

***Slovak EMN National Conference
on Labour Migration
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***Main findings from the OECD
International Migration Outlook 2013
with regard to recent trends, policies,
economic and fiscal impact of immigration***

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Structure of presentation

- 1. Economic importance of migration – aggregate and structural considerations: “upholding“ the numbers of active-age population**
- 2. Recent policies in the field of skilled migration**
(based on OECD IMO 2013, Chapter 1)
- 3. Fiscal impact of immigration**
(based on OECD IMO 2013, Chapter 3)

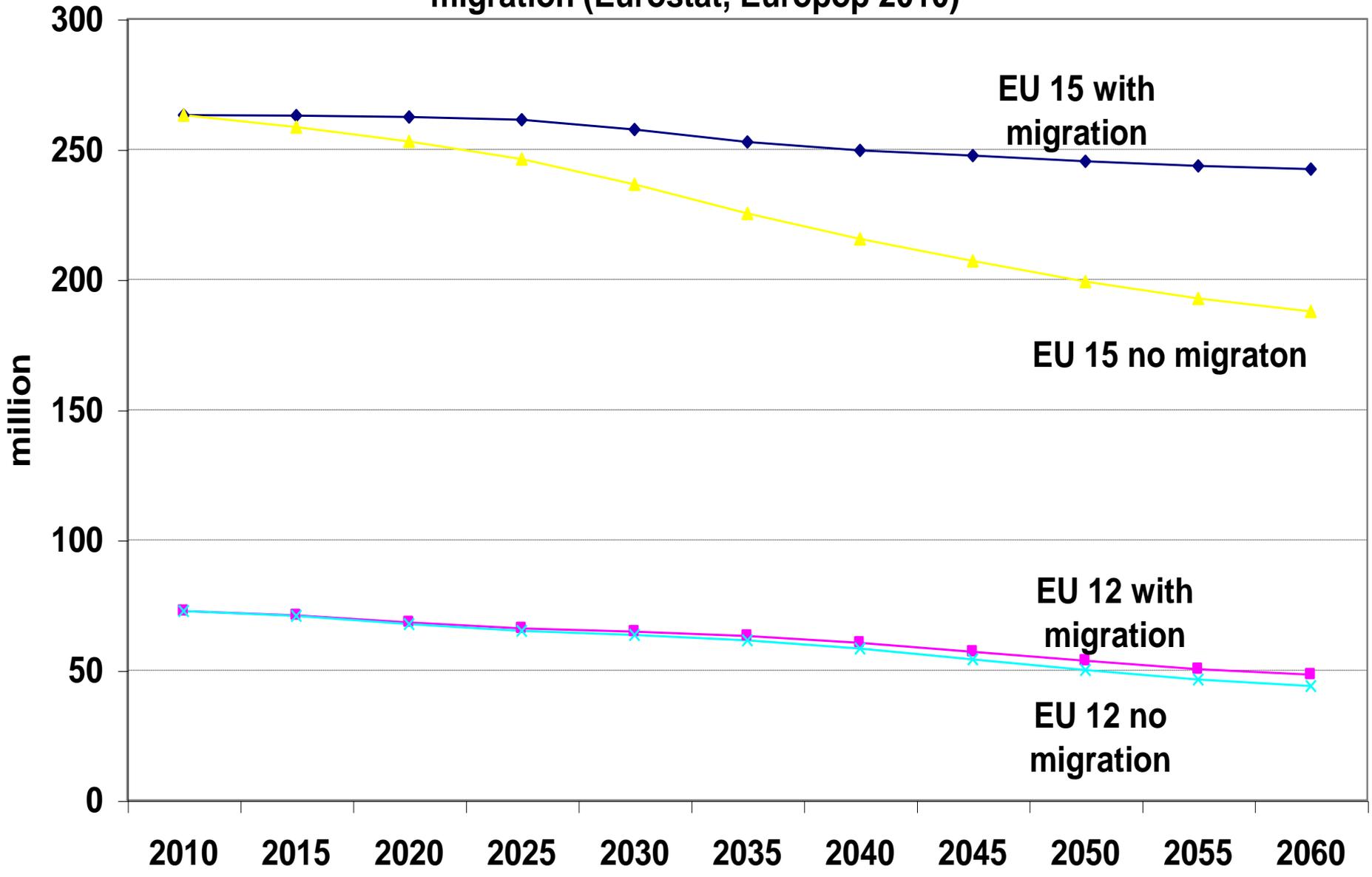
The importance of migration

What is the importance of migration for “upholding“ the numbers of active-age population?

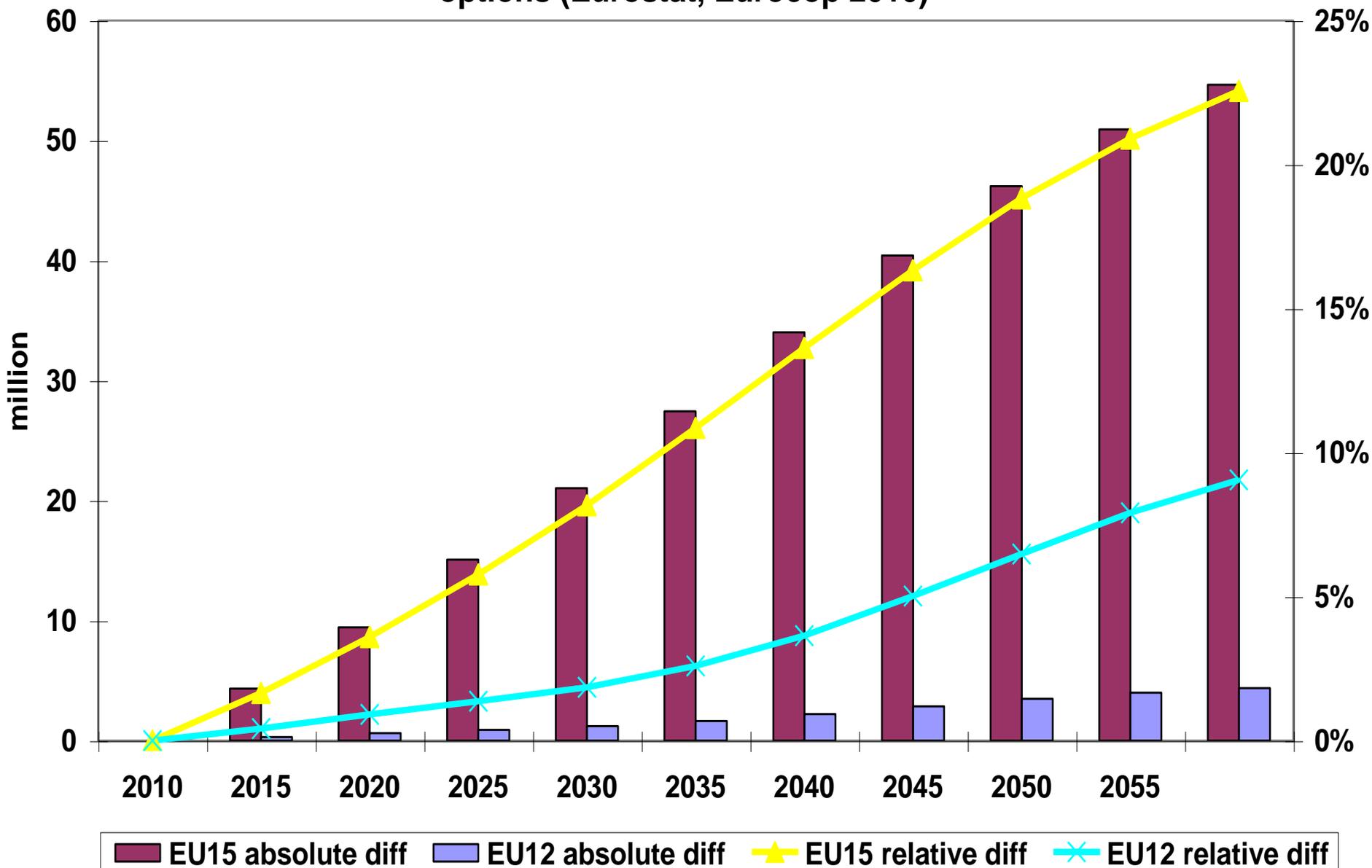
Migration effects are illustrated by comparing two demographic options – future population development with or without migration

We use EUROSTAT demographic projections for until 2060 with migration and no migration options (EuroPop 2010, convergence scenario)

Population projections for EU12 and EU15 in presence or absence of migration (Eurostat, Europop 2010)



Differences in population aged 15-64 with migration and no migration options (Eurostat, Eurocop 2010)

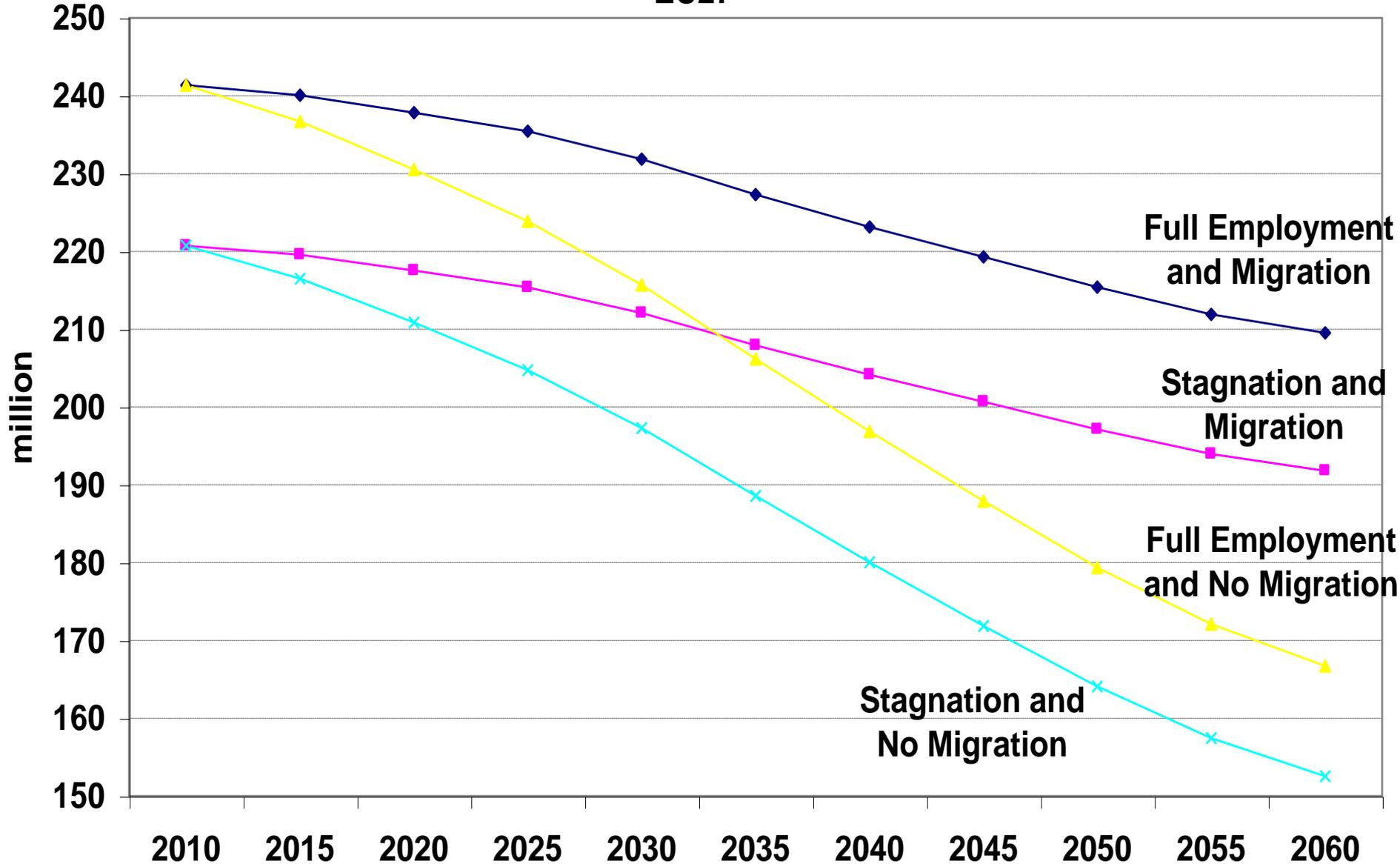


Aggregate considerations - labour market needs

Based on Eurostat population projections, we predict the number of jobs that will be needed in EU12 for the population aged 15-64 in order to:

- (a) keep the employment rate at its 2010 level (stagnation scenario)**
- (b) raise the employment rate to the level of the 2010 activity rate (full employment scenario)**

Jobs needed to maintain 2010 activity levels of population aged 15-64 in EU27



Structural considerations – foreign populations

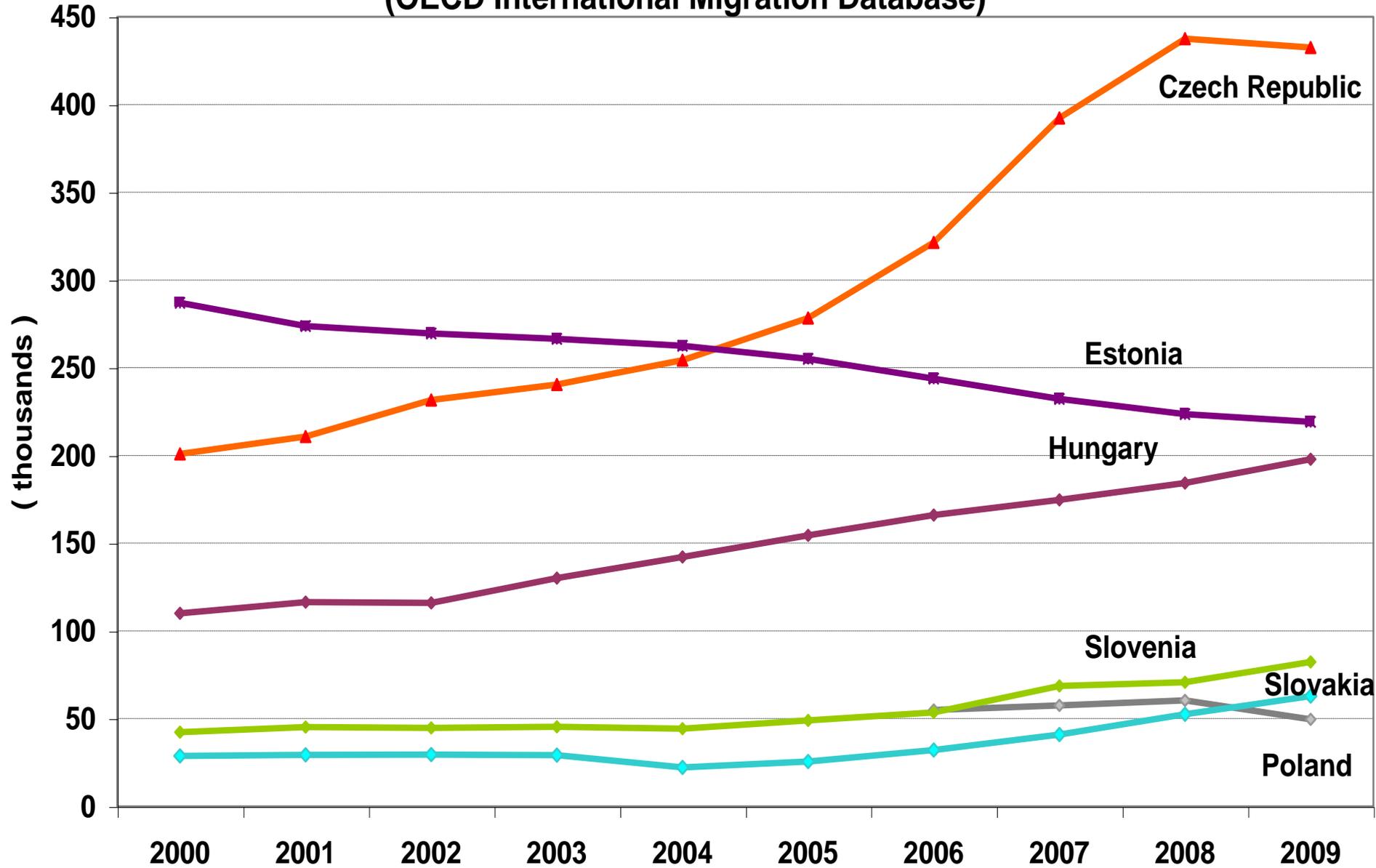
- **Migration dynamics in EU12 - intensification over the past decade, however, did not lead uniformly to higher stocks of foreign population.**

OECD International Migration Database: a more sizeable increase of foreign population stocks in the Czech Republic and Hungary. In some of EU12 the stocks of foreigners have even declined after the accession.

- **Nationality structure of migrants, EU12 exhibit on average higher shares of migrants of European origin (both EU nationals and third country nationals).**

EUROSTAT: in 2010 EU nationals formed a majority of foreigners in Cyprus, Slovakia and Hungary.

**Development of foreign population stocks in selected new member states
(OECD International Migration Database)**



Structural considerations - ageing

- Examining the age structure of population proves that EU is set towards population ageing as a whole. However, the major breaks come with different timing for the new and old member states.
- Currently the EU12 exhibit on average lower dependency ratios than the EU15, with the lowest values recorded by EUROSTAT in 2010 in Slovakia (38 %) and Poland (40.4 %) as compared to the highest ratios in France (53 %) and Sweden (52.5 %). The age pyramids are in general thicker at the younger end in the EU12 than in the EU15 and vice versa.
- However, the trends in fertility and mortality rates imply that EU 12 are also set for overall ageing with the major swaps between older and younger population cohorts still ahead, as the more numerous younger cohorts will be gradually making their way through the demographic age pyramid.

Recent policies in the field of skilled migration (OECD IMO 2013, Chapter 1)

- Lack of demand reduced pressure for foreign recruitment
- Recruitment of skilled migrants becomes more selective
 - Australia – online expression of interest before visa request
 - Canada – eliminated occupation list exempt from job requirements under the Federal Skilled Worker program
 - The Netherlands – tightened Highly Skilled Migrants scheme (for excessively high salaries)
 - Russia – introduced a test of Russian language proficiency
 - United Kingdom – need to have graduate level job, speak intermediate English, meet salary requirement
 - Norway – eliminated job search permit for skilled foreigners
 - Czech Republic – more restrictions on work permits issuance but eased conditions for staying on after expiration of permit
- Still seeking to bring in skilled labour: Germany, Slovakia, Hungary, etc.

Main policy instruments in the field of skilled migration (based on OECD IMO 2013, Chapter 1)

- **Assessment of foreign qualifications gain importance**
 - **Germany – pilot initiatives in the field of VET**

- **Points-based system continue to spread**
 - **Traditionally used by Australia, Canada, New Zealand**
 - **Since 2008 adopted by UK, Austria, Denmark, the Netherlands**
 - **Since 2011 Korea**
 - **Since 2012 Japan**

- **EU Blue cards are in vogue but conditions apply**
 - **Recruitment of highly skilled workers from third countries**
 - **Salary threshold 1.5 of average salary, national variation**
 - **In may countries Blue Card coexists with national schemes (e.g. Austrian Red-White-Red card)**

Fiscal impact of immigration (OECD IMO 2013, Chapter 3)

What needs to be clarified first:

- **Target population**
- **Revenue and expenditure items**
- **Methodological approach**

Fiscal impact of immigration (OECD IMO 2013, Chapter 3)

■ Target population – whom to count

- Foreigners**
- Foreign born**
- Native-born children of foreigners**
- Foreigners in irregular situation**

- Recommendation: foreign born, native born children, irregular migrants to the extent the data cover them**

Fiscal impact of immigration

(OECD IMO 2013, Chapter 3)

■ Revenue and expenditure items

- **Direct fiscal transfers** (taxes, social insurance contributions, social insurance payments and social assistance benefits, pensions)
- **Indirect taxes** (paid through expenditures – excise tax, VAT etc.)
- **Consumption of social and public goods that depend on the size of population** (health and education expenditures, active labour market policies)
- **„Pure“ public goods** (e.g. defence) – measured pro rata or as fixed cost (zero marginal cost)

Fiscal impact of immigration (OECD IMO 2013, Chapter 3)

■ Methodological approaches

- Static accounting (cash-flows)
- Dynamic accounting (net transfer profiles)
- Generational accounting (intertemporal distribution of public debt)

Fiscal impact (OECD IMO 2013, Chapter 3)

Main findings of fiscal impact studies:

- **Fiscal impact of immigration tend to be small in most countries (order of magnitude per cent of GDP)**
- **Immigrants tend to have less positive net fiscal position than the native-born**
- **Employment is the most important factor that weighs on migrant net fiscal position**
- **Age of immigrants has a strong impact on net fiscal position**
- **Inter-country differences explained mainly by the composition of immigrants (age, type)**
- **In the long run, for most countries even labour migrants are not a panacea neither a major burden for the public purse**

Conclusions (based on OECD IMO 2013)

- Existence of „two-track“ EU in terms of migration dependency
- Skilled migrants are still in demand, but recruitment becomes more selective
- Points-based systems are on the rise
- Fiscal impact of migration depends on the types and age of migrants (labor migrants positive net impact, humanitarian migrants negative), but methodology makes a difference
- Fiscal impact of immigration tends to be small for most countries. In the long run, for most countries even contributions from labour migrants do not represent a major item.

Thank you for your attention!

