



INCORPORATING MIGRATION TO THE EUROPEAN NEIGHBOURHOOD POLICY UNDER THE DEMOGRAPHIC CHALLENGES

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ABSTRACT

Europe's history has long been shaped by migration, and as the EU's evolution continues it seems that migration will certainly play a significant role in shaping Europe's future. Considering the severe and persistent demographic challenges that Europe is facing, and their foreseen negative impacts on the future of the social security systems and economies of European countries, migration is again being discussed as a solution to Europe's labour force deficit. In this regard, the European Neighborhood Policy (ENP) has attracted significant attention since the neighboring countries around Europe have the potential to provide the needed labour force. However, this will require an efficient, comprehensive and multi-disciplinary approach to migration management, otherwise it is very likely that Europe will face increasing welfare challenges in its labour markets, together with social and economic integration problems in both migrant and host societies. Therefore, with regards to the new needs and priorities of the Union under demographic challenges, the ENP must develop new strategies and enhanced migration management by taking further steps beyond its current narrow approach.

Keywords: Migration, European Neighbourhood Policy, demography

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Introduction

The population of Europe has been aging throughout the twentieth century so that nearly all European nations are facing a twin trend of an aging and declining population. The driving forces behind this demographic trend are higher life expectancy due to higher welfare standards and lower fertility rates. The most prominent impact of this demographic challenge is expected to be on Europe's social security systems since the functioning and sustainability of pension and health care systems will be severely damaged due to the rapidly increasing number of elderly citizens and the decline in the number of young workers resulting from low birth rates all over Europe. Moreover, as the working-age population decreases, countries experience declines in human capital and substantial changes in the demographic structure of the work force, which affects the current and future welfare of all age groups, not only the elderly.

This paper analyzes the changing context of migration management in Europe, with a focus on demographic challenges, and examines whether the ENP has managed to develop an effective and significant emphasis on incorporating migration related issues into its policy framework. Migration is examined as a response to the worsening demographic situation in Europe, together with the other proposed preventive and ameliorative strategies. Finally, the paper discusses future prospects based on a critical analysis of the ENP's narrow approach towards migration.

Demographic Challenges in Europe and Implications for European Labour Markets

The United Nations Report entitled “*Replacement Migration: Is it a Solution to Declining and Aging Populations?*”² highlights the forthcoming demographic challenge for Europe³ and assesses demographic trends based on two main factors: population aging and population decline (United Nations, 2000). According to this report, it is a major concern that over the next 46 years the populations of all European countries are expected to both shrink and age relatively rapidly. Europe’s population is thus predicted to fall by 122 million by the year 2050 because “the populations of most developed countries are projected to become smaller and older as a result of low fertility and increased longevity” (United Nations, 2000). In the middle of the twentieth century, average fertility levels stood at 2.4 children per woman for the countries of the EU-15, whereas future total fertility rates will fall below replacement levels⁴. Concerning mortality rates, improvements in life expectancy meant that the proportion of Europe’s population aged 65 or older increased from 8.2 per cent in 1950 to 13.9 per cent in 1995. (UN Report, 2000: 79). Over the coming years, it is estimated that this elderly population will continue to expand its relative share to account for a fifth of Europe’s population by 2025 (Johnson, 1993: 27). IOM estimates that the number of people in Western Europe aged 65 or more will increase from 63.4 million in 2002 to 92.0 million by 2025 (an increase of 37.2 per cent) (IOM, 2003:244).

² The report evaluates future migration scenarios and population levels up to the year 2050 in eight low-fertility countries and two regions (namely France, Germany, Italy, Japan, Republic of Korea, Russian Federation, United Kingdom, United States, Europe and the European Union). In each case, alternative scenarios for the period 1995-2050 are considered by highlighting possible impacts of various levels of immigration on population size and population aging (Saczuk, 2003: 8). The UN typically produces three population projections for countries, regions and the world. The main variant in the projections is high, medium, and low levels of fertility depending on the situation of the country, including recent fertility trends and the trends in the determinants of fertility, such as age at marriage and contraceptive use. The medium variant of the UN’s population projection constitutes scenario I; scenario II uses the same projection but amended by assuming zero migration after 1995. Scenarios III – V compute the number of migrants required to maintain the size of a total population, the size of the working-age population (15 to 64 years), and the potential support ratio (PSR) respectively.

³ According to the UN Report, Europe comprises 47 countries and areas: Albania, Andorra, Austria, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Channel Islands, Croatia, Czech Republic, Denmark, Estonia, Faeroe Islands, Finland, France, Germany, Gibraltar, Greece, Holy See, Hungary, Iceland, Ireland, Isle of Man, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Netherlands, Norway, Poland, Portugal, Republic of Moldova, Romania, Russian Federation, San Marino, Slovakia, Slovenia, Spain, Sweden, Switzerland, The former Yugoslav Republic of Macedonia, Ukraine, United Kingdom and Yugoslavia. The combined population of these 47 countries was 728 million in 1995 (United Nations, 2000: 79).

⁴ The replacement level is the number of children needed per woman for each couple to replace itself.

Over the next 50 years, population growth is projected to fall well below zero, so that it is estimated that countries in Eastern and Southern Europe especially will experience severe population losses. For example, the populations of Bulgaria and Latvia will decrease by 31 per cent, Italy by 28 per cent, and Czech Republic and Spain by 24 per cent. In Western Europe, one of the most negatively affected countries will be Germany, which will lose 11 per cent of its population (UN, 2000: 6). This process of changing population structure and severe reductions in population size will have critical effects for significant European countries. The following table presents the basic data to compare population decline and aging for the year 2000 and projections for 2050.

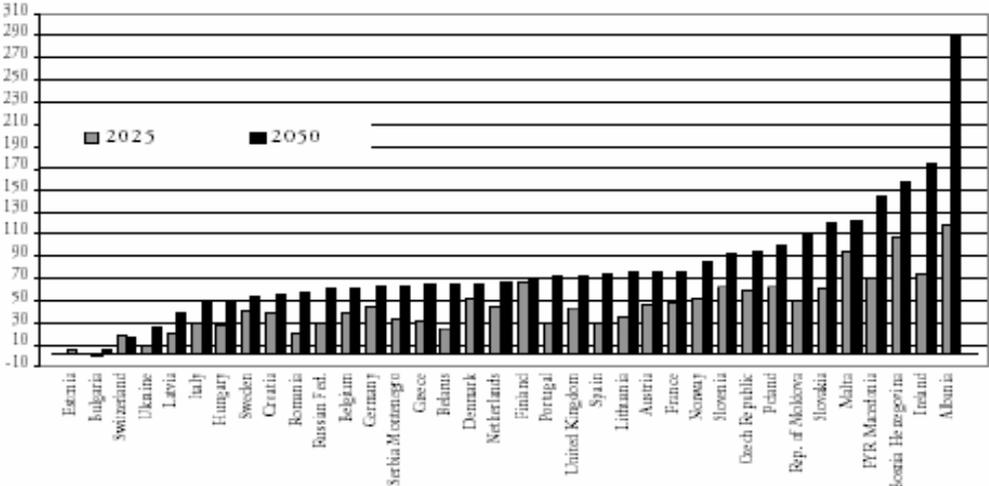


FIGURE 1. Relative population decline in selected European Countries, 2000-2050, Age Group 65+ as per cent of population

Source: United Nations, World Population Prospects, The 2000 revision, OECD Online database May 2002, Calculation: Humboldt University Berlin

Concerning the decline in the working age population, countries which will experience no decline or only a modest decline in the number of people of working age (less than 5 per cent), such as France, Ireland, the Netherlands and the UK, are unlikely to confront demographically-induced labor shortages in the medium term until 2020-25. In the absence of immigration, countries that will experience a significant decline in their active population (more than 10 per cent) with low or moderate labor-force participation rates may have to rely on recruiting more foreign labor. Germany, Italy and Spain are some of the countries that fall into this category. Countries such as Belgium, Portugal, and Greece that register only a relatively modest decline in their active populations (from 5 to 10 per cent), together with low or medium labor-force participation rates (less than 75 per cent) could encourage labor immigration in either the short or medium term (IOM, 2003: 245). The critical period, however, is the long-term (up to 2050) as is the report explicitly noted: "Up to 2050, without mass immigration nearly all European countries will have a decline of between 10 and 50 per cent in their active populations aged 15 to 65" (IOM, 2003: 245).

Population decline and aging is expected to occur on such a scale that it the European social model will be at risk, as well as economic growth and stability in the European Union. The critical decline in the potential support ratio of working age people to the non-working age population will negatively affect labor markets in Europe. The smaller proportion of the population in the age group of 0-14 years in Western Europe (around 19 per cent of total population, compared with a world average of 33.5 per cent), alongside the relatively large group of people aged 65 years or more, means that Europe's labor force will soon stop growing. Over the coming decades, the number of older people will continue to rise sharply in relation to people of working age. In the absence of immigration, Münz estimates that the proportion of active working people will decline in most European countries, by between 2 and 22 per cent by 2025, and by a further 10 to 55 per cent by 2050 (Münz, 2002:16). The increasing labor force shortages resulting from these demographic challenges mean that the financing and sustainability of Europe's present systems of social security - especially pensions and health care for the elderly - will undoubtedly be extremely damaged, or even at risk of collapse. Social security systems in many contemporary European states are currently based on a "pay-as-you-go" arrangement, meaning that benefits are financed by

taxes from the current labor force, so future changes in population structure will exacerbate the already serious financing problems for old-age retirement programs. This situation will mean either imposing an intolerable tax burden on future workers or pushing more of those over 65 to remain in the labor force. Under these conditions, if all other parameters remain the same, the tax rates required to support the social security system will have to increase. Consequently, European countries are facing considerable pressure on the affordability of their social security systems. Rectifying this situation will inevitably require the systematic recruitment of skilled, semi-skilled or low-skilled foreign labor on a larger scale than at present.

Migration as a policy response to Europe's demographic challenges

Labor migration has received increasing attention, and risen up the agenda of Europe to become a policy option to mitigate the adverse consequences of the demographic challenges outlined above. The UN report (2000) analyzes the international migration that European countries would need to offset the decline in its overall population its working-age population in order to maintain current ratios of workers to the over-65 population. It suggests that in order to maintain a constant "support ratio", the number of working people for each person older than 65, the EU needs to achieve a net annual migration rate of 13 million new migrants per year between 2000 and 2050 (United Nations, 2000). However, this would be a huge rate of mass migration that Europe has never experienced in its history before, so the UN report drew much attention internationally.

Migration has long been one of the most contested concerns of European society. It is very often perceived as a burden on society, but on the other hand many times it has proved to be a benefit. Europe sent out migrants while expanding the international economy in the nineteenth century, and then it accepted migrants to overcome labor force shortages while rebuilding European economies after the Second World War. However, as outlined earlier, the beginning of the twenty-first century has brought Europe new demographic challenges

that have induced it to open discussions on migration in a new context. In reality, European countries need to revise their migration policies by opening Europe's borders to newcomers. However, although European demographers have highlighted harmful population trends for at least the last 30 years, and although "replacement migration" is now being considered as a policy response to declining population and aging of Europe's labor force, most EU countries hesitated, until 2000, to respond decisively to the migration option.

Currently, EU member states are trying to set out clear strategies and policy options for ensuring the adequacy of their social security systems without accepting high levels of mass immigration. Thus, the policy responses and strategic solutions that they develop exclude migration for fear of the possible negative implications and costs of labor immigration. These policies mainly aim to reduce the social and economic consequences of demographic changes, although some preventive measures have also been implemented. These include supporting the decisions of families to have children, promoting household benefits, improving reproductive health, and encouraging women to combine maternity with participation in the labor force. The main ameliorative policies include initiatives to increase the labor force participation rate, raise the retirement age, and encouraging private pension systems and health care policies.

The question is whether these policies will lead to the rapid adjustment that is necessary, and supply the profile of workers needed in the European labor market. For example, pro-natalist policies such as raising fertility rates may increase the number of children who will become potential new workers in 18 to 25 years' time. Meanwhile, however, they will remain non-productive dependents until they are ready to enter the labor force. In contrast, immigration has the advantage of adding people who tend to be of working age to the population (Rand Europe, 2004:13). Moreover, given their temporary effect, pro-natalistic fertility policies are costly, while providing financial incentives to sustain fertility for a substantially longer period could be more expensive even than the increasing costs of Europe's aging population.

Despite the advantages of immigration, most governments favor welfare policies (such as welfare payments, workplace and housing policies), and are still far from introducing clear pro-natalist measures or rhetoric. One of the reasons is that there is public resistance to pro-natalist government policies, due to the heavy-handed birth promotion programs supported by undemocratic governments in the past (such as in Germany, Romania, and Spain). Secondly, motherhood is viewed as an impediment to women's progress in the workplace. More recently, however, some European states have moved towards reforming the labor market while to some extent supporting pro-natalist policies. That is, some governments are shifting their policies towards a more comprehensive approach, combining fiscal policies (allowances, taxes, and bonuses) with policies that allow parents to combine work with family life. However, without migration, even if the birth rates were to return to replacement levels, it would only take the support ratio to just under three. In order for European states to reach a support ratio of four or over, an average of four children per family would be required, which has not been seen in Europe since the turn of the century.

Thus, all the alternatives to labor immigration have either failed or been insufficient. It is also notable that no single type of policy intervention will necessarily slow fertility declines. Although fertility rates tend to be higher in those EU member states implementing sound policies to reconcile family and working life, they still remain too low to prevent the population aging. On the other hand, the policies and reforms to support social security systems do not offer a sustainable long-term solution. Thus, without net immigration flows, no reasonable policy measures will be able to counter the current changes in the demographic structure of the European Union and their negative impacts on the future welfare of Europe. In contrast to other direct policies, immigration appears to be an effective strategy to prevent the population aging and to fill labor shortages.

The statement of EU Commissioner, Anna Diamantopoulou summarizes this critical situation precisely:

The need to import labor is something that will present itself over the next few years and very much more in the next generation because Europe has a serious demographic problem. Europe is aging. No matter how hard we, in Europe, try to have an active aging policy as well as a policy for the entry into the labor market of women and other groups that do not work today, we will not be able to meet the changing needs of the labor market. So, certainly we will have a need to import labor in the near future (Tzilivakis, 2000).

The European Neighborhood Policy: Lacking an Effective Migration Management Strategy

Migration cannot be treated as a purely internal issue since an efficient migration policy can only be developed by the countries of origin, transit and destination with a shared responsibility. Thus, migration constitutes an essential factor in defining the strategic priorities of the EU's external relations. In this regard, although migration should develop as one of the important policy issues of the ENP, the ENP currently lacks a wider understanding on migration even before considering Europe's needs due to its demographic challenges.

A key recent experience for Europe has been the enlargement of 2004, when ten new member states joined the Union: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic, and Slovenia. These were followed by the accession of Bulgaria and Romania in 2007. The accession of twelve new members changed the EU's external frontiers, bringing economic, social and cultural consequences both for EU member states and neighbouring countries. The new borders of EU, stretching to Belarus and Ukraine in the north, and to Morocco, Tunisia, Libya and other Arab Islamic countries in the south, underlined the need for a rearrangement of the EU's engagement with its new

neighbors. The EU's ambitious enlargement process encouraged the formation of a new system of external relations, called the European Neighborhood Policy (ENP), which was adopted by the Thessaloniki European Council in June 2003. The ENP aims to promote an area of stability, prosperity and security by developing and deepening political cooperation and economic integration with the neighboring countries, but without offering them the prospect of EU membership (European Commission, 2003).

Although the ENP emphasises the significance of migration, it does not propose any concrete action plans or future strategies. Its report entitled "Wider Europe Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours" states:

The impact of ageing and demographic decline, globalisation and specialization means the EU and its neighbours can profit from putting in place mechanisms that allow workers to move from one territory to another where skills are needed most – although the free movement of people and labour remains the long-term objective. Significant additional opportunities for cultural and technical interchange could be facilitated by a long-stay visa policy on the part of the EU member states (European Commission, 2003:11).

Although the document highlights the need for mobility of labour and raises concerns about demographic challenges, it fails to propose concrete and credible mechanisms or a roadmap to support and facilitate mobility. The objectives of flexible economic migration and free movement of people are merely listed as long-term priorities, with only a little work having been done so far in these areas. The document also mentions that the EU should promote the wider application of visa free regimes. However, the EU's strict Schengen visa regime controversially does not facilitate the mobility of third country nationals, but rather creates more barriers against mobility. The ENP also considers migration as a security issue, seeking to cooperate with neighbouring countries to combat illegal migration and establish efficient mechanisms for returning illegal immigrants. Concluding readmission agreements with neighbouring states is another essential element of the ENP's focus on migration policies.

Although justice and home affairs are incorporated into ENP Action Plans as key areas for

specific priority action, the Strategy Paper on European Neighborhood Policy (2004) demonstrates a strong emphasis on the security aspect of migration. That is, it stresses cooperation concerning migration pressure from third countries, trafficking in human beings and terrorism as matters of common interest (European Commission, 2004: 16). Even regarding border management, the focus is more on the creation and training of professional non-military border guards and measures to make travel documents more secure. Although facilitating the movement of people is a goal, the ENP puts more stress on creating high levels of security as priorities of its Action Plans, such as co-operation on migration, asylum, visa policies, measures to combat terrorism, organised crime, trafficking in drugs and arms, money laundering and financial and economic crime (European Commission, 2004: 17).

The European Commission's recent communication (2007) entitled "A Strong European Neighborhood Policy" noted the inadequate efforts taken by the ENP in the preceding four years to facilitate the mobility of people, especially managed migration. This has focused attention on revising the ENP in terms of incorporating migration management more effectively by considering the demographic challenges that Europe will severely suffer within 50 years. Some of the proposals aiming to ensure greater coherence and consistency in the approach of both the EU itself and member states include encouraging legal migration, visa facilitation, circular migration and mobility partnerships with some pilot countries.

Future Prospects and Concluding Remarks

Migration has long been a sensitive and contested issue for European societies due to its being multi-dimensional, involving many actors, and including clashing interests. The start of the twenty-first century has been marked by the transformation of the welfare state in Europe since most EU countries have entered the new millennium with a significant shift in the demographic structure of their populations. It is evident that these demographic dynamics will make a decisive contribution to the nature and future of European countries in terms of new migratory flows. In this context, the demographic trend has put immigration onto Europe's agenda as an essential need. As a consequence of Europe's demographic challenge, there has been serious discussions at both EU and member state levels about reassessing and revising EU migration policies so as to open the EU's labor markets to non-EU third country nationals.

Most EU countries were late recognizing the seriousness of population decline and aging, and have generally preferred to respond with policies targeting increased fertility and labor participation rates due to concerns about the labor market and financing social security systems. However, the long-term effectiveness of such policies is uncertain since pro-natalist policies take effect only slowly and are not sufficient to provide a concrete guarantee for the EU's long-term welfare. Such policies are unlikely to stop the aging of Europe's population, although they may slow it down. On the other hand, immigration can only be one component of a policy mix for countering Europe's demographic trends, although it is regarded the most effective way to compensate for Europe's negative labor market trends.

Analysis of the issue at the national level suggests that the current trend has created a dilemma for EU member states between adopting restrictive immigration policies aiming to exert more control over borders while also managing immigration more efficiently on the basis of a realistic assessment of labor force needs in Europe. At the national level, policies tend to favour more open borders, while mainly restricting immigration to the recruitment of temporary skilled labor or promoting circular migration. Concerning unskilled labor,

although EU states are aware of the unskilled labor force shortages in various sectors of the European economy, they have imposed stricter rules for the entry of such workers, mainly owing to European governments' political considerations and negative public opinion. Consequently, migration policy at the nation state level appears to be a system of efforts to control immigration, including measures to tighten up border controls, while the introduction of a limited number of special programmes for admitting temporary skilled workers in order to increase the labor supply directly exemplify the EU's tendency to adopt a selective and temporary approach to migration management.

The enlargements of 2004 and 2007 created new concerns over the EU's external borders, with the ENP being developed as a response to this new environment that aimed to formulate a cooperation framework with the EU's new neighbours. However, migration issues were incorporated into the ENP as a security concern, although Europe needs to consider an active and open migration policy that promotes the mobility of labour from third countries given Europe's demographic problems. Thus, the ENP needs to develop a more comprehensive stance on migration issues, and its priorities and strategies should be improved in line with the EU's developing migration policy. However, this is also a difficult task since the migration policies of EU countries diverge with respect to their distinct characteristics and interests.

A special focus is needed on migration policies that should include concrete commitments and strategies in the ENP's Action Plans. Undoubtedly, Europe's demographic challenges and consequent need for international immigration will contribute to the evolution of the ENP, which should be revised within this new context of migration.

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