



On behalf of the
European Commission
DG Employment,
Social Affairs and Inclusion

Gesellschaft für
Versicherungswissenschaft
und -gestaltung e.V.



Social Impact of Emigration and Rural-Urban Migration in Central and Eastern Europe

Executive Summary

Lithuania

April 2012

**Authors: Dovilė Krupickaitė
Arūnas Poviliūnas**

Neither the European Commission nor any person acting on behalf of the Commission may be held responsible for the use that may be made of the information contained in this publication.

Lithuania is a relatively small country on the south-eastern shore of the Baltic Sea with an estimated population of 3.2 million as of 2011. The population is comprised primarily of Lithuanians (83.9%), with other important ethnic groups being Poles (6.6%), Russians (5.4%) and Byelorussians (1.3%).

After Lithuania re-established its independence in March 1990, some of its population – primarily Russian nationals reluctant to recognise the country's new status and acquire Lithuanian citizenship – left the country, moving in most cases to Russia and the CIS countries. In the following years, the restructuring of Soviet-type industrial production resulted in a near fivefold decrease in production from 1990 to 1994. This development, together with the Russian crisis of 1998, induced further waves of primary illegal emigration from the country and the first networks of economic emigrants were established. After EU accession in 2004, Lithuanians made use of the opportunity to escape the difficulties of socio-economic development at home and entered the EU labour market, in particular in the UK and Ireland, in increasingly larger numbers, thus contributing to a rising legalisation of emigration. The financial and economic crises of 2008-2009 have led to further extensive flows of economic emigrants. The most important destination countries of officially declared emigration for the period from 1991 to 2010 were the UK, Russia, Ireland, the United States and Germany. Emigration from Lithuania was characterised both by temporary and seasonal migration and long-term emigration. Immigration flows into Lithuania have been rather small throughout the years since independence; however, return migration has been steadily increasing and accounts for 70% of inward migration during the period 1991-2010.

There are several socio-economic push factors that contribute to Lithuania showing one of the highest emigration rates in the EU27. These include low overall employment, high rates of youth unemployment, high numbers of minimum monthly wage earners (even during periods of economic growth), a prevalent in-work poverty among low-educated single parents with dependent children, a low minimum income scheme, weak social safety nets and the accumulated experience of emigration. During the last decade, Lithuania shows some of the highest emigration numbers in terms of the crude rate of net migration (from -0.59% in 1999 to -2.37% in 2010). The preliminary results of the most recent population census (2011) show an even higher number of emigrants.

The developments that have influenced internal migration include the abolition of collective farms, the attempt to replace them with small-scale private farms, and the influx of resources allocated by EU rural support programmes that have partially blunted rural-urban antagonisms. Internal migration accounts for the majority of Lithuania's overall migration flows from 1990 to 2010, although the total mobility of the population is not very high. Nonetheless, some trends can be observed: From 1992 to 2004, migration flows were primarily urban-to-rural. However, since 2005, there has been a slight increase in rural-urban migration and expanding suburbanization around the biggest cities (Vilnius, Kaunas and Klaipėda). In fact, the flows of internal migration reflect the trends of regional polarisation and metropolisation.

Whereas external migration has affected Lithuania as a whole, and urban areas in particular, internal migration is regionally differentiated. Two types of areas have been especially affected: Suburban areas surrounding the biggest cities have been migration-gain areas, whereas peripheral areas undergoing long-term depopulation, particularly in the country's North-east, can be identified as migration-loss areas. These areas feature strong labour shortages, a low-skilled labour force, long-term unemployment and a high rate of dependency on state support.

Emigration affects demographics in Lithuania (e.g., with a negative impact on marriage, fertility rates, families) and in the longer run might influence labour resource developments (e.g. shortages of labour). Lithuania is losing primarily young people and people of employable age. Most emigrants who have not declared their departure are low-skilled workers, but the percentages of high-skilled workers and emigrants with a higher education level are relatively high and rising. The impact of emigration on the economy is increasing.

According to some experts emigration has helped to cope with the high rate of unemployment (unemployment in 2010 was at 17.8%). Emigrant's increasing remittances have partially compensated for low household incomes and cuts in the already weak social safety net. According to SEB Bank data, remittances in 2010 accounted for 4.3% of GDP and 23.9% of the entire net salary fund. But high rates of emigration also decrease the Lithuanian economy's prospects for growth and challenge the system of social protection.

Children represent the group most vulnerable to the impact of migration in the form of separated families. In 2007, 5% of all Lithuanian children under 18 years of age had at least one parent living abroad and did not receive appropriate parental care. Difficulties are also faced by returning children in their (re)integration into Lithuanian society.

As the Lithuanian economy was facing labour force shortages before the crisis, the government, under pressure from employers' representatives, implemented several measures in order to regulate economic emigration and promote return migration. The Economic Migration Strategy adopted in Lithuania in 2008 and other strategies and programmes are in accordance with the basic EU requirements for regulating economic migration and ensuring the free mobility of workers. The first policy-making steps have been taken in the area of facilitating the return of working migrants and their support. Special attention has also been given to mitigating the "brain drain" and tackling the re-integration challenge for (potential) returning children.

When shaping return migration policies, it is necessary to distinguish between two main types of returning emigrants. In the case of unsuccessful migrants, attention should be focused on providing information, social-psychological assistance and support with job searches. Attracting migrants that have succeeded in their host countries requires a wider range of actions, many of them in the economic area. One key measure would be to facilitate the ease by which a returning migrant could start a business by optimising the tax system and improving conditions for small businesses. Special attention is also needed to tackle the challenges caused by the emigration of health professionals. The successful implementation of on-going health sector reforms and careful resource planning are required to ensure that human resource policies are effective in maintaining the health workforce supply.

To date, there have been no policies targeting disadvantaged regions showing net migration losses (and gains) in Lithuania. Available measures and policies aim to reduce regional inequalities in the country but are not directly concerned with regional differences induced by migration. Both at the regional and local levels, serious measures are required if the problems of depopulating rural areas and the expansion of sparsely populated areas are to be resolved. Greater efforts should be made to maintain service centres and the system of educational, health and social services in Lithuania's peripheral territories. Special efforts could be made to include local communities into the provision of social services to a larger extent and to assist local communities in elaborating social innovations designed to strengthen social capital.