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**Labour mobility within the EU in the context of enlargement and the functioning
of the transitional arrangements**

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Laetitia Duval

Abstract

In this contribution, we explore labour mobility in the context of enlargement and the functioning of transitional arrangements in the case of France. For that purpose, we examine the patterns of migration from the new European Union member states to France and their economic consequences. Using national statistics, we find that the flows and stocks of migrants from Central and Eastern European countries are low in France, both before and after enlargement. We also find, reviewing the literature, that the economic effects of migration are negligible from the receiving country's point of view. Nevertheless, the French government continued to restrict access to its labour market for migrants from Central and Eastern European countries until July 2008, and will perhaps keep restriction for migrants from Bulgaria and Romania until 2014. It appears that the issue of labour mobility for migrants from the new member states is clearly more of a politic than an economic nature, and that the fears of French public opinion about enlargement are taken into account.

The views and opinions expressed in this publication are those of the authors and do not necessarily represent those of the European Commission.

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1 Introduction

France is a traditional European immigration country. After the First World War and from the 1950s to the mid-1970s, the need for migrant workers was important in the context of reconstruction, strong economic growth and labour shortages.¹ In 1974, the French government decided to stop labour migration because of the oil shock, the recession that followed, and high unemployment. Nevertheless, immigration has increasingly been perceived as a cause of concern even though the proportion of immigrants in the population has remained relatively stable (Tavan, 2005). Immigrants living in France represented 7.4% of the total population in 1982, 7.3% in 1990, 7.4% in 1999 and 8.1% in 2004.²

However, migration within France has greatly evolved over time (Boëldieu and Borrel, 2000). Four main features should be put in perspective. First, the categories of migrants have changed. Migration for family reunification has become the main reason whereas, before 1974, labour migration was predominant. In 2004, 80,856 persons admitted came for family reasons (38.5% of total migrant flows) while 21,588 persons came for reasons of work (10.3%). France ranks low among European Union (EU) countries concerning labour migration.³ In 2004, migrant workers represented 35% of migrant flows to the United Kingdom for instance, and 57% of those to Portugal. Second, women take a larger share than men among migrants. Concerning the migration flows to France in 2004, 49.4% were female (103,631 persons) and 50.6% were men (106,443 persons). As for the stocks of immigrants, the proportion of women has been growing according to the recent census (46% in 1982, 48% in 1990, 49.7% in 1999) and represents exactly half of the total immigrant population in 2004. Third, people emigrating to France come increasingly from distant countries. Immigration flows from the EU-15⁴ have declined (39.8% in 1994 versus 18.9% in 2004) and those from Africa have increased (47.4% in 2004 versus 29% in 1994). Fourth, immigration has to be seen in a European context over the past decades since the French migratory strategy is in line with the Community treaties.

¹ France seemed to be a special case on the European continent where emigration was the norm. According to the 1931 census, France became the world's second most important (after the United States) immigration country as a percentage of its population, with 2.7 million immigrants per 42 million inhabitants. Polish immigrants were estimated at 500,000, ranking second behind Italian immigrants (about 800,000).

² As explained by INSEE (2005), an important distinction needs to be drawn between immigrants and foreigners in the French statistics. The former are people born abroad but living in France. The latter are people who are not of French nationality. Thus, not all immigrants are foreigners, especially immigrants who have acquired the French nationality. Conversely, not all foreigners are immigrants, especially foreigners who were born in France. In 2004, 4,959,000 persons were considered as immigrants (2,966,000 were born abroad and 1,992,000 were French by having acquired French citizenship) and 3,501,000 as foreigners (2,966,000 were born abroad and 535,000 were born in France).

³ These calculations, however, exclude seasonal migrant workers who have an employment contract for a term not exceeding six months (except eight months for some agricultural activities). In 2004, they are estimated at 15,743 persons, more than double those recorded in 1999, and are strongly represented in the agricultural sector. Moroccan and Polish migrants represent 90% of seasonal workers because of bilateral labour agreements between France and these countries.

⁴ EU-15 means all European Union member states before May 1, 2004: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom.

The progressive decisions on immigration across the EU have created new challenges for the French immigration policy, in particular the labour mobility at the time of Eastern enlargement. While this enlargement is seen as a historical opportunity, France and the other 'old' European countries have worried about the Eastern migratory potential to their labour markets. Hence, the accession treaties contain transitional arrangements for the free movement of workers from the new member states⁵ (NMS), comparable to those agreed at the time of the accession of Greece, Portugal or Spain. These transitional arrangements, lasting for a period of a maximum of seven years, are divided into three distinct phases and may differ from one member state to another.⁶ In this contribution, we examine labour mobility in the context of enlargement and the functioning of transitional arrangements in the case of France. For that purpose, we examine the patterns of NMS migration in France, both before and after enlargement, and the associated economic consequences from the receiving country's point of view.

The position of France on the transitional rules governing the free movement of workers from the NMS has been as follows. In May 2004, the French government decided to restrict access to its labour market for two years following accession. In May 2006, the French government announced to gradually lift the restrictions. The partial opening of the French labour market concerned only sectors with labour shortages, such as construction, agriculture and hotels and catering. In December 2006, France made the decision to include workers from Bulgaria and Romania in the same scheme. Therefore, the next step should have been taken in May 2009, when the French government would again have to announce the transitional rules for the third period. However, at the end of May 2008, on the occasion of a visit to Poland, President Nicolas Sarkozy announced (i.e. one year in advance) that France would open its labour market from July 2008 to workers from the eight Central and Eastern countries that joined the EU in 2004. However, workers from Bulgaria and Romania will still remain subject to a transitional arrangement limiting their access to the French labour market.

In order to understand why France has been among the most reluctant to open its labour market⁷, a number of important points need to be considered. First, the situation of the French labour market is characterized by two contradictory trends. On the one hand, the unemployment is high. In 2007, the French standardized unemployment rate was estimated at 8.3%, i.e. 1.3 points above the average of the EU-15. The youth unemployment rate is estimated at more than 20%. Furthermore, the participation of

⁵ NMS means the eight Central and Eastern countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia) joined the EU on May 1, 2004, and another two countries (Bulgaria and Romania) acceded at January 1, 2007.

⁶ According to the '2+3+2 formula', different conditions apply during each phase of the transitional arrangements. During the first phase (2004-2006), the EU-15 could apply national rules on the access to their labour markets. During the second phase (2006-2009), they may continue with their national rules or decide to apply the Community rules. During the third phase (2009-2011), they should fully apply Community rules. However, if a country experiences serious disturbances of its labour market, national rules may be prolonged. Bulgaria and Romania are also subject to this scheme. This means that all restrictions will be lifted by January 1, 2014. It should be noted that the transitional arrangements do not apply to Cyprus and Malta. Furthermore, the transitional arrangements only apply to workers and not to any other categories of EU citizens.

⁷ For instance, Sweden decided to open their labour markets from 2004.

specific groups is low. 38% of people over 55 are working, i.e. 15.5 points less than the OECD average. On the other hand, the National Agency for Employment has observed a lack of workers in some sectors. 400,000 job offers could not be filled. Second, immigration is a sensitive issue in French society. Support has risen in recent years for the National Front, an anti-immigrant political party. In the 2002 presidential elections, the extreme right candidate made it to the final round. Third, French people do not feel they have been well informed about Eastern enlargement and are sceptic about their associated benefits.⁸ It should also be recalled that the French have massively rejected the treaty aimed at establishing a Constitution for Europe in 2005. Fourth and from a more general point of view, the economic situation of France is difficult since the 2001 slowdown of growth. Average annual growth over the period 2001-2007 is estimated at 1.8% in France, against 2.6% in the United Kingdom for instance. In addition, the trade deficit is set to widen, and France is the EU country that has most increased its public debt as a proportion of GDP (64.5% in 2006).

In this context, it is not surprising that immigration has become a major political issue. Since 2003, the French government has become more restrictive about immigration policy and adopted a succession of new laws.⁹ The main aims of the new French immigration policy are to restrict migration for family reunification, fight illegal migration and promote labour migration, in particular the recruitment of high-skilled workers. This plan is commonly called 'immigration choisie' as opposed to 'immigration subie'.¹⁰ As suggested by the name, it would allow France to choose migrants according to what the French economy needs. The progressive French decisions on the free movement of NMS workers over the past several years should also be interpreted in this new context of selective migration.

In the following, Section 2 presents the data for measuring international migration in France and describes the patterns of NMS migrants before and after enlargement. Section 3 discusses the effects of this migration on the receiving country. Finally, Section 4 concludes.

⁸ According to the Eurobarometer (2005), the French were among the strongest opponents of Eastern enlargement: About six out of ten surveyed were against it.

⁹ In 2007, there were two controversies in France: The creation of a new Ministry of Immigration and National Identity (because of the notion of 'National Identity'), and the proposition of a law using genetic tests to verify the bloodlines of migrants who want to join family members already living in France. For a more detailed discussion, see Veyrinaud (2008).

¹⁰ In 2005, the Interior Minister Nicolas Sarkozy argued during his traditional New Year's greetings to the media: 'In all the world's great democracies, immigration presents the possibility of bringing in new skills, new talents, new blood. But here at home, immigration still has a negative connotation. Why? Because it is not regulated and because it is not linked to our economic needs.'

2 Patterns of NMS migration in France

2.1 Flows of NMS migrants

For observing migrant flows, France has no population register as opposed to other European countries, but uses data from three administrative institutions (Thierry, 2008). The available information is as follows: (1) residence permits granted by the Ministry of Interior, (2) obligatory medical examinations at the National Agency for the Reception of Foreigners and Migration¹¹ (ANAEM), (3) asylum applications received by the French Office for Protection of Refugees and Stateless Persons (OFPRA).

Given these multiple data sources, there are necessarily problems of harmonization because each administrative institution uses different compilation methods. Then, data are incomplete because they relate to migrant arrivals and ignore migrant departures. In the same way, data only provide official information and, consequently, do not capture illegal migration flows. Another important problem is that ANAEM does not record nationals of the European Economic Area¹² (EEA), which is based on the same freedoms as the EU, including the free movement of persons. Finally, French statistics are based on procedures for admission (family reunification, workers, refugees, visitors, etc.) rather than on length of stay as recommended by the international organizations.

Nevertheless, data measuring migrant flows to France have improved thanks to the use of a new source which rectifies the limitations of the old system (Thierry, 2004). Since 1994, the French National Institute of Demographic Studies (INED) estimates the annual total number of migrants to France, using data from the Ministry of Interior and ANAEM. Data from INED are of better quality. On the one hand, they are more complete because they cover migrant arrivals of all nationalities. Therefore, nationals of the EU, including those of the NMS, are included. On the other hand, they are more in line with international recommendations because of a migrant definition based on length of stay. For these reasons, we use in this country case study the most complete estimate of migration flows to France, i.e. data from INED.¹³ The series count all migrants admitted to France over the period 1994-2005, according to their country of origin, sex, age, etc. Thus data can be used to track changes of NMS migrant flows since the beginning of the 1990s. The available information relates to the time before and after enlargement (though unfortunately only one year is covered after the accession of the Central and Eastern countries).

¹¹ Created in 2005, ANAEM is the fusion of two institutions with a long-standing experience in issues of immigration: The International Migration Office (IOM) founded in 1945, and the Social Service Assistance for Emigrants (SSAE) founded in 1926. This fusion of institutions is in keeping with the general pattern of the government's policy on immigration reform in France.

¹² The following countries are part of the EEA: Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

¹³ The data are available on the INED website at <http://www.ined.fr/>.

Table 1: Immigration flows by region

	1994		1997		2000		2003		2004		2005	
		%		%		%		%		%		%
Africa	34 748	29	46 615	36.6	64 181	40	101 658	47.2	100 567	47.4	95 309	46
Asia	13 123	11	14 972	11.8	21 001	13	30 346	14	29 310	13.8	29 274	14.1
America	9 797	8.2	10 256	8.1	12 776	8	14 958	7	14 917	7	14 941	7.2
EU 15	47 697	39.8	41 306	32.4	43 282	27	42 085	19.5	40 000	18.9	40 000	19.3
NMS	3628	3.1	3922	3	6064	3.8	7689	3.6	6709	3.2	6213	2.9
Others	10 570	8.9	10 360	8.1	13 124	8.2	18 661	8.7	20 360	9.7	21 825	10.5
All nationalities	119 563	100	127 431	100	160 428	100	215 397	100	211 863	100	207 562	100

Source: INED, 2008.

The total number of immigrants in France is growing between 1994 and 2004 (119,563 and 211 863 persons respectively), but falling in 2005 (207,562) (see Table 1). Immigration flows by region show the greatest increases for immigrants from Africa and Asia (174% and 123% respectively between 1994 and 2005). African immigrants represent 95,309 persons (46% of total immigrant flows) and Asian immigrants represent 29,274 persons (14%) in 2005. Concerning the European continent, the number of immigrants from the EU-15 fell by 16% between 1994 and 2005 (47,697 versus 40,000). Over the same period, immigrants from the NMS increased by 71% (3628 versus 6213). They represent 3.1% of total immigrant flows in 1994 and 2.9% in 2005. These immigrants, however, had increased in number until 2003 and decreased thereafter: Thus the number of immigrants from the NMS is estimated at 6709 in 2004 and 6213 in 2005, i.e. a 7.2% decrease over the period 2004-2005.¹⁴

Looking at the nationalities of NMS immigrants, those from Poland took the highest share in 1994, 1460 persons (see Table 2). They are followed, in descending order, by immigrants from Romania, Bulgaria, Hungary, the Czech Republic, Lithuania, Slovakia, Slovenia, Estonia and Latvia. In 2005, Romanian immigrants outnumbered Polish immigrants (2585 versus 1974). Regarding the gender breakdown, women are always more numerous, for all nationalities. In 1994, women represent more than 63% of total immigrants from the NMS (2303 women versus 1326 men); in 2005 their share is 60% (3734 women versus 2481 men). NMS immigration flows are much more feminized as compared to those from other continents. For instance, females represent 47.7% of total immigrants from Africa in 2005. Concerning the age groups of NMS immigrant flows,

¹⁴ It should be noted now that France ranks low among the EU-15 statistics. Before the Eastern enlargement, Germany and Austria received about 60% of the NMS migration. After the Eastern enlargement, these countries were replaced by the United Kingdom and Ireland in the case of migrants from the eight countries of Central and Eastern Europe that joined the EU in 2004 and by Spain and Italy in the case of migrants from Bulgaria and Romania. For more details, refer to the first part of this report (Brücker et al., 2008).

those aged 20-24 years took the highest share for all nationalities in 1994, excepting Romania (25-29 years old). Thus, for instance, immigrants aged between 20 and 24 years represented 31.2% of total Polish immigrants. The age group 25-29 years accounted for 31.9% of total Romanian immigrants. On the whole, in 1994 the shares of the individual age groups for NMS immigrants are as follows: 15% (0-19), 51.6% (20-29), 20.1% (30-39), 7.9% (40-49), 2.3% (50-59) and 3.1% (60 and more). In 2004 and 2005, these proportions are in the same range, thus implying that immigrants from the NMS admitted to France are predominantly of young age.

Table 2: Immigration flows by nationality and sex

	1994		1997		2000		2003		2004		2005	
	% female		% female		% female		% female		% female		% female	
Bulgaria	349	61.3	482	68	792	70	989	66.3	839	66.8	756	66.1
Czech Republic	261	62.8	191	67	378	67.4	484	67.5	329	64.4	224	58.9
Hungary	278	63.6	255	61.9	528	57.7	443	63.2	251	53.3	212	50.9
Poland	1460	68.1	1431	72.9	1739	73.6	2711	67.8	2064	60	1974	52.5
Romania	1049	58.9	980	59.5	1959	61.3	2774	62.9	2653	67.9	2585	66.1

Source: INED, 2008.

We also have information on the reasons for admissions (see Table 3). In 1994, 675 persons (18.6% of NMS immigrants) are admitted for family reasons and 381 persons (10.5%) for reasons of work. In 2004, the share of immigrants admitted for reasons of work is higher (1061 persons or 15.8% of NMS immigrants). After the enlargement, i.e. in 2005, 1454 persons are admitted for reasons of work (23.4% of NMS immigrants) and 1768 persons for family reasons (28.4%). The Poles are the most numerous among labour immigration (810 versus 310 Romanians), but Romanians are the most numerous among immigration for family reunification (1467 versus 923 Polish). Furthermore, the flows of NMS students increased from 1453 persons in 1994 to 2556 in 2004. They represent around 5% of all students admitted to France. Women are still a majority among the flows of NMS students. Polish students are the most numerous in 1994 while Romanians took the largest share in 2004. In fact, the recent rise in total flows of students (46% within ten years) corresponds to the government intention to promote the French educational system internationally. For that purpose, the mobility of international students is facilitated.

Table 3: NMS immigration flows by admissions

	1994		1997		2000		2003		2004		2005	
		%		%		%		%		%		%
Minor	315	8.6	158	4	149	2.5	198	2.6	389	5.8	309	4.8
Student	1453	40	1553	39.7	2881	47.5	3952	51.3	2560	38.2	1988	32
Worker	381	10.5	418	10.6	629	10.3	996	13	1142	17	1459	23.3
Family	675	18.7	775	19.7	1549	25.6	1896	24.7	1926	28.7	1768	28.5
Visitor	413	11.4	437	11.2	464	7.6	593	7.7	138	2.1	159	2.6
Refugee	86	2.4	19	0.5	28	0.5	36	0.5	9	0.1	9	0.1
Other reasons	305	8.4	562	14.3	364	6	18	0.2	545	8.1	521	8.3
Total NMS	3628	100	3922	100	6064	100	7689	100	6709	100	6213	100

Source: INED, 2008.

Unfortunately, INED statistics do not provide information on immigrant flows by level of education. However, we find information on international migration by educational level using the database of Docquier and Marfouk (2006). Data are available for the years 1990 and 2000 for each Central and Eastern country; they do not related specifically to the flows to France, but give an overview of the educational level of NMS emigrants. Three educational levels are available: (1) high for emigrants who have completed tertiary education; (2) medium for emigrants who have completed secondary education; (3) low for the remaining emigrants. Thus, the Polish rate of emigration is estimated at 4.4% in 2000 and is composed as follows: Low educational level 3.4%, medium 2.8% and high 14.1%. In Romania, the rate of emigration is estimated at 3.7% in 2000, of which low 4.6%, medium 2% and high 11.8%. Note that highly educated persons account for the largest share in the emigration rates for most NMS, except for Bulgaria (with an estimated rate of emigration of 7.6% in 2000, of which 9.1% with low, 6.3% with medium and 6.6% with high educational level).

2.2 Stocks of NMS migrants

In order to examine the stocks of NMS migrants in France, we use the census of the National Institute for Statistics and Economic Studies (INSEE), counting every member of population living in France at a particular time.¹⁵ All inhabitants have to fill in a census form, thus those who were born outside France are included. Data from INSEE allow to determine the characteristics of migrant stocks in terms of sex, age, occupation, etc. In addition, the French census can be varied in scope (local or national). Also, some original surveys provided by INSEE can be useful: For instance, the survey on the family history, 'Etude de l'Histoire Familiale', which was conducted during the 1999 census. 380,000 persons filled in an additional questionnaire on the subject of their family history, including questions on their children, the spoken languages in the family, etc. Finally, the employment survey 'Enquête emploi' provides data on the main labour characteristics such

¹⁵ The data are available on the INSEE website at <http://www.insee.fr/>.

as participation and unemployment rates. Note that this is the French version of the European Union Labour Force Survey, which is a large household survey providing data on labour participation and other socio-economic data in EU countries.

Although the census is the most complete source for analysing the stocks of immigrants in France, a number of statistical caveats should be borne in mind (Thierry, 2004). First, it is necessary to be attentive to the definitions used. As already explained, foreigners and immigrants are two different categories. For instance, a person who has acquired French nationality since arriving in France is still counted as an immigrant in the census. Second, the French census has the disadvantage of being conducted in quite distant intervals, while immigrant flows may evolve quickly every year. In France, the interval is generally eight or nine years (e.g. 1946, 1954, 1962, 1968, 1975, 1982, 1990). The last general population census was held in 1999 and concerned the total population at one point in time. Since 2004 the census is conducted annually, but with the difference that all the inhabitants are not counted the same year (Borrel, 2006). A new method has been introduced, surveying a proportion of the population on an annual basis over a five-year cycle. The current problem is however that INSEE does not publish the results every year.¹⁶ Therefore and during this transitional period, the population of the 1999 census is effective until today. Information of the new census is indeed not legally taken into account because several stages of data collection are still necessary. Despite these technical considerations, INSEE provides nevertheless some preliminary data. When information is available on NMS immigrant stocks, we use the new census, but these initial results must be taken with caution.

In 1999, 155,471 persons from the NMS lived in France (see Table 4). They represented 3.6% of total immigrants. The largest share was taken by the Poles (see Table 5). They represented 63.3% of NMS immigrants, followed by Romanians (14.9%) and Hungarians (6.3%). To understand these proportions, it is important to stress that each Central and Eastern country is associated with a specific migratory wave (INSEE, 2005). For instance, Polish immigration is old. Half of Polish immigrants living in France in 1999 had arrived before 1950. On the other hand, immigrants from of the Baltic countries, the Czech Republic, Slovakia and Slovenia represent a recent migratory wave. This immigration essentially developed from the 1990s, after the collapse of communism. Concerning the gender breakdown, women were more numerous (65%) among NMS immigrants while they represented 49.7% of total immigrants living in France in 1999. Regarding the age structure, 39% of NMS immigrants were between 20 and 59 years old in 1999, against 59% of population from the EU-25 and 68% of total immigrants (see Table 6).¹⁷ However, these averages conceal large disparities among the immigrants from Central and Eastern countries. Once again, the age structure reflects the various migratory waves. In 1999, more than 59% of Polish immigrants were aged 60 years and more, against 24% of total immigrants. On the other hand, 31% of immigrants from Latvia are less than 20 years old, against 8% of total immigrants (INSEE, 2005).

¹⁶ From the end of 2008, a final figure will be published by INSEE. The data will apply from January 1, 2009 and will replace the data from the 1999 census.

¹⁷ These calculations of the age structure in 1999 exclude the immigrants from Bulgaria and Romania.

Table 4: Immigration stocks by region

	1999		2005	
		%		%
Africa	1 692 110	39.3	2 108 000	42.6
Asia	554 315	12.9	695 000	14
America	127 344	2.9	171 000	3.4
EU 15	1 629 457	37.8	1 618 000	32.7
NMS	155 471	3.6	168 000	3.3
Others	149 830	3.5	199 000	4
All nationalities	4 308 527	100	4 959 000	100

Source: INSEE, 1999 and 2004.

Table 5: Immigration stocks by nationality

	1999		2005	
		%		%
Bulgaria	6863	4.4	ns	ns
Czech Republic	8507	5.4	ns	ns
Hungary	9894	6.3	ns	ns
Poland	98 566	63.3	91 000	54.1
Romania	23 301	14.9	39 000	23.2
Total NMS	155 471	100	168 000	100

and by Spain and Italy in the case of immigration from Bulgaria and Romania from the NMS-programs. Source: INSEE

As for labour characteristics, information is not always available by nationality, but the main facts can be summarized as follows. In 2003, immigrants showed a lower participation rate than the native population (63.3% versus 69.8%). Nevertheless, that difference is smaller in France than in other European countries (e.g. 15 percentage points in the Netherlands). Conversely, immigrants' participation rates were superior to those of natives in Spain, Greece or Portugal. In a similar vein, the unemployment rate was higher for immigrants than for natives in France in 2003 (18.8% versus 8.5%), as was the case of all European countries except for Greece. Furthermore, the differences in participation and unemployment rates in France between immigrants and natives have always been more pronounced for women than for men. Regarding the occupations of NMS workers, they are most often employed in managerial occupations than the remaining immigrants. For instance, 45% of Czech immigrants were executives in 1999 (as compared to 19% of total immigrants). By contrast, 40% of Polish immigrants belong to the working class (against 43% of total immigrants). Finally, the average monthly wage of immigrants amounted to EUR 1300 in 2002, against EUR 1500 for natives (INSEE, 2005).

Table 6: Immigration stocks by age

	0-19	20-39	40-59	60 and more	%
Czech Republic	4	24	27	45	100
Cyprus	5	28	49	18	100
Hungary	3	17	25	55	100
Estonia	11	28	16	45	100
Latvia	31	18	12	39	100
Lithuania	8	31	18	43	100
Malta	1	18	35	46	100
Poland	4	16	21	59	100
Slovenia	2	11	35	52	100
Slovakia	10	36	15	39	100
NMS 10	4	17	22	57	100
EU 25	4	22	37	37	100
Total immigrants	8	31	37	24	100

Source: INSEE, 1999.

Let us now turn to the first results of the 2004 new census (Borrel, 2006).¹⁸ Immigrants from the NMS were estimated at 168,000 persons. They represented 3.3% of total immigrants and 9.4% of the EU-27. The most numerous were Polish and Romanian immigrants, 91,000 and 39,000 persons respectively. These two nationalities represented 77% of the NMS immigrants and 2.6% of total immigrants. The Poles were mostly located in Ile de France (35,000), Nord Pas de Calais (11,000) and Lorraine (6000). The Romanians were mostly present in Ile de France (18,000). It must be stressed that, while Polish migration to France has historical roots, Romanian migration has cultural roots. Romania is indeed a francophone country even if French is not an official language. French has remained the preferred language of instruction at Romanian schools. Consequently, it is estimated that more one Romanian in four understands and speaks French.¹⁹

Concerning age structure, gender breakdown and participation rates, we only have information on Polish immigrants at this time of the census: 4% were less than 20 years old, 25% aged between 20 and 39, 29% between 40 and 64, and 42% were more than

¹⁸ On the whole, 4.9 million immigrants are living in France, representing 8.1% of the total population (see Table 4). The diversification of the geographic origins is still going on. There are more immigrants from Africa (39.3% in 1999 versus 42.6% in 2004, i.e. 2,108,000 persons) and Asia (12.9% in 1999 versus 14% in 2004, i.e. 695,000 persons). By contrast, immigrants from the EU-15 have decreased since the 1999 census. They represent 37.8% of total immigrants in 1999 and 32.7% in 2004, i.e. 1,618,000 persons.

¹⁹ Since 1993, Romania has been an official member of the International Organization of La Francophonie (IOF), which is an international organization of French-speaking countries. The condition for admission is not the degree of French usage in the member countries, but a prevalent presence of the French language and French culture.

65 years old. In comparison, the percentages for the age groups of total immigrants were as follows: 8%, 33%, 43% and 16%. The striking fact is, once again, that the Polish immigrants living in France are quite old. Furthermore, Polish immigrants were in the majority female (65%). Finally, as for the Polish participation rate (42%), women took a share of 25% and men of 17%.

Unfortunately, INSEE statistics do not report the NMS migrant stocks for 2006 and 2007. We therefore complemented the French migration statistics by data from the European Union Labour Force Survey (refer to the first part of this report for more details, i.e. Brücker et al., 2008). Note that the survey is hosted by Eurostat. This data source suggests that 83,250 foreign residents from the NMS reside in France in 2006 and 80,623 in 2007. So, the latest figure from France suggests the foreign residents from the NMS have started to decrease. It would be interesting to study the NMS patterns in the future since from July 2008, the access of NMS workers (except Bulgarian and Romanian workers) to the French labour market has been fully liberalised. Findings from other EU-15 countries show that the removals of restrictions do not generate a large increase in NMS migrants. For instance, Greece is a striking case. During the first phase of transitional arrangements (2004-2006), the access of labour market is restricted. During the second phase (2006-2009), Community rules for free movements are applied. The available data for Greece are as follows: 15,194 foreign residents from the eight countries of Central and Eastern Europe that joined the EU in 2004, 19,513 in 2005, 18,357 in 2006 and 20,257 in 2007.

To conclude this statistical overview of NMS migrants in France, the question of illegal migration is raised. It is obviously that the debate on the immigration policies of European countries has turned its attention towards illegal migrants. In France, this issue is now a key pillar of immigration policy.²⁰ In 2005, the French Interior Ministry estimated that 200,000 to 400,000 persons were illegal migrants. Another figure is provided by the results of the regularization programs implemented in June 1997: Then, 80,000 persons had their situations in France regularized. However, estimating the illegal migration in France remains a delicate exercise (Garson, 2001). Illegal migrants cover migrants who enter unlawfully as well as asylum seekers who remain in France despite not having been granted refugee status. Also included in this category are seasonal migrant workers who fail to return home when their employment contracts expire. In this context, it is particularly difficult to estimate the total number of illegal migrants in France. This is particularly the case of illegal migrants from the NMS. Data are indeed scarce. Nevertheless, one population appears especially 'visible' in France, the Roma people. They are chiefly located in Ile de France, living in precarious conditions, and some of them are involved in illegal activities. The majority of Roma people come from Bulgaria and Romania. The French government has attempted to find a solution with the sending countries, but so far unsuccessfully. For instance, the French government has offered payments to illegal migrants who agree to return home. However, 25% of the 25,000

²⁰ Measures include, for instance, specific rules to stop arranged marriages, the use of visas with biometric information, as well as an increase of expulsions. In 2007, the number of immigrants deported for not having the required documents reached about 25,000. For more details, see Veyrinaud (2008).

expulsions in 2007 were Roma people. Another important aspect of illegal migration seems important, namely its effect on the French labour market. Most illegal migrants are employed in sectors with labour shortages such as construction and agriculture. The question is how to assess the extent to which their employment affects the recruitment and wages of native workers.

3 Effects of NMS migration in France

3.1 Effects on labour market

Migration has many economic effects, both positive and negative, on the receiving country. These effects are likely to vary according to the volume of migration, the skills of migrants, the status of migrants, etc. It is therefore difficult to provide definitive answers to what are the precise effects of migration from Central and Eastern countries in the case of France. In addition, research on migration is very weak in France as compared to other traditional immigration countries such as Canada and the United States. Migration issues are rarely studied in the French literature, in particular the effects of NMS migration – which constitute a recent subject. It is striking to note the lack of empirical studies on this migrant population. By contrast, empirical studies on the labour market effects of NMS migration have been more extensive in Ireland, the United Kingdom and Germany for instance.²¹

Nevertheless, recent international studies shed some light on the debate since the results converge to assert that the effects of migration are small to negligible from the receiving country's point of view. In particular, the consensus emerging from empirical research on the labour market effects of NMS migration in European receiving countries, both before and after enlargement, is the same. Despite these well-known results, fears of the French public opinion are important against the background of growth's slowdown and high unemployment. Clearly, immigration constitutes a sensitive issue in France, specifically in the absence of academic studies. Many common opinions dominate indeed the French public debate about migrants from the Central and Eastern countries or elsewhere, and tend to be focused on particular aspects.²²

In the French public opinion, there is a simple relation between migration and unemployment: Any supplementary migrant workers would deteriorate the labour market and lead to higher unemployment. It is true that migrant flows increase the resident population and, consequently, the number of persons wishing to work. However, and as we have seen in the above section, the characteristics of migrant population differ in some important respects from the native population in France in terms of age, sex, skill,

²¹ For this reason, we present in this country case study some findings of the other European research given that evidence for France is very limited (refer to the second part of this report on country case studies for more details, i.e. Brücker et al., 2008).

²² For instance, the famous image of 'Polish plumber' during the debate on Constitution for Europe in 2005 is the incarnation of collective ideas about Central and Eastern migrant workers flooding the French labour market.

participation and unemployment rates, etc. The literature suggests that two effects are possible (Domingues Dos Santos, 2006). On the one hand, migrant workers are competing with native workers, for instance in the acceptance of lower wages. On the other hand, migrant workers represent a complementary workforce, for instance in the jobs that native workers do not want. In France, this is especially the case of some sectors with difficult working conditions and where there are labour shortages such as construction and agriculture. Certainly, this result could be more complex according to the status of migrants (legal or illegal), the skills of migrants, the sector or region considered. However, there is a consensus in the economic literature which suggests that migrant workers are usually complementary rather than substitutable to the native workers. For instance, two studies on Italy confirm that migration does not have adverse effects on employment and wages of native workers (Gavosto et al., 1999; Velloso and Venturini, 2006). A recent study on the effects of NMS migration in the United Kingdom shows that this migration has a small negative impact on unemployment of native workers (Lemos and Portes, 2008).

In a similar vein, it is important to underline that French legislation is strict concerning the employment of migrant workers. The job situation in France can be raised as an objection, meaning that a migrant worker can be employed only if a native worker is not available for this employment. Furthermore, a statistical analysis of migrant workers over the past decades rather indicates that there is no causal relationship between migration and unemployment. During the recession of the 1970s, the migrant workforce has been over affected by the unemployment.

The effect of migration on employment can be also analysed by taking into account the demand for goods and services. Migrant flows lead indeed to a growth of total population. As migrants are also consumers in the receiving country, they have a positive effect on the market of goods and services and on the labour market by increasing the labour demand. Thus, the increase in consumption, resulting from total population growth, may promote employment in the receiving country. Note that in a study on the United Kingdom, looking at the macroeconomic effects of Central and Eastern migration after the enlargement, Riley and Weale (2006) show that this migration had a positive effect on GDP, amounting to about 0.2%.

French fears have also been voiced that migrant workers would generate negative effects on wages for native workers. There is, however, no obvious relationship between migration and wage levels. Once again, the impact of migration on wages was studied at both the theoretical and empirical levels, and the economic results show that the effects are negligible, even if they can be perceptible for some native workers or in some sectors (Jayet et al., 2001). The literature explains that the effects of migration on wages depend on the skills of migrants and on the competition which may exist among the workers for the same employment. For instance, unskilled migrant workers may be in competition with unskilled native workers, but not with highly skilled native workers. Consequently, the wage negotiations of unskilled native workers could be more delicate in sectors with large migrants. Furthermore, if the migrant workers are illegal, lower wages could again

stress the competition. However, several studies explain that this competition can be geographically diluted if the native workers emigrate to regions with better opportunities or if they are incited to improve their skills (Jayet, 1996). The skill level of workers has indeed a large positive impact on the probability of being employed in France. For instance, the unemployment rate of unskilled workers was about 17% in 2006 while the unemployment rate of skilled workers was about 4%.

Finally, part of the French public debate has centred on the impact of migration on social government budgets. There is public concern that migrant population could reduce the living standard of native population. Migration would lead to higher expenses on social welfare, education or health systems, which would not be compensated by higher tax payments. There is however no study in the literature that has found any negative effects of migration on the general government budgets in France. The current debate on regularization even shows that illegal migrant workers pay direct taxes, as does the native population, despite the lack of employment contracts and social protection. It should be noted that the issue of migrants without papers, called 'sans papiers', is recurrent in the French political debate. After a strike of 'sans papiers' working in the catering sector, the French government announces in May 2008 to regularize some illegal migrants, examining individually each cases. It is not massive regularization as in 1997, but hundreds of applications have already been filed. Moreover, findings of fiscal effects of Central and Eastern migrants in the EU-15 show, in the case of Sweden for instance, that fears of welfare tourism are groundless even so this country is allowed immediate access of migrants from the NMS to welfare benefits (Wadensjö, 2007). France, as the Swedish experience, will represent a relevant case study on the effects of NMS migration on welfare system since this is a country with relatively rich social programs. This is clearly an important area for future French research on the relationship between migrants and welfare state.

3.2 Effects of selective migration

France, just as other European countries, is facing a process of population ageing because people are living longer and birth rates have declined. However, the French situation is less severe than in other countries. In 2004, the French birth rate was the highest in Europe (1.92). In comparison, birth rates were estimated at 1.74 in the United Kingdom, 1.37 in Germany, 1.33 in Italy and 1.32 in Spain. Several studies underline the negative effects of population ageing on public finances, health care systems or pensions. Hence, the notion of replacement immigration is explicitly integrated into the debates of developed countries (e.g. United Nations, 2000). Replacement immigration is seen as a solution to resolve the economic and budgetary effects of demographic trends. Note that it seems a quite paradoxical situation given the restrictive immigration regime imposed by most of the receiving countries.

The question is, what is the exact role that immigration can play in easing the negative effects of an ageing population. In France, Jayet et al. (2001) show that replacement immigration cannot on its own resolves the problem. This solution raises indeed several

unanswered questions. First, the level of migration required to achieve population objectives is very high. It is obvious that French society is unprepared for receiving massive migrant flows. Second, the French labour market would completely change. Third, the French immigration policy would become ineffective. Nevertheless, the debate about replacement immigration has considerably modified the stakes of French immigration policy, including the notion of selective migration.

According to the French government, migration and its potential positive effects will be more beneficial if the migrant workers are highly skilled. Their contribution to the public finances would be higher than that of unskilled migrant workers. In addition, they are supposed to become more easily integrated into the labour market. These arguments have led to a new orientation of French immigration policy in favour of attracting highly skilled. For that purpose, France has amended its legislation in order to facilitate their admission. Measures include, for instance, the reduction in requirements for students to change their status if they wish to enter the labour market or the setting-up of special programs in case of labour shortages. In some sectors, particularly in the field of information and technology, it is indeed difficult for French employers to find highly skilled workers. It should be noted that traditional immigration countries such as the United States, Canada and Australia have already implemented such programs to attract highly skilled migrant workers. In Europe, Germany is the first country to have engaged, from 2000, a selection of migrant workers based on the skill level.

Some researchers have attempted to evaluate the economic effects of selective migration for France. According to Chojnicki et al. (2005), the impact for France is very weak in the long term. The study underlines that a selective migration policy may raise significant problems, both of a technical and ethical nature. For instance, the selection of highly skilled migrant workers may be in contradiction with some international agreements which guarantee the free movement of persons. At the same time, the phenomenon of 'brain drain', which designates the migration of highly skilled people from developing to developed countries, has to be taken into consideration. Many developing countries are in fact concerned about the emigration of highly skilled workers such as engineers and health professionals. This may have negative effects on the sending countries because the emigration of these people reduces the level of human capital, an important driver of growth. Against this background, the French government has decided to give visas to highly skilled migrants only if the sending countries have signed a co-development agreement with France or if the migrants agree to return to their country within six years. Moreover, some studies examine the phenomenon of 'brain waste', which designates the employment of migrants below their education levels in the receiving countries. For instance, Drinkwater et al. (2006) found, in the case of the United Kingdom, that the NMS migrants are employed in low paying jobs.

Nevertheless, a recent strand of literature suggests that, under certain conditions, the highly skilled emigration may have positive effects on the sending countries, i.e. 'brain drain' be turned into 'brain gain' (Docquier, 2007). It induces indeed positive feedback

effects for the sending countries, such as remittances.²³ These flows are estimated to have exceeded USD 337 billion in 2007, of which developing countries received USD 251 billion (World Bank, 2008). The true size, including unrecorded flows through informal channels, is significantly larger. Freund and Spatafora (2008) suspect that informal remittances range from 50% to 250% of official remittances. They also report estimates based on household surveys from selected countries. For instance, informal remittances represent 47% of total remittances sent in Moldova and 38% in Armenia. According to our information, the National Bank of Romania estimates that around 40 % of remittances are coming through informal channels (De Sousa and Duval, 2008). According to the World Bank (2008), i.e. official data, the top remittance recipients of Central and Eastern Europe are Poland (USD 10.6 billion) and Romania (USD 8.5 billion) in 2007. In Europe, the main sources of remittances are Switzerland (USD 13.8 billion) and Germany (USD 12.3 billion) in 2007.

To conclude the discussion of effects of migration from Central and Eastern countries, a more general question should not be forgotten in the case of France, namely, the integration of migrants. This is obviously a multidimensional process. It includes economic aspects such as obtaining an employment, but this is only one aspect among others. Regional distributions of migrants, housing conditions, social mobility, etc. have also to be considered because specific difficulties are met by migrants in France. As illustrated by the 2005 riots in the Paris suburbs, France has sometimes failed in its efforts to integrate migrants and their children. Thus, one of the objectives of the new immigration policy is to promote integration into French society. For instance, migrants who wish to obtain a residency permit now have to sign a 'Welcome and Integration' contract that requires migrants to respect the values of France such as gender equality and secularism ('laïcité'). The French government also requires migrants to learn French before arriving in the receiving country. Nevertheless, the integration of migrants is a complex process which constitutes an integral part of French society, and selected measures by the government cannot be the ultimate solution for the long term.

4 Conclusion

The purpose of this country case study was to gain insights into the recent trends of migration from the new EU member states to France and their related economic effects in the context of the functioning of transitional arrangements. Two conclusions can be drawn from our analysis. First, French statistics show that the flows and stocks of Central and Eastern migrants are low, both before and after enlargement. Second, research results suggest that the economic effects of migration are small to negligible from the receiving country's point of view. Nevertheless, the French government continued to restrict access to its labour market for migrant workers from Central and Eastern Europe

²³ In the literature, other channels from the sending countries' point of view are (1) increasing return to education (e.g. Beine et al., 2001), (2) diaspora externalities (e.g. Docquier and Lodigiani), (3) quality of governance (e.g. Mariani, 2007) and (4) return migration (e.g. Domingues Dos Santos and Postel-Vinay, 2005).

until July 2008, and will perhaps keep restriction for migrant workers from Bulgaria and Romania until 2014. These restrictive measures are justified on the ground that migrant workers may compete with native workers, resulting in higher unemployment and lower wages (as illustrated by the spectre of the 'Polish plumber' during the debate on Constitution for Europe in 2005). Hence, it seems that the issue of labour mobility for Central and Eastern migrants is clearly more of a politic than an economic nature, and that the fears of French public opinion about enlargement are taken into account.

Against this background, President Nicolas Sarkozy surprisingly announced at the end of May 2008, on the occasion of a visit to Poland, that France would open its labour market from July 2008 (i.e. one year in advance) to migrant workers from the eight countries of Central and Eastern Europe that joined the EU in 2004. During a session of the Polish parliament he said, 'The time has come today for France to remove the last restrictions on the free movement of Polish workers and the other states that joined the EU in 2004'. This decision applies to migrant workers from the Czech Republic, Hungary, Estonia, Latvia, Lithuania, Slovenia, Slovakia as well as Poland, and it is based on the reality of the French labour market. Migrant workers from Central and Eastern Europe are not a threat, they do not enter the country in massive numbers, and France suffers from labour shortages. However, some observers suggest that this decision was in fact political: The French move to open its doors came on the first day of the six-month French presidency of the EU. The French government would also need support from Central and Eastern European countries during this period.

What about Bulgaria and Romania? According to the functioning of the transitional arrangements, for migrant workers from these two countries a transitional period limiting their access to the French labour market will apply until 2014. The fact that labour mobility remains limited for Bulgaria and Romania may seem contradictory, with all other new European member states benefiting from unrestricted access in the case of France – particularly since there is no evidence that Romanian and Bulgarian migrant workers have generated negative effects for the French labour market in recent years.

In any case, the French reconsiderations concerning decisions about the free movement of workers, which seem sometimes paradoxical, reveal that more research is needed. Indeed, much remains to be done to understand the effects of migrant workers from the new member states of Central and Eastern Europe on the French labour market and finally the long-term implications. Unfortunately, French research on migration is scarce. There are not enough empirical studies on these crucial issues and, consequently, any clear policy recommendations to be drawn. The lack of appropriate research may be a reason why public opinion and fears about enlargement and migration are so widespread in France. Another important problem is the lack of regular collection of harmonized, reliable data on the size and composition of flows and stocks of Central and Eastern migrants. In this respect, the recent initiatives of the French government to compile data of all administrative bodies that work on international migration and the new census method by INSEE are of interest to statistics in the years to come.

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