

**Labour mobility within the EU in the context of enlargement and the functioning  
of the transitional arrangements**

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**Country Study: Sweden**

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**Abstract**

We summarise the available evidence on the extent, composition and effects of migration from the NMS to Sweden after 2004. Sweden was the only EU State which in 2004 introduced the full Community rule on the free movement of labour for NMS nationals with no restrictions regarding access for social benefits. Despite this, the inflows from the NMS to Sweden, while increasing relative to their initial levels, have been lower than to other European countries (the UK, Ireland, and Norway). Most NMS migrants come to Sweden from Poland and the Baltic States. Compared to the pre-transition levels, the share of females in the NMS migrant inflows substantially decreased, reflecting declining importance of the health care sector in NMS migrant employment. There is no evidence that NMS migrants are attracted to Sweden by generous social benefits.

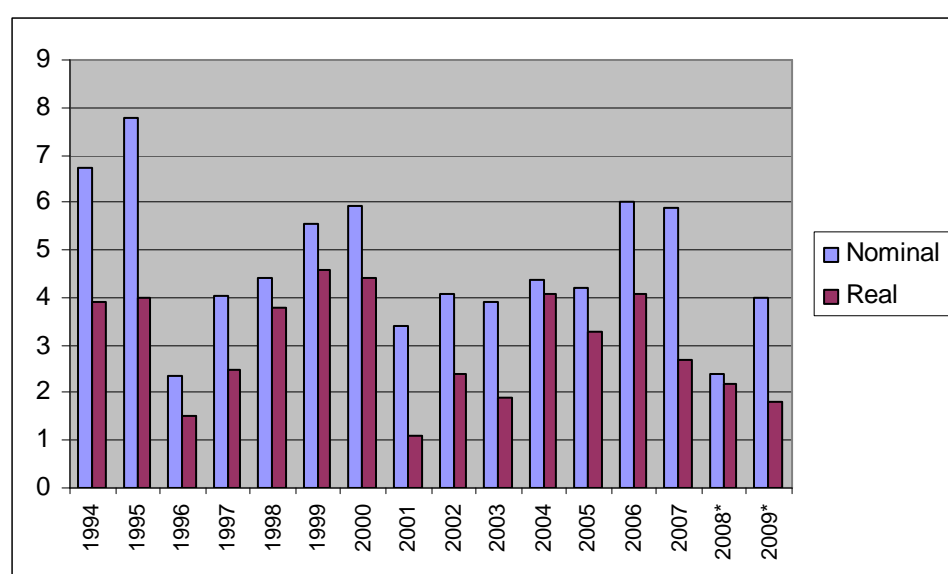
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## 1. Macroeconomic and Labour Market Development in 2004-2007

After a period of relatively low GDP growth in 2001-2003, Swedish economic performance improved considerably in 2004-2006 (Figure 1). To a large extent, this positive development was driven by a high demand for Swedish exports. However, the economy has started to show the signs of a slowdown in 2007, as the rate of export growth went down. It is expected that the economy will decelerate further, reaching GDP growth rates of about 2 per cent in 2008 and 2009 mainly due to the weaker growth of domestic demand and exports.

**Figure 1: GDP growth in Sweden, in per cent**



\* Eurostat forecasts

Source: Statistics Sweden, Eurostat

The economic upswing of 2004-2006 positively affected labour market indicators (Table 1). After a period of stagnation in 2002-2004, total employment resumed a positive growth rate of around 2 per cent in 2006 and 2007. The employment rate also increased from 2005 and reached 74.2 per cent in 2007. The unemployment rate fell from 7.4 per cent in 2005 to 6.1 per cent in 2007. It is expected, however, that the oncoming economic slowdown will decrease the employment rate in Sweden and slightly increase its rate of unemployment (OECD 2008).

The period of high growth of 2004-2006 was accompanied by the increase in the number of job openings relative to the total employment (Table 2). The sectors with the highest relative number of vacancies were transport, storage and communication; construction; and education and health and social work. High rates of unfilled vacancies prevailed in the construction, education and health and social work sectors.

Compared to other EU countries, the Swedish labour market was doing relatively well. During the period of 2000-2007, the employment rate was 8-9 percentage points higher and the unemployment rate 1.5-2 percentage points lower than the EU-15 average. To a large extent, the above-average labour market performance in Sweden can be explained by the high labour force participation rates of individuals aged 55-64 (Table 3.1). Foreigners on the Swedish labour market, however, tend to have lower employment rates and higher unemployment rates than Swedish nationals (Table 3.2).

**Table 1: Employment and unemployment indicators in Sweden, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
Total employed, thousands	4300.9	4391.3	4393.3	4367.9	4337.3	4348.9	4421.5	4521.1
Employment growth, in %	2.5	2.1	0.0	-0.6	-0.7	0.3	1.7	2.3
Employment rate, in %	73.0	74.0	73.6	72.9	72.1	72.5	73.1	74.2
Unemployment rate, in %	5.6	4.9	4.9	5.6	6.3	7.4	7.0	6.1

Source: Eurostat

**Table 2: Job opening and unfilled vacancies rates, in per cent, 2003-2007**

	Job openings, in % of the employed					Unfilled vacancies, in % of the employed				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
Total private sector	1.2	1.1	1.2	1.4	1.7	0.5	0.4	0.5	0.5	0.7
Agriculture, hunting, forestry and fishing	2.3	1.2	1.2	1.1	1.8	0.8	0.5	0.4	0.4	0.7
Manufacture	0.9	0.8	0.8	1.1	1.3	0.3	0.3	0.3	0.4	0.5
Construction	0.9	0.9	1.1	1.7	1.9	0.5	0.5	0.6	0.9	1.2
Wholesale and retail trade	1.1	1.0	1.0	1.2	1.3	0.5	0.5	0.4	0.4	0.5
Transport, storage and communication	1.5	1.7	1.3	1.5	1.7	0.4	0.6	0.5	0.4	0.4
Financial intermediation and real estate, renting and business activities	0.8	0.8	0.9	1.1	1.2	0.3	0.3	0.4	0.4	0.4
Education and health and social work	1.4	1.3	1.8	2.2	2.8	0.7	0.7	0.9	0.9	1.3
Hotels and restaurants	2.1	1.3	1.3	1.4	1.4	0.6	0.3	0.3	0.2	0.3
Other community, social and personal services activities	2.1	1.9	1.7	1.5	1.4	0.5	0.4	0.4	0.3	0.4

Source: Statistics Sweden

**Table 3.1: Unemployment and labour force participation rates in Sweden, by age group and education level, 2007**

		Age group			Education		
		15-24	25-54	55-64	Less than upper secondary education	Upper secondary education	Tertiary education
Sweden	Employment rate, in %	42.2	86.1	70.0	53.4	80.6	87.6
	Economic activity rate, in %	52.2	90.0	72.8	61.6	85.1	90.9
EU-15	Employment rate, in %	40.8	79.7	46.6	51.9	72.3	83.8
	Economic activity rate, in %	47.9	84.9	49.3	58.0	77.5	87.4

Source: Eurostat.

**Table 3.2: Labour market performance of foreigners in Sweden, 2007**

	Economic activity rate, in %	Employment rate, in %	Unemployment rate, in %
Nationals	63.8	60.1	5.9
Total foreigners	63.4	55.2	12.9
Citizens of countries outside the EU-27	59.4	48.0	19.2

Source: Eurostat

## 2. Institutional setting for labour migration from the New Member States

Sweden was the only country among the EU-15 to fully apply Community rules on free movement of workers from the New Member States and the principle of equal treatment as regards access to social benefits.

Any EU/EEA citizen who is an employee, self-employed person, a provider or recipient of services, a student or a person who has sufficient funds to support himself/herself, has a right to reside in Sweden. As of April 30, 2006, residence permits are no longer necessary for the EU-citizens, but immigrants from the EU countries still have to register with the Swedish Migration Board. On entering Sweden citizens of EU/EEA countries and their family members are entitled to begin working immediately.

### **3. Migration trends since 2003**

#### **3.1 Data sources**

The relevant sources of data about migration from the NMS are Statistics Sweden (stocks, flows, demographic characteristics of migrants), with statistics available at [http://www.scb.se/default\\_\\_\\_\\_2154.asp](http://www.scb.se/default____2154.asp) and *Migrationsverket* - the Swedish Migration Board (reasons for coming to Sweden), <http://www.migrationsverket.se/english.html>

#### **3.2 The extent of Migration**

Tables 4.1 and 4.2 report stocks of foreign citizens and foreign-born in Sweden between 2000 and 2007. It should, however, be noted that both measures may provide biased estimates of the real stock of migrants and the change thereof. On the one hand, the stocks by country of citizenship do take into account those individuals who naturalise and become Swedish citizens. On the other hand, the stocks by country of births may not reveal the true picture of the net migration inflows, e.g. when the natural decrease (deaths) of previous cohorts of migrants from a particular country outweighs the current inflows of the “new” migrants.

In addition, considering both stock (Tables 4.1 and 4.2) and flow (Table 5) figures from official registration sources, one should be aware that not all immigrants in Sweden are registered (Wadensjö 2007). It is also possible that there are some immigrants that have lived and worked in Sweden for a certain period time unregistered, but who may have registered as a result of the legal change.

Over the period 2003-2007, the number of foreign citizens in the Swedish population increased by 48,412 individuals, raising the stock of foreign citizens to 524,488 (or 5.71 per cent of the total population) in 2007. Over the same time period, the increase in the stock of the foreign born was three times higher (+149,695) and the number of the foreign born reached 1,227,770 (13.37 per cent of the total population) in 2007.<sup>1</sup> The largest migrant groups in Sweden are from Iraq, Denmark, Germany, Turkey, Poland, Norway and the successor states of the former Yugoslavia. These countries, with the exception of Norway, were also the major contributors to the stock of the foreign born in 2003-2007.

Over 2003-2007 the stock of migrants from the NMS (both by country of birth and by country of citizenship) increased by approximately 25,000 individuals. Relative to the initial levels, this represents a substantial increase: in 2003-2007 the stock of the NMS citizens doubled and the stock of the people born in the NMS increased by 16 per cent. The share of

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<sup>1</sup> A substantial part of the difference in the increase in stocks by country of citizenship and birth can be explained by the naturalisation of the former refugees (e.g. over 2003-2007, the number of people born in Iraq increased by 29,868, while the number of Iraqi citizens fell by 1,475 over the same period)

NMS migrants in the total migrant stock was also growing over the same period, reaching 9 per cent (both by country of birth and by country of citizenship) in 2007. However, while increasing, the share of the NMS citizens in the total population of Sweden remains relatively low (0.3-0.5 per cent in 2003-2007).

Table 5 reports the official inflows and outflows of the NMS citizens from 2004 to 2007. Relative to the total net immigration flows to Sweden, the share of the net immigration from the NMS increased from 12 per cent in 2004 to 20 per cent in 2007. The Baltic States, Hungary, and, most importantly, Poland (accounting for more than a half of total inflows from the NMS) were the major sending NMS. The inflows from Romania and Bulgaria also increased sharply in 2007 from relatively low levels in 2004-2006, following the accession of these countries to the EU.

For the period 2003-2007, the proportion of net immigration to total immigrant inflows was around 90 per cent for the Polish, Lithuanian and NMS-2 migrants, and slightly less (70-80 per cent) for the Estonian, Hungarian and Latvian migrants, suggesting that most people coming from the NMS to Sweden stay there. Compared to other countries from which send relatively high numbers of migrants to Sweden, the net immigration/total immigration ratio was 92 per cent for the ex-Yugoslav, 85 per cent for the Turkish, 65 per cent for the German and 51 per cent for the Danish migrants.

**Table 4.1: Migrant stocks by country of citizenship**

	2000	2003	2004	2005	2006	2007	Absolute change 2003- 2007
<i>NMS-8</i>							
Estonia	1554	1906	2155	2371	2588	2809	+903
Latvia	694	934	1072	1217	1470	1677	+743
Lithuania	574	1102	1451	2071	2821	3613	+2511
Poland	16667	13412	14664	17172	22410	28909	+15497
Slovak Republic	349	415	505	559	656	781	+366
Slovenia	625	509	520	529	537	574	+65
Czech Republic	433	566	581	609	715	845	+279
Hungary	2988	2303	2309	2349	2560	3104	+801
<i>NMS-2</i>							
Bulgaria	1002	805	810	834	828	1838	+1033
Romania	2949	2343	2360	2371	2252	4442	+2099
<i>Other countries</i>							
Former Yugoslavia*	131089	138166	140001	141799	145879	147556	+9390
Turkey	15846	12404	12269	11683	10221	10026	-2378
Iraq	33116	41516	39772	31892	30257	40041	-1475
Denmark	25567	29704	31170	32885	35796	38443	+8739
Norway	31997	35486	35558	35418	35498	35562	+76
Germany	16357	19071	19938	20969	22494	24709	+5638
Total Sweden	8882792	8975670	9011392	9047752	9113257	9182927	
Total foreign citizens	477312	476076	481141	479899	491996	524488	+48412
Foreign citizens as % of total population	5.37%	5.30%	5.34%	5.30%	5.40%	5.71%	
Total citizens of NMS-10	27835	24295	26427	30082	36837	48592	+24297
NMS-10 citizens as % of total population	0.31%	0.27%	0.29%	0.33%	0.40%	0.53%	
NMS-10 citizens as % of total foreign citizens	5.83%	5.10%	5.49%	6.27%	7.49%	9.26%	
* by country of birth, excluding Slovenia							

Source: Statistics Sweden



**Table 4.2: Migrant stocks by country of birth**

	2000	2003	2004	2005	2006	2007	Absolute change 2003-2007
<b>NMS-8</b>							
Estonia	10253	9964	9920	9870	9820	9800	- 164
Czech Republic	321	522	569	622	736	880	+ 358
Hungary	14127	13794	13672	13600	13711	14057	+ 263
Latvia	2305	2482	2581	2715	2954	3122	+ 640
Lithuania	785	1334	1694	2315	3072	3825	+ 2491
Poland	40123	41608	43472	46203	51743	58180	+ 16572
Slovak Republic	243	374	463	536	644	767	+ 393
Slovenia	683	765	792	821	857	895	+ 130
<b>NMS-2</b>							
Bulgaria	3508	3825	3901	3962	4021	4981	+ 1156
Romania	11776	12343	12536	12748	12910	15214	+ 2871
<i>Other countries</i>							
Former Yugoslavia*	131089	138166	140001	141799	145879	147556	+ 9390
Turkey	31894	34083	34965	35853	37107	38158	+ 4075
Denmark	38190	40921	41663	42602	44444	45941	+ 5020
Germany	38155	40217	40826	41584	43044	45034	+ 4817
Iraq	49372	67645	70117	72553	82827	97513	+ 29868
Norway	42464	45087	45000	44773	44727	44590	- 497
Total Sweden	8882792	8975670	9011392	9047752	9113257	9182927	
Total foreign-born	1003798	1078075	1100262	1125790	1175200	1227770	+ 149695
Foreign-born as % of total population	11.30%	12.01%	12.21%	12.44%	12.90%	13.37%	
Total born in NMS-10	84124	87011	89600	93392	100468	111721	+ 24710
Born in NMS-10 as % of total population	0.95%	0.97%	0.99%	1.03%	1.10%	1.22%	
Born in NMS-10 as % of total foreign-born	8.38%	8.07%	8.14%	8.30%	8.55%	9.10%	

\* excluding Slovenia

Source: Statistics Sweden

**Table 5: Immigrants and emigrants by country of citizenship**

	Immigration					Emigration					Net immigration					NetIm/ Im**	By CB***
	2004	2005	2006	2007	2004- 2007	2004	2005	2006	2007	2004- 2007	2004	2005	2006	2007	2004- 2007	2004- 2007	2004- 2007
NMS-8																	
Czech Republic	88	113	170	207	<b>578</b>	58	56	42	64	<b>220</b>	30	57	128	143	<b>358</b>	61.94%	<b>359</b>
Estonia	403	383	422	421	<b>1629</b>	98	107	108	129	<b>442</b>	305	276	314	292	<b>1187</b>	72.87%	<b>1143</b>
Hungary	228	269	462	776	<b>1735</b>	89	80	98	149	<b>416</b>	139	189	364	627	<b>1319</b>	76.02%	<b>1086</b>
Latvia	206	232	359	333	<b>1130</b>	37	36	54	99	<b>226</b>	169	196	305	234	<b>904</b>	80.00%	<b>857</b>
Lithuania	438	695	895	918	<b>2946</b>	52	35	87	124	<b>298</b>	386	660	808	794	<b>2648</b>	89.88%	<b>2506</b>
Poland	2458	3420	6347	7525	<b>19750</b>	213	241	362	636	<b>1452</b>	2245	3179	5985	6889	<b>18298</b>	92.65%	<b>17945</b>
Slovak Republic	105	97	150	173	<b>525</b>	20	20	26	32	<b>98</b>	85	77	124	141	<b>427</b>	81.33%	<b>391</b>
Slovenia	34	36	50	63	<b>183</b>	5	12	17	14	<b>48</b>	29	24	33	49	<b>135</b>	73.77%	<b>107</b>
NMS-2																	
Bulgaria	123	100	123	1159	<b>1505</b>	39	9	29	68	<b>145</b>	84	91	94	1091	<b>1360</b>	90.37%	<b>1225</b>
Romania	338	352	337	2587	<b>3614</b>	44	42	77	143	<b>306</b>	294	310	260	2444	<b>3308</b>	91.53%	<b>3202</b>
Other countries																	
Former Yugoslavia*	3011	3121	5771	2934	<b>14837</b>	310	244	369	169	<b>1092</b>	2701	2877	5402	2765	<b>13745</b>	92.64%	<b>12512</b>
Turkey	1133	1102	1562	1453	<b>5250</b>	159	130	210	286	<b>785</b>	974	972	1352	1167	<b>4465</b>	85.05%	<b>4636</b>
Denmark	3753	4040	5137	5097	<b>18027</b>	1990	2154	2117	2510	<b>8771</b>	1763	1886	3020	2587	<b>9256</b>	51.35%	<b>7877</b>
Germany	1832	2016	2883	3614	<b>10345</b>	792	777	961	1099	<b>3629</b>	1040	1239	1922	2515	<b>6716</b>	64.92%	<b>7256</b>
Iraq	2824	2942	10850	15200	<b>31816</b>	266	207	216	191	<b>880</b>	2558	2735	10634	15009	<b>30936</b>	97.23%	<b>30392</b>
Norway	2625	2417	2492	2395	<b>9929</b>	1927	1922	1821	1770	<b>7440</b>	698	495	671	625	<b>2489</b>	25.07%	<b>2874</b>
Total migration of foreign citizens	47580	51297	80398	83536	<b>262811</b>	16021	15852	20033	20428	<b>72334</b>	31559	35445	60365	63108	<b>190477</b>	72.48%	<b>184008</b>
Migration of citizens from NMS-10	4421	5697	9315	14162	<b>33595</b>	655	638	900	1458	<b>3651</b>	3766	5059	8415	12704	<b>29944</b>	89.13%	<b>28821</b>
NMS-10 as % of total migrants	9.29%	11.11%	11.59%	16.95%	<b>12.78%</b>	4.09%	4.02%	4.49%	7.14%	<b>5.05%</b>	11.93%	14.27%	13.94%	20.13%	<b>15.72%</b>		<b>15.66%</b>

\* - excluding Slovenia, \*\* - the ratio of net immigration over total immigration, \*\*\* - by country of birth

Source: Statistics Sweden

### 3.3 Gender and age distributions of the NMS migrants

While women constituted the majority of migrants from the NMS prior to the 2004 enlargement (more than 70 per cent from the Baltic States and more than 60 per cent from Poland), their relative share fell significantly for most of the NMS after 2004 (Table 6). This shift can be explained by an easier access to sectors employing primarily males (e.g. construction) after the enlargement, making the share of sectors employing primarily women (e.g. health and social care) relatively less important in total migrant flows.

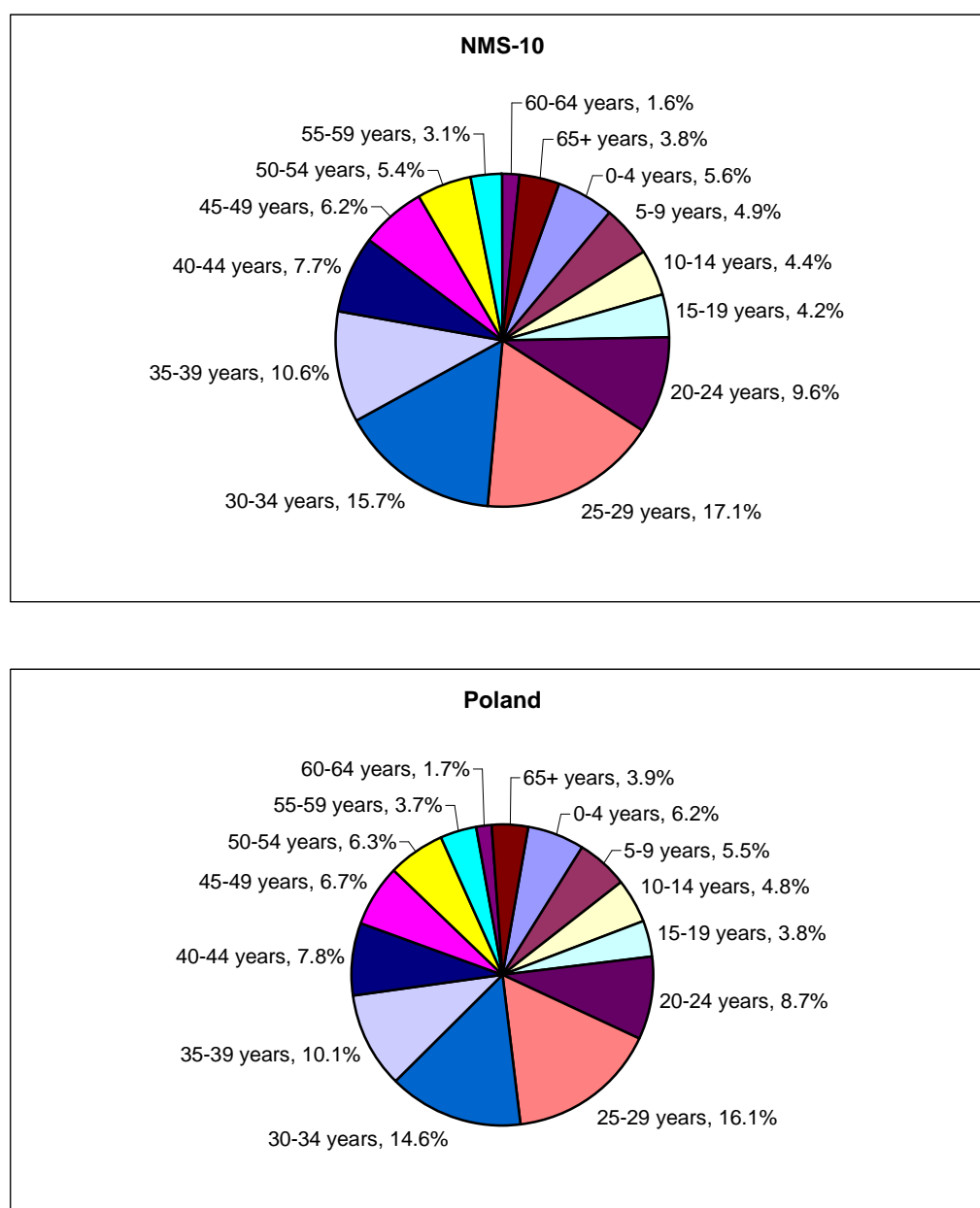
**Table 6: Share of females in the net migrant inflows from the NMS, by citizenship, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007	2000 - 2003	2004 - 2007
Czech Republic	60%	56%	39%	52%	73%	54%	49%	41%	52%	49%
Estonia	75%	78%	73%	80%	67%	66%	60%	61%	76%	63%
Hungary	78%	65%	56%	73%	65%	58%	47%	44%	65%	49%
Latvia	77%	72%	75%	79%	72%	64%	60%	62%	76%	63%
Lithuania	70%	76%	74%	74%	60%	50%	51%	46%	74%	50%
Poland	66%	63%	64%	63%	54%	48%	46%	44%	64%	46%
Slovak Republic	58%	44%	55%	73%	67%	62%	62%	39%	57%	56%
Slovenia	20%	79%	57%	63%	55%	42%	48%	59%	62%	53%
Bulgaria	53%	57%	64%	65%	67%	59%	65%	37%	60%	42%
Romania	73%	65%	68%	66%	76%	68%	66%	43%	68%	50%

Source: Statistics Sweden

Figure 2 shows the age distribution of the NMS-10 and Polish (the largest sending NMS) citizen stock in Sweden in 2007. Note that this also takes into account the citizens of the NMS who arrived in Sweden prior to the 2004 enlargement. Overall, migrants from the NMS are relatively young: about half of them are aged 15-34. The 35-54 age group is, however, also relatively important, constituting about 30 per cent of the total migrant stock.

**Figure 2: Age distribution of citizen stock from the NMS and Poland, 2007**



Source: Statistics Sweden.

### 3.4 Labour market status and performance of immigrants from the NMS

Table 7 reports the number of residence and work permits issued (up to April 30, 2006, including renewals) and registrations made in accordance with the EU agreement by the Swedish Migration Board (SMB) for citizens of Poland, NMS-8 and Romania and Bulgaria in 2003-2007, by reason for migration. Overall, more than 40,000 migrants from the NMS were registered with the SMB in 2003-2007. More than half (57 per cent) of these migrants were employees. 28 per cent were dependents and family members and 8 per cent students. The

share of employers and providers of services, who may include self-employed people e.g. in the construction sector, was relatively low (2.7 per cent and 3.2 per cent, respectively). Poland appears to be the major NMS sending country, with over a half of all NMS migrants in Sweden coming from there.

**Table 7: Immigration from the NMS, the Swedish Migration Board work permits and registrations data**

		Employees	Employers	Providers of services	Students	Relatives/ Dependents	Sufficient means for support	Total
Poland	2003	2134	1	0	320	201	0	2565
	2004	3156	99	141	244	1038	0	4678
	2005	2810	251	194	281	1498	0	5034
	2006	3927	226	355	265	2159	107	6932
	2007	3103	196	87	160	2077	96	5719
NMS-8 + Malta + Cyprus	2003	3774	1	0	577	414	0	4766
	2004	5151	136	209	750	1694	0	7940
	2005	4477	321	408	815	2120	0	8141
	2006	5718	275	489	681	2888	192	10058
	2007	5317	284	160	531	3041	254	9587
Romania + Bulgaria	2003	328	0	0	118	231	0	677
	2004	531	0	0	100	303	0	934
	2005	529	0	0	102	350	0	981
	2006	557	0	0	70	339	0	966
	2007	1020	52	6	102	418	92	1690
NMS-12*	2004 -2007	23300	1068	1272	3151	11153	538	40297
in % of total	2004 -2007	57.80%	2.70%	3.20%	7.80%	27.70%	1.30%	100%

\* NMS-12 includes Cyprus, Malta, Bulgaria and Romania.

Source: Swedish Migration Board

Relative to pre-enlargement levels, immigration flows from the NMS substantially increased. The number of NMS migrants, however, it is still small compared to the size of the Swedish labour market. Among possible reasons for this, Wadensjö (2007) mentions a relatively low rate of job growth and vacancies on the Swedish labour market, as well the diversion of migration flows to the UK and Ireland due to the easier access to the labour market in those countries and "not least that English is the language of those two countries"<sup>2</sup>. Interestingly, Denmark, which introduced minor transitional arrangements for labour movement from the NMS, and, especially, Norway, received higher absolute numbers of immigrants from the NMS.<sup>3</sup> Dølvik and Eldring (2008) note that "the differences in influx show little correlation with the presence of transitional arrangements in the Nordic countries (Sweden, Denmark, Finland, Iceland and Norway)".

<sup>2</sup> See also Legrain (2008), p.13

<sup>3</sup> According to Dølvik and Eldring (2008), in May 2004 – August 2007, Sweden issued 16,900 work permits (+2,550 renewals) to the NMS migrants, Denmark issued 27,740 residence and work permits (including renewals), and Norway issued 89,430 registrations (+69,200 renewals) to the NMS nationals. The population of Sweden is approximately two times higher than that of Norway or Denmark.

Studies evaluating the post-enlargement performance of NMS migrants on the Swedish labour market and effects of NMS migration on the Swedish economy are rare. In the following, we summarise the findings of Wadensjö (2007) who analyses the labour market performance of the migrants born in the NMS, drawing on the individual register data from Statistics Sweden and the Swedish Migration Board. The database consists of all individuals who are registered as living in Sweden at the end of 2005. The employment information is available for September or November 2005 (depending on the sector) It must be recalled that the study takes into account all individuals *born* in the NMS, thus also comprising people who came to Sweden prior to the 2004 enlargement.

Table 8 compares education levels of the migrants born in the NMS and Sweden. The share of individuals with at least 2 years of higher education is higher for those born in the NMS than the Swedish-born (31 per cent vs. 24 per cent). Migrants from the Baltic States tend to have the highest share of individuals with higher education. Note that most of these migrants arrived to Sweden prior to the 2004 enlargement. In addition, for newly arrived migrants much of the information on education is missing (Wadensjö 2007).

**Table 8: Education distribution of people born in one of the new member states and in Sweden, 2005, in per cent**

	Czech Republic	Estonia	Hungary	Latvia	Lithuania	Poland	Slovakia	Slovenia	NMS-10*	Sweden
Primary school - less than 9 years	2	4	6	2	1	4	5	11	4	4
Primary school - 9(10) years	3	9	7	9	5	8	7	12	8	16
Secondary school	29	30	48	22	18	43	23	50	42	47
Higher education - less than 2 years	6	6	6	6	5	6	4	4	6	6
Higher education - 2 years or more	37	38	27	41	41	30	31	18	31	24
Postgraduate education	6	3	2	4	5	2	6	1	2	1
Missing information	17	11	3	16	26	7	26	4	7	1

\* NMS-10 includes Cyprus and Malta.

Source: individual register data from Statistics Sweden and the Swedish Migration Board

Table 9 provides information on the distribution of the migrants born in the NMS and Sweden according to the industry in which they are employed in 2005. Individuals from the major sending NMS (Poland and the Baltic States) are clearly overrepresented in the health care sector, which is consistent with the relatively high share of women in migrant inflows, in particular before 2005 (Table 5), the high share of the individuals with higher education in the stock of migrants from these countries (Table 8), as well as relatively high demand for labour in the sector (Table 2). The Lithuanian- (and, to a lesser extent, the Latvian-) born

are overrepresented in the agricultural sector. The Polish and the Lithuanian-born (the major sending NMS) were more likely to be employed in construction sector than migrants born in other NMS. On average, however, migrants from the NMS in 2005 were underrepresented in the construction sector. But as both the share of males in the NMS migrant inflows and the job openings rate in the construction sector considerably increased after 2004, the importance of the construction sector in NMS migrant employment might have substantially risen since 2005.

**Table 9: Distribution of people born in one of the new member states and in Sweden according to industry, 2005, in per cent**

	Czech Republic	Estonia	Hungary	Latvia	Lithuania	Poland	Slovakia	Slovenia	NMS-10*	Sweden
Agriculture, forestry, fishing	0	1	0	4	15	1	0	0	2	2
Manufacturing, mining	11	11	18	10	12	16	14	31	16	17
Public utilities	0	1	1	1	0	1	0	0	1	1
Construction	4	5	3	3	5	5	2	4	4	6
Trade, communication	19	19	18	14	12	17	15	19	17	19
Financial services, business services	11	16	14	12	13	14	15	13	14	14
Education	18	12	13	14	12	11	11	8	11	11
Health care	15	19	19	22	18	23	30	14	22	16
Personal and cultural services	16	10	9	12	7	8	12	7	8	7
Public administration	3	5	4	6	2	4	1	4	4	6
Not classified	3	2	1	2	3	2	2	1	2	1

\* NMS-10 includes Cyprus and Malta.

Source: Wadensjö (2007)

Table 10 compares monthly wages of individuals born in the NMS-10 and Sweden and reveals a less than 1 per cent difference between the two groups. The average wage for the two major migrant groups (Polish and Lithuanian) is, however, 4 per cent and 8 per cent (respectively) lower than that of the Swedish-born.

Finally, to find whether migrants from the NMS receive a negative wage premium, Wadensjö (2007) estimates Mincer equations for those employed full time in Sweden. Controlling for age, gender and education level, but not the employment sector, the NMS-10 migrants receive about 4 per cent lower wages (3 per cent - women and 5 per cent - men) compared to the Swedish-born. The largest negative wage effects are found for groups with most recent arrivals: Poland (5 per cent), Estonia (6 per cent), Latvia (7 per cent) and Lithuania (16 per cent). On average, the earlier the migrants born in the NMS arrived to Sweden the lower is the wage disadvantage. It is the highest for those arrived in 1990-1999 (-9 per

cent), but then diminishes slightly to 6 per cent for the migrants arrived between 2000 and 2005.

**Table 10: Monthly wage among those born in one of the NMS and in Sweden aged 16-64 in September or November 2005, in thousands SEK**

	Men	Women	All
Czech Republic	25.4	21.8	23.5
Estonia	27.7	21.0	23.0
Hungary	27.2	22.0	24.1
Latvia	27.8	21.9	23.3
Lithuania	25.6	19.8	21.4
Poland	26.7	21.1	22.6
Slovakia	32.6	23.3	27.1
Slovenia	25.7	19.6	22.4
NMS-10*	27.4	21.4	23.3
Sweden	27.0	20.8	23.5

Note: Only those employed included.

\*NMS-10 includes Cyprus and Malta

Source: Wadensjö (2007)

#### **4. Impact of migration from the NMS on the Swedish economy and the welfare state**

Dølvik and Eldring (2008), looking at immigration from the NMS to the Nordic countries (Sweden, Denmark, Norway, Finland, Sweden, and Iceland) after the EU enlargement, conclude that "the increasing labour mobility from Poland and the Baltic states has contributed to higher economic growth and slower increases in prices, costs and interest rates than what otherwise would have been possible in a period of sustained economic boom and increasing scarcity of labour in the Nordic countries. Labour migration has contributed to removing bottlenecks, and no significant imbalances in the Nordic labour markets have been registered."

So far there has also been no evidence that the fears of the "welfare tourism", an important focal point of the pre-accession debate in Sweden, were well-founded.<sup>4</sup>. Despite the fact that Sweden allowed unrestricted access to its generous welfare system for the NMS migrants, the UK and Ireland (the countries which restricted NMS migrants' access to their social benefits for the first year), as well as neighbouring Denmark and Norway experienced much higher inflows of labour from the NMS (Legrain 2008, Dølvik and Eldring 2008). Evaluating

<sup>4</sup> See Appendix A in Doyle et al. (2006).



the NMS migration experience to Nordic countries, including Sweden, Dølvik and Eldring (2008) conclude that "so far, social tourism appears not to have been a problem".

Table 11 from Wadensjö (2007) shows that the 2003-2004 change in the number of applications for social assistance approved for the NMS migrants was negligible. For example, the stock of Polish migrants increased by at least 1,000 between 2003 and 2004 (Tables 4.1., 4.2., and 5), while the number of applications for social assistance approved for the Polish citizens/the Polish-born actually decreased.

**Table 11: Number of applicants for social assistance granted for the NMS migrants aged 16 and older, by country of birth and citizenship, in 2003 and 2004.**

	By country of citizenship		By country of birth	
	2003	2004	2003	2004
Czech Republic	35	31	38	36
Estonia	125	124	230	218
Hungary	323	328	680	698
Latvia	55	59	102	95
Lithuania	79	91	83	96
Poland	1753	1702	3021	3020
Slovenia	28	26	26	24
Slovakia	96	112	66	79
Total	2496	2477	4249	4273

Source: Wadensjö (2007)

Finally, Table 12 shows that the number of the EU-born (excluding Sweden) receiving social assistance in Sweden was decreasing in 2005-2007. Taking into account positive net inflows of the NMS migrants in this period, this once again would not support the "welfare tourism" hypothesis.

**Table 12: Recipients of social assistance and introductory benefits, by country of birth, 2005-2007**

	2005	2006	2007
Sweden	152 498	139 082	128 503
EU countries excl. Sweden	14 659	13 147	11 808
Other countries in Europe excl. EU, Norway and Island	27 424	25 375	25 190
Rest of the world	91 115	100 321	102 795

Note: EU includes Romania and Bulgaria

Source: The Swedish National Board of Health and Welfare

## 5. Summary

Despite the full liberalization of the labour market for NMS nationals with no restrictions in access for social benefits, Sweden did not experience massive migration inflows from the NMS after 2004. More than half of the migrants came from Poland, followed by Lithuania. Compared to the pre-transition levels, the share of females in migrant inflows fell considerably, reflecting the declining importance on the health care sector in employment of NMS migrants in Sweden. There is no evidence that immigration from the NMS has led to any imbalances on the Swedish labour market or that migrants from the NMS came massively to Sweden because of the generous welfare system.

## 6. References

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