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CAN ITALY'S IMMIGRATION CRISIS TRIGGER SOCIO-POLITICAL DISRUPTIONS?

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- Can the on-going EU immigration crisis become more severe and relevant socio-political stability? In this commentary, I focus on Italy, which is at the forefront of the crisis. The crisis has many facets, and I deliberately leave out the humanitarian, geo-political, military, security or even religious aspects to focus only on demographic and possible socio-political implications.
- Why the immigration problem may become particularly sensitive in Italy? I try to describe the extent of the problem in Italy vis-à-vis other EU countries, with data, trends and possible solutions.
- The conclusion is that a possible contagion may come from the sociopolitical reaction of the electorate in several countries, including Italy. Moreover, contagion could also come in the form of lack of confidence in the political leadership of the EU and its ability to act, failing to both address the near-term emergency and grasp the long-term strategic consequences. Following the disappointing outcome of the European Council at the end of June, the risk is real.

THE IMMIGRATION CRISIS is a truly EU and possibly international crisis. In this commentary, I focus on Italy, which is at the forefront of the phenomenon. On 14 September, there will be an EU summit on this topic and, at the end of the month, another one at United Nations.

The problem is extremely complex and touches on many aspects: humanitarian, sociopolitical, welfare and inclusion, security, economic and even a religious one. Yet, I will try to focus on the demographic and possible socio-political implications.

A large number of illegal immigrants coming to Italy (and Greece) tends to move to Northern Europe. Figure 1 shows the flow of immigrants in all European countries in 2013. The number of citizens coming from non-EU member countries were 252k in Germany, 248k in the UK and 201 in Italy. Germany has also attracted 354k immigrants from other EU member states, partly because of the economic performance gap with other EU countries (and possibly differences in welfare systems). The total immigrant flow in Germany was 693k in 2013 and the German government expects to receive a record of 800k refugees in the current year. In percentage of the population, the flow is substantial in Italy, but not higher than in other EU countries. Despite the summer rise in arrivals, due to Italy's poor economic performance over the past few years, growth of foreign residents in Italy is slowing as the net inflow is decreasing.

At the beginning of 2014, foreign citizens officially recorded were in excess of 4.9 million in Italy, i.e. 8.1% of the population (Figure 2). In Luxembourg, the percentage was 45.3% of the population, in Cyprus 18.6%. Among the major EU countries, it was 10.1% in Spain, 8.7% in Germany, 7.8% in the UK, 6.3% in France. Since citizenship can change over the lifetime of a person, it is also useful to present information by country of birth. If we consider foreign-born population by country, percentages increase depending on the pace of naturalisation (people acquiring citizenship). Data by foreign-born population differ and are generally higher (Figure 3). The number of people living in the EU28 who were citizens of non-member countries was 19.6mn, while the number of people living in the EU28 who was born outside of the EU was 33.5mn as of 1 January 2014.

| | Total immigrants (thousands) | Nationals | | Non-nationals | | | | | | | | |
|----------------|------------------------------------|-------------|------|---------------|------|---------------------------------------|------|-------------------------------------|------|-------------|-----|--|
| | | | | Total | | Citizens of other EU Member States | | Citizens of non-member countries | | Stateless | | |
| | | (thousands) | (%) | (thousands) | (%) | (thousands) | (%) | (thousands) | (%) | (thousands) | (%) | |
| Belgium | 118.3 | 17.5 | 14.8 | 100.5 | 85.0 | 62.0 | 52.4 | 38.4 | 32.5 | 0.0 | 0.0 | |
| Bulgaria | 18.6 | 4.7 | 25.2 | 13.8 | 74.3 | 1.6 | 8.8 | 12.0 | 64.5 | 0.2 | 1.0 | |
| Czech Republic | 30.1 | 5.3 | 17.7 | 24.8 | 82.3 | 14.0 | 46.5 | 10.8 | 35.8 | 0.0 | 0.0 | |
| Denmark | 60.3 | 19.0 | 31.5 | 41.3 | 68.5 | 21.3 | 35.3 | 19.6 | 32.5 | 0.4 | 0.7 | |
| Germany | 692.7 | 83.2 | 12.0 | 606.8 | 87.6 | 354.0 | 51.1 | 252.1 | 36.4 | 0.7 | 0.1 | |
| Estonia | 4.1 | 2.5 | 60.2 | 1.6 | 39.8 | 0.1 | 3.6 | 1.5 | 36.3 | 0.0 | 0.0 | |
| Ireland | 59.3 | 12.7 | 21.4 | 46.6 | 78.6 | 23.3 | 39.4 | 23.2 | 39.1 | 0.1 | 0.1 | |
| Greece | 47.1 | 21.6 | 46.0 | 25.4 | 54.0 | 12.2 | 25.9 | 13.2 | 28.2 | 0.0 | 0.0 | |
| Spain | 280.8 | 32.4 | 11.5 | 248.4 | 88.5 | 90.4 | 32.2 | 157.8 | 56.2 | 0.1 | 0.0 | |
| France | 332.6 | 115.4 | 34.7 | 217.2 | 65.3 | 90.6 | 27.2 | 126.6 | 38.1 | 0.0 | 0.0 | |
| Croatia | 10.4 | 5.1 | 49.0 | 5.3 | 50.9 | 1.8 | 17.8 | 3.4 | 33.1 | 0.0 | 0.0 | |
| Italy | 307.5 | 28.4 | 9.2 | 279.0 | 90.8 | 77.5 | 25.2 | 201.5 | 65.5 | 0.0 | 0.0 | |
| Cyprus | 13.1 | 1.5 | 11.7 | 11.5 | 87.5 | 6.7 | 50.7 | 4.8 | 36.8 | 0.0 | 0.0 | |
| Latvia | 8.3 | 4.8 | 57.5 | 3.5 | 42.5 | 0.9 | 11.0 | 2.6 | 31.4 | 0.0 | 0.1 | |
| Lithuania | 22.0 | 19.0 | 86.2 | 3.0 | 13.8 | 0.7 | 3.0 | 2.4 | 10.7 | 0.0 | 0.0 | |
| Luxembourg | 21.1 | 1.3 | 6.2 | 19.7 | 93.5 | 15.5 | 73.5 | 4.2 | 20.1 | 0.0 | 0.0 | |
| Hungary | 39.0 | 17.7 | 45.5 | 21.3 | 54.5 | 10.4 | 26.8 | 10.8 | 27.7 | 0.0 | 0.0 | |
| Malta | 8.4 | 1.8 | 21.6 | 6.6 | 78.4 | 3.1 | 37.3 | 3.5 | 41.0 | 0.0 | 0.0 | |
| Netherlands | 129.4 | 36.3 | 28.1 | 93.1 | 71.9 | 52.2 | 40.3 | 40.8 | 31.6 | 0,1 | 0.0 | |
| Austria | 101.9 | 9.2 | 9.1 | 92.6 | 90.9 | 60.2 | 59.1 | 32.2 | 31.7 | 0.1 | 0.1 | |
| Poland | 220.3 | 131.4 | 59.7 | 88.7 | 40.3 | 29.6 | 13.4 | 59.0 | 26.8 | 0.1 | 0.0 | |
| Portugal | 17.6 | 12.2 | 69.2 | 5.4 | 30.8 | 1.7 | 9.5 | 3.7 | 21.3 | 0.0 | 0.0 | |
| Romania | 153.6 | 138.9 | 90.4 | 14.7 | 9.6 | 1.0 | 0.7 | 13.7 | 8.9 | 0.0 | 0.0 | |
| Slovenia | 13.9 | 2.3 | 16.2 | 11.6 | 83.8 | 3.3 | 23.6 | 8.3 | 60.1 | 0.0 | 0.0 | |
| Slovakia | 5.1 | 2.7 | 51.9 | 2.5 | 48.1 | 2.0 | 38.2 | 0.5 | 9.8 | 0.0 | 0.0 | |
| Finland | 31.9 | 8.1 | 25.3 | 23.4 | 73.2 | 10.2 | 31.8 | 13.2 | 41.3 | 0,1 | 0.2 | |
| Sweden | 115.8 | 20.5 | 17.7 | 94,9 | 81.9 | 26.4 | 22.8 | 64.2 | 55.4 | 4.3 | 3.7 | |
| United Kingdom | 526.0 | 76.1 | 14.5 | 449.9 | 85.5 | 201.4 | 38.3 | 248.5 | 47.2 | 0.0 | 0.0 | |
| Iceland | 6.4 | 2.8 | 43.7 | 3.6 | 56.3 | 2.8 | 43.0 | 0.8 | 12.9 | 0.0 | 0.3 | |
| Liechtenstein | 0.7 | 0.2 | 23.7 | 0.5 | 76.3 | 0.3 | 46.8 | 0.2 | 29.5 | 0.0 | 0.0 | |
| Norway | 68.3 | 7.0 | 10.3 | 61.3 | 89.7 | 36.4 | 53.3 | 24.5 | 35.8 | 0.4 | 0.6 | |
| Switzerland | 160.2 | 26.1 | 16.3 | 134.1 | 83.7 | 96.8 | 60.5 | 37.2 | 23.3 | 0.0 | 0.0 | |

Figure 1. Immigration by citizenship in 2013

(*) The values for the different categories of citizenship may not sum to the total due to rounding and the exclusion of the category 'unknown citizenship' from the table. Source: Eurostat (online data code: migr_imm1ctz)

| | Total | | Citizens of another EU-27 Member State | | Citizens of a non-member country | | Stateless | |
|----------------|-------------|-----------------------|---|-----------------------|-------------------------------------|-----------------------|-------------|-----------------------|
| | (thousands) | (% of the population) | (thousands) | (% of the population) | (thousands) | (% of the population) | (thousands) | (% of the population) |
| Belgium | 1 264.4 | 11.3 | 829.4 | 7.4 | 434.3 | 3.9 | 0.7 | 0.0 |
| Bulgaria | 54.4 | 0.8 | 12.1 | 0.2 | 40.6 | 0.6 | 1.7 | 0.0 |
| Czech Republic | 434.6 | 4.1 | 173.3 | 1.6 | 261.3 | 2.5 | 0.0 | 0.0 |
| Denmark | 397.2 | 7.1 | 160.0 | 2.8 | 233.0 | 4.1 | 4.2 | 0.1 |
| Germany | 7 011.8 | 8.7 | 3 087.3 | 3.8 | 3 912.4 | 4.8 | 12.1 | 0.0 |
| Estonia | 194.9 | 14.8 | 7.8 | 0.6 | 187.1 | 14.2 | 0.0 | 0.0 |
| Ireland | 545.5 | 11.8 | 373.3 | 8.1 | 170.6 | 3.7 | 1.7 | 0.0 |
| Greece | 836.9 | 7.7 | 188.3 | 1.7 | 648.6 | 5.9 | 0.0 | 0.0 |
| Spain | 4 677.1 | 10.1 | 1 991.1 | 4.3 | 2 685.3 | 5.8 | 0.6 | 0.0 |
| France | 4 157.5 | 6.3 | 1 451.8 | 2.2 | 2 705.7 | 4.1 | 0.0 | 0.0 |
| Croatia | 31.7 | 0.7 | 9.8 | 0.2 | 21.1 | 0.5 | 0.8 | 0.0 |
| Italy | 4 922.1 | 8.1 | 1 441.7 | 2.4 | 3 479.6 | 5.7 | 0.8 | 0.0 |
| Cyprus | 159.3 | 18.6 | 110.9 | 12.9 | 48.5 | 5.6 | 0.0 | 0.0 |
| Latvia | 304.8 | 15.2 | 6.0 | 0.3 | 298.6 | 14.9 | 0.2 | 0.0 |
| Lithuania | 21.6 | 0.7 | 3.7 | 0.1 | 16.0 | 0.5 | 1.8 | 0.1 |
| Luxembourg | 248.9 | 45.3 | 214.4 | 39.0 | 34.5 | 6.3 | 0.0 | 0.0 |
| Hungary | 140.3 | 1.4 | 80.8 | 0.8 | 59.3 | 0.6 | 0.1 | 0.0 |
| Malta | 25.0 | 5.9 | 13.7 | 3.2 | 11.3 | 2.7 | 0.0 | 0.0 |
| Netherlands | 735.4 | 4.4 | 403.0 | 2.4 | 330.4 | 2.0 | 1,9 | 0.0 |
| Austria | 1 056.8 | 12.4 | 514.9 | 6.1 | 539.4 | 6.3 | 2.5 | 0.0 |
| Poland | 101.2 | 0.3 | 27.7 | 0.1 | 71.5 | 0.2 | 2.0 | 0.0 |
| Portugal | 401.3 | 3.8 | 100.6 | 1.0 | 300.7 | 2.9 | 0.0 | 0.0 |
| Romania | 73.4 | 0.4 | 20.6 | 0.1 | 62.6 | 0.3 | 0.3 | 0.0 |
| Slovenia | 96.6 | 4.7 | 16.3 | 0.8 | 80.3 | 3.9 | 0.0 | 0.0 |
| Slovakia | 59.2 | 1.1 | 45.2 | 0.8 | 12.5 | 0.2 | 1.5 | 0.0 |
| Finland | 206.7 | 3.8 | 84.0 | 1.5 | 121.9 | 2.2 | 0.8 | 0.0 |
| Sweden | 687.2 | 7.1 | 289.2 | 3.0 | 384.9 | 4.0 | 13.0 | 0.1 |
| United Kingdom | 5 047.7 | 7.8 | 2 623.4 | 4.1 | 2 424.3 | 3.8 | 0.0 | 0.0 |
| Iceland | 22.7 | 7.0 | 18.1 | 5.6 | 4.5 | 1.4 | 0.1 | 0.0 |
| Liechtenstein | 12.5 | 33.7 | 6.4 | 17.4 | 6.1 | 16.4 | 0.0 | 0.0 |
| Norway | 482.1 | 9.4 | 304.1 | 6.0 | 176.1 | 3.4 | 1.9 | 0.0 |
| Switzerland | 1 936.4 | 23.8 | 1 272.9 | 15.6 | 663.3 | 8.1 | 0.2 | 0.0 |

Figure 2. Non-national population by group of citizenship, 1 January 2014

(*) The values for the different categories of cilizenship may not sum to the totals due to rounding. Source: Eurostat (online data code: migr_pop1ctz)

| | | Total | | in another mber State | Born in a non-member country | | |
|----------------|-------------|-----------------------|-------------|--------------------------|---------------------------------|-----------------------|--|
| | (thousands) | (% of the population) | (thousands) | (% of the population) | (thousands) | (% of the population) | |
| Belgium | 1773.1 | 15.8 | 835.5 | 7.5 | 937.7 | 8.4 | |
| Bulgaria | 109.2 | 1.5 | 40.5 | 0.6 | 68.7 | 0.9 | |
| Czech Republic | 396.2 | 3.8 | 155.1 | 1.5 | 241.1 | 2.3 | |
| Denmark | 569.6 | 10.1 | 191.6 | 3.4 | 378.0 | 6.7 | |
| Germany | 9 818.0 | 12.2 | 3 838.5 | 4.8 | 5 979.5 | 7.4 | |
| Estonia | 196.6 | 14.9 | 13.1 | 1.0 | 183.4 | 13.9 | |
| Ireland | 741.3 | 16.1 | 471.5 | 10.2 | 269.8 | 5.9 | |
| Greece | 1 246.5 | 11.4 | 334.3 | 3.1 | 912.2 | 8.4 | |
| Spain | 5 958.3 | 12.8 | 2 027.5 | 4.4 | 3 930.8 | 8.5 | |
| France | 7 661 7 | 11.6 | 2 167.1 | 3.3 | 5 494 6 | 8.3 | |
| Croatia | 568.7 | 13.4 | 70.5 | 1.7 | 498.2 | 11.7 | |
| Italy | 5737.2 | 9.4 | 1 815.4 | 3.0 | 3 921.8 | 6.5 | |
| Cyprus | 191.6 | 22.3 | 111.3 | 13.0 | 80.3 | 9.4 | |
| Latvia | 271.1 | 13.5 | 27.9 | 1.4 | 243.2 | 12.2 | |
| Lithuania | 137.4 | 4.7 | 17.6 | 0.6 | 119.8 | 4.1 | |
| Luxembourg | 237.8 | 43.3 | 177.6 | 32.3 | 60.3 | 11.0 | |
| Hungary | 447.0 | 4.5 | 300.1 | 3.0 | 146.9 | 1.5 | |
| Malta | 40.2 | 9.4 | 18.9 | 4.4 | 21.2 | 5.0 | |
| Netherlands | 1 953.4 | 11.6 | 508.4 | 3.0 | 1 445.0 | 8.6 | |
| Austria | 1 410.9 | 16.6 | 639.4 | 7.5 | 771.5 | 9.1 | |
| Poland | 620.3 | 1.6 | 222.0 | 0.6 | 398.3 | 1.0 | |
| Portugal | 859.1 | 8.2 | 221.6 | 2.1 | 637.5 | 6.1 | |
| Romania | 211.2 | 1.1 | 81.5 | 0.4 | 129.7 | 0.7 | |
| Slovenia | 235.3 | 11.4 | 68.8 | 3.3 | 166.5 | 8.1 | |
| Slovakia | 174.9 | 3.2 | 146.3 | 2.7 | 28.6 | 0.5 | |
| Finland | 297.8 | 5.5 | 109.0 | 2.0 | 188.9 | 3.5 | |
| Sweden | 1 532.6 | 15.9 | 509.6 | 5.3 | 1 023.0 | 10.6 | |
| United Kingdom | 8 035.6 | 12.5 | 2 806.3 | 4.4 | 5 229.3 | 8.1 | |
| Iceland | 37.1 | 11.4 | 24.3 | 7.4 | 12.9 | 3.9 | |
| Liechtenstein | 23.4 | 63.1 | 8.1 | 21.7 | 15.4 | 41.4 | |
| Norway | 704.4 | 13.8 | 318.1 | 6.2 | 386.4 | 7.6 | |
| Switzerland | 2 183.2 | 26.8 | 1 321.9 | 16.2 | 861.3 | 10.6 | |

Figure 3. Foreign-born population by country of birth, 1 January 2014

(1) The values for the different categories of country of birth may not sum to the totals due to rounding.

Source: Eurostat (online data code: migr_pop3ctb)

Why Italy?

So why are we talking about Italy's immigration crisis instead of a European one? I think mainly for five reasons:

- 1. Italy does not have a long tradition in welcoming people from abroad (in the UK for instance it dates back to the British Empire, with inflows of people from Commonwealth countries recorded already more than a century ago). Large immigration flows are a relatively recent phenomenon, i.e. past 10 years (excluding internal migration). Italy is historically a country of emigrants.
- 2. The inflow of people from developing countries has been substantial over the past few years and, most importantly, highly concentrated in Milan, Rome and a few middle-size cities (Prato, Piacenza, Reggio Emilia, Modena, Mantova, Verona, Vicenza, Treviso etc.) and areas mainly in the Centre and Northern part of the country. In these areas, the percentage of non-Italian citizens is much higher than the national average.
- 3. Leaving aside the normal legal immigration flow, over the past few years, and especially in recent months, illegal immigrants coming from the sea have sharply increased (with many life tolls, which triggered a widespread humanitarian crisis). According to EU rules (so-called Dublin regulation), refugees must seek asylum in the first EU country on which they land, which typically is Italy or Greece, and the country is obliged to process the request.
- 4. Recently, large inflows of immigrants have inundated reception centres, railway stations etc. triggering a wage of solidarity, but also tensions. Some political parties, and especially the Northern League, have hardened their stance towards immigration and they have benefitted substantially from that in opinion polls.
- 5. The crisis has resulted in a more confrontational stance of Italy towards Europe as the current Italian government (and, I should say, previous governments) perceives that the rest of the EU left Italy alone in managing the crisis and that there is no fair burden sharing within the EU.

Digging into data

According to Eurostat, the EU statistical office, Germany reported the largest number of total immigrants (i.e. from all countries including the EU; 693k) in 2013, followed by the United Kingdom (526k), France (333k), Italy (307k) and Spain (281k). Spain reported the highest number of emigrants in 2013 (532k), followed by the United Kingdom (317k), France (301k), Poland (276k) and Germany (259k). Most EU Member States (16) reported more immigration than emigration in 2013, but in Bulgaria, Ireland, Greece, Spain, Croatia, Cyprus, Poland, Portugal, Romania and the three Baltic States, emigrants outnumbered immigrants.

Relative to the size of the resident population, Luxembourg recorded the highest rates of immigration in 2013 (39 immigrants per 1,000 persons), followed by Malta (20 per 1,000 persons) and Cyprus (15 per 1,000 persons). Italy is right in the middle of the group with 5 immigrants per 1,000 persons. The highest rates of emigration in 2013 were reported for Cyprus (29 emigrants per 1,000 persons) and Luxembourg (20 per 1,000 persons). Looking at net figures may be more inspiring, but this would mask an important phenomenon: sometimes the composition of inflows and outflows differs significantly.

In 2013, the relative share of national immigrants, i.e. immigrants with the citizenship of the Member State to which they were migrating, within the total number of immigrants was highest in Romania (90% of all immigrants), Lithuania (86%), Portugal (69%), Estonia,

Poland (both 60%), Latvia (58%) and Slovakia (52%). These people are going back home, sometimes for family reasons, some other times because of developments in the labour market. Italy (and a few other countries) reported relatively low shares, as national immigration in 2013 accounted for less than 10% of all immigration, i.e. Italian people moving out tend to stay out of the country.

A total of 3.4mn people immigrated to one of the EU28 Member States in 2013 and at least 2.8mn emigrants were reported to have left an EU Member State (flows between different EU Member States are included). Among these 3.4mn immigrants, there were 1.4mn citizens of non-member countries, 1.2mn people with citizenship of a different EU Member State from the one to which they immigrated, and around 0.8mn people who migrated to an EU Member State of which they had the citizenship (e.g. returning nationals or nationals born abroad).

In 2014, Italy's total migratory balance (net flow), including EU citizens, was 287k according to the Italian statistical office. Under the assumption of steadily decreasing net inflows to 175k in 2065 and a natural rate of increase – the balance between live births and deaths – moving from 83k in 2013 to 107k in 2041 and then back to 65k in 2065, non-Italian born citizens would increase from 5.7mn in 2013 to 14.1mn in 2065, according to ISTAT's baseline projections. The number of persons due to acquire Italian citizenship is projected to steadily rise from about 100k to 170k in 2065. While shocking, these numbers may substantially underestimate the potential size of the phenomenon.

The fertility rate in Italy is low at 1.31, but foreign residents have a fertility rate of 1.97 (2014 data). About one out of six new-borns in Italy are from foreign parents. In 2014, there were 60.8mn residents in Italy whose median age was 44.4 years (with over-65 years old at 21.7%), while median age of non-Italian citizens was 32.3 years. The same holds true for the rest of the EU. Immigrants into EU Member States in 2013 were, on average, much younger than the population already resident in their country of destination. The median age of the EU28 population was 42 years at the beginning of 2014. By contrast, the median age of immigrants to the EU28 in 2013 was 28 years.

78.2% of non-Italian citizens were working age. Employment of non-EU immigrant workers has more than doubled over the past 10 years. In 2006, there were 1,169k employed (regularly employed) immigrant workers. In the latest figure for which detailed information is available, i.e. 2Q 2014, the number was 2,441k. Most of them (1,444k) were in the industrialised North of the country (660k in the Centre and 337k in the South). The unemployment rate was 16.3% (2Q 2014), higher than the corresponding rate for the whole workforce.

Only 287k were graduated, 1,081k had a secondary degree and the remaining part only primary school degree or no education. In the age group 15-64 activity rate was high and higher than non-immigrant population. It was 70.2%, with male activity at 81.9% and female at 59.5%.

Unfortunately, also criminal activity was relatively high for non-Italian citizens. Non-Italian born accounts for 36.6% of population in prison (23,041 out of 62,897 in 2012). Almost half of them were from Africa (11,048 of which 4,441 from Morocco and 2,961 from Tunisia), then comes people from Romania (3,318) and Albania (2,886).

| Italy | | | | | | | | |
|-------------|----------|------|---------|----------|------|--|--|--|
| Citizens of | (thous.) | (%) | Born in | (thous.) | (%) | | | |
| Romania | 1 081.4 | 22.0 | Romania | 1 004.6 | 17.5 | | | |
| Albania | 495.7 | 10.1 | Albania | 440.1 | 7.7 | | | |
| Morocco | 454.8 | 9.2 | Morocco | 418.1 | 7.3 | | | |
| China | 256.8 | 5.2 | Ukraine | 218.5 | 3.8 | | | |
| Ukraine | 219.1 | 4.5 | Germany | 216.3 | 3.8 | | | |
| Other | 2 414.3 | 49.1 | Other | 3 439.5 | 60.0 | | | |

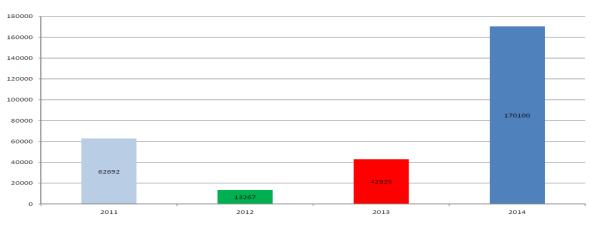
Figure 4. Main countries of citizenship and birth of the foreign/foreign-born population, 1 January 2014

Source: Eurostat. In absolute numbers and as a percentage of the total foreign/foreign-born population

In terms of country composition by citizenship, 22.0% were from Romania (in excess of 1mn), 10.1% from Albania, 9.2% from Morocco, 5.2% from China and 4.5% from Ukraine. Flows of migrants from Northern Africa and the Middle East tend to transit into Italy toward countries in Northern Europe and thus they do not show up at the top of the list.

In terms of overall inflow composition, 25.5k were from Morocco, 20.0k from China, 16.2k from Albania, 15.5k from India, 14.2k from Ukraine, 13.8k Bangladesh. Among inflows, those granted asylum were only 19.1k in 2014, with a large number from Nigeria (2.6k) and Pakistan (2.3k). About half of the asylum requests are accepted every year. More recently, inflow from troubled regions of North Africa and Syria has significantly increased, and as a result requests of asylum. In the first seven months of 2015, they have already reached 30k.

The number of refugees has sharply increased to about 170k in 2014, mostly arrived by sea from Africa and Asia, although most of them were looking to move to Northern Europe. A bigger number is expected in 2015. These arrivals have de facto replaced the policy of quotas for work permissions.





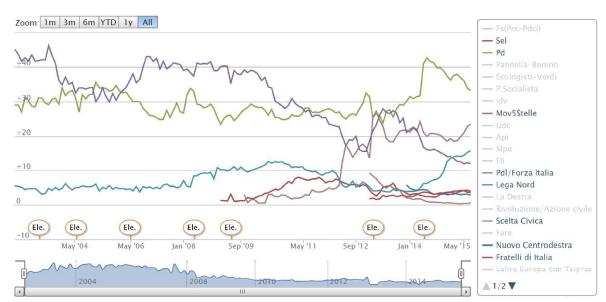
Source: Italian Ministry of the Interior

The crossing from Libya takes about 8-10 hours, with vessels usually in very bad state and often not equipped with safety equipment, and thus the number of casualties has skyrocketed. Authorities estimate that about 1,6k people lost their life in the crossing the sea since the beginning of this year.

Labour immigration has a key role to play in driving Italy's economic development in the long term and in addressing current and future demographic challenges, but social and political consequences needs to be managed carefully.

Political reactions

The refugee crisis poses a critical test of compassion as well as burden sharing for every Member State. Italy has been at the forefront of claiming some kind of burden sharing for patrolling the borders, saving refugees from death in the sea, and for hosting them.





The Italian government has become more assertive and confrontational at EU level. It decided to take a low profile approach during the Greek crisis to keep its powder dry ahead of important budget discussions in the autumn, but also to spend political capital on issues very close to home, such as the immigrant crisis.

What is also telling is the huge political capital spent by Prime Minister Renzi to gain the appointment of Ms Federica Mogerini as High Representative of the European Union for Foreign Affairs and Security Policy, a role perceived to be instrumental in finding a solution for the immigration crisis. Equally, the issue features highly in official speeches by the Prime Minister Renzi and President Mattarella, even before the recent bout of refugees' landings. Despite that, the government has suffered in opinion polls because of perceived lack of action and effectiveness at EU level in addressing the crisis.

The Northern League (Lega Nord) is the opposition party that has gained the most in opinion polls over the past year (Figure 6). Most of these gains is probably related to a hardening of the party's stance towards immigration. This is not severe enough to trigger instability for the current government, but it may (and has already to a certain extent) produced a shift in the government's attitude toward this issue and Europe. Political elections are not expected before early 2018, but a full-fledged immigration crisis may further weaken the current government. The PD, the leading party of the coalition, has recently suffered from significant internal infighting, although on the issue of immigration the government front appears to be rather cohesive.

Recent Swedish elections have shown that the issue of migration can become a central debate at election time and have electoral consequences, with potential rises of anti-immigration

Source: Termometropolitico.

parties. If, for whatever reason, elections are brought forwards in Italy, than it may become an issue for political stability.

Italian population's approval of EU policies appears to have taken a hit (source EU Barometer), partly because of the economic crisis but also because of the immigration crisis. Moreover, negative images and hostile language used against migrants could increase public xenophobia, particularly in regions were there is a high level of immigrants.

The current political situation is therefore worth monitoring for possible consequences for both Italy and Italy's stance in Europe.

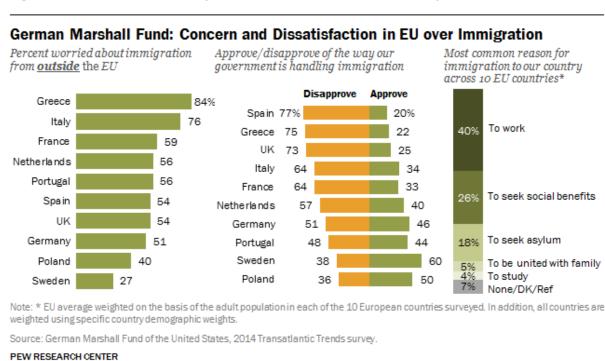


Figure 7. Concern and dissatisfaction are substantial almost everywhere in the EU

Which are the possible policy initiatives?

French President Holland recently said: "There are moments in European history when we stand before an extraordinary situation. Today is such an extraordinary situation."

There is indeed an emergency. But there is also an epochal shift that goes much beyond that. Migration is linked to political and social instability in the countries of origin of migrants, but also to a huge demographic challenge for countries in transition. It is estimated that Africa would double its population by 2050 to almost 2.5tn and it is the responsibility of the whole world to give Africa (and to some extent the Middle East) a future.

Please find below some possible policy solutions. Maybe a combination of some of these initiatives may produce positive effects. For sure, these are deep-rooted and fundamental problems that cannot be solved in the short term. Thus, the risk that the situation gets out of control in the meantime is not negligible.

Introducing flexible arrangements to facilitate immigration flows

The EU is working on a number of interconnected measures, which aim to produce flexible admission systems. They should be responsive to the priorities of each EU State, while enabling migrant workers to make full use of their skills. These measures cover the conditions of entry and residence for certain categories of immigrants such as highly qualified workers, seasonal workers and intra-corporate transferees, as well as the establishment of a single work and residence permit.

In 2009, the EU has put in place attractive conditions for non-EU workers considering taking up highly skilled employment in the EU states, creating a harmonised fast-track procedure and common criteria (a work contract, professional qualifications and a minimum salary level) for issuing a special residence and work permit called the "EU Blue Card". The Blue Card facilitates access to the labour market and entitles holders to socio-economic rights and favourable conditions for family reunification and movement around the EU. The EU Blue Card does not create a right of admission; it is demand-driven, i.e. based on a work contract. Its period of validity is between one and four years, with possibility of renewal.

In December 2011, the so-called Single Permit Directive was adopted. It creates a set of rights for non-EU workers legally residing in an EU State. The Directive should be applicable to non-EU nationals with authorisation to reside or work in the EU, independently of their initial reason for admission. Its scope includes both non-EU nationals seeking to be admitted to an EU State in order to stay and work there and those who are already residents and have access to the labour market or are already working there. It provides for: (1) a single residence and work permit, (2) a single application procedure for this permit, (3) a set of rights for all non-EU workers already admitted but who have not yet been granted long-term resident status, in a number of key areas: working conditions, education and vocational training, recognition of diplomas, social security, tax benefits, access to goods and services including procedures for housing and employment advice services.

All these measures can contribute to a smooth integration of immigrants and in delivering an intelligent and flexible policy to manage flows. Yet, they may not be suited to respond to the current huge inflow of unselected low-skilled refugees.

Making EU entry more selective, applying asylum legislation strictly

Migration policies within the EU in relation to citizens of non-member countries are increasingly concerned with attracting a particular migrant profile, often in an attempt to alleviate specific skills shortages. Selection can be carried out on the basis of language proficiency, work experience, education and age. Alternatively, employers can make the selection so that migrants already have a job upon their arrival. This would imply a tougher stance with those migrants who are not asylum seekers and do not match demand for specific skills.

Besides policies to encourage labour recruitment, immigration policy is often focused on two areas: preventing unauthorised migration and the illegal employment of migrants who are not permitted to work, and promoting the integration of immigrants into society. Significant resources have been mobilised to fight people smuggling and trafficking networks in the EU. The EU should attack the transnational criminal organisations that facilitate the migration flow. The Italian police, in operations to fight human trafficking, arrested more than 500 people over the past 2 years. The fight against trafficking can be further intensified, but will

not solve the issue. People trying to escape war and suffering will find other ways to arrive in Europe.

Full implementation of EU asylum rules — which cover areas such as legal rights and rights to medical and social care — across the EU bloc may result in stricter enforcement of selection criteria. It would help a common definition of safe countries of origin, to which would-be refugees could be returned, and the establishment of EU refugee registration centres not only in Italy and in Greece, where most of the recent wave of migrants has arrived in the EU, but throughout the EU. This should be financed by the EU budget.

Sharing refugees in the EU

Italy was vocal in the past in calling for a faired burden sharing within the EU, with some success with the European Commission but also a strong opposition by many Member States. Ms Merkel and Mr Hollande recently backed the European Commission's (and Italy's) controversial proposals for all 28EU countries to sign up to a binding quota agreement, which would imply changing the so-called Dublin regulation. Newly arrived refugees would be distributed around the EU according to quotas. Such a move would ease the burden on Italy, and probably also on Germany and a handful of other States which currently take a majority of asylum seekers.

This would face strong protests from some countries, mainly in Eastern Europe, unwilling to share the burden for a number of reasons. Notably, their net migration flows within the EU and lower per-capita income.

The Schengen zone, the EU area in which people are able to move across almost all of western and central Europe without border controls, cannot be maintained unless EU Member States agree to take in asylum seekers. Otherwise, some countries may decide unilaterally to reintroduce border controls and this would blow up EU arrangements. Any solution to the EU immigration crisis should thus protect the free movement of people within the area, and the only way appears to be some form of sharing agreement.

Investing in the country of origin of asylum seekers

The EU could encourage would-be asylum seekers to return to their own countries, trying to rid those countries of corruption and better use development aids. This could be done by direct intervention by the EU in countries where the suffering is most severe and where the political/social situation is unstable, refraining however from direct political/military intervention. This would imply funnelling any aid to organisations that can guarantee a proper use of resources for the benefit of the population, thereby reducing the incentives to emigrate.

This seems to be the most appropriate long-term solution but may not properly address the near-term emergency. In addition, the process may be too slow to provide sufficient incentives for potential migrants to remain in their own countries.

A proactive political/military intervention

Drastic problems may call for drastic solutions. If the problem is war and social/political instability in some developing countries, the radical solution would be to force political regime change to bring democracy and prosperity in the regions afflicted. In theory, this seems the most obvious solution. In practice, history tells us that this line of action is terribly complicated, prone to disasters and could easily backfire. It would mean military intervention,

human suffering and may not deliver the expected results. The recent example of Libya teaches us that it may lead to permanent instability and war. The idea of bringing democracy and stability from outside is in my view flawed.

What are the risks?

If not properly managed the immigration crisis may easily spiral out of control. On the one hand, it could produce social tensions within the EU and in Italy. On the other, it may result in a flood of people from troubled regions to places perceived to be safe harbours. It may mark xenophobic shifts in the electorate in several EU countries, political instability and tensions within the EU. Italy would be at the centre of these developments.

The poor handling of the Greek crisis in Europe is testament of the risks of lack of action and foresight on the part of EU political leaders. Italy and some other countries have consistently warned for many years of the consequences at EU level of immigration flows, but at the same time have probably not done enough to address the problem internally. The growing influx via Libya, and other entry points in the EU, risks escalating the already dramatic situation. Now the real risk is the inability to act by EU institution, failing to both address the near-term emergency and grasp the long-term strategic consequences. Following the disappointing outcome of the European Council at the end of June, the risk is real.

The EU summit on 14 September 2015 should define new instruments and guidelines for asylum seekers. Moreover, it should implement action plans to address both the emergency and the long-term problem at EU level, also in cooperation with the many non-EU countries involved in the Mediterranean area (i.e. obviously Turkey, but also Tunisia, Libya, Algeria, Morocco and Egypt and possibly other African countries). Moreover, further international negotiations should immediately be launched to discuss ways to stabilise with political means the situation where there is war, notably in Syria, Libya, Iraq and in Afghanistan. Failing to act may eventually lead also to severe socio-political consequences and endanger stability (on top, of course, of all other aspects).