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**COMMISSION STAFF WORKING PAPER**

**Extended Impact Assessment**

**on the**

**Communication on immigration, integration and employment**

**{COM(2003)336 final}**

## **EXTENDED IMPACT ASSESSMENT**

### **ON THE**

#### **COMMUNICATION ON IMMIGRATION, INTEGRATION AND EMPLOYMENT**

##### **1. INTRODUCTION**

The purpose of this brief introductory section is to detail the approach taken in assessing the impact of the Communication on immigration, integration and employment. It must be underlined that this document aims at setting a framework for the development of a strategy on immigration, integration and employment at European level. The Communication is therefore intended as a general policy document, which will be the starting point of an open discussion between relevant stakeholders on how to deal with these issues; on the types of objectives to be set; and on the merits of the different policy alternatives.

In essence, it can therefore be said that the objectives of the Communication are to prepare for the follow-up to be given to this particular policy area at European level. To assess the impact of such a document has proven rather difficult: indeed it can be said that the Communication itself could be considered as an exercise in assessing the potential impacts of EU action in this field. Some overlap between the impact assessment report and the drafting of the Communication is therefore unavoidable.

In carrying out the impact assessment, we have thus considered the general objective the EU pursues in developing a strategy on immigration, integration and employment, rather than analysing the impact of each possible policy alternative. In other words, we have considered the impacts of greater integration of third-country nationals in society and in employment, both for the particular target groups and for the EU at large. This option has allowed us to use the impact assessment exercise to: clarify the logical relations between problem identification and objective setting; identify the underlying assumptions; detail the list of potential impacts at different levels. When detailing these impacts, we have also tried to specify the links to the different policy options envisaged in the proposal. Where this has been possible, an account is given under section 5 below.

The impact assessment was an internal exercise, with the involvement of both operational services and units with experience in evaluation matters. It was based on existing information, but included brainstorming sessions whose results have been annexed to this report (annexes 1 and 2). The results of the consultation process described under point 7 below have also been integrated in the impact assessment – it is expected though that the debate around the Communication itself will enrich the analysis of potential impact of further integration of third country nationals.

To conclude, the impact assessment exercise has contributed to the policy-making process by increasing its transparency but given that the Communication was intended as a general policy documents, it had to stay at a very broad level.

## 2. WHAT ISSUE/PROBLEM IS THE POLICY/PROPOSALS EXPECTED TO TACKLE?

- What is the issue/problem in a given policy area expressed in economic, social and environmental terms including unsustainable trends?
- What are the risks inherent in the initial situation?
- What is (are) the underlying motive force(s)?
- What would happen under a “no policy change” scenario?
- Who is affected?

The policy proposal is expected to tackle a number of interrelated and complex issues related to immigration, integration and employment. The table in annex 1 gives an overview of the main issues to be addressed and the related challenges. It identifies a number of unsustainable economic and social trends, affecting both third-country nationals and the EU at large, which require an appropriate response at EU level.

Indeed, in the mid-1970's European countries closed legal channels of immigration as a response to rising unemployment. Since then the migratory flow has changed character and family reunification became the dominant form of immigration which resulted in a migratory flow which were on average less oriented to employment. The newcomers educational attainments was comparatively low as well as their overall labour market participation and performance. Problems arose with respect to the social integration of immigrants and their children.

Furthermore, population dynamics plays a significant part in the overall economic growth. With the prospect of a shrinking and ageing population Europe will shortly be faced with a decline in the workforce which would have impact on employment and negative implications for economic growth and the sustainability of the welfare system. Under the Eurostat assumption of moderate immigration<sup>1</sup>, demographic ageing will cause the EU-25 working age population to fall from 303 to 297 million by 2020, and to 280 million by 2030. This decrease is due to the long lasting effects of the reduction of fertility rates since the mid-1970's and it will be coupled with an increase in the age group of the over 65. Under the hypotheses that the EU meets the Lisbon target of a 70% employment rate by 2010 and maintains this employment rates afterwards, this would result in an overall decline of employment after 2010 and the fall in the number of employed people between 2010 and 2030 would be in the order of 20 million workers for EU-25. More sustained immigration flows are therefore not only likely due to push factors in third countries, they are increasingly likely to be necessary to fill the needs of the EU labour market.

The success of future immigration policy is dependent on the successful integration of immigrants in society. Not being able to face this challenge the EU risks the rise of racial tension and social exclusion of immigrants, including immigrants of second and

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<sup>1</sup> The Eurostat current baseline scenario assumes a rather low net yearly inflow of immigrants to EU-15 at around 630.000, corresponding to a net contribution to the working age population of approximately 450.000 persons.

third generation. The major challenge in the future is therefore to increase efforts to integrate newcomers and remove existing barriers encountered by already settled immigrants, such as discrimination, assessment of qualifications and recognition of diplomas, lack of language and educational skills. Present employment rates of immigrants demonstrate that the potential contribution of immigrants is not always fully realised. At 52.7% the employment rate of non-EU nationals in EU-15 is significantly lower than the 64.4% rate for EU nationals.

### **3. WHAT MAIN OBJECTIVES IS THE POLICY/PROPOSALS EXPECTED TO REACH?**

- What is the overall policy objective in terms of expected impacts?
- Has account been taken of any previously established objectives?

The overall objectives of the Communication would be to enable the European society to tackle the future demand for labour migrants in the context of demographic ageing and at the same time to ensure that immigrants - already settled and newcomers - are properly integrated into our societies. At its meeting in Tampere in October 1999 the European Council reasserted its determination to make full use of the possibilities opened by the Amsterdam Treaty which entered into force in May 1999 in the area of immigration and asylum and gave some comprehensive guidelines on the policies it wished to see developed.<sup>2</sup> The importance of ensuring the integration and fair treatment of third country nationals who reside legally on the territory of Member States was emphasised, as well as a more vigorous integration policy aiming at granting third country nationals rights and obligations comparable to those of EU citizens.

As a result of immigration over the last four decades, most EU countries now have significant shares of immigrants in their population and there is a great diversity in the way Member States have been affected by and responded to immigration. Conversely different integration strategies and experiences exist in Member States. The responsibility for developing integration strategies rests with Member States and its implementation of national integration strategies is dependent on partnerships with a number of stakeholders, including in particular local authorities, NGO's and representatives of civil society.

The purpose of the Communication on immigration, integration and employment is to suggest guidelines concerning the integration aspects as set out in the Tampere European Council conclusions on the fair treatment of third country nationals, as specifically requested by the Council (Justice and Home Affairs) in October 2002, by briefly setting out in a single document both what has already been done to promote better integration and ideas for further action needed.

The Communication will also build upon the implementation of the Lisbon Strategy (March 2000), insisting on the fact that access to the EU employment market for

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<sup>2</sup> In November 2000, the Commission issued a major Communication (COM (2000) 757) to the Parliament and Council indicating how it intended to translate the guidelines given in Tampere into concrete action. In the intervening time since then, the Commission has tabled further, more detailed papers building on its November 2000 Communication.

immigrants and refugees represents an essential component of the integration process, particularly in the light of the demographic situation and its predictable evolution, and contributes to the Lisbon strategy more generally<sup>3</sup>.

The objective of the Communication is therefore: to respond to the call of Tampere by reviewing current practice and experience with integration policy at national and EU level, particularly with respect to labour migration; to examine the role of immigration in relation to the Lisbon objectives in the context of demographic ageing and; to outline, on this basis, policy orientations and priorities including actions at EU level to support national integration strategies.

The objectives of a strategy for immigration, integration and employment at EU level are further detailed in the table on annex two. The overall objective mentioned above has been detailed in a number of specific objectives which should allow for a finer formulation of policy proposals. It should also be noted that four objectives of an horizontal nature have been set, covering issues such as empowerment of civil society organisations and increasing the research on immigration and integration issues.

#### **4. WHAT ARE THE MAIN POLICY OPTIONS AVAILABLE TO REACH THE OBJECTIVE?**

- What is the basic approach to reach the objective?
- Which policy instruments have been considered?
- What are the trade-offs associated with the proposed option?
- What “designs” and “stringency levels” have been considered?
- Which options have been discarded at an early stage?
- How are subsidiarity and proportionality taken into account?

The basic approach to reach the objective consist of a variety of approaches due to the fact that the all objectives are cross-cutting and involve different policy areas which are influencing each other. Within the context of the EU, the immigration policies of one country inevitably have an impact on the others. There is now an additional factor – the pressure of demographic change. To address the consequences of demographic ageing, the EU must certainly first tap into its existing human resources by promoting labour force participation and increasing productivity - and immigrants currently residing in the EU can make an important contribution. However, in the context of ageing and shrinking working-age population, more sustained immigration flows are increasingly likely and necessary.

If we are to meet this challenge successfully, the EU as a whole must become more efficient in developing the policies needed to ensure the integration of immigrants. While the putting into place of these policies remains the responsibility of the Member States, the Commission must intensify its efforts to provide a more coherent European framework so that the EU as a whole can respond more adequately to the new demographic and economic challenges, which it is now facing. A forward-looking approach is needed which must encompass both the need to promote better

<sup>3</sup> This approach has also been emphasised in the Commission’s 2002 and 2003 report to the Spring European Council and endorsed by the European Council 20-21 March 2003.

integration of established immigrants and to anticipate and manage future labour migration more effectively. This requires new structures and ideas and the mobilisation and co-ordination of a range of relevant policies and a variety of actors at different levels.

In considering policy options and instruments available at EU level, the Commission was careful to take full account of the principle of **subsidiarity and proportionality**. Following the Amsterdam Treaty, the Commission received the competence to enact measures on immigration and integration policy (art. 63), and in related areas: employment policy (art. 127), social inclusion (art. 137) and fight against discrimination (art. 13). A comprehensive common European immigration policy is not limited to provide for the conditions of entry but also needs to deal with integration and the conditions of residence of those having entered into a Member State. Increased co-operation and exchange of best practice and information between Member States would constitute a real added value, which could not be obtained at national or regional level, and it is also in particular important in the light of the accession of new Member States, in which only little experience on integration exist. Subsidiarity is an important principle in the field of integration, due to its close connection to cultural and national characteristics in Member States, and it is not in contradiction with increased co-operation at EU-level and with the Commission playing a supportive role. The need for a level playing field between Member States in addressing the issues of immigration, integration and employment has increasingly been recognised, with a view to improving the effectiveness of these policies. The EU now has a range of instruments to ensure that the right framework is in place to support national efforts. This Communication reviews the instruments available at EU level and, where necessary, proposes to complement them by new policy initiatives which would add value to the efforts of the Member States.

### **Policy options**

Below a number of concrete actions, approaches and policy options have been identified as possible options to reach the objective, namely to tackle the future demand for labour migrants in the context of demographic ageing and at the same time to ensure that immigrants - already settled and newcomers - are properly integrated into our societies.

### **No policy change**

Given the magnitude of the problem as described above, the no-policy change option could lead to the labour market needs resulting from demographic change and integration challenges becoming major threats to the EU's social and economic development. National integration policies impact on one another, creating the risk of spill-over effects as a decision taken in one Member States may have consequences for its neighbouring countries and for the EU as whole. Moreover, in view of the global competition for labour migration, the EU as a whole must present a common and consistent approach to immigration and integration. If the response to these challenges was left solely to Member States to act on their own there would be a risk of developing concurrent, inconsistent and fragmented policies. Therefore these challenges need to be adequately addressed through a policy response at EU level.

The no-policy change option could also have negative economic impact for the EU as whole. The trends towards a shrinking working age population will result in a decline

in employment levels. The contribution of employment to economic growth will become negative and it is questionable whether productivity growth needed to compensate for the decrease in employment will occur. This could result in a slow down of the EU economic GDP growth over the next decades. While immigration on its own cannot solve all the problems related to demographic ageing, more sustained immigration flows can contribute to increasing the labour supply and filling the needs of the EU labour market. Realising the full economic potential of immigration is dependent on successful integration in the labour market and in society in general.

The no-policy change option may also have negative social consequences for the immigrant and in the EU as a whole. Firstly, if no action is taken today, there is a risk of increased social exclusion of immigrants, which may lead to immigrants not participate in political, social and cultural life of the host society and therefore feel less accepted as full and responsible members of society. Greater social exclusion and poverty would increase the financial burden of the host society in terms of increased expenditure on welfare payments such as unemployment benefits. Secondly, if the EU is not prepared nor able to manage future legal migration flows, there is the risk that increased labour market needs contribute to fuelling illegal immigration and the development of a segregated society and dual economy.

Hence the no-policy change scenario is not an option.

### **Holistic approach**

Taking a holistic approach both at EU-level as well as national level could positively impact the integration of immigrants, as integration is both a matter of social cohesion and a prerequisite for economic efficiency. National integration strategies, which are comprehensive, should be developed. They should take into account not only the economic and social aspects of integration but also issues related to cultural and religious diversity, citizenship, participation and political rights. While priorities will vary between countries, integration policies need to be planned within a long-term, coherent overall framework, and be responsive to the specific needs of particular groups. They depend on the establishment of partnerships between a wide range of stakeholders and need to be underpinned by adequate resources. While specific integration programmes are an important element in the initial phase of integration, in the longer term the objective should be to enable migrants to access existing services and to ensure that these take into account their specific needs.

### **Reinforcing the co-ordination of integration policies.**

In its Communication of July 2001<sup>4</sup>, the Commission put forward proposals for the establishment of an open method of co-ordination procedure for immigration to help develop the common immigration policy and identified a number of areas where it considered that there would be a particular value in establishing common guidelines at European level within which Member States could set targets or objectives appropriate to their situation. One of these was the integration of legally resident third country nationals. At the 2001 Laeken European Council, the Heads of States and Governments explicitly called for an enhanced exchange of information in the field of immigration and asylum. In response to this call, and as a first stage in developing the full open co-ordination method procedure, the Commission launched an information

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<sup>4</sup> COM (2001) 386 “Open method of co-ordination in Immigration policy”.

and consultation procedure with a “Committee on Immigration and Asylum” (CIA) at its heart. The main aim of this exercise is to spread best practices and achieve greater convergence within asylum and immigration policies. The Commission finds that the recent decision by the Justice and Home Affairs Council in October 2002 to increase co-operation in this field and set up national contact points on integration to further the exchange of information reinforces the need for co-ordination of integration policies at EU-level. At the same time there are a growing number of indications that Member States, and in particular organisations and representatives of civil society, see the need for establishing increased co-operation, notably to promote the exchange of information and good practice on integration policies.<sup>5</sup>

### **Consolidating the legal framework**

In accordance with art. 63 of the Treaty the Commission has already put forward a number of legislative instruments to create the basic legal framework for the admission and conditions of stay of third country nationals. Progress with the adoption of these directives has been slow and the Commission urges that the process should be speeded up for those initiatives still pending, in particular the Directive on the status of long-term residents and the Directive on admission for employment since this will create the transparency and conditions necessary to manage efficiently the admission of labour migrants to the EU. At the same time in the light of progress made the Commission will retain its right to consider any new legislative proposals with the purpose of improving integration of legally resident third country nationals in EU. The fight against discrimination play a very important role in promoting integration of migrants and efforts should be made to ensure that the two Directives to combat racial discrimination and promote equal treatment<sup>6</sup> is translated into national law by the deadline in 2003 as originally foreseen. Finally, it should be considered to include third country nationals in the scope of the Directive on the recognition of qualifications obtained in a Member State in the field of the regulated professions.

### **Developing the concept of civic citizenship**

In its November 2000 Communication<sup>7</sup>, the Commission introduced a concept of civic citizenship, defined as guaranteeing certain core rights and obligations to immigrants which they would acquire gradually over a period of years, so that they are treated in the same way as nationals of their host state, even if they are not naturalised. The Charter of Fundamental Rights establishes a basic framework for civic citizenship some rights applying because of their universal nature and others derived from those conferred on citizens of the Union. In fact, Community law already confers<sup>8</sup> or proposes to confer<sup>9</sup> many of these rights on all persons legally resident in the Union. Enabling migrants to acquire civic citizenship after a certain period of years would help many immigrants to settle successfully into society. It could also be a first step in the process of acquiring the nationality of the Member State concerned. Within the process for reinforcing co-ordination between Member

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<sup>5</sup> See conclusions of the JAI Council of October 2002, opinion of the EESC March 2002, report of the EESC/EC conference on the role of civil society in integration of September 2002.

<sup>6</sup> Directive 2000/43, OJ L 180 of 19.7.2000, and Directive 2000/78, OJ L 303 of 2.12.2000

<sup>7</sup> COM (2000) 757 final.

<sup>8</sup> C.f. Article 194 and 195 of EC Treaty concerning right to petition the European Parliament and the European Ombudsman and Article 255 on access to documents.

<sup>9</sup> C.f. Article 12 of the proposal for a Directive on the status of third-country nationals who are long-term residents, which includes freedom of movement and the right of residence within the Union and the right to work, to establish oneself and to provide services.



States, the Commission should promote the exchange of information and of best practices concerning the implementation of nationality laws of Member States.

### **The European Employment Strategy**

Since the launch of the European Employment Strategy (EES) in 1997, the integration of disadvantaged groups, including migrant workers and ethnic minorities, as well as combating discrimination, have been key features of the employment guidelines. In its Communication of 17 July 2002<sup>10</sup>, the Commission reviewed the experience of five years of the EES and identified major issues for the debate on its future. These include reducing the employment gap between EU nationals and non-EU nationals, promoting full participation and employment for 2<sup>nd</sup> generation migrants, addressing the specific needs of immigrant women, fighting illegal immigration and transforming undeclared work into regular employment. In its Communication on the future of the EES of 14 January 2003<sup>11</sup>, the Commission adopted its proposals for employment guidelines and recommendations on 8 April 2003, where it highlights that immigration must be better taken into account in the future.

### **The Social Inclusion Process**

In the field of social inclusion, the Nice European Council (December 2000) agreed a set of common objectives to combat social exclusion and poverty<sup>12</sup>. The first national action plans against poverty and social exclusion (NAPs/incl) submitted in June 2001 clearly identified ethnic minorities and immigrants as being at high risk of social exclusion and discrimination although, despite the widespread recognition of such risks, the first NAPs/incl lacked data on these groups. This was recognised by the Copenhagen European Council (December 2002), which endorsed the revised Nice objectives to combat poverty and social exclusion, explicitly highlighting the high risk of poverty and social exclusion faced by some men and women as a result of immigration. The Commission therefore calls on the Member States to report on their measures and initiatives in the context of their 2003 NAPs/incl due for July 2003.

### **Combating discrimination**

In addition to supporting the Member States with the effective implementation of the two anti-discrimination directives mentioned above, the Commission considers it important to strengthen the fight against discrimination. A number of activities are already planned at EU level and exchange of experience will take place in the framework of the Community Action Programme to combat discrimination (2001-2006).

### **Co-operation in the field of education**

Co-operation in the field of education has been developing rapidly over the years at EU level. Several initiatives targeting the integration of immigrants have been carried out under the SOCRATES, LEONARDO DA VINCI, YOUTH and CULTURE 2000

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<sup>10</sup> COM (2002) 416 of 17 July 2002 "Taking stock of five years of the EES".

<sup>11</sup> COM (2003) 6 of 14 January 2003 "The future of the European Employment Strategy".

<sup>12</sup> To facilitate participation in employment and access by all to resources, rights, goods and services; to prevent the risks of exclusion; to help the most vulnerable and to mobilise all relevant bodies in the fight against social exclusion.

programmes. It will therefore be important to reflect the challenge of the integration of immigrant in the on-going co-operation on education and training.<sup>13</sup>

### **Closer dialogue with third countries**

The need to develop the links between the EU and countries of origin was the subject of a Communication from the Commission on migration and development<sup>14</sup>. It is therefore not covered in this Communication, although the Communication makes it clear that due consideration must also be paid to the underlying causes of migration flows and to its impact on countries of origin. Improved dialogue with third countries is a major element of EU migration policy not only to facilitate orderly migration flows but also to fight illegal immigration more effectively and to develop new policies to manage labour migration and to create "win-win" dynamics for both the EU and the countries of origin especially with respect to temporary labour migration.

### **Re-enforcing EU-financial support for integration**

Underpinning the political commitments of the EU in the field of integration, employment and social cohesion, are a number of EU financial instruments and other initiatives which directly or indirectly support the integration of immigrants. This is most notably the case with the Structural Funds, in particular the European Social Fund. The EU has also supported integration through the development of innovative actions, networks and exchange of experience in the EQUAL programme, the URBAN II initiative with respect to the regeneration of cities and through its programmes to promote gender equality and to combat social exclusion and discrimination. The third Commission's report on economic and social cohesion in the EU to be presented by the end of 2003 will pave the way for an open debate on the future of cohesion policy<sup>15</sup>. In this respect, the Commission considers it important to build on experiences, in particular from the European Social Fund and the EQUAL initiative, so as to ensure that the challenge of integration of immigrants is reflected in the preparation of the future programming period.

The European Refugee Fund (ERF), which was established by a Council Decision<sup>16</sup> for the period 2000-2004, is currently undergoing a mid-term evaluation in order to assess the impact and added value to date of the ERF both at national and at European level with reference to the objectives set out in Council Decision. For the next phase of the ERF the result of the evaluation should be taken into account to ensure that financial support for integration is optimised.

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<sup>13</sup> E.g. Grundtvig is the action within Socrates that promotes learning opportunities for adults. Since 2000 education and the provision of learning opportunities for migrants and asylum seekers. In, an increasing number of projects have been approved in the fields of intercultural 2002, 23% of the supported projects concerned either the education of migrants or the promotion of intercultural education within both ethnic minorities and the majority population. The main topics of these projects concern the provision of basic skills, active citizenship and the training of trainers in an intercultural perspective.

<sup>14</sup> Communication on integrating migration issues in the European Union's relations with third countries (COM(2002)703 of 3.12.2002)

<sup>15</sup> See also COM (2003) 034 "Second progress report on economic and social cohesion", 30 January 2003.

<sup>16</sup> The European Refugee Fond was created on the basis of a council decision in 2000 (2000/596/EC), based the Commissions proposal in COM (1999) 686 final.

In December 2002 the Budgetary Authority set aside € 4 million in the 2003 Budget for pilot projects for integration of third-country nationals. The pilot projects are according to the remarks from the Budgetary Authority intended to support transnational networks and the transfer of information and good practice between Member States, regional and local authorities and other stakeholders.

### **Monitoring and evaluation**

A key condition for successful policy implementation is to improve the tools available for monitoring and evaluation. To be able to identify the some of the complex causes for social and economic disadvantage of third country nationals and to be able to develop new or enhance the effectiveness and credibility of strategies at national and EU-level to improve integration monitoring and evaluation is crucial. Without accurate data and knowledge about the effectiveness of measures taken, Member States and the Community are not in a position to know if their policies have the desired outcome.

## **5. WHAT ARE THE IMPACTS – POSITIVE AND NEGATIVE – EXPECTED FROM THE COMMUNICATION?**

- What are the expected positive and negative impacts of the options selected, particularly in terms of economic, social and environmental consequences, including impacts on management of risks? Are there potential conflicts and inconsistencies between economic, social and environmental impacts that may lead to trade-offs and related policy decisions?
- How large are the additional ('marginal') effects that can be attributed to the policy proposal, i.e. those effects over and above the "no policy change" scenario? Description in qualitative terms and quantified as far as possible. Monetisation may be used where appropriate.
- Are there especially severe impacts on a particular social group, economic sector (including size-class of enterprises) or region?
- Are there impacts outside the Union on the Candidate Countries and/or other countries ("external impacts")?
- What are the impacts over time?
- What are the results of any scenario, risk or sensitivity analysis undertaken?

### **5.1. General impacts of greater integration of third country nationals**

Immigration is considered to have a number of positive economic and social effects. A schematic overview of potential economic, social and environmental impacts of further integrating immigrants is provided in Annex 3. This overview considers two levels: impacts on the target population and on the European society and economy. The analysis of potential impacts is based on the assumption that the success of an immigration policy will depend on the successful integration of migrants.

As regards **economic impact at EU level**, it may be said that improved integration of third-country nationals will bring about a quantitative increase in the labour supply. This will help overcome labour shortages in a number of sectors and will alleviate to some extent the growing adverse impact of ageing on the overall labour supply,

provided there is a good matching between the skills offered by migrants and those in demand.

An increase in labour supply would also have an effect on tax revenue, which should moderately increase. In the long-term it would ensure a better sustainability of welfare systems. It is also hoped that better social and economic integration of third-country nationals will favour their free movement within the EU, which is bound to improve the overall functioning of the EU labour market.

Improved integration has obviously positive **economic impacts for the target group** of third-country nationals namely through better access to the labour market, which will lead to more secure and stable jobs and increased revenues. Further integration of third country nationals can also bring about an acquisition of social entitlements and more long-term economic prospects.

It must be noted however that further integrating third country nationals in the EU has associated costs, as well as benefits resulting from the economic activities of migrants. Whilst firms, consumers and native workers with complementary skills may gain, associated costs may include, inter alia, increased expenditure for welfare and social protection systems (bearing in mind that third-country nationals working in the EU are also contributing to the financing of those systems); adverse impact on the employment of certain native workers; administrative costs of implementing an effective immigration policy; and increase in expenditure with active labour market policies such as training and job placement services.

**Social impacts** of integration of immigrants are substantial at European level. Lack of social integration of migrants has often been associated with a risk of social exclusion and polarisation between different groups in society, be it in terms of income (widening the gap between the rich and the poor), ethnic origin (leading to the rise of racism and xenophobia), cultural and religious background, or any other social divide. Further integration of immigrant populations should lead to an overall more cohesive and inclusive society, where differences are respected. A strengthened dialogue between different groups will increase the general understanding of different cultures, traditions and religions.

Another aspect of the global social impacts of improved integration is an increased participation of third country nationals in social life through civil society organisations and other relevant channels. Finally, integrating immigrant populations should also lead to greater participation in the political process, namely at local and EU level.

At the level of the social impacts on migrants themselves, greater integration in society and in the labour market will ultimately impact on their well being and self-esteem. Having a job and being able to provide for themselves and their families is very important: self-sufficiency underlines the feeling of being a part of a community and society in general and encourages immigrants to engage themselves in community life and other social, cultural and political activities.

Increased participation in all aspects of life will also improve the general health and living conditions of migrants and better access to formal education and training. It

will also guarantee voice in the political process (better representation of interests) and a more transparent legal status. If their particular needs are catered for, impacts on groups at risk (e.g. refugees, women) should be very substantial. In particular, the integration of women will also have an indirect positive impact on future generations, their language abilities and performance in the educational system.

Another aspect of social impacts of further integrating third country nationals are **redistributive effects**. These are quite complex and difficult to grasp. For example, as regards the labour market, given current segmentation and patterns of entry, increase in immigrant labour supply may penalise low skilled native workers more than skilled native labour. However, over time, it is expected that further integration leads to an improvement in the functioning of the labour market which should ensure a fairer distribution of costs and benefits.

Finally, as part of the EIA, the proposed Communication underwent a crime proofing assessment. This involved a review of the proposal to examine whether it might inadvertently create opportunities for crime. Two particular crime types were considered for this purpose, namely the risk of increased trafficking in human beings and related criminal behaviour and the risk of fraud on social and welfare payment systems. A more open policy of migration as proposed by the Communication is thought likely, if anything, to reduce opportunities which may currently exist for trafficking in people and related criminal behaviour. Increased social security expenditures due to immigration – the counterpart of the contributions of migrants on the labour market in particular - could place an additional burden on national social security systems but this does not in itself create new opportunities for fraud. It is not therefore necessary to recommend any modifications from a crime proofing point of view.

### **Environmental impact**

There is no estimated directly environmental impact. However, by increasing the level of integration in all Member States this would have a general positive impact on the educational level and the general awareness of environmental issues. Furthermore, a more active participation in social and political life at local level may impact on the involvement in the preservation of the local environment and patrimony.

### **External impact**

Nationals of acceding countries are for the moment considered as third-country nationals. Impacts on these countries are therefore similar to the ones described below. Following accession, nationals from these countries residing in other EU Member States will be outside the scope of this proposal. As regards third country nationals residing in the currently acceding countries, it is expected that the impacts on this group will be the same as in other EU Member States.

As regards impact on third countries, it should be noted that the implementation of an EU integration strategy would need to take into account the principles of development and trade policies. Namely a proactive immigration policy does need to integrate the developments needs of the countries of origin. But it should be also noted that many of the activities migrants and in particular for persons enjoying international protection will follow within the context of an integration programme, could serve a double purpose. It will facilitate the integration in the host country, but it will

simultaneously also prepare for eventual return once conditions in the country of origin permit. For instance, most of the educational measures, including vocational training, will also enable persons enjoying international protection and migrants to gain qualifications useful for rebuilding their home country upon return.

## **5.2. Impacts of the policy options envisaged in the proposal**

Given the nature of the envisaged policy proposal, no detailed analysis of **marginal effects** of the proposal is possible. The holistic approach subscribed to in the Communication results in a broad range of policy orientations being put forward. It is hoped that the Communication on integration, immigration and employment generates a debate and raises awareness to these issues, thereby creating a momentum at European level.

The envisaged policy options to follow-up on the Communication should on the whole bring about **greater co-ordination** between on the one hand different policy areas at European level; and on the other, between national authorities. It is expected that better understanding of how integration concerns can be streamlined into existing policy instruments; more knowledge on national policies and strategies; and ultimately the emergence of a common approach to integration issues at European level; will contribute to the attainment of greater integration of third-country nationals and of the general impacts mentioned above. This is based on the assumption that a common approach at European level will lead to the most effective strategies being used.

Also, the improved **monitoring and evaluation** accompanying this co-ordination should give more visibility to integration issues in other policy areas, and hence maximise the use of existing policy instruments for integration purposes. Close follow-up of the implementation of the Communication should also help in identifying and measuring the impacts of existing policies at European and national on integration of third-country nationals. Support to **statistics and research** in this field should also contribute to this purpose.

The **consolidation of the legal framework** will ensure a more stable and transparent status for third country nationals at European level. This will include namely a single channel for legal action, as it will mean that recourse to the European Court of Justice will be possible. Within the legal framework, it is worth mentioning the directive on the status of long-term residents which should lead to granting a number of social rights (such as housing and social security) and can also include political rights in particular at local level.

The development of the concept of **civic citizenship** and its introduction in the new Treaty should have substantial impacts in integrating third country nationals by reinforcing a sense of belonging in Europe. Civic citizenship is not dependent on nationality, and could include in the long-term granting political rights at EU and local level. The importance of naturalisation as an integration tool, however, should not be neglected – the Communication puts forward the need to further comparative research on Member States legislation on nationality. It is expected that knowledge in this area will increase transparency across different countries and ultimately facilitate the emergence of common features.

The communication should also contribute to the effectiveness of a number of major EU socio-economic processes which are directly relevant for the situation of migrants. The **European Employment Strategy**, the **Social Inclusion Process**, the management of the **Structural Funds**, the **fight against discrimination** and the co-operation in the field of **education** are the most relevant EU instruments in this respect. As part of the implementation of each of these processes, evaluation exercises are regularly carried out. They should enable to monitor progress with respect to the integration of immigrants into the labour market and into society as a whole. The impact of each of these instruments is beyond the scope of the ex-ante impact assessment.

To support the implementation of the policy priorities put forward in the Communication, it is suggested that funding is made available to a limited number of **pilot projects**. These projects will complement existing EU initiatives or programmes without duplicating them. These projects are to support networking between national authorities and stakeholders; and to allow for the experimentation of novel approaches to integration. The expected impact of these projects is gain knowledge on national integration policies and best practices; favour their exchange; and ultimately facilitate policy development by pointing to new avenues for an European approach in this field.

## **6. HOW TO MONITOR AND EVALUATE THE RESULTS AND IMPACTS OF THE PROPOSALS AFTER IMPLEMENTATION?**

- How will the policy be implemented?
- How will the policy be monitored?
- What are the arrangements for any *ex-post* evaluation of the policy?

The policy proposals put forward in the Communication is mainly building on existing instruments and measures and will therefore be implemented by the Commission's reinforcement of these. Monitoring and evaluation of these instruments is an essential part of the policy itself, and will therefore be ensured mainly through one of the policy options suggested in the Communication. The Communication suggests to reinforce policy co-ordination by increasing co-operation and exchange of information between Member States and to monitor the development of the common immigration policy in an annual report. The Group of national contact points on integration will exchange information on integration policies in the Member States on a number of selected areas and thereby solidify mutual expertise and knowledge of national strategies and ongoing initiatives in the Member States. The annual report will monitor progress over time and ensure the overall consistency both of EU policy and instruments and of national policies. The report will built on information collected by the Commission from a wide range of EU policies and initiatives, notably the European Employment Strategy and the Social Inclusion Process, and on other efforts to strengthen monitoring and evaluation at EU level. The report will notably contribute to on-going evaluation and monitoring of the development of a common immigration policy and will feed back into policy by informing the discussions in the relevant Council fora.

No specific ex-post evaluation has been put forward however, as the policy options suggested are mainly built on existing instruments and measures, the ex-post evaluation is expected to take place within regular evaluations of these instruments.

## **7. STAKEHOLDER CONSULTATION**

- Which interested parties were consulted, when in the process, and for what purpose?
- What were the results of the consultation?

In December 2002, the Commission's working group on asylum and immigration was, as a preparation for the forthcoming Communication, consulted on a series of ideas on how to tackle specific challenges concerning integration of immigrants. In March 2003, when the Commission's services had a clearer view concerning the policy options available and their impacts, a meeting of the National Contact Points on Integration was convened and they were invited to give their view on some identified issues, possibly to be tackled in the forthcoming Communication. On this occasion a number of general observations and comments were given by the national experts on integration, which have been taken into consideration in the drafting of the Communication. The National experts among other things emphasised that they favoured a holistic approach to integration and that it was important to make it clear that the notion of integration should be very broad and balanced and should take into account all aspects of integration and not only access to employment and language facilities. Another important issue also stressed by the experts was the importance of political rights as this could facilitate a sense of belonging and that it was important to make clear what the common values in a democratic European society are. Several experts stressed that language skills were not a preliminary condition for obtaining work and that experiences showed that combining language learning with work had a positive effect on integration. It was mentioned that it was important that integration measures were designed to the specific needs of the immigrants and were adjusted according to their length of stay.

It must also be pointed out that the Communication will be in itself an instrument for opening a consultation process with relevant stakeholders in view of getting their views on appropriate follow-up.

## **8. COMMISSION DRAFT PROPOSALS AND JUSTIFICATION**

- What is the final policy choice and why?
- Why was a more/less ambitious option not chosen?
- Which are the trade-offs associated to the chosen option?
- If current data or knowledge are of poor quality, why should a decision be taken now rather than be put off until better information is available?
- Have any accompanying measures to maximise positive impacts and minimise negative impacts been taken?

As already mentioned integration touches upon a number of horizontal policy areas most of which are closely inter linked. Labour market and employment, language and education, health and social services, urban planning and housing, cultural diversity,



fight against discrimination, citizenship and fundamental rights, including political rights.

Conversely, the Commission finds that there is a need for a holistic approach which take into account all aspects of integration and which incorporate immigration and integration in all existing and related policies at EU level. Together with increased co-operation between Member States the holistic approach is a possible and likely way to meet the challenge of integration.

The Communication summarises therefore in its Chapter 4 the main policy orientations and priorities put forward by the Commission. It reviews the main policy instruments that the EU could use to promote a more consistent approach to these issues. These EU instruments are meant to support efforts of the Member States, while fully respecting the principle of subsidiarity.

The communication mainly proposes to reinforce existing policy instruments within the following areas and methods:

- To consolidate the legal framework
- Re-inforcing policy co-ordination
- Civic citizenship
- The European Employment Strategy
- The Social Inclusion Process
- Economic and Social Cohesion
- Combating discrimination
- Co-operation in the field of education
- Closer dialogue with third countries
- Re-inforcing EU financial support for integration
- Improving information on the migration phenomenon

## ANNEX 1

### **Problem identification:**

Main challenges:

- Insufficient integration of 3<sup>rd</sup> country nationals in the economy and the society
- Demographic change which could result in an overall decline of employment

Related challenges:

- Changed patterns of migration - less work oriented.
- Racial tension
- Social exclusion
- Mismatch - supply and demand on labour market
- Discrimination
- Shrinking and ageing population - decline in workforce
- Narrow margin for productivity gains
- Meeting the Lisbon goals
- Sustainability of current welfare system
- Barriers to integration, including language
- Skills shortages
- Low participation of immigrants in social life
- Risks of urban and territorial fragmentation
- Barriers to participation in political life (e.g. local elections, EP elections)
- Exclusion of immigrants which may turn to black economy
- Complex legal framework for third country nationals
- Different national approaches to integration
- High flows of illegal immigration

## ANNEX 2

### How to overcome these challenges? Objectives of integration policy

Global	1. Improve integration of legally settled immigrants by removing existing barriers and increase integration efforts.	2. Managing future migration in an effective and responsible way
Specific	<ul style="list-style-type: none"> <li>• Start the integration process as early as possible</li> <li>• Increase language and educational skills</li> <li>• Improved assessment and recognition of formal and informal qualifications</li> <li>• Increase access to labour market to make better use of the potential of already legally residing immigrants</li> <li>• Foster entrepreneurship</li> <li>• Fight against racism</li> <li>• Combat discrimination in all aspects of society</li> <li>• Specific attention to emancipation of immigrant women</li> <li>• Improve access to nationality or other forms of citizenship</li> <li>• Grant political rights</li> <li>• Improve urban planning strategies</li> <li>• Improve the legal and social rights for immigrants</li> <li>• Encourage participation in social, cultural and civil life</li> <li>• Foster a pluralistic society</li> <li>• Targeted approach and 'positive actions' towards specific groups (e.g. women, refugees, 2<sup>nd</sup> and 3<sup>rd</sup> generation)</li> </ul>	<ul style="list-style-type: none"> <li>• Create transparent channels for legal labour migration</li> <li>• Fighting illegal immigration</li> <li>• Increased mobility of third-country nationals</li> <li>• Improve statistics in the field of immigration (sex-disaggregated)</li> <li>• Co-operation with countries of origin</li> </ul>
Horizontal	<ul style="list-style-type: none"> <li>• Increase research on immigration and integration issues (with statistical data disaggregated by sex and gender analysis)</li> <li>• Increase co-operation between MS and between stakeholders</li> <li>• Empowerment of civil society organisations (including those representing migrant communities)</li> <li>• Increase financial resources</li> </ul>	

### ANNEX 3. Potential impacts if the necessary conditions are met

Expected impact on the EU economy and society if the suggested policy is implemented	
Target : EU economy and society	
Qualitative	Quantitative <sup>17</sup>
<b>Economic impact:</b>	
<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>• Increase in labour force (countering ageing)</li> <li>• Better matching of skills</li> <li>• Less segmentation in the labour market</li> <li>• Bigger tax revenue</li> <li>• Better sustainability of welfare systems</li> <li>• More transparency in the labour market</li> <li>• Regularisation of undeclared work</li> <li>• Increased free movement of 3<sup>rd</sup> country nationals within the EU</li> <li>• Positive actions and diversity in the workplace lead to a better use of human resources and a better work culture in general</li> </ul> <p><b>Negative</b></p> <ul style="list-style-type: none"> <li>• Increased expenditure for welfare systems ;</li> <li>• Increased costs for active labour market policies;</li> </ul>	
<b>Social impact:</b>	
<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>• Social cohesion</li> <li>• Fight against “ghettoisation” and discrimination</li> <li>• Increased participation in social life of both women and men</li> <li>• Increased participation in political processes, namely at local and EU level</li> <li>• Relaxation of granting EU nationality and naturalisation processes</li> <li>• Consolidated legal framework</li> <li>• Cultural enrichment in society</li> <li>• Fewer differences in gender patterns</li> <li>• Decrease in illegal immigration</li> </ul>	<ul style="list-style-type: none"> <li>• Number of cases of racist attacks.</li> <li>• Evolution of urban fragmentation.</li> <li>• Participation of 3<sup>rd</sup> country nationals in civil society organisations.</li> <li>• Evolution of participation rates of 3<sup>rd</sup> country nationals in EP and local elections.</li> <li>• Evolution of number of naturalisations; national legal developments in terms of granting nationality.</li> </ul>

<sup>17</sup> The quantification exercise is rather listing acceptable proxies and approximations than fully listing quantifiable impacts.

<p><b>Negative</b></p> <ul style="list-style-type: none"> <li>• Risks of incoherence with development and trade policies</li> <li>• Risks of increasing illegal entry into the EU</li> </ul>	
<b>Environmental impact:</b>	
<p>Direct:</p> <p>...</p> <p>Indirect:</p> <ul style="list-style-type: none"> <li>• Contribution to the sustainable development strategy</li> <li>• Better urban and spatial planning</li> <li>• Increased education levels may impact favourably on environmental awareness</li> <li>• More active participation in social and political life at local level may impact on the involvement in the preservation of the local environment.</li> </ul>	

<b>Expected impact on legally resident third country nationals if the suggested policy is implemented</b>	
<b>Target group:</b> Legally resident third country nationals	
Quantitative <sup>18</sup>	Monetary
<b>Economic impact:</b>	
<ul style="list-style-type: none"> <li>• Access to labour market</li> <li>• Self-supportive</li> <li>• Increased revenue</li> <li>• Acquisition of social rights</li> </ul>	E.g. Employment rate among third country nationals legally resident in the EU; by level of qualification; educational level of third country nationals; etc.
<b>Social impact:</b>	
<ul style="list-style-type: none"> <li>• General well-being - higher self esteem</li> <li>• Better access to formal education and training</li> <li>• Improved language skills</li> <li>• Increased social acceptance and inclusion</li> <li>• Increased participation in cultural, social and</li> </ul>	<ul style="list-style-type: none"> <li>• Participation rates in formal education and training</li> <li>• Performance in educational system</li> <li>• Public health indicators</li> <li>• Number of MEPs/ Local</li> </ul>

<sup>18</sup> The quantification exercise is rather listing acceptable proxies and approximations than fully listing quantifiable impacts.

<p>civil life</p> <ul style="list-style-type: none"> <li>• Improved health and living conditions</li> <li>• Improved participation and performance in formal education for 2<sup>nd</sup> and 3<sup>rd</sup> generation</li> <li>• Better access and voice in the political process (better representation)</li> <li>• More secure legal status</li> <li>• Better recognition of acquired qualifications and skills</li> <li>• Improved access to naturalisation for first generation and to nationality for second and third generations</li> <li>• Focussed approach towards groups at risk (e.g. refugees, women)</li> </ul>	<p>counsellors with origins from immigrant communities</p> <ul style="list-style-type: none"> <li>• Participation of third country nationals in local and European elections</li> <li>• Number of naturalisations</li> </ul>
<b>Environmental impact:</b>	
<p>No direct impacts</p> <p>...</p> <p>Indirect impacts</p> <ul style="list-style-type: none"> <li>• Increased awareness of environmental issues and pollution</li> </ul>	<p>Not applicable</p>