Labor Mobility in Central and Eastern Europe: The Migration of Workers to Germany Has Been Limited in Scope

by Karl Brenke

The enlargement of the EU in 2004 has had numerous effects—and the German labor market has not been left untouched. Among migrant laborers coming to Germany, self-employment has been the most frequent form of labor market participation to date. Despite barriers to immigration and the need to acquire work permits, dependent employment among migrants from 2004 accession countries has also increased. On the whole, however, migrant workers from the accession countries have only added an estimated 100,000 to 150,000 workers to the German labor force since 2004.

Germany's attractiveness to migrant workers from the EU-8 countries has apparently declined in recent years. Since 2006, E-8 labor immigration and work permit issuance rates have been on the decline. While many migrants have been and remain willing to perform unskilled jobs despite having a vocational degree or university education, expectations seem to have risen. Data indicate that new laborers from Bulgaria and Romania have been increasingly pursuing the types of employment that migrants from the 2004 accession countries are now less willing to accept.

The consequences for the German labor market, now that restrictions to freedom of movement have been abolished, are difficult to forecast. There are almost no indications that a massive wave of workers from the EU-8 countries will arrive in Germany. Past experience with labor migration suggests that workers will move first and foremost to economically strong regions that are able to absorb new workers and hold out the promise of relatively high incomes.

In 2004, ten countries joined the EU: Poland, Hungary, the Czech Republic, Slovakia, Slovenia, the three Baltic states of Estonia, Latvia, and Lithuania (hereinafter referred to as the EU-8) as well as Malta and Cyprus. The accession of these countries has had little impact on crossborder trade, which was previously liberalized to large extent in bilateral treaties signed between the "old" EU and accession counties in the early 1990s. Labor markets, however, were not liberalized. Prior to accession in 2004, it was almost impossible for workers from the new member states to pursue employment in the EU.

Three "old" EU countries immediately opened their borders to workers from the new member states in 2004: the UK, Ireland, and Sweden. Other countries chose to impose a transitional period prior to allowing full mobility. The transitional period that was agreed upon in the accession treaties was implemented under the argument that the "old" member states should not be burdened by a potential wave of migrant workers. The transition period had three phases—lasting two years, three years, and two years, respectively. With the expiration of each phase, the EU countries that wished to make use of the next phase were required to justify their need for continued barriers to labor mobility before the EU Commission. After the first transitional phase ended in May 2006, Finland, Spain, Portugal, and Greece opened their labor markets. Restrictions were dropped in Italy, the Netherlands, Luxembourg, and France before the second period ended. Belgium and Denmark opened their labor markets in 2009 following the expiration of the second transitional phase. It was not until the expiration of the third phase on May 1, 2011, that Germany and Austria granted full mobility to workers from the EU-8.[1]

1 Workers from Malta and Cyprus were previously granted freedom of movement to Germany in May 2004.

Table 1

Migration of Individuals Aged 18–64 to and from Germany: Data from Germany's Resident Registration Offices

Nationality	2003	2004	2005	2006	2007	2008	2009
				Immigration to Germany			
Germany	**118 019**	**131 752**	**92 953**	**77 082**	**78 212**	**79 282**	**84 273**
Europe[1]	**375 376**	**396 597**	**392 656**	**380 117**	**394347**	**385 152**	**399 197**
EU up to 2004[1]	**86 745**	**81 643**	**78 175**	**78 535**	**79 832**	**83 566**	**86 424**
Poland	84 693	119 551	141 314	145 761	134 062	113 776	106 695
Hungary	13 790	16 834	18 026	18 111	21 514	24 341	24 276
Slovakia	10 006	11 053	11 395	10 933	8 979	8 361	8 134
Czech Republic	7 873	8 275	7 762	7 125	6 057	5 712	5 343
Slovenia	1 975	2 260	1 397	1 080	1 097	1 111	1 152
Estonia	738	667	635	529	595	530	765
Latvia	1 642	2 085	2 248	1 857	1 549	1 877	4 516
Lithuania	2 775	4 150	4 859	4 477	3 680	3 170	4 283
EU-8	**123 492**	**164 875**	**187 636**	**189 873**	**177 533**	**158 878**	**155 164**
Romania	22 329	22 203	22 052	22 532	41 379	45 580	53 553
Bulgaria	12 613	10 891	8 492	7 260	19 425	22 157	26 258
Turkey	41 908	36 275	30 002	26 059	23 366	22 752	23 300
Russia	25 671	23 168	19 072	14 274	13 222	12 741	13 160
Ukraine	14 005	12 171	9 091	6 520	6 400	6 013	6 126
Other continents[2]	**150 830**	**136 713**	**125 127**	**121 849**	**121 826**	**130 231**	**141 727**
Total	644 225	665 062	610 736	579 048	594 385	594 665	625 197
				Emigration from Germany			
Germany	**98 535**	**118 228**	**110 749**	**118 091**	**121 287**	**131 532**	**116 270**
Europe[1]	**329 879**	**363 366**	**322 532**	**323 656**	**324831**	**382 676**	**390 678**
EU up to 2004[1]	**96 764**	**107 150**	**82 576**	**81 059**	**78 868**	**92 084**	**98 408**
Poland	71 690	92 951	96 363	105 192	110 959	115 845	107 614
Hungary	14 560	16 041	15 310	14 685	16 521	20 946	21 512
Slovakia	9 200	9 813	8 873	9 237	8 072	9 064	7 835
Czech Republic	7 815	7 842	5 894	6 091	5 297	6 447	5 938
Slovenia	7 842	2 184	1 434	1 079	1 048	1 373	1 442
Estonia	470	705	432	469	424	635	575
Latvia	1 350	1 575	1 357	1 478	1 306	1 616	2 177
Lithuania	1 944	2 262	2 394	3 040	2 958	3 000	3 131
EU-8	**114 871**	**133 373**	**132 057**	**141 271**	**146 585**	**158 926**	**150 224**
Romania	18 695	19 307	19 718	20 905	23 667	36 378	42 416
Bulgaria	9 753	9 754	5 746	7 034	8 273	15 201	18 921
Turkey	30 258	30 609	27 236	25 178	23 425	26 964	26 967
Russia	11 577	11 808	10 706	10 196	9 562	11 955	11 476
Ukraine	5 869	5 711	5 092	4 738	4 409	5 732	5 142
Other continents[2]	**107 314**	**116 155**	**104 052**	**105 580**	**99 608**	**122 027**	**127 614**
Total	535 728	597 749	537 333	547 327	545 726	636 235	634 562
				Net migration			
Germany	**19 484**	**13 524**	**-17 796**	**–41 009**	**–43 075**	**–52 250**	**–31 997**
Europe[1]	**45 497**	**33 231**	**70 124**	**56 461**	**69516**	**2 476**	**8 519**
EU up to 2004[1]	**–10 019**	**–25 507**	**–4 401**	**–2 524**	**964**	**–8 518**	**–11 984**
Poland	13 003	26 600	44 951	40 569	23 103	–2 069	–919
Hungary	–770	793	2 716	3 426	4 993	3 395	2 764
Slovakia	806	1 240	2 522	1 696	907	–703	299
Czech Republic	58	433	1 868	1 034	760	–735	–595
Slovenia	–5 867	76	–37	1	49	–262	–290
Estonia	268	–38	203	60	171	–105	190
Latvia	292	510	891	379	243	261	2 339
Lithuania	831	1 888	2 465	1 437	722	170	1 152
EU-8	**8 621**	**31 502**	**55 579**	**48 602**	**30 948**	**–48**	**4 940**
Romania	3 634	2 896	2 334	1 627	17 712	9 202	11 137
Bulgaria	2 860	1 137	2 746	226	11 152	6 956	7 337
Turkey	11 650	5 666	2 766	881	–59	–4 212	–3 667
Russia	14 094	11 360	8 366	4 078	3 660	786	1 684
Ukraine	8 136	6 460	3 999	1 782	1 991	281	984
Other continents[2]	**43 516**	**20 558**	**21 075**	**16 269**	**22 218**	**8 204**	**14 113**
Total	89 013	53 789	91 199	31 721	48 659	–41 570	–9 365

1 Excluding German nationals. 2 Including stateless persons and individuals of unknown nationality.
Sources: German Federal Statistical Office; calculations by DIW.

Prior to May 2011, Austria and Germany also made use of special rules in the service sector that restricted the ability of firms in the accession countries to render specific services—including construction, janitorial, and interior design services—in the Austrian and German markets. Nevertheless, it has been possible for individuals from the accession countries to pursue self-employment in Germany since May 2004. Furthermore, there were some options for individuals from accession countries to pursue normal employment in Germany prior to May of this year, despite numerous restrictions.

In this article, we will first look at how migration from EU-8 countries has developed since 2004. We will then discuss the forms of employment pursued by immigrants from EU-8 countries in Germany. Finally, we will take a brief look at the other states of the "old" EU. By viewing the developments in EU countries that have granted migrant workers full labor market access for some time, we can gain an impression of how Germany might be affected by the free movement of labor in coming months and years.

Low net migration to Germany from the EU-8

There are two sets of statistics maintained by the German Federal Statistical Office concerning foreign migration. The first set of statistics is derived from Germany's resident registration offices (Einwohnermeldeämter) and includes data on individuals relocating within as well as emigrating from Germany. This data set is known as the "Bevölkerungsfortschreibung." The second set of statistics comes from the Central Register for Foreigners (Ausländerzentralregister) and is based on resident registrations filed with Germany's foreigner registration offices (Ausländerbehörde). This register was subjected to a comprehensive revision in 2004, and data on more than 600,000 individuals were removed. For this reason, only the migration data from 2005 onward can be used. Theoretically, the data from both sets of statistics with regard to Germany's foreign population should correspond. Yet, this is not the case. Resident registration data from 2010 indicate that there were 7.2 million foreigners living in Germany. However, according to the Central Register for Foreigners, there are only 6.8 million foreigners in Germany. The cause of this discrepancy is unclear, and has certainly not been helped by the fact that the last official census in Germany prior to 2011 was conducted in 1964.[2] Furthermore, there are differences between the data sets concerning the scope of migration over time. Nevertheless, both sets of data reveal similar patterns.

While net foreign immigration to Germany was strong at the end of the 1990s, it has fallen sharply since then. Among working-age foreigners from "old" EU countries, net immigration has been slightly positive according to resident registration data, and slightly negative according to the Central Register for Foreigners (Tables 1 and 2). Net immigration from non-EU countries has been positive but low. Net immigration gains from countries on the EU's periphery have also been quite low; in the case of Turkish nationals, it appears that there have even been net losses. Among German nationals net migration has been strongly negative in recent years.

A jump in immigration from the EU-8 countries was experienced following the enlargement of the EU in 2004—this increase, however, was not strong. Net immigration gains from the EU-8 following 2004 were driven initially by immigration from Poland. There was also an increase in immigrants from Hungary. From other countries, however, immigration increased very little or not at all. In 2006, net immigration from Poland fell significantly. Since then, it has become even smaller. As emigration from Germany in past years has remained quite high and has shown a slight upward trend, net immigration gains from EU-8 countries have gradually diminished. In 2010 however, this downward trend reversed itself, and net immigration increased slightly once again.

A large jump in immigration from Bulgaria and Romania was experienced after these countries joined the EU in 2007. Net immigration from these two countries has grown continuously since 2007 and the surplus is now equal in size to net immigration from the EU-8.

According to the Central Register for Foreigners, there were some 500,000 working-age EU-8 nationals living in Germany at the end of 2010. The majority—nearly 70%—are Polish nationals (see Figure 1). The fact that Polish nationals comprise the largest immigrant group in Germany from new accession countries is not surprising when one considers that Poland is the most populace EU-8 state. If one places the immigrant populations in German in relation to the size of their respective countries of origin, Poland is also up front (see Figure 2). In per-capita terms, the Bulgarians move to Germany with nearly the same frequency as the Poles. Estonian and Czech nationals are the least willing to immigrate to Germany.

2 Statistisches Bundesamt: Bevölkerung und Erwerbstätigkeit. Ausländische Bevölkerung. Ergebnisse des Ausländerzentralregisters. Fachserie 1, Reihe 2, Ausgabe 2010, 5.

Table 2

Migration of Individuals Aged 15–64 to and from Germany: Data from the Central Register for Foreigners

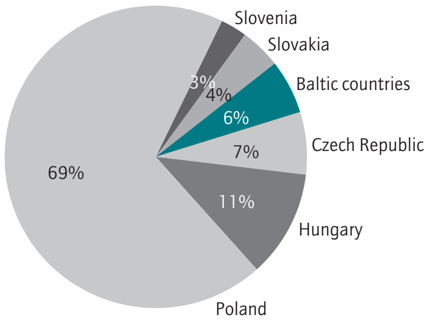
Nationality	2005	2006	2007	2008	2009	2010
			Immigration			
Europe	**247 253**	**232 433**	**246 761**	**241 141**	**237867**	**278 705**
EU up to 2004	**53 215**	**51 667**	**54 700**	**57 641**	**55 990**	**61 103**
Poland	71 368	75 383	70 158	60 397	53 885	56 844
Hungary	10 577	11 115	13 667	15 845	14 760	18 108
Slovakia	6 243	6 260	5 293	4 990	4 841	5 094
Czech Republic	4 995	4 536	4 217	3 942	3 584	3 821
Slovenia	728	623	667	668	657	892
Estonia	439	345	380	363	435	575
Latvia	1 450	1 177	973	1 060	2 539	3 953
Lithuania	3 458	3 043	2 424	2 079	2 733	3 702
EU-8	**99 258**	**102 482**	**97 779**	**89 344**	**83 434**	**92 989**
Romania	13 285	12 488	24 984	25 798	28 287	39 516
Bulgaria	6 317	4 998	12 052	13 600	15 096	21 077
Turkey	25 085	18 848	17 344	16 187	16 099	16 037
Russia	15 652	11 589	10 736	10 295	10 204	10 987
Ukraine	7 862	5 584	5 537	4 916	4 725	5 043
Other continents[1]	**100 485**	**100 367**	**103 690**	**110 397**	**118 529**	**128 635**
Total	347 738	332 800	350 451	351 538	356 396	407 340
			Emigration from Germany			
Europe	**183 250**	**169 641**	**174 856**	**195 127**	**195 633**	**185 895**
EU up to 2004	**51 055**	**47 249**	**48 681**	**53 317**	**54 965**	**48 151**
Poland	39 341	41 365	47 552	50 380	45 942	39 051
Hungary	8 057	6 921	8 040	10 068	11 334	10 273
Slovakia	5 266	4 572	4 404	4 852	4 297	4 140
Czech Republic	3 368	3 327	3 113	3 606	3 320	2 899
Slovenia	759	627	618	795	767	727
Estonia	262	234	228	283	266	315
Latvia	751	715	649	651	881	1 631
Lithuania	1 531	1 689	1 701	1 574	1 649	1 946
EU-8	**59 335**	**59 450**	**66 305**	**72 209**	**68 456**	**60 982**
Romania	12 090	11 505	11 872	16 341	18 486	21 285
Bulgaria	6 639	5 181	4 574	7 431	8 244	10 362
Turkey	17 759	15 387	14 637	15 182	14 628	13 517
Russia	6 655	6 037	5 747	6 457	5 845	5 727
Ukraine	4 011	3 327	2 921	3 192	2 658	2 643
Other continents[1]	**67 775**	**66 315**	**67 126**	**72 839**	**74 081**	**73 635**
Total	251 025	235 956	241 982	267 966	269 714	259 530
			Net migration			
Europe	**64 003**	**62 792**	**71 905**	**46 014**	**42 234**	**92 810**
EU up to 2004	**2 160**	**4 418**	**6 019**	**4 324**	**1 025**	**12 952**
Poland	32 027	34 018	22 606	10 017	7 943	17 793
Hungary	2 520	4 194	5 627	5 777	3 426	7 835
Slovakia	977	1 688	889	138	544	954
Czech Republic	1 627	1 209	1 104	336	264	922
Slovenia	–31	–4	49	–127	–110	165
Estonia	177	111	152	80	169	260
Latvia	699	462	324	409	1 658	2 322
Lithuania	1 927	1 354	723	505	1 084	1 756
EU-8	**39 923**	**43 032**	**31 474**	**17 135**	**14 978**	**32 007**
Romania	1 195	983	13 112	9 457	9 801	18 231
Bulgaria	–322	–183	7 478	6 169	6 852	10 715
Turkey	7 326	3 461	2 707	1 005	1 471	2 520
Russia	8 997	5 552	4 989	3 838	4 359	5 260
Ukraine	3 851	2 257	2 616	1 724	2 067	2 400
Other continents[1]	**32 710**	**34 052**	**36 564**	**37 558**	**44 448**	**55 000**
Total	96 713	96 844	108 469	83 572	86 682	147 810

1 Including stateless persons and individuals of unknown nationality.
Sources: German Federal Statistical Office; calculations by DIW Berlin.

Figure 1

Migration of Individuals Aged 15–64 from the EU-8 Countries, 2010

In percent



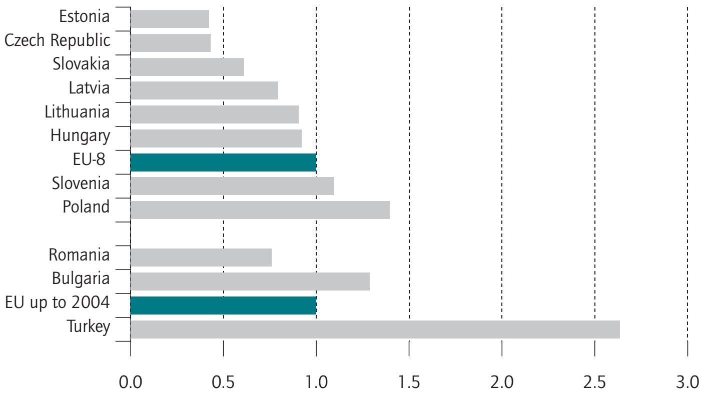
Sources: German Federal Statistical Office; calculations by DIW Berlin.

© DIW Berlin 2011

Polish nationals are by far the largest immigrant group from EU-8 countries in Germany.

Figure 2

Number of Foreigners Aged 15–64 Living in Germany in Relation to Home Country Size



The figures above indicate the number of individuals living in Germany with a given nationality in relation to every 100 individuals in each respective home country

Sources: German Federal Statistical Office; calculations by DIW Berlin.

© DIW Berlin 2011

On a per-capita basis, the willingness of Polish nationals to immigrate to Germany is particularly strong, while the Bulgarians are not far behind.

Temporary immigration becoming more common

The migration behavior in evidence today is markedly different from past patterns, such as those witnessed during the colonization of America or the industrialization of Germany (when Polish nationals immigrated in great numbers to the Ruhr region). Previously, the decision to immigrate was usually a permanent one. The current era of immigration to Germany also differs fundamentally from the wave of "guest workers" who began to arrive at the end of the 1950s in order to satisfy the country's immense hunger for labor during the post-war boom years. Although it was intended that these immigrants would only work in Germany for a limited period, many viewed Germany as a new home and they arranged for their families to immigrate as well. Today, however, there is a strong tendency for immigrants to only live abroad for several months or years before returning to their respective home countries.

One-ninth of all foreigners who had immigrated to Germany at some point left the country in 2010 (see Table 3). The average period of residence in Germany among immigrants is just under nine years. This average value is strongly influenced by the fact that among those immigrants who leave Germany, a fairly significant number have lived in the country for an extended period—and, for example, only leave in order to retire. Such long-term residents include many members of the "guest worker" generation.

On the other side of the equation are those who only stay in Germany for a very short time. In 2010, one-fifth of all foreigners who left Germany had not lived in the country for longer than one year and two-thirds had lived in Germany for up to 6 years. The motives underlying the departure of these foreigners cannot be ascertained due to a lack of data. Alongside immigration for employment reasons, immigration for educational reasons plays a significant and increasingly important role.[3] By contrast, immigration among seekers of political asylum has become much less prevalent.[4]

Short-term stays of only a few years are particularly common among immigrants from the EU-8 countries. One-fourth of foreigners from these countries residing in Germany and returning home in 2010 had stayed less than one year and three-quarters returned home after

3 According to the German Federal Statistical Office, the number of foreign students in Germany increased by 19,000, or 51%, over the ten-year period from the 1999–2000 to the 2009–10 winter semesters (see Statistisches Bundesamt, Fachserie 11, Reihe 4.1).

4 According to the Federal Office for Migration and Refugees, 28,000 individuals sought asylum in Germany in 2009. Of this number, 11,400 were applications rejected, which as a rule leads to deportation, and another 7,800 applications were resolved in some other way. In the 1990s the number of individuals seeking asylum in Germany was between 8- and 35-times higher. See Bundesamt für Migration und Flüchtlinge: Migrationsbericht 2009, Nuremberg 2011.

less than six years. Among Romanian and Bulgarian nationals, the short-stay rates are even higher. Among these groups the fluctuation rate is also extremely high, exceeding 50%.

Mathematically speaking, one-half of all foreigners from these countries living in Germany are exchanged each year.[5] The fluctuation rate is not much lower among Hungarian and Latvian nationals. Among Poles, the rate is 25%. The Slovenians exhibit a different pattern of behavior. Many came to Germany as guest workers while Yugoslavia still existed; they also have a lower willingness to migrate. A similar pattern of behavior is shown by foreigners from "old" EU countries. Nevertheless, among citizens of "old" EU countries who left Germany in 2010, half had resided in Germany for less than six years. By contrast, the rate of fluctuation among Turkish nationals is very low: Of those who left Germany in 2010, the vast majority had lived in Germany for an extended period.[6]

The often short-term duration of residence in Germany among EU-8 nationals witnessed prior to 2011 can be partially ascribed to the fact that many only received temporary work permits and were forced to return to their home countries once these permits had expired. It is likely that a fair portion of those departing Germany are so-called "circular migrants" who repeatedly leave only to return again.[7]

Table 3

Fluctuation and Departures of Foreigners from Germany, 2010

Nationality	Fluctuation rate[1] in 2010	Percentage of individuals among all foreigners departing in 2010 who had resided in Germany for less than …		Average duration of residence in Germany among foreigners departing in 2010
		one year	six years	
Europe	**10.0**	**21.7**	**61.0**	**10.2**
EU up to 2004	**8.1**	**11.4**	**49.0**	
Poland	25.0	24.8	76.7	4.8
Hungary	45.4	28.2	76.9	4.7
Slovakia	37.7	30.5	79.3	3.9
Czech Republic	21.0	22.8	75.2	4.7
Slovenia	9.4	16.3	47.5	19.1
Estonia	22.6	30.2	86.4	3.9
Latvia	46.5	50.6	89.3	2.6
Lithuania	27.4	35.0	83.5	3.2
EU-8	**27.6**	**26.6**	**77.0**	
Romania	56.8	41.1	87.1	3.0
Bulgaria	50.5	40.1	86.3	2.9
Turkey	2.4	8.2	25.6	22.2
Russia	10.5	25.4	71.7	4.4
Ukraine	7.3	21.9	61.8	5.3
Other continents[2]	**17.1**	**20.9**	**74.0**	
Total	**11.5**	**21.4**	**64.6**	**8.8**

1 Sum of arrivals and departures divided by the halved sum of the total immigrant population at the beginning and end of the year.
2 Including stateless persons and individuals of unknown nationality.
Sources: German Federal Statistical Office; calculations by DIW Berlin.

Temporary immigration: One-ninth of foreigners living in Germany left the country in 2010.

Only a small increase in the number of dependent employees in Germany from the new member states

Beginning in 2004, the number of foreigners from EU-8 countries working in jobs subject to social-insurance contributions increased noticeably and has continued to rise; the same upward trend can be observed for Bulgarian and Romanian employees in Germany starting in 2007 (Figure 3). This growth was not driven by the business cycle, for the number of employees in Germany subject to social-insurance contributions also grew across the broader economy. In total, the number of workers in regular employment has increased by approximately one-half for immigrants from the 2004 accession countries and by over one-third for the 2007 accession countries, yet, the absolute gains of 50,000 and 20,000 employees, respectively, are not large. The percentage of employees subject to social-insurance contributions from the EU-8 countries as well as Bulgaria and Romania does not even represent 1% of all employees subject to social-insurance contributions in Germany.

It is likely that growth has also been experienced among the marginally employed; data on such are not available, however. The scale of illegal employment is of course unclear. Nevertheless, illegal employment relationships existed before the EU's enlargement and there is no evidence that this problem has intensified since then. It is possible, however, that illegal forms of employment are gradually being supplanted by legal, marginal forms of employment and that this will soon be evident in official statistics.

Data available for 2006 onward concerning the number of work permits issued by the German Federal Employment Agency suggest that EU-8 nationals have had

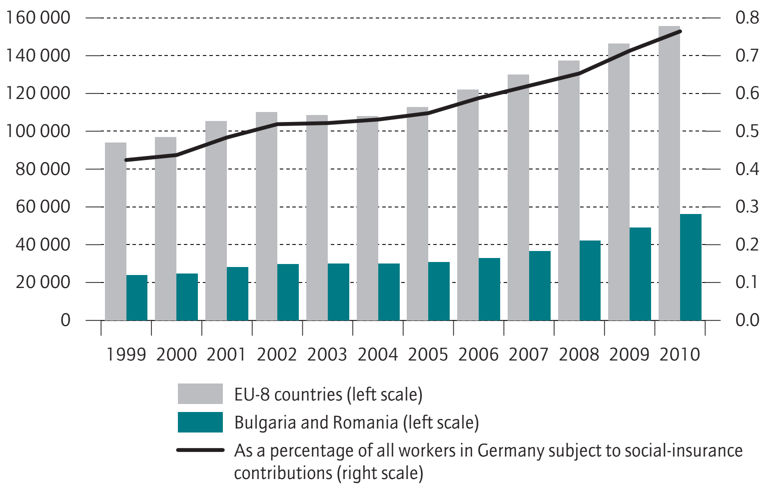
5 The actual exchange of individuals could be lower, as it is possible for an individual to move back and forth several times within a given time frame.

6 The lower rate of departure among Turks is certainly attributable in part to the fact that emigration can lead to the loss of one's residency permit.

7 For more on circular migration from third-world countries to Germany, see Schneider, J., Parusel, B.: Zirkuläre und temporäre Migration. Empirische Erkenntnisse, politische Praxis und zukünftige Optionen in Deutschland. Working Paper der Nationalen Kontaktstelle des EMN und der Forschungsgruppe des Bundesamtes, Nr. 35 (2011).

Figure 3

Number of EU-8 plus Bulgarian and Romanian Nationals in Jobs Subject to Social-Insurance Contributions at the End of June in Each Respective Year



Sources: German Federal Statistical Office; calculations by DIW Berlin.

The number of employees subject to social-insurance contributions in Germany from the new EU states has been increasing continuously.

Table 4

Work Permits Granted to Nationals from New EU States

Nationality	2006	2007	2008	2009	2010
Estonia	339	290	302	371	401
Slovenia	383	458	545	442	458
Latvia	523	582	710	994	1 429
Lithuania	1 484	1 701	2 054	1 941	2 119
Poland	40 547	43 118	46 123	40 577	25 113
Slovakia	5 203	4 834	4 626	4 232	3 886
Czech Republic	5 074	4 976	5 028	3 970	4 298
Hungary	4 003	4 626	6 111	6 320	7 587
EU-8 states	**57 556**	**60 585**	**65 499**	**58 847**	**45 291**
Bulgaria		5 169	8 434	9 312	11 130
Romania		13 711	19 824	21 070	20 421
Other[1]	389	313	396	484	670
Total	**57 945**	**79 778**	**94 153**	**89 713**	**77 512**

1 Family members to whom a nationality cannot be assigned.
Sources: German Federal Statistical Office; calculations by DIW Berlin.

Interest in working in Germany has declined as of late.

a declining interest in seeking employment in Germany. The number of work permits issued to Polish nationals has in particular been on the decline since 2008 (Table 4).[8] Individuals from Slovakia also received fewer work permits.

By contrast, the number of work permits granted to workers from Hungary and the Baltic states has increased. The same applies to individuals from Bulgaria and Romania.

There has also been a considerable change in the types of work permits granted. A strong increase has occurred in the issuance of work permits that provide a nearly unlimited right to work in Germany (see Table 5). At the same time, there has been a considerable drop in the issuance of a category of lesser work permits known as Arbeitserlaubnisse. Generally, this type of permit is only valid for a limited period and is issued for the first job taken up by an immigrant in Germany. These issuance trends suggest that many workers from the new EU states have become more discriminating regarding the type of work they are willing to perform. They have become less willing to accept jobs that are time-limited—the very same jobs that are also likely to represent marginal forms of employment.

There is strong regional heterogeneity in the issuance of work permits by Germany's Federal Employment Agency to EU-8 nationals. When one looks at the permits granted for positions subject to social-insurance contributions according to the Federal Employment Agency's regional breakdown, a disproportionately large number of permits is issued in Bavaria and Hessen. In Baden-Württemberg and Rheinland-Pfalz, the relative frequency with which permits are issued is also high. Work permits were issued with an average degree of frequency in the Western and North German states and relatively less frequently in Eastern Germany. The pattern with which permits are issued is reflective of the distribution of economic strength within Germany. Germany's prosperous regions thus appear to attract foreigners most frequently—i.e. those regions that promise the highest incomes.

The number of seasonal workers from the EU-8 has been on the decline since 2004; the Hungarians represent the sole exception to this trend (see Table 6). This decline is also attributable to a lowered interest in a form of employment that is typically not that attractive in terms of work conditions or pay. This observati-

8 While the number of rejected applications has risen somewhat in recent years, this figure has not risen nearly as quickly as the number of approved applications has dropped.

Table 5

Work Permits Granted to Nationals from the New EU States According to the Federal Employment Agency's Regional Breakdown

Region	2006	2007	2008	2009	2010	For comparison: % of all regularly employed EU-8 nationals 2010
			Number			
Hamburg, Schleswig-Holstein, Meckl.-Vorpommern	2313	3036	3476	3678	3232	
Lower Saxony, Bremen	4950	6823	7867	8474	7590	
North Rhine-Westphalia	8472	11918	13867	14045	12071	
Hessen	4591	6596	7875	8192	8745	
Rheinland-Pfalz, Saarland	5764	8634	8805	7271	5071	
Baden-Württemberg	9647	13690	15602	14116	13865	
Bavaria	15756	22282	28093	24705	19859	
Berlin-Brandenburg	3170	3717	4483	5146	4242	
Saxony-Anhalt, Thüringen	1645	1368	1135	2387	1021	
Saxony	1480	1516	1657	1461	1643	
Not specified	156	198	303	238	173	
Total	**57944**	**79778**	**93163**	**89713**	**77512**	
Of this number:						
Limited permits (Arbeitserlaubnisse)	44885	58147	63248	54581	41798	
Full work permits	13059	21631	29915	35132	35714	
Full work permits as a percentage of all permits	22,5	27,1	32,1	39,2	46,1	
			Breakdown in percent			
Hamburg, Schleswig-Holstein, Meckl.-Vorpommern	4,0	3,8	3,7	4,1	4,2	7,8
Lower Saxony, Bremen	8,5	8,6	8,4	9,4	9,8	9,9
North Rhine-Westphalia	14,6	14,9	14,9	15,7	15,6	21,1
Hessen	7,9	8,3	8,5	9,1	11,3	7,9
Rheinland-Pfalz, Saarland	9,9	10,8	9,5	8,1	6,5	5,7
Baden-Württemberg	16,6	17,2	16,7	15,7	17,9	14,0
Bavaria	27,2	27,9	30,2	27,5	25,6	16,4
Berlin-Brandenburg	5,5	4,7	4,8	5,7	5,5	6,8
Saxony-Anhalt, Thüringen	2,8	1,7	1,2	2,7	1,3	5,4
Saxony	2,6	1,9	1,8	1,6	2,1	5,1
Not specified	0,3	0,2	0,3	0,3	0,2	
Total	**100**	**100**	**100**	**100**	**100**	**100**

Sources: German Federal Statistical Office; calculations by DIW Berlin.

Employees from EU-8 countries are particularly common in Southern Germany.

on does not apply, however, to the Bulgarians and Romanians. The number of seasonal workers from these countries has been on the rise.

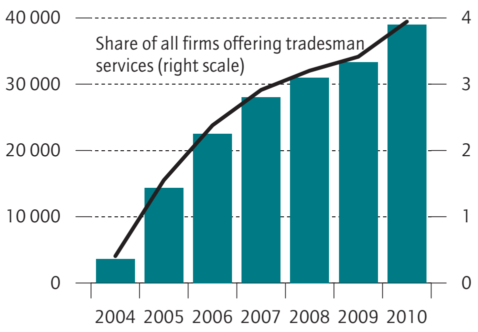
Self-employment is a frequent form of employment among foreign nationals

As self-employed individuals in the EU-8 states were immediately granted full freedom of movement in 2004, a large number made use of the opportunity to immigrate to Germany. An additional factor facilitating the emigration of self-employed foreigners to Germany was the reform of the German Trades Regulation Act in 2004, which made it easier for German and foreign tradesman to start a business.

From 2004 to the end of 2010, the number of businesses in handicraft run by EU-8 nationals increased sharply to approximately 40,000 businesses, a figure representing 4% of all handicraft firms in Germany (see Figure 4). Three-quarters of such businesses with owners from EU-8 countries offer services which do not require master certification, meaning they fall under Appendix B1 of the German Trades Regulation Act, which was first

Figure 4

Number of Firms Offering Tradesman Services with Owners from the 2004 Accession Countries
Number at the end of each year



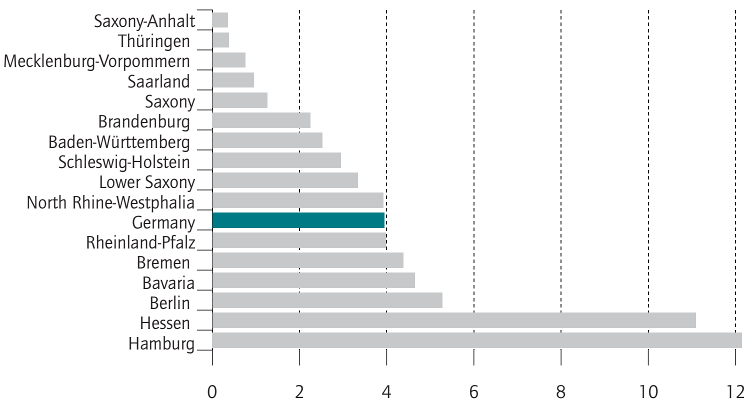
Sources: Zentralverband des Deutschen Handwerks; calculations by DIW Berlin.

© DIW Berlin 2011

Many Eastern Europeans circumvented barriers to immigration by working as self-employed tradesman.

Figure 5

Number of Firms with Owners from the 2004 Accession Countries as a Percentage of All Firms Offering Tradesman Services, Breakdown by German State, 2010



Sources: Zentralverband des Deutschen Handwerks; calculations by DIW Berlin.

© DIW Berlin 2011

In Hamburg and Hessen, one-eighth of all businesses offering tradesman services are run by an EU-8 national.

created in 2004.[9] One-seventh of firms offering tradesman services not subject to certification requirements in Germany were run by an EU-8 national in 2010. Furthermore, many firms offering handicraft-like services are owned by EU-8 nationals.

By contrast, there are hardly any skilled workers from the EU-8 states working in trades that require a German master certificate.[10] Thus, self-employed immigrants from the EU-8 are clustered in a small range of trades; in the tile-laying, janitorial and steel-fixing trades, one-quarter of all businesses in Germany are run by EU-8 nationals (see Table 7). EU-8 nationals also make up a sizeable portion of businesses in the screed, parquet and cable installation trades, as well as in the dry wall and structure treatment and preservation trades. Incidentally, all of these trades are economic activities for which the free movement of services is not guaranteed under EU law. To circumvent this hurdle, many have simply registered a business in Germany.

Craftsmen from EU-8 countries have moved with particular frequency to Bavaria and Hessen (see Figure 5). They are also strongly represented in Rheinland-Pfalz and Bremen and particularly in Hamburg. In East Germany, however, they are hardly found at all—with the exception of Berlin. This heterogeneity is reflective of regional income disparities in Germany. An additional relevant effect is that immigrants often choose to locate their businesses in large cities, as large cities typically contain an ethnic community from the immigrant's home country, which helps to ease day-to-day life and business activities.

The majority of immigrants from the EU-8 have vocational training or a university education ...

The German Microcensus provides us with additional information about EU-8 immigrants residing in Germany. Data assessments are only available up to 2008, however. For our analysis, we examined foreigners who immigrated to Germany from 2004 onward and who continued to live in the country in 2008, as well as EU-8 nationals who moved to Germany between 1999 and 2003.

9 Among the tradesmen that fall under this appendix are, in particular, tilers, floorers, shoemakers, janitors, clothing cleaners, instrument builders, and goldsmiths.

10 Workers requiring a journeyman's certificate include masonry workers, roofers, cabinetmakers, carpenters, scaffold workers, bakers, butchers, and hairdressers.

The labor participation rate of EU-8 immigrants in Germany is comparable to that of resident foreign nationals from the "old" EU countries. Some 60% participate in the labor market; one-fifth are students (see Table 8). Similar figures apply to immigrants from EU-8 countries who arrived in Germany between 1999 and 2003. Among other groups of immigrants, the labor participation rate is significantly lower—in the case of foreigners from outside the EU, this is attributable to the fact that many are in Germany to pursue university studies. Of the EU-8 nationals who arrived in Germany after 2004, one-eighth are unemployed. This number is higher than the share of unemployed immigrants from the "old" EU, but lower than the share of unemployed immigrants from other parts of Europe or other continents.

Among EU-8 immigrants—particularly those who are employed—it is noteworthy that in comparison to other groups of immigrants, a much larger percentage possess an upper-secondary school leaving certificate or vocational training degree. Very few have no vocational or university education, although the percentage of individuals with university degrees is comparatively low. There are no differences in terms of educational attainment between EU-8 nationals who entered Germany between 1999 and 2003 and those who arrived later.

Among EU-8 nationals who have immigrated to Germany since 2004, the high percentage of self-employed individuals—nearly 40%—is quite noteworthy. However, a closer inspection of the data reveals that these individuals are self-employed not only in manual trades, but across a wide spectrum of professions. EU-8 nationals work in retail, the transport sector and in "higher" professions (e.g. academia, creative industries). However, the self-employment ratio is much lower among EU-8 nationals who immigrated between 1999 and 2003, as well as among other groups of immigrants who arrived in Germany after 2004. This confirms that a new channel for immigration was opened up by the enlargement of the EU and introduction of freedom of movement for self-employed immigrants. However, we cannot say whether the statistics are capturing true self-employment in all cases. Particularly in the construction industry, there are indications that some companies incorrectly designate employees as independent contractors (thus leading to "pseudo self-employment"), but the prevalence of this practice is unknown.

... Yet they are often employed in unskilled or low-skilled jobs

A relatively large percentage of the EU-8 nationals immigrating since 2004 perform manual jobs and are

Table 6

Seasonal Workers According to Country of Origin

	2003	2004	2005	2006	2007	2008	2009	2010
Poland	271 907	286 623	279 197	236 267	228 807	194 288	187 507	177 010
Slovakia	9 578	8 995	7 502	6 778	5 122	4 322	3 700	3 569
Czech Republic	2 235	1 974	1 625	1 232	1 087	858	740	757
Hungary	3 504	2 784	2 305	1 806	1 800	1 947	1 993	2 149
Slovenia	223	193	159	141	119	111	119	100
EU-8 countries	287 447	300 569	290 788	246 224	236 935	201 526	194 059	183 585
Bulgaria	1 434	1 249	1 320	1 293	1 182	2 914	3 083	3 520
Romania	24 559	27 190	33 083	51 190	58 893	76 534	93 362	101 820

Sources: German Federal Employment Office; German Federal Office for Migration and Refugees; calculations by DIW Berlin.

The number of seasonal workers from all EU-8 countries has fallen considerably except in the case of Hungary; the number of seasonal workers from Romania and Bulgaria has also been on the rise.

Table 7

Number of Firms Offering Tradesman Services with Owners from the 2004 Accession Countries

End of 2010

	Number of firms overall	Percentage thereof with an EU-8 owner
Tiling, paving	15 604	25
Janitorial	9 111	24
Interior design	2 672	11
Installation of standardized components	2 582	5
Wood and structure preservation, protection	1 747	8
Flooring	1 069	7
Cosmetician	757	2
Steel fixing	733	24
Screed installation	719	14
Parquet installation	671	10
Cable installation in building construction	432	13
Masonry, concrete services	314	1
Clothing alterations	246	2
Gap and joint filling in building construction	226	4
Tailoring	193	2
Painting, coating services	174	0
Hairdressing	166	0
Building drying services	142	8

Source: Zentralverband des Deutschen Handwerks; calculations by DIW Berlin.

These figures confirm the German cliché of the Polish tiler.

Table 8

Breakdown of Foreigners Aged 15–64 Who Immigrated in 2004 or Later (data from 2008)

	Total	Breakdown by region of origin				*For comparison: EU-8 nationals who immigrated between 1999 and 2003*
		EU 8	EU up to 2004	Rest of Europe	Other Continents	
Population						
Educational attainment (in %)						
No vocational training/university degree	50	33	39	55	60	32
Vocational degree	25	49	23	28	11	47
University degree	25	18	38	17	29	20
Total	100	100	100	100	100	100
Labor participation						
Labor participation rate[1]	51	62	66	49	39	62
Employment rate[2]		54	61	39	32	55
Unemployment rate[3]		12	8	20	19	11
Trainee/student rate	26	20	21	22	36	24
Educational attainment among the employed						
No vocational training/university degree	37	27	30	45	45	24
Vocational degree	32	54	26	35	15	52
University degree		19	44	20	40	24
Total	100	100	100	100	100	100
Occupational form						
Self-employed	17	38	16	10	9	10
Employee	77	58	80	83	82	84
Trainee		4	4	8	9	6
Total	100	100	100	100	100	100
Type of employment						
Unskilled or low-skilled manual work	28	38	13	38	25	27
Skilled manual work		17	10	17	12	14
Unskilled or low-skilled non-manual work		17	16	18	20	23
Skilled non-manual work	24	19	35	19	22	27
Professionals, engineers, executives	16	10	27	8	21	9
Total	100	100	100	100	100	100

1 Percentage of population participating in work force. 2 Working population as a percentage of the overall population. 3 Unemployment rate as a percentage of the labor force. 4 Including family members who provide assistance.
Source: German Microcensus; calculations by DIW Berlin.

EU-8 immigrants differ from other immigrant groups: The labor participation rate is high, many are self-employed, and there are few unskilled individuals.

particularly active as tradesmen.[11] The same observation holds true for immigrants from the rest of Europe; this group includes many workers from Romania and Bulgaria. Correspondingly, a smaller percentage of workers from EU-8 countries who have immigrated since 2004 work in the service sector. In general, the percentage with skilled jobs in this group is relatively low—despite the fact that these immigrants have a comparatively better educational attainment profile.

Thus, a large percentage of EU-8 immigrants who completed vocational training are employed in unskilled or

11 Job activities have been classified according to exercised profession. The classification scheme developed by Blossfeld, as revised by Schimpl-Neimans, was used. See Bernhard Schimpl-Neimanns: Umsetzung der Berufsklassifikation von Blossfeld auf die Mikrozensen 1973–1998. ZUMA-Methodenbericht Nr. 10/2003.

low-skilled jobs (see Table 9). This is also true in the case of a significant number of university graduates. This mismatch between education and employment can also be observed among immigrants who arrived in recent years from countries outside Europe as well as among immigrants from Bulgaria, Romania and non-EU European countries. The situation is quite different with respect to immigrants from “old” EU countries, however: education and employment are aligned among such immigrants with much greater frequency.

A number of explanations have been suggested for why many immigrants from EU-8 countries with vocational training or a university degree perform unskilled or low-skilled jobs. One explanation is that regulations for exercising a profession or bureaucratic hurdles in Germany prevent immigrants from entering certain occupations. Non-recognition of foreign degrees in Germany may also play a role. However, this cannot be the sole reason for even EU-8 immigrants in countries such as Sweden or the UK perform unskilled or low-skilled work with greater frequency than their educational attainment would suggest. This, in turn, causes EU-8 immigrants to have relatively lower income levels.[12] There is substantial evidence suggesting that EU-8 immigrants tend to work in segments of the labor market and service sector that are easily and quickly accessible and that also offer an attractive earnings potential (at least when measured in terms of wage levels in their home countries).

Table 9

Educational Attainment of Employed Foreigners Who Immigrated to Germany in 2004 or Later and Who Perform an Unskilled or Low-Skilled Job (data from 2008)

Region of origin	Percentage of individuals performing an unskilled or low-skilled job as a share of all …		
	employed individuals	employed individuals with vocational training	employed individuals with a university education
EU-8	37	39	14
EU up to 2004	13	12	2
Rest of Europe	38	42	11
Other Continents	25	40	7
For comparison:			
All employed individuals	18	18	3

Source: German Microcensus; calculations by DIW Berlin.

The EU-8 immigrants are well qualified, but they tend to perform unskilled or low-skilled jobs.

Significant immigration following EU labor market liberalization experienced by the UK only

Some countries that opened their labor markets early on—particularly the UK (see Table 10)—have experienced a significant wave of immigration. In relative terms, Ireland has also been affected quite significantly—while the absolute number of immigrants in Ireland is modest, the country’s labor market is small. The number of EU-8 immigrants working in Ireland fell considerably as a result of the economic crisis, which was acutely felt in Anglo-Saxon countries. In the UK, the number of workers from the EU-8 dropped somewhat for a short period and is now growing again.

In almost all other EU countries, the number of EU-8 workers has been on the rise, yet absolute immigration is rather low. With the exception of the UK and Ireland, EU-8 immigrants play a marginal role in the labor markets of the “old” EU. Interestingly, Germany and Austria—two countries that only recently fully opened their borders to EU-8 workers—are among the remaining “old” EU countries with the highest percentage of EU-8 nationals in the labor forces. In no country aside from the UK and Ireland has the removal of restrictions to migrant workers led to a significant increase in the number of EU-8 nationals in the domestic work force.

Forecasting future trends

The enlargement of the EU to new countries in Central and Eastern Europe in 2004 has had little impact on the German labor market. The number of self-employed immigrants working in Germany has increased significantly, as barriers to the migration of the self-employed were lifted with enlargement. By contrast, growth in the number of immigrants working as regular employees has been fairly minimal. Although some advantages were enjoyed by EU-8 workers who wished to migrate to Germany in comparison to their non-EU counterparts between 2004 and 2011, on the whole there were still many restrictions to working in Germany. It is highly probable that many workers only chose to become self-employed because they were barred from pursuing normal employment. Available employment data and other statistics indicate that since 2004, the number of EU-8 nationals working in Germany has grown by an estimated 100,000 to 150,000.

12 See David G. Blanchflower, Helen Lawitt: The Impact of the Recent Expansion of the EU on the UK Labor Market. In: Martin Kahanec, Klaus F. Zimmermann (eds.): EU Labor Markets After Post-Enlargement Migration, Heidelberg, Berlin 2010. Nicola Doyle, Gerard Hughes, Eskil Wadensjö: Freedom of Movement for Workers from Central and Eastern Europe, Sieps Working Report No. 5 (2007). For Germany see Karl Brenke, Mutlu Yuksel, Klaus F. Zimmermann: EU Enlargement under Continued Mobility Restrictions: Consequences for the German Labor Market. In: Kahanec, Zimmermann, ibid.

Table 10

EU-8 Workers[1] in Europe

Country in which work is performed (in parenthesis: year in which labor market was opened)	2005	2006	2007	2008	2009	2010
			In thousands			
Ireland (2004)		107.6	149.3	153.0	114.2	103.6
Sweden (2004)	11.4	9.4	10.7	15.8	18.8	19.7
UK (2004)	159.6	289.0	437.5	511.5	506.2	575.1
Finland (2006)	5.9	7.4	8.6	8.7	9.5	11.7
Greece (2006)	14.0	13.8	12.6	15.4	14.7	10.7
Portugal (2006)	0.3	0.4	1.2	1.2	0.9	1.4
Spain (2006)	41.0	34.2	45.7	55.2	46.7	46.8
Italy (2006)	27.7	45.1	44.2	56.0	63.3	77.5
Netherlands (2007)	7.4	9.0	11.8	12.7	15.0	17.8
Luxembourg (2007)	0.5	2.1	2.5	2.6	2.5	2.7
France (2008)	17.4	16.0	15.5	16.4	20.9	30.4
Belgium (2009)	8.5	8.7	14.5	19.0	21.1	29.1
Denmark (2009)	2.8	4.1	5.7	5.9	9.8	11.1
Germany (2011)	214.1	230.1	262.3	285.4	316.0	310.4
Austria (2011)	48.5	48.7	54.1	56.5	50.7	54.6
EU up to 2004	**559.3**	**825.5**	**1076.4**	**1215.2**	**1210.3**	**405.2**
For comparison:						
Norway	2.9	3.6	5.4	8.0	11.5	20.1
Switzerland	10.3	11.1	13.2	14.3	18.0	14.9
Percentage of overall work force in each country						
Ireland (2004)		5.3	7.1	7.3	6.0	5.6
Sweden (2004)	0.3	0.2	0.2	0.3	0.4	0.4
UK (2004)	0.6	1.0	1.5	1.7	1.8	2.0
Finland (2006)	0.2	0.3	0.3	0.3	0.4	0.5
Greece (2006)	0.3	0.3	0.3	0.3	0.3	0.2
Portugal (2006)	0.0	0.0	0.0	0.0	0.0	0.0
Spain (2006)	0.2	0.2	0.2	0.3	0.2	0.3
Italy (2006)	0.1	0.2	0.2	0.2	0.3	0.3
Netherlands (2007)	0.1	0.1	0.1	0.1	0.2	0.2
Luxembourg (2007)	0.3	1.1	1.2	1.3	1.2	1.2
France (2008)	0.1	0.1	0.1	0.1	0.1	0.1
Belgium (2009)	0.2	0.2	0.3	0.4	0.5	0.6
Denmark (2009)	0.1	0.1	0.2	0.2	0.4	0.4
Germany (2011)	0.6	0.6	0.7	0.7	0.8	0.8
Austria (2011)	1.3	1.2	1.3	1.4	1.2	1.3
EU up to 2004	0.3	0.5	0.6	0.7	0.7	0.8
For comparison:						
Norway	0.1	0.2	0.2	0.3	0.5	0.8
Switzerland	0.3	0.3	0.3	0.3	0.4	0.5

1 Workers who are EU-8 nationals, including Malta and Cyprus.
Source: Eurostat; calculations by DIW Berlin.

Across Europe, immigration from the new EU countries has been extensive to the UK and Ireland only.

A number of forecasts have been made about the scale of immigration that will be experienced due to the opening of the German labor market earlier this year, but these predictions are all highly speculative. There is simply a lack of relevant historical data that would allow reasonable predictions. Due to the impossibility of forecasting the immigration that Germany will experience, we must confine ourselves to discussing points of evidence that speak for or against increased immigration.

If we believe that the UK's experience is representative, then high levels of immigration can be expected. Yet, the UK is not directly comparable to Germany. First of all, it is reasonable to assume that a significant share of

Past Legal Restrictions to the Immigration of Workers

A complex network of laws and regulations used to be applied to workers who were not granted freedom of movement. Citizens from the new EU member states enjoyed certain residency rights not granted to persons from non-member states, as set forth in EU law pertaining to freedom of movement.

There was a host of specific regulations governing the hiring of employees. These regulations continue to apply to workers from Romania and Bulgaria, who will only be granted freedom of movement at the beginning of 2014 at the earliest. Work migration from non-EU states is possible, but the hurdles are even higher than for persons from the new EU member states. Granting of a residency permit and employment authorization must conform to the "requirements of the place of economic activity in Germany, under consideration of the labor market and the need to effectively combat unemployment," (Section 18, para. 1 of the German Immigration Law). Hiding behind this vague formulation is the intention that hiring immigrants should not have a negative effect on the labor market opportunities of German workers or those with equivalent rights.[1]

Work permits may be issued with time limitations and only for a given firm, or without such restrictions. Most of the time, approval by the Federal Employment Agency is required, but not always. In part, the rules are based upon bilateral agreements between countries, and in part they represent unilateral initiatives by the German legislature – for example, to counteract shortages in the labor market.

1 These are foreigners who are already living in Germany and have residence rights as well as foreigners from those EU states for which freedom of movement has already been in effect for a long time, who may not be living in Germany but are available to the German labor market.

The regulations are directed particularly toward specific jobs or groups of workers. In general, the higher the education level required for performing a job, the lower the hurdles for obtaining a work permit.

Most well-known is the chance for workers to obtain seasonal employment in the German agricultural or tourist industry; there are also seasonal workers of this kind in the traveling carnival industry. Employment of seasonal workers from the EU-8 nations has been widespread since the 1990s. Otherwise, access for employees with jobs that require no specialized education is almost impossible. Exceptions include au-pair workers or assistants in households requiring nursing care.

Occupations requiring Federal Employment Agency approval include caregivers (for the elderly and the sick), teachers providing classes in their maternal languages, specialty cooks and certain social work professionals. Approval is also required for employees with recognized university degrees or IT workers with recognized degrees, executives and specialists.[2] Opportunities for employment without a permit requirement exist for management staff, highly qualified workers and research personnel at universities and research institutions. Employment is also possible for specific occupational groups, such as journalists, professional athletes, models and specialists temporarily sent by a firm headquartered abroad (for example, to install or assemble machinery), short-term commercial employees and for persons performing voluntary community services. Additional specific regulations apply to many cross-border commuters.

2 Work permits are only granted to such workers if they earn above the contribution limit for social insurance (currently 66,000 euros annually).

the EU-8 nationals willing to emigrate have already done so. Furthermore, there must be specific reasons for why so many EU-8 nationals moved to the UK and Ireland but not to Sweden, which also opened its doors to immigrants in 2004. This preference for the UK and Ireland is certainly not attributable to low wages in Sweden or a weak ability of the Swedish labor market to absorb new workers. Language, however, does suggest itself as a possible explanation. If language skills are a key factor in migrational decisions, then Germany is most certainly a second-choice country, for knowledge of German in the EU-8 countries is far less prevalent than knowledge of English. The situation might be somewhat different in areas bordering Germany, however.

Additional evidence for the non-applicability of the British and Irish experience to Germany is furnished by worker migration to the "old" EU states that opened their labor markets in 2006: The scale of migration to Southern Europe, France, the Benelux states, and Scandinavia has been very small. In this case as well, low wages cannot be the explanation, for the wage levels in virtually all of these countries are higher than they are in Eastern Europe. Admittedly, in the case of Southern Europe poor labor market conditions may have acted as a brake on immigration.

Migration behavior is without a doubt strongly affected by the economic situation both at home and abroad. The EU-8 countries have put the economic crisis behind them and output is rising once again. Most EU-8 immigrants in Germany come from Poland, a country that was virtually untouched by the crisis and which has been enjoying strong growth. While the EU-8 countries have relatively high levels of unemployment, economic growth at home is likely to have a positive effect on worker expectations for the future, thus placing a check on emigration. On the other hand, the German economy is booming at present and jobs are being created. The current ease with which employment can be found in Germany could drive higher levels of immigration.

Much of the immigration that occurs today is temporary and circular in nature; this means that immigrants only leave their home countries for a limited—and often short—time period. Yet, anecdotal evidence indicates that discussion of "temporary" and "circular" migration does accurately capture the true behavior of many immigrants in Germany from the EU-8 states. It appears that many immigrants have a place of residence in Germany and return to their home countries with some degree of frequency.

Indeed, in many instances immigrants return home regularly on the weekends. There are also workers who reside in Germany on a seasonal basis—and who travel back and forth multiple times during this stay. This type of inter-regional mobility also exists within Germany, and is becoming increasingly common. Of course, frequent travel leads to costs which must be sufficiently counterbalanced by the benefits of working away from home. Thus, it is not surprising that EU-8 workers choose first and foremost to move to the economically strong regions of Germany where high incomes can be attained. Similarly, the commuting pattern within Germany is reflective of regional economic differences.

If the opening of Germany's labor market does lead to increased immigration, then we can expect it to be concentrated in regions of Germany where unemployment is low and where the labor market is particularly able to absorb new workers. An additional factor shaping immigration is the existence of ethnic networks that facilitate entrance to the labor market and ease other day-to-day challenges such as the need to find an apartment, obtain daycare or visit government offices. Thus, immigrants often move to locations where friends or close relatives live. Frequently, this means moving to large cities.

Factors that would tend to facilitate greater immigration to Germany include the comparatively favorable location of Germany within Europe, particularly for immigrants from EU-8 countries who wish to travel home frequently. It is not unreasonable to expect that workers who are prepared to accept the costs and difficulties of traveling back and forth would also have a comparatively high level of motivation in the workplace. As we have seen, in recent years EU-8 workers have become more discriminating about the types of jobs they are willing to accept. This is not surprising in light of the fact that the wage differential between Germany and the EU-8 countries has gotten smaller. EU-8 nationals are less and less willing to perform low-wage work. Due to the fact that EU-8 immigrants move first and foremost to regions with low unemployment, increased immigration is unlikely to place any significant strain on the German labor market. Consequently, one should not view the opening of Germany's labor market as a threat, but rather as a factor supporting the integration of Europe's nation states—of which the regional mobility of workers is just one part.

Karl Brenke, Senior Researcher at the German Institute for Economic Research in Berlin kbrenke@diw.de

JEL: F22, J61
Keywords: Migration, EU Enlargement

Article first published as "Arbeitskräfte aus Mittel- und Osteuropa: Bisher keine starke Zuwanderung—und auch keine Belastungen für den Arbeitsmarkt zu erwarten", in: DIW Wochenbericht Nr. 18/2011.

DIW Berlin — Deutsches Institut
für Wirtschaftsforschung e. V.
Mohrenstraße 58, 10117 Berlin
T +49 30 897 89 -0
F +49 30 897 89 -200

Volume 1, No 3
2 September, 2011
ISSN 2192-7219