



European Economic and Social Committee

SOC/574
The costs of non-immigration and non-integration

OPINION

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The costs of non-immigration and non-integration
[own-initiative opinion]

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1. Executive summary of conclusions and recommendations

- 1.1 The EESC considers that immigration has a positive influence on population and labour force growth. If natural population growth becomes negative, immigration can help keep the total population and labour force constant. Admittedly, immigration is not the ultimate solution for tackling the consequences of demographic ageing in Europe. Nevertheless, it could also be a remedy to shortages of labour and skills that are unrelated to demographic processes.
- 1.2 A non-immigration scenario in Europe would mean that:
 - Member States' economies would suffer substantially; job markets would come under possibly irreconcilable strain, whole industries would go bust, agricultural production would drop, construction would not be able to keep up with demand.
 - Demographic challenges would be aggravated; pension systems might become unsustainable, the health and care sector could collapse, depopulation of certain areas would proceed at a swift pace; in effect social cohesion would be undermined.
 - A complete ban on legal migration would inherently lead to a spike in attempted irregular migration; this in turn would lead to oversecuritisation, overrepression and overpolicing, incurring enormous costs; it would encourage black job markets, exploitation and modern slavery, and desperate attempts at family reunification.
 - Racism and xenophobia would flourish even more than at present; pre-settled people with a migration background, including second or third generations, would become targets of popular distrust and outrage.
- 1.3 In contrast, the following potential of migration can be identified in host countries: job vacancies and skills gaps can be filled, economic growth can be sustained and services to an ageing population can be maintained when there are insufficient young people locally. The pension gap can be closed by the contributions of new young migrant workers. Immigrants bring energy and innovation. Host countries are enriched by cultural and ethnic diversity. Depopulating areas can be revived, including schools that can be transformed. Countries of origin benefit from remittances (payments sent home by migrants), which outstrip foreign aid. Returning migrants bring savings, skills and international contacts.
- 1.4 Realising the full potential of migration requires an approach which, among other things, makes better use of the skills of the migrant population. The EESC is convinced that this must be supported by adequate skills validation policies and mechanisms and calls on the EU and Member States to support their speedy development. In addition, proper implementation of skills partnerships with non-EU countries would be mutually beneficial for both the EU and migrants' countries of origin.
- 1.5 The EU should adopt policies and measures that endorse safe, orderly and regular migration and also strengthen inclusion and social cohesion.
- 1.6 Non-integration bears economic, socio-cultural and political risks and costs. Hence, investment in migrant integration is the best insurance policy against potential future costs, problems and tensions. Public policies should tackle the fears, concerns and worries of diverse sections of the

population in EU societies in order to avoid anti-EU and xenophobic discourses. To do so, the relevant policies should include a clear, consistent and reasoned set of obligations on the migrants themselves, but equally a consistent denunciation of anti-migrant rhetoric and behaviours.

- 1.7 The EESC underlines the fact that promoting integration is key to reinforcing EU fundamental values and principles, of which diversity, equality and non-discrimination are crucial ones. Integration pertains to all society, including migrants settling in a host country, regardless of their status or origin. Nevertheless, special policies are required for people with particular vulnerabilities (such as refugees) and a community-based and tailor-made targeted support, rather than a one-size-fits-all approach, may yield best results. It is imperative, therefore, that EU Member States learn from one another and honestly strive to foster an environment in which migrant integration is achievable and the risks are avoided.

2. **Background and objectives of the opinion**

- 2.1 The largest migration flows in Europe since the Second World War have raised the concerns of citizens about further uncontrolled migratory flows and highlighted the importance of a joint approach in the fight against irregular migration and of securing the EU's ability to act. EU Member States have been facing challenges regarding the management, financing and communication of migration, as well as citizens' fears relating to this. While the situation has been abused by some politicians, the EESC is convinced that there is an urgent need to change the narrative on migration and return to a rational debate on the basis of facts. Refugees and migrants should be seen not as a threat but as an opportunity for Europe's economic and social model.
- 2.2 Current policies putting migration control at the top of the foreign affairs agenda undermine the EU's position in foreign relations, making it prone to blackmail and loss of credibility on human rights matters. The EESC is convinced that the EU and the Member States must go beyond the current model and ensure that regular ways of entry are promoted that facilitate orderly migration and successful inclusion. Safe and legal routes may alleviate the pressure on the EU asylum system.
- 2.3 At the same time, as long as EU markets fuel demand for labour, there will be migration: regular or otherwise. In certain professions, at least, the demand will grow (care sector, domestic work, social services, construction etc.)¹.
- 2.4 At the 2017 Civil Society Days in June, Federica Mogherini, High Representative of the European Union for Foreign Affairs and Security Policy, delivered a keynote speech on "Global Europe and its role in peace and stability"². In it, she said that Europe needed migration for economic and cultural reasons. She suggested that the EESC draft a study or a report on the

¹ For instance, among 4.3 million immigrants in the EU in 2016, there were an estimated 2.0 million citizens of non-EU countries, 1.3 million people with citizenship of a different EU Member State from the one to which they migrated, around 929 000 people who migrated to an EU Member State of which they had the citizenship (for example, returning nationals or nationals born abroad), and some 16 000 stateless people.

² [Federica Mogherini's keynote speech at the Civil Society Days 2017](#).

costs of non-migration, since her impression was that sectors of European economies would collapse if all migrants were to disappear from one day to the next. The report would convey the views of economic and social actors on what Europe would look like without migrants. This own-initiative opinion is a follow-up to her idea.

- 2.5 Migration has many faces – it can be regular, irregular or, as has been the case in the past three years, humanitarian, following the war in Syria and other parts of the world. Migration flows are also mixed and labour migration might be seasonal, manual or high-skilled. This document focuses mainly on safe, orderly, EU-supported labour migration (and related family reunification); however, it also takes note of other forms of immigration to the EU and the potential contribution of migrants coming for a (temporary) humanitarian migration (asylum seekers) and irregular migration.

3. General comments

3.1 *Demographics – an ageing population and its declining numbers in the EU*

- 3.1.1 In the early 21st century, Europe is confronted with an ageing population, stagnating or even declining native populations, high unemployment and – in some of its key members – also with slow economic growth. At the same time, Europe remains one of the prime destinations for migration³.
- 3.1.2 Changes in labour force size present one of the main challenges for the European Union. While labour supply (labour force size) does not develop independently of labour demand, its future trajectories can be estimated by combining various scenarios of labour force participation with population projections, as identified by the authors of the European Demographic Data Sheet 2018⁴. The current labour force in the European Union comprises about 245 million workers. In order to estimate a future labour supply up to 2060, the authors defined three scenarios for labour force participation, which range between 214, 227 or 245 million workers.
- 3.1.3 Other predictions, such as that presented by the European Commission fact sheet for the Gothenburg Social Summit in 2017, argue that in 2060, for every elderly person there will be two people of working age. Today, there are four. This poses critical risks for maintaining the European Social Model as we know it today.
- 3.1.4 On the other hand, immigration has a positive influence on population and labour force growth. If natural population growth becomes negative, immigration can help keep the total population and labour force constant. Immigration could also be a remedy to shortages of labour and skills that are unrelated to demographic processes. However, as the Hamburg Institute of International Economics (HWWI) argues in its report The Costs and Benefits of European Immigration⁵,

³ [Migration data portal](#).

⁴ [European Demographic Data Sheet 2018](#).

⁵ [The costs and benefits of European immigration, Econstor](#).

immigration is not the ultimate solution for tackling the consequences of demographic ageing in Europe (as migrants also age).

3.2 *The potential of labour migration from third countries*

The following impacts can be identified⁶:

3.2.1 On host countries:

- Job vacancies and skills gaps can be filled.
- Economic growth can be sustained.
- Services to an ageing population can be maintained when there are insufficient young people locally.
- The pension gap can be filled by the contributions of new young migrant workers, who also pay taxes.
- Immigrants bring energy and innovation.
- Host countries are enriched by cultural and ethnic diversity.
- Depopulating areas can be revived, including schools with falling numbers.

3.2.2 On countries of origin:

- Developing countries benefit from remittances (payments sent home by migrants), which now often outstrip foreign aid⁷, but also from cultural exchange.
- Unemployment is reduced and young migrants enhance their life prospects.
- Returning migrants bring savings, skills and international contacts.

4. Costs of non-immigration

4.1 *Sustaining economic growth and meeting labour market needs*

4.1.1 Immigration from outside the EU has both a direct and indirect impact on economic growth: there appears to be a clear correlation between growth of the labour force through immigration and aggregate GDP growth. For instance, in recent years, Sweden has granted thousands of work permits to information technology developers, berry pickers, and cooks. Labour immigration contributes with significant values to the Swedish economy: companies recruiting labour immigrants grow faster than comparable companies. Annually, non-EU/EEA labour immigrants contribute over EUR 1 000 million to Swedish GDP and over EUR 400 million in tax revenues⁸.

⁶ Inspired by and using the conclusions of "The pros and cons of Migration", Embrace.

⁷ [Perspectives on Global Development 2017, OECD](#).

⁸ DAMVAD Analytics (2016): Labour immigration contributes to Swedish economic development.

- 4.1.2 The migrant population generated a 70% increase in the labour force of Europe between 2004 and 2014⁹. It is difficult to specify the impact a labour shortage of this magnitude would have in the European economy and individual Member States. Furthermore, the foreign-born population usually integrates into market niches (segmentalisation) that are either growing rapidly or in decline, providing more flexibility to respond to EU labour market demands.
- 4.1.3 Similarly, the migrant population participates in the employment situation of each country by contributing to consumption and the creation of new jobs. Migrant entrepreneurs contribute to economic growth and employment, often by rejuvenating neglected crafts and trades, and increasingly participate in the provision of value-added goods and services¹⁰. The EESC therefore recommends that if the "creativity and innovation capacity" of migrant entrepreneurs is to be reinforced, specific measures must be taken at EU, Member State and local level. This is to eradicate discrimination and create equal conditions for all so that they can contribute to inclusive growth and quality jobs¹¹.
- 4.1.4 The EESC also believes that, in view of their specific tendency to gravitate towards the care sector and activities connected with the sharing economy and the circular economy, social economy enterprises can encourage and support not just the creation of new jobs, but also entrepreneurship and access to economic activities for migrants outside the EU¹².
- 4.1.5 Measuring the fiscal impact of immigration is a complex issue. However, the OECD claims¹³ that, in sum, migrants have had a neutral fiscal impact over the last fifty years – i.e. any costs they may have generated have been covered by the profits produced through the taxes and levies collected.
- 4.1.6 An Oxford Economics research study¹⁴ concluded that migrant workers had helped maintain an adequate labour supply to fuel the 2004-2008 economic boom. The availability of migrant labour seems to have made the difference between some businesses surviving or not needing to relocate production abroad (the authors quote a survey of 600 businesses in which 31% said that migrants were important in the survival of their organisation, a figure that rose to 50% in health and social care and agriculture).
- 4.1.7 It is clear that immigration can be economically beneficial for both countries of origin and host countries. However, with present economic and trading structures it is the rich and powerful countries that benefit most. Migration also has the potential to bring peoples together culturally

⁹ OECD (2014): "Is migration good for the economy?" Migration Policy Debates.

¹⁰ Rath, J., Eurofound (2011), "Promoting ethnic entrepreneurship in European cities", Publications Office of the European Union, Luxembourg.

¹¹ [OJ C 351, 15.11.2012, pp. 16-20](#).

¹² [OJ C 283, 10.8.2018, pp. 1-8](#).

¹³ [International Migration Outlook 2013, OECD](#).

¹⁴ Department for Employment and Learning, UK: [The Economic, Labour Market and Skills Impacts of Migrant Workers in Northern Ireland](#).

and to promote understanding, but friction occurs if efforts are not made to dispel the misunderstandings, prejudices or myths held by local people, but also by migrant communities.

4.2 *Bridging the skills gap*

- 4.2.1 In general, the European economy loses more than 5% of productivity each year due to a mismatch between workers' skills and the needs of the labour market, according to a study by the Institute for Market Economics (IME)¹⁵ commissioned by the EESC and published on 24 July 2018. The study says this amounts to a loss of 80 eurocent for each hour worked. The professions worst hit are IT and communications, medical doctors and, more generally, the domains of science, technology and engineering. The phenomenon also affects teachers, nurses and midwives. The trend is getting worse due to the demographic decline and developments in technology, say the authors. This skills gap could be addressed, in part, by labour migration.
- 4.2.2 However, realising the full potential of migration in this area requires an approach which, among other things, makes better use of the skills and qualifications of the migrant population. Immigrants are usually overqualified for the positions they are offered¹⁶.
- 4.2.3 The skills gap can be partially bridged only if the immigrants get their skills and qualifications validated. EU validation mechanisms are, however, still in development and depend on the Member States. The EU Skills Profile tool is not sufficiently used by Member States and actors on the ground. Nevertheless, there are nongovernmental initiatives, such as Bertelsmann Stiftung's Competence Cards or on-line vocational self-assessment¹⁷.
- 4.2.4 Proper implementation of skills partnerships with non-EU countries would be mutually beneficial for both the EU and migrants' countries of origin.

4.3 *Sustaining the care sector*

- 4.3.1 Labour market shortages in the healthcare sector are a "ticking bomb". There is an ongoing crisis¹⁸, and labour shortages will increase unless appropriate policy responses are pursued. As early as 1994, care was defined as a strategic sector by the European Commission. In 2010, it warned that a supply shortage of two million healthcare workers would emerge by 2020 if urgent action was not taken to redress supply shortfalls of up to one million workers in long-term care (LTC)¹⁹.
- 4.3.2 Workforce shortages are prevalent in care occupations in many Member States. Recruitment of both regular and undocumented care workers alleviates shortages in the care sector. Southern

¹⁵ EESC (2018): [Skills Mismatches – An Impediment to the Competitiveness of EU Businesses](#) (ISBN: 978-92-830-4159-7).

¹⁶ [LABOUR-INT: "Integration of migrants and refugees in the labour market through a multi-stakeholder approach"](#).

¹⁷ [Meine Berufserfahrung zählt](#).

¹⁸ UNI Europa UNICARE (2016).

¹⁹ European Commission (2013).

European care systems, in particular, rely heavily on live-in care workers. In Italy, for instance, migrant live-in care workers represent about three-quarters of the home care workforce²⁰.

- 4.3.3 Central and Eastern European (CEE) countries are also affected by the labour shortages in the care sector as well as by rising demand for care in Western Europe. For instance, Poland supplies many care workers to other countries, despite a depleted care workforce. These shortages are met with the arrival in Poland of workers from the Ukraine and other countries outside the EU²¹.
- 4.3.4 It is also important to notice the significant economic contribution of women migrants, to families and communities through paid work, and the need to address inequalities between women and men in labour markets²². Research shows that the majority of migrant women workers are employed in service sector occupations (e.g. catering, domestic and healthcare occupations). Irregular work, underemployment and temporary-contract employment could generate the disadvantage faced by migrant women in EU labour markets, and measures to guarantee equal treatment and to provide protection of vulnerable people should be further developed.

4.4 *Addressing depopulation of rural and remote areas*

- 4.4.1 Rural, mountain and island areas are becoming depopulated, which creates a downward economic and social spiral that gains momentum as more people migrate into towns. The loss of population reduces the amount of money circulating within a community, which then affects the viability of local businesses, shops and transport links, as well as the availability of essential facilities and services.
- 4.4.2 In some areas of the EU, for instance in Ireland or Brandenburg, depopulation is being overcome by settling migrants. In the case of agriculture, for example, the contribution of migrant labour in Northern Ireland has been key to the survival of a sector with serious problems in terms of labour supply and an ageing workforce. The migrant population is prepared to accept jobs with salaries and conditions that have been rejected by the local population, and to live in villages at high risk of depopulation, despite the fact that it may be a highly unregulated sector with a risk of labour exploitation²³.
- 4.4.3 Opportunities are available under the European Union's rural development policy to assist local rural communities with the arrival of migrants. A number of rural development organisations have pointed out the potential assistance that rural areas can offer migrants, whose arrival could play a role in revitalising areas suffering from underpopulation and/or economic decline. The

²⁰ European Parliamentary Research Service (2016).

²¹ [OJ C 487, 28.12.2016, pp. 7-13](#).

²² [Report "Migrant women in the EU labour force. Summary of findings"](#), EC.

²³ Nori, M. (2017). "The shades of green: migrants' contribution to EU agriculture: context, trends, opportunities, challenges".

European Parliament has emphasised the importance of providing support for migrants' social inclusion and integration into the labour market in its 2017 study²⁴.

4.5 *Addressing cultural diversity*

- 4.5.1 The lack of a migrant population would be to the detriment of diversity in EU countries, leading to a xenophobic and self-satisfied discourse, which is at odds with the EU's guiding principles. Furthermore, we would lose a contribution to the expansion of values, such as equal treatment and non-discrimination, where the visibility of the population with a migrant background has helped to achieve progress in recent years.
- 4.6 For all of the above, non-immigration to the EU must be discarded as an unrealistic, unimplementable and immensely harmful scenario.

5. Costs of non-integration (and how to avoid them)

- 5.1 In order to realise the full potential of migration to Europe, as indicated above, and at the same time minimise the related and long-lasting risks and avoidable socio-economic costs, it is paramount that conditions are in place for migrants' successful integration.
- 5.2 The main points pertinent to the EU's understanding of the concept are listed in the Common Basic Principles for Immigrant Integration Policy in the EU adopted by the Council in 2004²⁵. Therein, integration is understood as a "dynamic, two-way process of mutual accommodation by all immigrants and residents of Member States". This runs contrary to a widely shared misconception of integration as assimilation – a one-way process in which individuals abandon their national and cultural attributes in exchange for those of their new country of residence²⁶. However, as reiterated by the 2016 EU Action Plan on the integration of third country nationals, an essential element of living and participating in the EU is the understanding of and subscription to its fundamental values²⁷.
- 5.3 It should be underlined that integration pertains to all migrants settling in a host country, regardless of their status or origin. Nevertheless, special policies are required for people with particular vulnerabilities (such as refugees), and a community-based rather than one-size-fits-all approach may yield best results.
- 5.4 Employment is a core part of the integration process. Member States and economic and social partners thus perceive labour market inclusion of migrants as a priority. Indeed, the demand for migrant workers continues to be one of the crucial drivers of immigration in the first place.

²⁴ ["EU rural development policy and the integration of migrants"](#), EP.

²⁵ [Common Basic Principles for Immigrant Integration Policy in the EU](#).

²⁶ For more on the conceptual difference, see e.g. [Assimilation vs integration, Centre for the Study of Islam in the UK, RE teachers Resource Area](#).

²⁷ Action plan on the integration of third country nationals.

- 5.5 Among the other essential variables determining migrant integration on the side of the receiving state are: certainty and foreseeability of migration status, possibilities for and obstacles to obtaining citizenship, opportunities for family reunification, availability of language courses, language and cultural knowledge requirements, political rights, and the general openness of any given society and its willingness to embrace, assist and interact with the newcomers, as well as vice versa.
- 5.6 In addition, migrant integration is closely interlinked with a plethora of policies related to protection in the workplace, housing, healthcare, education, women's rights, equality and non-discrimination – to name but a few.
- 5.7 In an effort to quantify the policies in place, the Migrant Integration Policy Index (MIPEX) was set up, providing comparable data on EU Member States and several other countries²⁸. Its results underline the existing discrepancies between Member States, including the enduring east-west divide.
- 5.8 Following the logic of the "migrant non-integration" scenario, the following risks and/or costs can be identified:

5.8.1 Economic

- Migrants' exclusion from formal labour (and surge in undeclared work);
- increased costs of handling social issues after they appear, rather than preventing them;
- migrants' inability to fully realise their potential (often transferred to following generations).

5.8.2 Socio-cultural

- Lack of identification with the values and norms of the host country and their acceptance;
- aggravation of socio-cultural differences between the migrant and host communities;
- migrants' structural discrimination, including lack of adequate access to services;
- increased xenophobia and mutual distrust;
- replication of language barriers;
- spatial segregation leading all the way to ghettoisation;
- breakup of overall social cohesion.

5.8.3 Security

- Increase in hate speech and hate crimes;
- decline in law enforcement and possible increase in crime rates, particularly in socially excluded areas;
- potential radicalisation and increased support for extreme ideologies (by both migrant communities and the host society).

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[Migrant Integration Policy Index 2015: How countries are promoting integration of immigrants.](#)

- 5.9 Given the above, investment in migrant integration is the best insurance policy against potential future costs, problems and tensions.
- 5.10 The relevant policies should include a clear, consistent and reasoned set of obligations on the migrants themselves, but equally a consistent denunciation of anti-migrant rhetoric and behaviours.
- 5.11 It is imperative, therefore, that EU Member States learn from one another and honestly strive to foster an environment in which migrant integration is achievable and the risks set out above are avoided.
- 5.12 It should be stated quite openly that government-led efforts to criminalise or otherwise marginalise migrants, the stoking of ethnic nationalism and cutbacks in financing of integration measures (including the non-distribution of funds made available by the EU) – as recently witnessed in certain Member States – are in direct contradiction to these aims and can do irreparable harm in the long run.
- 5.13 Last but not least, promoting integration is key to reinforcing EU fundamental values and principles, of which diversity, equality and non-discrimination are crucial ones.

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