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"Migration and Cohesion"

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I am not an expert on migration but I believe it is a social process whose both relevance and importance for development will grow. Migration in the Union of today is an important element of demographic challenge. The European Union has a peculiar demographic situation: very low population growth, stagnation of labour age population and aging population. These characteristics show strong regional diversity. There are regions strongly exposed to demographic risks, sensitive to demographic challenges. European territory demonstrates in general a great diversity of demographic dynamics. On average demographic performance remains in sharp contrast to many of neighbouring countries, especially in the south. In many places the struggle to reach the right balance between the role of migration in our development and our capacity to absorb migration.

Migration contributes to making our societies increasingly multiethnic, often leading to testing the tolerance and, unfortunately, generating radicalisation and shrinking openness of our societies. This message I would like to leave with you because it is a phenomenon growing in visibility.

The combination of demographic trends and migration related challenges and opportunities requires responses of policies at all levels of European governance. These two challenges as well as policy responses influence regional disparities, and in particular labour market, welfare state, markets of goods and services and people's real or perceived security.

Numerous studies on demographic patterns show migration as playing a strong role in influencing population size and structure at regional level. They point to the consequences in terms of influencing development potential or even maintaining of regional economic systems, also generating challenges to cohesion.

Interregional migration flows (often referred to as intra-EU mobility) have increased throughout Europe. Regions in South Italy, Greece, Eastern Germany and Central and Eastern Europe will experience significant outward migration, while others such as Southern France and the United Kingdom will receive interregional migrants. Demographic change at the level of European regions has a substantial migration component, in urban areas where migrants tend to concentrate and often contribute negatively to social cohesion this component is particularly strong. Data clearly show that cities are more attractive to migrants, benefiting from additional labour force, but have to provide social integration framework.

Metropolitan regions across EU face high inward migration of a working age population, as well as remaining primary destinations for international migration. A resulting challenge for these areas will be the integration of migrants into the labour force and society as a whole, as well as the adaptation of infrastructure in the case of high population growth. Social disparities tend to be high in metropolitan areas, reflecting high living costs. Rapid sub-urbanisation could increase pressures on ecosystem services in surrounding areas. Demographic change is therefore likely to reinforce regional disparities in economic growth potential, as well as increasing social polarisation and pressure on the environment in certain areas.

Some regions will continue to face a significant outward migration of young people. Young educated people tend to seek jobs in the capital cities, or regional centres where they were educated, in view of the increased job opportunities offered. Outward migration of young people leaves elderly people isolated in sub-urban, peripheral or rural areas. Other regions, for instance in Southern France or Spain will experience a large influx of elderly people in preparation for retirement. This requires huge restructure of markets and public services. There are also opportunities.

The outmigration of young people will reinforce the natural aging process. Regions in demographic decline may face difficulties in financing essential public goods and services, such as health care, long-term care, housing and transport infrastructure as well as ICT infrastructure, in a sustainable manner in order to avoid increasing social polarisation and poverty.

Migration involves both *costs* and *benefits* for sending and receiving countries. For sending countries, large-scale migration can deprive the economy from needed human capital and disrupt community and family structures. For receiving countries, it may lead to falling wages induced by new competition (for lower skills) and may put a strain on social services and create social friction.

The benefits for sending countries are the remittances (in many emigration countries, household income and national output are strongly tied to remittances) and the relieved pressures on domestic labour markets. The recent study by the World Bank demonstrates growing role of remittances, even during the crisis. Last year they amounted globally to 440 billion USD. In my country, Poland, they reached 3.1 bln USD. For receiving countries migration can address labour market shortages and attract new skills. They also benefit through the potential for immigration to reverse demographic decline. Migration can furthermore contribute to reurbanising a city and rejuvenating its population. In addition it enriches the regions culturally, by literally opening them up to the world.

For migrants, international mobility represents an opportunity to escape situations that are economically, socially and politically difficult or simply an opportunity to develop further. At the same time as a general trend migrants tend to work below their occupational skill level: a phenomenon which is usually described as 'brain waste'. This is related to the low language skills of migrants, as well as the inability of the host country to recognise the skill levels of migrants, but it is also related to discrimination. Furthermore, poor labour conditions are one of the most pressing issues related to economic migration. These include unsafe labour, exploitative salaries and undeclared work, which decreases workers' social protection status.

I said before that cities are very attractive to migrants. This is not only because of the jobs they offer, but for a wide variety of other reasons, including quality of life, family and friendship networks, and good transport connections. Cities have always been dependent on immigration, both in order to grow and also to generate economic and social innovation. Today, urban areas host approximately 75% of the European population and an even higher share of Europe's migrant population. It is likely that in the long run, the economic and demographic needs of cities will demand continuing immigration.

But of course we should not see migration in separation from general trends in development. In fact, international migration to cities is embedded in a more general process of population concentration in economically dynamic regions: while more dynamic urban centres all over Europe gained population and reinforced their position, regions with weak economic structures, particularly in Eastern Europe, lost population both through national and international migration.

At the same time, migration is a major challenge for most cities. Badly managed migration in the host society can represent a risk for social cohesion and inequality for the city: it can expose migrants to exploitation, discrimination and racism. As a politically contested issue, migration can also

become hijacked by extremist political discourse. In some cities, the acceptance of the newcomers by local populations is at times a problematic issue. As society becomes more and more diverse, and cultural differences need to be managed, it is crucial for the public sector to take a pro-active role in fighting any kind of discrimination.

One year ago DG REGIO did a survey on perceptions of quality of life in 75 European cities. Among questions citizens responded to were questions related to the presence of migrants in the cities. It is interesting to see that the picture was not at all uniform across EU and across member states. In general, reactions were positive seeing mostly advantages (between 41% and 92%). However, citizens were less positive when evaluating the level of integration of migrants. Nearly in all cities less citizens were of opinion that migrants were well integrated than that their presence was good to the cities.

The local impact of economic migration goes well beyond the labour market. It touches a whole range of areas for which local authorities have responsibility, such as promoting social inclusion, ensuring decent working conditions, fighting discrimination and racism, language training, improving international accessibility, building transnational partnerships with areas of origin, ensuring political participation, strategic planning.

As demographic trends in Europe will be generating strong pressure on growing migratory flows, both in terms of free movements of workers and immigration from third countries, the European cohesion policy has to develop capacity to exploit this potential and better cope with its consequences.

Cohesion policy has been through its history contributing to spreading growth across the European territory, through mobilisation of development potential at regional and local level. The challenges Europe is facing today demand from the policy investment in growth, in exploiting opportunities generated by

knowledge, sustainability of development and inclusive nature of growth. It has also to cope with long term effects of the crisis.

The proposal presented by the Commission in the 5th Cohesion Report puts the demographic change in Europe on the policy agenda for after 2013. It underlines that demography was an explicit theme in the cohesion policy in 2000-2006 and it features strongly in the current period. More in EU-15 than in EU-12 which reflects demographic trends. Evaluation for 2000-2006 shows that 23% of ERDF addressed at regional level demography related problems.

Analysis shows that demography is in most cases addressed within the cohesion policy framework at regional and local level. This is largely due to the fact that both ageing and migration have in some regions and cities stronger and more immediate effects than in others. It is highly likely that demographic issues will feature more prominently in cohesion policy programmes in its future edition.

In addition to addressing at regional level such aspects of demography as ageing, the policy will have to invest in maintaining a reasonably balanced age pattern, to encourage young people to stay, to invest in employment opportunities, to provide social and cultural facilities, to create employment for vulnerable groups, often ethnic minorities. The growing challenge is that of equal opportunities. Cohesion policy programmes can offer both horizontal and targeted measures aiming at generating equal opportunities for social groups that need them securing a just and equitable society.

It is worth pointing to the fact that Europe will be in need to invest in skills and facilitating access to labour market for those groups of society that remain outside it. There is a clear economic interest in such policies.

Helping migrants into employment, promoting their life long learning, combating discrimination, assisting them to start up businesses is the way to go.

This is important because not only aging will grow in importance but also become labour mobility in the EU remains low, especially compared to the US, and this alone will not reduce the large regional disparities in unemployment across the EU. Nevertheless, regions with high unemployment have experienced larger outward migration, though the pattern of migration differs between the EU-12 and the EU-15. In the EU-12, migration has tended to be into predominantly urban regions, especially capital cities. In the EU-15, there has been more migration to predominantly rural regions than predominantly urban ones. Migration from outside the EU was until recently the most important source of population growth in EU regions, but the successful integration of the people concerned remains uneven and they have considerably lower employment rates than average in many Member States.