**Emigration impact on the Romanian economy in the context of the most recent economic and financial crisis[[1]](#footnote-1)**

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**Abstract**

*The migration phenomenon in Romania is characterized by emigration; following the Romanian accession to the European Union in 2007 the number of Romanian migrants skyrocketed. While the economic and financial crisis changed some of the migrant patterns within the EU, Romanian return migration did not happen. In the context of the labour market liberalization for the Romanian and Bulgarian workers across all Member States on the 1st of January 2014 and given the high unemployment rate among the young, the number of Romanian migrants is expected to increase further. Against this background, this paper analyses the effects of migration on the Romanian economy and brings forward proposals for the policy makers. It is found that on the short term emigration had a positive impact on the Romanian economy: emigration has decreased the pressure on the labour market, alleviated poverty and has determined wage increases for those left behind. Nevertheless, on the long run, without adopting a coherent migration policy, the work force deficit in the healthcare sector and the rapidly aging population will have devastating effects on the Romanian economy.*

**Keywords:** *International migration, Remittances, Economic development.*

**JEL classification:** F22, F24, F63

## 1. Introduction

Romanian emigration is a new phenomenon that began just after the fall of the communist regime, in 1989, gained momentum once the Schengen visas were eliminated (2001) and skyrocketed after Romania joined the European Union in 2007. Following the Romanian accession to the EU, the Romanians fully enjoyed the right of free movement within the European Union and, gradually, the free movement of workers. The restrictions on the labour market, which had been imposed by some older Member States of the European Union, were completely withdrawn on the 1st of January 2014, after a seven-year transition period.

The emigration phenomenon has a major impact on the Romanian economy and society: the pressure on the labour market has been diminished, the unemployment rate in Romania being way below the average level registered in EU-28 and in the Eurozone, the flow of funds sent by the Romanian workers abroad helped alleviate poverty, boosted consumption, helped balancing the current account deficit and constituted an important source of foreign currency. Meanwhile, the massive migration of the medical staff aggravates the problems of the healthcare system in Romania, and the migration of the young accentuates the aging phenomenon of the population and puts more pressure on the social protection system. Last, but not least the children left behind are experiencing important emotional effects due to family separation.

Against this background, in only a few years, the Romanian population has decreased considerably and the healthcare sector is registering an acute deficit of skilled personnel. Furthermore, the emigration of the young, driven particularly by the high unemployment rate registered among them, puts more pressure on a rapidly aging population.

Since 2004, the Romanian Government has adopted four immigration strategies in order to counteract the negative effects of emigration. None of the objectives pursued by the Romanian Government have materialized. In fact, in Romania, immigration is almost inexistent. A significant share of the immigrants arrives in Romania for studying, without being later integrated on the labour market. Thus, it has become imperative for the Romanian Government to adopt an adequate national strategy on migration.

The remainder of this paper is organised as follows: Section 2 describes quantitatively the migration phenomenon in Romania together with the changes determined by the latest economic and financial crisis. In section 3 some of the social effects triggered by emigration are presented while in section 4 the economic impact of emigration is described. Section 5 summarises the Romanian Government’s strategies on migration, while in the last section, the conclusions of this paper are discussed along with some policy implications.

**2.** The migration phenomenon in Romania

Since the fall of the Iron Curtain more than 3 million Romanians have migrated, the vast majority to other EU Member States. The first five years after the fall of communism have been marked by an emigration based on ethnicity. The following period, Romanians had as main destinations Spain, Canada and The United States (Chindea et al., 2008). Once the Schengen Visas were eliminated (2001) and Romania joined the EU (2007) emigration skyrocketed. The main destinations of Romanian migrants were Spain and Italy. These key historic moments[[2]](#footnote-2) represent the peak years of Romanian emigration. One of the main determinants for choosing the destination country is represented by the Latinity of the destination countries (Roman, 2011). In addition, diaspora acts as a pull factor for the Romanian migrants.

According to Stănculescu et al. (2011) the main reasons for which Romanians migrate are: finding a better-paid job (59%), lack of employment (16%) or just the pursuit of a better life (9%). However, migration is not exclusively determined by economic factors. Another push factor is linked to Romanians’ distrust in the institutional system and in the political parties (Stănculescu and Stoiciu, 2012).

The main region in Romania affected by emigration is Moldova, one of the poorest regions in the country (Prada, Ciupureanu and Oțoiu, 2015). If before joining the EU the GDP per capita[[3]](#footnote-3) in Romania represented 38% of the EU-28 average, seven years later, the GDP per capita has reached only 54% of the EU-28 average. The progress achieved is hardly sufficient to keep Romanians in the country. The high unemployment registered in Spain and Italy together with the liberalization of the labour market across the EU for the Romanians and Bulgarians will determine Romanian citizens to migrate towards Germany and the United Kingdom. Both Germany and the United Kingdom have one of the lowest unemployment rates registered in the EU and are showing signs of sound economic recovery.

The latest economic and financial crisis determined changes in the migration patterns across the EU. For example, countries like Portugal, Greece, Spain and Ireland, which at the beginning of 2000 were experiencing high rates of immigration, are now registering more emigrants than immigrants. In the case of Romania, the crisis did not trigger a massive return migration. While the relative share of Romanian immigrants accounted for 90% of total immigration (i.e. return migration) in 2013[[4]](#footnote-4), the crude rate of net migration[[5]](#footnote-5) has remained negative (i.e. more Romanians are emigrating than immigrating). Another consequence of the crisis is that Romanians are the most mobile foreign community in Italy[[6]](#footnote-6). Only in 2012, 64,000 of Romanian immigrants changed their residency in another town or region in Italy (an increase of 18% yoy). In this context, 1,131,839 Romanian immigrants were registered in Italy at the beginning of 2015, an increase of 36% compared to 2012. This increase together with a continue decline of remittances from Italy show that in this country one of the consequences of the crisis is the family reunification of the Romanian immigrants. Instead, according to the Spanish National Institute of Statistics, starting with 2012 more Romanians are emigrating from Spain than immigrating. This phenomenon is determined by the high unemployment rate registered in Spain and by the negative economic outlook in the aftermath of the crisis. In this context, 707,284 Romanian immigrants were registered in Spain at the beginning of 2015, a decrease of 11.5% compared to 2012. Also, Romanian immigrants in Spain are less mobile than the ones in Italy due to the fact that approximatively 90% of the Romanian residents in Spain have contracted a mortgage (Stănculescu and Stoiciu, 2012).

While some of the Romanian immigrants in Spain are returning to the home country, some others are migrating towards Germany and the United Kingdom, where in 2014 alone the influx of Romanian immigrants increased by approximately 30%. Thus, during 2014 the number of Romanian immigrants in Germany increased from 267,398 to 355,398 (an increase of 33% yoy) and in the United Kingdom the recorded increase of Romanian immigrants was from 135,000 to 175,000 (an increase of 30% yoy)[[7]](#footnote-7). In fact, part of the increase of Romanian immigrants can also be justified by the existence of illegal workers, which were already present in both countries before 1st ofJanuary 2014, when the work restrictions imposed for the Romanian and Bulgarian workers were lifted.

Figure 1. Stock of Romanians residing in another EU Member State

Source: Eurostat

Against this background, for the first time after 1968, the Romanian population has declined below 20 million. Nowadays, the Romanian immigrants are the biggest foreign community in Italy and Spain and, at the beginning of 2014, only within the EU there were residing more than 2.4 million Romanians[[8]](#footnote-8), an increase of 12% compared to 2012 and 120% compared to 2007.

While 66% of the Romanian population decline is explained by emigration, 33% is explained by the negative natural population growth. At the same time, the significant share of emigrants (75%) is formed by the age group between 24-65 years (Romanian National Institute of Statistics, 2014). In this context, demographic aging is another significant negative effect of emigration. From 2002 to 2013 the median age of the population raised from 37.8 years to 40.9 years. Moreover, the share of the elderly (above 65 years) is higher than the share of the youngest (0-14 years)[[9]](#footnote-9).

The immigration phenomenon is almost inexistent in Romania. According to the United Nation’s database, the stock of immigrants for 2013 is estimated to be around 198,000 (less than 1% of the total population). Roughly half of the total immigrants are family members of a Romanian or EU citizen. One third of the immigrants arrived in Romania for studies and only a small fraction (less than 15%) for working purposes or for starting up a business (less than 5%). The main countries of origin of the immigrants are Moldavia (31%), Turkey (16%) and China (12%). A significant share of immigrants is residing in Bucharest (41%), while around 36% is spread equally among the following counties: Iaşi, Cluj-Napoca, Constanţa, Timiş, Prahova, and Bihor.

The number of illegal immigrants (2,496) has increased during 2014 by 8% compared with the previous year. The most illegal immigrants are originated from Albania, Moldavia and Afghanistan.



Figure 2. Stock of immigrants in Romania

Source: United Nations, Department of Economic and Social Affairs

Another type of foreigners living in Romania is represented by the refugees. In 2014 the Romanian Government received 1,620 asylum applications, out of which 46% were resolved favourable. On 23 September 2015, the European Home Affairs Ministers have taken the decision to relocate 120,000 refugees from Greece, Italy and other Member States directly affected by the refugee crisis. This decision comes in addition of the prior decision taken in early September 2015 to relocate another 40,000 refugees. Under these two agreements, in the coming couple of years Romania will receive around 6,351 refugees.

## 3. The social impact of emigration

 While researchers have intensively studied the economic effects of migration, the social impact of migration has been less studied. Nevertheless, the social impact of emigration is felt in a more direct way compared to the economic impact. The main sociological impact of migration is linked to family separation and the abandonment of children and the elderly.

It is well known that the money remittances received by those left behind are reducing poverty and increasing consumption. In Romania, the number of those at risk of poverty or social exclusion has remained stable for the past several years to around 8.9 million. The Nord-East region is the most affected region by poverty and emigration. Ciupureanu and Roman (2015), through a panel data analysis, have estimated that an increase of the money remittances level by 10% would lead to a 5.3% decline of the share of the poor. However, the positive impact of money remittances cannot counteract the emotional effects of the children left behind.

Moreover, the migrants are exposed to increased health risks. The lack of social support, the high geographical distances between the country of destination and the country of origin as well the high expectations of the relatives back home represent elevated stress elements with effects on the mental health of migrants. The social networking losses and the status of being a minority can lead to an increase of migrants’ risk aversion with consequences on their health (Kristiansen, Mygind and Krasnik, 2007).

Last but not least, healthcare workers migration is causing an acute workforce deficit within the healthcare system, aggravating the problems of the healthcare system in Romania. Every year, 2% of the medical staff is leaving the country and the wages gained abroad are sufficiently high in order to ensure family reunification (Alexis, 2011). According to the International Organisation for Migration (2014) the workforce deficit within the healthcare system exceeded 10% in 2014.

### 3.1. The impact of migration on children left behind

 Family separation and children abandonment are some of the migration consequences. Often, one or both parents migrate in pursuit of a better-paid job and soon after start to remit funds to the family left behind. In this manner, the family left behind has the financial means for living, which they would not be able to obtain otherwise. The decision to migrate is taken within the household and the children are usually left in the care of grandparents and/or unties. The children left behind suffer emotionally due to the lack of parents with consequences on their education performance and their emotional development (Andrioni, 2011).

 When questioned if migration has a positive or negative impact on the family, the most Romanians answered positive (45.4%), while 30% believed that migration has a negative impact on the family and 24.1% were neutral. Women respondents are more convinced than men that migration has a negative impact on the family (Sănduleasa and Matei, 2015).

 The UN Convention on the Rights of the Children ratified by the Member States in 1989 provides that:

* children’s education must ensure they develop to their full potential;
* children separated by one or both parents have the right to keep regular contact with their parents; and
* children have the right to enjoy their own culture and national identity, etc.

Nevertheless, Romanian children are dramatically affected by the emigration phenomenon. The children are at risk of losing their right to education, health and they risk of being separated by one or both parents for undetermined amounts of time.

 According to the data gathered from the Romanian General Directorate of Social Assistance and Child protection, at the end of 2014 there were 82,339 children with one or both parents working abroad. Most of the children left behind are being taken care of by some of their relatives (e.g. grandparents). In 2013, the counties with the most abandoned children were from the Nord-East region, namely Neamț, Suceava and Bacău.

The children left behind experience sleep problems, low self-esteem, and aggressive behaviour. Also, sometimes the children left behind drop out of school. The lack of parenting love is fully felt by the children left behind. These children feel abandoned with a negative impact on their emotional development (Păduraru, 2014). Also, the money remittances and the care of other relatives cannot compensate for the lack of parental love (Sănduleasa and Matei, 2015).

Parents’ migration represents an increased stress factor for the age group between 2 and 6 years. The stress at this age can determine a retardation of language development. Also, the ages between 7 and 11 years are very important for the cognitive development of children, while the pre and adolescent years are very important for biological and psychological changes which entail high challenges and risks. In this context, the guardians, relatives or single parents cannot fully cope with these types of challenges (UNICEF, 2007).

### 3.2. The brain drain of healthcare workers

Health expenditures in Romania amount to around 5% of GDP, the lowest level within the EU, which remained constant during 2003-2014. For the same period, health expenditures as percentage of GDP amounted to more than 10% in the United Kingdom, Germany and Italy, the main destinations countries for the Romanian healthcare personnel. Under these circumstances, the official earnings of health personnel in Romania are way below the ones gained in Western Europe. In addition, in July 2010, the wages of the budgetary staff have been reduced by 25%[[10]](#footnote-10) which has determined this category of workers to migrate further.

Before Romania joined the EU, around 10,000 of medical workers have left the country while during 2007-2013 other approximatively 14,000 have migrated (Feraru, 2013). Besides the financial reasons, the healthcare personnel chooses to migrate for the better work conditions found in Western Europe (Cehan, 2012). The mass emigration of healthcare personnel is seen as a better alternative to strike and as a form of protest to the Romanian policy makers.

Corruption is an endemic problem of the Romanian health system. Moreover, 61% of the public perceives the health system as corrupt (European Commission, 2013). Very often, the corruption within the healthcare system in Romania is mediatised. Against this background, in Romania were working 39,813 medics at the beginning of 2013 compared to 41,799, the level registered in 2012 and 55,000, the level registered in 1990. The Romanian College of Medics warned the policy makers often with regard to the alarming situation of the healthcare system. Nevertheless, until 2014 Romania had no strategy with respect to the retention of medical staff.

One of the consequences of the health personnel migration is an increasing of inequalities in the Romanian healthcare system. For example, the mortality rate at birth in Bucharest is 9/1000 while in Ialomița County it is 25/1000. The citizens residing in rural areas have difficulties in accessing medical services, while a high number of citizens do not benefit of any medical assistance due to the lack of medical services providers in the proximity of their residing area (Cehan, 2012).

The expenditures related to medical personnel training amounts to about 20,000 EUR/medic, i.e. 400 million EUR for 20,000 medics that have emigrated, monies that were lost by the Romanian Government (Feraru, 2013).

Roman and Goschin (2014) have analysed the return intention of Romanian healthcare personnel through an online questionnaire. The main reasons for which the medical staff has emigrated are related to the poor working conditions and the opportunity to be better paid. Unfortunately, only a share of 24% intends to return to Romania. According to Alexe (2012), return migration does not seem to have happened in the aftermath of the latest financial and economic crisis. Also, a survey conducted by Rohova (2011) confirms that the healthcare personnel that has emigrated does not intend to return to Romania. On the other hand, Prada (2015) argues that the main reason Romanians abroad will return to the home country is driven by family reasons.

The Romanian Government has recently adopted a strategy[[11]](#footnote-11) for 2014-2020, which for the first time envisages reforms with regard to the retention of healthcare personnel. This strategy provides:

* the granting of incentives for the opening of medical offices for family doctors;
* the granting of high incentives for the opening of medical offices in the less favoured areas; and
* the revision of the remuneration system in order to stimulate performance and competiveness through the removal of the healthcare staff from the category of budgetary staff.

However, according to the draft law amending the remuneration of Romanian budgetary staff starting with 2016, the healthcare personnel has not been eliminated as a category of the budgetary staff. In the draft law, the granting of two basic salaries as installation allowance is foreseen in those regions where the hiring of medical staff is realized with difficulties. Also, in an unprecedented move, in August 2015, the Romanian Government raised the healthcare staff wages by 25% starting with the 1st of October 2015.

Against this background, the fight against corruption in the healthcare system should be intensified in order to increase people’s trust in a system that lost its credibility to the general public.

In addition to wage increases for the healthcare staff and the fight against corruption, the Romanian Government should improve the working conditions in the healthcare system, one of the main reasons for which the healthcare staff migrates. This would be possible by increasing the healthcare expenditures to the average level registered in the EU (from around 5% of GDP to around 8.5% of GDP). Also, granting wage premiums for the healthcare staff that returns to Romania would incentivise return migration. All these measures would raise the likelihood to transform the brain drain phenomenon into brain gain.

## 4. The migration impact on the Romanian economy

### 4.1. Money remittances and growth

Money remittances are one of the most tangible connections between migration and development. According to the World Bank’s estimations, the level of money remittances to the developing countries reached 436 billion US dollars in 2014 (an increase of 4.4% compared to the level registered in the previous year). Money remittances have an important role for reducing poverty and increasing consumption for those left behind in the country of origin. Starting with the 1990s, the money remittances volume has been increasing significantly due to the technological progress that has been made with respect to the execution of money wiring which led to a decrease in the prices for executing payment services.

The average price for transferring funds from another Member State to Romania has remained stable for the past several years at around 5-6% of the transferred amount. This level of prices is in line with the G20 target set in 2011 for reaching an average price for transferring funds in 2014 of around 5% of the transferred amount.

 The level of money remittances in Romania has risen significantly starting with 2002 to reach 5% of GDP in 2004 and around 2% of GDP in 2012. The level of these funds is comparable with the level of the foreign direct investments (FDI). Also, remittances had a positive impact on adjusting the current account deficit (Copaciu and Răcaru, 2006).



Figure 3. Dynamics of money remittances, foreign direct investments (FDI) and GDP

Source: The World Bank and the Romanian National Institute of Statistics

In the aftermath of the crisis, money remittances’ level decreased dramatically, but not as much as FDI. In fact, starting with 2010 the level of money remittances surpassed the volume of FDI. Thus, during times of crisis money remittances are more resilient compared to other flows of funds such as FDI.

Although there are four times more Romanian immigrants in Spain than in the United States, the level of money remittances registered between 2011 and 2013 is comparable for both countries. This happens as the Romanian immigrants across the ocean are better qualified and better remunerated and thus, better protected against economic downturns (Lazea, 2014). On the contrary, the Romanian immigrants in Italy and Spain do not have a higher qualification, a significant part of them working in constructions and agriculture (Sandu, 2006).

 Against this background, money remittances reached 3.2 billion US dollars in 2013 compared to 9.3 billion US dollars, the level registered in 2009. This dramatic decrease was driven by the economic downturn in Italy and Spain, the main destination countries for the Romanian migrants. Also, the family reunification of the Romanian immigrants in Italy explains to some extent the decrease of money remittances. Another reason for this trend can be justified by the high unemployment rate registered among the immigrants. Compared to the nationals of the destination countries, the unemployment rate is higher among the immigrants, though less pronounced for the immigrants originated from another Member State (Figure 4 below).

Figure 4. Unemployment rate in the EU

Source: Eurostat

Ciupureanu (2015) using an ordinary least square regression model argued that in contrast to the foreign direct investments, money remittances do not seem to have a positive contribution to the economic growth in Romania. These results are in line with the findings of Chami, Fullenkamp and Jahjah (2005) and Barajas et al. (2009). Ciupureanu argues that remittances are used mainly for consumption rather than investments. For the analysed period (1996-2013) the financial intermediation level in Romania stood way below the average level registered in the EU-27[[12]](#footnote-12). Thus, most likely the money remittances were not used for savings either. Moreover, according to Stănculescu et al. (2011) in Romania, money remittances are used mostly for covering day to day costs, debt payment and housing renovation. Only 18% of these funds are used for education.

Nevertheless, remittances play an important role in reducing the share of the poor and are of utmost importance for sustaining household consumption. Thus, for many years, remittances were regarded as a safety net by the policy makers, which avoided adopting the structural reforms needed by the Romanian society.

In order to enable remittances to contribute positively to the economic growth, policy makers should promote financial education, financial inclusion and domestic consumption. Directing remittances towards savings would most likely foster growth through the financial intermediation channel. Also, establishing tax benefits for the remittances used for setting up new business would create incentives for growth.

### 4.2. Migration impact on the labour market in Romania

One of the main reasons Romanians migrate is the income differential between Romania and Western Europe.

In the past several years the unemployment rate in Romania stood way below the levels registered in EU-28 and in the Eurozone. In fact, in 2014 the unemployment rate in Romania stood at 6.8% while the unemployment rate registered in EU-28 was 10.2% and 11.6 % in the Eurozone. However, the labour cost in Romania is one of the lowest in the EU. According to Eurostat data, the minimum wage in Romania for 2015 was only 217.5 EUR.

In Romania the employment rate is almost double for the people with a higher education degree (82.5% compared to 44.5%)[[13]](#footnote-13). In the same time, the unemployment rate gap between women and men is only 1.2%. The gap between the unemployment rate registered in the rural (5.3%) and urban areas (8.1%) is of 2.8%. Nevertheless, the highest unemployment rate is registered among the young (15-24 years old). The unemployment rate of the young rose from 18.6%, the level registered in 2008, to 24% in 2015. The high unemployment rate registered among the young will accelerate further the emigration phenomenon.

 Starting with 1990 the real earnings of Romanians decreased dramatically on the background of an economic recession accompanied by a high inflation rate, which eroded the purchasing power of the Romanians. After the economic crisis of the late 1990s, the real earnings of Romanians started to recover gradually, surpassing the levels earned in 1990 only in 2007.

Figure 5. Unemployment rate (right axis) and real wages – base year 1990 (left axis)

Source: Eurostat and the Romanian National Institute of Statistics

Against this background, emigration diminished the pressure on the labour market and lowered the unemployment rate. Ciupureanu (2014) showed that emigration had a positive effect on the earnings of those left behind. A decline in the labour supply in Romania would lead to an increase in earnings, the labour market trying to reach equilibria.

United Nation’s projections for the year 2050 show that Romanian population will further decrease to approximately 15 million people and the median age will increase to 48.1 years. Following up the latest demographic changes of the Romanian population, these projections, unfortunately, seem rather optimistic.

The rapidly aging population driven by emigration and a negative natural population growth will distort the labour market and the social pension system will become unsustainable. These alarming challenges need to be addressed urgently by the policy makers in Romania.

## 5. Romania’s policy on migration

 In the post-communist Romania, new laws on migration started to be adopted at the beginning of 2000. The previous legislation was dating back since 1968. Preparing for the EU accession, Romania adopted in 2005 the existing EU regulations on migration.

 So far, Romania has adopted four strategies on migration. The first strategy was adopted in 2004[[14]](#footnote-14) and its purposes were to align the Romanian legislation on migration to the existing EU Regulations and Directives. The main objectives of this strategy were to ensure the free movement of the EU citizens.

The second strategy on migration[[15]](#footnote-15), adopted in 2007, has taken into consideration attracting foreign labour force for covering the workforce deficits. Basically, through this strategy, the Romanian Government was trying to cover the brain drain triggered by the high number of Romanians leaving the country. Although this strategy provided that encouraging immigration for the purposes of carrying out commercial activities in Romania was a high priority of the Government, this objective has never materialized. In fact, in 2010 only 2,970 work permits were issued: 616 for Turkish workers, 530 for Chinese workers, 266 for Filipinos and 226 for Moldavian workers. Most of the permits were issued for babysitters (186), followed by football players (145) and sanitation (98)[[16]](#footnote-16).

With regard to the economic and financial crisis, the third strategy on migration[[17]](#footnote-17) had a restrictive approach towards immigration. Against this background, while the admission quota for immigrants in 2014 was set to 5,500 only 2,100 work permits had been issued.

The latest strategy on migration has been adopted by the Romanian Government in September 2015 and has as an objective to facilitate the entry of immigrants in order to cover the workforce deficits on the labour market. As described in section 2 of this paper, in Romania immigration is rather inexistent and from the low number of immigrants that arrives in Romania only a small fraction is coming for working purposes and for starting up a business. In this context, unfortunately Romania cannot compete with the other Member States from Western Europe in order to attract foreign labour force.

If human resources are the most valued asset of a company, the citizens of a country are the most valuable resource of a nation. Romanian students and workers living in other Member States could bring back know-how and innovation which would foster growth in the Romanian society. Although return migration is not sensu stricto regarded as migration in Romania, a coherent and adequate strategy on migration should nevertheless promote circular migration.

**6. Conclusions**

On the short and medium term, migration has helped to relieve the pressure on the labour market, increased the wages of those left behind, helped alleviate poverty, boosted consumption and helped balancing the current account deficit. While remittances reduce the degree of poverty in Romania, they do not seem to have a positive contribution to the economic growth.

As a consequence of the economic and financial crisis, Romanians are leaving Spain, where the high unemployment and the sluggish economic recovery are the main drivers for emigration. While some of the Romanian immigrants in Spain are returning to the country of origin, a significant share is migrating towards Germany and the United Kingdom, where the work restrictions imposed for Romanian and Bulgarians nationals were removed on 1st of January 2014. Instead, in Italy, family reunification is one of the consequences of the economic downturn. The Romanian immigrants prefer to migrate across Italy in the search for employment instead of returning back to the country of origin. The high unemployment registered among the young in Romania will further accelerate the emigration phenomenon.

On the longer term, migration of the young, the brain drain along with a rapidly aging population will lead to the collapse of the public pension system and will further aggravate the work force deficit in the healthcare system. Thus, Romania needs to import foreign workforce, but unfortunately cannot compete with the other Member States from Western Europe.

Against this background, Romania urgently needs to adopt a coherent migration policy in order to tackle the massive emigration of its citizens, the negative natural population growth and the workforce deficit in the healthcare system. Besides attracting specialised foreign workforce, promoting circular migration will help transforming the brain drain into brain gain. In addition, increasing financial education and promoting financial inclusion together with establishing tax benefits for the remittances channelled for setting up new business would most likely boost economic growth.

A coherent migration policy, besides measures for attracting immigrants, should include:

* Promoting circular migration

Setting-up a fast track procedure for recognising diplomas, certificates and formal qualifications obtained abroad would minimise the hurdles Romanian students studying abroad are faced with when returning to the home country. Setting up wage premiums for the qualified workforce when turning back to work in Romania would firstly incentivise people to migrate and acquire new skills and knowledge and secondly, to return to the home country and bring experience and innovation. Last, but not least intensifying the fight against corruption and promoting a system based on merit would foster return migration.

* Healthcare workers retention

Besides increasing the wages of the healthcare personnel, improving the working conditions is of utmost importance for the retention of the medical staff. This would be possible only through increasing the health expenditures to the average EU level of around 8.5% of GDP. By improving the healthcare system, the Romanian citizens would benefit by accessing quality healthcare services which, among others, could lower the infant mortality rate.

* Fighting the high unemployment among the young

Creating new jobs for the young could slow down the emigration phenomenon, the young being the most affected category of citizens by emigration. Increasing the level of investments along with attracting, in a more proactive manner, the available EU funds for sustainable development, establishing tax benefits for hiring the young and promoting remunerated internships are few of the measures that the Romanian society could benefit as a whole.

* Better capturing the number of Romanian emigrants and their destination

Nowadays, Romania does not have adequate statistics to capture the real number of emigrants and their countries of destination. Cross checking statistics data among Member States and with other destination countries of Romanian emigrants could lead to a better understanding of the migration phenomenon.

* Protecting Romanian diaspora rights

Involving Romanian diaspora in the internal affairs of the country would incentivise Romanian citizens abroad to better advocate for the Romanian interests (e.g. establishing commercial connections that could lead to an increase of the level of foreign direct investments, etc.). For example, in the past general elections process, the Romanian diaspora could not participate in a decent manner to the election process.

However, no migration policy will be a success without the implementation of the much needed structural reforms. These reforms should promote sustainable development, the fight against corruption, creating a reliable road and railway infrastructure, a decent healthcare system, etc. On this manner, we can draw a comparison with the European countries from the South[[18]](#footnote-18), which in the 1970s were affected by emigration and, only a decade later started to attract foreign workforce. The latter was possible thanks to the economic and social progress achieved as a consequence of joining the European Union (e.g. by attracting EU funds for sustainable development and the benefits of joining the single market).

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1. This paper contains 23 pages and represents a revisited work of some parts of chapters two and four of my PhD thesis (*Migration influence on economic growth)*. [↑](#footnote-ref-1)
2. Fall of the Iron Curtain, Schengen Visas removal and Romania’s accession to the EU. [↑](#footnote-ref-2)
3. Expressed in purchasing power parity. [↑](#footnote-ref-3)
4. [http://ec.europa.eu/eurostat/statistics- explained/index.php/Migration\_and\_migrant\_population\_statistics](http://ec.europa.eu/eurostat/statistics-%20explained/index.php/Migration_and_migrant_population_statistics). [↑](#footnote-ref-4)
5. The indicator is defined as the ratio of net migration (including statistical adjustment) during the year to the average population in that year. The value is expressed per 1000 persons. The net migration plus adjustment is calculated as the difference between the total change and the natural change of the population. [↑](#footnote-ref-5)
6. <http://demo.istat.it/index_e.html>. [↑](#footnote-ref-6)
7. Data was extracted from the Federal Statistics Office in Germany and from the Office for National Statistics in the United Kingdom. [↑](#footnote-ref-7)
8. Data extracted from Eurostat database. Data for France is missing. [↑](#footnote-ref-8)
9. Press release of the Romanian National Institute of Statistics no 99 from 24 April 2015. [↑](#footnote-ref-9)
10. Cuts reversed in the subsequent couple of years. [↑](#footnote-ref-10)
11. Approved by the Government Decision no 1028 from 18 November 2014. [↑](#footnote-ref-11)
12. Financial Stability Report (National Bank of Romania, 2013). [↑](#footnote-ref-12)
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14. Government Decision no 616/2004 for adopting the National Strategy on Migration. [↑](#footnote-ref-14)
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