



THE LEGISLATIONS OF ITALY AND CROATIA ON ENTRY AND STAY OF THIRD COUNTRY WORKERS: USEFUL TOOLS TO DEFEAT THE DEPOPULATION?



Effectus

Stremi visinama.

Croatian labour market and third country workers

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Trieste, Italy, 27.11.2024.

Natural population change

| Years | Live birth | | Deaths | | Natural change in population | |
|-------------|------------|---------|---------|---------|------------------------------|----------|
| | Croatia | Italy | Croatia | Italy | Croatia | Italy |
| 2014 | 39.566 | 502.596 | 50.839 | 598.364 | -11.273 | -95.768 |
| 2015 | 37.503 | 485.780 | 54.205 | 647.571 | -16.702 | -161.791 |
| 2016 | 37.537 | 473.438 | 51.542 | 615.261 | -14.005 | -141.823 |
| 2017 | 36.556 | 458.151 | 53.477 | 649.061 | -16.921 | -190.910 |
| 2018 | 36.945 | 439.747 | 52.706 | 633.133 | -15.761 | -193.386 |
| 2019 | 36.135 | 420.084 | 51.794 | 634.417 | -15.659 | -214.333 |
| 2020 | 35.845 | 404.892 | 57.023 | 740.317 | -21.178 | -335.425 |
| 2021 | 36.508 | 400.249 | 62.712 | 701.346 | -26.204 | -301.097 |
| 2022 | 33.883 | 393.333 | 56.979 | 715.077 | -23.096 | -321.744 |

Source, Eurostat, Live birth (total); Deaths (total), Population;

https://ec.europa.eu/eurostat/databrowser/view/demo_fmonth_custom_13797689/default/table?lang=en,
https://ec.europa.eu/eurostat/databrowser/view/demo_mmonth_custom_13797720/default/table?lang=en,
https://ec.europa.eu/eurostat/databrowser/view/demo_pjan_custom_13797979/default/table?lang=en.

Natural population change (%)

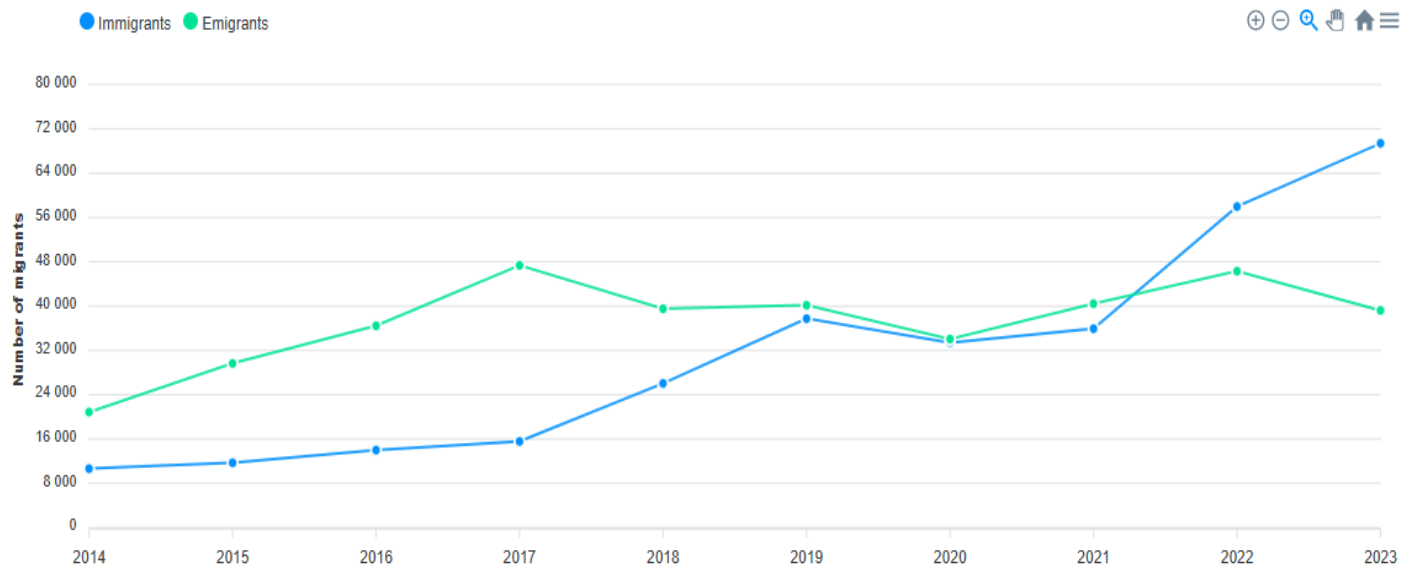
| Years | Live birth (in % of 1.000 citizens) | | Deaths (in % of 1.000 citizens) | | Natural change in population (in % of 1.000 citizens) | |
|-------------|-------------------------------------|-------|---------------------------------|-------|---|-------|
| | Croatia | Italy | Croatia | Italy | Croatia | Italy |
| 2014 | 9.38 | 8.33 | 12.05 | 9.92 | -2.67 | -1.58 |
| 2015 | 8.97 | 8.06 | 12.96 | 10.74 | -3.99 | -2.68 |
| 2016 | 9.09 | 7.87 | 12.48 | 10.23 | -3.39 | -2.35 |
| 2017 | 8.96 | 7.63 | 13.11 | 10.81 | -4.14 | -3.17 |
| 2018 | 9.20 | 7.34 | 13.13 | 10.56 | -3.92 | -3.22 |
| 2019 | 9.11 | 7.02 | 13.05 | 10.61 | -3.95 | -3.58 |
| 2020 | 9.11 | 6.79 | 14.50 | 12.41 | -5.38 | -5.62 |
| 2021 | 9.38 | 6.76 | 16.11 | 11.84 | -6.73 | -5.08 |
| 2022 | 8.77 | 6.66 | 14.75 | 12.11 | -5.98 | -5.45 |

Source, Eurostat, Live birth (total); Deaths (total), Population;

https://ec.europa.eu/eurostat/databrowser/view/demo_fmonth_custom_13797689/default/table?lang=en,
https://ec.europa.eu/eurostat/databrowser/view/demo_mmonth_custom_13797720/default/table?lang=en,
https://ec.europa.eu/eurostat/databrowser/view/demo_pjan_custom_13797979/default/table?lang=en.

International population migration of the Republic of Croatia

G-1 NET MIGRATION OF POPULATION OF REPUBLIC OF CROATIA WITH FOREIGN COUNTRIES, 2014 – 2023



Source: Croatian Bureau of Statistic, Migration of the population of the Republic of Croatia,
<https://podaci.dzs.hr/2024/en/76803>

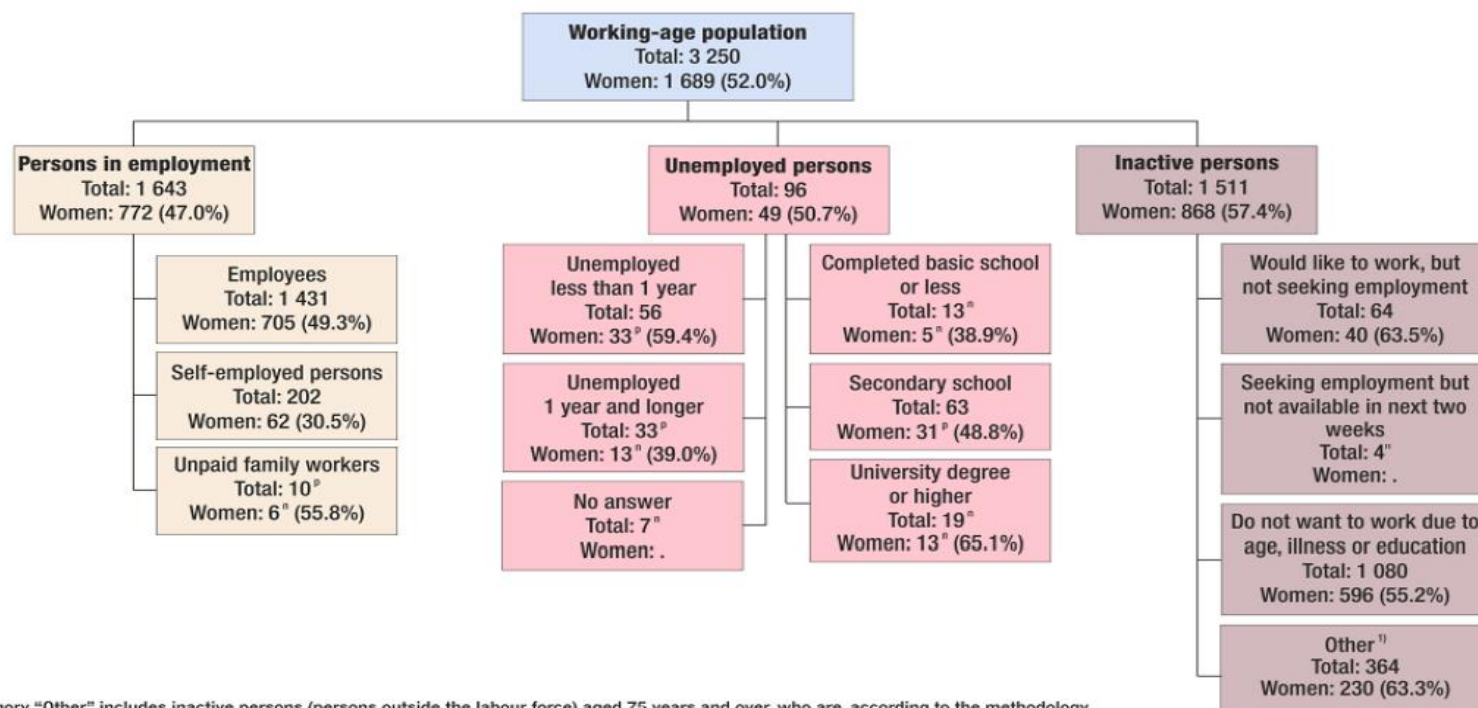
Population changes in Croatia and Italy

| | 2011 | 2021 | Changes 2011/2021 |
|----------------|-------------|-------------|------------------------------|
| Croatia | 4.284.889 | 3.871.833 | -9,63% |
| Italy | 59.433.744 | 59.030.133 | -0,67% |

Source: Eurostat, Census 2011 and Census 2021,
<https://ec.europa.eu/eurostat/web/main/data/database>

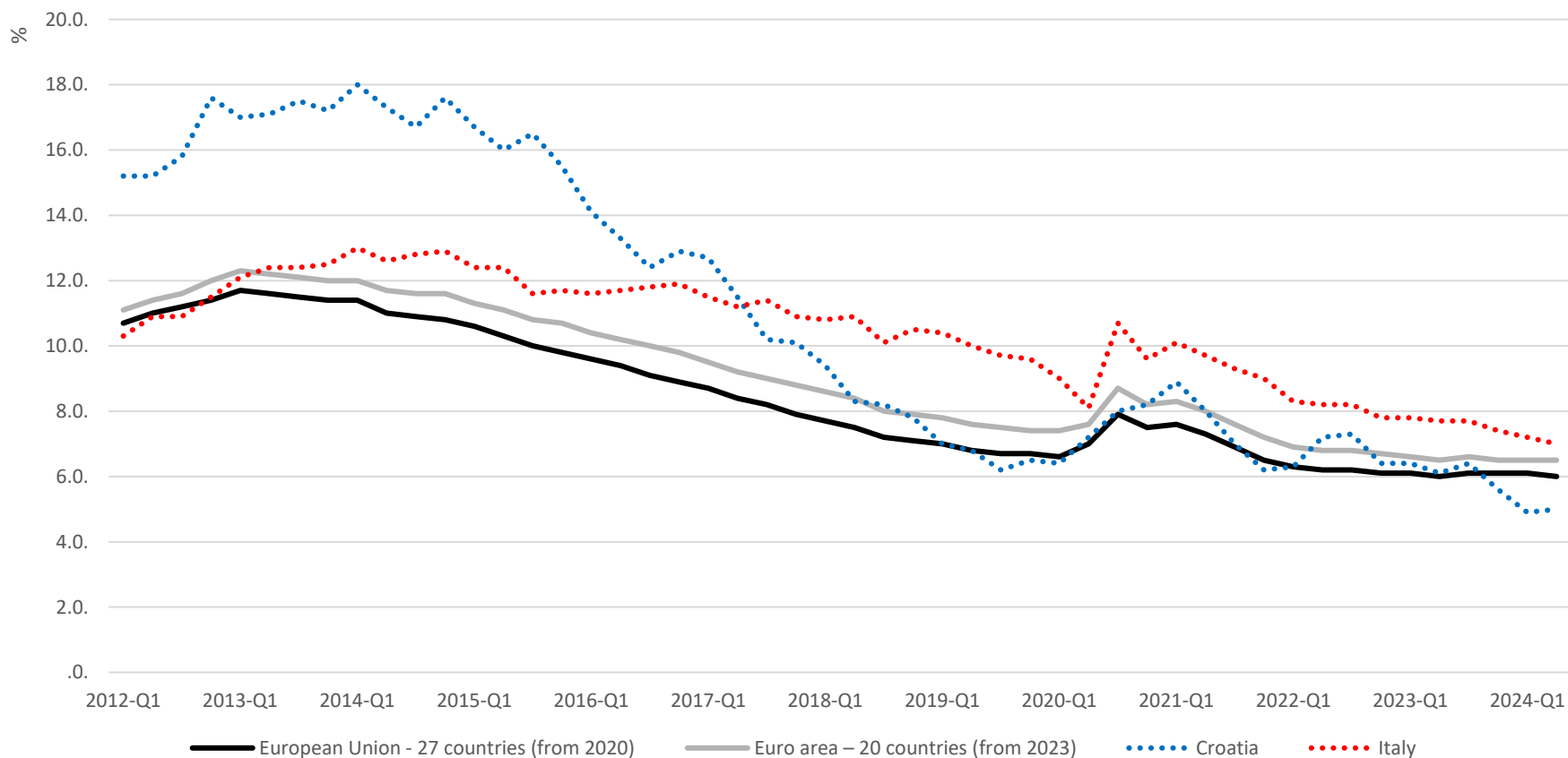
Working age population in Croatia by the activity in the first quarter 2024.

G-2 WORKING-AGE POPULATION IN REPUBLIC OF CROATIA, BY ACTIVITY, FIRST QUARTER OF 2024, '000



1) Category "Other" includes inactive persons (persons outside the labour force) aged 75 years and over, who are, according to the methodology, not asked about the details of their inactivity.

Unemployment rate, LFS adjusted data

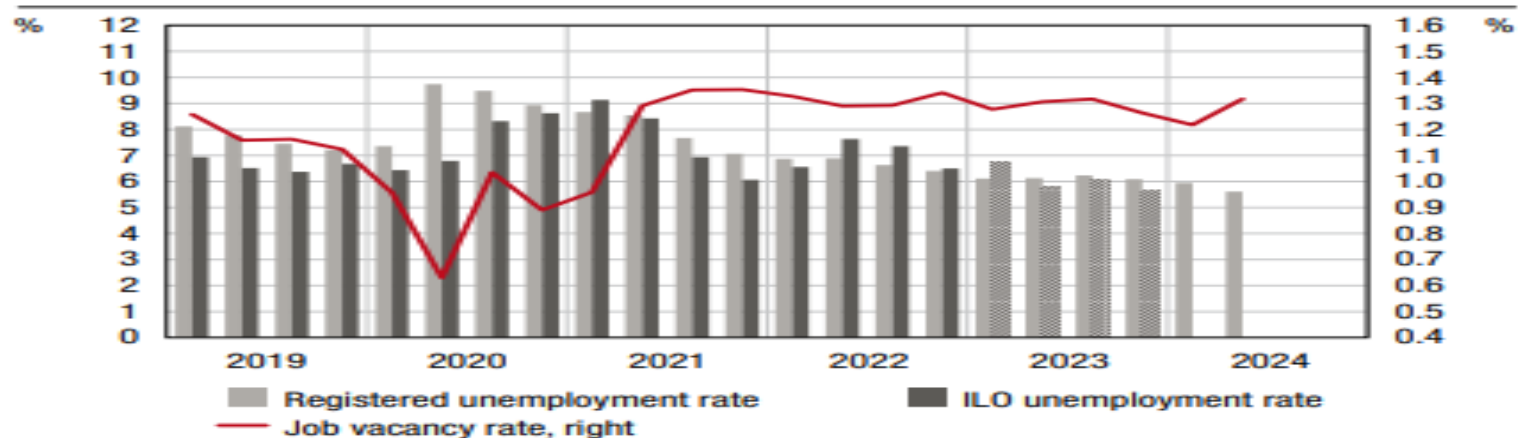


Source: Eurostat, Unemployment rate,

https://ec.europa.eu/eurostat/databrowser/view/une_rt_q_custom_13795961/default/table?lang=en

Unemployment rate and vacancies, seasonal adjusted data

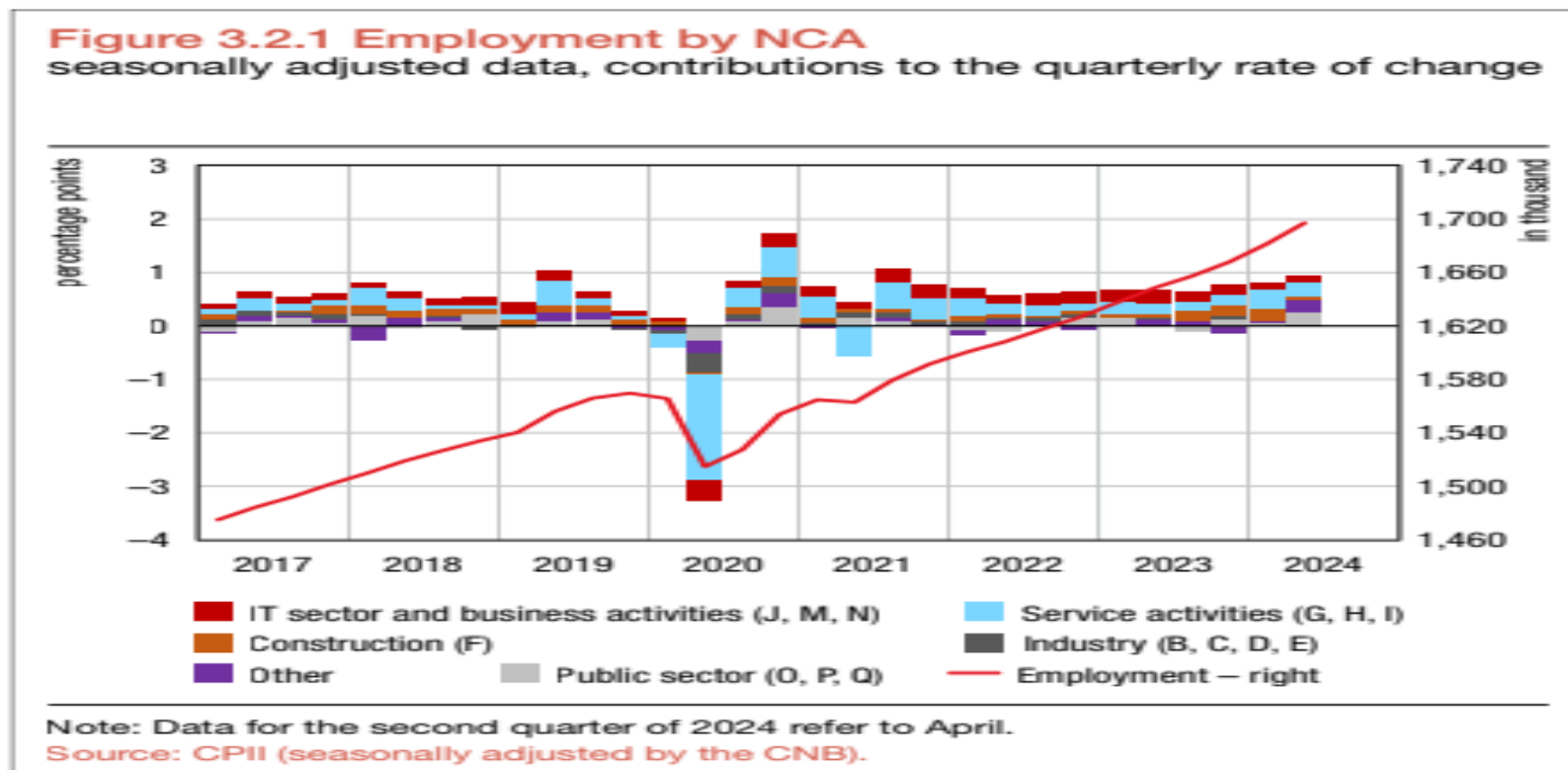
Figure 3.2.3 Unemployment and job vacancy rates, seasonally adjusted data



Notes: Data for the second quarter of 2024 refer to April. The job vacancy rate is calculated as the share of total posts that are vacant in the total demand for labour (the sum of the number of persons insured with the CPII and vacant posts). As regards the Labour Force Survey, data for the first and second quarters of 2023 are not comparable with previous quarters due to the shift to the Census 2021 data for the calculation of the indicators.

Sources: CBS, CEI and CNB seasonal adjustment and calculations.

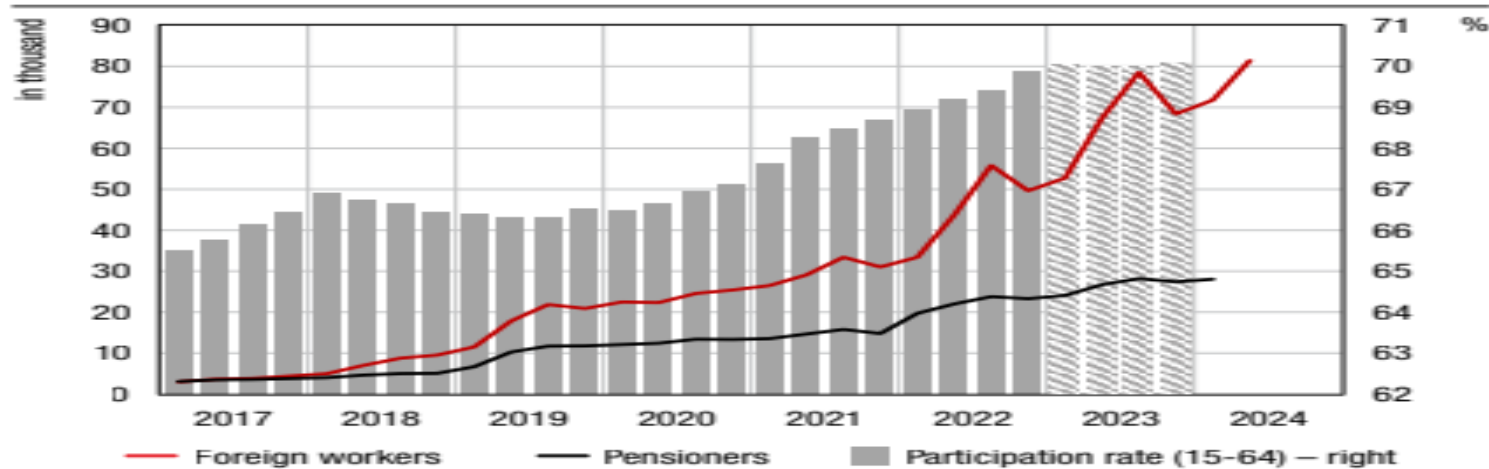
Employment by the NACE activities



Source: Croatian national bank, Macroeconomic developments and outlook,
https://www.hnb.hr/c/document_library/get_file?uuid=b0fb42f2-5097-af6e-0d7e-fcbc43cb0dcf&groupId=20182&p_auth=lQqw11w0

Participation rate, employed pensioners and foreign workers

Figure 3.2.2 Participation rate, employed pensioners and foreign workers



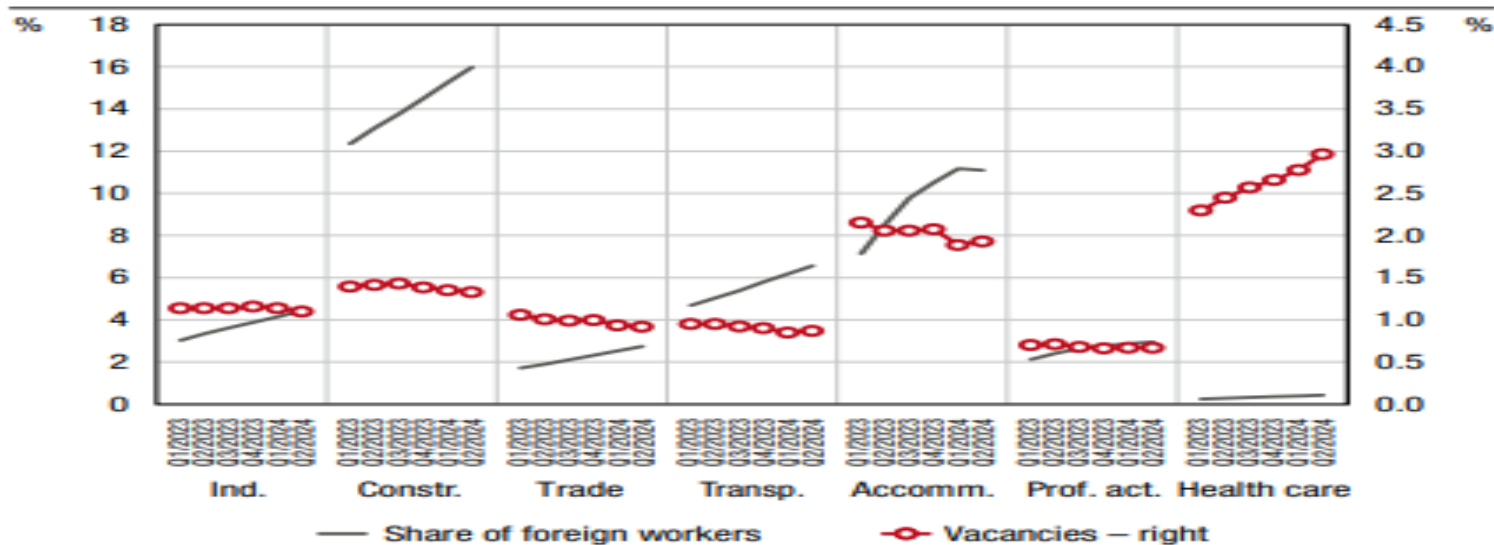
Notes: Data for the second quarter of 2024 for third country foreign workers refer to April. As regards survey data, data from the first and second quarters of 2023 are not comparable with previous quarters due to the shift to Census 2021 data for the calculation of the indicators.

Sources: CBS and CPII.

Source: Croatian national bank, Macroeconomic developments and outlook,
https://www.hnb.hr/c/document_library/get_file?uuid=b0fb42f2-5097-af6e-0d7e-fcbc43cb0dcf&groupId=20182&p_auth=IQqw11w0

Share of foreign workers and vacancy rate

Figure 3.2.4 Share of foreign workers in total employment and job vacancy rate by activity, four-member moving averages



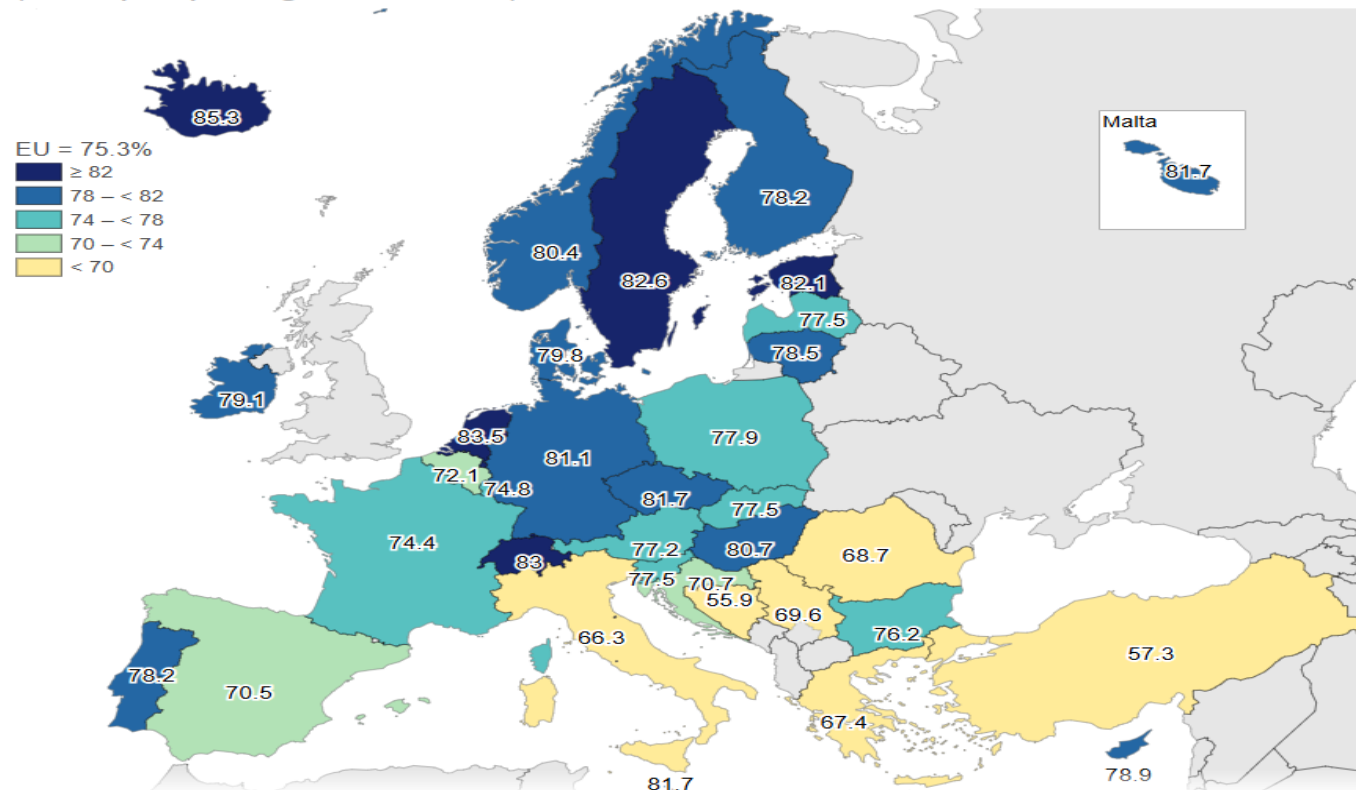
Note: Data for the second quarter of 2024 refer to April.
Sources: CNB, CEI and CNB calculations.

Unemployed people and job vacancies

| Godina Year | Registrirane nezaposlene osobe (prosjeak) Registered unemployed persons (average) | | | | | | | | | Traženi radnici Job vacancies |
|----------------------|--|-----------------|---------------|---|-----------------|---------------|--|-----------------|---------------|--|
| | Nezaposlene osobe Unemployed persons | | | Nezaposlene osobe bez radnog iskustva Unemployed persons without work experience | | | Korisnici novčane naknade Unemployment benefit recipients | | | |
| | Ukupno Total | Muškarci Men | Žene Women | Ukupno Total | Muškarci Men | Žene Women | Ukupno Total | Muškarci Men | Žene Women | |
| 2009. | 263 174 | 107 115 | 156 059 | 46 394 | 17 951 | 28 443 | 68 967 | 29 135 | 39 832 | 102 427 |
| 2010. | 302 425 | 136 805 | 165 620 | 51 011 | 21 987 | 29 024 | 78 439 | 39 004 | 39 435 | 104 739 |
| 2011. | 305 333 | 141 408 | 163 925 | 53 106 | 24 124 | 28 982 | 74 501 | 37 291 | 37 210 | 125 578 |
| 2012. | 324 324 | 152 079 | 172 245 | 57 277 | 26 844 | 30 433 | 74 171 | 36 456 | 37 715 | 131 927 |
| 2013. | 345 112 | 163 070 | 182 042 | 61 442 | 29 307 | 32 135 | 70 479 | 34 898 | 35 581 | 143 340 |
| 2014. | 328 187 | 153 485 | 174 702 | 59 640 | 28 237 | 31 403 | 58 347 | 28 644 | 29 703 | 152 869 |
| 2015. | 285 906 | 130 698 | 155 208 | 52 255 | 24 438 | 27 817 | 48 442 | 22 800 | 25 642 | 202 468 |
| 2016. | 241 860 | 107 947 | 133 913 | 42 935 | 19 297 | 23 638 | 39 907 | 17 991 | 21 916 | 232 254 |
| 2017. | 193 967 | 83 144 | 110 823 | 31 985 | 13 665 | 18 320 | 33 977 | 14 328 | 19 649 | 250 216 |
| 2018. | 153 542 | 66 403 | 87 139 | 24 144 | 9 936 | 14 208 | 29 795 | 12 917 | 16 878 | 253 116 |
| 2019. | 128 650 | 57 125 | 71 525 | 19 641 | 8 212 | 11 429 | 28 066 | 12 354 | 15 712 | 224 187 |
| 2020. | 150 824 | 67 229 | 83 595 | 20 751 | 9 005 | 11 746 | 37 447 | 16 021 | 21 426 | 164 760 |
| 2021. | 136 816 | 60 988 | 75 828 | 20 969 | 9 228 | 11 741 | 27 044 | 11 342 | 15 702 | 235 219 |
| 2022. | 116 127 | 49 465 | 66 662 | 16 959 | 7 326 | 9 633 | 23 458 | 9 268 | 14 190 | 256 458 |
| 2023. | 108 921 | 46 780 | 62 141 | 16 192 | 7 181 | 9 011 | 21 882 | 9 000 | 12 882 | 259 460 |
| Index 2023./2022. | 93.8 | 94.6 | 93.2 | 95.5 | 98.0 | 93.5 | 93.3 | 97.1 | 90.8 | 101.2 |

Source: Croatian employment services, Monthly statistic bulletin 10,2024.,
https://www.hzz.hr/app/uploads/2024/02/HZZ-bilten-10_2024-F.pdf

Employment rate, 2023 (% of people aged 20 to 64)

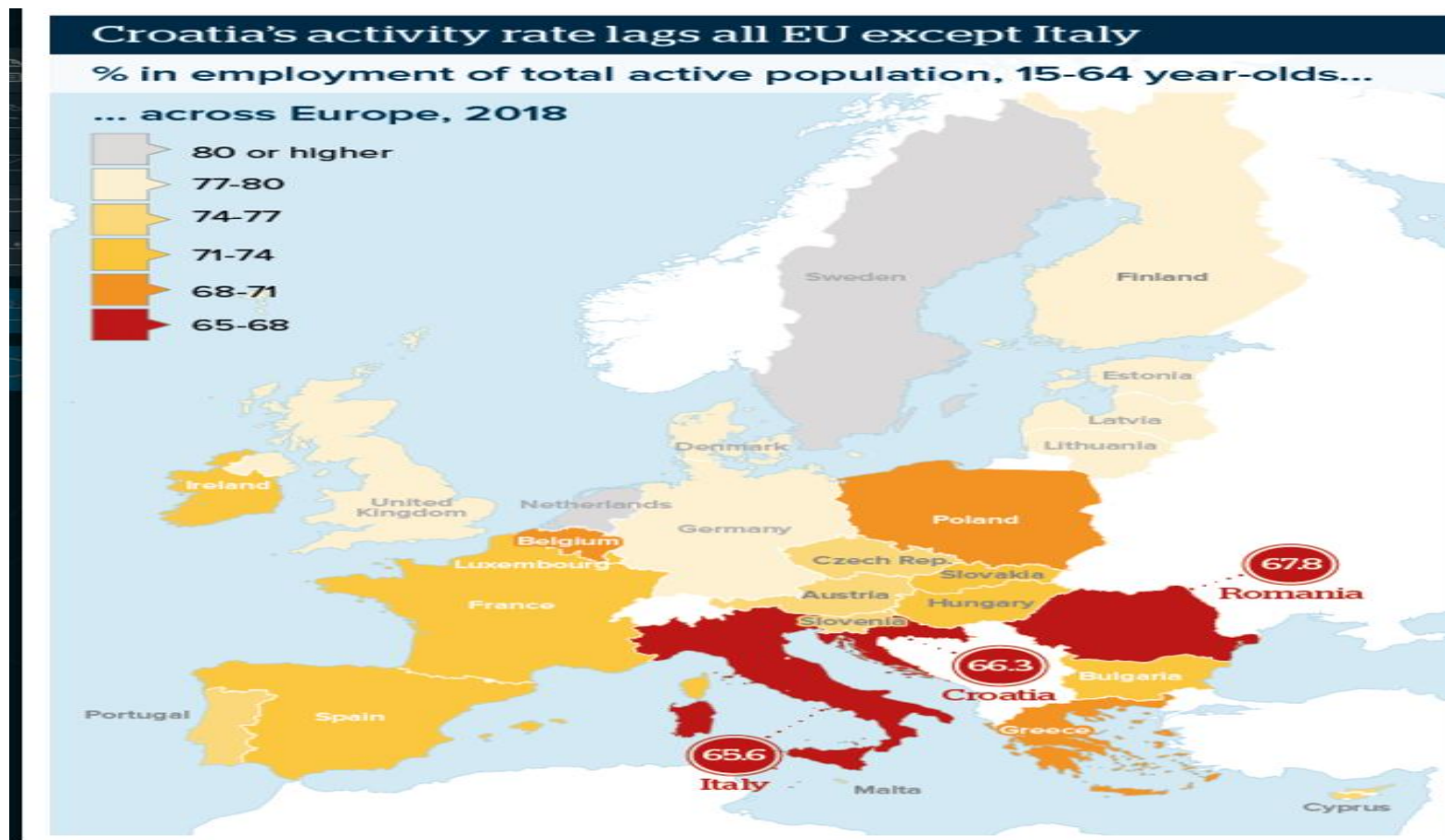


Source dataset: ifsi_emp_a

Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat
Cartography: Eurostat – IMAGE, 04/2024

Source: Eurostat, Employment rate,
<https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20240425-1>

Activity rate in Croatia

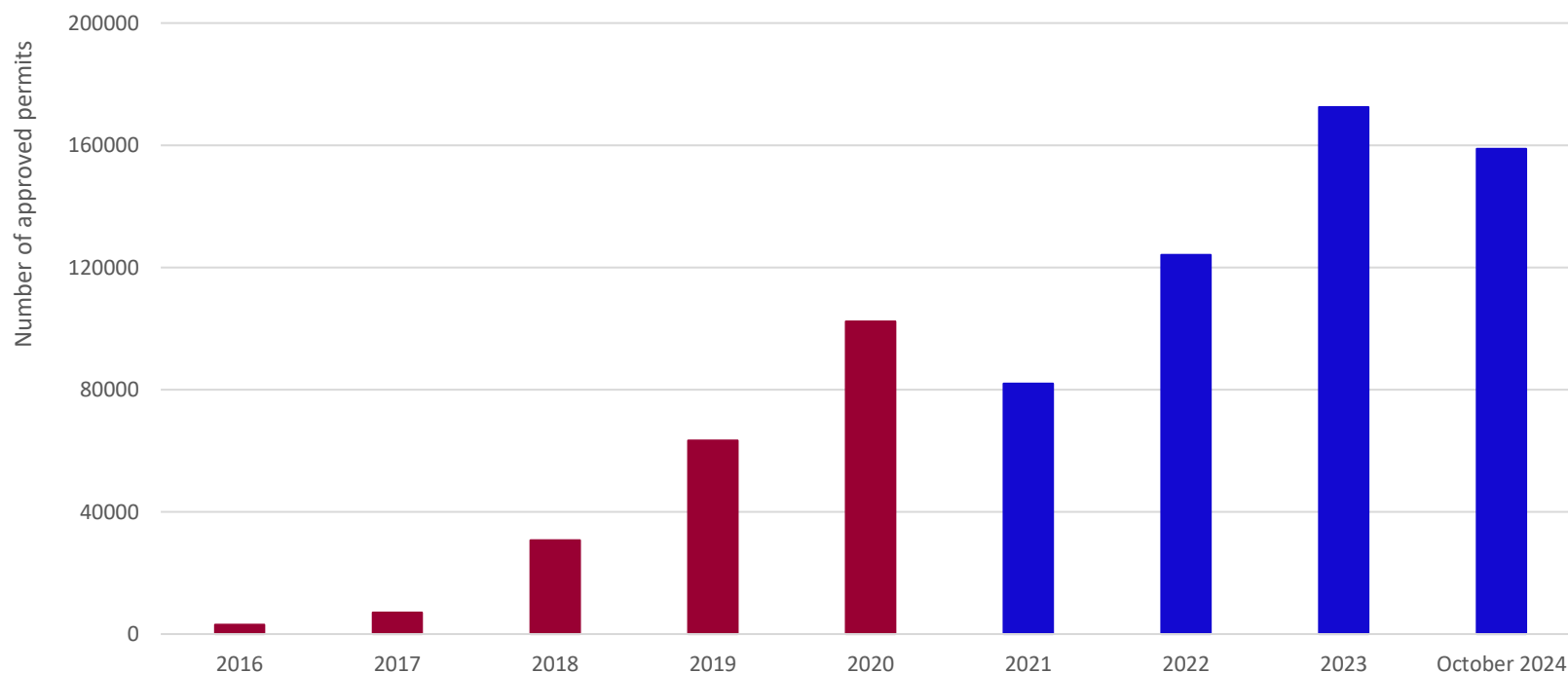


Source: Oxford analytica daily brief,
<https://dailybrief.oxan.com/Analysis/GA245755/Low-participation-rate-points-up-Croatias-slow-reform>

General macroeconomic conclusion

- Negative migration balance
- Mass labour force outflow after 2013.
- Mass labour force inflow, after 2021.
- Historically low unemployment rate (2024.)
- Low activity rate
- Supply and demand imbalances
- Services and construction sectors as a main demand generators

Third country workers in Croatia



Red (quotas system); Blue (new Aliens Act)

Source: The Ministry of the Interior,

<https://mup.gov.hr/gradjani-281562/moji-dokumenti-281563/stranci-333/statistika-169019/169019>

Legislation

- Harmonization started before Croatian entrance in the EU
 - 2004. adopted amendments on the first Aliens Act
(staff training, increasing number and capacity of reception centres, procedures of reception, deportation etc.)
- After Croatian integration to the EU
 - 2018. The Aliens Act was harmonised with EU's legal acquit
(it perscribed entry conditions, movements, residence and working for third country workers, as well as working conditions and rights of workers referred to Croatia)
 - Third country citizen were able to work in Croatia on the basis of issued residence and work permit or a work registration certificate
 - 2018. Aliens Act was based on a quota system

Legislation

- 2021. The Aliens Act is based on the labour market test
 - More flexible approach (the procedure for issuing permit lasts up to 30 days; after that employers have 90 days for submitting an application for the issuance of a work permit to the National office and the Ministry of interior)
 - Conditions for employers:
 - No outstanding debt for public benefits
 - Registration for the activities for which they are seeking foreign workers
 - Have at least one full time employee
 - At least one quarter of staff are domestic workers
 - Police certificate confirming the absence of any criminal record
 - The new Aliens Act prescribes that after a continuous period of three years of temporary residence in Croatia, a third state nationals may be granted a permanent residence.

Legislation (2021. Aliens Act)

- Pros
 - More flexible approach
 - Faster employment
 - The absence of criminal offenses related to employment, and the requirement to have at least 25% Croatian citizens in employment
 - Further liberalization (Slovenian model)
- Cons
 - Legislative over-normativity
 - Passive migrant policies (long time for diploma nostrification)
 - A new tax certificate on settled obligations is required for each single request
 - A company in liquidity difficulties could find it impossible to employ foreign workers

Legislation (third country workers)

- Working hours are an issue in itself because people work longer than recorded. According to the law, overtime work can be ordered verbally, meaning that it can easily end up unregistered. An estimate is that nearly one third of working hours are not registered
- There is no comprehensive system in Croatia for the integration of foreign workers other than those under international protection / There are no integration programmes, these workers do not have valid access to professional development or language learning
- When foreign workers are a minority, they are often in a more favourable position than domestic workers because their employer nearly always covers their accommodation expenses. Thus, some foreign workers earn higher incomes than domestic ones (in relative terms)

Legislation (third country workers)

- In most cases, hiring foreign workers costs the employer twice as much as domestic workers. Employers therefore prefer domestic labour or workers from the region who understand the language and have similar habits and mentality
- During the construction of the Pelješac Bridge, a domestic Collective agreement was concluded with the Chinese, which agreed on certain rights that are higher than the rights from the sectoral CA
- The most common sector in which the workers are practicing seasonal working is the tourism sector, where around 50% workers only work during the summer season
- It would appear that there are no pronounced xenophobic attitudes or desire to discriminate against foreigners among Croatian citizens

Legislation (third country workers)

- All workers have identical rights during employment and the application of the sectoral and company level collective agreements pertains equally to both domestic and foreign workers
- Sometimes there might be minor misunderstandings in communication with domestic workers in a situation where, for example, migrant workers have three meals and additional incentives outside the basic salary due to the complexity of the work they performed and as an incentive to make them stay
- It appears that migrant workers from third countries enjoy the basic rights and security in Croatia, but do not have equal opportunities. Migrant workers have no valid access to professional development, while the necessary language requirement is fully dependent on the needs of individual employers

Source: Butković, H., Samardžija, V., **Rukavina, I.** (2022). Foreign workers in Croatia: challenges and opportunities for economic and social development, IRMO, Zagreb, 2022.

Thank you for your attention!

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