

Rural Migration News

Blog 189

NOVEMBER 2020

OECD: Migration Down 50% in 2020

The OECD's annual migration report emphasized that immigration and temporary migration fell sharply in 2020. Both immigration and temporary labor flows are expected to fall by half in 2020 for two reasons. First, the economic recession means that employers are sponsoring fewer foreign workers for immigrant and temporary work visas. Second, governments closed visa-processing facilities and borders to prevent the spread of Covid, making it hard to complete the paperwork required for immigration and temporary work abroad.

Governments made exceptions for some migrant workers, especially in health care and agriculture. The demand for health care workers is rising due to population aging in a sector where taxes often pay the wages of caregivers; a reluctance to raise taxes depresses caregiver wages. Specialized farms that produce labor-intensive commodities prefer just-in-time guest workers to hiring more just-in-case local workers who may do farm work while seeking better nonfarm jobs.

There were 5.3 million immigrants admitted to the OECD countries in 2019, including a quarter to the U.S.

The OECD countries had over 135 million foreign-born residents in 2019, making international migrants over 10 percent of all residents.

There were over five million temporary foreign workers admitted in 2018, including 1.1 million in Poland, which sends seasonal workers to Western Europe and admits Ukrainians and other citizens of ex-USSR countries to fill seasonal jobs in Poland. Many countries opened otherwise closed borders to seasonal farm workers in 2020.

Most migrant workers are low skilled. The greatest gap between the share of migrant- and native-workers is in domestic work (activities of households as employers), but hospitality (accommodation and food services), support services, and construction also have higher shares of migrant- than native-workers. A higher share of migrant- than native-workers is employed in agriculture in the U.S., but not in Europe, where there are more small family farms.

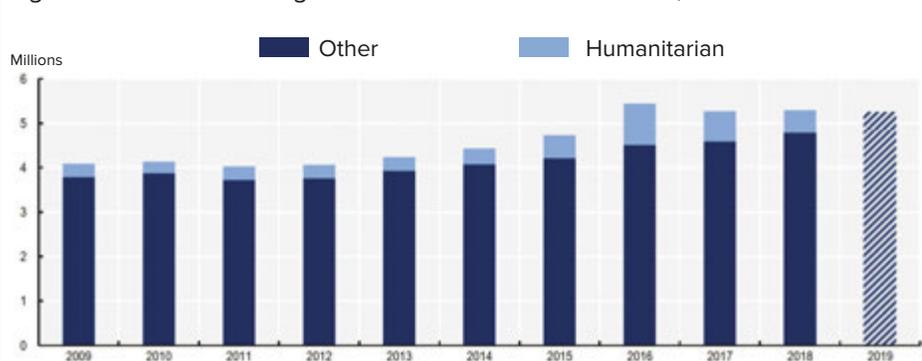
The Covid pandemic demonstrates that governments can close borders, make exceptions to admit migrants for particular sectors, and support workers and families who are adversely affected by lockdowns. Employers who might have persuaded governments to admit more high-skilled IT or tourism sector workers in normal years could not in 2020.

Integration

Many foreign-born workers who were employed in industrial countries lost their jobs during pandemic lockdowns, pushing unemployment rates for foreign-born workers higher than unemployment rates for native-born workers. Migrants are more likely to hold essential jobs that require personal interactions, making it harder for them to avoid contact with people who may have

Immigration to OECD Countries Rose From 4 Million in 2009 to Over 5 Million in 2019

Figure 1.2. Permanent Migration Flows to OECD Countries, 2009-19

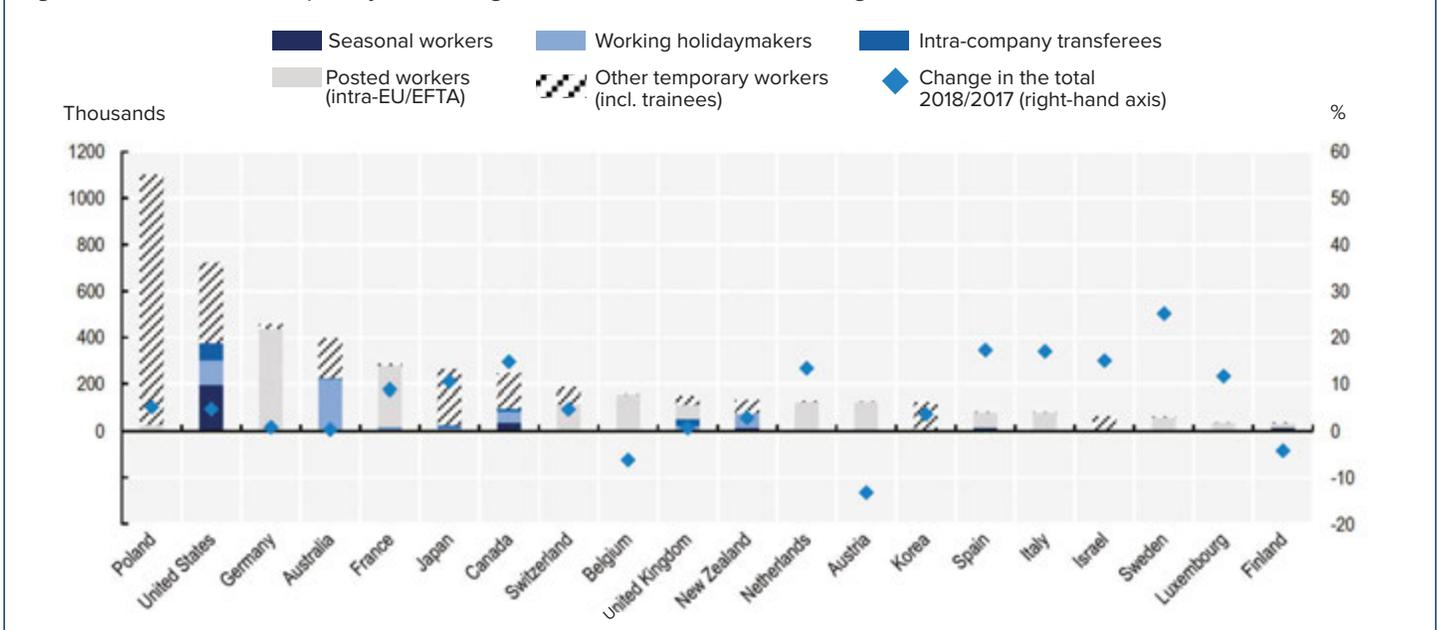


Note: Data for 2008 to 2018 is the sum of standardized figures for countries where they are available (accounting for 95% of the total), and unstandardized figures for other countries (excluding Turkey and Colombia). 2019 data are estimated based on growth rates published in official national statistics and include humanitarian flows.

Source: OECD International Migration Database, <https://doi.org/10.1787/data-00342-en>.

Poland, the US, and Germany Accounted for Half of the OECD's Temporary Foreign Worker Admissions in 2018

Figure 1.5. Inflows of Temporary Labor Migrants: 20 Main OECD Receiving Countries in 2018



and transmit Covid. Once infected, migrants can spread Covid to family members in often crowded housing.

Before the pandemic, employment rates for foreign-born workers were often higher than for native workers because of the migrants' youthful age structure and the desire for work that motivated their migration. Employment fell for all workers in most OECD countries between the second quarter of 2019 and 2020, but fell most for foreign-born workers. There were especially large foreign-native gaps in the employment decreases experienced in Spain, Ireland, Portugal, Austria, and Italy.

After Covid

Covid may mark a change in the trajectory of ever more labor mobility. As governments and firms reorient supply chains from just in time to just in case, investors may become more cautious about making investments that assume just-in-time guest workers will be available, as with apple orchards planted in remote areas. The rise of remote working arrangements may mark a new era

of more trade in medical and other services via the internet rather than labor mobility to provide in-person services.

Before Covid, migrants were over-represented in some of the sectors where employment is growing and labor productivity is low, as in hospitality, administrative support, and warehouses. One perennial migration question is the proper role of industrial policy or employer voices in migration policy decisions. If employers in a particular sector have labor shortages, should governments respond by admitting migrants to fill particular or sectoral jobs? Is the better strategy to admit migrants based on their human capital, such as youth, education, and language ability, and allow them to find jobs?

The U.S. follows an employer-led or demand approach, with individual employers sponsoring named foreigners to fill particular jobs. Australia and Canada follow a human-capital or supply approach, giving priority to foreigners with more education and other traits likely to assure successful integration. Demand and supply approaches converge if policy makes

it easiest for employers to sponsor college-educated migrants or if foreigners receive extra points for having a job offer.

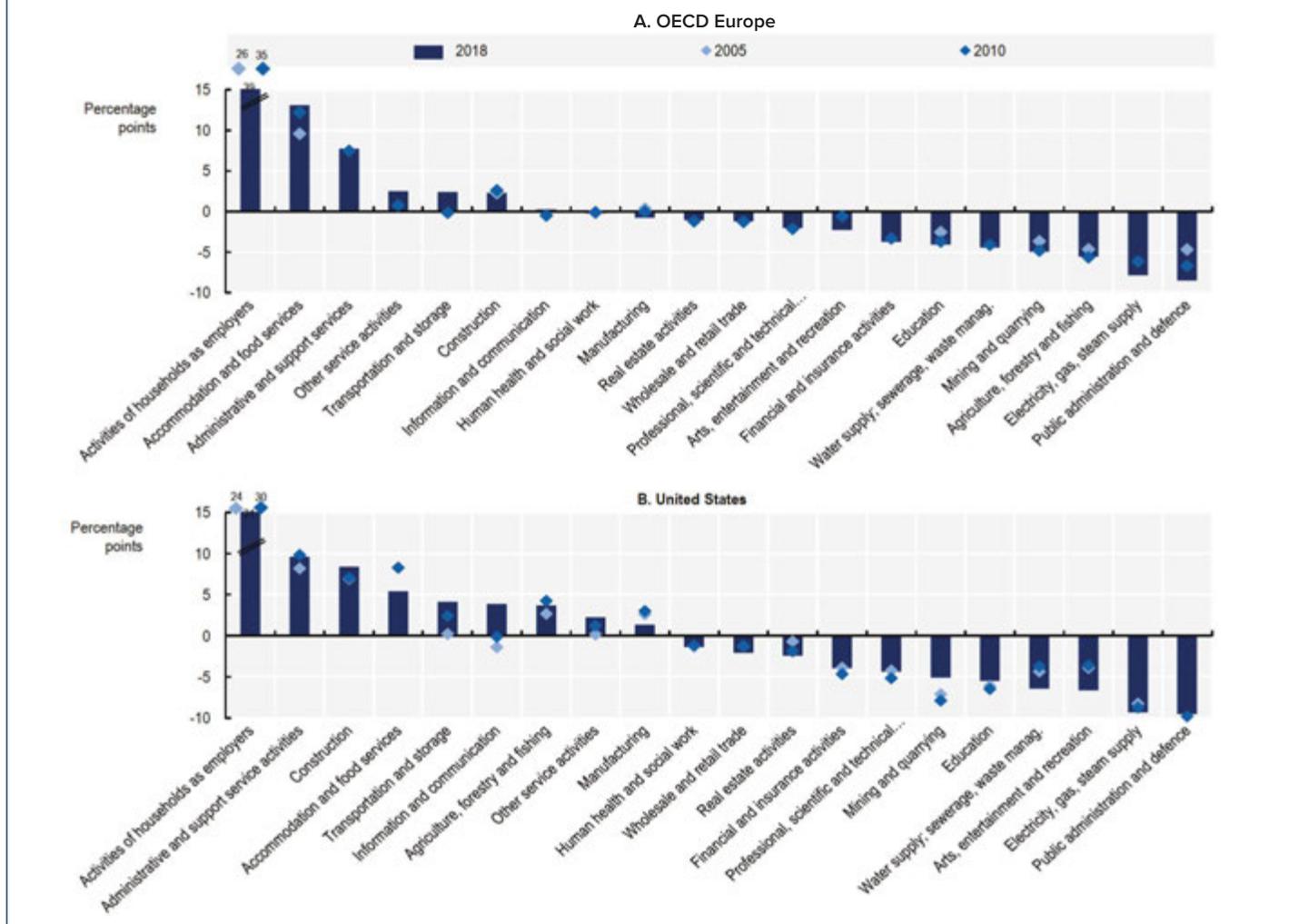
Most OECD countries have sector-specific policies for agriculture and health care, but not always sector-specific migration policies. At least 15 OECD countries have programs to admit seasonal foreign farm workers. The usual procedure requires employers to try and fail to recruit local workers before being certified to hire migrants. Procedures for recruitment vary. Employers make the decision on whom to hire, but some sending governments maintain work-ready pools to expedite employer recruitment and selection. Migrants have contracts that tie them to one employer, and must usually depart after up to 10 months abroad, although Israel and Japan allow migrant farm workers to remain three to five years.

Agriculture, covered on pp144-48 in the OECD report, provides examples of how governments make four key labor migration policy decisions: labor market tests, recruitment, employment, and dependence.

Migrants are Underrepresented in European Agriculture Compared to Native Workers, and Overrepresented in U.S. Agriculture

Figure 3.2. Share of Foreign-born in OECD Countries, By Sector, 2005 to 2018

Difference in Percentage Points With the Overall Share of Foreign-born in Employment



First, what must employers do to be certified to recruit migrant workers, that is, what labor-market testing is required to ensure that local workers are not available? Second, how do employers recruit migrants abroad, and what laws apply, that is, may employers recruit only men? Who pays recruitment costs?

Third, who enforces the contracts that tie migrants to employers, and what happens to migrants who complain about their employer and are fired? Are dis-satisfied or fired migrants allowed to change employers, or must they leave the country? Fourth, should governments worry if dependence on migrants increases

over time? If yes, what is the optimal strategy to reduce dependence, quotas, levies or some combination? Finally, do the remittances and returns from seasonal migration speed development in migrant areas of origin?

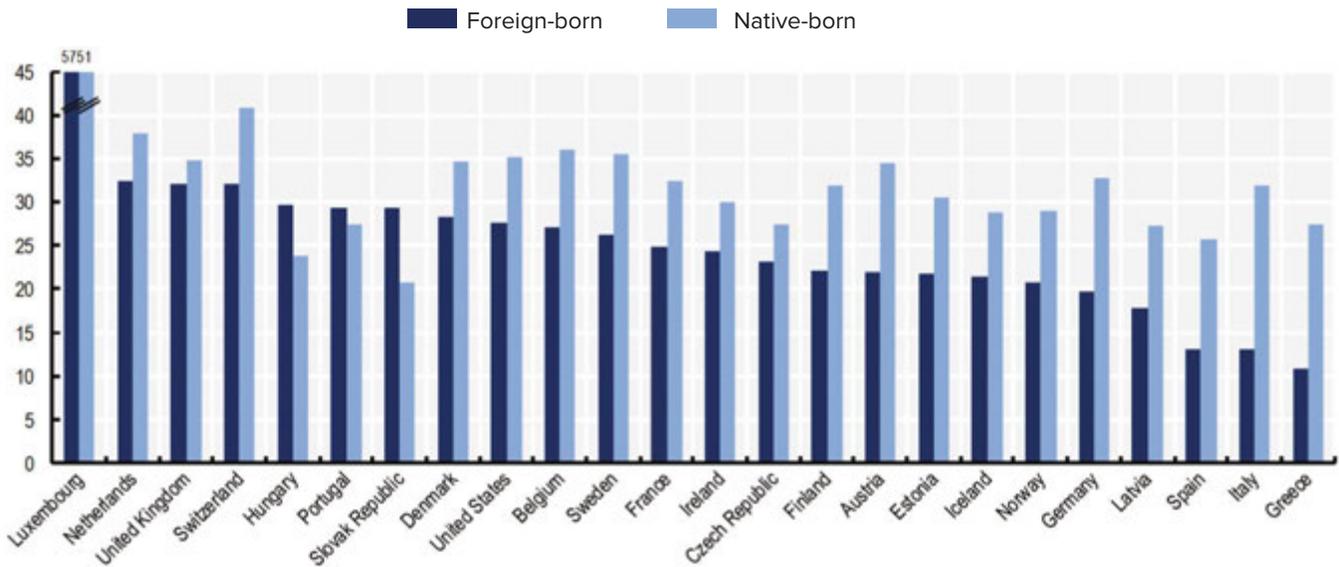
These certification, recruitment, enforcement, and dependence questions are contentious, especially because seasonal farm worker programs often have unanticipated effects. The 1942-64 Bracero programs admitted over five million Mexican farm workers (some returned year after year; perhaps 1.5 million Mexicans participated) and set the stage for the movement of 10 per-

cent of people born in Mexico to the U.S. between the 1980s and 2010. The current H-2A agricultural guest worker program admits 200,000 Mexicans a year, and H-2A certification, recruitment, and enforcement decisions are litigated routinely.

When countries tailor migration policies to specific sectors, should they require employers who seek certification to hire migrant workers to also develop plans to reduce dependence on migrants over time? A U.S. policy that gave inner-city hospitals easy access to foreign nurses around 2000 required the hospitals to develop plans to reduce their dependence on foreign nurses over time,

Especially in Southern Europe, Relatively Few Migrants Can Work From Home

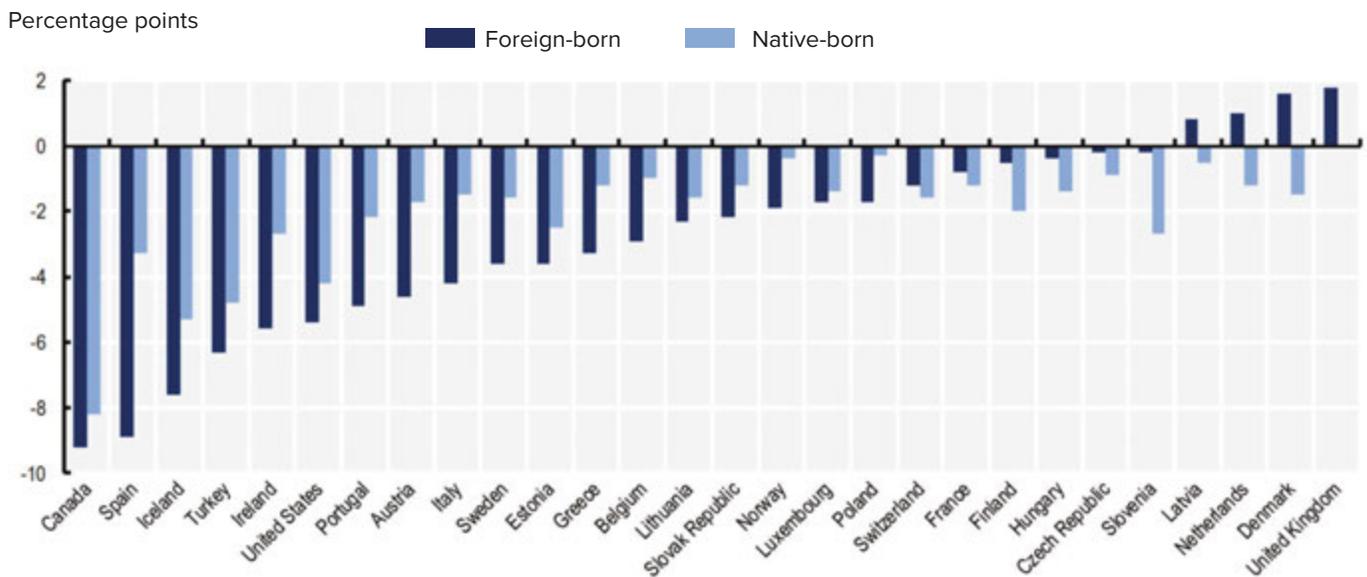
Figure 1. Share of the Employed Population Who Can Work From Home, By Place of Birth



Source: OECD calculations based on Basso et al. (2020), "The new hazardous jobs and worker reallocation", <https://dx.doi.org/10.1787/400cf397-en>.

Employment Rates for Migrants Fell More Than For Native-born Workers in Southern Europe

Figure 4. Change in the Employment Rate Between Q2 2019 and Q2 2020, By Place of Birth



but was soon ended when it became clear that the nursing-autarky plans were developed by consultants and not implemented by hospitals. New Zealand is launching a similar program in 2021 that allows industries seeking foreign workers to negotiate agreements with the government to expedite migrant admissions in exchange for plans to employ more native workers over time.

Inertia is a powerful force. A quick return to normal with a vaccine may also return labor mobility patterns to their pre-Covid trajectories as countries admit ever more migrants to fill jobs on the top and bottom rungs of the labor market. However, a slow return to pre-Covid economic conditions may break some migration patterns and the networks that link

employers in one country to workers in another. Future migration reports may emphasize the 2020 Covid breakpoint in a manner similar to the 1989 fall of the Berlin Wall or the September 11 terrorist attacks that mark before and after points in foreign or security policy.

Inflows of Foreigners Rose in Many Countries Between 2008 and 2018, Especially in Germany

Table A.1. Inflows of Foreign Population Into Selected OECD Countries and Russia

Thousands

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Australia	203.9	219.4	202.2	206.4	236.0	244.8	233.9	223.7	218.5	224.2	186.6
Austria	94.4	91.7	96.9	109.9	125.6	135.2	154.3	198.7	158.7	139.3	131.7
Belgium	106.0	102.7	113.6	117.9	128.9	117.6	106.3	128.8	103.2	109.5	116.8
Canada	247.2	252.2	280.7	248.7	257.8	259.0	260.3	271.8	296.4	286.5	321.0
Chile	43.6	35.9	41.4	50.7	65.2	84.4	83.5	101.9	135.5	207.2	339.4
Colombia	..	..	..	..	..	..	..	5.7	8.3	80.0	491.0
Czech Republic	76.2	38.2	28.0	20.7	28.6	27.8	38.5	31.6	34.8	43.5	55.9
Denmark	37.0	32.0	33.4	34.6	35.5	41.3	49.0	58.7	54.6	49.0	45.3
Estonia	1.9	2.2	1.2	1.7	1.1	1.6	1.3	7.4	7.7	9.1	9.7
Finland	19.9	18.1	18.2	20.4	23.3	23.9	23.6	21.4	27.3	23.7	23.1
France	147.0	149.6	145.8	142.1	151.6	251.3	251.8	242.7	245.7	245.9	248.9
Germany	573.8	606.3	683.5	841.7	965.9	1 108.1	1 342.5	2 016.2	1 719.1	1 384.0	1 383.6
Greece	41.5	35.8	35.4	33.0	32.0	31.3	29.5	34.0	86.1	80.5	87.3
Hungary	35.5	25.6	23.9	22.5	20.3	21.3	26.0	25.8	23.8	36.5	49.3
Iceland	7.5	3.4	3.0	2.8	2.8	3.9	4.3	5.0	7.9	11.8	11.5
Ireland	89.7	50.7	23.9	33.7	37.2	41.0	43.7	49.3	53.9	57.2	61.9
Israel	13.7	14.6	16.6	16.9	16.6	16.9	24.1	27.9	26.0	26.4	28.1
Italy	496.5	406.7	424.5	354.3	321.3	279.0	248.4	250.5	262.9	301.1	285.5
Japan	344.5	297.1	287.1	266.9	303.9	306.7	336.5	391.2	427.6	475.0	519.7
Korea	302.2	232.8	293.1	307.2	300.2	360.5	407.1	372.9	402.2	452.7	495.1
Latvia	3.5	2.7	2.8	2.9	3.7	3.5	4.5	4.5	3.4	5.1	6.6
Lithuania	3.0	1.7	1.1	1.7	2.5	3.0	4.8	3.7	6.0	10.2	12.3
Luxembourg	16.8	14.6	15.8	19.1	19.4	19.8	21.0	22.6	21.6	23.1	23.3
Mexico	15.9	23.9	26.2	22.0	18.2	63.0	43.5	34.4	35.9	32.8	38.7
Netherlands	103.4	104.4	110.2	118.5	115.7	122.3	139.3	159.5	182.2	183.9	191.0
New Zealand	90.1	75.7	69.7	71.4	71.6	77.2	91.7	102.9	105.6	105.3	111.8
Norway	58.8	56.7	65.1	70.8	70.0	66.9	61.4	59.1	58.5	49.8	44.4
Poland	41.8	41.3	41.1	41.3	47.1	46.6	32.0	86.1	107.0	128.0	137.6
Portugal	72.8	61.4	50.7	45.4	38.5	33.2	35.3	37.9	46.9	61.4	93.2
Russia	281.6	279.9	187.8	214.9	290.6	350.7	443.1	425.0	388.6	393.1	365.0
Slovak Republic	7.4	5.1	4.2	3.8	2.9	2.5	2.4	3.8	3.6	2.9	2.9
Slovenia	28.0	27.3	12.7	10.7	12.2	11.6	11.3	12.6	13.8	15.6	24.1
Spain	567.4	365.4	330.3	335.9	272.5	248.4	264.5	290.0	352.2	454.4	560.0
Sweden	83.3	83.8	79.0	75.9	82.6	95.4	106.1	113.9	143.0	125.0	114.4
Switzerland	157.3	132.4	134.2	142.5	143.8	155.4	152.1	150.4	143.1	137.8	140.1
Turkey	..	..	29.9	..	..	..	..	..	273.9	364.6	466.9
United Kingdom	456.0	430.0	459.0	453.0	383.0	406.0	504.0	481.0	455.0	520.0	486.5
United States	1 107.1	1 130.8	1 042.6	1 062.0	1 031.6	990.6	1 016.5	1 051.0	1 183.5	1 127.2	1 096.6

