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Labour flows from the new EU Member States into UK and Italy: Characteristics and economic specialisation

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Abstract

The paper analyses the main characteristics of the immigrant flows deriving from the two subsequent rounds of Eastern EU Enlargement in the UK and Italy. Using data from the National Labour Force Surveys, immigrants' employment outcomes and their economic specialisation across sector of activities are investigated. Disparities emerge between nationality groups - especially when the new EU citizens are split according to the two different rounds of Enlargement - but also between the two host countries, reflecting their diverse experience as countries of immigration.

JEL Classification: *F22; J61*

Key words: *Migration; Labour mobility; EU Eastern enlargement.*

Affiliations and acknowledgements

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1. Introduction

The accession of several Central and Eastern European Countries in the last decade represents a fundamental stage of the European Union expansion and also a central point in the ongoing debate about the economic and social consequences of international migration. The first round of accession involved ten countries in 2004 (EU-8 - Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia - plus the Mediterranean islands of Malta and Cyprus) while Bulgaria and Romania (EU-2) joined the EU in January 2007.

Free movement of persons is one of the basic rights guaranteed by the European law (Article 39 EC): EU nationals are allowed to move freely to other Member States to take up employment and reside there with their family members.

The right to free movement for the new EU citizens was therefore expected to translate into a sharp increase in East-West flows. As the EU Commission states in the Communication on "The impact of free movement of workers in the context of EU enlargement" (2008), the number of citizens from the new Eastern Member States resident in the EU-15 increased by roughly 1.1 million, from 900000 in 2003 to about 2 millions in 2007. However, the shares of non-EU nationals and other EU-15 citizens are still definitely higher, even four years after the enlargement.

This fact might be partly explained by the provisions contained in the Accession Treaties of 2003 and 2005 in terms of migration policies that allowed EU-15 countries to temporarily restrict the free access of workers from the new Member States that joined in 2004 (with the exception of Malta and Cyprus) and 2007 to their labour markets[1]. In 2004, only a few countries in the EU-15 (Ireland, Sweden, UK) granted immediate free access to their labour market to workers from EU-8, while restrictive measures applied elsewhere cease in 2011 at the latest. With the second round of Enlargement in 2007, only Sweden and Finland immediately opened their labour market; all the other EU-15 States adopted restrictions that in most cases are still operating. These policies obviously resulted in legal limitations to East-West mass flows and most probably caused different patterns of mobility between the two subsequent rounds of Enlargement.

However, economic incentives to migrate have been severely affected by the recent economic crisis too. Recessions affect earnings due to immediate job losses which however could even translate into long-term unemployment, poverty and deprivation. Immigrants are likely to represent one of the categories most affected by the crisis. As a matter of fact, in many developed countries they account for a large share of the low-skilled workforce, that in a downturn typically represents the most damaged category due to its greater ease of replacement compared to trained qualified workers. The involvement in cyclical industries and occupations, and in general the role as temporary workforce, may further increase immigrants' level of vulnerability during economic crises. As a matter of fact, net immigration to the EU fell by 41% between 2008 and 2009 (Papademetriou et al., 2010) and a decrease by over 40% occurred also in the number of unauthorized immigrants caught at the EU southern borders (Frontex, 2009).

The purpose of this analysis is to shed light on what is currently happening to the immigrant

[1] Transitional regimes can be applied for a maximum of seven years to employees but not to self-employed persons. Despite the restrictions, a Member State must always give preference to Bulgarian, Romanian and EU-8 workers over workers who come from non-EU countries with regard to the first access to the labour market.

workforce from the new EU Member States in two countries of the EU-15: United Kingdom and Italy. The UK has historically been a country of immigration thanks to its higher level of economic development and the wide past colonial empire. Italy, on the other hand, had a long tradition as a country of emigration towards the United States, Australia, Latin America and Western Europe and started to receive the first substantial migration inflows only by the end of the 1980s.

Migration policies adopted in the two countries after the first round of EU Enlargement in 2004 were substantially different. Unlike the UK, where free access to the national labour market was granted to the citizens of the EU-8 countries, the Italian government decided to apply a transitional arrangement that limited the access to the labour market for workers from EU-8 and was finally removed in July 2006. However, in both countries restrictions for EU-2 employees are still in force and citizens from Bulgaria and Romania need a work permit to enter the host labour markets[2]. Self-employed immigrants instead are allowed to have a job in both countries without asking for any specific permit (Directive 2006/123/EC on services in the internal market).

Such a different historical background and the different migration policies adopted towards the Eastern Enlargement in Italy and the UK make room for an interesting comparison.

Employing data from the National Labour Force Surveys, socio-economic characteristics and labour market outcomes of immigrants from the new Eastern Member States are investigated respectively for the UK and for the Italian case, to understand the differences between the two groups inside each country but also to highlight possible common features compared to non-EU nationals. In particular, the analysis is focussed on the specialisation patterns of the different immigrant groups (EU-8, EU-2 and non-EU citizens) across economic branches of activity to highlight the kind of occupation they are mainly employed in and possibly how their specialisation pattern has been influenced by the crisis.

The second section provides a detailed description of the data employed in the empirical analysis for both countries. In the third section, a brief general overview of the theoretical mechanisms behind migration flows is offered while the fourth section analyses immigrants' economic characteristics and employment performance in the UK and in Italy. By making use of the correspondence analysis technique, the fifth section highlights the specialisation patterns (when existing) of immigrant groups in different economic sectors, both for the UK and for Italy. The final section summarizes the main results from the whole analysis and concludes.

[2] The specific policies adopted in Italy for EU-2 workers provide that occupations in certain sectors or under certain conditions (agriculture, hotel and tourism, domestic work, care services, construction, engineering, managerial and highly skilled work, seasonal work) do not require a work permit. In the UK, the employer needs to apply for a work permit and the EU-2 worker for an "Accession worker card" (except for certain categories of employment). Restrictions based on quota schemes for low-skilled workers in the agricultural and food processing sectors still apply, whereas skilled workers can work if they qualify for a work permit, or under the Highly Skilled Migrant Programme.

2. The data

The data sources employed here are the UK and the Italian Labour Force Surveys[3] which represent a rather typical tool in empirical analyses concerning immigration into the EU-15.

The UK Labour Force Survey is conducted on a quarterly basis by the Office for National Statistics using a systematic random sample design that guarantees appropriate coverage for analysing foreign-born population. Similar strategies were introduced in 2004 also by the Italian Institute of Statistics (ISTAT) to collect representative data on the immigrant population.

Questionnaires in both surveys cover different topics such as earnings, employment situation, education and other socio-economic characteristics to build an exhaustive picture of the interviewees' labour market past and current experience.

The period considered in the analysis goes from the first quarter of 2006 to the second quarter of 2010. Such a time span is sufficient to disclose the characteristics and the dynamics of migration flows deriving from the two rounds of EU Eastern Enlargement in the UK and in Italy; in addition, it might be useful to get some hints about the impact of the recent economic downturn on the immigrant population and its performance on the host countries' labour market.

For the purpose of this study, immigrants are identified through the nationality criterion. The reference overall immigrant population is represented by the non nationals regularly residing in the country aged 15 and over. Four immigrant groups are then identified: EU-15 nationals, EU-8 nationals, EU-2 nationals and non-EU nationals[4].

To study the distribution of employed immigrants across different branches of activity, the classification of economic sectors has been reformulated on the basis of nine major groups[5]:1. Agriculture, forestry and fishing; 2. Manufacturing, energy and water; 3. Construction; 4. Wholesail, retail and motor trade; 5. Hotels and restaurants; 6. Transport and communication; 7. Financial intermediation, real estate, renting and business activities; 8. Public administration, education and health; 9. Other services.

3. What factors drive migration flows?

International migration flows are determined on a first basis by individual incentives and decisions which, however, need to cope with provisions and restrictions imposed by migration policies of developed countries (Clark, Hatton and Williamson, 2007).

The economic decision to migrate has been widely analysed in the literature on the assumption that individuals choose the strategy that maximizes their well-being (Sjaastad, 1962; Borjas, 1987). In such a framework, better economic conditions in the destination country should act as a pull factor attracting bigger migration flows, while poor economic conditions in the country of origin might push people to migrate. This is exactly what emerges from many

[3] Computation on the data from the ISTAT Quarterly Labour Force Survey (2006-2010) has been conducted at the ISTAT "Laboratorio per l'Analisi dei Dati ELEmentari" under the respect of the law on the statistic secret and the personal data protection. The results and the opinions expressed in this article are exclusive responsibility of the author and, by no means, represent official statistics.

[4] EU-15 traditionally refers to Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, UK. EU-8 includes Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia. EU-2 includes Bulgaria and Romania.

[5] The classification is recovered respectively from the variable *inds07m* in the UK LFS and from the variable *cat12* in the Italian LFS.

empirical contributions in which migration is found to be negatively/positively correlated to the home/destination country GDP per capita (Borjas, 1987; Karemera, Oguledo and Davis, 2000; Clark, Hatton and Williamson, 2007). Also the distance between home and destination country is very likely to be significant in determining migration choices due to its effects on migration costs: the closer the two countries, the lower the moving costs and the easier the contacts with the family at home (Mayda, 2010).

A key role in reducing migration costs and risks is also played by the stock of previous migrants from the source country already settled in a specific destination (the so-called "friends and relatives effect", Hatton and Williamson, 1998). With their direct knowledge of economic opportunities and labour-market conditions in the destination country, previous migrants can help to reduce migration costs for the new comers and thus increase the attractiveness of migration for a wider set of people. In this way, migration may become a self-perpetuating process (Massey, 1990; Taylor, 1986) and the size of the network proves to be a positive determinant of migration flows.

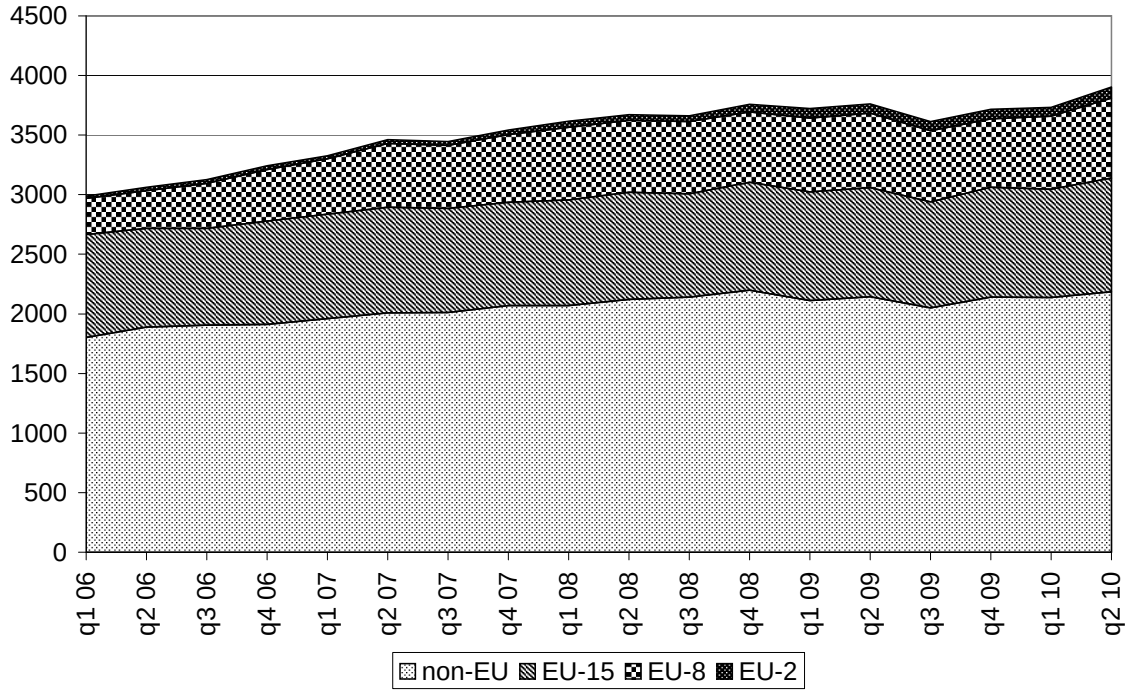
An *ex-ante* propensity to migrate might however be strongly influenced, and limited, by the presence of policies that restrict immigration to destination countries. Whether they restrict the number of immigrants allowed to enter the country (quotas) or select those who can enter on the basis of certain characteristics (skills and qualifications, for example), the result will be in both cases an increase in the costs of moving for potential migrants. Mayda (2010) interestingly shows that migration restrictions significantly affect the size of migration flows by mitigating the effects of the other economic and non economic determinants: the adoption of less restrictive policies in destination countries implies stronger effects for both pull and push factors (positive and negative effects, respectively) while the opposite is true when immigration policies become more protectionist.

4. The size and the economic characteristics of immigration from the new EU Member States

As already stated in the introduction, the UK was one of the few countries that allowed EU-8 workers to move relatively freely across national boundaries immediately after the EU Enlargement in 2004. The effect on migration inflows from the new Member States was immediate (Boeri and Brücker, 2005; Barrell, FitzGerald and Riley, 2007). As far as our period of analysis is considered, Figure 1 shows that the total number of immigrants aged 15 and over increased by 30% from around 3 millions at the beginning of 2006 to almost 4 millions in 2010. A noticeable drop was registered in the second quarter of 2009 (-4% with respect to the first quarter of 2009) but afterwards the trend became positive again with no sizeable effects deriving from the global economic crisis. Barrett and Kelly (2010) instead show that the stock of immigrants in Ireland - who shared the same approach to the 2004 Enlargement with the UK in terms of labour market regulation - started to constantly decline at the end of 2007, with a fall from the peak of almost 13% at the end of 2009.

When looking at the composition by nationality, it is rather clear that non-EU nationals represent more than half of the total immigrant population. Considering EU-nationals, the overall share of EU-8 citizens increased from 10% in 2006 to around 17% in 2010, while the share of EU-2 nationals, even though representing a minor group, significantly rose from 0.7% to 2.4% of the total immigrant population in the same period. A cyclical component is however

Figure 1: *Immigrants in the UK aged 15 and over by nationality groups, 2006-2010*



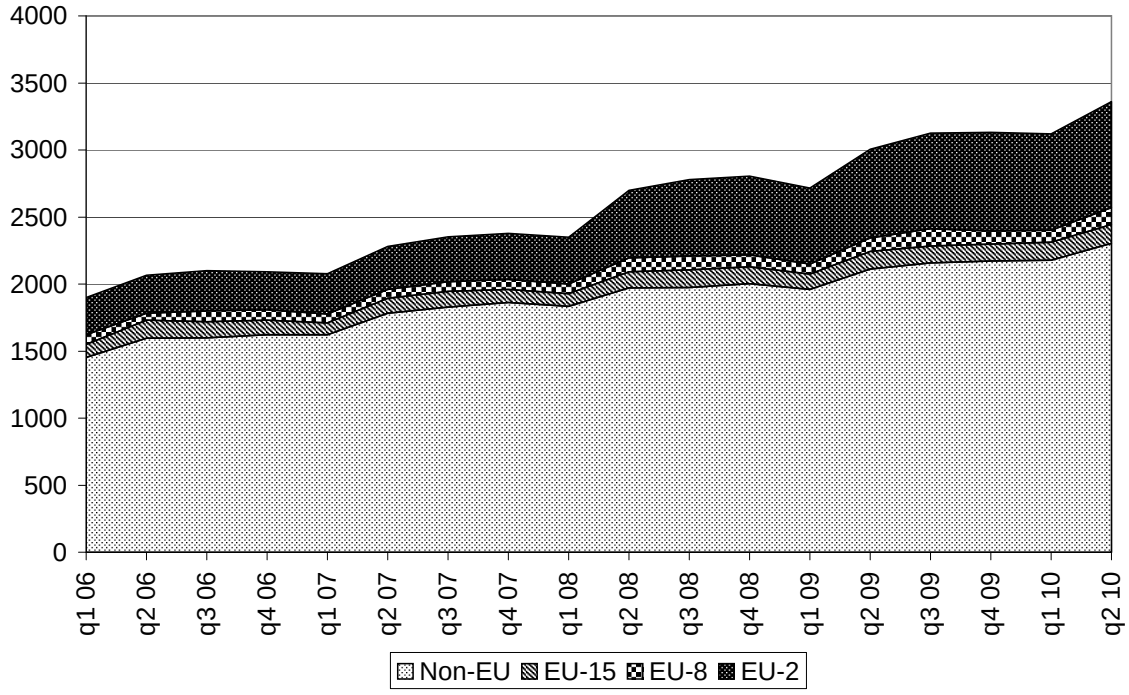
Source: Author's calculations with data from the UK QLFS, 2006-2010.

more evident for immigrants from the new EU Member States compared to non-EU citizens. Their free mobility across European borders, the geographical proximity and hence higher chances of seasonal and circular migration might be responsible for such a different pattern. Also in Italy the largest share of immigrants is represented by non-EU nationals (Figure 2). However, their weight in the overall immigrant population decreased from 76% at the beginning of 2006 to 68% in the second quarter of 2010, mainly in favour of EU-2 nationals whose share raised by about 60% in the same period, from less than 280 to almost 800 thousand people. Contrary to what could be expected, the largest growth in the stock of EU-2 citizens was recorded after the onset of the crisis: at the beginning of 2008 the whole EU-2 population was around 350 thousands and the figure more than doubled in the following two years.

The role of the harsh economic conditions in Romania and Bulgaria acted as push factors and probably dominated the limited prospects Italy could offer to immigrants due to the recession[6]. EU-8 population instead did not undergo such a noticeable increase and remained stable around 4% of total immigrant population. Summing up, it is rather evident from the comparison of the two Figures above that UK and Italy represented the destination countries of different internal EU migration flows: citizens that entered EU with the first Enlargement round in 2004 elected UK (and Ireland) as their preferred destination, while migration flows to Italy were and still are mainly made up of EU-2 nationals. But which are the most represented nationalities among EU internal migration flows? Table 1 clearly shows the two most represented nationalities are respectively Polish in the UK and Romanian in Italy.

[6] Real GDP growth rates for 2009 was equal respectively to -7.1% for Romania and to -5.5% for Bulgaria. The slowdown was only slightly milder in Italy (-5.2%) but its labour market was rather resilient during the crisis. (http://eurostat.ec.europa.eu).

Figure 2: *Immigrants in Italy aged 15 and over by nationality groups, 2006-2010*



Source: Author's calculations with data from the Italian QLFS, 2006-2010.

Table 1: *Immigrants aged 15 and over from the new EU Members States by country of origin, second quarter of 2010*

	UK		Italy	
	thousands	%	thousands	%
Baltic States	132.0	20.91	3.5	0.38
Bulgaria	29.1	4.61	34.7	3.78
Czech Rep.	20.2	3.21	5.2	0.57
Hungary	32.4	5.14	10.3	1.12
Poland	456.3	72.28	101.5	11.05
Romania	62.9	9.97	757	82.43
Slovakia	28.5	4.52	4.3	0.47
Slovenia	1.8	0.28	1.8	0.20
Total	631.3	100.00	918.3	100.00

Source: author's calculations with data from the UK and the Italian QLFS, 2010.

While the first destination for Polish migrants was Germany prior to EU enlargement, after 2004 the most important role as host country was taken over by the UK. Polish and Baltic immigrants were already the most represented groups at the beginning of 2006 and together still represent more than 90% of total immigration from Eastern EU in the UK, with respectively 456 and 132 thousand people in q2 2010. However, it is interesting to notice that whereas the stock of Polish migrants has been relatively constant since the onset of the crisis (q1 2008), the number of Romanians - but also of Baltic immigrants - kept on increasing, possibly because of

the tough economic conditions in the countries of origin.

Figures for Italy show that inflows from Romania account for about 82% of the total population from EU Eastern Countries. Differently from what happened with Polish flows to the UK, the Romania-Italy migration corridor[7] did not develop after Romania had entered EU but since the early 1990s[8]. The common root of Romanian and Italian languages implies big similarities and easiness in learning that certainly acted as a major pull factor to attract Romanians to Italy[9]. Many people entered the country on a temporary touristic visa and then overstayed: it was relatively easy to find an irregular (usually low-paid) job in the sizeable national shadow economy, and wait for one of the frequent amnesties adopted by the Italian government. Ethnic networks certainly played a key role in this mechanism thanks to relatives and acquaintances who were already working in Italy and could help in arranging jobs and accomodations for the new comers thus determining the big and rapid growth of the Romanian community.

The evolution of Polish immigration to Italy is also quite interesting: although the country had not represented a major destination for Polish immigrants immediately after 2004 compared to the UK, their absolute number definitely rose representing around 80% of total immigration from EU-8 in the second quarter of 2010.

To get a hint on the economic characteristics of migration inflows from the new EU Memebr States, it is useful to examine the labour market performances of their citizens. Clearly, when referring to indicators such as employment, unemployment, or activity rates one has to keep in mind that the full picture regarding the situation of immigrants on the host country's labour market might be hard to pick up because of selection mechanisms among immigrants (i.e. unemployed individuals could have a higher probability to move back to their country of origin) and unfortunately in this data framework the rate of return migration cannot be quantified. The size of the shadow economy in the host country is very likely to affect immigrants' employment outcomes too.

Immigrant labour had a key role in the process of sustained employment growth that took place at the end of 20th century in the whole OECD area accounting respectively for about 60% of net job creation in Italy and more than 70% in the UK (OECD, 2009). Such a positive trend was sharply interrupted by the last global economic downturn: in line with the OECD average figure, the UK unemployment rate rose by 2.8% between the onset of the crisis and March 2010, reaching 7.9%. The performance of the Italian labour market was somewhat better with a 2% increase in the unemployment rate since the beginning of the crisis thus reaching 8.7% in May 2010 (OECD, 2010). Employment rates[10] in UK and Italy between 2006 and 2010 are respectively presented in Figures 3 and 4. In both cases rates for nationals, EU-8, EU-2 and non-EU citizens are reported.

The consequences of the downturn on the British labour market are visible: the rate for UK

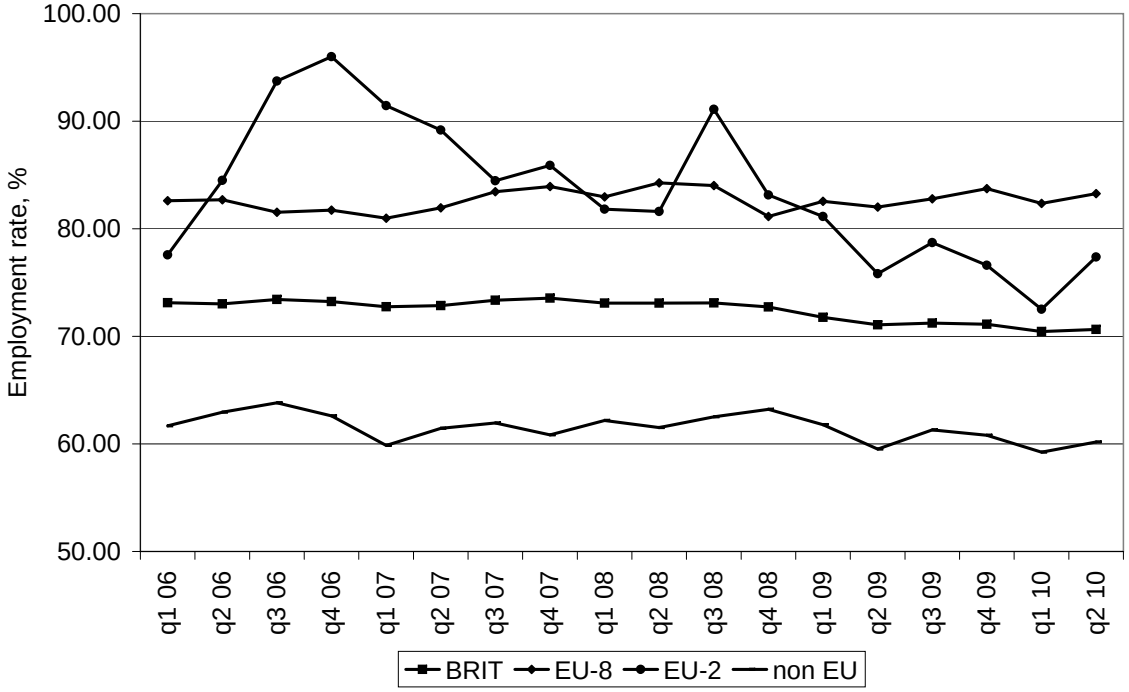
[7] The World Bank indicated it as one of the top 10 migration corridors in 2010 (World Bank, 2001). According to the World Bank's bilateral estimates of migrant stocks, 813.037 Romanians were living in Italy in 2010 representing about 30% of the total stock of Romanians living abroad.

[8] Romanian citizens, together with Albanians, are reported to be the two nationalities that displayed the biggest increase on the overall stock of foreign born population in Italy between 1992 and 2007 (Di Comite and Andria, 2008). The incidence of Romanians rose from 1,2% to more than 11%.

[9] Many Romanian immigrants stated that three months are long enough to reach a decent level of proficiency in Italian (Veneto Lavoro, 2007).

[10] The employment rate is calculated as the percentage of employed people in the working age population, defined as those people in the 15 to 64 age bracket. As usual in Labour Force Surveys, the definition of the employment status of each individual is based on self-assessment.

Figure 3: *Employment rates in the UK by nationality groups, 2006-2010*



Source: Author's calculations with data from the UK QLFS, 2006-2010.

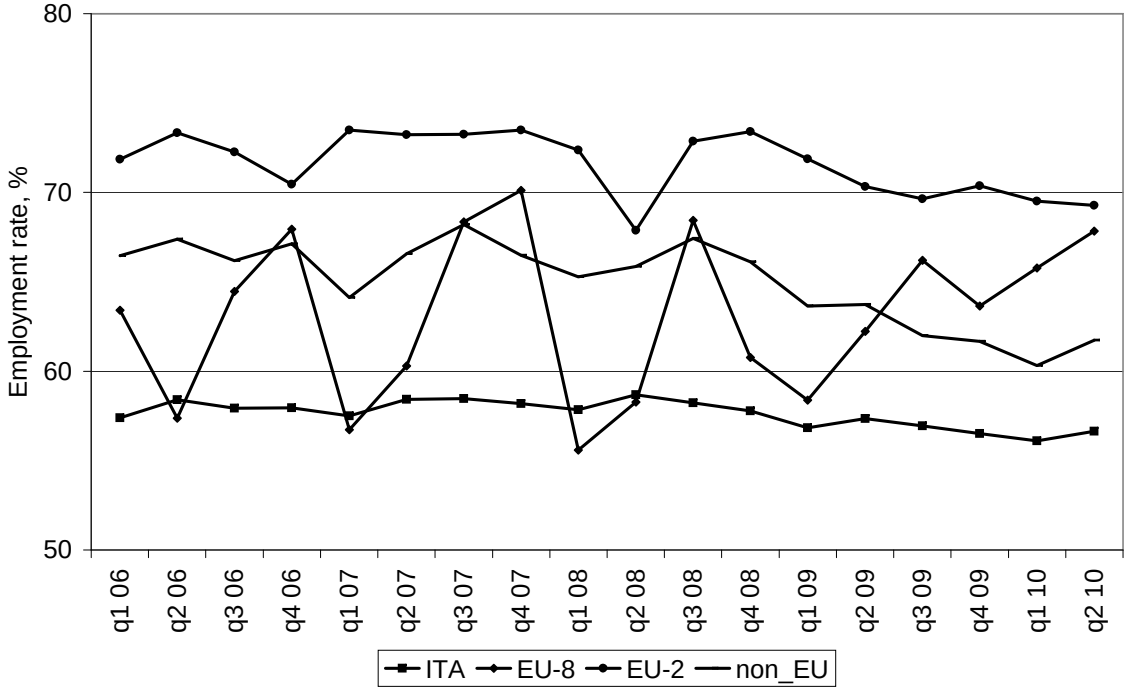
nationals declined from over 73% to 70.5% between 2008 and 2010. While the rate for non-EU immigrants was sistematically lower compared to UK nationals, both EU-8 and EU-2 workers showed higher rates, but with different trends. The employment rate of EU-8 immigrants was quite stable despite the crisis, ranging from 81 to 84%; a rather constant decrease[11] instead was registered in the EU-2 employment rate from the peak (almost 96%) at the end of 2006 to a minimum value of 73% at the beginning of 2010. This divergence could be related to different patterns in return migration. Poland - which is responsible for the vast majority of EU-8 inflows to the UK, as just seen - had a relatively good performance during the crisis[12] and the fact possibly acted as a pull factor driving immigrants back home, or limiting further emigration. Bulgaria and Romania instead experienced a different situation, as already highlighted, and this kept on pushing people towards EU-15. The argument can also be valid for immigrants from the Baltic States even if the trend is less visible from the data because of the largely predominant share of Poles in the EU-8 group. In Italy (Figure 4) employment rates are generally higher for immigrants compared to native workers. The trend for EU-8 is extremely unstable with strong cyclical fluctuations; the lower peaks for 2008 and 2009 compared to the previous years could point at the impact of the economic crisis.

EU-2 immigrants instead experienced a different situation, their employment rate being nearly constant (between 72-73%) before the onset of the crisis. After the last quarter of 2008, however, it was pushed down below 70%.

[11] An exception is represented by the third quarter of 2008 when EU-2 employment rate peaked at 91% but from the following quarter it started to decrease again.

[12] The growth rate of Polish Real GDP in 2009 was around 1.7%, and it represents the only positive value in the whole EU-27 (http://tinyurl.com/4f4mko).

Figure 4: *Employment rates in Italy by nationality group, 2006-2010*



Source: Author's calculations with data from the Italian QLFS, 2006-2010.

5. Correspondence Analysis: an application to immigrants' sectors of economic activity

Correspondence analysis is a statistical technique for studying and representing associations in a two-dimensional table of frequencies, or contingency table[13]. Through the singular value decomposition, the relationship among the I rows and the J columns in a contingency table can be represented in a bivariate plot with two different sets of points, respectively corresponding to the rows and the columns in the table. The positions of the points reflects associations between rows and columns. Under the hypothesis of independence between the row and column categories, points should all be uniformly distributed in the plot.

The distance between row points has a direct interpretation: if two row points are close together, then the corresponding rows have similar conditional distribution across the columns. A similar property holds for column points as well: column points that are close together correspond to columns that share similar conditional distribution down the rows.

The distance between row and column point, on the contrary, has no direct interpretation. However, if the entry on row i and column j of the contingency table is larger (smaller) that it would be under independence, the corresponding row and column points appear in the same (opposite) orthant of the plane.

The magnitude of the departure from independence that needs to be explained is measured by the total inertia, that can be alternatively defined as the weighted dispersion of the points around the origin[14]. The higher the inertia retained in the first two axis, the bigger the share

[13] For a quick introduction to correspondence analysis, see Jobson (1992), section 9.4.

[14] The notion of inertia is intimately linked to the customary chi-square statistic for independence. In fact,

of the total amount of information conveyed in the two-dimensional plot.

Correspondence analysis is used here to study the distribution of immigrants across economic sectors, and to highlight possible patterns associated to specific countries of origin - EU-8 and EU-2 in particular. The two categorical variables that need to be considered in the basic contingency table are a classification of economic sectors on its rows and immigrants' nationality on its columns. As previously indicated, nine economic sectors are considered while immigrants are divided in EU-15, EU-8, EU-2 and non-EU nationals. Each cell would then contain the number of immigrants from a specific origin employed in a certain sector. Actually, the data at our disposal, from the first quarter of 2006 to the second quarter of 2010, make it possible to identify a two-way table of frequencies for each quarter. Putting all the information together, the result is a huge contingency table where the content of each cell is represented by the quantity of labour demanded by a sector from a certain country of origin in a specific quarter. The UK and the Italian case will be illustrated and compared in the following graphs where column points regarding immigrants' groups have been connected to show the direction of movements over time.

The situation in the UK appears rather clear and stable over time (Figure 5). When looking at the first two axes, almost 90% of the total inertia is already taken into account, 69% with the first axis and 21% with the second one[15]. The distribution of immigrants across economic sectors is quite polarised: Romanians and Bulgarians concentrate in the construction sector, EU-8 citizens are mainly employed in energy and manufacturing industries, whereas EU-15 and non-EU nationals do not differentiate much from one another being employed mainly in health services, education, financial intermediation and real estate, renting and business activities (i.e. qualified jobs).

Compared to EU-15 and non-EU, citizens from the new Member States seem to be more mobile in terms of degree of specialisation (their distance from the origin is less constant over time) even if the sectors they specialise in do not change over time. EU-15 and non-EU citizens on the other hand do not move much between 2006 and 2010. Low-skilled jobs seem therefore to be executed mainly by EU-8 and EU-2, while other immigrants have higher job profiles.

The result is not completely surprising when considering the past colonial history of the UK. A large share of non-EU immigration is represented by Commonwealth members, such as India, South Africa, Pakistan, Bangladesh, and Nigeria. Immigrants coming from countries with a longer tradition as labour exporters to the UK might now benefit from some sort of "upward social mobility" that let them be employed in qualified jobs, while more recent immigrants - mainly citizens from the new EU Member States - are stuck in labour-intensive occupations that often represent the typical access to the host country labour market regardless immigrants' level of education. In addition, we cannot disregard the fact that non-EU immigration is partly similar to the flows coming from the EU-15 since Commonwealth countries such as Australia, Canada and New Zealand play a non negligible role as sending countries.

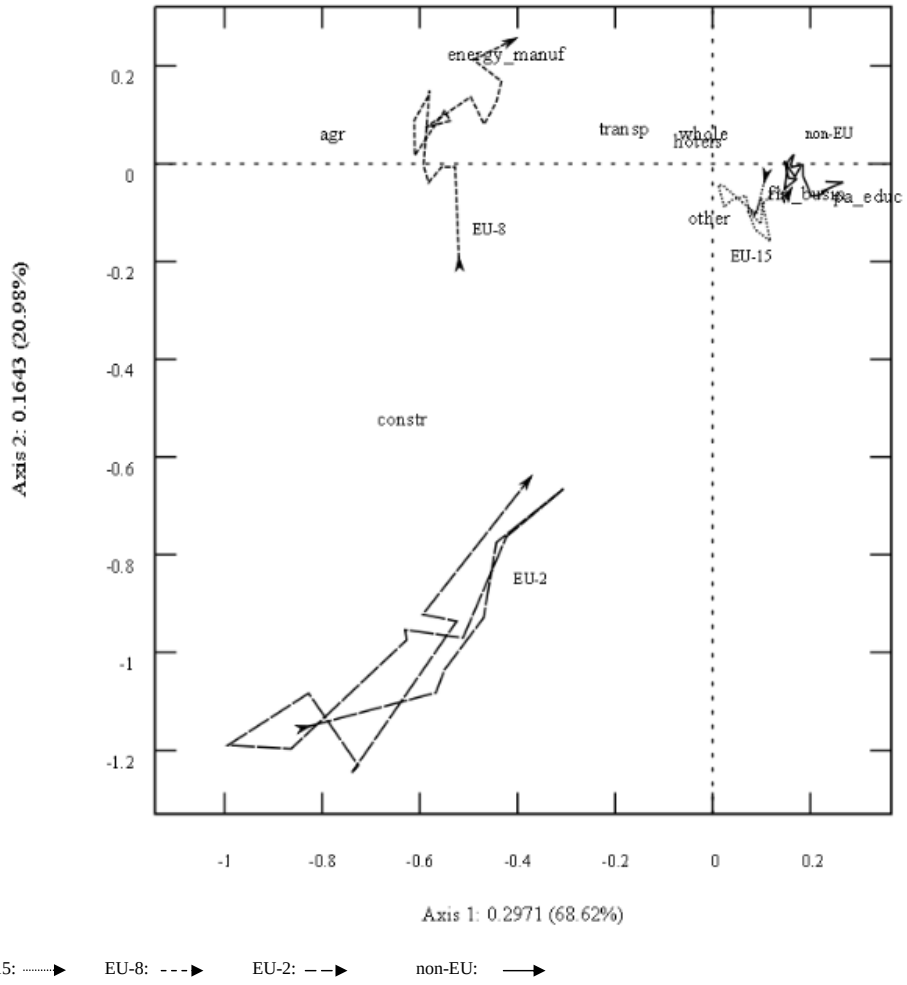
The whole scenario remains substantially unchanged and no further information can be derived if looking at axis 1 and 3[16]. Again, similarities emerges between the new EU citizens

total inertia is simply a scaled version of the chi-square statistic.

[15] Almost 94% of the total information contained in the contingency table is accounted for by examining the third axis too.

[16] If the set of points associated to rows and columns is imagined as closed inside a box, when we look at the first and second axis it is like watching at the box from the front, while when considering the first and the third axis we are looking at the box from above. The graphs has not been included here but is available upon request from the Author.

Figure 5: *Correspondence analysis for the UK, first two axes*



Economic sectors : agr = agriculture, forestry and fishing; energy manuf = manufacturing, energy and water; constr = construction; whole = wholesail, retail and motor trade; hotels = hotels and restaurants; transp = transport and communication; fin bus = financial intermediation, real estate, renting and business activities; pa educ = public administration, education and health; other = other services. *Source:* Author's calculations with data from the Italian QLFS, 2006-2010.

(EU-8 and EU-2) on one hand and between EU-15 and non-EU nationals on the other. Descriptive statistics on the correspondence analysis for the UK reported in Appendix A show that the sectors that contribute most to the deviation from the equidistribution are manufacturing and energy industry (inertia: 3.09), construction industry (4.19) and public sector with health services and education (2.64). As just seen, these are exactly the sectors where different immigrant groups specialise.

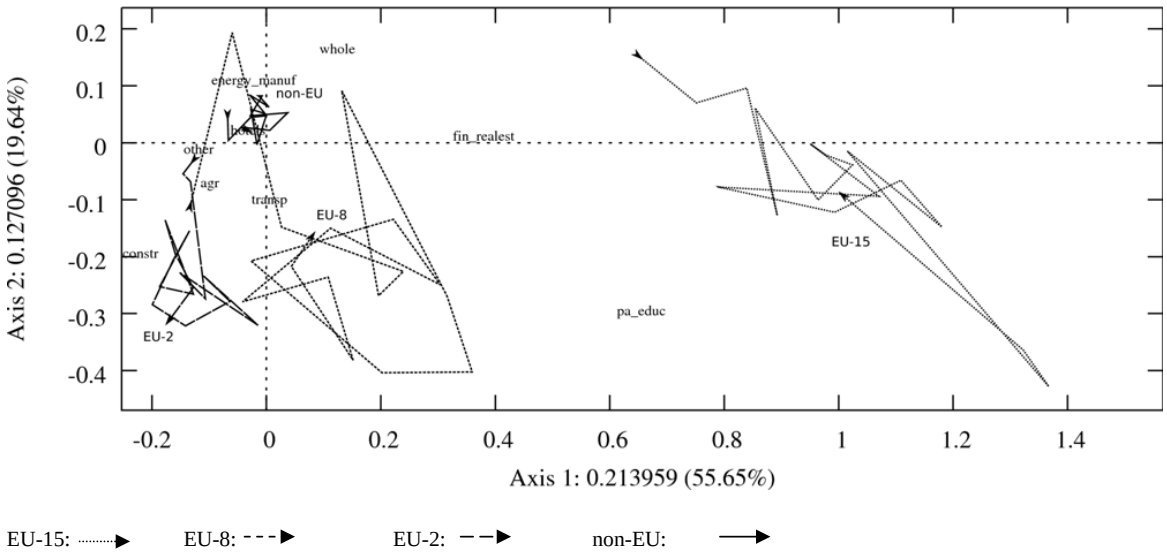
To summarize, in the UK case the graph clearly tells a different story for immigration flows deriving from the two rounds of EU enlargement compared to the rest of immigration jointly considered. The degree of specialisation according to the geographical origin is quite high and the relatively more recent immigration history of EU-8 and EU-2 citizens seems to be unfavourable in terms of occupational skills.

The situation in Italy is quite different. The total inertia calculated from the contingency table is lower (0.08 against 0.13 for the UK), showing that immigrants' degree of specialisation is not as high as in the UK. Moreover, also the total amount of information contained in the

first two axis is lower (around 75%), and with the inclusion of the third axis we account for less than 87% of the total inertia. This fact points for a more complex scenario compared to the UK case in terms of specialisation. Along the same line, descriptive statistics reported in Appendix B show that the sectors that contribute most to the deviation from equidistribution are partly the same as in the UK (2.58 of inertia for the public sector, 1.52 for the construction sector). What changes are the pattern and the degree of specialisation, but also the competitors each immigrant group is going to face.

From a first quick look at Figure 6, it is clear that in Italy the picture that emerges from the correspondence analysis is extremely dynamic: the dispersion of the points around the origin is high and even if nationalities tend to concentrate in a specific area (or quadrant) the whole situation is more fluid than in the UK. All nationalities move a lot over time, especially EU-8 citizens that, before stabilising in the fourth quadrant, move all around the others. Non-EU nationals instead are the more stable group in the four-year-interval.

Figure 6: *Correspondence analysis for Italy, first two axes*



Economic sectors : agr = agriculture, forestry and fishing; energy manuf = manufacturing, energy and water; constr = construction; whole = wholesail, retail and motor trade; hotels = hotels and restaurants; transp = transport and communication; fin bus = financial intermediation, real estate, renting and business activities; pa educ = public administration, education and health; other = other services. *Source:* Author's calculations with data from the Italian QLFS, 2006-2010.

As in the UK, Romanians and Bulgarians seem to be specialised in the construction industry, even if at the beginning of the period their role in the agricultural sector was not negligible. This concentration in the construction industry is confirmed also when examining the first and the third axes, since column points concerning EU-2 tend to agglomerate in the same direction - with respect to the origin - of the point relative to the construction sector. EU-8 nationals instead show a trend that is less readable in terms of specialisation. As a matter of fact, the set of points is mainly concentrated in the fourth quadrant and the closer row point is the one associated to the transport sector. However, when we consider the third axis, this pattern is not confirmed since the location of the column points is not specifically related to any row point.

EU-15 citizens as in the UK are employed in high-skilled jobs such as financial intermediation, business services, public administration, health services and education. The reward they receive

for their stock of human capital is therefore higher compared to immigrants from new Member States. Over time, the trend to get away from the origin can be read as a tendency towards specialisation in these sectors, and it is probably also due to the fact that the EU-15 stock of immigrants did not significantly increase in the last years compared to the other groups, as shown in the previous section.

Non-EU nationals, on the other hand, are quite different from this profile (and hence from the profile of their counterparts in the UK). They concentrate mainly in low-skilled jobs in the Italian energy and manufacturing industries and in activities such as hotels and restaurants.

The graph shows that in the Italian labour market non-EU immigrants are more likely to compete with EU-2 citizens for low-skilled jobs than with EU-15 immigrants for high-skilled jobs as in the UK. As a matter of fact, when examining the horizontal distance between row points it is easy to see that points representing non-EU immigrants are rather close to EU-2 nationals and this means that their conditional distributions across sectors are not much different from one another[17].

Such a segmented labour market is directly linked to the recent transition Italy experienced, from labour-exporting country to destination for immigrants from developing countries, and to the fact that economic and job opportunities in Italy are not yet as good as to attract a high-skilled workforce. When looking at the composition of the immigrant workforce by educational level, it is rather clear that the share of tertiary educated among EU-8 and EU-2 in Italy is low, especially compared to EU-15 immigrants (Figure 7). Data for the UK, even if not directly comparable[18], seem to tell a different story: at least four out of ten new EU-citizens residing in the UK have completed more than 21 years of schooling (got a degree). Despite the apparently different level of human capital, low-skilled jobs are anyway predominant across EU-8 and EU-2 immigrant groups in both countries. The interesting common feature of both Italy and the UK is that the economic crisis seems not to have had such a strong impact on the specialisation patterns of immigrants. There is some evidence of a lower degree of concentration in specific industries, but this is not as strong as one could expect for sectors heavily affected by the recession like the construction industry.

6. Conclusions

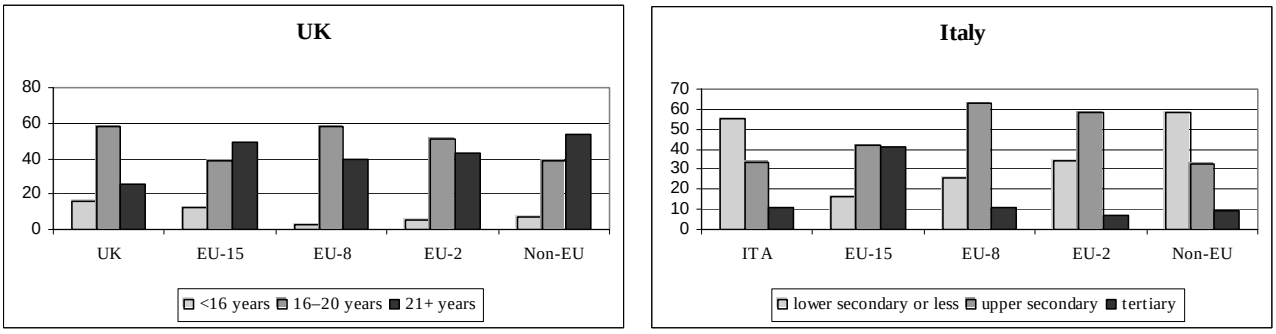
The present analysis provides a description of the economic characteristics of the immigrant population in two European countries: the United Kingdom and Italy. The attention focuses on the migration flows stemming from the two subsequent rounds of Eastern EU Enlargement in 2004 and 2007. Data from the Quarterly Labour Force Surveys have been used in a first

[17] In a two-dimensional plot with the first and the third axis this similarity/competition between EU-2 and non-UE immigrants is even more evident. For the sake of brevity, this further graph has not been included but is available upon request from the author.

[18] In the Italian LFS the educational level is coded using three categories: up to lower secondary education (ISCED categories 1 and 2), upper secondary education (ISCED 3), tertiary education (ISCED 5 and 6). In the UK LFS the coding of education for immigrants is not reliable since a generic reference to "other qualifications" is often reported, without any further specification. The solution adopted here is to exploit the variable referring to the age at which individuals completed full-time education to proxy the educational level (Saleheen and Shadforth, 2006). Individuals are divided in those who left full-time education before 16, those who left full-time education between the ages of 16 and 20 and those who left after age 21. Based on the UK experience, the first category includes individuals having incomplete schooling, the second those who completed secondary school and the third those who completed a degree.

step to draw information on the composition by country of origin and on the employment performances of immigrants in the period between 2006 and 2010. Clearly, survey data refer to a limited sample of the immigrant population, and as already highlighted in Section 4 the present results may suffer from biases possibly arising from the specific nature of the data (self-assessment of employment situation, selection effects due to return migration).

Figure 7: *Immigrant population by level of education in the UK and Italy, 2010*



Source: Author's calculations with data from the UK and the Italian QLFS, 2010.

In both countries, non-EU nationals represent the predominant group, accounting for at least 60% of total immigrant population. Concerning citizens from new EU Member States, instead, the situation is quite different between the two host countries. In the UK, EU-8 nationals represent a significant share of the immigrant population aged 15 and over that ranges up to 17%, with a sharp prevalence of Polish and Baltic people, whereas Romanians and Bulgarians still do not account for more than 2.5% of total foreign-born population, despite a remarkable increase in the last years. The reverse holds true for Italy, where EU-2 account for almost one fourth of total immigrant population in 2010 (23%) after a 10 percentage point growth with respect to 2006. EU-8 nationals instead never exceeded 4% of the total immigrant population.

The labour market performances of new EU citizens reveal again some discrepancies between the UK and Italy. Keeping in mind that the figures might be partly biased due to the fact that we are not able to take return migration rates into account, EU-8 and EU-2 immigrants seem to have higher employment rates compared to nationals in both countries. However, while EU-8 immigrants display relatively stable employment rates in the UK, their employment trend reveals strong cyclicalities in Italy. On the other hand, EU-2 immigrants have the highest employment rates in Italy (altough reduced by the downturn) whereas the UK labour market reserve them a much more unstable trend.

The correspondence analysis technique has been adopted to investigate the specialisation patterns in terms of economic sectors of activity across immigrant groups between 2006 and 2010. The picture that emerges from the comparison between Italy and the UK is rather different. Immigrant specialisation inside the UK economy seems pronounced and established. EU-8 nationals are mainly employed in energy and manufacturing industry, while EU-2 nationals' specialisation concerns the construction sector. Non-EU and EU-15 nationals on the other hand seem to have similar profiles, being employed mainly in more qualified jobs such as financial intermediation, business activities, public sector, health and education. The situation in Italy instead is not as settled as in the UK. The degree of mobility of immigrants between different sectors is higher, especially for EU-8 nationals who do not show a real specialisation

pattern. EU-2 again concentrate mainly in the construction sector whereas the profile of non-EU nationals is totally different from the UK since in Italy they are likely to compete with Eastern EU immigrants for low-qualified jobs instead that with citizens from Western Europe for higher job profiles. The different composition of the immigrant population in terms of human capital and skills can certainly play a role in determining such differences between Italy and the UK. In general, however, diverging results from the correspondence analysis can also be read as due to the different historical background of the two host countries and mainly to the far more recent tradition of Italy as country of immigration. In a few decades the picture for Italy may arguably appear much more similar to the current situation on the UK labour market.

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A. Appendix

Table 2: *Correspondence analysis statistics for the UK*

ROWS: DESCRIPTIVE STATISTICS			
	Mass (x100)	Inertia (x100)	Perc. Inertia
Agriculture and fishing	0.76	0.71	5.50%
Manufacturing and energy	12.71	3.09	24.04%
Construction	6.4	4.19	32.60%
Wholesail, retail and motor trade	12.05	0.27	2.06%
Hotels and restaurants	10.14	0.27	2.14%
Transport and communication	6.83	0.48	3.73%
Financial intermed., real estate and business	20.3	0.98	7.63%
Public administration, education and health	24.87	2.64	20.54%
Other services	5.95	0.23	1.76%
Cos^2 **Index:**	Axis 1	Axis 2	Axis 3
Agriculture and fishing	65.08	0.75	2.53
Manufacturing and energy	73.14	25.24	0.07
Construction	61.72	37.97	0.2
Wholesail, retail and motor trade	1.61	33.12	30.92
Hotels and restaurants	3.32	17.1	51.85
Transport and communication	47.01	12.96	18.52
Financial intermed., real estate and business	77.57	2.94	8.73
Public administration, education and health	95.2	1.84	0.33
Other services	0.16	20.48	19.43
INERTIA			
	Inertia	Percentage	Cum Perc.
Axis 1:	0.0883	68.62%	68.62%
Axis 2:	0.0270	20.98%	89.60%
Axis 3:	0.0048	3.73%	93.33%
Axis 4:	0.0030	2.34%	95.67%
Axis 5:	0.0020	1.58%	97.26%
Axis 6:	0.0015	1.16%	98.41%
Axis 7:	0.0012	0.94%	99.36%
Axis 8:	0.0008	0.64%	100.00%
Total inertia	0.1286		

Source: Author's calculations with data from the UK QLFS, 2006-2010.

Table 3: *Correspondence analysis statistics for the UK*

ROWS: DESCRIPTIVE STATISTICS

	Mass (x100)	Inertia (x100)	Perc. Inertia
Agriculture and fishing	3.73	0.23	2.84%
Manufacturing and energy	22.28	0.57	6.87%
Construction	16.76	1.52	18.48%
Wholesail, retail and motor trade	9.03	0.51	6.24%
Hotels and restaurants	8.73	0.25	3.07%
Transport and communication	4.22	0.26	3.10%
Financial intermed., real estate and business	8.30	1.49	18.10%
Public administration, education and health	4.82	2.58	31.37%
Other services	22.13	0.82	9.93%

Cos^2 **Index:**	Axis 1	Axis 2	Axis 3
Agriculture and fishing	15.61	5.09	0.05
Manufacturing and energy	1.94	60.46	16.91
Construction	53.33	35.90	8.99
Wholesail, retail and motor trade	26.95	56.03	0.09
Hotels and restaurants	3.57	4.40	32.32
Transport and communication	0.05	11.92	33.36
Financial intermed., real estate and business	80.20	0.37	5.25
Public administration, education and health	80.16	14.77	2.19
Other services	37.85	0.02	51.70

INERTIA

	Inertia	Percentage	Cum. Perc.
Axis 1:	0.0458	55.65%	55.65%
Axis 2:	0.0162	19.64%	75.28%
Axis 3:	0.0096	11.63%	86.91%
Axis 4:	0.0044	5.40%	92.31%
Axis 5:	0.0020	2.41%	94.72%
Axis 6:	0.0017	2.09%	96.80%
Axis 7:	0.0015	1.87%	98.67%
Axis 8:	0.0011	1.33%	100.00%
Total inertia	0.0823		

Source: Author's calculations with data from the UK QLFS, 2006-2010.

Flussi di lavoratori immigrati dai nuovi Paesi Membri verso Italia e Gran Bretagna: caratteristiche e specializzazione economica

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Sommario

Nell'articolo si analizzano le caratteristiche principali dei flussi migratori derivanti dalle due fasi successive di allargamento a Est dellUnione Europea e diretti in Italia e in Gran Bretagna. Utilizzando i dati contenuti nelle Rilevazioni Nazionali sulle Forze di Lavoro vengono studiati gli esiti occupazionali dei lavoratori immigrati e la loro specializzazione nei diversi settori dellattività economica. Disparità emergono tra le diverse nazionalità di immigrati - specialmente qualora il confronto avvenga tra i cittadini dei Paesi entrati nellUnione Europea nel 2004 e nel 2007 - ma anche tra i due Stati di destinazione, riflettendone le diversità storiche in termini di esperienza migratoria.

Classificazione JEL: *F22; J61*

Key words: *Immigrazione; Mobilità del lavoro; Allargamento a Est dell'Unione Europea.*