Poverty and Social Exclusion of Migrants in the European Union

by Orsolya Lelkes and Eszter Zólyomi

This Policy Brief analyses the occurrence of risk-of-poverty and deprivation among the migrant population, and the trends in poverty rates between 2004 and 2007. We also explore the measure of social exclusion as defined in the EU2020 Strategy, including an analysis of the overlap between the measures of poverty, deprivation and low work intensity. The analysis is based on the EU-SILC and defines migrants in terms of their country of birth distinguishing between those born in another EU country and those born outside the EU. It has, in addition, a household dimension, in the sense that migrants are defined as those who live in households where all adult members were born outside the country of residence. This definition is considered to be preferable to the alternative, citizenship-based definition.

I. Migrant population and its definition in the EU-SILC survey

I.1. Migrant population in EU countries

Migrant groups are relatively heterogeneous across the EU. Most challenges are posed by illegal migrants, those third-country nationals who do not fulfil the conditions of entry, stay or residence in the Member State where they live. Most countries have only rough estimates of the number of such migrants and, accordingly, they tend to be underrepresented in household surveys. Unofficial estimates range between 100 thousand and one million in Germany, 40-100 thousand in Austria and 310-570 thousand (0.5-1% of the population) in the UK.

1 The results presented here are based on a research project called European Observatory on the Social Situation, financed by the European Commission (DG Employment, Social Affairs and Equal Opportunities). We are grateful for comments from Terry Ward.

In France, most migrants come from outside the EU, mainly from Maghreb countries, and to a smaller extent from sub-Saharan countries (from former French African colonies).\(^3\) In Germany, 8.2% of residents are not citizens, and a large majority of these have arrived on the grounds of family reunification (typically from Turkey) or as ethnic German repatriates, “Spätaussiedler” (from the Russian Federation). The largest migrant group is of Turkish origin, reaching 1.7 millions. A relatively large Moroccan and Turkish population lives in Belgium and the Netherlands as well. Austria’s largest non-EU migrant group comes from Serbia, while in the Czech Republic Ukrainians dominate (103 thousands), and in Hungary those with Romanian citizenship (67 thousands), although mostly of Hungarian ethnic background. Accordingly, the definition of migrants by country of birth may not capture ethnic differences per se. Some of those born outside (and thus regarded as migrants according to our definition), however, may have been living in the country for many years, e.g. the majority of the large Russian ethnic groups in Estonia and Latvia (26% and 31%, respectively).\(^4\) Partly because of this, some of the foreign born population may not be regarded as “migrant” by national governments. “Regardless of the non-citizen’s status and country of birth of non-citizens, people who permanently resided in Latvia before 1990 are not defined as immigrants.”\(^5\)

In Slovenia, the majority of migrant workers are workers from countries of ex-Yugoslavia.\(^6\) After 2004 the numbers of migrant workers from the new EU Member States increased, especially from Slovakia, while numbers of migrant workers from EU15 Member States and other countries are very small. In most cases work and employment of workers from EU countries is temporary.

The number of migrants from the Member States which entered the EU in 2004 also increased, in this case markedly after entry in the UK and Ireland, which together with Sweden were the only countries not to impose temporary restrictions on the ability of people from these countries to enter and take up employment. In this case, migrants were predominantly from Poland and the Baltic States as well as Slovakia.

\(^3\) Ibid., country study on France by Karin Sohler. According to census data, 1.1 million migrants from Maghreb countries live in Metropolitan France.

\(^4\) Ibid.


\(^6\) They are mostly poorly educated and hold hard, low paid jobs in construction, metal manufacturing and similar sectors. See “Employment and working conditions of migrant workers – Slovenia”: http://www.eurofound.europa.eu/ewco/studies/tn0701038s/si0701039q.htm (Access date: 9 July 2010)
1.2. Measurement of migrants in the EU-SILC survey

The measurement of migrants is somewhat limited on the basis of the EU-SILC survey for various reasons. Conceptually, the current EU-SILC question only explores the stock of migrants, with no information on how long they have been in the country. Also, there is no information on ethnic status of respondents. In addition, the categorization of the migrant groups into "EU" and "non-EU" is rather broad and the groups distinguished are too large and heterogeneous, though sample sizes would need to be much larger for any more detailed breakdown. The number of observations per country, therefore, especially for those born in another EU Member State, is very small in most countries.

The definition of migrants adopted is based on country of birth (grouped into EU or non-EU countries) and has, in addition, a household dimension, in the sense that migrants are defined as those who live in households where all adult members were born outside the country of residence. This enables us to attribute migrant status to children in the household, as there is no information on their country of birth in the dataset. Note that this definition of migrants includes those who have acquired citizenship in the meantime.

This definition based on country of birth is preferable to the alternative, citizenship-based definition. Problems in comparing migration data based on nationality (citizenship) stem from the different rules and requirements which govern the acquisition of citizenship in different countries.

The share of migrants among the total population in EU countries ranges from around 0.5% in Bulgaria to around 40% in Luxembourg (Figure 1). In these two countries, together with Cyprus, it makes almost no difference whether we measure the share of migrants using the country of birth definition (foreign-born) or the citizenship-based definition (non-nationals). In the overall majority of countries, however, this is not the case which highlights the importance of the definition used to measure the migrant population.

In Estonia and Latvia many former USSR citizens (mostly of Russian ethnicity) have a “non-citizen” status (created legally in the early 1990s), which explains why the number of non-nationals surpasses that of those foreign born.

The EU-SILC (Community Statistics on Income and Living Conditions) provides cross-sectional micro data on income poverty and social exclusion. The target population of EU-SILC is all persons living in private households within the national territory of the country concerned. Income data and other detailed information are collected from household members aged 16 and over. The income reference period is 1 January – 31 December 2007 for all countries, except Ireland, where the period is 12 months prior to the date of interview.
The share of the foreign-born population accounts for 7% of the total population in the EU. Their share is relatively low, below 5%, in Finland and in some of the new Member States, and with the exception of Luxembourg, the share of foreign-born never surpasses more than 18% in Austria.

Regarding the size of the foreign-born population, our estimates based on EU-SILC data suggest that it is the largest in Germany (6.7 million), followed by the United Kingdom (5.6 million), Italy (4.4 million) and Spain (3.5 million). Foreign-born migrants living in these countries make up 68% of the total foreign-born population in the EU.

**Definition of migrants (our lead indicator)**
- based on country of birth, rather than citizenship
- children: it is generated based on adult household members’ status (original EU-SILC variable: only for household members aged 16 or over)
- measures stock, not flow
- does not measure how long they have been in the country, thus no proxy for the extent of assimilation or integration
- migrants, but illegal or temporary migrants in particular are likely to be underrepresented compared to their actual share within the population

The EU-SILC 2008 used in this analysis covers 25 countries (EU27 except Malta and Romania, which was omitted because of the sample size problems). Total sample size is 513,000, and the number of observations...
varies between 59 (Lithuania) and 4699 (Luxembourg) for EU migrants, and between 62 (Bulgaria) and 2164 (Spain) for non-EU migrants. We omitted Romania altogether due to the small number of observations. For Bulgaria, EU migrants are not distinguished for the same reason while for Slovakia, non-EU migrants were omitted. As there is no micro data available for France for 2008, the data used are from the 2007 survey. Migrants are not distinguished by country of birth in Germany, Estonia, Latvia and Slovenia, where all migrants are grouped together (under the category of “non-EU” migrants). (There is also no breakdown of foreign citizenship for these countries.)

Shortfall: no data on EU migrants in Germany

Alternative data sources on these countries confirm that there is no significant EU migrant population in Estonia, Latvia and Slovenia, though there is a substantial population in Germany. For Germany, it is known that most EU migrants come from Poland as seasonal guest workers, and these are very likely to be underrepresented in surveys in general, but there are significant migrant groups from other EU countries as well.

Reliability

Our calculations are often affected by the problem of small numbers of observations. This means that data disaggregated by education, work intensity, employment status, household size and household type, etc. are reliable only for a limited number of countries. Data with reliability problems are indicated in the relevant tables and figures and are inherent part of the interpretation of the results.

Our focus is on the situation of migrants in their recipient country, thus we do not address the issues related to the sender country, including the issue of remittances. We explore the social exclusion of the migrants themselves and do not address the impact of the presence of these migrants on the domestic labour market. We focus only on migrants present in the country of residence, and not on potential other family members elsewhere.

2. At-risk-of-poverty

2.1. Situation in 2007

The migrant population, particularly those born outside the EU tend to have a higher risk of poverty than other sections of the community, in some countries, a much higher risk. The at-risk-of-poverty rate\(^8\) is as high

\(^8\) The indicator of poverty is the so-called “at-risk-of-poverty rate”, which is part of the portfolio of indicators adopted by the Laeken European Council.
as 40% or more in Belgium, Luxembourg and Finland and also reaches 30% in Denmark, Greece, Spain, Cyprus, Latvia and Sweden (Figure 2). Overall the at-risk-of-poverty rate of non-EU migrants exceeds 30% in 9 out of 25 countries, while it is between 20% and 30% in another nine countries.

The estimated rates as such, however, need to be treated with caution, as the estimates are relatively uncertain because of the small number of observations. Calculating a conventional 95% confidence interval for each country (meaning that there is a 95% probability of the true figure being within the calculated range) indicates that there is an average range of about 7-8 percentage points around the at-risk-of-poverty rate within which the true figure is likely to lie (Figure 2). There is great variation across countries. For example, for Germany, the range is 19-22%, while for non-EU migrants in Bulgaria it is 14-36%.

These confidence intervals highlight not only the “uncertainty” of the point estimates of at-risk-of-poverty rates, but also that the estimated rates may not be statistically very different between countries. The risk of poverty, for example, is estimated to be lower for both migrant groups in Hungary (8.5% and 9.5% for EU and non-EU migrants, respectively) than

It shows the share of persons with an equivalised disposable income below the at-risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income after social transfers. Alternative thresholds, such as 50% or 70%, although theoretically relevant, are not used here, for the sake of parsimony.

9 This is due to the small number of observations. In Bulgaria, there are altogether 62 non-EU migrants, of which 17 are at risk of poverty.
in Poland (10.4% and 13.8%). But once the confidence intervals are taken into account, the two figures are not statistically different and it is not possible to say that one is higher or lower than the other. On the other hand, it is clear that the proportion of non-EU migrants at risk of poverty in Belgium, Luxembourg and Finland is the highest in the EU.

The disadvantage of non-EU migrants also tends to be large in relative terms. Compared to the local population, there is at least a threefold difference between the at-risk-of-poverty rates in Belgium, Luxembourg, Finland and Sweden (Figure 3). In a number of other countries, including the Czech Republic, France, Cyprus, the Netherlands and Austria, non-EU migrants face a between 2 and 3 times higher risk of poverty than the local population. Of these countries, Austria has the largest non-EU migrant population, with a share of 12%, highlighting the social importance of this problem. At the other extreme is the Czech Republic with its very small non-EU migrant population (below 1%). Compared to EU-migrants, there is at least a twofold difference in the at-risk-of-poverty of non-EU migrants in Belgium, France, Cyprus, Luxembourg, Portugal and Finland. In Finland, the at-risk-of-poverty rate of non-EU migrants is 6.5 times higher than the rate for EU-migrants. Note, however, that the share of non-EU migrants is only 2% in Finland. All these forms of relative disadvantage, but particularly the drawback of non-EU migrants compared to the local population, signal major social cleavages.

In contrast to the norm, migrants seem to have a more favourable situation than the local population in a few countries, which are not typical destination countries. In Lithuania, Hungary, Poland and Portugal, the at-risk-of-poverty rates of both EU and non-EU migrants are lower than those of the local population. All of these countries have relatively small migrant groups, much below the EU average.
The risk of poverty increases with the number of migrants within the household, as shown by Figure 4. The increase is more pronounced in the case of non-EU migrants, where those households with three or more migrant members tend to have a poverty rate twice as high as those where there is none or only one migrant. The relative poverty rates are 33% for the former groups, compared to 17% for the latter. It should be noted that households with only one migrant member have no higher risk of poverty than the average.

Overall, the highest risk of poverty is for those living in households with 3 or more non-EU migrants (with a poverty rate of 33%), followed by households with 3 or more mixed (both EU and non-EU) migrants (27%) and households with 2 non-EU migrants (26%).

The disadvantage of households with a relatively large number of EU migrants is particularly high in Luxembourg, the Czech Republic, the Netherlands, Sweden and Denmark, where the at-risk-of-poverty rate for such households is at least three times more than that of households with no migrant members (Figure 5).

The relative disadvantage of households with non-EU migrants is much greater (Figure 5). In Belgium, the Czech Republic, Denmark, Luxembourg, Finland, Sweden and Austria, households with three or more non-EU migrants have a risk of poverty of at least three times more than that for those with no migrants. In Luxembourg, the relative difference is 9 times, while in Finland it is 5 times. It should be noted, however, that there is no significant additional poverty risk for non-EU born population in the Baltic States (where most migrants are Russian-born), and Poland, Hungary and Portugal (where the numbers concerned are small).
Though data are consistent in principle, there is only a relatively short time series: 2004-2007, which is inevitably affected by the small sample size of the EU-SILC. There are problems with the reliability of the data because of the small number of observations. The margin of error is therefore wide, especially for 2005 in some countries.

Overall, there is little evidence of changes over time. We highlight those countries where there was probably a decline in the risk of poverty in Ireland among both EU and non-EU migrants (from 26% to 19% in case of EU migrants).
and from 33% to 15% in case of non-EU migrants) and in Finland among EU-migrants (from 16% to 8%).

There is a probable increase in the risk of poverty in Cyprus and Finland among non-EU migrants (from 25% to 34% in the former and from 30% to 49% in the latter), though for the latter, the figures fluctuate a lot and the “increase” only holds if the 2004 values are correct.

In the case of Germany, Estonia, and Latvia – countries where EU and non-EU migrants are grouped together – there is evidence of an increase over the period. In Germany, the at-risk-of-poverty rate of migrants has increased from 16% to 21%. This, however, crucially depends on the reliability of the figure at the start of the period, 2004, as the rate has not changed since then. In Estonia, there is an increase from 20% to 27%, and in Latvia from 19% to 32%. Note, however, that there are large blips in both countries in 2005, when the at-risk-of-poverty rate appears to have peaked at 30% and 35%, respectively.

**Figure 6:**

- **EU**
- **Non-EU**
Figure 6 (continued)
3. Material deprivation of migrants

The severe material deprivation rate of non-EU migrants reaches 10% in 10 countries

Material deprivation among migrants tends to be the lowest in Luxembourg, Sweden, Denmark, and the Netherlands (Figure 7). In contrast, countries with the highest severe material deprivation rates of migrants include a number of ex-Communist countries (Czech Republic, Lithuania and Poland in the case of EU migrants and Lithuania, Latvia, Bulgaria, and Poland in the case of non-EU migrants), but also Belgium, Greece, Cyprus, the UK, Austria and Portugal (in the case of non-EU migrants). The severe material deprivation rate of non-EU migrants reaches 10% or more in 10 out of 24 countries. When a less strict definition, the material deprivation rate (the enforced lack of 3 items out of 9) is used, the figures are even higher: the rate reaches 30% or more in 11 out of 24 countries.

The relative disadvantage of migrants is greater in those countries where the average material deprivation is low

Material deprivation tends to be the most widespread among non-EU migrants, both compared to EU migrants and people born in the country. Relatively speaking, the disadvantage of migrants is greater in those countries where the average material deprivation is low. In these countries, migrant groups are often exposed to multiple times higher rates of severe material deprivation. In contrast, the deprivation of migrants tends to be high in most Eastern European countries, but migrants fall behind less in relative terms, given the higher deprivation rates of the population in general.
The material deprivation rate, adopted by the Social Protection Committee (EC), is defined as the “enforced” lack of at least three of the following nine items:

- ability to face unexpected expenses;
- ability to pay for one week annual holiday away from home;
- existence of arrears (mortgage or rent payments, utility bills, or hire purchase instalments or other loan payments);
- capacity to have a meal with meat, chicken or fish every second day;
- capacity to keep home adequately warm;
- possession of a washing machine;
- possession of a colour TV;
- possession of a telephone (including a mobile phone);
- possession of a personal car.

In accordance with the EU2020 Strategy, a new indicator will be used to monitor development in reaching the poverty target, which is the severe material deprivation rate (“enforced” lack of at least four of the nine items listed above).

There is a weak relationship between average material deprivation across countries and the risk of poverty, reflecting the fact that the latter measures relative rather than absolute poverty. While material deprivation rates are defined at an EU level, poverty thresholds vary depending on the average level of national incomes, so some low-income countries may have low poverty rates, while a large share of the population may be materially deprived according to the universal EU standard. This is the case in Hungary, Poland, Lithuania and Portugal. In a number of other countries, however, including Cyprus, Greece, Belgium, non-EU migrants are affected by both a high risk of poverty and high material deprivation.
4. Risk of social exclusion: overlap between alternative measures

Altogether 10.5 million non-EU migrants and 2.2 million EU migrants are at risk of exclusion

One of the headline targets of the Europe 2020 Strategy is the reduction of poverty by aiming to lift at least 20 million people out of the risk of poverty or exclusion. The indicator used is a combination of three indicators: people living in households with very low work intensity, at risk of poverty after social transfers and severe material deprivation. We explored the extent to which foreign-born EU population is at risk of exclusion according to these indicators. According to our estimates, based on EU-SILC data, we find that altogether 10.5 million non-EU migrants and 2.2 million EU migrants are at risk of exclusion (being at risk of poverty, severely deprived or living in households with very low work intensity), in contrast to 106.8 million “local” inhabitants (see Figure 8). This suggests that one out of ten people at risk of exclusion has a migrant background in the EU.

Population at risk of exclusion: the poor dominate

The largest group within the population at risk of exclusion are those at risk of poverty. The share of those with low work intensity or severe material deprivation is significantly smaller. This may simply stem from the definition of the indicators as such, the specific cut-off points applied. Our calculations suggest that there are 5.9 million non-EU migrants, and 1.4 million EU migrants at risk of poverty, compared to the 59.7 million individuals at risk of poverty who were born in the country of residence.

Migrants are more likely to be socially excluded than the local population

Migrants are more likely to be socially excluded than the local population. The share of migrants at risk of exclusion or poverty is relatively high. On average, 26% of non-EU migrants and 19% of EU migrants are at risk of poverty, compared to 17% of the “local” population.

Cumulative disadvantage with respect to all three indicators affects only 1-2% of both migrant groups, just as in the case of the local population (62 thousand EU migrants, 518 thousand non-EU migrants and 4.6 million “locals”).

A relatively large overlap between at risk of poverty and low work intensity

There is a relatively large overlap between at risk of poverty and low work intensity in all three groups (but especially for non-EU migrants). There is a smaller overlap between at risk of poverty and material deprivation as well as between material deprivation and low work intensity.
Figure 8:
Overlaps between at risk of poverty, material deprivation and low work intensity, by country of birth, in the EU (thousands of individuals), 2007 income year

EU migrants

Non-EU migrants

Source: Own calculations based on EU-SILC 2008

Notes:
The calculations refer to 26 countries (EU27 except Malta).
Data for France refers to previous year (EU-SILC 2007 (2006 income year)).
EU: born in any EU country except country of residence. Non-EU: born in any other country. Local: born in the same country as country of residence.
At-risk-of-poverty = those with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60% of the national median.
Very low work intensity = people living in households where those aged 20-59 worked less than 20% of their work potential over the past year.
Severe material deprivation = people living in households severely constrained by a lack of resources, defined as being deprived of at least 4 of 9 items: not being able to afford i) to pay rent or utility bills, ii) to keep home adequately warm, iii) to face unexpected expenses, iv) to eat meat, fish or a protein equivalent every second day, v) a week’s holiday away from home, vi) a car; vii) washing machine, viii) colour TV, ix) telephone.

Orsolya Lelkes / Eszter Zólyomi • POVERTY & SOCIAL EXCLUSION OF MIGRANTS
4.1. Conclusions

Migrants from outside the European Union are occasionally exposed to a multiple times higher risk of poverty than the “indigenous” population. EU and non-EU migrants constitute two rather distinct groups in most countries in terms of their exposure to poverty. The results include various tests of reliability, including the estimation of confidence intervals for the poverty estimates, and the use of alternative definitions of migrants.

The measurement of trends is hampered by the relatively short time series and the reliability of the dataset (i.e. the low number of observations). There was probably a decline in the risk of poverty in Ireland among both EU and non-EU migrants and in Finland among EU-migrants. In contrast, there is a probable increase in the risk of poverty in Cyprus among non-EU migrants. In the case of Germany, Estonia, and Latvia (countries where EU and non-EU migrants are grouped together), there is evidence of an increase over the period of observation.

Migrants are more likely to be socially excluded than the local population. Altogether, however, cumulative disadvantage (being at risk of poverty, suffering from severe material deprivation and living in households with
very low work intensity) affects only about 1-2% of the migrant population, a number of 62 thousand EU migrants, and 518 thousand non-EU migrants. We found a larger overlap between very low work intensity and poverty among migrants than among the local population: migrants are thus more likely to be at risk of poverty if they live in low work intensity households. Or in absolute terms, the majority of migrants with low work intensity live on poverty levels of income.

Future research based on the new wave of the EU-SILC dataset could explore the issue of integration as such, since the dataset is then expected to include information on the year of arrival in the country.
About the European Centre for Social Welfare Policy and Research

**Core Functions**

- An international centre of applied social science and comparative empirical research on social policy and welfare
- An information and knowledge centre providing social science-supported social policy intelligence through a think-net
- A platform initiating future-oriented public policy debates on social welfare issues within the UN-European Region

**Research Focus**

The European Centre provides expertise in the fields of welfare and social policy development in a broad sense – in particular in areas where multi- or interdisciplinary approaches, integrated policies and inter-sectoral action are called for.

European Centre expertise includes issues of demographic development, work and employment, incomes, poverty and social exclusion, social security, migration and social integration, human security, care, health and well-being through the provision of public goods and personal services. The focus is on the interplay of socio-economic developments with institutions, public policies, monetary transfers and in-kind benefits, population needs and the balance of rights and obligations.

**European Centre Publications**

- Book Series “Public Policy and Social Welfare” (Ashgate, Aldershot), in English
- Book Series “Wohlfahrtspolitik und Sozialforschung” (Campus Verlag, Frankfurt/New York), in German
- Other Book Publications, books or special reports published outside the above series, with a variety of established publishing houses and in various languages.
- “Occasional Reports”, contain conference or expert meeting syntheses, reports resulting from projects, etc., in English / French / German
- The European Centre Newsletter, in English

**Geographical Domain**

All governments of States that are members of the United Nations, in particular those of countries of the UN-European Region, are invited to participate in and contribute to the activities of the European Centre. This results in a geographical domain of potential Member Countries of more than 50 European nations as well as the United States of America, Canada and Israel.