



Eighth meeting of the EUROPEAN INTEGRATION FORUM
'The contribution of migrants to economic growth in the EU'
Brussels, 16-17 October 2012

BACKGROUND PAPER

1. Introduction

The Europe 2020 strategy emphasises the specific role of migration in achieving its employment goals. On April 18 2012, the European Commission adopted an Employment package aiming to support a job-rich recovery, addressing both the demand and supply sides of the labour market and taking further steps towards creating a genuine EU labour market. This package also underline the long term role of economic migration, especially in view of the demographic evolution of the EU labour market.

Various solutions are already being implemented to address labour and skills shortages, such as extending the working age and increasing the labour market participation of women and migrants already in the EU. Workers will need to work longer and retire later and unemployed workers with skills not in demand could also be retrained.

The economic downturn has had severe implications for the European economies and labour markets. The lower productivity sectors of the economy employing a high share of lower skilled immigrant workers were among the most exposed to the crisis leading to massive lay-offs. Consequently, although the demand for migrant workers in sectors such as healthcare and for specific skills remained strong, the employment opportunities for migrant workers generally drastically reduced. Within this increasingly unfavourable labour market and social environment, there was a significant decline in the net annual migrant inflows mainly due to the declining number of economic migrants – but also to increasing return migration from the Member States most affected by the crisis (such as Spain or Ireland). Nevertheless, net migration has remained positive in most Member States and the overall population of immigrants has continued to grow, though at a slower pace. In 2010 almost 2.5 million first residence permits were issued to Third Country Nationals in the EU. Partial data on 2011 suggests the number to be just above 2 million.¹

Non-EU migrants have been part of our labour force for many years, and so far, they have tended to be employed at the low-skill end of the jobs spectrum such as construction, manufacturing and

¹ Eurostat.URL: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

occupations related to a wide range of low and medium skill services. Evidence suggests they have generally been complementary to EU workers rather than substitutes and have contributed to greater labour market flexibility and to innovation². In addition, the cost of immigration as users of the national welfare state is largely compensated by them being providers of the increasing demand of welfare services in public and private institution and in the household.

Several recent studies converge to the conclusion that the observed patterns of employment growth with their emphasis on skilled labour will persist during the decade ahead. This is attributed to both economic and demographic reasons. The OECD foresees that over the period 2010-2020 the share of highly educated workers among retirees will be significantly higher than in previous decades. As a consequence, the size of the highly skilled labour force is expected to increase much more slowly than before because they will be less numerous.³

The economic dimension of migration is an aspect which is less developed in the frame of migration policies; however, in order to anticipate future labour needs and in particular to value the contribution of third-country nationals living in the EU, it should be part of a comprehensive policy response. This would create an enabling environment for TCNs to work in the EU and would help to avoid stereotypes about migration in general.

The aim of this Forum is to introduce this debate with civil society organisations and other stakeholders focusing in particular on the link between migration, employment and economic growth in its different aspects: in terms of matching labour needs (skills) (**roundtable A**), in overcoming obstacles to the insertion into the labour market (**roundtable B**) and in creating a favourable environment for ethnic entrepreneurs (**roundtable C**).

Input on these issues will help to frame the public debate on the role of economic migration from outside Europe not only to promote an effective EU policy approach on economic migration, but also to contribute to the employment goals of Europe 2020 and to anticipate major challenges in the future.

² See for instance for a survey H.Brucker, 2012 *The Labour market Impact of immigration and its political consequences*, <http://www.migrationpolicycentre.eu/docs/MPC%20ASN%202012-04.pdf> and A. Venturini, 2012 *Innovation and Migration*, <http://cadmus.eui.eu/bitstream/handle/1814/23495/MPC-AS-2012-05.pdf?sequence=1>

³ OECD Working Party on Migration, DELSA/ELSA/WP2(2012)2, Current and future skills of the workforce: the demography of educational attainment and the role of migration, §§ 41, 45.

Roundtable A: Matching labour market needs

European labour markets emerge from the economic crisis profoundly changed. Structural change has induced rapid changes in skill needs. Some of the traditional labour intensive sectors, such as construction, have experienced large employment losses with lay-offs of migrant workers exceeding 31% during the period 2008-2011. At the same time, signs of economic recovery and new labour demands go often hand in hand with observed difficulties to satisfy specific skill needs. In turn, labour demand concerns become predominantly qualitative rather than quantitative in nature⁴. In this context, recent CEDEFOP studies on Europe's future skill needs indicate that labour demand in the most dynamic economic sectors may rise significantly between now and 2020, while needs in a range of low-productivity sectors may further decline.⁵

CEDEFOP forecasts conclude that employment prospects for low-skilled may further diminish. At the same time, it foresees that the demand for high-skilled are projected to increase by 8.5 million between 2010-2020⁶. This means that immigration is likely to become more selective while low-skilled and long term-unemployed risk to remain at the margin of the labour market. On average the EU is not as good as other OECD member countries at attracting highly skilled migrants.

There is growing evidence of labour and skills shortages in some economic sectors (e.g. computer and information technology, agriculture and tourism, health care) and generally in terms of skilled workers in the Member States which cannot easily be filled by national or EU workers. This will increase due to the ageing of the EU's population. The EU's working age population has practically stopped growing and will start shrinking over the next couple of years. According to Eurostat projections, without migration the working-age population of the EU would fall to 385 million in 2050 instead of 443 million including migrants.

Between 2009 and 2011 the number of third-country nationals in the EU-27 has not significantly changed and remains at approximately 4 %, which is around 20.5 million in absolute terms. The largest numbers of third-country nationals in the EU as a whole are from Turkey (approx. 2.3 million), Morocco (approx. 1.9 million), Albania (approx. 1 million) and China (0.8 million). Globally there are more than 3.7 million international students, of whom 1.2 million are currently studying in the EU-27.⁷

Immigration to the EU takes place under a mixture of EU and national legislation, with the EU developing a common immigration policy but Member States determining the volumes of admission of third country nationals coming for work or in a self-employed capacity. EU legal migration Directives cover family reunification⁸, long term resident status⁹, students¹⁰, researchers¹¹, highly qualified migrants¹² and procedures and rights for migrant workers¹³¹⁴.

⁴ see European Migration Network's study "Satisfying labour Demand through Migration. June 2011 p102-103

⁵ CEDEFOP, "Skills needs in Europe. Focus on 2020", 2008.

⁶ CEDEFOP, "Skills supply and demand in Europe. Medium-term forecast up to 2020", 2010

⁷ Eurostat

⁸ Council directive 2003/86/EC of 22 September 2003

⁹ Council directive 2003/109/EC of 22 November 2003

¹⁰ Council directive 2004/114/EC of 13 December 2004

In addition, the Commission has put forward proposals on seasonal workers and intra-corporate transferees (ICTs) which are in discussion with the co-legislators.

Currently, very few migrants migrate after having been recruited for a specific job by an EU employer, and overall, workers make up only 30% of the migrants who come to the EU¹⁵. However, de facto many non-economic immigrants actively seek access to the labour market, often getting jobs at a lower level than their qualifications.

The objective of this roundtable is to have a view on the role of economic migration from outside the European Union to help anticipate future needs.

Questions:

- 1) Do you think that on the top of other initiatives (such as extending the working age, increasing the labour market participation of women and migrants already in the EU etc..) migration can contribute to EU growth? How?
- 2) Do you think that the system of managing labour migration in your country is well balanced to address both the employers' needs and the long-term challenges of an ageing population and increasing socio-economic gaps? What could be changed?
- 3) Would you be in favour of further EU initiatives in this domain? Which ones?
- 4) Would the further facilitation of intra-EU labour mobility for high-skilled non-EU migrants improve the attractiveness of the EU Member States as a migration destination? Why and how?
- 5) Would you be in favour of the establishment of an on-line system of information tools at EU level to inform employers and potential migrants about recruitment possibilities? How?

¹¹ Council directive 2005/71/EC of 12 October 2005

¹² Council directive 2009/50/EC of 25 May 2009

¹³ Council directive 2011/98/EU of 13 December 2011

¹⁴ These Directives do not apply to Denmark, and Ireland and the UK have opted out of the majority of the instruments mentioned.

¹⁵ OECD Working Party on Migration, DELSA/ELSA/WP2(2012)3, The demography of occupational change and skill use among immigrants and the native-born, §§ 11.

Roundtable B: Overcoming the obstacles

To fully benefit of the contribution of migrants to economic growth in the EU, Europe needs a positive attitude towards diversity and strong guarantees for equal treatment. Measures to implement in practice the principle of equal treatment and to prevent institutional as well as everyday discrimination can still be strengthened. Efforts to remove obstacles to migrants' participation in the labour market and to promote diversity management also need to be further developed. The EU anti-discrimination directives prohibit discrimination on grounds of race and ethnic origin and the implementation by the Member States of this legal framework is an important basis for preventing discrimination of migrants in the labour market.¹⁶ In addition, the "Equality body" which the Member States are obliged to have can be a valuable source of information and support for individuals suffering unlawful discrimination, in particular migrants who may not fully know their rights.

Moreover, there are several examples of proactive measures to ensure equal access to employment and promote diversity at the work place, for example through diversity charters, diversity labels, guides or awards. A diversity label supported by the State to develop the commitment of organisations towards diversity has been developed in France.¹⁷ A diversity award for leadership has been established in Denmark.¹⁸ European cities have committed in the 'Integrating Cities Charter' to increase diversity through their roles as policymakers, service providers, buyers of goods and services and employers.¹⁹ In public debate however, the question of possible advantages of diversity can be controversial. Research shows that gains of diversity exist but that certain conditions must be in place for this to happen.²⁰

The issue of professional qualifications obtained outside the EU is another obstacle that migrants have to face when in the EU. The recognition of such qualifications in the Member States can often be difficult and this leads to highly qualified individuals working in jobs for which they are very over qualified. In the context of the demographic challenge facing Europe and the forecast skills and labour shortages Europe will face, such as waste of human resources should be tackled.

Member States do not have a legal obligation to recognize professional qualifications issued in a third country which have not been recognised in any Member State before. However, if the host Member State into which the migrant enters as a 1st entry point into the EU nevertheless wishes to recognise the professional qualification issued in a third country it has the obligation to verify whether the minimum training requirements of the sectorial professions (doctors, dental practitioners, nurses responsible for general care, midwives, pharmacists, veterinary surgeons and architects) have been fulfilled.

¹⁶ Council Directive 2000/43/EC and Council Directive 2000/78/EC.

¹⁷ <http://www.boutique-certification.afnor.org/>

¹⁸ <http://www.miaaward.info/>

¹⁹ <http://www.integratingcities.eu/>

²⁰ For example through the project ENIGME, the International Research Network on Economic Growth and Innovation in Multicultural Environments, and its conclusions collected in " Sustainable Cities: Diversity, Economic Growth and Social Cohesion", 2009, or the URBACT project OPENCities, http://opencities.britishcouncil.org/web/index.php?home_en

Certain categories²¹ of third-country nationals are entitled to equal treatment with nationals of the host Member State regarding recognition of third country qualifications, which means that they must be treated in the same way as a national with a non-EU qualification.

The aim of this roundtable is to highlight the main problems, and possible solutions, that migrants face in accessing the labour market both in terms of equal treatment and in terms of recognition of their qualification. This should also give some hints on what is called "institutional discrimination" for example in recruitment practices, training opportunities etc.

Questions

- 1) How can employers (public or private) deepen the understanding of diversity within an organisation to make better use of it?
- 2) To what degree and under what conditions can diversity of employees contribute to a more efficient and successful organisation? How can the public sector develop its role as employer in order to enhance diversity in an efficient and equitable way?
- 3) What difficulties do migrants face in dealing with the recognition of non-EU qualifications?
- 4) What action at EU level would you consider to be helpful in this respect? Do you have examples of good practices?

²¹ Long term residents, Blue Card holder, researchers

Roundtable C: Migrant entrepreneurship

Interest in migrant entrepreneurship has been on the increase. Last month, the European Economic and Social Committee adopted an own-initiative opinion on "The contribution of migrant entrepreneurs to the EU economy".²² In 2010, the OECD released a detailed analysis of Migrant Entrepreneurship in OECD Countries.²³ Last year, Eurofound published a study "Promoting ethnic entrepreneurship in European cities".²⁴ The overall picture is a positive one, recognising migrant entrepreneurs for their contributions to society.

The EU has publicly recognised the key contribution that migrant entrepreneurs can make to sustainable growth and employment. The European Agenda for the Integration of Third-Country Nationals²⁵ stresses the important role of migrants as entrepreneurs and states that "their creativity and innovation capacity should also be reinforced".

Migrant entrepreneurs create more new businesses in relative terms than natives. However, these businesses reportedly have lower survival rates.²⁶ In nearly all EU Member States, migrant entrepreneurs have a higher average educational level than their national counterparts. While women make up a smaller share of all entrepreneurs, women make up a larger share of migrant entrepreneurs than of native entrepreneurs.²⁷ Most migrant entrepreneurs are already residing in the host country when deciding to set up a business and have not migrated for that reason (e.g. by making use of the specific visa schemes created by some Member States for (prospective) migrant entrepreneurs).

According to the OECD, the main reasons for failure of migrant enterprises are related to low education levels, credit constraints, length of residence, language ability, legal status and region of origin.²⁸

The positive contributions of migrant entrepreneurs to the receiving society are numerous. Like national entrepreneurs, they generate economic growth and employment. As migrant entrepreneurs, they form an important bridge to global markets and are well-placed to engage in transnational entrepreneurship and foster international trade. Migrant entrepreneurs also play an important role in the integration process, by providing employment for themselves and for others. As an indicator of migrants' integration, one should just be careful with the interpretation of a high level of self-employment of migrants, as this can also be a consequence of difficulties in entering into employment.

²² CESE 638/2012 - SOC/449

²³ OECD (2010), *Open for Business: Migrant Entrepreneurship in OECD Countries*, OECD Publishing.
<http://dx.doi.org/10.1787/9789264095830-en>

²⁴ Rath, J., Eurofound (2011), *Promoting ethnic entrepreneurship in European cities*, Publications Office of the European Union, Luxembourg.

²⁵ COM(2011) 455 final and SEC(2011) 957 final

²⁶ OECD (2010), p. 15.

²⁷ OECD (2010), pp. 30-32.

²⁸ OECD (2010), p. 16.

The objective of this roundtable is to highlight the role of migrant entrepreneurship in the context of economic growth but also a mean for integration and to get feedback on the how the most difficult situations can be avoided.

Questions

- 1) Migrant enterprises and migrant entrepreneurship are a success story in most societies. How can this be further encouraged? How can best practices be taken up by all Member States?
- 2) What are the major difficulties that migrants face in setting up their business?
- 3) How can the public be made aware of the positive contributions made by migrant entrepreneurs? Will this reflect positively on migrants in general and help their integration?
- 4) What is the role of the social partners in supporting migrant entrepreneurship? Can they provide support networks for migrant entrepreneurs? Can they help reduce the risk of social dumping or exploitation?