

International Regulatory Framework

International labor migration within Eastern Europe and the former Soviet Union (FSU) and between this region and Western Europe occurs within two regimes:

- For the migration of skilled workers, the General Agreement on Trade in Services (GATS) under the auspices of the World Trade Organization (WTO) has emerged as a vehicle for the multilateral relaxation of restrictions on temporary transborder labor movements.
- A set of bilateral labor agreements facilitates most legal labor migration.

The WTO provisions currently focus on extending freedom of passage to a limited subset of international migrants in multinational firms. Thus, the provisions and any proposed revisions to them have little consequence for unskilled migrants at present. Most legal unskilled migration is governed by a series of bilateral agreements on labor activity and the social protection of citizens working outside their countries.

The diverse range of bilateral policies makes it difficult to generalize about the impact of their specific provisions. If, however, one judges the impact of these agreements by looking at actual unskilled migratory flows—in particular, the very large levels of undocumented

migration—it would seem that these policies often do not provide sufficient incentives for or facilitate legal migration by unskilled workers.

This chapter has two key parts. The main portion of the chapter reviews the existing framework for international labor migration in Eastern Europe and the FSU. It documents the bilateral migration agreements among ECA countries and between them and the EU-15 countries.

The second part of this chapter proposes the outlines of an alternative regime for organizing international migration. Drawing upon the information presented throughout this report and the results of simulations, this section proposes that bilateral migration agreements could be modified to encourage legal migration by unskilled workers. Though some countries may want to encourage more permanent migration, in instances where this is not preferred, circular migration may allow for the effective matching of supply and demand for international labor without necessarily creating higher rates of permanent migration. The alternative framework presented here provides the contours of incentives designed to encourage such circular migration flows.

Surveys with ECA migrants conducted for this report suggest that the shift to a circular pattern of labor migration is likely a closer match with the preferences of many migrants to spend short periods abroad—building human and financial capital—and then return home. Moreover, circular or temporary migration may have the advantage of limiting “brain or brawn drain” from the migrants’ home country. Temporary migration also has the advantage of reducing cultural friction in the migration receiving country.

As the UN (2005) report on migration highlights, migration involves a complex organization of political, economic, and social forces. This complexity requires that policy prescriptions be highly qualified. The exact policies needed will certainly vary by country, whether on the sending or receiving side of the equation. This chapter suggests the rough outlines of the sorts of international cooperation that might increase the returns from migration for sending and receiving countries and migrants and their families.

Given the uncertainty of policy, the best way forward may be a stepwise “learning by doing” approach that takes the form of pilot, temporary managed-migration schemes among willing pairs of countries.

Current Regime

This section provides an overview of the existing policies for facilitating international labor movements from Eastern Europe and the FSU.

The section begins with a brief overview of the WTO provisions on labor migration. It then discusses the various bilateral agreements that have been made directly between migrant sending and receiving countries in this region.

Multilateral Arrangements and Their Limitations

The major multilateral policy effort to address international legal migration flows is the Mode 4 framework of the GATS. Mode 4 tackles the provision of services by allowing cross-border movements of certain citizens of the WTO countries. Its introduction generated initial optimism that eventually the broader liberalization of labor markets could be negotiated. A commitment to deepen the coverage of Mode 4, however, has not yet emerged. Even though services represent over 70 percent of the GDP of developed economies, only very small portions of international migrants qualify as “service providers” by WTO standards.

Unlike trade liberalization in products and other services, providing for the free movement of labor generates a number of negative externalities: the values, rights, responsibilities, and risks that the migrants bring to the receiving society and economy may create various forms of conflict.¹ As a result, GATS protections are only extended to “natural persons” who intend to relocate temporarily or provide a service abroad. Moreover, even if GATS were to progress, a large portion of ECA labor migrants would not be covered by its provisions because the framework only addresses skilled labor.

Bilateral Agreements

Given the weaknesses in multilateral agreements for cross-border migration movements, a collection of bilateral labor agreements have been negotiated between the migration-sending and -receiving countries that facilitate a great deal of the legal transborder labor flows in the region. It is difficult to generalize about the impact of these agreements, because they vary dramatically in type and scope across countries. Bilateral agreements facilitate short- to medium-term migration across countries for the purposes of seasonal employment, specific project-related employment, apprenticeships or trainee-ships, and other purposes. As with migration flows more generally, bilateral agreements have a strong, bi-axial regional orientation (table 4.1). The majority of the agreements involving the Central and Eastern European countries (CEECs) are with Western Europe or other CEECs (82 percent). In contrast, a large majority (64 percent) of CIS bilateral agreements create labor flow links with other CIS members.

TABLE 4.1

Regional Composition of Bilateral Agreements

(percentage)

Country group	CEECs	CIS	EU-15
CEECs	21	18	61
CIS	31	64	4

Source: World Bank Staff estimates.

Note: Cells indicate the percentage of agreements signed between the subregions in the rows and columns. Percentages may not sum to 100% due to rounding.

Agreements Between the EU-15 and CEECs

The number of bilateral agreements within Europe is very large and has increased rapidly during the 1990s: of the 92 agreements in existence, some 75 percent were signed after 1989. There are several reasons for this, the most important ones being the collapse of the Soviet Union and the disintegration of the former Yugoslavia. It should be stressed, however, that many bilateral agreements were signed to manage the large ethnically motivated and conflict-related migration streams during the first half of the 1990s. Because the second half of that decade saw a return to more “normal” migration volumes (see chapter 1), it is not clear to what extent existing agreements are still operational.

The need for bilateral agreements between the countries of Western and Eastern Europe will expire as the latter obtain membership in the EU’s single labor market. The Accession Treaty of 2003 set out that there will be a transitional period for the free movement of workers allowing the EU-15 to postpone the opening of their labor markets for up to seven years. The so-called 2+3+2 regulation divides the transitional period into three phases. During the first phase, the EU-15 can apply national rules on access to their labor markets for the first two years after enlargement. The diverse national measures have resulted in several legally different migration regimes. Since the accession of the EU-8 countries to the EU in May 2004, only eight countries have fully opened their labor markets to the new member states: Ireland, Sweden, and the United Kingdom never had restrictions on workers from the EU-8. Greece, Finland, Spain, and Portugal lifted restrictions in May 2006. Italy ended the transitional arrangements in July 2006, while France, Belgium, and Luxembourg softened their restrictions on workers from the EU-8. Poland, Slovenia, and Hungary apply reciprocal restrictions to nationals from the EU-15 member states applying restrictions. All new member states have opened their labor markets to EU-8 workers.

In May 2006, the second phase of the transitional period started, which allowed EU-15 member states to continue national measures

for up to another three years. At the end of this period (2009) all member states will be invited to open their labor markets entirely. Only if countries can show serious disturbances in the labor market, or a threat of such disturbances, will they be allowed to resort to a safeguard clause for a maximum period of two years. From 2011, all member states will have to comply with European Commission rules regulating the free movement of labor.² Thus, in the short-run, bilateral migration agreements may remain relevant for some countries in western ECA.

Germany is by far the most important country in terms of the number of agreements, perhaps because it is the largest destination for CEEC migrants. Over half of all existing bilateral agreements have been signed by Germany; all CEECs have agreements with Germany except Serbia and Montenegro, which has no bilateral migration agreement with any EU country (table 4.2). Out of the 15 EU countries, 14 have bilateral agreements with one or more CEEC (the only exception is Denmark). On average, each EU country has signed between two and three bilateral agreements with countries in Central and Eastern Europe.

On the CEEC side, there is a substantial variation in the number of agreements, ranging from 15 for Poland and 12 for Hungary to 7 for Bulgaria and Romania. A number of intra-CEEC agreements exist, but only for a few countries, notably Poland, the Czech Republic, and the Slovak Republic. These are mainly cross-border arrangements. Most CEECs do not have any intra-CEEC agreements.

The CEEC countries have very few bilateral agreements with Organisation for Economic Co-operation and Development (OECD) countries outside the EU. Only three non-EU countries in the OECD have bilateral agreements with CEEC countries—Canada, Finland, and Switzerland. Moreover, these agreements have mainly been

TABLE 4.2
Geographical Distribution of Bilateral Migration Agreements between CEEC and EU-15

	Germany	Luxembourg	Austria	France	Other EU-15
Poland	6	1	0	2	6
Hungary	4	1	2	1	4
Czech Rep.	5	1	2	1	0
Slovak Rep.	5	1	0	1	1
Bulgaria	3	1	0	0	3
Romania	3	1	0	0	3
Turkey	2	0	1	1	3
Serbia and Montenegro	0	0	0	0	0
Other CEECs	15	0	0	0	—

Source: Compiled from OECD (2003).

signed by the CEEC countries with relatively high per capita income, specifically the Czech Republic, Hungary, Poland, and the Slovak Republic.

Table 4.3 shows that the most common types of agreements are guest worker schemes and trainee arrangements. Together, they account for over half of all agreements. Seasonal-worker agreements and project-type agreements together account for another third.

It is useful to distinguish between agreements that target unskilled labor and those aimed at skilled labor. Typically, seasonal arrangements and cross-border agreements do not require migrants to possess specific skills; the same appears often to be true for guest worker agreements. Project-type and trainee agreements, however, often explicitly state required skills or experience that migrants must demonstrate (see Hárs 2003 for an account of Hungary's agreements with the EU-15). Table 4.3 suggests that agreements requiring skilled labor are mainly between the EU-15 and CEECs with relatively high per capita income, while seasonal and guest worker agreements are mainly between the EU-15 and the relatively poorer CEECs. Consequently, geography and CEEC income are important variables for explaining the number and the nature of bilateral agreements in the region.

The motives for migration-sending countries in the CEEC to sign bilateral agreements are at least fourfold. First, it is a way to reduce the amount of surplus labor in these countries by reducing unemployment. Second, remittances are sometimes (as detailed in chapter 2) a

TABLE 4.3

Bilateral Migration Agreements between the EU and CEECs by Country and Type

Country	Seasonal	Projects	Guest	Trainee	Cross-B	Others	Total
Austria	0	0	1	2	2	0	5
France	2	0	1	6	0	0	9
Germany	8	13	13	3	1	7	45
Spain	2	0	2	2	0	0	6
Other	4	2	4	14	1	2	27
Total	16	15	21	27	4	9	92
Czech Rep.	1	1	1	4	1	1	9
Hungary	1	1	1	5	1	1	10
Poland	3	1	3	6	1	1	15
Slovak Rep.	1	1	1	4	0	1	8
Bulgaria	3	2	1	1	0	0	7
Romania	2	1	2	2	0	2	9
Turkey	0	1	6	1	0	0	8
Other	5	7	6	4	1	3	26
Total	16	15	21	27	4	9	92

Source: Compiled from OECD (2003).

very large share of total income in the economy and may provide funds for savings and investment. Remittances costs or security may be higher when they are sent through formal, legal channels. Third, temporary employment in relatively wealthier countries may increase skills that can be used productively when the migrant returns home. Finally, and arguably the most important in comparison with costs of undocumented migration, a bilateral agreement may help migrants to enjoy reasonable working conditions and to get access to the social safety net in the receiving country. This would increase their human capital and make them more valuable on return.

The available migration data suggest that labor migration into the EU-15 from the CEECs is employed in sectors or activities where it does not compete with local labor. Thus, for instance, Germany received over 200,000 seasonal workers in the late 1990s while only 33,000 workers were employed as contract workers (OECD 2001, tables 2.4–2.5), and according to Garnier (2001), the number of Polish seasonal workers received in Germany is approximately eight times as large as the number of workers received under all other categories. It is important to point out that the skills or education of migrants do not necessarily provide an indication of the positions in which they will work in the recipient countries. Frequently, highly skilled migrants take jobs with low skill requirements and thus create “brain waste” (Garnier 2001).

Agreements Within the CIS

The intra-CIS agreements differ from the agreements directed at Europe by not focusing on quotas while concentrating on legal status and social protection. Also, agreements directed at Europe have more of a “migration creating” role, whereas agreements within the CIS seem to be a reaction to existing migration flows.

As a result, the current regulatory framework of legal migration flows in the CIS is characterized by a series of regional and bilateral agreements on labor activity and social protection of citizens working outside of their countries. This situation is the result of the disintegration of the Soviet Union, which obliged the newly independent states to pragmatically defend their citizens’ interests. The main regional agreement is the “Agreement on cooperation in the field of labor migration and the social protection of migrant workers,” accepted in 1994 by all CIS states. This agreement, however, did not come to force because it was to be implemented through bilateral agreements, which were never signed (IOM 2002). In the field of undocumented migration, the cornerstone of regional cooperation is the 1998 Agreement on cooperation in Combating Illegal Migration (IOM 2002, 2005b).

The Russian Federation has concluded the most bilateral agreements (with 9 out of the 11 CIS member states). Belarus has concluded the next largest number of bilateral agreements, with six other CIS countries. Kazakhstan and Ukraine have concluded four each. Kazakhstan, the main receiving country in Central Asia, has no agreements with its Central Asian neighbors except for an agreement with the Kyrgyz Republic on the labor activities and the social protection of labor migrants working in the agricultural sector in the border areas.

Along with the intergovernmental agreements, interagency agreements are a form of international cooperation that has emerged more recently. Since 2002, the Russian Ministry of Internal Affairs has concluded such agreements in the migration sphere with the counterpart agencies in the Kyrgyz Republic, Tajikistan, and Ukraine.

The majority of CIS labor migrants do not profit from the protection provided for in these agreements or from any other legal protection, however, because they work under an undocumented status. In both Russia and Kazakhstan, the largest recipient countries in the region, the estimated number of irregular migrants is several times higher than the number of official migrants. For example, according to IOM (2005a), Tajikistan had 16,800 legal migrant workers in Russia in 2002, while the actual number of undocumented labor migrants was estimated at more than 600,000. Uzbekistan had 16,100 legal labor migrants, while the labor emigration from Uzbekistan is estimated at between 600,000 and 700,000. Similarly, the number of foreign “licensed” workers employed in Kazakhstan was 11,800 in 2002 while IOM estimates the number of irregular immigrants to be 20 to 50 times higher. According to official estimates, from 220,000 to 300,000 migrant workers are employed now in the country while experts and official statistical analysis suggest up to 500,000 (table 4.4).

TABLE 4.4
Number of Registered Foreigners and Estimated Number of Aliens Living Irregularly in Some CIS Countries, 2000

Country	Foreigners	Irregular migrants
Belarus	94,570	50,000–150,000
Kazakhstan	81,133 ^a	200,000
Russian Federation	58,200 ^b	1,300,000–1,500,000
Tajikistan	—	20,000
Ukraine	456,300	1,600,000
Uzbekistan	—	30,000

Source: IOM 2002.

Note: — = not available.

a. Foreigners who settled in Kazakhstan for a period longer than six months.

b. Non-ECA aliens who were granted a residence permit at year end.

This large number of undocumented labor migrants reflects that there is a demand for labor that can be satisfied neither from the resident labor force nor from the existing legal quotas. Also, movement is facilitated by the low transportation costs (generally less than \$300) and the ability of most CIS citizens (with the exception of Georgians in Russia and Turkmen in general) to travel to Kazakhstan or Russia without a visa. Moreover, a survey showed that about one of five Tajik migrants traveled and worked in Russia without passport or official document (Bokozada 2005).

At the same time, irregular status arises because migrants are required to have work and residency permits (with the exception of citizens of Belarus in Russia). Indeed, except for visa-free travel, migrants from CIS countries have no advantages over migrants from other countries in either Kazakhstan and Russia. This means that they also have to apply for work permits within the general quota established by the government. These quotas for legal immigration are allocated to each region of the receiving country, and are established on a yearly basis. In Russia, this yearly quota is on average set at 0.3 percent of the active population, in Kazakhstan it was 0.14 percent and 0.21 percent of the active population in 2003 and 2004 respectively (IOM 2005a). However, excessive bureaucracy and the small overall quotas result in most migrants never applying for work permits.

The resulting outcome is suboptimal. It leaves millions of workers without any legal protection not only from employers, but also from government agencies. Moreover, the situation causes considerable losses in terms of tax revenues to the government.

Costs of the Current Regime

The bilateral-agreement frameworks may fail to meet their stated objectives in many instances. To the degree that the objective of these agreements is to facilitate legal international migration, they often do not appear to be successful, as indicated by the high levels of undocumented migration in the region (chapter 1). Large amounts of irregular migration can impose significant social, economic, and national security costs on receiving and sending countries (see box 4.1). Moreover, undocumented migrants are more likely to be subject to abuse.³

Furthermore, as the previous section highlighted, the agreements are often not able to facilitate large amounts of legal, unskilled migration. The high bureaucratic costs of applying for many of these programs and insufficient quotas provide incentives for migrants to pursue other channels through which to migrate—especially undocumented options.

BOX 4.1**Possible Costs and Externalities of Illegal Immigration**

1. With the exception of sales tax, the income earned by illegal immigrants is not taxable. This represents forgone fiscal revenue.
2. Illegal migrants offer an unfair competitive advantage to firms that employ them over firms that do not.
3. Irregular migrants are not covered by a minimum wage or national and industry wage agreements. They are therefore more likely to undercut the wages of the low skilled.
4. Whether entry is legal or illegal may affect the quality of migrants, even if the legal migration scheme does not select on the basis of skill. Skilled workers or professionals are much more likely to enter if there is a legal channel, even if their qualifications are not a condition of entry.
5. Employers may decide not to abide by health and safety regulations, leading to the potential for migrant death and injury. Police and health services may be called upon to rescue or treat the injured, to investigate the reasons for death, or to bury the dead.
6. Illegal migrants are not screened for diseases and viruses upon arrival, and have little access to health services during their stay. At the same time, they risk having been exposed to illnesses on their journey, especially if they have been smuggled or trafficked. This has the potential to generate large public health externalities because diseases can spread to the native population. Particularly important examples include tuberculosis, which seems to be reemerging in parts of Europe, and HIV, as many trafficked women become involved in the sex industry. By way of illustration, in 2002–03, those apprehended on the Slovak-Ukraine border were found to be suffering from respiratory tract infections, tuberculosis, and scabies.
7. Forced to live underground, and with little access to legitimate employment, migrants are more likely to be exposed to the world of crime.
8. Stigmatization of illegal migrants can undermine social cohesion if it spreads to cover those who entered legally.
9. Illegal migrants may be encouraged to stay longer than they might desire and to remain even when unemployed because of the risks of detection and associated costs of entering and leaving.
10. Trafficking is a subject that is far too large to be addressed in this report; however, the trade in many ways exacerbates the previous costs, as well as being a source of organized crime (for further information on some of the social and human costs of trafficking, see chapter 3).

Source: World Bank staff.

Finally, most agreements do not contain mechanisms to encourage circular or repeated migration. If it is costly for potential migrants to apply for a space on a temporary migration program, they may well have an incentive to remain abroad—even if through illegal channels by overstaying their visas—for longer periods than they prefer. As will be discussed below, surveys with migrants conducted for this report found that most migrants would prefer to spend shorter periods abroad, then return home. Agreements that facilitate this temporary migration while opening up the option to migrate abroad at a later stage with relatively low transactions costs might represent an improvement over the current system.

Despite these weaknesses, bilateral agreements have some advantages relative to the most-favored-nation approach used in trade negotiations, and particularly are useful for policy makers in receiving countries who are seeking to balance labor-market demand with the potential externalities of migration.⁴ As discussed before, migration generates a number of social and political externalities not found in the cross-border movement of products and other services (box 4.2). Such agreements can limit adverse selection by choosing particular groups of migrants and may provide a framework to send home migrants who impose too high a cost on social benefits or are socially disruptive. Most important, however, they provide a legitimate way for nations to legally and safely supply business with the labor it demands. As a result, an alternative framework that improves upon the existing bilateral structure may represent a good direction forward for improving policy.

A Proposal for an Alternative Framework

This section details the broad contours of an alternative framework that could be employed by migration-sending and -receiving countries to facilitate the legal migration of unskilled labor. Given the complexity of migration, general policy prescriptions must be qualified. Further study and perhaps policy experimentation are required to better understand how to improve upon the limitations of the existing framework, as identified earlier in this chapter.

What follows is a collection of observations, derived from the information presented throughout this report and from economic modeling, on the sorts of elements that seem to be missing from existing international migration policies, but that could increase the payoffs to migration for sending and receiving countries and migrants and their families. Future policy experiments and analytical studies could keep these considerations in mind when moving forward.

BOX 4.2**Social Externalities Generated by Migration**

This box provides a summary of some of the social externalities arising from migration.

- First, migrants from other cultures bring different values, which some sections of the native population may resent.
- Second, unlike imported goods, migrants are people who hold a package of political, social, and moral rights and obligations. While a migrant may be welcome for the labor he or she can provide, the implications of allowing a human being to enter a country go beyond purely economic functions. For example, migrants may make demands for family reunification or treatment that is different from that given to residents, for example, religious holidays, food, dress, and safety regulations. While these considerations need not in themselves be negative, they are externalities not present with the decision to import a good.
- Third, while buying an imported product is a one-time decision, bringing in a migrant could result in future labor market commitments, including the renewing of visas, paying of taxes, and provision of relevant training. Furthermore, even in conditions of temporary labor market employment, if the labor market tightens it may not be possible to send the migrant home.
- Finally, a migrant generates implicit or explicit claims for social protection that, depending on the taxation regime and the effectiveness of tax administration, may result in a net fiscal cost.

Source: World Bank staff.

The findings of this report suggest that the international governance of migration could be more coherent and requires improved capacity at the national level and closer coordination between states. Any framework to replace the existing one could recognize, organize, and facilitate unskilled labor migration, while acting on both demand and supply to limit undocumented migration. The outcome could be an improvement in the protection given to temporary workers, while still offering migration-receiving countries needed labor.

Given variations in national attributes and preferences, such a temporary framework could take a variety of different forms and be organized bilaterally, regionally, or internationally. Yet, there are a number of common elements that such policies might include:

- Recognize that the labor market, like any other market, needs to balance supply as well as demand. The framework could explicitly target measures at the supply of low-skilled labor as well as at the demand for such labor.

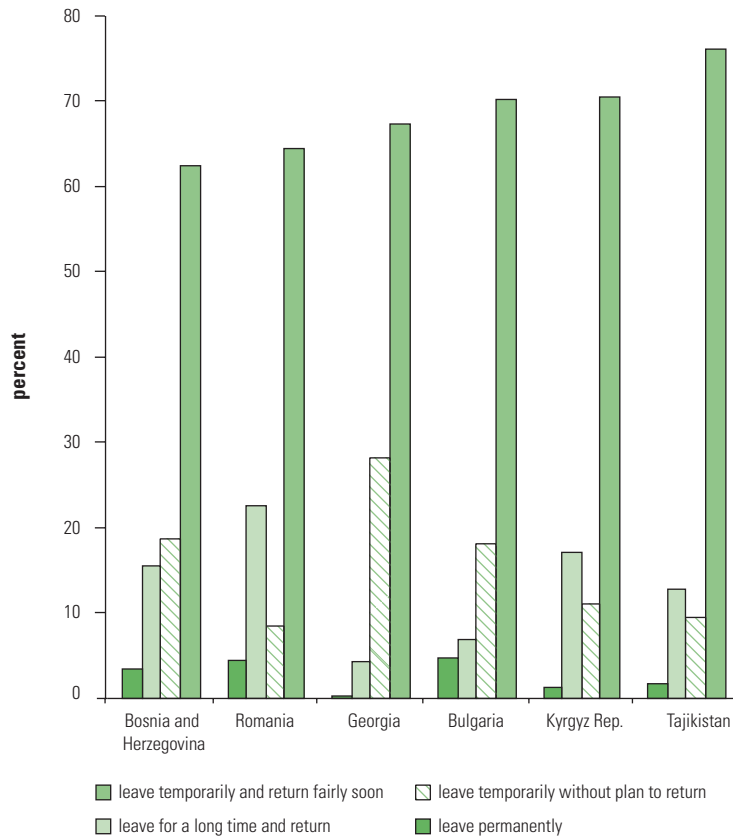
- The new regime could channel migrant labor to sectors or subsectors with little native labor to ensure that migrants are complements to and not substitutes for domestic labor.
- On the demand side, receiving countries need policies that limit the employment of undocumented migrants by offering employers the means to hire legally the workers they need. To promote development and coordinate with the preferences of many ECA migrants to go abroad temporarily, an alternative regime could emphasize circular migration. World Bank surveys for this report found that the majority of migrants would prefer to spend shorter times abroad and then return home (see figure 4.1).
- To ensure that employment under the new regime is temporary and not permanent, incentives could be designed to encourage return home when not employed. For example, unemployment and pension benefits could both be portable and only payable in the country of origin.
- Policies should respect the rights of migrants to be treated with dignity while abroad, including clear and transparent rules regarding remuneration, work conditions, or dismissal procedures. Moreover, migrants' rights to appeal to receiving-country authorities to adjudicate disputes and protect themselves from crime could be communicated and enforced.

Bilateral migration agreements that include some or all of these features could have a number of advantages over many existing policies:

- Agreements could stimulate circular migration, allowing employers in receiving countries to obtain affordable nontraded services while respecting the law, and reduce incentives for potential migrants to use illegal means of entry.
- Such an approach seems commensurate with migrants' preferences to spend shorter periods abroad and the need for receiving countries to obtain labor services but not necessarily absorb a permanent population of migrants.
- Moreover, in the sending country, increased circular migration, encouraged by the lowering of transportation costs, could reduce many of the negative social effects that result from the separation of families during long-term migration⁵ and reduce the incidence and degree of "brain drain" from migration-sending countries in ECA.⁶

FIGURE 4.1

Migrants' Preferences for Short- versus Long-Term Migration



Source: World Bank surveys with returned migrants.

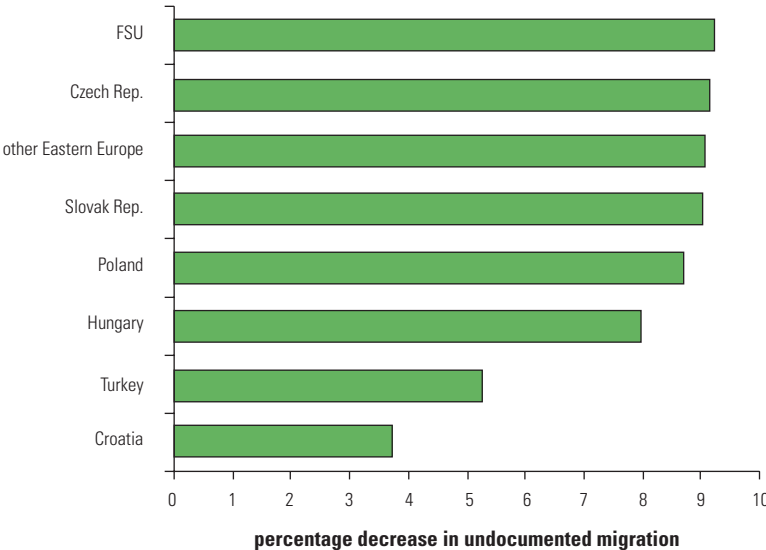
For undocumented migrants, a regime with these features—with incentives for legal migration—could strengthen the rights that migrants receive in the receiving country and allow them to obtain social protection benefits that are out of reach today. Undocumented migrants have no access to adjudicative processes when abroad and hence have no legal recourse to oppose abuse. By drying up the incentives and opportunities for undocumented hiring, legal protections for large stocks of foreign workers could be expanded.

To make the system credible and useful, it may be necessary to increase enforcement against undocumented hiring. The GTAP model described in chapter 3 was used to examine the impact of an increase in the penalty for hiring undocumented labor, combined with an increase in the probability of being caught hiring undocumented labor, which serves as a proxy for better enforcement of such rules.⁷

The results suggest (figure 4.2) that undocumented labor becomes more expensive under these circumstances, thereupon the demand for undocumented migrant workers decreases and interregional labor movements slow down.

The framework proposed in this section is not without its flaws. Nevertheless, its strength is that it allows for the recalibration of incentives for undocumented labor. The benefits of moving to a regime of legal migration for all interested parties cannot be overemphasized.

FIGURE 4.2
Percentage Decrease in Illegal Migration into the EU Owing to Increase in Penalty for Hiring Illegally



Source: World Bank simulations.

Note: Results are based on an increase in the penalty for hiring undocumented labor by 80 percent from current levels and the probability of being caught hiring undocumented labor at 20 percent, that is, effective enforcement. Other Eastern Europe is Bulgaria, Romania, Estonia, Lithuania, Latvia, and Slovenia.

Endnotes

1. See appendix 4.1 for a more detailed discussion of the integration of migrants in the receiving country.
2. See appendix 4.2 for a more complete discussion of the EU's transitional arrangements for incorporating new CEEC member states into the single labor market.
3. See appendix 4.3 for further information on undocumented migration and some of the risks that it poses to migration-sending and -receiving countries and migrants themselves.
4. Most-favored-nation status is given by one country to another in matters of international trade. This status ensures that the receiving country will receive identical trade access and terms that any third country would receive.
5. For further information on the impact of longer-term migration on communities left behind, see appendix 4.4.
6. To date, there is not a good understanding of the prevalence and impact of brain drain in the ECA region. For a summary of the existing state of knowledge, see appendix 4.5.
7. See appendix 3.2 for a discussion of the model.