



MIGRATION IN THE CONTEXT OF CURRENT ECONOMIC AND FINANCIAL CRISIS - COMPARATIVE ANALYSIS¹ -

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Abstract

The crisis of the global financial markets that struck the world economy in the mid 2008 affected the world economy as a whole; nevertheless, it also had a great impact upon the labour force market in the European countries. The migration dropped, differentiated by certain geographic areas.

This work proposes an analysis of the migration phenomenon under the economic and financial crisis impact in certain countries of the European Union over the period 2007-2010. Recession in Europe has also determined a drop in remittance flows in 2009. The work presents a short description of the remittance flow evolution in some European countries and some empirical methods for assessing the crisis impact upon remittances. The impact of the crisis upon the migration phenomenon in some Central and Eastern European countries is also analyzed in the paper.

Keywords: migration, emigrants, immigrants, remittances, crisis

JEL Classification: C2, C51, J21, O15, R23

Introduction

The crisis of the global financial markets that struck the world economy in the mid 2008 affected the world economy as a whole; nevertheless, it also had a great impact upon the labour force market in the European countries. After several years of economic growth and of relatively high employment rates, the EU registered growth

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levels that had not been registered for decades. Thus, the annual GDP growth dropped in the European Union from 2.9 percent in 2007 to 0.9 percent in 2008, and over 2008-2009 the average unemployment rate in the EU grew from 7.0 to 9.9 percent.

Even though the economic growth was resumed in the Euro Zone in the third quarter of 2009, it was forecasted that the labour force market in Europe would remain weak.

The 2009 statistics performed by the UN Economic and Social Affairs Department estimate that over the past five years approximately 5.6 million new migrants came to Europe.

The 2010 OECD⁴ Report on international migration highlights the fact that in 2008 the group of the most important countries of origin remained relatively stable, with geographic proximity as a decisive factor for choosing the country of destination, both in Europe and beyond its borders. Similarly, the same report indicates the fact that in 2008 migration dropped by 6%, which was the first year of migration decline after 5 years of 11% average growth. The decline in migratory flows continued in 2009 in most OECD member countries, also due to the economic and financial crisis.

Nevertheless, Europe registers a significant change with respect to the countries of origin, taking into account the migratory flows intensification from the Eastern European countries that became members of the European Union.

Migration in the free movement areas represented approximately 25% of the total migration within OECD in 2008 and 44% within Europe. In Norway, Switzerland, Austria and Denmark such migration accounts for much more than half of all migration.

Spain, the Czech Republic, Italy and Ireland registered the highest migration flows drops (approximately 25%), while Denmark, Portugal and Mexico registered growths of over 40%. Nevertheless, this migratory flow evolution, in some cases dropping and in others growing, is rather due to statistic abnormalities than to a reflection of the real changes in the immigration patterns. For example, in Italy the data regarding migratory flows in 2007 was artificially raised together with Romania's and Bulgaria's accession to the European Union in 2007. This caused a high number of foreign nationals in this country that illegally entered the Italian territory over the years to be included in the official statistics of immigration in 2007, leading to a false decline in migratory flows in 2008. Probably, due to the new socio-economic conditions generated by the crisis, the decline had occurred, but not at the level presented by the official statistics.

The migration decline in 2008 manifested particularly in the free movement and in the discretionary labour force field, which dropped by 21% and by 7%, respectively. 2009 is characterized by the decline acceleration in relation to labour force migration and by a slight growth, of over 3%, of family migration.

The temporary migration dropped; thus, the number of workers that entered the OECD countries dropped in 2008 by approximately 4.2% as compared to 2007, while over 2003-2007, on average, the growth was 7%.

⁴ *International Migration Outlook*, SOPEMI 2010.

The assessment of the economic crisis impact upon migrants and upon policies in the field of migration in the European Union must be accomplished with great care, as Europe recognized the importance of migration for the future competitiveness of the Union. The Stockholm Programme, as well as the Europe 2020 Agenda are laying once again the stress upon migration as a priority field in the European Union and underline the importance of migration for the future EU competitiveness.

1. The impact of the economic crisis upon migration

The economic crisis effects upon migration are complex and difficult to quantify, because:

- There are different migration forms; some migrant categories are allowed access for labour purpose, while others are allowed for family reunion, or as applicants for asylum. In the countries where the migrants' number is tightly related to the family reunion and to humanitarian criteria, the impact of an economic crisis upon migration can be lower than in the countries where the main form of migration is the economic migration;
- In the countries where labour force migration is significant, the crisis effects vary according to migrants' profiles and their economic positions. Thus, in certain countries the migrant workers can be more concentrated in sectors (for example, the constructions and services sector) that are more vulnerable to the crisis effects than other sectors;
- The migrant types may represent an important variable, given the significant percentage of female workers concentrated in sectors less affected by the crisis (i.e., health and social assistance services);
- The migrants' unemployment rates may be significantly high, especially in the countries where there is a high percentage of migrants aged up to 25, thus reflecting the difficulties encountered by the young people in finding jobs in recession times;
- The number of illegal migrants (difficult to quantify or monitor) may be influenced by the economic crisis. Illegal migration may increase in economic crisis time because the unemployed in the poorer countries seek for jobs abroad;
- The economic crisis may affect the relations between the host country and the migrants, including the relations with the country of origin. In economic crisis time, the attitude of the host country towards the migrants may be influenced by prejudice if the migrants are considered to take the jobs of the local workers. In the countries of origin where the remittances represent an important percentage of the gross domestic product, a drop in remittances and an erratic growth of voluntary repatriations may have a devastating effect upon the life standard.

Nevertheless, as specialists in the field estimate, the crisis effects may be completely felt in a few years (for example, Koser, 2009)⁵. Even though for many of the European

⁵ Koser, K. (2009), *The Impact of Financial Crises on International Migration: Lessons Learned*, IOM Migration Research Series, No. 37, Geneva.

Union's countries a recovery is forecasted, materialized in GDP growth in 2010, many observers suggested that it may take a few years for the employment to improve.

Over 2001-2008, the expatriates' population in the EU-27 member states grew by 9.5 million, from 4.5% to 6.2% of the total EU population.

Most of the foreign citizens that live in the EU are still represented by the ones that came from outside the EU states, although the percentage of the total foreign population in the EU represented by them dropped from 66% in 2001 to 63% in 2008. In 2008, 37% of the foreign citizens that lived in the EU-27 were citizens of other EU member states, the most significant growth to be found in Ireland, Spain and Cyprus. Thus, the percentage of foreigners in the population in 2001-2008 grew from 3.9% to 12.6%; in Spain it grew from 2% to 11.6%, and in Cyprus from 8.8% to 15.9%.

The percentage of foreign nationals in the total population also grew in other EU-27 member states, such as Romania, France, Slovenia, Lithuania, Greece, Portugal and Italy. Nevertheless, the growth in number of foreign nationals in these countries was mainly caused by the growth in number of the nationals outside the EU. 75% of the total number of foreigners in the EU-27 lives in five countries: Germany, Spain, the United Kingdom, France and Italy.

However, the assessment of economic crisis impact upon the foreign citizens stock in the EU-27 member states is difficult, because many countries did not yet publish data regarding the migrant stock for the year 2009-2010. Likewise, even though in the European Union a drop in the number of foreigners was registered, these changes can hardly be attributed to the economic crisis, given the fact that there were also other factors that may have led to the modification of the foreign citizens stock, such as the number of births, deaths, the level of immigration and emigration, as well as the granting of citizenship.

1.1. Evolutions of migration during the economic and financial crisis

The European statistics indicate that the number of immigrants registered a slower growth, or, in some cases, a significant drop during the economic crisis, especially in the EU member states where the main migration flow consists in the labour force migration, such as Spain, the United Kingdom and Italy:

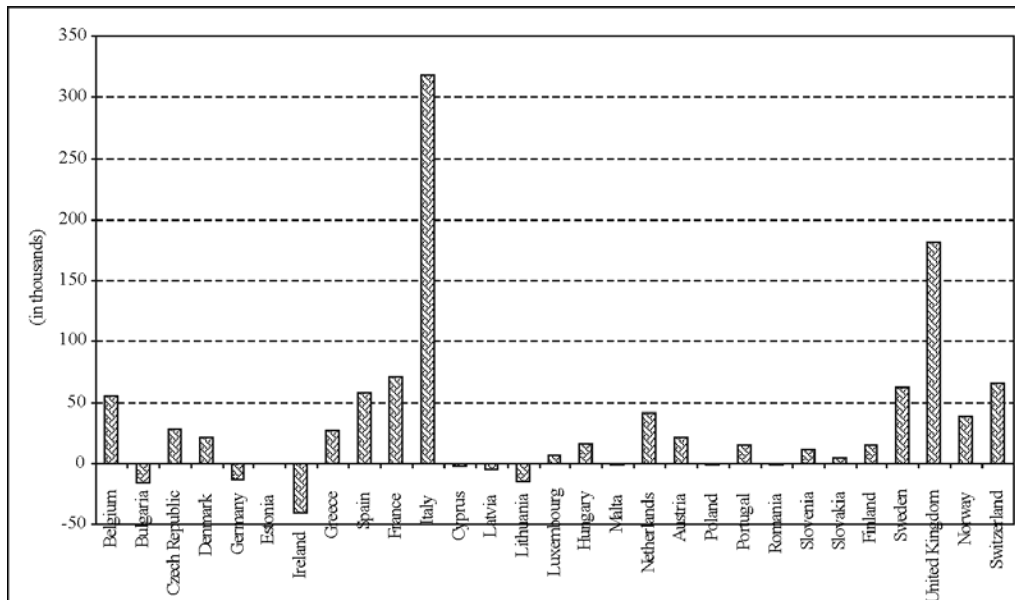
- the number of residence permits issued in Spain grew by only 7% over the period 2008-2009, as compared to 13% in 2007;
- the net migration in the United Kingdom amounted to 118,000 at the end of 2008, by 44% lower than at the end of 2007;
- the net migration in Italy was 21% lower in the first nine months of 2009, as compared to the same period of the previous year;
- the immigrants' flow towards Belgium went up from 101,872 in 2006 to 109,926 in 2008. The net migration in Belgium dropped from 62,270 in 2008 to 55,000 in 2009. Likewise, in 2009 the number of issued work permits dropped by 30% as compared to 2008;
- the immigration flows were smaller or even suffered a decline in Latvia, i.e. the number of persons that arrived in Latvia dropped by approximately 3,550 in the first three quarters of 2009 as compared to the same period of 2008;

- in Austria, the applications for residence permits made by qualified migrants dropped by 37% in 2009.

Even though migratory flows dropped, the net migration remained positive in many of the leading countries that recruited labour force in the EU (Figure 1), thus suggesting that the immigration flows continued, although though they were smaller. Consequently, the economic crisis did not determine the employers to fully give up recruitment, employment being made in certain economic sectors. For example, in the United Kingdom, the Education and National Health Service sector continues to recruit migrant workers.

Figure 1

Net migration in some countries of Europe in 2009



Source: EU27 Population, 501 million at 1 January 2010, Eurostat news releases.

With respect to the **number of emigrants** in 2008 and 2009, in some countries it grew and in others it dropped. This way, in Ireland the number of persons that left the country in 2009 was by approx. 8,000 greater than the ones that entered the country, in the UK the studies show that the drop in net migration is caused especially by the increasing emigration of persons born abroad.

The labour force market fluctuations over the considered period led to increase in the number of repatriated migrants. However, this phenomenon is characteristic of the European Union migrants. The migrants coming from outside the EU prefer to remain where they are rather than to return to their country of origin, since their return may lead to complications both from an economic and a social viewpoint. Likewise, the return to the EU after the end of the crisis may be even more complicated as regards the restrictions on visas and/or work permits.

The statistical data upon migration within the European Union highlighted a change in the migrant structure by gender. Thus, in 2008-2009, more women than men migrated to Italy and Ireland. This phenomenon may be associated with the decrease in men employment possibilities in sectors affected by the crisis (for example, constructions). The data at the European level indicates that the men employment rate dropped by 2.7%, while the migrant women employment rate dropped by only 0.3%

As regards **illegal migration** during the economic and financial crisis, the European statistics do not provide convincing proof of the real evolution of this phenomenon.

The 2009 General Report of the European Agency for the Management of Operational Cooperation at the External Borders of the European Union Member States (Frontex)⁶ indicates that in 2009 the EU member states and the signatory countries of the Schengen Treaty reported a total number of 106,200 illegal border crossing at the EU external borders. This accounts for a 33% drop as compared to 2008 and refers to drops reported at the level of maritime borders (23%) and of terrestrial borders (43%). In 2009, the illegal migration flow across the terrestrial borders belonging to Greece and Bulgaria dropped by 40% as compared to 2008. The number of illegal crossings at the maritime border between Greece and Turkey registered a 16% drop.

Compared to 2008, the number of entry rejections remained relatively stable in 2009. 49% of the rejections were registered in airports, and 47% at the terrestrial borders. In the European Union, there were two important trends in 2009 with respect to entry rejections i) a continuous drop in the number of entry rejections in airports due to a large drop in air traffic and ii) a sudden increase in number of entry rejections at the terrestrial borders in August 2009, following the large number of entry rejections at the terrestrial borders between Poland and Belarus, and between Slovenia and Croatia.

Consequently, it can be said that, similarly to flows, the illegal migrants' stock is also difficult to quantify, because the estimates may significantly vary from one country to another.

Likewise, the illegal migrant population may grow by adding to this type of migrants the people that lost their jobs and, implicitly, their legal residence permit, as well as temporary migrants, who, besides their job loss were not granted the renewal of their temporary residence permits (conditioned by having a job).

As regards the number of repatriated people in 2007-2009, the European statistics give no complete and comparable information. For example, *Irish Times* wrote that in Ireland, up to October 2010, 511 persons were voluntarily repatriated to 12 European countries, and the statistics of the Spanish Ministry of Interior indicated a drop by 8,294 persons in number of people repatriated by force in 2009 as compared to 2008.

If before the economic and financial crisis the employment rate in the EU was nearly 70%, in 2009 it dropped to 64.6%. The unemployment rate went down to 7% in 2008, but it grew up to 8.9% in 2009, according to Eurostat.

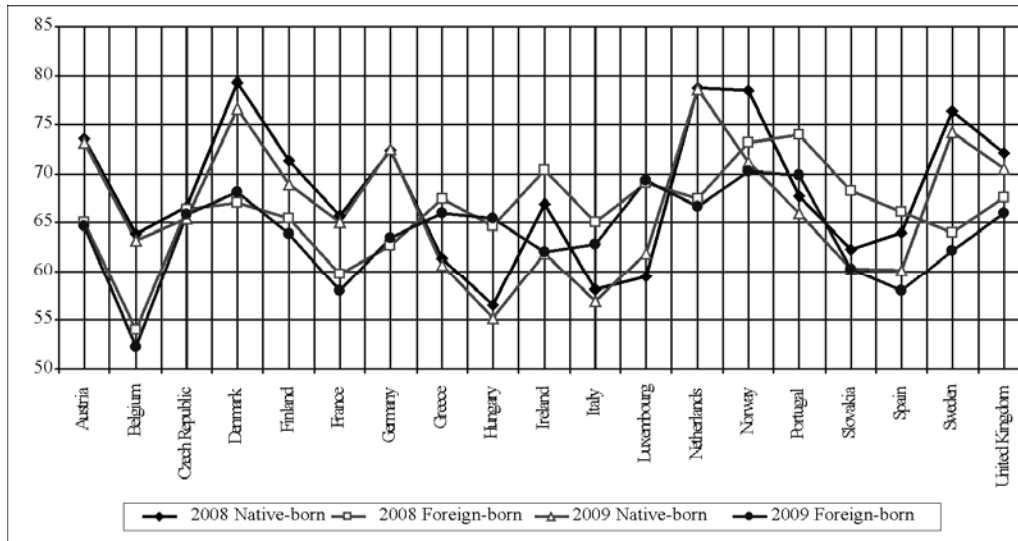
Given the context, the employment of migrant workers deteriorated in 2008-2009 and in most European Union countries the migrants were among the first to be fired. In the

⁶ General Report 2009, *Frontex*, www.frontex.europa.eu.

European Union, the migrant workers employment rate deteriorated in 2008 and slightly improved in 2009 (Figure 2).

Figure 2

Evolution of natives and migrants employment rate in some countries of the European Union



Source: *International Migration Outlook, SOPEMI 2010, OECD.*

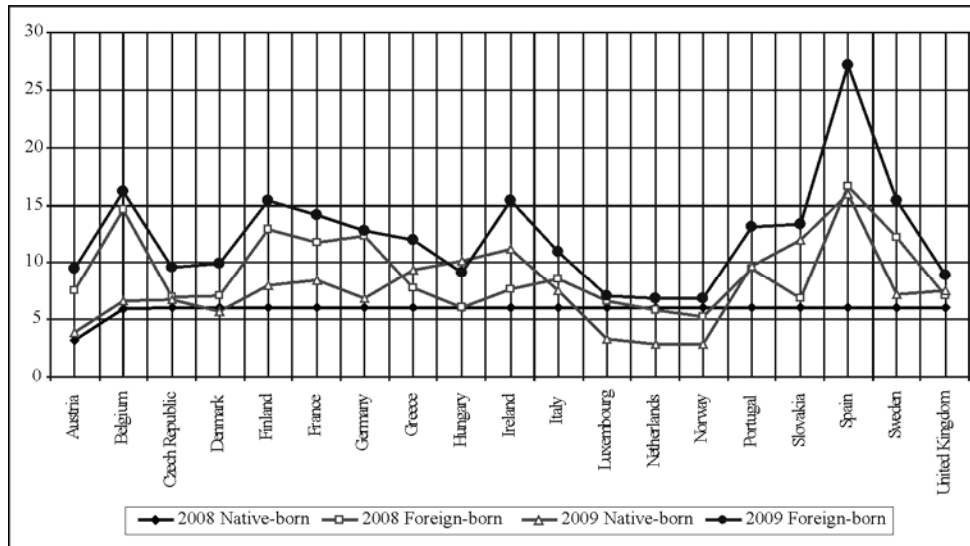
As Figure 2 shows, there were countries in the European Union where the employment rate among migrant workers was greater than that among the natives. Thus, in Greece, Hungary, Ireland, Italy, Luxembourg, Portugal, Slovakia and Spain (only in 2008), the migrant workers employment rates were up to 9.6 percent higher (in Luxembourg) as compared to the ones of the native workers. Although in most of the above-mentioned countries the differences between the migrant workers and native workers employment rates decreased in 2009 (Figure 2), in Hungary the difference grew up to 10.3 percent in favour of the migrant workers.

The overall unemployment rate grew in the EU-27 from 7% in 2008 to 8.9% in 2010, as according to Eurostat.

The unemployment rate among native citizens was, in most of the analyzed countries, lower than among migrants (Figure 3). The OECD statistics (*International Migration Outlook, SOPEMI 2010*) show that in 2008 in Norway and the Netherlands the unemployment rate among foreign citizens was slightly below the unemployment rate among native citizens (Figure 3), and in Hungary such rates were equivalent. The year 2009 is characterised, however, by increasing unemployment rates both among native citizens and among foreign citizens. The countries where a drop in unemployment rate among the native citizens was registered in 2009 as compared to 2008 were: Denmark (0.3%), the Netherlands (3.1%), Luxembourg (2.7%) and Norway (3.2%) (Figure 4).

Figure 3

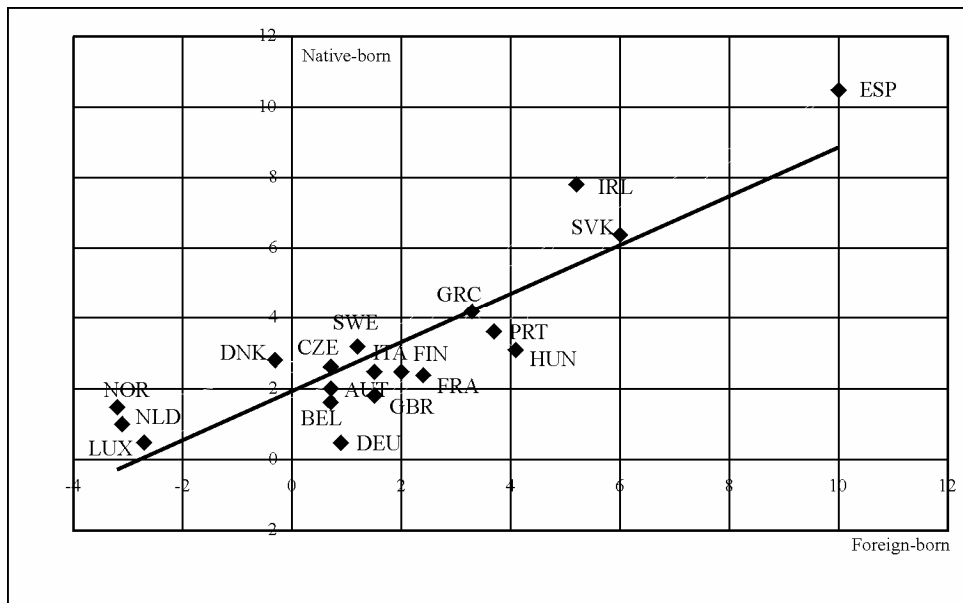
Evolution of natives' and migrants' unemployment rates in some countries of the European Union



Source: International Migration Outlook, SOPEMI 2010, OECD.

Figure 4

Change in unemployment by place of birth between 2008 and 2009



Source: International Migration Outlook, SOPEMI 2010, OECD.

The major increase in the unemployment rate among migrants in some member states may be determined by several factors. One of them is the migrants' relative concentration in sectors that are very sensitive to the economic cycle.

According to OECD *International Migration Outlook*, the relative concentration of migrants in certain sectors varies by country. For example, the constructions, wholesale trade and hotel industry were among the sectors worst affected by the recent economic and financial crisis. They were also the sectors with significant shares in the total number of jobs in Spain, Slovakia and Ireland, which over years attracted great numbers of migrant workers. The unemployment rate in 2009 in the last two countries was 27.25% and 15.4%, respectively.

In the countries where foreign workers were less represented in the most affected sectors, the economic crisis determined lower unemployment rates among them as compared to the countries with higher concentrations of foreign workers in such sectors. Thus, in Austria, Belgium, Germany, Luxembourg, the Netherlands, Norway, the United Kingdom, the unemployment rate among foreign workers grew by 2% in 2009 as compared to 2008 (Figure 4).

Among the factors that contributed in some EU countries to slower increase in unemployment rate among migrants as compared to the one among the rest of the population one may find emigration, as well. European statistics indicate that the unemployment rate among migrants would have been much higher if the repatriation rate had not increased in certain migrants groups, especially among the ones coming from Central and Eastern Europe.

Thus, the data presented by *Migration Statistics Quarterly Report: November 2010* published by the Office for National Statistics of the United Kingdom show that in the third quarter of 2010, 14,690 persons were banished from or voluntarily leaved the United Kingdom, by 17% less than in the same quarter of 2009 (17,705 persons) and by approximately 19% less than in the third quarter of 2008.

In Spain, a special programme for the return of unemployed immigrants was implemented in 2008. The programme provided certain material benefits, but it introduced the restriction that for three years the immigrants could not return to Spain. Nevertheless, the programme was not used on a large scale; from 136,000 persons identified as eligible in June 2009 only 10,000 participated in the programme up to November 2009.

The Czech Republic has also developed actions to encourage the migrants' return to their country of origin after having lost their jobs, with some material compensation.

In the current context of the labour force market in the European Union, several countries in Central and Eastern Europe implemented measures to encourage their citizens who currently live abroad to return. Thus, in June 2008, the Bulgarian Government adopted a migration and integration strategy (2008-2015).

The Lithuanian Government launched in the spring of 2008 a project aiming at encouraging the return of the citizens that left Lithuania for economic reasons and at integrating them into the national labour market. At the same time, the project was conceived to encourage the return of highly qualified specialists.

During the economic crisis, one of the most vulnerable groups is represented by young people. Unemployment rate of young people in the EU-27 was higher than the total unemployment rate before the economic crisis, i.e. it varied between 15.4% (in 2007) and 18.4% (in 2005), as compared to 7.2% in 2007, and 8.9% in 2005, respectively. The Eurostat statistics in 2008-2009 showed that the unemployment rate of young people exceeded the double of the total unemployment rate in the EU-27 (15.5% unemployment rate of young people in 2008 as compared to 7% total unemployment rate; in 2009 the unemployment rate of young people reached 19.7%, as compared to 8.9% total unemployment rate).

Young migrants are exposed to greater risks; because they are often less qualified than the native young people and they may become victims of discriminatory employment. In Ireland, for example, the employment rate of emigrants aged 15-24 dropped by 15 percentage points, twice the one of the native young people. Although in some countries the differences are smaller, young immigrants are still facing difficulties on the labour market as compared to the native young people (for example, in Denmark, Spain or United Kingdom). The situation is more balanced in Austria, Germany, the Netherlands and Norway.

Since 2009, the unemployment rate among the foreign young people registered peak values in Spain and Sweden, of 40.8% and 35.7%, respectively.

In times of economic crisis, some migrant workers turned to sectors that were less affected or chose to perform independent activities in order to avoid long unemployment spells. Thus, the data provided by Instituto Nacional de Estadística of Spain (*Migration Survey*, 2006-2009 series) show that the percentage of migrant labour force in agriculture and services grew by 15% in 2009 as compared to the previous year. This can be explained by the migration of foreign workers from the sectors affected by the crisis towards these two sectors.

In the Czech Republic, the employment offices received applications for employment in agriculture (1,688 persons) and in the services sector (1,020 persons). Similarly, the number of applications for licenses of independent activities increased (from almost 77,500 in 2007 to approx. 88,000 in 2009), which licenses confer to the migrants the right of residence without applying for a work permit. Such applications were mostly submitted by migrants coming from outside the European Union.

The number of individual enterprises held by foreign nationals from outside the European Union also grew in Italy in 2009 by approximately 15,100 as compared to 2007 (data provided by Istituto Nazionale di Statistica).

1.2. Impact of economic and financial crisis upon remittances flows

The remittances are considered nowadays the most significant capital flows from the developed economies towards the less developed ones. In 2008, the remittances amounted to 31.8 billion euro, as compared to 31.3 billion euro in 2007 and 19.4 billion euro in 2004.

Nevertheless, after several years of strong growth, the total remittances flow towards the less developed countries started to decrease in the third quarter of 2008.

Similarly, in the EU-27 the immigrants' remittances to their countries of origin registered a constant growth by 2008, which tendency was interrupted by the economic crisis. The total EU-27 outflows amounted to 30.3 billion euro in 2009, as compared to 32.6 billion in 2008 (-7%). These values include both capital inflows and outflows.

The percentage of remittances to countries outside the EU in the total remittances flow remained unchanged in 2009 as compared to 2008, namely 73%. In absolute terms, the transfers to third countries amounted to 22 billion euro in 2009 (Figure 5).

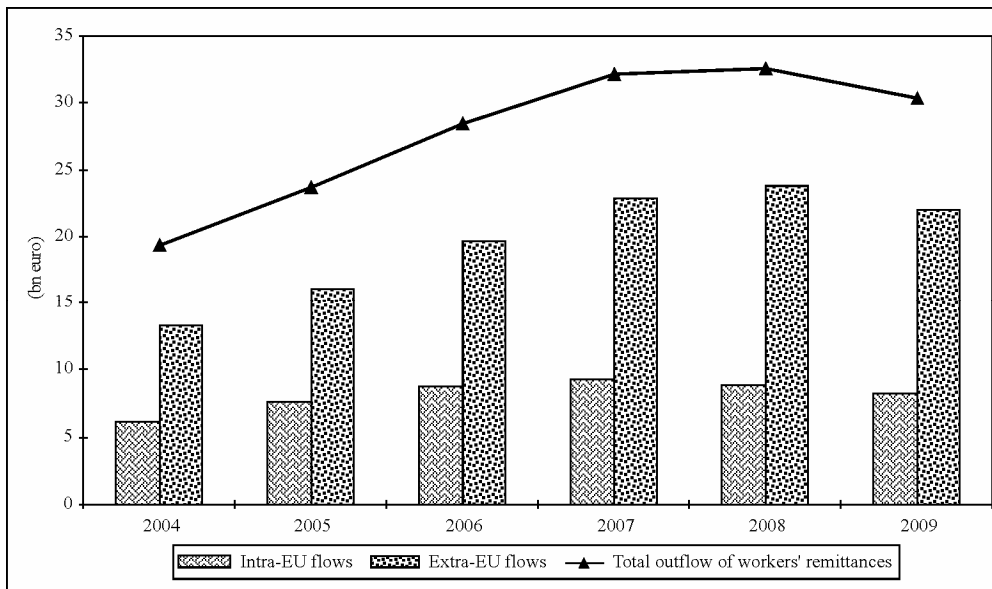
The outflow of workers' remittances was highest in 2009 in Spain (7.1 billion euro or 22% of the total EU27 remittances), Italy (6.8 billion or 21%), Germany (3.0 billion euro or 9%), France (2.8 billion euro or 9%) and the Netherlands (1.5 billion euro or 5%).

In 2009, most of the EU member states faced decreases in the outflow of workers' remittances as compared to 2008, with the highest falls in Spain (from 7.9 to 7.1 billion euro) and France (from 3.4 to 2.8 billion euro), and the largest increase in Italy (from 6.4 to 6.8 billion euro).

The diminution in remittances in some countries was not caused only by the fact that migrants repatriated less money or by the increase in emigration. The currency depreciation in some countries played an important role in the decrease of remittance flow, as well.

Figure 5

Workers' remittances, total outflows from the EU27 Member States



Source: Workers' remittances in EU27, Eurostat news releases.

2. Economic and financial crisis impact upon migration in Central and Eastern Europe

According to a study published by the National Statistics Institute of **Bulgaria** in 2009, over the last three years the number of young migrants, aged between 20 and 29 years, grew significantly. Nevertheless, changes occurred in the structure of migratory flows: the largest share of young migrants consisted in highly qualified individuals, while currently the percentage of low qualified or unqualified migration among the young people increased. Thus, in 2010⁷, the 1,200.6 thousand emigrants accounted for 16% of the country's population.

The recession in Western Europe also caused some Bulgarian emigrants to lose their jobs. Likewise, the contracts concluded on a yearly basis through the Labour Force Employment Agency for agriculture and household were interrupted in 2009. This was also accompanied by the decision of some European Union countries (Austria, Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Malta and United Kingdom) to limit the highly qualified immigration.

However, the return of the migrants to Bulgaria was not substantial, neither of those from Spain, the country with the highest unemployment rate in the European Union (27.2%). Some migrants came back to Bulgaria for a short period of time, but they returned to Western European countries, especially to Spain, arguing that the crisis was deeper in Bulgaria than in the other countries. At the same time, many of the migrants settled for a long time and the employed on the basis of regular labour contracts were not subject to crisis-induced unemployment wave.

As regards remittances of Bulgarian migrants (Figure 6), the drop in 2009 as compared to 2008 was, however, insignificant (-2%).

The situation of migrant workers in the **Czech Republic** remained in 2009 one of the serious problems in what regards migration.

Although the Czech Government adopted some legal amendments more favourable to foreign workers (removal of permits to be obtained by employees abroad, the extension of the maximum validity term for the labour permits and the expansion of the categories of persons that may be exempted from the license obligation), such measures did not have a great impact upon foreigners, due to the dramatic drop in vacant jobs, as a consequence of the economic crisis and due to the strategy adopted by the employment agencies that prefer foreign workers who already lived in the country to the detriment of the newly arrived ones. The green card system enforced for the migrant workers who want to come to the Czech Republic was practically non-functional for similar reasons.

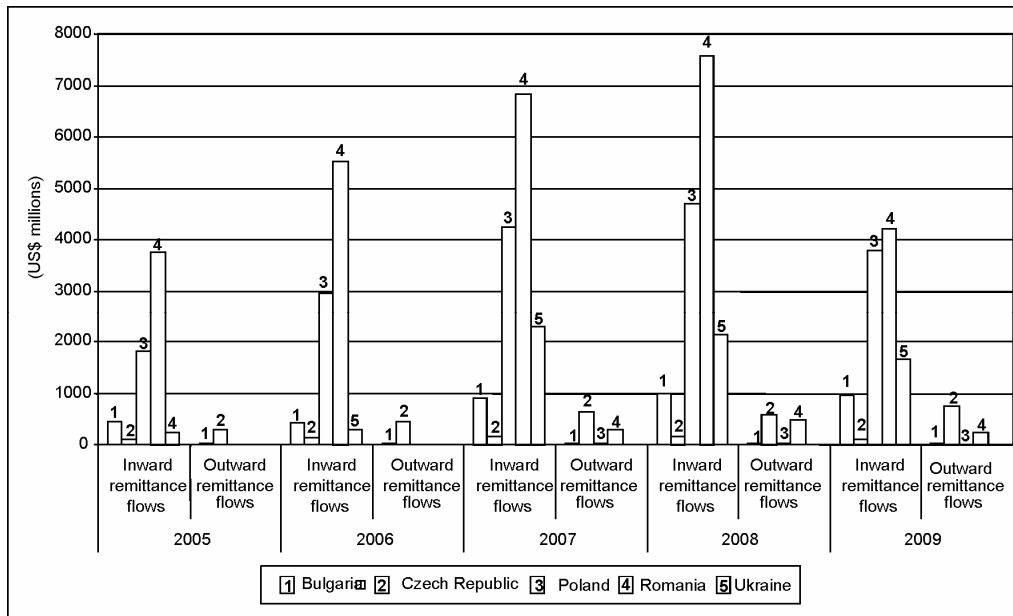
In 2010, in the Czech Republic the migratory flows comprised 370 thousand emigrants, accounting for 3.6% of the country's population and 453 thousand immigrants (4.4% of the country's population). The inward remittances flow amounted to 96 million USD in 2009, much diminished as compared to 2008 (168 million USD), the compensation of employees was reduced by about 12%, while the outward

⁷ *Migration and Remittances*, Factbook 2011, 2nd Edition, 2011, The World Bank.

remittances amounted to 747 million USD in 2010 (27% more than in 2009), and the the compensation of employees decreased from 2,355 million USD to 1,799 million USD (Figure 6).

Figure 6

Evolution of remittances amount in some countries of Central and Eastern Europe



Source: Migration and Remittances, Factbook 2011, 2nd Edition, The World Bank.

Migration in **Hungary** was characterised in 2010 by 462.7 thousand emigrants, i.e. 4.6% of the country's population and 368.1 thousand immigrants (3.7% of the country's population). Most emigrants went to Germany, the USA, Canada, Austria, the UK, Australia, Israel, Sweden, Slovakia and Switzerland. Two thirds of the foreign citizens came from the neighbouring countries, most of them being Hungarian ethnics. Also, a significant number of persons came from China and Vietnam. The percentage of Europeans requesting asylum doubled in 2009, with applicants from Kosovo and Serbia. In Hungary, illegal migration still is mostly transition migration. The inward remittances dropped in 2009 by approx. 10%, and the outward remittances dropped by less than 9% (Figure 6).

Despite the general tendency of emigration decrease and the large number of migrants returned home in 2009, **Poland** is still facing high levels of labour migration towards the European Economic Area (EEA). A high number of Polish citizens (around 2 million persons) continue to work abroad and a significant number emigrated to Norway, Belgium and the Netherlands.

As regards immigration to Poland, new legal regulations were implemented for the legal employment of foreign citizens on the labour market, which reduced the number

of documents that employers had to submit in order to obtain work permits. These amendments allow people from Ukraine, Belarus, Russian Federation and Moldova to work in Poland without a permit up to 180 days per year. Likewise, amendments to the Law of the Education System were made, allowing free education.

The immigrants stock in 2010 represented 2.2% of the Polish population, many of them coming from Kazakhstan, as well as Russian citizens of Chechen nationality.

The economic crisis also affected the total remittances to and from Poland. Thus, the outward remittances dropped in 2009 by approximately 23% as compared to 2008, and the inward remittances by 16% (Figure 6).

The migration in **Romania** had an oscillating evolution. If 14,197⁸ persons (30% more than in the preceding year) emigrated in 2006, over the following years their number dropped, so that in 2008 their number decreased by almost 40%.

In 2009, in a country strongly affected by the global economic crisis, the number of emigrants grew up to 10,211 persons, from 8,739 persons in 2008. However, the estimates based on multiple data sources indicate a growth in the stock of Romanian citizens that work abroad, so that in 2010 the Romanian emigrants stock was estimated to be around 2.77 million, i.e. 13.1% of the Romanian population.

Although the crisis affected the countries with the highest concentrations of Romanian workers, in 2009 the return migration did not reach the expected rates. However, no official source registers data on Romanians returning home, either temporarily or permanently, making knowledge of these phenomena rather inconsistent.

Immigration to Romania remains low, the immigrants stock in 2010 amounting to 132.8⁹ thousand persons, with the same three countries of origin: Moldova, Turkey and China.

After a period of continuous increase in remittances of the Romanian migrant workers (Figure 6), they dropped in 2009 to more than half (53%) of the amount registered in 2008.

Neighbour to five European Union Countries, **Ukraine** remains an important transition country for illegal migration. The statistical data of the World Bank¹⁰ indicate that the immigrants stock in Ukraine was approximately 5,258 thousand people in 2010, coming mostly from the Russian Federation, Belarus, Kazakhstan, Uzbekistan, Moldova, Azerbaijan, Georgia, Armenia, Tajikistan and Kyrgyzstan.

Ukraine started to develop its own migration policies, by introducing migration controls, consolidating the border with the Russian Federation, the control of passport issuance, etc. In July 2009, the Ukraine Migration Service was created within the Ministry of Internal Affairs, having competence upon the problems of citizens and refugees, on the release of passports, as well as on the monitoring of statistics regarding population and migration. Also, actions for the establishment of an electronic database were started.

⁸ The Statistical Yearbook of Romania 2010, *National Institute of Statistics*, p. 79.

⁹ Migration and Remittances, *Factbook 2011, 2nd Edition, The World Bank*, p. 210.

¹⁰ Migration and Remittances, *Factbook 2011, 2nd Edition, The World Bank*, p. 249.

In 2009, the emigration of people from Ukraine continued, the destination countries remaining the same: Poland for seasonal labour, the Czech Republic, Italy, Spain, Greece, Portugal for long term.

As a consequence of the economic crisis, the annual remittances registered a slight decrease, by 13% in 2009 as compared to 2008.

3. Empirical methods to assess the crisis impact upon remittances

The changes caused by the economic crisis in the structure and dimension of migratory flows and in the employment opportunities in the host countries influenced the remittances amounts in the countries of origin.

The methods used to determine the crisis impact upon the remittances to the developing countries are varied. A possible expression of the total remittances in the j country would be¹¹:

$$R_{jt} = Mig_{jt} \cdot r_{jt} \quad (1)$$

where: Mig_{jt} represents the number of migrants in the j country at a certain t time

r_{jt} represents the value of remittances per remittent

Relation (1) may be otherwise expressed in dynamic terms, in the following form:

$$R_{jt} = Mig_{jt-1} \cdot r_{jt}^{t-1} - Mig_{j\Delta t}^- \cdot r_{jt}^{t-1} + Mig_{j\Delta t}^+ \cdot r_{j\Delta t} \quad (2)$$

where: $Mig_{j\Delta t}^-$ is the number of old remitters that stopped remitting between $t-1$ and t ;

$Mig_{j\Delta t}^+$ is the number of new remitters between $t-1$ and t ;

r_{jt}^{t-1} is the average value of remittance at time t for those who were remitting at time $t-1$;

$r_{j\Delta t}$ is the average value of remittances of new remitters.

A more complete approach was that of Adams (2009), who considered a higher number of less developed countries (62). His results are consistent with the ones of Niimi *et al.* (2008).

Some approaches also consider the features of the host country, as well as the ones of the country of origin. Thus, El-Sakka and McNabb (1999) analyze the determining factors of the remittances in Egypt between 1967 and 1991, highlighting that the remittances amount is determined in a positive way by the incomes in the host country and in a negative way by the difference between the official exchange rates and the black market ones.

¹¹ Massimiliano Cali with Salvatore Dell'Erb, (2009), The global financial crisis and remittances, Working Paper 303.

The estimates performed by Vargas-Silva and Huang (2005) highlight the fact that the level of remittances depends especially on the changes in the macroeconomic conditions (such as incomes) in the host country, rather than on the changes in the macroeconomic conditions in the country of origin.

In order to estimate the evolution of and forecast the total remittances flows to Romania, a relation of the following form was used:

$$\ln R_{jt} = a_j + b_1 \ln(\text{Mig}_{jt}) + b_2 \ln(\text{GDP}^{\text{origin country}}) + b_3 \ln(\text{GDP}) + b_4 \delta \text{ crisis} + b_5 X_j(x_k) + b_6 Z^{\text{origin country}}(z_h) \varepsilon_{jt} \quad (3)$$

where: $\delta \text{ crisis}$ is a dummy variable equivalent to 1 for each year in which the crisis affected the j country;

$X(x_k)$ is a vector with some features of the j host country (for example: inflation, exchange rate, population, interest rate, unemployment);

$Z(z_h)$ is a vector with some features of the country of origin (for example: inflation, exchange rate, population, interest rate, unemployment);

The data regarding the migrants stock, the migratory flow fluctuations, some indicators of the economic growth or of the labour market and money market evolution for the period 2009-2010 are not available up to the present moment and, consequently, a econometric estimate of the economic and financial crisis impact upon the migratory flow size in Romanian and of the remittances to Romania was not yet possible. The publication of statistical data in the main migration countries for Romania will make possible, in a near future, such estimates, and implicitly, their forecast.

Conclusions

The data available at present indicate that the economic crisis had a significant impact upon migration and upon migrants in Europe, and its effects were not the same in all the countries. Because some information may not be available or comparable for the years 2009 and 2010, the full effects of the economic crisis upon migration will be noticed only in the following years.

The analysis of the data on migration published by OECD (*International Migration Outlook 2010*), by the Eurostat and by the World Bank (*Migration and Remittances, Factbook 2011*) as well as of the ones published by the Romanian National Institute of Statistics allowed us to draw some conclusions:

- the economic and financial crisis determined drops in number of foreign nationals in the EU-27 member states;
- in crisis time, the immigrants number registered slower growth, or, in some cases, serious drop;
- in 2008-2009, in certain countries, the emigrants number grew, but not necessarily to the same extent to which the number of immigrants dropped;

- the available statistics do not provide convincing evidence on drop or growth in number of illegal migrants;
- under the crisis impact, the migrants labour market varied and still varies by country. The major growth in the unemployment rate among migrants in some EU member states may be also determined by other factors, different from the economic crisis (for example, the relative concentration of migrants in economic sectors that were very sensitive to the economic cycle, or the birth rate, the death rate, the granting of citizenship, etc.);
- the gender structure of the migrant labour force was affected by the crisis;
- due to the crisis, a mass repatriation of migrants to their countries of origin did not occur; the estimates of some specialists indicate that simultaneously with the drop in the total amounts gained by migrants in crisis time or in their number, it is possible that the remittances to the country of origin drop;
- the lack of data regarding the real number of immigrants in the European Union countries, the migratory flow fluctuations in each country, some indicators of the economic growth and of the labour market did not allow us to determine and forecast the remittances of migrants, in general, and of Romanian migrants, in particular, by econometric methods.

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