• International migration remains high on the policy agenda in OECD member countries, despite a lower demand for labour in the context of the economic downturn. This annual publication analyses recent developments in migration movements and policies in OECD countries. It looks at the contribution of immigration to changes in the working-age population in the past decade, and the role of migration inflows at projected levels in driving growth of the working-age population in the next decade. It also focuses on international students, including a first attempt to calculate the rates at which these students remain in their host countries after the completion of their studies.

• This publication also explores the main changes introduced in migration policies, including new laws governing immigrant entry, stay and access to the labour market. The selective recruitment of immigrants according to labour market needs and points-based systems is described, as well as measures to facilitate the integration of immigrants. International co-operation to improve border control and to combat irregular migration is analysed in detail.

• The impact of the economic crisis on the labour market outcomes of immigrants is examined, taking into consideration gender, sectors of employment and different types of contracts, as well as the demographic dynamics of native and foreign-born populations during the period under review.
Permanent-type legal immigration of foreign nationals (about 4.4 million) fell 6% in 2008, the first decline after five years of averaging 11% growth. However, this decline was mostly due to decreases in just a few countries, and also reflected the particularly high flows in 2007. Nonetheless, the decline in flows continued in 2009, with migration dropping in most OECD countries as a result of the economic crisis.

Migration within free movement areas accounted for about 25% of all migration in the OECD in 2008 and 44% in Europe. In Norway, Switzerland, Austria and Denmark such migration accounts for well more than half of all migration. Among European countries, Portugal, Spain, the United Kingdom and Italy all appeared as important labour migration countries in 2008, with 20-30% of permanent-type immigrants arriving for work-related reasons. Elsewhere, except in Japan and Korea, family migration continues to dominate among the inflows of permanent-type immigrants. Family migration remains predominant in the United States (65%) and in France and Sweden.

Temporary migration had been growing since the mid-2000s, but started to decline in 2008, although this decline was most apparent in the temporary labour migration programmes. In 2008, over 2.3 million temporary labour migrants arrived in OECD countries, a 4% decline after four years of steady growth, and all signs are of further decline in 2009. Seasonal work, working holiday programmes, and intra-company transfers all saw increases in 2008, while other categories – largely fixed-term labour migration – declined. Temporary labour migration was also one of the first migration channels to be affected by the economic downturn.

Asylum seeking in OECD countries has been rising again since 2006. In 2008, the United States was the largest receiving country at 39,400, with France, Canada, the United Kingdom and Italy all over 30,000. Norway, Sweden and Switzerland are the main receiving countries in per-capita terms. Iraq, Serbia and Afghanistan are the most important countries of origin.

Overall, the number of international students more than doubled between 2000 and 2007, to over 2 million; the United States, the United Kingdom, Germany, France and Australia are the main destination countries. The sharpest percentage increases have occurred in New Zealand and Korea, followed by the Netherlands, Greece, Spain, Italy and Ireland. International students are a potential source of highly skilled labour migrants for OECD countries, and the OECD International Migration Outlook 2010 provides a first attempt to analyse stay rates – changes of status for those who do not renew their student permits. Using this method, the estimated stay rates vary between 15 and 35%, with an average of 21%.

The top 20 countries of origin in terms of inflows accounted for over half of all inflows in 2008, with China, Poland, India and Mexico at the top of the list. Compared to the flows seen in the late 1990s, the largest increases were from Colombia, China, Romania and Morocco. Since the year 2000, however, flows have been falling from the Philippines and the Russian Federation. Outflows of Poles to other European countries remained high in 2008.
Much of the population growth – and a substantial part of those entering the working-age population – in many OECD countries in recent years was due to international migration.

If migration rates hold largely at their current levels, the working-age population in OECD countries will rise by 1.9% between 2010 and 2020, compared to the 8.6% growth seen between 2000 and 2010. Between 2003 and 2007, 59% of population growth was accounted for by migration. Immigrants represent up to a third of new entries to the working-age population, although the arrival of children and older immigrants reduces this contribution. Only in France, the United States and New Zealand was natural increase the main driver of population growth. For a number of countries – in southern Europe, Austria and the Czech Republic – about 90% of population growth was due to migration.

Yet more of the growth in employment has come from increased employment rates of residents rather than international migration.

Overall, 51% of employment growth has come from increases in the employment rate of residents and 39% from international migration, with wide variations among OECD countries. Many of the countries which saw employment growth principally through greater mobilisation of the resident labour force were those with relatively high employment rates – above 75% – such as Denmark, Switzerland and Sweden. On the contrary, with the exception of the United Kingdom, those countries where employment growth came largely from external sources had employment rates below the OECD average.

This year’s report provides a review of structural and institutional developments in migration policies...

The focus on high-skilled migrants, including the use of points-based systems (as in Denmark, the United Kingdom and Netherlands) continued, as did the shift in supply-driven systems towards favouring applicants with job offers in permanent programmes (Australia and Canada). While one country (Sweden) opened to migration by migrants of all skill levels, elsewhere the only opening to less-skilled migration was in modifications to some seasonal work programmes to favour recourse to this form of temporary migration (Australia and Poland).

… including integration and naturalisation policies.

Changes in family reunification policies have tended to impose restrictive criteria, such as residency and income requirements. The use of language or civics tests as a precondition for family reunification and for naturalisation continues to expand.

Some changes can be specifically related to the financial crisis.

In 2008-2009, a number of new migration policy initiatives were aimed at dealing with the challenges posed by the economic downturn. Labour migration channels were examined closely, and criteria for admission refined, in a number of OECD countries. Provisions for unemployed migrants unable to renew temporary permits were adopted (Spain and Ireland), and assistance provided for their return (Spain, Japan and Czech Republic). Some quotas were cut (Italy, Korea, Spain and Australia).
The report looks at the disproportionate impact of the economic crisis on employment of immigrants in the OECD.

The rise in unemployment between 2008 and 2009 was higher among the foreign-born than among the native-born in almost all OECD countries. Similarly, in most OECD countries, employment rates fell further for the foreign-born than for the native-born, although in several countries the impact was counteracted by rising participation rates among immigrants. While total native-born employment decreased in almost all OECD countries during the downturn, a number of countries saw significant increases in total employment of the foreign-born. Even so, the rise in employment did not keep pace with the increase in the size of the foreign-born labour force due to continuing inflows.

Young migrants are particularly affected…

In most OECD countries, foreign-born youth have seen steeper drops in employment than native-born youth. While the overall decrease in employment for youth (15-24) was 7% between in the year following the second quarter of 2008, the decline was as much as twice this level for immigrant youth. Further, unemployment was already high among immigrant youth, and in 2009 stood at 15% in the United States, 20% in Canada and 24% in the EU-15. Because the rapid integration of youth and recently arrived immigrants into the labour market has been identified as one of the key determinants for their long-term integration, low employment rates are worrying. A recession carries the risk of "scarring effects", as immigrants who have not managed to get employed quickly after arrival may be stigmatised in the labour market. Language, training, mentoring and apprenticeships appear particularly important policy responses to reinforce during a downturn.

...although immigrant women have been faring better than men.

Foreign-born women have been less affected by the crisis than men, as the latter are concentrated in the sectors which have suffered the most (construction, manufacturing, finance). In all countries but Belgium and Hungary, the unemployment rate of foreign-born women increased less than that of their male counterparts. In some countries, foreign-born women have increased their participation rate, as usually occurs to compensate for income loss by male members of their families.

The factors that make immigrants vulnerable to job loss also make it more difficult for active labour market policies to reach them.

The report examines the determinants of the recent labour market outcomes of immigrants. They tend to be overrepresented in sectors sensitive to economic fluctuations, generally have less secure contractual arrangements and are more often in temporary jobs, have less tenure in the job, and they may be subject to selective lay-offs. Immigrants may de facto be excluded from certain measures where eligibility is explicitly or implicitly linked to the duration of stay in the country or to administrative status, such as public-sector job schemes, or those requiring minimum tenure or permanent contracts. The report identifies some areas where policy can help reduce the negative long-term effects on the employment of immigrants.

Two special chapters deal with topical issues…

Two particularly salient issues are covered in special chapters. The first examines how public opinion regarding immigration is shaped. The second examines determinants and labour market impact of naturalisation.

...the first addresses the issue of public opinion and migration…

This chapter analyses a number of opinion surveys over the past decade and presents new empirical findings about the shaping of public opinion on immigration. The role of individual characteristics both in shaping opinions...
about the economic and cultural consequences of immigration and in forming preferences over migration policies is assessed. One of the main points to emerge from the analysis is that beliefs about the economic and cultural impact of immigration significantly influence individual attitudes towards opening the borders to migrants. Public debate on the issues of immigration and migration policy is still broadly determined by the way these issues are covered by the media and by the effects of a certain number of collective beliefs. Certain parts of the population are likely to adopt different positions on immigration, not only because of its distributive effects, but also according to how they value cultural diversity, among other things. The point therefore is not so much to seek consensus in public opinion on immigration issues as to limit the effect of popular beliefs and misconceptions. In this context, reforms of migration policies need to enhance public knowledge and understanding of the economic, social and cultural impact of migration. Achieving this objective requires greater transparency about the scale of international immigration, better access to information and comparable international migration statistics. Regular and open discussion with interest groups should be based on relevant research findings. Public knowledge could also be improved through objective and broader coverage of migration issues by the media.

…and the second analyses the impact of naturalisation on labour market integration

Take up of citizenship varies greatly among immigrants in OECD countries. In countries that have been settled by migration, virtually all regular migrants acquire nationality within ten years of arrival. In European OECD countries, the share of long-term resident immigrants who have become naturalised has increased over the last decade. Naturalisation rates of migrants differ among migrant groups. In almost all countries, citizenship take up tends to be higher among immigrants from lower-income countries than among immigrants from high-income OECD countries. Likewise, immigrant women are more likely to have the host-country nationality than men, as are immigrants with tertiary education. Immigrants who have become naturalised tend to have better labour market outcomes. This is particularly true for migrants from lower-income countries and for immigrant women. Immigrants who have been naturalised already tend to have better labour market outcomes prior to naturalisation, but there is an additional improvement following naturalisation which suggests that it has, in itself, a positive impact on immigrants’ labour market outcomes. This improvement of outcomes may be due to lower labour market barriers, increased mobility and reduced discrimination. Naturalisation seems to especially affect immigrants’ access to better-paid jobs and to employment in the public sector. Among the lessons to be drawn from this chapter are that lowering barriers – such as limits on dual nationality and extremely restrictive eligibility criteria – would help improve immigrants’ labour market outcomes in the aggregate. Those who are already eligible should be encouraged to take up the nationality of the host country.