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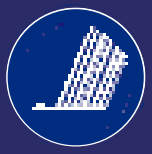

Labour Market Integration in the Baltic Sea Region: Before and After EU Enlargement

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Introduction

The current process of European Union enlargement has precipitated a flood of questions on potential migration across the current EU border. International migration has thus emerged as a basic structural feature in nearly all industrialised countries. Flows have increased in magnitude and complexity, even in the Nordic countries.

The Nordic countries established a common labour market in the mid 1950s. This resulted in comparatively intensive labour migration between Finland and Sweden during the 1960s. Thereafter migration activity decreased. Bottlenecks in the labour supply of one Nordic nation's labour market have on occasion been solved by temporary labour immigration from another Nordic country. However, labour mobility in a common Nordic labour market benefits significantly from the fact that the various countries within this market have closely related languages, even in the case of Finland, where Swedish is the second official language.

Immediately after the fall of the Iron Curtain, immigration from the former socialist countries into Western Europe generally increased. This was also apparent with respect to the Nordic labour markets where the share of immigrants grew from countries around the Baltic Sea. However, contrary to expectations, migration flows from Estonia, Latvia, Lithuania, and Poland to the Nordic countries have decreased in the course of the last decade.

After Finland and Sweden's entrance to the single European labour market in 1995, there has been little to suggest that we are likely to see a further change in international migration patterns. Indeed, as regards the coming enlargements of the European Union over the next ten years, a rather different debate is now emerging with regard to the size and character of potential migration, particularly from East to West. Accordingly, the ongoing integration of the international labour market around the Baltic Sea is seen as an important issue of major policy relevance. The expected shortage of labour supply, both in respect of the 'old' and the emerging 'new' economy, is thus at the core of the current debate.

In this paper[1] we seek to provoke a discussion on the emergence and the potential characteristics of a future common labour market in the Baltic Sea Region. Based on a study of labour force migration from Russia, Estonia, Latvia, Lithuania and Poland to Sweden and Finland during the past decade, the focus is placed on analysing the integration processes following immigration. The study relies on individual gross-stream data that allows for detailed analysis and for the comparison of labour market careers. As such, the contribution of recent westbound immigrants with differing background characteristics (individual socio-economic assets e.g. level of education, cultural background e.g. country of origin) to economic integration/segregation can be pointed out. In addition, the importance of labour migration in the Baltic Sea Region for different sectors of the old and the emerging new economy will also be discussed. Supplemented by official statistics, the Swedish pattern is then compared to similar migration characteristics in the context of Finland.

To conclude, the findings serve as an input in the evaluation of the future potential of East-to-West migration in the Baltic Sea Region, BSR, its sum, and its characteristics. The discussion is primarily expected to provide further knowledge on our ability to answer questions of major policy relevance on the nature of the future labour shortage; key personnel needed, and on illegal flows.

[1] The article is based on paper presented at the Western Regional Science Association, WRSA 42nd Annual Meeting in Rio Rico, Tucson, Arizona, USA, February 26–March 1, 2003. Elli Heikkilä and Taru Järvinen represent Institute of Migration, Turku, Finland, and Jörg Neubauer and Lars Olof Persson Nordregio, Stockholm, Sweden.

Nordic Experiences of the Common Labour Market 1954–2000

Since the free Nordic labour market was established in 1954, more than one million Nordic citizens have taken up their right to move freely between, and settle down in, the differing Nordic countries. In spite of this freeing-up of the migratory rules, the short-time effects were however somewhat limited. Immigration to e.g. Sweden remained at the same level as that of the period before liberalisation (Bergström 1997:8). The simple explanation for this is however that Sweden had already introduced a liberal immigration policy previous to the introduction of the new Nordic wide rules in 1954. At present migration is most intensive between Sweden and Norway (Figure 1).

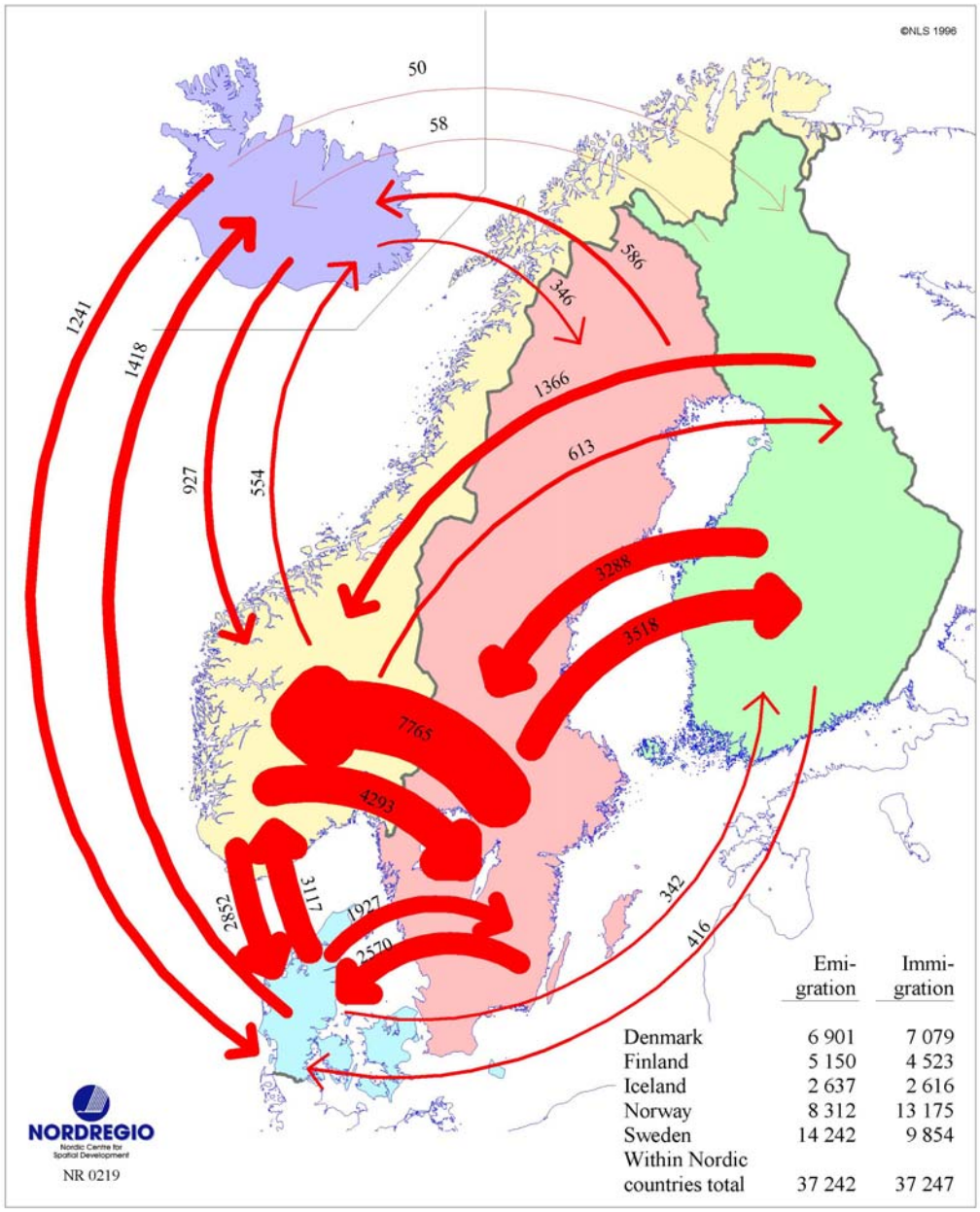


Figure 1. Migration between the Nordic countries in 1998.

Undoubtedly the most significant result of the introduction of the common Nordic labour market was, as indicated above, an outflow of labour from Finland to Sweden, which reached its peak in 1969–1970, resulting in a large return migration some years later. During these two years some 80 000 people moved from Finland to Sweden. This figure was probably too high for the Finnish authorities, thus some minor restrictions on labour migration were subsequently re-introduced. Such limitations on migration at that time were however probably unnecessary because the demand for labour within Swedish industry had already declined. After these two extremely active years, there was a period when return-migration exceeded immigration to Sweden. The major portion of the recorded migration to Finland is that belonging to these returnees, as there is a recognisable relationship between the number of emigrants from Sweden to Finland, and the number of immigrants to Sweden from Finland some years before. The response to immigration with regard to return-migration was quite diffuse until the late 1960s when peaks in immigration were followed by responding peaks in emigration.

By the beginning of the 1970s, the demand in Sweden for unskilled industrial workers had markedly declined. Unskilled industrial workers were just the kind of labour that Finland supplied. From this time onwards then the factors behind migration became less pronounced and thus did not follow the pattern of the 1960s.

The economic transformation in Sweden reduced the demand for blue-collar workers, with the trade unions regarding free labour immigration as a threat to their members' job security. One major illustration of these changed conditions on the Swedish labour market was the introduction of a more restrictive immigration policy towards people from the non-Nordic countries introduced in 1968. The result of this being that immigration to Sweden changed from being predominantly labour market immigration to that of refugee immigration (Lundh & Ohlsson 1994a; 1994b: 87–109; Scott, 1999:37–48).

Moreover, the far-reaching transformation of the Swedish economy in a post-industrial direction has only further reduced the demand for traditional blue-collar workers both in respect of domestic and foreign labour. One significant result of this transformation process may be a looser connection between the business cycles and migration during the second half of the 1970s and 1980s. Instead, during these years, immigration to Sweden was a function of political events in other parts of the world, and since the beginning of the 1970s most immigrants have been refugees (Lundh & Ohlsson 1994a; 1994b: 89–93; Scott 1999: 37–43). Instead of blue-collar work in manufacturing industry, immigrants are nowadays predominantly employed in the lower segments of the service sector. This has also resulted in a change in the employment structure of the immigrants, with a significant portion of them working in jobs that have basically been turned down by the native Swedish labour force (Ekberg 1993:56–61).

Moreover, many of the long-term experiences of the Common Nordic Labour Market are based on the common characteristics shared by the Nordic countries. For example, the close relationship between Nordic languages and cultures fosters an easy exchange of labour. This also holds true for education and social security systems. Regarding a prospective common labour market in the BSR however the opposite largely holds true, with the obvious exception of the language relationship between Finland and Estonia.

Immigration Policy in Sweden and Finland – Organisations and Regulations

Sweden

In the case of Sweden, the common Nordic labour market was introduced at the same time as Sweden signed the Geneva Conventions on refugees. Up to 1967–68, labour immigration to Sweden went almost unrestricted – while labour shortages were solved partly by labour immigration from Finland and partly by immigration from the southern parts of Europe. In 1967, this liberal policy was substituted by a more regulated one reflecting the onset of harder times on the labour market and growing opposition from the trade unions. As such, the policy of demanding labour permits before arrival was introduced (Lundh & Ohlsson 1994a). Nevertheless, Swedish immigration policy was more liberal than Finnish policy during the post-war period.

Today, however, Sweden has very restrictive policies with respect to labour immigration. Long-term labour migration from countries outside the European Economic Area (EEA) is almost absent – only people within the European Economic Area are granted a residence permit for labour market reasons. People from countries outside the European Economic Area are granted residence and work permits only for special reasons and assignments. Unlike some continental European countries, Sweden does not have a 'guest worker policy' in the sense that people come to these countries under the presumption that they must go back to their countries of origin during economic downturns. Despite these similarities, there are however significant differences in immigration policy between Nordic countries with respect to the willingness to take care of refugees and their relatives. For example, Sweden has been more generous than has Finland in this regard, in respect of refugee quotas and so on.

The Ministry of Foreign Affairs coordinates Swedish immigration and refugee policy. After the imposition of restrictions on labour immigration during the second half of the 1960s, the Swedish Immigration Board (*Statens Invandrarverk, SIV*) was founded in 1969 in order to deal with immigration and naturalisation policies. Appeals against decisions on asylum, permits or citizenship can be lodged with the Aliens Appeals Board (*Utlänningsnämnden*). In 1996, the Swedish parliament decided that return-migration should be a central ingredient in Swedish migration policy (Swedish Institute 1999). SIV was transformed into the Migration Board (*Migrationsverket*) in 2000, which is now the central government authority for alien affairs. This means that the Board is responsible for the following:

- issuing permits to people visiting and settling in Sweden
- the asylum process, from application for a residence permit or for a voluntary return home
- citizenship affairs
- helping out with voluntary return migration

Responsibility for integration issues rests ultimately with the Ministry of Culture. The next step in the formalisation and regulation of the Swedish immigration and integration policies, namely, the setting up of the National Integration Office (Integrationsverket) took place in 1998, with the organisation being tasked with taking over some of the responsibilities of the Immigration Board – tasks that were predominantly aimed at integrating people who were successful in gaining Swedish residence permits (Swedish Institute 1999).

Finland

The 1951 Geneva Convention was also applied in Finland. In co-operation with the UNHCR, Finland has accepted resettled refugees since the 1970s. The first refugees to arrive through the annual quota were from Chile and Vietnam. Acceptance of asylum seekers is based on the United Nations General Assembly definition of 1951 relating to the legal status of refugees. Finland, having thus joined this programme in 1968, thus became committed to assisting asylum seekers (Sirva 2001; Vaasan vastaanottokeskus 2002).

The first law concerning alien affairs in Finland became effective in 1983. This law outlined the details of permits and regulations with regard to immigration and residency, and put in place regulations to guarantee foreigners legal protection according to binding international agreements. Finland also has a relatively new immigration law, which came into force in 1991. Between initial implementation and 2002 the law was amended seventeen times. (Forsander 2002:25–26).

On the 1st of May 1999, a new integration law was established, giving immigrants a more active role in the planning of their own lives within Finnish society. The objective of this Act (Act on the Integration of Immigrants and Reception of Asylum Seekers) is to promote the integration, equality and freedom of choice of immigrants through measures which help them to acquire the knowledge and skills required in society and to participate in working life as well as to ensure the basic livelihood and welfare of asylum seekers by arranging their reception. Furthermore, the law simultaneously aims to preserve the native languages and the ethnic and cultural features of immigrants (Heikkilä & Peltonen 2002).

Unemployed immigrants or those outside the labour force in receipt of social assistance from the welfare office have a right to apply for an integration plan. This legislation applies to individuals who had moved to Finland by the summer of 1997, and who have resided in the country for less than three years and are registered residents in a Finnish municipality. The integration plan is formulated either in the local employment office or in the social welfare office. When it comes to studying in Finland, the immigrants affected by integration law enjoy certain advantages over other immigrants or the native population, provided they participate in the required activities (Heikkilä & Peltonen 2002).

The new immigration act which will be launched in the autumn 2004 will ease the temporary mobility of labour for example from Russia (Pihlaja 2004).

In the management of migration affairs, the Ministry of Labour is primarily involved in the integration of immigrants, the reception of asylum seekers and refugees, the placement of refugees in the municipalities, work permit issues, the promotion of employment for immigrants, return migration, and issues concerning expatriate Finns, as well as other related information and publishing activities. The activities of the Advisory Board for Ethnic Relations are however coordinated by the Political Division of the Ministry of Labour (2002).

The Directorate of Immigration is an agency of the Ministry of the Interior that began operating in 1995 (The Directorate of Immigration 2002).

The functions of the Directorate of Immigration are as follows:

- to process and resolve immigration and refugee matters
- to process and resolve matters concerning Finnish citizenship
- to provide information services for the authorities and international organizations
- to maintain a register of aliens

Migration from Eastern BSR Countries to the Nordic Countries in the 1990s

In what follows below all observations rely upon official statistics. For a more detailed analysis of the Swedish labour market individual gross stream data of migrants from the Baltic States, Poland and Russia aged 16 to 64 has been used (register data from Statistics Sweden). This data set covers the years 1991 to 1996. Hereafter those migrants are also cited as ”new migrants”.

The fall of the iron curtain during the early 1990s increased mobility between East and West across the whole of Europe, not only in the Baltic Sea Region. At this time much was heard of the coming mass migration from East to West. The large gaps in wages and living standards, and dreams of a new life in the west were factors that gave rise to predictions of such a mass migration. As an example Figure 2 illustrates the territorial discontinuities of GDP/capita in the Baltic Sea Region. The economic motives were then reinforced by geopolitical factors such as the outbreak of various wars and ethnic conflicts. Notwithstanding this however the expected mass migration from East to West actually failed to materialise.

The outflow of people from the transition countries to Western Europe – in particular to Germany – also increased during the first years of the 1990s (see e.g. OECD 1993; SOPEMI 1997; Johansson 1998:107). By the mid 1990s, this outflow had however slowed markedly. This observation is also valid with respect to the experience of the Nordic countries. In place of the expected vast outflow of people from the mid 1990s onwards it was short-term migratory movements that increased. One major reason for this being that most OECD-countries had by then abolished visa requirements for short-term visits from the transition countries. Only a few migrants in each Eastern BSR country chose to emigrate to the Nordic countries as can be seen from Figures 3a and 3b for the Baltic States.

Immigration from Eastern BSR Countries to Sweden

In general, immigration from eastern BSR countries to Sweden is rather high in netto terms (Table 1). In 1998 the net immigration could be said to be of a comparable size to that of the other Nordic countries and to Germany. While immigration from eastern BSR countries maintained a steady rate, in 2000 it increased significantly for the other BSR countries. As such, currently immigration from the eastern BSR countries is clearly lower than from the other BSR countries.

However, the total number of immigrants from the eastern BSR countries has increased slightly since 1998 – with the exception of Lithuania. Here the number of immigrants to Sweden almost doubled. Within the period of a year fewer immigrants from eastern BSR countries moved back to their countries of origin than came to Sweden. The opposite case is to be found in other Nordic countries and in Germany, where the out-flow as well as the back-flow is significantly lower than in Sweden.

Most immigrants in 2000 were from Russia (897 people net) followed by those from Poland (514 people) and the Baltic States (altogether 495 people). Notice that net migration is now at a comparative level to net migration from Denmark, Finland and Germany. Obviously almost half of all immigrants are Russians while the other half is comprised of almost equal numbers of Balts and Poles. Although few people from each of the Baltic States entered Sweden as immigrants the actual amount is comparably high. Lithuania and Latvia show equal figures. Estonian people immigrate more often to Sweden (227 people) than do people from Lithuania and Latvia.

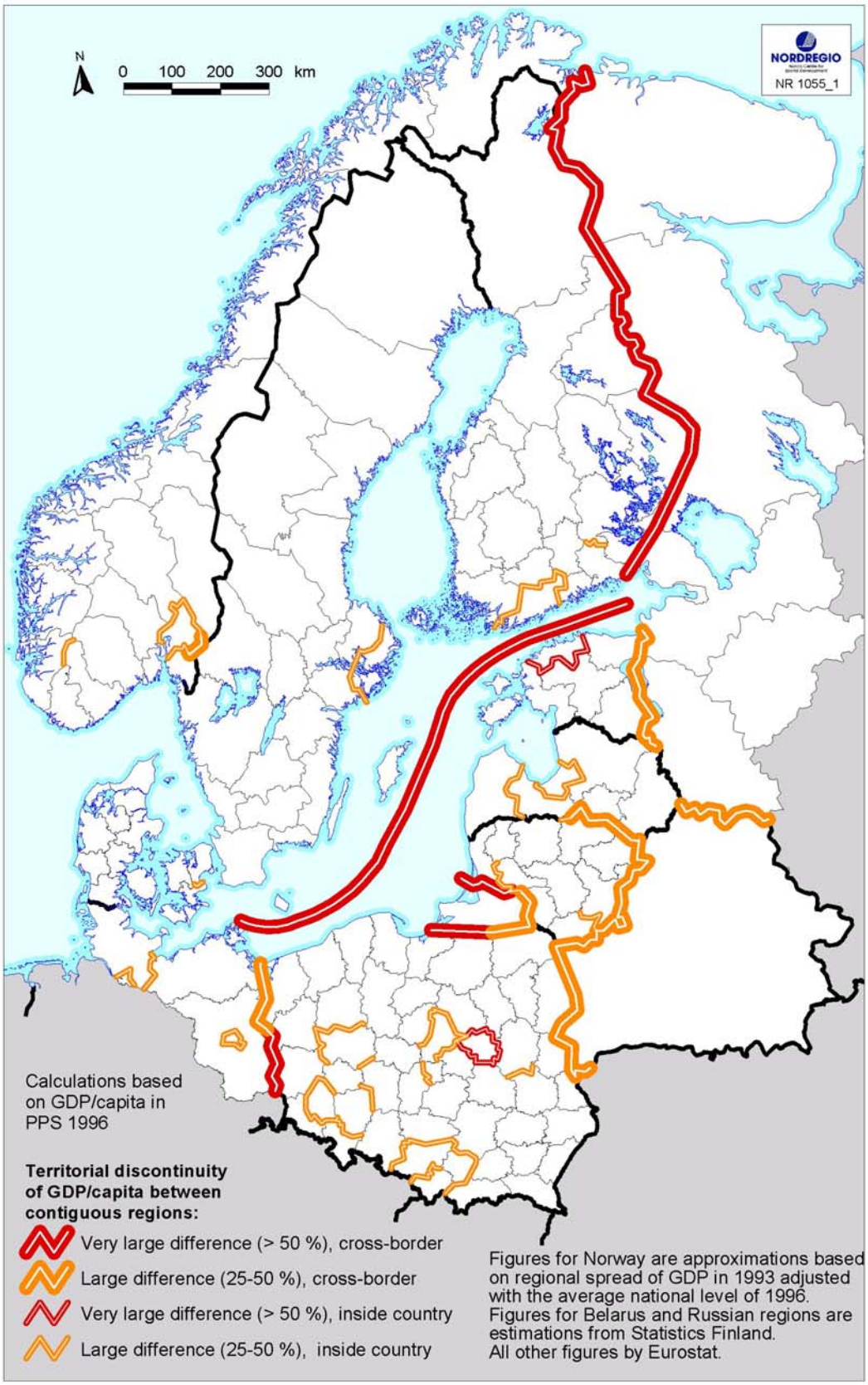


Figure 2. Territorial discontinuity of GDP/capita between contiguous regions 1996.

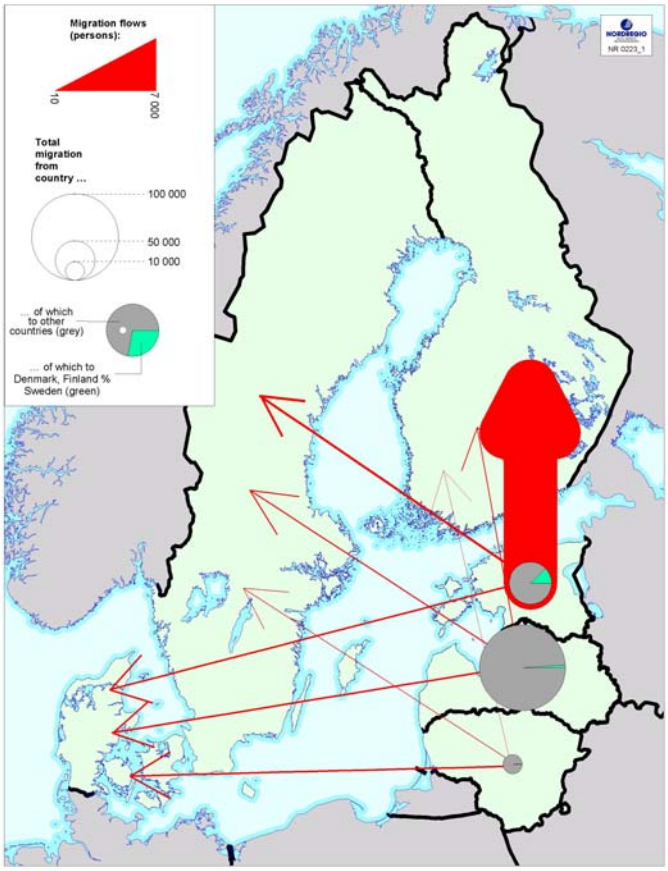


Figure 3a. Migration from the Baltic States to Denmark, Finland and Sweden: 1992–94.

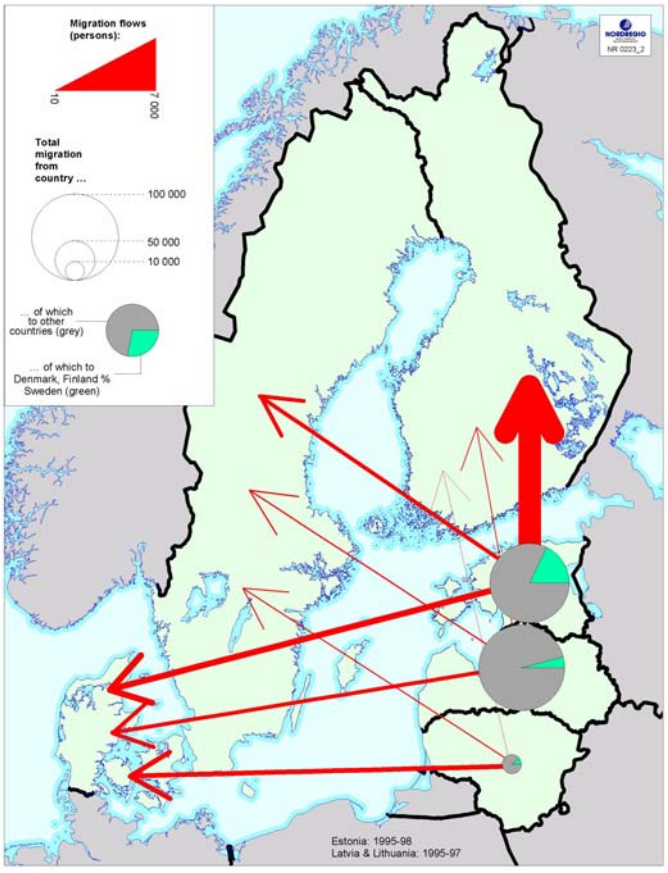


Figure 3b. Migration from the Baltic States to Denmark, Finland and Sweden: 1995–97/98.

Table 1. Immigration to Sweden from neighbouring countries 2000 (and 1998).

	In 2000	Out 2000	Net 1998	Net 2000
Denmark	1961	991	319	970
Norway	2830	1516	483	1314
Finland	3504	2502	676	1002
Iceland	382	375	-113	7
Germany	1426	530	518	896
Poland	639	125	509	514
Lithuania	146	16	69	130
Latvia	150	12	116	138
Estonia	261	34	168	227
Russia	1000	103	892	897

Source: Migrationsverket

Why do people emigrate from the eastern BSR countries to Sweden? The answer is clear for the year 2000. According to the analysis of residence permit applications (Table 2), the main factor accounting for emigration from the eastern BSR countries to Sweden is the desire to reunite with relatives that had previously emigrated to Sweden. This group includes immigrants marrying Swedes. Fewer people immigrate to Sweden to take up further or higher education. Though the main reason for immigrants from Poland and Lithuania immigrating to Sweden was to study. Few immigrants from the eastern BSR countries qualify for a Swedish residence permit on the basis of labour market criteria. This may also be a result of Sweden's restrictive policies with respect to labour immigration. However, the overall shares of immigrants from eastern BSR countries, as determined above, can only be recognised on given residence permits for labour market issues. Residence permits based on family relationship have been predominately assigned to Russians, while residence permits for the purpose of studying have mainly been given to Balts, closely followed by Russians and Poles. A significant number of Russians (110) received a residence permit as a refugee. With the exception of six Poles, no further people from the eastern BSR countries were accorded asylum status.

Table 2. Immigrants from Eastern BSR according to reasons for residence permit 2000.

Citizenship	Refugees	Close relative	Labour market	Visiting students	Adopted	EES-agreement	Total
Russia	110	729	57	235	73	24	1225
Poland	6	126	25	191	25	15	988
Estonia	-	218	12	93	7	6	336
Latvia	-	98	5	76	6	6	191
Lithuania		101	6	124	-	5	236
Europe total	3543	7999	177	1125	485	7185	20455

Source: Migrationsverket

On closer inspection, looking at the small group of immigrants from the eastern BSR countries that receive residence permits in Sweden according to labour market criteria reveals that this number is steadily increasing. The majority of labour market immigrants

are likely to be specialists and/or key persons in business firms. Hence they are skilled immigrants. Focusing on the two eastern BSR countries (Table 3) sees Poles dominating until around the middle of the 1990s. During the second half of the 1990s the number of Russian labour market immigrants grew faster and is now actually more than double the quantity of Poles, though these figures are still very low in absolute terms.

Table 3. Number of immigrants from Russia and Poland receiving residence permits in Sweden on the basis of labour market criteria, 1992–2000.

Residence permit labour market criteria									
	1992	1993	1994	1995	1996	1997	1998	1999	2000
Poland	1	15	25	25	22	17	19	15	25
Russia	2	9	8	12	28	24	44	41	57

Source: Migrationsverket

The Background Characteristics of Eastern BSR Immigrants 1991–96

According to the individual gross stream data, between 1991 and 1996, a total of 9305 people of working age arrived from the eastern BSR countries to Sweden (Figure 4). Almost half were Poles. From the three Baltic States only 1 101 people moved to Sweden. This figure was roughly 10 percent of the total flow.

The annual number of migrants differs between some 200 (the Baltic States) and around 1 000 (Poland, Russia). The fall of the Iron Curtain resulted in a short-term peak in migration from Russia and Poland in 1991. At the end of the period (1996) fewer migrants came to

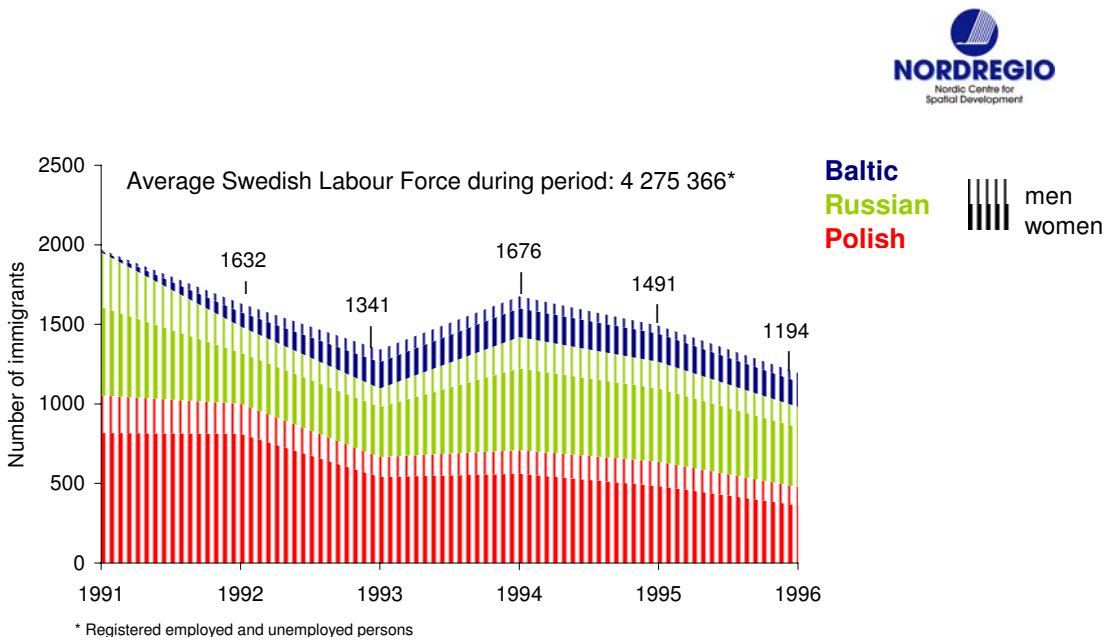


Figure 4. Immigrants from Eastern BSR countries to Sweden aged 16–64, by citizenship.

Sweden than at the beginning (1991), this was mainly due to diminishing flows from Poland and Russia. Here the annual number of migrants diminished almost by half during the 6 year period from around 1 000 (1991) to approximately 500 (1996). In contrast the number of migrants from the Baltic States grew very fast until 1993, stabilising thereafter.
The age patterns of the migrants from eastern BSR countries are very similar across all years concerned. Within the three age groups of younger (16–24), middle-aged (25–44) and elderly (45–64) migrants, the middle-aged group is predominant (Table 4). From Russia two thirds of migrants belong to this age group. The middle-age group is also over represented for Balts and Poles, but is slightly lower for Russians.

Table 4. Age structure of the new migrants aged 16–64 (%).

	Balts			Poles			Russians		
Age	16–24	25–44	45–64	16–24	25–44	45–64	16–24	25–44	45–64
1991	53	47	0	28	59	13	18	69	13
1992	37	57	6	28	57	16	22	67	12
1993	34	52	14	30	57	13	19	67	13
1994	29	64	7	31	55	15	20	65	15
1995	31	59	10	31	52	17	17	69	14
1996	35	56	8	28	56	16	22	62	16
1991–96	33	57	9	29	56	15	19	67	14

From the Baltic States and Poland, a significant share of younger people (33 and 29 percent respectively) of working age entered Sweden during the period 1991 and 1996. One has to keep in mind that the annual total number of migrants from the Baltic States has however been rather low compared to that of Poles and Russians, particularly at the beginning of the 1990s.

The gender structure (Table 5) of the eastern BSR migrants to Sweden between 1991 and 1996 follows a distinct pattern. On average around two thirds of the migrants are women. The number of women varies a little for certain years but significantly more women than men immigrated to Sweden during all years from 1991 to 1996. Starting from the beginning of the 1990s the number of immigrating males from the Baltic States and from Russia steadily decreased, while at the same time female numbers increased. Such a change as this cannot be observed among Polish immigrants, where women have ”always” been in a clear majority.

Table 5. Gender of the new migrants aged 16–64 (%).

	Balts		Poles		Russians	
Gender	Men	Women	Men	Women	Men	Women
1991	47	53	22	78	38	62
1992	38	62	19	81	34	66
1993	32	68	19	81	27	73
1994	29	71	21	79	28	72
1995	22	78	24	76	27	73
1996	26	74	24	76	25	75
1991–96	29	71	21	79	31	69

According to a survey of immigrants in Sweden 1995 (by Statistics Sweden) immigrants from eastern BSR countries have a high level of education (Table 6). In 1994 more than half of them held a degree matching the Swedish university college level, except for Poles, of whom only 32 % held a university college degree. Almost none of the immigrants had an educational level lower than that of upper secondary school. However, the survey does suffer from a lack of information on the educational level of around one third of the eastern BSR migrants surveyed. In comparison with the educational level of the Swedish reference group the above statement does however substantiate our findings. While the most common educational level among Swedes is the upper secondary school level, immigrants from the eastern BSR countries are, on average, far more highly educated. This indicates an outflow of a highly skilled eastern BSR labour force to Sweden. However, if immigrants with unknown educational qualifications are assumed to have a lower formal education, we can expect as many as one third of the Polish and Russian immigrants to experience severe problems in being absorbed into the Swedish labour market.

Table 6. Educational level of migrants aged 16–64 (according to the Swedish Immigrant Survey by SCB 1995).

Nr. of	Persons total	Educational level 1	2	3	4	
Balts	256	0 %	15 %	58 %	27 %	*1 comprehensive school*
Poles	710	6 %	32 %	32 %	30 %	*2 upper secondary school*
Russians	710	1 %	12 %	57 %	31 %	*3 university college*
Swedes	47 429	29 %	47 %	24 %	1 %	*4 unknown*

Labour Market Integration by East-to-West Migration

Labour market integration for non-Nordic citizens in Sweden is described in a report from the National Labour Market Board (Berggren 2000). The analysis is based on an Employment Survey Sample (LFS). It reveals that the labour force participation rate (a proportion of the sum of those employed and unemployed related to the whole population) in 1999 was 64 percent for immigrants who had arrived prior to 1995. For later immigrants the corresponding rate was 42 percent – 56 percent for males but only 31 percent for females. The corresponding participation rate for native Swedish residents was 79 percent. Studying is the most common occupation of those who are not employed or reported as unemployed. 54 percent of immigrants from non-Nordic countries before 1995 were employed in 1999, while only 33 percent of later immigrants were employed.

Employment rates for non-Nordic immigrants declined drastically during the recession between 1991 and 1995/96, after that employment began again to increase.

Those registered as unemployed among non-Nordic immigrant groups before 1995 accounted for 16 percent in 1999, rising to 22 percent among more recent immigrants. Unemployment among native Swedes was less than 5 percent. In addition to the lack of Swedish language skills, the reasons for such high unemployment levels among these groups is the fact that 25 percent of non–Nordic immigrants have not completed secondary school education, compared with 14 percent of native Swedes (Berggren 2000:27).

Regarding the ”old” immigrants from the Soviet Union and their employment patterns in Sweden, in the middle of the 1990s (1996) there were almost 16 000 persons from Poland working in Sweden and around 3000 from Estonia. From Latvia, the corresponding figure was a little more than 500, and from Lithuania, the numbers were almost negligible. For eve-

ry country, the numbers had decreased since the beginning of the 1990s. The employment pattern for the Polish and Estonian immigrants is shown in Table 7 where the Latvians and Lithuanians are omitted. Most of these people are, however, political refugees who arrived in Sweden before the collapse of the Soviet Bloc. Hence, these groups have been absorbed into the Swedish labour market for several years.

Table 7. The employment structure of the Estonian and Polish workers in Sweden 1996 (%).

Branch	Sweden	Estonia	Poland
Agriculture etc	3	1	1
Manufacturing and construction	26	23	22
Private service sector	38	39	37
Education	8	12	8
Health and care	20	15	25
Public administration	5	8	4
Unknown	0	2	3

Source: Statistics Sweden, The Swedish Immigration Board, 1997, unpublished statistics.

The employment structure between Swedes on the one hand and Estonians and Poles on the other hand is also similar according to the sector status. With respect to the type of jobs, blue-collar workers are, at least in respect of Polish immigrants, over represented in both manufacturing and services. The same holds true for self-employment (Scott 1999:70). They are probably also over represented in the 'lower' segments of both manufacturing and private services (Ekberg 1993:56-61).

This is in line with the reasoning that states that the far-reaching transformation of the Swedish economy in a post-industrial direction has reduced the demand for traditional blue-collar workers. Instead, there has been rapid employment growth in the service sectors – both private and public. The private service sector in particular has in recent years been associated with the transformation of the economy in a knowledge-intensive direction. The structural transformation of the Swedish economy, with a significant increase in employment in the service sector, has also changed the picture with regard to employment opportunities for immigrants. Instead of blue-collar work in the goods-producing sector, immigrants are nowadays predominantly employed in the lower segments of the service sector. As a consequence of the structural transformation of the Swedish economy, the push factors are now stronger than the pull factors for immigrants. This has also resulted in a changed employment structure, with a large share of immigrants working in jobs refused by the native Swedish labour force.

Patterns of Labour Market Careers by Eastern BSR Immigrants, 1991–96

The gross stream figures of eastern BSR immigrants to Sweden reveal a continuing high non-employment rate after 2 years stay in Sweden. Here, the non-employed comprises those registered as unemployed, students and other persons who are not economically active. On average, only every fifth new migrant from the eastern BSR (21%) is employed after 2 years (Figure 5). Men are more often employed than women. This holds true for migrants from all countries and for almost every year. The rate of employed men is sometimes twice as high as that for women. Moreover, for Russian and Polish immigrants in particular this employment gap follows the pattern. Although immigrants from the Baltic States show the same total employment figures, as do Russians and Poles, these figures are distributed equally among men and women. Baltic women who immigrated within the first two years of 1991 and 1992 were

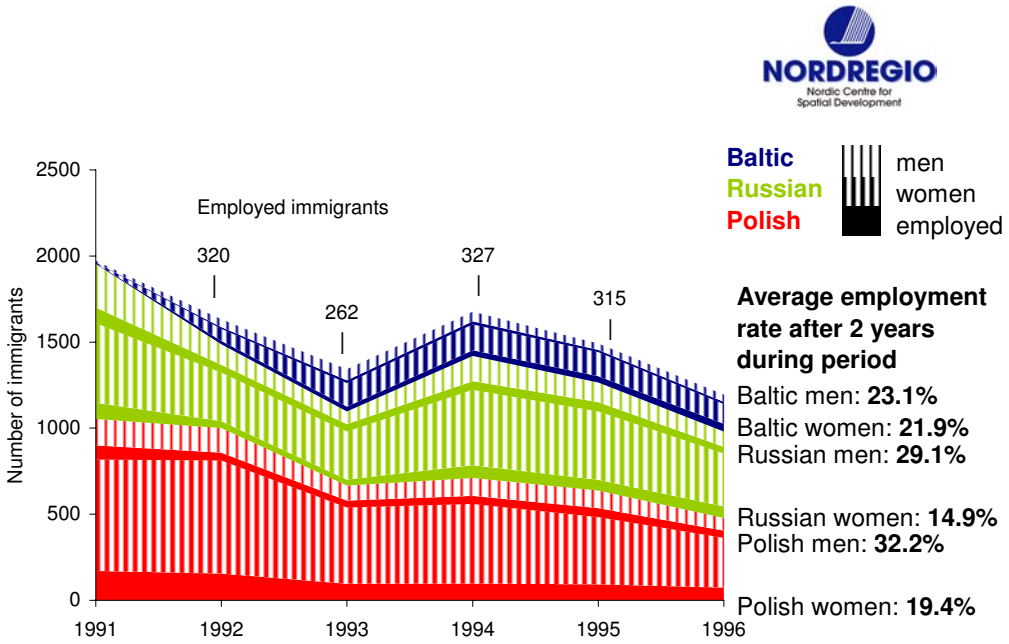


Figure 5. Employment of immigrants from Eastern BSR countries aged 16 to 64 after 2 years in Sweden, by gender.

more successful in finding employment than Baltic men after two years. This, of course, is the only exception. Although far more women than men emigrate from eastern BSR countries to Sweden, women seem to be less active on the Swedish labour market.

The low employment figures cannot be explained by return migration to the countries of origin. Rather few migrants actually returned to their countries or died within two years of immigration. Thus 79 % of the immigrants from the eastern BSR countries are still classified as non-employed labour force after 2 years.

Table 8 explores the sectors of employment for the migrants from eastern BSR countries after 2 years. In addition Figure 6 captures the sectoral employment pattern of the Balts by

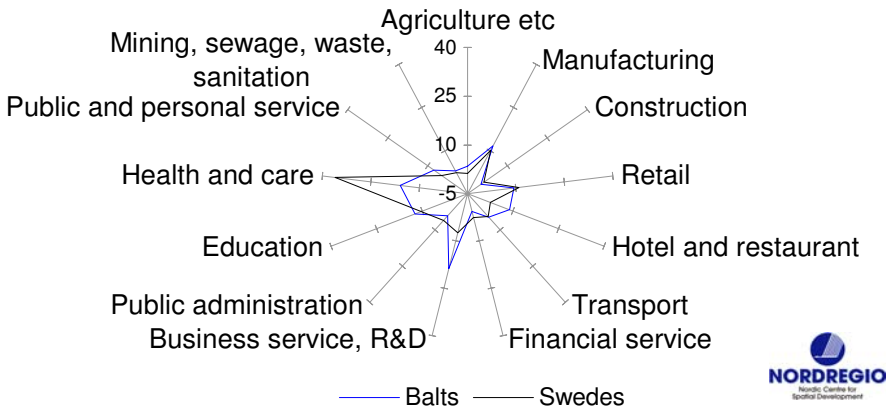
Table 8. Employment by sector 1991–96 after 2 years (%).

Sector	Balts	Poles	Russians	Swedes
Health and care	14.3	17.8	11.8	19.8
Manufacturing	9.8	15.9	8.8	18.4
Retail	9.8	10.8	12.8	12.2
Business services	19.6	21.2	20.4	9.1
Education	18.8	5.4	15.6	7.4
Transport etc	4.1	4.7	4.1	6.9
Public administration	2.9	0.6	1.3	6.2
Construction	0.4	2.2	1.4	5.9
Public and personal service	7.8	4.1	11.5	4.1
Agriculture etc	3.3	3.9	1.3	2.5
Finance service	0.4	0.2	0.7	2.2
Hotel and restaurant	6.5	9.4	4.4	1.8
Other	2.4	3.9	6.0	3.4
Nr. employed*	245	1 004	705	33 952

**Eastern immigrants: sum of employed during period; Swedes: average number employed during period*

BALTIC FEMALES

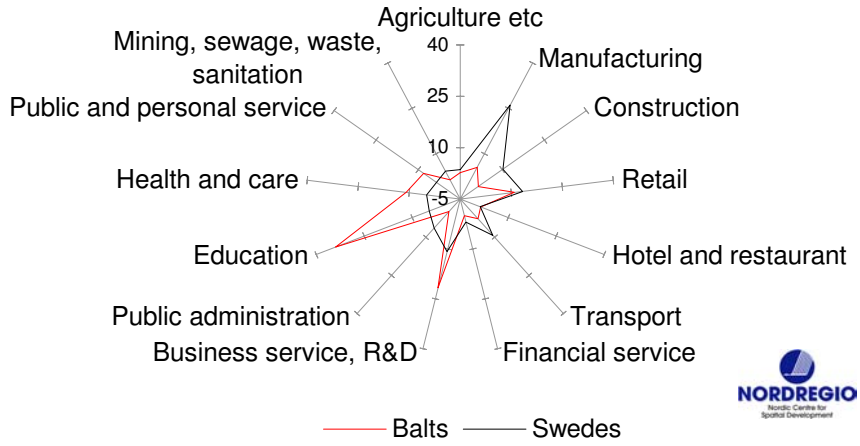
Average employment rate after 2 years: **21.9%**



Swedish sample size: employed female persons out of 1% of population aged 16 to 64 chosen by random. (average employment rate 1991-1996: 69.9%)
* based on november figures

BALTIC MALES

Average employment rate after 2 years: **23.1%**



Swedish sample size: employed male persons out of 1% of population aged 16 to 64 chosen by random. (average employment rate 1991-1996: 73.0%)
* based on november figures

Figure 6. Sectoral employment pattern of Balts aged 16 to 64 1991–1996 by gender compared to that of the Swedes.

gender. Firstly, on average only 21 % of all migrants between 1991 and 1996 were employed within 2 years. Hence, the employment figures of the table are based on the careers of 1954 people. Secondly, more men than women are in employment, with the exception of the Balts.

After 2 years employed migrants from the eastern BSR countries can be found in every sector of the economy including public administration. There is no sector that can be said to strictly dominate the employment structure. Although some sectors usually employ more people from the eastern BSR countries than others.

Most people are employed in business services, which include a wide range of services such as cleaning and consulting. Around one fifth of the migrants from every eastern BSR country work in this sector, which includes a wide range of jobs – from cleaning to professional consulting. Health and care comprises some 15 % of the migrants and is dominated by the Poles, as are the manufacturing and hotel and catering sectors. Balts and Russians work mainly with education, including interpreting. A few people have been employed in public administration or in the financial services sector.

The above results correspond with Table 7 (employment structure of the Estonians and Poles). In line with general structures of employment, by sector, for highly developed countries such as Sweden, most immigrants work in the service sector followed by manufacturing.

Table 9 shows the percentage of immigrants according to gender and their income level after 2 years. The most common annual income among new eastern BSR migrants varies between 50 and 100 thousand SEK. Around 30 percent have an income at this level. By contrast 35 percent of employed Swedes enjoy more than 200 thousand SEK a year, which is more than double the most common migrants' income. Only 13 percent of the migrants have been employed at the higher income level. Immigrant men often reach this income level.

The income pattern, by gender, is in line with traditional income patterns for immigrants and also for the Swedes. Many migrant men enjoy a higher income while the income of the women is usually lower. It is more than likely that the male Balts, Russians and Poles with an income over 200 000 SEK are employed full-time in jobs requiring some special knowledge demanded in Sweden.

Table 9. Income level by gender after 2 years 1991–96 (%).

Income level (in 1 000 SEK)	< 50			50–100			100–150			150–200			200 +		
Gender (1 men, 2 women)	total	1	2	total	1	2	total	1	2	total	1	2	total	1	2
Balts	14	8	17	26	15	31	20	19	21	22	27	20	17	31	11
Poles	21	11	25	31	24	35	25	22	27	14	24	10	8	19	4
Russians	19	10	27	29	23	35	20	18	22	12	16	9	19	34	7
All BSR	19	10	24	30	23	34	23	20	25	15	21	11	13	27	6
Swedes	7	5	9	13	9	17	19	11	27	26	25	28	35	50	19

Migration Flows between Finland and the Baltic Sea Region

In 2001 the number of immigrants coming to Finland was 18 955. The main immigrant groups in Finland come from Russia, Estonia and Sweden. The structures of the immigrant

populations and the reasons for their arrival in Finland have however changed over time. In the 1980s people moved to Finland because of a specific job or for family reasons, such as marriage to a Finn. The majority of the immigrants in the 1990s were Ingrian Finnish returnees and refugees who commonly did not have a job pre-arranged, nor could they benefit from the existing social networks that promoted employment and integration (Forsander 2001; see Jaakkola 2000). The large number of Russian and Estonian citizens is mainly explained by the returnee status that was given to the Ingrians in 1991. The same year also marked the peak for Russian immigration to Finland. Return migration back to Russia has been small in numbers (Table 10). In the 1990s two thirds of the immigrants from the former Soviet Union came to Finland via returnee status (Kyntäjä & Kulu 1998:93).

Table 10. Migration of east-BSR citizens from/to Finland 1989–2000.

	Polish			Lithuanian			Latvian			Estonian			Russian		
Year	in	out	net	in	out	net	in	out	net	in	out	net	in	out	net
2000	41	53	-12	20	14	6	35	*	-	655	337	318	2516	241	2275
1999	39	16	23	18	*	-	36	14	22	587	152	435	2180	127	2053
1998	28	13	15	18	*	-	33	*	-	675	159	516	2463	78	2385
1997	23	21	2	34	*	-	31	*	-	629	148	481	2387	109	2278
1996	27	61	-34	44	*	-	24	*	-	690	326	364	2012	148	1864
1995	24	21	3	12	*	-	11	*	-	951	166	785	1958	67	1891
1994	39	26	13	15	*	-	27	*	-	1361	154	1207	1901	83	1818
1993	40	15	25	9	*	-	32	*	-	1981	85	1896	2169	44	2125
1992	66	48	18	12	*	-	26	*	-	2134	31	2103	2946	25	2921
1991	176	39	137	6	*	-	7	*	-	862	*	-	-	-	-
1990	191	8	183	-	-	-	-	-	-	-	-	-	-	-	-
1989	114	10	104	-	-	-	-	-	-	-	-	-	-	-	-

Source: Statistics Finland
** Magnitude zero: < 6 moves per value*
- Data not available or no data

The new freedom to travel abroad from Russia, effective as of 1993, did not result in an explosive increase in emigration rates with great masses migrating to the west, as was commonly feared in Finland. Indeed, the major change had already occurred by 1990 when the rate of permanent migration to western countries doubled in comparison to the year before. Since then there has been little change in the annual emigration rate (Kyntäjä 1998a:35).

The percentage of Russian emigrants migrating to Finland was 1.5 % in 1996. However, the statistics are not completely unambiguous. In the former Soviet Union the registration of emigrants was not particularly effective. A significant number of such emigrants left the Soviet Union on tourist visas and as such remain to be registered as citizens in their original country (Kyntäjä 1998a:35–36).

The majority of the 'Soviet' immigrants in Finland are between 20 and 30 years of age, with a high proportion of children among them. There are also some older Russian immigrants, born in the 1920s and 1930s. Their immigration to Finland started somewhat later and the number of arrivals in this age group has remained more or less unchanged. Unlike the young, the older immigrants are mostly Finnish speaking. 60–70 % of all returnees are Finnish citizens, the rest comprising either their Russian or Estonian family members or individuals no longer in possession of Finnish citizenship but whom, nonetheless, were granted returnee status (Kulu 1998:76).

Labour Market Integration of BSR Immigrants

The unemployment rate of immigrants was three times higher than the rate of the total population in 1994. Unemployment has decreased both among total population and foreigners after the economic recession at the end of the 1990s. The relative difference between the groups in 2001, however, was still three times that of the total population (immigrant unemployment was 31.5%, and the total population 9%) (Heikkilä & Järvinen 2003:112).

There is a large difference in the degree of unemployment between different ethnic groups among the Baltic citizens (Figure 7). For example, the unemployment rate for the Russian origins has been 45 % in 2001 while the rate for Poles was 15 % and for Swedes 11 %.

Unemployment rate and the duration of unemployment are correlated; those nationalities with high unemployment rate have also longer duration of unemployment. Refugees have longer unemployment periods and the proportion of not unemployed is smaller in 2000. For example, the citizens from former Yugoslavia 47 % belongs to long term unemployment, 29 % to the short term unemployment and 24 % are not unemployed. The situation is the opposite for EU-citizens like for the French: 5 % long term unemployed, 16 % short term unemployed and 79 % not unemployed. Figure 8 shows the length of unemployment in 2000 among Baltic citizens arrived to Finland in 1991–1994. The proportion of not unemployed people, which consists of employed, children, students, pensioners and others outside of labour force, is the smallest among Russians. The duration of unemployment is quite equally distributed for short and long term unemployment among Baltic citizens.

Employment situation is close to the Finnish level among Baltic citizens, except for Russians (Table 11). The highest proportion of students is among Russians which is double compared to the Finnish average. There is exceptional high proportion of pensioners among the Swedes that can be explained by the return migration.

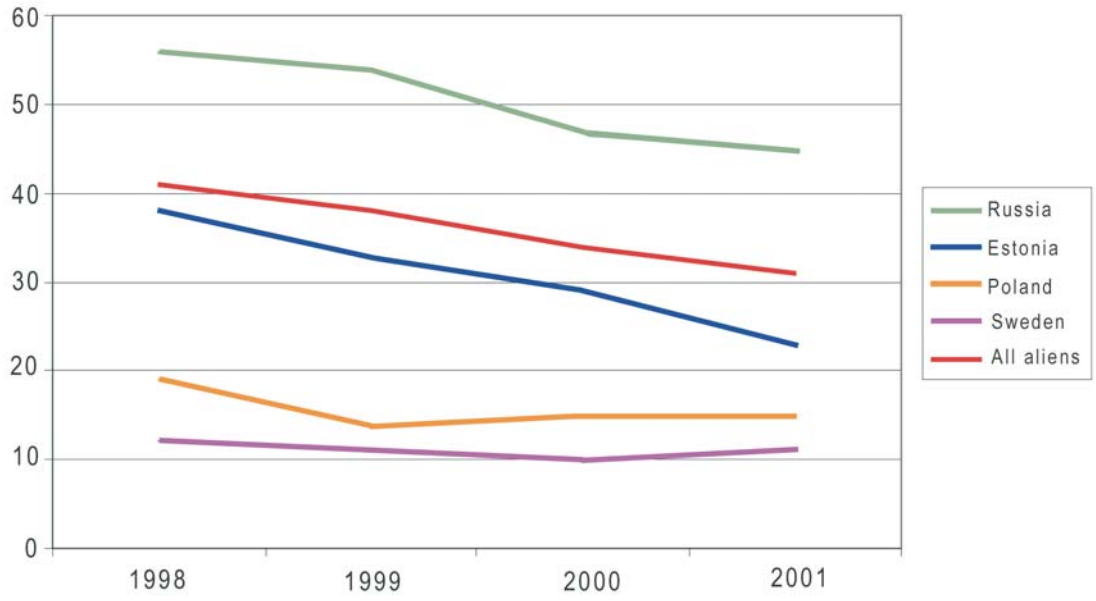


Figure 7. Unemployment rate among Baltic foreigners in 1998–2001. Estimates of Ministry of Labour. (Source: SVT 2002:26).

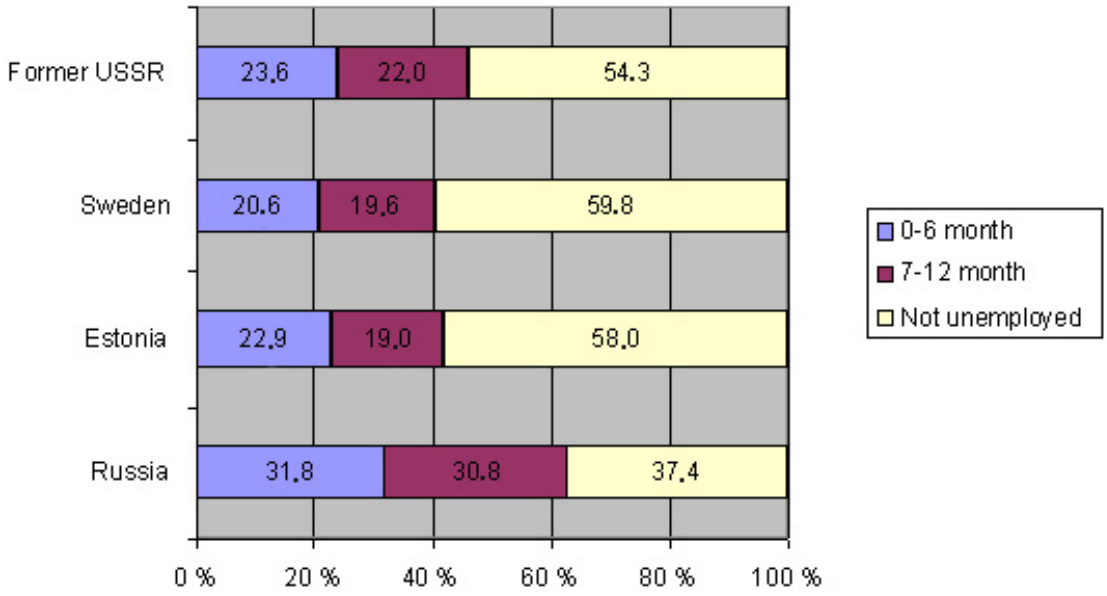


Figure 8. Duration of unemployment by months among Baltic foreigners (moved to Finland in 1991–1994) in 2000 (Source: SVT 2002:62).

Table 11. Type of activity by Baltic citizens in 2000 (Source: SVT 2002:25).

Citizenship	Employed	Unemployed	0–14 years old	Students	Pensioners	Others	Total
Russia	22.4	20.2	18.8	14.1	3.8	20.7	20 552
Former USSR	37.4	14.3	6.2	8.8	6.8	26.4	2 447
Estonia	37.0	11.5	21.1	9.2	3.3	17.9	10 839
Sweden	36.7	7.7	9.9	6.8	26.4	12.5	7 887
Finland	43.2	6.0	18.1	7.5	21.9	3.3	5 090 041

The immigrants from Baltic have higher proportion of highly educated than the Finnish average. According to Malaha (2003) the share of high skilled specialists among Russian emigrants is 2.3–4.6 times higher than it is among the population in Russia. At the beginning of the 1990s Moscow and St. Petersburg were the regions which lost the intellectual potential most intensively. About a half of emigrants originated from Moscow and more that 40 % of emigrants originated from St. Petersburg had the high education but only 5–12 % of emigrants from other Russia's regions had this level.

Table 12 shows that among the Poles emigrated to Finland the tertiary education is almost double compared to the Finnish level. The low level of the Swedes is explained by the pensioners returning to Finland. When analyzing the data of education it is important to recognize that part of unknown educational levels belongs in reality to more educated groups, and the statistics shown in Table 6 is not comparable to Table 12 because of different age group background.

Table 12. Education among Baltic groups in 2001 (Source: SVT 2003a:34).

Citizenship	Primary education or unknown	Matriculation examination	Vocational education	Polytechnics/ universities
Russia	52.2	3.4	30.7	13.8
Former USSR	57.8	5.3	25.4	11.4
Estonia	61.2	4.6	26.0	8.2
Poland	60.6	7.5	14.8	17.1
Sweden	64.5	6.2	23.1	6.2
Finland	39.8	7.3	43.1	9.9

Most Baltic origin people, nearly every third, are employed in public services like in Finland in general (Figure 9a & 9b), and it is also in Sweden. The biggest difference in the proportion is found from the retail sector which attracts more the Baltic labour force than the Finns. Among men there are double more Baltic men working in public services than Finnish men do. The opposite difference is found between women. It is surprise that in construction works more Russian, former USSR and Estonian origin women than men in relative terms in Finland. Some reasons to explain this is that there are more temporary workers and "grey" labour markets. The manufacturing sector employs every fourth of Russian, former USSR and Estonian women. Polish men and women are employed in this sector around as often as the Finns do.

As yet, the number of refugees and asylum seekers from the Baltic countries has been extremely small and therefore generates no extra pressure on Finland in the form of transitory migration. Moreover, other migration is likely to remain fairly insignificant, especially from Latvia and Lithuania. Emigration from Estonia, particularly to western countries like Finland, climbed significantly after the disintegration of the Soviet Union, but has decreased again in recent years. According to a number of studies, people from the Baltic region will

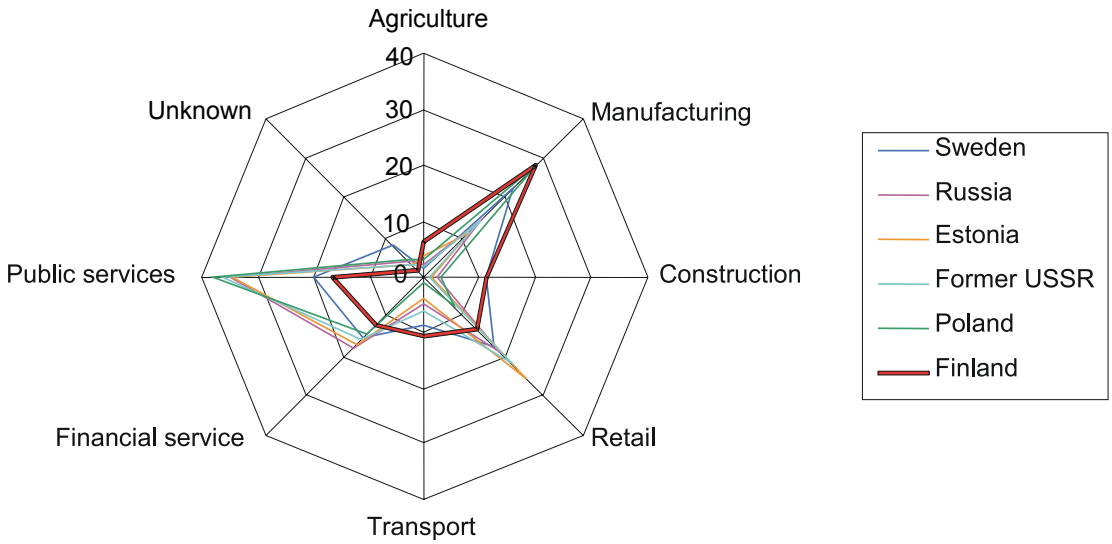


Figure 9a. Employed Baltic males by industry in 2000 (Source: SVT 2003b:285-286; SVT 2003c:369).

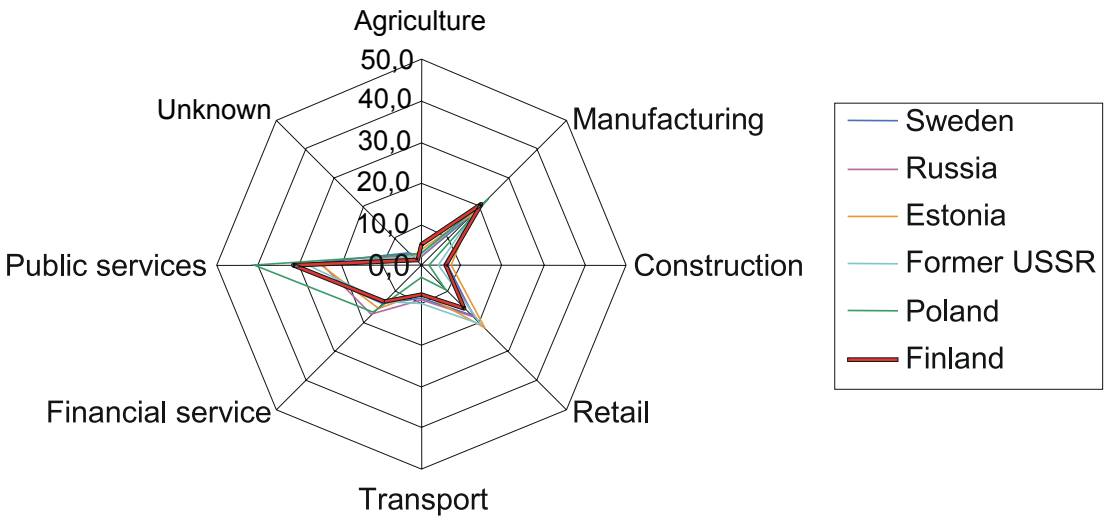


Figure 9b. Employed Baltic females by industry in 2000 (Source: SVT 2003b:285-286; SVT 2003c:369).

no longer be very eager to emigrate if the economic and social situations pertaining in their own countries continue to improve, which will result in the stabilization of emigration flows. Studies show that the Russians in Tallinn are more willing to emigrate than the Estonians in the same city, although the top country on their preference list is not Finland but Germany (see Karppi & Rantala 1997; Kyntäjä 1998a).

The economic gap between Finland and Russia is among the largest, if not the very largest, in Europe (Figure 10). In fact it has only become deeper during the 1990s, while simultaneously the number of inhabitants living in the frontier regions of Finland and Russia has declined. As such, these regions have been unable to secure an influx of either people or economic activity. The borderline and the associated differences in standards of living, has not become a decisive factor in the socio-economic change of eastern Finland and the surrounding area. Although there are similarities in the economic gap between Finland and Russia and the situation with the US and Mexican border, the dynamics of the respective economies are completely different. Essentially, the Finno-Russian frontier regions have not become areas of rapid economic growth run by the markets (Eskelinen 2001:119–120).

Empirical research has shown poor housing conditions and small pensions to be the primary reasons for the migration of an elderly Russian population to Finland, whereas younger people are more concerned with actual or threatened unemployment. Additionally, modest wages and, in some Russian cases, even having wages unpaid, were mentioned as reasons for migration. Parents were hoping to give their children a better future in Finland (Kyntäjä 1998b:88).

Along with continued skilled emigration a temporary labour migration developed at a quite fast rate. First of all, this is temporary labour migration of the Russian scientists, researchers and academic teachers that prefer to move temporary but not for permanent residence. Specialists preference could be explained firstly the contract guarantees a definite job and conditions of work, possibility to implement scientist's creative explorations and secondly a certain social protection. Analysis of the age and qualification of the structure of scientists worked abroad allows conclude that the significant part of Russian scientists subjected to "brain drain" represents an elite and in particularly future elite of the Russian science (Malaha 2003).

Figure 10. The economic gap between Finland and Russia towards the end of the 1990s: gross national product per capita according to purchasing power parity (see Eskelinen 2001:120).

The Baltic origin people, who moved to Finland in 1991-94, had lower level incomes than Finns in average still in 2000 (Figure 11). Of the Russians 53 % earned less than 60 000 FIM. There is a good exception in the highest income level to which 14 % of the Poles belongs to and it is almost the same proportion as in Finland (16 %).

The Impact of the Enlargement of the European Union

It has been estimated that immigration from the new East-European members of the EU would double by 2005-2009 in comparison to the current level. This would mean that each year 15 000 Estonian migrants would move to Finland together with another 1 000 from the other countries. The peak in immigration rates would be reached in 2010-2014 when 28 000 individuals would migrate to Finland on a yearly basis. By then the annual number of new Estonian immigrants would have reduced to the current level, i.e. approximately 700 individuals. Furthermore, this falling trend would continue even further, resulting in an increasing shortage of labour in Estonia (Hietala 2002:41).

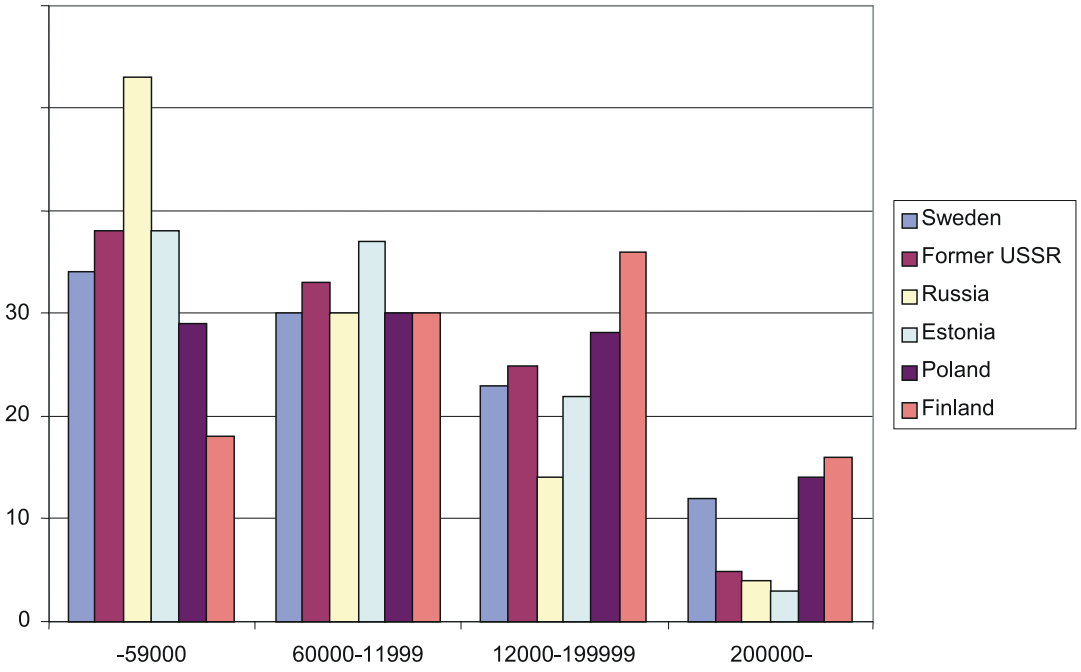


Figure 11. Income in 2000 (FIM) subject to state taxation among Baltic Sea Region countries (moved to Finland in 1991–1994) compared to Finland (Source: SVT 2002:63).

The great differences in income *per capita* between Finland and the applicants' home countries, along with the improving employment situation in Finland, are thus acting as stimulants to migration. Taking note of purchasing power parity, the income level in Finland is 3.3 times that of Estonia. Hence the difference in income levels is many times greater than it was during the years of the great migration wave between Sweden and Finland. Increased numbers of individuals working across the border is one very probable alternative, which may have a significant impact on the employment markets both in Finland and in Estonia. Measured in time, the weekly commuters from Estonia are not that far from Helsinki harbour (Hietala 2001:50; Työvoiman liikkuvuus Euroopassa ja Suomi –työryhmä 2001:5).

Active Immigration Policy

Recently many European countries have raised the issue of the status of foreign residents to be among the central themes of domestic policy. Finland needs increasing numbers of immigrants, initially to fill the open positions as the great post-war generations reach retirement age, and later to provide them with adequate care. Nevertheless, it is unlikely that there will be a significant migration wave to Finland from Estonia or from any other new member states of the EU in 2005 and onwards. Immigration from Russia will instead form the largest single group. The common labour market within Europe has not significantly increased the mobility of the labour force within the European Union and its internal flows of labour have grown more slowly than migration between the European Union and the third world. In EU countries, about 2 % of the labour force is from other countries in the Union (Miettinen et al. 1998; Heikkilä 2001; Iloniemi 2002).

The key principles of the government's immigration and refugee programmes are openness, internationality, human rights, good management and legal security on the one hand,

and preventing illegal immigration on the other. Immigrants can stimulate the development of our economy and culture and act as a bridge in international communications. Observing current developments in the economy and society, a controlled promotion of immigration is thus desirable. Flexible and efficient integration of all immigrants into Finnish society and working life is the primary goal of immigration policy (Ministry of the Interior 2003).

From the Finnish perspective, the threat from illegal transitory Russian migrants has not yet become severe. The border between Russia and Finland has thus far fulfilled its purpose well, although there have been cases of persons crossing the border illegally; e.g. in 1998 the average number of monthly cases amounted to 23 (Kyntäjä 1998a:27). More recently, the fact that Finnish educational institutions see tens of foreigners enrolled every year with the ultimate aim of staying in the country illegally, or transiting to another country, has been raised. After receiving a residence permit, they do not necessarily intend to begin their studies at all or the actually completed studies will be very modest (Kerkelä 2003).

In 2002 Finland received 3 129 applications from asylum seekers: 19 % of applications came from Romanians, 12 % from Slovaks and 8% from Russians. The Directorate of Immigration refused entry to 2 312 asylum seekers, while 591 were granted entry. In 322 cases where a negative decision had been taken, refusal was explained by the fact that the asylum seeker actually came from a safe country of origin (Kuusela 2003). In 1999 a total of 496 residence permits were granted to asylum seekers in Finland. 54 % of these permits were given due for humanitarian reasons, and 31 % to provide safety and protection. The rest were regular cases of asylum seekers (Yhteispohjoismainen tilastokatsaus 2001).

The Potential for East-to-West Migration in the BSR after EU Enlargement post-2004

Recent extensive efforts to gain knowledge on future East-to-West migration have in particular been made by the main potential target countries of Austria and Germany, as well as by the European Commission. Austria and Germany share a long overland boundary with candidate countries and can – due to their geographical position – easily be accessed from most of the candidate countries. In addition Germany comprises the largest labour market of the EU15. Thus studies on the issue tend to focus on potential migration from CEEC10 countries as a whole, or at least potential migration from those having relevant population stocks, which will be directed to the EU15, and to Germany and Austria in particular. Poland has the largest population of the candidates, and thus it has been continuously surveyed in this regard, while the Baltic States were often excluded. Apart from this fact, few studies (models and surveys) have been conducted to estimate the potential size of future migration flows in the Baltic Sea Region. Table 13 summarizes model-based studies estimating potential migration from the candidate countries. One of the basic assumptions fundamental to all models is the free movement of workers (common labour market) having already replaced the current regime. Hence temporary regulations and administrative restrictions are not reviewed here. Favouring comparability, additional calculations have sometimes been made based on the results of each study. By so doing, the results of almost all examined studies could be reviewed in absolute and relative terms as well as for one year and for a long-term perspective (total migration potential). Figures on annual net-migration potentials mainly represent averages being equal during the whole period. On occasion, the varying intensity of migration during these years has also been addressed. The potential migrants share in their home country population (column four) takes current proportions as a basis and thus does not include projections on population development in the candidate countries. Significant variation in

expected net-migration modelled by a single study responds to different scenarios likely to occur in the progress of the EU-enlargement. The accuracy of all calculations, however, is regarded by the authors themselves as being of the status of a rough guess rather than that of a rough estimate. Table 14 supplements these 'guestimates' with survey findings.

Table 13. Estimates of potential migration from the candidate countries, assuming free movement of labour (selection).

Author/Client	Method	Potential (net-migration)	Share of population of source cohort
Sinn et al., ifo Institute (2001)/German Federal Ministry of Labour and Social Affairs	Dynamic regression-model based on wage differentials and data covering the situation for Greece, Italy, Portugal, Spain and Turkey 1974-1997	Annual to Germany: 175 000-240 000 persons from Poland, Romania, Slovakia, Czech Republic and Hungary Within 15 years to Germany: 3.2-4.0 million persons	Annual to Germany: 0.25 % Within 15 years: 4-5 %.
Hille & Straubhaar (2000)	Econometric simulation (regression analysis) based on empirical data on the migration of Greeks, Portuguese and Spaniards during the southern enlargement of the EU	Annual to EU15: Between 270 000-790 000 persons from CEEC10 (154 000-450 000 to Germany, 43 000-126 000 to Austria)	Annual to EU15: 0.26-0.75 %
Fertig & Schmidt (2000)	Econometric simulation (extrapolation) based on historical data applying six scenarios	Annual (influx to Germany): 15 000-63 000 persons from CEEC4[2] Total 1998-2017: 300 000-1 200 000 persons	Annual: 0.02-0.10 % Total 1998-2017: 0.50-1.98 %
Boeri & Brücker (2000)/ EU Commission DG Employment and Social Affairs	Regression analysis looking at immigration from East Central Europe to EU15 mainly based on GDP per capita and PPP as well as level of employment	Annual: Between 336 000 persons in 2002 (of which 35 % (117 600) are employees) to 2 400 in 2030 from CEEC10	In 2002: 0.32 % persons 0.11 % employees Long run: 4 % (corresponding to 1 % of EU population)
Bauer & Zimmermann (1999)/ British Departments for Education and Employment[3]	Econometric simulation (regression analysis) based on empirical data on migration of Greeks, Portuguese and Spaniards during the southern enlargement of the EU	Annual to EU15: 200 000 persons from CEFTA[4] countries Within 10-15 years: 2 672 000 persons	Annual to EU15: 0.3 % Within 10-15 years: 4.02 %

Salt et al. (1999)	Projection based on "Standard migration index" of some West European countries 1985-1996	Annual to EU15: 41 000 persons (max.) from Estonia, Poland, Slovenia, Czech Republic and Hungary	Annual to EU15: 0.07 %
Orlowski & Zienkowski (1999)	Econometric simulation (gravitation model, regression analysis) based on empirical data on the migration of Greeks, Portuguese and Spaniards during the southern enlargement of the EU	Annual to EU15: 38 000-77 000 persons from Poland Within 10–12 years: 390 000–1 500 000 persons (195 000-410 000 to Germany, 23 000-123 000 to Austria)	Annual to EU15: 0.1-0.2 % Within 10-12 years: 1.0-3.8 %
Walterskirchen & Dietz (1998)/Austrian Institute of Economic Research (WIFO)	Econometric simulation (extrapolation) of expected income differentials and GDP per capita and PPP. Assumption: 10 % income differential leads to 0.05 % annual emigration.	Annual: 220 000 persons from CEFTA countries	Annual: 0.3 %
Brücker & Franzmeyer (1997)/DIW	Econometric simulation (gravitation model) of income differentials and GDP per capita and PPP. Higher coefficients of interrelation between income differentials and migration rate than in Walterskirchen & Dietz	Annual: 340 000 and 680 000 persons from CEFTA countries 590 000 and 1 180 000 persons from CEEC10 countries	Annual: 0.51-1.02 % 0.56-1.12 %
Aintila (1998)	See Lundborg (1997) although with special regard to Estonia	Annual to Finland: 13 000 persons	Annual to Finland: 0.03 %
Lundborg et al. (1997)/ Swedish Ministry of Finance	Based on Layard et al. (1992) focusing on Baltic States and Poland	Annual to Sweden: 20 000-30 000 employees from Poland and the Baltic States Annual to EU15: 126 000 employees Within five years to EU15: 628 000 employees (1 885 000 including relatives)	Annual to Sweden: 0.04-0.06 % Annual to EU15: 0.27 % Within five years to EU15: 1.35 %
Kupiszewski (1994)	Four general scenarios 1) No change 2) Harmonious dev. with EU enlargement 3) Economic decline of countries in transition 4) War within former USSR	Expectations: 1) Annual increase of East-West migration by 10 % due to progressive co-operation 2) Annual increase of East-West migration by 5 %	

Baldwin (1994)	Unknown	Total: 5-10 million persons from CEEC10	Total: 5-10 %
Layard et al. (1992)	Extrapolation based on the South-North migration in Europe between 1950 and 1970	Annual: 207 700 persons from CEEC10 countries Total within 15 years: 3 115 000 persons	Annual: 0.2 % Total within 15 years: 3 %

[2] Estonia, the Czech Republic, Hungary and Poland
[3] Excluding Slovakia and the Baltic States
[4] CEFTA countries: the Czech Republic, Hungary, Poland, Slovakia and Slovenia
Source: Alecke & Untiedt 2001, Fassmann & Münz 2000, Demel & Profanzi 1998, Hönekopp 2000, extended by the authors.

Besides the fact that different methods were applied, all of the studies (models and surveys) point to a certain dimension of potential East-to-West migration. The overall statement is primarily that a common labour market will not initiate massive labour migration, but peak levels of migration may be plausible during the first years. Accordingly, up to 3-5 % of the CEEC10's current population is expected to migrate to EU15 countries in the medium and long run (10-30 years). In the case of the 5 % estimate proving accurate the actual number of migrants would correspond to the present population of Denmark, or somewhat more than half of the Swedish population. However, more modest migration will only reach the dimension of between 0.8 and 1.0 % of the present EU15 population.

Even provided the further decline of the current EU15 population, a massive immigration wave is not to be determined. This is also suggested by studies focusing on groups of CEEC countries (Bauer & Zimmermann 1999) or on a single country (Orlowski & Zienkowski 1999). Indeed, a recent study (Sinn et al. 2001) argues that many persons from the CEEC5 countries seek to move only to Germany. Experiences of German reunification, where ideal preconditions for migration could encourage only 7.3 % of the East German population to permanently move to the West, thus suggest an upper limit of around 7 % (Alecke & Untiedt 2001:130). In addition, once economic and monetary union was established migration significantly declined, despite unemployment rates in the East being double those in the old West of Germany. As such, the above estimates of East-to-West migration from the CEEC10 would appear to be realistic. By depicting only the potential labour migrants, the share may however be significantly lower.

Estimating the current stock of CEEC10 workers (LFS) in the EU15 to be around 250 000 (residents 850 000) at present, Boeri & Bruecker (2001:50) hardly expect this number to exceed 300 000 in future; even if we take into consideration the fact that temporary migrants may be incompletely observed. However, long-term labour migrants cause chain migration which can easily triple or quadruple migration figures, e.g. through family reunification (c.f. Boeri & Bruecker 2001, Lundborg 1997). The surveys though do indicate that long-term migration is a rather rare wish in the CEEC10 countries. Along with short-time migration (weeks or months), medium-term migration (around 5 years) is most favoured (Wallace 1998), which must also have a significant influence on the pattern of family reunification. This mechanism apart, it seems that the first estimates undertaken by Layard in 1992 have been all but confirmed by the following studies.

Table 14. Surveys conducted in candidate countries extracting the potential for, and intentions to, migrate west (selection).

Author/Client	Method	Potential/Intentions	Share of population of source cohort/sample
Wallace (1998)[5]/IOM	Survey conducted in 11 CEEC countries, sample size approx. 1 000 persons per country chosen by random. Focus on labour migration.	Intended length of stay: Short (weeks/months): 13-68 % Long term (years): 18–57% Permanent: 7–26 % Destination Scandinavia: on average 4 % (Poles: 5 %)	
Karppi (1998)	Based on more than 3 000 questionnaires to the employed labour force in the city regions of St. Petersburg, Tallinn, Prague and Bratislava chosen by random.	Desire to work abroad less apparent among the Baltic than among the Vysegrad respondents (all age categories). In Baltic area pro-migration attitude exists only among the youngest respondents. Most wanted Nordic destination countries beside Germany in Tallinn (Rank): Sweden (2), Finland (3), Norway (6), Denmark (7) and in St. Petersburg (Rank): Sweden (5), Finland (6), Denmark (8)	
Fassmann & Hintermann (1997)/Gallup	Survey 1996 (quota method); total sample size 4 392 persons aged over 14 years	Total real potential: 721 000 persons from Vysegrad countries[6] of which: 320 000 to Germany and 150 000 to Austria	Migration potential: general 17-30 %, probable 6-8 %, real 1-2 % of total population Destination Scandinavia: 2.5-4.9 % (Poland 3.1 %) of potential migrants
Aasland (1996)	Survey in Latvia	Not covered	Migration potential: 3 % of resident population (incl. ethnic Russians)

[5] Excluding the Baltic States
[6] Vysegrad countries: the Czech Republic, Hungary, Poland and Slovakia
Source: Alecke & Untiedt 2001, Fassmann & Münz 2000, Demel & Profanzi 1998, Hönekopp 2000, extended by the authors

In contrast, estimates of the annual potential for East-to-West migration vary markedly. A number of scenarios deemed likely to occur in the context of EU eastward enlargement each suggest different future migration patterns. The estimates lie mainly in the range of 0.2-1.0 % of the candidate country's population, with a tendency towards the lower end of the scale. Thus the EU15 population might gain annually some 200 000-300 000 persons from the CEEC10 countries, with every third person being a worker. This is roughly the size of an average medium-sized city in most European countries. Salt et al. (1999) however assess the potential to be much smaller, and not even likely to pass the 0.1 % mark, whereas Brücker & Franzmeyer (1997) calculated some scenarios pushing annual net-migration up to over 1.0 %. A study conducted in Poland – the source country attracting most attention due to its dominating population stock and lively migration history – quantifies 0.1 to 0.2 % as the migration potential (Orlowski & Zienkowski 1999) corresponding to between 28 000 and 77 000 Poles establishing themselves in EU15 countries each year. Such predictions on varying migration intensity levels over the coming years are however forwarded with caution. Nevertheless, initial peak levels of migration are likely, and will decline in subsequent years. This issue was addressed primarily by Boeri & Brücker (2000) who expect the annual net-migration from the CEEC10 into the EU15 to decline from 336 000 persons in 2002 to only 2 400 persons by 2030.

East-to-West migration from the CEEC10 countries into the present European Union is expected to concentrate on only a few EU15 member countries with Germany clearly attracting most of the migrants. However, preferred target countries for long-term migration seem to be located beyond EU borders, namely the USA, Canada, New Zealand and Australia (Wallace 1998). Relying on Eurostat LFS data, Boeri & Brücker (2000:53) found that 73 % of the working-age population and some 80 % of the employees who had already immigrated from the CEEC to EU countries reside in Germany and Austria. Several surveys confirm that the desire to migrate to those countries dominates potential CEEC migrant thinking (e.g. Fassmann & Hintermann 1997; Wallace 1998). When it comes to potential migration from the countries of the eastern Baltic Sea Region to the Nordic countries, in particular from Poland and the Baltic States, expectations are actually rather modest. A Gallup survey (Fassmann & Hintermann 1997) could determine only 3.1 % of the potential Polish migrants would like to go to Scandinavia. In the Estonian city of Tallinn the destinations of Sweden and Finland rank highly, though they still lag behind Germany. Meanwhile, sample persons from the employed labour force of the city region of Russian St. Petersburg state that they would prefer several other non-Scandinavian countries (Karppi 1998). However, Sweden always ranks highly, and expects between 20 000 and 30 000 employees from Poland and the Baltic States to come every year (Lundborg et al. 1997). Finland may face around 13,000 migrants from this area (Aintila 1998). There are also estimations that the flow from Estonia to Finland would be 4 000–5 000 migrants annually at the onset of the enlargement process (see Turkki 2002).

How far future migrants from the CEEC countries will affect certain sectors of industry has as yet only roughly been outlined. On the one hand, the future development of traditionally migrant absorbing sectors seems quite uncertain (e.g. construction), while on the other hand the importance of cross-border commuters remains unknown at this time. In establishing a common labour market, scenarios such as "trade instead of migration" or "machines to the labour force instead of labour force to the machines" are seen as being quite within the bounds of probability (Straubhaar 2001). This, of course, could prevent significant future migration. However, the drain will probably consist of those belonging to the highly qualified work force (brain drain) rather than those undertaking more menial tasks. Potential migrants are however expected to be relatively young and well educated.

Many studies assume the income gap to be one of the most important key factors encouraging migration. However, it is also emphasised that future migration will depend upon a differentiated set of factors that are hard to simulate or to project. Moreover, the future development of key variables such as wages, GDP or employment remains uncertain. In addition important factors influencing the decision to migrate and the hard reality of existing administrative barriers, or the impact of the potential imposition of 'transitional regulations' are not included. Thus results can only be as good as the assumptions they are based on. The European Commission also felt that it was difficult to decide on basis of these predictions when it outlined its community action for border regions (COM (2001) 437:26). Finally, the target labour markets in the EU15 are expected to cope with the volume of East-to-West migration from the candidate countries. Moreover, they may probably soon be in need of such influxes of labour as the indigenous labour force continues to decline. The labour markets of the Nordic countries, however, are expected to experience less of an effect in this regard.

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