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LAB-MIG-GOV Project

“Which labour migration governance for a more dynamic and  
inclusive Europe?”

# Immigration policy and migrant labour market outcomes in the European Union: New evidence from the EU Labour Force Survey

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## Introduction

The labour market outcomes of migrant workers are typically poorer than those of the indigenous workforce. A lower labour participation of migrant women, consistently higher unemployment rates (for both male and female migrants and for migrants of all levels of education) and a high concentration in disadvantaged employment sectors and low-pay jobs (particularly for non-EU nationals) are found in most EU labour markets. Yet the extent of the migrant economic disadvantage significantly varies across EU host countries (e.g. Münz 2007; Eurostat 2011; Dustmann and Frattini 2012). Several factors may be responsible for the underperformance of the migrant workforce, the main of which are usually identified in the different socio-demographic background and the lack of fluency in the host-country language. However, less measurable factors may also determine significant differences in migrant labour market outcomes – e.g. the non-transferability of skills that migrants have acquired in their home country; discriminatory practices excluding migrants from the most qualifying jobs; and the migrant ‘temporary mindset’ which makes them more likely to accept low-skilled or low-paid jobs unappealing to indigenous workers because of the comparative advantage relative to the conditions prevailing in the migrant country of origin (Anderson and Ruhs 2010).

Among these wide range of factors affecting the migrant insertion and pathways in the labour market, the role of the institutional context, and in particular of migration policies in shaping migrant labour market pathways is not well documented. Labour migration policies across the EU typically focus on narrowly defined ‘economic migrants’ (EU workers and/or non-EU migrants entering EU countries via labour migration routes). Yet so-called ‘non-economic migrants’ (e.g. family members, students and refugees), who make up a significant proportion of inflows in most EU countries (e.g. about two thirds of long-term migrants in France and the Netherlands and just under half in the UK and Italy), are generally allowed to work, although they may be subject to various degrees of restrictions. This ‘hidden’ workforce plays an important and often neglected role in European labour markets. Given the varying degree of selectivity implicit in the admission criteria for different categories of labour migrants, and the different sets of economic rights and entitlements attached to the different immigration statuses, labour market outcomes are likely to vary by immigration category on arrival. As a

consequence, cross-country differences in migration regimes may contribute to explain differences in immigrant labour market outcomes across EU countries.

A major reason for this wide knowledge gap on the employment outcomes of the different categories of migrants – and the resulting bias in migration policy debates – is that there has been virtually no information in European data sources linking immigration status (either on arrival or current) with the labour market outcomes of the migrant workforce. Censuses and the major national household surveys generally provide reasonable coverage of the migrant population but do not record immigration status on entry or the type of permit migrant workers have at the time of the data collection. For example, the EU Labour Force Survey – i.e. the main source of labour market data for most European countries – only includes questions on nationality and/or country of birth (and in some countries year of entry) and do not allow analysts to differentiate between migrants who entered Europe for work, family, humanitarian or other reasons and via different immigration/legal channels. Similarly, major administrative data sources (e.g. population registers, social security records) do not normally keep track of the legal situation of migrants as they progress through the system, while specific administrative records for the foreign national population (e.g. residence permit, grants of settlements) do not provide sufficient information on labour market participation.

In order to fill part of the knowledge gap surrounding the experience of migrants in the EU labour markets, an ‘ad hoc’ module of the EU-LFS on the situation of migrant workers and their descendants was carried out in 2008 – hereon referred to as AHM 2008. This supplementary module included a bespoke set of questions collecting information on reasons for migration, date of acquisition of citizenship, duration of work/residence permit and restriction attached to immigration status. The combination of these variables offers the unprecedented opportunity to analyse in greater detail the employment outcomes of the different categories of migrants across EU countries.

This paper builds on this recently released dataset to shed new light on the diversity of labour market experiences among migrants admitted to EU countries on different grounds (employment, family, humanitarian, ancestry, study etc.). It has been developed as part of the international project ‘LAB-MIG-GOV: Which labour migration governance for a more dynamic and inclusive Europe?’ and comes together with national case studies assessing migration policy trends in six major EU immigration countries – France, Germany, Italy, Spain, Sweden and the UK, hereon referred to as the LAB-MIG-

GOV countries. Its core aim is to provide a better understanding of how migration policies – intended here as the regulatory framework governing the admission of foreign nationals as well as their access to the labour market – shape migrant patterns of labour market incorporation across the EU. More specifically, this work provides new evidence and analysis on: i) the impact of different migration regimes on the composition of the migrant workforce by category of admission, and ii) the patterns of labour market incorporation of migrants admitted to the EU in different immigration categories. Ultimately, this paper contributes to fill a significant knowledge gap in the academic literature and migration policy debates by providing a comparative perspective on the effectiveness of the different European migration regimes in favouring the economic integration of labour and other migrants.

The paper is organised into five main sections. The first section explores the conceptual foundations of the links between migration policies and migrant labour market outcomes and briefly reviews previous empirical studies testing these links. The second introduces the key features of migration regimes in the six LAB-MIG-GOV countries. We then move to describe the strengths and limitations of the dataset used in our analysis and the methodological approach followed for the identification of the target population (first generation migrants) and the construction of nine categories approximating immigration status on arrival. The core part of the paper consists of a comparative analysis of the composition of the migrant workforce by immigration category on arrival and of the patterns of labour market incorporation of these categories across the EU. The last section concludes by situating our empirical findings against the migration policy contexts in the six LAB-MIG-GOV countries and reflecting upon the implications of different migration regimes for the migrant labour market integration.

## **1. The impact of migration policies on immigrant incorporation in the labour market: conceptual background and empirical gaps**

An expanding body of literature has investigated the factors responsible for the lower performance of migrants in European labour markets in comparison with indigenous workers (see for instance Dustmann and Fabbri 2003; 2005; Büchel and Frick 2005; Kogan 2007; 2011; Bernardi et al. 2011; Fullin and Reyneri 2011; Dustmann and Frattini 2012). Overall, results of these studies suggest that

the socio-demographic background (e.g. age, gender, education, marital status, country of birth) and other observable attributes (e.g. host language skills, duration of stay) only explain a part of immigrant participation and employment differentials. After controlling for such characteristics, non-EU immigrants are still found to have significantly worse economic outcomes than the majority population in most EU countries, suggesting that this remaining gap is explained by other structural determinants characterizing the receiving context. Research emphasizing the impact of macro-level determinants has identified a plethora of possible factors likely to shape in some way the migrant integration experience and to help explain the variation of their labour market outcomes across different receiving contexts, including: labour market structures and regulations; the education system; the welfare regime; and, most notably, immigration and integration policies – see for example Reitz (1998) and, for Europe, Kogan (2007).

As regards migration policies, intended here as the set of rules governing the admission to the country *and* access to the labour market of non-national workers, their potential impact on the overall economic outcomes of the migrant workforce is two-fold. First, by deciding upon the number and personal and professional characteristics of labour migrants admitted to the country, migration policies influence the size and attributes of the migrant workforce relative to the jobs in demand in the economy. The selection of new arrivals on the basis of human capital or skills (e.g. educational titles and knowledge of host country language) is explicit in points-based systems (e.g. in the UK). However, some degree of selectivity, although driven by different criteria, is also implicit in labour migration schemes to recruit lesser skilled workers (e.g. quota systems) in specific jobs (e.g. care workers) or economic sectors (e.g. agriculture). Selection mechanisms are also in place when preference in filling job vacancies is accorded on the basis of nationality – such as the preferential treatment of EU workers within the EU labour market, or when bilateral agreements are in place with some countries of origin. Moreover, the admission of other categories of migrants (mainly dependants, refugees and students) outside labour-migration channels, regulated on the basis of non-economic criteria, also affects the demographic and skill composition of the migrant workforce as these categories are generally entitled to work. In this respect, categorical substitution effects – i.e. the shifts of immigration flows from one legal avenue to another (e.g. from labour to family migration) as



a result of policy changes introduced for one particular immigration category – are also possible<sup>1</sup> (Czaika and de Haas 2011).

The second major way in which migration policies are likely to affect the migrant experience in the host labour market is by regulating (and restricting) access to the labour market of the different categories of non-national workers. Across the EU, a variety of types of permits are used to admit non-EU workers. Each of these permits carries different rights and entitlements establishing the duration of the permit and possibility of renewal, access to the labour market and benefits, and the possibility to bring in family members and apply for permanent residence or citizenship. While highly skilled labour migration routes (e.g. points-based systems<sup>2</sup>) do not normally carry significant initial restrictions and lead to a relatively smooth transition to full citizenship rights, some of the schemes migrants can use to work in the EU are conceived for temporary labour migration only or for specific professional statuses (e.g. self-employment). It is arguable that a significant proportion of non-EEA workers entering the EU through lesser skilled labour-related schemes undergo some restrictions in the access to the labour market or ability to renew their residence authorization. Notably, their professional mobility (both upward and horizontal) might be hindered by legal constraints in switching to another job; they may not be allowed to apply for permanent residence or bring in their family; and their right to stay in the country may be strictly dependent on their position – i.e. they are not allowed to stay and look for another job if their employment relationship ends. Given these potentially sharp constraints of temporariness hindering the foreign worker's career development, the labour market performance of these categories cannot be assessed by the same standards of workers who have the opportunity to develop a long term strategy for succeeding in the labour market. Similarly, access to the labour market of other immigration categories may be, to some extent, restricted. For example, humanitarian migrants may not be allowed to work while their asylum application is pending, thereby

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<sup>1</sup> Research has shown that some migrants apply for certain types of visa depending on the expectation they have of entering the country (e.g. Anderson et al. 2006). For example, if potential migrants perceive that their prospects of being granted a work permit have decreased as a result of more restrictive criteria, they may decide to apply for a self-employment or a student visa to access the destination country's labour market. In Anderson's words, «immigration controls are not a neutral framework facilitating the sorting of individuals by intentions and identities into particular categories, rather they *produce status*» (Anderson 2010: 308).

<sup>2</sup> Points-based systems are usually, *but not necessarily*, used to select highly skilled immigrants. One could perfectly envisaged a points-system aimed at selecting immigrants with any type of skills.

experiencing some disruption in their career development. International students are normally allowed to work only on a part-time basis (e.g. in the UK and Germany) and granted a limited period of time after the completion of their studies to find a job offer entitling them to a work permit. In the context of the 2004 and 2007 EU enlargements, the transitional arrangements adopted by most EU-15 countries to restrict access to their labour market and welfare benefits of new EU-12 citizens were also an example of normative framework temporarily limiting employment opportunities on the basis of nationality<sup>3</sup>. Finally, immigrant opportunities in the host labour market may be affected by policies regulating status changes for foreign nationals residing in the country, as mentioned for international students but also, for example, for people willing to shift from labour to dependent visas or vice-versa. Other examples of such policies include regularization procedures (allowing previously irregular migrants to take up legal employment) and, at the other end of the migrant 'legal journey', citizenship laws (in relation to the possibility to take up public sector jobs of 'national interest' reserved to EU or host-country nationals).

It would seem therefore uncontentious that the state is often a primary agent in the recruitment of migrant workers by imposing legal categories on international migrants to dictate conditions for entry and participation in the labour market, thereby shaping the migrant workforce compositional characteristics, immediate labour market outcomes, and prospects of long term socio-economic integration (Bauder 2006; Anderson 2010). Yet, limited direct evidence of such an impact exists. Empirical analyses on the effects of migration policies have mostly focused on the impact of changes in migration regimes on the *size* of immigration flows, generally finding robust evidence that the introduction of more restrictive admission criteria produces the intended outcome of reducing the number of new immigrants – see Czaika and de Haas (2011) for a review. Some quantitative analyses looked at the impact of migration policy changes on the skill composition and occupational outcomes of immigrants in countries with long-established points-systems (i.e. Australia and Canada). While these studies generally found supportive evidence of an increase in the human capital of the

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<sup>3</sup> In 2004, transitional restrictions of the right to work for citizens of the eight Central and Eastern European accession countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic, and Slovenia) were adopted by all EU-15 member states except Ireland, Sweden and the UK. Cypriot and Maltese nationals were not submitted to any transitional arrangements. In 2007, initial unrestricted access to the labour market for Bulgarian and Romanian nationals was only granted by Finland and Sweden.

migrant workforce as a result of more selective admission criteria, whether these policies achieved the intended outcomes of meeting the needs of the labour markets and improving immigrant labour market incorporation remains a matter of controversy. For example, Reitz (2007: 1) finds evidence of significant underutilization of immigrant skills and argues that the Canadian points-system's «emphasis on post-secondary education is somewhat out of touch with labour market reality». Recent comparative work by Wanner (2011) analysed the determinants of immigrant economic integration with a multi-level approach including dummy variables and other aggregate indicators representing the migration policy context in different countries – but no significant effect of the normative framework on the immigrant outcomes was found. Other studies analysed the impact of specific status transitions, most notably looking at the role of naturalization in enhancing migrant employment opportunities. A review of this stream of literature confirmed that naturalization is likely to have a positive impact on labour market outcomes, particularly in promoting immigrant access to better-paid jobs (OECD 2010).

More specific to the focus of this paper, quantitative research comparing the labour market outcomes of migrants with different legal status vis-à-vis immigration regulations seems to be absent from the migration literature. Similarly, no study has attempted to empirically test categorical substitution effects – i.e. the extent to which changes in the admission criteria for one immigration category may affect inflows via other categories (Czaika and de Haas 2011). The reasons for this evidence gap are, to a large extent, methodological – including the above-mentioned dearth of disaggregated data on the migrant workforce by legal/immigration status but also other challenges associated with measuring policy outcomes and impacts (e.g. the difficulty to isolate the effect of the migration policy context from other confounding factors). However, a lack of interest in policy evaluation by institutional actors has also been indicated as a key rationale for limited research on the “effectiveness gap” in migration policy-making (Pastore 2010).

## **2. Recent migration flows to the EU-15: trends and national policy contexts**

Despite some progress in the attempt to produce a more EU integrated system for the management of non-EEA migration flows, migration policy-making in Europe remains largely – and perhaps

increasingly – dominated by national policy frameworks. More specifically, while some convergence has been achieved in coordinating measures to prevent irregular migration and in designing a common EU asylum policy, EU countries have been very reluctant in giving up their national sovereignty in the governance of labour migration and national policy approaches in this field have taken mostly divergent pathways throughout the 1990s and until the end of the 2000s (Pastore 2012). France and Germany consolidated a restrictive and selective approach in the admissions via labour-related channels, but granted unrestricted access to the labour market to the settled migrant population who entered these countries through family and asylum migration routes. Similarly, after concluding its experience of labour recruitment in the early 1970s, Sweden mostly admitted non-EU migrants on family and humanitarian grounds – but, unlike France and Germany, did not apply any transitional employment restrictions for citizens of the new member states joining the EU in 2004 and 2007. Italy and Spain, despite formally restrictive labour migration avenues, progressively developed a de-facto open policy approach by regularising the status of large numbers of irregular migrants, most of whom had overstayed temporary visas and had been working in the irregular economy. The UK also abandoned the restrictive labour migration approach of post-1973 continental Europe by taking an explicitly open stance towards labour migration in the years of the Blair’s administration, with the recruitment of large numbers of skilled workers via a work permit system. The greater openness of the UK to labour mobility was then confirmed by the decision not to restrict access to its labour market of Eastern European accession national workers upon the 2004 EU Enlargement.

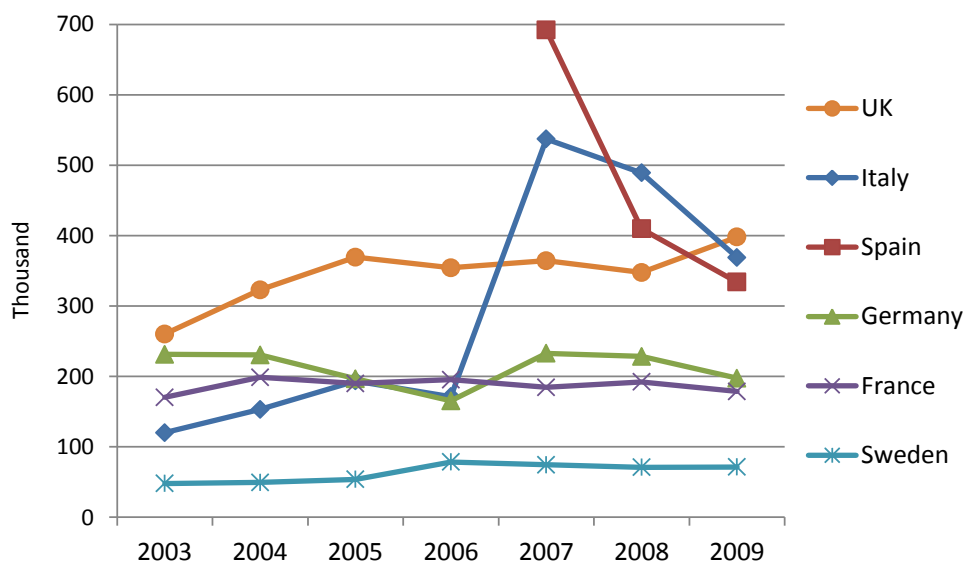
These differences and divergences in the national policy scenarios that have long characterized admission systems of the major EU-15 receiving countries are largely reflected in the size and categorical composition of recent immigration flows. OECD standardised estimates of permanent immigration<sup>4</sup> show that Spain, the UK and Italy have been the three EU countries receiving the largest migration inflows over the last decade (fig. 1). For all three countries, trends in the number of admissions have been remarkably affected by EU enlargements: in the UK, a significant increase occurred as a result of the 2004 enlargement with large numbers coming in from Poland and the Baltic States; in Spain and Italy a spike was recorded in 2007 following the accession of Romania

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<sup>4</sup> A brief description of the approach underlying the construction of OECD standardised estimates is included in Annex A. For a more detailed account of definitions and sources used, see Lemaitre et al. (2007).

and Bulgaria<sup>5</sup>. Germany and France have been receiving smaller immigrant flows throughout the last decade and were less affected by intra-EU migration from the new member states. Yet a key difference between these two countries is that Germany admitted by far the highest number of temporary migrants among LAB-MIG-GOV countries, while France remains to a very large extent a country of settlement (Pastore 2012). Sweden has also experienced a significant increase of permanent immigrant flows over the last decade, becoming (together with Spain) the EU country with the highest intakes of immigrants relative to the size of the population (OECD 2011).

Figure 1 – Permanent immigration flows in selected EU countries, 2002-09



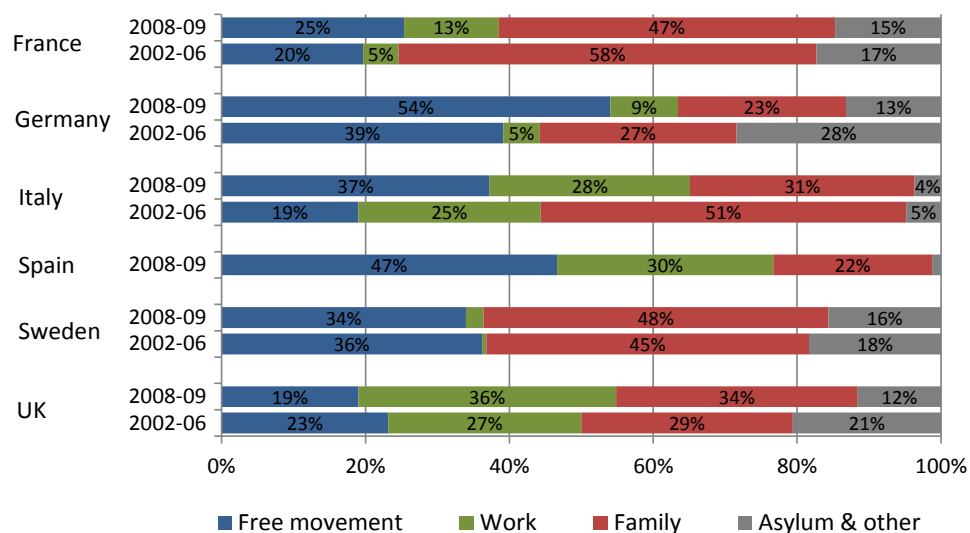
Source: OECD – Sopemi 2011

This significant variation across EU countries in terms of openness to immigration is paralleled by a considerable degree of heterogeneity in the categorical composition of migration flows – which also reflects the different policy frameworks underpinning national migration regimes. In addition, in some

<sup>5</sup> While OECD estimates for Spain are only available from 2007, other national data sources on immigration flows (Estadística de Variaciones Residenciales) confirm that admissions of foreign nationals peaked in 2007 and declined thereafter (INE, online database). This was not only due to the levelling off in migration from the new EU members to the pre-accession levels but also to a significant decline of admissions from outside the EU.

countries remarkable changes are observable between the beginning and the end of the 2000s (fig. 2) in correspondence of shifting trends in the migration policy scenario. Germany stands out for the highest share of free-movement migrants in 2008-09 (54%), recording a significant increase (from 39% in 2002-06) which is partly due to the decline in absolute terms of family and other (including asylum) migrants. Immigration in France remains dominated by family-related movements (47% in 2008-09) but with an increase in the proportion of free-movement and labour inflows.

Figure 2 – Distribution of permanent immigration flows by category of entry in selected EU countries, 2002-06 and 2008-09<sup>(a)</sup> (%)



Source: OECD – Sopemi, various years

Note: 2007 data on permanent immigration by category of entry was not published in the Sopemi reports

Sweden is also characterised by a high share of family migrants (48%) and, interestingly, by very little change in the categorical composition of immigration over the last decade. The UK receives the highest proportion of work-related inflows (37%). It also displays a more evenly distributed breakdown by category of entry than other EU countries. Spain and Italy are both characterised by relatively high proportions of work-related and free-movement inflows. In Italy, arrivals from new member states (particularly Romania) have increased far more than non-EEA family-related inflows, whose relative weight has dropped from 51% to 31%. Overall, trends which are consistently observed in all six LAB-

MIG-GOV countries over the 2000s are the increase of the relative weight of labour-related inflows and a relative decrease of asylum and other categories.

Since the end of the 2000s, important policy developments have characterized migration policy-making in the six countries. Negative economic trends in Spain have drastically reduced the openness of this country to economic migration – including the unexpected re-introduction in 2011 of labour market restrictions for Romanian citizens (which had been lifted in 2009) (Finotelli 2012). The advent of the conservative-led coalition Government in the UK has brought to the fore of the migration policy agenda the imperative to reduce immigrant flows ‘from the hundreds of thousands to the tens of thousands’ (Devitt 2012). On the other hand, in Germany and Sweden – i.e. the two countries less affected by the crisis – new labour migration avenues have been opened (Laubenthal 2012; Quirico 2012). An assessment of whether these policy developments will mark a significant departure from the long-standing approaches consolidated over the last decades is still premature. Anyway, these recent changes do not concern analyses carried out in this report that, as clarified below, refer to the broader picture as prevalent in the second half of the 2000s.

### **3. Methodology**

The core of the analyses included in this paper is based on statistical exploitation of the EU Labour Force Survey’s 2008 Ad-Hoc Module on “the labour market situation of migrant workers and their descendants”. This section describes the major strengths and limitations of this dataset, the characteristics of the sample, and the analytical approach underlying our estimates.

#### **3.1 The EU Labour Force Survey and its 2008 Ad-Hoc Module on migrant workers**

The Labour Force Survey (LFS) is a major household survey carried out by the National Statistical Offices (NSOs) of all EU-27 countries to provide quarterly estimates of their workforce. It provides labour market data on a consistent set of variables over long timeframes and is highly regarded because it uses internationally agreed concepts and definitions. It also has the remarkable advantage

of recording a large number of socio-demographic characteristics. The LFS is commonly used across the EU to produce data on migrant workers in employment because it contains questions about nationality, country of birth and date of arrival, offering the analyst various options in estimating the stock of foreign and/or foreign born workers and how it changes over time.

However, some well-known limitations affect quality of LFS estimates and the scope of analyses on migrant labour market outcomes<sup>6</sup>. In terms of sampling design, LFS estimates are likely to under-represent the migrant population for a number of reasons (Eurostat 2011). Some recent arrivals are likely to be excluded from the target population because the definition of ‘usually resident’ population adopted by the survey typically requires a minimum duration of stay in the country (e.g. at least six months). Recent migrants are also more likely to refuse to answer the survey or provide incomplete information because of language barriers and mistrust of the interviewers – especially if their residence or work status is not entirely compliant with immigration regulations. They are also more mobile than the long-term resident population, and therefore are less likely to fulfil any requirement of continuous residence at the current address which might be needed for inclusion in the sample. Finally, migrants are more likely to live in communal establishments – which are excluded from the sampling strategy in most EU countries. For all these reasons estimates of the migrant population and workforce provided by the LFS are likely to be conservative, although their level of inaccuracy is hard to predict (Martí and Ródenas 2007). In particular, irregular migrants are likely to escape the survey.

In terms of comprehensiveness of the information provided, a major limitation of the LFS core module is that it does not normally collect data on immigration status at the time of the interview or on arrival – e.g. whether migrant respondents entered on a work permit or dependent visa, have been granted refugee status, have a fixed-term or renewable permit, and so on. Therefore, the LFS core module provides limited potential for addressing specific, policy-related questions on the labour market experiences of different categories of migrants. Partly in response to the latter set of issues, and as part of a series of LFS ad hoc modules (AHM) providing each year supplementary data focusing on specific topics, a supplementary module on the labour market situation of migrants and their immediate descendants was implemented in 2008. The aim of this module was to get a more comprehensive and comparable set of data on the labour market outcomes of migrant workers by

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<sup>6</sup> For a detailed comparison of EU-LFS estimates of migrant stocks and flows with other European sources of migration data, see Martí and Ródenas (2007).



collecting specific information on this target group in addition to the core variables normally included in the core LFS questionnaire. The 11 additional variables making up the AHM 2008 covered the acquisition of citizenship, country of birth of mother and father, reason for migrating, restrictions in the legal status, language skills, and use of public facilities (or other type of support) for the recognition of overseas qualifications and obtaining employment.

The AHM 2008 was successfully implemented in most EU-15 countries, while greater challenges were encountered in the new EU-12 member states (Eurostat 2010)<sup>7</sup>. Sample size for migrants and second generations was deemed as adequate in all six LAB-MIG-GOV countries. Yet, the relatively smaller samples and the characteristics of the sample designs in France and Germany imply that estimates are less robust in these two countries<sup>8</sup> – and thus more limited breakdown for subgroups of the migrant population is possible. Country reports on the quality of the AHM did not raise major issues around a response bias for migrants. In particular, none of the LAB-MIG-GOV countries reported problems of a lower response rate among migrants. A more common measurement issue was the high share of missing answers in some countries, including Germany and France, where the AHM was voluntary. This was dealt with at national level by introducing some correction in the weighting system. Other quality issues emerged in the information provided by single variables. Analysis has shown that the quality of the information collected was not optimal in all cases, particularly in relation to some variables referring to the migrant legal situation (i.e. duration of residence permit and restriction in employment). Therefore, these variables were not used in this paper. Quality issues for the variables used in our analyses are further discussed below.

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<sup>7</sup> Given the small proportion of immigrants in the population of some EU-15 countries (Denmark and Finland) and most new EU Member States, these countries implemented only a short version of the module including only 4 additional variables. The limited size of immigrant samples in these countries was a further challenge, resulting in the difficulty to produce reliable estimates at national level (Eurostat 2010).

<sup>8</sup> The reliability limits recommended by Eurostat's statisticians, corresponding to a standard error of 20%, are significantly higher for France and Germany (for which no estimates should be published for groups smaller than 50,000) than for the UK (10,000), Spain (5,000), Sweden (4,000) and Italy (3,500) (Eurostat website).

### 3.2 Identification of the target population

Country of birth was preferred to nationality as the operational criterion to identify migrants for several reasons. First, information about country of birth is more relevant to questions about migration – people who have come from abroad at least once in their lifetime – than information about nationality. Nationality can change over time, and second generations born in the country of destination (i.e. who have no own migration background) can however be foreign nationals in countries with citizenship laws based on the *ius sanguinis*. Second, answers to questions about country of birth are likely to be more reliable than self-reported information about nationality. Finally, nationality depends on national legislations, which makes it more difficult to compare foreign populations across countries. There is, however, some important caveat to consider about the use of country of birth data. In particular, in the old immigration countries the foreign-born population consists of an heterogeneous group of people including: people who migrated a long time ago as well as recent arrivals; adult migrants as well as migrant children who migrated alongside their parents; children born overseas to nationals of the country of destination; and people born in colonial administration who were granted the nationality of the country of destination at birth or before migrating. As explained below in greater detail, differentiation between these groups has been made in the construction of immigration categories used in this paper by combining country of birth with information on the year of (last) entry, country of birth of parents and, for naturalized citizens, the year when citizenship was acquired.

For Germany, the question on country of birth was not included in the EU-LFS AHM 2008. As normally the case in German migration statistics only the information on nationality was available. However, a proxy for country of birth, in the dichotomic form native/foreign born, is provided by the variable ‘Years of residence’ (YEARESID) which includes a code ‘00 = born in this country’. For the definition of immigration categories requiring the knowledge of the migrant country of origin a combination of the foreign born status and country of nationality was used – see below.

Following recommendation of Eurostat’s statisticians to take 64 years as the upper limit of the AHM 2008 target population (Eurostat 2010: 7) in order to minimise the number of missing answers, the working-age population was defined as the 15-64 age group. Given the policy-related nature of the core questions addressed in this paper, we focused our analysis on first generation migrants, namely foreign-born individuals who migrated to the country of destination when they were 15 or older. In

other words, we excluded from our analysis both second generations (children of foreign-born parents born in the country of destination) and minor children born in the country of origin who, in the vast majority of cases, migrated with their parents – i.e. not as individual visa holders. Operationally, this was done on the basis of the derived variable ‘Age at which person last established their usual residence in the country’ (AGERESID). Separate estimates were carried out for the six LAB-MIG-GOV countries and compared to the EU-15 total calculated by excluding Denmark (where the ad-hoc module was not implemented) and Finland (which did not authorise the release of the dataset).

Table 1 shows the sample size resulting from the above criteria and the population estimates obtained by applying the corresponding weighting factors. Even after filtering out foreign born individuals who migrated in their childhood, the sample size for the migrant workforce remains large enough to conduct disaggregated analyses in all six LAB-MIG-GOV countries, ranging from 2,781 working-age (15-64) individuals in Germany to 6,901 in the UK. Weighted estimates of the foreign born workforce show that migrants account for the largest proportion of the working age population in Germany and Spain (about 16%), while the foreign born share of the workforce is proportionally lowest in Italy (9%). These estimates are for the most part consistent with migration statistics derived from other official sources<sup>9</sup>. Overall, the six LAB-MIG-GOV countries host almost 9 in 10 (87%) of the migrant population living in the EU-15 as a whole.

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<sup>9</sup> Data from the Spanish population register (Padròn Municipal) report very similar size and proportion of foreign born in the workforce in 2008 (5.1 million or 16%) (INE, online database). For France and Sweden there appear to be some more pronounced discrepancies, and in opposite directions. According to the 2008 French census, foreign born residents in Metropolitan France accounted for 10.1% of the population in the 15-54 age group (INSEE, online database), i.e. almost two percentage points lower than in the EU-LFS estimates. 2008 population register data for Sweden record a larger foreign born population in the 15-64 age group – 1.0 million, 16.6% of the total workforce (Statistics Sweden, online database) – which might suggest some level of underestimation by the EU-LFS. In Germany, micro-census data suggest that 12.8% of the whole population in 2007 was born abroad (Kim 2010). Given the higher concentration of migrants in the working ages, this is broadly consistent with the higher proportion (16.2%) estimated by the EU-LFS for the 15-64 age group. In Italy, where statistics on the foreign born population are lacking, the stock of foreign nationals in the 2008 resident population aged 15-64 was 6.9% (ISTAT, online database). The higher figure estimated by EU-LFS for the foreign born workforce (9.1%) is in line with expectations considering that the foreign born population includes some naturalised citizens and that the Italian population register (Anagrafe) is known to under-record the most recent arrivals (e.g. Cangiano 2008).

It is interesting to note that while in most EU countries about three out of four foreign born individuals have migrated when they were aged 15 or older (last column of table 1), this proportion is larger in Spain (reflecting the predominantly employment-related nature of recent immigration) and smaller in France (reflecting the predominance of family-related migration flows in the recent decades).

**Table 1 – Sample size and population estimates (15-64) in LAB-MIG-GOV countries**

	Sample			Population estimates				
	Pop. 15-64	Foreign-born	Foreign-born who migrated aged 15+	Pop. 15-64 (thousand)	Foreign-born (thousand)      % of pop.		Foreign-born who migrated aged 15+ (thousand)      % of all FB	
	(1)	(2)	(3)	(4)	(5)	(6)=(5)/(4)	(7)	(8)=(7)/(5)
GER <sup>(a)</sup>	26,841	3,890	2,781	54,161	8,782	16.2%	6,391	72.8%
SPA	67,964	5,517	4,294	31,376	5,255	16.7%	4,491	85.5%
FRA	38,564	4,589	2,894	39,670	4,682	11.8%	2,928	62.5%
ITA	106,606	6,894	4,734	39,154	3,578	9.1%	2,694	75.3%
SWE	46,085	4,292	3,181	6,039	892	14.8%	678	76.0%
UK	75,124	9,096	6,901	40,260	5,316	13.2%	4,073	78.2%
Other EU-15	252,673	29,273	21,485	41,340	5,316	12.9%	3,887	73.1%
Tot. EU-15 <sup>(b)</sup>	613,857	63,551	46,270	252,000	33,821	13.4%	25,142	74.3%

*Notes:* (a) For Germany native/foreign born individuals were identified on the basis of the years of residence (variable YEARESID, code '00 = born in this country'). (b) excluding Denmark and Finland.

*Source:* EU Labour Force Survey, 2008 Ad-Hoc Module

### 3.3 Coding of immigration categories on entry

The core component of our methodology was the construction of nine immigration categories which approximate, as far as possible, immigration status *on arrival* of the migrant workforce in the six LAB-MIG-GOV countries. Due to the lack of specific information on the type of permit/visa (or lack of) held by migrants when they entered the country, our immigration categories were derived by combining information provided by the core LFS module on country of birth, nationality and year of residence, with AHM 2008 variables on the country of birth of parents (COBMOTH and COBFATH),

main reason for (last) migration (MIGREAS) and the year of acquisition of citizenship (YEARCITI). These variables were generally assessed of good quality for the LAB-MIG-GOV countries (Eurostat 2010), with the only caveat of some high shares of no answers – e.g. 10% to 15% in the 15-64 age range, in Sweden for the country of birth of both parents and in Germany and the UK for the reason for migration. Given that in our analysis these variables were used in combination with other criteria, this had limited impact on our estimates.

The nine immigration categories used in our analysis were identified as follows:

- 1) *Descendants of emigrants* (hereon referred to as *ancestry-based*): individuals born abroad but citizens of the country of destination from birth; and migrants whose father and/or mother were born in the country of destination.
- 2) *EU-15 / EFTA*: migrants born in another EU-15 or EFTA country, including both foreign nationals and those who have acquired citizenship of the country of destination.
- 3) *Post-Enlargement EU-12*: individuals born in the EU-12 who moved to the country of destination between 2004 and 2008. For the sake of simplicity, different transitional arrangements for the mobility of new citizens adopted by former member states were not considered. Also, it was not possible to differentiate between EU10 and EU2 accessions as post 2007 migrants are not captured in the dataset<sup>10</sup>.

For all other non-EEA migrants, immigration categories were attributed building of the assumption that the reported reason for migration (MIGREAS) was a proxy for the type of entry visa. After some aggregation in the coding, this has led to the definition of the following categories:

- 4) *Employment, job found before migrating* (including intra-company transfers)
- 5) *Employment, no job found before migrating*
- 6) *Study*
- 7) *Asylum* (international protection)

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<sup>10</sup> This category also included Cypriot and Maltese nationals who, unlike citizens of all other accession countries, were not submitted to any restriction in their right to work in the EU-15. In fact, numbers of Cypriot and Maltese migrants are tiny in comparison with total migration flows from all other new member states so this is not a serious limitation for our analysis.

8) *Family* (including both marriage and family reunification)

9) *Other*.

For Germany, the lack of detailed information on country of birth implied the need to use a different procedure to define EU-15 migrants, based on the assumed correspondence between (current) nationality and country of origin for the foreign born population (identified on the basis of the years of residence, see above). A similar approach, imposing the additional constraint of last arrival in the destination country in or after 2004, was used to identify post-accession EU-12 migrants. A bespoke procedure was also used to define the ancestry-based category in a way to capture ethnic Germans (*Spätaussiedler*). Between 1988 and 2005 a total of three million *Spätaussiedler* moved to Germany from the former Soviet Union or from Central and Eastern Europe (mainly Poland and Romania), with arrivals declining after the mid-1990s (HWWI 2007)<sup>11</sup>. Most of them were granted German citizenship on arrival or within one year from their migration to Germany (Janssen and Schroedter 2007). In our analysis of the EU-LFS AHM 2008, *Spätaussiedler* were identified as individuals born abroad, who were granted German citizenship either at birth or on arrival (i.e. for whom the year of entry corresponds to the year of acquisition of citizenship), and whose parents were born either in the EU-12 (for arrivals between 1977 and 1993) or in other non-EU European states (for arrivals after 1987)<sup>12</sup>.

Some limitations in the effectiveness of our immigration categories to capture immigration status on entry of non-EEA nationals are evident. Employment-related categories are defined in generic terms with no explicit reference to country-specific visas for the admission of labour migrants. Importantly in

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<sup>11</sup> Opportunities for obtaining the recognition of the *Spätaussiedler* status were restricted by the introduction of an annual quota system and the requirement to prove fluency in German before entering the country (Janssen and Schroedter 2007).

<sup>12</sup> The period of entry of *Spätaussiedler* from the two regions (EU-12 and non-EU Europe) was specified by comparison with administrative data – see HWWI (2007: 3). Recorded arrivals of *Spätaussiedler* from Poland and Romania took off after the mid-1970s, peaked in 1990 (almost 400 thousand in total) and declined to a negligible number from 1993. The number of entries of ethnic Germans from the former Soviet Union became significant after 1987, peaked in the mid-1990s (about 200 thousand annually) and progressively decreased throughout the 2000s. This is partly due to more restrictive admission criteria such as the need to demonstrate fluency in German before entering the country.

countries highly affected by irregular migration such as Italy and Spain<sup>13</sup>, our immigration categories do not capture those who entered the country without a residence authorization (including both irregular migrants and those overstaying tourist or visitor visas). More in general, the assumption that the stated motivation for migration corresponds to the actual type of permit/visa held by the migrant on arrival is a strong one. Previous research has pointed to the disconnect between immigration status and reasons for migration (e.g. Anderson et al. 2006), showing that some migrants apply for certain types of visa (e.g. self-employed, students, au-pairs, working holidaymakers) just because this is for them the easiest way of entering or working legally in the country. Proxy answering might represent an additional problem in recording the actual motivation for migration<sup>14</sup>, with implications for the definition of our immigration categories that are hard to gauge. The identification of descendants of emigrants is also imprecise because the dataset only includes information on the country of birth of parents and not of the previous generations<sup>15</sup>. In particular, it is possible that ethnic Germans are somewhat underestimated because our procedure does not capture those who retained the foreign nationality for some years after entering Germany and those whose parents were already German nationals. The higher shares of no answers for some variables used in our approach imply that in Germany and France an immigration category could not be attributed to a non-negligible number of cases. However, while all these caveats may affect to some extent our results, they are unlikely to determine a substantial misrepresentation of the broader trends captured by our estimates – which, as discussed below, are for the most part consistent with other data sources and analyses.

For the correct interpretation of our results, it is also important to take into account some important issues around the temporal dimension of our estimates. As mentioned above, immigration status is a dynamic variable. Therefore, it has to be stressed that our immigration categories, referring to the time of last entry in the country of destination, are *not* representative of the migrant legal situation at the time of the survey. Furthermore, our estimates are based on the retrospective observation of the stock

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<sup>13</sup> Regularization data for Italy and Spain suggest that in these countries very significant proportions of regular migrants acquired a residence permit (mostly for employment purposes) when they were already living and working irregularly (e.g. Cangiano and Strozza 2008).

<sup>14</sup> Among the Lab-Mig-Gov countries, the share of proxy interviews was highest in Spain and the UK. France and Sweden did not allow proxy answering for some or all questions of the AHM 2008 (Eurostat 2010).

<sup>15</sup> For example, some descendants of Italian migrants in South America retain the Italian citizenship even after two or three generations born in those countries.

of migrant workforce living in the country in 2008, i.e. they do not refer to all arrivals over a given period because a number of them will have left the country before the survey. This has to be borne in mind because of the potentially highly selective nature of return migration (or re-migration) flows. In terms of labour market outcomes, migrants who are successfully integrated in the labour market are more likely to stay in the country of destination for longer periods. Even more relevant to the focus of this paper, migrants entering the country holding certain types of visas (e.g. temporary workers and, above all, students) may be spending shorter periods in the country than other immigration categories which are more long-term in nature (e.g. dependants). However, these considerations remain rather conjectural due to the lack of empirical evidence on the employment status and legal situation of migrants leaving EU countries.

A differentiation in the presentation of our results is made between ‘recent’ migrants (those who last entered the country in the 10 years preceding the survey) and ‘long-established’ migrants (those who arrived prior to 1998). The breakdown of the recent migrant workforce by category of entry is also compared with OECD estimates on permanent-type immigration. However, such comparison is not entirely possible or meaningful because of a number of differences in the population groups captured by the two sets of estimates – see Lemaitre et al. (2007) for a detailed description of the OECD methodology. Labour market performance of the migrant workforce is measured by looking at several dimensions of the economic sphere – inactivity, unemployment, occupational level and stability of the employment. A de-skilling index is also constructed to measure the return on education, i.e. whether the acquisition of educational skills leads to commensurable outcomes in the occupational scale (relative to indigenous workforce) – see Annex B. The nine immigration categories are compared with the domestic workforce, comprising the native born population (i.e. including the second generations) and foreign-born minor children who migrated alongside their parents (and completed their education in the country of destination). Given the very different age distribution of the above-defined groups of ‘recent’ migrants (highly concentrated in the young working ages) and ‘long-established’ migrants (much more evenly distributed across the age spectrum), comparison with the domestic workforce is also made by distinguishing two benchmark demographic groups (those aged 15-34 and 35+ respectively). An additional policy rationale for the comparison between recent migrants and the domestic workforce aged 15-34 is that the latter group are, for the most part, the recent labour



market entrants and face the highest risk of unemployment<sup>16</sup>. Therefore, policies to increase labour participation, reduce unemployment and provide adequate training mainly cater to this segment of the workforce and are often seen as alternative responses to labour migration in addressing labour and skill shortages.

## 4. The composition of the migrant workforce by category of entry

### 4.1 Immigration status by country of destination

Our estimates reveal a very different composition of immigration flows by category of entry across EU receiving countries. As far as recent immigration is concerned (fig. 3.a), Sweden and France are characterized by a larger proportion of EU-15 migrants (almost 1 in 5). Sweden has also the largest proportion of asylum seekers (20%) and family members (43%), and the smallest share of labour migrants. Our estimates confirm that the UK has been by far the most popular destination for post-enlargement EU-12 migrants (1 in 5 among recent arrivals), while this country has received comparatively fewer family migrants (21% of recent migrants, compared with a EU-15 average of 26%). A further peculiarity of the UK as well as France is the relatively large share of international students (14%, twice as large as the EU-15 average). Germany stands out for the greatest inflow of ancestry-based migrants (17%), reflecting the still large (although decreasing) number of arrivals of Ethnic Germans from the former Soviet Union in the late 1990s and early 2000s. Italy and Spain received by far the greatest proportion of non-EU migrants for employment reasons. The two countries also stand out for a remarkable similarity in the composition of recent arrivals. Our estimates did not allow the identification of migrants who entered or worked irregularly. Given that in both countries there has long been virtually no provision for obtaining a labour entry visa without a job offer (Salis 2012; Finotelli 2012), it can be assumed that most migrants who entered Italy and Spain with no residence authorisation or overstaying a temporary visa were included in the category 'employment

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<sup>16</sup> For a comparison of the volume of immigration in 2004-07 against the size of the new cohorts entering the labour market from the resident workforce see OECD (2010: 47).

without a job'. In addition, our estimates for the two Southern European destinations seem to understate the presence of post-enlargement EU-12 migrants – Romanians are currently the largest immigrant group in both countries. This is probably due to the aforementioned limitations of the Labour Force Survey in recording recent arrivals<sup>17</sup>.

As a way to validate the reliability of our EU-LFS based estimates, it was useful to compare the breakdown by category of entry of the recent arrivals with the OECD estimates of permanent immigration. To minimise the discrepancy between our target groups and the OECD standardized data, a purposive set of estimates was prepared. Overall, the two sets of estimates provide broadly coherent results, but with some inconsistencies. A full description of the approach and outcome of this comparative analysis is provided in Annex A.

Figures 3.a and 3.b points to significant changes in the categorical composition of immigrant flows over the last decades. Overall, a diachronic comparison of the composition by immigration category of the recent and long-established migrant workforce seems to reveal the following trends for the last decade:

- A decrease in the relative incidence of immigration from other EU-15 countries in all countries of destination, particularly in Spain and Sweden.
- A decrease of ancestry-based arrivals, particularly in Germany (22% of pre-1998 arrivals were of German ancestry) but also elsewhere (they previously accounted for 13% in France and about 10% in Italy and Spain and the UK). In some countries (e.g. Germany and the UK) this trend might be related to the introduction of more restrictive criteria in citizenship laws (e.g. language skills and civic and integration tests) – see Goodman (2010) – resulting in smaller numbers of descendants of emigrants and citizens of previous colonial administrations being able to migrate without a visa. However, in other countries (e.g. Italy) the opposite is true, i.e. there has been a

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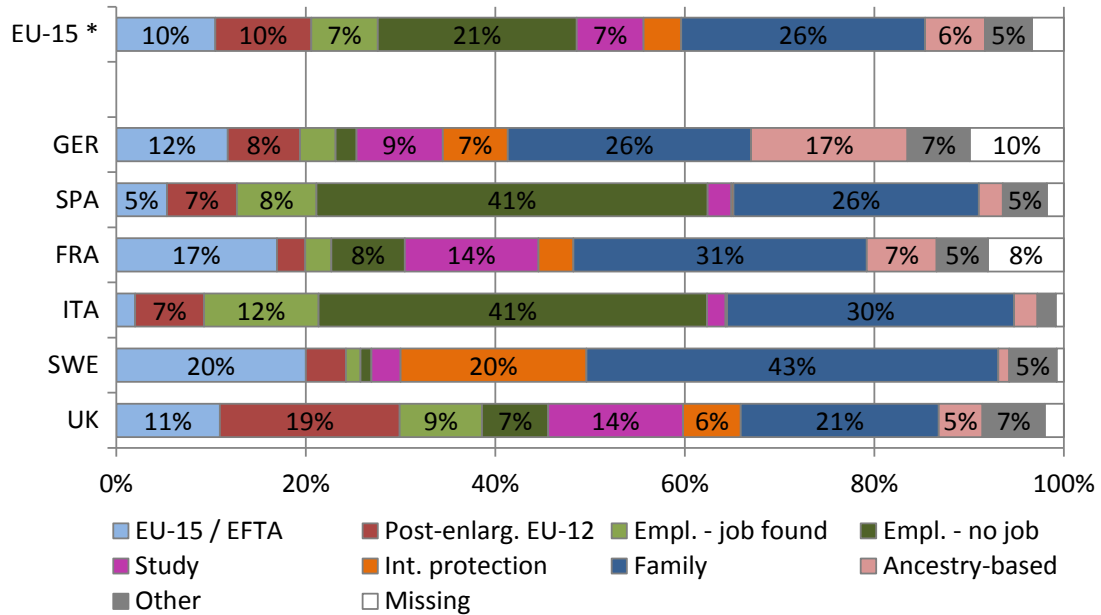
<sup>17</sup> Romanian migration to Italy and Spain considerably increased in the second half of the 2000s, and particularly after Romania joined the EU (1.1.2007) – migration flows from other accession countries were comparatively much smaller. As a result, in 2008 the proportion of EU-12 nationals in the total foreign resident population was 23% in Italy and 19% in Spain (own calculation based on ISTAT and INE online databases). Even taking into account that these figures also include EU-12 citizens who migrated before the recent EU enlargements, the discrepancies with the proportion of post-enlargement EU-12 among recent arrivals estimated by our EU-LFS-based estimates (7% in both countries) appear to be significant.

loosening of immigration and naturalization channels for the descendants of emigrants (Tintori 2009).

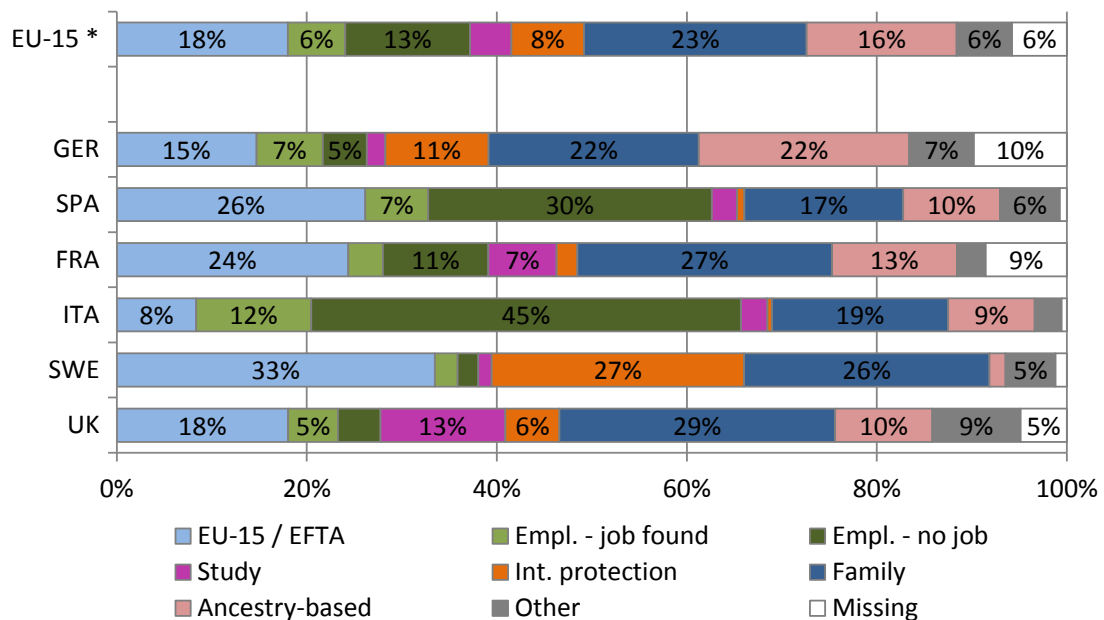
- A general increase in the proportion of labour-related flows at EU level – particularly when the predominantly employment-oriented characterization of EU-12 migration is taken into account. This is mostly due to the expansion of labour migration in Spain and the UK, while for other countries the relative incidence of labour migration has changed less significantly. Interestingly, the UK is the only of the six LAB-MIG-GOV countries where the proportion of non-EU labour migrants with a job offer has increased in the last decade – and more of the recent arrivals have entered the country with a job offer than without.
- Non-EU migrants entering for study reasons also account for a larger proportion of recent arrivals than of long-established immigrants, reflecting the increasing numbers of admissions of international students particularly in France, Germany and the UK – the latter was already the main European destination of international students in the 1990s. In these countries the opening of admission channels for non-EU students has gone hand in hand with an increasing emphasis on selecting highly skilled migrants for labour-related entries.
- A decrease in the relative incidence of humanitarian migrants, particularly in Sweden and Germany. This is a result of both declining asylum applications (Germany) and a marked drop in recognition rates from the end of the 1990s until the mid-2000s (Toshkov and De Haan 2011: fig. 3 and 4).
- In all LAB-MIG-GOV countries but the UK, an increase in the proportion of family related entries. In countries of recent immigration, this is the outcome of the stabilization of migrant patterns. On the other hand, in other countries (Sweden and France) this appears to be more the result of a compositional effect due to the decrease of recent arrivals in other categories – EU-15 nationals, asylum seekers (Sweden) and ancestry-based migrants (France).

Figure 3 – Composition of the migrant workforce by immigration status on entry and country of destination, recent and long-established migrants. EU-15 and selected countries, 2008 (%).

(a) recent migrants (entry between 1998 and 2007)



(b) long-established migrants (entry before 1998)



Source: Own estimates based on the EU-LFS

It is worthwhile noting that some immigration categories are clearly gender-unbalanced: at EU level, 60% of recent labour migrants and asylum seekers are men; while 70% (or more in some destination

countries) of family migrants are women (see table C1 in Annex C). The male share of labour migrants is even higher (about 70% in most countries) among migrants who arrived in Europe before 1998, in line with a generalized trend of feminization of migrant labour observed in many receiving countries (e.g. Piper 2005). Interestingly, our estimates also show that women account for a greater proportion of the migrant workforce who entered recently for study reasons compared to the past decades – although student migration is still dominated by men in Spain and the UK (almost 60%).

#### 4.2 Immigration status by area of origin

Significant variation in the composition by category of entry of the migrant workforce is also observed by country of origin (figure 4). Among post 1998 arrivals, over half of EU-12 migrants moved to the EU-15 after the 2004 EU enlargement; migrants from East Asia stand out for the very high proportion of international students (44%), reflecting the leading position of China as major country of origin of international students worldwide (OECD 2011: 66); the majority of Latin Americans entered for employment reasons (42% without a previous job offer); while over 40% of migrants from South and South-East Asia, North Africa and the Middle East and non-EEA European countries entered the EU-15 on family grounds. Migrants from high income countries of North America and Oceania were the most evenly distributed by immigration status on entry, with the highest proportions with a job offer on arrival (21%) or with a European ancestry (16%). The high proportion in the residual group ‘other’ (18%) also suggests that many of them (particularly those not working) have no long-term residence permit on arrival.

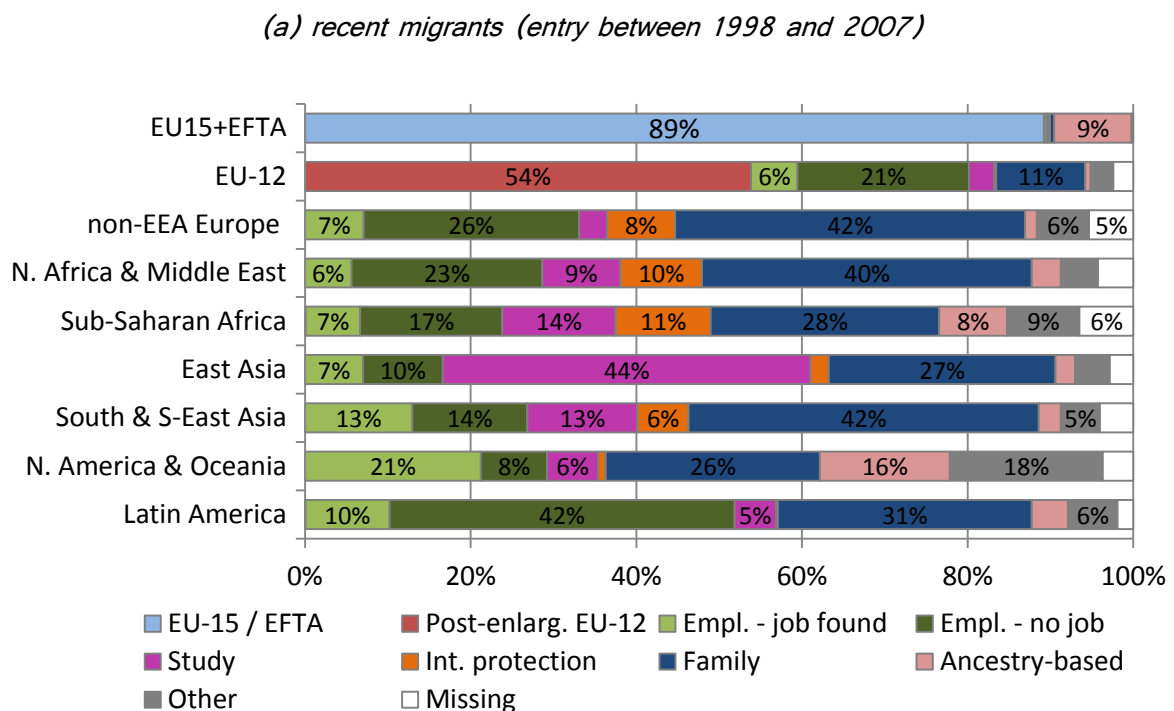
The comparison between recent and long-established migrants shows interesting changes in the entry channels relative to the previous decades. For example, it shows that the student-dominated migration from East Asia is a recent phenomenon, while family- and labour-related flows accounted for the largest share of migration from this region in the previous decades. It also suggests that the decrease in the share of humanitarian migration discussed in the previous section does not concern all the sending regions, but is rather the result of changing routes of asylum flows – with an increase in the relative incidence of refugees among Sub-Saharan African migrants from 7% to 11%. A significant shift in the categorical composition of the new arrivals is observed for Latin American migration, particularly because of the reduced incidence of ancestry-based migration in the last decade (from 23% to only

4%) – and corresponding rise of labour flows. A significant decrease in the share of ancestry-based migration has also characterised African migration, while other regions of origin were traditionally less involved in these type of mobility. Interestingly, the categorical composition of pre-1998 arrivals from the new EU member states appears to be very similar to that of other non-EEA European migrants.

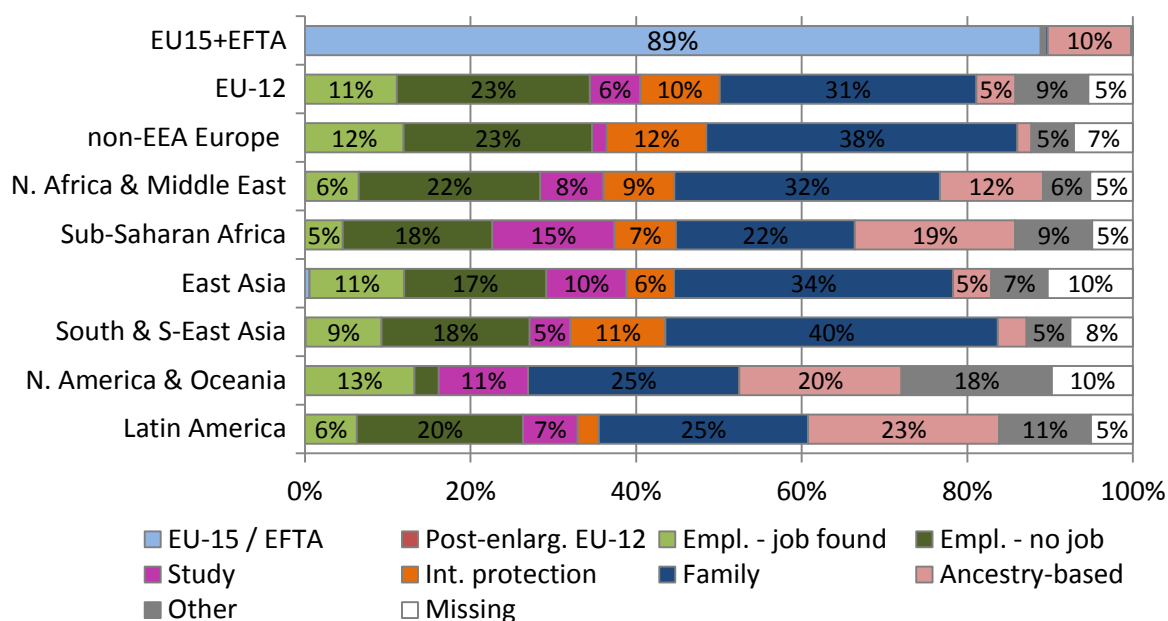
### 4.3 Acquisition of citizenship

As mentioned above a number of studies have found that naturalization is likely to have a positive impact on the labour market experience of migrant workers (OECD 2010). In turn, the legal channels through which migrants enter the country of destination may characterize the migrant integration pathway in the receiving society, including the opportunities (or willingness) to acquire full citizenship rights.

Figure 4 – Composition of the recent migrant workforce by immigration status on entry and area of origin<sup>(a)</sup>, recent and long-established migrants. EU-15 and selected countries, 2008 (%).



(b) long-established migrants (entry before 1998)



Note: (a) country of birth for all EU-15 receiving countries except Germany, for which nationality is used.

Source: Own estimates based on the EU-LFS

Figure 5 shows for the nine immigration categories defined in our analysis, and for the EU-15 as a whole, the distribution by nationality (at the time of the survey) classified into three groups: national of the country of destination from birth, national by acquisition (at any time after birth), and foreign national. Estimates for both recent<sup>18</sup> and long-established migrants suggest that access to full citizenship rights considerably vary by immigration category on entry. Among long-established migrants (entry before 1998), those admitted to EU-15 countries as students or asylum seekers were the most likely to obtain citizenship – 63% and 60% respectively (fig. 5.b). Fifty per cent of family members had also become citizens of the country of destination by the time of the survey, which probably includes a non negligible subgroup of ‘marriage’ migrants marrying EU citizens. A similarly high level

<sup>18</sup> In producing the estimates reported in figure 3.a it was assumed that, on average, foreign nationals need to spend at least 4 years in the country of destination before they can qualify for applying for citizenship, so only entries prior to 2003 were considered. This is of course a simplification as qualifying the period varies with national legislations and for different legal categories (e.g. spouses of citizens may require shorter periods).

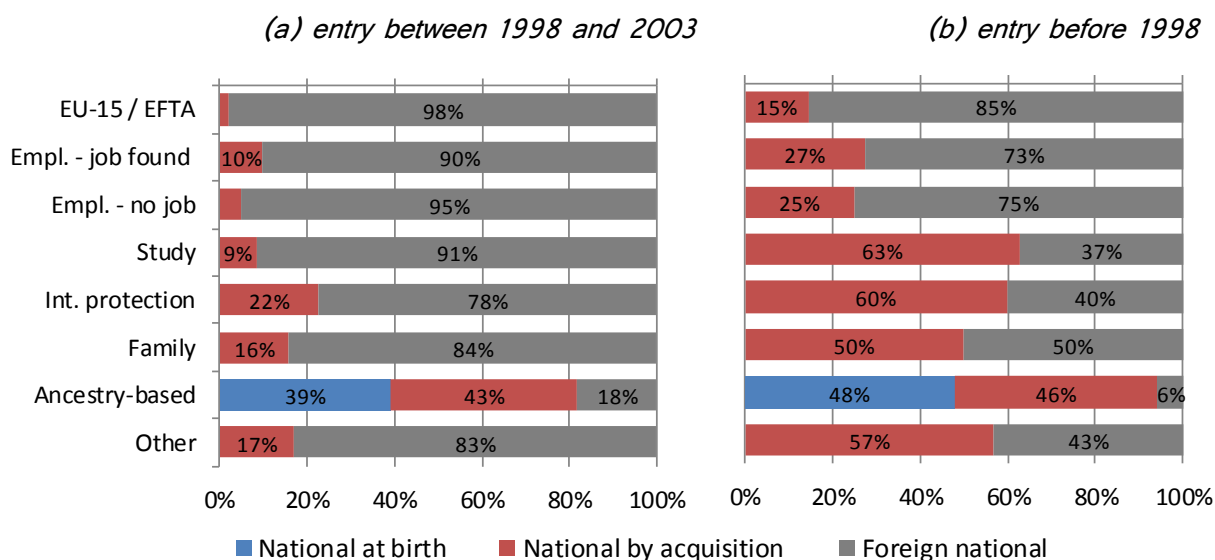
(57%) is shown by the residual category 'other' migrants. Ancestry-based migrants obviously constitute a peculiar case as almost half of them were nationals of the destination country from birth, and the vast majority of the others had become citizens 10 years or more after migrating. Those who migrated via labour-related entry channels were considerably less likely to naturalize (only 1 in 4), but there is no apparent gap between those who entered with a job offer and those without. Unsurprisingly, EEA nationals were the least likely to apply for citizenship of another EU-15 country.

Naturalization rates of migrants who entered after 1998 are much lower (fig. 5.a) for all immigration categories except ancestry-based migrants – and particularly for international students. This is an expected result given that not all recent migrants may have gained the right to apply, that the decision to apply for citizenship may be taken at a later stage of the migratory experience, that citizenship laws in many European countries have become more restrictive in the last decade, and that the application process itself can in some cases take a long time. The lower citizenship take-up rates for recent migrant students are also related to the normally longer qualifying periods and higher turn-over rates than other categories. Leaving aside ancestry-based migrants, humanitarian migrants were the most likely to acquire citizenship (22%), followed by family migrants and the residual category 'other' (1 in 6). Similar to the long-established migrant workforce, recent EU-15 migrants and labour migrants had lowest naturalization rates.

Further insights about the acquisition of citizenship by different immigration categories are provided by estimates at the national level (Tab. C2 in Annex C). Overall, naturalization rates are highest in Sweden (78% for migrants arriving before 1998) and lowest in Italy and Spain (21% and 26% respectively), the two LAB-MIG-GOV countries that have more recently experienced large scale immigration. However, a lot of commonalities in the naturalization rates of different categories are apparent across national contexts. As expected, ancestry-based immigrants experience very high naturalization rates in all EU countries – with the exception of the UK where more than two-thirds of ancestry-based migrants were UK nationals since birth. Similarly, migrant students and refugees are relatively more likely than other categories to acquire citizenship in all countries, while the opposite is true for labour migrants. In terms of national peculiarities, the UK has the highest naturalization rates for people admitted on employment grounds, while Italy has a relatively high naturalization rate for other EU-15 nationals. Differences in citizenship take-up rates by immigration status on entry are less pronounced in some countries (e.g. Spain and the UK) than in others (e.g. Italy and Germany).



Figure 5 – Nationality of the recent migrant workforce by immigration status on entry, recent and long-established migrants. EU-15, 2008 (%).



Source: Own estimates based on the EU-LFS

## 5. Labour market outcomes by immigration category

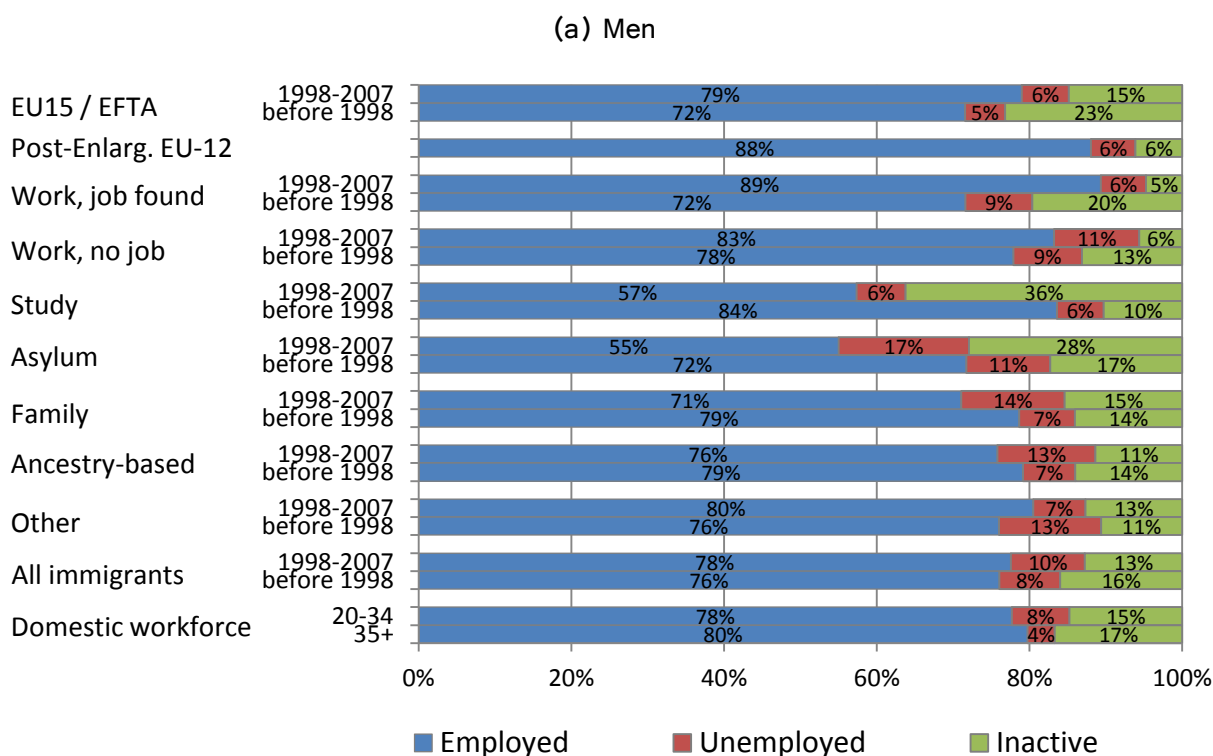
This section looks at the labour market outcomes of different immigrant categories, discussing the possible implications of entering the EU via different immigration channels for the migrant integration in the destination country's labour market. First, the participation in the labour market and access to employment is analysed by using the ILO definition of working status<sup>19</sup> (one of the derived LFS variables). Then, the sector of employment, educational attainments and occupational skills of the migrant workforce are reviewed.

<sup>19</sup> According to the ILO international standards, persons in employment comprise all persons of working age who during the reference week of the survey were either in paid employment or self-employed. The unemployed are those who have no job at the time of the survey but have been looking for a paid employment in the last four weeks and would be available to start working in the next two weeks. Those who are neither employed nor unemployed are regarded as economically inactive.

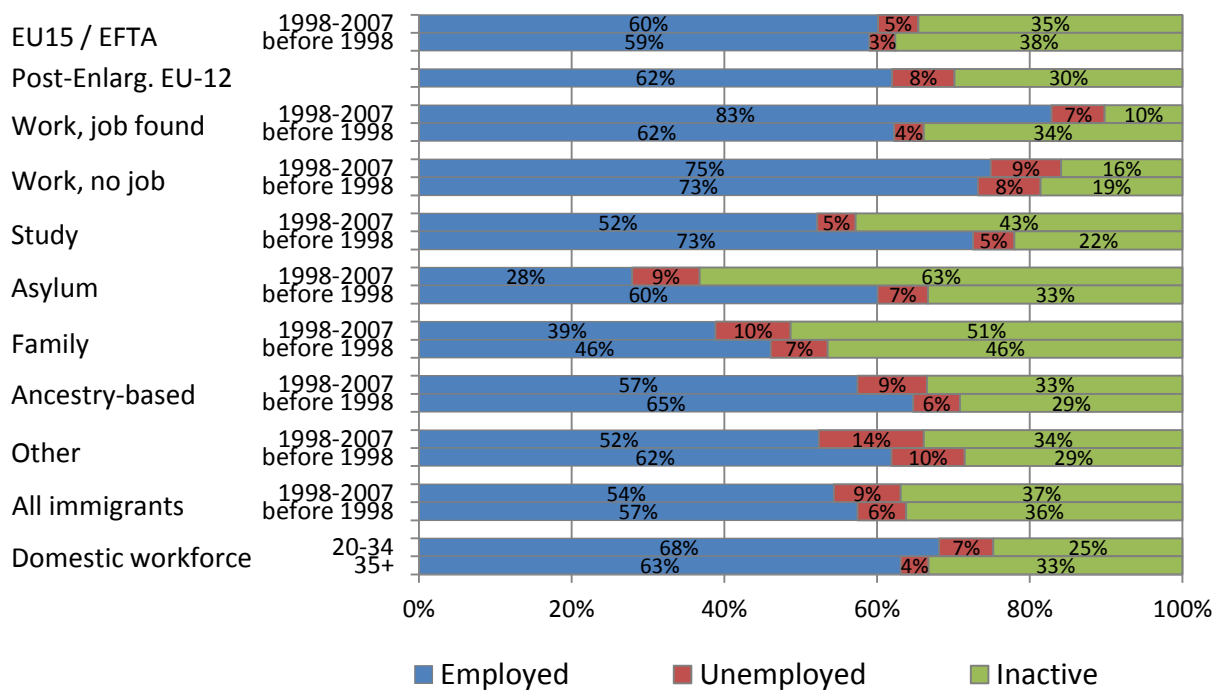
## 5.1 Labour force status

At EU-level, there is significant variation in labour market participation and access to employment by immigration status on entry and, for some immigration categories, by period of entry (figure 6). Among recent male migrants (fig. 6.a), non-EEA workers entering the EU with a job offer and post-enlargement EU-12 migrants were the most likely to be in employment (almost 9 in 10). Non-EEA male workers entering without a job offer and migrants in the residual category ‘other’ also display high levels of labour market inclusion (80% or more in employment).

Figure 6 – Labour force status by immigration status on entry and period of arrival, by sex. EU-15, 2008 (%).



(b) Women



Source: Own estimates based on the EU-LFS

EU15/EFTA nationals (79%), descendants of emigrants (76%) and family migrants (71%) have employment rates similar to those of the male domestic workforce entering the labour market in the decade preceding the survey (i.e. those aged 20-34, 78%). However, descendants of emigrants and family migrants are considerably more likely than local labour market entrants to be unemployed. Recent arrivals as asylum seekers and students were the least likely to be economically active. Still, over half of them were employed at the time of the survey. While asylum seekers had the highest share of unemployed of all male migrants, many students are likely to be voluntarily inactive while enrolled in education.

For some immigrant categories remarkable differences, and with opposed patterns, seem to exist between recent and 'old' migrants: male labour migrants who entered the EU with a job offer before 1998 are much more likely to be currently inactive (20%) than recent arrivals (5%). On the other hand, in comparison with the new arrivals a considerably larger proportion of long-established migrant students (79%) and asylum seekers (67%) are currently in employment – and, for the latter category, the share of unemployed also drops significantly. Differences by period of entry are less significant for

other immigration categories. The better participation and employment outcomes of long-established migrants can be generally explained by the improvement of language skills and the acquisition of knowledge and competences that are valued in the destination country's labour market. As far as humanitarian migrants are concerned, long-established refugees may also have benefited from labour market integration measures (including training) that are in place in many EU countries. Yet selection factors are also likely to operate, particularly for migrant students. As most foreign students leave after completing their studies, those who stay will be 'positively' selected because they will have, in most cases, found a job and shifted to an employment permit.

Recent female migrants experience higher inactivity rates than men in all immigration categories, with more pronounced gaps among family migrants, asylum seekers and other migrants (fig. 6.b). Yet participation rates of migrant women are also known to vary widely by country of origin – e.g. female migrants from Muslim countries of the South and East Mediterranean and South Asia are generally found to have lower levels of economic activity (Dustman and Fabbri 2005; Münz 2007: tab. 13). These differences across immigration categories are also largely similar to those observed for migrant men, with those entering via labour migration channels experiencing the highest employment rates (about 80%) and humanitarian migrants the lowest levels of labour market inclusion (only 28% in employment). Yet, unlike their male counterpart, recent female family migrants are also amongst the categories of entrants facing the highest levels of exclusion from the labour market (only 39% are employed). Overall, recent migrant women present lower levels of labour market inclusion than the cohorts of female labour market entrants (aged 20-34) from the domestic workforce in the period preceding the survey. Interestingly, the comparison between employment outcomes of recent and long-established female migrants shows the same patterns observed for men, i.e. on the one hand, a significantly higher inactivity rate for women who migrated to the EU with a job offer before 1998, and, on the other, a much greater labour market participation of long-established refugees and migrant students. Better participation and employment outcomes are also found for long-established female family migrants and ancestry-based migrants.

At national level, and with reference to the recent migrant workforce, male migrants have the highest employment rates in Italy (83%) and the UK (81%) and female migrants in Spain (61%) and the UK (58%) – see tab. C3 in Annex C. As shown by previous comparative analyses of EU-LFS data (e.g. Münz 2007) the employment gap between recent immigrants and native labour market entrants is

particularly wide for the female workforce in Sweden (-40 percentage points) and, to a lesser extent, France (- 30 percentage points) and Germany (-25 percentage points). For the male workforce the migrant employment disadvantage is considerably smaller in all these countries and disappears in the UK and Spain, whereas in Italy recent male migrants have higher employment rates than the domestic cohorts of labour market entrants. Similar employment differentials by immigration categories observed at EU-15 level are also found at national level, with 'non-economic' immigrant categories consistently having lower employment rates compared to labour migrants. Therefore the larger gaps between native and immigrant employment outcomes observed in Sweden, Germany and France reflect, at least in part, a compositional effect – i.e. the higher concentration of either family members or asylum seekers (or both) in recent admissions. Indeed the proportion in employment of recent female migrants entering as family members is also the lowest in these three countries (only about 30%, with a EU average about 10 percentage points higher). Other national peculiarities emerging from country-specific estimates include employment rates well below the EU average for female refugees in the UK (only 12%), for EU-15 female migrants in Spain, and for post-enlargement EU-12 migrants (both men and women) in Italy (-20 percentage points compared to the average in the EU-15)<sup>20</sup>. Italy has also the lowest proportion in employment amongst female ancestry-based migrants (only 35%). Excluding refugees, employment rates of recent migrants in the UK are higher than elsewhere for most of the other categories of immigrants – particularly non-EEA labour migrants and EU-12 nationals – suggesting that factors shaping the demand for migrant labour affect employment opportunities for all immigrants irrespective of their admission category.

## 5.2 Education and skills

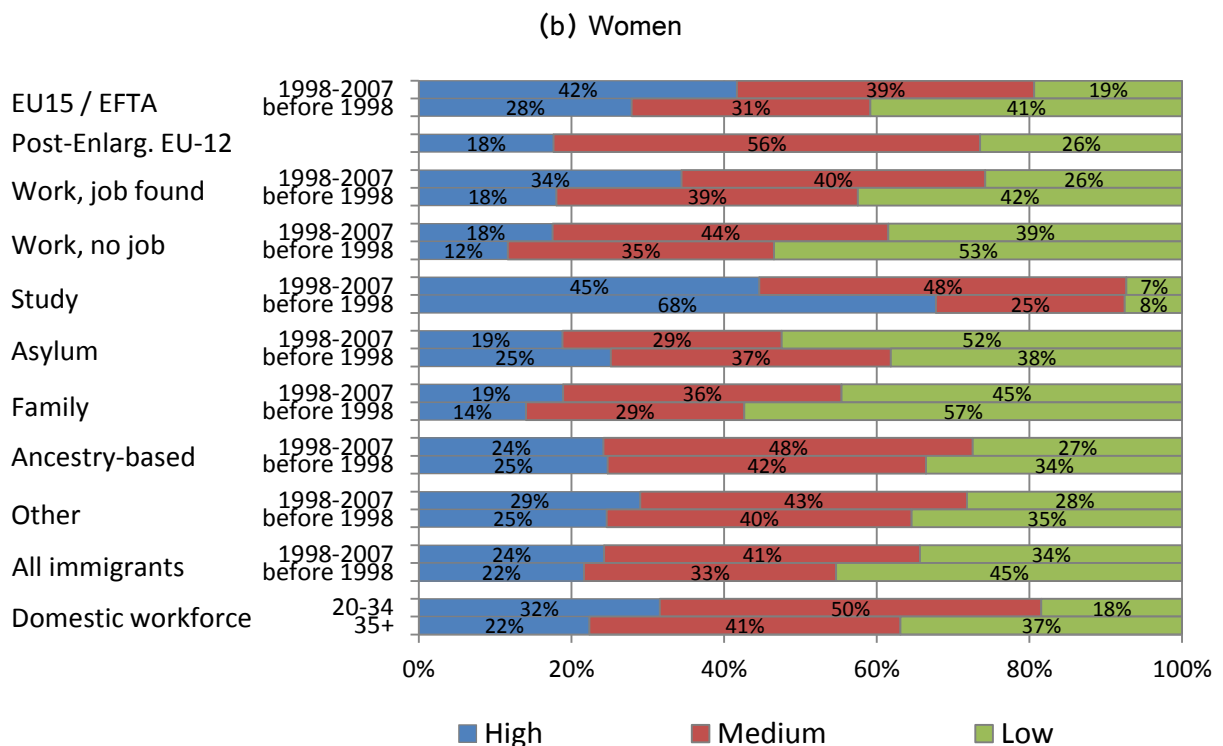
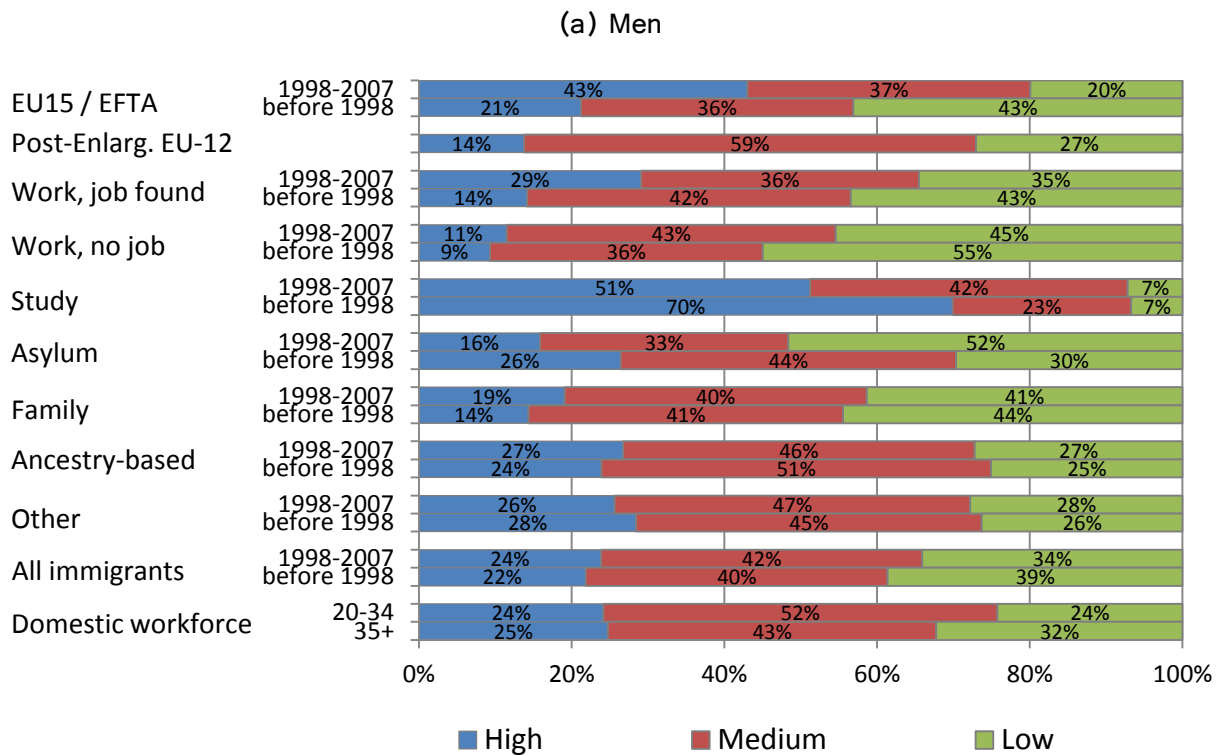
Educational attainment is one of the key determinants of labour market outcomes, both in terms of access and quality of employment. At EU level, the distribution by level of education of the recent male migrant workforce is rather similar to that of the 'home-grown' cohorts of labour market entrants, the main difference being a somewhat higher proportion with low education and lower proportion with

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<sup>20</sup> The higher inactivity levels of post-enlargement EU-12 migrants in Italy are somewhat unexpected and probably depend on the poor coverage of recently arrived Romanian migrants in the Italian LFS, and particularly on the fact that a much lower proportion of EU-12 heads of the household are included in the Italian sample – only 21%, compared to an average of 42% in the EU-15.

medium education – and same share of highly skilled workers, 24% (fig. 7.a). Yet significant differences exist across immigration categories. EU-15 migrants and, unsurprisingly, people who entered as international students – who are typically enrolled in tertiary education on arrival – have considerably higher shares of highly educated workers (over 40%). Recent male labour migrants who entered the EU with a job offer are more concentrated at both ends of the educational spectrum, while EU-12 migrants are more likely to possess medium levels of education. Labour migrants without a job offer, family members and asylum seekers are overrepresented among the lesser educated (over 40% with less than secondary education). The educational distribution of recent female migrant women is remarkably similar to that of male migrants (fig. 7.b). Slight differences can only be observed for female labour migrants, who are on average more likely to be highly educated than their male counterpart. Compared to the pre-1998 cohorts of immigrants, recent arrivals (both men and women) are slightly less likely to be concentrated towards the bottom of the educational hierarchy (particularly women). This overall trend however averages more marked differences, with opposite signs, within immigration categories that are common to both sexes. Recent labour migrants, family migrants and, especially, EU-15 nationals appear to be more educated. In contrast recent asylum seekers are more likely to have lower education levels than previous refugee cohorts (52% with low education for both sexes). This decrease in the educational attainment of the recent cohorts appears to be related to the shift in the primary areas of origin from the former Soviet Union and the Balkans (i.e. countries with widespread access to higher education) to Sub Saharan African and the Middle-East.

Figure 7 – Highest educational level<sup>(a)</sup> by immigration status on entry and period of arrival, by sex.  
EU-15, 2008 (%)



Note: (a) High = Tertiary education; Medium = Upper Secondary education; Low = Lower Secondary education or below

*Source:* Own estimates based on the EU-LFS

Similarly, about 70% of older cohorts of both female and male migrants entering the EU-15 for study reasons had, at the time of the survey, completed tertiary education, compared with half or less of the recent arrivals. However, as mentioned above, this comparison is biased by the fact that recent migrant students may still be enrolled in tertiary education while the older student cohorts are somehow positively selected because only those who found a job have remained in the country after graduation.

The proportion of recent migrants with high education is highest in Sweden (over 40% for both women and men) and lowest in Italy (15% for women and 7% for men) – see table C4 in Annex C. In Sweden and Germany it is even higher than for domestic youth cohorts, while in other countries the recent migrant workforce experiences an educational gap – which is generally larger for women, particularly in Spain. The educational differences by immigration categories observed at EU level are generally evident also at national level, but with some peculiarities – such as the much higher proportion of highly educated male asylum seekers in Sweden (30%) than in the UK (8%); the greater concentration of labour migrant to the UK in the highly skilled category; and the higher share of highly educated ancestry-based migrants in the UK and Spain (over 40%) than elsewhere.

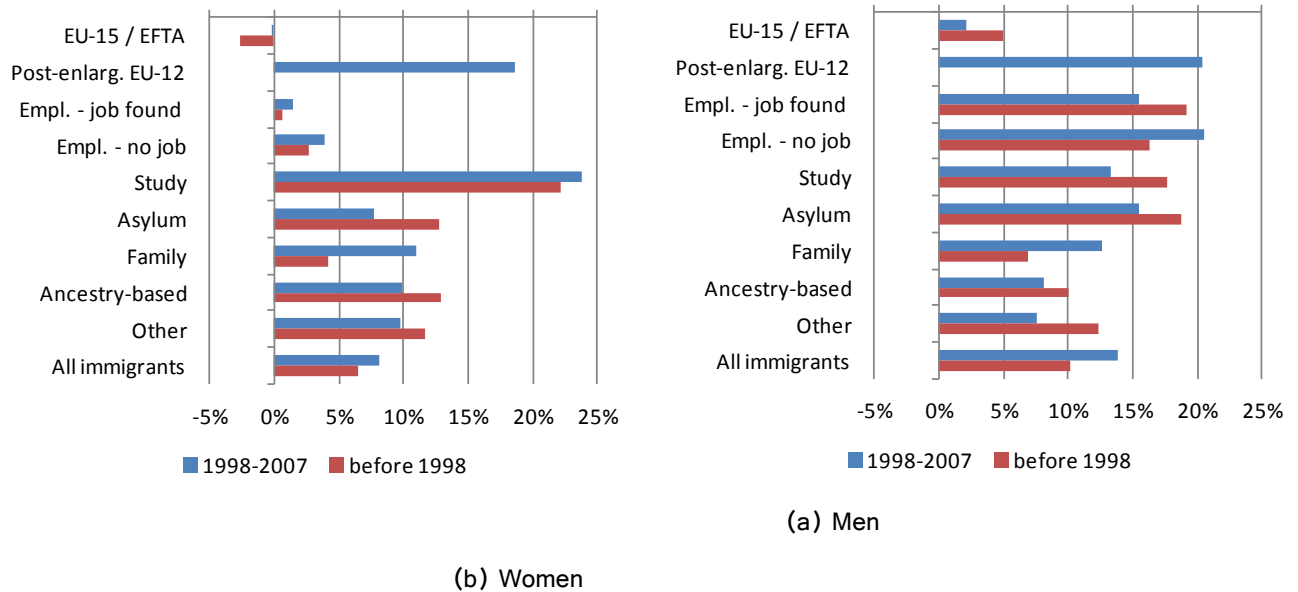
A key question for labour migration and labour market policies is whether migrants can take full advantage of their education and training skills by taking up work at a commensurate skill level – or, conversely, whether they experience considerable de-skilling by being employed in occupations at a lower skill level. This is analysed by constructing an index of relative de-skilling – measuring the extent of educational skill loss that migrants experience in comparison with the domestic cohorts of labour market entrants (see Annex B for methodological note). As above, recent arrivals (entry between 1998 and 2007) are compared with domestic workers aged 20-34 who entered the labour market approximately over the same period, while the long-established migrant workforce is compared with the domestic workforce aged 35 and over. The index takes positive values when the educational skill loss is greater for migrants than for the domestic workforce and negative values in the opposite case (i.e. if immigrants experience a relative skill gain).



Figure 8 shows that at EU level all immigration categories, with the only exception of male EU/EFTA nationals, experience some loss of their skill potential relative to the conditions prevailing in the labour market of their country of destination. The chart also suggests that this skill loss is generally greater for female than for male workers. Post-enlargement EU-12 migrants, both men and women, are amongst those experiencing the highest skill loss (about 20%). A striking difference between the two sexes emerges for migrants who entered the EU via labour migration routes: while male labour migrants are on average employed at occupational levels commensurate to their educational skills, migrant women appear to be significantly overqualified for the jobs they take up relative to the domestic female workforce, and even more so if they entered the country of destination without a job offer. Female refugees also experience a higher human capital loss than male refugees, while the gender gap is less pronounced or disappears amongst family, ancestry-based and other migrants. De-skilling levels amongst migrants entering the EU for study reasons appear to be high particularly for males, but comparison with other routes of entry is not straightforward because migrants in this category are overly concentrated at the highest end of the skill spectrum.

In line with the expectation that long-established migrant workers should experience some upward labour mobility as they improve their knowledge of the language and acquire local labour market skills, older cohorts of migrant workers without a job offer and family migrants experience a lower skill loss in comparison with recent arrivals in the same immigration categories. However, this is not the case for other immigrant categories – e.g. ‘old’ asylum seekers experience a higher skill loss, probably because they arrived with higher educational attainments. Overall, differences in the levels of de-skilling of recent and settled migrants are small for most immigration categories so it is not possible to draw strong conclusions about the impact of factors such as the length of stay or the labour market conditions on arrival.

Figure 8 – Index of relative de-skilling by immigration status on entry and period of arrival, by sex.  
EU-15, 2008 (%).



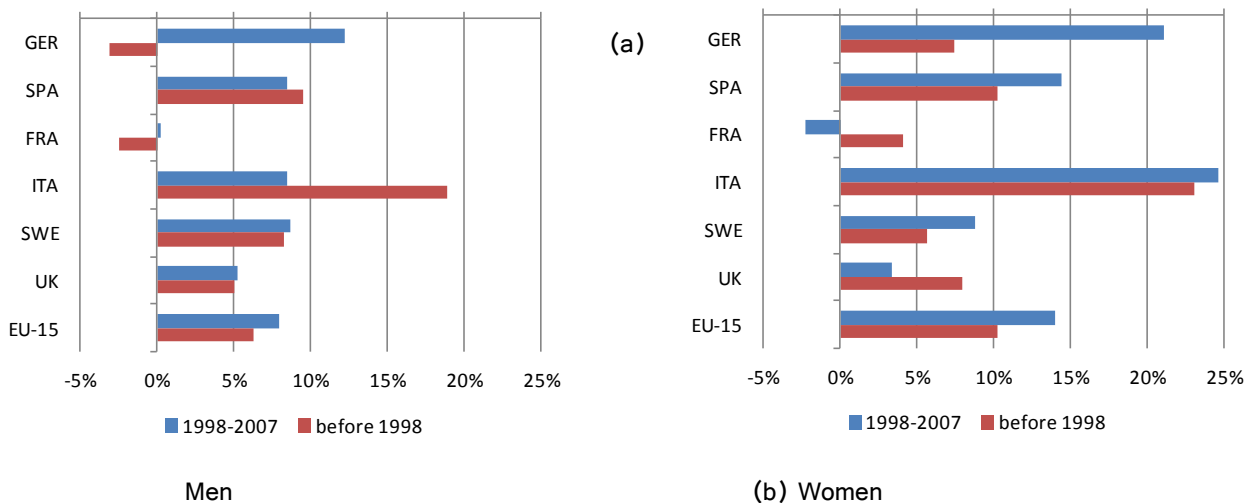
Source: Own estimates based on the EU-LFS

For the recent arrivals, the loss of skill potential is highest in Germany for male migrants (13%) and in Italy for female migrants (24%) – see figure 9. Migrant relative de-skilling is in line with EU-15 averages in Spain, while lower levels are observed in the UK and Sweden. In France, return to education in terms of access to qualified employment is the same for recent migrants as for the domestic young workers. For the most part, higher immigrant de-skilling observed in Italy and Germany relative to the conditions prevailing in these national labour markets are explained by the high share of the domestic workforce employed at occupational levels above their educational qualifications<sup>21</sup> – so an ‘up-skilling’ of the domestic labour force that is not experienced by the migrant workforce. In Italy the loss of skill potential is even higher for older cohorts of migrants, while in Germany only recent migrants experience a high skill loss in comparison to the native workforce.

<sup>21</sup> In particular, a relatively high proportion of professional and managerial jobs in both countries are occupied by medium skilled workers. In Italy, there is also a higher share of medium skilled jobs performed by low skilled workers in comparison with other EU countries.

It is interesting to note that in Italy and, to a lesser extent, Spain, the employment of migrant women at occupational levels below their educational skills is considerably more frequent amongst recent arrivals than for older immigrant cohorts, while the opposite is true for male migrants. This appears to be related to the significant expansion over the last decade of the female migrant workforce in the domestic and care sector. While return to education for some categories of migrants (e.g. students and family migrants) is relatively similar across countries of destination, for other categories opportunities to access employment at a level commensurate to their educational attainment seem to vary across national contexts. For example, de-skilling is higher than in other EU countries for labour migrants entering with a job offer in Germany, for labour migrants entering without a job offer in Italy, for post-enlargement EU-12 migrants in Spain, and for ancestry-based migrants in Spain and Germany.

Figure 9 – Index of relative de-skilling by country of destination and period of arrival, by sex. 2008 (%).



Source: Own estimates based on the EU-LFS

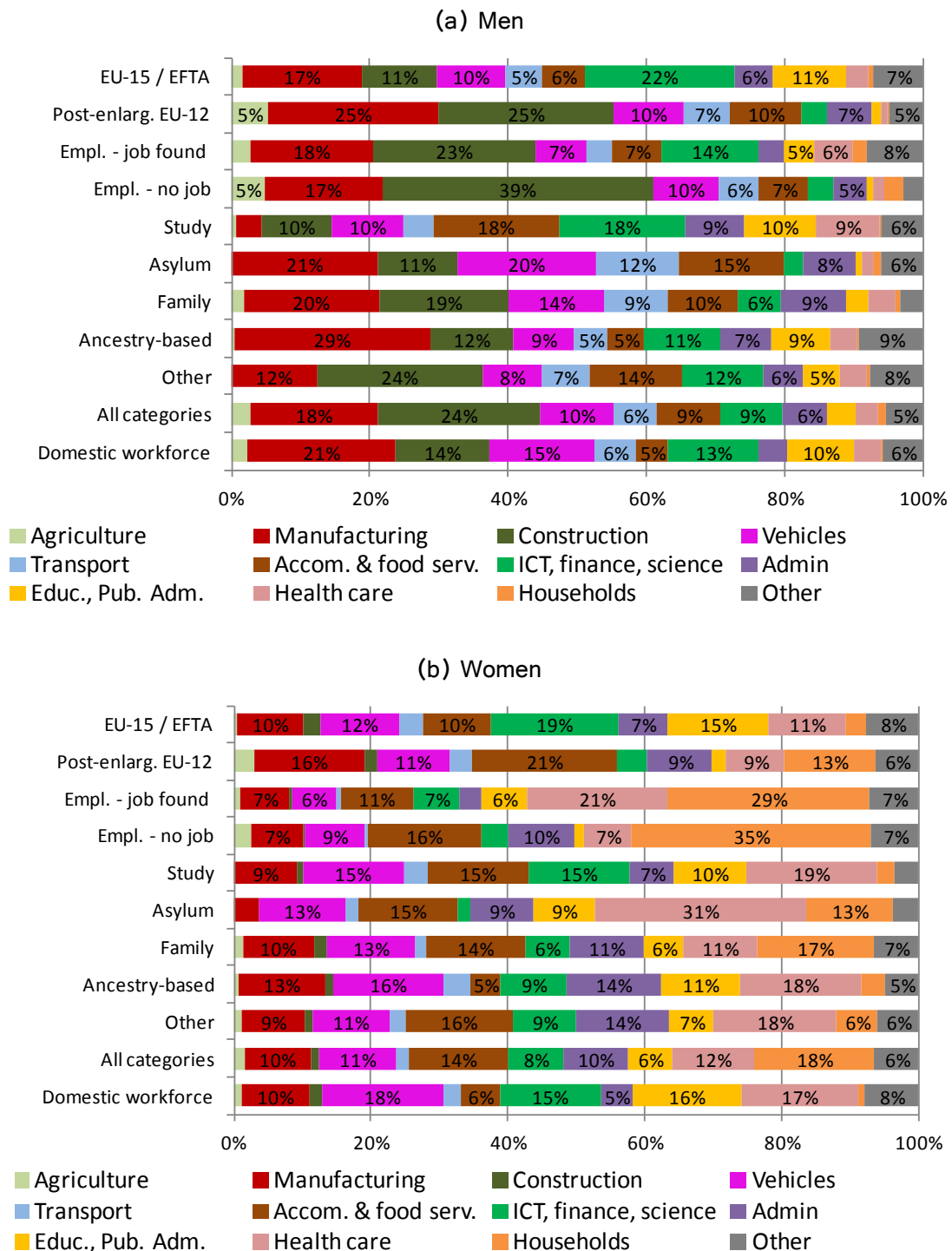
### 5.3 Sector of employment

The distribution of the workforce by sector of employment presents well-known gender differences that characterize access to the labour market for both domestic and migrant workers across the EU (fig.

10.a and 10.b), with male workers overly concentrated in construction and manufacturing and women overrepresented in the health, education and household sectors. Workforce in other sectors such as the car industry and the hospitality sector is more gender balanced. Given that labour migration channels in the EU are often sector-specific (e.g. agriculture) or occupation-specific (e.g. nurses or care workers), the expectation is that channels of entry will be a significant factor in the migrant insertion in the labour market. The more significant differences in the sectoral distribution of the domestic and migrant workforce can be found in the higher concentration of migrant workers in the construction industry (for men), household sector (for women) and hospitality industry (for both sexes). More than anything else, recent migrant women dominate the household sector where only very few of the new cohorts of domestic labour market entrants (only 1% of employed women aged 20-34) end up working.

The overrepresentation of recent arrivals in the two leading sectors of immigrant employment – the construction and household sectors for males and females respectively – is most pronounced for those entering the EU via labour migration routes. In particular, just fewer than 40% of recent male migrants without a job offer ended up working in the construction industry and one third of female migrants in the same category took up employment in the household sector. As mentioned above, this category includes large numbers of irregular migrants regularised in Italy and Spain.

Figure 10 – Sector of employment of recent migrants by immigration status on entry, by sex. EU-15, 2008 (%)



Source: Own estimates based on the EU-LFS

Among female workers who entered with a job offer, a high proportion (over 20%) is employed in health care. However, some marked differences are also evident in the distribution by sector of employment of ‘non-economic’ immigration categories, suggesting that labour migration channels are

not the only ones playing a role in shaping migrant access to the labour market. Female EU-12 migrants are overly concentrated in the hospitality sector, while their male counterpart is, to a lesser extent, overrepresented in the manufacturing industry. Other EU-15/EFTA nationals, particularly men, are overrepresented in high profile tertiary occupations in the ICT, banking and academic sectors. The sectoral distribution of recent migrants entering for study reasons reflects the different types of jobs taken during and after their studies: 'student' jobs (typically in the hospitality sector) before completing their education, and highly skilled jobs (e.g. in ICT, banking, science, health care) for those who remain in the country after graduation and obtain a work permit. Humanitarian migrants are more concentrated than other immigration categories in the vehicles and transport industry (men) and in health care occupations (almost one third of female asylum migrants). Other categories such as family and ancestry-based migrants are more evenly distributed across economic sectors.

The comparison between the sectoral distribution of recent and long-established migrants (not shown) did not add substantial additional evidence to the analysis – the main difference being a slightly lower concentration of the long-established migrant workforce in the construction and household sectors. Yet a transversal analysis of the same data (aggregated for both sexes) provides a more interesting and complementary perspective, showing the extent to which economic sectors rely on the migrant workforce admitted via different categories over the decade preceding the survey. This is represented in figure 11, referring to both sexes combined - the household sector has been excluded from the chart and discussed below. Three economic sectors present the highest reliance on the recent migrant workforce: accommodation and food service activities (29%), construction (24%) and administration and support services<sup>22</sup> (24%). A fourth sector where recent arrivals account for nearly 1 in 5 workers is agriculture and fishery. Overall, these four industries make up about 20% of the EU-15 economy. As far as migrant entry channels are concerned, a difference emerged between construction and agriculture, on the one hand, and the hospitality and admin and support service sectors, on the other: in the former labour migrants supply over half of the workforce entering the sector, while in the latter labour migrants contribute for less than one third of the labour supply and so called 'non-economic'

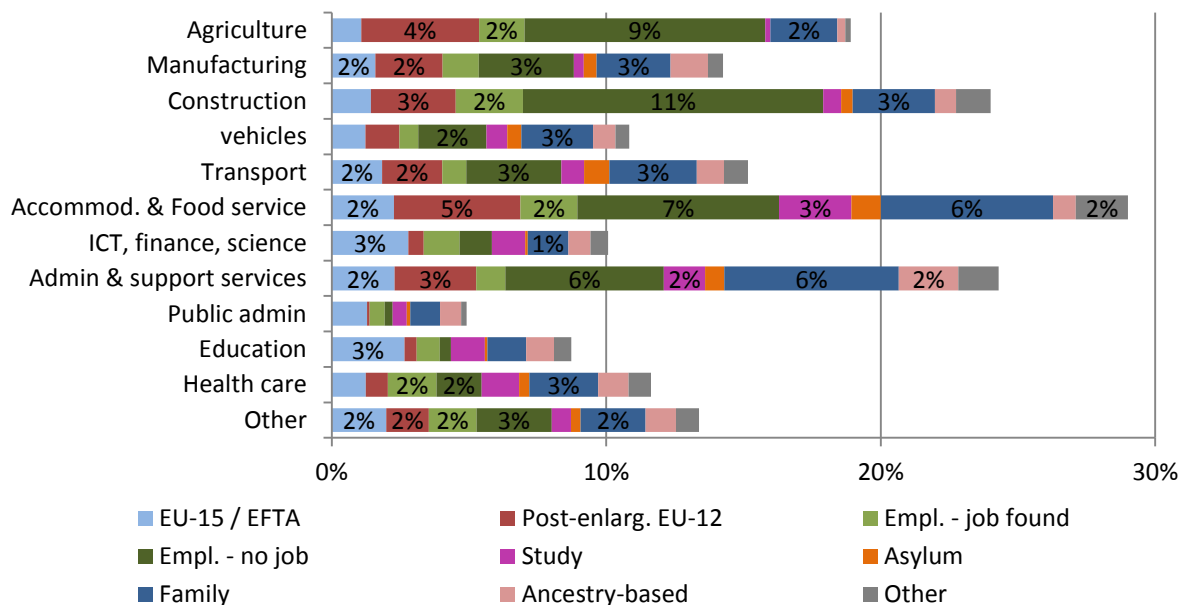
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<sup>22</sup> In the Statistical Classification of Economic Activities of the European Community (NACE, rev.2) Group N 'Administrative and Support Service Activities' includes a variety of low profile services where migrants are typically overrepresented such as private security services, cleaning and the supply of casual labour by temporary employment agencies.

migrants provide almost half of the workforce recently joining these industries. Other sectors with a relatively heavy reliance on recent migrant workers (about 15%) and where the contribution to the workforce of non-EEA ‘non economic’ migrants exceeds that of non-EEA migrants entering via labour migration channels are the transport and storage industry and the manufacturing sector.

National samples are small to provide robust estimates of the breakdown of the recent migrant workforce by sex, sector and immigration category – particularly in France, Germany and Sweden. Analysis of national data was therefore carried out at a more aggregate level, namely for both sexes combined, for recent and non recent migrants combined (but still considering only those who migrated aged 15 or older) and by distinguishing only three categories of entrants: EEA migrants (including EU-12 migrants only after the 2004 enlargement), non-EEA labour migrants and non-EEA ‘other’ migrants. Country results are presented in figure C1 (Annex C).

**Figure 11 – Recent migrant share of the workforce<sup>(a)</sup> by sector of employment and immigration status on entry. EU-15, 2008 (%)**



*Note:* (a) Proportion of migrants among the workforce entering the sector in the decade preceding the survey, i.e. migrants entering the country between 1998 and 2007 and the domestic labour market entrants aged 20-34.

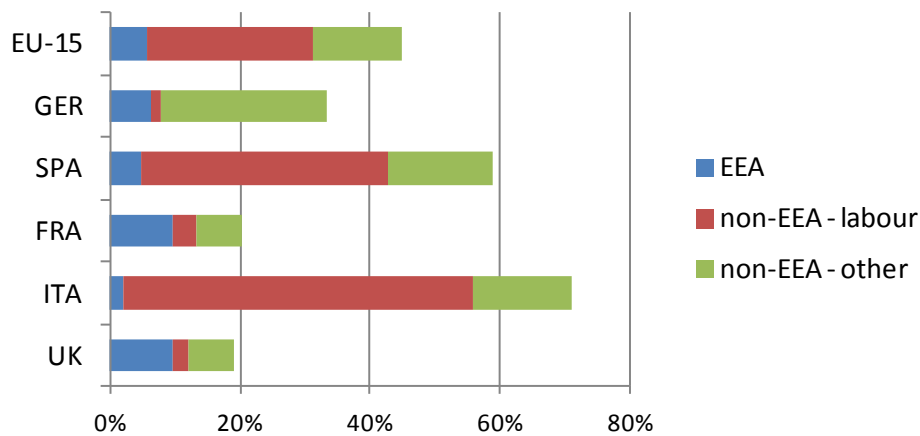
*Source:* Own estimates based on the EU-LFS

In 2008, the overall reliance on the migrant workforce significantly varied at national level (from 15% in Spain to 6% in France), reflecting not only the different proportion of migrants in the working age population (tab. 1) but also the higher or lower employment rate differentials between the migrant and domestic workforce across countries. Yet the most interesting result from the cross-national comparison is perhaps that the economic sectors with the highest reliance on the migrant workforce are often the same across different national contexts. In particular, the accommodation and food service industry and the administration and support service sector feature amongst those with the highest share of migrants in the workforce in all six LAB-MIG-GOV countries. In contrast, high reliance on migrant workers in the building industry is only observed in some countries (e.g. France, Spain and Italy) but not in others (e.g. very low in Sweden). While the composition of the sectoral migrant workforce by immigration status on entry mainly reflects the general national patterns (i.e. a higher share of non-EEA labour migrants in Spain and Italy, the prevalence of other 'non-economic' migrants in France, Germany and Sweden and a relatively high presence of EEA nationals in the UK), some commonalities across national contexts can also be observed – for example, the generally higher reliance on either non-EEA labour migrants or EEA workers in the construction sector, and the greater reliance on other non-EEA migrants in admin and other support services, health and social work and accommodation and food services.

Finally, the household sector – consisting of activities with households as employers, mainly in domestic service and personal care jobs – deserves a special mention. Given the often casual nature of jobs and the more frequent lack of formalization of employment relationships in this sector, the labour force survey is probably not the most adequate instrument to collect employment data on this sector. In addition, this sector is very small in some countries (e.g. Germany) so national estimates are potentially affected by high sampling errors – and no data are included in the LFS dataset for Sweden. Yet it is interesting to look separately at these data because in some EU-15 countries the sector depends on the (female) migrant workforce to a far greater extent than any other sector of the economy – as shown in figure 12.



Figure 12 – Migrant share of the workforce<sup>(a)</sup> in the household sector by immigration status on entry (aggregate categories). EU-15 and selected countries, 2008 (%).



*Note:* (a) Unlike other estimates presented in this report, this chart refers to the total migrant workforce who migrated when aged 15 or older (i.e. including recent and non recent migrants).

*Source:* Own estimates based on the EU-LFS

The massive employment of migrant workers by private households to accomplish domestic and personal care tasks (often irregular and followed by regularization of the migrant legal status) has been well-documented in the migration literature (e.g. Colombo and Catanzaro 2009). Our LFS-based estimates confirm this picture – about 60% of migrants in the sectoral workforce in Spain, and over 70% in Italy – as well as the strongly labour-oriented nature of female migration in this sector. Driven by the large overrepresentation of migrants in household workers in these two countries, the EU-15 average is also higher than for all other economic sectors (cfr. fig. 11). Yet in some other traditional western European receiving countries, namely France and the UK labour supply in the sector is still provided mostly by the domestic workforce – although ethnic minority groups are largely overrepresented in sector’s workforce in these two countries.

## 6. Migration policies and immigrant labour market integration: making sense of the evidence

Analysis in this report has been mainly guided by a research (and policy) question: what is the impact of migration policies on migrants' access to and performance within the labour market since their arrival in the EU? Among the many aspects of the regulatory framework which might influence the economic outcomes of migrant workers, the focus of this work has been established on admission policies (broadly defined). In the beginning, we introduced the assumption that different policy frameworks regulating the entry and permanence in the country of destination of foreign workers, dependents and other categories of migrants are likely to play a role in both their immediate labour market outcomes and prospects of long-term economic integration. We conjectured that restrictions in the access to the labour market can hinder both upward and horizontal professional mobility, particularly through the strict tie existing for some permit holders between the right to reside and a specific employer-employee relationship and through the scarce opportunities provided by some temporary work schemes to pursue a long-term integration strategy.

At this stage, our analysis had mainly explorative purposes and did not attempt to 'isolate' the effect of the policy context by controlling for other individual attributes (education, language skills, duration of stay, etc.) which are likely to influence the economic integration of the migrant workforce. Also, some limitations in the dataset did not allow us to identify exactly the channels of entry and types of visas – immigration categories could only be defined by combining information on country of birth, nationality, parental birthplace, year of entry, acquisition of citizenship and stated reasons for migration. While our results were broadly consistent with prior knowledge and expectations, some inconsistencies also emerged, for example the lower share of family migrants in our estimates compared with other data sources, and the limited coverage of post-enlargement EU-12 migration to Southern Europe. Moreover, our analysis also referred to a pre-crisis scenario, therefore missing significant changes in the labour market situation and migration trends and policies whose full consequences can only be ascertained in the longer term. Despite these limitations, this report has produced significant new evidence and analysis by building on a new rich dataset – the 2008 ad-hoc module of the EU Labour Force Survey focusing on migrant workers – including detailed information on a number of migrant attributes available for the first time on a comparative EU scale. The

contribution and outcomes of different categories of migrants in European labour markets could be assessed with unprecedented wealth of detail. This report has therefore laid the foundations for more refined analytical strategies and will hopefully contribute to the development of a research field – the evaluation of migration policy outcomes – which is relatively unexplored in the migration literature.

The first step of our analysis confirmed that the composition by category of entry of the migrant workforce across EU receiving countries strongly reflects the differences in national migration policy regimes. The increase in labour migration at EU level was driven by the ascent of Spain and, to a lesser extent Italy, as major destination of recent migration flows to and the within continent. The UK also stands out for the predominantly labour-related nature of recent migration flows, and characterized by the largest presence of EU-12 workers and by a higher proportion of labour migrants entering the country with a job offer than without defined employment perspectives. In turn, the migrant workforce in the other LAB-MIG-GOV countries is markedly shaped by intra-EU-15 mobility and by ‘non-economic’ entry channels – ancestry-based (Germany), family (Sweden, France), and asylum (Sweden).

The comparison between recent and ‘old’ cohorts of immigrants pointed to a generalized increase of the incidence of labour, family and student migration flows (in addition to post-enlargement EU-12 migration), paralleled by the decline in intra-EU-15 mobility, ancestry-based and humanitarian migration. The decreasing inflow of asylum seekers appears to be the result of both increasingly restrictive asylum policies in the traditional EU destinations of forced migrants and a change in their regions of origin. While no hard evidence was found of categorical substitution effects between migration policy areas, the significant shift of the categorical composition of Latin American migrants (with a massive drop of the proportion of ancestry-based migrants and a corresponding increase of labour-related flows) might point to a change in the migratory strategies from this region to cope with the more restrictive ancestry-based migration avenues. The general increase in the share of family migrants over the last decade may also be a symptom of the narrowing of other rights-based immigration channels such as asylum and ancestry-based. The growing incidence of international students in the recent migrant workforce shows that the large increase in student migration in the 2000s has gone hand in hand with a growth in the contingent who have stayed on and shifted to a work permit or other permanent residence statuses.

The take-up of the citizenship of the country of destination also shows significant differences across national contexts which seem to reflect the different degree of stability of the migrant population in the ‘old’ and ‘new’ destination countries and the degree of openness of citizenship laws<sup>23</sup>. Yet our most interesting finding was that similar differentials between categories are found in all countries – i.e. considerably higher naturalization rates for refugees, family migrants and international students than for labour migrants. This seems to deserve further attention from both research and policy perspectives.

The most important contribution of this report was perhaps the production of new evidence and analysis showing that access to and outcomes within the labour market significantly vary by immigration category. While migrants entering via labour migration channels have systematically higher employment rates than the domestic workforce, humanitarian and family migrants are the least likely to be found in employment in all LAB-MIG-GOV countries. Given the general disadvantage of women in the EU-15 labour markets (with the partial exception of Scandinavian countries), these gaps become particularly evident in the intersection of immigration status and gender (e.g. among recent arrivals, only 28% of female refugees and 39% of female family migrants are employed). Several factors are likely to account for the employment gap between migrants holding work-related residence authorizations and migrants with other immigration statuses. On the one hand, for those entering with a specific job offer and for work permit holders who have to renew their permits the residence status is subordinated to the availability of a job. On the other, the higher levels of inactivity of recently arrived family and humanitarian migrants might partly be voluntary and reflect different migratory plans of these categories. Yet their higher unemployment rates – particularly amongst men – also point to a greater degree of labour market exclusion. On the whole, there is across EU-15 countries an evident correlation between the proportion of ‘non-economic’ immigration categories in the migrant workforce and the gap between domestic and migrant employment rates – i.e. the migrant disadvantage relative to the domestic workforce is higher in Sweden, France and Germany than in the UK, Spain and Italy<sup>24</sup>. This is not to say, however, that so-called ‘non-economic’ migrants do not

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<sup>23</sup> An updated overview of nationality laws can be found on the website of the European Union Observatory on Democracy (EUDO-Citizenship) - <http://eudo-citizenship.eu/>

<sup>24</sup> In Italy, the absence of a gap in female migrant labour market participation is also due to the low participation levels of the female domestic workforce.

engage in productive activities once they settle in the country of destination. On the contrary, the majority of them look for and find employment. Indeed an interesting finding of this report – based on the comparison of the labour market outcomes of ‘old’ and recent immigrant cohorts – was that the gap between labour and other immigration categories seems to reduce or even disappear for the long-established migrant workforce (those living in the country of destination for 10 years or more) as a result of higher participation levels of ‘non-economic’ migrants as well as of lower participation levels of non-EEA labour migrants. While this comparison did not allow us to ascertain the role of possible selection effects (i.e. the different skill levels of new and old immigrant cohorts or the positive selection of those who stayed compared to those who left the country), there is scope for concluding that employment opportunities of family and humanitarian migrants are also likely to improve as they acquire language skills and other competences that are valued in the destination country’s labour market.

With a relatively high labour demand for highly skilled workers and a points-based system (previously work permit system) selecting migrants on the basis of their education and skill credentials, the UK is the EU country with the highest proportion of recent labour migrants with tertiary education and the highest share of recent labour migrants found in employment. Yet one of the striking findings of our analysis was that for all other countries the association between migrant educational attainments and access to employment was weak. For example, the distribution by level of education of recent labour migrants entering the EU-15 without a job offer is not very different from that of recent asylum seekers and family migrants (all these categories include high proportions of lesser educated people), and yet their employment rates are substantially higher (and unemployment rates lower). Similarly, the fact that over 40% of recent arrivals from the EU-15 have tertiary education does not imply that their employment rates are also particularly high. At national level, Sweden has at the same time the highest share of highly skilled family migrants and the lowest employment rates for recent arrivals in this category. As recently emphasized by a European comparative research (see Reyneri and Fullin 2011), our analysis finds no strong evidence of an inverted relation between the education level of immigrants and their risk of being out of employment.

It might be argued that a higher educational level translates into the opportunity of getting more qualified jobs rather than on the mere probability of accessing employment. And yet our findings show that a major challenge for labour market integration is that the migrant workforce, and particularly

recent migrant women, are employed at occupational levels often below their educational skills, with losses of their 'skill potential' relative to the domestic labour force as high as 15% or 20% not only for female humanitarian migrants but also for labour migrants (whether or not with a job offer) and EU-12 migrant women. The underutilization of immigrant skills is particularly high in Italy and Germany. While our analysis was only based on descriptive evidence, these findings do not easily reconcile with current debates about migration and labour markets often referring to points-based systems and other strategies to attract highly skilled workers as ways to maximize migrant socio-economic integration and achieve increasing labour productivity and economic competitiveness. Rather, they seem to echo some of the doubts raised by Canadian immigration scholars (e.g. Reitz 2007) on the effectiveness of education-based selectivity criteria in meeting labour market needs.

From a policy perspective, our findings suggest that there is considerable scope for policy interventions addressing the labour market integration of people entering the EU-15 outside labour migration avenues. On the one hand, by recognizing and valuing the significant role in the labour market of migrants entering outside labour migration channels – a contribution that is often neglected in narrowly framed labour migration debates focusing on non-EU working visa holders or on post-enlargement intra-EU labour mobility. On the other, by putting in place targeted measures tackling the labour market disadvantage of these groups and allowing migrants to take advantage of their full skill potential from (or soon after) arrival. This is particularly the case in countries where rights-based admissions account for the large majority of immigrant flows – Sweden, Germany and France.

With more and more countries admitting increasing numbers of international students and considering this immigration avenue as a potential source of highly skilled migrants, the labour market outcomes of migrants entering the EU-15 for study reasons were of great interest for this report. Many immigrant receiving countries have introduced policies to encourage university graduates to stay on, by granting a certain period of time (e.g. six months or one year) following the completion of studies to look for work and shift to a more stable residence status. The OECD (2011: 67) estimated that 1 in 4 students in the UK and Germany and 1 in 3 in France stay on by shifting to other immigration status<sup>25</sup>. In our analysis, this was the category showing the greatest employment differentials between

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<sup>25</sup> This includes foreign students who stay on after graduation because they find a job and obtain a work permit (an OECD-average of 74% of all status changers) but also those who acquire residence rights through marriage or by applying for asylum. Therefore 'retention' rates are likely to be higher if only graduates are considered.

recent and long established migrants – which points to the marked difference between participation in the labour market while enrolled in education (typically student jobs to supplement other sources of income) and long-term labour market integration after completing education. Among the cohorts of migrants who entered the EU-15 before 1998, students were the immigration category with the highest levels of employment and lowest unemployment rates (as well as highest naturalization rates, see above). However the overall picture is not entirely positive because migrant students, particularly men, were also found to experience very high levels of underutilization of their education skills. Again, our evidence suggests that migration policies should not rely on the sole presumption that a high education level is a sufficient condition to access the most qualifying jobs.

Finally, our analysis of the reliance on the migrant workforce of different economic sectors showed interesting similarities across EU-15 countries: in particular, the large differences within national labour markets in the levels of reliance on the migrant workforce of different industries; and the fact that the sectors with the largest share of migrant workforce were often the same in all destination countries (namely the household sector, the accommodation and food service industry, the diverse set of labour-intensive services included in the category ‘admin and other support service’, and in some countries the building industry). These differentiated levels of dependence on the migrant workforce seem to justify the existence in a number of EU-15 countries of occupation-specific and sector-specific admission channels for non-EEA labour migrants. However, our analysis also showed that the reliance on other ‘non-economic’ immigration categories is particularly high in some economic sectors (accommodation and food services, admin and other support services, health and social work). Again, such a high reliance on migrants entering the country outside narrowly defined labour migration channels requires particular attention from a policy perspective because changes in the admission channels for family migrants, international students, asylum seekers or ancestry-based migrants might have the unintended outcome to modify the migrant labour supply in these sectors.

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## Annex A – Comparison of EU-LFS and OECD estimates

The OECD definition of “permanent-type legal migration” includes foreign nationals entering the country with settlement rights, as well as migrants on temporary but renewable residence permits that can lead to settlement (permanent residence). Migrants whose temporary residence permits cannot be renewed or do not qualify them for settlement (e.g. international students) are excluded. While some status changes (i.e. from temporary to permanent categories of residence) are counted in the OECD standardised statistics, regularisations of migrants who entered illegally or overstayed short-term visas are not covered. In the case of unregulated movements, in particular intra-EU migration occurring under a free mobility regime, free-movement migrants are considered as part of ‘permanent’ inflows if they stay or intend to stay in the country for at least one year<sup>26</sup> (Lemaitre et al. 2007).

To maximise the comparability of the EU-LFS stock data with the OECD standardized estimates of permanent immigration flows, a purposive set of estimates was carried out. Only foreign nationals who entered the country of destination between 2002 and 2006 were selected. Unlike the main estimates presented in this paper (referring only to the working age migrants who migrated when they were aged 15 or older), foreign nationals of all ages were included (as in the OECD estimates). However, this was not possible for France and Sweden where the EU-LFS only collects data on the working age population. Migrants entering as international students (excluded from the OECD estimates) were filtered out. In order to preserve the ratio between EEA and non EEA nationals in the sample, cases of non-EEA nationals to which an immigration category could not be attributed were re-proportioned on the basis of the observed categorical distribution of this group. Finally, our categories were aggregated so as to match the four broader groups used in the OECD estimates (free-movement, work, family and other). Despite this effort to produce a set of EU-LFS based estimates harmonised to the largest possible extent with the OECD benchmark categories, some methodological discrepancies still remain in the comparison of the two sets of figures. First, their different nature: while the OECD estimates are flow data referring to entries over the 2002-06 period, EU-LFS based

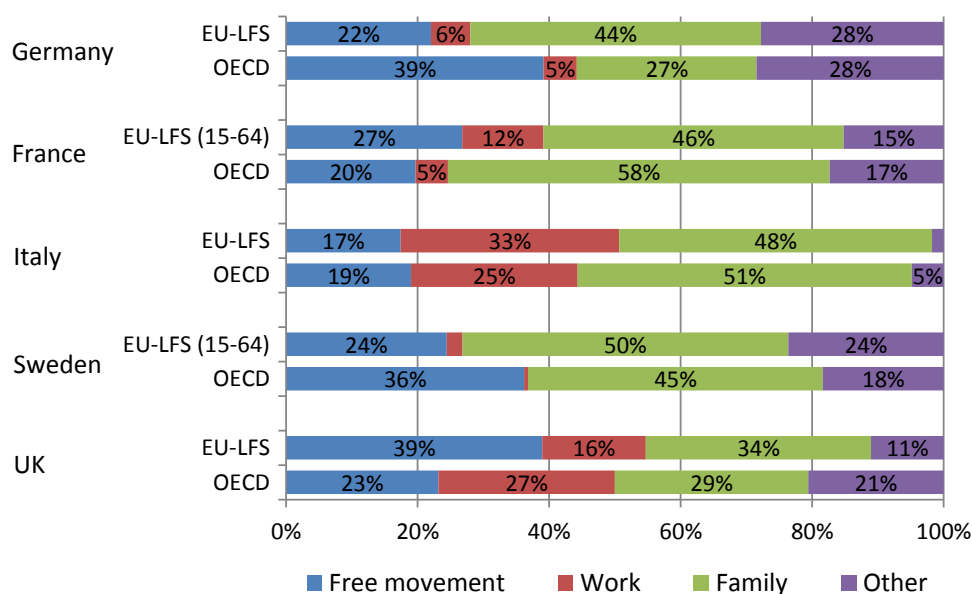
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<sup>26</sup> Measuring free-movement mobility accurately is probably the major challenge of the OECD categorization of permanent migration flows given the frequent lack of administrative records for people who are exempt from migration controls. For most OECD countries, free-movement migrants were estimated or obtained from surveys.

estimates are retrospective stock data which only capture migrants who entered in those years and were still in the country of destination at the time of the survey (2008). While for the most recent arrivals the two groups may largely overlap, the further back in time is the date of arrival the smaller (and potentially more selected) will be the sub-group still living in the country relative to the cohort of entrants. Second, OECD estimates do not include temporary migrants and irregular migrants, while the EU-LFS should capture also those who shifted from a temporary to a permanent status and those who regularized their legal situation as a result of an amnesty (particularly in Italy and Spain).

With these caveats in mind, the two sets of estimates provide broadly coherent results, but with some inconsistencies (figure A1). In Germany, the categorical distribution of our EU-LFS estimates presents a lower proportion of free-movement migrants and a higher share of family migrants. However, this seems compatible with a higher propensity to settle down for non-EEA family migrants than for EU-15 nationals (the large majority of free-movement migrants in Germany), partly as a result of different migratory plans and partly because of greater economic and legal constraints for non-EEA nationals. This seems to happen also in Sweden where the proportion of family migrants in the EU-LFS would be even higher if minors were included in the sample – and where a higher propensity to settle seems to characterize also humanitarian migrants.

Figure A1 – Comparison of EU-LFS estimates of the migrant population and OECD permanent immigration estimates by category of entry. Arrivals between 2002 and 2006, (%).



Source: own estimates based on the EU-LFS; OECD (2008).

For France, a smaller proportion of family migrants is found in our EU-LFS based estimates than in the OECD data. The fact the French LFS only covers the working age population, thereby excluding a significant part of dependant flows (probably about 20% on the basis of national estimates produced by INED<sup>27</sup>), is probably the main reason for its underestimation of family migrants. Yet this might also have to do with the type of data collection (CATI, i.e. telephone interviews) and a potential response bias for non-EEA female migrants; and, more generally, with the fact that EU-LFS estimates of the migrant population are less robust in France than in other EU countries due to the relatively smaller sample. For the UK, a considerably larger share of free-movement migrants is estimated by the EU-LFS. This is likely to depend on fact that large part of the migration flows from the new EU member states were classified as temporary in the UK migration statistics – i.e. not included in the long-term migration estimates by the Office for National Statistics on which the OECD standardised data are based – while many EU-12 migrants ended up staying in the country longer than initially planned. Finally, the greater proportion of labour migrants found in the EU-LFS estimates for Italy seems to find an obvious explanation in the presence of large numbers of regularised migrant workers that is not captured by OECD data.

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<sup>27</sup> INED estimates of immigration flows by category of entry and other background characteristics are available online ([http://statistiques\\_flux\\_immigration.site.ined.fr/fr/admissions](http://statistiques_flux_immigration.site.ined.fr/fr/admissions) )

## Annex B – Index of relative de-skilling

The calculation of this index is based on comparison between highest educational level and skill level of the current occupation. Occupational categories are based on one-digit ISCO classification and skill levels are defined - in line with OECD data – as follows:

High skilled: 1. Legislators, senior officials and managers; 2. Professionals; 3. Technicians and associate professionals

Medium skilled: 4. Clerks; 5. Service workers and sales workers; 6. Skilled agricultural and fishery workers; 7. Craft and related trades workers; 8. Plant and machine operators

Low skilled: 9. Elementary Occupations

For each individual it is assumed that they lose half (50%) of their educational skills if they are highly educated and have a medium skilled job or have medium education and are employed in a low skilled job. It is assumed that they lose all their educational skills if they are highly educated and work in low skilled occupation. If they are employed at a higher skill level relative to their education it is assumed that they experience a net skill gain according to similar criteria.

The average skill loss (or gain) is then calculated for migrants and domestic workers. Recent migrants are compared with the new cohorts of entrants in the labour market (20-34), while migrants who arrived before 1998 are compared with the older cohorts (35+). Native cohorts in each country are taken as reference group by assuming that the average net skill gain or loss that they experience reflects the return on education prevailing on the local labour market. The de-skilling index for recent and long-established migrants is obtained as a difference.

## Annex C – National level estimates

Table C1 – Proportion of male migrants by immigration status on entry and country of destination

Country	EU-15 / EFTA	EU-12  job found	Work  no job	Study	Asylum	Family	Ancestry -based	Other	All	
<i>Arrivals between 1998 and 2007</i>										
EU-15	51%	48%	61%	59%	55%	63%	29%	47%	47%	47%
GER	54%	43%	63%	(58%)	50%	62%	32%	47%	43%	45%
SPA	55%	44%	60%	57%	59%	...	30%	50%	49%	49%
FRA	44%	...	...	(78%)	54%	...	32%	(43%)	(57%)	47%
ITA	(36%)	33%	57%	58%	47%	...	19%	44%	34%	43%
SWE	60%	(45%)	...	...	(50%)	59%	29%	...	(54%)	45%
UK	52%	54%	65%	63%	58%	64%	30%	50%	47%	51%
<i>Arrivals before 1998</i>										
EU-15	48%		66%	69%	63%	60%	27%	46%	50%	48%
GER	58%		67%	68%	(72%)	60%	30%	48%	49%	50%
SPA	45%		58%	67%	71%	...	23%	40%	33%	48%
FRA	48%		(77%)	73%	70%	...	25%	46%	...	48%
ITA	...		60%	70%	52%	60%	10%	40%	31%	49%
SWE	48%		(50%)	(56%)	...	59%	29%	...	59%	47%
UK	41%		70%	66%	54%	57%	27%	48%	53%	44%

Note: Estimates lower than Eurostat's reliability limit A are not reported. Estimates lower than cautionary limit B are reported in brackets. Details on the national reliability limits for the LFS estimates can be found on the Eurostat LFS website.

Source: own estimates based on the EU-LFS.



Table C2 – Naturalization rates<sup>(a)</sup> by immigration status on entry and country of destination

Country	EU-15 / EFTA	Work, job found	Work, no job	Study	Asylum	Family	Ancestry-based	Other	All
<i>Arrivals between 1998 and 2003</i>									
EU-15	2%	10%	5%	9%	22%	16%	70%	17%	14%
GER	0%	17%	(4%)	4%	8%	14%	89%	27%	27%
SPA	1%	11%	5%	15%	...	6%	43%	10%	7%
FRA	(1%)	...	(18%)	(11%)	...	20%	...	...	16%
ITA	11%	3%	3%	4%	...	9%	(27%)	12%	5%
SWE	10%	...	...	...	79%	63%	...	...	54%
UK	1%	14%	12%	8%	33%	29%	32%	19%	19%
<i>Arrivals before 1998</i>									
EU-15	15%	27%	25%	63%	60%	50%	89%	57%	47%
GER	0%	22%	35%	52%	49%	38%	97%	53%	48%
SPA	10%	32%	23%	55%	...	28%	58%	38%	26%
FRA	23%	(27%)	33%	64%	...	53%	...	(62%)	49%
ITA	37%	13%	7%	47%	...	32%	84%	29%	22%
SWE	49%	...	...	...	94%	90%	...	...	78%
UK	9%	46%	58%	67%	63%	66%	44%	64%	56%

Notes: (a) Proportion of foreign born individuals who had a foreign nationality at birth and have acquired citizenship of the country of destination.

Estimates lower than Eurostat's reliability limit A are not reported. Estimates lower than cautionary limit B are reported in brackets. Details on the national reliability limits for the LFS estimates can be found on the Eurostat LFS website.

Source: own estimates based on the EU-LFS.

Table C3 – Employment rates<sup>(a)</sup> of recent migrants (entry after 1998) by immigration status on entry and sex. EU-15 and selected countries, 2008 (%).

		EU-15	GER	SPA	FRA	ITA	SWE	UK
<i>MEN</i>								
EU-15 / EFTA		79%	88%	69%	(62%)	(77%)	75%	87%
Post-enlargement EU-12		88%	94%	81%	...	68%	...	93%
Work, job found		89%	(86%)	80%	...	95%	...	97%
Work, no job		83%	...	79%	(76%)	88%	...	94%
Study		58%	46%	67%	(51%)	(75%)	...	62%
Asylum		55%	53%	...	...	...	47%	50%
Family		71%	73%	69%	74%	61%	61%	78%
Ancestry-based		76%	74%	85%	...	72%	...	81%
Other		80%	(72%)	86%	...	(73%)	...	88%
All immigrant categories		77%	73%	77%	67%	83%	60%	81%
<i>Domestic workforce</i>	<i>20-</i>	78%	78%	75%	77%	72%	82%	82%
	<i>35+</i>	80%	82%	79%	75%	77%	88%	82%
<i>WOMEN</i>								
EU-15 / EFTA		60%	65%	30%	59%	55%	65%	70%
Post-enlargement EU-12		62%	56%	56%	...	41%	...	76%
Work, job found		83%	...	81%	...	77%	...	93%
Work, no job		75%	...	75%	...	73%	...	83%
Study		52%	59%	78%	(38%)	(35%)	...	51%
Asylum		28%	(39%)	...	...	...	30%	12%
Family		39%	31%	49%	28%	35%	30%	41%
Ancestry-based		57%	60%	60%	(36%)	35%	...	74%
Other		52%	41%	53%	...	55%	...	62%
All immigrant categories		54%	48%	61%	38%	52%	36%	58%
<i>Domestic workforce</i>	<i>20-</i>	68%	73%	67%	68%	53%	76%	71%
	<i>35+</i>	63%	70%	53%	66%	50%	84%	69%

*Notes:* Estimates lower than Eurostat's reliability limit A are not reported. Estimates lower than cautionary limit B are reported in brackets. Details on the national reliability limits for the LFS estimates can be found on the Eurostat LFS website.

*Source:* own estimates based on the EU-LFS.

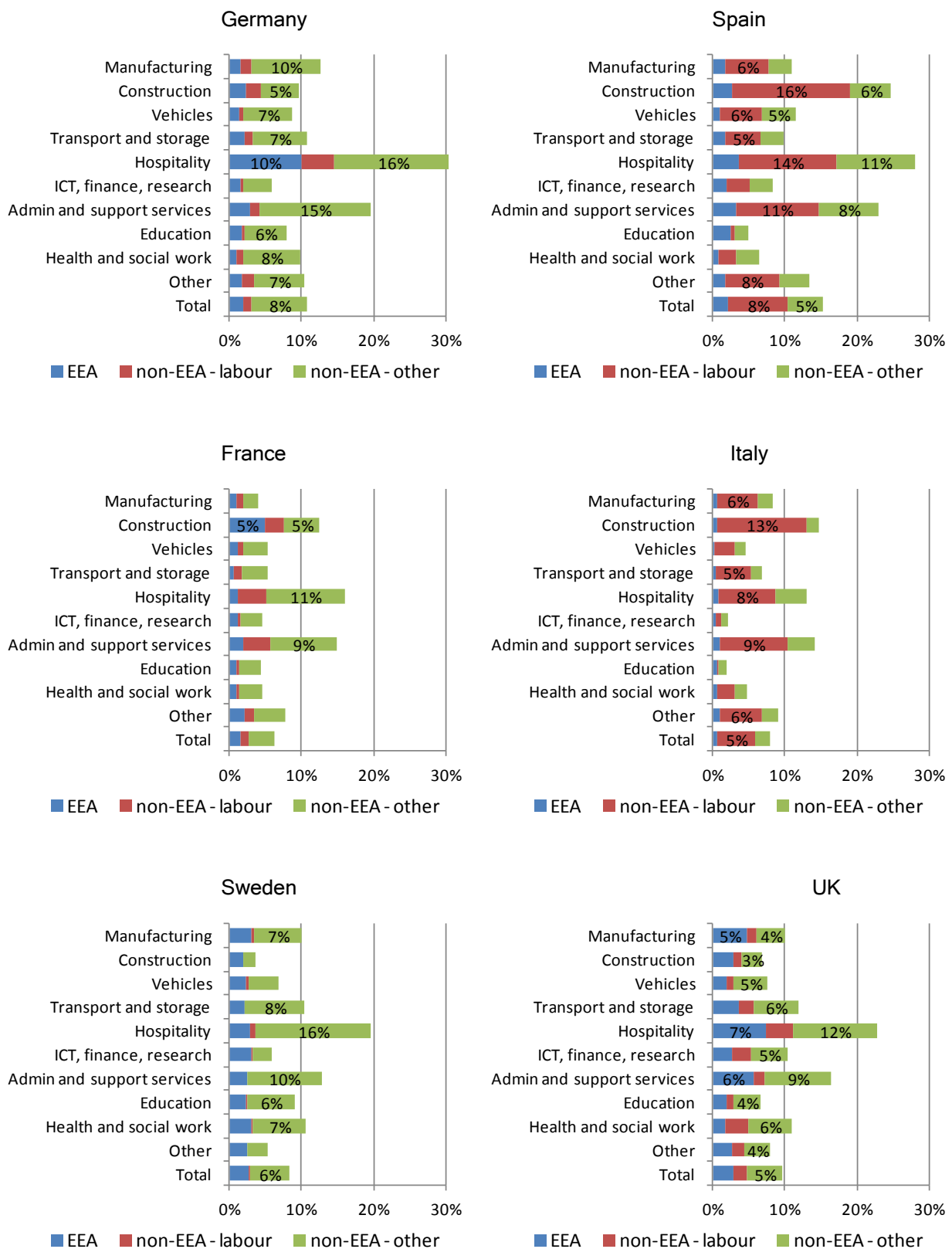
Table C4 – Proportion of recent migrants (entry after 1998) with high level of education (tertiary) by immigration status on entry and country of destination, by sex. EU-15 and selected countries, 2008 (%).

		EU-15	GER	SPA	FRA	ITA	SWE	UK
<i>MEN</i>								
EU-15 / EFTA		43%	42%	51%	(38%)	(42%)	60%	32%
Post-enlargement EU-12		14%	9%	21%	...	3%	...	10%
Work, job found		29%	(47%)	18%	...	4%	...	45%
Work, no job		11%	...	12%	(10%)	6%	...	23%
Study		51%	39%	47%	(63%)	(21%)	...	54%
Asylum		16%	22%	...	...	...	30%	8%
Family		19%	23%	19%	22%	6%	35%	17%
Ancestry-based		27%	14%	40%	...	(32%)	...	44%
Other		26%	16%	35%	...	...	...	27%
All immigrant categories		24%	28%	20%	33%	7%	42%	28%
<i>Domestic workforce</i>	<i>20-</i>	24%	16%	34%	32%	13%	26%	32%
<i>WOMEN</i>								
EU-15 / EFTA		42%	40%	47%	(37%)	33%	74%	38%
Post-enlargement EU-12		18%	20%	14%	...	9%	...	14%
Work, job found		35%	...	29%	...	20%	...	50%
Work, no job		18%	...	17%	...	14%	...	34%
Study		45%	36%	35%	(56%)	(44%)	...	45%
Asylum		19%	28%	...	...	...	21%	12%
Family		19%	21%	17%	21%	13%	39%	19%
Ancestry-based		24%	14%	43%	(12%)	(8%)	...	45%
Other		29%	30%	31%	...	(38%)	...	26%
All immigrant categories		24%	25%	20%	29%	15%	43%	28%
<i>Domestic workforce</i>	<i>20-</i>	32%	19%	46%	41%	21%	35%	36%

*Notes:* Estimates lower than Eurostat's reliability limit A are not reported. Estimates lower than cautionary limit B are reported in brackets. Details on the national reliability limits for the LFS estimates can be found on the Eurostat LFS website.

*Source:* own estimates based on the EU-LFS.

Figure C1 – Migrant share of the workforce<sup>(a)</sup> by sector of employment and immigration status on entry (aggregate categories). Selected EU-15 countries, 2008 (%).



*Note:* (a) Unlike other estimates presented in this report, these charts refer to the total migrant workforce who migrated when aged 15 or older (i.e. including recent and non recent migrants).

*Source:* Own estimates based on the EU-LFS