

Jobs for Immigrants (Vol. 2): Labour Market Integration in Belgium, France, the Netherlands and Portugal

Summary and Recommendations

PORTUGAL

Immigration to Portugal is a rather recent phenomenon....

Traditionally, Portugal has been a country of emigration. Immigration, at least of larger scale, is a more recent phenomenon – in spite of some migration from Portugal’s former colonies, the PALOP, since the 1960s. Immigration gained pace after the 1974 Carnation Revolution, albeit flows of immigration of foreign nationals remained modest in international comparison. Until the mid-1990s, immigration of foreign nationals was mainly from lusophone countries – the PALOP and, increasingly, Brazil – which facilitated integration into the labour market. In the late 1990s, immigration accelerated, driven by a construction boom and high labour demand. A large part of this new wave of immigrants came from eastern and south-eastern Europe, that is, from countries with no apparent link with Portugal.

...with much of the flows having been labour market-oriented and of irregular nature.

Nevertheless, given the high labour demand to which this immigration responded, integration into the labour market was almost automatic, although at the price of a high incidence of overqualification. Many of these migrants were qualified, but demand was mainly for low-skilled labour. A further key feature of this immigration has been its irregular nature. Indeed, most of immigration to Portugal – at least in the past – has been irregular, as witnessed by a series of regularisations. The most important of these was in 2001, and led to an increase in the legally resident immigrant population of about 70%.

As a result, the employment of immigrants is higher than elsewhere...

Due to the strong labour market orientation of most immigration, the key labour market indicators are quite favourable in international comparison. Employment rates are higher than for the native-born, for both genders and for all key migrant groups. Only the other southern European countries and the United States show a similarly favourable picture. Particularly noteworthy is the employment of immigrant women, which is higher than in any other OECD country.

...but immigrants also face higher and rising unemployment, which should be a matter of concern.

Notwithstanding this favourable overall assessment, unemployment of immigrants is also high, and appears to be well above that of the native-born. The situation seems to be particularly unfavourable for immigrants from the PALOP, and for women. According to official statistics, immigrants have been disproportionately affected by the rise in unemployment since 2001. Given the fact that these statistics are likely to be a lower bound of the actual incidence of unemployment of immigrants due to non-registration, growing unemployment should be a matter of concern.

However, it is difficult to get a precise picture of the situation.

As in other OECD countries, there are few datasets available which fully cover the target population. However, it is difficult to identify the target group even in surveys. Due to Portugal's long-standing emigration flows, there is a large group of descendents of Portuguese migrants who were born abroad and returned to Portugal, mainly in the aftermath of the 1974 revolution. This group is almost indistinguishable from the native-born in many ways but it is not possible to distinguish them from other foreign-born who have naturalised. Inclusion of information on the place of birth of the parents and on the date of acquisition of Portuguese nationality in surveys and the census should thus be considered. In addition, the data situation in Portugal is rendered more difficult due to the recent and often irregular nature of much immigration, which is not adequately covered in the Portuguese Labour Force Survey. Given that this is the principle source of information on the current labour market outcomes of immigrants, changes to the survey design and sample would be appropriate to ensure better coverage.

There are a number of administrative datasets to study the labour market integration of immigrants, which should be more often exploited.

The lack of adequate data has hampered the development of comprehensive empirical studies on the labour market integration of immigrants, although there have been a large number of case studies. Administrative datasets are based on nationality, which is a reasonable approximation to the target population in Portugal due to the limited number of naturalisations. Despite the fact that they contain rather rich information, they have been

rarely used in the past. Their broader exploitation to study the labour market integration of immigrants should be encouraged. This should include an assessment of the effectiveness of labour market programmes. In this context, it should also be a priority to get a better picture of the size, composition and duration of current immigration flows in order to adapt the framework for integration in a sustainable way to the needs of the target population.

Considering the recent nature of most immigration, Portugal's framework for immigrants' integration is rather developed, and there is a strong emphasis on immigrants' welcoming.

Given the limited number of immigrants until recently, and the irregular and labour-market driven nature of much past immigration, the overall framework for integration is quite developed. What is noteworthy in the Portuguese context is the strong emphasis placed on immigrants' welcoming, and on finding and providing practical solutions to integration obstacles – including for irregular migrants. Although the responsibilities are distributed among different ministries – as in other OECD countries – the key government services appear to co-operate quite closely. This co-operation has been facilitated by the establishment of a High Commission for Immigration and Intercultural Dialogue (ACIDI), which acts – among other tasks – as an interdepartmental support and advisory structure of the government with respect to the integration of immigrants. In line with this, two National Immigrant Support Centres have been established which provide a broad range of integration-related services under one roof. Many of these services are also open to irregular migrants. Since 2001, there is a rather small-scale introduction programme in place which is named “Portugal Welcomes” (*Portugal Acolhe*). It provides 50 hours of basic language training and some additional hours of information regarding the civil society, in particular for immigrants who are unemployed. The welcoming atmosphere by the Portuguese authorities may be linked in part to Portugal's experience as an emigration country, and by the work done by the Portuguese authorities to promote the integration of the Portuguese expatriate communities abroad. There is a view among the authorities that such a welcoming not only facilitates integration, but also helps to retain immigrants who are generally viewed as being beneficial for the Portuguese economy. Indeed, there is a consensus among the main political parties regarding the key objectives of immigration and integration policy. For example, the new nationality law, which implied a switch from *ius sanguinis* to *ius soli*, passed legislation unanimously.

With the diversification of the immigrant population in past years, there is a need for more targeted language training.

In the past, language training was less of an issue due to the fact that most immigrants came from lusophone countries. With the diversification of the immigrant intake, a need for enhanced language training for immigrants has evolved. However, there is no nationwide language training programme available apart from the basic language training in *Portugal Acolhe*, which is much less than what is provided in the other OECD countries that have been under review. In addition, this programme is targeted at immigrants in employment, and the number of participants is well below 2 000 per year. In particular, no

vocation-specific language training is available to immigrants, which would seem to be particularly beneficial for upward occupational mobility. There thus seems to be a case for providing more targeted language training to non-employed migrants and to migrants who are largely over-qualified and for whom lack of Portuguese language mastery is an obstacle to access to more skilled occupations. There are currently some plans to (partly) fill this gap by providing modules for technical Portuguese in *Portugal Acolhe*, but given the currently rather small scale and scope of the programme, this is unlikely to suffice.

Immigrants from PALOP are most disadvantaged in the labour market.

By most labour market integration indicators other than employment, immigrants from the PALOP are at a clear disadvantage. They earn significantly less than all other migrant groups and are strongly concentrated in low-skilled sectors and occupations. Although this is in part due to their lower educational attainment, other factors seem to be at work as well. Immigrants from the PALOP have also been disproportionately affected by unemployment, even after controlling for education. This may, however, be linked with the fact that the presence of this group is less linked with labour demand than is the case for immigrants from eastern and south-eastern Europe and from Brazil.

This is linked to their low educational attainment, and it is important to ensure that immigrants equally benefit from measures towards the qualifications of the workforce.

A key issue for labour market integration is the educational attainment of immigrants. Indeed, the less favourable results for immigrants from the PALOP are linked with their low educational attainment – although this remains even after controlling for that factor. Particularly worrisome seems to be the situation of the Cape Verdean community, of whom 80% have less than lower secondary education, and 15% are illiterate. The low qualification levels have to be seen, however, in the context of a low overall qualification level of the Portuguese population. With the “New Opportunities” programme, there has been a recent comprehensive effort to raise and certify the skills level of the population, including with respect to language mastery. One would expect immigrants to disproportionately benefit from such training – particularly regarding literacy in the Portuguese language – and from the corresponding validation of their skills to overcome reluctance of employers to hire persons with foreign qualifications of unknown value. In spite of this, immigrants are currently largely underrepresented among the beneficiaries of the programme. There thus seems to be a case for better informing migrants about the benefits of such training and certification, and to remove eventual obstacles to their participation.

Existing programmes for the recognition of foreign qualifications and experiences should be mainstreamed...

In contrast to the low-skilled immigration of the past, a significant part of recent immigrants, particularly of those from eastern Europe, are highly qualified, but these have often been employed in low-skilled occupations. 90% of highly-qualified immigrants from

eastern and south-eastern Europe are working in occupations for which they are overqualified. To tackle this, there have been innovative projects for the recognition of the qualifications of foreign-trained doctors and nurses. These seem to have been both effective and cost-efficient. Based on the experiences gained from these projects, they should be mainstreamed and expanded to other skilled and semi-skilled professions, particularly those in which there are current or expected future labour shortages.

...and a harmonised process for academic recognition be considered.

Academic recognition is currently a responsibility of the universities, which enjoy relatively ample discretion in this respect, and the process is costly and often lengthy. This seems to have deterred many qualified immigrants from applying for recognition. There are several measures envisaged to facilitate recognition and to lower the fees involved, which should be welcomed. In this context, a more transparent and harmonised decision-making process should also be envisaged. In addition, a pilot study could be considered to analyse the effect of the recognition of foreign qualifications on the occupational advancement of immigrants. Some tentative evidence that this may have an impact is given by the observation that overqualification is least pronounced for Brazilians, for whom professional recognition has been facilitated by a bilateral agreement and who have also been the main group benefiting from academic recognition.

Immigrants face large wage gaps.

Immigrants face significantly lower wages than the Portuguese – on average about 20% less. This is partly due to their concentration in sectors which are less-paid, and to their lower seniority. However, even after controlling for these and other factors, a wage gap in the order of 10% or more remains. Immigrants have lower returns to qualifications and higher returns to seniority, which is in line with the findings from other OECD countries. Particularly disadvantaged are male immigrants from the PALOP, who face wage gaps in the order of 15%, even after numerous controls.

There is a need for addressing the unfavourable working conditions of immigrants, including by a strengthening of work inspection.

Immigrants also seem to be facing rather precarious working conditions, although solid empirical evidence on this is difficult to establish. The strong duality of the Portuguese labour market appears to have disproportionately affected immigrants, who are much less likely to have a permanent contract, and are largely overrepresented in low-skilled occupations and sectors which are linked with precarious working arrangements. In many cases, immigrants do not have a work contract, which makes them more vulnerable to exploitation. This particularly affects the significant number of irregular migrants, who are often confined to the informal economy which is large in international comparison. Despite some improvement on this in recent years, there is a clear need for additional efforts. This should involve a further strengthening of the labour inspection. Indeed, past efforts seem to have contributed to improving working conditions and reducing the

informal economy. A stronger involvement of the social partners in combating such situations would also be beneficial in this respect.

*A greater involvement of the social partners
would reinforce integration measures.*

A greater involvement of the social partners would help raise awareness of the problems related to irregular migration and to improve the working conditions of immigrants. There is also a general feeling that immigrants tend to be neglected in employers' training activities – although there is no data available on this. Employers should thus be encouraged to take a more active role in the integration process, in particular by providing more training opportunities for immigrants. This should not only include continuous training for immigrants who are employed, but also traineeships for immigrants currently not in employment. Such offers are lacking, in spite of evidence from other OECD countries that they have a particularly favourable impact on immigrants.

*More should be done to direct migration
towards legal channels.*

Due to the strong links between irregular migration, the informal economy and unfavourable working conditions, it should be an urgent priority to direct migration to legal channels. There have been efforts to combat irregular migration while improving possibilities for regular immigration, but it seems that these have had only limited success until now. The situation can be expected to improve with the new immigration law, which facilitates legal migration and enhances transparency of the framework, combined with a further strengthening of the tools to counter the employment of irregular migrants. This policy line should be effectively and firmly communicated to the different stakeholders involved. Further improvements in the administrative procedures regarding time for visa issuance in the consulates and a reduction of fees for a prolongation of permits – which could pose a barrier for low-paid immigrants to maintain their legal status – should also be considered in this context.

*The housing situation of immigrants needs
more attention, particularly in the
Lisbon area.*

In contrast to the rather favourable labour market and (considering the low educational attainment of the native-born) education outcomes of immigrants, the housing situation of persons with an immigrant background is worrisome. The majority of immigrants in the Lisbon area live in overcrowded housing, and there are still many shanty and clandestine housing areas with strong immigrant concentration. This hampers labour mobility and social advancement of immigrants and their children. Re-housing programmes in the past have often not met with success, as the new neighbourhoods lacked social life and employment. Available office and shop spaces remained empty in many of these neighbourhoods, as the rental prices were too high for the immigrant population to afford, and enterprises owned by persons from outside the area preferred to locate elsewhere. Shop-creation in these areas should be facilitated, and empty spaces offered to interested migrants at low costs to encourage small entrepreneurial activities in these areas. This would also seem to have an important social impact for the areas concerned.

Remaining obstacles to the self-employment of immigrants should be removed.

There are some legal obstacles to immigrants' self-employment, notably for those who do not have a residence permit (which most migrants do not have in the first years after arrival, even when their presence is legal). Such remaining restrictions to immigrants' self-employment should be abolished. There also seems to be a case for improving access to micro-credits to immigrants, particularly to those from the PALOP who are most marginalised in the labour market but currently have low self-employment rates.

The situation of the children of immigrants does not appear to have been unfavourable in the past, but more attention needs to be paid to early intervention and language training.

The integration of the children of immigrants is a rather new issue for Portugal. In the past, the few native-born children of immigrants were descendents of immigrants from the PALOP who spoke Portuguese, and whose integration into the labour market and education system broadly matched that of the children of the native-born. Currently, there are growing numbers of children arriving in school who do not speak Portuguese. There is no uniform framework in place to tackle this, and schools generally do not get additional funding to provide integration support such as language classes. This shortcoming should be addressed. Here Portugal could benefit from the experiences of the other OECD countries under review. First measures have already been taken to provide additional funding, but these are currently limited to a number of neighbourhoods where the situation is most problematic. A broader-based approach should thus be considered. Particular attention should be paid in this context to pre-school education, as this is both a crucial age for integration and also the part of the education system where the children of immigrants are most underrepresented. The lack of childcare seems to be particularly pronounced in the suburbs of Lisbon, where there is a strong concentration of immigrants, particularly from the PALOP, and where housing situations are precarious.

There has been only limited study of discrimination so far; it is important to overcome this shortcoming and to strengthen the tools to combat discrimination.

In contrast to the other countries under review, there has been only very limited study of labour market discrimination against immigrants in Portugal. Portugal has notably not yet participated in the testing studies conducted by the ILO or on the basis of ILO methodology. Although the employment of immigrants is high, there is some evidence that discrimination is a concern, in particular with respect to access to more stable and better-paid jobs. One indication of this is the significant wage-gap of foreigners *vis-à-vis* nationals, which persists even after controlling for a broad range of factors such as age, sex, education, seniority and sector of employment. It is important to better analyse and monitor the extent and expressions of discrimination in Portugal. Testing could be a way of doing so, but other means should also be considered as discrimination does not only affect the access to employment. In addition, a strengthening of anti-discrimination tools should be considered as the currently available legal tools are hardly put in practice.