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Demographic challenges: Immigration and integration – an EU perspective

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DEMOGRAPHIC CHALLENGES: IMMIGRATION AND INTEGRATION – AN EU PERSPECTIVE

1. Introduction

Against the background of an ageing population in the European Union there are ongoing discussions about how to tackle the future challenges resulting from demographic change. On the one hand the number of silver agers is going to increase markedly in the member countries, while on the other workforce populations will not only age, but are also going to shrink or at best remain constant. In addition, there are also likely to be major social shifts as traditional family structures are going to alter, not only due to a rising number of childless persons, but also due to higher mobility and changing lifestyles leading to an increasing number of single households. Against these scenarios, there are not only the questions of how to finance the social security systems in the future and of how to maintain a minimum of social cohesion. The question of how to compete with the emerging Asian and Latin American economies with their young and dynamic labor forces gets even more pressing, as economic growth is crucial to at least maintain the accustomed living standard.

One often proposed solution is to promote qualified immigration to compensate for shrinking workforce populations and the foreseeable shortage of skilled labor. In 2011, there were around 33.3mn immigrants living in the EU 27. Around 38% of them were in fact intra-EU migrants.[1] Due to demographic change, the share of immigrants coming from third countries outside the EU is expected to increase further. However, the competition amongst industrialized countries for qualified migrants is set to become stiffer as most of them face the same demographic challenges. Therefore, the attractiveness of EU member countries for qualified immigrants gains in importance. The latter is last but not least influenced by how successfully they cope with the integration of their immigrants into the labor market and society today.

Against this background, immigration and integration matters are nowadays at the top of political agendas. In many EU countries, a multitude of programs and projects to foster integration are already in place; from language courses for youngsters to special training courses to promote labor market integration of immigrant women. However, the ongoing debt crisis caused many EU member countries to tighten their immigration policy, not least to reduce the inflow of less or unqualified immigrants into their social security systems, as unemployment rates keep rising.

This Working Paper aims to give a rough overview and analysis of the situation of immigrants in the European Union.

[1] Cf. Eurostat (2012): online database, data code: migr_pop1ctz

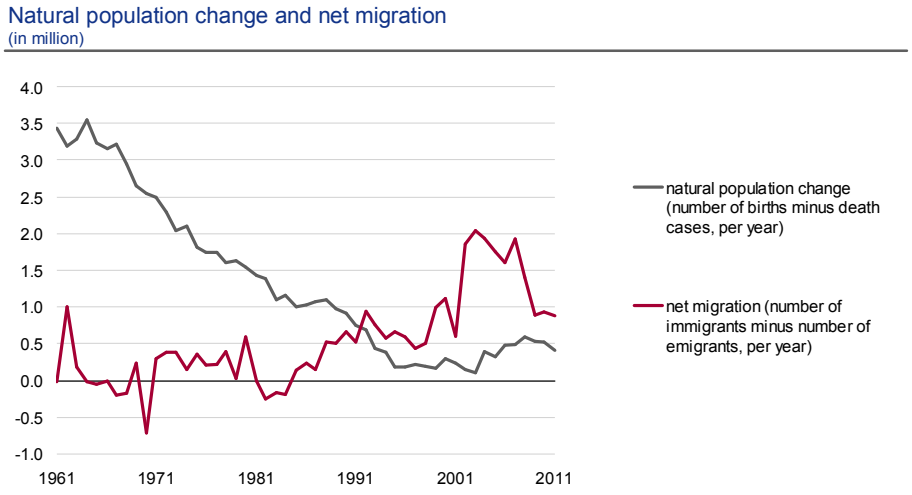
2. Migration matters

Due to falling fertility rates, immigration has become the main driver of population growth within the EU. Without a positive migration balance, the working age population would shrink by a third by 2050.

2.1 Drivers of population growth

The size of a population is influenced by three factors: The development of the birth rate, mortality and net migration. While life expectancy of a newborn in the EU has been increasing to an average of more than 80 years in 2011 - and that of a 65-year old to around 20 years - birth rates in many member countries have remained at worldwide record-low levels for decades. As a consequence, the birth surplus in the EU, i.e. the number of births minus the number of deaths, and hence natural increase, has been on a downward slope since the 1960s: It shrank from a maximum of 3.6mn in 1964 to its so far lowest number of 106,831 in 2003. In the meantime the numbers recovered slightly, with the surplus reaching 405,301 in 2011. In contrast, net migration, i.e. the number of immigrants minus the number of emigrants, has been rising since the mid 1980s. In fact, net migration has been exceeding the birth surplus since 1992, thereby becoming the main driver of EU population growth.

Demographic drivers, 1961-2011
EU 27



Sources: Eurostat; Allianz SE Group Economic Research and Corporate Development.

However, migration flows proved to be rather volatile in the past, as they are influenced by a multitude of factors: Desperate economic perspectives, poverty, natural catastrophes, political unrest or the outbreak of war are main reasons inducing people to leave their home country. When choosing the destination country, besides living standards and labor market conditions, factors like the distance to the home country, historical links between home and destination country or the existence of a community

of fellow countrymen already established abroad are also taken into account.[2] Not least, immigration policies of the destination country are playing a crucial role.

Past net immigration flows into the EU reflect these influencing factors: In the 1960s, for example, the EU witnessed a peak of net migration when residents of former French colonies fled to France during the Algerian war that resulted in the independence of the former French colony. In the 1970s, the oil crisis triggered not only a stop of recruitment of foreign guest workers, but actually prompted governments to send them back to their home countries in order to fight swelling unemployment. At the beginning of the 1980s net migration flows turned negative again due to the economic downturn in the aftermath of the second oil crisis. Since then, net migration flows increased, not least in the wake of the dissolution of the Soviet Union and rising tensions in the Balkans during the mid and late 1980s. 1992 saw a net migration balance of 948,474 people and in 2000 it crossed the 1-million mark for the first time, with net migration amounting to 1,112,970 people. Between 2002 and 2007 net migration into the EU ranged from 1.6mn to 2.0mn people per year.

The financial crisis and the ongoing debt crisis not only led to a decrease of immigrants, but made some governments tighten immigration laws and even offer incentives to foreign workers to spur their return to their home countries in recent years.[3] Spain, for example, introduced an assisted return programme in 2008, offering unemployed foreigners, i.e. citizens of non-EU countries, who are entitled to unemployment benefits an advance payment on benefits if they return to their home country.[4] In 2010, the UK government decided to cut immigration numbers by reducing the number of admissions and shortening the length of stay.[5] The Netherlands restricted the issuance of temporary work permits and tightened the conditions for family reunification in 2011.[6] Austria introduced a point-based system, the so-called Red-White-Red (RWR) card, following the examples of Canada or New Zealand, taking into account education, occupational experience, language skills and age.[7]

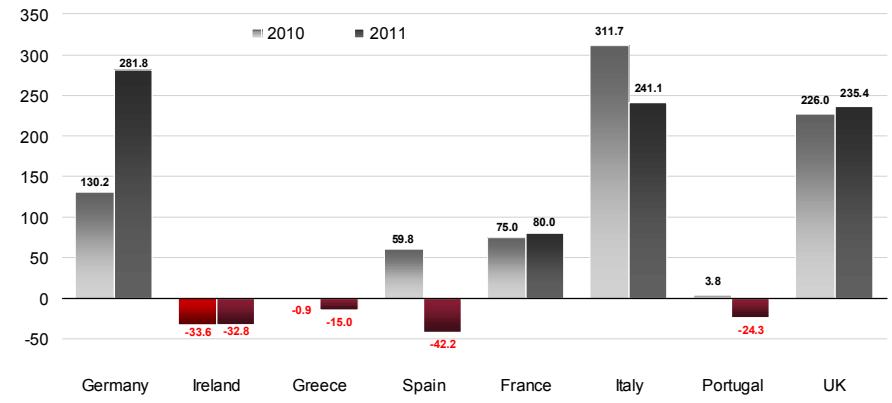
As a result, the net migration balance dropped to 869,801 persons in 2011. Especially the countries hit most by the debt crisis witnessed a change of migration flows: While in Austria, Finland, France, Germany and the UK net migration increased[8], in Portugal and Spain the migration balance turned negative for the first time since 1992 and 1990 respectively.[9] Portugal and especially Spain had become popular destination countries for immigrants from Latin America during the last decade. By the middle of the last decade 20% of all emigrants of this region chose Spain as destination country.[10] However, with economic growth cooling down and the labor market situation becoming worse, many immigrants decided to return home, not least due to the fact that Latin America was less hit by the world financial crisis than most EU member countries and the USA. Furthermore, increasing unemployment rates are prompting more and more Spanish

[2] Cf. OECD (2010): International migration outlook 2010, p. 33.
[3] Cf. OECD (2012): International migration outlook 2012, p. 100ff.
[4] Cf. OECD (2012): International migration outlook, p. 272.
[5] Cf. Economist (2010): Shutting the door. Cutting immigration, p. 40 and UK Border Agency (2012).
[6] Cf. OECD (2012): International migration outlook 2012, p. 98.
[7] Cf. OECD (2012): International migration outlook 2012, p. 104. Further EU countries that already adopted point-based systems are Denmark, the Netherlands and UK. Cf. OECD (2012): International migration outlook 2012, p. 103.
[8].Germany is especially profiting from intra-EU migration. According to the German statistical office, the number of immigrants from other EU member states increased by 24% to 306 000 persons in the first half of 2012. The strongest increase was observed among immigrants from Greece, Spain and Portugal. Cf. Bundesamt für Statistik (2012): Zuwanderung nach Deutschland steigt im 1. Halbjahr 2012 um 15%.
[9] Cf. Eurostat (2012): Online database, data code: demo_gind.
[10] The share of emigrants from Latin America choosing to go Spain increased from 4.5% in 2000 to 20% in 2005. Cf. OECD (2012): Connecting with emigrants, p. 92.

citizens to leave their home country and move to Latin America[11], adding to the number of emigrants.

Migration balance

Net migration, by country
(in 1000)



Sources: Eurostat; Allianz SE Group Economic Research and Corporate Development.

Although raising the hurdles for immigrants might help to ease the situation on the tight EU labor markets, it is likely to prove short-sighted and counterproductive in the long run, as the EU might be considered as a less attractive destination by qualified young people deciding to leave their home country to settle abroad.

2.2 Impact of migration on future EU population development

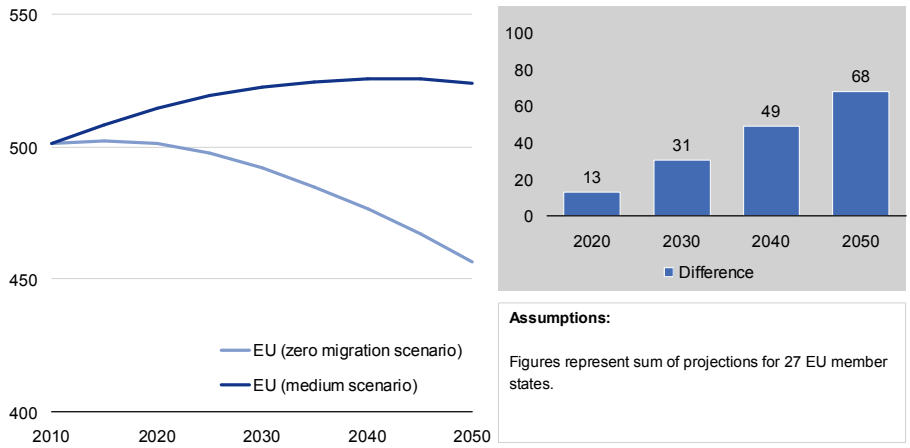
The scope of future migration flows will have a crucial impact on EU population size and age structure. In order to illustrate the importance of this demographic factor, Eurostat demographers calculated a zero migration variant, assuming each year the number of immigrants would be exactly the same as the number of people leaving the EU. Though they state that this scenario is rather unlikely, the results are fairly striking.[12]

In the base scenario Eurostat demographers assumed that between 2015 and 2040 net migration would range between 1.2mn to 1.3mn people per year and not drop below 1.1mn afterwards. If this was the case, total population would rise from 502.5mn people today to around 524.1mn people in 2050.[13] However, according to the zero migration scenario, total population would shrink to a mere 456.3mn. That is, total population would be 67.8mn lower than in the base scenario.

[11] Cf. OECD (2012): Connecting with Emigrants, p. 95.
[12] Cf. Eurostat (2012): Online database, data code: proj_10c2150zmp.
[13] Cf. Eurostat (2012): Online database, data code: proj_10c2150a.

Population scenarios, 2010-2050
EU 27

Total population and difference between medium and zero migration scenario
(in million)

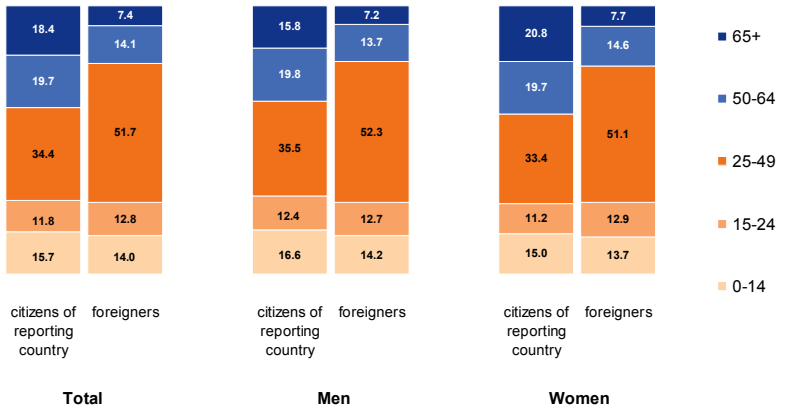


Sources: Eurostat, convergence scenario, update 2012; Allianz SE Group Economic Research and Corporate Development.

Furthermore, the age structure of the population would look different, as the migrant population is usually younger than the population without a migration background.[14] Today, around one third of the EU population being citizens of the country they live in is aged between 25 and 49. Nearly 20% are between 50 and 64 and 18% are 65 or older. Among the foreign population, i.e., intra-EU migrants and third-country nationals, currently only 7% are 65 or older, 14% are aged between 50 and 64 and more than half of them are between 25 and 49 years old.

Immigrant population on average younger than population with no migration background

Age structure, by citizenship
(2011, in percent)



Sources: Eurostat; Allianz SE Group Economic Research and Corporate Development.

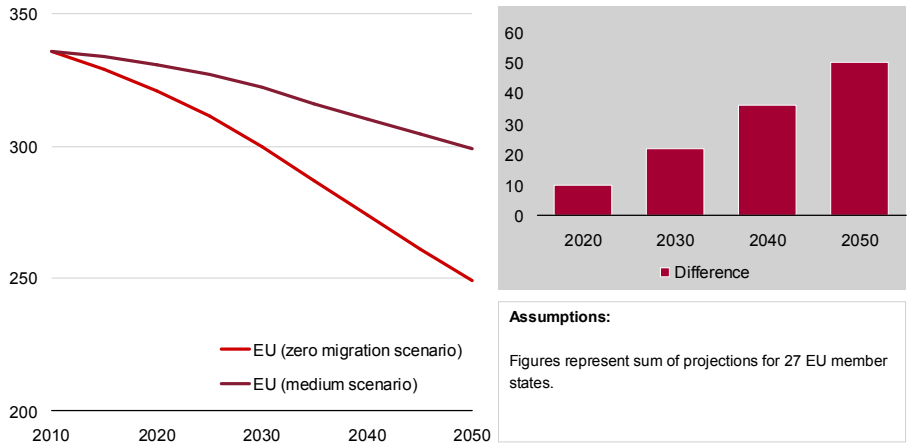
The fact that migration is primarily driven by persons in working age is also illustrated by the comparison of working age population development in the base and the zero migration scenario. In the base scenario, labor force population is expected to shrink

[14] In Germany, for example, in 2010, the average age of a resident with migration background was 35.0 years while that of native citizen was 45.9 years. Cf. Bundesamt für Statistik (2011): Bevölkerung und Erwerbstätigkeit. Bevölkerung mit Migrationshintergrund, table 2I.

from around 336mn today to around 300mn in 2050, reflecting the low fertility rates leading to an increasing lack of young people. If net migration was zero, the picture would look rather bleak: Then working age population would decrease by another 22mn over the next 20 years and a further 50mn by 2050. That is, without a positive migration balance, the labor force potential would shrink by 85mn to 249.3mn by the middle of this century.

Working age population scenarios, 2010-2050
EU 27

Population aged 15 to 64 and difference between medium and zero migration scenario
(in million)



Sources: Eurostat, convergence scenario, update 2012; Allianz SE Group Economic Research and Corporate Development.

As a consequence, there would be also fewer people in working age compared to the increasing number of retirees. In the zero migration scenario, the old-age dependency ratio would rise to 58.3 percent, while the increase in the base scenario would be less steep: The old-age dependency ratio would reach 50.2% by 2050. Nevertheless, this would be roughly a doubling of today's rate of around 26 persons aged 65 and older per every 100 persons in working age between 15 and 64.[15]

2.3 Differing significance of migration in EU member countries

Of course, the significance of migration for the size of the workforce population differs from member state to member state. The reasons are on the one hand the varying birth rate developments in the past and the assumptions regarding the future development of a country's net migration position on the other.

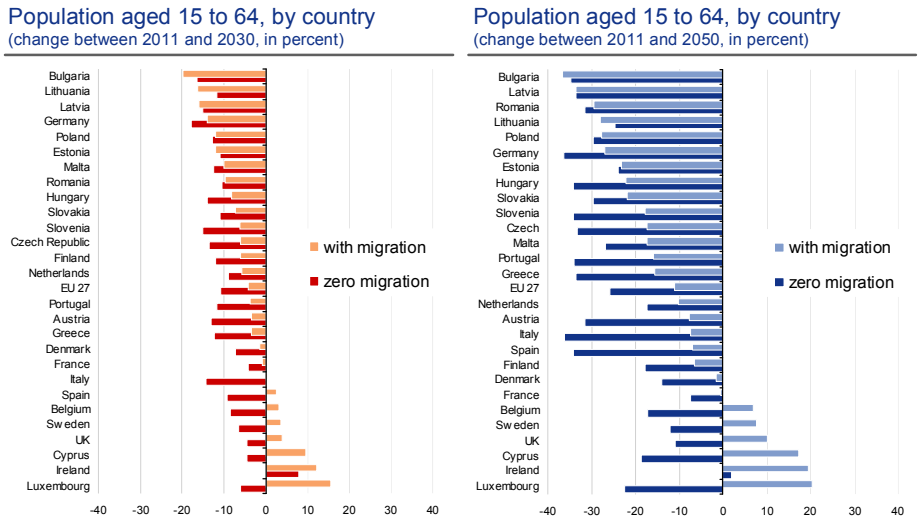
The drop of fertility rates below the so-called reproduction level of an average 2.1 children per woman that causes the decrease of working age population in the long run set in at different points in time in the member states: In most EU 15 countries the birth rate fell already during the first half of the 1970s below 2.1 children. In Hungary this was the case at the end of that decade. The southern member states, Greece, Portugal and Spain, as well as Bulgaria, today's Czech Republic and Slovenia followed suit in the first years of the 1980s. The remaining eastern European member countries witnessed the drop in fertility rates at the end of the 1980s and the beginning of the 1990s during the time of the disintegration of the Soviet Union.[16] However, while in some countries, like in Belgium, France or Sweden, the marked decrease was only temporary, with fertility rates

[15] Cf. Eurostat.
[16] Cf. Eurostat (2012): Online database.

in the meantime reaching almost reproduction levels again, in most countries they remained on a low level. Due to these developments the long-term consequences of this decrease in fertility rates, i.e., the shrinking of working age population, will set in at different points in time and to varying degrees.

In the base scenario the change of labor force population until 2030 ranges from a decrease of 19.8% in Bulgaria to an increase of 15.5% in Luxembourg, with the eastern European member states hit most besides Germany. However, this marked decrease of labor force population in the eastern European member states is not only the repercussion of the drop in birth rates. Especially in the case of Bulgaria and the Baltic states it is reinforced by the assumption that the negative net migration balance they face today will persist. Therefore, the picture looks different in the zero migration scenario: The spread between the countries would be smaller as the sole driver of working age population development would then be fertility rates. Only Ireland would still have a larger working age population than today.

Working age population change depends on migration



Sources: Eurostat, convergence scenario, update 2012; Allianz SE Group Economic Research and Corporate Development.

Member states with a comparably low average income level, like Bulgaria, would actually profit from a halt of the outflow of working age population. On the contrary, countries being a preferred destination of foreign workers like Luxembourg would feel a marked decline in available labor force, with Eurostat demographers calculating a minus of 6% in working age population instead of an increase of 15.5% by 2030.[17] Against this background it is not surprising that especially the eastern member states are becoming more and more aware of their need of a qualified workforce. In fact, some of them started only recently to introduce migration policies in order to manage migration and to hold or attract a qualified labor force.[18]

2.4 Increasing competition for qualified migrants

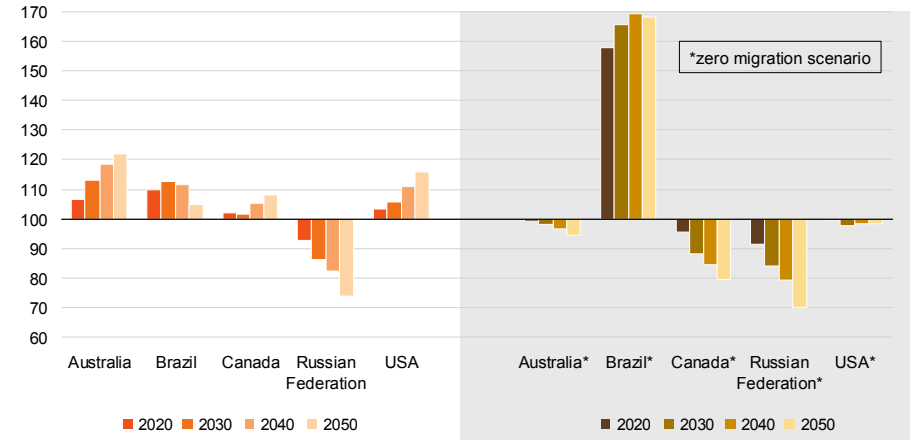
Though, the forecast of future migration flows is rather speculative, the comparison of the base case and the zero migration scenarios illustrates how much the future

[17] Indeed, some Eastern EU member countries adopted national migration strategies in order to attract and to keep qualified workers. Among these countries are Bulgaria, Poland, the Slovak Republic, Lithuania and Hungary. Cf. OECD (2012): International migration outlook 2012, p. 98 f. and p. 105f..
[18] Cf. OECD (2012): International migration outlook 2012, p. 98.

development of EU workforce population - and thus EU's overall competitiveness - depends on immigration; a fact that has in the meantime attracted the attention of most EU governments. There is common agreement that it is becoming increasingly important to have effective integration instruments in place.[19] This holds especially true when taking into account that competition for qualified migrants is expected to increase further - not only between EU member countries, but even more with today's main destination countries for emigrants, the USA, Canada and Australia. These countries also need a steady inflow of migrants to uphold working age population growth. According to UN estimates, Australia's workforce population would not increase by around 20% by 2050 but decrease by around 5%, if net migration was zero. Canada's working age population would shrink by more than 20%. In the US, the number of people in working age would remain almost constant, decreasing by a mere 2% due to fertility rates of around 2.1 children per woman; however, with net migration remaining around 900 thousand people each year, working age population would increase by 15%.[20]

Competition for qualified migrants to increase

Population aged 15 to 64, migration and zero migration scenario
(2011=100)



Sources: UN population division, World population prospects, 2010 revision; Allianz SE Group Economic Research and Corporate Development.

However, competition for qualified migrants might even be spurred by an increasing shortage of high-qualified young people willing to move to one of today's main destination countries. Today the biggest group of immigrants moving to OECD countries are migrants from Asia, accounting for a third of all migrants in 2010; nearly every fifth migrant was a citizen of a Latin American country.[21] So far, their preferred destination countries are the USA, Canada and the UK, while most of the migrants from central and eastern Europe choose EU member countries. Currently around 52% of all Asian migrants move to an OECD country, while already 47% are intra-Asian migrants, for example.[22]

The familiar picture of migration flows might change within the next years and decades, as intra-regional migration might further gain in importance. Many of today's emerging markets are not only growing faster than the industrialized economies, but are going to face a halt if not even a decrease of working age population growth rates, too. Russia is

[19] Cf. for example EU Commission (2011): European Agenda for the integration of third-country nationals.
[20] Cf. UN population division (2011): World population prospects, 2010 revision.
[21] Cf. OECD (2012): International migration outlook 2012, p. 47.
[22] Cf. OECD (2012): Connecting with emigrants, p. 41 and 44.

already facing the challenge of a declining working age population[23] and China will see its labor force potential drop from 2014 onwards if it does not increase the retirement age. Some Asian countries, like Taiwan and South Korea have already adopted measures in order to attract qualified immigrants, in order to compensate for the foreseeable working age population decrease due to marked drops in fertility rates in the 1970s.[24] A similar development can be found in Latin America, where economic growth, new laws and free trade agreements add to an increase in intra-regional migration.[25]

Against this background many EU member countries have to step up their efforts with regard to their attractiveness as destination countries for qualified immigrants from third countries. One crucial factor will be the integration of immigrants into the labor market, which is also a key for social inclusion. A glance at the situation of immigrants in the EU shows that there is still room for improvement in this respect.

3. Migrants in the EU

In 2011, around 33.3mn migrants were living in the EU. 20.5mn or 62% of them were third-country nationals and 12.8mn intra-EU migrants. That is, in total around 6.6% of the 502.5mn EU inhabitants were not citizens of the country they lived in.[26]

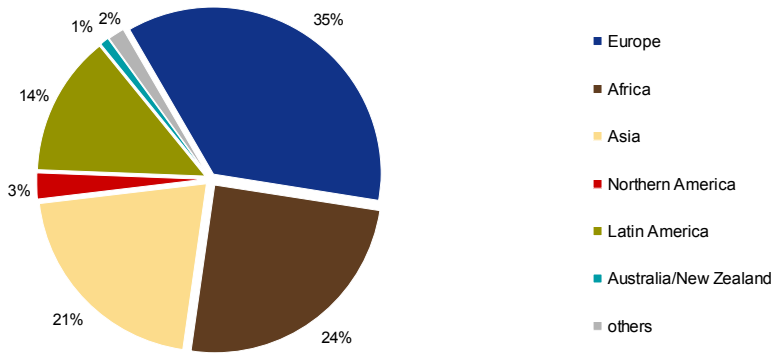
3.1. Main countries of origin and destination

As the economic disparity between the EU and its neighboring countries is still quite big, it is not surprising that the majority of the 20.5mn non-EU immigrants came from neighboring EU countries and Africa. Around 35.8% or 7.2mn of all third-country nationals were Europeans, whereby Turkey with 2.4mn was the most important sender country. Around one quarter, i.e. 24.8% or 5mn, were citizens of African countries, no fewer than 1.8mn of them coming from Morocco. A fifth of all third-country nationals were citizens of an Asian country, Latin Americans made up 13.6%, immigrants from Northern America only 2.6% and those from Oceania, especially Australia and New Zealand, less than 1%.[27]

[23] As a consequence, Russia already liberalised its migration regulation. Cf. OECD (2012): International migration outlook 2012, p. 106.
[24] OECD (2012): International migration outlook 2012, p. 158 f.
[25] In fact, the number of persons obtaining legal permanent resident status in the USA from South America has been decreasing in recent years. Cf. United States. Department of Homeland Security (2012): Yearbook of immigration statistics 2011. See also Cave, Damien (2012): Migrants' new paths reshaping Latin America.
[26] Cf. Eurostat (2012): Online database, date code: migr_pop1ctz.
[27] Cf. Eurostat (2012): Online database, data code: migr_pop1ctz and EU Commission (2012): 3rd Annual Report on Immigration and Asylum, p. 3. It is worth mentioning that 30.1% of all third-country immigrants came from countries which were classified high Human Development Index (HDI) countries, 46.6% came from medium HDI and only 7.6% from low HDI countries. The Human Development Index and is calculated by the United Nations taking into account health, education and living standards in a respective country.

Foreign citizens in the EU 27

Non-EU citizens, by world region
(in percent)



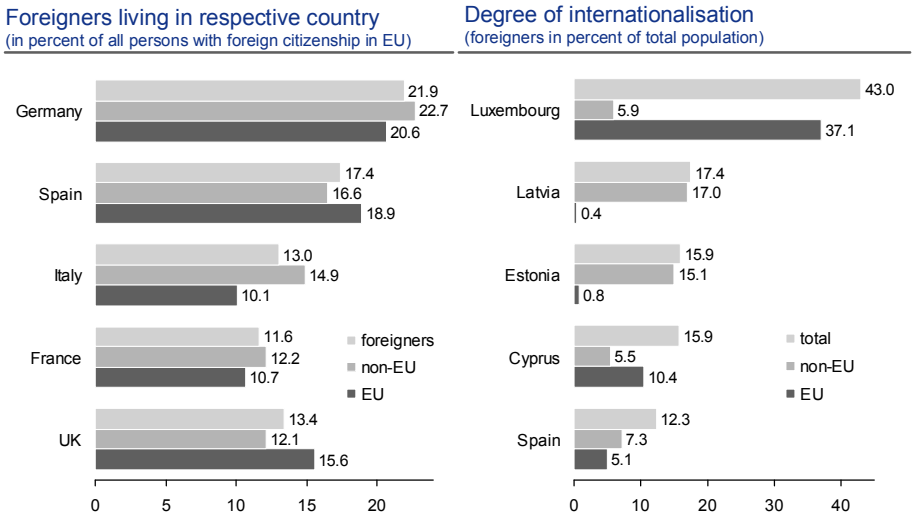
Sources: Eurostat; Allianz SE Group Economic Research and Corporate Development.

The distribution of immigrants within the EU is quite uneven. On the one hand it reflects the economic strength of the respective member countries but on the other also historical links and geographic location. In 2010, more than 75% of all immigrants were living either in France, Germany, Italy, Spain or Great Britain.[28] The most attractive country was Germany: around 23% of all third-country nationals and 21% of all intra-EU immigrants chose to live there, with the biggest group of immigrants being migrants from Turkey. Spain, ranking second behind Germany, was the main destination country for immigrants from Latin America due to historic ties and the common language. However, the most populous group of intra-EU immigrants in Spain were citizens of Romania. The biggest Romanian community abroad could be found in Italy, totaling 968,576 Romanian citizens.[29]

However, the country list looks quite different when comparing the share of foreigners in the total population: In this ranking Luxembourg tops the table, with foreigners accounting for 43% of its population with most of them being intra-EU migrants. The two Baltic states Latvia and Estonia reported the highest shares of non-EU citizens in total population, with the majority of them coming from neighboring Russia.[30]

[28] Cf. Eurostat (2012): Online database, data code: migr_pop1ctz.
[29] Cf. Eurostat (2012): online database, data code: migr_pop1ctz
[30] Cf. Latvijas Statistika (2012): table IGB03 and Statistics Estonia (2012): table PO0222.

Preferred destination and most international EU countries



Sources: Eurostat; Allianz SE Group Economic Research and Corporate Development.

3.2 Main motives given for migration

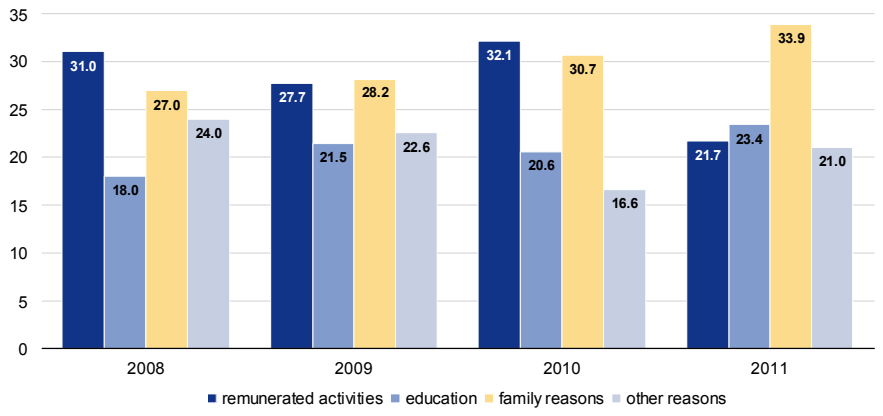
More than half of all migrants applying for a residence permit in an EU member country, give either family or employment reasons. However, there is a clear trend to more employment-related immigration, though the current economic downturn not only caused a drop of net migration numbers but also interrupted this development.[31] In contrast to the years before, in 2011 there were more first time resident permits issued because of family reasons, i.e., 34%, than of employment reasons, which accounted for 22% of all permits. Furthermore, the gender difference was more pronounced in 2011 than in 2010: anecdotal Eurostat data shows that last year around 55% of all female immigrants gave family reasons when applying for a first time residence permit, while only 26% gave employment reasons. In 2010 40% had come out of family reasons and 43% had given employment reasons. Among male immigrants we see the same pattern: In 2011, 42% gave employment reasons and 40% family reasons; in 2010 the respective figures had been 54% and 28%.[32]

[31] Among the migrants who arrived between 1985 and 1989, 41% of men and 18% of women gave employment reasons. Among those who came between 2005 and 2008 55% of the male migrants and 32% of all female migrants came for employment reasons. Cf. Albertinelli, Anthony et al., editors. (2011): Migrants in Europe, p. 33.

[32] Cf. Eurostat (2012): Online database, data codes: migr_resfirst and migr_resfas.

Debt crisis influences migration patterns

First residence permits, by reason
(in percent of total, EU 27)



Sources: Eurostat; Allianz SE Group Economic Research and Corporate Development.

Against this background it is no surprise that in 2011 first time immigrants applying for a residence permit out of familial reasons were the dominating group of immigrants in most EU countries. Only in Denmark, Cyprus, Lithuania, Slovenia and Slovakia was the number of persons applying for a residence permit out of employment reasons higher than those of immigrating out of familial reasons. Ireland and UK were exceptions as the majority of applicants in these two countries gave educational reasons.[33]

3.3 Integration of immigrants into the labor market

With the share of immigrants moving to or within the EU out of employment reasons increasing, their successful integration into the labor market gains in importance.

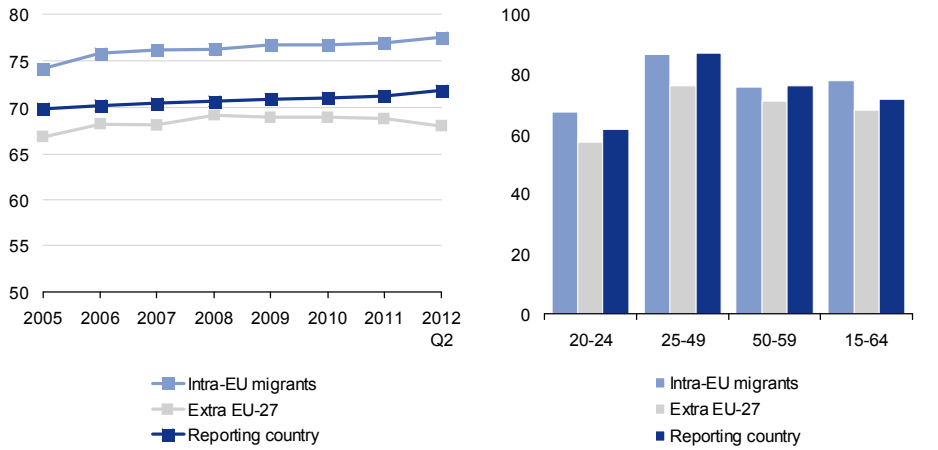
A comparison of activity rates of intra-EU migrants, third-country nationals and citizens of the respective reporting countries on an EU level shows that the share of persons being available on the labor market among immigrants from third countries is on average around 4 percentage points lower than among the citizens of the reporting country. In contrast, the share of citizens of other EU member states participating on the labor market is higher than that of the citizens of the reporting country. This is owed to the fact that, especially among young adults aged 20 to 24, the activity rates of intra-EU migrants are markedly higher than among the citizens of the reporting country.

However, it is worth mentioning that the activity rates of men are not only higher but also differ less than that of women. In the second quarter of 2012, 85% of the male intra-EU migrants and 80% of the male third-country citizens aged between 15 and 64 were available on the labor market, while the activity rate of the male population of the reporting country in the same age group was 78%. The activity rate of female intra-EU migrants in the respective age group was nearly 71% and that of the female citizens of the reporting country 66% while that of female third-country nationals was hardly 57%.[34]

[33] Cf. Eurostat (2012): Online database, data code: migr_resfirst.
[34] Cf. Eurostat (2012): online database, data code: lfsa_argan.

EU 27: Activity rates

Activity rates, by citizenship and age group
(in percent, 2012 Q2)



Sources: Eurostat Allianz SE Group Economic Research and Corporate Development.

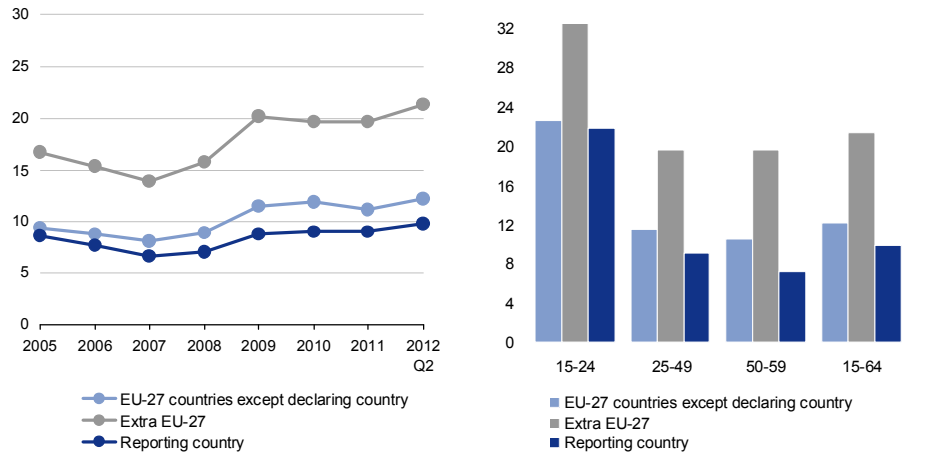
Nevertheless, unemployment rates among migrants are markedly higher than among the citizens of the respective reporting country. This is the more alarming as many migrants come out of employment reasons: At the end of the second quarter 2012, the unemployment rate among third-country nationals aged between 15 and 64 stood at 21.3%. This was 9 percentage points higher than among intra-EU migrants, which was 12.2% and more than twice as high as the ratio among the citizens of the reporting country, being 9.8%.[35] There is no denying that the marked increase in the unemployment rate of third country nationals from 14% in 2007 to more than 20% over the last three years is owed to the debt crisis. The crucial point is that the unemployment rate among non-EU citizens has been consistently nearly twice as high as that among non-migrants during the past few years. In contrast, citizens from other EU-countries had easier access to the labor markets: unemployment rates within this population group were on average only around two percentage points higher than that among the non-migrant population.[36]

A further alarming finding is the very high unemployment rate among young people aged between 15 and 24 and especially among immigrants from third countries in this age group. Since 2009, more than 30% of the young third country immigrants in this age group are unemployed; in the first half of 2012 the rate jumped to an average 35%.[37] Furthermore, the highest share of early school leavers, with 33%, is also found in this group of immigrants. Among intra-EU migrants aged 18-24 it was 23% while it stood at a mere 14% in the total population.[38] As there is no denying that education and employment are important triggers for integration, there might be a generation of migrants growing up who see no chance of gaining a foothold in the country they live in.

[35] Cf. Eurostat (2012): online database, data code: lfsq_urgan.
[36] Cf. Eurostat (2012): online database, data code: lfsq_urgan. As a consequence immigrants from third countries have a markedly higher poverty risk than EU citizens. The respective figures were 32% for third country nationals, 19% for intra-EU migrants and an average 15% among total population. Cf. Eurostat (2012): Online database.
[37] It was 36.1 % in the first quarter and 34.3% in the second quarter of 2012. Cf. Eurostat (2012): Online database, data code: lfsq_urgan.
[38] Cf. Eurostat (2012): Online database.

EU 27: Higher unemployment rates among immigrants

Unemployment rates, by citizenship and age group
(in percent, 2012 Q2)

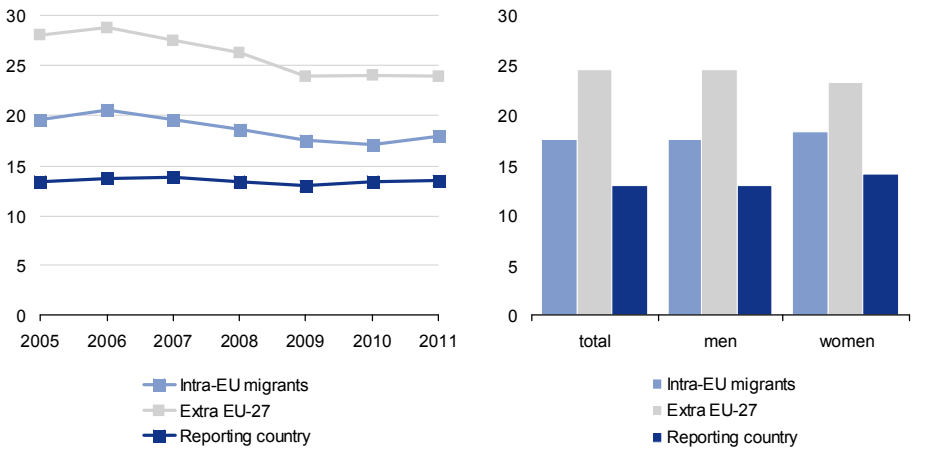


Sources: Eurostat, Allianz SE Group Economic Research and Corporate Development.

However, the higher unemployment rate among third country nationals also corresponds to the fact that they are more often found to have only temporary work contracts, which makes it easier for employers to dismiss them in times of tight labor markets. Though the rate decreased slightly in recent years, the overall picture did not change. It remained at 24% which is still nearly twice as high as the share that can be found among citizens of the reporting country, being an average 13%, and markedly higher than that among intra-EU migrants, which was 18% in 2011.[39]

EU 27: Third-country nationals more often have temporary work contracts

Temporary work contracts, by citizenship
(2011, in percent)



Sources: Eurostat, Allianz SE Group Economic Research and Corporate Development.

[39] Cf. Eurostat (2012): Online database.

Although non-migrant population is on average better educated and trained than the immigrant population[40], these differences in unemployment rates and integration into the labor market can only partially be explained by missing language skills of the immigrants or educational gaps between natives and foreigners. Spain, Portugal or France, for example, are the main destination countries for migrants of their former colonies, who presumably have a good command of the respective language.[41] The fact that foreign citizens are more often employed in jobs not commensurate with their education than non-migrants adds to this view: The overqualification rate[42] among them was 39% compared to 19% for nationals. There was also a marked difference between EU citizens and third-country nationals of high HDI (Human Development Index) and low HDI countries: Among intra-EU migrants the average overqualification rate was 31%, while it stood at 38% among third-country citizens of high HDI countries and at 53% among those of low and medium HDI countries.[43]

These figures indicate that, today especially, the talents of third-country immigrants are used only insufficiently, often hampering their integration into the society of their destination country. .Against the background of demographic change and increasing competition for high-qualified immigrants, the need to tackle these problems is becoming more and more urgent, not least to uphold the attractiveness of the European Union as a destination for future third-country migrants.

[40] According to Eurostat statistics, an average 25% of the total EU population had a teritary education. Among intra EU-migrants the rate was 26%, while it was only 19% among third country nationals. Furthermore, the highest ratio of people having only attained primary school edcuation or even less could be found among third country nationals, with a ratio of 46%. The respective rate was 27% on EU average and 28% for intra-EU migrants. Cf. Eurostat (2012): Online database.

[41] In Portugal, the share of persons with a secondary and tertiary education among the migrant population is higher than among the native population. Cf. Eurostat (2012): Online database, data code: lfso_08cobsped.

[42] The overqualification rate is defined as the proportion of the population with a tertiary education working in low- or medium-skilled jobs among employed persons having attained a high educational level. Cf. Albertinelli, Anthony et al. (2011): Migrants in Europe, p. 102.

[43] Cf. Albertinelli, Anthony et al. (2011): Migrants in Europe, p. 102. The discrepancy is weaker, when distinguishing migrants by their country of births: 29% of all EU-27 born migrants, 34% of all migrants born in a high HDI country and 38% of all migrants born in low or medium HDI country, were reported to be overqualified for their job. Furthermore, overqualification is less spread among settled foreign born migrants than among recent migrants. Cf. Albertinelli, Anthony et al. (2011): Migrants in Europe, p. 51.

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