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“Exploring the links between economic development and migration”

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Migration is seen as an **inevitable consequence of globalization** – that is: as the result of powerful economic and demographic factors in both South and North. Recent economic studies suggest that migration and development are closely linked to one another. The decision that governments of both sending and receiving countries have to make is to make migration part of a dynamic process of economic development.

As far as it concerns European countries, immigration is seen by many as a potential saviour of European welfare states, which are coming under increasing pressure due to the ageing of European societies. Migrants can contribute to the welfare of European Countries in three distinct ways. One, they tend to be of working age. Two, they tend to be younger and more likely to be without close family than the indigenous population. Three, they fill labour and/or skills shortages in industries that the indigenous population wish not to work in or do not have the skills to work in – for example, software engineering. Therefore, migrants enable tax revenues to be higher, the relative lack family means that they do not make increased use of social security benefits, while - through filling labour and/or skills shortages - they enable European welfare states to control wage inflation.

In this context any political costs associated with immigration, can be overridden by a desire to capture the economic gains. It is therefore no surprise that many receiving countries are tailoring their migration policies based on their economic needs, e.g. by implementing high end fast programmes and points systems to entice skilled migrants. The example of Germany and the Indian IT- experts is a typical of such policy measures.

On the other hand such an approach to immigration must be carefully managed to prevent immigration from becoming a threat to the viability of welfare states. We should not oversee that the integration of migrants in host societies and the creation of families signifies a future extensive use of welfare systems. Furthermore any revenue and welfare cost benefits of immigration are hard to plan, since future migration flows are impossible to predict.

On the other hand migration can furthermore be a medium for the sound development of sending countries - development being understood not just as higher per capita income but as the creation of opportunities for human development. This means that development will not become extinct but will be replaced by a voluntary mobility rather than flight from poverty.

There are multiple benefits for severing countries by migration. First of all, migration can provide a remittance income stream: the flow of remittances from North to South has risen from US\$48 billion in 1995 to US\$199 billion in 2006. The increase in the volume of recorded remittances from migrants over the last few years and the improved knowledge of these financial flows have generated a lot of attention from policy makers, as these flows can potentially help meet the development objectives of migrants' countries of origin. Nevertheless it should not be overseen that despite their volume remittances are private transfers and therefore cannot substitute for Official Direct Assistance from receiving national states.

There are two main areas for policy action on remittances, namely making transfers cheaper, faster and safer and enhancing their development impact in recipient countries. Even within the EU with its largely integrated financial markets, the regulation of remittance services varies substantially from one country to another. The Commission plans to foster the creation of a level playing field with harmonised licensing provisions throughout the Union.

A second area of policy intervention is aimed at leveraging these remittances by seeking ways to multiply the amount of funds available to invest. This can be done in more than one way: a) individuals can obtain credit by using remittances as collateral, b) remittances can be multiplied through government collateralizing, that is by borrowing through collateralization of future receipts, not only existing assets, c) by using modern financial instruments such as asset-backed securitization.

However, remittances are not the only benefit of migration that has suddenly been discovered. Diasporas are increasingly recognised as an important potential actor in the development of countries of origin. Empowerment of diaspora means creating conditions that enable migrants to participate dynamically in economic, social and political life both in their countries of origin and destination. Recognition in sending countries of full citizen rights for nationals abroad and accepting dual nationality are coherent public policies for fostering cooperation among states.

Another important factor for the economic development of sending countries refers to the circularity of migration. Migrants' return, even temporary or virtual, can play a useful role in fostering the transfer of skills to the developing world, together with other forms of brain circulation.

Finally another important factor concerns the elaboration and management of assisted return programmes. Such policy measures concern the reintegration of migrants into their countries of origin, by ensuring transferability of pension rights, as well as the recognition of

qualifications they acquired during their staying in the receiving countries. Particularly important in this respect is the official economic assistance from host states to the countries of origin in order to help them develop their economies.

All the above mentioned policies refer to legal migration. But another important factor is that of illegal migration particularly in the mediterranean EU – countries. Illegal migrant may be for example:

- either a person that has crossed the border of a nation state unauthorized
- or a person, who has legally stayed in a given country but fails to depart according to the time limit set in his or her visa or is taking up employment in breach of visa regulations
- or a person who is born to illegal immigrants and becomes an illegal immigrant by birth even without ever having crossed an international border.

Virtually no country is untouched by or immune to illegal migration. It is currently estimated that at least 10% of all the migrants who arrive in the Member States do so through the Balkans. Many arrive via land, air or sea with forged passports or visas, or hidden in cargoes.

Economists argue that illegal migration can contribute to the economies of the receiving countries by enabling survival of otherwise uneconomic businesses, offering goods and services to classes that would otherwise not be able to afford these and by enabling quick labour market adjustment to ever changing economic trends. However, illegal migration causes unfair competition, drives down wages and replaces indigenous workers. Furthermore irregular migrants are to a greater extent involved in criminal activities and finally they can be a burden to the welfare system.

The reasons that push third-countries nationals to seek to immigrate illegally are so wide and complex that it would be unrealistic to believe that illegal immigration flows can be completely stopped. A pluralistic approach is necessary given both the scale of the challenge and the complexity of the phenomenon of illegal migration. As far as it concerns the EU solidarity, mutual trust and shared responsibility between Member States is a key requirement in an area without internal borders. Further more fundamental rights must be protected and promoted, while partnership with third countries with a view to ensuring coherence between internal and external action is also necessary.

Such policy measures should be the:

a) Integrated Management of External Borders

The Community Borders Code, the Regulation on local border traffic and the Regulation establishing the European Agency for the Management of Operational Cooperation at the External Borders (FRONTEX) together represent a legal and operational framework through which border controls can be further developed to a high standard. Document

security relates also to border controls but is also an important factor in post entry measures.

b) Tackling illegal employment

Member States could create pull factors by tolerating the illegal employment of third-country nationals. Initiatives such as the modernisation of social security, the reduction of non-wage labour costs and reducing the tax burden on low income of low-skilled workers are likely to contribute to lowering incentives to undeclared work.

c) Return policy

Return, in full respect of fundamental rights, remains a cornerstone of EU migration policy. The conclusion of readmission agreements should also remain a priority. Ongoing negotiations should be completed and new negotiating mandates be adopted, starting with the Western Balkan countries and, as soon as possible, with selected Neighbourhood countries.

d) Improving exchange of information through existing instruments

Operational cooperation between Member States can only be successful if they are able to share information of a technical and strategic nature in an effective manner.