

**From the Editor:** In this issue of showCASE, our Economist argues that (despite the official rhetoric) Poland has been successfully attracting growing number of foreign workforce in an attempt to address labor scarcity in the country.

## How to Organize Economic Immigration? Lessons From Poland

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Since 2015, managing labor immigration has been high on the European agenda. As the European Union (EU) is facing long-term economic and demographic challenges, the [European Commission estimates](#) that its working age population will decline by 17.5 million in the next decade. According to the [OECD](#), immigration could allow to fill this gap, mitigate regional imbalances across the Member States and reduce short term labor scarcity in specific occupations. Shortages have already been seen, both in high-tech sectors as well as in low-skilled jobs. To deal with the demographic challenges and a steady outflow of its own workers, Poland has introduced its own measures that have been successfully attracting foreign workforce. Evidence shows that Poland's participation in the EU-originated instruments has not led to enhanced economic immigration from third countries but might have contributed to the success of national measures.

### EU immigration policy

According to the [Treaty on the Functioning of the European Union](#), the EU and its Member States share competences as regards legal immigration policy. While the EU might lay down the conditions governing entry into and residence in a Member State for third-country nationals, the Member States retain the right to determine volumes of their admission (Article 79). Member States are also free to negotiate and implement bilateral labor migration agreements with third countries of their choice and to use available national immigration and labor market measures to attract foreign labor force.

The European Commission (EC) has been calling for a “new policy on legal migration” of the EU for some time already, and these efforts intensified in 2015 with the adoption of the [European Agenda on Migration](#) as a direct response to the so-called migrant and refugee crisis. In his [annual state of the EU address](#) delivered on September 12, Jean-Claude Juncker, President of the European Commission, once again called on Member States to come forward with initiatives to open legal pathways for third country nationals willing to work in the European Union.

According to [the proposal for a political roadmap presented in December 2017](#), a more comprehensive and sustainable migration and asylum policy was to be gradually adopted by June 2018, including the launch of first pilot projects for coordinating legal economic migration with key third countries. The progress in this area has been slow so far. While recognizing the need for skilled migrants, the EC has also been a strong advocate of the revision of the [Blue Card directive](#) that introduced a work permit allowing high-skilled non-EU citizens to work and live in any Member State (excluding Denmark, Ireland and United Kingdom). Meanwhile, the negotiations between the European Parliament and the Council have been blocked due to such disputed issues as the recognition of professional experience, minimum wage, and the labor market test (the procedure for acquiring information about the situation on the local labor market in order to confirm that there is no local labor force to fill in vacancies).

In the 2015 European Agenda on Migration, the EC refers directly to Mobility Partnerships (MPs) as “the most elaborated bilateral cooperation frameworks in the field of migration”. MPs are one of the [main tools of the EU’s Global Approach to Migration and Mobility](#), which is since 2005 the overarching framework of the EU external migration and asylum policy. Introduced to “[identify new approaches to improve the management of legal movements of people between the EU and third countries](#)”, MPs were designed to guarantee third countries greater opportunities for legal migration in exchange for assistance in combating and preventing illegal migration. They are legal predecessors of Common Agendas on Migration and Mobility and compacts announced simultaneously with the introduction of the [Migration Partnership Framework](#) in June 2016.

There are three sides to each MP: the third country, the EU, and the Member States. In case of this EU-initiated policy instrument, Member States play a central role not only in initiating particular agreements by mandating the EU to start negotiations with the agreed third countries, but they are also key in bringing individual MPs to life: no such agreement can be concluded without EU Member States as co-signatories. Yet, their participation in MPs is voluntary. Among the specific tools used in the framework of MPs are: knowledge management tools (e.g. migration profiles), dialogue tools (e.g. seminars or conferences), and cooperation tools, including the capacity-building process, exchange of experts, partnerships as well as operational cooperation and targeted projects and programs. A combination of these would be used in specific projects adjusted to the needs of third countries.

**Table 1. Overview of Poland’s involvement in projects implemented as part of MPs.**

Third country (beneficiary)	Number of projects	Thematic scope	Tools used
Armenia	4 (including one also for Azerbaijan and Georgia)	International protection Returns and readmission Cooperation between NGOs and public administration Integrated Border Management Migration policy development	Reports and analyses Capacity building activities
Azerbaijan	5 (including two also for Georgia and one also for Armenia and Georgia)	Returns and readmission Migration-related data Ethnic and religious minorities	Study visits Exchange of experts
Belarus	1	Labor immigration policy	Study visits
Georgia	8 (including one also for Armenia and Azerbaijan)	Illegal migration Returns and readmission Reintegration Cooperation between state institutions Migration policy development	Workshops Study visits Capacity building activities Reports and analyses
Moldova	4 (including one also for Tunisia)	Migration policy development Illegal migration and trafficking in human beings Visa procedures Ethnic and religious minorities	Seminars and workshops Study visits
Jordan	1	Diaspora relations Trafficking in human beings	Capacity building activities Workshops Study visits
Tunisia	5 (including one also for Moldova)	Diaspora relations Returns and readmission Labor market policies Ethnic and religious minorities Border protection and management	Study visits Trainings

Source: own elaboration on the basis of information retrieved from the Ministry of the Interior and Administration of Poland.

## Poland's use of the Mobility Partnership framework

Poland's approach to immigration policy has been comprehensive – to enhance foreign economic migration, the country used the EU's existing external dimension cooperation framework and introduced specific, targeted legal measures. What has worked and what has not?

Nine Mobility Partnerships have been signed by the EU and its Member States so far – with Armenia (concluded in 2011), Azerbaijan (2013), Belarus (2016), Cape Verde (2008), Georgia (2009), Jordan (2014), Morocco (2013), Moldova (2008), and Tunisia (2014). Poland is a signatory to as many as seven of them (all except for Cape Verde and Morocco), which places the country right behind France (eight MPs) and ahead of Germany, Sweden, and Italy (six MPs each).

Within these partnerships, according to the information obtained from the Polish Ministry of the Interior and Administration, in 2008–2017 Poland participated (mostly as a partner state) in 25 specific projects implementing MPs. Cooperation was directed especially towards public administration bodies in Georgia (eight projects), Tunisia and Azerbaijan (five projects each), Moldova and Armenia (four projects each). The thematic scope of projects encompassed, among other things, such issues as border management, implementation of readmission agreements, management of returns and reintegration measures, and relations with diaspora. In addition to that, Poland was transferring its experience regarding the adjustment of migration-related law to the European standards. Only one project referred directly to labor migration policy – Belarusian experts participated in a study visit to Poland to gain experience in managing economic emigration within the framework of the [Technical Assistance and Information Exchange](#) instrument.

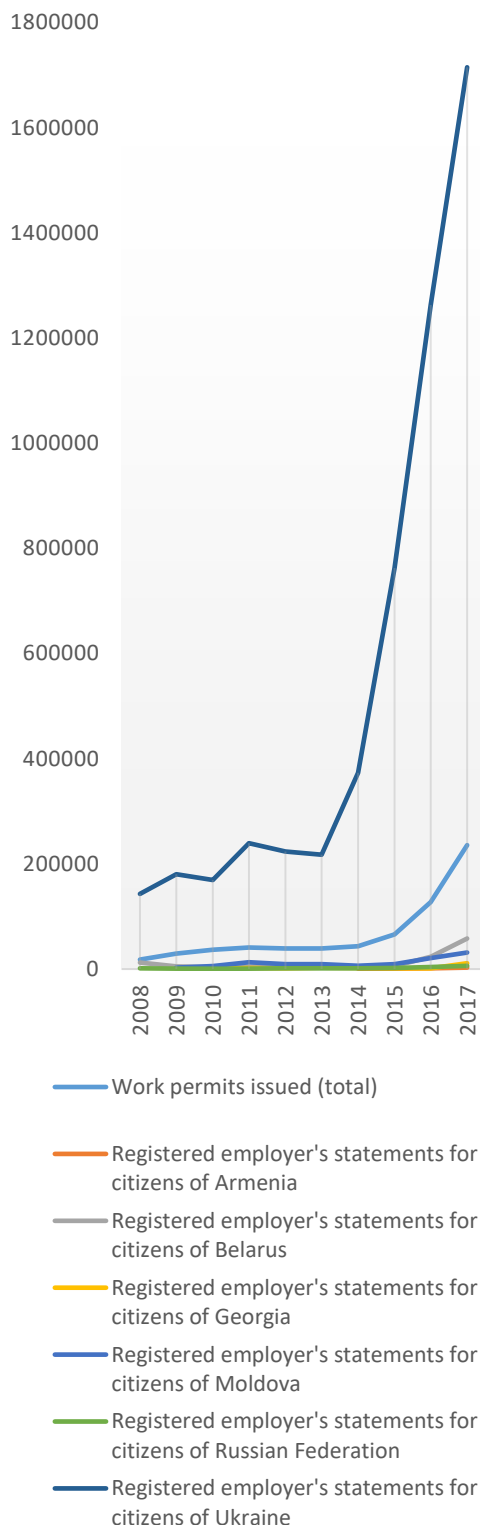
Although it has been argued that cooperation within the framework of MPs goes far beyond specific projects, the evidence from Poland seems to rather suggest that it might in fact be reduced to it. Moreover, there is a strong argument for the thesis that there is an untapped potential to MPs, which despite their weaknesses – related to the voluntary character of participation of EU MS and imbalanced position of its signatories (in principle, the EU is willing to open legal migration channels in return for readmission) – have capabilities to positively influence European immigration policy (see for example [this article](#) in Polish).

**Table 2. Numbers of issued work permits and registered employers' declarations for citizens of Armenia, Belarus, Georgia, Moldova, Russian Federation and Ukraine in 2013-2017.**

Year Type of work entitlement / Country of origin	2013		2014		2015		2016		2017	
	Work permits issued	Registered employers' statements	Work permits issued	Registered employers' statements	Work permits issued	Registered employers' statements	Work permits issued	Registered employers' statements	Work permits issued	Registered employers' statements
Armenia	448	n/a	363	774	140	1043	156	1597	181	2786
Belarus	2004	5194	1834	4017	2037	5599	4870	23400	10518	58046
Georgia	203	2343	225	2103	88	1366	142	1698	398	11126
Moldova	699	9248	1027	6331	1488	9575	2844	20650	3792	31465
Russian Federation	822	1260	654	1227	579	1939	1008	3937	1433	6150
Ukraine	20416	217571	26315	372946	50465	762700	106223	1262845	192547	1714891

Source: own elaboration on the basis of [statistics issued by the Ministry of Family, Labour and Social Policy](#).

**Chart 1. Number of issued work permits (total) and registered employers' statements in 2008-2017**



Source: own elaboration on the basis of [statistics issued by the Ministry of Family, Labour and Social Policy](#).

## Poland's national labor immigration measures

Mobility Partnerships are often incorrectly referred to as instruments which allowed Poland to set the frameworks for economic immigration from the Eastern countries. In fact, Poland introduced its simplified procedure for hiring foreign labor force as early as in 2006, before the introduction of MPs in 2008. Currently, the scheme allows the citizens of Armenia, Belarus, Georgia, Moldova, Russian Federation and Ukraine to legally work in Poland for up to six months during the consecutive 12 months without having to obtain a work permit. The scheme is based on employers' statements of entrusting work to a foreigner and this fact is registered in regional labor offices (*Powiatowe Urzędy Pracy*) (for details regarding numbers of work permits and employer's statements see Table 2).

The use of the measurement has been steadily increasing. According to [data from the Ministry of Family, Labour and Social Policy](#), voivodships issued approx. 235,000 work permits for foreigners from third countries in 2017, and regional labor offices registered approx. 1.8 million statements of entrusting work to a foreigner from about 1.1 million employees. These represent increases by 80% and 40%, respectively, compared to 2016.

[According to the National Bank of Poland](#), the scale of economic immigration to Poland has clearly increased over the past few years, and so has its sectoral distribution. Foreign labor force is now present in such sectors as agriculture, catering, cleaning, construction but also, increasingly, in services such as transport or customer service. The chart below shows the dynamics of the number of statements of entrusting work to a foreigner in comparison to work permits (see Chart 1). The greatest number of statements of entrusting work to a foreigner has been issued to the citizens of Ukraine, which is the only Eastern Partnership state with which a Mobility Partnership has not in fact been concluded. Economic migration to Poland of citizens from the other Mobility Partnership states has been rather stable, with a slight increase in case of Moldovans and Belarusians. Labor migration from Jordan and Tunisia to Poland remains marginal.

The so-called "statement system" ("*system oświadczeniowy*") has gained so much popularity amongst employers that the government plans to further liberalize it by allowing the citizens of the selected third countries to work in Poland on the basis of employer statement for up to 12 months. The change is planned to come into force as of January 1, 2019, in the new Labor Code.

## Conclusions

Poland has not used the Mobility Partnership framework to foster its own specific, and apparently relatively successful, labor migration-related policy. The country, however, utilized this platform for

cooperation with third countries to support and expand the scope of its own already existing labor migration measures (e.g. Armenia was included in the “statement system” only in 2014).

Whether a solution similar to the Polish “statement system” would be applicable in other UE MS is an open question. Its popularity among both Polish employers and foreign workers, especially from Ukraine, seem to prove that streamlining and simplifying procedures – what has been strongly advocated for by the European Commission – works best while countering problems with labor market shortages through targeted immigration and labor policy measures. There are, however, risks that need to be taken into account, such as the lack of administrative capacity to manage increased immigration and hostile public attitudes. Simplified immigration and labor market access laws might also have strong social and economic effects on the sending countries, resulting, for example, in brain drain. The question how the Polish “statement system” influenced social and economic situation of Ukraine and other third countries requires further research.



**This week:** According to the Central Statistics Office (GUS) data, retail sales at constant prices were by 6.7% higher in August 2018 than in the same period the year before (against a growth of 7.1% in July 2017). Employment increased in August by 3.4% y/y, and average monthly gross salary increased by 6.8% y/y to PLN 4,798.27 (EUR 1,117). Industry production increased in August by 5% y/y, compared to 10.3% in July.

**GDP (Q2 2018)**

↓ 5.1% y/y

Down from 5.2% in Q1 2018

**Inflation (August 2018)**

■ 2.0% y/y (est.)

Unchanged since June 2018

**Unemployment (July 2018)**

■ 5.9%

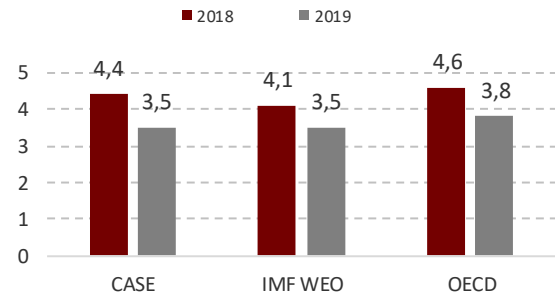
Unchanged since June 2018

**NBP Base rate**

1.5%

From 2% in March 2015

**Real GDP forecast (%)**



**This week:** Following the decision of the Bank of Russia to suspend purchases of foreign currency on the domestic market, the forecast of structural surplus at the end of 2018 was reduced by RUB 2.0 trillion, to RUB 1.7-2.1 trillion. In August, the value of the structural liquidity surplus remained almost unchanged: the effect of liquidity generation factors was close to neutral. The situation in the Russian financial market was determined mainly by external factors. Among them, the main impact has had a general decline in demand for assets of emerging markets and tightening of the sanctions rhetoric.

**GDP (Q2 2018)**

↑ 1.8% y/y

Up from 1.3% in Q1 2018

**Inflation (Aug 2018)**

↑ 3.1% y/y

Up from 2.5% in Jul 2018

**Unemployment (July 2018)**

■ 4.7%

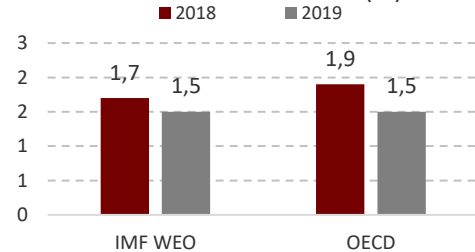
Unchanged since May 2018

**CBR Base rate**

7.50 %

From 7.25% in Aug 2018

**Real GDP forecast (%)**



**This week:** The world's first hydrogen-powered train had its premiere in northern Germany last week. The zero-emission train offers a green alternative to conventional diesel-powered locomotives and already connects four cities: Cuxhaven, Bremerhaven, Bremervorde and Buxtehude. Coradia iLint, produced by the French Alstom, is powered by a fuel cell processing liquid hydrogen from tanks placed on the roof of the locomotive into electric energy supplying two separate electric motors. This type of propulsion releases only steam to the atmosphere.

**GDP (Q2 2018)**

↓ 2.1% y/y

Down from 2.1% in Q1 2018

**Inflation (July 2018)**

↓ 1.9% y/y

Down from 2.1% in July 2018

**Unemployment (July 2018)**

↓ 3.4%

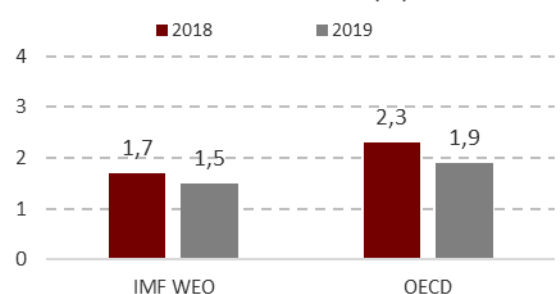
Down from 3.5% in June 2018

**ECB Deposit rate**

-0.4%

From -0.3% in Dec 2015

**Real GDP forecast (%)**





**This week:** According to the National Bank of Ukraine, the gross external debt of Ukraine for the first half-year amounted to USD 113.751 billion, which is 1.47% or USD 1.7 billion less than at the beginning of the year. The debt of the state administration for the first six months decreased by 1.98% to USD 38.118 billion, the NBU – by 6.1%, to USD 6.984 billion, deposit corporations – by 5.27%, to USD 5.9 billion, other sectors – by 0.57%, to USD 53.042 billion. Only the volume of obligations on direct investments grew by 1.62% to USD 9.707 billion.

**GDP (Q2 2018)**

↑ 3.8% y/y

Up from 3.1% in Q1 2018

**Unemployment (Q2 2018)**

↓ 9.7%

Down from 9.9% in Q1 2018

**Inflation (July 2018)**

↑ 9% y/y

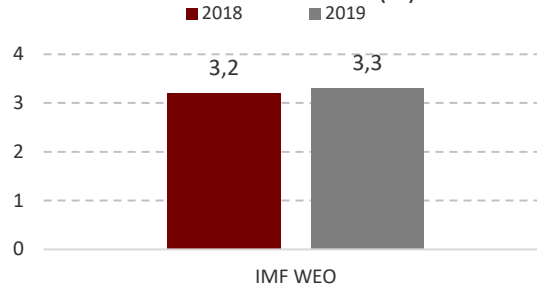
Up from 8.9% in Aug 2017

**NBU Base rate**

18%

From 17.5% in Aug 2017

**Real GDP forecast (%)**



**This week:** In Czechia, the labor market continues to see solid growth. Unemployment remained at the historically low level of around 120,000 persons. The strong growth in earnings which took place in Q1 2018 was repeated, and the average wage nominally increased by 8.6% y/y. The wage growth in real terms was somewhat slowed down by the inflation, to 6.2% y/y.

**GDP (Q2 2018)**

↓ 2.4% y/y

Down from 4.4% in Q1 2018

**Unemployment (Q2 2018)**

↓ 2.2% (est.)

Down from 2.4% in Q1 2018

**Inflation (August 2018)**

↑ 2.5% y/y

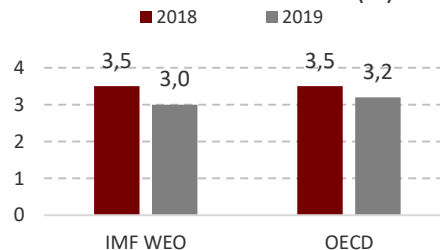
Up from 2.3% in July 2018

**CNB Base rate**

1.25%

From 1% in June 2018

**Real GDP forecast (%)**



**This week:** The Hungarian minister of foreign affairs and trade, Peter Szijjarto, said during his last week's visit to Moscow that in the EU there are countries that instead of automatically extending sanctions against Russia, would prefer dialogue and a second look at their effects across the continent. According to the Hungarian government, due to the fact that the world is on the verge of a trade war, the eastern and western parts of Europe should cooperate on the principle of mutual respect by starting with removal of current sanctions.

**GDP (Q2 2018)**

↓ 4.4% y/y

Down from 4.8% in Q1 2018

**Unemployment (Q2 2018)**

↓ 3.6%

Down from 3.7% in Q1 2018

**Inflation (August 2018)**

■ 3.4% y/y

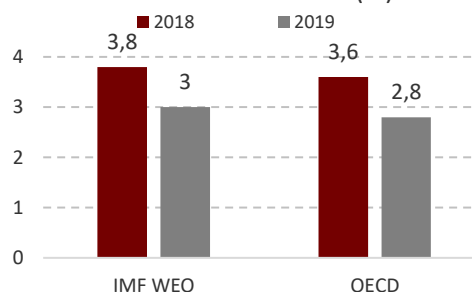
Unchanged since July 2018

**MNB Base rate**

0.9%

From 1.05% in May 2016

**Real GDP forecast (%)**

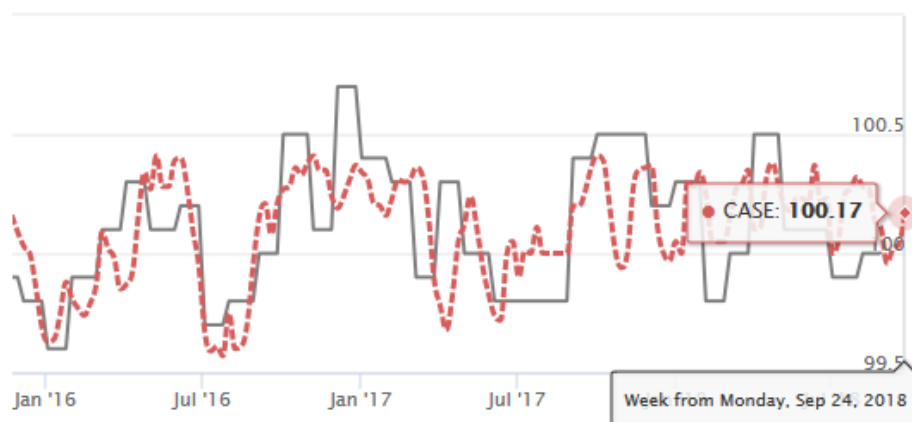




### The weekly online CASE CPI

The online CASE CPI is an innovative measurement of price dynamics in the Polish economy, which is entirely based on online data. The index is constructed by averaging prices of commodities from the last four weeks and comparing them to average prices of the same commodities from four weeks prior. The index is updated weekly.

#### Our weekly online CASE CPI



Online CASE CPI (---) vs GUS CPI (—)

### Monthly CASE forecasts for the Polish economy

Every month, CASE experts estimate a range of variables for the Polish economy, including future growth, private consumption, and foreign trade, current account balance, and the CPI.

#### **CASE economic forecasts for the Polish economy**

*(average % change on previous calendar year, unless otherwise indicated)*

	<b>GDP</b>	<b>Private consumption</b>	<b>Gross fixed investment</b>	<b>Industrial production</b>	<b>Consumer prices</b>
<b>2018</b>	4.4	4.2	5.9	4.5	2.1
<b>2019</b>	3.5	3.6	3.3	3.8	2.3
	<b>Nominal monthly wages</b>	<b>Merchandise exports (USD, bn)</b>	<b>Merchandise imports (USD, bn)</b>	<b>Merchandise trade balance (USD, bn)</b>	<b>CA balance (USD, bn)</b>
<b>2018</b>	4.5	233.4	235.2	-1.8	-3.9
<b>2019</b>	3.7	242.7	244.6	-1.9	-4.1

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