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## POTENTIAL CONSEQUENCES OF IMMIGRATION TO THE EUROPEAN UNION AND THE POSSIBILITY OF LIMITING THE SCALE OF THIS PHENOMENON

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### Abstract

The aim of this study is to assess the scale and effects of influx of people from Africa and the Middle East to European Union countries and to present the objectives of the “Marshall Plan with Africa”, which aims to support African economic activation and intensify the economic links within this region. The assessment also addresses the risk of escalation of migration to Europe and European Union initiatives aimed at containing the African population within their countries. The author focuses on the activities presented in the first pillar of the “Marshall Plan” which provide for improving the investment climate in African countries, including the ease of doing business, developing trade and establishing a free trade area, and ratifying the Trade Facilitation Agreement (FTA). The paper is based on the primary literature on the subject under study and the sources of data include Eurostat, UN, WTO and Africa Infrastructure Knowledge Program.

**Keywords:** Africa, European Union, Marshall Plan with Africa, migration crisis

**JEL classification:** F, J

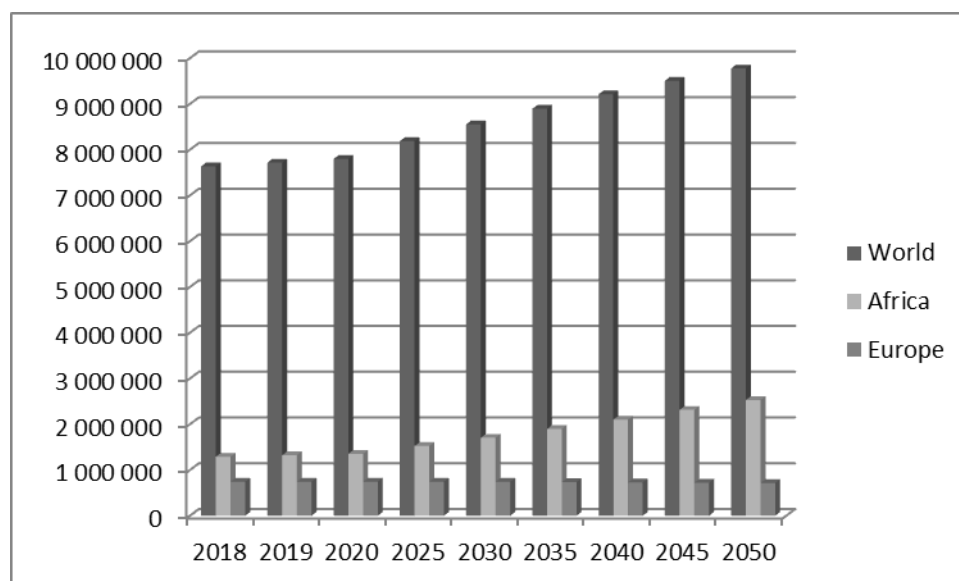
### Introduction

The migration crisis, which escalated in the European Union in 2015, carries with it many threats, not only social and economic, but also, importantly from the point of view of European unity, the political threat posed by deep differences with regard to the reception of illegal migrants. This is a difficult task for both the European Union and the authorities of individual member states. They have to solve the problem of the excessive number of migrants. A comprehensive solution is needed, because migration from Africa will not stop by itself – on the contrary, it is estimated that due to the growing population in Africa, as well as the climate

change, it will grow from year to year. Africa is the last world market with unused economic potential. The movement of individuals as well as social groups is a phenomenon that has accompanied humankind since the dawn of time, bringing with it both positive and negative consequences. It is still too early to assess the total impact of the current migration waves on the global and European economy. It is important, however, how the European Union can cope with the migration crisis, whether it will be able to stimulate the potential of the African economy and create a basis for economic and trade cooperation in order to stop future waves of migration.

## 1. The risk of escalation of the migration phenomenon, and the common migration policy

It is forecast that over time, African people will gain importance in the global economy. Its share in the world's population will increase from 16.87% in 2018 to almost 26% in 2050. At the same time, the share of European society will decrease to 7.32% (Fig. 1). Only in Nigeria, there is expected to be an increase in population over the next 30 years by 189 million, which is more than twice the current population of Germany. For geographical reasons, Europe is the most threatened by African migrations. If predictions about the African population increasing by more than 1.2 billion come true, Europe will not be able to absorb such large waves of migration. This is why it is important to solve this problem in a way that will ensure the development of the entire African continent and stop future migration waves in advance.



**Figure 1:** Projected population growth in 2018-2050 (in thousands)

Source: United Nations, 2018

Although a significant part of the world's rural population are Africans, as many as 43% of African citizens live in urban areas (UN, 2018). The development of cities, and hence the industry and services sector, creates much greater opportunities for economic growth than the development of rural areas. This is particularly important in the face of climate change caused by global warming. According to research, this will have a particularly strong impact on the Middle East and North Africa, which are already characterized by a hot and dry climate (Lelieveld, Proestos *et al.*, 2016). The African climate is changing as demonstrated not only

by the increase in average temperatures and the frequency of heat waves, but also their duration and intensity. These changes will affect many aspects of the African economy. Mortality is predicted to increase and risk of fires and crop failure will be greater (Russo, Marchese, *et al.*, 2016). It is worth noting that the drought which affected Syria in the years 2007-2010 was one of the reasons for the increase in the scale of migration from rural areas to cities, where social tensions had escalated due to discrimination and overcrowding, resulting in the outbreak of a civil war, which was one of the direct causes of intensified migration towards Europe from 2015.

**Table 1:** Number of asylum applications filed in the European Union (in thousands)

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
225,150	263,835	259,630	309,040	335,290	431,095	626,960	1,322,845	1,260,910	712,235

Source: Eurostat, 2018

The number of asylum applications in the last three years has increased dramatically, exceeding one million a year. Undoubtedly, assistance to refugees, that is people who have decided to leave their place of residence because of persecution due to political or religious views, or their nationalities, is extremely important for the authorities of the European Union. The reform of the Common European Asylum System (CEAS) was announced in May 2015. A year later (on 4 May and 13 July), the European Commission presented reform proposals for seven law bills, including the Dublin Regulation, which designate the Member State responsible for processing the application asylum. However, taking into account the growing number of African populations and the deteriorating climate, it may be assumed that economic considerations will be the main motive for migration. An emigrant who decides to leave his country for economic reasons cannot be treated as a refugee, and this should exclude his ability to apply for asylum in the light of the Dublin III system. Therefore, it is possible that migration law will replace the asylum law. Therefore, in recent years, the European Union and its Member States have started intensive work to prepare an appropriate migration policy that will be able to cope with the current threats. The European Commission has proposed a series of actions against illegal migration. The most important instruments include the EU Action Plan against migrant smuggling (2015-2020) and the European list of safe countries of origin (MSWiA, 2018). Since 2009, the Blue Card, which is a document that enables qualified third-country workers to work legally in the EU, is valid in the EU. It is an effective instrument to fight illegal immigration. Currently, work is underway on the revision of the Card, in order to adapt it to current conditions and to ensure greater harmonization of the conditions for admission of qualified workers from third countries, but above all to promote legal immigration. The European Union, in addition to actions aimed at addressing the threats posed by excessive migration, focuses its activities on attempts to limit the scale of future migration. Some Member States have joined the EIB Economic Resilience Initiative. This initiative is addressed to the countries of the Southern Neighbourhood (including Syria) and the Western Balkan countries. Its aim is to counter the basic causes of migration and strive for sustainable development in assisted countries, including promotion of economic growth and job creation (EIB, 2018). The most important objective is to create new jobs for young people and women and to adapt economies to climate change, which in the future should translate into reduced migration. EIB activities, just as the “Marshall Plan with Africa” prepared by Germany, rather than focusing on ad hoc assistance to migrants, support structural changes within economies in order to limit future migration flows. It is important that all EU countries will be involved in the assistance to increase the scale of the EIB’s capabilities. Up till now, eight Member States have announced

financial assistance. The migration crisis is not a problem of any individual country, it is an important issue for the future of the entire European Union. Some member states justify their indifference to the migration crisis by the threat of terrorism, financial burdens, and their own problems or poverty. Most of them are understandable, but this is indicative of a crisis in the Union, where individual countries are primarily focused on achieving their own goals rather than the process of European integration and unity.

## **2. The effects of migration to the European Union**

Only in Germany, from 2015 to 2017, for the first time, asylum applications were submitted by over 1.3 million people, of which 82.36 thousand were granted, and 1/3 of that number were applications from Syrian refugees (Eurostat, 2018). However, the scale of illegal migration is much larger. This carries a heavy economic burden for the host countries of migrants, related to, among other things, the need to provide basic social benefits for visitors. Undoubtedly, future waves of migrants will increase budget costs for individual member states, but on the other hand, this may provide opportunities for economies characterized by insufficient supply in the labor market, and – in the face of an aging population – may be crucial for future economic growth in the EU. From an economic point of view, an increase in the number of immigrants will result in a greater demand for different types of services, or increased production. Higher demand will contribute to the creation of jobs and by extension to the host country's economic development. There are many factors determining the influence of immigrants on the economy, including the time needed to find a job or the (private or public) job location sector. Europeans are afraid that immigrants will take away their jobs. Is that possible? Considering facts about climate change and population size, this is doubtful, but only in the case of controlled migration waves. Between immigrants (especially from Africa) and Europeans, there is a significant difference in the level of education. In a European economy, African immigrants can mainly fill the gap of low-skilled workers.

Islam is the prevailing religion among refugees and migrants from Africa, many of whom are recognized as members of ISIS- the self-proclaimed Islamic State, which undertakes terrorist activities under cover of the "holy war". Since 2013, terrorism in the world has intensified. In 2017, the number of religiously motivated terrorist attacks in the EU was 33 (2016-13), in which 62 people died, including 35 in Great Britain and only 1 in Germany (Europol, 2018). In the same year, 705 people were arrested in eighteen EU countries on a suspicion of terrorist activity. The economic impact of terrorism on the economy is also important. According to the Institute for Economics and Peace report, the cost in 2016 amounted to USD 84 billion, but since 2014 (USD 104 billion) it has shown a downward trend (JEP, 2017). Not every immigrant from Africa or the Middle East is a terrorist, but the uncontrolled and excessive flow of migrants from countries that may be fuelled by ISIS, may prove detrimental to Europe. That is why it is extremely important to control the borders as well as the migrants. This is related to the increase in the costs of protection of external borders, if the scale of migration in the future is to increase, the costs will also rise. Immigrants also pose a potential threat to the Schengen area. Many countries (France, Germany, Austria, Denmark, Sweden and Norway) have decided to temporarily suspend the freedom of movement or introduce border checks due to a large and uncontrolled flow of migrants-as well as the threat of terrorism. According to studies carried out for the EU by D'A. Kancs and P. Lecca, an increase in the number of migrants may affect the growth of EU GDP by 0.2-1.4% in the long-term depending on how many immigrants will be adopted and how the process of assimilation will proceed (Kancs, Lecca, 2017). It is a difficult task for the EU authorities to ensure legal employment and development opportunities for immigrants. There are some urgent challenges to be faced, such as 1) filling the gaps in educational achievements, and adjusting the level of

education to European standards; 2) increasing the employment of immigrants, especially among women; 3) mitigating the risk of migrant social exclusion poverty. (Kancs, Lecca, 2017)

### **3. A Marshall Plan with Africa**

Migration from Africa to Europe may have a positive impact on the European economy, but only to a certain extent. According to forecasts, by 2050, the European population will be reduced by almost 27 million people (Fig. 1), while Africa's population will have increased by more than one billion. It is impossible to provide these people with jobs or a decent life in Europe. This is why the initiative of the "Marshall Plan for Africa" was born, just as over half a century ago, the US helped to rebuild post-war Europe, so today Europe wants to help Africa. Africa has immense human potential as well as natural resources, such as crude oil, gold, platinum and diamonds. The opportunities for extraction and development are large, but often not used due to lack of funds or corruption, but mainly due to investors' fear of capital losses.

It is important to know what exactly constitutes the European Marshall Plan with Africa, prepared by the Federal Ministry for Economic Cooperation and Development of Germany at the beginning of 2017. The problems that Europe struggled with after the Second World War are not comparable to the current problems of Africa. However, the importance of today's struggles, the migration crisis and the anticipated changes in the global economy, put the African economy at the top of European cooperation priorities. There is a need to focus on issues that will release the potential of Africa, i.e. foreign trade, stimulating private investment, job creation, and increasing employment and private sector development. European-African cooperation in these areas may bring tangible benefits to both sides. Cooperation between European and African universities, companies and institutions, as well as foreign direct investments will enable spill-over effects in the African economy, development of the labor market and increasing the level of African employee qualifications.

The Marshall Plan with Africa consists of three main pillars on which aid is to be based: 1) economic activity, trade and employment, 2) peace and security, 3) democracy, the rule of law and human rights, envisaging over 100 potential solutions for the most important problems. It also provides four additional areas of activity: 1) food and agriculture, 2) protection of natural resources, 3) energy and infrastructure, 4) health, education and social protection. (Federal Ministry for Economic Cooperation and Development, 2017)

Although Africa has a large agricultural potential, a significant part of the population suffers from hunger due to lack of innovation and difficult access to water. Well-thought-out revolutionary action is needed to match the offered support, so that Africa can face the challenge of feeding its citizens in the future. The whole plan provides for increasing development opportunities for women, who in African countries are still characterized by a lower level of education, qualifications, and often discriminated against.

The German initiative of the Marshall Plan suggests the following tasks for Africa under the first pillar: 1) improvement of the investment climate in the country, including ease of doing business, 2) development of intra-continental trade, creation of a free trade zone in Africa, 3) ratification of the Trade Facilitation Agreement (TFA), 4) development of technical and vocational education, adapted to the requirements of the labour market (Federal Ministry for Economic Cooperation and Development, 2017, p. 17). It is repeatedly stated that neither the EU nor Germany wants to impose their solutions on Africa, they only want to give impetus to change.

On the part of the Member States and the whole EU, the support included: 1) providing support for economic and energy partnership between the EU and North Africa, 2) development of both political and economic cooperation within the Union for the Mediterranean, 3) support for the African private sector, 4) promoting legal migration from Africa to the European Union

in order to gain work experience through special training. An important role in this plan is attributed to Germany, including creating tax incentives for investing in Africa, concluding double taxation treaties with all African countries, and introducing special initiatives for employment and training of young Africans, in cooperation with the German private sector, as well as international organizations (ILO) (Federal Ministry for Economic Cooperation and Development, 2017).

First-pillar activities are to lead to the development and annual creation of new jobs for people entering the market. First-pillar activities aim to bring about the development and annual creation of new jobs for people entering the market. Despite the changing climate, agriculture will continue to play a significant role in the African economy. Therefore, it is necessary to modernize it so that it is more efficient and profitable. A key role is played by the development of the private sector which has the capability to enable intensive economic development. The structure of the African economy requires changes – it is necessary to develop the industry sector, but also to ensure an adequate inflow of foreign investments. Unless stable access to electricity is provided (everyday shortages of electricity due to obsolete power lines without proper maintenance), the chances are low. If the help is used to improve the infrastructure, increase access to water and energy, access to the European Common Market will be able to bring tangible benefits to African countries.

The second pillar includes ensuring security. Wars destabilize the economy, create an unfriendly environment for investment and business activity, while also causing mass migrations. The African Union in Agenda 2063 confirmed that ensuring peace and security are two of the main goals for the future.

The third pillar is aimed at counteracting the current situation in most African countries, which is characterized by low rule of law, inefficient administration and corruption. It is estimated that Africa loses an average of 50 billion dollars annually as a result of illegal financial flows. Confidence in government institutions in African countries is considered the lowest in the world. Africa needs help from the European Union so as to find the right path to establishing democratic states, protection of human rights, independent courts and an appropriate tax system. Actions that are aimed at addressing these problems will positively influence the interest of individual investors.

## **Conclusion**

In 2050, the African population will make up a quarter of the world's population. This creates many threats to the global and European economy. Due to two main factors characterizing the future of the African economy (demographic and climatic changes), as well as tendencies for future migration, it can be concluded with certainty that the problem of economic migration in the coming decades will intensify. It will produce many negative effects, including: 1) increased burdens on Member State budgets related to ensuring social security for migrants, increasing protection of external and internal borders; 2) increased threat of religiously motivated terrorist attacks and elevated economic impact of terrorism for the economy; 3) the widening gap in European unity, due to the lack of a common position regarding arrivals from Africa and the Middle East. However, according to research, an increase in the number of migrants can contribute in the long run to a rise in EU GDP by 0.2-1.4% per year.

To solve the migration problem in Europe, not only a large financial help is necessary, but also a plan to allow Africa to adapt to the changing climate and unlock the potential of its economy.

Not only Europe is involved in helping Africa, but the whole world. In September 2018, China declared its help, both through loans and incentives to intensify cooperation between Chinese and African companies. (PAP, 03.09.2018) In 2050, more than 20% of the world's

population will be living in Africa. A lack of help, disregard for the problem of poverty and lack of development will have a negative impact on the entire global economy and, above all, will undermine global economic growth. The Marshall Plan with Africa is extremely important for the European side. Africa and Europe are bound not only by geographical issues and past history, but above all – a shared future, as both continents have a chance to complement each other, cooperate in solving problems, and become synergic economic partners.. The good will of European countries is not enough to succeed. Africa has to fight against nepotism and corruption - without this all European aid will turn out to be futile. For the European Union, which has been struggling against many crises for years, the overcoming of the migration crisis may mean a socio-political success that will tighten European integration. Africa has considerable potential. if the European Union succeeds, by intensifying cooperation, developing trade, access to the common market as well as supporting reforms in African countries, undoubtedly both sides, European and African, will gain significant economic and political benefits.

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