



## The Effects of EU Migration Policies on The Labor Market

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### ABSTRACT

The impact of migration policy on the labour market in the European Union has increased significantly in recent years. The causes of international migration have become more complex, varying with political, economic and social changes. In particular, the influx of non-EU nationals from the Middle East and North Africa has created inequalities in the level of participation in the European labour market. Although EU policy has been shaped by a balance between security and labour needs, encouraging temporary and cyclical migration, the level of participation of non-EU nationals in the labour market remains low. Statistical data show that long-term unemployment and youth unemployment rates are also higher in this group. Gender and skills gaps also weaken the possibilities of labour market integration. Despite integration measures and legal reforms, structural barriers, stigmatisation and discrimination deepen inequalities in the labour market. Therefore, more effective social inclusion and labour market strategies are needed.

**Keywords:** Migration Policies, Labor Market, EU Migration, Labor Market Changes

**JEL Classifications:** A1, J08

### 1. INTRODUCTION

In today's world, the relationships between individuals, societies, countries and economies are deepening, and rapid change and transformation are taking place in many areas. As part of this trend, the factors that cause international migration are also differentiating over time in line with changing economic, social, political and societal developments, and the effects and results of migration are also different depending on the region of migration. For example, the Middle East and North Africa are regions where intense migration is experienced. Political and economic instabilities have transformed these regions into regions of migration today. The instability and insecurity experienced by the Middle East, especially in the 2000s, have transformed international migration into a different dimension. Europe has become a center of attraction in terms of access to work and employment for refugees affected by war. Europe has become a destination for refugees or immigrants not only from the Middle East countries but also from North Africa and Central Asia. In this case, combating irregular migration and

border security have begun to come to the forefront as the basic elements determining EU migration policies. In the economic context, the liberalization of the movement of labor and capital, that is, the gradual departure of labor and capital from nation-state control, has led to regional differences in the form of cheap or expensive labor. These differences encourage individuals living in disadvantaged regions with limited options to migrate. On the other hand, with globalization, it has become much easier for individuals to travel long distances, and the importance and development of the migration element has also begun to increase. At the same time, the phenomenon of migration, whose visibility and sphere of influence have increased with globalization, has now turned into a complex structure that includes many actors and has a multifaceted effect. Migration and immigration have now begun to occupy the agenda of states more in economic, political and social terms. Economics and political science can be usefully combined to create political economy approaches suitable for answering certain questions regarding migration policy. In this respect, instead of conducting the analysis of the phenomenon

of international migration with a single discipline, it has become important to examine migration within the framework of the discipline of international political economy, which brings together different disciplines related to migration and offers a multifaceted perspective. Indeed, international political economy is a discipline that examines a subject from the perspective of different disciplines such as economics, international relations and political science, and offers a multifaceted perspective. The political economy of migration policy constitutes a fruitful field of study. In this context, this study analyzes the migration issue, which is frequently studied in the literature, from a political economy perspective, specific to the EU, with a detailed commentary on the axis of demographic and economic statistics.

The main objective of the European Union migration policy in the area of labor market regulation is to prevent work experiences from being an attraction factor. Until 2011, the EU immigration policy agenda followed a logic that combined a reactive view with a restrictive view based on the emphasis on control and security. In March 2011, the European Commission presented a package to reform the immigration policy regulation in Europe.

On the one hand, the mobility partnerships concept was introduced to strengthen dialogue and cooperation with key third parties in order to reap mutual benefits from migration control in a pro-development manner. On the other hand, the reform aims to de-link and decouple temporary and circular migration from permanent migration regulation, thus reflecting the need to protect migrants coming with the purpose of securing a lasting position in the host society while at the same time assuring employers unforeseen flexibility in this process.

Finally, the reform concludes with the revision of the single permit directive that leaves the decision on residence permit policies more autonomous in the member states, but also supports in some ways a minority of affected workers' rights. However, the empirical evidence has not yet updated the chapter on the impacts of this type of regularization on the labor market, and more specifically in the face of crisis and austerity. This paper uses the level of precarity as an indicator of labor market insertion from a non-EU worker's point of view. We argue that despite legislative measures, austerity policies in receiving countries increase the precarity profile among distinct groups of third-country nationals differently.

## 2. THE SOCIOECONOMIC AND POLITICAL CONTEXT OF INTERNATIONAL MIGRATION

The speed and increase in the spread of migration movements have also brought about social and cultural changes in societies. At the social level, migration settles into the patterns of individuals who form a society and the values related to migration become a part of the values of the society. In this sense, migration is a process that changes the lifestyle of individuals and the socio-cultural structure of the place of migration. The existence of different social and cultural groups can sometimes be the cause of migration. Today, the most prominent type of migration and also the one with deeper

effects and results compared to internal migration is international migration movements (Martelli, 2025; Nabulsi, 2025).

International migration is the movement of individuals to another country or region outside the borders of the country they live in. The factors that cause forced migration movements today are quite diverse. First of all, global and regional political and economic instabilities, environmental and climate change, natural disasters, human rights violations and socio-economic inequalities between regions are driving forces for forced migration movements. Especially in forced mass migration movements, political and economic factors are intertwined. It is healthier to make evaluations about the reasons for migration by taking into account the conditions of the period they live in, the economic, social and cultural structures and values of the societies. In this respect, a multidisciplinary approach that combines the disciplines of politics and economics will be accurate in explaining migration movements (Nam, 2025).

While examining the phenomenon of migration within the framework of the discipline of international political economy, there are various approaches that emphasize factors such as state interests, national sovereignty and management of migration. The evaluations of these approaches regarding migration are as follows: The liberal approach argues that international migration movements should be free. The neo-liberal approach, on the other hand, emphasizes the importance of migration management and argues that international migration movements should be controlled for the security of countries and individuals. The realist approach looks at international migration movements more in terms of national security. In addition, the realist approach has a negative approach to migration movements on the grounds that migrants impose additional economic responsibilities on the state in many matters. The neo-realist view also approaches international migration movements with a focus on national security and control. Unlike the realist view, in the neo-realist view, international migration movements can occur if they serve the interests of the country and contribute to the economic strengthening of the country. The Marxist approach questions states while analyzing the phenomenon of migration and focuses on the connection between capital and migration. Lenin, on the other hand, approached external migration movements on the axis of imperialism. According to Lenin, cheap labor in underdeveloped countries is exploited by imperialist countries (Talleraas, 2025).

In the process from 2010 to the present, migration and migrant mobility have increased in the world in response to developments in the Middle East. In 2010, when the Arab Spring process began, there were 221 million migrants in the world. In 2015, this figure reached 248 million and in 2020, it was 280 million. It is estimated that there could be 230 million migrants worldwide by 2050, but it is a striking detail that the number of migrants in the world is much higher than the figure estimated 30 years ago. As can be understood from international migration figures, international migration in the world has been intensifying in the last thirty years. In the last thirty years, political and economic instabilities, conflicts, acts of violence, economic developments, inequalities, environmental problems, and natural disasters experienced at the

regional level in the world have increased migration mobility at the international level in an unprecedented way. Regional and global developments have increased migration and migrant mobility to Europe, which is relatively more developed than other regions in terms of socio-economic conditions. In this process, the EU's approach to migration movements has been one that prioritizes interests and is also focused on security and control in the face of migration movements directed towards the EU (Vella, 2025).

The European integration project started as a step towards peace and prosperity and included freedom of movement for workers. Pioneering work concerning economic integration and labor movement was developed by an economist. In his model, a central principle of the European integration process concerned the movement of workers, as well as the reallocation of labor resources and the impact of labor mobility on the labor market. He considered labor mobility not simply as an economic achievement, but rather as a right that increased the welfare of European citizens. The Treaty of Rome includes a commitment to the "free movement of persons, services, capital, and goods." To regulate labor mobility, the EU adopted directives that attain freedom of movement, benefiting mutual rights between countries and enhancing employee welfare. The quantitative significance of labor mobility during the first stages of the integration process was non-negligible; significant employment shares of workers from three Southern European countries and Ireland resided and worked in the Northern European member states at the time the labor market was opened. Nonetheless, no agreement was established about a common European policy regarding legal time limits of this labor mobility. Since the 1970s, the mobility of labor parallels the difficulties that the EU member states have shown in respect to the implementation of a common migration policy, although with increasing importance during the most recent shock to the EU economy. The EU member states have experienced growing levels of immigration from both intra- and extra-EU origins. This migration is labor and family oriented and is fed by gaps in productivity, GDP, and wages. Acting as a pull to migration, the welfare system is used to finance integration policies (Geddes & Scholten, 2016; European Commission, 2020).

The policies that relate to the migration of non-EU nationals into the EU have changed significantly over the last two decades. Member states remain able to decide on their own immigration policies and retain sovereignty on matters linked to the admission of non-EU nationals for work or study. The EU's role is to coordinate their actions while introducing a legal framework that addresses the priorities shared by EU member states in all areas of migration. The Tampere European Council in 1999 gave new impetus to the issue of migration by calling for the establishment of an area of freedom, security, and justice by 2004. Subsequently, both the 2002 Seville European Council and the 2004 Hague Program focused on measures to regulate migration streams based on the labor needs of the member states. The Hague Program called for a more coherent and integrated approach towards the management of migration flows by also paying attention to its effects on economic and social development. At the same time, the Justice and Home Affairs Council of the European Union, following the summit, stressed the increasing need for the policy of migration to value and

complement admission procedures for migrants, with the aim of allowing them to enter legally in the member states for an adequate time for work, subject to the requirements of the labor market, as well as to permit, where required, their reunification, thus preventing illegal immigration and irregular work. The European Migration Forum of the European Commission also focused on the problem of illegal immigration (Adebayo et al., 2025).

### 3. MIGRATION POLICIES

Policies regarding immigration and integration play a significant part in establishing the position of immigrants in the labor market of the host nation. These policies may have an impact on the manner in which immigrants enter the country, the composition of immigrants, or their legal status. To this day, the landscape of admittance and integration regulations continues to be very varied across the settings of different countries. Both in terms of the manner in which they select immigrants upon arrival (for example, through a point-based system, quota scheme, selective bilateral agreements, or refugee admission policies), and in terms of the labor market access restrictions and regulations, in which different types of permits for residence and employment apply differently for different immigrant groups upon arrival (for example, restrictions on the employment of spouses, students, or refugees, or work permits), EU countries differ from one another (Ruhs and Martin, 2008).

In view of the large migration waves that have occurred all over the globe and inside the European Union, notably the migratory waves that have occurred from South to North and East to West, the argument over the efficacy of policies for the admission and integration of immigrants has remained at the forefront of academic and policy debates. This issue grew extremely intense during the European immigration crisis that occurred between 2014 and 2015, when hundreds of thousands of migrants unlawfully entered either the outside or the interior borders of the European Union. Experts have argued that, in the long run, immigration policy restrictions have had limited effects on inflows of immigrants. This is due to the fact that migration is primarily driven by economic, demographic, and political developments in the countries that are sending and receiving immigrants. Although the concept of a strong state strictly controlling flows of people across its international borders has been frequently invoked in political debates, experts have argued that this is not the case. Along these lines, Ruhs and Martin argue that immigrants make decisions about their future destinations based on the expected earnings and expected rights in destination areas. Countries attract particularly high-skilled immigrants by offering them more generous rights, such as permanent settlement, family reunification, or the right to work for spouses at the time of their arrival.

According to Ruhs, the rights that are provided to immigrant workers have a significant effect in determining the consequences of labor migration. In particular, he draws attention to the fact that programs that are aimed at immigrants with high levels of education and training have less limits on entrance and are more often connected with permanent residency status. Programs that are geared for low-skilled immigrants are less supportive of



immigrants in terms of their integration policy in terms of social, residence, and family rights. This is in contrast to the majority of programs, which provide immigrants economic and political rights. It has been determined by Ruhs that the rights that are most frequently restricted are political rights, the right of the spouse to work, direct access to citizenship, time limit and security of residence (residence and family rights), unemployment benefits and social housing (social rights), and the right to freely choose one's employment (economic right) (Ruhs and Martin, 2008).

According to Bruzelius, Reinprecht, and Seeleib-Kaiser and Kurekova, the generosity of the country of origin and the social protection entitlement of the country of origin are two factors that determine whether or not immigrants from inside the EU are eligible for welfare benefits.

The interplay of admission and integration policies may also result in considerable disparities between the results of the labor market for various immigrant groups. This is an important point to consider. For instance, Anderson and Ruhs argue that the employment restrictions in the United Kingdom limit immigrant mobility across occupational sectors. As a result, immigrant workers are kept in jobs that are unattractive and pay low wages, or they are placed in geographically remote regions. One example of such a policy is the temporary, seasonal agricultural worker scheme. This, in turn, may explain why immigrants in these nations have a more difficult time finding work in the domestic labor market (Ruhs and Anderson, 2010). Kanas and Steinmetz come to the conclusion that nations that provide immigrants with greater rights in terms of access to the labor market are more likely to reduce the economic disadvantage that are experienced by refugees and immigrants who are reuniting with their families (Kanas and Steinmetz, 2015).

#### 4. LABOR MARKET DYNAMICS IN THE EU

During the 1990s and the early 2000s, European labor markets moved enormously. In a macroeconomic framework of wage determination, such changes may have significant implications. The recent history of European labor markets needs to be described as accurately as possible in order to understand the specifics of economic and labor market integration. This section provides a few stylized facts about labor market dynamics and labor market policies during the 1990s and the early 2010s and continues with the introduction of the qualitative experience with different labor market characteristics. The last subsection deals with the integration of economies, labor markets, and the case of labor market flexibility and migration flows. The macroeconomic story is the traditional starting point for thinking about the dynamics of labor markets. Of course, this story is not the only dynamic theory of market wages. Growth theories imply discrete wage trends, while permanent income theories suggest different mechanisms (Lashchuk, 2025).

Most of the time, when we discussed the impact of migration policies on the labor market, we refer to employment rates, i.e., the number of migrant workers from accession countries over the labor force in the Old EU and, to a lesser extent, in the biggest

West European countries with significant migrant worker inflows. Employment rates are both a biased and a rough measurement, however. Since they refer to the number of migrant workers who are effective holders of multifunctional residence permits over the labor force, they do not include illegal immigrants or EU citizens who are staying in the territory of EU countries as job seekers. They also do not include the unemployed among the migrant worker inflows unless they have an effective job immediately following. Overestimation: in an open border context, employed migrant workers may work around fifty hours weekly – strongly influenced by illegal immigrants – and more than one job in formal jobs. This measure is, at least, biased. The legal concept of the multifunctional residence permit for migrant workers consists of actual peculiar characteristics in the access to member state labor markets with enforceable vested rights: a single permit for residence and work. Quantification of resident migrant workers living in member states using the two international definitions of foreign worker would provide different resident stocks of migrant workers already legal in member state labor markets (European Commission, 2020; Kuosmanen and Meriläinen, 2025).

The aim of this section is to provide a brief overview of the different labor market outcomes that immigration may affect, so that both the setting in which the reform has been implemented and the reasons the reform was called for can be better understood. The trend in employment-to-population rates is given in the data. In the period before the policy change, the employment of Romanians in relation to that of all persons living in Romania increased significantly; in the pre-crisis period, the inverse trends were observed for the employment of Bulgarians. By the time of the policy change for the United Kingdom, the employment of Romanians declined, and it was the Bulgarians who increasingly contributed to the employment outcomes. There is no comparable data available that would allow us to trace this difference so carefully. This decline is a trend break compared with what was happening prior to the policy change. The employment of Romanian men declined, generating this trend, while the employment of Romanian women increased. At the same time, there does not seem to be a considerable impact from the increase in employment of Bulgarians and their reaching the level of Pegged Treaty Change. Within the same special contract sector, the employment of male Romanians increased and continued to rise, reaching a higher level by the end of the observation period (Adeusi et al., 2025).

A more detailed analysis of the labor market effects of immigration can yield more nuanced insights. Looking at employment rates alone reveals that in some sectors the employment effects of migration can be negative while in others, they are positive. The evidence for sector-specific employment effects is mixed. For some sectors, immigrants have a high employment rate. These sectors are characterized by relatively low entry wages, including retail, land registration, restaurants, cleaning services, and grocery stores. For other sectors, immigrants have a lower employment rate compared to Swedes. These sectors typically include public administration and regional organizations. This could be an explanation for the widespread public perception that immigrants have an adverse effect on the economy. It could also account for the increasing

differences between public opinion and the recommendations of experts. People might therefore believe that immigration has a negative effect since they consider that people who solely live off government welfare are superior to productive but impoverished subsistence farmers. This shows that a more detailed labor market analysis is necessary to understand the sector-specific employment effects of migration and its impact on welfare effects (Lashchuk, 2025; Martelli, 2025).

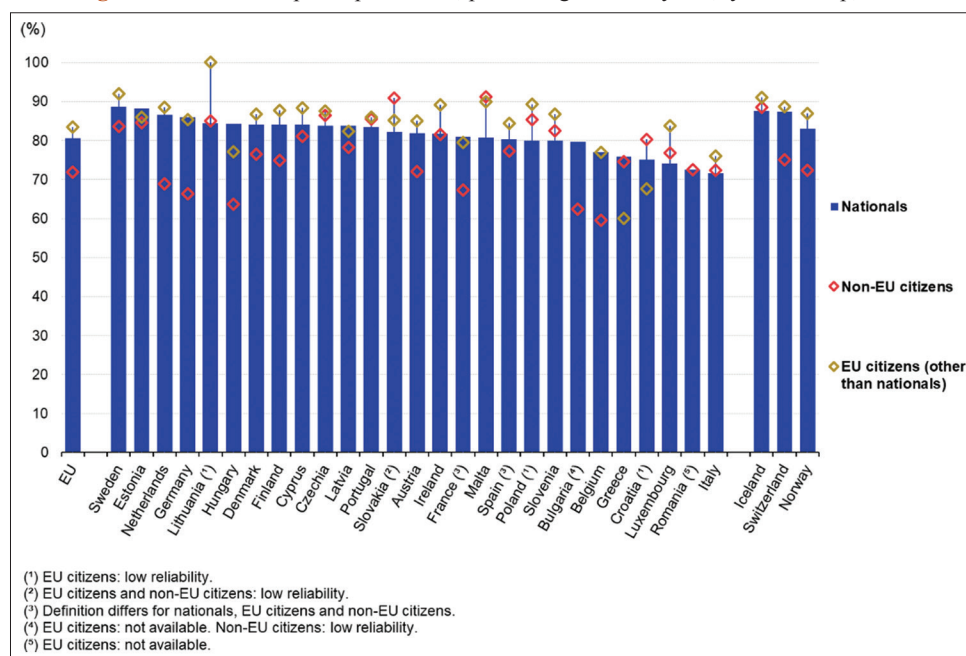
Figure 1 presents labor force participation rates by nationality across EU countries. Nationals consistently show higher participation rates compared to EU and non-EU citizens. Notably, in countries like Sweden, Estonia, and Portugal, EU citizens (other than nationals) and non-EU citizens approach or exceed the participation levels of nationals. However, countries such as Greece and Italy exhibit significantly lower rates for non-EU citizens, indicating integration challenges. Overall, while variation exists, foreign citizens generally face lower labor market participation, highlighting disparities needing policy attention. In 2023, labor force participation rates among nationals and foreign citizens varied notably across EU member states. Sweden recorded the highest participation rate among nationals at 88.6%, while most other countries surpassed the 75% threshold. Lower rates were observed in Luxembourg, Romania, and Italy, with Italy marking the lowest at 71.5%. For citizens from other EU countries, participation levels exhibited a wider range, from 92.0% in Sweden to 60.0% in Greece, reflecting broader disparities. Non-EU citizens experienced an even more diverse distribution, with Malta reporting the highest rate (91.1%) and Belgium the lowest (59.5%). In 14 out of 21 countries with reliable data, EU mobile citizens had higher participation rates than nationals, most notably in Luxembourg where the difference was 9.7% points. However, in seven countries—including Belgium, Germany, and Greece—the opposite was observed, with Greece showing the greatest gap where the participation rate of EU citizens was 15.9

points lower than that of nationals. As for non-EU citizens, their participation rate was lower than that of nationals in 15 of 25 countries, with the most significant disparity occurring in Hungary (20.5 points lower). Conversely, in nine countries, non-EU citizens outperformed nationals, especially in Malta where their participation rate was 10.3 points higher. Romania was the only country where both groups registered identical participation levels.

The European economy's labor market develops qualitatively thanks to highly qualified migrants and quantitatively due to lower qualification structure compared to many EU member states. However, previous studies show that the wage effects were unequal because of heterogeneity in the qualification levels of both resident and migrant workers. Furthermore, the wage effect is not necessarily negative, but the increase in nominal wages in less competitive sectors, due to labor demand pressure, caused a decrease in competitiveness and total labor demand, thus affecting employment negatively. It has also been emphasized at the macro level that there might be long-term effects in terms of economic restructuring. From this perspective, the wage differential between sending and receiving countries is due to the factors mentioned above. However, this relevant to this theoretical approach did not examine the qualification factor in the models. Therefore, the impact of the total and qualification-specific migrant inflows—controlled by the assumption of full mobility conditions at the destination—on the formation of both wage levels had not been possible to determine by examining the upward bias in the estimation of the wage effect relevant to this approach (Money, 2025).

With respect to the European experience regarding immigration from ex-Soviet countries since 1990 and the current immigration of labor at minor and major levels of skill from the new member countries after 2004, evidence is scarce, with the available studies being quite controversial. The new member countries are usually

**Figure 1:** Labor force participation rate, persons aged 20-64 years, by citizenship, 2023



Source: Eurostat (2023)

regarded with concern due to their disparity in income level as compared to the pre-2004 member countries. Some findings do show long-run effects even for countries where the absorption of immigrants in the labor market would be expected to be best. From the perspective of countries such as France and Germany, which have followed a policy of encouragement to draw in skilled migrants, the overall EU reception mode towards migration has not been found to induce many benefits in terms of increased economic growth. On the contrary, empirical studies conclude the potential negative effects of immigration for a number of aspects, focusing on economic convergence paths, the dynamics of the aggregate economy, income inequality, and the inclination of a slowing down economic growth rate (Lazarenko and Rabinovych, 2025).

Other research highlights that, when differences across countries are taken into account, evidence can be found that immigration contributes beneficially to the economic performance of some countries or that the countries' real economic performance empirically reveals implications contrary to the conventional view. Empirical investigations for the European countries focus on the effects of immigration due to the EU Enlargement to the East during the 1990s. However, those large waves of low-skilled immigration occurred during a bullish phase predominant in all European labor markets (Kuusmanen and Meriläinen, 2025).

The brain gain is much higher than the brain drains. The effects of skill selection can even be influenced further by policies of the initial countries of origin concerning residency, family reunion, eligibility for public services, regularization, and remittances. The skill content of immigration is negatively affected by any skill-based policy measuring migrants' productivity at origin rather than a potential, human capital development, or visa policy measuring the individual capacity to adapt to the receiving country's labor market conditions. Given the limited skill profile and domestic mobility of workers at the origin, skilled workers from a neighboring source country can enjoy a Schumpeterian effect more easily than workers from a distant country (Nabulsi, 2025).

What are the comparative effects of high-skilled and low-skilled migrants on the labor market of host countries? If high-skilled migrants are in demand, what additional policy intervention or market adaptation is needed? What factors are responsible for the lower educational backgrounds of the second generation of migrants and the persistence of these patterns over subsequent generations? What accounts for differences between European countries in the relative educational success of the children of migrants? These are a few questions scholars ask when they turn to the question of the impact of high-skilled and low-skilled migration on the labor market of host countries (Ruhs and Anderson, 2010).

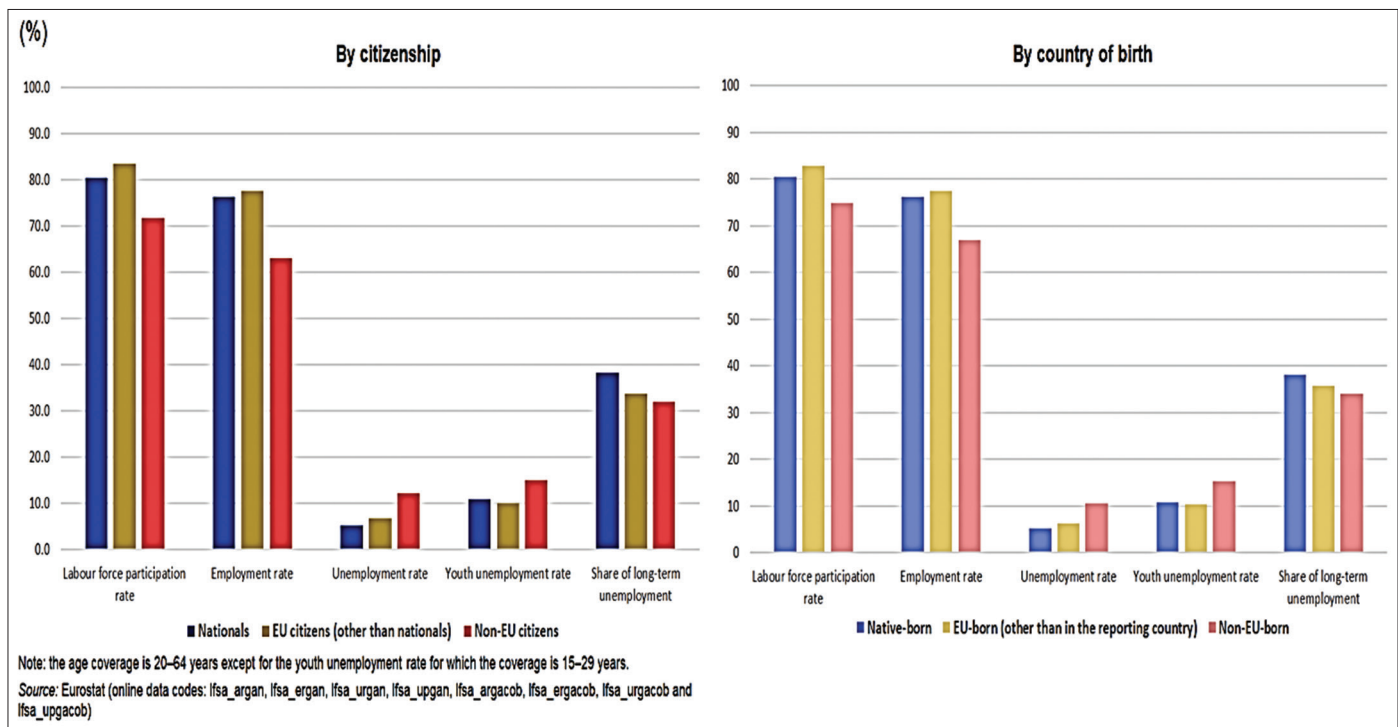
From a regional policy point of view, it is important to distinguish between domestic migrants and international migrants. Domestic migration will lead to a convergence in wage rates and regional specialization according to comparative advantage as skilled labor leaves poor and less productive regions and moves to wealthier and more productive ones, while the effects of international migration will depend on which country has the bargaining power to use the immigrant's human capital created in their skills

formation systems. The ideological aim when implementing multicultural policy is to support the internal cohesion of a pluralistic society by broadening the degree of freedom of diverse forms of culture, and thereby further the attainment of the life goals of the members of minority ethnic groups. Central to this objective is that freedom of choice is an integrative element within the society as a whole, and not only for the minority ethnic groups. The individual's free choice to participate in the general culture is the rationale for the opposition of multicultural policies against assimilation and imposed commonplace values of the host country. Promoting this freedom of choice would be in the interest and to the liking of the individual. There is clear evidence that the integration measures carried out in these states do bear effects on the degree of adaptation of immigrants to the institutional setting (Martelli, 2025).

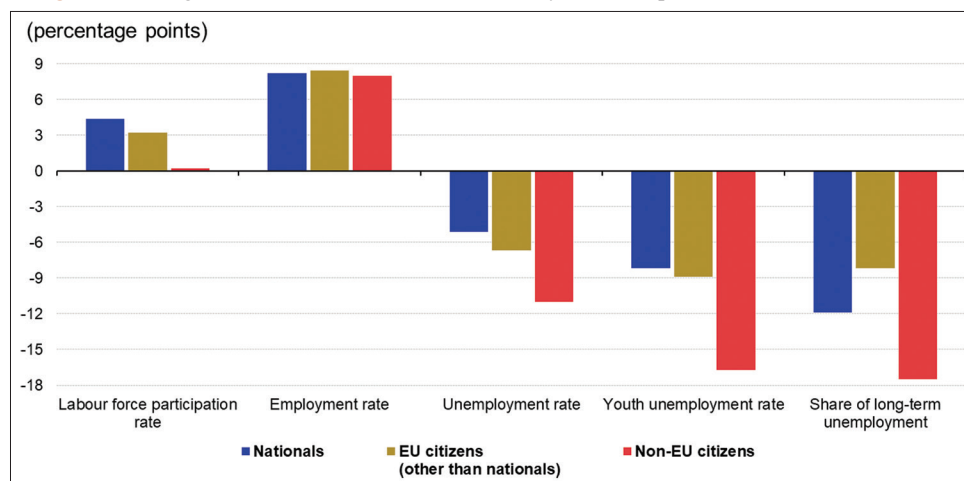
The far better incorporation of naturalized immigrants in the European countries of immigration than in the traditional immigration countries of North America results from easier access to the labor market after integration, to the chances to participate in the political decisions that concern the conditions under which economic liberties are enjoyed, and to more attractive terms of the contract an immigrant has to accept in order to end or prevent his or her isolation. At the time of entry in the host country, skill levels and the ability to understand and speak the host country's language are the most important determinants of labor market integration of migrant workers. The importance of prior labor market experience is lower, and most migrants do not change sectors when they enter. Second-generation immigrants have fewer difficulties integrating into the labor market, which indicates that language is an important determinant of labor market success. Several countries have introduced integration requirements. Sweden introduced integration requirements for residence permits in 2010 and Denmark in 2002. In Sweden, almost 80% of immigrants with work permits that are longer than a year did not meet these requirements, mainly because of low requirements on language skills. In Denmark, however, the effects are larger; more than 30% of all family reunifications were affected, and in 2007, 10,000 fewer immigrants than would have occurred if the requirements were not in place were living in Denmark. In Sweden, the cross-sectional studies show that the policy had no effect on employment until 2013 when the time-limited work permits were introduced (Lazarenko and Rabinovych, 2025).

Figure 2 shows EU labor market indicators by nationality and country of birth. Nationals and native-born people exhibit the greatest rates of employment and labor force involvement. On the other hand, non-EU nationals and non-EU born groups suffer the most unemployment, young unemployment, and long-term unemployment rates. Generally, EU nationals and EU-born groups outside the reporting nation lie in between. The research shows ongoing differences in labor market integration, particularly for non-EU populations, suggesting a need for focused social inclusion and employment strategies.

In 2023, labor market participation and employment levels among individuals aged 20-64 across the European Union varied significantly depending on citizenship status. Citizens from other

**Figure 2:** Main labour market indicators, by citizenship or by country of birth, EU, 2023

Source: Eurostat (2023)

**Figure 3:** Change in main labour market indicators, by citizenship, EU, between 2013 and 2023

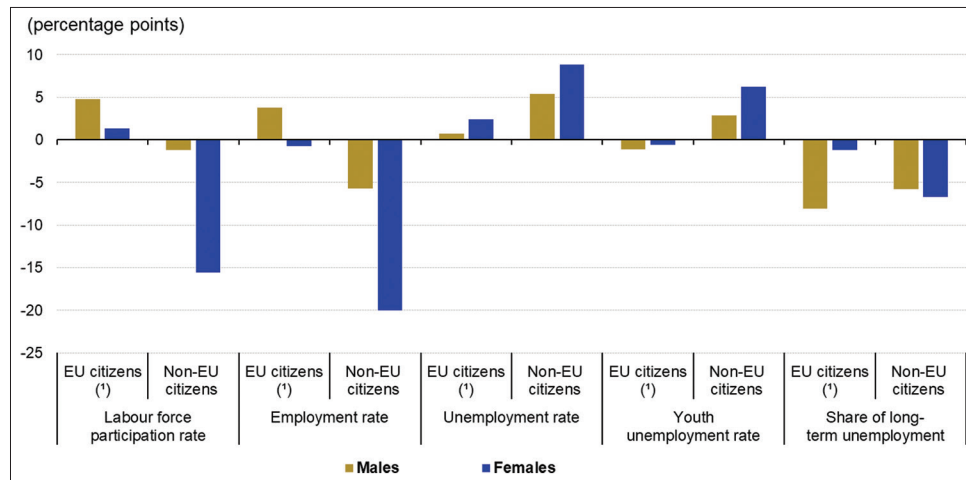
Source: Eurostat (2023)

EU countries exhibited the highest labor force participation (83.4%) and employment rates (77.6%), surpassing both EU nationals and non-EU citizens. Nationals followed with participation and employment rates of 80.5% and 76.2% respectively, while non-EU citizens recorded considerably lower figures—71.8% for labor force participation and 63.0% for employment. Unemployment affected non-EU citizens most severely, with a rate of 12.2%, compared to 6.9% for other EU citizens and 5.4% for nationals. Youth unemployment, measured among those aged 15–29, showed a similar trend: The rate was highest among non-EU citizens (15.1%), while nationals and other EU citizens had slightly lower levels at 10.9% and 10.0% respectively. Furthermore, long-term unemployment—defined as being jobless for over a year—was most prevalent among unemployed nationals (38.2%), whereas

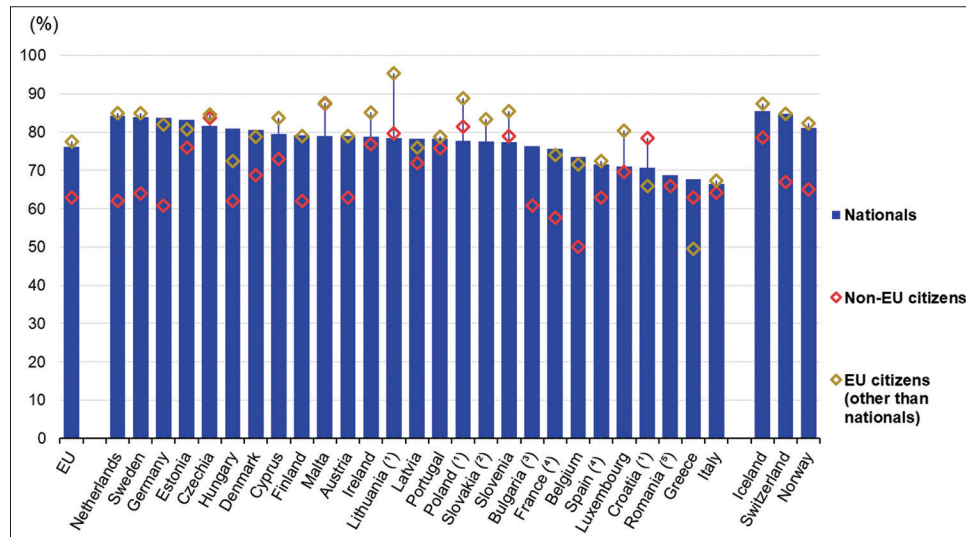
non-EU citizens faced the lowest share (31.9%), with other EU citizens in between at 33.8%. These disparities underscore the persistent challenges in integrating non-EU citizens into the EU labor market.

Migrants contribute to the receiving economy in several ways. There are three recognized economic effects of migration. First, since many migrants are in the labor force and mostly tend to work in jobs taken from the bottom end of the recipient economy, their relative wages are much lower than average and so provide a source of additional labor supply. Secondly, to the extent that they are cheaper to employ than indigenous workers with similar skills, migrants contribute to reducing the incentives of employers to move production abroad. Thirdly, by providing an additional



**Figure 4:** Difference between the labour market indicators for males and females by foreign citizenship, EU, 2023

Source: Eurostat (2023)

**Figure 5:** Employment rate, persons aged 20-64 years, by citizenship, 2023

Source: Eurostat (2023)

mouth in aggregate demand without adding significant numbers of elderly people, particularly young migrants contribute positively to the demographic outlook of the receiving society. There are also several all-around competitive advantages that migrants bring with them. First, the presence of large waves of immigrants creates a mirror within the home economy of the receiving society and so provides increased opportunities for those at home. Migrants living abroad challenge those at home to compete more efficiently and to produce more efficiently by doing as the others without actually seeing the day-to-day consequences. Secondly, migrants often possess publicly funded educations which might not have been available in their home country. Upon arrival, they are all ready to use the acquired skills in the workplace. For these reasons, they often take jobs that are in higher demand in the recipient economy than others. For migrants, granular results come from letting the wage mechanism work. Thirdly, for many countries with a history of emigration through highly skilled workers, the opportunity cost of their education is zero because the sending country usually does not contribute to the costs of education of such migrants. Since

the costs are all borne through a public process, a disincentive for lifers abroad is the consequence. Since many of the highest skilled citizens of developing countries have already departed, their brain drain upon departure is minor. This creates a mercantilist benefit of greater value for the receiving country (Martelli, 2025).

Between 2013 and 2023 (Figure 3), all three types of citizenship saw rising in the EU with respect to the employment rate. While nationals had a larger rise, citizens of other EU nations saw the greatest rise. Nationals had the least of these declines (in percentage points) for both age groups, while non-EU citizens had the most. Citizens of other EU nations showed the least drop in long-term unemployment between 2013 and 2023.

Between 2013 and 2023, labor market indicators in the European Union showed overall improvement across all citizenship groups, with notable differences in the magnitude of change. The labor force participation rate rose for nationals, EU citizens from other member states, and non-EU citizens, with the most



substantial increase observed among nationals (a rise of 4.4% points). Employment rates also improved across all groups, led by citizens of other EU countries, who experienced the highest growth (8.4% points), followed closely by nationals (8.2 points) and non-EU citizens (8.0 points). In contrast, declines in both general and youth unemployment rates were most pronounced among non-EU citizens and least significant among nationals. Regarding long-term unemployment, the reduction over the decade was smallest among EU citizens from other countries, indicating persistent integration challenges for this group in maintaining stable employment over time.

Across all five measures, female non-EU citizens had the greatest disparity in the EU in 2023. While for the unemployment rate among those aged 20-64 years it was narrowest for male nationals of other EU countries, the difference was smallest for female citizens of other EU countries for labour force participation, employment, young unemployment and long-term unemployment rates. Female non-EU citizens participated in the work force 15.6% points less than female nationals. One may compare this disparity to a much smaller one of 1.2 pp for male non-EU nationals. Citizens of other EU nations had a greater labour force participation rate than nationals of both genders, but the gap was less for women than for men. Female non-EU citizens worked 20.0 percent less than female nationals. This difference may be compared to a 5.7 pp deficit for male non-EU nationals. While for female citizens of other EU nations there was a disparity of 0.7 pp between the rates with a greater rate for female nationals, male citizens of other EU countries had a smaller gap in the other direction. Female non-EU citizens had an unemployment rate 8.8 percent greater than female nationals. This difference for male non-EU nationals was 5.4 pp. With the smallest difference seen for men, the disparities were less for nationals of other EU nations than for non-EU residents. The differences for both male and female inhabitants of other EU nations were negative for the young unemployment rate. Women had a smaller rate differential than men: 0.6 pp compared to 1.1 pp. Non-EU citizens of both sexes have greater young unemployment rates than nationals of other EU nations. Female non-EU citizens had a 6.2 pp larger difference than male non-EU citizens in relation to male nationals, whereas male non-EU citizens had a 2.9 pp smaller gap. Among both female and male nationals, the proportions of long-term joblessness were higher. For male nationals of other EU nations with 8.1 pp, the disparity was greater for those from other EU countries. For non-EU citizens, this difference was somewhat greater for female non-EU citizens at 6.7 pp in comparison to a difference of 5.8 pp between male non-EU citizens and male nationals (Figure 4).

Until 1999, little public debate was devoted to issues of immigration and integration of non-nationals in the apex of European policy-making. The main European Commission reports simply aimed at inventory-taking of the situation prevailing in the member states. With the adoption of the Amsterdam Treaty and policy shifts initiated in 2000, several innovative initiatives on such issues were put in place, such as the 'communitarization' of some provisions on legal migration, the adoption of the first framework directive concerning the status of long-term residents who are nationals of third countries, and the inception of various action plans on integration. All this has been formalized in 2003 by the recognition of the competence of the

European Union on issues of legal immigration and longer integration through the introduction of a proper unified decision rule. The many resonating declarations and the activation of additional instruments concerning regional, national, and civil society stakeholders have further expanded the initial field of European intervention. Policy-related scientific research is complemented by the production of datasets (Geddes and Scholten, 2016).

An inter-panel comparison with non-EU migration policies may be much more developed than is the case, tackling a rather more difficult problem, since non-EU countries are different from each other in most relevant dimensions. They do not generally share a common legal structure; they apply restrictions to the movement of people from a wider range of sending countries; their policies cannot be as inflow-biased as those of major EU states; they are generally more likely to be policy-takers than the EU. It is not clear that there is anything useful to gain, by way of EU policy towards and partnership with its neighbors, from a studied avoidance of worthwhile measures of approximation between willing and diverse partners. This is not to ignore real problems, however. Mainly at the national rather than EU level, the barriers to policy effectiveness are considerable. Cooperation requires something for everyone, defined by a degree of imaginary bargaining, and compatible with local culture. The problems of harmonization of visa conditions between Germany and Liechtenstein are not made less severe by their proportional illogicality. The consequences of measures that rest on the vital role of the private sector are frequently misdesigned public-private partnerships. The scope for harmonized policies is of real magnitude - though not unlimited (Cardwell and Dickson, 2023).

The nations with the greatest unemployment rates for citizens in 2023 were Spain (10.9%) and Greece (10.8%). These countries were both members of the European Union. In other parts of the European Union, this percentage was lower than 8%. Germany (2.4%) and Malta (2.3%) were found to have the lowest rates among the studied countries. Regarding the unemployment rates in 2023, there was a far wider disparity amongst the nations that make up the European Union (reliable data was available for 12 Member States). This was the case for inhabitants of other EU countries. Among the countries with the highest rates were Spain (14.1%) and Italy (11.3%). On the other end of the spectrum, the countries with the lowest reported rates were the Netherlands with a rate of 4% and Germany with a rate of 3.9%. In the year 2023, the range of unemployment rates in EU nations for non-EU citizens was also wider than the range for nationals. This was based on the fact that accurate data was available for 18 Member States. Sweden had the highest rate, which was 23.4%, which was 20.4% points more than the rate in Czechia, which was 3.0%, which was the country with the lowest rate. The unemployment rates in 2023 were greater for citizens of other EU nations than they were for nationals in ten of the twelve EU countries for which accurate statistics are available. In Denmark, the rates for citizens of other EU nations were 4.9% points higher than the rates for natives. This was the country with the biggest discrepancy. Luxembourg and Cyprus were the only two EU nations in which citizens of other EU countries reported lower unemployment rates than native residents. Within these two countries, the differences were rather small (no more than 0.3% points). In 2023, the unemployment rates for non-EU citizens

were higher than those for EU citizens in each of the 18 countries that are part of the European Union (EU) for which reliable data are available. One of the most significant disparities was seen in Sweden, Belgium, and Finland, where the rates for non-EU citizens were, respectively, 18.1, 11.3% and 11.2% points higher than those for nationals. In Czechia and Latvia, the deficits were the smallest, at 0.5% and 1.4% points, respectively (Figure 5).

## 5. CONCLUSION

In response to recent economic and demographic trends, a number of non-EU countries have liberalized migration controls and broadened the access of temporary labor migrants to their labor markets. Experience shows that non-EU countries' use of selective and temporary labor migration has been unsuccessful in attaining its main goals of filling labor market shortages and reducing the inflow of unauthorized migrants. Further, temporary labor migration systems are known to undermine the integration of both temporary and permanent migrants, reduce security and benefits in the labor market, and drive socio-economic disparities between different kinds of workers in the low-wage labor market. Several assessments by the countries' authorities explain that temporary labor migration policies failed to reach their main goals. Irregular migration was still substantial. Many potential migrants remained excluded from legal access to labor market visa programs, as available quotas did not match the demand. Migration control practices, such as utilizing very restrictive admission quotas, lessening frequent incentive limits, or maintaining long residence processes, weakened the policies' potential value for sending and receiving countries. Temporary labor migration policies were not really made to be selective; rather, the policy design opened numerous legal but long-restricted approaches to the labor market and were mainly accessed by persons without labor market alternatives at home. Policies developed worldwide regarding immigration have mainly been in two dimensions: (1) Permanent settlement and (2) Temporary movement of workers. Before evaluating the effects of these policies on the labor market, historical practice should be analyzed. First; certain countries are the ones that first come to mind when discussing migration and immigration. The first common feature of these countries is their physical distance from the countries that hold the largest population. The second is that the colonies they operated and the labor shock they experienced during industrialization. The historical experience of these countries is also an example. In terms of certain regulations; it can be expected that policies such as prohibiting certain groups in specific occupations, similar to past restrictions on employment in many areas, were implemented. In fact; over the years, the implementation of these policies for industrial production was not maintained even in other countries.

One of the most popular labor markets among these countries is the United States. It is one of the labor markets that have used immigration policy in conjunction with the settlement policy for the longest time. The way in which immigration policy has been implemented is also different from that implemented in other countries. The founding process of today's global superpower is based on immigration. The most exciting migration pattern of civilization is to be the cradle of advanced technology giants.

Minorities who have experienced discrimination and suffering in this country are expected to work hard and ignore their rights. Policies aimed at minimizing social costs are instrumental in exploiting these individuals. The demographic characteristics of this country have changed rapidly over time, and the process of moving from being a certain type of country to a multicultural immigrant country has always been approved. The EU might consider further enlargements. Croatia and Turkey are currently candidates, and Macedonia and Serbia are potential candidates. Cyprus and Malta have applied for EU membership. Nevertheless, for the time being, the European Commission suggests extending the current arrangement based on the EU Association Agreements as the most appropriate approach for the foreseeable future. Other candidate countries are advised to focus on concluding agreements to replace the existing ones. Such agreements should liberalize the conditions for recruiting the countries' workers on an external basis, mainly by addressing restrictions on work permits, reducing recruiting costs, introducing medium-term circulation mechanisms, e.g., by reducing transfer costs and language requirements, and by introducing information-sharing and integration programs among potential immigrants and the host countries. In the following section, we make several predictions about the intended and unintended effects of migration policies on European labor markets. A number of current policies represent a change from the relatively laissez-faire policies that existed in Europe just a few years ago. Predicting their consequences is difficult because these policies affect both the supply side and the demand side of the economy, with consequences including labor market and macroeconomic performance. On the supply side of the economy, the policy has reduced the flow of workers into the European labor market at a time of skill shortages. This implies upward pressure on wages and a positive incentive to invest in labor-saving technology; however, little or no data exist to test these predictions. The some effects of European policies on the labor market are both intended and unintended:

- Reduced immigration will raise the average worker's productivity, producing a positive short-run effect on wages
- It will also raise the productivity of the capital stock and the profit rate
- In addition, capital will flow into Europe from the rest of the world
- Unemployment will be reduced
- Lower immigration into Europe may increase the net fiscal position of the government because immigrants have a lower welfare utilization rate than natives
- These effects are based on the assumption that relative labor scarcity increases the return to labor, but little or no data exist to estimate the relevant coefficient
- A reduced flow of unemployed workers may raise the incentives for the labor force to gain hard skills and education
- Wages may increase less in the countries with the largest increases in immigration
- Higher wages and lower labor force growth in black markets may increase the flow of illegal immigrants
- Supporters of restrictive policies may not wish to see all ten of these predicted effects
- Taxes on wages will fall
- Markets for illegal workers may expand

- Elasticity of substitution may increase in the long run, to the benefit of workers with very low wages.

The migration decision from a declining region into a growing region with population growth may boost the labor market because surplus labor supply causes the wage rates to decrease. However, the net migration effect in the destination area will have the same effect on the labor market as labor supply elasticity becomes weak, inefficient labor markets, or high levels of labor market flexibility. In the short term, labor demand seems to be incohesive. Therefore, a high but not positive migration effect reveals that low human capital migration may force the labor market to fall into temporary disarray and become disruptive. Migration in declining regions is perceived as a “fleeing” decision both for the people and potential economic production foundations, and this may cause the depreciation of the social composition because it acts as a social buffer that allows too many people to leave the region. The output value of human capital in the region falls, and there is high competition and segregation due to transferring the problem to areas with sufficient social and economic infrastructure to avoid weakness. A rapidly declining population and a young population forced to leave the area are perceived as an outcome of the inefficiency of the political structure as a factor for the administrative and political problems in the country of residence.

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