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The Impact of Brexit on Economic Migrants in the UK: Implications for Poland and Its Citizens

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Brexit can have negative consequences for EU citizens living in the United Kingdom as well as for Britons living in other EU Member States. The scale and nature of its impact will depend on the model of future relations between the UK and the EU as well as on how quickly the latter agrees to it. Paradoxically, if Brexit reduces economic migration to the UK, it will mostly hurt the British economy and its labour market. For Poland, given its own demographic trends, the prospect of a return to the country of a number of workers is very positive.

The lack of ready-made solutions for the UK's relationship with the EU after a possible Brexit will bring uncertainty, not only for the overall economy and business sector but also for more than three million EU immigrants living in Britain. Because Poles are the largest group of non-UK residents in the country (numbering more than 850,000), it should not be surprising that a recent survey conducted by the University of Edinburgh found Poland to be the country that most favours a solution that would allow the UK to remain in the European common market, thus maintaining freedom of movement after it leaves the Union.

The Paradox of Brexit. While British Eurosceptics have long called for a reduction of EU immigration to the UK,[1] it may paradoxically harm the British economy, since it will increase shortages in the labour market and increase the cost of employment. Consequently, it will translate into a decline in British competitiveness, especially in the region of London, where its prosperity has been based largely on the work of immigrants. Bloomberg Intelligence estimates that reducing immigration by 100,000 people a year after Brexit could lead to a decline in British GDP of more than 1% by 2020, which would be accompanied by a gradual increase in public debt.

Brexit will also have negative consequences for British citizens living in other EU Member States. For example, it can hinder access to public services, such as healthcare for more than 500,000 pensioners residing permanently in Spain, France, and Italy, or deprive more than 35,000 Britons the right to receive social benefits in other countries.

Scenarios. From the perspective of EU immigrants, the most optimistic scenario predicts that despite Brexit, the UK remains a member of the European Economic Area (EEA) and keeps its labour market open to EU citizens. However, from both a legal and political point of view this solution is rather unlikely, especially in the short term. First, Article 50 of the Treaty on European Union (TEU) implies that a Member State may withdraw from the EU only in its entirety, that is, from all areas of integration, including the common market. Second, for the UK to stay in the EEA would require agreement on the free movement of people, which is one of the aspects of Britain's EU membership most criticized by the country's Eurosceptics.

Another scenario would be for the UK to sign bilateral agreements with some EU states concerning such things as freedom of movement of people. This solution is not very realistic, either. First, negotiating separate agreements would be time consuming and would require the creation of individual sets of regulations. Second, the very nature of its selectiveness could meet resistance from other countries or the whole EU, which would not like the idea of

[1] K. Borońska-Hryniewiecka, "A Win-win situation? What to Make of the UK-EU Deal," *PISM Strategic File*, no. 3 (84), February 2016.

London differentiating between EU states as more or less privileged, especially after its withdrawal from the Union. Finally, even if such agreements were in place, they likely would include the principle of reciprocity and logically pertain only to those countries with high populations of British immigrants (i.e., Spain, France or the Scandinavian countries), which would exclude Poland.

The most likely scenario after Brexit seems to be the UK's gradual application of its national immigration rules to EU citizens, while working out in parallel an agreement with Brussels on new rules for access to the common market. In this case, retrieving domestic control over immigration policy would not be permanent, since by both joining the EEA (Norwegian example) as well as gaining access to the single market on an individual basis (Swiss example) would require the UK to re-open its labour market to EU citizens. Negotiations on this issue will be problematic for both sides and may not end successfully. UK Prime Minister David Cameron has already announced that the UK will not be satisfied with duplicating Norway's case, which, as a member of the EEA, has neither voting rights in the EU Council nor representatives in the European Commission. Meanwhile, the EU, exhausted by its previous negotiations with the UK and disappointed by Brexit, would not be prone to offer London integration *à la carte* and certainly would not agree to a solution discriminatory to EU citizens.

Status of Polish Citizens after Brexit. If the UK takes up the third scenario, those who should be worried are those who arrived in the UK after 2012. According to British law, immigrants who reside in the UK legally for more than five years can apply for permanent residence, a document that confirms their right to live in the country permanently without any conditions. According to British data on labour migration, in the years 2012–2015, about 400,000 Polish citizens received a National Identification Number (NINo) for tax and other purposes.[2] On the other hand, the International Passenger Survey, which records the number of people entering and leaving the UK, reveals that from the beginning of 2012 to the end of 2015, on average 30,000 Poles entered the UK each year. Although it is difficult to determine precisely how many Poles may not be eligible for permanent residence after Brexit, from the data above it can be estimated that it may affect between 120,000 and 400,000 people. Under the third scenario, they likely will have to apply for a visa under UK legislation, and if refused the right to stay, would need to leave the country.

In such a case, given that the percentage of Poles who want to stay in the UK permanently increased in 2014 to 54%, some of them may decide to legally challenge the expulsion decisions when they see their professional plans in the UK demolished or if they narrowly miss the permanent residence criteria. Moreover, the application of strict British regulations on immigration will not happen overnight, requiring first the repeal of existing domestic legislation based on EU law. This most probably will be done while negotiating the terms of the UK's withdrawal from the EU based on Art. 50 TEU and could take up to two years.

Implications for Poland. The change in British immigration policy after Brexit may have at least two negative implications for Poland. First, the return of Polish migrants may reduce the total of financial transfers sent by Polish immigrants to Poland, which now amounts to about PLN 5 billion (€1.2 billion) a year, and in some areas of the country significantly drives domestic consumption. Second, the 6,000 Polish students studying at British universities may mean Warsaw will have to address the problem of the increase in fees and loss of access to student loans. To what extent the Polish government would be able to support these students and, at the same time, encourage them to work later in Poland remains an open question.

Yet, with regard to migration, the potential of Brexit may also have positive implications for Poland. Given the country's demographic decline and shortage of skilled labour, the prospect that some number of Poles would return to Poland with experience gained in the competitive UK market is an optimistic scenario for the Polish economy. In the longer term, Brexit would also discourage potential emigrants from travelling to the UK because they would have to undergo complicated procedures for entry, including a guarantee of employment or evidence of significant financial means. The scale of these returns for Poland, however, may be smaller than expected, especially if people who are forced to leave Britain decide rather than return to Poland to migrate to another EU Member State they think offers them a better future. Given its geographical proximity to the UK and common language, the first choice for many may be Ireland.

Poland's campaign to encourage Poles to return to the country has already started within the framework of the government programme called "Returns." Yet, in the face of Brexit, the challenge for the Polish administration will be how to develop a more comprehensive policy that would effectively exploit the human capital of the returning migrants for the benefit of the country's economy. It could achieve this by, for example, facilitating the returning Poles with starting their own businesses based on their experience from the UK. In any case, it is appropriate for relevant public institutions to review best practices of other countries in terms of the reintegration of returning migrants to a country's labour market.

[2] Migration Statistics Quarterly Reports (2012–2015), the British Office for National Statistics. The number of granted NINo does not reflect the actual number of economic migrants in the UK during the analysed period, as it also includes short-term migrants or those who came to the UK earlier, but only after some time applied for NINo. NINo and IPS estimates are not directly comparable with each other.