

The Crisis and its Impact on Migration and Migrant Employment

Jean-Christophe Dumont

Principal Administrator, International Migration Division, Organisation for Economic Cooperation and Development (OECD), Paris

Jean-Pierre Garson

Head of the International Migration Division, OECD, Paris¹

Since the end of 2007, OECD countries have been experiencing a financial crisis that has quickly led to a recession and a sharp deterioration in the labour market. The unemployment rate in the OECD area, which stood at 5.8% at the end of 2007, rose to 8.7% by the end of the first quarter of 2010. There were just over 30 million unemployed in OECD countries in 2007. Their numbers exceeded 46 million by early 2010. In this context, the inflow of immigrant workers has decreased and the available data shows that immigrants are generally more vulnerable on the labour market in times of crisis than native-born populations. The impact of the crisis on the immigrant employment situation varies according to the immigrant groups considered, the country where they reside and the sectors in which they are employed. Within the limited framework of this article, we will discuss and analyse employment among immigrants from the Southern and Eastern Mediterranean Countries (SEMCs).

In times of rapid economic growth, labour migration can provide an opportunity to limit the increase in labour costs and mitigate labour shortages. The experience of the crises of the '70s and '90s has shown that the employment of immigrants has often acted as a buffer in times of recession. The inflow of foreign

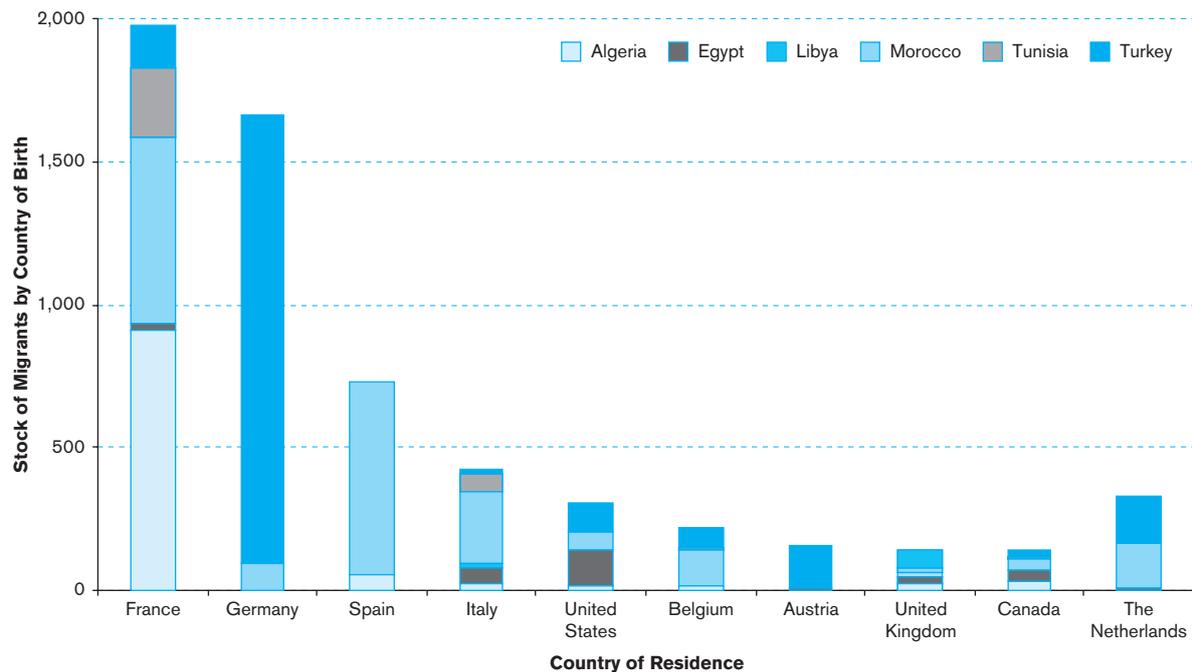
workers decreases as recession sets in, and immigrants become more vulnerable to unemployment. This does not mean they are more likely to return to their home countries because in these countries the economic situation is even more difficult. Hence, it is important to ensure that immigrants already in OECD countries and those who have recently arrived are subject to special attention in order to integrate or reintegrate them into the labour market, not only during the crisis but also once the economy begins to recover.

Labour Immigration Has Decreased During the Crisis

Over the course of the past decade, immigrant workers have generally made a major contribution to employment growth. Within the EU-15, the total number of jobs grew from 14.5 million during the seven years preceding 2008, 58% of which were due to a rise in immigrant employment (+ 8.4 million). The corresponding figures for the United States and Australia were 32% (+ 5 million immigrant workers) and 19% (+ 590,000 immigrant workers), respectively. The crisis came at a time when renewed interest in labour migration was more marked in some OECD countries. It primarily affected recent immigrants. In fact, for the time being, the crisis has affected a larger number of immigrants in countries that have experienced significant inflows of foreign workers over the past five years (UK, Spain and Ireland). Of these three countries, Spain is the one that has received the largest number of recent immigrants, primarily from Morocco, Latin America and Romania.

¹ For this article, the authors used OECD reports on recent trends in migratory flows and policies ("International Migration Outlook," OECD, 2010), on immigrant integration ("Jobs for Immigrants," Vol. 1, OECD 2008, and Vol. 2, OECD 2009) and finally, on the integration of the children of immigrants ("Equal Opportunities? The Labour Market Integration of the Children of Immigrants," OECD 2010).

CHART 17 Stock of Foreign-Born Population from Mediterranean Countries in Selected OECD Countries (in thousands)



Sources: For EU countries (except for Germany): Labour Force Survey (2008); Germany: micro-census (average of years 2005-06 and 2007). The data is divided according to nationality and not by country of birth. Data available only for Turkish and Moroccan immigrants; Canada: Population Census Report (2006); USA: American Community Survey (2004-2007).

Generally speaking, migrants from SEMCs have long been established in OECD countries. Their presence in a great many sectors of the economy (with the exception of Spain, see above) explains why they have been less severely affected by the labour market recession. The fact that they reside in a large number of OECD countries may also have contributed as well to reducing the effects of the crisis on this population sector, given that some countries have been harder hit than others. Turkish nationals, for instance, are present in large numbers in Germany, followed by the Netherlands, Austria, France, the United States and Belgium (see Chart 17). Their presence in a diversity of OECD countries, as is the case with Moroccan nationals, contrasts with the situation of Algerian nationals (mostly living in France) and Tunisian nationals (France and Italy), who reside in a more limited number of OECD countries. This applies to Egyptian nationals as well (residing mainly in USA and Italy).

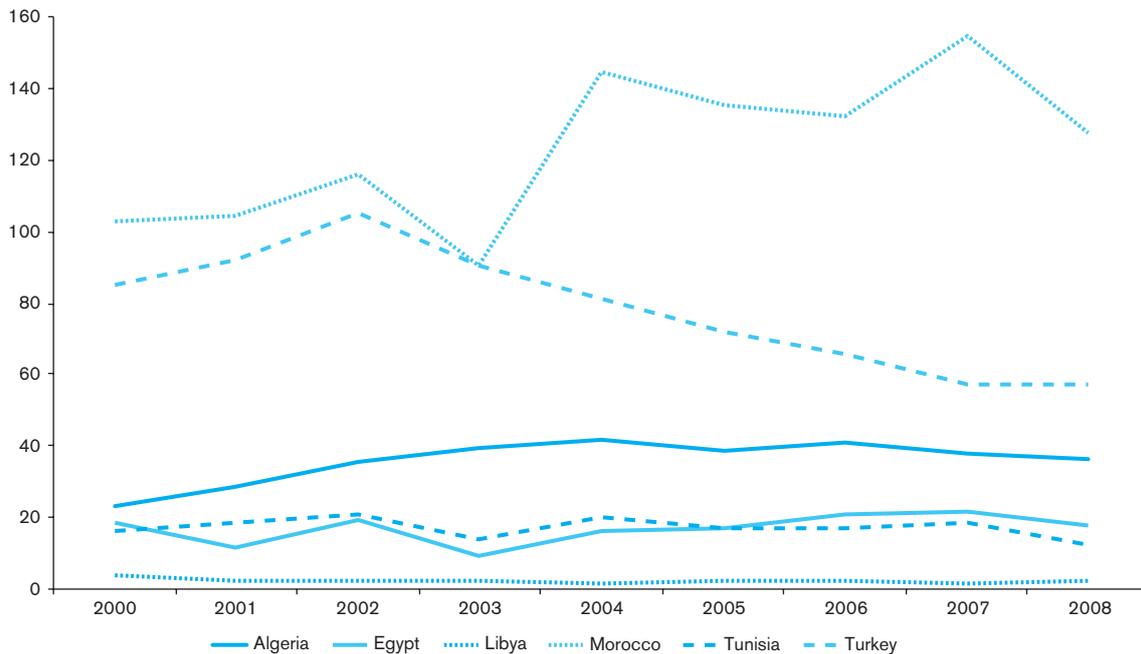
Hence, the different migrant categories may not feel the effects of the crisis in the same way. This phenomenon can be attributed to several factors, including the average length of stay in the country, the concentration of employment in certain sectors, the disparities in the magnitude and selectivity of return migration, and the socio-demographic characteristics of migrants.

If we consider, for example, migrants from SEMCs residing in the OECD area, migrant flows to OECD countries have declined since 2007, and this decrease is greater for Moroccans than for Turks, for instance (see Chart 18).

Immigrants More Vulnerable on the Labour Market than the Native-Born Population

In most countries with available data, the employment rate of foreign-born individuals and that of the native-born population evolve in the same way. However, a longer reaction time can be observed for migrant workers, which can probably be attributed to the inertia of migration flows. The period required for authorization of entry for migrant workers can be long in some countries. There may thus be a lapse of time between the point when the crisis begins to exert an influence on the labour market and the point when the number of migrant entries begins to decline. Moreover, even if the decline in immigration is not immediate, the unemployment rate among immigrants grows rapidly.

Several factors help explain the greater vulnerability of immigrants as compared to the native-born population within a context of economic crisis: i) they are often disproportionately represented in sectors more



Source: OECD Database on International Migration, 2010.

vulnerable to economic fluctuations; ii) their employment contracts are generally more precarious and they more often hold temporary jobs that will be the first to be eliminated should the economic situation deteriorate; iii) on average, an immigrant holds a similar position for a shorter period than a native-born person; and iv) they may be the object of selective redundancy.

Even if the decline in immigration is not immediate, the unemployment rate among immigrants grows rapidly

In Spain, the total number of employed migrants fell by 8.5% between 2008 and 2009. The decrease reached nearly 17% in Ireland; 4.7% in the US (6.3% between 2007 and 2009) and 3% in France. Between the first three quarters of 2008 and 2009, the unemployment rate of migrants rose significantly throughout OECD countries. It rose by 11% in Spain and approximately 8% in Ireland and Iceland. In the US, the number of unemployed immigrants rose by 1.2 million (i.e. 18% of the overall rise in unemployment in the US) between 2007 and 2009, the unemployment rate for this sector of the population going from 4.3% to 9.7%.

The increase was less pronounced in some EU countries, as well as Australia and Canada. In all cases, however, with the exception of the United Kingdom, it was faster than for the native-born population. In the EU-15 countries, the immigrant unemployment rate rose by an average of 3.4% between the first three quarters of 2008 and 2009, which doubled the rise corresponding to the native-born population. The particular case of the United Kingdom may be partially ascribed to selective immigration and the growth of employment in several industries in which migrants play an important role.

During the last quarter of 2009, the unemployment rate for immigrants registered at 28.3% in Spain (against 16.7% for the native-born population) and more than 15% in Belgium, Ireland, Finland, France and Sweden. As regards Austria, Belgium, Luxembourg, the Netherlands, Norway and Sweden, the percentage was at least twice that corresponding to the native-born population. During the last quarter of 2009, the employment rate for immigrants was lower by at least 7 percentage points than that of the native-born population in the following countries: Austria, Belgium, Germany, Denmark, France, Hungary, Netherlands, Norway and Sweden. It did not exceed 53% in Belgium and 58% in France and Spain.

However, the number of jobs held by migrants in Italy, for instance, rose by 175,000, and in Greece, by

70,000. Conversely, the most significant decreases were registered in the United States (-1.4 million from 2007 to 2009), Spain (-295,000 from 2008 to 2009) and France (-88,000 from the first three quarters of 2008 to the first three of 2009). Countries which registered an increase in the number of jobs held by immigrants were likewise those in which the foreign population aged 15 to 64 underwent the sharpest rise between 2008 and 2009. According to data from the workforce survey, this is the case in Italy (+380,000) and to a lesser degree in Spain (+265,000), the United Kingdom (+175,000) and Greece (+120,000). Of these countries, Spain is the only one in which the rise in unemployment was larger than the rise in number of immigrants.

Insofar as participation rates, it seems that migrants and the native-born population have reacted differently to the worsening situation on the labour market in a number of countries. This is the case, for instance, in France and the United Kingdom, where the “added worker”² effect can be observed, but only among the native-born population. Conversely, the participation rate of migrants in the labour market greatly increased in Denmark (+4.5%) and to a lesser extent in Germany (+1.5%) and Austria (1%). Furthermore, the “discouraged worker” effect can hardly be detected among migrants, except in Ireland, where the participation rate fell by 3% (twice as high as among the native-born population).

The Deteriorating Labour Market Does Not Affect Different Immigrant Groups in the Same Manner

The global trend of migrant performance on the labour market masks significant differences between different groups. If gender-related differences are considered, they reveal that women are less affected than men by the crisis. The latter has resulted in an extremely high loss of jobs among men, primarily because they are overrepresented in the most severely affected sectors (construction, manufacturing, finance). In Spain, however, the unemployment rate of foreign women has experienced the largest rise (+7.7% between the first three quarters of 2008 and 2009). Nevertheless, even in this case, it represented only about half of the increase reported among immigrant men (+14.4%).

While migrant women have also faced difficulties on the labour market, it seems that the unemployment gap between native-born and migrant workers is rising primarily at the expense of foreign men. Immigrant women constitute a high proportion of the workforce in areas relating to social services or human services, sectors that have experienced positive growth in many countries even during the crisis and that meet structural needs. In a number of countries, the labour force participation rate of immigrant women has even increased recently, allowing them to offset the income losses of their spouses (see the “added worker” effect described above). Between the first three quarters of 2008 and 2009, it increased by 0.8% on average in EU-15 countries, by 0.6% in the U.S. and by 0.9% in Canada. During the same period, the labour force participation rate of immigrant men remained stable in the EU-15 and decreased by about 1 percentage point in both the United States and Canada.

A number of studies indicate that young people could face difficulties finding a job well after the end of the crisis, particularly if they are competing with new entrants into the labour market who are younger. This risk also exists for young migrants

Young people constitute one of the most vulnerable sectors of the population in times of economic recession. Between the second quarters of 2008 and 2009, the employment rate for 15-24 year-olds dropped by an average of 7% in the OECD area. Youth unemployment was already high in many countries before the crisis. A number of studies indicate that young people could face difficulties finding a job well after the end of the crisis, particularly if they are competing with new entrants into the labour market who are younger. This risk also exists for young migrants. When economic recovery arrives, employers, who will have a great many job applicants from which to choose, may increasingly take into account the degree of mastery of the language or the country

² Tendency of some people to enter the labour market in order to compensate for the loss of income of other family members.

BLUE CARD DIRECTIVE FOR HIGHLY QUALIFIED WORKERS

On 25 May 2009, the Council of the European Union adopted the Blue Card Directive (Directive 2009/50/EC of the Council on the conditions of entry and residence of third-party nationals for the purposes of highly qualified employment) to facilitate the conditions of entry and residence for highly qualified third-country citizens and the hiring of third-party specialists and experts by research centres and businesses.

The Blue Card is a tool intended to make the highly-skilled sectors of the European labour market more attractive and to strengthen the rights of the most highly skilled third-country workers residing in the EU. To this end, Blue Card holders will receive the same treatment as the nationals of a Member State with regard to:

- Working conditions, including pay, dismissal, and health and safety requirements in the workplace.
- Freedom of association and membership in organisations representing workers or employers.
- Education, professional training, and recognition of academic and other professional qualifications.
- Provisions in national law regarding social security and pensions.
- Access to goods and services, including procedures for obtaining housing, as well as information and counselling services at employment offices.
- Free access to the entire territory of the Member State concerned, within the limits provided for by national law.

The Directive applies to those individuals who can show that they are highly skilled, have five years of proven professional experience, and hold a university degree requiring at least three years of post-secondary school study. Blue Card applicants must also have a valid contract or firm offer

for a highly skilled position in a Member State lasting at least one year, and their salary must be, at least, 1.5 times higher than the average salary in the host country. Blue Cards will be valid for between one and four years; however, they may also be issued for periods of less than one year to fill positions lasting more than three months.

During the approval procedure, the European Parliament proposed several amendments, amongst which special attention should be called to the EU's interest in preventing "brain drain" in developing third countries. To this end, a clause was included specifying that Member States should abstain from actively recruiting in developing countries in sectors suffering from a lack of qualified personnel. The Directive underscores that ethical recruitment policies and principles applicable to public- and private-sector employers should be developed in key sectors, such as the health and education sectors. To this end, it emphasises the need to build mechanisms and tools that facilitate circular and temporary migration, which is the type of migration that the EU promotes to minimise the negative and maximise the positive impact of migration on the countries of origin.

For more information:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:155:0017:0029:EN:PDF>

Council Directive 2009/50/EC on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0637:FIN:EN:PDF>

COM(2007) 637 final – Proposal for a Council Directive on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment.

where higher education or training was received as selection criteria.

In 2009, the unemployment rate among immigrants aged 15 to 24 reached 15.3% in the United States, 20.2% in Canada and 24.1% on average in the EU-15 countries, with record rates in Spain and Sweden (40.8% and 35.7%, respectively). One of the reasons why young migrants are relatively more exposed to unemployment is that they are likewise less qualified than their native-born counterparts.³

The number of immigrants from the ten countries that joined the EU in 2004 to the EU-15 countries did not decline between 2008 and 2009; indeed, it rose. The same is true of the number of immigrants arriving from the latest EU Member States, Bulgaria and Romania. Immigrants from the latter countries, however, experienced a high unemployment rate, which reached 19.2% by the third quarter of 2009. In nearly all countries of the EU-15, the Bulgarians and Romanians

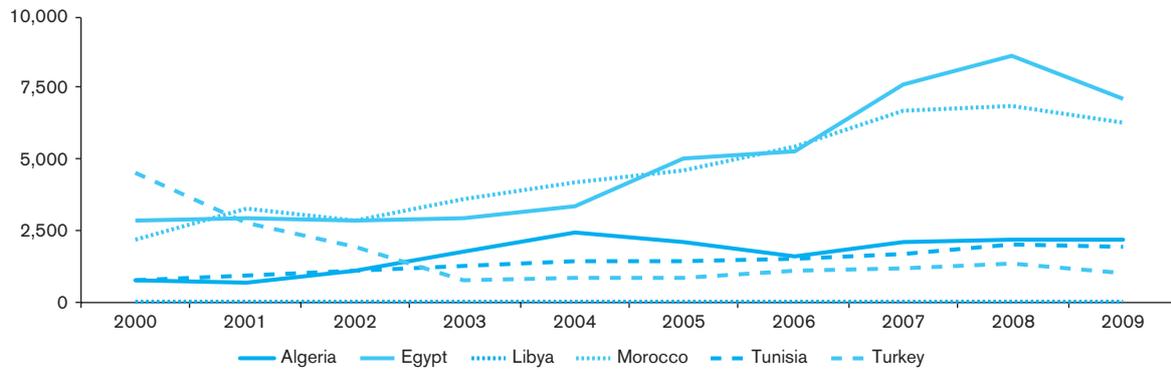
registered an unemployment rate higher than immigrants from the ten countries that joined the EU in 2004. In any case, immigrants born in Africa seem to belong to the most vulnerable group on the labour market during the present recession. Among this group, the unemployment rate is 12% in the US, but 45% in Spain.

Another defining feature of the current crisis is the major negative impact it has had on the construction and finance sectors. The manufacturing industries, and particularly durable goods production, also registered significant job losses following the collapse of world trade. Other sectors, such as wholesale and retail commerce, always suffer the full effects of recession, a rule which has proven true once again.

Not all sectors registered a decrease in activity over the course of 2008 and 2009, however. Employment even increased in many sectors, particularly in the social services. The number of jobs in educational

³ In the EU-15, for instance, 34.3% of the native-born population aged 15 to 24 are low-skilled, as opposed to 46.5% among the same age group in the foreign-born population.

CHART 19 Migrant Remittance Flows to Selected Mediterranean Countries in Millions of US Dollars (2000-2009)



Source: Estimates by the World Bank based on the International Monetary Fund's "Balance of Payments Statistics 2008."

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services rose by 2% (+236,000) in the United States during this period and by 5% (+320,000) in Europe between 2008 and 2009. The same is true for the health sector: the number of jobs in this sector grew by 5% in the US (+700,000)⁴ and by 3% in Europe (+229,000). Migrants, who represent a significant proportion of the workforce in these two sectors, benefited from the positive dynamics of employment, especially in the field of education. In Europe, however, it was in the sector of immigrant reception and integration services that immigrant employment grew most (+110,000 jobs between 2008 and 2009). The most dramatic increases were registered in the United Kingdom, Germany and, to a lesser extent, Spain. Immigrant labour also displays significant growth in the domestic service sector in Italy (+46,000 jobs) and in a number of European countries, in the hotel and restaurant industry as well.

Helping Migrants through the Crisis and Ensuring "They'll Make a Comeback" Once the Economy Recovers

Though OECD countries have been highly responsive to the unemployment crisis and have resorted to a wide range of policy instruments for the labour market, few have considered introducing new assistance programs for immigrants during the crisis. Most countries have been relying on measures that are already in place to foster the integration of mi-

grants and their children into the labour market and/or on more comprehensive initiatives undertaken in the context of the crisis.

Countries could consider adapting existing integration programs so as to overcome the particular problems that gave rise to the economic crisis. The labour market having deteriorated, networks tend to play a bigger role in the job search and employment process. It is clear that migrants are at a disadvantage in this regard. Interesting initiatives designed to offset the lack of social capital are worth applying more broadly. They include mentoring and business training programs, which could be developed and generalized in the current economic climate.

One of the known key factors for long-term integration of recent immigrants consists of facilitating their rapid entry into the labour market. This factor takes on even greater importance in times of recession; the aim being to decrease the risk of marginalization, since immigrants who cannot find a job soon after arrival may find themselves excluded from the labour market. The most successful programs are those that make the link between language acquisition and professional experience, or allow gradual entry into the labour market (job training, subsidized employment and, ultimately, more stable employment). These measures are even more essential if we consider that the number of migrants voluntarily returning to their countries of origin remains limited and remittances to said countries are tending to decline (see Chart 19 in the case of remittances to Southern and Eastern Mediterranean Countries).

⁴ The health sector includes the categories of "Healthcare (except for Hospitals)" and "Hospitals."