



UK immigration policy outside the EU

European Union: MW 371



Summary

1. This paper outlines a possible immigration system in the event of a British exit from the European Union. Some have claimed that a British exit would not affect net migration, but this assumes that the UK remains in the EEA and accepts free movement of people as one of the principles of the single market. However, a British exit from both the EU and the EEA would allow the UK to negotiate a new settlement.
2. The EU would have an interest in maintaining as much free movement as possible. The key change should be the introduction by the UK of work permits to restrict the right for all foreign citizens, including EU citizens, to work in Britain. This could substantially reduce the EU inflow for work to perhaps one fifth of its recent level and would, in turn, substantially reduce net migration by perhaps 100,000 a year from the current level of 180,000. The EU would, of course, be likely to reciprocate.
3. There is no reason, however, why EU citizens should not still be able to make visits to the UK for business or tourism without the need for visas. There would be no need to limit the number of EU students while EU citizens who wished to reside in Britain could do so, provided that they were self-sufficient. There would be no restrictions on the family reunion of EU citizens coming to join their British partners. In return, British citizens would have the same access to EU countries.
4. Those EU citizens already living and working in the UK would retain their existing rights. The same would apply to British citizens living and working in the EU. This arises from the Vienna Convention on the Law of Treaties, 1969. Generally speaking, withdrawing from a treaty releases the parties from any future obligation to each other, but does not affect any rights or obligations acquired under it before withdrawal¹.
5. Possible future arrangements of this kind are described in Annex A and our estimate of future EU net migration in the order of 65,000 is explained in Annex B; The latter is not to be taken as a precise estimate but is intended to illustrate the scale of the potential reduction under the policy outlined.

1 "Leaving the EU", House of Commons Library Note, July 2013 <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/RP13-42>

The present arrangements for EU migration

6. All EU citizens currently have the right to reside in the UK for three months. After that period they only have the right to reside² if they are:

- Employed
- Self-employed
- A job-seeker
- A student
- Self-sufficient

7. Family members of an EU citizen with the right to reside in the UK also have the right to reside here. This includes family members who are not themselves EU citizens.

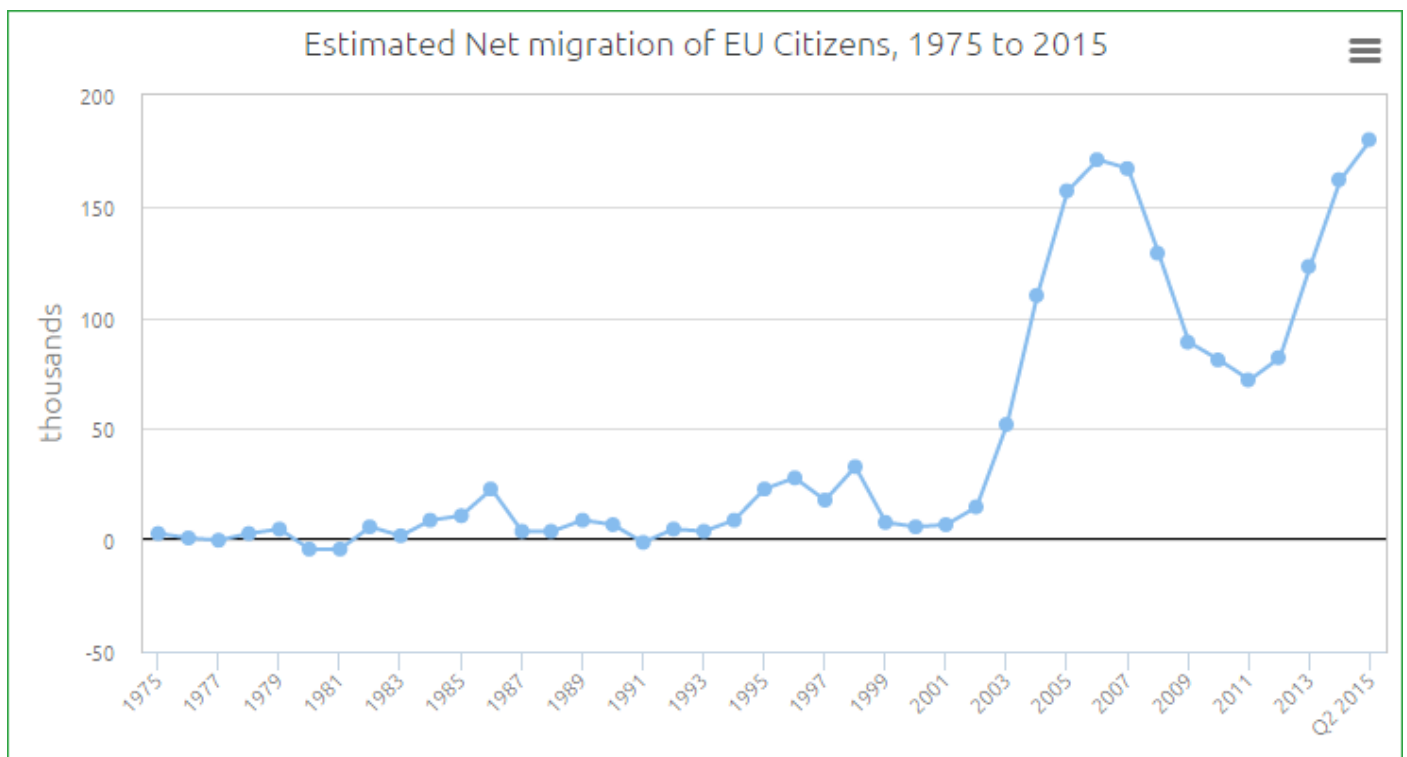
8. After five years residence in the UK an EU citizen has the right to permanent residence.

² There are legal definitions of worker, job-seeker and self-sufficient. There are some additional restrictions on the right to reside as a job seeker beyond six months <http://ec.europa.eu/social/main.jsp?catId=457&langId=en>

Recent EU Migration

9. Between 1975 and 2003 net migration from the EU was relatively small, averaging only 10,000 a year and occasionally negative. This changed sharply when the European Union was enlarged in 2004 to include eight countries from Eastern Europe. Net Migration then fell somewhat following the recession in 2008 but grew rapidly again after 2012. In the year ending June 2015 it reached 180,000, a new record. The economic incentive to come from the poorer member countries of Eastern Europe, (which now include Romania and Bulgaria) remains strong. In addition, there have been large numbers of migrants from Southern Europe where youth unemployment remains exceptionally high.

Figure 1: Estimated Net migration of EU Citizens, 1975 to 2015³



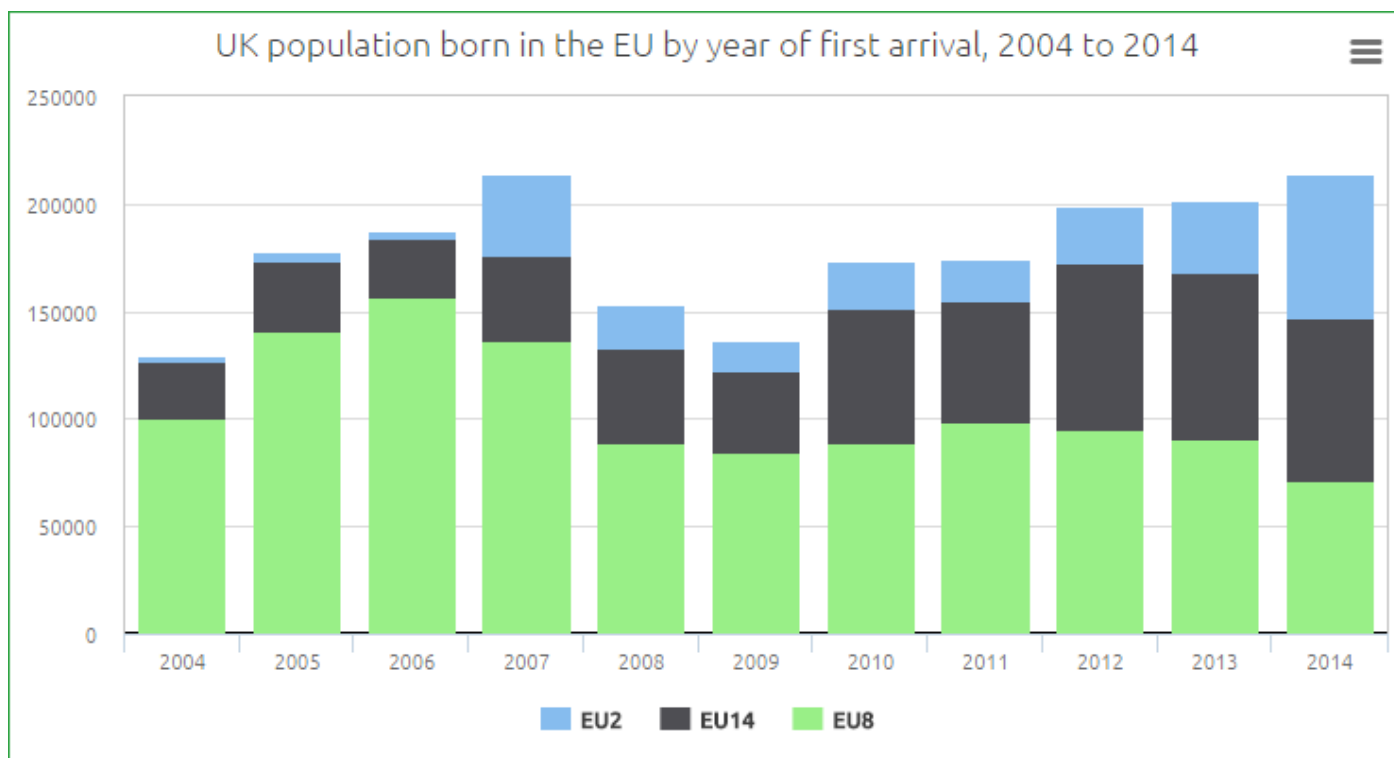
The Present situation

10. There are just over 3 million people born in the EU living in the UK⁴. 363,000 first arrived prior to 1973, the year the UK joined the then European Economic Community, many of whom will now be of retirement age. Another 719,000 arrived between 1973 and 1993 while two million have arrived since 2004, the year that the EU started to resemble its present day list of member states and the year that net migration from the EU became substantial. We focus on the latter group as being more representative of current and probable future migrants.

³ Net Migration figures adjusted to take account of the 2011 census result that suggested that there had been an 'underestimation of long-term immigration from central and eastern Europe' in the middle part of the last decade. See Annex B

⁴ Labour Force Survey, April-June 2015, country of birth by year of first arrival. Does not include children of EU migrants born in the UK.

Figure 2: UK population born in the EU by year of first arrival, 2004 to 2014



11. Of the 2 million immigrants living in the UK who have arrived since 2004, 1.1 million have come from the EU8 countries of Eastern Europe that joined in 2004. In particular, they made up the overwhelming majority of immigrants who arrived between 2004 and 2009. Around 560,000 have come from the EU14 countries of Western Europe with many having arrived since 2010.

12. An estimated 250,000 people born in Romania and Bulgaria and now living in the UK have also arrived since 2004. Over 70,000 arrived in 2014, the year they gained full access to the UK labour market.

13. The majority of these 2 million migrants are in work.

Table 1: Economic Activity of EU Immigrants who have arrived since 2004

Economic Activity	Number
In Employment	1,330,000
Unemployed	70,000
Inactive	250,000
Under 16 ⁵	330,000

5 This is children born in the EU. It does not include children of EU migrants born in the UK.

Occupations of EU migrants in work

14. The ONS Labour Force Survey (LFS) provides a breakdown of these EU workers. Table 2 below shows the breakdown of working EU migrants into nine broad categories (one digit SOC codes)⁶. It also includes the associated skill level ascribed by the Migration Advisory Committee in line with OECD definitions⁷.

Table 2: EU Migrants main occupation by major occupation group

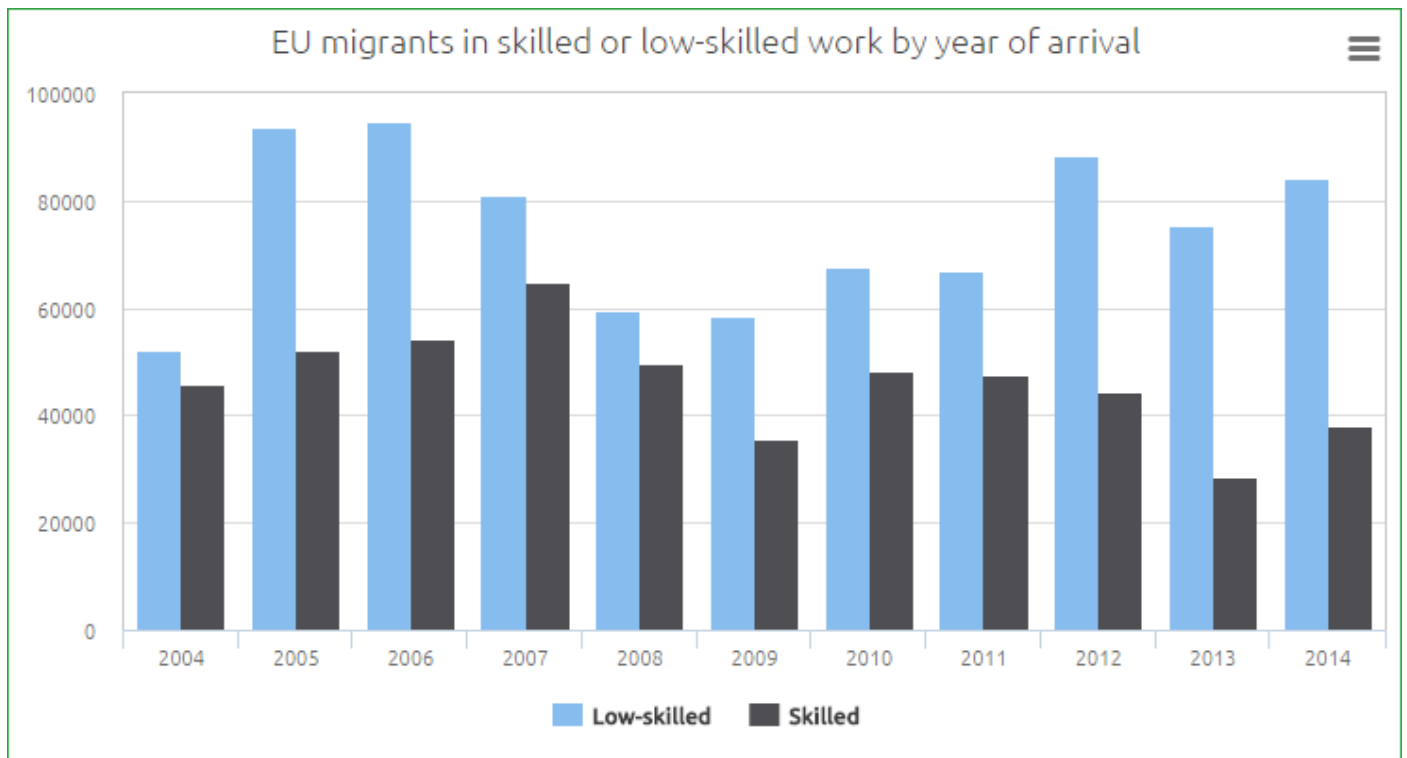
SOC code	Major Occupation Group	Number	%	Skill Level
1	'Managers, Directors And Senior Officials'	58555	4%	Skilled
2	'Professional Occupations'	177661	13%	Skilled
3	'Associate Professional And Technical Occupations'	110286	8%	Skilled
4	'Administrative And Secretarial Occupations'	85131	6%	Low skilled
5	'Skilled Trades Occupations'	162288	12%	Skilled
6	'Caring, Leisure And Other Service Occupations'	101670	8%	Low Skilled
7	'Sales And Customer Service Occupations'	50014	4%	Low Skilled
8	'Process, Plant And Machine Operatives'	207827	16%	Low Skilled
9	'Elementary Occupations'	377281	28%	Low Skilled
		1330713		

15. Overall, of the 1.33 million EU migrants in work who have arrived since 2004, 509,000 (38%) are in occupations regarded as skilled by the Migration Advisory Committee while 822,000 (62%) were in jobs regarded as low-skilled including 28% who were in Elementary Occupations, the lowest category of low skilled employment.

6 All jobs have 'Standard Occupation Classification' (SOC) Codes assigned to them allowing users to establish both general and specific data about the occupations of those in the labour market. SOC codes (and therefore jobs) are also categorised according to the skills level of the job, allowing for analysis of the skilled and low skilled elements of the labour market

7 Migrants in Low Skilled work, paragraph 2.7, Migration Advisory Committee, July 2014, <https://www.gov.uk/government/publications/migrants-in-low-skilled-work>

Figure 3: EU migrants in skilled or low-skilled work by year of arrival



16. The fact that a majority of migrants, whatever their year of arrival, are in low-skilled work suggests that low-skilled work is a lengthy (or permanent) feature of their work in the UK, rather than simply a step on their way into higher skilled and higher paid work as some have claimed.

The new system proposed

17. It has been claimed that leaving the EU would not help us to control our borders or even reduce migration from the EU with Norway and Switzerland cited as examples. Norway is a member of the European Economic Area and subject to the same rules on free movement as members of the EU. Switzerland has a bi-lateral agreement with the EU which, at present, includes the free movement of all workers; some changes are currently being negotiated in the aftermath of a referendum. With a population about ten times that of each of these countries, the UK is in a rather different position.

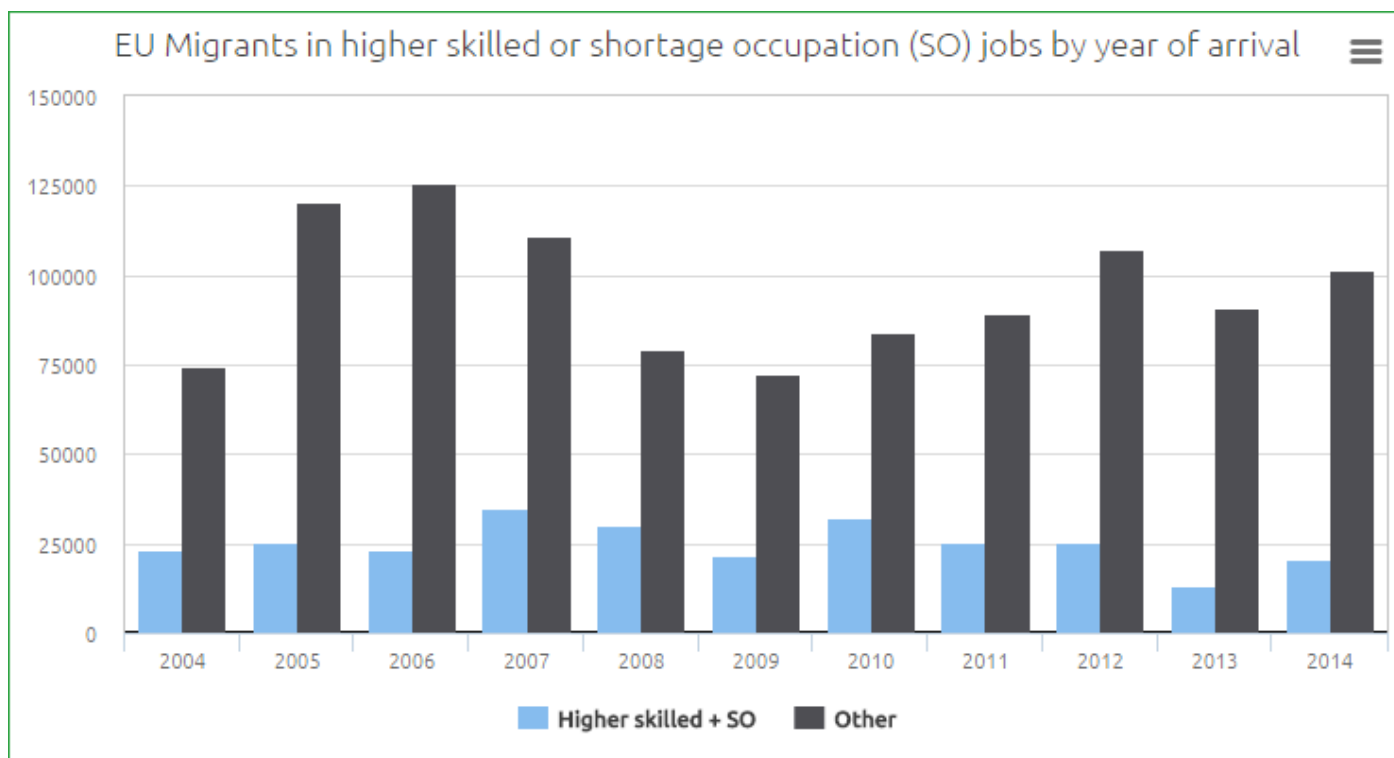
18. The UK would, nevertheless, need to negotiate its own arrangements in the aftermath of a decision to leave the EU. A key objective should be to confine immigration by EU workers to those skilled workers who would qualify for a work permit.

The effect of such a system

19. If such arrangements had been in place in recent years they would have had a major impact on the number of migrants since, as shown above, only 38% of EU migrants who have arrived since 2004 have been in 'skilled' jobs.

20. If EU migrants were, in future, to be subject to the still tighter regime that is now applied to non-EU migrants, the effect would be even greater. Work permits for non-EU migrants are now restricted to higher-skilled jobs and jobs where there is a recognised skills shortage. These higher skilled jobs are limited to those at National Qualifications Framework (NQF) level 6 and above. Of the 1,330,000 EU migrants in work who have arrived since 2004, only 275,000 or 20% would have qualified under these criteria.

Figure 4: EU Migrants in higher skilled or shortage occupation (SO) jobs by year of arrival⁸



Impact on migration figures

21. Arrivals who are now in higher skilled work have averaged 25,000 since 2004. Of course, some migrants in higher skilled work will have partners and children born in the EU who would be able to come to the UK as family members and perhaps work in lower skilled work. Some migrants who come as students will also end up staying permanently in the UK and some EU migrants will come to the UK as partners and children of UK citizens.

22. It is not possible to make a precise calculation of what the impact of restricting work permits to higher skilled jobs would have been over the period 2004 to 2014. However, a cautious estimate is that net migration would have been around 50,000 a year as opposed to the 122,000 a year average that actually occurred, as explained in Annex B

23. Looking to the future, we have estimated what net migration might be if EU migration was confined to higher skilled workers. We have incorporated a 50% increase on past levels to allow for growth and

⁸ Jobs at NQF level 6+ and on the shortage occupation list are identified by the longer 4 digit SOC code in the LFS.

we have anticipated that each worker would, on average, be accompanied by one dependant. We have further assumed that one in three EU students would stay on in higher skilled work or through partnering a British citizen. Any such estimate can only be very approximate but we believe that, net EU migration could be in the order of 65,000 in the years ahead. This is over 100,000 less than the latest figure for EU net migration, which was 180,000 for the year ending June 2015.

24. 65, 000 is still a relatively high estimate by historical standards. Until the inflow of low skilled labour from the A10 countries of Eastern Europe, net migration from that EU 15 was usually less than 10,000 a year while from 2004 to 2011 the average was less than 40,000. It has since doubled as a result of the Eurozone crisis but many of the new arrivals are in low skilled employment.

25 Annex A explains in more detail how extending current controls to EU citizens would work.

26 Annex B estimates the impact of the restrictions proposed on the EU net migration figure in future years.

25 January 2016

Annex A

Investors, Entrepreneurs and Exceptional Talent

1. Tier 1 of the current system for investors, entrepreneurs and those with exceptional talent could be extended to cover all EU nationals.

Workers in higher skilled jobs

2. Tier 2 of the current system could also be expanded to cover EU citizens. That would mean unlimited intra-company transfers of existing staff and the option to recruit skilled staff directly from EU countries. The current cap for the direct recruitment of non-EU staff is 20,700 per annum, including for roles where there is considered to be a skills shortage. If a cap on economic migration were to be retained it would obviously have to be higher than this.

Workers in low skilled jobs

3. Tier 3 of the current system was designed to cover non-EU low skilled workers. It was never opened up and there is no direct route for non-EU migrants to enter low skilled work in the UK. Similarly, work permits would not be issued to EU migrants to take low-skilled jobs.

Self-employed

4. It would no longer be possible to work legally as a self-employed person unless you qualified under the Tier 1 route, for example as an entrepreneur.

Job-seekers

5. There would be nothing to stop an EU migrant coming to the UK to seek work. However, they would only have the right to reside if they were self-sufficient; they could not access welfare while looking for work.

Seasonal Agricultural Workers Scheme (SAWS)

6. The Seasonal Agricultural Workers Scheme was used for many years to bring in workers for a period of up to six months for specific employers. There were around 20,000 places available. The scheme was ended in 2013 when Romanian and Bulgarian nationals gained full access to the UK labour market and so could work on farms without this scheme. It might prove necessary to reinstate some similar scheme for seasonal workers.

Youth mobility scheme

7. Part of Tier 5 of the current system, allows those aged between 18 and 30 from selected countries to come and live in the UK for up to two years. This could be offered to the citizens of EU countries, perhaps on a reciprocal basis with individual countries and with a limit on numbers.

Study

8. There would continue to be no limits on the numbers of EU citizens admitted for study in the UK. They would have the same right to work as non-EU citizens, which is 20 hours per week. On graduating there would be no limit on the numbers who could switch into graduate level work provided that they were paid at least £20,800 per year.

Self-sufficient persons

9. There would be no restriction on EU citizens who wanted to reside in the UK on a self-sufficient basis. Pensions and health costs would be covered by their home country.

Permanent Residence

10. EU citizens would have the same right to acquire indefinite leave to remain as all other foreign nationals. This can be achieved after ten years legal residence or after five years as a skilled worker. EU citizens who are family members of a British citizen can also get permanent residence after five years. Those with permanent residence can go on to apply for British citizenship.

Business, family and tourist visitors

11. There would be visa free travel for all visits. There would be no time restriction on family and tourist visits providing the visitors remained self-sufficient.

EU Family Members

12. EU family members of high-skilled workers and university students would have the right to live and work in the UK.

Non-EU Family Members of EU citizens

13. EU citizens who become permanently resident in the UK would be subject to UK immigration rules on bringing their non-EU family members to join them in living in the UK. This would mean, along with the other requirements, the need to meet the minimum income threshold when sponsoring a non-EU spouse. EU family members of UK citizens

14. There would be no change from the current situation of no restrictions on EU family members of UK citizens coming to the join the UK citizen in the UK.

Annex B

Annex B: The impact on net migration

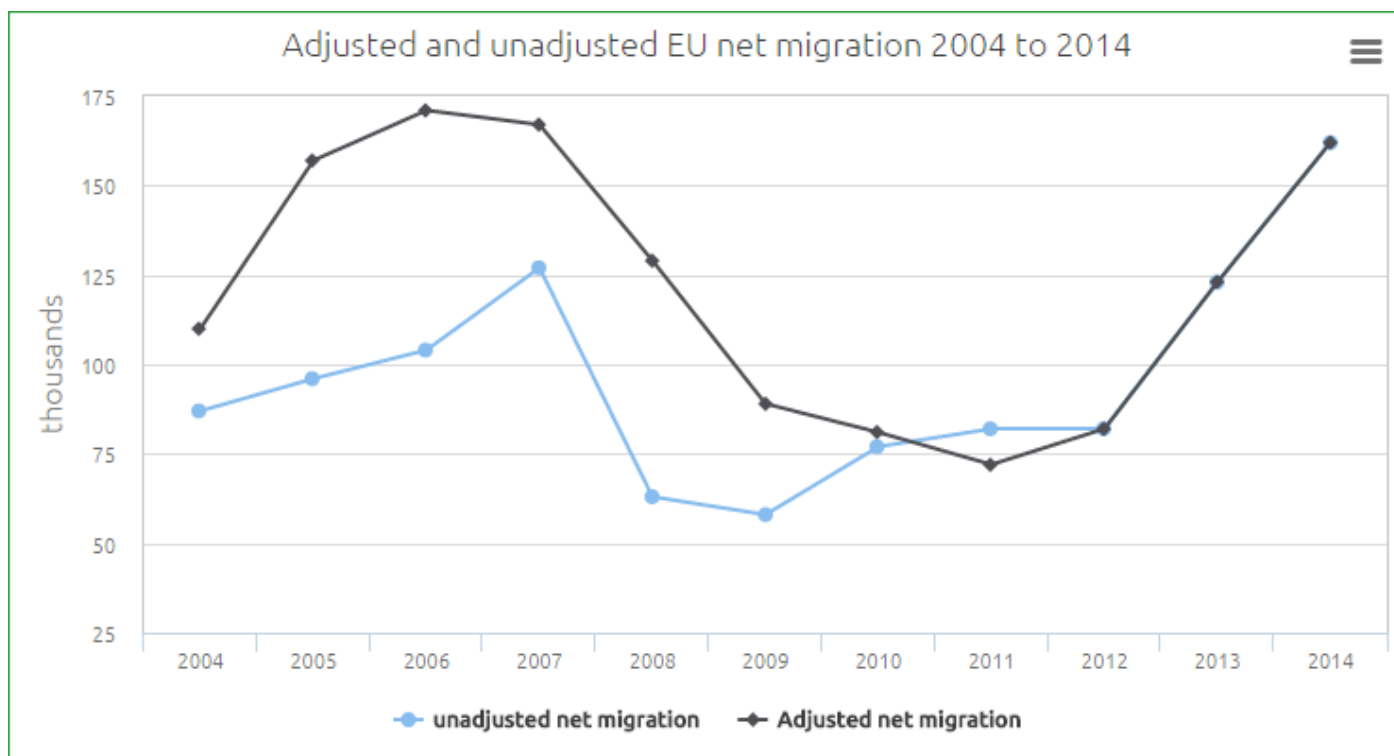
1. This Annex looks at the potential reduction in the scale of EU migration if the controls in Annex A were to be introduced.

Long Term international Migration

2. The 2011 Census showed that the official net migration statistics had missed a substantial amount of the immigration of EU8 citizens that occurred between 2004 and 2008⁹. Although the ONS subsequently revised up the total net migration figures they did not revise the figures broken down by citizenship. Figure 5 below shows the official net migration figures for EU migration and figures which we have adjusted for each year by adding the additional migrants from the revised total ONS figure.

9 Revised net international migration estimates for United Kingdom and summary of LTIM quality review, ONS, April 2014, <http://www.ons.gov.uk/ons/rel/migration1/long-term-international-migration/quality-of-long-term-international-migration-estimates-from-2001-to-2011/sty-quality-of-ltim.html>

Figure 5: Adjusted and unadjusted EU net migration 2004 to 2014



3. The adjusted figures give an average of 122,000 per year for EU net migration between 2004 and 2014 compared to the unadjusted figure of only 96,000 per year.

4. Although the net migration figures and the population figures are not expected to match exactly as they are two different data series, a simple comparison suggests that the adjusted figure of 122,000 per year is likely to be more representative of the true scale of EU net migration. The population figures show that, overall, the population of EU born migrants grew by around 1.5 million¹⁰ between 2004 and 2014 equivalent to 150,000 a year¹¹.

Migration by reason

5. Work is by far the largest reason given for immigration from the EU with around 69% of EU immigrants giving it as their main reason to come to the UK between 2004 and 2014¹². This proportion was as high as 76% in 2005 and fell to 61% in June 2009.

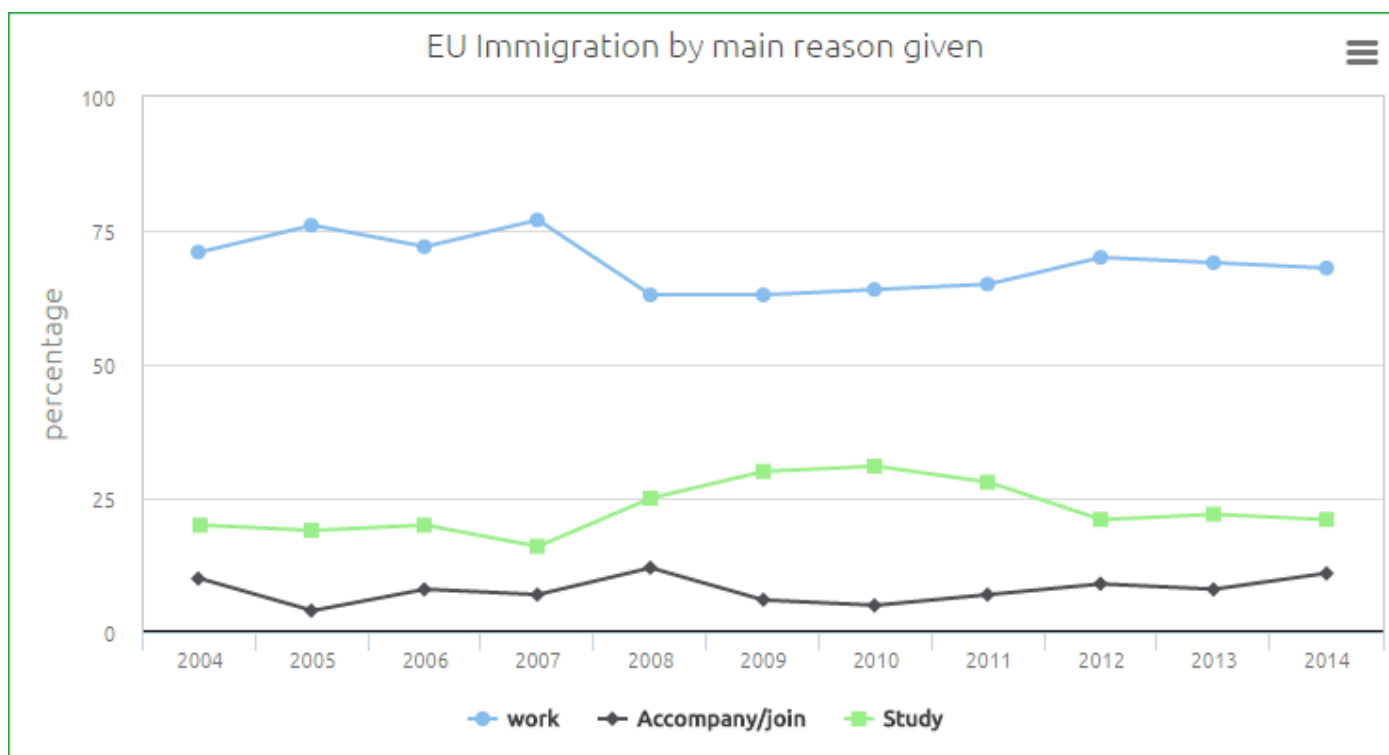
6. Around 9% gave their main reason as coming to the UK to accompany or join someone. This figure does not differentiate between those coming with another migrant and those coming to be, for example, the spouse of a UK citizen. Around 22% of those coming to the UK gave study as the main reason for coming to the UK.

10 Population by country of birth and nationality report, August 2015, Office for National Statistics <http://www.ons.gov.uk/ons/rel/migration1/population-by-country-of-birth-and-nationality/2014/rpt-population-of-the-uk.html#tab-What-changes-have-occurred-over-the-period-2004-to-2013->

11 The difference between the population who arrived since 2004 (2 million) and the population growth during the same period (1.5 million) is because some migrants who arrived prior to 2004 would have left the UK or died.

12 Table 3.08, long term international migration by main reason given and citizenship, ONS. For the percentage calculations the small numbers who didn't give a reason were discounted.

Figure 6: EU Immigration by main reason given.



Impact of restrictions on work migration on the Long Term International Migration figure

8. On average, 20% of EU migrants who arrived between 2004 and 2014 were doing higher skilled work (see figure 4 in the main paper). Total work immigration increased dramatically in 2014 but the number estimated as being in higher skilled work was 16% of the total – consistent with the variation seen in the previous years.

9. 69% of immigration has been work related. The figures for emigration by main reason given for immigration only date back to 2012 but they suggest a similar proportion of emigration is by those who originally came to the UK to work¹³. It therefore seems a reasonable assumption that 69% of net migration was work related. That would mean that net migration for work between 2004 and 2014 averaged 69% of the 122,000 which is 84,000.

10. If, for illustration purposes, net migration for work had been restricted to higher skilled work as proposed above, it could have been in the order of 20% of 84,000 which is 17,000 on average per year over the period 2004 to 2014

11. The number of migrants who arrived each year since 2004 and worked in higher skilled work has been fairly constant but it might be the case that the number will grow in the future if, for example, some additional roles have to be added to the shortage occupation list. So, to be cautious and to accommodate some growth, a 50% increase in net migration would give 25,000 a year.

13 LTIM Year ending June 2015, table 4a, Outflow of migrants by citizenship and, for former immigrants, previous main reason for immigration

12. If we assume that each migrant in higher skilled work is accompanied by an average of one EU born family member then work migration would result in 50,000 migrants a year in the net migration total.

Student migration in the Long Term International Migration figure

13. EU immigration for study in 2013 was 40,000 and in 2014 was estimated at 48,000. There are no limits proposed on the number of students from the European Union and under the proposed controls on work they can continue to stay if they find a higher skilled job or a partner in the UK. The Higher Education sector insists that most students return home at the end of their studies. If we estimate that one in three end up staying on permanently then student net migration would be around 15,000 per year over the long run.

Family Migration

14. There is no evidence that more EU nationals come to the UK as partners of UK citizens than vice versa. For this exercise, the net migration of such family members is therefore considered to be zero.

Total Net Migration

15. Allowing for a 50% growth in higher skilled work and shortage occupation list jobs gives an estimate of around 65,000 net migration into the future, as shown below.

Table 3: Illustrative EU net migration under Proposed Immigration Controls

Category	Net Migration
Higher skilled work	25,000
EU born family members of workers	25,000
Study	15,000
Family NET migration	0
TOTAL	65,000

16. Under the above scenario net migration would average 65,000 a year into the future. This is over 100,000 less than the latest figure for net migration - 180,000 for the year ending June 2015.

17. To summarise, we have arrived at this estimate by:

- correcting the IPS undercount of EU migration between 2004 and 2008
- estimating the proportion of immigrants in the period 2004-14 who would have qualified under the proposed regime
- adding 50% for future growth of skilled worker migration
- assuming that each skilled worker would be accompanied by one dependant
- allowing for one in three EU students deciding to stay on in higher skilled work
- assuming that family migration of British citizens partnered to EU nationals is in balance.

This gives a ball park figure of the future level of net migration that would be permitted from the EU without affecting the availability of skilled migrants.

27 January, 2016