



# Prospects for Integration of Migrants from “Third countries” and their Labour Market Situations: Towards Policies and Action



Project Brief 1, May 2009

## “Third country nationals” and the economic crisis: The case of Cyprus

**Written by**

**Nicos Trimikliniotis**

**Main facts**

Cyprus, a micro-state of an area of 9,251 sq. Km (population in the Government controlled area 789,300), which joined the EU on Mayday 2004, is a de facto divided country which has recently been transformed from a net exporter to a net importer of migrants. The historical setting of Cyprus has been dominated by the ethnic relations between the two constitutionally recognised ‘communities’, Greek-Cypriots and Turkish-Cypriots, as well as the role of foreign forces. The Greek junta coup and the Turkish invasion of 1974 left the Cypriot society and economy devastated: 18% fall of the GNP between 1973 and 1975, 30% rise in unemployment, mass poverty and a loss of 37% of the country’s territory. However, since then Cyprus has seen extensive economic development and has been transformed into a society ‘hosting’ to immigrants. The country is de facto divided in two: the Greek-Cypriot southern part (66% of the territory) under the control of recognised Government and the northern part, where Turkish-Cypriots reside, which remains unrecognised (34% of the territory).

The change of policy in 1990 allowed migrant workers to be granted short-term contacts to specific employers on specific jobs in the designated sectors of employment. The system is based on a short-term work permits and stay visas, which lasted up to 4 years, but under certain circumstances and in practice could be extended further. As a service-based economy, with tourism as its’ single most important product it is very much integrated in the world economy and subject to the volatility of the global economic crisis. It was regional and global factors that led to the large growth of the 1970s, 1980s and 1990s that transformed the shape and nature of the economy within a short period from a less developed agricultural economy and society into a modern service-based economy.

Unemployment in Cyprus remains quite low for EU standards as unemployment in the EU-27 for May 2009 stands at 8.9%: in May 2009 unemployment in Cyprus was 13,259 persons compared to 8,802 in May 2008, which marks a rise of 50.6%. EUROSTAT refers to an unemployment rate in Cyprus of 5.3% for May 2009, 5.4% for June 2009 and expects it to rise to 6% by the end of the year. The situation as regard tourism seems quite bleak at the moment as there is as 10% reduction in the numbers of tourists visiting the country and an estimated 10% drop in

the income from these sources the first half of the year; it is expected that the situation will be the same if not worse for 2010.

In the northern part of the country the demographic and population question remains a major political issue in current debates in Turkish-Cypriot politics. In any case the population issue is a major political, social, economic and cultural affair that affects inter-communal relations and attitudes, particularly as regards the current negotiations for a settlement of the division of the country. The number of non-Cypriots, mostly for Turkey is a hotly disputed issue. Reports refer to 100,000, others to 220,000-230,000 and other refer to 500,000. There are different categories of persons, who are often treated as a homogeneous group of 'Turkish settlers', as Turkey is accused of trying to alter the demographic character of Cyprus via a policy of colonisation of the northern part of the country. Nevertheless, research shows that the group is heterogeneous, including precarious workers who perform jobs no longer attractive to Cyprus at a low cost as well as persons who can be classified as settlers.

### **Labour market situation**

The current immigration policy in Cyprus was largely formulated in the 1990s, when the government decided to abandon the restrictive policies followed until then and allow more migrant workers into the country in order to meet labour shortages. The trade unions abandoned their opposition to the change of policy on the condition that certain criteria are met: the permits would be restricted only to those economic sectors and job that Cypriots no longer would like to work there; however, it was agreed that the labour relations and standards of labour and pay are to be maintained. This change of policy meant that Cyprus was transformed, from a country that traditionally exported migrants to all corners of the earth, to a net recipient of migrants from all over the globe. Today, the total number of resident non-Cypriots in the southern part of the country is estimated to a total of about over 150,000, some say 200,000, if we included the estimation of the irregular/undocumented migrant workers: 70,000 third country nationals and another 70,000 EU citizens representing approximately 20% of the total population which resides in the south of the island. Most of these are migrant workers whose main areas of employment are: domestic workers, service industry (tourism, trade), manufacturing industry, agriculture and construction. Estimations about the numbers of undocumented migrant workers vary between 10,000 and 30,000. We have witnessed a steady rise in the number of EU citizens taking up the right of movement of workers to work in Cyprus: according to the migration office there are currently 138,000 non-Cypriots legally residing in Cyprus, out of whom over 70,000 EU citizens. According to the Ministry of Labour and social Insurance, the number of EU citizens figure in July 2008 was 49,639 and mean figure for 2008 was 42,303 EU citizens, in comparison to 57,137 and 55,174 respectively from third countries. Third country nationals include persons from Eastern Europe, south east Asia (particularly women, mainly from the Philippines, Sri Lanka, India and Pakistan), China and Arab and middle eastern countries such as Syria, Palestine, Egypt, Lebanon, Iran etc.

While migrants from Asia and Eastern Europe enter Cyprus primarily for employment or business reasons or for study, many EU15 nationals, mainly from the UK, many of whom are pensioners, and returning Cypriots intend to become permanent residents. The majority of Greek migrants are Russian-Greeks or Pontians and over two-thirds of them enter Cyprus for employment purposes. Overall, in 2003 the year before

accession to the EU, 55% of long-term migrants came for employment; 10% for study or training; and 31% for permanent settlement. Migrants entering on a student visa are not allowed to work and as a result many subsequently apply for asylum in order to obtain a work permit. Since April 2003, when the border between the north and south was opened, several thousand Turkish Cypriot workers daily have been entering the south for employment. These crossing of barbed wire may be considered as 'internal migrants' but are not included in the migration statistics. The number of official foreign workers increased by one third between 2001 and 2003 and were mainly employed in Private Households (30%); Hotels and Restaurants (19%); Wholesale and Retail (11%); Agriculture and Forestry (9%); Construction (8%); Manufacturing (8%); and Other (15%). Unemployment is low in Cyprus (about 3.5-4% between 2003 and 2006). In general, migrant workers are employed in manual, unskilled, low-paid and low-status jobs. Migrants are often forced into conditions of isolation and many, such as domestic workers, are restricted in terms of the sectors where they can work. Migrants entering Cyprus on a work permit are rarely allowed to stay long enough to acquire citizenship. This may partly explain why there is systematic discrimination against immigrants and only a limited attempt to integrate them into the country's labour market and social life.

There is a gendered and ethnic division of labour, although there are overlaps and complications in the processes of segmentation. Domestic workers, cleaners and carers, consist almost entirely of Asian, and primarily Filipino, Sri lankan, Indian women, but recently we have seen some eastern Europeans. Other sectors, such as building and construction, are male dominated (Syria, Egypt). There are both men and women in low paid jobs in production and services; however there are industries with sectors that consist entirely of men or entirely of women. Even where there are both men and women in a particular sector, a sexual division of labour may be found, as well as wage differentials. In the hotel industry for example many employers may employ women in what they consider 'feminine' types of jobs (cleaners, room attendees etc.) and men in more 'male' types of works (such as bar work, waiters, kitchen etc.) though this is not always the case. There is a high concentration of women's participation in the service sector, particularly domestic/care service and within the sex or leisure industry; a sector, where the undocumented nature of much migration is important in structuring its relation to the market, in terms of the hidden or private economies.

### **Quality assessment of current affairs**

The economic crisis is causing uncertainty and insecurity amongst population; with the rise in unemployment in 2009 the presence of migrants has become an issue that is debated in the media. In the 2009 European Parliamentary there were racist and anti-immigrant discourses openly articulated for the first time in Cypriot elections, which traditionally has no typical far right / xenophobic populist or Neo-Nazi party, focusing on anti-immigration populism or anti-Semitic politics. In the 2009 European Parliamentary elections a neo-Nazi type of party called 'Ethniko Laiko Metopo' (ELAM) contested the elections and received 663 votes (0.22 percent); it received no media coverage or air time. Also a small party on the Greek-Cypriot Right, Evropaiko Komma (EVROKO), tried to capitalise on xenophobic anti-immigration, arguing that Greek-Cypriots 'are becoming a minority in their own country'; it connected the issue of Turkish settlers to the alleged 'out of control' employment of 'illegal aliens' who are blamed for taking the Cypriots jobs and for

criminality. So far these groups are marginal but this is because no major party has taken up the issue.

In any case the continuation of the economic crisis is likely to accentuate problems and there will pressure on Government to become tough on migration.

### **Relevant policies evaluation**

It is difficult to predict how deep the crisis will be in Cyprus: so far the effects have been mild, when compared to other EU countries – the economy is expected to continue to grow for 2009, albeit marginally, when many other EU countries have negative economic growth. However, unemployment is climbing up and the predictions for 2010 are not positive. In this sense the question of the presence of TCN is likely to remain an issue on the political agenda. Already, some smaller political groups are trying to capitalise on a xenophobic and anti-immigrant agenda. It has to be pointed out that research studies and surveys show that Greek-Cypriots in general overwhelmingly blame non-Greek-Cypriot migrant workers, and in particular Pontiac migrants for the rise in unemployment, drugs, criminality and car accidents. Also, as the economic crisis is beginning to bite there are increasing calls to reduce the numbers of TCN migrant workers to reduce Cypriot unemployment which has doubled over the last year. However, various studies show that overall migration is not a significant factor in increasing unemployment, since it supplements rather than replaces the local labour force. Nevertheless, one study suggests that the presence of migrant workers raises the likelihood of unemployment among people aged less than 29 years compared with their older counterparts, particularly for those with a secondary or upper secondary education. On the other hand, migrants may also have a positive impact on employment levels, making it easier for women in particular to participate in the labour market and find jobs. The increase in the employment of domestic workers (mostly third-country nationals) has substantially contributed to the increase both full-time and part-time employment among women.

### **Conclusions, suggestions for policy improvement**

Labour migration is a major factor in reshaping the Cypriot economy and society. The arrival and presence of migrants, together with the island's accession to the EU in 2004 and the failure so far to resolve the Cyprus problem, are factors that have shaped the institutional and political climate since. Moreover, Cypriot society is faced with new challenges such as problems of racism and discrimination towards migrants as well as other vulnerable groups.

- The question of multiculturalism is now a vital element in educational reform and the question of integration and full participation of migrants in society is a major challenge that needs to be met.
- Furthermore, there are questions that require scrutiny of the structural, socio-economic and political institutions to address discriminatory patterns against migrants. Accession to the EU has brought about new challenges and a new institutional framework demanded by the EU Acquis to combat discrimination;
- The aims of integrating migrants and to effectively combat 'illegal migration' are in practice policies that contradict each other, unless the question of regularisation undocumented / irregular migrants is discussed. Despite the fact migrant-support organisations have put it on the agenda, this is an issue has never been seriously discussed in

Cyprus, This may be the only way to deal with the issue effectively and bring out of the closet a number of thousands of workers in appalling precarious conditions. However, it is an issue likely to be connected to Cyprus dispute and policy-makers are not willing to seriously engage with it.

- Finally, questions relating to the population, settlement and migration in the northern part of the country require special attention as they impact directly on the unresolved Cyprus problem.