Executive summary

How can governments ensure that migration and free movement of workers contribute to meeting the labour market shortages that are expected to arise over the next 50 years? How can societies better use the skills of their migrants? What lessons can non-European OECD countries offer Europe, particularly regarding labour migration management? It was to address such questions that the European Commission and the OECD jointly carried out a three-year research project on "Matching economic migration with labour market needs". Its findings are presented in this report.

This publication provides new evidence on the role that international migration has played in Europe and in selected other OECD countries over the past decade in terms of labour force, educational attainment and occupational changes. In addition, it analyses the availability and use of migrants' skills based on an in-depth literature review and new data analyses for Europe and the United States, as well as on Canada and the OECD as a whole, drawing on new datasets, including the OECD International Survey of Adult Skills (PIAAC). It also examines the potential role of international migration in meeting current and future labour market needs in the European Union and the United States.

Although migration can make an important contribution to labour force growth, its role in counterbalancing the effects of population ageing will depend on how well countries are able to match migrants' skills with their labour needs. More needs to be done to better use migrants' skills and to adapt labour migration management systems to employers' needs.

Key findings

The demographics of population, the workforce and international migration

- The labour force is projected to grow on average 4% in the OECD over the period 2010-20, with the educational attainment of both native- and foreign-born individuals in the labour force continuing to increase in the near future, although at lower rates than in the past.
- Observed and future labour and skill shortages are not a simple function of demographic imbalances in the labour force, but depend significantly on the changing nature of demand for particular skills and the extent to which these can be filled from existing sources of supply.
- While migration has an important role to play in counterbalancing the negative effects of population ageing, it cannot be the sole, or even the main, response to address structural demographic, labour market or fiscal challenges.

The availability and use of migrants' skills

- A better understanding of the skills immigrants bring to the host countries and how these are used in the labour markets is crucial for the design of both immigration and integration policy. Selecting and attracting immigrant workers with the necessary skills are emerging as a key policy objective, as is making the best use of the skills of immigrants already in the host countries.
- On average, immigrants have lower educational attainment levels than the native-born. The differences are greater in the United States than in Europe and also for immigrants who have been longer in the country. Immigrants with foreign qualifications have lower returns to tertiary education than the native-born in terms of employment and job quality. There are also large differences in the qualification levels of immigrants and their returns on the labour market depending on their migration category: labour migrants have higher qualifications and better outcomes than humanitarian and family migrants do.
- How the skills of migrants are used in their new countries is fundamental to the successful economic integration of immigrants. The role of diverse economic actors in influencing skill relevance and credential/qualification recognition and the growing understanding that the value of the migrant's education and training in the labour market is conditional on the presence of other skills (in particular, receiving country language ability) are essential for such integration.
- Rising numbers of highly educated across the world, combined with wide diversity within this group of university graduates, suggests that immigration policies that select people only on the basis of their educational attainment may not be successful in identifying and attracting the most skilled ones. Other factors may need to be taken into account, such as language proficiency or specific work-related skills.

Labour shortages and migration

- To meet EU2020 employment targets, European policy makers will have to rely on a menu of policy choices to bring people into the workforce. This may involve a significant share of the currently inactive EU population, or a reliance on migration and other socio-demographic policies, to ensure that the future supply of labour will be sufficient to meet needs.
- It seems likely that the low levels of highly skilled labour migration in many European countries have less to do with low attractiveness than with the fact that employers are not recruiting significantly from abroad.

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