INCLUSION, GROWTH AND COMPETITIVENESS: FUTURE OF ECONOMIC MIGRATION IN THE EU
Introduction

Economic migration is at the intersection of both labour market and migration policies and needs to be analysed in this context. This means that economic migration policies need to consider and reflect the economic and social needs and realities of the labour market.

In this context the future of the EU economic migration policy needs to be well grounded in the emerging realities of the regional and global labour market contexts. This calls for new approaches to labour market policy that takes into account cross-border mobility, promoting more inclusive employment, increasing productivity and labour market participation among all groups of working age population, and strengthening the contribution of migration to growth and competitiveness.

The present paper consolidates IOM reflections on the possible future directions for economic migration policies in the EU in the light of the proposals included in the European Agenda on Migration and the recent public consultation on the EU Blue Card and the EU’s labour migration policies.
Global and regional context:
labour demand and skill mismatches

The global population growth and population ageing in some global regions will have a significant impact on the future labour market. The global labour force will continue to grow, albeit at a slower pace than at present. According to the ILO, currently 40 million newcomers enter the workforce each year worldwide. The rate of this increase is gradually declining and by 2030 will only reach 31 million. Most of this labour force growth will happen in developing countries, much of it in Africa and South Asia. There are however concerns with respect to the capacity of these economies to generate a sufficient number of jobs to absorb this growth. Already today, scarcity of decent jobs in the countries of Southern Mediterranean presents significant developmental challenges and represents an important migration push factor (World Bank, 2013). This push is further reinforced by income inequality within and between countries as well as obstacles in many countries for upward economic and social mobility.

At the same time, most advanced economies see a continuous decline in their working age population and the resulting labour shortages and skill mismatches. Eurostat population projections (2013; cited in EC 2015) forecast a loss of some 19 million in labour supply in the EU between 2023 and 2060, representing a contraction of 8.2 per cent.

There is no longer a simple bipolar division between North and South, or developed and developing countries. The global economy is increasingly geographically diversified. Many non-EU and non-OECD countries offer new opportunities for high and low-skilled migrants, including those coming from developed countries. The demographic context in countries such as China is becoming similar to that of Europe, which has led to recent adoption of new policies to attract skilled migrants to emerging economies. Europe is in a more complex position with regard to attracting foreign labour and migrant integration than other major global migration destinations, such as the US, Canada or Australia that were shaped for centuries as immigration societies, but also than the emerging economies that often adopt a pragmatic acceptance of the need for economic immigration.

In Europe, the concepts of the mono-ethnic nation state and national identity are still exceptionally strong, recent as they are in their modern understanding. Hence, negative perceptions of immigration and diversity persist and challenge the capacity of governments to develop more realistic and fact-based policy and legislative frameworks to manage migration and integration. Such attitudes both deter attraction and retention of foreign workers who are in a position to choose their destination, and hinder opportunities for socio-economic inclusion for other newcomers and their descendants. There is a risk that immigration policies in many European Union countries will be increasingly shaped by fears and misconceptions rather than evidence, objective debate and a strategic outlook for the future.

These trends take place in an environment where education systems in many countries are failing to produce the skills needed and recognized by employers. The same formal degree implies vastly different real educational outcomes across the world. The World Economic Forum’s Global Competitiveness Report 2014-2015 ranks Belgium as the fifth best globally in terms of quality of education and training. In comparison, Italy was placed as 47th, just one place above Jordan (48), while some other countries trail behind, including Egypt (111) and Nigeria (124).

The gap between acquired skills and those in demand by employers is one of the key barriers to both internal and international labour matching. INSEAD in its 2014 Global Talent Competitiveness Index suggests that many educational systems under deliver key skills, focusing on teaching what to think, rather than how to think. Jobs at all skill levels increasingly require critical and analytical competencies, interpersonal, team and entrepreneurial capabilities. Without a concerted effort to create more skills worldwide, the situation will become critical given the changing global economic power landscape. McKinsey forecasts a global shortfall of 40 million highly skilled workers and a surplus of 95 million low-skilled workers by 2030.

In the EU, OECD/EC joint analysis for the period between 2012 and 2025 projects a sharp increase in the share of jobs employing higher-educated labour (by 23%), while that of medium-level jobs would increase moderately (3.5%) and the share of jobs for lower-skilled workers would decrease significantly, by 24 per cent (data based on CEDEFOP findings). Hence, low-skilled workers would have higher risks of unemployment, lower job stability and experience competition from medium-skilled workers even in elementary occupations (EC, 2014).

At the same time, while efforts are needed to improve employability of low-skilled native and migrant workers, the need for a variety of occupations and skill levels will remain. Evidence suggests that innovation and economic dynamism come not only from skilled workers, but from complementarity between employment sectors. For example, domestic workers enable the best use of professional talents of highly skilled women (various studies cited by Venturini, 2013).

Moreover, immigration and diversity may contribute to the creation of new synergies, jobs and growth in the European economies, as migrants are not only workers, but also employers, entrepreneurs and investors. Every year, migrant entrepreneurs employ an average of 2.4 per cent of the total employed population in OECD countries (OECD, 2010). At the same time, the EU region continues to underperform in improving national and regional business environments. The World Bank 2015 glo-bal ranking on ease of doing business illustrates a wide discrepancy in the frame-works in different EU Member States, with examples of Denmark in the fourth position worldwide and Italy in the fifty-sixth.
To sum up, crucially for the analysis of the future EU labour market trends and needs, and the potential role that migration could play in alleviating skill mismatches and labour shortages, it is insufficient to focus only on demography. Economies – and labour demand – change and adjust, and these changes can be hard to predict. Whole industries can shrink, while others come in their place. Some indemand jobs that did not exist ten years ago, such as social media manager, privacy officer or mobile applications developer (Harris, 2013). Other occupations will see decreasing demand, not least due to potential for automation - office and administrative support, sales and services, transportation, construction and extraction and manufacturing (Osborne and Frey, 2013).

Rather than only focusing on the demography and current labour market conditions, a long-term employment and migration strategy should consider workforce skills and productivity as a key factor determining future competitiveness. This entails continuous investment in upgrading education systems in the EU, but also collaboration with other countries to increase the regional and global pools of talent, cross-border transferability of skills, and to improve skill retention and development for mobile workers.

In addition, the positive impact of economic immigration can only be truly maximized in a competitive Europe that creates economic and social opportunities for workers, entrepreneurs and investors (and their families) irrespective of origin, both as economically productive actors, and as people residing in increasingly diverse communities across the EU. To this end, alongside efforts to improve education and training and labour market efficiency, further structural change would be instrumental towards better institutions, infrastructure, capital market development, fostering entrepreneurial culture, more effective links between markets and research and development, and so on. At the same time, future capacity of the EU to enable best use of migrant skills and their long-term retention is closely linked to the overall ability of the European societies to become more inclusive and to forge mutual trust, cohesion and among their increasingly diverse residents.

The future of the EU economic migration policy should be firmly grounded in the overall strategy of the region to foster a regional innovative knowledge-based economy with dynamic labour market conditions and competent, highly productive workforce.

Key elements for future economic migration policies in the EU

Crafting economic immigration policy

- A well-functioning labour immigration system recognizes the challenges of workers, employers, entrepreneurs and investors of migrant and native background as actors in migration and integration, as well as those of wider receiving communities. This entails a need for policies and support mechanisms to motivate and enable all actors to play an active and positive role in this process. At the minimum, any labour immigration policy should strive to en-sure that migration is legal, safe and that migrant rights are protected throughout this process. Furthermore, these efforts should be underpinned more broadly by responsible political discourse on migration and diversity, transparent and accountable public policies and open recognition of contribution of all members of European societies.

- There are policy trade-offs to any decision, also with regard to opening up immigration channels. In selecting and prioritizing policy solutions to labour and skill shortages, policymakers inevitably attempt to balance the priorities of employers, consumers and workers with the interests of the economy and society as a whole. Governments and employers also need to weigh the option of attracting new migrants versus other alternatives targeting resident workers, such as improving working conditions, labour market activation, investing in or reforming education and training systems, changing production processes and so on. These trade-offs need to be assessed in a transparent and consultative manner, and communicated clearly to key labour market actors and the general public.

- Responsive labour immigration policy reflects the ever changing global and regional dynamics that may have unpredictable impact on the policy implementation – and is ready to change if needed. Importantly, it is the analysis of quality data on labour market, migration and immigrant integration, and regular and transparent policy evaluations should guide the policymakers in the policy changes, not stereotypes and political opportunism. Labour market analysis and dialogue with social partners are the essential basis for identification of actual skill gaps and labour needs that would feed into developing relevant policy responses, including immigration of workers at various skill levels. These measures also play a key role in building public confidence on immigration and its socio-economic impact.

- Employers are key actors in the migration and integration process, and their needs, perceptions and behaviour influence to a significant extent the path-ways of immigrant recruitment and their wider socio-economic inclusion. The role that employers do and can further play in this process has not yet been sufficiently reflected in the development and implementation of the migration and integration policies in the EU.
Consultative processes with the public and private sector employers would need to be strengthened to improve policy development and implementation. In this regard, IOM welcomes the European Commission’s plans to establish a platform of dialogue with social partners as presented in the European Agenda on Migration (EC, 2015).

- Crucially, most of this paper is relevant only when there are actual open channels for labour immigration that reflect the reality of labour demand and thus present a genuine opportunity for employers and migrant workers to enter into an employment relationship in a legal, safe and productive way. This does require at the very least a serious consideration of the feasibility to expand the legal pathways for admission of low- and medium-skilled third-country workers in the EU, especially given their already significant contribution to the development and in some cases even survival of key sectors from agriculture to caregiving. To this end, the European Agenda on Migration unfortunately fell short of considering any other migrant workers beyond the highly skilled, despite for instance the ongoing transposition of the EU Seasonal Worker Directive (2014/36/EU) adopted in 2014 and persisting demand for lower skilled workers across the EU.

- When legal admission channels exist, cumbersome and lengthy immigration procedures are among the main factors which discourage employers from lawfully recruiting from abroad in response to their labour needs, particularly if such needs are temporary. This calls for the optimization of current processes towards clear and time-bound labour migration procedures, use of new technologies in facilitating migration and staff training for officials working with migrants and employers who (wish to) hire them to promote the culture of support and collaboration.

- Discussions on the future economic immigration policy for third country nationals needs to go hand in hand with the analysis of the trends and impact of intra-EU mobility and emigration of EU nationals outside the region. Immigration and emigration are two sides of the same coin, both very important from employment and skill development policy perspective. Facilitating intra-EU mobility of third-country nationals, and improving intra-EU job-matching should be considered as means to further improve intraregional labour matching, and to promote the attractiveness of the EU as a bloc.

- Visa policy and residency rights related to mobility have an impact on labour migration processes. Policies need to recognize the inherent transnationality of many migrants’ lives and careers. People can move around the world producing economic gains in several countries. Circularity is a natural part of many migration pathways, but in most cases it is rather spontaneous than induced by organized circular migration schemes that if exist, are mostly confined to seasonal work in low-skilled occupations. Typically, migrants that are most at ease with the security of their legal status in the country of destination are more likely to circulate and engage with their countries of origin. If anything, rigid regulations of entry and stay, including barriers to the acquisition of long-term residence may contribute to more migrants choosing to remain in the EU, even in a vulnerable condition.

### Making immigration policy work

- Legal frameworks need further tools to make them work. Even in countries with an open labour immigration policy, only a very limited share of firms hire migrants from abroad, and those are predominantly large firms with broad networks and facilities abroad. In other words, while employer-led immigration systems impose an obligation for a migrant to find a job before arrival, in practice, it remains very difficult to do so. Developing operational labour matching mechanisms is a key challenge in ensuring the real availability of channels for regular and safe migration into the EU for workers of all skill levels.

- In order to be successful and deliver scale, labour mobility programmes require not only the legal framework for their implementation but also sufficient interest among target employers to hire workers through such programmes and sufficient willingness among the target beneficiaries to comply with the rules of such programmes. Feasibility assessments in specific employment sectors would help determine where and in what conditions labour mobility programmes may function involving the migrant workers from concrete countries of origin, including minimum length of stay, recruitment costs borne by employers, length of recruitment process and assistance therein, necessary skills and qualifications of workers, flexibility of employment options, and so on. Dialogue with employers and other labour mobility stakeholders, including in the framework of the new EU-led consultative platform could serve as a basis to kick-start tailored sectoral cooperation in competence recognition, pre-departure training of workers, their selection and processing their admission.

- Recruitment is often the first step in the labour migration process and recruitment intermediaries play an important role in matching jobseekers with employment opportunities. While some operate in accordance with internationally accepted standards of ethical recruitment, unethical practices also proliferate, such as the charging of exorbitant recruitment fees to jobseekers, false promises of jobs, and misleading information on working conditions. Businesses that knowingly or unknowingly use unethical recruitment practices potentially face criminal and civil liability, harm to their reputation, as well as decreased worker productivity and skills mismatch. Good regulation at origin and destination and mechanisms that help recognize and reward good actors in international recruitment, should become a standard feature of any integrated and comprehensive migration management approach. Provisions for recruitment monitoring can be included in the bilateral labour agreements, and other cooperation instrument, such as initiatives under Mobility Partnerships. Civil society and trade unions
can play an important role in addressing the lack of robust screening and monitoring of international recruitment processes.

- Many countries of origin lack the institutional capacity within their recruitment sector itself to be competitive within the international labour recruitment industry. In order to be successful, recruitment programmes must be able to deliver a high quality and cost-effective service that responds to the needs of employers in terms of the quality and efficiency of the recruitment as well as the quality of candidates to be recruited. International cooperation on enabling the actors in the countries of origin to promote legal and fair labour mobility could focus on building capacity and restructuring (where necessary) public employment services (PES) to improve their efficiency and customer service, as well as collaboration with their counterparts in the countries of destination. The experience of EURES – European Employment Services cooperation network could be of notable value, and inclusion of partner country PES in EURES could be tested within the Mobility Partnerships and other collaborative frameworks.

- For lower skilled labour, bilateral labour agreements can provide a good framework for mobility, including for seasonal employment. Particular attention should be made to ensuring that solutions underpinning such agreements are relevant, functional and not bogged down by lack of political will or by excessive bureaucracy that pushes employers towards informal solutions.

- Migrant decisions and journey are often shaped by the conditions in the country of origin, including the level of skills and their transferability, financial security, awareness of rights and so on. More should be done to build long-term genuine strategic partnerships with the countries of origin, including on joint skill development and harmonization of educational standards. The experience of the Bologna Process between the many member States of the Council of Europe provides a good practice and source for inspiration in improving comparability of academic degrees. Various tools that are in use or in development to further promote and enhance the recognition of professional qualifications in various occupations. Extending the remit of cooperation in these areas to third partner countries could be considered, especially within the Mobility Partnerships.

- Given the growing recognition of the importance of student mobility to labour migration management, further links could be explored between educational exchange programmes such as Erasmus Mundus and opportunities for traineeships and apprenticeships in the EU. Closer links could be established with other (global) initiatives, such as the Global Apprenticeships Network (GAN), a business-driven alliance with the overarching goal of encouraging and linking business initiatives on skills and employment opportunities for youth, established in 2013 by the International Organisation of Employers (IOE) and the Business and Industry Advisory Committee to the OECD (BIAC) with the support of International Labour Organization (ILO).

- Openness to trade, investment and people often goes hand in hand. EU aspirations with respect to facilitation of economic links with other countries and regions should reflect on the respective importance of people-to-people contacts, and ensure that immigration provisions do not present a barrier to closer cooperation. In this regard, the European Agenda on Migration affirmed the importance of developing more flexible visa tools for the EU, including a new Touring Visa to facilitate entry of tourists and visitors on personal and professional grounds. Should such proposals be adopted, Member State consular services will play an important role that these instruments are indeed used to attract and welcome eligible visitors from third countries. Furthermore, the Agenda made welcome references to the need to link admission opportunities to the negotiations of Free Trade Agreements with third countries and improve legal certainty for mobile service providers from outside the EU.

**Ensuring policy goals are met: integration, retention and social cohesion**

Labour immigration policies in themselves do not attract workers, they facilitate immigration when migrants are interested in a particular country – due to economic opportunities, ease of doing business, good infrastructure, excellent international universities, exciting lifestyle and so on. Given the long-term nature of Europe’s skills needs, it is important to not only attract, but to enable them to succeed and to retain new skills, which may require significant adaptation of the receiving societies. In this regard, the European Agenda on Migration could have comprised stronger statements on the current challenges and future pathways towards more inclusive economies and societies, as well as the use of immigrant integration indicators in the EU in policy guidance.

**Attracting newcomers and enabling them to succeed**

- To fully reveal their potential for international job-skills matching and labour market integration, pre-departure and post-arrival integration support programmes for various categories of newcomers, including family migrants, refugees and international students should be designed and implemented with the involvement of employers to strengthen the role of such initiatives in enabling early labour market inclusion of migrants in line with their competences and qualifications.
Language can be a determining factor in both attracting and retaining workers. To this end, language learning opportunities at home or opportunities to visit the potential country of destination for language learning purposes are notable elements of building attractiveness and promoting socio-economic integration of newcomers.

EU Member States would also benefit from implementing streamlined, transparent and time-efficient systems for the recognition and accreditation of foreign qualifications and validation of competences, possibly already at the pre-departure stage. Efforts should be made to improve the relevance of the recognition process to the needs of various sectors, and the overall awareness raising and building trust of the employers in the outcomes of such assessments.

The European Migration Agenda discussed legal migration only in the remit of labour migration of skilled workers and student mobility. However, worldwide demand for lower skilled workers is often met through family and humanitarian admission channels. Valuing newcomer skills should be a priority in admission of any category of migrants and more should be done to improve early employment perspectives of non-economic immigrants.

Attracting talented students and academia, is hard without working towards creating top academic institutions and promoting internationalization of higher education. As discussed above, links between labour mobility and education and employment policies need to be further strengthened to enable skill development and their best use irrespective of the origin of workers.

Retaining international students is an opportunity to improve the availability of skilled workers with the knowledge of destination country language and local qualifications. OECD reports that worldwide the number of students enrolled outside their country of citizenship more than doubled since 2000 to reach 4.5 million in 2012, with 75 per cent enrolled in OECD countries (OECD, 2015). At the same time, many Member States struggle to facilitate a match with domestic employers despite job-search provisions that are available in many countries. More active matching support measures could be introduced already during the study period.

It is hard to predict from the start how much anyone (or their children) will contribute to the society, which is also one of the reasons why admission channels for entrepreneurs are complicated to administer, and generally at-tract few. Despite the growing efforts aimed at fine-tuning targeted migration programmes dedicated to migrant entrepreneurs and investors observed in many EU and OECD countries in the past decade, those programmes only ac-count for a very small fraction of all entrepreneurial activity and investment by foreign-born in those countries (Desiderio in IOM, 2013). Skilled migrant admission seems to play a more important role in expanding a pool of potential entrepreneurs, as such migrants are likely to have the human capital to create businesses and, after a period in salaried employment, may turn to self-employment in a conducive environment (ibid).

Migrants thus may only flourish when presented with opportunities to do so after arriving in the destination country. For example, formal qualifications are not always helpful in determining future entrepreneurial success. If one looks at the migrant-background founders of some successful global companies, most of them immigrated as children or were born in a new country. In the EU, the rate of early school leaving among the foreign born was 26.7 per cent in 2012 compared to 11.6 per cent for the native-born (EC, 2013). It is the countries that will create opportunities for all residents to fulfil their potential that will truly build a competitive edge.

Protection of rights is a key precondition for successful integration. Migrants that face rights violations, including exploitation and violence have limited capacity and motivation to engage with the community of destination. Legal status is crucial in this regard, and possibilities for irregular migrants to regularize their status should be part of the policy mix, as well as improved access to legal redress and basic assistance to all persons irrespective of status. Labour inspectorates and other actors can play a stronger role in monitoring employment conditions to alleviate market incentives for informal work, especially in low-skilled low-wage sectors with high preponderance of migrant employment. At the same time, broader policy efforts would be required to improve working conditions in such occupations, tackle labour market segmentation and increase occupational mobility in the European labour markets. Consumer awareness could be an additional tool to consider. While substantial attention has been paid in recent years to working conditions in Asian factories producing goods for Europe, less awareness exists on similar worker rights violations that take place in the EU in agriculture, construction and other sectors.

Role of employers, business environment and welcoming communities

Discrimination and lack of intercultural knowledge by employers translate into a disadvantage for migrants compared with natives in the hiring process. Even when explicit discrimination is not an issue, implicit stereotypes and intercultural barriers may bias the recruitment process and contribute to underutilization of migrants’ skills. SMEs in particular may experience significant challenges in dealing with diversity issues. Counselling and support measures would be needed to provide managers and human resources personnel with the capacity to address diversity-related issues in the hiring and employment process. Various mentoring and network-building programmes help addressing the challenge of limited access of migrants to the personal networks in the labour market.
• Stronger employer involvement in migrant integration could be beneficial in targeted workplace orientation and language training, as well as job-related training and validation of worker competences and learning in the workplace. Public-private partnerships at the local level could further underpin support in non-work areas, such as housing. Integration support programmes provided by state and non-state actors could benefit from closer involvement of employers in their design and implementation.

• Entrepreneurial guidance should be part of predeparture and post-arrival integration support measures, including training and guidance, but also networking and mentoring for persons with high entrepreneurial potential. Innovative solutions to facilitate access to credit and capital are crucial to create real opportunities. Further efforts are needed to ensure support not only for start-ups, but also for existing businesses, including through improved out-reach of mainstream business support measures.

• Admitting migrants and getting them into jobs or enabling them to start businesses is crucial, but can only bring long-term positive socio-economic impact if migrant employment enables their further skill and career development, as well as further integration at the workplace and wider community where they reside. Even workers coming for short-term employment require integration assistance to ensure protection of their own right, but also overall cohesion and acceptance in communities where these workers temporarily reside.

Conclusion

Insularity is not attractive, global hubs are open and enabling, they challenge themselves continuously. EU needs to change and adapt in order to make European societies better placed to thrive and compete in the increasingly interconnected world. The overwhelmingly positive contributions to European societies and economies by the majority of migrants of various origins and with diverse skill sets are unfortunately at risk of being forgotten.

There is a fine line between a realistic and honest debate about the challenges stemming from migration and the politicized stereo-typing and scapegoating. The extent to which the EU will embrace and manage inevitable increasing diversity, and foster inclusive, dynamic communities will determine the potential impact of these social changes for individuals and societies.
Works cited

European Commission
  2013  Reducing Early School Leaving: Key Messages and Policy Support
  2014  European Vacancy and Recruitment Monitor
        Methodologies

Harris, Peter
  2013  Emerging Opportunity: Ten In-demand Jobs that Did Not Exist
        Ten Years Ago. Workopolis, 17 September. Available from Workopolis.com

INSEAD
  2014  The Global Talent Competitiveness Index 2014

International Labour Organization
  2013  Global Employment Trends

International Organization for Migration
  2013  Policies and Mechanisms of Stimulating Migration of
        Entrepreneurs and Investors: International Experiences and
        Good Practices (by Maria Vincenza Desiderio)

McKinsey Global Institute
  2012  The World at Work: Jobs, Pay and Skills for 3.5 Billion People

OECD
  2010  Open for Business: Migrant Entrepreneurship in OECD Countries
  2014  Matching Economic Migration with Labour Market Needs in
        Europe (with the EC)
  2015  International Migration Outlook

Osborne, Michael and Frey, Carl
  2013  The Future of Employment: How Susceptible are Jobs to
        Computerization?

Venturini, Alessandra
  2013  Innovation and Human Capital: The Role of Migration

World Bank
  2009  Shaping the Future: A Long-Term Perspective of People and Job Mobili-
        ty for the Middle East and North Africa
  2015  Doing Business 2015: Going Beyond Efficiency

World Economic Forum
IOM is committed to the principle that humane and orderly migration benefits migrants and societies. As an intergovernmental organization, IOM acts with its partners in the international community to: assist in meeting the operational challenges of migration; advance understanding on migration issues; encourage social and economic development through migration; and uphold the human dignity and well-being of migrants.

Publisher: International Organization for Migration
Regional Office for EEA, EU and NATO
40 Rue Montoyer
Brussels 1000
Belgium
Tel.: +32 2 287 70 00
E-mail: ROBrussels @iom.int
Website: http://eea.iom.int

© 2016 International Organization for Migration (IOM)

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior permission of the publisher.