

Migration, Integration and the Crisis

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Dialogue on Migration and Labour markets in the Crisis

Gmunden

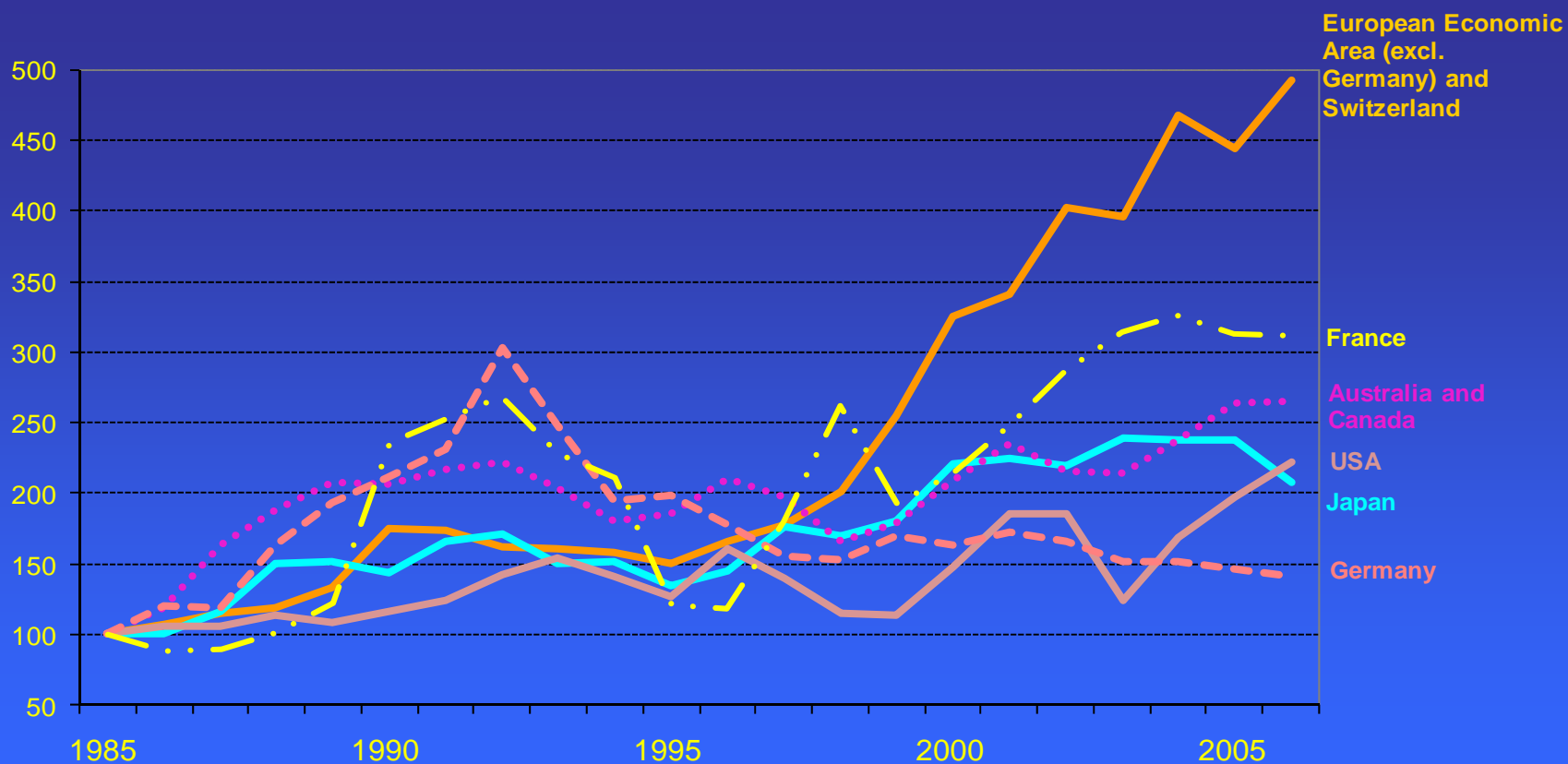
Overview

- I. Situation prior to the crisis
- II. Impact of the crisis on migration flows and migration policy
- III. Challenges for the labour market integration of immigrants
- IV. Conclusion

I. Situation prior to the crisis

Prior to the crisis, immigration had grown in the OECD area, and this was partly attributable to increased labour migration, particularly to Southern Europe, Ireland and the UK

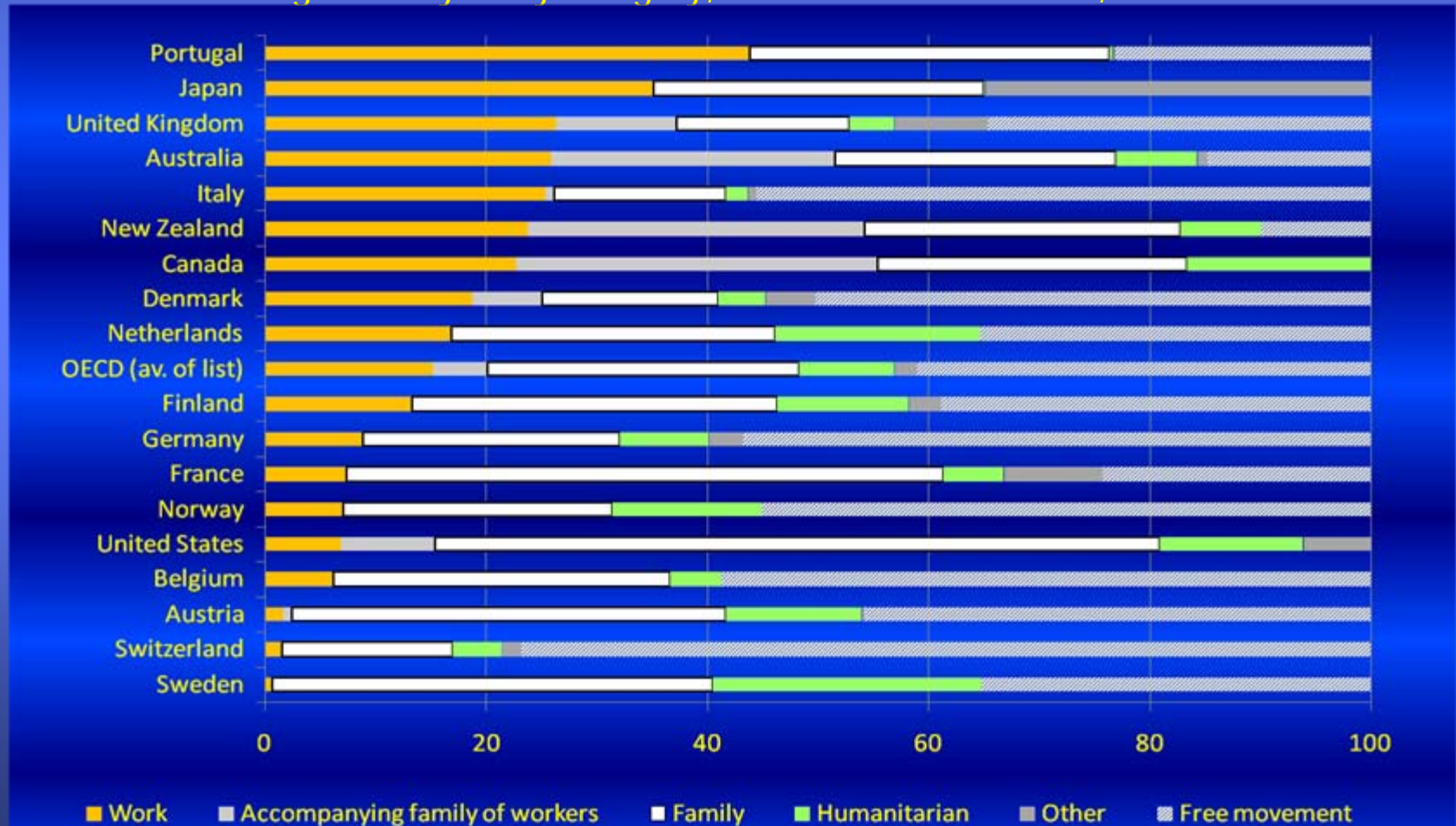
Immigration into OECD countries, 1985-2006 (1985=100)



Source: Trends in International Migration, OECD, forthcoming.

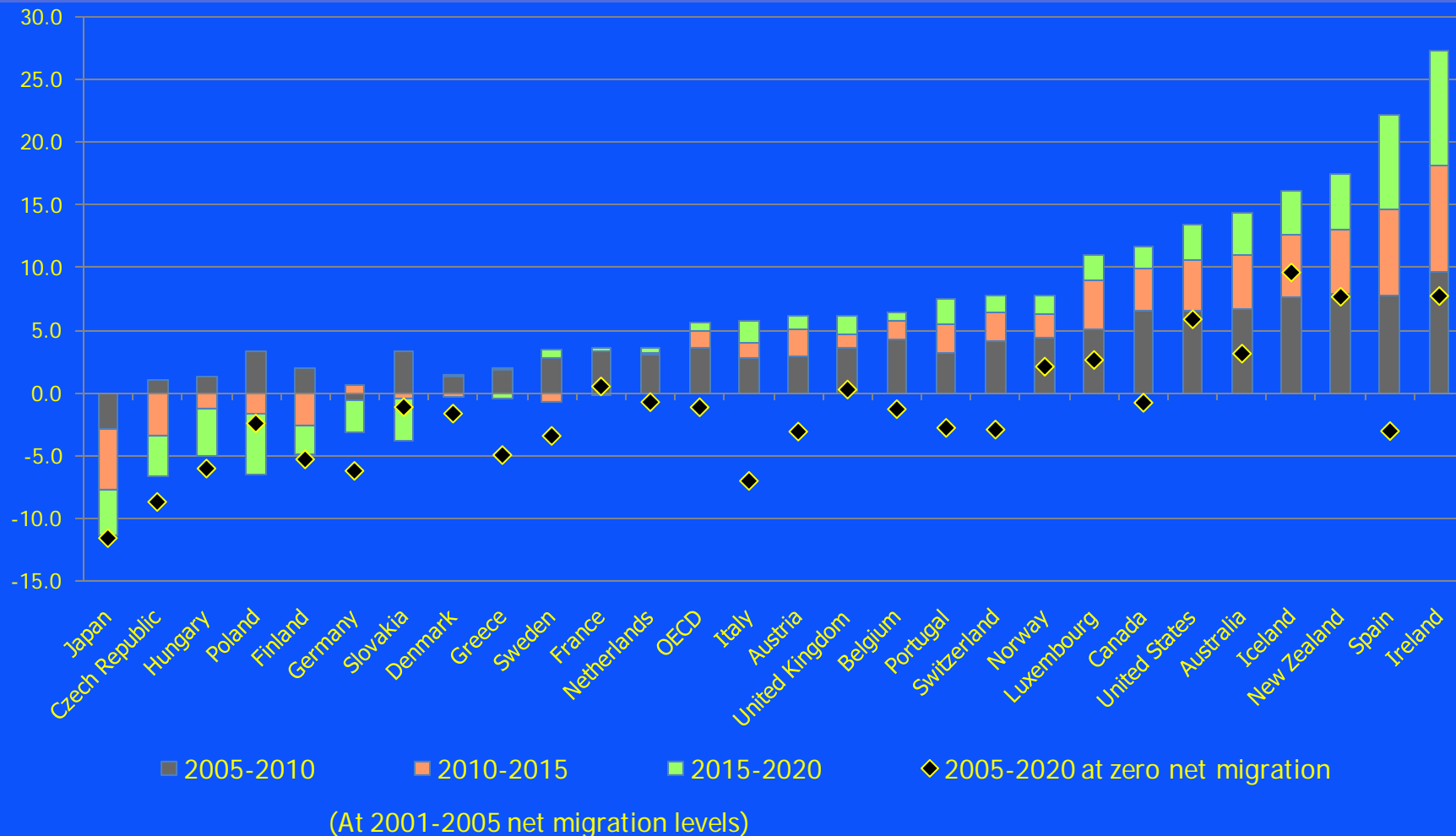
Despite the recent increase in labour migration, accompanying family and family reunification still make up the bulk of permanent-type migration in most OECD countries

Immigration by entry category, standardised definition, 2007



Countries were – and still are - confronted with the challenges of demographic ageing

Expected net change in the working-age population over the period 2005-2020, at 2001-2005 net migration levels, as % 2005 population

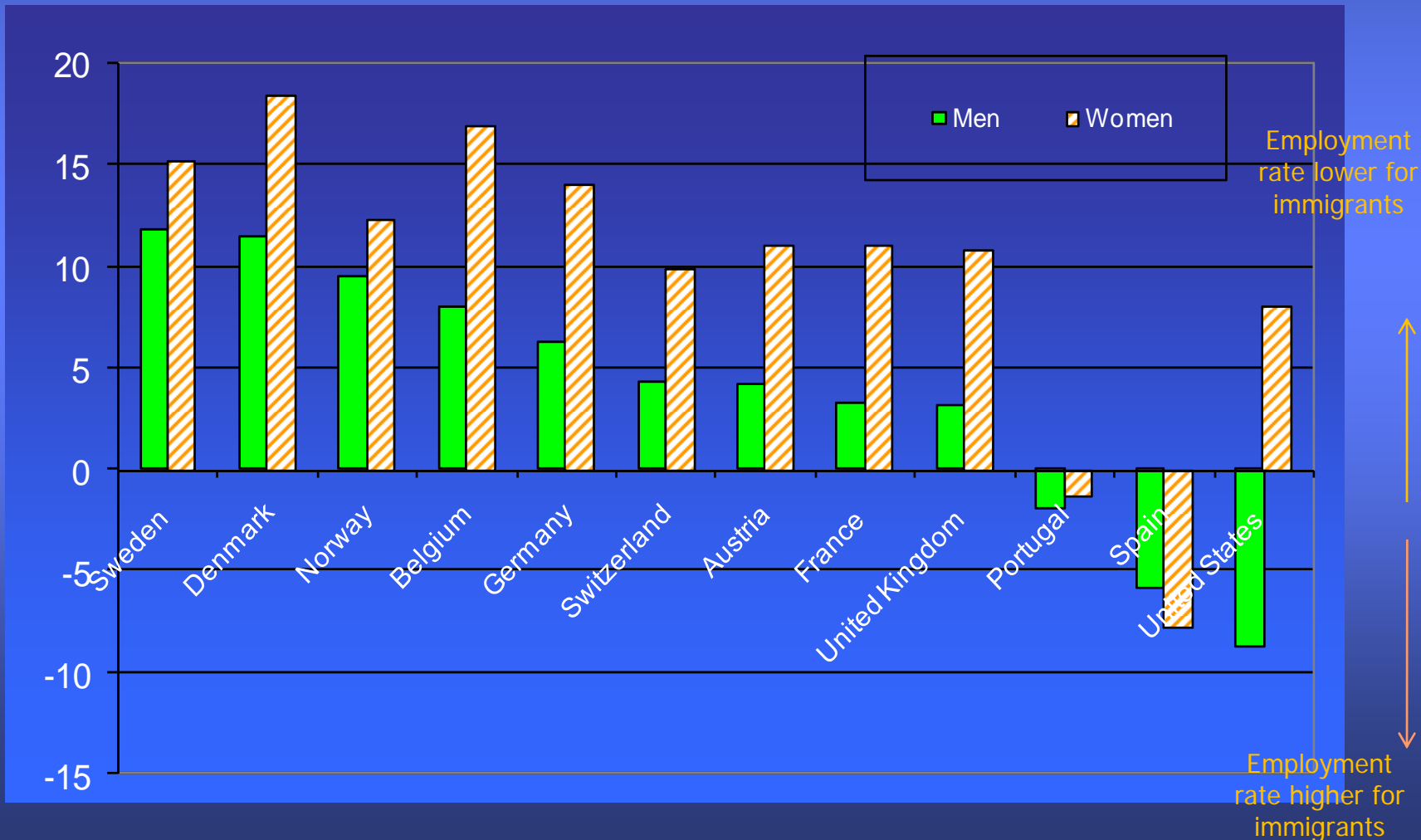


There has been a renewed interest in migration for employment

- ❑ All countries select labour migrants, either through national administration or through employers, or both
- ❑ Recruitment of immigrants
 - Points-based schemes (AUS, CAN, UK...)
=> Not all labour immigrants have jobs prior to entry
 - Introduction of specific migration schemes for highly skilled workers (DE, DK, ES, FR, GB, IR, NO, CZ,...)
 - Easing labour recruitment for shortage occupations (GB, IR, FR, NL, ...)
 - Fiscal incentives (Nordic countries, BE, FR,...)
 - Providing students with work opportunities after completion (AU, CA, CH, DE, FR, IR,...)

Lower employment of immigrants (particularly women) in most OECD countries, but great variation of outcomes

Percentage point differences in the employment/population ratios between native and foreign-born 15-64 years old, 2005/2006 average (Austria: 2007/2008 average)



II. Impact of the crisis on migration

Impact on migration flows

- ❑ Labour migration will be affected strongest, impact on family and humanitarian migration is less clear cut
- ❑ Even if it is still too early to see significant changes in migration flows in most countries...
 - ... some countries show signs of a decline in temporary labour migration (e.g. Australia: -20% in the first four months of 2009; USA)
 - ...a strong decline in labour migration from the new EU member countries is observed (e.g. UK, IR : >-50%)
- ❑ Evidence of return migration remains limited ...
 - ... except between some countries within the European Union
- ❑ Not all labour needs disappear during a downturn and even in the short term, it is unlikely that labour migration will entirely cease

Expected impact on non-labour migration flows

- ❑ Family reunification: Where family reunification is subject to income limits, it might be delayed during periods of unfavourable labour market conditions.
- ❑ Humanitarian flows: Other factors may be more important but there may be an increasing risk of abuse of the asylum channel.
 - Tentative data for a number of European OECD countries show an increase in asylum migration in the first five months of 2009 (DE: +12%, AT: +37%, CH: +>50%) – albeit at a much lower level than some years ago
- ❑ Irregular migration: Stock of irregular migrants could increase as some temporary migrants who lose their jobs overstay, but in the meantime, irregular migration flows may decline as job opportunities become scarcer

Reactions by migration policy

- ❑ Main brake on labour migration is reduced demand
- ❑ Reducing numerical limits (e.g. AU, IT, ES, KO)
- ❑ Reducing shortage lists (e.g. UK)
- ❑ Encouraging return migration (ES, CZ, JP)
- ❑ Tightening labour market tests and enforcement measures (e.g. UK, CA, US)

But:

- ❖ many countries have also decided to leave their migration policy unchanged (e.g. permanent migration programme in Canada)
- ❖ Sweden has greatly facilitated labour migration since December 2008

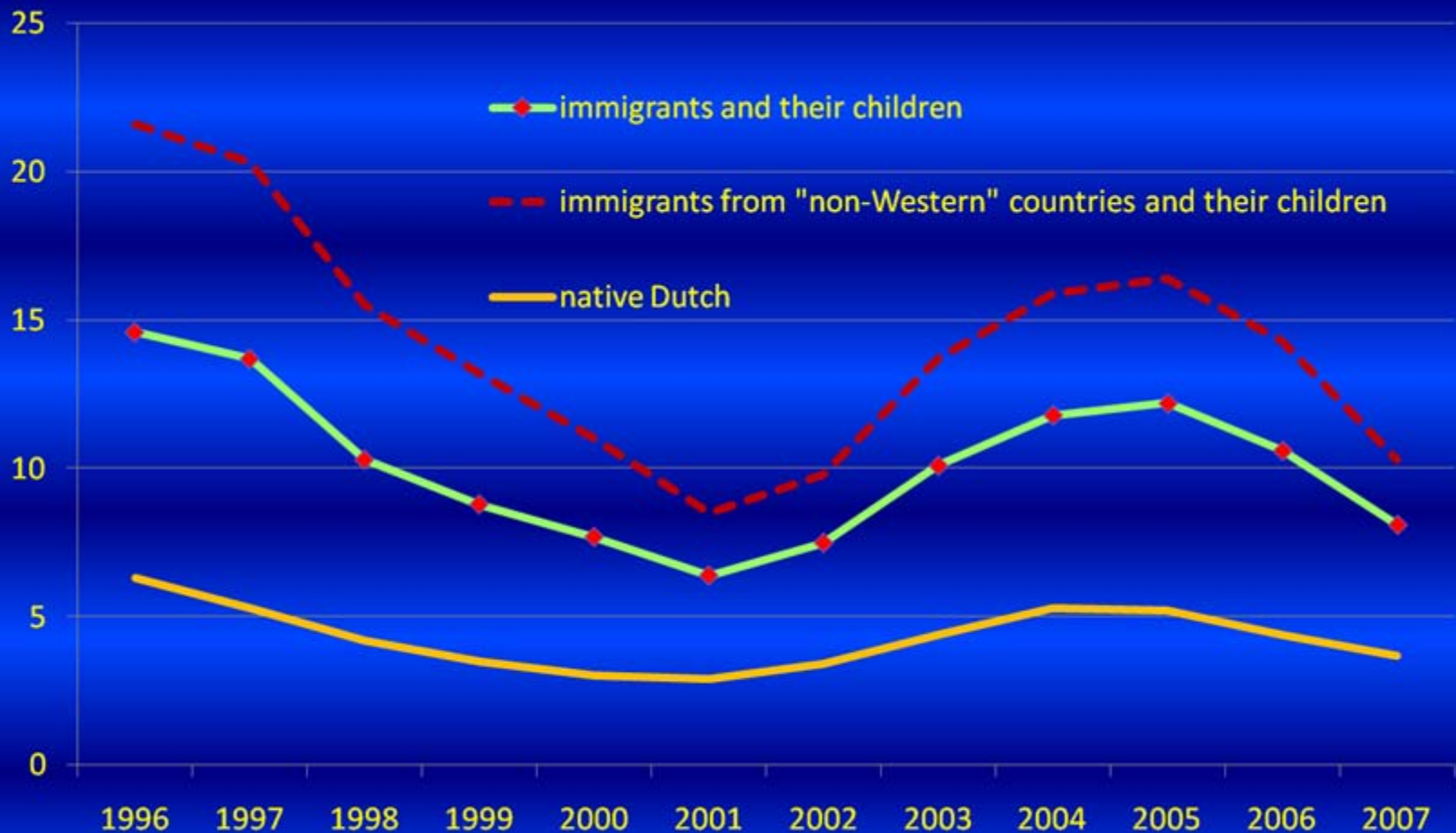
III. Challenges for labour market integration

Evidence from past experience and from countries which have been hit first by the current crisis show that migrants are more vulnerable to economic shocks

- ❑ Migrant workers tend to be concentrated in sectors which are more sensitive to business cycle fluctuations
- ❑ Migrants are overrepresented in low-skilled occupations which are also more sensitive to economic conditions
- ❑ Migrant workers have on average less secure contractual arrangements
- ❑ Migrant workers may be subject to selective layoffs
- ❑ When there is an abundance of job applicants, (real or expected) mastery of the host country language may be used more extensively as a screening criterion by employers

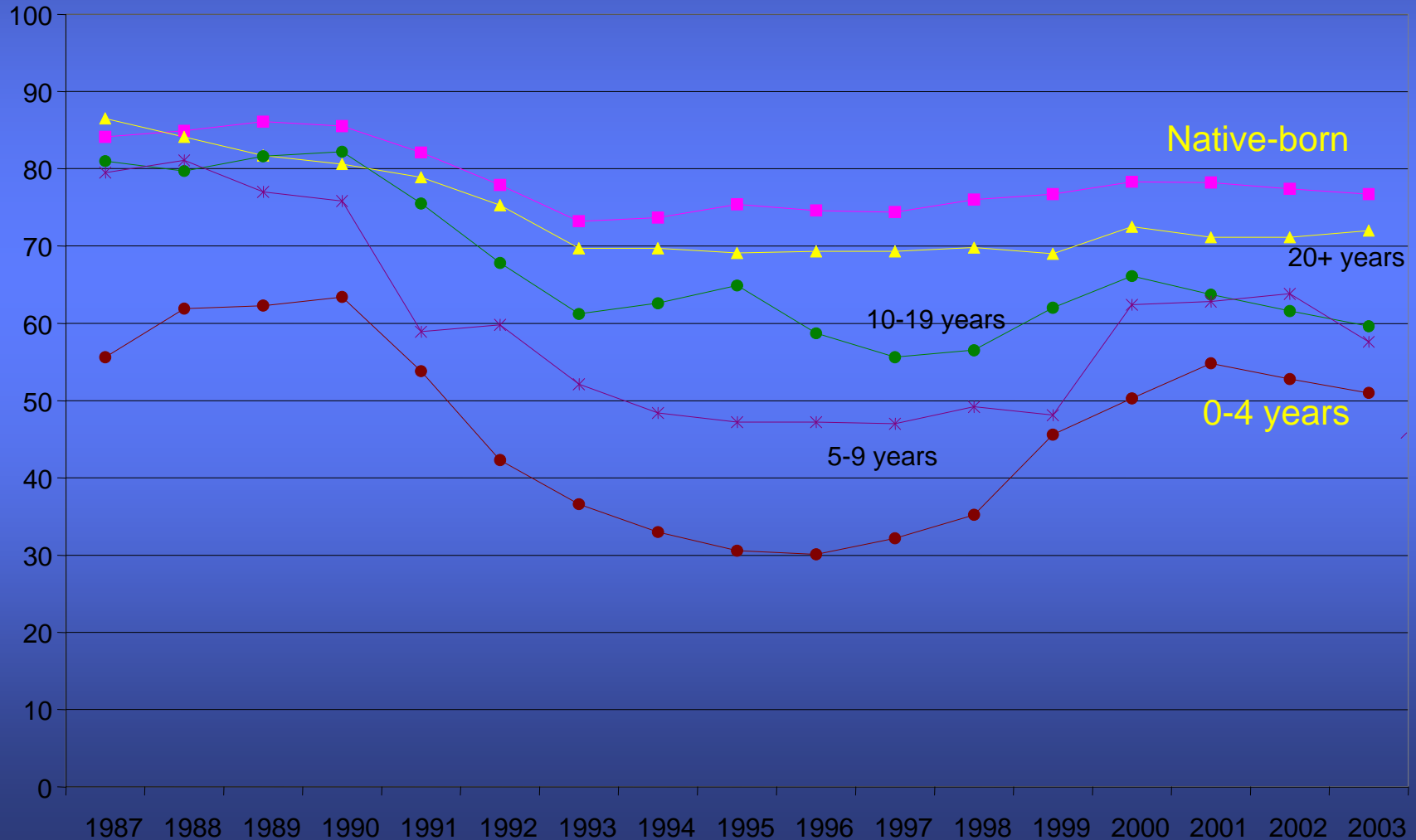
Migrants' outcomes are more sensitive to economic conditions...

Unemployment rate (national definition) of native Dutch and of immigrants and their children, 15-65 years old



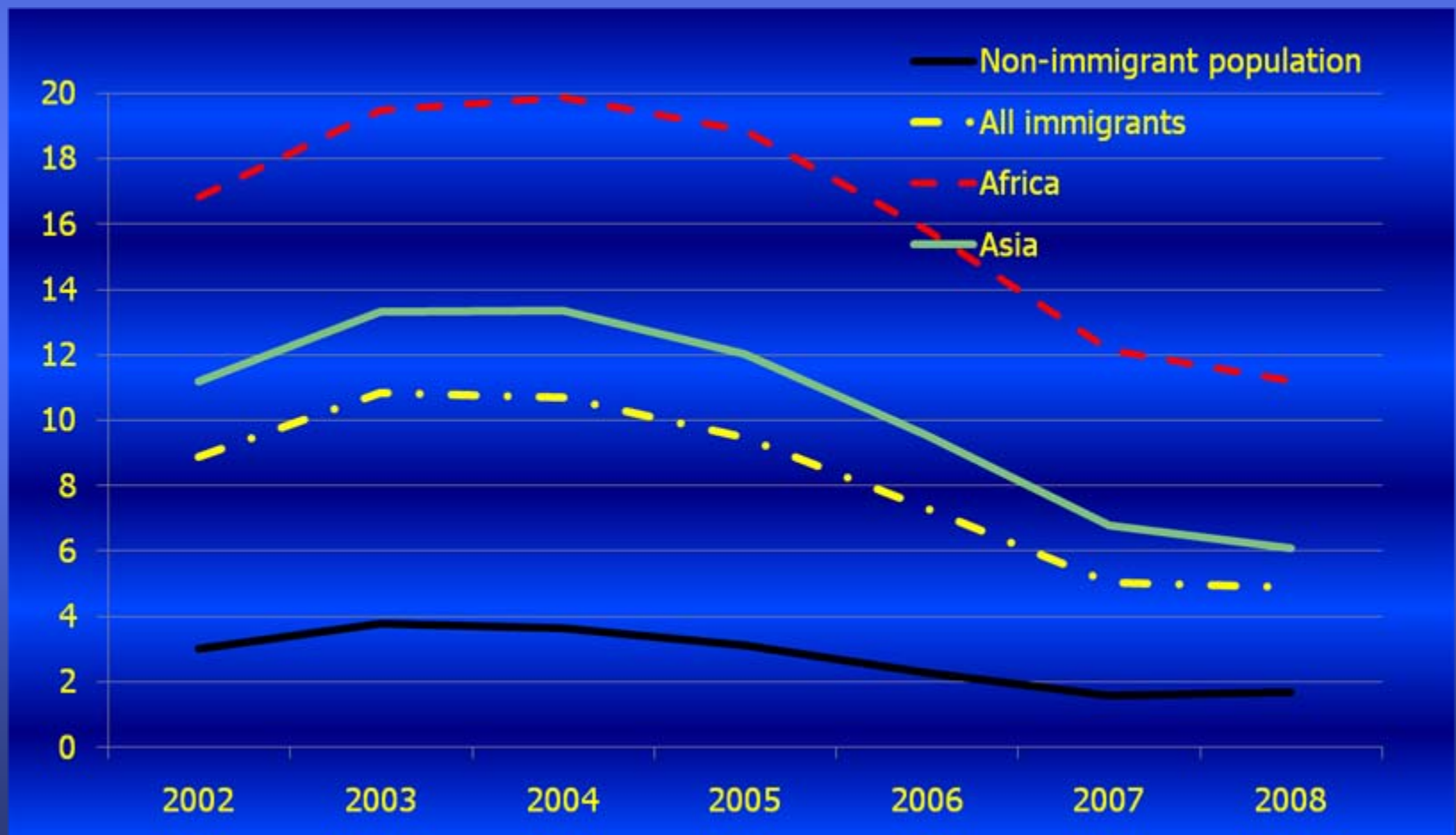
... this higher sensitivity is particularly pronounced for recent arrivals...

Employment/population ratios for native- and foreign-born men in Sweden, by duration of residence, 1987-2003, 15-64 year old



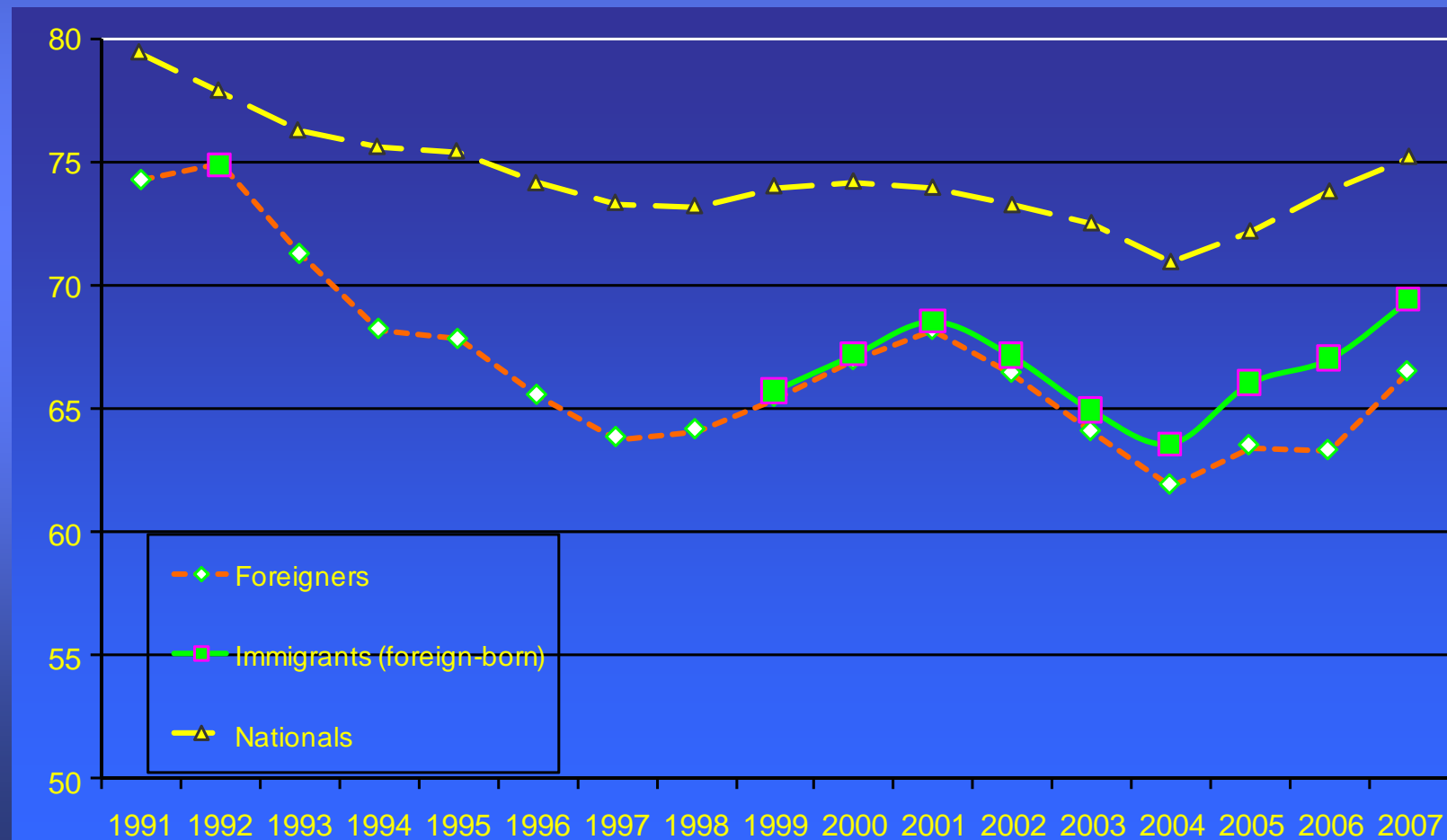
... and for some groups of migrants

Unemployment rates (national definition) of different immigrant groups and the native population in Norway, 2002-2008, men, 16-74 years old



A recession can have long-term adverse consequences

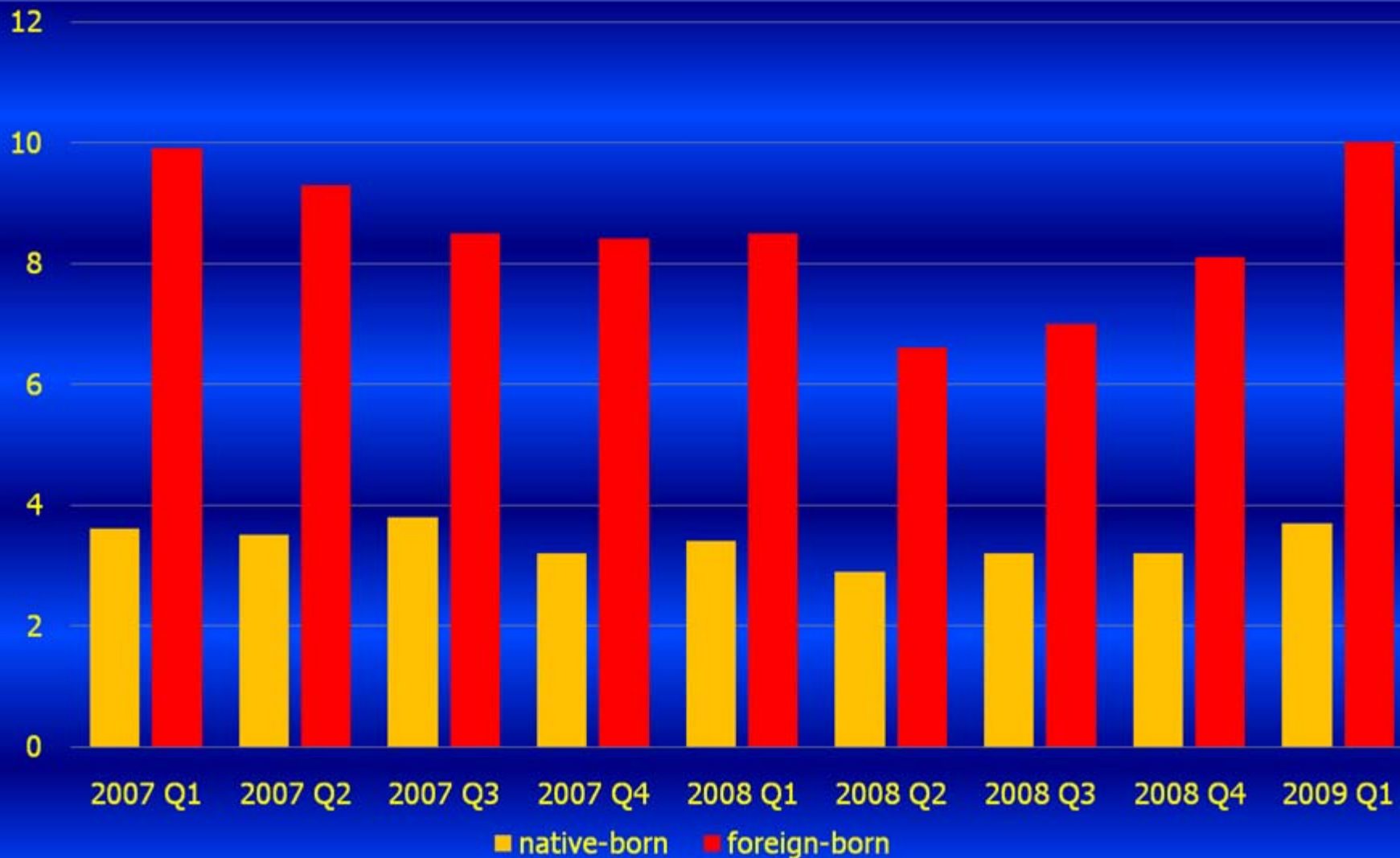
Evolution of employment/population ratio for Germans, foreigners and immigrants in Germany, 15-64, men



Tentative evidence regarding the current crisis

- ❑ In Spain, more than one out of four immigrants in the labour force is unemployed (more than two out of five for immigrants from Africa)
- ❑ In UK, IR, NO – evidence that labour migrants from the new EU member states are particularly affected
- ❑ In some countries, this has raised questions regarding access to integration policy instruments (e.g. language training) that were originally designed for non-EEA migrants

Evolution of the unemployment of the native- and foreign-born populations in Austria, 15-64 years old



Concluding remarks

- ❑ Interest in labour migration had grown prior to the crisis – but the current downturn results in a slowdown in labour migration and more restrictive policies in many countries
- ❑ The consequences of the crisis on other forms of migration (humanitarian, family) and on irregular migration are less clear
- ❑ Immigrants tend to be disproportionately affected by the economic downturn, and this can have lasting adverse consequences, especially on recent arrivals
- ❑ Past crises appear to have often been at the roots of the unfavourable labour market outcomes of immigrants currently observed in many European OECD countries
- ❑ The situation is particularly worrisome since the crisis was preceded by a period of large immigration flows
- ❑ It is thus important that the labour market integration of immigrants remains a priority for governments

Concluding remarks (cont.)

□ OECD governments should consider:

- Maintaining, if not strengthening, their integration programmes – the crisis may be an apt time to invest into qualification and bridging measures
- Reinforcing their effort to fight discrimination in hiring and layoffs
- Ensuring that active labour market policies reach new entrants into the labour market, including recent immigrants, and workers displaced from declining industries
- Adapting their temporary labour migration systems so as to be more responsive to short-term economic shocks
- Assuring that labour migration policy does not become overly restrictive and does not deny the more structural needs which will become more apparent after the downturn
- Reducing obstacles to return migration rather than providing financial support through voluntary return-assisted programmes
- Paying special attention to the economic situation in less developed countries, especially where remittances are significant
- Make sure that the public discourse on migration remains balanced, to avoid reinforcing discriminatory tendencies by natives and disaffection with the host country society by migrants