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# **PROSPECTS FOR UKRAINE'S INTEGRATION INTO THE EU LABOUR MARKET IN THE CONTEXT OF THE UKRAINE – EU ASSOCIATION AGREEMENT**

## **ABSTRACT**

Upon signature of the Association Agreement Ukraine has gained an opportunity to deepen its integration into the European labour market. Such integration plays an important role given the fact that about half of the labour migration is directed towards the EU and the share of remittances from the EU amounts to over 30% of total revenues from migrant workers. The Agreement stipulates that the EU and Ukraine shall make joint endeavours to tackle the root causes of migration, establish an effective against illegal migration while legally employed workers from Ukraine and the EU shall guaranteed equal rights and the need to expand the number of bilateral agreements on employment between Ukraine and the EU Member States is declared as well. The Agreement provides for separate provisions on temporary presence of natural persons for business purposes that allow for employment of “key personnel” as well as for rendering of commercial services under a simplified procedure of stay in the host country. However, liberalisation of access of migrants from Ukraine applies primarily to skilled migration that generally corresponds to the common trend of implementing the EU immigration policy today. However, the issue of access to the national labour markets of the main part of labour migrants from Ukraine still remains in the domain of bilateral relations between Ukraine and the EU host countries.

**Key words:** labour migration, migration management, EU labour market, EU-Ukraine Association Agreement

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## 1. INTRODUCTION

International labour migration is gaining increasing importance in today's globalised world. In Ukraine – EU relations regulation of migration also plays an important role given that the EU is one of the key centres of attraction of labour and Ukraine it is an important exporter and transit country for migrants from third countries. Insofar as the new basic agreement being at the final stage before its signing by the parties is able to significantly contribute to the further development of bilateral migration relations, the importance of the study of this subject is obvious.

International labour migration, the European labour market, national and regional migration policies, as well as the prospects and mechanism of Ukraine's integration into the European labour market have been studied by a number of Ukrainian and foreign scientists, among which first and foremost are J. Borjas, H. Würzel, A. Haidutsky, S. Drinkwater, I. Ivakhnyuk, E. Libanova, O. Malynovska, S. Metelyov, R. Ryan, A. Rumyantsev, O. Stark, A. Filipenko, J. Flores, R. Chami.

Migration has always played a crucial role for the EU Member States and had a significant impact both on the structure and the total population of individual countries. The movement of workers in the EU was not homogeneous. Germany, France and Britain, for example, had a significant influx of migrant workers in 1950s and 1960s. Meanwhile, countries such as Ireland, Spain and Italy had traditionally been countries of emigration. Over time trends have changed. Control over immigration was increased in most countries in as early as the 1960s and 1970s. Later countries being predominantly countries of emigration have become host countries for a large number of workers from other European countries and from countries outside the EU.

An important factor of a significant number of migrants in the EU today is certain vagueness in the use of short-term and long-term programs. For example, a large number of migrants who came to work in Germany in the 1960s mainly from Turkey, Greece, Italy, Morocco, Portugal, Spain, Tunisia and Yugoslavia had labour contracts for approximately 2 years. The German law was amended in 1970s to allow those migrants to stay in Germany for permanent residence and transplant their families there.

The signing of the Ukraine-EU Association Agreement gives an opportunity to deepen the integration of Ukraine into the European labour market. Considering Ukraine's dependence on foreign migration in an unstable development of other forms of international economic relations, as well as the long-term needs of new migrants in the EU, cooperation in labour migration is an intrinsic and perspective objective for both parties already in the coming years.

The purpose of this article is to examine changes in the migration situation between Ukraine and the EU in the short term taking into account the long-term needs of the economies of Ukraine and the EU, which is reflected in particular in certain provisions of the Association Agreement between Ukraine and the EU and the EU Member States.

## 2. MATERIAL AND METHODS

According to the international statistics, only 1,869,000 Ukrainian citizens are abroad legally, representing 4.1% of the population of Ukraine (Migration policy centre, 2013). In general

it can be argued on a stable stay abroad of up to 3 million migrant workers from Ukraine during the year.

Today the issue of labour migration remains ambiguous for Ukraine in its effects. The same applies to the migration situation in the EU, in particular the aspect of labour migration regulation at the Union level. Currently it can be argued that short-term economic and political incentives in Ukraine and the EU do not meet their long-term interests, however, these priorities are multi-directional.

Migration from Ukraine to the EU is less than half (Open Ukraine, 2010) or according to other sources 56% (Migration policy centre, 2013) of the total emigration from the country. Among the key EU destination countries of migration are Poland (12.2% of migrants), Italy (10.8%) and Germany (8.2%). Mainly in the EU Ukrainians were employed in Italy (13.4% of total migrants), Czech Republic (12.8%), Poland (7.4%), Spain (3.9%) and Portugal (3.0%) (Vidjakina & Stakanov, 2013). Therefore, the possibility of free access to the EU labour market plays an important role for Ukraine for the stability of both pattern of migration and support of Ukraine's balance of payments by remittances of migrants, with their volume amounting to USD 8.5 bln. only via official channels in 2013 (National Bank of Ukraine, 2015), of which the share of EU countries was 30.8% (USD 2.3 bln.), and that was lower than the rates of migration in this direction, and thus indicates the possibility of further increase in the absolute indices of legal remittances through establishment of relevant legislative terms, including through the development of bilateral agreements. In 2014 the volume of remittances to Ukraine (National Bank of Ukraine, 2015) decreased by 24.0% to USD 6.5 bln., however, the ratio of remittances to GDP increased up to 4.9% (4.5% in 2013).

The greater share (53.7%) in the structure of private money transfers accounts for the remittances of workers who work abroad for over a year (53.1% in 2013). The largest volume of remittances to Ukraine, as in the previous years, came from seven countries (the share of these countries was 70% in the reporting year). Russia remained the leader in terms of cash flows to Ukraine, but private revenues decreased compared to 2013 by more than a quarter – from USD 2.7 bln. to USD 2.0 billion in 2014. The total of the CIS countries in 2014 was accounted for almost 40% of remittances received from abroad. Among other countries of the world contributing to the major part of the remittances were the United States (9.6% of total remittances to Ukraine), which was 16.3% less than in 2013. The EU Member States provided for USD 1.9 bln. respectively, that was by 16.2% less than in the previous year. The share of the EU MS total remittances amounted to almost 35%. The largest amounts came from Germany (5.9% of the total volume). The growth of remittances to Ukraine was evidenced only from the United Kingdom and Ireland (together by 10.3%) (National Bank of Ukraine, 2015).

In the short term given the structural problems in its economy, which only exacerbated during the economic crisis, Ukraine have no possibility to refuse emigration of workers without using restrictive, anti-market regulatory mechanisms. This happens due to objective conditions with a key one being a significant difference in remuneration of labour between Ukraine and the EU, including the EU-10 MS which joined the Community in 2004. Many of them serve also as key countries of destination or countries of transit for Ukrainian workers. On the other hand, long-term immigration policy leads to considerable loss of working-age population, and to that effect the problem is even more acute for Ukraine than for the EU MS, which are largely recipients of workers from Ukraine.

The issue of labour migration is primarily a matter of national regulation of the EU, unlike other types of migration, such as migration of refugees, illegal migration or aspects of family reunification, and related to this issue, such as border control, the issue of deportation, readmission, protection of refugees' rights and foreign workers rights.

Comparative analysis of migration legislation in some EU countries reveals the lack of common approaches to regulation of labour migration in the EU as a whole. [Vidjakina & Stakanov, 2011, p. 63]. However, in times of crisis most of the key EU host countries to Ukraine, including Italy, Spain and Portugal tend to limit opportunities for legal entry into their countries of immigrants, as well as the opportunities of legal employment. A key objective in this case is limiting immigration inflows given the difficult situation of unemployment in the EU MS at the current stage, particularly in those countries that are traditional destinations for Ukrainian migrant workers (Tab. 1).

Tab. 1. Unemployment rates in chosen EU countries, in per cent

Country/Region	September, 2011	September, 2012	March, 2015
<b>EU-27/28</b>	9.8	10.6	9.8
<b>EA countries</b>	10.3	11.6	11.3
<b>Spain</b>	22.4	25.8	23.0
<b>Portugal</b>	13.1	15.7	13.5
<b>Italy</b>	8.8	10.8	13.0
<b>France</b>	9.6	10.8	10.6
<b>Poland</b>	9.8	10.1	7.7
<b>Czech Republic</b>	6.5	6.8	5.8
<b>Germany</b>	5.8	5.4	4.7

Sources: European commission (2014, July 1). Euro area unemployment rate at 11.6%. Retrieved May 09, 2015, from: [http://europa.eu/rapid/press-release\\_STAT-14-103\\_en.htm](http://europa.eu/rapid/press-release_STAT-14-103_en.htm); Eurostat (2015, March). Unemployment statistics. Retrieved May 09, 2015, from: [http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics)

As seen from Tab. 1, the unemployment rate in the EU has been relatively stable within the entire union in recent years, but it demonstrates significant differences in the dynamics of the individual countries. The unemployment rate is declining in Poland, Czech Republic and Germany, creating the potential economic prerequisites for attracting more number of migrants, including those from Ukraine.

Despite the fact that each EU Member State has its own specific way of limiting migration inflows, key restrictive measures may include allocation of a quota on the number of migrant workers, extension of the list of requirements when applying for a visa, complication of procedures for issuing work permits and permissions to stay.

Regardless of the substantial experience of emigration and immigration of some EU MS such as Germany, France, Italy and others, there is no significant efficiency level of migration measures introduced by these countries. This ultimately affects the growth of social tension, increased illegal immigration, including an increasing number of illegal border crossings to the EU MS, exploitation of immigrant workers, which eventually affects the labour markets of the host countries (Markov, 2009).

### 3. RESULTS AND DISCUSSION

Part of the articles of Association Agreement between the European Union and the European Atomic Energy Community and their member states, of the one part, and Ukraine, of the other part was signed on March 21, 2014 (Parliament of Ukraine, 2014). Following completion of the signing and ratification of the document by all parties a number of sectors of economic cooperation between Ukraine and the EU shall undergo significant changes. Some changes will also take place in the sector of migration between countries.

Articles 16–18 of Title III of the Agreement envisage some aspects of cooperation between the parties to guarantee the right for migration and protection of migrants in destination countries.

Article 16 of the Agreement is dedicated to cooperation in the field of migration, asylum and border management. This article declares the importance of joint management of migration between countries, inclusion of migration concerns in the national strategies for economic development of the areas from which migrants originate. This article provides that the EU and Ukraine will take joint efforts to tackle the root causes of migration, establish effective policies against illegal migration, and cooperate in the implementation of the rights of refugees under the terms of the UN Convention of 1951 on the Status of Refugees and Protocol relating to the Status of Refugees of 1967.

Article 17 of the Agreement accords workers from Ukraine with equal employment rights with the rights of local EU citizens, in accordance with national legislation in such countries. In its turn Ukraine is bound by the similar commitment concerning workers from EU Member States.

Special attention in the Agreement (Art. 18) is paid to mobility of workers. To that end, it is expected that existing facilities of access to employment on the EU labour market for Ukrainian workers should be preserved and, if possible, improved. The focus is primarily on those countries that have already signed agreements on employment of workers with Ukraine (for example, the Agreement between the Government of Ukraine and the Government of the Republic of Poland on Mutual Employment of Workers, 1994 (Parliament of Ukraine, 1994), while other EU Member States are suggested to consider concluding similar agreements. Other features such as expanding access to professional training to Ukrainians in the EU shall be examined by the Association Council, while it will take into account the labour market situation in the EU Member States.

In the case of movement of persons in general, the Parties (Art. 19 of the Agreement) shall ensure the full implementation of the Agreement between the European Community and Ukraine on the Readmission of Persons (2007) and the Agreement between the European Community and Ukraine on the Facilitation of the Issuance of Visas (2007). Institutionally, the implementation of these agreements shall be monitored through the Joint readmission committee and Joint Committee for management of the Agreement on visa facilitation, respectively. Activities to launch on the visa-free movement regime between Ukraine and the EU have been performed since November 2010 as part of the Action Plan on Visa Liberalisation.

The Agreement stipulates for separate provisions for the temporary presence of natural persons for business purposes. Pursuant to Article 98, the establishments of Ukraine and the

EU in carrying out of their economic activities through subsidiaries, branches and representative offices, based in the EU and Ukraine, according to the host country shall be entitled to employ workers, defined as “key personnel”. The key personnel under the Agreement shall include the following categories of workers:

- Business visitors, meaning natural persons working in a senior position who are responsible for setting up an establishment. These workers do not receive remuneration from a source located within the host Party.
- Intra-corporate transferees. This category includes workers who have been employed by an establishment of the EU or Ukraine for at least one year and who are temporarily transferred to an establishment in the territory of the other Party to the Agreement. This category includes both managers and specialists.

Given the fact that Articles 16–18 of the Agreement do not provide opportunities for free access to the labour markets of EU MS, the effect of the signing of this agreement will be significantly limited. In the case of temporary presence of natural persons for business purposes, these provisions have some positive effects on migration of skilled and highly-skilled workers as well as business migrants. However, given the current structure of the employment of Ukrainian migrants when construction work and housekeeping services as well as wholesale and retail trade, agriculture and industry are key employment sectors for labour migrants from Ukraine into the EU (Vidjakina & Stakanov, 2011) this liberalisation of access for economic migrants from Ukraine does not affect the possibility of free access to the EU labour market for most of them.

Since there is no common EU migration policy on labour migration from third countries, Ukraine has to proceed with developing of priority bilateral relations and to expand the list of agreements on employment and social security guarantees with key labour importing countries of the EU.

#### **4. CONCLUSION**

The EU is a key centre of attraction for Ukrainian labour migrants, as well as a significant source of origin of remittances. Signature and full entry into force of the Ukraine-EU Association Agreement will make it possible to liberalise some aspects of labour migration between Ukraine and the EU. However, liberalisation of access of migrants from Ukraine applies primarily to skilled migration that generally corresponds to the general trend of implementation of the EU immigration policy today. The issue of access to the national labour markets of the main part of labour migrants from Ukraine continues to remain an area of bilateral relations between Ukraine and the EU host countries. It is highly likely for one to say that the signing of the Association Agreement may at best be a signal to intensify and deepen the existing agreements between Ukraine and a number of key countries receiving migrant workers from Ukraine, the ultimate purpose of may come down to improvement of social protection of national labour migrants, facilitation of remittances procedures and other related issues. However, the experience of new EU Member States acceding to the EU in 2004 and 2007 and obtaining an option to migrate freely to all “old” EU MS for work following 7 years of transition shows that the sole real chance for Ukraine to be fully integrated into the EU labour market is only the full membership of Ukraine in this integration association.

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