

KRYSTYNA IGLICKA

L.K.Academy of Management , *WARSAW*

**The Impact of Workers from Central and
Eastern Europe on Labour markets. The
experience of Poland.**

IZA WORKSHOP

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Introduction

The year of 1989 marks an equally turning point in the migration process in Poland. Poland is still a country of emigration but it has recently experienced:

- the massive short-term mobility of citizens from the former Soviet Union;
- labour migration from both eastern and western Europe;
- permanent migration into Poland, mainly from other Eastern European countries;
- the formation of new and exotic for this part of Europe immigrant communities of Chinese, Vietnamese, and Armenian origin;

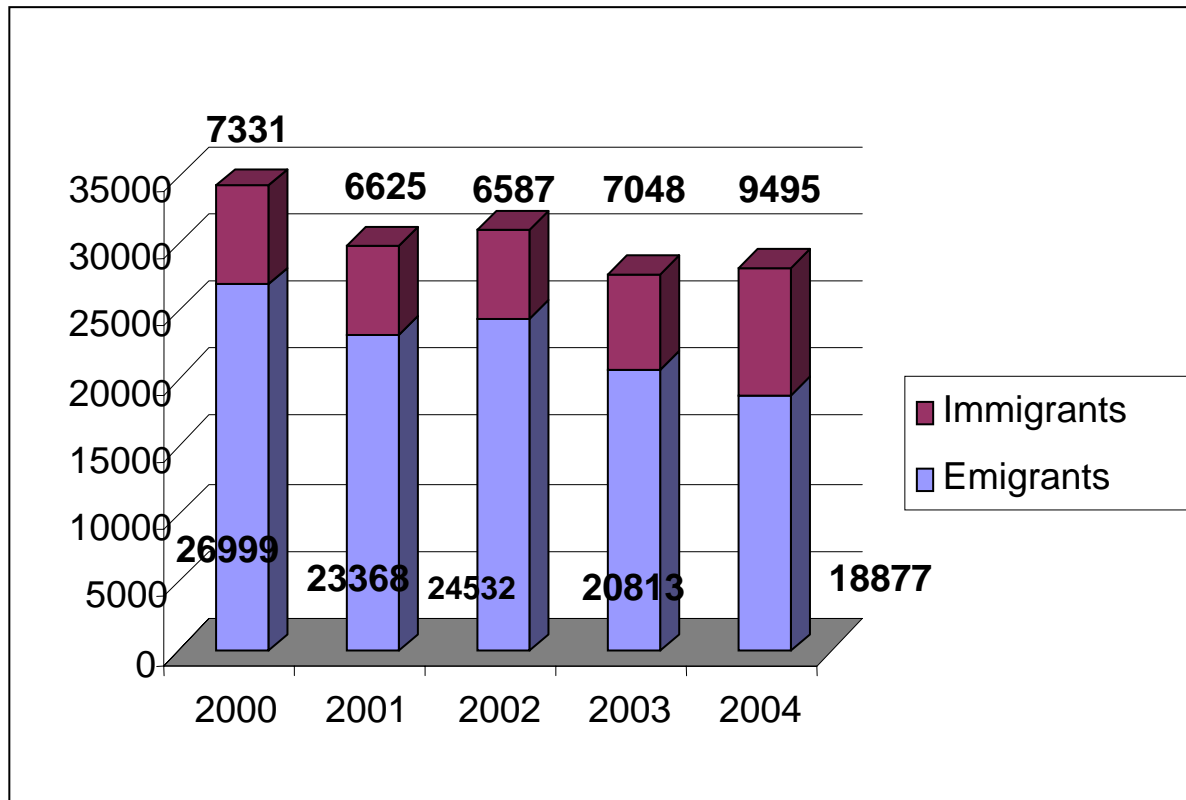
- inflows of asylum seekers;
- lower levels of emigration;
- the return of Polish citizens living abroad (85,000 Poles according to CSO's data returned between 1990 and 2002).

Poland is still a country 'waiting' for immigration

YEAR 2004 AND AFTER:

- In 2004 migration balance in Poland was still negative, however, it was the lowest balance in the period between 2000 and 2004.
- According to the official records only 18 877 persons decided to emigrate from Poland.
- It means that in 2004 emigration reached one of its lowest level since the mid 1950s.

Emigrants and Immigrants, Poland 2000-2004



Emigration from Poland by country of destination and sex, 2004 (CSO data)

Country of destination	Number of emigrants	Males	Females
Germany	12646	6501	6145
USA	2404	1255	1149
Canada	657	344	313
UK	543	346	197
Austria	404	189	215
Netherlands	363	184	179
France	300	145	155
Italy	300	108	192
Spain	201	113	88
Sweden	174	82	92

Immigrants by country of origin and sex, Poland 2004 (CSO data)

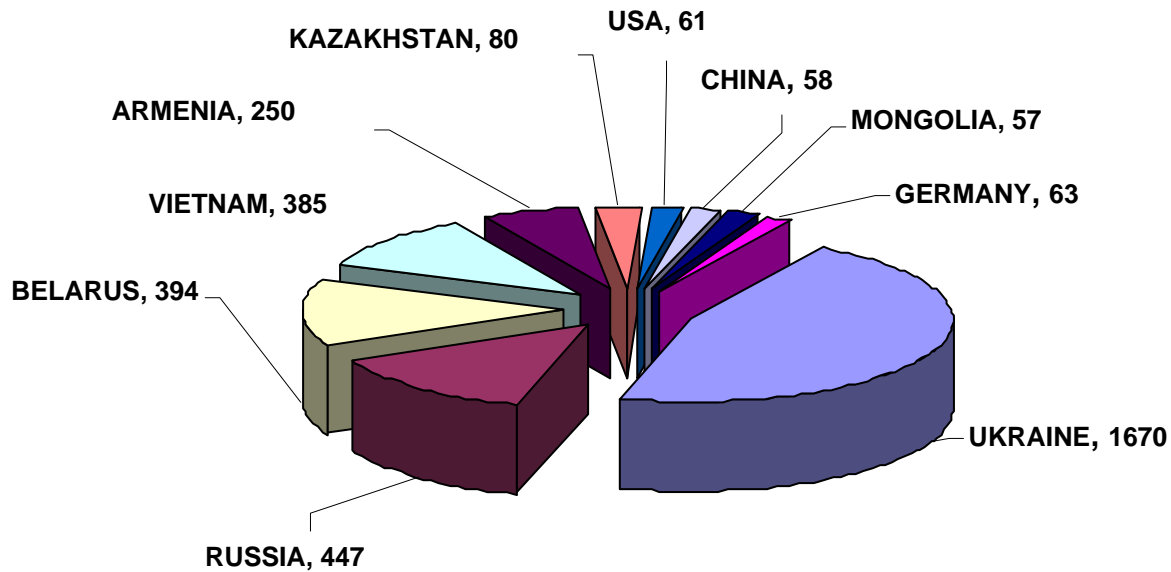
Country of origin	Immigrants	Males	Females
Germany	2697	1550	1147
USA	1348	730	618
Ukraine	1196	310	886
Canada	323	175	148
UK	313	153	160
Russia	294	83	211
France	293	152	141
Belarus	262	71	191
Italy	253	128	125
Vietnam	232	152	80

Settlement permits: In 2004 5 169 foreigners applied for a settlement permit. This number was by 70 per cent bigger in comparison to the year 2003.

Period	Applications lodged	Applications granted
First half of the year	2,781	2,463
Second half of the year	2,388	1,985
Total	5169	4448

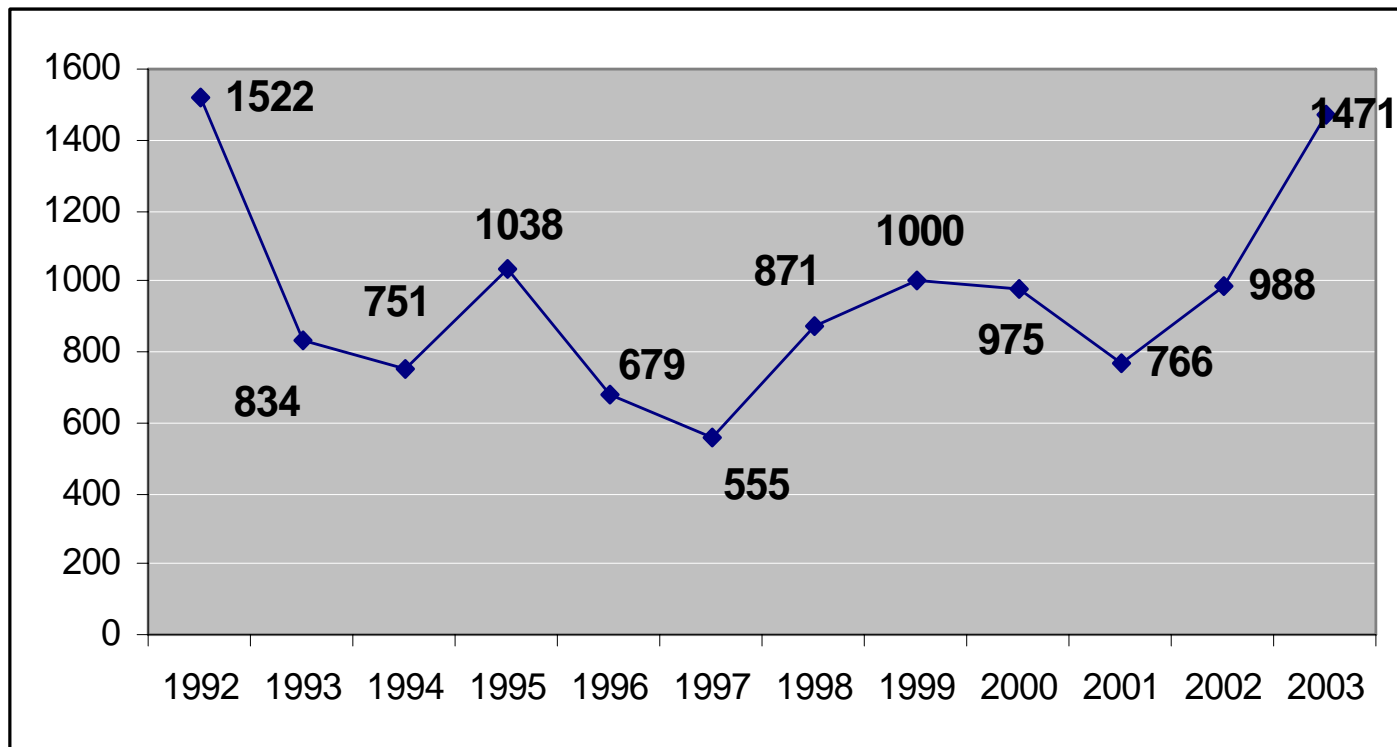
Settlements permits by nationalities, 2004

Top 10 Nationalities

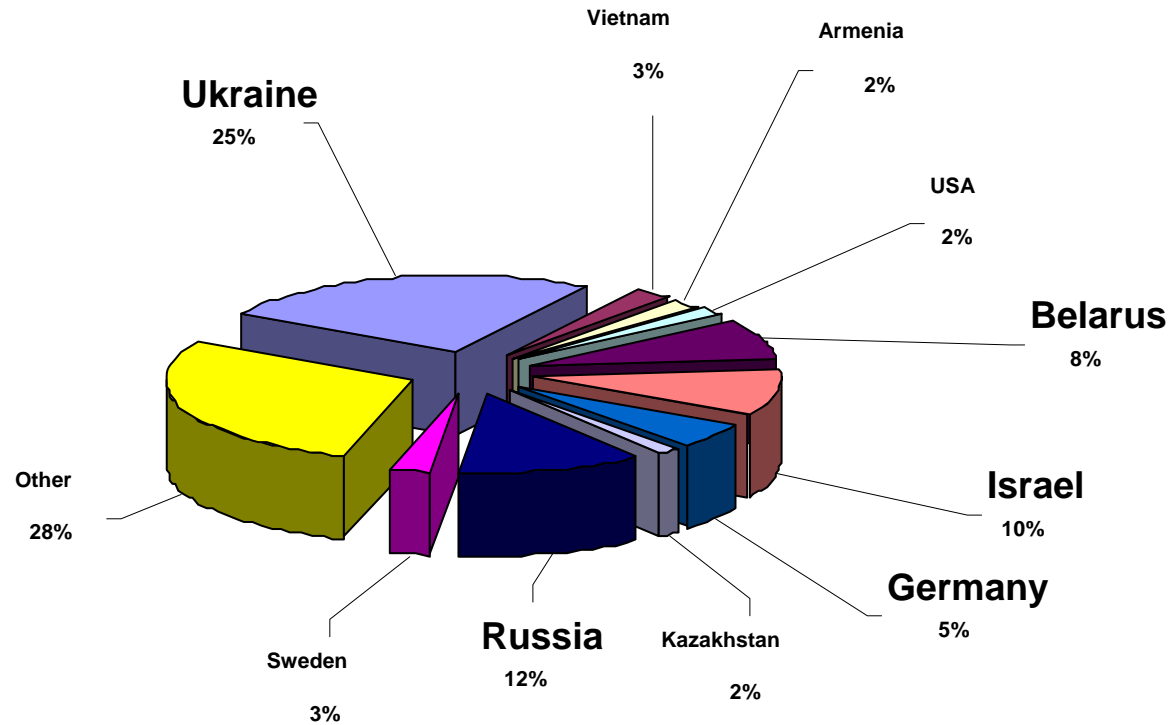


Citizenship Applications: According to art.8.1 of the Act on Citizenship from 1962, a foreigner can be granted Polish citizenship if s/he has resided on the Polish territory at least 5 years on the basis of the permit to settle.

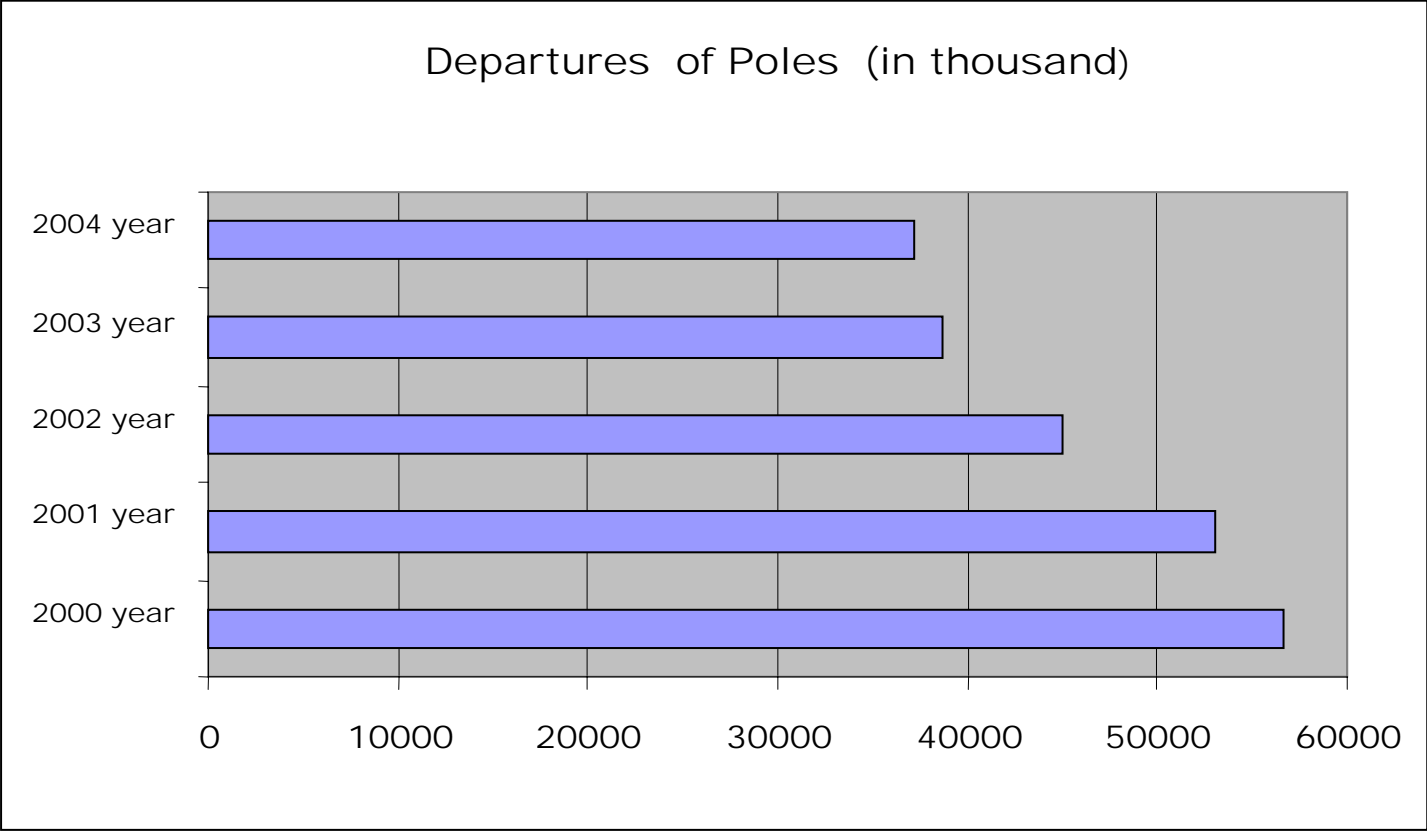
Number of approved application for Polish citizenship 1992-2003



Polish citizenship applications, 2004 – top nationalities.



BORDER MOBILITY: Departures of Poles, 2000-2004



Departure of Poles according to the borders in 2004

January-December 2004	Departures	Changes in relation to 2003
Total	37225,7	-3.8%
EASTERN BORDER	3884,7	22.2%
Russian Federation	1106,4	16.6%
Lithuania	388,0	39.0%
Belarus	282,9	-1.56%
Ukraine	2107,4	26.6%
SOUTHERN BORDER	17947,4	-12.1%
Slovakia	4688,3	-3.9%
Czech Republic	13259,1	-14.7%
WESTERN BORDER	12916,5	2.0%
Sea border	595,5	-45.5%
Airports	1881,6	37.2%

- An intense increase in air mobility of Poles may be connected with the appearance of cheap flights operators on Polish air.
- Inexpensive airlines initiated their activities in Poland right after the EU enlargement.
- However, the biggest numbers of cheap flights are directed to the countries which opened their labour markets for Poles, i.e. UK, Ireland and Sweden.
- This is particularly true in case of the UK. Therefore a big increase in the number of crossings by air may be an indicator of a growing short-term or long-term labour migration by Poles.

Consequences of opening of labour markets

- Between 1 May 2004 and 1 May 2006 200,000 Poles registered in WRS in the UK, 100,000 in Ireland and 8,000 in Sweden. The most recent UK statistics estimate the number of Poles for 400,000 (November 2006).
- There are some evidences of attempts by Poles to settle in the UK and Ireland (children born, houses bought). Majority of workers perform shuttle or pendulous type of migration; e.g. weekly there are almost 300 flights undertaken by Poles between various Polish and UK cities.

Remittances by Poles (in million USD)

Period	Balance	To Poland	From Poland
I quarter 2004	695	845	151
II quarter 2004	839	996	157
III quarter 2004	1 158	1 333	175
IV quarter 2004	1 157	1 356	199
I quarter 2005	1 158	1 361	203
II quarter 2005	1 343	1579	236
III quarter 2005	1 739	1964	225

- EU8 workers and Poles among them do not substitute local workforce, they contribute to national economies in a complementary way. Since EU8 workers are represented mainly by medium qualified people what means: upper-secondary education and specialised vocational training it also means that some of them are hired below their qualification level.
- Decrease of unemployment rates occurred. Unemployment rate dropped by four percentage points (from 20 per cent at the beginning of 2004 to 15.6 per cent in November 2006).
- However, there is still two million army of unemployed people.

Shortages of skilled workers has occurred in Poland.

- At the beginning of 2006 20 per cent of firms in **construction** claimed shortages in comparison to four per cent before the enlargement.
- In **motor industry** 21 per cent in comparison to seven per cent before the enlargement.
- In **hi-fi equipment industry** the proportion is 23 to two per cent.
- In **furniture** industry 25 to 11 per cent.
- In **timber** industry 34 to 20 per cent.
- In **paper production** industry 24 per cent of firms claimed shortages at the beginning of 2006 in comparison to nine per cent before the enlargement.

At the end of 2006 it turns out that there is not enough

- welders
- iron-workers
- bricklayers and other construction workers
- upholsterers, drivers and crane-operators

The alarmist title of Polish daily state: **‘EU please give us back our plumber’** (*Rzeczypospolita*, **2 February, 2006**)

At the end of 2006: labour shortage so severe that the government may not be able to spend the money that is due to begin arriving in January from th EU for projects like improving roads and the water supply.

From the *Financial Times* 8 Feb 2006

- Skills exodus worries Polish employers
- At the new Szczecin shipyard workers are disappearing to western Europe in large numbers. Out of a payroll of 5,500 workers, 1,200 left last year – most of them experienced welders fitters, electricians and other skilled craftsmen who were impossible to replace. On some days 5 to 7 workers disappear without warning. The people who leave are those with ten years or more experience. We have to take on inexperienced youngsters. This costs a lot.
- From the *New York Times* 19 November 2006
'Polish Labor is Scarce as Workers Go West' – this may cause a delay in the modernization of country...

Why shortage of workers in economy with two millions of unemployed?

- Due to the wages differences (bigger in the EU15 on average more than ten times) workers of low skilled and medium skilled professions prefer to work abroad.
- Some unemployed are working in other countries. Remaining on Poland's unemployment rolls keeps them in the state health insurance system.
- Due to the **high costs of work** Polish employers prefer to take advantage of unemployed people and not to register them.
- Furthermore, majority of unemployed people can not take quick complementary vocational courses due to the lack of technical and vocational schools.
- A reform of education system hold at the beginning of the 1990s closed majority of this type of schools.

- Additionally, due to this reform, teachers were made redundant or changed their qualifications as well.
- Mismatch between jobs and workers. The trendy professions among youngsters are still marketing and services. Unemployment rate among university graduates exceeds 30 percent.

- Therefore on 31 August, 2006 Polish government decided to open its labour market for Ukrainians to enable them legally perform seasonal work. **Fiasco!**
- Polish government decided not to introduce any transition periods for Romanians and Bulgarians after January 1, 2007.
- Some considerations to open labour markets for Ukrainians totally.
- A demand for highly qualified people will probably occur in the nearest future as well (doctors, teachers).