Migration and Mobility

Economic Update on Europe and Central Asia
Office of the Chief Economist
October 2017

ECA Economic Update
Fall 2017

Hans Timmer, Chief Economist, Europe and Central Asia
November 30, 2017
Migration biggest concern during last two years

Concerns about immigration have peaked

Delinking terrorism and immigration?

Dramatically improved economy

Source: Standard Eurobarometer 87, Spring 2017
Migration and Mobility

- The refugee crisis has triggered concerns over migration, but the recent refugee inflow is not unprecedented, is likely to be temporary, and is a small share of total migration, which has long been vital to the region.

- The economies have recovered, but economic anxiety has not disappeared.

- With new technologies and further cross-border connectivity, migration patterns will likely shift toward circular high-skilled migration.

- Reforms should focus on better integration of migrants and help both migrants and nonmigrants cope with the inevitable increase in flexibility and uncertainty in labor markets.
Migration and Mobility

- The refugee crisis has triggered concerns over migration, but the recent refugee inflow is not unprecedented, is likely to be temporary, and is a small share of total migration, which has long been vital to the region.
The stock of refugees has risen, globally and in Europe and Central Asia

Source: United Nations Higher Commissioner for Refugees (UNHCR)
Number of refugees now similar as in 1993, but composition has changed.
Feelings towards intra-EU migrants more positive than towards migrants from outside the EU

Source: Eurobarometer, 2017
Putting the refugee crisis in perspective

Refugees as % of total immigrants in Germany
1993: 19
2016: 10,5

1,3 million refugees from former Yugoslavia in 1996

2 million emigrants after Poland joined the EU
- 20 million people of Polish origin live abroad
- 1 million people from Ukraine work in Poland
- 6,182 EU quota to host relocated refugees

More than 40 million people emigrated from Europe to the new world between 1850 and 1913

After WWII 20 million people migrated under duress in the ECA region, with another 10 million ethnic migrants in following decades

In 1989 370,000 Bulgarian Turks migrated to Turkey

2 million net immigration into Russia from FSU 1993-1995
Migration and Mobility

- The refugee crisis has triggered concerns over migration, but the recent refugee inflow is not unprecedented, is likely to be temporary, and is a small share of total migration, which has long been vital to the region.
- The economies have recovered, but economic anxiety has not disappeared.
The unemployment rate in the EU-28 has fallen back to pre-crisis levels

Source: Eurostat
Trade: EU accession countries have outperformed China in export markets

Annual growth of export volumes, goods, and services, 2011-16

Annual growth of export volumes, goods and services, 2002-07

Source: World Bank
The share of temporary employment increased in Europe and Central Asia between 2002 and 2016

Source: World Bank
Transformational companies came on the market at the beginning of the crisis

- In 2007 Netflix started streaming and the first iPhone came on the market.
- In 2008 the term MOOC (massive open online course) was first mentioned, the first prosthetic leg was created by a 3D printer, genome sequencing costs fell dramatically, bitcoin was invented, and Airbnb was created.
- In 2009 Uber came on the scene.
Migration and Mobility

- The refugee crisis has triggered concerns over migration, but the recent refugee inflow is not unprecedented, is likely to be temporary, and is a small share of total migration, which has long been vital to the region.
- The economies have recovered, but economic anxiety has not disappeared.
- With new technologies and further cross-border connectivity, migration patterns will likely shift toward circular high-skilled migration.
The share of high-skilled immigrants in OECD countries increased between 2000 and 2010

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2010</th>
<th>2000</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECA-OECD</td>
<td>19</td>
<td>25</td>
<td>32</td>
<td>33</td>
</tr>
<tr>
<td>Non-ECA-OECD</td>
<td>37</td>
<td>34</td>
<td>29</td>
<td>36</td>
</tr>
</tbody>
</table>

Source: Database on Immigrants in OECD Countries (DIOC)
Most top ECA destinations attracted more international tertiary students in 2014 than in 2004

Source: UNESCO Institute for Statistics
ECA hosted half of the world’s foreign tertiary students in 2014

Source: UNESCO Institute for Statistics
The share of temporary migration in total migration increased in most countries in Europe and Central Asia between 2000 and 2010

Percent of total migration that is temporary

Source: OECD database on immigrants in OECD and non-OECD (DIOC and OECD database on employment)
The share of temporary migration is positively related to the share of temporary employment

Source: OECD data for 2010
## Countries in Europe and Central Asia with highest and lowest connectivity

<table>
<thead>
<tr>
<th>Country</th>
<th>Combined connectivity</th>
<th>Trade</th>
<th>FDI</th>
<th>Migration</th>
<th>ICT</th>
<th>Airline</th>
<th>Portfolio flows</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Countries with highest overall connectivity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxemburg</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>32</td>
</tr>
<tr>
<td>Ireland</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>27</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>18</td>
<td>14</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Belgium</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>7</td>
<td>5</td>
<td>18</td>
<td>78</td>
</tr>
<tr>
<td>Switzerland</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>2</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Poland</td>
<td>38</td>
<td>36</td>
<td>38</td>
<td>34</td>
<td>49</td>
<td>55</td>
<td>35</td>
</tr>
<tr>
<td><strong>Countries with lowest overall connectivity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belarus</td>
<td>95</td>
<td>75</td>
<td>103</td>
<td>42</td>
<td>98</td>
<td>106</td>
<td>99</td>
</tr>
<tr>
<td>Georgia</td>
<td>102</td>
<td>105</td>
<td>101</td>
<td>62</td>
<td>104</td>
<td>104</td>
<td>93</td>
</tr>
<tr>
<td>Armenia</td>
<td>104</td>
<td>91</td>
<td>102</td>
<td>64</td>
<td>103</td>
<td>98</td>
<td>86</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>105</td>
<td>104</td>
<td>108</td>
<td>110</td>
<td>109</td>
<td>107</td>
<td>107</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>107</td>
<td>109</td>
<td>106</td>
<td>109</td>
<td>110</td>
<td>110</td>
<td>106</td>
</tr>
</tbody>
</table>

*Source: World Bank*
Migration and Mobility

- The refugee crisis has triggered concerns over migration, but the recent refugee inflow is not unprecedented, is likely to be temporary, and is a small share of total migration, which has long been vital to the region.
- The economies have recovered, but economic anxiety has not disappeared.
- With new technologies and further cross-border connectivity, migration patterns will likely shift toward circular high-skilled migration.
- Reforms should focus on better integration of migrants and help both migrants and nonmigrants cope with the inevitable increase in flexibility and uncertainty in labor markets.
Unemployment rates are higher for foreign-born than for native-born workers in most countries in Europe and Central Asia.

Percentage point difference between unemployment rates for foreign-born and native-born

Source: OECD
The gap between measures of deprivation and poverty of the foreign-born and native-born populations is larger in the EU15 than in the rest of the European Union.

Source: Eurostat
## Selected social statistics for people born in the European Union and elsewhere

<table>
<thead>
<tr>
<th>Item</th>
<th>Born outside the European Union</th>
<th>Born in the European Union</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment rate among people 15–74</td>
<td>16.4</td>
<td>8.0</td>
<td>8.4</td>
</tr>
<tr>
<td>Housing overcrowding rate</td>
<td>24.6</td>
<td>16.5</td>
<td>8.1</td>
</tr>
<tr>
<td>Percent of population 20–64 living in household with insufficient number of rooms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing cost overburden rate</td>
<td>29.6</td>
<td>10.8</td>
<td>18.8</td>
</tr>
<tr>
<td>Percent of population 20–64 living in households in which total housing costs exceed 40 percent of disposable income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean annual income of people over 18 (thousands of euros)</td>
<td>15.4</td>
<td>19.0</td>
<td>3.6</td>
</tr>
<tr>
<td>Severe material deprivation rate</td>
<td>17.9</td>
<td>7.5</td>
<td>10.4</td>
</tr>
<tr>
<td>Percent of population over 18 with inability to afford four of nine necessary items for leading an adequate life</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children at risk of poverty rate by birth place of parents (percent of population below 18)</td>
<td>37.6</td>
<td>19.0</td>
<td>18.6</td>
</tr>
</tbody>
</table>

*Source: Eurostat*
Policy priorities

- Further integration of migrants in destination countries;
- Facilitation of circular migration;
- International agreement on a multilateral framework for migration;
- Conditions to help migrants and nonmigrants cope with more flexible labor markets
Thank you!

Hans Timmer, Chief Economist
Europe and Central Asia Region
November 30, 2017