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ANALYSING MIGRATION FLOWS FROM AND TO ENC THROUGH THE MIG-SEARCH DATABASES

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OBJECTIVE

The free movement of workers is one of the fundamental principles upon which the European Union was once founded and, somehow, it is also present as a future goal in the bilateral negotiations with most neighbouring countries. As recognised in the Europe 2020 strategy, the European Union (EU) has a clear demographic challenge for the next decades. The EU will need to import foreign labour in response to gloomy demographic forecasts, in the context of ageing populations, low birth-rates, and prospects of a collapsing social security system, but it is also necessary to remain competitive in a global scenario and this means that we have to attract and retain the more skilled migrants. This also requires improving the current control over migration flows and this is one of the reasons why the European migration policy was integrated into the European Neighbourhood Policy (ENP) from the very beginning. The EU neighbouring countries are the main countries of origin and transit of legal and illegal migration towards Europe. Moreover, their geographical proximity, economic, cultural and historical links make them an important potential source of labour force. In fact, nearly all Action Plans, the main tool of the ENP, contained proposals for actions in areas such as border management and management of migration flows. The EU proposed actions in the field of migration, asylum, visa policies, trafficking and smuggling, illegal migration and police cooperation. Taking this into account, one of the main objectives of the SEARCH project is to analyse which has been the impact of ENP on current migration flows and to identify potential migration scenarios and policy options.

With this aim, in a first stage, statistical information on migration flows and its potential determinants have been collected and described and, in a second stage, gravity models are specified and estimated in order to provide benchmark scenarios for policy analysis.

MAIN RESULTS AND POLICY IMPLICATIONS

In the first stage, two different databases have been compiled: the MIG-SEARCH database and the MIGEU-SEARCH database. The MIG-SEARCH database includes data for nearly 200 countries for a long time period starting in 1960 and ending in 2010 and it provides information on bilateral migration flows and stocks and several variables related to the economic, social, political and cultural pull and push factors identified by the literature. The MIGEU-SEARCH database provides similar information only for the EU27 countries and a shorter period (2002-2007), but data are available at the yearly frequency. In fact, the MIGEU-SEARCH focuses on within Europe migration flows using annual data before and after the last accession to the EU.

The descriptive analysis of these two datasets shows some interesting facts regarding population trends and migration flows in the EU and ENC:

- The population of the European Neighbourhood Countries (ENC) plus Russia is nowadays above 400 million people. While in the sixties of last centuries, the population in the South ENC (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Syria and Tunisia) was around sixty million people, a similar figure to the population in East-ENC (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine), nowadays it is substantially higher: 204 million people vs. 75 million. The Russian population has also experienced a very important growth moving from 250 million people in 1960 to 420 million people in 2010. Population growth has been clearly higher in Russia and the South ENC than in the EU-27 that has increased its population from 400 million people in 1960 to 500 million people in 2010.

- There is a very high heterogeneity regarding migration trends in ENC countries during the last 50 years. While some countries such Israel during the whole period or Russia during the last thirty years have been net receivers of migration flows, other countries such as Belarus, Egypt or Tunisia have clearly lost population due to migration during the considered period.

- An additional interesting feature of migration from ENC countries is that it is highly concentrated in some destination countries due to geographical proximity or strong political, economic or colonialist linkages. For instance, most migrants from Algeria or Tunisia go to France and most migrants from East ENC go to Russia. In fact, one interesting result is that European Union countries are not always the main destination of migrants from ENC: for instance, emigrants from Egypt choose as Saudi Arabia as first destination, those from Lebanon prefer to migrate to the United States or those from Syria go to Jordan, Kuwait or Saudi Arabia. Migration flows between ENC

countries has been quite relevant in the more recent period. Nowadays, about 10% of total population in East ENC has been born abroad while this figure is around 5% in South ENC and Russia. In the EU-27, the stock of foreign born population is around 10%.

The main conclusion from this descriptive analysis is that modelling migration flows from and to ENC requires the consideration of a wide selection of origins and destinations and not only bilateral flows from and to these countries to the European Union. For this reason, in the second stage, gravity models for a wide selection of countries are used to identify the determinants of bilateral migration flows/stocks and the effect of different pull and push factors. Gravity models are based on Newton's gravity law and not generally derived from any particular theoretical economic modelling. However, they are widely used in the empirical analysis of trade, foreign direct investment and migration flows due to their relatively good forecasting performance. In particular, migration stocks or flows between country i and country j are supposed to increase with origin and destination populations and decay with the distance between the two countries. As in this paper, usually gravity models are enlarged with other economic (i.e. GDP or unemployment rates differentials) and institutional variables (conflict, violence, ethnic or religious discrimination, among others). The main conclusions from the empirical analysis are the following:

- Usual gravity controls including usual pull and push factors have the expected sign and are statistically significant. In particular, bilateral migration increases with population in origin and destination countries, but also with migration stocks, which can be interpreted as favourable evidence about the role of networks. Economic differences are also relevant. Geographic distance discourage migration while geographic contiguity, linguistic proximity or former colonial relationship have a positive and significant effect. We have also devoted particular attention to globalization trends, deregulation in labour markets and other institutional features such as democratization or freedom of religion. All this variables are relevant and explain part of the recent trends in migration flows.

- Regarding the particular situation of ENC, our results show that once these different pull and push factors are controlled, migration flows from ENC countries to the rest of the world are higher than they should be according to the model. When we concentrate on flows from ECN to the EU, this "surplus" in migration is even higher. This result shows the strong ties between these countries and the EU and how the ENC could clearly increase migratory pressure from these countries in the future. However, no significant effect is found when we test the differential effect of having signed Action Plans in the late two thousands, but perhaps the considered time span is still too short.

- Last, the analysis of the last EU enlargement using a similar econometric framework but the MIGEU-SEARCH database that permits the analysis of migration flows at the yearly frequency, shows a clear positive and significant effect that reinforces the previous conclusion about future migration flows from ENC to EU countries.

The use of common databases in the rest of working papers in this work package will permit to carry out in-depth analysis about several policy dimensions that will improve and extend the main conclusions from this benchmark model.