Chapter 5

THE EMPLOYMENT OF FOREIGNERS: OUTLOOK AND ISSUES IN OECD COUNTRIES

Summary

In the majority of OECD countries, the numbers of foreigners or immigrants and their proportions of the total population have risen over the past ten years, both for endogenous and exogenous reasons. The size and compositions of the immigrant communities continue to vary considerably according to the host country however. While admissions of new permanent foreign workers are currently very few in number, especially in the European OECD countries, the temporary employment of foreigners appears to becoming more widespread and the majority of OECD Member countries have implemented measures to facilitate the admission of skilled and highly skilled foreign workers.

The participation rates of foreigners are generally lower than those of nationals and foreign labour is often concentrated in the certain sectors. Its use is, however, becoming more widespread, most notably in the tertiary sector. The greater vulnerability of foreign workers to unemployment and their lower degree of employability show that they face, in particular in Europe, difficulties in integrating into the labour market. These difficulties are attributable in part to the need for a period of adaptation, notably for newly arrived refugees, qualifications and experience which do not always match the needs of the labour market, weak grasp of the host country's language as well as to the fact they are often victim to employment discrimination.

The upturn in economic growth observed over the course of the last decade in the majority of OECD Member countries has contributed to widening the debate on immigration, the essential focus of which remains the control of flows, to the contributions that immigration might play in reducing sectoral labour shortages and moderating the effects of population ageing. In this chapter, the emphasis is placed on the impact of the employment of foreigners on the equilibrium and dynamics of the labour market. The limits of a migration policy whose chief aim is to respond to the short-term needs of the labour market are underlined first of all. The analysis then turns to the way in which the employment of foreigners responds to cyclical fluctuations. Though foreign workers are in some Member countries more vulnerable in recessions, they can not be considered responsible for labour market disequilibria. The employment of foreigners could make an active contribution during economic upturns even if, given the relatively small numbers involved, their employment cannot by itself constitute an alternative to the need for labour market adjustments.

The contribution of immigration to long-term growth is examined in the final section. The emphasis is placed on the supply of skilled labour and the measures recently implemented by many OECD Member countries to facilitate the entry of foreign specialists, notably in information and communications technologies. Increased reliance on foreign workers is nevertheless subject to certain limits and notably the fact that a massive intake of highly qualified immigrants could have a negative impact on the development of emerging economies through the "brain drain" effect.

Introduction

Increased immigration is frequently opposed on the basis of fears that significant inflows of foreign workers increase unemployment, depress wages and lead to declines in the employment of low-skilled nationals.

The effect of immigration on the equilibrium and dynamics of the labour market is in fact appreciably more complex; it cannot be understood without reference to both the characteristics of the migrants and the economic conditions prevailing in the host country. The labour market role of foreign workers varies according to the stage

of the economic cycle. Moreover, the nature of the links between immigration and the labour market depends on the timescale of the analysis. Over the long-term, immigration can contribute to moderating the effects of demographic ageing and to augmenting human capital. In the short-term, immigration can contribute towards resolving cyclical fluctuations and imbalances in the labour market. Within the limited framework of this chapter, the emphasis is placed on this short-term contribution.

The following points will be discussed in turn in this chapter: the introductory section briefly examines the contribution of immigration to population growth in OECD countries and outlines the main characteristics of the immigrant or foreign labour force; Section II discusses the contribution of immigration to the relieving of short-term imbalances in the labour market, and then highlights the role that the employment of foreigners plays in labour market adjustment during periods of upturn and downturn; Section III briefly considers, against the background of recent developments in OECD countries, the role that immigration might play, on the one hand, in moderating the effects of population ageing and, on the other, in relieving shortages of skilled and highly skilled labour during periods of economic growth.

Main findings

The principal conclusions which can be drawn from this chapter are the following:

● In the majority of OECD countries, the numbers of foreigners or immigrants and their proportions of the total and active populations have risen over the past ten years. This proportion varies widely however between countries.

● While admissions of new permanent foreign workers are currently very few in number, especially in the European OECD countries, the temporary employment of foreigners appears to becoming more widespread. The temporary employment of foreign workers introduces flexibility into the labour market. It can also have the effect of dissuading employers, in particular in seasonal activities, from resorting to the use of undocumented workers.

● Foreign labour is concentrated in certain sectors. Its use is, however, becoming more widespread, most notably in services to businesses and households. In the new immigration countries, foreigners have a higher tendency than nationals to occupy blue collar posts. Such a gap also persists in much older immigration countries. Foreign workers, in some

Member countries, are in general more vulnerable to unemployment than nationals.

● The employment of foreigners plays a buffer role in the labour market's adjustment to cyclical fluctuations. Difficulties are nevertheless encountered when attempts are made to implement migration policies whose principal objective is to respond to the short-term needs of the labour market. Immigration can not be held responsible for the disequilibria observed in the labour market.

● The contribution of immigration to long-term growth is not confined to its quantitative impact on increases in the labour force; it is also reflected in its qualitative impact in terms of human capital accumulation. In the present context of growth in the OECD Member countries, labour shortages are particularly marked in information and communications technologies. Some Member countries are also encountering difficulties in hiring low qualified workers. Most OECD Member countries have amended their legislation in order to facilitate the admission of skilled and highly skilled foreign workers.

I. Immigration, population and employment in OECD countries

Net migration is a significant factor in the annual increase of the total population of OECD countries. This contribution to population growth is boosted, moreover, in some Member countries, by the higher fertility rate of foreigners as compared to nationals.

A. Immigration and population growth

In the majority of OECD countries, the numbers of foreigners or immigrants and their proportions of the total population have risen over the past ten years (see Box 5.1 and Table 5.1). The proportion of foreigners in the total population varies widely across the European OECD countries. In 1998 it was quite high in Luxembourg and Switzerland (although slightly lower than the previous year), was close to 9 per cent in Austria, Germany and Belgium (as well as in Greece, if we take into account the very high number of immigrants in an irregular situation) and was 6 per cent in France. In new countries of immigration such as Finland, Italy, Portugal and Spain, the proportion of foreigners remains low (between 1.6 and 2.1 per cent). This is in spite of marked increases in inflows over the past ten years. The same is true of Japan and Korea, as well as Mexico and Turkey. Since the end of the 1980s, the foreign population has increased significantly in Germany, chiefly as the result of the increase in

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Box 5.1.   **Migration statistics**

Recording of flows

For the European OECD countries as well as for Korea and Japan, the most detailed statistics on foreign populations refer to the nationality of residents. On this basis, people born in the country can be included in the total of foreigners whilst foreign-born immigrants who acquire the nationality of their host country are not. In Australia, Canada and the United States the criterion is the country of birth. A distinction is made between foreign-born and native-born people. This approach provides figures for immigrants residing in the country, regardless of their nationality. Trends in numbers of immigrants or foreigners vary from country to country depending on migration policy, inflows and outflows, the demographic dynamics of the foreign populations as well as naturalisations (which result in a corresponding reduction in the total of foreigners).

Statistics on the foreign labour force

Due to differences in the definitions used and the way in which data are collected in individual OECD countries, the foreign or immigrant labour forces in different countries are not always comparable. For example, some European OECD countries do not have detailed statistics on the numbers of self-employed foreigners. With the exception of Australia, the non-European OECD countries produce annual statistics on the numbers of foreign-born workers only in census years. Not all European countries include cross-border workers in their labour force. In some countries, such as Austria, Luxembourg and Switzerland, they represent an important share of the labour force. In addition, it is not always possible to obtain data on the number of foreigners employed in seasonal work (in particular in agriculture and tourism), or the number of temporary workers and/or trainees. Even though the European Union countries conduct employment surveys (in principle, annually) following a shared methodology, the harmonised results of which are published by Eurostat, not all of the aforementioned problems have been resolved. Furthermore, these surveys do not cover collective households, such as workers' hostels where many immigrants live. International comparisons should therefore be treated with caution, and in the case of Spain due to the concentration of the majority of immigrants in a few regions, the labour force survey underestimates the number of foreign workers. Finally, undocumented immigration and the illegal employment of foreigners are only partially reflected in official statistics because not all undocumented immigrants eventually gain official acceptance (for a detailed analysis of the economic aspects of undocumented immigration and the combatting of the illegal employment of foreigners, see OECD 2000*a)*.

In most of OECD countries there are no data on outflows of immigrants or foreigners from the labour market (stopping work, retiring, returning to the country of origin, naturalisation, etc.) which would provide a more accurate picture of labour market movements. There is also some confusion in the statistics dealing with work permits: in the official data of some countries it is hard to distinguish between new issues and changes or renewals. The annual increase in the labour force due to immigration is similarly difficult to assess, because the distinction between newly arriving immigrant workers and the initial entry on to the labour market of immigrants who had arrived at an earlier date (for example as accompanying family) or who were born in the host country is not always drawn. The people in the latter positions can be included in the inflows of new foreign workers, this is not always the case (for example in France).

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immigration flows of ethnic Germans (*Aussiedler*) and foreigners from Central and Eastern Europe.

Broadly speaking, the size of a particular foreign or immigrant community varies in any given host country according to migration traditions, the networks created by the communities already established there, employment opportunities and the proximity of the origin country. In some European Union countries, such as Luxembourg, Ireland, Belgium and Portugal, the proportion of EU citizens in the total foreign population is very high. In the United States Mexicans predominate among the foreign-born population. The changes that have occurred over the past ten years, in particular the removal of restrictions on outward movements from the countries of Central and Eastern Europe and the high economic growth in Asia have extended the geographical frame of

reference for international migration. In particular, they have led to new flows, involving an increasingly diverse range of origin countries. They have also altered the breakdown by nationality of foreign populations in host countries, and the spread of immigrants from the same country of origin across host countries.

In the European Union, the proportion of foreigners from non-member countries has risen and some national groups have emerged or gained in prominence in comparison with other groups of longer standing. In Germany, for instance this is the case of nationals of Eastern and Central Europe and the former USSR, in France of Moroccans and Senegalese, and in the Netherlands of nationals of the former Yugoslavia. In the Nordic countries, the proportion of nationals from neighbouring countries has fallen in Finland, Norway and Sweden, while

Table 5.1. **Foreign or foreign-born population and labour force in selected OECD countries**

Thousands and percentages

Foreign population and labour force[a]

	Foreign population				Foreign labour force[b]			
	Thousands		% of total population		Thousands		% of total labour force	
	1988[c]	1998[d]	1988	1998	1988[e]	1998[f]	1988	1998
Austria	344	737	4.5	9.1	161	327	5.4	9.9
Belgium	869	892	8.8	8.7	291	375	7.2	8.8
Czech Republic	. .	38	. .	0.4	. .	23	. .	0.5
Denmark	142	256	2.8	4.8	65	94	2.2	3.2
Finland	19	85	0.4	1.6	. .	35	. .	. .
France	3 597	3 263	6.3	5.6	1 557	1 587	6.4	6.1
Germany	4 489	7 320	7.3	8.9	1 911	2 522	7.0	9.1
Greece	. .	228	. .	2.6	. .	167	. .	3.8
Iceland	. .	3	. .	1.5	. .	2	. .	1.4
Ireland	82	111	2.4	3.0	35	48	2.7	3.2
Italy	645	1 250	1.1	2.1	285	332	1.3	1.7
Japan	941	1 512	0.8	1.2	. .	670	. .	1.0
Korea	45	148	0.1	0.3	. .	77	. .	0.4
Luxembourg	106	153	27.4	35.6	69	135	39.9	57.7
Netherlands	624	662	4.2	4.2	176	208	3.0	2.9
Norway	136	165	3.2	3.7	49	67	2.3	3.0
Portugal	95	178	1.0	1.8	46	89	1.0	1.8
Slovak Republic	. .	27	. .	0.5	. .	6	. .	0.3
Spain	360	720	0.9	1.8	58	191	0.4	1.2
Sweden	421	500	5.0	5.6	220	219	4.9	5.1
Switzerland	1 007	1 348	15.2	19.0	608	691	16.7	17.3
United Kingdom	1 821	2 207	3.2	3.8	871	1 039	3.4	3.9

Foreign-born population and labour force

	Foreign-born population				Foreign-born labour force			
	Thousands		% of total population		Thousands		% of total labour force	
	1991[g]	1998[h]	1991	1998	1991[g]	1998[h]	1991	1998
Australia	3 965	4 394	22.9	23.4	2 182	2 294	25.7	24.8
Canada	4 343	4 971	16.1	17.4	2 681	2 839	18.5	19.2
Hungary	. .	153	. .	1.9	. .	70	. .	1.7
United States	19 767	26 300	7.9	9.8	11 565	16 100	9.4	11.7

. . Data not available.
a) Data are from population registers except for France (Census), Ireland and the United Kingdom (Labour Force Survey), Japan and Switzerland (register of foreigners) and Italy, Portugal and Spain (residence permits). Labour Force data are from the respective labour force surveys or from residence or work permits. Total population for the Czech Republic, Greece, Iceland and Hungary is based upon individuals aged 15 and over.
b) Data include the unemployed except for Italy, Luxembourg, the Netherlands, Norway and the United Kingdom.
c) 1990 for France.
d) 1999 for France.
e) 1991 for Italy; 1989 for Belgium; and 1992 for Japan.
f) Data for Luxembourg include cross-border workers; data for Norway exclude the self-employed and for Switzerland seasonal and cross-border workers are not included.
g) 1990 for the United States.
h) 1996 for Canada; 1999 for Hungary.
Source: OECD (2001), *Trends in International Migration*; EU labour force survey, figures provided by Eurostat.

new foreign communities have grown in numbers: Asians (Pakistanis, Vietnamese, Iranians, Sri Lankans) and Turks in Norway and Sweden, and nationals of the former Yugoslavia in Norway, Sweden and Finland. These shifts reflect both changes in the origin of the flows as well as in their nature (for example, an increase in the number of asylum seekers).

Over recent years, the European OECD countries have experienced increasing inflows of Asian nationals, in particular the Chinese. Although in some places the trend is still too recent to be clearly identified in the breakdown of the foreign population by nationality, the scales of the flows are such that national groups from this continent can be expected to rapidly attain significant

proportions. The process can already be seen at work in the new immigration countries. For instance, Chinese nationals are among the leading immigrant communities in Italy and Spain.

B. Immigrants and the labour market

Broadly speaking, the population of foreign workers does not constitute an homogeneous group. Changes in the foreign labour force and its main characteristics (nationality, skill level, participation rates, sectoral distribution and unemployment rates) are not due solely to the profile of the new immigration flows but also to any economic and institutional changes that have taken place over the period under review. For instance, any liberalisation of the requirements for naturalisation and any modification to the regulations governing immigrants' access to the labour market are likely to affect substantially the size of the foreign labour force. Similarly, the existence of areas of free circulation such as between New Zealand and Australia, or among Nordic Countries, or between Ireland and the United kingdom, and more recently among EU countries, explains the importance of the flows of the citizens originating from these zones.

General trends linked to the employment of foreigners

Though the proportion of foreigners or immigrants in the labour force can diverge from that of the total population for which they account, depending, *inter alia*, on the time of arrival of the successive migration waves, the size of the family component in migration flows and selection criteria linked to age or qualifications, over the past decade the proportions have essentially followed the same trend (see Table 5.1). It is greater in Australia, Austria, Canada, Germany, Luxembourg and the United States, whereas it is smaller in Denmark, France, the Netherlands and Norway.

While admissions of new permanent foreign workers are currently very few in number, especially in the European OECD countries, the temporary employment of foreigners appears to be becoming more widespread; some countries are indeed taking policy measures to assist it (see Section II). The temporary employment of foreign workers introduces flexibility into the labour market and contributes thereby to relieving sectoral labour shortages in the host countries. This is particularly the case in new technology sectors, where many countries face shortages of skilled and highly skilled workers. Increased temporary labour immigration can also have the effect of dissuading employers, particularly in seasonal activities, from resorting to the use of undocumented workers.

Table 5.2 presents the inflows of temporary foreign workers, by principal categories, for a number of OECD Member countries. There is a fairly marked upward trend in these flows into Australia, Japan, the United Kingdom and the United States. Measures to assist the admission of temporary workers, including skilled and highly skilled people, have only recently been introduced in France, Germany and other European OECD countries, in particular Italy and Spain. These measures were implemented in response to the upswing in economic activity and the emergence of labour shortages in certain sectors.

In 1998, the participation rates of foreigners varied considerably according to their sex (see Table 5.3). The participation rate for immigrant or foreign women was systematically lower than that of their male counterparts, and was in general lower than that of female nationals. Due to the relative importance of refugees, the discrepancy between participation rates for female nationals and foreign women is greatest in Sweden, Denmark and the Netherlands. In Italy and in Spain, which are new countries of immigration, and Luxembourg, where labour immigration predominates heavily, the reverse is true, with the participation rate for foreign women being higher than for their national counterparts.

The participation rates of foreign males are in general lower than those of male nationals. Where such a gap exists it is narrower than that between foreign and national females.

Sectoral distribution and employment status of foreigners

Table 5.4 presents an overview of the sectoral distribution of foreign workers in 1998-1999. In particular, foreigners are markedly over-represented, in the sense that they account for a far higher proportion in the sector than they do in the country's total labour force, in sectors such as mining and manufacturing in Austria, Germany, Italy, Switzerland, Australia and Canada. They are also over-represented in the construction sector. That is the case, for example, in Austria, France, Greece, Luxembourg and Portugal. Foreign labour is concentrated in the service sector (for example in Switzerland). Though its use in this sector is widespread, it is most notably used in commerce, catering, education, health care, services to households and "other services". It is typically in public administration that the lowest proportion of foreigners are employed. This is because the jobs in this sector are in general only open to nationals. In the specific case of the illegal employment of foreign workers, the information obtained in the course of regularisation programmes indicates that they are on average younger than the remainder

Table 5.2.   **Entries of temporary workers in selected OECD countries by principal categories, 1992, 1996-1998**

Thousands

	1992	1996	1997	1998		1992	1996	1997	1998
Australia					**Korea**				
Skilled temporary resident programme[a]	14.6	31.7	31.7	37.3	Highly skilled workers	3.4	13.4	14.7	11.1
Working Holiday Makers[b]	25.9	40.3	50.0	55.6	Trainees	4.9	68.0	90.4	64.2
Total	**40.5**	**72.0**	**81.7**	**92.9**	**Total**	**8.3**	**81.4**	**105.0**	**75.4**
	(40.3)	(20.0)	(19.7)	(26.0)					
Canada[c]					**Switzerland**				
Total	..	**60.0**	**62.3**	**65.1**	Seasonal workers	126.1	62.7	46.7	39.6
	(252.8)	(226.1)	(216.0)	(174.1)	Trainees	1.6	0.7	0.7	0.7
France					**Total**	**127.8**	**63.4**	**47.4**	**40.3**
Employees on secondment	0.9	0.8	1.0	1.2		(39.7)	(24.5)	(25.4)	(26.8)
Researchers	0.9	1.2	1.1	1.0	**United Kingdom**				
Other holders of an *APT*[d]	2.8	2.8	2.6	2.2	Highly skilled workers (long-term permits)[e]	12.7	19.1	22.0	25.0
Seasonal workers	13.6	8.8	8.2	7.5	Short-term permit holders	14.0	17.0	20.4	23.5
Total	**18.1**	**13.6**	**12.9**	**11.8**	Working Holiday Makers	24.0	33.0	33.3	40.8
	(42.3)	(11.5)	(11.0)	(10.3)	Trainees	3.4	4.0	4.7	..
Germany					**Total**	**54.1**	**73.1**	**80.4**	**89.3**
Workers employed under a contract for services	115.1	45.8	38.5	33.0	**United States**[f]				
Seasonal workers	212.4	220.9	226.0	201.6	Highly skilled workers				
Trainees	5.1	4.3	3.2	3.1	Specialists (visa H-1B)	110.2	144.5	..	240.9
Total	**332.6**	**272.5**	**271.2**	**237.6**	Specialists (NAFTA, visa TN)[g]	12.5	27.0	..	59.1
	(408.9)	(262.5)	(285.4)	(275.5)	Workers of distinguished abilities (visa O)	0.5	7.2	..	12.2
Japan					Seasonal workers (visa H-2A)	16.4	9.6	..	27.3
Highly skilled workers	85.5	98.3	107.3	119.0	Industrial trainees (visa H-3)	3.4	3.0	..	3.2
Trainees	..	25.8	26.9	27.1	**Total**	**143.0**	**191.2**	..	**342.7**
Total	..	**124.1**	**134.2**	**146.1**		(116.2)	(117.5)	(90.6)	(77.5)

.. Data not available.

Note: The figures in brackets indicate the number of entries of permanent workers.

a)   Temporary resident visas granted under the "economic stream". The data cover the fiscal year (from July to June of the indicated year) and include accompanying persons. From 1996 on, the data are on and offshore.

b)   Temporary resident visas granted under the Working Holiday Maker Scheme. Visas granted onshore are not included.

c)   Total of persons issued employment authorisations to work in Canada temporarily excluding persons issued employment authorisations on humanitarian grounds. Persons are shown in the year in which they received their first temporary permit.

d)   Beneficiaries of provisional work permits (APT).

e)   Long-term permits (one year and over) are mostly accorded to specialists and senior managers.

f)   The data cover the fiscal year (October to September of the indicated year). A person is counted as many times as he/she enters the country over the course of the same year. The data may well therefore be over-estimates.

g)   The figures include family members.

Sources: Australia: Department of Immigration and Ethnic Affairs (DIEA); Canada: Citizenship and Immigration Canada; France: Office des migrations internationales, *Annuaire des migrations 98;* Germany: Bundesanstalt für Arbeit; Japan: Ministry of Justice; Korea: Ministry of Justice; Switzerland: Office fédéral des étrangers; United Kingdom: Department of Employment; United States Department of Justice, *1998 Statistical Yearbook of Immigration and Naturalization Service.*

Table 5.3. **Participation rate and unemployment rate of nationals and foreigners by sex in selected OECD countries, 1998**[a, b]

Thousands and percentages

	Participation rate				Unemployment rate			
	Men		Women		Men		Women	
	Nationals	Foreigners	Nationals	Foreigners	Nationals	Foreigners	Nationals	Foreigners
Austria	79.8	84.3	62.4	63.4	4.8	10.3	5.3	8.9
Belgium	72.9	69.0	55.1	40.7	6.5	18.9	10.9	24.1
Czech Republic	81.1	77.9	64.4	57.1	4.6	9.2	7.5	14.7
Denmark	84.1	69.4	76.0	51.6	3.8	7.3	6.1	16.0
Finland	76.0	81.0	70.2	57.8	12.7	36.0	13.3	43.7
France	75.0	76.1	62.5	49.0	9.6	22.0	13.5	26.8
Germany	79.4	77.3	63.4	48.7	8.5	17.3	10.1	15.9
Greece	79.1	91.4	49.1	61.2	6.9	9.7	16.5	18.8
Iceland	95.4	90.4	84.7	77.8	2.4	7.6	3.8	3.1
Ireland	77.4	73.3	52.1	50.9	8.0	12.4	7.3	10.4
Italy	73.6	89.1	44.4	54.0	9.6	5.1	16.7	17.6
Luxembourg	74.6	78.3	43.9	53.5	1.5	2.6	2.8	6.0
Netherlands	83.2	66.5	63.5	40.8	3.1	11.6	5.6	14.1
Norway	87.0	85.5	78.1	64.8	3.4	5.9	4.0	6.0
Portugal	83.5	77.4	65.5	56.1	3.8	1.4	5.6	17.4
Spain	75.9	84.0	47.7	52.2	14.0	10.9	26.6	24.0
Sweden	79.1	70.5	73.4	52.9	9.3	23.2	7.5	19.4
Switzerland	93.1	90.5	73.2	75.5	2.1	6.8	3.0	8.7
United Kingdom	83.0	78.1	67.4	56.1	6.8	10.7	5.2	9.4
Australia	74.8	70.8	57.1	48.7	8.3	8.6	6.9	8.2
Canada	73.8	68.4	60.2	52.9	10.3	9.9	9.5	11.6
Hungary	67.8	72.2	52.3	53.6	7.5	7.6	6.2	6.4
United States	74.2	79.7	60.8	52.7	4.3	4.9	4.5	6.0

a) For Australia, Canada, Hungary and the United States, the data refer to the foreign-born population.
b) For Canada the data refer to 1996; Hungary refers to 1999.
Sources: EU Labour force survey, data supplied by Eurostat; Labour force survey, Australian Bureau of Statistics; 1996 Census, Statistics Canada; BLS, United States.

of the labour force and are widely distributed across the economy (see Box 5.2).

Furthermore, as Table 5.5 shows, foreigners have a greater tendency to occupy blue collar as opposed to white collar jobs. Though the difference is most marked in the new immigration countries (the Czech Republic, Greece, Italy, Japan, Portugal and Spain) a gap nevertheless also persists in much older immigration countries such as Austria, France and Germany.

The disparity indicator used in Table 5.6 enables one to take an overview of the extent to which the sectoral distribution of foreigners' employment has converged with that of nationals' over the past fifteen years. The lower this indicator (for its method of calculation, see the note to Table 5.6), the closer is the sectoral distribution of foreigner workers to that of nationals; this is notably the case in Australia, Belgium, Germany, the Netherlands, Norway and Spain.

The diminution in the disparities in the distributions of foreign workers compared to those of nationals implies that foreigners' labour market integration has been increasing. In the European OECD countries, for example, with the arrival of second-generation young people on the labour market, usually with a higher level of education and training than their parents, young foreign workers are increasingly working in jobs with a "national profile" as opposed to those typically held by first-generation immigrants.

Table 5.7 presents a comparison of the proportions of national and foreign workers in self-employment in 1999, or the most recent year for which data are available. In several OECD countries the proportion of foreign workers who are self-employed is much the same as for nationals. This is the case, for instance, in Australia, Canada, France, Germany and the United States. Self-employed foreigners are proportionally more numerous than self-employed nationals in the Czech Republic,

Table 5.4. **Foreign employment by economic activity in OECD countries**[a]

% of total foreign employment, 1998-1999 average

	Agriculture and fishing	Mining and manufacturing	Construction	Wholesale, retail and accommodation	Health, education and social services	Households	Public administration and ETO	Other services	Total
Austria	1.2	**27.9***	**12.3**	**25.0***	13.5	**0.9**	1.7	**17.6***	100
Belgium	1.7	**23.4***	8.9	**22.6***	16.3	**0.7**	8.8	17.7*	100
Czech Republic	2.8	31.2*	12.3	21.6*	**17.4***	0.0	3.8	10.9	100
Denmark	**5.0**	16.2	3.3	**21.7***	**30.3***	0.0	3.5	**20.0***	100
Finland	4.2	15.8	5.3	**24.6***	**31.1***	0.0	0.4	18.7*	100
France	2.9	**20.5***	**16.7**	**18.3***	12.3	7.2	2.6	**19.3***	100
Germany	1.6	**35.3***	8.7	**23.0***	15.0*	**0.6**	2.0	13.8	100
Greece	3.5	**19.3***	**26.6***	19.0	5.9	**19.9***	0.8	5.0	100
Iceland	6.2	**33.0***	1.1	14.8*	**28.6***	0.0	5.4	10.9	100
Ireland	2.8	**20.5**	5.9	**21.9***	**22.5***	**1.9**	1.3	**23.2***	100
Italy	**6.0**	**29.0***	9.4	17.7*	11.1	10.4	3.0	13.4*	100
Japan	0.3	62.2*	2.0	8.2*	. .	. .	. .	**27.3***	100
Luxembourg	1.1	10.9	**15.4***	**20.5***	11.5	**3.7**	11.7	**25.2***	100
Netherlands	2.7	**24.1**	4.4	**20.7***	17.8	0.3	5.0	**25.1***	100
Norway	1.6	**16.9***	4.7	**20.8***	**33.3***	**0.5**	1.9	**20.3***	100
Portugal	3.3	17.4	**18.6***	**24.3***	**17.9***	**6.1**	1.8	**10.6***	100
Spain	**9.0**	11.6	8.8	**26.1***	14.2*	**16.4***	1.3	12.5	100
Sweden	2.3	**21.3***	2.1	**22.0***	**32.4***	0.0	1.9	18.1	100
Switzerland	1.0	**23.5***	**8.8**	**22.4***	21.9*	**1.6**	3.6	17.1	100
United Kingdom	1.6	19.3	7.1	**19.8***	**24.1***	**0.5**	6.0	**21.6***	100
Australia	2.1	**18.8**	7.9	22.4*	16.1	3.2	3.1	**26.4***	100
Canada	2.4	**19.6**	5.0	24.1*	24.6*	. .	3.8	**20.4***	100
Hungary	3.1	23.2*	6.2	**25.7***	22.5*	0.0	3.4	**16.0**	100
United States	**3.6**	**18.6**	6.1	**22.9***	2.2	**2.0**	20.8	23.7*	100

. . Data not available.
Note: The numbers in bold signify the sectors where foreigners are over-represented. The asterix (*) identifies the top three sectors of foreign employment.
a) For Australia, Canada, Hungary and the United States, the data refer to the foreign-born population.
Sources: EU labour force survey, data supplied by Eurostat; labour force survey, Australian Bureau of Statistics; Statistics Bureau, Japan; 1996 Census, Statistics Canada; and Current Population Survey, US Bureau of the Census.

Norway, Sweden and the United Kingdom; in Austria, Greece, Iceland, Italy, Portugal and Switzerland the reverse is true. It is hard to account for the trends observed without a more detailed analysis of the structure of self-employment in each individual OECD country.[1] A few explanations can nevertheless be put forward: in some cases immigrants, in particular refugees, faced with difficulties in entering the labour market turn towards self-employment, mainly in neighbourhood services (Denmark, Norway and Sweden, for example); access to self-employment for foreigners is sometimes hampered by the legislation in force, largely designed with dependent employment in mind (as is the case, for example, in Switzerland, Austria and Luxembourg); in countries with a tradition of immigration (the United Kingdom, Sweden and Belgium, for example) the longstanding pattern of migration may explain why more foreigners are self-employed – they have in fact a greater ability to obtain the funds necessary to set up independent activities; finally, in the case of the Czech Republic, the extremely liberal legislation (until recently) on immigrants taking

up self-employment accounts for the significant difference between the proportions of foreigners and nationals with that labour market status.

In virtually all the European OECD countries (Italy and Spain being the exceptions), the proportion of immigrant or foreign workers of the total unemployed is greater than their proportion of the labour force. Chart 5.1, which relates to the most recent year for which data are available, shows that the highest proportions are in the Netherlands and Finland. In both of these countries, foreigners are proportionately two and a half times as numerous in the unemployment count as they are in the labour force. The situation is almost as critical in Belgium, Denmark, Portugal and Sweden.

Unemployment rates for foreign women are generally higher than for foreign men, except in Australia, Austria, Germany, Hungary, Sweden and the United Kingdom (see Table 5.3). Conversely, the disparity between unemployment rates for nationals and foreigners is more marked for men than for women. In the settlement countries (Australia, Canada and the United

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Box 5.2. **Where do undocumented immigrants work?**

While it is difficult to compile a precise list of all the different occupations practised by undocumented immigrants, information from regularisation programmes shows a far wider range of sectors than might be expected. A study of six OECD countries [see OECD (2000*b*)] has identified the main sectors involved. These are agriculture, construction and civil engineering, small-scale industry, tourism, hotels and catering, and services to households and to business, including computer services.

Accompanying the declining share of agriculture and industry in gross domestic product in most of the industrialised countries, illegal immigrants have become very much involved in the services sector where their presence has coincided with a rise in total employment. In countries such as France and Italy, skilled undocumented foreigners find work in science and language teaching, as well as in hospital services, though usually at much lower rates of pay than nationals. Seasonal tourism, retail trading and catering, where long hours have to be worked, are other sources of employment. The growth in services to businesses (such as equipment maintenance and servicing, caretaking) and services to households (such as child minding and other domestic services) has also been favourable to undocumented workers.

The growth in outsourcing in most OECD countries is another recent trend which has favoured the recruitment of undocumented immigrants. It has enabled firms in several sectors to evade their social security contributions as well as the constraints imposed by labour legislation. The textile/clothing and building/civil engineering industries often use outsourcing, as do services. This practice has led to what might be termed "false" dependent employment, whereby employees of an outsourcing firm are effectively self-employed freelancers.

Illegal employment reflects to a certain degree the difficulty encountered in hiring certain categories of workers. It also reflects the problems of dealing with the underground economy.

States) the disparity in unemployment rates for foreign-born and native-born people are much narrower than those in the European countries for foreigners and nationals.

The scope for family members to take up employment in the host country (subject to certain conditions) supplements the number of labour market entrants. Many of them have difficulty in securing their first job in the host country. The recent increases in other categories of inflow have also contributed to swelling the figures for foreign unemployment, especially as in a number of OECD countries labour market conditions are relatively unfavourable for low-skilled workers. For example, foreigners admitted as refugees or asylum seekers face (when allowed to take up employment) considerable difficulties in some host countries in finding work (due in particular to language problems) in the early years of their stay. This may account for the high rates of unemployment amongst foreigners observed in Denmark, Norway and Sweden, countries where the annual flows of refugees or asylum seekers are relatively high compared with other admission categories. A period of adjustment is in some cases needed before immigrants succeed in integrating into the labour market of the host country. This can be due to the need to become more familiar with the language and how to deal with government services, learn modes of access to the labour market (job search methods) or adjust to the prevailing work conditions. All these factors are decisive in obtaining and keeping a job.

II. Foreign employment and short-term labour market equilibrium

Migration movements are the combined outcome of two mechanisms that may be presented as pull and push factors.[2] The latter stem from the behaviour of migrants who wish to leave their countries of origin on account of adverse economic, social and/or political conditions there. On the demand side, the requirements of labour markets in host countries predominate, even though immigration flows include categories admitted on humanitarian grounds (annual refugee quotas, asylum seekers) or social grounds (settlement migration, family reunion). As a general rule, the host countries attach great importance in their migration policies to smoothing imbalances between labour supply and demand and to meeting longer term needs. For their part, migrants make a selection from the various destinations open to them chiefly on the basis of the conditions prevailing in individual countries, in particular the scope for obtaining employment. Other criteria, in particular pre-existing social networks as well as cultural and linguistic ties, influence both the decision to emigrate and the choice of destination.

The question that arises, accordingly, is the extent to which migration movements coincide with fluctuations in the demand for labour in host countries. Can migration policy be successfully designed in such a way as to meet labour market needs? What are the chief limitations on an approach of this kind?

Table 5.5. **Employment distribution by type of occupation**

Percentage of the employed, 1998-99 average[a, b]

	Foreign employment		Total employment	
	Blue collar	White collar	Blue collar	White collar
Austria	67.1	21.8	40.8	45.8
Belgium	41.6	47.1	32.0	57.3
Czech Republic	50.8	33.7	44.8	42.8
Denmark	40.8	46.8	33.6	50.6
Finland	40.2	41.2	35.7	52.1
France	62.7	25.8	37.1	50.2
Germany	55.9	29.9	36.1	52.3
Greece	78.3	9.8	47.1	40.2
Hungary	28.5	56.2	45.6	40.2
Iceland	50.9	31.2	37.6	43.1
Ireland	27.6	58.6	39.1	46.7
Italy	62.0	25.5	41.7	42.5
Luxembourg	43.4	45.0	34.6	55.7
Netherlands	40.0	50.5	27.0	60.3
Norway	30.5	51.1	30.0	50.7
Portugal	51.3	30.9	56.5	29.9
Spain	47.8	35.7	47.6	38.5
Sweden	38.4	41.2	30.6	51.3
Switzerland	38.6	45.9	30.9	55.8
United Kingdom	23.0	58.3	29.1	56.0
Australia	34.2	57.9	31.6	58.5
Canada	22.7	67.7	21.6	69.1
Japan	70.9	22.8	33.4	36.5
United States	33.9	46.5	26.8	59.3

Note: In terms of the ISCO-88 system, blue-collar workers are defined as craft and related trades workers, plant and machine operators and assemblers and elementary occupations (Major Group 7/8/9); and white-collar workers include legislators, senior officials and managers, professionals, technicians and associate professionals and clerks (Major Groups 1/2/3/4). The total labour force also includes service workers and shop and market sales workers and skilled agriculture and fishery workers (Major Groups 5/6). With respect to Australia, Canada, Japan and the United States a different classification system of occupations was available. Some differences exist between these classifications systems and ISCO-88.
a) Data for Australia, Canada, Hungary and the United States refer to foreign-born individuals.
b) Data for Canada refer to 1996, Hungary to 1999 and Australia and Japan to 2000.
Sources: EU labour force survey, data provided by Eurostat; Labour force survey, Australian Bureau of Statistics; Statistics Bureau, Japan; 1996 Census, Statistics Canada; *Current Population Survey*, US Bureau of the Census.

Following World War II, in particular from the mid-1950s onwards, a number of European countries established programmes to admit large numbers of foreign workers in order to cope with their increased need for labour. These immigration flows were organised under guest worker programmes; the foreigners admitted under these arrangements generally had temporary status. Belgium, France, Germany, the Netherlands, Switzerland and the United Kingdom were particularly involved at that period. The resident foreign population in Western Europe doubled between 1950 and 1970, from 5 to 10 million; by 1982 it had reached 15 million.[3]

In the wake of the first oil crisis, the majority of European countries suspended the immigration of new foreign workers. Against expectations, earlier waves of immigrants did not return to their countries of origin. This was due in particular to the even worse economic situations prevailing in them and the fear that they would be unable to return later to the host country. The foreign population continued to rise as a result of natural increase and family reunion flows.[4] During this period, the main settlement countries (*i.e.* Australia, Canada and the United States) continued to conduct active and open migration policies with regard to workers and their families.

Chart 5.2 illustrates the historical trends from 1960 onwards for selected OECD countries. Each section of this figure presents the net migration rates, the rate of growth in total employment and a conjunctural indicator defined as the deviation of per capita GDP from its estimated trend level for the whole of the period 1965-95. It highlights the links between these series and thereby indicates the extent to which migration flows have matched the economic cycle and fluctuations in labour demand.

Table 5.6.   **Disparity of the foreign employment distribution by economic activity**[a]

	1983[b]	1994-95[c]	1998-99[d]
Austria	. .	21.6	20.4
Belgium	21.7	21.1	14.4
Czech Republic	. .	. .	10.0
Denmark	16.3	13.9	10.4
Finland	. .	21.1	16.7
France	24.2	19.9	18.4
Germany	22.9	25.0	19.3
Greece	. .	28.3	37.4
Iceland	. .	22.6	21.5
Ireland	22.4	17.3	15.0
Italy	. .	11.3	9.9
Luxembourg	. .	76.6	75.5
Netherlands	. .	16.7	13.8
Norway	. .	16.8	12.3
Portugal	. .	20.9	23.0
Spain	. .	25.4	18.5
Sweden	15.4	10.3	10.0
Switzerland	. .	. .	18.1
United Kingdom	11.3	11.7	12.6
Australia	12.8	9.8	9.5
Canada	11.9	8.7	. .
Hungary	. .	. .	16.6
United States	8.9	6.5	6.2

. . Data not available.

Note: The disparity indicator is defined as the sum over all sectors of $(|p_i-q_i|)/2$, where p_i and q_i represent the share of sector i in foreign employment and national employment respectively. This indicator gives the percentage of foreign workers in "foreign" sectors who would have to be reallocated to the "national" sectors to make the distribution of employment by sector the same for foreigners as for nationals. A sector is considered "foreign" if the share of foreign employment in the sector is greater than that of foreign employment in total employment.

a)   For Australia, Canada, Hungary and the United States, the data refer to the foreign-born population.

b)   For Canada data refer to 1991, for Sweden 1982 and for the United States the data refer to 1980.

c)   For Austria, Finland, Iceland and Sweden data refer to 1995. For Canada and Australia the data refer to 1996.

d)   For Hungary data refer to 1999 and for Australia the data refer to 2000.

Sources: See Table 5.3, except for the United States: Current Population Survey, US Bureau of the Census.

The first finding is the apparent parallelism of the macroeconomic and migration series over the first part of the period for the European countries considered. Until the end of the 1970s, migration flows moved in parallel with the conjunctural indicators in Germany, the Netherlands, Sweden and the United Kingdom, and to a lesser extent in Australia. This was in fairly marked contrast with Canada and the United States, where the variables do not appear to have been directly linked. From the early 1980s, on the other hand, disparate trends are found for all countries. Even though the reasons may differ from one country to another, this points to the difficulty in controlling migration flows, to programme them, and to keep them in parallel over the long term with changing requirements in the labour market.[5]

It should be noted that a significant proportion of migration movements are not undertaken directly for economic reasons. Over the course of the 1990s, family reunion accounted on average for over 50 per cent of all inflows to Canada, France, Sweden and the United States. The admission of refugees and asylum seekers is another form of movement which is normally independent of economic trends in the host country. This is the predominant component of migration particularly in the Nordic countries.

A further argument, the return of immigrants, may also be advanced to account for the imperfect way that net migration adjusts to economic trends in the host country. Migrants consider their decision of whether or not to return to their country of origin in the same way as the initial decision of whether or not to leave. Migrants considering leaving their host country will compare their current circumstances with the position they could expect to face if they returned home or moved on elsewhere. They also need to bear in mind any fixed costs (settlement, reinsertion, loss of social capital, etc.) and their expectations of trends in economic and social conditions over the medium term. Even when the economic environment in the host country deteriorates severely, a decision not to return home may still be rational. That the possibility of readmission to the host country should reinsertion at home fail is frequently limited (when not inexistent) reinforces the inclination to stay. There is little information on

Table 5.7.   **Employment status by nationality, 1999**[a, b]

Thousands and percentage of total

	Nationals		Foreigners	
	Total employment in thousands	Self-employed as % of total employment	Total employment in thousands	Self-employed as % of total employment
Austria	3 342	14.5	336	5.2
Belgium	3 682	17.3	306	17.2
Czech Republic	4 692	14.4	24	22.2
Denmark	2 644	9.3	63	8.6
Finland	2 310	13.8	23	12.4
France	21 529	12.3	1 225	10.3
Germany	33 175	10.9	2 914	9.8
Greece	3 789	43.0	150	8.7
Iceland	148	18.3	3	7.7
Ireland	1 534	19.0	53	19.7
Italy	20 407	28.4	210	18.5
Luxembourg	104	10.8	73	6.7
Netherlands	7 365	11.5	239	10.0
Norway	2 187	7.7	65	9.1
Portugal	4 732	27.0	56	20.6
Spain	13 582	21.7	174	22.6
Sweden	3 905	11.4	149	12.5
Switzerland	3 084	20.3	756	8.9
United Kingdom	26 286	12.0	1 020	14.1
Australia	8 491	14.0	. .	. .
Canada	10 726	9.1	2 541	10.4
United States	115 079	8.8	17 100	7.3

. .   Data not available.
a)   For Australia, Canada and the United States, the data refer to the foreign-born population.
b)   For Canada data refer to 1996.
Sources: See Table 5.3.

return migration flows, but in the United States, for example, it is estimated that around 25 per cent of immigrants go back to their countries of origin. In any case, it is far easier to control admissions than monitor departures, and so it is hard to completely control the scale and composition of net migration.

Quite aside from the difficulties in controlling immigration flows (see above, with regard to undocumented entries, and OECD, 2000*b*), other questions arise when considering the introduction of a selective policy of labour immigration. These questions relate in particular to the needs: *i)* to identify short and medium-term requirements by types of skill; *ii)* to define criteria for identifying the "right candidates"; *iii)* to assess the candidates' capabilities; and *iv)* to offer an environment that is sufficiently attractive to draw in the target group. That entails a trade-off between the sophistication and the speed of selection procedures, an essential element in the effectiveness of migration policies that seek to meet labour market requirements. Last, the reception of new immigrants may

also raise difficulties in terms of the supply of accommodation and welfare services. These constraints necessarily increase labour demand in those sectors, and hence correspondingly reduce the net contribution to the labour market from the new inflow of foreign labour.

These general observations highlight the difficulties that may occur in applying a migration policy whose chief aim is to respond to the short-term needs of the labour market. Admission of temporary workers is nonetheless still widespread in OECD countries, even in Australia, Canada and the United States which give priority to the permanent settlement of migrants (see Table 5.2).

Given the particular characteristics of foreign or immigrant labour, in terms of skills, demographic profile and sectoral distribution, it seems likely that the employment of foreigners does play a special role in the equilibrium and dynamics of the labour market. How does the employment of foreigners respond to cyclical fluctuations? Are the adjustments that the foreign workforce has to make different from those facing nationals? In what

1998-1999 average[a, b]
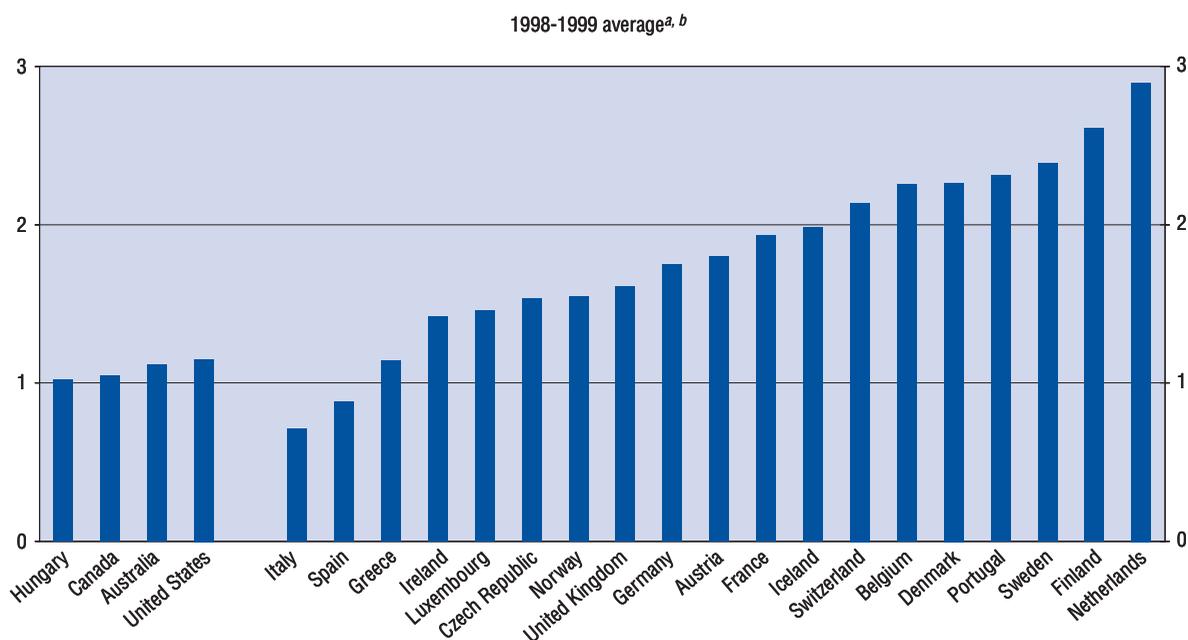
a) For Australia, Canada, Hungary and the United States, the data refer to the foreign-born population.
b) For Canada, the data refer to 1996. For the United States, the data refer to 1998 and, for Australia, Hungary and the Czech Republic, the data refer to 1999.
Sources: See Table 5.3.

ways does the use of foreign labour assist labour market adjustment?

Over the past twenty years, most OECD countries have experienced two periods of recession. The first occurred in the early 1980s, in response to the second oil shock. Between 1979 and 1983 the average rate of unemployment across the OECD area as a whole rose from 5.2 per cent to over 8.5 per cent. The second recession, in the early 1990s, though appreciably less severe had a considerable impact on the labour market as the demand for labour reacted more swiftly to the downturn.

How is the employment of foreigners affected when economic activity declines? Does foreign labour play a special buffer role on the labour market during a recession, and what are the possible mechanisms at work?

A.   Foreign workers in periods of recession

The earlier analysis showed the ways in which the employment of immigrants or foreigners differs from that of nationals in OECD Member countries. The features highlighted stem both from the history of successive waves of migration (main countries of origin, skills and work experience of migrants, demographic profile, 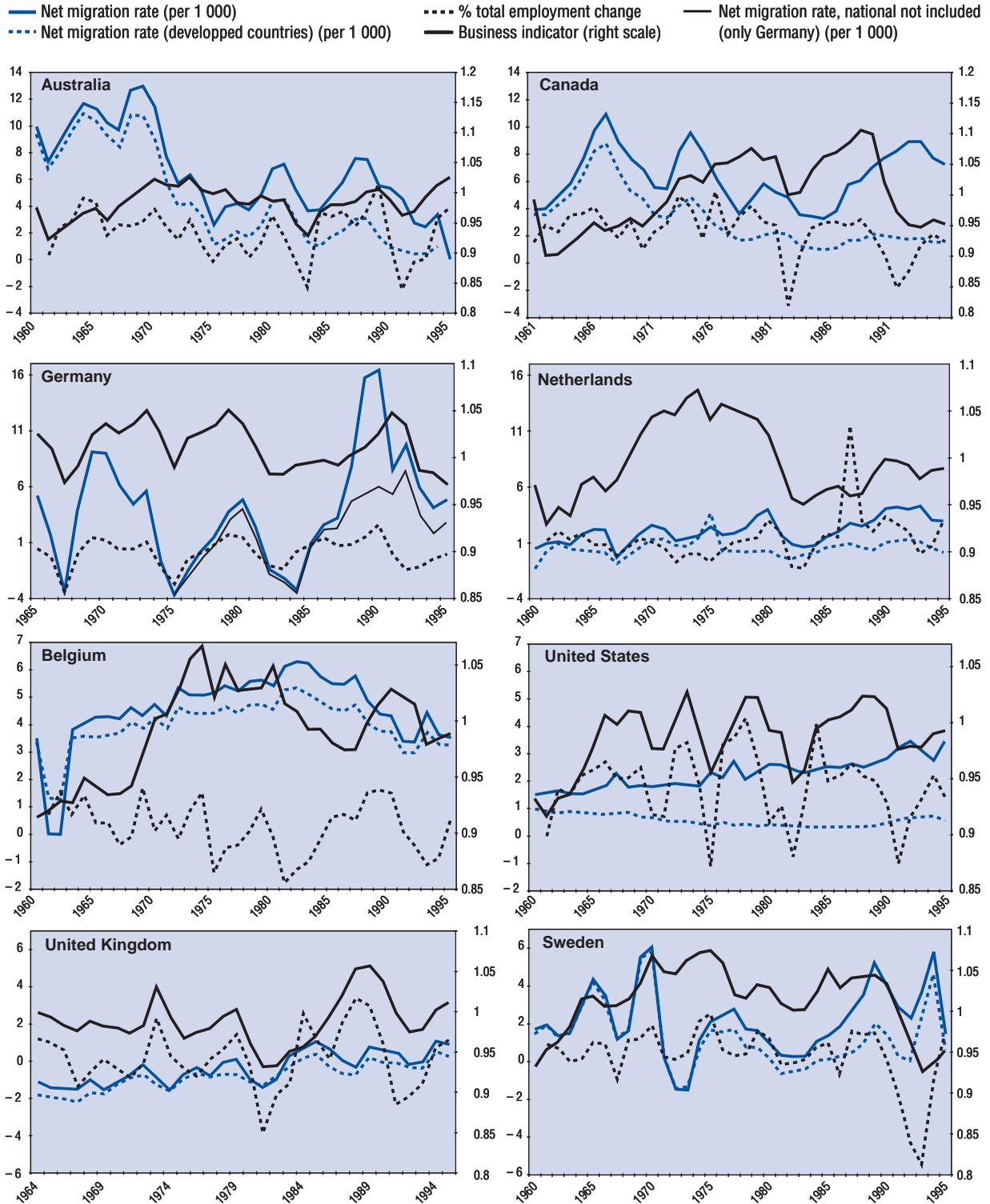knowledge of the host country's language) and differences in institutional structures (regulations governing access to the labour market and setting up businesses, etc.) which determine the employability of the foreign labour force.

In particular, and although the distribution of foreign labour by sectors of activity is increasingly converging with that of the remainder of the labour force (see Tables 5.4 and 5.6), it is still slightly over-represented in those sectors which are the most sensitive to cyclical downturns (notably construction and retailing).[6]

For all of the countries under consideration, the foreign labour force is on average relatively less skilled than that of nationals (see Table 5.8) and foreign workers are more concentrated than nationals in the lowest socio-professional categories (see Table 5.5). These characteristics are as a general rule also linked with greater volatility of employment in response to cyclical fluctuations.

These general points all help to explain why, during a recession, foreigners are, in some OECD Member countries, proportionally more affected than nationals by unemployment. Table 5.9 illustrates this phenomenon. It shows for the three main European countries of immigration and Australia,[7] during the most recent period of recession, the trend in the relative share of foreigners in

Chart 5.2. **Net migration rate and the business cycle in selected OECD countries, 1960-1995**

— Net migration rate (per 1 000)
···· Net migration rate (developed countries) (per 1 000)
···· % total employment change
— Business indicator (right scale)
— Net migration rate, national not included (only Germany) (per 1 000)

Sources: Labour Force Statistics (OECD), calculations by the OECD Secretariat; Population Division (United Nations).

Table 5.8. **Foreign and national adult populations classified by level of education in selected OECD countries**[a]

1995-1998 average, percentages

	Lower secondary		Upper secondary		Third level	
	Foreigners	Nationals	Foreigners	Nationals	Foreigners	Nationals
United States[b]	35.0	15.7	24.1	35.0	40.9	49.3
Germany	48.5	13.2	37.0	62.2	14.4	24.6
France	63.3	33.4	22.9	45.4	13.8	21.1
Italy	47.1	56.3	38.3	34.3	14.6	9.3
United Kingdom	65.1	43.9	14.7	32.5	20.2	23.7
Canada[c]	22.2	23.1	54.9	60.3	22.9	16.6
Sweden	30.8	20.4	41.5	50.3	27.7	29.3

a) The educational attainment classification is defined as follows: lower secondary refers to pre-primary education or none, primary or lower secondary; upper secondary refers to upper secondary education or post-secondary non tertiary education; third level refers to tertiary education.
b) Foreign-born and native populations aged 25 and over. Lower secondary refers to less than high school diploma, upper secondary refers to high school diploma and third level refers to some college or more.
c) Foreign-born and native populations aged 25 to 44. Lower secondary refers to below grade 9, upper secondary refers to grades 9 to 13 and third level refers to some post-secondary education plus university degrees.
Sources: EU labour force survey, data provided by Eurostat; Statistics Canada; US Bureau of the Census.

unemployment in comparison to the proportion of the labour force for which they account.

There are many reasons why foreigners in some OECD countries are more vulnerable to unemployment than nationals. Among other things, it reflects the lesser employability of this category of labour, and is accentuated in certain countries during periods of recession, as well as in countries faced with a growing number of asylum seekers. Data obtained from the European employment survey enable one to estimate the determinants of the probability of being in work or available for work (age, gender, level of education, place of birth and nationality). These estimates (see Annex 5.B) indicate that, *ceteris paribus*, foreigners have a greater probability of being non-active or looking for work whatever their country of residence, with the exception of Greece, Ireland, Italy and Spain (countries in which labour immigration

predominates) and Luxembourg (where immigration flows originate overwhelmingly from other European Union countries).[8] Foreigners born in a European Union country are less directly affected.

Foreigners are also over-represented among the long-term unemployed (see Chart 5.3). In France, for example, nearly 57 per cent of jobless foreigners have been out of work for more than a year, as compared with less than 43 per cent for French nationals. A similar situation is obtained in Australia and Canada, but not in the recent immigration countries in Southern Europe (Greece, Italy, Portugal, Spain) where migration for employment purposes predominates.

Access to self-employment is sometimes seen as a way out of insecurity and a means of social promotion. In some countries migrants have been very active in the entrepreneurial sector and have greatly contributed to the development of economic activity and to reducing labour market disequilibria during recessions. Several factors may explain why, *ceteris paribus*, migrants have a greater propensity to create their own businesses. These include self-selection [See Stark (1991); Borjas (1987); or Chiswick (2000)], community arrangements and barriers to salaried employment (see above). Measures could certainly be introduced in a number of countries to promote the development of such activities by the foreign labour force, in particular by simplifying administrative procedures and facilitating access to credit.

During periods of marked labour market imbalances, as have occurred over the past two decades in some European countries, some people have at times sought to establish a causal link between immigration and unemployment.

Table 5.9. **Share of foreigners in total unemployment relative to their share in the labour force during a recessionary period**[a]

	Period[b]	Annual growth of the ratio during the period (%)
Australia	1990-1992	3.7
France	1991-1994	1.9
Germany	1991-1994	3.9
United Kingdom	1989-1992	5.0

a) For Australia the data refer to the foreign-born population.
b) The period of recession is determined by estimates of the business cycle produced by the OECD (Economic Cycle Research Institute in the case of Australia).
Sources: See Table 5.3.

Chart 5.3. **Percentage of long-term unemployment by nationality**

1995-1998 average[a, b]

● Foreigners   ○ Nationals
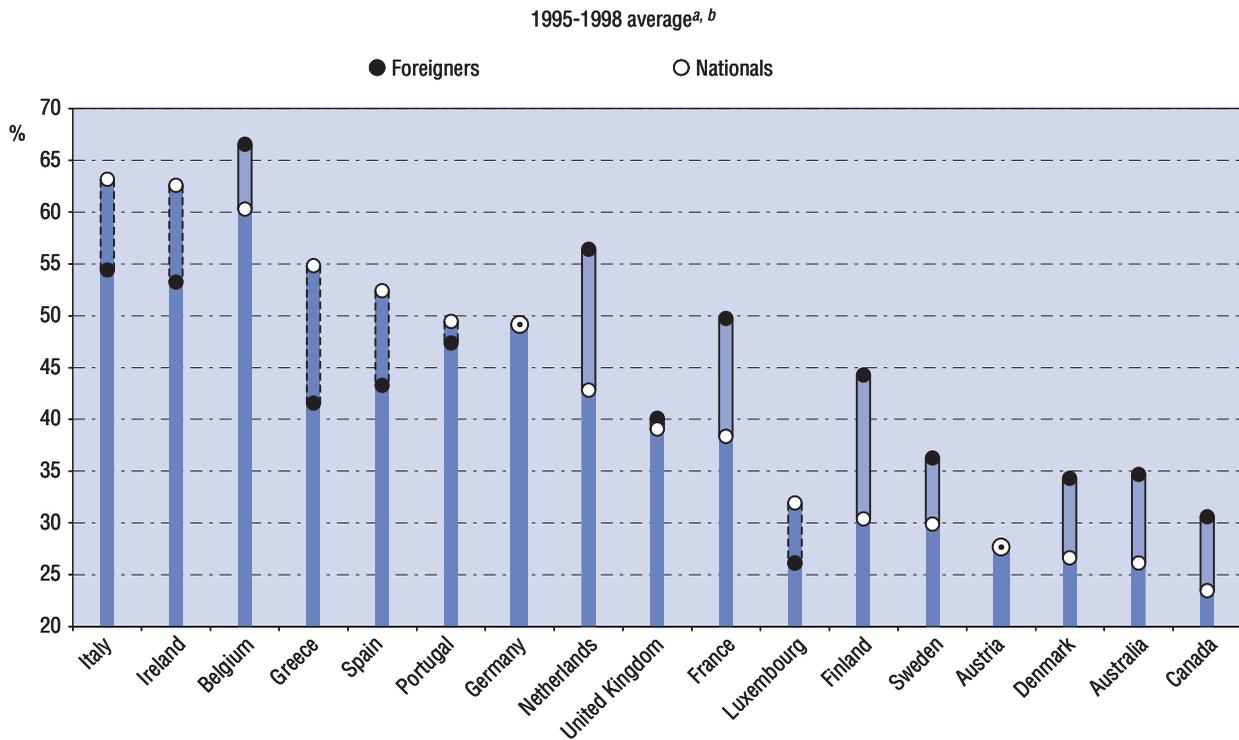
a) Data for Australia and Canada refer to the foreign-born population.
b) Total population includes those individuals aged 15 and over with the exception of Australia (15-64).
Sources: EU labour force survey, figures provided by Eurostat; Labour force survey, Australian Bureau of Statistics; 1996 Census, Statistics Canada.

Chart 5.4 shows OECD countries classified in terms of their unemployment rates and the relative sizes of their foreign populations, though this is no proof in itself. In countries such as Finland and Spain, where unemployment rates are relatively high, foreigners account for very low proportions of the total population. Annex 5.C, presented in the form of a synoptic table, sets out the main findings from a dozen empirical studies in various OECD countries, covering different periods and using a range of econometric methods to seek to uncover any link. None of this research has come to any really significant conclusions. There are several reasons for this. Firstly, new immigrants are also consumers and the satisfaction of their needs entails expanded employment. They accordingly raise the demand for goods and services (notably accommodation and food), whether or not they subsequently raise the labour supply. Secondly, except in very special circumstances such as the repatriations from Algeria to France in 1962, from Angola to Portugal in the early 1970s and the arrivals of Cubans in Miami in 1980, the inflows are extremely small compared to the labour force already in the country. Finally, most of the research

which has made empirical estimates, generally concludes that immigrant or foreign labour is complementary to, rather than a substitute for, that of nationals.[9]

Most of the econometric studies undertaken in the United States, Australia and in Europe have concluded that immigration does not lead to a decrease in the incomes of nationals. These conclusions are all the more robust for having been based on a wide variety of data sources and methodological approaches. Studies show that the impact of foreigners on the labour market is always positive for all categories of labour with the exception in the case of the United States of earlier migrant waves and in Europe of some low-skilled groups.[10] Given that the labour market characteristics of settled and recently arrived immigrants are similar, they are in direct competition. Nevertheless, though the impact can be negative it is very small.

In conclusion, while immigration can certainly not be held responsible for labour market disequilibria, foreign workers in some OECD Member countries do seem relatively more vulnerable to cyclical downturns. It

───── **Chart 5.4.** **Foreign population and the unemployment rate in some OECD countries, 1998**[a] ─────
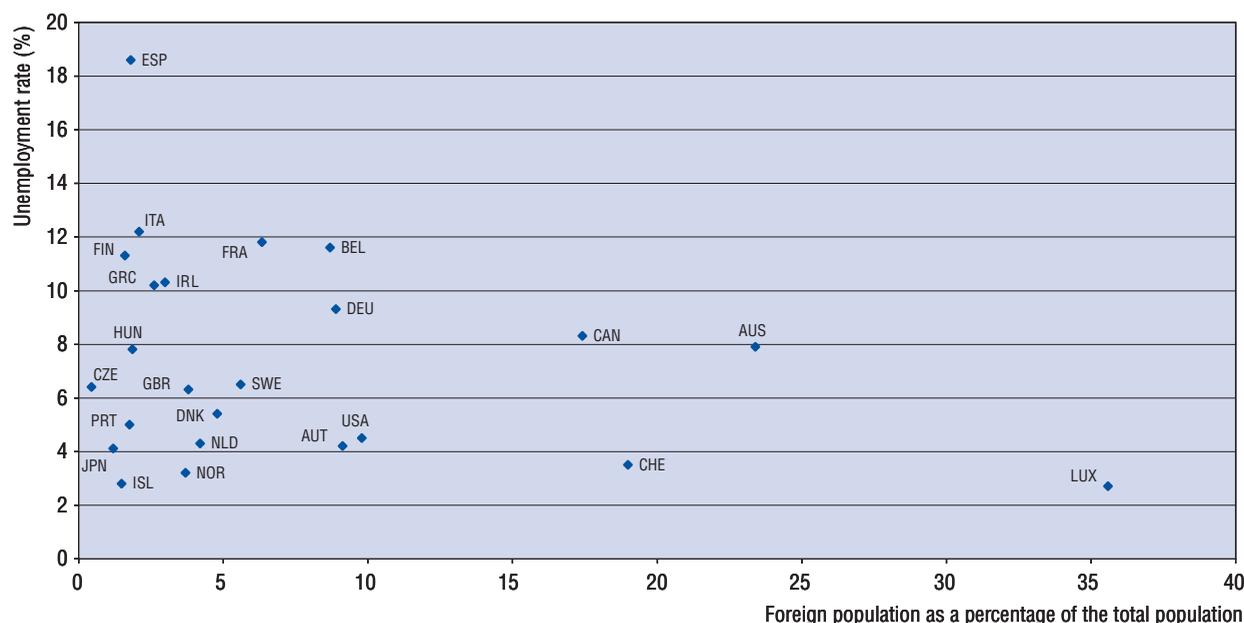
a) For Australia, Canada, Hungary and the United States, the data refer to the foreign-born population.
Sources: See Table 5.4.

should nevertheless be noted that the relative size of the stocks of foreign and national labour, as well as statutory safeguards against discrimination, restrict the influence of this mechanism.

B. The employment of foreigners during economic upturns

Since the mid-1990s there has been a sustained development of activity in most of the OECD countries, together with a decline in unemployment rates, notably in the European Union countries. In 1999 and 2000 respectively there were falls of three-tenths and five-tenths of a point in the average rate of unemployment across the area. This trend, which may continue over coming years, possibly at a more moderate pace (see OECD, 2000*c*) will necessarily have effects on the employment of foreigners and immigrants. Against this background, a number of OECD countries are considering the possibility of making greater use of immigration as a means of coping with labour shortages and holding down inflationary pressures.

To what extent does the employment of foreigners play a role in total employment creation during economic recoveries? How does it affect the sectoral and geographical mobility of the labour force? Should there be systematic recourse to immigration to cope with labour
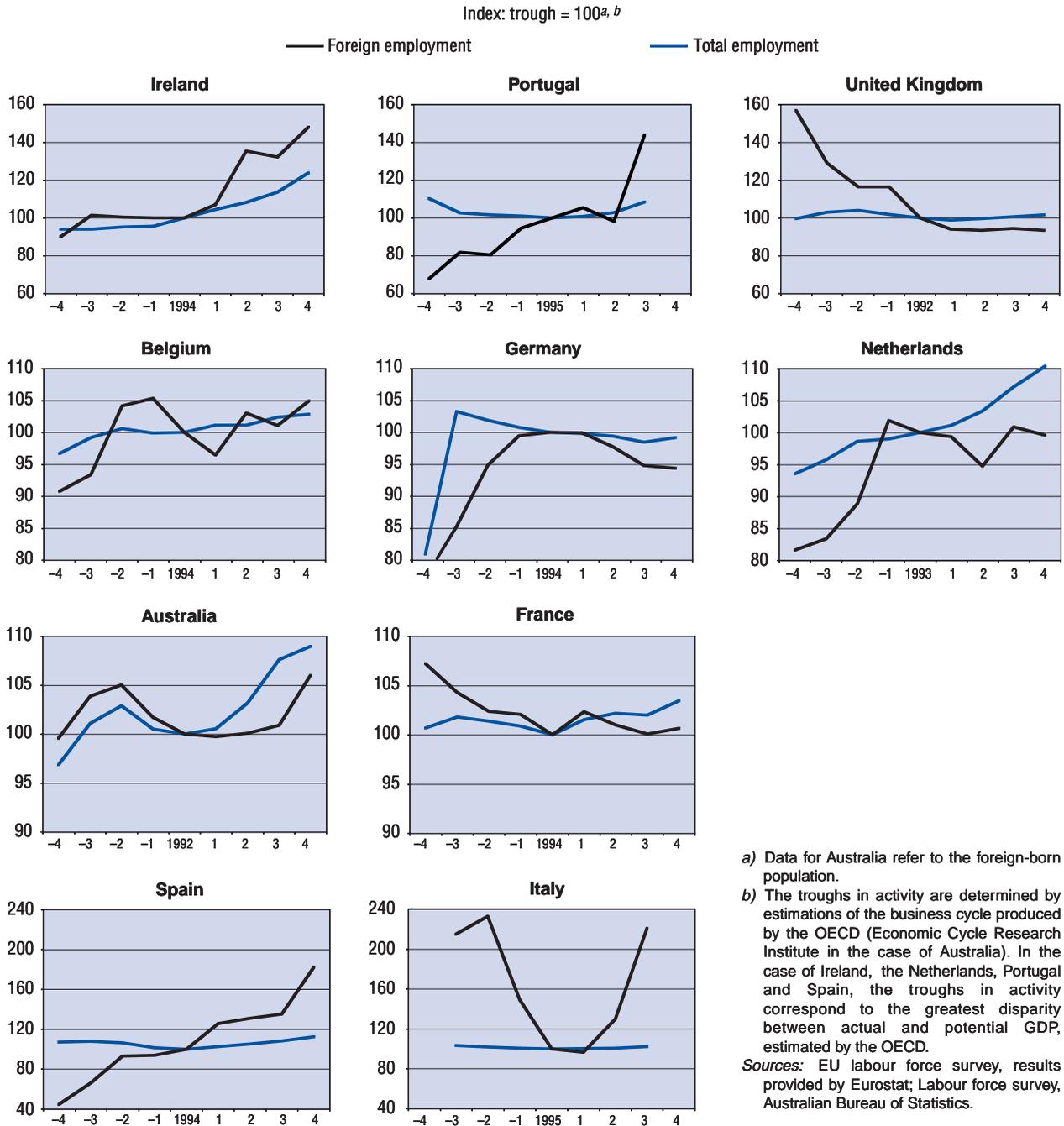
shortages? What are the limitations and the alternatives to such an approach?

When the change in the total number of foreigners employed is compared to that in total employment from the year in which the most recent economic recovery started in selected OECD countries,[11] the trend in the employment of foreigners displays more marked fluctuations than total employment (see Chart 5.5). In particular, the recovery in Italy, Spain, Portugal and Ireland has been accompanied by stronger growth in the employment of foreigners. The latter two countries have been faced over the last decade with reversals in migration flows, and during the second half of this period have experienced particularly sustained growth in labour demand.

In Belgium, France, Germany, the Netherlands and the United Kingdom, the economic recovery appears to have been less favourable to foreigners. In the case of France, with the exception of 1995, the number of foreigners employed declined continuously over the period studied. In Australia, the trend in the employment of foreigners has followed the economic cycle.

Sectoral analysis of the changes in total and foreign employment between 1994-95 and 1998-99 for a number of European countries and some other OECD Members completes this panorama (see Chart 5.6). We can distinguish an

Chart 5.5. **Changes in foreign and total employment during economic recoveries**

Index: trough = 100[a, b]

Foreign employment ——— Total employment ———

a) Data for Australia refer to the foreign-born population.
b) The troughs in activity are determined by estimations of the business cycle produced by the OECD (Economic Cycle Research Institute in the case of Australia). In the case of Ireland, the Netherlands, Portugal and Spain, the troughs in activity correspond to the greatest disparity between actual and potential GDP, estimated by the OECD.
Sources: EU labour force survey, results provided by Eurostat; Labour force survey, Australian Bureau of Statistics.

initial group of countries, including the new countries of immigration in Southern Europe (Italy, Greece, Portugal, Spain) and Ireland, where the employment of foreigners rose in all sectors. The United Kingdom could be placed in this group, though the employment of foreigners has grown more markedly in services as is the case in Switzerland. A second group of countries includes those with a longer-standing tradition of immigration such as Austria, Belgium, France, Germany and the Netherlands. Here foreign labour has been reassigned to sectors where it had previously been relatively under-represented. This is the case in particular with the agricultural sector in

Belgium and the Netherlands and with households services and "other services" in Austria, France and Germany. The process goes hand in hand with a greater concentration of nationals in sectors concerned with sales, new technological developments and social services.

Foreign labour accordingly seems to have a twofold impact on the equilibrium and dynamics of the labour market in periods of expansion. It provides a response to greater demand for labour, in particular at periods when it is rising very strongly. Further, it assists the reassignment of nationals employment to more dynamic and attractive sectors. The latter effect ties in with the theory of labour market segmentation [see Piore (1979)], under which activities at the bottom of the social scale exert little attraction and display chronic labour shortages, which foreign workers are ready to fill.

In countries where the geographical and sectoral mobility of the native population is limited, foreign workers may also introduce greater flexibility to the labour market and hence assist its development. This is in particular the case in European Union countries, where intraregional mobility remains low despite the fact that workers are free to move and settle (see Table 5.10).[12] Foreign workers are often more mobile than their national counterparts, because they are on average younger and tend to have fewer family attachments in the host country. The self-selecting aspect of the migration process may also help explain why, *ceteris paribus*, the foreign population is generally relatively more geographically mobile [see Stark (1991); Borjas (1987); or Chiswick (2000)].

Admitting further flows of immigrants to attenuate labour market shortages is regularly mentioned during economic upturns. In current circumstances, the issue of relaxing the conditions for recruiting foreign workers is being increasingly broached, notably in the United States and Canada but in Europe as well, where in some cases unemployment rates remain high. It is also being debated in Asia, more especially for skilled labour (see below).

What circumstances would warrant complementing attempts to relieve tensions in the labour market by the increased use of immigration?

Before seeking to respond to this question, the distinction should be drawn between absolute and relative shortages [see Böhning (1996)]. We can speak of an absolute labour shortage when the skills required are not immediately available, either because they are already in use or because they do not exist. Some current labour shortages in OECD countries, in particular for specialised posts in new technology, may fall in this category. We can speak of relative labour shortages when incentives such as

increased wages or improved work conditions can be expected to draw out a potentially available labour supply.

The extent of labour market tensions is primarily a function of the pace of economic growth and the potential reserves of labour. When growth is slow, as was the case during the 1980s except for Korea and to a lesser degree for Japan and Australia, labour market equilibrium is more easily attained and the expectations of economic agents progressively adjust. In periods of rapid growth, by contrast, equilibrium can be difficult to attain. For example, some workers upgrade their expectations and requirements and tend to move away from the least attractive and least rewarded activities. In this context, employers usually turn to contract and/or temporary labour, and to immigration, to maintain growth in their business and offset the pace of adjustment in the labour market.[13] Initially, they seek to shield themselves from any downturn in the economy. That such a strategy is implemented would appear to be confirmed by the increase in the immigration of temporary foreign workers (see above).

In situations of absolute labour shortages, the principal short-term remedy would indeed appear to be increased admissions of foreign workers; other solutions can be envisaged in the case of relative shortages. Mobilising resident labour, either unemployed or non-active, productivity gains and to some extent relocating labour-intensive activities, notably those which are intensive in their use of unskilled-labour, can be expected to relieve relative labour shortages. The difficulties encountered in implementing a policy designed to programme migration flows over the long term as a function of labour market requirements justify the consideration of all other possible means of adjustment.

In conclusion, it seems clear that the employment of foreigners cannot by itself resolve all the cyclical disequilibria observed in the labour market.

III. Foreign employment and long-term labour market equilibrium

Projected population trends in OECD Member countries through to 2050 give rise to questions of two very different kinds. We first have the possibility of a fall in the total population of these countries; then there is marked population ageing, in other words an increase in the dependency ratio, defined as the ratio of over-65s to those of working age (15-64 years of age). United Nations projections, assuming zero net immigration, estimate that the populations of Europe and Japan will have fallen by 12 and 17 per cent respectively by 2050. In the United States the proportion of elderly people is expected to go

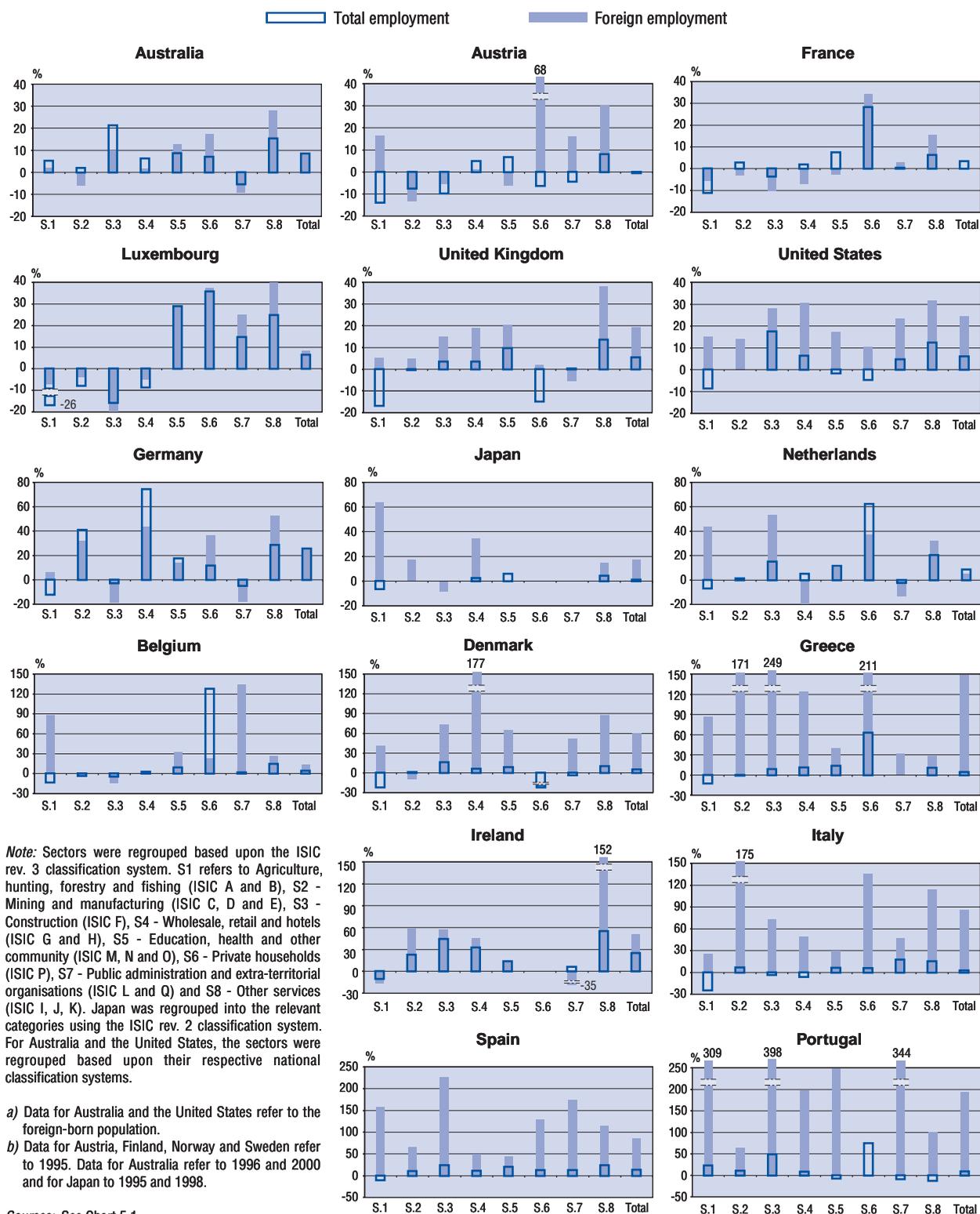## Chart 5.6. **Growth of foreign and total employment by economic activity between 1994-1995 and 1998-1999**[a, b]

☐ Total employment   ▬ Foreign employment

Note: Sectors were regrouped based upon the ISIC rev. 3 classification system. S1 refers to Agriculture, hunting, forestry and fishing (ISIC A and B), S2 - Mining and manufacturing (ISIC C, D and E), S3 - Construction (ISIC F), S4 - Wholesale, retail and hotels (ISIC G and H), S5 - Education, health and other community (ISIC M, N and O), S6 - Private households (ISIC P), S7 - Public administration and extra-territorial organisations (ISIC L and Q) and S8 - Other services (ISIC I, J, K). Japan was regrouped into the relevant categories using the ISIC rev. 2 classification system. For Australia and the United States, the sectors were regrouped based upon their respective national classification systems.

a) Data for Australia and the United States refer to the foreign-born population.
b) Data for Austria, Finland, Norway and Sweden refer to 1995. Data for Australia refer to 1996 and 2000 and for Japan to 1995 and 1998.

Sources: See Chart 5.1.

Table 5.10.   **Intra-European mobility of EU citizens, 1997**

Immigration flows by nationality in per cent of total inflows of EU citizens

Nationality	Receiving country												
	Luxembourg	Portugal	Belgium	Spain	United Kingdom	Denmark	Netherlands	Germany	Sweden	Austria	Greece	Finland	France
Austria	0.4	0.7	0.9	1.6	1.2	1.8	1.7	7.0	1.1	–	3.2	1.4	1.3
Belgium	16.7	4.6	–	6.5	0.8	1.7	9.6	1.3	0.9	1.2	3.0	1.1	6.4
Denmark	2.0	1.2	1.6	1.7	2.0	–	1.9	1.7	14.3	1.5	4.0	4.9	1.4
Finland	1.5	1.0	1.5	2.5	4.6	5.0	2.1	2.1	39.7	2.1	3.0	–	0.9
France	23.4	12.2	25.5	13.6	33.9	9.6	9.4	9.5	5.0	5.6	11.6	6.4	–
Germany	9.5	23.0	11.3	29.1	12.7	20.4	25.6	–	13.3	51.1	26.4	10.4	9.9
Greece	1.1	0.1	2.2	0.2	14.7	1.1	3.5	11.0	2.8	4.2	–	1.9	1.2
Ireland	1.1	1.3	1.2	0.8	2.3	1.9	3.2	2.6	1.6	1.0	1.0	0.9	2.1
Italy	6.9	6.1	10.0	10.1	4.3	6.7	6.6	26.2	2.8	11.0	8.7	4.2	13.8
Luxembourg	–	0.1	0.8	0.1	–	–	0.1	0.4	0.1	0.1	0.1	0.0	0.2
Netherlands	3.6	10.8	22.8	5.5	7.7	8.0	–	4.7	3.8	4.4	7.0	3.8	3.4
Portugal	25.9	–	5.9	6.9	3.5	1.0	3.4	17.7	0.7	4.5	0.4	0.3	36.4
Spain	1.8	17.1	4.2	–	5.3	6.2	5.6	4.9	2.2	2.3	0.9	3.6	8.1
Sweden	1.9	2.2	2.3	2.3	7.1	18.9	2.8	2.4	–	3.5	5.8	48.3	2.2
United Kingdom	4.2	19.7	9.8	19.1	–	17.6	24.4	8.5	11.7	7.5	24.9	12.8	12.7
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
In percent of total inflows of foreigners	*78.3*	*59.0*	*56.0*	*39.1*	*32.3*	*27.6*	*25.0*	*24.5*	*21.4*	*20.2*	*17.5*	*17.0*	*9.7*
Share of EU citizens in total population in percent	*30.0*	*0.3*	*4.7*	*0.3*	*1.4*	*0.8*	*1.4*	*2.3*	*2.1*	*1.1*	*0.2*	*0.2*	*2.0*

–   Not applicable.
Source: Eurostat, New Cronos database.

on rising.[14] This is the outcome of a decline in fertility, generally to below the generational replacement rate (*i.e.* fewer than 2.1 children per woman) and of welcome increases in life expectancy.

A.   Immigration and demographic ageing

Recourse to immigration to relieve demographic imbalances has the advantage of an immediate and relatively significant impact on the labour force, given that the incomers are typically younger and more mobile. In addition, in some OECD Member countries and for certain nationalities, the fertility rate of immigrant women is often high, which contributes (though to a limited degree) to population growth. At the same time, there are political and practical constraints on the shaping and application of migration policy designed to alter the demographic structure. This is because a number of factors limit control over inflows (agreements on free movement, persistence of illegal immigration, admission on family reunion or humanitarian grounds) and outflows. Finally, the expected consequences of immigration also depends on the nature of the flows (legal or illegal, temporary or permanent).

While immigration may for a time help to prevent population decline, it cannot be expected to have more than a marginal impact on the projected disequilibria in the age structure [Tapinos (2000)]. An increase in the foreign population will not, on its own, resolve the problem of population ageing. One could go as far as to say that the scale of the simulations carried out by the UN provides proof, *a contrario*, due to the magnitude of the flows involved, that no "migration solution" is possible (see United Nations, 2000). But we may consider how to shape migration policy so that it contributes, *inter alia*, to the aim of facilitating labour market adjustment and moderating the effects of population ageing.

For the time being, the introduction of special programmes for admitting temporary workers in order to increase the labour supply directly seems to be preferred to permanent immigration policies in the European OECD countries. Some countries, less directly affected by population ageing, already take an overall and co-ordinated approach to immigration (notably Australia, Canada and New Zealand), including selective age-related criteria for some categories of immigrants. Others do not explicitly apply age criteria, but their immigration rules and practices have implications for the age distribution of entrants. One example is the system of family preferences in the United States. Another example, in Europe in particular, is the use of regularisation programmes, which very largely concern people of working age only. Finally, if

other countries were to decide to adopt a policy of permanent immigration, they would have to introduce new programmes and amend the content and objectives of their migration policy accordingly.

The contribution of immigration to long-term growth is not confined to its quantitative impact on increases in the labour force; it is also reflected in its qualitative impact in terms of human capital accumulation. A proportion of immigrants possess relatively high qualifications and levels of professional experience which they can exploit to varying degrees in the host country [Friedberg (2000)].

B. Immigration and human capital

In the present context of growth in OECD Member countries the demand for skilled and highly skilled labour has been increasing. Labour shortages are particularly marked in information and communications technologies; it has been estimated that this shortage amounts to some 850 000 technical staff in the United States and nearly 2 million in Europe [OECD (2000*a*)].

Most OECD Member countries have in fact already amended their legislation in order to facilitate the admission of foreign specialists, in particular in high technology fields (see Annex 5.D). These measures are composed of five principal elements:

● *Relaxing any quantitative constraints that apply.* The United States raised the annual quota of H1B visas reserved for professionals and skilled workers by nearly 70 per cent in 2000. Over the coming three fiscal years, 195 000 people can be granted temporary admission to the country under this programme. In addition, the 7 per cent ceiling on the proportion of visas going to nationals of any given country has been lifted (see Table 5.11).

● *Setting up special programmes for shortage occupations.* The German government has instituted a "green card" programme under which 20 000 computer and information technology specialists may be allowed to enter Germany to work for up to five years. The

authorities had initially stated that they chiefly hoped to receive Indian nationals, but by the end of the first three months of the process over half the 5 000 applications had come from nationals of central and eastern European countries and Russia.

● *Facilitating recruitment conditions or procedures and relaxing criteria for issuing employment visas for highly skilled workers.* Since 1998, France has been applying a simplified system for computer specialists, under which reference to the employment situation is no longer required. The United Kingdom now applies simplified fast-track procedures for issuing work permits for certain occupations and has extended the list of shortage occupations. Australia has decided to amend its points systems for permanent immigrants, giving more weight to a number of skills including those in new technology fields. New Zealand is considering introducing a system of visa applications via the Internet, with the aim of attracting computer professionals very quickly. In Japan visa renewals have been facilitated and conditions for family reunion relaxed for certain categories of highly qualified workers. In Korea, skilled workers can now stay in the country permanently.

● *Increasing non-wage incentives for skilled foreign workers.* Many companies are granting additional paid leave to new skilled and highly skilled recruits. They are also making available to them free access to welfare and recreational facilities, and in some cases even accommodation.

● *Allowing foreign students to change status at the end of their course and thereby enter the labour market.* In the United States, the majority of new recipients of H1B visas are students already residing in the country. In Germany and Switzerland, students are no longer compelled to leave at the end of their course and may apply for an employment visa. In Australia students who apply for permanent residence within six months of graduation are exempt from the normal requirements relating to work experience.

Table 5.11.   **H 1B visas: limits and visas issued (excluding dependants)**

	1992	1994	1996	1998	1999	2000	2001-03	2004
Limit	65 000	65 000	65 000	65 000	115 000	195 000	195 000	65 000
Number issued	48 645	60 279	55 141	Reached in September	Reached in June	Reached in March		

Source: Immigration and Naturalization Service, US Department of Justice.

Increased reliance on foreign workers is neverthe-less subject to certain limits. Their salaries, at identical skill levels must be the same as those of nationals. Labour market tests are lifted only rarely. There also exist, in France and Germany for example, minimum salaries beneath which the worker's entry is not automatic. The issue of reforming education and professional training systems is also the subject of debate in many OECD countries concerned by labour shortages in new technol-ogy sectors. Measures in the course of preparation aim to increase over the medium-term the supply of resident workers qualified in these fields. An important issue of discussion is whether, or to what extent, the massive intake of highly qualified immigrants could have a nega-tive impact on the development of emerging economies through the "brain drain" effect.

In this context of global shortages of skilled and highly skilled labour, a number of countries are concerned about emigration by their own specialists. Canada, France and Sweden in particular have expressed concerns in this regard. Governments sometimes attempt to persuade their residents to remain in the country through tax incentives, for example by reducing the rates applicable to higher incomes. The scope of these measures is limited, how-ever, especially given that some countries have very attractive tax regimes and offer non-wage benefits to foreign workers (see above).[15]

It is sometimes asked whether international migra-tion has in fact become globalised in the image of the growing liberalisation of trade and capital movements. From a detailed review of overall trends in the interna-tional mobility of persons over the last thirty years, and from migration policy analysis, the answer is largely "No" [Tapinos and Delaunay (2000)]. But research find-ings do point the other way for the skilled and highly skilled segments. For example, Cobb-Clark and Connolly (1996) showed that demand for immigration visas in skilled categories was directly influenced in Australia by the scale of skilled immigration into Canada and the United States. Apart from the demand effects associated with the development of new technology, various other factors account for the special mobility of skilled labour: lower transport and communications costs; wider knowl-edge of foreign languages; the use of English as a world language, accelerated by the internationalisation of busi-ness; and, finally, enhanced access to information, via the Internet, in particular with regard to employment openings and the institutional conditions of mobility.

In this context, the integration of labour markets within the OECD Member countries accordingly appears, at this level at least, to be proceeding via competition among host countries rather than through special forms of co-operation. This observation also applies to the Euro-pean Union countries, which are endeavouring to frame a common immigration policy.

NOTES

1. For more detailed analysis, reference may be made to Le (2000) or Campbell, Fincher and Webber (1991) for Australia; Mata and Pendakur (1999) or Beaujot, Maxim and Hao (1994) for Canada; and Borjas (1986), Evans (1989) or Yuengert (1995) for the United States. Less research has been conducted on European countries. See, *inter alia*, Rees and Shah (1986) for the United Kingdom and Rath and Kloosterman (2000) for an overview.

2. For a comprehensive presentation of the determinants of migration, reference may be made, *inter alia*, to Massey *et al.* (1993) or Ghatak, Levine and Wheatley Price (1996).

3. See Stalker (1994) for a detailed analysis and a historical survey of labour migration flows.

4. See Zimmermann (1994) for a detailed discussion of European migration policy, in particular in Germany and France. For a comparative analysis of family immigration policies, see a special chapter in *Trends in International Migration*, OECD (2000).

5. The estimates of Granger causality between the net migration rate and the rate of growth in total employment, presented in Annex 5.A, are unstable and only weakly significant. While for some countries the dynamics of total employment are observed to precede or anticipate the dynamics of immigration at the start of the period in question, the link is systematically nullified from the early 1980s onwards. This points to the instability of the relationship between the two series.

6. See *OECD Employment Outlook*, Chapter 1, OECD (1993).

7. Unfortunately, relevant series are not available for other non-European countries, in particular the United States and Canada.

8. The detailed findings are set out in Annex 5.B. The positive effect on the probability of being in work or available for work which is identified for foreigners in some countries stems partly from the predominance of migration for employment purposes. Given that a number of variables were excluded from the estimation exercise (knowledge of language, occupational experience) the findings cannot be interpreted directly in terms of employment discrimination. There is a wealth of literature on the subject, inspired by the pioneering work of Becker (1971). For European countries, for example, reference may be made to Zegers de Beij (2000) or Viprey (2000) for a recent comparative analysis.

9. See the special chapter in *Trends in International Migration*, OECD (1994), Borjas (1999) for a review of the main recent research and their results.

10. See Note 9. See also Borjas (1991), Briggs and Tienda (1984).

11. The recovery year is determined from OECD estimates where available (France, Germany, the United Kingdom and the United States). For Australia and Italy, ECRI estimates are used. For Ireland, the Netherlands and Spain, the year of recovery is taken as being that in which capacity utilisation is greatest.

12. Decressin and Fatas (1995) estimate that changes in intra-European immigration flows in response to labour demand shocks are about half of those in the United States. On this point, see also Krueger (2000) and Tapinos (1994).

13. A number of studies have evaluated the conditions of labour market adjustment in OECD countries. There is comparatively greater rigidity in Europe (see, *inter alia*, Pissarides and McMaster, 1990). The current growth in Europe is accordingly being accompanied by greater job insecurity, with nearly half the employment created across the EU countries being on fixed-term contracts or filled *via* temporary employment agencies (about 15 per cent of the total).

14. For fuller details on the ageing process in OECD Member countries, see OECD (1998).

15. H1B visa holders in the United States, for instance, are exempt from income tax in their first three years of residence.

Annex 5.A

Immigration and variation of the labour demand

Table 5.A.1. **Estimation of the Granger causality between net immigration and the variation of the labour demand in some OECD countries**

	Period[a]	Causality tested	F-Statistic	Probability to reject the no causality hypothesis[b]
Australia	1961-1995	X2 → X1	0.060	0.941
		X1 → X2	0.574	0.569
	1964-1979	X2 → X1	1.196	0.336
		X1 → X2	4.378	0.038**
	1979-1995	X2 → X1	2.949	0.094
		X1 → X2	1.170	0.346
Belgium[c]	1961-1995	X2 → X1	0.885	0.424
		X1 → X2	0.641	0.534
Canada	1961-1995	X2 → X1	1.500	0.240
		X1 → X2	0.416	0.664
	1961-1974	X2 → X1	6.472	0.026**
		X1 → X2	2.737	0.132
	1974-1995	X2 → X1	0.981	0.395
		X1 → X2	0.279	0.760
Germany[d]	1964-1995	X2 → X1	1.186	0.324
		X1 → X2	2.014	0.158
	1964-1977	X2 → X1	5.877	0.039**
		X1 → X2	3.360	0.105
	1977-1995	X2 → X1	2.578	0.121
		X1 → X2	1.051	0.382
Netherlands	1961-1995	X2 → X1	0.517	0.602
		X1 → X2	0.742	0.485
	1964-1976	X2 → X1	1.339	0.309
		X1 → X2	11.433	0.003**
	1976-1995	X2 → X1	0.374	0.694
		X1 → X2	1.040	0.377
United Kingdom	1964-1995	X2 → X1	0.639	0.536
		X1 → X2	1.466	0.250
	1964-1979	X2 → X1	1.949	0.198
		X1 → X2	3.88	0.061*
	1979-1995	X2 → X1	1.262	0.318
		X1 → X2	0.518	0.608
United States	1961-1995	X2 → X1	0.060	0.941
		X1 → X2	0.574	0.569
	1964-1978	X2 → X1	0.214	0.811
		X1 → X2	3.279	0.076*
	1978-1995	X2 → X1	0.357	0.706
		X1 → X2	0.139	0.872
Sweden[e]	1961-1995	X2 → X1	3.673	0.038**
		X1 → X2	2.167	0.133

Legend: X1: Net migration rate;
  X2: Growth rate of total employment.
a) The period considered is either the total period or the period on which the causality is the most significant.
b) * significant at a 10% level and
  ** significant at a 5% level.
c) Similar result on all sub-periods.
d) Net migration excluding nationals.
e) Granger causality is observed only on the entire period.
Source: *Labour Force Statistics* (OECD), calculations by the Secretariat (OECD).

Annex 5.B

Probability to be inactive and probability to be employed in some European countries

Table 5.B.1. **Estimation of the probability to be inactive in some European countries[a] (PROBIT)**

	Austria		Belgium		Switzerland		Czech Republic		Germany		Denmark	
Constant	0.610	*0.056*	1.504	*0.057*	0.126	*0.059*	1.411	*0.055*	0.149	*0.023*	–0.063	*0.068*
Gender	–0.647	*0.043*	–0.715	*0.039*	–0.731	*0.048*	–0.630	*0.039*	–0.637	*0.014*	–0.398	*0.053*
Age	–0.700	*0.028*	–1.013	*0.027*	–0.450	*0.031*	–1.001	*0.027*	–0.518	*0.010*	–0.469	*0.036*
Age^2	0.089	*0.003*	0.118	*0.003*	0.053	*0.003*	0.113	*0.003*	0.068	*0.001*	0.060	*0.004*
Education	–0.361	*0.037*	–0.462	*0.026*	–0.233	*0.038*	–0.595	*0.039*	–0.234	*0.011*	–0.312	*0.041*
Place of birth within EU	0.199*	*0.147*	–0.227	*0.092*							0.032*	*0.201*
Foreigner	0.055*	*0.072*	0.483	*0.069*	0.127	*0.055*	0.086*	*0.275*	0.333	*0.022*	0.732	*0.137*
N *(weighted)*	14 252	*(5 344)*	8 768	*(6 711)*	9 034	*(4 753)*	14 995	*(7 029)*	66 116	*(49 965)*	6 092	*(3 511)*
Log Likelihood	–2 372.5		–2 842.7		–1972.9		–2 788.9		–22 081		–1 452.7	

	Spain		Finland		France		Greece		Ireland		Italy	
Constant	1.054	*0.025*	0.201	*0.066*	1.315	*0.023*	1.233	*0.049*	1.384	*0.145*	1.244	*0.244*
Gender	–0.924	*0.018*	–0.207	*0.052*	–0.575	*0.016*	–0.938	*0.036*	–0.871	*0.065*	–0.936	*0.015*
Age	–0.678	*0.012*	–0.637	*0.035*	–1.068	*0.011*	–0.743	*0.023*	–0.556	*0.038*	–0.787	*0.011*
Age^2	0.077	*0.001*	0.077	*0.004*	0.120	*0.001*	0.083	*0.003*	0.066	*0.004*	0.090	*0.001*
Education	–0.245	*0.012*	–0.235	*0.037*	–0.256	*0.011*	–0.308	*0.027*	–0.631	*0.117*	–0.410	*0.013*
Place of birth within EU	0.033*	*0.095*	–0.162*	*0.275*	–0.288	*0.049*	0.193*	*0.197*	–0.062*	*0.172*	0.144*	*0.243*
Foreigner	–0.111*	*0.092*	0.629	*0.212*	0.383	*0.033*	–0.214	*0.102*	0.304*	*0.232*	0.033*	*0.224*
N *(weighted)*	26 728	*(25 572)*	11 878	*(3 409)*	36 908	*(37 506)*	13 496	*(6 922)*	15 292	*(1 921)*	25 429	*(37 603)*
Log Likelihood	–13 306		–1 497.1		–15 768		–3 470.2		–1 079.1		–18 909	

	Luxembourg		Netherlands		Norway		Portugal		Sweden		United Kingdom	
Constant	1.569	*0.297*	0.139	*0.039*	0.144	*0.082*	0.766	*0.046*	0.697	*0.059*	0.250	*0.025*
Gender	–0.894	*0.187*	–0.697	*0.031*	–0.324	*0.058*	–0.630	*0.039*	–0.207	*0.042*	–0.468	*0.017*
Age	–0.920	*0.129*	–0.457	*0.019*	–0.460	*0.039*	–0.805	*0.025*	–0.732	*0.029*	–0.332	*0.011*
Age^2	0.106	*0.014*	0.065	*0.002*	0.052	*0.004*	0.089	*0.003*	0.073	*0.003*	0.040	*0.001*
Education	–0.263	*0.130*	–0.408	*0.022*	–0.283	*0.045*	–0.182	*0.035*	–0.248	*0.030*	–0.487	*0.013*
Place of birth within EU	–0.220*	*0.285*	–0.407	*0.110*	–0.024*	*0.232*	–0.002*	*0.063*	0.056*	*0.091*	–0.278	*0.071*
Foreigner	–0.042*	*0.269*	0.886	*0.071*	0.192*	*0.192*	0.037*	*0.167*	0.542	*0.091*	0.538	*0.052*
N *(weighted)*	5 883	*(277)*	16 826	*(10 552)*	9 486	*(2 786)*	10 896	*(6 076)*	9 314	*(5 493)*	29 895	*(32 855)*
Log Likelihood	–128.6		–4 644.7		–1 193.3		–2 831.9		–2 356.7		–14 878	

a) Standard errors are in italic. Non significant variables at 5% level are identified with an asterisk.
Sources: Labour Force Surveys, data provided by Eurostat, calculations by the Secretariat (OECD).

	Austria		Belgium		Switzerland		Czech Republic		Germany		Denmark	
Constant	1.430	0.114	0.274	0.104	1.517	0.112	0.155	0.095	1.235	0.034	1.145	0.107
Gender	–0.008	0.071	0.264	0.058	0.100	0.084	0.177	0.052	0.041	0.019	0.129	0.080
Age	0.026	0.055	0.304	0.050	0.142	0.058	0.242	0.042	0.002	0.015	0.132	0.058
Age^2	–0.002	0.007	–0.024	0.006	–0.012	0.007	–0.018	0.005	–0.005	0.002	–0.011	0.007
Education	0.273	0.065	0.359	0.038	0.157	0.066	0.581	0.059	0.264	0.015	0.165	0.063
Place of birth within EU	0.075*	0.273	0.369	0.139							–0.009*	0.336
Foreigner	–0.285	0.105	–0.719	0.098	–0.487	0.088	–0.062	0.350	–0.313	0.029	–0.425	0.226
N (weighted)	13 106	(3 825)	7 850	(4 332)	8 626	(3 847)	14 682	(5 081)	62 169	(37 777)	5 646	(2 834)
Log Likelihood	–714.0		–1 161.6		–505.9		–1 378.4		–10 976		–555.3	

	Spain		Finland		France		Greece		Ireland		Italy	
Constant	0.024	0.038	0.173	0.090	0.147	0.038	–0.076	0.083	1.105	0.275	–0.254	0.447
Gender	0.490	0.025	0.107	0.067	0.220	0.021	0.490	0.053	–0.053	0.116	0.367	0.023
Age	0.254	0.019	0.314	0.048	0.270	0.018	0.370	0.040	0.051	0.075	0.419	0.019
Age^2	–0.017	0.002	–0.026	0.006	–0.019	0.002	–0.024	0.005	–0.002	0.009	–0.028	0.002
Education	0.134	0.015	0.316	0.049	0.293	0.015	0.092	0.038	0.222	0.208	0.172	0.018
Place of birth within EU	–0.070*	0.119	0.093*	0.324	0.462	0.066	–0.232*	0.259	–0.188*	0.269	0.099*	0.445
Foreigner	0.091*	0.116	–0.652	0.261	–0.576	0.042	0.094*	0.132	–0.062*	0.398	0.435*	0.420
N (weighted)	25 685	(16 223)	11 327	(2 623)	34 432	(25 787)	12 471	(4 657)	14 475	(1 158)	24 760	(22 765)
Log Likelihood	–6 597.9		–864.2		–8 877.2		–1 420.6		–300.0		–7 293.6	

	Luxembourg		Netherlands		Norway		Portugal		Sweden		United Kingdom	
Constant	1.318	0.791	1.147	0.069	0.968	0.142	1.171	0.092	0.764	0.098	0.820	0.038
Gender	0.259	0.440	0.274	0.056	–0.018	0.112	0.112	0.065	–0.102	0.058	–0.167	0.026
Age	0.172	0.382	0.175	0.038	0.374	0.078	0.202	0.047	0.205	0.045	0.203	0.017
Age^2	–0.010	0.047	–0.016	0.005	–0.027	0.010	–0.017	0.005	–0.016	0.005	–0.015	0.002
Education	0.262	0.331	0.259	0.041	0.099	0.092	0.053	0.052	0.252	0.043	0.369	0.021
Place of birth within EU	0.272	0.618	0.463*	0.223	–0.039*	0.425	–0.004*	0.106	0.180*	0.140	0.089*	0.108
Foreigner	–0.439*	0.611	–0.693	0.128	–0.330*	0.321	–0.529	0.211	–0.631	0.125	–0.355	0.083
N (weighted)	4 821	(172)	15 336	(7 819)	8 954	(2 269)	10 161	(4 434)	8 499	(4 316)	28 450	(26 022)
Log Likelihood	17.6		–1 143.4		–279.9		–853.2		–1 109.8		–5 593.8	

a) Standard errors are in italic. Non significant variables at 5% level are identified with an asterisk.
Sources: Labour Force Surveys, data provided by Eurostat, calculations by the Secretariat (OECD).

Annex 5.C

Immigration and unemployment

Reference	Country	Data	Model	Main findings
Muller and Espenshade 1985 "The fourth wave: California's newest immigrants"	United States	◆ 1970 and 1980 censuses in 247 urban areas and sub-sample of 51 regions where Mexican immigration is greatest ➢ Proportion of persons of Mexican origin in the total population	Estimating the unemployment rate for Blacks as a function of the proportion of Hispanics, trends in the total population, the percentage of Blacks with secondary education and the white unemployment rate	No effect from immigration of Mexican origin on the unemployment rate for the Black population in spite of the fact that labour supply by both communities is similar
Withers and Pope 1985 *"Immigration and unemployment"*	Australia	◆ Quarterly longitudinal data for the period 1948-1982 ➢ Net immigration and migration (entry/exit) by permanent or long-stay residents	1. Granger causality test on unemployment and immigration series 2. Other estimations of the unemployment rate allowing for structural factors (Models 1 and 2: job vacancies and unemployment benefit) or cyclical factors (Model 3: real wages, capacity utilisation, demand index, etc.)	– No significant immigration effect on unemployment was identified in any of the cases. A significant and slightly negative effect from immigration is however found in Model 3 (elasticity close to – 0.2) – The authors do find a systematic adverse effect from unemployment on the net immigration flow and on immigrant inflows
Card 1990 *"The impact of the Mariel boatlift on the Miami labor market"*	United States	Examines the impact of the arrival of some 125 000 Cubans, largely unskilled, in May 1980 in Florida. The Mariel Flow increased the population of Miami by 7%. Data from the Current Population Survey.		Apparently Cubans alone *(i.e.* neither unskilled other Hispanics, Blacks or Whites) were significantly affected by this flow. But the growth of Miami's population was lower, indicating a fall from other sources of immigration
Altonji and Card 1991 *"The effects of immigration on the labor market outcomes of less-skilled natives"*	United States	◆ 1970 and 1980 censuses in 120 cities ➢ 19-64-year-olds not in education Proportion of immigrants in the total population	Estimation of the participation rate, employment rate and weekly wages of unskilled native workers. The migration variable was used to check any endogenous effects	– Very slightly significant positive effect of the migration variable on employment, but negative on wages (elasticity 1.2)
Hunt 1992 *"The impact of the 1962 repatriates from Algeria on the French labor market"*	France	Review of the impact of the repatriation of 900 000 settlers (*pieds noirs*) from Algeria in 1962. The total labour force was raised by some 1.6%. Instrumental variables are used to check incomers' choice of location.		The author estimates that an additional percentage point in the proportion of returnees in the labour force reduced regional wages by 0.8 of a point and increased the native unemployment rate by 0.2 of a point.
Pope and Withers 1993 *"Do migrants rob jobs? Lessons of Australian history, 1861-1991"*	Australia	◆ Annual longitudinal data for the period 1861-1981 ➢ Net immigration rate	Estimation of a disequilibrium model including 4 endogenous variables (unemployment rate for natives, real wages of natives, net migration rate and capacity utilisation). The main explanatory variables include an indicator for foreigners' human capital, the level of unemployment benefit, union membership, real national expenditure, expected rate of growth in money supply and dummies for various historical periods.	A negative effect of immigration on unemployment, particularly marked in the most recent period (post-second world war) though observed in earlier periods as well. But the lagged effect of immigration on unemployment is positive, partly (but only partly) offsetting the initial effect as immigrants enter the labour market and adjust their consumption.
Simon, Moore and Sullivan 1993 *"The effect of immigration on aggregate native unemployment: an across-city estimation"*	United States	◆ Aggregate data for main American cities for the period 1960-1977 ➢ Annual rate of immigration per city	Estimation of the impact of immigration with various time-lags on the levels or changes in unemployment	Regression analysis using immigration lagged by one year show no significant effect on the unemployment rate. A very slightly positive effect is obtained when changes in unemployment rates are considered over two years.

Table 5.C.1. **Review of the main studies concerning immigration and unemployment** *(cont.)*

Reference	Country	Data	Model	Main findings
Marr and Siklos 1994 *"The link between immigration and unemployment in Canada"*	Canada	◆ Quarterly longitudinal data covering the period 1961-1990 ➢ Number of immigrants, all categories combined	Estimation of a non-parametric model examining the unemployment rate as a function of the number of immigrants, the money supply, GDP and an energy cost indicator. Two periods are considered: 1961-1978 and 1978-1985	Over the period 1961-78 no immigration effect on unemployment is found. Over the more recent period, however, the authors show that past immigration significantly affects the current unemployment rate. These findings may in part reflect the change in migration policy between the two periods.
Muhleisen and Zimmermann 1994 *"A panel analysis of job changes and unemployment"*	Germany	◆ Individual data from the German Socio-Economic Panel between 1982 and 1989, including only private-sector male employees aged 17-52 in 1982. ➢ Proportion of foreigners in local industry	Estimation of a multi-period Probit model to determine the probability of an individual being unemployed or changing jobs as a function of his/her individual characteristics and various local factors including a variable for the proportion of foreigners.	The authors rule out the hypothesis that the proportion of foreigners in local employment may have an impact on worker mobility or exposure to unemployment. They also show that foreigners are not significantly distinct from natives when all their individual characteristics are taken into account.
Carrington and de Lima 1996 *"The impact of 1970s repatriates from Africa on the Portuguese labor market"*	Portugal	Impact of the return of Angolan nationals to Portugal (*retornados*) in the mid-1970s. Over three years some 600 000 people arrived in Portugal, largely in Lisbon, Porto and Setubal, increasing the total population by some 10%.		Given that the inflow coincided with a cyclical downturn in Portugal, the authors check against economic trends in Spain and find that additional 5% immigration between 1963 and 1981 had no instantaneous effect but a lagged effect equivalent to an additional 1.5 percentage points unemployment.
Diaz-Emparanza and Espinosa 2000 *"Análisis de la relación entre la inmigración internacional y el desempleo"*	Spain	◆ Longitudinal monthly data covering the period 1981-1999 ➢ Work permit series adjusted for the 1991 regularisation programme	Estimation of a VAR model and short-term causality test	The two series of data are I(1) with different lags and are not co-integrated. There is accordingly no long-term relation between immigration and unemployment. But in the short term the authors identify an effect for immigration, though it is negligible.
Gross 2000 *"Three million foreigners, three million unemployed? Immigration and the French labor market"*	France	◆ Quarterly longitudinal data between 1974-1995 adjusted for the 1981 regularisation programme ➢ Rates of worker immigration and family immigration	1. Long-term relation estimated using a VAR model with four variables: unemployment rate, real wages, female participation rate and migration 2. Short-term relation estimated by an error-correction model where the migration variable is assumed to be exogenous	Immigration has a strong adverse effect on unemployment over the long term (even allowing for family immigration) and a positive but very slight effect in the short term

Annex 5.D

Skilled foreign workers

Table 5.D.1. **Eligibility criteria for recruitment and residence of skilled foreign workers in some OECD countries**

Main categories of workers by country	General admission conditions and specific admissions	Availability of domestic workers as grounds for refusal	Quotas	Authorised length of stay and possibility for renewal	Possibility for family reunification
Australia					
1. Permanent immigration programmes					
1.1. Skilled-Independent 1.2. Skilled-Australian Sponsored	• Generally post-secondary qualifications but in a small number of cases substantial work experience may be acceptable. Threshold requirements on skill, work experience, age and English language ability. • Points test. Applicants are awarded points according to age, skill, English language ability and work experience. Additional points are awarded for applicants whose skills are in short supply in Australia, *e.g.* information technology, accountancy and nursing as well as for spouse skills, Australian qualifications, Australian work experience, capital and language skills other than English, and where applicable, for family links. • Sponsorship (only for the category "Skilled Australian Sponsored") by a relative who is an Australian citizen or permanent resident[a].	No	No. Planning levels adjusted subject to demand and economic and labour market needs.	Permanent	Spouses including *de facto* partners and dependent children receive a visa at the same time as the skilled applicant as part of the family unit. Parents of the skilled applicant may be separately sponsored for permanent entry within capped numbers.
2. Temporary immigration programmes *(Economic Stream)*[b]					
Business entry visas and other temporary visas for skilled workers	Nominated by the employer	Yes for non-key activities (except for skills that are in shortage). This is not required for key activities.	No	Business entry visa: up to 4 years. Other temporary visas for skilled workers: up to 2 years. No restrictions on renewal.	Members of the family unit may be granted visas to join temporary residence visa holders in Australia. The application can be separate or combined with the main applicant.
Canada					
1. Permanent immigration programmes					
1.1. Skilled workers	Objective of post-secondary educational level as minimum. Selection test that awards points on the basis of criteria as level of education, linguistic knowledge, skills and experience. Family members of a person who has already settled in Canada receive supplementary points.	No	No but planning ranges are given annually for each immigration category.	Permanent	Immediate family members may accompany the principal applicant or they may be sponsored at a later date.
1.2. Business immigrants (investors, entrepreneurs, self-employed)	Investors must make a minimum investment in a Canadian business; entrepreneurs and self-employed must be able to create jobs in Canada.	No		Permanent	Immediate family members can accompany the principal applicant or they may be sponsored at later date.
2. Temporary immigration programmes					
2.1 Highly skilled temporary workers	Established by employer to Canadian standards.	Yes, even if there are many exceptions	No	Three years maximum (renewable)	Yes. Applications may be made for employment authorization (no validation required).

Main categories of workers by country	General admission conditions and specific admissions	Availability of domestic workers as grounds for refusal	Quotas	Authorised length of stay and possibility for renewal	Possibility for family reunification
2.2. Special pilot project for professionals in the field of software development	Post-secondary educational level	No	No	Three years maximum (renewable)	Yes, but not the right to work.
2.3. Temporary workers within NAFTA programme or the Canada-Chile Free Trade Agreement	Post-secondary educational level (list of occupations)	No	No	One year (renewable)	Yes, but not the right to work.
France IT specialists (simplified procedure) and other highly skilled temporary workers	5 tertiary educational level years (or equivalent skill) and must earn minimum of 180 000 FF annually.	Yes except for jobs in IT and for those who earn more than 23 000 FF a month.	No	9 months (renewable). Total of 5 years.	Yes, application may be made for a one-year visa and a further application for family reunification.
Germany Special programme for IT workers ("Green card" programme)	University or polytechnic level of education or an annual salary higher than 100 000 DM.	Yes	20 000 (evaluation of the programme after 10 000).	5 years maximum.	Yes
Japan Engineers and specialists	College degree or at least 10 years work experience (3 years in some specific cases) Salary must be equivalent to that of a Japanese national worker in the same conditions.	No	No	1 year or 3 years (renewable).	Yes but family members are not allowed to work without authorisation.
Korea Professionals and technicians[c]	At least 5 years work experience in IT or master's degree level with at least 2 years work experience in the related field.	No	No	Duration of stay is now permanent	Yes
New Zealand 1. Permanent residents					
1.1. General Skills Category[d]	Points test. Points are awarded for age, qualifications, work experience, an offer of employment and some settlement factors (a family sponsor, settlement funds, spousal qualifications and New Zealand work experience). A minimum standard of English language ability must be demonstrated.	No	A "target" on the number of residence approvals is set annually by the government.	Permanent	Spouses/partners and dependent children may be included within the principal applicant's residence application and receive full residence rights along with the principal applicant. Once resident in New Zealand, migrants may sponsor their parents, siblings and adult children for residence provided they meet the policy eligibility criteria under the Family Category within residence policy.
1.2. Business immigration (entrepreneurs, investors, employees of businesses relocating)	A minimum standard of English language ability must be demonstrated by all applicants. Each category has separate eligibility criteria.	Idem	Idem	Idem	Idem

Table 5.D.1. **Eligibility criteria for recruitment and residence of skilled foreign workers in some OECD countries** *(cont.)*

Main categories of workers by country	General admission conditions and specific admissions	Availability of domestic workers as grounds for refusal	Quotas	Authorised length of stay and possibility for renewal	Possibility for family reunification
2. Temporary workers					
2.1. Work permit holders	Applicants must have an offer of employment in New Zealand.	Yes. A *Labour Market Shortages List*, which contains a list of occupations *prima facie* in shortage, is being piloted. The list is compiled regionally and updated every quarter. If an occupation is deemed to be in shortage, no labour market check is required.*e*	No	Issued for the period for which employment is offered but cannot exceed 3 years (renewable).	Work permit holders may be accompanied by their spouse/ partner and dependent children. Spouses and partners of long term work permit holders may also apply for a work permit.
2.2. Long term business visa holders	Applicants must submit a business proposal, which is assessed by an organisation with business expertise for its viability.	No	No	3 years, renewable once.	Idem
Norway Work permit delivered to workers with special skills	Usually at least 2 years of tertiary educational level. Special skills obtained through work practice may be considered. Applicants must hold a job offer by the employer or a standardised contract of service.*f*	Yes, the skill must be absolutely necessary to the activity.	No	1 year (renewable). After 3 years, a permanent permit may be issued.	Yes
Switzerland Skilled workers (outside EEA*g*)	Skills do not refer to a minimum educational level but to skills that are needed and evaluated locally as well as the post to be occupied by the worker. The wage and conditions of employment must be identical to those that would be accorded to a Swiss occupying the same post.	Yes	Yes, locally	Depends on the sector of activity	Depends on the type of the residence permit
United Kingdom Simplified procedure for some highly skilled workers *(shortage occupation list),* including some IT or communication specialists. Pilot project that allows people of outstanding ability to apply for entry and thereafter to search for employment	UK degree level qualification or higher national diploma plus one year of experience or at least 3 years of work experience in the field for which the permit has been delivered	Yes, not applicable in case of renewal*h*	No	The maximum period has been extended to 5 years. After 4 years, the worker has the right of settlement (indefinite leave to remain) if he/she is still in employment.	Yes

Main categories of workers by country	General admission conditions and specific admissions	Availability of domestic workers as grounds for refusal	Quotas	Authorised length of stay and possibility for renewal	Possibility for family reunification
United States					
1. Permanent immigration					
Employment-based immigration (Green card system for professionals with advanced degrees in sciences, art or business, priority workers and other skilled workers)		Yes	Generally limited to 140 000 annual entries (including family members)	Permanent	Yes
2. Temporary immigration					
2.1. H1B programme	• Bachelor degree or 4 years of study at the college level. 3 years of relevant experience can count as 1 year of college. • Having an employment offer at the same conditions as nationals.	No	Yes, 195 000 for the next 3 years. Jobs in non-profit-making organisations and universities are not included in this quota.	6 years. Residence allowed whilst immigrant application being considered.	Yes, but family members are not allowed to work without authorisation.
2.2. Temporary skilled immigrants accepted within NAFTA programme	Bachelor degree or 4 years of study at the college level. 3 years of relevant experience can count as 1 year of college.	No	No, except a quota for Mexican professionals (5 500) until January 1st 2004.	1 year renewable indefinitely.	Yes

a) Applicants who meet the minimum skill, age and English language requirements, but who may not meet the points test can be eligible in the Skilled-Regional Sponsored category if they are sponsored by relatives living in a designated area (Sydney, Newcastle, Wollongong, Perth, Brisbane, the Sunshine Coast and the Gold Coast are not designated areas).

b) Other more limited programmes (Labour Agreements, Regional Headquarters Agreements) allow employers to negociate with the government the temporary entry (generally for 3 years) of skilled workers.

c) Immigration and emigration laws have recently been revised to facilitate the entry of personnel from these categories. More deregulation should promote the entry of IT specialists.

d) IT specialists who do not have the necessary qualifications for entry to New Zealand under the General Skills Category may benefit from some specific arrangements. They may be exempt from those requirements where they have relevant work experience, an offer of employment in New Zealand and their application is supported by the Information Technology Association of New Zealand (ITANZ). Similar measures are expected to be implemented in July 2001 for other skilled workers in sectors experiencing shortages.

e) IT specialists are not subject to the usual labour market test.

f) The application for a work permit must be lodged from the home country. The Public Employment Service provides assistance to employers who want to recruit staff members from European countries (excluding Nordic countries), especially for doctors, dentists, nurses and engineers. Nordic nationals do not need a permit to work in Norway. Other EU nationals only need an EU residence permit that may be issued while being in Norway.

g) No minimum skill level is imposed for EEA workers. The free movement of persons between Switzerland and the European Union should enter into force in 2002.

h) Fast track procedure (50% of applications are clearer within a week and 90% in 4 weeks).

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