



Brussels, 12 June 2015

9631/15

**SOC 407
MI 377
EDUC 205
ECOFIN 448
JEUN 47
JAI 428
ETS 4**

NOTE

from: Commission
to: Delegations

Subject: Report on the Functioning of the Transitional Arrangements on Free Movement of Workers from Croatia and accompanying Commission Staff Working Document.
- Information from the Commission

Delegations will find attached a note by the Commission on the above subject, with a view to the EPSCO Council on 18 June 2015 (AOB item).

The full report and the accompanying document can be found in docs **9653/15** + ADD 1.

Background

The 2011 Act of Accession of Croatia to the European Union has introduced transitional arrangements on the freedom of movement of workers from Croatia. The transitional period of 7 years is divided into three distinct phases, the first of which ends after two years following the date of accession, i.e. on 30 June 2015. The Act of Accession stipulates that before the end of that two year period, the Council shall review the functioning of the transitional provisions on free movement of workers from Croatia on the basis of a report from the Commission (Annex V, part 2, paragraph 3 of the Act of Accession).

The Report

The Commission's report provides information on the legal background for the transitional arrangements, statistical information on mobility flows from Croatia and their possible evolution together with an analysis of their potential economic, labour market and social impacts in EU-27 Member States and in Croatia. Detailed figures and references are provided in the accompanying Commission Staff Working Document.

The main conclusions of the Report are the following:

- After the accession flows of the Croatian workers have been directed towards traditional destination countries (Germany, Austria and Italy) despite the restrictions, while they increased by very little in absolute terms in a few countries having opened their labour markets. This confirms that mobility flows are influenced by many factors besides the restrictions, such as employment opportunities, network effects and historical, cultural and linguistic factors.
- After 30 June 2015 potential flows of Croatian workers to other EU Member States are likely to be small, at least in percentage of the labour force of the EU and in most destination countries. They are unlikely to lead to labour market disturbances, even in the main destinations (Germany, Austria and Italy).

- The young age and high employment rate tend to confirm that Croatian workers moved to other Member States mainly in order to take up employment and that they are likely to make a positive contribution to their economies.
- Croatia is experiencing a certain outflow of its young and highly educated workers, but these flows relative to the size and characteristics of Croatia's native workforce are relatively moderate, though they have increased since accession.
- Remittances to Croatia play an important role in stabilising the economy which is currently in a difficult macro-economic situation.

Next steps

By 30 June 2015, on completion of the Council's review, Member States must notify the Commission whether they wish to maintain restrictions during the next 3-year phase of the transitional arrangements or whether they will fully apply EU law on access to employment to Croatian workers.