

# Labour migration between Bosnia and Herzegovina and Slovenia

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Institute for Economic Research - IER



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## Authors:

**Vladislav Jakovljević**, *Centre for Research and Studies GEA*

**Miha Dominko**, *Institute for Economic Research IER*

**Aleksandar Živanović**, *Centre for Research and Studies GEA*

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**Dalibor Čopić**

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# Abstract

**H**istorically, Bosnia and Herzegovina has always been a country with strong net emigration trends, while the primary reasons for the outflow of workforce and population have changed over time from purely economic in the period up to 1990 to emigration caused by war and lack of perspective (political situation, corruption, instability) combined with economic reasons in the post-war period.

In addition to these push factors, the emigration is also affected by a liberalization of conditions for entering and obtaining a work permit, primarily in Slovenia and Germany, Slovenia's entry into the European Union, economic growth and labour market needs for skilled labour, as well as a relatively familiar environment for BiH workers, having in mind a part of the common history.

Interest in emigration to Slovenia is constantly growing and more than 122,000 people have emigrated to this country, which also makes up 35% of total immigration to Slovenia. After a short break in the emigration of people, caused by the closure of countries and embassies in early 2020 due to the COVID-19 pandemic, there is a renewed increase in the number of work permits issued in Slovenia and return to pre-COVID trends.

According to the data of the first issued residence permits for Slovenia, in the case of men most of them are related to employment, while in the case of women it is more often about family reasons which in practice, most often, is family reunification, i.e. reunification with a male family member who has found employment in Slovenia.

The COVID-19 pandemic has affected the reduction of macroeconomic indicators, and negatively affected workers and companies in both countries.

In BiH, the crisis has seriously affected more than 80% of companies, and there is an increase in the number of people in unemployment registers, as well as a decrease in the number of employees, while manufacturing, trade services, tourism and catering recorded the largest decline in employment in the first period of pandemic. By April 2021 the manufacturing industry has shown some recovery. However, the true picture of the impact of the COVID-19 pandemic, migration and migration effects will be only seen in the years to come, due to unavailability of many statistical parameters at this time and delayed effects of the crisis in the coming years.

The crisis caused by the COVID-19 pandemic in Slovenia has had a slightly greater impact on BiH citizens than the general population, mainly due to the fact that the participation of BiH citizens with permanent contracts is significantly lower than the share of this



type of contract in the overall employed population. Another reason may be the smaller number of independent entrepreneurs among the BiH citizens, because the measures to support the economy mainly targeted this group. Some research, although there are no specific data for Slovenia, have showed that the most severe consequences were for workers who did not have their residence and work status resolved, who were the first to be left without income, as well as without financial support due to job loss.

BiH mainly suffers from negative consequences of emigration, which are reflected in a general decrease and ageing of the population and the lack of labour force, for which the requirements in Slovenia and BiH are very similar. The positive effects include a statistical decline in unemployment, an increase in salaries in deficit occupations to attract workers to stay in BiH, and remittances from abroad, which are an important source of financing personal consumption and supporting GDP growth. However, long-term reliance on money transfers is risky given the emigrants' choice to stay in destination countries and the ageing and disappearing population receiving money transfers and the weakening ties of new generations of emigrants with BiH, as well as the fact that crises like COVID-19 also affect the decrease of this source of income.

Although the mass influx of labour could mean increased competition and declining salaries in Slovenia, the fact is that the immigrants from BiH are mostly low-skilled and skilled workers employed in sectors with chronic labour shortages and for now empirical research has not shown this, but has shown mostly positive effects.



# Introduction

**H**istorically, Bosnia and Herzegovina has always been a country with strong net immigration trends, while the primary reasons for the labour and population outflow have changed over time. In the period from the 1950s until today, a time which is important for understanding migration from the former Yugoslavia and thus from Bosnia and Herzegovina, four phases of European migration transition<sup>1</sup> have been identified. The phases are directly related to different stages of economic development, and both labour market and demographic change in Europe. The first two phases of Europe's migration transition span the period from the end of World War II to the mid-1990s and are generally characterized by rapid industrial development, especially in Western Europe, high economic growth and high demand for low- and medium-skilled labour.

This jump in labour demand has led European employers to start attracting workers from less developed countries in the Mediterranean region (Greece, Portugal, Spain, Yugoslavia and Italy) to the industrial centres of Western Europe. This conditioned the liberalization of labour market legislation, especially after the stagnation period which was caused by the oil crisis in 1973 until the mid-1990s. This was particularly visible in the second phase which, according to Piketty<sup>2</sup>, was a phase of neoliberal economic policy with prevailing economic deregulation which, along with a reduction in progressive taxation and social benefits, led to increased economic inequality and insecurity. However, this increase in social and economic inequality and insecurity, especially after the privatization of, until then, state-owned enterprises, did not lead to the expected return of migrant workers to their home countries as expected. Just the opposite, those so-called guest workers, i.e., workers who initially came to temporary work in the countries of Western Europe, mostly stayed there<sup>3</sup>.

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1 *Hein de Haas, European Migrations: Dynamics, Drivers, and the Role of Policies. EUR 29060 EN, Publications Office of the European Union, Luxembourg, 2018, ISBN 978-92-79-77714-1, doi:10.2760/168653, JRC109783*

2 *Piketty, Thomas. 2014. Capital in the Twenty-first Century: Harvard University Press*

3 *Vladan Stanković, Zoran Milosavljević, Ekonomski činioci migracija u državama – članicama Evropske unije, Savremene migracije i društveni razvoj: interdisciplinarna perspektiva-Zbornik radova (Economic Factors of Migration in the EU Member States, Contemporary Migrations and Social Development: an Interdisciplinary Perspective-Proceedings), 2018*



As for migrants from the former Yugoslavia, i.e. from Bosnia and Herzegovina, their stay in Western European countries was mostly influenced by much more favourable economic and social working and living conditions, new family circumstances, because children born in exile gravitated to their new homeland, and the rise of political and economic tensions in Yugoslavia in the late 1980s and early 1990s. The beginning of the war on the territory of Yugoslavia in 1990, found 861,766 migrants of Bosnia and Herzegovina origin in the world, of which 751,548 were in Europe (87% of the total number of BiH emigrants in that year). In 1990, 433,078 emigrants, or 57.6% of the total number of BiH emigrants in Europe, lived and worked in the republics of the former Yugoslavia, which largely relates to the three neighbouring countries Croatia, Slovenia and Serbia (Table 1).

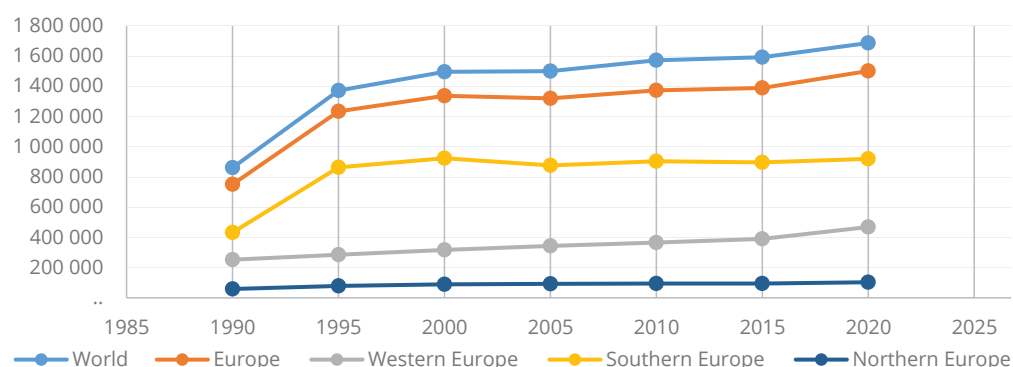
**Table 1: Movement of the total number of migrants originating from BiH**

	Serbia	Slovenia	Croatia	Total
1990	42,141	68,549	312,821	423,511
1995	266,909	68,327	506,365	841,601
2000	380,524	77,361	430,399	888,284
2005	351,671	79,262	416,359	847,292
2010	343,743	102,915	402,318	848,976
2015	335,992	100,880	404,874	841,746
2020	342,526	122,235	381,100	845,861

Source: United Nations, Department of Economic and Social Affairs, Population Division, *International Migrant Stock 2020* (United Nations database, POP/DB/MIG/Stock/Rev.2020).

This picture is understandable, taking into account the fact that these are former republics of the former common country which formed a single economic and political space with BiH for decades, as well as the pronounced ethnic connection within this area.

**Graph 1: Movement of the total number of migrants originating from BiH - the leading destination region**



Source: United Nations, Department of Economic and Social Affairs, Population Division, *International Migrant Stock 2020* (United Nations database, POP/DB/MIG/Stock/Rev.2020).



As for Western Europe, the second geo-economic entity which was the most attractive destination for migrants from BiH, by 1990 it had absorbed 33.7% of the total BiH migrant population in Europe. Out of a total of 253,291 BiH migrants registered in Western Europe until 1990, 95.5% of them settled in three countries: Germany, Austria and Switzerland (Table 2).

**Table 2: Movement of the total number of migrants originating from BiH - leading destination countries in Western Europe**

	Germany	Austria	Switzerland
<b>1990</b>	108,349	92,349	41,166
<b>1995</b>	129,718	104,186	39,843
<b>2000</b>	151,087	116,023	38,666
<b>2005</b>	157,145	123,348	43,388
<b>2010</b>	160,948	132,222	51,023
<b>2015</b>	165,187	152,759	54,673
<b>2020</b>	221,720	168,798	57,678

Source: United Nations, Department of Economic and Social Affairs, Population Division, *International Migrant Stock 2020* (United Nations database, POP/DB/MIG/Stock/Rev.2020).

The third phase of the European migration transition took place from 1990 to 2008, the phase which brought a new wave of economic immigrants<sup>4</sup> to the countries of Western, Northern and Central Europe, who, unlike the migrants from the previous phases, did not come with the intention to stay temporarily but to settle permanently. This phase was characterized by a “deeper economic liberalization followed by the inclusion of Central and Eastern European countries in a free European migration zone”<sup>5</sup> which led to an increase in labour supply from these parts of Europe. The strong economic growth of the European economy, especially the growth of the economies of Italy, Spain and Ireland in the period 1994-2008, marked these countries as destination for many migrants from Eastern and South-eastern Europe, Latin America and Africa.

Emigrants from BiH, within this third phase, did not change their migration preferences, which is evident from the data on the change in the number of migrants in the most important destination countries, and especially in the three neighbouring countries. Up to

4 Vladan Stanković, Zoran Milosavljević, *Ekonomski činioci migracija u državama – članicama Evropske unije, Savremene migracije i društveni razvoj: interdisciplinarna perspektiva-Zbornik radova*(*Economic Factors of Migration in the EU Member States, Contemporary Migrations and Social Development: an Interdisciplinary Perspective-Proceedings*), 2018

5 Hein de Haas, *European Migrations: Dynamics, Drivers, and the Role of Policies. EUR 29060 EN, Publications Office of the European Union, Luxembourg, 2018, ISBN 978-92-79-77714-1, doi:10.2760/168653, JRC109783*

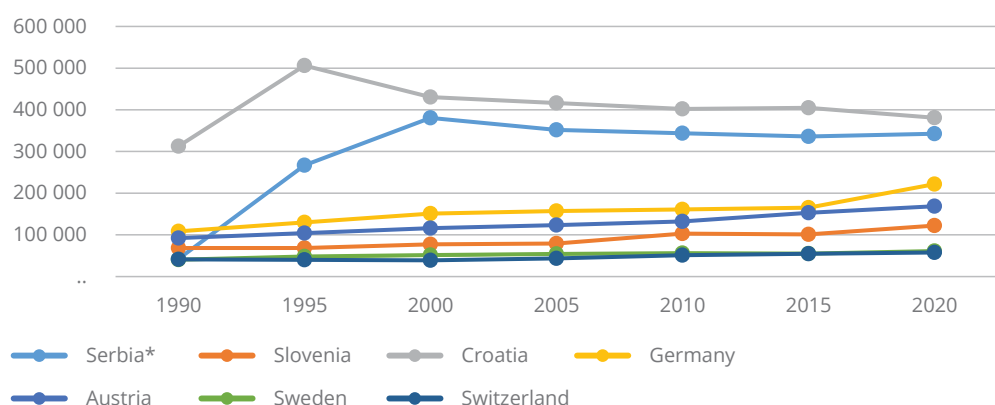




(and including) 2010, the most important destination countries in Western Europe recorded an increment of 43% in number of migrants from BiH compared to 1990. Data on Serbia, Croatia and Slovenia in 2000 (as important migration destination countries) show a double increase in number of migrants from BiH compared to 1990, an increase that amounted to over 426,000. This large outflow of BiH residents to neighbouring countries was caused mostly by ethnic displacement in the war and post-war period from 1990 to 1997, so it can be said with certainty that this migration was the only migration of the BiH population that did not have an economic character.

In the period 2000-2020, two findings are important when it comes to migration from Bosnia and Herzegovina. The first is the decline and stagnation of the total number of BiH immigrants in Serbia and Croatia, and the second is the stable increase of immigrants in Germany, Austria, Slovenia and Switzerland, which for this period was cumulatively 48.8%. It is noticeable that Germany and Austria recorded the highest growth in the period 2010-2020, while Slovenia recorded its highest growth in the periods 2005-2010 and 2015-2020 (Graph 2).

**Graph 2: Movement of the total number of migrants originating from BiH - the leading destination countries**

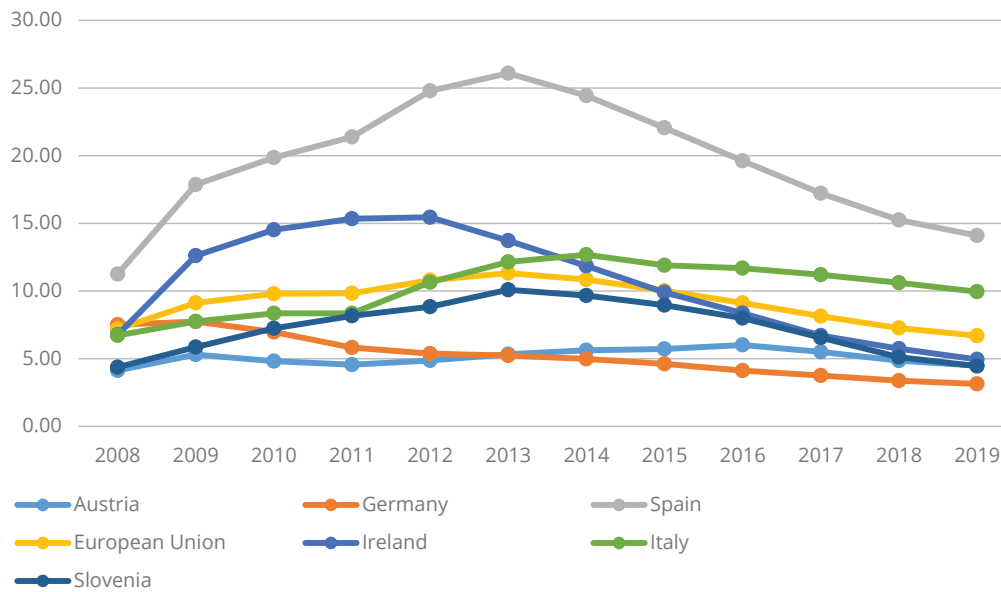


Source: United Nations, Department of Economic and Social Affairs, Population Division, *International Migrant Stock 2020* (United Nations database, POP/DB/MIG/Stock/Rev.2020).

The change of the total BiH migrant population in the main destination countries, after 2008, was determined by the specifics of the fourth phase of the European migration transition, which covers the period from the beginning of the global financial crisis in 2008 until today. This phase consists of two periods, a period of crisis and stagnation of economic activity in all European countries, especially Italy, Spain and Ireland (which absorbed a large number of immigrants during the third migration phase) and a period of economic recovery, from 2013 to the COVID-19 pandemic. The crisis that began in 2008 caused an increase in unemployment in the EU, from 7.2% to 11.33% at its peak. However, large differences in the change in the registered unemployment rate among selected EU countries in this period are noticeable (Graph 3).



**Graph 3: Unemployment rate trends - selected countries**



Source: World Bank, Unemployment, total (% of total labour force) (national estimate)

Countries such as Spain, Italy, Ireland and Slovenia doubled their national unemployment rates during the crisis while Austria recorded a slight increase from 4.13% in 2008 to 5.62% in 2014. For the same observed period Austria and Germany reduced their rates from 7.52% to 4.98%. The decline in economic activity, followed by rising unemployment within the EU, caused a significant drop in the intra-EU migration followed by a lesser drop in immigration from non-EU countries. The 2008 crisis only confirmed the theory that migrants coming from outside the EU are less conditioned by changing economic trends than their intra-European counterparts, **suggesting a general change in the structure of migration push and pull factors, which are no longer and not necessarily only of an economic nature**. The data on the first issued permits for BiH citizens (Table 3), for the period from 2011 to 2019, show a slight annual growth of issued permits in the period from 2011 to 2015 and a sharp jump from 2015 to 2019 are noticeable, **which corresponds most to the opening of the German labour market, which has been continuously introducing entry facilitations (reliefs) for BiH citizens since 2015, as well as the signing of the Interstate Agreement on Employment of BiH Citizens in the Republic of Slovenia, which entered into force in 2013**<sup>6</sup>. Regarding facilitations for access to the labour market, which is regulated between Slovenia and BiH, it is important to note that they have, as a primary precondition, the obligation to find employment, so this has changed a structure of reasons for issuing first residence permits in Slovenia (Graph 4).

6 Agreement between the Council of Ministers of Bosnia and Herzegovina and the Government of the Republic of Slovenia on Employment of Citizens of Bosnia and Herzegovina in the Republic of Slovenia: <http://www.arz.gov.ba/Dokumenti/Fajlovi/Sporazum%20o%20zap%20BiH%20Slovenija%20bs.pdf>

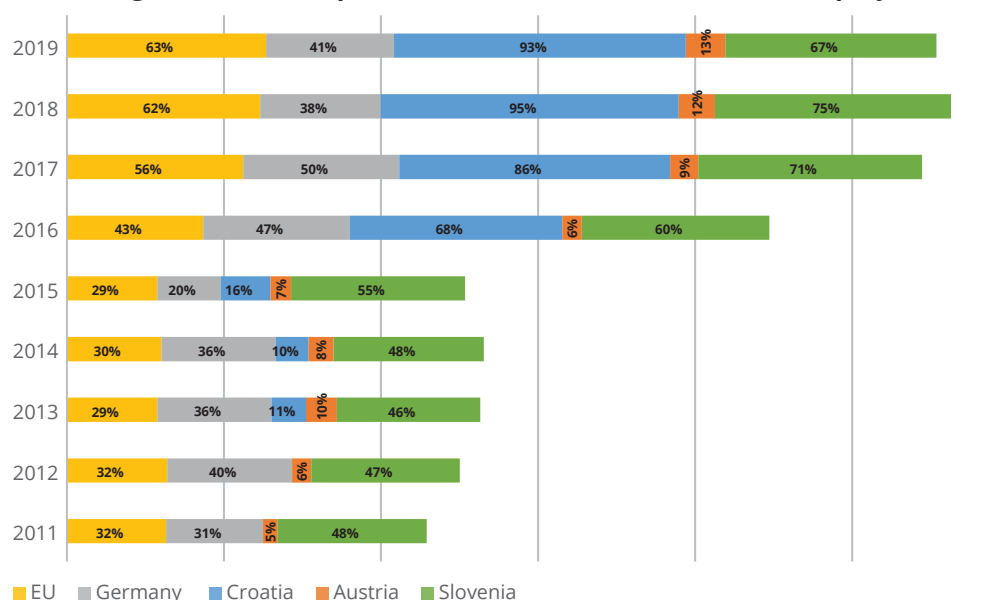


**Table 3: Total number of first issued permits for BiH citizens by year and by the most important destination countries**

	EU	Germany	Croatia	Austria	Slovenia
2011	11,506	1,462	0	2,459	3,446
2012	14,637	3,450	0	3,077	3,581
2013	16,105	4,036	1,284	3,603	3,064
2014	18,516	5,347	1,002	4,057	4,369
2015	19,779	5,257	866	4,520	4,861
2016	26,187	9,461	2,382	4,060	6,330
2017	36,036	12,461	5,526	3,350	10,414
2018	53,599	16,523	12,996	3,504	15,714
2019	56,363	15,198	18,307	3,165	14,878

Source: Eurostat, First permits by reason, age, sex and citizenship [MIGR\_RESFAS\_custom\_1095788]

**Graph 4: Percentage of residence permits out of total issued-reason employment**



Source: Eurostat, First permits by reason, age, sex and citizenship [MIGR\_RESFAS\_custom\_1095788]

The graph shows that the share of first issued permits for the reason of employment in Slovenia, in relation to the total number of issued permits, **increased from 48% in 2011 to as much as 75% in 2018**. In Germany and Austria, there was also a noticeable increase in the share of permits with that reason in the observed period, but still, especially for Austria, the dominant reason for issuing the first permits was family reunification (Table 4).



**Table 4: Percentage of first issued permits for BiH citizens - family reasons**

	<i>EU</i>	<i>Germany</i>	<i>Croatia</i>	<i>Austria</i>	<i>Slovenia</i>
<b>2011</b>	50.7%	55.0%	0.0%	61.6%	49.4%
<b>2012</b>	47.7%	41.5%	0.0%	50.5%	50.1%
<b>2013</b>	49.1%	42.9%	71.5%	50.4%	51.0%
<b>2014</b>	48.2%	40.4%	71.3%	50.3%	51.6%
<b>2015</b>	51.1%	66.7%	65.5%	49.4%	39.3%
<b>2016</b>	39.5%	37.7%	24.3%	55.2%	34.0%
<b>2017</b>	32.6%	37.6%	10.9%	58.0%	24.8%
<b>2018</b>	30.4%	51.3%	4.0%	56.5%	21.4%
<b>2019</b>	28.2%	45.0%	6.1%	59.7%	28.5%

Source: Eurostat, *First permits by reason, age, sex and citizenship* [MIGR\_RESFAS\_\_custom\_1095788]

Data on the sex and age of emigrants from BiH in the four most important destination countries (Germany, Austria, Slovenia and Croatia)<sup>7</sup>, as well as the reasons for issuing residence permits according to migrants' sex and age criteria (for those years for which there are data classified according to this criterion), lead to several conclusions.

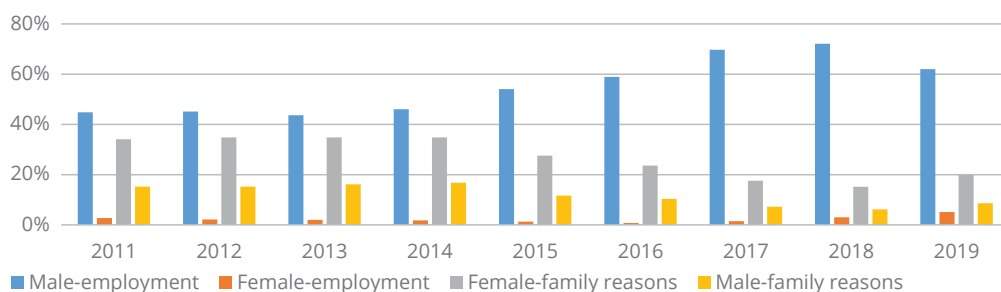
The percentage of women in migrant population in 2017 varies from 8% in Croatia to 50% in Austria, which is the only one of these four countries to maintain a stable, equal ratio between male and female migrants over the last decade. In Germany, the situation is similar to that in Austria, with the ratio being slightly less favourable for women, at 60:40 in favour of men. When it comes to Croatia, the small percentage of women has its explanation in the seasonal nature of migration to Croatia (66% of all permits issued in 2019 in Croatia were for less than a year and 40% for less than 6 months), which presume working in a period shorter than 12 months and mostly in the tourism and construction sector where male workers are most desirable. According to the quotas for employment of foreigners for 2020 issued by the Government of Croatia, 65% of all permits relate to construction and tourism and catering<sup>8</sup>. When the data for Slovenia are taken (Graph 5), it can be seen that employment is the dominant reason for issuing a permit for the male population, while for the female population it is a family reason, which in practice is most often family reunification or reunification with a male family member who found employment in Slovenia in a previous period.

7 Eurostat, *First permits by reason, age, sex and citizenship* [MIGR\_RESFAS\_\_custom\_1114044] Dataset and own calculations

8 [https://narodne-novine.nn.hr/clanci/sluzbeni/2019\\_11\\_113\\_2271.html](https://narodne-novine.nn.hr/clanci/sluzbeni/2019_11_113_2271.html)



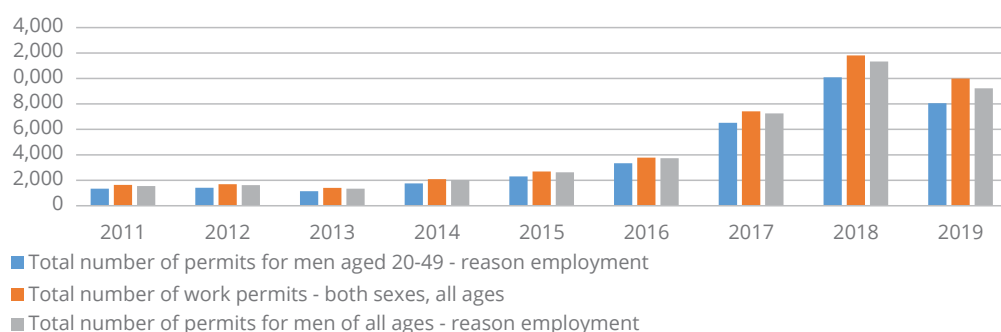
**Graph 5: Participation in the total number of issued permits in Slovenia, by sex and reason**



Source: Eurostat, First permits by reason, age, sex and citizenship [MIGR\_RESFAS\_\_custom\_1114044]  
Dataset and own calculations

Men aged between 20 and 49, on average, account for 29% of the total number of permits issued in Austria, while this percentage in Croatia is 68%. In Germany it is about 40%, while in Slovenia there has been a noticeable increase in the share of this age and gender population in the total immigrant population in recent years. Since 2011, when the participation was 42%, it increased to 64% in 2017, which confirms the aforementioned effects of the signed Agreement on Employment of BiH Citizens in Slovenia, especially considering that out of 7260 work permits issued in 2017 to male immigrants from BiH, 6517 of them were issued to men aged 20-49. The available data for the period 2011-2019 confirms of the effects of the agreement (Graph 6), especially since 2016, when there was a significant increase in the total number of both total employment permits and total permits for employment of men aged between 20-49. Slightly lower participation of the male population of this age group in relation to the total number of work permits in 2018 and 2019 compared to, say, 2012, can be freely attributed to shifting the age limit for the first migration of the male population toward and above 49+ years, as well as increasing participation of women in labour migration. This is particularly pronounced in 2018 and 2019, where there was a noticeable jump in the percentage of women in work permits issued from an average of 1.5% in years before to 3.5% in 2018 and 5.1% in 2019.

**Graph 6: The number of permits issued in Slovenia to men - reason employment**



Source: Eurostat, First permits by reason, age, sex and citizenship [MIGR\_RESFAS\_\_custom\_1114044]  
Dataset and own calculations



The number of first work permits issued to women from BiH in Slovenia, from 2011 to 2017, was 585 in total, which is 2.1 times less than the number of the same permits issued in 2018 and 2019, when that number was in total of 1,248 permits. On the other hand, out of 42,523 work permits issued for the first time to all age and gender groups in Slovenia, for the period 2011-2019, 35.968 of them went to male workers aged between 20 to 49. The available data for the period 2011-2017 show out of 18,945 permits issued for the first time to men aged between 20-49, on all grounds, only 1,131 permits did not relate to the employment reason, which **indicates a pronounced economic and labour character of migration of this age and sex group in Slovenia.**



# Emigration profile of BiH

**B**osnia and Herzegovina has been a country with a strong net emigration balance for decades. The reasons for this can be traced to the turbulent war and post-war years in the former Yugoslavia that caused large population movements towards neighbouring and EU countries, especially towards traditionally popular destinations such as Germany, Austria and Slovenia, as well as the post-war period in the former Yugoslavia which, even today, has very pronounced transitional character.

This transition period is still determined, from the point of view of labour and labour rights, by low salaries and weak trade union organizing of workers (especially in the real sector) and the labour mismatch between supply and demand caused by slow adjustment of the education system, a large number of precarious workers registered for fewer hours or on a lower salary base, a large difference in salaries and realized rights between the huge public sector and the real sector. According to the Study on Emigration<sup>9</sup>, in which a survey was conducted on, among other things, the reasons for potential migration from BiH to other countries, 38% of BiH citizens cited general insecurity as the most important reason for departure while 49% of them pointed reasons related to higher salaries or employment as crucial driver.

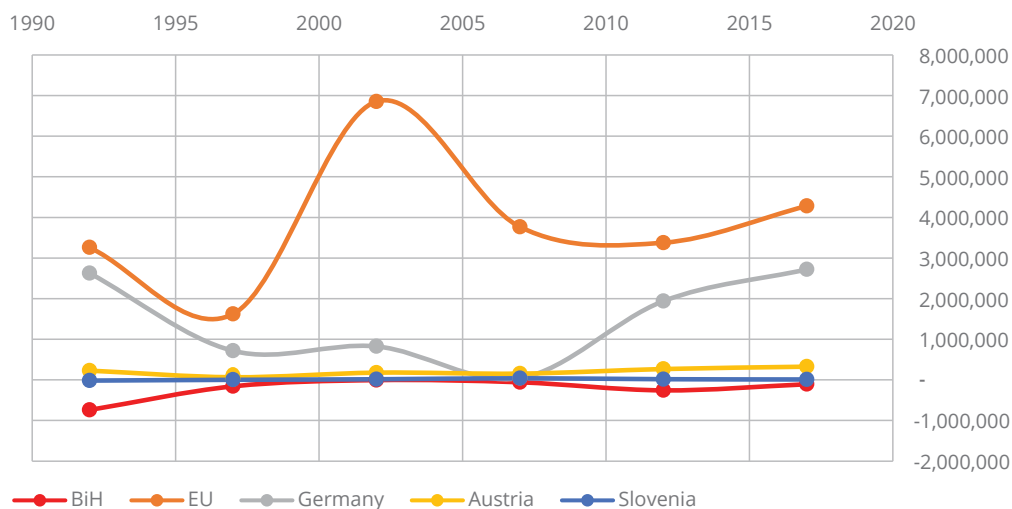
When looking at the change of the net migration balance of Bosnia and Herzegovina and selected countries (Graph 7), it is noticeable that the increase or decrease of the negative migration balance of BiH is not accompanied by a strict increase or decrease of the positive balance of selected European destination countries. From the data on the migration balance for the EU, it can be seen that the largest migration surplus was created during the strong economic recovery in the period between 1998 and 2008, while in the same period BiH recorded the lowest values of emigration, which can be attributed to more restrictive migration policy led by the leading destination countries towards migrants from BiH. In the period from 2012 until today, many European countries, especially Slovenia and Germany, have introduced a liberalization of conditions for the entry of migrants from BiH which has led to an increase in the negative migration balance of BiH, especially in the last few years.

9

*Studija o emigracijama, BOSNA I HERCEGOVINA, Centar za sistemska istraživanja, Akademija nauka i umjetnosti BiH (Study on Emigration, BOSNIA AND HERZEGOVINA, Center for Systemic Research, Academy of Sciences and Arts of BiH), 2019*

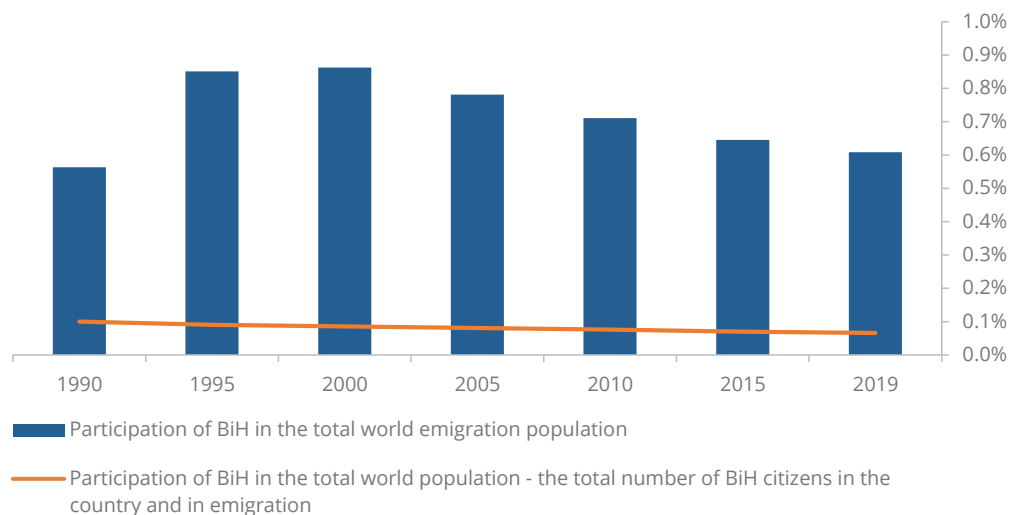


**Graph 7: Net migration balance by years**



Source: UN DESA, Eurostat and own calculations

**Graph 8: Percentage share of BiH in the total world emigration and world population**



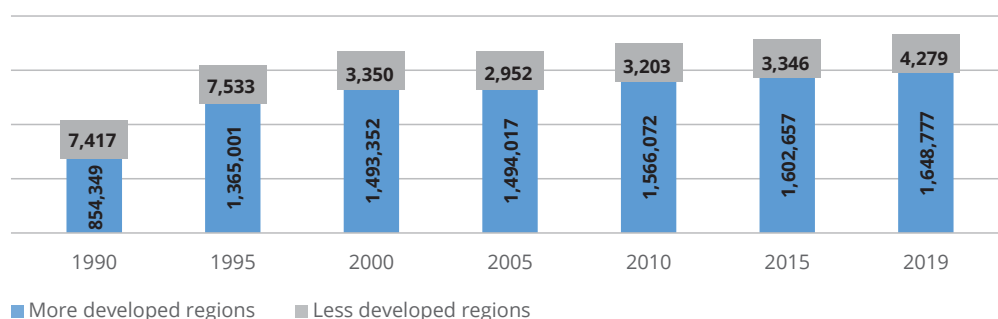
Source: UN DESA population database

Graph 8 shows that the percentage share of BiH citizens in the total world population, as well as the share of BiH emigrants in the total number of world migrants, decreases from year to year, which can be primarily attributed to both total world population and world migration rate growth from 2005 to today. However, throughout this observed 30-year period, there is a strong difference between these two observed coefficients, where the percentage of participation of BiH emigrants in the total world migrant population is on average 9 times higher than the share of the total number of BiH citizens in the total world population.





**Graph 9: Number of migrants from BiH by development of destination regions**



Source: United Nations, Department of Economic and Social Affairs, Population Division (2019). More developed regions comprise Europe, Northern America, Australia, New Zealand, and Japan

According to the annual report of the Ministry of Security of BiH for 2020<sup>10</sup>, the stated number of emigrants born in BiH, regardless of their current citizenship, is 1,804,991 of which 95% live and work in the countries of Europe and North America. This coincides with UN data according to which the largest number of migrants from BiH went to developed regions of the world (Graph 9). BiH belongs to the group of middle-income countries, with GDP per capita between \$1,000 and \$13,000, which historically have a far higher emigration rate than lower or low-income countries<sup>11</sup>. The average emigration rate of middle-income countries, according to the UN, is about 15%, while for BiH it is about 35%, which puts Bosnia and Herzegovina at the very top of the world.

However, it is estimated that the number of migrants originating from BiH is between 2 and 2.2 million and the difference from the official data can be found in the lack of records due to fact that many destination countries do not keep records for those who have taken citizenship of that country as well as of those with dual citizenship. Countries such as Croatia, Serbia and Sweden, with which BiH has signed agreements on dual citizenship, do not keep records of dual citizenship holders, and the moment the holder of BiH citizenship acquires the citizenship of one of those countries, its records in the register of foreign citizens are deleted. **According to data from 2020, a total of 122,235 persons born in BiH lived and worked in Slovenia, of which 73,179 were only with BiH citizenship, which clearly shows how difficult it is to determine the emigration mass of BiH in the world because the number of those who have only BiH citizenship is far smaller than the total number of migrants.**

If the data for the most important destination countries in the world (Table 5) are observed, it can be seen that, in addition to traditionally attractive countries (Austria, Germany and Slovenia), France, Italy and Norway have emerged as important destinations, with increasing number of migrants from BiH. In Italy and France, almost double growth was recorded from 1995 and 2020.

10 Ministry of Security of BiH, BiH Migration Profile for 2020

11 Sustainability of Emigration from BiH, Friedrich Ebert Stiftung, 2020



**Table 5: Number of emigrants born in BiH**

	1990	1995	2000	2005	2010	2015	2020
<i>Australia</i>	22,312	-	28,650	38,394	39,730	36,750	38,485
<i>Austria</i>	92,349	104,186	116,023	123,348	132,222	152,759	168,798
<i>France</i>	8,357	8,628	8,898	11,323	13,089	14,506	15,944
<i>Italy</i>	4,034	15,437	26,839	18,972	10,348	11,317	29,487
<i>Canada</i>	25,135	-	25,945	29,787	35,885	35,908	38,906
<i>Norway</i>	3	9,401	11,573	12,486	12,952	13,201	13,946
<i>Germany</i>	108,349	129,718	151,087	157,145	160,948	165,187	221,720
<i>Slovenia</i>	68,549	68,327	77,361	79,262	102,915	100,880	122,235
<i>Serbia</i>	42,141	266,909	380,524	351,671	343,743	335,992	342,526
<i>Sweden</i>	40,488	48,046	51,526	54,222	55,914	54,799	60,912
<i>Switzerland</i>	41,166	-	38,666	43,388	51,023	54,673	57,678
<i>UK</i>	1,816	4,108	6,470	6,717	7,090	8,486	9,576

Source: BiH Migration Profile for 2020, BiH Ministry of Security, Migration Sector

It is important to point out that migration movements bring positive and negative effects to both countries of origin and countries of destination. Migrations, despite their dual effects, have been growing year by year, from around 2% in the 1990s to 3.6% of the global population in 2020. Until the period of the oil crisis in the 1970s, the domestic population of developed European countries experienced accelerated education process and a rise in standard of living, both of which shift their work preferences towards higher-paid, so-called white-collar jobs.<sup>12</sup> This shift in the domestic labour force preferences has opened up a plenty of job positions in the lower-paid sectors of the economy, so these countries have been happy to open their labour markets to workers from the Mediterranean region. On the other hand, the countries of the Mediterranean region (Greece, Italy, Yugoslavia and North Africa), during this period, faced accelerated population growth, especially growth of low-skilled labour, which, along with low productivity and income on one side and high unemployment on the other side, created large social pressures in those countries. The emigration of low-skilled labour was a safety valve that, at the time, brought positive effects on both sides.

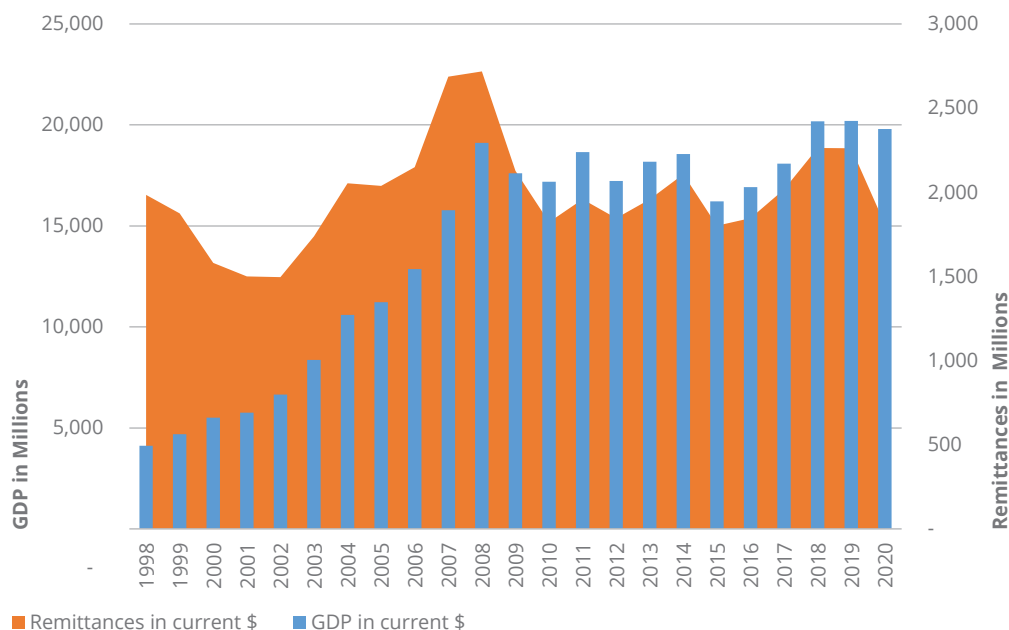
One of the most important migration effects is certainly remittances (money transfers) from abroad, which have been and still are an important source of financing personal consumption of recipients in BiH. Graph 10 shows the change of GDP is accompanied by the change in the amount of remittances. Almost 60% of remittances go to the personal consumption of recipients within BiH and 15% to the costs of education, which indicates their importance and strong impact on GDP of Bosnia and Herzegovina<sup>13</sup>.

12 *Integration Processes and Policies in Europe- Contexts, Levels and Actors, IMISCOE Research Series, Springer Open*

13 *Impact of COVID-19 on Diaspora from Bosnia and Herzegovina Remittances, Investments and Movements, Rapid Assessment Report, IOM, August 2020*



**Graph 10: Comparative presentation of remittances from abroad and the GDP of BiH**



Source: The World Bank, according to the World Bank methodology, remittances from abroad include all personal transfers as well as all employee benefits

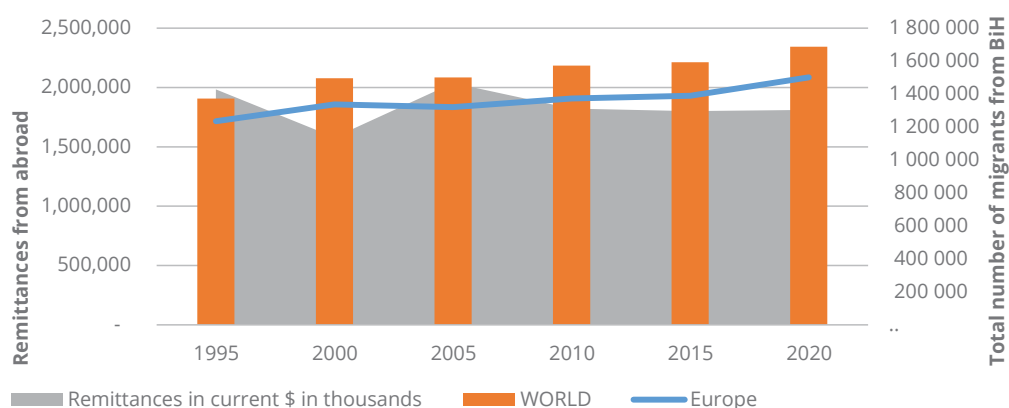
Remittances from abroad recorded a steady increase from 1998 to 2008 when they reached a peak-amount of \$ 2.7 billion. After that year, remittances suffered a decline until 2017-2019 period in which they stabilized at just over \$ 2.2 billion. The COVID-19 pandemic caused another drop in remittances, which, according to World Bank estimates, amounted to about \$ 1.8 billion in 2020 (Graph 10).

Despite the stable growth of the total number of BiH emigrants in the world, and especially in Europe since 2005, remittances recorded a decline and stagnation at the same period (Graph 11). During 2008 remittances amounted to \$ 2.7 billion after which they recorded a decline in year by year until 2015 when they reached \$ 1.8 billion. As previously mentioned, in the coming years, especially in 2018 and 2019, the total amount of remittances rose to around \$ 2.2 billion, and in 2020, due to the COVID-19 pandemic, the amount dropped back to \$ 1.8 billion, despite a record number of BiH citizens abroad.

The most important destination countries for BiH migrants participate with the highest share in total remittances as well. According to the data for 2019, Germany and Austria are certainly in the lead with share of 20% of all remittances followed by the USA with 14% share. Slovenia is in fourth place with 11%, with remittances in amount of 373 million BAM in 2019<sup>14</sup>.



**Graph 11: Comparative overview of remittances from abroad and total number of emigrants from BiH in the world and Europe**



Source: The World Bank, according to the World Bank methodology, remittances from abroad include all personal transfers as well as all employee benefits

After a short break in the leaving of the population, caused by the closure of countries and embassies in early 2020 due to the COVID-19 pandemic, the first indicators of the BiH Labour and Employment Agency from 2021 point to a renewed increase in the number of work permits issued in Slovenia, while a number of work permits issued in Germany still remains low. However, the polls do not show a significant decline in the readiness of BiH citizens, especially young people, to leave the country, and stronger trends of leaving can be expected by easing the restrictive anti-pandemic measures introduced in the destination countries. The key reasons are still of a political, economic and social nature.

According to a survey by the Children's Fund (UNICEF) and the United Nations Development Program (UNDP), conducted on 1,800 respondents, 26% of respondents want to emigrate, and the changes are insignificant compared to the period before the pandemic. The share of those who want to leave Bosnia and Herzegovina is the highest among young people between the ages of 15 and 30, at around 36%. At the same time, the Institute for Youth and Community Development "Kult" surveyed 3132 respondents between the ages of 15 and 30 and found that more than 50% of young people want to leave Bosnia and Herzegovina, while 12.1% have already taken concrete steps in in that direction. 40% of them state that a member of their immediate family has left the country in the past 7 years, and these trends are more present in smaller communities.

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15 Assessment of the Impact of COVID-19 on Society in Bosnia and Herzegovina - Second Household Survey p. 25



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A survey by the Friedrich Ebert Foundation on a sample of 1,531 respondents preparing to leave BiH showed that 97.5% of them would take their children abroad, and 91.2% of respondents would not want their children to return to BiH. Almost two thirds of respondents who want to leave BiH own real estate in BiH, one third have savings, 10.5% have their own business and 45% other forms of property. All indications are that people who could be said to be well-situated now want to move out of BiH. Respondents generally express a negative attitude towards possible future investment in BiH and the business environment in the country. The same survey included 1,162 BiH citizens living abroad, of which 48.5% of respondents from this group were employed before leaving BiH. Respondents have a positive attitude towards permanent residence in the destination country, a negative attitude towards return before retirement and a generally neutral attitude towards return to BiH after retirement. About 80% of respondents in the diaspora would not want their children to return to BiH. As the dominant way to help BiH, respondents state sending money to family and friends (about 60%). They send the most money to their parents. This is followed by humanitarian work in which about 42% of respondents are involved, while cooperation with companies from BiH and investment is stated by 20% of respondents. As many as 15.4% of respondents state that they do not want to contribute to the development of BiH. The risk of weakening ties of second- and third-generation born in immigration countries is high.

The research also showed that BiH citizens who left the country recently are less and less attached to BiH, and the reason is greater frustration, more difficult integration into the new society, although they still maintain a connection with their family in BiH.

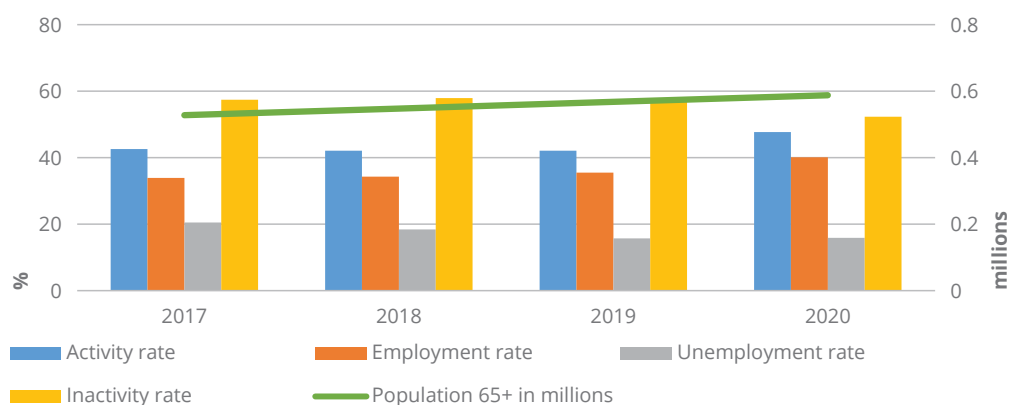
Previous research has shown that emigrants primarily maintain contact with BiH due to family ties and friends, vacations, attending an event or resolving administrative issues, and that only 7% in BiH travelled on business or for possible investment. Both surveys have shown that most emigrants still do not think of BiH as a place for possible investments or business partnerships.



# Economic indicators of the labour market in BiH

According to the data from the Labour Force Survey in BiH for 2020<sup>17</sup>, which was made on the basis of data from a reference sample of about 43 thousand households, there were 1.4 million active population in Bosnia and Herzegovina in that year, of which 1.17 million were employed and 221 thousand unemployed. In 2020, the activity rate was 47.7%, the employment rate 40.1%, the unemployment rate 15.9% and the inactivity rate 52.3%. In the same year, there were 1.5 million inactive population. Of the total active population, 88% fall into the age group of 25-64 and 9.9% into the age group of 15-24. Looking at the inactive population only, 62% of them belong to the age group of 50 and over, the age group of 25-49 participates with 19% in total inactive population and 18% of them belong to the 15-24 age group. The age group 25-64 participates with 90% in the total number of employees, followed by the young people in age span from 15 to 24 with 7.5% share. In Graph 12, for the period from 2017 to 2020, several significant changes can be noticed in the selected indicators during 2020.

**Graph 12: Comparative display of the selected indicators' trends**



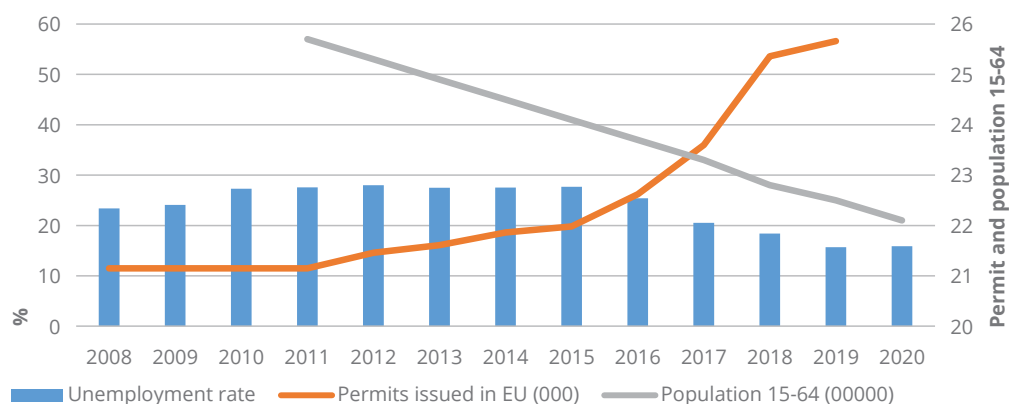
Source: Labour Force Surveys in BiH 2017-2020-Agency for Statistics of BiH, World Bank data

The registered activity rate increased notably to 47.7% in 2020 comparing from an average of 42% in the years 2017 to 2019, while at the same time, the inactivity rate recorded a reciprocally significant decline, from 57.9% in 2018 to 52.3% in 2020. The employ-



ment rate rose from 35% in 2019 to 40% in 2020 and the unemployment rate fell from 20.5% in 2017 to 15.9% in 2020. Graph 13 shows that the unemployment rate began its fall from 2015, while in the same period, the number of permits issued for BiH citizens in EU countries began to grow significantly, from about 20 thousand in 2015 to about 56 thousand in 2019. Also, a decrease in the total number of an age group 15-64 in BiH was noted, from 2.4 million in 2015 to 2.2 million in 2020, which with an increase in the age group of 65 and over (Graph 12) indicates a significant change in the age structure of work capable population.

**Graph 13: Comparative display of selected indicators trends**



Source: Eurostat, World Bank data

According to the ILO, the unemployment rate of the 15-24 age group fell from 65% in 2015 to around 34% in 2019, which, with maintaining a low share of this age group in total employment (7.3% in 2017 and 7.5% in 2020) and with its share in the inactive population increasing (from 16.5% in 2017 to 18.2% in 2020) may indicate a hidden migratory activity (especially seasonal to Croatia) of this age group to neighbouring countries and Europe. Looking at the number of first permits issued for the age group 20-24, according to the available data for certain years<sup>18</sup>, it can be seen that their average share in the total issued permits, for male population by country, ranges from 7% in Germany, 9% in Austria, 13% in Slovenia and 16% in Croatia. Data for men of this age group in Slovenia, for the period from 2011 to 2017, show a strong increase of their share in the total number of issued annual permits, from 10% in 2011 to 19% in 2017. When it comes to women of this age group, their average share is 6% in Germany, 11% in Austria, 5% in Slovenia and 2% in Croatia.

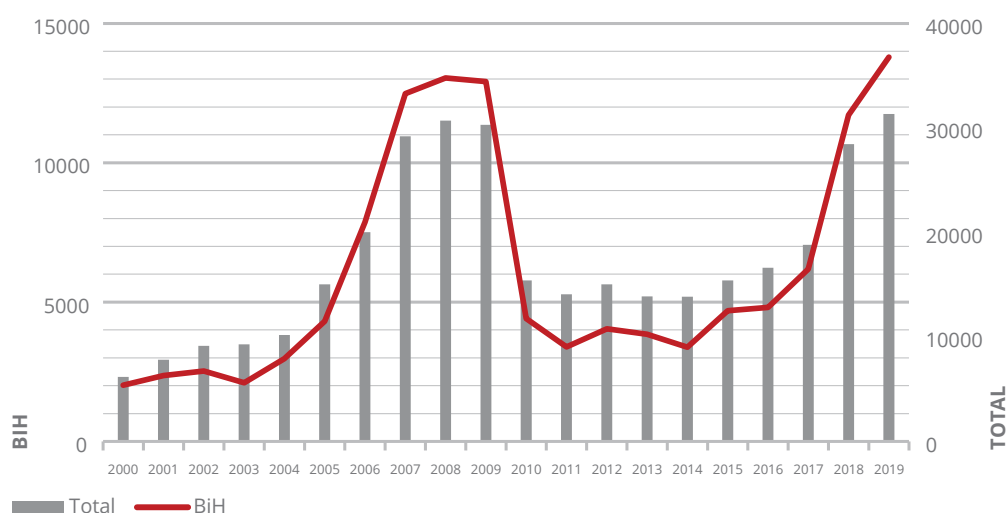


# Migration flows from BiH to Slovenia (prior to 2020)

**M**igration flows from BiH to Slovenia began already after the Second World War and today BiH's diaspora in Slovenia represents an important part of the Slovene society. While in the years following the Second World War immigrants from Croatia predominated in Slovenia, this changed in the 1970s when migration flows from BiH prevailed. Initially, most immigrants were from Bosanska Krajina and Bosanska Posavina, two densely populated regions, from which several Slovenian companies systematically hired their labour force. By the time Yugoslavia was disintegrating, migration flows were strongly influenced by the political situation, and it was not until the second half of the 1990s that the situation in BiH stabilized (Klep & Pelc, 2011).

From 2000 to 2019 more than 122 thousand people immigrated from BiH to Slovenia, which represents more than 35 % of all immigration to Slovenia. A more thorough overview of the data, which can be seen in Graph 14, reveals that immigration from BiH remained constant from 2000 to 2004, however, after Slovenia's accession to the European Union (EU) in 2004 immigration from BiH skyrocketed, from approximately 3,000 immigrants in 2004 to more than 13,000 in 2008.

**Graph 14: Immigration to Slovenia from 2000 to 2019**



Source: Statistical Office of the Republic of Slovenia

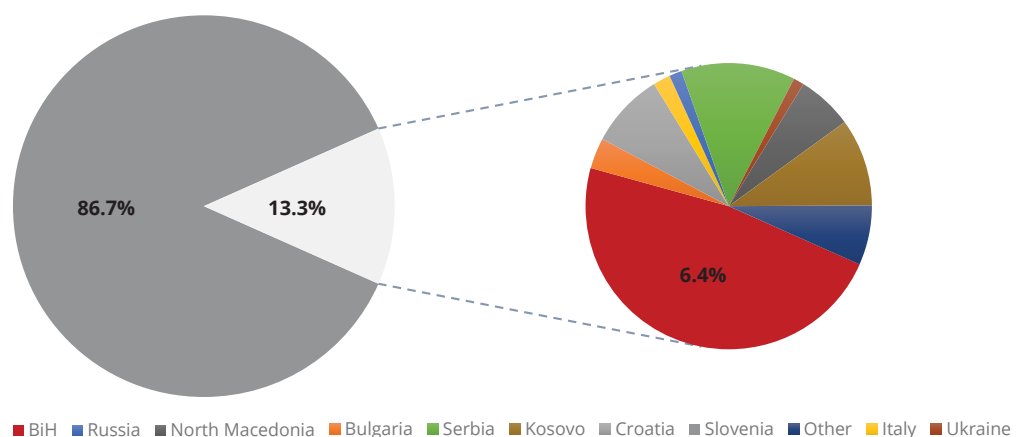




This was mainly the consequence of favourable economic conditions in Slovenia and an easier labour market access due to Slovenia's entry into the EU. After the outbreak of the global financial crisis in 2008, which affected Slovenia in the year after, overall immigration, as well as immigration from BiH fell significantly. In 2010, total immigration to Slovenia fell for 49 % compared to the year before, while the decrease in immigration from BiH was even greater and amounted to 66 %. Immigration remained stagnant until 2015 due to Slovenia's poor economic performance in this period, however, especially since 2017, immigration increased to pre-crisis levels. Especially noticeable is the increase in the immigration from BiH, which in 2019 amounted to 44% of all immigration to Slovenia. This is in line with the findings of Begović et al. (2020), who found a higher tendency to leave BiH, especially among the youth, in the last few years.

Literature studying migrations from BiH states unemployment, corruption, frequent political disputes, slow progress, deteriorating living conditions, as well as hopelessness and despair as the main drivers for emigrations (Malaj & de Rubertis, 2017; Vračić, 2018). In general, people emigrate from BiH to find a brighter economic future, which is heavily intertwined with successful labour market integration. A closer look at the Slovenian labour market in 2019 reveals that Bosnians are by far the second most represented nation among the working population with 6.4 %. Furthermore, only Serbians (1.7 %), Kosovars (1.3 %) and Croats (1.1 %) correspond to more than 1 %, while Slovenians represent 86.7 % (see Graph 15). A comparison of the unemployment rate between the entire population and those born in countries of former Yugoslavia shows that the unemployment rate among the latter in 2019 was only 1.1 percentage points higher (unfortunately, data exclusive to BiH is unavailable). In comparison, the difference in the unemployment rate among the entire population in the EU-28 and those born in foreign countries, exceeds 3 percentage points, which suggests that comparatively labour market integration of BiH citizens in Slovenia can be characterized as at least partially successful, although room for improvement obviously exists, as highlighted by the differences in unemployment.

**Graph 15: Active population by nationality (2019)**

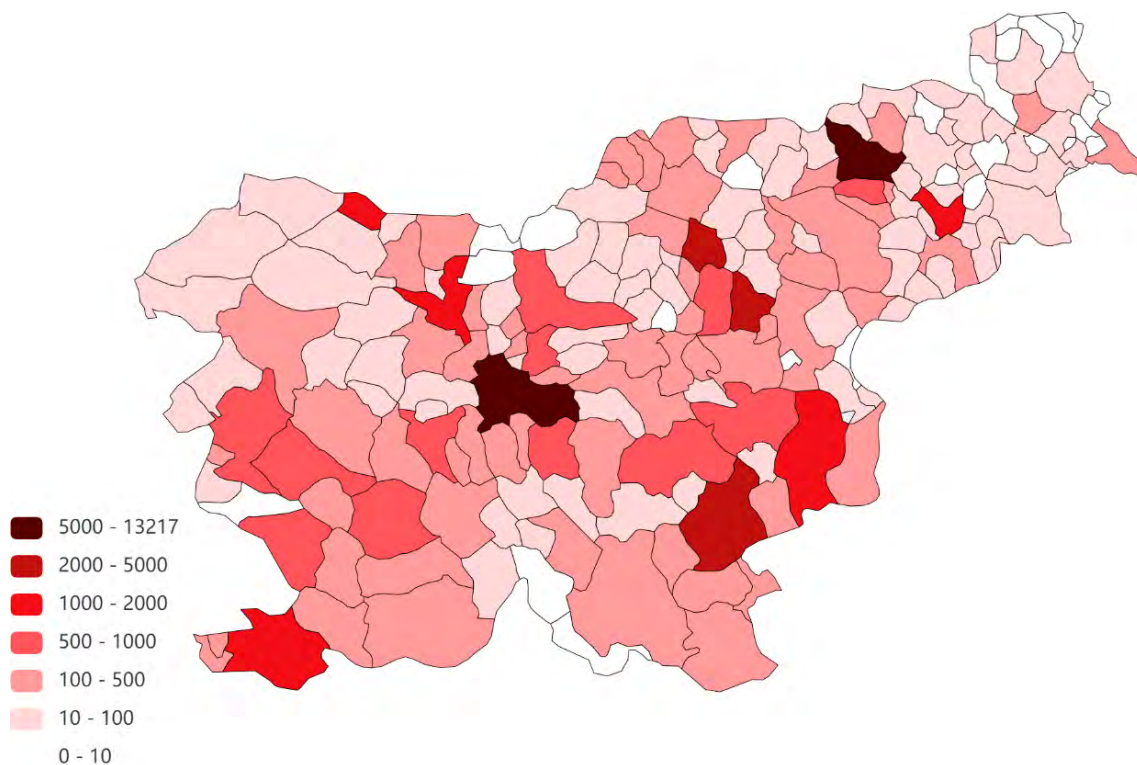


Source: Statistical Office of the Republic of Slovenia



In 2019 more than 61 thousand people with Bosnia and Herzegovina citizenship participated in the Slovenian labour market. A map of Slovenian municipalities in Graph 16 shows that most of them live in cities, which is understandable due to more employment opportunities. 13,217 Bosnia and Herzegovina citizens live in a municipality of the capital city of Ljubljana, while 5,196 live in Maribor, which is the second biggest Slovenian city. More than two thousand BiH citizens also live in Celje (2,791), Velenje (2,137) and Novo mesto (2,118). Interestingly, the lowest number of Bosnians live in the northeastern part of Slovenia, which is also by several metrics economically the most underdeveloped part of Slovenia.

**Graph 16: Active population from BiH by municipality (2019)**

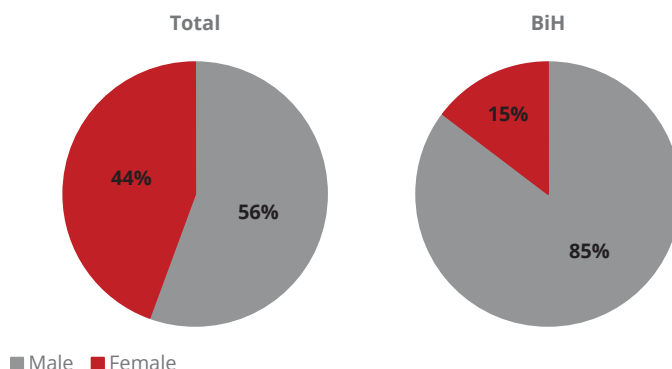


*Source: Statistical Office of the Republic of Slovenia*

A comparison of BiH citizens in the active population with the entire active population shows a big disparity both in gender, as well as age. On average, working immigrants from BiH are more than five years younger. Their average age is 36, while the average age of the entire active population is 41. Furthermore, the active population from BiH is far more male-dominated. While in the entire population the share of men sums to 56 %, the share of men among working BiH citizens amounts to more than 85 % (see Graph 17). This can be attributed to higher demand for workers among male-oriented sectors, such as, for example, construction or transport.



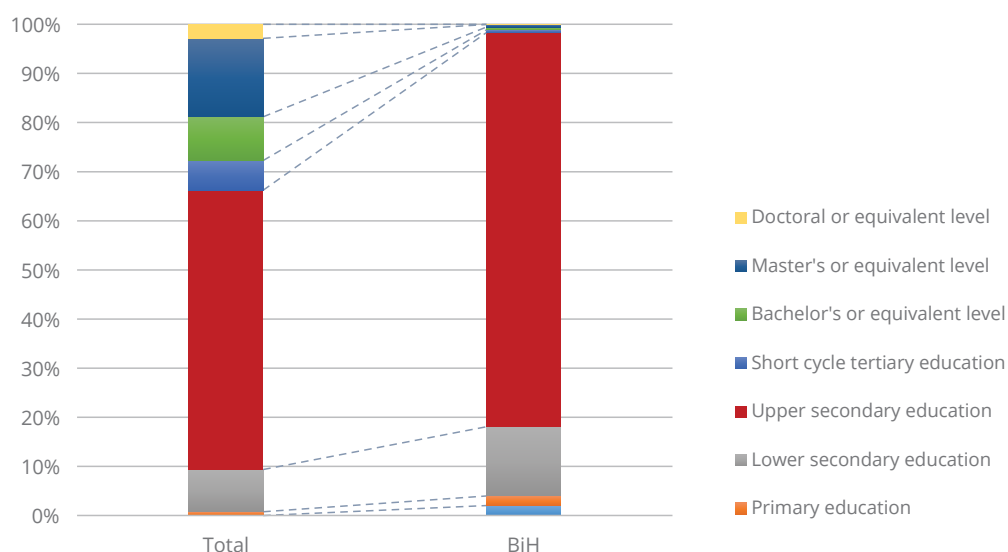
**Graph 17: Total active population and active population from BiH by sex (2019)**



Source: Statistical Office of the Republic of Slovenia

The attained education levels among BiH citizens in the active population are significantly lower than those of the entire active population. Most of the active population, as well as BiH citizens among the active population, have an upper secondary education (see Graph 18). However, the share among BiH citizens is significantly larger and amounts to 80 %, while the share among the entire active population is 57 %. Furthermore, more than 14 % of BiH citizens have a lower secondary education, which is 5 percentage points more than the share among the entire population. While more than 33 % of the active population have at least attained a short-cycle tertiary education, the share among BiH citizens does not exceed 2 %. The presented data on education among BiH citizens is worrying and presents an important starting point for policy makers to improve the situation of BiH citizens.

**Graph 18: Total active population and active population from BiH by education (2019)**

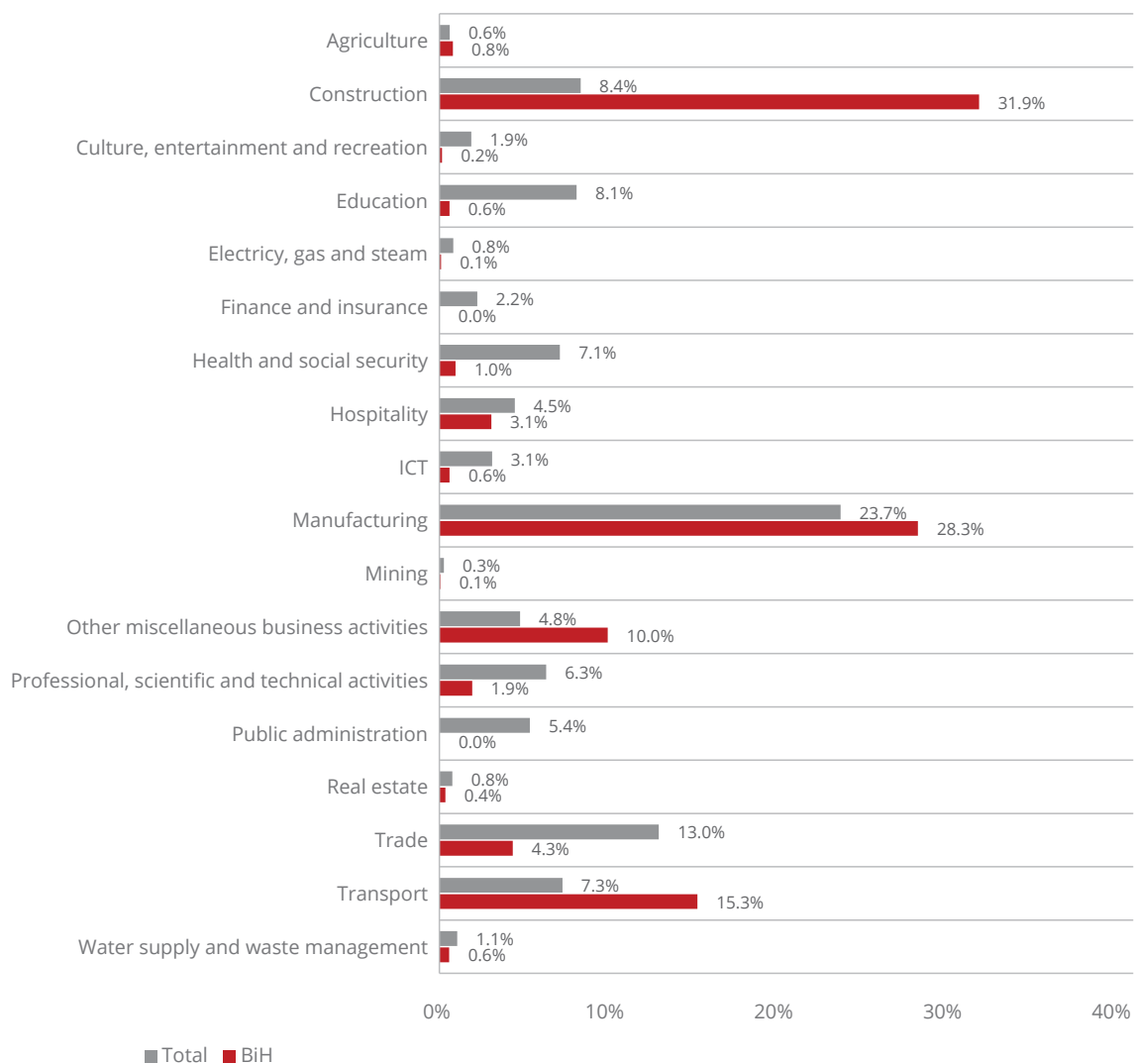


Source: Statistical Office of the Republic of Slovenia



As noted earlier, BiH citizens are on average less educated than the total population, which importantly affects the economic sectors in which they work in. Graph 19 reveals that 31.9 % of active BiH citizens work in the construction sector, which is significantly more than the entire population, where the share is only 8.4 %. Furthermore, 28.3 % of BiH citizens work in the manufacturing sector, while 15.3 % work in transport. In comparison, employment among the entire active population is far more diverse, although 23.7 % work in manufacturing. Especially noticeable is the entire absence of BiH citizens in economic sectors, such as for example education, health and social security, as well as public administration, where 8.1 %, 7.1 % and 5.4 % of the entire active population is employed, respectively.

**Graph 19: Total active population and active population from BiH by economic sector (2019)**



Source: Statistical Office of the Republic of Slovenia



# First effects of COVID-19 pandemic on labour markets in BiH and Slovenia, migrations and status of BiH citizens in Slovenia

## Bosnia and Herzegovina

BiH faced the COVID 19 pandemic largely dependent on international value chains, where foreign trade accounted for more than 81% of GDP<sup>19</sup>. At the same time, there is a constant foreign trade deficit, and dependence on consumption and remittances from abroad. In such circumstances, the BiH authorities' response to the COVID-19 pandemic was aimed at balancing a need to protect the health system and public health, mitigate negative economic and social consequences and political needs given that local elections were held in November 2020.

The governments of the entities of the Republika Srpska and the Federation of Bosnia and Herzegovina made decisions on declaring a state of emergency<sup>20</sup>, i.e. a state of natural disaster<sup>21</sup>, on 16 March 2020, and the Council of Ministers of Bosnia and Herzegovina on 17 March 2020<sup>22</sup>. In the first two months of the pandemic, population movements and economic activity were largely limited, but these decisions were revoked in late May, and measures have been gradually eased to date, with a shorter period of tougher measures at the top of the second and third waves of pandemics in November 2020 and March and April 2021. The COVID-19 pandemic led to a recession in all Western Balkan countries, and in Bosnia and Herzegovina to a decline in GDP of 4.3% (Graph 20), due to increased disease spread, declining consumption, investment and exports<sup>23</sup>, while after easing measures it has been growing slightly since the middle of the year. The World Bank forecasts economic growth of 2.8% in 2021, but also states that the dynamics of recovery is very uncertain. At the same time, the response to the pandemic resulted in BiH being consistently at the top of the list of countries in terms of mortality per million inhabitants, and about 60<sup>th</sup> in terms of the number of infected<sup>24</sup>. The long-term effects of the approach taken by the BiH authorities need to be considered and analysed in the future.

19 UNDP Bosnia and Herzegovina, Economic Impact Assessment of COVID-19 in Bosnia and Herzegovina, 2020 [https://www.ba.undp.org/content/bosnia\\_and\\_herzegovina/en/home/library/publications/EconomicImpactAssessment.html](https://www.ba.undp.org/content/bosnia_and_herzegovina/en/home/library/publications/EconomicImpactAssessment.html)

20 <https://www.vladars.net/sr-SP-Cyrl/Vlada/media/vijesti/Pages/1.-vanredna-sjednica-Vlade.aspx>

21 <https://covid19.fmoh.gov.ba/uploads/files/Odluka%20Vlade%20FBiH%20o%20proglasa%20C5%A1enje%20nesrece%20od%2016.03.-9658a877766522c9d9e322bd22ce7f676aa51d6e.pdf>

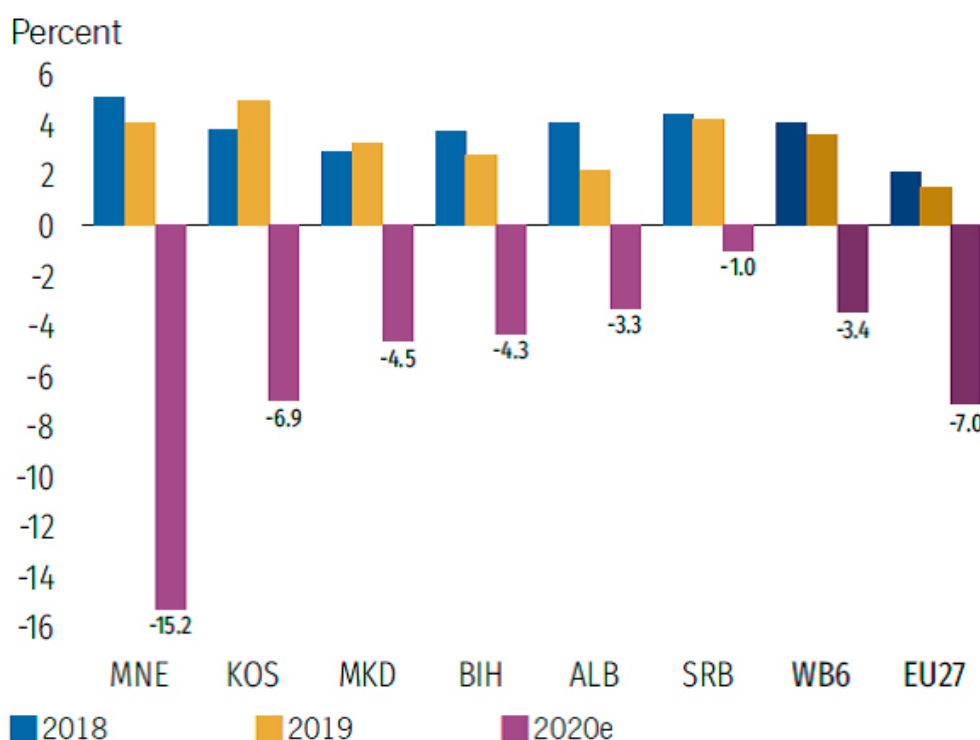
22 <http://www.sluzbenilist.ba/page/akt/bTsBUE4N5GM>

23 World Bank, Western Balkans Regular Economic Report No.19, Spring 2021, p.4

24 <https://www.worldometers.info/coronavirus/>



**Graph 20: The impact of the COVID-19 pandemic on GDP in the Western Balkans region**



Source: World Bank, Western Balkans Regular Economic Report No.19, Spring 2021

Graph 21 shows that in 2020, compared to 2019, there was an increase in newly registered job seekers, from 185,000 to 199,000, as well as a decrease in the number of persons employed from the unemployment register from 142,000 to 118,000. Considering also that the number of reported job needs fell from 62,000 in 2019 to 41,000 in 2020, the changes in these indicators can be safely linked to the problems caused by the COVID-19 pandemic in the BiH economy.

**Graph 21: Comparative display of trends of selected indicators**



Source: BiH Labour and Employment Agency



According to the data from the Graph 22, that the manufacturing industry, trade services and the branch of tourism and catering recorded the largest decline in the number of employees, which is natural because those branches, especially in periods of complete closure of the country and measures implemented in general against the pandemic, were most affected during 2020. According to the data available for the period until April 2021, the manufacturing (processing) industry recorded a recovery in the number of employees, while trade was at the level of last year, and the hotel and catering industry recorded a further decline in the number of employees.

**Graph 22: Comparative presentation of trends in number of employees by selected branches**



Source: BiH Labour and Employment Agency

However, taking into account all available data related to the performance of labour market indicators and the economy in general, it can be concluded that the true picture of the impact of the COVID-19 pandemic, migration and migration effects can be seen only in the years to come due to the unavailability of many statistical parameters at this time and due to the delayed effects that these events will cause in the years ahead.

The COVID-19 pandemic has severely affected about 80% of companies in the FBiH and about 90% of companies in the RS, according to a survey of employers' associations from both entities conducted in co-operation with the International Labour Organization (ILO) and the European Bank for Reconstruction and Development<sup>25</sup>.

More than 20% of them stopped business, while slightly less than 40% partially resumed work. About 42.5% of respondents in the FBiH and 59.7% in the RS stated that their revenues were reduced by 50% or more, while only 2.7% of companies in the FBiH and 1.4% in the Republika Srpska did not change or operated positively. The most common problems

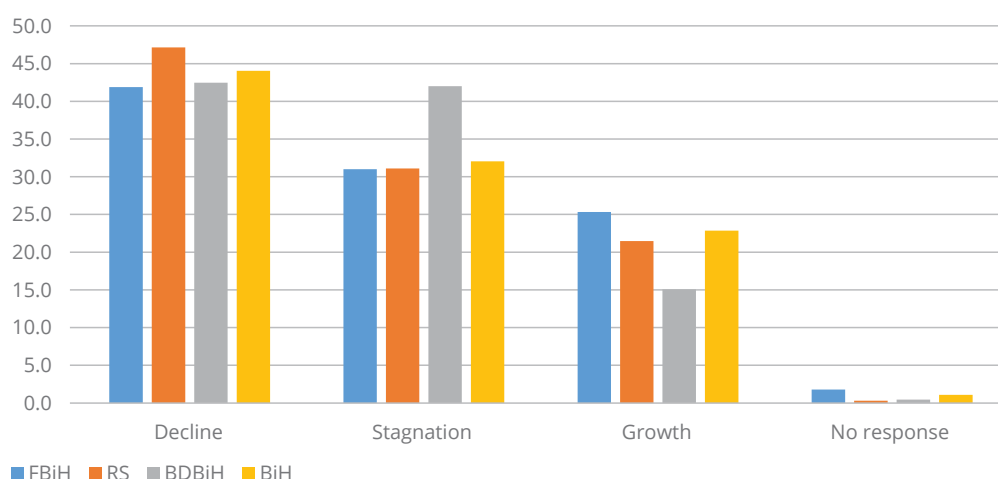


faced by employers were reduced demand, disruptions in cash flow to sustain business and retain workers, and a problem with business partners and suppliers caused by the COVID-19 pandemic.

More than 40% of respondents in both entities did not have their own financial reserves or access to external sources of funding to respond to the crisis. About 17% of surveyed companies in the FBiH and 6% in the RS laid off workers, mostly less than 10% of the workforce, while about 20% were forced to lay off about a third of their workers. The EBRD and ILO estimate that 245,000 jobs in BiH are at risk, primarily in the wholesale and retail trade, transport, crop and livestock production, catering, and then in certain export-oriented industries such as textiles, wood, food, plastics and mining. It is also estimated that young people and women will be most at risk from the consequences of the labour market crisis.

A survey by the Labour and Employment Agency on a sample of 2,429 companies in BiH showed that, as a result of the pandemic effect, about 45% of companies recorded a financial decline, 32% of companies stagnated, and only 22% of companies grew in 2020. 28% of companies temporarily or permanently stopped working, 22.4% organized work from home, and 11% resorted to dismissal of workers (Graph 23).

**Graph 23: Financial effects of COVID 19 on BiH companies in 2020**



Source: Labour Market Research in BiH, BiH Labour and Employment Agency, 2021

The surveyed companies laid off about 10,500 workers during 2020, and at the same time hired more than 8,700 workers. The largest number of layoffs was recorded in manufacturing, wholesale and retail trade, as well as administrative and support service activities. Of the total number of laid off workers, 39.7% are women, and the most affected are in arts, entertainment and recreation, catering and hotel and wholesale and retail trade, which also employ mainly female labour. New employment in 2020 included 37% of women. The most sought-after occupations in 2020 by activities were: truck driver, auxiliary worker in production, economist, worker for simple jobs, construction technician, salesman-trader,



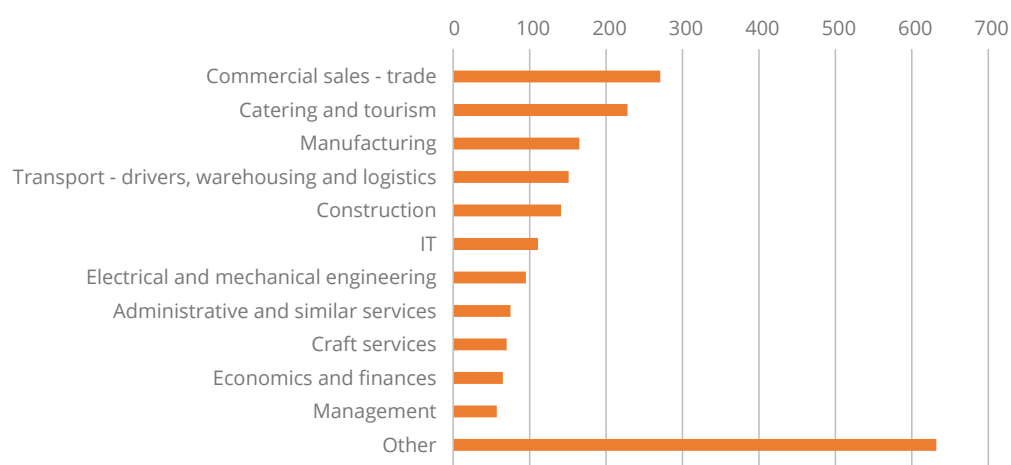


deliveryman, waiter, programmer, carpenter, telephone operator, security guard. A total of 48% of surveyed employers plan to hire in 2021, and the most sought-after occupations are: salesmen-traders, workers for simple jobs, seamstresses, tailors and waiters.

The leading employment portal [mojposao.ba](http://mojposao.ba) also recorded a significant drop in demand for workers in 2020. The largest drop in the number of ads of 72% compared to the same period in 2019 was noticed in April during the period of strict epidemiological lockdown measures<sup>26</sup>. The number of ads increased only during the summer, but fell again in October and the trend continued until the end of the year, following the epidemiological picture in the country.

The most sought-after occupations in 2021 largely coincide with the findings of previous surveys on sought occupations in 2020 and 2021, so that in a total of 2,631 ads, the most sought-after occupations in July 2021 were in the areas of trade (commercialists), catering and tourism, manufacturing and transportation. Occupations for which less than 50 advertisements were advertised are classified in the "other" category (Graph 24).

**Graph 24: Number of advertisements in relation to required occupations on the [mojposao.ba](http://mojposao.ba) portal**



Source: [mojposao.ba](http://mojposao.ba), June 2021

When it comes to social consequences for workers, a UN survey<sup>27</sup> of 2,182 households in July 2020 found that 48.5% experienced a worsening financial situation and 12% faced significant losses. The most severely affected were those who already considered themselves vulnerable, i.e. were already in a difficult economic situation. 22% of respond-

26 [https://www.mojposao.ba/?gclid=EAlalQobChMI8NXWjPrm8QIVsgV7Ch2YbQ\\_-EAAYASAAEgL\\_QvD\\_BwE#!home;postId=4199](https://www.mojposao.ba/?gclid=EAlalQobChMI8NXWjPrm8QIVsgV7Ch2YbQ_-EAAYASAAEgL_QvD_BwE#!home;postId=4199)

27 Social Impact of COVID-19 in Bosnia and Herzegovina: Household survey, UNICEF, UNDP BiH, October 2020; [https://www.ba.undp.org/content/bosnia\\_and\\_herzegovina/en/home/library/publications/SocialImpactAssessment.html](https://www.ba.undp.org/content/bosnia_and_herzegovina/en/home/library/publications/SocialImpactAssessment.html)



ents stated that the same resulted in poorer nutrition, and 12.9% of respondents were afraid of losing accommodation due to inability to pay rent or loan instalments. As many as 50% of respondents believed that the crisis caused by COVID-19 would have long-term consequences on their lives.

## Slovenia

The outbreak of COVID-19 in December 2019 in Wuhan City, China, transformed lives and behaviour globally. Around the world, lockdowns and travel bans were imposed by governments to contain the virus, which limited people's freedom to move to a previously unimaginable extent. While those measures were justifiable from a public health perspective, they came at a high economic cost. Slovenia experienced favourable economic conditions in the period from 2015 to 2019. In this period, the real GDP grew by 16.5 %, the unemployment rate fell by 4.5 percentage points, the average monthly salary increased for 198 €, and the consolidated gross debt fell by 17 percentage points. However, in 2020 most macroeconomic indicators mentioned above deteriorated. Real GDP fell by 5.5 % and the unemployment rate increased by 0.5 percentage points. Interestingly, the average monthly salary increased for 102 €, which can be attributed to generous salary supplements offered by the government. However, these have, among other increases in public spending, led to a budget deficit of 8.4 % and an increase in the consolidated gross debt by more than 15 percentage points (for a detailed overview see Table 6).

**Table 6: Macroeconomic overview of Slovenia (2015-2020)**

	2015	2016	2017	2018	2019	2020
<b>Nominal GDP (million €)</b>	38,853	40,443	43,009	45,863	48,393	46,297
<b>Real GDP (million €)</b>	37,123	38,307	40,144	41,904	43,238	40,846
<b>Annual real GDP growth (%)</b>	2.2	3.2	4.8	4.4	3.2	-5.5
<b>Nominal GDP per capita (€)</b>	18,830	19,589	20,819	22,135	23,165	22,014
<b>Inflation rate (%)</b>	-0.5	0.5	1.7	1.4	1.8	-1.1
<b>Participation rate (%)</b>	52.2	52.1	54.6	55.8	55.5	54.9
<b>Unemployment rate (%)</b>	9.0	8.0	6.6	5.1	4.5	5.0
<b>Average monthly salary (€)</b>	1,556	1,585	1,627	1,682	1,754	1,856
<b>Annual budget deficit (% GDP)</b>	-2.8	-1.9	-0.1	0.7	0.4	-8.4
<b>Consolidated gross debt (% GDP)</b>	82.6	78.5	74.1	70.3	65.6	80.8

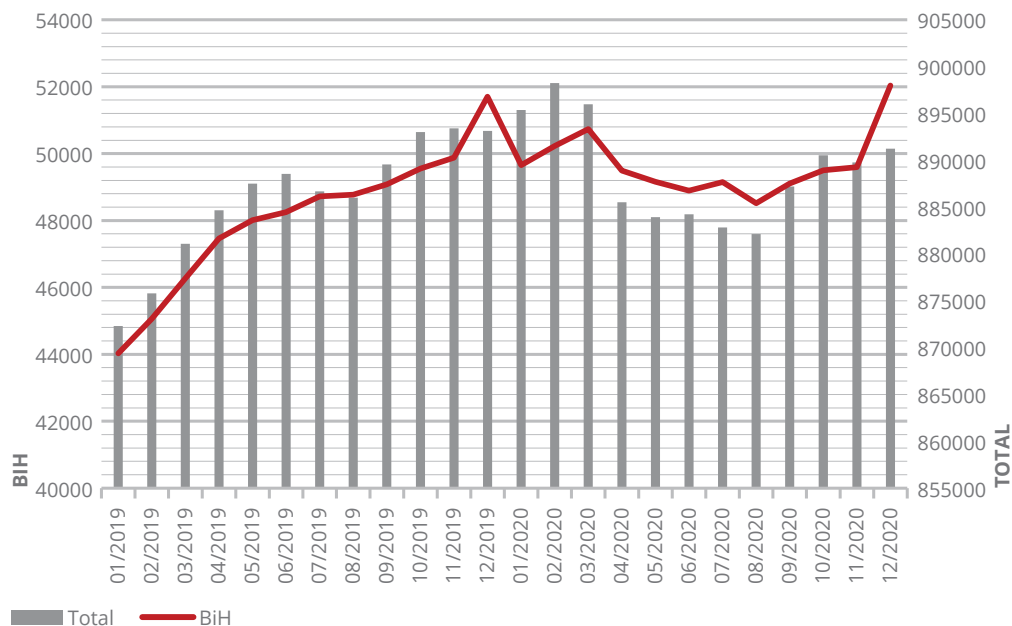
Source: Statistical Office of the Republic of Slovenia

The COVID-19 pandemic and the government measures associated with it also had a big impact on the labour market. Graph 25 reveals a significant increase in the active population stock from 2019 up until March 2020 when Slovenia declared an epidemic. Moreover, several pandemic mitigation measures entered into force in March, such as the



Decree on the temporary prohibition of the sale of goods and services to consumers in the Republic of Slovenia, as well as the Decree on the temporary general ban on the movement and gathering of people in public places and the ban on the movement outside of municipalities. While the majority of these measures were already lifted in May 2020, the active population stock kept falling until August 2020. Interestingly, although Slovenia struggled to contain the surge in COVID-19 cases, the total active population stock significantly increased in the autumn of 2020.

**Graph 25: Monthly total and BiH active population stock (2019-2020)**

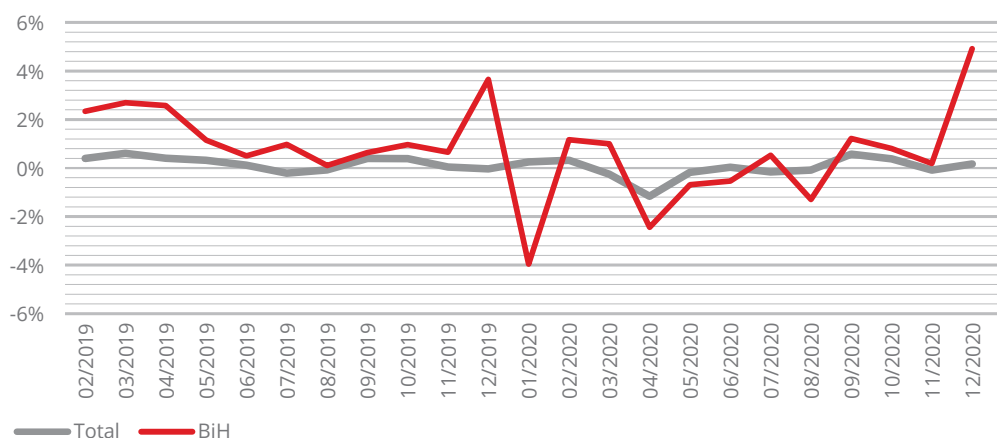


Source: Statistical Office of the Republic of Slovenia

A more thorough overview of the active population, presented in Graph 26, shows that the pandemic and the associated measures had distinct effects on BiH citizens compared to the entire population. On average, the active population stock grew by 0.24 % each month of 2019, however, the stock of BiH citizens among the active population grew by 1.26 % (December is excluded from the average due to the termination of temporary contracts, which are mostly offset by new temporary contracts in January). This trend continued through February and March when the pandemic hit. In April 2020, however, the number of BiH citizens among the active population fell by 2.44 %, while the total active population stock fell by only 1.17 % compared to March 2020. Furthermore, in the period from April 2020 until August 2020 the stock of BiH citizens among the active population fell on average by 0.89 % each month, while the stock of the entire active population fell on average by 0.31%. However, since September 2020 the number of BiH citizens among the active population started growing at a faster rate compared to the entire active population.



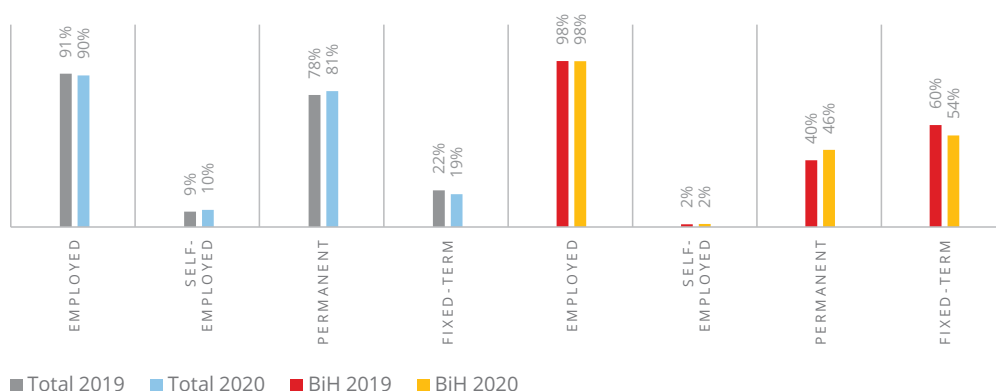
**Graph 26: Monthly changes in total and BiH active population stock (2019-2020)**



Source: Statistical Office of the Republic of Slovenia

The monthly changes in active population stock show that the outbreak of the pandemic had a bigger impact on BiH citizens compared to the entire population. The most plausible explanation for this phenomenon is the fact that the share of BiH citizens with a permanent employment status is significantly smaller than the share among the entire population. In 2019, only 40 % of BiH citizens had a permanent contract, while the share among the entire population amounted to 78 %. Since several BiH citizens with a fixed-term contract lost their jobs during the pandemic, the share of BiH citizens with a permanent contract rose by 6 percentage points in 2020. In comparison, the share of workers with a permanent contract among the entire active population grew only by 3 percentage points. Finally, the bigger impact of the pandemic could, to a certain extent, also be attributed to a negligible share of self-employed BiH citizens (see Graph 27). Namely, the government's measures to support the economy during the epidemic targeted the self-employed who received benefits if they experienced a drop in revenue of at least 20 %.

**Graph 27: Total and BiH active population by employment status (2019-2020)**



Source: Statistical Office of the Republic of Slovenia



The COVID-19 pandemic showed once more that projections on past data can be unreliable. However, the examination of employment trends in the second half of 2020 and the first three months of 2021 provides favourable results. In March 2021, the number of BiH citizens among the working population already surpassed the peak from March 2020, which was not the case for the entire working population. Moreover, the Institute of Macroeconomic Analysis and Development is forecasting an economic growth of 4.6 % in 2021 and 4.4 % in 2022, which offers optimism for the future employment of BiH citizens.

The presented effects of the COVID-19 pandemic on the Slovenian labour market in 2020 are only partially supported by the findings of Ćudić et al. (2020), who conducted a survey among BiH workers working in the European Union (EU) regarding the effects the onset of the pandemic had had on their work. While the authors' initial suspicion was that labour migrants from BiH were particularly vulnerable due to measurements of governments in countries they worked in, the results denied their suspicions. According to their survey, the pandemic has not endangered the jobs of immigrants more than the jobs of native workers in the same environments, which they attribute to a relatively high level of trust in BiH workers. The findings from the Slovenian labour market suggest the opposite, namely that the jobs of BiH citizens were on average more endangered, which can be attributed to a higher share of fixed-term contracts, as well as lower education attainments. However, this was only the case for the first wave of the pandemic in spring 2020. Already by the second wave of the pandemic in fall 2020, the number of BiH citizens among the active population recovered at the faster rate than the entire active population, which provides merit to Ćudić et al.'s claim that labour migrants are a flexible group, which largely retained their work.

According to the International Organisation for Migrations (IOM) survey on a sample of 217 diaspora members<sup>28</sup>, 12% reported a decrease of earnings and 8% reported losing a job, 13% reported increased, while 9% reported decreased working hours. The most significant impact of the COVID-19 pandemic on the BiH diaspora community was on respondents who did not have a residence status regulated, meaning that they neither held citizenship nor any other type of residence permit and among them 50.0% reported losing a job in 2020. Most of those workers returned to BiH after that. All this shows that seasonal workers and those who occasionally migrate will be hit hardest by economic disruptions and crises, such as this one caused by the pandemic.

Although short-term negative effects on BiH workers were inevitable, the negative consequences of the pandemic are not long-term when it comes to Slovenia, confirmed by information from the BiH Labour and Employment Agency, which records a large increase in issuing work permits in 2021 compared to 2020, i.e. return to trends before the pandemic. The assumption of the Agency is that it is mostly about the return of workers to those or similar jobs that they performed before the pandemic. In the first half of 2020, due to anti-pandemic measures and the temporary closure of the Embassy of Slovenia in BiH, no work visas were issued and it was difficult to go to Slovenia. Also, the demand for workers was



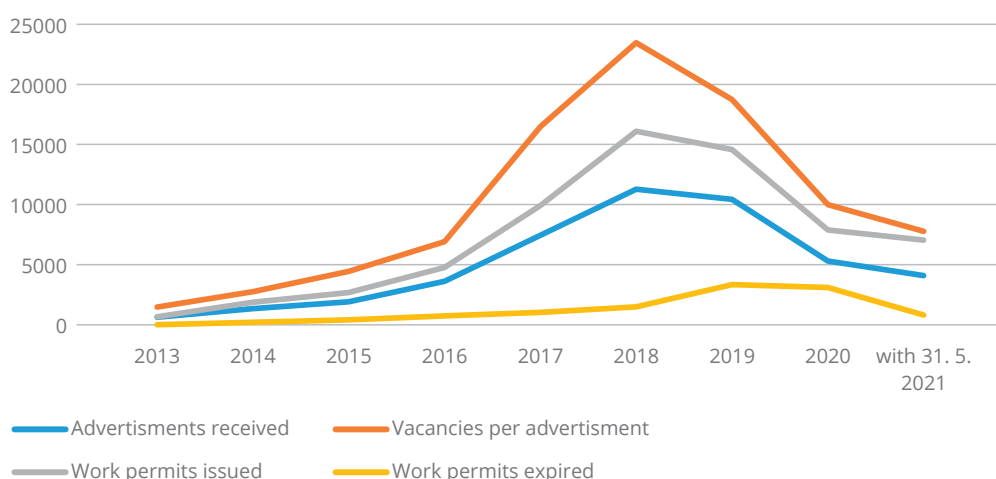
lower due to the economic consequences of COVID-19 in Slovenia, and the number of issued work permits was halved (Table 7).

**Table 7: Demand for workers and number of work permits issued**

Year of implementation of the Agreement	Advertisements received	Received vacancies per advertisement	Work permits issued	Permits expired
2013	624	1,465	661	12
2014	1,344	2,748	1,870	212
2015	1,921	4,434	2,677	409
2016	3,625	6,925	4,778	746
2017	7,451	16,479	9,923	1,029
2018	11,281	23,456	16,090	1,488
2019	10,430	18,740	14,581	3,341
2020.	5,307	9,991	7,887	3,112
31 May 2021	4,092	7,783	7,046	822
<b>Total 13-20</b>	<b>41,983</b>	<b>84,238</b>	<b>58,467</b>	<b>10,349</b>
<b>TOTAL</b>	<b>46,075</b>	<b>92,021</b>	<b>65,513</b>	<b>11,171</b>

Source: BiH Labour and Employment Agency

**Graph 28: Demand for workers and number of issued work permits**



Source: BiH Labour and Employment Agency

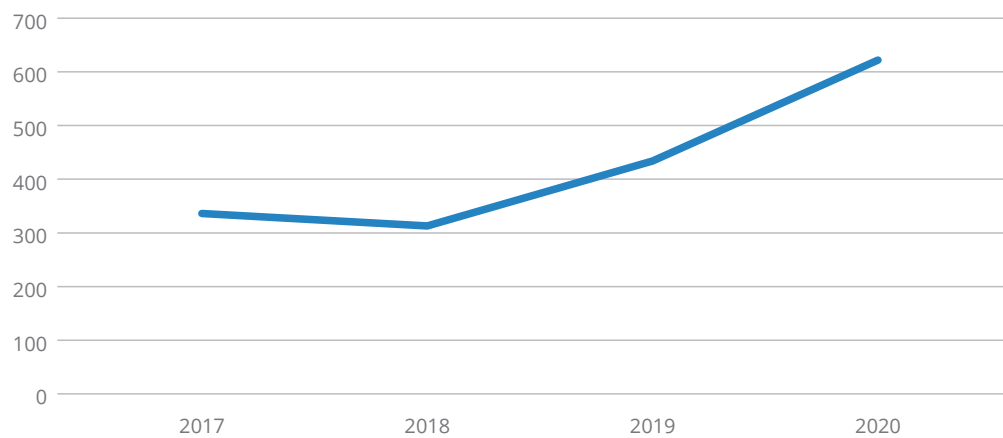
Workers from BiH in Slovenia, who are employed on the basis of the Interstate Agreement, were also protected thanks to the instruments from the Employment Agreement and the Agreement on Social Security with Slovenia<sup>29</sup>, as well as legal measures adopt-

29 <http://www.arz.gov.ba/Dokumenti/Fajlovi/Sporazum%20o%20Socijalnom%20osiguranju%20izmedju%20BiH%20-%20Slovenija.pdf> and <http://www.arz.gov.ba/Dokumenti/Fajlovi/Izmjene%20Sporazuma%20o%20socijalnom%20osiguranju%20sa%20Slovenijom.pdf>



ed by the Republic of Slovenia. Pursuant to the intervention law, all workers, including parties whose employment was terminated after 13 Mar 2020 are entitled to unemployment benefits which last from the beginning of termination of employment until the end of the epidemic. All workers are entitled to compensation, regardless of whether they have a condition of at least 9 months of work, which is provided by the local law. Available data on dismissals of workers from BiH are based on claims for cash benefits under the Interstate Agreement on Social Security and they indicate an increase in dismissals from 434 claims in 2019 to 622 claims in 2020 (Graph 29).

**Graph 29: Requests of dismissed workers for financial compensation in accordance with the Agreement on Social Security**



Source: BiH Labour and Employment Agency

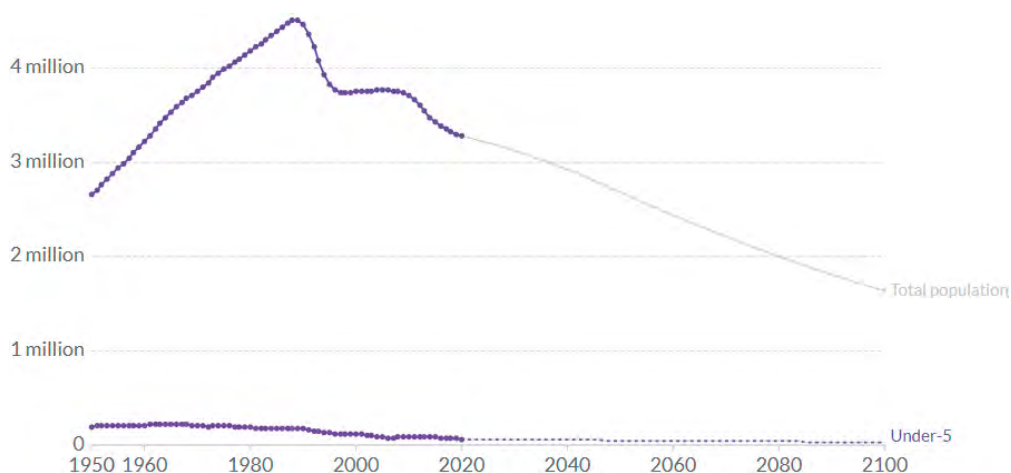


# Conclusions

## Implications for Bosnia and Herzegovina

The population is continuously leaving BiH, and in the last decade, the intention of emigrants to stay in the destination countries has been noticeable, as evidenced by the demands for family reunification, as well as research in the diaspora. Forecasts indicate that there will be no significant change in migration trends in the coming period. The United Nations predicts a constant decline in the population of BiH caused by emigration and population aging, according to which BiH will have 2.7 million inhabitants by 2050 and 1.66 million in 2100 if nothing changes (Graph 30).

**Graph 30: Population and forecasts until 2100**



Source: UN Population Division (2019) revision (<https://ourworldindata.org/grapher/world-population-and-projected-growth-to-2100-total-population-and-under-age-5?country=~BIH>)

The inflow of remittances and the reduction of unemployment are seen as positive effects of emigration, but the longevity of these effects is questionable. Long-term reliance on remittances poses a risk, especially in a pandemic situation, if it worsens the socio-economic situation of emigrants in destination countries<sup>30</sup>, as well as the fact that whole

30

<https://www.worldbank.org/en/news/press-release/2020/04/22/world-bank-predicts-sharpest-decline-of-remittances-in-recent-history>





families emigrated in the last waves of migration, and the number of elderly family members remaining in BiH, who are visited or receive the money, naturally decreases over time. Also, BiH assistance increasingly depends on the second generation of the diaspora, who were born in the host countries, and where there is a risk of weakening ties with BiH.

In the case of emigration of BiH citizens to Slovenia, it is noticeable that the Slovenian labour market is mostly filled by workers from BiH with secondary education and that the demand for occupations is similar to that in BiH. Along with the demand for these workers in other destination countries of BiH emigrants, there is a general shortage of skilled labour in all areas, and more recently in catering and construction, and the need to hire labour from abroad rises.

There is a possibility in further import of labour from abroad and activation of the remaining labour force through retraining and additional training programs and encouraging enrolment policy and adjusting curricula in secondary education adapted to the needs of the labour market, with no guarantee that such educated labour force will remain in BiH.

Although there are positive examples of investment and knowledge transfer from the diaspora to BiH, they are still rare. At the same time, research shows that the desire to preserve ties with BiH among the second generation of emigrants, as well as among people who have recently left BiH, is generally weak.

It is important to accept the fact that the reasons for leaving are not exclusively economic in nature, they are continuously complicated and affect all spheres of life, including social and political. Therefore, they cannot be addressed by measures in only one area, but by overall systemic reforms in the country.

## Implications for Slovenia

The impact of immigration on the labour market is a revolving field of research, which remains highly relevant for policy makers. Standard economic models suggest that an increase in the number of workers negatively affects labour productivity, the average salary, as well as the employment of native workers. However, these models assume that capital stock is fixed, which is an unrealistic assumption (Peri, 2016). In general, studies have found that the impact of immigration on the average salary, as well as the employment of native workers is positive or negligible, although the effects can be detrimental if the migratory wave is massive and unexpected. Furthermore, immigration has distributional consequences, which depend on the differences between the natives and immigrants, such as for example differences in age, education, or skills. By affecting the skill composition of the workforce, immigrants tend to worsen the labour market outcomes of competing workers and improve those of complementary workers (Edo, 2018). Finally, it is worth noting that most empirical results regarding the economic impact of immigration are based on single-country analyses and that OECD countries have different experiences dealing with immigration. The impact of immigration can also be affected by migration policies, although, empirical evidence regarding the effects of such policies remains limited. These facts suggest that caution is needed while interpreting and generalizing previous empirical results to a different country.



Based on this short literature overview, an important implication can be drawn regarding the impact the immigration from BiH has on Slovenia. As seen earlier, immigrants from BiH are on average less educated and are, in general, employed in sectors where they address the labour supply shortage for low-qualified jobs. The differences between the native workers and immigrants from BiH indicate a positive effect on salaries of native workers, as well as the Slovenian economy in general. Any potential negative labour market outcomes of immigration from BiH is probably concentrated among previous BiH immigrants, as they are the closest substitute (competing workers) to new immigrants.



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# Annexes

**Table A1: Work permits issued by gender**

Year/Gender	M	M%	F	F%	Total
2013	659	99.7	2	0.3	661
2014	1,858	99.36	12	0.64	1,870
2015	2,664	99.51	13	0.49	2,677
2016	4,746	99.33	32	0.69	4,778
2017	9,798	98.74	125	1.26	9,923
2018	15,516	96.43	574	3.57	16,090
2019	13,720	94.1	861	5.9	14,581
2020					
Total	48,961	96.8	1,619	3.2	50,580

Source: BiH Labour and Employment Agency

**Table A2: Issued work permits by level of education**

Year/Level of Education	Unknown	I degree	II degree	III degree	IV degree	V degree	VI degree	VII degree	Bologna	Total
2013	9	186	121	1	270	71	2		1	661
2014	1,330	220	56	3	225	35		1		1,870
2015	1,996	315	79	1	250	34	1	1		2,677
2016	3,522	478	176	3	516	80	2		1	4,778
2017	8,070	925	185	4	652	86	1			9,923
2018	13,968	1,075	205	6	747	88		1		16,090
2019	12,965	849	115	1	576	74	1			14,581
2020										
Total	41,860	4,048	937	19	3,236	468	7	3	2	50,580
%	82.76	8.00	1.85	0.04	6.4	0.93	0.01	0.006	0.004	

Source: BiH Labour and Employment Agency



**Table A3: Issued work permits by age**

Year/Age	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+	Ukupno
2013	14	93	126	141	97	67	57	42	21	3	0	661
2014	25	298	382	354	303	169	160	115	54	8	2	1,870
2015	49	425	555	533	404	273	203	159	65	10	1	2,677
2016	131	899	968	926	749	490	326	188	86	15	0	4,778
2017	330	2,299	2,038	1,729	1,392	1,010	573	358	158	34	2	9,923
2018	626	3,954	3,095	2,669	2,209	1,588	1,014	607	273	52	3	16,090
2019	473	3,350	2,821	2,383	2,040	1,570	1,008	626	253	51	6	14,581
2020												
Total	1,648	11,318	9,985	8,735	7,194	5,167	3,341	2,095	910	173	14	50,580
%	3.26	22.38	19.74	17.27	14.22	10.22	6.61	4.14	1.80	0.34	0.03	

Source: BiH Labour and Employment Agency

**Table A4: Work permits for BiH citizens in Slovenia by activities**

ACTIVITY		2013	2014	2015	2016	2017	2018	2019
A	AGRICULTURE, HUNTING, FORESTRY AND FISHING	13	41	37	42	79	155	120
B	MINING	0	0	2	0	4	6	12
C	MANUFACTURING	142	441	469	910	2,989	5,220	4,046
D	ELECTRICITY; GAS AND STEAM SUPPLY	0	2	3	4	4	53	9
E	WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	0	0	5	5	8	18	19
F	CONSTRUCTION	195	634	1,000	1,517	3,404	5,733	4,625
G	WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	23	48	132	180	228	510	550
H	TRANSPORTATION AND STORAGE	250	566	796	1,517	2,136	2,974	2,549
I	ACCOMMODATION AND FOOD SERVICE ACTIVITIES	5	21	21	38	133	320	394
J	INFORMATION AND COMMUNICATION	2	5	6	6	6	14	17
K	FINANCIAL AND INSURANCE ACTIVITIES	0	1	0	0	1	1	0
L	REAL ESTATE ACTIVITIES	5	10	13	43	94	50	38
M	PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	20	37	85	143	198	404	243
N	OTHER BUSINESS ACTIVITIES (ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES)	1	48	105	346	583	523	724
O	PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	0	0	0	1	0	0	0
P	EDUCATION	0	2	1	4	20	25	5
Q	HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	0	0	0	0	3	9	25
R	ARTS, ENTERTAINMENT AND RECREATION	0	0	1	1	1	7	11
S	OTHER SERVICE ACTIVITIES	5	14	1	16	32	67	41
T	ACTIVITIES OF HOUSEHOLDS	0	0	0	0	0	0	0
U	ACTIVITIES OF EXTRATERRITORIAL ORGANIZATIONS AND BODIES	0	0	0	0	0	0	0
	UNKNOWN ACTIVITY	0	0	0	5*	0	1	1,153
TOTAL:		661	1,870	2,677	4,778	9,923	16,090	14,581



# Labour migration between Bosnia and Herzegovina and Slovenia



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