



## International Migration: Charting a Course through the Crisis

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### Introduction

The economic downturn affecting the global economy since mid-2008 has turned into a jobs crisis. As a result, following many years of continuous increase, labour migration to the OECD has started to decline. The unfolding economic crisis is also threatening recent improvements, observed in many countries, in the labour market outcomes of immigrants.

Against this backdrop, there is a perception among some that immigrants are competing for scarce jobs on OECD labour markets. This perception underlies the calls for tightening controls on inflows and for encouraging unemployed immigrants to return home.

Policy responses with respect to labour migration in OECD countries have to strike a balance between different objectives, including: adapting labour inflows to changing labour demand; recognising that not all short-term needs for international recruitment will vanish with the economic slowdown; keeping longer-term objectives in mind during the crisis in order to be ready to benefit from migrants' skills when the economy recovers; and avoiding a backlash against migration in public opinion. At the same time, some revamping of labour migration systems may be necessary to respond more efficiently to future labour market needs, which are likely to reassert themselves with population ageing, and to avoid some of the integration problems that OECD countries have encountered in the past.

This *Policy Brief* presents some of the main findings of the 2009 *International Migration Outlook* on the impact of the economic downturn on migration flows and policies, and on labour-market integration of immigrants. It highlights how migration and integration policies should be adjusted through the crisis and beyond. ■

### Are migration flows affected by the economic turmoil?

There are already ample signs of a fall in labour migration in virtually all OECD countries due to a significant decline in international recruitment by employers. This phenomenon is clearly identifiable despite the fact that some of the authorisations of entry recently granted relate to applications for work permits that were filed before the onset of the crisis.

In the United States, for example, the number of H-1B visas issued (the main employment-related temporary visa) declined by 16% between 2007 and 2008, from 154 000 to 129 000. In addition, in 2009, for the first time in many years, the 65 000 cap for H-1B visas was not reached immediately. In Spain, new entries under the employer-nominated system (*Régimen general*) fell from more than 200 000 in 2007 to 137 000 in 2008. Australia also witnessed a decline in temporary skilled migration, with a 11% drop in applications in February 2009 compared to a year earlier.

Declining trends are even more noticeable within the European free-movement area, particularly in the United Kingdom and Ireland. In the first quarter 2009 approved initial applicants to the Workers Registration Scheme in the United Kingdom were down 54% (from 46 600 to 21 300) compared with the corresponding quarter of 2008. Similarly, latest statistics available for Ireland show that fewer than 9 000 people from the 12 new EU member states were granted Personal Public Service Numbers between January and March, a 57% fall on the same period last year.

Trends in other types of migration flows have been less clear. Because family reunification is subject to income limits, entries under this regime may have been delayed as potential sponsors have become unemployed. However, with the closing down or restrictions in labour migration opportunities in many countries, family reunification may be used as an alternative means of entry. The impact of the economic crisis on humanitarian migration is even more difficult to assess since it depends primarily on changes in the economic, social and political situation in less advanced countries and most fragile states.

Return migration has gained importance in the EU, a free mobility area when economic conditions and job opportunities in host countries (*e.g.* the UK and Ireland) have deteriorated more than that in origin countries (*e.g.* Poland). But, most likely, one of the consequences of the crisis has been the rise in overstayers. Overstaying can occur when unemployed immigrants with temporary work permits lack the means to renew their permits and accept illegal employment in the informal economy rather than return home. Much depends, however, on the cost of return which is affected by many factors, including the distance to the home country, the duration of stay, the importance of networks in the host country, and the possibility to return to the immigration country.

### Should labour migration policies be adjusted?

In the current context, one of the paradoxes could well be that inflows are decreasing while the total stock of migrants, including those in an irregular situation, may increase if returns are low and overstay is significant. ■

Many OECD countries have implemented policy changes that make it more difficult to recruit foreign workers, thus reinforcing current downward trends in labour migration. In particular, OECD countries have reduced numerical limits for labour migration programmes, strengthened labour market tests, limited possibilities to change status and/or to renew work permits, and tightened controls on family and humanitarian inflows. In addition, several OECD countries have put in place new return migration programmes targeting unemployed immigrants.

For example, Spain has sharply reduced its ceiling for non-seasonal workers to be recruited anonymously from abroad (*Contingente*), from more than 15 000 in 2008 to 900 for 2009. Italy has also lowered its quota for non-seasonal workers in 2008 to 150 000, and has announced its intention to set a quota of zero in 2009. Korea has more than halved its quota for temporary foreign workers recruited under bilateral schemes to 34 000. And Australia has reduced its intake of skilled (permanent) migrants by setting a quota 20% lower than the target initially announced.

Other policy changes are not trying to control directly the volume of entries but are making international recruitment more difficult. The United Kingdom, for example, has strengthened its labour market test to obtain a work permit in order to “give domestic workers a greater chance of applying first for United Kingdom jobs”. Recently, the Migration Advisory Committee has eliminated many occupations from its shortage list. In the same vein, Canada has replaced its “Regional Lists of Occupations under Pressure” for temporary foreign workers with more stringent job advertising requirements, especially for unskilled and low-skilled occupations.

Finally, specific measures are targeted at unemployed immigrants to encourage them to return home. Spain adopted a new regulation at the end of 2008 to support voluntary return of unemployed non-EU nationals. Eligible persons can receive their unemployment benefits in two lump sums on the condition that they return home and do not come back to Spain for at least three years. Only 4 000 unemployed immigrants had signed up for the programme by mid-March 2009, while 80 000 were eligible. Other countries, such as the Czech Republic and Japan, have also decided to provide incentives for certain categories of unemployed immigrants to return to their home country. However, past experience shows that monetary incentives are usually insufficient to drive large return migration flows.

The measures recently adopted by OECD countries to address the changes in labour market needs may be effective to some extent, but trying to “turn off the tap” of labour migration may in fact dry up legal routes and prompt more abuse of the system in the medium term, during the recovery phase.

When labour demand resumes, international migration flows are likely to rebound. The difficulties in managing international migration movements that were present before the downturn will then resurface (see Box 1). ■

### How are immigrants faring in the labour market?

The impact on immigrant labour market outcomes is much more visible in countries where the crisis began earlier (Ireland, Spain, the United Kingdom and the United States), but also where immigrant labour has played a key role in the recent expansion period. In the case of Spain, for example, after at least 10 years of continuous improvement, the labour market situation of immigrants has deteriorated markedly. In the fourth quarter of 2008, the unemployment rate of immigrants reached 20.3%, 7.8 percentage points above the rate for the native born. In the United States, the unemployment rate of immigrants increased to 10.5% in February 2009, more than twice the unemployment rate recorded in March 2007. In Ireland, as of March 2009, almost 75 600 foreigners were registered as unemployed, accounting for about a fifth of all unemployed registrants compared to less than 10% five years earlier.

These employment outcomes are partly explained by the fact that migrant workers are overrepresented in economic sectors that have been particularly hard hit by the economic crisis (e.g. construction, wholesale trade and

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#### Box 1.

#### WORKERS CROSSING BORDERS: A ROADMAP FOR MANAGING LABOUR MIGRATION

The 2009 edition of the OECD's *International Migration Outlook* (June 2009) presents a road map for managing labour migration. It rests on a number of key observations concerning national labour market needs and their implications for international migration:

First, labour needs can manifest themselves at all skill levels. The failure to acknowledge this has contributed to a climate in which irregular migration and employment have found fertile ground.

Second, many future labour needs in OECD countries will be of a long-term nature. It is therefore illusory to believe that such needs can be filled through temporary migration, with cohorts of immigrants cycling in and out to occupy the same jobs.

Third, labour migration necessarily involves a greater role for national stakeholders, particularly employers, in identifying and selecting potential immigrants. Any approach would need to incorporate incentives for both employers and immigrants to follow the rules, and safeguards to protect immigrant as well as domestic workers.

hospitality). For example, in Norway, the unemployment rate of immigrants originating from A8 countries, most of whom were employed in construction, jumped from 2.3% in February 2008 to 8.2% in February 2009, while the average unemployment rate for all immigrants increased from 3.3% to 6.6% and that of non-immigrants from 1.4% to 2.2%. Similarly, in Spain, the unemployment rate of African immigrants, who work mostly in construction reached almost 33% in the fourth quarter 2008, 50% more than the recorded average for immigrants.

Other factors also help to explain the fact that immigrants have been among the first to lose their jobs during the economic downturn. In particular, immigrants have, on average, less secure contractual arrangements, with more temporary and part-time jobs; they are over-represented in less skilled occupations; businesses owned by immigrants are often more at risk of bankruptcy; and immigrants tend to be subject to increasing discrimination in hiring and layoffs as job opportunities become scarcer.

Beyond the immediate impact of the downturn on immigrant employment, historical experience also shows that a severe economic crisis can have a long-lasting impact on the outcomes of both recent arrivals and of those already settled in the host country. Recent immigrants are particularly exposed as employers tend to be more selective at the hiring stage. For example, language problems, which tend to hamper productivity, may be used to screen out applicants. Immigrants arriving during a recession face long-term handicaps: it takes longer for them to integrate into the labour market and they encounter more difficulties in fully utilising their skills.

The current economic crisis also occurs in the context of increasing competition and on-going restructuring in manufacturing industries, which is affecting the demand for labour, notably for low-skilled workers. In many countries, settled immigrants are over-represented in these industries and are at greater risk of long-term exclusion from the labour market, particularly if they lack the basic qualifications and skills required to take advantage of new job opportunities in other industries, notably in the service sector.

In the present circumstances, delaying or cutting back on integration measures may have negative long-term implications for integrating immigrants and social cohesion. It is important that active labour market policies reach new entrants into the labour market, including recent immigrants, and workers displaced from declining industries. Special attention should be directed to successful integration programmes (see Box 2). ■

### What are the links between migration and development during an economic crisis?

The economic crisis could affect the links between migration and development in two main ways: by changing the incentive to emigrate as economic conditions worsen in both origin and host countries, and by reducing migrants' capacity to send remittances to support their families in their home countries. Lower job opportunities in destination countries are likely to put a hold on outmigration projects and to encourage or move forward the return of some categories of immigrants. It is, however, unlikely that the motivations for emigration will disappear altogether because of the crisis. Following recovery, per capita income gaps between OECD destination countries and most developing and emerging countries will remain of the same order of magnitude as before the crisis. People will continue to try their luck abroad, and individuals already living and working abroad will still wish to reunite with their families and offer their children better opportunities.

The most recent available estimates show that remittance flows to developing countries, which reached about USD 305 billion in 2008, began to slow down in the second half of the year. The World Bank forecasts a decline in remittances of between 5% and 8% in 2009. This drop is due to the combined effect of smaller migration flows and declining migrant earnings. This situation should be monitored closely as remittances contribute to poverty reduction and play an important role in supporting household spending on education and health in developing countries, which is essential to their future growth prospects. Greater effort should be made to reduce the costs of remitting money in order to maximise the benefits for origin countries. ■

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#### Box 2.

#### GOOD PRACTICES FOR SUCCESSFULLY INTEGRATING IMMIGRANTS AND THEIR CHILDREN

With the worsening of labour market conditions, networks tend to play a greater role in the job-seeking process. Immigrants are clearly at a disadvantage here. Successful programmes that aim to compensate for the lack of social capital include mentoring programmes (Belgium, Denmark, France) and enterprise-based training programmes (Germany). These programmes could be scaled-up and generalised in the current economic context.

Facilitating the rapid integration of recent immigrants into the labour market has been identified as one of the key determinants for the long-term integration of immigrants. This is even more important during a recession in order to avoid scarring effects. Linking language acquisition with work experience (Sweden) or offering a gradual introduction into the labour market via training on-the-job, subsidised employment, and finally regular employment (Denmark, Sweden) are among the most successful programmes.

At a time when employment opportunities are scarce, putting more emphasis on professional training, language training and the recognition of foreign qualifications—all linked with bridging programmes—will enhance the employability of migrants during the upswing.

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### For further reading

OECD (2009), **International Migration Outlook: SOPEMI 2009**, ISBN 978-92-64-05661-9, € 40, 200 pages.

OECD (2008), **Jobs for Immigrants (Vol. 2): Labour Market Integration in Belgium, France, the Netherlands and Portugal**, ISBN 978-92-64-03617-8, € 45, 334 pages.

OECD (2008), **The Global Competition for Talent: Mobility of the Highly Skilled**, ISBN 978-92-64-04774-7, € 30, 165 pages.

OECD (2007), **Jobs for Immigrants (Vol. 1): Labour Market Integration in Australia, Denmark, Germany and Sweden**, ISBN 978-92-64-03359-7, € 42, 288 pages.

OECD (2007), **Gaining from Migration: Towards a New Mobility System**, ISBN 978-92-64-03740-3, € 24, 89 pages.

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