

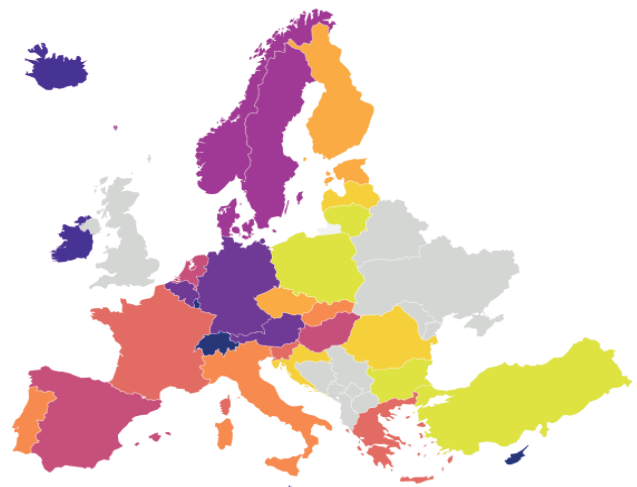
Intra-EU Mobility of Persons

Cyprien Batut, Tristan Gantois and Jean Lavallée

- The goal of the European Union (EU) is to build a common economic market and drive the emergence of an European citizenship grounded in the concept of the free movement of persons, goods, services and capital. Whilst for persons, EU legislation initially covered workers' mobility, it has been extended to encompass other reasons for migration, in particular for studies under the Erasmus+ programme.
- For the purposes of international statistics, an immigrant is defined as a person who lives outside their home country (thus excluding tourism or cross-border commuting). Owing, in particular, to the progressive removal of statutory obstacles, the average share of immigrants in the populations of European countries has more than doubled since 1960, jumping from 4.5% in the current 27 EU Member States to over 11% in 2019. In that year, out of these 11%, 3.7% of EU inhabitants originated from another EU Member State (see Chart). On average, these intra-EU immigrants are more highly qualified and more often in employment than non-EU immigrants.
- EU membership leads to a sharp decline in border frictions that could impede the mobility of persons to and from the country. Accession should go hand in hand with an immediate reduction in the formal and informal barriers to the migration of other Europeans to the country in question, which could fall by almost a third a decade after joining.
- This removal of barriers to the intra-EU mobility of persons helps ensure the smooth workings of the internal market by providing businesses and workers with fresh opportunities for matching supply and demand which foster the EU's productivity. The regional and national impact is especially positive when the skills of immigrant workers complement those of nationals, or when immigrants take up unfilled vacancies in certain sectors in the host country.
- Despite the removal of statutory barriers to intra-EU mobility, there are still practical barriers such as those relating to language and culture, the issue of the recognition of skills and qualifications on the labour market, and the heterogeneity of social security systems.

Share of intra-EU immigrants in European countries in 2020 (% of total population)

■ < 1.1%
 ■ 1.1%–1.7%
 ■ 1.7%–2.5%
 ■ 2.5%–3.0%
 ■ 3.0%–3.4%
 ■ 3.4%–4.2%
 ■ 4.2%–7.5%
 ■ 7.5%–10.3%
 ■ 10.3%–13.5%
 ■ ≥ 13.5%



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Source: Eurostat.

Note: Share of persons born abroad in another European country in the general population of countries covered by Eurostat.

1. Intra-EU migration

1.1 Free movement of persons within the EU

From the outset, the free movement of persons has been central to European construction. In 1957, Article 48 of the Treaty of Rome committed the Member States to ensuring “freedom of movement for workers [...] within the Community”. This provision grants EU workers entitlement to move around Europe to find a job and abolishes any discrimination based on nationality. Subsequent treaties have sought to eliminate the last-remaining statutory roadblocks to migration within the EU. For instance, the 2007 Treaty of Lisbon extended freedom of movement of workers to all EU citizens including pensioners. European countries have also made international mobility for students and teachers easier with the Erasmus+ programme. The programme was adopted in 1987 and initially focused on mobility in higher education before being broadened to take in other sections of the population, such as secondary school students, apprentices and teachers, and non-EU countries.¹

The Schengen Area is made up of 23 of the 27 EU Member States² plus the four countries that form the European Free Trade Association (EFTA)³ and represents the most-densely populated multinational area for the free movement of persons. Under the terms of Article 3 of the Treaty on European Union, once they have entered the territory of a Schengen Area member, any individual (EU or non-EU national) may cross the borders of the other countries without control.⁴

EU legislation sets out three categories of citizens with respect to free movement: workers, economically inactive people and jobseekers. Each category has different rights concerning residency and social security benefits. Workers have a right of residence and may be entitled to the same benefits as nationals whereas, during the first three months of their stay, economically inactive people may be refused benefits. Jobseekers may be able to keep their entitlement to unemployment benefit for three months, subject to certain conditions.

1.2 Changes to the EU's immigrant population since the 1960s

For the purposes of international statistics, an immigrant is usually defined as a person who lives outside their home country as opposed to nationals who live in the country where they were born.⁵ According to World Bank and United Nations data, since 1960,⁶ the share of immigrants in the populations of European countries has more than doubled from an average of 4.5% in the countries that currently make up the EU to more than 11% in 2019 (see Chart 1). European immigrants accounted for some of this number although the majority of the increase was attributable to non-Europeans (85% of the overall increase). There have been two waves of European migration: the first in the 1960s and 1970s followed by an ebb in the 1980s, then the second as from the 1990s with the gradual opening up of Eastern European countries. In 2019, more than 3.5% of the inhabitants of EU Member States were immigrants from another Member State.

(1) In 2023, it covered the EU Member States and six non-EU countries (Iceland, Liechtenstein, North Macedonia, Norway, Serbia and Turkey).

(2) Bulgaria, Ireland, Romania, and Cyprus are not members.

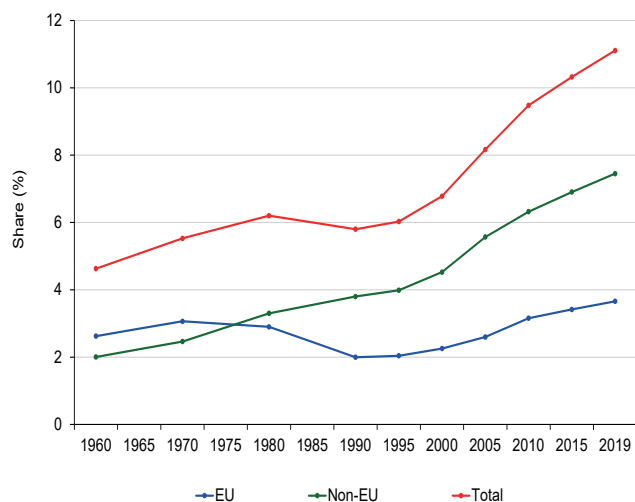
(3) Norway, Iceland, Switzerland and Liechtenstein

(4) This lack of control constitutes a right of movement for all migrants and a right to work for EU migrants.

(5) This definition is used for international statistics on immigrant populations as published by the United Nations and the OECD. Concurrently, INSEE puts forward a different definition under which immigrants are foreign-born abroad. See M.A. Barbara, J.C. Dumont and G. Spielvogel (2021), “French Emigration Throughout The Globe: What Does The Increase Reveal?” *Tresor-Economics*, No. 275.

(6) World Bank data factors in the effect of changes in the number of countries in the world on the number of migrants per country. As an example, after the USSR broke up in 1991, people living in one of the new independent states, but who were born in another ex-USSR country, are considered to be immigrants.

Chart 1: Share of immigrants in the populations of the current EU Member States (EU-27) based on origin



Source: UN Population Division and World Bank. DG Trésor calculations.

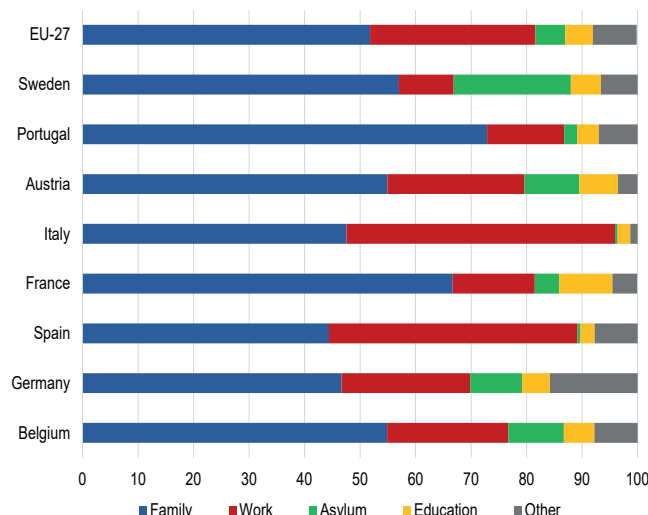
Note: The chart shows the change in the share of inhabitants of the current EU-27 countries who were born in a foreign country, whether this country is part of the EU-27 or not.

How to read this chart: In 2015, 10% of the European population was born in a country other than their country of residence.

According to 2014 EU Labour Force Survey data,⁷ the main reasons for migration (from all countries) within the EU are family reunification (between 40% and 70% of respondents), followed by work (between 10% and 40% of respondents depending on the country), education (less than 10% of respondents in all countries), or an application for asylum (no more than 20% of respondents, see Chart 2).⁸ However these grounds are not exclusive as moving for family reasons may be combined with a work-based reason.

Some EU inhabitants choose to reside in another country once they retire. They may be spurred on by a relatively lower cost of living or a better lifestyle in the host country. This remains a marginal trend but it is thought to be more marked in Europe than elsewhere and could pick up pace as the population ages.⁹

Chart 2: Stated reasons for migration in a sample of European countries in 2014



Source: Eurostat – EU-LFS 2014. DG Trésor calculations.

Note: Non-responses have been excluded. The chart shows the reasons stated by the total immigrant populations, irrespective of their origins, in a country-wide sample.

1.3 A statistical overview of immigrants in the EU

The reasons behind migration influence the comparative demographics of immigrants and nationals. Immigrants are broadly younger as they tend to leave their home country when they are still of working age, to be part of an active family¹⁰ or to continue their studies. According to 2015 OECD data,¹¹ 83% of intra-EU immigrants aged 15 and above were still of working age compared with 76% of nationals and 90% of non-EU immigrants. When they are of working age, EU immigrants have, on average, a similar employment rate to that of nationals, but higher than that of non-EU immigrants. The same data showed that they also had educational attainment levels similar to those of nationals and higher than those of non-EU immigrants.

(7) Compiled by Eurostat.

(8) By way of comparison, in France, the share of residency permits issued each year to nationals of non-EU countries on family-related grounds dropped between 2007 (51% of permits) and 2021 (32%). See "Immigrants and descendants of immigrants", *Insee Références*, 2023 edition.

(9) E.B. Savaş, J. Spaan, K. Henkens, M. Kalmijn and H.P. van Dalen (2023), "Migrating to a new country in late life: A review of the literature on international retirement migration", *Demographic Research*, 48, pp. 233-270.

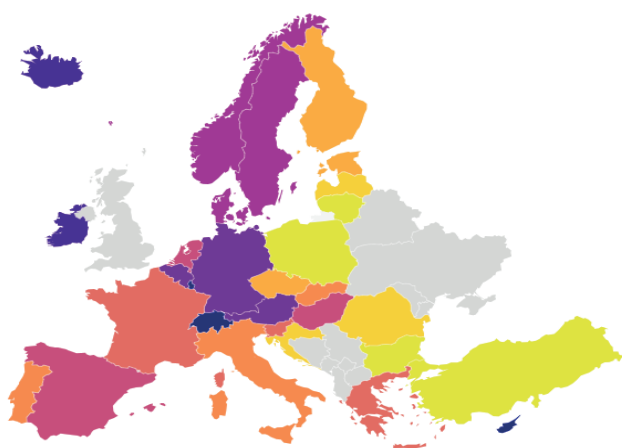
(10) People concerned by migration for family-related reasons are usually married to a migrant or national or are their dependent (essentially children).

(11) Database on Immigrants in OECD Countries (DIOC).

There is an uneven distribution of immigrants from all countries of origin in Europe. In 2011, while the share of the population born abroad rarely exceeded 4% in Eastern Europe, it was higher in Western Europe, in particular in the most densely-populated urban areas, in West Germany and around the Mediterranean (see Chart 3). Intra-EU immigrants are to be found more or less in the same regions as non-EU immigrants (see Chart on the cover page), although they are slightly more concentrated in Germany, Switzerland, Austria and the Benelux countries.

Chart 3: Share of immigrants in the total populations of countries in 2020 (as a %)

Legend: < 1.1% (lightest yellow), 1.1%–1.7% (yellow), 1.7%–2.5% (orange), 2.5%–3.0% (red-orange), 3.0%–3.4% (red), 3.4%–4.2% (magenta), 4.2%–7.5% (purple), 7.5%–10.3% (dark purple), 10.3%–13.5% (darkest purple), ≥ 13.5% (black).



Created with Datawrapper
Source: Eurostat.

Note: The map shows the share of people born abroad in the general population covered by Eurostat.

1.4 EU membership and the mobility of persons

A country's membership of the EU involves compliance with EU treaties and often (since 1999) joining the Schengen Area. This has resulted in a sharp cutting back of institutional barriers to the mobility of Europeans both to and from the new Member State. It is thought that when a country joins the EU, there is an immediate reduction in the barriers preventing EU migrants from coming to this country of a little more than 20% the year of accession and up to 30% a decade later.

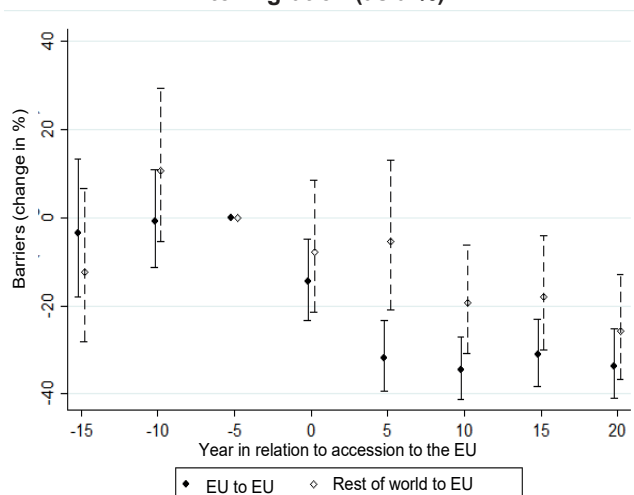
Gravity models are used to quantify barriers to the mobility of persons.¹² These models are based on the empirical finding that the “natural” force of flows

between two countries depends on the distance and relative economic “heft” of these countries. This makes it possible to determine the barriers opposing these natural attractive forces.

Using panel data setting out changes to flows of persons by country pairs since 1960, such a model can be estimated to gauge the impact of accession to the EU on barriers to migration. The outcomes are presented as an event analysis comparing the average change in barriers to migration for European and non-European nationals in relation to its level five years before joining the EU.¹³

EU membership leads to a reduction in obstacles to intra-EU migration as well as a more gradual removal of barriers to non-EU migration (see Chart 4). This confirms that a country's accession to the EU does in practice lead to improved access for migrants, especially those from the EU.

Chart 4: Impact of EU membership on barriers to migration (as a %)



Source: C. Batut (2024), “Barriers to migration in the European Union: does joining the union lead to lower barriers?”, DG Trésor Working Paper, no. 2024/1.

Note: The chart shows the change as a percentage of the average monetary value of the barriers in relation to its level five years prior to joining the EU for European migrants (EU to EU) and for non-EU migrants (rest of the world to EU). The barriers are estimated using an event analysis, along the lines of a gravity model inspired by Head and Mayer (2021). Each point is accompanied by a 95% confidence interval.

How to read this chart: Five years after joining the EU, the value of barriers to EU migrant flows is cut by around 30% compared to its level five years prior to accession.

(12) J.J. Lewer and H. Van den Berg (2008), “A gravity model of immigration”, *Economics letters*, 99(1), pp. 164-167.

(13) The methodology used to reach this outcome is described in greater detail in C. Batut (2024), “Barriers to migration in the European Union: does joining the union lead to lower barriers?”, *DG Trésor Working Paper*, no. 2024/1.

2. Economic gains from intra-EU mobility

2.1 In theory, there are substantial economic gains from the mobility of persons

On the whole, barriers to international mobility of persons come at a cost. A set of studies posits that the complete removal of restrictions imposed on movements of persons would, at least in theory, lead to an overall annual gain that could amount to between 67% and 147% of global GDP.¹⁴ This is an almost unrealistic and probably highly optimistic scenario concerning the economic fallout from lifting statutory barriers to mobility as the global level is unreachable in practice and some obstacles such as language and culture would still slow down migration even if the legal barriers were removed. In addition, these studies tend to gloss over the differentiated impact that the lifting of such barriers would have on countries, as well as the related costs and externalities.¹⁵ These findings nevertheless point to the fact that a reduction in these barriers, even if it is only partial and local, such as that resulting from EU membership and fostering intra-EU mobility, could have substantial positive effects although they would certainly be much weaker.

In theory, these effects stem first and foremost from an improved allocation of personal skills. Intra-EU free movement of labour enables capital and jobs to be better matched by enabling workers to go to where they will be the most productive, to countries where their skills are most in demand, or to those where efficiently organised manufacturing will increase both their productivity and wages. This means that labour mobility should improve the EU's growth prospects. It could also

represent a means of mitigating economic fluctuations between Member States when faced with asymmetric shocks, in particular in the euro area.¹⁶

Immigration can also prove to be beneficial for the host countries due to size effects on the market as it increases the number of consumers and therefore domestic demand. This may lead to efficiency gains via economies of scale (and vice versa for emigration). Increased wealth for immigrants also leads to increased purchasing power for the average consumer at European level.

Emigration can also have positive impacts for the home countries of emigrants as a result of the remittances they send from the host country which may be a major source of income for the home country and lead to gains from immigration being redistributed between countries. Furthermore, although emigration may be detrimental to the home country's potential growth because of a brain drain,¹⁷ it may also spur an increase in educational attainment levels in the home country (brain gain), if the increased wealth of emigrants motivates students to continue their studies.¹⁸

In the host country, immigration is all the more likely to drive innovation and potential growth if immigrants are highly qualified or if they help diversify skills within businesses.¹⁹ The emigrants' home country may also experience higher productivity if they return home after having acquired skills in their host country or through cultural exchanges and knowledge gained by migration.²⁰

(14) M.A. Clemens (2011), "Economics and emigration: Trillion-dollar bills on the sidewalk?", *Journal of Economic Perspectives*, 25 (3), pp. 83-106.

(15) G.J. Borjas (2015), "Immigration and Globalization: A Review Essay", *Journal of Economic Literature*, 53 (4), pp. 961-974.

(16) See Y.-M. Bara, M. Brischoux and A. Sode, (2015), "Labour Mobility In The EU: Dynamics And Policies", *Tresor-Economics*, No. 143.

(17) See Y.-M. Bara, M. Brischoux and A. Sode, (2015), *op. cit.*

(18) F. Docquier and H. Rapoport (2012), "Globalization, Brain Drain, and Development", *Journal of Economic Literature*, 50 (3), pp. 681-730.

(19) G. Orefice, H. Rapoport and G. Santoni (2021), "How do immigrants promote exports?" *CEPII Working Paper*, No. 2021-06.

(20) D. Bahar and H. Rapoport (2018), "Migration, knowledge diffusion and the comparative advantage of nations", *The Economic Journal*, (128), pp. 273-305.

The benefits of immigration on economies can also be seen through increased trade between countries.²¹ On average, more migrants going to a host country is associated with rising levels of trade in goods with the home country. There are three main explanations for this: (1) a dissemination of know-how and the wide range of skills brought in by the immigrant workers, (2) a reduction in the transaction-related costs of trade, such as linguistic differences, and (3) an increase in imports from the home country by migrants as a result of their previous consumption habits and preferences.

2.2 Although remaining substantial, these gains could be lower than the theoretical gains in the EU

A study estimates that deregulating the movement of persons as a result of the 2004 EU enlargement – when 10 new countries joined²² – had a positive impact on the average well-being of EU Member States. Compared with a situation in which migratory policies would have stayed the same, it is thought that the new Member States' well-being, measured in terms of equivalent consumption, increased by 1.2% and by 0.2% in the EU as a whole²³ between 2002 and 2014.²⁴

A number of factors explain this gain. Firstly, the older Member States benefit from a size effect on the market that provides consumers with more diverse and cheaper goods. Freeing up flows of persons also allows for economies of scale in manufacturing due to heightened worker concentration and therefore boosts labour productivity.²⁵ New Member States benefit from the latter effect in the same way through the increase in

trade of goods and services which goes hand in hand with the rise in movements of persons with the older Member States. However, expected gains from the free movement of individuals are lower in the EU than when they are estimated at global level due to smaller differences in productivity between European countries.

Lastly, student mobility in the EU, via the Erasmus+ programme, can provide specific gains by contributing to students' integration and their professional and social mobility²⁶ (which also supports the building of a European identity). This is borne out by the fact that skills acquired when studying abroad are in demand among employers.²⁷

2.3 Over the long term, the mobility of persons has a positive impact on the host country's labour market

In the host country, the aggregate gains from the mobility of persons go hand in hand with redistributive effects on the labour market. In the short term, greater mobility leads to an increase in labour supply in net immigration countries and this may lead, for a given capital stock, to fewer jobs or lower wages for native workers. The relative scale of the impact on jobs and wages is contingent, in particular, on the complementary nature of the immigrant and native labour forces, on one hand, and the available capital, on the other. As a result, the conclusions of the economic literature on migratory flows should be interpreted carefully as their economic repercussions are affected by the assumptions chosen for these various decisive factors and to the methods used.²⁸

(21) A. Hatzigeorgiou and M. Lodefalk (2021), "A literature review of the nexus between migration and internationalization", *The Journal of International Trade & Economic Development*, Vol. 30, Issue 3. M. Genç (2014), "The impact of migration on trade", *IZA World of Labor*.

(22) Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Czech Republic, Slovakia and Slovenia in 2004, followed by Bulgaria and Romania in 2007.

(23) L. Caliendo, F. Parro, L.D. Oromolla and A. Sforza (2021), "Goods and Factor Market Integration: A Quantitative Assessment of the EU Enlargement", *Journal of Political Economy*, 129(12), pp. 3491-3545.

(24) Croatia is excluded from the EU for this analysis. For older EU Member States prior to enlargement, the authors estimate that their well-being remained stable (+0.04%) over the same period.

(25) L. Caliendo, F. Parro, L.D. Oromolla and A. Sforza (2021), *op. cit.*

(26) These results, which are highlighted by European impact studies, are tempered by the empirical literature which flags up, inter alia, the Erasmus programme's selection effects as the most mobile students generally come from an affluent social background or have better academic results. Labour market mobility gains are greater if the student goes to study in a better university than the one in their home country. In addition, it would appear that these gains are limited if the students specialise in a subject giving access to regulated professions such as education or medicine.

(27) European Commission (2019), "Erasmus+ Higher Education Impact Study", Publication Office of the European Union.

(28) G. Peri and V. Yasenov (2019), "The Labor Market Effect of a Refugee Wave: Synthetic Control Method Meets the Mariel Boatlift", *Journal of Human Resources*, 54 (2), pp. 267-309.

Immigration's distributive effect depends on the extent of substitutability or complementarity between immigrants and native workers which, in turn, depends on their qualifications, sectors of activity and skills. If the two groups have similar skills and qualifications, they may compete with each other and this can have potentially adverse short-term effects on jobs and wages for nationals.²⁹ However, if immigrants have skills that complement those of native workers in a given sector, immigration will not have an adverse effect on the latter.³⁰

Assessment of the redistributive effects should be carried out on a fairly broad sector-based scale as some native workers who are faced with an increase in the labour supply due to immigration react to this by changing profession. For instance, substitutability between immigrants and native workers may cause the latter to move to more highly-skilled jobs in the medium term.³¹

Over the longer term, immigration has a positive impact for many native workers, even those who can be substituted, through three factors that can offset

the adverse short-term substitution effects.³² Firstly, immigrants are consumers and they increase demand for companies' goods/services and thereby aggregate labour demand in the host country. Secondly, immigration allows labour supply and demand to be better matched and this increases productive efficiency and improves employment prospects for native workers.³³ In France, European immigrants are usually over-represented in sectors experiencing hiring difficulties especially construction and the hotel and catering industries.³⁴ By coming to work in sectors that have difficulty in hiring native workers, immigrants free up the latter to work in other, more appealing, sectors. Thirdly, employing immigrants can foster an increase in employment rates for native workers even if there are no hiring shortages. For instance, by increasing the labour supply in professions that can take on housework, which is most often carried out by women, immigrants have a positive impact on female employment, especially for skilled jobs. This is a phenomenon that has been observed in Italy and Spain for example.³⁵

(29) J.G. Altonji and D. Card (1991), "The Effects of Immigration on the Labor Market Outcomes of Less-skilled Natives", *Immigration, Trade, and the Labor Market*, Abowd and Freeman

(30) H. Brücker, A. Hauptmann, E.J. Jahn and R. Upward (2014), "Migration and imperfect labor markets: theory and cross-country evidence from Denmark, Germany and the UK", *European Economic Review* 66, pp. 205-225; F. D'Amuri G.I.P. Ottaviano and G. Peri (2010), "The labor market impact of immigration in Western Germany in the 1990s", *European Economic Review* 54(4), pp. 550-570.

(31) J. Ortega and G. Verdugo (2022), "Who stays and who leaves? Immigration and the selection of natives across locations", *Journal of Economic Geography*, 22(2), 221-260.

(32) H. Brücker, A. Hauptmann, E.J. Jahn and R. Upward (2014), *op. cit.*; F. D'Amuri, G.I.P. Ottaviano and G. Peri (2010), *op. cit.* M. Battisti, G. Felbermayr, G. Peri and P. Poutvaara (2018), "Immigration, Search and Redistribution: A Quantitative Assessment of Native Welfare", *Journal of the European Economic Association*, Vol. 16, Issue 4, pp. 1137-1188. J. Beuve, M. Péron and B. Roux (2021), "Immigration et difficultés de recrutement", *Focus du CAE*, no. 073-2021 (in French only).

(33) M. Battisti, G. Felbermayr, G. Peri and P. Poutvaara (2018), *op. cit.*

(34) J. Beuve, M. Péron and B. Roux (2021), *op. cit.*

(35) P. Cortés and J. Tessada (2011), "Low-Skilled Immigration and the Labor Supply of Highly Skilled Women", *American Economic Journal: Applied Economics*, 3 (3), pp. 88-123. L. Farré, L. González and F. Ortega (2011), "Immigration, Family Responsibilities and the Labor Supply of Skilled Native Women", *The B.E. Journal of Economic Analysis & Policy*, Vol. 11 (1), Article 34. Barone, Guglielmo and Sauro Mocetti (2011), "With a Little Help from Abroad: the Effect of Low-Skilled Immigration on the Female Labour Supply", *Labour Economics*, Vol. 18 (5), pp. 664-675.

3. Barriers to intra-EU migration

Table 1. Main barriers to international mobility as perceived by Europeans in 2009

a. What would be the reasons which might discourage you from working abroad?

Social and cultural barriers	
Your home is here	39%
You would not want to impose big changes on your family and/or children	27%
You do not want to leave your friends behind	21%
It is difficult to learn a new language	19%
You do not want to give up your house or other property	16%
The attitude towards foreigners abroad is hostile	8%
Labour market barriers	
You already have a good job here	16%
You don't feel qualified enough to work abroad	5%
Other economic and institutional barriers	
It is too much of an effort to go and work abroad	9%
The cost of living is too high abroad	9%
The quality of life abroad is worse	8%

b. What practical difficulties have you encountered or would you expect to encounter when going to work abroad?

Social and cultural barriers	
Lack of language skills	52%
Finding suitable housing	16%
Adapting to a different culture	13%
Labour market barriers	
Finding a job	24%
Finding a job for my partner/spouse	10%
Having my educational and professional qualifications recognised	10%
Obtaining a work permit	9%
Other economic and institutional barriers	
Dealing with the necessary administrative formalities	11%
Accessing health care or other social benefits	10%
Having my pension rights transferred	6%
Problems with income taxes or similar	4%

Source: Special Eurobarometer 337 – Geographical and labour market mobility; November-December 2009. The survey covered a representative sample of the population aged 15 and over in each EU Member State. More recent Eurobarometers have proved to be less comprehensive with respect to the scope of questions asked (EB 75.1 in 2011 and 79.2 in 2013). They highlight the same perceived obstacles as those set out here.

3.1 Overriding social and cultural barriers

Amongst other factors, relatively low intra-EU migration compared to the level within the United States (see Box 1) bears witness to the social and cultural barriers as the benefits of migration for some Europeans are mitigated by the related investments in terms of learning the host country's language and adjusting to its culture (see Table 1).³⁶ It is thought that cultural differences also help explain variations in bilateral flows as those between France and Belgium are structurally higher than those between Poland and the Czech Republic for instance.³⁷

Europeans' mobility is also restricted by their strong attachment to family relations and the place where they live. In the surveys, amongst the reasons preventing them from leaving their home country, they mention leaving their friends, imposing big changes on their family or giving up their house or other property (see Table 1). More broadly, these answers refer to social capital the benefits of which are lost with a move away from home, even within the same country.³⁸

(36) M. Belot and S. Ederveen (2012), "Cultural barriers in migration between OECD countries", *Journal of Population Economics*, Vol. 25, pp. 1077-1105.

(37) Other factors may also come into play such as long-standing relationships, trade preferences, bilateral economic agreements and geographical distance – a variable that refers to the financial and psychological costs of migration. As far as we are aware, no study has been conducted to compare all the factors mentioned.

(38) E.L. Glaeser, D. Laibson and B. Sacerdote (2002), "An economic approach to social capital", *The Economic Journal*, Vol. 112, Issue 483, pp. F437-F458.

Box 1: Mobility of persons in the EU and United States

To what degree does intra-EU migration live up to its goal of ensuring the free movement of persons? In answering this question, economic literature has compared migration between European countries with that seen between American States. It reveals that there are higher levels of mobility within the US than within the EU.^a This finding is backed up by raw data: in 2019, 3.7% of Europeans were migrants having arrived from another European country (see Chart 1), compared with almost one third for American states in 2022 according to Current Population Survey data.

This means that movements of persons are still fairly marginal in Europe. Their relative expansion can be seen by comparing flows of goods and capital with those of persons within the EU and US.^b Whilst the cost of the barriers to the internal mobility of goods and capital converged for the EU and US between 1997 and 2017, conversely, the cost of restrictions on the internal mobility of persons was still twice as high between EU Member States than between American States in 2017, with no major convergence since 1995.^c This is very probably a reflection of the many remaining social and cultural, economic and institutional obstacles in Europe, which are fewer in the US, a federation with a common language and culture and harmonised federal labour laws.

- a. O. Blanchard and L. Katz (1992), "Regional Evolutions", *Brookings Papers on Economic Activity*, n° 1, pp 1-75; C. L'Angevin (2007), "Dynamiques d'ajustement et mobilité du travail au sein de la zone euro", *Économie et Prévision*, Vol. 178-179, pp. 149-157 (in French only), based on *Tresor-Economics*, No. 14 of April 2007.
- b. T. Mayer (2021), "La libre circulation en Europe : réelle pour les biens et les capitaux, partielle pour les personnes", *La lettre du CEPII* no. 420, CEPII (in French only).
- c. These assessments should be viewed carefully as they are based on net variations in immigrant populations in each region: if immigrants leave a given region and the same number of immigrants then arrive there, these movements of persons will not appear in the data that is used.

3.2 Immigrants are not fully integrated into the labour market

The lack of full economic integration on European labour markets is still a major roadblock to movements of persons within the EU. Part of the shortcomings are information-based such as problems with recognition of qualifications or concerns about being discriminated against when looking for a suitable job abroad (see Table 1), but they are also partly due to the diverse nature of labour markets and social security systems in Europe.

Concerns about having a less favourable experience on the labour market of a foreign country than the country's nationals are partly justified, more so for non-EU immigrants than for those from within the EU.

There are still integration gaps between immigrants and nationals,³⁹ even if they have the same social and economic characteristics and an identical background (same educational attainment level, similar work-related skills, etc.). These gaps take the form, inter alia, of lower wages and poorer working conditions, which mean, in the majority of EU Member States, that a higher share of immigrant workers are in part-time employment or in jobs for which they are over-qualified.⁴⁰

Although the language barrier can explain some labour market integration problems, other factors are at play such as the difficulty of immigrants having their academic and professional qualifications recognised.⁴¹ Despite the EU's initiatives to address these obstacles, the recognition of skills acquired abroad is still lacking

(39) Y. Algan, C. Dustmann and T. Frattini (2010), "The economic situation of first and second-generation immigrants in France, Germany and the United Kingdom", *The Economic Journal*, Vol. 120, Issue 542, pp. F4-F30.

(40) According to 2022 Eurostat data, in the EU, fewer nationals are employed under temporary contracts (an average of 13.3% of workers) than intra-EU (13.9%) or non-EU (20.8%) immigrants. In addition, fewer nationals are employed under part-time contracts (16.8%) than intra-EU (21.6%) or non-EU (22.9%) immigrants. Lastly, nationals are less likely to be over-qualified (20.7%) than intra-EU (28.8%) or non-EU (34.8%) immigrants. The over-qualification rate is obtained by the percentage of workers having a level of higher education (levels 5 to 8 of the International Standard Classification of Education, ISCED) and working in jobs with low or medium qualification levels (groups 4 to 9 of the International Standard Classification of Occupations, ISCO).

(41) D. Dorn and J. Zweimüller (2021), "Migration and labor market integration in Europe", *Journal of Economic Perspectives*, Vol. 35, n° 2, pp. 49-76.

for a broad range of professions, and European action to harmonise qualifications has mainly focused on higher education.⁴²

In addition, there is discrimination on labour markets due to nationals being sometimes wary of immigrants and a fairly limited knowledge of the migratory trends in the EU. This discrimination is stronger with regard to non-EU populations but may also be experienced by intra-EU immigrants depending on the host and home countries,⁴³ which is sometimes heightened by other factors such as ethnicity, religion and gender.⁴⁴ Lastly, immigrants, especially from outside the EU, are barred from carrying on certain professions.⁴⁵

3.3 Economic and institutional barriers to intra-EU mobility

Intra-EU mobility is also hampered by the sheer variety of institutions, such as social security systems, and red tape which differs from one country to the other. Amongst obstacles to migration, polls flag up the difficulty in finding suitable housing and having full entitlement to social security benefits, although these are secondary impediments compared with the other obstacles mentioned previously (see Table 1).

Although European countries have taken action to coordinate their social security systems, social insurance entitlement is still decided upon at individual country level. This means that EU Member States have different systems for benefits, healthcare and pensions for example. As a result, potential migrants may be reticent to leave their home country if they could lose social benefits by moving to a country with a less

generous benefits systems or where their entitlement may be compromised (see Table 1). These barriers are part of the general issue of the cross-border transferability of social security rights (see Box 2).

More broadly, national differences in administrative practices concerning access to social benefits may also be at the root of a lack of clarity as to conditions for obtaining nationality. However, it is not certain that they are a core factor for migration decisions as economic literature scarcely mentions their impact on intra-EU migration.

Intra-EU mobility may also be hindered by certain obstacles that can halt internal mobility such as those concerning access to housing. Housing accounts for a large share of households' budgets, generates high transaction costs when moving home and significant administrative paperwork, the nature of which is first and foremost domestic.

In spite of statutory barriers to mobility having been lifted, only a small minority of Europeans are considering leaving their country in the near future with even fewer planning to use this right to mobility. As a result, the continued existence of other obstacles to intra-EU mobility calls for measures at EU level to be bolstered to remove cultural and linguistic barriers (expansion and extension of the Erasmus+ programme, more and better foreign language teaching, etc.) and for administrative and information-based obstacles to workers' mobility, such as the transferability of rights, recognition of qualifications and the fight against discrimination, to be reduced.

(42) The adoption of the Bologna Process in 1999 helped harmonise the Member States' higher education systems and ensure international recognition of qualifications.

(43) S.J. Polavieja and M. Fischer-Souan (2022), "The boundary within: Are applicants of Southern European descent discriminated against in Northern European job markets?", *Socio-Economic Review*; D. Hangartner, D. Kopp and M. Siegenthaler (2021), "Monitoring hiring discrimination through online recruitment platforms", *Nature*, Vol. 589, pp. 572-576.

(44) M. Bertrand and E. Duflo (2016), "Field experiments on discrimination", *NBER Working Paper*, no. 22014, February; C. Batut and C. Rachiq (2021), "Labour Market Discrimination: How Is It Measured and What Is Its Economic Cost?", *Tresor-Economics*, No. 293. "Immigrants and descendants of immigrants", *Insee Références*, 2023 edition.

(45) In France, a French diploma, an equivalence or a prior authorisation is required to carry on certain medical and legal professions, such as that of a pharmacist. Non-EU nationals or even all immigrants are totally excluded from other professions or positions such as civil service jobs in government departments, local authorities or certain government-owned companies (SNCF).

Box 2: The transferability of social security rights in Europe

Freedom of movement for workers is central to European construction, and the related concept of non-discrimination between national and foreign EU workers has led to a guarantee of the transferability of acquired social security rights from one country to the other. The majority of the European legal and administrative framework applying to the transferability of social security rights was established by Regulation (EC) No 883/2004 and Regulation (EC) No 987/2009 on the coordination of social security systems. They apply to all incumbent public and private social security branches.

Nevertheless, these regulations do not harmonise the different systems but merely ensure coordination between them and European workers are not obliged to make use of this, for example, for pensions. They are grounded in three main principles relating to all social security branches: no double coverage, equal treatment between national workers and foreigners from the EU and aggregation of contribution periods in various EU countries.

This means that an individual intra-EU movement also involves a financial transfer between two national social protection systems which has an impact on public finances. In addition, as acquired rights provide entitlement to different benefits depending on the country, the relative generosity of social protection systems in other Member States could help sway migration choices.^a Consequently, the lack of uniformity of the Member States' social protection systems may represent an obstacle in some cases.

The situation also generates uncertainty as, for instance, information on acquired pension rights is disseminated separately in the different countries of residence so that it is difficult for a migrant worker or one who is considering migrating to envisage their total pension before actually retiring. In addition, in spite of the regulations governing transferability, some rights, such as those for supplementary pensions, are not entirely transferred.

In 2021, the European Commission announced^b the start of a pilot to explore the launch of a European Social Security Pass to improve the exercise of social security rights across borders. The presentation of the results of the second phase of the pilot and the recommendations for potential large-scale rollout led the Commission to make a number of proposals for measures such as the introduction of an electronic information exchange system for social security, the implementation of digital social security coordination procedures and EU digital identity wallets.

a. V. Aussilloux, A. Bénassy-Quéré, C. Fuest and G. Wolf (2017), "Making the Best of EU's Single Market", Les notes du conseil d'analyse économique, no. 38.

b. [European Social Security Pass - Employment, Social Affairs & Inclusion - European Commission \(europa.eu\)](#).

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