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POLICYBRIEF

JUSTMIG

Temporary Labour Emigration: The Case of Serbia

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SUMMARY / EXECUTIVE SUMMARY

This policy brief draws on the Serbian case study from the JUSTMIG project. The findings point out that the patterns of emigration from Serbia have undergone major changes since the beginning of the last decade. During the 2010s, emigration towards most Old Member States (OMS) slowed down, while the New Member States (NMS) emerged as important destination countries for Serbian emigrants. At the same time, emigration has dominantly become temporary and circular. In the 2020s, the incentives to emigrate from Serbia to the NMS have been decreasing as labour market situation continued to improve and Serbia gradually started reducing the gap in Euro wages compared to the NMS. Although it seems that the emigration from Serbia has plateaued, Serbia needs to address the problem of emigration in a more strategic manner, with two-pronged approach – direct measures aimed at making emigration alternative less attractive, and making return migration a more viable option for its large

emigrant population. These measures should be aimed at improving real wages and employment opportunities but also at improving the quality of public services in healthcare, education, and working conditions, including balancing family and work life. In parallel, additional efforts should be made at both national and transnational levels to enhance the protection of temporary migrant workers. Finally, in order to have efficient migration management, Serbia needs to improve its migration monitoring system, especially when it comes to tracking circular and temporary migrants.

INTRODUCTION AND MIGRATION REGULATIONS

Serbia has traditionally been an emigration country. According to estimates of the United Nations, the total number of Serbian emigrants accounts for about 14% of the resident population in the country. This percentage is more than three times larger than the share of emigrants in the global population. As an emigration country, Serbia has developed a set of monitoring tools, strategic documents, and regulations. The most important is the Strategy for Economic Migrations 2021–2027 that was adopted in early 2020. Preventing high-skilled emigration, supporting high-skilled migrants in returning, and attracting high-skilled immigrants were the primary objectives of the Strategy's initial draft. However, the Strategy that was eventually adopted had a more comprehensive approach.

Serbia has also signed several bilateral labour and employment agreements with EU member states of various legal importance. The oldest and most important bilateral agreement is the International Agreement on the detachment (posting) of workers, concluded between Socialist Federal Republic of Yugoslavia (SFRY) and Federal Republic of Germany (FRG) in 1988 (ratified in 1989), which Serbia took over as a successor state of SFRY. The clauses in the detachment allow Serbian firms to annually post a pre-approved contingent of workers to Germany for performance of construction and similar works in a way which is determined by the Serbian Chamber of Commerce (SCC). Slovenia and Serbia signed and implemented the bilateral Agreement on the Employment of Citizens of the Republic of Serbia in 2018. The Agreement serves as the legal foundation for adult Serbian people to work in Slovenia. A Protocol of Cooperation was formed between Serbia and Slovakia in late 2017 as a result of the issues with often unlawful posting and work in Slovakia. The Protocol's declared objective is to prevent Serbian labourers from being illegally employed in Slovakia.

SERBIAN EMIGRATION IN THE CONTEXT OF THE JUSTMIG

Most Serbian emigrants reside in the EU countries. According to the Eurostat database, in 2022 the total emigrant stock of Serbian citizens in the EU-27 was about 515,000, of which about one-third resided in six countries covered by the JUSTMIG project (Slovenia, Slovakia, Netherlands, Finland, Austria, and Estonia). On the other hand, about 69,500 first permits were issued in 2022 to citizens of Serbia in the EU. The level and trend of the annual ratio between first permits issued and all valid permits in a country indicates the magnitude of temporary (labour) migration. The higher the ratio between the first permits (gross inflow) and total permits (stock), the shorter the average duration of emigration in a destination country. In terms of the share of first permits issued for a subset of remunerated activities in total permits, Slovenia and Slovakia stand out - in 2022, the share approached 90% in Slovakia and was over 70% in Slovenia. Relatively high flow-to-stock ratios observed in the New Member States suggest a very high share of short-term emigrants. Since 2018, the flow-to-stock ratio has slightly increased in the case of the EU but decreased in the Netherlands and Slovakia. Although

the ratio in Slovakia is still twice as high as the EU average, it is declining because there is less interest among Serbian workers in emigrating to Slovakia due to the shrinking wage differential.

For the purpose of this research, we approximated the temporary labour immigrants with those who have first-time residence permits for employment reasons shorter than 1 year. The number of temporary labour migrants from Serbia in the EU has significantly increased, rising from 18,683 in 2018 to 24,584 in 2022. At the same time, the decrease was recorded in six observed countries (from 2,779 to 1,662). Comparatively speaking, nevertheless, the proportion of temporary labour immigrants fell from 37% to 35% in the EU and from 36% to 23% in the six countries under observation.

ANALYSIS AND DISCUSSION

A mixed methodological approach was used to analyse the current migration situation in Serbia. It consists of the analysis of statistical data on emigration from Serbia, analysis of relevant policies and regulations, and information gathered through desk research and interviews on key issues and challenges faced by labour market and industrial relations institutions.

The incentives to emigrate from Serbia have recently decreased. The increase in gross emigration flows from Serbia in the second half of 2010s was mainly driven by large and at the time growing wage differentials between Serbia and most other EU countries, especially the NMS and Germany. Moderate convergence between Serbia and these countries has occurred in the meantime, as the gap in average wages between Serbia and destinations countries has significantly narrowed. It is also a well-known fact that temporary labour migrants mostly tend to work for a below-average wage. Therefore, instead of average wage, the legal minimum wage could be as a better proxy for the relative position of the low-wage workers and their incentives to emigrate. It turns out that Serbian low-wage workers have achieved the highest gains compared to their peers from the observed countries. While the minimum wage in Serbia has more than doubled since 2016, the increase was less significant in the observed destination countries - from about one-half in Germany to two-thirds in Slovakia.

The medium- and low-educated workers dominate the structure of Serbian emigrants. The multiple studies found that those with high school diploma are most likely to emigrate from Serbia. By analysing the migration-prone cohorts in Serbia, Leitner (2021) found the positive net migration among those with college degree and negative net migration for those with medium level of education. Arandarenko (2021) divided the main destination countries according to the dominant type of skills of the Serbian emigrants. He used the mirror statistics to track the migration trend in those countries and found that the growth of Serbian emigrant stock was the highest among countries that mostly receive low- and medium-skilled immigrants. Bruecker et al. (2021) analysed the effects of the Western Balkan Regulation (WBR) which eased the employment of workers without professional qualifications if they had a binding agreement with a German employer. The results suggest that most WBR immigrants in Germany were employed in the construction sector with wages that were, on average, only 20% higher than the country's minimum wage. Finally, according to the last Serbian Census data, the share of resident population aged 25-64 with higher education increased from 20% to 27.8% between 2011 and 2022, while over the same period the share of persons with low education decreased from 24% to only 14.4%. This is an almost spectacular improvement and additionally supports the scepticism toward the brain drain hypothesis.

Besides regular and direct migration, indirect triangular migration routes are also present. One popular way for people from Serbia to work in Western Europe is through temporary work agencies based in newer EU member states, like Slovenia, which post workers elsewhere in rich Western

European countries. Another route involves acquiring EU citizenship or permanent residency through ethnic ties, enjoying freedom to move and work freely in the EU. For example, ethnic Serbs born in, and citizens of, Croatia or minorities in Serbia, like Hungarians and Slovaks, often use this route not for permanent emigration to their 'mother' country, but for temporary work elsewhere in the EU. Our interlocutors confirmed these paths. A particularly interesting case study is of Serbian citizens who use their Slovak ethnic origin to obtain a permanent residence in Slovakia and register a self-proprietorship, which enables them to work freely as care workers in the Western European countries, including the Netherlands. This process is mediated by temporary agencies in both Slovakia and the Netherlands. These workers share their time between Serbia, as their home base; Slovakia, where they are officially registered as self-employed workers; and the Netherlands (or elsewhere in Western Europe), where they actually work.

CONCLUSION

Emigration from Serbia to the European Union has changed significantly since the early 2010s. First, the migration flows intensified without increasing much the stock of Serbian emigrants in the EU and specifically the six countries that are included in the project (except for Slovakia and Slovenia). Second, a larger percentage of all migrants now migrate for work-related reasons. Third, and connected to the second, seasonal and temporary migration patterns have gained prominence. Fourth, the skill structure of Serbian emigrants to the EU stayed similar or slightly worse than the skill structure of the resident population, partly due to push factors (disincentives to stay in Serbia) for low- or medium-skilled workers and partly in response to the skill demand of host countries. This somewhat surprising finding further corroborates the assumption of the increase in temporary and otherwise vulnerable employment among the recent Serbian emigrants into the European Union. Finally, there is a clear trend of employment and wage convergence between Serbia and EU countries, suggesting that the remuneration-related emigration from Serbia has peaked and, should the current trends continue, shall start to decline by the end of this decade.

POLICY RECOMMENDATIONS

- As a source country, Serbia should strive to improve its own monitoring of emigration trends and implement systematic tracking of migration, especially temporary labour migration, into the EU-27. Apart from the mirror statistics, autonomous estimation procedures should be developed, including the pairing of the locally gathered information on outmigration from National Employment Service (e.g. detachments and posting) and Ministry of Interior, with the data from diplomatic representatives and diaspora information services. Additionally, various sources of big data should be used, such as trends in job offering and job seeking ads sourced from specialized platforms, statistics of temporary agencies and the like.
- A regulatory reform enhancing protection of temporary migrant workers and conclusion of new bilateral agreements with countries relying on Serbian temporary migrant workers (including for example Slovakia, Croatia, Austria etc.) should be initiated and actively pursued by the trade unions and civil society actors in a trans-European action.

- Serbia should strive to develop a comprehensive framework for the protection of temporary migrant labour workers with 3 major components:
 - a regulatory system for intermediators such as temporary agencies, recruiting platforms, and other actors in the temporary employment business
 - the provision of institutional structures and mechanisms for workers' protection; and
 - a re-integration programme for returning workers.