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### **Challenges and Opportunities of International Migration for the EU, Its Member States, Neighboring Countries and Regions: A Policy Note**

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# **Challenges and Opportunities of International Migration for the EU, Its Member States, Neighboring Countries and Regions: A Policy Note<sup>\*</sup>**

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Human Development Network  
Social Protection Hub

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## **Abstract**

The policy note aims at identifying key challenges and opportunities for future migration policy, including win-win solutions that would allow sending and receiving countries in and around Europe to benefit most from geographic mobility of people. The note

1. highlights demographic, economic and political gaps explaining international migration;
2. explores the main options for the EU member states and reviews the experiences of traditional countries of immigration;
3. investigates the implications of a pro-active recruitment approach, including the impacts on both sending and receiving countries;
4. discusses development implications for sending countries;
5. sketches the institutional requirements and necessary changes to move toward win-win solutions, identifying areas of potential cooperation between sending and receiving countries.

The policy note concludes with a short summary and an outlook on open questions.

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## Executive Summary

This paper aims at identifying key challenges and opportunities, including win-win solutions that would allow sending and receiving countries in and around Europe to benefit most from geographic mobility of people. The mission of the World Bank is poverty reduction with a focus on economic and social development in low and middle income countries, the Bank's client countries. This development focus also determines the approach for this text on international migration. Formulating mutually benefiting strategies, however, requires also the identification of interests and potential advantages of migration for high income countries, the Bank's sponsor countries. To this end the text seeks a balanced approach in the identification of challenges and opportunities for both sending and receiving countries of migration flows. The note provides a framework for further consideration and research but not firm answers to the issues raised.

Today Europe is home or host to a fifth of the world's migrant population. This almost equals the size of the foreign-born population in the US. Migration to Europe – mostly originating from the geographic vicinity – is related to major economic, demographic and political gaps between the EU and neighboring regions. While the EU is a relatively wealthy and politically stable world region with an aging and eventually shrinking population, neighboring countries to the south and southeast are much poorer and politically less stable, but have young and growing populations. In this situation migration from the poorer but demographically growing to the richer but demographically stagnating societies is almost inevitable. The first question therefore is how to manage – not how to prevent – migration to Europe.

In any case such migration might be in the interest of sending countries wanting to reduce pressure on their labor markets and to avoid the underutilization of skills. Sending countries also have a growing interest in remittances generated by their migrant diaspora. For some countries such remittances have become a major source of capital. At the same time such migration may be in the interest of the EU and its member states as a means to reduce current and future shortages of labor and skills.

Migration should be seen as a partial answer to both surplus labor supply in sending countries and aging and eventually shrinking domestic work forces in Europe. Migration can only play such a role if Europe is able to attract migrants with needed skill levels; and if these migrants have access to formal labor markets. To this end Europe will have to develop a comprehensive migration policy that incorporates selection and admission procedures for people who qualify for economic reasons as temporary migrants or as permanent immigrants. Europe might also be in need of unskilled migrants. And Europe may have to pay more attention to the development of skills and qualifications in potential sending countries: for example by co-financing parts of the education system. This may counterbalance possible negative effects for sending countries linked to brain drain.

Experiences of traditional countries of immigration – in particular Australia, Canada and New Zealand – should be analyzed and adapted. In this context the EU and its member states also have to review and improve measures and rights facilitating the integration of long-term migrants and arrangements regulating access of migrants to social security benefits and services such as education and health.

Higher attention should also be paid to the transferability of social insurance and benefits of migrants who return to their countries of origin, in particular health and pension benefits.

A permanent dialogue between the EU and sending countries could explore the possibility of cooperation in various migration-related fields. In principle sending and receiving countries have a common interest to explore win-win solutions that allow not only the countries and economies involved but also the migrants themselves to gain from geographic mobility of labor and skills. Issues for such a dialogue could be joint border management, agreements on visa regimes and labor permits, orderly departure and safe travel arrangements, living and working conditions of migrant workers and permanent immigrants, brain drain and skill formation, transferability and portability of claims towards social security, dual citizenship, channels and average costs of remittances. Such migration-related issues might also become elements of future trade, cooperation and association agreements between the EU and third countries.

All attempts to develop and implement coherent migration regimes as well as integration and citizenship policies need public support among domestic populations and polities of sending and receiving societies. It is therefore necessary to explain why and how shaping – not preventing – future migration to Europe, influencing the composition of the migrants, and incorporating those who will – and should – stay for an extended period of time can be managed in the best interest of both migrants and Europeans themselves.

# Part I Background and Options

## 1 *The Challenges of Demographic, Economic, and Political Gaps*

Europe<sup>1</sup> is home or host to 36-39 million international migrants, about 8 percent of its population.<sup>2</sup> Some 33–35 million migrants have taken up residence in one of the 15 states that constituted the EU until recent enlargement (EU 15). The 10 new member states host about 1.5 million permanent or long-term residents who are foreign born.<sup>3</sup> In absolute terms, Europe's immigrant population is about the same size as the number of immigrants in the United States. Europe has become one of the main destinations on the world map of international migration. From a historical perspective, this is a relatively new phenomenon.

After having been primarily countries of emigration for more than two centuries, during the last 50 years, all countries of Western Europe gradually became destinations for international migrants (table 3). Several of the new EU member states in Central Europe also follow that pattern.<sup>4</sup> The Czech Republic, Hungary, Slovakia, and Slovenia already have a positive migration balance (table 4). It is very likely that, sooner or later, this will be the case in other new EU member states. Many Europeans, however, still do not see their homelands as destinations for immigration. Today, this contrafactual perception of demographic realities has become an obstacle to the development and implementation of proactive migration regimes.

International migration is certainly increasing on a global scale (see table 5), and the causes and underlying processes that have led to this shift from emigration to immigration in Europe are manifold. The most important causes are related to the considerable economic, social, and political imbalances that characterize the gap between relatively rich, democratic, and stable but aging societies in Europe and the much poorer, less stable, but youthful and demographically growing societies in neighboring and other world regions.

### 1.1 *Demographic Imbalances*

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1. Defined as the EU-25; Iceland, Liechtenstein, and Norway (European Economic Area [EEA]); and Switzerland, with 467 million inhabitants (table 4).

2. Official statistics in many European countries do not consider population by place of birth but by citizenship. Naturalized immigrants are therefore not always statistically "visible," and native-born children with foreign citizenship remain in the "foreigner" category if at birth they acquire only their parents' citizenship. In the decade 1992-2001 some 5,855,000 people were naturalized in EU 15 (OECD/ Sopemi 2004). Bringing them into the picture is crucial in order to fully understand the quantitative impact of migration and to analyze the social and economic status of Europe's immigrant population. Table 1 in the annex details the stock of legal foreign residents and statistically identified immigrants (i.e. foreign-born residents) in EU 15 according to various data sources; table 2 shows foreign labor in absolute numbers and as a percentage of the total labor force in selected European countries. For a detailed analysis of migrants and legal foreign residents in EU 15 see Münz and Fassmann (2004).

3. About 1.7 million migrants live in Liechtenstein, Norway, and Switzerland.

4. The new EU member states in Central Europe and the Mediterranean have a total population of 74 million.

Europe's demographic situation is characterized by low fertility, an increasing life expectancy, and overall by a projected shrinking of populations in the decades to come. This contrasts with the neighboring south and southeastern regions, where fertility is much higher, albeit declining, life expectancy is also increasing, and overall population is projected to continue to grow at a high pace. Low fertility and increasing life expectancy in Europe both reverse the age pyramid, leading to a shrinking number of younger people, an aging work force, and an increasing number and share of older people.<sup>5</sup> According to Eurostat data and projections by the United Nations, Western and Central Europe's<sup>6</sup> total population size will remain stable during the next 20 years (2000: 464 million, 2003: 467 million, 2025: 466 million) and start to decrease only during the following decades (by 2050, 442 million). But in the absence of massive recruitment of economically active migrants, the number of people between ages 15 and 64 will decrease from 312 million (2000) to 295 million (or -5.5 percent) until 2025 and to 251 million (-19.6 percent) by 2050.

During the same period, the number of people older than 65 in Western and Central Europe will increase from 73 million (2000) to 104 million by 2025 (+42.5 percent) and then at a slower pace to 125 million in 2050 (+71.0 percent). As a result the old age dependency ratio (population 65+/population 15-65) is likely to increase from 23 percent (2000) to 35 percent (2025) and 45-50 percent (2050).

The situation in Eastern Europe, the Balkans, Turkey, and Central Asia (EECA-20)<sup>7</sup> is similar to the one in the EU-25. In the EECA-20, the population will also remain stable during the next 25 years (in 2000, 405 million; by 2025, 407 million) and then start to decrease during the following decades (by 2050, 381 million; -6.2 percent). Continuing population growth is expected for Azerbaijan, Turkey, and most parts of Central Asia, but most Balkan countries, Russia, and Ukraine face considerable demographic decline.<sup>8</sup> In the EECA-20, the number of people between ages 15 and 64 will slightly increase from 270 million (in 2000) to 277 million in 2025 (+2.6 percent) and then rapidly decrease to 235 million (-13 percent) in 2050.

In contrast, the situation in Europe's southern and southeastern neighbors (the Middle East, North Africa, and the Gulf states [MENA-20])<sup>9</sup> is characterized by higher—but declining—fertility, rising life expectancy, and sustained demographic growth. Total population in the MENA-20 will grow steadily from 316 million in 2000 to 492 million by 2025 (+55.7 percent) and to 638 million by 2050 (+102.0 percent). During this period, the number of people between ages 15 and 64 will more than double, from 187 million in 2000 to 323 million by 2025 (+72.7 percent) and continue to grow at almost the same rate to 417 million by 2050 (+123.0 percent).

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5. For an illustration of projected population changes across regions and age groups, see figures 1 and 2.

6. The 28 EU+EEA countries and Switzerland.

7. The EECA-20 countries consist of Albania, Armenia, Azerbaijan, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Georgia, Kazakhstan, Kyrgyz Rep., Macedonia, Moldova, Romania, Russian Fed., Serbia-Montenegro (including Kosovo), Tajikistan, Turkey, Turkmenistan, Ukraine, Uzbekistan; see table 7.

8. Some EECA-20 countries—for example, Armenia, Bulgaria, and Romania—already have a declining population.

9. The MENA-20 countries consist of Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestinian Territories (West Bank and Gaza), Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, Yemen; see table 7.

At the same time, this region also faces an aging problem. Its population over age 65 will grow from 13 million in 2000) to 31 million in 2025 (+148.0 percent) and to 82 million in 2050 (+556.0 percent).<sup>10</sup>

## 1.2 Labor Force

The change in the economically active population, however, will be smaller than the projected changes for the 15–64 age group, because only 60–80 percent of this age group are currently employed or self-employed (table 6). After 2010, Western and Central Europe (the EU-25) can expect a decrease in the active population. Until 2025, the decrease will be –16 million (figure 3). During the same period (2000–25), the active or job-seeking population will still increase by 7 million people in the EECA-20 and by 93 million in the MENA-20.<sup>11</sup> In the EECA-20, this increase will mainly take place in Turkey and Central Asia; in countries such as Bulgaria, Serbia and Montenegro,<sup>12</sup> Moldavia, and Romania the active or job-seeking population is already shrinking.

Throughout the 21st century, Europe will be confronted with a rapidly shrinking (native) work force (–46 million until 2050; figure 4) while the potentially active population will continue to grow in Europe’s southern and southeastern neighbors (+157 million until 2050 for the MENA-20) and in Turkey and parts of Central Asia (EECA-20 overall: –28 million until 2050; Turkey: +17 million; rest of EECA: -45 million).

For Europe the main challenge is the changing ratio between economically active and retired persons. With a projected employment rate of 70%, the number of employed persons per persons aged 65 and over will decline from 2.7 in 2010, to some 2.2 in 2020, to 1.8 in 2030 and to only 1.5 in 2040. If, after reaching the so-called Lisbon target, the employment rate were to rise further to 75% between 2010 and 2020, the decline in this ratio would be attenuated, reaching 2.4 in 2020

In North Africa and the Middle East the main challenge is to absorb those currently unemployed and those entering the labor market during the next two decades. In order to fully cope with this challenge the MENA-20 countries would have to create 45 million new jobs until 2010 and more than 100 million until 2025 while Europe is confronted with choices concerning higher pensionable age, higher labor force participation of women, and the recruitment of immigrants. The current labor market conditions in many MENA-20 countries raise doubts whether these economies will be able to absorb the significant expansion of the labor force. As a consequence of persistent, large-scale unemployment in many MENA-20 countries, migration pressures on the contracting labor markets in Europe will increase.

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10. Data from the United Nations Common Database.

11. Data from authors’ own calculations, based on projections from the International Labour Organisation (ILO) Economically Active Population database and United Nations Population Division (2003).

12. Without Kosovo.

### 1.3 *Economic Imbalances*

Economic indicators clearly show two things: the large gap between Europe and neighboring world regions, but also considerable heterogeneity within these regions. The maximum ratio of per capita income between the richest European and poorest MENA-20 country is 82:1; for the regional per capita averages, the ratio still amounts to almost 7:1.<sup>13</sup>

In 2000, Western and Central Europe (the EU-25, the EEA, and Switzerland) had 465 million inhabitants, with an average per capita gross domestic product (GDP) US\$ 19,000, ranging in Western Europe from US\$ 42,000 (Luxembourg) to US\$ 11,000 (Portugal) and in the new EU member states from US\$ 9,400 (Slovenia) to US\$ 3,200 (Latvia). The EECA-20 region had 402 million inhabitants, with an average per capita GDP of US\$ 1,600, ranging from US\$ 4,600 (Croatia) and US\$ 2,100–2,200 (Russian Federation, Turkey) to a mere US\$ 170 (Tajikistan). The Middle East and North Africa in 2000 were home to 313 million people, with an average per capita GDP of US\$ 2,600 per year. In the Gulf states, the average per capita GDP is close to European levels (US\$ 11,000), but the region also comprises low-income countries such as Morocco (US\$ 1,200), Syria (US\$ 1,100), and Yemen (US\$ 500; see table 7).<sup>14</sup>

### 1.4 *Political Stability and Rule of Law*

Political, ethnic, or religious conflicts exist in all world regions compared in this note. But as asylum and displacement figures show, only some of these conflicts create migration pressure, which explains, at least in part, the annual inflow of some 400,000–450,000 people<sup>15</sup> seeking asylum in Europe.<sup>16</sup> A ranking of all EU+EEA, EECA, and MENA countries according to a political stability indicator and a rule of law indicator may serve as a proxy for the level of individually perceived insecurity.<sup>17</sup> Despite all the possible imperfections in the constructions of such indicators, the exercise indicates differences in political stability, the human rights situation, and the general rule of law between Europe and neighboring regions, with the EU countries at the top of the score, most Eastern European and Balkan countries in the medium range, and many of the MENA countries in the lower segments.

In Europe, all 25 EU member states are characterized by a high degree of political stability and a general rule of law. In contrast, the populations of several countries in the Balkans, the Caucasus, and Central Asia, as well as in North Africa and the Middle East, are confronted with some degree of political instability (or the prospects of such instability occurring) and no universal rule of law. This may significantly reduce individual security and hence impact the decision to remain in the country of origin or to emigrate. Besides the economic and demographic arguments,

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13. At current exchange rates.

14. Data from the United Nations Common Database.

16. For the last 14 years, the lowest figure was 260,100 (in 1996), the highest was 698,600 (in 1992; see table 11).

15. In 2000–03, Afghanistan, Iraq, the Russian Federation (in particular, Chechnya), Serbia and Montenegro/Kosovo, and Turkey were the most important countries of origin of people seeking asylum in Europe. See United Nations High Commissioner for Refugees (2004)

17. The expected value of the indicator across all countries worldwide is 0, with a standard deviation of 1. For further information on how the indicator is constructed, see Kaufmann (et al. 2003).

the political and human rights imbalance adds yet another dimension to such decisions and therefore has to be taken into account when considering the realities of wider Europe's current and future migration flows.

### *1.5 Conclusions*

These imbalances explain why Europe is and will continue to be a major destination for migrants, even in times of slow economic growth, high domestic unemployment in many EU countries, and growing efforts to control and eventually reduce the inflow of asylum seekers and regular and irregular labor migrants. In 2001 alone, some 1.47 million new immigrants lawfully took residence or claimed asylum in one of the 15 EU member states.<sup>18</sup> On average, the annual net gain from migration of the EU-15 is just over 1 million people per year (about 2.2 per 1,000), which explains four-fifths of Europe's population growth (tables 3, 4).

Even if economic conditions in the sending countries were to improve, one should not expect the economic push factors to disappear quickly. The current levels of economic growth and job creation in sending countries in the wider Europe (in particular, MENA and Central Asia) and other parts of the world with migratory links to Europe (for example, Sub-Saharan Africa, South Asia) are not sufficient to absorb the projected demographic growth and, in particular, growth of the labor force in these countries. Large cohorts will try to enter the labor market during the coming years, while unemployment and underemployment are already high.

One also has to bear in mind that the majority of migrants either do not come from the lowest-income countries, but rather from the middle-income countries, or they come from low-income countries but have a middle-class background. It seems that emigration only occurs once a certain level of development has been reached, which allows a first generation of potential emigrants to acquire the necessary means for leaving their home country. Therefore, a successful development process could in the short run lead to an increase in migration rather than a decrease—the so-called migration hump—before having a lasting impact on the outflow of people.<sup>19</sup>

## **2 Migration: An Important Issue for the EU, Its Member States, and Neighboring Countries**

Various reasons cause the countries in Europe's vicinity to be the main sending countries and EU member states to be the main receiving countries. Key issues are sketched in this section and elaborated later in this note.

### *2.1 Trade, Capital Flows, and Migration*

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16. See Organisation for Economic Co-operation and Development (2004).

19. For an overview of current research and activities of relevant stakeholders on issues, causes and effects of international migration and international cooperation on migration issues, see Tamas (2003).

Intensified trade relations, as in EU partnerships with neighboring and developing countries, have been put forward as a substitute for interregional migration and indeed as a means of containing mass migration from poorer to richer countries. In fact, international economics textbooks describe trade, capital flows, and the mobility of labor as (perfect) substitutes to achieve factor price equalization. Furthermore, increased trade is expected to lead to higher growth—in particular in poorer countries—and the ensuing economic convergence should reduce the incentives for migration. Yet research on trade and migration suggests that trade liberalization and migration control are not substitute policies, at least not in the short term. On the contrary, there are strong indications that both are complements, particularly if trade liberalization happens between richer and significantly poorer countries.<sup>20</sup> At least initially, migration pressure may surge or not be reduced substantially, as has been shown by the aftermath of the North American Free Trade Agreement (NAFTA).<sup>21</sup> Furthermore, there are convincing claims that overall welfare gains from liberalization of labor flows are expected to be far higher than any effects from full liberalization of trade.

## 2.2 *Brain Drain, Brain Gain, or Brain Waste?*

Data from the Organisation for Economic Co-operation and Development (OECD) suggests that 20–30 percent of all physicians in the United States, Canada, and the United Kingdom earned their degrees abroad—in the majority of cases, in developing countries. These countries are estimated to supply more than 50 percent of all migrating physicians but receive only a little more than 10 percent through return migration of former medical students educated in Europe and North America.<sup>22</sup> Analysis carried out by the World Bank also shows that by 2000, some 60 percent of East Asian adults living in the United States had attended college or graduate school in their home country.<sup>23</sup> This could be seen as a substantial subsidy by sending countries' publicly funded education systems for more developed receiving countries.

However, it has been argued that the anticipation of such opportunities could increase the number of people interested in higher education. Because many of them ultimately do not emigrate, human capital formation could be stimulated.<sup>24</sup>

It is as yet undecided whether and under what conditions international migration causes brain drain that is detrimental to the economic and social development of particular sending countries or under what conditions it leads to circulation of skills, their improvement, and eventual later return while high unemployment at home would lead to a considerable underuse of these skills and therefore eventually to “brain waste.” Whatever the actual results are, certain sending countries and nongovernmental organizations have accused receiving countries of “skimming off” skills while severely damaging certain sectors of sending countries—in particular, the health care sector.

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20. Faini (et al. 1999).

21. See Papademetriou (2004).

22. See OECD (2002).

23. See Lucas (2001).

24. See Stark (et al. 1998).

For a certain number of countries, it could be argued that the emigration of skilled people ultimately leads to higher remittances that more than compensate for the net loss. Recent estimates for India suggest that in 2001, fiscal loss due to emigration amounted to a maximum of 0.6 percent of Indian GDP, and the total value of remittances equaled 2.1 percent of GDP.<sup>25</sup>

### 2.3 *Remittances*

Remittances are a core topic related to international migration, and the World Bank as well as the Hamburg Institute of International Economics are actively engaging in research to document both the magnitude and the direction of flows and to determine the impact of remittances on development. An assessment of documented flows shows their substantial increase during the 1990s (table 8 and figure 10) and indicates that their total volume has become substantially larger than the combined total of public and private official development assistance (ODA).

Empirical evidence suggests that remittances have a positive impact on poverty reduction.<sup>26</sup> Some of the EU's main foreign labor sources (countries such as Turkey, Tunisia, Morocco, and Albania), as well as India, are major receiving countries of remittances (table 9). Among the EU countries, France and Germany are the main sources of official remittances, which are mainly channeled by money transfer providers. It has to be stressed, though, that official numbers can be assumed to be substantially underreported, because there are no data available on the extent of unofficial remittances. As a result of the high costs of official money transfers, migrant communities quickly develop parallel and alternative ways of transferring money back home, usually based on informal personal and ethnic networks. It is often conjectured that such networks can eventually be abused for money laundering and other illegal activities, including financing terrorism.

### 2.4 *Demographic Aging and Skills Shortages*

In all countries of Western Europe, as well as in all new EU member states, fertility is below replacement level while life expectancy continues to grow. Both trends contribute to the aging of European societies. Low fertility sooner or later leads to lower numbers of native-born children in the educational system, lower numbers of native-born young adults entering the labor markets with newly acquired skills, an aging domestic work force, and ultimately shrinking native populations. In this context, the recruitment of qualified migrants can be seen as a possible answer to shortages of skills and labor. But Europe would have to compete with traditional and, perhaps, new receiving countries (such as Japan and the Gulf states) for qualified and motivated potential migrants. Europe would therefore have to adapt its migration regime to such competition.

### 2.5 *The Importance of Current Foreign Labor for Europe*

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25. See Desai (et al. 2001).

26. See Adams (2003).

Certain industries and sectors of Europe's economy already rely heavily on foreign labor—for example, health care, agriculture, the tourism industry, and, to a certain extent, construction. Seasonal workers play an important role in many of these sectors (table 10). In many parts of Europe, regular and irregular employment of migrants in households (to do housework, childcare, gardening, small-scale construction and repair) is now a common phenomenon. Such recruitment is not directly related to demographic trends or shortages of skills but rather reflects unstable, unattractive, or low-paid segments of formal and informal labor markets where either vacancies cannot be filled “from within” or domestic labor is substituted by regular and irregular migrant workers.

## *2.6 Political Emphasis on Immigration Restriction*

In most countries of Europe today, public concern has brought about a political emphasis on immigration restriction, if not prevention, on the assumption that the social and fiscal costs (and therefore also political costs) of immigration may outweigh its benefits. Recent terrorist activities in Europe and the United States have intensified security concerns. The opposite is true for most sending countries. There, emigration is seen as an opportunity for the mobile segment of society, a relief for domestic labor markets, and a major source of national as well as individual income through remittances from successful migrants. This creates considerable disincentives for sending countries to effectively police their borders, insist on orderly departure and transit, and repatriate their citizens from abroad. At the same time, EU member states allocate more resources for the control of their external EU/Schengen borders, processing of asylum seekers, and repatriation of third-country nationals without entitlement to residency.

These efforts of EU member states to control (and through this control, to reduce) access to their territory have led to higher “costs of entry” for irregular migrants and asylum seekers. As a result, smuggling and human trafficking have increased dramatically during the last decade, and irregular entry to the Schengen area has become more common at such places as the Canary Islands, the Straits of Gibraltar, Sicily, the Straits of Otranto, Western Thrace, and so on. This also implies that several hundred irregular migrants die each year as a result of unsafe attempts to enter or cross EU countries.

## *2.7 Migration Influencing External Relations*

The European Commission recognizes the potential benefits of immigration, but nevertheless is concerned about the consequences of a continued or even accelerated flow of migrants to the EU member states, including the consequences for the developing world. The European Commission therefore sees the necessity to shape its external relations to focus on the root causes of international migration (with the aim of reducing migration pressure) while considerably increasing the migration management capabilities of the EU and its neighboring countries.<sup>27</sup> As a consequence, the EU tries to make migration and readmission an issue in newly negotiated trade and cooperation agreements. The first such agreements including

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27. See European Commission (2002).

particular migration clauses have been concluded with Hong Kong (China), Macao, Sri Lanka, and Albania.

## 2.8 *EU Enlargement*

In the short run, the EU enlargement of May 2004 will probably lead to a certain increase in regular migration from new to old EU/EEA countries. This is mainly due to certain changes and restrictions: Citizens of new EU member states (with the exception of Cyprus and Malta) have no immediate and general access to Western Europe's labor markets, but they have the right to immigrate for educational purposes, family reunion or establishing a business. Some old EU member states, however, are less restrictive than others.<sup>28</sup> Concurrent with EU enlargement, some 750,000 citizens of new EU member states lawfully residing in an old member state have acquired the right to bring in dependent family members (spouses, minor children) without major restrictions. In the immediate future, regular labor migration from new to old EU member states will not play an important role, because many old EU member states have imposed a transitory regime restricting potential migrants' access to their labor markets for the next two to seven years.

The transitory regime granting EU citizens from East Central Europe the right to reside in Western Europe while restricting their access to national labor markets could be interpreted as an invitation to engage temporarily in irregular economic activities. Furthermore restrictions during this transitional period will eventually lead to an increased migration of mobile and ambitious people from Central Europe to traditional immigration countries overseas, which could be seen as a potential loss for Europe.

Data from a recent Eurobarometer survey<sup>29</sup> and a series of other studies<sup>30</sup> show that only 1 percent of the population of the new EU member states in Central Europe express firm intentions to migrate to another country. Furthermore, experience from the Mediterranean states in the 1980s suggests that emigration is more likely to decrease than increase after EU accession of countries with below-average GDP and a negative migration balance, as the examples of Greece, Ireland, Southern Italy, Portugal, and Spain show.<sup>31</sup> Finally, mobility studies within the EU reveal that although 8 percent of the EU population indicated intentions to migrate within the next 5 years, only 4 percent have actually done so within the past 10 years, implying that intentions of spatial mobility are actually more widespread than the actual number of mobile people.<sup>32</sup>

In the medium and long run, however, the new EU member states of the accession rounds 2004 and 2007 do not have the demographic potential for large-scale emigration to Western Europe, because most of them have more rapidly aging and eventually shrinking populations. Economic growth after EU accession and the

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28. From 2004 to 2006, citizens of new EU member states have access to the labor markets of Denmark, Ireland, the Netherlands (contingent), Sweden, and the United Kingdom.

29. See Krieger (2004).

30. See Alvarez-Plata (et al. 2004), Fassmann and Münz (2002).

31. For example, annual emigration from Spain into other EU countries fell from 200,000 in 1970 and 120,000 by the end of 1970s to substantially lower levels in the early 1990s.

32. See Krieger (2004).

effects of EU regional funds will not only reduce emigration pressure but will sooner or later turn Central Europe into an area of immigration. A number of countries in this region already have a positive migration balance.

### **3 Main Options**

In light of the trends and points mentioned, it is worth considering how to manage economically motivated migration, as well as that induced by catastrophes or persecution, and assess some of the social and economic consequences for both receiving and sending countries and for the migrants themselves. Europe has several options that can be highlighted briefly.

#### *3.1 Continuation of the Status Quo*

Today, most of the long-term inflow to the EU-25 is linked to three “gates of entry:” family unification, asylum, and co-ethnic return migration. These three components explain up to 85 percent of recent long-term inflows into Northern and Northwestern Europe, while Southern Europe still attracts a larger share of regular and, in particular, irregular labor migrants. But in most of the old 15 EU member states, admission for humanitarian reasons is more important than admission for economic reasons.<sup>33</sup> Economic recruitment continues to play a dominant role in temporary and short-term migration (for example, trainees, temporary labor migrants and seasonal workers).

This structure of inflows is similar to the situation in the United States where family migration also prevails over economically motivated admission, with one important difference: Unlike in the United States, which gives all legal immigrants immediate access to its labor market, many of the long-term immigrants settling in Europe have either no legal access to the labor market or do not manage to enter the labor market, which leads to below-average labor force participation and higher unemployment of foreign immigrants on the one hand<sup>34</sup> and, on the other hand, to above-average involvement of immigrants in activities related to irregular labor and service markets. The latter clearly indicates that there is and continues to be a gap—apparently a widening gap—between reality and the immigration and residency laws, and it hints at a suboptimal selection of immigrants. At the same time, an apparently growing number of migrants enter Europe as tourists or illegally and become part of the irregular work force. Their actual size is unknown. But recent amnesties and regularization programs (1995-2003) have allowed some 2.5 million irregular migrants to adjust their status.<sup>35</sup>

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33. For the composition of recent immigration to Europe see European Commission/ Directorate General Employment and Social Affairs (2003) and OECD (2004). For an economic analysis of the root causes of asylum seeking in Europe and the effectiveness of stricter policies during the 1990s, see Hatton (2004).

34. See Münz and Fassmann (2004); European Commission/Directorate General Employment and Social Affairs (2003).

35. See Apap (et al. 2000), Papademetriou (et al. 2004).

Europe continues to experience the outflow of considerable numbers of highly qualified younger citizens to the United States and other traditional countries of immigration (TCIs), which can be seen as a substantial brain gain for these countries.

### 3.2 *Tighter Controls*

One way of reducing the disparities among existing immigration, residency and asylum laws, and the reality created by migration could be an attempt to further enforce controls both at the external EU/Schengen borders and internally, particularly at work sites. This would probably lead to reduced legal inflows, but there may be a shift from regular to irregular migration. Such a conclusion could be drawn, with some caution, from the example of the United States during the 1990s and early 21st century.<sup>36</sup> Never before had the United States put so much effort in policing its borders (particularly its southern border with Mexico),<sup>37</sup> and never before had there been a higher number of irregular migrants in the United States. In 2000-1, according to estimates based on US census results, the US was home or host to some 6.9 million to 8.5 million irregular migrants.<sup>38</sup> This raises the question of to what extent tightening border controls has a real effect on the quantity and composition of immigration flows, and to what extent it can be considered a symbolic measure trying to address public concern and win support from domestic audiences.

From the viewpoint of a potential migrant, tighter border control measures implemented by otherwise attractive and liberal industrial democracies raise the costs of entry. They force potential migrants to switch to alternative (usually more costly and dangerous) entry routes provided by the growing human smuggling business. Once irregular migrants reach the target countries, they are less likely to return to their home country because of the high reentry costs. Growing fees for smugglers increase the potential for exploitation of migrant workers. Highly skilled labor, facing such limitations, may decide to migrate to other foreign destinations, leading to adverse selection for countries implementing tighter controls.

### 3.3 *Proactive Recruitment*

The economic, demographic, and political imbalances described above make it less likely that immigration to Europe will be significantly reduced. The reverse might be true. Increasing globalization and interdependence could further enhance international labor mobility. In this situation, the EU and the economies and societies of its member states could try to gain more from migration by opening new possibilities for a systematic and proactive recruitment of skilled migrants and opening their economies to lawfully admitted migrants. In this respect, strategies of

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36. See "INS: Is Gatekeeper Working?" (2000).

37. See Cornelius (2001).

38. Although the number of irregular migrants identified via U.S. Census results (6.9–8.5 million; see Grodziak and Martin 2004, Passel 2002) is a stock figure, it is estimated that up to 5 million of these people came during the 1990s. A large number of those who arrived earlier got a chance to legalize their status on the basis of the 1986 U.S. Immigration Reform and Control Act (IRCA) leading to the regularization of 2.8 million irregular foreign residents. In Europe recent amnesties and regularization efforts granted some 2.5 million irregular migrants (1995-2003) some form of residence permit. For regularization in Europe and the US see Papademetriou (et al. 2004) and Apap (et al. 2000).

TCIs—namely, Australia, Canada, New Zealand, and the United States—can serve as a benchmark.

#### **4 The Experiences of TCIs**

Australia, Canada, New Zealand, and the United States are the most important TCIs.<sup>39</sup> In 2001–02, they had a combined total foreign-born population of some 46.4 million people. The United States had by far the largest foreign-born population (35.0 million), followed by Canada (5.8 million), Australia (4.7 million), and New Zealand (0.9 million). But the share of the foreign-born was highest in Australia (24.3 percent), followed by New Zealand (22.2 percent) and Canada (18.6 percent). In the United States, this share is only 12.4 percent (table 12), a size comparable to the foreign-born population of some European countries.<sup>40</sup>

In 2001, these four TCIs admitted some 1.45 million permanent legal immigrants altogether (table 12). In relative terms, the admission was highest in New Zealand (12.7 per 1,000), followed by Canada (7.3 per 1,000) and Australia (5.3 per 1,000). The United States had the lowest admission rate (3.7 per 1,000).

In contrast to many parts of Europe, these four countries see immigration as a permanent process. Therefore, each country has created an immigration system that admits temporary migrants and permanent immigrants in a deliberate fashion that takes into account managed migration, balancing economic considerations, family reunion, and international humanitarian obligations. All four countries admit the majority of their immigrants through procedures and criteria that are clearly defined in advance, relatively transparent, and from time to time up for review. In Australia, Canada, and New Zealand, the proactive migration regimes are designed to screen and admit a certain proportion of new immigrants (see table 13) to augment their labor force with skills valued by the receiving country. But immigrants admitted for other reasons—to rejoin family or as refugees—are usually also expected to become economically active.

All four countries distinguish between temporary residence permits and permanent immigrant status. Temporary visas are granted to foreign students and certain categories of labor migrants. Permanent status is granted to the core group of labor migrants, rejoining family members, and people admitted for humanitarian reasons (refugees, recognized asylum seekers).<sup>41</sup> Recruitment of economic migrants is organized through employment-based admissions,<sup>42</sup> labor market testing, selection via a points system,<sup>43</sup> or change of status from temporary to permanent residence.

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39. Several other TCIs (for example, Argentina, Brazil, Chile, and South Africa) are no longer attracting large numbers of immigrants.

40. For example, Austria, Belgium, Germany, Greece, and Switzerland.

41. In certain cases in the past, the United States granted only so-called temporary protection status—for example, to people fleeing the civil wars in El Salvador and Haiti. However, most of these immigrants later managed to obtain permanent status.

42. Canada does not admit permanent immigrants sponsored by particular employers but, like Australia and New Zealand, awards additional points if somebody applying within the framework of the points system has a job offer from a Canadian employer.

43. The United States does not have a points system for admission.

Admission of permanent migrants based on economic considerations plays a very prominent role in Canada (63 percent of all permanent immigrants) and New Zealand (54 percent), but is somewhat less important in Australia (37 percent) and the United States (21 percent; table 13).<sup>44</sup> Australia, Canada, and New Zealand implement selection via a points system. These systems award points to applicants according to their individual and sociodemographic characteristics—mainly for education and training, professional experience, linguistic skills,<sup>45</sup> and age—and to a lesser extent for prior studies or work experience or both in the receiving country, family members already residing in that country, and some other criteria. Additional points are awarded if the applicant has a job offer from a domestic employer (table 14). In 2003, the passing mark for successful applications through the points system was 75 percent (of all points possible) in Canada, 63 percent in Australia, and 59 percent in New Zealand (table 14). Such differences may reflect differential preferences of potential migrants for these three countries. The United States has no admission via a points system but selects some of its economic migrants (up to 50,000 per year) through a diversity lottery. Eligible applicants for this lottery must demonstrate a certain level of education.

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44. Including admission via diversity lottery.

45. This applies only to Australia (for English) and Canada (for English and French).

## Part II Becoming Proactive

### 5 *Proactive Recruitment—a Problem for the EU in Need of Reframing?*

Today, most regular migrants settling in Europe enter as dependent family members, privileged coethnic or conational migrants, or asylum seekers.<sup>46</sup> In the majority of cases, legal entry to one of the 25 EU member states is based on human rights (asylum, family reunion) or ethnic solidarity but to a much lesser extent on economic considerations. Over the next decade, however, the EU and its member states will have a vital interest in developing a proactive migration policy that goes beyond coping with existing migration pressure from neighboring regions. The main reason for this is Europe's aging population and its potentially shrinking domestic work force.

In the 21st century, most countries of Europe will have to recruit highly skilled and maybe also semi-skilled immigrants. In this field, the EU and its member states will have to compete with both traditional and new countries of immigration. This is a new phenomenon: For most of its modern history, Europe was the world region with the highest number of overseas emigrants, whereas mass immigration to most countries of Western Europe<sup>47</sup> set in only after World War II or, in Central Europe, is only about to start.<sup>48</sup>

Opening economically motivated "gates of entry" might in part reduce pressure in the asylum and family reunion "gates." But it would primarily change the composition of migrants and may well lead to both more and better qualified migrants.

To attract qualified potential migrants, select them according to Europe's needs, and integrate them economically as well as socially, the EU and its member states will have to embrace cultural and institutional changes. First, future immigration would have to be understood as a permanent process and no longer as a short-term reaction to shortages on domestic labor markets or humanitarian crises abroad. Second, future immigration should possibly be seen as a managed process. This requires the introduction of efficient and transparent selection criteria and admission systems based on a combination of principal and discretionary decisions in favor of or against individual applications, certain categories of potential applicants, or both. Third, the implemented criteria and systems should be flexible enough to be adapted if empirical evidence shows constraintentional or adverse selection effects. Finally, proactive recruitment from third countries should be coupled with measures to increase mobility between EU member states. This requires not only a higher compatibility of social security systems but also freedom of movement for third-

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46. See OECD (2004).

47. Exceptions are France and Switzerland, which started to recruit foreign labor and naturalize immigrants on a larger scale in the 19th century.

48. Countries such as Albania, Bulgaria, Poland, Romania, Slovakia and Slovenia have not yet experienced any major inflows.

country nationals lawfully residing in one EU member state but so far not entitled to settle and work in any other EU member state.<sup>49</sup>

## **6 Impact on Receiving Countries**

The potential impact of a proactive migration policy on the EU and its member states is manifold but not fully predictable.<sup>50</sup> Under optimal conditions, the EU and its member states could first and foremost expect a positive impact on economic output in both absolute and in per capita terms. It is obvious that an increase in the population should have positive effects on supply capacity and demand, which will result in output gains. What is more important, though, is that one may also expect additional momentum for productivity growth—and therefore per capita income—from increased migration of qualified people and from a certain degree of heterogeneity. It is clear that this requires access to the labor market.

Longitudinal data on recent permanent immigrants in Australia clearly show that 18 months after arrival, those admitted for their skills (employer-sponsored or through the points system) displayed much lower unemployment rates and earned on average much more than those admitted under the family reunion program or for humanitarian reasons (figures 11 and 12).<sup>51</sup> Macroeconomic forecasts project additional fiscal gains from taxes and social security contributions of migrants in the order of \$A30 billion by 2014, generated to a large extent by the skilled immigrants.<sup>52</sup>

The United States may serve as another example in this respect. Productivity growth in the United States outpaced EU productivity growth throughout the 1990s, and it can be assumed that the constant inflow of young, highly motivated, and possibly innovative migrants from other world regions accounted for some part of the U.S. success story.

It is in the interest of the EU and its member states to reap some of the skills that are available worldwide and benefit from the “brain circulation” induced by international migration. The intention of a proactive migration policy is to compete for the skilled labor potentially ready to migrate, thus ensuring that the EU economy catches up with other economies like the United States in terms of innovation and competitiveness. A dynamic economy requires not only innovation and the accumulation of human capital, but also competitive wages in the low-skilled labor segment. Such wages allow migrants—particularly unskilled migrants—to enter formal labor markets, and they should also make it easier to fight irregular and illegal labor markets.

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49. These recommendations are in line with findings of the Independent High-Level Study Group (2003).

For a proposal of a more coordinated pensions system in Europe, see Holzmann (2004).

50. The impact of migrants on the receiving country and its economy is well researched in the United States, but much less is known about this impact in Europe because of a lack of systematic research. Results of such research, however, would be necessary to understand this impact, which is likely to be dependent on both the policy regime in the receiving country and the characteristics of migrants. This is also a topic which requires further—especially cross-national—research.

51. See Australian Department of Immigration and Multicultural and Indigenous Affairs (2003).

52. See Econtech (2004).

Different types of labor competition in the low-skilled sector can be distinguished. First, there are sectors in which migrants do not compete with domestic labor. Without migrants accepting a particular (lower) wage or without them having access to formal and informal labor markets, no additional economic activity would unfold in these sectors. As a result, employment is created that would not exist otherwise. Both the domestic employer and the migrants are better off, and domestic labor is not affected.<sup>53</sup> Examples of sectors in this category are services provided in households (care for children and the elderly, cooking, cleaning, gardening) and the agricultural sector (fruit picking and other methods of harvesting).

Second, there are numerous sectors in which foreign labor does compete with domestic labor and where this competition has a potentially negative effect on wages paid to the domestic work force, occupational welfare, and general work conditions. For this reason, receiving countries have to take measures that protect both the domestic work force and new immigrants from unfair competition as a result of unequal labor costs due to informal work arrangements, the potential lack of respect for existing labor codes, and the lack of social security coverage for migrants.

Furthermore, if migrant workers lack the skills to rapidly adapt to employer demands or adjust to changing labor market conditions, immigration can potentially increase welfare program costs. Preferably, the host country would not only admit migrants for a particular sector that suffers from labor shortages, but also migrants with a high educational level and the necessary language skills and cultural background. Once labor market conditions change, better-educated migrants are able to move to work in other sectors faster than migrants with lower or very specific skills.

Finally, there is also evidence that an economy benefits from a certain level of heterogeneity within its population. A diverse population can comprise entrepreneurs and employees capable of bridging cultural barriers and dealing with particular markets abroad, in command of a large spectrum of languages, and able to add innovations and ideas from various cultural backgrounds. Although recent studies from the United States hint at possible drawbacks from diversity in terms of financing public goods,<sup>54</sup> the importance of ethnic and cultural heterogeneity for innovation and creativity should not be underestimated.

Maintaining cultural heterogeneity created by migration means that immigrants would not be fully assimilated in the mainstream of society, but would maintain cultural differences related to language, religion, social practices, and ethnic background. Recent immigrants to both Europe and TCIs seemingly want to keep a certain level of ethnic or cultural identity that distinguishes them from the majority or the mainstream. Some even reject the idea that immigration requires cultural integration. Also, a growing proportion of the general public in Europe tends to see migrants as a challenge to their own culture and values. In this context, cultural identity and the defense of such identities tend to become more important for both native majorities and immigrant minorities.

As a result, more attention has to be given to policies dealing with cultural diversity and cultural integration in receiving countries. At this time, most EU member

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53. This constitutes a clear case of Pareto improvement and welfare enhancement.

54. See, for example, Alesina and Glaeser (2004).

countries do not have coherent policies dealing with this dimension of international migration. The lively and sometimes bitter debate on the ban against Muslim girls' and/or teacher's head scarves in German and French schools highlights how controversial such policies can be.

The task of dealing with cultural and religious heterogeneity created by migration (as well as with social integration) is mainly left to local governments. Many of them are at times not fully equipped for dealing with such issues and problems. Receiving countries in Europe tend to be more at ease in handling policy responses facilitating language training or economic integration and, to a lesser extent, policy responses to gender issues, religious practices, segregated education, and segregated community life of migrants. Policies in the latter area are often ad hoc, and the legal and institutional systems are often not adapted to deal with such problems.

Better cultural integration and better handling of cultural identity and diversity issues related to migration could have a strong impact on changing the cost-benefit balance of migration for both the receiving society and the migrants. This would require a closer look at best practices promoting cultural integration, mutual tolerance, and the formulation of nonnegotiable principles. Of course, each EU member country has its own framework of inclusion.<sup>55</sup> These frameworks reflect historical factors—in particular, the way these countries evolved into modern nations. This historical path has an important impact on a country's response to migration and its design of policies dealing with the cultures of migrants. Beyond any attempt at incorporation, the importance of ethnic and cultural heterogeneity for innovation and creativity should not be underestimated.

## **7     *Impact on Sending Countries***

Sending countries also face both favorable and adverse consequences from migration. Most sending countries suffer from substantial unemployment or underemployment, thus their governments usually are in favor of out-migration as a means of reducing the aggregate labor force. In rural areas with excess labor supply, migration would lead directly to higher labor use at nonzero wages. In urban areas, however, such a reduction in the aggregate labor force may decrease unemployment or, if labor markets were closer to equilibrium, increase overall wages as labor supply falls while labor demand stays more or less constant. A reduced labor force would also improve the usage of the domestic labor stock as employers intensify their search for scarce labor, promising higher wages and overall increasing the base of the economically active population. Nevertheless, in segmented labor markets where skills are industry specific, the outflow of labor in a particular sector could lead to upward pressure on wages and therefore output prices in that sector only. This would leave the rest of the labor force worse off at unchanged wages but higher consumer prices, in particular for nontradable goods and services.

On average, migrants typically are better educated, younger, and more mobile than the majority in their country of origin. Hence, sending countries may not only

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<sup>55</sup> See Ray (2004).

lose a substantial number of their well-educated domestic work force, but also some of their innovative and motivated youth. Significant out-migration could lead to both a brain drain and a youth drain from poorer countries. However, there are potential benefits, particularly in the form of remittances from successful migrants and skill transfers through returning migrants.

The World Bank has stressed the importance of remittances sent home by workers abroad. The numbers are indeed impressive: official worker's remittances to developing countries amounted to US\$80 billion in 2002 (figure 10 and table 8), a number that is considered substantially underestimated because remittances are often sent through informal channels. It can be assumed that the actual flow is well above US\$100 billion. Remittances constitute an important and stable or even increasing source of income for millions of households in developing countries. Worldwide remittances to low-income countries exceed ODA by far.<sup>56</sup>

The World Bank is conducting substantial research in the fields of migration and remittances. The evidence so far suggests that migration and remittances have a significant positive effect on poverty reduction. An analysis of 74 low- and middle-income countries shows that the share of the emigrant population and the ratio of remittances over GDP both have a statistically significant poverty-reducing effect, that is, a lowering effect on the share of people living on less than US\$ 1 per day.<sup>57</sup>

In addition to remittances, migrants can also have a positive impact on developing countries by starting up small-scale businesses or engaging in other types of investments upon their return to their home country, which could result in a transfer of skills they acquired while living and working abroad. The issue of skill transfers has not yet been explored intensively.

Nevertheless, skill transfers also fall under the broader concept of brain circulation, which is of great concern to the developing world because of the often cited brain drain. The fear is that a proactive migration policy of labor-importing countries will lead to the recruitment of the intellectual elite of the developing world by the developed world. The return on education is low in the developing world, thus more highly educated individuals face considerable incentives to migrate. The data show that migrants typically are well educated, especially if the target country is relatively far away. Low-skilled labor, however, often cannot acquire the necessary means to finance emigration unless the target country is relatively close (as in the case of the United States and Mexico or Spain and Morocco).

The problem of the labor-exporting countries is that they finance the education of their intellectual elite only to see these people leave when they have finished their education. The developing economies cannot reap the benefits and potential spillover effects from the human capital formation they finance, and the governments cannot benefit in terms of public finance because these people leave without paying taxes in their home country. The questions of interest are how much of this evidence is anecdotal, what is the real extent of the brain drain the developing world suffers from, and do these costs associated with brain drain exceed such benefits of migration as remittances and skill transfers.

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56. In 2001, total ODA to developing countries was US\$ 52 billion.

57. See Adams and Page (2003).

The World Bank conducted a study on 24 labor-exporting countries and found that small countries close to large labor-importing regions are most likely to suffer from brain drain. Of the MENA-20 countries, Tunisia and Morocco stand out with a share 33.3 and 43.5 percent, respectively, of their tertiary-educated people living in OECD countries (table 15).<sup>58</sup> Large countries like Egypt suffer less from brain drain because they have a much larger base of tertiary-educated people. The outflow of tertiary-educated migrants seems to be fairly independent of the size of the country, mainly as a result of visa quotas in labor-importing countries, which usually do not reflect the population size of sending countries. In the case of Europe, one therefore would have to look at effects for such countries as Moldova, Morocco, and Tunisia.

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58. See Adams (2003).

## Part III Institutional Requirements and Changes to Move toward Win-Win Solutions

To move toward a win-win situation, policy adjustments and changes in the receiving countries and sending countries—and, perhaps most important, cooperation between them—in a number of key areas are required.

### 8 Areas for Review in Receiving Countries

In pursuit of a proactive migration approach, the EU and its member states will need new recruitment strategies to manage economically motivated migration. To this end, several gates of entry need to be reviewed, which may combine the advantages of existing selection and admission mechanisms already implemented by some of the TCIs: (a) Admissions sponsored by domestic employers, based on labor market testing, or both may be used to make the selection of immigrants sensitive to immediate economic needs. (b) Temporary work programs and student visas will not automatically lead to permanent status but may be used to preselect some of those who later may qualify for permanent status. This makes immigration programs for temporary labor easier to manage and provides better information on potential permanent immigrants, allowing greater selectivity. (c) Admissions based on individual applications and selection via a points system may be considered to bring in young, talented, and highly motivated immigrants with the skills that benefit the economy of the receiving country most. (d) Long-term and permanent immigrants may be allowed (and perhaps even encouraged) to bring family members along, a strategy that may help newcomers integrate more easily. These family members may be given access to the labor markets to maximize potential gains from migration and avoid any unnecessary welfare dependency of newcomers.

Both temporary migrants and permanent immigrants, as well as their children, should benefit from social protection and should have access to services provided by educational and health care institutions in the receiving society on the basis of similar rights and equal treatment.<sup>59</sup> The EU and its member states should also clearly define guiding principles for the social and political integration of long-term or permanent immigrants<sup>60</sup>, offering them some sort of “civic citizenship.”<sup>61</sup> When fulfilling basic residency requirements,<sup>62</sup> they should not only be eligible for naturalization, but also have the right to become citizens of their new country of residence. Wherever acquisition of citizenship via *ius sanguinis* prevails, the children

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59. As stated by the European Council in Tampere (1999): “The legal status of third-country nationals should be approximated to that of Member States’ nationals. A person who has resided in a Member State for a period of time to be determined and who holds a long-term resident permit, should be granted in that Member State a set of uniform rights which are as near as possible to those enjoyed by EU citizens.”

60. The European Council meeting in Thessaloniki (2003) called for “the elaboration of a comprehensive and multidimensional policy on the integration of legally residing third-country nationals.”

61. In its communications on a Community Immigration Policy of November 22, 2000, and on immigration, integration, and employment of June 3, 2003, the commission has further elaborated this idea and has introduced the new term *civic citizenship*.

62. Other requirements, such as mastering the language of the receiving country, having no criminal record, and posing no threat to the public order, may also apply.

of immigrants should have a legal claim to “fast-track” naturalization, particularly if they attended a school in the new country. Integration policies would have to include not only laws facilitating that goal but also targeted measures against discrimination against immigrants and their children.<sup>63</sup>

The selection and admission of migrants based on a proactive migration policy as well as the subsequent integration of long-term immigrants can and will work only if supported by a majority of people in the receiving society. This is not just a matter of legal and institutional change or political declaration. The necessity of such changes has to be communicated along with potential benefits and challenges deriving from a proactive migration regime. And alternatives such as a rise in pensionable age, lower public pensions, or decreasing quality of services provided by the health care sector should be openly discussed.<sup>64</sup>

In most of the old EU member states (EU 15), immigrants from middle and low income countries—in particular from the Maghreb and Turkey— have lower labor force participation rates and higher unemployment rates than natives.<sup>65</sup> This clearly indicates a mismatch between the skills of people migrating to Europe and the requirements of Europe’s formal labor markets. Such gaps are partly related to the predominant gates of entry, that is, asylum and family unification instead of proactive selection and admission. But they are also the result of regulations excluding legal foreign residents from certain sectors of formal labor markets. They also hint at hidden barriers and eventual discrimination. Any successful migration policy must therefore be followed by an active integration policy, otherwise receiving societies can fully profit from neither the complementary labor and skills acquired through migration nor additional tax and social security contributions—and migrants cannot make full use of their talent and skills.

## **9 Areas for Review in Sending Countries**

Sending countries with low per capita income and high unemployment usually are not opposed to the emigration of parts of their population. So far, however, several of them are not putting much emphasis on orderly departure and safe travel arrangements for people leaving their territory. Many sending countries are also reluctant to repatriate nationals who have entered another country without a necessary visa, whose residence permits have expired, or whose claims for asylum have been rejected. Some countries even seem unwilling to help in identifying their nationals abroad and issuing travel documents. Most receiving countries see these as problems that have a negative impact on bilateral relations.

Sending countries should also lobby, wherever necessary, to help their citizens get access to social security (in particular, pension and unemployment

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63. In 2000, two directives on antidiscrimination policies were adopted by the European Council (Council Directive 2000/43/EC and 2000/78/EC). Belgium, Ireland, the Netherlands, Sweden, and the United Kingdom had already developed their own national antidiscrimination legislation before the directives. See Bauböck (2004).

64. This is discussed in Holzmann (forthcoming).

65. See Münz and Fassmann (2004) and European Commission/Directorate General Employment and Social Affairs (2003), chapter 6.

insurance) and to such services as health care and education. By the same token, governments of sending countries should give returning migrants access to social services and social protection at home. These governments should also help returning migrants to keep their claims toward social welfare systems in the countries where they worked as migrants.

Sending countries should also develop an interest in strengthening ties with their emigrants diasporas. This may include preferential treatment for descendants of emigrants and certain political and other rights for emigrants and citizens abroad, including the right to vote; to sell, buy, or inherit property; and to remain citizens of the sending country when naturalizing in the receiving country. In some European countries, the last point is a politically sensitive issue.

## **10 Areas of Cooperation between Sending and Receiving Countries for Win-Win Solutions**

### *10.1 Bilateral Exit and Entry Controls and Joint Recruitment Strategies*

The goal of a comprehensive approach to migration policy outlined in this note is not only to implement proactive elements but also to gain a certain degree of control over the quantity and quality of the migration flow and subsequently reduce illegal immigration. In this context, the cooperation of the EU and its member states with the sending countries is crucial to move toward a regime of orderly departure and arrival and effective entry and exit controls. This also implies action against human trafficking and human smuggling, as well as attempts to decrease the death toll—particularly in the Mediterranean area. Such measures, however, must not force sending countries to impose travel and mobility restrictions on their citizens.

Such measures (in particular, tighter border controls), which effectively increase the entry costs for irregular migrants, are foremost in the interest of the receiving countries. They should therefore be accompanied by a review of visa types, visa allocations, and labor permits to simultaneously decrease the entry costs for legally admitted migrants. In exchange for improved border cooperation, the EU and its member states might offer an attractive number of visa and labor permits for citizens of sending countries. Such a package could contain a combination of temporary and permanent visas and link recruitment of migrants with skill levels, knowledge of language, and other required features.

Labor-exporting countries close to regions attracting large numbers of migrants typically are a main source for unskilled (and often irregular) labor migration. If the EU and its member states wish to reduce irregular migration related to this issue, they should recruit most of the unskilled labor needed to remedy labor shortages in certain sectors from countries with a common border or in the vicinity of the EU. Countries with a small population that are close to labor-importing regions are most likely to suffer considerable brain drain (for example, Albania, Moldova, Morocco, and Tunisia with respect to the EU). It may be in the interest of such countries to try to reduce the outflow of highly skilled and well-educated citizens while negotiating for more generous quotas for their unskilled labor. From their point of view, highly skilled migrants should be recruited from larger countries with an

extensive tertiary-educated population, such as Egypt; and from more distant countries, such as India and China.

Finally, Europe will also need the cooperation of the governments of sending countries for repatriation of migrants who have entered an EU country and the Schengen area without the necessary visa, whose residence permits have expired, or whose claims for asylum have been rejected.

## *10.2 Secure and Enhance Remittance Flows and Access to the Banking System*

Remittances are an important area of potential cooperation between sending and receiving countries. First, governments should aim at securing the flows of remittances by improving the reach of money sent home by migrant workers. Second, in doing so, governments should also try to enhance remittance flows by reducing the fees associated with such transfers. Currently, these fees are relatively high, especially for irregular migrants and migrants without access to a bank account. Lower fees would almost certainly lead to more (official) remittances.

Today, most remittances are relatively small, amounting to less than US\$1,000 annually (figure 9) and to less than US\$100 per transfer. Fees are usually substantial, especially when there are only major money transfer organizations (MTOs)<sup>66</sup> and informal channels available. The MTOs' fees usually exceed 10 percent of the amount sent (figure 7).

There are already various examples of how viable and cheaper alternatives to MTOs and informal channels can be developed. These efforts revolve around banks and credit unions. In countries where alternatives exist because the local banking sector is sufficiently developed, fees are considerably lower (figure 8). A good example is the establishment of a clearinghouse between the U.S. and Mexican banking systems, which greatly improved money transfer procedures between these two countries.

Another example is the introduction of the International Remittance Network (IRnet) by the World Council of Credit Unions (WOCCU) in 2001, which brought together credit unions from the United States and six Central American and Caribbean countries. IRnet was able to reduce average fees for remittances to 2.6 percent. The value of distributed remittances has been growing, from US\$2.5 million in the fourth quarter of 2001 to US\$64 million in the fourth quarter of 2003. In Europe, the National Association of Cooperative Savings and Credit Unions of Poland joined IRnet in 2004.<sup>67</sup>

The driving factors to accomplish fee reductions are cost cuts stemming from network sharing and technological innovation. The upfront costs of establishing money transfer systems with a sufficiently large number of outlets at both the sending and the receiving sides, as well as associated network externalities, result in the money transfer industry tending to display features of imperfect competition, which leads to higher pricing. Regulations to increase competition, subsidies for the

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66. The most important MTOs are Western Union and Money Gram.

67. As described in World Council of Credit Unions (2004).

establishment of new networks, or the encouragement of cooperation between different providers are a few of the available policy options.

It might be interesting to look at the lessons learned from the European experience of reducing transfer fees within the euro zone. Western European banks and credit unions could have a comparative advantage in the money transfer sector—on the one hand, because of their experience with the introduction of the single currency and, on the other hand, because of their acquisitions of banks and joint ventures with banks in Central and Eastern Europe.

Besides securing and enhancing the flows of remittances, it is also necessary to consolidate the flows by engaging in the development of the banking and financial sector of the receiving country. Alongside the exponentially growing market for official remittances, this constitutes a business opportunity for European banks and credit unions. Distributing remittances requires presence in regions where family members of successful migrants live. It can be assumed that many receivers of remittances in these areas do not participate in the banking system. In the case of WOCCU, credit unions at the receiving end actively encourage receivers of remittances to open accounts and saving deposits when they pick up their money. If implemented consistently, such a strategy would help to increase the share of the population that participates in the banking sector, guaranteeing people better access to financial products.<sup>68</sup> Countries might also encourage migrants and their family members to make productive use of remittances beyond consumption, for example, by investing part of the transferred money in housing, health, and education.

Beyond the aim of securing the flow of remittances, there is a general need to give migrants access to checking accounts and financial services—in particular, bank loans. This would help them to set up new businesses and expand existing ones. It would also enhance both economic integration and economic performance of migrants because, on average, they engage more often in entrepreneurial activities than the native-born population. Such activities based on ethnic entrepreneurship and ethnic networks can promote foreign direct investment (FDI), tourism, and trade beneficial to both sending and receiving countries.

### *10.3 Social Protection and Access to Social Services for Migrant Workers*

Governments of sending countries have (or should have) an interest in their citizens being protected against exploitation or unfavorable working conditions and having sufficient access to such social services as health care, education, unemployment insurance, and pension systems while living and working abroad. At the same time, receiving countries are not always willing or prepared to offer full social protection to migrant workers and their families and give them access to social services. Reduced access to welfare provisions is even seen as a policy tool that can make a receiving country less attractive to certain categories of migrants. Also, migrants may not have spent enough time in a particular country to be entitled to claim certain welfare

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68. In the case of Guatemala, where 25 credit unions who are part of WOCCU's IRnet serve more than 500,000 members with 121 points of service in mainly rural areas, nonmember remittance receivers were at first joining at a rate of 14 percent. As business increased, however, less effort could be spent on each walk-in customer. In recent months, nonmember receivers were joining at a rate of only 1 percent.

provisions. In addition, they may have no claim when they return to their country of origin.

In this context, sending and receiving countries should develop mechanisms guaranteeing transferability of social welfare benefits such as pensions and health insurance. Such mechanisms could encourage return migration. An increase in the return rate should also have positive effects on the cost of the health care system. If a migrant who is covered by health insurance in the receiving country returns to his or her country of origin—for example, to settle after retirement—and if he or she claims health care services there, the costs will certainly be lower than claiming the same health care services in the receiving country.

It can be assumed that both return migration of older migrants and some retirement migration among native-born citizens of EU member states will increase in the future. Mediterranean regions with a favorable climate (for example, southern Turkey) could become prime destinations. Again, the EU and its member states have an interest in their citizens being able to claim pensions and health care (eventually at lower costs) in these countries, which adds to the incentives to engage in political dialogue and negotiate bilateral agreements.

#### *10.4 Strengthening Transnational Communities*

In its communication on migration and relations with third countries, the European Commission<sup>69</sup> mentions the strengthening of transnational communities. Enabling migrants to keep ties with their country of origin might have several effects: In any case, it increases economic, social, and cultural ties between Europe and a larger number of countries, thus enhancing economic and other opportunities.

Maintaining loyalty to the former home country, a particular community in this country, or the extended family network may increase the willingness to provide economic support through remittances, as well as invest in the old home country, start business initiatives, engage in political activities, and encourage other engagements of migrants from the country of origin.

Migrant diasporas living in Europe or Australia, Canada, New Zealand, or the United States often support democratization for countries with nondemocratic rule “back home,” and they also serve as pools for alternative elites that may become relevant after political changes. However, diaspora politics might lead to the importation of emerging or existing conflicts among or within former home countries of migrants. Such importation of violent or potentially violent conflicts can become a threat to internal security and public order of declared and undeclared immigration countries, and it could lead to a radicalization within established migrant populations.

#### *10.5 Skill Formation and Codevelopment*

One way of dealing with skills shortages in Europe is the formation of additional skills in neighboring and other world regions. The EU could sponsor training of specifically

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69. See European Commission (2002).

needed skills in schools and universities in the sending countries. Cofinancing of training centers and higher education helps the receiving countries to adjust required skills and respond to labor market changes.<sup>70</sup> The sending country benefits from financial resources that are used for the education of future emigrants as well as additional human capital formation. Improvement of higher education and training may have spillover effects and could also lead to the mutual recognition of tertiary degrees.

Support of educational facilities in neighboring regions would counterbalance potentially negative effects of brain drain for sending countries. It would also make it clear that the recruitment of educated and talented migrants by Europe is not taken as a de facto subsidy from the developing to the industrial world. Another proposal relating to the brain drain problem is to tax expatriates who received their education in the country of origin but left once they finished their education to work and live abroad. However, long-term immigrants should not have to pay higher taxes for comparable income than the native-born population, thus such taxation seems viable only if the receiving countries share a small amount of their tax revenues from migrants with the countries of origin of their immigrant work force.

### *10.6 Trade-Migration Link*

It is often stressed that according to economic theory, trade and migration are substitutes.<sup>71</sup> In that sense, increased trade and the transfer of production facilities to low-income countries could serve as tools to reduce migration flows. But empirical studies are inconclusive as to whether trade and migration actually act as complements or substitutes.<sup>72</sup> In principle, reduction in trade barriers should increase trade, lower the wage differential, and ultimately reduce migration flows. By the same token, reduction of surplus labor through emigration should lead to higher wages in the sending country while lowering the wage level in certain low-skill labor market segments of receiving countries. This would increase the wage inequality within receiving countries. Yet the literature also concludes that under certain assumptions—for example, imperfect competition, differing technologies across countries, and external economies of scale—trade and migration can act as complements. In these cases, migration could eventually lead to a widening in the wage gap between sending and receiving countries and therefore worsen the situation in the sending country, reinforcing migration incentives.

The effects predicted by the Heckscher-Ohlin model probably hold true for migration from Eastern to Western Europe, where migration costs are relatively low and increased trade and FDI already seem to have reduced migration flows considerably.<sup>73</sup> Where migration costs are important and credit constraints are binding for poorer migrants, trade and migration may be complements for low-skilled migrants and substitutes for high-skilled ones—in which case, trade liberalization and

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70. Examples of schools training potential migrants for external labor markets include nursing schools in the Philippines with curricula preparing for work in the health care sector of developed countries and a medical school in Budapest that uses German as the teaching language. These institutions, however, are not financed by third countries that recruit graduates of these schools.

71. Based on the Heckscher-Ohlin model; see Flam and Flander (1991).

72. See Razin and Sadka (1997).

73. See Fassmann and Münz (2000).

higher FDI can affect the skill composition of migrants.<sup>74</sup> Also, complementarity is more likely when migration is driven by networks between migrant populations and communities in sending countries. Such networks can substantially lower trade costs and therefore enhance trade along with migration.<sup>75</sup>

One option to address migration pressures is to encourage certain sectors that suffer from labor shortages to outsource parts of their production to countries with lower wages and a large supply of labor, which usually are also emigration countries. This is obviously a politically highly charged issue, but nevertheless the European Commission mentions it as a viable strategy in its communication on migration and relations with third countries.<sup>76</sup> Sectors with a potential for outsourcing to labor-exporting countries are Europe's and North America's agricultural sector (shielded from competing products by import restrictions and tariff barriers), labor incentive segments of the manufacturing sector, and certain service sectors (for example, call centers, software development, back office work of banks and insurance companies). In practice, such strategies also depend upon Europe's readiness to open EU and EEA markets to agricultural and other products (for example, textiles) that are processed or manufactured in third countries with surplus labor and lower wage costs.

Negotiations on future bilateral and multilateral trade and cooperation agreements between the EU and neighboring or developing countries might well include and regulate both import-export and migration-related issues.<sup>77</sup> Among the latter are migration related to the export of services, mutual recognition of tertiary degrees and other certificates of educational attainment, visa regimes and labor permits, orderly departure and safe travel arrangements, living and working conditions of migrant workers and permanent immigrants, brain drain and skill formation, and transferability of claims toward social security.

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74. This leads to the movement of more unskilled and fewer skilled migrants.

75. As a positive side effect, such networks may also promote FDI, tourism, and other economic as well as civil society-related activities beneficial to the home country.

76. See European Commission (2002).

77. In the past, the Berne Initiative, an intergovernmental forum initiated and hosted by the Swiss government, has tried to promote discussion of the principles that should guide migration management.

For a proposal to extend the European-Mediterranean partnership through migration considerations for mutual benefit, see Diwan and others (2003).

# Part IV Conclusions and Implications

## 11 Conclusions

International migration is caused by major economic, demographic, political, and security gaps between sending and receiving countries. But international migration is also a process with the potential to reduce such gaps. Therefore, sending and receiving countries should explore win-win solutions that allow the countries and economies involved as well as the migrants to gain from geographic mobility of labor and skills.

From a European point of view, immigration should be seen as a partial answer to aging and eventually shrinking domestic societies. Migration can play such a role only if Europe is able to attract migrants with needed skill levels and these migrants have access to formal labor markets and the possibility to establish their own businesses. Europe will have to develop a comprehensive migration policy that balances economic and humanitarian aspects and incorporates selection and admission procedures for people who qualify for economic reasons as temporary migrants or as permanent immigrants. Experiences of TCIs—in particular, Australia, Canada, and New Zealand—should be analyzed and adapted. In this context, the EU and its member states also have to review and improve integration policies and arrangements regulating claims of migrants to social security benefits (including the portability of such claims in case of remigration) and services such as education and health care.

A permanent dialogue between the EU and sending countries could explore the possibility of cooperation in various migration-related fields.<sup>78</sup> Among them are joint border management, visa regimes and labor permits, orderly departure and safe travel arrangements, living and working conditions of migrant workers and permanent immigrants, brain drain and skill formation, cofinancing of educational systems, transferability and portability of claims toward social security, dual citizenship, channels, average costs, and productive use of remittances. Such migration-related issues might also become elements of future trade, cooperation, and association agreements between the EU and third countries.

All attempts to develop and implement coherent migration regimes, as well as integration and citizenship policies, need public support among domestic populations and polities of sending and receiving societies. It is therefore necessary to explain why and how shaping—not preventing—future migration to Europe, influencing the characteristics of the migrants, and incorporating those who will (and should) stay for an extended period can be managed in the best interests of both migrants and Europeans themselves.

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78. The United States and Mexico have installed a permanent binational commission. Among the issues on their binational agenda are border safety, smuggling and trafficking, return of convicted criminals, and the rights of migrant workers. France has similar bilateral consultations with several African countries, for example, Mali and Senegal. Migration issues are also on the agenda of the Regional Migration Conference (the Puebla process), which involves the countries of North and Central America and the Dominican Republic.

Such an implementation and management strategy has short-term and long-term horizons. For example, lowering costs of remittances and securing such flows has an immediate positive impact on migrants and remittance-receiving countries and should be undertaken without delay. On the other side of the timeline, shrinking native populations and work forces in many EU member states will be an issue for the next 15 to 20 years and beyond. But even here, it makes sense to analyze the implications of demographic trends well before they could negatively influence Europe's economic performance and the welfare of its citizens. Sound migration policies responding to such trends will have to be implemented gradually, and some degree of trial and error will be inevitable. Furthermore, if the EU envisages recruitment of skilled migrants in wider Europe and other world regions, the buildup of such skills would be enhanced if people in sending countries can anticipate the possibility of later emigration to Europe. In this context, a long-term migration strategy formulated by the EU and its member states may have a crucial signaling function that could influence both expectations and future investment of individuals in secondary and higher education.

The EU also has to consider to what extent future enlargement (or some form of association) will lead to the integration of countries with growing populations and work forces (for example, Turkey). This would shift some of the challenge from the management of international migration to that of intra-EU mobility. In the medium and long term, however, even an enlarged EU may face the need to attract more migrants from more distant world regions with comparable education systems (for example, South Asia).

## **12 Agenda for Further Research and Analysis**

No sound policy advice can be given and no knowledge base can be expanded in the fields of international migration, immigrant integration and the identification of win-win solutions without accurate data and information. Therefore further research and analytical efforts are necessary in following areas:

- *Improvement of data quality.* Today research and policy making are restricted due to the poor quality and scarce availability of data on certain crucial aspects of migration, particularly the most basic data on the quantity and composition of migration flows and financial data on remittances.
- *Learning from traditional countries of immigration.* Australia, Canada, New Zealand and – to a somewhat smaller extent also – the USA have a long tradition of pro-active recruitment of immigrants. Comparative analysis should focus on these experiences and help to identify pro-active strategies that could be of relevance to Europe.
- *Labor market effects.* The effects of international migration on the labor markets are of major concern to both sending and receiving countries,. Research is needed on the implications of temporary versus permanent migration, skilled versus unskilled migration with the goal of deriving best practices and policy recommendations for migration issues associated with further EU enlargement negotiations, regional agreements on migration and free-trade negotiations at the World Trade Organization.

- *Brain drain.* The emigration of highly skilled workers has been accelerated by the introduction of selective policies in various receiving countries. This is a topic of great concern to low-income and middle-income countries. Further research should help identifying under which circumstances labor-sending countries suffer from the outflow of human capital and under which circumstances the associated remittance flows and skill transfers benefit sending countries.
- *Access to social services and transferability of social benefits and entitlements.* From a research point of view social protection of international migrants is a largely unexplored field. Among the core issues are labor standards, the access of migrant workers to such social services as health care and education, and the transferability of such social benefits as health insurance and entitlement for old-age pension.
- *Social and political integration.* Any successful migration policy must be complemented by an active integration policy, otherwise neither receiving societies nor migrants themselves can fully profit from mobility of labor and skills or the admission of refugees. From a research point of view best practises should be compared. In particular the relation between economic performance, acquisition of citizenship and social integration needs more attention. The question, to what extent naturalization and additional political rights for legal foreign residents are substitutes, is of particular interest.
- *Remittances.* Given the growing importance of remittances as a source of capital for the developing world, high priority should be given to research on the determinants of remittance flows and on best practices for the use of remittances. One particular aim could also be to help reducing remittance fees and evaluate various policies with respect to them.
- *Ties with the diaspora.* Diaspora formation and the ability to maintain functioning networks within the migrant populations can help to encourage skill transfer through return migration of skilled labor, small and medium-size enterprise development through investments of return migrants, and remittance flows in general. The existence of such ties can also induce trade and FDI. In this context the emergence of transnational communities and larger immigrant groups holding dual citizenship are important research topics.
- *Development impact and poverty reduction.* Migration could be seen as an important tool to cope with demand shocks and economic depressions. For a few developing countries, no substantial development may be possible without significant out-migration. Under such circumstances it is desirable to explore best practises of migration management ideally based on cooperation and agreements between sending and receiving countries.

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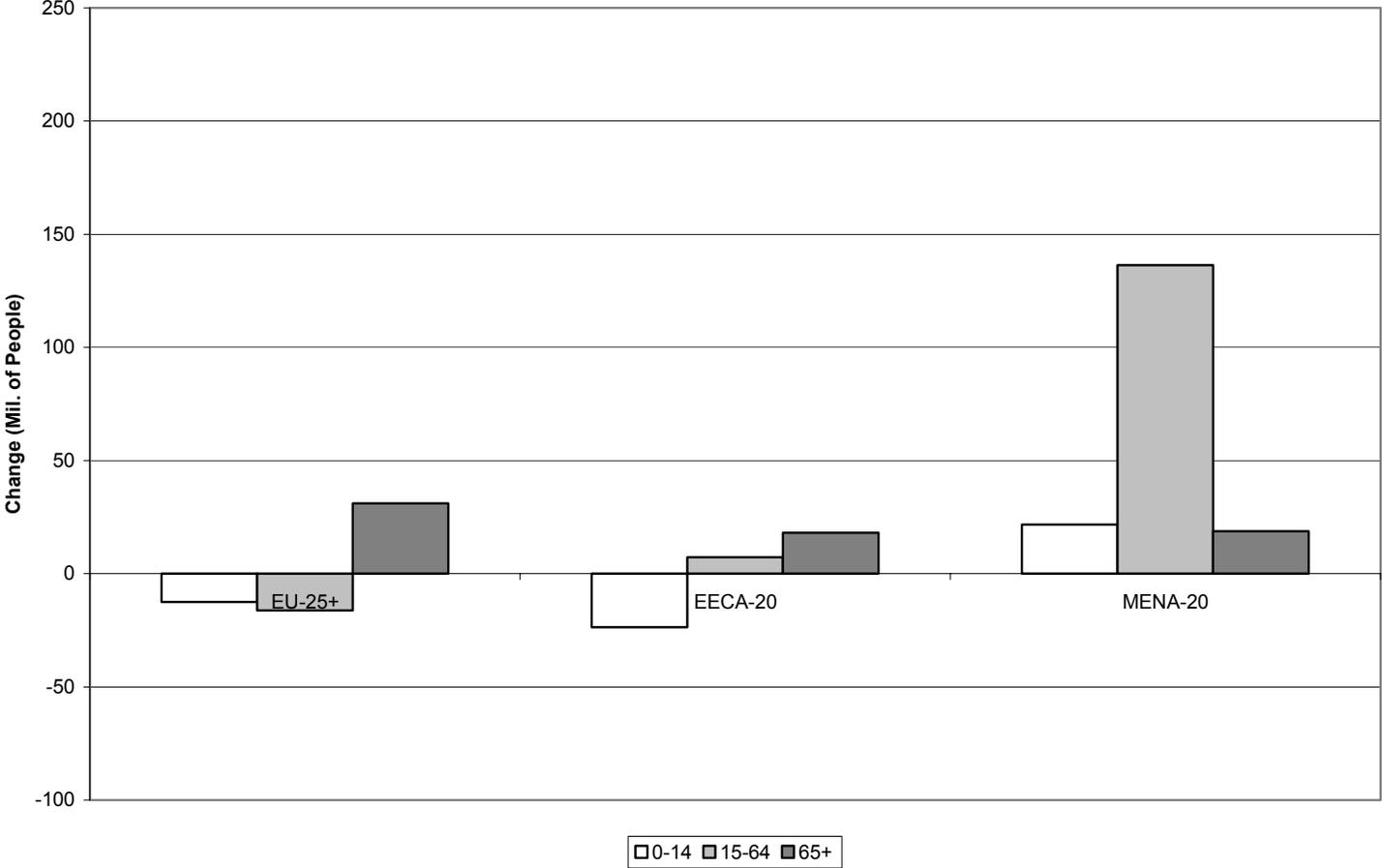
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## Annex: Figures and Tables

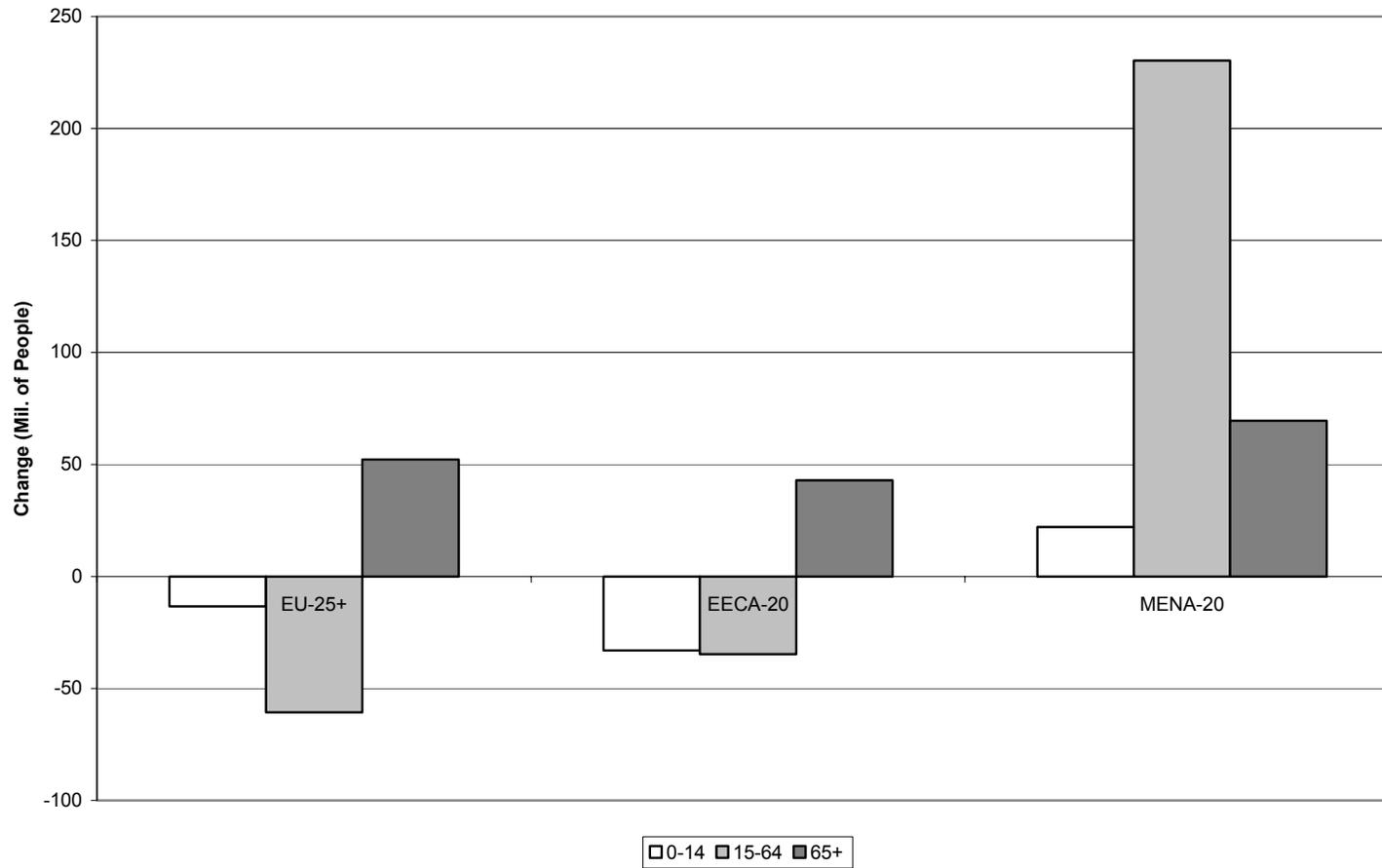
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Figure 1 Population Change from 2000 to 2025, by Age and Region



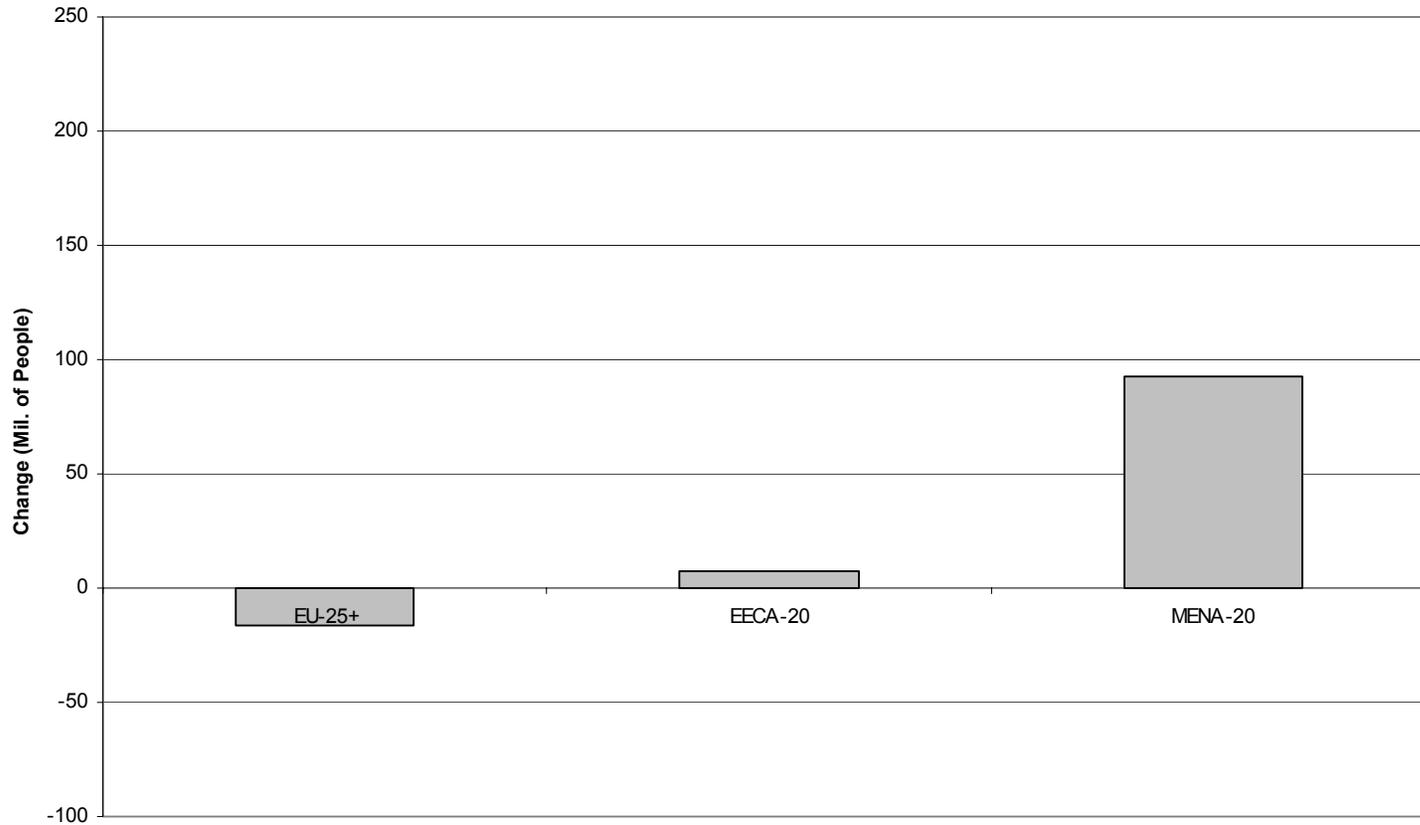
Source: United Nations (U.N.) Common Database.

Figure 2 Population Change from 2000 to 2050, by Age and Region



Source: U.N. Common Database.

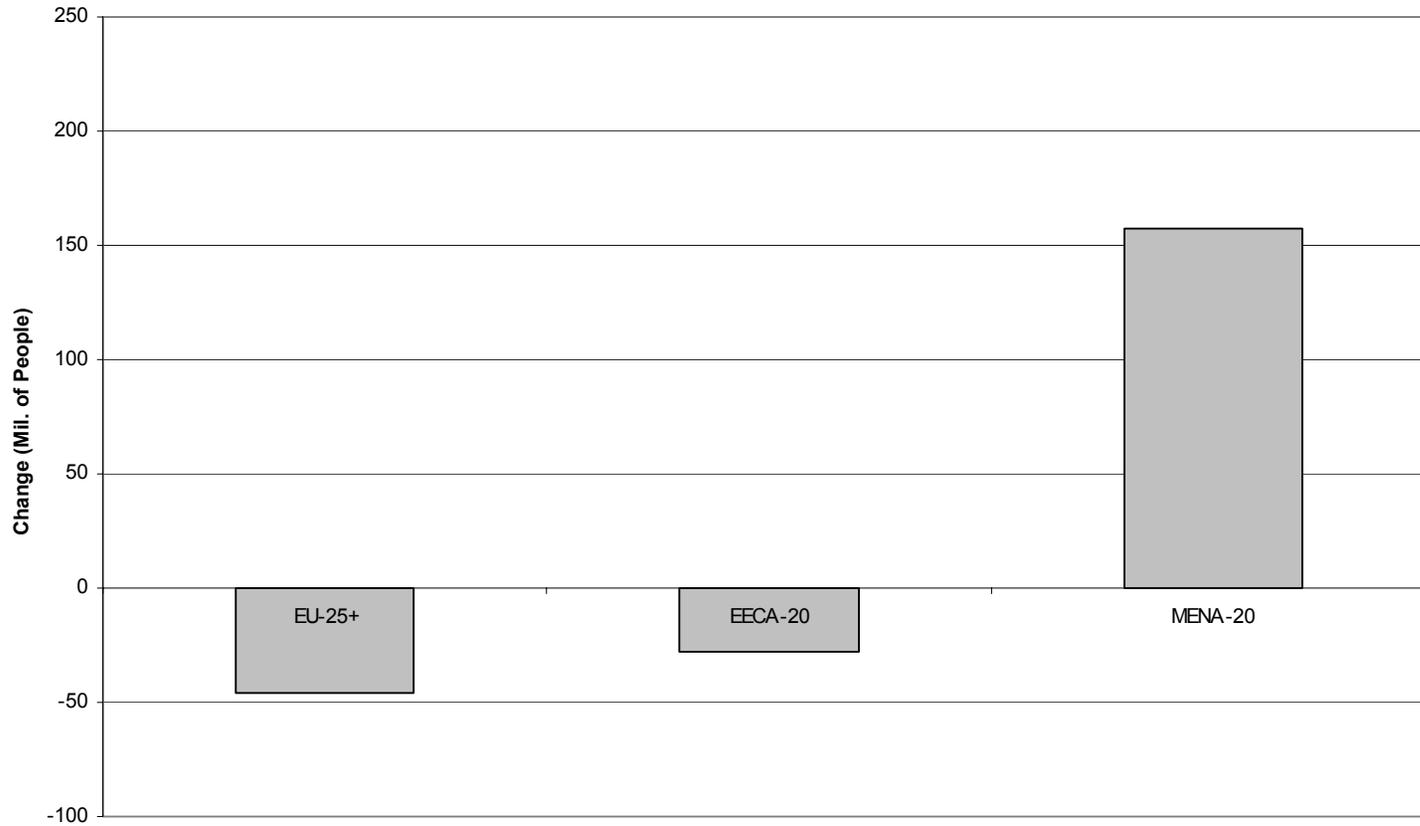
**Figure 3 Change of Economically Active Population from 2000 to 2025, by Region**



*Note:* Authors' own calculations are based on United Nations (U.N.) population projections for 2025 and International Labour Office (ILO) national labor participation rates across sex and age groups for 2010.

*Source:* U.N. Common Database, ILO Economically Active Population database, and authors' own calculations.

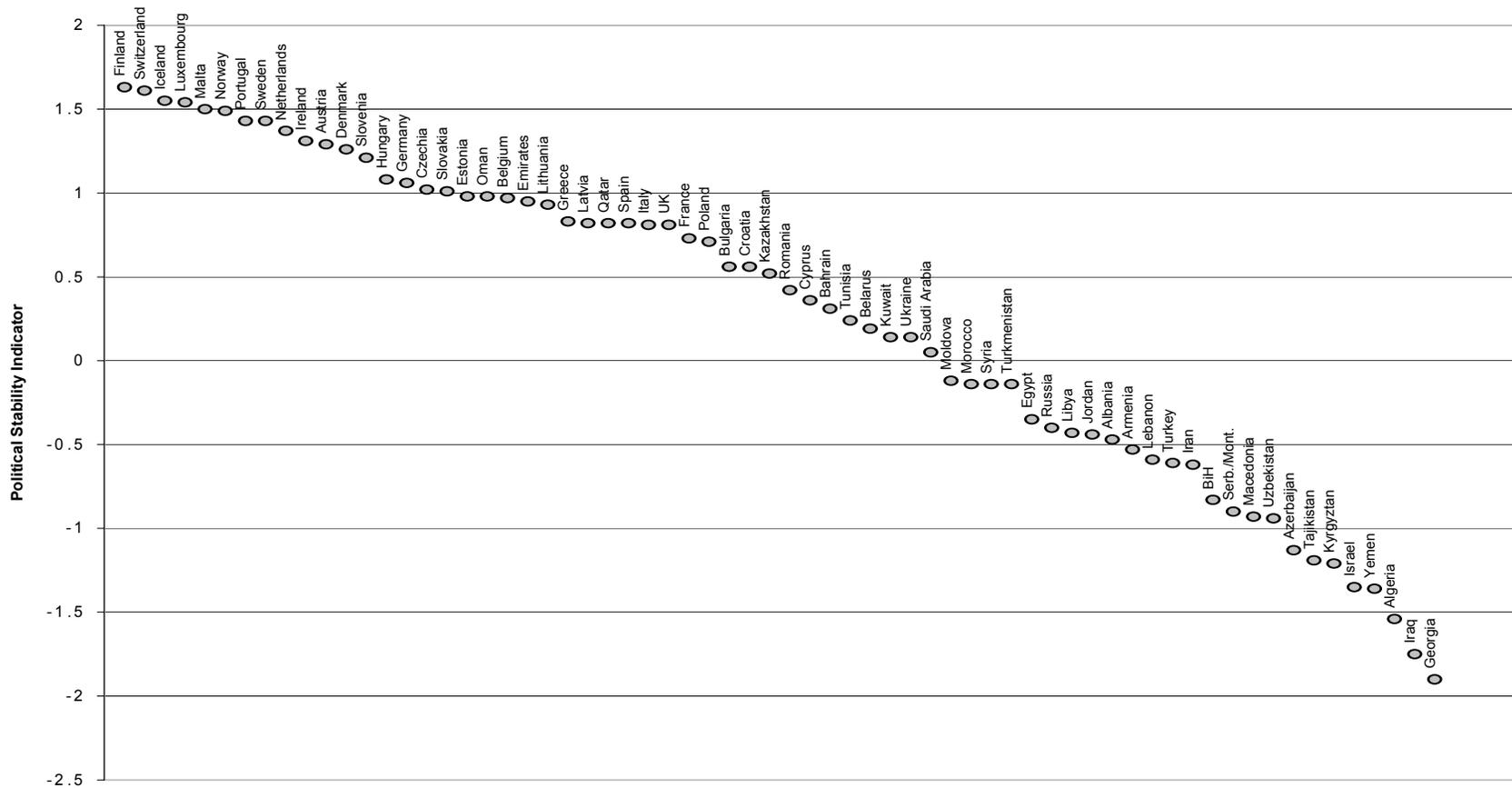
**Figure 4 Change of Economically Active Population from 2000 to 2050, by Region**



*Note:* Authors' own calculations based on U.N. population projections for 2050 and ILO national labor participation rates across sex and age groups for 2010.

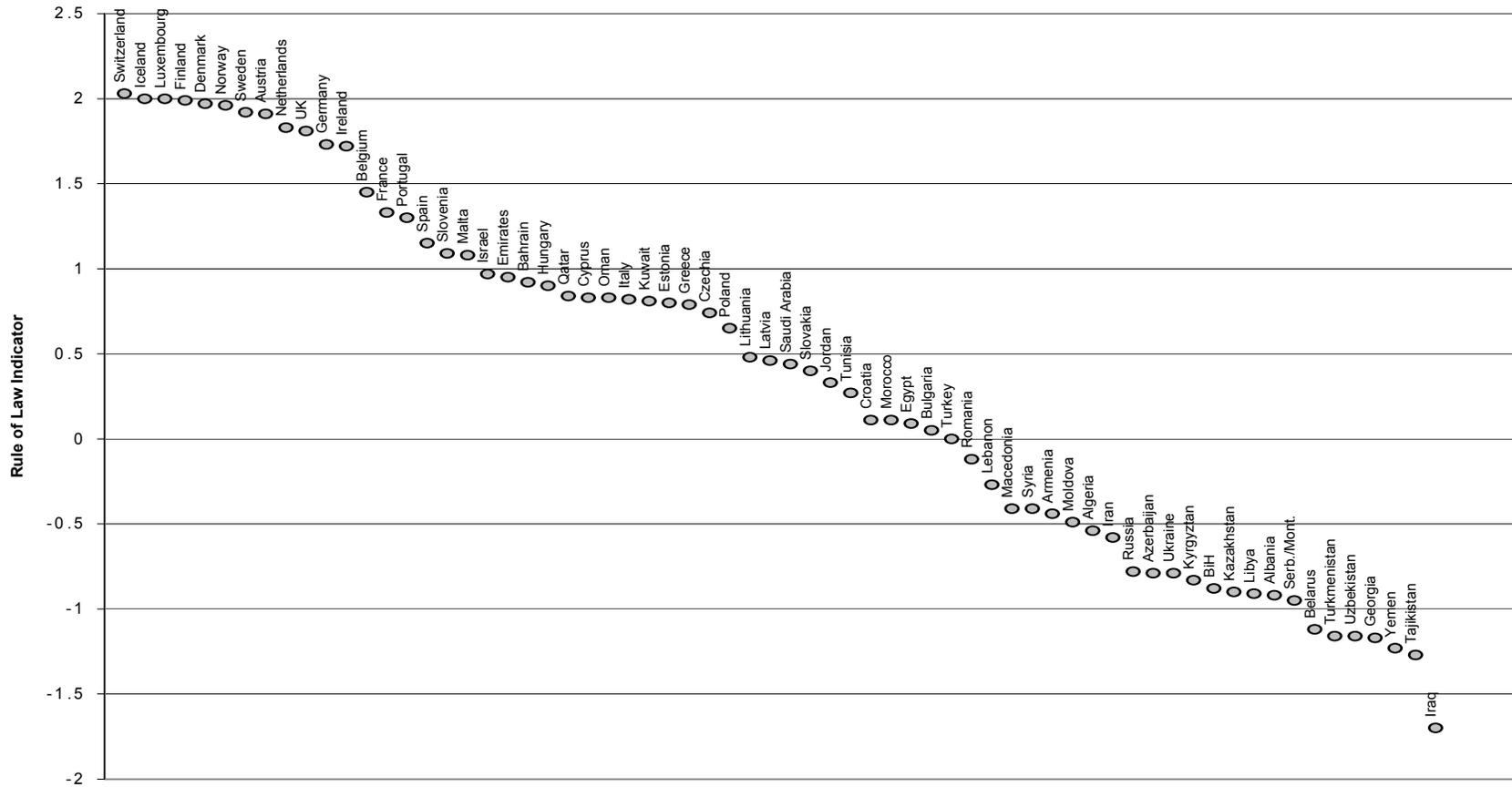
*Source:* U.N. Common Database, ILO Economically Active Population database, and authors' own calculations.

Figure 5 Political Stability across Europe, Central Asia, North Africa, and the Middle East<sup>a</sup>



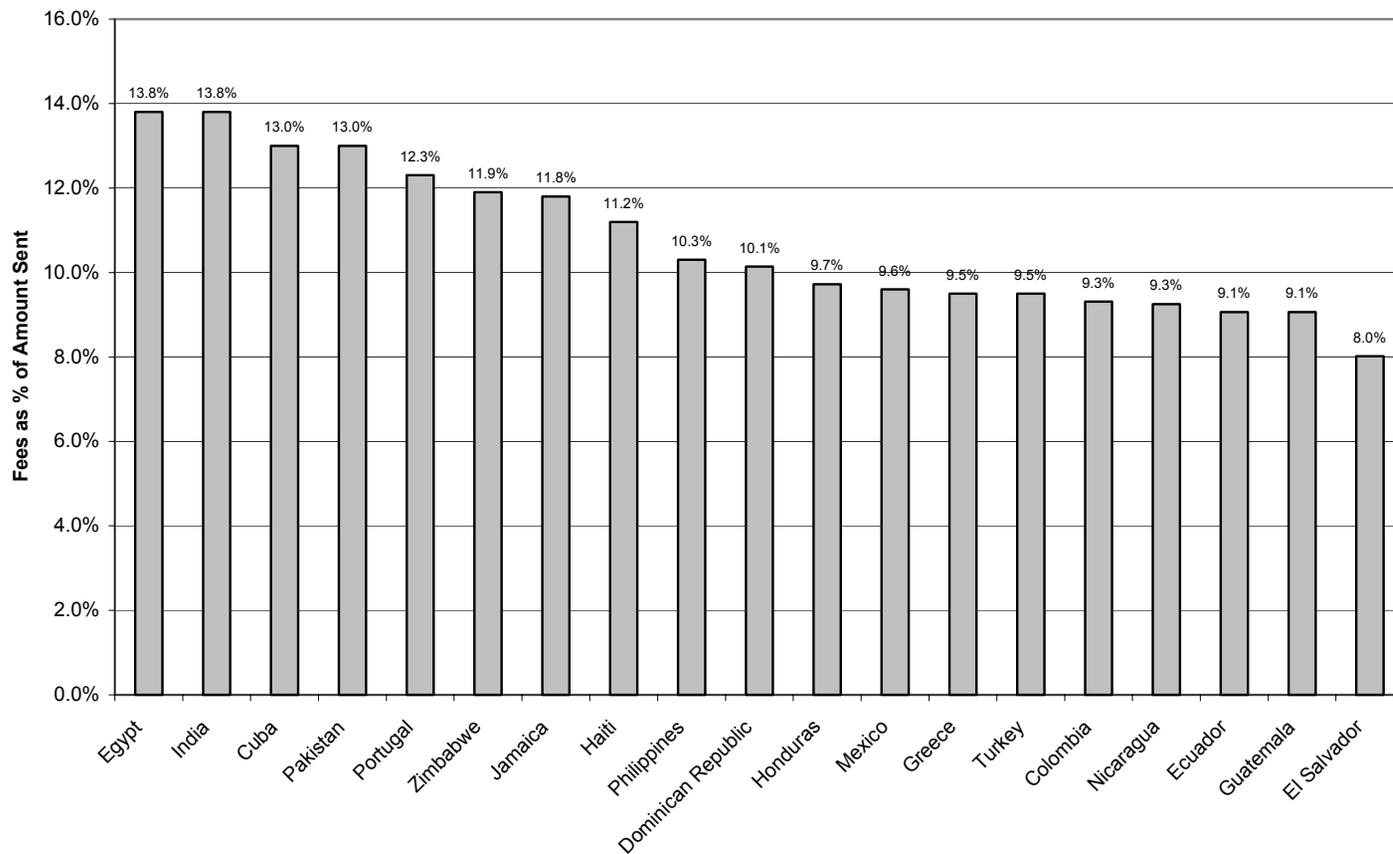
a. Across all countries worldwide, the expected value of the indicator is 0, with a standard deviation of 1.  
 Source: Kaufmann, Kraay, and Mastruzzi (2003).

Figure 6 The Rule of Law across Europe, Central Asia, North Africa, and the Middle East<sup>a</sup>



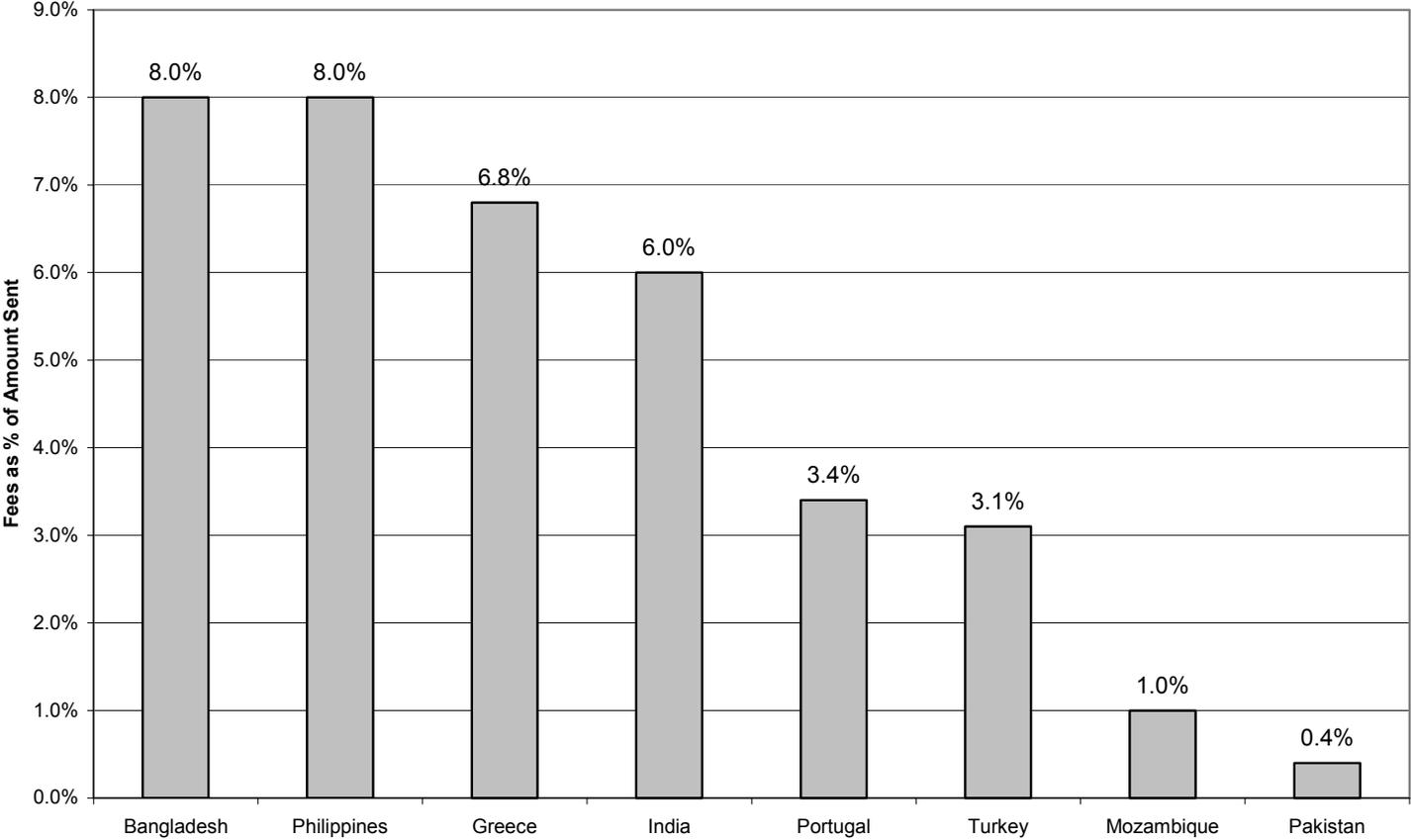
a. Across all countries worldwide, the expected value of the indicator is 0, with a standard deviation of 1.  
 Source: Kaufmann, Kraay, and Mastruzzi (2003).

**Figure 7 Fees to Send US\$200 to Selected Countries from the United States through MTOs**



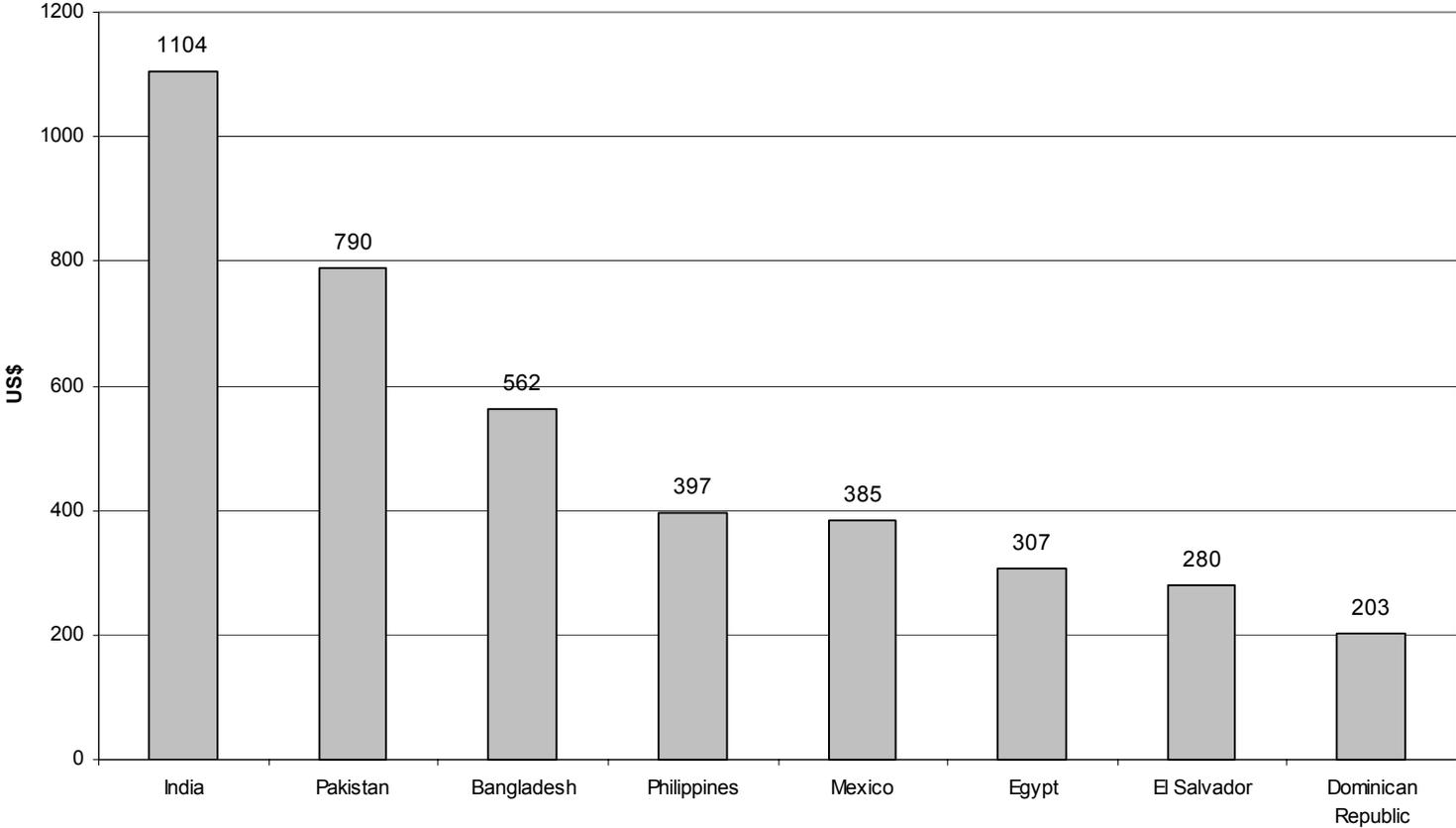
Source: Orozco (2003).

**Figure 8 Fees to Send US\$200 to Selected Countries from the United States through Banks**



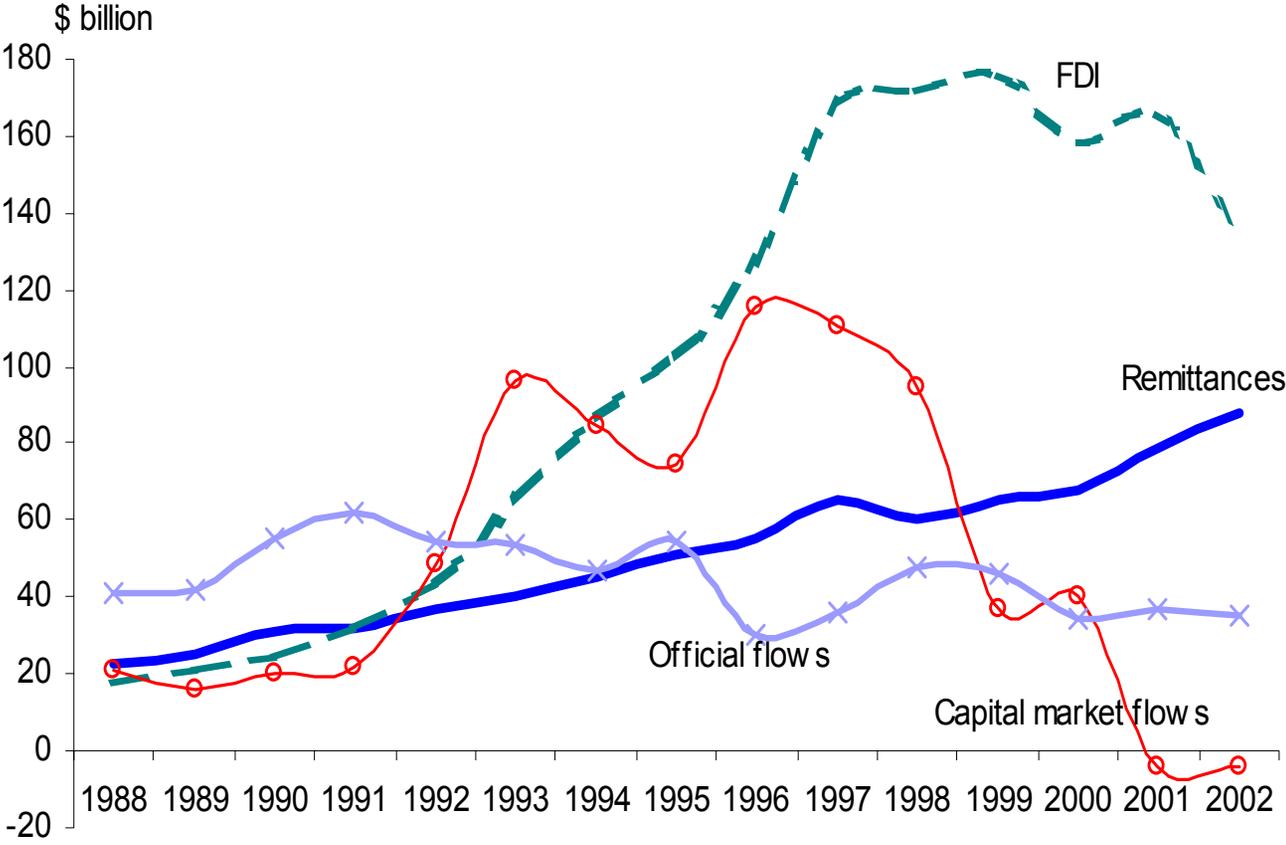
Source: Orozco (2003).

**Figure 9 Average Annual Amounts of Remittances Sent from the United States to Selected Countries (US\$ per capita)**



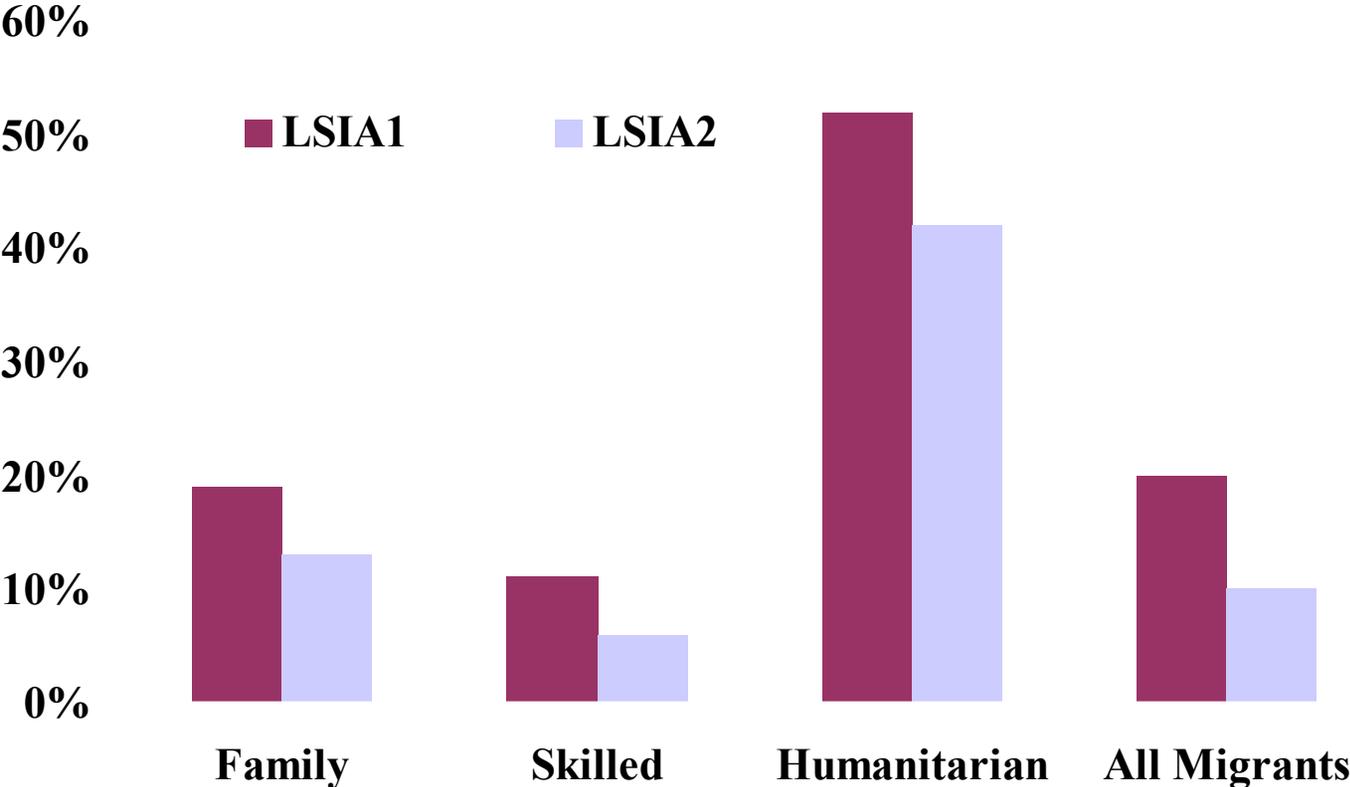
Source: Orozco 2003.

**Figure 10 Migrants' Remittances and Other Transnational Financial Flows to Developing Countries, 1988–2001**  
 (billion US\$)



Source: Ratha (2003).

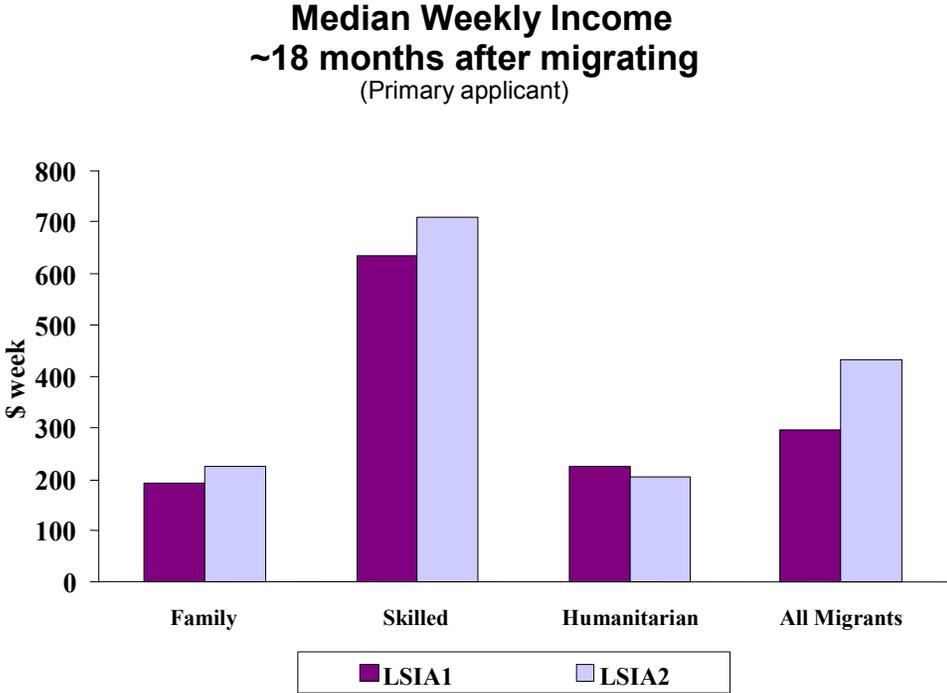
**Figure 11 Unemployment Rates of Australian Immigrants 18 Months after Arrival, by Category of Admission**



*Note:* Longitudinal Survey of Immigrants to Australia (LSIA): LSIA1 refers to immigrants who arrived between September 1993 and August 1995, LSIA2 refers to immigrants who arrived between September 1999 and August 2000.

*Source:* Australian Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) (2003).

Figure 12 Weekly Income of Australian Immigrants 18 Months after Arrival, by Category of Admission



Note: LSIA1 refers to immigrants who arrived between September 1993 and August 1995, LSIA2 refers to immigrants who arrived between September 1999 and August 2000.  
Source: DIMIA (2003).

**Table 1 Total, Foreign Resident and Immigrant Population (EU 15), 2000-2003, Different Data Sources Compared**

EU 15	Total Population, Eurostat (1)	Foreign Resident Population, Chronos DB for 2000	Foreign Resident Population, Sopemi for 2001	Foreign Resident Population with Nationality Known, LFS (2)	Immigrant/Foreign Resident Population, UN for 2000 (3)	Immigrant Population According to National Sources for 2001 (4)	Immigrant Population with Country of Birth Known, LFS (5)	Immigrant Population with Duration of Stay Known, LFS (2)
Belgium	10,356	853	847	784	879	n.a.	974	1,034
Denmark	5,384	256	267	166	304	322	225	227
Germany	82,537	7,344	7,319	5,444	7,349	9,700	n.a.	8,915
Greece	11,018	161	762	362	534	n.a.	489	480
Spain	40,683	801	1,109	450	1,259	2,664	858	664
France (6)	59,629	3,263	3,263	2,724	6,277	5,868	4,605	1,327
Ireland	3,964	127	151	118	310	n.a.	232	263
Italy	57,321	1,271	1,363	n.a.	1,634	2,500	n.a.	511
Luxemburg	448	148	167	161	162	145	127	119
Netherlands	16,193	652	690	555	1,576	1,675	1,179	1,593
Austria	8,067	754	764	695	756	893	899	798
Portugal	10,408	191	224	106	233	n.a.	1,119	1,313
Finland	5,206	88	99	50	134	145	81	86
Sweden	8,941	487	476	295	993	1,028	681	933
UK	59,329	2,298	2,587	2,026	4,029	n.a.	3,307	4,467
Total (N)	379,484	18,692	20,088	13,936	26,429	24,940	14,776	22,730

(1) Eurostat, year end population 2002; (2) LFS 2002; (3) UN Population Division, Data for 2000 or latest available year; (4) Data for Denmark, the Netherlands, Finland and Sweden are from national Population Registers, data for France, Luxemburg, the Netherlands, and Austria are from the most recent national censuses, data for Spain (2003) are from local municipalities' registers, data for Germany are rough estimates based on foreigners registers, naturalization statistics and an Allbus survey estimate for ethnic German *Aussiedler* taking only immigration after 1950 into account (see Münz and Ulrich 2003), data for Italy (2003) are rough estimates based on residency permits (various categories) and an estimate for foreign children not required to hold residency permits (Einaudi 2004); (5) LFS 2002, Data for Germany and Italy are not available; (6) Chronos data, Sopemi data and Census data for France are from 1999.

Source: Münz and Fassmann (2004), EUROSTAT Chronos DB, LFS, OECD/Sopemi, UN Population Division, various national sources

**Table 2 Foreign Labor Force in Selected European Countries in 2000**

	Foreign Labor Force (% of total labor force)	Foreign Labor Force, total
Austria	10.5	398,622
Belgium	8.9	378,243 *
Czech Republic	2.0	115,431
Denmark	3.4	100,076
Finland	1.5	39,109 *
France	6.0	1,603,185
Germany	8.8	3,599,877
Hungary	0.9	43,645
Ireland	3.7	59,619
Italy	3.6	926,271
Luxembourg	57.3	107,091
Netherlands	3.4	248,452 **
Norway	4.9	114,431
Portugal	2.0	101,681
Slovak Republic	0.2	5,864 *
Spain	1.2	211,736 *
Sweden	5.0	239,951
Switzerland	18.3	707,294
United Kingdom	4.4	1,293,649

\* 1999 values

\*\* 1998 values

Source: World Bank, World Development Indicators database.

**Table 3 Net Migration to Western Europe, 1960–2000**

	Annual average		Cumulative net migration			
	1990-2000	1960-2000	1990-2000		1960-2000	
	Per 1000	Per 1000	in 1000	in % of total pop.	in 1000	in % of total pop.
Austria	3.6	1.9	294	3.6	602	7.5
Belgium	1.5	1.0	153	1.5	400	3.9
Denmark	2.5	1.1	129	2.4	226	4.2
Finland	1.3	-0.5	64	1.2	-76	-1.5
France	1.0	1.8	585	1.0	3,855	6.5
Germany	4.4	2.6	3,638	4.4	8,495	10.4
Greece	4.2	1.0	442	4.2	469	4.4
Iceland	-0.4	-1.1	-1	-0.4	-10	-3.5
Ireland	2.4	-1.6	91	2.4	-194	-5.1
Italy	2.0	0.0	1,177	2.0	273	0.5
Luxembourg	10.0	6.5	42	9.7	100	22.8
Netherlands	2.3	1.7	360	2.3	1,004	6.3
Norway	2.0	1.1	88	2.0	186	4.2
Portugal	0.3	-3.4	35	0.4	-1,162	-11.6
Spain	0.9	0.0	358	0.9	72	0.2
Sweden	2.2	2.0	194	2.2	670	7.6
Switzerland	3.3	3.1	235	3.3	804	11.2
U. Kingdom	1.5	0.4	827	1.4	941	1.6

Source: U.N. (2003), Brücker (2002), Laczco and Münz (2003).

**Table 4 Demographic Indicators in Europe, 2003**

	Pop. January 2003	births	deaths	Nat. pop. de/increase	Net migration	Total pop. change	Pop. January 2004
	in 1,000	per 1,000 population					in 1,000
<b>EU-25</b>	<b>453,685</b>	<b>10.4</b>	<b>9.9</b>	<b>0.5</b>	<b>2.2</b>	<b>2.7</b>	<b>454,905</b>
Germany	82,537	8.6	10.4	-1.8	1.9	0.1	82,545
France	59,629	12.7	9.2	3.5	1.0	4.5	59,896
UK	59,329	11.6	10.2	1.4	1.7	3.2	59,518
Italy	57,321	9.4	10.3	-0.8	3.6	2.8	57,482
Spain	40,683	10.7	9.0	1.7	5.5	7.2	40,978
Poland	38,219	9.2	9.4	-0.2	-0.4	-0.6	38,194
Netherlands	16,193	12.6	8.8	3.8	0.2	4.0	16,258
Greece	11,018	9.3	9.4	-0.1	2.7	2.6	11,047
Portugal	10,408	10.8	9.9	0.9	6.1	6.9	10,480
Belgium	10,356	10.7	10.2	0.6	3.4	3.9	10,397
Czech Rep.	10,203	8.9	10.5	-1.6	2.4	0.8	10,211
Hungary	10,142	9.5	13.4	-3.9	1.2	-2.7	10,115
Sweden	8,941	11.0	10.4	0.6	3.2	3.8	8,975
Austria	8,067	9.5	9.6	0.0	3.1	3.1	8,092
Denmark	5,384	12.0	10.7	1.3	1.3	2.6	5,398
Slovakia	5,379	9.6	9.6	0.0	0.3	0.3	5,381
Finland	5,206	10.8	9.2	1.6	1.1	2.7	5,220
Ireland	3,964	15.5	7.3	8.3	7.0	15.3	4,025
Lithuania	3,463	8.8	11.8	-3.0	-1.4	-4.5	3,447
Latvia	2,332	8.8	14.1	-5.2	-0.3	-5.6	2,319
Slovenia	1,995	8.6	9.6	-1.0	1.8	0.8	1,997
Estonia	1,356	9.6	13.3	-3.7	-0.1	-3.8	1,351
Cyprus	715	11.1	7.8	3.3	14.1	17.4	728
Luxembourg	448	11.5	8.5	3.0	2.5	5.6	451
Malta	397	10.0	8.2	1.8	3.9	5.7	400
Iceland	289	14.1	6.3	7.8	-0.9	6.9	291
Liechtenstein	34	11.7	5.9	5.9	5.9	11.7	34
Norway	4,552	12.0	9.4	2.6	2.5	5.1	4,576
<b>EEA</b>	<b>458,560</b>	<b>10.4</b>	<b>9.9</b>	<b>0.5</b>	<b>2.2</b>	<b>2.7</b>	<b>459,806</b>
Switzerland	7,324	9.7	8.5	1.2	6.0	7.2	7,377
<b>Accession countries</b>	<b>29,619</b>	<b>9.3</b>	<b>12.8</b>	<b>-3.5</b>	<b>-</b>	<b>-3.5</b>	<b>29,515</b>
Bulgaria	7,846	8.4	14.3	-5.9	-	-5.9	7,799
Romania	21,773	9.6	12.2	-2.6	-	-2.6	21,716

Source: EUROSTAT (2004).

**Table 5 International Migrants, 1965–2000**

Year	Intl. Migrants <sup>a</sup> millions	World Population billions	Intl. Migrants as Share of World Population %	Annual Change during the period starting in this year millions
1965	75	3.3	2.3%	1.0
1975	85	4.1	2.1%	2.0
1985	105	4.8	2.2%	1.5
1990 <sup>b</sup>	120	5.3	2.3%	8.8
1995 <sup>b</sup>	164	5.7	2.9%	2.2
2000	175	6.0	2.9%	..
2004 <sup>c</sup>	185	6.3	2.9%	..

a. Standard U.N. criteria define international migrants as persons residing outside their country of birth or citizenship for 12 months or more. But for its statistics, the U.N. Population Division has to rely on national data sources. Some countries define migrants according to different criteria; others publish data on legal foreign residents (see table 1) but not on the foreign-born population.

b. Some of the 1985–95 increase in the number of migrants reflects people who did not actually move but became international migrants through the breakup of their countries (for example, the former Czechoslovakia, former Soviet Union, and former Yugoslavia).

c. The value for 2004 is based on the assumption that the number of international migrants during the period 2000–04 grew at the same pace as during the period 1995–2000; see Münz (2004).

Source: U.N. Population Division (2002), Martin (2003), Münz (2004).

**Table 6 Labor Force Participation and Projected Population Decline, 2000–2050, in Selected European Countries, Age Group 15–64 Years**

	<b>Labor Force Participation Rate 2000, Age Group 15-64 years (Persons aged 15-64 years employed or searching employment as percentage of total population aged 15-64 years)</b>			
		<b>&gt;75%</b>	<b>66-75%</b>	<b>&lt;66%</b>
<b>Projected Population Decline of the Age Group 15-64 years 2000 – 2025 (in the absence of mass migration)</b>	<b>&gt;10%</b>	<b>Switzerland</b> (81.8; 15.7)	<b>Austria</b> (70.3; 11.1) <b>Finland</b> (74.2; 10.8) <b>Germany</b> (72.2; 10.7) <b>Czech Republic</b> (71.6; 12.1)	<b>Italy</b> (60.3; 14.8) <b>Spain</b> (65.3; 10.4) <b>Hungary</b> (60.2; 15.6)
	<b>5-10%</b>	<b>Denmark</b> (80.0; 5.2) <b>Sweden</b> (78.9; 8.7)	<b>Portugal</b> (71.1; 5.1)	<b>Belgium</b> (65.2; 5.6) <b>Greece</b> (63.0; 9.7) <b>Poland</b> (65.8; 8.6)
	<b>&lt;5%</b>	<b>United Kingdom</b> (76.6; 0.6)	<b>France</b> (68.0; 0.5) <b>Netherlands</b> (74.6; 2.1) <b>Ireland</b> (67.4; -19.2) <b>Slovak Republic</b> (70.1; 3.6)	

Source: U.N. (2003), OECD Online Database, Laczco and Münz (2003).

**Table 7 GDP and Total Population in the EU, EECA-20, and MENA-20, 2000–01**

	<b>GDP (current US\$)</b>	<b>Total Population</b>	<b>GDP per capita (current US\$)</b>
Austria	188,545,515,520	8,132,000	23,186
Belgium	229,609,570,304	10,286,000	22,323
Cyprus	9,131,123,712	760,650	12,004
Czech Republic	56,784,211,968	10,224,000	5,554
Denmark	161,542,389,760	5,359,000	30,144
Estonia	5,524,955,648	1,364,000	4,051
Finland	120,855,298,048	5,188,000	23,295
France	1,309,806,559,232	59,190,600	22,129
Germany	1,846,068,510,720	82,333,000	22,422
Greece	117,168,726,016	10,590,870	11,063
Hungary	51,926,491,136	10,187,000	5,097
Ireland	103,298,408,448	3,839,000	26,908
Italy	1,088,754,286,592	57,948,000	18,788
Latvia	7,549,044,736	2,359,000	3,200
Lithuania	11,992,000,512	3,482,000	3,444
Luxembourg	18,539,986,944	441,000	42,041
Malta	3,622,939,904	395,000	9,172
Netherlands	380,137,111,552	16,039,000	23,701
Norway	166,145,196,032	4,513,000	36,815
Poland	176,256,204,800	38,641,000	4,561
Portugal	109,802,496,000	10,024,000	10,954
Slovak Republic	20,459,104,256	5,404,000	3,786
Slovenia	18,810,353,664	1,992,000	9,443
Spain	581,822,971,904	41,117,000	14,150
Sweden	209,813,782,528	8,894,000	23,590
Switzerland	247,090,724,864	7,231,000	34,171
United Kingdom	1,424,094,003,200	58,800,000	24,219
<b>EU-25+, NOR, CH (2001)</b>	<b>8,665,151,968,000</b>	<b>464,734,120</b>	<b>18,645</b>

	<b>GDP (current US-\$)</b>	<b>Total Population</b>	<b>GDP per capita (current US-\$)</b>
Albania	4,113,723,392	3,164,400	1,300
Armenia	2,117,765,888	3,088,000	686
Azerbaijan	5,585,046,528	8,116,110	688
Belarus	12,218,720,256	9,970,260	1,226
Bosnia and Herzegovina	4,769,110,016	4,060,000	1,175
Bulgaria	13,552,988,160	7,913,000	1,713
Croatia	20,260,491,264	4,380,780	4,625
Georgia	3,138,404,096	5,224,000	601
Kazakhstan	22,389,143,552	14,895,310	1,503
Kyrgyz Republic	1,525,245,056	4,955,000	308
Macedonia	3,425,929,984	2,035,000	1,684
Moldova	1,479,386,752	4,270,000	346
Romania	38,717,915,136	22,408,000	1,728
Russian Federation	309,951,201,280	144,752,000	2,141
Serbia and Montenegro	10,861,249,536	10,651,000	1,020
Tajikistan	1,055,504,192	6,244,730	169
Turkey	147,682,721,792	68,529,000	2,155
Turkmenistan	5,961,538,560	5,435,000	1,097
Ukraine	37,587,689,472	49,093,000	766
Uzbekistan	11,269,735,424	25,068,000	450
<b>EECA-20 (2001)</b>	<b>657,663,510,336</b>	<b>404,252,590</b>	<b>1,627</b>
Algeria	53,454,692,352	30,835,000	1,734
Bahrain	7,970,690,560	651,000	12,244
Djibouti	552,928,512	644,330	858
Egypt, Arab Rep.	99,427,565,568	65,176,940	1,526
Iran, Islamic Rep.	101,561,729,024	64,528,160	1,574
Iraq	..	23,750,180	..
Israel	110,385,553,408	6,362,950	17,348
Jordan	8,451,339,776	5,030,800	1,680
Kuwait	35,830,480,896	2,044,270	17,527
Lebanon	16,488,225,792	4,384,680	3,760
Libya	34,136,625,152	5,410,780	6,309
Morocco	33,345,392,640	29,170,000	1,143
Oman	19,825,747,968	2,478,000	8,001
Qatar	16,454,120,448	597,550	27,536
Saudi Arabia	188,720,955,392	21,408,470	8,815
Syrian Arab Republic	17,896,208,384	16,593,210	1,079
Tunisia	19,462,098,944	9,673,600	2,012
United Arab Emirates	46480601088	2,976,290	15,617
West Bank, Gaza (Palest.)	4,359,139,840	3,089,540	1,411
Yemen, Rep.	9,177,179,136	18,045,750	509
<b>MENA-20 (2000)</b>	<b>823,981,274,880</b>	<b>312,851,500</b>	<b>2,634</b>
Bahrain	7,970,690,560	651,000	12,244
Kuwait	35,830,480,896	2,044,270	17,527
Qatar	16,454,120,448	597,550	27,536
Saudi Arabia	188,720,955,392	21,408,470	8,815
United Arab Emirates	46480601088	2,976,290	15,617
<b>Gulf-5 (2000)</b>	<b>295,456,848,384</b>	<b>27,677,580</b>	<b>10,675</b>

Source: World Bank, World Development Indicators database.

**Table 8 Officially Registered Remittances to Developing Countries, 1988–2002**

	Remits (US-\$ bn)	Change (%)
1988	28	
1989	32	13%
1990	39	22%
1991	33	-15%
1992	37	13%
1993	39	5%
1994	44	14%
1995	51	15%
1996	55	8%
1997	65	19%
1998	61	-6%
1999	65	7%
2000	65	-1%
2001	72	12%
2002	80	11%

Source: IMF (2002).

**Table 9 Remittances Flows of Selected Countries in 2002****(US\$ million)**

<b>Sending Countries</b>		<b>Receiving Countries</b>	
Austria	-373	Albania	643
Belgium	-268	Azerbaijan	163
France	-2,524	Bosnia and Herzegovina	519
Germany	-3,277	Croatia	666
Japan	-2,414	France	761
Kazakhstan	-286	Georgia	46
Netherlands	-618	Greece	1,181
New Zealand	-175	Hungary	39
Portugal	-541	India	8,317
Russian Federation	-296	Ireland	57
Spain	-2,249	Japan	947
Switzerland	-2,018	Kazakhstan	107
United States	-22,994	Lithuania	35
		Macedonia	92
		Morocco	2,877
		Portugal	3,224
		Russian Federation	123
		Spain	3,958
		Tunisia	1,071
		Turkey	1,936
		Ukraine	133

*Source: IMF (2002).*

**Table 10 Inflows of Seasonal Workers in Selected OECD Countries**

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Australia	36.7	25.2	25.6	29.6	35.4	40.3	50.0	55.6	62.6	71.5	76.6
Canada	..	11.1	11.2	10.4	10.9	..	..	..	..	..	..
France	54.2	13.6	11.3	10.3	9.4	8.8	8.2	7.5	7.6	7.9	10.8
Germany	..	212.4	181.0	155.2	192.8	220.9	226.0	207.9	230.3	263.8	277.9
Italy	..	1.7	2.8	5.8	7.6	8.9	8.4	16.5	20.4	30.9	30.3
Norway	4.3	4.7	4.6	4.5	5.0	5.4	6.1	7.5	8.6	9.9	11.9
Switzerland	147.5	126.1	93.5	83.9	72.3	62.7	46.7	39.6	45.3	49.3	54.9
United Kingdom	..	3.6	4.2	4.4	4.7	5.5	9.3	9.4	9.8	10.1	15.2
United States	..	16.4	16.3	13.2	11.4	9.6	..	27.3	32.4	33.3	27.7

Source: OECD (2003).

**Table 11 Inflows of Asylum Seekers in Selected OECD Countries<sup>a</sup>**

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Australia	4.9	8.1	7.8	8.1	11.1	8.1	8.4	11.9	12.4	6.0
Austria	4.7	5.1	5.9	7.0	6.7	13.8	20.1	18.3	30.1	37.1
Belgium	26.4	14.6	11.6	12.4	11.8	22.1	35.8	42.7	24.5	18.8
Bulgaria	-	-	0.5	0.3	0.4	0.8	1.3	1.8	2.4	2.9
Canada	21.1	20.7	25.0	25.0	23.9	24.6	29.9	35.7	42.7	33.4
Czech Republic	2.2	1.2	1.4	2.2	2.1	4.1	7.2	8.8	18.0	8.5
Denmark	14.3	6.7	5.1	5.9	5.1	5.7	6.5	10.3	12.4	5.9
Finland	2.0	0.8	0.8	0.7	1.0	1.3	3.1	3.2	1.7	3.4
France	27.6	26.0	20.4	17.4	21.4	22.4	30.9	38.7	47.3	50.8
Germany	322.6	127.2	127.9	116.4	104.4	98.6	95.1	78.6	88.4	71.1
Greece	0.8	1.3	1.4	1.6	4.4	2.6	1.5	3.1	5.5	5.7
Hungary	0.7	0.4	0.6	0.7	1.1	7.4	11.5	7.8	9.6	6.4
Ireland	0.1	0.4	0.4	1.2	3.9	4.6	7.7	10.9	10.3	11.6
Italy	1.3	1.8	1.7	0.7	1.9	11.1	33.4	24.5	9.8	7.3
Japan	0.1	0.1	0.1	0.2	0.2	0.1	0.2	0.2	0.4	0.3
Luxembourg	0.2	0.2	0.2	0.3	0.4	1.6	2.9	0.6	0.7	1.0
Netherlands	35.4	52.6	29.3	22.9	34.4	45.2	42.7	43.9	32.6	18.7
New Zealand	0.4	0.4	0.7	1.3	1.5	2.0	1.5	1.4	1.7	1.0
Norway	12.9	3.4	1.5	1.8	2.3	8.5	10.2	10.8	14.8	17.5
Poland	0.8	0.6	0.8	3.2	3.5	3.4	3.0	4.4	4.5	5.2
Portugal	1.7	0.6	0.3	0.2	0.3	0.3	0.3	0.2	0.2	0.2
Romania	-	-	-	0.6	1.4	1.2	1.7	1.4	2.4	1.1
Slovak Republic	0.1	0.1	0.4	0.4	0.7	0.5	0.9	1.5	8.2	9.7
Spain	12.6	12.0	5.7	4.7	5.0	6.8	8.4	7.9	9.2	6.2
Sweden	37.6	18.6	9.0	5.8	9.6	12.5	11.2	16.3	23.5	33.0
Switzerland	24.7	16.1	17.0	18.0	24.0	41.3	46.1	17.6	20.8	26.2
United Kingdom	28.0	42.2	55.0	37.0	41.5	58.0	91.2	98.9	92.0	110.7
United States <sup>b</sup>	200.4	202.4	208.2	150.0	73.1	50.3	45.8	57.0	86.4	81.1
<b>EU-15</b>	<b>515.4</b>	<b>310.0</b>	<b>274.9</b>	<b>234.1</b>	<b>251.8</b>	<b>306.7</b>	<b>390.9</b>	<b>398.1</b>	<b>388.1</b>	<b>381.6</b>
<b>Western Europe<sup>c</sup></b>	<b>553.0</b>	<b>329.5</b>	<b>293.3</b>	<b>253.9</b>	<b>278.0</b>	<b>356.5</b>	<b>447.1</b>	<b>426.6</b>	<b>423.7</b>	<b>425.3</b>
<b>Central Eur., Eastern Balkans<sup>d</sup></b>	<b>3.8</b>	<b>2.4</b>	<b>3.7</b>	<b>7.4</b>	<b>9.3</b>	<b>17.5</b>	<b>25.6</b>	<b>25.6</b>	<b>45.1</b>	<b>33.8</b>
<b>North America</b>	<b>221.4</b>	<b>223.1</b>	<b>233.2</b>	<b>175.0</b>	<b>97.0</b>	<b>74.8</b>	<b>75.7</b>	<b>92.7</b>	<b>129.1</b>	<b>114.5</b>
<b>OECD<sup>e</sup></b>	<b>783.6</b>	<b>563.6</b>	<b>538.8</b>	<b>445.8</b>	<b>397.2</b>	<b>459.1</b>	<b>558.5</b>	<b>558.4</b>	<b>612.3</b>	<b>580.8</b>

a. Figures are not fully comparable because not all countries count asylum seekers in the same way.

b. The figures do not include people immigrating as refugees.

c. EU-15, Norway, Switzerland.

d. "New" EU member states of 2004, candidate countries (Bulgaria, Romania).

e. Listed countries only.

Source: OECD (2003), U.N. High Commissioner for Refugees (2003).

**Table 12 Population and Migration in the United States, Canada, Australia, and New Zealand, 2001**

	<b>Total Population 2001-02</b>	<b>Total Foreign-born 2001-02</b>	<b>Percentage Foreign-born 2001-02</b>	<b>Legal Temporary Migrants<sup>a</sup></b>	<b>Legally admitted Permanent Immigrants 2001<sup>b</sup></b>	<b>Permanent immigrants 2001 per 1000 Inhabitants</b>
<b>USA</b>	283,230,000	34,988,000	12.4	1,534,800	1,064,318	3.7
<b>Canada</b>	31,300,000	5,826,000	18.6	220,000	227,313	7.3
<b>Australia</b>	19,358,000	4,705,000	24.3	224,000	102,049	5.3
<b>New Zealand</b>	3,814,000	850,000	22.2	55,700	47,401	12.7

a. Foreign students, seasonal workers, other persons with temporary status; estimates for Canada.

b. Without foreign students, seasonal workers, other persons with temporary status.

*Source:* U.N. Population Division (2002); International Organization for Migration (IOM; 2003); Papademetriou (2003); New Zealand Immigration Service (2003); Citizenship and Immigration Canada (CIC; 2001); Australian DIMIA (2000, 2001); U.S. Census Bureau (2000, 2001).

**Table 13 Permanent Immigration to the United States, Canada, Australia, and New Zealand 2001**

	US	Canada	Australia	New Zealand
<b>Permanent Legal Immigr. 2001<sup>a</sup></b>	<b>1.064.318</b>	<b>250.346</b>	<b>119.525</b>	<b>47.314</b>
Among them:				
<b>Family reunion</b>	<b>675.178</b>	<b>66.644</b>	<b>33.470</b>	<b>12.671</b>
<b>Economic migrants</b>	<b>179.195</b>	<b>152.939</b>	<b>44.730</b>	<b>25.768</b>
<b>Lottery</b>	<b>42.015</b>	-	-	-
<b>Free movement<sup>b</sup></b>	-	-	<b>25.165</b>	<b>3.602</b>
<b>Humanitarian immigration</b>	<b>124.507</b>	<b>27.894</b>	<b>13.740</b>	<b>4.026</b>
Refugees	97.305	12.263	4.000	777
Asylum seekers	11.201	11.891	5.580	714
Other humanitarian	16.001	3.740	4.160	2.535
<b>Others</b>	<b>43.423</b>	<b>2.869</b>	<b>2.420</b>	<b>874</b>

a. Without foreign students, seasonal workers, other persons with temporary status.

b. Bilaterally for citizens of Australia in New Zealand and for citizens of New Zealand in Australia.

Source: IOM (2003); Papademetriou (2003); CIC (2001); Australian DIMIA (2000, 2001, 2002); U.S. Department of Justice, Immigration and Naturalization Service (INS; 2002); New Zealand Immigration Service (2003).

**Table 14 Selection via Points Systems: Selection Criteria and Their Relative Weight, 2003 (%)<sup>a</sup>**

<b>Selection Criteria</b>	<b>Canada</b>	<b>Australia</b>	<b>New Zealand</b>
	%	%	%
Education/Training	25	34	24
Professional experience	21	6	20
Age	10	17	20
Family member already in the country	5	9	6
Language skills English/French <sup>b</sup>	24	14	0
Job offer <sup>c</sup>	10	4	16
High priority occupation	0	9	0
Prior work or studies in the country	5	11	8
Other aspects	5	6	8
Pass mark as % of possible points <sup>d</sup>	75	63	59

a. Relative weights may exceed 100 percent because some points are awarded on the basis of two criteria (for example, professional experience in combination with job offer).

b. French in Canada only.

c. Related to training or professional experience.

d. 2003.

Source: Citizenship and Immigration Canada (2001); Australian DIMIA (2000, 2001, 2002); New Zealand Immigration Service 2003, Papademetriou (2003).

**Table 15 Migrants Living in OECD Countries, Compared with Domestic Population, by Education Level)**

Country	Total	Educational Level		
		Primary or less	Secondary	Tertiary
<u>East Asia</u>				
China, PR	0.1	0.1	0.1	1.9
Indonesia	0.1	0.1	0.2	2.0
Philippines	1.1	0.2	0.7	3.6
<u>EECA</u>				
Turkey	5.7	1.0	11.5	39.1
<u>LAC</u>				
Brazil	0.2	0.1	0.6	1.3
Jamaica	8.7	1.2	10.6	95.8
<u>MENA</u>				
Morocco	4.0	0.3	6.9	43.5
Tunisia	3.1	0.3	5.2	33.3
Egypt	0.1	0.1	0.1	0.5
<u>South Asia</u>				
Bangladesh	0.1	0.1	0.2	1.5
India	0.1	0.1	0.1	1.3
Pakistan	0.1	0.1	0.3	3.3
Sri Lanka	0.7	0.1	0.4	16.5

*Note:* Numbers are interpreted as follows: for Morocco, the number of Moroccans with tertiary education living in OECD countries equals 43.5 percent of the tertiary educated living in Morocco.

*Source:* Adams (2003).