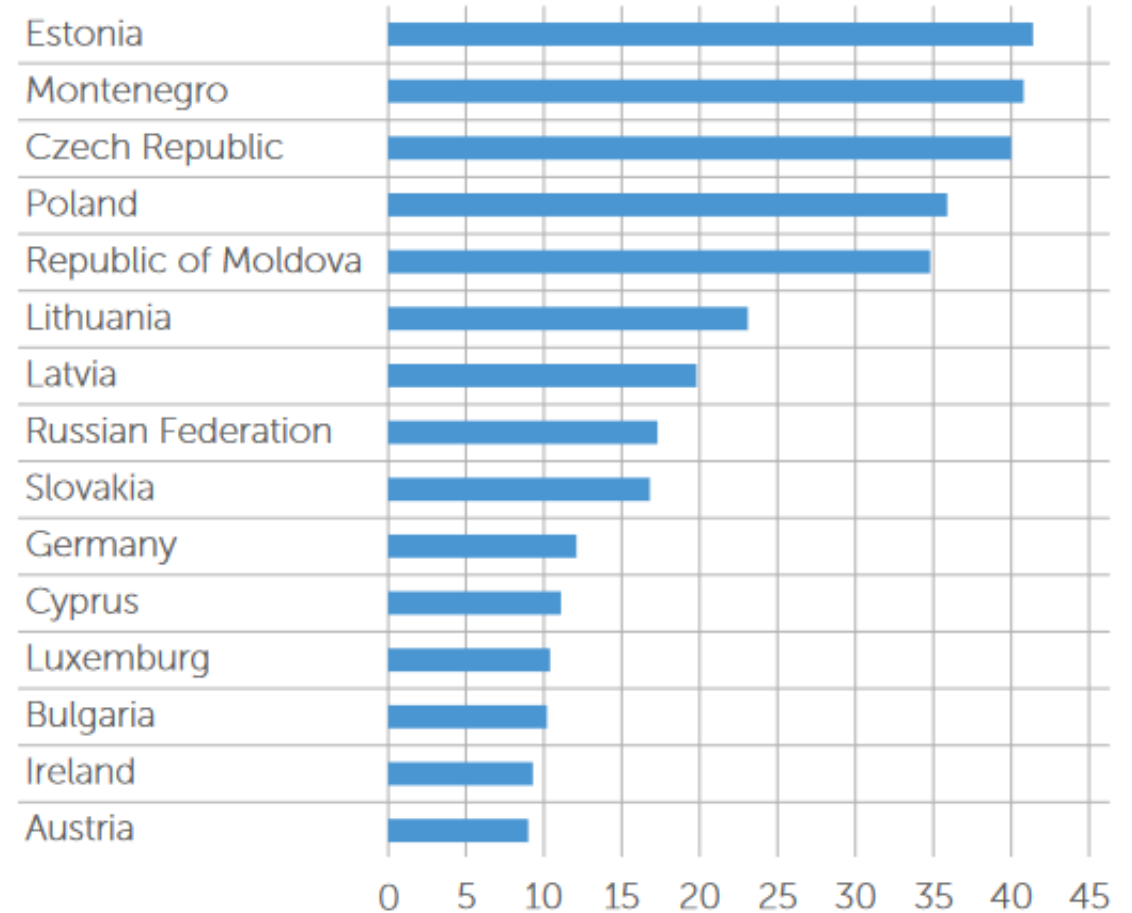


Source: UNHCR Operational Data Portal.

Notes: Destination countries are listed if they host at least 70,000 refugees; 700,000 refugees are hosted in other European countries.

For statistical purposes, the UNHCR uses the term refugees generically, referring to all refugees having left Ukraine due to the international armed conflict. Ukrainian officials as well as media reports have accused Russia of forcibly relocating Ukrainian citizens to Russia and Belarus.

Figure 2 Ukrainian refugees per 1,000 residents, September 2022



Source: UNHCR; World Bank (population); own calculations.

Refugees from UKR in the EU: From temporary protection to freedom of movement?

- Policy framework: Temporary Protection Directive
 - Temporary = maximum 3 years (until 2025)
 - Any UKR citizen (and certain other refugees from UKR) may reside/ work/ study/ receive certain social benefits in any EU member state
 - No asylum procedure/ need for protection status (asylum, subsidiary protection, etc.)
- Where did refugees move?
 - Where there are friends/ networks/ similar languages
 - Where there is work (labor market integration is going well)
 - Where there are social benefits (minimum income, etc.)
- Plausible solution post-2025:
Freedom of movement within EU as part of Ukraine 's accession to EU