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From the Editor: In this issue of showCASE, our migration expert lays out his vision of how Europe's labor markets could respond to the challenges posed by of migration from outside of Europe.

EU Policies for Refugee Protection and Immigration: Why We Need Productive Engagement with Our Neighbors, Not Border Fences

By: Matthias Luecke, CASE Fellow, Academic Co-Director of Mercator Dialogue on Asylum and Migration in Europe (MEDAM)

Recent debates about asylum and immigration policies in the EU have showcased many ways in which key policymakers are in denial – not only of the complexity of the challenges posed by irregular (illegal) immigration, but also of the glaring shortcomings of the current EU asylum system, of the significant progress already made through cooperation with neighbors (e.g. EU support for three million Syrian refugees in Turkey under the EU-Turkey Agreement), and of the opportunities that well-managed immigration offers for Europe's aging societies.

Photo : Syrian immigrants walk on a railway track after they crossed the Hungarian-Serbian border near Roszke, Hungary.REUTERS/Laszlo Balogh

The conclusions of the end-June 2018 European Council are a good place to start to understand the conundrum. Few will disagree with the Council's "particular focus" on education, health, infrastructure, innovation, good governance, and women's empowerment in Africa (although one may wonder just how many objectives any one individual or organization can hold in focus simultaneously). However, most of the remaining conclusions involve shutting out irregular immigrants from the EU (by making borders more secure), confining them to "controlled centers" in EU member states (no takers yet), or "disembarking" them onto "platforms" in North Africa or other third countries (no ready host countries yet) – with little apparent regard for the human rights of migrants (although EU member states, together with all other UN member states except the US, have just recently re-emphasized these rights by finalizing, on 13 July 2018, the text of the Global Compact for Safe, Orderly and Regular Migration).

This emphasis on border measures to keep migrants out betrays, above all, a fundamental misunderstanding of how migrants decide to migrate. The irregular immigrants that arrive in Europe have taken a calculated decision, many months ago and thousands of kilometers away, to attempt a risky journey because their alternative options were even less attractive. Not many are likely to be deterred by higher fences around the EU (literally and metaphorically) – not least because most will find jobs in Europe if they somehow manage to get in and stay.

To curb irregular immigration, EU member states need to consider the "migration system" as a whole: starting with the living conditions and economic opportunities of potential migrants in countries of origin, via immigration policies and the cost of travelling to the country of destination (regularly or irregularly), to living conditions and economic opportunities in the country of destination. In particular, EU member states need to address the fact that for many potential migrants (especially those without a university education or family members in the EU), irregular travel to the EU and a subsequent asylum application (whether well-founded or not) offer the best hope of being able to live and work in the EU.

Hence, a workable approach requires far-reaching reforms in at least two policy areas: first, more legal employment opportunities need to be created in Europe for third-country citizens, especially from Africa. Second, the European asylum system needs to be reformed to make procedures fair as well as fast. This is a precondition for quickly returning those applicants that are not granted international protection to their countries of origin.

This approach depends crucially on close cooperation with the countries of origin and transit, especially for the return of unsuccessful applicants for asylum. Arguably, it is legitimate for EU member states to want to manage and restrict immigration in this way. At the same time, successful cooperation requires that the legitimate interests of countries of origin are equally taken into account. In particular, countries of origin find it politically difficult to cooperate with the enforced return of their citizens. Such returns are deeply unpopular because returned migrants loose the chance to live and work in Europe as well as their investment in irregular travel to Europe; at the same time, their families (and the country of origin as a whole) lose potential remittances and overseas networks.

This is where legal employment opportunities come in: they not only help to shift the incentives of potential irregular migrants towards legal options. Legal employment opportunities may also be made conditional on countries of origin cooperating with the readmission of their citizen. Thus, readmission becomes the price that countries of origin pay for the prize of more legal employment opportunities in Europe.

EU member states can quickly create more legal immigration opportunities using existing policy tools to ensure that immigrants earn their own living rather than rely on the welfare state. Possible options include seasonal low-skilled employment opportunities, especially in agriculture; skill partnerships to train third-country citizens for professions that are in high demand in the EU (for example, in health care); and work visa schemes that rely on immigrants having an employment contract upon arrival, rather than formal vocational qualifications or language skills (as in the Western Balkans scheme in Germany, which is similarly politically motivated).In the EU, member states regulate labor market access by third-country citizens. Therefore, EU institutions would mainly aggregate member state offers for legal immigration and negotiate effective readmission agreements as part of wider-ranging partnerships.

By contrast, EU institutions have a key role to play in operating a reformed EU asylum system. So far, the EU mainly makes the underlying rules – from the various Dublin regulations to the Reception Conditions Directive. However, EU involvement in implementation and financing is very limited. If existing rules were faithfully followed, they would impose a disproportionate burden on those EU member states where most asylum seekers first arrive (because these member states are meant to receive asylum seekers, process applications, return failed applicants to their home countries, and host recognized refugees). In practice, the member states of first arrival have found ways to shift the burden in large part to other member states (for example, by failing to register asylum seekers and allowing them to move on). As a result, the EU asylum system is now largely dysfunctional.

As long as individuals can freely move throughout the Schengen area, the operations of national asylum systems in the EU are highly interdependent. Therefore, it would be efficient to centralize the management and funding of the asylum system at the EU level while conducting asylum procedures close to the point of first arrival. Financing the reception, hosting, and processing of asylum seekers through the EU budget would introduce an element of solidarity between member states. The examples of the Netherlands and Switzerland show how asylum procedures can be conducted fairly (with independent legal advice for applicants throughout the process) and quickly (within approximately two weeks for a first-instance decision and two-months including appeals). Returning those applicants that do not receive international protection would become easier if readmission were incentivized through additional legal labor migration opportunities for citizens of the country of origin. With more effective return and readmission, securing the external EU border would become less important. Recognized refugees could be relocated to EU member states willing to host and integrate them – in part because most EU member states would receive far fewer spontaneous arrivals under a reformed asylum system.

Thus, immigration in the EU can be managed in a way that respects the human rights of migrants, including the right to apply for asylum in the EU, while curbing people smuggling and irregular immigration. Crucially, this approach requires close cooperation with countries of origin and transit as well as among EU member states. This approach is politically feasible because it can be implemented incrementally, with each additional element creating synergies for better outcomes. Thus, international cooperation, rather than unilateral action or higher border fences, is an effective response to the shared challenge of managing migration to the EU for the benefit of all involved.

The arguments presented in this op'ed are explored in more detail in the 2018 MEDAM Assessment Report that is available here.

This week: Inflation in June increased to 2%, compared to the earlier flash estimate of 1.9% and the May figure of 1.7%. NBP (the central bank) published new macroeconomic forecasts, which show lower dynamics of inflation in 2018 and 2020, a higher GDP growth in 2018 and a lower GDP growth in the years 2019-2020. Inflation is expected to reach the target of 2.5% in 2019 and grow further to 2.8% in 2020. The number of unemployed fell in June below 1 million, to 969,000, and the unemployment rate fell to 5.9%.

GDP (Q1 2018)

5.2% y/y

Up from 4.9% in Q4 2017

Inflation (Jun 2018)

2.0% y/y

Up from 1.7% in May 2018

Unemployment (Jun 2018)

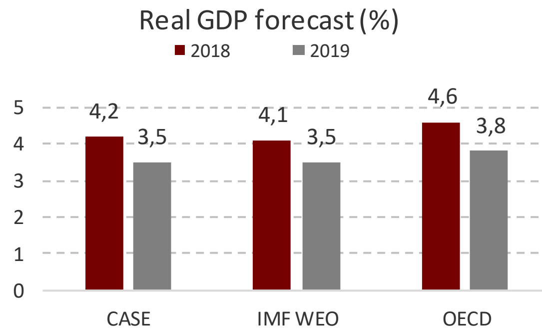
5.9%

Down from 6.1% in May 2018

NBP Base rate

1.5%

From 2% in Mar 2015



This week: The Bank of Russia intends to modify the scale of risk ratios for consumer loans depending on their effective interest rates. The aim is to enhance overall financial stability while assuring quality growth of banks' loan portfolios and retaining household debt burdens under control. The provision will be expanded to banks holding universal and basic licenses. The reason behind the proposed revisions is proliferation of unsecured consumer lending.

GDP (Q1 2018)

1.3% y/y

Up from 0.9% in Q4 2017

Inflation (June 2018)

2.3% y/y

Down from 2.4% in May 2018

Unemployment (May 2018)

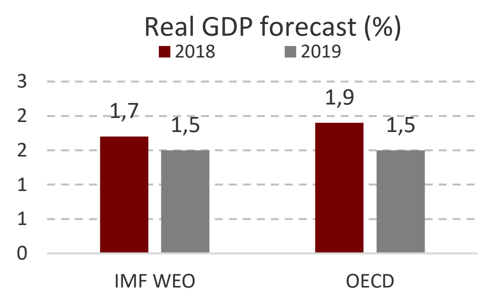
4.7% (est.)

Down from 4.9 % in Apr 2018

CBR Base rate

7.25 %

From 7.5% in Feb 2018



This week: The German economic growth forecast has been revised down by the European Commission due to external factors such as trade uncertainty and steep oil prices. Germany's GDP expansion will slow to 1.9% this year from the previously estimated 2.3%. The country, which is one of the biggest enthusiasts of global trade liberalization, would be among the most disadvantaged ones if the US decided to go ahead with trade restrictions vis à vis Europe.

GDP (Q1 2018)

2.3% y/y

Down from 2.9% in Q4 2018

Inflation (June 2018)

2.1% y/y

Up from 2.2% in May 2018

Unemployment (May 2018)

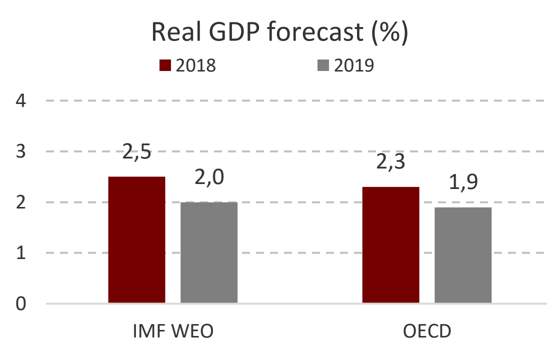
3.4%

Down from 3.6% in April 2018

ECB Deposit rate

-0.4%

From -0.3% in Dec 2015



This week: The Cabinet of Ministers of Ukraine approved the Forecast of Economic and Social Development of Ukraine for 2019-2021. Three scenarios have been developed for economic growth in 2019-2021. In the baseline scenario, GDP growth is forecasted to be 3% in 2019, 3.8% in 2020, and 4.1% in 2021. In the current year, Ukrainian GDP will grow by 3.2%, according to the Minister of Economic Development and Trade Stepan Kubiv,.

GDP (Q1 2018)

3.1% y/y

Up from 2.2% in Q4 2017

Inflation (June 2018)

9.9% y/y

Down from 11.7% in May 2018

Unemployment (Q2 2018)

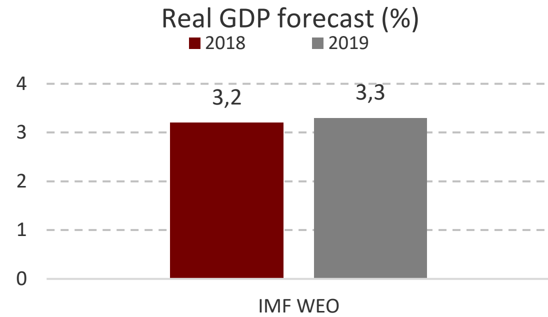
9.7%

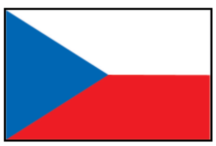
Down from 9.9% in Q1 2018

NBU Base rate

17.0%

From 16.0% in Jan 2018





This week: According to the Czech Statistical Office, consumer prices in June 2018 grew by 2.6% y/y. Inflation has accelerated for a third consecutive month, following a growth rate of 2.2% y/y in May. The development was influenced mainly by higher prices of consumer goods, housing, and transportation. Goods prices increased in total by 0.3% and services prices by 0.4%.

GDP (Q1 2018)

4.2% y/y (est.)

Down from 5.5% in Q4 2017

Inflation (June 2018)

2.6% y/y

Up from 2.2% in May 2018

Unemployment (Q1 2018)

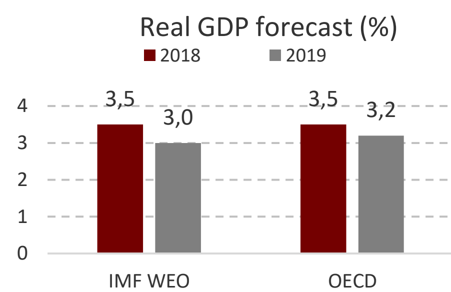
2.4% (est.)

Unchanged since Q4 2017

CNB Base rate

1%

From 0.75% in Feb 2018



This week: A paper entitled "180 Steps for the Sustainable Convergence of the Hungarian Economy" recently published by the Hungarian National Bank lists 180 measures the country should take in order to boost its economy by 2030. The measures span the labor market, taxes, and other areas. According to the authors, if all the reforms were implemented efficiently, in 10 years, productivity would be significantly improved, GDP growth of 4-4.5% would be attained, and salaries would double.

GDP (Q1 2018)

4.7% y/y (est.)

Up from 4.4% in Q4 2017

Inflation (June 2018)

3.1% y/y

Up from 2.8% in May 2018

Unemployment (Q2 2018)

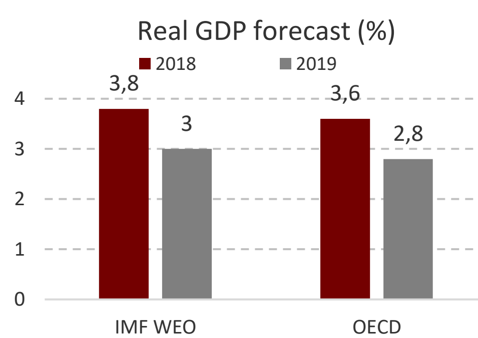
3.7%

Down from 3.8% in Q1 2018

MNB Base rate

0.9%

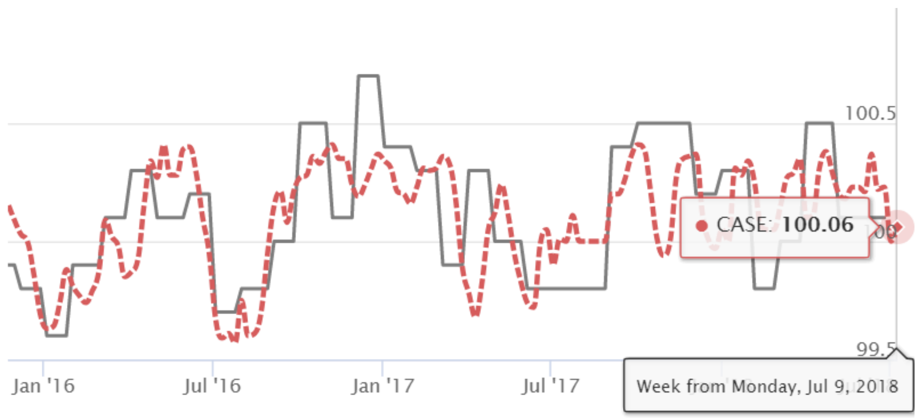
From 1.05% in May 2016



The weekly online CASE CPI

The online CASE CPI is an innovative measurement of price dynamics in the Polish economy, which is entirely based on online data. The index is constructed by averaging prices of commodities from the last four weeks and comparing them to average prices of the same commodities from four weeks prior. The index is updated weekly.

Our weekly online CASE CPI



Online CASE CPI (----) vs GUS CPI (——)

Monthly CASE forecasts for the Polish economy

Every month, CASE experts estimate a range of variables for the Polish economy, including future growth, private consumption, and foreign trade, current account balance, and the CPI.

CASE economic forecasts for the Polish economy
(average % change on previous calendar year, unless otherwise indicated)

	GDP	Private consumption	Gross fixed investment	Industrial production	Consumer prices
2018	4.2	4.1	4.9	3.7	2.5
2019	3.5	3.6	3.3	3.8	2.3
	Nominal monthly wages	**Merchandise exports (USD, bn)**	**Merchandise imports (USD, bn)**	**Merchandise trade balance (USD, bn)**	**CA balance (USD, bn)**
2018	4.5	233.4	235.2	-1.8	-3.9
2019	3.7	242.7	244.6	-1.9	-4.1

For more information on our weekly online CASE CPI, please visit: http://case-research.eu/en/online-case-cpi To **subscribe** to our weekly showCASE newsletter, please click here. To see **previous issues** of showCASE, please visit: http://case-research.eu/en/showcase

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