LABOUR MIGRANTS. INDISPENSABLE TO THE NETHERLANDS.

WHITE PAPER
Labour migration is here to stay. Due to the open European borders, international labour mobility has become a structural fact of life. The Netherlands too is no longer able to cope without labour migrants. There are insufficient Dutch workers available to do the work they do. Now that the economy is once again improving and the 24-hour economy has become the norm, the need for workers from Central and Eastern European is significantly increasing. That demand is expected to continue to increase over the coming years. Because due to the greying and dejuvenating population our working population will be decreasing starting in 2021.

In short: there is a major economic necessity to keep our labour supply up to par. To do this, labour migrants are indispensable. This is why we have to create a climate in which labour migrants feel welcome and in which there must be a sufficient supply of housing, quantitatively, as well as qualitatively. However, the view of labour migrants often still tends to be negative. Comments such as ‘they are stealing our jobs and homes’ are often heard. This White Paper explores whether such statements are in fact justified. We also take a look at solutions to inferior housing and scarcity on the local housing market, which drives up rental prices.

In addition, we had research conducted to determine the economic value of labour migrants for the Netherlands, as well as the regions. Together with the impact this has on housing. The facts and figures used in this White Paper were drawn from a report recently published by the Economic Research Foundation (SEO) entitled: *The Economic Value of Labour Migrants from Central and Eastern European for the Netherlands*.

At the conclusion of this White Paper, we make a number of recommendations for regional and local governments for creating an effective housing and working policy for labour migrants.

**The greying Dutch population**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>9%</td>
</tr>
<tr>
<td>2018</td>
<td>18.8%</td>
</tr>
<tr>
<td>2040</td>
<td>26.1%</td>
</tr>
</tbody>
</table>

*Source: figures from Statistics Netherlands (CBS)*
Almost half of all labour migrants find work through a private employment agency. As an employer organisation in the Dutch private employment agency sector, the Federation of Private Employment Agencies (ABU) considers it important that the debate on labour migration is based on facts. This is why we first present the key facts and figures.

In its research, the SEO analysed the size of the group of labour migrants from Central and Eastern Europe, i.e. the CEE countries or CEECs. These are workers coming from Poland, the Czech Republic, Slovakia, Hungary, Latvia, Estonia, Lithuania, Slovenia, Romania or Bulgaria. In 2016, a total of 371,000 labour migrants from Central and Eastern Europe were working in the Netherlands, 183,000 of whom as temporary agency worker (49%). Labour migrants are often used to perform simple and routine (production) work for which it is difficult to find Dutch workers.

Together they performed 514,000 different jobs, which amounts to 4.7% of the total number of available jobs in the Netherlands. This means that almost one in twenty jobs in the Netherlands was held by a CEEC worker. As such, these labour migrants make a substantial contribution to production in the Netherlands, and a contribution of 11 billion euros to our national income.
The workers from Central and Eastern Europe are particularly active in the southern and western regions of the Netherlands and furthermore, primarily in the agriculture and horticulture sectors, business services, logistics, wholesale, food industry and metal industry. A number of regions and sectors is highly dependent on labour migrants, as a result of which the share of the number of jobs performed by them can run up to as high as 25%. As a result, a large part of production depends on the use of these labour migrants, the SEO concludes. After agriculture, the temporary agency work sector employs the largest number of workers from Central and Eastern Europe.

The major share of labour migrants is here temporarily: two thirds stays less than five years in our country. That knowledge also has implications for the housing of labour migrants within and by municipalities, which must therefore focus on short-stay facilities.

THE ROLE OF THE PRIVATE EMPLOYMENT AGENCY SECTOR

The temporary agency work sector plays an important role in brokering labour migrants from CEECs, the SEO report concludes. In absolute terms, the majority of the jobs held by CEEC workers are filled by temporary agency workers: 275,000 in 2016.

Top 5 sectors that employ CEEC workers

- Agriculture **26.4%**
- Temporary agency work sector **20.8%**
- Other business services **20.4%**
- Water transport **6.9%**
- Logistics services **4.5%**

*Source: SEO 2018*
Jurriën Koops, ABU Managing Director:

**Recognise the major importance of labour migration**

‘Nowadays, it is impossible to make do without labour migration. Due to the free movement of workers in Europe, the labour market has become international. At the present time, the Netherlands employs approximately 370,000 workers from Central and Eastern Europe, approximately half of which are temporary agency workers. Together they fill over 500,000 different jobs, almost 5% of all jobs in the Netherlands.

The recent report published by the Economic Research Foundation (SEO) clearly demonstrates that we are in dire need of these workers. Labour migrants primarily do simple and routine production work for which it is impossible to find Dutch workers. In other words, there is no displacement. Furthermore, it is clear that the economic value of labour migrants is very high: they contribute no less than 11 billion euros to our national income. Especially the regions where workers from Central and Eastern Europe find employment benefit from this.

The need for labour migrants is expected to continue to increase over the coming years. Due to the growing economy, but particularly because the Dutch working population is expected to shrink starting in 2021. Labour migrants are therefore simply needed to keep our working population up to par.

The ABU is asking municipal politicians to show leadership. Not to cave in to false sentiments that ‘they are stealing our jobs and our homes’. To recognise the major economic and social importance of labour migration. And together with private employment agencies and housing providers, take action to address the dire shortage of high-quality housing. This is the only way for various regions to continue to be attractive for companies and foreign workers.’

The fact that the temporary agency work sector plays such an important role is not all that surprising. Private employment agencies understand the international labour mediation profession better than anyone. Their role definitely is not limited to ‘the payment of wages’. They are very active during the preliminary phase, recruitment in the home country. Even once workers are in the Netherlands, the private employment agencies affiliated with ABU guarantee respectful treatment, proper guidance and provision of information. For example, the agencies look after the registration of non-residents (RNI) and make arrangements for healthcare insurance. In addition, the employment contracts and the Collective Labour Agreement for Temporary Agency Workers are available in various languages. To facilitate the work and promote integration, the private employment agencies also offer language training.

The CLA also stipulates that the CLA parties should advise labour migrants to make use of the housing offered by the private employment agency during the first sixteen weeks that the temporary agency worker is employed in the Netherlands. Private employment agencies in various regions are actively involved in providing high-quality housing – often in cooperation with municipalities and housing providers. All private employment agencies affiliated with ABU must meet the requirements of the independent Flexible Living Standards Foundation (SNF). This quality mark guarantees high-quality housing. For example, standards have been established for the number of square metres per tenant, the sanitary facilities must be in good working order, the cooking facilities must be sufficient and fire safety must be guaranteed. In addition, the housing locations for which the quality mark has been issued are regularly checked by independent inspectors. There are no inspections without obligation: if the housing is not in order, the private employment agency loses the quality mark.

In short: the brokering of labour migrants is a profession. It involves far more than the recruitment, selection and placement of flexibly employable personnel alone. If it was easy to find flexibly employable workers from the private employment agency ‘just around the corner’, then this complex solution of recruiting abroad would no longer be used.
There are persistent prejudices about labour migrants, such as: ‘they are stealing our jobs’. Such statements suggest that there are large-scale displacements. The SEO research refutes this and concludes that there is no or a very limited displacement effect. The fact that displacement by labour migrants is limited in actual practice is because workers from Central and Eastern Europe are prepared to perform work for which it is almost impossible to find domestic workers. Dutch workers simply do not want to perform this often heavy work at the offered rates of remuneration and with the required flexibility.

**REFUTING THE PREJUDICES:**

**NO DISPLACEMENT ON THE LABOUR MARKET**

Jaco Knetemann, former Manager Syncreon Technology:

They are not stealing ‘our jobs’

‘Syncreon Technology provides logistics services in the central part of the Province of Noord-Brabant. Besides smaller branches in Venray and at the Maasvlakte and Schiphol East, the company has larger branches in Tilburg and Waalwijk, where it employs approximately one thousand employees. The majority of our employees is warehouse or production worker. More than eighty percent originates from Central and Eastern Europe.

We would like to have more Dutch staff; labour migrants are more expensive for us. However, it is difficult to find Dutch workers. Working in the logistics sector is perceived negatively. Aside from this, Dutch workers are not readily prepared to be available on a flexible basis. While availability and flexibility are key to the logistics sector. Dutch workers want stability, but our business model simply does not lend itself to providing fixed work alone. It makes me extremely angry when I hear people proclaim that Polish workers are stealing ‘our jobs’. This is simply not true. Labour migrants are of great value to the economy. Local governments are more than happy when they can attract companies to their municipality. But this also means that they, together with entrepreneurs, must take responsibility for providing quality housing.

To prevent abuses and to take the wind out of the sails of rack-renters. Investing in living space is good for the economy and ensures that labour migrants feel welcome in our country.’

If the remuneration were to be higher, this work would become too expensive for employers to perform in the Netherlands due to international price competition, the SEO concludes. Without labour migrants, production, of a part thereof, would no longer take place in the Netherlands. As a result, the national income (contribution to the GDP) earned consequently is additional in comparison to a situation without labour migrants. Moreover, the fact that this production can be performed in the Netherlands can also create additional employment for domestic employees, for example among suppliers.
Another persistent misunderstanding is that the underpayment of labour migrants is a widespread phenomenon. All private employment agencies affiliated with the ABU or the NBBU [Dutch Association of Intermediary Organisations and Private Employment Agencies] are obliged to apply the ABU CLA or the NBBU CLA. The rights, securities and terms and conditions of employment for temporary agency workers are properly provided for in these collective labour agreements. In addition, the employment relationship is well defined for user companies. This is further reinforced by the fact that the ABU CLA, as the largest CLA in the sector, was declared to be generally binding by the Minister of Social Affairs and Employment (SZW). The implication of this is that private employment agencies that are not affiliated with ABU or NBBU are obliged to apply the ABU CLA as well. The CLAs ensure that temporary agency workers, and therefore labour migrants working as temporary agency workers as well, are paid the same wage as workers directly recruited by the user company.

If workers are paid less than the statutory wage or CLA wage, the private employment agencies are in violation. Often this involves rogue employment agencies. Together with the Inspectorate of the Ministry of Social Affairs and Employment and the Tax Authorities, ABU and NBBU have joined forces to crack down on mala fide practices.

ABU, NBBU and the trade unions also created the Foundation for Compliance with the Collective Labour Agreement for Temporary Agency Workers (SCNU), better known as the ‘CLA Police’. This foundation is specifically focussed on compliance with the ABU or NBBU CLA. Furthermore, ABU membership also is a quality mark: it guarantees that these private employment agencies apply the ABU CLA the right way. Finally, it is mandatory for the private employment agencies affiliated with ABU to be certified by the Labour Standards Association (SNA). This certification concerns compliance with the Minimum Wage and Minimum Holiday Allowance Act (WML), the correct payment of social security contributions and participation in the pension fund for temporary agency workers. The ABU quality mark and SNA certification therefore further safeguard the quality of the temporary agency work.

Tom van der Vorst, Managing Director Axell Employment:

We have to get rid of all these prejudices

‘As a private employment agency, it troubles us deeply that there are all kinds of prejudices about labour migrants out there. One of these misconceptions is that abuses are applied on a large scale, whereby East Europeans are paid via their home country. These types of schemes are simply not permitted for private employment agencies affiliated with ABU or NBBU. And because the ABU CLA has been declared generally binding, all other private employment agencies are obliged to comply with this CLA as well. If this happens anyway, then this involves shadowy companies, crooks in other words.

Another misconception: labour migrants are underpaid. Any temporary agency worker – no matter whether the worker originates from Poland, Romania, Bulgaria or the Netherlands – is covered by the same ABU or NBBU CLA and is therefore not underpaid. The image that these workers are ‘pitiful people who are exploited’ does not match reality in any way. Labour migrants from Central and Eastern Europe are qualified professionals who are very much aware of their value on the labour market. The want a good wage and good housing. Otherwise they simply won’t come and instead go to other countries such as Norway, Belgium or Germany. Or they stay in their home country. Currently, the Polish economy is the fastest growing economy in Europe and this is what we are competing against. It is necessary for us to realise that the Dutch business community cannot do without labour migrants. They are of major economic value. In other words, we have to do our utmost to remain sufficiently attractive as a host country.’
The Economic Research Foundation (SEO) calculates that labour migrants from Central and Eastern Europe contributed over 9 billion euros to the Netherlands’ national income in 2015 and 11 billion euros in 2016. The agricultural sector was by far responsible for the largest contribution to the Netherlands GDP by labour migrants from Central and Eastern Europe: 1.4 billion euros. This is followed by the wholesale sector (1.1 billion euros), the food industry (447 million euros) and the logistics sector (314 million euros). Sectors, such as the cleaning sector (228 million euros), specialised construction (222 million euros) and the metal industry (210 million euros) also rank in the top 20 sectors with the largest gross contribution by CEEC workers to the national income.

The magnitude of the regional economic impact becomes clear when you zoom in on a number of regions. For example, in the Stedendriehoek (Deventer, Apeldoorn and Zutphen) and in the North-west Veluwe labour market regions the share of CEEC workers in the other business services sector is 25%.

The SEO research consequently concludes that labour migrants represent a significant value to the Dutch economy in general and to the economy of a number of regions in particular. They are primarily responsible for additional employment, production and income in the regions in which they are deployed. Without sufficient labour migrants, employers expect that they will have to adjust, limit or relocate their production processes.
Robert Kurzak, Facility Operations Manager at OTTO Work Force:

Let’s join forces

‘The Netherlands no longer is among the top 3 countries where labour migrants like to go. The preference is for countries, such as Britain and Germany, and the Scandinavian countries. All this while we sorely need them. Due to the greying population, one hundred thousand people are disappearing from the labour market annually. Furthermore, labour migrants perform work for which it is impossible to get sufficient numbers of Dutch workers. If we want to be in demand among labour migrants, we have to do something about the housing issue. Because if there is no or only substandard housing, they will not even consider coming. In Germany, local labour migration has been common much longer as a result of which there are good facilities, the so called Arbeitshotels (Worker Hotels). The Netherlands is lagging in this area. There is especially a need for housing focused on short stays, because the average labour migrant only stays 45 weeks. There are enough good examples, such as a renovated monastery in Venlo, a former Connexxion office building in Boskoop that has been converted into a labour migrant hotel, and the mobile homes specifically developed under contract to OTTO. Let’s especially join forces for the purpose of realising high-quality housing. I am truly ashamed of undesirable situations in which six labour migrants live together in a single room. This is something we should not and cannot permit.’

Interviews with entrepreneurs were conducted in support of the SEO Report, which endorse this conclusion. For example, with a logistics service provider whose workforce for 90% consists of workers from Central and Eastern Europe. Without them the company’s continued operation would be jeopardised. ‘We would have to shut down in that case. It is not that we do not want any Dutch workers, we simply are unable to get them.’ A distribution centre in the Province of Zuid-Holland is also dependent on labour migrants. ‘We would be unable to run our production without labour migrants. With all that this entails. Consumers would also be adversely affected. In such a situation, we would look at other solutions, such as process improvements.’ A wholesaler in fresh foods in North-east Brabant is also clear about the importance of labour migrants. ‘Without them we would have a major problem. We would be unable to ship our goods. That means that hospitals would not get their meals, restaurants would no longer get their fresh products and sports canteens would no longer be supplied. It has a considerable impact on everything and everyone.’
The (regional) economic value of labour migrants therefore is significant. If the Netherlands does not invest enough in sufficient housing for these workers, this adversely affects economic growth. It means that companies established in the region will miss out on turnover, because they are having to decline sales to customers. At the same time, it means that the Netherlands becomes less attractive as a place for companies to establish.

Furthermore, the consequence is that our country becomes less attractive for the labour migrants themselves. High-quality, affordable housing – aside from a job, a good salary and the ability to work many hours – is one of the key factors in deciding whether to come to the Netherlands or not. The competition with our neighbouring countries is severe: countries, such as Germany, Norway and Belgium are often preferred over the Netherlands.

In recent years, companies, private employment agencies and housing providers on multiple occasions have sounded the alarm about housing problems that are becoming increasingly more urgent. In 2012, governments, ABU, NBBU and other employer and employee organisations signed the National Declaration on (Temporary) Housing for EU Labour Migrants. The objective was to create 100,000 additional living spaces. Today, six years later, only 30,000 living spaces have been created, while the number of labour migrants continues to rise. As a result, there now is a shortage of 100,000 living spaces according to the Expertise Centre on Flexible Living. Because they have to live somewhere, the local housing market is coming under pressure. The result is that increasingly less housing is available for the local population and rental prices are increasing. Furthermore, dubious parties seize the opportunity of bringing inferior quality housing on the market.

Giving priority to creating sufficient housing for labour migrants therefore must be a key agenda item for local and regional governments as a means of keeping the local and national economy up to par, and to prevent labour migrants from being tempted to choose a different country as their work destination, and to prevent problems relating to housing and nuisance.
ABU is making the following appeal to municipal and provincial governments:

**Recognise the major importance of labour migrants for the regional and local economy. Labour migrants create additional employment, production and income. Take action on providing housing for this group. Do not do this on your own. Seek collaboration with private employment agencies and housing providers to create appropriate and high quality housing. And implement the agreements made in 2012 as part of the National Declaration on (Temporary) Housing for EU Labour Migrants.**

Labour migration entails major local housing issues. This can result in major problems, such as substandard or unsafe housing, irresponsible housing by rack-renters and overcrowding or concentrations in the wrong districts. ABU is of the opinion that these problems must be addressed. This is why it has issued an appeal to live up to the agreements made in 2012. Aside from ABU, these agreements were also signed at the time by the Ministry of the Interior, the Association of Netherlands Municipalities (VNG), various municipalities, the trade unions and interest groups. Part of the National Declaration is the so-called Bed-for-Bed scheme. The core of this scheme is that municipalities fight undesirable housing situations and at the same time develop alternative housing sites. These actions are designed to prevent the problems from being shifted around regionally. ABU is therefore encouraging municipalities to implement these agreements made in 2012.

Cees van de Ven, Alderman Spatial Planning Municipality of Reusel-De Mierden:

**An appeal for more nerve**

‘Our municipality is located between the Eindhoven region and the Central Brabant region. Regions where large numbers of labour migrants work for companies such as ASML, VDL, Philips and Bol.com. In the past, labour migrants were willing to live in old caravans, as long as they were able to earn money. These days are gone. Labour migrants want to live in decent surroundings and expect a higher quality of living. And rightly so. In Hooge Mierde, labour migrants are currently housed in ‘Het Zwartven’ recreation park, a temporary facility. In addition, the intent is to convert an old farm into a migrants hotel. This type of decision always meets with resistance, an attitude of ‘not in my backyard’. I am of the opinion that aldermen and municipal council members must display nerve and must not be afraid of losing potential votes. Without labour migrants, work will come to a halt at many companies. In that case, no more asparagus will grow and Bol.com’s packages will no longer be delivered. Economically speaking, we cannot afford to allow this to happen. So, this is what I would like to say to local administrators in the Netherlands: demonstrate nerve and take responsibility. Opt for the hospitable reception of labour migrants. Because ultimately this benefits our prosperity.’
We are calling for cooperation with our members. Temporary employment agencies affiliated with ABU are posted on www.abu.nl. To contact ABU, e-mail us at arbeidsmigranten@abu.nl.

**RECOMMENDATIONS FOR MUNICIPAL AND PROVINCIAL AUTHORITIES**

- Together with private employment agencies affiliated with ABU, employers, residents and parties, such as housing associations and policymakers, identify and analyse the magnitude, impact and the importance of labour migration for local and regional economic development.

- Engage employers, residents and private employment agencies in discussion to determine which living and other social facilities are required to steer the deployment of labour migrants in the right direction.

- Be understanding of residents’ feelings, but also show that displacement and unfair competition barely play a role in the arrival of labour migrants.

- For this reason, take responsibility for creating a realistic picture about labour migrants and consequently a favourable social climate for citizens and therefore for labour migrants as well.

- Ensure there is sufficient quality housing for labour migrants in consultation with private employment agencies, entrepreneurs and housing providers and make housing for labour migrants a priority agenda item for local and regional decision-making.

- Align the housing policy for labour migrants with the expected length of stay, the group’s size, working locations, local social context and cohesion. Give due consideration to:
  - creating short-stay facilities by converting empty buildings (such as monasteries, care homes, company buildings), or by investing in modular hotels and mobile home parks;
  - accelerating the implementation of (temporary) zoning changes, to make flexible housing solutions possible over the short term;
  - the option of professionally managing living locations, because this has proven to help prevent any nuisance.

- Exploit the capacity of professional private employment agencies affiliated with ABU to provide effective social guidance to labour migrants.

- Act vigorously against illegal rental practices and rack-renters.

- Encourage the use of the quality mark of the Foundation for Flexible Housing Standards (SNF) – a foundation that controls the housing standard for labour migrants and that maintains a register of organisations that comply with this stringent standard – by giving preferred treatment to parties that are SNF-certified.

For additional information, consult the *Roadmap to Quality Housing for EU Labour Migrants* brochure prepared in cooperation with the Expertise Centre on Flexible Living, various municipalities, the Ministry of Social Affairs and Employment (SZW) and the Association of Netherlands Municipalities (VNG). This brochure can be downloaded at the following link: www.flexwonen.nl/routekaart-naar-goede-huisvesting-voor-eu-arbeidsmigranten.

**CONTACT**

We are calling for cooperation with our members. Temporary employment agencies affiliated with ABU are posted on www.abu.nl. To contact ABU, e-mail us at arbeidsmigranten@abu.nl.
REFERENCES


Dobson, J.R. (2007). Labour mobility and migration within the EU following the 2004 Central and East European enlargement. Employee Relations, 31 (2) 121-138.


